

# MORNING REPORT

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## Top News

### NZ dollar drops to 17-month low, 90-day bank bills hit record low, swap rates fall

The New Zealand dollar is trading near its lowest levels in almost 19 months after falling below 69 US cents for the first time since June 2016, while 90-day bank bills fell to a record low and swap rates declined, as sentiment was dented by weaker commodity prices and a central bank disinclined to raise interest rates.

Fonterra Cooperative Group heads into this week's GlobalDairyTrade auction after three consecutive declines in dairy product prices while the CRB Index of 19 commonly traded commodities fell 2% last week. While a weaker kiwi dollar brings with it the prospect of a revival in tradable inflation and the TWI is well below the 73.5 average level the Reserve Bank is projecting for the fourth quarter the bank's latest forecasts have only two rate hikes flagged by December 2020, while the Federal Reserve is expected to hike next month.

### Gearing up for Black Friday

A speech by Federal Reserve Chair Janet Yellen and minutes from the latest central bank meeting might offer clues on the pace of interest rate increases next year in a week shortened by the Thanksgiving holiday, which is followed by Black Friday, one of the busiest shopping days in the US.

Wall Street's rush for record highs eased in the last couple of weeks. Last week, the Dow Jones Industrial Average fell 0.3%, the Standard & Poor's 500 Index slipped 0.1%. However, the Nasdaq Composite Index rose 0.5%; it set a record closing high on Thursday.

US financial markets will be closed on Thursday and will be open for only part of Friday.

### NZ shares up, Mercury and Genesis gain while Xero flat on Drury selling

New Zealand shares rose, led higher by gains from Mercury New Zealand and Genesis Energy, while Xero was flat on news its chief executive had sold 15% of his stake in the company.

Mercury New Zealand led the index higher, up 2.7% to \$3.44, while Genesis Energy rose 2.3% to \$2.42 and Summerset Group Holdings gained 1.7% to \$4.88.

Xero was up 0.03% to \$33.01. Chief executive and founder Rod Drury sold 3 million shares for \$94.5 million, boosting the accounting software firm's liquidity as it prepares to shift to a sole ASX listing. Drury sold the shares in a placement to institutional and professional investors at \$31.50 apiece, in his biggest transaction since taking the company public in 2007. He remains Xero's largest shareholder with 17.7 million shares, or about 13%.

Air New Zealand was the worst performer, down 2% to \$3.115, with Spark New Zealand dropping 1.2% to \$3.625.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,740.71	27.93	↑	0.32%
S&P/NZX 50 Index	8,061.97	25.97	↑	0.32%
S&P/NZX Mid Cap Index	23,960.49	133.21	↑	0.56%
S&P/NZX Small Cap	55,317.98	189.32	↑	0.34%
S&P/NZAX All Index	555.04	2.41	↓	0.43%

ASX Index				
Index	Last	Change		
ALL ORDINARIES	6,038.3	14.80	↑	0.25%
S&P/ASX 200	5,957.3	13.80	↑	0.23%
S&P/ASX SMALL ORD	2,657.8	4.30	↑	0.16%
S&P/ASX MIDCAP 50	6,626.4	29.90	↑	0.45%
S&P/ASX 20	3,308.0	5.90	↑	0.18%

Foreign Markets Index				
	Last	Change		
S&P 500	2,578.85	6.79	↓	0.26%
DJIA	23,358.24	100.12	↓	0.43%
Nasdaq	6,782.79	10.50	↓	0.15%
FTSE 100	7,380.68	6.26	↓	0.08%
ALL ORDINARIES	6,038.30	14.80	↑	0.25%
Nikkei 225	22,396.80	45.68	↑	0.20%
Hang Seng	29,199.04	180.28	↑	0.62%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.8997	0.0006	↓	0.07%
USD	0.6805	0.0012	↓	0.18%
CNY	4.5160			
EUR	0.5774	0.0008	↓	0.14%
CAD	0.8697	0.0009	↓	0.10%
GBP	0.5151	0.0008	↓	0.16%
JPY	76.2950	0.0900	↓	0.12%

NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.65			
10-year Swap	3.14			

Commodities				
	Last	Change		
Spot Gold \$US	1,293.79	0.24	↑	0.02%
Spot Silver \$US	17.29			
Oil(WTI)	55.22	0.13	↓	0.23%

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