What's going on in the world?

Weekly market wrap up from PwC Treasury Advisory

- Whilst probably not generating as much excitement as it would for a punter at the TAB, a 'trifecta' of strong Chinese data has helped ease fears of a slowdown of the global economy. Chinese GDP growth managed to sneak above market expectations at 6.4%yoy (6.3%yoy expected). Retail sales printed at a solid level of 8.7%yoy (8.4%expected). There was no 'photo finish' for industrial production growth which shot past expectations to print at an impressive 8.5%yoy (5.9%yoy expected). The positive data releases helped improve risk sentiment as economic conditions in the world's second largest economy are crucial for the health of the wider economy. With US-China trade talks seemingly going well a trade deal would further ease these global growth concerns.

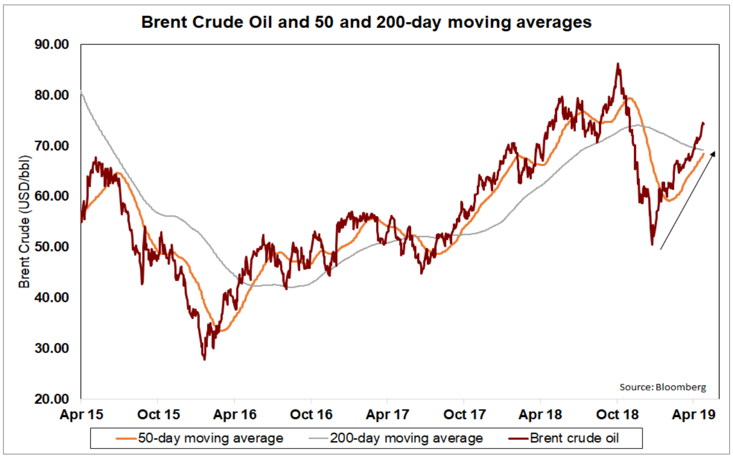
- Oil's strong bullish run during 2019 gained further momentum this week as financial markets responded to concerns regarding Iranian supply. US President Trump announced that extensions to the current waivers to Iranian oil supply (eight nations including China and India were granted waivers to continue purchasing Iranian oil, despite the ongoing oil sanction) will not be extended when they expire in May. The actual impact on supply remains unclear with Iran threatening retaliation and China declaring it retains the right to purchase Iranian oil. Further, OPEC is showing reluctance to increase its own oil supply to offset against lower Iranian supply. Presently, Brent Crude oil is testing technical resistance at US$75/bbl.

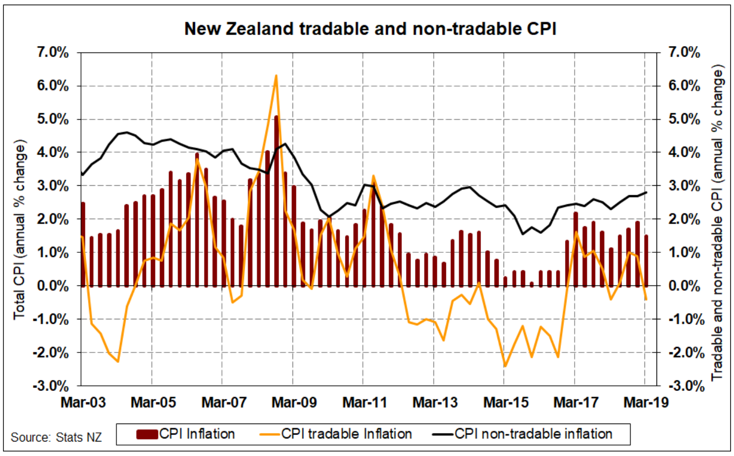
- The NZD/USD exchange rate has dipped its toes below 0.6590 for the first time this year. Soft NZ Consumer Price Inflation (CPI) data last week began luring the NZD into this lower territory. Domestic inflation for Q1 at 0.1%qoq/1.5%yoy was slightly weaker than the RBNZ's forecast (0.2%qoq) and also market expectations (0.3%qoq). Consumer prices across the ditch have also struggled to pickup in 2019, which was the second catalyst sending the NZD to fresh lows for the year. The Australian CPI also undershot expectations of 0.2%qoq coming in flat at 0.0%qoq/1.3%yoy. This drew inflation further away from the RBA's 2-3% target range. Consequently market expectations of a rate cut in both NZ and Australia have increased. The NZD/AUD cross rate temporarily fell to 2019-lows of 0.9330 following the NZ CPI release but has since recovered back to 0.9450.

- To finish on an upbeat nope, global equity markets have gone from strength to strength over the past weeks. US equities have performed well thanks to an impressive Q1 earnings season (honourable mentions to Twitter and Coca-Cola), hopes of a US-China trade deal and a dovish US Federal Reserve. The S&P and Nasdaq have gained 17.5% and 22.5% respectively so far this year. European equity markets have performed particularly well with some help provided from the oil market surge. Also of note has been our own NZX-50 share index breaking records this week. For the first time in history the NZX broke above the milestone 10,000 level.

Charts of the week

Author: Rajeev Verma, Nathan Green and Georgia Bowers





Link of the week: 'PwC Introductory corporate treasury management course'

Movements in global equity markets over the past month		
	Current	% change over the past month
Germany: DAX	12,283	7.56%
NZ: NZX 50	10,048	4.94%
Australia: ASX 200	6,382	4.10%
US: S&P 500 index	2,926	3.82%
UK: FTSE	21,720	2.75%

Source: Bloomberg

Get in touch with our Treasury Advisory team if you'd like to know more:

Stuart Henderson 021 343 423
Partner
stuart.r.henderson@pwc.com

Brett Johanson 021 771 574
Partner
brett.a.johanson@pwc.com

Chris Hedley 021 479 860
Executive Director
chris.m.hedley@pwc.com

Alex Wondergem 021 041 2127
Director
alex.j.wondergem@pwc.com

Tom Lawson 027 421 0733
Associate Director
tom.f.lawson@pwc.com

Tom North 021 154 4423
Senior Analyst
tom.o.north@pwc.com

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