

MORNING REPORT

As at 8.47 AM 31/01/2019

Web: www.equity.co.nz / E-mail: Info@equity.co.nz / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ

Top News

NZ shares fall; Air NZ warning weighs on tourism stocks

New Zealand shares fell, led lower by Air New Zealand, as the national carrier's earnings and softer outlook weighed on other tourism-related companies. Auckland International Airport and Tourism Holdings fell.

The S&P/NZX 50 index declined 80.86 points, or 0.9 percent, to 8,925.52. Within the index, 26 stocks fell, 17 gained, and seven were unchanged. Turnover was \$193.4 million.

Air New Zealand hit a three-month low after warning its annual earnings will fall by as much as 37 percent. The airline expects pre-tax earnings of \$340-400 million in the year ending June 30, downgrading its forecast due to global issues with Rolls Royce engines disrupting schedules. The stock ended the day down 13 percent at \$2.83 on a volume of 3.1 million, more than three times its 90-day average.

"One positive has been the dividend policy is unchanged at the moment - that's a positive for investors," said Peter McIntyre, an investment advisor at Craigs Investment Partners.

The downgrade flowed through to other tourism-related stocks, including rental motor home operator Tourism Holdings and Auckland Airport, and might indicate signs of global economic growth slowing down, he said. Tourism Holdings dropped 6.1 percent to \$4.80 on a volume of 434,000 - more than twice the average. Auckland Airport fell 3.5 percent to \$7.27 on a volume of 1.8 million.

Casino operator SkyCity Entertainment Group decreased 0.3 percent to \$3.78. McIntyre said it held up reasonably well after raising its earnings guidance yesterday.

NZ dollar jumps half a US cent as Fed takes cautious approach to future rate hikes

The New Zealand dollar jumped about half a US cent after the Federal Reserve kept interest rates unchanged and was cautious about the pace and timing of any future hikes.

The kiwi rose to 69.02 US cents as at 8.30am in Wellington from 68.34 cents immediately before the release, and up from 68.39 cents yesterday. The trade-weighted index gained to 74.19 from 73.78 yesterday.

The Federal Open Market Committee kept the federal funds rate target range of 2.25-2.5 percent, saying sustained economic growth, a strong labour market, and a 2 percent pace of core inflation was the most likely outcome. The FOMC will be patient in deciding any future hikes, given the uncertainty in the global economy and muted inflation pressures. The Fed pared back a more aggressive stance on rate hikes late last year after chair Jerome Powell faced intense pressure from US President Donald Trump to keep rates low. Powell will hold a press conference after every meeting this year.

The Fed also changed its policy in unwinding the massive stimulus programme run over the past decade, saying it's willing to alter the pace of shrinking the balance sheet to meet any economic and financial developments. However, it kept its current US\$50 billion monthly runoff of Treasury bonds and mortgage-backed securities unchanged.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,690.83	86.62	▼ 0.89%
S&P/NZX 50 Index	8,925.52	80.86	▼ 0.90%
S&P/NZX MidCap Index	26,296.73	215.29	▼ 0.81%
S&P/NZX SmallCap Index	57,748.24	285.18	▼ 0.49%
S&P/NZAX All Index	543.40	0.80	▼ 0.15%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	5,951.20	11.70	▲ 0.20%
S&P/ASX 200	5,886.70	12.50	▲ 0.21%
ASX Small Ordinaries	2,574.00	7.40	▼ 0.29%
S&P/ASX MIDCAP 50	6,351.30	24.50	▼ 0.38%
S&P/ASX 20	3,294.40	12.30	▲ 0.37%

Foreign Markets Index			
	Last	Change	
S&P 500	2,683.42	43.42	▲ 1.64%
Dow Jones	25,038.33	458.37	▲ 1.86%
NASDAQ Composite	7,184.19	155.90	▲ 2.22%
DAX	11,181.66	37.17	▼ 0.33%
ASX All Ordinaries	5,951.20	11.70	▲ 0.20%
NIKKEI 225	20,556.54	108.10	▼ 0.52%
HANG SENG INDEX	27,642.85	111.17	▲ 0.40%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9511	0.0039	▼ 0.41%
USD	0.6896	0.0062	▲ 0.91%
CNY	4.5900	0.0070	▼ 0.15%
EUR	0.6009	0.0032	▲ 0.54%
CAD	0.9067	0.0002	▼ 0.02%
GBP	0.5258	0.0028	▲ 0.54%
JPY	75.2240	0.4920	▲ 0.66%

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	1,324.80	9.60	▲ 0.73%
Silver	16.06	0.22	▲ 1.36%
Crude Oil	54.19	0.88	▲ 1.65%

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk.

Do you need to make any changes to your portfolio?
www.equity.co.nz E-mail: Info@equity.co.nz

Contact Equity Investment Advisers today.
 Tel: +64 (9)304 0145 / NZ: 0800 474 669