



MORNING REPORT

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Top News

New Zealand dollar weakens amid Chinese sabre-rattling, European turmoil

The New Zealand dollar weakened into the New Year amid negative global news such as China threatening Taiwan again and the European Central Bank appointing temporary administrators to run an Italian bank, Banca Carige.

The New Zealand currency followed other currencies, including the Australian dollar, euro and British pound lower and investors sought the safety of the US dollar, with its strength also underpinned by the US Federal Reserve's policy of continuing rate hikes.

Earlier today, Chinese president-for-life Xi Jinping urged the people of Taiwan to accept that it "must and will be" reunited with China and that China reserved the right to use force. Taiwan is self-governed but has never formally declared independence from mainland China.

The ECB's decision to appoint three temporary administrators to Banca Carige came after the majority of its board members resigned. The administrators, who will replace the board, are charged with steering the bank to stabilise its governance and to pursue effective solutions to ensure stability and compliance with ECB rules.

In Britain, the market is nervous ahead of the scheduled mid-month parliamentary vote on Prime Minister Theresa May's Brexit deal. May used her New Year's message to urge Parliament to back her Brexit deal and Downing Street officials confirmed that May has been seeking further concessions from fellow European leaders over the Christmas period.

The alternative would be a "hard Brexit" in March, assuming Britain does actually leave the European Union, amid growing calls for it to 'Bremain'.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,577.31	27.54	▲	0.29%
S&P/NZX 50 Index	8,811.27	27.78	▲	0.32%
S&P/NZX MidCap Index	26,099.03	151.10	▲	0.58%
S&P/NZX SmallCap Index	58,355.79	182.78	▲	0.31%
S&P/NZAX All Index	511.14	0.00	▲	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	5,625.60	83.80	▼	1.47%
S&P/ASX 200	5,557.80	88.60	▼	1.57%
ASX Small Ordinaries	2,426.80	31.30	▼	1.27%
S&P/ASX MIDCAP 50	6,036.20	83.00	▼	1.36%
S&P/ASX 20	3,131.60	53.40	▼	1.68%
Foreign Markets Index				
	Last	Change		
S&P 500	2,502.44	4.41	▼	0.18%
Dow Jones Industrial Average	23,232.47	94.99	▼	0.41%
NASDAQ Composite	6,646.00	10.73	▲	0.16%
DAX PERFORMANCE-INDEX	10,580.19	21.23	▲	0.20%
ASX All Ordinaries	5,625.60	83.80	▼	1.47%
NIKKEI 225	20,014.77	62.85	▼	0.31%
HANG SENG INDEX	25,130.35	715.35	▼	2.77%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9517	0.0011	▼	0.12%
USD	0.6661	0.0059	▼	0.88%
CNY	4.5690	0.0490	▼	1.06%
EUR	0.5870	0.0008	▲	0.14%
CAD	0.9048	0.0113	▼	1.23%
GBP	0.5281	0.0013	▲	0.25%
JPY	72.7325	0.9925	▼	1.35%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.21			
10-year Swap	2.65			
Commodities Futures				
	Last	Change		
Gold	1,282.80	1.50	▲	0.12%
Silver	15.56	0.02	▲	0.10%
Crude Oil	46.45	1.04	▲	2.29%

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