

Yovich & Co. Weekly Market Update

18th May 2026

Market News

	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Current Close 17 th May	12965.01	8870.60	4135.39	10195.37	49526.17	26225.15	0.8162	0.5838	2.25
Previous Week 10 th May	13175.13	8980.50	4179.95	10233.07	49609.16	26247.08	0.8228	0.5965	2.25
Change	-1.62%	-1.24%	-1.08%	-0.37%	-0.17%	-0.08%	-0.81%	-2.18%	0.00%

The NZX 50 fell 1.62% over the week to 12,965.01. NZ monthly prices rose by less than expected in April, suggesting weaker consumer demand is helping offset some cost pressures. However, the inflation outlook remains uncertain, with annual CPI inflation expected to move above 4% for the rest of 2026. This means the OCR may need to move higher, although the timing remains difficult, with July currently flagged as the possible start of rate hikes.

Australian equities also fell, with the All Ordinaries down 1.24% to 8,870.60. The Australian banking sector was a key drag, as investors assessed proposed changes to negative gearing and capital gains tax, which could reduce property investor demand and weigh on future mortgage lending growth.

The Shanghai Composite declined 1.07% to 4,135.39, with uncertainty around how the summit between US President Donald Trump and his Chinese counterpart Xi Jinping would go, with hopes cooling for increased chip sales to China. Sentiment remains mixed, with investors weighing the potential for further policy support against ongoing concerns around weak domestic demand and the property sector. China's Q1 data showed stronger industrial activity, with industrial output up 6.1% year-on-year, while retail sales rose a more modest 2.4%. Q1 GDP growth was around 5%, supported by exports, although investors remain focused on whether consumer spending can improve without more direct household support.

The FTSE 100 eased 0.37% to 10,195.37. UK growth data was stronger than expected, with monthly GDP up 0.3% in March and real GDP up 0.6% over the March quarter. However, markets remain focused on the inflation risk from higher energy prices.

US equities finished slightly lower but held up reasonably well given moves in bond yields and oil prices. The Dow Jones fell 0.17% to 49,526.17, while the Nasdaq slipped 0.08% to 26,225.14. Inflation was the key focus, with April CPI rising 0.6% for the month and 3.8% year-on-year. Energy prices were a major contributor, rising 3.8% for the month, while core CPI rose 0.4% monthly and 2.8% annually. Consumer spending also remained steady, with April retail and food services sales up 0.5% for the month and 4.9% year-on-year. Overall, the combination of firm demand and energy-driven inflation kept interest rates volatile and made share markets more uneven into the end of the week.

The biggest movers of the week ending 17 May 2026

Up	
Fletcher Building	7.45%
Vulcan Steel	6.41%
Briscoe Group	4.70%
Property for Industry	4.70%
Fonterra Shareholders Fund Units	4.36%

Down	
SkyCity Entertainment Group	-9.38%
Summerset Group Holdings	-9.22%
Serko	-8.81%
Fisher & Paykel Healthcare	-7.46%
a2 Milk Co	-6.02%

Source: LSEG

Investment News

Kiwi Property (KPG.nz) — Reported results FY26 full year

Kiwi Property's FY26 result leaned on rental growth and disciplined execution while valuations remained a headwind. Net rental income rose to \$202.4m (4.3%), operating profit before tax increased to \$126.2m (8.6%), and AFFO (cash earnings) lifted to \$100.2m (8.0%), supporting a full-year dividend of 5.60cps (+3.7%) and FY27 dividend guidance of 5.75cps. The portfolio was valued at \$3.0bn (a 0.9% fair-value decline), with NTA at \$1.12/share (-2.4%). Operationally, Kiwi Property pointed to improving retail momentum with retail sales up 1.6% to \$1.9bn and foot traffic up 3.0% to 36.7m visits. Share Price Reaction: Very little movement off the back of the announcement trading circa \$0.93. Bull case: Rates ease and retail momentum improves, supporting valuations while capital recycling continues to reduce gearing. Bear case: Office valuations remain soft and development/land values stay pressured, limiting NTA growth despite solid cash earnings.

Current Share Price: \$0.94, **Consensus Target Price:** \$1.13. **Forecasted Dividend Yield:** 5.96%.

Sanford (SAN.nz) — Reported results (HY26)

Sanford delivered a record interim profit, even with lower revenue. Revenue was \$270.2m, down 5.5%, adjusted EBIT \$65.0m (+20.3%), and NPAT \$42.4m (+24.6%). Net debt improved to \$102.1m, which was down \$63.0m year-on-year, supporting a 5.0cps fully imputed interim dividend. The forward-looking read is that Sanford is demonstrating stronger earnings resilience as product mix and pricing improve, even when top-line conditions are uneven. Bull case: Salmon and wildcatch margins remain firm and debt continues to fall, allowing higher dividends. Bear case: Seafood pricing/volume normalises (or costs rise), pulling margins back and slowing earnings momentum.

Current Share Price: \$7.99, **Consensus Target Price:** \$8.56. **Forecasted Dividend Yield:** 1.25%.

Xero (XRO.ASX) — Reported results (FY26)

Xero delivered another high-growth year, with revenue up 31% to NZ\$2.75bn as the company highlighted accelerating traction in the US. The market, though, focused on the cost of building that US platform: Xero's FY26 profit fell to NZ\$167.4m versus consensus expectations of circa NZ\$232m, and operating income fell 13% to NZ\$316.1m, hit by Melio acquisition/integration costs (including NZ\$50.6m of acquisition costs) and a step-up in US brand investment. The market reacted negatively with share price dropping circa 9%, due to the profit miss and margin pressure from Melio/US investment outweighed the strong revenue growth and even a \$550m buyback announcement. Bull case: US growth continues to accelerate and Melio scales into a larger profit pool, making FY27 guidance look conservative. Bear case: Integration/brand spend drags on margins longer than expected, keeping investors focused on profitability rather than growth. **Current Share Price:** \$79.67, **Consensus Target Price:** \$127.59.

Mercury (MCY.nz) — Material update (geothermal growth plan)

Mercury shifted the story from near-term trading to long-term supply growth, committing \$75m to geothermal appraisal drilling at Ngā Tamariki and Rotokawa as the "next phase" of its geothermal platform. It said these projects could total up to \$1bn of investment and add roughly approximately 1TWh of generation, targeting first new generation around 2030 a meaningful statement in a market that still prizes security of supply. Bull case: Appraisal results de-risk a multi-year build pipeline and Mercury locks in attractive returns in a structurally tight power market. Bear case: Drilling/capex risk or softer long-dated power prices reduce the economic payoff, making this feel "too far away" for investors.

Current Share Price: \$7.05, **Consensus Target Price:** \$7.23. **Forecasted Dividend Yield:** 3.57%.

NVIDIA (NVDA) — Material update (news) (pre-earnings positioning)

Nvidia dominated markets ahead of its next earnings release, notching a record close of US\$219.44 and adding about US\$550bn of market cap in four days (+13%), roughly US\$591bn of market cap added in four sessions, as investors leaned back into the "hyperscaler capex = durable AI demand" trade. The forward-looking catalyst is the 20 May result, expectations for approximately US\$78.6bn fiscal Q1 revenue (+78% YoY) a bar that helps explain the intensity of positioning. Bull case: Earnings confirms demand durability and the next-gen ramp stays on track, extending the AI upcycle. Bear case: Any hint of capacity/power bottlenecks or growth moderation triggers a sharp reset after the pre-earnings run.

Current Share Price: \$225.32, **Consensus Target Price:** \$268.73.

Jarrold Goodall (FSP 198885)
Nathanael McDonald (FSP 629229)
Daniel Butzbach (FSP1007407)
Racheal Morgan (FSP1011386)



Fletcher Building (FBU.nz) — Material update (portfolio simplification: Fiji divestment)

Fletcher Building continued its “simplify and reshape” strategy, announcing that its subsidiary Higgins has sold Fletcher Construction’s remaining 50% shareholding in its Fiji-based construction business to its joint venture partners Fijian Holdings Limited (FHL) and the Fiji National Provident Fund (FNPF) for non-material consideration. This completes the exit after FHL and FNPF first bought a 50% stake in 2024, and it further reduces complexity and exposure to smaller, non-core operations as the group focuses on its main NZ/AU building materials and infrastructure footprint. Bull case: Continued asset sales/capital recycling simplify the group and strengthen the balance sheet into the cycle. Bear case: Investors treat “non-material proceeds” divestments as housekeeping while waiting for clearer evidence of a sustained earnings recovery in core markets.

Current Share Price: \$3.03, Consensus Target Price: \$3.31.

Upcoming Dividends: 19th May to 19th June 2026.

Description	Security	Ex Div Date	Books Close	Gross Dividend Amount	Pay Date
Precinct Properties NZ & Precinct Properties Investments Limited	PCT	20-May-26	21-May-26	1.71 cps	05-Jun-26
Sanford Limited	SAN	20-May-26	21-May-26	6.94 cps	28-May-26
Vital Healthcare Property Trust	VHP	20-May-26	21-May-26	2.44 cps	5-Jun-26
Radius Residential Care Limited	RAD	27-May-26	28-May-26	1.67 cps	11-Jun-26

Source: LSEG

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