

MORNING REPORT

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Top News

NZ shares down on Trump threats, A2 and Pushpay drop while Kathmandu rises

New Zealand shares dropped in light trading as local corporate news remained scarce, led lower by A2 Milk Co and Pushpay Holdings.

The S&P/NZX50 Index fell 82.98 points, or 0.9 percent, to 8,872.56. Within the index, 26 stocks fell, 15 rose and nine were unchanged. Turnover was \$75.3 million.

"We've had an offshore lead with slightly timid markets based on the currency and trade implications of what's going on from the Trump policies," said James Lindsay, senior portfolio manager at Nikko Asset Management. "In pretty thin trading we're off a bit - it's a continuation of the incredibly light market we've seen in the past couple of weeks. We're coming up towards reporting season and fewer companies are providing updates."

On Friday, US President Donald Trump said he was "ready to go" on imposing tariffs on all US\$500 billion of Chinese imports. Earlier this month, the US imposed tariffs on US\$34 billion of Chinese imports, prompting China to levy taxes on the same value of US products.

A2 Milk Co led the index lower, down 2.8 percent to \$10.45. Pushpay Holdings dropped 2.7 percent to \$3.95, Z Energy fell 2.5 percent to \$6.95, and Fletcher Building fell 1.9 percent to \$6.86.

NZ dollar falls as speculation over Bank of Japan stimulus drives up bond yields

The New Zealand dollar fell as mounting speculation the Bank of Japan will adjust its extraordinary stimulus programme drove up US government bond yields and as Chinese authorities added more support to lenders.

The kiwi declined to 67.82 US cents as at 8am in Wellington from 68.14 cents yesterday. The trade-weighted index was at 73.01 from 73.10 yesterday.

The yield on US 10-year Treasuries rose 7 basis points to a month-high 2.96 percent as investors weighed up the impact of a new policy framework for the Bank of Japan, which has been buying government bonds as a means to stir inflation in the world's third-biggest economy. Japan's central bank may review the framework controlling its yield curve to make it more sustainable, according to media reports. The kiwi traded at 75.57 yen from 75.60 yen yesterday.

"Japanese institutions are major investors in global fixed income markets (searching out higher returns than those available in Japan), and so the market is very sensitive to any potential changes that might incentivise them to switch back to JGBs (Japanese government bonds)," Bank of New Zealand interest rate strategist Nick Smyth said in a note.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,661.75	86.22	▼	0.88%
S&P/NZX 50 Index	8,872.56	82.98	▼	0.93%
S&P/NZX MidCap Index	25,544.45	60.46	▼	0.24%
S&P/NZX SmallCap Index	63,177.72	116.59	▼	0.18%
S&P/NZAX All Index	528.45	0.00	▲	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,320.10	57.30	▼	0.90%
S&P/ASX 200	6,227.60	58.30	▼	0.93%
ASX Small Ordinaries	2,831.60	26.70	▼	0.93%
S&P/ASX MIDCAP 50	6,981.90	77.30	▼	1.10%
S&P/ASX 20	3,449.90	30.70	▼	0.88%
Foreign Markets Index				
	Last	Change		
S&P 500	2,806.98	5.15	▲	0.18%
Dow Jones	25,044.29	13.83	▼	0.06%
NASDAQ Composite	7,841.87	21.67	▲	0.28%
FTSE	7,655.79	23.00	▼	0.30%
ASX All Ordinaries	6,320.10	57.30	▼	0.90%
NIKKEI 225	22,396.99	300.89	▼	1.33%
HANG SENG INDEX	28,256.12	31.64	▲	0.11%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9191	0.0030	▲	0.33%
USD	0.6785	0.0012	▼	0.18%
CNY	4.6100	0.0020	▲	0.04%
EUR	0.5802	0.0006	▲	0.10%
CAD	0.8934	0.0007	▲	0.08%
GBP	0.5178	0.0001	▼	0.02%
JPY	75.5620	0.1530	▼	0.20%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.55			
10-year Swap	3.03			
Commodities Futures				
	Last	Change		
Gold	1,224.40	6.70	▼	0.54%
Silver	15.40	0.15	▼	0.96%
Crude Oil	67.82	0.44	▼	0.64%

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