



MORNING REPORT

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Top News

NZ dollar dragged down by weaker than expected Australian growth

The New Zealand dollar slipped below 69 US cents as negative sentiment about a weaker-than-expected Australian economy spilled over across the Tasman and as Canada's central bank adopted a more negative outlook.

US markets were closed to mark the death of former President George HW Bush, although S&P futures pricing indicated increased confidence that US-China trade relations will improve after China's Commerce Ministry published a Q&A outlining the successful meeting between presidents Donald Trump and Xi Jinping.

While Wall Street was closed, the kiwi dollar followed its Australian and Canadian counterparts lower. Data yesterday showed Australian gross domestic product grew 2.8 percent in the September quarter from a year earlier, missing a forecast for 3.3 percent. Meanwhile, the Bank of Canada held its key interest rate at 1.75 percent and noted a number of risks to the global economy, which prompted some analysts to pare back their expectations for future rate hikes.

NZ shares join global decline as trade jitters re-emerge; Gentrack, F&P Health fall

New Zealand shares fell for a second day as doubts about the ceasefire in the US-China trade stoush weighed on global markets, hitting growth stocks and exporters such as Gentrack Group and Fisher & Paykel Healthcare.

Stock markets across Asia followed Wall Street lower, with Australia's S&P/ASX index down 1.1 percent in afternoon trading and Hong Kong's Hang Seng falling 1.6 percent. Volatility re-emerged as investors questioned the details about the US-China truce.

US President Donald Trump fuelled that unease when he tweeted his willingness to impose new tariffs if a deal can't be reached. US markets will be closed for a national day of mourning to mark former President George HW Bush's death, which may have exacerbated the 3.1 percent drop on the Dow Jones Industrial Average overnight.

Utilities software developer Gentrack, which has extensive operations in the UK and Europe, led the market lower, down 4 percent at \$5.52 in light trading, continuing its weakness since acknowledging concerns about its growth outlook. Fisher & Paykel Healthcare, which has manufacturing operations in Mexico and derives more than half its earnings in US dollar, fell 3.5 percent to \$12.55. Some 1.2 million shares changed hands, almost twice its 671,000 average.

Heartland Group dropped 3.3 percent to \$1.47 on smaller than average volumes. Australian data today showed slower-than-expected growth across the Tasman, where Heartland is seeking to expand its reverse mortgage business. Trade Me rose 3.1 percent to \$6.24 on a bigger volume than usual of 1.4 million, after receiving a second and more attractive indicative offer from a global private equity firm. Hellman & Friedman is offering \$6.45 a share, compared to Apax Partners' \$6.40 bid.

| NZX Index | | | | |
|------------------------------|-----------|--------|---|-------|
| Index | Last | Change | | |
| S&P/NZX All Index | 9,551.14 | 91.82 | ▼ | 0.95% |
| S&P/NZX 50 Index | 8,781.53 | 84.23 | ▼ | 0.95% |
| S&P/NZX MidCap Index | 26,022.20 | 107.07 | ▼ | 0.41% |
| S&P/NZX SmallCap Index | 59,368.33 | 763.05 | ▼ | 1.27% |
| S&P/NZAX All Index | 520.66 | 1.72 | ▲ | 0.33% |
| ASX Index | | | | |
| Index | Last | Change | | |
| ASX All Ordinaries | 5,749.10 | 48.40 | ▼ | 0.83% |
| S&P/ASX 200 | 5,668.40 | 44.70 | ▼ | 0.78% |
| ASX Small Ordinaries | 2,562.20 | 43.10 | ▼ | 1.65% |
| S&P/ASX MIDCAP 50 | 6,239.20 | 64.70 | ▼ | 1.03% |
| S&P/ASX 20 | 3,168.30 | 15.00 | ▼ | 0.47% |
| Foreign Markets Index | | | | |
| | Last | Change | | |
| S&P 500 | 2,700.06 | 90.31 | ▼ | 3.24% |
| Dow Jones Industrial Average | 25,027.07 | 799.36 | ▼ | 3.10% |
| NASDAQ Composite | 7,158.43 | 0.00 | ▲ | 0.00% |
| DAX PERFORMANCE-INDEX | 11,200.24 | 135.08 | ▼ | 1.19% |
| ASX All Ordinaries | 5,749.10 | 48.40 | ▼ | 0.83% |
| NIKKEI 225 | 21,919.33 | 116.72 | ▼ | 0.53% |
| HANG SENG INDEX | 26,819.68 | 440.76 | ▼ | 1.62% |
| Currencies (per NZ\$ 1.00) | | | | |
| | Last | Change | | |
| AUD | 0.9485 | 0.0045 | ▲ | 0.48% |
| USD | 0.6890 | 0.0039 | ▼ | 0.56% |
| CNY | 4.7270 | 0.0100 | ▼ | 0.21% |
| EUR | 0.6076 | 0.0034 | ▼ | 0.56% |
| CAD | 0.9222 | 0.0031 | ▲ | 0.34% |
| GBP | 0.5410 | 0.0040 | ▼ | 0.73% |
| JPY | 77.9745 | 0.1695 | ▼ | 0.22% |
| NZ Interest Rates | | | | |
| | Last | Change | | |
| NZ OCR | 1.75 | | | |
| 3-month Bank Bill | 1.94 | | | |
| 5-year Swap | 2.38 | | | |
| 10-year Swap | 2.83 | | | |
| Commodities Futures | | | | |
| | Last | Change | | |
| Gold | 1,242.10 | 4.50 | ▼ | 0.36% |
| Silver | 14.56 | 0.08 | ▼ | 0.55% |
| Crude Oil | 53.01 | 0.24 | ▼ | 0.45% |

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