

# MORNING REPORT

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## Top News

### NZ shares gain; Restaurant Brands climbs on upbeat outlook

New Zealand shares rose for a fourth day, with Restaurant Brands New Zealand among the strongest performers after the fast-food operator gave upbeat guidance for its annual earnings.

The S&P/NZX50 Index advanced 133.3 points, or 1.2 percent, to 11,178.64. Within the index 31 stocks rose, 11 fell and eight were unchanged. Turnover was \$132.3 million.

The local market led gains across Asia after economists decided the faster than expected pace of inflation won't deter the Reserve Bank from cutting the official cash rate even further. Low rates are a boon for equity markets by increasing the relative returns from companies that pay reliable dividends, but also by providing cheap finance for firms pursuing growth.

Restaurant Brands was among the top gainers, up 4.2 percent at \$11.64. Volume was typically small at 36,000 shares, in line with the 90-day average of 40,000. The company reported a small dip in first-half profit, due in part to new accounting standards, and said it expects to lift annual earnings by at least 10 percent.

Peter McIntyre, an investment advisor at Craigs Investment Partners, said earnings were up about 5 percent on a like-for-like basis, and combined with the upbeat outlook, was a strong result.

### Kiwi dollar firms on weak US retail data, capped by rate-cut expectations

The kiwi got a slight lift from weaker US data but remains capped by expectations of a November rate cut.

The kiwi was trading at 62.86 US cents at 7:50 am in Wellington from 62.70 cents at 5 pm. The trade-weighted index was at 69.86 from 69.81.

The kiwi got a slightly lift when US retail sales fell 0.3 percent in September, the first fall in seven months. The slide raised fears that the slowdown in the US manufacturing sector could be impacting consumers and added to the view the US Federal Reserve may keep cutting interest rates.

"There will be some concern that the buoyancy of the US consumer may be starting to crack. The data added to expectations that the FOMC may cut rates 25 basis points at the late October meeting," said ANZ Bank FX/Rates strategist Sandeep Parekh.

Comments from Reserve Bank deputy governor Geoff Bascand at a Sydney conference yesterday had weighed on the kiwi. According to news reports, Bascand said there was a "reasonable prospect" for rates to go lower in New Zealand. The central bank is widely expected to cut rates by 25 basis point in November to a record low 0.75 percent.

Meanwhile, the kiwi remains very volatile against the British pound, which is getting pushed around by Brexit headlines as the European Union and the UK scramble to finalise an agreement ahead of the EU Summit Thursday in Brussels.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	12,063.19	135.83	▲	1.14%
S&P/NZX 50 Index	11,178.64	129.03	▲	1.17%
S&P/NZX MidCap Index	31,981.56	91.26	▲	0.29%
S&P/NZX SmallCap Index	62,317.78	330.25	▲	0.53%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,843.20	79.90	▲	1.18%
S&P/ASX 200	6,736.50	84.50	▲	1.27%
ASX Small Ordinaries	2,892.00	41.30	▲	1.45%
S&P/ASX MIDCAP 50	7,126.40	79.20	▲	1.12%
S&P/ASX 20	3,735.10	47.60	▲	1.29%

Foreign Markets Index				
	Last	Change		
S&P 500	2,989.69	5.99	▼	0.20%
Dow Jones Industrial Average	27,001.98	22.82	▼	0.08%
NASDAQ Composite	8,124.18	24.52	▼	0.30%
DAX PERFORMANCE-INDEX	12,670.11	40.32	▲	0.32%
ASX All Ordinaries	6,843.20	79.90	▲	1.18%
NIKKEI 225	22,472.92	265.71	▲	1.20%
HANG SENG INDEX	26,664.28	160.35	▲	0.61%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9304	-0.0011	▼	0.12%
USD	0.63	-0.0005	▼	0.08%
CNY	4.4570	-0.0020	▼	0.04%
EUR	0.57	-0.0025	▼	0.44%
CAD	0.8303	-0.0005	▼	0.06%
GBP	0.49	-0.0018	▼	0.37%
JPY	68.4020	-0.1195	▼	0.17%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.05	
5y Swap	0.96	
10y Swap	1.29	

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,493.70	10.20	▲	0.69%
Silver	17.42	0.04	▲	0.21%
Crude Oil	53.31	0.50	▲	0.95%

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