

Market Alert

Wednesday 20 September 2023

| CURRENCIES | Spot | 6mths |
|------------|--------|---------|
| NZD/USD | 0.5930 | 0.0000 |
| NZD/AUD | 0.9191 | -0.0059 |
| NZD/JPY | 87.70 | -2.58 |
| NZD/EUR | 0.5554 | -0.0047 |
| NZD/GBP | 0.4785 | -0.0001 |
| NZD/CNH | 4.3321 | -0.0424 |
| AUD/USD | 0.6453 | 0.0041 |
| AUD/EUR | 0.6042 | -0.0014 |
| EUR/USD | 1.0677 | 0.0091 |
| USD/CNH | 7.3037 | -0.0715 |
| GBP/USD | 1.2392 | 0.0002 |
| EUR/GBP | 0.8616 | 0.0069 |

| INT RATES | NZ | Australia |
|--------------|-------|-----------|
| OCR/Cash | 5.50% | 4.10% |
| 90 day bills | 5.71% | 4.18% |
| 2 year swap | 5.59% | 4.25% |
| 10 year Govt | 5.13% | 4.24% |

Strikes!

Ongoing strikes in the USA are beginning to heat up. In terms of missed hours of work, previous industrial action of this magnitude has not been seen since October 2000, when it was revealed that Verizon was planning to shut down their factory and move it to a non-union area. While the United Auto Workers ("UAW") strike has impacted only a small portion of the workforce and wider economy, if the two parties cannot come to an agreement, they will see all 146k of the union members refuse to work, on top of the already 12.7k union members striking in Detroit. Combine this with the 60k health care workers in California, Oregon, and Washington, who are also threatening to walk, and there is the potential for a wider impact on the world economy. The three automakers' share

prices were all affected, with Ford sliding over 2.0% and Stellantis and General Motors losing over 1.0% each.

Other US stocks saw little change as traders are holding off on any action in anticipation of the upcoming US Federal Reserve meeting. Traders have assigned an implied 98.0% probability that The Fed will keep rates steady at 5.50%. There is less certainty about the October 31-November 1 meeting, with an implied 72.0% chance of no change. Fed watchers will be keeping a close eye on the meeting minutes to gauge the central banks optimism going forward.

Mixed Signals

Oil futures have hit their highest levels in a year as expectations of a continued supply deficit weighed on prices. WTI crude hit \$92.43 a barrel, a gain of more than 1.0%, while Brent crude futures reached \$94.77. There are fears that continued higher oil prices will add to inflationary pressures, not good news when many central banks around the world are thought to have stopped their hiking regimes.

After a winter of falling prices for farmers, last night's GDT auction brought some more positive news, as the GDT Price Index increased by 4.6%, up for 2 consecutive auctions for the first time since May. Milk prices are still down -24.0%, when compared to last year's levels. This may be a start in the right direction, but farmers will need more positive news before they start getting

their hopes up. WMP was up 4.6%, SMP was up 5.4%, butter up 3.8%, milk fat up 5.3%. The only loser was cheddar, which decreased -1.7%.

US treasuries are up again, with the 2-year up to 5.10%, with the 10-year at 4.37%. These are levels not seen since 2007.



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Daily Rates

Wednesday 20 September 2023

| FX | Spot | FECs (mid) | | | | Spot Mid | | |
|-----------------------|--------|------------|--------------------|---------|------------------|--------------------|--------------|--------|
| | Mid | 1mth | 3mths | 6mths | 12mths | NZD/... | AUD/... | |
| NZ TWI | 69.90 | | | | | CAD | 0.7973 | 0.8676 |
| NZD/USD | 0.5930 | 0.0000 | 0.0000 | 0.0000 | -0.0014 | CHF | 0.5323 | 0.5793 |
| NZD/AUD | 0.9191 | -0.0011 | -0.0029 | -0.0059 | -0.0110 | CNY | 4.3253 | 4.7117 |
| NZD/JPY | 87.70 | -0.47 | -1.28 | -2.58 | -5.10 | DKK | 4.1388 | 4.5038 |
| NZD/EUR | 0.5554 | -0.0008 | -0.0022 | -0.0047 | -0.0099 | FJD | 1.3237 | 1.4404 |
| NZD/GBP | 0.4785 | 0.0000 | 0.0000 | -0.0001 | -0.0005 | HKD | 4.6376 | 5.0466 |
| | | | | | | KRW | 787.75 | 857.23 |
| AU TWI | 60.50 | | | | | MYR | 2.7835 | 3.0290 |
| AUD/USD | 0.6453 | 0.0007 | 0.0020 | 0.0041 | 0.0060 | NOK | 6.3905 | 6.9541 |
| AUD/NZD | 1.0876 | 0.0012 | 0.0033 | 0.0066 | 0.0103 | SEK | 6.6187 | 7.2024 |
| AUD/JPY | 95.41 | -0.39 | -1.09 | -2.22 | -4.47 | SGD | 0.8093 | 0.8807 |
| AUD/EUR | 0.6042 | -0.0001 | -0.0006 | -0.0014 | -0.0038 | TWD | 18.99 | 20.67 |
| AUD/GBP | 0.5207 | 0.0006 | 0.0016 | 0.0031 | 0.0057 | ZAR | 11.22 | 12.21 |
| USD Index | 105.14 | | | | | EQUITIES | | |
| EUR/USD | 1.0677 | 0.0014 | 0.0040 | 0.0091 | 0.0182 | | Index | |
| USD/JPY | 147.86 | -0.77 | -2.15 | -4.35 | -8.33 | NZX50 | 11,345 | |
| GBP/USD | 1.2392 | 0.0000 | 0.0000 | 0.0002 | -0.0015 | ASX200 | 7,197 | |
| EUR/GBP | 0.8616 | 0.0011 | 0.0033 | 0.0069 | 0.0153 | Dow Jones | 34,517 | |
| | | | | | | S&P 500 | 4,444 | |
| INTEREST RATES | | | New Zealand | | Australia | FTSE100 | 7,660 | |
| | | | Mid | | Mid | DAX 30 | 15,664 | |
| 30 day bank bills | | | 5.64% | | 4.11% | Nikkei | 33,243 | |
| 90 day bank bills | | | 5.71% | | 4.18% | COMMODITIES | | |
| 1 year swap | | | 5.79% | | 4.32% | | USD | |
| 2 year swap | | | 5.59% | | 4.27% | Brent Crude | 94.64 | |
| 3 year swap | | | 5.31% | | 4.16% | Gold | 1,930.54 | |
| 5 year swap | | | 4.99% | | 4.31% | Silver | 23.19 | |
| 10 year swap | | | 4.84% | | 4.55% | Iron Ore | 122.20 | |
| 3 year Govt bond | | | 5.34% | | 3.93% | CRB Index | 326.38 | |
| 5 year Govt bond | | | 5.15% | | 3.97% | | NZD | |
| 10 year Govt bond | | | 5.13% | | 4.24% | NZ Carbon | 66.00 | |

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