



# MORNING REPORT

As at 9.00 AM 2/05/2019

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## Top News

### NZ dollar falls after Fed talks up US economy, says inflation may be transient

The New Zealand dollar fell after upbeat comments from Federal Reserve Chairman Jerome Powell pushed the prospect of a US rate cut off the table.

The Fed left rates unchanged overnight, but the greenback got a lift during Powell's press conference when he sounded more upbeat on the US economy. He noted the strength of the labour market and said activity rose at a solid pace.

Powell said that while inflation, particularly core inflation, was softer than expected in the first quarter "there are good reasons to think that some, or all, of the unexpected decrease may wind up being transient." The reference to transient helped bolster the greenback further.

### NZ shares fall on profit warnings; King Salmon flounders

New Zealand shares sank as muted earnings guidance from SkyCity Entertainment Group and A2 Milk didn't meet investors' expectations. New Zealand King Salmon shed almost a fifth of its value as warmer water left it with more dead fish.

SkyCity led the benchmark index lower, down 4.9 percent at \$3.88 on a volume of 1.4 million shares, more than twice its 617,000 three-month average. The casino operator lowered its annual guidance on weaker-than-expected trading.

Meanwhile, A2 Milk fell 2.2 percent to \$16.41 on a volume of 1.1 million shares, after reporting a small acceleration in sales growth for the nine months through March.

Lister said SkyCity was a little bit softer than predicted, whereas A2 was in line with projections. Investors may have wanted to see something new, given A2 is up 46 percent so far this year.

Outside the benchmark index, King Salmon sank 18 percent to \$2.45 after warning that warm water had increased its fish mortality rate, meaning its harvest would be smaller than expected for the next two seasons.

Sky Network Television was the most active stock with 2 million shares changing hands, compared to its 1.2 million 90-day average. It fell 0.8 percent to \$1.21, a record low close. Spark New Zealand traded on just 1.1 million shares, well short of its 5.8 million average, and was unchanged at \$3.67.

Ebos Group gained 0.4 percent at \$21.50 when it resumed trading after a halt for a discounted institutional placement. The New Zealand Shareholders' Association criticised the placement for ignoring retail investors and questioned whether an underwrite was needed when it was able to raise more funds than initially sought.

Australia & New Zealand Banking Group posted the biggest gain on the day, up 3.3 percent at \$29.68, although just 29,000 of the dual-listed shares traded locally.

| NZX Index              |           |        |         |
|------------------------|-----------|--------|---------|
| Index                  | Last      | Change |         |
| S&P/NZX All Index      | 10,786.12 | 54.53  | ▼ 0.50% |
| S&P/NZX 50 Index       | 9,966.42  | 47.41  | ▼ 0.47% |
| S&P/NZX MidCap Index   | 28,282.34 | 29.64  | ▲ 0.10% |
| S&P/NZX SmallCap Index | 60,237.72 | 165.10 | ▼ 0.27% |
| S&P/NZAX All Index     | 625.49    | 0.00   | ▼ 0.00% |

| ASX Index            |          |        |         |
|----------------------|----------|--------|---------|
| Index                | Last     | Change |         |
| ASX All Ordinaries   | 6,466.50 | 48.10  | ▲ 0.75% |
| S&P/ASX 200          | 6,375.90 | 50.40  | ▲ 0.80% |
| ASX Small Ordinaries | 2,868.40 | 13.40  | ▲ 0.47% |
| S&P/ASX MIDCAP 50    | 6,838.70 | 26.20  | ▲ 0.38% |
| S&P/ASX 20           | 3,553.80 | 34.20  | ▲ 0.97% |

| Foreign Markets Index        |           |        |         |
|------------------------------|-----------|--------|---------|
|                              | Last      | Change |         |
| S&P 500                      | 2,923.73  | 22.10  | ▼ 0.75% |
| Dow Jones Industrial Average | 26,430.14 | 162.77 | ▼ 0.61% |
| NASDAQ Composite             | 8,049.64  | 45.75  | ▼ 0.57% |
| DAX PERFORMANCE-INDEX        | 12,344.08 | 16.06  | ▲ 0.13% |
| ASX All Ordinaries           | 6,466.50  | 48.10  | ▲ 0.75% |
| NIKKEI 225                   | 22,258.73 | 48.85  | ▼ 0.22% |
| HANG SENG INDEX              | 29,699.11 | 193.69 | ▼ 0.65% |

| Currencies (per NZ\$ 1.00) |         |        |         |
|----------------------------|---------|--------|---------|
|                            | Last    | Change |         |
| AUD                        | 0.9440  | 0.0000 | 0.00%   |
| USD                        | 0.6623  | 0.0000 | 0.00%   |
| CNY                        | 4.4570  | 0.0420 | ▼ 0.93% |
| EUR                        | 0.5915  | 0.0001 | ▼ 0.02% |
| CAD                        | 0.8904  | 0.0036 | ▼ 0.40% |
| GBP                        | 0.5074  | 0.0047 | ▼ 0.92% |
| JPY                        | 73.7715 | 0.0060 | ▼ 0.01% |

| NZ Interest Rates |      |        |
|-------------------|------|--------|
|                   | Last | Change |
| NZ OCR            | 1.75 |        |
| 3-month Bank Bill | 1.82 |        |
| 5-year Swap       | 1.77 |        |
| 10-year Swap      | 2.18 |        |

| Commodities Futures (Spot Price \$USD) |          |        |         |
|--|----------|--------|---------|
|  | Last     | Change |         |
| Gold                                   | 1,277.70 | 8.00   | ▼ 0.62% |
| Silver                                 | 14.60    | 0.30   | ▼ 2.01% |
| Crude Oil                              | 63.61    | 0.30   | ▼ 0.47% |

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