



# MORNING REPORT

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Web: [www.equity.co.nz](http://www.equity.co.nz) / E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz) / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ

## Top News

### NZ dollar sheds gains to be little changed as US stocks drop, trade-war fears grow

The New Zealand dollar was little changed, having shed its gains in New York on Friday as US stocks dropped and fears of a trade war grew.

China announced on Friday that it would impose tariffs on US\$3 billion of US exports, its first firm move in retaliation for the US threat to impose tariffs of up to US\$60 billion on Chinese goods. Stocks on Wall Street sold off late on Friday, adding to a risk-off tone.

The Robertson-Orr media briefing is also expected to include an update on the first stage of a review of the Reserve Bank Act, including an overview of the new decision-making structure at the bank. The new PTA is expected to change the central bank's long-held exclusive focus on inflation targeting to include an employment objective.

### Fed speakers and trade threats

As darkening trade war clouds rain on Wall Street's parade, investors will eye a slew of Federal Reserve speakers this week for clues on the pace of interest rate hikes as well as the latest reports on US consumer confidence.

Chaired by Jerome Powell, the Federal Open Market Committee last Wednesday lifted its key rate for the first time this year and the sixth time this cycle, while also offering an outlook that was more upbeat about the economy and increasingly hawkish.

Last week Wall Street dropped amid increasing concerns about a global trade war prompted by the US administration's accelerating protectionist moves, in particular towards China.

For the week, the Dow plunged 5.7 percent, the S&P 500 tumbled 6 percent and the Nasdaq sank 6.5 percent.

### NZ shares drop 1% on global selloff, led by Synlait, Sky TV; CBL meeting delayed

New Zealand's NZX 50 Index dropped nearly 1 percent on global trade news, with Synlait Milk and Sky Network Television suffering while CBL remained in a trading halt as its administrators gained more time to consider its finances.

Global equity markets have fallen on concerns a trade war may emerge after US President Donald Trump announced tariffs on Chinese goods and China retaliated, announcing plans for reciprocal tariffs on 128 US products.

Synlait was the worst performer, falling 4.5 percent to \$8.70. That still leaves the stock up 6.6 percent this week, after it surged on the release of its record first-half results last Wednesday.

CBL remained in a trading halt at \$3.17. The company's voluntary administrators have postponed the creditors' watershed meeting to gather more information and hired Goldman Sachs as an adviser.

## NZX Index

Index	Last	Change
S&P/NZX All Index	9,265.217	88.063 ▼ 0.94%
S&P/NZX 50 Index	8,515.356	85.454 ▼ 0.99%
S&P/NZX MidCap Index	24,248.104	193.036 ▼ 0.79%
S&P/NZX SmallCap Index	59,060.023	298.287 ▼ 0.50%
S&P/NZAX All Index	547.374	0.846 ▼ 0.15%

## ASX Index

Index	Last	Change
ASX All Ordinaries	5,929.00	114.20 ▼ 1.89%
S&P/ASX 200	5,820.70	116.50 ▼ 1.96%
ASX Small Ordinaries	2,695.10	50.20 ▼ 1.83%
S&P/ASX MIDCAP 50	6,694.30	131.00 ▼ 1.92%
S&P/ASX 20	3,213.40	71.90 ▼ 2.19%

## Foreign Markets Index

	Last	Change
S&P 500	2,588.26	55.43 ▼ 2.10%
Dow Jones	23,533.20	424.69 ▼ 1.77%
NASDAQ Composite	6,992.67	174.01 ▼ 2.43%
FTSE 100	6,921.94	30.65 ▼ 0.44%
ASX All Ordinaries	5,929.00	114.20 ▼ 1.89%
NIKKEI 225	20,617.86	974.13 ▼ 4.51%
HANG SENG INDEX	30,309.29	761.76 ▼ 2.45%

## Currencies (per NZ\$ 1.00)

	Last	Change
AUD	0.9388	0.0012 ▼ 0.13%
USD	0.7234	0.0003 ▼ 0.04%
CNY	4.5700	
EUR	0.5860	0.0002 ▲ 0.03%
CAD	0.9321	0.0007 ▼ 0.08%
GBP	0.5116	0.0003 ▼ 0.06%
JPY	75.7450	0.0500 ▼ 0.07%

## NZ Interest Rates

	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.66	
10-year Swap	3.11	

## Commodities Futures

	Last	Change
Gold	1,347.30	19.90 ▲ 1.50%
Silver	16.56	0.17 ▲ 1.06%
Crude Oil	65.74	1.44 ▲ 2.24%

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[www.equity.co.nz](http://www.equity.co.nz) E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz)

Contact Equity Investment Advisers today.  
Tel: +64 (9)304 0145