

MORNING REPORT

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Top News

NZ dollar falls near 72 US cts as growing inflationary pressures drive up US Treasury yields

The New Zealand dollar fell near 72 US cents as growing inflationary pressures stoke expectations for higher US interest rates, underpinning demand for the greenback.

The yield on US 10-year Treasuries rose 5 basis points to 2.96 percent, a four-year high, as recent gains in commodity prices are seen to be adding to inflationary pressures facing the world's biggest economy and support further interest rate hikes by the Federal Reserve. New Zealand's Reserve Bank is expected to refrain from raising the official cash rate until next year at the earliest, reducing the allure of the kiwi as US rates rise.

Gearing up for tech earnings

US tech heavyweights are set to report their latest earnings this week along with a barrage of other companies including Boeing, while first-quarter GDP is expected to show an easing of the nation's growth.

Last Friday, a slide in Apple and other tech stocks weighed on Wall Street. The Dow Jones Industrial Average slid 0.8 percent, the Standard & Poor's 500 Index dropped 0.9 percent, and the Nasdaq Composite Index fell 1.3 percent.

Concern about rising inflation and a steeper path of interest rate increases also dampened the mood. US Treasuries dropped on Friday, lifting yields on the 10-year note 5 basis points to 2.96 percent, a four-year high. A test of 3 percent is imminent.

A Thomson Reuters survey of economists predicted GDP grew at an annualised 2 percent in the first quarter, easing from the 2.9 percent pace in the previous quarter. Growth is expected to renew in the June quarter.

NZ shares fall as MSCI changes debated, Mercury falls, Fletcher gains

New Zealand shares fell, taking a negative lead from Wall Street, as Fletcher Building's share offer weighed on demand. Fisher & Paykel Healthcare, which gets almost half its revenue in North America, led the decline, paced by Meridian Energy, Ryman Healthcare and Arvida Group, while Synlait Milk rose to a record.

Fletcher today said it had completed the institutional entitlement offer and shortfall bookbuild component of its capital raising plan, reaping \$515 million of \$750 million target. The retail entitlement offer opens on Monday. Institutions paid \$6.15 in the bookbuild - above the deeply discounted offer itself at \$4.80. Fletcher stock rose 2.5 percent to \$6.15 when it resumed trading today.

F&P Healthcare, which gets almost 50 percent of its sales in North America, dropped 2.8 percent to \$12.04, following Wall Street's lead.

Comvita gained 2.4 percent to \$6.91, Synlait Milk gained 1.5 percent to a record close of \$10.03 and A2 Milk rose 0.5 percent to \$12.76.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	9,066.239	51.841	▼	0.57%
S&P/NZX 50 Index	8,323.224	49.806	▼	0.59%
S&P/NZX MidCap Index	24,022.812	112.168	▼	0.46%
S&P/NZX SmallCap Index	58,757.993	76.087	▼	0.13%
S&P/NZAX All Index	513.787	2.777	▲	0.54%

ASX Index				
Index	Last		Change	
ASX All Ordinaries	5,964.40	12.00	▼	0.20%
S&P/ASX 200	5,868.80	12.20	▼	0.21%
ASX Small Ordinaries	2,698.20	13.00	▼	0.48%
S&P/ASX MIDCAP 50	6,708.00	25.40	▼	0.38%
S&P/ASX 20	3,234.50	1.90	▼	0.06%

Foreign Markets Index				
	Last		Change	
S&P 500	2,670.14	22.99	▼	0.85%
Dow Jones	24,462.94	201.95	▼	0.82%
NASDAQ Composite	7,146.13	91.93	▼	1.27%
FTSE	7,368.17	39.25	▲	0.54%
ASX All Ordinaries	5,964.40	12.00	▼	0.20%
NIKKEI 225	22,162.24	28.94	▼	0.13%
HANG SENG INDEX	30,418.33	290.11	▼	0.94%

Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9406	0.0008	▲	0.09%
USD	0.7217	0.0011	▲	0.15%
CNY	4.5370			
EUR	0.5880	0.0001	▼	0.02%
CAD	0.9200	0.0003	▲	0.03%
GBP	0.5154	0.0001	▲	0.02%
JPY	77.7805	0.1955	▲	0.25%

NZ Interest Rates				
	Last		Change	
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.76			
10-year Swap	3.22			

Commodities Futures				
	Last		Change	
Gold	1,337.60	11.20	▼	0.83%
Silver	17.11	0.12	▼	0.72%
Crude Oil	68.06	0.27	▼	0.40%

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk.

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