

# MORNING REPORT

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## Top News

### NZ dollar hovers near 4-yr low after IMF says downside risks have increased

The New Zealand dollar hit a four-year low after the International Monetary Fund said downside risks to the domestic growth outlook have increased.

The IMF said that economic growth is expected to remain close to that of potential output but Kiwibank FX trader Mike Shirley said markets were spooked when it said "downside risks to the economic outlook in New Zealand have increased, however, reflecting higher downside risks to the global economic outlook."

ANZ Bank FX/rates strategist Sandeep Parekh said the kiwi also came under pressure when global sentiment turned negative after news that China's trade delegation had cancelled plans to visit farms in the US and as US President Donald Trump said he wants a "complete deal," as opposed to a partial deal.

Markets will now shift their attention to this week's central bank monetary policy decision and short statement. Economists polled by Bloomberg expect the Reserve Bank to keep rates on hold at 1 percent on Wednesday. The focus, therefore, will be on the wording of the statement, widely expected to keep the door open for another rate cut this year.

### NZ shares gain; index reweighting drives heavy trading in Kiwi, Kathmandu

New Zealand shares rose in heavy trading as Kiwi Property Group and Kathmandu Holding gained on strong volumes, with the quarterly index reweighting driving traffic.

The benchmark index ended the week marginally lower, down 0.3 percent, as investors weighed up the impacts of geopolitical uncertainty, ranging from a spike in oil prices to the Federal Reserve's interest rate outlook. Domestically, the economy grew at a faster clip than economists expected, but they still expect the Reserve Bank to cut the official cash rate below 1 percent.

Kiwi Property was the most traded stock on a volume of 5.9 million shares, more than three times its 90-day average of 1.8 million. It rose 2.2 percent to \$1.65.

Kathmandu rose for a sixth day, up 3.7 percent at \$3.10. Almost 4.9 million shares changed hands, about 24 times its 200,000 average. The retailer this week reported earnings at the top-end of its upgraded guidance, including a stand-out performance from its Oboz footwear unit in the US.

Spark New Zealand posted the day's biggest decline, down 2.9 percent at \$4.35 on a volume of 4.9 million shares, more than its 3.3 million average. The country's biggest telecommunications firm shed rights to its dividend yesterday. Fletcher Telecommunications rose 2 percent to \$5.09 on a volume of 4.6 million shares.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,689.47	31.74	▲ 0.27%
S&P/NZX 50 Index	10,829.39	28.34	▲ 0.26%
S&P/NZX MidCap Index	31,157.58	135.11	▲ 0.44%
S&P/NZX SmallCap Index	61,400.67	256.64	▲ 0.42%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,839.00	13.80	▲ 0.20%
S&P/ASX 200	6,730.80	13.30	▲ 0.20%
ASX Small Ordinaries	2,896.90	8.50	▲ 0.29%
S&P/ASX MIDCAP 50	7,137.50	37.80	▲ 0.53%
S&P/ASX 20	3,737.60	8.00	▲ 0.21%

Foreign Markets Index			
	Last	Change	
S&P 500	2,992.07	14.72	▼ 0.49%
Dow Jones Industrial Average	26,935.07	159.73	▼ 0.59%
NASDAQ Composite	8,117.67	65.21	▼ 0.80%
DAX PERFORMANCE-INDEX	12,468.01	10.31	▲ 0.08%
ASX All Ordinaries	6,839.00	13.80	▲ 0.20%
NIKKEI 225	22,079.09	34.69	▲ 0.16%
HANG SENG INDEX	26,435.67	33.23	▼ 0.13%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9250	-0.0001	▼ 0.01%
USD	0.63	0.0000	▲ 0.00%
CNY	4.4380	0.0000	▲ 0.00%
EUR	0.57	-0.0001	▼ 0.02%
CAD	0.8309	0.0002	▲ 0.02%
GBP	0.50	0.0000	▲ 0.00%
JPY	67.4750	-0.0200	▼ 0.03%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.14	
5y Swap	0.97	
10y Swap	1.26	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,524.40	18.20	▲ 1.21%
Silver	18.06	0.17	▲ 0.96%
Crude Oil	58.09	0.04	▼ 0.07%

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