

MORNING REPORT

As at 8.55 AM 24/08/2018

Web: www.equity.co.nz / E-mail: Info@equity.co.nz / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ

Top News

NZ shares drop as Air NZ, Ebos fall; F&P Healthcare, Auckland Airport gain

New Zealand shares dropped as investors picked a weaker outlook for Air New Zealand and Ebos. Fisher & Paykel Healthcare Corp and Auckland International Airport gained on expectations for continuing strong earnings growth.

The S&P/NZX 50 Index fell 22.47 points, or 0.2 percent, to 9,139.87. Within the index, 26 stocks fell, 20 rose and four were unchanged. Turnover was \$115.4 million.

Leading the index lower was Air New Zealand, down 4.3 percent to \$3.265. It lifted full-year pre-tax earnings 2.5 percent to \$540 million despite significantly higher fuel prices, but the airline is slightly more downbeat about the current financial year as those costs continue to push higher.

The company had expected to improve on 2017's \$527 million earnings based on an average jet fuel price of US\$60 per barrel. The price, however, increased 25 percent to US\$75 per barrel.

"After having been very strong for the last few days, and perhaps surprisingly strong given the known fuel cost and currency headwinds they'll face going into next year, it's a bit of reality," said Matt Goodson, managing director at Salt Funds Management. "The factors are no surprise. The business is still performing well in terms of the controllables, but the reality of those two things came home."

NZ dollar falls as US, China trade talks drag on

The New Zealand dollar fell as US and Chinese officials tried to find common ground in a protracted trade dispute that threatens to slow the global economy.

The kiwi dropped to 66.34 US cents as at 8am in Wellington from 66.68 cents yesterday. The trade-weighted index declined to 72.06 from 72.26.

China and the US implemented US\$16 billion of tariffs on each other's goods, bringing two-way tariffs to US\$100 billion in what's been a tit-for-tat dispute since US President Donald Trump took over the White House early last year. Low-level officials are in their second day of negotiations in an effort to avoid a further US\$200 billion of tariffs being imposed. At the same time, the Federal Reserve is raising interest rates as the US economy expands at a fast pace, stoking demand for the greenback.

"Low-level US-China talks continued for a second day in Washington but expectations are low for much progress and we might see some sort of joint statement by the end of the week," Bank of New Zealand senior markets strategist Jason Wong said in a note. "Against a backdrop of a stronger USD, the NZD slipped around 30 pips to 0.6670 in local trading and has slipped just over 30 pips in overnight trading."

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,949.94	24.42	▼	0.24%
S&P/NZX 50 Index	9,139.87	22.74	▼	0.25%
S&P/NZX MidCap Index	25,745.48	44.02	▼	0.17%
S&P/NZX SmallCap Index	63,838.27	511.11	▼	0.79%
S&P/NZAX All Index	547.34	4.04	▲	0.74%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,360.30	13.50	▼	0.21%
S&P/ASX 200	6,244.40	21.60	▼	0.34%
ASX Small Ordinaries	2,914.80	31.30	▲	1.09%
S&P/ASX MIDCAP 50	7,078.40	8.90	▼	0.13%
S&P/ASX 20	3,423.20	17.60	▼	0.51%
Foreign Markets Index				
	Last	Change		
S&P 500	2,856.98	4.84	▼	0.17%
Dow Jones	25,656.98	76.62	▼	0.30%
NASDAQ Composite	7,878.46	10.64	▼	0.13%
DAX	12,365.58	20.12	▼	0.16%
ASX All Ordinaries	6,360.30	13.50	▼	0.21%
NIKKEI 225	22,410.82	48.27	▲	0.22%
HANG SENG INDEX	27,790.46	137.12	▼	0.49%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9155	0.0044	▲	0.48%
USD	0.6637	0.0063	▼	0.94%
CNY	4.5640	0.0200	▼	0.44%
EUR	0.5750	0.0028	▼	0.48%
CAD	0.8680	0.0028	▼	0.32%
GBP	0.5179	0.0008	▼	0.15%
JPY	73.8145	0.2250	▼	0.30%
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	1,191.40	11.90	▼	0.99%
Silver	14.47	0.28	▼	1.90%
Crude Oil	67.87	0.01	▲	0.01%

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.

Do you need to make any changes to your portfolio?
www.equity.co.nz E-mail: Info@equity.co.nz

Contact Equity Investment Advisers today.
 Tel: +64 (9)304 0145 / NZ: 0800 474 669