

S&P/NZX Index Insights

A Quiet Finish to a Year of Change

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We pick that there will be no changes for the upcoming S&P/NZX December 2020 quarterly index review. Official outcomes of the review will be announced close of market Friday, 11 December 2020, with an effective date close of market Friday, 18 December 2020.

A busy year: however, no changes expected for final review

The 2020 year to date has seen three new constituents enter the benchmark S&P/NZX 50 indices, namely Napier Port (NPH), Serko (SKO) and Pacific Edge (PEB), each replacing Gentrack (GTK), NZ Refining (NZR) and Metlifecare (MET) respectively. Infratil (IFT) entered the large cap index (replacing SKYCITY [SKC]), and Summerset (SUM) entered the S&P/NZX 20 index, replacing Air New Zealand (AIR). However, for the last review of the year (December 2020), our calculations indicate that there will be no constituent changes to the benchmark indices.

Figure 1. December 2020 Review: The Forsyth Barr Pick

Index	Enter	Exit	Expected Weight (rank)
S&P/NZX 10	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

Figure 2 outlines the current rankings for inclusion/exclusion for the S&P/NZX 50 indices. We, at this stage, see no obvious near term changes ahead. The six-month average market cap automatic entry level to the benchmark index is currently \$413m.

The year has seen a large number of share placements (we calculate ~30x). We take the opportunity to remind index followers that for a placement to be eligible for "Accelerated Implementation", the materiality threshold is 5% of totals shares and US\$150m. Otherwise the placement is recognised at the next subsequent quarterly index review.

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

Ranking	Code	Current status	6-mth average price	6-mth average market cap
42	PEB	S&P/NZX 50 Member	\$0.58	\$420.51m
43	FSF	S&P/NZX 50 Member	\$4.00	\$418.16m
44 (entry level)	ANZ	S&P/NZX 50 Member	\$20.29	\$413.11m
45	RBD	S&P/NZX 50 Member	\$12.10	\$377.31m
46	VGL	S&P/NZX 50 Member	\$1.56	
47	NPH	S&P/NZX 50 Member	\$3.57	
48	SKO	S&P/NZX 50 Member	\$4.12	
49	SKT	S&P/NZX 50 Member	\$0.15	
50	THL	S&P/NZX 50 Member	\$2.13	\$258.08m
51	HLG		\$4.66	\$222.43m
52	ERD		\$3.79	\$204.62m
53	BGP		\$3.65	\$186.59m
54	WHS		\$2.17	\$172.97m
55	CVT		\$3.08	\$165.47m
56 (exit level)	AFT		\$4.73	\$153.37m
57	TRA		\$2.32	\$151.05m

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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