

# MORNING REPORT

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## Top News

### NZ dollar gains vs Aussie as investors rethink RBA rate hike

The New Zealand dollar gained against its trans-Tasman counterpart after the Reserve Bank of Australia's warning on rising household debt triggered a rethink on the chance of a rate hike next year.

The RBA kept the target cash rate at 1.5 percent as expected, however, traders latched on to governor Philip Lowe's reiteration that high household debt and low incomes kept a question mark over consumer spending. Investors pared back their expectations for the RBA to raise the benchmark rate next year, bringing the track for interest rates back in line with New Zealand where the central bank doesn't plan on moving until 2020 at the earliest.

The US dollar index rose 0.2 percent as Federal Reserve chair Jerome Powell said he didn't see signs of inflation spiking despite the low unemployment rate.

The local currency was unchanged at 57.11 euro cents as Italian bond yields rose on fears the European nation's credit rating might be downgraded.

### NZ shares slip on rising costs, dwindling business confidence

New Zealand shares slipped as the weakest business confidence in nine years and fears over future profitability weighed on stocks linked to the local economic cycle.

The New Zealand Institute of Economic Research's quarterly survey of business opinion showed the worst economic confidence since March 2009, with firms experiencing weaker demand and a growing number of companies anticipating shrinking earnings.

Courier company Freightways, often seen as a bellwether for the local economy, fell 1.4 percent to \$7.69. Port of Tauranga, the country's biggest export port, declined 1.3 percent to \$5.16.

The government's petrol tax increase came into effect over the weekend, adding to the impact a weak kiwi dollar and rising oil prices are already having on costs at the petrol pump. A growing number of pay settlements, and difficulties finding staff, are also concerning firms.

Air New Zealand fell 1.5 percent to \$2.99, its first closed below \$3 since February. Pushpay Holdings led the market lower, falling 1.7 percent to \$4.

Sky Network Television rose 1.4 percent to \$2.14, the biggest gain for the day, while Spark New Zealand advanced 1.3 percent to \$4.02. Heartland Bank increased 1.2 percent to \$1.73 and Mainfreight was up 1 percent to \$30.15.

NZX gained 0.9 percent to \$1.09. Shareholder Elevation Capital is urging the company to rethink its strategy and pare back its management and board. It claims the stock market operator's underperformance and flat dividend payments have cost shareholders \$235 million of total returns.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	10,158.08	3.44	▲ 0.03%
S&P/NZX 50 Index	9,326.59	0.68	▼ 0.01%
S&P/NZX MidCap Index	26,650.96	19.99	▼ 0.07%
S&P/NZX SmallCap Index	64,672.70	365.09	▲ 0.57%
S&P/NZAX All Index	532.02	2.32	▼ 0.43%
ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,245.80	46.90	▼ 0.75%
S&P/ASX 200	6,126.20	46.10	▼ 0.75%
ASX Small Ordinaries	2,841.90	15.90	▼ 0.56%
S&P/ASX MIDCAP 50	6,994.20	52.20	▼ 0.74%
S&P/ASX 20	3,381.20	24.90	▼ 0.73%
Foreign Markets Index			
	Last	Change	
S&P 500	2,923.43	1.16	▼ 0.04%
Dow Jones	26,773.94	122.73	▲ 0.46%
NASDAQ Composite	7,999.55	37.76	▼ 0.47%
DAX	12,287.58	51.45	▼ 0.42%
ASX All Ordinaries	6,245.80	46.90	▼ 0.75%
NIKKEI 225	24,270.62	24.86	▲ 0.10%
HANG SENG INDEX	27,126.38	662.14	▼ 2.38%
Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9178	0.0022	▲ 0.24%
USD	0.6598	0.0016	▼ 0.24%
CNY	4.5320	0.0120	▼ 0.26%
EUR	0.5712	0.0002	▼ 0.04%
CAD	0.8459	0.0019	▼ 0.22%
GBP	0.5082	0.0009	▲ 0.18%
JPY	74.9485	0.4405	▼ 0.58%
NZ Interest Rates			
	Last	Change	
NZ OCR	1.75		
3-month Bank Bill	1.94		
5-year Swap	2.39		
10-year Swap	2.90		
Commodities Futures			
	Last	Change	
Gold	1,207.00	15.30	▲ 1.28%
Silver	14.71	0.20	▲ 1.40%
Crude Oil	75.11	0.19	▼ 0.25%

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