

# Market Alert

Friday 3 December 2021

CURRENCIES	Spot	6mths
NZD/USD	0.6805	-0.0026
NZD/AUD	0.9599	-0.0045
NZD/JPY	76.98	-0.47
NZD/EUR	0.6020	-0.0051
NZD/GBP	0.5120	-0.0019
NZD/CNH	4.3377	0.0431
AUD/USD	0.7089	0.0006
AUD/EUR	0.6271	-0.0023
EUR/USD	1.1303	0.0052
USD/CNH	6.3749	0.0885
GBP/USD	1.3292	-0.0001
EUR/GBP	0.8504	0.0040

INT RATES	NZ	Australia
OCR/Cash	0.75%	0.10%
90 day bills	0.86%	0.06%
2 year swap	2.27%	0.95%
10 year Govt	2.42%	1.68%

## All of the chit-chat

Ahead of tonight's headline US non-farm payroll data, there were a few US-based employment releases. First up was initial claims, which rose to 222,000 from the prior week's 5 decade low of 194,000 while job cuts by US-based companies fell 34.8% from a month earlier to 14,875 in November to hit its lowest monthly total since May 1993 as companies attempted to keep workers amid the tight labour market.

Treasury Secretary, Janet Yellen, announced she's ready to retire the word 'transitory' and that "we should be realistic about what can be accomplished by the government to

reduce inflation. Wage and price behaviour will be the key signs to watch to detect whether the US economy is overheating."

We also had a few Fed speakers, with Cleveland Fed President, Loretta Mester, announcing "a quicker taper gives the Fed room to hike earlier if needed. Momentum in the economy is apparent, as shown by rising inflation rates. The Fed should be capable of hiking rates a couple of time next year if necessary." Mary Daly joined in with, "unlike the last recession, the FOMC is facing a high inflation, low labour participation trade-off. We might need to taper the asset purchases faster than anticipated. The Fed may need to start crafting a plan to think about raising interest rates," while Thomas Barkin then added "long-term inflation expectations are always a source of concern."

Soaring energy prices, supply bottlenecks, and the base effect all contributed to drive Euro-area producer prices higher by 5.4% in October and up 21.9% on the year. It was the largest monthly increase since January 1995 and well above market expectations of a 3.5% rise, while the Euro-area October unemployment rate fell 0.1% to 7.3%, bringing it within touching distance of its pre-pandemic 7.1% low.

Meanwhile, the European Commission has fined 5 banks, UBS, Barclays, RBS, HSBC, and Credit Suisse, a combined EUR344 million for participating in an illegal FX trading cartel by co-ordinating their trading plans via a professional online chatroom called Sterling Lads.

China plans to end its dependency on Australian iron ore by increasing its domestic production by 30%, increasing its recovery of scrap steel, and significantly boosting its investment in overseas (not Australian) mining operations. China's strategy for achieving its 5-year target is to ease its concerns over volatile iron ore prices as "the control of overseas iron ore resources is obviously insufficient, and more than 80% of the import volume comes from Australia and Brazil. The risks to resource security are prominent."

New Zealand's ToT, (or terms of trade) rose 0.7% in Q3, and while the market was looking for +2.0%, the NZ ToT rose to another record level. Exports rose 4.6% while imports grew 3.8%.

Ratings agency Fitch says that the environment for Chinese property developers is to remain challenging as tight liquidity and credit polarisation persist.

## Ahead of the big one tonight

Overall, markets were quiet ahead of tonight's big data release. European bourses took some cream off the top while US markets recovered yesterday's losses. Commodity and FX markets were flat, and bond markets sold off a touch which saw the T-bond firm to 1.455%.



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

**Barrington**  
TREASURY SERVICES

**Barrington**  
ASSET CONSULTING



**BANCORP**

BANCORP CORPORATE FINANCE LIMITED

# Daily Rates

Friday 3 December 2021

FX	Spot	FECs (mid)				Spot Mid	
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...
NZ TWI	73.30					CAD	0.8725
NZD/USD	0.6805	-0.0002	-0.0009	-0.0026	-0.0078	CHF	0.6262
NZD/AUD	0.9599	-0.0008	-0.0019	-0.0045	-0.0113	CNY	4.3387
NZD/JPY	76.98	-0.07	-0.18	-0.47	-1.36	DKK	4.4762
NZD/EUR	0.6020	-0.0009	-0.0022	-0.0051	-0.0129	FJD	1.4503
NZD/GBP	0.5120	-0.0005	-0.0009	-0.0019	-0.0048	HKD	5.3009
						KRW	799.95
AU TWI	59.80					MYR	2.8837
AUD/USD	0.7089	0.0004	0.0005	0.0006	0.0002	NOK	6.1972
AUD/NZD	1.0418	0.0008	0.0021	0.0050	0.0124	SEK	6.1559
AUD/JPY	80.20	-0.01	-0.03	-0.11	-0.48	SGD	0.9317
AUD/EUR	0.6271	-0.0004	-0.0011	-0.0023	-0.0062	TWD	18.90
AUD/GBP	0.5333	-0.0001	0.0001	0.0005	0.0013	ZAR	10.8899
							11.3454
USD Index	96.13					EQUITIES	
EUR/USD	1.1303	0.0014	0.0028	0.0052	0.0116		Index
USD/JPY	113.15	-0.07	-0.12	-0.25	-0.72	NZX50	12,670
GBP/USD	1.3292	0.0009	0.0007	-0.0001	-0.0027	ASX200	7,225
EUR/GBP	0.8504	0.0005	0.0017	0.0040	0.0104	Dow Jones	34,609
						S&P 500	4,570
						FTSE100	7,129
						DAX 30	15,263
						Nikkei	27,753
INTEREST		New Zealand		Australia		COMMODITIES	
RATES		Borrow	Invest	Borrow	Invest		USD
30 day bank bills		0.81%	0.78%	0.01%	0.03%	Dubai Light	68.74
90 day bank bills		0.83%	0.80%	0.08%	0.04%	Brent Crude	69.13
FRA 90d in 3mths		1.38%	1.35%	0.15%	0.12%	Gold	1,763.96
FRA 180d in 6mths		2.23%	2.20%	0.58%	0.57%	Silver	22.32
1 year swap		1.70%	1.68%	0.31%	0.31%	CRB Index	232.15
2 year swap		2.29%	2.26%	0.96%	0.94%		NZD
3 year swap		2.53%	2.51%	1.38%	1.35%	NZ Carbon	68.40
5 year swap		2.64%	2.62%	1.65%	1.64%		
10 year swap		2.64%	2.61%	2.00%	1.98%		
10 year Govt bond			2.40%		1.68%		

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.



**BANCORP**  
BANCORP TREASURY SERVICES LIMITED

**Barrington**  
TREASURY SERVICES

**Barrington**  
ASSET CONSULTING



**BANCORP**  
BANCORP CORPORATE FINANCE LIMITED