

MORNING REPORT

As at 9.30 AM 20/12/2018

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Top News

New Zealand shares gained yesterday on expectations that the US Federal Reserve would soften its interest rate outlook for 2019. The S&P/NZX 50 index rose 73.82 points, to 8,762.19. Turnover was \$148.4 million. Australia's S&P/ASX 200 index was down 0.3 percent, Singapore's Straits Times index rose 0.4 percent and Hong Kong's Hang rose 0.1 percent. New Zealand's market has remained relatively attractive given the high proportion of companies paying high dividends. "We've had a very good day relative to other markets and that's because a lot of our stocks are good, solid, boring utilities," Shane Solly, portfolio manager at Harbour Asset Manager. Kiwi Property Group rose 3.4 percent to \$1.385, Auckland International Airport climbed 2.1 percent to \$7.15, Property for Industry increased 2.3 percent to \$1.795, and Port of Tauranga advanced 1.6 percent to \$5.10 and Air New Zealand to \$3.19. Sky Network Television led the market higher, jumping 8.5 percent to \$2.16. The pay-tv operator dropped below \$2 earlier this week for the first time since its 2005 merger with Independent News Ltd. Heartland Group rose 4.4 percent to \$1.41. It dropped to a two-year low yesterday as investors weighed up the impact of the Reserve Bank's proposals to impose stricter capital requirements on banks. Today it said it would need to boost its high-quality capital by about \$15 million a year during the five-year transition. Fletcher Building slipped 1.6 percent to \$4.85.

The Federal Open Market Committee lifted the federal funds rate to a band of 2.25-2.5 percent, in line with expectations. However, it said it still sees a need for further gradual increases, with two hikes predicted in 2019 compared to the three increases projected in September. That was in line with market expectations. "This morning's FOMC decision and local Q3 GDP figures certainly have the potential to determine how the NZD will trade into the end of the year," ANZ Bank New Zealand economists Liz Kendall and Philip Borkin said in a note. "The kiwi has been somewhat range-bound over recent times, but there could easily be some more excitement today." This morning the New Zealand dollar dropped about a quarter of a US cent after the Federal Reserve raised interest rates and signalled a slightly slower pace of increases next year. The kiwi fell to 68.28 US cents as at 8am in Wellington, and the trade-weighted index declined to 74.67. The kiwi rose to 95.63 Australian cents and decreased to 4.7043 Chinese Yuan and to 76.61 yen and traded at 54.01 British pence and 59.87euro cents.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,527.86	74.85	▲	0.79%
S&P/NZX 50 Index	8,762.19	73.82	▲	0.85%
S&P/NZX MidCap Index	26,061.72	284.87	▲	1.11%
S&P/NZX SmallCap Index	58,014.84	265.07	▼	0.45%
S&P/NZAX All Index	510.31	9.37	▼	1.80%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	5,650.00	11.80	▼	0.21%
S&P/ASX 200	5,580.60	8.90	▼	0.16%
ASX Small Ordinaries	2,478.10	26.30	▼	1.05%
S&P/ASX MIDCAP 50	6,110.50	7.00	▼	0.11%
S&P/ASX 20	3,123.60	0.60	▼	0.02%
Foreign Markets Index				
	Last	Change		
S&P 500	2,502.88	43.28	▼	1.70%
Dow Jones Industrial Average	23,285.99	389.65	▼	1.65%
NASDAQ Composite	6,620.71	163.20	▼	2.41%
DAX PERFORMANCE-INDEX	10,766.21	25.32	▲	0.24%
ASX All Ordinaries	5,650.00	11.80	▼	0.21%
NIKKEI 225	20,987.92	127.53	▼	0.60%
HANG SENG INDEX	25,865.39	51.14	▲	0.20%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9569	0.0038	▲	0.40%
USD	0.6793	0.0057	▼	0.83%
CNY	4.6920	0.0290	▼	0.61%
EUR	0.5972	0.0054	▼	0.90%
CAD	0.9165	0.0058	▼	0.63%
GBP	0.5383	0.0036	▼	0.66%
JPY	76.3500	0.7190	▼	0.93%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.32			
10-year Swap	2.74			
Commodities Futures				
	Last	Change		
Gold	1,247.90	5.70	▼	0.45%
Silver	14.65	0.05	▼	0.35%
Crude Oil	47.96	1.72	▲	3.72%

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