

MORNING REPORT

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Top News

NZ dollar gains as US delivers stronger inflation data, weaker retail sales

The New Zealand dollar rose as the market digested stronger-than-expected US inflation data and weaker American retail sales. The figures came after data showed a modest increase in NZ food prices while a survey showed a lift in inflation expectations.

The New Zealand dollar initially tumbled to as low as 72.38 US cents after the US CPI data, which showed the core measure excluding food and energy was 0.3 percent in the month and 1.8 percent in the year, beating forecasts of 0.2 percent and 1.7 percent respectively. However, some economists said part of the lift was from elements that wouldn't stay strong. Other figures showed US retail sales excluding autos and fuel fell 0.2 percent last month against expectations of a 0.3 percent gain.

The central bank has signalled it will keep the official cash rate at a record low 1.75 percent until the latter half of next year at the earliest but does keep a close eye on the expectations as they have an impact on wage and pricing setting behaviour.

Wall St moves higher on data

Wall Street climbed as investors assessed the impact of US reports showing stronger-than-expected inflation and an unexpected drop in retail sales on expectations for the pace of Federal Reserve interest rate increases this year.

A Labour Department report showed the core consumer price index rose a faster-than-expected 0.3 percent in January, while the year-on-year gain held steady at 1.8 percent. Separately, a Commerce Department report showed a surprise decline in US retail sales, sliding 0.3 percent last month.

The Dow advanced as gains in shares of Nike and those of JPMorgan Chase, recently up 2.3 percent and 1.8 percent respectively, outweighed declines in shares of Procter & Gamble and those of Johnson & Johnson, recently down 1.3 percent and 0.9 percent respectively.

NZ shares dragged lower by Fletcher Building on B+I writeoffs

New Zealand shares were mixed as Fletcher Building plunged 9.3 percent after the company unveiled further provisions at Building + Interiors (B+I) that bring two-year losses at the unit to \$952 million.

Fletcher Building fell 9.3 percent to \$7.05. Ralph Norris will step down as chair after the company took a further \$486 million provision for project losses at its B+I unit and said 14 of the unit's 73 projects, worth \$2.3 billion, are loss-making or 'on watch'. It said it has obtained a waiver from its commercial banking syndicate after breaching the terms of its loans, and aims to finish renegotiations by the end of March.

Metro Performance Glass dropped 4.5 percent to 85 cents and Restaurant Brands New Zealand fell 2.6 percent to \$7.15. Infratil was the best performer, up 2 percent to \$3.14, with Investore Property rising 1.4 percent to \$1.43 and Kathmandu Holdings gaining 1.3 percent to \$2.34.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,767.840	65.140	▼	0.74%
S&P/NZX 50 Index	8,058.795	63.425	▼	0.78%
S&P/NZX MidCap Index	23,587.159	56.821	▼	0.24%
S&P/NZX SmallCap Index	56,979.277	86.633	▼	0.15%
S&P/NZAX All Index	544.060	3.670	▼	0.67%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	5,940.00	17.00	▼	0.29%
S&P/ASX 200	5,841.20	14.70	▼	0.25%
ASX Small Ordinaries	2,636.00	12.70	▼	0.48%
S&P/ASX MIDCAP 50	6,516.20	35.70	▼	0.54%
S&P/ASX 20	3,254.60	4.10	▼	0.13%
Foreign Markets Index				
	Last	Change		
S&P 500	2,694.46	31.52	▲	1.18%
Dow Jones	24,846.66	206.21	▲	0.84%
NASDAQ Composite	7,129.12	115.61	▲	1.65%
FTSE	7,213.97	45.96	▲	0.64%
ASX All Ordinaries	5,940.00	17.00	▼	0.29%
NIKKEI 225	21,154.17	90.51	▼	0.43%
HANG SENG INDEX	30,515.60	676.07	▲	2.27%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9309	0.0052	▲	0.56%
USD	0.7362	0.0087	▲	1.20%
CNY	4.6710	0.0600	▲	1.30%
EUR	0.5920	0.0030	▲	0.51%
CAD	0.9222	0.0060	▲	0.65%
GBP	0.5262	0.0024	▲	0.46%
JPY	78.7350	0.2970	▲	0.38%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.71			
10-year Swap	3.26			
Commodities Futures				
	Last	Change		
Gold	1,357.00	26.60	▲	2.00%
Silver	16.86	0.33	▲	2.01%
Crude Oil	60.86	1.67	▲	2.82%

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