

CURRENCIES	Spot	6mths
NZD/USD	0.7249	-0.0005
NZD/AUD	0.9308	-0.0011
NZD/JPY	77.55	-0.20
NZD/EUR	0.6007	-0.0028
NZD/GBP	0.5193	-0.0006
NZD/CNH	4.6969	0.0572
AUD/USD	0.7788	0.0004
AUD/EUR	0.6454	-0.0022
EUR/USD	1.2067	0.0048
USD/CNH	6.4774	0.0832
GBP/USD	1.3959	0.0007
EUR/GBP	0.8645	0.0030
INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.31%	0.03%
2 year swap	0.49%	0.17%
10 year Govt	1.74%	1.68%

I have seen the promised land ...

for interest rates ... as, "there will be a time when rates go up, threatening financial stability," according to Australian Treasurer, Josh Frydenberg.

And it may be earlier than everyone thinks after Australian GDP Q4 GDP jumped +3.1% on the quarter and -1.1% on the year, well ahead of the forecasts at +2.5% and -1.9%. The household spending measure rose 4.3%, while household spending on services rose 5.2%.

In New Zealand, the commodity price index rose +3.3% on the month, following

on from January's +3.6% print, to take the 17 item commodity export index to its highest level since April 2014. And this number doesn't even take into account yesterdays GDT auction, which saw one of the local banks upgrade their 2020/21 farmgate payout price up 50 cents to \$7.70/kgMS.

In China, the head banking regulator, Guo Shuqing, spoke about their concerns as, "we are very worried about the financial markets, especially that the bubble in foreign financial assets that could one day burst." He also forecast that China's lending rates will likely go up this year but warned about a bubble forming in China's real estate market.

Which is a bit of a contradiction after the front page of the China Securities Journal suggested the PBoC may cut the RRR rate in March. Data-wise, the Chinese Caixin PMI Services printed in-line with expectations at 51.5 with the composite index at 51.7.

Chief BoJ dissenter, Goushi Kataoka, announced "it is hard to foresee inflation approaching 2%, given the pace of economic recovery will be modest. I believe the BOJ must strengthen easing via YCC, BOJ must buy bonds aggressively, lower short and long-term rates to prompt investment into growth areas."

Talking of bonds, Treasuries tumbled anew on Wednesday, driving long maturity yields higher and pushing up inflation expectations as the 10 year treasury yield surged towards the 1.50% level, to reach 1.46%, while the 5 year inflation linked bond yield exceeded 2.50% for the first time since 2008. The initial move was driven by a slide in gilts after the UK Government announced it would sell GBP295.9 billion of gilts in the next fiscal year, well above the estimate of GBP249.5 billion. The 10 year yields in New Zealand and Australia climbed to 1.72% and 1.66%, respectively.

The US ISM services index fell with the headline gauge missing expectations, printing at 55.3 versus a consensus of 58.7. Employment tailed modestly at 52.7, although the prices paid component surged to 71.8 in a move that is consistent with headline PCE inflation above 2%.

Interestingly, the US dollar has fallen at the London fixing each day this week, a sign that non-speculative accounts are reducing their holdings. This flow, which could include commercial accounts that have monthly hedging needs through month-to-date returns, shows a clear bias toward owning commodity linked currencies. Currently the NZD/USD is at 0.7265 and the AUD/USD at 0.7810.

Rent-a-quote

ECB's de Guindos, "2021 growth likely close to December projections."

BOE's Haldane, "Want households to spend pent-up savings."

Fed's Evans, "Unemployment rate masks reduction in participation."











FX	Spot	Spot FECs (mid)					Spot	Spot Mid	
ГА	Mid	1mth	3mths	6mths	12mths		NZD/	AUD/	
NZ TWI	75.47					CAD	0.9160	0.9846	
NZD/USD	0.7253	0.0000	-0.0001	-0.0005	-0.0013	CHF	0.6662	0.7161	
NZD/AUD	0.9303	-0.0002	-0.0005	-0.0011	-0.0023	CNY	4.6841	5.0350	
NZD/JPY	<i>77</i> .5 <i>7</i>	-0.03	-0.09	-0.20	-0.52	DKK	4.4677	4.8024	
NZD/EUR	0.6008	-0.0004	-0.0013	-0.0028	-0.0060	FJD	1.4743	1.5848	
NZD/GBP	0.5248	-0.0001	-0.0003	-0.0006	-0.0016	HKD	5.6258	6.0473	
						KRW	816.90	878.10	
AU TWI	64.60					MYR	2.9530	3.1742	
AUD/USD	0.7797	0.0001	0.0003	0.0004	0.0005	NOK	6.1484	6.6091	
AUD/NZD	1.0749	0.0002	0.0006	0.0012	0.0027	SEK	6.1050	6.5624	
AUD/JPY	83.39	-0.01	-0.05	-0.12	-0.35	SGD	0.9661	1.0384	
AUD/EUR	0.6459	-0.0004	-0.0011	-0.0023	-0.0049	TWD	20.16	21.67	
AUD/GBP	0.5582	0.0000	0.0000	0.0000	-0.0003	ZAR	10.9309	11.7498	
USD Index	90.89								
EUR/USD	1.2072	0.0009	0.0025	0.0048	0.0100	EQUITIES			
USD/JPY	106.96	-0.04	-0.11	-0.21	-0.52			Index	
GBP/USD	1.3968	0.0002	0.0004	0.0007	0.0018	NZX50		12,359	
EUR/GBP	0.8643	0.0005	0.0015	0.0030	0.0061	ASX20	0	6,818	
						Dow Jo	ones	31,426	
INTEREST	New Zealand		Australia		S&P 500		3,846		
RATES		Borrow	Invest	Borrow	Invest	FTSE10	0	6,675	
					<u> </u>	DAX 3	0	14,080	
30 day bank b	oills	0.28%	0.24%	0.02%	0.02%	Nikkei		29,559	
90 day bank b	oills	0.33%	0.29%	0.05%	0.01%				
FRA 90d in 3r	nths	0.33%	0.30%	0.08%	0.03%	COMMODITIES			
FRA 180d in 6	omths	0.42%	0.37%	0.15%	0.11%			USD	
1 year swap		0.37%	0.34%	0.07%	0.06%	Dubai Light		61.31	
2 year swap		0.50%	0.48%	0.18%	0.17%	Brent Crude		64.35	
3 year swap	ear swap		0.68%	0.33%	0.32%	Gold		1,717.89	
5 year swap		1.16%	1.13%	0.83%	0.73%	Silver		26.24	
10 year swap	year swap		1.89%	1.81%	1.79%	CRB In	dex	202.34	
10 year Govt	bond		1.72%		1.68%				

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