



## MORNING REPORT

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### Top News

#### NZ dollar slides as Fed bolsters bets on December hike

The kiwi declined as the US Federal Reserve underpinned bets it will raise interest rates next month at a time when the Reserve Bank flagged New Zealand rates are likely to remain steady.

After a two-day meeting in Washington, the US Federal Open Market Committee held its target range for the federal funds rate steady at 2 to 2-1/4 percent.

The kiwi traded at 67.61 US cents at 8.36am in Wellington, extending its earlier fall after the Fed released its statement, from 67.88 cents late yesterday. The trade-weighted index was at 73.64 from 73.87.

The Fed's statement came a day after Reserve Bank governor Adrian Orr held the official cash rate at 1.75 percent, saying the central bank still expects to keep it at this level into 2020.

While the Reserve Bank bank's press release omitted a line from the previous statement that its next move could be "up or down," Orr said "there are both upside and downside risks to our growth and inflation projections. As always, the timing and direction of any future OCR move remains data dependent." Even so, economists and traders are betting the next Reserve Bank move will be a hike.

#### NZ stocks lift on relief rally after US elections

New Zealand shares rose as markets were relieved U midterm elections did not throw up any major political surprises. SkyCity Entertainment gained on the sale of its Darwin casino.

Wall Street's main indexes rose more than 2 percent after the midterm elections, in which Democrats wrested control of the House of Representatives and Republicans retained the Senate.

Investors may also have been cheered by news that the Reserve Bank is still planning on keeping rates on hold until December 2020 as it looks to jumpstart still tepid inflation. Low rates make equity markets more attractive.

SkyCity rose 3.5 percent to \$3.83 after it said it had agreed to sell its Darwin casino for A\$188 million to US-based Delaware North as part of a plan to free up capital and focus on its more profitable Auckland and Adelaide operations. The sale price is about A\$8 million above the book value of the asset, excluding neighbouring waterfront land at Little Mindil, which the company plans to sell separately.

Units in the Fonterra Shareholders Fund were unchanged a \$4.86. Earlier the Fonterra Shareholders Council lodged an independent financial analysis of the dairy giant at the annual general meeting of farmer-shareholders at Lichfield, in the Waikato. The analysis shows an "unambiguous" pattern of commercial under-performance during the past 17 years.

Small cap e-commerce software seller SLI Systems added 5.3 percent to 60 cents after Texas software investor ESW Holdings improved its final offer. It will pay 65 cents, or \$41.4 million, for SLI's shares.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,700.35	44.51	▲	0.46%
S&P/NZX 50 Index	8,896.01	41.22	▲	0.47%
S&P/NZX MidCap Index	25,765.94	62.37	▲	0.24%
S&P/NZX SmallCap Index	63,291.83	319.07	▲	0.51%
S&P/NZAX All Index	521.88	3.06	▼	0.58%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,015.90	33.90	▲	0.57%
S&P/ASX 200	5,928.20	31.30	▲	0.53%
ASX Small Ordinaries	2,683.40	29.00	▲	1.09%
S&P/ASX MIDCAP 50	6,588.80	38.10	▲	0.58%
S&P/ASX 20	3,314.40	24.10	▲	0.73%
Foreign Markets Index				
	Last	Change		
S&P 500	2,804.74	9.15	▼	0.33%
Dow Jones Industrial Average	26,169.10	11.20	▼	0.04%
NASDAQ Composite	7,522.22	48.54	▼	0.64%
DAX PERFORMANCE-INDEX	11,527.32	51.78	▼	0.45%
ASX All Ordinaries	6,015.90	33.90	▲	0.57%
NIKKEI 225	22,486.92	401.12	▲	1.82%
HANG SENG INDEX	26,227.72	80.03	▲	0.31%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9303	0.0021	▼	0.23%
USD	0.6744	0.0042	▼	0.62%
CNY	4.6760	0.0180	▼	0.38%
EUR	0.5938	0.0008	▲	0.13%
CAD	0.8890	0.0009	▼	0.10%
GBP	0.5167	0.0001	▲	0.02%
JPY	76.8785	0.1450	▼	0.19%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.61			
10-year Swap	3.09			
Commodities Futures				
	Last	Change		
Gold	1,222.00	6.70	▼	0.55%
Silver	14.38	0.19	▼	1.33%
Crude Oil	60.59	1.08	▼	1.75%

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