

Economic data & news

- **NZ:** Business confidence improved to -4 in August, 9 points higher than last month and at a 2-year high. In contrast, July building permits surprised to the downside, dropping by a seasonally adjusted -5.2% MoM despite expectations of +0.2%.
- **Aust:** Monthly CPI rose 4.9% YoY, below market expectations. Non-tradables inflation still persisted, up 6.6% YoY. Australian July retail sales recorded a 0.5% MoM uptick vs consensus of a 0.3% MoM lift. Yet, the YTD sales was only at 0.9%. Total capital expenditure (capex) increased 2.8% QoQ. In particular, the private machinery and equipment capex that feeds into GDP rose 1.9% QoQ. July credit growth was modest with private sector credit up 0.3%, business credit rising 0.3% and personal credit up 0.5%. National house prices continued a six-month 4.9% uptrend with a 0.8% rise in August higher than last month's 0.7%. Building permits in July saw a -8.1% decrease MoM and a -10.6% fall YoY, far worse than expected.
- **US:** Q2 GDP was revised down to 2.1% from 2.4%. In line with expectations, July personal consumption expenditure (PCE) deflator was at +0.2% for both the headline and core measures. Services inflations remained stickier at 0.45% MoM compared to 0.34% in June. Labour market data softened. JOLTS job openings were at a 30-month low of 8.8M vs 9.5M expected. ADP employment change in August was +177k below last month's 371k addition. Personal income and spending saw small beats and pending home sales were up 0.9% MoM in July.
- **Europe:** EU unemployment rate stayed flat MoM at 6.4% in July but fell from 6.7% in July 2022. Euro area August headline CPI rose 0.6% MoM and 5.3% YOY, driven by a 3.2% MoM uptick in energy costs. EU economic sentiment indicator, aggregating business and consumer confidence, was at the lowest levels in 10 years.
- **China/Japan:** China's economic activity nudged up slightly with a composite PMI reading of 51.3 compared to 51.1 a month earlier (PMI under 50 represents an economic contraction). Manufacturing PMI beat expectations but remained in contraction. Japan's unemployment rate rose to 2.7% MoM in July for the first time in four months and higher than the consensus of 2.5%. Japan industrial production declined -2% MoM and -2.5% YoY, further than the expected -1.4% fall. However, Japan's retail sales surprised significantly to the upside with a 2.1% MoM and 6.8% YoY reading.

Equities – New Zealand

- The NZ share market rose modestly by +0.46% this week in comparison to other global equities. The worst performing sector was the -4.6% decline in IT compared to a +2.6% rally in the best performing sector, energy.

Equities – Global

- All global equities rallied this week with the technology sector leading the pack.
- The S&P500 Index closed the week up +3.1% lower and the US Nasdaq Composite Index rose markedly +4.6%.
- European stocks gained +1.5% and Australian stocks increased +2.1%.
- Asian indices had a modest uptick with Japanese shares closing +1.1% lower and Chinese stock market rising +1.2%.

Fixed Income

- US treasury yields fell. 10-year rates were down -13bps this week.
- The Barclays Global Agg Bond Index (hedged in NZD) rose +0.6% week-over-week and US inflation bonds were up +0.5%.
- New Zealand 2-year rates closed down -7bps and the 10-year fell even further by -10bps week-over-week.
- The NZ government bond index increased by +0.6% week-over-week.

Commodities & FX

- The commodity index posted a +1.1% rise over the week off the back of oil strengthening +5.8%. Iron ore appreciated significantly by +4%. Gold in NZD rose modestly +0.5%.
- The NZ dollar appreciated against the USD (+0.4%) but fell against the AUD (-0.2%).

The week ahead

- **Fri Sep 1st:** NZ consumer confidence, AUS manufacturing PMI, AUS home loans, US employment data, US construction spending, US PMI
- **Mon Sep 4th:** NZ terms of trade, AUS job adverts, AUS securities inflation, Germany trade balance
- **Tue Sep 5th:** NZ Commodity Price, AUS services & composite PMI, CHN PMI, EU PPI, Germany services & composite PMI, UK services & composite PMI
- **Wed Sep 6th:** AUS GDP, EU retail sales, US factory orders, German Factory orders
- **Thurs Sep 7th:** NZ manufacturing index, AUS Trade balance, US services & composite PMI, CHN Trade balance, EU GDP, EU employment change

Market data dashboard

Review of the week ending Thursday 31st August 2023 market close



As at:		31-Aug-23		Week				MTD				YTD			
		24-Aug-23	31-Aug-23	Return	%/ Δbps	31-Jul-23	31-Aug-23	Return	%/ Δbps	31-Dec-22	31-Aug-23	Return	%/ Δbps		
		Equity Markets	Single country indices	NZSX50 (local)	14,343.50	14,409.26		0.46%	15,034.39	14,409.26		-4.16%	14,247.54	14,409.26	
S&P500	9,421.47			9,709.68		3.06%	9,866.77	9,709.68		-1.59%	8,178.02	9,709.68		18.73%	
Nasdaq	14,816.44			15,501.07		4.62%	15,757.00	15,501.07		-1.62%	10,939.76	15,501.07		41.69%	
ASX200	89,099.59			90,928.22		2.05%	91,599.30	90,928.22		-0.73%	85,188.04	90,928.22		6.74%	
Europe	9,800.45			9,950.70		1.53%	10,347.55	9,950.70		-3.84%	8,590.43	9,950.70		15.83%	
Japan	56,108.16			56,720.29		1.09%	57,645.38	56,720.29		-1.60%	44,827.29	56,720.29		26.53%	
	China		5,160.18	5,223.55		1.23%	5,558.40	5,223.55		-6.02%	5,251.97	5,223.55		-0.54%	
	Global Equity Indices		MSCI World (hedged)	774.16	796.61		2.90%	810.82	796.61		-1.75%	681.62	796.61		16.87%
			MSCI World (unhedged)	17,038.52	17,437.97		2.34%	17,092.51	17,437.97		2.02%	14,139.50	17,437.97		23.33%
			MSCI World High Div' (local)	2,660.54	2,706.64		1.73%	2,747.39	2,706.64		-1.48%	2,574.23	2,706.64		5.14%
		MSCI EM	380.03	377.66		-0.62%	385.05	377.66		-1.92%	340.07	377.66		11.05%	
		Global REITS	2,932.27	2,985.49		1.81%	3,089.12	2,985.49		-3.35%	2,912.06	2,985.49		2.52%	
		Global Infrastructure	3,207.97	3,220.94		0.40%	3,376.46	3,220.94		-4.61%	3,348.38	3,220.94		-3.81%	
Fixed Income	Developed market Interest rates	10Y Australia Sovereign	4.12%	4.03%		-9bps	4.06%	4.03%		-3bps	4.05%	4.03%		-2bps	
		10Y US Treasuries	4.24%	4.11%		-13bps	3.96%	4.11%		15bps	3.87%	4.11%		23bps	
		10Y NZ Sovereign	4.97%	4.87%		-10bps	4.68%	4.87%		19bps	4.47%	4.87%		40bps	
		2Y Australia Sovereign	3.83%	3.79%		-4bps	3.94%	3.79%		-14bps	3.40%	3.79%		39bps	
		2Y US Treasuries	5.02%	4.86%		-16bps	4.88%	4.86%		-1bps	4.43%	4.86%		44bps	
		2Y NZ Sovereign	5.51%	5.44%		-7bps	5.37%	5.44%		7bps	4.88%	5.44%		57bps	
		Fixed Income indices	NZ Bond	1,642.23	1,652.90		0.65%	1,662.93	1,652.90		-0.60%	1,648.36	1,652.90		0.28%
		NZ Corporate Bond	5,574.49	5,597.80		0.42%	5,585.23	5,597.80		0.22%	5,417.52	5,597.80		3.33%	
		Barclays AGG hedged NZD	397.36	399.86		0.63%	400.49	399.86		-0.16%	389.63	399.86		2.62%	
		EM Bonds USD	530.99	534.60		0.68%	543.55	534.60		-1.65%	513.71	534.60		4.07%	
		Global Investment Grade	361.17	363.62		0.68%	365.16	363.62		-0.42%	358.74	363.62		1.36%	
		NZ Linkers	540.15	546.35		1.15%	551.00	546.35		-0.84%	534.42	546.35		2.23%	
		US Linkers	330.98	332.64		0.50%	335.63	332.64		-0.89%	329.06	332.64		1.09%	
		Global High Yield	144.24	145.49		0.86%	145.17	145.49		0.22%	136.75	145.49		6.39%	
Currency	Foreign Exchange	NZDUSD	0.593	0.595		0.40%	0.622	0.595		-4.35%	0.632	0.595		-5.87%	
		NZDAUD	0.921	0.919		-0.21%	0.924	0.919		-0.48%	0.933	0.919		-1.44%	
		NZDEUR	0.547	0.549		0.29%	0.564	0.549		-2.82%	0.593	0.549		-7.46%	
		NZDJPY	86.315	86.676		0.42%	88.413	86.676		-1.96%	83.48	86.68		3.83%	
		NZD- Trade weighted	69.701	69.820		0.17%	71.392	69.820		-2.20%	72.08	69.82		-3.13%	
Commodity	Commodities	Oil WTI Crude	79.050	83.63		5.79%	81.32	83.63		2.84%	78.32	83.63		6.78%	
		Gold in NZD	3,236.111	3,251.53		0.48%	3,165.25	3,251.53		2.73%	2,872.81	3,251.53		13.18%	
		Iron Ore	109.780	114.16		3.99%	105.75	114.16		7.95%	110.64	114.16		3.18%	
		Copper USD	379.350	382.20		0.75%	402.50	382.20		-5.04%	381.00	382.20		0.31%	
		Milk Powder	2,470.000	2,405.00		-2.63%	2,730.00	2,405.00		-11.90%	3,300.00	2,405.00		-27.12%	
		Commodity Index	104.887	106.03		1.09%	107.34	106.03		-1.22%	112.81	106.03		-6.01%	

Important notes

Issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975, AFSL 230 523 (**BIMAL**) for the exclusive use of the recipient (the **ASB Bank Limited**, including its wholly owned subsidiaries) which warrant(s) by receipt of this material that it is a wholesale client as defined under the Australian Corporations Act 2001 (Cth) and the New Zealand Financial Advisers Act 2008 respectively.

This material is provided to the recipient on a strictly confidential basis, with the exception of providing it to the recipient's professional advisers who are also bound to keep such information confidential.

This material provides general information only and does not take into account individual objectives, financial situation, needs or circumstances.. This material is not a financial product recommendation or an offer or solicitation with respect to the purchase or sale of any financial product in any jurisdiction. This material is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

BIMAL does not offer financial products to persons in New Zealand who are retail investors (as that term is defined in the Financial Markets Conduct Act 2013 (**FMCA**)). This material does not constitute or relate to such an offer. To the extent that this material does constitute or relate to such an offer of financial products, the offer is only made to, and capable of acceptance by, persons in New Zealand who are wholesale investors (as that term is defined in the FMCA).

BIMAL is a part of the global BlackRock Group which comprises of financial product issuers and investment managers around the world. BIMAL is the issuer of financial products and acts as an investment manager in Australia.

BIMAL, its officers, employees and agents believe that the information in this material and the sources on which it is based (which may be sourced from third parties) are correct as at the date of publication. While every care has been taken in the preparation of this material, no warranty of accuracy or reliability is given and no responsibility for the information is accepted by BIMAL, its officers, employees or agents. Except where contrary to law, BIMAL excludes all liability for this information.

Any investment is subject to investment risk, including delays on the payment of withdrawal proceeds and the loss of income or the principal invested. While any forecasts, estimates and opinions in this material are made on a reasonable basis, actual future results and operations may differ materially from the forecasts, estimates and opinions set out in this material. No guarantee as to the repayment of capital or the performance of any product or rate of return referred to in this material is made by BIMAL or any entity in the BlackRock group of companies.

No part of this material may be reproduced or distributed in any manner without the prior written permission of BIMAL.

© 2023 BlackRock, Inc. All Rights reserved. BLACKROCK, BLACKROCK SOLUTIONS, iSHARES and the stylised i logo are registered and unregistered trademarks of BlackRock, Inc. or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.