

# MORNING REPORT

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## Top News

Stocks across Asia fell ahead of this week's Federal Reserve policy review, with Singapore's FTSE Straits Times index down 1.8 percent in afternoon trading and Australia's S&P/ASX falling 1 percent. The Fed is expected to raise the federal funds rate a quarter point at the meeting, but investors await to see, whether the track for future increases will be pared back. The prospect of rising interest rates has dimmed the lustre of equities globally, as this materially impacts asset valuations. The S&P/NZX 50 index dropped 57.22 points, or 0.7 percent, to 8,688.37. Within the index 29 stocks fell, 14 gained and seven were unchanged. Turnover was \$160.1 million.

Heartland Group sank on concerns over stricter banking capital requirements. Its price fell 6.9 percent to \$1.35, its lowest close since August 2016. It has dropped 11 percent since the Reserve Bank unveiled plans that would require a significant increase in the capital held by banks. Macquarie analysts estimate Heartland would need to boost its capital holdings by about \$1 billion. Dual-listed Australia & New Zealand Banking Group fell 3 percent to \$25 and Westpac Banking Corp was down 1.7 percent at \$25.55 due to uncertainty in the banking sector. Synlait Milk sank 5.9 percent to \$8.35 and Kathmandu Holdings dropped 4.3 percent to \$2.65, both in light trading. A2 Milk fell 2.1 percent to \$10.72 in modest trading. Spark New Zealand was the most traded stock with almost 6 million shares traded. SkyCity Entertainment Group fell 3.1 percent to \$3.43. Kiwi Property Group fell 3.3 percent to \$1.34 after it was announced that anchor tenant Bell Gully will move from its Vero Centre in Auckland. PGG Wrightson rose 4 percent to 52 cents, due to difficult trading conditions in South America.

US 10-year Treasuries rose to 2.83 percent, boosting the attraction of the greenback and reducing the appeal of equities. The New Zealand dollar held on to gains from yesterday's stronger than expected business confidence report. The kiwi was at 68.48 US cents as at 8am in Wellington and at 4.7209 Chinese yuan, after Chinese President Xi Jinping warned other nations not to dictate to China and promised to continue a reform programme. The Kiwi dollar was at 95.43 Australian cents, at 77.02 yen, at 54.19 British pence and at 60.22euro cents. The trade-weighted index was at 74.85. Dairy prices rose 1.7 percent at the latest GlobalDairyTrade auction with strong gains in milk

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,453.01	59.16	▼ 0.62%
S&P/NZX 50 Index	8,688.37	57.23	▼ 0.65%
S&P/NZX MidCap Index	25,776.85	177.74	▼ 0.68%
S&P/NZX SmallCap Index	58,279.90	256.44	▼ 0.44%
S&P/NZAX All Index	519.67	0.00	▲ 0.00%
ASX Index			
Index	Last	Change	
ASX All Ordinaries	5,661.80	71.10	▼ 1.24%
S&P/ASX 200	5,589.50	68.80	▼ 1.22%
ASX Small Ordinaries	2,504.40	39.80	▼ 1.56%
S&P/ASX MIDCAP 50	6,117.50	88.50	▼ 1.43%
S&P/ASX 20	3,124.20	33.40	▼ 1.06%
Foreign Markets Index			
	Last	Change	
S&P 500	2,550.20	4.26	▲ 0.17%
Dow Jones Industrial Average	23,706.47	113.49	▲ 0.48%
NASDAQ Composite	6,793.63	39.90	▲ 0.59%
DAX PERFORMANCE-INDEX	10,740.89	31.31	▼ 0.29%
ASX All Ordinaries	5,661.80	71.10	▼ 1.24%
NIKKEI 225	21,115.45	391.43	▼ 1.82%
HANG SENG INDEX	25,814.25	273.73	▼ 1.05%
Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9540	0.0056	▲ 0.59%
USD	0.6844	0.0038	▲ 0.56%
CNY	4.7190	0.0230	▲ 0.49%
EUR	0.6026	0.0027	▲ 0.45%
CAD	0.9229	0.0102	▲ 1.12%
GBP	0.5414	0.0017	▲ 0.31%
JPY	77.0145	0.2150	▲ 0.28%
NZ Interest Rates			
	Last	Change	
NZ OCR	1.75	0.00	
3-month Bank Bill	1.94	0.00	▼
5-year Swap	2.31	-0.02	▼ -2.33
10-year Swap	2.74	-0.02	▼ -2.76
Commodities Futures			
	Last	Change	
Gold	1,253.20	1.40	▲ 0.11%
Silver	14.70	0.06	▼ 0.40%
Crude Oil	46.23	3.65	▼ 7.32%

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