

MORNING REPORT

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Top News

NZ shares hit record as prospect of US-China trade deal buoys Asia; A2 gains

New Zealand shares rose to a record high as the prospect of a trade deal between the US and China helped buoy stock markets across Asia. Dairy exporters A2 Milk and Synlait Milk were among the day's leaders.

The S&P/NZX 50 Index increased 61.81 points, or 0.7 percent, to 9,413.49, touching a record 9,420.14 during the session. Within the index, 34 stocks rose, 13 fell, and three were unchanged. Turnover was \$135 million.

Stocks across Asia were stronger as speculation that the US and China were close to a deal buoyed optimism among investors. Australia's S&P/ASX 200 index was up 0.5 percent in late trading, while Hong Kong's Hang Seng gained 1.2 percent and Singapore's Straits Times Index rose 0.7 percent.

"People are going to be focused on the international drivers and the big focus is on the trade result," said Greg Smith, head of research at Fat Prophets. "The big fear for investors is if that fails, because China is our biggest customer."

A2 Milk led the benchmark index, up 3.2 percent at \$14.75, on an average volume of 919,000. The milk marketing firm was among the stand-out performers in the latest company earnings season, underpinned by its ability to keep boosting sales of infant formula into China. Supplier Synlait Milk rose 1.8 percent to \$10.59, with 404,000 shares changing hands, about four times its 90-day average.

NZD dollar sticks to tight range, eyes on RBA

The New Zealand dollar remains stuck in a tight range ahead of key events this week, including the Reserve Bank of Australia monetary policy review later today.

The kiwi was trading at 68.18 US cents at 8am from 68.15 US cents at 5pm in Wellington and the trade-weighted index was at 73.94 points from 73.79.

The New Zealand dollar is "in a holding pattern" and the US dollar has a slightly firmer tone, said ANZ FX/rates strategist Sandeep Parekh. On the day, investors will be watching for the Reserve Bank of Australia's rate decision. While the central bank is widely expected to stay on hold "language will be important," said Parekh. The RBA surprised markets last month by switching to a more neutral tone, essentially putting an eventual rate cut back on the table. Australian fourth quarter gross domestic product data Wednesday will also be watched.

The New Zealand dollar was trading at 96.19 Australian cents from 95.99 Australian cents.

The focus will then shift to US jobs data later in the week as the market looks for a steer on when the US Federal Reserve might move to lift rates again.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,200.78	66.89	▲	0.66%
S&P/NZX 50 Index	9,413.50	61.31	▲	0.66%
S&P/NZX MidCap Index	26,944.04	188.17	▲	0.70%
S&P/NZX SmallCap Index	58,751.78	318.79	▲	0.55%
S&P/NZAX All Index	552.97	0.00	▼	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,302.50	28.70	▲	0.46%
S&P/ASX 200	6,217.40	24.70	▲	0.40%
ASX Small Ordinaries	2,789.20	23.10	▲	0.84%
S&P/ASX MIDCAP 50	6,733.40	44.40	▲	0.66%
S&P/ASX 20	3,471.50	13.50	▲	0.39%
Foreign Markets Index				
	Last	Change		
S&P 500	2,787.53	16.16	▼	0.58%
Dow Jones	25,795.07	231.25	▼	0.89%
NASDAQ Composite	7,561.59	33.76	▼	0.44%
DAX	11,592.66	9.02	▼	0.08%
ASX All Ordinaries	6,302.50	28.70	▲	0.46%
NIKKEI 225	21,822.04	219.35	▲	1.02%
HANG SENG INDEX	28,959.59	147.42	▲	0.51%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9622	0.0027	▲	0.28%
USD	0.6819	0.0007	▼	0.10%
CNY	4.5670	0.0120	▼	0.26%
EUR	0.6019	0.0023	▲	0.38%
CAD	0.9082	0.0023	▲	0.25%
GBP	0.5178	0.0026	▲	0.50%
JPY	76.1855	0.1695	▼	0.22%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.06			
10-year Swap	2.51			
Commodities Futures				
	Last	Change		
Gold	1,288.90	10.30	▼	0.79%
Silver	15.11	0.14	▼	0.92%
Crude Oil	56.48	0.68	▲	1.22%

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