

MORNING REPORT

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Top News

KEY FACTORS IMPACTING KEY OVERSEAS MARKETS

Bitcoin fell 13% on Sunday after it suffered another sell-off, it was down nearly 50% from this year's high. "Many point to bitcoin's volatility as untenable," wrote RBC Capital Markets' Amy Wu Silverman in a research note published on Saturday. "Indeed, Bitcoin makes severe and dizzying swings." On Thursday, the U.S. Treasury Department called for new rules that would require large cryptocurrency transfers to be reported to the Internal Revenue Service, and the Federal Reserve flagged the risks cryptocurrencies posed to financial stability. On Friday China cracked down on mining and trading of the largest cryptocurrency as part of ongoing efforts to prevent speculative and financial risks. Many fund managers in cryptocurrencies have been switching to gold.

CONCERNS ABOUT RISING PROPERTY DEBT AND RISING INTEREST RATES

Concern is growing that NZ first-home buyers, who have entered property market are taking on extremely high levels of debt, resulting in a huge burden for such home buyers, interest rates rise in the next few years. According to Corelogic, the median house price in the March quarter was \$650k and on the assumption that buyers had a 20% deposit, that implies an average loan of \$500k.

In Australia housing demand is expected to dampen as the government plans to end the \$200 billion emergency Reserve Bank funding scheme put in place to mitigate the impact of the coronavirus crisis. This is anticipated to cause fixed mortgage rates to rise from their current extremely low rates. There is concern the property market is overheating.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	13,583.75	27.25	▲	0.20%
S&P/NZX 50 Portfolio Index	7,861.42	0.83	▼	0.01%
S&P/NZX MidCap Index	34,945.76	17.26	▼	0.05%
S&P/NZX SmallCap Index	88,270.11	581.07	▲	0.66%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	7,265.30	12.70	▲	0.18%
S&P/ASX 200	7,030.30	10.70	▲	0.15%
ASX Small Ordinaries	3,197.50	10.20	▲	0.32%
S&P/ASX MIDCAP 50	8,458.40	5.90	▲	0.07%
S&P/ASX 20	3,997.30	4.70	▲	0.12%
Foreign Markets Index				
	Last	Change		
S&P 500	4,155.86	3.26	▼	0.08%
Dow Jones Industrial Average	34,207.84	123.74	▲	0.36%
NASDAQ Composite	13,470.99	64.71	▼	0.48%
FTSE 100	7,018.05	1.74	▼	0.02%
ASX All Ordinaries	7,265.30	12.70	▲	0.18%
NIKKEI 225	28,317.83	219.63	▲	0.78%
HANG SENG INDEX	28,458.44	8.14	▲	0.03%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9286	0.0005	▲	0.05%
USD	0.7179	0.0002	▼	0.03%
CNY	4.6093	0.0000		0.00%
EUR	0.5895	0.0005	▲	0.08%
CAD	0.8661	0.0004	▲	0.05%
GBP	0.507	0.0000		0.00%
JPY	78.1777	0.0363	▼	0.05%
US 10 Year Treasury Yield				
US 10YR	1.62%			
NZ Interest Rates				
	Last			
NZ OCR	0.25			
90-day Bank Bill	0.26			
5y Bank Bill	0.34			
10y Bank Bill	0.70			
Swap rate spread close (bps)	58			
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,881.80	5.10	▲	0.27%
Silver	27.65	0.18	▲	0.64%
Crude Oil	63.88	0.30	▲	0.47%

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