

MORNING REPORT

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Top News

NZ dollar falls vs yen; investors seek haven in heightened volatility

The New Zealand dollar fell against a stronger yen as weaker equity markets and expectations of further US interest rate rises pushed investors toward 'safe haven' assets.

The kiwi declined to 73.43 yen as at 8am in Wellington from 73.71 yen yesterday. It was little changed at 65.46 US cents from 65.51 cents.

The Dow Jones Industrial Average fell 1.4 percent in late trading as expectations for higher US interest rates were reaffirmed by minutes to the Federal Reserve's last policy review.

Volatility in financial markets is at an elevated level as investors balance the tensions between a spendthrift White House administration and tightening monetary policy. The VIX, known as Wall Street's fear gauge, was at 20.64, compared with its five-year moving average of 13.23.

Among those tensions is the trade war brewing between the US and China. The US Treasury published its semi-annual currency report yesterday, which highlighted concerns about the weakness in China's currency. It noted a lack of transparency about the drivers of that weakness but didn't go as far as naming China a currency manipulator. The People's Bank of China has been depreciating the yuan through a lower reference rate this year, but has said it won't use the rate as a trade war tool.

NZ shares mixed; Restaurant Brands soars on takeover talk

New Zealand shares were mixed as a dip by blue-chips Spark New Zealand, A2 Milk and Contact Energy took the sheen off Restaurant Brands New Zealand's double-digit spike on a takeover bid.

The S&P/NZX 50 index decreased 1.2 points, or 0.01 percent, to 8,910.59. Within the index, 21 stocks gained, 18 fell and 11 were unchanged. Turnover was \$108.8 million, of which Restaurant Brands accounted for \$17.4 million.

The fast-food operator was the biggest mover on the day, climbing 14 percent to a record close of \$8.67 on almost 10 times the average volume. The company received an indicative offer from Mexico's Finaccess Capital to buy three-quarters of the business at \$9.45 a share.

"It's about 30 percent above where we see Restaurant Brands, but it's a good quality business and you'd expect anyone to look at it," said Peter McIntyre, an investment advisor at Craigs Investment Partners.

"It goes to show if there's a quality business in our markets - and there are fewer listed by the day - then there's going to be an approach by a serious investor."

Restaurant Brands underpinned a positive market for most of the day, with New Zealand and Australia outperforming Asia. However, declines in some of the NZX 50's larger companies saw a late turn on the index.

Spark fell 0.5 percent to \$3.88 on bigger than normal volumes after pay-TV operator Sky Network Television talked up its production and distribution advantage over broadband broadcasters in premium sports. Sky shares rose 2.3 percent to \$2.25.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,718.69	2.67	▼ 0.03%
S&P/NZX 50 Index	8,910.59	1.20	▼ 0.01%
S&P/NZX MidCap Index	25,927.14	149.18	▲ 0.58%
S&P/NZX SmallCap Index	63,393.39	17.23	▼ 0.03%
S&P/NZX All Index	530.61	2.56	▼ 0.48%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,050.10	3.00	▲ 0.05%
S&P/ASX 200	5,942.40	3.30	▲ 0.06%
ASX Small Ordinaries	2,714.70	2.80	▲ 0.10%
S&P/ASX MIDCAP 50	6,761.20	11.50	▼ 0.17%
S&P/ASX 20	3,266.50	2.20	▼ 0.07%

Foreign Markets Index			
	Last	Change	
S&P 500	2,767.76	41.45	▼ 1.48%
Dow Jones	25,356.22	350.46	▼ 1.36%
NASDAQ Composite	7,488.13	154.57	▼ 2.02%
DAX	11,589.21	125.82	▼ 1.07%
ASX All Ordinaries	6,050.10	3.00	▲ 0.05%
NIKKEI 225	22,658.16	182.96	▼ 0.80%
HANG SENG INDEX	25,454.55	7.71	▼ 0.03%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9216	0.0003	▲ 0.03%
USD	0.6548	0.0002	▼ 0.03%
CNY	4.5430	0.0060	▲ 0.13%
EUR	0.5713	0.0020	▲ 0.35%
CAD	0.8563	0.0034	▲ 0.40%
GBP	0.5027	0.0034	▲ 0.68%
JPY	73.4480	0.3185	▼ 0.43%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.41	
10-year Swap	2.93	

Commodities Futures			
	Last	Change	
Gold	1,227.80	0.40	▲ 0.03%
Silver	14.58	0.08	▼ 0.57%
Crude Oil	68.76	0.99	▼ 1.42%

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