

Yovich & Co. Weekly Update

May 12th 2014

	NZX 50	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD
Previous Week	5232.91	5438.81	2026.36	6822.42	16512.89	4123.90	0.9344	0.8665
Week Close	5152.67	5442.00	2011.13	6814.57	16583.34	4071.87	0.9204	0.8615
Change	-1.53%	0.06%	-0.75%	-0.12%	0.43%	-1.26%	-1.50%	-0.58%

This Week's Themes

- A bad week in the media for the National Party led to negative investor sentiment in the New Zealand share market. All of the electricity shares were down as investors weigh up the risk of a change in Government.
- Across the Tasman the share market was muted as investors wait to consider the impact on the market of the Federal budget to be announced this week.
- The switch from growth stocks to blue chips continues in the U.S. as the new Chair of the FED made further comments about keeping interest rates low until the U.S economy has a stronger foundation for growth. The possibility of sustained low interest rates urged investors to push the Dow to a new all time high.
- The Kiwi lost ground to the Aussie after the Australian Reserve Bank left interest rates at their record low level, but was more hawkish about the prospects for the Australian economy and quoting stability as a reason to leave monetary policy as it is.

Investment News

Sector Overview – Australian Property:

Strategically, investing in the Australian Property sector looks attractive at the moment with the New Zealand Dollar at historically high levels against the Australian Dollar and the Australian economy looking to bounce back after a couple of slow years. The Federal Budget is set to be announced this week with expectations that there are going to be spending cuts that will affect most people. In contrary to this, the Australian Reserve Bank has kept interest rates at record low levels which will be providing relief to mortgage holders against any fiscal policy changes. Overall we are still very positive on the long term prospects for the Australian economy and the property sector is trading at attractive yields.

Below is a summary of First NZ Capital recommendations and dividend forecasts for Australian Property Sector:

Company	Code	Rating	Price	12 Month	Dividend Yield		
				Target	2013	2014	2015
CFS Retail Property Trust	CFX	NTRL	\$ 2.05	\$ 2.07	6.60%	6.60%	6.80%
Dexus Property Group	DXS	OPFM	\$ 1.11	\$ 1.16	5.40%	5.60%	5.70%
Federation Centres	FDC	NTRL	\$ 2.46	\$ 2.43	5.60%	5.90%	6.30%
Goodman Group	GMG	NTRL	\$ 5.04	\$ 4.95	3.90%	4.10%	4.40%
GPT Group	GPT	NTRL	\$ 3.96	\$ 4.00	5.20%	5.40%	5.80%
Investa Office Fund	IOF	NTRL	\$ 3.27	\$ 3.39	5.40%	5.80%	5.90%
Lend Lease	LLC	NTRL	\$ 13.13	\$ 13.56	3.20%	3.40%	3.90%
Mirvac Group	MGR	OPFM	\$ 1.74	\$ 1.93	5.10%	5.20%	5.30%
Stockland	SGP	OPFM	\$ 3.83	\$ 4.25	6.30%	6.30%	6.30%
Westfield	WDC	RSTR	\$ 10.87		4.70%	4.80%	5.10%
Westfield Retail Trust	WRT	RSTR	\$ 3.22		6.20%	6.30%	6.60%
Sector Aggregate					5.10%	5.30%	5.50%