



## MORNING REPORT

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### Top News

#### NZ dollar gains as Fed's Clarida backs gradual US rate hikes; RBNZ looms

The New Zealand dollar gained as Federal Reserve vice chair Richard Clarida backed the central bank's gradual approach to raising interest rates, and ahead of the Reserve Bank's six-monthly report on financial stability.

The yield on 10-year US Treasuries fell 2 basis points to 3.5 percent after Clarida said risks to the US economy have diminished and the Fed has greater scope to gather data when setting the federal funds rate. His speech was interpreted as dialling back comments earlier this month that the Fed could pause interest rate hikes as early as March next year. Chair Jerome Powell's speech tomorrow will be closely watched as rising US rates pushed the 10-year Treasury yield to a seven-year high, sapping demand for equities.

Meanwhile, the Reserve Bank will release its financial stability report today and may loosen its restrictions on high loan-to-value mortgage lending. Governor Adrian Orr will front a media briefing and select committee hearing on the report.

US President Donald Trump told the Wall Street Journal it was highly unlikely he won't increase tariffs further on Chinese goods, saying if he can't reach a deal an additional US\$267 billion will be imposed. The interview comes ahead of the G20 leaders' summit in Buenos Aires, where Trump will meet his Chinese counterpart Xi Jinping on the sidelines to discuss trade. The dispute between the two nations has spilled over to the rest of the world and is seen as a drag on global growth.

#### NZ shares rise as upbeat Wall St bolsters A2, blue chips

New Zealand shares followed Wall Street higher as global events remain top of mind for investors, underpinning growth stock A2 Milk Co and blue-chip firms such as Spark New Zealand and Fletcher Building.

Stocks across Asia largely followed Wall Street's cues as the outlook for US interest rates and trade tensions between the US and China overshadow domestic news. Speeches by Federal Reserve vice chair Richard Clarida and chair Jerome Powell, and a meeting between US President Donald Trump and his Chinese counterpart Xi Jinping on the sidelines of the G20 leaders' meeting are keenly awaited.

A2 led the market higher, up 2 percent to \$10.40 on lighter volumes than usual, while Ryman Healthcare rose 1.6 percent to \$11.21 on average volumes.

Fisher & Paykel Healthcare extended its gain, up 1.1 percent to \$13.45. The breathing apparatus maker reported a 20 percent increase in first-half profit yesterday, which Lister said was a solid result that investors liked.

Trade Me was the most traded stock with 3.4 million shares changing hands, compared to its 90-day average of 450,000. The price was unchanged at \$6, below the \$6.40 price British private equity firm Apax Partners has put forward as an indicative offer.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,439.35	8.10	▲	0.09%
S&P/NZX 50 Index	8,673.82	11.45	▲	0.13%
S&P/NZX MidCap Index	25,720.78	141.90	▼	0.55%
S&P/NZX SmallCap Index	60,012.83	227.13	▼	0.38%
S&P/NZAX All Index	517.24	1.39	▲	0.27%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	5,802.80	53.20	▲	0.93%
S&P/ASX 200	5,728.30	56.70	▲	1.00%
ASX Small Ordinaries	2,547.40	24.50	▲	0.97%
S&P/ASX MIDCAP 50	6,283.10	70.40	▲	1.13%
S&P/ASX 20	3,204.00	32.70	▲	1.03%
Foreign Markets Index				
	Last	Change		
S&P 500	2,676.05	2.60	▲	0.10%
Dow Jones Industrial Average	24,684.65	44.41	▲	0.18%
NASDAQ Composite	7,068.82	13.04	▼	0.18%
DAX PERFORMANCE-INDEX	11,309.11	45.61	▼	0.40%
ASX All Ordinaries	5,802.80	53.20	▲	0.93%
NIKKEI 225	21,952.40	140.40	▲	0.64%
HANG SENG INDEX	26,331.96	44.22	▼	0.17%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9396	0.0017	▲	0.18%
USD	0.6786	0.0017	▲	0.25%
CNY	4.7170	0.0140	▲	0.30%
EUR	0.6009	0.0034	▲	0.57%
CAD	0.9025	0.0054	▲	0.60%
GBP	0.5330	0.0045	▲	0.85%
JPY	77.2105	0.3175	▲	0.41%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.47			
10-year Swap	2.94			
Commodities Futures				
	Last	Change		
Gold	1,212.90	9.50	▼	0.78%
Silver	14.09	0.11	▼	0.81%
Crude Oil	51.61	0.02	▼	0.04%

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