

# MORNING REPORT

As at 8.55 AM 15/07/2019

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## Top News

### NZ stocks mixed on rate outlook; Trustpower leads decliners

New Zealand stocks were mixed with thin local corporate news insufficient to extend gains earlier in the week.

The S&P/NZX 50 Index increased 14.11 points, or 0.1 percent, to 10,701.43. Within the index, 18 stocks gained, 20 fell, and 12 was unchanged. Turnover was light at \$77.3 million.

Stocks across Asia were generally firmer. Investors are still expecting a rate cut in the US at the end of the month but are less bullish after stronger-than-expected CPI data there overnight. Hong Kong's Hang Seng rose 0.5 percent and Singapore's Straits Times Index rose 0.3 percent. Australia's S&P/ASX 200 Index fell 0.3 percent.

Bryon Burke, head of equity dealing at Craigs Investment Partners, said the market lacked fresh news after gaining around 0.5 percent during the course of the week.

The benchmark index is up 21 percent so far this year, which is still outperforming the world market, he noted.

"Without much company news to react too, general order flow seems to be dictating prices in a bit of a mixed day," he said.

Retirement operator Summerset Group led the market higher, up 2.7 percent at \$5.70. Volume was just over 146,000 shares, less than a third of its average the past three months.

### NZ dollar benefits from weaker greenback; focus on domestic CPI

The New Zealand dollar dipped on weak China trade data but pared those losses as investors continue to expect lower interest rates in the US.

The kiwi was trading at 66.81 US cents at 7:50am in Wellington versus 66.90 cents late Friday in New York. The trade-weighted index was at 73.03 from 73.10.

The kiwi shed some ground late Friday when data showed that China's exports fell in June as the trade war with the US took its toll. China is New Zealand's leading trading partner so weaker exports are a headwind for the domestic economy.

However, the data "prompted noise but it didn't really last" given the US dollar remains on the backfoot, Kiwibank trader Mike Shirley said.

The US dollar is under pressure after Federal Reserve chair Jerome Powell last week solidified expectations the Fed will cut interest rates at the end of the month. Federal Reserve speakers "maintained the dovish talk" over the weekend, said ANZ Bank FX/rates strategist Sandeep Parekh.

"With numerous Fed speakers brushing off the recently upbeat data pulse while maintaining a firm easing bias, markets are all but certain that the Fed will cut rates by at least 25bp at the upcoming FOMC meeting," he said.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,556.27	16.74	▲	0.15%
S&P/NZX 50 Index	10,701.43	14.11	▲	0.13%
S&P/NZX MidCap Index	30,308.79	57.26	▼	0.19%
S&P/NZX SmallCap Index	60,261.78	229.96	▲	0.38%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,788.80	17.00	▼	0.25%
S&P/ASX 200	6,696.50	19.60	▼	0.29%
ASX Small Ordinaries	2,907.80	15.60	▼	0.53%
S&P/ASX MIDCAP 50	7,112.50	35.60	▼	0.50%
S&P/ASX 20	3,734.60	7.10	▼	0.19%

Foreign Markets Index				
	Last	Change		
S&P 500	3,013.77	13.86	▲	0.46%
Dow Jones	27,332.03	243.93	▲	0.90%
NASDAQ Composite	8,244.14	48.10	▲	0.59%
DAX	12,323.32	8.78	▼	0.07%
ASX All Ordinaries	6,788.80	17.00	▼	0.25%
NIKKEI 225	21,685.90	42.40	▲	0.20%
HANG SENG INDEX	28,471.62	39.82	▲	0.14%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9531	-0.0004	▼	0.04%
USD	0.67	-0.0004	▼	0.06%
CNY	4.6050	0.0000	▲	0.00%
EUR	0.59	-0.0003	▼	0.05%
CAD	0.8718	-0.0001	▼	0.01%
GBP	0.53	-0.0004	▼	0.08%
JPY	72.1850	-0.0500	▼	0.07%

NZ Interest Rates		
	Last	Change
NZ OCR	1.50	
3m Bank Bill	1.59	
5y Swap	1.47	
10y Swap	1.85	

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,417.80	11.10	▲	0.79%
Silver	15.25	0.10	▲	0.69%
Crude Oil	60.39	0.19	▲	0.32%

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