

MORNING REPORT

As at 8.50 AM 29/10/2018

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Top News

NZ shares mixed as global investors spooked by Amazon, Google results

New Zealand shares were mixed as weaker than expected earnings from global tech giants spooked investors already wary of over-valued equity markets.

The S&P/NZX 50 index edged up 0.17 of a point, or 0.002 percent, to 8,568.40, snapping a five-day decline. Within the index, 21 stocks gained, 20 fell and nine were unchanged. Turnover was \$121.7 million.

The local bourse teetered between positive and negative territory after results from Amazon and Google missed expectations, casting a pall across Asian equity markets. Australia's S&P/ASX 200 index was down 0.5 percent in afternoon trading, while China's Shanghai Composite index fell 0.6 percent.

Matt Goodson, managing director at Salt Funds Management, said intraday volatility was very high through the session.

"There's not much bid tone at all and buyers are being very nervous," Goodson said.

Global financial markets have been contending with a return of heightened volatility in recent months as investors fret over the pace of global growth and weigh up the prospect of higher interest rates.

That's seen the NZX 50 fall from a record in September, although it's yet to cross the 10 percent threshold indicating a technical correction. The local bourse is the only major stock index in Asia-Pacific that's still in positive territory for the year-to-date, up 2 percent.

Goodson said a number of primarily larger companies had become very expensive during that run.

NZ dollar climbs above 65 US cts as Chinese central bank supports yuan

The New Zealand dollar rose back above 65 US cents on speculation the People's Bank of China is prepared to intervene in currency markets to support the yuan.

The kiwi traded at 65.16 US cents as at 8am in Wellington, from 65.09 cents on Friday in New York and up from 64.79 cents in Asia last week. The trade-weighted index was at 71.59 from 71.48 last week.

The New Zealand and Australian dollars turned around earlier losses late last week on speculation China's central bank intervened when the yuan weakened to seven to the US dollar.

On Friday, PBoC deputy governor Pan Gongsheng said the central bank will use macro-prudential measures to maintain stable expectations in foreign exchange markets. Reuters reported that China will use its currency reserves to prevent the yuan breaking through the 7 yuan per dollar level, citing unnamed sources. The yuan recently traded at 6.9425 per US dollar. The kiwi rose to 4.5237 yuan from 4.5189 yuan last week.

"Traders suspected the PBoC then entered the market supporting the yuan which saw a turnaround in CNY, later followed by the NZD and AUD," Bank of New Zealand senior markets strategist Jason Wong said in a note. "Call it a 'win' for the PBoC on the day, but expect many more speculative attacks over coming months, which could easily see the episode repeated for NZD

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,357.93	3.38	▲ 0.04%
S&P/NZX 50 Index	8,568.40	0.17	▲ 0.00%
S&P/NZX MidCap Index	25,099.89	16.39	▼ 0.07%
S&P/NZX SmallCap Index	62,273.02	147.61	▲ 0.24%
S&P/NZX All Index	531.52	1.65	▼ 0.31%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	5,759.60	0.10	▲ 0.00%
S&P/ASX 200	5,665.20	1.10	▲ 0.02%
ASX Small Ordinaries	2,545.20	17.50	▼ 0.68%
S&P/ASX MIDCAP 50	6,392.30	25.80	▼ 0.40%
S&P/ASX 20	3,133.40	16.70	▲ 0.54%

Foreign Markets Index			
	Last	Change	
S&P 500	2,658.69	46.88	▼ 1.73%
Dow Jones	24,688.31	296.24	▼ 1.19%
NASDAQ Composite	7,167.21	151.12	▼ 2.06%
DAX	11,200.62	106.50	▼ 0.94%
ASX All Ordinaries	5,759.60	0.10	▲ 0.00%
NIKKEI 225	21,184.60	84.13	▼ 0.40%
HANG SENG INDEX	24,717.63	276.83	▼ 1.11%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9189	0.0012	▼ 0.13%
USD	0.6523	0.0000	0.00%
CNY	4.5280	0.0000	0.00%
EUR	0.5725	0.0005	▲ 0.09%
CAD	0.8540	0.0006	▼ 0.07%
GBP	0.5089	0.0004	▲ 0.08%
JPY	72.9350	0.0200	▼ 0.03%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.32	
10-year Swap	2.80	

Commodities Futures			
	Last	Change	
Gold	1,235.40	3.00	▲ 0.24%
Silver	14.70	0.07	▲ 0.51%
Crude Oil	67.62	0.29	▲ 0.43%

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