

# MORNING REPORT

As at 8.45 AM 19/11/2018

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## Top News

### NZ dollar heads for 1.3% weekly gain as investors wind back expectations of further weakness

The New Zealand dollar is headed for a 1.3 percent weekly gain against the US dollar as investors wind back their bets that the kiwi has further to fall.

The kiwi traded at 68.23 US cents at 5pm in Wellington from 68.29 US cents in Wellington and 67.99 cents late yesterday. It traded at 67.37 cents last Friday. The trade-weighted index was at 74.52 from 74.60 from yesterday.

Solid data out of New Zealand, including today's lift in the October manufacturing performance index, has led investors to pare back on so-called 'short' kiwi dollar positions, which had been running at record levels for the past several months. When positioning is short it means traders are selling the kiwi in the expectation it will fall and can be bought back at a lower price.

The strong data has led investors to pare back their expectations that New Zealand's central bank might move to cut interest rates, making the kiwi more attractive.

Mark Johnson, a private client manager at OMF, said tomorrow's US Commodity Futures Trading Commission data will provide a steer on whether those short positions are continuing to unwind.

### NZ stocks fall on renewed Brexit uncertainty, dividend payouts

New Zealand shares fell as Brexit worries and a lack of earnings news let investors with a lack of direction. Three top-50 stocks also went ex-dividend today.

The S&P/NZX 50 index fell 16.19 points, or 0.2 percent, to 8,809.70. Within the index, 23 stocks fell, five were unchanged and 22 rose. Turnover was modest at \$90.1 million.

US stocks rose as investors bet the risks of slower growth are fully priced in after five days of declines. The political fall-out increased in the UK from draft Brexit deal, while mixed signals continued on the prospects of meaningful trade talks between the US and China in Argentina at the end of the month.

The Dow Jones Industrial Average rose 0.8 percent and the S&P 500 Index rose 1.1 percent. In Australia, the S&P/ASX 200 index was recently up 0.3 percent.

Bryon Burke, head of equities at Craigs Investment Partners, said intra-day ranges in the US markets remain high and that is a sign of uncertainty.

While the US has its own issues, the Brexit debate is getting a lot of attention here. It may not have immediate impacts on New Zealand but it does have big implications for Europe and will ultimately affect all markets, he said.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,612.46	21.39	▼	0.22%
S&P/NZX 50 Index	8,809.70	20.44	▼	0.23%
S&P/NZX MidCap Index	25,846.81	78.76	▼	0.30%
S&P/NZX SmallCap Index	62,920.15	100.30	▲	0.16%
S&P/NZAX All Index	519.21	7.51	▲	1.47%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	5,822.80	2.40	▼	0.04%
S&P/ASX 200	5,730.60	5.40	▼	0.09%
ASX Small Ordinaries	2,611.00	18.10	▲	0.70%
S&P/ASX MIDCAP 50	6,397.90	14.80	▼	0.23%
S&P/ASX 20	3,183.20	5.00	▼	0.16%
Foreign Markets Index				
	Last	Change		
S&P 500	2,736.27	6.07	▲	0.22%
Dow Jones	25,413.22	123.95	▲	0.49%
NASDAQ Composite	7,247.87	11.16	▼	0.15%
DAX	11,341.00	12.67	▼	0.11%
ASX All Ordinaries	5,822.80	2.40	▼	0.04%
NIKKEI 225	21,680.34	123.28	▼	0.57%
HANG SENG INDEX	26,183.53	80.19	▲	0.31%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9385	0.0001	▲	0.01%
USD	0.6861	0.0017	▼	0.25%
CNY	4.7720	0.0000		0.00%
EUR	0.6016	0.0009	▼	0.15%
CAD	0.9028	0.0017	▼	0.19%
GBP	0.5347	0.0014	▼	0.26%
JPY	77.3750	0.2300	▼	0.30%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.57			
10-year Swap	3.02			
Commodities Futures				
	Last	Change		
Gold	1,222.00	7.00	▲	0.58%
Silver	14.39	0.13	▲	0.89%
Crude Oil	56.83	0.37	▲	0.66%

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