

# MORNING REPORT

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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 at fresh record as Trade Me, A2, Meridian gain on earnings; Fletcher drops

New Zealand shares hit another record amidst a slew of earnings, with Trade Me Group and A2 Milk Co gaining on their annual accounts while Fletcher Building dropped.

The S&P/NZX50 Index rose 46.83 points, or 0.5 percent, to 9,162.61. Within the index, 28 stocks rose, 17 fell and five were unchanged. Turnover was \$140 million.

Trade Me Group rose 6.2 percent to \$5. The online auction company is distributing \$100 million via a 22 cents per share special dividend. It turned over more than \$250 million for the first time to deliver a 3.9 percent increase in net profit for the year to June 30 of \$96.6 million.

"It surprised a little bit on the quantum and timing of its capital return - the result itself looked to be pretty much in line with expectations," said James Lindsay, senior portfolio manager at Nikko Asset Management. "It gives a signal the board isn't so concerned and doesn't feel they need to reinvest hugely into the business any more than they currently are."

A2 Milk jumped 6.1 percent to \$11.81. The milk marketer more than doubled net profit to \$195.7 million in the June 2018 year, as it widened margins and increased infant formula sales.

### NZ dollar hold at 67 US cts as Fed minutes stick to rate track

The New Zealand dollar was virtually unchanged as minutes to the last Federal Reserve policy review showed the central bank committee still expected to keep raising interest rates.

The kiwi traded in a tight range overnight and was at 67 US cents as at 8am in Wellington from 67.03 cents yesterday. The trade-weighted index was at 72.30 from 72.36 yesterday.

Minutes to the last Federal Open Market Committee meeting noted some caution over trade, housing and emerging markets. But members largely held to the current projection that another rate hike will be needed soon. The US economy has been expanding at a rapid pace with the White House's fiscal stimulus and the Fed minutes said that "fairly soon" monetary policy settings wouldn't be able to be called "accommodative". In contrast, New Zealand's Reserve Bank doesn't expect to raise the official cash rate in the immediate future.

"Here in New Zealand the market continues to price a decent chance that the next OCR move is a cut after the very dovish Monetary Policy Statement earlier this month," ANZ Bank New Zealand economists Sharon Zollner and Philip Borkin said in a note. "That divergence, plus increasing evidence that New Zealand commodity prices may be past their best, means we expect the NZD to remain under pressure over the rest of the year (despite a decent bounce in the past week)."

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,974.37	49.61	▲	0.50%
S&P/NZX 50 Index	9,162.61	46.83	▲	0.51%
S&P/NZX MidCap Index	25,789.50	132.29	▲	0.52%
S&P/NZX SmallCap Index	64,349.38	204.99	▼	0.32%
S&P/NZAX All Index	543.30	0.11	▲	0.02%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,373.80	9.20	▼	0.14%
S&P/ASX 200	6,266.00	18.40	▼	0.29%
ASX Small Ordinaries	2,883.50	31.90	▲	1.12%
S&P/ASX MIDCAP 50	7,087.30	29.00	▲	0.41%
S&P/ASX 20	3,440.80	22.80	▼	0.66%
Foreign Markets Index				
	Last	Change		
S&P 500	2,861.82	1.14	▼	0.04%
Dow Jones	25,733.60	88.69	▼	0.34%
NASDAQ Composite	7,889.10	29.92	▲	0.38%
DAX	12,385.70	1.21	▲	0.01%
ASX All Ordinaries	6,373.80	9.20	▼	0.14%
NIKKEI 225	22,362.55	142.82	▲	0.64%
HANG SENG INDEX	27,927.58	174.79	▲	0.63%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9110	0.0020	▲	0.22%
USD	0.6697	0.0001	▲	0.01%
CNY	4.5830	0.0010	▲	0.02%
EUR	0.5775	0.0011	▼	0.19%
CAD	0.8703	0.0028	▼	0.32%
GBP	0.5186	0.0003	▼	0.06%
JPY	74.0420	0.2095	▲	0.28%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.37			
10-year Swap	2.86			
Commodities Futures				
	Last	Change		
Gold	1,202.40	2.40	▲	0.20%
Silver	14.73	0.04	▼	0.24%
Crude Oil	67.96	2.12	▲	3.22%

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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