

MORNING REPORT

As at 9:00 AM 22-01-18

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Top News

NZ dollar hold below 73 US cts as investors shrug off US govt shutdown

The New Zealand dollar held below 73 US cents at the local open as investors largely shrugged off Washington legislators' inability to reach a deal and avoid a shutdown of Federal government services.

US legislators in the Senate failed to reach an agreement over immigration policy over the weekend, missing a deadline to extend funding for the Federal government. However, investors largely ignored the political stalemate as stocks on Wall Street closed at new records on optimism over company earnings. US politics will continue to attract attention throughout, with the shutdown creating uncertainty as to whether US President Donald Trump will attend the World Economic Forum in Davos, Switzerland this week.

Local markets are expected to be quiet with some participants away for the Wellington Anniversary holiday and no data scheduled for release. Fourth quarter inflation data on Thursday is the key domestic event this week.

Results from Netflix, Caterpillar

Wall Street, at record highs, is expected to largely shrug off the US federal government's shutdown and instead focus on the latest corporate earnings including from Netflix, Procter & Gamble, Caterpillar and General Electric.

Last Friday, the Dow Jones Industrial Average rose 0.2 percent, the Standard & Poor's 500 Index gained 0.4 percent, while the Nasdaq Composite Index climbed 0.6 percent.

Given the government's shutdown, the White House will decide "day-to-day" on whether US President Donald Trump, members of his Cabinet and other administration officials will attend Davos, Bloomberg reported. The US president is expected to arrive at Davos on Thursday, and deliver a speech on Friday.

US Treasuries fell on Friday, pushing yields on the 10-year note above 2.65 percent for the first time since June 2014, amid expectations that the Federal Reserve will continue to tighten monetary policy.

NZ shares up as A2, Genesis rally, while Pushpay drops

New Zealand shares gained, led by a recent rally in A2 Milk Co and as Genesis Energy rose on a strong quarterly report, while investors continued to sell down Pushpay Holdings after last year's massive gains.

A2 Milk led the index higher, up 2.8 percent to \$8.53. Earlier in the week the company told the stock exchange it plans to roll out its US business to nine states on the eastern seaboard, which it expects will expand its retail footprint by more than a third.

Genesis Energy rose 1.9 percent to \$2.48. In a second-quarter performance update today, the company said it had continued organic growth in LPG customers, up 27 percent from the prior comparable quarter, and a 24 percent lift in B2B electricity sales. These were offset by residential electricity and gas declines in part due to a warmer than average quarter.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	9,030.208	16.828	▲	0.19%
S&P/NZX 50 Index	8,289.963	17.293	▲	0.21%
S&P/NZX MidCap Index	24,391.302	35.238	▼	0.14%
S&P/NZX SmallCap Index	59,947.841	183.359	▼	0.30%
S&P/NZAX All Index	546.266	2.586	▲	0.48%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,119.30	11.10	▼	0.18%
S&P/ASX 200	6,005.80	8.80	▼	0.15%
ASX Small Ordinaries	2,741.90	11.20	▼	0.41%
S&P/ASX MIDCAP 50	6,726.10	8.80	▼	0.13%
S&P/ASX 20	3,350.20	2.80	▼	0.08%
Foreign Markets Index				
	Last	Change		
S&P 500	2,810.30	12.27	▲	0.44%
Dow Jones	26,071.72	53.91	▲	0.21%
NASDAQ Composite	7,336.38	40.33	▲	0.55%
FTSE 100	7,730.79	29.83	▲	0.39%
ASX All Ordinaries	6,119.30	11.10	▼	0.18%
NIKKEI 225	23,808.06	44.69	▲	0.19%
HANG SENG INDEX	32,254.89	132.95	▲	0.41%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9109	0.0016	▲	0.18%
USD	0.7285	0.0008	▲	0.11%
CNY	4.6570			
EUR	0.5938	0.0016	▼	0.27%
CAD	0.9092	0.0004	▲	0.04%
GBP	0.5245	0.0007	▼	0.13%
JPY	80.6050	0.0700	▲	0.09%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.78			
10-year Swap	3.29			
Commodities Futures				
	Last	Change		
Gold	1,331.10	3.90	▲	0.29%
Silver	17.02	0.07	▲	0.42%
Crude Oil	63.57	0.38	▼	0.59%

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