

# MORNING REPORT

As at 8.56 AM 17/05/2019

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## Top News

### NZ shares extend gain in increasingly volatile market; Chorus gains

New Zealand shares rose for a second day in an increasingly volatile market. Equities rose across Asia and Chorus led the local market higher.

The S&P/NZX 50 Index increased 45.41 points, or 0.4 percent, to 10,176.99. Within the index, 21 stock rose, 17 fell, and 12 were unchanged. Turnover was \$109 million.

Stocks across Asia were largely stronger, with China's Shanghai Composite up 0.2 percent in afternoon trading, Australia's S&P/ASX 200 index rising 0.2 percent and Singapore's Straits Times index up 0.1 percent.

"There seems to be a positive vibe across the market - I still think there will be more volatility to come on the trade from offshore," said Mark Lister, head of private wealth research at Craigs Investment Partners.

The local market is being buoyed by several tailwinds including low interest rates making stocks with reliable dividends more attractive and a glut of funds needing reinvestment, such as the proceeds from the \$2.56 billion Trade Me takeover and ASB Bank's buyback of \$550 million of perpetual preference shares.

Lister said investors still need somewhere to put their funds, and have shied away from residential property given the slowdown in Auckland and can't get a very good rate on term deposit. ANZ, the country's biggest bank, offers 3.25 percent on a 12-month term deposit, according to interest.co.nz data. That's \$325 on a \$10,000 deposit.

Vector today set the interest rate on \$250 million of six-year bonds at 3.45 percent. Vector shares rose 0.8 percent to \$3.86.

### NZ dollar weakens on strong US data, trade tensions

The New Zealand dollar opened weaker after stronger than expected US data gave the greenback a lift and as trade tensions continue to dampen risk appetite.

The kiwi was trading at 65.37 at 8am in Wellington versus 65.51 late yesterday. The trade-weighted index was at 72.04 from 72.06.

The Philadelphia Fed manufacturing index for May rose to a four-month high of 16.6 after registering 8.5 in April, MarketWatch reported. Economists had expected 10.1. The Commerce Department also reported that groundbreaking on new US homes was higher than expected in April.

"Kiwi's demise continued after a small recovery led to a proportionately larger sell-off overnight. Solid US data saw the USD strengthen broadly once again," said ANZ Bank FX/rates strategist Sandeep Parekh.

Trade tensions, however, continue to percolate, in particular after the US Department of Commerce announced it will be adding Huawei Technologies Co. Ltd. and its affiliates to the so-called Entity List, which bars it from acquiring components and technology from U.S. firms without government approval.

"This action stems from information available to the department that provides a reasonable basis to conclude that Huawei is engaged in activities that are contrary to U.S. national security or foreign policy interest," it said.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,008.20	37.42	▲	0.34%
S&P/NZX 50 Index	10,176.99	30.81	▲	0.30%
S&P/NZX MidCap Index	28,869.84	151.93	▲	0.53%
S&P/NZX SmallCap Index	59,636.87	284.68	▲	0.48%
S&P/NZAX All Index	605.97	2.52	▲	0.42%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,417.50	46.60	▲	0.73%
S&P/ASX 200	6,327.80	43.60	▲	0.69%
ASX Small Ordinaries	2,815.50	19.20	▲	0.69%
S&P/ASX MIDCAP 50	6,814.50	69.10	▲	1.02%
S&P/ASX 20	3,503.50	13.80	▲	0.40%
Foreign Markets Index				
	Last	Change		
S&P 500	2,876.32	25.36	▲	0.89%
Dow Jones	25,862.68	214.66	▲	0.84%
NASDAQ Composite	7,898.05	75.90	▲	0.97%
DAX	12,310.37	210.80	▲	1.74%
ASX All Ordinaries	6,417.50	46.60	▲	0.73%
NIKKEI 225	21,062.98	125.58	▼	0.59%
HANG SENG INDEX	28,275.07	6.36	▲	0.02%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9484	0.0011	▲	0.12%
USD	0.6537	0.0027	▼	0.41%
CNY	4.4990	0.0120	▼	0.27%
EUR	0.5850	0.0008	▼	0.14%
CAD	0.8799	0.0021	▼	0.24%
GBP	0.5108	0.0003	▼	0.06%
JPY	71.7935	0.1205	▼	0.17%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.50	0.25	▼	14.29%
3-month Bank Bill	1.88			
5-year Swap	1.67			
10-year Swap	2.07			
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,286.80	11.00	▼	0.85%
Silver	14.55	0.27	▼	1.80%
Crude Oil	63.08	1.06	▲	1.71%

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