

MORNING REPORT

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Top News

Wall St slides, US Treasuries and oil gain

The Federal Open Market Committee is set to begin its two-day policy meeting on Tuesday. While US policy makers are not expected to announce an interest rate hike on Wednesday, investors will eye the FOMC statement for any clues for a potential acceleration in rate increases.

Indeed, the latest data on US consumer spending and the Fed's preferred inflation measure bolstered expectations it may raise rates more often than the total three times it has so far signalled for this year.

"The rise in real consumption in March confirms that all of the first-quarter weakness in household spending came at the very beginning of this year and that consumption growth is already rebounding," Michael Pearce, senior US economist at Capital Economics, said in a note on Monday.

NZ dollar sinks to lowest level for 2018 as market anticipates upbeat Fed

The US dollar index rose to the highest level in almost four months amid speculation a recent run of relatively strong US data keeps intact the case for the Fed to keep raising interest rates this year. Overnight figures showed the US March PCE inflation was 2 percent, meeting market forecasts and in line with the Fed's target, while a measure of personal spending rose. The kiwi didn't move much after Finance Minister Grant Robertson said in a speech that "high-level indicators" for the New Zealand economy "are strong".

"Reflecting the recent run of solid US data, we expect the FOMC statement on Wednesday (US time) to reflect continuing confidence in the Fed's assessment of solid growth, full employment and normalising inflation," said Miles Workman, an economist at ANZ Bank New Zealand, in a note. "The NZD/USD is back on the defensive as the USD finds more support. A move below 70 (US) cents is now easily on the cards."

NZ shares rise in broad regional rally, Mercury NZ, Kiwi Property gain

"The index has been trending up since the open really, it's a broad-based rally" said James Smalley, investment advisor at Hamilton Hindin Greene. "There wasn't huge guidance overnight, certainly not from the US market, but it has been a reasonable day in Asia and Australia is up about the same amount as us. We're probably just trading in line with the regional bourses."

Z Energy rose 1.4 percent to \$7.25. An internal BP New Zealand emailed leaked to Stuff showed the local subsidiary of global oil giant BP would raise petrol prices in Paraparaumu, Kapiti and Levin in the hope its competitors would match those prices, and reduce the price gap in Otaki where the company was losing volume. At a press conference this afternoon, Prime Minister Jacinda Ardern said she wants to hear BP's explanation but says the tactics underpin the need for greater investigative powers by the Commerce Commission.

The commission was already set to get greater investigative powers to trigger formal market studies, where it can compel companies to provide information, something Commerce Minister Kris Faafoi wants in place by the end of the year.

Fletcher Building dipped 0.2 percent to \$6.31. The company completed the institutional component of its \$750 million capital raise earlier this month, generating gross proceeds of \$515 million.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,192.607	73.857	▲	0.81%
S&P/NZX 50 Index	8,443.578	73.208	▲	0.87%
S&P/NZX MidCap Index	24,305.263	257.513	▲	1.07%
S&P/NZX SmallCap Index	59,062.358	24.382	▼	0.04%
S&P/NZAX All Index	504.554	2.426	▼	0.48%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,071.60	28.70	▲	0.47%
S&P/ASX 200	5,982.70	29.10	▲	0.49%
ASX Small Ordinaries	2,736.60	18.20	▲	0.67%
S&P/ASX MIDCAP 50	6,784.60	12.50	▲	0.18%
S&P/ASX 20	3,291.50	16.20	▲	0.49%
Foreign Markets Index				
	Last	Change		
S&P 500	2,648.05	21.86	▼	0.82%
Dow Jones	24,163.15	148.04	▼	0.61%
NASDAQ Composite	7,066.27	53.53	▼	0.75%
FTSE 100	7,509.30	7.09	▲	0.09%
ASX All Ordinaries	6,071.60	28.70	▲	0.47%
NIKKEI 225	22,467.87	148.26	▲	0.66%
HANG SENG INDEX	30,808.45	527.78	▲	1.74%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9343	0.0004	▼	0.04%
USD	0.7035	0.0047	▼	0.66%
CNY	4.4550	0.0310	▼	0.69%
EUR	0.5824	0.0019	▼	0.33%
CAD	0.9035	0.0058	▼	0.64%
GBP	0.5111	0.0032	▼	0.62%
JPY	76.9160	0.3190	▼	0.41%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.73			
10-year Swap	3.21			
Commodities Futures				
	Last	Change		
Gold	1,316.10	7.30	▼	0.55%
Silver	16.35	0.14	▼	0.86%
Crude Oil	68.57	0.47	▲	0.69%

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