

## RBNZ boosts asset purchases

No change to the Reserve Bank of New Zealand's cash rate target of 0.25%, but large scale asset purchases expanded to NZD100bn, and negative rates remain an option according to Governor Orr.



RBNZ Governor, Adrian Orr

### NZD softens as QE expanded

The Reserve Bank of New Zealand (RBNZ) expanded its large scale asset purchase (LSAP) programme at its latest monetary policy meeting today. The LSAP programme will now buy up to NZD100bn of assets, up from NZD60bn previously.

Governor Orr also said that the RBNZ would actively prepare an additional set of stimulus tools to be used as necessary depending on growth and inflation and that this would include negative cash rates assisted with a funding-for-lending programme and the possibility of buying foreign assets.

Not surprisingly, the additional QE and possibility of negative rates have weighed down on the NZD, which was no doubt what was intended.

The full statement including baseline forecasts is linked [here](#).

What happens next will depend in no small part on the evolution of new Covid-19 cases, following the discovery of a number of new community cases in the Auckland area, which has led to a renewed lockdown of the city.

The message markets can take from New Zealand to the rest of the Asia-pacific region is: "Be on your guard. This is not over until it is over".

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