



## MORNING REPORT

As at 9.25 AM 15/01/2020

Web: [www.equity.co.nz](http://www.equity.co.nz) / E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz) / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ

### Top News

#### U.S. Won't Cut More China Tariffs Until After November Vote

Existing tariffs on billions of dollars of Chinese goods coming into the U.S. are likely to stay in place until after the American presidential election, and any move to reduce them will hinge on Beijing's compliance with the terms of a phase-one trade accord, people familiar with the matter said.

The two sides have an understanding that no sooner than 10 months after the signing of the agreement at the White House Wednesday, the U.S. will review progress and potentially consider additional cuts on tariffs affecting \$360 billion of imports from China, the people said, declining to be identified because the matter is private.

The period of review, which is not expected to be specified in the deal's text, is intended to give the Trump administration time to verify the Asian nation's adherence to the terms of the pact. It won't affect a halving of the 15% tariff on about \$120 billion in Chinese goods announced in December that is still due to go ahead. Officials have said before they will release the text of the 86-page agreement in conjunction with the signing and denied that there's a plan to cut duties further.

"The only non-public component of the agreement is a confidential annex with detailed purchase amounts, which has been previously described," U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin said in a joint emailed response to questions. "There are no other oral or written agreements between the U.S. and China on these matters, and there is no agreement for future reduction in tariffs."

The news wiped out gains in American stocks, where major benchmarks had hit fresh records. Treasury yields dipped and the dollar slipped versus the yen. The U.S. agreed not to go ahead with a new tranche of tariffs in December and to reduce the rate on about \$120 billion of Chinese products as part of the deal. But the fate of the remaining duties has been unclear, with economists saying they are likely to continue to be a drag on both economies.

Intrigue surrounding the accord is high because the White House has gone to unusual lengths to prevent public scrutiny of the terms in advance of its enactment. Congressional staff have been required to read the agreement in secure facilities at the Capitol and haven't been provided copies, and for more than a month U.S. officials have said they were still working on translating the terms to and from Chinese.

The timetable would allow President Donald Trump to keep existing levies in place until after voters decide whether he should get a second term, pushing off an issue that could prove objectionable to his core supporters. Trump has claimed the duties on China as one of his greatest economic achievements, labeling himself "Tariff Man."

The Asian nation has also committed to increasing purchases of American farm goods such as soybeans and pork, and making new commitments on intellectual property, forced technology transfer and currency.

The U.S. presidential election is set for Nov. 3.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	12,584.35	83.96	↑	0.67%
S&P/NZX 50 Index	11,625.13	81.46	↑	0.71%
S&P/NZX MidCap Index	33,122.11	100.35	↑	0.30%
S&P/NZX SmallCap Index	66,526.61	108.86	↓	0.16%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	7,078.00	57.80	▲	0.82%
S&P/ASX 200	6,962.20	58.50	▲	0.85%
ASX Small Ordinaries	3,022.40	28.40	▲	0.95%
S&P/ASX MIDCAP 50	7,507.70	56.50	▲	0.76%
S&P/ASX 20	3,817.30	28.70	▲	0.76%

Foreign Markets Index				
	Last	Change		
S&P 500	3,283.22	4.91	▼	0.15%
Dow Jones Industrial Average	28,938.72	31.67	▲	0.11%
NASDAQ Composite	9,256.20	17.73	▼	0.19%
DAX PERFORMANCE-INDEX	13,456.49	4.97	▲	0.04%
ASX All Ordinaries	7,078.00	57.80	▲	0.82%
NIKKEI 225	24,025.17	174.60	▲	0.73%
HANG SENG INDEX	28,885.14	69.80	▼	0.24%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9587	-0.0017	▼	0.18%
USD	0.66	-0.0012	▼	0.18%
CNY	4.5550	-0.0150	▼	0.33%
EUR	0.59	-0.0008	▼	0.13%
CAD	0.8642	-0.0015	▼	0.17%
GBP	0.51	-0.0025	▼	0.49%
JPY	72.7930	-0.0950	▼	0.13%

NZ Interest Rates				
	Last	Change		
NZ OCR	1.00			
3m Bank Bill	1.27			
5y Swap	1.34			
10y Swap	1.67			

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,547.00	3.60	▼	0.23%
Silver	17.81	0.19	▼	1.03%
Crude Oil	58.34	0.26	▲	0.45%

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk. ↑ ↓

**Do you need to make any changes to your portfolio?**  
[www.equity.co.nz](http://www.equity.co.nz) E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz)

Contact Equity Investment Advisers today.  
Tel: +64 (9)304 0145 / NZ: 0800 474 669