



## MORNING REPORT

As at 9.00 AM 18/10/2018

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

### Top News

#### NZ dollar dips as growing concerns in Europe bolster greenback

The New Zealand dollar slipped against a stronger greenback amid concern lingering Brexit talks and Italy's projected budget deficits will slow growth in Europe.

The US dollar index advanced 0.5 percent as European politics heightened volatility in financial markets. The European Union's chief Brexit negotiator Michel Barnier urged patience with negotiations unlikely to be completed this week. Meanwhile, the yield on Italy's 10-year bonds rose 3 basis points to 3.58 percent after European Commissioner Günther Oettinger said his personal opinion was that the regional bloc will probably reject Italy's draft budget.

Minutes to the US Federal Reserve's latest policy meeting also showed some debate among committee members on how to push interest rates higher. The yield on US 10-year Treasuries increased 2 basis points to 3.18 percent.

The US Treasury Department's semi-annual currency policy report is also in view to see whether China is called a currency manipulator. The US and China have been embroiled in a trade war this year, injecting uncertainty into markets as analysts assess what impact dwindling trade could have on global growth.

#### NZ shares gain as A2 calms critics with strong sales

New Zealand shares rose, led by A2 Milk Co, which calmed nervous investors with a strong first-quarter update. Synlait Milk followed suit, albeit on much lighter volumes.

A2 jumped 9.2 percent to \$10.59 on average volumes, having touched an eight-month low last week. The milk marketer today said it increased its Chinese market share for infant formula to 5.6 percent in the September quarter from 5.1 percent just three months earlier, and affirmed its outlook for revenue growth. Synlait, which supplies A2, rose 7.7 percent to \$9.85 on less than half its normal volume.

Mercury NZ increased 0.8 percent to \$3.34 on heavier trading than usual. The electricity generator-retailer operational update for the September quarter showed strong hydro generation from a record period a year earlier. Retail customers slipped to 386,000. Contact Energy rose 2 percent to \$5.73 and Auckland International Airport increased 1.5 percent to \$7.

Genesis Energy rose 0.6 percent to \$2.46 in quiet trading after announcing a partnership with Tilt Renewables to develop a wind farm in Taranaki. Tilt, which is under a takeover offer from Infratil, was unchanged at \$2.31.

Z Energy fell 2.5 percent to \$6.62 on a volume of 2.9 million shares, the busiest stock today. The transport fuels firm reported lower retail petrol sales in the September quarter.

Port of Tauranga declined 1.8 percent to \$4.94 in busier than normal trading. It forecast profit to rise by as much as 8.1 percent in the June 2019 year on increased cargo volumes.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,721.36	114.22	▲	1.19%
S&P/NZX 50 Index	8,911.79	108.34	▲	1.23%
S&P/NZX MidCap Index	25,777.97	217.10	▲	0.85%
S&P/NZX SmallCap Index	63,410.62	321.10	▲	0.51%
S&P/NZAX All Index	533.17	1.40	▲	0.26%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,047.10	69.30	▲	1.16%
S&P/ASX 200	5,939.10	69.20	▲	1.18%
ASX Small Ordinaries	2,711.90	29.40	▲	1.10%
S&P/ASX MIDCAP 50	6,772.70	99.30	▲	1.49%
S&P/ASX 20	3,268.70	32.00	▲	0.99%
Foreign Markets Index				
	Last	Change		
S&P 500	2,809.24	0.68	▼	0.02%
Dow Jones	25,703.37	95.05	▼	0.37%
NASDAQ Composite	7,641.54	3.95	▼	0.05%
DAX	11,715.03	61.52	▼	0.52%
ASX All Ordinaries	6,047.10	69.30	▲	1.16%
NIKKEI 225	22,841.12	291.88	▲	1.29%
HANG SENG INDEX	25,462.26	17.20	▲	0.07%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9213	0.0012	▼	0.13%
USD	0.6556	0.0032	▼	0.49%
CNY	4.5410	0.0090	▼	0.20%
EUR	0.5696	0.0004	▲	0.07%
CAD	0.8531	0.0010	▲	0.12%
GBP	0.4994	0.0003	▼	0.06%
JPY	73.7525	0.1925	▼	0.26%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.39			
10-year Swap	2.91			
Commodities Futures				
	Last	Change		
Gold	1,226.20	4.80	▼	0.39%
Silver	14.64	0.06	▼	0.41%
Crude Oil	69.98	1.94	▼	2.70%

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk.

**Do you need to make any changes to your portfolio?**  
[www.equity.co.nz](http://www.equity.co.nz) E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz)

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