



MORNING REPORT

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Top News

NZD headed for 0.6% weekly gain against greenback

The New Zealand dollar is headed for a 0.6 percent weekly gain after getting a lift from a more dovish US Federal Reserve and solid fourth-quarter domestic growth data.

The kiwi traded at 68.86 US cents at 5pm in Wellington from 68.72 at 8am and 68.43 late in New York last Friday. The trade-weighted index was at 74.50 from 74.36.

The kiwi got a lift when the Fed held interest rates steady at 2.25- 2.50 percent this week and signalled no further interest rate hikes this year.

"The Fed was arguably more dovish than the market was expecting," said Mark Johnson, private client manager at OMF.

That was followed by news that the domestic economy grew 0.6 percent in the fourth quarter. While that was below the 0.8 percent tipped by the central bank, it was in line with economists' expectations.

"While it came in as expected, the market was probably positioned short kiwi going into that," Johnson said.

The greenback then rallied on some better-than-expected US data.

Attention has now shifted to next week's RBNZ monetary policy review, with a decision due Wednesday at 2pm. The central bank is widely expected to keep rates on hold at a record low 1.75 percent and reiterate that the next move could be up or down.

NZ shares climb to record on low rate outlook; Synlait recovers

New Zealand shares rose to a record as the prospect of low interest rates for even longer stoked demand for companies offering regular income such as Meridian Energy and Mercury NZ. Synlait Milk extended its recovery from a weak first-half result earlier this week.

The S&P/NZX 50 Index climbed 89.68 points, or 0.9 percent, to a record 9,550.99. Within the index, 36 stocks gained, 10 fell, and four were unchanged. Turnover was \$106.7 million, with just five companies trading on volumes of more than a million shares.

Companies offering stable dividends remain in vogue among investors as the Federal Reserve's flatter interest rate track continues to support yield stocks such as utilities and property companies.

"The world is now in a seemingly benign and low interest rate environment," said Peter McIntyre, an investment adviser at Craigs Investment Partners. "Low interest rates are like sugar for the market and we've seen that today."

The electricity generator-retailers were all beneficiaries, with Mercury hitting a record \$3.80 and closing at \$3.79, a 3.6 percent gain. Meridian also reached a record at \$4.09. It closed at \$4.08, up 3.2 percent, on a volume of 2.5 million shares. Contact Energy rose 2.6 percent to \$6.60 on a volume of 2.2 million, having hit a 10-year high of \$6.64 during the day. Genesis Energy was up 2.4 percent at \$2.96 and was another to broken new ground at \$2.97.

| NZX Index | | | | |
|--|-----------|--------|---|-------|
| Index | Last | Change | | |
| S&P/NZX All Index | 10,346.77 | 91.99 | ▲ | 0.90% |
| S&P/NZX 50 Index | 9,550.99 | 89.68 | ▲ | 0.95% |
| S&P/NZX MidCap Index | 27,496.47 | 216.25 | ▲ | 0.79% |
| S&P/NZX SmallCap Index | 58,305.76 | 104.36 | ▼ | 0.18% |
| S&P/NZAX All Index | 586.32 | 0.45 | ▲ | 0.08% |
| ASX Index | | | | |
| Index | Last | Change | | |
| ASX All Ordinaries | 6,280.90 | 27.40 | ▲ | 0.44% |
| S&P/ASX 200 | 6,195.20 | 28.00 | ▲ | 0.45% |
| ASX Small Ordinaries | 2,762.70 | 6.60 | ▼ | 0.24% |
| S&P/ASX MIDCAP 50 | 6,641.50 | 14.70 | ▲ | 0.22% |
| S&P/ASX 20 | 3,454.00 | 18.70 | ▲ | 0.54% |
| Foreign Markets Index | | | | |
| | Last | Change | | |
| S&P 500 | 2,800.71 | 54.17 | ▼ | 1.90% |
| Dow Jones | 25,502.32 | 460.18 | ▼ | 1.77% |
| NASDAQ Composite | 7,642.67 | 196.29 | ▼ | 2.50% |
| DAX | 11,364.17 | 185.83 | ▼ | 1.61% |
| ASX All Ordinaries | 6,280.90 | 27.40 | ▲ | 0.44% |
| NIKKEI 225 | 21,627.34 | 18.44 | ▲ | 0.09% |
| HANG SENG INDEX | 29,113.36 | 41.76 | ▲ | 0.14% |
| Currencies (per NZ\$ 1.00) | | | | |
| | Last | Change | | |
| AUD | 0.9711 | 0.0006 | ▲ | 0.06% |
| USD | 0.6875 | 0.0003 | ▼ | 0.04% |
| CNY | 4.6190 | 0.0000 | | 0.00% |
| EUR | 0.6085 | 0.0000 | | 0.00% |
| CAD | 0.9238 | 0.0014 | ▲ | 0.15% |
| GBP | 0.5198 | 0.0006 | ▼ | 0.12% |
| JPY | 75.5050 | 0.0900 | ▼ | 0.12% |
| NZ Interest Rates | | | | |
| | Last | Change | | |
| NZ OCR | 1.75 | | | |
| 3-month Bank Bill | 1.88 | | | |
| 5-year Swap | 1.92 | | | |
| 10-year Swap | 2.28 | | | |
| Commodities Futures (Spot Price \$USD) | | | | |
| | Last | Change | | |
| Gold | 1,313.40 | 6.10 | ▲ | 0.47% |
| Silver | 15.44 | 0.00 | ▲ | 0.01% |
| Crude Oil | 58.97 | 1.01 | ▼ | 1.68% |

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