



# MORNING REPORT

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## Top News

### NZ dollar weakens on China trade risk, Australia growth worry

The New Zealand dollar weakened against its US counterpart as officials there tried to cool expectations for the China-US trade talks next week and investors saw added risk from the housing slowdown in Australia.

The local dollar was lifted through 68 US cents yesterday by better than expected December employment data in Australia. The Australian dollar subsequently fell after mortgage rate rises by NAB added to the perception of risk to the economy from the country's slowing housing market and the potential for the Reserve Bank of Australia to hold rates for longer or cut them to help maintain momentum.

Risks from the extended trade dispute between the US and China – New Zealand's biggest trading partner – also featured in overnight markets.

US stocks were mixed despite good results from semiconductor makers and airlines. Commerce Secretary Wilbur Ross downplayed the prospect of quick progress in US-China trade talks next week, given the depth of issues involved.

European Central Bank president Mario Draghi also cited the risk of an extended trade war between the US and China.

### NZ shares inch higher as US shutdown sidelines investors

New Zealand shares inched higher but trading was mixed on concerns that US economic growth will take a hit from the longest-ever government shutdown and as investors pared back expectations of a New Zealand rate cut.

The partial government shutdown affecting 800,000 federal workers has lasted more than a month and investors are increasingly concerned about the economic impact as it drags on. Trading is also very tepid after expectations that the Reserve Bank of New Zealand could move to cut rates were pared back after yesterday's inflation data, which showed signs of emerging cost pressure.

The most heavily traded stock on the S&P/NZX 50 was Z Energy, which yesterday increased its full-year earnings guidance by more than \$15 million due to improved margins following the sharp drop in oil prices late last year. The stock added 2 percent to \$6.08, with 3.7 million shares trading hands versus a daily average of 1.1 million during the past three months.

Spark New Zealand was the second most heavily traded stock, gaining 2.7 percent at \$4.13 with 3.4 million shares changing hands, in line with its average. Trade Me - which was unchanged at \$6.34, was third.

Among smaller cap companies, PaySauce continued to push higher, gaining 29 percent at 1.8 cents. Yesterday it said its recurring revenue in the December quarter was 109 percent ahead of the same quarter of 2017. PaySauce listed on NZX on Dec. 21 via a backdoor listing through the shell of Energy Mad.

NZX Index			
Index	Last	Change	

S&P/NZX All Index	9,886.06	1.91	▲ 0.02%
S&P/NZX 50 Index	9,108.91	2.88	▲ 0.03%
S&P/NZX MidCap Index	26,547.69	4.83	▼ 0.02%
S&P/NZX SmallCap Index	58,378.69	253.40	▼ 0.43%
S&P/NZAX All Index	521.74	0.74	▼ 0.14%

ASX Index			
Index	Last	Change	

ASX All Ordinaries	5,930.50	21.80	▲ 0.37%
S&P/ASX 200	5,865.70	22.00	▲ 0.38%
ASX Small Ordinaries	2,564.90	2.50	▲ 0.10%
S&P/ASX MIDCAP 50	6,402.50	1.90	▼ 0.03%
S&P/ASX 20	3,279.60	15.70	▲ 0.48%

Foreign Markets Index			
	Last	Change	

S&P 500	2,637.93	0.77	▼ 0.03%
Dow Jones Industrial Average	24,528.81	46.81	▼ 0.19%
NASDAQ Composite	7,059.76	33.99	▲ 0.48%
DAX PERFORMANCE-INDEX	11,130.18	58.64	▲ 0.53%
ASX All Ordinaries	5,930.50	21.80	▲ 0.37%
NIKKEI 225	20,574.63	19.09	▼ 0.09%
HANG SENG INDEX	27,120.98	112.78	▲ 0.42%

Currencies (per NZ\$ 1.00)			
	Last	Change	

AUD	0.9543	0.0037	▲ 0.39%
USD	0.6763	0.0026	▼ 0.38%
CNY	4.5880	0.0220	▼ 0.48%
EUR	0.5986	0.0022	▲ 0.37%
CAD	0.9030	0.0030	▼ 0.33%
GBP	0.5181	0.0013	▼ 0.25%
JPY	74.1710	0.2195	▼ 0.30%

NZ Interest Rates		
	Last	Change

NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.14	
10-year Swap	2.59	

Commodities Futures			
	Last	Change	

Gold	1,279.00	5.00	▼ 0.39%
Silver	15.30	0.09	▼ 0.55%
Crude Oil	53.17	0.55	▲ 1.05%

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