



MORNING REPORT

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Top News

NZ shares fall as rising US bond yields ripple through Asia; Z Energy drops

New Zealand shares joined a global sell-off as rising US bond yields took the sheen off blue-chip stocks including Fletcher Building, Contact Energy and Spark New Zealand. Z Energy fell to a two-and-a-half month low on a threat of heightened regulation.

The S&P/NZX 50 index dropped 67.77 points, or 0.7 percent, to 9,147.10, its lowest close in almost a month. Within the index, 32 stocks fell, 13 gained, and five were unchanged. Turnover was a quieter than usual \$74 million.

Stocks across Asia were weaker, taking their cue from Wall Street on Friday, as US bond yields continued to press higher on upbeat economic data there. China's Shanghai Composite Index dropped 3 percent in afternoon trading. Australia's S&P/ASX 200 index was down 1.1 percent and Hong Kong's Hang Seng declined 0.8 percent. Trading was subdued ahead of the Columbus Day holiday in the US.

New Zealand's sell-off was widespread, covering blue-chip stocks, rate-sensitive companies, and growth-focused firms. Pushpay Holdings fell 2.5 percent to \$3.94, Fletcher dropped 2.2 percent to \$6.29, SkyCity Entertainment Group declined 2 percent to \$3.96, Contact was down 1.2 percent to \$5.81 and Spark slipped 1 percent to \$3.97.

"The weakness on Wall Street is putting a bit of pressure on the New Zealand and Australian markets," said Grant Williamson, a director at Hamilton Hindin Greene. "We're seeing some profit-taking in some stocks. There's not a lot of reasons to buy equities at the moment."

NZ dollar gains vs euro as Italian debt continues to worry investors

The New Zealand dollar gained against the euro as Italy's plans to run budget deficits for the next three years are at odds with European Union rules.

The kiwi increased to 56.14 euro cents as at 8am in Wellington from 55.93 cents yesterday. It traded at 64.51 US cents from 64.39 cents yesterday, with US markets closed for the Columbus Day holiday.

The yield on Italian 10-year government bonds rose 5 basis points to 3.62 percent and the euro was broadly weaker after the European Commission told Italy it was concerned the nation's projected budget deficits for the next three years were outside the regional bloc's rules on government debt. Italy's Deputy Prime Minister Matteo Salvini responded by calling EU leaders "enemies of Europe" who have brought "fear and insecurity" to the continent.

"A showdown is looming between Italy and the EU as they prepare for the next battle over the 2019 budget, with the plan for a 2.4 percent of GDP deficit in breach of the EU rules," Bank of New Zealand senior markets strategist Jason Wong said in a note.

No local data is scheduled for today although the government's annual accounts will be released.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,970.26	69.68	0.69%
S&P/NZX 50 Index	9,147.10	67.77	0.74%
S&P/NZX MidCap Index	26,330.28	96.51	0.37%
S&P/NZX SmallCap Index	64,485.20	117.74	0.18%
S&P/NZAX All Index	529.77	0.00	0.00%
ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,218.60	82.50	1.31%
S&P/ASX 200	6,100.30	85.20	1.38%
ASX Small Ordinaries	2,813.20	30.90	1.09%
S&P/ASX MIDCAP 50	6,945.50	100.10	1.42%
S&P/ASX 20	3,369.00	53.70	1.57%
Foreign Markets Index			
	Last	Change	
S&P 500	2,886.75	1.18	0.04%
Dow Jones	26,513.57	66.52	0.25%
NASDAQ Composite	7,742.90	45.55	0.58%
DAX	11,947.16	164.74	1.36%
ASX All Ordinaries	6,218.60	82.50	1.31%
NIKKEI 225	23,783.72	191.90	0.80%
HANG SENG INDEX	26,202.57	370.00	1.39%
Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9117	0.0013	0.14%
USD	0.6452	0.0008	0.12%
CNY	4.4650	0.0390	0.88%
EUR	0.5614	0.0022	0.39%
CAD	0.8359	0.0013	0.16%
GBP	0.4928	0.0019	0.39%
JPY	72.9155	0.4195	0.57%
NZ Interest Rates			
	Last	Change	
NZ OCR	1.75		
3-month Bank Bill	1.94		
5-year Swap	2.40		
10-year Swap	2.94		
Commodities Futures			
	Last	Change	
Gold	1,191.20	14.40	1.19%
Silver	14.39	0.26	1.77%
Crude Oil	74.19	0.15	0.20%

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