

## Morning Report

As at 9:00 AM 18 September 2017

### Top News

#### NZ dollar falls vs pound after BoE's Vlieghe says higher rates may be needed

The New Zealand dollar fell against the pound after Gertjan Vlieghe, regarded as one of the more dovish Bank of England policymakers, said the central bank may have to raise interest rates in coming months.

Vlieghe's comments came a day after the BoE kept its benchmark rate unchanged and echoed the views of governor Mark Carney. The majority of the bank's policy committee now say some withdrawal of monetary stimulus "is likely to be appropriate over the coming months" to combat inflation.

Meanwhile, US retail sales fell 0.2% in August, against expectations of a 0.1% gain, and industrial production tumbled 0.9%. Weak data has been expected in the wake of Hurricane Harvey.

#### Eyes squarely on Fed

US Federal Reserve policymakers are in full focus this week as investors keenly await their take on recent data showing signs of an uptick in inflation and the impact on their plans for the pace of interest rate increases.

The Federal Open Market Committee ends its highly-anticipated two-day meeting on Wednesday and is expected to announce it will begin the well-telegraphed unwinding of its balance sheet while keeping its key rate steady.

This week's US economic data are due in the form of reports on the housing market index, due today; housing starts as well as import and export prices, due Tuesday; existing home sales, due Wednesday; weekly jobless claims, Philadelphia Fed business outlook survey, and leading indicators, due Thursday; and PMI composite flash, and Atlanta Fed business expectations, due Friday.

#### NZ shares fall in busy trade, A2 Milk, Heartland decline while Comvita, Scales gain

New Zealand shares dropped, led lower by A2 Milk and Heartland Bank, with Comvita and Scales Corp rising.

Recent general election polls, released by Colmar Brunton last night, showed that a Labour-Greens coalition would have enough seats to govern alone, while a Reid Research poll released on Tuesday had the incumbent National Party leading by ten percentage points.

Fisher & Paykel Healthcare had the largest turnover with \$38.4 million. The stock ended down 0.8% to \$12.85. Other large caps also dropped on busy volume, with A2 Milk Co down 3.6% to \$5.70, Heartland Bank falling 3.3% to \$1.78, Air New Zealand dropping 2.4% to \$3.25, and Spark New Zealand declining 2.1% to \$3.80.

Ryman Healthcare was down 0.7% to \$9.04, while fellow retirement stocks Metlifecare was unchanged at \$5.82 and Summerset rose 1.2% to \$5.16. Comvita was the best performer, up 1.9% to \$7.69, while Scales Corp gained 1.7% to \$3.52.

Outside the benchmark index, AWF Madison Group fell 5.9% to \$2.40. The country's biggest contract labour firm said profit in the first half ending Sept. 30 would fall after labour hiring weakened in the second quarter.

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NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,405.55	56.53	↓	0.67%
S&P/NZX 50 Index	7,762.66	56.57	↓	0.72%
S&P/NZX Mid Cap Index	22,237.82	155.62	↓	0.69%
S&P/NZX Small Cap	52,402.90	62.72	↑	0.12%
S&P/NZAX All Index	577.37	3.52	↑	0.61%
ASX Index				
Index	Last	Change		
ALL ORDINARIES	5,755.80	42.6	↓	0.74%
S&P/ASX 200	5,695.00	43.7	↓	0.77%
S&P/ASX SMALL ORD	2,456.1	17.8	↓	0.72%
S&P/ASX MIDCAP 50	6,138.0	23.9	↓	0.39%
S&P/ASX 20	3,200.4	26.4	↓	0.82%
Foreign Markets Index				
	Last	Change		
S&P 500	2,500.23	4.61	↑	0.18%
DJIA	22,268.34	64.86	↑	0.29%
Nasdaq	6,448.47	19.39	↑	0.30%
FTSE 100	7,215.47	79.92	↓	1.10%
ALL ORDINARIES	5,755.80	42.60	↓	0.74%
Nikkei 225	19,909.50	102.06	↑	0.52%
Hang Seng	27,807.59	30.39	↑	0.11%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9103			
USD	0.7281	0.0002	↑	0.03%
CNY	4.7700	0.0010	↑	0.02%
EUR	0.6109	0.0005	↑	0.08%
CAD	0.8877	0.0001	↑	0.01%
GBP	0.5369	0.0001	↑	0.02%
JPY	80.8655	0.0015	↑	
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.68			
10-year Swap	3.19			
Commodities				
	Last	Change		
Spot Gold \$US	1,319.73			
Spot Silver \$US	17.57			
Oil(WTI)	49.89	0.22	↑	0.44%