



# MORNING REPORT

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## Top News

### NZ dollar weighed by tensions in Hong Kong, political turmoil in Argentina

The New Zealand dollar fell as global risk appetite was dented by escalating tensions in Hong Kong and political ructions in Argentina.

The Argentine peso tumbled as a centre-left candidate won an election primary as investors were spooked. According to The Guardian it fell 30 percent against the US dollar and then recovered to be around 15 percent lower.

In Asia, meanwhile, ongoing protests in Hong Kong also made markets nervous with flights cancelled in and out of the country. According to CNN, Hong Kong handles around 1,100 flights daily across about 200 destinations.

### NZ shares flatline in light trading; Fonterra sinks after dropping dividend

New Zealand shares barely budged in relatively light trading as Contact Energy met earnings expectations in kicking off the reporting season. Fonterra Shareholders' Fund units sank as the dairy giant dashed hopes for a dividend this year.

Contact decreased 0.5 percent to \$8.26 on a volume of 1.3 million shares after reporting a 12 percent increase in operating earnings and met expectations with a final dividend of 23 cents per share.

Fonterra Shareholders' Fund units led the market lower, down 5.1 percent at \$3.57 on a volume of 411,000, more than twice its 90-day average of 175,000. Fonterra Cooperative Group said it will report an annual loss of up to \$675 million after booking more than \$800 million on assets worldwide, including its New Zealand consumer business.

The dairy exporter's board decided not to pay a dividend for the financial year, subordinating the interests of unitholders to protect farmgate returns for farmer-shareholders. The cooperative's farmer-owned shares were also down 5.1 percent at \$3.57, valuing the company at \$5.75 billion.

A number of stocks trading near year-highs gave up some of those gains, including Kiwi Property Group, down 1.5 percent at \$1.635 on a volume of 1.2 million shares. Argosy Property declined 1.4 percent to \$1.44, Stride Property fell 1.3 percent to \$2.30 and Infratil decreased 1.1 percent to \$4.875.

Summerset Group was the most traded stock on a volume of 2.1 million shares, more than four times its 481,000 average. It was unchanged at \$5.84 ahead of tomorrow's first-half result. Of other companies reporting tomorrow, NZX increased 0.8 percent to \$1.20 and PGG Wrightson remained in a trading halt pending a 1-for-10 share consolidation.

Spark New Zealand decreased 0.7 percent to \$4.10 with 1.4 million shares changing hands, less than half its 3.1 million average. Meridian Energy was unchanged at \$5 on a volume of 1.3 million.

Gentrack Group rose 4.4 percent to \$5.50 on a volume of 287,000 shares, more than twice its 90-day average of 113,000.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,742.91	0.19	▼ 0.00%
S&P/NZX 50 Index	10,872.74	0.47	▼ 0.00%
S&P/NZX MidCap Index	30,915.76	24.43	▼ 0.08%
S&P/NZX SmallCap Index	61,200.86	93.76	▲ 0.15%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,670.10	6.70	▲ 0.10%
S&P/ASX 200	6,590.30	5.90	▲ 0.09%
ASX Small Ordinaries	2,870.20	5.40	▼ 0.19%
S&P/ASX MIDCAP 50	6,983.50	33.60	▲ 0.48%
S&P/ASX 20	3,663.80	6.50	▲ 0.18%

Foreign Markets Index			
	Last	Change	
S&P 500	2,882.70	35.95	▼ 1.23%
Dow Jones Industrial Average	25,896.44	391.00	▼ 1.49%
NASDAQ Composite	7,863.41	95.73	▼ 1.20%
DAX PERFORMANCE-INDEX	11,679.68	14.12	▼ 0.12%
ASX All Ordinaries	6,670.10	6.70	▲ 0.10%
NIKKEI 225	20,684.82	91.52	▲ 0.44%
HANG SENG INDEX	25,824.72	114.58	▼ 0.44%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9553	0.0007	▲ 0.07%
USD	0.65	0.0006	▲ 0.09%
CNY	4.5510	0.0030	▲ 0.07%
EUR	0.58	0.0006	▲ 0.10%
CAD	0.8539	0.0007	▲ 0.08%
GBP	0.53	0.0005	▲ 0.09%
JPY	67.8885	0.0475	▲ 0.07%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.22	
5y Swap	1.00	
10y Swap	1.30	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,512.20	15.60	▲ 1.04%
Silver	17.05	0.12	▲ 0.70%
Crude Oil	54.79	0.29	▲ 0.53%

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