

# MORNING REPORT

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## Top News

### NZ stocks rise as emboldened investors seek value; Z Energy plunges

New Zealand shares rose for a fourth day in five as improving sentiment in global markets encouraged investors back into some favoured sectors.

The S&P/NZX index advanced 91.52 points, or 1.1 percent, to 8,843.83. Within the index, 31 stocks gained, 12 fell and seven were unchanged. Turnover was \$134.2 million.

David Price, director of institutional equities at Forsyth Barr, said the latest round of annual meetings and September earnings are providing investors some direction.

But he said that, despite 16 down sessions out of 21 trading days in October, price-earnings ratios are "still pretty high" given growth rates are "relatively anaemic."

The biggest news on the market today was Z Energy. The country's biggest fuel retailer dropped 9.3 percent to a three-and-half year low of \$5.53 after reporting a 21 percent drop in first-half earnings and announcing a dividend about five cents less than investors were expecting.

Price said investors had not been expecting a strong result since the firm's first-quarter update but "had lost sight of the dividend."

The company will also have to have a "pretty solid second half" to meet the revised full-year guidance it offered today, Price said.

Among the major gainers. A2 Milk Co rose 2.7 percent to \$10.70. Synlait Milk rose for a third day from a seven-month low, gaining 0.9 percent to \$8.75 today. Ryman Healthcare rose 6.2 percent to \$12.85.

Fletcher Building fell 1.3 percent to \$5.96 after reporting a non-cash loss of up to \$20 million on the US\$39 million sale of the firm's steel roof tile business to Canada's IKO group.

### NZ dollar jumps after Trump signals progress on China trade

The New Zealand dollar was sharply higher against the US dollar after President Donald Trump signaled progress on its trade dispute with China.

The kiwi traded at 66.57 US cents at 8am in Wellington versus 65.74 US cents yesterday. The trade-weighted index was at 72.73 from 72.07.

"Just had a long and very good conversation with President Xi Jinping of China. We talked about many subjects, with a heavy emphasis on trade. Those discussions are moving along nicely with meetings being scheduled at the G-20 in Argentina. Also had good discussion on North Korea!," Trump said on Twitter.

"NZD surged higher overnight, smashing through resistance," said ANZ Bank economist Miles Workman. Trump's comments were also "mirrored" in China with Xi Jinping reportedly open to the discussions at the upcoming G-20 meetings in Argentina, which added to the market's risk-on sentiment, Workman said.

Stuart Ive, senior dealer foreign exchange at OMF in Wellington, said more details will be needed on the US-China trade situation for the kiwi to hold around these levels markets. The G-20 meeting begins late November.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,645.03	96.27	▲	1.01%
S&P/NZX 50 Index	8,843.83	91.52	▲	1.05%
S&P/NZX MidCap Index	25,517.19	216.17	▲	0.85%
S&P/NZX SmallCap Index	62,823.28	81.24	▲	0.13%
S&P/NZAX All Index	524.25	5.03	▼	0.95%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	5,925.90	12.60	▲	0.21%
S&P/ASX 200	5,840.80	10.50	▲	0.18%
ASX Small Ordinaries	2,614.00	28.70	▲	1.11%
S&P/ASX MIDCAP 50	6,572.70	30.90	▲	0.47%
S&P/ASX 20	3,248.10	1.60	▲	0.05%
Foreign Markets Index				
	Last	Change		
S&P 500	2,740.14	28.40	▲	1.05%
Dow Jones	25,383.41	267.65	▲	1.07%
NASDAQ Composite	7,432.11	126.21	▲	1.73%
DAX	11,468.54	21.03	▲	0.18%
ASX All Ordinaries	5,925.90	12.60	▲	0.21%
NIKKEI 225	21,687.65	232.81	▼	1.06%
HANG SENG INDEX	25,416.00	436.31	▲	1.75%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9236	0.0020	▲	0.22%
USD	0.6657	0.0140	▲	2.15%
CNY	4.6070	0.0620	▲	1.36%
EUR	0.5835	0.0077	▲	1.34%
CAD	0.8713	0.0139	▲	1.62%
GBP	0.5115	0.0011	▲	0.22%
JPY	74.9945	1.3685	▲	1.86%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.36			
10-year Swap	2.86			
Commodities Futures				
	Last	Change		
Gold	1,235.40	20.40	▲	1.68%
Silver	14.75	0.47	▲	3.28%
Crude Oil	63.46	1.85	▼	2.83%

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