

MORNING REPORT

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Top News

NZ shares dip as trade war fears linger

New Zealand shares fell for a fifth day as investors remain wary of the impact a trade war will have on company earnings with export-focused stocks Tourism Holdings and Pushpay still under pressure. Fletcher Building declined ahead of tomorrow's annual meeting.

The S&P/NZX 50 index decreased 16.77 points, or 0.2 percent, to 8,792.93. Within the index, 28 stocks fell, 19 gained and three were unchanged. Turnover was smaller than usual at \$80.3 million.

New Zealand's benchmark index followed Australia lower as comments by US vice president Mike Pence at the APEC leaders' meeting over the weekend kept investors nervous about the protracted trade dispute between the US and China. The world's two biggest economies have been at odds over the past 18 months, and investors are worried an economic slowdown will undermine company earnings. Australia's S&P/ASX 200 index was down 0.6 percent in afternoon trading.

Shane Solly, a portfolio manager at Harbour Asset Management, said New Zealand's market held up well, with the local economy still in reasonably good health. That means companies need to meet or beat earnings expectations to maintain their current pricing. The NZX's average historic price-to-earnings is 17 times.

"There's a little bit of volatility at a high level and companies reporting here which is taking people's attention," he said. "At an overarching level investors are still pretty wary about slowing activity and extended tariff discussion."

NZ dollar slips as US-China trade tensions persist

The New Zealand dollar snapped a four-day rally as trade tensions between the US and China at the APEC meeting raised concerns that the dispute may spill over into slower global growth.

The kiwi declined to 68.34 US cents as at 8am in Wellington from 68.52 cents yesterday. The trade-weighted index fell to 74.45 from 74.67.

Stocks on Wall Street fell, with the Dow Jones Industrial Average down 1.9 percent in late trading, after APEC leaders failed to agree to a communique over the weekend. The tensions were underlined by US vice president Mike Pence and Chinese President Xi Jinping trading barbs in their respective speeches. The stand-off between the two major economies added to growing unease about global growth, weighing on risk-sensitive assets such as the kiwi.

"There are renewed concerns about US-China trade tensions following pointed comments and a lack of agreement at the APEC summit over the weekend, adding to more generalised concerns over global growth," ANZ Bank New Zealand economists Liz Kendall and Philip Borkin said in a note. "The 200-day moving average - at 0.6890 - proved too much of a hurdle, and together with more negative trade headlines, has seen the NZD retreat from its highs."

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,590.06	22.63	▼	0.24%
S&P/NZX 50 Index	8,792.93	16.77	▼	0.19%
S&P/NZX MidCap Index	25,808.56	38.25	▼	0.15%
S&P/NZX SmallCap Index	62,171.99	773.97	▼	1.23%
S&P/NZAX All Index	519.21	0.00	▼	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	5,786.40	36.40	▼	0.63%
S&P/ASX 200	5,693.70	36.90	▼	0.64%
ASX Small Ordinaries	2,604.10	6.90	▼	0.26%
S&P/ASX MIDCAP 50	6,362.90	35.00	▼	0.55%
S&P/ASX 20	3,162.40	20.80	▼	0.65%
Foreign Markets Index				
	Last	Change		
S&P 500	2,694.82	41.45	▼	1.51%
Dow Jones	25,024.82	388.40	▼	1.53%
NASDAQ Composite	7,056.18	191.70	▼	2.64%
DAX	11,244.54	96.46	▼	0.85%
ASX All Ordinaries	5,786.40	36.40	▼	0.63%
NIKKEI 225	21,821.16	140.82	▲	0.65%
HANG SENG INDEX	26,372.00	188.47	▲	0.72%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9377	0.0015	▼	0.16%
USD	0.6838	0.0028	▼	0.41%
CNY	4.7460	0.0160	▼	0.34%
EUR	0.5970	0.0048	▼	0.80%
CAD	0.9013	0.0019	▼	0.21%
GBP	0.5319	0.0025	▼	0.47%
JPY	76.9115	0.5835	▼	0.75%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.54			
10-year Swap	3.00			
Commodities Futures				
	Last	Change		
Gold	1,224.70	1.70	▲	0.14%
Silver	14.39	0.01	▲	0.06%
Crude Oil	57.17	0.71	▲	1.26%

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