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MARKET CLOSE: NZX 50 rises to a record; led by Ebos on positive guidance

By Suze Metherell

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Oct. 31 (BusinessDesk) - New Zealand shares rose to a record led by Ebos **Group** amid optimism about its prospects in Australia as it signalled a 10 percent boost to first quarter trading. Steel & Tube and Fletcher Building were boosted by rising building consents.

The NZX 50 Index rose 17.654 points, or 0.3 percent, to 5387.834, its seventh consecutive record close. Within the index, 24 stocks rose, 20 fell and six were unchanged. Turnover was \$142 **million**.

Ebos advanced 5.2 percent to \$9.57 and has fallen 6.2 percent since the start of the year. The healthcare and animal care products **company** said it is tracking ahead of last year in the first three months of trading, as it beds in a much bigger focus in Australia after its 2013 **acquisition** of pharmaceutical **firm** Symbion. It also announced it bought Australia's BlackHawk Premium Pet Care pet food **business** for \$57.8 **million**, which it expects will immediately add to earnings.

"The stock has been **sold** off, and this is a long overdue bounce back," said James Smalley, director at Hamilton Hindin Greene. "Ebos sells a lot to pharmacies in Australia, and Aussie has a five-year cycle for negotiating between the pharmacy guild and the government. There were some market concerns that any impact on the pharmacy guild's margins would flow through to Ebos, but they seem confident, no matter which way it goes, they'll maintain their presence there."

The benchmark index is being pushed higher as central bank governor Graeme Wheeler kept the official cash rate on hold at 3.5 percent this week and flagged rates may stay lower for longer. Investors are turning to equities in anticipation they will provide a better return than other yielding assets.

"It's a hunt for yield," Smalley said. "It's the inverse relationship between interest rates and **equity** markets which has underpinned that rise."

Regular dividend paying stocks rose. Genesis **Energy** advanced 1.5 percent to \$2.01. Spark New Zealand, formerly Telecom Corp, rose 1.3 percent to \$3.155. Contact **Energy** gained 0.3 percent to \$6.20.

Steel & Tube, which manufactures steel building products, climbed 3.1 percent to \$2.99. Fletcher, the construction and building supplies **business**, advanced 1.4 percent to \$8.60. Government data showed seasonally adjusted building consents rose 6.6 percent in September from a year earlier.

Freightways climbed 3.6 percent to a record \$5.70, extending yesterday's gains after the listed courier and data management **company** recorded the strongest first-quarter performance in a decade and affirmed it is on track to lift 2015 earnings.

OceanaGold Corp was the worst performer on the day, dropping 9.6 percent to \$2.27. The Melbourne-based miner, which operates the Macraes goldfield in Otago, reported a 61 percent drop in

third quarter profit to US\$16.9 million, as a lift in production in its Philippines operations was offset by declining gold prices.

"That is a stock that has been extremely volatile," Smalley said. "Investors were not too happy with those updates today."

Units in Fonterra Shareholders' Fund were unchanged at \$6.29. Chinese authorities have lifted a temporary ban on the importation of Fonterra Cooperative Group's whey powder and dairy base powder used in the manufacture of infant formula that has been in place since August last year in the wake of the dairy company's botulism scare. The fund's units give holders access to Fonterra's dividend stream.

Xero was unchanged at \$15.85. The cloud-based accounting firm slowed its quarterly cash burn in the September quarter from the June period as customer receipts accelerated faster than staff costs. Net operating cash outflow was \$9.56 million in the three months ended Sept. 30, compared to an outflow of \$17.3 million in the June quarter as customer receipts climbed 19 percent to \$27.9 million, while staff costs were largely static in the quarter at \$19 million.

Air New Zealand fell 0.5 percent to \$2.01. The national carrier and PT Garuda Indonesia have won their bid to dismiss action against them in Australia. The Australian antitrust regulator had claimed they were part of a global cartel to fix prices in international air freight services.

Heartland New Zealand was unchanged at \$1. The bank formed through the merger of Canterbury and Southern Cross building societies with Marac Finance affirmed its earnings guidance for the 2015 financial year, of profit between \$42 million and \$45 million and sees annual consumer lending growth of up to 10 percent.

(BusinessDesk)

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