

MORNING REPORT

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Top News

NZ shares extend rally as low rates keeps yield stocks in play; Air NZ gains on cost-cutting plan

New Zealand shares extended their rally as the prospect of low interest rates maintained the appeal of companies with reliable dividends, such as Genesis Energy and Trustpower. Air New Zealand rose on plans to cut costs.

The S&P/NZX 50 Index rose 67.3 points, or 0.7 percent, to a record 9,766.19. Within the index, 30 stocks gained, 15 fell, and five were unchanged. Turnover was \$102.1 million.

Swap rates hit new lows today, following the Reserve Bank's unexpected adoption of a bias to cut the official cash rate. The low-rate environment continued to support the attraction of companies that pay reliable and sustainable dividends, such as utilities and property investors.

"Companies with predictable dividends that are resilient during periods when the economy's being challenged are all performing very well," said Mark Lister, head of private wealth research at Craigs Investment Partners. "That's what you'd expect given what we saw from central banks around the world and here yesterday."

Trustpower led the market higher, up 2.8 percent at \$6.61 on a volume of 551,000 shares, almost 10-times the 63,000 three-monthly average. Genesis hit a record \$3.22, ending the day at \$3.195, up 2.4 percent on a volume of 948,000 shares, almost three times its 90-day average.

Meridian Energy increased 0.8 percent to \$4.175 on a volume of 1.3 million shares. It shed rights to dividends of 7.94 cents per share. Vector fell 0.6 percent, or 2 cents, to \$3.54 after shedding rights to an 8.25 cent dividend.

NZ dollar weaker; greenback gains ground on Brexit jitters

The New Zealand dollar fell as the US dollar strengthened due to ongoing jitters around the Brexit situation.

The kiwi was trading at 67.83 US cents at 8am in Wellington from 68.06 US cents at 5pm yesterday. The trade-weighted index was at 73.72 points from 73.85.

The US dollar gained ground as the UK pound fell ahead of the next Brexit vote, due Friday in the UK.

According to the BBC, MPs will be asked to vote again on Brexit on Friday but only on part of the deal negotiated with the EU. They will vote on the withdrawal agreement on the Irish "backstop", divorce bill and citizens' rights. It will not amount to a third "meaningful vote" on the deal, as it will not include a vote on the UK's future relationship with the EU, the BBC said.

The greenback also continued to benefit after news reports that China had made proposals in talks with the US on a range of issues that go further than it has before.

However, "right here, right now, the market is very much focused on the events in the UK and how they will pan out," said Stuart Ive, private client manager at OMF.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	10,569.66	57.77	▲	0.55%
S&P/NZX 50 Index	9,766.19	55.49	▲	0.57%
S&P/NZX MidCap Index	27,870.54	132.36	▲	0.48%
S&P/NZX SmallCap Index	57,775.30	21.82	▲	0.04%
S&P/NZAX All Index	594.45	1.47	▼	0.25%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,256.50	38.90	▲	0.63%
S&P/ASX 200	6,176.10	40.10	▲	0.65%
ASX Small Ordinaries	2,739.00	15.00	▲	0.55%
S&P/ASX MIDCAP 50	6,611.80	52.50	▲	0.80%
S&P/ASX 20	3,446.80	22.50	▲	0.66%
Foreign Markets Index				
	Last	Change		
S&P 500	2,816.50	11.13	▲	0.40%
Dow Jones	25,724.36	98.77	▲	0.39%
NASDAQ Composite	7,672.79	29.41	▲	0.38%
DAX	11,428.16	9.12	▲	0.08%
ASX All Ordinaries	6,256.50	38.90	▲	0.63%
NIKKEI 225	21,033.76	344.97	▼	1.61%
HANG SENG INDEX	28,775.21	46.96	▲	0.16%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9592	0.0001	▼	0.01%
USD	0.6786	0.0011	▼	0.16%
CNY	4.5730	0.0010	▼	0.02%
EUR	0.6047	0.0005	▲	0.08%
CAD	0.9122	0.0007	▲	0.08%
GBP	0.5199	0.0053	▲	1.03%
JPY	75.0460	0.0480	▼	0.06%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.88			
5-year Swap	1.71			
10-year Swap	2.09			
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,295.90	21.00	▼	1.59%
Silver	14.98	0.31	▼	2.05%
Crude Oil	59.40	0.01	▼	0.02%

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