

# Market Alert

Friday 1 April, 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6936	-0.0026
NZD/AUD	0.9263	-0.0066
NZD/JPY	84.30	-0.93
NZD/EUR	0.6266	-0.0079
NZD/GBP	0.5280	-0.0020
NZD/CNH	4.4071	0.0212
AUD/USD	0.7488	0.0026
AUD/EUR	0.6764	-0.0038
EUR/USD	1.1070	0.0100
USD/CNH	6.3538	0.0543
GBP/USD	1.3136	0.0001
EUR/GBP	0.8429	0.0075

  

INT RATES	NZ	Australia
OCR/Cash	1.00%	0.10%
90 day bills	1.53%	0.23%
2 year swap	3.29%	2.18%
10 year Govt	3.22%	2.83%

## In an extraordinary night!

New Zealand Prime Minister, Jacinda Ardern, resigned after it was confirmed no one likes Clarke Gayford, while the Australian cricket team had their 2021 T20 world cup win declared 'null and void' by the ICC with the title awarded to New Zealand because ... Kane Williams is a very, very, very nice man!

Well it is the 1st of April! Oh well, back to reality.

## The good oil

Ahead of tonight's non-farm payroll numbers, the focus was oil markets after President Biden announced the largest ever release of 180 million barrels of oil from US strategic reserves over the next 6 months, equating to 1 million barrels per day. This announcement came after Russia offered its oil to India at a USD35 discount to the pre-war price or, to put it in context, crude was at USD88 a barrel on the eve of the invasion meaning India has the opportunity to purchase Russian oil at USD53 per barrel versus the current price of USD101.43!

Meanwhile, President Putin signed an order stating all buyers of Russian gas must pay in Roubles, although the German economic minister retaliated with "we will not be blackmailed." His French counterpart added they were preparing for a halt of all gas-flows. Australia has imposed 35% tariff on Russian imports. In amongst all of this, the IMF announced the Russia sanctions threaten to erode dominance of US dollar.

In amongst the conflict and stagflation concerns, international equities slumped into their first quarterly loss since the pandemic bear market hit in 2020, while Treasuries pared their worst losses in at least five decades as US yields surged a staggering 152 basis points in the 2-years and 80 points in the 10-years.

Looking at the data overnight, US PCE inflation, which is the Federal reserve's preferred measure, climbed to 6.4% in the 12 months to February, quickening from January's revised 6.0% in what was the steepest rise since February 1982. Initial claims also rose by 14,000 to 202,000, and while it was above market expectations of 197,000 it remains not far from last weeks 188,000, which was the lowest since 1969.

Eurozone unemployment fell to 6.8% from 6.9%, although German retail sales gained a modest 0.3% in March, which was well down on February's 1.4% surge. In the UK, Q4 GDP was confirmed at +1.3% on the month and 6.6% on the year.

Chinese manufacturing and non-manufacturing PMIs both fell below the 50 level due to the mass COVID-19 related lockdowns as the manufacturing PMI fell to 49.5 in March from 50.2 a month ago, while the non-manufacturing PMI fell to 48.4 from February's 51.6. Looking ahead to next month, the view is that most of the population will be back at work as usual after this lockdown with both inputs projected to move back above 50 in April.

In Australia private sector credit jumped +0.6% in February, which was slightly lower than the expected 0.7%, while the Japanese chief cabinet secretary, Hirokazu Matsuno, announced we are "closely watching how FX markets are moving. Yen's recent weakening could have an immediate impact on Japan's economy. FX stability is important."



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# Daily Rates

Friday 1 April, 2022

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	74.75					CAD	0.8658	0.9346
NZD/USD	0.6936	-0.0003	-0.0011	-0.0026	-0.0052	CHF	0.6398	0.6906
NZD/AUD	0.9263	-0.0008	-0.0030	-0.0066	-0.0118	CNY	4.3937	4.7447
NZD/JPY	84.30	-0.10	-0.36	-0.93	-2.39	DKK	4.6609	5.0315
NZD/EUR	0.6266	-0.0009	-0.0033	-0.0079	-0.0182	FJD	1.4489	1.5635
NZD/GBP	0.5280	-0.0002	-0.0007	-0.0020	-0.0052	HKD	5.4336	5.8659
						KRW	842.51	909.53
AU TWI	64.10					MYR	2.9175	3.1534
AUD/USD	0.7488	0.0003	0.0012	0.0026	0.0040	NOK	6.0997	6.5844
AUD/NZD	1.0796	0.0009	0.0035	0.0078	0.0139	SEK	6.5148	7.0327
AUD/JPY	91.00	-0.02	-0.09	-0.36	-1.43	SGD	0.9396	1.0144
AUD/EUR	0.6764	-0.0004	-0.0014	-0.0038	-0.0112	TWD	19.86	21.44
AUD/GBP	0.5700	0.0003	0.0011	0.0019	0.0017	ZAR	10.13	10.94
USD Index	98.35					<b>EQUITIES</b>		
EUR/USD	1.1070	0.0010	0.0041	0.0100	0.0246		<b>Index</b>	
USD/JPY	121.53	-0.07	-0.32	-0.89	-2.54	NZX50	12,110	
GBP/USD	1.3136	-0.0002	-0.0004	0.0001	0.0031	ASX200	7,500	
EUR/GBP	0.8429	0.0009	0.0033	0.0075	0.0167	Dow Jones	35,229	
						S&P 500	4,577	
						FTSE100	7,516	
						DAX 30	14,415	
						Nikkei	27,821	
<b>INTEREST RATES</b>		<b>New Zealand</b>		<b>Australia</b>		<b>COMMODITIES</b>		
		<b>Mid</b>		<b>Mid</b>			<b>USD</b>	
30 day bank bills		1.23%		0.02%		Brent Crude	107.29	
90 day bank bills		1.53%		0.23%		Gold	1,943.20	
1 year swap		2.76%		1.20%		Silver	24.89	
2 year swap		3.29%		2.18%		Iron Ore	150.00	
3 year swap		3.38%		2.58%		CRB Index	320.54	
5 year swap		3.39%		2.92%			<b>NZD</b>	
10 year swap		3.38%		3.06%		NZ Carbon	75.90	
3 year Govt bond		3.01%		2.33%				
5 year Govt bond		3.12%		2.60%				
10 year Govt bond		3.23%		2.83%				

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