

Market Alert

Tuesday 24 October 2023

| CURRENCIES | Spot | 6mths |
|------------|--------|---------|
| NZD/USD | 0.5854 | 0.0001 |
| NZD/AUD | 0.9226 | -0.0055 |
| NZD/JPY | 87.26 | -2.59 |
| NZD/EUR | 0.5491 | -0.0047 |
| NZD/GBP | 0.4776 | -0.0006 |
| NZD/CNH | 4.2720 | -0.0416 |
| AUD/USD | 0.6344 | 0.0039 |
| AUD/EUR | 0.5942 | -0.0016 |
| EUR/USD | 1.0671 | 0.0091 |
| USD/CNH | 7.3128 | -0.0719 |
| GBP/USD | 1.2253 | 0.0013 |
| EUR/GBP | 0.8707 | 0.0061 |

| INT RATES | NZ | Australia |
|--------------|-------|-----------|
| OCR/Cash | 5.50% | 4.10% |
| 90 day bills | 5.71% | 4.26% |
| 2 year swap | 5.63% | 4.39% |
| 10 year Govt | 5.64% | 4.89% |

Well, that was a great weekend

...

... and a bank holiday to boot! It's now set-up nicely for this weekend with the rugby world cup final ... let's just hope South Africa have a hooker so they make a game of it!

Overnight, the focus was on the US 10-year Treasury yield, which traded at a high of 5.02% before retreating back to 4.84% as traders reassessed their outlook on the US economy, amid the potential for a prolonged higher interest rate environment, amid the sustainability of the US budget deficits, and the risks associated with the Israel-Hamas conflict. Interestingly, an article by famed economist Mohamed A. El-Erian, suggested the Fed has fuelled volatility in the Treasury market and, that it urgently

needs stability. He also added "the central bank should pivot its forward policy guidance from excessive dependence on backward-looking data to combining data dependency with a more clearly articulated economic vision." I suspect there's 2-hopes of that happening anytime soon!

The pessimistic sentiment from bond traders also weighed on equity markets, which were mixed, while commodity markets were broadly weaker, with oil markets the key driver, falling -2.5%, while copper is trading at a 12-month low. The USD-index also weakened, but not before NZD/USD bottomed at 0.5807, while the AUD/USD fell below 0.6300 to trade at 0.6289. Both of the antipodean currencies have since recovered, and are currently up 0.25% on the day.

Last night was 'data-lite', from the US, the Chicago Feds activity index firmed to 0.02 in September, which was up on October's revised -0.22, while, from the Euro-zone, consumer confidence eased by 0.1 points to -17.9 in October, its lowest level in 7-months although, it was ahead of expectations at -18.3.

In the nice to know corner...

Shares in Apple supplier Hon Hai fell to their lowest level in 3-months, after Chinese regulators reportedly launched a probe into parent Foxconn, over taxes and land use, while the Chinese authorities also imposed export controls on graphite, a key material used in electric vehicle batteries, in the latest move to control the supply of critical raw materials.

Chevron has agreed to acquire Hess in an all-stock transaction valued at USD53bn, the second oil mega-deal this month.

With about 20% of the S&P500 having already reported on their Q3 results, those of companies whose earnings disappointed have seen their stock underperform the benchmark by a median of 3.7% ... which doesn't argue well for the first of the 'magnificent 7' that are due to report overnight.

Looking ahead to what's left of the week ...

Thursday is shaping up to be the key day this week, with the ECB meeting, with a broad consensus there will be no hike, while we also have the US Q3 GDP release. Wednesday sees the BoC also update their interest rate outlook, while tonight sees a whole host of PMI releases from the US, EU, and UK ... along with the UK employment update. It is also going to be a busy week in Australia, with a speech by new RBA Governor Michelle Bullock today and the countries Q3 inflation update tomorrow. Finally, it's going to be a quiet week in New Zealand with just an update on consumer confidence on Friday.



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Daily Rates

Tuesday 24 October 2023

| FX | Spot | FECs (mid) | | | | Spot Mid | | |
|-----------------------|--------|------------|--------------------|---------|------------------|--------------------|--------------|--------|
| | Mid | 1mth | 3mths | 6mths | 12mths | NZD/... | AUD/... | |
| NZ TWI | 69.60 | | | | | CAD | 0.8006 | 0.8656 |
| NZD/USD | 0.5846 | 0.0000 | 0.0001 | 0.0001 | -0.0010 | CHF | 0.5216 | 0.5648 |
| NZD/AUD | 0.9231 | -0.0011 | -0.0029 | -0.0056 | -0.0105 | CNY | 4.2688 | 4.6293 |
| NZD/JPY | 87.26 | -0.46 | -1.31 | -2.59 | -5.06 | DKK | 4.0925 | 4.4313 |
| NZD/EUR | 0.5491 | -0.0007 | -0.0024 | -0.0047 | -0.0103 | FJD | 1.3168 | 1.4256 |
| NZD/GBP | 0.4775 | -0.0001 | -0.0003 | -0.0006 | -0.0018 | HKD | 4.5747 | 4.9534 |
| | | | | | | KRW | 786.19 | 851.13 |
| AU TWI | 59.90 | | | | | MYR | 2.8012 | 3.0325 |
| AUD/USD | 0.6331 | 0.0007 | 0.0021 | 0.0039 | 0.0060 | NOK | 6.4771 | 7.0145 |
| AUD/NZD | 1.0826 | 0.0011 | 0.0033 | 0.0062 | 0.0112 | SEK | 6.4191 | 6.9505 |
| AUD/JPY | 94.50 | -0.39 | -1.13 | -2.26 | -4.51 | SGD | 0.7995 | 0.8656 |
| AUD/EUR | 0.5937 | -0.0001 | -0.0007 | -0.0015 | -0.0046 | TWD | 18.88 | 20.44 |
| AUD/GBP | 0.5172 | 0.0005 | 0.0013 | 0.0024 | 0.0039 | ZAR | 11.09 | 12.01 |
| USD Index | 105.61 | | | | | EQUITIES | | |
| EUR/USD | 1.0660 | 0.0014 | 0.0046 | 0.0089 | 0.0180 | | Index | |
| USD/JPY | 149.59 | -0.79 | -2.27 | -4.43 | -8.46 | NZX50 | 10,994 | |
| GBP/USD | 1.2238 | 0.0002 | 0.0008 | 0.0014 | 0.0016 | ASX200 | 6,844 | |
| EUR/GBP | 0.8709 | 0.0010 | 0.0030 | 0.0061 | 0.0128 | Dow Jones | 32,961 | |
| | | | | | | S&P 500 | 4,233 | |
| INTEREST RATES | | | New Zealand | | Australia | FTSE100 | 7,375 | |
| | | | Mid | | Mid | DAX 30 | 14,801 | |
| 30 day bank bills | | | 5.65% | | 4.13% | Nikkei | 31,000 | |
| 90 day bank bills | | | 5.71% | | 4.26% | COMMODITIES | | |
| 1 year swap | | | 5.78% | | 4.39% | | USD | |
| 2 year swap | | | 5.63% | | 4.38% | Brent Crude | 90.17 | |
| 3 year swap | | | 5.45% | | 4.37% | Gold | 1,972.36 | |
| 5 year swap | | | 5.31% | | 4.67% | Silver | 22.94 | |
| 10 year swap | | | 5.35% | | 5.00% | Iron Ore | 118.65 | |
| 3 year Govt bond | | | 5.50% | | 4.30% | CRB Index | 320.58 | |
| 5 year Govt bond | | | 5.48% | | 4.43% | | NZD | |
| 10 year Govt bond | | | 5.64% | | 4.89% | NZ Carbon | 67.95 | |

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