

# Market Alert

Monday 14 March 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6807	-0.0029
NZD/AUD	0.9331	-0.0067
NZD/JPY	79.83	-0.81
NZD/EUR	0.6236	-0.0076
NZD/GBP	0.5215	-0.0015
NZD/CNH	4.3303	0.0253
AUD/USD	0.7295	0.0022
AUD/EUR	0.6667	-0.0033
EUR/USD	1.0941	0.0088
USD/CNH	6.3623	0.0643
GBP/USD	1.3052	-0.0017
EUR/GBP	0.8383	0.0078

  

INT RATES	NZ	Australia
OCR/Cash	1.00%	0.10%
90 day bills	1.48%	0.15%
2 year swap	2.97%	1.69%
10 year Govt	2.99%	2.40%

## Not the vodka!

Another weekend and another round of Russian sanctions!

The US was the first out of the starting blocks, announcing a further round of restrictions – this time covering, amongst other things, diamonds, caviar, and vodka.

The G7 also announced additional sanctions as well as saying that they would deny Russia its 'most favoured' nation status relating to key products, while they also announced they would

work collectively to prevent Russia from obtaining international financing and that they would suspend Russia's membership to the IMF and the World Bank!

Friday night also saw a couple of data releases, with US University of Michigan consumer sentiment falling to its lowest level since November 2011, at 59.7, which was well down on the 61.4 expected and below February's 62.8 reading.

Inflation measures also increased, with the 1-year inflation expectation jumping to 5.4%, which was the highest reading since 1981, while 5-year inflation expectations remained steady at 3.0% for the second straight month.

In the UK, the British economy expanded 0.8% in the month of January and 1.1% on the quarter, against expectations of 0.1% and 0.8%. It is the strongest GDP growth in 7 months, as the economy rebounded from its pre-Christmas, Omicron-related shutdown.

ECB Governing Council member, Francois Villeroy de Galhau, announced that the economic impact of the Ukrainian crisis, which may shave as much as 2.0% off economic growth, may require "targeted" government measures as, with the oil shock "it is very strong in its intensity, and we don't know its duration. It's much less violent for economic growth, but it's translating into more inflation because of rising energy costs."

The weekend saw another weak close for US equity markets as the situation in the Ukraine focused attention on global food prices and security after the UN food agency forecast that food and feed prices could rise by a further 20% given that Russia and the Ukraine rank amongst the top three global exporters of wheat, maize, rapeseed, sunflower seeds, and sunflower oil, while Russia is also the world's top exporter of fertilizer.

While US equity markets closed in negative territory, Asian and European bourses were predominately flat. Commodity prices were also firmer, with oil and natural gas in demand once again, rallying over 3.0%, although gold and silver eased back a touch as did bond yields, with the 10-year treasury yield back to 1.99% and the bund at 0.25%. Currencies were quiet, with the EUR, AUD, and NZD all a touch lower.

## Fed tightening to begin

This week, it's all about Thursday's FOMC meeting. With the US economy growing strongly, job creation high, and the economy experiencing its fastest rate of price inflation in over 40 years, it would appear not even the uncertainty and financial market volatility caused by Russia's invasion of Ukraine will deter the Fed from hiking. At the moment the market is pricing in 7 hikes this year, with the Fed funds rate expected to be at 1.75% by year end.



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# Daily Rates

Monday 14 March 2022

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	73.44					CAD	0.8679	0.9301
NZD/USD	0.6807	-0.0003	-0.0012	-0.0029	-0.0069	CHF	0.6348	0.6803
NZD/AUD	0.9331	-0.0009	-0.0029	-0.0067	-0.0133	CNY	4.3136	4.6228
NZD/JPY	79.83	-0.08	-0.32	-0.81	-2.12	DKK	4.6286	4.9605
NZD/EUR	0.6236	-0.0010	-0.0032	-0.0076	-0.0178	FJD	1.4314	1.5341
NZD/GBP	0.5215	-0.0002	-0.0007	-0.0015	-0.0043	HKD	5.3290	5.7111
						KRW	838.28	898.38
AU TWI	62.20					MYR	2.8687	3.0743
AUD/USD	0.7295	0.0004	0.0010	0.0022	0.0030	NOK	6.1153	6.5537
AUD/NZD	1.0717	0.0010	0.0034	0.0078	0.0155	SEK	6.6268	7.1019
AUD/JPY	85.58	-0.01	-0.08	-0.26	-1.07	SGD	0.9286	0.9951
AUD/EUR	0.6667	-0.0004	-0.0013	-0.0033	-0.0098	TWD	19.42	20.81
AUD/GBP	0.5589	0.0003	0.0010	0.0024	0.0034	ZAR	10.2221	10.9549
USD Index	99.12					<b>EQUITIES</b>		
EUR/USD	1.0941	0.0013	0.0037	0.0088	0.0208		<b>Index</b>	
USD/JPY	117.33	-0.07	-0.27	-0.70	-1.94	NZX50	11,821	
GBP/USD	1.3052	-0.0001	-0.0006	-0.0017	-0.0025	ASX200	7,064	
EUR/GBP	0.8383	0.0011	0.0032	0.0078	0.0176	Dow Jones	32,944	
						S&P 500	4,204	
						FTSE100	7,156	
						DAX 30	13,628	
						Nikkei	25,163	
<b>INTEREST RATES</b>		<b>New Zealand</b>		<b>Australia</b>		<b>COMMODITIES</b>		
		<b>Borrow</b>	<b>Invest</b>	<b>Borrow</b>	<b>Invest</b>		<b>USD</b>	
30 day bank bills		1.07%	1.05%	0.02%	0.03%	Dubai Light	114.13	
90 day bank bills		1.50%	1.48%	0.17%	0.13%	Brent Crude	112.67	
FRA 90d in 3mths		2.47%	2.44%	0.61%	0.58%	Gold	1,987.87	
FRA 180d in 6mths		3.10%	3.07%	1.52%	1.51%	Silver	25.84	
1 year swap		2.46%	2.44%	0.92%	0.85%	CRB Index	313.86	
2 year swap		2.99%	2.96%	1.70%	1.67%		<b>NZD</b>	
3 year swap		3.13%	3.11%	2.05%	2.04%	NZ Carbon	72.50	
5 year swap		3.19%	3.16%	2.32%	2.30%			
10 year swap		3.23%	3.21%	2.66%	2.64%			
10 year Govt bond			2.97%	2.40%				

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