

# MORNING REPORT

As at 9:07 AM 21-12-17

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## Top News

### NZ dollar edges up as GDP looms, US tax bill passes Senate

The New Zealand dollar gained ahead of third-quarter gross domestic product figures likely to show the economy grew at a slower pace due to weak milk production and after US President Donald Trump's tax bill was approved by the Senate.

Economists expect New Zealand's economy probably grew 0.6 percent in the three months ended Sept. 30 with lower dairy production and weak household spending offsetting a bounce in the construction sector. Soft trade data and a surprise drop in dairy prices yesterday weighed on the kiwi dollar. However, the greenback wasn't buoyed by US legislators passing the tax bill, with some lingering concerns about whether Federal government funding will be approved to avoid a shutdown in January, limiting the local currency's weakness.

### Tax bill passes Congress, FedEx rallies

Wall Street moved higher after the Republican tax reform bill passed Congress and is set to deliver corporate tax cuts that will bolster profits including for FedEx.

Shares of FedEx rallied, up 3.6 percent as of 1.29pm in New York, after the company posted better-than-expected quarterly earnings and lifted its full-year earnings outlook.

FedEx also said the US tax overhaul bill could boost its 2018 earnings by an estimated US\$4.40 to US\$5.50 per share.

The Dow moved higher as gains in shares of Intel and those of Caterpillar, both recently up 0.9 percent, outweighed declines in shares of Walt Disney and those of General Electric, down 0.9 percent and 0.8 percent respectively.

In the latest US economic data, A National Association of Realtors report showed existing-home sales jumped 5.6 percent to a seasonally adjusted annual rate of 5.81 million in November from an upwardly revised 5.50 million in October. Sales are at their strongest pace since December 2006.

### NZ shares weaken as A2, property stocks drop, while Synlait gains on fresh milk plans

New Zealand shares fell, led lower by A2 Milk even as Synlait Milk gained, while Kiwi Property Group and Goodman Property declined.

A2 Milk Co led the index lower, down 2.6 percent to \$7.94, while Synlait Milk was the best performer, up 4.8 percent to \$7. Synlait today announced it will enter the fresh milk market in early 2019 by partnering with Foodstuffs South Island and will invest about \$125 million in a liquid dairy packaging plant.

The Dunsandel-based company will become Foodstuffs South Island's exclusive supplier of its private label fresh milk and cream under the supply agreement, it said in a statement. Fresh milk and cream from Synlait will be packaged in Value and Pams branded products.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	9,107.837	15.963	▼	0.17%
S&P/NZX 50 Index	8,383.564	17.636	▼	0.21%
S&P/NZX MidCap Index	24,615.755	3.795	▼	0.02%
S&P/NZX SmallCap Index	58,412.725	240.255	▲	0.41%
S&P/NZAX All Index	530.622	3.552	▲	0.67%
ASX Index				
Index	Last		Change	
ASX All Ordinaries	6,167.90	4.70	▲	0.08%
S&P/ASX 200	6,075.60	3.80	▲	0.06%
ASX Small Ordinaries	2,753.90	14.80	▲	0.54%
S&P/ASX MIDCAP 50	6,847.00	34.60	▲	0.51%
S&P/ASX 20	3,359.60	1.10	▼	0.03%
Foreign Markets Index				
	Last		Change	
S&P 500	2,680.93	0.54	▼	0.02%
Dow Jones	24,727.41	27.34	▼	0.11%
NASDAQ Composite	6,962.94	0.91	▼	0.01%
FTSE 100	7,525.22	18.87	▼	0.25%
ASX All Ordinaries	6,167.90	4.70	▲	0.08%
NIKKEI 225	22,891.72	23.72	▲	0.10%
HANG SENG INDEX	29,234.09	19.57	▼	0.07%
Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9102	0.0001	▲	0.01%
USD	0.6979	0.0005	▲	0.07%
CNY	4.5900	0.0130	▼	0.28%
EUR	0.5873	0.0017	▼	0.29%
CAD	0.8953	0.0028	▼	0.31%
GBP	0.5211	0.0001	▲	0.02%
JPY	79.1360	0.4140	▲	0.53%
NZ Interest Rates				
	Last		Change	
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.65			
10-year Swap	3.12			
Commodities Futures				
	Last		Change	
Gold	1,269.40	5.20	▲	0.41%
Silver	16.25	0.09	▲	0.57%
Crude Oil	58.10	0.54	▲	0.94%

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