

MORNING REPORT

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Top News

NZ shares buoyed by RBA rate cut, US-China trade talks

New Zealand shares rose as lower interest rates across the Tasman and cooling trade tensions between the US and China buoyed investor sentiment, underpinning demand for yield stocks such as Property For Industry and Contact Energy.

The S&P/NZX 50 Index increased 67.41 points, or 0.6 percent, to 10,531.94. Within the index, 27 stocks rose, 18 fell, and five were unchanged. Turnover was \$103.9 million.

The local market got a boost late in the day from the Reserve Bank of Australia cutting its target cash rate to 1 percent, increasing the attraction of utilities, infrastructure companies and property firms offering reliable dividends. That initially lifted S&P/ASX 200 Index, although the Australian benchmark was up just 0.1 percent in late trading.

Investors were already in an upbeat mood after the US and China agreed to return to the negotiating table in an effort to avoid the tit-for-tat imposition of tariffs in the on-going trade stoush.

"The market has had another strong day on light turnover, with reasonable offshore leads based on trade truces and negotiations being seen as more positive," said Peter McIntyre, an investment advisor at Craigs Investment Partners.

NZ dollar steady as US stirs EU trade tensions

The New Zealand dollar largely held its gains as the greenback faced headwinds after the US threatened to impose more tariffs on European goods.

The kiwi was trading at 66.67 US cents at 8am in Wellington from 66.75 US cents at 5pm yesterday. The trade-weighted index was at 72.85 from 72.94.

Markets were jittery after the US threatened US\$4 billion in tariffs on EU goods, including a variety of dairy products, olives, and Scotch whiskies. The additional tariffs are linked to a dispute against the EU and certain members states regarding EU subsidies on large civil aircraft, according to the Office of the US Trade Representative.

The bloc said it remained open to negotiations "provided these are without preconditions and aim at a fair outcome", Reuters reported, but it added that it was also preparing to retaliate as soon as the WTO arbitrator had ruled on its rights to do so.

ANZ Bank FX/rates strategist Sandeep Parekh said that the kiwi benefited from US dollar weakness on the heightened trade concerns and "a slightly softer GDT auction failed to dent the kiwi's prospects against the backdrop of a broadly weaker USD."

The index for dairy product prices fell at the Global Dairy Trade auction, declining a fourth consecutive time, as whole milk powder prices continued their fall. The GDT price index slipped 0.4 percent from the previous auction two weeks ago. The average price was US\$3,302 a tonne, compared with US\$3,208 a tonne two weeks ago. Whole milk powder fell to US\$2,969 from US\$3,006.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,377.45	72.89	▲ 0.64%
S&P/NZX 50 Index	10,531.94	67.41	▲ 0.64%
S&P/NZX MidCap Index	30,123.11	43.28	▲ 0.14%
S&P/NZX SmallCap Index	60,347.86	157.22	▲ 0.26%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,741.10	9.70	▲ 0.14%
S&P/ASX 200	6,653.20	5.10	▲ 0.08%
ASX Small Ordinaries	2,867.00	19.70	▲ 0.69%
S&P/ASX MIDCAP 50	7,043.80	55.50	▲ 0.79%
S&P/ASX 20	3,727.90	11.30	▼ 0.30%

Foreign Markets Index			
	Last	Change	
S&P 500	2,973.01	8.68	▲ 0.29%
Dow Jones	26,786.68	69.25	▲ 0.26%
NASDAQ Composite	8,109.09	17.93	▲ 0.22%
DAX	12,526.72	5.34	▲ 0.04%
ASX All Ordinaries	6,741.10	9.70	▲ 0.14%
NIKKEI 225	21,754.27	24.30	▲ 0.11%
HANG SENG INDEX	28,875.56	332.94	▲ 1.17%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9541	-0.0043	▼ 0.45%
USD	0.67	-0.0007	▼ 0.10%
CNY	4.5840	0.0130	▲ 0.28%
EUR	0.59	-0.0006	▼ 0.10%
CAD	0.8744	-0.0022	▼ 0.25%
GBP	0.53	0.0014	▲ 0.26%
JPY	71.9505	-0.4255	▼ 0.59%

NZ Interest Rates		
	Last	Change
NZ OCR	1.50	
3m Bank Bill	1.62	
5y Swap	1.44	
10y Swap	1.79	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,421.60	32.30	▲ 2.32%
Silver	15.35	0.16	▲ 1.07%
Crude Oil	56.31	2.78	▼ 4.70%

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