



## MORNING REPORT

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Web: [www.equity.co.nz](http://www.equity.co.nz) / E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz) / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ

### Top News

#### NZ dollar gains vs Aussie as Westpac rate hike poses questions for RBA

The New Zealand dollar gained against its trans-Tasman counterpart after an out-of-cycle rate hike by Westpac Banking Corp caused traders to question the Reserve Bank of Australia's policy stance.

The kiwi rose to 91.83 Australian cents as at 8am in Wellington from 91.32 cents yesterday. The local currency was largely unchanged at 67.13 US cents from 67.10 cents yesterday.

The Australian dollar fell about half a US cent after Westpac yesterday raised its variable mortgage rate 14 basis points, citing the high cost of wholesale funding for its decision. The move comes with the RBA projecting a flat target cash rate at 1.5 percent for the foreseeable future and caused traders to question whether the central bank will have to adjust its economic forecasts and monetary policy. New Zealand's Reserve Bank is open to raising or lowering the official cash rate.

The local currency has been in demand this week as efforts to reach a trade agreement between the US, Mexico and Canada have soothed concerns about growing protectionism. Still, the cold relationship between the US and China remains a concern. The kiwi rose to 4.5769 Chinese yuan from 4.5693 yuan yesterday.

Domestically, the ANZ business outlook is in focus with pessimistic firms a key area of concern for the government. Prime Minister Jacinda Ardern met those concerns head-on in a speech to a business audience this week where she talked down the prospect of imposing sector-wide collective employment agreements and set up a new advisory council headed by Air New Zealand chief Christopher Luxon.

#### NZ shares surge to record as market reopens; Synlait, a2 gain

New Zealand shares surged to a record as the market reopened after yesterday's platform failure. Synlait Milk and A2 Milk Co led the gains.

The S&P/NZX50 Index gained 148.65 points, or 1.6 percent, to 9,362.67. Within the index, 35 stocks rose, 8 dropped and 7 were unchanged. Turnover was \$216.8 million.

On Tuesday the local market was suspended for most of the day due to system faults. NZX is investigating the cause, which it aims to have completed within a week.

Synlait led the index, up 5.2 percent to \$13.15, while a2 rose 4.4 percent to \$12.93. Garden said sentiment had improved after ASX-listed Bellamy's Organic, which sells infant formula and food, today reported a A\$43 million net profit for 2018, turning from a loss in the previous year.

Summerset Group Holdings rose 4.5 percent to \$7.90, Fletcher Building gained 3.5 percent to \$6.57, and Westpac Banking Corp advanced 3.1 percent to \$31.20.

Contact Energy was the worst performer as it gave up rights to a 19 cent final dividend, dropping 3.1 percent or 18 cents to \$5.60.

#### NZX Index

Index	Last	Change
S&P/NZX All Index	10,183.08	141.35 ▲ 1.41%
S&P/NZX 50 Index	9,362.67	135.96 ▲ 1.47%
S&P/NZX MidCap Index	26,126.97	294.72 ▲ 1.14%
S&P/NZX SmallCap Index	64,142.88	384.28 ▲ 0.60%
S&P/NZAX All Index	544.40	2.80 ▼ 0.51%

#### ASX Index

Index	Last	Change
ASX All Ordinaries	6,457.00	43.40 ▲ 0.68%
S&P/ASX 200	6,352.20	47.50 ▲ 0.75%
ASX Small Ordinaries	2,911.40	4.40 ▲ 0.15%
S&P/ASX MIDCAP 50	7,210.10	33.90 ▲ 0.47%
S&P/ASX 20	3,501.20	36.20 ▲ 1.04%

#### Foreign Markets Index

	Last	Change
S&P 500	2,914.04	16.52 ▲ 0.57%
Dow Jones Industrial Average	26,124.57	60.55 ▲ 0.23%
NASDAQ Composite	8,109.69	79.65 ▲ 0.99%
DAX PERFORMANCE-INDEX	12,561.68	34.26 ▲ 0.27%
ASX All Ordinaries	6,457.00	43.40 ▲ 0.68%
NIKKEI 225	22,848.22	34.75 ▲ 0.15%
HANG SENG INDEX	28,416.44	64.82 ▲ 0.23%

#### Currencies (per NZ\$ 1.00)

	Last	Change
AUD	0.9184	0.0039 ▲ 0.43%
USD	0.6717	0.0007 ▲ 0.10%
CNY	4.5790	0.0150 ▲ 0.33%
EUR	0.5733	0.0005 ▼ 0.09%
CAD	0.8670	0.0003 ▼ 0.03%
GBP	0.5152	0.0001 ▲ 0.02%
JPY	74.9955	0.4000 ▲ 0.54%

#### NZ Interest Rates

	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.38	
10-year Swap	2.89	

#### Commodities Futures

	Last	Change
Gold	1,213.00	1.40 ▼ 0.12%
Silver	14.69	0.08 ▼ 0.57%
Crude Oil	69.72	1.19 ▲ 1.74%

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[www.equity.co.nz](http://www.equity.co.nz) E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz)

Contact Equity Investment Advisers today.  
Tel: +64 (9)304 0145 / NZ: 0800 474 669