

CURRENCIES	Spot	6mths
NZD/USD	0.7109	0.0002
NZD/AUD	0.9259	-0.0007
NZD/JPY	73.71	-0.13
NZD/EUR	0.5888	-0.0022
NZD/GBP	0.5234	-0.0004
NZD/CNH	4.6182	0.0515
AUD/USD	0.7678	0.0008
AUD/EUR	0.6358	-0.0019
EUR/USD	1.2075	0.0049
USD/CNH	7.1227	0.0704
GBP/USD	1.3582	0.0014
EUR/GBP	0.8890	0.0027
INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.29%	0.02%
2 year swap	0.28%	0.07%
10 year Govt	1.01%	1.07%

## Chinese growth remains positive ... just

Just to prove that China remained busy over the Christmas period, we had a host of data released which showed that, on an annualised basis, industrial production increased 7.3% (expected 6.9%), retail sales increased 4.6% (5.35% expected), the December unemployment rate was 5.2%, and 11.9 million urban jobs were created during the year, which is impressive as they were only targeting 10 million jobs! Anyway, these inputs combined to generate Q4 GDP at 6.5%, which produced an annual growth rate of 2.3%, meaning China was the only major economy to avoid a full-year contraction in 2020.

While the data suggests the economy has almost normalised after the slump in early 2020, the country is still fighting COVID-19 disruptions, with fresh outbreaks in a couple of provinces in northern China. The stronger yuan is also making exports more expensive for many overseas buyers.

## New broom sweeps clean

The Presidential-elect team are starting to fill out the majority of their administrative positions, and the new team of financial regulators could mean trouble for Wall Street. While the names won't mean a lot, Biden's pick for the SEC, Gary Gensler, and the Consumer Agency, Rohit Chopra, are known as Wall Street adversaries and will most likely target Chinese companies, crypto currencies, Robinhood, credit card companies, special purpose acquisition vehicles, and push corporate America on diversity and climate change impacts.

The new US administration is also planning to revert to tradition and only allow the Treasury Secretary to comment on the US dollar. That definitely takes all the fun out of Presidential Tweets! Overnight, Janet Yellen will be speaking at a Senate Finance Hearing where lawmakers will yet the USD1.9 trillion relief plan, and it is proposed that Ms Yellen will make it clear that this US administration will not seek a weaker dollar.

Which is probably appropriate after media reports out of the EU suggest the EC is drafting a policy paper setting out plans to lessen its reliance on the USD. The proposal will include tighter controls on foreign takeovers and will attempt to boost the use of EURs in financial markets to reduce their vulnerability to US sanctions and to mitigate financial risks.

With the US markets closed overnight for Martin Luther King Day, Asian and European markets were subdued. Yes, the Chinese GDP number was a positive, and Europe is concerned with the impacts of a double dip recession, but the markets took this in its stride. Equities were flat, the NZD/USD is at 0.7110, AUD/USD last traded at 0.7680, and the NZD/AUD remains under pressure at 0.9260.

Ahead of this week's Bank of Japan meeting, a Japanese paper has suggested the BoJ may allow JGBs to trade in a wider range than the current 0% target for 10 years. The article doesn't state when this adjustment to policy would take place but suggests it will be in H2 2021. The target has been in place since 2016, highlighting the long term struggle Japanese policymakers have had in reaching their 2% inflation objective.











ГУ	Spot	ot FECs (mid)					Spot Mid	
FX	Mid	1mth	3mths	6mths	12mths		NZD/	AUD/
NZ TWI	74.13					CAD	0.9070	0.9795
NZD/USD	0.7109	0.0001	0.0002	0.0002	0.0002	CHF	0.6334	0.6840
NZD/AUD	0.9259	-0.0001	-0.0003	-0.0007	-0.0016	CNY	4.6159	4.9853
NZD/JPY	73.71	-0.02	-0.06	-0.13	-0.34	DKK	4.3797	4.7302
NZD/EUR	0.5888	-0.0004	-0.0011	-0.0022	-0.0048	FJD	1.4515	1.5677
NZD/GBP	0.5234	-0.0001	-0.0002	-0.0004	-0.0012	HKD	5.5119	5.9530
						KRW	785.78	848.67
AU TWI	63.40					MYR	2.8757	3.1058
AUD/USD	0.7678	0.0001	0.0004	0.0008	0.0016	NOK	6.1089	6.5977
AUD/NZD	1.0800	0.0001	0.0004	0.0008	0.0019	SEK	5.9668	6.4443
AUD/JPY	79.61	-0.01	-0.03	-0.08	-0.22	SGD	0.9462	1.0219
AUD/EUR	0.6358	-0.0004	-0.0009	-0.0019	-0.0041	TWD	19.91	21.50
AUD/GBP	0.5653	0.0000	0.0000	0.0000	-0.0003	ZAR	10.7764	11.6388
USD Index	90.79							
EUR/USD	1.2075	0.0009	0.0024	0.0049	0.0103	EQUITIES		
USD/JPY	103.70	-0.03	-0.10	-0.22	-0.51			Index
GBP/USD	1.3582	0.0002	0.0007	0.0014	0.0035	NZX50		12,838
EUR/GBP	0.8890	0.0005	0.0013	0.0027	0.0053	,		6,663
						Dow Jo	ones	30,814
INTEREST		New Ze	aland Australia		alia	-		3,768
RATES		Borrow	Invest	Borrow	Invest	FTSE10	0	6,721

RATES	Borrow	Invest	Borrow	Invest	FTSE100
					DAX 30
30 day bank bills	0.28%	0.24%	0.02%	0.02%	Nikkei
90 day bank bills	0.31%	0.27%	0.04%	0.00%	
FRA 90d in 3mths	0.30%	0.22%	0.04%	-0.01%	COMMODITIES
FRA 180d in 6mths	0.26%	0.23%	0.06%	0.02%	
1 year swap*	0.27%	0.25%	0.04%	0.01%	Dubai Light
2 year swap*	0.29%	0.26%	0.08%	0.06%	Brent Crude
3 year swap*	0.37%	0.34%	0.16%	0.13%	Gold
5 year swap*	0.58%	0.56%	0.42%	0.40%	Silver
10 year swap*	1.09%	1.06%	1.06%	1.04%	CRB Index
10 year Govt bond		0.99%		1.07%	

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

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13,848 28,242

USD 54.04 54.78 1,836.17 25.03 186.22