

# MORNING REPORT

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## Top News

### NZ dollar under pressure as emerging markets spook investors, local firms gloomy

The New Zealand dollar remained under pressure as fears over emerging markets such as Argentina weighed on global investor sentiment, adding to local gloom where businesses are increasingly pessimistic.

The kiwi traded at 66.45 US cents as at 8am in Wellington from 66.54 cents yesterday. The trade-weighted index was at 71.88 from 71.90.

Stocks on Wall Street fell and commodity-linked currencies such as the kiwi, Aussie and loonie were sold off as investors grew wary of risk-sensitive assets after Argentine President Mauricio Macri asked the International Monetary Fund to accelerate its US\$50 billion bail-out. The Argentine peso dropped to a record low and other emerging market currencies such as India's rupee, Indonesia's rupiah and the Brazilian real were also sold off.

That added pressure on the kiwi which dropped 0.8 percent yesterday after business confidence remained in the doldrums. The latest ANZ business outlook also showed little appetite among firms to invest.

### NZ shares drop as Sky TV, NZX fall; Vector, Chorus gain

New Zealand shares dropped from yesterday's record, led lower by Sky Network Television and NZX. Vector and Chorus gained.

The S&P/NZX50 Index fell 22.79 points, or 0.2 percent, to 9,339.88. Within the index, 30 stocks fell, 13 rose and seven were unchanged. Turnover was \$129.55 million.

"The market is up 3.5 percent for the month which is a huge move. It has been driven by the growth stocks and we are seeing a lot of buying coming from offshore," said David Price, broker at Forsyth Barr. "The local market is short of a lot of names that keep being bought, so that accentuates the movement that we're seeing."

"Given the magnitude of the move yesterday, to be pretty largely flat on the day is a pretty good performance."

Sky Network Television was the worst performer, down 4.2 percent to \$2.30. Last Friday, the pay-TV operator wrote down its value by \$360 million at the end of its financial year, resulting in a \$240.7 million annual loss.

NZX dropped 3.2 percent, or 3.5 cents, to \$1.07 as it gave up rights to a 3 cent interim dividend and 1.5 cent special dividend.

Tourism Holdings fell 3.2 percent to \$5.81. It reported a record June year net profit of \$62.4 million on Tuesday, of which \$23.1 million was an accounting gain on setting up its TH2 joint venture with RV maker Thor Industries. The company said it will step up investment in the JV which will stop it from repeating another year of record profits.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,160.85	29.74	▼	0.29%
S&P/NZX 50 Index	9,339.88	29.91	▼	0.32%
S&P/NZX MidCap Index	26,015.24	116.95	▼	0.45%
S&P/NZX SmallCap Index	64,470.51	314.84	▲	0.49%
S&P/NZAX All Index	544.40	0.00	▲	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,460.50	3.50	▲	0.05%
S&P/ASX 200	6,351.80	0.40	▼	0.01%
ASX Small Ordinaries	2,909.90	1.50	▼	0.05%
S&P/ASX MIDCAP 50	7,223.90	13.80	▲	0.19%
S&P/ASX 20	3,499.80	1.40	▼	0.04%
Foreign Markets Index				
	Last	Change		
S&P 500	2,901.13	12.91	▼	0.44%
Dow Jones	25,986.92	137.65	▼	0.53%
NASDAQ Composite	8,088.36	21.32	▼	0.26%
DAX	12,494.24	67.44	▼	0.54%
ASX All Ordinaries	6,460.50	3.50	▲	0.05%
NIKKEI 225	22,869.50	21.28	▲	0.09%
HANG SENG INDEX	28,164.05	252.39	▼	0.89%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9148	0.0036	▼	0.39%
USD	0.6647	0.0067	▼	1.00%
CNY	4.5430	0.0360	▼	0.79%
EUR	0.5695	0.0039	▼	0.68%
CAD	0.8625	0.0042	▼	0.48%
GBP	0.5107	0.0045	▼	0.87%
JPY	73.7905	1.1710	▼	1.56%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.32			
10-year Swap	2.84			
Commodities Futures				
	Last	Change		
Gold	1,206.00	5.50	▼	0.45%
Silver	14.47	0.23	▼	1.58%
Crude Oil	70.16	0.65	▲	0.94%

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