



BANCORP

BANCORP TREASURY SERVICES LIMITED

MARKET ALERT

Tuesday 23 April 2019 | www.bancorptreasury.com

CURRENCIES	Spot	6mths
NZD/USD	0.6676	0.0026
NZD/AUD	0.9360	0.0000
NZD/JPY	74.72	-0.79
NZD/EUR	0.5929	-0.0068
NZD/GBP	0.5143	-0.0026
NZD/CNH	4.4811	0.0218
AUD/USD	0.7133	0.0027
AUD/EUR	0.6336	-0.0073
EUR/USD	1.1259	0.0174
USD/CNH	6.7122	0.0066
GBP/USD	1.2980	0.0116
EUR/GBP	0.8674	0.0056

INT RATES	NZ	Australia
OCR/Cash	1.75%	1.50%
90 day bills	1.78%	1.69%
2 year swap	1.65%	1.50%
10 year Govt	1.97%	1.95%

More good Australian news

Fitch Ratings has affirmed Australia's 'AAA' long term rating. It forecasts the government's fiscal position to improve due to "buoyant commodity revenue, a strong labour market and sustained spending restraint," a "sizeable pipeline of public infrastructure spending and recently proposed tax cuts" and the upcoming Federal elections "which could alter the policy outlook" (that's stating the obvious).

GDP is forecast to fall from 2.8% in 2018 to 2.0% in 2019 before rebounding to 2.5% in 2020.

The headline Australian labour market numbers for March released soon after the Fitch announcement were satisfactory — 25,700 jobs added (more than expected) and the unemployment rate rose from 4.9% to 5.0% (as expected). The details elevated the data to very good — 48,300 full-time jobs were added, offsetting a loss of 22,600 part-time jobs, the participation rate rose from 65.6% to 65.7%, the two most populous states (NSW and Victoria) still have the lowest unemployment rates by a long way. The unemployment rate fell in Victoria and the unemployment rate was unchanged in NSW but fell in every other state.

The AUD jumped after the labour market data, although the AUD/USD failed to get above 0.7200. That failure counted against the AUD/USD when the USD rallied over the long weekend. In a familiar pattern, the NZD/USD failed to follow the AUD/USD up but kept pace with the falling AUD/USD, resulting in the NZD/AUD creeping lower (again).

US consumers resume spending

US retail sales jumped 1.6% in March beating expectations for a 1.0% gain after February's 0.2% fall and recording the biggest monthly gain since September 2017. Retail sales ex-autos rose 1.2% in March, also rebounding from a 0.2% fall in February, which highlighted how broad-based the spending rebound was.

Adding to the positivity about the US economy, first time jobless claims fell again last week to their lowest since September 1969 when the population and labour market were both smaller. The four week moving average of claims, a more stable measure, fell to its lowest level since November 1969.

The positive US data, increasing confidence that China's slow down has been arrested and progress, albeit slow, on US-China trade talks lifted the USD, Treasury yields and crude oil prices over the weekend. The USD received an additional boost from weak German and Eurozone PMI data that hurt the EUR and GBP.

Stimulus galore in China

During the March quarter, China's National Development and Reform Commission (the official central government state planner) approved 50 infrastructure investment projects totalling CNY370.3 billion, including a gas pipeline to Russia.

Chinese local governments issued a total of CNY1.18 trillion worth of bonds in the March quarter to finance infrastructure investment, up sharply from CNY219.5 billion issued in the same period last year and lifting total debt to CNY19.6 trillion (ouch!). These are further examples of the stimulus measures orchestrated by China's central government to halt the decline in economic growth in the latter part of last year.

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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	72.66					CAD	0.8912 0.9521
NZD/USD	0.6676	0.0004	0.0012	0.0026	0.0049	CHF	0.6782 0.7246
NZD/AUD	0.9360	0.0000	0.0000	0.0000	-0.0005	CNY	4.4809 4.7875
NZD/JPY	74.72	-0.13	-0.41	-0.79	-1.63	DKK	4.4273 4.7302
NZD/EUR	0.5929	-0.0012	-0.0035	-0.0068	-0.0135	FJD	1.4245 1.5219
NZD/GBP	0.5143	-0.0005	-0.0014	-0.0026	-0.0049	HKD	5.2371 5.5955
						KRW	761.89 814.02
AU TWI	61.40					MYR	2.7624 2.9514
AUD/USD	0.7133	0.0004	0.0013	0.0027	0.0056	NOK	5.6716 6.0597
AUD/NZD	1.0684	0.0000	0.0000	-0.0001	0.0006	SEK	6.2111 6.6361
AUD/JPY	79.84	-0.14	-0.44	-0.85	-1.69	SGD	0.9055 0.9674
AUD/EUR	0.6336	-0.0012	-0.0037	-0.0073	-0.0141	TWD	20.60 22.01
AUD/GBP	0.5495	-0.0005	-0.0015	-0.0028	-0.0050	ZAR	9.4520 10.0988
USD Index	97.29						
EUR/USD	1.1259	0.0029	0.0087	0.0174	0.0347	EQUITIES	
USD/JPY	111.94	-0.27	-0.81	-1.61	-3.23		Index
GBP/USD	1.2980	0.0020	0.0060	0.0116	0.0221	NZX50	9,960
EUR/GBP	0.8674	0.0009	0.0027	0.0056	0.0118	ASX200	6,260
						Dow Jones	26,506
						S&P 500	2,908
						FTSE100	7,460
						DAX 30	12,222
						Nikkei	22,218
						COMMODITIES	
							USD
						Dubai Light	72.77
						Brent Crude	74.10
						Gold	1,275.22
						Silver	15.01
						CRB Index	196.20
INTEREST RATES		New Zealand		Australia			
		Borrow	Invest	Borrow	Invest		
30 day bank bills		1.86%	1.82%	1.71%	1.69%		
90 day bank bills		1.80%	1.76%	1.71%	1.67%		
FRA 90d in 3mths		1.75%	1.69%	1.62%	1.57%		
FRA 180d in 6mths		1.65%	1.62%	1.61%	1.57%		
1 year swap*		1.72%	1.68%	1.59%	1.56%		
2 year swap*		1.67%	1.63%	1.52%	1.47%		
3 year swap*		1.69%	1.66%	1.55%	1.50%		
5 year swap*		1.83%	1.79%	1.79%	1.75%		
10 year swap*		2.27%	2.24%	2.16%	2.12%		
10 year Govt bond			1.95%		1.95%		

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

SOURCE: Bloomberg

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