

MORNING REPORT

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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 fall as F&P Healthcare loses latest patent dispute

New Zealand shares fell to a four-month low, with Fisher & Paykel Healthcare among the hardest hit after the breathing mask maker lost the latest round in a wide-ranging patent dispute.

The S&P/NZX 50 index dropped 129.08 points, or 1.5 percent, to 8,673.18. Within the index, 34 stocks fell, 11 gained and five were unchanged. Turnover was \$146.3 million.

F&P Healthcare fell 4.4 percent to \$13.41 on average volumes. The Munich Regional Court upheld a patent claim by rival ResMed in the two-year dispute. The breathing apparatus makers have lodged suits and countersuits across multiple jurisdictions.

Shane Solly, a portfolio at Harbour Asset Management, said F&P Healthcare is a strong business with good assets but is finding ResMed a challenging competitor. That's at a time when the stock price is also high.

"It's already trading on a relatively full valuation," Solly said.

Stocks across Asia were weaker as investors gauge the impact of rising US interest rates on equities. The NZX 50's average price-to-earnings ratio is 17.35 times, the fifth-highest across regional stock indices tracked by Reuters, and the third highest average dividend yield at 5.5 percent.

NZ dollar in tight range as Europe rejects Italian budget

The New Zealand dollar traded in a relatively tight range after Europe rejected Italy's plans to run budget deficits, stoking fears over the region's growth.

The kiwi traded at 65.56 US cents as at 8am in Wellington from 65.40 cents yesterday. It was little changed at 57.13 euro cents from 57.09 cents.

Stock markets in Europe dropped with Germany's DAX 30 index down 2.2 percent as the European Commission rejected Italy's plan to incur a budget deficit of 2.4 percent of gross domestic product in 2019. Italy has three weeks to come up with an alternative, although Prime Minister Giuseppe Conte has said he can't accept substantial change. The yield on Italian 10-year government bonds rose 2 basis points to 3.6 percent.

Wall Street was more muted, with the Dow Jones Industrial Average down 0.1 percent in late trading after several companies, including Caterpillar, 3M and Hasbro missed earnings expectations. Added geopolitical uncertainty has been reflected in financial markets, with the VIX, known as Wall Street's fear gauge, recently at 20.55 compared to a 20-year moving average of 13.31.

"Kiwi is sitting a touch higher, even with markets in risk-off mode and commodity prices lower, with this cross finding some stability after recent USD strength," ANZ Bank New Zealand economists Liz Kendall and Miles Workman said in a note. "More USD strength is possible, and we see this cross lower in time, but price action is likely to be choppy."

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,472.55	130.66	▼ 1.36%
S&P/NZX 50 Index	8,673.18	129.08	▼ 1.47%
S&P/NZX MidCap Index	25,430.12	207.85	▼ 0.81%
S&P/NZX SmallCap Index	63,199.82	99.43	▲ 0.16%
S&P/NZAX All Index	546.03	15.90	▲ 3.00%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	5,944.90	61.30	▼ 1.02%
S&P/ASX 200	5,843.10	61.80	▼ 1.05%
ASX Small Ordinaries	2,660.80	25.80	▼ 0.96%
S&P/ASX MIDCAP 50	6,651.60	30.60	▼ 0.46%
S&P/ASX 20	3,209.70	41.80	▼ 1.29%

Foreign Markets Index			
	Last	Change	
S&P 500	2,743.24	12.64	▼ 0.46%
Dow Jones	25,229.15	88.26	▼ 0.35%
NASDAQ Composite	7,441.71	26.92	▼ 0.36%
DAX	11,284.92	239.42	▼ 2.08%
ASX All Ordinaries	5,944.90	61.30	▼ 1.02%
NIKKEI 225	22,010.78	604.04	▼ 2.67%
HANG SENG INDEX	25,346.55	806.60	▼ 3.08%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9252	0.0001	▼ 0.01%
USD	0.6556	0.0004	▲ 0.06%
CNY	4.5490	0.0020	▼ 0.04%
EUR	0.5714	0.0002	▼ 0.03%
CAD	0.8582	0.0002	▼ 0.02%
GBP	0.5049	0.0006	▼ 0.12%
JPY	73.7165	0.2075	▼ 0.28%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.38	
10-year Swap	2.89	

Commodities Futures			
	Last	Change	
Gold	1,233.50	8.90	▲ 0.73%
Silver	14.77	0.18	▲ 1.25%
Crude Oil	66.38	2.98	▼ 4.30%

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www.equity.co.nz E-mail: Info@equity.co.nz

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