

# MORNING REPORT

As at 8.50 AM 25/10/2019

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## Top News

### NZ dollar a tad weaker on ongoing Brexit uncertainty

The New Zealand dollar was slightly weaker as risk sentiment turned sour as Brexit ructions continue.

The kiwi was trading at 63.82 US cents at 8:10 am in Wellington from 64.06 cents at 5pm. The trade-weighted index was at 70.62 points from 70.78.

"It a bit of risk off," said Tim Kelleher, head of foreign exchange sales at Commonwealth Bank of Australia. "It failed to break through 64.20-64.50 US cents, which is quite a big pivotal area. I think if we hold 63.50 we may have another peak topside," he said.

Meanwhile, UK Prime Minister Boris Johnson called for a general election on Dec. 12 to break Britain's Brexit impasse.

According to the BBC, Johnson told opposition Labour leader Jeremy Corbyn he would give parliament more time to approve his Brexit deal but it must agree to a Dec. 12 general election. However, Corbyn said he would not support an election until a no-deal Brexit is "off the table".

The kiwi was trading at 49.63 British pence from 49.59 late yesterday and ANZ Bank FX/rates strategist Sandeep Parekh said the British pound would likely continue to struggle. "Whilst the risks around a 'hard' Brexit have eased for now, markets remain sensitive to developments in negotiations and politics," he said.

### NZ shares fall as yield stocks face selling

New Zealand shares fell, with a number of utilities and property stocks held of their reliable dividends leading the market lower. Power companies were generally flat on large volumes after yesterday's savaging.

The S&P/NZX 50 Index decreased 22.27 points, or 0.2 percent, to 10,831.52. Within the index, 22 stocks fell, 17 rose, and 11 were unchanged. Turnover was \$143.9 million of which the big four electricity suppliers accounted for \$65.8 million.

Chorus led the market lower, down 2.4 percent at \$5.32 on a volume of 248,000 shares, less than half its 90-day average of 537,000. Trustpower was down 1.7 percent at \$8.20, Kiwi Property Group fell 1.2 percent to \$1.65 on a volume of 1.1 million shares, and Precinct Properties New Zealand decreased 1.1 percent to \$1.86.

The electricity generator-retailers traded on large volumes but were relatively flat following a sharp selloff yesterday when New Zealand Aluminium Smelters said the future of its Tiwai Point site - the country's biggest electricity user - was under review. Contact Energy was unchanged at \$7.69 on a volume of 3 million shares, having shed 9.7 percent yesterday. Meridian Energy was also unchanged at \$4.95 with 4.7 million shares changing hands - it sank 8.7 percent yesterday.

Mercury NZ increased 0.5 percent to \$5.02 on a volume of 3.2 million shares and Genesis Energy rose 1 percent to \$3.09 on a volume of 1.2 million.

Matt Goodson, managing director at Salt Funds Management, said it appeared the smelter's cash costs were below the current aluminium price, but that investors were grappling with the reality of the situation.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,703.60	26.95	▼	0.23%
S&P/NZX 50 Index	10,831.52	22.27	▼	0.21%
S&P/NZX MidCap Index	31,338.88	102.45	▼	0.33%
S&P/NZX SmallCap Index	62,514.56	360.34	▼	0.57%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,796.70	18.50	▲	0.27%
S&P/ASX 200	6,693.60	20.50	▲	0.31%
ASX Small Ordinaries	2,868.20	0.20	▼	0.01%
S&P/ASX MIDCAP 50	7,002.80	7.90	▲	0.11%
S&P/ASX 20	3,719.30	17.50	▲	0.47%

Foreign Markets Index				
	Last	Change		
S&P 500	3,010.31	5.79	▲	0.19%
Dow Jones	26,823.52	10.43	▼	0.04%
NASDAQ Composite	8,180.61	60.81	▲	0.75%
DAX	12,872.10	73.91	▲	0.58%
ASX All Ordinaries	6,796.70	18.50	▲	0.27%
NIKKEI 225	22,750.60	125.22	▲	0.55%
HANG SENG INDEX	26,797.95	231.22	▲	0.87%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9355	-0.0016	▼	0.17%
USD	0.64	-0.0042	▼	0.66%
CNY	4.5110	-0.0260	▼	0.58%
EUR	0.57	-0.0025	▼	0.44%
CAD	0.8344	-0.0052	▼	0.62%
GBP	0.50	-0.0008	▼	0.16%
JPY	69.3250	-0.4815	▼	0.69%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.05	
5y Swap	1.04	
10y Swap	1.37	

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,505.20	9.50	▲	0.64%
Silver	17.81	0.23	▲	1.28%
Crude Oil	56.20	0.23	▲	0.41%

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