

# MORNING REPORT

As at 8.54 AM 9/07/2019

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## Top News

### NZ shares dip; Summerset sales fall short of expectations

New Zealand shares edged lower in light trading, led lower by Summerset Group after quarterly sales figures kept investors wary about the outlook for retirement stocks.

The S&P/NZX 50 Index decreased by 9.49 points, or 0.1 percent, to 10,605.98. Within the index, 24 stocks fell, 20 rose, and six were unchanged. Turnover was \$79.2 million, with four companies trading on volumes of more than a million shares.

Summerset led the market lower, down 3.3 percent at \$5.55 on a volume of 238,000 shares, after reporting a 9.6 percent decline in second-quarter sales. The retirement village operator tried to allay investor fears, saying the property market was showing signs of stabilising. However, the downbeat figures weighed on rival Metlifecare, which fell 2 percent to \$4.45 with 164,000 shares changing hands.

"The pressure is on the retirement village sector on continuing concerns around property," said Grant Davies, an investment advisor at Hamilton Hindin Greene. "Resales and new sales are not quite living up to expectations."

Some exporters were also among those under pressure, with Gentrack down 3.1 percent at \$6.20, Fisher & Paykel Healthcare falling 1.7 percent to \$16, and Skellerup also dropping 1.7 percent to \$2.36.

Spark New Zealand was the most traded stock on the benchmark index on a volume of 1.2 million shares, well down on its 90-day average around 5 million. It decreased by 0.4 percent to \$3.97.

Genesis Energy increased by 0.3 percent to \$3.51 on a volume of 1.1 million shares, and Kiwi Property Group was unchanged at \$1.615 with 1.1 million shares changing hands.

### NZ dollar dips ahead of Fed chair Powell's testimony

The New Zealand dollar was weaker as investors continued to pare back expectations of a hefty US interest rate cut at the end of the month.

The kiwi fell to 66.20 US cents at 8am from 66.40 cents at 5pm. The trade-weighted-index was at 72.55 versus 72.71.

"Kiwi sticks to a tight range as the USD awakens from its slumber and strengthens once more," said ANZ FX/strategist Sandeep Parekh

Markets pulled back expectations for a 50-basis point rate cut this month by the Federal Reserve after US strong jobs data last week but still anticipate a 25 basis point reduction.

The Federal Open Market Committee is due to meet July 30-31 but ahead of that Fed chair Jerome Powell will deliver a semiannual monetary policy report to the House Financial Services Committee on Wednesday in the US and then the Senate Banking Committee on Thursday.

Powell may use the opportunity to either stoke expectations for rate cuts or water them down.

The Federal Reserve is also due to publish minutes from its June meeting on Wednesday in the US.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,453.76	7.13	▼ 0.06%
S&P/NZX 50 Index	10,605.98	9.49	▼ 0.09%
S&P/NZX MidCap Index	30,332.44	45.72	▼ 0.15%
S&P/NZX SmallCap Index	60,181.51	133.56	▲ 0.22%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,757.40	74.40	▼ 1.09%
S&P/ASX 200	6,672.20	79.10	▼ 1.17%
ASX Small Ordinaries	2,877.60	27.20	▼ 0.94%
S&P/ASX MIDCAP 50	7,077.10	58.50	▼ 0.82%
S&P/ASX 20	3,732.10	45.70	▼ 1.21%

Foreign Markets Index			
	Last	Change	
S&P 500	2,975.95	14.46	▼ 0.48%
Dow Jones	26,806.14	115.98	▼ 0.43%
NASDAQ Composite	8,098.38	63.41	▼ 0.78%
DAX	12,543.51	25.02	▼ 0.20%
ASX All Ordinaries	6,757.40	74.40	▼ 1.09%
NIKKEI 225	21,534.35	212.03	▼ 0.98%
HANG SENG INDEX	28,331.69	443.14	▼ 1.54%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9500	0.0001	▲ 0.01%
USD	0.66	-0.0003	▼ 0.05%
CNY	4.5610	-0.0080	▼ 0.18%
EUR	0.59	0.0005	▲ 0.08%
CAD	0.8676	0.0010	▲ 0.12%
GBP	0.53	0.0005	▲ 0.09%
JPY	72.0430	0.1580	▲ 0.22%

NZ Interest Rates		
	Last	Change
NZ OCR	1.50	
3m Bank Bill	1.62	
5y Swap	1.39	
10y Swap	1.74	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,397.30	2.80	▼ 0.20%
Silver	15.05	0.04	▲ 0.29%
Crude Oil	57.47	0.04	▼ 0.07%

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