

MORNING REPORT

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Top News

NZX50 hits record as yield stocks remain in vogue

New Zealand shares outperformed Asia as companies offering reliable dividends helped lift the benchmark index to a record. Meridian Energy and Z Energy led the market higher.

The S&P/NZX 50 Index rose 86.29 points, or 0.8 percent, to 10,741.09, an all-time high. Within the index, 32 stocks rose, 11 fell, and seven were unchanged. Turnover was \$110.0 million.

The NZX50 was the best performer across the 22 Asian equity indices tracked by Refinitiv and one of just four that was in positive territory. On average, it has the third-highest dividend yield at 4.54 percent, with a high number of infrastructure, property and utilities companies. It has gained 22 percent so far this year, pipped only by China's Shanghai Shenzhen CSI 300 index.

"The yields on a lot of those companies have dropped as the share prices have risen, but people are still attracted to those consistent dividends," said Grant Davies, an investment advisor at Hamilton Hindin Greene.

Meridian led the market higher, up 2.9 percent at \$4.90 on a volume of 1.6 million shares, more than its 90-day average of 1.4 million. Z Energy rose 2.1 percent to \$6.35 and Auckland International Airport increased 2 percent to \$9.66.

Mercury NZ advanced 1.1 percent to \$4.63 after saying it relied on peaking capacity of its Waikato hydro generation in the June quarter, in a period when low lake inflows sapped production. Trustpower was unchanged at \$7.27, Contact Energy rose 1.5 percent to \$7.89 and Genesis Energy was up 0.9 percent at \$3.48.

NZ dollar gains as dovish Fed comments point to 50-bps US cut

The New Zealand dollar rose after dovish comments from New York Federal Reserve President John Williams increased expectations for a steeper rate cut in the US at the end of the month.

The New Zealand dollar was trading at 67.82 at 7:50am in Wellington from 67.39 US cents at 5pm. The trade-weighted index was at 73.93 from 73.64.

Williams told the annual meeting of the Central Bank Research Association that central banks should "take swift action when faced with adverse economic conditions," according to Dow Jones Newswires. "Don't keep your powder dry -- that is, move more quickly to add monetary stimulus than you otherwise might."

The greenback fell, benefiting the kiwi, as markets moved to price in a greater chance of a 50 basis-point rate cut this month.

"Kiwi continues to soar, benefitting markedly from the increasingly dovish rhetoric emanating from Federal Reserve speakers," said ANZ FX/rates strategist Sandeep Parekh.

Markets were already expecting at least a 25-point cut by the Federal Reserve this month but pricing on a steep rate cut flipped after William's comments.

Markets now see a 69 percent chance of a 50-point cut versus a 34 percent chance a day ago, according to CME Group's FedWatch tool. A 25-point cut

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,600.97	91.32	▲	0.79%
S&P/NZX 50 Index	10,741.09	86.29	▲	0.81%
S&P/NZX MidCap Index	30,349.53	74.95	▲	0.25%
S&P/NZX SmallCap Index	60,374.18	36.66	▼	0.06%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,735.40	28.60	▼	0.42%
S&P/ASX 200	6,649.10	24.20	▼	0.36%
ASX Small Ordinaries	2,897.20	7.00	▲	0.24%
S&P/ASX MIDCAP 50	7,035.60	45.20	▼	0.64%
S&P/ASX 20	3,714.20	14.90	▼	0.40%

Foreign Markets Index				
	Last	Change		
S&P 500	2,995.11	10.69	▲	0.36%
Dow Jones	27,222.97	3.12	▲	0.01%
NASDAQ Composite	8,207.24	22.04	▲	0.27%
DAX	12,227.85	113.18	▼	0.92%
ASX All Ordinaries	6,735.40	28.60	▼	0.42%
NIKKEI 225	21,046.24	422.94	▼	1.97%
HANG SENG INDEX	28,461.66	131.51	▼	0.46%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9586	-0.0018	▼	0.19%
USD	0.68	0.0048	▲	0.71%
CNY	4.6670	0.0390	▲	0.84%
EUR	0.60	0.0017	▲	0.28%
CAD	0.8835	0.0047	▲	0.53%
GBP	0.54	-0.0010	▼	0.19%
JPY	72.7250	0.0540	▲	0.07%

NZ Interest Rates		
	Last	Change
NZ OCR	1.50	
3m Bank Bill	1.53	
5y Swap	1.41	
10y Swap	1.77	

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,446.70	23.40	▲	1.64%
Silver	16.36	0.39	▲	2.47%
Crude Oil	55.72	1.06	▼	1.87%

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