

Morning Report

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Top News

NZ dollar falls to two-month low after fiscal update shows weaker growth

The New Zealand dollar fell, touching a two-month low, after the pre-election fiscal showed weaker economic growth and smaller Budget surpluses.

The forecasts showed a bigger surplus for the 2017 financial year, largely at the expense of out-years and scaled back projections for economic growth from the May update, with Treasury predicting gross domestic product grew 2.8% in the 2017 June year, a slower pace than the 3.1% previously forecast. With polls showing a close election race and a central bank determined to keep interest rates low, there has been little local news to underpin the kiwi.

Trump shutdown threats hit Wall St

Wall Street moved lower as US President Donald Trump's threats to shut down the government if Congress does not fund a wall on the southern border revived concern about the administration's ability to move ahead with plans for tax reform.

Wall Street's fear gauge—the CBOE Volatility Index or the VIX—jumped 5.7% to 12.00. US Treasuries rose, sending the yield on 10-year notes three basis points lower to 2.18%.

The Dow moved lower as slides in shares of Home Depot and those of Johnson & Johnson, down 1.4% and 1.1% respectively, outweighed gains in shares of United Technologies and those of IBM, up 1.7% and 1% respectively recently.

Meanwhile, a Commerce Department report showed new US home sales unexpectedly fell in July, dropping 9.4% to a seasonally adjusted annual rate of 571,000 units, the lowest level since December.

NZ shares rise as A2 hits record, Air NZ gains on earnings; Sky TV falls

New Zealand shares rose led by A2 Milk Co reaching a record and Air New Zealand gaining on their respective annual earnings while Sky Network Television extended its decline.

A2 Milk climbed 5.9% to a record \$5.20. The milk marketer tripled its annual profit to \$90.6 million and said it would use some of its accumulated cash to buy back shares, and may pay a special dividend.

A2 is the best performing stock on the benchmark S&P/NZX 50 Index this year as it benefits from increased global demand for its infant formula, which generated 72% of its sales in the year, up from 61% in the previous year. The niche milk marketer migrated to the NZX's main board in late 2012 and is now the 11th largest New Zealand stock on the benchmark with a market value of \$3.57 billion.

Metlifecare gained 2.1% to \$5.88 and Tourism Holdings rose 1.6% to \$4.57. Air New Zealand's shares advanced 0.3% to \$3.41 after it said its full year earnings fell 21% to \$527 million in an increasingly competitive market. Earnings were still the second highest ever as the airline continues to benefit from lower jet fuel prices and the country's ongoing tourism boom.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,532.77	11.97	↑	0.14%
S&P/NZX 50 Index	7,879.45	12.38	↑	0.16%
S&P/NZX Mid Cap Index	22,514.95	100.15	↑	0.45%
S&P/NZX Small Cap	53,051.72	49.02	↑	0.09%
S&P/NZAX All Index	548.04	4.15	↓	0.75%
ASX Index				
Index	Last	Change		
ALL ORDINARIES	5,792.7	12.1	↓	0.21%
S&P/ASX 200	5,737.2	12.9	↓	0.22%
S&P/ASX SMALL ORD	2,403.9	3.0	↓	0.12%
S&P/ASX MIDCAP 50	6,233.9	21.5	↓	0.34%
S&P/ASX 20	3,241.7	7.8	↓	0.24%
Foreign Markets Index				
	Last	Change		
S&P 500	2,444.04	8.47	↓	0.35%
DJIA	21,812.09	87.8	↓	0.40%
Nasdaq	6,278.41	19.07	↓	0.30%
FTSE 100	7,382.65	0.91	↑	0.01%
ALL ORDINARIES	5,792.70	12.10	↓	0.21%
Nikkei 225	19,434.64	50.80	↑	0.26%
Hang Seng	27,401.67	246.99	↑	0.91%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9141	0.0060	↓	0.65%
USD	0.7225	0.0053	↓	0.73%
CNY	4.8090	0.0390	↓	0.80%
EUR	0.6116	0.0072	↓	1.16%
CAD	0.9066	0.0078	↓	0.85%
GBP	0.5644	0.0032	↓	0.56%
JPY	78.7175	1.0265	↓	1.29%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.66			
10-year Swap	3.16			
Commodities				
	Last	Change		
Spot Gold \$US	1,290.02	5.32	↑	0.41%
Spot Silver \$US	17.06	0.10	↑	0.59%
Oil(WTI)	48.38	0.74	↑	1.55%

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