

MORNING REPORT

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Top News

NZD below 67 US cents after US data lifts greenback

The New Zealand dollar remained under pressure after taking a tumble on strong US data late last week ahead of the four-day Easter holiday weekend.

The US dollar was helped by stronger-than-expected US retail sales for March as well as data showing the number of Americans filing applications for unemployment benefits dropped sharply.

The New Zealand dollar was trading at 93.57 Australian cents versus 94.40 late yesterday in New York, at 51.43 British pence from 51.37, at 59.29 euro cents from 59.37, at 74.72 Japanese yen from 74.71 and at 4.4804 Chinese yuan from 4.4751.

NZX50 gains 1.8% this week, buoyed by rate outlook

New Zealand shares drifted off their high heading into the Easter holiday, but still managed a 1.8 percent gain this week as weak inflation spurred on expectations for an interest rate cut, making companies paying reliable dividends a bit more attractive.

The S&P/NZX 50 Index hit a record 9,982.24 on Wednesday as tepid inflation data prompted traders to price in a greater chance of a rate cut, but gave up some of those gains on the following day when several companies downgraded their earnings outlooks.

The NZX50 is up 13 percent so far this year, and pays the third highest average dividend yield across benchmark indices in the Asia Pacific region tracked by Refinitiv. Those cash returns have been a major attraction for investors, who have been willing to take on the added risk of investing in equities, while low interest rates suppress corporate bond yields.

The government's Thursday bond tender saw the Crown attract 47 bids worth \$373 million for \$150 million of bonds maturing in 2037 paying annual interest of 2.75 percent, and sell them at an average yield of 2.342 percent. In February, the same maturity and coupon sold at an average yield of 2.608 percent.

Utilities and property investors, which typically pay a predictable dividend, have been beneficiaries of that low rate environment, with the Crown-controlled electricity generator-retailers hitting records in recent months.

Mercury NZ and Genesis Energy gave up some of those gains on Thursday when they both warned annual earnings may be weaker due to the dry spell in the North Island and limited gas supplies driving up wholesale power costs. Mercury fell 2 percent to \$3.85 and Genesis was down 3.2 percent at \$3.06. Meridian Energy increased 0.6 percent to \$4.08 on a volume of 1.4 million shares.

Tourism Holdings led the market lower on Thursday, at one stage near a two-year low, when it downgraded earnings guidance for a second time in as many months, blaming a slowdown in US vehicle sales for the latest warning. It ended the week at \$4.20, down 17 percent on the day, and was the most traded stock at 1.4 million shares traded, more than 10-times its 106,000 three-monthly average.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	10,783.22	22.42	▼ 0.21%
S&P/NZX 50 Index	9,959.62	22.62	▼ 0.23%
S&P/NZX MidCap Index	28,496.18	126.72	▼ 0.44%
S&P/NZX SmallCap Index	60,110.73	169.73	▲ 0.28%
S&P/NZAX All Index	627.71	1.03	▲ 0.16%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,349.90	0.40	▼ 0.01%
S&P/ASX 200	6,259.80	3.40	▲ 0.05%
ASX Small Ordinaries	2,796.10	6.90	▼ 0.25%
S&P/ASX MIDCAP 50	6,754.90	11.90	▼ 0.18%
S&P/ASX 20	3,488.10	3.60	▲ 0.10%

Foreign Markets Index			
	Last	Change	
S&P 500	2,907.97	2.94	▲ 0.10%
Dow Jones Industrial Average	26,511.05	48.49	▼ 0.18%
NASDAQ Composite	8,015.27	17.21	▲ 0.22%
DAX PERFORMANCE-INDEX	12,222.39	69.29	▲ 0.57%
ASX All Ordinaries	6,349.90	0.40	▼ 0.01%
NIKKEI 225	22,217.90	17.34	▲ 0.08%
HANG SENG INDEX	29,963.26	161.44	▼ 0.54%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9364	0.0005	▲ 0.05%
USD	0.6681	0.0002	▲ 0.03%
CNY	4.4830	0.0000	0.00%
EUR	0.5934	0.0002	▲ 0.03%
CAD	0.8922	0.0008	▲ 0.09%
GBP	0.5146	0.0002	▲ 0.04%
JPY	74.7770	0.0255	▲ 0.03%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.78	
5-year Swap	1.81	
10-year Swap	2.26	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,276.80	0.80	▲ 0.06%
Silver	14.97	0.01	▲ 0.07%
Crude Oil	65.66	1.66	▲ 2.59%

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