



MORNING REPORT

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Top News

NZ dollar weakens on gloomy business confidence, weaker dairy prices

The New Zealand dollar opened weaker, as dour business confidence added to the prospects of a domestic rate cut and as whole milk powder prices dipped overnight.

Yesterday's quarterly survey of business opinion from the New Zealand Institute of Economic Research - seen as a key input in the Reserve Bank's projections - has local economists convinced that the cash rate is heading lower. Several economists now expect the central bank to cut the rate in May.

Dairy product prices increased 0.8 percent at the Global Dairy Trade auction overnight, rising for the ninth straight time. Whole milk powder, however, fell 1.3 percent to US\$3,287 a tonne. The decline "reflects weaker demand across our markets, particularly North Asia, and follows eight consecutive increases in average prices since December 2018," NZX dairy analyst Robert Gibson said.

The kiwi also fell against the British pound and was trading at 51.43 pence from 51.84 yesterday despite ongoing uncertainty around Brexit ahead of the April 12 deadline to reach an agreement with the European Union. The pound may have been shored up after stronger-than-expected UK manufacturing data overnight.

NZ shares extend rally on low rate outlook; Plexure soars on McD's backing

New Zealand shares extended their rally for a sixth day as growing expectations for an interest rate cut stokes broad-based demand for equities. Plexure Group soared after McDonald's invested in the tech minnow.

The benchmark index has been treading in uncharted territory, getting a leg up last week when the Reserve Bank signalled it expects to cut the record-low 1.75 percent official cash rate due to the slowing global and domestic economies.

While that surprised some analysts at the time, a survey today showing souring business confidence cemented expectations among most economists that the OCR will fall sooner rather than later.

The NZX50's average dividend yield is 4.77 percent, the third-highest across Asia-Pacific benchmark equity indices tracked by Refinitiv. The average price-to-earnings ratio is 18.59 times, the fifth highest.

The prospect of lower rates helped dent the kiwi dollar, which was trading below 68 US cents. A weaker currency is a boon for exporters, which reap bigger export receipts in New Zealand dollar terms.

Among those beneficiaries, Air New Zealand rose 2.7 percent to \$2.65, on a bigger volume than usual of 2.8 million shares. Fonterra Shareholders' Fund units were up 3 percent at \$4.44, Pushpay Holdings climbed 3.1 percent to \$3.35, A2 Milk increased 2 percent to \$14.58, and Fisher & Paykel Healthcare advanced 2.5 percent to \$15.98.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,775.22	111.29	▲	1.04%
S&P/NZX 50 Index	9,958.35	104.44	▲	1.06%
S&P/NZX MidCap Index	28,524.26	299.36	▲	1.06%
S&P/NZX SmallCap Index	58,695.94	443.63	▲	0.76%
S&P/NZAX All Index	597.29	0.00	▼	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,327.80	28.10	▲	0.45%
S&P/ASX 200	6,242.40	25.40	▲	0.41%
ASX Small Ordinaries	2,784.00	24.20	▲	0.88%
S&P/ASX MIDCAP 50	6,712.10	57.20	▲	0.86%
S&P/ASX 20	3,485.40	7.30	▲	0.21%
Foreign Markets Index				
	Last	Change		
S&P 500	2,867.28	0.09	▲	0.00%
Dow Jones Industrial Average	26,179.47	78.95	▼	0.30%
NASDAQ Composite	7,848.69	19.78	▲	0.25%
DAX PERFORMANCE-INDEX	11,754.79	72.80	▲	0.62%
ASX All Ordinaries	6,327.80	28.10	▲	0.45%
NIKKEI 225	21,505.31	3.72	▼	0.02%
HANG SENG INDEX	29,624.67	62.65	▲	0.21%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9552	0.0016	▼	0.17%
USD	0.6752	0.0054	▼	0.79%
CNY	4.5400	0.0280	▼	0.61%
EUR	0.6028	0.0042	▼	0.69%
CAD	0.9005	0.0052	▼	0.57%
GBP	0.5143	0.0050	▼	0.96%
JPY	75.1975	0.5815	▼	0.77%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.85			
5-year Swap	1.78			
10-year Swap	2.19			
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,295.50	1.30	▲	0.10%
Silver	15.06	0.03	▼	0.23%
Crude Oil	62.70	1.11	▲	1.80%

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