

# MORNING REPORT

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## Top News

### NZ dollar rises on optimism for China-US trade deal

The New Zealand dollar rose against all other currencies amid growing optimism the United States and China will settle their trade differences.

The kiwi was trading at 68.83 US cents at 5pm in Wellington from 68.58 at 8am. The trade-weighted index was at 74.59 from 74.43.

"The risk-positive sentiment from Friday night extended into the Asian session today," says Imre Speizer, market strategist at Westpac.

In the early part of the day, the currency moved little and the rally didn't get underway until Asian markets opened for the week, Speizer says.

Asian investors were more willing to buy risk-sensitive assets and both the kiwi and Australian dollars benefited from the improved sentiment, he says.

Five days of talks in Beijing last week ended on a positive note with both sides reporting progress. The talks move to Washington this week.

US President Donald Trump told a White House news conference on Friday that "a real trade deal" between the two countries was closer than ever and that he would be "honoured" to remove tariffs already imposed on Chinese imports if an agreement can be reached.

He also reiterated that his self-imposed early March deadline for a deal to be reached before he imposes further tariffs could be extended.

According to the Financial Times, China is offering to turn its trade surplus with the US into a deficit within six years. That would be no mean feat given China's trade surplus with the US reached US\$380 billion in 2018.

### NZ shares subdued as China trade tensions weigh; Sky TV falls

New Zealand shares edged lower in subdued trading as fears over the country's trade relations with China unnerved investors. Property For Industry fell after its earnings missed expectations, while Port of Tauranga hit a new record when upgrading its annual earnings guidance.

The S&P/NZX 50 index decreased 0.21 points, or 0.002 percent, to 9,245.44. Within the index, 29 stocks fell, 16 gained, and five were unchanged. Turnover was \$89.8 million, with just five companies trading on volumes of more than a million shares.

New Zealand's benchmark index was one of the few to decline across Asia, with most markets buoyed by the progress made in the US-China trade talks. New Zealand's own relationship with China took centre-stage after reports last week that primary goods exporters were facing issues clearing customs and that tourists were being discouraged from visiting New Zealand.

Prime Minister Jacinda Ardern played down those concerns at her weekly post-Cabinet press conference, saying the two nations' relationship was significant and complex and brings great benefits to both parties.

Greg Smith, head of research at Fat Prophets, said New Zealand is more heavily reliant on China as a trading partner than the US, and as a much smaller nation can't throw its weight around as easily.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,030.27	0.26	▼	0.00%
S&P/NZX 50 Index	9,245.44	0.21	▼	0.00%
S&P/NZX MidCap Index	26,851.50	64.34	▼	0.24%
S&P/NZX SmallCap Index	58,810.20	24.50	▲	0.04%
S&P/NZAX All Index	558.20	0.00	▼	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,170.70	22.10	▲	0.36%
S&P/ASX 200	6,089.80	23.70	▲	0.39%
ASX Small Ordinaries	2,731.20	5.00	▲	0.18%
S&P/ASX MIDCAP 50	6,559.20	12.00	▲	0.18%
S&P/ASX 20	3,382.30	17.30	▲	0.51%
Foreign Markets Index				
	Last	Change		
S&P 500	2,775.60	29.87	▲	1.09%
Dow Jones	25,883.25	443.86	▲	1.74%
NASDAQ Composite	7,472.41	45.46	▲	0.61%
DAX	11,299.20	0.60	▼	0.01%
ASX All Ordinaries	6,170.70	22.10	▲	0.36%
NIKKEI 225	21,281.85	381.22	▲	1.82%
HANG SENG INDEX	28,347.01	446.17	▲	1.60%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9605	0.0004	▼	0.04%
USD	0.6850	0.0007	▼	0.10%
CNY	4.6340	0.0130	▼	0.28%
EUR	0.6056	0.0017	▼	0.28%
CAD	0.9066	0.0022	▼	0.24%
GBP	0.5298	0.0013	▼	0.24%
JPY	75.7490	0.0040	▲	0.01%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.10			
10-year Swap	2.51			
Commodities Futures				
	Last	Change		
Gold	1,329.70	15.80	▲	1.20%
Silver	15.78	0.25	▲	1.62%
Crude Oil	56.06	1.65	▲	3.03%

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