

# MORNING REPORT

As at 8.45 AM 14/08/2018

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

## Top News

### NZ shares fall as Turkey woes ripple through markets; blue chips include F&P, Fletcher drop

New Zealand shares fell in a global rout as fears over the Turkish economy and its potential threat to the European banking system weighed on risk-sensitive assets and emerging markets in particular. Blue-chip stocks including Fisher & Paykel Healthcare and Fletcher Building declined.

The S&P/NZX 50 index dropped 65.57 points, or 0.7 percent, to 8,945.04. Within the index, 33 stocks fell, 13 gained, and four were unchanged. Turnover was a smaller than usual \$53.9 million.

Asian stock markets followed Wall Street lower after US President Donald Trump threatened to impose steel tariffs on Turkey, raising investors' fears about the Middle Eastern nation at a time when it's already grappling with high inflation. Emerging markets were hardest hit by the bout of risk aversion, and in Asia, Indonesia's Jakarta composite index down 3.3 percent posted the steepest decline in afternoon trading.

"Nervousness about growth is starting to gather a little bit offshore with the news out of Turkey and the issues it's facing - it's currency fell through the floor," said Grant Williamson, a director at Hamilton Hindin Greene in Christchurch. "We've had some flow-on effect to this market and investors are taking a little bit off the table."

### NZ dollar holds near 2 1/2 year low as Turkish fears remained contained

The New Zealand dollar held near a two-and-a-half year low as investors remained nervous about Turkey's financial crisis, which has weighed on other emerging markets but has yet to spread to Europe's banking system.

The kiwi was unchanged at 65.72 US cents as at 8am in Wellington from the local close yesterday. The trade-weighted index was at 71.51 from 71.47 yesterday.

Stocks on Wall Street fell and currencies of emerging market nations including South Africa's rand and Argentina's peso weakened as global investors remain fixated on efforts by Turkish authorities to stabilise its financial woes, where inflation is running at 16 percent and president Recep Tayyip Erdogan doesn't want higher interest rates. Turkey's central bank cut bank reserve requirements, boosting liquidity for lenders, but the lira has weakened a further 8.3 percent to 6.9609 per US dollar.

"Turkey remains in the headlines after more volatility in the lira over the past 24 hours, but there has been limited contagion so far outside of other emerging market markets," Bank of New Zealand interest rate strategist Nick Smyth said in a note. "The NZD fell to a low of 0.6557 at the start of the trading day, but it has mostly been trading sideways, within a narrow range since that point."

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,742.82	67.42	▼	0.69%
S&P/NZX 50 Index	8,945.04	65.57	▼	0.73%
S&P/NZX MidCap Index	25,473.60	83.68	▼	0.33%
S&P/NZX SmallCap Index	63,955.97	226.98	▼	0.35%
S&P/NZAX All Index	528.75	2.70	▲	0.51%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,341.30	25.50	▼	0.40%
S&P/ASX 200	6,252.20	26.20	▼	0.42%
ASX Small Ordinaries	2,796.30	17.60	▼	0.63%
S&P/ASX MIDCAP 50	7,019.00	41.70	▼	0.59%
S&P/ASX 20	3,462.90	15.80	▼	0.45%
Foreign Markets Index				
	Last	Change		
S&P 500	2,821.93	11.35	▼	0.40%
Dow Jones	25,187.70	125.44	▼	0.50%
NASDAQ Composite	7,819.71	19.40	▼	0.25%
DAX	12,358.74	65.61	▼	0.53%
ASX All Ordinaries	6,341.30	25.50	▼	0.40%
NIKKEI 225	21,857.43	440.65	▼	1.98%
HANG SENG INDEX	27,936.57	430.05	▼	1.52%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9046	0.0012	▲	0.13%
USD	0.6579	0.0005	▲	0.08%
CNY	4.5270	0.0230	▲	0.51%
EUR	0.5768	0.0014	▼	0.24%
CAD	0.8636	0.0021	▼	0.24%
GBP	0.5155	0.0002	▼	0.04%
JPY	72.8160	0.1910	▲	0.26%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.35			
10-year Swap	2.87			
Commodities Futures				
	Last	Change		
Gold	1,200.90	18.10	▼	1.48%
Silver	14.99	0.30	▼	1.96%
Crude Oil	67.37	0.26	▼	0.38%

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](http://www.equity.co.nz) E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz)

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