

MORNING REPORT

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Top News

NZ shares fell, led by A2 Milk as it faces new China competition

New Zealand shares declined after A2 Milk fell on news of a new competitor in China's infant formula market and as rising bond yields made dividend stocks less attractive.

The benchmark S&P/NZX 50 Index shed 82.36 points, or 0.8 percent, to 10,759.18. Within the index, 29 stocks fell, 14 rose and seven were unchanged. Turnover was \$130.2 million.

A2 shares fell 46 cents, or 3.6 percent, to \$12.30. About 646,000 shares hands, down from a daily average of about 740,000 the past three months.

"The biggest weight on the market was A2 – that share price has been trending down for a wee while now. It's really come off the boil since August," says Grant Williamson at Hamilton Hindin Greene.

A2 shares peaked at \$18.04 on July 31, although they are still 22 percent higher than a year ago.

Broking firm Citi says domestic Chinese infant formula company Junlebao, controlled by the Hebei provincial government, has gained State Administration for Market Regulation - SAMR - registration for its infant formula, which also contains only the A2 protein, and will be allowed for sale in offline retail channels, such as mother and baby specialty supermarkets.

NZ dollar dips on signs interim US-China trade deal may be delayed

The New Zealand dollar dipped on news that an interim trade deal between the US and China might be delayed until December.

The kiwi was trading at 63.66 US cents at 8am versus 63.72 cents at 5pm in Wellington. It touched an overnight high of 63.89 cents. The trade-weighted index was unchanged at 70.17.

The mood soured after a senior official of the US President Donald Trump's administration told Reuters a meeting planned with Chinese President Xi Jinping to sign a long-awaited interim trade deal could be delayed until December as discussions continue over terms and venue.

"The much-hyped phase one deal signing between the world's two largest economies that was just around the corner, might be around a few more corners," said Kiwibank senior FX trader Mike Shirley.

"It was enough to send the kiwi back toward session lows," he said.

According to Reuters, dozens of venues have been suggested for the meeting, which had originally been scheduled to take place on the sidelines of a now-canceled mid-November summit of Asia-Pacific leaders in Chile, the official said.

Today, investors will focus on Australian trade data but the main event will be next week's domestic monetary policy review with "markets still split on the odds of a cut," said ANZ FX/rates strategist Sandeep Parekh. ANZ Bank is expecting a 25 basis point rate cut to 0.75 percent.

The kiwi was trading at 92.54 Australian cents from 92.39, at 49.55 British pence from 49.46, at 57.51 euro cents from 57.52, at 69.33 yen from 69.48 and at 4.4549 Chinese yuan from 4.4597.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,647.27	86.58	▼	0.74%
S&P/NZX 50 Index	10,759.18	82.36	▼	0.76%
S&P/NZX MidCap Index	31,046.66	119.25	▼	0.38%
S&P/NZX SmallCap Index	64,017.03	73.53	▲	0.11%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,773.20	38.40	▼	0.56%
S&P/ASX 200	6,660.20	36.90	▼	0.55%
ASX Small Ordinaries	2,900.00	17.00	▼	0.58%
S&P/ASX MIDCAP 50	6,989.70	90.90	▼	1.28%
S&P/ASX 20	3,680.80	5.90	▼	0.16%

Foreign Markets Index				
	Last	Change		
S&P 500	3,074.66	0.04	▲	0.00%
Dow Jones Industrial Average	27,483.33	9.30	▼	0.03%
NASDAQ Composite	8,406.26	28.42	▼	0.34%
DAX PERFORMANCE-INDEX	13,179.89	31.39	▲	0.24%
ASX All Ordinaries	6,773.20	38.40	▼	0.56%
NIKKEI 225	23,303.82	51.83	▲	0.22%
HANG SENG INDEX	27,688.64	5.24	▲	0.02%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9255	0.0010	▲	0.11%
USD	0.64	-0.0007	▼	0.11%
CNY	4.4550	-0.0110	▼	0.25%
EUR	0.58	-0.0003	▼	0.05%
CAD	0.8393	0.0008	▲	0.10%
GBP	0.50	0.0008	▲	0.16%
JPY	69.3350	-0.2320	▼	0.33%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.14	
5y Swap	1.18	
10y Swap	1.51	

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,492.80	9.10	▲	0.61%
Silver	17.58	0.02	▲	0.10%
Crude Oil	56.42	0.81	▼	1.42%

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