



MORNING REPORT

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Top News

Italian turmoil hits European stocks, euro

European stocks and the euro moved lower amid concern new elections in Italy might spark fresh debate about a break-up of the region's single currency, while oil extended its slide amid signs OPEC and its partners are planning to lift production.

Fresh Italian elections might happen as early as the fall after President Sergio Mattarella ended a bid by two populist parties to nominate a euro-sceptic as the nation's finance minister, which prompted the collapse of efforts to form a government. On Monday Mattarella named Carlo Cottarelli, a former International Monetary Fund official, as interim prime minister to set up a technocratic cabinet.

Oil dropped, extending Friday's slide and erasing May's gains, amid concern Saudi Arabia and Russia are planning to lift output.

In the US, financial markets were closed on Monday for the Memorial Day holiday.

NZ dollar gains vs euro as Italy struggles to form government, US holiday keeps trading subdued

The New Zealand dollar rose against the euro as Italian president Sergio Mattarella tried again to form a coalition government after rejecting a eurosceptic finance minister proposed by the 5-star Movement and the far-right League.

With little economic news scheduled today, traders will watch for May consumer confidence data in Australia, unemployment figures in Japan and tonight, US May consumer confidence.

The kiwi dollar didn't move much yesterday after the government said it will try to eradicate the Mycoplasma bovis outbreak at a cost of \$886 million over the next decade. That was cheaper than the \$1.2 billion price tag of long-term management, although New Zealand would be the first country eradicate the disease if successful.

NZ shares edge up; Spark, Arvida gain while Scales, Fisher & Paykel fall

New Zealand shares edged higher, led by Spark New Zealand and Arvida Group, while Scales Corp and Fisher & Paykel Healthcare weakened.

Spark was the best performer, rising 2.4 percent to \$3.635 having outlined plans to accelerate restructuring last week, while Arvida gained 2.4 percent ahead of an earnings announcement tomorrow and Fletcher Building increased 2 percent to \$6.68.

Investore Property rose 1.4 percent to \$1.48. The large-format retail landlord, spun out of Stride Property, boosted annual earnings 16 percent as the acquisition of three Bunnings stores added to rental income and reduced its reliance on Countdown supermarkets.

Kathmandu Holdings was the worst performer, down 2.8 percent to \$2.43, while Fonterra Shareholders Fund fell 1.9 percent to \$5.23 in continued weakness since it last week cut its projected dividend payments as increased global dairy prices pushed up what it plans to pay to its farmers.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,414.78	8.97	▲ 0.10%
S&P/NZX 50 Index	8,645.20	6.80	▲ 0.08%
S&P/NZX MidCap Index	25,066.41	28.03	▼ 0.11%
S&P/NZX SmallCap Index	61,194.24	116.59	▲ 0.19%
S&P/NZAX All Index	515.37	3.91	▼ 0.75%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,113.60	27.40	▼ 0.45%
S&P/ASX 200	6,004.00	28.80	▼ 0.48%
ASX Small Ordinaries	2,800.80	5.40	▼ 0.19%
S&P/ASX MIDCAP 50	6,792.80	0.70	▼ 0.01%
S&P/ASX 20	3,298.40	24.70	▼ 0.74%

Foreign Markets Index			
	Last	Change	
S&P 500	2,721.33	6.43	▼ 0.24%
Dow Jones	24,753.09	58.67	▼ 0.24%
NASDAQ Composite	7,433.85	9.42	▲ 0.13%
FTSE	7,730.28	13.54	▲ 0.18%
ASX All Ordinaries	6,113.60	27.40	▼ 0.45%
NIKKEI 225	22,481.09	30.30	▲ 0.13%
HANG SENG INDEX	30,792.26	204.22	▲ 0.67%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9196	0.0046	▲ 0.50%
USD	0.6937	0.0019	▲ 0.27%
CNY	4.4400	0.0170	▲ 0.38%
EUR	0.5967	0.0047	▲ 0.79%
CAD	0.9016	0.0044	▲ 0.49%
GBP	0.5213	0.0016	▲ 0.31%
JPY	75.9075	0.0375	▼ 0.05%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.66	
10-year Swap	3.14	

Commodities Futures			
	Last	Change	
Gold	1,297.50	6.90	▼ 0.53%
Silver	16.48	0.21	▼ 1.24%
Crude Oil	66.47	4.24	▼ 6.00%

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