

# Market Alert

Monday 11 April, 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6848	-0.0023
NZD/AUD	0.9183	-0.0060
NZD/JPY	85.32	-1.00
NZD/EUR	0.6297	-0.0083
NZD/GBP	0.5255	-0.0024
NZD/CNH	4.3617	0.0211
AUD/USD	0.7457	0.0024
AUD/EUR	0.6859	-0.0045
EUR/USD	1.0876	0.0106
USD/CNH	6.3702	0.0523
GBP/USD	1.3034	0.0011
EUR/GBP	0.8341	0.0074

  

INT RATES	NZ	Australia
OCR/Cash	1.00%	0.10%
90 day bills	1.68%	0.29%
2 year swap	3.59%	2.49%
10 year Govt	3.44%	2.96%

## It was another fantastic weekend for sport

We've still got The Masters playing out. There's no Tiger, but come on Cameron Smith, there are still enough holes for a late charge!

Friday saw a quiet close to the week as equity markets posted moderate gains and the US Treasury curve continued to steepen following its brief dip into negative territory sparked by the Federal Reserve's plan for aggressive monetary-policy tightening. The European Central Bank

also leaked it is working on a crisis tool to deploy should European bond yields spike further caused by shocks outside the control of individual governments. It's not clear what the tool would look like, although such an instrument would presumably involve bond purchases in some form to contain yields.

With Treasury yields continuing to march higher, with the 10-years closing at 2.70%, the US-dollar also continued to strengthen driving GBP/USD to its lowest level since November 2020 although USD/JPY couldn't get through its March highs despite its sixth day of gains. This also saw the NZD and AUD both ease back against the USD, which should see exporters start to rebuild cover. EUR/USD continues to consolidate below the 1.0900 level, even after it found support from the French election, with early results showing President Macron leading Le Pen in the first round.

Ed Yardeni, president of Yardeni Research, announced "*The Fed aims to dampen down inflation without igniting a recession. Investors are sceptical, but we expect inflation will moderate later this year, bringing the doves back.*"

Chinese builder, Zhenro Properties announced on the Hong Kong stock exchange that it has defaulted on a combined USD20.4 million of interest payments on two "Dollar" bonds, while it

also warned it might not be able to meet three other coupons because of its liquidity woes.

## It's going to be a busy week

Looking ahead, this week it's all about inflation and what central bankers are doing to combat it. On the central bank front, we have the RBNZ on Wednesday and the BoC on Thursday, with 50 basis point hikes very much on the cards from both Governors, while we also have the ECB on Thursday, who are unlikely to deliver any true policy action although we could see President Lagarde giving some colour around future policy options. We also have central bank meetings in Turkey and South Korea.

From the US we have CPI and PPI prints, followed by retail sales, the University of Michigan's sentiment gauge and industrial production. If that doesn't tell us all we need to know about the US economy, nothing will.

Australia also has a busy week, with releases of business and consumer confidence surveys, and employment numbers with the jobless rate expected to decline to an all time low of 3.9%, while China should be releasing their inflation numbers, credit, and external trade figures for March, with their trade data expected to show sustained growth in exports and a moderation in imports.



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# Daily Rates

Monday 11 April, 2022

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	74.23					CAD	0.8609	0.9376
NZD/USD	0.6848	-0.0003	-0.0010	-0.0023	-0.0051	CHF	0.6400	0.6969
NZD/AUD	0.9183	-0.0008	-0.0028	-0.0060	-0.0107	CNY	4.3573	4.7487
NZD/JPY	85.32	-0.09	-0.38	-1.00	-2.60	DKK	4.6847	5.1019
NZD/EUR	0.6297	-0.0010	-0.0035	-0.0083	-0.0193	FJD	1.4500	1.5791
NZD/GBP	0.5255	-0.0003	-0.0009	-0.0024	-0.0062	HKD	5.3694	5.8491
						KRW	841.82	916.88
AUTWI	64.00					MYR	2.8893	3.1494
AUD/USD	0.7457	0.0003	0.0012	0.0024	0.0032	NOK	5.9663	6.4900
AUD/NZD	1.0880	0.0009	0.0034	0.0072	0.0128	SEK	6.4739	7.0495
AUD/JPY	92.74	-0.02	-0.12	-0.48	-1.78	SGD	0.9339	1.0169
AUD/EUR	0.6859	-0.0004	-0.0016	-0.0045	-0.0131	TWD	19.80	21.47
AUD/GBP	0.5721	0.0003	0.0010	0.0013	0.0000	ZAR	10.05	10.92
USD Index	99.75					<b>EQUITIES</b>		
EUR/USD	1.0876	0.0011	0.0043	0.0106	0.0258		<b>Index</b>	
USD/JPY	124.30	-0.08	-0.37	-1.04	-2.90	NZX50	12,066	
GBP/USD	1.3034	-0.0002	0.0000	0.0011	0.0055	ASX200	7,478	
EUR/GBP	0.8341	0.0009	0.0033	0.0074	0.0162	Dow Jones	34,721	
						S&P 500	4,488	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	7,670	
			<b>Mid</b>		<b>Mid</b>	DAX 30	14,284	
30 day bank bills			1.38%		0.03%	Nikkei	26,986	
90 day bank bills			1.68%		0.29%	<b>COMMODITIES</b>		
1 year swap			2.98%		1.50%		<b>USD</b>	
2 year swap			3.59%		2.49%	Brent Crude	102.78	
3 year swap			3.68%		2.78%	Gold	1,947.22	
5 year swap			3.67%		3.07%	Silver	24.78	
10 year swap			3.64%		3.25%	Iron Ore	150.00	
3 year Govt bond			3.28%		2.54%	CRB Index	317.29	
5 year Govt bond			3.38%		2.76%		<b>NZD</b>	
10 year Govt bond			3.45%		2.96%	NZ Carbon	75.90	

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