



MORNING REPORT

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Top News

NZ shares recover; demand for yield boosts Meridian, Spark

New Zealand shares recovered some of yesterday's decline as the demand for reliable income boosted yield stocks such as Meridian Energy and Spark New Zealand. Tourism Holdings gained after confirming annual profit beat guidance.

The S&P/NZX 50 Index increased 29.69 points, or 0.3 percent, to 10,513.16. Within the index, 22 stocks rose, 20 fell, and eight were unchanged. Turnover was \$185.4 million.

Stocks across Asia Pacific were generally stronger as fears over the US-China trade war subsided. China's Shanghai Composite Index rose 1.7 percent in afternoon trading, Australia's S&P/ASX 200 Index was up 0.5 percent and South Korea's Kospi 200 Index also rose 0.5 percent. US President Donald Trump's heightened rhetoric over the trade dispute spurred a sell-off on Wall Street late last week that carried on to Monday.

"The market is following what's happening offshore more closely and whatever Mr Trump is talking about. We don't know what he's going to say next and it can push markets a lot higher or a lot lower," said Grant Williamson, a director at Hamilton Hindin Greene.

The electricity generator-retailers were particular beneficiaries today as reliable income streams remain in demand, he said.

Meridian rose 2.8 percent to \$4.80 on a volume of 4.2 million shares, more than three times its 90-day average of 1.3 million. The country's biggest electricity generator reported record earnings yesterday and lifted dividends by 11 percent.

NZ dollar range-bound as trade optimism fades

The New Zealand dollar stuck to a right range as optimism for a US-China trade deal faded and the focus returned to a possible US recession.

The kiwi was trading at 63.64 US cents at 7:55 am in Wellington from 63.65 cents at 5pm. The trade-weighted index was at 71.03 from 71.07.

"The risk dial moved a bit more towards off overnight," said Kiwibank FX trader Mike Shirley. Markets had been hopeful about a possible deal after US President Donald Trump said US trade officials received calls from the Chinese saying they wanted to return to the table.

China's Foreign Ministry said on Tuesday it had not heard of any recent telephone call between the United States and China on trade, according to Reuters.

"Trump appears to be closer to wanting to conclude a trade deal with China, and China has expressed a desire to avoid the escalation of trade tariffs scheduled for September 1, but it appears the phone call between the leaders Trump alluded to earlier in the week may not have happened," ANZ Bank economist Michael Callaghan said.

As hopes for a deal dimmed, markets refocused their attention on a possible US recession.

According to economists, a sustained inversion of the yield curve is a pointer to later recession.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,356.71	29.06	▲	0.26%
S&P/NZX 50 Index	10,513.16	29.69	▲	0.28%
S&P/NZX MidCap Index	30,237.82	45.88	▼	0.15%
S&P/NZX SmallCap Index	59,920.52	12.99	▲	0.02%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,565.60	34.60	▲	0.53%
S&P/ASX 200	6,471.20	31.10	▲	0.48%
ASX Small Ordinaries	2,794.10	12.10	▲	0.43%
S&P/ASX MIDCAP 50	6,880.10	32.10	▲	0.47%
S&P/ASX 20	3,578.50	15.70	▲	0.44%

Foreign Markets Index				
	Last	Change		
S&P 500	2,869.16	9.22	▼	0.32%
Dow Jones	25,777.90	120.93	▼	0.47%
NASDAQ Composite	7,826.95	26.79	▼	0.34%
DAX	11,730.02	71.98	▲	0.62%
ASX All Ordinaries	6,565.60	34.60	▲	0.53%
NIKKEI 225	20,456.08	195.04	▲	0.96%
HANG SENG INDEX	25,664.07	16.26	▼	0.06%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9420	-0.0008	▼	0.08%
USD	0.64	-0.0027	▼	0.42%
CNY	4.5550	-0.0110	▼	0.24%
EUR	0.57	-0.0019	▼	0.33%
CAD	0.8458	-0.0010	▼	0.12%
GBP	0.52	-0.0051	▼	0.98%
JPY	67.2655	-0.5255	▼	0.78%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.19	
5y Swap	0.97	
10y Swap	1.23	

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,552.50	15.30	▲	1.00%
Silver	18.15	0.51	▲	2.89%
Crude Oil	55.48	1.84	▲	3.43%

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