

MORNING REPORT

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Top News

NZ dollar gains from 4-week low spurred by 'dovish' RBNZ as US stocks drop, volatility increases

The New Zealand dollar gained from a four-week low reached yesterday in the wake of a Reserve Bank statement seen by some as dovish and traders expect more volatility as US stocks extend their decline and bond yields rose.

The Standard & Poor's 500 Index fell 1.3 percent, extending its slide of the past two weeks while the Chicago Board Options Exchange Volatility Index (VIX) climbed above 30, having reached its highest levels in more than two years this week. Meanwhile, crude oil led declines in commodity prices. The Bank of England surprised investors by signalling it may raise interest rates sooner and further than previously flagged, in contrast to New Zealand's central bank projecting no hikes until 2020.

Equities, Treasuries slide as volatility returns

Equities on both sides of the Atlantic declined, as did government bonds, while commodities including oil, gold and copper also slid amid concern about higher interest rates.

Volatility returned to skittish financial markets as investors reassess valuations as they adjust their expectations for the pace of inflation and interest rate increases by the Federal Reserve.

The Dow slid, led by declines in shares of Intel and those of Home Depot, recently down 3 percent and 2.7 percent respectively. Shares of Apple rose, recently up 0.5 percent and was the only stock in the Dow to trade higher.

Meanwhile, corporate results helped some shares buck the trend. Twitter jumped, trading 17 percent higher as of 11.21am, after its quarterly results—which include a profit for the first time—surpassed analysts' expectations.

US Treasuries declined, sending yields on the 10-year note three basis points higher to 2.87 percent.

NZ shares dip as CBL Corp suspended, Fletcher in halt ahead of downgrade

New Zealand shares dipped as heightened global volatility continued to subside, while insurer CBL Corp was suspended pending regulatory investigations and Fletcher Building signalled another profit warning.

NZX Regulation suspended CBL due to concerns over its continuous disclosure obligations following engagement between it, CBL, the Financial Markets Authority, the Reserve Bank, and a number of overseas regulators with prudential oversight of CBL's international insurance business.

Fletcher Building shares were halted at \$7.77, pending a review of key projects at its building and interiors (B+I) unit as it prepares its first-half accounts. The company expects to breach its debt covenants because of further "material losses" at its business.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,895.240	17.670	▼	0.20%
S&P/NZX 50 Index	8,177.139	17.591	▼	0.21%
S&P/NZX MidCap Index	23,824.234	88.196	▼	0.37%
S&P/NZX SmallCap Index	57,709.251	59.131	▲	0.10%
S&P/NZAX All Index	538.871	0.441	▲	0.08%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	5,995.20	13.70	▲	0.23%
S&P/ASX 200	5,890.70	13.90	▲	0.24%
ASX Small Ordinaries	2,672.60	8.60	▲	0.32%
S&P/ASX MIDCAP 50	6,626.40	5.70	▼	0.09%
S&P/ASX 20	3,276.30	11.30	▲	0.35%
Foreign Markets Index				
	Last	Change		
S&P 500	2,633.47	48.19	▼	1.80%
Dow Jones	24,362.36	530.99	▼	2.13%
NASDAQ Composite	6,908.24	143.74	▼	2.04%
FTSE 100	7,170.69	108.73	▼	1.49%
ASX All Ordinaries	5,995.20	13.70	▲	0.23%
NIKKEI 225	21,890.86	245.49	▲	1.13%
HANG SENG INDEX	30,451.27	128.07	▲	0.42%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9267	0.0016	▲	0.17%
USD	0.7230	0.0006	▼	0.08%
CNY	4.5720	0.0360	▲	0.79%
EUR	0.5893	0.0005	▼	0.08%
CAD	0.9102	0.0015	▲	0.17%
GBP	0.5190	0.0023	▼	0.44%
JPY	78.6890	0.3880	▼	0.49%
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	1,319.40	4.80	▲	0.37%
Silver	16.35	0.12	▲	0.72%
Crude Oil	60.97	0.82	▼	1.33%

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