



MORNING REPORT

As at 9.25 AM 13/08/2018

Web: www.equity.co.nz / E-mail: Info@equity.co.nz / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ

Top News

NZ dollar sinks below 66 US cts as Turkish economic crisis sends markets into a tailspin

The New Zealand dollar dropped below 66 US cents for the first time in more than two years as Turkey's economic woes saw the Turkish lira sink by almost a quarter, sending ripples through broader financial markets.

Stocks on Wall Street and commodity prices fell as fears of Turkey's escalating inflation were compounded by US President Donald Trump threat to slap tariffs on the nation. Turkey's lira slumped as much as 24 percent, and was recently at 7.0849 per US dollar, losing about 34 percent of its value since Wednesday. Turkey's president Recep Tayyip Erdogan opposes higher interest rates in response to inflation and the European Central Bank is reportedly concerned about some bank exposures to Turkey. The kiwi climbed to 4.6625 lira from 4.2306 lira last week.

The local currency was already on the back foot after the Reserve Bank last week pushed out a projected rate hike by a year, putting the need to stoke economic growth over early signs of inflation. Governor Adrian Orr has also said a cut to the official cash rate is still an option.

Local data today include the Business New Zealand-BNZ performance of services index, which will be closely watched for any signs of slowing economic growth.

NZ shares up broadly on dollar weakness, TradeMe and A2 gain while Fonterra sinks

New Zealand shares gained on continued market strength from the weaker Kiwi dollar, led higher by Trade Me Group and A2 Milk Co, while Fonterra Shareholders Fund dropped as its expected final dividend was removed.

The S&P/NZX50 Index rose 70.42 points, or 0.8 percent, to 9,010.61. Within the index, 40 stocks rose, seven fell and three were unchanged. Turnover was \$111 million.

Greg Easton, investment adviser at Craigs Investment Partners, said it was a fairly positive day for the benchmark index, with yesterday's boost from the weaker New Zealand dollar following the more dovish than expected official cash rate outlook from the Reserve Bank carrying over.

The notable exception to today's strength was Fonterra Shareholders Fund units, down 2.5 percent to \$4.98. Fonterra Cooperative Group doesn't expect to pay a final dividend this year, as it bolsters its balance sheet after paying Danone over the 2013 botulism scare and writing down its Beingmate Baby & Child Food investment.

The dairy processor affirmed normalised earnings per share guidance of 25-30 cents, implying earnings of \$403 million to \$484 million, but indicated it's likely to be at or slightly below this range, and anticipates dividends will only be the 10 cents per share already paid in April. It also trimmed its 2017/18 forecast farmgate milk price to \$6.70 per kilogram of milk solids from \$6.75/kgMS.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,810.23	73.02	▲	0.75%
S&P/NZX 50 Index	9,010.61	70.42	▲	0.79%
S&P/NZX MidCap Index	25,557.28	150.39	▲	0.59%
S&P/NZX SmallCap Index	64,182.95	92.77	▲	0.14%
S&P/NZAX All Index	526.05	7.50	▼	1.41%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,366.80	16.80	▼	0.26%
S&P/ASX 200	6,278.40	19.30	▼	0.31%
ASX Small Ordinaries	2,813.90	13.90	▼	0.49%
S&P/ASX MIDCAP 50	7,060.70	14.40	▼	0.20%
S&P/ASX 20	3,478.70	1.90	▼	0.05%
Foreign Markets Index				
	Last	Change		
S&P 500	2,833.28	20.30	▼	0.71%
Dow Jones Industrial Average	25,313.14	196.09	▼	0.77%
NASDAQ Composite	7,839.11	52.67	▼	0.67%
DAX PERFORMANCE-INDEX	12,424.35	251.76	▼	1.99%
ASX All Ordinaries	6,366.80	16.80	▼	0.26%
NIKKEI 225	22,298.08	300.31	▼	1.33%
HANG SENG INDEX	28,366.62	240.68	▼	0.84%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9036	0.0023	▲	0.26%
USD	0.6575	0.0007	▼	0.11%
CNY	4.5040	#VALUE!		#VALUE!
EUR	0.5781	#VALUE!		#VALUE!
CAD	0.8658	0.0008	▲	0.09%
GBP	0.5157	0.0001	▲	0.02%
JPY	72.6250	0.3100	▼	0.43%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.34			
10-year Swap	2.87			
Commodities Futures				
	Last	Change		
Gold	1,219.20	0.70	▼	0.06%
Silver	15.31	0.15	▼	0.95%
Crude Oil	67.75	0.94	▲	1.41%

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk.

Do you need to make any changes to your portfolio?
www.equity.co.nz E-mail: Info@equity.co.nz

Contact Equity Investment Advisers today.
Tel: +64 (9)304 0145 / NZ: 0800 474 669