

## Morning Report

As at 9:00 AM 14 September 2017

### Top News

#### NZ dollar falls on US tax reform plans, inflation; Colmar Brunton poll eyed

The New Zealand dollar fell as US Republicans signalled progress on tax reforms and as financial markets awaited US inflation figures tonight and, for New Zealand, the latest opinion poll.

Figures overnight showed US producer prices for final demand rose 0.2% in August after a 0.1% drop in July. The data comes ahead of the consumers price index for August, which is expected to show inflation accelerated to 0.3% from 0.1% the previous month. Meanwhile, House Ways and Means Committee chairman Kevin Brady flagged the release of a consensus document on tax reforms, a move seen as supportive for the greenback. In New Zealand, the latest INews Colmar Brunton poll is due out later today.

The Colmar Brunton poll will be keenly watched because it was the same poll last week that surprised markets by putting Labour ahead on 43% to National's 39%. That was reversed in this week's Newshub Reid Research poll, which put National on 47.3% to Labour's 37.8%.

#### Mixed mood on Wall St

Wall Street was mixed, with the S&P 500 touching a fresh record high, as gains in shares of Chevron, following oil prices higher, offset declines in shares of Apple as investors digested the impact of its latest products, unveiled on Tuesday.

Investors will eye next week's meeting by Federal Reserve policy makers, ending on Wednesday, for clues about the central bank's plans for a third interest rate hike this year as well as for the unwinding of its balance sheet.

The Dow gained as advances in shares of Chevron and those of DowDuPont, recently up 1.5% and 1.2% respectively, outweighed declines in shares of Apple and those of Caterpillar, recently down 1.2% each.

#### NZ shares fall as election uncertainty weighs; Sky TV, Kathmandu drop; CBL recovers

New Zealand shares continued to decline as election uncertainty dampens investor enthusiasm with Sky Network Television and Kathmandu Holdings dropping while CBL Corp bounced from its recent decline.

Sky Network Television led the NZX50 lower, down 3.3% to \$2.61 and Kathmandu Holdings declined 2.7% to \$2.15. Mercury NZ dropped 3.1%, or 10.5 cents, to \$3.34, after shedding rights ton 8.8 cents per share final dividend and 5 cents per share special dividend.

CBL Corp gained 2.5% to \$2.92. The stock had dropped 6.6% this week before today's rise. Last month, the company flagged a \$16.5 million increase in CBL Insurance's reserves to cover future claims, leading operating profit to fall to \$22.4 million from \$35.1 million in the same period a year earlier, some \$17.5 million below expectations.

Evolve Education was flat at 78 cents, though it traded most of the day at 79 cents. Chief executive of Evolve Alan Wham resigned last month after the early childhood education centre operator warned annual profit will fall as much as 12 percent in the current year.

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NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,470.75	19.29	↓	0.23%
S&P/NZX 50 Index	7,827.43	20.25	↓	0.26%
S&P/NZX Mid Cap Index	22,421.97	100.01	↓	0.44%
S&P/NZX Small Cap	52,290.77	88.27	↑	0.17%
S&P/NZX All Index	577.20	1.97	↑	0.34%
ASX Index				
Index	Last	Change		
ALL ORDINARIES	5,804.0	2.4	↓	0.04%
S&P/ASX 200	5,744.3	2.1	↓	0.04%
S&P/ASX SMALL ORD	2,476.9	5.2	↑	0.21%
S&P/ASX MIDCAP 50	6,163.9	8.5	↓	0.14%
S&P/ASX 20	3,229.4	1.0	↑	0.03%
Foreign Markets Index				
	Last	Change		
S&P 500	2,498.37	1.89	↑	0.08%
DJIA	22,158.18	39.32	↑	0.18%
Nasdaq	6,460.19	5.91	↑	0.09%
FTSE 100	7,379.70	20.99	↓	0.28%
ALL ORDINARIES	5,804.00	2.40	↓	0.04%
Nikkei 225	19,865.82	89.20	↑	0.45%
Hang Seng	27,894.08	78.16	↓	0.28%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9069	0.0020	↓	0.22%
USD	0.7240	0.0049	↓	0.67%
CNY	4.7330	0.0300	↓	0.63%
EUR	0.6091	0.0001	↓	0.02%
CAD	0.8817	0.0065	↓	0.73%
GBP	0.5482	0.0008	↓	0.15%
JPY	80.0340	0.2605	↓	0.32%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.61			
10-year Swap	3.10			
Commodities				
	Last	Change		
Spot Gold \$US	1,322.04	9.73	↓	0.73%
Spot Silver \$US	17.76	0.12	↓	0.69%
Oil(WTI)	49.34	1.15	↑	2.39%