

MORNING REPORT

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

Top News

NZ shares dip as Fletcher gives up pursuit of Steel & Tube

New Zealand shares dipped, outperforming many Asian markets, as Fletcher Building aborted its pursuit of Steel & Tube Holdings after its increased offer wasn't warmly embraced by the target.

The S&P/NZX 50 index declined 5.17 points, or 0.1 percent, to 8,838.07. Within the index, 26 stocks fell, 19 gained and five were unchanged. Turnover was \$132.8 million.

Fletcher fell 0.8 percent to \$6.10 in busier activity than usual, with 4.6 million shares traded. The country's biggest listed building company gave up plans to buy Steel & Tube when the steel products maker wouldn't immediately endorse an increased offer of \$1.90 per share, plus scope for the smaller firm to pay a 5 cents per share special dividend.

Steel & Tube stock jumped as high as \$1.73 after announcing the increased offer, before closing down 1.3 percent to \$1.48. Some 1.2 million shares were traded - more than five times the stock's 90-day average.

"It was a pretty quick turnaround there - the few shareholders who traded in that hour or two will be a little bit annoyed," said Grant Davies, an investment advisor at Hamilton Hindin Greene. "Now it's up to Steel & Tube to show they've made the right call in rebuffing Fletcher."

Stock markets across Asia were largely weaker, with Australia's S&P/ASX 200 index down 0.9 percent in afternoon trading, Hong Kong's Hang Seng down 1 percent and China's Shanghai Composite index falling 0.8 percent. Davies said US President Donald Trump's warning against Saudi Arabia over the disappearance of a journalist in Turkey raised uncertainty for global investors.

NZ dollar gains as rising inflation may create tension for RBNZ

The New Zealand dollar rose ahead of inflation data today which is expected to show rising consumer prices and may make it harder for the Reserve Bank to talk up rate cuts.

The kiwi increased to 65.47 US cents as at 8am in Wellington from 65.01 cents yesterday. The trade-weighted index advanced to 71.49 from 71.12.

New Zealand's consumers price index probably rose at an annual pace of 1.7 percent in the September quarter, more than the RBNZ's forecast for 1.4 percent. Governor Adrian Orr has left open the door for the official cash rate to go down in order to stimulate growth and will need to look through rising oil prices, a weaker currency and the introduction of regional petrol taxes to retain that bias.

Bank of New Zealand senior markets strategist Jason Wong said recent market volatility has also seen traders pare back their short positions in the kiwi, where they sell the currency on the expectation it can be bought back at a cheaper price.

"We see this as a smart move ahead of today's Q3 CPI report, where we see upside risk relative to the consensus estimate of 0.7 percent quarter-on-quarter and the RBNZ's (out-of-date) 0.4 percent estimate," he said in a note. "More importantly, core inflation could well tick higher, providing some food for thought to the RBNZ as it begins to prepare its next set of forecasts for the November MPS."

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,643.02	0.21	▲ 0.00%
S&P/NZX 50 Index	8,838.07	5.17	▼ 0.06%
S&P/NZX MidCap Index	25,560.23	17.48	▲ 0.07%
S&P/NZX SmallCap Index	63,134.58	375.90	▲ 0.60%
S&P/NZAX All Index	521.58	1.75	▲ 0.34%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	5,948.00	58.60	▼ 0.98%
S&P/ASX 200	5,837.10	58.60	▼ 0.99%
ASX Small Ordinaries	2,668.90	22.60	▼ 0.84%
S&P/ASX MIDCAP 50	6,621.40	69.40	▼ 1.04%
S&P/ASX 20	3,222.00	34.40	▼ 1.06%

Foreign Markets Index			
	Last	Change	
S&P 500	2,760.85	6.28	▼ 0.23%
Dow Jones	25,341.09	1.10	▲ 0.00%
NASDAQ Composite	7,459.75	37.15	▼ 0.50%
DAX	11,614.16	90.35	▲ 0.78%
ASX All Ordinaries	5,948.00	58.60	▼ 0.98%
NIKKEI 225	22,271.30	423.36	▼ 1.87%
HANG SENG INDEX	25,445.06	356.43	▼ 1.38%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9177	0.0038	▲ 0.42%
USD	0.6546	0.0045	▲ 0.69%
CNY	4.5260	0.0250	▲ 0.56%
EUR	0.5653	0.0020	▲ 0.36%
CAD	0.8501	0.0038	▲ 0.45%
GBP	0.4978	0.0010	▲ 0.20%
JPY	73.2015	0.2765	▲ 0.38%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.38	
10-year Swap	2.89	

Commodities Futures			
	Last	Change	
Gold	1,228.90	6.90	▲ 0.56%
Silver	14.71	0.07	▲ 0.51%
Crude Oil	71.58	0.24	▲ 0.34%

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www.equity.co.nz E-mail: Info@equity.co.nz

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