

# MORNING REPORT

As at 9.00 AM 12/12/2018

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## Top News

Asian stock markets were mixed with Hong Kong's Hang Seng down 0.1 percent and Australia's S&P/ASX 200 index gaining 0.2 percent in afternoon trading as investors weigh up the impact of heightened trade tensions between the US and China and Britain's delayed Brexit vote in the face of widespread opposition.

New Zealand shares rose, led by Contact Energy and Meridian Energy as heightened uncertainty in global markets bolsters the attraction of defensive stocks offering stable dividends. The S&P/NZX 50 index increased 10.92 points, or 0.1 percent, to 8,670.94. Within the index, 19 gained, 26 fell, and five were unchanged. Turnover was \$124.9 million. There was a trend to defensive stocks such as the generator-retail power companies, property investors, and utilities. The higher volumes traded, were in defensive sectors - the property sector and the utility companies.

Restaurant Brands New Zealand rose 2.5 percent to \$8.50 in slightly busier activity of 309,000. The fast food operator's board today said they will back a partial takeover bid from Mexico's Finaccess Capital at \$9.45 for 75 three quarters of the company. An independent valuation by Grant Samuel put a price of \$8.15-\$8.92 a share.

Scales Corp fell 2.5 percent to \$4.24 on twice its average trading volume at 122,000. Arvida Group decreased 1.5 percent, or 2 cents, to \$1.28 after shedding rights to a 1.3 cents per share dividend. Vital Healthcare Property Trust fell 1.4 percent to \$2.05. The real estate investor's manager has hired a firm to lobby for investor votes ahead of the Dec. 20 annual meeting, where rebel shareholders are seeking to change the terms of the management contract and install a director to its board.

PGG Wrightson fell 3.8 percent to a 23-month low 51 cents. Overnight, its cornerstone shareholder Agria settled with the US Securities and Exchange Commission over claims of fraudulent accounting, and executive chair Alan Lai, who chaired Wrightson, also reached a settlement over market manipulation claims.

The New Zealand dollar held near a 15-month high against the British pound as UK Prime Minister Theresa May's inability to garner support for a Brexit deal threatens her leadership. The pound has remained under pressure after strong opposition prompted May to delay a parliamentary vote on her Brexit deal and forced her to resume lobbying Europe for greater concessions on the Northern Ireland border. The back-down has stoked speculation her leadership may be challenged, adding to uncertainty in the region.

The kiwi traded at 54.83 British pence as at 8am in Wellington from 54.70 pence yesterday. It traded at 68.70 US cents from 68.81 cents.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,421.71	113.50	▼ 1.19%
S&P/NZX 50 Index	8,660.02	107.30	▼ 1.22%
S&P/NZX MidCap Index	25,783.63	219.09	▼ 0.84%
S&P/NZX SmallCap Index	58,475.29	692.39	▼ 1.17%
S&P/NZX All Index	519.09	4.75	▼ 0.91%
ASX Index			
Index	Last	Change	
ASX All Ordinaries	5,627.50	130.40	▼ 2.26%
S&P/ASX 200	5,552.50	129.00	▼ 2.27%
ASX Small Ordinaries	2,486.80	62.60	▼ 2.46%
S&P/ASX MIDCAP 50	6,044.50	153.40	▼ 2.48%
S&P/ASX 20	3,103.20	72.90	▼ 2.30%
Foreign Markets Index			
	Last	Change	
S&P 500	2,646.34	13.26	▲ 0.50%
Dow Jones Industrial Average	24,486.31	97.36	▲ 0.40%
NASDAQ Composite	7,046.58	77.33	▲ 1.11%
DAX PERFORMANCE-INDEX	10,622.07	166.02	▼ 1.54%
ASX All Ordinaries	5,627.50	130.40	▼ 2.26%
NIKKEI 225	21,219.50	459.18	▼ 2.12%
HANG SENG INDEX	25,752.38	311.38	▼ 1.19%
Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9508	0.0002	▼ 0.02%
USD	0.6862	0.0017	▼ 0.25%
CNY	4.7160	0.0200	▼ 0.42%
EUR	0.6024	0.0022	▼ 0.36%
CAD	0.9121	0.0084	▼ 0.91%
GBP	0.5377	0.0005	▼ 0.09%
JPY	77.3335	0.1655	▼ 0.21%
NZ Interest Rates			
	Last	Change	
NZ OCR	1.75	1.75	
3-month Bank Bill	1.94	1.94	
5-year Swap	2.36	2.32	▼ -0.04
10-year Swap	2.79	2.75	▼ -0.04
Commodities Futures			
	Last	Change	
Gold	1,249.50	3.10	▼ 0.25%
Silver	14.60	0.09	▼ 0.62%
Crude Oil	50.65	1.96	▼ 3.73%

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