

# MORNING REPORT

As at 8.53 AM 20/08/2019

Web: [www.equity.co.nz](http://www.equity.co.nz) / E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz) / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ

## Top News

### NZ shares gain as tweaked earnings outlooks boost A2, weigh on Fletcher

New Zealand shares snapped a six-day decline, rising ahead of a flurry of company results this week as investors adjusted their earnings expectations to the benefit of A2 Milk and detriment of Fletcher Building.

The S&P/NZX 50 Index increased 47.12 points, or 0.4 percent, to 10,702.48. Within the index, 23 stocks rose, 23 fell, and four were unchanged. Turnover was \$128.3 million.

The domestic corporate earnings season picks up speed this week with blue-chip stocks including Mercury NZ, A2, Fletcher, Spark New Zealand, Air New Zealand and Auckland International Airport scheduled to report.

A2 led the market higher, up 3.4 percent at \$16.23 on a volume of 807,000 shares, ahead of its 90-day average of 716,400. The milk marketing firm is scheduled to report on Wednesday, and Forsyth Barr analysts are predicting a near-60 percent gain in annual profit.

"People are coming back into the stock on an upgrade from one of the brokers," said Shane Solly, a portfolio manager at Harbour Asset Management. "There's a bit of earnings result tweaking going on."

Synlait Milk, which supplies A2, rose 0.3 percent to \$9.38. Fonterra Shareholders' Fund units fell 1.1 percent to \$3.50.

Fletcher, which reports the same day as A2, was the most heavily traded stock on a volume of 4 million shares, well up on its 1.05 million average. It fell 1.6 percent to \$4.45. Solly said there were a few brokers who were "pointing at the potential for a little bit of weakness."

### NZ dollar drifts lower as greenback gains; focus on Jackson Hole

The New Zealand dollar is weaker after the greenback benefited from improving risk appetite.

The kiwi was trading at 64.04 US cents at 8am in Wellington from 64.17 cents at 5pm. The trade-weighted index was at 71.32 points versus at 71.38.

Fears of a global slowdown were eased by news that Germany may be preparing a fiscal stimulus package. According to Bloomberg, on Sunday Finance Minister Olaf Scholz suggested Germany could muster an extra 50 billion euros of extra spending if necessary.

ANZ Bank says moves by China to reform its interest rate system are also helping sentiment as is an announcement that the US will delay restrictions on Huawei operations for 90 days, giving US telecom companies more time to untangle their systems from reliance on the company's technology.

Markets, however, are waiting for the release of minutes from the Federal Reserve's July policy meeting and Fed chair Jerome Powell's speech in Jackson Hole on "Challenges for Monetary Policy" on Friday. A raft of other speeches will also be closely scrutinised as central banks meet at the Federal Reserve's economic policy symposium in Wyoming.

"Jackson Hole is going to be huge for market participants this year... every speech will be dissected for hints on the future path of interest rates," said Kiwibank trader Mike Shirley.

"Central bankers are seldom straight talkers, so the issue for them is going to be ensuring that what they are implying is what winds up being inferred

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,560.03	50.02	▲	0.43%
S&P/NZX 50 Index	10,702.48	47.12	▲	0.44%
S&P/NZX MidCap Index	30,338.89	14.01	▲	0.05%
S&P/NZX SmallCap Index	60,436.24	129.23	▲	0.21%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,550.50	64.60	▲	1.00%
S&P/ASX 200	6,467.40	61.90	▲	0.97%
ASX Small Ordinaries	2,788.10	20.40	▲	0.74%
S&P/ASX MIDCAP 50	6,830.50	85.20	▲	1.26%
S&P/ASX 20	3,595.10	33.40	▲	0.94%

Foreign Markets Index				
	Last	Change		
S&P 500	2,923.65	34.97	▲	1.21%
Dow Jones	26,135.79	249.78	▲	0.96%
NASDAQ Composite	8,002.81	106.82	▲	1.35%
DAX	11,715.37	152.63	▲	1.32%
ASX All Ordinaries	6,550.50	64.60	▲	1.00%
NIKKEI 225	20,563.16	144.35	▲	0.71%
HANG SENG INDEX	26,291.84	557.62	▲	2.17%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9471	-0.0003	▼	0.03%
USD	0.64	-0.0025	▼	0.39%
CNY	4.5160	-0.0110	▼	0.24%
EUR	0.58	-0.0016	▼	0.28%
CAD	0.8542	0.0004	▲	0.05%
GBP	0.53	-0.0007	▼	0.13%
JPY	68.3260	-0.0890	▼	0.13%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.20	
5y Swap	0.96	
10y Swap	1.23	

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,506.50	17.10	▼	1.12%
Silver	16.85	0.27	▼	1.56%
Crude Oil	56.18	1.31	▲	2.39%

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk.

**Do you need to make any changes to your portfolio?**  
[www.equity.co.nz](http://www.equity.co.nz) E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz)

**Contact Equity Investment Advisers today.**  
 Tel: +64 (9)304 0145 / NZ: 0800 474 669