

# MORNING REPORT

As at 8.50 AM 10/09/2019

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## Top News

### NZ shares snap six-day gain; A2 falls

New Zealand shares snapped a six-day winning streak as investors pause for breath with the benchmark index near a record and outperforming all bar China's CSI 300 Index across Asia so far this year. A2 Milk led the market lower.

The S&P/NZX 50 Index decreased 16.06 points, or 0.1 percent, to 11,202.93. Within the index, 20 stocks fell, 25 rose, and five were unchanged. Turnover was \$107.7 million.

New Zealand's benchmark is still up about 27 percent so far this year, lagging China's CSI 300's 32 percent gain. China's Shanghai Stock Exchange Composite Index is the third-best performer in the year to date, up 21 percent, according to Refinitiv data.

"We're in a bit of a lull just after earnings season, but the NZX50's gone through 11,000 - it's only natural to expect it to pause for breath at some point," said Greg Smith, head of research at Fat Prophets.

Smith said the lingering trade dispute between US and China continues to be a cause of concern for investors. The prospect of upcoming negotiations was welcomed by investors, but Smith noted that may be a false dawn given White House economic adviser Larry Kudlow said the conflict could take years to resolve.

Stocks with global exposure - both importers and exporters - were among those to decline.

### NZ dollar weaker against UK pound as fears of no-deal Brexit fade

The New Zealand dollar eased against pound as expectations of a no-deal Brexit faded although the political outlook there remains volatile.

The kiwi was trading at 52.03 British pence at 8am in Wellington from 52.34 at 5pm yesterday. It touched a low of 51.58 overnight. It was at 64.25 US cents from 64.23 cents.

UK industrial output data was better than expected in July, with industrial production lifting 0.1 percent from June and output up 0.3 percent. The monthly estimate of July UK GDP rose 0.3 percent on the month beating forecasts for a 0.1 percent increase, according to Bloomberg. The better-than-expected data helped allay fears of a possible UK recession.

That, coupled with news the legislation preventing a no-deal Brexit on Oct. 31 passed into law, gave the pound a boost. However, it trimmed some of its gains when John Bercow, speaker of Britain's House of Commons, announced that he would be standing down.

Prime Minister Boris Johnson is calling for a snap election but that is expected to be rejected by Tory lawmakers just ahead of a five-week suspension of Parliament. According to the BBC, Opposition MPs confirmed they would not back the push for an Oct. 15 poll, insisting a law blocking a no-deal Brexit must be implemented first.

Markets will now be watching for China's inflation and producer price index data today for a further steer on how its economy is faring.

The trade-weighted index was at 71.40 from 71.42.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	12,079.89	20.06	▼ 0.17%
S&P/NZX 50 Index	11,202.93	16.83	▼ 0.15%
S&P/NZX MidCap Index	31,648.63	14.66	▲ 0.05%
S&P/NZX SmallCap Index	60,506.63	144.45	▼ 0.24%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,760.10	7.40	▲ 0.11%
S&P/ASX 200	6,648.00	0.70	▲ 0.01%
ASX Small Ordinaries	2,886.40	0.70	▼ 0.02%
S&P/ASX MIDCAP 50	7,124.30	0.90	▼ 0.01%
S&P/ASX 20	3,673.20	1.50	▲ 0.04%

Foreign Markets Index			
	Last	Change	
S&P 500	2,978.43	0.28	▼ 0.01%
Dow Jones	26,835.51	38.05	▲ 0.14%
NASDAQ Composite	8,087.44	15.64	▼ 0.19%
DAX	12,226.10	34.37	▲ 0.28%
ASX All Ordinaries	6,760.10	7.40	▲ 0.11%
NIKKEI 225	21,318.42	118.85	▲ 0.56%
HANG SENG INDEX	26,681.40	9.36	▼ 0.04%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9363	-0.0019	▼ 0.20%
USD	0.64	0.0007	▲ 0.11%
CNY	4.5760	0.0040	▲ 0.09%
EUR	0.58	-0.0005	▼ 0.09%
CAD	0.8455	-0.0005	▼ 0.06%
GBP	0.52	-0.0024	▼ 0.46%
JPY	68.8930	0.3180	▲ 0.46%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.16	
5y Swap	0.99	
10y Swap	1.27	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,507.20	8.30	▼ 0.55%
Silver	18.09	0.03	▼ 0.16%
Crude Oil	58.02	1.50	▲ 2.65%

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