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## NZ trade partners' economies brought into view at Summit

The strengths and vulnerabilities of New Zealand's main trading partners' economies have been a key focus during two investment conferences held in Auckland and Wellington last week. Nikko AM NZ's Investment Summit was attended by more than 160 financial services professionals and investors.

Goldman Sachs AM's Head of Fixed Income Asia-Pacific, Phil Moffitt, told the audience his firm's view is that the steady US expansion is set to continue, with bearish rates and tax reform that is supportive of borrowing and lending.

"Markets are faced with an array of countervailing factors, which taken together, lead us to conclude that the current investment backdrop warrants cautious optimism," said Moffitt. "But any deterioration in the US fiscal and trade balance may put downward pressure on the US dollar."

Nikko AM Global Equities Investment Director, James Kinghorn, said real global GDP growth is back at its long run (50 year) average, at around 3.75 percent.

"Global growth is better, but debt remains high," said Kinghorn. "In 2017, global debt stood at US\$217 trillion, or 327% of GDP, compared with 246% of GDP in 2002, with the sharpest expansion of debt happening in China."

And British economist Andrew Hunt said global growth has gained momentum thanks to China's surging demand for foreign imports, as China's households save less and spend more.

"Through its rising demand for imports, and inflating export prices, China represents a potential exogenous shock to the global system, in the form of exported inflation," Hunt said.

Hunt said New Zealand's exchange rate is at a "demanding level" and debt remains high. "However, you benefitted immensely from a lift in the terms of trade last year, and this will be an indicator to watch if your capital account face headwinds."

Other speakers at the event included; Paul Zummo, JP Morgan Alternative AM Hedge Fund Solutions CEO/CIO, Stuart Williams, Head of Equities, Nikko AM NZ and Fergus McDonald, Head of Bonds and Currency, Nikko AM NZ.

Managing Director George Carter said the annual Investment Summit highlights Nikko AM's global connectivity. "We're pleased to be able to bring high calibre experts here for the benefit of our partners and clients, who are responsible for the savings and investments of thousands of Kiwis."

**(Ends)**

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#### **About Nikko AM NZ**

Nikko AM NZ currently manages \$4.9 billion of assets across a range of asset classes. Nikko AM NZ is part of one of the largest asset management companies in Asia, Nikko Asset Management (Nikko AM) which manages USD 211.6 billion and employs more than 195 investment professionals. This unique advantage makes Nikko AM NZ the only dedicated investment manager in New Zealand to be a part of a specialist global investment manager. Nikko AM NZ was recently named Morningstar 2018 NZ Fund Manager of the Year. Data as at 31 December 2017