

MORNING REPORT

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Top News

NZ shares post 6.4% gain in June quarter as yield remains king

The benchmark S&P/NZX 50 Index rounded out a 6.4 percent gain in the June quarter, with demand for infrastructure, utilities, and property firms driving the benchmark to another record.

The index today rose 69.88 points, or 0.7 percent, to 10,501.10, outperforming other Asian benchmarks as investors remain on edge over the outcome of the G-20 leaders' meeting in Osaka. Within the index, 35 stocks rose, nine fell, and six were unchanged. Turnover was \$175.1 million.

Companies paying reliable dividends led the market higher today, with Genesis Energy up 4.8 percent at \$3.47 on a volume of 867,000 shares, more than its 90-day average of 596,000. Mercury NZ climbed 4 percent to \$4.65 with 917,000 shares changing hands, compared to its usual volume of 670,000. Meridian Energy hit a record \$5.03 before ending the day at \$4.75, down 1 percent with almost 3 million shares changing hands.

Peter McIntyre, an investment advisor at Craigs Investment Partners, said the Reserve Bank's bias to cutting interest rates even lower continues to support yield stocks, as investors seek out reliable cash flow.

"Since then there's been good buying support, particularly for the yield plays and good infrastructure stocks," he said.

New Zealand's benchmark index offers a dividend yield of 4.59 percent, the third-highest across Asian indices tracked by Refinitiv. That has underpinned demand for New Zealand shares at a time when investors are wary of protracted US-China trade tensions ahead of a meeting between presidents Donald Trump and Xi Jinping.

NZ dollar higher on thaw in US-China trade dispute

The New Zealand dollar firmed as signs of a thaw in US-China trade relations cheered investors.

The kiwi was trading at 67.19 US cents at 8am versus 67.17 cents late Friday in New York. The trade-weighted index was at 73.22 from 73.21 in New York.

Markets were poised for good news and sentiment got a lift when China's President Xi Jinping and President Donald Trump, on the sidelines of the G20 summit in Osaka, agreed to a ceasefire and a return to talks.

"Kiwi soared into the G20 leaders' summit as early trade headlines gave markets a reason to be optimistic. While Trump and Xi have agreed a 'truce', there is still plenty for the two countries to discuss," said ANZ Bank FX/rates strategist Sandeep Parekh.

He noted that Trump sounded willing to trade away the ban on equipment sales to Huawei, at least in non-sensitive areas.

"The softer line appears to be in response to US corporate pressure; the headlines will likely be enough to please markets on the open," he said.

However, "large stumbling blocks remain".

The China Daily Saturday noted "things are still very much up in the air" and "that is how they will no doubt remain until a deal is formally signed, sealed and delivered," which may temper some enthusiasm.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,336.57	71.98	▲ 0.64%
S&P/NZX 50 Index	10,501.10	69.88	▲ 0.67%
S&P/NZX MidCap Index	30,210.46	233.37	▲ 0.78%
S&P/NZX SmallCap Index	59,563.03	134.64	▲ 0.23%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,699.20	43.80	▼ 0.65%
S&P/ASX 200	6,618.80	47.50	▼ 0.71%
ASX Small Ordinaries	2,834.60	10.40	▼ 0.37%
S&P/ASX MIDCAP 50	6,921.80	55.90	▼ 0.80%
S&P/ASX 20	3,728.50	27.90	▼ 0.74%

Foreign Markets Index			
	Last	Change	
S&P 500	2,941.76	16.84	▲ 0.58%
Dow Jones	26,599.96	73.36	▲ 0.28%
NASDAQ Composite	8,006.24	38.48	▲ 0.48%
DAX	12,398.80	127.80	▲ 1.04%
ASX All Ordinaries	6,699.20	43.80	▼ 0.65%
NIKKEI 225	21,275.92	62.28	▼ 0.29%
HANG SENG INDEX	28,542.62	78.78	▼ 0.28%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9562	-0.0008	▼ 0.08%
USD	0.67	0.0005	▲ 0.07%
CNY	4.6140	0.0010	▲ 0.02%
EUR	0.59	0.0011	▲ 0.19%
CAD	0.8795	0.0000	▲ 0.00%
GBP	0.53	0.0002	▲ 0.04%
JPY	72.7050	0.2600	▲ 0.36%

NZ Interest Rates		
	Last	Change
NZ OCR	1.50	
3m Bank Bill	1.64	
5y Swap	1.44	
10y Swap	1.79	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,412.50	0.50	▲ 0.04%
Silver	15.35	0.06	▲ 0.40%
Crude Oil	58.20	1.23	▼ 2.07%

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