



MORNING REPORT

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Top News

NZ dollar eases as Brexit saga enters next phase

The New Zealand dollar weakened as strong earnings in the US improved sentiment there and investors prepared for further delay in setting the terms for the UK's departure from the European Union.

Stocks in the US continued their recent gains overnight, boosted by good banking sector results. A 1 percent fall in December import prices was consistent with the slowing growth, low-inflation picture that makes further rate rises by the US Federal Reserve this year less likely. The S&P500 Index was recently up 0.5 percent.

As expected, UK Prime Minister Theresa May survived the no-confidence vote against her government this morning by 325 votes to 306. Her survival was assured after the Democratic Unionists and key Brexit rebels in her own party pledged their support, but there is no certainty as to what her next option for an improved Brexit deal is.

After the heavy defeat of her Brexit plan yesterday, markets had realised that "little had changed, at least in the near term," Westpac said in a note before the no-confidence vote was completed.

Local data yesterday had also provided a mixed picture of the New Zealand economy. December retail spending had been weaker than expected, while prices at the latest GlobalDairyTrade auction were better than expected.

NZ stocks rise, buoyed by dairy prices, overseas markets

New Zealand shares rose, buoyed by steady gains in overseas market and a better than expected result from the latest dairy auction overnight.

A2 Milk was the biggest gainer today, rising 3.9 percent to \$12.10. Synlait Milk and Fonterra Shareholders Fund units also rose.

Westpac, which raised its milk price forecast on the back of the gains in the past four auctions, cautioned that much of the recent gains were driven by Chinese demand – which is at odds with signs of sharply slowing growth there.

Investors are wary about the outlook this year, given the signs of a slowdown both internationally and some slowing here. That makes international leads more important, and some investors may be watching the US earnings season for more guidance, he said.

Spark New Zealand was the heaviest traded stock with 19.8 million shares traded – six-times the daily average the past three months. It was down 0.5 percent at \$4.05.

Other stocks trading more than a million shares included Trade Me. It rose 0.2 percent to \$6.34 with 2.2 million shares changing hands. In December the company agreed to a scheme implementation agreement under which UK-based Apax Partners will acquire all its shares at \$6.45 apiece, subject to shareholder and court approval and no better offers emerging. A vote is expected in April.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,798.96	63.08	▲ 0.65%
S&P/NZX 50 Index	9,027.44	62.86	▲ 0.70%
S&P/NZX MidCap Index	26,312.31	94.62	▲ 0.36%
S&P/NZX SmallCap Index	58,374.57	130.76	▼ 0.22%
S&P/NZAX All Index	508.54	0.00	▲ 0.00%
ASX Index			
Index	Last	Change	
ASX All Ordinaries	5,893.70	21.90	▲ 0.37%
S&P/ASX 200	5,835.20	20.60	▲ 0.35%
ASX Small Ordinaries	2,537.20	15.40	▲ 0.61%
S&P/ASX MIDCAP 50	6,358.70	25.60	▲ 0.40%
S&P/ASX 20	3,274.80	10.60	▲ 0.32%
Foreign Markets Index			
	Last	Change	
S&P 500	2,621.96	11.66	▲ 0.45%
Dow Jones Industrial Average	24,258.43	192.84	▲ 0.80%
NASDAQ Composite	7,045.50	21.66	▲ 0.31%
DAX PERFORMANCE-INDEX	10,931.24	39.45	▲ 0.36%
ASX All Ordinaries	5,893.70	21.90	▲ 0.37%
NIKKEI 225	20,442.75	112.54	▼ 0.55%
HANG SENG INDEX	26,902.10	71.81	▲ 0.27%
Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9455	0.0009	▼ 0.10%
USD	0.6788	0.0029	▼ 0.43%
CNY	4.5820	0.0270	▼ 0.59%
EUR	0.5954	0.0019	▼ 0.32%
CAD	0.8993	0.0050	▼ 0.55%
GBP	0.5273	0.0028	▼ 0.53%
JPY	73.9140	0.1825	▼ 0.25%
NZ Interest Rates			
	Last	Change	
NZ OCR	1.75		
3-month Bank Bill	1.94		
5-year Swap	2.11	▲	0.12%
10-year Swap	2.56	▲	0.10%
Commodities Futures			
	Last	Change	
Gold	1,292.90	4.50	▲ 0.35%
Silver	15.62	0.01	▲ 0.03%
Crude Oil	52.29	0.18	▲ 0.35%

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