

Economic data & news

- **NZ:** Q2 goods terms of trade rose 0.4% beating expectations of -1.3% led by a 6.8% surge in goods exports volumes. Q2 services terms of trade also rose 4.4%. The August World Commodity Price index weighed down on terms of trade, continuing its downward trend falling 2.9% MoM driven by dairy and lamb prices. August consumer confidence reported a modest uplift of 1.3 pts to 85.0, although a reading below 100 still indicates consumer pessimism.
- **Aust:** The RBA maintained the cash rate at 4.1% in line with expectations and left forward guidance unchanged, awaiting developments in economic data. Australian GDP surprised to the upside with a 2.1% YoY rise against expectations of a 1.8% YoY increase, with a 0.4% increase in Q2. However, it was below last quarter's 2.4% YoY mainly driven by lower trade and investment contributions. The Manufacturer's Purchaser Index (PMI) posted its strongest reading in 6 months at 49.6, although the reading below 50 still indicating a contraction. Manufacturing employment demand continued to expand.
- **US:** August US services PMI came in at a stronger than expected 54.5 and the manufacturing PMI remained in contractionary territory with a 47.6 reading, however both were the highest levels in 6 months. The August unemployment rate rose modestly by 0.3% to 3.8% with the participation rate inching up to 62.8%, a 3-year high. The trade deficit continued to widen in July, given a 1.6% in exports lagging the 1.7% increase in imports.
- **Europe:** EU Q2 GDP was revised down to a modest 0.1% uptick QoQ from earlier flash estimates of 0.3%, driven by weakness in new orders, hiring intentions and supply constraints. EU July Producer Price Index (PPI) reported a -7.6% YoY decline and reduced -0.5% MoM. EU composite PMI data recorded a contractionary 46.7 in August, with services PMI data falling to 47.9 pts. The decline was led by Germany's -0.8% industrial production fall MoM despite the UK services PMI being revised up to 49.8.
- **China/Japan:** China's exports dropped sharply by -8.8% in August YoY and imports also fell -7.3% YoY, continuing their steep downward trend. The Chinese services PMI fell to 51.8 in August down from 54.1 in July, the lowest reading since December. Japan's household spending fell -5% YoY in July for its biggest fall in 2.5 years and below market expectations of -2.5%. Japan's services PMI continued 12 consecutive months of expansion with a reading of 54.4 in August while manufacturing continued to shrink.

Equities – New Zealand

- The NZ share market fell by -0.9% this week in line with global equities. The worst performing sector was consumer discretionary posting losses of -7.5% and the best performing sectors remaining flat were materials and industrials.

Equities – Global

- Global equities all fell this week with the Japanese stocks being the outlier posting a positive return.
- The S&P500 Index closed the week down -1.2% lower and the US Nasdaq Composite Index fell -1.6% too.
- European stocks fell -1.8% and Australian stocks dipped -1.3%.
- Asian indices had mixed performance with Japanese shares closing +1.1% higher and the Chinese stock market falling -0.2%.

Fixed Income

- US treasury yields rose. 10-year rates were up +14bps this week.
- The Barclays Global Agg Bond Index (hedged in NZD) fell -0.7% week-over-week and US inflation bonds were down -0.4%.
- New Zealand 2-year rates finished up +7bps and the 10-year rose even further by +12bps week-over-week.
- The NZ government bond index declined by -0.6% week-over-week.

Commodities & FX

- The commodity index was flat this week despite oil strengthening +3.9%. Iron ore appreciated marginally by +0.1%. Gold in NZD rose modestly +0.5%.
- The NZ dollar depreciated against the USD (-1.2%) but rose against the AUD (+0.4%).

The week ahead

- **Fri Sep 8th:** JPN GDP, JPN Current Account, Germany CPI
- **Mon Sep 11th:** CHN CPI, CHN PPI
- **Tue Sep 12th:** NZ Consumer confidence, NZ Electronic card retail sales, UK employment change, German Economic Sentiment
- **Wed Sep 13th:** NZ Food price index, EU industrial production, US CPI, UK GDP, UK industrial production UK manufacturing production
- **Thurs Sep 14th:** AUS employment change, AUS participation rate, AUS unemployment rate, AUS inflation expectations, US PPI, US retail sales, JPN industrial production

Market data dashboard

Review of the week ending Thursday 7th September 2023 market close

| As at: | | 7-Sep-23 | | Week | | | | MTD | | | | YTD | | | |
|----------------|---------------------------------|------------------------------|----------------------|-----------|----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|----------|----------|--|
| | | 31-Aug-23 | 07-Sep-23 | Return | %/ Δbps | 31-Aug-23 | 07-Sep-23 | Return | %/ Δbps | 31-Dec-22 | 07-Sep-23 | Return | %/ Δbps | | |
| Equity Markets | Single country indices | NZSX50 (local) | 14,409.26 | 14,269.85 | | -0.97% | 14,409.26 | 14,269.85 | | -0.97% | 14,247.54 | 14,269.85 | | 0.16% | |
| | | S&P500 | 9,709.68 | 9,590.40 | | -1.23% | 9,709.68 | 9,590.40 | | -1.23% | 8,178.02 | 9,590.40 | | 17.27% | |
| | | Nasdaq | 15,501.07 | 15,258.52 | | -1.56% | 15,501.07 | 15,258.52 | | -1.56% | 10,939.76 | 15,258.52 | | 39.48% | |
| | | ASX200 | 90,928.22 | 89,729.42 | | -1.32% | 90,928.22 | 89,729.42 | | -1.32% | 85,188.04 | 89,729.42 | | 5.33% | |
| | | Europe | 9,950.70 | 9,774.50 | | -1.77% | 9,950.70 | 9,774.50 | | -1.77% | 8,590.43 | 9,774.50 | | 13.78% | |
| | | Japan | 56,720.29 | 57,366.69 | | 1.14% | 56,720.29 | 57,366.69 | | 1.14% | 44,827.29 | 57,366.69 | | 27.97% | |
| | | China | 5,223.55 | 5,214.69 | | -0.17% | 5,223.55 | 5,214.69 | | -0.17% | 5,251.97 | 5,214.69 | | -0.71% | |
| | Global Equity Indices | MSCI World (hedged) | 796.61 | 789.40 | | -0.91% | 796.61 | 789.40 | | -0.91% | 681.62 | 789.40 | | 15.81% | |
| | | MSCI World (unhedged) | 17,437.97 | 17,426.11 | | -0.07% | 17,437.97 | 17,426.11 | | -0.07% | 14,139.50 | 17,426.11 | | 23.24% | |
| | | MSCI World High Div' (local) | 2,706.64 | 2,688.65 | | -0.66% | 2,706.64 | 2,688.65 | | -0.66% | 2,574.23 | 2,688.65 | | 4.44% | |
| MSCI EM | | 377.66 | 379.77 | | 0.56% | 377.66 | 379.77 | | 0.56% | 340.07 | 379.77 | | 11.67% | | |
| Global REITS | | 2,985.49 | 2,954.30 | | -1.04% | 2,985.49 | 2,954.30 | | -1.04% | 2,912.06 | 2,954.30 | | 1.45% | | |
| | Global Infrastructure | 3,220.94 | 3,192.83 | | -0.87% | 3,220.94 | 3,192.83 | | -0.87% | 3,348.38 | 3,192.83 | | -4.65% | | |
| Fixed Income | Developed market Interest rates | 10Y Australia Sovereign | 4.03% | 4.16% | | 13bps | 4.03% | 4.16% | | 13bps | 4.05% | 4.16% | | 11bps | |
| | | 10Y US Treasuries | 4.11% | 4.24% | | 14bps | 4.11% | 4.24% | | 14bps | 3.87% | 4.24% | | 37bps | |
| | | 10Y NZ Sovereign | 4.87% | 5.00% | | 12bps | 4.87% | 5.00% | | 12bps | 4.47% | 5.00% | | 53bps | |
| | | 2Y Australia Sovereign | 3.79% | 3.87% | | 7bps | 3.79% | 3.87% | | 7bps | 3.40% | 3.87% | | 47bps | |
| | | 2Y US Treasuries | 4.86% | 4.95% | | 8bps | 4.86% | 4.95% | | 8bps | 4.43% | 4.95% | | 52bps | |
| | | 2Y NZ Sovereign | 5.44% | 5.51% | | 7bps | 5.44% | 5.51% | | 7bps | 4.88% | 5.51% | | 64bps | |
| | | | Fixed Income indices | NZ Bond | 1,652.90 | 1,642.86 | | -0.61% | 1,652.90 | 1,642.86 | | -0.61% | 1,648.36 | 1,642.86 | |
| | | NZ Corporate Bond | 5,597.80 | 5,581.13 | | -0.30% | 5,597.80 | 5,581.13 | | -0.30% | 5,417.52 | 5,581.13 | | 3.02% | |
| | | Barclays AGG hedged NZD | 399.86 | 397.16 | | -0.67% | 399.86 | 397.16 | | -0.67% | 389.63 | 397.16 | | 1.93% | |
| | | EM Bonds USD | 534.60 | 529.38 | | -0.98% | 534.60 | 529.38 | | -0.98% | 513.71 | 529.38 | | 3.05% | |
| | | Global Investment Grade | 363.62 | 360.69 | | -0.80% | 363.62 | 360.69 | | -0.80% | 358.74 | 360.69 | | 0.54% | |
| | | NZ Linkers | 546.35 | 540.97 | | -0.98% | 546.35 | 540.97 | | -0.98% | 534.42 | 540.97 | | 1.23% | |
| | | US Linkers | 332.64 | 331.19 | | -0.44% | 332.64 | 331.19 | | -0.44% | 329.06 | 331.19 | | 0.65% | |
| | | Global High Yield | 145.49 | 145.24 | | -0.17% | 145.49 | 145.24 | | -0.17% | 136.75 | 145.24 | | 6.21% | |
| Currency | Foreign Exchange | NZDUSD | 0.595 | 0.588 | | -1.18% | 0.595 | 0.588 | | -1.18% | 0.632 | 0.588 | | -6.97% | |
| | | NZDAUD | 0.919 | 0.922 | | 0.35% | 0.919 | 0.922 | | 0.35% | 0.933 | 0.922 | | -1.09% | |
| | | NZDEUR | 0.549 | 0.550 | | 0.18% | 0.549 | 0.550 | | 0.18% | 0.593 | 0.550 | | -7.29% | |
| | | NZDJPY | 86.676 | 86.518 | | -0.18% | 86.676 | 86.518 | | -0.18% | 83.48 | 86.52 | | 3.64% | |
| | | NZD-Trade weighted | 69.820 | 69.612 | | -0.30% | 69.820 | 69.612 | | -0.30% | 72.08 | 69.61 | | -3.42% | |
| Commodity | Commodities | Oil WTI Crude | 83.630 | 86.87 | | 3.87% | 83.63 | 86.87 | | 3.87% | 78.32 | 86.87 | | 10.92% | |
| | | Gold in NZD | 3,251.525 | 3,266.98 | | 0.48% | 3,251.53 | 3,266.98 | | 0.48% | 2,872.81 | 3,266.98 | | 13.72% | |
| | | Iron Ore | 114.160 | 114.23 | | 0.06% | 114.16 | 114.23 | | 0.06% | 110.64 | 114.23 | | 3.24% | |
| | | Copper USD | 382.200 | 376.20 | | -1.57% | 382.20 | 376.20 | | -1.57% | 381.00 | 376.20 | | -1.26% | |
| | | Milk Powder | 2,405.000 | 2,520.00 | | 4.78% | 2,405.00 | 2,520.00 | | 4.78% | 3,300.00 | 2,520.00 | | -23.64% | |
| | | Commodity Index | 106.029 | 106.01 | | -0.02% | 106.03 | 106.01 | | -0.02% | 112.81 | 106.01 | | -6.02% | |

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.