



MORNING REPORT

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Top News

NZ dollar drops to 2 1/2-year low as fears over emerging markets bolster greenback

The New Zealand dollar fell to its lowest level since February 2016 as South Africa entered a recession for the first time in nine years, reigniting fears over emerging markets and stoking demand for the greenback.

South Africa's rand depreciated 3.4 percent to 15.3418 per US dollar after Africa's second-largest economy shrank 0.7 percent in the second quarter, entering its first recession since 2009. That triggered a wider sell-off of emerging market currencies, including Argentina's peso, which weakened 3.1 percent, as investors flocked to the relative safety of the greenback ahead of US President Donald Trump's decision on whether to proceed with harsher tariffs on Chinese imports. The yield on 10-year US Treasuries rose 5 basis points to 2.9 percent, while stocks on Wall Street fell after reopening from their Labor Day holiday.

Dairy prices fell 0.7 percent at the latest Global Dairy Trade auction, including a 2.2 percent decline in whole milk powder prices to US\$2,821 a tonne. ANZ Bank New Zealand economists Philip Borkin and Daniel Wilson said in a note the risks were skewed to the downside, which could take the shine off New Zealand's terms of trade and ultimately weigh on the kiwi, "where commodity prices were one of its last bastions of support."

The local currency fell to 50.97 British pence from 51.29 pence yesterday as Bloomberg reported European Union officials are investigating ways to avoid a hard border with Northern Ireland as a means to make the deal more palatable to the UK. The kiwi declined to 56.55 euro cents from 56.84 cents.

NZ shares gain as investors eye rate cut change; Sky TV, Port of Tauranga gain

New Zealand shares rose as investors weigh up the prospect of a potential rate cut, spurring demand for stocks with high dividends, in a world economy that remains relatively robust. Sky Network Television, Spark New Zealand and Chorus gained.

Traders are pricing in a 50 percent chance New Zealand's Reserve Bank will cut the official cash rate in an effort to lift inflation. Low interest rates have been a long-standing support for the domestic market, where investors can find relatively stable returns from the likes of utilities and property investment firms. Spark rose 1.8 percent to \$4.01 after Vodafone New Zealand reported a decline in annual earnings as its margins were squeezed by an increasingly competitive broadband market. Network operator Chorus, which counts both Spark and Vodafone as major customers, rose 1.6 percent to \$4.72.

Mercury NZ rose 1.5 percent after its joint venture with Infratil was granted approval by Australia's Foreign Investment Review Board to buy Tilt Renewables. Infratil increased 0.3 percent to \$3.425. Tilt's independent directors urged investors to reject the \$2.30 takeover, saying the price was too low. Tilt shares increased 0.9 percent to \$2.30.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,113.44	37.19	▲	0.37%
S&P/NZX 50 Index	9,292.15	34.86	▲	0.38%
S&P/NZX MidCap Index	26,130.97	182.87	▲	0.70%
S&P/NZX SmallCap Index	64,334.94	74.51	▼	0.12%
S&P/NZAX All Index	534.87	0.00	▲	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,398.90	17.60	▼	0.27%
S&P/ASX 200	6,293.10	17.80	▼	0.28%
ASX Small Ordinaries	2,877.50	2.80	▲	0.10%
S&P/ASX MIDCAP 50	7,172.80	20.50	▼	0.28%
S&P/ASX 20	3,463.10	11.80	▼	0.34%
Foreign Markets Index				
	Last	Change		
S&P 500	2,896.72	4.80	▼	0.17%
Dow Jones Industrial Average	25,952.48	12.34	▼	0.05%
NASDAQ Composite	8,091.25	18.29	▼	0.23%
DAX PERFORMANCE-INDEX	12,210.21	136.20	▼	1.10%
ASX All Ordinaries	6,398.90	17.60	▼	0.27%
NIKKEI 225	22,696.90	10.48	▼	0.05%
HANG SENG INDEX	27,973.34	260.80	▲	0.94%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9131	0.0020	▼	0.22%
USD	0.6557	0.0044	▼	0.67%
CNY	4.4850	0.0170	▼	0.38%
EUR	0.5657	0.0000		0.00%
CAD	0.8648	0.0003	▲	0.03%
GBP	0.5098	0.0000		0.00%
JPY	73.0400	0.2925	▼	0.40%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.30			
10-year Swap	2.80			
Commodities Futures				
	Last	Change		
Gold	1,196.50	10.20	▼	0.85%
Silver	14.16	0.39	▼	2.69%
Crude Oil	69.39	0.41	▼	0.59%

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