



MARKET ALERT

Friday 12 April 2019 | www.bancorptreasury.com

CURRENCIES	Spot	6mths
NZD/USD	0.6730	0.0023
NZD/AUD	0.9447	-0.0003
NZD/JPY	75.13	-0.82
NZD/EUR	0.5977	-0.0070
NZD/GBP	0.5154	-0.0028
NZD/CNH	4.5284	0.0195
AUD/USD	0.7124	0.0027
AUD/EUR	0.6327	-0.0073
EUR/USD	1.1259	0.0173
USD/CNH	6.7288	0.0056
GBP/USD	1.3058	0.0117
EUR/GBP	0.8623	0.0055

INT RATES	NZ	Australia
OCR/Cash	1.75%	1.50%
90 day bills	1.83%	1.70%
2 year swap	1.69%	1.52%
10 year Govt	2.03%	1.86%

More for the Fed to ponder

US initial jobless claims (a proxy for job layoffs and therefore a leading indicator for the US labour market) fell last week from 202,000 to 196,000, its lowest level since October 1969 when the population and labour market were much smaller. This raised hopes for another solid non-farm payrolls gain in April.

On the back of rising energy prices (US gasoline prices rose 16% in March), the US PPI rose 0.6% in March, double market expectations and its biggest monthly gain since October.

The positive jobless claims and PPI data not only will give the Fed and markets cause for thought but also gave the USD and Treasury yields a lift.

The NZD/USD was unmoved by comments from Adrian Orr yesterday restating his dovish, yet data dependent, stance but fell (USD rallied) after the US jobless claims and PPI data.

The AUD/USD also eased following the stronger US data. The USD's biggest gain was against the JPY, resulting in the NZD/JPY and AUD/JPY both rising.

Brexit now on Halloween

Brexit won't happen today. EU leaders have agreed to a "flexible extension" of Brexit until 31 October but there will be a review by 30 June. The EU's offer is seen as a victory for French President, Emmanuel Macron, (who initially opposed a Brexit delay) over German Chancellor, Angela Merkel (who was pushing for a one year Brexit delay).

However, there is a fish hook in the extension. To remain in the EU beyond 1 June, Theresa May must organise UK elections to the European Parliament on 23 May, which many feel is absurd if the UK leaves a few months after the election. Not surprisingly, Theresa May is aiming for Brexit before 1 June.

When, and if, Brexit occurs is still not certain. The GBP was unmoved by the news — perhaps, a sign of rising Brexit fatigue.

Australian consumers liked the Budget

The latest Westpac-Melbourne Institute consumer sentiment survey, taken after last week's Federal Budget, reported a lift in its headline confidence index from 98.8 in March to 100.7 in April. The measure of expected economic conditions over the next 12 months rose 6.2% and there was a sharp rise in consumers' expectations for house price gains, a surprise given how long and how far Australian house prices have been dropping. However, it was not all rosy. Confidence in family finances compared to a year ago fell 4.9% in April.

Westpac's Chief Economist, Bill Evans, summed it up well — "the key issue will be whether this boost from the Budget is sustained."

Australian election on 18 May

Australian Prime Minister, Scott Morrison, yesterday set 18 May for elections for the House of Representatives and half of the Senate.

That date has been subject to much media coverage and political whispering, so there was no reaction by financial markets even though the election outcome looks too close to call.

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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	73.23					CAD	0.8997 0.9524
NZD/USD	0.6730	0.0003	0.0011	0.0023	0.0046	CHF	0.6752 0.7147
NZD/AUD	0.9447	-0.0001	-0.0001	-0.0003	-0.0007	CNY	4.5223 4.7870
NZD/JPY	75.13	-0.14	-0.42	-0.82	-1.65	DKK	4.4621 4.7232
NZD/EUR	0.5977	-0.0012	-0.0036	-0.0070	-0.0138	FJD	1.4338 1.5177
NZD/GBP	0.5154	-0.0005	-0.0015	-0.0028	-0.0052	HKD	5.2780 5.5870
						KRW	768.45 813.44
AU TWI	61.20					MYR	2.7810 2.9438
AUD/USD	0.7124	0.0005	0.0013	0.0027	0.0054	NOK	5.7443 6.0805
AUD/NZD	1.0585	0.0001	0.0002	0.0003	0.0008	SEK	6.2497 6.6155
AUD/JPY	79.53	-0.14	-0.43	-0.84	-1.69	SGD	0.9126 0.9660
AUD/EUR	0.6327	-0.0012	-0.0037	-0.0073	-0.0142	TWD	20.77 21.99
AUD/GBP	0.5456	-0.0005	-0.0015	-0.0028	-0.0051	ZAR	9.4264 9.9782
USD Index	97.15						
EUR/USD	1.1259	0.0028	0.0087	0.0173	0.0346	EQUITIES	
USD/JPY	111.64	-0.26	-0.81	-1.60	-3.20		Index
GBP/USD	1.3058	0.0020	0.0060	0.0117	0.0224	NZX50	9,767
EUR/GBP	0.8623	0.0009	0.0027	0.0055	0.0115	ASX200	6,199
						Dow Jones	26,151
						S&P 500	2,887
						FTSE100	7,418
						DAX 30	11,935
						Nikkei	21,711
						COMMODITIES	
							USD
						Dubai Light	70.02
						Brent Crude	70.91
						Gold	1,291.84
						Silver	14.96
						CRB Index	195.43

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	1.89%	1.86%	1.71%	1.69%
90 day bank bills	1.86%	1.83%	1.72%	1.68%
FRA 90d in 3mths	1.74%	1.71%	1.63%	1.58%
FRA 180d in 6mths	1.66%	1.63%	1.62%	1.58%
1 year swap*	1.73%	1.70%	1.59%	1.57%
2 year swap*	1.70%	1.67%	1.53%	1.51%
3 year swap*	1.73%	1.70%	1.54%	1.51%
5 year swap*	1.85%	1.82%	1.76%	1.75%
10 year swap*	2.27%	2.24%	2.13%	2.12%
10 year Govt bond		2.02%		1.86%

* Semi-annual rate resets except AUD 1,2,3 year quarterly

SOURCE: Bloomberg

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