

Market Alert

Tuesday 9 March 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7133	-0.0004
NZD/AUD	0.9312	-0.0012
NZD/JPY	77.66	-0.20
NZD/EUR	0.6016	-0.0028
NZD/GBP	0.5157	-0.0006
NZD/CNH	4.6737	0.0597
AUD/USD	0.7661	0.0005
AUD/EUR	0.6462	-0.0021
EUR/USD	1.1855	0.0047
USD/CNH	6.5506	0.0877
GBP/USD	1.3833	0.0008
EUR/GBP	0.8570	0.0029

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.32%	0.04%
2 year swap	0.55%	0.19%
10 year Govt	1.88%	1.77%

China remains the global growth engine

PIMCO, the US investment firm that manages circa USD1.9 trillion in assets, has announced that developed economies may require stimulus for longer than expected ... because of China! PIMCO cites, "China provides a key engine of global growth ... If past is prologue, developed countries may be required to maintain stimulus measures for longer than presently expected."

PIMCO believe that as the PBoC has started to reduce COVID-19 related stimulus early, they have essentially tightened domestic policy in the form

of tighter money market liquidity, moderating private credit growth, and reduced government bond issuance.

Ning Jizhe, Vice Chair of the Chinese National Development and Reform Commission, (man, that's a title!), stated "the basis of China's economic recovery is not solid yet, and liquidity will be kept reasonably ample in 2021, given that nominal GDP growth could be relatively high. China must cope with risks from overseas, (although I am) confident that China will achieve its 2021 economic targets."

In its own 'GameStop' moment, three China Development Bank bonds saw sudden price surges – one by more than 200% – to send yields as low as -14.2%! Impressive when the yield was just 3.49% the previous day. Separately, GameStop shares spiked 43% after the company tapped Chewy founder and activist investor, Ryan Cohen, to guide its e-commerce business shift.

We all know that as part of their new, wider mandate, the Fed has become more focused on employment. Well, Fed Chairman, Jerome Powell's, new 'Dashboard' of the employment market will be split to highlight (in the US Department of Labour's words) Black unemployment, wage growth for low-wage workers, and labour force participation for those without college degrees.

According to UBS, the Fed is now viewing full employment as businesses competing

for workers at every part of the income distribution. Anything to drive wage price pressures, eh Jerome!

LIBOR will cease to exist at the end of 2021. Not an issue in itself, although Goldman Sachs has USD29 billion of debt and preferred stock that's pegged to dollar LIBOR and doesn't mature until mid-2023.

The Atlanta Fed is forecasting US GDP at 8.4%, the NY Fed survey forecasts 1 year inflation at 3.1%, and German industrial production sank -2.5%.

Markets were mixed overnight with US stocks locking in European gains after the Stoxx jumped 2.1% for its largest gain in four months, while Treasury yields continued to edge higher with the 10 year bond at 1.59%. Interestingly, as bearishness towards bonds surged to records last week, speculators have a new target in their sights for this week; the JPY! With USD/JPY currently at 108.85, that market is looking to squeeze the cross to 110.00. Against this, the NZD/USD had its fourth consecutive down day to be at 0.7145, while the AUD/USD is at 0.7670

'Dr Strangelove'

Or, 'How I Learned to Stop Worrying and Love the Bomb! 'Shhh, don't tell anyone, but the NY Times has reported the US is planning a series of 'covert' strikes on Russian networks in retaliation against the large scale hacking of American government agencies and corporations, discovered late last year.



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Daily Rates

Tuesday 9 March 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	75.07					CAD	0.9035	0.9703
NZD/USD	0.7133	0.0000	-0.0001	-0.0004	-0.0013	CHF	0.6671	0.7164
NZD/AUD	0.9312	-0.0002	-0.0006	-0.0012	-0.0024	CNY	4.6645	5.0094
NZD/JPY	77.66	-0.03	-0.09	-0.20	-0.52	DKK	4.4743	4.8051
NZD/EUR	0.6016	-0.0005	-0.0013	-0.0028	-0.0060	FJD	1.4580	1.5658
NZD/GBP	0.5248	-0.0001	-0.0003	-0.0006	-0.0016	HKD	5.5418	5.9515
						KRW	814.45	874.67
AU TWI	64.10					MYR	2.9246	3.1408
AUD/USD	0.7661	0.0002	0.0004	0.0005	0.0006	NOK	6.0817	6.5313
AUD/NZD	1.0739	0.0002	0.0007	0.0014	0.0028	SEK	6.1166	6.5689
AUD/JPY	83.41	-0.01	-0.04	-0.11	-0.34	SGD	0.9634	1.0346
AUD/EUR	0.6462	-0.0004	-0.0010	-0.0021	-0.0048	TWD	20.08	21.56
AUD/GBP	0.5538	0.0000	0.0001	0.0001	-0.0003	ZAR	11.0689	11.8873
USD Index	92.30							
EUR/USD	1.1855	0.0009	0.0024	0.0047	0.0099	EQUITIES		
USD/JPY	108.89	-0.04	-0.11	-0.22	-0.54			Index
GBP/USD	1.3833	0.0002	0.0004	0.0008	0.0018	NZX50		12,085
EUR/GBP	0.8570	0.0005	0.0015	0.0029	0.0060	ASX200		6,740
						Dow Jones		31,979
						S&P 500		3,872
						FTSE100		6,719
						DAX 30		14,381
						Nikkei		28,743
						COMMODITIES		
								USD
						Dubai Light		67.65
						Brent Crude		68.17
						Gold		1,680.67
						Silver		25.14
						CRB Index		204.02

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	0.34%	0.30%	0.06%	0.02%
FRA 90d in 3mths	0.36%	0.33%	0.08%	0.03%
FRA 180d in 6mths	0.42%	0.39%	0.16%	0.12%
1 year swap	0.36%	0.32%	0.09%	0.07%
2 year swap	0.57%	0.54%	0.20%	0.19%
3 year swap	0.79%	0.76%	0.38%	0.37%
5 year swap	1.27%	1.24%	0.92%	0.90%
10 year swap	2.04%	2.01%	1.88%	1.86%
10 year Govt bond		1.87%		1.77%

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