

S&PNZX Index Insights

A Pause for March, a Change for June?

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We pick that there will be no changes for the upcoming S&P/NZX March 2020 quarterly index review. Official outcomes of the review will be announced close of market, Friday 13 March 2020, with an effective date close of market Friday 20 March 2020.

Our pick: No changes expected

Our calculations indicate that there will be no constituent changes to the benchmark S&P/NZX indices for the upcoming March 2020 index review.

Figure 1. March 2020 Review: The Forbar Pick

Index	Enter	Exit	Expected Weight
S&P/NZX 10	no change expected		n/a
S&P/NZX 20	no change expected		n/a
S&P/NZX 50	no change expected		n/a
S&P/NZX 50 Portfolio	no change expected		n/a

Source: Forsyth Barr analysis

The Current Status and the potential for June 2020

Figure 2 outlines the current rankings for inclusion/exclusion for the S&P/NZX 50 indices. Whilst Metlifecare (MET) is currently under advisement on a non-binding and preliminary offer with a potential implementation date of mid-May 2020, we at this stage see no obvious near term changes. Gentrack Group (GTK) is currently the lowest ranked member in the benchmark index, with Serko (SKO) the largest non-member eligible for inclusion (should a current member drop out).

However, looking forward at the June 2020 review and using the last 5-day average price as a proxy for the next 3 months, we pick GTK (& MET) to exit the S&P/NZX 50 indices, allowing SKO (& NPH [Napier Port Holdings]) to enter.

Figure 2. Current Rankings for S&P/NZX 50 Index Inclusion/Exclusion

Ranking	Code	Status	6-mth Ave Price	6-mth Ave Market Cap
41	SAN	Current NZX 50 member	\$7.44	-
42	IPL	Current NZX 50 member	\$1.86	-
43	SKL	Current NZX 50 member	\$2.33	-
44 (entry level)	THL	Current NZX 50 member	\$3.44	\$422.9m
45	FSF	Current NZX 50 member	\$3.87	\$394.4m
46	RBD	Current NZX 50 member	\$12.09	\$377.0m
47	NZX	Current NZX 50 member	\$1.31	-
48	NZR	Current NZX 50 member	\$1.90	-
49	SKT	Current NZX 50 member	\$0.86	\$335.5m
50	SKO		\$4.66	\$317.5m
51	NPH		\$3.44	\$309.3m
52	HLG		\$5.96	\$284.2m
53	GTK	Current NZX 50 member	\$4.16	\$262.7m
54	TWR		\$0.71	\$240.5m
55	TLT		\$3.09	\$218.1m
56 (exit level)	WHS		\$2.66	\$211.8m
57	BGP		\$3.81	\$194.7m
58	ERD		\$3.09	\$166.6m

Source: Forsyth Barr analysis, ranking 44: automatic entry level, ranking 56: automatic exit level, S&P DJI restricts publication of index constituent information to 10% for any given index.

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