



MORNING REPORT

As at 9.00 AM 15/01/2019

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Top News

NZ dollar falls after China's trade surplus with US balloons

The New Zealand dollar drifted downwards after data showed China's trade surplus with the US widened to its highest level in more than a decade, news that is likely to exacerbate tensions between the two nations.

The market had been encouraged last week that the two nations would strike a deal after trade negotiations between Chinese and US officials in Beijing were extended by a day to three days.

For example, China reducing the tariff on cars made in the US from 25 percent down to 10 percent is more likely to benefit German brands such as Mercedes Benz, which manufactures cars in the US, and BMW, which assembles cars in the US, than US brands.

The figures are adding to already uncertain market sentiment and reinforce comments from Federal Reserve chair Jerome Powell that trade issues and the outlook for global growth are among his major concerns.

Also keeping the market on edge is the upcoming vote on Tuesday in Britain's parliament over whether to support Prime Minister Theresa May's Brexit plan.

NZ shares inch higher in tepid trade

New Zealand shares inched higher in quiet trading as investors await news from offshore. Kathmandu recovered some of its recent losses.

Market sentiment may be impacted by US earnings, with several banks due to release quarterly results this week, the ongoing US government shutdown and the vote on Brexit this week.

Domestically, tomorrow's business outlook survey from the New Zealand Institute of Economic Research is unlikely to move the market with business confidence still tepid, said Williamson.

Kathmandu, which has been under pressure since reporting a disappointing Christmas trading season, gained 1.3 percent to \$2.28 and was the most heavily traded stock today. However, while volumes were larger than usual, Williamson said actual on-market trading was very light.

Precinct Properties and Z Energy also saw fairly strong volume, with Precinct Properties down 0.7 percent to \$1.47 and Z Energy up 0.2 percent to \$5.62.

The top mover was Port of Tauranga, which gained 1.8 percent at \$5.14. Vista Group added 1.6 percent to \$3.92 and Fisher & Paykel Healthcare was up 1.5 percent to \$13.8. Fletcher Building added 1 percent to \$4.99.

A2 Milk was unchanged at \$11.35. Economists are expecting dairy prices to show a moderate rise in this week's GlobalDairyTrade auction.

Synlait Milk rose 1 percent to \$9.36. Late Friday it said registration of its Dunsandel plant in the South Island has been renewed by Chinese authorities for another four years.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,740.75	10.49	▲	0.11%
S&P/NZX 50 Index	8,968.55	8.97	▲	0.10%
S&P/NZX MidCap Index	26,225.67	36.31	▼	0.14%
S&P/NZX SmallCap Index	58,601.19	111.20	▲	0.19%
S&P/NZAX All Index	508.91	0.37	▲	0.07%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	5,833.20	1.60	▼	0.03%
S&P/ASX 200	5,773.40	1.20	▼	0.02%
ASX Small Ordinaries	2,504.80	3.50	▲	0.14%
S&P/ASX MIDCAP 50	6,287.40	8.10	▼	0.13%
S&P/ASX 20	3,240.30	1.50	▲	0.05%
Foreign Markets Index				
	Last	Change		
S&P 500	2,588.11	8.15	▼	0.31%
Dow Jones Industrial Average	23,959.37	36.58	▼	0.15%
NASDAQ Composite	6,929.18	42.30	▼	0.61%
DAX PERFORMANCE-INDEX	10,855.91	31.55	▼	0.29%
ASX All Ordinaries	5,833.20	1.60	▼	0.03%
NIKKEI 225	20,359.70	195.90	▲	0.97%
HANG SENG INDEX	26,298.33	368.94	▼	1.38%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9478	0.0015	▲	0.16%
USD	0.6822	0.0005	▼	0.07%
CNY	4.6180	0.0030	▲	0.07%
EUR	0.5950	0.0008	▼	0.13%
CAD	0.9051	0.0000		0.00%
GBP	0.5303	0.0006	▼	0.11%
JPY	73.8160	0.2990	▼	0.40%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.15			
10-year Swap	2.60			
Commodities Futures				
	Last	Change		
Gold	1,292.10	2.60	▲	0.20%
Silver	15.69	0.03	▲	0.19%
Crude Oil	50.60	0.99	▼	1.92%

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