

BANCORP TREASURY SERVICES LIMITED

MARKET ALERT

Thursday 9 April 2020 | www.bancorptreasury.com

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 'coronabonds', 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.

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 TREASURY SERVICES LIMITED

DAILY RATES

Thursday 9 April 2020 \mid www.bancorptreasury.com

FX	Spot	FECs (mid)				Spot Mid		
<u>гл</u>	Mid	1mth	3mths	6mths	12mths		NZD/	AUD/
NZ TWI	68.94					CAD	0.8444	0.8742
NZD/USD	0.6019	-0.0002	-0.0005	-0.0010	-0.0018	CHF	0.5848	0.6054
NZD/AUD	0.9659	-0.0004	-0.0010	-0.0017	-0.0028	CNY	4.2523	4.4024
NZD/JPY	65.51	-0.08	-0.24	-0.48	-0.93	DKK	4.1360	4.2820
NZD/EUR	0.5542	-0.0006	-0.0020	-0.0039	-0.0076	FJD	1.3845	1.4334
NZD/GBP	0.4861	-0.0003	-0.0008	-0.0015	-0.0025	HKD	4.6652	4.8298
						KRW	731.35	757.17
AU TWI	54.50					MYR	2.5899	2.6813
AUD/USD	0.6231	0.0001	0.0001	0.0001	-0.0001	NOK	6.1734	6.3913
AUD/NZD	1.0353	0.0004	0.0011	0.0019	0.0030	SEK	6.0573	6.2711
AUD/JPY	67.82	-0.06	-0.18	-0.38	-0.77	SGD	0.8580	0.8882
AUD/EUR	0.5738	-0.0004	-0.0015	-0.0030	-0.0062	TWD	18.13	18.77
AUD/GBP	0.5032	-0.0001	-0.0003	-0.0006	-0.0011	ZAR	10.9705	11.3578
USD Index	100.18							
EUR/USD	1.0859	0.0010	0.0031	0.0059	0.0117	EQUITIES		
USD/JPY	108.86	-0.11	-0.32	-0.63	-1.22			Index
GBP/USD	1.2381	0.0004	0.0011	0.0017	0.0026	NZX50		10,032
EUR/GBP	0.8771	0.0005	0.0017	0.0035	0.0075	ASX200		5,207
						Dow J	ones	23,481
INTEREST		New Zealand		Australia		S&P 500		2,741
RATES		Borrow	Invest	Borrow	Invest	FTSE100		5,678
						DAX 3	30	10,333
30 day bank b		0.37%	0.34%	0.23%	0.21%	Nikkei 19,3		19,353
90 day bank b	ills	0.48%	0.45%	0.24%	0.20%			
FRA 90d in 3n	nths	0.44%	0.41%	0.30%	0.25%	COMMODITIES		ES
FRA 180d in 6	mths	0.46%	0.43%	0.36%	0.32%			USD
1 year swap*		0.48%	0.45%	0.29%	0.28%	Dubai	Light	27.55
2 year swap★	year swap*		0.48%	0.34%	0.33%	Brent Crude		33.64
3 year swap*		0.55% 0.52% 0.40% 0.38%		0.38%	Gold		1,647.11	
5 year swap*		0.68%	0.65%	0.64%	0.62%	Silver		14.97
10 year swap*		1.08%	1.04%	1.05%	1.04%	CRB I	ndex	137.16
10 year Govt b	ond		1.33%		0.92%			
* Semi-annual rate resets except AUD 1,2,3 year quarterly					SOURCE: Bloomberg			

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.