

MORNING REPORT

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Top News

NZ dollar rises after Fed hints at pause

The New Zealand dollar is benefiting from improving risk appetite after the US Federal Reserve cut interest rates as expected and hinted at a pause in further moves.

The kiwi was trading at 63.70 US cents at 8:10 am in Wellington from 63.51 cents at 5:05 pm. The trade-weighted index was at 70.27 versus 70.18.

"We believe that monetary policy is in a good place," Federal Reserve chair Jerome Powell said after the Fed lowered the target range for the federal funds rate by a quarter of a basis point to 1.5-1.75 percent. According to Dow Jones Newswires, he also said it will take 'material' change in outlook to justify another rate cut.

In its statement, the Fed said it would "continue to monitor the implications of incoming information for the economic outlook as it assesses the appropriate path of the target range for the federal funds rate." Previously it had said it would "act as appropriate to sustain the expansion."

"Financial markets struggled to find much direction after the decision was announced, with the USD paring back initial gains," ANZ FX/rates strategist Sandeep Parekh said.

NZ shares dip; Kiwi Property capital raising hogs the headlines

New Zealand shares dipped as Kiwi Property Group's plans to raise up to \$210 million kept investors busy ahead of the US Federal Reserve's policy review overnight and a slew of local company earnings and annual meetings tomorrow.

The S&P/NZX 50 Index decreased 4.21 points, or 0.04 percent, to 10,789.54. Within the index, 28 stocks fell, 16 rose, and six were unchanged. Turnover was \$172.1 million.

Property stocks were generally weaker as investors cleared out their portfolios to make way for Kiwi Property's capital raising. The owner of the Sylvia Park mall in Auckland will raise \$180 million in a fully underwritten placement at \$1.58 a share, a discount to the \$1.67 price they closed at yesterday. A further \$20 million of shares will be sold to New Zealand retail investors with the capacity to accept a further \$10 million of oversubscriptions.

"Kiwi is following Goodman Property Trust in looking to raise capital. It's obviously a good time because the share price is well in excess of NTA or asset backing," said Grant Williamson, a director at Hamilton Hindin Greene. Kiwi Property's net tangible assets were \$1.423.

Goodman Property fell 2.5 percent to \$2.125 on a volume of 1.9 million units, more than its 90-day average of 1.1 million. Stride Property declined 0.9 percent to \$2.30, Vital Healthcare Property Trust was down 0.7 percent at \$2.68, Argosy Property decreased 0.7 percent to \$1.42, Investore Property fell 0.5 percent to \$1.93, Precinct Properties New Zealand slipped 0.3 percent to \$1.845, and Property For Industry was down 0.2 percent at \$2.41.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,664.27	4.66	0.04%
S&P/NZX 50 Index	10,789.54	4.21	0.04%
S&P/NZX MidCap Index	31,195.20	21.42	0.07%
S&P/NZX SmallCap Index	63,055.29	69.36	0.11%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,794.70	53.80	0.79%
S&P/ASX 200	6,689.50	55.90	0.83%
ASX Small Ordinaries	2,870.80	14.60	0.51%
S&P/ASX MIDCAP 50	7,009.90	41.70	0.59%
S&P/ASX 20	3,708.30	33.70	0.90%

Foreign Markets Index			
	Last	Change	
S&P 500	3,046.77	9.88	0.33%
Dow Jones Industrial Average	27,186.69	115.27	0.43%
NASDAQ Composite	8,303.98	27.12	0.33%
DAX PERFORMANCE-INDEX	12,910.23	29.39	0.23%
ASX All Ordinaries	6,794.70	53.80	0.79%
NIKKEI 225	22,843.12	131.01	0.57%
HANG SENG INDEX	26,667.71	119.05	0.44%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9250	-0.0008	0.09%
USD	0.64	0.0020	0.31%
CNY	4.4980	0.0100	0.22%
EUR	0.57	0.0001	0.02%
CAD	0.8393	0.0075	0.89%
GBP	0.49	0.0003	0.06%
JPY	69.3875	0.1855	0.27%

NZ Interest Rates			
	Last	Change	
NZ OCR	1.00		
3m Bank Bill	1.08		
5y Swap	1.08		
10y Swap	1.41		

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,498.60	7.90	0.53%
Silver	17.89	0.06	0.33%
Crude Oil	54.90	0.64	1.15%

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