

MORNING REPORT

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Top News

NZ shares gain; a2 jumps to 12-month high as earnings outperform

New Zealand shares rose amid a flurry of company earnings. A2 Milk hit a 12-month high after beating analysts' expectations, while Spark New Zealand, Fletcher Building and Meridian Energy fell.

The S&P/NZX 50 index increased 25.18 points, or 0.3 percent, to 9,249.44. Within the index, 20 stocks rose, 26 fell, and four were unchanged. Turnover was \$169.1 million, of which a2 accounted for \$51.8 million.

Four of the country's 10 biggest listed companies reported first-half earnings with mixed results today. A2 came in ahead of forecast as it delivered a 55 percent increase in first-half profit with a 41 percent lift in sales. The stock jumped 10 percent to \$14.22 on a volume of 3.7 million, compared to the 1.1 million 90-day average.

Matt Goodson, managing director at Salt Funds Management, said the result beat estimates on all lines, even with increased marketing expenditure.

NZ dollar dips after Fed minutes not as dovish as expected

The New Zealand dollar dipped after the release of the minutes from the US Federal Open Market Committee's January meeting, which weren't as dovish as the investors expected.

The kiwi was trading at 68.61 US cents at 8.15am in Wellington from 68.72 cents at 5pm yesterday in Wellington. The trade-weighted index was at 74.15 from 74.29.

The minutes showed tighter financial conditions and the prospect of muted inflation convinced Fed officials they could be patient regarding any rate increases.

However, "they were not as dovish as they could have been," said Imre Speizer, market strategist at Westpac. He said investors may have been expecting the Fed to say it would be on hold for the foreseeable future and instead the minutes indicated that rate hikes are still under consideration if the forecasts are met.

According to the minutes, members also agreed to add a sentence indicating that, in light of "global economic and financial developments and muted inflation pressures, the committee will be patient as it determines what future adjustments to the target range for the federal funds rate may be appropriate to support these outcomes."

This sentence was intended to convey the committee's view that a "patient and flexible approach was appropriate at this time" as a way to manage risks while assessing incoming information bearing on the economic outlook, the minutes said.

Looking ahead, the domestic focus will now be on the Tax Working Group, set to unveil its final report and any recommendation on a contentious capital gains tax. Australia's labour market data will also be closely watched.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,030.50	27.14	▲	0.27%
S&P/NZX 50 Index	9,249.44	25.18	▲	0.27%
S&P/NZX MidCap Index	26,781.25	55.18	▼	0.21%
S&P/NZX SmallCap Index	58,554.66	2.86	▲	0.00%
S&P/NZAX All Index	561.15	0.00	▼	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,175.80	8.40	▼	0.14%
S&P/ASX 200	6,096.50	10.40	▼	0.17%
ASX Small Ordinaries	2,725.70	1.70	▲	0.06%
S&P/ASX MIDCAP 50	6,582.80	25.40	▲	0.39%
S&P/ASX 20	3,393.70	8.90	▼	0.26%
Foreign Markets Index				
	Last	Change		
S&P 500	2,783.55	3.79	▲	0.14%
Dow Jones	25,943.02	51.70	▲	0.20%
NASDAQ Composite	7,481.02	5.74	▼	0.08%
DAX	11,401.97	92.76	▲	0.82%
ASX All Ordinaries	6,175.80	8.40	▼	0.14%
NIKKEI 225	21,431.49	128.84	▲	0.60%
HANG SENG INDEX	28,514.05	285.92	▲	1.01%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9577	0.0032	▼	0.33%
USD	0.6860	0.0025	▼	0.36%
CNY	4.6110	0.0380	▼	0.82%
EUR	0.6048	0.0023	▼	0.38%
CAD	0.9034	0.0063	▼	0.69%
GBP	0.5252	0.0018	▼	0.34%
JPY	76.0190	0.1180	▼	0.15%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.09			
10-year Swap	2.49			
Commodities Futures				
	Last	Change		
Gold	1,342.30	2.50	▼	0.19%
Silver	16.05	0.08	▲	0.49%
Crude Oil	56.90	0.81	▲	1.44%

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