



MORNING REPORT

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Top News

NZ dollar gets a lift from US-Mexico deal; focus still on China

The New Zealand dollar was higher against the greenback as risk appetite was buoyed by news the US and Mexico had agreed to a trade deal, with Canada set to rejoin the talks later in the global trading day.

Global risk appetite got a lift when the US and Mexico reached a trade agreement that will replace a soon-to-be-terminated NAFTA bill, according to both presidents in a joint announcement. At this stage, public details are still scant and Canada has still not been made privy to the deal. Talks between the US and Canada are expected to start Tuesday (US time) with Foreign Affairs Minister Chrystia Freeland travelling to Washington.

However, both the New Zealand dollar and the Australian dollar "were somewhat reluctant participants in this risk rally," said Philip Borkin, senior macro strategist for ANZ Bank. According to Borkin, there is likely one reason: China.

Borkin expects the kiwi to remain subdued and said it has support around 66.30 US cents and resistance at 67.10 US cents.

Investors will be digesting a speech from Prime Minister Jacinda Ardern this morning, aimed at the business sector. However, the key risk for the kiwi this week is the ANZ Business Confidence survey later in the week given the concerns around waning business confidence.

NZ shares hit record; Synlait, a2 gain while Sky TV, Z Energy drop

New Zealand shares hit a record, led higher by Synlait Milk and a2 Milk Co while Sky Network Television continued Friday's decline.

Synlait led the index higher, up 6.2 percent to \$12.20, while a2 Milk rose 3 percent to \$12.18. A2's shares have risen 9.4 percent since it announced its full-year results last week. It more than doubled net profit to \$195.7 million in the June year as it widened margins and increased infant formula sales. Synlait is due to announce its full-year earnings on Sept. 19.

Vector rose 2.5 percent to \$3.34, Auckland International Airport gained 2.5 percent to \$7.12 and Skellerup Holdings advanced 2.4 percent to \$2.17. Metlifecare rose 1.6 percent to \$6.35. New Zealand's second-largest listed retirement village operator reported a stronger underlying profit on improved revenue in 2018. Its headline profit weakened because of the smaller revaluation gains it made on its property portfolio as the housing market moderated.

Chorus was unchanged at \$4.41. The telecommunications network operator's annual profit fell 24 percent to \$85 million, as it slowed the number of customers switching to different providers or technologies in an increasingly competitive market. Revenue slipped 4.8 percent to \$990 million.

Sky TV was the worst performer, down 4.3 percent to \$2.45. Last Friday, the pay-TV provider wrote \$360 million off its value, resulting in a \$240.7 million annual loss.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	10,021.00	50.36	▲	0.51%
S&P/NZX 50 Index	9,206.43	45.54	▲	0.50%
S&P/NZX MidCap Index	25,819.61	70.96	▲	0.28%
S&P/NZX SmallCap Index	63,823.83	234.75	▲	0.37%
S&P/NZAX All Index	545.74	0.00	▼	0.00%

ASX Index				
Index	Last		Change	
ASX All Ordinaries	6,381.10	23.20	▲	0.36%
S&P/ASX 200	6,268.90	21.60	▲	0.35%
ASX Small Ordinaries	2,897.00	0.40	▲	0.01%
S&P/ASX MIDCAP 50	7,120.70	35.10	▲	0.50%
S&P/ASX 20	3,444.30	13.60	▲	0.40%

Foreign Markets Index				
	Last		Change	
S&P 500	2,896.74	22.05	▲	0.77%
Dow Jones Industrial Average	26,049.64	259.29	▲	1.01%
NASDAQ Composite	8,017.90	71.92	▲	0.91%
DAX PERFORMANCE-INDEX	12,538.31	143.79	▲	1.16%
ASX All Ordinaries	6,381.10	23.20	▲	0.36%
NIKKEI 225	22,799.64	197.87	▲	0.88%
HANG SENG INDEX	28,271.27	599.40	▲	2.17%

Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9119	0.0001	▲	0.01%
USD	0.6695	0.0017	▲	0.25%
CNY	4.5650	0.0120	▲	0.26%
EUR	0.5735	0.0001	▼	0.02%
CAD	0.8677	0.0016	▼	0.18%
GBP	0.5196	0.0000		0.00%
JPY	74.3540	0.0210	▼	0.03%

NZ Interest Rates				
	Last		Change	
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.37			
10-year Swap	2.87			

Commodities Futures				
	Last		Change	
Gold	1,217.50	4.20	▲	0.35%
Silver	14.85	0.06	▲	0.41%
Crude Oil	68.95	0.23	▲	0.33%

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