

# MORNING REPORT

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## Top News

### NZ dollar gives up gain as Fed's Yellen plays straight bat in final review

The New Zealand dollar gave up earlier gains as Federal Reserve chair Janet Yellen played a straight bat in her final policy review, keeping rates on hold while adding emphasis on plans to raise US interest rates.

The Federal Open Market Committee was unanimous in keeping the federal funds rate in a range of 1.25 percent to 1.5 percent, with Yellen saying the central bank "expects that economic conditions will evolve in a manner that will warrant further gradual increases in the federal funds rate". Jerome Powell will take over the chair from Feb. 3 and be sworn on two days later. The greenback has been out of favour despite the prospect of higher US interest rates, but traders expect the world's reserve currency will attract buyers when rate differentials start favouring the US.

### Boeing rallies, Treasuries slide

Wall Street climbed, bolstered by a rally in Boeing shares following better-than-expected results, while US Treasuries slid amid concern about additional supply and interest rate increases.

Boeing shares led the Dow Jones Industrial Average higher after the plane maker offered an upbeat full-year outlook that exceeded analysts' forecasts.

The Dow rose as gains in shares of Boeing and those of Nike, recently up 5.2 percent and 1.7 percent respectively, outweighed declines in shares of Merck and those of Johnson & Johnson, recently down 2.3 percent and 1.8 percent respectively.

Underpinning signs of a robust labour market, an ADP Research Institute report showed US companies increased payrolls by 234,000 in January, exceeding forecasts by economists.

### NZ shares jump 1.7% on heavier turnover as Xero leaves NZX

New Zealand shares rose on a busier day than usual, marking the final day of trading for one-time market darling Xero. SkyCity Entertainment Group, Air New Zealand and Sky Network Television gained.

Software developer Xero delisted from the local bourse today, rising 0.3 percent to \$34 on the NZX and 2.8 percent to A\$31.18 on the Australian Securities Exchange. The stock left the benchmark index last year, but remained on the wider index until today. It is now only listed on the ASX. Since its initial public offering at \$1 per share in June 2007, the stock has gained 3,300 percent. Its record close on the NZX was \$44.98 on March 10, 2014, and while it was sold off heavily after that, it never dropped back below \$13. Some 1.6 million NZX-listed shares in the stock traded hands today.

SkyCity Entertainment Group led the index, up 4.3 percent to \$4.15. Air New Zealand gained 3.7 percent to \$3.08 and Sky Network Television advanced 3.6 percent to \$2.91. Fonterra Shareholders Fund dropped 2.4 percent to \$6.20, making it the worst performer.

NZX Index			
Index	Last	Change	

S&P/NZX All Index	9,176.984	147.444	▲ 1.63%
S&P/NZX 50 Index	8,442.009	143.429	▲ 1.73%
S&P/NZX MidCap Index	24,557.254	195.884	▲ 0.80%
S&P/NZX SmallCap Index	59,019.945	170.755	▼ 0.29%
S&P/NZAX All Index	540.001	0.001	▲ 0.00%

ASX Index			
Index	Last	Change	

ASX All Ordinaries	6,146.50	11.20	▲ 0.18%
S&P/ASX 200	6,037.70	14.90	▲ 0.25%
ASX Small Ordinaries	2,754.00	6.30	▲ 0.23%
S&P/ASX MIDCAP 50	6,827.70	44.80	▲ 0.66%
S&P/ASX 20	3,351.70	0.50	▲ 0.01%

Foreign Markets Index			
	Last	Change	

S&P 500	2,818.55	3.88	▼ 0.14%
Dow Jones	26,105.86	28.97	▲ 0.11%
NASDAQ Composite	7,400.06	2.42	▼ 0.03%
FTSE	7,533.55	54.43	▼ 0.72%
ASX All Ordinaries	6,146.50	11.20	▲ 0.18%
NIKKEI 225	23,098.29	193.68	▼ 0.83%
HANG SENG INDEX	32,887.27	279.98	▲ 0.86%

Currencies (per NZ\$ 1.00)			
	Last	Change	

AUD	0.9144	0.0077	▲ 0.85%
USD	0.7356	0.0024	▲ 0.33%
CNY	4.6230	0.0100	▼ 0.22%
EUR	0.5932	0.0021	▲ 0.36%
CAD	0.9058	0.0012	▲ 0.13%
GBP	0.5192	0.0011	▲ 0.21%
JPY	80.3965	0.6445	▲ 0.81%

NZ Interest Rates		
	Last	Change

NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.72	
10-year Swap	3.25	

Commodities Futures			
	Last	Change	

Gold	1,336.20	0.80	▲ 0.06%
Silver	17.19	0.13	▲ 0.77%
Crude Oil	64.75	0.25	▲ 0.39%

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