



MORNING REPORT

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Top News

NZ dollar jumps as Fed chair Powell signals pause to rate hikes

The New Zealand dollar jumped three-quarters of a US cent after Federal Reserve chair Jerome Powell was seen as signalling a pause in interest rate hikes that have buoyed the greenback this year.

The yield on US 10-year Treasuries fell 1 basis point to 3.05 percent and the US dollar index declined 0.6 percent after Powell said the federal funds rate was just below neutral and that it will take time to understand the impact of the Fed's recent rate hikes.

The Fed's rate track has been pushing up global interest rates and underpinned the greenback, to the dismay of the White House, and President Donald Trump reiterated his criticism of that policy track in the lead-up to Powell's speech. The yield on US 10-year Treasuries is 41 basis points higher than that of its New Zealand equivalent, having been as much as 60 basis points higher earlier this month.

Local data today include the ANZ business outlook, which has been showing weaker confidence and slowing activity among New Zealand firms. The Reserve Bank will also release updated TWI weightings today.

NZ shares gain, led higher by growth stocks Pushpay, A2

New Zealand shares joined an Asia-wide rally, led higher by export-focused growth stocks Pushpay Holdings and A2 Milk, two of the bourse's most volatile stocks.

Stocks across Asia followed Wall Street higher as investors were buoyed by upbeat comments from White House economic adviser Larry Kudlow that the US could reach a deal with China. The two nations have been embroiled in an 18-month trade dispute which has weighed on global economic growth.

Growth stocks have been hit hardest by the trade tensions, coming at the same time as rising US interest rates have dulled the allure of stocks.

Pushpay, which derives most of its income in the US, rose 4.9 percent to \$3.22 on average volumes and extended its recovery from a 12-month low last week. A2, which has benefited from strong Chinese demand for its products, gained 3.7 percent to \$10.78.

New Zealand has tried to tread carefully amid tensions between the US and China, given the size of both export markets. However, today the Government Communications Security Bureau rejected Spark New Zealand's application to use Huawei equipment in building a 5G mobile network. The intelligence agency cited a national security risk over the use of the Chinese vendor.

Spark shares were unchanged at \$4.12 in lighter trading than usual of 1.6 million shares. They had been trading at \$4.16 prior to the Huawei announcement.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,480.54	37.88	▲ 0.40%
S&P/NZX 50 Index	8,713.96	36.96	▲ 0.43%
S&P/NZX MidCap Index	25,830.56	87.78	▲ 0.34%
S&P/NZX SmallCap Index	59,942.99	69.85	▼ 0.12%
S&P/NZAX All Index	514.25	2.99	▼ 0.58%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	5,800.10	2.70	▼ 0.05%
S&P/ASX 200	5,725.10	3.20	▼ 0.06%
ASX Small Ordinaries	2,552.30	4.90	▲ 0.19%
S&P/ASX MIDCAP 50	6,290.10	7.00	▲ 0.11%
S&P/ASX 20	3,196.80	7.20	▼ 0.22%

Foreign Markets Index			
	Last	Change	
S&P 500	2,727.83	45.66	▲ 1.70%
Dow Jones Industrial Average	25,293.64	544.91	▲ 2.20%
NASDAQ Composite	7,246.74	164.04	▲ 2.32%
DAX PERFORMANCE-INDEX	11,298.88	10.23	▼ 0.09%
ASX All Ordinaries	5,800.10	2.70	▼ 0.05%
NIKKEI 225	22,177.02	224.62	▲ 1.02%
HANG SENG INDEX	26,682.56	350.60	▲ 1.33%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9405	0.0006	▲ 0.06%
USD	0.6880	0.0088	▲ 1.30%
CNY	4.7850	0.0640	▲ 1.36%
EUR	0.6046	0.0032	▲ 0.53%
CAD	0.9130	0.0098	▲ 1.09%
GBP	0.5359	0.0027	▲ 0.51%
JPY	78.0960	0.8205	▲ 1.06%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.44	
10-year Swap	2.91	

Commodities Futures			
	Last	Change	
Gold	1,222.10	8.70	▲ 0.72%
Silver	14.28	0.20	▲ 1.43%
Crude Oil	51.26	0.30	▼ 0.58%

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