

# Market Alert

Wednesday 22 March 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6171	-0.0014
NZD/AUD	0.9269	-0.0087
NZD/JPY	81.84	-2.40
NZD/EUR	0.5736	-0.0069
NZD/GBP	0.5057	-0.0031
NZD/CNH	4.2466	-0.0650
AUD/USD	0.6657	0.0047
AUD/EUR	0.6186	-0.0018
EUR/USD	1.0759	0.0104
USD/CNH	6.8801	-0.0898
GBP/USD	1.2200	0.0042
EUR/GBP	0.8818	0.0051

  

INT RATES	NZ	Australia
OCR/Cash	4.75%	3.60%
90 day bills	5.17%	3.72%
2 year swap	4.93%	3.51%
10 year Govt	4.21%	3.31%

## Beam me up Scottie!

And take me to heaven ... because Scott Robertson has been appointed as coach of the All Blacks from 2024.

This announcement immediately saw the AUD sell-off ... well, that and the RBA minutes which highlighted, *"The Board agreed to reconsider the case for pausing at the April meeting. Restrictive policy and uncertain outlook meant it's appropriate at some stage to hold rates steady (although) further tightening of monetary policy likely required to bring inflation down. Inflation too high, labour market tight and business surveys solid. Sluggish productivity could lead to more persistent inflation."*

Other data releases saw the Philly Fed's non-manufacturing index fell from February's 3.2 to -12.8 while existing US

home sales increased to 4.58m against a 4.2m forecast. The German ZEW economic sentiment index fell by 15.1 points to 13 in March while, for the Eurozone, it slipped by 19.7 points to 10 in March from February's one-year high at 29.7.

US Treasury Secretary Yellen announced the government could backstop more deposits as, *"Our intervention was necessary to protect the broader US banking system. Similar actions could be warranted if smaller institutions suffer deposit runs that pose the risk of contagion. The US financial system is the safest and most liquid in the world"* and so it should be considering it's essentially guaranteed by the US government!

This helped bank shares recover, with First Republic Bank up 40%, as worries about the stability of the banking system eased and investors turned their attention to tomorrow's FOMC meeting. International bourses were 0.5% to 2.5% higher while bond market concerns centred on inflationary concerns which saw the 2 and 10-yr US yields firm 25bps and 13bps to 4.17% and 3.61% respectively. This helped the USD-index recover some of its shine as the NZD and AUD weakened.

JPMorgan poetically announced, *"a soft landing now looks unlikely, with the airplane in a tailspin (lack of market confidence) and engines about to turn off (bank lending)."*

Thank heavens for that ... Chair of the Supervisory Board, Andrea Enria,

announced, *"There is no direct read-across of the US events to Eurozone banks. Funding and liquidity positions were not materially affected by Credit Suisse"* Meanwhile, ECB member Robert Holzmann has watered down his call for three further 50bps rate hikes announcing, *"I would not rule them out, but I would also not say that they will necessarily come either."*

## We're fine for cash chief!

And with that, the RBNZ announced, *"We see no immediate need to request (increased) reinstatement of USD swap lines"* although, *"the Bank will continue to monitor financial market developments closely."* Meanwhile, the NZ trade deficit eased back to NZD-714m from January's NZD-2,113m. On the year, the deficit stands at NZD-15.64bn. The fact that Maersk is closing its dedicated New Zealand coastal service won't help it either.

The overnight GDT auction saw a continuation of the weakening trend with the overall index down -2.6%. The individual product classes didn't provide any optimism either after cheddar plummeted -10.2%, skim fell -3.5%, butter eased -3.0%, and WMP contracted -1.5%.

Oops. WSJ has reported *"The LME announced that sacks thought to hold 54 metric tons of nickel in an unnamed warehouse had failed to comply with its standards. JPMorgan Chase owned the bags of material, kept in a Dutch warehouse, that were supposed to contain nickel, but they turned out to be full of stones."*



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

**Barrington**  
TREASURY SERVICES

**Barrington**  
ASSET CONSULTING



**BANCORP**

BANCORP CORPORATE FINANCE LIMITED

# Daily Rates

Wednesday 22 March 2023

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	71.20					CAD	0.8470	0.9138
NZD/USD	0.6171	-0.0001	-0.0004	-0.0014	-0.0021	CHF	0.5695	0.6146
NZD/AUD	0.9269	-0.0012	-0.0040	-0.0087	-0.0166	CNY	4.2474	4.5805
NZD/JPY	81.84	-0.41	-1.16	-2.40	-4.68	DKK	4.2699	4.6062
NZD/EUR	0.5736	-0.0012	-0.0035	-0.0069	-0.0135	FJD	1.3533	1.4599
NZD/GBP	0.5057	-0.0005	-0.0014	-0.0031	-0.0065	HKD	4.8418	5.2231
						KRW	805.20	868.61
AU TWI	60.40					MYR	2.7584	2.9757
AUD/USD	0.6657	0.0008	0.0022	0.0047	0.0079	NOK	6.5108	7.0236
AUD/NZD	1.0783	0.0013	0.0042	0.0095	0.0187	SEK	6.3864	6.8893
AUD/JPY	88.27	-0.32	-0.90	-1.78	-3.53	SGD	0.8256	0.8906
AUD/EUR	0.6186	-0.0005	-0.0014	-0.0018	-0.0035	TWD	18.83	20.31
AUD/GBP	0.5455	0.0002	0.0005	0.0017	0.0023	ZAR	11.46	12.36
USD Index	103.29					<b>EQUITIES</b>		
EUR/USD	1.0759	0.0019	0.0056	0.0104	0.0186		<b>Index</b>	
USD/JPY	132.61	-0.64	-1.79	-3.57	-6.88	NZX50	11,531	
GBP/USD	1.2200	0.0009	0.0023	0.0042	0.0072	ASX200	6,955	
EUR/GBP	0.8818	0.0009	0.0025	0.0051	0.0078	Dow Jones	3,241	
						S&P 500	3,986	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	7,536	
			<b>Mid</b>		<b>Mid</b>	DAX 30	15,195	
30 day bank bills			4.98%		3.67%	Nikkei	26,946	
90 day bank bills			5.17%		3.72%	<b>COMMODITIES</b>		
1 year swap			5.25%		3.44%		<b>USD</b>	
2 year swap			4.93%		3.51%	Brent Crude	75.04	
3 year swap			4.66%		3.45%	Gold	1,936.16	
5 year swap			4.38%		3.44%	Silver	22.23	
10 year swap			4.24%		3.77%	Iron Ore	128.26	
3 year Govt bond			4.39%		2.87%	CRB Index	279.72	
5 year Govt bond			4.21%		2.95%		<b>NZD</b>	
10 year Govt bond			4.21%		3.31%	NZ Carbon	65.00	

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.



**BANCORP**  
BANCORP TREASURY SERVICES LIMITED

**Barrington**  
TREASURY SERVICES

**Barrington**  
ASSET CONSULTING



**BANCORP**  
BANCORP CORPORATE FINANCE LIMITED