

# MORNING REPORT

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## Top News

### U.S. Stocks Fall Amid Iran Tensions; Dollar Gains: Markets Wrap

U.S. stocks fell as investors remained wary of an escalation in tensions with Iran. The dollar advanced, while oil continued its retreat from multimonth highs.

The S&P 500 headed for its second drop in three sessions, with investors cautious after Iran threatened a military response to a U.S. airstrike that killed a top general four days ago. Chipmakers buoyed the benchmark and pushed the Nasdaq 100 Index higher.

Havens showed little reaction to the bellicose Iranian rhetoric, with West Texas crude falling below \$63 a barrel and gold slightly higher. The dollar advanced versus the yen, while the 10-year Treasury yield rose to 1.82% after indicators pointed to a resilient U.S. economy.

"Markets are to some degree calming down from the trash talk that we've seen over the last couple of days," said Matt Forester, chief investment officer at BNY Mellon's Lockwood Advisors, about the U.S.-Iran conflict. "The issue is whether there will be heightened conflict in the future. I don't think markets know yet. This could easily flare back up again."

Even as investors appeared to have started the first full trading week of 2020 in a defiantly upbeat mood, the unfolding crisis in the Middle East, which triggered a broad sell-off on Friday, returned to the forefront Tuesday. Traders are now waiting to see how Iran fulfills its threats.

### McConnell Says Republicans Have Votes to Set Trump Trial Terms

Senate Majority Leader Mitch McConnell said he has the votes to set the terms of President Donald Trump's impeachment trial without the cooperation of Democrats, which would allow him to reject their calls for an agreement on new witness testimony before it gets underway.

"We have the votes once the impeachment trial has begun" to begin hearing from the House impeachment managers and the president's defense and to defer a decision on witnesses until after that phase is completed, McConnell said Tuesday after a lunch meeting with GOP senators.

The impeachment trial rules can be set by a simple majority of the 100-member chamber and Republicans hold 53 votes. McConnell said he hopes Speaker Nancy Pelosi will act this week to transmit the two articles of impeachment against Trump that were adopted by the House in December, which would trigger the start of the trial process.

McConnell's hold on his GOP majority hasn't been shaken by former White House National Security Adviser John Bolton's offer to testify or by recent leaks of emails showing the president's direct involvement in holding up military aid to Ukraine after he pressed that country's president to investigate potential 2020 rival Joe Biden and his son.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	12,594.01	0.85	↑	0.01%
S&P/NZX 50 Index	11,629.86	2.54	↑	0.02%
S&P/NZX MidCap Index	32,917.47	10.85	↑	0.03%
S&P/NZX SmallCap Index	67,064.36	20.97	↓	0.03%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,943.60	86.20	▲	1.26%
S&P/ASX 200	6,826.40	90.70	▲	1.35%
ASX Small Ordinaries	2,954.70	30.80	▲	1.05%
S&P/ASX MIDCAP 50	7,369.40	81.80	▲	1.12%
S&P/ASX 20	3,744.70	52.60	▲	1.42%

Foreign Markets Index				
	Last	Change		
S&P 500	3,241.40	4.88	▼	0.15%
Dow Jones Industrial Average	28,622.72	80.66	▼	0.28%
NASDAQ Composite	9,081.29	9.82	▲	0.11%
DAX PERFORMANCE-INDEX	13,226.83	99.84	▲	0.76%
ASX All Ordinaries	6,943.60	86.20	▲	1.26%
NIKKEI 225	23,575.72	370.86	▲	1.60%
HANG SENG INDEX	28,322.06	95.87	▲	0.34%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9671	0.0062	▲	0.64%
USD	0.66	-0.0027	▼	0.41%
CNY	4.6270	-0.0260	▼	0.56%
EUR	0.60	0.0004	▲	0.07%
CAD	0.8638	-0.0008	▼	0.09%
GBP	0.51	-0.0004	▼	0.08%
JPY	72.0870	-0.1910	▼	0.26%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.27	
5y Swap	1.33	
10y Swap	1.66	

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,572.30	3.50	▲	0.22%
Silver	18.40	0.22	▲	1.22%
Crude Oil	62.70	0.57	▼	0.90%

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