

# Market Alert

Monday 6 March 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6212	-0.0002
NZD/AUD	0.9191	-0.0064
NZD/JPY	84.48	-2.34
NZD/EUR	0.5849	-0.0060
NZD/GBP	0.5158	-0.0024
NZD/CNH	4.2891	0.0000
AUD/USD	0.6751	0.0044
AUD/EUR	0.6347	-0.0021
EUR/USD	1.0632	0.0104
USD/CNH	6.8956	0.0000
GBP/USD	1.2040	0.0049
EUR/GBP	0.8829	0.0049

  

INT RATES	NZ	Australia
OCR/Cash	4.75%	3.35%
90 day bills	5.19%	3.68%
2 year swap	5.42%	4.14%
10 year Govt	4.77%	3.99%

## Let's not talk about the football.

But well done to the Warrior's and Red Bull, although our Australian cousins should also be happy with the Brumbies, the Kings and Brendan Jones!

Friday's overnight sessions saw equities close the week strongly after Atlanta Fed President Raphael Bostic said he saw the Fed raising rates by 'just' 25bps later this month, which contributed to a surge in bond buying that drove the 10-year US Treasury yield back below the 4.00% level, to close out the week at 3.96%. Currencies were a lot quieter, closing the session largely flat.

We also saw a lot of PMI releases at the back end of last week, with the US

ISM services PMIs flatlining at 55.1 in February, little changed from January's 55.2, while the Australian Judo flash PMI release saw both index's turn positive. Chinese Caixin/S&P PMIs saw the services component reach a five month high at 55, manufacturing increase from 50.7 to 51.6, while composite rallied from 51.1 to 54.2. We also had the PBOC Governor Yi Gang announce he would, "adjust monetary policy in a timely way (but we) will not resort to flood-like stimulus. We will keep liquidity reasonably ample (and) we will keep prices, yuan exchange rate, stable". The Chinese Government has set a GDP growth target of 'around' 5.0% for 2023, with inflation to hit 3.0%.

In other headlines, Australian home loans in January collapsed -5.3% against an expected -3.0% drop. Japanese Tokyo headline CPI eased from 4.4% to 3.4% in February, although the core increased from 3.0% to 3.2%, and this was a strange one, Eurozone producer prices fell 2.8% on the month but increased 15.0% in the year to January.

On Friday RBNZ Governor Adrian Orr spoke to the NZ Economics Forum, where he announced, "lifting the OCR too far or too fast can lead to a severe downturn; spending and investment collapses, and you crush the export sector. We need to bring inflation back to its target range but do it over a reasonable horizon so as not to unnecessarily crash the economy and turn temporary, slower growth into permanent unemployment." And while that all sounds

very nice, NZ consumer confidence remains in the doldrums after it fell to 79.8, from January's 83.4, as "more and more households will roll over onto markedly higher mortgage rates as the year rolls on, creating challenges for the retail and hospitality sectors."

Fed Governor Christopher Waller announced, "The Fed may need to raise rates beyond December's 'central tendency' view of 5.1-5.4% if incoming job and inflation data does not pull back from strong readings for January." Meanwhile, Mary Daly added, "I am beginning to think the labour market has a shortage of workers. Anecdotes from business leaders suggest inflation is slowing more than recent data suggests."

This week will be a busy one, with the focus on the US jobs, with non-Farm payrolls, JOLTs job openings, trade figures, and speeches by several Fed officials. Elsewhere, we have Chinese inflation and trade data, with GDP updates from the UK, Eurozone, and Japan. We also have central banks from Canada, Japan, and Australia - where most expect the RBA to raise the cash rate 25bp to 3.60% but no changes from the BoC or BoJ.



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# Daily Rates

Monday 6 March 2023

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	71.40					CAD	0.8446	0.9201
NZD/USD	0.6212	0.0000	-0.0001	-0.0002	-0.0008	CHF	0.5816	0.6315
NZD/AUD	0.9191	-0.0012	-0.0032	-0.0064	-0.0125	CNY	4.2801	4.6585
NZD/JPY	84.48	-0.42	-1.13	-2.34	-4.78	DKK	4.3462	4.7233
NZD/EUR	0.5849	-0.0012	-0.0031	-0.0060	-0.0117	FJD	1.3575	1.4753
NZD/GBP	0.5158	-0.0004	-0.0011	-0.0024	-0.0049	HKD	4.8761	5.2992
						KRW	804.91	874.75
AU TWI	61.40					MYR	2.7786	3.0197
AUD/USD	0.6751	0.0009	0.0022	0.0044	0.0079	NOK	6.4258	6.9824
AUD/NZD	1.0871	0.0013	0.0036	0.0069	0.0130	SEK	6.5128	7.0779
AUD/JPY	91.87	-0.34	-0.92	-1.92	-4.02	SGD	0.8346	0.9071
AUD/EUR	0.6347	-0.0005	-0.0012	-0.0021	-0.0042	TWD	18.95	20.60
AUD/GBP	0.5606	0.0003	0.0007	0.0013	0.0022	ZAR	11.27	12.25
USD Index	104.53					<b>EQUITIES</b>		
EUR/USD	1.0632	0.0022	0.0055	0.0104	0.0193		<b>Index</b>	
USD/JPY	135.87	-0.60	-1.80	-3.71	-7.59	NZX50	11,869	
GBP/USD	1.2040	0.0008	0.0023	0.0049	0.0097	ASX200	7,284	
EUR/GBP	0.8829	0.0012	0.0028	0.0049	0.0091	Dow Jones	33,391	
						S&P 500	4,046	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	7,947	
			<b>Mid</b>		<b>Mid</b>	DAX 30	15,578	
30 day bank bills			4.91%		3.49%	Nikkei	27,927	
90 day bank bills			5.19%		3.68%	<b>COMMODITIES</b>		
1 year swap			5.56%		4.12%		<b>USD</b>	
2 year swap			5.42%		4.14%	Brent Crude	85.83	
3 year swap			5.17%		4.05%	Gold	1,854.99	
5 year swap			4.88%		4.01%	Silver	21.24	
10 year swap			4.76%		4.27%	Iron Ore	126.64	
3 year Govt bond			4.97%		3.64%	CRB Index	300.83	
5 year Govt bond			4.77%		3.70%		<b>NZD</b>	
10 year Govt bond			4.77%		3.99%	NZ Carbon	66.90	

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