

# Market Alert

Monday 12 April 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7037	-0.0005
NZD/AUD	0.9227	-0.0011
NZD/JPY	77.22	-0.19
NZD/EUR	0.5916	-0.0027
NZD/GBP	0.5131	-0.0006
NZD/CNH	4.6112	0.0590
AUD/USD	0.7623	0.0004
AUD/EUR	0.6410	-0.0022
EUR/USD	1.1892	0.0047
USD/CNH	6.5607	0.0885
GBP/USD	1.3719	0.0007
EUR/GBP	0.8668	0.0029

  

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.32%	0.04%
2 year swap	0.45%	0.15%
10 year Govt	1.71%	1.76%

## Mr Powell hits the celebrity circuit

Fed Chair, Jerome Powell, gave an interview to *60 Minutes* and was quite upbeat on the US economy stating *“the economy really seems to be at an inflection point. We feel like we’re at a place where the economy is about to start growing much more quickly and job creation is coming in much more quickly, so the principal risk to our economy right now really is that the disease would spread again.”*

Part of the rationale for the positive rhetoric was Friday’s strong Producer Price Index (“PPI”) numbers, which saw a headline 1.0% increase on the month

that followed on from January’s 0.5% increase and easily beat the markets expectation of a 0.5% advance. Adding to the inflation story was the cost of goods input, which climbed 1.7% to record its largest increase since the index began in December 2009, boosted by a 5.9% jump in energy prices. Meanwhile, proving there are also job openings in the US economy, McDonald’s announced they are planning to hire 25,000 staff across Texas this month!

China also saw strong pricing pressures after factory gate prices rose at their fastest annual pace since July 2018 after PPI’s rose 4.4% in annual terms. This followed on from February’s 1.7% increase and was well above the 3.5% forecast. Although, there will be some uncertainty surrounding what actually gets passed through from PPI to CPI after annualised CPI printed at 0.4% with the core hitting just 0.3%, due to low food prices which are expected to remain weak amid increased pork supplies.

Chinese profits are remaining strong after the largest container shipping company, Cosco Shipping, forecast their Q1 net profit will rise to CNY15.41 billion yuan, or USD2.3 billion after shipping rates rose nearly 54% in Q4.

BlackRock has secured the largest ever ETF launch to cash in on the ‘green investing wave’ after their Carbon Transition Readiness fund raised USD1.25 billion, 50% more than the previous record. Last week, someone

‘put their money where their mouth is’ after a USD40 million bet was placed forecasting the VIX index — often called Wall Street’s fear gauge — will break above the 25 level and rise towards 40 by mid-July.

Friday there were positive gains in US equities given the strong data, which also saw the US 10-year yield firm up a touch to 1.66%. The NZD and AUD were both steady, although it should be noted that the NZD is currently struggling to break and close above the 0.7060 level.

## Poor old Jack Ma

You may recall in November last year Chinese authorities halted the IPO of Jack Ma’s Ant Group that would have raised USD34.5 billion. Well, it would appear the Chinese regulators have not finished, with Mr Ma in trouble again after Alibaba were fined CNH18.23 billion yuan (USD2.8 billion) after an anti-monopoly investigation stated that *“Alibaba abused its market dominance.”*

Iran described the *blackout at its underground Natanz atomic facility an act of “nuclear terrorism”* and, while they stopped short of directly blaming anyone for the incident, Israeli media suggested there had been a cyberattack.



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# Daily Rates

Monday 12 April 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	74.28					CAD	0.8811	0.9550
NZD/USD	0.7037	-0.0001	-0.0002	-0.0005	-0.0012	CHF	0.6519	0.7066
NZD/AUD	0.9227	-0.0002	-0.0006	-0.0011	-0.0024	CNY	4.6128	4.9995
NZD/JPY	77.22	-0.03	-0.09	-0.19	-0.50	DKK	4.3988	4.7675
NZD/EUR	0.5916	-0.0004	-0.0013	-0.0027	-0.0060	FJD	1.4457	1.5668
NZD/GBP	0.5248	-0.0001	-0.0003	-0.0006	-0.0015	HKD	5.4690	5.9274
						KRW	788.31	854.40
AU TWI	63.80					MYR	2.9081	3.1519
AUD/USD	0.7623	0.0001	0.0003	0.0004	0.0007	NOK	5.9808	6.4822
AUD/NZD	1.0838	0.0003	0.0007	0.0013	0.0028	SEK	6.0126	6.5167
AUD/JPY	83.65	-0.01	-0.04	-0.11	-0.33	SGD	0.9441	1.0232
AUD/EUR	0.6410	-0.0003	-0.0010	-0.0022	-0.0048	TWD	20.01	21.69
AUD/GBP	0.5557	0.0000	0.0000	0.0000	-0.0002	ZAR	10.2826	11.1446
USD Index	92.16							
EUR/USD	1.1892	0.0007	0.0023	0.0047	0.0101	<b>EQUITIES</b>		
USD/JPY	109.74	-0.03	-0.10	-0.20	-0.53			<b>Index</b>
GBP/USD	1.3719	0.0001	0.0004	0.0007	0.0018	NZX50		12,574
EUR/GBP	0.8668	0.0005	0.0014	0.0029	0.0062	ASX200		6,995
						Dow Jones		33,801
<b>INTEREST RATES</b>								
		New Zealand		Australia				
		Borrow	Invest	Borrow	Invest	S&P 500		4,129
30 day bank bills		0.28%	0.24%	0.02%	0.00%	FTSE100		6,916
90 day bank bills		0.34%	0.30%	0.06%	0.02%	DAX 30		15,234
FRA 90d in 3mths		0.34%	0.31%	0.07%	0.04%	Nikkei		29,768
FRA 180d in 6mths		0.37%	0.34%	0.14%	0.12%	<b>COMMODITIES</b>		
1 year swap		0.36%	0.33%	0.08%	0.07%			<b>USD</b>
2 year swap		0.47%	0.44%	0.16%	0.15%	Dubai Light		60.56
3 year swap		0.64%	0.61%	0.31%	0.30%	Brent Crude		62.95
5 year swap		1.07%	1.04%	0.80%	0.78%	Gold		1,743.37
10 year swap		1.84%	1.81%	1.78%	1.75%	Silver		25.25
10 year Govt bond			1.69%		1.76%	CRB Index		198.45

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