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BANCORP TREASURY SERVICES LIMITED

MARKET ALERT

CURRENCIES	Spot	6mths
NZD/USD	0.6438	0.0012
NZD/AUD	0.9578	-0.0013
NZD/JPY	70.71	-0.56
NZD/EUR	0.5943	-0.0053
NZD/GBP	0.4937	-0.0014
NZD/CNH	4.5017	0.0269
AUD/USD	0.6722	0.0022
AUD/EUR	0.6206	-0.0047
EUR/USD	1.0832	0.0118
USD/CNH	6.9930	0.0290
GBP/USD	1.3036	0.0061
EUR/GBP	0.8309	0.0052

INT RATES	NZ	Australia
OCR/Cash	1.00%	0.75%
90 day bills	1.21%	0.92%
2 year swap	1.14%	0.72%
10 year Govt	1.37%	1.05%

Quiet weekend

A quiet weekend in the global economy with the US 10 Year Treasury yield falling back under 1.60% and the USD rose on a slightly better than expected retail sales result. The NZD/USD and the NZD/AUD were flat over the weekend hovering around 0.6440 and 0.9580 respectively.

The growth rate of the coronavirus (COVID-19) is looking like it has peaked as the total confirmed cases just sits below 70,000 and the deaths at 1,670. The lockdown of Hubei province is getting even more strict and could be the reason for the decrease in the growth rate of infections.

China pledged to roll out more effective fiscal stimulus despite a widening fiscal gap as the coronavirus hits an already slowing economy, highlighting the challenges the epidemic is imposing as the death toll stacks up and with thousands of new cases reported every day. China will implement measures this year to reduce corporate taxes and cut unnecessary government expenses as the virus takes its toll on production.

Lacklustre Eurozone GDP

Eurozone's economy slowed in 2019 partly reflecting the passthrough of elevated uncertainty about the US protectionist policy and a hard Brexit.

Eurozone December quarter GDP rose 0.1% which was in line with expectations, bringing the year on year GDP to 0.9%, below market expectations of 1.0%. Meanwhile, Eurozone's trade balance increased more than expected.

The outlook still looks week for the Eurozone as its expected growth remains subdued despite an easing in global tensions. The biggest risk for March quarter GDP remains the coronavirus which is taking its toll on the global economy. The EUR/USD has fallen to 2017 lows as it hovers around 1.0830 at the time of writing.

US consumers slowing

In the US, seasonally adjusted retail sales rose 0.3% in January on both the headline and core readings. This was in line with expectations but highlights the recently cooling nature of the US consumer. Consumer spending is the main driver of the US economy, accounting for more than two thirds of economic output so any slowdown will be immediately noticeable. With retail sales increasing 4.4% year on year, one can see the weakening trend.

Industrial production was weaker than expected at -0.3%, against a -0.2% expected, manufacturing output falling 0.1%, poor corporate investment, and export markets struggling due to coronavirus, there are growing concerns that first quarter GDP will weaken from its previous print.

In the UK, following last week's dramatic resignation of the UK Chancellor, officials hinted the budget on the 11 March could be delayed

In summary, data prints, economic news and political headlines from the northern hemisphere lacked impact and led to a rather benign overnight session with markets struggling for direction. With tonight also being a US public holiday, one can expect a similar theme carrying through until tomorrow.

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FX	Spot Mid	FECs (mid) 1mth	3mths	6mths	12mths		Spot Mid NZD/...	AUD/...
NZ TWI	71.72					CAD	0.8535	0.8911
NZD/USD	0.6438	0.0002	0.0006	0.0012	0.0018	CHF	0.6323	0.6601
NZD/AUD	0.9578	-0.0002	-0.0006	-0.0013	-0.0032	CNY	4.4933	4.6915
NZD/JPY	70.71	-0.09	-0.28	-0.56	-1.15	DKK	4.4404	4.6362
NZD/EUR	0.5943	-0.0009	-0.0027	-0.0053	-0.0109	FJD	1.4172	1.4797
NZD/GBP	0.4937	-0.0002	-0.0007	-0.0014	-0.0030	HKD	5.0011	5.2217
						KRW	761.83	795.43
AU TWI	58.40					MYR	2.6636	2.7810
AUD/USD	0.6722	0.0004	0.0011	0.0022	0.0041	NOK	5.9514	6.2139
AUD/NZD	1.0441	0.0002	0.0007	0.0015	0.0035	SEK	6.2588	6.5348
AUD/JPY	73.82	-0.07	-0.24	-0.48	-0.95	SGD	0.8961	0.9356
AUD/EUR	0.6206	-0.0008	-0.0024	-0.0047	-0.0093	TWD	19.31	20.16
AUD/GBP	0.5156	-0.0001	-0.0004	-0.0007	-0.0014	ZAR	9.5995	10.0230
USD Index	99.12							
EUR/USD	1.0832	0.0019	0.0059	0.0118	0.0233			
USD/JPY	109.83	-0.17	-0.54	-1.06	-2.08			
GBP/USD	1.3036	0.0010	0.0031	0.0061	0.0117			
EUR/GBP	0.8309	0.0008	0.0026	0.0052	0.0103			

EQUITIES

	Index
NZX50	11,835
ASX200	7,130
Dow Jones	29,398
S&P 500	3,380
FTSE100	7,409
DAX 30	13,744
Nikkei	23,688

INTEREST RATES	New Zealand Borrow	Invest	Australia Borrow	Invest
30 day bank bills	1.16%	1.12%	0.82%	0.80%
90 day bank bills	1.23%	1.19%	0.94%	0.90%
FRA 90d in 3mths	1.17%	1.09%	0.83%	0.78%
FRA 180d in 6mths	1.16%	1.13%	0.80%	0.76%
1 year swap*	1.16%	1.13%	0.78%	0.77%
2 year swap*	1.16%	1.13%	0.73%	0.71%
3 year swap*	1.17%	1.14%	0.73%	0.72%
5 year swap*	1.24%	1.22%	0.90%	0.88%
10 year swap*	1.52%	1.50%	1.19%	1.18%
10 year Govt bond		1.35%		1.05%

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

COMMODITIES

	USD
Dubai Light	55.50
Brent Crude	57.32
Gold	1,583.65
Silver	17.72
CRB Index	183.41

SOURCE: Bloomberg