



MORNING REPORT

As at 8.55 AM 16-05-18

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Top News

Treasuries, Wall St drop after US retail sales data

US Treasuries dropped, as did Wall Street, as the latest retail sales data underpinned bets the Federal Reserve will hike its target interest rate at its June meeting and might have to step up the pace of interest rate increases.

A Commerce Department report showed US retail sales rose 0.3 percent in April, following an upwardly revised 0.8 percent increase in March.

The Dow fell, led by declines in shares of Intel and those of Caterpillar, recently down 2 percent and 1.9 percent respectively. Meanwhile shares of Nike and those of Walt Disney rose, recently up 0.8 percent and 0.2 percent respectively, the only stocks in the Dow to post gains in late afternoon trading in New York.

NZ dollar extends slide after strong US data, US bond yields at 7-year high

The New Zealand dollar fell to a new five-month low as upbeat US economic figures including retail sales and US Treasury bond yields at seven-year highs overshadowed the positive effects of rising dairy prices.

The US dollar index rose to its highest level this year after figures showed an increase in retail sales while the yield on 10-year Treasuries climbed to 3.08 percent, the highest since mid-2011. While the Federal Reserve has signalled at least two more rate hikes this year, the Reserve Bank last week said rates are firmly anchored at a record low. Market direction out of the US overshadowed the results of the latest Global Dairy Trade auction overnight, which recorded the second straight gain in prices.

Overnight, dairy product prices rose at the Global Dairy Trade auction, gaining for the second time in the most recent seven events amid better-than-expected gains for anhydrous milkfat and skim milk powder. The GDT price index rose 1.9 percent from the previous auction two weeks ago. Whole milk powder gained 0.2 percent to US\$3,226 a tonne.

NZ shares dip from record, Air NZ and Mercury fall while Synlait, Fletcher rise

New Zealand shares dipped from a record high, with Air New Zealand and Mercury New Zealand falling while Synlait Milk and Fletcher Building gained.

The driving force behind many movements on the exchange was a review of global stock indices by MSCI. A2 Milk Co started the day higher after MSCI included it in its main global index, but closed down 1.5 percent to \$13.10.

Mercury New Zealand dropped 1.4 percent to \$3.11 on news it will leave the main MSCI index. Separately, Infratil, the investment company that owns 50.8 percent of Tilt Renewables, says it wouldn't approve Mercury increasing its new 19.99 percent holding in Tilt, having made its own offer for the stock.

Fletcher Building, which was tipped to possibly exit the main MSCI index, will remain, and gained 3 percent to \$6.56.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,481.02	5.35	▼	0.06%
S&P/NZX 50 Index	8,708.79	4.45	▼	0.05%
S&P/NZX MidCap Index	24,761.63	16.86	▼	0.07%
S&P/NZX SmallCap Index	61,463.05	67.54	▲	0.11%
S&P/NZAX All Index	507.39	0.00	▼	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,198.70	36.30	▼	0.58%
S&P/ASX 200	6,097.80	37.50	▼	0.61%
ASX Small Ordinaries	2,823.00	6.40	▼	0.23%
S&P/ASX MIDCAP 50	6,949.40	42.80	▼	0.61%
S&P/ASX 20	3,353.20	22.20	▼	0.66%
Foreign Markets Index				
	Last	Change		
S&P 500	2,711.45	18.68	▼	0.68%
Dow Jones	24,706.41	193.00	▼	0.78%
NASDAQ Composite	7,351.63	59.69	▼	0.81%
FTSE	7,722.98	12.00	▲	0.16%
ASX All Ordinaries	6,198.70	36.30	▼	0.58%
NIKKEI 225	22,818.02	47.84	▼	0.21%
HANG SENG INDEX	31,152.03	389.05	▼	1.23%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9181	0.0006	▼	0.07%
USD	0.6860	0.0053	▼	0.77%
CNY	4.3740	0.0060	▼	0.14%
EUR	0.5792	0.0004	▼	0.07%
CAD	0.8826	0.0029	▼	0.33%
GBP	0.5077	0.0023	▼	0.45%
JPY	75.6775	0.1115	▼	0.15%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.67			
10-year Swap	3.17			
Commodities Futures				
	Last	Change		
Gold	1,291.10	27.10	▼	2.06%
Silver	16.27	0.37	▼	2.22%
Crude Oil	70.95	0.01	▼	0.01%

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