



MORNING REPORT

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Top News

Kiwi remains on backfoot after dovish surprise from RBNZ

The New Zealand dollar remained under pressure after the central bank unexpectedly said its next rate move was likely to be a cut, dropping its neutral stance.

The central bank kept rates on hold at 1.75 percent yesterday but the New Zealand dollar fell more than a cent when it said the next move was likely to be down.

Key will be upcoming inflation and jobs data in April and neither are expected to make a May rate cut "a done deal."

Markets will also be watching for any Brexit-related headlines on the day as the UK parliament is set to vote on a series of options. The kiwi traded at 51.34 British pence from 51.59 late yesterday.

NZ shares surge as rate cut prospect buoys yield plays; Mercury, Meridian hit records

New Zealand shares got an unexpected boost after the Reserve Bank's warning that it may cut interest rates stoked demand for companies with stable dividends. Utilities Meridian Energy and Mercury NZ hit records.

New Zealand's benchmark outperformed the rest of Asia, with China's Shanghai Shenzhen CSI 300 Index the next best performer, up 1 percent in afternoon trading. The local market had been tracking in line with Asia before the Reserve Bank held the official cash rate at 1.75 percent and said its next move would likely be a cut.

Lower interest rates are a boon for equities, boosting the attraction of companies offering stable dividends and providing easier credit to pursue merger and acquisition activity as a means to grow earnings. Swap rates and the New Zealand dollar tumbled as traders reassessed the chance of a lower benchmark interest rate.

Meridian rose as high as \$4.18, and led the market higher, up 4.3 percent at \$4.165 on a volume of 1.9 million shares. Spark New Zealand gained 3.1 percent at \$3.15 on a volume of 6 million, both slightly larger than usual. Spark was the most traded stock.

Mercury gained 2.6 percent to a record \$3.93 after announcing plans to start construction on a \$256 million wind-farm from August. The project is expected to eventually deliver an extra \$30 million a year to Mercury's earnings, and its construction will be funded by debt. Rating agency Standard & Poor's said Mercury's BBB+ credit rating can cope with the extra leverage.

Auckland International Airport was another to hit a record, trading as high as \$8.235 before ending the day at \$8.20, up 2.5 percent. About 1.9 million shares changed hands, compared to its 1.1 million 90-day average. Mainfreight rose 2 percent to a record \$35.70 on 81,000 shares, almost twice its three-monthly average.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,499.53	128.98	▲	1.24%
S&P/NZX 50 Index	9,698.89	124.07	▲	1.30%
S&P/NZX MidCap Index	27,724.45	204.04	▲	0.74%
S&P/NZX SmallCap Index	57,753.48	49.74	▼	0.09%
S&P/NZAX All Index	595.92	7.68	▲	1.31%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,217.60	4.50	▲	0.07%
S&P/ASX 200	6,136.00	5.40	▲	0.09%
ASX Small Ordinaries	2,724.00	3.80	▲	0.14%
S&P/ASX MIDCAP 50	6,559.30	16.10	▼	0.24%
S&P/ASX 20	3,424.30	7.00	▲	0.20%
Foreign Markets Index				
	Last	Change		
S&P 500	2,805.33	13.13	▼	0.47%
Dow Jones Industrial Average	25,626.06	31.67	▼	0.12%
NASDAQ Composite	7,643.38	48.15	▼	0.63%
DAX PERFORMANCE-INDEX	11,419.04	0.44	▼	0.00%
ASX All Ordinaries	6,217.60	4.50	▲	0.07%
NIKKEI 225	21,378.73	49.66	▼	0.23%
HANG SENG INDEX	28,728.25	161.34	▲	0.56%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9592	0.0088	▼	0.91%
USD	0.6798	0.0110	▼	1.59%
CNY	4.5730	0.0640	▼	1.38%
EUR	0.6040	0.0091	▼	1.48%
CAD	0.9112	0.0129	▼	1.40%
GBP	0.5130	0.0100	▼	1.91%
JPY	75.1115	1.3000	▼	1.70%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.89			
5-year Swap	1.70	0.02	▼	0.87%
10-year Swap	2.09	0.02	▼	0.71%
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,308.20	6.80	▼	0.52%
Silver	15.27	0.16	▼	1.03%
Crude Oil	59.44	0.50	▼	0.83%

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