

# MORNING REPORT

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## Top News

### NZ shares fall as investors unnerved by global uncertainty; Fonterra jumps

New Zealand shares fell, led lower by exporters Synlait Milk and Pushpay Holdings, as investors remained nervous about the global economy. Fonterra Shareholders' Fund units rallied as the dairy giant unveiled a new strategy to get earnings back on track.

The S&P/NZX 50 Index decreased 38.67 points, or 0.4 percent, to 10,822.77. Within the index, 28 stocks fell, 17 rose, and five were unchanged. Turnover was \$115.7 million, with just five stocks trading on volumes of more than a million shares.

Australian and New Zealand equity markets were weaker despite Wall Street staging a recovery overnight as investors were buoyed by positive comments from US President Donald Trump that his trade war with China may end sooner than people think.

"It was really a very mixed day. The market's a touch weaker and I do feel there's a little bit of nervousness among investors with what's happening offshore," said Grant Williamson, a director at Hamilton Hindin Greene.

Companies with global exposure were among those leading the local market lower. Pushpay, which generates almost all of its revenue in North America, fell 2.4 percent to \$3.20 on an unusually large volume of 3.7 million shares. It was the most traded stock for the day.

### NZ dollar still buoyed by RBNZ governor Orr's comments, hovering around 63 US cents

The New Zealand dollar continues to hover around 63 US cents after the central bank governor said unconventional monetary policy was unlikely, although the currency's gains were capped by US dollar strength.

The kiwi was trading at 63 cents at 8:10am in Wellington from 63.06 at 5pm yesterday. The trade-weighted index was at 70.38 from 70.37.

Reserve Bank governor Adrian Orr yesterday "was talking down the prospects of unconventional monetary policy" and said the New Zealand economy might do better "if monetary and fiscal stimulus held hands," said Kiwibank FX trader Mike Shirley. The kiwi touched an overnight high of 63.27 US cents.

Earlier this week, the Reserve Bank kept the official cash rate at 1 percent as expected but was slightly less dovish than markets had anticipated. According to the central bank, new information since the August monetary policy statement did not warrant a significant change to the outlook and "there remains scope for more fiscal and monetary stimulus, if necessary, to support the economy and maintain our inflation and employment objectives."

US data, however, helped shore up the greenback, which saw the kiwi pare some of its gains. The US economy expanded 2 percent in the second quarter, in line with the previous estimate, as strong consumer spending offset weak exports.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,682.22	41.97	▼ 0.36%
S&P/NZX 50 Index	10,822.77	42.41	▼ 0.39%
S&P/NZX MidCap Index	30,989.70	53.19	▼ 0.17%
S&P/NZX SmallCap Index	61,425.43	110.25	▲ 0.18%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,785.60	29.10	▼ 0.43%
S&P/ASX 200	6,677.60	32.60	▼ 0.49%
ASX Small Ordinaries	2,880.70	3.40	▼ 0.12%
S&P/ASX MIDCAP 50	7,064.60	25.30	▼ 0.36%
S&P/ASX 20	3,709.40	18.70	▼ 0.50%

Foreign Markets Index			
	Last	Change	
S&P 500	2,977.62	7.25	▼ 0.24%
Dow Jones Industrial Average	26,891.12	79.59	▼ 0.30%
NASDAQ Composite	8,030.66	46.72	▼ 0.58%
DAX PERFORMANCE-INDEX	12,288.54	54.36	▲ 0.44%
ASX All Ordinaries	6,785.60	29.10	▼ 0.43%
NIKKEI 225	22,048.24	28.09	▲ 0.13%
HANG SENG INDEX	26,041.93	96.58	▲ 0.37%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9333	0.0007	▲ 0.08%
USD	0.63	0.0004	▲ 0.06%
CNY	4.4910	0.0030	▲ 0.07%
EUR	0.58	0.0004	▲ 0.07%
CAD	0.8356	0.0007	▲ 0.08%
GBP	0.51	0.0005	▲ 0.10%
JPY	67.8940	0.0350	▲ 0.05%

NZ Interest Rates	
	Change
NZ OCR	1.00
3m Bank Bill	1.14
5y Swap	0.96
10y Swap	1.23

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,511.60	0.70	▼ 0.05%
Silver	17.87	0.20	▼ 1.12%
Crude Oil	56.52	0.03	▲ 0.05%

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