



MORNING REPORT

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Top News

Kiwi strengthens on optimism over US-China trade talks

The New Zealand dollar strengthened against the US greenback amid optimism about trade talks between the US and China.

China is New Zealand's single-biggest export market. Eyes are also on New Zealand's latest trade balance, due this morning. It is expected to show a \$200 million deficit for February, after posting a \$914 million deficit in January, which was a record for that month of the year.

On Wednesday, the Reserve Bank will offer its latest official cash rate review. It's widely expected to keep its cash rate at 1.75 percent, though economists are divided on whether the central bank might cut rates any time soon.

The New Zealand dollar rose to 52.33 British pence from 52.05 on Monday, while it advanced to 61.01 euro cents from 60.85.

A report showing better-than-expected business confidence in Germany offered some support for the euro earlier in the day, though it gave up those gains.

NZ shares fall from record as bond inversion triggers global sell-off

New Zealand shares joined a global decline as investors sold off equities when long-term US interest rates fell below shorter-dated debt, a technical signal that may indicate an approaching recession. Stocks trading near records, such as Meridian Energy and Contact Energy, fell.

Stocks across Asia followed Wall Street lower, with investors spooked when the yield on US 10-year Treasuries fell below its three-month counterpart, traditionally a signal of weak growth expectations. Australia's S&P/ASX 200 Index was down 1.2 percent in afternoon trading, while Hong Kong's Hang Seng dropped 1.8 percent and Singapore's Straits Times Index declined 1.5 percent.

New Zealand's defensive stocks, which offer investors stable dividend income, have been a beneficiary of the low interest rate environment. Some of those stocks, such as the electricity generator-retailers, came off the boil today. Meridian was down 1 percent at \$4.04 on a volume of a million shares. Contact fell 0.6 percent to \$6.56 with 1.9 million shares traded.

Of other yield-stocks, Chorus was unchanged at \$5.72 on a volume of 841,000 shares, more than its 543,000 three-monthly average. Kiwi Property Group rose 0.7 percent to \$1.44 on a volume of 1.3 million, and Genesis Energy gained 1.4 percent to \$3 on a volume of 884,000, more than twice its 90-day average.

Australia & New Zealand Banking Group led the benchmark lower, falling 3 percent to \$26.51 with a typically small volume of the dual-listed stock traded on the NZX. Westpac Banking Corp fell 2.1 percent to \$26.80, also on light volumes, after saying it expects a A\$260 million hit to its first-half earnings from customer compensation.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,316.06	31.32	▼	0.30%
S&P/NZX 50 Index	9,519.31	31.68	▼	0.33%
S&P/NZX MidCap Index	27,409.72	86.75	▼	0.32%
S&P/NZX SmallCap Index	58,213.79	167.22	▼	0.29%
S&P/NZAX All Index	586.32	0.00	▼	0.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,208.70	72.20	▼	1.15%
S&P/ASX 200	6,126.20	69.00	▼	1.11%
ASX Small Ordinaries	2,709.60	53.10	▼	1.92%
S&P/ASX MIDCAP 50	6,539.50	102.00	▼	1.54%
S&P/ASX 20	3,421.20	32.80	▼	0.95%
Foreign Markets Index				
	Last	Change		
S&P 500	2,798.42	2.29	▼	0.08%
Dow Jones Industrial Average	25,518.32	16.00	▲	0.06%
NASDAQ Composite	7,637.54	5.13	▼	0.07%
DAX PERFORMANCE-INDEX	11,346.65	17.52	▼	0.15%
ASX All Ordinaries	6,208.70	72.20	▼	1.15%
NIKKEI 225	20,977.11	650.23	▼	3.01%
HANG SENG INDEX	28,523.35	590.01	▼	2.03%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9715	0.0008	▲	0.08%
USD	0.6907	0.0036	▲	0.52%
CNY	4.6340	0.0180	▲	0.39%
EUR	0.6104	0.0019	▲	0.31%
CAD	0.9256	0.0025	▲	0.27%
GBP	0.5234	0.0035	▲	0.67%
JPY	75.9565	0.4115	▲	0.54%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.90			
5-year Swap	1.85			
10-year Swap	2.21			
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,322.10	9.80	▲	0.75%
Silver	15.55	0.14	▲	0.90%
Crude Oil	58.94	0.10	▼	0.17%

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