



# MARKET ALERT

Friday 15 March 2019 | [www.bancorptreasury.com](http://www.bancorptreasury.com)

CURRENCIES	Spot	6mths
NZD/USD	0.6820	0.0023
NZD/AUD	0.9655	0.0003
NZD/JPY	76.20	-0.84
NZD/EUR	0.6034	-0.0072
NZD/GBP	0.5154	-0.0028
NZD/CNH	4.5828	0.0175
AUD/USD	0.7064	0.0022
AUD/EUR	0.6251	-0.0076
EUR/USD	1.1301	0.0174
USD/CNH	6.7204	0.0028
GBP/USD	1.3232	0.0117
EUR/GBP	0.8540	0.0056

  

INT RATES	NZ	Australia
OCR/Cash	1.75%	1.50%
90 day bills	1.87%	1.85%
2 year swap	1.83%	1.63%
10 year Govt	2.05%	1.97%

## Brexit delayed to 30 June

The UK House of Commons, in the last two days having voted against the deal agreed between Theresa May's government and the EU and voted against a 'No Deal' Brexit, has voted to seek EU approval to delay Brexit until 30 June. Significantly, this third vote was the most decisive of the three key Brexit votes this week.

The next step for Prime Minister, Theresa May, is to formally ask for an extension at the EU Summit on

21 March. Such an extension requires the unanimous approval of all 27 EU member nations.

The wording of the motion passed overnight raises the possibility of another parliamentary vote early next week, i.e. before 21 March, on Theresa May's negotiated EU withdrawal agreement. The House of Commons has voted down that agreement twice already. Another vote against the agreement could mean three strikes and out for Theresa May's agreement, or, will she hit a home run on the third pitch?

Complicating any extension are the upcoming European Parliament elections, likely to be held in May. The UK will have to participate in those elections if it is still in the EU, even if under notice to leave, which could be another uncomfortable political circus in the UK.

The good news for markets is that a delayed Brexit is the markets' second most favoured outcome behind abandoning Brexit and staying with the EU. The GBP held most of its recent gains, despite losing a little ground after last night's vote because the end game remains distant, if not uncertain.

## Negative view of Chinese data

China's industrial production in January and February was 5.3% up on a year earlier, down from 5.7% over

the December year and below market consensus. Retail sales in January and February were 8.2% higher than over the same period last year, the same as in December and matching market expectations.

Non-rural fixed asset investment over January and February was 6.1% up on a year earlier, up from 5.9% in December and beating market expectations. Housing sales by value in January and February continued the recent falling trend. They were 4.5% higher than a year earlier, well down on December's 13.6% gain.

January and February are combined for statistical purposes to smooth out potential distortions on the data for the January and February months from the Lunar New Year.

The data was taken as further indication of slowing activity in China's industrial and manufacturing sectors, especially for export-oriented manufacturers who are nervously following the current trade talks between the US and China.

The Chinese data caused hard commodity prices, the NZD/USD and AUD/USD to edge lower. They received another, albeit gentle, nudge lower, on news that a Trump-Xi summit (to sign a trade agreement) is unlikely to be held this month.

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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	74.26					<b>CAD</b>	0.9085	0.9410
NZD/USD	0.6820	0.0004	0.0012	0.0023	0.0043	<b>CHF</b>	0.6848	0.7093
NZD/AUD	0.9655	0.0002	0.0003	0.0003	-0.0005	<b>CNY</b>	4.5843	4.7484
NZD/JPY	76.20	-0.14	-0.42	-0.84	-1.75	<b>DKK</b>	4.5030	4.6641
NZD/EUR	0.6034	-0.0012	-0.0036	-0.0072	-0.0145	<b>FJD</b>	1.4530	1.5050
NZD/GBP	0.5154	-0.0005	-0.0014	-0.0028	-0.0055	<b>HKD</b>	5.3528	5.5444
						<b>KRW</b>	774.94	802.67
AU TWI	60.20					<b>MYR</b>	2.7949	2.8949
AUD/USD	0.7064	0.0003	0.0010	0.0022	0.0049	<b>NOK</b>	5.8483	6.0576
AUD/NZD	1.0358	-0.0002	-0.0004	-0.0003	0.0005	<b>SEK</b>	6.3492	6.5764
AUD/JPY	78.93	-0.17	-0.47	-0.89	-1.77	<b>SGD</b>	0.9246	0.9576
AUD/EUR	0.6251	-0.0014	-0.0039	-0.0076	-0.0147	<b>TWD</b>	21.09	21.85
AUD/GBP	0.5338	-0.0006	-0.0017	-0.0031	-0.0054	<b>ZAR</b>	9.9042	10.2586
USD Index	96.78							
EUR/USD	1.1301	0.0030	0.0087	0.0174	0.0352			
USD/JPY	111.75	-0.28	-0.81	-1.60	-3.26			
GBP/USD	1.3232	0.0021	0.0060	0.0117	0.0228			
EUR/GBP	0.8540	0.0009	0.0027	0.0056	0.0117			

INTEREST RATES	New Zealand		Australia	
	Borrow	Invest	Borrow	Invest
30 day bank bills	1.88%	1.84%	1.85%	1.83%
90 day bank bills	1.89%	1.85%	1.87%	1.83%
FRA 90d in 3mths	1.89%	1.86%	1.73%	1.68%
FRA 180d in 6mths	1.83%	1.81%	1.74%	1.70%
1 year swap*	1.88%	1.84%	1.71%	1.69%
2 year swap*	1.85%	1.82%	1.63%	1.62%
3 year swap*	1.85%	1.83%	1.63%	1.63%
5 year swap*	1.97%	1.94%	1.88%	1.87%
10 year swap*	2.36%	2.34%	2.22%	2.22%
10 year Govt bond		2.04%		1.97%

EQUITIES	
	Index
<b>NZX50</b>	9,435
<b>ASX200</b>	6,180
<b>Dow Jones</b>	25,714
<b>S&amp;P 500</b>	2,806
<b>FTSE100</b>	7,185
<b>DAX 30</b>	11,587
<b>Nikkei</b>	21,287

COMMODITIES	
	USD
<b>Dubai Light</b>	68.03
<b>Brent Crude</b>	67.21
<b>Gold</b>	1,296.69
<b>Silver</b>	15.18
<b>CRB Index</b>	190.97

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

SOURCE: Bloomberg

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