

## Equity Investment Advisers Morning Report

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### Top News

#### NZ dollar tumbles vs euro as Draghi talks up European economic outlook

The New Zealand dollar dropped to a two-week low against the euro after European Central Bank president Mario Draghi talked up the prospects for Europe's economic recovery and signs that inflation is stirring.

Draghi said at the ECB's annual policy forum in Portugal that "all the signs now point to a strengthening and broadening recovery in the euro area." He added that deflationary forces "have been replaced by reflationary ones" and the ECB will be able to adjust policy to keep pace - a signal that the end may be in sight for the central bank's prolonged period of extraordinarily stimulatory monetary policy.

#### Stocks slide after Yellen speech

Equities on both sides of the Atlantic fell as central bank chiefs signalled an easing of monetary stimulus.

Speaking in London, Federal Reserve Chair Janet Yellen did little to suggest US policy makers have altered plans for a third interest rate hike later this year, saying "it will be appropriate to the attainment of our goals to raise interest rates very gradually."

The Dow slid as declines in shares of Verizon and those of Microsoft outweighed gains in shares of JPMorgan Chase and those of Home Depot. Shares of Alphabet, the parent of Google, slid after the European Union antitrust regulator slapped Google with a record US\$2.7 billion fine for manipulating search results to favour some of its own services over those of rivals.

#### NZX 50 hits record as Comvita downplays rust outbreak; Tower gains on takeover

New Zealand shares rose to a new record, led by a recovery in Comvita after the manuka honey health products maker downplayed the impact the Myrtle Rust fungal disease would have on the wider industry, while Tower jumped on news its board was backing an Australian takeover bid.

Comvita led the benchmark index higher, rising 6.7 percent to a month-high close of \$5.87 after the Te Puke-based company said Myrtle Rust posed a low risk to the manuka honey industry based on Australia's experience.

Sky Network Television increased 1.5 percent to \$3.37 having slumped to near an eight-year low yesterday after giving up on a planned merger with Vodafone New Zealand. Spark New Zealand, which staunchly opposed such a deal, gained 1.3 percent \$3.89.

Outside the benchmark index, Tower jumped 15 percent to \$1.33 after the board gave its blessing to a takeover bid by Australia's Suncorp Group. The ASX-listed owner of Vero Insurance New Zealand is offering \$1.40 a share for Tower, valuing the general insurer at \$236 million, and will need regulatory and shareholder approval to get over the line.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,263	36	↑	0.4%
S&P/NZX 50 Index	7,626	31	↑	0.4%
S&P/NZX Mid Cap Index	21,468	43	↑	0.2%
S&P/NZX Small Cap	50,647	497	↑	1.0%
S&P/NZAX All Index	595	6	↑	1.1%

ASX Index				
Index	Last	Change		
ALL ORDINARIES	5,753	6	↓	0.1%
S&P/ASX 200	5,714	6	↓	0.1%
S&P/ASX SMALL ORD	2,362	3	↓	0.1%
S&P/ASX MIDCAP 50	6,277	10	↓	0.2%
S&P/ASX 20	3,213	1	↓	

Foreign Markets Index				
	Last	Change		
S&P 500	2,419.38	19.69	↓	0.81%
DJIA	21,310.66	98.89	↓	0.46%
Nasdaq	6,146.62	100.53	↓	1.61%
FTSE 100	7,434.36	12.44	↓	0.17%
ALL ORDINARIES	5,753.00	6.00	↓	0.1%
Nikkei 225	20,225.09	71.74	↑	0.36%
Hang Seng	25,839.99	31.90	↓	0.12%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9588	0.0001	↓	0.01%
USD	0.7270		↓	
CNY	4.9520		↓	
EUR	0.6411	0.0002	↓	0.03%
CAD	0.9594	0.0004	↓	0.04%
GBP	0.5672	0.0003	↓	0.05%
JPY	81.6725	0.0045	↑	0.01%

NZ Interest Rates		
	Last	Change
NZ OCR	1.750	↓
3-month Bank Bill	1.960	↓
5-year Swap	2.685	↓
10-year Swap	3.128	↓

Commodities			
	Last	Change	
Spot Gold \$US	1,246.82	0.07	↓ 0.01%
Spot Silver \$US	16.65	0.02	↓ 0.12%
Oil(WTI)	44.21	0.83	↑ 1.91%

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