

The Weekly Snapshot

December 16

ANZ Investments brings you a brief snapshot of the week in markets

US equity markets rose last week as the S&P 500 touched an all-time high of 3182 following news that US President Donald Trump had agreed to delay the imposition of new tariffs. The benchmark index ended the week up around 0.7%

In New Zealand, the NZX 50 finished flat for the week with falls in A2 Milk and Z Energy overwhelming an otherwise positive tone. Z Energy share price fell 13% on Friday following a surprise earnings downgrade and cut to their dividend. The company cited weak margins and tough retail competition as reasons for the profit downgrade. A2 Milk share price fell on Monday after CEO Jayne Hrdlicka unexpectedly stepped down although it subsequently recovered to end the week up 1%.

What's happening in markets

The UK election dominated market attention last week, with long lines reported at polling stations throughout the country. Results showed a strong swing towards Boris Johnson's Conservative Party, who recorded their biggest victory since 1987. The Conservatives won 365 seats and hold a majority of 78 seats after seizing victories across traditional Labour areas in the North and Midlands. The British Pound rallied strongly on the news strengthening to 0.4950 versus the Kiwi. Labour's share of the vote collapsed although leader Jeremy Corbyn refused to resign. With an electoral mandate in hand, Boris Johnson will now focus his energies on "getting Brexit done".

US markets were bolstered by news that a Phase One deal between the US and China was largely complete and that the US would refrain from implementing further tariffs on 15 December. The deal, while not finalised, reportedly includes purchases of US agricultural products and the potential roll back of some tariffs.

The week saw both the Federal Reserve and European Central Bank both committing to holding policy settings with both seemingly in a "wait and see" mode until 2020. Federal Reserve Chairman Jerome Powell said that growth had been moderate with solid job gains and noted that "the current stance of monetary policy will likely remain appropriate for the time being".

In New Zealand, the Minister of Finance Grant Robertson delivered the Half Year Economic and Fiscal Update. The key announcement was the introduction of significant fiscal stimulus with NZ\$12 billion of infrastructure spending including \$6.8 billion on transport. The spending increases will be funded by new borrowing which will take net debt above the Government's self-imposed target of 20% of GDP.

Wednesday saw the listing of Saudi Aramco, the Saudi Arabia national oil company which is the world's largest oil producer. The share price immediately jumped 10% in its first day of trading. The valuation gives the company a market cap of US\$1.88 trillion which makes it the world's largest company by some distance (Apple is next at around US\$1.2 trillion). However weak demand from institutions in the run-up to the listing led to a smaller piece of the company being sold to investors.

What's on the calendar

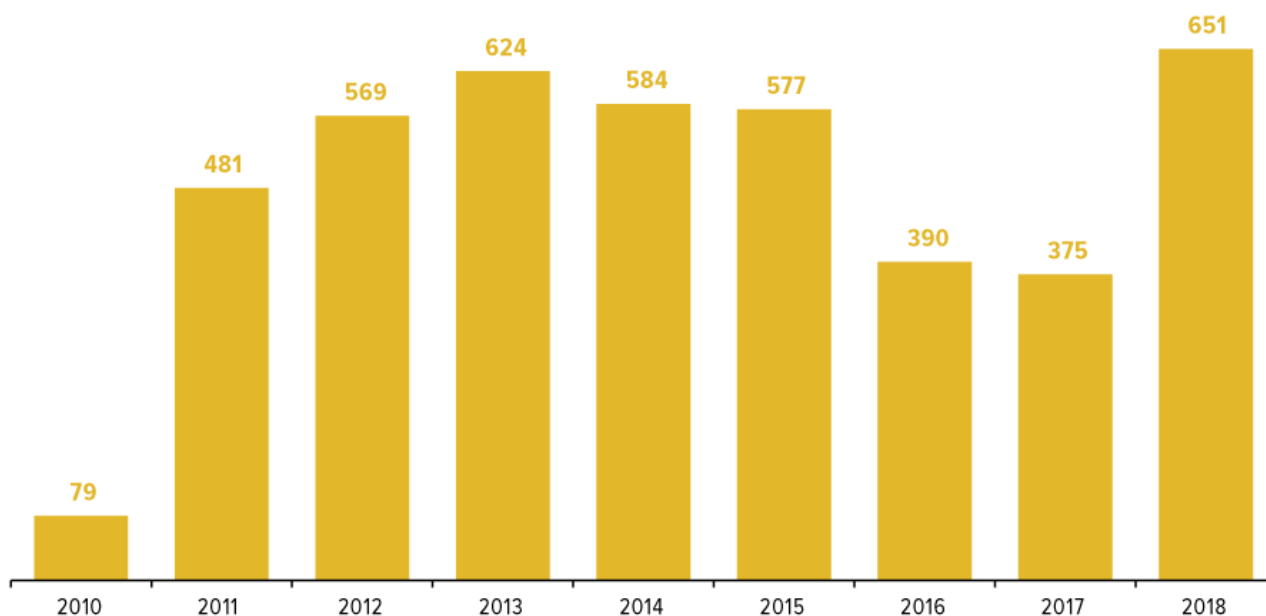
This week markets will be focused on the European Purchasing Managers Index (PMI) manufacturing data looking for further evidence that recent weakness is abating. The Reserve Bank of Australia will release minutes on Tuesday from its most recent meeting while local attention will be on the ANZ Activity Outlook.

Chart of the week



Global Central Banks Have Been Net Buyers of Gold Since 2010

In Metric Tonnes



Source: WGC, U.S. Global Investors

After being net sellers of gold from the mid-1960's, Central Banks have been net buyers throughout the decade.

Here's what we are reading

[Commodity Performance Over The Decade \(2009 – 2019\)](#)

The commodity super-cycle is well and truly over with a large number of commodities falling in price over the decade. The strongest performer was palladium benefiting from the increased use of catalytic converters in car engines.

[Don't Expect Shares to Repeat Their Stellar Performance of the 2010s](#)

Meanwhile, shares have had a very strong decade (fifth best ever). What are the chances of this performance continuing throughout the 2020s?

Note: this will be the last Weekly Snapshot for the year. We will commence again in mid January.

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