

MORNING REPORT

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Top News

NZ shares edge lower as US-China trade fears weigh

New Zealand shares dipped from a record as the uncertain outcome of the US-China trade talks weighed on investor sentiment.

The S&P/NZX 50 Index decreased 4.98 points, or 0.05 percent, to 10,099.37. Within the index, 22 stocks fell, 20 rose, and eight were unchanged. Turnover was \$108.7 million.

Stocks across Asia were mixed as investors waited as US and Chinese trade negotiations enter their final phase, with China vowing to retaliate to the US lifting tariffs on US\$200 billion of goods to 25 percent. China's Shanghai Composite Index was up 1.4 percent in afternoon trading, Japan's Topix was down 0.1 percent and Australia's S&P/ASX 200 index was up 0.3 percent.

"It's relatively calm given it could be quite a significant 24 hours ahead," said Mark Lister, head of private wealth research at Craigs Investment Partners. "The next move depends on what comes out of the US trade talks over the next day or so."

Lister said he would expect equity markets to be sold off if a deal can't be reached, with New Zealand holding up better than most as low interest rates and a weaker currency helping offset slowing growth.

Synlait Milk led the market lower, down 2.9 percent at \$10.20 on a volume of 152,000 shares, more than its 90-day average of 110,000. The milk processor has been caught out by a Court of Appeal judgment that effectively means its new Pokeno factory was built in breach of covenants affecting Synlait's land. The company said it's confident it can resolve the issue.

NZ dollar weaker as US threatens even more tariffs on China

The New Zealand dollar was weaker early Monday after the US moved to impose additional tariffs on China and said there are more to come as last week's talks failed to reach a deal.

The kiwi was trading at 65.80 US cents at 8am Monday versus 65.97 US cents late Friday in New York. The trade-weighted index was at 72.03 versus 72.18 late Friday.

On Friday, the US administration increased tariffs on US\$200 billion of Chinese goods, raising the rate from 10 percent to 25 percent. It is now threatening to impose 25 percent on an additional US \$300 billion of Chinese goods.

On Sunday, however, White House chief economic adviser Larry Kudlow, in an interview with Fox, said "both sides will suffer" in a trade war, adding that President Donald Trump and President Xi Jinping of China are likely to meet in Japan next month to continue negotiations. Trump was less conciliatory, tweeting that any deal would be "far worse" for China in his second term. "Would be wise for them to act now, but love collecting BIG TARIFFS," he said.

According to ANZ Bank FX Rates strategist Sandeep Parekh, China has vowed to retaliate, but the details of its action remain scant. Chinese Vice Premier Liu has also reiterated that China is looking to agree a deal, but insists it will be a cooperative agreement between the two nations.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	10,924.40	5.95	▼ 0.05%
S&P/NZX 50 Index	10,099.37	4.98	▼ 0.05%
S&P/NZX MidCap Index	28,853.52	26.39	▲ 0.09%
S&P/NZX SmallCap Index	59,572.92	161.97	▼ 0.27%
S&P/NZAX All Index	588.61	15.99	▼ 2.64%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,393.10	15.80	▲ 0.25%
S&P/ASX 200	6,310.90	15.60	▲ 0.25%
ASX Small Ordinaries	2,791.70	3.00	▼ 0.11%
S&P/ASX MIDCAP 50	6,766.80	21.30	▲ 0.32%
S&P/ASX 20	3,523.10	7.80	▲ 0.22%

Foreign Markets Index			
	Last	Change	
S&P 500	2,881.40	10.68	▲ 0.37%
Dow Jones	25,942.37	113.97	▲ 0.44%
NASDAQ Composite	7,916.94	6.35	▲ 0.08%
DAX	12,059.83	85.93	▲ 0.72%
ASX All Ordinaries	6,393.10	15.80	▲ 0.25%
NIKKEI 225	21,344.92	57.18	▼ 0.27%
HANG SENG INDEX	28,550.24	239.14	▲ 0.84%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9423	0.0001	▲ 0.01%
USD	0.6590	0.0009	▼ 0.14%
CNY	4.4920	0.0100	▼ 0.22%
EUR	0.5867	0.0005	▼ 0.09%
CAD	0.8848	0.0003	▼ 0.03%
GBP	0.5072	0.0004	▼ 0.08%
JPY	72.3150	0.2400	▼ 0.33%

NZ Interest Rates			
	Last	Change	
NZ OCR	1.50	0.25	▼ 14.29%
3-month Bank Bill	1.88		
5-year Swap	1.75		
10-year Swap	2.14		

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,286.80	1.60	▲ 0.12%
Silver	14.77	0.00	▲ 0.01%
Crude Oil	61.71	0.01	▲ 0.02%

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