

CURRENCIES	Spot	6mths
NZD/USD	0.7303	-0.0004
NZD/AUD	0.9324	-0.0010
NZD/JPY	77.94	-0.20
NZD/EUR	0.6042	-0.0028
NZD/GBP	0.5248	-0.0006
NZD/CNH	4.7109	0.0595
AUD/USD	0.7833	0.0004
AUD/EUR	0.6480	-0.0023
EUR/USD	1.2088	0.0049
USD/CNH	7.1227	0.0853
GBP/USD	1.3975	0.0008
EUR/GBP	0.8650	0.0030
INT RATES	NZ	Australia
OCR/Cash	0.25%	0.10%
90 day bills	0.31%	0.03%
2 year swap	0.48%	0.14%
10 year Govt	1.76%	1.72%

Stellar result

The GDT auction overnight saw the overall index increase 15.0% ... yes, that is correct ... 15.0! What was even more impressive was that WMP was up 21.0%, hitting its highest price in 7 years, while butter was up 13.7%. Unfortunately, volumes were lower than 12 months ago, suggesting supply constraints may have supported the lift in prices.

RBA doing a 'Led Zeppelin'

In leaving its cash and 3 year YCC target at 0.10%, the RBA played "The Song Remains The Same" stating "the Board

will not increase the cash rate until actual inflation is sustainably within the 2.0-3.0% target range. This will require significant gains in employment and a return to a tight labour market. The Board does not expect these conditions to be met until 2024, at the earliest."

On the bond market, it stated "the Bank remains committed to the 3 year yield target and recently purchased bonds to support the target and will continue to do so, as necessary. Also, bond purchases under the bond purchase program were brought forward this week to assist with the smooth functioning of the market." Before adding "changes in bond yields globally have been associated with volatility in some other asset prices, including foreign exchange rates. The Australian dollar remains in the upper end of the range of recent years."

RBNZ doing a 'Demi Lovato'

Meanwhile, RBNZ's Assistant Governor, Christian Hawkesby, while on the classic 'Here We Go Again,' let slip that the RBNZ "can cut the cash rate (and) can increase its weekly bond purchases if needed. The RBNZ is committed to prolonged stimulus. The economic recovery in New Zealand is uneven and fragile, the outlook is muted." There was a little bit of push back on housing being part of their mandate with "the remit asks the policy committee to assess impact, not have regard to ... the appropriate tool for housing is macroprudential."

New Zealand's Q4 Terms of Trade (ToT) jumped 1.3% against an expected 1.0%.

It was interesting to note that the increase is predominantly driven from the import side, with prices falling 1.7% whereas export prices 'only' fell 0.4%. Services Terms of Trade increased 2.8% with exports up 2.4% and imports down 0.5%.

San Francisco's Fed President, Mary Daly, said "a K-shaped recovery is not acceptable" while Lael Brainard added "we have looked at asset valuations recently and we are seeing some signs of stretched valuations."

EU CPI held steady at 0.9% in the year to February 2021, unchanged from the previous month's 11 month high and in line with market expectations.

China's banking regulator Chair announced "China is to reduce leverage, banks have made progress in reducing leverage, (but the) situation with property to improve. The property sector has big bubbles, (we need) to keep focusing on the financial risks."

International stocks were mixed as Treasuries stabilized after the recent spike in yields. The big beneficiaries overnight were the NZD/USD 0.7300, AUD/USD 0.7830 and the EUR/USD 1.2085 which all rallied as the USD retraced from technical resistance levels.











FX	Spot	FECs (mid)			S		pot Mid	
	Mid	1mth	3mths	6mths	12mths		NZD/	AUD/
NZ TWI	75.89					CAD	0.9202	0.9869
NZD/USD	0.7303	0.0000	-0.0001	-0.0004	-0.0014	CHF	0.6677	0.7161
NZD/AUD	0.9324	-0.0002	-0.0005	-0.0010	-0.0023	CNY	4.6997	5.0404
NZD/JPY	77.94	-0.03	-0.09	-0.20	-0.52	DKK	4.4926	4.8183
NZD/EUR	0.6042	-0.0005	-0.0013	-0.0028	-0.0061	FJD	1.4854	1.5931
NZD/GBP	0.5248	-0.0001	-0.0002	-0.0006	-0.0017	HKD	5.6645	6.0752
						KRW	820.51	880.00
AU TWI	64.10					MYR	2.9286	3.1409
AUD/USD	0.7833	0.0001	0.0003	0.0004	0.0004	NOK	6.1830	6.6312
AUD/NZD	1.0725	0.0002	0.0005	0.0012	0.0026	SEK	6.1186	6.5622
AUD/JPY	83.60	-0.01	-0.05	-0.12	-0.36	SGD	0.9705	1.0408
AUD/EUR	0.6480	-0.0004	-0.0011	-0.0023	-0.0050	TWD	20.36	21.83
AUD/GBP	0.5605	0.0000	0.0000	0.0000	-0.0004	ZAR	10.9068	11.6976
USD Index	90.76							
EUR/USD	1.2088	0.0009	0.0024	0.0049	0.0100	EQUITIES		
USD/JPY	106.73	-0.04	-0.11	-0.21	-0.52			Index
GBP/USD	1.3975	0.0002	0.0004	0.0008	0.0018	NZX50		12,344
EUR/GBP	0.8650	0.0005	0.0015	0.0030	0.0060	ASX200		6,762
						Dow Jo	31,580	
INTEREST		New Zealand		Australia		S&P 500		3,901
RATES		Borrow	Invest	Borrow	Invest	FTSE10	00	6,614
						DAX 3	0	14,040
30 day bank bills		0.28%	0.24%	0.02%	0.02%	Nikkei		29,408
90 day bank b	oills	0.33%	0.29%	0.05%	0.01%			
FRA 90d in 3mths		0.34%	0.29%	0.07%	0.02%	COMMODITIES		
FRA 180d in 6mths		0.39%	0.36%	0.13%	0.09%			USD
1 year swap*		0.36%	0.32%	0.07%	0.06%	Dubai Light		61.59
2 year swap*	2 year swap*		0.46%	0.14%	0.14%	Brent Crude		63.56
3 year swap*		0.70%	0.67%	0.30%	0.29%	Gold		1,736.97
5 year swap*	5 year swap*		1.10%	0.83%	0.81%	Silver		26.82
10 year swap [*]	10 year swap*		1.86%	1.76%	1.75%	CRB In	dex	202.80
10 year Govt	bond		1.74%		1.72%			
* Semi-annual	l rate resets es	xcent AUD 1	.2.3 year gu	arterly				

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

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