

# MORNING REPORT

As at 8.50 AM 10/04/2019

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## Top News

### NZ shares fall; retirement stocks under pressure on housing fears

New Zealand shares fell for a fifth session as retirement village operators Summerset Group and Metlifecare suffered amid fears a slowing property market will dent their fortunes.

The S&P/NZX 50 Index declined 19.78 points, or 0.2 percent, to 9,787.30. Within the index, 16 stocks fell, 24 gained, and 10 were unchanged. Turnover was \$143.9 million.

Summerset led the market lower, down 3.8 percent at \$5.55 on a volume of 1.2 million shares. Its 90-day average is 281,000. Metlifecare fell 3.2 percent to \$4.58 and Ryman Healthcare declined 2.5 percent to \$11.70.

Last week, Summerset warned that first-quarter unit sales were down in part because of slowing property markets in Auckland and Christchurch. Rapid gains in house prices in recent years have been a tailwind for the sector, which is busy building new villages in anticipation of the needs for an ageing population.

"Uncertainty around the housing market is coming home to roost with a lot of the premium starting to disappear for some of those stocks, particularly Metlifecare and Summerset," said Grant Davies, an investment adviser at Hamilton Hindin Greene.

"If you look at the two stocks in the sector not as exposed to property, Arvida is holding its ground where it is and Oceania is also holding its ground reasonably solidly."

### Kiwi struggling to gain traction as IMF lowers global growth forecasts

The New Zealand dollar remains under pressure after risk appetite took a hit when the International Monetary Fund cut its global growth forecasts for 2019 and 2020.

The kiwi was trading at 67.43 US cents at 8am from 67.45 US cents at 5pm in Wellington. The trade-weighted index was at 73.09 points from 73.14.

"After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies," the IMF said in its latest World Economic Outlook. US-China trade tensions, a slowdown in the euro area and natural disasters in Japan all contributed, it said.

As a result, global growth is now projected to slow from 3.6 percent in 2018 to 3.3 percent in 2019, before returning to 3.6 percent in 2020. Growth for 2018 was revised down by 0.1 percentage point relative to the October 2018 World Economic Outlook and the forecasts for 2019 and 2020 are now marked down by 0.4 percentage point and 0.1 percentage point, respectively, it said.

Also, "while global growth could surprise favorably if trade differences are resolved quickly so that business confidence rebounds and investor sentiment strengthens further, the balance of risks to the outlook remains on the downside," it said.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,599.23	20.55	▼	0.19%
S&P/NZX 50 Index	9,787.30	19.78	▼	0.20%
S&P/NZX MidCap Index	28,199.71	3.85	▼	0.01%
S&P/NZX SmallCap Index	58,873.81	48.05	▲	0.08%
S&P/NZAX All Index	616.83	9.30	▲	1.53%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,315.50	4.70	▲	0.07%
S&P/ASX 200	6,221.80	0.40	▲	0.01%
ASX Small Ordinaries	2,784.20	1.70	▲	0.06%
S&P/ASX MIDCAP 50	6,729.80	11.40	▲	0.17%
S&P/ASX 20	3,464.10	3.60	▼	0.10%
Foreign Markets Index				
	Last	Change		
S&P 500	2,878.20	17.57	▼	0.61%
Dow Jones	26,150.58	190.44	▼	0.72%
NASDAQ Composite	7,909.28	44.61	▼	0.56%
DAX	11,850.57	112.83	▼	0.94%
ASX All Ordinaries	6,315.50	4.70	▲	0.07%
NIKKEI 225	21,802.59	40.94	▲	0.19%
HANG SENG INDEX	30,157.49	80.34	▲	0.27%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9461	0.0001	▲	0.01%
USD	0.6745	0.0004	▲	0.06%
CNY	4.5250	0.0030	▼	0.07%
EUR	0.5988	0.0002	▲	0.03%
CAD	0.8987	0.0012	▲	0.13%
GBP	0.5167	0.0006	▲	0.12%
JPY	74.9700	0.1870	▼	0.25%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.88			
5-year Swap	1.84			
10-year Swap	2.26			
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,308.70	6.80	▲	0.52%
Silver	15.19	0.03	▼	0.17%
Crude Oil	64.12	0.28	▼	0.43%

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