



MORNING REPORT

As at 9.05 AM 4/09/2019

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Top News

NZ dollar bounces on weak US manufacturing data

The New Zealand dollar rebounded from multi-year lows after US manufacturing data disappointed.

The greenback "took a pummeling" when the Institute for Supply Management's manufacturing index fell to 49.1 percent in August from 51.2 percent in July, Kiwibank trader Mike Shirley said.

Any reading below 50 percent indicates a contraction in activity. The August reading was the lowest reading since January 2016. Economists surveyed by the Wall Street Journal had forecast the ISM factory index to slip to 51.0.

The kiwi was also supported when global dairy prices fell less than expected, particularly whole milk powder, in the overnight auction. Whole milk powder fell 0.8 percent to US\$3,076 a tonne while the GDT price index fell 0.4 percent. ASB Bank had tipped whole milk powder to fall 1 percent.

NZ shares outperform Asia; Contact, Meridian in demand

New Zealand shares outperformed Asia as companies offering reliable incomes, such as Contact Energy and Meridian Energy, remain attractive in a period of heightened global uncertainty.

The S&P/NZX 50 Index climbed 153.92 points, or 1.4 percent, to 10,953.92. Within the index, 30 stocks rose, 10 fell and 10 were unchanged. Turnover was \$107.6 million.

The local index was one of just five benchmark stock markets tracked by Refinitiv to rise today, with Japan's Topix the next best, up 0.6 percent in afternoon trading. Wall Street was closed for the Labor Day holiday in the US, leaving investors to focus on the lingering trade war between the US and China and whether the UK and Europe will resolve Brexit.

The Reserve Bank of Australia kept its target cash rate at 1 percent today, whereas investors still expect New Zealand's central bank to cut the benchmark rate later this year. Low rates are a two-fold boon for equities in that they make dividends more attractive than term deposits or bonds, and they provide cheaper funding for firms to invest.

Meridian led the market higher, up 5.1 percent to a record \$5.33 on a volume of 1.3 million shares, just below its 90-day average of 1.4 million. Contact rose 5 percent to \$9.05 with 1.4 million shares changing hands, Mercury NZ rose 2.9 percent to \$5.36 and Genesis Energy was up 1.5 percent at \$3.50.

Vista International Group dropped 3.3 percent to \$3.80, the biggest decline for the day. About 1.5 million shares changed hands, more than three times the daily average. The company has been punished since scaling back its growth projections last week, although notices to the stock exchange show executives have been buying shares on market at the lower prices.

Fonterra Shareholders' Fund units fell 0.6 percent to \$3.30, while A2 Milk rose 2.2 percent to \$14.16 and Synlait Milk was up 0.9 percent at \$9.38.

NZX Index

Index	Last	Change
S&P/NZX All Index	11,816.48	160.99 ▲ 1.38%
S&P/NZX 50 Index	10,953.92	153.92 ▲ 1.43%
S&P/NZX MidCap Index	30,713.10	137.50 ▲ 0.45%
S&P/NZX SmallCap Index	59,976.69	53.26 ▲ 0.09%

ASX Index

Index	Last	Change
ASX All Ordinaries	6,673.50	4.00 ▼ 0.06%
S&P/ASX 200	6,573.40	6.00 ▼ 0.09%
ASX Small Ordinaries	2,845.60	6.10 ▲ 0.21%
S&P/ASX MIDCAP 50	7,014.30	1.00 ▼ 0.01%
S&P/ASX 20	3,633.80	6.10 ▼ 0.17%

Foreign Markets Index

	Last	Change
S&P 500	2,906.27	20.19 ▼ 0.69%
Dow Jones Industrial Average	26,118.02	285.26 ▼ 1.08%
NASDAQ Composite	7,874.16	88.72 ▼ 1.11%
DAX PERFORMANCE-INDEX	11,910.86	42.92 ▼ 0.36%
ASX All Ordinaries	6,673.50	4.00 ▼ 0.06%
NIKKEI 225	20,625.16	4.97 ▲ 0.02%
HANG SENG INDEX	25,527.85	98.70 ▼ 0.39%

Currencies (per NZ\$ 1.00)

	Last	Change
AUD	0.9371	-0.0022 ▼ 0.23%
USD	0.63	0.0029 ▲ 0.46%
CNY	4.5380	0.0000 ▲ 0.00%
EUR	0.58	0.0024 ▲ 0.42%
CAD	0.8454	0.0001 ▲ 0.01%
GBP	0.52	-0.0001 ▼ 0.02%
JPY	67.1475	0.1485 ▲ 0.22%

NZ Interest Rates

	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.18	
5y Swap	0.93	
10y Swap	1.20	

Commodities Futures (Spot Price \$USD)

	Last	Change
Gold	1,557.90	28.50 ▲ 1.86%
Silver	19.38	1.04 ▲ 5.66%
Crude Oil	53.97	1.13 ▼ 2.05%

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