

# MORNING REPORT

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## Top News

### NZ shares cap off 10-year bull market with 0.9% weekly gain

New Zealand shares rallied into the 10th anniversary of the longest bull market in share market history, gaining 0.9 percent this week after central banks around the world indicate interest rates will remain low and might go even lower.

The benchmark S&P/NZX 50 Index gained 2.91 points, or 0.3 percent, to 9440.27 today. Within the index, 22 shares rose, 8 were unchanged and 20 fell with turnover at \$149.2 million.

Greg Smith, head of research at Fat Prophets, says that in a low interest rate environment, "higher income stocks are going to be even more in favour."

The European Central Bank was the latest to abruptly change gears, downgrading its growth forecast for the euro area overnight New Zealand time to 1.1 percent for this year, down from its previous forecast of 1.7 percent.

"The gentailers (electricity generators and retailers) are certainly in demand" because of their strong dividend yields, Smith says. Mercury New Zealand gained 3.5 cents, or 1 percent, to \$3.69 while Contact Energy climbed 3 cents, or 0.5 percent, to \$6.42.

Among other high yielding stocks to benefit from falling interest rates, Auckland International Airport gained 6 cents, or 0.8 percent, to \$7.69, Vector advanced 4 cents, or 1.1 percent, to \$3.52 and Chorus rose 7 cents, or 1.3 percent, to \$5.49.

### NZ dollar hovering around 68 US cents after US jobs data, eyes on Brexit

The New Zealand dollar continues to hover around 68 US cents after rallying on disappointing US jobs data.

The kiwi traded at 67.99 at 8am in Wellington versus 68.02 late Friday in New York. It was at 67.58 at 5pm Friday in Wellington ahead of the US data. The trade weighted index was at 73.97 from 73.98 late Friday in New York.

US nonfarm payrolls added 20,000 jobs in February, well below the consensus expectation of 180,000. However, the unemployment rate dropped to 3.8 percent in February and wages grew at the fastest pace in nearly a decade.

"The unexpected weakness in non-farm payrolls will have sparked much debate. The data is prone to large revisions, and other labour market indicators remain strong. Nonetheless, it is plausible that the more mixed US data in recent months could be starting to flow through into labour demand," says ANZ FX/rates strategist Sandeep Parekh.

He said the US, like New Zealand and Australia, is in a situation where some sector data is soft, but the broader outlook still uncertain and labour markets outright strong. "The three central banks are in neutral as a result, but rates markets are starting to gun for cuts - though only slightly in the US, given the last hike was just three months ago."

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,229.49	4.73	▲	0.05%
S&P/NZX 50 Index	9,440.27	2.58	▲	0.03%
S&P/NZX MidCap Index	27,006.56	19.44	▼	0.07%
S&P/NZX SmallCap Index	58,568.02	70.14	▲	0.12%
S&P/NZAX All Index	556.79	0.01	▼	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,287.10	57.10	▼	0.90%
S&P/ASX 200	6,203.80	60.10	▼	0.96%
ASX Small Ordinaries	2,767.10	23.20	▼	0.83%
S&P/ASX MIDCAP 50	6,690.30	56.90	▼	0.84%
S&P/ASX 20	3,459.60	36.00	▼	1.03%
Foreign Markets Index				
	Last	Change		
S&P 500	2,743.07	5.86	▼	0.21%
Dow Jones	25,450.24	22.96	▼	0.09%
NASDAQ Composite	7,408.14	13.32	▼	0.18%
DAX	11,457.84	59.96	▼	0.52%
ASX All Ordinaries	6,287.10	57.10	▼	0.90%
NIKKEI 225	21,025.56	430.44	▼	2.01%
HANG SENG INDEX	28,228.42	550.98	▼	1.91%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9653	0.0005	▲	0.05%
USD	0.6799	0.0005	▼	0.07%
CNY	4.5750	0.0000		0.00%
EUR	0.6049	0.0007	▼	0.12%
CAD	0.9122	0.0001	▼	0.01%
GBP	0.5232	0.0005	▲	0.10%
JPY	75.4950	0.1300	▼	0.17%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	1.98			
10-year Swap	2.37			
Commodities Futures				
	Last	Change		
Gold	1,298.60	12.50	▲	0.97%
Silver	15.27	0.31	▲	2.04%
Crude Oil	56.04	0.62	▼	1.09%

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