

MORNING REPORT

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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 dollar little changed; Powell provides reasons to be dovish

The New Zealand dollar is trading water after US Federal Reserve chair Jerome Powell outlined the concerns which are making him more cautious about raising interest rates further.

Powell said in his speech that his "principal worry" is global growth.

Earlier this month, Apple cut its revenue outlook for the first time in almost two decades and blamed slowing demand for iPhones in China. iPhones account for 64 percent of Apple's sales and 20 percent of those sales happen in China.

Data released in China on Thursday showed that country's Producer Price Index, which measures price increases before they reach the consumer, rose 0.9 percent in December compared with economists' expectations of a 1.6 percent increase. It was the smallest increase since September 2016.

Powell said government shutdowns aren't usually a problem because they tend to be short-lived. The current shutdown is now in its 20th day. The longest ever shutdown was in 1995 when Bill Clinton was president. It lasted 21 days.

NZ shares fall as investors take a breather

New Zealand shares fell as investors took a breather after a round of US-China trade talks wound up. Ryman Healthcare gave back some recent gains and Summerset dipped.

Delegates from China and the US wrapped up three days of trade talks Wednesday and markets had been cheered by the first face-to-face negotiations since both sides agreed to a 90-day truce. China's Commerce Ministry said the talks were extensive, and helped establish a foundation for the resolution of each others' concerns, according to Reuters. However, there were few concrete details.

Equity markets were also cheered when minutes from the US Federal Reserves' December meeting underscored the central bank is willing to be patient about any future monetary tightening.

Ryman Healthcare was down 3.3 percent to \$10.98 on slightly higher than normal volumes with 1 million shares changing hands. Fellow retirement village operator and developer Summerset shed 1.9 percent to \$6.18 on very light volume. Earlier it said it sold 193 occupation rights in the three months to Dec. 31, versus 204 in the prior year, but that it has met its 2018 target to build 450 new units.

Kathmandu, which has been hard hit after reporting a weaker-than-expected Christmas trading period, shed 1.3 percent to \$2.26. Volumes, however, were very thin with only about 69,000 shares trading hands.

Stocks like Heartland Group, up 2.2 percent to \$1.42, and Gentrack, up 2.8 percent to \$5.09, and Skellerup, which added 1 percent to \$2.04, fared better. Solly noted they tend to be more favored by local investors.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	9,688.82	26.74	▼ 0.28%
S&P/NZX 50 Index	8,919.16	28.06	▼ 0.31%
S&P/NZX MidCap Index	26,126.80	38.95	▼ 0.15%
S&P/NZX SmallCap Index	58,534.16	271.68	▲ 0.47%
S&P/NZAX All Index	512.22	4.88	▼ 0.94%
ASX Index			
Index	Last	Change	
ASX All Ordinaries	5,853.90	15.50	▲ 0.27%
S&P/ASX 200	5,795.30	17.00	▲ 0.29%
ASX Small Ordinaries	2,505.50	6.50	▼ 0.26%
S&P/ASX MIDCAP 50	6,324.00	13.50	▲ 0.21%
S&P/ASX 20	3,257.00	13.10	▲ 0.40%
Foreign Markets Index			
	Last	Change	
S&P 500	2,588.66	3.70	▲ 0.14%
Dow Jones Industrial Average	23,921.10	41.98	▲ 0.18%
NASDAQ Composite	6,965.53	8.45	▲ 0.12%
DAX PERFORMANCE-INDEX	10,921.59	28.27	▲ 0.26%
ASX All Ordinaries	5,853.90	15.50	▲ 0.27%
NIKKEI 225	20,163.80	263.26	▼ 1.29%
HANG SENG INDEX	26,521.43	59.11	▲ 0.22%
Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9441	0.0029	▼ 0.31%
USD	0.6781	0.0008	▼ 0.12%
CNY	4.6030	0.0230	▼ 0.50%
EUR	0.5897	0.0016	▲ 0.27%
CAD	0.8970	0.0000	0.00%
GBP	0.5320	0.0012	▲ 0.23%
JPY	73.5155	0.1125	▲ 0.15%
NZ Interest Rates			
	Last	Change	
NZ OCR	1.75		
3-month Bank Bill	1.94		
5-year Swap	2.18		
10-year Swap	2.63		
Commodities Futures			
	Last	Change	
Gold	1,288.20	3.80	▼ 0.29%
Silver	15.63	0.10	▼ 0.67%
Crude Oil	52.64	0.28	▲ 0.53%

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www.equity.co.nz [E-mail: Info@equity.co.nz](mailto:Info@equity.co.nz)

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