

# MORNING REPORT

As at 9.00 AM 5/10/2018

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 shares fall as A2 still in the dog-box; Genesis, Akl Airports shed dividend rights

New Zealand shares fell for a fourth day as A2 Milk Co remains out of favour after recent selling by its chief executive and a director. Genesis Energy and Auckland International Airport also declined after shedding rights to dividend payments.

The S&P/NZX 50 index slipped 36.77 points, or 0.4 percent, to 9,257.18. Within the index, 22 stocks fell, 20 gained and eight were unchanged. Turnover was \$132.1 million.

A2 Milk led the market lower for a second day, falling 3.4 percent to \$10.70, the lowest close in almost two months. The milk marketing firm has been out of favour with investors since new chief executive Jayne Hrdlicka disclosed a share sale, which was followed soon after by director Peter Hinton trimming his holding.

"People are always going to watch this stock like that very, very closely given how strong the run has been," said Mark Lister, head of private wealth research at Craigs Investment Partners. The stock, up 30 percent this year, has fallen almost 9 percent since Hrdlicka's sale was disclosed on Sept. 21, the same day A2 joined the FTSE Russell All World Index.

Genesis Energy declined 3.3 percent, or 8.5 cents, to \$2.50 after shedding rights to an 8.6 cents per share dividend. Auckland Airport was down 1.9 percent, or 14 cents, to \$7.18, giving up rights to an 11 cent dividend payment. Outside the NZX50, Colonial Motor Co fell 4.3 percent, or 38 cents, to \$8.52, shedding rights to a 35 cent dividend.

### NZ dollar extends decline as rising US bond yields boost greenback

The New Zealand dollar extended its decline for a fourth day as US bond yields continued to rise on expectations a strong US economy will drive up interest rates.

The kiwi fell as low as 64.75 US cents, the lowest since February 2016, and traded at 64.78 cents at 8am in Wellington from 64.97 cents yesterday. The trade-weighted index dropped to 70.92 from 71.11.

The yield on US 10-year Treasuries rose 3 basis points to 3.19 percent as stronger than expected US data this week heightened expectations the Federal Reserve will hike interest rates more aggressively than signalled. Non-farm payrolls tonight will likely show the US added 181,000 jobs last month. The yield on US 10-year Treasuries is 55 basis points higher than New Zealand's equivalent government bond, with the spread widening from 42 basis points at the end of last week.

Meanwhile, stocks on Wall Street fell after US Vice President Mike Pence accused China of a campaign to undermine the White House, damping expectations for a resolution to the trade dispute between the world's two biggest economies.

"The NZD has broken through support levels as the stronger USD and risk-off price action dominates. It looks to be barely hanging on here," ANZ Bank New Zealand economists Miles Workman and Philip Borkin said in a note.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,088.24	53.97	▼	0.53%
S&P/NZX 50 Index	9,257.18	50.46	▼	0.54%
S&P/NZX MidCap Index	26,608.88	57.03	▼	0.21%
S&P/NZX SmallCap Index	64,997.49	76.59	▼	0.12%
S&P/NZAX All Index	532.19	0.00	▼	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,293.90	28.70	▲	0.46%
S&P/ASX 200	6,176.30	30.20	▲	0.49%
ASX Small Ordinaries	2,855.50	2.10	▼	0.07%
S&P/ASX MIDCAP 50	7,058.70	36.30	▲	0.52%
S&P/ASX 20	3,412.20	23.20	▲	0.68%
Foreign Markets Index				
	Last	Change		
S&P 500	2,901.58	23.93	▼	0.82%
Dow Jones	26,627.51	200.88	▼	0.75%
NASDAQ Composite	7,879.51	145.57	▼	1.81%
DAX	12,244.14	43.44	▼	0.35%
ASX All Ordinaries	6,293.90	28.70	▲	0.46%
NIKKEI 225	23,975.62	135.34	▼	0.56%
HANG SENG INDEX	26,623.87	467.39	▼	1.73%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9155	0.0018	▼	0.20%
USD	0.6478	0.0036	▼	0.55%
CNY	4.4500	0.0280	▼	0.63%
EUR	0.5627	0.0049	▼	0.86%
CAD	0.8372	0.0014	▼	0.17%
GBP	0.4975	0.0061	▼	1.21%
JPY	73.7540	0.8350	▼	1.12%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.38			
10-year Swap	2.89			
Commodities Futures				
	Last	Change		
Gold	1,203.40	0.50	▲	0.04%
Silver	14.61	0.06	▼	0.41%
Crude Oil	74.50	1.91	▼	2.50%

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