

MORNING REPORT

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Top News

Stocks across Asia gained, as investors regained some optimism about efforts to cool the US-China trade tensions. New Zealand shares rallied late in the trading session to follow Asian markets higher. The S&P/NZX 50 index increased 23.08 points, or 0.3 percent, to 8,745.59. Within the index, 18 stocks gained, 25 fell and seven were unchanged. Turnover was \$132.3 million. Exporters led gains on the domestic market, with F&P Healthcare, up 4.6 percent at \$12.40 in average trading. A2 rose 1.9 percent to \$10.95 on moderate volumes, while Scales Corp increased 1.2 percent to \$4.32.

The late rally offset the negative tone for licensed lenders after the Reserve Bank's proposals to make them hold more capital on their books. Heartland Group dropped 4.6 percent to \$1.45 on heavier than usual trading, while Australia & New Zealand Banking Group - which has a bigger exposure than the other Australian banks to New Zealand - fell 2.9 percent to \$25.76. Westpac Banking Corp was down 1.3 percent to \$26. Greg Smith from Fat Prophets commented that "imposing stricter capital requirements will result in increased lending rates as the banks pass on the costs to borrowers and will probably dent economic growth. The Australian and Australasian banks are among the strongest in the world. None went bust in the GFC." Spark New Zealand was the most traded stock on a slightly busier volume of 3.3 million shares. It fell 1.2 percent to \$4.20. Kiwi Property Group rose 3 percent to \$1.385 on 2.5 million shares, twice its 90-day average. Sky Network Television fell 2 percent to \$1.97, falling below \$2 for the first time since it merged with Independent News Ltd in 2005.

This morning the New Zealand dollar traded at 68.02 US cents as at 8am in Wellington, remaining in a tight range as the US Federal Reserve last policy meeting of the year looms. The trade-weighted index was at 74.41 from 74.38 yesterday. The local currency fell to 76.68 yen and increased to 4.6908 Chinese yuan and traded at 53.89 British pence and decreased to 59.91euro cents. The Federal Open Market Committee's policy statement and accompanying interest rate track are the main global events overshadowing the domestic environment. Fed is expected to announce another increase in the federal funds rate on Thursday, while dropping a reference to further gradual hikes. Investors are also wary of a potential partial shutdown of the US Federal government over the White House's plans to build a wall on

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,512.17	25.42	▲ 0.27%
S&P/NZX 50 Index	8,745.59	23.08	▲ 0.26%
S&P/NZX MidCap Index	25,954.59	18.59	▼ 0.07%
S&P/NZX SmallCap Index	58,536.34	120.26	▼ 0.21%
S&P/NZAX All Index	519.67	2.17	▼ 0.42%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	5,732.90	54.10	▲ 0.95%
S&P/ASX 200	5,658.30	56.30	▲ 1.00%
ASX Small Ordinaries	2,544.20	33.80	▲ 1.35%
S&P/ASX MIDCAP 50	6,206.00	64.10	▲ 1.04%
S&P/ASX 20	3,157.60	27.70	▲ 0.89%

Foreign Markets Index			
	Last	Change	
S&P 500	2,543.83	56.12	▼ 2.16%
Dow Jones Industrial Average	23,583.02	517.49	▼ 2.15%
NASDAQ Composite	6,749.85	160.81	▼ 2.33%
DAX PERFORMANCE-INDEX	10,772.20	93.57	▼ 0.86%
ASX All Ordinaries	5,732.90	54.10	▲ 0.95%
NIKKEI 225	21,506.88	132.05	▲ 0.62%
HANG SENG INDEX	26,087.98	6.81	▼ 0.03%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9484	0.0011	▲ 0.12%
USD	0.6807	0.0010	▲ 0.15%
CNY	4.6940	0.0020	▲ 0.04%
EUR	0.5997	0.0016	▼ 0.27%
CAD	0.9127	0.0030	▲ 0.33%
GBP	0.5390	0.0004	▼ 0.07%
JPY	76.7490	0.2960	▼ 0.38%

NZ Interest Rates			
	Last	Change	
NZ OCR	1.75	1.75	
3-month Bank Bill	1.94	1.94	
5-year Swap	2.34	2.34	0.00
10-year Swap	2.76	2.76	0.00

Commodities Futures			
	Last	Change	
Gold	1,249.90	8.50	▲ 0.68%
Silver	14.74	0.11	▲ 0.74%
Crude Oil	49.29	1.91	▼ 3.73%

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