

MORNING REPORT

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Top News

NZ shares gain as Liberal win in Australia boosts bank stocks

New Zealand shares rose as Australian bank stocks were buoyed by the Liberal-National coalition's electoral win over the weekend, removing the threat of tax changes.

The S&P/NZX 50 Index increased 53.35 points, or 0.5 percent, to 10,234.15. Within the index, 28 stocks rose, 16 fell, and six were unchanged. Turnover was light at \$77.2 million, with just three stocks trading on volumes of more than a million shares.

Dual-listed banks led the market higher, with Westpac Banking Corp up 9.1 percent at \$29.25 and Australia & New Zealand Banking Group rising 7.7 percent to \$29.35. AMP rose 3.9 percent to \$2.40. The Australian lenders were under pressure from the prospect of a Labor government, which wanted to remove franking credits on dividends and limit negative gearing to new investment properties.

"Investors are very much in favour of their franking credits," said Grant Davies, an investment adviser at Hamilton Hindin Greene. "New Zealand investors are going to have exposure over there."

Of companies with large Australian exposures, Fletcher Building rose 2 percent to \$5.20, Heartland Group Holdings increased 1.3 percent to \$1.60 and SkyCity Entertainment Group advanced 0.8 percent to \$3.88.

Spark New Zealand was the most traded stock on a smaller volume than normal of 3.1 million shares. It rose 1.5 percent to \$3.81.

NZ dollar steady ahead of central bank speeches

The New Zealand dollar was steady ahead of speeches by US Federal Reserve chair Jerome Powell and Australia's central bank governor Philip Lowe.

The kiwi was trading at 94.50 Australian cents at 8am in Wellington versus 94.44 late yesterday. It was at 65.32 US cents versus 65.37.

"Amidst the global growth slowdown and trade tensions, financial markets have been fixated on central bank stimulus," said ANZ FX/rates strategist Sandeep Parekh. "Immediate attention is focusing on Fed Chair Powell's speech overnight to see if he will give any colour on the FOMC's assessment of recent trade developments."

Powell is speaking at the Federal Reserve Bank of Atlanta's 24th annual financial markets conference in Fernandina Beach, Florida at around 11 am New Zealand time.

In Australia, the RBA minutes and governor Philip Lowe's speech will be closely scrutinised for clues on whether the RBA might ease rates in the near term. He is due to speak on the economic outlook and monetary policy at around 3:10pm New Zealand time.

"The RBA's minutes and subsequent speech from Governor Lowe are seen as critical for the markets pricing (if reduced) of a June rate cut," said Westpac Bank.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,057.75	41.70	▲	0.38%
S&P/NZX 50 Index	10,234.15	53.35	▲	0.52%
S&P/NZX MidCap Index	28,974.68	62.79	▲	0.22%
S&P/NZX SmallCap Index	59,361.57	402.76	▼	0.67%
S&P/NZAX All Index	569.45	36.52	▼	6.03%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,564.70	104.50	▲	1.62%
S&P/ASX 200	6,476.10	110.80	▲	1.74%
ASX Small Ordinaries	2,844.60	1.40	▲	0.05%
S&P/ASX MIDCAP 50	6,864.20	5.70	▼	0.08%
S&P/ASX 20	3,615.80	100.40	▲	2.86%
Foreign Markets Index				
	Last	Change		
S&P 500	2,840.23	19.30	▼	0.67%
Dow Jones	25,679.90	84.10	▼	0.33%
NASDAQ Composite	7,702.38	113.91	▼	1.46%
DAX	12,041.29	197.65	▼	1.61%
ASX All Ordinaries	6,564.70	104.50	▲	1.62%
NIKKEI 225	21,301.73	51.64	▲	0.24%
HANG SENG INDEX	27,787.61	158.85	▼	0.57%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9456	0.0010	▲	0.11%
USD	0.6532	0.0006	▲	0.09%
CNY	4.5150	0.0030	▲	0.07%
EUR	0.5850	0.0002	▲	0.03%
CAD	0.8772	0.0002	▼	0.02%
GBP	0.5133	0.0008	▲	0.16%
JPY	71.8650	0.0100	▼	0.01%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.50	0.25	▼	14.29%
3-month Bank Bill	#N/A	#N/A	#N/A	#N/A
5-year Swap	1.68			
10-year Swap	2.08			
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,277.70	2.00	▲	0.16%
Silver	14.44	0.05	▲	0.36%
Crude Oil	63.18	0.42	▲	0.67%

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