



# MORNING REPORT

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## Top News

### NZ dollar steady as investors shrug off US CPI data

The New Zealand dollar held its gains on expectations stronger-than-expected US inflation data won't prevent a rate cut there later this month.

The US consumer price index - excluding the volatile food and energy components - rose 0.3 percent in June, versus an expected 0.2 percent. Annual core inflation was 2.1 percent.

Kiwibank trader Mike Shirley also noted that the Federal Reserve focuses on core personal consumption expenditures - or PCE - for monetary policy. The core PCE price index increased 1.6 percent year-on-year in May and has undershot its target this year.

Expectations that the Federal Reserve would cut rates by at least 25 basis points at the end of the month were solidified when Powell reiterated his previous day's comments in testimony before the Senate Banking Committee overnight.

According to the CME Group's FedWatch Tool, there is now a 20.4 percent chance of a 50 basis-point rate cut and a 79.6 percent chance of a 25 point cut. Yesterday, there was a 31 percent chance of a steeper cut.

### NZ stocks rise on interest rate outlook; dairy shares gain

New Zealand stocks rose, joining a rally across Asia, as renewed prospects for deeper rate cuts in the US made equity investments more appealing. Dairy stocks also firmed.

Stocks across Asia were firmer today after cautious comments from Federal Reserve chair Jerome Powell overnight renewed expectations for a 50 basis-point rate cut in the US at the end of the month. Australia's S&P/ASX 200 Index rose 0.5 percent in afternoon trading. Hong Kong's Hang Seng rose 1.2 percent and Singapore's Straits Times Index rose 0.7 percent.

Synlait Milk led the market higher, climbing 4 percent to \$9.38. Just over 74,600 shares traded, down from its 113,000 average the past three months.

A2 Milk was up 1.4 percent at \$16.48, with almost 1.2 million shares changing hands - almost twice its average. The stock jumped more than 6 percent yesterday after UBS raised its recommendation to 'buy' from 'neutral' and put a \$17.50 target price on it.

Units in the Fonterra Shareholders' Fund rose 1.8 percent to \$3.95. They have now risen 11 percent after plunging to a record-low close of \$3.55 a week ago.

Auckland International Airport was the heaviest traded stock today with almost 7.3 million shares changing hands - more than five-times its daily average. The stock rose 0.3 percent to \$9.50.

Infratil rose 1.3 percent to \$4.74. About 2.3 million shares changed hands, three-times its 671,000 three-month average. The Commerce Commission today cleared the firm's \$3.4 billion purchase of Vodafone New Zealand in partnership with Brookfield Asset Management.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,539.53	38.79	▲ 0.34%
S&P/NZX 50 Index	10,687.32	34.35	▲ 0.32%
S&P/NZX MidCap Index	30,366.05	84.28	▲ 0.28%
S&P/NZX SmallCap Index	60,031.82	260.28	▲ 0.44%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,805.80	28.10	▲ 0.41%
S&P/ASX 200	6,716.10	26.30	▲ 0.39%
ASX Small Ordinaries	2,923.40	27.20	▲ 0.94%
S&P/ASX MIDCAP 50	7,148.10	48.80	▲ 0.69%
S&P/ASX 20	3,741.70	7.60	▲ 0.20%

Foreign Markets Index			
	Last	Change	
S&P 500	2,999.91	6.84	▲ 0.23%
Dow Jones Industrial Average	27,088.08	227.88	▲ 0.85%
NASDAQ Composite	8,196.04	6.49	▼ 0.08%
DAX PERFORMANCE-INDEX	12,332.12	41.29	▼ 0.33%
ASX All Ordinaries	6,805.80	28.10	▲ 0.41%
NIKKEI 225	21,643.53	110.05	▲ 0.51%
HANG SENG INDEX	28,431.80	227.11	▲ 0.81%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9551	-0.0002	▼ 0.02%
USD	0.67	-0.0002	▼ 0.03%
CNY	4.5780	0.0000	▲ 0.00%
EUR	0.59	0.0000	▲ 0.00%
CAD	0.8708	0.0001	▲ 0.01%
GBP	0.53	-0.0001	▼ 0.02%
JPY	72.2760	-0.0190	▼ 0.03%

NZ Interest Rates		
	Last	Change
NZ OCR	1.50	
3m Bank Bill	1.60	
5y Swap	1.40	
10y Swap	1.76	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,405.50	7.00	▼ 0.50%
Silver	15.14	0.09	▼ 0.60%
Crude Oil	60.42	0.01	▼ 0.02%

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