

# MORNING REPORT

As at 9.00 AM 8/02/2019

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## Top News

### NZ dollar rangebound on weak jobs, global growth woes

The New Zealand dollar stuck to a tight range after weaker-than-expected domestic jobs figures and as global growth woes continue to weigh on markets.

The kiwi took a tumble yesterday when weaker than expected employment figures revived the possibility that the Reserve Bank may cut interest rates. Risk appetite was further dented overnight when the Bank of England downgraded its growth forecast for 2019 and 2020, noting that Brexit is weighing significantly on activity and that its forecasts are based on one rate hike over the next three years.

Earlier, Prime Minister Jacinda Ardern said New Zealand's economy remains "relatively strong" but warned that slowing global growth will have an impact.

On the day, investors will be watching for the Reserve Bank of Australia's statement on monetary policy. The RBA kept rates on hold earlier this week and said inflation is still expected to return to target, although progress is likely to be gradual. Markets were then surprised when the RBA governor gave speech acknowledging growing economic risks and shifted away from the RBA's tightening bias.

The kiwi traded at 95.13 Australian cents from 95.02. It was at 52.09 British pence from 52.24 and at 59.49 euro cents from 59.45, at 74.15 yen from 74.23 yen and at 4.5533 Chinese yuan from 4.5546.

### NZ shares gain as prospect of rate cut stokes demand for yield stocks

New Zealand shares gained as growing expectations of lower interest rates stoked demand for companies offering regular dividend income, such as Chorus and Meridian Energy. Dairy companies A2 Milk Co and Synlait Milk were boosted by stronger demand for dairy products.

Stocks across Australia and New Zealand gained as investors increased their bets on both central banks cutting interest rates, boosting the attraction of equities over fixed-income assets such as bonds and term deposits. Reserve Bank of Australia governor Philip Lowe yesterday opened the door to a rate cut in a speech, while weaker than expected jobs data reignited speculation New Zealand's central bank will lean towards a cut. The S&P/ASX 200 index was up 1.3 percent in afternoon trading.

Utilities companies have been a favourite for investors in the low rate environment of the past decade, offering a relatively secure income stream and low equity risk. Chorus rose 2.3 percent to \$5.04 with 847,000 shares changing hands, twice its average volume. Meridian gained 2 percent at \$3.65, a record close, on 1.1 million shares.

Synlait led the market higher, up 5.4 percent at \$9.70 on a very light volume. A2 rose 2.6 percent to \$13.20 on a volume of 1.1 million, in line with its 90-day average.

Fonterra Shareholders' Fund units, which give investors exposure to Fonterra's earnings, fell 0.9 percent to \$4.69 on half its average volume.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,902.84	64.64	▲ 0.66%
S&P/NZX 50 Index	9,133.51	59.79	▲ 0.66%
S&P/NZX MidCap Index	26,519.86	100.96	▲ 0.38%
S&P/NZX SmallCap Index	58,007.08	286.61	▲ 0.50%
S&P/NZAX All Index	537.73	0.00	▲ 0.00%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,159.10	67.30	▲ 1.10%
S&P/ASX 200	6,092.50	66.40	▲ 1.10%
ASX Small Ordinaries	2,674.50	21.30	▲ 0.80%
S&P/ASX MIDCAP 50	6,569.40	59.70	▲ 0.92%
S&P/ASX 20	3,405.80	44.50	▲ 1.32%

Foreign Markets Index			
	Last	Change	
S&P 500	2,695.98	35.63	▼ 1.30%
Dow Jones Industrial Average	25,096.33	293.97	▼ 1.16%
NASDAQ Composite	7,263.32	111.96	▼ 1.52%
DAX PERFORMANCE-INDEX	11,022.02	302.70	▼ 2.67%
ASX All Ordinaries	6,159.10	67.30	▲ 1.10%
NIKKEI 225	20,751.28	122.78	▼ 0.59%
HANG SENG INDEX	27,990.21	59.47	▲ 0.21%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9510	0.0027	▼ 0.28%
USD	0.6752	0.0026	▼ 0.38%
CNY	4.5560	0.0150	▼ 0.33%
EUR	0.5948	0.0017	▼ 0.28%
CAD	0.8981	0.0026	▲ 0.29%
GBP	0.5212	0.0031	▼ 0.59%
JPY	74.1600	0.3755	▼ 0.50%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	1.99	
10-year Swap	2.43	

Commodities Futures			
	Last	Change	
Gold	1,314.30	0.10	▼ 0.01%
Silver	15.73	0.02	▲ 0.15%
Crude Oil	52.71	1.30	▼ 2.41%

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