

# MORNING REPORT

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## Top News

### NZ dollar gains vs Aussie as local inflation seen accelerating

The New Zealand dollar gained against its trans-Tasman counterpart as investors look to consumer price data tomorrow expected to show a faster pace of inflation.

Economists expect tomorrow's data will show the consumers price index rose at an annual pace of 1.7 percent in the September quarter due to increasing oil prices, Auckland's regional fuel tax and a weaker currency. That compares to the Reserve Bank's forecast for annual CPI of 1.4 percent. Governor Adrian Orr has kept the door open for a rate cut, whereas the Reserve Bank of Australia is seen as more likely to raise its target cash rate.

The local currency traded in a 24-basis-point range against the greenback on Friday as stocks on Wall Street gained and the yield on US 10-year Treasuries ended the session at 3.16 percent. Rising US bond yields triggered a one-day sell-off in global stocks last week and have been a growing support for the greenback.

Local data today include the BNZ-Business NZ performance of services index. Its sister survey, the performance of manufacturing index, last week showed a slower pace of expansion.

The kiwi traded at 49.64 British pence from 49.55 pence last week and was almost unchanged at 56.25 euro cents from 56.24 cents. It traded at 72.91 yen from 72.98 yen last week and slipped to 4.4954 Chinese yuan from 4.5010 yuan. The trade-weighted index was at 71.18 from 71.22 last week.

### NZ shares snap losing streak as A2, blue-chips bounce back

New Zealand shares ended a nine-day losing streak, with A2 Milk Co and blue-chip stocks such as Spark New Zealand, Mercury NZ and Auckland International Airport driving the recovery.

The benchmark index fell 4.1 percent for the week. Widespread selling across the globe on Thursday accounted for much of the NZX 50's decline, with traders struggling to attribute the turn in sentiment to a particular event.

Despite hitting a four-month low this week, the NZX 50 is still up 5.3 percent so far this year, one of the few equity benchmarks across Asia in positive territory. The New Zealand bourse's 5.5 percent dividend yield is the third-highest behind Australia's S&P/ASX 200 index and Pakistan's Karachi 100.

A2 led the market higher on the second largest volume, rising 9.4 percent to \$9.89 with 1.7 million shares changing hands. Spark was the most active stock, with 3.5 million shares traded, and gained 0.9 percent at \$3.86.

Blue-chip stocks dominated trading volumes. Meridian Energy was up 2.2 percent at \$3.21 on 1.7 million shares traded. Mercury gained 0.3 percent at \$3.29 on a volume of 1.7 million shares and Auckland Airport rose 3.5 percent to \$7.055 with 1.6 million shares changing hands.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,642.42	132.29	▲ 1.39%
S&P/NZX 50 Index	8,843.24	122.04	▲ 1.40%
S&P/NZX MidCap Index	25,542.75	81.23	▲ 0.32%
S&P/NZX SmallCap Index	62,715.25	511.69	▲ 0.82%
S&P/NZAX All Index	519.83	1.07	▼ 0.21%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,006.60	13.10	▲ 0.22%
S&P/ASX 200	5,895.70	11.90	▲ 0.20%
ASX Small Ordinaries	2,691.50	8.80	▲ 0.33%
S&P/ASX MIDCAP 50	6,690.80	61.20	▲ 0.92%
S&P/ASX 20	3,256.40	5.30	▲ 0.16%

Foreign Markets Index			
	Last	Change	
S&P 500	2,767.13	38.76	▲ 1.42%
Dow Jones	25,339.99	287.16	▲ 1.15%
NASDAQ Composite	7,496.89	167.83	▲ 2.29%
DAX	11,523.81	15.54	▼ 0.13%
ASX All Ordinaries	6,006.60	13.10	▲ 0.22%
NIKKEI 225	22,694.66	103.80	▲ 0.46%
HANG SENG INDEX	25,801.49	535.12	▲ 2.12%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9154	0.0013	▲ 0.14%
USD	0.6508	0.0005	▲ 0.08%
CNY	4.5010	0.0050	▼ 0.11%
EUR	0.5636	0.0012	▲ 0.21%
CAD	0.8472	0.0003	▲ 0.04%
GBP	0.4968	0.0024	▲ 0.49%
JPY	73.0050	0.0400	▲ 0.05%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.41	
10-year Swap	2.93	

Commodities Futures			
	Last	Change	
Gold	1,221.60	6.00	▼ 0.49%
Silver	14.63	0.02	▲ 0.16%
Crude Oil	71.51	0.54	▲ 0.76%

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