

MORNING REPORT

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Top News

NZ stocks follow Wall Street lower; Spark, Port of Tauranga gain

New Zealand shares fell after a sharp drop on Wall Street overnight spooked investors throughout Asia's markets.

The S&P/NZX 50 index fell 95.33 points, or 1.1 percent, to 8,861.52. Within the index, 29 stocks fell, 10 were unchanged and 11 rose. Turnover was modest at \$100.5 million.

US stocks fell for a second day amid signs of slowing tech growth and a sharp fall for Goldman Sachs after Malaysia said it would seek full refunds from any fraudulent bond deals the bank conducted in relation to the country's sovereign wealth fund.

The Dow Jones Industrial Average fell 2.3 percent, while the S&P 500 Index fell by almost 2 percent.

Hamilton Hindin Greene director Grant Williamson said the local market had performed quite well today, particularly given the weaker performance in Australia. The S&P/ASX 200 index was recently down 1.7 percent at 5840.70.

Among the bigger local decliners were A2 Milk Co, down 2.3 percent at \$10.30, and Ryman Healthcare, down 4.4 percent at \$11.85. Westpac Banking Corp, down 5.5 percent at \$28.08, led the declines.

NZ dollar gains against greenback on US-China trade talks

The New Zealand dollar climbed against its US counterpart amid optimism about a revival of trade talks between the US and China, while progress in Brexit negotiations also underpinned the mood.

The kiwi traded at 67.49 US cents at 8.30am in Wellington from 67.10 US cents late Tuesday. The trade-weighted index was at 73.99 from 73.97.

"Renewed optimism about the US-China trade relationship has buoyed risk appetites and lifted kiwi off support," ANZ Research senior economist Liz Kendall and senior macro strategist Philip Borkin said in a note.

"While it could look to test 68 cents again today, it remains within a reasonably well-established range here so something more substantial would be needed to see a break," Kendall and Borkin noted.

Agreement between British and European Union negotiators on a draft Brexit agreement also bolstered sentiment. The UK Cabinet is set to discuss the draft deal on Wednesday.

"The UK appears to be inching closer to achieving a Brexit deal," Kendall and Borkin said. "A draft deal has been reached between negotiators, including agreement on an Irish border backstop, which has been the key sticking point in negotiations."

"Although Prime Minister May still faces a significant challenge getting Brexit through Parliament, markets are becoming a little more optimistic that a deal will be achieved, with GBP making gains," according to Kendall and Borkin. "If there is a Brexit deal, there will be increased conviction from the Bank of England that rate hikes will be necessary."

The New Zealand dollar traded at 52.09 British pence from 52.36 pence Tuesday, and was at 59.90 euro cents from 59.96.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,662.61	99.75	▼	1.02%
S&P/NZX 50 Index	8,861.52	97.82	▼	1.09%
S&P/NZX MidCap Index	25,842.27	103.75	▼	0.40%
S&P/NZX SmallCap Index	62,931.86	283.98	▼	0.45%
S&P/NZAX All Index	518.33	2.23	▼	0.43%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	5,922.60	104.60	▼	1.74%
S&P/ASX 200	5,834.20	107.10	▼	1.80%
ASX Small Ordinaries	2,634.20	48.40	▼	1.80%
S&P/ASX MIDCAP 50	6,455.20	130.20	▼	1.98%
S&P/ASX 20	3,261.40	63.40	▼	1.91%
Foreign Markets Index				
	Last	Change		
S&P 500	2,725.70	0.52	▼	0.02%
Dow Jones	25,303.55	83.63	▼	0.33%
NASDAQ Composite	7,212.90	12.03	▲	0.17%
DAX	11,472.22	146.78	▲	1.34%
ASX All Ordinaries	5,922.60	104.60	▼	1.74%
NIKKEI 225	21,810.52	459.36	▼	2.06%
HANG SENG INDEX	25,792.87	159.69	▲	0.62%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9375	0.0022	▲	0.24%
USD	0.6749	0.0039	▲	0.58%
CNY	4.6920	0.0180	▲	0.39%
EUR	0.5992	0.0011	▲	0.18%
CAD	0.8948	0.0059	▲	0.66%
GBP	0.5211	0.0011	▼	0.21%
JPY	76.8420	0.4665	▲	0.61%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.62			
10-year Swap	3.09			
Commodities Futures				
	Last	Change		
Gold	1,200.50	3.00	▼	0.25%
Silver	13.93	0.08	▼	0.58%
Crude Oil	55.25	4.68	▼	7.81%

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