



MORNING REPORT

As at 9.00 AM 30/01/2019

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Top News

NZ dollar treads water as US-China trade talks, Fed meeting loom

The New Zealand dollar was largely unchanged as investors wait for upcoming trade talks between the US and China and the Federal Reserve's first policy meeting of the year.

Investors are waiting for the outcome of several major global events, including the resumption of trade talks between the US and China. Last year's stoush between the world's two biggest economies weighed on markets around the world as investors feared increased trade barriers would slow global growth and restrain company earnings.

Announcements from heavy machinery maker Caterpillar and chip manufacturer Nvidia yesterday blamed earnings downgrades on a slowing Chinese economy, while US federal charges levelled at China's Huawei Technologies have kept tensions high.

Meanwhile, the Federal Open Market Committee will tomorrow make its first policy statement of the year, followed by a press conference by chair Jerome Powell. In December, the world's biggest central bank lowered its rate hike projections for 2019. Traders will watch for Powell's take on the latest economic data, which has shown weaker consumer confidence in the wake of the Federal government shutdown.

The kiwi was largely unchanged at 51.95 British pence from 51.97 pence yesterday ahead of a parliamentary vote on Brexit amendments. Prime Minister Theresa May has put forward a new proposal to scrap the Irish border arrangements and re-open negotiations with the European Union. The local currency was unchanged at 59.77 euro cents.

NZ shares fall amid ongoing concerns about global growth

New Zealand shares fell, in line with declines in the US and across Asia, amid ongoing concerns about global growth, particularly in China.

Analysts downgrading their forecasts for Australian healthcare device maker Resmed also weighed on New Zealand rival Fisher & Paykel Healthcare, one of the country's top 10 stocks.

Resmed shares were down more than 11 percent on Friday and fell more than 12 percent today after a poor December quarter report – the Australian market was closed for the Australia Day holiday yesterday.

A December quarter report from US-based heavy-equipment maker Caterpillar also fell short of analysts' expectations, with the company blaming the impact of tariffs and the trade war between the US and China. Annual profit is likely to be less than analysts have been expecting because of China's slowing economy, the company said, reinforcing reports from other companies, including Apple, about China's drag on profit growth.

Australia's S&P/ASX 200 Index was down almost 0.6 percent as the New Zealand market closed and that didn't help market heavyweight A2 Milk shares of which fell 2 percent to \$12.15.

Synlait Milk, which manufactures A2's Platinum brand of infant formula, fell 3.7 percent to \$9.40.

| NZX Index | | | |
|------------------------------|-----------|--------|---------|
| Index | Last | Change | |
| S&P/NZX All Index | 9,777.45 | 111.52 | ▼ 1.13% |
| S&P/NZX 50 Index | 9,006.38 | 108.14 | ▼ 1.19% |
| S&P/NZX MidCap Index | 26,512.02 | 132.19 | ▼ 0.50% |
| S&P/NZX SmallCap Index | 58,033.41 | 191.52 | ▼ 0.33% |
| S&P/NZAX All Index | 544.20 | 0.00 | ▼ 0.00% |
| ASX Index | | | |
| Index | Last | Change | |
| ASX All Ordinaries | 5,939.50 | 31.60 | ▼ 0.53% |
| S&P/ASX 200 | 5,874.20 | 31.40 | ▼ 0.53% |
| ASX Small Ordinaries | 2,581.40 | 15.50 | ▼ 0.60% |
| S&P/ASX MIDCAP 50 | 6,375.80 | 44.40 | ▼ 0.69% |
| S&P/ASX 20 | 3,282.10 | 17.90 | ▼ 0.54% |
| Foreign Markets Index | | | |
| | Last | Change | |
| S&P 500 | 2,635.89 | 7.96 | ▼ 0.30% |
| Dow Jones Industrial Average | 24,535.29 | 7.07 | ▲ 0.03% |
| NASDAQ Composite | 7,019.76 | 65.92 | ▼ 0.93% |
| DAX PERFORMANCE-INDEX | 11,218.83 | 8.52 | ▲ 0.08% |
| ASX All Ordinaries | 5,939.50 | 31.60 | ▼ 0.53% |
| NIKKEI 225 | 20,664.64 | 15.64 | ▲ 0.08% |
| HANG SENG INDEX | 27,531.68 | 45.28 | ▼ 0.16% |
| Currencies (per NZ\$ 1.00) | | | |
| | Last | Change | |
| AUD | 0.9549 | 0.0016 | ▲ 0.17% |
| USD | 0.6826 | 0.0004 | ▼ 0.06% |
| CNY | 4.5980 | 0.0100 | ▼ 0.22% |
| EUR | 0.5973 | 0.0004 | ▼ 0.07% |
| CAD | 0.9067 | 0.0010 | ▲ 0.11% |
| GBP | 0.5212 | 0.0020 | ▲ 0.39% |
| JPY | 74.5840 | 0.0855 | ▼ 0.11% |
| NZ Interest Rates | | | |
| | Last | Change | |
| NZ OCR | 1.75 | | |
| 3-month Bank Bill | 1.94 | | |
| 5-year Swap | 2.13 | | |
| 10-year Swap | 2.57 | | |
| Commodities Futures | | | |
| | Last | Change | |
| Gold | 1,309.40 | 6.30 | ▲ 0.48% |
| Silver | 15.84 | 0.07 | ▲ 0.48% |
| Crude Oil | 53.09 | 1.10 | ▲ 2.12% |

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