

Morning Report

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Top News

Labour's water charging policy 'reckless', says English

The Labour Party has "bumbled into" its policy to charge for water in a "reckless" way that would put a Labour-led government on a collision course with both Maori and other water users, Prime Minister Bill English said at his weekly post-Cabinet press conference.

"A royalty implies ownership," said English of Labour's plans to charge a per litre royalty for bottled water and a per cubic metre levy for freshwater used in irrigation or for commercial purposes unless the water comes from an urban water supply or is used for electricity generation. "That ownership will certainly be contested by iwi and the government has never asserted ownership in that way," said English. "I think the Labour has just bumbled into it."

NZ dollar falls as US, North Korean tensions ease, stoking risk appetite

The New Zealand dollar fell against the greenback as cooling panic over tensions between the US and North Korea reinvigorated risk appetite, prompting a recovery in stocks on Wall Street.

Wall Street's 'fear gauge' - the Chicago Board Options Exchange's volatility index - fell 20 percent to 12.38 as the White House moved to quell fears nuclear war with North Korea was imminent. Escalating rhetoric from the White House spooked investors over the weekend, prompting a run on safe-haven assets such as the yen, however that reversed as the US administration moved on Sunday to quell the panic. US dollar index, a measure of the greenback against a basket of currencies, gained 0.4 percent and the Standard & Poor's 500 index was up 1 percent.

Wall St rebounds

Wall Street climbed as investors found value in some stocks following last week's declines. US Treasuries fell, pushing yields on the benchmark 10-year note three basis points higher to 2.22 percent.

The Dow moved higher as gains in shares of Visa and those of Goldman Sachs, recently up 1.7 percent and 1.6 percent respectively, outweighed declines in shares of Chevron and those of Home Depot, recently down 0.7 percent and 0.6 percent respectively.

NZ shares rise, led by Contact on earnings outlook; Heartland, Opus gain; Freightways falls

New Zealand shares gained as Contact Energy and Heartland Bank rose on positive earnings, while Freightways dropped on concern over margin pressure. Opus International Consultants soared on the prospect of a takeover.

Contact led the benchmark higher, rising 3 percent to \$5.54. The electricity generator-retailer reported a 10 percent fall in underlying earnings to \$141 million for the year to June 30. The company also announced it would be moving to a new dividend policy with payouts based on 80-to-90 percent of free cash flow which would let it make larger returns than under the existing policy.

Heartland gained 2.2 percent to a record \$1.90. The bank boosted annual profit 12 percent to \$60.8 million as it managed to maintain relatively wide margins while expanding its loan book across all three of its main target sectors.

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NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,417.14	47.06	↑	0.56%
S&P/NZX 50 Index	7,761.94	42.83	↑	0.55%
S&P/NZX Mid Cap Index	22,233.32	120.73	↑	0.55%
S&P/NZX Small Cap	53,197.81	443.65	↑	0.84%
S&P/NZAX All Index	561.71	2.19	↑	0.39%
ASX Index				
Index	Last	Change		
ALL ORDINARIES	5,778.6	35.1	↑	0.61%
S&P/ASX 200	5,730.4	37.3	↑	0.65%
S&P/ASX SMALL ORD	2,385.8	12.3	↑	0.52%
S&P/ASX MIDCAP 50	6,245.7	55.4	↑	0.89%
S&P/ASX 20	3,256.9	22.2	↑	0.68%
Foreign Markets Index				
	Last	Change		
S&P 500	2,465.66	24.34	↑	1.00%
DJIA	21,995.62	137.30	↑	0.63%
Nasdaq	6,337.62	81.06	↑	1.30%
FTSE 100	7,353.89	43.93	↑	0.60%
ALL ORDINARIES	5,778.60	35.10	↑	0.61%
Nikkei 225	19,537.10	192.64	↑	0.98%
Hang Seng	27,250.23	366.72	↑	1.36%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9279	0.0019	↑	0.21%
USD	0.7287	0.0023	↓	0.31%
CNY	4.8600	0.0170	↓	0.35%
EUR	0.6183	0.0002	↓	0.03%
CAD	0.9275	0.0011	↑	0.12%
GBP	0.5620	0.0002	↑	0.04%
JPY	79.9330	0.1340	↑	0.17%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.96			
5-year Swap	2.63			
10-year Swap	3.13			
Commodities				
	Last	Change		
Spot Gold \$US	1,282.02	6.75	↓	0.52%
Spot Silver \$US	17.06	0.04	↓	0.23%
Oil(WTI)	47.50	1.32	↓	2.70%