

Market Alert

Friday 10 March 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6127	-0.0002
NZD/AUD	0.9281	-0.0076
NZD/JPY	83.40	-2.40
NZD/EUR	0.5790	-0.0064
NZD/GBP	0.5139	-0.0027
NZD/CNH	4.2753	-0.0616
AUD/USD	0.6600	0.0051
AUD/EUR	0.6238	-0.0019
EUR/USD	1.0580	0.0110
USD/CNH	6.9785	-0.0977
GBP/USD	1.1918	0.0055
EUR/GBP	0.8874	0.0048

INT RATES	NZ	Australia
OCR/Cash	4.75%	3.60%
90 day bills	5.26%	3.69%
2 year swap	5.49%	3.92%
10 year Govt	4.63%	3.79%

Get ready for the fireworks!

Ahead of tonight's all-important payrolls data, and contrary to yesterday's APD numbers, US initial claims surprised to the upside with more people, 211k, than expected, 195k, claiming unemployment benefits. And supporting this, US-based employers announced 78k jobs cuts in February, which was lower than January's 103k. So far this year, employers have announced plans to cut 180,713 jobs, up 427% from the 34,309 cuts announced in the first 2-months of 2022!

Ultimately, the contradicting inputs makes tonight's non-farm payroll an intriguing release. The markets are expecting an increase of 225k, although the whisper on the street is that it will be 248k, which would raise the rhetoric for a 50bps hike at the Feds 23-March meeting.

Highlights from the Federal Reserve's Beige Book were a little 'dry' with 6 districts reporting no change in economic activity while 6 reported activity expanded at a modest pace. Supply chain disruptions continued to ease while consumer spending generally held steady. Several districts reported that high inflation and higher interest rates continued to reduce consumers' discretionary income and purchasing power. Inflationary pressures remained widespread, though price increases moderated in many districts.

One country that doesn't have to worry about inflation is China after headline CPI contracted -0.5% on the month even though it expanded 1.0% on the year. This was against expectations of 0.2% and 1.9%. It was a similar story for producer inputs after PPIs were flat at 0.0% on the month having fallen -1.4% on the year, which aligned with forecasts.

Growth in Japan stagnated in Q4 after GDP flatlined on the quarter and reached a modest 0.1% on the year, against expectation of 0.2% and 0.6% respectfully.

The head of Singapore's central bank let slip that "*the idea that tightening will soon end is optimistic*" while the South Korea central bank, the Bank of Korea, announced, "*the lagged effects of our aggressive streak of monetary tightening will have a bigger negative impact on the economic growth this year than in 2022 dragging down GDP by 1.4% and inflation by 1.3%.*"

In New Zealand, the wallets are already tightening after total card spending contracted -1.7% following January's revised 3.4% jump, while retail card spending was flat at 0.0%, having fallen from the previous months 2.6% gain.

Last night was all about setting the foundations for tonight's fireworks. International bourses closed 0.5%-1.0% lower, the T-bond gave up 7bps to ease back to 3.92%, while the USD-index saw some profit taking. This saw the NZD, AUD and EUR all post modest gains, while NZ swap rates gave up some of yesterday's gains falling 2-5bps as the curve inverted further.

Those poor bankers!

JP Morgan turned on former employee Jes Staley after defending him throughout the Jeffrey Epstein investigations. JP is now demanding he repay his 2006-2013 bonuses, which adds up to USD80m, while in the 1MDB case, ex-Goldman banker Roger Ng said he suffers from chronic PTSD from all that partying, and he shouldn't be sentenced to 15-years in jail!

President Biden budget proposes raising US corporate tax to 28% from 21%, taxing billionaire's a minimum 25%, and, allegedly, commits USD880bn to military expenditure.

Here's an interesting fact, 12-months ago crude oil peaked at USD130.15 and closed at USD123.70, which was its highest level since 2008. This morning it's at USD75.88.



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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	70.60					CAD	0.8456	0.9110
NZD/USD	0.6127	-0.0001	-0.0002	-0.0002	-0.0008	CHF	0.5734	0.6177
NZD/AUD	0.9281	-0.0012	-0.0037	-0.0076	-0.0154	CNY	4.2691	4.6055
NZD/JPY	83.40	-0.38	-1.16	-2.40	-4.85	DKK	4.3093	4.6420
NZD/EUR	0.5790	-0.0012	-0.0034	-0.0064	-0.0122	FJD	1.3516	1.4560
NZD/GBP	0.5139	-0.0004	-0.0014	-0.0027	-0.0053	HKD	4.8096	5.1809
						KRW	810.49	873.05
AU TWI	60.50					MYR	2.7688	2.9825
AUD/USD	0.6600	0.0008	0.0024	0.0051	0.0098	NOK	6.5231	7.0267
AUD/NZD	1.0770	0.0013	0.0041	0.0085	0.0167	SEK	6.5640	7.0708
AUD/JPY	89.85	-0.30	-0.91	-1.86	-3.84	SGD	0.8278	0.8917
AUD/EUR	0.6238	-0.0005	-0.0013	-0.0019	-0.0031	TWD	18.86	20.32
AUD/GBP	0.5536	0.0002	0.0007	0.0016	0.0031	ZAR	11.33	12.20
USD Index	105.25					EQUITIES		
EUR/USD	1.0580	0.0020	0.0057	0.0110	0.0206		Index	
USD/JPY	136.14	-0.61	-1.87	-3.85	-7.72	NZX50	11,826	
GBP/USD	1.1918	0.0008	0.0025	0.0055	0.0106	ASX200	7,311	
EUR/GBP	0.8874	0.0010	0.0027	0.0048	0.0095	Dow Jones	32,600	
						S&P 500	3,977	
INTEREST RATES			New Zealand		Australia	FTSE100	7,880	
			Mid		Mid	DAX 30	15,633	
30 day bank bills			4.98%		3.58%	Nikkei	28,623	
90 day bank bills			5.26%		3.69%	COMMODITIES		
1 year swap			5.69%		4.00%		USD	
2 year swap			5.49%		3.92%	Brent Crude	82.21	
3 year swap			5.20%		3.82%	Gold	1,831.88	
5 year swap			4.87%		3.83%	Silver	20.11	
10 year swap			4.65%		4.10%	Iron Ore	127.37	
3 year Govt bond			4.97%		3.47%	CRB Index	292.23	
5 year Govt bond			4.73%		3.52%		NZD	
10 year Govt bond			4.63%		3.79%	NZ Carbon	66.25	

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