



BANCORP

BANCORP TREASURY SERVICES LIMITED

MARKET ALERT

Monday 23 March 2020 | www.bancorptreasury.com

CURRENCIES	Spot	6mths
NZD/USD	0.5680	-0.0014
NZD/AUD	0.9801	-0.0022
NZD/JPY	62.97	-0.63
NZD/EUR	0.5341	-0.0049
NZD/GBP	0.4883	-0.0022
NZD/CNH	4.0438	0.0050
AUD/USD	0.5795	-0.0001
AUD/EUR	0.5419	-0.0038
EUR/USD	1.0693	0.0074
USD/CNH	7.1227	0.0263
GBP/USD	1.1634	0.0025
EUR/GBP	0.9192	0.0044

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.25%
90 day bills	0.67%	0.52%
2 year swap	0.69%	0.44%
10 year Govt	1.47%	1.14%

Know when to hold'em

Firstly, let's get the bad news out of the way. Country legend Kenny Rogers passed away over the weekend. RIP Kenny.

First thing this morning the RBNZ announced it will implement a Large Scale Asset Purchase Programme of New Zealand government bonds. The programme will purchase up to \$30 billion of New Zealand government bonds, across a range of maturities, in the secondary market over the next

12 months. With increased issuance, expect bond yields and interest rate swaps to all open lower this morning.

On Friday, in another extremely volatile session, US equities sold off as fiscal stimulus uncertainty and the rapidly spreading virus weighed on sentiment as stocks suffered their worst week since 2008. In amongst this, the Fed was busy announcing an expansion to its asset purchase program to include municipal bonds while US banks were in talks with the Fed over the weekend seeking assurances, they can breach liquidity requirements to help stricken companies.

Meanwhile, the US stimulus package continues to navigate its way through the US political process, with White House Economic Advisor, Larry Kudlow, stating it will now total more than USD2 trillion. The package is equal to about 10% of US economic output and is a major escalation at roughly twice the size of the package the administration requested several days ago.

Know when to walk away

Chancellor Angela Merkel is in quarantine after being in contact with a doctor who tested positive for coronavirus. Meanwhile, in a typical 'Jim Cramer' moment, bruised hedge fund managers have been on the phones asking clients for fresh cash to 'buy

the dip,' although, allegedly, Goldman Sachs are using their own funds to prop up their money market fund after withdrawals.'

The Fed's Bullard was on the newswires highlighting that the coronavirus shutdown is not a recession, but an investment in survival. Bullard argued that the potential USD2.5 trillion hit coming to the economy is both necessary and manageable if officials move fast and keep it simple.

Never count your money at the table

Australia has unleashed an extra AUD66 billion in stimulus which includes cash payments of as much as AUD100,000 to small businesses and is the second fiscal package which looks at avoiding a recession and saving jobs.

The plan will provide AUD25.2 billion in support to businesses, AUD40 billion in lending to guarantee loans to small and medium sized firms, unemployment benefits will double, and the worst hit workers will be allowed to access pension savings early.

Support of AUD189 billion is being injected into the domestic economy to support the banking system. "There will be more packages, there will be more support" Australian Prime minister, Scott Morrison, stated last night.

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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	66.86					CAD	0.8157	0.8322
NZD/USD	0.5680	-0.0003	-0.0007	-0.0013	-0.0026	CHF	0.5629	0.5743
NZD/AUD	0.9801	-0.0004	-0.0012	-0.0021	-0.0037	CNY	4.0345	4.1164
NZD/JPY	62.94	-0.20	-0.36	-0.61	-1.07	DKK	3.9673	4.0479
NZD/EUR	0.5341	-0.0011	-0.0027	-0.0048	-0.0088	FJD	1.3502	1.3776
NZD/GBP	0.4885	-0.0006	-0.0013	-0.0022	-0.0036	HKD	4.4053	4.4947
						KRW	718.45	733.04
AU TWI	52.40					MYR	2.5570	2.6089
AUD/USD	0.5794	0.0000	0.0000	-0.0001	-0.0005	NOK	6.6891	6.8249
AUD/NZD	1.0203	0.0005	0.0012	0.0022	0.0038	SEK	5.8966	6.0163
AUD/JPY	64.21	-0.17	-0.29	-0.48	-0.86	SGD	0.8234	0.8401
AUD/EUR	0.5418	-0.0008	-0.0021	-0.0038	-0.0070	TWD	17.29	17.64
AUD/GBP	0.4984	-0.0004	-0.0008	-0.0012	-0.0018	ZAR	9.9598	10.1620
USD Index	102.82							
EUR/USD	1.0695	0.0016	0.0042	0.0074	0.0131	EQUITIES		
USD/JPY	110.83	-0.29	-0.50	-0.82	-1.39			Index
GBP/USD	1.1625	0.0008	0.0019	0.0026	0.0032	NZX50		9,196
EUR/GBP	0.9200	0.0007	0.0021	0.0043	0.0087	ASX200		4,817
						Dow Jones		19,174
						S&P 500		2,305
						FTSE100		5,191
						DAX 30		8,929
						Nikkei		16,553
						COMMODITIES		
								USD
						Dubai Light		26.66
						Brent Crude		26.98
						Gold		1,497.69
						Silver		12.55
						CRB Index		131.51

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.45%	0.41%	0.53%	0.51%
90 day bank bills	0.69%	0.65%	0.54%	0.50%
FRA 90d in 3mths	0.66%	0.63%	0.41%	0.36%
FRA 180d in 6mths	0.65%	0.62%	0.47%	0.43%
1 year swap*	0.66%	0.64%	0.44%	0.43%
2 year swap*	0.70%	0.67%	0.45%	0.43%
3 year swap*	0.77%	0.74%	0.49%	0.48%
5 year swap*	0.94%	0.90%	0.76%	0.72%
10 year swap*	1.38%	1.35%	1.19%	1.15%
10 year Govt bond		1.42%		1.14%

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

SOURCE: Bloomberg

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