

# MORNING REPORT

As at 9:05 AM 01-03-18

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 dollar gains vs pound on Brexit Irish border impasse, falls vs greenback

The New Zealand dollar rose against the British pound after a draft legal report from the European Commission on Brexit kept Northern Ireland within its common border region along with the rest of Ireland, effectively creating a new border with Britain.

British Prime Minister Theresa May said the EC draft would threaten the UK's constitutional integrity "by creating a custom and regulatory border down the Irish Sea" and "no UK prime minister could ever agree to it." Separately, the EU's chief Brexit negotiator Michel Barnier said a transition deal wasn't guaranteed, suggesting the talks may be long and drawn-out.

### Wall St, Treasuries advance

Wall Street rose, as did US Treasuries, as investors reassessed the outlook for US interest rate increases.

A Commerce Department report showed US gross domestic product grew at a 2.5 percent annual pace in the fourth quarter, down from a previous reading of a 2.6 percent rate.

The release comes a day after Federal Reserve Chairman Jerome Powell told the House Financial Services Committee that his "personal outlook for the economy has strengthened since December," underpinning concern the central bank might accelerate the pace of interest rate increases beyond the three it has so far flagged for this year.

In the Dow, gains in shares of United Technologies and those of Cisco Systems, recently up 1.8 percent and 1.5 percent respectively, outweighed declines in shares of General Electric and those of Procter & Gamble, down 2.1 percent and 1.7 percent respectively.

United Technologies rose amid reports that billionaire activist investor Bill Ackman's Pershing Square Capital Management is building a position in the company.

### NZ shares mixed; Sky TV, Fletcher fall, Synlait, Trade Me gain

New Zealand shares were mixed, with Sky Network Television sinking to a ten-week low while Synlait Milk and Trade Me Group gained.

Sky Network Television sank 9.6 percent to \$2.53, making it the worst performer today. It has slashed prices in an effort to slow an exodus of customers quitting its pay-TV service in favour of cheaper on-demand rivals and cut its interim dividend in half to 7.5 cents in an effort to cope with the rapidly changing environment. First-half profit rose 12 percent to \$66.6 million.

Fletcher Building declined 1.8 percent to \$6.51. Its chief transformation officer Lee Finney has resigned, two years after being appointed in what was then a new position by former chief executive Mark Adamson.

Synlait Milk led the index higher, jumping 9.7 percent to \$7.84. Goodson said the share price movements were hard to understand, particularly given changes announced last week by A2 Milk which sees A2 forge a close supply relationship with Fonterra.

| NZX Index |      |        |  |  |
|-----------|------|--------|--|--|
| Index     | Last | Change |  |  |

|                        |            |         |   |       |
|------------------------|------------|---------|---|-------|
| S&P/NZX All Index      | 9,094.475  | 18.195  | ▲ | 0.20% |
| S&P/NZX 50 Index       | 8,373.819  | 13.439  | ▲ | 0.16% |
| S&P/NZX MidCap Index   | 23,621.517 | 22.667  | ▲ | 0.10% |
| S&P/NZX SmallCap Index | 57,629.475 | 305.005 | ▲ | 0.53% |
| S&P/NZAX All Index     | 558.703    | 2.707   | ▼ | 0.48% |

| ASX Index |      |        |  |  |
|-----------|------|--------|--|--|
| Index     | Last | Change |  |  |

|                      |          |       |   |       |
|----------------------|----------|-------|---|-------|
| ASX All Ordinaries   | 6,117.30 | 42.00 | ▼ | 0.68% |
| S&P/ASX 200          | 6,016.00 | 40.90 | ▼ | 0.68% |
| ASX Small Ordinaries | 2,748.30 | 14.10 | ▼ | 0.51% |
| S&P/ASX MIDCAP 50    | 6,838.10 | 29.70 | ▼ | 0.43% |
| S&P/ASX 20           | 3,347.40 | 22.60 | ▼ | 0.67% |

| Foreign Markets Index |      |        |  |  |
|-----------------------|------|--------|--|--|
|                       | Last | Change |  |  |

|                    |           |        |   |       |
|--------------------|-----------|--------|---|-------|
| S&P 500            | 2,736.05  | 8.23   | ▼ | 0.30% |
| Dow Jones          | 25,248.87 | 161.16 | ▼ | 0.63% |
| NASDAQ Composite   | 7,321.95  | 8.40   | ▼ | 0.11% |
| FTSE 100           | 7,231.91  | 50.54  | ▼ | 0.69% |
| ASX All Ordinaries | 6,117.30  | 42.00  | ▼ | 0.68% |
| NIKKEI 225         | 22,068.24 | 321.62 | ▼ | 1.44% |
| HANG SENG INDEX    | 30,844.72 | 423.94 | ▼ | 1.36% |

| Currencies (per NZ\$ 1.00) |      |        |  |  |
|----------------------------|------|--------|--|--|
|                            | Last | Change |  |  |

|     |         |        |   |       |
|-----|---------|--------|---|-------|
| AUD | 0.9273  | 0.0015 | ▼ | 0.16% |
| USD | 0.7215  | 0.0020 | ▼ | 0.28% |
| CNY | 4.5670  | 0.0030 | ▼ | 0.07% |
| EUR | 0.5910  | 0.0004 | ▼ | 0.07% |
| CAD | 0.9256  | 0.0014 | ▲ | 0.15% |
| GBP | 0.5238  | 0.0038 | ▲ | 0.73% |
| JPY | 76.9405 | 0.7170 | ▼ | 0.92% |

| NZ Interest Rates |      |        |  |  |
|-------------------|------|--------|--|--|
|                   | Last | Change |  |  |

|                   |      |  |  |  |
|-------------------|------|--|--|--|
| NZ OCR            | 1.75 |  |  |  |
| 3-month Bank Bill | 1.94 |  |  |  |
| 5-year Swap       | 2.72 |  |  |  |
| 10-year Swap      | 3.23 |  |  |  |

| Commodities Futures |      |        |  |  |
|---------------------|------|--------|--|--|
|                     | Last | Change |  |  |

|           |          |      |   |       |
|-----------|----------|------|---|-------|
| Gold      | 1,318.90 | 0.30 | ▲ | 0.02% |
| Silver    | 16.41    | 0.02 | ▼ | 0.15% |
| Crude Oil | 61.71    | 1.30 | ▼ | 2.06% |

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk.

**Do you need to make any changes to your portfolio?**  
[www.equity.co.nz](http://www.equity.co.nz) E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz)

Contact Equity Investment Advisers today.  
 Tel: +64 (9)304 0145