

MORNING REPORT

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Top News

NZ shares edge up as dairy auction buoys Fonterra Fund

New Zealand shares edged up, led by the Fonterra Shareholders' Fund as a stronger than expected dairy auction was seen as an optimistic sign for the sector, despite the fact that it would add pressure to earnings.

The S&P/NZX 50 Index increased 15.31 points, or 0.2 percent, to 9,415. Within the index, 22 stocks rose, 20 fell, and eight were unchanged. Turnover was \$189.7 million, of which Fletcher Building accounted for \$52.5 million.

Fonterra Fund units rose 2.6 percent to \$4.41, on a volume of 197,000, about half its 90-day daily average. The units hit a record low last week after Fonterra downgraded its earnings forecast and canned plans for an interim dividend. However, they've recovered over the last few days after Miles Hurrell was confirmed as permanent chief executive, and after the Global Dairy Trade auction showed a sharper increase in dairy prices than expected.

Peter McIntyre, an investment adviser at Craigs Investment Partners, said the increased milk price is an added cost for Fonterra and will add pressure on earnings, which the fund's exposed to.

"However, investors might be looking at Fonterra's outlook," he said.

NZ dollar higher against Aussie after disappointing Australian GDP

The New Zealand dollar was higher against the Australian dollar after disappointing fourth-quarter gross domestic product data across the Tasman.

The kiwi traded at 96.38 Australian cents at 8am in Wellington from 96.12 cents at 5pm in Wellington. It was at 67.71 US cents from 67.61 cents.

Australia's economy grew 0.2 percent in the December quarter, lower even than downgraded expectations of 0.3 percent and taking the annual growth rate to 2.3 percent.

"AUD lost ground to the kiwi overnight. Fourth-quarter GDP came in weaker than expected which added to recent economic woes. Expect the AUD to remain under pressure," said Sandeep Parekh, FX/rates strategist for ANZ Bank.

The Aussie dollar was also weighed after "two more banks changed their calls and forecast rate cuts this year. The market's estimate of the likelihood of a cut this year jumped to 73 percent from 58 percent yesterday – a big change," Marshall Gittler, chief strategist at ACLS Global.

Data from Australia will remain in focus today with the trade balance and retail sales due.

The Kiwi inched higher against the greenback as markets await further detail on US-China trade negotiations, said Parekh.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,201.12	13.25	▲	0.13%
S&P/NZX 50 Index	9,415.00	12.54	▲	0.13%
S&P/NZX MidCap Index	26,972.78	9.31	▲	0.03%
S&P/NZX SmallCap Index	58,572.20	19.13	▼	0.03%
S&P/NZAX All Index	556.79	2.43	▲	0.44%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,326.80	45.40	▲	0.72%
S&P/ASX 200	6,245.60	46.30	▲	0.75%
ASX Small Ordinaries	2,791.00	19.30	▲	0.70%
S&P/ASX MIDCAP 50	6,727.80	40.40	▲	0.60%
S&P/ASX 20	3,486.80	22.50	▲	0.65%
Foreign Markets Index				
	Last	Change		
S&P 500	2,774.59	15.06	▼	0.54%
Dow Jones	25,685.16	121.47	▼	0.47%
NASDAQ Composite	7,516.21	60.15	▼	0.79%
DAX	11,587.63	33.11	▼	0.28%
ASX All Ordinaries	6,326.80	45.40	▲	0.72%
NIKKEI 225	21,596.81	129.47	▼	0.60%
HANG SENG INDEX	29,037.60	76.00	▲	0.26%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9635	0.0040	▲	0.42%
USD	0.6770	0.0028	▼	0.41%
CNY	4.5430	0.0170	▼	0.37%
EUR	0.5986	0.0026	▼	0.43%
CAD	0.9088	0.0012	▲	0.13%
GBP	0.5140	0.0018	▼	0.35%
JPY	75.6550	0.4005	▼	0.53%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.02			
10-year Swap	2.47			
Commodities Futures				
	Last	Change		
Gold	1,286.70	2.00	▲	0.16%
Silver	15.09	0.01	▼	0.10%
Crude Oil	56.22	0.34	▼	0.60%

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