

MORNING REPORT

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Top News

NZ dollar may get some respite as China bolsters economy

The New Zealand dollar fell after US jobs data on Friday, but may get some respite after China's central bank announced a steep cut in the level of cash its banks must hold as reserves.

US non-farm payrolls, which showed a 134,000 increase in jobs in September, undershot expectations. But there were upward revisions to the prior months and the unemployment rate fell to 3.7 percent, the lowest rate in almost 50 years. Hourly earnings rose an annual 2.8 percent, meeting expectations.

Wage growth has supported the Federal Reserve's bias to raise interest rates and the greenback will continue to benefit.

On Sunday, the People's Bank of China said reserve requirement ratios - currently 15.5 percent for large commercial lenders and 13.5 percent for smaller banks - will be cut by 100 basis points effective Oct. 15. That matches a similar move in April and was the fourth this year as Beijing seeks to support the economy against the backdrop of the escalating trade war with the US. Any support for the Chinese economy bolsters the kiwi as China is New Zealand's largest trading partner.

NZ shares fall as rising yields trim demand; Synlait drops

New Zealand shares fell for a sixth session as rising US bond yields dented investors' appetite for stocks. Synlait Milk led the market lower, dropping to a five-month low.

The S&P/NZX 50 index declined 42.31 points, or 0.5 percent, to 9,214.87. Within the index, 30 stocks fell, 13 gained and seven were unchanged. Turnover was a quieter than usual \$79.1 million.

Stocks across Asia were largely weaker, following Wall Street's lead, after the yield on US 10-year Treasuries rose to a seven-year high. Investors expect strong US economic data will prompt the Federal Reserve to hike interest rates more aggressively, making fixed-income assets more attractive.

Rate-sensitive stocks fell. Genesis Energy dropped 3.2 percent to \$2.42, Investore Property declined 2.6 percent to 1.53, Property For Industry declined 1.4 percent to \$1.75, and Mercury NZ was down 1.1 percent at \$3.305.

Synlait led the market lower, falling 5.7 percent to \$10, its lowest close since May 1. The stock has lost 25 percent over the past month as investors cash in gains after a prolonged rally.

A2 Milk Co fell 1 percent to \$10.59, its fifth straight decline. A2's market capitalisation has dropped to \$7.9 billion, making it the fourth biggest local company on the NZX behind Fisher & Paykel Healthcare, Auckland International Airport and Meridian Energy. F&P Health fell 0.8 percent to \$15, Auckland Airport rose 1 percent to \$7.25, and Meridian slipped 0.3 percent to \$3.23.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	10,039.94	48.30	▼ 0.48%
S&P/NZX 50 Index	9,214.87	42.31	▼ 0.46%
S&P/NZX MidCap Index	26,426.79	182.09	▼ 0.68%
S&P/NZX SmallCap Index	64,602.94	394.54	▼ 0.61%
S&P/NZAX All Index	529.77	2.42	▼ 0.46%
ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,301.10	7.20	▲ 0.11%
S&P/ASX 200	6,185.50	9.20	▲ 0.15%
ASX Small Ordinaries	2,844.10	11.40	▼ 0.40%
S&P/ASX MIDCAP 50	7,045.60	13.10	▼ 0.19%
S&P/ASX 20	3,422.70	10.50	▲ 0.31%
Foreign Markets Index			
	Last	Change	
S&P 500	2,885.57	16.04	▼ 0.55%
Dow Jones	26,447.05	180.43	▼ 0.68%
NASDAQ Composite	7,788.45	91.06	▼ 1.16%
DAX	12,111.90	132.24	▼ 1.08%
ASX All Ordinaries	6,301.10	7.20	▲ 0.11%
NIKKEI 225	23,783.72	191.90	▼ 0.80%
HANG SENG INDEX	26,572.57	51.30	▼ 0.19%
Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9127	0.0005	▼ 0.05%
USD	0.6445	0.0008	▲ 0.12%
CNY	4.4260	0.0020	▲ 0.05%
EUR	0.5592	0.0003	▲ 0.05%
CAD	0.8348	0.0014	▲ 0.17%
GBP	0.4910	0.0001	▲ 0.02%
JPY	73.3650	0.1375	▲ 0.19%
NZ Interest Rates			
	Last	Change	
NZ OCR	1.75		
3-month Bank Bill	1.94		
5-year Swap	2.38		
10-year Swap	2.90		
Commodities Futures			
	Last	Change	
Gold	1,206.70	5.10	▲ 0.42%
Silver	14.68	0.09	▲ 0.62%
Crude Oil	74.29	0.04	▼ 0.05%

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