

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 shares buoyed by prospect of low rates; Spark gains

New Zealand shares rose, bucking international leads, as the prospect of persistently low interest rates continues to buoy the local equity market. Spark New Zealand defied negative headlines to end the day stronger.

The S&P/NZX 50 Index advanced 43.94 points, or 0.4 percent, to 10,873.33. Within the index, 19 stocks rose, 27 fell, and four were unchanged. Turnover was \$69.4 million, with just two stocks trading on volumes of more than a million shares.

The New Zealand and Australian markets were in the minority in posting gains across Asia, following a weaker lead from Wall Street when an apparent breakdown in trade negotiations triggered fears over global growth to re-emerge. New Zealand and Australian central banks are expected to continue cutting their benchmark interest rates, which has been a boon for equity markets in providing cheap finance to corporates and also increasing the relative returns from stocks.

"If things are going well and they cut rates, that can be good for equity markets," said Grant Davies, an investment advisor at Hamilton Hindin Greene.

Spark was the most traded stock on the day on a volume of 3.1 million shares, below its 90-day average of 3.3 million. It rose 1.8 percent to \$4.43, defying a barrage of criticism that included acting Prime Minister Winston Peters taking it to task over coverage of the opening All Blacks test at the rugby world cup.

NZ dollar pares losses ahead of RBNZ rate decision

The New Zealand dollar continued to recover as investors take positions ahead of tomorrow's rate decision by the Reserve Bank of New Zealand.

The kiwi was trading at 62.91 US cents at 8:10 am in Wellington from 62.74 cents at 5:05pm yesterday. The trade-weighted index was at 70.08 from 69.84.

Kiwibank senior portfolio manager Ross Weston said the market is extremely short the New Zealand dollar, betting that it will continue moving lower.

However, some investors will be pulling back a bit from that position on the off-chance the central bank is more hawkish than expected in tomorrow's review.

"You always get a portion of the market that's a little bit more skittery," he said.

The Reserve Bank is expected to keep rates on hold at 1 percent but signal more easing to come. All 16 economists polled by Bloomberg expect the rate to remain on hold this week. Market pricing points to around a 25 percent chance of a cut. Most economists, however, are expecting another rate cut in November.

"Some people will be taking chips off the table ahead of tomorrow, locking in some of their gains," said Weston.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,733.86	38.25	▲	0.33%
S&P/NZX 50 Index	10,873.33	38.08	▲	0.35%
S&P/NZX MidCap Index	31,012.03	187.89	▼	0.60%
S&P/NZX SmallCap Index	61,345.20	55.47	▼	0.09%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,861.10	22.10	▲	0.32%
S&P/ASX 200	6,749.70	18.90	▲	0.28%
ASX Small Ordinaries	2,912.20	15.30	▲	0.53%
S&P/ASX MIDCAP 50	7,156.80	19.30	▲	0.27%
S&P/ASX 20	3,744.70	7.10	▲	0.19%

Foreign Markets Index				
	Last	Change		
S&P 500	2,991.78	0.29	▼	0.01%
Dow Jones	26,949.99	14.92	▲	0.06%
NASDAQ Composite	8,112.46	5.21	▼	0.06%
DAX	12,342.33	125.68	▼	1.01%
ASX All Ordinaries	6,861.10	22.10	▲	0.32%
NIKKEI 225	22,079.09	34.69	▲	0.16%
HANG SENG INDEX	26,222.40	213.27	▼	0.81%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9290	0.0039	▲	0.42%
USD	0.63	0.0028	▲	0.45%
CNY	4.4780	0.0400	▲	0.89%
EUR	0.57	0.0038	▲	0.66%
CAD	0.8343	0.0036	▲	0.43%
GBP	0.51	0.0035	▲	0.69%
JPY	67.6290	0.1340	▲	0.20%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.13	
5y Swap	0.95	
10y Swap	1.24	

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,530.90	15.80	▲	1.04%
Silver	18.73	0.88	▲	4.94%
Crude Oil	58.48	0.39	▲	0.67%

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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