



Aussie Dollar Falls on Housing Market Concerns

MARKETS



- **Local and global equity markets mostly trended lower this week.**
- **Less than 20% of US large companies have reported thus far with nearly 80% beating market expectations.** At this stage, analysts still expect 4th quarter earnings growth of 14%, a sharp decline from earlier in 2018, but still reasonable.
- **In local stock news, Rio Tinto reported strong numbers from its copper division,** with a 33% jump in production in 2018. The company also forecast an increase in its iron ore output this year. The company will start construction on its new iron ore mine next year.
- **Sydney Airport's domestic passenger numbers have taken a hit in December** with 60,000 less passengers travelling through the airport, the company says is a result of flight cancellations caused by bad weather. International passenger numbers grew strongly in December, with 44.4 million passengers travelling through the international terminals in 2018.
- **Treasury Wine Estates, the producers of Penfolds, sacked their chief operating officer** for an unspecific breach of internal policies unrelated to the company's trading performance. He had been considered a likely internal candidate for CEO. The company also guided for better than expected 1st half earnings.
- **BHP released its 2nd quarter operational result with a weaker outcome than expected.** But the company maintained full year guidance as they expect to catch up on volumes in the 2nd half of the financial year.

- **The Aussie dollar fell this week following National Australia Bank's decision to raise mortgage rates** which traders took to mean as further stress on the Australian economy.

ECONOMIC



- **Australian housing finance fell 1.4% between October and November** as banks tighten lending standards and look to de-risk their mortgage books.
- **China's economy grew at 6.6% in 2018 which was in line with expectations.** Annualised growth for the December was 6.4%. News headlines focused on it being their lowest rate of growth in almost 30 years. Still a reasonable growth figure, but the economy is slowing.

POLITICS



- **It is looking increasingly likely that the US and Chinese representatives will come to some sort of agreement on trade** as both sides appear to want a resolution, with positive rhetoric out of both camps. The Chinese Vice Premier will visit the US later this month for another round of talks aimed at resolving the trade dispute between the two countries.
- **President Trump came under attack via US politics this week** with an investigation launched into the White House's handling of its security clearance process, with concerns of breaches of national security at the highest levels of his administration. In addition, the House Speaker Nancy Pelosi cancelled ("refused to invite") the President to give his State of the Union address in the House citing security concerns in light of the government shutdown.
- **No clearer path on a Brexit resolution this week** with PM May struggling to maintain control of the Brexit process, with parliament looking to wrestle control away from her and the Government. If that does happen, expect either new British elections and/or a 2nd referendum. The British Pound pushed higher as a result.