

# Yovich & Co. Weekly Market Update

20<sup>th</sup> May 2024

## Investment News

	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
<b>Previous Week</b>									
<b>10<sup>th</sup> May, 2024</b>	11755.17	8022.65	3154.55	8433.76	39512.84	16340.87	0.9116	0.6020	5.50%
<b>Week Close</b>									
<b>17<sup>th</sup> May, 2024</b>	11699.79	8082.35	3154.03	8420.26	40003.59	16685.97	0.9164	0.6134	5.50%
<b>% Change</b>	-0.47%	0.74%	-0.02%	-0.16%	1.24%	2.11%	0.53%	1.90%	0.00%

The New Zealand share market closed slightly down ahead of the reporting season, which begins in earnest next week and is anticipated to yield mixed results. The S&P/NZX 50 Index dropped to a midday low of 11,648.55 on Friday, however rebounded to close at 11,699.79, down 28.27 points or 0.2%. The index fell by 0.47% for the week. As we near the one-year mark since the Reserve Bank (on May 24, 2023) unexpectedly halted its intense cycle of Official Cash Rate hikes, we can confidently predict that the forthcoming OCR decision will again be a 'hold'.

In the broader market, All Ordinaries saw a modest rise of 0.74%, while Shanghai remained nearly unchanged with a slight dip of 0.02%. The FTSE dropped by 0.16%, whereas the Dow and NASDAQ showed notable gains, up 1.24% and 2.11% respectively. The NZD strengthened against both the AUD and USD, reflecting positive sentiment towards the New Zealand dollar.

The biggest movers of the Week ending 17th May 2024			
Up		Down	
Serko	9.52%	Fletcher Building	-17.09%
Ryman Healthcare	6.81%	KMD Brands	-6.52%
The a2 Milk Company	6.74%	The Warehouse Group	-6.25%
Scales Corporation	6.45%	Tourism Holdings	-5.58%
Manawa Energy	3.57%	SKYCITY Entertainment Group	-5.17%

## Weekly Market Movers: Ending 17th May 2024

### Top Gainers:

1. Serko (9.52%): Serko's stock saw a significant rise due to increased adoption of its travel booking software by corporate clients, reflecting a strong recovery in business travel post-pandemic.
2. Ryman Healthcare (6.81%): Ryman Healthcare's stock increased after reporting robust earnings forecast for the upcoming quarter. Their continued expansion in aged care facilities and a positive outlook for future growth boosted investor confidence.
3. The a2 Milk Company (6.74%): a2 Milk Company experienced gains driven by strong sales in its core markets, particularly China, and positive analyst coverage predicting further growth.

4. Scales Corporation (6.45%): Scales Corporation's rise was attributed to higher-than-expected revenues from its horticulture and logistics divisions, as well as favourable weather conditions aiding their crop yields.
5. Manawa Energy (3.57%): Manawa Energy benefited from stable energy prices and increased demand, coupled with strategic investments in renewable energy projects.

#### **Top Losers:**

1. Fletcher Building (-17.09%): Fletcher Building's shares plummeted following the announcement of a significant cost overrun in one of their major construction projects, leading to concerns over profit margins.
2. KMD Brands (-6.52%): KMD Brands saw a decline due to weaker than expected retail sales and supply chain disruptions impacting inventory levels.
3. The Warehouse Group (-6.25%): The Warehouse Group's stock dropped amid disappointing quarterly sales figures and rising operational costs, which weighed on profitability.
4. Tourism Holdings (-5.58%): Tourism Holdings faced declines due to a slower than anticipated recovery in international tourism, affecting their revenue streams.
5. SKYCITY Entertainment Group (-5.17%): SKYCITY Entertainment Group's shares fell following regulatory issues in their Australian operations, leading to increased scrutiny and potential fines.

## Spotlight

### RBNZ's Roadmap to a Cashless Future: Your Voice Counts!

In today's world, where coins make less noise and bills are quieter, New Zealand is on the edge of a big change in how we handle money. The Reserve Bank of New Zealand (RBNZ) is leading the charge towards a cashless society, embarking on an innovative consultation regarding the issuance of a Central Bank Digital Currency (CBDC). This digital currency would eliminate the necessity for individuals to possess a commercial bank account. The RBNZ suggests that its implementation could potentially result in decreased profits and liquidity for banks and other deposit-taking institutions.

The Reserve Bank of New Zealand (RBNZ) describes digital cash as a novel form of currency, separate from banknotes, coins, and electronic funds in bank accounts. This digital currency, denominated in New Zealand dollars, would exist alongside existing forms of currency and could be exchanged at a 1:1 ratio with physical cash and other forms of NZ dollars, such as those held in bank accounts. The RBNZ emphasises that this digital cash would offer privacy, security, and trustworthiness, asserting that individuals would have full autonomy over their spending decisions. Furthermore, the RBNZ specifies that this digital cash would be universally accessible, distributed by the private sector, and would not require individuals to possess a bank account to utilise it.

#### Which stage RBNZ is at?

The Reserve Bank of New Zealand (RBNZ) has completed Stage 1 in 2021 by gathering over 6000 responses to an issues paper on digital cash. Currently, in Stage 2, they are exploring design options and seeking feedback. Expected to finish in 2026, Stage 2 will be followed by a cost-benefit analysis and weather to move to stage 3. Stage 3, focused on developing prototypes, is anticipated to conclude between 2028 and 2029. The final stage, Stage 4, aims to introduce digital cash to New Zealand, projected for around 2030.

#### Public Participation

Amidst this digital transformation, the RBNZ invites Kiwis to join the conversation. Until July 26, 2024, your opinions on the proposed CBDC are invaluable. Share your insights and help shape the future of finance in New Zealand.

#### Key Areas of Discussion

The consultation paper sheds light on four critical areas:

Public Opinion: Your thoughts on digital currencies and any concerns you may have.

Potential Benefits: Exploring how a CBDC could enhance security and promote financial inclusion.

Strategic Design: Delving into technical intricacies to ensure seamless functionality.

Managed Issuance: Addressing concerns about the impact on existing financial systems.

#### The Promise and the Perils

While the prospect of a CBDC holds promise, it's not without its challenges. Public opinion and feedback is crucial in navigating this transformative journey. The consultation process is a beacon guiding New Zealand towards a cashless

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future. Your voice matters in determining whether we seamlessly integrate digital currency or gradually transition towards it.

## Conclusion

As Kiwis engage in this historic dialogue, they shape the trajectory of our financial future. By 2030, digital cash could redefine how we interact with money. Join the conversation and unlock the potential of New Zealand's digital currency future today.

Take RBNZ Online Survey: : [Link](#)