

# MORNING REPORT

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## Top News

### NZ dollars firms on soft US GDP, G20 trade hopes

The New Zealand dollar extended its gains against the greenback amid soft US data and growing optimism ahead of a meeting between the US and China at the G20 summit in Japan this weekend.

The kiwi got a lift when the third and final estimate of US gross domestic product came in at 3.1 percent versus an expected 3.2 percent. While the number was in line with expectations, personal consumption growth - the largest component - was trimmed from 1.3 percent to 0.9 percent, adding to worries about a domestic slowdown.

Markets, however, are waiting on talks between President Donald Trump and Chinese counterpart Xi Jinping. While investors were cheered by reports the two sides had agreed a truce ahead of the talks, Trump's economic advisor Larry Kudlow poured cold water on that when he told CNBC that there had been no specific agreements ahead of the meeting.

The report cited Chinese officials with knowledge of the plan who said Beijing is insisting the ban on the sale of US technology to Chinese telecommunications giant Huawei Technologies be removed.

ANZ Bank FX/rates strategist Sandeep Parekh said that the hope is that trade talks will resume, additional US tariffs will be delayed for a period of time, and China will buy more US goods.

### NZ shares rise as yield hunt lifts Genesis, Auckland Airport to records

New Zealand shares rose as companies offering reliable dividends remain attractive in the persistently low interest rate environment. Genesis Energy and Auckland International Airport hit records.

Investors have been taking on equity risk in their hunt for yield over the past 12-18 months as the outlook for global interest rates is for them to stay lower for longer. The yield on 10-year New Zealand government bonds fell as low as 1.535 percent last week and has been in the unusual position of being lower than their US counterpart since April last year.

That low rate environment has underpinned demand for utilities, infrastructure companies and property firms, many of which have been near all-time highs. Auckland Airport led the market higher today, up 2.2 percent to a record \$9.80 on a volume of 1.2 million shares, in line with its 1.3 million 90-day average.

Genesis Energy rose as high as \$3.38, ending the day at \$3.31, up 2 percent. Infratil increased 2 percent to \$4.64, Precinct Properties New Zealand advanced 1.7 percent to \$1.765 and Mercury NZ was rose 1.4 percent to \$3.93.

Fletcher Building was the most actively traded stock. It dropped 6.8 percent to \$4.93 on a volume of 2.6 million shares, more than twice its average. The country's biggest listed building firm yesterday updated investors about how its new strategy was progressing. It also announced plans for buy back \$300 million of stock on-market, and affirmed annual earnings and dividend guidance.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,264.59	24.03	▲	0.21%
S&P/NZX 50 Index	10,431.22	23.17	▲	0.22%
S&P/NZX MidCap Index	29,977.09	59.47	▲	0.20%
S&P/NZX SmallCap Index	59,428.39	71.19	▼	0.12%
S&P/NZAX All Index	555.06	0.00	▼	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,743.00	26.90	▲	0.40%
S&P/ASX 200	6,666.30	25.80	▲	0.39%
ASX Small Ordinaries	2,845.00	3.90	▲	0.14%
S&P/ASX MIDCAP 50	6,977.70	39.20	▲	0.56%
S&P/ASX 20	3,756.40	25.00	▲	0.67%
Foreign Markets Index				
	Last	Change		
S&P 500	2,924.92	11.14	▲	0.38%
Dow Jones Industrial Average	26,526.58	10.24	▼	0.04%
NASDAQ Composite	7,967.76	57.79	▲	0.73%
DAX PERFORMANCE-INDEX	12,271.03	25.71	▲	0.21%
ASX All Ordinaries	6,743.00	26.90	▲	0.40%
NIKKEI 225	21,338.17	251.58	▲	1.19%
HANG SENG INDEX	28,621.42	399.44	▲	1.42%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9560	-0.0001	▼	0.01%
USD	0.67	-0.0001	▼	0.01%
CNY	4.6070	0.0000	▲	0.00%
EUR	0.59	-0.0001	▼	0.02%
CAD	0.8774	0.0000	▲	0.00%
GBP	0.53	-0.0001	▼	0.02%
JPY	72.2320	0.0140	▲	0.02%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.50			
3m Bank Bill	1.63			
5y Swap	1.45			
10y Swap	1.81			
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,412.80	2.60	▼	0.18%
Silver	15.30	0.08	▼	0.52%
Crude Oil	59.29	0.09	▼	0.15%

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