

Market Alert

Tuesday 23 March 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7178	-0.0004
NZD/AUD	0.9258	-0.0010
NZD/JPY	78.09	-0.19
NZD/EUR	0.6011	-0.0027
NZD/GBP	0.5178	-0.0006
NZD/CNH	4.6707	0.0623
AUD/USD	0.7754	0.0004
AUD/EUR	0.6493	-0.0022
EUR/USD	1.1941	0.0048
USD/CNH	6.5065	0.0905
GBP/USD	1.3865	0.0007
EUR/GBP	0.8613	0.0030

INTRATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.35%	0.03%
2 year swap	0.49%	0.14%
10 year Govt	1.75%	1.76%

Central bank chit chat

Governor of the PBoC, Yi Gang, was talking up the state of the Chinese economy stating *“The Bank still has space to expand liquidity. China’s total debt-to-GDP ratio remains at a stable level. Monetary policy is within the normal range and the PBoC has ample tools to moderate interest rate.”*

Federal Reserve member Thomas Barkin was also on the newswires stating *“You want yields to respond to what’s happening in the economy, with yields reflecting the good news on vaccines and fiscal aid,”*

but then warned *“The dot plot is not an FOMC policy. The Fed has tools to handle unwanted inflation, as inflation is not a one-year phenomenon, it’s multi-year.”*

And while the Central Bankers may be getting along, the politicians aren’t, after the US, EU, UK, and Canada all banded together to sanction Chinese officials over alleged human rights abuses in Xinjiang.

US existing home sales plunged 6.6% on the month to 6.22 million units in February, much worse than the market forecasts of a 3% drop amid a historically low inventory and higher prices as the median price increased by 15.8%.

Meanwhile, the Chicago Fed National Activity Index sank to its lowest reading since April 2020 at -1.09 as adverse weather weighed on activity. And this number is a real yo-yo ... the EU posted a current account EUR5.8 billion surplus for January, compared with a EUR8.2 billion deficit in the same month last year, but, despite the turn-around, it still missed market expectations for a EUR34.3 billion surplus.

Reports are emerging of an EU-UK stand-off over AstraZeneca vaccines produced in a factory in the Netherlands. Reuters, citing an unnamed EU official, reported *“The Brits are insisting that the Halix plant in the Netherlands must deliver the drug substance produced there, to them.”*

That does not work. What is produced in Halix has to go to the EU.” Just because you’ve paid for it, it doesn’t mean you can have it!

Flocking Turkey

Turkey is in a financial crisis ... again.

With inflation running at a high +18%, interest rates at 19%, and the government burning through its reserves protecting the Turkish Lira, the President decided to sack the Central Bank Governor. This saw the main stock exchange close down 9.8% while the Lira fell almost 8% from Friday’s close although it was down as much as 15% at its lows.

In the financial markets, news that increased bond purchases by the ECB last week to EUR21.1 billion and safe-haven buying following the disruption in Turkey saw yields fall across the board. The 10-year Treasury yield retreated to 1.68%, the bund eased to -0.32%, while the NZ and AU yields are at 1.73% and 1.75% respectively. In amongst this, the USD eased which saw the NZD and AUD make small gains.

Goldman Sachs CEO, David Solomon, vowed his firm would try harder to ensure junior bankers get at least one day off a week after a group of analysts raised an alarm about increasing burnout. Who do these analysts think they are — junior doctors?



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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	75.16					CAD	0.8979	0.9699
NZD/USD	0.7178	0.0000	-0.0001	-0.0004	-0.0012	CHF	0.6629	0.7160
NZD/AUD	0.9258	-0.0002	-0.0005	-0.0010	-0.0023	CNY	4.6682	5.0423
NZD/JPY	78.09	-0.03	-0.08	-0.19	-0.51	DKK	4.4698	4.8280
NZD/EUR	0.6011	-0.0005	-0.0013	-0.0027	-0.0061	FJD	1.4654	1.5828
NZD/GBP	0.5248	-0.0001	-0.0003	-0.0006	-0.0015	HKD	5.5745	6.0212
						KRW	808.57	873.37
AU TWI	64.30					MYR	2.9435	3.1794
AUD/USD	0.7754	0.0001	0.0003	0.0004	0.0007	NOK	6.0905	6.5786
AUD/NZD	1.0801	0.0002	0.0006	0.0012	0.0027	SEK	6.1065	6.5959
AUD/JPY	84.35	-0.01	-0.05	-0.11	-0.34	SGD	0.9615	1.0385
AUD/EUR	0.6493	-0.0004	-0.0011	-0.0022	-0.0049	TWD	20.40	22.04
AUD/GBP	0.5592	0.0000	0.0000	0.0000	-0.0002	ZAR	10.5605	11.4068
USD Index	91.74					EQUITIES		
EUR/USD	1.1941	0.0009	0.0024	0.0048	0.0103		Index	
USD/JPY	108.79	-0.04	-0.10	-0.20	-0.54	NZX50	12,329	
GBP/USD	1.3865	0.0002	0.0004	0.0007	0.0018	ASX200	6,752	
EUR/GBP	0.8613	0.0005	0.0015	0.0030	0.0062	Dow Jones	32,791	
						S&P 500	3,953	
						FTSE100	6,726	
						DAX 30	14,657	
						Nikkei	29,174	
						COMMODITIES		
							USD	
						Dubai Light	62.44	
						Brent Crude	64.58	
						Gold	1,739.34	
						Silver	25.75	
						CRB Index	200.92	

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.28%	0.24%	0.02%	0.02%
90 day bank bills	0.37%	0.33%	0.05%	0.01%
FRA 90d in 3mths	0.36%	0.33%	0.07%	0.04%
FRA 180d in 6mths	0.39%	0.36%	0.14%	0.12%
1 year swap	0.37%	0.34%	0.08%	0.06%
2 year swap	0.51%	0.48%	0.15%	0.13%
3 year swap	0.71%	0.69%	0.31%	0.30%
5 year swap	1.17%	1.14%	0.86%	0.76%
10 year swap	1.94%	1.92%	1.83%	1.82%
10 year Govt bond		1.73%		1.76%

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