

# MORNING REPORT

As at 8.56 AM 1/11/2019

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## Top News

### NZ dollar eases amid trade war jitters

The New Zealand dollar eased slightly as markets turned their attention back to US-China trade tensions.

The kiwi was trading at 64.10 US cents at 8am in Wellington from 64.27 cents at 5pm in Wellington. The trade-weighted index was at 70.63 versus 70.74.

"US-China trade war woes are once again creeping back into global market sentiment," said ANZ FX/rates strategist Sandeep Parekh.

While both sides appear to be on track to signing an interim agreement – despite the cancellation of the APEC meeting in Chile – "Chinese officials have reportedly voiced their low expectations that negotiations beyond phase one will result in any meaningful change in trade relations," Parekh said.

Bloomberg News reported that private conversations with trade advisors in Beijing had revealed they remain concerned about Trump's impulsive nature and the risk that he may back out of even a limited deal at the last minute.

However, while the kiwi is under some pressure it is holding above 64 US cents as the market pulls back on expectations the central bank might cut rates this month, said Parekh.

The kiwi jumped yesterday after Westpac Bank said it didn't expect the RBNZ to cut rates this month, citing stronger domestic inflation and a pick-up in housing activity.

Parekh said the focus will now shift to US jobs data due later in the global trading day.

### NZX50 falls 1.3% in October; investors ponder smelter future, index reweighting

The S&P/NZX 50 Index fell 1.3 percent in October as the threat of Tiwai Point smelter closing weighed on electricity companies and as investors prepared for the upcoming reweighting of the MSCI index.

The benchmark index was down 1.72 points, or 0.02 percent, at 10,787.82 today, with 22 stocks falling, 21 rising and seven unchanged. Turnover was higher than usual at \$217.3 million.

The local market has been one of the strongest performers across Asia-Pacific this year, with a low interest rate environment stoking demand among investors for New Zealand stocks, which typically offer reliable dividends. The dynamic looks set to stay in place after the Federal Reserve cut its key interest rate, although it signalled it probably wouldn't loosen monetary policy further, which would ease some of the pressure on other central banks to follow suit.

Kiwi Property Group led the market lower today, down 4.8 percent at \$1.59, though that's still higher than the \$1.58 price the shares were sold at in a \$180 million placement yesterday. Trading resumed today after being halted for the capital raising, and Kiwi Property was the most traded stock on a volume of 4.4 million shares, well up on its 90-day average of 1.5 million.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,668.66	4.29	▲ 0.04%
S&P/NZX 50 Index	10,787.82	1.72	▼ 0.02%
S&P/NZX MidCap Index	31,133.23	61.97	▼ 0.20%
S&P/NZX SmallCap Index	63,302.94	234.69	▲ 0.37%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,772.90	21.80	▼ 0.32%
S&P/ASX 200	6,663.40	26.10	▼ 0.39%
ASX Small Ordinaries	2,875.10	4.30	▲ 0.15%
S&P/ASX MIDCAP 50	7,033.60	23.70	▲ 0.34%
S&P/ASX 20	3,683.00	25.30	▼ 0.68%

Foreign Markets Index			
	Last	Change	
S&P 500	3,032.44	14.33	▼ 0.47%
Dow Jones	26,995.43	191.26	▼ 0.70%
NASDAQ Composite	8,279.47	24.50	▼ 0.30%
DAX	12,866.79	43.44	▼ 0.34%
ASX All Ordinaries	6,772.90	21.80	▼ 0.32%
NIKKEI 225	22,927.04	83.92	▲ 0.37%
HANG SENG INDEX	26,906.72	239.01	▲ 0.90%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9310	0.0054	▲ 0.58%
USD	0.64	0.0028	▲ 0.44%
CNY	4.5090	0.0030	▲ 0.07%
EUR	0.58	0.0027	▲ 0.47%
CAD	0.8446	0.0038	▲ 0.45%
GBP	0.50	0.0003	▲ 0.06%
JPY	69.2795	-0.2325	▼ 0.34%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.12	
5y Swap	1.11	
10y Swap	1.42	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,514.10	17.40	▲ 1.16%
Silver	18.10	0.23	▲ 1.30%
Crude Oil	54.02	1.04	▼ 1.89%

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