

Market Alert

Monday 21 March 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6908	-0.0026
NZD/AUD	0.9315	-0.0064
NZD/JPY	82.31	-0.83
NZD/EUR	0.6251	-0.0075
NZD/GBP	0.5242	-0.0016
NZD/CNH	4.3972	0.0265
AUD/USD	0.7417	0.0022
AUD/EUR	0.6710	-0.0035
EUR/USD	1.1052	0.0092
USD/CNH	6.3662	0.0622
GBP/USD	1.3177	-0.0008
EUR/GBP	0.8388	0.0075

INT RATES	NZ	Australia
OCR/Cash	1.00%	0.10%
90 day bills	1.47%	0.16%
2 year swap	3.01%	1.75%
10 year Govt	3.16%	2.56%

Here comes the wind, the rain, and the cold!

It feels like the first day of winter from where I'm sitting ... or could it be that I've just turned into a soft JAJA!

US and European stocks closed higher on Friday as confidence grew in the strength of the US economic recovery, news of President Biden's call with President Xi and that Russia avoided defaulting on its USD117 million sovereign debt payment. But while S&P and Nasdaq posted their best week since November 2020, the question is, will these gains stick given the issues that caused the sell-off remain in play?

It's a similar story in China, where the economy is struggling with commodity inflation and the governments zero-COVID-19 strategy, which is impacting their transition to a consumer-led economy. But that may be about to change after President Xi asked officials to minimize the COVID-19 impact on the Chinese economy and bang, right on cue, 3 hours later, China announced that 5 districts in the Shenzhen region have resumed factory production!

China also announced that officials have held meetings with the Russian ambassador to exchange views on bilateral relations, counter-terrorism, and, somewhat ominously, security co-operation. Mind you, President Putin probably needs some help after he allegedly placed some of his intelligence officials under house arrest. The S&P also cut Russia's credit rating to CC from CCC-, while the Australian government has also place sanctions on the Russian national wealth fund and ministry of finance investments.

On Friday the BoJ left its key interest rates unchanged at -0.10% for its short-term interest rate and maintained its 0.00% target for the 10-year JGB bond yield. The central bank also downgraded its overall assessment of the economy although it "maintained its guidance that it expects short-long-term policy interest rate to remain at present, or lower levels." Japanese CPI also spiked to 0.9% in the year to February, after a 0.5% gain a month earlier.

The week ahead will be a busy one

Unsurprisingly, events in Ukraine will remain in focus while investors will also be paying close attention to the COVID-19 situation as the virus is resurging not just in China, but in Europe as well. Furthermore, Fed Chair, Jerome Powell, is scheduled to give speeches on both Monday and Wednesday while Russia has further interest payments due this week.

In terms of actual data releases, in the US, we have PMI releases, durable goods orders, current account and activity indexes from some of the regional Federal Reserves. In the UK we have the budget on Wednesday, PMIs, CPI, and retail trade data, while in Europe we have PMIs for the Eurozone, Germany, and France.

Finally, on the central bank front, the PBoC meet this afternoon where it is expected policymakers will leave the key 1 year Loan Prime Rate steady after they maintained the Medium-Term Lending rate last week. We also have the Norges (Norway) Bank, who are expected to raise rates by 25bps, while the Swiss National Bank will likely keep rates on hold and reiterate its pledge to intervene in the currency markets to curb a rise in the franc.



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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	73.99					CAD	0.8705	0.9345
NZD/USD	0.6908	-0.0003	-0.0012	-0.0026	-0.0057	CHF	0.6436	0.6908
NZD/AUD	0.9315	-0.0007	-0.0028	-0.0064	-0.0126	CNY	4.3937	4.7133
NZD/JPY	82.31	-0.08	-0.32	-0.83	-2.15	DKK	4.6508	4.9931
NZD/EUR	0.6251	-0.0009	-0.0032	-0.0075	-0.0176	FJD	1.4645	1.5696
NZD/GBP	0.5242	-0.0001	-0.0006	-0.0016	-0.0046	HKD	5.4042	5.8022
						KRW	836.57	898.16
AU TWI	62.70					MYR	2.8959	3.1075
AUD/USD	0.7417	0.0003	0.0010	0.0022	0.0037	NOK	6.0342	6.4868
AUD/NZD	1.0737	0.0009	0.0033	0.0074	0.0147	SEK	6.4937	6.9921
AUD/JPY	88.39	-0.02	-0.07	-0.29	-1.13	SGD	0.9359	1.0056
AUD/EUR	0.6710	-0.0004	-0.0014	-0.0035	-0.0100	TWD	19.60	21.04
AUD/GBP	0.5626	0.0006	0.0013	0.0022	0.0027	ZAR	10.3423	11.1039
USD Index	98.23					EQUITIES		
EUR/USD	1.1052	0.0011	0.0038	0.0092	0.0226		Index	
USD/JPY	119.19	-0.07	-0.25	-0.75	-2.13	NZX50	12,176	
GBP/USD	1.3177	-0.0002	-0.0006	-0.0008	0.0008	ASX200	7,294	
EUR/GBP	0.8388	0.0010	0.0033	0.0075	0.0166	Dow Jones	34,755	
						S&P 500	4,463	
INTEREST		New Zealand		Australia		FTSE100	7,405	
RATES		Mid		Mid		DAX 30	14,413	
30 day bank bills		1.15%		0.02%		Nikkei	26,827	
90 day bank bills		1.47%		0.16%		COMMODITIES		
1 year swap		2.53%		0.93%			USD	
2 year swap		3.01%		1.75%		Brent Crude	107.93	
3 year swap		3.17%		2.14%		Gold	1,921.51	
5 year swap		3.27%		2.53%		Silver	24.97	
10 year swap		3.36%		2.76%		Iron Ore	145.00	
3 year Govt bond		2.82%		1.77%		CRB Index	310.85	
5 year Govt bond		2.99%		2.24%			NZD	
10 year Govt bond		3.17%		2.56%		NZ Carbon	73.62	

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