

MORNING REPORT

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Top News

NZ shares fall as fears over global growth cast pall on markets

New Zealand shares fell in subdued trading as fears over global growth weighed on firms with international operations such as Tourism Holdings and Vista Group International.

The S&P/NZX Index decreased 24.49 points, or 0.2 percent, to 10,071.98. Within the index, 28 stocks fell, 17 rose, and five were unchanged. Turnover was \$94.5 million, with just three stocks trading on volumes of more than a million shares.

Stock markets across Asia were mixed after Wall Street set a negative tone as investors fret over whether US-China trade tensions will crimp global growth. China's Shanghai Composite was down 0.8 percent in afternoon trading, Australia's S&P/ASX 200 Index fell 0.9 percent, while South Korea's Kospi 200 Index rose 0.6 percent.

James Lindsay, a senior portfolio manager at Nikko Asset Management, said the weak leads from overseas markets last night weighed on the NZX today, as investors pondered whether an inversion of the yield curve - where 10-year US government debt has a lower yield than short-term notes - whether it pointed to a global slow down.

"Concerns and worries around the continuing trade war and retaliatory action back and forward created that weak offshore lead," he said.

New Zealand's Treasury acknowledged the trade tensions between the US and China in its budget forecasts as a threat to the domestic economy if the dispute slows growth in this country's major trading partners.

NZ dollar weaker but back above 65 US cents after mixed US data

The New Zealand dollar was weaker early but did pare some losses on a slightly softer greenback after mixed US data, including weaker-than-expected inflation.

The kiwi was trading at 65.06 US cents at 8:10am in Wellington versus 65.25 US cents at 5pm in Wellington. It touched an overnight low of 64.93 US cents. The trade-weighted index was at 71.80 points from 71.98.

The kiwi lifted back above 65 US cents on continued weakness in US inflation as it "will bolster some calls for a rate cut from the US Federal Reserve," said ANZ FX/rates strategist Sandeep Parekh.

US inflation was weaker than initially thought in the first quarter, with the personal consumption expenditures price index, excluding the volatile food and energy components, increasing at a 1 percent rate last quarter, well below the Federal Reserve's 2 percent target.

Pending US home sales were also weaker than expected, down 1.5 percent on the month in April. "The monthly decline adds to signs of a soft housing market," said Parekh. On the other hand, US first quarter gross domestic product data was revised down by less-than-expected and consumption and exports were stronger than initially reported.

Parekh said that risk sentiment remains the biggest driver for the kiwi. In focus today will be the ANZ consumer confidence numbers followed by China's manufacturing data, particularly in the light of ongoing trade tensions between the US and China.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	10,889.84	24.98	▼ 0.23%
S&P/NZX 50 Index	10,071.98	25.63	▼ 0.25%
S&P/NZX MidCap Index	28,649.76	56.64	▼ 0.20%
S&P/NZX SmallCap Index	59,812.18	307.98	▲ 0.52%
S&P/NZAX All Index	547.41	0.00	▲ 0.00%
ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,489.20	47.40	▼ 0.73%
S&P/ASX 200	6,392.10	47.90	▼ 0.74%
ASX Small Ordinaries	2,824.80	37.90	▼ 1.32%
S&P/ASX MIDCAP 50	6,771.20	52.40	▼ 0.77%
S&P/ASX 20	3,581.10	18.70	▼ 0.52%
Foreign Markets Index			
	Last	Change	
S&P 500	2,788.86	5.84	▲ 0.21%
Dow Jones	25,169.88	43.47	▲ 0.17%
NASDAQ Composite	7,567.72	20.41	▲ 0.27%
DAX	11,902.08	64.27	▲ 0.54%
ASX All Ordinaries	6,489.20	47.40	▼ 0.73%
NIKKEI 225	20,942.53	60.84	▼ 0.29%
HANG SENG INDEX	27,114.88	120.83	▼ 0.44%
Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9416	0.0003	▲ 0.03%
USD	0.65	-0.0003	▼ 0.05%
CNY	4.4940	-0.0080	▼ 0.18%
EUR	0.58	-0.0002	▼ 0.03%
CAD	0.8787	-0.0014	▼ 0.16%
GBP	0.52	0.0004	▲ 0.08%
JPY	71.3140	-0.0195	▼ 0.03%
NZ Interest Rates			
	Last	Change	
NZ OCR	1.50		
3m Bank Bill	1.66		
5y Swap	1.60		
10y Swap	1.97		
Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,293.10	6.80	▲ 0.53%
Silver	14.50	0.09	▲ 0.62%
Crude Oil	56.53	2.28	▼ 3.88%

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