

Market Alert

Monday 21 February 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6699	-0.0024
NZD/AUD	0.9345	-0.0056
NZD/JPY	77.01	-0.65
NZD/EUR	0.5916	-0.0061
NZD/GBP	0.4929	-0.0011
NZD/CNH	4.2367	0.0290
AUD/USD	0.7169	0.0017
AUD/EUR	0.6334	-0.0027
EUR/USD	1.1317	0.0076
USD/CNH	6.3249	0.0665
GBP/USD	1.3592	-0.0020
EUR/GBP	0.8326	0.0068

INT RATES	NZ	Australia
OCR/Cash	0.75%	0.10%
90 day bills	1.23%	0.08%
2 year swap	2.56%	1.46%
10 year Govt	2.81%	2.25%

The rushed Market Alert

We're conscious it's all rushed this morning but then again, nothing has really changed, what with equity markets getting hit on escalating tensions in the Ukraine, while commodities prices 'enjoy' the supply chain pressures. The one consistency has been currency markets with most remaining within their ranges, although I suspect this may change soon.

On Friday, the Federal Reserve Bank of Chicago President, Charles Evans,

announced "surging inflation calls for a major shift in monetary policy. The current stance of monetary policy is wrong-footed and needs a substantial adjustment," while his colleagues, John Williams and Lael Brainard, both stated, "It's appropriate to start a series of rate hikes in March." Their biggest issue is that Federal Reserve officials won't be able to trade a slew of assets, including stocks, bonds, and crypto-currencies, under new rules that became formal on Friday! This 'adjustment' follows the resignation of various Fed voting members last year after the disclosure of their person trading information.

There was also an interesting announcement from the ECB President, Christine Lagarde, that she will meet with her fellow Governing Council members in Paris on 24 February for an 'informal' get together! It will be the first time the various ECB members have gathered in person 'in a long time' and that they will discuss a wide range of topics!

Brace yourself for another week of volatility

As the standoff between Russia and Ukraine intensifies it will, once again, dominate headlines this week.

Expect more of the same, with a certain Mr Putin changing the rhetoric on a daily

basis, while the US will continue to give plenty of warnings about the imminent invasion. On the data front, this week it's all about the PMIs with services and manufacturing releases from the US, UK, Germany, France, Euro Area, and Japan while, in the US, investors will be searching the comments section for any signs of a more 'hawkish' Federal Reserve.

It's all about 23rd February

because that is when the Reserve Bank of New Zealand ("RBNZ") steps into the fray.

With almost seven hikes priced in for 2022, Wednesday represents the first of the RBNZ meetings for the calendar year. Simply put, the RBNZ has a lot to live up to this year. While the Q4 inflation and labour data did surprise to the upside, the 'risk' to the NZD could be tilted should the RBNZ not fulfil the markets expectations.

On a side note, New Zealand government bonds made it into the FTSE Russell World Government Bond Index, which will see increased demand for our bonds from international traders which will be supportive of the NZD over time.

If nothing else, it's going to be an exciting week!



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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	71.74					CAD	0.8541	0.9140
NZD/USD	0.6699	-0.0004	-0.0011	-0.0024	-0.0058	CHF	0.6171	0.6604
NZD/AUD	0.9345	-0.0007	-0.0024	-0.0056	-0.0116	CNY	4.2377	4.5347
NZD/JPY	77.01	-0.07	-0.26	-0.65	-1.72	DKK	4.4023	4.7109
NZD/EUR	0.5916	-0.0007	-0.0026	-0.0061	-0.0147	FJD	1.4272	1.5272
NZD/GBP	0.4929	-0.0002	-0.0005	-0.0011	-0.0031	HKD	5.2252	5.5914
						KRW	800.51	856.62
AU TWI	60.60					MYR	2.8152	3.0125
AUD/USD	0.7169	0.0001	0.0007	0.0017	0.0027	NOK	6.0293	6.4518
AUD/NZD	1.0701	0.0008	0.0028	0.0065	0.0134	SEK	6.2983	6.7397
AUD/JPY	82.39	-0.01	-0.06	-0.19	-0.83	SGD	0.9008	0.9639
AUD/EUR	0.6334	-0.0003	-0.0011	-0.0027	-0.0080	TWD	18.65	19.95
AUD/GBP	0.5274	0.0002	0.0008	0.0020	0.0033	ZAR	10.1376	10.8481
USD Index	96.04					EQUITIES		
EUR/USD	1.1317	0.0007	0.0031	0.0076	0.0188		Index	
USD/JPY	114.93	-0.03	-0.20	-0.55	-1.58	NZX50	12,142	
GBP/USD	1.3592	-0.0003	-0.0008	-0.0020	-0.0033	ASX200	7,222	
EUR/GBP	0.8326	0.0007	0.0028	0.0068	0.0159	Dow Jones	34,079	
						S&P 500	4,349	
						FTSE100	7,514	
						DAX 30	15,043	
						Nikkei	27,122	
						COMMODITIES		
							USD	
						Dubai Light	90.22	
						Brent Crude	93.54	
						Gold	1,897.66	
						Silver	23.89	
						CRB Index	280.31	
							NZD	
						NZ Carbon	84.00	

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	1.08%	1.05%	0.02%	0.02%
90 day bank bills	1.26%	1.23%	0.10%	0.06%
FRA 90d in 3mths	1.91%	1.88%	0.39%	0.36%
FRA 180d in 6mths	2.59%	2.56%	1.15%	1.14%
1 year swap	2.10%	2.08%	0.68%	0.67%
2 year swap	2.57%	2.55%	1.47%	1.45%
3 year swap	2.77%	2.75%	1.87%	1.86%
5 year swap	2.91%	2.89%	2.16%	2.15%
10 year swap	3.01%	2.99%	2.46%	2.45%
10 year Govt bond		2.80%		2.25%

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