

MORNING REPORT

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Top News

NZ dollar gains vs pound as UK PM May's leadership back in the spotlight

The New Zealand dollar gained against the British pound in local trading after the resignation of chief Brexit negotiator David Davis reignited uncertainty over Prime Minister Theresa May's grip on the Conservative Party.

The kiwi traded at 51.42 British pence as at 5pm in Wellington from 51.25 pence before Davis's announcement, and 51.30 pence on Friday in New York. The kiwi was unchanged at 68.39 US cents from last week.

The pound gave up recent gains during Asian trading after Davis's unexpected resignation as Brexit secretary over what he described as a "general direction of policy [that] will leave us in at best a weak negotiating position, and possibly an inescapable one". May's Cabinet backed a 'soft' Brexit after an all-day retreat, with proposals including a free trade area which would establish common rules for industrial and agricultural goods.

"The elephant in the room - what does it mean for her leadership? Is it on tenterhooks now, and if so what does that say for the political stability of her government and the UK more generally," said ANZ Bank New Zealand senior macro strategist Philip Borkin. The pound "finished stronger last week, opened up stronger, but has come off those highs - the moves have been relatively modest considering the headlines."

NZ shares drop, Sky TV and Tourism Holdings fall, Pushpay gains

New Zealand shares dropped from Friday's record high, led by Sky Network Television and Tourism Holdings, while Pushpay Holdings gained.

The S&P/NZX 50 Index fell 22.39 points, or 0.2 percent, to 9,061.65. Within the index, 24 stocks fell, 17 rose and nine were unchanged. Turnover was \$96.2 million.

Mark Lister, head of private wealth research at Craigs Investment Partners, said the move was in contrast to other markets, with strong leads from the US and Europe on Friday night and Asian markets generally trading higher this afternoon.

"Our market has been a little stronger than most in recent times, so it's unsurprising we've bucked the trend and are giving a little back today," Lister said. "With school holidays there are a few participants who aren't around, and we're also in the traditional pre-reporting-season lull, where you've got all the corporates in a black-out and we're not expecting any news flow unless it is a confession about what's coming at result time."

Sky TV was the worst performer, down 5.1 percent to \$2.62, while Tourism Holdings dropped 2.5 percent to \$6.51 and Synlait Milk fell 1.8 percent to \$11.39.

Gentrack Group dropped 1.4 percent to \$6.90 after coming out of a trading halt. It has raised about \$52.4 million in a discounted stock offer to institutional investors as part of a two-stage share sale aimed at raising funds to repay debt used for a recent flurry of acquisitions.

That bookbuild, of 3.4 million entitlements, achieved a clearing price of \$6.69 per share, a premium of 50 cents per share over the offer price of \$6.19, and a discount of 19 cents per share to the theoretical ex-rights price of \$6.88.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,855.94	24.11	▼	0.24%
S&P/NZX 50 Index	9,061.65	22.39	▼	0.25%
S&P/NZX MidCap Index	25,640.81	39.74	▼	0.15%
S&P/NZX SmallCap Index	62,891.16	11.25	▲	0.02%
S&P/NZAX All Index	519.27	2.34	▼	0.45%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,366.40	10.70	▲	0.17%
S&P/ASX 200	6,286.00	13.70	▲	0.22%
ASX Small Ordinaries	2,853.70	5.50	▲	0.19%
S&P/ASX MIDCAP 50	7,005.50	1.00	▲	0.01%
S&P/ASX 20	3,488.30	13.30	▲	0.38%
Foreign Markets Index				
	Last	Change		
S&P 500	2,784.17	24.35	▲	0.88%
Dow Jones	24,776.59	320.11	▲	1.31%
NASDAQ Composite	7,756.20	67.81	▲	0.88%
FTSE	7,687.99	70.29	▲	0.92%
ASX All Ordinaries	6,366.40	10.70	▲	0.17%
NIKKEI 225	22,052.18	264.04	▲	1.21%
HANG SENG INDEX	28,688.50	372.88	▲	1.32%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9158	0.0041	▼	0.45%
USD	0.6836	0.0002	▼	0.03%
CNY	4.5200	0.0230	▼	0.51%
EUR	0.5817	0.0006	▼	0.10%
CAD	0.8965	0.0014	▲	0.16%
GBP	0.5158	0.0026	▲	0.51%
JPY	75.7560	0.2310	▲	0.31%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.57			
10-year Swap	3.04			
Commodities Futures				
	Last	Change		
Gold	1,258.60	2.80	▲	0.22%
Silver	16.15	0.08	▲	0.47%
Crude Oil	74.03	0.23	▲	0.31%

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