

MORNING REPORT

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Top News

NZ shares outperform Asia on persistent demand for reliable income

New Zealand shares outperformed the rest of Asia as blue-chip stocks including Fisher & Paykel Healthcare, Auckland International Airport and Mainfreight remained in demand among investors in search of reliable income.

The S&P/NZX 50 Index rose 61.02 points, or 0.6 percent, to a record 10,388.31. Within the index, 21 stocks gained, 23 fell, and six were unchanged. Turnover was \$89.8 million.

The local market was the top performer across Asian benchmarks tracked by Refinitiv. The NZX50 has been buoyed by its heavy weighting towards utilities, infrastructure firms, and property investment companies, with investors paying a premium for reliable dividend income at a time when interest rates remain low around the world. The NZX50's average dividend yield at 4.62 percent is the third-highest across Asia behind Pakistan's Karachi 100 Index and Australia's S&P/ASX 200 Index.

Peter McIntyre, an investment advisor at Craigs Investment Partners, said the pending rate review by the Reserve Bank was the major domestic event this week.

"I don't think anyone expects the trigger to be pulled. The commentary is the interesting part of that announcement," he said.

Overseas news remains at the top of investors' minds with the upcoming meeting between the US and Chinese presidents at the end of this week a key focus, he said.

NZ dollar extends gain on US rate-cut expectations

The New Zealand dollar firmed against the greenback as markets continue to expect the US Federal Reserve to cut interest rates.

The kiwi was trading at 66.16 at 8am versus 65.98 US cents at 5pm in Wellington. The trade-weighted index was at 72.20 from 72.08.

The US dollar continued to lose ground on rising expectations that US Federal Reserve will move to cut interest rates, OMF treasury manager Stuart Ive said. US President Donald Trump once again took to Twitter to criticise the central bank, adding to the pressure. "Now they stick, like a stubborn child, when we need rates cuts, & easing, to make up for what other countries are doing against us. Blew it!" Trump said.

The kiwi also got a lift on a slight shift in expectations on domestic interest rate cuts, said Mike Shirley, a dealer at Kiwibank. Early yesterday, the market was pricing a more than 80 percent chance of a New Zealand rate cut in August - that has dropped to around 70 percent, he said, which is helping support the New Zealand dollar.

The move came after a speech by Reserve Bank of Australia governor Philip Lowe, which was viewed as less dovish as he said easing is unlikely to be as effective in the past. If Australia doesn't cut rates further or by as much then there is less pressure on New Zealand to follow suit.

The kiwi was trading at 95.03 Australian cents from 94.85 Australian cents.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,218.80	62.67	▲ 0.56%
S&P/NZX 50 Index	10,388.32	61.03	▲ 0.59%
S&P/NZX MidCap Index	29,849.33	101.87	▼ 0.34%
S&P/NZX SmallCap Index	59,574.83	191.07	▼ 0.32%
S&P/NZX All Index	564.20	0.00	▼ 0.00%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,745.50	11.20	▲ 0.17%
S&P/ASX 200	6,665.40	14.60	▲ 0.22%
ASX Small Ordinaries	2,876.30	15.20	▼ 0.53%
S&P/ASX MIDCAP 50	6,970.90	7.60	▼ 0.11%
S&P/ASX 20	3,740.00	17.40	▲ 0.47%

Foreign Markets Index			
	Last	Change	
S&P 500	2,945.35	5.11	▼ 0.17%
Dow Jones	26,727.54	8.41	▲ 0.03%
NASDAQ Composite	8,005.70	26.01	▼ 0.32%
DAX	12,274.57	65.35	▼ 0.53%
ASX All Ordinaries	6,745.50	11.20	▲ 0.17%
NIKKEI 225	21,285.99	27.35	▲ 0.13%
HANG SENG INDEX	28,513.00	39.29	▲ 0.14%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9505	0.0002	▲ 0.02%
USD	0.66	0.0025	▲ 0.38%
CNY	4.5470	0.0220	▲ 0.48%
EUR	0.58	0.0009	▲ 0.16%
CAD	0.8721	0.0009	▲ 0.10%
GBP	0.52	0.0018	▲ 0.35%
JPY	70.9830	0.2580	▲ 0.36%

NZ Interest Rates		
	Last	Change
NZ OCR	1.50	
3m Bank Bill	1.58	
5y Swap	1.38	
10y Swap	1.75	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,424.30	24.20	▲ 1.73%
Silver	15.43	0.14	▲ 0.92%
Crude Oil	57.80	0.37	▲ 0.64%

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