

MORNING REPORT

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Top News

NZ dollar holds gains from RBNZ inflation outlook as US tax reform weighs on greenback

The New Zealand dollar held yesterday's gains after the Reserve Bank raised its forecast for the country's inflation outlook and brought forward by one quarter the chance of a rate hike, while the greenback dipped on renewed uncertainty over US tax reform.

The local currency got a boost from the Reserve Bank's new forecast track for the official cash rate, which brought forward the chance of a hike to June 2019 on a higher inflation track. Acting governor Grant Spencer said the recent decline in the kiwi was welcome and that the currency was now "in the vicinity of a sustainable exchange rate".

Meanwhile, the US dollar index fell 0.4% and stocks on Wall Street were down amid reports the US Senate will seek to delay a corporate tax cut by a year in a major tax reform that's a central policy for the White House.

Ardern lays ground for defeat on TPP investor dispute clauses

Prime Minister Jacinda Ardern arrived in Vietnam last night for talks on the Trans-Pacific Partnership today, warning again that New Zealand had "come in very late" with its objections to investor state dispute settlement clauses that the new government would like to see dropped from the trade and investment pact.

Trade ministers from the remaining 11 countries in the grouping of Asia-Pacific nations were meeting in Da Nang as Ardern arrived, saying the talks were "down to the wire" and that her Trade and Export Growth Minister David Parker had reported "tough going" arguing New Zealand's case.

Leaders of the 11 countries still in the TPP are due to meet early afternoon, local time, Friday for a meeting that could determine the fate of the troubled pact, which stalled earlier this year when US president Donald Trump withdrew the US from the agreement.

NZ shares down, NZX and Xero drop on de-listing news

New Zealand shares dropped, led lower by NZX and Xero after the latter announced it will de-list from the local stock market in favour of Australia.

Xero itself dropped 1.9% to \$33.41. The stock has surged 95% this year, the third-best performance on the S&P/NZX 50 Index behind A2 Milk and Synlait Milk.

Heartland Bank was the best performer, up 3.2% to \$1.95. It plans to raise up to \$59 million at \$1.70 apiece in a discounted rights offer to shareholders to help fund an expanding loan book, which rose at an annual pace of 16% in the September quarter.

Trade Me dipped 0.2% to \$4.32. The company has pared back its expectations for how much revenue property listings will deliver in the current financial year as the country's real estate market keeps slowing.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,694.76	23.20	↓	0.27%
S&P/NZX 50 Index	8,021.08	20.35	↓	0.25%
S&P/NZX Mid Cap Index	23,822.71	33.07	↓	0.14%
S&P/NZX Small Cap	54,998.06	141.56	↓	0.26%
S&P/NZAX All Index	566.01	4.30	↑	0.77%

ASX Index				
Index	Last	Change		
ALL ORDINARIES	6,122.4	33.30	↑	0.54%
S&P/ASX 200	6,049.4	33.10	↑	0.55%
S&P/ASX SMALL ORD	2,681.8	24.00	↑	0.89%
S&P/ASX MIDCAP 50	6,630.4	33.40	↑	0.50%
S&P/ASX 20	3,378.1	15.70	↑	0.46%

Foreign Markets Index				
	Last	Change		
S&P 500	2,579.03	15.35	↓	0.59%
DJIA	23,428.20	135.16	↓	0.57%
Nasdaq	6,731.48	57.64	↓	0.85%
FTSE 100	7,484.10	45.62	↓	0.61%
ALL ORDINARIES	6,122.40	33.30	↑	0.54%
Nikkei 225	22,868.71	45.11	↓	0.20%
Hang Seng	29,136.57	228.97	↑	0.79%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9056	0.0001	↑	0.01%
USD	0.6957	0.0007	↑	0.10%
CNY	4.6190	0.0150	↑	0.33%
EUR	0.5972	0.0020	↓	0.33%
CAD	0.8815	0.0027	↓	0.31%
GBP	0.5287	0.0011	↓	0.21%
JPY	78.7270	0.3860	↓	0.49%

NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.70			
10-year Swap	3.19			

Commodities				
	Last	Change		
Spot Gold \$US	1,287.74	6.54	↑	0.51%
Spot Silver \$US	17.04	0.01	↑	0.05%
Oil(WTI)	56.67	0.55	↓	0.96%

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