

# MORNING REPORT

As at 8.51 AM 4/07/2019

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## Top News

### NZ shares led higher by exporters Kathmandu, A2 in light trading

New Zealand shares rose in light trading ahead of the US Independence Day holiday, with exporters Kathmandu Holdings and A2 Milk Co leading the market higher.

The S&P/NZX 50 Index increased 12.49 points, or 0.1 percent, to 10,544.43. Within the index, 27 stocks rose, 18 fell, and five were unchanged. Turnover was \$84.7 million, with just three stocks trading on volumes of more than a million shares.

Stocks across Asia were largely weaker as investors continue to worry over the trade tensions between the US and China, which may not have subsided as many hoped after the G20 leaders' meeting. That weighed more heavily on the greenback, with the kiwi dollar ending the day at 66.78 US cents, largely unchanged from the day earlier.

Exporters led the market higher. Outdoor equipment retailer Kathmandu was up 3.3 percent at \$2.17 on a volume of just 78,000 shares, about half its 90-day average of 158,000. A2 rose 2.5 percent to \$15.07 on 630,000 shares, and Fisher & Paykel Healthcare increased 1.3 percent to \$16.20.

Grant Davies, an investment advisor at Hamilton Hindin Greene, said investors are waiting for earnings season in August for a steer on where companies with June and December balance dates are tracking. As management accounts come in, boards will have to disclose whether they were in line with guidance.

"Over the next week or two we might start to get an idea of what we're in for," Davies said.

### NZ dollar extends gain on soft US data

The New Zealand dollar firmed as more soft data out of the US added to expectations the Federal Reserve will cut rates later this month.

The kiwi was trading at 67.04 US cents at 8am in Wellington versus 66.78 cents at 5pm. The trade-weighted index was at 73.18 from 72.97.

The ADP National Employment report - which comes ahead of monthly non-farm payrolls data on Friday - showed private employers in the US added 102,000 jobs in June, below expectations of a 135,000 increase.

"The kiwi surged alongside its commodity currency peers as weaker than expected ADP employment data gives the market a chance to ratchet up rate cuts in the US," ANZ FX/rates strategist Sandeep Parekh said. "Expect the kiwi to retain momentum for now," he said. According to Parekh, it has support around 66.70 US cents and resistance at 67.60 US cents.

Other data was also soft. The US trade deficit reached US\$55.5 billion in May, a five-month high. Imports rose 3.3 percent to US\$266.2 billion while exports lifted 2 percent to US\$210.6 billion. Meanwhile, new orders for manufactured goods, down three of the past four months, decreased by \$3.6 billion or 0.7 percent to US\$493.6 billion in May, the US Census Bureau said.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,389.93	12.48	▲ 0.11%
S&P/NZX 50 Index	10,544.43	12.49	▲ 0.12%
S&P/NZX MidCap Index	30,107.51	15.60	▼ 0.05%
S&P/NZX SmallCap Index	60,217.34	130.52	▼ 0.22%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,770.10	29.00	▲ 0.43%
S&P/ASX 200	6,685.50	32.30	▲ 0.49%
ASX Small Ordinaries	2,873.30	6.30	▲ 0.22%
S&P/ASX MIDCAP 50	7,074.50	30.70	▲ 0.44%
S&P/ASX 20	3,743.70	15.80	▲ 0.42%

Foreign Markets Index			
	Last	Change	
S&P 500	2,995.82	22.81	▲ 0.77%
Dow Jones	26,966.00	179.32	▲ 0.67%
NASDAQ Composite	8,170.23	61.14	▲ 0.75%
DAX	12,616.24	89.52	▲ 0.71%
ASX All Ordinaries	6,770.10	29.00	▲ 0.43%
NIKKEI 225	21,638.16	116.11	▼ 0.53%
HANG SENG INDEX	28,855.14	20.42	▼ 0.07%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9532	-0.0007	▼ 0.07%
USD	0.67	0.0032	▲ 0.48%
CNY	4.6130	0.0290	▲ 0.63%
EUR	0.59	0.0032	▲ 0.54%
CAD	0.8755	0.0012	▲ 0.14%
GBP	0.53	0.0033	▲ 0.62%
JPY	72.2830	0.2885	▲ 0.40%

NZ Interest Rates		
	Last	Change
NZ OCR	1.50	
3m Bank Bill	1.62	
5y Swap	1.40	
10y Swap	1.75	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,420.90	12.90	▲ 0.92%
Silver	15.34	0.10	▲ 0.64%
Crude Oil	57.34	1.09	▲ 1.94%

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