

# Market Alert

Monday 2 May, 2022

CURRENCIES	Spot	6mths
NZD/USD	0.6465	-0.0017
NZD/AUD	0.9143	-0.0046
NZD/JPY	83.96	-1.11
NZD/EUR	0.6122	-0.0070
NZD/GBP	0.5135	-0.0017
NZD/CNH	4.2875	0.0275
AUD/USD	0.7061	0.0017
AUD/EUR	0.6696	-0.0059
EUR/USD	1.0533	0.0120
USD/CNH	6.6376	0.0547
GBP/USD	1.2576	0.0022
EUR/GBP	0.8389	0.0081

  

INT RATES	NZ	Australia
OCR/Cash	1.50%	0.00%
90 day bills	1.88%	0.71%
2 year swap	3.82%	2.89%
10 year Govt	3.63%	3.12%

## What do you mean, I have to work 5 days this week?

My gosh, a full 5-days of work this week and we can't even talk about the rugby after the Australian teams gave the Kiwi teams a good kicking over the weekend!

The Euro Area economy expanded by 0.2% in Q1 22, its lowest headline result since the bloc exited a recession last year and below market expectations of a 0.3% increase. But while it was a positive number, to some extent it masks an underlying deteriorating economic performance and with inflation surging, it adds pressure on the ECB to act sooner

rather than later, as was acknowledged by ECB Vice President Luis de Guindos who stated that while a rate increase in July is not *"likely, there's no reason why"* an end to net asset purchases *"shouldn't happen in July."* And the situation isn't getting any better in China either with every measure of PMI falling deeper into contractionary territory with the Caixin manufacturing PMI falling to a 26 month low of 46.0 in April for the index's third contraction in factory activity since the start of the year, while non-manufacturing PMIs contracted to 41.9 for its second consecutive month of decline. It was a similar story with the NBS data with manufacturing PMI's below forecasts at 47.4 in April.

Meanwhile, it's a similar situation in the US with inflationary pressures in the pipeline after the PCE deflator printed at 0.9% on the month and 6.6% on the year, personal spending rose 1.1% in March following on from February's upwardly revised 0.6% gain, while the University of Michigan sentiment survey eased to 65.2.

These data releases, quite naturally, saw equity markets turn negative with European markets off -0.5% to -1.5%, while US markets were hit harder falling between -2.5% and -4.5% as investors digested disappointing results from Amazon and Apple. Amazon sunk more than 14% after reporting a surprising loss because of its investment in Rivian and issued weak revenue guidance for Q2 22, which led to Warren Buffett

blasting Wall Street for encouraging 'speculative' trading behaviour effectively turning stock markets into a *"gambling parlour."* Commodity markets were mixed although iron ore with a 62% iron content for delivery into Tianjin tumbled towards the USD150 per tonne as China curbs its steel production amid increasingly stringent emissions regulations, while the renewed COVID-19 induced lockdowns are denting demand even further. Bond yields also spiked once again with the US 10-year treasury yield back above the 2.90% level at 2.935% while the German Bund firmed to 0.94%, and while we expected some profit taking on the USD going into the daily, weekly, and monthly close, its retracement back to the 103.00 level didn't filter through to the NZD or AUD which remained relatively stable after their local closes.

## Fed week

This week it's all about the US Fed with their monetary policy meeting on Thursday morning, where markets are expecting a 50bps hike and an update on their quantitative tightening programme, and we also have non-farm payrolls on Saturday morning.

Elsewhere, we also have the RBA tomorrow, with Australian retail sales and the trade balance later in the week, and the BoE Thursday evening. In New Zealand we have employment and wage data on Wednesday.



**BANCORP**

BANCORP TREASURY SERVICES LIMITED

**Barrington**  
TREASURY SERVICES

**Barrington**  
ASSET CONSULTING



**BANCORP**

BANCORP CORPORATE FINANCE LIMITED

# Daily Rates

Monday 2 May, 2022

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	72.40					CAD	0.8304	0.9071
NZD/USD	0.6465	0.0000	-0.0006	-0.0017	-0.0037	CHF	0.6285	0.6874
NZD/AUD	0.9143	-0.0005	-0.0023	-0.0046	-0.0075	CNY	4.2670	4.6660
NZD/JPY	83.96	-0.08	-0.42	-1.11	-2.80	DKK	4.5550	4.9815
NZD/EUR	0.6122	0.0007	-0.0020	-0.0070	-0.0173	FJD	1.4060	1.5590
NZD/GBP	0.5135	0.0006	-0.0001	-0.0017	-0.0054	HKD	5.0674	5.5405
						KRW	815.66	892.02
AUTWI	62.60					MYR	2.8191	3.0911
AUD/USD	0.7061	0.0004	0.0011	0.0017	0.0018	NOK	6.0577	6.6252
AUD/NZD	1.0937	0.0006	0.0027	0.0055	0.0090	SEK	6.3428	6.9372
AUD/JPY	91.58	-0.04	-0.23	-0.76	-2.34	SGD	0.8931	0.9770
AUD/EUR	0.6696	-0.0005	-0.0022	-0.0059	-0.0151	TWD	19.01	20.80
AUD/GBP	0.5616	0.0003	0.0006	0.0003	-0.0020	ZAR	10.21	11.17
USD Index	102.96					<b>EQUITIES</b>		
EUR/USD	1.0533	0.0014	0.0051	0.0120	0.0271		<b>Index</b>	
USD/JPY	129.85	-0.13	-0.54	-1.39	-3.62	NZX50	11,884	
GBP/USD	1.2576	0.0000	0.0006	0.0022	0.0076	ASX200	7,435	
EUR/GBP	0.8389	0.0012	0.0037	0.0081	0.0164	Dow Jones	32,977	
						S&P 500	4,132	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	7,545	
			<b>Mid</b>		<b>Mid</b>	DAX 30	14,098	
30 day bank bills			1.53%		0.20%	Nikkei	26,848	
90 day bank bills			1.88%		0.71%	<b>COMMODITIES</b>		
1 year swap			3.29%		2.11%		<b>USD</b>	
2 year swap			3.82%		2.89%	Brent Crude	107.14	
3 year swap			3.93%		3.12%	Gold	1,897.26	
5 year swap			3.94%		3.42%	Silver	22.78	
10 year swap			3.92%		3.59%	Iron Ore	142.00	
3 year Govt bond			3.45%		2.71%	CRB Index	328.15	
5 year Govt bond			3.55%		2.90%		<b>NZD</b>	
10 year Govt bond			3.64%		3.12%	NZ Carbon	75.90	

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.

