

Market Alert

Tuesday 19 April, 2022

| CURRENCIES | Spot | 6mths |
|------------|--------|---------|
| NZD/USD | 0.6728 | -0.0024 |
| NZD/AUD | 0.9156 | -0.0062 |
| NZD/JPY | 85.42 | -1.04 |
| NZD/EUR | 0.6240 | -0.0084 |
| NZD/GBP | 0.5172 | -0.0022 |
| NZD/CNH | 4.2923 | 0.0207 |
| AUD/USD | 0.7349 | 0.0024 |
| AUD/EUR | 0.6816 | -0.0046 |
| EUR/USD | 1.0782 | 0.0108 |
| USD/CNH | 6.3793 | 0.0538 |
| GBP/USD | 1.3011 | 0.0009 |
| EUR/GBP | 0.8287 | 0.0077 |

| INT RATES | NZ | Australia |
|--------------|-------|-----------|
| OCR/Cash | 1.50% | 0.10% |
| 90 day bills | 1.79% | 0.33% |
| 2 year swap | 3.50% | 2.35% |
| 10 year Govt | 3.39% | 2.97% |

After all that chocolate, expect the gyms to be full this week!

I hope everyone had a fantastic Easter break and are making the most of the reduced COVID-19 restrictions. And I can hear you all asking, what's been happening while we've been watching some great rugby and stuffing ourselves with hot cross buns and chocolate? Well, everything is a touch stronger, especially the USD!

Equity markets are up modestly this morning, commodities are also in 'green' territory, with crude at USD107.87 and

brent at 113.09, but it's been bond and currency markets where we've seen most of the moves.

The US 2-year yield traded at a high of 2.57%, although it has dipped back to the 2.45% level, while the 10-year yield is at its highest level since late 2018, yielding 2.85%.

Incredibly, this has seen the 10-year German bund reach a 7-year high at 0.84%, as has the Australian 10-year yield which peaked at 3.10% before easing to 2.97%, while the NZ yield tops them all at 3.43%.

The surge in long-end US yields supported the USD, which rallied 0.3% against the EUR, 0.65% against the AUD, and 0.85% against the NZD.

So much for last week's 50bp hike supporting the NZD!

The major headlines

At the end of last week, the ECB signalled its willingness to maintain its path to policy normalisation and that it intends to end its APP net asset purchases by 3Q. This implies the ECB could potentially implement its first hike in either September or December as the upside risks have "intensified, especially in the near term" in the face of the war in Ukraine and surging commodity prices.

ECB President, Christine Lagarde, gave no hints on the exact timing of the first

hike apart from no longer ruling it out for this year, suggesting that all meetings between now and the end of 2022 could see a lift-off while the ECB's forward guidance merely says it will come "some time" after the monetary authorities have stopped buying bonds on a net basis.

Overnight, data showed that Chinese GDP expanded 4.8% in Q1 2022, which was above market consensus of 4.4% and faster than the 4.0% growth in the previous period, although the damage from the lockdowns impacted consumption. To date, fiscal and monetary support has not been enough to fully offset the damage to GDP created by the lockdowns, with most economists revising their GDP forecasts lower for Q2.

Finally, in the US, home builder sentiment fell for the fourth consecutive month, reaching 77 in April from March's 79, while Treasury Secretary, Janet Yellen, announced she will "urge the IMF and the World Bank to increase economic pressure on Russia."



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Tuesday 19 April, 2022

| FX | Spot | FECs (mid) | | | | Spot Mid | | |
|-------------------|--------|--------------------|---------|------------------|---------|--------------------|--------------|--------|
| | Mid | 1mth | 3mths | 6mths | 12mths | NZD/... | AUD/... | |
| NZ TWI | 75.58 | | | | | CAD | 0.8489 | 0.9271 |
| NZD/USD | 0.6728 | -0.0003 | -0.0010 | -0.0024 | -0.0049 | CHF | 0.6356 | 0.6942 |
| NZD/AUD | 0.9156 | -0.0008 | -0.0029 | -0.0062 | -0.0108 | CNY | 4.3318 | 4.7380 |
| NZD/JPY | 85.42 | -0.10 | -0.40 | -1.04 | -2.63 | DKK | 4.6412 | 5.0689 |
| NZD/EUR | 0.6240 | -0.0009 | -0.0036 | -0.0084 | -0.0188 | FJD | 1.4337 | 1.5668 |
| NZD/GBP | 0.5172 | -0.0002 | -0.0008 | -0.0022 | -0.0055 | HKD | 5.2767 | 5.7633 |
| | | | | | | KRW | 831.21 | 907.77 |
| AU TWI | 63.90 | | | | | MYR | 2.8619 | 3.1279 |
| AUD/USD | 0.7349 | 0.0003 | 0.0012 | 0.0024 | 0.0033 | NOK | 5.9590 | 6.5084 |
| AUD/NZD | 1.0922 | 0.0010 | 0.0035 | 0.0075 | 0.0130 | SEK | 6.4586 | 7.0542 |
| AUD/JPY | 93.30 | -0.03 | -0.14 | -0.51 | -1.80 | SGD | 0.9166 | 1.0012 |
| AUD/EUR | 0.6816 | -0.0004 | -0.0017 | -0.0046 | -0.0128 | TWD | 19.69 | 21.51 |
| AUD/GBP | 0.5649 | 0.0003 | 0.0010 | 0.0014 | 0.0006 | ZAR | 9.88 | 10.79 |
| USD Index | 100.79 | | | | | EQUITIES | | |
| EUR/USD | 1.0782 | 0.0012 | 0.0045 | 0.0108 | 0.0255 | | Index | |
| USD/JPY | 126.96 | -0.09 | -0.40 | -1.09 | -3.00 | NZX50 | 11,892 | |
| GBP/USD | 1.3011 | -0.0002 | 0.0000 | 0.0009 | 0.0043 | ASX200 | 7,523 | |
| EUR/GBP | 0.8287 | 0.0010 | 0.0035 | 0.0077 | 0.0168 | Dow Jones | 34,451 | |
| | | | | | | S&P 500 | 4,392 | |
| INTEREST | | New Zealand | | Australia | | FTSE100 | 7,616 | |
| RATES | | Mid | | Mid | | DAX 30 | 14,164 | |
| 30 day bank bills | | 1.57% | | 0.03% | | Nikkei | 26,800 | |
| 90 day bank bills | | 1.79% | | 0.31% | | COMMODITIES | | |
| 1 year swap | | 2.99% | | 1.48% | | | USD | |
| 2 year swap | | 3.50% | | 2.35% | | Brent Crude | 113.02 | |
| 3 year swap | | 3.62% | | 2.60% | | Gold | 1,977.59 | |
| 5 year swap | | 3.64% | | 2.93% | | Silver | 25.85 | |
| 10 year swap | | 3.67% | | 3.26% | | Iron Ore | 150.50 | |
| 3 year Govt bond | | 3.21% | | 2.37% | | CRB Index | 331.92 | |
| 5 year Govt bond | | 3.32% | | 2.62% | | | NZD | |
| 10 year Govt bond | | 3.42% | | 2.97% | | NZ Carbon | 77.00 | |

This document has been prepared by Bancorp Treasury Services Limited ("BTSL"). Whilst all reasonable care has been taken to ensure the facts stated are accurate and the opinions given are fair and reasonable, neither BTSL nor any of its directors, officers or employees shall in any way be responsible for the contents. No liability is assumed by BTSL, its directors, officers or employees for action taken or not taken on the basis of this document.

