

# Market Alert

Wednesday 6 April, 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6937	-0.0026
NZD/AUD	0.9157	-0.0062
NZD/JPY	85.76	-0.96
NZD/EUR	0.6363	-0.0083
NZD/GBP	0.5308	-0.0022
NZD/CNH	4.4263	0.0196
AUD/USD	0.7576	0.0023
AUD/EUR	0.6949	-0.0044
EUR/USD	1.0902	0.0104
USD/CNH	6.3806	0.0521
GBP/USD	1.3070	0.0006
EUR/GBP	0.8341	0.0075

  

INT RATES	NZ	Australia
OCR/Cash	1.00%	0.10%
90 day bills	1.66%	0.25%
2 year swap	3.42%	2.39%
10 year Govt	3.24%	2.85%

## No lift-off yet from the RBA

While the RBA played yesterday's central bank meeting with a straight bat, leaving the cash rate target at 10 basis points and the interest rate on Exchange Settlement balances at zero per cent, there were some slight changes in the wording that got the financial markets very excited.

In March the RBA stated "The Board is prepared to be patient as it monitors how the various factors affecting inflation evolve," while yesterday it stated "Over coming months, important additional evidence will be available to the Board on both inflation

and the evolution of labour costs. The Board will assess this as it sets policy to support full employment and inflation outcomes consistent with the target."

Furthermore, it also changed, "The Board will not increase the cash rate until actual inflation is sustainably within the 2.0-3.0% target range" to "The Board has wanted to see actual evidence that inflation is sustainably within the 2.0-3.0% target range before it increases interest rates."

While neither comment explicitly highlighted the possibility of an imminent interest rate hike, the suggestion is the RBA has given itself some room to 'evolve' its strategy in the coming months. This saw AUD/USD pop 0.5% to a 9 month high, while the NZD/AUD hit a 12 month low.

Interestingly, just prior to the RBA announcement one of the local New Zealand banks increased its RBNZ call, having "adjusted our May rate hike call to 50 bps but, hesitantly, keep April at 25."

In other Australian news, the Roy Morgan Australian consumer confidence weekly survey came in at 93.4, which was up from the previous week's 91.1 but it's still in 'pessimistic' territory, while Australian services PMIs dropped to 55.6, from February's 57.4.

In New Zealand, the GDT auction saw the overall price ease -1.0%, with butter and WMP off -0.6% and -1.5%.

## In the US corner

Fed Governor, Lael Brainard, who is a dove, announced the Fed will continue tightening monetary policy through a series of interest rate increases and will start reducing the balance sheet at a rapid pace, possibly as soon as next month. Brainard expects the combined impacts will bring policy to a more neutral position later this year.

This hawkish tone from a known dove saw US equity markets give up all of yesterday's gains as the potential for an accelerated hiking cycle came into play, which lit a match under Treasury yields, pushing the US 2-year yield 13bps higher to 2.50%, while the 10-year surged 16bps to 2.54%. In Europe, bourses also traded lower on concerns about additional sanctions against Russia, which saw natural gas rally a further 5.5%, although oil eased -2.0%.

In the world of FX, the RBA statement and higher commodity prices saw the NZD and AUD trade above the 0.7000 and 0.7600 levels, although they have given up some of those gains and eased back below those key levels, while the EUR still can't find a friend for love nor money, having fallen for the fourth consecutive day.

In actual data releases, the Atlanta Fed's GDPNow forecaster fell to 0.9%, from 1.5%, the ISM services index increased to 58.3 in March, from 56.5 in February, as pandemic restrictions eased, while the February trade deficit remained near record levels at USD89.2 billion.



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

**Barrington**  
TREASURY SERVICES

**Barrington**  
ASSET CONSULTING



**BANCORP**

BANCORP CORPORATE FINANCE LIMITED

# Daily Rates

Wednesday 6 April, 2022

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	74.59					CAD	0.8666	0.9463
NZD/USD	0.6937	-0.0003	-0.0010	-0.0026	-0.0053	CHF	0.6449	0.7042
NZD/AUD	0.9157	-0.0007	-0.0028	-0.0062	-0.0108	CNY	4.4148	4.8208
NZD/JPY	85.76	-0.09	-0.36	-0.96	-2.54	DKK	4.7323	5.1681
NZD/EUR	0.6363	-0.0009	-0.0033	-0.0083	-0.0195	FJD	1.4453	1.5784
NZD/GBP	0.5308	-0.0001	-0.0007	-0.0022	-0.0059	HKD	5.4357	5.9364
						KRW	845.80	923.63
AU TWI	64.90					MYR	2.9373	3.2062
AUD/USD	0.7576	0.0003	0.0011	0.0023	0.0032	NOK	6.0809	6.6404
AUD/NZD	1.0920	0.0009	0.0034	0.0074	0.0130	SEK	6.5426	7.1447
AUD/JPY	93.66	-0.02	-0.11	-0.43	-1.69	SGD	0.9431	1.0299
AUD/EUR	0.6949	-0.0005	-0.0016	-0.0044	-0.0133	TWD	19.91	21.74
AUD/GBP	0.5796	0.0003	0.0010	0.0015	0.0004	ZAR	10.19	11.12
USD Index	99.50					<b>EQUITIES</b>		
EUR/USD	1.0902	0.0011	0.0042	0.0104	0.0260		<b>Index</b>	
USD/JPY	123.63	-0.07	-0.33	-0.94	-2.75	NZX50	12,121	
GBP/USD	1.3070	-0.0002	-0.0002	0.0006	0.0048	ASX200	7,528	
EUR/GBP	0.8341	0.0010	0.0033	0.0075	0.0168	Dow Jones	34,922	
						S&P 500	4,524	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	7,614	
			<b>Mid</b>		<b>Mid</b>	DAX 30	14,424	
30 day bank bills			1.35%		0.02%	Nikkei	27,788	
90 day bank bills			1.66%		0.25%	<b>COMMODITIES</b>		
1 year swap			2.87%		1.46%		<b>USD</b>	
2 year swap			3.42%		2.39%	Brent Crude	105.57	
3 year swap			3.52%		2.74%	Gold	1,924.20	
5 year swap			3.51%		3.03%	Silver	24.28	
10 year swap			3.47%		3.17%	Iron Ore	154.00	
3 year Govt bond			3.09%		2.48%	CRB Index	316.67	
5 year Govt bond			3.19%		2.72%		<b>NZD</b>	
10 year Govt bond			3.25%		2.85%	NZ Carbon	76.00	

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