

MORNING REPORT

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Top News

NZ dollar falls vs Aussie on speculation higher GDP track won't faze RBNZ

The New Zealand dollar fell against the Aussie, reversing its gains yesterday when figures showed a stronger track for economic growth, on speculation the data won't faze the Reserve Bank given there's still little sign of inflation.

The local currency rallied yesterday after figures showed the economy grew 0.6 percent in the third quarter, meeting expectations, while the second-quarter rate was revised up to 1 percent from 0.8 percent. The revisions followed changes to the way Stats NZ calculates gross domestic product. In its last monetary policy statement on Nov. 9, the RBNZ said underlying inflation "remains subdued", with non-tradables inflation expected to increase gradually and tradables inflation expected "to soften in line with projected low global inflation".

Financial, energy shares gain

Wall Street climbed, bolstered by gains in bank and energy stocks, on optimism corporate tax cuts will lift profits and underpin economic growth.

A Commerce Department report showed US gross domestic product grew at a 3.2 percent annualised pace in the third quarter. While the third GDP estimate was revised lower from the 3.3 percent reported last month, it remains the fastest pace since early 2015.

The US dollar gained, as did Treasuries, pushing yields on the 10-year note 1 basis point lower to 2.48 percent. Investors are also digesting the impact of the new tax overhaul bill, which passed Congress on Wednesday.

The Dow rose as advances in shares of Chevron and those of Goldman Sachs, recently up 3.9 percent and 2.4 percent respectively, outweighed declines in shares of Intel and those of Coca-Cola, down 1.5 percent and 0.7 percent respectively.

NZ shares fall in light trading; Freightways and Kathmandu drop, Moa gains on price enquiry

New Zealand shares fell, led lower by Freightways and Kathmandu Holdings in the last full day of trading before Christmas, while Comvita, Synlait Milk and Moa Group gained.

The Republican-controlled US House of Representatives gave final approval on Wednesday to the biggest overhaul of the US tax code in 30 years that includes tax cuts and a new deduction on business income.

Tourism Holdings dipped 0.4 percent to \$5.50. The company said the new US corporate tax rate is effective from Jan. 1, but it isn't clear yet whether there is an impact on its tax expense in the current financial year ended June 30 2018, however, the positive annual recurring financial impact of the tax change on its reported net profit, based on current levels of earnings and current exchange rates, is expected to be between \$2.3 million and \$3 million. Freightways led the index lower, falling 2.6 percent to \$7.60, with Kathmandu Holdings down 2.1 percent to \$2.37 and Heartland Bank dropping 1.4 percent to \$2.05. Contact Energy fell 0.4 percent to \$5.57.

NZX Index				
Index	Last	Change		

S&P/NZX All Index	9,090.256	17.584	▼	0.19%
S&P/NZX 50 Index	8,364.441	19.119	▼	0.23%
S&P/NZX MidCap Index	24,564.092	51.658	▼	0.21%
S&P/NZX SmallCap Index	58,458.904	46.184	▲	0.08%
S&P/NZAX All Index	536.450	5.830	▲	1.10%

ASX Index				
Index	Last	Change		

ASX All Ordinaries	6,156.30	11.60	▼	0.19%
S&P/ASX 200	6,060.40	15.20	▼	0.25%
ASX Small Ordinaries	2,761.80	7.90	▲	0.29%
S&P/ASX MIDCAP 50	6,844.00	3.00	▼	0.04%
S&P/ASX 20	3,346.60	13.00	▼	0.39%

Foreign Markets Index				
	Last	Change		

S&P 500	2,687.77	8.52	▲	0.32%
Dow Jones	24,810.69	84.04	▲	0.34%
NASDAQ Composite	6,971.51	10.55	▲	0.15%
FTSE 100	7,603.98	78.76	▲	1.05%
ASX All Ordinaries	6,156.30	11.60	▼	0.19%
NIKKEI 225	22,866.10	25.62	▼	0.11%
HANG SENG INDEX	29,367.06	132.97	▲	0.45%

Currencies (per NZ\$ 1.00)				
	Last	Change		

AUD	0.9099	0.0048	▼	0.52%
USD	0.7011	0.0002	▼	0.03%
CNY	4.6150	0.0030	▲	0.07%
EUR	0.5905			
CAD	0.8924	0.0075	▼	0.83%
GBP	0.5239	0.0004	▼	0.08%
JPY	79.4540	0.0385	▼	0.05%

NZ Interest Rates				
	Last	Change		

NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.68			
10-year Swap	3.16			

Commodities Futures				
	Last	Change		

Gold	1,270.90	1.30	▲	0.10%
Silver	16.20	0.07	▼	0.43%
Crude Oil	58.24	0.15	▲	0.26%

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Merry Christmas and Happy Holidays!

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