

## Tech shares lift on falling yields

**There were broad gains for equity markets overnight, led by strength in tech shares.** On Wall Street, the Dow had lifted 0.4% as at the time of writing, while the S&P 500 was up 0.9%. Still, it was the Tech-heavy Nasdaq that really outperformed, rising 1.7%. The mood was more mixed across the Atlantic, with weakness for travel-adjacent shares generally leading some indices, including the pan-European Stoxx index, to a slight fall.

**Equities were boosted, in part by a softening in yields overnight.** After previously nudging 14-month highs, the yield on the US 10-year edged down to 1.68%. Yields across the rest of North America and Europe were generally lower, particularly for longer tenors.

**The market moves came as policy makers continued dovish actions and comments in a bid to stem the reflation trade of recent weeks.** The ECB has boosted its emergency bond purchases in a bid to stem any move up in yields, with President Christine Lagarde writing in a blog post overnight that there was still a lot of uncertainty around the near-term outlook and it would do what was necessary in order to keep financing conditions 'favourable.' In the US, Fed official Thomas Barkin (Richmond) emphasised the bank did not expect higher inflation to follow from the expected uptick in economic growth and saw no need to alter its policy settings in the near future.

**Tensions between the US, EU and China have continued to escalate overnight.** Joined by the UK and Canada, the US and EU have imposed sanctions on two Chinese officials, citing alleged human rights abuses. China has responded by placing sanctions of its own on ten EU nationals and four EU entities. Market reaction thus far has been limited.

**There wasn't much new detail on the much-hyped 'trans-Tasman travel bubble' yesterday.** After a Cabinet discussion yesterday, the Prime Minister has announced we'll know the bubble's commencement date on April 6<sup>th</sup>, but we'll have to wait until then to find out anything more.

**There were no major local or international economic data released yesterday.** It was similarly quiet overnight, with Feb US existing home sales being the only release falling 6.6% mom (mkt: -3.0%).

**Sentiment was choppy in the Asia-Pacific market yesterday.** Sharemarkets were mixed over the day, with the ASX lifting 0.66%, but the NZX continuing to underperform its peers with a 1.49% fall. Yields were lower across the NZ curve (10Y: 1.73%).

**FX comment:** The biggest currency action overnight has been in emerging markets, with the Turkish lira taking a beating after the President Recep Tayyip Erdogan sacked the Governor of the central bank. Moves were far less dramatic among the G10 currencies, but a slightly softer USD was generally evident. The NZD/USD lifted to around 0.718 as at the time of writing, while the NZD/AUD was virtually unchanged around the 0.926 mark.

**Day ahead:** There are no data released scheduled for today in NZ or Asia, although the Government's housing announcement this morning will in focus for what actions the Government takes. Its similarly quiet on the data front overnight, with UK unemployment and US new home sales released. We may get some headlines in the US from Fed Chair Jerome Powell and Treasury Secretary Janet Yellen's testimony to Congress. [nathaniel.keall@asb.co.nz](mailto:nathaniel.keall@asb.co.nz)

Currencies			Currencies			Commodities			Equities		
NZD/USD	0.7179	0.5%	NZD/SEK	6.106	-0.2%	NZX WMP	3980.0	0.1%	Dow	32795	0.5%
NZD/AUD	0.9259	-0.1%	NZD/DKK	4.471	-0.1%	Gold \$/o	1740.8	-0.3%	S&P 500	3949	0.9%
NZD/EUR	0.6012	-0.1%	NZD/THB	22.2	1.0%	WTI Oil \$/b	61.4	0.0%	NASDAQ	13440	1.7%
NZD/JPY	78.09	-0.1%	AUD/USD	0.7754	0.6%	<b>Money Market (%)</b>			FTSE	6726	0.3%
NZD/GBP	0.5178	0.3%	EUR/USD	1.194	0.6%	90 Day BB	0.35	0.00	CAC-40	5968	-0.5%
NZD/CAD	0.8981	-0.5%	USD/JPY	108.8	0.1%	OCR	0.25	0.00	DAX	14657	0.2%
NZD/CHF	0.6630	-0.2%	<b>10 Yr Bond Yields (%)</b>			<b>ASB Swap Rates (%)</b>			H.Seng	28885	-0.4%
NZD/HKD	5.575	-1.1%	NZ	1.75	-0.07	1yr	0.35	-0.01	Nikkei	29174	-2.1%
NZD/SGD	0.9615	0.2%	US	1.68	-0.04	2yr	0.49	-0.03	ASX200	6752	0.7%
NZD/CNH	4.671	-0.1%	Aust	1.77	-0.04	5yr	1.15	-0.04	NZX50	12329	-1.5%

ASB Economics & Research			Phone	Fax
Chief Economist	Nick Tuffley	<a href="mailto:nick.tuffley@asb.co.nz">nick.tuffley@asb.co.nz</a>	(649) 301 5659	(649) 302 0992
Senior Economist	Mark Smith	<a href="mailto:mark.smith4@asb.co.nz">mark.smith4@asb.co.nz</a>	(649) 301 5657	
Senior Economist	Mike Jones	<a href="mailto:mike.jones@asb.co.nz">mike.jones@asb.co.nz</a>	(649) 301 5661	
Senior Economist	Jane Turner	<a href="mailto:jane.turner@asb.co.nz">jane.turner@asb.co.nz</a>	(649) 301 5853	
Senior Economist, Wealth	Chris Tennent-Brown	<a href="mailto:chris.tennent-brown@asb.co.nz">chris.tennent-brown@asb.co.nz</a>	(649) 301 5915	
Economist	Nat Keall	<a href="mailto:nathaniel.keall@asb.co.nz">nathaniel.keall@asb.co.nz</a>	(649) 301 5720	
Publication and Data Manager	Judith Pinto	<a href="mailto:judith.pinto@asb.co.nz">judith.pinto@asb.co.nz</a>	(649) 301 5660	



<https://reports.asb.co.nz/index.html>

[@ASBMarkets](https://twitter.com/ASBMarkets)

ASB Economics  
ASB North Wharf, 12 Jellicoe Street, Auckland

#### Important Disclaimer

This document is published solely for informational purposes. It has been prepared without taking account of your objectives, financial situation, or needs. Before acting on the information in this document, you should consider the appropriateness and suitability of the information, having regard to your objectives, financial situation and needs, and, if necessary seek appropriate professional or financial advice.

We believe that the information in this document is correct and any opinions, conclusions or recommendations are reasonably held or made, based on the information available at the time of its compilation, but no representation or warranty, either expressed or implied, is made or provided as to accuracy, reliability or completeness of any statement made in this document. Any opinions, conclusions or recommendations set forth in this document are subject to change without notice and may differ or be contrary to the opinions, conclusions or recommendations expressed elsewhere by ASB Bank Limited. We are under no obligation to, and do not, update or keep current the information contained in this document. Neither ASB nor any person involved in the preparation of this document accepts any liability for any loss or damage arising out of the use of all or any part of this document.

Any valuations, projections and forecasts contained in this document are based on a number of assumptions and estimates and are subject to contingencies and uncertainties. Different assumptions and estimates could result in materially different results. ASB does not represent or warrant that any of these valuations, projections or forecasts, or any of the underlying assumptions or estimates, will be met.