

# MORNING REPORT

As at 8.53 AM 3/12/2018

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

### NZ dollar hits 5-month high as US-China trade tensions ease

The New Zealand dollar rose above 69 US cents for the first time since June as Chinese and US leaders found common ground to deflate trade tensions that threaten to slow the global economy.

The kiwi jumped to 69.16 US cents at 8am in Wellington from 68.78 cents on Friday in New York and 68.65 cents in Asia last week. The trade-weighted index advanced to 75.31 from 75.05 last week.

New Zealand is the first market to open since the G20 leaders' summit in Buenos Aires over the weekend, where US and Chinese presidents Donald Trump and Xi Jinping agreed to measures cooling their trade dispute.

The US won't push through increased tariffs from January, China agreed to buy a substantial amount of American products, and both parties will discuss structural changes to intellectual property protection, non-tariff barriers, cyber intrusions, services and agriculture. The stoush has threatened to slow global growth and weighed more heavily on open trading economies such as New Zealand.

"The US-China trade war has been a key driver of markets for much of this year and a de-escalation of tension sets the scene for a broadly-based rally in risk assets," Bank of New Zealand senior markets strategist Jason Wong said in a note. "We will have to revise our NZD forecasts higher."

Earlier forecasts had been "based on further tariffs proceeding, with the associated hit to global growth and spillover effects."

### NZ shares to rise after key bogeymen vanquished, at least for now

Expect share markets both in New Zealand and around the world to rally today after two of the bogeymen spooking investors have abated, at least for now.

Bogeyman one was the trade war between China and the United States. They called a truce when their presidents, Xi Jinping and Donald Trump, met for dinner at the G20 meeting in Buenos Aires over the weekend.

And bogeyman two was the threat of higher US interest rates. US Federal Reserve chair Jerome Powell last week moderated his stance to interest rates, saying they were now "just below neutral", in contrast to previous comments that rates were "a long way from neutral."

NZX, the first market in the world to open after the weekend, should lead the way higher after gaining 1.4 percent last week, easing its losses for the quarter-to-date to 5.6 percent.

The key US index, the S&P 500 Index, had an even stronger 4.9 percent rebound and it's now just 5.8 percent lower than its record closing high in September – at one point, it was more than 10 percent down.

"It's pretty safe to say last week's rally will continue because two big issues have been diffused for the time being," said Mark Lister, the head of wealth research at Craigs Investment Partners.

The US-China trade truce "is definitely a positive. I think that will be good enough to keep last week's rebound continuing. Markets will now be on a surer footing."

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,596.60	30.53	▲	0.32%
S&P/NZX 50 Index	8,823.54	28.66	▲	0.33%
S&P/NZX MidCap Index	26,197.28	158.88	▲	0.61%
S&P/NZX SmallCap Index	60,115.11	111.84	▼	0.19%
S&P/NZAX All Index	516.51	2.26	▲	0.44%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	5,749.30	86.40	▼	1.48%
S&P/ASX 200	5,667.20	91.20	▼	1.58%
ASX Small Ordinaries	2,573.80	10.60	▼	0.41%
S&P/ASX MIDCAP 50	6,229.10	112.80	▼	1.78%
S&P/ASX 20	3,164.40	46.60	▼	1.45%
Foreign Markets Index				
	Last	Change		
S&P 500	2,760.17	22.41	▲	0.82%
Dow Jones	25,538.46	199.62	▲	0.79%
NASDAQ Composite	7,330.54	57.45	▲	0.79%
DAX	11,257.24	40.99	▼	0.36%
ASX All Ordinaries	5,749.30	86.40	▼	1.48%
NIKKEI 225	22,351.06	88.46	▲	0.40%
HANG SENG INDEX	26,506.75	55.72	▲	0.21%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9373	0.0046	▼	0.49%
USD	0.6913	0.0031	▲	0.45%
CNY	4.7870	0.0000		0.00%
EUR	0.6085	0.0006	▲	0.10%
CAD	0.9155	0.0010	▲	0.11%
GBP	0.5410	0.0013	▲	0.24%
JPY	78.6750	0.5300	▲	0.68%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.44			
10-year Swap	2.90			
Commodities Futures				
	Last	Change		
Gold	1,222.10	2.00	▼	0.16%
Silver	14.14	0.13	▼	0.93%
Crude Oil	50.72	0.73	▼	1.42%

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 / NZ: 0800 474 669**