



MORNING REPORT

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Top News

NZD lifts as US-China return to negotiating table, US seeking stable yuan

The New Zealand dollar lifted as a new round of talks between the US and China kicked off in Washington and after headlines that the US is pressuring China to keep the yuan stable as part of a potential deal.

A 90-day tariff truce between China and the US is set to end at the start of March. However, investors are fairly upbeat that the latest round of talks will lead to a resolution. According to Bloomberg, the US is asking China to keep the value of the yuan stable as part of trade negotiations between the world's two largest economies, a move aimed at neutralizing any effort by Beijing to devalue its currency to counter American tariffs.

The kiwi was also helped when dairy product prices moved higher at the overnight Global Dairy Trade auction, rising for the sixth straight time, though gains were less than expected. The GDT price index rose 0.9 percent from the previous auction two weeks ago. The average price was US\$3,271 a tonne.

NZ shares fall: A2 downgraded on eve of earnings, Heartland misses expectations

New Zealand shares fell, with A2 Milk weaker after an analyst dubbed it overvalued and as weak Chinese sales by Australian supplements maker Blackmores weighed on the dairy company. Heartland Group declined on weaker-than-expected earnings.

A2 fell 2.2 percent to \$12.87 on slightly lighter than usual volumes of 989,000. It was caught by negative sentiment over Blackmore's warning over its Chinese business, and was also downgraded by an Australian broker. The milk marketing firm will report its first-half earnings tomorrow and is expected to deliver a 37 percent increase in underlying earnings.

A2 supplier Synlait Milk decreased 0.6 percent to \$9.59, while Fonterra Shareholders' Fund units were up 0.2 percent at \$4.62.

Heartland Group fell 1.5 percent to \$1.32 on a volume of 750,000 shares, more than twice the 90-day average. The lender reported a 6.5 percent increase in first-half profit but trimmed its guidance for annual earnings due to listing, restructuring and foreign exchange costs. Williamson said it was a little bit below expectations.

Precinct Properties New Zealand's shares were halted at \$1.54 pending a \$130 million placement to institutional investors and a \$20 million offer for retail investors. The proceeds will repay debt and fund some medium-term developments. The property investor announced increased first-half profit largely on revaluation gains.

Spark was the most traded stock with 11.1 million shares changing hands, compared to its 3.8 million 90-day average. It fell 0.7 percent ahead of tomorrow's first-half earnings result. Sky Network Television and Fletcher Building were the only other stocks to trade on volumes of more than a million, shares and both are reporting tomorrow. Sky fell 1.1 percent to \$1.75 while Fletcher gained 1.3 percent to \$5.28.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,003.36	26.91	▼	0.27%
S&P/NZX 50 Index	9,224.26	21.18	▼	0.23%
S&P/NZX MidCap Index	26,836.43	15.08	▼	0.06%
S&P/NZX SmallCap Index	58,551.80	258.40	▼	0.44%
S&P/NZAX All Index	561.15	2.95	▲	0.53%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,184.20	13.50	▲	0.22%
S&P/ASX 200	6,106.90	17.10	▲	0.28%
ASX Small Ordinaries	2,724.00	7.20	▼	0.26%
S&P/ASX MIDCAP 50	6,557.40	1.80	▼	0.03%
S&P/ASX 20	3,402.60	20.30	▲	0.60%
Foreign Markets Index				
	Last	Change		
S&P 500	2,785.97	10.37	▲	0.37%
Dow Jones Industrial Average	25,944.36	61.11	▲	0.24%
NASDAQ Composite	7,504.91	32.50	▲	0.43%
DAX PERFORMANCE-INDEX	11,309.21	10.01	▲	0.09%
ASX All Ordinaries	6,184.20	13.50	▲	0.22%
NIKKEI 225	21,302.65	20.80	▲	0.10%
HANG SENG INDEX	28,228.13	118.88	▼	0.42%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9600	0.0006	▼	0.06%
USD	0.6882	0.0034	▲	0.50%
CNY	4.6500	0.0140	▲	0.30%
EUR	0.6068	0.0013	▲	0.21%
CAD	0.9093	0.0025	▲	0.28%
GBP	0.5266	0.0033	▼	0.62%
JPY	76.1535	0.4025	▲	0.53%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.12			
10-year Swap	2.52			
Commodities Futures				
	Last	Change		
Gold	1,342.80	20.70	▲	1.57%
Silver	15.96	0.22	▲	1.38%
Crude Oil	56.05	0.46	▲	0.83%

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