

Market Alert

Tuesday 5 April, 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6957	-0.0025
NZD/AUD	0.9221	-0.0066
NZD/JPY	85.42	-0.95
NZD/EUR	0.6341	-0.0081
NZD/GBP	0.5304	-0.0021
NZD/CNH	4.4346	0.0207
AUD/USD	0.7544	0.0028
AUD/EUR	0.6877	-0.0039
EUR/USD	1.0971	0.0103
USD/CNH	6.3748	0.0525
GBP/USD	1.3116	0.0006
EUR/GBP	0.8364	0.0075

INT RATES	NZ	Australia
OCR/Cash	1.00%	0.10%
90 day bills	1.67%	0.23%
2 year swap	3.41%	2.14%
10 year Govt	3.29%	2.83%

Last night was all about the 'big' personalities

JPMorgan Chairman and CEO, Jamie Dimon, took on a rather pessimistic tone in the annual letter to shareholders warning, *"The Federal Reserve and the government did the right thing by taking bold dramatic actions following the pandemic. In hindsight, it worked. Also, in hindsight, the medicine ... was probably too much and lasted too long. I do not envy the Fed for what it must do next: The stronger the recovery, the higher the rates that follow."*

Next up was Elon Musk, who decided it was time to spike the Nasdaq announcing

that he taken a 9.2% stake in Twitter, which saw the share immediately spiked 27% dragging up the other mega-cap names such as Tesla, Meta, Amazon, Apple, and Microsoft.

As I write, the Nasdaq is up 1.90%, although the Dow and S&P are 'only' up 0.25% and 0.75%. European equities also had a good session, rallying 0.25% to 1.0%. Bonds were a mixed bag overnight with the US 10-year firming 3bps to 2.42% although, the German bund yield eased back 5bps to 0.51%.

Commodities had another 'good' session with most products firmly higher, with oil the standout performer as crude surged 4.5% to USD 103.75, which supported the NZD and AUD, although the EUR is closing in on a 2-year low.

And of the rest ...

Ahead of today's RBA meeting, projected inflation in Australian, according to the Melbourne Institute, will jump 0.8% in March to generate a 4.0% year-on-year increase. Australian job adverts increased 0.4% in the month to March, which followed on from February's 10.9% gain. In the US, February factory orders eased 0.5%, which was expected.

ECB board member, Isabel Schnabel, stated *"We will hike interest rates, as appropriate, in light of incoming data. Inflation risks are skewed towards even higher readings given sharply rising producer prices, structural*

economic changes like de-globalisation and likely wage hikes." ECB colleague Bostjan Vasle added *"The ECB's 2022 baseline inflation scenario is realistic. Net bond buying could end as soon as July. Negative rates may end by the turn of the year."*

We also had BoE Deputy Governor, Jon Cunliffe, state he's *"Not convinced we have to lean heavily against inflationary mindset, I don't think we are seeing a psychology of persistently higher inflation emerging. There is little monetary policy can do to offset externally-generated pressure on prices."*

One of Japanese Prime Minister, Fumio Kishida's, closest aides has defended the BoJ's ultra-loose monetary policy stating, *"It's hard to tighten monetary policy to deal with cost-push inflation, which means monetary policy must remain loose."* However, with the interest rate differential continuing to push out, there is talk USD/JPY could extend to the 130.00 level!

Shanghai is reporting a sharp increase in cases, and with 2000 members of China's People Liberation Army sent to Shanghai to assist with the outbreak, a Senior China Communist Party official has reiterated the party's unwavering adherence to its COVID-19 zero policy.

Finally, the Russian-Ukraine peace talks are due to resume via video, because there is less chance of getting poisoned. Germany has announced it has taken control of the Gazprom German gas subsidiary to ensure security of supply.



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Daily Rates

Tuesday 5 April, 2022

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	74.37					CAD	0.8685	0.9419
NZD/USD	0.6957	-0.0003	-0.0011	-0.0025	-0.0054	CHF	0.6444	0.6989
NZD/AUD	0.9221	-0.0004	-0.0014	-0.0066	-0.0128	CNY	4.4289	4.8034
NZD/JPY	85.42	-0.08	-0.35	-0.95	-2.51	DKK	4.7165	5.1145
NZD/EUR	0.6341	-0.0008	-0.0033	-0.0081	-0.0192	FJD	1.4493	1.5728
NZD/GBP	0.5304	-0.0001	-0.0007	-0.0021	-0.0059	HKD	5.4503	5.9111
						KRW	845.10	916.54
AU TWI	64.10					MYR	2.9339	3.1801
AUD/USD	0.7544	0.0002	0.0013	0.0028	0.0047	NOK	6.0707	6.5838
AUD/NZD	1.0845	0.0005	0.0016	0.0079	0.0153	SEK	6.5598	7.1143
AUD/JPY	92.64	-0.05	-0.24	-0.36	-1.45	SGD	0.9436	1.0236
AUD/EUR	0.6877	-0.0006	-0.0026	-0.0039	-0.0115	TWD	19.92	21.61
AUD/GBP	0.5752	0.0002	0.0010	0.0018	0.0015	ZAR	10.15	11.00
USD Index	98.99					EQUITIES		
EUR/USD	1.0971	0.0010	0.0041	0.0103	0.0255		Index	
USD/JPY	122.79	-0.06	-0.32	-0.92	-2.67	NZX50	12,053	
GBP/USD	1.3116	-0.0002	-0.0002	0.0006	0.0045	ASX200	7,514	
EUR/GBP	0.8364	0.0009	0.0033	0.0075	0.0165	Dow Jones	34,818	
						S&P 500	4,577	
						FTSE100	7,559	
						DAX 30	14,518	
						Nikkei	27,736	
INTEREST RATES			New Zealand		Australia			
			Mid		Mid			
30 day bank bills			1.34%		0.02%			
90 day bank bills			1.67%		0.23%			
1 year swap			2.84%		1.20%			
2 year swap			3.41%		2.14%			
3 year swap			3.51%		2.54%			
5 year swap			3.52%		2.88%			
10 year swap			3.49%		3.05%			
3 year Govt bond			3.10%		2.38%			
5 year Govt bond			3.21%		2.63%			
10 year Govt bond			3.29%		2.83%			
						COMMODITIES		
							USD	
						Brent Crude	107.78	
						Gold	1,930.79	
						Silver	24.49	
						Iron Ore	154.00	
						CRB Index	311.90	
							NZD	
						NZ Carbon	76.00	

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