

MORNING REPORT

As at 8.49 AM 7/02/2019

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

NZ shares join Australian rally; banking report milder than expected

New Zealand shares followed Australia higher as banking stocks rallied on both sides of the Tasman after a Royal Commission into the sector was less harsh than many had feared. Dual-listed lenders Australia & New Zealand Banking Group, Westpac Banking Corp and AMP all rallied.

The S&P/NZX 50 index climbed 94.31 points, or 1.1 percent, to 9,073.72. Within the index, 33 stocks rose, six fell and 11 were unchanged. Turnover was \$142.5 million.

Australia's S&P/ASX 200 index was up 2.1 percent in afternoon trading, after Commissioner Kenneth Hayne's 76 recommendations didn't go as far as some expected. They may even be a boon for the profitability of Australia's 'four pillars' by introducing a flat fee paid to mortgage brokers and ditching trail commissions.

The dual-listed lenders led New Zealand's market higher, with Westpac up 7.8 percent at \$28.08 on the NZX and ANZ gaining 7.8 percent to \$28.34. Outside the benchmark, AMP jumped 11 percent to \$2.56.

Still, all three have struggled while the Royal Commission ran its course and as Australia's housing market slows. ANZ is down 8.9 percent over the past year, with Westpac falling 23 percent and AMP slumping 55 percent over the same period.

NZD jumps against Aussie on dovish Lowe speech

The New Zealand dollar gained strongly against the Australian dollar after Reserve Bank of Australia governor Philip Lowe opened the door to a rate cut.

The kiwi traded at 96.01 Australian cents at 8am in Wellington versus 95.25 late yesterday in New York and 95.07 Australian cents in Wellington on Tuesday at 5pm. Wednesday was a holiday in New Zealand. It was at 68.30 US cents from 68.92 late yesterday in New York.

The Australian dollar took a tumble when Lowe gave a speech acknowledging growing economic risks and shifted away from the RBA's tightening bias. The comments took the market by surprise after the RBA kept rates unchanged at 1.5 percent on Tuesday and said inflation is still expected to return to target, although progress is likely to be gradual.

On Wednesday, however, Lowe told the National Press Club of Australia that "looking forward, there are scenarios where the next move in the cash rate is up and other scenarios where it is down. Over the past year, the next-move-is-up scenarios were more likely than the next-move-is-down scenarios. Today, the probabilities appear to be more evenly balanced."

Marshall Gittler, chief strategist at ACLS Global, said prior to the comments the market was pricing in a 2.4 percent chance of a hike versus a 36 percent chance of a cut. After the speech "the odds of a rate hike went to zero across the board, while the odds of a rate cut sometime this year jumped to 63 percent," he said.

The kiwi was also supported when global dairy commodity prices lifted a stronger-than-expected 6.7 percent to an average price of US\$3,265 in the overnight Global Dairy Trade event, marking the fifth consecutive rise.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,838.20	90.51	▲	0.93%
S&P/NZX 50 Index	9,073.72	94.31	▲	1.05%
S&P/NZX MidCap Index	26,418.90	104.19	▲	0.40%
S&P/NZX SmallCap Index	57,720.47	137.92	▲	0.24%
S&P/NZAX All Index	537.73	1.32	▼	0.24%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,091.80	23.70	▲	0.39%
S&P/ASX 200	6,026.10	20.20	▲	0.34%
ASX Small Ordinaries	2,653.20	26.10	▲	0.99%
S&P/ASX MIDCAP 50	6,509.70	38.10	▲	0.59%
S&P/ASX 20	3,361.30	5.30	▼	0.16%
Foreign Markets Index				
	Last	Change		
S&P 500	2,729.14	8.56	▼	0.31%
Dow Jones	25,380.64	30.88	▼	0.12%
NASDAQ Composite	7,366.93	35.15	▼	0.47%
DAX	11,324.72	43.26	▼	0.38%
ASX All Ordinaries	6,091.80	23.70	▲	0.39%
NIKKEI 225	20,874.06	29.61	▲	0.14%
HANG SENG INDEX	27,990.21	59.47	▲	0.21%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9606	0.0078	▲	0.82%
USD	0.6830	0.0064	▼	0.93%
CNY	4.6110	0.0380	▼	0.82%
EUR	0.6010	0.0035	▼	0.58%
CAD	0.9018	0.0031	▼	0.34%
GBP	0.5280	0.0043	▼	0.81%
JPY	75.0970	0.7050	▼	0.93%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.10			
10-year Swap	2.52			
Commodities Futures				
	Last	Change		
Gold	1,311.50	7.70	▼	0.58%
Silver	15.66	0.17	▼	1.08%
Crude Oil	53.93	0.27	▲	0.50%

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk.

Do you need to make any changes to your portfolio?
www.equity.co.nz E-mail: Info@equity.co.nz

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