

Market Alert

Monday 28 November 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6220	0.0007
NZD/AUD	0.9257	-0.0057
NZD/JPY	86.91	-2.11
NZD/EUR	0.5989	-0.0073
NZD/GBP	0.5148	-0.0018
NZD/CNH	4.4674	0.0000
AUD/USD	0.6721	0.0046
AUD/EUR	0.6464	-0.0043
EUR/USD	1.0393	0.0138
USD/CNH	7.1960	0.0000
GBP/USD	1.2074	0.0056
EUR/GBP	0.8598	0.0073

INT RATES	NZ	Australia
OCR/Cash	4.25%	2.85%
90 day bills	4.43%	3.15%
2 year swap	5.22%	3.85%
10 year Govt	4.19%	3.67%

I put my line in the sand ...

... over the weekend and refused to hit the Black Friday sales, but looking at the credit card this morning, that may have been a mistake!

I guess we should expect a bump in retail sales in Q4, which won't please RBNZ Governor Adrian Orr, especially when Q3 saw a 0.4% increase following on from Q2's -2.3% contraction. Sales were up 3.9% on the year. While we are spending more, we're not feeling as confident after November's Roy Morgan consumer confidence fell to 80.7 from October's 85.4.

But it's a different story in Germany after the GfK consumer indicator survey 'soared' to -40.2 from its previous -41.9 with expectations at -39.6. The latest headline print suggested a further consolidation at its base with both economic conditions and income expectations improving. The German final Q3 GDP printed at 0.4%, ahead of expectations at 0.3%.

Over the weekend, the PBoC cut the Reserve Requirement Ratio (RRR) for financial institutions by 25bps. The lowering of the RRR to 11.0%, for the larger banks, lowered the ratio to its lowest level since mid-2007 releasing around CNY500 billion of liquidity into the local economy. The central bank also added that it will keep liquidity 'reasonably' ample, which is appropriate given Chinese industrial profits fell by 3.0% in the 10-months to October. This was a steeper decline than the 2.3% drop in the previous period.

In Japan, consumer inflation in Tokyo increased to 3.8% on the year from October's 3.5%, its fastest rise in 40 years. Excluding fresh food, the CPI index rose 3.6% signalling further price gains for the rest of the nation.

The Bank of Korea, which was the first of the central banks to hike interest rates in 2021, emphasised it needs to see "strong" signs that inflation is under control before discussing any prospective pivot away from its current tightening cycle, furthermore, it is "premature" to discuss any rate cuts.

Things are looking pretty grim in the UK after nurses joined rail drivers and announced industrial action in the run-up to Christmas after the government rejected proposed wage increases of 5.0% above inflation. UK car production increased 7.4% in the 12-months to October. Just to emphasise staffing shortages, Cranswick, a UK pork supplier, is flying in 400 butchers from the Philippines to resolve a staffing crisis, at a cost of GBP10,000-GBP12,000 per butcher.

As most American's took Friday off to make for a long Thanksgiving break, equity markets were quiet and flat. Commodity markets were also largely unchanged although oil weakened despite the Saudi and Iraqi energy ministers stressing, "the importance of working within the OPEC+ framework" as Asian oil demand slumped to a 7-month low as hopes faded for a Chinese recovery. As you would expect, bond markets also 'flatlined' with the US 10-year at 3.69%. The USD-index firmed back over the 106 level, which saw the NZD/USD and AUD/USD ease a touch.

In the US, the payrolls report will take central stage followed by speeches by several Fed officials, an estimate of GDP growth, ISM manufacturing PMI, CB consumer confidence, and personal income and spending. Also, attention will be given to inflation rate releases for Euro Area, Germany and France, and manufacturing PMIs for Australia.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Monday 28 November 2022

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	72.80					CAD	0.8330	0.9018
NZD/USD	0.6220	0.0001	0.0008	0.0007	0.0014	CHF	0.5880	0.6369
NZD/AUD	0.9257	-0.0007	-0.0022	-0.0057	-0.0115	CNY	4.4641	4.8243
NZD/JPY	86.91	-0.29	-0.96	-2.11	-4.51	DKK	4.4492	4.8076
NZD/EUR	0.5989	-0.0012	-0.0035	-0.0073	-0.0151	FJD	1.3631	1.4729
NZD/GBP	0.5148	-0.0003	-0.0008	-0.0018	-0.0040	HKD	4.8597	5.2511
						KRW	830.05	896.90
AU TWI	62.70					MYR	2.7835	3.0076
AUD/USD	0.6813	0.0006	0.0024	0.0046	0.0078	NOK	6.1137	6.6061
AUD/NZD	0.6535	0.0007	0.0024	0.0058	0.0124	SEK	6.4772	6.9989
AUD/JPY	93.82	-0.24	-0.82	-1.77	-3.78	SGD	0.8551	0.9239
AUD/EUR	0.6464	-0.0008	-0.0023	-0.0043	-0.0085	TWD	19.24	20.79
AUD/GBP	0.5563	0.0001	0.0004	0.0011	0.0026	ZAR	10.66	11.52
USD Index	106.06					EQUITIES		
EUR/USD	1.0393	0.0022	0.0072	0.0138	0.0255		Index	
USD/JPY	139.31	-0.49	-1.71	-3.55	-7.23	NZX50	11,383	
GBP/USD	1.2074	0.0009	0.0033	0.0056	0.0086	ASX200	7,260	
EUR/GBP	0.8598	0.0011	0.0036	0.0073	0.0150	Dow Jones	34,347	
						S&P 500	4,026	
						FTSE100	7,487	
						DAX 30	14,541	
						Nikkei	28,283	
						COMMODITIES		
							USD	
						Brent Crude	83.63	
						Gold	1,756.14	
						Silver	21.59	
						Iron Ore	92.74	
						CRB Index	295.22	
							NZD	
						NZ Carbon	86.20	

INTEREST RATES	New Zealand		Australia
	Mid		Mid
30 day bank bills	4.35%		2.97%
90 day bank bills	4.43%		3.15%
1 year swap	5.31%		3.68%
2 year swap	5.22%		3.85%
3 year swap	4.96%		3.82%
5 year swap	4.60%		3.78%
10 year swap	4.41%		4.03%
3 year Govt bond	4.63%		3.30%
5 year Govt bond	4.40%		3.41%
10 year Govt bond	4.19%		3.67%

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED