

Market Alert

Tuesday 4 May 2021

| CURRENCIES | Spot | 6mths |
|------------|--------|---------|
| NZD/USD | 0.7204 | -0.0006 |
| NZD/AUD | 0.9281 | -0.0014 |
| NZD/JPY | 78.59 | -0.19 |
| NZD/EUR | 0.5971 | -0.0027 |
| NZD/GBP | 0.5180 | -0.0006 |
| NZD/CNH | 4.6616 | 0.0589 |
| AUD/USD | 0.7763 | 0.0005 |
| AUD/EUR | 0.6434 | -0.0020 |
| EUR/USD | 1.2065 | 0.0046 |
| USD/CNH | 6.4704 | 0.0868 |
| GBP/USD | 1.3908 | 0.0007 |
| EUR/GBP | 0.8675 | 0.0029 |

| INT RATES | NZ | Australia |
|--------------|-------|-----------|
| OCR/Cash | 0.25% | 0.10% |
| 90 day bills | 0.36% | 0.04% |
| 2 year swap | 0.47% | 0.16% |
| 10 year Govt | 1.68% | 1.75% |

Let's start with the data

US manufacturing activity grew at a slower pace in April, restrained by shortages of inputs as vaccinations and fiscal stimulus unleashed pent up demand, saw the ISM's index of national factory activity fall to 60.7 after surging to 64.7 in March. The prices paid component increased to 89.6 against an expected 86.0, although, in amongst the numbers, both new orders and employment were weaker at 64.3 and 55.1. Manufacturing PMIs also fell to 60.5 from the forecast 60.7.

Australia also had a whole host of data out with April job advertisements

increasing 4.7% on the month against March's 7.4% gain, the Melbourne Institute's monthly CPI print increased to 0.4% on the month and 2.3% on the year, manufacturing PMIs came out at 59.7. Lastly, the RBA's commodity index increased to 116.1 in April to generate a year on year increase of 34.7%, up from March's 28.2% increase.

In anticipation of Germany slowly opening up their economy, March's retail sales grew at 7.7%, which was way ahead of the 3.0% increase expected.

Fed member, Tom Barkin, was on the newswires playing the party line stating the "Feds main goal is to anchor inflation expectations," but then added we "will start to taper when see substantial progress." New York Fed President, John Williams, then jumped in with "The data and conditions we are seeing now are not nearly enough for the FOMC to shift its monetary policy stance." Eventually, the 'boss', Jerome Powell, added "the US economy is making real progress (and the) economic outlook has brightened but (it is) not out of the woods." Which was a little similar to the ECB's vice president, Luis de Guindos' comments that, "We may start to think about phasing out emergency stimulus if vaccinations help to speed up the economic recovery."

It is a little late to the party, but Moody's has upgraded its 2021 GDP growth forecasts for the US to nearly 7%.

Chicago lumber futures jumped past another milestone overnight to trade above the USD1,500 per thousand boards for the first time on record as US sawmills strive to keep pace with demand ahead of the peak spring construction season.

Following reports that the European Investment Bank (EIB) could possibly, maybe, one day, launch a digital bond sale on the Ethereum blockchain network, Ethereum broke past the USD3,000 level to quadruple its value in 2021.

In much of the same way that, if Ole Gunnar Solskjær were to stop being manager of Manchester United, I would replace him, Warren Buffett announced that Greg Abel would succeed him 'if' he were to leave.

Overnight the USD index gave up Friday's gains, which saw the NZD and AUD gain, commodities were stronger across then board, equities were mixed, and the 10 year treasury is at 1.60%.

Auntie Jacinda comes out swinging

PM Jacinda Ardern let China know that New Zealand is no push-over stating "the differences between the two countries were 'becoming harder to reconcile' and there were 'no guarantees' inside the relationship." China responded by saying we are very, very, very, very, sorry.



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Daily Rates

Tuesday 4 May 2021

| FX | Spot | FECs (mid) | | | | Spot Mid | | |
|-----------|--------|------------|---------|---------|---------|--------------------|---------|--------------|
| | Mid | 1mth | 3mths | 6mths | 12mths | NZD/... | AUD/... | |
| NZ TWI | 75.19 | | | | | CAD | 0.8845 | 0.9531 |
| NZD/USD | 0.7204 | -0.0001 | -0.0002 | -0.0006 | -0.0013 | CHF | 0.6564 | 0.7073 |
| NZD/AUD | 0.9281 | -0.0002 | -0.0007 | -0.0014 | -0.0027 | CNY | 4.6365 | 4.9959 |
| NZD/JPY | 78.59 | -0.03 | -0.09 | -0.19 | -0.50 | DKK | 4.4401 | 4.7843 |
| NZD/EUR | 0.5971 | -0.0005 | -0.0013 | -0.0027 | -0.0059 | FJD | 1.4689 | 1.5827 |
| NZD/GBP | 0.5248 | -0.0001 | -0.0003 | -0.0006 | -0.0015 | HKD | 5.5948 | 6.0286 |
| | | | | | | KRW | 807.43 | 870.03 |
| AU TWI | 64.10 | | | | | MYR | 2.9392 | 3.1670 |
| AUD/USD | 0.7763 | 0.0001 | 0.0003 | 0.0005 | 0.0009 | NOK | 5.9668 | 6.4293 |
| AUD/NZD | 1.0775 | 0.0003 | 0.0008 | 0.0016 | 0.0031 | SEK | 6.0610 | 6.5309 |
| AUD/JPY | 84.68 | -0.01 | -0.04 | -0.09 | -0.30 | SGD | 0.9576 | 1.0318 |
| AUD/EUR | 0.6434 | -0.0003 | -0.0010 | -0.0020 | -0.0046 | TWD | 20.13 | 21.69 |
| AUD/GBP | 0.5581 | 0.0000 | 0.0001 | 0.0001 | 0.0000 | ZAR | 10.3786 | 11.1832 |
| USD Index | 90.97 | | | | | | | |
| EUR/USD | 1.2065 | 0.0008 | 0.0023 | 0.0046 | 0.0099 | EQUITIES | | |
| USD/JPY | 109.09 | -0.02 | -0.09 | -0.19 | -0.50 | | | Index |
| GBP/USD | 1.3908 | 0.0001 | 0.0003 | 0.0007 | 0.0017 | NZX50 | | 12,769 |
| EUR/GBP | 0.8675 | 0.0005 | 0.0014 | 0.0029 | 0.0061 | ASX200 | | 7,029 |
| | | | | | | Dow Jones | | 34,113 |
| | | | | | | S&P 500 | | 4,194 |
| | | | | | | FTSE100 | | 6,970 |
| | | | | | | DAX 30 | | 15,236 |
| | | | | | | Nikkei | | 28,813 |
| | | | | | | | | |
| | | | | | | COMMODITIES | | |
| | | | | | | | | USD |
| | | | | | | Dubai Light | | 64.04 |
| | | | | | | Brent Crude | | 67.49 |
| | | | | | | Gold | | 1,792.29 |
| | | | | | | Silver | | 26.87 |
| | | | | | | CRB Index | | 213.45 |

| INTEREST RATES | New Zealand | | Australia | |
|-------------------|-------------|--------|-----------|--------|
| | Borrow | Invest | Borrow | Invest |
| 30 day bank bills | 0.28% | 0.24% | 0.02% | 0.02% |
| 90 day bank bills | 0.38% | 0.34% | 0.06% | 0.02% |
| FRA 90d in 3mths | 0.36% | 0.34% | 0.07% | 0.04% |
| FRA 180d in 6mths | 0.40% | 0.36% | 0.14% | 0.13% |
| 1 year swap | 0.38% | 0.35% | 0.09% | 0.06% |
| 2 year swap | 0.49% | 0.46% | 0.17% | 0.16% |
| 3 year swap | 0.67% | 0.64% | 0.34% | 0.31% |
| 5 year swap | 1.10% | 1.07% | 0.87% | 0.78% |
| 10 year swap | 1.87% | 1.84% | 1.74% | 1.73% |
| 10 year Govt bond | | 1.66% | | 1.75% |

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