

# MORNING REPORT

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## Top News

### NZ dollar dips back below 70 US cts after dairy prices fall, economic data looms

The New Zealand dollar dipped back below 70 US cents after prices unexpectedly fell at the latest GlobalDairyTrade auction, raising doubts about Fonterra Cooperative Group's forecast payout to farmers.

The GDT price index dropped 3.9 percent to US\$2,969 at the overnight auction, with declines across all products, including New Zealand's key dairy export whole milk powder, which fell 2.5 percent to US\$2,755 a tonne. Fonterra has already reduced its forecast payout for the current season to \$6.40 per kilogram of milk solids and the latest auction is seen as putting that under pressure.

### Wall St pauses amid tax bill vote

Wall Street fell from record highs as investors eyed whether the Republican tax bill, set to cut corporate tax rates, will clear enough votes in the House and the Senate to land on US President Donald Trump's desk.

As of this morning, the Associated Press confirmed that the United States House of Representatives, under Majority Leader Paul Ryan, had passed the 'Tax Cuts and Jobs Act'. The bill is expected to be voted on by the Senate later in the afternoon, in what will be scrutinised as a test of Senate Majority Leader Mitch McConnell's ability to unite the GOP's differing views on tax reform.

At Monday's close, 30 percent of the companies in the S&P 500 traded above their average analyst price target, Bloomberg reported, citing data compiled by Strategas Research Partners, meaning that those stocks have already climbed to levels where they're expected to be 12 months from now.

The Dow moved lower as declines in shares of Apple and those of General Electric, down 0.9 percent and 0.8 percent respectively, outweighed gains in shares of Wal-Mart and those of Home Depot, both recently up 1 percent.

### NZ shares rise as A2 and Fletcher Building recover recent losses

New Zealand shares rose, led higher by Freightways and Comvita, as a2 Milk Co and Fletcher Building rebounded from recent selling ahead of the Christmas holiday.

Freightways was the best performer, rising 3.5 percent to \$7.78, and Comvita rose 3 percent to \$8.24.

Summerset Group Holdings rose 2.1 percent to \$5.34. The Wellington-based retirement village developer and operator lifted full-year earnings guidance on strong resales volumes and margins as well as good margins on new occupation right sales. It expects underlying profit to be in a range of \$77 million-to-\$79 million in calendar 2017 versus prior guidance of \$72 million-to-\$75 million, it said in a statement. That represents an increase on the previous year's underlying profit of between 36 percent and 40 percent, it said.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	9,123.802	60.162	▲	0.66%
S&P/NZX 50 Index	8,401.201	57.051	▲	0.68%
S&P/NZX MidCap Index	24,619.555	120.365	▲	0.49%
S&P/NZX SmallCap Index	58,172.466	237.996	▲	0.41%
S&P/NZAX All Index	527.068	15.712	▼	2.89%
ASX Index				
Index	Last		Change	
ASX All Ordinaries	6,163.20	33.20	▲	0.54%
S&P/ASX 200	6,071.80	32.90	▲	0.54%
ASX Small Ordinaries	2,739.10	17.80	▲	0.65%
S&P/ASX MIDCAP 50	6,812.40	57.70	▲	0.85%
S&P/ASX 20	3,360.70	15.70	▲	0.47%
Foreign Markets Index				
	Last		Change	
S&P 500	2,681.23	8.93	▼	0.33%
Dow Jones	24,750.37	41.83	▼	0.17%
NASDAQ Composite	6,953.83	40.93	▼	0.59%
FTSE 100	7,544.09	7.08	▲	0.09%
ASX All Ordinaries	6,163.20	33.20	▲	0.54%
NIKKEI 225	22,868.00	33.77	▼	0.15%
HANG SENG INDEX	29,253.66	203.25	▲	0.70%
Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9122	0.0003	▼	0.03%
USD	0.6992	0.0002	▼	0.03%
CNY	4.6170	0.0090	▼	0.19%
EUR	0.5901	0.0035	▼	0.59%
CAD	0.9003	0.0007	▲	0.08%
GBP	0.5224	0.0003	▼	0.06%
JPY	78.9645	0.2530	▲	0.32%
NZ Interest Rates				
	Last		Change	
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.64			
10-year Swap	3.10			
Commodities Futures				
	Last		Change	
Gold	1,264.70	0.80	▼	0.06%
Silver	16.17	0.04	▼	0.25%
Crude Oil	57.49	0.33	▲	0.58%

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