

# MORNING REPORT

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## Top News

### NZ dollar holds near 2 1/2 year low as investors fret over emerging markets

The New Zealand dollar held near a two-and-a-half year low as global investors remained nervous about risk-sensitive assets after Turkey's recent woes put the spotlight back on emerging markets.

The kiwi traded at 65.63 US cents as at 8am in Wellington from 65.57 cents yesterday. The trade-weighted index was at 71.62 from 71.58.

Currencies and equities in emerging markets fell after Turkey's financial woes raised questions about those countries' ability to keep supporting economic growth. Indonesia's central bank raised the seven-day reverse repurchase rate a quarter-point to 5.5 percent yesterday to protect the rupiah, which has been trading at its weakest levels in three years and was recently at 14,595 per US dollar.

That weighed more broadly on other risk-sensitive asset classes, with Wall Street weaker and commodity prices down. Turkey's lira appreciated 7.6 percent to 5.8714 per US dollar after the country secured a US\$15 billion investment from Qatar, amid heightening trade tensions with the US and rising interest costs on US-denominated debt.

### NZ shares rise as earnings continue; NZX gains on spec div

New Zealand shares rose as earnings season continued to deliver mixed results. NZX was among gainers on the day after delivering a special dividend while Heartland Bank fell on its increased bad debt provisioning.

The S&P/NZX 50 index increased 15.55 points, or 0.2 percent, to 8,987.49. Within the index, 26 stocks gained, 19 fell, and five were unchanged. Turnover was \$111.7 million.

Company reporting season continued with NZX declaring a special dividend from the sale of non-core assets. Chief executive Mark Peterson was also upbeat about how far the stock market operator has come in its five-year transformation plan. The shares rose 1.8 percent to \$1.11.

Heartland Bank reported an 11 percent increase in net profit, driven by growth from its reverse mortgage business, and said it will target double-digit earnings growth again for the 2019 year. Still, the stock fell 1.7 percent to \$1.71 as the bank increased provisioning for bad debts.

Shane Solly, a portfolio manager at Harbour Asset Management, said some parts of the market are fully-priced. That means earnings results need to be good to lift share prices. That's added to volatility in markets, especially in Australia.

"It's very modest turnover whether it's New Zealand or Australia - investors are very much reading the entrails of results," he said. NZX's result was "better than people were expecting" while Heartland's "provisioning was slightly higher than expected".

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,787.74	19.16	▲	0.20%
S&P/NZX 50 Index	8,987.49	15.55	▲	0.17%
S&P/NZX MidCap Index	25,461.46	11.42	▲	0.04%
S&P/NZX SmallCap Index	64,466.97	465.40	▲	0.73%
S&P/NZAX All Index	527.40	1.35	▼	0.26%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,415.70	29.50	▲	0.46%
S&P/ASX 200	6,329.00	29.40	▲	0.47%
ASX Small Ordinaries	2,830.20	8.70	▲	0.31%
S&P/ASX MIDCAP 50	7,060.20	9.90	▲	0.14%
S&P/ASX 20	3,512.00	18.70	▲	0.54%
Foreign Markets Index				
	Last	Change		
S&P 500	2,818.37	21.59	▼	0.76%
Dow Jones	25,162.41	137.51	▼	0.54%
NASDAQ Composite	7,774.12	96.78	▼	1.23%
DAX	12,163.01	195.86	▼	1.58%
ASX All Ordinaries	6,415.70	29.50	▲	0.46%
NIKKEI 225	22,204.22	151.86	▼	0.68%
HANG SENG INDEX	27,323.59	429.34	▼	1.55%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9067	0.0015	▼	0.17%
USD	0.6567	0.0006	▼	0.09%
CNY	4.5530	0.0310	▲	0.69%
EUR	0.5786	0.0008	▼	0.14%
CAD	0.8620	0.0037	▲	0.43%
GBP	0.5171	0.0003	▲	0.06%
JPY	72.6805	0.3790	▼	0.52%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.37			
10-year Swap	2.88			
Commodities Futures				
	Last	Change		
Gold	1,182.30	18.40	▼	1.53%
Silver	14.44	0.61	▼	4.07%
Crude Oil	64.94	2.10	▼	3.13%

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