



## MORNING REPORT

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### Top News

#### U.S. to Lift Yuan Manipulator Tag Ahead of China Trade Deal

President Donald Trump's administration plans to lift its designation of China as a currency manipulator, people familiar with the matter said, removing an obstacle to a trade deal the two nations are set to sign this week.

The Treasury Department will make the move in a semi-annual report, expected to be released soon, after being delayed as the U.S. and China finalize a "phase one" trade pact, said the people, who spoke on condition of anonymity.

Treasury Secretary Steven Mnuchin in August first formally labeled China a currency-manipulator, a move that further escalated the trade war with Beijing after the country's central bank allowed the yuan to fall in retaliation to new U.S. tariffs. A Treasury Department spokeswoman declined to comment. A reporter for Fox Business Network earlier tweeted the news about Treasury's plans.

Now that a deal is in sight, the designation is being lifted. The administration had at one point considered maintaining the label and instead announcing it would monitor the yuan with the possibility of lifting the designation in August of this year, according to the people. The offshore Chinese yuan strengthened to 6.883 per dollar on Monday.

Mnuchin's August 2019 announcement prompted authorities in Beijing to increase transparency around how they manage the yuan. Some of that data has provided support for the Treasury's view that the People's Bank of China engages in competitive devaluations of its currency, the people said.

But economists have criticized the U.S. decision to call China a manipulator. The International Monetary Fund said in September the yuan is fairly valued and that there's no evidence of manipulation. China's weakening currency could also be attributed to a slowdown in growth.

China also doesn't meet the criteria outlined in a 2015 U.S. law for formally designating a country a currency-manipulator. Mnuchin instead relied on a 1988 trade law that has a looser definition of currency manipulation to justify the claim. He did so after the yuan broke the 7 per dollar level for the first time since 2008, drawing Trump's ire. Mnuchin had resisted using the label in the previous five reports he released.

The August announcement was made in a press release, outside the normal issuance of the report.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	12,500.39	8.50	↓	0.07%
S&P/NZX 50 Index	11,543.67	8.03	↓	0.07%
S&P/NZX MidCap Index	33,021.76	18.19	↑	0.06%
S&P/NZX SmallCap Index	66,635.47	30.08	↓	0.05%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	7,020.20	21.70	↓	0.31%
S&P/ASX 200	6,903.70	25.30	↓	0.37%
ASX Small Ordinaries	2,994.00	2.90	↑	0.10%
S&P/ASX MIDCAP 50	7,451.20	9.20	↓	0.12%
S&P/ASX 20	3,788.60	19.30	↓	0.51%

Foreign Markets Index				
	Last	Change		
S&P 500	3,282.85	17.50	↑	0.54%
Dow Jones Industrial Average	28,868.51	44.74	↑	0.16%
NASDAQ Composite	9,255.71	76.85	↑	0.84%
DAX PERFORMANCE-INDEX	13,451.52	31.79	↓	0.24%
ASX All Ordinaries	7,020.20	21.70	↓	0.31%
NIKKEI 225	23,850.57	110.67	↑	0.47%
HANG SENG INDEX	28,954.94	316.74	↑	1.11%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9604	-0.0021	↓	0.22%
USD	0.66	-0.0008	↓	0.12%
CNY	4.5730	-0.0180	↓	0.39%
EUR	0.60	-0.0020	↓	0.34%
CAD	0.8652	-0.0015	↓	0.17%
GBP	0.51	0.0009	↑	0.18%
JPY	72.8985	0.1535	↑	0.21%

NZ Interest Rates				
	Last	Change		
NZ OCR	1.00			
3m Bank Bill	1.25			
5y Swap	1.31			
10y Swap	1.64			

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,550.70	9.40	↓	0.60%
Silver	18.00	0.10	↓	0.55%
Crude Oil	58.04	1.00	↓	1.69%

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