

Yovich & Co. Weekly Market Update

18th August 2025

Market News

	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week 8 th August	12844.63	9076.62	3635.13	9095.73	44175.61	21450.02	0.9131	0.5957	3.25%
Week Close 15 th August	12889.38	9212.10	3696.77	9138.90	44946.12	21622.98	0.9102	0.5923	3.25%
Change	0.35%	1.49%	1.70%	0.47%	1.74%	0.81%	-0.32%	-0.57%	0.00%

The NZX 50 Index rose 0.35%, closing at 12,889.38. Attention this week is firmly on the Reserve Bank of New Zealand, with economists widely expecting a 25-basis point cut to the Official Cash Rate (OCR), which would bring it down to 3.0%. Persistently soft inflation data, coupled with a gradual rise in unemployment, suggest that monetary policy may need to ease further to support growth. As a result, some economists are forecasting that the OCR could fall below 3.0% by year-end, should current trends in the labour market and price pressures continue.

In Australia, the All Ordinaries Index rose 1.49%, led by energy and technology stocks. The RBA cut rates by 25 bps to 3.60% after pausing in July which was widely expected. In Asia, the Shanghai Composite advanced 1.70% to 3,696.77. China's National Bureau of Statistics announced on the 15th that industrial production in July increased 5.7% year-on-year, and Retail sales in July also increased 3.7%, though a slower pace than in June. Investor sentiment is improving following the announcement of a consumption stimulus measure to partially cover interest on auto loans and other items.

The FTSE 100 advanced 0.47% over the week, supported by stronger-than-anticipated economic data. UK second-quarter GDP figures revealed that, following a 0.7% expansion in Q1 2025, the economy grew 0.3% in Q2, which is a slowdown, but more resilient than markets had forecasted. The data suggested the UK economy is holding up better than expected in the face of U.S. trade tariffs and a softer labour market. Investor sentiment was further underpinned by gains in key sectors, with defence contractors and financial stocks leading the way.

In the United States, equities posted solid gains, with the Dow Jones Industrial Average climbing 1.74% and the NASDAQ advancing 0.81%. The rally came against a backdrop of mixed economic data. A stronger-than-expected reading on Producer Price Inflation (PPI), alongside evidence of a still-resilient labour market, tempered expectations that the Federal Reserve will opt for a more aggressive 50-basis-point rate cut at its September meeting.

The biggest movers of the week ending 15 August 2025			
Up		Down	
Westpac Bank	9.86%	Vista Group International	-10.29%
Vulcan Steel	9.30%	Serko	-8.76%
ANZ Bank	7.52%	Napier Port Holdings	-3.81%
Fletcher Building	6.10%	Mainfreight	-2.74%
Tourism Holdings	3.72%	Spark	-2.70%

Source: Iress

Investment News

Freightways (FRW.NZ)

Freightways delivered a solid FY25 result despite a challenging economic backdrop, with revenue up 6.6% to \$1.3b, EBITA rising 6.3% to \$158.4m, and net profit after tax climbing 12.9% to \$80.1m. Margins remained stable at 12.3% as new customer wins, digital growth, and expanding 3PL (third-party logistics) utilisation helped offset weaker same-customer volumes in New Zealand. Strong cash flow supported debt reduction, and the dividend was lifted 8.1% to 40c per share for FY2025. Management highlighted resilience from its diversified business model, opportunities for growth in Australia, and a focus on restoring margins and scaling operations into FY26.

Current Share Price: \$11.56, **Consensus Target Price:** \$11.48, **Forecasted Gross Dividend Yield:** 4.60%.

A2Milk (ATM.NZ)

The a2 Milk Company delivered a strong FY25 result, with revenue up 5.2% to \$1.7b, EBITDA rising 6.9% to \$234.5m, and net profit after tax increasing 8.4% to \$154.6m. Growth was supported by continued momentum in China-label infant nutrition and improved margins from efficiencies and product mix. The company announced its first-ever dividend of 15 cents per share, reflecting robust cash flow and balance sheet strength. Alongside the result, a2 Milk unveiled a major supply chain transformation, acquiring a \$282m nutritional manufacturing facility in Pokeno while selling its interest in Mataura Valley Milk, expecting to generate \$100m in net proceeds but with a \$130m loss on sale. CEO David Bortolussi described the Pokeno acquisition as a pivotal step in executing the company's long-term strategy.

Current Share Price: \$8.72, **Consensus Target Price:** \$8.47, **Forecasted Gross Dividend Yield:** 3.60%.

Comvita (CVT.NZ)

Comvita has entered into a Scheme Implementation Agreement with Florenz Limited, under which Florenz will acquire all Comvita shares for \$0.80 per share in cash, valuing the company at \$56m equity and \$119m enterprise value. The offer represents a 67% premium to Comvita's last close and a 56% premium to its 90-day VWAP. The Board has unanimously recommended the deal, supported by major shareholders holding 18.3% of shares, citing sector challenges, capital constraints, and low trading liquidity as key reasons. Subject to shareholder and High Court approval, the scheme is expected to be implemented in December 2025.

Current Share Price: \$0.78, **Offer Price:** \$0.80.

Deere & Company (DE.NYS)

Deere & Company reported its third-quarter fiscal 2025 earnings, revealing a 9% year-over-year decline in net sales to \$12.02 billion and a 26% drop in net income to \$1.29 billion, or \$4.75 per share. Despite surpassing analyst expectations, the company faces challenges due to reduced demand in key sectors, including a 16% decrease in Production & Precision Agriculture and a 5% decline in Construction & Forestry. Factors such as lower crop prices, high interest rates, and ongoing trade tariffs have led to cautious customer spending. Consequently, Deere has revised its full-year net income guidance to a range of \$4.75 billion to \$5.25 billion, down from the previous upper estimate of \$5.5 billion. The company's stock experienced a significant drop of 8.4% on the day of the announcement, reflecting investor concerns about the challenging economic environment.

Current Share Price: \$488.8, **Consensus Target Price:** \$8.47, **Forecasted Gross Dividend Yield:** 3.60%.

Westpac Banking Group (WBC.NZ)

Westpac Banking Group reported an unaudited Q3 net profit of A\$1.90 billion (US\$1.24 billion), up 14% compared to the previous six-month average, with earnings largely unchanged after adjusting for notable items. The bank's CET1 capital ratio stood at 12.3%, above its target of 11–11.5%, while a net interest margin of 1.99% drove a 4% increase in net interest income. Strong growth was seen in business and institutional banking, with customer deposits up A\$10 billion and gross loans up A\$16 billion, including a 1% rise in Australian housing loans (excluding RAMS) and a 5% increase in business lending. CEO Anthony Miller highlighted that lower interest rates and moderating inflation have eased customer stress and are expected to support private sector activity and lending growth.

Current Share Price: A\$36.61, **Consensus Target Price:** A\$30.17, **Forecasted Gross Dividend Yield:** 4.20%.

Money Month Spotlight: High Income, No Emergency Fund? You're Not Alone

Last Spotlight we covered: **Budgeting Your Way to an Emergency Fund**

We explored how budgeting is the backbone of financial wellness. Key takeaways included:

- Track your spending to understand where your money goes
- Set clear savings goals for an emergency fund
- Automate contributions to consistently grow your safety net
- Even starting small \$500 to \$1,000 can bring immediate peace of mind and set the stage for long-term security.

This Spotlight: **High Income, No Emergency Fund?**

We often meet high earners who feel financially vulnerable despite their salary. The reality is: a large income does not guarantee financial security. Why?

Lifestyle inflation: As income rises, so do expenses, bigger homes, nicer cars, more travel, dining out, and some will say keeping up with the Jones'. Without intentional planning, the extra income disappears, leaving little for savings. The result: stress and vulnerability. Unexpected expenses can create anxiety or force reliance on credit, even for those earning well.

Break the Cycle:

Intentional budgeting is key. Here's how to start building an emergency fund even with a high income:

- Track Your Spending – Identify where money is going and spot leaks. SortMe is a great tool for this.
- Prioritise Your Emergency Fund – Treat it like a non-negotiable bill.
- Automate Savings – Regular contributions ensure steady growth.
- Review & Adjust Monthly – Reallocate funds as needed.

Emotional Benefits

Think of your emergency fund as more than just money. It's peace of mind, freedom, confidence, and resilience. Every dollar saved reinforces the idea: "I am in control. I can handle life's surprises."

Financial security doesn't require perfection; it requires a foundation. For high earners, that foundation often isn't income, it's a dedicated, intentional emergency fund. And once it exists, the emotional payoff is immediate and lasting.

This weeks to do list:

Review last month's spending and identify one area to trim

Open or top up a dedicated emergency fund account

Automate a regular transfer, even small amounts add up

Remember: It's not about how much you earn it's about how you manage it. High-income earners should achieve financial resilience with clear budgeting and disciplined saving.

Upcoming Dividends: 19th August to 19th September.

Description	Security	ExDivDate	BooksClose	Gross Dividend Amount	Pay Date
Ventia	VNT	28-Aug-25	29-Aug-25	11.76cps	08-Oct-25
Vital Health	VHP	03-Sep-25	04-Sep-25	3.07cps	18-Sep-25
Argosy	ARG	09-Sep-25	10-Sep-25	1.94cps	24-Sep-25
PGG Wright	PGW	10-Sep-25	11-Sep-25	5.56cps	03-Oct-25

Source: Iress

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