

MORNING REPORT

As at 8.55 AM 15/05/2019

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 shares fall as Infratil flags equity raising for Vodafone deal

New Zealand shares fell as infrastructure investor Infratil flagged it will raise new equity to help fund its share of the \$3.4 billion takeover of Vodafone New Zealand.

The S&P/NZX 50 Index fell 56.48 points, or 0.6 percent, to 10,070.35. Within the index, 29 stocks fell, 18 rose, and three were unchanged. Turnover was \$155.6 million.

Infratil fell as much as 6.1 percent, and ended the day at \$4.48, down 2.6 percent on a bigger volume than usual of 2.1 million shares. The investment firm will pay \$1.03 billion, matched by partner Brookfield Asset Management, for Vodafone New Zealand, which will also take on \$1.3 billion of debt. Infratil will pay its share of the purchase price by raising up to \$400 million in an underwritten equity offer, draw on a \$400 million debt facility for acquisitions, and use up the headroom left in its existing bank facility.

Chief executive Marko Bogoevski said Infratil and Brookfield paid the market price, something Fat Prophets head of research Greg Smith viewed as a full price, and potentially weighing on the stock.

James Lindsay, a senior portfolio manager at Nikko Asset Management, said Vodafone chief Jason Paris was confident about rebasing costs in the business.

NZ dollar sticks to tight range; awaits US-China developments

The New Zealand dollar is a tad weaker but largely range-bound as markets await further US-China trade developments.

The kiwi was trading at 65.72 US cents at 8am in Wellington from 65.83 at 5:20pm. The trade-weighted index was at 72.22 from 72.49.

Sentiment improved after US President Donald Trump referred to the escalating trade war with China as "a little squabble," adding that there is a "good dialogue going."

"It was risk-on night overnight," said Westpac Bank head of NZ market strategy Imre Speizer.

He said the kiwi stuck to the middle of the range, having already "jumped very quickly yesterday afternoon" in Wellington when the US stock market futures turned positive. "It had a very sharp bounce that really pre-empted the whole thing."

Any US-China news will continue to drive sentiment but the New Zealand central bank's easing bias is also playing a part.

"If the RBNZ sees evidence global or domestic activity is slowing, then the chance of another official cash rate cut will rise and the NZD will fall," Speizer said.

The kiwi also remains firm against the Aussie, with both currencies weighed by a possible slowdown in the economy of key trading partner China. It was trading at 94.66 Australian cents versus 94.63 late yesterday.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	10,894.79	61.68	▼ 0.56%
S&P/NZX 50 Index	10,070.35	57.37	▼ 0.57%
S&P/NZX MidCap Index	28,713.60	169.92	▼ 0.59%
S&P/NZX SmallCap Index	59,385.87	418.24	▼ 0.70%
S&P/NZAX All Index	603.45	6.12	▲ 1.03%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,327.20	54.10	▼ 0.85%
S&P/ASX 200	6,239.90	57.70	▼ 0.92%
ASX Small Ordinaries	2,774.20	21.40	▼ 0.77%
S&P/ASX MIDCAP 50	6,705.60	44.90	▼ 0.67%
S&P/ASX 20	3,465.20	40.40	▼ 1.15%

Foreign Markets Index			
	Last	Change	
S&P 500	2,834.41	22.54	▲ 0.80%
Dow Jones	25,532.05	207.06	▲ 0.82%
NASDAQ Composite	7,734.49	87.47	▲ 1.14%
DAX	11,991.62	114.97	▲ 0.97%
ASX All Ordinaries	6,327.20	54.10	▼ 0.85%
NIKKEI 225	21,067.23	124.05	▼ 0.59%
HANG SENG INDEX	28,122.02	428.22	▼ 1.50%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9468	0.0011	▲ 0.12%
USD	0.6574	0.0007	▲ 0.11%
CNY	4.5200	0.0000	0.00%
EUR	0.5867	0.0015	▲ 0.26%
CAD	0.8850	0.0004	▼ 0.05%
GBP	0.5093	0.0025	▲ 0.49%
JPY	72.0690	0.2875	▲ 0.40%

NZ Interest Rates			
	Last	Change	
NZ OCR	1.50	0.25	▼ 14.29%
3-month Bank Bill	1.88		
5-year Swap	1.71		
10-year Swap	2.09		

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,297.50	4.30	▼ 0.33%
Silver	14.80	0.02	▲ 0.12%
Crude Oil	61.34	0.30	▲ 0.49%

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk.

Do you need to make any changes to your portfolio?
www.equity.co.nz E-mail: Info@equity.co.nz

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