

# MORNING REPORT

As at 8.57 AM 2/05/2018

 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

### Pfizer weighs on Wall St

Wall Street was mixed as a slide in Pfizer shares weighed on the Dow, while Federal Reserve policy makers began their two-day meeting.

"There is a tug-of-war in the market as to whether or not the economy is gaining strength, or whether or not it continues to be moderate, and therefore whether or not the economy can withstand three or even four rate hikes, especially if you are seeing a moderation of economic activity in Europe," Quincy Krosby, chief market strategist at Prudential Financial, told Bloomberg.

"The decline was mainly driven by the production index, which fell quite sharply," Andrew Hunter, US economist for Capital Economics, said in a note. "Overall, the decline in the ISM manufacturing index simply brings it back to a more sustainable level after a period of unusual strength."

### NZ dollar drops below 70 US cents as greenback rallies, dairy prices fall, jobs data looms

The US dollar index rose 0.7 percent to its highest level since early January on optimism US economic growth and inflation are stirring enough to keep the Fed on track to keep raising rates this year. The Federal Open Market Committee is likely to keep rates on hold at this week's two-day meeting but is expected to indicated the pace of increases this year. Meanwhile, first-quarter labour market figures in New Zealand today are expected to show the jobless rate fell to 4.4 percent from 4.5 percent and employment growth quickened although with little sign of increased wages pressure.

"The USD continues to climb ahead of tomorrow morning's FOMC monetary policy statement," traders at HiFX said in a note. "The key driver for the NZD will be this morning's quarterly employment report."

### NZ shares dip, Kiwi Property, Fletcher drop while energy stocks Meridian, Genesis, Contact gain

Kiwi Property led the index lower, down 2.6 percent to \$1.335, with Sky Network Television falling 1.3 percent to \$2.25.

SkyCity Entertainment Group dipped 0.3 percent to \$4.04. Its \$703 million New Zealand International Convention Centre and Hobson Street hotel project, which is being built by beleaguered Fletcher Building, will be delayed a further six months. They are now expected to be completed in December 2019. Fletcher Building fell 1.7 percent to \$6.20.

Meridian Energy gained 1.2 percent to \$2.975. It has signed a contract with New Zealand Aluminium Smelters (NZAS) to agree the price of electricity for an additional 50 MWh per hour (438 gigawatt hours per year) at Tiwai Point in Southland.

The contract, underwritten by Meridian and supported by contracts with Contact Energy, Genesis Energy and Mercury New Zealand, runs until December 2022 and facilitates NZAS re-starting its fourth potline and increasing production by 9.2 percent.

Z Energy was unchanged at \$7.25, though it traded higher for much of the day. Z is due to report on Thursday, and gained yesterday despite renewed calls for government intervention in petrol pricing following a leaked email from BP New Zealand.

NZX Index			
Index	Last	Change	
<b>S&amp;P/NZX All Index</b>	9,184.04	8.57	0.09%
<b>S&amp;P/NZX 50 Index</b>	8,435.97	7.61	0.09%
<b>S&amp;P/NZX MidCap Index</b>	24,288.60	16.66	0.07%
<b>S&amp;P/NZX SmallCap Index</b>	59,210.40	148.04	0.25%
<b>S&amp;P/NZAX All Index</b>	499.71	4.84	0.96%
ASX Index			
Index	Last	Change	
<b>ASX All Ordinaries</b>	6,100.00	28.40	0.47%
<b>S&amp;P/ASX 200</b>	6,015.20	32.50	0.54%
<b>ASX Small Ordinaries</b>	2,741.30	4.70	0.17%
<b>S&amp;P/ASX MIDCAP 50</b>	6,795.30	10.70	0.16%
<b>S&amp;P/ASX 20</b>	3,317.40	25.90	0.79%
Foreign Markets Index			
	Last	Change	
<b>S&amp;P 500</b>	2,654.80	6.75	0.25%
<b>Dow Jones</b>	24,099.05	64.10	0.27%
<b>NASDAQ Composite</b>	7,130.70	64.44	0.91%
<b>FTSE</b>	7,520.36	11.06	0.15%
<b>ASX All Ordinaries</b>	6,100.00	28.40	0.47%
<b>NIKKEI 225</b>	22,508.03	40.16	0.18%
<b>HANG SENG INDEX</b>	30,808.45	527.78	1.74%
Currencies (per NZ\$ 1.00)			
	Last	Change	
<b>AUD</b>	0.9345	0.0002	0.02%
<b>USD</b>	0.6998	0.0037	0.53%
<b>CNY</b>	4.4310	0.0240	0.54%
<b>EUR</b>	0.5835	0.0011	0.19%
<b>CAD</b>	0.8992	0.0041	0.45%
<b>GBP</b>	0.5140	0.0029	0.57%
<b>JPY</b>	76.8450	0.0335	0.04%
NZ Interest Rates			
	Last	Change	
<b>NZ OCR</b>	1.75		
<b>3-month Bank Bill</b>	1.94		
<b>5-year Swap</b>	2.72		
<b>10-year Swap</b>	3.18		
Commodities Futures			
	Last	Change	
<b>Gold</b>	1,304.80	14.40	1.09%
<b>Silver</b>	16.18	0.22	1.35%
<b>Crude Oil</b>	67.47	1.10	1.60%

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](tel:+6493040145)