

MORNING REPORT

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Top News

NZ shares fall as Trump's trade talk spooks investors; exporters fall

New Zealand shares joined a slump across Asia as US President Donald Trump's tough stance on trade spooked investors. Exporters including A2 Milk and Fisher & Paykel Healthcare were among those sold off.

The S&P/NZX 50 Index dropped 97.46 points, or 1 percent, to 9,960.62. Within the index, 30 stocks fell, 16 rose, and four were unchanged. Turnover was \$115.9 million.

Stocks across Asia were fell after Trump stepped up pressure on China, saying in a tweet that he will hike tariffs on some Chinese goods at the end of the week as trade negotiations are tracking too slowly. The Shanghai Composite Index was down 5.2 percent in afternoon trading, while Hong Kong's Hang Seng dropped 3.3 percent and Australia's S&P/ASX 200 Index fell 0.8 percent.

"The market had a strong lead going into today's trading with excellent jobs numbers out of the United States," said Peter McIntyre, an investment advisor at Craigs Investment Partners. "That all changed within two or three sentences and we're following Asia lower."

Exporters were among the hardest hit, with A2 Milk Co down 2.9 percent at \$15.93 on a smaller volume than usual of 564,000 shares. F&P Healthcare fell 2.6 percent to \$15.34 on a volume of 364,000, while Air New Zealand declined 1.8 percent to \$2.75. Pushpay Holdings, which reports on Wednesday, decreased 0.8 percent to \$3.78.

NZD weaker on China-US trade jitters; focus on RBA, RBNZ

The New Zealand dollar weakened amid jitters over the US-China trade negotiations and ahead of monetary policy decisions in Australia and at home.

The kiwi was trading at 66.08 US cents at 8am, down from 66.23 at 5pm yesterday. The trade-weighted index fell to 72.17 from 72.41.

The US dollar rose as the renewed trade tensions between the US and China spooked markets. Reports that a delegation from China will proceed with trade negotiations in the US this week helped steady sentiment.

According to the South China Morning Post, China is still preparing to send a delegation to Washington for the trade talks despite the latest threats by President Donald Trump to increase tariffs, Foreign Ministry spokesperson Geng Shuang said.

The focus will now be on the Reserve Bank of Australia rate decision later today. According to market pricing, there is a 50 percent chance the RBA could move to cut rates to 1.25 percent from 1.50 percent.

ANZ Bank expects the RBA to cut the cash rate by 25 basis points in response to a worrying fall in core inflation seen in the first quarter, despite a decline in unemployment.

If they do cut rates across the Tasman, it will increase the likelihood that the Reserve Bank of New Zealand will also cut interest rates to 1.50 percent from 1.75 percent on Wednesday afternoon.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	10,779.17	106.23	▼ 0.98%
S&P/NZX 50 Index	9,960.62	97.46	▼ 0.97%
S&P/NZX MidCap Index	28,468.24	143.27	▼ 0.50%
S&P/NZX SmallCap Index	59,630.15	653.97	▼ 1.08%
S&P/NZAX All Index	604.53	0.09	▲ 0.02%
ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,369.90	57.30	▼ 0.89%
S&P/ASX 200	6,283.70	52.10	▼ 0.82%
ASX Small Ordinaries	2,802.30	45.20	▼ 1.59%
S&P/ASX MIDCAP 50	6,732.00	99.00	▼ 1.45%
S&P/ASX 20	3,508.20	17.30	▼ 0.49%
Foreign Markets Index			
	Last	Change	
S&P 500	2,932.47	13.17	▼ 0.45%
Dow Jones	26,438.48	66.47	▼ 0.25%
NASDAQ Composite	8,123.29	40.71	▼ 0.50%
DAX	12,286.88	125.87	▼ 1.01%
ASX All Ordinaries	6,369.90	57.30	▼ 0.89%
NIKKEI 225	22,258.73	48.87	▼ 0.22%
HANG SENG INDEX	29,209.82	871.73	▼ 2.90%
Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9442	0.0036	▼ 0.38%
USD	0.6606	0.0004	▼ 0.06%
CNY	4.4660	0.0100	▼ 0.22%
EUR	0.5898	0.0017	▼ 0.29%
CAD	0.8881	0.0016	▼ 0.18%
GBP	0.5044	0.0016	▲ 0.32%
JPY	73.2325	0.1275	▲ 0.17%
NZ Interest Rates			
	Last	Change	
NZ OCR	1.75		
3-month Bank Bill	1.88		
5-year Swap	1.76		
10-year Swap	2.17		
Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,281.60	0.30	▲ 0.02%
Silver	14.91	0.06	▼ 0.42%
Crude Oil	62.63	0.69	▲ 1.11%

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