

MORNING REPORT

As at 8.48 AM 3/09/2019

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Top News

NZ shares gain; yield stocks Contact, Meridian still in favour

New Zealand shares rose as the low interest rate outlook continues to add to the lustre of companies with reliable dividends such as Contact Energy and Meridian Energy.

The S&P/NZX 50 Index rose 42.80 points, or 0.4 percent, to 10,800.00. Within the index, 29 stocks rose, 10 fell, and 11 were unchanged. Turnover was \$87.8 million with just five stocks trading on volumes of more than a million shares.

Stocks across Asia were mixed as investors assess the impact of the new trade tariffs imposed between the US and China. The trade war between the world's two biggest economies has stoked volatility in markets and encouraged central bankers to keep interest rates low. That, in turn, has made stock markets such as New Zealand more attractive due to the dominance of utilities and property companies that pay reliable dividends.

Among those yield plays, Contact rose 2.9 percent to \$8.62 on a volume of 1.1 million shares and Meridian was up 1.8 percent at \$5.07. Property For Industry increased 1.5 percent to \$2.39 and Vector advanced 1.4 percent to \$3.61.

"We've got negative interest rates in Europe, and here term deposits are near enough - once you pay tax and inflation you're not going far," said Grant Davies, an investment advisor at Hamilton Hindin Greene.

NZ dollar gains against pound on Brexit turmoil

The New Zealand dollar was higher against the British pound on the prospect of a general election in the UK if opposition lawmakers vote to try to block Brexit.

The kiwi was trading at 52.27 British pence at 7:50 am in Wellington from 51.85 pence late yesterday. The trade-weighted index was at 70.69 from 70.58.

The pound tumbled when British Prime Minister Boris Johnson gave a veiled hint that he would call an election if lawmakers vote to delay Brexit.

"I want everybody to know, there are no circumstances in which I will ask Brussels to delay. We are leaving on 31 Oct, no ifs or buts," Johnson said in a statement at Downing Street.

Anti-no deal MPs are expected to bring a motion in Parliament early this week aimed at forcing the government to delay Brexit until Jan. 31 if a deal with the EU cannot be reached by mid-October. Johnson called for a united front.

"Let's let our negotiators get on with their work without that sword of Damocles over their necks and without an election," he said. "I don't want an election. You don't want an election. Let's get on with the peoples' agenda."

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,655.49	46.47	▲	0.40%
S&P/NZX 50 Index	10,800.00	42.80	▲	0.40%
S&P/NZX MidCap Index	30,575.60	70.36	▲	0.23%
S&P/NZX SmallCap Index	59,923.43	231.76	▲	0.39%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,677.50	20.70	▼	0.31%
S&P/ASX 200	6,579.40	24.80	▼	0.38%
ASX Small Ordinaries	2,839.50	2.20	▲	0.08%
S&P/ASX MIDCAP 50	7,015.30	26.60	▼	0.38%
S&P/ASX 20	3,639.90	12.60	▼	0.34%

Foreign Markets Index				
	Last	Change		
S&P 500	2,926.46	1.88	▲	0.06%
Dow Jones	26,403.28	41.08	▲	0.16%
NASDAQ Composite	7,962.88	10.51	▼	0.13%
DAX	11,953.78	14.50	▲	0.12%
ASX All Ordinaries	6,677.50	20.70	▼	0.31%
NIKKEI 225	20,620.19	84.18	▼	0.41%
HANG SENG INDEX	25,626.55	98.18	▼	0.38%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9392	0.0021	▲	0.22%
USD	0.63	0.0006	▲	0.10%
CNY	4.5250	0.0090	▲	0.20%
EUR	0.58	0.0015	▲	0.26%
CAD	0.8410	0.0013	▲	0.15%
GBP	0.52	0.0044	▲	0.84%
JPY	66.9920	0.1070	▲	0.16%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.19	
5y Swap	0.93	
10y Swap	1.20	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,538.10	1.20	▲ 0.08%
Silver	18.57	0.25	▲ 1.35%
Crude Oil	54.77	1.94	▼ 3.42%

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