

MORNING REPORT

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Top News

NZ shares drop on Z downgrade, Ryman and NZX fall

New Zealand shares fell, led by Z Energy following an earnings downgrade, with Ryman Healthcare and NZX also declining.

The S&P/NZX50 Index dropped 32.79 points, or 0.4 percent, to 8,964.1. Within the index, 29 stocks fell, 11 rose and 10 were unchanged. Turnover was \$123.3 million.

"The index has had a bit of a soft week, and there's not any one stock that's doing enough to explain today's weakness," said Grant Davies, investment advisor at Hamilton Hindin Greene. The local benchmark index underperformed its regional peers, with Australia's ASX 200 up 0.7 percent at 5pm New Zealand time, while China's CSI 300 rose 0.5 percent and Japan's Nikkei 400 up 0.5 percent.

The weakest stock on the index was Z Energy, down 2.7 percent to \$7.30. The country's biggest fuel retailer cut full-year earnings guidance by \$30 million due to an extended shutdown at the Marsden Point oil refinery and high crude prices in the June quarter.

The company is now forecasting operating earnings of \$420 million to \$455 million for the year through March 2019, down from previous guidance of \$450 million to \$485 million in earnings before interest, tax, depreciation and changes in financial instruments.

NZ dollar recovers as Fed's remains upbeat, US trade in view

The New Zealand dollar gained as Federal Reserve Jerome Powell continued to deliver an upbeat assessment of the world's biggest economy in his second day of testimony, while US trade relations were also in view.

The kiwi increased to 67.94 US cents as at 8am in Wellington from 67.70 cents yesterday. The trade-weighted index was at 73.01 from 72.76.

Powell reiterated his positive view of the US economy in the second round of monetary policy hearings before legislators, although he noted the central bank was "slightly more worried about lower inflation," a comment that could weigh on the pace for future rate hikes. Meantime, US trade relationships were also noted as President Donald Trump said his administration was getting closer to a deal with Mexico, and will meet European Commission president Jean-Claude Juncker next week. Separately, White House economic adviser Larry Kudlow said trade talks with China have stalled.

"There remain elements of caution, with export prices softening, trade tensions lingering and the domestic economy patchy, yet positioning remains the biggest near-term issue, which we suspect will see the kiwi biased to squeeze higher," ANZ Bank New Zealand economists Liz Kendall and Philip Borkin said in a note. "The NZD bounced overnight, although it is still not back at its post-CPI highs."

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,740.40	33.07	▼ 0.34%
S&P/NZX 50 Index	8,946.10	32.79	▼ 0.37%
S&P/NZX MidCap Index	25,593.08	0.19	▼ 0.00%
S&P/NZX SmallCap Index	63,352.63	112.02	▲ 0.18%
S&P/NZAX All Index	530.18	7.58	▲ 1.45%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,329.10	40.70	▲ 0.65%
S&P/ASX 200	6,245.10	41.50	▲ 0.67%
ASX Small Ordinaries	2,828.80	15.50	▲ 0.55%
S&P/ASX MIDCAP 50	7,001.50	22.10	▲ 0.32%
S&P/ASX 20	3,463.40	28.90	▲ 0.84%

Foreign Markets Index			
	Last	Change	
S&P 500	2,815.62	6.07	▲ 0.22%
Dow Jones	25,199.29	79.40	▲ 0.32%
NASDAQ Composite	7,854.44	0.67	▼ 0.01%
FTSE	7,676.28	49.95	▲ 0.65%
ASX All Ordinaries	6,329.10	40.70	▲ 0.65%
NIKKEI 225	22,794.19	96.83	▲ 0.43%
HANG SENG INDEX	28,117.42	64.26	▼ 0.23%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9185	0.0004	▲ 0.04%
USD	0.6796	0.0013	▲ 0.19%
CNY	4.5670	0.0210	▲ 0.46%
EUR	0.5836	0.0021	▲ 0.36%
CAD	0.8947	0.0003	▼ 0.03%
GBP	0.5199	0.0028	▲ 0.54%
JPY	76.6870	0.1225	▲ 0.16%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.56	
10-year Swap	3.04	

Commodities Futures			
	Last	Change	
Gold	1,227.40	0.10	▲ 0.01%
Silver	15.57	0.05	▼ 0.30%
Crude Oil	68.92	0.84	▲ 1.23%

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