

# MORNING REPORT

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## Top News

### NZ shares fall, Sky TV and FPH drop while Chorus, Arvida rise

New Zealand shares fell, led lower by Sky Network Television on continued earnings worries and Fisher & Paykel Healthcare, while Chorus and Arvida Group gained.

The S&P/NZX50 Index dropped 64.15 points, or 0.7 percent, to 9,228. Within the index, 22 stocks fell, 20 rose, and eight were unchanged. Turnover was \$137.2 million.

Leading the benchmark index lower was Sky TV, which dropped 3.5 percent to \$2.20. The shares have dropped 17 percent since the company gave its annual earnings report last month.

"That's a continuation of a trend we've seen since they reported, I would say on concern of continued loss of subscribers, though that's no great news to anybody," said Josh Wilson, principal and senior portfolio manager at NZFunds. "The way I looked at it was they'd done a really good job at taking costs out of the business, but there's only so far you can cut costs and if revenues continue to decline and follow the trend that they have been, then earnings become the meat in the sandwich and will get squeezed."

Fisher & Paykel Healthcare fell 2.7 percent to \$15.20. On Monday, it warned the cost of contesting the latest patent allegations from rival ResMed will cut annual earnings by as much as \$10 million in a far-ranging dispute across multiple jurisdictions.

"It's just part of doing business from here on in, basically," Wilson said. "Fisher & Paykel is fortunate it's not the biggest part of their business, it's not as much of a threat as if it was infringing around the hospital part of their business. They had a really strong run and this has brought it back to earth a bit."

### NZ dollar recovers as US trade deficit widens, China tariff decision looms

The New Zealand dollar bounced from a two-and-a-half year low as investors await US President Donald Trump's decision on whether to impose stiffer tariffs on China, while data showed the US trade deficit widened.

The kiwi rose to 65.97 US cents as at 8am in Wellington from 65.55 cents yesterday. The trade-weighted index advanced to 71.65 from 71.26 yesterday.

The US dollar index fell 0.3 percent as fears over emerging markets subsided, putting the focus back on Trump's reported plans to impose tariffs on US\$200 billion of Chinese imports once a review is completed this week. Meanwhile, data showed the US trade deficit widened to US\$50.1 billion, in line with expectations. The deficit with China was US\$36.8 billion, which ANZ Bank New Zealand economists said was probably distorted by people trying to get in ahead of new tariffs.

"Investors are likely to remain cautious during our trading day with the real possibility that President Donald Trump may go ahead with his proposed tariffs on US\$200 billion of Chinese goods when a public comment period on the taxes concludes later today," traders at HiFX said in a note. "Broad US dollar weakness has seen the NZD trade back towards US 66 cents after falling to its lowest level in almost 30 months yesterday morning."

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,046.21	69.59	▼	0.69%
S&P/NZX 50 Index	9,228.00	66.42	▼	0.71%
S&P/NZX MidCap Index	26,209.33	62.64	▲	0.24%
S&P/NZX SmallCap Index	64,279.93	55.01	▼	0.09%
S&P/NZAX All Index	537.57	2.70	▲	0.51%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,339.20	59.70	▼	0.93%
S&P/ASX 200	6,230.40	62.70	▼	1.00%
ASX Small Ordinaries	2,854.70	22.80	▼	0.79%
S&P/ASX MIDCAP 50	7,130.50	42.30	▼	0.59%
S&P/ASX 20	3,422.70	40.40	▼	1.17%
Foreign Markets Index				
	Last	Change		
S&P 500	2,888.60	8.12	▼	0.28%
Dow Jones	25,974.99	22.51	▲	0.09%
NASDAQ Composite	7,995.17	96.07	▼	1.19%
DAX	12,040.46	169.75	▼	1.39%
ASX All Ordinaries	6,339.20	59.70	▼	0.93%
NIKKEI 225	22,580.83	116.07	▼	0.51%
HANG SENG INDEX	27,243.85	729.49	▼	2.61%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9164	0.0035	▲	0.38%
USD	0.6593	0.0040	▲	0.61%
CNY	4.4980	0.0130	▲	0.29%
EUR	0.5668	0.0011	▲	0.19%
CAD	0.8683	0.0041	▲	0.47%
GBP	0.5107	0.0009	▲	0.18%
JPY	73.5200	0.4715	▲	0.65%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.30			
10-year Swap	2.82			
Commodities Futures				
	Last	Change		
Gold	1,201.80	2.70	▲	0.23%
Silver	14.12	0.06	▲	0.42%
Crude Oil	68.65	1.22	▼	1.75%

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