

MORNING REPORT

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Top News

NZ shares follow Asian markets higher on renewed hopes for China-US resolution

New Zealand shares followed Asian markets higher on renewed hopes for a resolution to the US-China trade tensions. Trading was light with few local drivers.

The S&P/NZX 50 index rose 19.9 points, or 0.2 percent, to 9077.71. Within the index, 28 stocks rose, eight were unchanged and 14 fell. Turnover was \$125.3 million.

Asian stocks lifted on renewed optimism after the Wall Street Journal reported U.S. Treasury Secretary Steven Mnuchin discussed lifting some or all tariffs imposed on Chinese imports and suggested offering a tariff rollback during trade discussions scheduled for Jan. 30. The gains were tempered when a Treasury spokesman working with the trade team told CNBC that talks are "nowhere near completion."

However, Australia's S&P/ASX was up 0.5 percent while Japan's Topix was up 1.1 percent and Hong Kong's Hang Seng was up 0.9 percent.

Forsyth Barr broker Suzanne Kinnaird suggested any gains are likely to be fleeting "until we see some official news." Overall, she said New Zealand trading is still relatively quiet, with people only just now heading back to work after the summer break.

The most heavily traded stock was Spark New Zealand, which lost 0.3 percent to \$4.04 with around 7.2 million shares trading versus a daily average of 3.4 million over the past 90 days.

NZ dollar heading for 1% weekly slide as outlook weakens

The New Zealand dollar is headed for a 1 percent slide against its US counterpart this week as investors see improving prospects there but potential headwinds here.

The kiwi was trading at 67.61 US cents at 5pm from 67.60 late yesterday and 68.31 in New York last week. The trade-weighted index was at 73.18 from 73.20 last night and 73.71 a week ago.

The local dollar fell as low as 67.30 US cents overnight after a surprisingly strong manufacturing survey from the Philadelphia Federal Reserve lifted sentiment there and set up equity markets there for their fourth straight day of gains.

That was reversed early in the local trading session on reports that US Treasury Secretary Steven Mnuchin had advocated lifting tariffs on some Chinese goods to speed up the two nations' trade discussions. The kiwi rebounded to more than 67.80 US cents before quickly giving up much of the gain.

Martin Rudings, private client manager at OMF, said views on the direction of the US economy remain mixed.

But he said recent weak data here, prospects for a flat December quarter CPI figure next week, and the risks that Reserve Bank changes to bank capital requirements may slow growth, are all weighing on the kiwi.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,870.83	20.44	▲ 0.21%
S&P/NZX 50 Index	9,097.71	19.90	▲ 0.22%
S&P/NZX MidCap Index	26,463.32	63.79	▲ 0.24%
S&P/NZX SmallCap Index	58,406.72	84.51	▲ 0.14%
S&P/NZAX All Index	516.50	0.98	▲ 0.19%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	5,941.20	31.40	▲ 0.53%
S&P/ASX 200	5,879.60	29.50	▲ 0.50%
ASX Small Ordinaries	2,564.30	24.10	▲ 0.95%
S&P/ASX MIDCAP 50	6,444.90	47.50	▲ 0.74%
S&P/ASX 20	3,294.30	12.90	▲ 0.39%

Foreign Markets Index			
	Last	Change	
S&P 500	2,670.71	34.75	▲ 1.32%
Dow Jones	24,706.35	336.25	▲ 1.38%
NASDAQ Composite	7,157.23	72.77	▲ 1.03%
DAX	11,205.54	286.92	▲ 2.63%
ASX All Ordinaries	5,941.20	31.40	▲ 0.53%
NIKKEI 225	20,666.07	263.77	▲ 1.29%
HANG SENG INDEX	27,090.81	335.21	▲ 1.25%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9416	0.0006	▲ 0.06%
USD	0.6754	0.0011	▲ 0.16%
CNY	4.5710	0.0000	0.00%
EUR	0.5925	0.0011	▼ 0.19%
CAD	0.8959	0.0019	▲ 0.21%
GBP	0.5241	0.0002	▲ 0.04%
JPY	74.0650	0.0200	▲ 0.03%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.15	
10-year Swap	2.61	

Commodities Futures			
	Last	Change	
Gold	1,281.30	11.00	▼ 0.85%
Silver	15.36	0.18	▼ 1.13%
Crude Oil	53.76	1.69	▲ 3.25%

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