

MORNING REPORT

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Web: www.equity.co.nz / E-mail: Info@equity.co.nz / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ

Top News

NZ dollar holds gains as weaker US retail sales weigh on greenback

The New Zealand dollar held yesterday's gain as weaker-than-expected US retail sales raised fears about a slowdown in the world's biggest economy, weighing on the greenback.

The kiwi was trading at 68.39 US cents as at 8am in Wellington from 68.30 cents at 5pm yesterday. The trade-weighted index edged up to 74.31 from 74.16.

The US dollar index dipped 0.1 percent and the yield on US 10-year Treasuries fell 4.5 basis points to 2.66 percent after Bureau of Statistics figures showed US retail sales fell 1.2 percent in December in the biggest monthly decline for nine years. The weak consumer spending raised fears that the US economy may be slowing more than economists predict, and the Atlanta Federal Reserve's GDPNow estimate for fourth-quarter growth was revised down to 1.5 percent from 2.7 percent.

The local currency recovered this week after the Reserve Bank was less dovish than traders had predicted at this week's monetary policy statement, and after stronger Chinese trade data than anticipated. The kiwi rose near a six-week high against the Australian dollar, trading at 96.24 Australian cents from 95.89 cents yesterday.

NZ shares snap six-day gain as kiwi weighs on F&P, A2; Skellerup gains

New Zealand shares fell, snapping a six-day run of gains, as a stronger kiwi dollar weighed on exporters such as Fisher & Paykel Healthcare and A2 Milk. Skellerup bucked the trend, gaining after it reported increased earnings.

The S&P/NZX 50 index fell 48.46 points, or 0.5 percent, to 9,284.92. Within the index, 24 declined, 23 rose and three were unchanged. Turnover was \$132.9 million.

Exporters were largely weaker, with a stronger kiwi dollar weighing on their earnings. The New Zealand dollar climbed back above 68 US cents on a less dovish outlook from the Reserve Bank than some analysts had expected. January trade data from China, New Zealand's biggest export partner, was also much stronger than expected.

A2 Milk fell 2.7 percent to \$13.20 on a smaller-than-average volume of 906,000, while F&P Healthcare was down 1.4 percent at \$13.70 on a bigger-than-usual volume of 804,000. Retailer Kathmandu, which counts Australia as its biggest market, dropped 2.9 percent to \$2.33. About 784,000 shares changed hands, more than three times its 90-day average volume.

"We've just turned a little with the strength of the kiwi dollar following the Reserve Bank announcement," said Grant Williamson, a director at Hamilton Hindin Greene.

He said the benchmark index has gained 5.5 percent so far this year, and investors were probably realising some of those gains as the corporate earnings season gets busier.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,067.05	49.11	▼	0.49%
S&P/NZX 50 Index	9,284.93	48.46	▼	0.52%
S&P/NZX MidCap Index	26,920.58	5.63	▼	0.02%
S&P/NZX SmallCap Index	58,251.36	158.85	▲	0.27%
S&P/NZAX All Index	562.13	5.90	▲	1.06%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,139.60	0.60	▼	0.01%
S&P/ASX 200	6,059.40	4.20	▼	0.07%
ASX Small Ordinaries	2,713.10	11.20	▲	0.41%
S&P/ASX MIDCAP 50	6,555.50	11.80	▼	0.18%
S&P/ASX 20	3,362.10	2.00	▼	0.06%
Foreign Markets Index				
	Last	Change		
S&P 500	2,752.85	0.18	▼	0.01%
Dow Jones	25,523.07	20.20	▼	0.08%
NASDAQ Composite	7,443.29	22.91	▲	0.31%
DAX	11,089.79	77.43	▼	0.69%
ASX All Ordinaries	6,139.60	0.60	▼	0.01%
NIKKEI 225	21,139.71	4.77	▼	0.02%
HANG SENG INDEX	28,432.05	65.54	▼	0.23%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9627	0.0038	▲	0.40%
USD	0.6841	0.0044	▲	0.65%
CNY	4.6320	0.0370	▲	0.81%
EUR	0.6056	0.0022	▲	0.36%
CAD	0.9085	0.0075	▲	0.83%
GBP	0.5346	0.0055	▲	1.04%
JPY	75.6635	0.2300	▲	0.30%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.10			
10-year Swap	2.50			
Commodities Futures				
	Last	Change		
Gold	1,315.80	0.70	▲	0.05%
Silver	15.58	0.07	▼	0.46%
Crude Oil	54.53	0.63	▲	1.17%

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www.equity.co.nz E-mail: Info@equity.co.nz

Contact Equity Investment Advisers today.
 Tel: +64 (9)304 0145 / NZ: 0800 474 669