

MORNING REPORT

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Top News

NZ dollar little changed ahead of US CPI, seen as key to December rate hike

The New Zealand dollar was little changed against the greenback ahead of US inflation data this week that will help determine the likelihood of a US rate hike next month.

Traders have priced in more than an 80% chance of a hike by the Federal Reserve at its meeting next month, which would be the third increase this year.

Still, economists say October inflation figures on Wednesday in the US, expected to show core inflation of 1.7%, will have a bearing on expectations.

US retailers in focus

A slew of Federal Reserve officials including Chair Janet Yellen are set to speak in the coming days, while corporate earnings including from Home Depot and Wal-Mart will also help set the tone as investors eye the Trump administration's progress on tax reform.

On Tuesday, Federal Reserve Chair Janet Yellen is set to speak on a European Central Bank panel with ECB President Mario Draghi, Bank of Japan Governor Haruhiko Kuroda and Bank of England Governor Mark Carney. Investors will eye any clues on the Fed's rate hike plans for next year.

Wall Street's slow but steady ascent to record highs stalled last week as investors worried about US tax reform proposals. For the week, the Dow Jones Industrial Average slid 0.5%, the Standard & Poor's 500 Index declined 0.2%, while the Nasdaq Composite Index also fell 0.2%.

NZ shares fall on Air NZ, Xero, A2 selling while Heartland hits record

New Zealand shares fell, led lower by Air New Zealand and Xero, while Heartland Bank hit a record high.

Air New Zealand led the index lower, dropping 4.2% to \$3.18. The stock has gained 51% this year, peaking at \$3.60 at the beginning of September, but has dropped back in the past two months.

Xero dropped 3.9% to \$32.10. The stock was the worst performer on the index yesterday after it announced it will de-list from the NZX in favour of the ASX, and has shed 7.2% since then.

A2 Milk dropped 2.1% to \$7.41. The stock has shed 12% in the past week and is down 15% from the record \$8.75 it reached on Oct. 30. It has gained 255% this year, making it the best performer on the index.

Outside the benchmark index, Vista Group International was unchanged at \$5.35. It plans to double its shares on issue via a two-for-one split to increase market liquidity.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	8,645.42	51.53	↓	0.59%
S&P/NZX 50 Index	7,974.42	48.79	↓	0.61%
S&P/NZX Mid Cap Index	23,643.60	192.28	↓	0.81%
S&P/NZX Small Cap	54,965.54	32.51	↓	0.06%
S&P/NZAX All Index	569.73	3.71	↑	0.66%

ASX Index				
Index	Last		Change	
ALL ORDINARIES	6,104.3	18.10	↓	0.30%
S&P/ASX 200	6,029.4	20.00	↓	0.33%
S&P/ASX SMALL ORD	2,673.2	8.60	↓	0.32%
S&P/ASX MIDCAP 50	6,620.9	9.50	↓	0.14%
S&P/ASX 20	3,367.1	11.00	↓	0.33%

Foreign Markets Index				
	Last		Change	
S&P 500	2,582.30	2.32	↓	0.09%
DJIA	23,422.21	39.73	↓	0.17%
Nasdaq	6,750.94	0.89	↑	0.01%
FTSE 100	7,432.99	51.11	↓	0.68%
ALL ORDINARIES	6,104.30	18.10	↓	0.30%
Nikkei 225	22,681.42	187.29	↓	0.82%
Hang Seng	29,120.92	15.65	↓	0.05%

Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9054	0.0016	↑	0.18%
USD	0.6936	0.0005	↑	0.07%
CNY	4.6020			
EUR	0.5944	0.0003	↑	0.05%
CAD	0.8792			
GBP	0.5257	0.0003	↑	0.06%
JPY	78.7050			

NZ Interest Rates				
	Last		Change	
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.71			
10-year Swap	3.21			

Commodities				
	Last		Change	
Spot Gold \$US	1,275.35	0.01	↑	
Spot Silver \$US	16.83			
Oil(WTI)	56.74	0.57	↓	0.99%

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