

# MORNING REPORT

As at 8.44 AM 1/03/2019

Web: [www.equity.co.nz](http://www.equity.co.nz) / E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz) / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ

## Top News

### NZ shares gain in earnings season curtain call; index changes boost volume

New Zealand shares rose as the local earnings season ended on a sour note, with Air New Zealand confirming a lacklustre result. Tourism Holdings gained after being upgraded after investors digested its earnings this week.

The S&P/NZX 50 index increased 43.56 points, or 0.5 percent, to 9,325.03. Within the index, 26 stocks rose, 18 fell, and six were unchanged. Turnover was \$247.3 million, with re-weightings to the MSCI index driving up the volume of trading.

The bulk of companies with December and June balance dates finished out the latest earnings season. A few stragglers who have delayed their reports, such as Vital Healthcare Property Trust, are still to come. Its units increased 0.5 percent to \$2.115.

Air New Zealand was the last of the major companies to report, having already laid the groundwork for a weak result when it downgraded guidance in January. Today, it reported a 35 percent slide in first-half earnings as rising fuel costs, slower growth in passenger numbers, and disruptions caused by engine issues weighed on its operations. The shares dropped 3.5 percent to \$2.47, the lowest in almost two years. Almost 3.8 million shares were traded, more than three times its 90-day average.

Shane Solly, a portfolio manager at Harbour Asset Management, said there were some positives to take from the airline's result, such as its restructuring plans. While the growth trajectory is now flatter, it is still positive.

### NZD weaker on stronger-than-expected US data, geopolitical worries

The New Zealand dollar fell after stronger-than-expected fourth quarter economic growth in the US gave the greenback a lift. Ongoing US-China trade uncertainty and heightened geopolitical tensions also weighed on sentiment.

The kiwi was trading at 68.07 US cents at 8 am in Wellington from 68.48 US cents at 5 pm. The trade-weighted index was at 73.63 points from 73.91.

Data from the Commerce Department showed the US economy slowed less than expected in the fourth quarter amid solid consumer and business spending. The strong data, however, was tempered by news a second summit between President Donald Trump and North Korea leader Kim Jong Un collapsed on Thursday over sanctions on Pyongyang. Investors also remain concerned about whether the US and China can reach a deal.

"Stronger-than-expected US GDP wasn't enough to stop ongoing US-China trade uncertainty and heightened geopolitical tensions from weighing on risk," said ANZ FX/Rates strategist Sandeep Parekh,

Parekh also said that mixed domestic data is weighing on the kiwi. Yesterday, ANZ Bank's headline business confidence index sank 7 points in the latest month with a net 31 percent of respondents expecting general business conditions to deteriorate in the year ahead.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,100.63	38.63	▲	0.38%
S&P/NZX 50 Index	9,325.03	37.11	▲	0.40%
S&P/NZX MidCap Index	26,763.09	136.00	▲	0.51%
S&P/NZX SmallCap Index	57,750.28	27.50	▲	0.05%
S&P/NZAX All Index	554.81	0.00	▼	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,252.70	19.10	▲	0.31%
S&P/ASX 200	6,169.00	18.70	▲	0.30%
ASX Small Ordinaries	2,764.60	0.20	▲	0.01%
S&P/ASX MIDCAP 50	6,657.50	1.40	▼	0.02%
S&P/ASX 20	3,447.80	19.80	▲	0.58%
Foreign Markets Index				
	Last	Change		
S&P 500	2,787.77	4.61	▼	0.17%
Dow Jones	25,936.23	48.93	▼	0.19%
NASDAQ Composite	7,544.17	10.33	▼	0.14%
DAX	11,515.64	28.31	▲	0.25%
ASX All Ordinaries	6,252.70	19.10	▲	0.31%
NIKKEI 225	21,385.16	171.35	▼	0.79%
HANG SENG INDEX	28,633.18	124.26	▼	0.43%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9596	0.0009	▲	0.09%
USD	0.6811	0.0036	▼	0.53%
CNY	4.5570	0.0170	▼	0.37%
EUR	0.5984	0.0038	▼	0.63%
CAD	0.8957	0.0050	▼	0.56%
GBP	0.5130	0.0013	▼	0.25%
JPY	75.8195	0.1595	▼	0.21%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.02			
10-year Swap	2.45			
Commodities Futures				
	Last	Change		
Gold	1,316.00	5.20	▼	0.39%
Silver	15.64	0.13	▼	0.83%
Crude Oil	57.22	0.28	▲	0.49%

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk.

**Do you need to make any changes to your portfolio?**  
[www.equity.co.nz](http://www.equity.co.nz) E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz)

**Contact Equity Investment Advisers today.**  
 Tel: +64 (9)304 0145 / NZ: 0800 474 669