

MORNING REPORT

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Top News

NZ dollar gains capped as Trump keeps pressure on China for trade deal

The New Zealand dollar's gains were capped overnight as US President Donald Trump talked down reports he was seeking to settle a trade dispute with China and said the Asian nation remained "under pressure" to reach a deal.

The kiwi rose as high as 65.89 US cents, trading at 65.69 cents at 8am in Wellington from 65.53 cents yesterday. The trade-weighted index edged up to 71.29 from 71.18 yesterday.

Stock markets rallied on a Wall Street Journal report that US Treasury Secretary Steven Mnuchin invited his Chinese counterparts back to the table in an effort to find common ground on trade. The dispute between the world's two biggest economies has seen them impose increasingly punitive tariffs and non-tariff barriers on each other's goods and services, and heightened volatility in financial markets. Trump talked down the WSJ report that the White House was under pressure to reach a deal, saying on Twitter the Chinese are "under pressure to do a deal with us".

NZ shares join Asia rally on trade optimism; Fonterra loss dominates headlines

New Zealand shares rose, joining a regional rally on optimism over US-China trade relations. Fonterra Cooperative Group's first annual loss dominated local headlines.

The S&P/NZX 50 index gained 53.42 points, or 0.6 percent, to 9,248.99. Within the index, 30 stocks rose, 15 fell and five were unchanged. Turnover was \$153.1 million.

Stocks across Asia rose on reports US Treasury Secretary Steven Mnuchin extended an olive branch to his counterparts in China, inviting them to ministerial level trade talks.

Tensions between the world's two biggest economies increased volatility in financial markets as investors try to gauge the potential impact on global growth. Hong Kong's Hang Seng was up 1.5 percent in afternoon trading, while Japan's Topix rose 1.2 percent. China's Shanghai Composite Index increased 0.1 percent.

Fonterra's annual result kept local investors busy. The cooperative posted a loss attributable to shareholders of \$221 million with all business units struggling. The new leadership team is reviewing the entire business and have pledged to reduce debt levels by \$800 million. The Fonterra Shareholders' Fund, which gives external investors exposure to the cooperative's earnings, rose 0.8 percent to \$5.01.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,064.55	49.85	▲	0.50%
S&P/NZX 50 Index	9,248.99	47.94	▲	0.52%
S&P/NZX MidCap Index	26,336.18	92.62	▲	0.35%
S&P/NZX SmallCap Index	63,615.63	23.24	▲	0.04%
S&P/NZAX All Index	539.37	0.00	▲	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,239.90	44.00	▼	0.70%
S&P/ASX 200	6,128.70	47.20	▼	0.76%
ASX Small Ordinaries	2,814.30	3.80	▼	0.13%
S&P/ASX MIDCAP 50	7,008.80	41.20	▼	0.58%
S&P/ASX 20	3,369.70	31.50	▼	0.93%
Foreign Markets Index				
	Last	Change		
S&P 500	2,904.18	15.26	▲	0.53%
Dow Jones	26,145.99	147.07	▲	0.57%
NASDAQ Composite	8,013.71	59.48	▲	0.75%
DAX	12,055.55	23.25	▲	0.19%
ASX All Ordinaries	6,239.90	44.00	▼	0.70%
NIKKEI 225	22,821.32	216.71	▲	0.96%
HANG SENG INDEX	27,014.49	669.45	▲	2.54%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9134	0.0012	▼	0.13%
USD	0.6568	0.0009	▲	0.14%
CNY	4.4980	0.0010	▼	0.02%
EUR	0.5618	0.0023	▼	0.41%
CAD	0.8542	0.0014	▲	0.16%
GBP	0.5010	0.0016	▼	0.32%
JPY	73.5310	0.5775	▲	0.79%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.31			
10-year Swap	2.82			
Commodities Futures				
	Last	Change		
Gold	1,206.50	4.40	▼	0.36%
Silver	14.22	0.08	▼	0.55%
Crude Oil	68.74	1.63	▼	2.32%

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