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MARKET ALERT

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CURRENCIES	Spot	6mths
NZD/USD	0.6019	-0.0010
NZD/AUD	0.9659	-0.0017
NZD/JPY	65.51	-0.48
NZD/EUR	0.5542	-0.0039
NZD/GBP	0.4861	-0.0015
NZD/CNH	4.2569	0.0010
AUD/USD	0.6231	0.0001
AUD/EUR	0.5738	-0.0030
EUR/USD	1.0859	0.0059
USD/CNH	7.1227	0.0131
GBP/USD	1.2381	0.0017
EUR/GBP	0.8771	0.0035

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.25%
90 day bills	0.46%	0.22%
2 year swap	0.49%	0.34%
10 year Govt	1.35%	0.92%

Fed minutes

Overnight we saw the release of the FOMC minutes from the 15th March, emergency weekend meeting. The minutes highlighted that the Fed members were in full crisis-fighting mode as, *“all participants viewed the near-term US economic outlook as having deteriorated sharply in recent weeks and as having become profoundly uncertain”* and that, *“risk-management considerations pointed to a forceful monetary policy response.”*

Following the meeting the Fed cut the Fed Funds Rate to 0%-0.25% and relaunched their QE bond-buying programme.

Overnight, Chicago Fed President, Charles Evans, was on the news wires

stating, *“Even under a best-case scenario, the U.S. and global economy will be less prosperous coming out of this crisis than we were going into it,”* adding, *“we are all using valuable resources and savings that we had intended to use for other aspirations.”*

The Australia government has now officially passed its AUD130 billion jobs rescue package. It means the government will pay wage subsidies of AUD1,500 biweekly, the equivalent to 70% of the median wage. The total Australian spending on COVID-19 is now AUD320 billion, which is 16.4% of GDP.

US Democrats are seeking at least USD500 billion, and potentially up to USD1.5 trillion in the next stimulus bill and Hong Kong announced a fresh stimulus package valued at around USD18 billion.

It's a sea of green

Risk-on market sentiment was evident as US equities surged on hopes of an eventual move to reopening the economy sooner than expected, the index is now up 20% from its 23 March low, signalling a bull market.

Oil spiked after a spokeswoman for the Russian energy ministry said the nation will commit to cuts based on its proportion of the total production off all countries in agreement ... which suggests the US will have to cut production the most, followed by Saudi. Gold was flat and Treasury yields rose, with the 10 year hovering around 0.75%.

The NZD and the AUD were the biggest winners overnight as they rallied above 0.6000 and 0.6220 respectively against the USD, despite the USD index rising back above 100.

In a similar vein to Fitch's move yesterday, S&P has cut the credit outlook of the big four Australian banks to negative outlook but kept the ratings unchanged. The shift reflects the *“slightly reduced financial capacity to provide timely financial support to the systemically important financial institutions, if needed.”*

Comments by ECB governing council member Villeroy, *“of course we can do more”* and Germany's Minister of Finance Scholz, *“(an) agreement is close”* are an attempt to put a positive spin on COVID-19 talks, although EU finance ministers have yet to agree on a bailout plan.

The meeting will continue tomorrow in hopes that other members — namely Germany and the Netherlands — can come to an agreement on the 'corona-bonds', an idea which Italy is not really looking to budge from at the moment.

The Bank of France estimates that French economy shrank by 6% in Q1 2020, marking their deepest quarterly contraction on record.

Finally, Bernie Sanders has dropped out of the 2020 presidential race, setting up a general election between Donald Trump and Joe Biden, and, Bank of America have forecast tonight's US initial jobless claims will be a stonker at 6.5 million.

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