

# MORNING REPORT

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Web: [www.equity.co.nz](http://www.equity.co.nz) / E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz) / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ

## Top News

### NZ shares fall as gloomy building sector weighs on Fletcher

New Zealand shares fell as a gloomy local construction sector and warnings about the state of building conditions in Australia weighed on Fletcher Building.

The S&P/NZX 50 Index declined 21.2 points, or 0.2 percent, to 10,857.75. Within the index, 22 stocks fell, 23 rose, and five were unchanged. Turnover was \$143.7 million.

Fletcher Building led the market lower, down 2.6 percent at \$4.96 on a volume of almost 2 million shares, almost twice its 90-day average of 973,000. The ANZ Business Outlook survey today showed another deterioration in business confidence, with the construction sector the most downbeat about the current environment.

Meanwhile, across the Tasman, cement maker Adelaide Brighton ditched plans for an interim dividend and downgraded earnings due to deteriorating conditions in residential and civil construction. The ASX-listed stock sank 19 percent to A\$3.505 in afternoon trading, dragging down other building materials stocks such as Boral.

"When you come back to the business confidence survey, there's some nervousness around the state of the New Zealand economy," said Greg Smith, head of research at Fat Prophets.

"And we had the Adelaide Brighton warning, which weighed on most stocks in that segment."

Outside the benchmark index, glass products maker Metro Performance Glass fell 1.3 percent to 37.5 cents. Local steel products companies bucked the trend after Steel & Tube Holdings said earnings met its recent guidance. It rose 8.1 percent to 94 cents and stainless steel fabricator Mercer rose 10 percent to 22 cents.

### NZ dollar falls after US Federal Reserve cuts rates

The New Zealand dollar fell after the US Federal Reserve cut rates by 25 basis points, as expected, for the first time in a decade, upping the ante on the Reserve Bank to cut rates next week.

The Kiwi was trading at 65.62 US cents at 7:45 versus 65.97 US cents at 5pm in Wellington. The trade-weighted index fell to 72.43 points from 72.56.

"In light of the implications of global developments for the economic outlook, as well as muted inflation pressures, the committee decided to lower the target range for the federal funds rate to 2 to 2.25 percent.," the Fed said in a statement. It also said it will "continue to monitor" and will "act as appropriate to sustain the expansion."

The decision was not unanimous, with two members of the committee arguing to leave rates unchanged. Also, the greenback got a lift when the US Federal Reserve chair Jerome Powell signaled the rate cut isn't necessarily the start of easing cycle during the press conference following the announcement.

"That comment from Powell really hit the kiwi hard," said Kiwibank trader Mike Shirley.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,722.63	19.98	▼	0.17%
S&P/NZX 50 Index	10,857.75	21.20	▼	0.19%
S&P/NZX MidCap Index	30,601.80	80.96	▲	0.27%
S&P/NZX SmallCap Index	60,911.54	208.55	▲	0.34%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,896.70	31.60	▼	0.46%
S&P/ASX 200	6,812.60	32.50	▼	0.47%
ASX Small Ordinaries	2,961.40	16.10	▼	0.54%
S&P/ASX MIDCAP 50	7,253.50	57.00	▼	0.78%
S&P/ASX 20	3,794.10	19.10	▼	0.50%

Foreign Markets Index				
	Last	Change		
S&P 500	2,980.38	32.80	▼	1.09%
Dow Jones Industrial Average	26,864.27	333.75	▼	1.23%
NASDAQ Composite	8,175.42	98.19	▼	1.19%
DAX PERFORMANCE-INDEX	12,189.04	41.80	▲	0.34%
ASX All Ordinaries	6,896.70	31.60	▼	0.46%
NIKKEI 225	21,521.53	187.78	▼	0.86%
HANG SENG INDEX	27,777.75	368.75	▼	1.31%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9584	0.0000	▲	0.00%
USD	0.66	-0.0006	▼	0.09%
CNY	4.5140	0.0000	▲	0.00%
EUR	0.59	0.0000	▲	0.00%
CAD	0.8649	-0.0007	▼	0.08%
GBP	0.54	0.0001	▲	0.02%
JPY	71.3350	-0.0305	▼	0.04%

NZ Interest Rates		
	Last	Change
NZ OCR	1.50	
3m Bank Bill	1.50	
5y Swap	1.30	
10y Swap	1.64	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,423.90	17.90	▼ 1.24%
Silver	16.27	0.29	▼ 1.74%
Crude Oil	57.87	0.18	▼ 0.31%

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[www.equity.co.nz](http://www.equity.co.nz) E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz)

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 Tel: +64 (9)304 0145 / NZ: 0800 474 669