

Market Alert

Monday 22 April 2024

CURRENCIES	Spot	6mths
NZD/USD	0.5894	-0.0001
NZD/AUD	0.9194	-0.0049
NZD/JPY	90.690	-2.46
NZD/EUR	0.5545	-0.0047
NZD/GBP	0.4763	-0.0008
NZD/CNH	4.2697	-0.0373
AUD/USD	0.6410	0.0033
AUD/EUR	0.6015	-0.0020
EUR/USD	1.0654	0.0088
USD/CNH	7.2490	-0.0625
GBP/USD	1.2371	0.0017
EUR/GBP	0.8613	0.0057

INT RATES	NZ	Australia
OCR/Cash	5.50%	4.35%
90 day bills	5.67%	4.41%
2 year swap	5.08%	4.14%
10 year Govt	4.92%	4.34%

The retaliatory strike on the retaliatory strike ...

... initially sent financial markets into (yet another) melt-down, but the limited nature of the strike and the fact Iran downplayed the incident, suggesting the attack had failed, provided a sense of comfort that we may have seen the last of the retaliatory attacks. Further support for this rational followed after Reuters announced that Iran has no plans to retaliate ... in the immediate future.

Nevertheless, equity markets were broadly weaker as geo-political concerns, persistent inflationary woes, and poor results from Nvidia and Netflix weighed on the indices. Against this, commodity prices firmed across the board, as energy, metals and agri's all rallied. Bond yields were mixed, with the US 2-year yield flat at 5.00%, the 10-year eased a point to 4.62%, while the German 10-year

bund surpassed the 2.50% threshold to reach its highest level since November. The USD-index had a volatile session, eventually closing Friday's session slightly lower, although it closed above the 106.300 level, maintaining pressure on the NZD and AUD which remain near their lows just below 0.5900 and just above 0.6400.

Looking at Friday's data releases...

... German producer prices recorded their 9th consecutive month of producer deflation, although it was the smallest decline since July, after the index fell -2.9% following February's -4.1% fall. UK retail sales were flat in March following February's revised 0.1% rise, while Japanese inflation eased to 2.7% in March which was in line with forecasts, although slightly lower than February's 3-month peak at 2.8%.

In terms of central bank chit-chat, Raphael Bostic reiterated his view that the Fed shouldn't lower rates until closer to the end of the year, Neel Kashkari, raised the prospect of holding rates steady all year, while the ECB's Edward Scicluna said, "Europe's stuttering economy faces a twin blow if neither the ECB nor the Fed cut rates."

The IMF projected China will be the biggest contributor to 'new' global growth by contributing 21% over the next 5-years.

The Federal Reserve also released their semi-annual Financial Stability report, warning, "Persistent inflation, and tighter monetary policy remains the most cited potential risk to the financial system while concerns over uninsured deposits and

other factors continue to generate funding pressures for a subset of banks as 1,800 out of 9,000 institutions tapped the Bank Term Funding Program."

The weekend saw a new discussion open up on the Federal Reserve's forecasting methodology after former Governor, Ben Bernanke, published a paper for the BoE suggesting they adopt the ideology used by Sweden's Riksbank, called scenario analysis, which involves "emphasizing a range of credible risks to the baseline and how a central bank might respond" as opposed to the Fed's focus on medians that is becoming increasingly limited given the economy keeps delivering surprises.

Be careful who you upset!

BlackRock will step up security for CEO Larry Fink after an 'anti-woke' backlash!

With a lot of focus on US inflation following the last CPI print, this week's PCE release will have extra focus given it's the Fed's preferred inflation measure. There will also be a lot of focus on Q1 GDP, alongside income and spending, durable goods orders, manufacturing and services PMIs, and new home sales. Beyond the US, we also have interest rate updates from the BoJ, expected unchanged, China, on their 1 and 5-year loan prime rates, and Turkey, which is always fun, while, from our part of the world we have Australian Q1 inflation and PMIs. We have PMI releases from Australia, Japan, India, Germany, the Euro-area, and the UK, with consumer confidence releases from the Euro-area, Germany, and the UK.



BANCORP

BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP

BANCORP CORPORATE FINANCE LIMITED

Daily Rates

Monday 22 April 2024

FX	Spot	FECs (mid)				Spot Mid		
	Mid	1mth	3mths	6mths	12mths	NZD/...	AUD/...	
NZ TWI	69.90					CAD	0.8085	0.8842
NZD/USD	0.5894	0.0000	0.0000	-0.0001	-0.0003	CHF	0.5352	0.5836
NZD/AUD	0.9194	-0.0008	-0.0025	-0.0049	-0.0090	CNY	4.2610	4.6439
NZD/JPY	90.690	-0.41	-1.25	-2.46	-4.82	DKK	4.1175	4.4879
NZD/EUR	0.5545	-0.0007	-0.0022	-0.0047	-0.0105	FJD	1.3186	1.4372
NZD/GBP	0.4763	-0.0001	-0.0003	-0.0008	-0.0021	HKD	4.6062	5.0206
						KRW	808.23	880.93
AU TWI	60.90					MYR	2.8117	3.0646
AUD/USD	0.6410	0.0006	0.0017	0.0033	0.0058	NOK	6.4572	7.0380
AUD/NZD	1.0889	0.0009	0.0028	0.0054	0.0091	SEK	6.4114	6.9881
AUD/JPY	99.02	-0.36	-1.10	-2.19	-4.36	SGD	0.8006	0.8727
AUD/EUR	0.6015	-0.0002	-0.0008	-0.0020	-0.0058	TWD	19.12	20.84
AUD/GBP	0.5180	0.0004	0.0011	0.0018	0.0026	ZAR	11.23	12.25
USD Index	106.12					EQUITIES		
EUR/USD	1.0654	0.0013	0.0041	0.0088	0.0193		Index	
USD/JPY	154.61	-0.70	-2.12	-4.16	-7.97	NZX50	11,796	
GBP/USD	1.2371	0.0002	0.0007	0.0017	0.0042	ASX200	7,567	
EUR/GBP	0.8613	0.0009	0.0028	0.0057	0.0123	Dow Jones	37,986	
						S&P 500	4,967	
INTEREST RATES			New Zealand		Australia	FTSE100	7,896	
			Mid		Mid	DAX 30	17,737	
30 day bank bills			5.60%		4.35%	Nikkei	37,068	
90 day bank bills			5.64%		4.41%	COMMODITIES		
1 year swap			5.48%		4.28%		USD	
2 year swap			5.09%		4.15%	Brent Crude	87.29	
3 year swap			4.85%		4.08%	Gold	2,390.45	
5 year swap			4.65%		4.24%	Silver	28.65	
10 year swap			4.70%		4.49%	Iron Ore	108.25	
3 year Govt bond			4.83%		3.88%	CRB Index	346.24	
5 year Govt bond			4.72%		3.98%		NZD	
10 year Govt bond			4.92%		4.37%	NZ Carbon	55.75	

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.



BANCORP
BANCORP TREASURY SERVICES LIMITED

Barrington
TREASURY SERVICES

Barrington
ASSET CONSULTING



BANCORP
BANCORP CORPORATE FINANCE LIMITED