

MORNING REPORT

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Top News

NZ dollar holds above 69 US cts after mixed US employment report

The New Zealand dollar held above 69 US cents after a mixed US employment report kept expectations for a Federal Reserve rate hike intact, while domestically the Reserve Bank's Thursday meeting is coming into focus.

US non-farm payrolls showed the world's biggest economy added 261,000 jobs in October, fewer than expected, but upward revisions to earlier periods showed the hurricane impact wasn't as bad as analysts thought. That helped keep alive expectations the Fed will raise the federal funds rate in December as the world's biggest central bank continues to move to more normal policy.

Meantime, New Zealand's Reserve Bank is expected to keep the official cash rate at 1.75% on Thursday, although there will be a focus on the forecasts which will have to start accounting for the new government's policies and the inflationary effects of a weaker currency.

The kiwi traded at 4.5815 Chinese yuan from 4.5822 yuan last week after People's Bank of China governor Zhou Xiaochuan wrote in an article over the weekend that the risks to China's financial system are increasing and that the government should continue to open market access, tighten regulations, and reduce restrictions on foreign financial institutions.

NZ shares fall, led by A2; Fletcher Building, CBL gain

New Zealand shares dropped, led lower again by A2 Milk Co while Fletcher Building and CBL Corp rose.

A2 fell 3.2% to \$8.15. The stock had bounced around in the previous week, falling as low as \$7.45 on Wednesday before rising back to \$8.42 yesterday, but is still up 295% this year.

Spark New Zealand dropped 2% to \$3.64, Contact Energy fell 1.2% to \$3.64 and Trade Me Group dipped 1.1% to \$4.32. Fletcher Building led the index up, rising 2.6% to \$7.18. The stock has fallen 34% this year. CBL Corp gained 2% to \$3.01, having traded as high as 5% during the session.

Outside the benchmark index, Colonial Motor Co rose 0.3% to \$7.64. The motor vehicle distributor, which listed on the NZ stock exchange in 1962, is cautious about forecasting in the year ahead despite its strong returns in 2017 and continued demand for new vehicles.

At its 99th annual meeting in Wellington last week, chair Jim Gibbons said it was difficult to give accurate forecasts from month to month, let alone six months ahead, but noted the first quarter to Sept. 30 had improved on last year and produced an excellent result.

| NZX Index | | | | |
|-----------------------|-----------|--------|--------|-------|
| Index | Last | | Change | |
| S&P/NZX All Index | 8,737.31 | 17.57 | ↓ | 0.20% |
| S&P/NZX 50 Index | 8,065.12 | 17.93 | ↓ | 0.22% |
| S&P/NZX Mid Cap Index | 24,199.02 | 42.99 | ↓ | 0.18% |
| S&P/NZX Small Cap | 54,792.85 | 161.79 | ↑ | 0.30% |
| S&P/NZAX All Index | 559.68 | 8.05 | ↓ | 1.42% |

| ASX Index | | | | |
|-------------------|---------|-------|--------|-------|
| Index | Last | | Change | |
| ALL ORDINARIES | 6,030.3 | 28.10 | ↑ | 0.47% |
| S&P/ASX 200 | 5,959.9 | 28.20 | ↑ | 0.47% |
| S&P/ASX SMALL ORD | 2,630.5 | 8.70 | ↑ | 0.33% |
| S&P/ASX MIDCAP 50 | 6,526.7 | 43.50 | ↑ | 0.67% |
| S&P/ASX 20 | 3,326.9 | 14.60 | ↑ | 0.44% |

| Foreign Markets Index | | | | |
|-----------------------|-----------|--------|--------|-------|
| | Last | | Change | |
| S&P 500 | 2,587.84 | 7.99 | ↑ | 0.31% |
| DJIA | 23,539.19 | 22.93 | ↑ | 0.10% |
| Nasdaq | 6,764.44 | 49.50 | ↑ | 0.74% |
| FTSE 100 | 7,560.35 | 5.03 | ↑ | 0.07% |
| ALL ORDINARIES | 6030.30 | 28.10 | ↑ | 0.47% |
| Nikkei 225 | 22,539.12 | 119.04 | ↑ | 0.53% |
| Hang Seng | 28,603.61 | 84.97 | ↑ | 0.30% |

| Currencies (per NZ\$ 1.00) | | | | |
|----------------------------|---------|--------|--------|-------|
| | Last | | Change | |
| AUD | 0.9030 | 0.0010 | ↑ | 0.11% |
| USD | 0.6916 | 0.0009 | ↑ | 0.13% |
| CNY | 4.5840 | | | |
| EUR | 0.5954 | 0.0004 | ↑ | 0.07% |
| CAD | 0.8821 | 0.0014 | ↑ | 0.16% |
| GBP | 0.5290 | 0.0009 | ↑ | 0.17% |
| JPY | 78.8250 | 0.0600 | ↑ | 0.08% |

| NZ Interest Rates | |
|-------------------|--------|
| | Change |
| NZ OCR | 1.75 |
| 3-month Bank Bill | 1.94 |
| 5-year Swap | 2.61 |
| 10-year Swap | 3.12 |

| Commodities | | | | |
|------------------|----------|------|--------|-------|
| | Last | | Change | |
| Spot Gold \$US | 1,269.48 | 0.12 | ↓ | 0.01% |
| Spot Silver \$US | 16.83 | 0.01 | ↑ | 0.06% |
| Oil(WTI) | 55.64 | 1.18 | ↑ | 2.17% |

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