



MORNING REPORT

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Top News

NZ dollar falls against pound on Brexit cheer

The New Zealand dollar fell against the British pound after markets took German Chancellor Angela Merkel literally when she said a negotiated departure for Britain from the European Union might be possible in 30 days.

The main focus for markets continues to be a speech by US Federal Reserve chairman Jerome Powell at the central bankers' gathering at Jackson Hole in Wyoming later in the global trading day. His remarks will be closely scrutinised for any clues about what the Fed might do next.

Overnight Philadelphia Fed President Patrick Harker said he doesn't see the case for additional stimulus following the Federal Reserve's July rate cut, while Kansas City Fed president Esther George said the July cut was not required, according to CNBC.

Meanwhile, US President Donald Trump continued to up his pressure on the Fed tweeting "The question is being asked, why are we paying much more in interest than Germany and certain other countries? "

ANZ Bank senior economist Miles Workman said NZ retail sales volumes today will provide the kiwi with some near-term direction, but the Jackson Hole symposium over the weekend remains the main focus.

NZ shares gain as Ebos, Air NZ earnings meet expectations

New Zealand shares rose as the domestic earnings season continued, with Ebos Group and Air New Zealand meeting investors' expectations. Spark New Zealand rose for a second day on unusually large volumes.

Three top-20 companies reported today, of which Air New Zealand beat earnings estimates and maintained dividend payments in the face of a slowing tourism market and more expensive jet fuel. Ebos reported flat annual earnings but signalled expectations for strong gains in the current year, while Auckland International Airport projected flat earnings as it invests more on infrastructure and copes with softer passenger growth.

Ebos hit a record \$25.60, and ended the day at \$25.20, up 2.9 percent on a volume of just 65,000 shares, about two-thirds of its 90-day average of 100,000 shares. Air New Zealand increased 1.5 percent to \$2.77 on a volume of 1.6 million shares, while Auckland Airport fell 2.1 percent to \$9.59 on a volume of 1.3 million.

Sky Network Television sank to a record low \$1.13 and ended the day down 4.1 percent at \$1.18 on a volume of 1.5 million shares. The pay-TV operator dropped its final dividend while reporting a \$608 million loss as it wrote down the value of goodwill and impaired other assets in an effort to preserve funds ahead of some large battles for premium sports rights. Its underlying earnings fell less than expected to \$97.4 million.

Mercury NZ led the market higher, up 3.4 percent at \$5.20 on a volume of a million shares. The power company's earnings were in line with expectations earlier this week, and while it hit a record \$5.22 today, it's still trading at a dividend yield of 4.28 percent.

NZX Index

| Index | Last | Change |
|------------------------|-----------|----------------|
| S&P/NZX All Index | 11,582.70 | 11.27 ▲ 0.10% |
| S&P/NZX 50 Index | 10,725.22 | 12.62 ▲ 0.12% |
| S&P/NZX MidCap Index | 30,861.59 | 239.31 ▲ 0.78% |
| S&P/NZX SmallCap Index | 60,368.01 | 78.58 ▼ 0.13% |

ASX Index

| Index | Last | Change |
|----------------------|----------|---------------|
| ASX All Ordinaries | 6,593.00 | 20.40 ▲ 0.31% |
| S&P/ASX 200 | 6,501.80 | 18.50 ▲ 0.29% |
| ASX Small Ordinaries | 2,820.00 | 4.50 ▲ 0.16% |
| S&P/ASX MIDCAP 50 | 6,915.20 | 33.20 ▲ 0.48% |
| S&P/ASX 20 | 3,599.90 | 10.80 ▲ 0.30% |

Foreign Markets Index

| | Last | Change |
|------------------------------|-----------|----------------|
| S&P 500 | 2,922.95 | 1.48 ▼ 0.05% |
| Dow Jones Industrial Average | 26,252.24 | 49.51 ▲ 0.19% |
| NASDAQ Composite | 7,991.39 | 28.82 ▼ 0.36% |
| DAX PERFORMANCE-INDEX | 11,747.04 | 55.81 ▼ 0.47% |
| ASX All Ordinaries | 6,593.00 | 20.40 ▲ 0.31% |
| NIKKEI 225 | 20,628.01 | 9.44 ▲ 0.05% |
| HANG SENG INDEX | 26,048.72 | 221.32 ▼ 0.84% |

Currencies (per NZ\$ 1.00)

| | Last | Change |
|-----|---------|-----------------|
| AUD | 0.9423 | -0.0001 ▼ 0.01% |
| USD | 0.64 | 0.0001 ▲ 0.02% |
| CNY | 4.5100 | -0.0010 ▼ 0.02% |
| EUR | 0.57 | 0.0002 ▲ 0.03% |
| CAD | 0.8471 | 0.0002 ▲ 0.02% |
| GBP | 0.52 | 0.0002 ▲ 0.04% |
| JPY | 67.7595 | -0.0045 ▼ 0.01% |

NZ Interest Rates

| | Last | Change |
|--------------|------|--------|
| NZ OCR | 1.00 | |
| 3m Bank Bill | 1.18 | |
| 5y Swap | 0.97 | |
| 10y Swap | 1.24 | |

Commodities Futures (Spot Price \$USD)

| | Last | Change |
|-----------|----------|--------------|
| Gold | 1,507.70 | 8.00 ▼ 0.53% |
| Silver | 17.01 | 0.14 ▼ 0.79% |
| Crude Oil | 55.38 | 0.30 ▼ 0.54% |

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