



## MORNING REPORT

As at 9.00 AM 11/09/2018

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### Top News

#### NZ dollar falls to 2-year low vs pound as Barnier talks up Brexit

The New Zealand dollar dropped to its lowest level against the British pound since the June 2016 Brexit referendum after EU chief negotiator Michel Barnier said a deal could be reached as early as November.

The pound gained 0.8 percent after Barnier said it was "realistic" and "possible" to reach an agreement on Brexit in six-to-eight weeks. That built on recent headlines that the EU and UK are close to bridging their differences on the split. Separately, the Financial Times reported EU leaders will give new instructions to Barnier at the Sept. 20 mini-summit to seal the deal, giving the European parliaments time to ratify the agreement. The pound was largely unmoved by stronger than expected UK economic growth.

Local data today include August consumer spending on electronic cards, which economists will monitor to see whether the government's package targeted at low-income households encouraged retail activity. BNZ economists trimmed their forecast for second-quarter gross domestic product growth to 0.6 percent from 0.8 percent after data yesterday showed a contraction in manufacturing sales due to outages at major energy producers.

The kiwi traded at 91.64 Australian cents from 91.66 cents yesterday. National Australia Bank, one of the nation's 'four pillars' lenders, said yesterday it won't raise variable mortgage rates, putting it out of step with its three major rivals but in line with the Reserve Bank of Australia, which has kept the target cash rate on hold.

#### NZ shares drop from recent highs; Ryman, Fletcher fall

New Zealand shares weakened from recent highs, led lower by Ryman Healthcare and Fletcher Building.

Leading the index lower was Ryman Healthcare, which dropped 2.3 percent to \$13.39. Fletcher Building fell 2.3 percent to \$6.06 and Meridian Energy declined 1.9 percent to \$3.16.

Summerset Group Holdings dropped 0.7 percent to \$7.55. It will sell up to \$100 million of seven-year fixed-rate bonds as it cuts its reliance on bank debt.

The new issue will pay a minimum interest rate of 4.15 percent per annum and is expected to be priced at an indicative margin of 1.65 percent to 1.75 percent above the seven-year swap rate, which was recently at 2.53 percent. That implies the final rate will be set at 4.18 percent to 4.28 percent. The actual margin will be set on Sept. 14 after a bookbuild process.

Tourism Holdings was the best performer today, up 2.5 percent to \$5.74. Fonterra Shareholders Fund rose 1.2 percent to \$5.03 and Restaurant Brands New Zealand gained 1.2 percent to \$7.66.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,856.67	51.97	▼	0.52%
S&P/NZX 50 Index	9,048.63	47.26	▼	0.52%
S&P/NZX MidCap Index	25,967.47	41.85	▼	0.16%
S&P/NZX SmallCap Index	63,686.98	318.23	▼	0.50%
S&P/NZAX All Index	539.98	0.81	▼	0.15%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,249.70	2.60	▼	0.04%
S&P/ASX 200	6,141.70	2.10	▼	0.03%
ASX Small Ordinaries	2,800.10	3.60	▼	0.13%
S&P/ASX MIDCAP 50	7,020.60	3.30	▲	0.05%
S&P/ASX 20	3,379.00	1.40	▼	0.04%
Foreign Markets Index				
	Last	Change		
S&P 500	2,877.13	5.45	▲	0.19%
Dow Jones Industrial Average	25,857.07	59.47	▼	0.23%
NASDAQ Composite	7,924.16	21.62	▲	0.27%
DAX PERFORMANCE-INDEX	11,986.34	26.71	▲	0.22%
ASX All Ordinaries	6,249.70	2.60	▼	0.04%
NIKKEI 225	22,373.09	66.03	▲	0.30%
HANG SENG INDEX	26,613.42	360.05	▼	1.33%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9170	0.0028	▼	0.30%
USD	0.6527	0.0007	▼	0.11%
CNY	4.4730	0.0020	▲	0.04%
EUR	0.5628	0.0001	▲	0.02%
CAD	0.8601	0.0001	▼	0.01%
GBP	0.5009	0.0001	▲	0.02%
JPY	72.5140	0.0610	▼	0.08%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.31			
10-year Swap	2.83			
Commodities Futures				
	Last	Change		
Gold	1,200.90	0.50	▲	0.04%
Silver	14.21	0.04	▲	0.28%
Crude Oil	67.55	0.20	▼	0.30%

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