

Market Alert

Wednesday 5 April 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6308	-0.0010
NZD/AUD	0.9347	-0.0077
NZD/JPY	83.07	-2.31
NZD/EUR	0.5759	-0.0061
NZD/GBP	0.5046	-0.0021
NZD/CNH	4.3403	-0.0658
AUD/USD	0.6748	0.0044
AUD/EUR	0.6159	-0.0015
EUR/USD	1.0956	0.0096
USD/CNH	6.8795	-0.0927
GBP/USD	1.2499	0.0030
EUR/GBP	0.8764	0.0055

INT RATES	NZ	Australia
OCR/Cash	4.75%	3.60%
90 day bills	5.28%	3.75%
2 year swap	5.01%	3.36%
10 year Govt	4.13%	3.35%

Steady-easy from the RBA

The RBA left its cash target rate unchanged at 3.60% *“to provide additional time to assess the impact of the increase in interest rates to date and the economic outlook”* which was followed by, *“the Board expects that some further tightening of monetary policy may well be needed to ensure that inflation returns to target. The decision to hold interest rates steady this month provides the Board with more time to assess the state of the economy and the outlook, in an environment of considerable uncertainty.”*

Breaking it down, the decision to hold provides time to assess the state of the economy. The central bank is also watching job numbers and the global economy in assessing its rate outlook. The range of data suggests inflation has

peaked and reiterated the medium-term inflation expectations remain anchored.

With Donald Trump making the American judicial system great again, having been charged with 34 felony counts of falsifying business records, the US JOLTS report saw the number of job openings fall by 632,000 to 9.9 million, below the magical 10 million level reaching its lowest level since May of 2021. Factory orders also fell, plummeting -0.7% while the January revision was substantially lower, although new-vehicle sales rose 7.5% in Q1.

Euro-area PPI rose 13.2% in the 12-months to February, slowing from January's revised 15.1%, while a separate ECB survey showed consumer inflation expectations continued to track lower. In the UK, BoE 'dove' Silvana Tenreiro announcing *“earlier and faster reversal”* of the recent hikes may keep inflation from falling well below its inflation target.

With the lower JOLTS numbers, equity markets, the USD-index, and treasury yields eased lower which saw the T-bond yields fall 8bps to 3.34%.

There is a lot of 'poor' NZ news that is being overlooked

The overnight GDT dairy auction was a shocker falling -4.67%, WMP plummeted -5.48% and AMF was smashed -10.57%. NZ confidence remains fragile after Q1 business confidence firmed to -66.0% from -70.0% however, despite poor dairy performance and an international sell-

off in banks stocks leading international equity markets lower, the NZD/USD remained at the 0.6300 level ahead of today's RBNZ meeting. Current pricing is projecting a full 25bps hike to lift the OCR to 5.00%. According to Bloomberg, the new NZ investor visa, aimed at luring high-net-worth individuals to invest and live, has attracted just 14 applications since its launch 6-months ago. That compares to 492 applicants via the country's old visa program in 2021!

ECB policymaker Robert Holzmann announced, *“another 50bp rate hike is still on the cards if the situation surrounding the global banking system doesn't worsen”* although his colleague, Gediminas Simkus, then added that the *“larger part”* of the ECB's rate increases are over.

Asian Development Bank says that while China's property sector *“remains a point of concern”* they are forecasting 5.0% GDP growth for China in 2023 and 4.5% growth in 2024.

JPMorgan CEO, Jamie Dimon, warned the banking crisis is *“not yet over”* and will be felt for years as the SVB implosion was encouraged by regulation.

Former Japanese Minister, Takehiko Nakao, announced, *“The Yield Curve Control should be reviewed, even if that results in short-term shocks. It (easy monetary policy) can't go on forever!”* Mind you, 33-years of it is a pretty good attempt!



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Wednesday 5 April 2023

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	71.50					CAD	0.8483	0.9077
NZD/USD	0.6308	0.0000	-0.0002	-0.0010	-0.0038	CHF	0.5715	0.6115
NZD/AUD	0.9347	-0.0011	-0.0035	-0.0077	-0.0158	CNY	4.3312	4.6349
NZD/JPY	83.07	-0.39	-1.12	-2.31	-4.66	DKK	4.2889	4.5880
NZD/EUR	0.5759	-0.0010	-0.0030	-0.0061	-0.0123	FJD	1.3698	1.4654
NZD/GBP	0.5046	-0.0004	-0.0010	-0.0021	-0.0046	HKD	4.9511	5.2965
						KRW	826.39	884.04
AU TWI	61.00					MYR	2.7780	2.9718
AUD/USD	0.6748	0.0008	0.0023	0.0044	0.0066	NOK	6.5043	6.9580
AUD/NZD	1.0695	0.0012	0.0039	0.0085	0.0169	SEK	6.4810	6.9330
AUD/JPY	88.86	-0.31	-0.88	-1.76	-3.56	SGD	0.8360	0.8943
AUD/EUR	0.6159	-0.0004	-0.0010	-0.0015	-0.0029	TWD	19.21	20.55
AUD/GBP	0.5398	0.0002	0.0009	0.0022	0.0041	ZAR	11.30	12.08
USD Index	101.57					EQUITIES		
EUR/USD	1.0956	0.0019	0.0054	0.0096	0.0161		Index	
USD/JPY	131.65	-0.61	-1.74	-3.43	-6.58	NZX50	11,899	
GBP/USD	1.2499	0.0008	0.0021	0.0030	0.0030	ASX200	7,236	
EUR/GBP	0.8764	0.0009	0.0028	0.0055	0.0106	Dow Jones	33,403	
						S&P 500	4,090	
INTEREST RATES			New Zealand		Australia	FTSE100	7,635	
			Mid		Mid	DAX 30	15,603	
30 day bank bills			5.13%		3.68%	Nikkei	28,287	
90 day bank bills			5.28%		3.75%	COMMODITIES		
1 year swap			5.36%		3.53%		USD	
2 year swap			5.01%		3.36%	Brent Crude	84.74	
3 year swap			4.67%		3.26%	Gold	2,021.59	
5 year swap			4.33%		3.34%	Silver	24.97	
10 year swap			4.18%		3.68%	Iron Ore	122.19	
3 year Govt bond			4.43%		2.93%	CRB Index	297.81	
5 year Govt bond			4.21%		3.01%		NZD	
10 year Govt bond			4.13%		3.35%	NZ Carbon	59.00	

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