



MORNING REPORT

As at 9.00 AM 11/10/2018

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Top News

NZ dollar dips below 49 British pence as Brexit deal seen within reach

The New Zealand dollar fell below 49 British pence for the first time since the 2016 Brexit referendum on optimism a deal will be within reach by next week.

The British pound gained 0.4 percent after the European Union's chief Brexit negotiator Michel Barnier said a deal was 80-to-85 percent ready and "within reach" by next Wednesday. He tempered that optimism by stressing the UK will need to accept possible checks on trade between Northern Ireland and its mainland.

The kiwi was weaker against the greenback as the yield on US 10-year Treasuries edged up to 3.21 percent and as stocks on Wall Street dropped. The Dow Jones Industrial Average fell 2.2 percent. US inflation data tonight is expected to show an increase in consumer prices, supporting the Federal Reserve's track for higher interest rates.

Local data today include September house price movements and sales turnover and the food prices index. New Zealand's pace of inflation is expected to have accelerated in the September quarter and some economists are becoming more sceptical of the Reserve Bank's statements that a rate cut is still a possibility.

The kiwi edged up to 91.26 Australian cents from 91.09 cents yesterday and fell to 4.4733 Chinese yuan from 4.4862 yuan. It declined to 72.68 yen from 73.29 yen yesterday and decreased to 56.09 euro cents from 56.33 cents. The trade-weighted index was at 70.82 from 70.98 yesterday.

NZ shares fall for 8th day as investors remain nervous; Fonterra down

New Zealand shares fell for an eighth day as investors remain uncertain about the global economic outlook. Fonterra Shareholders' Fund fell on the milk processor's lower forecast payout to farmers.

Financial markets have become more volatile as the Federal Reserve's projected interest rate hikes drive up US government bond yields. That's weighed more heavily on growth-orientated stocks that typically trade at a high price-to-earnings ratio, such as Synlait Milk, which led the market lower today, down 2.2 percent to \$9.67. Pushpay Holdings, which is forgoing short-term earnings to pursue global growth, fell 2.1 percent to \$3.73.

Fonterra Shareholders' Fund units were down 1.9 percent to \$4.62 after the milk processor downgraded its forecast farmgate payout and raised its production expectations. Auckland International Airport declined 1.7 percent to \$7.16. The airport will list \$150 million of six-year bonds on the NZX tomorrow, paying annual interest of 3.51 percent.

Fletcher Building decreased 1.3 percent to \$6.22 after Steel & Tube reiterated its reasons why it rejected a takeover bid by its larger rival. Steel & Tube rose 0.7 percent to \$1.49. Genesis Energy was unchanged at \$2.48 after improving its customer churn in the first quarter and registering increased retail electricity and gas sales volumes. Today's annual meeting was the last for chair Jenny Shipley.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,865.00	20.20	▼	0.20%
S&P/NZX 50 Index	9,050.82	19.17	▼	0.21%
S&P/NZX MidCap Index	26,154.80	24.84	▲	0.10%
S&P/NZX SmallCap Index	63,834.24	23.43	▼	0.04%
S&P/NZAX All Index	526.95	1.41	▼	0.27%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,163.80	8.30	▲	0.13%
S&P/ASX 200	6,049.80	8.70	▲	0.14%
ASX Small Ordinaries	2,772.70	4.50	▲	0.16%
S&P/ASX MIDCAP 50	6,837.50	24.80	▼	0.36%
S&P/ASX 20	3,347.90	9.10	▲	0.27%
Foreign Markets Index				
	Last	Change		
S&P 500	2,786.35	93.99	▼	3.26%
Dow Jones Industrial Average	25,613.35	817.22	▼	3.09%
NASDAQ Composite	7,426.62	311.40	▼	4.02%
DAX PERFORMANCE-INDEX	11,712.50	264.72	▼	2.21%
ASX All Ordinaries	6,163.80	8.30	▲	0.13%
NIKKEI 225	23,506.04	36.65	▲	0.16%
HANG SENG INDEX	26,193.07	20.16	▲	0.08%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9131	0.0019	▲	0.21%
USD	0.6458	0.0014	▼	0.22%
CNY	4.4810	0.0000		0.00%
EUR	0.5607	0.0024	▼	0.43%
CAD	0.8421	0.0042	▲	0.50%
GBP	0.4896	0.0028	▼	0.57%
JPY	72.5900	0.5010	▼	0.69%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.40			
10-year Swap	2.92			
Commodities Futures				
	Last	Change		
Gold	1,196.50	5.00	▲	0.42%
Silver	14.32	0.08	▼	0.56%
Crude Oil	72.87	2.09	▼	2.79%

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