

MORNING REPORT

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Web: www.equity.co.nz / E-mail: Info@equity.co.nz / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ

Top News

NZ dollar edges up before OCR review which may include upgraded inflation forecast

The New Zealand dollar edged up ahead of this morning's monetary policy statement which may include a stronger track for inflation and a weaker currency.

The Reserve Bank is expected to leave the official cash rate at a record low 1.75% at 9am but its projections will have to account for a much weaker TWI and its implications for imported inflation, a rise in the price of crude oil and government policies that are likely to contribute to higher costs such as a rise in the minimum wage.

The August monetary policy statement had the TWI averaging more than 77 through until the fourth quarter of 2018 and a quarter-point rate hike built in for March 2020. Through its forecasting window it doesn't see annual inflation exceeding 2.1% and on a quarterly basis, it doesn't rise above 0.6%.

NZ shares mixed, Synlait and A2 weaker while Mercury, Trustpower gain

New Zealand shares were mixed, with Synlait and A2 Milk dropping while Mercury New Zealand and Trustpower rose.

While more stocks fell than gained by the close of trading, Synlait Milk and A2 Milk Co dragged the index lower, having each sunk as much as 10% in the day. Synlait was the worst performer, down 3.9% to \$6.99, with A2 dropping 1.7% to \$7.49.

Mercury New Zealand was the best performer, up 2.1% to \$3.44, while Goodman Property gained 1.5% to \$1.32. Tourism Holdings dropped 2.2% to \$4.88, Comvita fell 2% to \$8 and Xero dropped 1.9% to \$34.05.

Vector dipped 0.3% to \$3.40. It is planning to sell 4.2 million of its own shares it currently holds as treasury stock beginning Nov. 9 as part of ongoing capital management.

NZ Super Fund used Appleby law firm

The New Zealand Superannuation Fund has used the Bermuda-based law firm Appleby at the centre of the 'Paradise Papers' tax papers.

The fund's manager, Guardians of New Zealand Superannuation, today said it used the law firm for advice on reinsurance contracts and setting up accounts as part of its natural catastrophe mandates with external manager Elementum Advisers and Leadenhall.

Appleby hasn't been able to confirm whether there was a security breach of the NZ Super Fund's documents, but the fund manager is "confident there will be no negative commercial implications".

NZX Index				
Index	Last		Change	
S&P/NZX All Index	8,716.92	10.03	↓	0.12%
S&P/NZX 50 Index	8,040.41	9.25	↓	0.11%
S&P/NZX Mid Cap Index	23,849.51	72.45	↓	0.30%
S&P/NZX Small Cap	55,139.62	46.97	↑	0.09%
S&P/NZAX All Index	561.70	1.09	↓	0.19%

ASX Index				
Index	Last		Change	
ALL ORDINARIES	6,089.1	1.70	↑	0.03%
S&P/ASX 200	6,016.3	2.00	↑	0.03%
S&P/ASX SMALL ORD	2,657.8	9.60	↓	0.36%
S&P/ASX MIDCAP 50	6,597.0	20.30	↓	0.31%
S&P/ASX 20	3,362.4	12.10	↑	0.36%

Foreign Markets Index				
	Last		Change	
S&P 500	2,593.64	3.00	↑	0.12%
DJIA	23,557.94	0.71	↑	0.00%
Nasdaq	6,787.39	19.61	↑	0.29%
FTSE 100	7,529.72	16.61	↑	0.22%
ALL ORDINARIES	6,089.10	1.70	↑	0.03%
Nikkei 225	22,913.82	23.78	↓	0.10%
Hang Seng	28,907.60	86.74	↓	0.30%

Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9019	0.0016	↓	0.18%
USD	0.6925	0.0019	↑	0.28%
CNY	4.5880	0.0040	↑	0.09%
EUR	0.5972	0.0013	↑	0.22%
CAD	0.8811	0.0012	↓	0.14%
GBP	0.5281	0.0037	↑	0.71%
JPY	78.7745	0.0905	↑	0.12%

NZ Interest Rates				
	Last		Change	
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.64			
10-year Swap	3.13			

Commodities				
	Last		Change	
Spot Gold \$US	1,282.13	6.92	↑	0.54%
Spot Silver \$US	17.05	0.12	↑	0.70%
Oil(WTI)	57.22	0.18	↑	0.32%

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Do you need to make any changes to your portfolio? Contact Equity Investment Advisers today.

www.equity.co.nz E-mail: Info@equity.co.nz Tel: +64 (9)304 0145