



MORNING REPORT

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Top News

NZ dollar dips as US-China trade negotiations keep investors on edge

The New Zealand dollar eased as investors remain focused on trade negotiations between the US and China, which have until the end of this month to avert the next round of tariffs being imposed.

The US dollar index rose 0.4 percent to 97.1 as investors fret over whether a US delegation to Beijing, led by Treasury Secretary Steven Mnuchin and US Trade Representative Robert Lighthizer, will make headway in the ongoing trade talks. The stoush between the two nations is expected to slow global growth, and would weigh more heavily on nations with open trading economies, such as New Zealand and Australia.

Investors are also concerned US policymakers will remain deadlocked over approving the Federal government budget, with the Democrat-led Congress opposed to funding President Donald Trump's planned wall on the Mexican border.

The New Zealand Reserve Bank's monetary policy statement tomorrow is also in view, with traders placing more bets that the benchmark rate will be cut in the coming year. The central bank's survey of expectations is due to be released this afternoon.

Statistics New Zealand will release January electronic card spending this morning. Retailers' experience of consumer spending through the Christmas and New Year period has been mixed.

NZ shares gain as Contact kicks off earnings season on a bright note

New Zealand shares rose as Contact Energy's first-half earnings delivered a better-than-expected dividend, giving investors something to cheer at the start of the domestic reporting season. Restaurant Brands New Zealand led the market higher.

Investors have set a relatively low bar for the local reporting season, predicting single-digit earnings growth across the majority of firms posting results. Dividends remain a key factor for investors as swap rates trade near record lows in an environment where the Australian and New Zealand central banks are considering cutting their benchmark rates to new lows.

Contact rose 1.6 percent to a four-year high \$6.32 after reporting a 28 percent gain in earnings before interest, tax, depreciation, amortisation, and changes in financial instruments as its generation arm benefited from higher wholesale electricity prices. The board also declared an interim dividend of 16 cents per share, higher than the 15 cents payment predicted by Forsyth Barr analyst Andrew Harvey-Green, and changed the policy to paying 100 percent of operating cash flow.

Genesis Energy rose 1.1 percent to \$2.69 on a bigger-than-average volume of 551,000, Kiwi Property Group increased 1.1 percent to \$1.45 with 1.4 million shares changing hands. Goodman Property Trust gained 0.9 percent at \$1.62 on a volume of 238,000, about half its 90-day average.

Restaurant Brands led the market higher, up 2.8 percent at \$8.84 on very light volume. The fast-food operator is under a partial takeover bid from Mexico's Finaccess Capital for \$9.45 a share.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,984.34	37.37	▲	0.38%
S&P/NZX 50 Index	9,210.00	33.39	▲	0.36%
S&P/NZX MidCap Index	26,644.66	87.53	▲	0.33%
S&P/NZX SmallCap Index	57,813.24	5.74	▲	0.01%
S&P/NZAX All Index	557.55	19.82	▲	3.69%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,128.60	7.60	▼	0.12%
S&P/ASX 200	6,060.80	10.70	▼	0.18%
ASX Small Ordinaries	2,670.40	12.70	▲	0.48%
S&P/ASX MIDCAP 50	6,503.90	25.90	▼	0.40%
S&P/ASX 20	3,389.90	11.50	▼	0.34%
Foreign Markets Index				
	Last	Change		
S&P 500	2,706.80	1.08	▼	0.04%
Dow Jones Industrial Average	25,035.99	70.34	▼	0.28%
NASDAQ Composite	7,299.09	0.89	▲	0.01%
DAX PERFORMANCE-INDEX	11,014.59	107.81	▲	0.99%
ASX All Ordinaries	6,128.60	7.60	▼	0.12%
NIKKEI 225	20,333.17	418.11	▼	2.01%
HANG SENG INDEX	28,143.84	197.52	▲	0.71%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9534	0.0023	▲	0.24%
USD	0.6733	0.0010	▼	0.15%
CNY	4.5720	0.0210	▲	0.46%
EUR	0.5971	0.0012	▲	0.20%
CAD	0.8954	0.0007	▲	0.08%
GBP	0.5235	0.0021	▲	0.40%
JPY	74.3325	0.2975	▲	0.40%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	1.97			
10-year Swap	2.41			
Commodities Futures				
	Last	Change		
Gold	1,311.90	6.60	▼	0.50%
Silver	15.69	0.12	▼	0.78%
Crude Oil	52.36	0.36	▼	0.68%

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk.

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