

MORNING REPORT

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Top News

NZ shares shrugs off Wall St weakness; defensive stocks gain, Genesis hits record

New Zealand shares shrugged off the weak leads from Wall Street overnight as the defensive qualities of companies offering stable dividends found favour with investors. Genesis Energy was among those beneficiaries, hitting a record today.

The S&P/NZX 50 Index rose 55.51 points, or 0.6 percent, to a record 9,574.82. Within the index, 33 stocks gained, 11 fell, and six were unchanged. Turnover was \$232 million, of which \$88.1 million was in Trade Me Group.

Investors on Wall Street were spooked by the technical signal of a potential recession as the yield on longer-term bonds fell below shorter-dated debt. The world's low interest rate environment has been a boon for a number of New Zealand's listed utilities, which typically deliver stable dividends.

Electricity retailer-generators are among those that have been trading at all-time highs, with Genesis the latest to hit a record. It rose as high as \$3.08 and ended the day at \$3.07, up 2.3 percent. About 416,000 shares changed hands, compared to its 381,000 90-day average.

Lines company Vector rose 1.7 percent to \$3.59, while real estate investor Argosy Property was up 1.6 percent at \$1.26.

Grant Williamson, a director at Hamilton Hindin Greene, said defensive stocks remain in vogue in the low interest rate environment.

NZ dollar rangebound ahead of RBNZ rate announcement

The New Zealand dollar remains steady ahead of today's cash rate review where the Reserve Bank of New Zealand is widely expected to keep rates on hold.

The kiwi was trading at 69.11 at 8am in Wellington, unchanged from 5pm in Wellington yesterday. The trade-weighted index was at 74.80 points from 74.76.

The central bank is due to publish its rate decision at 2pm today and is expected to keep the official cash rate at a record low 1.75 percent. The statement will be closely scrutinised for any hints about whether the next move might be up or down.

"Markets expect the RBNZ to remain on hold but will be eager to see if their statement has changed since February," said ANZ FX/Rates Strategist Sandeep Parekh. In February, the central bank said "we expect to keep the OCR at this level through 2019 and 2020. The direction of our next OCR move could be up or down."

Reserve Bank governor Adrian Orr is also giving a speech on monetary policy on Friday.

The kiwi traded at 52.25 British Pence versus 52.34 British pence as Brexit volatility continues. "Given the lack of agreement on anything so far a 'no-deal' Brexit appears to be the most likely option, a scenario which the EU Commission is prepared for," said Parekh.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	10,370.56	54.50	▲ 0.53%
S&P/NZX 50 Index	9,574.82	55.51	▲ 0.58%
S&P/NZX MidCap Index	27,520.41	110.69	▲ 0.40%
S&P/NZX SmallCap Index	57,803.22	410.57	▼ 0.71%
S&P/NZAX All Index	588.25	1.93	▲ 0.33%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,213.10	4.40	▲ 0.07%
S&P/ASX 200	6,130.60	4.40	▲ 0.07%
ASX Small Ordinaries	2,720.20	10.60	▲ 0.39%
S&P/ASX MIDCAP 50	6,575.40	35.90	▲ 0.55%
S&P/ASX 20	3,417.30	3.90	▼ 0.11%

Foreign Markets Index			
	Last	Change	
S&P 500	2,809.57	11.21	▲ 0.40%
Dow Jones	25,581.92	65.09	▲ 0.26%
NASDAQ Composite	7,662.47	24.93	▲ 0.33%
DAX	11,419.48	72.83	▲ 0.64%
ASX All Ordinaries	6,213.10	4.40	▲ 0.07%
NIKKEI 225	21,428.39	451.28	▲ 2.15%
HANG SENG INDEX	28,566.91	43.56	▲ 0.15%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9685	0.0030	▼ 0.31%
USD	0.6917	0.0007	▲ 0.10%
CNY	4.6450	0.0110	▲ 0.24%
EUR	0.6133	0.0026	▲ 0.43%
CAD	0.9255	0.0007	▼ 0.08%
GBP	0.5234	0.0001	▼ 0.02%
JPY	76.4195	0.4325	▲ 0.57%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.88	
5-year Swap	1.85	
10-year Swap	2.19	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,315.70	6.90	▼ 0.52%
Silver	15.43	0.14	▼ 0.88%
Crude Oil	59.96	1.14	▲ 1.94%

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