

# Market Alert

Tuesday 26 April, 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6618	-0.0021
NZD/AUD	0.9223	-0.0057
NZD/JPY	84.75	-1.10
NZD/EUR	0.6179	-0.0086
NZD/GBP	0.5195	-0.0024
NZD/CNH	4.3484	0.0345
AUD/USD	0.7175	0.0021
AUD/EUR	0.6699	-0.0053
EUR/USD	1.0710	0.0116
USD/CNH	6.5708	0.0735
GBP/USD	1.2738	0.0017
EUR/GBP	0.8408	0.0080

  

INT RATES	NZ	Australia
OCR/Cash	1.50%	0.10%
90 day bills	1.86%	0.41%
2 year swap	3.74%	2.63%
10 year Govt	3.57%	3.12%

## Downgrades weigh on the global outlook

Following on from last's weeks GDP downgrades from the IMF, poor UK retail sales data highlighted the risk to those countries attempting to front run inflation as the GBP came under increased selling pressure, regardless of BoE Governor, Andrew Bailey's, claim that the BoE can pull off a soft landing for UK economy.

This weakness was also reflected in the EUR even after the Eurozone's April PMI

data came in mixed but above forecasts, and while this may have cemented in expectations of an ECB rate hike, it couldn't stop the EUR dropping below its April 1.0758 trend lows.

We also had the German IFO business climate index show an increase to 91.8 in April, from 90.8 in March with both the current assessment and the expectations components increasing, however the index remained in negative territory as the war in Ukraine will remain a structural drag on the German economy after the Bundesbank warned German GDP could shrink 2.0% this year should the war escalate.

Japanese Governor, Haruhiko Kuroda, also commented that there is no need for the BoJ to tighten policy which contributed to the current bout of JPY weakness, while safe-haven USD buying, falling commodity prices, and ongoing concerns surrounding Chinese growth saw AUD/USD and NZD/USD pull back to their February lows, as the USD-index surged above the 101.00 level to reach its highest level in 2 years.

This commodity weakness was possibly best illustrated by the fall in oil prices, which are down 3.0% with crude below the USD100 a barrel level at USD99.10, amid mounting concerns that prolonged COVID-19 lockdowns in China and rapid rate hikes in the US would weigh on global economic growth.

Interestingly, this weakness didn't weigh on US equity markets, although the news that Elon Musk will acquire Twitter and take the company private for USD54.20 a share, valuing the company at USD44bn, was a catalyst for this after European bourses were a sea of red. This point was perhaps best illustrated by the prime money market funds' holdings in the US, while rose to USD193 billion in March, their highest level of the year, with asset managers stating they are looking to move funds into low risk, cash-like assets

## The left retains power – better than the alternative!

French President, Emmanuel Macron, was re-elected by a wide margin, according to the first estimates, garnering 58.8% of the estimated vote, while far right leader, Marine Le Pen, won 41.2%. Emmanuel is the first president to be re-elected for a second term in 20 years

This week most of the focus will be on Friday morning's US Q1 GDP numbers ahead of the Federal Reserve's meeting next week, while the Friday evening session brings the PCE deflator, which is the Fed's preferred inflation measure. We also have Sweden's Riksbank announcement, with an outside chance they could implement their first hike, and Eurozone, German and French GDP and CPI prints.



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# Daily Rates

Tuesday 26 April, 2022

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	73.26					CAD	0.8424	0.9133
NZD/USD	0.6618	-0.0003	-0.0010	-0.0021	-0.0044	CHF	0.6350	0.6883
NZD/AUD	0.9223	-0.0009	-0.0029	-0.0057	-0.0091	CNY	4.3412	4.7072
NZD/JPY	84.75	-0.10	-0.42	-1.10	-2.75	DKK	4.5969	4.9830
NZD/EUR	0.6179	-0.0010	-0.0038	-0.0086	-0.0191	FJD	1.4278	1.5484
NZD/GBP	0.5195	-0.0002	-0.0009	-0.0024	-0.0060	HKD	5.1936	5.6309
						KRW	827.70	897.37
AUTWI	63.60					MYR	2.8827	3.1250
AUD/USD	0.7175	0.0003	0.0012	0.0021	0.0025	NOK	6.0409	6.5495
AUD/NZD	1.0842	0.0011	0.0035	0.0067	0.0108	SEK	6.4295	6.9707
AUD/JPY	91.88	-0.03	-0.18	-0.63	-2.09	SGD	0.9093	0.9859
AUD/EUR	0.6699	-0.0005	-0.0020	-0.0053	-0.0141	TWD	19.38	21.01
AUD/GBP	0.5633	0.0003	0.0008	0.0009	-0.0009	ZAR	10.39	11.27
USD Index	101.77					<b>EQUITIES</b>		
EUR/USD	1.0710	0.0013	0.0049	0.0116	0.0268		<b>Index</b>	
USD/JPY	128.06	-0.11	-0.45	-1.24	-3.33	NZX50	11,908	
GBP/USD	1.2738	-0.0001	0.0002	0.0017	0.0064	ASX200	7,473	
EUR/GBP	0.8408	0.0011	0.0037	0.0080	0.0168	Dow Jones	33,811	
						S&P 500	4,296	
<b>INTEREST</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	7,381	
<b>RATES</b>			<b>Mid</b>		<b>Mid</b>	DAX 30	13,924	
30 day bank bills			1.52%		0.06%	Nikkei	26,591	
90 day bank bills			1.86%		0.41%	<b>COMMODITIES</b>		
1 year swap			3.24%		1.83%		<b>USD</b>	
2 year swap			3.74%		2.63%	Brent Crude	102.98	
3 year swap			3.85%		2.88%	Gold	1,897.23	
5 year swap			3.86%		3.17%	Silver	23.62	
10 year swap			3.87%		3.37%	Iron Ore	145.50	
3 year Govt bond			3.37%		2.69%	CRB Index	323.79	
5 year Govt bond			3.49%		2.92%		<b>NZD</b>	
10 year Govt bond			3.58%		3.12%	NZ Carbon	76.20	

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