



## MORNING REPORT

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### Top News

#### NZD steady, focus on RBNZ rate decision

The New Zealand dollar is steady against the greenback ahead of this week's domestic monetary policy review.

The New Zealand dollar has benefited after the US Federal Reserve turned more dovish last week, stating it is prepared to do whatever is "appropriate to sustain the expansion" as the US economy starts to show signs of weakness and US-China trade tensions persist.

A flash reading of the IHS Markit Composite PMI Output Index, a measure of overall business activity in the manufacturing and services sectors, fell to 50.6 in June, down from 50.9 in May. Dow Jones Newswires reported. The US Manufacturing Purchasing Managers' Index fell to a seasonally adjusted 50.1 in June, its slowest pace in roughly 10 years, down from 50.5 in the previous month.

The central bank cut the rate cut 25 basis points to a record low 1.50 percent in May and left the door open for more rate cuts. The market is pricing a 22 percent chance of a rate cut at this week's meeting but sees an 81 percent of a cut at the July monetary policy review, said Mark Lister, head of wealth research at Craigs Investment Partners.

Lister said investors will also be watching for the ANZ business outlook survey for June as China PMI due over the weekend next weekend.

#### NZ shares gains in heavy trading on quarterly index reweighting

New Zealand shares rose in heavy trading late in the day as investors adjusted for the reweighting of several major indices. Utilities and property companies offering reliable dividends remained in vogue.

The S&P/NZX 50 Index increased 36.53 points, or 0.4 percent, to 10,327.29. Within the index, 35 stocks rose, 11 stocks fell, and four were unchanged. Turnover was \$294.7 million. Of that, A2 Milk accounted for \$34.6 million, Contact Energy \$31.4 million, and Spark New Zealand \$26.9 million.

Some 62.1 million shares changed hands, about twice the 30.5 million 90-day average, with investors reworking their portfolios to cater to the quarterly rebalance of the S&P/NZX Indices and FTSE Russell. NZX extended the adjustment period by 15 minutes to cater for the heightened activity.

Utilities and property companies were among the most traded stocks, with Kiwi Property Group up 1.3 percent at \$1.61 on a volume of 5.3 million shares. Meridian Energy rose 0.2 percent to \$4.73 on a volume of 5.1 million shares, Precinct Properties New Zealand increased 2.4 percent to \$1.74 on 4.8 million shares, and Contact Energy advanced 0.5 percent to \$7.52 on 4.2 million.

A2 Milk fell 2 percent to \$14.02 on a volume of 2.5 million shares, about three-times its average. The milk marketing firm noted an announcement by China's State Administration of Market Regulation that it will increase its focus on supervision and enforcement of e-commerce rules. A2's Chinese sales have been a beneficiary of the unofficial 'daigou' channels.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,156.13	39.30	▲	0.35%
S&P/NZX 50 Index	10,327.29	36.53	▲	0.35%
S&P/NZX MidCap Index	29,951.20	486.16	▲	1.65%
S&P/NZX SmallCap Index	59,765.90	15.36	▼	0.03%
S&P/NZAX All Index	564.20	2.89	▲	0.51%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,734.30	33.60	▼	0.50%
S&P/ASX 200	6,650.80	36.60	▼	0.55%
ASX Small Ordinaries	2,891.50	5.80	▼	0.20%
S&P/ASX MIDCAP 50	6,978.50	57.80	▼	0.82%
S&P/ASX 20	3,722.60	26.90	▼	0.72%
Foreign Markets Index				
	Last	Change		
S&P 500	2,950.46	3.72	▼	0.13%
Dow Jones Industrial Average	26,719.13	34.07	▼	0.13%
NASDAQ Composite	8,031.71	19.63	▼	0.24%
DAX PERFORMANCE-INDEX	12,339.92	15.47	▼	0.13%
ASX All Ordinaries	6,734.30	33.60	▼	0.50%
NIKKEI 225	21,258.64	204.22	▼	0.95%
HANG SENG INDEX	28,473.71	76.72	▼	0.27%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9507	0.0004	▲	0.04%
USD	0.66	0.0000	▲	0.00%
CNY	4.5250	0.0000	▲	0.00%
EUR	0.58	0.0000	▲	0.00%
CAD	0.8711	0.0000	▲	0.00%
GBP	0.52	-0.0001	▼	0.02%
JPY	70.7350	0.0100	▲	0.01%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.50			
3m Bank Bill	1.58			
5y Swap	1.36			
10y Swap	1.72			
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,403.00	6.10	▲	0.44%
Silver	15.34	0.15	▼	0.98%
Crude Oil	57.43			

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