

# Market Alert

Thursday 8 April 2021

CURRENCIES	Spot	6mths
NZD/USD	0.7006	-0.0005
NZD/AUD	0.9209	-0.0011
NZD/JPY	76.93	-0.19
NZD/EUR	0.5902	-0.0027
NZD/GBP	0.5100	-0.0006
NZD/CNH	4.6112	0.0601
AUD/USD	0.7608	0.0005
AUD/EUR	0.6409	-0.0022
EUR/USD	1.1870	0.0047
USD/CNH	6.5504	0.0902
GBP/USD	1.3737	0.0007
EUR/GBP	0.8641	0.0030

  

INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.34%	0.04%
2 year swap	0.46%	0.16%
10 year Govt	1.75%	1.75%

## The economy is improving

— but we're not there yet!

The release of the minutes from the Federal Reserve's March meeting highlighted it would be "some time" before conditions are in place to initiate a tapering programme and that asset purchases would continue at least at their current pace until further progress is made towards maximum-employment and its price-stability goals.

Furthermore, officials generally viewed the recent rise in Treasury yields as a reflection of the improved economic outlook and higher inflation expectations.

The minutes also noted the economy remains far from its goals although the committee raised its outlook for economic growth with the median outlook for 2021 GDP up to 6.5%, a big upgrade from the 4.2% forecast in December. Officials also indicated that the unemployment rate could fall to 4.5% by the end of the year and inflation could run to 2.2%, slightly above the Fed's traditional 2.0% target.

Prior to the meeting, Chicago Fed President, Charles Evans, said it would take "months and months" of higher inflation "before I'm even going to have an opinion on whether this is sustainable or not." Mary Daly then added "it will take a year or two for inflation to get to 2% sustainably" while Fed member, Lael Brainard, said it will be "some time before realized outcomes on inflation and employment are achieved."

JP Morgan Chase chairman, Jamie Dimon, stated the current economic boom fuelled by deficit spending and the vaccine rollouts "could easily run into 2023."

The PBoC has suggested that China should set up a CNY futures market as "promoting the development of both the onshore and offshore markets and supporting the gradual transformation of the RMB into an international currency in a market-oriented manner, are necessary paths to implement General Secretary Xi Jinping's requirement on enhancing the global competitiveness of the financial sector."

The New Zealand March commodity price index showed a +6.1% increase on the month, following February's +3.3% gain, which produced a +20.2% jump on the year, up from the previous +11.1%. In NZD terms, the index was up +7.4% on the month and +4.0% on the year.

The Australian Market PMIs for March showed strong improvements with the services index up to 55.5 from 53.4 and the composite to 55.5 from 53.7. Meanwhile, the AiG construction PMI for March was at 61.8 from 57.4.

The EU regulators are recommending the AstraZeneca shot despite a link to blood clotting, the UK has recommended under-30's use an alternative vaccine to AstraZeneca.

Overnight stocks and Treasuries fluctuated while the dollar climbed. The Federal Reserve refrained from signalling it will make any changes to its bond-buying program. European and US equities are all lower, apart from the S&P which is flat, while the US 10 year yield is at 1.67% and the NZD and AUD are lower by close to -0.80%.

## "Please Sir, I want some more"

Australian Prime Minister, Scott Morrison, has gone full 'Oliver Twist' saying "I'm not criticising EU for the vaccine delay, and any suggestion of criticism made against the EU would be completely incorrect," but please Sir, can I have some more vaccines!



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# Daily Rates

Thursday 8 April 2021

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	73.92					CAD	0.8842	0.9601
NZD/USD	0.7006	-0.0001	-0.0002	-0.0005	-0.0011	CHF	0.6513	0.7072
NZD/AUD	0.9209	-0.0002	-0.0006	-0.0011	-0.0024	CNY	4.5988	4.9938
NZD/JPY	76.93	-0.03	-0.09	-0.19	-0.51	DKK	4.3893	4.7663
NZD/EUR	0.5902	-0.0004	-0.0013	-0.0027	-0.0060	FJD	1.4426	1.5665
NZD/GBP	0.5248	-0.0001	-0.0003	-0.0006	-0.0015	HKD	5.4533	5.9217
						KRW	783.35	850.64
AU TWI	64.00					MYR	2.9106	3.1606
AUD/USD	0.7608	0.0001	0.0003	0.0005	0.0008	NOK	5.9407	6.4509
AUD/NZD	1.0859	0.0003	0.0008	0.0014	0.0029	SEK	6.0421	6.5610
AUD/JPY	83.55	-0.01	-0.04	-0.11	-0.33	SGD	0.9397	1.0204
AUD/EUR	0.6409	-0.0003	-0.0010	-0.0022	-0.0048	TWD	19.92	21.63
AUD/GBP	0.5538	0.0000	0.0001	0.0000	-0.0002	ZAR	10.2094	11.0863
USD Index	92.47							
EUR/USD	1.1870	0.0007	0.0023	0.0047	0.0102	<b>EQUITIES</b>		
USD/JPY	109.82	-0.03	-0.10	-0.21	-0.55			<b>Index</b>
GBP/USD	1.3737	0.0001	0.0004	0.0007	0.0019	NZX50		12,488
EUR/GBP	0.8641	0.0005	0.0014	0.0030	0.0062	ASX200		6,928
						Dow Jones		33,426
						S&P 500		4,077
						FTSE100		6,885
						DAX 30		15,176
						Nikkei		29,731
						<b>COMMODITIES</b>		
								<b>USD</b>
						Dubai Light		59.85
						Brent Crude		63.05
						Gold		1,736.73
						Silver		25.13
						CRB Index		197.99

  

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	0.36%	0.32%	0.06%	0.02%
FRA 90d in 3mths	0.35%	0.32%	0.08%	0.05%
FRA 180d in 6mths	0.38%	0.35%	0.15%	0.13%
1 year swap	0.37%	0.34%	0.09%	0.07%
2 year swap	0.47%	0.44%	0.16%	0.15%
3 year swap	0.65%	0.62%	0.31%	0.30%
5 year swap	1.08%	1.05%	0.79%	0.77%
10 year swap	1.87%	1.85%	1.75%	1.72%
10 year Govt bond		1.74%		1.75%

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