

# Market Alert

Wednesday 9 March 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6809	-0.0029
NZD/AUD	0.9367	-0.0066
NZD/JPY	78.78	-0.80
NZD/EUR	0.6241	-0.0077
NZD/GBP	0.5196	-0.0014
NZD/CNH	4.3066	0.0293
AUD/USD	0.7269	0.0020
AUD/EUR	0.6663	-0.0035
EUR/USD	1.0910	0.0089
USD/CNH	6.3250	0.0703
GBP/USD	1.3106	-0.0020
EUR/GBP	0.8324	0.0080

  

INT RATES	NZ	Australia
OCR/Cash	1.00%	0.10%
90 day bills	1.35%	0.15%
2 year swap	2.90%	1.64%
10 year Govt	2.82%	2.23%

## It's been a volatile session ...

and that's putting it mildly!

Last night's headlines tended to concentrate on nickel after the LME, the London Metals Exchange, suspended trading in the metal after an unprecedented spike left brokers struggling to pay margin calls against unprofitable short positions! Nickel's 250% surge over the last 48 hours, which saw the metal trade above the USD100,000 mark for the first time ever and almost tripling in value over the last 2 sessions, can be classified as 'extreme'! The frenzied move came as brokers, investors, and industrials scrambled to

exit short positions and cover margin calls. The massive squeeze has already embroiled the largest nickel producer as well as a major Chinese bank, who reportedly has a 100,000 tonne short position. Nickel was already at a 10-year high ahead of the Ukrainian conflict as robust demand drained inventories to their lowest levels since 2019, with the LME-registered warehouses holding just 76,830 tonnes.

It was a similar story on the oil markets. Earlier this morning US President, Joe Biden, announced the banning of Russian oil imports, which followed on by the UK's announcement they would also 'phase-out' its reliance on Russian oil imports by the end of the year while the EU also unveiled a plan to wean itself off of Russian fossil fuels. This saw Brent crude top out above the USD133 a barrel while WTI stopped just shy of the USD130 level, although both contracts have eased back. Gold also surged, and at one stage was just USD9 dollars off its August 2020 all-time high.

Interestingly, equity market made positive gains, although the US markets did spend most of the session in negative territory reflecting the 'whippy' price action we saw in the commodity markets. Currently the US bourses are broadly up 0.5%-1.0% while the European bourses were 1.0%-2.0% higher. The US 10-year Treasury bond is up +14 bps today at 1.87%. The VIX index is currently at levels last seen in December/January of

2021, the EUR staged a recovery above the 1.0900 level, while the NZD and AUD were slightly lower.

Unsurprisingly, The IBD/TIPP economic optimism index in the US fell to 41 in March 2022, the lowest since October 2013, and the US trade deficit for January increased to USD89.7bn against a USD87.1bn estimate.

## In our part of the world

The news in New Zealand largely reflected the international markets after Quotable Value's (QV) confirmed the warning signs of a gradual correction in house prices, petrol companies reported an increase in thefts as prices at the pump surged, and a Commerce Commission report suggested there should be some reforms to the local grocery sector. We also had one of the local banks increase their RBNZ forecasts suggesting they will hike the OCR by 50bp in April and in May as inflation peaks at 7.4%!

It was a similar story in Australia where one of the banks has forecast the RBA will hike the cash rate 15bps in August with another two hikes by the end of 2022, and with the RBA Governor and Deputy Governor booked to give speeches today, hopefully we'll get an insight into their thinking. We also had Australia business confidence in February surge to 13 from January's 3.



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# Daily Rates

Wednesday 9 March 2022

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	73.40					CAD	0.8777	0.9371
NZD/USD	0.6809	-0.0002	-0.0012	-0.0029	-0.0073	CHF	0.6325	0.6753
NZD/AUD	0.9367	-0.0007	-0.0028	-0.0066	-0.0132	CNY	4.3021	4.5930
NZD/JPY	78.78	-0.08	-0.32	-0.80	-2.06	DKK	4.6454	4.9596
NZD/EUR	0.6241	-0.0009	-0.0032	-0.0077	-0.0182	FJD	1.4366	1.5338
NZD/GBP	0.5196	-0.0001	-0.0006	-0.0014	-0.0042	HKD	5.3235	5.6835
						KRW	842.72	899.71
AU TWI	62.00					MYR	2.8503	3.0430
AUD/USD	0.7269	0.0003	0.0010	0.0020	0.0025	NOK	6.1155	6.5291
AUD/NZD	1.0676	0.0008	0.0032	0.0076	0.0152	SEK	6.7670	7.2247
AUD/JPY	84.11	-0.02	-0.08	-0.26	-1.03	SGD	0.9293	0.9922
AUD/EUR	0.6663	-0.0005	-0.0014	-0.0035	-0.0102	TWD	19.41	20.72
AUD/GBP	0.5546	0.0002	0.0010	0.0024	0.0033	ZAR	10.4197	11.1244
USD Index	99.01					<b>EQUITIES</b>		
EUR/USD	1.0910	0.0012	0.0037	0.0089	0.0208		<b>Index</b>	
USD/JPY	115.72	-0.08	-0.27	-0.68	-1.81	NZX50	11,745	
GBP/USD	1.3106	-0.0001	-0.0006	-0.0020	-0.0033	ASX200	6,980	
EUR/GBP	0.8324	0.0009	0.0032	0.0080	0.0181	Dow Jones	32,858	
						S&P 500	4,211	
						FTSE100	6,964	
						DAX 30	12,832	
						Nikkei	24,791	
						<b>COMMODITIES</b>		
							<b>USD</b>	
						Dubai Light	129.28	
						Brent Crude	129.35	
						Gold	2,040.15	
						Silver	26.25	
						CRB Index	323.55	
							<b>NZD</b>	
						NZ Carbon	74.75	

  

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	1.08%	1.05%	0.02%	0.02%
90 day bank bills	1.38%	1.35%	0.17%	0.13%
FRA 90d in 3mths	2.35%	2.32%	0.61%	0.58%
FRA 180d in 6mths	3.07%	3.02%	1.57%	1.56%
1 year swap	2.44%	2.42%	0.87%	0.86%
2 year swap	2.91%	2.89%	1.65%	1.63%
3 year swap	3.03%	3.01%	2.06%	2.05%
5 year swap	3.06%	3.04%	2.35%	2.34%
10 year swap	3.06%	3.04%	2.67%	2.66%
10 year Govt bond		2.80%		2.23%

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