

New Zealand Herald
Saturday July 19 2008
Eugene Bingham

"In search of John Key"

One of BT Auckland's clients was BT New York dealer Andrew Krieger, who decided to take advantage of the volatility of the New Zealand dollar. "At the time the market was relatively inefficient so there were large jumps in the FX rate as Andy made his impact," explains Stobo, who later became managing director of BT Funds New Zealand.

As the record book shows, when Krieger made his most famous speculative raid on the kiwi in 1987, Key had yet to start at Bankers Trust. Krieger believed the kiwi was overvalued and bet on a fall, selling hundreds of millions of dollars at a time, and once pushing the price of the kiwi down 5 per cent in a day, and eventually, he claims in his book, *The Money Bazaar*, helped begin a fall in the value of the New Zealand dollar. The strategy was to rebuy when the kiwi bottomed out at 59c.

The Reserve Bank was alarmed but the crisis passed. Key was not at BT during Krieger's spectacular raid, but when he began running the dealing room at BT in 1988 he dealt with the New York-based American, a relationship he was comfortable with. He told the *Sunday Star-Times* earlier this year, that Krieger "was a very intelligent guy."

Key's then-boss, Gavin Walker, points out that working with Krieger was part of the job. "Managing that relationship on behalf of the dealing room was part of John's responsibilities. He knew everything Krieger was executing on our desk."