



# MORNING REPORT

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## Top News

### NZ dollar hovers around 66 US cents; markets await Powell's testimony

The New Zealand dollar is hovering around 66 US cents ahead of US Federal Reserve chair Jerome Powell's testimony to Congress but continues to gain against the Aussie.

Powell is due to testify at the House Financial Services Committee Wednesday morning and at Senate Banking on Thursday in the US. Markets will be looking for any clues about when the Fed plans to cut rates and by how much. While the US dollar has gained as markets have pared back expectations for a 50 basis-point rate cut this month, a 25 point cut is still fully priced in.

Domestically investors will be watching for the monthly food price index for a steer on how inflation might be tracking. The food price index accounts for about a fifth of the consumers price index, which the Reserve Bank includes among its inflation measures when setting interest rates.

Rates are currently at a record low 1.50 percent and investors are currently expecting two more 25 basis point rate cuts over the next few months given that annual inflation remains a tepid 1.5 percent.

### NZ shares fall as prospect of smaller US rate cut knocks yield stocks

New Zealand shares fell, joining a decline across Asia, as expectations of a smaller interest rate cut by the US Federal Reserve reduced the attraction of stocks held for a reliable income.

Stocks across Asia were weaker, with Australia's S&P/ASX Index down 0.2 percent in afternoon trading. Hong Kong's Hang Seng fell 0.7 percent and Singapore's Straits Times Index declined 0.3 percent. Better-than-expected US jobs data last week prompted some analysts to rethink the extent of predicted US rate cuts, and upcoming testimony by Fed chair Jerome Powell this week will be closely watched for any hints on which way the central bank is leaning.

Precinct Properties New Zealand declined 2 percent to \$1.01 on a volume of 1.4 million shares, Genesis Energy fell 1.9 percent to \$3.445, Mercury NZ decreased 1.1 percent to \$4.59 and Infratil was down 1 percent at \$4.655.

Port of Tauranga fell 2.5 percent to \$6.22, while outside the benchmark index, South Port New Zealand was down 2.5 percent at \$6.60. Napier Port is due to lodge its product disclosure statement for an initial public offering next week with a view to listing on the NZX next month. NZX shares were unchanged at \$1.12.

Pushpay Holdings led the market lower, down 3.4 percent at \$3.46 on a volume of 313,000 shares. Former chief executive Chris Heaslip recently sold down his stake in the mobile payments software developer.

Z Energy fell 3 percent to \$6.06 on 283,000 shares after the government announced proposals to encourage greater uptake of electric vehicles.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,381.34	72.42	▼	0.63%
S&P/NZX 50 Index	10,538.11	67.87	▼	0.64%
S&P/NZX MidCap Index	30,139.39	193.05	▼	0.64%
S&P/NZX SmallCap Index	59,829.90	351.61	▼	0.58%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,750.10	7.30	▼	0.11%
S&P/ASX 200	6,665.70	6.50	▼	0.10%
ASX Small Ordinaries	2,868.90	8.70	▼	0.30%
S&P/ASX MIDCAP 50	7,042.80	34.30	▼	0.48%
S&P/ASX 20	3,732.60	0.50	▲	0.01%

Foreign Markets Index				
	Last	Change		
S&P 500	2,979.63	3.68	▲	0.12%
Dow Jones Industrial Average	26,783.49	22.65	▼	0.08%
NASDAQ Composite	8,141.73	43.35	▲	0.54%
DAX PERFORMANCE-INDEX	12,436.55	106.95	▼	0.85%
ASX All Ordinaries	6,750.10	7.30	▼	0.11%
NIKKEI 225	21,565.15	30.80	▲	0.14%
HANG SENG INDEX	28,116.28	215.41	▼	0.76%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9535	0.0000	▲	0.00%
USD	0.66	-0.0001	▼	0.02%
CNY	4.5470	-0.0010	▼	0.02%
EUR	0.59	-0.0001	▼	0.02%
CAD	0.8672	-0.0004	▼	0.05%
GBP	0.53	-0.0001	▼	0.02%
JPY	71.9205	0.0005	▲	0.00%

NZ Interest Rates				
	Last	Change		
NZ OCR	1.50			
3m Bank Bill	1.61			
5y Swap	1.39			
10y Swap	1.72			

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,399.40	0.60	▼	0.04%
Silver	15.13	0.08	▲	0.53%
Crude Oil	58.38	0.72	▲	1.25%

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