

Yovich & Co. Weekly Market Update

19th October 2026

Market News

	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Current Close 16th October	13753.73	8940.40	3716.28	10881.90	52002.41	26140.03	0.8027	0.5650	2.75
Previous Week 9th October	13749.35	8877.70	3813.79	10552.05	51654.95	27366.17	0.8129	0.5609	2.75
Change	0.03%	0.70%	-2.62%	3.03%	0.67%	-4.69%	-1.27%	0.73%	0.00%

The NZX 50 was flat over the week, gaining 0.03%. Economic data was mixed but generally constructive. The BNZ-BusinessNZ Performance of Manufacturing Index rose to 56.5 in September, up from 53.3 in August and comfortably above the long-run average of 52.5. This marked the 15th consecutive month of expansion, pointing to stronger manufacturing activity. Consumer spending was softer, with seasonally adjusted retail electronic card spending down 0.4%, while hospitality and apparel spending also declined.

The All Ordinaries gained approximately 0.70%. Technology, materials and healthcare were among the better-performing sectors. The latest labour market update was released, with Australia's unemployment rate at 4.7% in September, unchanged from August's revised figure, while employment fell by around 39,000 people. Participation also declined and underemployment edged higher. The figures suggest softer labour-market conditions.

The Shanghai Composite fell approximately 2.62%, making China one of the weaker markets covered. The decline came despite very strong trade data. Chinese exports surged 36.3% year-on-year in September, while imports increased 31.0%. Semiconductor exports more than doubled in value, partly reflecting higher chip prices, and vehicle exports also rose strongly, highlighting the continued strength of China's manufacturing and technology export sectors. However, domestic demand remains comparatively weak, with consumer inflation at just 0.9% year-on-year, consistent with subdued consumer price pressures.

The FTSE 100 was a standout market, gaining approximately 3.03%. A major driver was a rotation toward defensive sectors as investors became more cautious about highly valued technology and AI shares. The FTSE's lower exposure to expensive technology stocks worked in its favour, with energy, healthcare and value-oriented shares performing well. Economic data was also encouraging, with UK GDP growing 0.1% in August against expectations for a small decline. Annual growth accelerated to 2.1%, while manufacturing output increased 1.2% for the month.

In the US, the Dow gained approximately 0.67%, while the Nasdaq fell sharply by around 4.69%. The weakness was concentrated in technology and semiconductor shares as investors questioned whether the enormous level of spending on AI infrastructure will ultimately generate sufficient returns. Micron, Intel, AMD and Broadcom were among the notable decliners, while CoreWeave fell around 25% over the week amid concerns around debt-funded AI infrastructure investment. Inflation also remained a concern, with September headline CPI rising 0.6% month-on-month and 3.7% annually, partly driven by higher gasoline prices. Core CPI increased 0.3% for the month and 2.6% annually, keeping pressure on the Federal Reserve to maintain a restrictive policy stance.

The biggest movers of the week ending 16th October 2026

Up		Down	
EBOS Group	7.48%	Fletcher Building	-6.43%
Ryman Healthcare Group	7.02%	Serko	-5.13%
Hallenstein Glasson	4.28%	Spark New Zealand	-4.55%
ANZ Group Holdings Limited (NZ)	3.64%	Skellerup Holdings	-3.29%
Mainfreight	3.39%	Channel Infrastructure NZ	-2.82%

Source: LSEG

Investment News

Mercury NZ (NZX: MCY) – Strong Quarter Despite Very Weak Hydro Conditions

Mercury delivered a strong first quarter, with trading margin rising 19% to \$445 million, up \$70 million on the same period last year. The result was particularly notable because Waikato hydro inflows were at only the second percentile, compared with the 71st percentile a year earlier. Lower hydro generation was largely offset by increased wind and geothermal output, with new generation contributing an additional 307GWh. Total generation volumes reached 2,526GWh, broadly in line with the prior period. Mercury also continued progressing its renewable development programme, with Kaiwera Downs Stage 2 now at full generation, adding 155MW of wind capacity, while all turbines have been installed at Kaiwaikawe Wind Farm. Mercury remains on track to meet its FY27 EBITDAF guidance. The positive is that the diversified generation portfolio is helping protect earnings during very poor hydro conditions, although low inflows remain a risk if they persist for an extended period, while Mercury also has a significant development pipeline requiring ongoing capital investment. Share Price Reaction: Mercury shares closed at \$6.69 on 14 October, down around 1.3% on the day following the update, before recovering to \$6.73 on 15 October. The relatively muted reaction suggests much of the strength in the quarter was already reflected in expectations, while the very low hydro inflows remain an area investors are watching.

Current Share Price: \$6.70, **Consensus Target Price:** \$7.42, **Forecast Dividend Yield:** 4.33%.

PGG Wrightson (NZX: PGW) – Rural Confidence Supports Higher Earnings Outlook

PGG Wrightson provided a positive FY27 outlook, forecasting operating EBITDA of approximately \$70 million, up from \$64.3 million in FY26. Management said first-quarter trading had been encouraging, particularly within its Retail & Water division, while confidence across much of New Zealand's primary sector remains generally supportive. Livestock earnings, which are an important part of the group, are typically weighted toward the second half of the financial year, meaning much of the key trading period is still ahead. The improving outlook reflects stronger agricultural conditions and improved confidence among farmers, which can support spending on livestock, rural supplies and infrastructure. However, PGW remains exposed to agricultural commodity prices, weather conditions, the New Zealand dollar and farm input costs, meaning the current guidance will be reassessed after the important second-quarter trading period. Share Price Reaction: PGW shares rose 6.8% to \$2.21 on 13 October following the guidance update, before easing back to \$2.15 the following session. The initial reaction suggests investors welcomed the stronger earnings outlook and improving rural conditions.

Current Share Price: \$2.15, **Forecast Dividend Yield:** 6.46%.

Goldman Sachs (NYSE: GS) – Trading and Dealmaking Drive Strong Quarter

Goldman Sachs reported another strong quarter, with net revenue of US\$18.68 billion and net profit of US\$5.29 billion. Earnings reached US\$17.01 per share, while return on equity was 18.7%. The result was supported by strong client activity across trading and investment banking, with equities trading revenue rising sharply as volatile markets encouraged investors to reposition portfolios. Investment banking also benefited from stronger merger and acquisition activity and equity underwriting. The bull case remains the recovery in global capital markets and Goldman's strong position in trading, advisory and asset management. However, fixed-income trading was softer, operating expenses increased, and investment banking remains sensitive to changes in economic confidence, interest rates and market volatility. Share Price Reaction: Goldman shares initially traded higher following the result but finished the day at US\$891.91, down 0.2%, as the broader market weakened. The shares fell another 1.5% the following day as hotter-than-expected US inflation pushed bond yields higher and increased concerns that interest rates may remain elevated.

Current Share Price: \$881.26, **Consensus Target Price:** \$1,052.40, **Forecast Dividend Yield:** 2.16%.

Johnson & Johnson (NYSE: JNJ) – Pharmaceutical Growth Offset by Weaker Medical Devices

Johnson & Johnson reported third-quarter sales of US\$25.4 billion, up 5.9%, with adjusted earnings of US\$2.59 per share. The company also raised its full-year guidance, with 2026 revenue now expected to reach approximately US\$101.2 billion and adjusted EPS guidance increasing to around US\$11.10. Growth was led by its Innovative Medicine division, where strong demand for treatments across oncology and immunology helped offset weaker performance in medical devices. MedTech growth was more subdued, particularly outside the US, reflecting softer cardiovascular and surgical-device sales in some markets. The company continues to invest heavily in new treatments and medical technology, providing a strong long-term pipeline, although the weaker MedTech performance and continued acquisition spending are risks investors will continue to monitor. Reported net profit was also distorted by a large one-off charge relating to the proposed talc litigation settlement, making adjusted earnings a better measure of underlying performance. Share Price Reaction: J&J shares fell 5.7% to US\$248.61 on the day of the result, despite the higher full-year guidance. Investors focused on weaker-than-expected medical-device sales, particularly in cardiovascular and surgery, rather than the stronger pharmaceutical performance. Shares recovered around 2.1% the following day.

Current Share Price: \$255.56, **Consensus Target Price:** \$279.31, **Forecast Dividend Yield:** 2.09%.

Citigroup (NYSE: C) – Strong Profit Growth but Investors Focus on Slower Momentum

Citigroup reported its strongest third-quarter revenue in a decade, with revenue rising 8% to US\$23.8 billion and net income increasing to US\$5.2 billion. Earnings per share reached US\$2.85, ahead of market expectations. Growth was broad-based, with Services and Wealth both performing strongly, while Markets and Banking also contributed. Citigroup's return on tangible common equity improved to 11.5%, showing further progress in Chief Executive Jane Fraser's restructuring programme. The bull case remains the improvement in profitability, cost discipline and growth across several core businesses. However, investors focused on softer quarter-on-quarter momentum, with investment banking and Markets revenue both declining from the second quarter, while provisions for credit losses also increased. These trends highlight that Citi's performance remains sensitive to financial-market activity and the broader economic environment. Share Price Reaction: Citigroup shares fell 5.6% to US\$124.53 on 13 October, despite the headline earnings beat. Investors appeared more concerned about weaker sequential investment-banking and trading revenue, higher credit provisions and expectations that Markets revenue could slow further in the fourth quarter.

Current Share Price: \$124.26, **Consensus Target Price:** \$150.94, **Forecast Dividend Yield:** 2.05%.

Taiwan Semiconductor Manufacturing Company (NYSE: TSM) – AI Demand Drives Another Record Quarter

TSMC delivered another exceptionally strong quarter as demand for advanced chips used in artificial intelligence and high-performance computing continued to accelerate. Third-quarter revenue reached US\$46.72 billion, comfortably above the company's guidance range, while gross margin remained very strong at 66.4%. Advanced manufacturing continued to dominate the business, with 2-nanometre, 3-nanometre and 5-nanometre technologies together accounting for 69% of wafer revenue. TSMC expects the momentum to continue, forecasting fourth-quarter revenue of US\$52.3–US\$54.3 billion, again above market expectations. The bull case remains the rapid growth in demand for AI chips from customers such as Nvidia, AMD, Broadcom and other major chip designers, alongside TSMC's leading manufacturing position. Risks include the very high level of capital expenditure required to expand capacity, semiconductor cyclicality, geopolitical tensions around Taiwan and the increasingly demanding expectations already reflected in technology valuations. Share Price Reaction: Despite the strong result and outlook, TSMC's US-listed shares fell 2.3% to US\$412.61 on 16 October. The decline reflected a broader sell-off in semiconductor and AI-related stocks rather than weakness in TSMC's result, as investors continued to question whether valuations across the AI sector had moved too far ahead of fundamentals.

Current Share Price: \$412.61, **Consensus Target Price:** \$565.84, **Forecast Dividend Yield:** 0.91%.

Upcoming Dividends: 20th October 2026 to 20th November 2026.

Description	Security	Ex Div Date	Books Close	Gross Dividend Amount	Pay Date
The Bankers Investment Trust	BIT	22-Oct-26	23-Oct-26	1.66cps	27-Nov-26
South Port New Zealand Ltd	SPN	02-Nov-26	03-Nov-26	28.47cps	11-Nov-26

Source: LSEG

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