

## Morning Report

As at 9:00 AM 05 September 2017

### Top News

#### NZ dollar falls vs yen as North Korea tensions stoke demand for safe havens

The New Zealand dollar fell against the yen as ongoing tensions over North Korea stoked demand for safe haven assets although trading was subdued following the US Labor Day holiday on Monday.

The yen and gold have both gained since tensions over North Korea revived over the weekend following its sixth nuclear test. Nikki Haley, the US ambassador to the UN, told the Security Council that North Korean leader Kim Jong Un was "begging for war" while South Korea is reportedly installing more missile defense batteries.

In New Zealand today, traders will be watching for building work put in place for the second quarter while the latest GlobalDairyTrade auction is scheduled for tonight. Across the Tasman, the Reserve Bank of Australia releases its review of interest rates and governor Philip Lowe is scheduled to give a speech tonight. Before that, Australian government figures for the balance of payments in the second quarter are to be released.

#### Stocks slide on nuclear tensions

European equities declined while German bunds rose, following North Korea's most powerful nuclear test and reports that it might launch another ballistic missile.

US Ambassador to the United Nations Nikki Haley urged the UN Security to adopt the strongest possible sanctions on the country.

US financial markets were closed for the Labour Day holiday. Beyond geopolitical tension, this week offers the return of US Congress, on Tuesday, from summer recess as well as a policy meeting by the European Central Bank's Governing Council. Congress has until September 29 to raise the debt ceiling, or the maximum amount of debt the federal government can carry at any time, and stave off a US default.

#### NZ shares bounce back up, Metro Glass gains while Contact falls

New Zealand shares gained, bouncing after yesterday's selling, with Metro Performance Glass leading the index up while Contact Energy dropped.

Metro Performance Glass was the best performer, rising 3.8% to \$1.09. It has been sold down heavily since its result, plunging 24% before today's selling.

Spark New Zealand gained 1.6% to \$3.89. The telco benefitted from today's broadband announcement, as its joint bid with Vodafone and 2degrees was awarded the \$150 million tender to extend rural broadband and provide mobile coverage for black spots in locations favoured by tourists and along the state highway network.

Chorus was unchanged at \$4.05. It says it will deliver ultrafast broadband to 87% of the country by 2022, two years ahead of schedule, and will expand its fibre rollout to 54,500 "rural premises" with a total cost of \$130 million from a deal with Crown Fibre Holdings.

NZX Index				
Index	Last	Change		
<b>S&amp;P/NZX All Index</b>	8,453.62	17.90	↓	0.21%
<b>S&amp;P/NZX 50 Index</b>	7,808.22	18.14	↓	0.23%
<b>S&amp;P/NZX Mid Cap Index</b>	22,332.64	52.22	↓	0.23%
<b>S&amp;P/NZX Small Cap</b>	52,380.86	6.46	↑	0.01%
<b>S&amp;P/NZAX All Index</b>	564.11	0.42	↓	0.07%

ASX Index				
Index	Last	Change		
<b>ALL ORDINARIES</b>	5,763.8	22.3	↓	0.39%
<b>S&amp;P/ASX 200</b>	5,702.0	22.6	↓	0.40%
<b>S&amp;P/ASX SMALL ORD</b>	2,441.6	4.6	↓	0.19%
<b>S&amp;P/ASX MIDCAP 50</b>	6,144.2	21.1	↓	0.34%
<b>S&amp;P/ASX 20</b>	3,200.8	13.3	↓	0.42%

Foreign Markets Index				
	Last	Change		
<b>S&amp;P 500</b>	2,476.55	4.90	↑	0.20%
<b>DJIA</b>	21,987.56	39.46	↑	0.18%
<b>Nasdaq</b>	6,435.33	6.67	↑	0.10%
<b>FTSE 100</b>	7,411.47	27.03	↓	0.36%
<b>ALL ORDINARIES</b>	5,763.80	22.30	↓	0.39%
<b>Nikkei 225</b>	19,508.25	183.22	↓	0.93%
<b>Hang Seng</b>	27,740.26	212.90	↓	0.76%

Currencies (per NZ\$ 1.00)				
	Last	Change		
<b>AUD</b>	0.9013	0.0002	↓	0.02%
<b>USD</b>	0.7162	0.0001	↓	0.01%
<b>CNY</b>	4.6770			
<b>EUR</b>	0.6020			
<b>CAD</b>	0.8892	0.0001	↑	0.01%
<b>GBP</b>	0.5537	0.0002	↓	0.04%
<b>JPY</b>	78.5910	0.0155	↑	0.02%

NZ Interest Rates		
	Last	Change
<b>NZ OCR</b>	1.75	
<b>3-month Bank Bill</b>	1.95	
<b>5-year Swap</b>	2.61	
<b>10-year Swap</b>	3.10	

Commodities			
	Last	Change	
<b>Spot Gold \$US</b>	1,333.30		
<b>Spot Silver \$US</b>	17.87		
<b>Oil(WTI)</b>	47.37	0.08	↑ 0.17%

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