

# MORNING REPORT

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## Top News

### NZ shares fall as Tourism Holdings drops on softer earnings

New Zealand shares fell, with several disappointments in the earnings season, as rental RV operator Tourism Holdings posted weaker than expected earnings, Vector warned on dividend growth and Gentrack downgraded its outlook.

Still, Vista Group International hit a record after delivering strong annual earnings and projecting a sixth year of 20 percent-plus revenue growth.

The S&P/NZX 50 index decreased 21.5 points, or 0.2 percent, to 9,323.13. Within the index, 27 stocks fell, 17 rose, and six were unchanged. Turnover was \$137.1 million.

Earnings season continued with a negative tone today. Tourism Holdings fell short of earnings expectations in posting a 23 percent decline in first-half profit and trimming the top end of its guidance for annual earnings. The shares fell 6.7 percent to \$4.32, its lowest close since August 2017, on a volume of 377,000, more than twice its 90-day average.

"It wasn't a terrible result, although it was a softer six months," said Mark Lister, head of private wealth research at Craigs Investment Partners. "They sounded upbeat about the full year, but people will believe that when they see it."

Gentrack didn't report today, but downgraded its guidance at its annual meeting, predicting earnings will be about 20 percent lower in the six months through March due to extra spending on staff. The utilities software developer led the market lower, down 7.3 percent at \$4.69, on an even smaller than usual volume of 35,000.

### NZD falls against British pound on Brexit hopes

The New Zealand dollar fell against the British pound on increased hopes a no-deal Brexit might be avoided.

The kiwi traded at 51.95 British pence at 7:50am in Wellington from at 52.38 British pence at 5pm yesterday in Wellington. It was at 68.83 US cents from 68.81 late yesterday.

Markets were cheered after UK Prime Minister Theresa May said she would seek an extension on the March deadline for Britain's European Union exit, a day after the Labour opposition party said it would support a second referendum.

"Sterling outperformed as political momentum around Brexit continued to shift in favour of ruling out a no-deal Brexit," said ANZ economist Miles Workman. According to ANZ, Brexit uncertainty was alleviated after May announced there will be a meaningful vote on the withdrawal agreement on March 12, which will include any concessions the UK gets from the EU. If that fails to pass there will be a vote on leaving the EU with no deal on March 13, said Workman. And if that fails, there will be a vote on extending the deadline for leaving the EU on March 14.

Domestically, investors will be watching for January overseas merchandise trade data due today. Workman said it is "unlikely to make waves" but he is expecting a small surplus, which would see the kiwi lift at the margin against the US. Overall, however, "NZD is likely to be fairly range-bound without more global news," he said.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,098.58	26.34	▼	0.26%
S&P/NZX 50 Index	9,323.13	21.50	▼	0.23%
S&P/NZX MidCap Index	26,715.92	79.14	▼	0.30%
S&P/NZX SmallCap Index	57,491.04	600.89	▼	1.03%
S&P/NZAX All Index	552.64	5.56	▼	1.00%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,209.00	54.60	▼	0.87%
S&P/ASX 200	6,128.40	57.90	▼	0.94%
ASX Small Ordinaries	2,756.80	16.20	▼	0.58%
S&P/ASX MIDCAP 50	6,623.90	59.50	▼	0.89%
S&P/ASX 20	3,413.00	34.80	▼	1.01%
Foreign Markets Index				
	Last	Change		
S&P 500	2,798.58	2.47	▲	0.09%
Dow Jones	26,122.20	30.25	▲	0.12%
NASDAQ Composite	7,560.23	5.77	▲	0.08%
DAX	11,540.79	35.40	▲	0.31%
ASX All Ordinaries	6,209.00	54.60	▼	0.87%
NIKKEI 225	21,449.39	78.84	▼	0.37%
HANG SENG INDEX	28,772.06	187.24	▼	0.65%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9593	0.0008	▼	0.08%
USD	0.6890	0.0007	▲	0.10%
CNY	4.6130	0.0120	▲	0.26%
EUR	0.6048	0.0013	▼	0.21%
CAD	0.9086	0.0009	▲	0.10%
GBP	0.5194	0.0062	▼	1.18%
JPY	76.1285	0.3070	▼	0.40%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.03			
10-year Swap	2.44			
Commodities Futures				
	Last	Change		
Gold	1,331.60	2.10	▲	0.16%
Silver	15.88	0.05	▲	0.28%
Crude Oil	55.62	0.14	▲	0.25%

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