

MORNING REPORT

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Top News

NZ dollar drops below 73 US cts ahead of RBNZ as global volatility subsides

The New Zealand dollar dropped below 73 US cents ahead of the Reserve Bank's policy review which will likely keep interest rates on hold as other central banks are poised to start hiking.

RBNZ acting governor Grant Spencer is expected to keep the official cash rate at a record low 1.75 percent and affirm projections for the benchmark rate to stay unchanged until at least next year as the central bank contends with persistently low inflation. Fourth-quarter consumers price index figures were surprisingly soft, although global inflation may start rearing its head after strong wage growth in the US stoked expectations the Federal Reserve will raise rates more aggressively, triggering a bout of market volatility at the start of the week which has cooled in the past two days.

Volatility eases, Snap jumps

Wall Street was mixed amid easing volatility as investors opted to focus on bets that the US economy will remain robust, underpinning growth in corporate profits.

The Dow moved higher as gains in shares of Boeing and those of Walmart, recently up 2.5 percent and 2.2 percent respectively, outweighed declines in shares of Apple and those of Microsoft, recently down 1.2 percent and 1.1 percent respectively.

US Treasuries fell, pushing yields on the 10-year note two basis points higher to 2.82 percent.

Concerns that the Federal Reserve might raise interest rates more than previously thought drove the recent sell-off and increase in volatility on equity markets.

Shares of Snap soared, trading more than 35 percent stronger as of 1.16pm in New York, after the owner of Snapchat posted a jump in revenue and user growth that exceeded expectations.

NZ shares fall despite global recovery; CBL still in halt after downgrade

New Zealand shares fell less than some analysts feared as the local market returned from a day off and global volatility settled down from selling earlier in the week. The dual-listed Australian banks and growth stocks declined.

The bourse dropped 2.1 percent on Monday and fell about 2 percent this morning, following a global rout that started on Wall Street on Friday after strong US jobs data fuelled concerns US inflation will accelerate faster. Markets in Europe and Asia followed suit on Monday, but US markets recovered last night pushing markets across Asia to trade higher in the afternoon.

CBL Corp's shares remained halted at \$3.17. AM Best downgraded the insurer's issuer credit rating to 'bb+' from 'A-' and CBL is seeking to raise cash to deal with a mandated increase to its reserves from the Reserve Bank of New Zealand and Central Bank of Ireland.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,912.912	50.628	▼	0.56%
S&P/NZX 50 Index	8,194.730	47.100	▼	0.57%
S&P/NZX MidCap Index	23,912.432	124.268	▼	0.52%
S&P/NZX SmallCap Index	57,650.118	637.612	▼	1.09%
S&P/NZAX All Index	538.432	5.178	▼	0.95%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	5,981.50	51.30	▲	0.87%
S&P/ASX 200	5,876.80	43.50	▲	0.75%
ASX Small Ordinaries	2,664.00	46.70	▲	1.78%
S&P/ASX MIDCAP 50	6,632.10	87.30	▲	1.33%
S&P/ASX 20	3,265.00	14.40	▲	0.44%
Foreign Markets Index				
	Last	Change		
S&P 500	2,699.32	4.18	▲	0.16%
Dow Jones	25,048.72	135.95	▲	0.55%
NASDAQ Composite	7,088.89	27.00	▼	0.38%
FTSE 100	7,279.42	138.02	▲	1.93%
ASX All Ordinaries	5,981.50	51.30	▲	0.87%
NIKKEI 225	21,645.37	35.13	▲	0.16%
HANG SENG INDEX	30,323.20	272.22	▼	0.89%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9276	0.0012	▼	0.13%
USD	0.7258	0.0086	▼	1.17%
CNY	4.5480	0.0630	▼	1.37%
EUR	0.5912	0.0023	▼	0.39%
CAD	0.9123	0.0052	▼	0.57%
GBP	0.5229	0.0037	▼	0.70%
JPY	79.3930	1.0685	▼	1.33%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.74			
10-year Swap	3.29			
Commodities Futures				
	Last	Change		
Gold	1,316.70	12.80	▼	0.96%
Silver	16.26	0.32	▼	1.90%
Crude Oil	61.84	1.55	▼	2.45%

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