

# MORNING REPORT

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## Top News

### Fed set to move

Federal Reserve policymakers are widely expected to raise their target interest rate increase at this week's meeting and investors will scrutinise any changes to their outlook for further hikes next year.

Underpinning already-firm bets based on the Fed will lift rates were the latest US jobs data. Last Friday a Labor Department report showed nonfarm payrolls increased by 228,000 jobs in November, beating economists' expectations, while average hourly earnings rose 0.2 percent last month, following a 0.1 percent decline in September.

The US economic stats due this week include reports on JOLTS, or Job Openings and Labour Turnover Survey, due today; NFIB small business optimism index, and producer price index, due Tuesday; consumer price index, due Wednesday; weekly jobless claims, retail sales, import and export prices, and business inventories, due Thursday; Empire State manufacturing survey, industrial production, and Atlanta Fed business inflation expectations, due Friday.

Investors remain keenly focused on the Trump administration's tax reform negotiations, especially as toward the end of the year they typically reposition their portfolios with the purpose of reducing capital gains taxes.

European Central Bank policymakers gather for a policy meeting on Thursday, as do their colleagues of the Bank of England. Both central banks are expected to hold their respective rates steady.

### NZ shares up, Xero and NZX gain while Summerset Group falls

Xero was the best performer, up 3 percent to \$30.90. NZX rose 2.8 percent to \$1.12 and Z Energy gained 2.6 percent to \$7.82.

TIL Logistics Group closed at \$2.75. The New Plymouth-based trucking and logistics company, formerly known as Transport Investments, joined the bourse yesterday after completing a reverse listing through Bethunes Investments, although buyers and sellers didn't manage to meet on day one. The reverse listing placed an implied equity value on the company of \$122.2 million at the \$1.50 share price, meaning today's closing price was at an 83 percent premium.

Fliway Group was unchanged at \$1.21. Its shareholders have backed a \$55.4 million takeover offer from Singaporean logistics firm Yang Kee Logistics, which will see another company leave the NZX.

### NZ dollar steady as US payrolls show flat wages, Brexit deal nudges along

The New Zealand dollar held steady against the greenback after US employment figures continued to show flat wages in the world's biggest economy, but edged lower against the British pound after UK and European officials made progress in their Brexit negotiations.

| NZX Index                  |            |         |   |       |
|----------------------------|------------|---------|---|-------|
| Index                      | Last       | Change  |   |       |
| S&P/NZX All Index          | 8,930.468  | 63.618  | ▲ | 0.72% |
| S&P/NZX 50 Index           | 8,235.086  | 62.486  | ▲ | 0.76% |
| S&P/NZX MidCap Index       | 24,303.093 | 122.763 | ▲ | 0.51% |
| S&P/NZX SmallCap Index     | 56,052.128 | 61.938  | ▲ | 0.11% |
| S&P/NZX All Index          | 559.501    | 3.619   | ▼ | 0.64% |
| ASX Index                  |            |         |   |       |
| Index                      | Last       | Change  |   |       |
| ASX All Ordinaries         | 6,077.40   | 16.59   | ▲ | 0.27% |
| S&P/ASX 200                | 5,994.40   | 16.68   | ▲ | 0.28% |
| ASX Small Ordinaries       | 2,675.70   | 4.00    | ▲ | 0.15% |
| S&P/ASX MIDCAP 50          | 6,737.00   | 35.68   | ▲ | 0.53% |
| S&P/ASX 20                 | 3,311.00   | 11.29   | ▲ | 0.34% |
| Foreign Markets Index      |            |         |   |       |
|                            | Last       | Change  |   |       |
| S&P 500                    | 2,651.50   | 14.52   | ▲ | 0.55% |
| Dow Jones                  | 24,329.16  | 117.68  | ▲ | 0.49% |
| NASDAQ Composite           | 6,840.08   | 27.24   | ▲ | 0.40% |
| FTSE 100                   | 7,393.96   | 73.21   | ▲ | 1.00% |
| ASX All Ordinaries         | 6,077.40   | 16.59   | ▲ | 0.27% |
| NIKKEI 225                 | 22,811.08  | 313.05  | ▲ | 1.39% |
| HANG SENG INDEX            | 28,639.85  | 336.66  | ▲ | 1.19% |
| Currencies (per NZ\$ 1.00) |            |         |   |       |
|                            | Last       | Change  |   |       |
| AUD                        | 0.9114     | 0.0018  | ▲ | 0.20% |
| USD                        | 0.6846     | 0.0005  | ▲ | 0.07% |
| CNY                        | 4.5260     |         |   |       |
| EUR                        | 0.5819     | 0.0011  | ▲ | 0.19% |
| CAD                        | 0.8800     | 0.0028  | ▲ | 0.32% |
| GBP                        | 0.5114     | 0.0006  | ▲ | 0.12% |
| JPY                        | 77.6750    | 0.1100  | ▲ | 0.14% |
| NZ Interest Rates          |            |         |   |       |
|                            | Last       | Change  |   |       |
| NZ OCR                     | 1.75       |         |   |       |
| 3-month Bank Bill          | 1.94       |         |   |       |
| 5-year Swap                | 2.60       |         |   |       |
| 10-year Swap               | 3.08       |         |   |       |
| Commodities Futures        |            |         |   |       |
|                            | Last       | Change  |   |       |
| Gold                       | 1,245.90   | 3.90    | ▼ | 0.31% |
| Silver                     | 15.73      | 0.01    | ▲ | 0.06% |
| Crude Oil                  | 57.34      | 0.65    | ▲ | 1.15% |

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