

MORNING REPORT

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Top News

NZ shares take a breather after hitting a fresh record

New Zealand shares were mixed after five successive daily gains with leading stocks A2 Milk, Fisher & Paykel Healthcare and Ryman Healthcare surrendering some of their recent gains.

The S&P/NZX 50 Index fell 54.71 points, or 0.5 percent to 10,812.54. Earlier in the day, the index hit a fresh record at 10,892.01.

Within the index, 17 stocks increased, 9 were unchanged and 24 fell. Turnover was light at \$98.05 million.

"It's just reversing some of the last few days' meteoric gains," says David Price, a broker at Jarden.

"The volumes are really, really weak and the news flow has been particularly quiet," Price says.

A2 Milk shares fell 2.46 percent to \$17.02 after hitting a record \$17.57 yesterday and is still up more than 19 percent in the past month.

Fisher & Paykel Healthcare eased 1.52 percent to \$16.15 while Ryman sank 2.84 percent to \$12.99, making it the day's largest decliner.

Given falling interest rates globally, stocks that pay healthy dividends remain in demand and Price says he expects that to continue "with the promise of more juice for the patient coming up in the form of lower interest rates."

The New Zealand market's median price-to-earnings ratio currently is a stellar 23 times earnings, but when the risk-free rate falls, that makes share prices appear reasonable, he says.

NZ dollar continues to gain against the Aussie

The New Zealand dollar rose further against the Australian dollar as expectations for further rate cuts across the Tasman grow.

The kiwi was trading at 96.12 Australian cents at 8am in Wellington from 95.86 Australian cents at 5pm. It was at 67.07 US cents versus 66.95 cents, and the trade-weighted index was at 73.50 points from 73.39.

The Australian dollar got knocked back late yesterday when Westpac Banking Corp's chief economist said he now expects Australia's central bank to cut rates twice more. The Australian dollar "struggled to recover much ground as expectations of policy easing grew," said ANZ Bank FX/rates strategist Sandeep Parekh.

Marshall Gittler, chief strategist for ACLS Global, said that three consecutive days of lower iron ore prices may also be weighing on the currency.

The focus is now on a speech by Reserve Bank of Australia governor Philip Lowe on "inflation targeting and economic welfare." Investors will be watching to see if Lowe hints at further easing. Westpac is now expecting a 25 basis point rate cut in October and one early next year, taking the Australian cash rate down to 0.5 percent.

The speech will likely "generate a bit of interest," said Kiwibank trader Mike Shirley who noted "the downward spiral for the New Zealand dollar looks to have run out of steam."

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,675.58	57.88	▼ 0.49%
S&P/NZX 50 Index	10,812.54	54.71	▼ 0.50%
S&P/NZX MidCap Index	30,605.06	29.76	▼ 0.10%
S&P/NZX SmallCap Index	60,760.64	153.96	▲ 0.25%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,862.40	49.90	▲ 0.73%
S&P/ASX 200	6,776.70	52.10	▲ 0.77%
ASX Small Ordinaries	2,975.40	18.10	▲ 0.61%
S&P/ASX MIDCAP 50	7,255.40	48.00	▲ 0.67%
S&P/ASX 20	3,770.90	26.10	▲ 0.70%

Foreign Markets Index			
	Last	Change	
S&P 500	3,019.56	14.09	▲ 0.47%
Dow Jones	27,269.97	79.22	▼ 0.29%
NASDAQ Composite	8,321.50	70.10	▲ 0.85%
DAX	12,522.89	32.15	▲ 0.26%
ASX All Ordinaries	6,862.40	49.90	▲ 0.73%
NIKKEI 225	21,709.57	88.69	▲ 0.41%
HANG SENG INDEX	28,524.04	57.56	▲ 0.20%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9613	0.0042	▲ 0.44%
USD	0.67	0.0005	▲ 0.07%
CNY	4.6080	-0.0040	▼ 0.09%
EUR	0.60	0.0011	▲ 0.18%
CAD	0.8817	0.0011	▲ 0.12%
GBP	0.54	-0.0015	▼ 0.28%
JPY	72.5705	0.0250	▲ 0.03%

NZ Interest Rates	
	Change
NZ OCR	1.50
3m Bank Bill	1.49
5y Swap	1.38
10y Swap	1.74

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,425.50	3.80	▲ 0.27%
Silver	16.61	0.13	▲ 0.81%
Crude Oil	55.88	0.89	▼ 1.57%

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