

# Market Alert

Thursday 9 September 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7099	-0.0015
NZD/AUD	0.9636	-0.0030
NZD/JPY	78.27	-0.32
NZD/EUR	0.6007	-0.0036
NZD/GBP	0.5154	-0.0013
NZD/CNH	4.5839	0.0548
AUD/USD	0.7367	0.0007
AUD/EUR	0.6234	-0.0019
EUR/USD	1.1817	0.0046
USD/CNH	6.4579	0.0913
GBP/USD	1.3774	0.0005
EUR/GBP	0.8579	0.0030

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.52%	0.02%
2 year swap	1.38%	0.23%
10 year Govt	2.02%	1.30%

## US-centric news

While Friday's softer than expected jobs report may have eased taper expectations among market participants, it evidently isn't going to delay the Fed's year-end plan after NY Fed President, John Williams, stated *"assuming the economy continues to improve, it could be appropriate to start tapering this year. (Although) any decision on tapering is not indicative of timing for a rates lift-off."*

While the St Louis Fed president, James Bullard, announced he is *"looking for job gains to average out around 500k per month this year. These numbers are going to bounce*

*up and down. The Fed needs optionality to raise rates in 2022. That means wrapping up asset purchases by the end of Q1 2022."* And while the *"jobs are there, it's that workers may not want those jobs right now."*

And to some extent, this was backed up in the JOLTS report that showed US job openings rose by 749,000 to a new high of 10.934 million in July, while it has been suggested up to 9 million jobless lost their unemployment benefits on Monday.

In other releases, US consumer credit increased by USD17.0 billion in July, following on from June's upwardly revised USD37.86 billion increase, and the Fed's Beige Book, which is a commentary of economic conditions, highlighted that economic growth downshifted to a moderate pace in July-August although, *"looking ahead, businesses in most Districts remained optimistic about near-term prospects, though there continued to be widespread concern about ongoing supply disruptions and resource shortages."*

In other headlines, BlackRock are expecting a Fed taper announcement in November, while Dallas Fed President, Robert Kaplan, has been under pressure as public disclosures showed he now has holdings of over USD1 million in 22 individual stocks. Did someone say, *"insider trading?"*

The BoC held its cash rate at 0.25% overnight and maintained its QE program at CAD2 billion per week, following on

from the CAD1 billion cut at the previous meeting.

In the UK, there were a whole host of comments from members of the BoE's MPC, and rather than going through all of them, the headlines were, *"MPC members were split in August 4-4 on whether the minimum conditions were met to raise interest rates."* Followed by *"I think minimum conditions for a rate hike have been met but we need to focus on medium-term."* And lastly, *"I think the minimum conditions for a rate rise have been met, but not sufficient for one."*

One of the local big four banks is calling for AUD/USD to be at 0.7500 by year-end.

In amongst the to-ing and fro-ing, international equity markets remained weak on the reduced Central Bank stimulus ahead of tonight's ECB meeting, while commodity prices were mixed as aluminium hit a 13-year high while lumber fell 3.65%. Currencies were steady with the NZD and AUD unchanged, while the 10-year treasury fell back to 1.33%.

## Get your cash ready

Morgan Stanley expects a US stockmarket pullback of 10% to 15%.

Intel is to invest up to EUR80 billion in boosting EU chip capacity over the next decade.

Stay safe, keep on smiling, and hey, let's be careful out there!



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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	75.34					CAD	0.9007
NZD/USD	0.7099	0.0000	-0.0005	-0.0015	-0.0055	CHF	0.6545
NZD/AUD	0.9636	-0.0002	-0.0010	-0.0030	-0.0088	CNY	4.5866
NZD/JPY	78.27	-0.02	-0.11	-0.32	-0.91	DKK	4.4666
NZD/EUR	0.6007	-0.0004	-0.0014	-0.0036	-0.0093	FJD	1.4714
NZD/GBP	0.5154	0.0000	-0.0004	-0.0013	-0.0039	HKD	5.5192
						KRW	828.00
AU TWI	61.70					MYR	2.9475
AUD/USD	0.7367	0.0001	0.0003	0.0007	0.0009	NOK	6.1866
AUD/NZD	1.0378	0.0002	0.0011	0.0032	0.0095	SEK	6.1269
AUD/JPY	81.23	-0.01	-0.03	-0.08	-0.21	SGD	0.9553
AUD/EUR	0.6234	-0.0003	-0.0009	-0.0019	-0.0040	TWD	19.70
AUD/GBP	0.5348	0.0001	0.0002	0.0003	0.0009	ZAR	10.0685
							10.4488
USD Index	92.68					EQUITIES	
EUR/USD	1.1817	0.0008	0.0021	0.0046	0.0092		Index
USD/JPY	110.27	-0.03	-0.09	-0.21	-0.43	NZX50	13,193
GBP/USD	1.3774	0.0001	0.0002	0.0005	-0.0005	ASX200	7,512
EUR/GBP	0.8579	0.0005	0.0014	0.0030	0.0070	Dow Jones	35,031
						S&P 500	4,511
						FTSE100	7,096
						DAX 30	15,610
						Nikkei	30,181
INTEREST RATES		New Zealand		Australia		COMMODITIES	
		Borrow	Invest	Borrow	Invest		USD
30 day bank bills		0.35%	0.31%	-0.01%	0.02%	Dubai Light	69.71
90 day bank bills		0.54%	0.50%	0.04%	0.00%	Brent Crude	72.67
FRA 90d in 3mths		0.94%	0.89%	0.05%	0.02%	Gold	1,789.08
FRA 180d in 6mths		1.41%	1.38%	0.10%	0.09%	Silver	23.94
1 year swap		1.06%	1.03%	0.06%	0.04%	CRB Index	233.08
2 year swap		1.40%	1.37%	0.24%	0.22%		NZD
3 year swap		1.60%	1.57%	0.46%	0.42%	NZ Carbon	65.25
5 year swap		1.79%	1.77%	0.81%	0.79%		
10 year swap		2.08%	2.05%	1.41%	1.39%		
10 year Govt bond			2.00%		1.30%		

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