

Market Alert

Monday 29 March 2021

CURRENCIES	Spot	6mths
NZD/USD	0.6991	-0.0004
NZD/AUD	0.9161	-0.0010
NZD/JPY	76.71	-0.18
NZD/EUR	0.5930	-0.0027
NZD/GBP	0.5073	-0.0005
NZD/CNH	4.5771	0.0616
AUD/USD	0.7635	0.0004
AUD/EUR	0.6473	-0.0022
EUR/USD	1.1795	0.0047
USD/CNH	6.5401	0.0918
GBP/USD	1.3784	0.0007
EUR/GBP	0.8557	0.0029

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.34%	0.03%
2 year swap	0.43%	0.15%
10 year Govt	1.63%	1.66%

Fed doves and Chinese bulls

Fed members were shouting from the rafters again with Tom Barkin stating “Inflation will spike but come back down next year,” while Chuck Evans said he’s “not concerned about 2.5% inflation for a year, but would be worried if it moved up to 3%.” Mary Daly added later “the US job market is still in a trough.”

The World Bank has come out and predicted that China will outperform the US again with its forecast suggesting the Chinese economy will expand by 8.1% in 2021, which fits in with the PBoC’s forecast that China will grow between 5.0% and 5.7% over the next 5-years.

And while China’s latest headlines were great, with Chinese industrial firms profits surging 178.9% on the year to CNY1.11 trillion in January-February 2021, remember that China was in a full COVID-19 lockdown over those months in 2020. In addition, China is placing sanctions on UK individuals and entities after the UK (amongst others) commented on human rights violations against the Uighurs in the Xinjiang province, while Australia’s ambassador to China says Beijing’s trade behaviour is “vindictive.”

To be honest, the news wasn’t any better in Europe as COVID-19 cases reverted to January levels. EU President, Ursula von der Leyen, announced Europe was in the start of a third wave of the virus, Chancellor Angela Merkel reiterated that it is a new pandemic that is dominated by the new variants, while French President, Emmanuel Macron, added that new restrictions will be coming in the days and weeks ahead.

To be fair, the person who had the worst weekend of all is poor old Bill Hwang after his fund, Archegos Capital, was behind massive selling of a handful of shares including ViacomCBS, Discovery, and some Chinese tech names. ViacomCBS and Discovery both ended Friday’s session down 27% after Archegos was forced to sell more than USD20 billion of shares in the pre-market open after positions moved against him.

That didn’t stop international bourses rallying 1.5-2.0% on Friday as traders took profits. This saw the US 10-year yield firm to 1.68% and the NZD and AUD recover most of Wednesday’s and Thursday’s losses.

A new attempt will be made today to float the *Ever Given*, with a full moon and a high tide due, which would be welcome news for the oil markets after Brent and crude each rallied 3.9% and 3.7% on supply disruptions!

What, you believed them?

The US Supreme Court is set to hear arguments from Goldman Sachs in a securities-fraud lawsuit filed by shareholders claiming losses of up to USD13 billion. The shareholders allege that Goldman Sachs was lying when it made claims like “Integrity and honesty are at the heart of our business” prior to the GFC!

It doesn’t look like our council rates are going down anytime soon after it was announced that, according to the Department of Internal Affairs, the cost of fixing New Zealand’s beleaguered water systems could amount to NZD110 billion over the next 30 to 40 years.



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Daily Rates

Monday 29 March 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	73.71					CAD	0.8803	0.9610
NZD/USD	0.6991	-0.0001	-0.0002	-0.0004	-0.0010	CHF	0.6566	0.7167
NZD/AUD	0.9161	-0.0002	-0.0005	-0.0010	-0.0023	CNY	4.5723	4.9913
NZD/JPY	76.71	-0.03	-0.08	-0.18	-0.49	DKK	4.4092	4.8133
NZD/EUR	0.5930	-0.0004	-0.0013	-0.0027	-0.0059	FJD	1.4490	1.5818
NZD/GBP	0.5248	-0.0001	-0.0003	-0.0005	-0.0014	HKD	5.4386	5.9370
						KRW	790.41	862.85
AU TWI	63.70					MYR	2.8956	3.1610
AUD/USD	0.7635	0.0001	0.0002	0.0004	0.0008	NOK	6.0003	6.5502
AUD/NZD	1.0916	0.0002	0.0006	0.0012	0.0027	SEK	6.0485	6.6028
AUD/JPY	83.76	-0.01	-0.05	-0.11	-0.32	SGD	0.9408	1.0270
AUD/EUR	0.6473	-0.0003	-0.0010	-0.0022	-0.0049	TWD	20.02	21.86
AUD/GBP	0.5539	0.0000	0.0000	0.0000	-0.0002	ZAR	10.4930	11.4546
USD Index	92.77							
EUR/USD	1.1795	0.0008	0.0023	0.0047	0.0101	EQUITIES		
USD/JPY	109.71	-0.03	-0.10	-0.20	-0.53		Index	
GBP/USD	1.3784	0.0002	0.0004	0.0007	0.0018	NZX50	12,349	
EUR/GBP	0.8557	0.0005	0.0014	0.0029	0.0062	ASX200	6,824	
						Dow Jones	33,073	
						S&P 500	3,975	
						FTSE100	6,741	
						DAX 30	14,749	
						Nikkei	29,177	
						COMMODITIES		
							USD	
						Dubai Light	61.38	
						Brent Crude	64.57	
						Gold	1,731.45	
						Silver	25.04	
						CRB Index	199.50	

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	0.36%	0.32%	0.05%	0.01%
FRA 90d in 3mths	0.36%	0.33%	0.07%	0.04%
FRA 180d in 6mths	0.36%	0.33%	0.12%	0.11%
1 year swap	0.37%	0.34%	0.07%	0.06%
2 year swap	0.44%	0.41%	0.16%	0.14%
3 year swap	0.61%	0.58%	0.30%	0.29%
5 year swap	1.03%	1.00%	0.78%	0.68%
10 year swap	1.84%	1.81%	1.75%	1.74%
10 year Govt bond		1.62%		1.66%

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