

Market Alert

Tuesday 13 April 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7026	-0.0005
NZD/AUD	0.9220	-0.0012
NZD/JPY	76.87	-0.20
NZD/EUR	0.5900	-0.0027
NZD/GBP	0.5112	-0.0006
NZD/CNH	4.6028	0.0604
AUD/USD	0.7620	0.0004
AUD/EUR	0.6398	-0.0021
EUR/USD	1.1909	0.0047
USD/CNH	6.5516	0.0909
GBP/USD	1.3743	0.0007
EUR/GBP	0.8665	0.0029

INTRATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.32%	0.04%
2 year swap	0.46%	0.15%
10 year Govt	1.73%	1.77%

Holding pattern

It was a slow start to the week, with little data of note as the markets await the start of the US corporate earnings season and the RBNZ's monetary policy review tomorrow. Global bourses were flat to slightly in the red, while energy commodities were mixed. The US 10-year treasury yield is currently at 1.67%, while the NZD and AUD are flat to last nights close.

Fed Chair, Jerome Powell, announced he “does not want inflation to go materially above 2% and return to the bad, old inflation days” although he “does want inflation ‘moderately’ above 2% for some time.”

The US posted a budget deficit of USD660 billion in March, which was in line with expectations but slightly larger than the USD119 billion gap in March 2020! Outlays jumped 160%, with income security accounting for the biggest share, while receipts rose 13%, with individual income taxes accounting for the largest share. What the taxman giveth, the tax-man taketh. For the first six months of the 2021 fiscal year, the US federal deficit widened to a record USD1,706 billion, as compared to the USD743 billion deficit in 2020.

The Eurozone's retail trade rose 3.0% in February, rebounding from January's -5.2% slump. Tighter lockdown restrictions may hamper any further progress over the coming months.

Japanese PPI prices followed the global trend to increase 0.8% on the month and 1.0% on the year, to record its first annual rise in 13 months as, “*The increase is driven mostly by recoveries in U.S. and Chinese economies, which are pushing up global commodities prices, rather than a rebound in domestic demand.*”

China has imposed a sweeping restructuring on Jack Ma's Ant Group, which includes Ant turning itself into a financial holding firm, a move that is expected to curb its profitability and company valuation.

The UK government is launching an enquiry into the collapse of Greensill following former PM David Cameron's extensive lobbying of government ministers at the start of the pandemic.

US President Joe Biden's regulators have wasted no time unravelling Wall Street-friendly measures introduced under a former President. Using quick-fix legal tactics, the new administration has halted, or stalled, more than a dozen contentious Trump-era measures that eroded consumer protections, weakened enforcement, and curbed investors' ability to push for environmental, social and governance (ESG) changes.

A simple comparison

While the US powers on with stimulus bill after stimulus bill, the EU is starting to wilt under the weight of its own incompetence after Germany's top court temporarily blocked that nation's ratification of the EUR750 billion recovery fund.

As all EU governments must sign off on the stimulus, the delays are desperately impacting the distribution of funds that are required to re-float the zone.

The delay has forced the ECB to step up its weekly bond purchases by a further EUR17.1 billion last week, while central bankers vocalised their concerns, with Bank of Italy Governor, Ignazio Visco, calling the recovery fund “*crucial*,” Bank of Greece Governor, Yannis Stournaras, agreeing that a long delay would be a “*disaster*,” and ECB Vice President, Luis De Guindos, saying it is “*crucial that there not be unnecessary delays.*”



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	74.11					CAD	0.8825	0.9572
NZD/USD	0.7026	-0.0001	-0.0002	-0.0005	-0.0012	CHF	0.6483	0.7031
NZD/AUD	0.9220	-0.0002	-0.0006	-0.0012	-0.0024	CNY	4.6059	4.9955
NZD/JPY	76.87	-0.03	-0.09	-0.20	-0.50	DKK	4.3879	4.7591
NZD/EUR	0.5900	-0.0004	-0.0013	-0.0027	-0.0060	FJD	1.4442	1.5664
NZD/GBP	0.5248	-0.0001	-0.0003	-0.0006	-0.0015	HKD	5.4603	5.9222
						KRW	790.80	857.70
AU TWI	63.70					MYR	2.9071	3.1530
AUD/USD	0.7620	0.0001	0.0003	0.0004	0.0007	NOK	5.9624	6.4668
AUD/NZD	1.0846	0.0003	0.0007	0.0014	0.0028	SEK	6.0266	6.5364
AUD/JPY	83.37	-0.01	-0.04	-0.11	-0.33	SGD	0.9421	1.0217
AUD/EUR	0.6398	-0.0003	-0.0010	-0.0021	-0.0048	TWD	20.00	21.69
AUD/GBP	0.5544	0.0000	0.0000	0.0000	-0.0002	ZAR	10.2402	11.1065
USD Index	92.15							
EUR/USD	1.1909	0.0007	0.0023	0.0047	0.0101	EQUITIES		
USD/JPY	109.42	-0.03	-0.09	-0.20	-0.52			Index
GBP/USD	1.3743	0.0001	0.0004	0.0007	0.0018	NZX50		12,519
EUR/GBP	0.8665	0.0005	0.0014	0.0029	0.0062	ASX200		6,974
						Dow Jones		33,752
						S&P 500		4,122
						FTSE100		6,889
						DAX 30		15,215
						Nikkei		29,539
						COMMODITIES		
								USD
						Dubai Light		60.85
						Brent Crude		63.29
						Gold		1,731.61
						Silver		24.81
						CRB Index		198.10

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	0.28%	0.24%	0.03%	0.01%
90 day bank bills	0.34%	0.30%	0.06%	0.02%
FRA 90d in 3mths	0.34%	0.31%	0.08%	0.05%
FRA 180d in 6mths	0.38%	0.35%	0.14%	0.12%
1 year swap	0.36%	0.33%	0.09%	0.06%
2 year swap	0.47%	0.44%	0.16%	0.14%
3 year swap	0.65%	0.62%	0.31%	0.30%
5 year swap	1.08%	1.06%	0.84%	0.74%
10 year swap	1.86%	1.84%	1.78%	1.76%
10 year Govt bond		1.71%		1.77%

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