

MORNING REPORT

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Top News

NZ shares at record; trading quiet as investors digest re-weightings

New Zealand shares rose to a record in quiet trading as investors digested the latest round of index re-weightings and wait on upcoming earnings. Kathmandu Holdings led the market higher.

The S&P/NZX 50 index rose 41.85 points, or 0.4 percent, to 9,515.12. Within the index, 25 stocks gained, 20 fell and five were unchanged. Turnover was \$96 million, with just two companies trading on volumes of more than a million shares. Friday's turnover was \$407 million.

"It's just drifted up following where it's been going for the last few days with no real driver," said David Price, a broker at Forsyth Barr.

Local trading was muted with little corporate news today and as investors let last Friday's re-weightings to the S&P/NZX and FSTE Russell indices bed in. Some 104 million shares were traded on Friday, compared with 18.3 million today and the 28.9 million daily average for the past three months

Kathmandu led the market higher, up 5.6 percent at \$2.46 on 86,000 shares, about half its average volume. The retailer will report first-half earnings next Tuesday, having warned of sluggish sales in the Christmas and New Year period. Cornerstone shareholder Briscoe Group increased 0.3 percent to \$3.35. Managing director Rod Duke last week reiterated his interest in taking control of Kathmandu.

Warehouse Group, which dropped out of the NZX50, will report first-half earnings tomorrow. Price said investors will be watching for further signs that the retailer's new strategy is improving margins. The shares fell 2.4 percent to \$2.08.

NZ dollar rangebound as Brexit worries weigh, eyes on US Fed

The New Zealand dollar was slightly weaker against the greenback but stuck in a tight range amid more Brexit turmoil and as markets await direction from the US Federal Reserve later this week.

The kiwi was trading at 68.49 US cents at 8am in Wellington from 68.61 US cents at 5pm. It was at 51.67 British pence from 51.62.

Markets were jittery after UK Prime Minister Theresa May was told by the Speaker of the House of Commons that any withdrawal agreement put before MPs must be substantially different from the existing deal.

"It now looks like the UK will not be voting on an exit deal, ahead of the EU meeting on Thursday," said ANZ Bank FX/rates strategist Sandeep Parekh. "May is expected to head to Brussels to ask EU leaders for a longer extension to the deadline, although exactly how long will be requested is still unclear. This uncertainty won't be welcomed by the markets."

Looking ahead, the key event is the US Federal Reserve's latest monetary policy statement due Thursday morning New Zealand time. The market will be watching to see whether Fed chair Jerome Powell reiterates that the Fed will be "patient" about raising interest rates further.

Later the same morning local GDP data is expected to show the New Zealand economy expanded 0.6 percent in the fourth quarter, according to a Bloomberg survey of economists.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,305.42	39.15	▲	0.38%
S&P/NZX 50 Index	9,515.12	37.91	▲	0.40%
S&P/NZX MidCap Index	27,486.80	15.57	▲	0.06%
S&P/NZX SmallCap Index	58,020.69	105.16	▼	0.18%
S&P/NZAX All Index	563.11	2.57	▲	0.46%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,283.60	18.50	▲	0.30%
S&P/ASX 200	6,190.50	15.30	▲	0.25%
ASX Small Ordinaries	2,796.30	10.80	▲	0.39%
S&P/ASX MIDCAP 50	6,665.30	4.30	▲	0.06%
S&P/ASX 20	3,437.40	7.00	▲	0.20%
Foreign Markets Index				
	Last	Change		
S&P 500	2,834.25	11.77	▲	0.42%
Dow Jones	25,921.37	72.50	▲	0.28%
NASDAQ Composite	7,716.56	28.03	▲	0.36%
DAX	11,657.06	28.63	▼	0.25%
ASX All Ordinaries	6,283.60	18.50	▲	0.30%
NIKKEI 225	21,584.50	133.65	▲	0.62%
HANG SENG INDEX	29,409.01	396.75	▲	1.37%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9652	0.0013	▼	0.13%
USD	0.6852	0.0003	▲	0.04%
CNY	4.5970	0.0000		0.00%
EUR	0.6044	0.0006	▼	0.10%
CAD	0.9149	0.0017	▲	0.19%
GBP	0.5172	0.0022	▲	0.43%
JPY	76.2860	0.0590	▼	0.08%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.88			
5-year Swap	1.97			
10-year Swap	2.37			
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,302.80	0.10	▼	0.01%
Silver	15.34	0.02	▲	0.10%
Crude Oil	59.00	0.48	▲	0.82%

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