

# Market Alert

Wednesday 19 April 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6206	-0.0010
NZD/AUD	0.9251	-0.0081
NZD/JPY	83.19	-2.38
NZD/EUR	0.5655	-0.0061
NZD/GBP	0.4993	-0.0024
NZD/CNH	4.2708	-0.0684
AUD/USD	0.6728	0.0047
AUD/EUR	0.6132	-0.0013
EUR/USD	1.0968	0.0098
USD/CNH	6.8825	-0.0994
GBP/USD	1.2427	0.0032
EUR/GBP	0.8827	0.0052

  

INT RATES	NZ	Australia
OCR/Cash	5.25%	3.60%
90 day bills	5.57%	3.71%
2 year swap	5.17%	3.64%
10 year Govt	4.31%	3.56%

## A not so quiet session ...

An abundance of data and quotes out over the last 24 hours so let's make like Kool & The Gang and get down on it!

The minutes of the 4th of April RBA meeting were released and showed "there was a stronger case to pause at this meeting and reassess the need for further tightening at future meetings." The board noted that inflation is still too high and it "observed that it was important to be clear that monetary policy may need to be tightened at subsequent meetings and that the purpose of pausing at this meeting was to allow time to gather more information." Despite the pause, and a tick higher in Australian house prices, consumer sentiment fell to 77.2 from 79.3, its 7th lowest weekly reading since March 2020.

A plethora of Chinese data released yesterday showed a mixed picture for the world's second largest economy. GDP was better than expected, rising to 4.5% in the March quarter from 2.9%. Meanwhile retail sales surged in March, up 10.6% on the year against forecasts of 7.3%. The unemployment rate fell to 5.3% from 5.6%. However, on the other side of the ledger, industrial production fell below expectations at 3.9% on the year against 4.7% expected, while fixed asset investment also missed. Through the mess, the data shows the Chinese economy rebounded at the start of this year as it reopened from Covid lockdowns.

Housing starts in the US were down 0.8% for the month in March, following a 7.3% surge in February. The sharp decline in multifamily starts more than offset the pickup in construction of single-family homes.

Following the steps of the US, Canadian inflation has abated. On an annual basis CPI fell to 4.3% for March 2023, the lowest since August 2021, in line with market expectations and dropping from 5.2%. A key driver was transportation down to 0.3% vs 3.1% in February, which can be put down to lower gas prices at -13.8%. The result was somewhat in line with BoC forecast following its monetary tightening pause, (ambitiously) forecasting that inflation will return to 3.0% by Q3.

After what seemed like endless disappointment, the Global Dairy Trade Auction has come in positive for the first time in more than two months. The overall index was up 3.2%, matching the result on 7th February. As for the breakdown, skim milk powder leading the charge up 7.0%, with butter and whole milk powder up 4.9% and 1.0% respectively.

## ... that wasn't all bad , for once

Major equity indices in the US closed the session largely unchanged, it was a similar outcome in Europe, which is an improvement on recent trends! US 10-year yield is unchanged at 3.58%. On the crosses, the NZD seems to be gathering some (unfamiliar) gains on the USD up at 0.6210, while being largely unchanged against our frenemy, the AUD at 0.9223. It was a mixed bag on the commodity front, but the good news is that oil keeps falling currently, so keep your fingers crossed Putin remains well-behaved!



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# Daily Rates

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FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.40					CAD	0.8310	0.9011
NZD/USD	0.6206	-0.0001	-0.0004	-0.0010	-0.0035	CHF	0.5565	0.6035
NZD/AUD	0.9251	-0.0013	-0.0040	-0.0081	-0.0164	CNY	4.2653	4.6220
NZD/JPY	83.19	-0.41	-1.18	-2.38	-4.78	DKK	4.2150	4.5694
NZD/EUR	0.5655	-0.0011	-0.0032	-0.0061	-0.0116	FJD	1.3530	1.4668
NZD/GBP	0.4993	-0.0005	-0.0013	-0.0024	-0.0044	HKD	4.8716	5.2814
						KRW	818.24	887.06
AU TWI	60.80					MYR	2.7505	2.9818
AUD/USD	0.6728	0.0008	0.0025	0.0047	0.0072	NOK	6.4978	7.0444
AUD/NZD	1.0841	0.0015	0.0045	0.0092	0.0175	SEK	6.3964	6.9344
AUD/JPY	90.21	-0.31	-0.90	-1.82	-3.77	SGD	0.8269	0.8965
AUD/EUR	0.6132	-0.0004	-0.0008	-0.0013	-0.0027	TWD	18.93	20.52
AUD/GBP	0.5413	0.0003	0.0009	0.0021	0.0042	ZAR	11.27	12.21
USD Index	101.73					<b>EQUITIES</b>		
EUR/USD	1.0968	0.0020	0.0054	0.0098	0.0165		<b>Index</b>	
USD/JPY	134.09	-0.63	-1.82	-3.63	-7.03	NZX50	11,884	
GBP/USD	1.2427	0.0008	0.0021	0.0032	0.0037	ASX200	7,360	
EUR/GBP	0.8827	0.0009	0.0026	0.0052	0.0103	Dow Jones	33,999	
						S&P 500	4,154	
<b>INTEREST RATES</b>			<b>New Zealand</b>		<b>Australia</b>	FTSE100	7,909	
			<b>Mid</b>		<b>Mid</b>	DAX 30	15,883	
30 day bank bills			5.36%		3.64%	Nikkei	28,659	
90 day bank bills			5.57%		3.71%	<b>COMMODITIES</b>		
1 year swap			5.63%		3.74%		<b>USD</b>	
2 year swap			5.17%		3.64%	Brent Crude	84.69	
3 year swap			4.78%		3.55%	Gold	2,003.89	
5 year swap			4.44%		3.57%	Silver	25.18	
10 year swap			4.31%		3.91%	Iron Ore	120.01	
3 year Govt bond			4.55%		3.11%	CRB Index	306.94	
5 year Govt bond			4.33%		3.21%		<b>NZD</b>	
10 year Govt bond			4.31%		3.56%	NZ Carbon	61.35	

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