

MORNING REPORT

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Top News

NZ shares fall for fourth day as Fletcher hits 6-month low

New Zealand shares fell for a fourth session as Fletcher Building dropped to a six-month low and dairy companies A2 Milk and Synlait Milk remained under pressure.

The S&P/NZX 50 index declined 30.94 points, or 0.4 percent, to 8,642.24. Within the index, 26 stocks fell, 19 gained and five were unchanged. Turnover was \$140.3 million.

Fletcher was one of the more active stocks with 2.8 million shares traded, almost twice the normal volume. The stock fell 2.9 percent to \$5.71, the lowest close since mid-April.

Greg Smith, head of research at Fat Prophets, said Fletcher doesn't have the tailwind of a booming building sector, and investors are still waiting on the outcome of the sale of its international business.

"It looks like suggestions the share price bottomed out around \$6 in September proved premature," he said.

Synlait led the market lower, dropping 5 percent to \$8.70 on light volumes while A2 declined 1.5 percent to \$10.10. The milk processor and milk marketing firm have been strong performers on the benchmark index over the past two years. They have given up some of those gains in recent months as investors reassess the optimism built into the share price over future earnings.

Chorus fell 1.4 percent to \$4.485 after reaching an arrangement with the government setting price caps until a new regulatory regime comes into effect in 2020. Spark New Zealand, the biggest user of the regulated lines, was unchanged at \$3.86. The stock was the most traded today on a volume of 3.8 million.

NZ dollar falls as heightened uncertainty dents appetite for riskier assets

The New Zealand dollar fell against a broadly stronger greenback as heightened volatility in financial markets weighed on risk-sensitive assets such as the kiwi.

The local currency declined to 65.22 US cents as at 8am in Wellington from 65.61 cents yesterday. The trade-weighted index decreased to 71.67 from 71.91.

Stocks on Wall Street were weaker with the Dow Jones Industrial Average down 1.3 percent in late trading as heightened uncertainty over global growth encouraged investors to seek more defensive assets such as bonds. The US dollar index gained 0.5 percent and the VIX - Wall Street's fear gauge - climbed 14 percent to 23.68, well above the 20-year moving average of 13.35. Weak European manufacturing surveys added to the negative sentiment.

"There's a clear asset allocation rotation going on behind the scenes, out of equities and into fixed income, and out of cyclicals into defensives, due to fears about the global growth outlook," Bank of New Zealand senior markets strategist Jason Wong said in a note. "Against a backdrop of broad USD strength, the NZD is probing fresh lows for the week."

Local data today include September merchandise trade figures, which are expected to show a monthly trade deficit of \$1.37 billion.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,435.57	36.98	▼ 0.39%
S&P/NZX 50 Index	8,642.24	30.94	▼ 0.36%
S&P/NZX MidCap Index	25,365.23	64.89	▼ 0.26%
S&P/NZX SmallCap Index	62,778.99	420.83	▼ 0.67%
S&P/NZAX All Index	541.86	4.17	▼ 0.76%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	5,926.50	18.40	▼ 0.31%
S&P/ASX 200	5,829.00	14.10	▼ 0.24%
ASX Small Ordinaries	2,640.80	20.00	▼ 0.75%
S&P/ASX MIDCAP 50	6,601.50	50.10	▼ 0.75%
S&P/ASX 20	3,206.00	3.70	▼ 0.12%

Foreign Markets Index			
	Last	Change	
S&P 500	2,665.56	75.13	▼ 2.74%
Dow Jones	24,669.46	521.97	▼ 2.07%
NASDAQ Composite	7,137.68	299.86	▼ 4.03%
DAX	11,191.63	82.65	▼ 0.73%
ASX All Ordinaries	5,926.50	18.40	▼ 0.31%
NIKKEI 225	22,091.18	80.40	▲ 0.37%
HANG SENG INDEX	25,249.78	96.77	▼ 0.38%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9236	0.0011	▼ 0.12%
USD	0.6524	0.0029	▼ 0.44%
CNY	4.5290	0.0180	▼ 0.40%
EUR	0.5727	0.0014	▲ 0.25%
CAD	0.8504	0.0068	▼ 0.79%
GBP	0.5064	0.0018	▲ 0.36%
JPY	73.2155	0.4615	▼ 0.63%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.38	
10-year Swap	2.88	

Commodities Futures			
	Last	Change	
Gold	1,234.80	2.00	▼ 0.16%
Silver	14.69	0.10	▼ 0.66%
Crude Oil	66.34	0.09	▼ 0.14%

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