

MORNING REPORT

As at 8.52 AM 31/10/2018

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

Top News

NZ shares rally on Trump's optimism for China deal

New Zealand shares rose for a third day as investors were buoyed by US President Donald Trump's comments that a "great deal" with China may be forthcoming. NZX led gains.

The S&P/NZX 50 index advanced 32.84 points, or 0.4 percent, to 8,648.38. Within the index, 21 stocks gained, 18 fell, and 11 were unchanged. Turnover was \$110.8 million.

New Zealand's market posted a late gain as investors latched onto Trump's comments that he sees a "great deal" with China, but that Asia's biggest economy isn't ready yet. Tensions between the world's two biggest economies have raised concerns about the pace of global growth, and contributed to heightened volatility across international markets.

Shane Solly, a portfolio manager at Harbour Asset Management, said investors have been sensitive to geopolitical risk. That, combined with the prospect of higher interest rates, has contributed to declines in equities.

"Donald Trump said he expected he can have a great deal with China, and that's triggered a little rally in Australia and New Zealand this afternoon," Solly said. "Liquidity is quite low and volumes are quite low, which is not unusual when people are a little bit wary."

NZX led the market higher, up 2.9 percent to \$1.06 on modest volumes. The stock market operator unveiled a new pricing structure and listing rules. It, reported slightly softer third-quarter revenue yesterday which prompted First NZ Capital to lower its target price.

NZ dollar gains vs euro as European growth slows

The New Zealand dollar reached a two-month high against the euro as Europe's economy grew at its slowest pace since 2014.

The kiwi rose to 57.73 euro cents as at 8am in Wellington from 57.50 cents yesterday. It traded at 65.50 US cents from 65.46 cents yesterday.

Euro-zone growth slowed to an annual pace of 1.7 percent in the September quarter from 2.2 percent in June. That was less than expected and reaffirmed fears over the region's economic health.

Italy was among the laggards in the regional bloc, and its government's plans to run bigger deficits than the European Union is comfortable with have weighed on investor expectations for growth. The European Central Bank last week stuck to its plans to start unwinding quantitative easing later this year with a view to higher interest rates in 2019.

"It's no secret that growth momentum in the EU has slowed recently, but ECB President Draghi has yet to acknowledge this growth risk," ANZ Bank New Zealand economists Sharon Zollner and Liz Kendall said in a note.

"Weaker euro area GDP and generalised kiwi strength saw this cross push higher overnight."

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,437.65	30.90	▲ 0.33%
S&P/NZX 50 Index	8,648.38	32.84	▲ 0.38%
S&P/NZX MidCap Index	25,085.14	12.71	▼ 0.05%
S&P/NZX SmallCap Index	62,246.68	252.01	▼ 0.40%
S&P/NZAX All Index	531.52	0.00	▼ 0.00%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	5,887.90	74.10	▲ 1.27%
S&P/ASX 200	5,805.10	76.90	▲ 1.34%
ASX Small Ordinaries	2,576.70	31.60	▲ 1.24%
S&P/ASX MIDCAP 50	6,528.90	84.80	▲ 1.32%
S&P/ASX 20	3,230.10	51.20	▲ 1.61%

Foreign Markets Index			
	Last	Change	
S&P 500	2,683.11	41.86	▲ 1.58%
Dow Jones	24,873.30	430.38	▲ 1.76%
NASDAQ Composite	7,158.63	108.34	▲ 1.54%
DAX	11,287.39	48.09	▼ 0.42%
ASX All Ordinaries	5,887.90	74.10	▲ 1.27%
NIKKEI 225	21,457.29	307.49	▲ 1.45%
HANG SENG INDEX	24,585.53	226.51	▼ 0.91%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9223	0.0019	▼ 0.21%
USD	0.6552	0.0031	▲ 0.48%
CNY	4.5650	0.0260	▲ 0.57%
EUR	0.5776	0.0042	▲ 0.73%
CAD	0.8604	0.0039	▲ 0.46%
GBP	0.5155	0.0058	▲ 1.14%
JPY	74.0305	0.7595	▲ 1.04%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.31	
10-year Swap	2.79	

Commodities Futures			
	Last	Change	
Gold	1,225.10	2.50	▼ 0.20%
Silver	14.48	0.03	▲ 0.23%
Crude Oil	66.16	0.88	▼ 1.31%

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk.

Do you need to make any changes to your portfolio?
www.equity.co.nz E-mail: Info@equity.co.nz

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