

MORNING REPORT

As at 9.12 AM 29/10/2019

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Top News

NZX50 stumbles over smelter scare

New Zealand shares fell 2.5 percent this week as the threat of the Tiwai Point smelter closure tripped up electricity companies that had been on a tear, and gave investors cause to ponder the slowing economy.

The S&P/NZX 50 Index decreased 42.88 points, or 0.4 percent, to 10,788.64, and was down from 11,067.12 last week. Within the index, 26 stocks fell, 13 rose, and 11 were unchanged. Turnover was \$110.8 million.

The electricity generator-retailers have been in focus this week due to Rio Tinto warning that the future of the Tiwai Point smelter is under review.

Supplier Meridian Energy was down 2.8 percent at \$4.81 on a volume of 2.4 million shares, compared to its 90-day average of 1.5 million. Contact Energy declined 0.3 percent to \$7.67, with 1.3 million shares traded. Genesis Energy posted the day's biggest gain, up 3.6 percent at \$3.20 on a volume of 840,000 shares, compared to its 562,000 average, and Trustpower decreased 0.1 percent to \$8.19.

"We've had real information, particularly with electricity prices, and while that certainly had an impact on the generators and the retailers, it also speaks to the broader outlook for New Zealand," said Michael McCarthy, chief market strategist at CMC Markets.

"That's why we saw some fairly dramatic reactions this week to the downside - that fall off to consumption in electricity does not say good things about overall economic activity."

NZ dollar treading water; Brexit, FOMC in focus

The New Zealand dollar tread water early Tuesday as the market awaits further news on Brexit.

The kiwi was trading at 63.45 US cents at 8am in Wellington from 63.47 cents late yesterday in New York. New Zealand markets were closed for the Labour Day holiday. The trade-weighted index was at 70.16 points from 70.12.

The European Union agreed to three-month Brexit delay as UK Prime Minister Boris Johnson sought a snap election to secure a majority capable of passing the deal. Brexit can occur the first day of the month after the Withdrawal Agreement has been ratified or on 1 February, whichever is the earliest. The EU says there can be no re-negotiation during the extension period, according to ANZ Bank FX/rates strategist Sandeep Parekh.

The kiwi was trading at 49.31 British pence from 49.47 pence.

Parekh noted that the kiwi failed to gain much traction despite positive headlines out of US-China trade talks. President Donald Trump said on Monday he expected to sign a significant part of the trade deal with China ahead of schedule but did not elaborate on the timing, according to Reuters.

"With little on offer domestically this week, the upcoming FOMC meeting and the US data pulse will drive the kiwi," said Parekh. The US Federal Reserve is expected to cut rates by 25 basis points at their next meeting on Wednesday.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,660.95	42.65	▼ 0.36%
S&P/NZX 50 Index	10,788.64	42.88	▼ 0.40%
S&P/NZX MidCap Index	31,291.49	47.39	▼ 0.15%
S&P/NZX SmallCap Index	62,835.10	320.54	▲ 0.51%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,842.50	1.50	▲ 0.02%
S&P/ASX 200	6,740.70	1.50	▲ 0.02%
ASX Small Ordinaries	2,877.50	1.90	▲ 0.07%
S&P/ASX MIDCAP 50	7,048.30	2.90	▼ 0.04%
S&P/ASX 20	3,742.50	0.50	▲ 0.01%

Foreign Markets Index			
	Last	Change	
S&P 500	3,039.42	16.87	▲ 0.56%
Dow Jones Industrial Average	27,090.72	132.66	▲ 0.49%
NASDAQ Composite	8,325.99	82.87	▲ 1.01%
DAX PERFORMANCE-INDEX	12,941.71	47.20	▲ 0.37%
ASX All Ordinaries	6,842.50	1.50	▲ 0.02%
NIKKEI 225	22,867.27	67.46	▲ 0.30%
HANG SENG INDEX	26,891.26	223.87	▲ 0.84%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9278	-0.0038	▼ 0.41%
USD	0.63	-0.0007	▼ 0.11%
CNY	4.4860	0.0000	▲ 0.00%
EUR	0.57	-0.0019	▼ 0.33%
CAD	0.8286	-0.0010	▼ 0.12%
GBP	0.49	-0.0025	▼ 0.51%
JPY	69.1255	0.0345	▲ 0.05%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.06	
5y Swap	1.01	
10y Swap	1.33	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,495.10	10.20	▼ 0.68%
Silver	17.84	0.08	▼ 0.45%
Crude Oil	55.80	0.86	▼ 1.52%

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