

MORNING REPORT

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Top News

NZ stocks gain on A2 broker upgrade

New Zealand stocks gained as a strong lift in A2 Milk after a broker upgrade helped propel the index higher.

The S&P/NZX 50 Index increased 112.03 points, or 1.06 percent, to 10,650.14. Within the index, 29 stocks gained, 15 fell, and six were unchanged. Turnover was \$101.9 million.

Nigel Scott, a director at Craigs Investment Partners, said the main stories of the day are A2 Milk, New Zealand Oil and Gas and Ryman Healthcare.

A2 Milk was up 6.6 percent at \$16.25 and was the market's biggest gainer. Just over 1.2 million shares changed hands.

Scott said the strong buying in A2 looks to be because "UBS have gone from neutral to a buy on A2 and now has a \$17.50 target price," up 25 percent from their prior forecast. Investors will now be awaiting the company's annual result in August.

Synlait Milk, which supplies A2, rose 0.9 percent to \$9.02.

Scott said that overall volumes were light, largely due to the two-week school holiday period currently underway and the fact that most analysts will have opted to take holidays ahead of the August reporting season.

"There's a two-week patch where you either find some snow or some sun. It's a genuine holiday period," he said.

Only four other stocks traded on volumes of more than a million shares. Meridian Energy rose 1 percent to \$4.86 and Precinct Properties NZ fell 1.1 percent to \$1.735. Pushpay Holdings fell 2 percent to \$2.08 and Spark New Zealand fell 1 percent to \$3.94.

NZ dollar pushes higher; Powell testimony adds to US rate-cut expectations

The New Zealand dollar rose after US Federal Reserve chair Jerome Powell put a steep US rate cut back on the table.

The kiwi was trading at 66.41 US cents at 8am in Wellington from 65.97 cents at 5pm. The trade-weighted index was at 72.71 versus 72.45.

Powell told the US House Financial Services Committee that "uncertainties around trade tensions and concerns about the strength of the global economy continue to weigh on the US economic outlook." In his half-yearly testimony, he also underscored that low inflation in the US could be even more "persistent than we currently anticipate."

Capital Economics said the greenback took a tumble as "Powell indicated that, despite the recent trade truce with China and the strength of employment growth in June, the Fed intends to push ahead with a rate cut at the FOMC meeting at the end of this month."

Kiwibank trader Mike Shirley said the kiwi dollar – which had come under pressure earlier this week – outperformed after Powell's testimony.

Minutes from the Federal Reserve's June meeting also showed that officials were more concerned about the economic outlook last month and indicated they were ready to cut if necessary.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,497.77	116.43	▲ 1.02%
S&P/NZX 50 Index	10,650.14	112.03	▲ 1.06%
S&P/NZX MidCap Index	30,261.75	122.36	▲ 0.41%
S&P/NZX SmallCap Index	59,771.54	58.36	▼ 0.10%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,777.70	27.60	▲ 0.41%
S&P/ASX 200	6,689.80	24.10	▲ 0.36%
ASX Small Ordinaries	2,896.20	27.30	▲ 0.95%
S&P/ASX MIDCAP 50	7,099.30	56.50	▲ 0.80%
S&P/ASX 20	3,734.10	1.50	▲ 0.04%

Foreign Markets Index			
	Last	Change	
S&P 500	2,993.07	13.44	▲ 0.45%
Dow Jones	26,860.20	76.71	▲ 0.29%
NASDAQ Composite	8,202.53	60.80	▲ 0.75%
DAX	12,373.41	63.14	▼ 0.51%
ASX All Ordinaries	6,777.70	27.60	▲ 0.41%
NIKKEI 225	21,533.48	31.67	▼ 0.15%
HANG SENG INDEX	28,204.69	88.41	▲ 0.31%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9543	0.0008	▲ 0.08%
USD	0.66	0.0034	▲ 0.51%
CNY	4.5650	0.0170	▲ 0.37%
EUR	0.59	0.0007	▲ 0.12%
CAD	0.8689	0.0013	▲ 0.15%
GBP	0.53	0.0010	▲ 0.19%
JPY	72.0240	0.1040	▲ 0.14%

NZ Interest Rates		
	Last	Change
NZ OCR	1.50	
3m Bank Bill	1.60	
5y Swap	1.41	
10y Swap	1.75	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,420.00	19.50	▲ 1.39%
Silver	15.26	0.11	▲ 0.75%
Crude Oil	60.32	2.49	▲ 4.31%

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