

# Market Alert

Tuesday 18 April 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6186	-0.0009
NZD/AUD	0.9251	-0.0081
NZD/JPY	83.11	-2.37
NZD/EUR	0.5657	-0.0060
NZD/GBP	0.4996	-0.0024
NZD/CNH	4.2561	-0.0668
AUD/USD	0.6704	0.0049
AUD/EUR	0.6132	-0.0012
EUR/USD	1.0929	0.0098
USD/CNH	6.8809	-0.0978
GBP/USD	1.2378	0.0036
EUR/GBP	0.8828	0.0049

  

INT RATES	NZ	Australia
OCR/Cash	5.25%	3.60%
90 day bills	5.58%	3.71%
2 year swap	5.08%	3.58%
10 year Govt	4.16%	3.46%

## A quiet session

Summing it up ... international equity markets wavered in narrow ranges, commodities were a touch weaker, with oil and gold sold, as were US treasuries, which saw the 2-year US yield firm 8bps to 4.18% while the 10-year yield gained 8bps to reach 3.59%. This supported the US dollar, which saw the NZD/USD reach a one month low, the EUR/USD fall back below the 1.1000 level, and the AUD/USD flatline, which saw the NZD/AUD fall to 0.9225.

The most interesting headlines overnight were from Charles Schwab, whose stock slipped after the firm said it decided to pause its share buyback programme as deposits tumbled 30% from 12-months ago. In contrast, LVMH's first debt sale in

three years drew over EUR3.6 billion of bids for the proposed EUR500m issue.

The NAHB/WF US housing market index increased for a fourth consecutive month to reach its highest level since September after US mortgage rates fell below 6.0%. But the big surprise was the NY Empire State Manufacturing Index, which unexpectedly jumped to 10.8 in April, from March's -24.6.

Ahead of Thursday's Q1 CPI print, NZ services PMIs eased from 55.8 to 54.5 in March, while the Food Price Index 'only' gained 0.8% on the month following February's 1.5% gain. In the year to March, the index has risen by an incredible 12.1% ... if only we could grow this stuff! Finally, February saw net immigration increase by 11,655, which was a significant increase on January's 5,170!

ECB policymaker, Martins Kazak, announced, "May's option is a 25bps or 50bps move."

## The Bank of International Settlements ...

... or the BIS, is often referred to as the central bankers' central bank, so when its head gives a speech, we should listen ...

GM of the BIS, Agustín Carstens, warned that years of fighting economic crises have created conditions that are pushing the limits of stability within the international financial system. This "region of stability" was not defined by interest rates or

debt levels, but influenced over time by political and technological forces, and macroeconomic policies. Agustín then added that to avoid a long-term "high-inflation regime" rates may need to stay higher and for longer than previously thought, even at the expense of slowing economic recoveries. He then emphasised that they are already seeing political pressure to slow rate hikes to ensure the cost of servicing that debt does not spiral as central banks are also facing large losses - on paper at least - on the trillions of dollars, or euros, worth of bonds they bought to try to boost their economies during crises, meaning governments are no longer getting a share of the profits those purchases once generated.

And in a classic case of 'talking-ones own book,' nearly two-thirds of fixed-income investors said policymakers would accept inflation that's higher than their 2% targets if it means avoiding recession, compared to 42% in a March poll.

Well, that didn't fill me with confidence, but at least my day wasn't as bad as Akshata Murty's, the wife of the UK PM, who had a very bad day at the (home) office yesterday after shares in her dad's company, Infosys, fell almost 10%, meaning her net worth fell by almost GBP50m. Still, being worth somewhere between GBP500-600m will cushion the blow ... which is a cushion I don't have!



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# Daily Rates

Tuesday 18 April 2023

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.50					CAD	0.8283	0.8978
NZD/USD	0.6186	-0.0001	-0.0003	-0.0009	-0.0033	CHF	0.5556	0.6024
NZD/AUD	0.9251	-0.0013	-0.0040	-0.0081	-0.0156	CNY	4.2457	4.6020
NZD/JPY	83.11	-0.38	-1.17	-2.37	-4.73	DKK	4.2167	4.5698
NZD/EUR	0.5657	-0.0011	-0.0031	-0.0060	-0.0115	FJD	1.3512	1.4644
NZD/GBP	0.4996	-0.0005	-0.0013	-0.0024	-0.0046	HKD	4.8550	5.2624
						KRW	815.49	883.92
AU TWI	60.50					MYR	2.7332	2.9625
AUD/USD	0.6704	0.0008	0.0025	0.0049	0.0072	NOK	6.4798	7.0235
AUD/NZD	1.0838	0.0013	0.0046	0.0092	0.0174	SEK	6.4039	6.9413
AUD/JPY	90.10	-0.29	-0.89	-1.80	-3.70	SGD	0.8250	0.8942
AUD/EUR	0.6132	-0.0004	-0.0008	-0.0012	-0.0024	TWD	18.89	20.47
AUD/GBP	0.5416	0.0002	0.0009	0.0021	0.0041	ZAR	11.32	12.26
USD Index	102.10					<b>EQUITIES</b>		
EUR/USD	1.0929	0.0019	0.0054	0.0098	0.0164		<b>Index</b>	
USD/JPY	134.40	-0.59	-1.82	-3.63	-6.99	NZX50	11,936	
GBP/USD	1.2378	0.0008	0.0022	0.0036	0.0045	ASX200	7,382	
EUR/GBP	0.8828	0.0009	0.0025	0.0049	0.0094	Dow Jones	33,960	
						S&P 500	4,144	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	7,880	
			<b>Mid</b>		<b>Mid</b>	DAX 30	15,790	
30 day bank bills			5.36%		3.64%	Nikkei	28,515	
90 day bank bills			5.58%		3.71%	<b>COMMODITIES</b>		
1 year swap			5.57%		3.68%		<b>USD</b>	
2 year swap			5.08%		3.58%	Brent Crude	84.83	
3 year swap			4.69%		3.49%	Gold	1,996.48	
5 year swap			4.34%		3.45%	Silver	25.04	
10 year swap			4.22%		3.80%	Iron Ore	119.11	
3 year Govt bond			4.40%		3.02%	CRB Index	304.57	
5 year Govt bond			4.18%		3.11%		<b>NZD</b>	
10 year Govt bond			4.16%		3.46%	NZ Carbon	61.75	

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