



BANCORP

BANCORP TREASURY SERVICES LIMITED

MARKET ALERT

Tuesday 12 November 2019 | www.bancorptreasury.com

CURRENCIES	Spot	6mths
NZD/USD	0.6371	0.0020
NZD/AUD	0.9293	-0.0011
NZD/JPY	69.45	-0.57
NZD/EUR	0.5772	-0.0051
NZD/GBP	0.4957	-0.0011
NZD/CNH	4.4639	0.0359
AUD/USD	0.6856	0.0029
AUD/EUR	0.6212	-0.0047
EUR/USD	1.1037	0.0132
USD/CNH	7.0071	0.0347
GBP/USD	1.2852	0.0069
EUR/GBP	0.8588	0.0056

INT RATES	NZ	Australia
OCR/Cash	1.00%	0.75%
90 day bills	1.15%	0.93%
2 year swap	1.06%	0.85%
10 year Govt	1.39%	1.30%

Market summary

The US is enjoying a Memorial Day holiday and China setting the official USD/CNY rate little changed from Friday made for a quiet start to the week.

US Equities are headed for its first drop in four trading sessions in light trading amid concern that US and China are struggling to come to an agreement. Trade optimism sent stocks soaring to multiple records last week.

Emerging market shares tumbled as tensions escalated in Hong Kong after a protestor was shot by police; tensions are

only increasing in Hong Kong, with no solution in sight.

The USD also fell slightly overnight causing the NZD to preform the best overnight as it crept up to well-known levels around 0.6360. The AUD was little moved which saw the NZDAUD hover around 0.9290 at the time of writing

More woeful manufacturing data in Japan

Core Japanese machinery orders in September were 2.9% lower, dashing hopes for a 0.9% rebound from August's 2.4% decline and making it three straight months of declines. The data, which is regarded as a key indicator of capital spending in Japan, is another sign of sluggish manufacturing in developed economies. It also reinforced expectations for slower Japanese economic growth in the September quarter (Japanese September quarter GDP data is due in Thursday).

There are fears that the recent lift in Japanese retail sales and household spending was nothing more than a shopping spree ahead of last month's sale tax rise and there will be a lull in consumption in coming months. Prime Minister, Shinzo Abe, last week ordered his Cabinet to compile a package of stimulus measures to cope with external risks, large natural disasters and a potential economic slump after the 2020 Tokyo Olympics.

There was no market reaction to the data because it simply reinforced prevailing perceptions about Japan.

Politics' supports the pound

The GBP lifted on political news rather than economic data as the headline came in slightly worse than expectations. The headline was the GDP data which printed at 0.3% for the September quarter and 1.0% for the year ending September. Further evidence of poor performance was highlighted by the industrial production data which was down 0.3% in September and down 1.4% for the year. Manufacturing production also came in worse than expected as it fell 0.4% in September and fell 1.8% for the year. While the September trade balance was woeful at -GBP12.54 billion and, for non-European Trade, -GBP4.03 billion.

Against this, the positive political news was the Brexit party's decision to not contest any of the 317 seats currently held by the Tories. This is a boost to Boris Johnson's chances of gaining a sufficient majority to force through his Brexit plan, which saw the pound rally after his recent bout of weakness.

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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	70.54					CAD 0.8422	0.9063
NZD/USD	0.6371	0.0003	0.0010	0.0020	0.0036	CHF 0.6326	0.6808
NZD/AUD	0.9293	-0.0002	-0.0006	-0.0011	-0.0020	CNY 4.4663	4.8063
NZD/JPY	69.45	-0.07	-0.31	-0.57	-1.13	DKK 4.3129	4.6412
NZD/EUR	0.5772	-0.0008	-0.0027	-0.0051	-0.0100	FJD 1.3912	1.4971
NZD/GBP	0.4957	-0.0002	-0.0007	-0.0011	-0.0021	HKD 4.9852	5.3648
						KRW 742.47	799.00
AU TWI	59.50					MYR 2.6335	2.8340
AUD/USD	0.6856	0.0005	0.0015	0.0029	0.0053	NOK 5.8171	6.2599
AUD/NZD	1.0761	0.0002	0.0007	0.0012	0.0023	SEK 6.1771	6.6474
AUD/JPY	74.74	-0.07	-0.28	-0.53	-1.05	SGD 0.8667	0.9327
AUD/EUR	0.6212	-0.0007	-0.0025	-0.0047	-0.0094	TWD 19.38	20.85
AUD/GBP	0.5334	-0.0001	-0.0004	-0.0006	-0.0011	ZAR 9.4884	10.2108
USD Index	98.18						
EUR/USD	1.1037	0.0021	0.0070	0.0132	0.0258	EQUITIES	
USD/JPY	109.02	-0.18	-0.66	-1.23	-2.37		Index
GBP/USD	1.2852	0.0011	0.0038	0.0069	0.0127	NZX50	10,920
EUR/GBP	0.8588	0.0009	0.0028	0.0056	0.0114	ASX200	6,773
						Dow Jones	27,707
						S&P 500	3,088
						FTSE100	7,329
						DAX 30	13,198
						Nikkei	23,332
						COMMODITIES	
							USD
						Dubai Light	60.79
						Brent Crude	62.57
						Gold	1,456.69
						Silver	16.82
						CRB Index	189.73

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	1.16%	1.12%	0.90%	0.88%
90 day bank bills	1.17%	1.13%	0.95%	0.91%
FRA 90d in 3mths	1.08%	1.05%	0.86%	0.81%
FRA 180d in 6mths	1.07%	1.04%	0.91%	0.87%
1 year swap*	1.09%	1.06%	0.84%	0.83%
2 year swap*	1.08%	1.05%	0.86%	0.85%
3 year swap*	1.11%	1.08%	0.91%	0.90%
5 year swap*	1.21%	1.18%	1.13%	1.12%
10 year swap*	1.56%	1.53%	1.46%	1.46%
10 year Govt bond		1.37%		1.30%

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

SOURCE: Bloomberg

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