



MORNING REPORT

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Top News

NZ shares gain as US earnings buoy confidence; A2, F&P gain

New Zealand shares followed Wall Street higher as better than expected US company earnings buoyed investor confidence. Local growth stocks, including A2 Milk and Fisher & Paykel Healthcare, gained.

The S&P/NZX 50 Index rose 78.02 points, or 0.8 percent, to 9,846.35. Within the index, 29 stocks gained, 13 fell and eight were unchanged. Turnover was \$129 million.

Wall Street set a positive tone for Asia, with the S&P500 up 0.7 percent on Friday after a strong earnings report from JP Morgan, where chief executive Jamie Dimon talked up the economic outlook for the US. Disney's new streaming service plans and Chevron's US\$33 billion takeover of Anadarko Petroleum bolstered investor confidence.

Stocks across Asia were mostly positive, with China's Shanghai Composite Index up 1.1 percent in afternoon trading, South Korea's Kospi 200 Index gaining 0.4 percent and Australia's S&P/ASX 200 index down 0.1 percent.

"With this lack of local news, we're being driven by what's happening in the US reporting season and we saw good numbers from JP Morgan and Disney," said Peter McIntyre, an investment adviser at Craigs Investment Partners.

NZ dollar holds gains; Wednesday's CPI in focus

The New Zealand dollar continues to hold its gains as optimism over the US-China trade talks supports risk appetite.

The kiwi was trading at 67.72 US cents at 8am in Wellington, unchanged from 5pm. The trade-weighted index was at 73.19 points from 73.29.

There were "positive noises" out of US-China trade talk negotiations overnight, as China considers reshuffling some of its tariffs off agricultural goods in order to take some pressure off US farmers, said ANZ FX/rates strategist Sandeep Parekh. US Treasury Secretary Steven Mnuchin also said overnight that the US is open to agreeing repercussions for not keeping up its end of any trade agreement, and would expect the same from China, he said.

The kiwi is also awaiting fresh drivers like the Reserve Bank of Australia's minutes and weekly Australian consumer confidence today and domestic inflation data tomorrow.

Economists expect the consumers price index rose 0.3 percent in the three months ended March 31, for an annual increase of 1.7 percent, based on the median estimate from a poll of economists by Bloomberg. That compares to the Reserve Bank's quarterly projection of 0.2 percent for an annual rise of 1.6 percent.

If the data proves weaker than expected it will increase speculation the central bank could cut rates as early as May. However, "the RBNZ doesn't need to cut in May with record low mortgage rates on offer. Instead, it could flatten the OCR forward guidance as a dovish pause," said Annette Beacher, Chief Asia-Pacific macro strategist for TD Securities.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,662.41	81.91	▲	0.77%
S&P/NZX 50 Index	9,846.35	78.02	▲	0.80%
S&P/NZX MidCap Index	28,409.57	124.18	▲	0.44%
S&P/NZX SmallCap Index	59,287.11	199.87	▲	0.34%
S&P/NZAX All Index	627.05	1.32	▼	0.21%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,347.90	0.90	▲	0.01%
S&P/ASX 200	6,251.40	0.10	▲	0.00%
ASX Small Ordinaries	2,802.70	3.70	▼	0.13%
S&P/ASX MIDCAP 50	6,714.10	7.50	▼	0.11%
S&P/ASX 20	3,483.80	3.40	▲	0.10%
Foreign Markets Index				
	Last	Change		
S&P 500	2,905.58	1.83	▼	0.06%
Dow Jones	26,384.77	27.53	▼	0.10%
NASDAQ Composite	7,976.01	8.15	▼	0.10%
DAX	12,020.28	20.35	▲	0.17%
ASX All Ordinaries	6,347.90	0.90	▲	0.01%
NIKKEI 225	22,169.11	298.55	▲	1.37%
HANG SENG INDEX	29,810.72	99.04	▼	0.33%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9429	0.0006	▲	0.06%
USD	0.6762	0.0002	▼	0.03%
CNY	4.5360	0.0020	▲	0.04%
EUR	0.5983	0.0001	▼	0.02%
CAD	0.9039	0.0017	▲	0.19%
GBP	0.5163	0.0008	▼	0.15%
JPY	75.7515	0.0265	▲	0.03%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.88			
5-year Swap	1.88			
10-year Swap	2.31			
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,290.80	4.40	▼	0.34%
Silver	14.94	0.02	▼	0.12%
Crude Oil	63.54	0.35	▼	0.55%

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