



MORNING REPORT

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Top News

Macy's upbeat outlook boosts Wall St

Wall Street rose as better-than-expected results from Macy's lifted its shares as well as those of other retailers and underpinned optimism about consumer spending and the economic outlook.

Shares of Macy's rallied, up 11 percent as of 3.11pm in New York, after the department store chain upgraded its earnings outlook.

The Dow rose as gains in shares of Nike and those of General Electric, recently up 2.6 percent and 2.5 percent respectively, outweighed declines in shares of 3M and those of the Home Depot, recently each down 0.9 percent.

In the latest US economic data, a Federal Reserve report showed US factory output rose 0.5 percent in April, while total industrial production grew 0.7 percent last month.

NZ dollar climbs from 5-month low ahead of budget that's expected to be relatively upbeat

The New Zealand dollar climbed from a five-month low ahead of the Labour-led government's first budget, which is expected to show a relatively upbeat economic and fiscal outlook.

Finance Minister Grant Roberston will unveil his first budget today, which will likely deliver a bigger tax take than anticipated, helping fund the government's spending promises. The introduction of GST on overseas purchases, tougher policing of tax rules, a slower track for debt repayment, and a razor gang approach to the previous administration's programme will support that spending. Meantime, the broader economy remains robust despite businesses remaining glum and the Treasury's forecasts will likely retain that outlook.

The main influence on the local currency has been the US economic outlook, with strong data bolstering expectations the Federal Reserve will have to raise interest rates more aggressively than anticipated. The yield on US 10-year Treasuries is at a seven-year high 3.10 percent.

A2 drags stock index lower, Synlait, Fletcher Building fall

New Zealand shares fell as A2 Milk Co disappointed investors with a market update, dragging down partner Synlait Milk.

A2 Milk tumbled 13.7 percent to \$11.30, after a trading update disappointed investors who had been optimistic about the milk marketing firm's outlook. The Auckland-based company said second-half gross margin will stay broadly in line with the first half and expansion plans in the US and China underpin higher marketing costs.

The stock fell by as much as 20 percent in the day but recovered into the close. Before yesterday, A2 shares had soared 62 percent this year, and it was added to the MSCI main global index.

Synlait, which processes infant formula for A2, was the next-worst performer, dropping 4.2 percent to \$10.30.

NZX Index			
Index	Last	Change	

S&P/NZX All Index	9,318.00	163.02	▼ 1.72%
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S&P/NZX 50 Index	8,555.51	153.27	▼ 1.76%
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S&P/NZX MidCap Index	24,717.17	44.46	▼ 0.18%
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S&P/NZX SmallCap Index	61,143.70	319.35	▼ 0.52%
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S&P/NZAX All Index	507.39	0.00	▼ 0.00%
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ASX Index			
Index	Last	Change	

ASX All Ordinaries	6,208.10	9.40	▲ 0.15%
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S&P/ASX 200	6,107.00	9.20	▲ 0.15%
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ASX Small Ordinaries	2,829.70	6.70	▲ 0.24%
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S&P/ASX MIDCAP 50	6,921.40	28.00	▼ 0.40%
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S&P/ASX 20	3,365.90	12.70	▲ 0.38%
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Foreign Markets Index			
	Last	Change	

S&P 500	2,722.46	11.01	▲ 0.41%
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Dow Jones	24,768.93	62.52	▲ 0.25%
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NASDAQ Composite	7,398.30	46.67	▲ 0.63%
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FTSE	7,734.20	11.22	▲ 0.15%
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ASX All Ordinaries	6,208.10	9.40	▲ 0.15%
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NIKKEI 225	22,717.23	100.79	▼ 0.44%
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HANG SENG INDEX	31,110.20	41.83	▼ 0.13%
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Currencies (per NZ\$ 1.00)			
	Last	Change	

AUD	0.9175	0.0008	▼ 0.09%
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USD	0.6895	0.0033	▲ 0.48%
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CNY	4.3930	0.0180	▲ 0.41%
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EUR	0.5838	0.0042	▲ 0.72%
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CAD	0.8818	0.0015	▼ 0.17%
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GBP	0.5110	0.0031	▲ 0.61%
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JPY	76.0695	0.3390	▲ 0.45%
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NZ Interest Rates		
	Last	Change

NZ OCR	1.75	
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3-month Bank Bill	1.94	
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5-year Swap	2.71	
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10-year Swap	3.22	
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Commodities Futures			
	Last	Change	

Gold	1,289.90	0.40	▼ 0.03%
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Silver	16.39	0.12	▲ 0.74%
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Crude Oil	71.56	0.25	▲ 0.35%
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