

MORNING REPORT

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Top News

NZ dollar heads for 1.2% weekly gain on strong jobs numbers, RBNZ

The New Zealand dollar is headed for a 1.2 percent weekly lift, underpinned by strong domestic jobs data and a slightly more upbeat central bank, although it pared some gains when the US Federal Reserve reinforced expectations it will rate interest rates in December.

The kiwi traded at 67.33 US cents at 5pm in Wellington versus 67.61 US cents at 8.36am in Wellington and 67.88 cents late yesterday. It was at 66.52 US cents late last Friday. The trade-weighted index was at 73.57 from 73.87.

It gained strongly after the domestic unemployment rate hit a decade-low in the third quarter of 3.9 percent Wednesday and after Reserve Bank governor Adrian Orr Thursday held the official cash rate at 1.75 percent. While the RBNZ reiterated it would remain on hold until Dec. 2020, it did omit a line from the previous statement that its next move could be "up or down," adding to the view that a rate cut was increasingly unlikely.

It pared some of those gains when the US Federal Open Market Committee reiterated it expects "further gradual increases" in the target range for the fed funds rate, giving the US dollar a lift and underscoring that while New Zealand rates may not go lower they also won't be rising any time soon.

Overall, however, the kiwi is still having its "employment honeymoon," said Martin Rudings, a senior foreign exchange dealer at OMF. "Still, by next week the market will have forgotten those numbers."

NZ stocks extend gains, buoyed by local rates outlook; Spark, Z rise

New Zealand shares rose as benign comments from the US and local central banks supported a more positive outlook through to the end of the year.

The S&P/NZX 50 index rose 35.39 points, or 0.4 percent, to 8,931.40. Within the index, 28 stocks rose, seven were unchanged and 15 fell. Turnover was \$103 million.

Greg Smith, head of research at Fat Prophets, said events this week have been good for investor sentiment globally.

The Democrats winning control of the US House of Representatives will provide a check on the Trump administration that "has been known to unnerve a few people from time to time".

A rate rise in the US in December is still likely, but any thawing in trade relations between China and the US at the G20 talks later this month could generate a "risk-on rally into the end of the year," Smith said.

The Reserve Bank's reluctance to raise rates should also keep the local dollar low to the benefit of exporters and tourism operators, he said.

Spark New Zealand was the heaviest traded stock today with more than 3.3 million shares changing hands. It rose 0.6 percent to \$4.065.

Smith said the firm's announcement this week that it would move into its own sports content production showed it was still capable of being a disruptor on a number of fronts.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,736.97	36.62	▲ 0.38%
S&P/NZX 50 Index	8,931.40	35.39	▲ 0.40%
S&P/NZX MidCap Index	25,913.32	147.38	▲ 0.57%
S&P/NZX SmallCap Index	63,423.62	131.79	▲ 0.21%
S&P/NZAX All Index	520.56	1.32	▼ 0.25%
ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,011.00	4.90	▼ 0.08%
S&P/ASX 200	5,921.80	6.40	▼ 0.11%
ASX Small Ordinaries	2,680.20	3.20	▼ 0.12%
S&P/ASX MIDCAP 50	6,562.50	26.30	▼ 0.40%
S&P/ASX 20	3,314.70	0.30	▲ 0.01%
Foreign Markets Index			
	Last	Change	
S&P 500	2,781.01	25.82	▼ 0.92%
Dow Jones Industrial Average	25,989.30	201.92	▼ 0.77%
NASDAQ Composite	7,406.90	123.98	▼ 1.65%
DAX PERFORMANCE-INDEX	11,529.16	1.84	▲ 0.02%
ASX All Ordinaries	6,011.00	4.90	▼ 0.08%
NIKKEI 225	22,250.25	236.67	▼ 1.05%
HANG SENG INDEX	25,601.92	625.80	▼ 2.39%
Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9332	0.0000	0.00%
USD	0.6733	0.0006	▼ 0.09%
CNY	4.6910	0.0000	0.00%
EUR	0.5948	0.0000	0.00%
CAD	0.8891	0.0015	▼ 0.17%
GBP	0.5211	0.0014	▲ 0.27%
JPY	76.6250	0.1300	▼ 0.17%
NZ Interest Rates			
	Last	Change	
NZ OCR	1.75		
3-month Bank Bill	1.94		
5-year Swap	2.63		
10-year Swap	3.10		
Commodities Futures			
	Last	Change	
Gold	1,210.30	14.80	▼ 1.21%
Silver	14.13	0.29	▼ 2.03%
Crude Oil	59.87	0.80	▼ 1.32%

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