

# MORNING REPORT

As at 8.52 AM 16/09/2019

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## Top News

### NZ shares fall for 5th day; Z Energy sold off further

New Zealand shares fell for a fifth session, with Z Energy coming in for another heavy day of selling after downgrading its earnings outlook yesterday. Blue-chip stocks were generally weaker.

The S&P/NZX 50 Index declined 41.65 points, or 0.4 percent, to 10,863.41. Within the index, 28 stocks fell, 17 rose, and five were unchanged. Turnover was \$135.7 million, of which Z accounted for \$21.1 million.

Z Energy was down 2.6 percent at \$5.53, an eight-month low, on a volume of 3.8 million shares, making it the day's most traded stock. Its 90-day average is 643,000 shares. The retail fuel company cut its earnings outlook by \$60 million due largely to an unprecedented level of discounting at a time when the Commerce Commission has the sector under close watch.

"It's ironic that everyone looked at government and the Commerce Commission as the main risk factors, but that they weren't as required as people thought," said Grant Davies, an investment advisor at Hamilton Hindin Greene.

Synlait Milk rose 2.9 percent to \$9, posting the day's biggest gain, on a volume of 158,000 shares, more than its 96,000 average. Like Z Energy, Synlait Milk was sold off sharply yesterday when its 2020 forecast disappointed analysts who wanted more from the milk processor.

The local market was one of the few to decline across Asia Pacific as European Central Bank stimulus triggered a global rally in equity markets. Davies said the NZX50 is still one of the best-performing markets this year. It's up about 24 percent since the start of 2019.

### NZ dollar weakens as greenback gains on improving data; oil in focus

The kiwi is weaker after the greenback got a lift from improving US retail data and as markets keep a close eye on Saudi Arabia after weekend attacks on major oil plants.

The kiwi was trading at 63.68 US cents at 7:55 am in Wellington versus 63.75 late Friday in New York and 64.04 US cents at 5pm in Wellington.

The US dollar rose after retail sales rose 0.4 percent on the month in August, versus expectations for a 0.2 percent increase. Also, the preliminary read of the University of Michigan Sentiment index showed consumer sentiment rebounding to 92.0, above expectations of a 90.8 read and up from 89.8 in August.

The US Federal Reserve is expected to cut its policy rate by another 25 basis points to between 1.75 percent and 2.00 percent at this week's meeting but "rising core inflation, still-solid incoming activity data and the temporary thaw in the US-China trade war together support our view that the Fed will then stand pat at the October meeting, before a further gradual slowdown in economic growth prompts one final rate cut in December," according to Capital Economics.

Today, however, markets are likely to be jittery after attacks on Saudi oil plants on Saturday knocked out more than half of the country's output or more than 5 percent of global supply. Any pullback in global risk appetite will weigh further on the kiwi.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	11,717.25	43.69	▼ 0.37%
S&P/NZX 50 Index	10,863.41	41.65	▼ 0.38%
S&P/NZX MidCap Index	30,999.50	145.98	▼ 0.47%
S&P/NZX SmallCap Index	60,302.76	140.46	▲ 0.23%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,777.10	11.40	▲ 0.17%
S&P/ASX 200	6,669.20	14.30	▲ 0.21%
ASX Small Ordinaries	2,875.00	8.20	▼ 0.28%
S&P/ASX MIDCAP 50	7,078.50	25.60	▼ 0.36%
S&P/ASX 20	3,708.30	15.30	▲ 0.41%

Foreign Markets Index			
	Last	Change	
S&P 500	3,007.39	2.18	▼ 0.07%
Dow Jones	27,219.52	37.12	▲ 0.14%
NASDAQ Composite	8,176.71	17.76	▼ 0.22%
DAX	12,468.53	58.33	▲ 0.47%
ASX All Ordinaries	6,777.10	11.40	▲ 0.17%
NIKKEI 225	21,988.29	228.69	▲ 1.05%
HANG SENG INDEX	27,352.69	265.09	▲ 0.98%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9278	0.0009	▲ 0.10%
USD	0.64	-0.0007	▼ 0.11%
CNY	4.5100	-0.0020	▼ 0.04%
EUR	0.58	-0.0008	▼ 0.14%
CAD	0.8422	-0.0052	▼ 0.62%
GBP	0.51	0.0000	▲ 0.00%
JPY	68.5450	-0.3900	▼ 0.57%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.14	
5y Swap	1.09	
10y Swap	1.42	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,495.70	11.70	▼ 0.78%
Silver	17.50	0.67	▼ 3.70%
Crude Oil	54.82	0.27	▼ 0.49%

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