



# MORNING REPORT

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## Top News

### NZD hovers near 66 US cents ahead of RBNZ decision

The New Zealand dollar hovered around 66 US cents amid US-China trade talk jitters and ahead of the Reserve Bank of New Zealand's rate decision later today.

The "kiwi followed Australian dollar higher following the RBA's hold decision yesterday, but the risk-off tone in global markets overnight has seen this more than fully unwind," ANZ Bank economists said in a morning note.

News that China's Commerce Ministry said Vice Premier Liu He will visit Washington to continue trade talks on Thursday and Friday, helped eased concerns about the US-China trade tensions. The outlook, however, is far from clear given US tariff increases remain on the cards for Friday.

On the domestic front, the odds are even regarding a possible 25 basis-point rate cut to 1.50 percent at today's monetary policy review, the first to be carried out by a new committee that includes three external members. Economists polled by Bloomberg say the chance of a rate cut is slightly higher than the odds the bank stays on hold, but say it's a line-ball call. The decision will be published at 2pm.

The New Zealand dollar was largely unfazed by news that whole milk powder fell for the third consecutive event in the Global Dairy Trade auction overnight. The GDT index was up 0.4 percent but whole milk powder was down 0.5 percent.

### NZ shares gain as investors chase yield in low-rate environment

New Zealand shares bounced back from yesterday's Donald Trump-induced slump, as the attraction of stocks paying reliable dividends remains strong in a low-interest rate environment. Meridian Energy, Chorus and Infratil were among the gainers today.

The local market joined an Asia-wide rout yesterday when the US president spooked investors by raising the prospect of further tariff hikes on Chinese goods. US Trade Representative Robert Lighthizer today accused China of renegeing on previous trade commitments.

However, the confirmation of tariffs did little to deter investors, with equity markets across Asia recovering some of yesterday's decline. China's Shanghai Composite Index was one of the hardest hit on Monday, but was up a modest 0.2 percent in late trading.

Utility companies were among today's local leaders, with reliable dividends still a major drawcard for investors, especially with the chance of another interest rate cut at tomorrow's Reserve Bank policy review. Meridian rose 1.8 percent to \$4.18 on a volume of 1.3 million shares, Chorus was up 2.5 percent at \$6.20 and Infratil increased 2.7 percent to \$4.55.

Williamson said there's a large volume of money that will need to be reinvested, with a number of upcoming debt maturities and the proceeds of the \$2.56 billion Trade Me Group takeover.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	10,848.85	69.68	▲	0.65%
S&P/NZX 50 Index	10,027.39	66.77	▲	0.67%
S&P/NZX MidCap Index	28,602.80	134.56	▲	0.47%
S&P/NZX SmallCap Index	59,667.08	36.93	▲	0.06%
S&P/NZAX All Index	601.99	2.54	▼	0.42%

ASX Index				
Index	Last		Change	
ASX All Ordinaries	6,383.50	13.60	▲	0.21%
S&P/ASX 200	6,295.70	12.00	▲	0.19%
ASX Small Ordinaries	2,810.50	8.20	▲	0.29%
S&P/ASX MIDCAP 50	6,753.10	21.10	▲	0.31%
S&P/ASX 20	3,513.10	4.90	▲	0.14%

Foreign Markets Index				
	Last		Change	
S&P 500	2,884.05	48.42	▼	1.65%
Dow Jones Industrial Average	25,965.09	473.39	▼	1.79%
NASDAQ Composite	7,963.76	159.53	▼	1.96%
DAX PERFORMANCE-INDEX	12,092.74	194.14	▼	1.58%
ASX All Ordinaries	6,383.50	13.60	▲	0.21%
NIKKEI 225	21,923.72	335.01	▼	1.51%
HANG SENG INDEX	29,363.02	153.20	▲	0.52%

Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9416	0.0003	▲	0.03%
USD	0.6604	0.0004	▲	0.06%
CNY	4.4730	0.0000		0.00%
EUR	0.5900	0.0004	▲	0.07%
CAD	0.8897	0.0006	▲	0.07%
GBP	0.5050	0.0003	▲	0.06%
JPY	72.8105	0.0510	▲	0.07%

NZ Interest Rates				
	Last		Change	
NZ OCR	1.75			
3-month Bank Bill	1.79			
5-year Swap	1.75			
10-year Swap	2.16			

Commodities Futures (Spot Price \$USD)				
	Last		Change	
Gold	1,285.60	1.80	▲	0.14%
Silver	14.93	0.00	▲	0.01%
Crude Oil	61.44	0.81	▼	1.30%

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