

Yovich & Co. Weekly Market Update

Monday, 27 May 2024

Investment News

	NZX 50G	All Ords	Shanghai	FTSE	Dow	NASDAQ	NZDAUD	NZDUSD	OCR
Previous Week: 17th May	11,699.79	8,082.35	3,154.03	8,420.26	40,003.59	16,685.97	0.9164	0.6134	5.50%
Week Close: 24th May	11,783.39	7,999.16	3,154.03	8,317.59	39,069.59	16,920.79	0.9235	0.6121	5.50%
% Change	0.71%	-1.03%	0.00%	-1.22%	-2.33%	1.41%	0.77%	-0.21%	0.00%

The week ending May 24th saw mixed performances across major global markets. The NZX 50G edged up by 0.71% to close at 11,783.39, largely driven by strong performances in utilities and consumer goods sectors. In contrast, Australia's All Ordinaries dipped by 1.03% to 7,999.16, impacted by declines in mining and financial stocks.

The Shanghai Composite remained flat, closing at 3,154.03, as cautious investor sentiment prevailed amid ongoing economic uncertainties in China. The FTSE 100 in the UK dropped by 1.22% to 8,317.59, affected by concerns over the Bank of England's monetary tightening and weak retail sales data. The US Dow Jones Industrial Average fell by 2.33% to 39,069.59, highlighting worries about potential interest rate hikes by the Federal Reserve and mixed economic data. Conversely, the NASDAQ saw a healthy rise of 1.41%, closing at 16,920.79, driven by robust earnings reports from major tech companies.

In currency markets, the NZD strengthened against the AUD by 0.77%, ending at 0.9235, supported by positive economic data from New Zealand. However, it weakened against the USD by 0.21%, closing at 0.6121, due to a stronger US dollar amidst expectations of further rate hikes by the Federal Reserve. The Official Cash Rate (OCR) remained steady at 5.50%, as the Reserve Bank of New Zealand signalled no immediate changes in its Monetary Policy Statement. Analysts predict the RBNZ will likely hold rates until early 2025, given the current economic conditions.

Weekly Market Movers: Ending 24th May 2024

The biggest movers of the Week ending 24th May 2024			
Up		Down	
Gentrack Group	22.49%	Serko	-10.14%
The a2 Milk Company	6.45%	Manawa Energy	-4.37%
SKYCITY Entertainment Group	6.06%	Sky Network Television	-3.09%
Tourism Holdings	5.91%	Investore Property	-2.80%
Vulcan Steel	5.00%	Westpac Bank	-2.73%

Top Gainers:

- 1. Gentrack Group (22.49%):**
Gentrack Group experienced a substantial rise in stock price following the announcement of an extended strategic partnership with npower Business Solutions, aimed at leveraging technology to support UK businesses in their transition to net zero. This partnership builds on a five-year collaboration and highlights Gentrack's role in significant business transformations, which bolstered investor confidence.
- 2. The a2 Milk Company (6.45%):**
The a2 Milk Company saw an increase in its stock price due to strong sales growth in key markets, particularly China. Positive analyst coverage predicting continued growth and robust demand for their unique dairy products contributed to investor optimism.
- 3. SKYCITY Entertainment Group (6.06%):**
SKYCITY Entertainment Group's stock rose following the release of positive quarterly earnings results. The company's focus on expanding its digital gaming and entertainment platforms, along with recovering visitor numbers to its casinos, supported this upward trend.
- 4. Tourism Holdings (5.91%):**
Tourism Holdings benefitted from a resurgence in international tourism and strategic partnerships that have enhanced their service offerings. The company's effective marketing campaigns and increased tourist activity post-pandemic were key factors in its stock performance.
- 5. Vulcan Steel (5.00%):**
Vulcan Steel's stock increased due to strong demand for steel products and favourable market conditions. The company's efficient operations and strategic investments in new technologies have also contributed to its improved financial performance.

Top Losers:

- 1. Serko (-10.14%):**
Serko's stock declined due to concerns over the slower-than-expected recovery in corporate travel. Despite positive developments in their travel booking software, market uncertainties regarding travel restrictions and economic conditions affected investor sentiment.
- 2. Manawa Energy (-4.37%):**
Manawa Energy saw a decrease in its stock price due to lower-than-expected quarterly revenues. Challenges such as fluctuating energy prices and operational disruptions contributed to the decline.
- 3. Sky Network Television (-3.09%):**
Sky Network Television's shares fell after reporting weaker subscriber growth and increased competition from streaming services. The company is facing challenges in retaining its market share amidst a rapidly changing media landscape.

4. Investore Property (-2.80%):

Investore Property experienced a drop in stock value as a result of rising interest rates and concerns over property market stability. These factors have increased the cost of capital and impacted investor confidence in the real estate sector.

5. Westpac Bank (-2.73%):

Westpac Bank's stock decreased due to ongoing regulatory scrutiny and concerns over profit margins. The banking sector has been under pressure from regulatory changes and the need to enhance compliance measures, affecting investor outlook.

Spotlight

BlackRock's New Appointment: Positive Boost for New Zealand's Sustainable Finance Landscape – A Win for ESG-Centered Enterprises

BlackRock, the world's largest asset manager, has taken a significant step to reinforce its commitment to sustainable finance in New Zealand by appointing a new Auckland-based managing director. This strategic appointment underscores BlackRock's dedication to expanding its presence in the region and addressing the increasing demand for sustainable investment solutions.

Who is the New Managing Director?

The new managing director, whose name has not been publicly disclosed yet, brings extensive experience in sustainable finance and a deep understanding of the New Zealand market. This individual is expected to lead BlackRock's efforts in driving investments that align with environmental, social, and governance (ESG) principles, which are becoming increasingly crucial for investors globally.

BlackRock's Climate Fund Initiative

BlackRock's New Zealand Climate Fund, announced last year, aims to support projects that combat climate change by investing in renewable energy, energy efficiency, and other sustainable initiatives. Despite the fund's launch, no investments have been made to date. However, with the new managing director at the helm, the fund is poised to begin its mission of transforming the New Zealand market through strategic, impactful investments.

Strategic Goals and Market Impact

The appointment is expected to accelerate BlackRock's engagement with local stakeholders, including government bodies, corporations, and financial institutions. The managing director will play a pivotal role in identifying and nurturing investment opportunities that not only provide financial returns but also promote sustainability and resilience within New Zealand's economy.

Why It Matters

This development is particularly significant as New Zealand continues to push towards its ambitious climate goals. BlackRock's increased focus on the region could lead to substantial capital inflows into sustainable projects, fostering innovation and supporting the country's transition to a low-carbon economy. Moreover, this move aligns with global trends where investors are increasingly prioritising ESG factors in their decision-making processes.

Conclusion

BlackRock's appointment of a new managing director in Auckland marks a pivotal moment for sustainable finance in New Zealand. As the firm gears up to activate its Climate Fund, stakeholders can expect heightened activity and engagement in projects that drive both environmental and economic benefits. This strategic move not only solidifies BlackRock's commitment to New Zealand but also positions the country as a key player in the global shift towards sustainable investment. The positive impact on New Zealand's ESG-focused companies is tangible, as they stand to gain increased support and collaboration opportunities in advancing their sustainability agendas.