



MORNING REPORT

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

Top News

NZ dollar weaker on dovish RBA, softer dairy prices

The New Zealand dollar touched its lowest level since early November as signs of a rate cut across the Tasman increased the odds that local rates will go lower and as dairy prices eased.

Minutes from the latest Reserve Bank of Australia meeting and a speech by governor Philip Lowe "strongly suggest that the RBA will cut interest rates at its next meeting on June 4," said Capital Economics.

The New Zealand dollar was also under pressure after dairy product prices fell at the Global Dairy Trade auction, ending a record string of 11 consecutive gains. Whole milk powder declined for the fourth straight time. The GDT price index fell 1.2 percent from the previous auction two weeks ago while whole milk powder dropped 2.1 percent, in line with expectations.

The New Zealand dollar was trading at 51.21 British pence from 51.16 after UK Prime Minister Theresa May outlined a new 10-point Brexit plan. Among other things, it includes an option for MPs to vote on whether a confirmatory, second referendum is needed.

NZ shares fall; ComCom's early fibre views knock Chorus

New Zealand shares fell, led lower by Chorus, after investors were spooked by potentially stricter regulation of its ultrafast broadband network than they'd anticipated.

Chorus dropped 5.8 percent to \$5.87 on a volume of 690,000 shares, more than its 90-day average of 526,000. The network operator has gained 45 percent over the past 12 months, the third-best performance on the NZX50, supported by a new regulatory regime seen as giving it greater scope to pay more in dividends.

Its 2028 bonds paying annual interest of 4.35 percent were the most traded debt security today. They closed at an unchanged yield of 3.4 percent on a volume of 1 million notes.

The Commerce Commission today issued several papers seeking feedback on the new regime for fibre networks, including its current thinking on key issues such as the cost of capital and what's included in Chorus's regulated asset base.

Spark New Zealand, the network operator's biggest customer, rose 0.4 percent to \$3.825 on 6 million shares, the most traded stock in the benchmark index. Spark's 2023 bonds, paying interest of 4.51 percent, closed at a yield of 2.41 percent, down 8 basis points, on a volume of 400,000 notes.

Synlait Milk slipped 1.9 percent to \$9.76 on a smaller than usual volume of 69,000 shares. The milk processor received a cease and desist notice over the construction of its second processing plant in Pokeno. The Court of Appeal this month ruled the land is subject to covenants restricting its use, and Synlait hopes to find a practical solution with its neighbour.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,036.82	20.93	▼	0.19%
S&P/NZX 50 Index	10,216.09	18.06	▼	0.18%
S&P/NZX MidCap Index	28,756.92	217.76	▼	0.75%
S&P/NZX SmallCap Index	59,450.25	88.68	▲	0.15%
S&P/NZAX All Index	560.19	9.26	▼	1.63%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,584.40	19.70	▲	0.30%
S&P/ASX 200	6,500.10	24.00	▲	0.37%
ASX Small Ordinaries	2,835.30	9.30	▼	0.33%
S&P/ASX MIDCAP 50	6,870.10	5.90	▲	0.09%
S&P/ASX 20	3,640.70	24.90	▲	0.69%
Foreign Markets Index				
	Last	Change		
S&P 500	2,864.36	24.13	▲	0.85%
Dow Jones Industrial Average	25,877.33	197.43	▲	0.77%
NASDAQ Composite	7,785.72	83.35	▲	1.08%
DAX PERFORMANCE-INDEX	12,143.47	102.18	▲	0.85%
ASX All Ordinaries	6,584.40	19.70	▲	0.30%
NIKKEI 225	21,272.45	29.28	▼	0.14%
HANG SENG INDEX	27,657.24	130.37	▼	0.47%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9452	0.0001	▲	0.01%
USD	0.6507	0.0000		0.00%
CNY	4.4900	0.0010	▼	0.02%
EUR	0.5830	0.0001	▲	0.02%
CAD	0.8725	0.0049	▼	0.56%
GBP	0.5121	0.0001	▼	0.02%
JPY	71.8995	0.0025	▲	0.00%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.50	0.25	▼	14.29%
3-month Bank Bill	1.71			
5-year Swap	1.67		▼	0.15%
10-year Swap	2.06		▼	0.12%
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,274.40	2.90	▼	0.23%
Silver	14.43	0.02	▼	0.14%
Crude Oil	63.02	0.08	▼	0.13%

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www.equity.co.nz E-mail: Info@equity.co.nz

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