

# MORNING REPORT

As at 9.15 AM 11/06/2018

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## Top News

### NZ shares hit record, up 3.5% this week with Kathmandu, NZ Refining leading Friday's gains

New Zealand shares hit another record, rounding out the week with a 3.5 percent gain, led higher by Kathmandu Holdings and New Zealand Refining Company.

The S&P/NZX50 Index gained 0.4 percent, or 38.93 points, to 8,938.45. Within the index, 26 stocks rose, 15 fell and nine were unchanged. Turnover was \$109 million.

"This market's performance is relentless, and it's good to see," said Greg Easton, investment adviser at Craigs Investment Partners. "It's come in stocks where there has been no recent news - like Ryman or Fisher & Paykel Healthcare - just all of a sudden they've decided to go and trade at all-time highs.

"The electricity sector has gained a lot of favour over the last couple of weeks, whether that's a follow-through from the realisation of just how big a deal the Tiwai extension is or just that yields were too good," Easton said. "It's very evident that term deposit rates aren't increasing so maybe everyone's just decided to put more into shares. Generally lower-risk companies have had the best performance this week."

### NZ dollar up 0.5% on week but rangebound ahead of G7

The New Zealand dollar is headed for a 0.5 percent weekly gain against the greenback but remains rangebound ahead of the Group of Seven meeting in Canada this weekend.

The kiwi dollar traded at 70.25 US cents at 5pm in Wellington from 70.29 US cents at 8:30am and from 70.45 cents yesterday. It traded at 69.90 late last Friday in Wellington. The trade-weighted index was at 73.52 from 73.58 from late yesterday.

Trading has been relatively quiet as markets are waiting to see if different leaders clash with US President Donald Trump at the G7 meeting in Canada after the US imposed steel and aluminum tariffs. Trump has said he is protecting US industry but impacted nations like Canada and the European Union have said they are illegal.

"The G7 looks like it might actually have some action for a change," said Tim Kelleher, head of institutional foreign exchange sales at ASB Bank. He noted, however, Trump will be leaving the meeting early to travel to Singapore for a meeting with North Korean leader Kim Jong Un, scheduled for June 12.

The kiwi is also stronger against the Aussie, despite a strong GDP print across the Tasman but Kelleher said it may be that some people are selling the Aussie on concerns about China and emerging markets. Rather than hedging the yuan "they may be using the Aussie instead," he said. The Aussie will also be more impacted by any global trade ructions than the kiwi, which may also be spurring some selling. The kiwi traded at 92.26 Australian cents from 91.98 cents late yesterday.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,726.61	41.88	▲ 0.43%
S&P/NZX 50 Index	8,938.45	38.93	▲ 0.44%
S&P/NZX MidCap Index	25,554.40	116.34	▲ 0.46%
S&P/NZX SmallCap Index	61,506.88	134.98	▲ 0.22%
S&P/NZX All Index	503.56	2.56	▼ 0.51%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,156.80	12.60	▼ 0.20%
S&P/ASX 200	6,045.20	12.10	▼ 0.20%
ASX Small Ordinaries	2,853.40	5.90	▼ 0.21%
S&P/ASX MIDCAP 50	6,887.00	5.70	▼ 0.08%
S&P/ASX 20	3,318.00	3.90	▼ 0.12%

Foreign Markets Index			
	Last	Change	
S&P 500	2,779.03	8.66	▲ 0.31%
Dow Jones	25,316.53	75.12	▲ 0.30%
NASDAQ Composite	7,645.51	10.44	▲ 0.14%
FTSE	7,681.07	23.33	▼ 0.30%
ASX All Ordinaries	6,156.80	12.60	▼ 0.20%
NIKKEI 225	22,694.50	128.76	▼ 0.56%
HANG SENG INDEX	30,958.21	554.42	▼ 1.76%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9250	0.0004	▼ 0.04%
USD	0.7023	0.0011	▼ 0.16%
CNY	4.5040	0.0000	0.00%
EUR	0.5964	0.0003	▼ 0.05%
CAD	0.9130	0.0039	▲ 0.43%
GBP	0.5235	0.0003	▼ 0.06%
JPY	76.7950	0.2700	▼ 0.35%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.71	
10-year Swap	3.21	

Commodities Futures			
	Last	Change	
Gold	1,303.50	0.50	▲ 0.04%
Silver	16.82	0.00	▲ 0.03%
Crude Oil	65.56	0.39	▼ 0.59%

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