

MORNING REPORT

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Top News

NZ dollar falls vs greenback on Beige Book, gains vs pound after UK inflation; CPI looms

The New Zealand dollar fell against the greenback after the Federal Reserve's Beige Book indicated that the US economy continued to expand through April and rose versus the pound after weaker-than-expected UK inflation. NZ first-quarter inflation data is out this morning.

The Fed's Beige Book showed the US economy grew at a modest to moderate pace in March and through April, with a tight labour market. The kiwi rose against a broadly weaker pound after figures showed UK headline CPI slowed to a 2.5 percent pace from 2.7 percent, year-on-year, in March while core CPI slowed to 2.3 percent from 2.5 percent.

Wall St climbs on earnings, IBM bucks trend

Wall Street moved higher as the latest corporate earnings including from Morgan Stanley bolstered amid optimism about the outlook, even as IBM shares dropped on disappointing results.

Shares of Morgan Stanley gained after the bank posted record quarterly net income and revenues that bettered analysts' expectations.

Shares of IBM tumbled, weighing on the Dow, after the company posted margins that failed to impress investors.

Commodities including oil, gold, copper and nickel advanced amid concern about the impact of US-imposed sanctions on Russia.

NZ shares gain as Fletcher, MSCI review in focus; Trade Me rises

New Zealand shares gained in light trading as Fletcher Building's discounted rights issue and upcoming MSCI New Zealand index review weighed on investors' minds. Trade Me and Metlifecare increased while Comvita dropped.

Fletcher Building remained in a trading halt at \$6.27 as investors continue to digest yesterday's underwritten \$750 million rights issue at a 23 percent discount. After the close of trading, the company said institutional investors took up 98 percent of their entitlements, raising gross proceeds of \$500 million. The institutional bookbuild opens tonight and runs until the close of business tomorrow before trading resumes on Friday.

The capital raise is part of a \$1.25 billion refinancing plan shoring up the construction company's balance sheet having drawn \$280 million from its banking facility in the first three months of this year alone. Fletcher also announced plans to sell Formica and its steel roofing tiles business, which Morningstar Research estimates are worth about \$700 million.

Kathmandu Holdings declined 0.8 percent to \$2.54 after the outdoor equipment chain said it would accept \$2 million of oversubscriptions in its share purchase plan, raising \$50 million to help fund the purchase of US footwear supplier Oboz Footwear.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,113.327	26.387	▲	0.29%
S&P/NZX 50 Index	8,369.488	24.968	▲	0.30%
S&P/NZX MidCap Index	24,174.588	1.952	▼	0.01%
S&P/NZX SmallCap Index	58,651.388	1.908	▲	0.00%
S&P/NZAX All Index	511.010	7.600	▼	1.47%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	5,956.30	22.00	▲	0.37%
S&P/ASX 200	5,861.40	19.90	▲	0.34%
ASX Small Ordinaries	2,696.90	26.90	▲	1.01%
S&P/ASX MIDCAP 50	6,688.00	47.20	▲	0.71%
S&P/ASX 20	3,226.10	1.80	▲	0.06%
Foreign Markets Index				
	Last	Change		
S&P 500	2,708.64	2.25	▲	0.08%
Dow Jones	24,748.07	38.56	▼	0.16%
NASDAQ Composite	7,295.24	14.14	▲	0.19%
FTSE	7,317.34	91.29	▲	1.26%
ASX All Ordinaries	5,956.30	22.00	▲	0.37%
NIKKEI 225	22,158.20	310.61	▲	1.42%
HANG SENG INDEX	30,284.25	221.50	▲	0.74%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9410	0.0039	▼	0.41%
USD	0.7326	0.0016	▼	0.22%
CNY	4.5920	0.0210	▼	0.46%
EUR	0.5917	0.0018	▼	0.30%
CAD	0.9253	0.0039	▲	0.42%
GBP	0.5156	0.0019	▲	0.37%
JPY	78.5280	0.0350	▼	0.04%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.73			
10-year Swap	3.16			
Commodities Futures				
	Last	Change		
Gold	1,352.30	2.80	▲	0.21%
Silver	17.20	0.42	▲	2.49%
Crude Oil	68.84	2.32	▲	3.49%

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.

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