

MORNING REPORT

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Top News

NZ shares down on Asia-wide losses amid trade nerves, Fisher & Paykel, Synlait fall

New Zealand shares fell in a region-wide selloff as trade war fears rose, with Fisher & Paykel Healthcare Corp and Synlait Milk dropping.

The S&P/NZX50 Index dropped 43.88 points, or 0.5 percent, to 8,980.31. Within the index, 23 stocks fell, 17 rose and 10 were unchanged. Turnover was \$67 million.

The local benchmark index followed most indices around Asia lower, with the ASX 200 down 0.5 percent at 5:10pm local time, alongside Hong Kong's Hang Seng down 0.2 percent and China's CSI 300 down 0.5 percent.

"It's really led by further fear of a trade war between Trump and China, it's just an overarching element of nervousness in markets at the moment as we head into what should be a pretty good reporting season, particularly in the US, and locally here," said Rickey Ward, NZ equity manager at JBWere. "It gives you the impression there's these other elements lurking in the background that are creating a level of uncertainty, and markets are reflecting that, where people are unwilling to do an awful lot."

NZ dollar little changed ahead of June qtr inflation; Fed's Powell testimony

The New Zealand dollar was little changed ahead of local inflation figures, which will firm up views on whether the Reserve Bank has scope to cut the official cash rate any further, and as Federal Reserve chair Jerome Powell prepares semi-annual testimony.

The kiwi traded at 67.68 US cents as at 8am in Wellington from 67.74 cents yesterday. The trade-weighted index was at 72.49 from 72.58.

Economists predict New Zealand's consumers price index rose 0.5 percent in the three months ended June 30, maintaining a tepid pace of inflation and supporting record low interest rates which are becoming less attractive for investors as the US hikes rates. Reserve Bank governor Adrian Orr has left the door open for a rate cut, and ANZ Bank New Zealand economists are more bearish on the local outlook, predicting a 0.1 percent increase due to weaker imported inflation.

"A result in line with our views would see the market further entertain the idea of an RBNZ rate cut and leave the NZD on the defensive, even though market positioning remains extremely short," ANZ senior macro strategist Philip Borkin said in a note. "Direction today will no doubt be determined by the local CPI figures, which if ANZ is correct, should see the NZD testing support again. Any in-line or upside surprise could result in a decent squeeze higher."

| NZX Index | | | |
|------------------------|-----------|--------|---------|
| Index | Last | Change | |
| S&P/NZX All Index | 9,774.42 | 44.51 | ▼ 0.45% |
| S&P/NZX 50 Index | 8,980.31 | 43.88 | ▼ 0.49% |
| S&P/NZX MidCap Index | 25,564.32 | 36.97 | ▼ 0.14% |
| S&P/NZX SmallCap Index | 63,226.86 | 143.46 | ▲ 0.23% |
| S&P/NZAX All Index | 522.60 | 0.67 | ▲ 0.13% |

| ASX Index | | | |
|----------------------|----------|--------|---------|
| Index | Last | Change | |
| ASX All Ordinaries | 6,326.70 | 25.20 | ▼ 0.40% |
| S&P/ASX 200 | 6,241.50 | 26.90 | ▼ 0.43% |
| ASX Small Ordinaries | 2,836.00 | 8.00 | ▼ 0.28% |
| S&P/ASX MIDCAP 50 | 7,021.00 | 13.90 | ▼ 0.20% |
| S&P/ASX 20 | 3,452.40 | 19.80 | ▼ 0.57% |

| Foreign Markets Index | | | |
|-----------------------|-----------|--------|---------|
| | Last | Change | |
| S&P 500 | 2,798.43 | 2.88 | ▼ 0.10% |
| Dow Jones | 25,064.36 | 44.95 | ▲ 0.18% |
| NASDAQ Composite | 7,805.72 | 20.26 | ▼ 0.26% |
| FTSE | 7,600.45 | 61.42 | ▼ 0.80% |
| ASX All Ordinaries | 6,326.70 | 25.20 | ▼ 0.40% |
| NIKKEI 225 | 22,597.35 | 409.39 | ▲ 1.85% |
| HANG SENG INDEX | 28,539.66 | 14.22 | ▲ 0.05% |

| Currencies (per NZ\$ 1.00) | | | |
|----------------------------|---------|--------|---------|
| | Last | Change | |
| AUD | 0.9130 | 0.0020 | ▲ 0.22% |
| USD | 0.6775 | 0.0013 | ▲ 0.19% |
| CNY | 4.5330 | 0.0070 | ▲ 0.15% |
| EUR | 0.5783 | 0.0000 | 0.00% |
| CAD | 0.8900 | 0.0002 | ▲ 0.02% |
| GBP | 0.5117 | 0.0003 | ▲ 0.06% |
| JPY | 76.0550 | 0.1900 | ▲ 0.25% |

| NZ Interest Rates | | |
|-------------------|------|--------|
| | Last | Change |
| NZ OCR | 1.75 | |
| 3-month Bank Bill | 1.94 | |
| 5-year Swap | 2.53 | |
| 10-year Swap | 3.02 | |

| Commodities Futures | | | |
|---------------------|----------|--------|---------|
| | Last | Change | |
| Gold | 1,241.00 | 0.20 | ▼ 0.02% |
| Silver | 15.81 | 0.00 | ▲ 0.00% |
| Crude Oil | 67.92 | 3.09 | ▼ 4.35% |

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