

# MORNING REPORT

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## Top News

### NZ dollar little changed below 69 US cents as US CPI adds to Fed hike case

The New Zealand dollar was little changed, holding below 69 US cents, after US inflation figures came in near expectations, keeping intact bets that the Federal Reserve will hike US interest rates next month.

US Labour Department figures showed the consumer price index rose 0.1% last month, matching economists' forecasts, while core inflation was 1.8% year-on-year, beating estimates of a 1.7% rate. Signs of strengthening inflation have helped confirm expectations that the Fed will hike rates for the third time this year in its final meeting for 2017, while the Reserve Bank has no plans to raise rates in the near term.

The ANZ consumer confidence survey for November will be closely watched today for any signs sentiment is changing in the wake of the new government.

### Target slumps on outlook

US Treasuries rose while Wall Street slid as investors reassessed the outlook for corporate profits for retailers including Target amid intensifying competition from Amazon.

The Dow fell as slides in shares of Caterpillar and those of United Technologies, recently down 1.6% and 1.5% respectively, outweighed gains in shares of General Electric and those of Nike, recently up 2% and 1.4% respectively.

Shares of Target plunged, down 9.3% as of 12.54pm in New York, after the retailer projected a profit for the all-important holiday quarter that fell short of expectations.

Meanwhile, shares of Kroger and Sprouts Farmers Market slid after Amazon said it was lowering prices of additional grocery items and holiday staples at Whole Foods Market stores, including organic and no-antibiotic turkeys.

### NZ shares down on Genesis, Mainfreight falls, Xero bounces

The New Zealand benchmark index dipped back below 8,000 as Genesis Energy and Mainfreight dropped, while Xero recovered somewhat from recent selling.

Metro Performance Glass led the index lower, down 4.4% to 86 cents, while Genesis dropped 3.5% to \$2.375. David Price, broker at Forsyth Barr, said Genesis had released monthly customer statistics today.

Mainfreight fell 1.5% to \$23.75. The transport and logistics group posted first-half results that missed its own expectations, but is still trading at a high enough multiple to leave it vulnerable to any further disappointment.

Xero was the best performer, up 4% to \$32.67, bouncing back from recent selling after it announced its plans to delist from the NZX. The shares are down 4% since that announcement last Thursday.

| NZX Index             |           |        |   |       |
|-----------------------|-----------|--------|---|-------|
| Index                 | Last      | Change |   |       |
| S&P/NZX All Index     | 8,674.67  | 6.16   | ↓ | 0.07% |
| S&P/NZX 50 Index      | 7,999.93  | 8.06   | ↓ | 0.10% |
| S&P/NZX Mid Cap Index | 23,723.96 | 61.51  | ↑ | 0.26% |
| S&P/NZX Small Cap     | 55,002.07 | 47.56  | ↑ | 0.09% |
| S&P/NZAX All Index    | 562.01    | 5.20   | ↓ | 0.92% |

| ASX Index         |         |        |   |       |
|-------------------|---------|--------|---|-------|
| Index             | Last    | Change |   |       |
| ALL ORDINARIES    | 6,012.3 | 36.40  | ↓ | 0.59% |
| S&P/ASX 200       | 5,934.2 | 34.50  | ↓ | 0.58% |
| S&P/ASX SMALL ORD | 2,651.9 | 16.80  | ↓ | 0.63% |
| S&P/ASX MIDCAP 50 | 6,582.7 | 28.20  | ↓ | 0.58% |
| S&P/ASX 20        | 3,302.8 | 21.20  | ↓ | 0.64% |

| Foreign Markets Index |           |        |   |       |
|-----------------------|-----------|--------|---|-------|
|                       | Last      | Change |   |       |
| S&P 500               | 2,568.24  | 10.63  | ↓ | 0.41% |
| DJIA                  | 23,289.74 | 119.73 | ↓ | 0.51% |
| Nasdaq                | 6,717.59  | 20.28  | ↓ | 0.30% |
| FTSE 100              | 7,372.61  | 41.81  | ↓ | 0.56% |
| ALL ORDINARIES        | 6,012.30  | 36.40  | ↓ | 0.61% |
| Nikkei 225            | 22,028.32 | 351.69 | ↓ | 1.57% |
| Hang Seng             | 28,851.69 | 300.43 | ↓ | 1.03% |

| Currencies (per NZ\$ 1.00) |         |        |   |       |
|----------------------------|---------|--------|---|-------|
|                            | Last    | Change |   |       |
| AUD                        | 0.9065  | 0.0054 | ↑ | 0.60% |
| USD                        | 0.6874  | 0.0003 | ↓ | 0.04% |
| CNY                        | 4.5530  | 0.0120 | ↓ | 0.26% |
| EUR                        | 0.5831  | 0.0002 | ↑ | 0.03% |
| CAD                        | 0.8777  | 0.0022 | ↑ | 0.25% |
| GBP                        | 0.5222  | 0.0001 | ↓ | 0.02% |
| JPY                        | 77.5945 | 0.4230 | ↓ | 0.54% |

| NZ Interest Rates |      |        |  |  |
|-------------------|------|--------|--|--|
|                   | Last | Change |  |  |
| NZ OCR            | 1.75 |        |  |  |
| 3-month Bank Bill | 1.94 |        |  |  |
| 5-year Swap       | 2.68 |        |  |  |
| 10-year Swap      | 3.18 |        |  |  |

| Commodities      |          |        |   |       |
|------------------|----------|--------|---|-------|
|                  | Last     | Change |   |       |
| Spot Gold \$US   | 1,277.94 | 1.91   | ↓ | 0.15% |
| Spot Silver \$US | 16.97    | 0.05   | ↓ | 0.27% |
| Oil(WTI)         | 55.35    | 0.31   | ↓ | 0.56% |

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