

BRAMWELL BROWN LTD

INVESTMENT ADVISERS – SHAREBROKERS

Director: Brett Dymond – BBS, GradDipBusStud (Personal Financial Planning)

Bramwell Brown Limited – Newsletter – December 2023

Markets

The last twelve months has been underwhelming for New Zealand investors, with rising interest rates having a dampening effect on share prices. The NZX50 Gross Index has finished the year to November 30th a very disappointing 1% down. This contrasts with the US market, which seems to have shaken off the cost of living and inflation crisis, with the Dow Jones Industrial Average up around 8% for the year to November 30th. The US Federal Reserve (the equivalent of our Reserve Bank) has recently indicated it expects to cut interest rates throughout 2024, and straight away this has had a positive effect on their share market.

New Zealand investors will be watching our Reserve Bank for direction through 2024, with economists unable to agree on where the Official Cash Rate (OCR) is heading. Some believe inflation is now embedded in the New Zealand economy, and the OCR will have to increase and remain higher for longer. Others feel the existing high interest rates are already causing the economy to slow, and could lead to recession. Despite nobody knowing when the Reserve Bank will cut interest rates, most of the leading economists agree cuts are due within the next year or two.

For those investors sitting on cash, this uncertainty makes allocating capital difficult. It is hard to convince investors earning 5.50% on call to allocate funds to a poor-performing share market, however history tells us that as interest rates falls, shares will rise in value. At some stage it will be a good time to enter the New Zealand share market again – unfortunately we only know when that is after the event. My feeling is that investors should not be afraid to allocate funds to good quality shares provided they have a long-term view. Timing the markets is not as important as “time in” the markets.

My other advice to those investors with cash is to lock in some of the longer-term rates on offer at present. This does not mean taking all you have today and putting it out for five years with the bank – I could be wrong about interest rates falling in the future. Things can and do change very quickly. However we can currently receive 5.50% to 5.75% on a five-year bank deposit, and over 6.00% for good quality corporate bonds.

JB Were/Jarden Merger

JBWere NZ's parent company, National Australia Bank, has agreed to combine its wealth advice and asset management businesses in New Zealand with those of Jarden. Under the proposed transaction National Australia Bank (45%), Pacific Equity Partners (35%) and Jarden Wealth (20%) will be the major shareholders in the new entity. The combined group will include JBWere NZ and BNZ Investment Services Limited businesses, together with Jarden Wealth and Harbour Asset Management, to create a leading advice and asset management business for clients in New Zealand. Clients will not need to take any action or complete any new documentation because of the proposed transaction, and you will continue to be a client of JBWere NZ. If you have any questions in relation to this announcement, please don't hesitate to contact the office.

Christmas Office Hours

BRAMWELL BROWN LIMITED

brett@bramwellbrown.co.nz

PHONE 3788299 OR 0274523980



**THE OFFICE WILL BE CLOSED FROM 12.30PM ON FRIDAY DECEMBER 22nd AND WILL
REOPEN ON MONDAY JANUARY 8th**

I will be in the office periodically through this period, so don't hesitate to ring and make an appointment if you need to see me. When I'm not in the office the phone will divert to my mobile – please ring or email at any time.

I would like to thank all clients of Bramwell Brown Limited for their ongoing support throughout the year. I hope you enjoy a relaxing holiday period, and I look forward to helping you with your investment decisions in 2024.

DISCLOSURE STATEMENT AVAILABLE ON REQUEST AND FREE OF CHARGE