

Morning Report

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Top News

NZ dollar gains after weak US inflation data adds to doubts Fed will hike again

The New Zealand dollar gained after weaker-than-expected US inflation data added to doubts the Federal Reserve will hike interest rates for the third time this year.

The US consumer price index excluding food and fuel prices rose 0.1% in July, half the pace expected, while the annual rate was unchanged at 1.7%. The US dollar index fell following the data, which undershot expectations for the fifth straight month, according to Bank of New Zealand. The ongoing war of words between the US and North Korea, meanwhile, has eroded risk appetite, with the volatility index, or VIX, touching its highest level this year on Friday.

World Week Ahead: Watching geopolitics, Fed minutes

As China seeks to defuse increasing tension between the US and North Korea, investors will eye minutes from the latest US Federal Reserve meeting as well as corporate earnings including from Target and Wal-Mart.

Last week, the Dow Jones Industrial Average dropped 1.1%, while the Standard & Poor's 500 Index slid 1.4%, and the Nasdaq Composite Index fell 1.5%, as US President Donald Trump and North Korea's Kim Jong Un exchanged a series of inflammatory and threatening comments, prompting concern it might escalate into military conflict.

In a call, Trump and China's President Xi Jinping agreed that North Korea must stop its provocative behaviour, reiterating their mutual commitment to rid the Korean peninsula of nuclear weapons, according to Bloomberg late on Friday.

Wall Street remains near record highs. Its fear gauge—the CBOE Volatility Index or the VIX—eased on Friday from the highest level in nearly three months, declining 3.3% to 15.51.

Investors will scrutinise minutes from the Fed's July meeting for fresh clues about the outlook for inflation and the likelihood that the central bank will start unwinding its balance sheet at its September gathering.

NZ shares fall on nuclear fears, F&P Healthcare and Sky TV drop while Hallensteins rallies

New Zealand shares were dragged lower by global nuclear tension with Fisher & Paykel Healthcare and Sky Network Television hit hardest while Hallenstein Glasson Holding rose on positive earnings.

The local bourse was weak on Friday after nervousness about nuclear tensions between North Korea and the United States dragged global equities down overnight, with Wall Street's fear gauge — the CBOE Volatility Index or VIX — jumping 44% to 16.04, the highest it has been since US President Donald Trump was elected on Nov. 8 last year.

Spark New Zealand was the best performer, up 1.2% to \$3.915, while Fletcher Building dropped 0.6% to \$7.92, having fallen as low as \$7.82 in the first hour of trading on Friday.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,370.07	72.70	↓	0.86%
S&P/NZX 50 Index	7,719.11	70.60	↓	0.91%
S&P/NZX Mid Cap Index	22,112.58	230.84	↓	1.03%
S&P/NZX Small Cap	52,754.16	268.48	↓	0.51%
S&P/NZX All Index	559.53	7.84	↓	1.38%

ASX Index				
Index	Last	Change		
ALL ORDINARIES	5,743.5	67.1	↓	1.17%
S&P/ASX 200	5,693.1	67.8	↓	1.19%
S&P/ASX SMALL ORD	2,373.5	22.9	↓	0.96%
S&P/ASX MIDCAP 50	6,190.3	84.7	↓	1.37%
S&P/ASX 20	3,234.7	39.1	↓	1.21%

Foreign Markets Index				
	Last	Change		
S&P 500	2,441.32	3.11	↑	0.13%
DJIA	21,858.32	14.31	↑	0.07%
Nasdaq	6,256.56	39.69	↑	0.64%
FTSE 100	7,309.96	79.98	↓	1.08%
ALL ORDINARIES	5,743.50	67.10	↓	1.17%
Nikkei 225	19,729.74	8.97	↓	0.05%
Hang Seng	26,883.51	560.49	↓	2.04%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9273	0.0012	↑	0.13%
USD	0.7320			
CNY	4.8770			
EUR	0.6191	0.0003	↑	0.05%
CAD	0.9275	0.0007	↓	0.08%
GBP	0.5625			
JPY	79.8550			

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.95	
5-year Swap	2.62	
10-year Swap	3.13	

Commodities				
	Last	Change		
Spot Gold \$US	1,288.77	0.25	↑	0.02%
Spot Silver \$US	17.10	0.03	↑	0.18%
Oil(WTI)	48.82	0.24	↑	0.49%

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