

Morning Report

As at 8:55 AM 28 July 2017

Top News

NZ dollar falls back below 75 US cents as US durable goods data helps greenback recover

The New Zealand dollar fell below 75 US cents, having touched a 26-month high against the greenback yesterday, after US durable goods orders rose more than expected in June, stoking optimism the world's biggest economy didn't falter in the second quarter.

US durable goods orders rose 6.5% in June, helped by aircraft orders, beating expectations for a 3.9% gain. The Commerce department data comes ahead of Friday's release of the advanced gross domestic product estimate for the second quarter, which is expected to show annualised growth accelerated to 2.5% from 1.4%. The US dollar index rose, having tumbled yesterday after the market seized on Federal Reserve comments that seemed to signal a stronger intent to normalise its balance sheet.

While you were sleeping: UPS fails to deliver

Wall Street was mixed, retreating after touching fresh record highs earlier in the day, as slides in shares of United Parcel Service and tech stocks including those of Apple weighed on sentiment.

Shares of UPS dropped, down 4.5% as of 3.19pm in New York, after the world's largest package delivery company offered a full-year outlook that failed to meet analysts' expectations.

In the Dow, rallies in shares of Verizon and those of Merck, recently up 7.6% and 3.3% respectively, outweighed declines in shares of Apple and those of American Express, recently down 2.3% and 2% respectively.

NZ shares mixed, A2 at record while Fletcher, Tower recover, Sky City drops

New Zealand shares were mixed, with A2 Milk Co at a fresh record and Fletcher Building continuing to recover, while Sky City Entertainment Group fell. A2 Milk Co led the index for the second day running, up 7.6% to \$4.52, a new record.

Oceania Health rose 1% to 97 cents. The company, which listed in May, said full-year net profit and pro-forma underlying earnings exceeded its forecasts on the back of a lift in the valuation of its care and retirement village assets, at \$44.9 million compared to the \$25.3 million forecast, and it is on track to meet its forecast for the 2018 financial year.

Fletcher Building gained 0.8% to \$7.84. The stock sustained losses beginning last week, falling as low as \$7.47 on Monday, when Fletcher downgraded its 2017 earnings for the second time this year, with chief executive Mark Adamson leaving immediately. It has recovered nearly 5% this week.

Sky City dropped 1.4% to \$3.45. The casino owner announced yesterday it will write off all the goodwill in its Darwin casino complex with an A\$95 million impairment, saying increased competition for gaming machines in the Northern Territory hurt revenue and earnings. The non-cash impairment will be recognised in its results for the year ended June 30 and will reduce the book value of the Darwin property to A\$195 million.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,356.43	2.00	↑	0.02%
S&P/NZX 50 Index	7,711.72	1.13	↑	0.01%
S&P/NZX Mid Cap Index	21,985.91	97.58	↑	0.45%
S&P/NZX Small Cap	52,490.85	89.35	↑	0.17%
S&P/NZX All Index	580.85	2.85	↓	0.49%

ASX Index				
Index	Last	Change		
ALL ORDINARIES	5,832.2	8.9	↑	0.15%
S&P/ASX 200	5,785.0	8.4	↑	0.15%
S&P/ASX SMALL ORD	2,403.2	10.2	↑	0.42%
S&P/ASX MIDCAP 50	6,225.9	28.6	↓	0.46%
S&P/ASX 20	3,308.7	8.0	↑	0.24%

Foreign Markets Index				
	Last	Change		
S&P 500	2,475.42	2.41	↓	0.10%
DJIA	21,796.55	85.54	↑	0.39%
Nasdaq	6,382.19	40.56	↓	0.63%
FTSE 100	7,443.01	9.31	↓	0.12%
ALL ORDINARIES	5,832.20	8.90	↑	0.15%
Nikkei 225	20,079.64	29.48	↑	0.15%
Hang Seng	27,131.17	190.15	↑	0.71%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9398	0.0003	↑	0.03%
USD	0.7487	0.0036	↓	0.48%
CNY	5.0470	0.0330	↓	0.65%
EUR	0.6412	0.0005	↑	0.08%
CAD	0.9400	0.0038	↑	0.41%
GBP	0.5732	0.0001	↓	0.02%
JPY	83.2900	0.3245	↓	0.39%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.94	
5-year Swap	2.75	
10-year Swap	3.28	

Commodities				
	Last	Change		
Spot Gold \$US	1,258.40	2.48	↓	0.20%
Spot Silver \$US	16.56	0.09	↓	0.52%
Oil(WTI)	49.01	0.30	↑	0.62%

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