



## MORNING REPORT

As at 9:05 AM 28-02-18

Web: [www.equity.co.nz](http://www.equity.co.nz) / E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz) / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ

### Top News

#### NZ dollar falls as Fed's Powell talks up US economic outlook

The New Zealand dollar fell as Federal Reserve chair Jerome Powell gave an upbeat assessment of the US economy, stoking expectations for US interest rates to rise and prompting stocks on Wall Street to decline.

In his first Congressional testimony as Fed chair, Powell stuck to the official view that interest rate increases will be "gradual". However, in response to a question on what would accelerate the pace of tightening, he said his personal view was that the US economy has strengthened since December. The yield on US 10-year Treasuries rose 5.5 basis points to 2.91 percent. Powell will testify before the Senate Banking Committee on Thursday in Washington.

#### Stocks, bonds fall on Powell's economic optimism

Wall Street moved lower as did US Treasuries, while the dollar rose, amid concern comments from Federal Reserve Chairman Jerome Powell suggested the central bank might have to raise interest rates more than previously thought.

In prepared remarks for his first testimony as Fed chairman before House Financial Services Committee, Powell pointed to "further gradual increases in the federal funds rate," adding that, "as always, the path of monetary policy will depend on the economic outlook as informed by incoming data."

Even so, a Commerce Department report showed orders for durable goods fell more than expected in January, sliding 3.7 percent from December.

The Dow fell as declines in shares of Walt Disney and those of Nike, down 4 percent and 1.7 percent respectively, outweighed gains in shares of Intel and those of Boeing, recently up 2.6 percent and 1.6 percent respectively.

#### NZ shares gain for fifth day, led by Synlait on North Island plans

New Zealand shares rose for a fifth day, following overseas markets higher, led by Synlait Milk after the milk processor bought a plot in Waikato for a new manufacturing facility. Spark New Zealand, Fletcher Building, and Air New Zealand all gained.

New Zealand's market is also nearing the end of what's been a positive corporate reporting season, with most companies meeting expectations, meaning the historical price-to-earnings ratio of 18.5 isn't stretched. That compares to Australia's S&P/ASX 200 index's PE of 16 and Wall Street's S&P 500 index's PE of 23.2.

Synlait led the local bourse higher, gaining 3.3 percent to \$7.15 after the company said it bought a site in Pokeno where it planned to build a second drying facility, spreading its geographic supply base and expanding processing capacity to meet growing demand for infant formula. A2 Milk Co, which has a long-running relationship with Synlait, gained 0.4 percent to \$13.10, while Fonterra Shareholders Fund units decreased 0.2 percent to \$6.07.

Spark rose 2 percent to \$3.395, Fletcher Building gained 1.5 percent to \$6.63 and Air NZ advanced 2.6 percent to \$3.17.

#### NZX Index

Index	Last	Change
S&P/NZX All Index	9,076.281	19.281 ▲ 0.21%
S&P/NZX 50 Index	8,360.377	19.847 ▲ 0.24%
S&P/NZX MidCap Index	23,598.855	66.035 ▲ 0.28%
S&P/NZX SmallCap Index	57,324.475	96.085 ▲ 0.17%
S&P/NZX All Index	561.410	3.770 ▼ 0.67%

#### ASX Index

Index	Last	Change
ASX All Ordinaries	6,159.30	13.20 ▲ 0.21%
S&P/ASX 200	6,056.90	14.70 ▲ 0.24%
ASX Small Ordinaries	2,762.40	1.70 ▼ 0.06%
S&P/ASX MIDCAP 50	6,867.80	2.90 ▲ 0.04%
S&P/ASX 20	3,370.00	11.40 ▲ 0.34%

#### Foreign Markets Index

	Last	Change
S&P 500	2,757.69	21.91 ▼ 0.79%
Dow Jones	25,541.98	167.29 ▼ 0.65%
NASDAQ Composite	7,364.18	57.28 ▼ 0.77%
FTSE 100	7,282.45	7.13 ▼ 0.10%
ASX All Ordinaries	6,159.30	13.20 ▲ 0.21%
NIKKEI 225	22,389.86	236.23 ▲ 1.07%
HANG SENG INDEX	31,268.66	229.94 ▼ 0.73%

#### Currencies (per NZ\$ 1.00)

	Last	Change
AUD	0.9285	0.0015 ▼ 0.16%
USD	0.7237	0.0066 ▼ 0.90%
CNY	4.5720	0.0480 ▼ 1.04%
EUR	0.5916	0.0014 ▼ 0.24%
CAD	0.9232	0.0032 ▼ 0.35%
GBP	0.5202	0.0028 ▼ 0.54%
JPY	77.7420	0.3730 ▼ 0.48%

#### NZ Interest Rates

	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.71	
10-year Swap	3.21	

#### Commodities Futures

	Last	Change
Gold	1,318.80	1,400.00 ▼ 1.05%
Silver	16.43	0.19 ▼ 1.16%
Crude Oil	62.97	0.94 ▼ 1.47%

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk.

**Do you need to make any changes to your portfolio?**  
[www.equity.co.nz](http://www.equity.co.nz) E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz)

Contact Equity Investment Advisers today.  
Tel: +64 (9)304 0145