

# MORNING REPORT

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## Top News

### NZ shares mixed; yield stocks back in vogue, Air NZ gains

New Zealand shares outperformed the rest of Asia, edging higher as yield stocks such as Trustpower and Infratil were back in favour among investors. Air New Zealand rose as rival Jetstar signalled it will stop flying regional routes.

The S&P/NZX 50 Index increased 2.73 points, or 0.03 percent, to 10,861.44. Within the index, 17 stocks rose, 22 fell, and 11 were unchanged. Turnover was \$110.6 million.

The New Zealand and Australian markets outperformed the rest of Asia after stocks on Wall Street were generally weaker as US President Donald Trump stoked fears about his ongoing trade war with China. On a separate front, the threat of Trump's impeachment also weighed on global equity markets.

"Over the last couple of weeks, we had seen quite a strong swing towards value-type stocks outperforming the pure yielders and particularly the growth momentum names," said Matt Goodson, managing director at Salt Funds Management. "That's started to change again in the last several days in the markets and is certainly evident across Australia and New Zealand today."

Trustpower led the market higher, up 3 percent at \$8.25 on a typically small volume of 31,000 shares, though less than half its 90-day average of 71,000. Cornerstone shareholder Infratil was up 1.9 percent at \$4.90, Port of Tauranga advanced 1.1 percent to \$6.47 and Meridian Energy increased 1 percent to \$5.30.

### NZ dollar falls on strong US housing data, reduced impeachment fears

The New Zealand dollar fell after impeachment fears in the US eased and markets there bounced on stronger than expected house sales data and more optimistic talk on the China-US trade stoush.

The kiwi was trading at 62.75 US cents at 8am in Wellington from 63.22 cents at 5pm. The trade-weighted index was at 70.06 from 70.44.

US markets were boosted by Commerce Department data showing new home sales increased by 7.1 percent in August, about twice the median expectation from a Reuters poll of economists. That lifted the annual rate to 713,000 units, up from an upwardly revised 666,000 units in July.

Fears that President Donald Trump could face impeachment, which roiled markets the day before, also eased after publication of a transcript of his conversation with Ukraine President Volodymyr Zelensky. The Democrats allege Trump had pressured Zelensky to help investigate Joe Biden, their presidential candidate.

"The removal of Trump from office via impeachment is looking less likely," BNZ senior markets strategist Jason Wong said.

"The Department of Justice reviewed the call and determined that there was no campaign finance violation and that no further action was warranted. The Democrats might still proceed with the case for impeachment, but it's a politically risky strategy and markets already seem to have 'moved on'."

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,719.86	2.50	▲	0.02%
S&P/NZX 50 Index	10,861.44	2.73	▲	0.03%
S&P/NZX MidCap Index	31,015.95	36.26	▼	0.12%
S&P/NZX SmallCap Index	61,262.56	9.49	▼	0.02%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,814.70	41.90	▼	0.61%
S&P/ASX 200	6,710.20	38.70	▼	0.57%
ASX Small Ordinaries	2,884.10	26.50	▼	0.91%
S&P/ASX MIDCAP 50	7,089.90	48.00	▼	0.67%
S&P/ASX 20	3,728.10	20.50	▼	0.55%

Foreign Markets Index				
	Last	Change		
S&P 500	2,984.87	18.27	▲	0.62%
Dow Jones	26,970.71	162.94	▲	0.61%
NASDAQ Composite	8,077.38	83.76	▲	1.05%
DAX	12,234.18	72.97	▼	0.59%
ASX All Ordinaries	6,814.70	41.90	▼	0.61%
NIKKEI 225	22,020.15	78.69	▼	0.36%
HANG SENG INDEX	25,945.35	335.65	▼	1.28%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9289	-0.0013	▼	0.14%
USD	0.63	-0.0053	▼	0.85%
CNY	4.4720	-0.0260	▼	0.58%
EUR	0.57	-0.0009	▼	0.16%
CAD	0.8320	-0.0056	▼	0.67%
GBP	0.51	0.0014	▲	0.28%
JPY	67.5870	-0.1470	▼	0.22%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.13	
5y Swap	0.95	
10y Swap	1.21	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,511.30	28.90	▼ 1.88%
Silver	17.98	0.65	▼ 3.51%
Crude Oil	56.53	0.76	▼ 1.33%

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