

# MORNING REPORT

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## Top News

### NZ dollar falls to 3 1/2-month low as rising US interest rates support greenback

The New Zealand dollar fell to a 3 1/2-month low as rising yields on US Treasuries underpinned support for the greenback as higher US interest rates come at a time when New Zealand's are flat.

The yield on US 10-year Treasuries peaked just below 3 percent, a key level for fixed income investors, and higher than the 2.94 percent yield on New Zealand's 10-year government bond.

The Federal Reserve is expected to raise the federal funds rate two or three more times this year, while New Zealand's Reserve Bank is likely to keep the official cash rate at 1.75 percent well into next year. That interest rate dynamic has supported the greenback, with the Dollar Index up 0.7 percent.

### US dollar gains with 10-year Treasury yield

Wall Street eased, while the US dollar rose, as investors eyed a key level for the 10-year US Treasury note as well as a slew of corporate earnings including from Alphabet.

Wall Street declined. In 2.34pm trading in New York, the Dow Jones Industrial Average declined 0.5 percent, while the Nasdaq Composite Index also fell 0.5 percent. In 2.18pm trading, the Standard & Poor's 500 Index retreated 0.2 percent.

The Dow slid as declines in shares of Goldman Sachs and those of 3M, recently down 2 percent and 1.2 percent respectively, outweighed gains in shares of Merck and those of Nike, recently up 2.2 percent and 1.2 percent respectively.

Aluminum prices sank as the US considered easing sanctions against United Company Rusal and also extended a deadline to wind down dealings with Russia's top aluminum producer. Shares of Rusal soared.

### NZ shares fall in light trading; A2, Synlait decline while Pushpay, Fletcher gain

New Zealand shares dropped in light trading, with A2 Milk Co and Synlait Milk leading the index lower, while Pushpay Holdings and Fletcher Building gained.

A2 Milk led the index lower, dropping 3.1 percent to \$12.37. Synlait Milk, which supplies A2, dropped 2.2 percent to \$9.81.

Pushpay Holdings was the best performer, up 2.5 percent to \$4.10, while Westpac Banking Corp rose 1.6 percent to \$30.86. New Zealand Refining gained 1.3 percent to \$2.36.

Fletcher Building rose 0.8 percent to \$6.20. Last week, it completed the institutional entitlement offer and shortfall bookbuild component of its capital raising plan, reaping \$515 million of \$750 million target. Institutions paid \$6.15 in the bookbuild - above the deeply discounted offer itself at \$4.80.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	9,043.015	23.225	▼	0.26%
S&P/NZX 50 Index	8,303.617	19.603	▼	0.24%
S&P/NZX MidCap Index	24,014.160	8.650	▼	0.04%
S&P/NZX SmallCap Index	58,652.559	105.431	▼	0.18%
S&P/NZAX All Index	513.787	0.003	▼	#VALUE!

ASX Index				
Index	Last		Change	
ASX All Ordinaries	5,976.00	11.60	▲	0.19%
S&P/ASX 200	5,886.00	17.20	▲	0.29%
ASX Small Ordinaries	2,682.30	15.90	▼	0.59%
S&P/ASX MIDCAP 50	6,680.10	27.90	▼	0.42%
S&P/ASX 20	3,256.40	21.90	▲	0.68%

Foreign Markets Index				
	Last		Change	
S&P 500	2,670.29	0.15	▲	0.01%
Dow Jones	24,448.69	14.25	▼	0.06%
NASDAQ Composite	7,128.60	17.52	▼	0.25%
FTSE	7,398.87	30.70	▲	0.42%
ASX All Ordinaries	5,976.00	11.60	▲	0.19%
NIKKEI 225	22,088.04	74.20	▼	0.33%
HANG SENG INDEX	30,254.40	163.93	▼	0.54%

Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9399	0.0008	▼	0.09%
USD	0.7147	0.0069	▼	0.96%
CNY	4.5150	0.0220	▼	0.48%
EUR	0.5855	0.0025	▼	0.43%
CAD	0.9185	0.0019	▼	0.21%
GBP	0.5126	0.0028	▼	0.54%
JPY	77.7055	0.0805	▼	0.10%

NZ Interest Rates				
	Last		Change	
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.79			
10-year Swap	3.27			

Commodities Futures				
	Last		Change	
Gold	1,325.80	12.50	▼	0.93%
Silver	16.60	0.56	▼	3.28%
Crude Oil	68.92	0.52	▲	0.76%

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