

# Market Alert

Tuesday 1 March 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6760	-0.0024
NZD/AUD	0.9321	-0.0061
NZD/JPY	77.72	-0.69
NZD/EUR	0.6029	-0.0068
NZD/GBP	0.5044	-0.0015
NZD/CNH	4.2687	0.0302
AUD/USD	0.7253	0.0022
AUD/EUR	0.6469	-0.0031
EUR/USD	1.1212	0.0087
USD/CNH	6.3142	0.0675
GBP/USD	1.3403	-0.0008
EUR/GBP	0.8365	0.0070

  

INT RATES	NZ	Australia
OCR/Cash	1.00%	0.10%
90 day bills	1.26%	0.08%
2 year swap	2.76%	1.41%
10 year Govt	2.75%	2.14%

## All of the latest news

The war in Ukraine allegedly costing USD15 billion per day, and the economic sanctions appearing to have an impact, the Russian markets are under pressure. We have already seen the Russian central bank actively trying to halt foreigners from selling Russian securities however, last night the Russian ruble also came under extensive selling which saw it fall as much as 40%.

The Central Bank of Russia forced to raise its benchmark policy rate from 9.5% to 20% at an emergency meeting. The weakness was a direct knock-on from the US administration banning of its citizens

from executing business with the Bank of Russia, the Russian National Wealth Fund, and the Ministry of Finance. Due to these sanctions, the Russian central bank is prohibited from undertaking transactions in US dollars which severely limits the Russian government's ability to use its USD630 billion reserves to prop up the value of the ruble or fund its war effort.

The ruble weakness was a knock-on from yesterday's announcements which saw the ECB announce the Russian state-owned banking and financial services company SberBank Europe, and its subsidiaries in Croatia and Slovenia, were failing, or likely to fail after it was cut off from SWIFT.

Meanwhile, Norway's USD1.3 trillion sovereign wealth fund announced they will divest their Russian assets and BP stated they will sell their shares in Russian energy giant Rosneft. In breaking Nasdaq, NYSE have temporarily halted stocks of Russian based companies

Concerns are growing that the freezing of the Russian central bank's assets, and the exclusion of some of the world's largest lenders from the SWIFT system, may increase stress in global funding markets.

Financial markets will closely monitor liquidity, and the ability to make and receive payments via the clearing banks. This means that central banks may need to step up their support with, for example, the Federal Reserve, ensuring US dollar liquidity.

In the latest news, President Putin has advised President Macron a neutral status for Ukraine is needed for resolution of conflict. The Swiss Government has adopted and implemented the EU sanctions on the assets of targeted Russian people and companies.

Ukraine's government has raised over USD10 million in cryptocurrency donations, while the Russian and Ukrainian delegations have completed their negotiations on the Belarus border.

## Strap yourselves in ... again!

In other news, Chicago PMIs hit their lowest level since August 2020 after the headline decreased to 56.3 points from January's 65.2. The Dallas Fed manufacturing business index rallied to 14.0 from 2.0 while the US trade deficit widened to an all-time high of USD107.63 billion in January. Atlanta Fed President, Raphael Bostic, added, "Today I am in favour of a 25 bps hike in March."

NZ business confidence fell to -51.8 from -23.2 while the 'own' activity outlook fell to -2.2 from 11.8, and the Australia Melbourne Institute Inflation for February firmed to 3.5% from 3.0%.

Once again international markets were in retreat mode with most bourses -1.0% to -2.5% lower. This accelerated demand for treasuries with the yield on two-year notes sinking to 1.44% while the 10-years fell to 1.865%. Surprisingly, the NZD, AUD and EUR all received a 'bump' after the USD sold off 0.8%.



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# Daily Rates

Tuesday 1 March 2022

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	72.37					CAD	0.8582	0.9208
NZD/USD	0.6760	-0.0003	-0.0009	-0.0024	-0.0063	CHF	0.6204	0.6656
NZD/AUD	0.9321	-0.0009	-0.0026	-0.0061	-0.0129	CNY	4.2654	4.5764
NZD/JPY	77.72	-0.09	-0.28	-0.69	-1.81	DKK	4.4844	4.8113
NZD/EUR	0.6029	-0.0011	-0.0030	-0.0068	-0.0162	FJD	1.4370	1.5417
NZD/GBP	0.5044	-0.0004	-0.0007	-0.0015	-0.0043	HKD	5.2826	5.6677
						KRW	812.80	872.06
AU TWI	60.60					MYR	2.8151	3.0203
AUD/USD	0.7253	0.0004	0.0010	0.0022	0.0033	NOK	5.9682	6.4033
AUD/NZD	1.0729	0.0010	0.0030	0.0071	0.0150	SEK	6.3990	6.8655
AUD/JPY	83.38	-0.02	-0.07	-0.19	-0.80	SGD	0.9166	0.9834
AUD/EUR	0.6469	-0.0005	-0.0014	-0.0031	-0.0085	TWD	18.81	20.18
AUD/GBP	0.5411	0.0001	0.0008	0.0020	0.0030	ZAR	10.4148	11.1740
USD Index	96.78					<b>EQUITIES</b>		
EUR/USD	1.1212	0.0015	0.0040	0.0087	0.0201		<b>Index</b>	
USD/JPY	114.97	-0.09	-0.25	-0.61	-1.61	NZX50	11,978	
GBP/USD	1.3403	0.0004	0.0000	-0.0008	-0.0013	ASX200	7,049	
EUR/GBP	0.8365	0.0009	0.0030	0.0070	0.0158	Dow Jones	33,674	
						S&P 500	4,342	
						FTSE100	7,458	
						DAX 30	14,461	
						Nikkei	26,527	
						<b>COMMODITIES</b>		
							<b>USD</b>	
						Dubai Light	97.02	
						Brent Crude	98.93	
						Gold	1,898.53	
						Silver	24.32	
						CRB Index	281.21	
							<b>NZD</b>	
						NZ Carbon	80.75	

  

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	1.07%	1.04%	0.02%	0.02%
90 day bank bills	1.29%	1.26%	0.10%	0.06%
FRA 90d in 3mths	2.05%	2.01%	0.31%	0.28%
FRA 180d in 6mths	2.78%	2.75%	1.08%	1.07%
1 year swap	2.20%	2.18%	0.61%	0.61%
2 year swap	2.77%	2.75%	1.41%	1.40%
3 year swap	2.92%	2.90%	1.80%	1.78%
5 year swap	3.00%	2.98%	2.10%	2.09%
10 year swap	3.04%	3.02%	2.46%	2.44%
10 year Govt bond		2.74%		2.14%

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