

# Market Alert

Thursday 1 April 2021

CURRENCIES	Spot	6mths
NZD/USD	0.6985	-0.0004
NZD/AUD	0.9190	-0.0011
NZD/JPY	77.36	-0.19
NZD/EUR	0.5956	-0.0027
NZD/GBP	0.5069	-0.0006
NZD/CNH	4.5906	0.0606
AUD/USD	0.7600	0.0004
AUD/EUR	0.6480	-0.0022
EUR/USD	1.1728	0.0047
USD/CNH	6.5664	0.0907
GBP/USD	1.3780	0.0007
EUR/GBP	0.8511	0.0029

  

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.35%	0.04%
2 year swap	0.48%	0.18%
10 year Govt	1.81%	1.79%

## I didn't see this coming ...

Immediately after announcing his USD 2 trillion investment package, President Joe Biden admitted that he had in fact stolen the 2020 US election and has announced his resignation. This followed on from his earlier announcement of his surprising cabinet re-shuffle which saw Kamala Harris demoted to Secretary of State and outlier Donald Trump appointed Vice-President. In a final closing statement, the soon to be ex-President Biden announced *"By resigning immediately, I hereby announce my Vice-President will ascend to his rightful-place as President of the United States of America. I know he will guide our country back to its*

*rightful place as leader of the free world while promoting equality, LGTB, and BLM rights. God bless Donald Trump."* Then, in his final act as President, he said, *"Baldrick, this plan was as cunning as a fox that used to be Professor of Cunning at Oxford University but has moved on and is now working for the UN as the High Commissioner of International Cunning Planning,"* before adding, *"has anyone seen my trousers."* He then departed the stage.

## Happy Easter and enjoy the break

Overnight US equities made modest gains ahead of the announcement of the USD2 trillion stimulus bill. Yes, it was rumoured to be USD3 trillion and is now 'only 2', but what is a trillion amongst friends?

This saw the Nasdaq close up 0.75% which is a little surprising given the rotation trade had been a key-driver in March. European equities were mixed after France announced a new 4 week COVID-19 related lockdown, as were commodities, which saw West Texas and Brent slip 2.48% and 2.10% although the metals all made solid gains.

The USD index had a modest drop driven by quarter end flows, although still had its best quarter in a year rising almost 3%, while the 10-year US yield is trading at 1.74%, with NZ and AU yields at 1.79% and 1.78%.

PIMCO's latest quarterly outlook forecasts *"a strong global recovery in 2021 amid significant fiscal support, accommodative monetary policy, diminishing lockdowns, and accelerating vaccinations. We expect a temporary bump in inflation in the coming months (although) inflation will generally remain below central bank targets over the next one to two years. Markets may remain focused on inflation risks in the near term, contributing to elevated volatility."*

We were light on data overnight with US ADP jobs come in slightly weaker than expected at 517k in March, the Chinese manufacturing PMI rose to 51.9 in March 2021 from 50.6 in February, while the services printed at 56.3 against an expected 52.0 as production resumed post the Lunar New Year holiday. Australian building approvals for February increased +21.6% against an expected 3.0%, while private sector credit rose +0.2% on the month. The March NZ business survey saw business confidence fall to -4.1, while the own activity outlook was at 16.6.

A certain Mr Hwang won't be sleeping well this weekend after the SEC opened a probe into the Archegos Capital trades that triggered the equity rout in certain shares. I suspect jail time awaits.



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# Daily Rates

Thursday 1 April 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	73.86					CAD	0.8779	0.9553
NZD/USD	0.6985	0.0000	-0.0002	-0.0004	-0.0011	CHF	0.6605	0.7187
NZD/AUD	0.9190	-0.0002	-0.0006	-0.0011	-0.0023	CNY	4.5806	4.9843
NZD/JPY	77.36	-0.03	-0.09	-0.19	-0.50	DKK	4.4300	4.8205
NZD/EUR	0.5956	-0.0004	-0.0013	-0.0027	-0.0061	FJD	1.4393	1.5661
NZD/GBP	0.5248	-0.0001	-0.0003	-0.0006	-0.0015	HKD	5.4304	5.9090
						KRW	788.09	857.55
AU TWI	63.90					MYR	2.8995	3.1550
AUD/USD	0.7600	0.0001	0.0003	0.0004	0.0007	NOK	5.9764	6.5031
AUD/NZD	1.0881	0.0002	0.0007	0.0013	0.0027	SEK	6.0979	6.6354
AUD/JPY	84.17	-0.01	-0.04	-0.11	-0.34	SGD	0.9397	1.0225
AUD/EUR	0.6480	-0.0003	-0.0010	-0.0022	-0.0050	TWD	19.91	21.66
AUD/GBP	0.5515	0.0000	0.0001	0.0000	-0.0003	ZAR	10.3118	11.2207
USD Index	93.20							
EUR/USD	1.1728	0.0007	0.0023	0.0047	0.0102	<b>EQUITIES</b>		
USD/JPY	110.76	-0.04	-0.10	-0.21	-0.55			<b>Index</b>
GBP/USD	1.3780	0.0001	0.0004	0.0007	0.0019	NZX50		12,561
EUR/GBP	0.8511	0.0004	0.0014	0.0029	0.0062	ASX200		6,791
						Dow Jones		33,089
						S&P 500		3,988
						FTSE100		6,714
						DAX 30		15,008
						Nikkei		29,179
						<b>COMMODITIES</b>		
								<b>USD</b>
						Dubai Light		62.43
						Brent Crude		62.85
						Gold		1,707.54
						Silver		24.39
						CRB Index		196.56

  

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.28%	0.24%	0.02%	0.00%
90 day bank bills	0.37%	0.33%	0.06%	0.02%
FRA 90d in 3mths	0.37%	0.33%	0.08%	0.05%
FRA 180d in 6mths	0.38%	0.35%	0.16%	0.14%
1 year swap	0.38%	0.35%	0.09%	0.07%
2 year swap	0.49%	0.46%	0.19%	0.17%
3 year swap	0.67%	0.65%	0.36%	0.35%
5 year swap	1.14%	1.11%	0.92%	0.82%
10 year swap	1.98%	1.96%	1.87%	1.85%
10 year Govt bond		1.79%		1.79%

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