



## MORNING REPORT

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### Top News

#### NZ dollar tumbles as markets focus on likely RBNZ rate cut

The New Zealand dollar is sharply weaker as markets focus on a likely rate cut in early August, in particular after the head of the Australian central bank said he's ready to cut rates if necessary.

The kiwi was also weighed by a stronger greenback when a lift in US June durable orders indicated that business investment in the US is picking up, said ANZ Bank FX/rates strategist Sandeep Parekh. New orders for manufactured durable goods in June increased US\$4.9 billion, or 2.0 percent on the month, to \$246.0 billion, the U.S. Census Bureau said. Economists polled by Dow Jones Newswires had expected a 0.5 percent increase.

Looking ahead, investors will now be waiting for the initial estimate on second quarter US gross domestic product data due Friday for a further steer on the health of the that economy. Economists are expecting growth of around 2.0 percent, down from 3.1 percent in the first quarter.

The New Zealand dollar was trading at 95.80 Australian cents from 96.05, at 53.48 British pence from 53.68, at 59.74 euro cents from 60.12, at 72.38 yen from 72.40 and at 4.5743 Chinese yuan from 4.6038.

#### NZ shares resume march higher as A2 hits record; Gentrack sinks

New Zealand shares bounced back from yesterday's dip, as A2 Milk Co closed at a record with investors still upbeat about the milk marketing firm's outlook. Gentrack dropped to a six-week low after cutting its earnings guidance.

A2 rose 2.7 percent to a record close of \$17.48 on 502,000 shares, less than its 90-day average of 723,000 shares. The NZX's biggest listed company hit an intraday high \$17.57 this week having enjoyed a month of upbeat broker reports, including Morgans lifting its target price to A\$15.35 from A\$13.66 last Friday. Lyttelton Port cargo data yesterday supported that view. A2 was up 2.8 percent at A\$16.79 in late trading on the ASX.

Other exporters also gained, with Pushpay Holdings up 2.1 percent at \$3.47, Fisher & Paykel Healthcare rising 2 percent to \$16.48, Vista Group International up by 0.7 percent to \$6.05 and Mainfreight up 0.6 percent to \$42.40.

Genesis Energy advanced 2 percent to \$3.51 after reporting a 1.6 percent decline in fourth-quarter customer numbers, a 2.7 percent increase in total generation and a 35 percent jump in its average wholesale electricity price. Goodson said the numbers were in line with expectations.

Gentrack slumped 13 percent to \$5.16, after downgrading its earnings guidance, blaming delays in customer contracts and potential bad debts in the UK. About 142,000 shares changed hands, more than its 111,000 average.

Goodson said the company had already downgraded its earnings outlook. Today's news showed Gentrack was still dependent on large contracts, despite its efforts to make more software-as-a-service sales.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,764.89	89.31	▲	0.76%
S&P/NZX 50 Index	10,898.28	85.74	▲	0.79%
S&P/NZX MidCap Index	30,710.64	105.59	▲	0.35%
S&P/NZX SmallCap Index	60,793.97	33.33	▲	0.05%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,901.90	39.50	▲	0.58%
S&P/ASX 200	6,818.00	41.30	▲	0.61%
ASX Small Ordinaries	2,997.60	22.20	▲	0.75%
S&P/ASX MIDCAP 50	7,283.10	27.70	▲	0.38%
S&P/ASX 20	3,794.70	23.80	▲	0.63%

Foreign Markets Index				
	Last	Change		
S&P 500	3,003.67	15.89	▼	0.53%
Dow Jones Industrial Average	27,140.98	128.99	▼	0.47%
NASDAQ Composite	8,238.54	82.96	▼	1.00%
DAX PERFORMANCE-INDEX	12,362.10	160.79	▼	1.28%
ASX All Ordinaries	6,901.90	39.50	▲	0.58%
NIKKEI 225	21,756.55	46.98	▲	0.22%
HANG SENG INDEX	28,594.30	70.26	▲	0.25%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9586	0.0002	▲	0.02%
USD	0.67	0.0000	▲	0.00%
CNY	4.5760	0.0000	▲	0.00%
EUR	0.60	0.0000	▲	0.00%
CAD	0.8772	-0.0001	▼	0.01%
GBP	0.54	0.0001	▲	0.02%
JPY	72.3955	0.0010	▲	0.00%

NZ Interest Rates				
	Last	Change		
NZ OCR	1.50			
3m Bank Bill	1.49			
5y Swap	1.34			
10y Swap	1.70			

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,414.40	9.20	▼	0.65%
Silver	16.43	0.19	▼	1.15%
Crude Oil	55.91	0.03	▲	0.05%

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