

Yovich & Co. Market Update

14 May 2019

Market News

	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week	10058.08	6427.20	3078.34	7380.64	26504.95	8164.00	0.9461	0.6644	1.75%
Week Close	10099.37	6393.13	2939.21	7203.29	25942.37	7916.94	0.9427	0.6600	1.50%
Change	0.41%	-0.53%	-4.52%	-2.40%	-2.12%	-3.03%	-0.35%	-0.67%	0.25%

In summary, the NZX50 had 12 companies on the downside, 3 remained unchanged and 35 companies were on the upside. Last week the Reserve Bank lowered the OCR by 0.25% to 1.50%. This was due to the reports that global economic growth continues to decrease since mid-2018 resulting in an easing demand for New Zealand's goods and services (Reserve Bank NZ). This has seen high paying dividend equities become more attractive, compared to defensive assets such as term deposits. The Global dairy trade on 7 May was up 0.4% with average price of \$3,490 (USD), with 15,375 (MT) sold.

The biggest movers of the week

Down		Up	
Synlait Milk Limited	-4.05%	Vista Group International Limited	12.43 %
Metlifecare Limited	-3.64%	Vital Healthcare Property Trust	8.57 %
Fletcher Building Limited	-3.24%	Contact Energy Limited	5.98%

Investment News

Synlait Milk

Produces a range of added-value milk powders and nutritional products at its nutrition manufacturing site in Canterbury, which is currently being supplied by 200 farms in the Canterbury region. From 1 June 2019 plans for the new manufacturing site in Pokeno will provide Waikato farmers the opportunity to supply. Late last week Synlait received news that the High Court decision in February 2018 was reversed. The previous land covenants were reinstated on the 28ha site Synlait is using to build its nutritional powder manufacturing plant. Since this news the share price has fallen 5.23%, from \$10.50 to current price of \$9.95.

Infratil

Has agreed to purchase Vodafone NZ in a consortium with Brookfield Asset Management, for a price of \$3.4b(NZ). The deal is subject to regulatory approval, and if approved, the transaction will be completed during Vodafone's fiscal year 2020. With current share price at \$4.36 Infratil's gross dividend yield is 5.2%.

Fonterra Co-operative

As part of the company's new strategic plan to reduce debt, Fonterra has announced that the settlement date for Tip Top will be 31 May 2019. The global ice cream company Froneri has agreed on a purchase price of \$380m, this represents a gain of around \$100m above book price. This will have 6 cents per share impact on earnings. The other such potential sell off is the DFE Pharma business. Fonterra's current share price is \$4.26.

Pushpay Holdings

Provides a donor management system, including donor tools, finance tools and a custom community app, to the faith sector, non-profit organisations and education providers in US, Canada, Australia and New Zealand. Tax paid profit for the FY19 ending March is up at \$18.8m from negative \$223.3m (USD) last year. Revenue is up \$98.4m (USD) an increase of 40%. Current share price is \$3.94.

Trustpower

Tax paid profit for the FY19 ending 31 March was down at \$93m (-19%), whilst retail earnings were \$64m up 8%. The EBITDAF guidance for FY2020 is expected to be in the range of \$205m to \$225m. A gross dividend of 23.6 cents and a special dividend of 15 cents is payable 14 June 2019. With current share price at \$7.21 gross dividend yield is 12.11% (including special dividends). Target price is \$5.85.