

MORNING REPORT

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Web: www.equity.co.nz / E-mail: Info@equity.co.nz / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ

Top News

CharmingNZ market follows Asia lower; Synlait, A2 lead decline

New Zealand shares followed offshore markets lower amid trade tensions between the US and China and as investors await another local interest rate cut this week.

The S&P/NZX 50 Index fell 97.84 points, or 0.9 percent, to 10,766.03. Within the index, 28 stocks fell, 13 rose and nine were unchanged. Turnover was reasonable at almost \$111 million, with defensive utility and property stocks dominating those trading on more than a million shares.

Peter McIntyre, an investment adviser at Craigs Investment Partners, said all the Asian markets were weaker today.

As well as US President Donald Trump's threat of increased tariffs against China, investors are also concerned at the potential for a snap election in the UK. Strikes and unrest in Hong Kong indicate ongoing tensions within China, he said.

"We are being led from the US. Investors are getting nervous and turnover is still relatively low," he added.

The S&P/ASX 200 was down 1.8 percent in early afternoon trading. The Topix was down 2.1 percent, the Hang Seng was down 2.9 percent and the Straits Times Index was down 1.9 percent.

Synlait Milk and A2 Milk led the market lower today, down 3.7 percent and 3.3 percent respectively to \$9.65 and \$17.05. Volume in both was less than their average the past three months.

NZ dollar dips below 65 US cents, recovers ahead of data, rate decisions

The New Zealand dollar briefly dipped below 65 US cents overnight but recovered as markets shift their attention to domestic data and a rate decision in Australia.

The kiwi was trading at 65.36 US cents at 8am in Wellington from 65.21 cents at 5pm. It touched a seven-week low of 64.87 cents overnight. The trade-weighted index was at 72.67 points from 72.44.

The kiwi recovered after falling on escalating US-China trade tensions but "the rebound was modest and leaves the kiwi on thin ice ahead of tomorrow's RBNZ meeting," ANZ Bank FX/rates strategist Sandeep Parekh said. "NZ employment data will drive the kiwi today."

ANZ is expecting a second-quarter unemployment rate of 4.4 percent – versus 4.2 percent in the first quarter – as prior weakness in the economy filters through.

The Reserve Bank of New Zealand's survey of inflation expectations at 3pm will also garner attention ahead of tomorrow's rate decision here.

The central bank is expected to cut rates on Wednesday and leave the door open for more easing as heightened global uncertainty is coupled with a subdued domestic outlook. Of 17 economists polled by Bloomberg, 16 expect the central bank to cut rates by 25 basis points to 1.25 percent. Only one – Citi – sees the bank remaining on hold.

Ahead of that, however, investors will be watching for the Reserve Bank of Australia's decision later today. While no cut is expected, the RBA's forward guidance will be closely watched, said Parekh.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,630.36	98.10	▼	0.84%
S&P/NZX 50 Index	10,766.03	97.84	▼	0.90%
S&P/NZX MidCap Index	30,474.40	143.71	▼	0.47%
S&P/NZX SmallCap Index	61,104.00	348.09	▲	0.57%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,710.60	135.50	▼	1.98%
S&P/ASX 200	6,640.30	128.30	▼	1.90%
ASX Small Ordinaries	2,862.30	74.20	▼	2.53%
S&P/ASX MIDCAP 50	6,978.40	164.10	▼	2.30%
S&P/ASX 20	3,705.20	64.20	▼	1.70%

Foreign Markets Index				
	Last	Change		
S&P 500	2,844.74	87.31	▼	2.98%
Dow Jones	25,717.74	767.27	▼	2.90%
NASDAQ Composite	7,726.04	278.03	▼	3.47%
DAX	11,658.51	213.93	▼	1.80%
ASX All Ordinaries	6,710.60	135.50	▼	1.98%
NIKKEI 225	20,720.29	366.87	▼	1.74%
HANG SENG INDEX	26,151.32	767.26	▼	2.85%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9665	0.0058	▲	0.60%
USD	0.65	0.0005	▲	0.08%
CNY	4.6030	0.0670	▲	1.46%
EUR	0.58	-0.0043	▼	0.74%
CAD	0.8634	0.0007	▲	0.08%
GBP	0.54	0.0002	▲	0.04%
JPY	69.2965	-0.2785	▼	0.40%

NZ Interest Rates		
	Last	Change
NZ OCR	1.50	
3m Bank Bill	1.43	
5y Swap	1.19	
10y Swap	1.49	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,475.80	18.30	▲ 1.26%
Silver	16.42	0.15	▲ 0.92%
Crude Oil	54.87	0.79	▼ 1.42%

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www.equity.co.nz E-mail: Info@equity.co.nz

Contact Equity Investment Advisers today.
 Tel: +64 (9)304 0145 / NZ: 0800 474 669