



## MORNING REPORT

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### Top News

#### NZ dollar holds near 2-week high, helped by record short positions, better risk sentiment

The New Zealand dollar traded little changed near a two-week high as record short positioning and a modest pickup in risk appetite made up for a lack of market-moving economic data or events.

Bank of New Zealand cited the US Commodity Futures Trading Commission (CFTC) data that showed in the period ended July 3 net NZD 'shorts' rose to a record 26,400. While short positions are bets on a decline in the currency, the sheer volume of such bets means there's more risk of an increase. Meanwhile, the CBOE Volatility Index (VIX) fell to about 12.6, a three-week low. The VIX, which is sometimes referred to as Wall Street's fear gauge, soared as high as 89.53 in late 2008, as the global financial crisis sent investors scrambling for safe havens.

The kiwi dollar fell to 51.51 British pence from 51.70 pence late yesterday, as the pound recovered some ground having sold off in the wake of resignations from British PM Theresa May's government. The pound weakened after UK Foreign Secretary Boris Johnson became the latest minister to resign from Theresa May's Conservative government over her Brexit plans. However, there is no sign as yet of a challenge to May's leadership.

With no economic data scheduled in New Zealand today the market will be looking ahead to the Westpac consumer confidence survey for Australia in July later today and figures on home loans for May.

#### NZ shares drop, Trustpower and NZ Refining fell, Sky TV, A2 gain

New Zealand shares dropped, led lower by Trustpower and New Zealand Refining Co, while Sky Network Television rebounded from yesterday's sell-off.

Trustpower was the worst performer, down 2.3 percent to \$5.62, with New Zealand Refining Co dropping 2 percent to \$2.47, Skycity Entertainment Group falling 2 percent to \$4.03, and Kathmandu Holdings down 1.7 percent to \$2.88.

Sky TV was the best performer, up 3.1 percent to \$2.70, having been the worst performer yesterday when it dropped 5.1 percent. A2 Milk Co rose 1.9 percent to \$11.66, Investore Property gained 1.3 percent to \$1.52, and Stride Property was up 1.1 percent to \$1.88. Summerset Holdings gained 0.4 percent to \$7.56. Its first-half profit rose as much as 26 percent as stronger development margins made up for a lower volume of new sales.

Gentrack Group gained 0.7 percent to \$6.95. It came out of a trading halt yesterday after raising about \$52.4 million in a discounted stock offer to institutional investors as part of a two-stage share sale aimed at raising funds to repay debt used for a recent flurry of acquisitions.

Precinct Properties was unchanged at \$1.36. It has refinanced its \$760 million bank debt facility, which was due to expire in November 2020, extending \$460 million of the existing facilities in two new tranches expiring in July 2022 and July 2023, with the balance expiring in 2020.

NZX Index			
Index	Last	Change	

S&P/NZX All Index	9,817.17	38.77	▼ 0.39%
S&P/NZX 50 Index	9,022.93	38.72	▼ 0.43%
S&P/NZX MidCap Index	25,577.09	63.72	▼ 0.25%
S&P/NZX SmallCap Index	62,960.57	69.41	▲ 0.11%
S&P/NZAX All Index	520.35	1.08	▲ 0.21%

ASX Index			
Index	Last	Change	

ASX All Ordinaries	6,342.80	23.60	▼ 0.37%
S&P/ASX 200	6,258.10	27.90	▼ 0.44%
ASX Small Ordinaries	2,856.40	2.70	▲ 0.09%
S&P/ASX MIDCAP 50	7,008.20	2.70	▲ 0.04%
S&P/ASX 20	3,465.70	22.60	▼ 0.65%

Foreign Markets Index			
	Last	Change	

S&P 500	2,793.84	9.67	▲ 0.35%
Dow Jones Industrial Average	24,919.66	143.07	▲ 0.58%
NASDAQ Composite	7,759.20	3.00	▲ 0.04%
FTSE 100	7,692.04	4.05	▲ 0.05%
ASX All Ordinaries	6,342.80	23.60	▼ 0.37%
NIKKEI 225	22,196.89	144.71	▲ 0.66%
HANG SENG INDEX	28,682.25	6.25	▼ 0.02%

Currencies (per NZ\$ 1.00)			
	Last	Change	

AUD	0.9163	0.0003	▲ 0.03%
USD	0.6837	0.0001	▼ 0.01%
CNY	4.5330	0.0090	▲ 0.20%
EUR	0.5820	0.0001	▼ 0.02%
CAD	0.8966	0.0002	▲ 0.02%
GBP	0.5151	0.0001	▲ 0.02%
JPY	75.8995	0.1190	▲ 0.16%

NZ Interest Rates		
	Last	Change

NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.58	
10-year Swap	3.05	

Commodities Futures			
	Last	Change	

Gold	1,256.70	2.90	▼ 0.23%
Silver	16.10	0.03	▼ 0.21%
Crude Oil	74.20	0.35	▲ 0.47%

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