



# MARKET ALERT

Tuesday 8 October 2019 | [www.bancorptreasury.com](http://www.bancorptreasury.com)

CURRENCIES	Spot	6mths
NZD/USD	0.6292	0.0025
NZD/AUD	0.9346	-0.0009
NZD/JPY	67.50	-0.54
NZD/EUR	0.5734	-0.0049
NZD/GBP	0.5117	-0.0010
NZD/CNH	4.4875	0.0347
AUD/USD	0.6733	0.0033
AUD/EUR	0.6135	-0.0046
EUR/USD	1.0974	0.0138
USD/CNH	7.1323	0.0267
GBP/USD	1.2296	0.0073
EUR/GBP	0.8925	0.0059

  

INT RATES	NZ	Australia
OCR/Cash	1.00%	0.75%
90 day bills	1.04%	0.84%
2 year swap	0.82%	0.64%
10 year Govt	0.99%	0.89%

## A quiet start to the week

Almost universal consensus on the implications from Friday's US labour market data and a holiday in Sydney and Hong Kong made for a quiet start to the week for local markets yesterday.

A restrained Donald Trump (tweet-wise), uncertainty about the US/China trade talks that are due to resume this week, no more Brexit news and the only data released yesterday being minor European data meant a quiet start to the week and mixed messages from most of the rest of the world too.

The USD/CNH jumping from around 7.1100 to around 7.1300 yesterday pushed the NZD/USD and AUD/USD down together, which kept the NZD/AUD anchored to 0.9345.

The USD and Treasury yields rose fractionally. The slightly stronger USD pushed the NZD/USD and AUD/USD down, but they found sufficient support just below 0.6300 and 0.6750 to limit the falls.

Local swap rates rose slightly on open yesterday but gave back those rises as the day progressed, and ended the day little changed. They are expected to open today under upward pressure, given higher Treasury and UK gilt yields overnight.

To confuse the markets' message yesterday, both the gold price and US stockmarkets fell. In all, the markets are anxiously waiting for the next directional push.

## Except for Europe

European data released yesterday may have been minor, but it reinforced fears of the Eurozone economy grinding to a halt.

German factory orders fell 0.6% in August, an improvement from July's 2.7% fall but down 6.7% for the year and consistent with other signs that German manufacturing is in recession.

The investor confidence survey by German market research firm, Sentix, reported a larger than unexpected fall in its confidence index, from -11.1 to -16.8. Market consensus was for a lesser fall in the investment confidence index to around -12.

The fall in investor confidence is all the more worrying because the survey was undertaken after the ECB easing actions in September.

The data caused the euro and Eurozone bond yields to fall but the falls were dampened by market lethargy and the assessment that the more weak data would only push the German government closer to some fiscal stimulus and, if not, the ECB to loosen further.



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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	70.49					<b>CAD</b>	0.8371 0.8957
NZD/USD	0.6292	0.0005	0.0014	0.0025	0.0041	<b>CHF</b>	0.6259 0.6697
NZD/AUD	0.9346	-0.0002	-0.0005	-0.0009	-0.0017	<b>CNY</b>	4.4977 4.8124
NZD/JPY	67.50	-0.09	-0.28	-0.54	-1.04	<b>DKK</b>	4.2827 4.5823
NZD/EUR	0.5734	-0.0009	-0.0027	-0.0049	-0.0095	<b>FJD</b>	1.3842 1.4810
NZD/GBP	0.5117	-0.0002	-0.0007	-0.0010	-0.0019	<b>HKD</b>	4.9348 5.2801
						<b>KRW</b>	752.89 805.57
AU TWI	59.10					<b>MYR</b>	2.6391 2.8238
AUD/USD	0.6733	0.0007	0.0019	0.0033	0.0056	<b>NOK</b>	5.7477 6.1499
AUD/NZD	1.0700	0.0003	0.0006	0.0010	0.0019	<b>SEK</b>	6.2346 6.6709
AUD/JPY	72.23	-0.08	-0.26	-0.51	-0.99	<b>SGD</b>	0.8692 0.9300
AUD/EUR	0.6135	-0.0008	-0.0025	-0.0046	-0.0091	<b>TWD</b>	19.44 20.80
AUD/GBP	0.5476	-0.0001	-0.0004	-0.0006	-0.0011	<b>ZAR</b>	9.5525 10.2210
USD Index	98.96						
EUR/USD	1.0974	0.0026	0.0075	0.0138	0.0259	<b>EQUITIES</b>	
USD/JPY	107.29	-0.23	-0.68	-1.28	-2.34		<b>Index</b>
GBP/USD	1.2296	0.0015	0.0043	0.0073	0.0127	<b>NZX50</b>	10,976
EUR/GBP	0.8925	0.0010	0.0029	0.0059	0.0117	<b>ASX200</b>	6,564
						<b>Dow Jones</b>	26,553
						<b>S&amp;P 500</b>	2,944
						<b>FTSE100</b>	7,198
						<b>DAX 30</b>	12,097
						<b>Nikkei</b>	21,375
						<b>COMMODITIES</b>	
							<b>USD</b>
						<b>Dubai Light</b>	58.43
						<b>Brent Crude</b>	58.35
						<b>Gold</b>	1,492.48
						<b>Silver</b>	17.43
						<b>CRB Index</b>	182.53

  

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	1.21%	1.17%	0.91%	0.89%
90 day bank bills	1.06%	1.02%	0.86%	0.82%
FRA 90d in 3mths	0.93%	0.90%	0.77%	0.72%
FRA 180d in 6mths	0.81%	0.78%	0.68%	0.64%
1 year swap*	0.89%	0.87%	0.68%	0.66%
2 year swap*	0.84%	0.81%	0.64%	0.63%
3 year swap*	0.82%	0.79%	0.63%	0.62%
5 year swap*	0.85%	0.82%	0.77%	0.76%
10 year swap*	1.13%	1.10%	1.03%	1.02%
10 year Govt bond		0.97%		0.89%

\* Semi-annual rate resets except AUD 1,2,3 year quarterly

SOURCE: Bloomberg

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