

Market Alert

Tuesday 20 April 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7181	-0.0004
NZD/AUD	0.9260	-0.0011
NZD/JPY	77.68	-0.19
NZD/EUR	0.5966	-0.0026
NZD/GBP	0.5134	-0.0005
NZD/CNH	4.6741	0.0611
AUD/USD	0.7756	0.0005
AUD/EUR	0.6443	-0.0020
EUR/USD	1.2037	0.0047
USD/CNH	6.5084	0.0886
GBP/USD	1.3988	0.0008
EUR/GBP	0.8605	0.0029

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.34%	0.04%
2 year swap	0.45%	0.17%
10 year Govt	1.60%	1.72%

Don't cry for me, José Mourinho

The truth is, we never loved you!

And speaking of football, JPMorgan Chase has agreed to underwrite a EUR3.5-billion investment for a group of 20 European clubs to form a non-competitive super-league, while UEFA, the European football regulator, has countered disclosing they are in discussions with Centricus Asset Management over a EUR6 billion financing package to overhaul its flagship Champions League tournament.

Eurozone February construction output fell -2.1% on the month and 5.8% on

the year to produce the 6th consecutive month of falling construction output, and the most since May 2020.

Reports suggest the BoC may offer a tapering road map at its meeting this week, which would weigh on the CAD should it come to fruition, and is perhaps not unsurprising after Canadian housing starts surged 21.6% on the month!

The Bundesbank announced nothing new, stating that German economic output decreased in Q1 2021, but we can expect higher inflation from 2H 2021 due to base effects which could very well exceed 3.0% by the end of the year.

International supply chains are still under pressure as the chess pieces get moved around the board! While the LA Port of Long Beach has seen progress in reducing its backlog of 40-odd ships that have been queuing offshore full of cheap imports from Asia, some shipping companies sought quicker options along the West Coast, such as the Port of Oakland in San Francisco Bay, which now has 25 container carriers waiting offshore!

As we approach the middle of the US reporting season, and ahead of further US data later in the week, traders picked yesterday as an opportune time to lock in some trading profits. This saw the US bourses all ease 0.5-1.0% following on from Europe's mixed session. But those bulls amongst us shouldn't worry, as the market is definitely skewed in their favour

with bears retreating to the side-lines after the recent Reddit and Archegos Capital debacles. This has seen median short positions fall to a 17-year low at just 1.6%, meaning, the recent bout of bullish mania that propelled equities to their recent highs is continuing to maintain its directional bias.

Bonds have been quiet, although the US 10-year did firm back to the 1.60% level, while the NZD and AUD both popped up on the European open and managed to hold on to those gains throughout the overnight session.

The lady's not for turning!

But it would appear there is a man in Washington that is! Rumours doing the rounds in the US suggest President Joe Biden will accept a 25% corporate tax rate instead of his 28% proposal, and, he will talk with Congress about comprising the infrastructure package and how its paid for!

Following on from the recent Chinese announcements that the PBoC are looking to develop a digital currency, the Biden administration let slip they are in the 'early stages of developing an approach' to crypto, while the BoE announced the creation of a central bank digital currency taskforce with the UK Treasury.



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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	75.10					CAD	0.9000	0.9719
NZD/USD	0.7181	0.0000	-0.0002	-0.0004	-0.0010	CHF	0.6573	0.7099
NZD/AUD	0.9260	-0.0002	-0.0006	-0.0011	-0.0023	CNY	4.6746	5.0484
NZD/JPY	77.68	-0.02	-0.08	-0.19	-0.48	DKK	4.4368	4.7916
NZD/EUR	0.5966	-0.0004	-0.0013	-0.0026	-0.0058	FJD	1.4656	1.5828
NZD/GBP	0.5248	-0.0001	-0.0003	-0.0005	-0.0014	HKD	5.5771	6.0231
						KRW	800.59	864.61
AU TWI	64.50					MYR	2.9662	3.2034
AUD/USD	0.7756	0.0001	0.0003	0.0005	0.0009	NOK	5.9602	6.4368
AUD/NZD	1.0800	0.0002	0.0007	0.0013	0.0027	SEK	6.0363	6.5190
AUD/JPY	83.90	-0.01	-0.04	-0.10	-0.31	SGD	0.9553	1.0317
AUD/EUR	0.6443	-0.0003	-0.0010	-0.0020	-0.0046	TWD	20.22	21.84
AUD/GBP	0.5545	0.0000	0.0001	0.0001	-0.0001	ZAR	10.2143	11.0312
USD Index	91.10							
EUR/USD	1.2037	0.0007	0.0023	0.0047	0.0101	EQUITIES		
USD/JPY	108.18	-0.03	-0.09	-0.20	-0.51			Index
GBP/USD	1.3988	0.0001	0.0004	0.0008	0.0019	NZX50		12,768
EUR/GBP	0.8605	0.0004	0.0014	0.0029	0.0060	ASX200		7,066
						Dow Jones		34,070
						S&P 500		4,161
						FTSE100		7,000
						DAX 30		15,368
						Nikkei		29,685
						COMMODITIES		
								USD
						Dubai Light		64.33
						Brent Crude		67.06
						Gold		1,770.75
						Silver		25.83
						CRB Index		206.14

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	0.36%	0.32%	0.06%	0.02%
FRA 90d in 3mths	0.35%	0.32%	0.08%	0.05%
FRA 180d in 6mths	0.37%	0.34%	0.15%	0.14%
1 year swap	0.36%	0.34%	0.10%	0.07%
2 year swap	0.46%	0.43%	0.17%	0.16%
3 year swap	0.63%	0.60%	0.34%	0.30%
5 year swap	1.05%	1.02%	0.77%	0.75%
10 year swap	1.81%	1.78%	1.72%	1.71%
10 year Govt bond		1.59%		1.72%

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