

Market Alert

Thursday 20 April 2023

CURRENCIES	Spot	6mths
NZD/USD	0.6202	-0.0011
NZD/AUD	0.9251	-0.0082
NZD/JPY	83.61	-2.45
NZD/EUR	0.5662	-0.0062
NZD/GBP	0.4986	-0.0022
NZD/CNH	4.2767	-0.0686
AUD/USD	0.6715	0.0047
AUD/EUR	0.6129	-0.0014
EUR/USD	1.0953	0.0097
USD/CNH	6.8947	-0.1004
GBP/USD	1.2438	0.0030
EUR/GBP	0.8805	0.0055

INT RATES	NZ	Australia
OCR/Cash	5.25%	3.60%
90 day bills	5.59%	3.73%
2 year swap	5.20%	3.72%
10 year Govt	4.36%	3.60%

The Antipodean corner ...

One of the big four banks have suggested the RBA will increase its cash rate at the May meeting by a further 0.25% to a peak of 3.85%, predominately driven by *“a lift in demand emanating from the sharp rise in immigration; pressures in the housing market; and the risks associated with rising wage growth, particularly in the public sector.”*

The Melbourne Institute's growth index, which indicates the likely pace of economic activity relative to trend 3 to 9-months into the future, recorded its eighth consecutive negative print lifting slightly from -0.79% to -0.75% in March.

And talking of the 'big four', NZ profits increased by 9.7%, or NZD1.77 billion, in Q4 as NIM reached record levels!

Looking at the northern hemisphere ...

In the US, mortgage applications plummeted -8.8% last week, reversing the prior week's 5.3% gain, as the average interest rate for a 30-year fixed-rate mortgage jumped by 13bps to 6.43% in what was its first increase in 6-weeks from its 2-month low at 6.30%. Meanwhile, the Beige book noted economic activity remained largely unchanged in recent weeks, with nine Districts reporting little to no change and three noting modest growth although hiring and inflation has slowed while access to credit is narrowing.

UK inflation eased to 10.1% in the year to March which, on the positive side, was below February's 10.4%, although it was higher than the 9.8% forecast. The higher-than-expected print was driven by the largest increase in food prices in more than four decades, which saw traders ramped up bets on further interest-rate hikes from the BoE as inflation fears resurface. Economists had expected a slowdown to 9.8%.

The euro-area's final CPI print for March came in at 6.9%, which was expected, although the ECB's chief economist, Philip Lane, announced, *“as of now, I think the baseline is that we should indeed increase interest rates in May. We are now in an intense phase of data dependence.”* Asked about how long the ECB's 3.0% deposit rate will remain at its peak he

added *“it would be appropriate to keep rates at the plateau level for a while before returning back to normal.”*

JP Morgan upgraded its China 2023 full-year GDP growth forecast to 6.4% from 6.0%.

From the US reporting season ...

BoA CEO Brian Moynihan announced, *“everything points to a relatively mild recession given the amount of stimulus that was paid to people and the money they have left over. At the end of the day, we don't see the activity on the consumer side slowing at a pace that would indicate that, but we would see commercial customers are being more careful.”*

The Morgan Stanley chief warns investment banking may not recover until next year while Goldmans added there is a higher risk of credit contractions as *“recent events in the banking sector are lowering growth expectations, and there is a higher risk of credit contractions given the environment is limiting banks' appetite to extend credit.”*

US Republicans plan to vote next week on a bill that would raise the US debt ceiling and enact deep cuts to US spending.

A mansion that once housed J. P. Morgan is up for grabs. About 30-minutes from central London, the 12-bedroom house will set you back a modest USD93 million!



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Daily Rates

Thursday 20 April 2023

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	70.60					CAD	0.8344	0.9035
NZD/USD	0.6202	-0.0001	-0.0004	-0.0011	-0.0034	CHF	0.5568	0.6028
NZD/AUD	0.9251	-0.0013	-0.0040	-0.0082	-0.0153	CNY	4.2741	4.6268
NZD/JPY	83.61	-0.39	-1.18	-2.45	-4.86	DKK	4.2186	4.5675
NZD/EUR	0.5662	-0.0011	-0.0031	-0.0062	-0.0119	FJD	1.3533	1.4652
NZD/GBP	0.4986	-0.0004	-0.0012	-0.0022	-0.0039	HKD	4.8683	5.2710
						KRW	825.27	893.53
AU TWI	60.70					MYR	2.7537	2.9815
AUD/USD	0.6715	0.0008	0.0025	0.0047	0.0070	NOK	6.5575	7.0999
AUD/NZD	1.0822	0.0014	0.0045	0.0093	0.0164	SEK	6.4175	6.9483
AUD/JPY	90.50	-0.30	-0.90	-1.88	-3.81	SGD	0.8275	0.8959
AUD/EUR	0.6129	-0.0003	-0.0008	-0.0014	-0.0029	TWD	18.98	20.55
AUD/GBP	0.5398	0.0003	0.0010	0.0024	0.0047	ZAR	11.27	12.20
USD Index	101.96					EQUITIES		
EUR/USD	1.0953	0.0019	0.0052	0.0097	0.0163		Index	
USD/JPY	134.79	-0.61	-1.83	-3.71	-7.14	NZX50	11,918	
GBP/USD	1.2438	0.0008	0.0020	0.0030	0.0023	ASX200	7,366	
EUR/GBP	0.8805	0.0009	0.0026	0.0055	0.0112	Dow Jones	33,884	
						S&P 500	4,154	
INTEREST RATES			New Zealand		Australia	FTSE100	7,899	
			Mid		Mid	DAX 30	15,895	
30 day bank bills			5.37%		3.65%	Nikkei	28,607	
90 day bank bills			5.59%		3.73%	COMMODITIES		
1 year swap			5.66%		3.80%		USD	
2 year swap			5.20%		3.72%	Brent Crude	83.07	
3 year swap			4.82%		3.64%	Gold	1,994.19	
5 year swap			4.48%		3.64%	Silver	25.28	
10 year swap			4.36%		3.94%	Iron Ore	120.34	
3 year Govt bond			4.59%		3.19%	CRB Index	302.69	
5 year Govt bond			4.37%		3.28%		NZD	
10 year Govt bond			4.36%		3.60%	NZ Carbon	61.35	

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