

Market Alert

Tuesday 15 March 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6755	-0.0028
NZD/AUD	0.9380	-0.0068
NZD/JPY	79.78	-0.82
NZD/EUR	0.6165	-0.0075
NZD/GBP	0.5192	-0.0015
NZD/CNH	4.3209	0.0247
AUD/USD	0.7201	0.0023
AUD/EUR	0.6572	-0.0033
EUR/USD	1.0957	0.0090
USD/CNH	6.3969	0.0630
GBP/USD	1.3009	-0.0015
EUR/GBP	0.8425	0.0079

INT RATES	NZ	Australia
OCR/Cash	1.00%	0.10%
90 day bills	1.49%	0.15%
2 year swap	3.01%	1.70%
10 year Govt	3.01%	2.43%

The good oil!

The main talking point overnight was, once again, oil, but at least this time it was a positive story.

Oil prices continued Friday's sell-off from their recent multi-decade high's with WTI trading below the USD100 a barrel, before recovering to be at USD101.70, down 7.0% on the day. Brent is also off 6.7%. Looking across the other commodities, gas and heating oil were 4.0% lower while gold, silver and copper were also hit.

US equities are also lower, down 1.0% to 2.0% mid-session, although European

bourses posted a positive session. Interestingly, Goldman Sachs expect the S&P to close the year at 4,700 ... up from its current level, but still down on the year.

Besides oil, the biggest mover overnight was the US yield curve which started front-running this week's possible Fed hike. This saw the 2-year treasury yield surge almost 10bps to 1.84%, while the 10-years jumped a massive 14 pips to yield 2.1355!

This also saw a flight to the US-dollar with the USD/JPY breaking the 118.00 level to reach its highest level over 5 years.

This led to a Japanese government official says FX stability is important. Japanese officials mention 'stability' concerns when they perceive the yen FX rate is moving too quickly for their liking.

The AUD and NZD also took a beating overnight, with the AUD hit particularly hard given the Chinese lockdowns, which saw the NZD/AUD crack the 0.9380 level.

Thank heavens petrol prices are coming down

While we have previously suggested in this column that it would be a good idea, the New Zealand government has finally listened to us and has slashed its fuel tax for the next 3 months by 25 cents a litre. By all accounts, it is estimated that the direct impact could reduce CPI inflation in the June quarter by about -0.5% but that was where the good news stopped.

The REINZ data highlighted February house sales were down -32.8% on the year.

The New York Federal Reserve 1-year inflation expectations firmed to 6.0% from 5.8% while the 3-year forecast also increased to 3.8% from 3.5%. In amongst the detail, there were some shockers with food expected to increase to 9.2% from 5.9% in the year ahead while gas is projected to increase to 8.8% from 7.3%. Hopefully, the fact the US is close to agreeing an oil-for-debt deal with Venezuela, may help with those gas prices.

The EU member states have approved a fourth round of sanctions against Russian individuals, i.e. oligarchs, and any related entities.

The unofficial mouthpiece for the Chinese government, the China Securities Journal, has announced the PBOC will cut interest rates once again, although this headline has been appearing with alarming regularity. Hopefully, one of these weeks they'll actually get the correct week! But there is one thing we do know for sure; the lockdowns are starting to have an impact on manufacturing already after Toyota halted production at its Changchun City plant while FoxConn halted its iPhone output at its site in Shenzhen.

UK Prime Minister, Boris Johnson, is said to be considering prolonging the use of coal power stations.



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Daily Rates

Tuesday 15 March 2022

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	73.33					CAD	0.8659	0.9232
NZD/USD	0.6755	-0.0002	-0.0012	-0.0028	-0.0067	CHF	0.6334	0.6753
NZD/AUD	0.9380	-0.0008	-0.0030	-0.0068	-0.0134	CNY	4.3019	4.5849
NZD/JPY	79.78	-0.08	-0.31	-0.82	-2.15	DKK	4.5871	4.8903
NZD/EUR	0.6165	-0.0009	-0.0031	-0.0075	-0.0177	FJD	1.4337	1.5293
NZD/GBP	0.5192	-0.0001	-0.0006	-0.0015	-0.0043	HKD	5.2891	5.6387
						KRW	838.80	894.25
AU TWI	61.80					MYR	2.8516	3.0403
AUD/USD	0.7201	0.0004	0.0011	0.0023	0.0033	NOK	6.1062	6.5098
AUD/NZD	1.0661	0.0009	0.0034	0.0078	0.0154	SEK	6.4959	6.9256
AUD/JPY	85.06	-0.01	-0.06	-0.26	-1.09	SGD	0.9231	0.9842
AUD/EUR	0.6572	-0.0004	-0.0013	-0.0033	-0.0097	TWD	19.28	20.55
AUD/GBP	0.5536	0.0003	0.0011	0.0024	0.0034	ZAR	10.2164	10.8921
USD Index	99.03					EQUITIES		
EUR/USD	1.0957	0.0012	0.0037	0.0090	0.0213		Index	
USD/JPY	118.11	-0.08	-0.26	-0.73	-2.03	NZX50	11,805	
GBP/USD	1.3009	-0.0002	-0.0007	-0.0015	-0.0020	ASX200	7,149	
EUR/GBP	0.8425	0.0011	0.0033	0.0079	0.0177	Dow Jones	32,944	
						S&P 500	4,180	
						FTSE100	7,193	
						DAX 30	13,929	
						Nikkei	25,308	
INTEREST RATES			New Zealand		Australia			
			Mid		Mid			
30 day bank bills			1.05%		0.02%			
90 day bank bills			1.49%		0.15%			
1 year swap			2.55%		0.89%			
2 year swap			3.01%		1.70%			
3 year swap			3.16%		2.10%			
5 year swap			3.22%		2.49%			
10 year swap			3.28%		2.75%			
3 year Govt bond			2.76%		1.70%			
5 year Govt bond			2.89%		2.15%			
10 year Govt bond			3.03%		2.43%			
						COMMODITIES		
							USD	
						Brent Crude	105.18	
						Gold	1,953.56	
						Silver	25.03	
						Iron Ore	152.50	
						CRB Index	313.86	
							NZD	
						NZ Carbon		

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