

MORNING REPORT

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Top News

NZD remains above 66 US cents on mixed US data

The New Zealand dollar was slightly weaker after mixed US data overnight but remains above 66 US cents.

The kiwi gained on a weaker greenback after the latest ADP National Employment Report showed the private sector added 27,000 jobs in May, less than the 173,000 jobs expected by economists polled by The Wall Street Journal. However, the New Zealand dollar pared some of its gains when the US ISM non-manufacturing index increased to 56.9 from 55.5.

The kiwi remained firm against the Aussie, in particular after weaker-than-expected first quarter economic growth across the Tasman increased expectations the Reserve Bank of Australia will be gearing up for another rate cut after cutting rates to 1.25 percent earlier this week.

Looking ahead, markets will be watching for today's ANZ commodity prices index and Australian trade data.

NZ shares edge higher; A2 recovers some ground lost on China fears

New Zealand shares edged higher, lagging behind Wall Street's gains on the prospect of lower interest rates. A2 Milk recovered some of yesterday's sell-off as investors tried to gauge China's plan to boost domestic infant formula production.

Stocks across Asia were upbeat, following the lead of the S&P 500 Index, which climbed 2.1 percent overnight on speculation the Federal Reserve may cut interest rates to preserve US economic growth in the face of a protracted trade dispute with China. China's Shanghai Composite was up 0.6 percent in afternoon trading as was Singapore's Straits Times Index. Australia's S&P/ASX 200 index advanced 0.5 percent.

Even after yesterday's 1.6 percent slide, the NZX50 is trading at a forward price-to-earnings multiple of 22.1 times, the highest across the major equity benchmarks tracked by Refinitiv in the Asia Pacific region. India's Sensex Index is trading at a forward PE multiple of 20.5 times.

A2 rose 1.1 percent to \$14.25 on a volume of 2.3 million shares, more than twice its 90-day average of 803,000. The stock slumped 11 percent yesterday on news that Chinese regulators are seeking to wean its burgeoning middle class off foreign infant formula, and aim to be 60 percent self-sufficient within three years.

Synlait Milk, which supplies A2, fell 1.3 percent to \$8.54 while Fonterra Shareholders' Fund units were down 0.3 percent at \$3.99. Dairy prices fell at the latest Global Dairy Trade auction, with buttermilk powder and anhydrous milk fat prices leading the decline.

Gentrack Group led the market higher, up 3.2 percent at \$5.24 on a volume of 216,000 shares, more than twice its 82,000 average, while Sanford rose 2.9 percent to \$7 on 48,000 shares, in line with its 90-day average. Sky Network Television rose from a record low, up 2.5 percent at \$1.21.

Spark New Zealand was the most active stock on a volume of 2.5 million, less than half its 5.5 million average.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	10,762.26	2.59	▼ 0.02%
S&P/NZX 50 Index	9,956.07	1.74	▲ 0.02%
S&P/NZX MidCap Index	28,583.11	33.37	▲ 0.12%
S&P/NZX SmallCap Index	58,950.34	284.94	▼ 0.48%
S&P/NZAX All Index	552.34	7.39	▼ 1.32%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,443.60	26.90	▲ 0.42%
S&P/ASX 200	6,358.50	26.10	▲ 0.41%
ASX Small Ordinaries	2,757.80	7.30	▲ 0.27%
S&P/ASX MIDCAP 50	6,667.90	34.00	▲ 0.51%
S&P/ASX 20	3,576.80	19.70	▲ 0.55%

Foreign Markets Index			
	Last	Change	
S&P 500	2,826.15	22.88	▲ 0.82%
Dow Jones Industrial Average	25,539.57	207.39	▲ 0.82%
NASDAQ Composite	7,575.48	48.36	▲ 0.64%
DAX PERFORMANCE-INDEX	11,980.81	9.64	▲ 0.08%
ASX All Ordinaries	6,443.60	26.90	▲ 0.42%
NIKKEI 225	20,776.10	367.56	▲ 1.80%
HANG SENG INDEX	26,895.44	133.92	▲ 0.50%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9494	0.0001	▲ 0.01%
USD	0.66	0.0006	▲ 0.09%
CNY	4.5720	0.0000	▲ 0.00%
EUR	0.59	0.0003	▲ 0.05%
CAD	0.8883	0.0005	▲ 0.06%
GBP	0.52	-0.0001	▼ 0.02%
JPY	71.8120	0.0720	▲ 0.10%

NZ Interest Rates			
	Last	Change	
NZ OCR	1.50		
3m Bank Bill	1.64		
5y Swap	1.53		
10y Swap	1.91		

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,334.70	6.00	▲ 0.45%
Silver	14.79	0.02	▲ 0.14%
Crude Oil	51.72	1.76	▼ 3.29%

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