



MORNING REPORT

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Top News

Cisco, Walmart slide

Wall Street weakened as US Treasury yields continued their ascent, while shares of Walmart fell amid concern about declining margins.

Even as Walmart posted quarterly earnings and sales that beat analysts' expectations, the stock declined more than 2 percent as the retailer said consolidated gross profit margin declined 15 basis points, while the gross margin rate at Walmart US fell 23 basis points "primarily due to price investments and higher transportation expenses."

The Dow moved lower as declines in shares of Cisco and those of Walmart, recently down 3.5 percent and 2.3 percent respectively, outweighed gains in shares of Coca-Cola and those of UnitedHealth Group, recently up 1.6 percent and 0.5 percent respectively.

While Cisco posted better-than-expected quarterly earnings, the stock slid. Investor perception is that the technology company is losing market share, Citigroup said in a research note, Reuters reported.

NZ dollar retreats as upbeat US data, rising bond yields support greenback

The New Zealand dollar fell, giving up modest gains seen in the wake of yesterday's Budget, as an upbeat indicator of US manufacturing and rising Treasury yields helped underpin the greenback.

The yield on US 10-year Treasuries is about 3.12 percent, the highest since July 2011 and helping enhance the appeal of the US dollar.

The Philadelphia Fed manufacturing index jumped to 34.4 in May from 23.3 in April, the highest reading in a year, while the new orders measure rose to a 45-year high. Traders appear to have taken New Zealand's Budget in their stride, with Finance Minister Grant Robertson outlining plans to maintain fiscal discipline while making a start on the coalition's policy spending plans.

NZ shares rise, led by A2 and Synlait; Pushpay falls

New Zealand shares rose, led by A2 Milk Co and Synlait Milk while Pushpay fell after annual earnings met its guidance, disappointing some upbeat investors.

Yesterday the index dropped 1.8 percent, the worst day the market has had since February, led lower by A2 Milk Co after its outlook disappointed investors. Today, A2 led the market's gains, though much attention was turned to the first Budget for the Labour-led government.

A2 rose 4.2 percent to \$11.77. Yesterday, the shares dropped 13.7 percent after a trading update disappointed investors who had been optimistic about the milk marketing firm's outlook.

Synlait Milk, A2's supplier which also lost ground yesterday, rose 1.9 percent to \$10.50. Infratil gained 1.9 percent to \$3.275. The company beat its annual earnings guidance and said it expects profitability to increase in the future on the back of its recent investments.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,371.09	44.62	▲	0.48%
S&P/NZX 50 Index	8,603.38	37.22	▲	0.43%
S&P/NZX MidCap Index	24,804.14	86.97	▲	0.35%
S&P/NZX SmallCap Index	61,434.70	291.00	▲	0.48%
S&P/NZAX All Index	506.85	0.54	▼	0.11%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,197.20	10.90	▼	0.18%
S&P/ASX 200	6,094.30	12.70	▼	0.21%
ASX Small Ordinaries	2,840.10	10.40	▲	0.37%
S&P/ASX MIDCAP 50	6,902.40	19.00	▼	0.27%
S&P/ASX 20	3,360.90	5.00	▼	0.15%
Foreign Markets Index				
	Last	Change		
S&P 500	2,720.13	2.33	▼	0.09%
Dow Jones	24,713.98	54.95	▼	0.22%
NASDAQ Composite	7,382.47	15.82	▼	0.21%
FTSE	7,787.97	53.77	▲	0.70%
ASX All Ordinaries	6,197.20	10.90	▼	0.18%
NIKKEI 225	22,838.37	121.14	▲	0.53%
HANG SENG INDEX	30,942.15	168.05	▼	0.54%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9155	0.0024	▼	0.26%
USD	0.6875	0.0023	▼	0.33%
CNY	4.3830	0.0110	▼	0.25%
EUR	0.5829	0.0012	▼	0.21%
CAD	0.8800	0.0023	▼	0.26%
GBP	0.5088	0.0025	▼	0.49%
JPY	76.1410	0.0250	▲	0.03%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.74			
10-year Swap	3.26			
Commodities Futures				
	Last	Change		
Gold	1,290.10	1.40	▼	0.11%
Silver	16.44	0.07	▲	0.42%
Crude Oil	71.57	0.08	▲	0.11%

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