

MORNING REPORT

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Top News

NZ shares fall as A2 extends decline, property stocks lose shine

New Zealand shares fell as A2 Milk Co extended its decline since its chief executive sold down her holding. Rising bond yields also dimmed the lustre of property stocks.

The S&P/NZX 50 index dropped 63.45 points, or 0.7 percent, to 9,286.40. Within the index 36 stocks fell, seven gained and seven were unchanged. Turnover was \$120.9 million.

The local market followed Wall Street's lead after the Federal Reserve raised its key interest rate. Global bond yields have been increasing since US President Donald Trump this month introduced smaller tariffs on Chinese goods than earlier feared. New Zealand's 10-year government bond yield has climbed 13 basis points to 2.91 percent in the past fortnight.

Rate-sensitive property stocks were weaker after the Fed's move today and as New Zealand's Reserve Bank held the official cash rate at 1.75 percent. Goodman Property Trust fell 2.2 percent to \$1.535, Vital Healthcare Property Trust declined 0.9 percent to \$2.12, Kiwi Property Group decreased 0.7 percent to \$1.40 and Precinct Properties New Zealand slipped 0.7 percent to \$1.44.

"We have seen bond yields rise a little in New Zealand this month and more so globally," said Matt Goodson, managing director at Salt Funds Management. "Their run over the last few days has been a little bit incongruous and they're certainly giving that back in a hurry today."

A2 fell 2.5 percent to \$11.55. It's shed 7.7 percent since CEO Jayne Hrdlicka disclosed a share sale at a time when the stock was being added to the FTSE index at the end of last week.

Goodson said the stock has been under pressure since Hrdlicka's sale because she had been upbeat in investor presentations about the company.

NZ dollar falls as Fed rate hike, Italian debt debate boost greenback

The New Zealand dollar fell against a stronger greenback as higher US interest rates and an upcoming debate on Italy's fiscal health buoyed the world's reserve currency.

The kiwi declined to 66.14 US cents from 66.54 cents yesterday. It traded at 56.74 euro cents from 56.62 cents yesterday.

The US dollar index advanced 0.8 percent as the Fed's track for higher rates continued to make the greenback an increasingly attractive investment, as other central banks including New Zealand are seen keeping monetary policy unchanged. Meanwhile, the euro fell 0.7 percent ahead of Italy's budget debate where it's feared politicians may not be able to meet European Union debt rules. The yield on 10-year Italian government bonds rose 8 basis points to 2.92 percent.

"A last minute dispute between Italy's two deputy PMs and the finance minister over a demand for extra spending and thus the size of the fiscal deficit, got the market's attention and saw a weaker euro and higher Italian bond yields," Bank of New Zealand senior markets strategist Jason Wong said in a note. "The USD is stronger across the board which sees the NZD

NZX Index			
Index	Last	Change	
S&P/NZX All Index	10,106.36	85.01	▼ 0.83%
S&P/NZX 50 Index	9,286.40	81.19	▼ 0.87%
S&P/NZX MidCap Index	26,613.31	173.94	▼ 0.65%
S&P/NZX SmallCap Index	63,778.27	132.77	▼ 0.21%
S&P/NZAX All Index	537.87	2.81	▲ 0.52%
ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,299.30	8.50	▼ 0.13%
S&P/ASX 200	6,181.20	11.10	▼ 0.18%
ASX Small Ordinaries	2,855.80	18.00	▲ 0.63%
S&P/ASX MIDCAP 50	7,051.80	3.10	▲ 0.04%
S&P/ASX 20	3,407.00	10.60	▼ 0.31%
Foreign Markets Index			
	Last	Change	
S&P 500	2,914.00	8.03	▲ 0.28%
Dow Jones	26,439.93	54.65	▲ 0.21%
NASDAQ Composite	8,041.97	51.60	▲ 0.65%
DAX	12,435.59	49.70	▲ 0.40%
ASX All Ordinaries	6,299.30	8.50	▼ 0.13%
NIKKEI 225	23,796.74	237.05	▼ 0.99%
HANG SENG INDEX	27,715.67	101.20	▼ 0.36%
Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9176	0.0005	▲ 0.05%
USD	0.6613	0.0045	▼ 0.68%
CNY	4.5550	0.0220	▼ 0.48%
EUR	0.5678	0.0010	▲ 0.18%
CAD	0.8627	0.0041	▼ 0.47%
GBP	0.5056	0.0001	▲ 0.02%
JPY	74.9610	0.0710	▼ 0.09%
NZ Interest Rates			
	Last	Change	
NZ OCR	1.75		
3-month Bank Bill	1.94		
5-year Swap	2.41		
10-year Swap	2.92		
Commodities Futures			
	Last	Change	
Gold	1,186.50	12.60	▼ 1.05%
Silver	14.27	0.13	▼ 0.91%
Crude Oil	72.12	0.55	▲ 0.77%

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