



MORNING REPORT

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Top News

NZ dollar under pressure ahead of widely expected rate cut

The New Zealand dollar remained under pressure after a soft dairy auction and ahead of the central bank's rate decision.

The New Zealand central bank is widely expected to cut rates by 25 basis points to a record low 1.25 percent as the global situation deteriorates and other central banks, like the US Federal Reserve, move to ease policy.

Weaker global dairy prices may have also weighed on the currency, with the GDT price down 2.6 percent. NZX dairy analyst Robert Gibson said, however, the slide is likely linked to a lift in the volume of product sold which was up nearly 40 percent on the previous event. This is fairly normal at this time of year as New Zealand milk supplies start to come online.

The US dollar also benefited from easing trade tensions when the People's Bank of China on Tuesday set the daily currency fixing stronger than expected and said they don't expect the yuan to weaken further.

NZ market dives on escalating US-China trade war

The New Zealand share market took a hit in a day of red on signs China may use its currency to stand up to the US in the two countries' escalating trade war.

Cinema software provider Vista Group led the declines, down 5.4 percent at \$5.65. The 258,500 shares traded were down on its 334,000 average the past three months.

Index heavy-weight A2 Milk fell 2.9 percent to \$16.56. About 1.05 million shares changed hands, up from its 710,000 average. Supplier Synlait Milk, another firm tied closely to China, fell 3.9 percent to \$9.32. Units in the Fonterra Shareholders' Fund were unchanged at \$3.75.

Asian markets were weaker across the board, with the Hang Seng down 1 percent, the Straits Times Index down 0.7 percent and the S&P/ASX200 down 2.2 percent in early afternoon trading.

A report today showing the country's unemployment rate unexpectedly fell to an 11-year low of 3.9 percent in the June quarter won't be enough to put off a rate cut by the Reserve Bank tomorrow, economists said. The deteriorating global situation and rate cuts by other central banks have most investors expecting a 25 basis-point cut tomorrow.

Spark New Zealand was the heaviest traded stock, with just over 4.6 million shares changing hands, 50 percent more than usual. The stock fell 1.4 percent to \$3.98.

Among other stocks trading on volumes of more than a million shares, Argosy Property fell 1.4 percent to \$1.395, Oceania Healthcare fell 1 percent to \$1.02, Precinct Properties NZ fell 1.7 percent to \$1.755 and Goodman Property fell 1.4 percent to \$2.06.

Power generators Meridian Energy and Mercury NZ both closed at \$4.68, down 1.3 percent and 1.9 percent respectively. Air New Zealand fell 2.2 percent to \$2.67.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,437.39	192.97	▼	1.66%
S&P/NZX 50 Index	10,587.17	178.86	▼	1.66%
S&P/NZX MidCap Index	30,047.67	426.73	▼	1.40%
S&P/NZX SmallCap Index	60,015.16	1,088.84	▼	1.78%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,546.50	164.10	▼	2.45%
S&P/ASX 200	6,478.10	162.20	▼	2.44%
ASX Small Ordinaries	2,789.00	73.30	▼	2.56%
S&P/ASX MIDCAP 50	6,804.00	174.40	▼	2.50%
S&P/ASX 20	3,618.60	86.60	▼	2.34%

Foreign Markets Index				
	Last	Change		
S&P 500	2,881.77	37.03	▲	1.30%
Dow Jones Industrial Average	26,029.52	311.78	▲	1.21%
NASDAQ Composite	7,833.27	107.23	▲	1.39%
DAX PERFORMANCE-INDEX	11,567.96	90.55	▼	0.78%
ASX All Ordinaries	6,546.50	164.10	▼	2.45%
NIKKEI 225	20,585.31	134.98	▼	0.65%
HANG SENG INDEX	25,976.24	175.08	▼	0.67%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9654	-0.0002	▼	0.02%
USD	0.65	0.0000	▲	0.00%
CNY	4.5830	0.0000	▲	0.00%
EUR	0.58	0.0003	▲	0.05%
CAD	0.8669	0.0008	▲	0.09%
GBP	0.54	0.0001	▲	0.02%
JPY	69.4645	-0.0030	▼	0.00%

NZ Interest Rates				
	Last	Change		
NZ OCR	1.50			
3m Bank Bill	1.42			
5y Swap	1.19			
10y Swap	1.48			

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,486.50	10.00	▲	0.68%
Silver	16.45	0.06	▲	0.38%
Crude Oil	53.46	1.23	▼	2.25%

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