

# Market Alert

Monday 21 November 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6135	0.0013
NZD/AUD	0.9213	-0.0047
NZD/JPY	86.36	-2.00
NZD/EUR	0.5959	-0.0069
NZD/GBP	0.5158	-0.0014
NZD/CNH	4.3810	0.0000
AUD/USD	0.6653	0.0048
AUD/EUR	0.6444	-0.0042
EUR/USD	1.0324	0.0143
USD/CNH	7.1253	0.0000
GBP/USD	1.1886	0.0056
EUR/GBP	0.8684	0.0078

INT RATES	NZ	Australia
OCR/Cash	3.50%	2.85%
90 day bills	4.24%	3.10%
2 year swap	4.96%	3.75%
10 year Govt	4.23%	3.70%

## After a whistle weary weekend

... where referees brought most rugby games to a standstill, hats off to England and Ireland for their last minute comebacks. And its finally arrived! This morning saw Ecuador beat Qatar 2-0 in the opening game of the world cup ... and it wasn't without its own bit of controversy either after an early, dubious decision went in favour of the hosts!

A PBoC Adviser has just got brave and advised the government they should set its 2023 growth target no lower than 5.0% as, "Its urgent China's economic growth returns to a reasonable range."

I wouldn't hold my breath waiting for any

further comments from this chap! But don't worry, one of the Australian banks has raised its Chinese growth forecast for next year to above 5.0%, while Morgan Stanley this week predicted a surge in consumer spending.

Japanese inflation has surged to a 40-year high after it reached 3.7% in October, from 3.0% in September.

As is the case in the UK these days, every bit of good news is tarnished with something bad. UK retail sales (excluding fuel) posted a weaker-than-expected rebound in October rising 0.3%, November GfK consumer confidence 'rallied' to -44 from October's -47, while an ICYMI economic report suggested UK living standards could fall by 7%. Heck, just forget it ... everything out of the UK is bad!

Christine Lagarde warned, "We expect to raise rates further, and withdrawing accommodation may not be enough" adding the bank intends to bring inflation down "in a timely manner" and that "how far we need to go, and how fast, will be determined by the inflation outlook." Meanwhile, European banks will return EUR296 billion of cheap loans to the ECB after their terms were toughened. The repayment represents just under 15% of the total outstanding amount of TLTRO loans, which were used during the pandemic to keep credit flowing to households and businesses.

US October home sales increased to 4.43m, which was higher than the

4.38m expected. We also had Atlanta Fed President Raphael Bostic hitting the headlines announcing, "I'm ready to move away from 75bps increments at the December meeting. I expect additional tightening to total 0.75%-1.00%. The 'landing rate' could be higher but once reached the Fed should allow some time to pass before further increases."

A recent poll showed most analysts expect the RBNZ to hike by 75bps this week with 15 in the 'I agree' camp while 8 are calling for 50bps. Goldman Sachs see's RBA cash rate hikes of +25bps in December, Feb, March, April & May.

## The hot cash is pouring into equity markets

Global equity markets saw their largest inflows in 35 weeks, with the US the number one attraction, according to the BoA. Equities gained USD22.9 billion, bonds drew USD4.2 billion while USD3.7 billion exited the cash markets last week. This naturally saw equity market close the week in positive territory while oil markets continued their decline. The NZD also had a strong session, while the AUD struggled, which saw NZD/AUD break above 0.9200

Highlights for the week include the FOMC meeting minutes and November PMI figures for the major economies including the US, Japan, Germany, France, and Australia, with central bank announcements from China and New Zealand.



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# Daily Rates

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FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	71.70					CAD	0.8211	0.8929
NZD/USD	0.6135	0.0001	0.0009	0.0013	0.0009	CHF	0.5854	0.6340
NZD/AUD	0.9213	-0.0006	-0.0020	-0.0047	-0.0097	CNY	4.3804	4.7534
NZD/JPY	86.36	-0.28	-0.95	-2.00	-4.29	DKK	4.4204	4.7936
NZD/EUR	0.5959	-0.0012	-0.0036	-0.0069	-0.0137	FJD	1.3528	1.4670
NZD/GBP	0.5158	-0.0003	-0.0007	-0.0014	-0.0028	HKD	4.7984	5.2036
						KRW	821.91	891.31
AU TWI	62.30					MYR	2.7914	3.0271
AUD/USD	0.6813	0.0006	0.0024	0.0048	0.0083	NOK	6.2152	6.7400
AUD/NZD	0.6535	0.0006	0.0021	0.0049	0.0098	SEK	6.5351	7.0869
AUD/JPY	93.66	-0.24	-0.83	-1.71	-3.74	SGD	0.8439	0.9151
AUD/EUR	0.6444	-0.0008	-0.0026	-0.0042	-0.0084	TWD	19.09	20.70
AUD/GBP	0.5594	0.0001	0.0004	0.0013	0.0027	ZAR	10.58	11.47
USD Index	106.97					<b>EQUITIES</b>		
EUR/USD	1.0324	0.0022	0.0078	0.0143	0.0265		<b>Index</b>	
USD/JPY	140.35	-0.49	-1.75	-3.56	-7.37	NZX50	11,381	
GBP/USD	1.1886	0.0008	0.0034	0.0056	0.0094	ASX200	7,152	
EUR/GBP	0.8684	0.0012	0.0040	0.0078	0.0156	Dow Jones	33,746	
						S&P 500	3,965	
						FTSE100	7,386	
						DAX 30	14,432	
						Nikkei	27,900	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>			
			<b>Mid</b>		<b>Mid</b>			
30 day bank bills			4.13%		2.92%			
90 day bank bills			4.24%		3.10%			
1 year swap			5.03%		3.61%			
2 year swap			4.96%		3.72%			
3 year swap			4.74%		3.72%			
5 year swap			4.46%		3.75%			
10 year swap			4.38%		4.06%			
3 year Govt bond			4.31%		3.24%			
5 year Govt bond			4.23%		3.38%			
10 year Govt bond			4.23%		3.70%			
						<b>COMMODITIES</b>		
							<b>USD</b>	
						Brent Crude	87.62	
						Gold	1,749.74	
						Silver	20.92	
						Iron Ore	92.89	
						CRB Index	298.37	
							<b>NZD</b>	
						NZ Carbon	88.15	

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