

CURRENCIES	Spot	6mths
NZD/USD	0.7197	-0.0004
NZD/AUD	0.9286	-0.0009
NZD/JPY	78.53	-0.19
NZD/EUR	0.6033	-0.0027
NZD/GBP	0.5181	-0.0005
NZD/CNH	4.6785	0.0616
AUD/USD	0.7750	0.0003
AUD/EUR	0.6497	-0.0022
EUR/USD	1.1928	0.0047
USD/CNH	6.4980	0.0889
GBP/USD	1.3893	0.0007
EUR/GBP	0.8586	0.0029
INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.32%	0.04%
2 year swap	0.54%	0.17%
10 year Govt	1.84%	1.79%

## Don't always believe the numbers

## ... Let's be a little realistic, here!

Chinese data released yesterday showed that YTD industrial production jumped +35.1%, retail sales grew at +33.8%, and fixed asset investment increased to +35.0% – but, wait a minute – these numbers are year-on-year against 12 months ago, just when China plunged into the COVID-19 pandemic!

As the Chinese data is calculated on a 2 month comparison over Chinese New Year, rather than month on month, looking at a comparison with December 2020, industrial production was up +1.4%, retail sales fell -0.8%, and fixed asset investment increased +5.0% from November to December 2020. Quite simply, as a Chinese state official said, "China's economy has the conditions for continued recovery (although) the economic recovery is not yet solid. The economy is still in its recovery process."

China home price data for February saw new home prices increase +0.5% on the month (what ... monthly?) and +4.3% on the year. This was ahead of forecasts at 0.3% and 3.9%. With house prices picking up from the first month of the year, (sound familiar?), there is plenty of onshore market chatter about a dialling back of Chinese stimulus.

Aluminium surged to USD2,227 per tonne for the first time since June 2018, on the back of production and supply disruptions as demand continues to recover with an 8.4% annual increase in Chinese aluminium production in the first two months of the year.

In the US, the NY empire state manufacturing index jumped to 17.4 in March from 12.1 in February, beating market forecasts of 14.5. The reading pointed to the strongest growth in business activity in New York since 2018.

ECB member, Martins Kazaks (governor of Latvia's central bank), announced "if the economy performs better, it could be possible to provide less support, the rise in yields will need to be accepted. But it should be gradual to avoid premature tightening." Interestingly, the ECB PEPP purchases were a total of EUR14.00 billion, versus EUR11.89 billion, last week.

RBA Governor, Philip Lowe, stated "as a nation, we have responded very well to the pandemic (although) we still have a long way to go. While we are expecting further progress to be made towards full employment and the inflation target, it is going to take some time before we reach our goals. One piece of the recovery that is yet to click into gear is business investment. The RBA will maintain that support until we have achieved our goals for full employment and inflation."

NZ services PMI for February printed at 49.1, its fourth month in a contractionary mode under 50.

It was a quiet start to the week with equities broadly flat and bond yields consolidating, while the NZD/USD and AUD/USD held on to yesterday's gains to be at 0.7200 and 0.7755 respectively.

## You've always got to 'pay the piper!'

US President, Joe Biden, is planning the first federal tax hike since 1993 to pay for the USD3 trillion long-term economic program designed as a follow up to his pandemic relief bill, that could include an increase in both the corporate tax rate and personal rate for high earners.











## Tuesday 16 March 2021

Spot	FECs (mid)					Spot Mid	
Mid	1mth	3mths	6mths	12mths		NZD/	AUD/
75.37					CAD	0.8977	0.9667
0.7197	0.0000	-0.0001	-0.0004	-0.0012	CHF	0.6678	0.7191
0.9286	-0.0001	-0.0004	-0.0009	-0.0021	CNY	4.6690	5.0279
78.53	-0.03	-0.08	-0.19	-0.51	DKK	4.4865	4.8315
0.6033	-0.0004	-0.0013	-0.0027	-0.0060	FJD	1.4652	1.5778
0.5248	-0.0001	-0.0002	-0.0005	-0.0015	HKD	5.5888	6.0185
					KRW	815.56	878.27
64.50					MYR	2.9664	3.1944
0.7750	0.0001	0.0002	0.0003	0.0004	NOK	6.0876	6.5556
1.0769	0.0001	0.0005	0.0010	0.0024	SEK	6.1301	6.6014
84.57	-0.02	-0.05	-0.12	-0.36	SGD	0.9682	1.0426
0.6497	-0.0004	-0.0011	-0.0022	-0.0050	TWD	20.33	21.89
0.5578	0.0000	0.0000	0.0000	-0.0004	ZAR	10.7157	11.5396
91.80							
1.1928	0.0009	0.0023	0.0047	0.0099	EQUITIES		
109.13	-0.04	-0.10	-0.20	-0.53			Index
1.3893	0.0002	0.0004	0.0007	0.0017	NZX50		12,592
0.8586	0.0005	0.0014	0.0029	0.0061	ASX20	0	6,773
					Dow Jo	ones	32,847
	New Zealand		Australia		S&P 500 3,9		3,955
	Borrow	Invest	Borrow	Invest	FTSE100		6,750
					DAX 3	0	14,461
lls	0.28%	0.24%	0.02%	0.02%	Nikkei		29,767
lls	0.34%	0.30%	0.06%	0.02%			
nths	0.35%	0.32%	0.09%	0.04%			
mths	0.40%	0.37%	0.16%	0.12%	COMMODITIES		
	0.38%	0.34%	0.09%	0.07%			USD
	0.55%	0.53%	0.18%	0.16%	Dubai	Light	67.88
				0.34%	•		(07(
	0.78%	0.76%	0.35%	0.34%	Drent	rude	68.76
	0.78% 1.26%	0.76% 1.23%	0.35% 0.93%	0.34%	Gold	rude	68.76 1,729.40
						rude	
i	Mid 75.37 0.7197 0.9286 78.53 0.6033 0.5248 64.50 0.7750 1.0769 84.57 0.6497 0.5578 91.80 1.1928 109.13 1.3893	Mid         1mth           75.37         0.7197         0.0000           0.9286         -0.0001           78.53         -0.03           0.6033         -0.0004           0.5248         -0.0001           64.50         0.7750           0.7750         0.0001           84.57         -0.02           0.6497         -0.0004           0.5578         0.0000           91.80         1.1928           1.1928         0.0009           109.13         -0.04           1.3893         0.0002           0.8586         0.0005           New Ze Borrow           Ills         0.28%           ills         0.34%           nths         0.40%           0.38%         0.40%	Mid         1mth         3mths           75.37         0.7197         0.0000         -0.0001           0.9286         -0.001         -0.0004         78.53         -0.03         -0.08           0.6033         -0.004         -0.0013         0.5248         -0.0001         -0.0002           64.50         0.7750         0.0001         0.0002         64.50           0.7750         0.0001         0.0002         1.0769         0.0001         0.0002           64.57         -0.02         -0.05         0.6497         -0.004         -0.011           0.5578         0.0009         0.0023         109.13         -0.04         -0.10           1.3893         0.0002         0.0004         0.0014         0.011           0.8586         0.0005         0.0014         0.0014           0.8586         0.0005         0.0014         0.0014           1.18         0.28%         0.24%         11s           0.34%         0.32%         0.34%         0.32%           mths         0.35%         0.34%         0.34%	Mid         1mth         3mths         6mths           75.37         0.7197         0.0000         -0.0001         -0.0004           0.9286         -0.001         -0.0004         -0.0009           78.53         -0.03         -0.08         -0.19           0.6033         -0.004         -0.0027         0.027           0.5248         -0.0001         -0.0002         -0.0003           1.0769         0.0001         0.0005         0.0010           84.57         -0.02         -0.05         -0.12           0.6497         -0.004         -0.0011         -0.0022           0.5578         0.0000         0.0000         0.0000           91.80         1.1928         0.0009         0.023         0.0047           1.09.13         -0.04         -0.10         -0.20           1.3893         0.0002         0.004         0.0007           0.8586         0.0005         0.0014         0.0029           Mew Zealand         Austra           Borrow         Invest         Borrow           Ills         0.35%         0.32%         0.09%           mths         0.40%         0.37%         0.16%	Mid1mth3mths6mths12mths75.37 $0.7197$ $0.0000$ $-0.0001$ $-0.0004$ $-0.0012$ $0.9286$ $-0.001$ $-0.0004$ $-0.0009$ $-0.0021$ $78.53$ $-0.03$ $-0.08$ $-0.19$ $-0.51$ $0.6033$ $-0.004$ $-0.0013$ $-0.0027$ $-0.0060$ $0.5248$ $-0.0001$ $-0.0002$ $-0.0005$ $-0.0015$ $64.50$ $-0.0011$ $-0.0022$ $-0.0055$ $-0.0014$ $0.7750$ $0.0001$ $0.0002$ $0.0003$ $0.0004$ $1.0769$ $0.0001$ $0.0005$ $0.0010$ $0.0024$ $84.57$ $-0.02$ $-0.055$ $-0.12$ $-0.36$ $0.6497$ $-0.004$ $-0.0011$ $-0.0022$ $-0.0050$ $0.5578$ $0.0000$ $0.0000$ $0.0000$ $-0.0004$ $91.80$ $-0.10$ $-0.20$ $-0.53$ $1.3893$ $0.0002$ $0.0044$ $0.0007$ $0.0017$ $0.8586$ $0.0005$ $0.0014$ $0.0029$ $0.0061$ $0.8586$ $0.0005$ $0.0014$ $0.0029$ $0.0061$ $1ls$ $0.28\%$ $0.24\%$ $0.02\%$ $0.02\%$ $mths$ $0.35\%$ $0.32\%$ $0.09\%$ $0.04\%$ $mths$ $0.40\%$ $0.37\%$ $0.16\%$ $0.12\%$	Mid1mth3mths6mths12mths $75.37$ CAD $0.7197$ $0.0000$ $-0.0001$ $-0.0004$ $-0.0012$ CHF $0.9286$ $-0.001$ $-0.0004$ $-0.0009$ $-0.0021$ CNY $78.53$ $-0.03$ $-0.08$ $-0.19$ $-0.51$ DKK $0.6033$ $-0.004$ $-0.0013$ $-0.0027$ $-0.0060$ FJD $0.5248$ $-0.0001$ $-0.0002$ $-0.0005$ $-0.0015$ HKD $KRW$ $64.50$ MYR $KRW$ $64.50$ MYR $NOK$ $SGD$ $0.7750$ $0.0001$ $0.0002$ $0.0003$ $0.0004$ $0.7750$ $0.0001$ $0.0005$ $0.010$ $0.0024$ SEK $84.57$ $-0.02$ $-0.055$ $-0.12$ $-0.366$ SGD $0.6497$ $-0.0004$ $-0.0011$ $-0.0022$ $-0.0050$ TWD $0.5578$ $0.0000$ $0.0000$ $0.0007$ $0.0017$ NZX50 $0.8586$ $0.0005$ $0.0014$ $0.0029$ $0.0061$ Asx200 $1.1928$ $0.0005$ $0.0014$ $0.0029$ $0.0061$ Asx200 $0.8586$ $0.0005$ $0.0014$ $0.0029$ $0.0061$ Asx200 $0.8586$ $0.0005$ $0.0014$ $0.0029$ $0.0024$ NikkeiIlls $0.28\%$ $0.24\%$ $0.02\%$ $0.02\%$ Nikkeimths $0.40\%$ $0.37\%$ $0.16\%$ $0.12\%$ COMM	Mid1mth3mths6mths12mthsNZD/75.37CAD $0.8977$ 0.71970.0000-0.0001-0.0004-0.0012CHF $0.6678$ 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