

MORNING REPORT

As at 8.50 AM 4/09/2018

Web: www.equity.co.nz / E-mail: Info@equity.co.nz / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ

Top News

NZ shares fall from recent highs, led lower by Fisher & Paykel on earnings downgrade

New Zealand shares dropped, led lower by Fisher & Paykel Healthcare and Z Energy while A2 Milk rose amidst new Chinese e-commerce legislation.

The S&P/NZX50 Index fell 55.91 points, or 0.6 percent, to 9,257.29. Within the index, 21 stocks rose, 19 fell and 10 were unchanged. Turnover was \$97.2 million.

"It's pretty light volume in a market that's trading at an all-time high, effectively, so it's not surprising to see a bit of profit taking come out on the back of an amazing August for most people," said Rickey Ward, NZ equity manager at JBWere.

Fisher & Paykel Healthcare led the index lower, dropping 3.9 percent to \$15.75. It warned the cost of contesting the latest patent allegations from rival ResMed will cut annual earnings by as much as \$10 million in a far-ranging dispute across multiple jurisdictions.

F&P said it will contest complaints in the US International Trade Commission (ITC) and US District Court for the Southern District of California, and cut forecast profit to \$205 million - \$210 million in the year ending March 31 from a previous forecast of \$215 million due to the cost of defending the litigation. The companies have been locked in litigation since 2016 spanning the US, UK, Europe, NZ and Australia.

NZ dollar falls vs Aussie as Westpac rate hike puts RBA review in spotlight

The New Zealand dollar fell against its trans-Tasman counterpart ahead of today's Reserve Bank of Australia policy review which will attract close scrutiny after Westpac Banking Corp's out-of-cycle rate hike.

The kiwi declined to 91.49 Australian cents as at 8am in Wellington from 91.81 cents yesterday. It was almost unchanged at 66.02 US cents from 66.05 cents yesterday with US markets closed for the Labor Day holiday.

The RBA is expected to keep the target cash rate at 1.5 percent today after a slightly more upbeat assessment of the economy last month. Governor Philip Lowe's statement will be closely watched for any shift in tone, with Westpac's decision to raise its variable mortgage rate 14 basis points last week posing questions about whether the RBA can retain its neutral stance. New Zealand's Reserve Bank has indicated it doesn't plan to shift the official cash rate for the foreseeable future may raise or lower the benchmark rate.

"Today's RBA policy announcement is likely to maintain a decisively neutral tone, but the market will be interested if there is any response to the recent nudge up in mortgage rates from a number of banks," Bank of New Zealand senior markets strategist Jason Wong said in a note. The Aussie "has unwound some of Friday's inexplicable underperformance and sits this morning just above 72 US cents, which sees NZD/AUD down to 0.9160."

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,076.25	60.08	▼	0.59%
S&P/NZX 50 Index	9,257.29	55.91	▼	0.60%
S&P/NZX MidCap Index	25,948.10	4.19	▲	0.02%
S&P/NZX SmallCap Index	64,409.45	347.04	▼	0.54%
S&P/NZAX All Index	534.87	0.00	▲	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,416.50	11.30	▼	0.18%
S&P/ASX 200	6,310.90	8.60	▼	0.14%
ASX Small Ordinaries	2,874.70	15.50	▼	0.54%
S&P/ASX MIDCAP 50	7,193.30	20.20	▲	0.28%
S&P/ASX 20	3,474.90	7.20	▼	0.21%
Foreign Markets Index				
	Last	Change		
S&P 500	2,901.52	0.39	▲	0.01%
Dow Jones	25,964.82	22.10	▼	0.09%
NASDAQ Composite	8,109.54	21.17	▲	0.26%
DAX	12,346.41	17.65	▼	0.14%
ASX All Ordinaries	6,416.50	11.30	▼	0.18%
NIKKEI 225	22,707.38	157.77	▼	0.69%
HANG SENG INDEX	27,712.54	176.01	▼	0.63%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9154	0.0051	▼	0.55%
USD	0.6604	0.0014	▼	0.21%
CNY	4.5050	0.0190	▼	0.42%
EUR	0.5685	0.0024	▼	0.42%
CAD	0.8647	0.0005	▼	0.06%
GBP	0.5131	0.0006	▲	0.12%
JPY	73.3700	0.1550	▼	0.21%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.30			
10-year Swap	2.81			
Commodities Futures				
	Last	Change		
Gold	1,207.00	2.00	▲	0.17%
Silver	14.44	0.04	▼	0.29%
Crude Oil	70.10	0.15	▼	0.21%

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 E-mail: Info@equity.co.nz

Contact Equity Investment Advisers today.
 Tel: +64 (9)304 0145 / NZ: 0800 474 669