

Market Alert

Wednesday 26 April 2023

| CURRENCIES | Spot | 6mths |
|------------|--------|---------|
| NZD/USD | 0.6138 | -0.0010 |
| NZD/AUD | 0.9251 | -0.0080 |
| NZD/JPY | 82.73 | -2.34 |
| NZD/EUR | 0.5583 | -0.0059 |
| NZD/GBP | 0.4948 | -0.0020 |
| NZD/CNH | 4.2597 | -0.0669 |
| AUD/USD | 0.6623 | 0.0045 |
| AUD/EUR | 0.6035 | -0.0014 |
| EUR/USD | 1.0970 | 0.0096 |
| USD/CNH | 6.9401 | -0.0969 |
| GBP/USD | 1.2405 | 0.0024 |
| EUR/GBP | 0.8843 | 0.0056 |

| INT RATES | NZ | Australia |
|--------------|-------|-----------|
| OCR/Cash | 5.25% | 3.60% |
| 90 day bills | 5.59% | 3.73% |
| 2 year swap | 5.02% | 3.48% |
| 10 year Govt | 4.21% | 3.53% |

A day away ...

... and at first look, everything appears to be pretty similar to where it was on Monday.

With the overnight data releases all 2nd tier, the focus was on the US reporting season where, unfortunately, it was the turn of First Republic to announce depositor losses were worse than expected falling 41% while analysts warned of further operating losses. This ultimately saw First Republic's share price fall 29% with the associated credit risk weighing more broadly on equity markets with most international bourses 0.75% to 1.50% lower. The subsequent 'flight-to-safety' saw treasuries acquired with the 2-yr yield -19bps lower yielding 3.95% while the 10-yrs fell -10bps to be at 3.40%. The US-dollar also benefited

from further safe-haven buying which saw the NZD, AUD and EUR all come under selling pressure although, at this stage, the NZD/USD remains within its 0.6100-0.6300 range.

Coincidentally, while the Federal Reserve and five other central banks introduced daily US-dollar funding auctions to support liquidity to the global financial system in March following the collapse of SVB and Credit Suisse, overnight they announced they will revert to weekly auctions from next month essentially downgrading the threat to financial stability.

Overnight copper prices fell to their lowest levels in more than a month on rising supplies issues after LME warehouses jumped 14%, which weighed on other base and precious metals. Oil also fell while wheat extended its losses to their lowest level since July 2021.

In terms of actual data releases, US consumer confidence fell to 101.3 in April while the US S&P CoreLogic Case-Shiller 20-city home price index posted its smallest gain since 2012 rising just 0.4% on the year. A Fitch report announced the ECB started reducing its balance sheet in March and is likely to pick up the pace of so-called quantitative tightening (QT) in July. Finally, German Ifo sentiment index increased for the seventh month in a row increasing from 91.1 to 93.6 in March.

In case anyone didn't realise it, BoE member, Huw Pill, announced, "The overall state of the UK is being harmed by

inflation. People 'need to accept' they're poorer." US Treasury Secretary, Janet Yellen, then added, "Failure by Congress to raise the debt limit will result in an economic and financial catastrophe" while chief economist Philip Lane suggested the ECB should hike rates next week based on the recent data releases recent data. Finally, French central bank governor Francois Villeroy stated French inflation has probably peaked and should slow to about 4% by year-end while the BoJ's Kazuo Ueda said "tightening BoJ policy may cause inflation to weaken more than expected" implying we won't see any changes at his first BOJ meeting as governor this week.

This sounds remarkably similar!

Incumbent Joe Biden has formally announced he will seek re-election to the post of President in 2024 with Kamala Harris (who?) as his running mate, and with ex-President Donald Trump the front runner for the Republicans, there is a certain amount of déjà vu.

D'oh!

All Nippon Airways has cancelled flight tickets that were sold at bargain-basement prices last week following a currency conversion error on its Vietnam website after first-class and business seats were priced at hundreds of dollars a ticket rather than the thousands they usually sell for!



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Daily Rates

Wednesday 26 April 2023

| FX | Spot | FECs (mid) | | | | Spot Mid | | |
|-----------------------|--------|------------|--------------------|---------|------------------|--------------------|--------------|--------|
| | Mid | 1mth | 3mths | 6mths | 12mths | NZD/... | AUD/... | |
| NZ TWI | 70.00 | | | | | CAD | 0.8367 | 0.9049 |
| NZD/USD | 0.6138 | -0.0001 | -0.0004 | -0.0010 | -0.0034 | CHF | 0.5474 | 0.5908 |
| NZD/AUD | 0.9251 | -0.0014 | -0.0040 | -0.0080 | -0.0157 | CNY | 4.2575 | 4.5925 |
| NZD/JPY | 82.73 | -0.41 | -1.17 | -2.34 | -4.71 | DKK | 4.1695 | 4.4990 |
| NZD/EUR | 0.5583 | -0.0012 | -0.0032 | -0.0059 | -0.0118 | FJD | 1.3455 | 1.4518 |
| NZD/GBP | 0.4948 | -0.0004 | -0.0012 | -0.0020 | -0.0038 | HKD | 4.8182 | 5.1989 |
| | | | | | | KRW | 823.23 | 888.28 |
| AU TWI | 60.40 | | | | | MYR | 2.7271 | 2.9426 |
| AUD/USD | 0.6623 | 0.0009 | 0.0024 | 0.0045 | 0.0058 | NOK | 6.5596 | 7.0779 |
| AUD/NZD | 1.0785 | 0.0016 | 0.0046 | 0.0090 | 0.0176 | SEK | 6.3302 | 6.8306 |
| AUD/JPY | 89.35 | -0.32 | -0.88 | -1.79 | -3.68 | SGD | 0.8214 | 0.8863 |
| AUD/EUR | 0.6035 | -0.0003 | -0.0009 | -0.0014 | -0.0029 | TWD | 18.86 | 20.35 |
| AUD/GBP | 0.5339 | 0.0003 | 0.0010 | 0.0024 | 0.0045 | ZAR | 11.26 | 12.15 |
| USD Index | 101.87 | | | | | EQUITIES | | |
| EUR/USD | 1.0970 | 0.0020 | 0.0055 | 0.0096 | 0.0146 | | Index | |
| USD/JPY | 133.57 | -0.66 | -1.81 | -3.59 | -6.76 | NZX50 | 12,026 | |
| GBP/USD | 1.2405 | 0.0008 | 0.0019 | 0.0024 | 0.0004 | ASX200 | 7,322 | |
| EUR/GBP | 0.8843 | 0.0010 | 0.0028 | 0.0056 | 0.0119 | Dow Jones | 33,531 | |
| | | | | | | S&P 500 | 4,077 | |
| INTEREST RATES | | | New Zealand | | Australia | FTSE100 | 7,891 | |
| | | | Mid | | Mid | DAX 30 | 15,872 | |
| 30 day bank bills | | | 5.40% | | 3.66% | Nikkei | 28,620 | |
| 90 day bank bills | | | 5.59% | | 3.73% | COMMODITIES | | |
| 1 year swap | | | 5.56% | | 3.67% | | USD | |
| 2 year swap | | | 5.02% | | 3.48% | Brent Crude | 80.75 | |
| 3 year swap | | | 4.65% | | 3.37% | Gold | 1,997.07 | |
| 5 year swap | | | 4.31% | | 3.53% | Silver | 24.98 | |
| 10 year swap | | | 4.20% | | 3.85% | Iron Ore | 116.76 | |
| 3 year Govt bond | | | 4.38% | | 3.14% | CRB Index | 296.07 | |
| 5 year Govt bond | | | 4.17% | | 3.22% | | NZD | |
| 10 year Govt bond | | | 4.21% | | 3.53% | NZ Carbon | 60.82 | |

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