

Market Alert

Thursday 9 February 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6314	0.0002
NZD/AUD	0.9103	-0.0054
NZD/JPY	82.85	-2.11
NZD/EUR	0.5882	-0.0058
NZD/GBP	0.5225	-0.0020
NZD/CNH	4.2880	-0.0508
AUD/USD	0.6935	0.0044
AUD/EUR	0.6461	-0.0026
EUR/USD	1.0732	0.0108
USD/CNH	6.7939	-0.0837
GBP/USD	1.2084	0.0049
EUR/GBP	0.8881	0.0052

INT RATES	NZ	Australia
OCR/Cash	4.25%	3.35%
90 day bills	5.00%	3.50%
2 year swap	4.93%	3.77%
10 year Govt	4.16%	3.70%

There was very little ...

... in the way of economic data overnight with the two releases of note seeing US mortgage applications surge 7.4% last week as they rebound from the previous week's -9.0% decline. Meanwhile, US inventories rose 0.1% on the month in line with expectations.

Financial markets were relatively quiet with European bourses flat although US markets are currently trading in the red. Natural gas prices were the focus of commodity markets after they fell -7.25%, which contradicted most commodity products as they posted modest gains. The T-bond eased a touch to 3.65%, while the NZD and AUD were slightly lower.

Minneapolis Fed President, Neel Kashkari, stated, *"we will need to do more, on inflation but how much more is not clear. There is not much evidence that rate hikes so far have had much effect on the labour market."*

ECB Council member, Martins Kazaks, announced the central bank must lift interest rates to levels which *"significantly"* restrict the economy as, *"there is no reason to pause or stop hikes after March. Rates must hit significantly restrictive levels."* Then, in a classic case of sucking-up-to-the-boss, he announced *"the markets should listen to Ms. Lagarde."* Meanwhile, colleague Klass Knot added, *"while headline inflation appears to have peaked, I would expect us to take smaller steps once we've seen a clear, decisive turn in the underlying inflation dynamics. We have more ground to cover than the Fed."*

After stating Tuesday's RBA rate hike would be the last in the current cycle, Australia's largest bank has reversed its position stating that there will now be another 50bps of hikes as *"the RBA Board has essentially made up their mind and intend to raise the cash rate further over coming months, if the economic data prints in line with their updated forecasts."* Conversely, AMP is calling for one more 25bps hike stating, *"we remain of the view the cash rate is near the top as, rate hikes impact with a lag, inflationary pressures are easing globally and showing signs of easing here too, the sharp rise in household interest payments will weigh on spending, and, there is increasing evidence rate hikes are getting traction."*

Japanese PM Fumio Kishida is set to apply pressure on companies to increase worker pay to levels that exceed CPI price increases by reviving its 'Government-Labor-Management Conference' for the first time in 8-years. Meanwhile, HSBC is calling for the BoJ to widen its Yield Curve Control (YCC) range in H1 2023, which will drive USD/JPY lower. ING is actually calling for USD/JPY to fall to 120.00 this year.

UK demand for workers picked up in January for the first time in 9-months, although there are concerns this increase could place upward pressure on wages, while it is estimated that 1-in-4 UK households won't be able to pay energy and food costs this year.

At last, some good news ...

Maersk announced that *"muted"* economic growth will push global container shipping volumes down by as much as 2.5% this year.

Congratulations to LeBron James after he became the highest 'regular season' scoring player after he overtook Kareem Abdul-Jabbar's record of 38,387 points.



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Daily Rates

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FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	71.10					CAD	0.8481	0.9314
NZD/USD	0.6314	0.0001	0.0002	0.0002	0.0003	CHF	0.5805	0.6376
NZD/AUD	0.9103	-0.0009	-0.0027	-0.0054	-0.0100	CNY	4.2761	4.7060
NZD/JPY	82.85	-0.31	-1.00	-2.11	-4.38	DKK	4.3763	4.8067
NZD/EUR	0.5882	-0.0010	-0.0030	-0.0058	-0.0114	FJD	1.3795	1.5152
NZD/GBP	0.5225	-0.0003	-0.0009	-0.0020	-0.0047	HKD	4.9563	5.4438
						KRW	795.34	873.56
AU TWI	62.20					MYR	2.7131	2.9800
AUD/USD	0.6935	0.0007	0.0022	0.0044	0.0079	NOK	6.4982	7.1374
AUD/NZD	1.0981	0.0008	0.0031	0.0063	0.0110	SEK	6.6789	7.3348
AUD/JPY	90.99	-0.25	-0.84	-1.81	-3.86	SGD	0.8367	0.9190
AUD/EUR	0.6461	-0.0004	-0.0014	-0.0026	-0.0057	TWD	18.99	20.85
AUD/GBP	0.5739	0.0003	0.0007	0.0012	0.0011	ZAR	11.21	12.31
USD Index	103.33					EQUITIES		
EUR/USD	1.0732	0.0018	0.0056	0.0108	0.0210		Index	
USD/JPY	131.22	-0.50	-1.63	-3.40	-7.01	NZX50	12,212	
GBP/USD	1.2084	0.0006	0.0022	0.0049	0.0107	ASX200	7,530	
EUR/GBP	0.8881	0.0010	0.0029	0.0052	0.0094	Dow Jones	34,066	
						S&P 500	4,123	
INTEREST RATES			New Zealand		Australia	FTSE100	7,885	
			Mid		Mid	DAX 30	15,412	
30 day bank bills			4.66%		3.31%	Nikkei	27,606	
90 day bank bills			5.00%		3.50%	COMMODITIES		
1 year swap			5.27%		3.86%		USD	
2 year swap			4.93%		3.77%	Brent Crude	84.95	
3 year swap			4.59%		3.68%	Gold	1,877.99	
5 year swap			4.27%		3.69%	Silver	22.35	
10 year swap			4.23%		4.02%	Iron Ore	122.75	
3 year Govt bond			4.34%		3.31%	CRB Index	295.24	
5 year Govt bond			4.10%		3.39%		NZD	
10 year Govt bond			4.16%		3.70%	NZ Carbon	72.25	

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