

MORNING REPORT

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Top News

NZ dollar rises to highest in almost a month as Italy fears ease, trade returns to focus

The New Zealand dollar rose to its highest level in almost a month as fears about Italy's political crisis eased, helping lift the euro, and the US stoked concerns about a trade war with steel tariffs for Canada, Mexico and the European Union.

The leader of Italy's Five Star Movement, Luigi Di Maio, and League leader Matteo Salvini said on Thursday that they had reached an agreement on terms for forming a new government, while nominating Giuseppe Conte as prime minister, even though Italian president Sergio Mattarella has already nominated Carlo Cottarelli, a former IMF official, to that role.

Meanwhile, US Commerce Secretary Wilbur Ross said NAFTA talks haven't made enough progress for Mexico and Canada to avoid tariffs on steel and aluminium, which will be imposed at rates of 25 percent and 10 percent respectively. The tariffs also apply to the EU and quota limits will be imposed on other nations.

In New Zealand today, traders will watch for the ANZ consumer confidence index for May and terms of trade for the first quarter.

In the US on Friday, non-farm payrolls is expected to show the world's biggest economy added 190,000 jobs in May, up from 164,000 in the previous month, while the unemployment rate held at 3.9 percent and average hourly earnings rose 2.6 percent year-on-year, unchanged from the rate in the previous month.

NZ shares rise in heavy MSCI trading; Synlait, Mercury gain while A2 falls

New Zealand shares rose in heavy trading as several stocks entered MSCI indices, with new entrant Synlait Milk leading gains alongside Mercury NZ. A2 Milk Co fell.

The changes announced earlier this month in the semi-annual review of the MSCI Equity Indexes were implemented today. That saw A2 Milk included in the MSCI Global Standard Index, exiting the MSCI Global Small Cap Index, and Mercury leaving the standard index to join the small cap, an index which Restaurant Brands New Zealand, Synlait and Tourism Holdings also joined.

Investors who follow the indices are required to hold a certain amount of the stock, with changes causing selling and buying in new or departing stocks. NZX made amendments to trading times today to accommodate the heavier flows, with the pre-close session 15 minutes longer than usual and starting at 4:30pm, while the adjust session lasted until 5:50pm, rather than the usual 5:30pm, meaning enquiry (when the market closes) also took place at 5:50pm.

A2 Milk, which was bought up following the announcement on May 15, has been sold off lately after an earnings update disappointed investors. The stock ended the day down 0.1 percent to \$10.87, having traded as high as \$11.13 and as low as \$10.80 throughout the day.

NZX Index			
Index	Last	Change	

S&P/NZX All Index	9,429.47	7.64	▲ 0.08%
S&P/NZX 50 Index	8,658.79	7.95	▲ 0.09%
S&P/NZX MidCap Index	25,154.74	136.06	▲ 0.54%
S&P/NZX SmallCap Index	60,942.61	52.56	▼ 0.09%
S&P/NZAX All Index	515.08	1.32	▼ 0.26%

ASX Index			
Index	Last	Change	

ASX All Ordinaries	6,123.50	29.70	▲ 0.49%
S&P/ASX 200	6,011.90	27.20	▲ 0.45%
ASX Small Ordinaries	2,837.30	28.60	▲ 1.02%
S&P/ASX MIDCAP 50	6,784.30	35.00	▲ 0.52%
S&P/ASX 20	3,297.60	10.50	▲ 0.32%

Foreign Markets Index			
	Last	Change	

S&P 500	2,705.27	18.74	▼ 0.69%
Dow Jones Industrial Average	24,415.84	251.94	▼ 1.02%
NASDAQ Composite	7,442.12	20.34	▼ 0.27%
FTSE 100	7,678.20	11.37	▼ 0.15%
ASX All Ordinaries	6,123.50	29.70	▲ 0.49%
NIKKEI 225	22,201.82	183.30	▲ 0.83%
HANG SENG INDEX	30,468.56	411.77	▲ 1.37%

Currencies (per NZ\$ 1.00)			
	Last	Change	

AUD	0.9249	0.0026	▲ 0.28%
USD	0.7001	0.0012	▲ 0.17%
CNY	4.4870	0.0010	▲ 0.02%
EUR	0.5987	0.0003	▼ 0.05%
CAD	0.9070	0.0071	▲ 0.79%
GBP	0.5264	0.0004	▲ 0.08%
JPY	76.1585	0.0665	▲ 0.09%

NZ Interest Rates		
	Last	Change

NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.63	
10-year Swap	3.09	

Commodities Futures			
	Last	Change	

Gold	1,302.60	3.90	▼ 0.30%
Silver	16.42	0.12	▼ 0.75%
Crude Oil	67.10	1.11	▼ 1.63%

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