

MORNING REPORT

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Top News

NZ shares dip as investors eye Fletcher update

New Zealand shares snapped a three-day gain, edging lower as investors pored through the details of Fletcher Building's investor briefing in which it confirmed a small capital return and noted Australian trading conditions remain tough.

The S&P/NZX 50 Index decreased 10.24 points, or 0.1 percent, to 10,408.05. Within the index 21 stocks fell, 22 rose, and seven were unchanged. Turnover was \$121 million.

Fletcher slipped 0.8 percent to \$5.29 on a volume of 1.5 million shares, more than its 90-day average of 1.2 million. The company today unveiled plans to buy back as much as \$300 million of stock, affirmed its annual earnings and dividend, and said it doesn't expect to lift its provisioning for the troubled Building + Interiors division that experienced a cost blow-out in recent years.

Rickey Ward, New Zealand equity manager at JBWere, said the B+I news should have supported the stock, given there were concerns that the cost of its projects may rise further. However, investors latched on to the composition of earnings, with weak Australian trading conditions and the local residential unit benefitting from land sales, which Ward said was a regular part of its business.

NZ dollar benefits from optimism US, China can reach trade deal

The New Zealand dollar rose as sentiment improves ahead of the G20 meeting in Japan this weekend.

The kiwi was trading at 66.80 US cents at 7:55am from 65.52 US cents at 5pm in Wellington. The trade-weighted index was at 72.92 from 72.72.

Markets got a lift when US Treasury Secretary Steven Mnuchin told CNBC on Wednesday the US and China were close to a trade deal and that he's optimistic progress can be made during talks between President Donald Trump and China's leader Xi Jinping.

"We are about 90 percent of the way there and I think there's a path to complete this," he said.

"The financial world seems a slightly happier place this morning... the risk dial has been cranked a little higher," said Kiwibank dealer Mike Shirley.

While the two leaders may agree to another tariff ceasefire on the sidelines of this weekend's G20 summit in Osaka, doubts remain on the pace of the progress.

"Given the differences between the two sides, we suspect that any truce will prove temporary," said Capital Economics. "The conclusions of the summit itself are likely to be vague, with the group still divided over the way forward on issues like WTO reform, climate change and sustainable investment."

The New Zealand dollar also continued to benefit after the central bank kept rates on hold at 1.50 percent yesterday.

Today's ANZ business outlook survey at 1pm will garner interest as markets look to see if business sentiment has improved at all.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,240.56	9.84	▼	0.09%
S&P/NZX 50 Index	10,408.05	10.24	▼	0.10%
S&P/NZX MidCap Index	29,917.62	36.34	▲	0.12%
S&P/NZX SmallCap Index	59,499.58	1.76	▼	0.00%
S&P/NZAX All Index	555.06	4.07	▲	0.74%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,716.10	18.40	▼	0.27%
S&P/ASX 200	6,640.50	17.50	▼	0.26%
ASX Small Ordinaries	2,841.10	18.20	▼	0.64%
S&P/ASX MIDCAP 50	6,938.50	11.00	▼	0.16%
S&P/ASX 20	3,731.40	8.40	▼	0.22%
Foreign Markets Index				
	Last	Change		
S&P 500	2,913.78	3.60	▼	0.12%
Dow Jones	26,536.82	11.40	▼	0.04%
NASDAQ Composite	7,909.97	25.25	▲	0.32%
DAX	12,245.32	16.88	▲	0.14%
ASX All Ordinaries	6,716.10	18.40	▼	0.27%
NIKKEI 225	21,086.59	107.22	▼	0.51%
HANG SENG INDEX	28,221.98	36.00	▲	0.13%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9559	0.0022	▲	0.23%
USD	0.67	0.0038	▲	0.57%
CNY	4.5950	0.0270	▲	0.59%
EUR	0.59	0.0035	▲	0.60%
CAD	0.8763	0.0022	▲	0.25%
GBP	0.53	0.0030	▲	0.57%
JPY	71.9505	0.8005	▲	1.11%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.50			
3m Bank Bill	1.62			
5y Swap	1.40			
10y Swap	1.75			
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,412.80	5.90	▼	0.42%
Silver	15.25	0.05	▼	0.33%
Crude Oil	59.20	1.37	▲	2.37%

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