

# MORNING REPORT

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## Top News

### NZ dollar gains as risk sentiment improves on hopes US, China can avert trade war

The New Zealand dollar rose to its highest level against the greenback in almost two weeks after both the US and China said they would negotiate to head off a trade war sparked by threats of tariff hikes.

White House trade advisor Peter Navarro said the US is "already at the negotiating table" over trade terms with China while Chinese premier Li Keqiang said the two sides should continue to talk. The comments helped alleviate fears of a trade war since US President Donald Trump revealed plans to impose US\$60 billion of tariffs on Chinese goods and separately announced tariffs on steel and aluminium.

### Trade war worries ease

Wall Street gained, while US Treasuries fell, as concern about a global trade war eased amid signs of discussions between the US and China.

The Trump administration is urging China to lower tariffs on cars and open its market to US financial services as part of talks to resolve a rise in trade tensions, Bloomberg reported, citing a person familiar with the matter.

US Treasury Secretary Steven Mnuchin called China's Liu He to congratulate Liu on his appointment this month as vice premier in charge of economic policy, said the person. The two discussed the trade deficit between the two countries and committed to finding a mutually agreeable way to reduce the gap, the person said, adding they have exchanged correspondence, according to Bloomberg.

The Dow rose, led by rallies in shares of Microsoft and those of Intel, recently up 6.5 percent and 5.5 percent respectively. The two stocks were bolstered by separate analysts lifting their price target and rating respectively.

Shares of Facebook dropped after the US Federal Trade Commission said it has an open non-public investigation into the company's privacy practices.

### NZ shares join global sell-off

New Zealand's S&P/NZX 50 Index fell about 1 percent for the second straight session, joining a global selloff that started on Wall Street and extended into Asia amid fears of a trade war. Spark NZ, Air New Zealand, Sky Network Television and A2 Milk all fell.

Benchmark indexes from Australia to Japan were weaker as China announced retaliatory tariffs in the face of increased US levies.

The NZX 50 was led lower by Spark, which fell 3.1 percent to \$3.43. Air New Zealand fell 2.7 percent to \$3.30 and A2 Milk fell 2.4 percent to \$13.40. Synlait Milk, a manufacturing partner of A2, fell 2.2 percent to \$8.51.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,176.979	88.241	▼	0.95%
S&P/NZX 50 Index	8,432.412	82.948	▼	0.97%
S&P/NZX MidCap Index	24,163.010	85.090	▼	0.35%
S&P/NZX SmallCap Index	58,656.158	403.863	▼	0.68%
S&P/NZAX All Index	520.284	27.086	▼	4.95%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	5,901.40	27.60	▼	0.47%
S&P/ASX 200	5,790.50	30.20	▼	0.52%
ASX Small Ordinaries	2,688.10	7.00	▼	0.26%
S&P/ASX MIDCAP 50	6,669.60	24.70	▼	0.37%
S&P/ASX 20	3,189.60	23.80	▼	0.74%
Foreign Markets Index				
	Last	Change		
S&P 500	2,658.40	70.14	▲	2.71%
Dow Jones	24,201.51	668.31	▲	2.84%
NASDAQ Composite	7,219.52	226.86	▲	3.24%
FTSE	6,888.69	33.25	▼	0.48%
ASX All Ordinaries	5,901.40	27.60	▼	0.47%
NIKKEI 225	20,766.10	148.24	▲	0.72%
HANG SENG INDEX	30,548.77	239.48	▲	0.79%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9428	0.0033	▲	0.35%
USD	0.7299	0.0063	▲	0.87%
CNY	4.5750	0.0040	▲	0.09%
EUR	0.5862	0.0008	▲	0.14%
CAD	0.9388	0.0065	▲	0.70%
GBP	0.5131	0.0016	▲	0.31%
JPY	76.9300	1.1815	▲	1.56%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.67			
10-year Swap	3.13			
Commodities Futures				
	Last	Change		
Gold	1,352.30	2.40	▲	0.18%
Silver	16.69	0.11	▲	0.65%
Crude Oil	65.50	0.38	▼	0.58%

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