

Market Alert

Friday 14 April 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6342	0.0000
NZD/AUD	0.9080	-0.0060
NZD/JPY	84.38	-2.22
NZD/EUR	0.5907	-0.0060
NZD/GBP	0.5206	-0.0021
NZD/CNH	4.3350	-0.0530
AUD/USD	0.6983	0.0039
AUD/EUR	0.6502	-0.0031
EUR/USD	1.0735	0.0107
USD/CNH	6.8337	-0.0840
GBP/USD	1.2176	0.0043
EUR/GBP	0.8815	0.0053

INT RATES	NZ	Australia
OCR/Cash	4.25%	3.35%
90 day bills	5.08%	3.54%
2 year swap	5.13%	4.06%
10 year Govt	4.34%	3.83%

Let the chaos commence!

As we all try to jump the Trans-Tasman to Australia at the same time ... because a recent report suggested Australian food prices are 25% lower than New Zealand's, and there are plenty of jobs in Australia with an incredible net 53.0k full-time jobs added, which was well above the 20k expected! A further positive was that the 72.2k full-time jobs were added when a mere 8k had been forecast, while part-time jobs fell by -19.2k. This saw the unemployment rate fall from 3.6% to 3.5% while the participation rate increased to 66.7% from 66.6%.

And here's one for Mr. Orr ... RBA Deputy Governor Michele Bullock announced, "Even before the problems with SVB, we had suggested that we were thinking about pausing because we had moved by 350bps

in quick time. We would have paused on rates even without global banking stress. What we observe now is that we are in restrictive territory because we're starting to see signs (of a slowdown) in the housing market, consumption, and retail sales. Rates are in restrictive territory; we can stop for a minute and watch. We want to get inflation down and keep (maintain) the progress made on employment. (There are) no signs domestic banks are tightening lending due to global stresses."

The overnight market also saw a fair bit of data released that implied the US hiking cycle is finally starting to have an impact as well after US PPIs fell -0.5% in March the largest decline since April 2020, while, on the year, the prices increased 2.7%, while US initial jobless claims rose to 239k last week, just above consensus, from the prior week's 228k, to record the first increase in unemployment claims in 3-weeks.

In the Eurozone, industrial production increased by 1.5% following January's revised 1.0% gain, although Joachim Nagel warned ECB officials will have to be "even more stubborn" to fight inflation as core prices are proving to be "sticky." UK GDP stalled at 0.0% in February, although it rose 0.1% on a rolling 3-month basis, which saw Chancellor Jeremy Hunt announce the outlook is "brighter than expected" and will outpace IMF projections.

BoJ Governor Ueda Japanese announced that while "CPI is currently around 3%, it is likely to fall. The BoJ should pay more

attention to the risk of failing to achieve the 2% inflation target with a premature end to easing, rather than risk falling behind the curve on inflation."

There was also some positive news out of China as, in USD terms, Chinese exports surged 14.8% in the year to March, while imports contracted -1.4%, which saw their trade balance increase to USD88.19bn. In CNY terms, exports rose 23.4% while imports gained 6.1%.

All up, the weaker than expected US data saw the USD-index break below the 101.0 level as it approaches a 12-month low. With the USD dominating sentiment, the NZD, AUD, and EUR all made strong gains. NZD showed the best performance, rallying at 1.4%. International equity markets also had strong sessions, with all exchanges recording gains, while commodity markets were mixed with energy prices lower. Bond markets were flat.

And now for something completely different ...

... more than 100 Chinese scientists, researchers and space contractors have met in Wuhan to discuss Covid a 5-yr plan to build a liveable infrastructure on the moon!

Finally, while US Treasury Secretary Janet Yellen has seen no indication of a contraction in bank lending, Lael Brainard of the National Economic Council announced, "Banks are showing some signs of pulling back a little on credit."



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Daily Rates

Friday 14 April 2023

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.60					CAD	0.8398	0.9052
NZD/USD	0.6299	-0.0001	-0.0004	-0.0013	-0.0044	CHF	0.5597	0.6032
NZD/AUD	0.9281	-0.0013	-0.0040	-0.0082	-0.0165	CNY	4.3287	4.6540
NZD/JPY	83.62	-0.38	-1.20	-2.39	-4.82	DKK	4.2483	4.5781
NZD/EUR	0.5703	-0.0011	-0.0032	-0.0062	-0.0122	FJD	1.3655	1.4715
NZD/GBP	0.5028	-0.0004	-0.0013	-0.0024	-0.0050	HKD	4.9447	5.3285
						KRW	819.04	882.62
AU TWI	60.30					MYR	2.7703	2.9854
AUD/USD	0.6788	0.0008	0.0024	0.0046	0.0067	NOK	6.4902	6.9942
AUD/NZD	1.0770	0.0014	0.0045	0.0092	0.0175	SEK	6.4649	6.9667
AUD/JPY	90.08	-0.29	-0.91	-1.80	-3.68	SGD	0.8327	0.8974
AUD/EUR	0.6143	-0.0003	-0.0008	-0.0012	-0.0024	TWD	19.18	20.67
AUD/GBP	0.5418	0.0002	0.0009	0.0022	0.0040	ZAR	11.38	12.26
USD Index	101.00					EQUITIES		
EUR/USD	1.1046	0.0019	0.0054	0.0094	0.0157		Index	
USD/JPY	132.71	-0.58	-1.81	-3.52	-6.93	NZX50	11,931	
GBP/USD	1.2525	0.0008	0.0022	0.0032	0.0043	ASX200	7,324	
EUR/GBP	0.8818	0.0009	0.0026	0.0051	0.0097	Dow Jones	34,007	
						S&P 500	4,148	
INTEREST RATES			New Zealand		Australia	FTSE100	7,843	
			Mid		Mid	DAX 30	15,729	
30 day bank bills			5.36%		3.65%	Nikkei	28,157	
90 day bank bills			5.56%		3.69%	COMMODITIES		
1 year swap			5.55%		3.63%		USD	
2 year swap			5.00%		3.48%	Brent Crude	86.21	
3 year swap			4.61%		3.37%	Gold	2,040.36	
5 year swap			4.26%		3.35%	Silver	25.82	
10 year swap			4.14%		3.68%	Iron Ore	120.50	
3 year Govt bond			4.34%		2.96%	CRB Index	303.06	
5 year Govt bond			4.12%		3.04%		NZD	
10 year Govt bond			4.11%		3.36%	NZ Carbon	62.50	

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