

Market Alert

Friday 22 April, 2022

| CURRENCIES | Spot | 6mths |
|------------|--------|---------|
| NZD/USD | 0.6730 | -0.0023 |
| NZD/AUD | 0.9128 | -0.0061 |
| NZD/JPY | 86.33 | -1.08 |
| NZD/EUR | 0.6212 | -0.0084 |
| NZD/GBP | 0.5167 | -0.0020 |
| NZD/CNH | 4.3619 | 0.0206 |
| AUD/USD | 0.7373 | 0.0023 |
| AUD/EUR | 0.6807 | -0.0048 |
| EUR/USD | 1.0833 | 0.0113 |
| USD/CNH | 6.4812 | 0.0530 |
| GBP/USD | 1.3025 | 0.0006 |
| EUR/GBP | 0.8317 | 0.0083 |

| INT RATES | NZ | Australia |
|--------------|-------|-----------|
| OCR/Cash | 1.50% | 0.10% |
| 90 day bills | 1.85% | 0.39% |
| 2 year swap | 3.59% | 2.58% |
| 10 year Govt | 3.47% | 3.07% |

The heavy hitters

Ahead of this weekend's embargo on comments from Fed members, the Fed Chairman, Jerome Powell, increased the prospect of a 50bps hike at their May meeting when he stated the central bank is committed to raising rates "expeditiously" to bring down inflation, adding it is "absolutely essential to restore price stability. It is appropriate, in my view, to be moving a little more quickly. 50 bps is on the table for the May meeting. We are very focused on getting inflation down to our 2% goal and our goal is to use tools to have a soft landing"

The number of Americans filing new claims for unemployment benefits fell by 2,000 to 184,000 last week when a fall to 180,000 was expected. Claims remain close to the 1968 low of 166,000 amid a tight labour market and strong labour demand.

Christine Lagarde stated "ECB policy is about normalization, not tightening. The meeting in June is 'key' for the end of APP (and the) potential rate path. The inflation numbers in the Euro-Area are 'very high'. Inflation is expected to be more than double its target at year-end. We must address inflation in a gradual way. The risks are skewed to the downside for growth and Europe's recovery has stalled to some extent."

Meanwhile Belgian central bank Governor and ECB member, Pierre Wunsch, then announced he is "ready to consider a deposit-rate hike in July and that ECB would react to unwarranted market fragmentation." Surprisingly, EU consumer confidence improved in April edging up slightly to 1.8 points month over month to -16.9 and beating market expectations of -20. Although this is a marginal improvement, it comes as a surprise as the war doesn't appear to be weighing as heavily on confidence as you'd expected.

Chinese President, Xi Jinping, spoke yesterday reiterating that the global economic recovery is fragile and weak and that "efforts are needed to stabilise global supply chains. China's economy is resilient, sound long-term trend has not changed."

He also called for coordinated policies across countries and said that "decoupling, cutting off supply and pressure tactics by any country won't work." Mind you China has doubled its imports of steel making coal from Russia in March although has cut its oil imports from Russia by 14.1% in the year to March. The decline in Russian crude inflows exceeded the 8.1% year-on-year reduction in China's total crude imports.

Finally, the CNH crosses have strengthened over the last few days as the PBoC continues to set the CNY lower at its daily fixings.

Warren – some spare time?

The US's largest pension fund, the California Public Employees' Retirement fund worth USD470 billion, said it would support a proposal for the Berkshire Hathaway's board chairperson to be independent. That would disqualify a certain Mr Buffett, who is also the company CEO, from holding both positions.

International equities were, once again, in red territory as enthusiasm for the earnings season faded.

Commodity markets were broadly flat although oil added another 1.0%, but the real volatility was in the bond and FX markets as the 10-year treasury continued its 'whippy' price action adding 7 pips to yield 2.901% while the NZD and AUD both gave up -1.0%.



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Daily Rates

Friday 22 April, 2022

| FX | Spot | FECs (mid) | | | | Spot Mid | | |
|-----------------------|--------|------------|--------------------|---------|------------------|--------------------|--------------|--------|
| | Mid | 1mth | 3mths | 6mths | 12mths | NZD/... | AUD/... | |
| NZ TWI | 73.59 | | | | | CAD | 0.8471 | 0.9281 |
| NZD/USD | 0.6730 | -0.0002 | -0.0010 | -0.0023 | -0.0046 | CHF | 0.6413 | 0.7028 |
| NZD/AUD | 0.9128 | -0.0008 | -0.0030 | -0.0061 | -0.0102 | CNY | 4.3412 | 4.7551 |
| NZD/JPY | 86.33 | -0.10 | -0.41 | -1.08 | -2.74 | DKK | 4.6224 | 5.0641 |
| NZD/EUR | 0.6212 | -0.0009 | -0.0036 | -0.0084 | -0.0189 | FJD | 1.4247 | 1.5605 |
| NZD/GBP | 0.5167 | -0.0001 | -0.0007 | -0.0020 | -0.0052 | HKD | 5.2789 | 5.7843 |
| | | | | | | KRW | 836.44 | 916.41 |
| AU TWI | 64.40 | | | | | MYR | 2.8903 | 3.1630 |
| AUD/USD | 0.7373 | 0.0004 | 0.0013 | 0.0023 | 0.0031 | NOK | 5.9868 | 6.5589 |
| AUD/NZD | 1.0956 | 0.0010 | 0.0036 | 0.0074 | 0.0124 | SEK | 6.4074 | 7.0209 |
| AUD/JPY | 94.59 | -0.03 | -0.16 | -0.57 | -1.99 | SGD | 0.9182 | 1.0058 |
| AUD/EUR | 0.6807 | -0.0004 | -0.0018 | -0.0048 | -0.0134 | TWD | 19.72 | 21.60 |
| AUD/GBP | 0.5660 | 0.0005 | 0.0011 | 0.0016 | 0.0007 | ZAR | 10.36 | 11.35 |
| USD Index | 100.65 | | | | | EQUITIES | | |
| EUR/USD | 1.0833 | 0.0012 | 0.0047 | 0.0113 | 0.0265 | | Index | |
| USD/JPY | 128.29 | -0.10 | -0.43 | -1.19 | -3.26 | NZX50 | 11,954 | |
| GBP/USD | 1.3025 | -0.0002 | -0.0002 | 0.0006 | 0.0042 | ASX200 | 7,593 | |
| EUR/GBP | 0.8317 | 0.0011 | 0.0037 | 0.0083 | 0.0176 | Dow Jones | 35,161 | |
| | | | | | | S&P 500 | 4,396 | |
| INTEREST RATES | | | New Zealand | | Australia | FTSE100 | 7,628 | |
| | | | Mid | | Mid | DAX 30 | 14,502 | |
| 30 day bank bills | | | 1.51% | | 0.04% | Nikkei | 27,553 | |
| 90 day bank bills | | | 1.85% | | 0.39% | COMMODITIES | | |
| 1 year swap | | | 3.12% | | 1.74% | | USD | |
| 2 year swap | | | 3.59% | | 2.58% | Brent Crude | 108.09 | |
| 3 year swap | | | 3.71% | | 2.86% | Gold | 1,952.60 | |
| 5 year swap | | | 3.74% | | 3.18% | Silver | 24.70 | |
| 10 year swap | | | 3.78% | | 3.37% | Iron Ore | 146.50 | |
| 3 year Govt bond | | | 3.26% | | 2.59% | CRB Index | 326.99 | |
| 5 year Govt bond | | | 3.39% | | 2.83% | | NZD | |
| 10 year Govt bond | | | 3.50% | | 3.07% | NZ Carbon | 76.25 | |

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