

# MORNING REPORT

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## Top News

### NZ dollar falls as dairy, other commodity prices as decline; RBNZ looms

The New Zealand dollar fell, reversing yesterday's gains, as prices for dairy products and other commodities declined and traders looked ahead to tomorrow's policy statement from the Reserve Bank.

The kiwi had gained yesterday after Finance Minister Grant Robertson and acting Reserve Bank governor Grant Spencer re-signed the existing policy targets agreement and Robertson said a two-phase review is planned that will give the bank a dual mandate of employment and inflation and will also introduce a committee-making decision model in the initial phase.

Economists are expecting the RBNZ to keep rates on hold at record low 1.75%. However, there is some risk it could be more hawkish in its forecasts given the sharply weaker New Zealand dollar, emerging signs of inflation and the new government's fiscal policy, which will also generate inflation.

### Dairy product prices fall for third straight GDT auction to 7-month low

Dairy product prices fell for the third straight time at the latest Global Dairy Trade auction as whole milk powder extended its decline and skim milk powder recovered.

The GDT price index fell 3.5% from the previous auction two weeks ago to US\$3,105, the lowest since April. Some 35,072 tonnes of product was sold, down from 35,669 tonnes at the previous auction. Whole milk powder fell 5.5% to US\$2,852 a tonne.

The auction comes just a week after Fonterra Cooperative Group reiterated its forecast 2017/18 pay-out of \$6.75 per kilogram of milk solids plus earnings per share in a range of 45-to-55 cents at its annual meeting.

### NZ shares fall as A2, Synlait extend slide, F&P Healthcare rises

New Zealand shares fell as A2 Milk and Synlait Milk, the best-performing companies on the benchmark index this year, extended their decline amid speculation investors who enjoyed the run-up are now booking profits from the gains.

Metlifecare fell 0.5% to \$5.64 today, Summerset Group fell 1.5% to \$4.67 and Ryman Healthcare, which reports its first-half results on Nov. 23, slipped 0.3% to \$9.20. Synlait fell 7.4% to \$7.27 and A2, its infant formula partner, declined 4.5% to \$7.62. The shares have soared 135% and 259% respectively this year.

F&P Healthcare, a key beneficiary of a weaker dollar because it makes most of its sales overseas, gained 2.8% to \$13.44 and is edging back toward the record \$13.49 it reached late last month.

Fletcher Building fell 1.7% to \$7.07 and has fallen 32% this year, a period in which it has sacked its chief executive and apologised to shareholders after being unable to control cost blow-outs at two major construction projects.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,726.96	3.18	↓	0.04%
S&P/NZX 50 Index	8,049.67	3.95	↓	0.05%
S&P/NZX Mid Cap Index	23,291.96	192.47	↓	0.80%
S&P/NZX Small Cap	55,092.64	115.50	↑	0.21%
S&P/NZAX All Index	562.79	6.82	↑	1.23%

ASX Index				
Index	Last	Change		
ALL ORDINARIES	6,087.4	60.20	↑	0.99%
S&P/ASX 200	6,014.3	60.50	↑	1.01%
S&P/ASX SMALL ORD	2,667.4	26.70	↑	1.00%
S&P/ASX MIDCAP 50	6,617.3	56.70	↑	0.86%
S&P/ASX 20	3,350.3	33.20	↑	0.99%

Foreign Markets Index				
	Last	Change		
S&P 500	2,586.33	4.80	↓	1.10%
DJIA	23,519.15	29.27	↓	0.12%
Nasdaq	6,760.33	26.11	↓	0.38%
FTSE 100	7,513.11	49.17	↓	0.65%
ALL ORDINARIES	6,087.40	60.20	↑	0.99%
Nikkei 225	22,937.60	389.25	↑	1.73%
Hang Seng	28,994.34	397.54	↑	1.39%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9033	0.0021	↑	0.23%
USD	0.6901	0.0026	↓	0.38%
CNY	4.5810	0.0120	↓	0.26%
EUR	0.5957	0.0010	↓	0.17%
CAD	0.8826	0.0014	↑	0.16%
GBP	0.5245	0.0014	↓	0.27%
JPY	78.6045	0.2095	↓	0.27%

NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.64			
10-year Swap	3.14			

Commodities				
	Last	Change		
Spot Gold \$US	1,275.51	6.29	↓	0.49%
Spot Silver \$US	16.94	0.27	↓	1.57%
Oil(WTI)	57.04	1.40	↑	2.52%

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