



NZX market update for March 2022

SAFE HARBOUR IN A GLOBAL STORM

- Strong trading volumes and value across wholesale and retail markets
- Equity and debt trading both continue to increase
- Significant increases from institutional investors, while retail confidence shows signs of waning
- This quarter we also welcomed the Booster Innovation Fund and Southland Building Society as new issuers to the Exchange.

NZX has released its key market metrics for March 2022. Trading has been particularly strong among institutional investors in terms of volume and value traded as well as in total trades. Notwithstanding significant market volatility, March has seen robust trading volumes and value on both wholesale and retail markets. Wholesale market total trades increased by 66.0% from February to March, with total volume increasing by 73.4% and total value by 69.5%. The retail markets were also healthy, but a little more subdued with total trades increasing by 16.4%, total volume increasing by 14.7%, and total value by 19.8%.

Total market capitalisation as at the end of quarter one is \$222,385m, up 0.73% on February, and representing 63.5% of NZ GDP.

This is a strong result for March, and comes amid extreme volatility in global markets, driven by the protracted geopolitical crisis in Ukraine, the inherent risks of a wider conflict, reaction from China, and the impact of sanctions. The resulting economic impact on food and energy commodity prices, have flattened growth projections and fuelled supply-side inflation, most especially in Europe.

"The New Zealand market has held up well for March," says Sarah Minhinnick, General Manager – Capital Markets Origination, NZX. "As a smaller exchange, we often find the NZX can be more stable during periods of global volatility, and that is what we are seeing this month. European markets, in particular, have been heavily impacted by the war in Ukraine.

"The market's appetite for risk is being tested. The brief inversion of short and long US Treasury bonds underscores this uncertainty, linked as it has been with historical periods of negative growth. Surging inflation, interest rate increases, with resulting pressure on household budgets, is also unfamiliar territory for the rising generation of younger investors."

While domestic markets have seen consistent performance across the board, with a big increase in value traded over the last two months, there has been some easing from retail investors since January, given geopolitical and economic uncertainties.

"The domestic market is proving comparatively less volatile than globally, as investors are diversifying, turning to safe harbour stocks, with bonds also back in play, to hedge against volatility," says Minhinnick.

The role of the NZX is to support the country's economy do two important things, manage and price risk, and allocate resources. The New Zealand market continues to grow, with investment opportunities across 330 listed equity, debt, funds and other securities. We are pleased to have welcomed the Booster Innovation Fund and Southland Building Society as new issuers to the Exchange, as we continue to grow.