

MORNING REPORT

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Top News

NZ dollar gains vs Aust dollar as threat of US, China trade war looms larger over Australia

The New Zealand dollar extended gains against its trans-Tasman counterpart on concerns that a trade war between the world's two biggest economies would weigh more heavily on the Australian economy, potentially keeping interest rates lower for longer.

The kiwi rose to 93.73 Australian cents as at 5pm in Wellington from 93.18 cents yesterday. It traded at 69.35 US cents from 69.38 cents.

The Aussie fell a quarter of a cent to 73.93 US cents, near a 12-month low, after US President Donald Trump today tasked the US Trade Representative to find US\$200 billion of Chinese goods to slap tariffs on and threatened to double it if China retaliated again. The Asian nation this week responded in kind to US\$50 billion of earlier US tariffs, actions which have heightened fears among investors the two nations will continue to outdo the other's trade restrictions. That's been felt more keenly in Australia, with the 'lucky country' more heavily exposed to China through its exports of iron ore, and encouraging investors to use Australian assets as a proxy for investing in China.

NZ shares drop 1.2% in broad selloff, Pushpay and Mercury lead losses

New Zealand shares dropped in broad-based selling, led lower by Pushpay Holdings following its \$100 million bookbuild, with Mercury New Zealand and Fletcher Building also weakening.

The S&P/NZX50 Index fell 110.99 points, or 1.2 percent, to 8,863.24. Within the index, 35 stocks dropped, eight were unchanged and seven rose. Turnover was \$241 million.

Pushpay Holdings led the index lower, down 5.5 percent to \$4.13 after the shares were listed from the trading halt imposed yesterday. The mobile payment app company completed a \$100 million bookbuild to let executive director Eliot Crowther exit the firm he co-founded, selling 24.8 million shares at \$4.04 apiece.

The bookbuild was oversubscribed, with bids subject to scaling, and got offers from 19 institutional investors across New Zealand, Australia and the US, Pushpay said. Within yesterday's announcement of the bookbuild, the Auckland-domiciled, US-headquartered company said it has dropped plans to list in the US this year, as it has "largely achieved" the main goals of doing so with Crowther's exit improving liquidity without the cost of a market listing.

"It had been a share price that had performed reasonably well, it's not surprising it needs a bit of digestion," said Rickey Ward, NZ equity manager at JBWere. "Given it was underwritten at \$4 and set at a price a smidgen above that, it's not a bad outcome and given it's trading above the placement price that's also healthy. One would assume it's gone to supportive shareholders rather than people trying to make a quick buck. People will be trying to second-guess the decision not to list in the US with a successful placement, and reconcile those comments."

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,657.55	115.05	▼ 1.18%
S&P/NZX 50 Index	8,863.24	110.99	▼ 1.24%
S&P/NZX MidCap Index	25,193.35	163.17	▼ 0.64%
S&P/NZX SmallCap Index	62,482.87	59.79	▼ 0.10%
S&P/NZX All Index	511.55	1.04	▲ 0.20%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,208.90	3.90	▼ 0.06%
S&P/ASX 200	6,102.10	2.00	▼ 0.03%
ASX Small Ordinaries	2,862.20	16.60	▼ 0.58%
S&P/ASX MIDCAP 50	6,921.80	29.30	▼ 0.42%
S&P/ASX 20	3,339.40	2.80	▲ 0.08%

Foreign Markets Index			
	Last	Change	
S&P 500	2,762.57	11.18	▼ 0.40%
Dow Jones	24,700.21	287.26	▼ 1.15%
NASDAQ Composite	7,725.59	21.44	▼ 0.28%
FTSE	7,603.85	27.48	▼ 0.36%
ASX All Ordinaries	6,208.90	3.90	▼ 0.06%
NIKKEI 225	22,278.48	401.85	▼ 1.77%
HANG SENG INDEX	29,468.15	841.34	▼ 2.78%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9347	0.0006	▲ 0.06%
USD	0.6902	0.0032	▼ 0.46%
CNY	4.4730	0.0090	▲ 0.20%
EUR	0.5953	0.0013	▼ 0.22%
CAD	0.9161	0.0007	▲ 0.08%
GBP	0.5236	0.0001	▲ 0.02%
JPY	75.9500	0.6975	▼ 0.91%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.65	
10-year Swap	3.10	

Commodities Futures			
	Last	Change	
Gold	1,277.40	2.70	▼ 0.21%
Silver	16.31	0.13	▼ 0.79%
Crude Oil	65.20	0.65	▼ 0.99%

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