

Equity Investment Advisers Morning Report

As at 9:00 AM 17 Jul 2017

Top News

NZ dollar trades near 5-month high as weak US data erodes prospects of further rate hike

The New Zealand dollar traded near a five-month high after weak US inflation, retail sales and consumer sentiment figures stoked talk the Federal Reserve may not raise interest rates for the third time this year.

US consumer price index inflation was flat in June against expectations of a 0.1 percent increase, while the annual rate at 1.6 percent came in below consensus of 1.7 percent. Retail sales unexpectedly fell 0.2 percent in June while the University of Michigan consumer sentiment survey missed expectations at 93.1 versus 95 forecast by economists. The prospects of a hike to the fed funds rate in December is currently sitting at 45 percent even though the Fed's guidance is for a third hike this year.

Locally, traders are awaiting second-quarter inflation figures tomorrow, with expectations that annual inflation eased back below 2 percent in the face of weak fuel prices, boosting expectations the Reserve Bank will stick to its guns and refrain from raising interest rates anytime soon. A quarterly inflation rate of 0.2 percent is expected for an annual rate of 1.9 percent.

US earnings, ECB meeting

The latest US corporate earnings including from Bank of America and Goldman Sachs will form the focus in the coming days, as well as the European Central Bank policy meeting.

Also, investors will eye China's latest GDP data, due today. China's economy grew 6.8 percent in the second quarter, according to a Reuters poll of 65 economists, down from a 6.9 percent pace in the first quarter. The pace will ease to 6.6 percent in the third quarter and 6.5 percent in fourth quarter, according to the poll.

Wall Street is starting the week at record highs. Last week, the Dow Jones Industrial Average gained 1 percent, the Standard & Poor's 500 Index advanced 1.4 percent and the Nasdaq Composite Index jumped 2.6 percent.

NZ shares rise as retirement stocks Metlifecare, Ryman back in favour

New Zealand shares rose, led by retirement stocks Metlifecare and Summerset Group Holdings, while NZX and Pushpay Holdings extended their gains.

Retirement village operator Metlifecare was the best performer, rising 3.1 percent to \$5.58 after a broker put out a positive research note on the stock, Williamson said. Fellow companies in the sector also gained, with Summerset Group Holdings up 1.9 percent to \$4.85 and Ryman Healthcare gaining 0.3 percent to \$9.06. Ryman has surged 8.6 percent in seven sessions of uninterrupted gains since last Wednesday, and is now at a 9-month high.

Trustpower gained 1.8 percent to \$5.60. It expects annual earnings at the top of its forecast range due to a jump in electricity generation volumes and higher wholesale prices in the June quarter. The Tauranga-based company said earnings before interest, tax, depreciation, amortisation and fair value adjustments will be at the top end of a \$215 million-to-\$235 million range in the year ending March 31, 2018.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,294.89	40.59	↑	0.49%
S&P/NZX 50 Index	7,649.77	38.88	↑	0.51%
S&P/NZX Mid Cap Index	21,629.91	136.45	↑	0.63%
S&P/NZX Small Cap	52,025.91	122.77	↑	0.24%
S&P/NZAX All Index	583.55	3.64	↓	0.62%

ASX Index				
Index	Last	Change		
ALL ORDINARIES	5,808.7	29.6	↑	0.51%
S&P/ASX 200	5,765.1	28.3	↑	0.49%
S&P/ASX SMALL ORD	2,390.2	17.0	↑	0.71%
S&P/ASX MIDCAP 50	6,291.1	20.2	↑	0.32%
S&P/ASX 20	3,279.4	18.5	↑	0.56%

Foreign Markets Index				
	Last	Change		
S&P 500	2,459.27	3.16	↑	0.22%
DJIA	21,637.74	84.65	↑	0.39%
Nasdaq	6,312.47	38.03	↑	0.61%
FTSE 100	7,378.39	35.05	↓	0.47%
ALL ORDINARIES	5,808.70	29.60	↑	0.51%
Nikkei 225	20,118.86	19.05	↑	0.09%
Hang Seng	26,389.23	43.06	↑	0.16%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9382	0.0006	↓	0.06%
USD	0.7344	0.0001	↓	0.01%
CNY	4.9750			
EUR	0.6401	0.0001	↓	0.02%
CAD	0.9296	0.0006	↑	0.06%
GBP	0.5606			
JPY	82.6835	0.0825	↑	0.10%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.96	
5-year Swap	2.85	
10-year Swap	3.36	

Commodities			
	Last	Change	
Spot Gold \$US	1228.22		
Spot Silver \$US	15.97		
Oil(WTI)	46.54	0.51	↑ 1.11%

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Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for contribution valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk.

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