

# MORNING REPORT

As at 8.51 AM 22/06/2018

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 shares gain as market cheers Fletcher plans, Sky TV, A2, Auckland Airport rise

New Zealand shares rallied, pushing the S&P/NZX 50 Index to a record after Fletcher Building detailed its five-year strategy and affirmed guidance. Sky Network Television, A2 Milk, Auckland International Airport and Fisher & Paykel Healthcare rose.

The S&P/NZX 50 Index rose 92.99 points, or 1 percent, to 8,998.78. Within the index, 22 stocks rose, 19 fell and nine were unchanged. Turnover was \$123 million.

Fletcher rose 4.2 percent to \$6.88 after chief executive Ross Taylor set out his five-year strategy to refocus on core businesses, stabilise the construction division, expand in Australia and exit non-core operations. Investors were cheered by the lack of any further provisions against its Building + Interiors unit, with guidance for group full-year earnings before interest and tax, excluding B+I and significant items reiterated at \$680 million to \$720 million and B+I ebit's loss affirmed at \$660 million.

"People liked the fact that the problem child (B+I) didn't speak up again - there were no more provisions for B+I," said David Price, a broker at Forsyth Barr. Fletcher's news "has been well received", he said.

Sky TV rose 3.9 percent to \$2.42, recouping ground lost yesterday with no company-specific news, Price said. A general lack of liquidity in the market is accentuating any moves and many investors are holding more cash than usual because of perceptions stocks have risen so much they have stretched their valuations.

### NZ dollar recovers ground as greenback falls from 11-month high

The New Zealand dollar rose as the greenback fell from an 11-month high amid weaker-than-expected US data and was little changed against the pound on signs the Bank of England may be closer to hiking interest rates.

The kiwi dollar rose to 68.78 US cents as at 8am in Wellington from 68.37 cents late yesterday. The trade-weighted index rose to 73.12 from 72.83 yesterday.

Overnight the Philadelphia Federal Reserve's gauge of US Mid-Atlantic business activity fell to a 1-1/2 year low of 19.9 versus expectations of a 29 reading. The pound strengthened after Bank of England chief economist Andy Haldane switched his position to call for a rate hike from standing unchanged.

"Support levels gave way for the NZD during yesterday's local session, but moves failed to push on, with the USD running into some weakness," Miles Workman, an economist at ANZ Bank New Zealand, said in a note.

"However, we expect the kiwi to continue to trade in a defensive manner. With the economy showing signs of cooling and global risk sentiment jittery, it is hard to get too positive here."

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,790.52	86.02	▲	0.89%
S&P/NZX 50 Index	8,998.78	86.34	▲	0.97%
S&P/NZX MidCap Index	25,292.09	4.70	▲	0.02%
S&P/NZX SmallCap Index	62,203.02	170.55	▼	0.27%
S&P/NZAX All Index	506.14	4.55	▼	0.89%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,332.90	58.30	▲	0.93%
S&P/ASX 200	6,232.10	59.50	▲	0.96%
ASX Small Ordinaries	2,917.40	34.40	▲	1.19%
S&P/ASX MIDCAP 50	7,041.80	61.80	▲	0.89%
S&P/ASX 20	3,417.10	35.30	▲	1.04%
Foreign Markets Index				
	Last	Change		
S&P 500	2,749.76	17.56	▼	0.63%
Dow Jones	24,461.70	196.10	▼	0.80%
NASDAQ Composite	7,712.95	68.56	▼	0.88%
FTSE	7,556.44	70.96	▼	0.93%
ASX All Ordinaries	6,332.90	58.30	▲	0.93%
NIKKEI 225	22,693.04	137.61	▲	0.61%
HANG SENG INDEX	29,296.05	400.12	▼	1.35%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9316	0.0001	▼	0.01%
USD	0.6876	0.0011	▲	0.16%
CNY	4.4630	0.0220	▲	0.50%
EUR	0.5924	0.0005	▼	0.08%
CAD	0.9151	0.0011	▲	0.12%
GBP	0.5191	0.0020	▼	0.38%
JPY	75.6235	0.1230	▼	0.16%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.68			
10-year Swap	3.15			
Commodities Futures				
	Last	Change		
Gold	1,269.20	5.30	▼	0.42%
Silver	16.31	0.00	▲	0.01%
Crude Oil	65.79	0.08	▲	0.12%

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[www.equity.co.nz](http://www.equity.co.nz) E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz)

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 Tel: +64 (9)304 0145 / NZ: 0800 474 669