

# MORNING REPORT

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## Top News

### NZ dollar falls from week-high as Fed's Powell sticks to 'gradual' rate hike view

The New Zealand dollar fell from a week-high after Federal Reserve chair Jerome Powell told legislators the central bank will continue to raise interest rates gradually with the world's biggest economy in good shape.

Powell told US Senators in a semi-annual testimony on monetary policy that the US economy is continuing to grow at a strong enough pace to warrant further increases to the federal funds rate, supported by President Donald Trump's fiscal stimulus. He said it was hard to predict what the trade war between the US and China will mean for the economy, and his comments were seen as unlikely to deter further rate hikes.

The kiwi rose to a week-high yesterday after the Reserve Bank released its sector factor model of underlying inflation, which showed a bigger increase than the official consumers price index. That was seen as reducing the already small chance of a cut to the official cash rate.

Overnight, prices at the Global Dairy Trade auction fell 1.7 percent, although whole milk powder prices increased 1.5 percent.

The kiwi traded at 91.77 Australian cents from 91.84 cents yesterday and fell to 4.5452 Chinese yuan from 4.5600 yuan. It was little changed at 76.53 yen from 76.67 yen yesterday and rose to 51.70 British pence from 51.55 pence. The kiwi traded at 58.13 euro cents from 58.28 cents yesterday.

### NZ shares mixed, A2, Kathmandu weaken while Investore gains

New Zealand shares were mixed, with Kathmandu Holdings and A2 Milk dragging the index lower while defensive stocks such as Investore made gains amidst global uncertainty.

Kathmandu Holdings was the worst performer, down 2.9 percent to \$3.07, while Fletcher Building dropped 2.1 percent to \$6.90 and Comvita fell 2 percent to \$5.85.

A2 Milk dropped 1.7 percent to \$11.10, though the stock fell by as much as 3.7 percent during the day. Synlait Milk, which supplies A2, fell 1.7 percent to \$10.88.

Such stocks include Investore Property, which was the best performer, up 2 percent to \$1.52; Property for Industry, which rose 1.2 percent to \$1.74; and Genesis Energy, which gained 0.8 percent to \$2.48.

New Zealand Refining declined 1.6 percent to \$2.48. It has reported negative margins for the first time in five years after a major maintenance shut had to be extended last month. It reported gross margins for May and June of negative 71 US cents a barrel, in contrast to the US\$6.82 a barrel achieved for March and April, and the US\$7.63 reported for May and June last year.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,773.47	0.95	▼ 0.01%
S&P/NZX 50 Index	8,978.89	1.42	▼ 0.02%
S&P/NZX MidCap Index	25,593.27	28.95	▲ 0.11%
S&P/NZX SmallCap Index	63,240.61	13.75	▲ 0.02%
S&P/NZAX All Index	522.60	0.00	▼ 0.00%
ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,288.40	38.30	▼ 0.61%
S&P/ASX 200	6,203.60	37.90	▼ 0.61%
ASX Small Ordinaries	2,813.30	22.70	▼ 0.80%
S&P/ASX MIDCAP 50	6,979.40	41.60	▼ 0.59%
S&P/ASX 20	3,434.50	17.90	▼ 0.52%
Foreign Markets Index			
	Last	Change	
S&P 500	2,809.55	11.12	▲ 0.40%
Dow Jones	25,119.89	55.53	▲ 0.22%
NASDAQ Composite	7,855.12	49.40	▲ 0.63%
FTSE	7,626.33	25.88	▲ 0.34%
ASX All Ordinaries	6,288.40	38.30	▼ 0.61%
NIKKEI 225	22,697.36	100.01	▲ 0.44%
HANG SENG INDEX	28,181.68	357.98	▼ 1.25%
Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9180	0.0046	▲ 0.50%
USD	0.6782	0.0004	▲ 0.06%
CNY	4.5460	0.0130	▲ 0.29%
EUR	0.5815	0.0027	▲ 0.47%
CAD	0.8947	0.0043	▲ 0.48%
GBP	0.5171	0.0050	▲ 0.98%
JPY	76.5325	0.4325	▲ 0.57%
NZ Interest Rates			
	Last	Change	
NZ OCR	1.75		
3-month Bank Bill	1.94		
5-year Swap	2.59		
10-year Swap	3.08		
Commodities Futures			
	Last	Change	
Gold	1,227.30	12.40	▼ 1.00%
Silver	15.59	0.22	▼ 1.40%
Crude Oil	67.68	0.38	▼ 0.56%

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