



MORNING REPORT

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Top News

NZ dollar follows Wall Street, commodities higher as investors reassess US rate track

The New Zealand dollar gained, following stocks on Wall Street and commodity prices higher as investors bet the Federal Reserve will stick to three rate hikes this year, based on the tone of its last policy meeting minutes.

Stocks on Wall Street gained as investors concluded yesterday's minutes to the Jan. 30-31 Federal Open Market Committee amounted to no change, meaning three hikes to the federal funds rate are on the cards for 2018.

Growing inflationary pressures and a robust US economy had some investors betting there would be a fourth rate hike this year, which would stoke demand for the US dollar, however St Louis Fed president James Bullard warned too many hikes could slow growth.

Wall St, Treasuries advance

Wall Street rose as did US Treasuries, while the greenback fell, as investors reassessed their expectations for Federal Reserve interest rate increases this year, betting the central bank remains on track for three hikes instead of a steeper path.

Concern that Wednesday's release of minutes from the Fed's January meeting flagged a steeper path of interest rate increases abated.

The Dow moved higher, led by gains in shares of United Technologies and those of General Electric, recently up 3.6 percent and 3.2 percent respectively. Shares of Cisco and those of Nike fell, down 0.4 percent and 0.1 percent respectively, for the only two stocks in the Dow to post declines.

NZ shares gain as investors take a2 above \$9 bln, Air NZ climbs

New Zealand shares rose, led higher by another strong day for a2 Milk Co after signing a supply deal with Fonterra Cooperative Group, while Air New Zealand gained on a higher interim dividend. Tourism Holdings fell despite beating earnings expectations.

A2 Milk led the benchmark index higher, rising 9.8 percent to \$12.90 as investors continued to rally behind the milk marketing firm after stitching up a supply arrangement with Fonterra and reporting stronger first-half earnings than anticipated. The company's market capitalisation rose above \$10 billion during the day, placing a bigger value on it than Fonterra's \$9.77 billion, although at the end of trading a2 was worth \$9.42 billion.

Fonterra Shareholders' Fund units rose 1.2 percent to \$6.10, while a2's existing supplier Synlait Milk gained 1.5 percent to \$6.75, recovering some of yesterday's selloff over the new arrangement.

Air NZ rose 1.2 percent to \$3 after the national carrier lifted its interim dividend, despite posting a 7.4 percent decline in first-half earnings over rising fuel costs.

Fletcher Building gained 1.7 percent to \$6.50, recovering from a five-year low after yesterday's earnings result portrayed a soggy outlook for the

construction firm's other units. SkyCity Entertainment Group, which is facing off with Fletcher over the escalating cost of building the Auckland international convention centre, fell 4 percent to \$3.87, the biggest decline on the benchmark index.

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NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,980.839	68.619	▲	0.77%
S&P/NZX 50 Index	8,266.876	66.606	▲	0.81%
S&P/NZX MidCap Index	23,465.073	60.447	▼	0.26%
S&P/NZX SmallCap Index	56,796.447	93.203	▼	0.16%
S&P/NZAX All Index	562.617	2.113	▼	0.37%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,057.70	10.40	▲	0.17%
S&P/ASX 200	5,950.90	7.20	▲	0.12%
ASX Small Ordinaries	2,729.40	15.40	▲	0.57%
S&P/ASX MIDCAP 50	6,784.70	39.20	▲	0.58%
S&P/ASX 20	3,298.40	6.60	▲	0.20%
Foreign Markets Index				
	Last	Change		
S&P 500	2,703.75	2.42	▲	0.09%
Dow Jones	24,953.36	155.58	▲	0.63%
NASDAQ Composite	7,209.04	9.19	▼	0.13%
FTSE	7,252.39	29.18	▼	0.40%
ASX All Ordinaries	6,057.70	10.40	▲	0.17%
NIKKEI 225	21,736.44	234.37	▼	1.07%
HANG SENG INDEX	30,965.68	466.21	▼	1.48%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9364	0.0013	▼	0.14%
USD	0.7345	0.0027	▲	0.37%
CNY	4.6640	0.0210	▲	0.45%
EUR	0.5956			
CAD	0.9340	0.0046	▲	0.49%
GBP	0.5263	0.0005	▲	0.10%
JPY	78.3210	0.5335	▼	0.68%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.73			
10-year Swap	3.28			
Commodities Futures				
	Last	Change		
Gold	1,332.50	0.40	▲	0.03%
Silver	16.57	0.05	▼	0.28%
Crude Oil	62.68	1.00	▲	1.62%

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