

MORNING REPORT

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Top News

NZ shares fall as Vista sinks on slowing sales growth

New Zealand shares fell, led lower by Vista Group International, which was punished for dialling back its expectations for revenue growth.

The S&P/NZX 50 Index declined 46.10 points, or 0.4 percent, to 10,580.07. Within the index, 24 stocks fell, 23 rose, and three were unchanged. Turnover was \$139.2 million, of which Vista accounted for \$20.8 million.

Vista slump to a seven-month low after scaling back its projections for revenue growth to 10-12 percent and reporting a 23 percent slide in first-half profit. The cinema software analytics firm has lifted revenue by more than 20 percent in each of the past five years.

The stock led the market lower, down 29 percent at \$3.85 on a volume of 5.2 million shares, more than 15 times its 90-day average of 336,000. It was the most traded stock.

"People start extrapolating the growth and they're prepared to pay in advance, but today's reaction is kind of an Australian-type reaction. They're fairly savage on companies that don't hit their targets and that's what we've seen today with Vista," said David Price, a broker at Forsyth Barr.

Meridian Energy fell 3 percent to \$4.88 on a volume of 1.4 million shares. Sky Network Television dropped 2.7 to \$1.10 and A2 Milk dipped 0.6 percent to \$14.02.

SkyCity Entertainment Group was down 2.3 percent, or 9 cents, at \$3.82 on a volume of 1.7 million shares. It gave up rights to a 10 cent dividend today.

NZ dollar lifts against yen; buoyed by improved US data

The New Zealand dollar gained against the Japanese yen and held around a four-year low against the greenback as investor concerns about a slowing US economy eased.

The kiwi was trading at 67.24 yen at 7:50 am in Wellington from 66.79 yen at 5pm. It was at 63.12 US cents from 63.05 cents and the trade-weighted index was at 70.55 from 70.53.

Risk appetite got a lift from signs of strong consumer spending in the US helping shore up the economy.

Real gross domestic product increased at an annual rate of 2 percent in the second estimate of second-quarter GDP, down from a prior estimate of 2.1 percent, the US department of commerce said. However, growth in consumer spending, which accounts for more than two-thirds of US economic activity, surged at a 4.7 percent rate in the quarter, Reuters reported. That was the fastest since the fourth quarter of 2014.

"The background to consumption remains very strong and is now supported by lower interest rates," said ANZ economist Michael Callaghan.

US President Donald Trump used the strong data as an opportunity to lobby the Federal Reserve for even lower interest rates.

"The Economy is doing GREAT, with tremendous upside potential! If the Fed would do what they should, we are a Rocket upward!" he tweeted.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	11,423.01	58.88	▼	0.51%
S&P/NZX 50 Index	10,580.07	53.57	▼	0.50%
S&P/NZX MidCap Index	30,169.23	168.44	▼	0.56%
S&P/NZX SmallCap Index	59,360.83	228.09	▼	0.38%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,605.70	4.90	▲	0.07%
S&P/ASX 200	6,507.40	6.80	▲	0.10%
ASX Small Ordinaries	2,813.70	11.30	▼	0.40%
S&P/ASX MIDCAP 50	6,966.50	7.80	▼	0.11%
S&P/ASX 20	3,591.10	10.20	▲	0.28%

Foreign Markets Index				
	Last	Change		
S&P 500	2,924.58	36.64	▲	1.27%
Dow Jones	26,362.25	326.15	▲	1.25%
NASDAQ Composite	7,973.39	116.51	▲	1.48%
DAX	11,838.88	137.86	▲	1.18%
ASX All Ordinaries	6,605.70	4.90	▲	0.07%
NIKKEI 225	20,460.93	18.49	▼	0.09%
HANG SENG INDEX	25,703.50	88.02	▲	0.34%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9378	-0.0030	▼	0.32%
USD	0.63	-0.0026	▼	0.41%
CNY	4.5080	-0.0300	▼	0.67%
EUR	0.57	-0.0012	▼	0.21%
CAD	0.8386	-0.0042	▼	0.50%
GBP	0.52	-0.0008	▼	0.15%
JPY	67.1935	0.0415	▲	0.06%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.19	
5y Swap	0.94	
10y Swap	1.20	

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,535.90	13.20	▼	0.85%
Silver	18.17	0.14	▼	0.78%
Crude Oil	56.59	0.81	▲	1.45%

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