



MORNING REPORT

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Top News

NZ dollar falls ahead of RBNZ review; Fed hikes key rate

The New Zealand dollar fell ahead of the Reserve Bank's policy review which is expected to keep the door open for a rate cut despite strong economic growth and recovering business confidence.

Governor Adrian Orr is expected to keep the official cash rate at 1.75 percent at today's review. Recent data showed New Zealand's economy grew faster than expected in the second quarter, prompting traders to dial back their predictions for a rate cut, although Orr is likely to keep the door open to a lower rate.

New Zealand's review follows the Federal Open Market Committee meeting, where central bankers raised the federal funds rate to a range of 2-to-2.25 percent. The Fed's statement stopped calling policy accommodative, which initially stumped traders. Fed chair Jerome Powell said the change didn't affect the interest rate path.

Trade tensions also featured at the United Nations overnight where US President Donald Trump accused China of attempting to interfere with the upcoming midterm elections. The stoush between the nations has weighed on the currencies of New Zealand and Australian, both of which count China as their biggest trading partner. The kiwi traded at 91.62 Australian cents from 91.72 cents yesterday and declined to 4.5741 Chinese yuan from 4.5826 yuan.

NZ shares edge up; rising oil prices keep Air NZ cautious

New Zealand shares edged higher as improved confidence lifted building and tourism stocks. Rising oil prices kept investors nervous about higher energy costs for companies, and was identified as a headwind for Air New Zealand at its annual meeting.

Air New Zealand's annual meeting was the highlight for the day and came in the week Brent crude prices rose above US\$80 a barrel for the first time in four years. The national carrier enjoyed record earnings in recent years but has warned rising jet fuel costs will weigh on earnings. The shares slipped 0.3 percent to \$3.06.

Auckland International Airport fell 0.8 percent to \$7.39. The airport operator raised \$150 million through a six-year bond offer.

If energy costs continue to rise, Smith said that will probably keep weighing on global equity markets, especially with the Federal Reserve poised to hike interest rates tomorrow and likely to do so again in December.

Z Energy and New Zealand Refining were both unchanged at \$7.25 and \$2.58 respectively. Tourism Holdings increased 1.4 percent to \$5.68, Mainfreight gained 1.3 percent to \$30.21, and Freightways rose 0.9 percent to \$7.75.

Fletcher Building led the market higher, up 2.2 percent \$6.49. Chorus increased 1.7 percent to \$4.84, while Arvida Group gained 1.5 percent to \$1.36 and Scales Corp advanced 1.5 percent to \$4.90.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	10,172.57	5.59	▲ 0.05%
S&P/NZX 50 Index	9,349.85	3.89	▲ 0.04%
S&P/NZX MidCap Index	26,757.86	90.84	▲ 0.34%
S&P/NZX SmallCap Index	63,872.33	57.22	▲ 0.09%
S&P/NZAX All Index	535.06	0.58	▲ 0.11%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,307.80	8.70	▲ 0.14%
S&P/ASX 200	6,192.30	6.40	▲ 0.10%
ASX Small Ordinaries	2,837.80	15.90	▲ 0.56%
S&P/ASX MIDCAP 50	7,048.70	16.10	▲ 0.23%
S&P/ASX 20	3,417.60	1.50	▼ 0.04%

Foreign Markets Index			
	Last	Change	
S&P 500	2,905.97	9.59	▼ 0.33%
Dow Jones	26,385.28	106.93	▼ 0.40%
NASDAQ Composite	7,990.37	17.10	▼ 0.21%
DAX	12,385.89	11.23	▲ 0.09%
ASX All Ordinaries	6,307.80	8.70	▲ 0.14%
NIKKEI 225	24,033.79	93.53	▲ 0.39%
HANG SENG INDEX	27,816.87	317.48	▲ 1.15%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9174	0.0002	▲ 0.02%
USD	0.6658	0.0009	▲ 0.14%
CNY	4.5760	0.0130	▲ 0.28%
EUR	0.5669	0.0019	▲ 0.34%
CAD	0.8669	0.0058	▲ 0.67%
GBP	0.5054	0.0011	▲ 0.22%
JPY	75.0490	0.0585	▼ 0.08%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.43	
10-year Swap	2.95	

Commodities Futures			
	Last	Change	
Gold	1,198.50	6.60	▼ 0.55%
Silver	14.35	0.14	▼ 0.95%
Crude Oil	71.97	0.31	▼ 0.43%

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