8 May 2017

# Warning: Explicit Tightening Bias Ahead

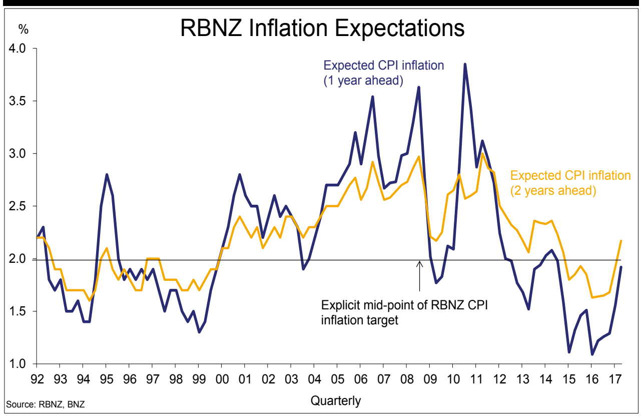
- Higher cash rate demanded
- As inflation and inflation expectations rise
- Labour market nears full employment and NZD weakens
- RBNZ to prevaricate with modest shift to tightening bias
- We move our hike call forward to February

There is no excuse for the cash rate to be just 1.75% in New Zealand. But odds are the Reserve Bank will find one when it delivers its May 11, Monetary Policy Statement. As we see it: inflation expectations are elevated and rising; growth is at or above trend; capacity constraints are intensifying; headline and core inflation are around the mid-point of the Reserve Bank's target band; the currency is proving to be weaker than anticipated; and commodity prices are pushing New Zealand's Terms of Trade to near record levels. All of this argues for the cash rate to be a lot closer to neutral than where it currently is.

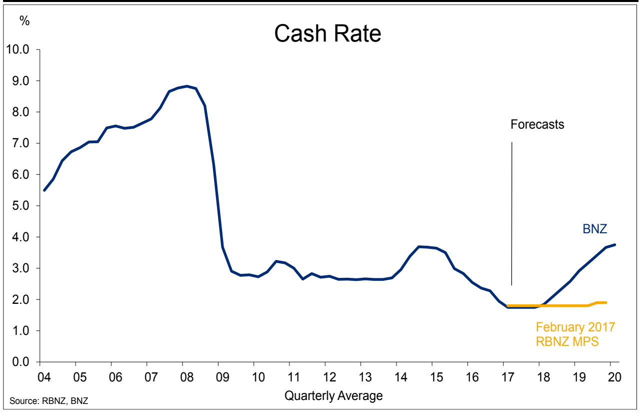
So why do we think the RBNZ will sit pat this week? Simply because it said it would. When it released its March OCR review, the Bank reaffirmed that not only did it expect interest rates to stay where they were for the foreseeable future but it went on to reiterate that it thought there was equal chance that the next move could be a cut as a hike. To hike this week would leave the Bank with egg splattered all over its face, a prospect it couldn't abide.

But surely, at the very least, the Bank will be forced to admit that it now has a tightening bias? Equally, it would be negligent not to express this through an explicit expression of rate increase(s) in its published OCR track. The biggest questions should revolve around how early the Bank is prepared to poke in a first rate increase and how quickly (if at all) rates rise thereafter.

Inflation Expectations Jump




Rates Higher, Sooner



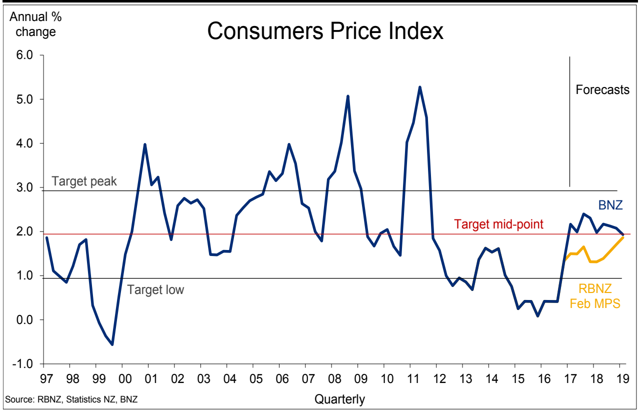

Realistically, we have no idea how the Bank will weight its desire to be consistent (with previous statements) versus the increasing evidence of rising inflation in the data. With no great conviction, we think the Bank will print a track which shows the first rate hike in H2 2018 rising at around 10 basis points a quarter thereafter. And given that the neutral interest rate is likely to be significantly above current levels, even this track would allow the RBNZ to reiterate that "monetary policy will (still) remain accommodative for a considerable period".

Perhaps the most important development recently has been the surge in CPI inflation expectations. The RBNZ's two-year-ahead series rose to 2.17% in Q2 from 1.92% in Q1 and 1.68% in Q4, 2016. The six month 0.49% increase was the highest in the thirty year history of the series. The previous drop in inflation expectations was cited as the main reason that the Bank slashed rates when it did. One assumes that the reversal of expectations' declines should thus mean the same for interest rates. And let it not be forgotten that the last time inflation expectations were at current levels the cash rate was 3.5%.

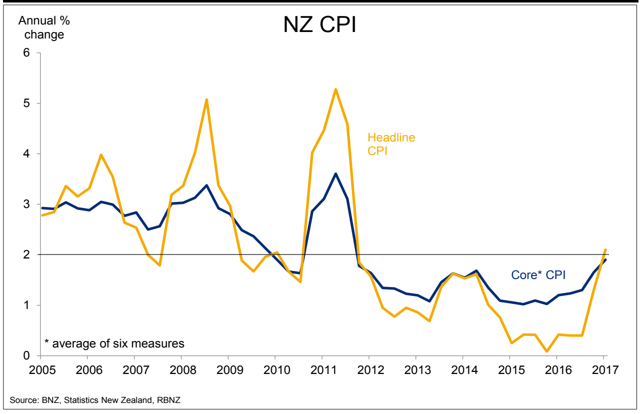
Of course, one of the main reasons that inflation expectations are rising is because headline inflation has pushed significantly higher. Having been near zero for quite some time, headline inflation has now jumped to 2.2% on an annual basis. The rise to (and through) the mid-point of the RBNZ's target band has occurred two years earlier than the RBNZ had expected. Sure, there are a few one-offs driving the jump last quarter but we still believe inflation has not yet peaked and that it won't drop below 2.0% until 2019 (and that only with the help of higher interest rates).

Importantly, not only has headline inflation moved to the middle of the target band but core inflation is there too.

Headline Inflation On Target




Core Inflation Too




Our derived measure, based on the six "core" readings that the RBNZ follows, sits at an annual 1.9%.

Meanwhile, the pressure on future inflation keeps rising. To start with, the NZD Trade Weighted Index (TWI) is currently almost 5.0% below the level the RBNZ assumed it would settle at through the current quarter. Was it to stay here that would add around 0.5% to the RBNZ's year ahead inflation forecast by itself.

And elsewhere the pressures continue to rise. Capacity utilisation indicators keep going from strength to strength, the unemployment rate (at 4.9%) is now at or below levels previously considered as inflation-generating, dairy prices are rising and will push the terms of trade back towards record highs and it is highly likely that the upcoming Budget will deliver an easier fiscal policy track than that currently built into RBNZ forecasts.

Sure, lending rates are already rising as bank funding costs increase. Credit growth is also being restricted thanks to a combination of the liability growth difficulties faced by banks, tighter RBNZ controls and the increased cost of capital. And, consequently, the housing market does appear to be softening (at least in Auckland and Christchurch).

From the RBNZ's perspective they will also point to ongoing low wage inflation, further uncertainty in the global economy and the transitory nature of some of the recent price "shocks". This is fair enough we still believe that the potential deflationary impacts that persist seem to be well and truly overshadowed by the inflationary pulses elsewhere. Moreover, our general premise is that as all else starts to return to "normal" so too should interest rates.

Taking all this into consideration, we not only believe the RBNZ will have to formally move to a tightening bias but we also believe that it will, eventually, be forced into moving rates even earlier than we have previously hypothesized. Accordingly, we are taking this opportunity to move our own projected first tightening from May 2018 to February 2018 even though we doubt the RBNZ will say anything of the sort this time around.

The remaining data for the week will have no bearing on the RBNZ's near-term thoughts though Friday's PMI will provide further insight as to the economy's strength. We have been flabbergasted by the strength in this index.

The March reading of 57.8 was the highest since July 2013 and, in combination with the strength in the PSI, the indicator suggests GDP growth will rise to an annual 4.0%. We don't think production GDP will rise to these heights so even a relatively large drop in the index would remain consistent with our own view of around 2.5 to 3.0% annual GDP growth. That said, expenditure GDP growth is sitting around 4.0% currently and may well be better reflecting the true nature of the current expansion.

Whatever the case, we would expect some moderation in Friday's PMI level.

On the same day as the MPS we get April's food price data. Food price increases were a significant driver of headline inflation through the March quarter. We expect a seasonal moderation in their impact through the June quarter but poor weather will boost fresh vege prices such that we expect overall food prices to be up 0.5% for the first month of the quarter. This is consistent with our view that the CPI rises 0.2% through the June quarter yielding an annual increase of 2.0%.

Wednesday sees accommodation data for the month of March which should reaffirm the growing pressure on New Zealand capacity in the tourism sector. On the same day Electronic Card Transactions data are due. We have penciled in 0.6% for the month but there is the potential for a "rogue" number given that this April had both Easter and Anzac Day, these coincided with the school holidays and then there were activity-impacting storms to boot. So, whatever the number, we won't pay it too much attention.

The Crown Accounts release for the nine months to March is also due Wednesday. This should provide more evidence that the nation's fiscal position is getting healthier by the day. It will thus provide the Finance Minister with further ammunition to support his view that Government will be able to reduce debt further while also increasing expenditure on infrastructure needs.

On Tuesday the RBNZ publishes its most recent findings on the stock of credit. This will provide much more detail than previous RBNZ releases and will be watched with interest as a consequence. Unfortunately, however, there will be no time series so it will be some time before we get a better understanding of the evolution of the data.

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# Global Watch

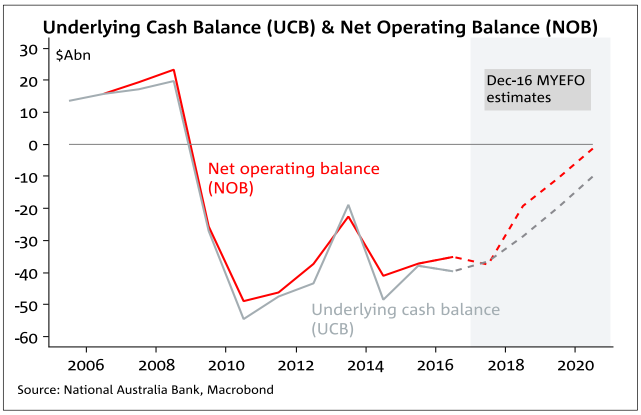
- Budget, NAB Survey and Retail Sales the Australian highlights this week
- ECB back in focus post French election
- No change expected from BoE
- CPI/PPI's due in US and China

## Australia

Treasurer Morrison to unveil a somewhat better budget deficit track in Tuesday night's Budget, including a continued expectation of balance/surplus for 2020-21.This should be sufficient to maintain Australia's AAA credit rating. Infrastructure and housing affordability likely the major Budget themes. There is also some key data, starting with the NAB Business Survey for April, out today along with March Building Approvals.Retail trade in March (Tuesday) is expected to rebound from February's decline.Other data includes ANZ Job Advertisements (Monday) and weekly ANZ-Roy Morgan Consumer Sentiment Tuesday.

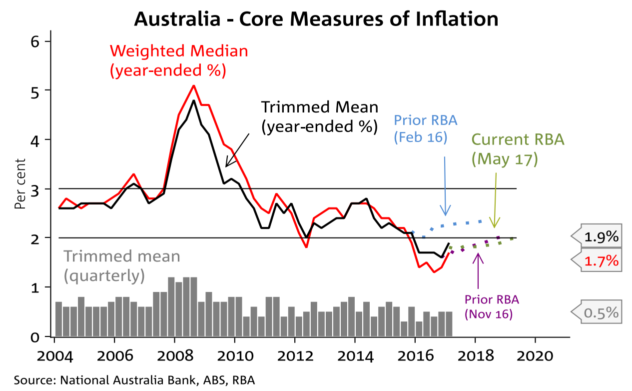
The week starts with the NAB Business Survey for April, out a day earlier than its usual Tuesday release owing to the Federal Budget on Tuesday night.Suffice to say as a reminder, the March Survey indicated an overall healthy economy that appeared to be gaining momentum, though Cyclone Debbie did affect response rates in QLD which could have impacted on the result. That said, the kick in Queensland conditions (up 12 to +20) may have also reflected a large concentration of respondents in the stronger South East compared to a struggling North Queensland. Overall, business conditions index jumped 5 points in March, to be at +14 index points – and trending well above long-run averages. The business confidence index fell 1 point to +6 index points in March, which is in line with the series' long-run average.

**Chart 1: A New Budget Focus, the Net Operating Balance**



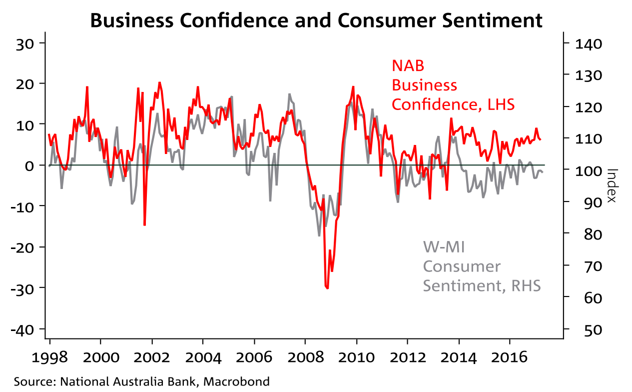

Source: National Australia Bank, Macrobond

**Chart 2: RBA Hardly Touched Its Inflation Forecasts**




Source: National Australia Bank, ABS, RBA

**Chart 3: Business and Consumer Confidence**



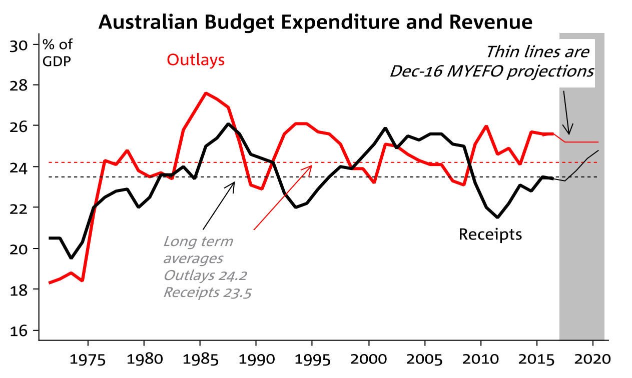

Source: National Australia Bank, Macrobond

Attention will then turn to Tuesday night's second Morrison-Turnbull Budget with the market most interested in:

- The projected Budget deficit for 2017-18;
- The track ahead, including an expectation that for 2020-21, the Government continues to project at least budget balance if not a modest surplus, whether on the standing Underlying Cash Balance (UCB) basis or the now-proposed Net Operating Balance (NOB); and
- The underlying economic assumptions - expect growth of around 3% and fairly conservative assumptions for bulk commodity prices and the terms of trade, a large swing factor for government tax receipts.(The Mid Year Economic and Fiscal Outlook (MYEFO, the mid-year review) assumed that iron ore prices for example would ease to $US55/t by the September quarter of 2017.)

NAB expects the Treasurer to unveil a UCB deficit for 2017-18 of $23bn, down from $26.1bn projected in last year's Budget and $28.7bn at the December 16 mid-year Budget review. The Treasurer is also expected to unveil a somewhat improved track toward balance for the UCB in 2020-21. With a NOB deficit of just $1.3bn projected at the mid-year review, it's also more than conceivable that

Chart 4: Budget Spending and Receipts Backdrop



Source: National Australia Bank, Macrobond

the alternative NOB measure might even be back in surplus a year earlier than the UCB, in 2019-20.

The difference between the UCB and the NOB is that the UCB is on a "cash" basis whereas the NOB is on an "accruals" accounting basis. It also excludes what is called Net Capital Investment, a term that includes certain Budget capital expenditures, such as major military purchases. This alternative focus will receive some wire coverage given it's a measure that seeks to separate the recurrent side of the Budget from the capital side of the Budget.

The two other major data releases for the week are Monday's Building Approvals and Tuesday's Retail Sales, both for March and the latter also including March quarter retail volumes, a major underpinning of household consumption and GDP. NAB expects that Building Approvals will retrace some of the larger-than-expected 8.3% increase last month (NAB expects -2% m/m), while Retail Sales in March are expected to rise by 0.3% following the unexpected decline in February. Also factoring in prices in the March quarter, results in NAB's estimates of a 0.4% rise in retail volumes for the quarter.

### China

A higher trade surplus is expected in Monday's April report, followed Wednesday by April's CPI/PPI, with New Yuan Lending/Aggregate Financing for April due any day from mid-week and expected to be much lower.

### US

Among a smattering of data, Tuesday's NFIB Small Business report will be worth a look (including for what it says about compensation), then Thursday's PPI/Friday's CPI and Retail Sales, the latter with what's expected to be a solid retail sales report for April. There are no less than eight more Fed speeches scheduled for the week.

### Japan

Second tier data due.BoJ Policy Board member Harada speaks on Friday.

### Eurozone

After the market-friendly French Presidential election, it'll be focus back on the ECB, starting with Draghi's speech to the Dutch parliament on Wednesday. The EC's latest economic forecasts might get some airplay on Thursday. Eurozone industrial production also due (Friday).

### UK

Industrial production and Trade on Thursday to draw some interest. The BoE is expected to keep policy unchanged on Thursday, but the market will be interested in Governor Carney's post-meeting press conference.

### Canada

Only minor data this week. Oil prices a continued watch point after last week's falls.

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# Fixed Interest Market

Reuters: BNZL, BNZMBloomberg:BNZ

The 2-year swap yield is mid-way between its 2.25-2.40% trading range of the past three months. We see the balance of risk pointing towards the upside over the next few months, with the RBNZ's Monetary Policy Statement likely to see a shift in tone to aid a move higher in rates.

Evidence has been mounting since the February MPS that the RBNZ's inflation projections were far too conservative. While the RBNZ didn't see headline CPI inflation reaching 2.0% until June 2019, it blasted up through the mid-point of the target band at the last reading for Q1, more than two years earlier than the Bank expected. Inflation expectations have moved decisively upwards, reflecting the rise in inflation. The NZD is tracking 5% below the RBNZ's previous assumption, while NZ's terms of trade are near a record high.

A substantial lift in the RBNZ's inflation projections calls into question its prior assumption of unchanged policy until a small risk of a hike develops late-2019. The Bank's prevailing view that its current neutral policy stance suggests an equal chance of a rate cut or hike at this juncture is also highly questionable. That view seemed unjustifiably dovish back in February and looks even more so now.

The Bank is highly unlikely to sanction current market pricing of a full rate hike priced by March 2018. But the Bank abandoning its neutral policy outlook should be enough to get the market's attention and set the 2-year swap rate on a modestly higher path from here.

The long end of the curve will remain dictated by US rates. There we see the balance of risk tilted to the upside to rates as well. While CPI and average wage inflation data have been on the soft side recently, the fall in the unemployment rate to a 10-year low and a rise in the employment cost index should be enough to get the Fed over the line with a June rate hike, barring some shockingly weak data.

The market will be closely watching US retail sales and CPI data at the end of this week, where the market is not expecting a repeat of the very soft figures in March. If core CPI undershoots expectations for a second consecutive month, then expect the market to unwind the 75% pricing risk of a June rate hike. Ahead of that release, Fed speakers will be out in force during the week, no doubt repeating the mantra that despite soft GDP, CPI and average wage data the outlook for the economy and higher rates hasn't really changed.

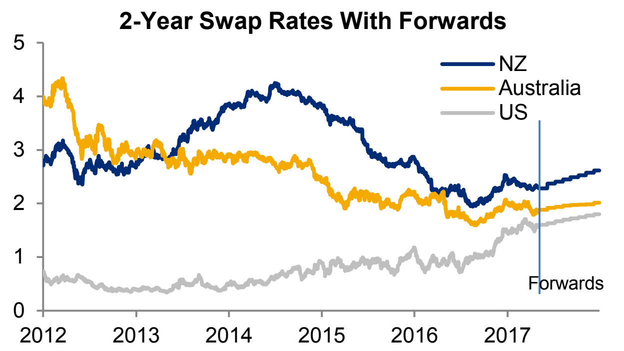
We think that the market underprices the risk of further Fed rate hikes. Escalating geopolitical risk was a key trigger driving US 10-year yields to its mid-April low of 2.16%, but the current yield around 2.35% still looks a little low. We wouldn't be surprised to see 2.50% revisited by the end of the quarter and even higher rates in the second half of the year.

NZ's 5-year swap rate crept up last week and we see the bias to the upside over coming weeks, a reflection of the change in tone by the RBNZ and global forces. That should see the 3.0% handle being regained, but resistance should kick in at 3.10%. We see the risk of the 10-year swap rate retesting 3.5% over coming weeks.

Across the Tasman, focus turns to Tuesday's Budget. Treasurer Morrison is expected to unveil a somewhat better budget deficit track. This should be sufficient to maintain Australia's AAA credit rating.

Last week's RBA statement on monetary policy suggested increased confidence in growth strengthening to just over 3% and core inflation rising to 2% by early 2018. The Bank is likely to keep rates steady for some time. The rate of reduction in underemployment and improvement in the unemployment rate are likely to be important factors in gauging when the Bank might move to a less accommodative policy setting. In our view, the RBNZ will tighten well ahead of the RBA, setting the scene for upward pressure on NZ-Australia rate spreads.

**Upside Bias to Rates, More So NZ & US than AU**




**Current Rates/Spreads and Recent Ranges**

| | Current | Last 3-weeks range* |
|---|---|---|
| NZ 90d bank bills (%) | 1.98 | 1.95 - 1.99 |
| NZ 2yr swap (%) | 2.34 | 2.28 - 2.36 |
| NZ 5yr swap (%) | 2.94 | 2.80 - 2.94 |
| NZ 10yr swap (%) | 3.43 | 3.24 - 3.43 |
| 2s10s swap curve (bps) | 109 | 96 - 109 |
| NZ 10yr swap-govt (bps) | 38 | 32 - 39 |
| NZ 10yr govt (%) | 3.05 | 2.91 - 3.08 |
| US 10yr govt (%) | 2.35 | 2.16 - 2.38 |
| NZ-US 10yr (bps) | 70 | 68 - 78 |
| NZ-AU 2yr swap (bps) | 45 | 43 - 50 |
| NZ-AU 10yr govt (bps) | 37 | 37 - 48 |

*Indicative range over last 3 weeks

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# Foreign Exchange Markets

Reuters pg BNZWFWDSBloomberg pg BNZ9

NZD/USD reached its lowest level in 11 months last week, touching 0.6840, although it ended the week on a slightly healthier note, back above 0.69. Last week, the NZD was dragged down along with weaker global commodity prices and other commodity currencies. Of some consolation was that traders recognised that NZ's soft commodity basket is performing much better compared to Australia's hard commodity basket. NZD/AUD recovered 1.7% for the week to 0.9320.

The 0.6840-0.6890 zone proved to be the low point back in December and March and represents an area of strong technical support. For NZD/AUD the 0.91-0.9150 area has recently proven to be technically supportive.

The gap between NZD spot and our short-term fair value estimate of just above USD 0.74 remains historically wide, at around 7%. In the context of positive risk sentiment and near-record NZ terms of trade, fundamentally we think that the NZD should be well supported. Overlay that with the technical picture, and the fact that the hot money is short NZD, there is a fairly low hurdle rate for the NZD to make some recovery over coming weeks and months.

The RBNZ's MPS this Thursday will be the key focus for the NZD ahead. We think that the RBNZ's neutral policy tone has been successful in containing rates and the NZD. The Bank's prevailing view is that there is an equal chance of an OCR cut or hike and any policy adjustment is expected to be far into the future, around late 2019.

That guidance looks likely to change, as inflation has significantly surprised the RBNZ to the upside and the weaker-than-expected NZD adds further upside to the RBNZ's inflation projections. The Bank is unlikely to embrace the market's view that a rate hike could come as soon as early next year, but incrementally through the year we see the Bank changing its tune towards a more hawkish tone. We see this week's Statement as a step in that direction.

The Bank's rhetoric on the NZD in March was that it was encouraged by the 4% fall in the TWI but "further depreciation is needed to achieve more balanced growth". Since then the TWI has fallen another 2%, while NZ's terms of trade have improved. Over the past 4½ years – 18 out of 18 Monetary Policy Statements under Governor Wheeler's tenure – the Bank has attempted to talk down the NZD. Even in September 2015 when the TWI was 9% lower than it is today, the RBNZ said that "further depreciation is appropriate". We remain perplexed by this stance and therefore beg to differ on that perspective. NZ's terms of trade is about to hit an all-time high, after all, and NZ's current account deficit has been smaller than average for much of the past 7 years. But 18/18 is quite some track record and we wouldn't be surprised to see the Bank's currency rhetoric get another airing, albeit softened a touch.

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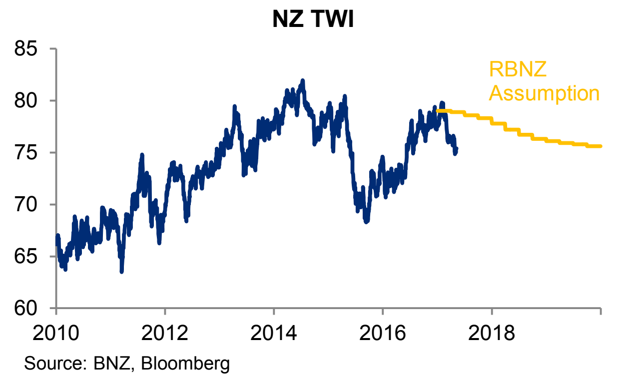
Overall, the Bank will want to be careful in not endorsing or even come close to accepting the current market view of rate hikes from early next year. The Bank will likely continue to have a much more sanguine view on the inflation and the rates outlook. But a bringing forward of projected rate hikes and softened rhetoric on the currency, might be enough to provide some support to the NZD.

In the US the focus will be on Friday's CPI and retail sales data, where the market is not expecting a repeat of the very soft figures in March. If core CPI undershoots expectations for a second consecutive month, then expect the market to unwind the 75% pricing risk of a June rate hike by the Fed and a weaker USD. Ahead of that release, Fed speakers will be out in force during the week, no doubt repeating the mantra that despite soft GDP, CPI and average wage data the outlook for the economy and higher rates hasn't really changed.

Australia's Budget tomorrow will be a focus, but should pass with little market reaction as long as the country's AAA rating remains unchanged. There is nothing to suggest otherwise. Finally, no change to the Bank of England's policy stance is expected on Thursday.

## NZD Tracking Well Below RBNZ Projection




Source: BNZ, Bloomberg

## Cross Rates and Model Estimates

| | Current | Last 3-weeks range* |
|---|---|---|
| NZD/USD | 0.6905 | 0.6840 - 0.7050 |
| NZD/AUD | 0.9315 | 0.9150 - 0.9400 |
| NZD/GBP | 0.5317 | 0.5300 - 0.5610 |
| NZD/EUR | 0.6273 | 0.6240 - 0.6600 |
| NZD/JPY | 77.95 | 76.10 - 78.10 |

*Indicative range over last 3 weeks, rounded figures

**BNZ Short-term Fair Value Models**

| | Model Est. | Actual/FV |
|---|---|---|
| NZD/USD | 0.7430 | -7% |
| NZD/AUD | 0.9230 | 1% |

# Technicals

**NZD/USD**

| | |
|---|---|
| Outlook: | Downward channel |
| ST Resistance: | 0.7090 (ahead of 0.7250) |
| ST Support: | 0.6840 (ahead of 0.6675) |


The 0.6840-6890 zone is proving to be a strong area of technical support. While a break of this opens up about 2 cents of downside potential, a recovery from here would give a bullish signal, following the triple-bottom.

Mild short-term resistance comes into play from around 0.7090.

**NZD/AUD**

| | |
|---|---|
| Outlook: | Trading range |
| ST Resistance: | 0.9350 (ahead of 0.9400) |
| ST Support: | 0.9150 (ahead of 0.9100) |


The 0.91-0.9150 zone is proving to be an area of technical support. The first area of resistance kicks in around 0.9350-0.9400. It is fair to say that apart from a broad trading range that has been in place for some time, the technical picture is fairly messy.

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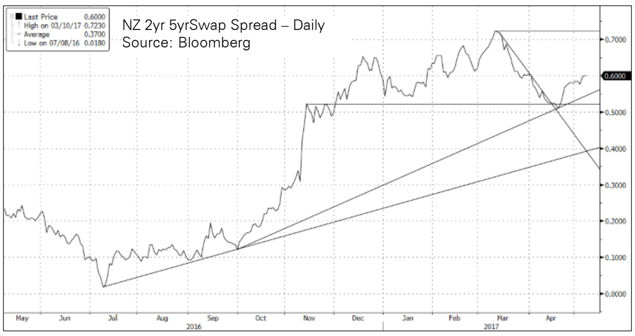
**NZ 5-year Swap Rate**

| | |
|---|---|
| Outlook: | Neutral |
| NT Resistance: | 3.09 |
| NT Support: | 2.79 |


ST resistance at 2.9275. Should this be breached initiate a paid position and use trendline support at 2.89 as a stop.

**NZ 2-year - 5-year Swap Spread (yield curve)**

| | |
|---|---|
| Outlook: | Bearish |
| ST Resistance: | +72 |
| ST Support: | +52.5 |




Break support at 52.5 wasn't held and now forms support. Back in the 52.5-72 range.

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# Key Upcoming Events

| | Forecast | Median | Last |
|---|---|---|---|
| **Monday 8 May** | | | |
| Aus, ANZ Job Ads, April | | | +0.3% |
| Aus, NAB Business Survey, April | | | +6 |
| Aus, Building Approvals, March | -2.0% | -4.0% | +8.3% |
| China, Trade Balance, April | | +¥197b | +¥164b |
| Germ, Factory Orders, March | | +0.7% | +3.4% |
| US, Fed's Mester Speaks, Global Affairs | | | |
| **Tuesday 9 May** | | | |
| NZ, Credit Aggregates (new format/series), March | | | |
| Aus, Federal Budget | | | |
| Aus, Retail Trade, March | +0.3% | +0.3% | -0.1% |
| Germ, Trade Balance, March | | +€21.5b | +€19.9b |
| Germ, Industrial Production, March | | -0.7% | +2.2% |
| US, NFIB Small Business Optimism, April | | 104.0 | 104.7 |
| US, Fed's Kaplan Speaks | | | |
| **Wednesday 10 May** | | | |
| NZ, Crown Financial Statements, 9m-to-March 2017 | | | |
| NZ, Electronic Card Transactions, April | +0.6% | +0.6% | +0.5% |
| Aus, Consumer Sentiment - Wpac, May | | | 99.0 |
| China, CPI, April y/y | | +1.1% | +0.9% |
| Jpn, BOJ Summary of Latest Meeting, 26/27 Apr Meeting | | | |

| | Forecast | Median | Last |
|---|---|---|---|
| **Thursday 11 May** | | | |
| NZ, Food Price Index, April | +0.5% | | -0.3% |
| NZ, RBNZ MPS | 1.75% | 1.75% | 1.75% |
| Euro, EC GDP Forecasts | | | |
| Euro, ECB Economic Bulletin | | | |
| UK, BOE Inflation Report | | | |
| UK, Industrial Production, March | | -0.4% | -0.7% |
| UK, Trade Balance, March | | -£3.00b | -£3.7b |
| UK, BOE Policy Announcement | 0.25% | 0.25% | 0.25% |
| US, Fed's Dudley Speaks, Globalisation | | | |
| US, PPI ex-food/energy, April y/y | | +1.6% | +1.6% |
| **Friday 12 May** | | | |
| NZ, BNZ PMI (Manufacturing), April | | | 57.8 |
| Euro, Industrial Production, March | | +0.3% | -0.3% |
| Germ, CPI, Apr y/y 2nd est | | +2.0% | +2.0%P |
| Germ, GDP, Q1 1st est | | +0.6% | +0.4% |
| US, Fed's Evans/Kaplan Speak | | | |
| US, Mich Cons Confidence, May 1st est | | 97.0 | 97.0 |
| US, CPI ex food/energy, April y/y | | +2.0% | +2.0% |
| US, Retail Sales, April | | +0.6% | -0.2% |
| US, Business Inventories, March | | +0.1% | +0.3% |

# Historical Data

| | Today | Week Ago | Month Ago | Year Ago |
|---|---|---|---|---|
| **CASH & BANK BILLS** | | | | |
| Call | 1.75 | 1.75 | 1.75 | 2.25 |
| 1mth | 1.85 | 1.86 | 1.91 | 2.30 |
| 2mth | 1.91 | 1.92 | 1.95 | 2.34 |
| 3mth | 1.98 | 1.99 | 2.00 | 2.38 |
| 6mth | 2.03 | 2.02 | 2.04 | 2.37 |
| **GOVERNMENT STOCK** | | | | |
| 12/17 | 1.81 | 1.81 | 1.84 | 2.07 |
| 03/19 | 2.09 | 2.07 | 2.12 | 2.12 |
| 04/20 | 2.30 | 2.28 | 2.31 | 2.21 |
| 05/21 | 2.45 | 2.43 | 2.45 | 2.25 |
| 04/23 | 2.71 | 2.71 | 2.76 | 2.43 |
| 04/25 | 2.95 | 2.96 | 3.06 | 2.70 |
| 04/27 | 3.05 | 3.04 | 3.17 | 2.85 |
| 04/33 | 3.31 | 3.29 | 3.52 | 3.17 |
| **GLOBAL CREDIT INDICES (ITRXX)** | | | | |
| AUD 5Y | 82 | 82 | 84 | 132 |
| N. AMERICA 5Y | 62 | 64 | 66 | 78 |
| EUROPE 5Y | 63 | 67 | 74 | 73 |

| | Today | Week Ago | Month Ago | Year Ago |
|---|---|---|---|---|
| **SWAP RATES** | | | | |
| 2 years | 2.34 | 2.31 | 2.32 | 2.26 |
| 3 years | 2.58 | 2.54 | 2.56 | 2.32 |
| 5 years | 2.94 | 2.89 | 2.93 | 2.52 |
| 10 years | 3.43 | 3.38 | 3.45 | 2.99 |
| **FOREIGN EXCHANGE** | | | | |
| NZD/USD | 0.6905 | 0.6868 | 0.7004 | 0.6988 |
| NZD/AUD | 0.9309 | 0.9178 | 0.9173 | 0.9180 |
| NZD/JPY | 77.87 | 76.42 | 77.98 | 74.35 |
| NZD/EUR | 0.6282 | 0.6299 | 0.6563 | 0.6098 |
| NZD/GBP | 0.5324 | 0.5309 | 0.5582 | 0.4786 |
| NZD/CAD | 0.9437 | 0.9377 | 0.9329 | 0.8770 |
| TWI | 75.36 | 74.80 | 75.98 | 73.62 |

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