

MORNING REPORT

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Top News

NZ dollar gains vs euro on timing of ECB rate hikes, falls vs greenback

The New Zealand dollar rose against a broadly weaker euro after the European Central Bank said it may not hike interest rates until late 2019 while stronger US retail sales data also helped lift the greenback.

The kiwi dollar gained to 60.24 euro cents as at 8am in Wellington from 59.51 cents late yesterday. It fell to 69.78 US cents from 70.28 cents and the trade-weighted index slipped to 73.61 from 73.71.

The ECB said it would taper its bond-buying programme down to 15 billion euros a month in the fourth quarter from 30 billion euros a month currently in a move that broadly met market expectations. But it also said there were no plans to change interest rates until the Northern Hemisphere summer in 2019 - later than expected - and an announcement that was viewed as more dovish. Meanwhile, US retail sales excluding autos and fuel rose 0.8 percent in May, twice the pace expected, although the greenback's gains were tempered by renewed concerns about trade tariffs.

NZ shares at record in mixed trading, Air NZ and Fisher & Paykel rise while Fonterra drops on ComCom concerns

New Zealand shares inched higher to a fresh record in mixed trading, with Air New Zealand and Fisher & Paykel leading gains while Fonterra Shareholders Fund dipped on concerns the cooperative is overpaying for milk.

The S&P/NZX50 Index rose .87 points, or 0.01 percent, to 8,978.18. Within the index, 26 stocks fell, 12 rose and 12 were unchanged. Turnover was \$182.8 million.

"The US gave up half a percent late and Asian markets are, broadly speaking, down a bit, with the exception of the almighty New Zealand market which continues to be driven by a very narrow grouping of large-cap growth companies, in particular Fisher & Paykel Healthcare yet again leading the way," said Matt Goodson, managing director at Salt Funds Management.

Fisher & Paykel rose 1.8 percent to \$15.01, a record high. The stock has gained 14 percent since its earnings announcement in May, when it said it lifted 2018 annual profit to the top end of its forecast range and said it expects record earnings in the coming year as it benefits from growing global demand.

"There's no new news but very aggressive offshore buying despite a result which actually saw a few downgrades afterwards. At the moment investors appear to be willing to pay very aggressive prices indeed," Goodson said.

Air New Zealand led the index higher, up 2.4 percent to \$3.20. The airline told investors at a briefing in Auckland it still expects annual earnings to beat last year's result despite the squeeze from rising fuel costs, which it sees as an ongoing headwind into 2019.

"They're rebounding strongly from recent weakness following their strategy day - they're highlighting a few levers they have to deal with rising fuel prices such as price increases, being more cautious about future capacity growth and a reasonable hedging program they have in place," Goodson said.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,777.81	4.94	▲	0.05%
S&P/NZX 50 Index	8,978.18	0.87	▲	0.01%
S&P/NZX MidCap Index	25,580.02	3.14	▲	0.01%
S&P/NZX SmallCap Index	62,230.12	385.15	▲	0.62%
S&P/NZAX All Index	504.57	7.68	▲	1.55%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,129.60	3.50	▼	0.06%
S&P/ASX 200	6,016.60	6.90	▼	0.11%
ASX Small Ordinaries	2,853.80	15.70	▲	0.55%
S&P/ASX MIDCAP 50	6,870.70	21.80	▼	0.32%
S&P/ASX 20	3,287.50	5.20	▼	0.16%
Foreign Markets Index				
	Last	Change		
S&P 500	2,782.49	6.86	▲	0.25%
Dow Jones	25,175.31	25.89	▼	0.10%
NASDAQ Composite	7,761.04	65.34	▲	0.85%
FTSE	7,765.79	62.08	▲	0.81%
ASX All Ordinaries	6,129.60	3.50	▼	0.06%
NIKKEI 225	22,738.61	227.77	▼	0.99%
HANG SENG INDEX	30,440.17	284.98	▼	0.93%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9324	0.0058	▲	0.63%
USD	0.6976	0.0049	▼	0.70%
CNY	4.4660	0.0260	▼	0.58%
EUR	0.6022	0.0068	▲	1.14%
CAD	0.9137	0.0019	▲	0.21%
GBP	0.5257	0.0007	▲	0.13%
JPY	77.1950	0.3085	▼	0.40%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.69			
10-year Swap	3.17			
Commodities Futures				
	Last	Change		
Gold	1,306.00	4.70	▲	0.36%
Silver	17.20	0.21	▲	1.26%
Crude Oil	67.01	0.37	▲	0.56%

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