

What's going on in the world?

Weekly market wrap up by PwC Treasury Advisory

1 November 2019

The US Federal Reserve cut interest rates for a third time this cycle to a range of 1.50% to 1.75%. Changes in the Fed's accompanying statement gave the impression that the Fed is aiming to deter financial markets from pricing in further monetary policy stimulus, rephrasing that the committee "will act as appropriate to sustain the expansion," to the committee will "assess the appropriate path." However, it remains too early to discount another cut from the Fed. While US Q3 GDP growth came in better than expected (1.9% annualised vs 1.6% expected) thanks to healthy consumption growth, the drag from business investment and trade resulted in year-on-year growth of 2.0%. This is the economy's slowest pace of growth since late-2016.

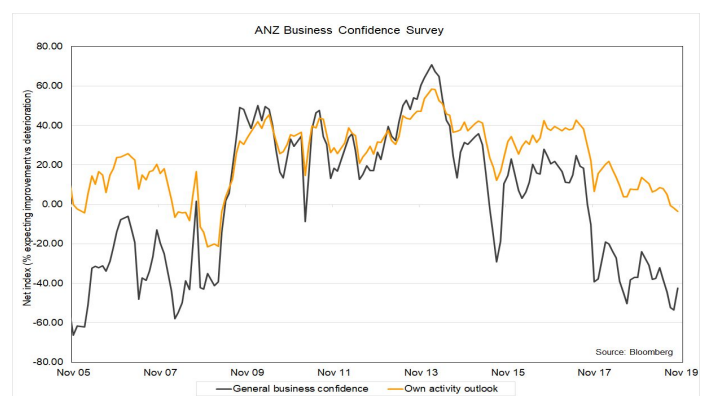
US earnings season is underway and a number of better than expected results has seen the S&P 500 index reach a new record high this week. Self proclaimed stock market puppeteer, Donald Trump, tweeted about the move to record highs as a "big win for jobs, 401-K's, and, frankly, EVERYONE." To name a few companies who have made it onto the President's nice list by beating expectations, we have had Microsoft, Apple, Facebook and Spotify (whose profit surged by 16.2%).

UK Parliament now have more time to see if they can make an even bigger Brexit mess following the EU granting a third Brexit extension to 31 January. After the fourth time of being asked, opposition MPs finally backed UK PM Johnson's call on Tuesday to hold a general election. So on December 12 it's back to the election polls for British voters for the third time in five years. Johnson must like his odds of winning a majority vote (which is what he needs to have a hope of getting his proposed Brexit deal over the line). A Labour win would make a second Brexit referendum more likely. Interestingly, financial markets broadly shrugged off Brexit news this week. Let the Brexit Games continue...

The Black Caps go to battle against England today, confident they can get revenge from the heartbreaking loss in the Cricket World Cup final. Similarly, the ANZ headline business confidence figure has shown that NZ businesses are feeling slightly more confident about conditions, increasing to -42 from -54 last month. The survey showed that concern around the construction sector has reduced slightly, which in recent months had been a significant drag on confidence. The survey remained far from rainbows and sunshine however, as the firm's own activity index fell to -4, it's fifth consecutive decrease. Have a great weekend!

Charts of the week

Authors: Rajeev Verma and Georgia Bowers



Link of the week: ['PwC: Startup Investment New Zealand - October 2019'](#)

'Big movers' over the past week		
	Current	Change over the past week
NZ 2y swap rate	1.02%	+9.56%
Aluminium LME (USD/mt)	1,757	+2.00%
NZD/USD	0.6415	+1.02%
ASX 200	6,647	-1.37%
WTI Crude Oil (USD/bbl)	54.18	-4.04%

Source: Bloomberg

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