

# MORNING REPORT

As at 9:00 AM 12-02-18

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## Top News

### NZ dollar little changed after gaining on Friday in NY as volatility spikes

The New Zealand dollar was little changed, holding onto the gains it made on a volatile Friday in New York but potentially retreating as investors' risk appetite wanes.

US stocks ended Friday on a positive note, recovering from an earlier selloff, while the Chicago Board Options Exchange Volatility Index rose as high as 41 before ending at 29. Meanwhile, President Donald Trump signed a two-year Budget agreement, providing US\$300 billion of federal spending and preventing the government from shutting down.

### US consumer prices on radar

Following a week dictated by vertigo-inducing volatility on equity markets amid the spectre of rising interest rates, investors will scrutinise the latest report on US consumer prices.

Even as Wall Street rebounded on Friday — when the Dow Jones Industrial Average rose 1.4 percent, the Standard & Poor's 500 Index gained 1.5 percent and the Nasdaq Composite Index climbed 1.4 percent — it still posted a slide for the week. In the last five trading days, the Dow retreated 5.2 percent, as did the S&P 500, while the Nasdaq gave up 5.1 percent.

Wednesday's report on the US consumer price index will be closely watched to assess the potential for a faster pace of Federal Reserve interest rate increases. The Labor Department report is expected to show prices grew at a 2.1 percent annual rate in January, the same pace as in December, according to a Reuters survey.

### NZ shares fall, capping 3.7% weekly decline, as rising bond yields crimp equity gains

New Zealand shares fell, rounding out a 3.7 percent weekly decline as investors adjust to increased volatility and rising global bond yields that are undermining equity markets that have been at record highs. SkyCity Entertainment Group gained after kicking off earnings season and Scales Corp fell.

Fruit exporter Scales led the benchmark index lower, falling 2.8 percent to \$4.48, followed by honey products maker Comvita down 2.8 percent to \$8.75 and telecommunications network operator Chorus which declined 2.6 percent to \$3.825. Global logistics group Mainfreight fell 2.5 percent.

SkyCity rose 0.5 percent to \$4.05 after reporting a 12 percent gain in first-half profit on a recovery in its international business and said it was on track to deliver modest annual growth, kicking off corporate earnings season.

Fletcher Building shares were still halted at \$7.77 ahead of a briefing on Monday when the construction company will update investors on further writedowns to major projects that will breach its lending covenants. Morningstar says it would be positive for Fletcher to sell the construction division, which the analyst values at \$550 million, although it probably has to be at a discount.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	8,795.932	99.308	▼	1.12%
S&P/NZX 50 Index	8,092.373	84.767	▼	1.04%
S&P/NZX MidCap Index	23,499.710	324.520	▼	1.36%
S&P/NZX SmallCap Index	56,503.918	1,205.332	▼	2.09%
S&P/NZAX All Index	534.602	4.268	▼	0.79%

ASX Index				
Index	Last		Change	
ASX All Ordinaries	5,937.50	57.70	▼	0.96%
S&P/ASX 200	5,838.00	52.70	▼	0.89%
ASX Small Ordinaries	2,632.70	39.90	▼	1.49%
S&P/ASX MIDCAP 50	6,555.40	71.00	▼	1.07%
S&P/ASX 20	3,252.10	24.20	▼	0.74%

Foreign Markets Index				
	Last		Change	
S&P 500	2,619.55	38.55	▲	1.49%
Dow Jones	24,190.90	330.44	▲	1.38%
NASDAQ Composite	6,874.49	97.33	▲	1.44%
FTSE	7,092.43	78.26	▼	1.09%
ASX All Ordinaries	5,937.50	57.70	▼	0.96%
NIKKEI 225	21,382.62	508.24	▼	2.32%
HANG SENG INDEX	29,507.42	943.85	▼	3.10%

Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9273	0.0011	▼	0.12%
USD	0.7246	0.0010	▼	0.14%
CNY	4.5690			
EUR	0.5915	0.0008	▼	0.14%
CAD	0.9120	0.0005	▼	0.05%
GBP	0.5244	0.0002	▼	0.04%
JPY	78.8450	0.0900	▼	0.11%

NZ Interest Rates				
	Last		Change	
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.73			
10-year Swap	3.28			

Commodities Futures				
	Last		Change	
Gold	1,318.10	0.90	▼	0.07%
Silver	16.30	0.04	▼	0.25%
Crude Oil	59.05	2.10	▼	3.43%

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