

MORNING REPORT

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Top News

NZ shares join Asian rally on optimism over trade talks

New Zealand shares joined a rally across Asia as investors were more optimistic about the upcoming trade negotiations between the US and China.

The S&P/NZX 50 Index increased 40.53 points, or 0.4 percent, to 11,016.15. Within the index, 29 stocks rose, 16 fell and five were unchanged. Turnover was \$128.7 million.

Stocks across Asia were largely stronger, with the Shanghai Composite Index up 0.8 percent in afternoon trading. Australia's S&P/ASX 200 Index rose 0.4 percent and South Korea's Kospi 200 Index advanced 0.9 percent.

Michael McCarthy, chief market strategist at CMC Markets, said a more positive view of the trade outlook was supporting equity markets today, although investors will want to see something more substantial by the end of the week

"The markets are a bit wary about the whole thing. We've had so many false starts on these discussions that until something concrete's put on the table it's hard to get too carried away," he said.

Mercury NZ chief executive Fraser Whineray's decision to leave the electricity generator-retailer for Fonterra Cooperative Group was the major corporate news of the day. Whineray will end five years in charge of Mercury in 2020 to take up the reins as chief operating officer at Fonterra. Both stocks benefited from the news, with Mercury up 0.9 percent at \$5.45 and Fonterra Shareholders' Fund units rising 1.3 percent to \$4.05.

NZ dollar lifts against British pound on Brexit jitters

The New Zealand dollar gained against the British pound on growing concerns about the likelihood of a no-deal Brexit.

The kiwi was trading at 51.55 British pence at 7:55 am in Wellington versus 51.35 British pence at 5pm. It was at 62.96 US cents from 63.14 US cents. The trade-weighted index was at 70.35 from 70.45.

Markets were jittery after the European Union accused Britain of playing a "stupid blame game" after a Downing Street source said a deal was essentially impossible because German Chancellor Angela Merkel had made unacceptable demands, Reuters reported.

European Council President Donald Tusk took to Twitter to tell UK Prime Minister Boris Johnson that "what's at stake is not winning some stupid blame game. At stake is the future of Europe and the UK as well as the security and interests of our people. You don't want a deal, you don't want an extension, you don't want to revoke, quo vadis?"

"Expectations that the UK will agree a deal with the EU at next week's summit are fading fast, unsettling markets and hitting the GBP overnight," said ANZ FX/rates strategist Sandeep Parekh.

The kiwi was also weighed by US-China trade tensions after announcements that the US is examining limits on investments by public retirement funds in Chinese stocks, and that a 'blacklist' of targeted Chinese companies has been created, Parekh said.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,891.24	44.43	▲ 0.38%
S&P/NZX 50 Index	11,016.15	40.53	▲ 0.37%
S&P/NZX MidCap Index	31,675.45	139.52	▲ 0.44%
S&P/NZX SmallCap Index	61,587.65	261.31	▲ 0.43%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,713.70	27.00	▲ 0.40%
S&P/ASX 200	6,593.40	29.80	▲ 0.45%
ASX Small Ordinaries	2,872.80	6.60	▲ 0.23%
S&P/ASX MIDCAP 50	7,009.50	20.90	▲ 0.30%
S&P/ASX 20	3,635.20	20.50	▲ 0.57%

Foreign Markets Index			
	Last	Change	
S&P 500	2,895.04	43.75	▼ 1.49%
Dow Jones	26,174.53	303.49	▼ 1.15%
NASDAQ Composite	7,831.80	124.49	▼ 1.56%
DAX	11,970.20	127.23	▼ 1.05%
ASX All Ordinaries	6,713.70	27.00	▲ 0.40%
NIKKEI 225	21,587.78	212.53	▲ 0.99%
HANG SENG INDEX	25,893.40	72.37	▲ 0.28%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9358	0.0018	▲ 0.19%
USD	0.63	0.0010	▲ 0.16%
CNY	4.4990	0.0050	▲ 0.11%
EUR	0.57	0.0018	▲ 0.31%
CAD	0.8389	0.0020	▲ 0.24%
GBP	0.52	0.0038	▲ 0.74%
JPY	67.4900	0.0530	▲ 0.08%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.04	
5y Swap	0.84	
10y Swap	1.12	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,510.50	6.10	▲ 0.41%
Silver	17.80	0.26	▲ 1.48%
Crude Oil	52.35	0.40	▼ 0.76%

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