

## Morning Report

As at 9:00 AM 31 August 2017

### Top News

#### NZ dollar drops to 2-1/2 month low as US private jobs, GDP data beats estimates

The New Zealand dollar fell below 72 US cents to a 2 1/2-month low as reports on US economic growth and private jobs printed stronger than expected.

Second-quarter gross domestic product in the US rose at a revised 3% annual rate against expectations of a 2.7% gain. Locally, traders will be watching for the release of the ANZ Business Outlook today for evidence that business confidence remains robust.

Reserve Bank governor Graeme Wheeler said in a speech yesterday that "the prospects look promising" for continued robust economic growth in New Zealand over the next two years. He also said a lower New Zealand dollar "is needed to increase tradables inflation and help deliver more balanced growth", comments that briefly drove down the kiwi.

#### Optimism on US economy firms

Wall Street gained as the latest data on US gross domestic product and the labour market bolstered optimism about the outlook for the economy.

The Dow moved higher as advances in shares of Cisco and those of Goldman Sachs, recently up 1.7% and 1.6% respectively, outweighed declines in shares of Travelers and those of General Electric, both down 0.8% recently. A Commerce Department report showed gross domestic product expanded at a 3.0% annual rate in the second quarter, an upward revision from the 2.6% pace reported last month and the fastest pace in two years.

Separately, an ADP report showed that US private employers added 237,000 jobs in August, exceeding economists' expectations.

US President Donald Trump spoke on tax reform at an event in Springfield, Missouri. "This is our once-in-a-generation opportunity to deliver real tax reform for everyday hard-working Americans and I am fully committed to work with Congress to get this job done and I don't want to be disappointed by Congress, do you understand?" Trump said, Reuters reported. Expectations for tax reform have underpinned Wall Street since Trump's election.

#### NZ shares bounce back up, Metro Glass gains while Contact falls

New Zealand shares gained, bouncing after yesterday's selling, with Metro Performance Glass leading the index up while Contact Energy dropped.

Metro Performance Glass was the best performer, rising 3.8% to \$1.09. It has been sold down heavily since its result, plunging 24% before today's selling. Spark New Zealand gained 1.6% to \$3.89. The telco benefitted from yesterday's broadband announcement, as its joint bid with Vodafone and 2degrees was awarded the \$150 million tender to extend rural broadband and provide mobile coverage.

Chorus was unchanged at \$4.05. It says it will deliver ultrafast broadband to 87% of the country by 2022, two years ahead of schedule, and will expand its fibre rollout to 54,500 "rural premises" with a total cost of \$130 million from a deal with Crown Fibre Holdings. Contact Energy was the worst performer, down 2% to \$5.45, while Ebos Group dropped 1.3% to \$17.07.

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NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,421.62	27.75	↑	0.33%
S&P/NZX 50 Index	7,775.20	27.22	↑	0.35%
S&P/NZX Mid Cap Index	52,274.34	20.04	↑	0.04%
S&P/NZX Small Cap	22,311.92	41.33	↑	0.19%
S&P/NZAX All Index	560.38	9.01	↑	1.63%
ASX Index				
Index	Last	Change		
ALL ORDINARIES	5,733.8	0.20	↑	0.00%
S&P/ASX 200	5,669.7	0.70	↑	0.01%
S&P/ASX SMALL ORD	2,413.1	9.00	↑	0.37%
S&P/ASX MIDCAP 50	6,151.0	2.80	↓	0.05%
S&P/ASX 20	3,178.5	7.70	↓	0.24%
Foreign Markets Index				
	Last	Change		
S&P 500	2,457.59	11.29	↑	0.46%
DJIA	21,892.43	27.06	↑	0.12%
Nasdaq	6,368.31	66.42	↑	1.05%
FTSE 100	7,365.26	27.83	↑	0.38%
ALL ORDINARIES	5,733.80	0.20	↑	
Nikkei 225	19,506.54	143.99	↑	0.74%
Hang Seng	28,094.61	329.60	↑	1.19%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9114	0.0003	↑	0.03%
USD	0.7199	0.0001	↑	0.01%
CNY	4.7450			
EUR	0.6060	0.0003	↑	0.05%
CAD	0.9091	0.0007	↑	0.08%
GBP	0.5572	0.0003	↑	0.05%
JPY	79.3290	0.0160	↓	0.02%
NZ Interest Rates				
	Last	Change		
NZ OCR	1.75			
3-month Bank Bill	1.97			
5-year Swap	2.65			
10-year Swap	3.12			
Commodities				
	Last	Change		
Spot Gold \$US	1,308.50	0.02	↓	
Spot Silver \$US	17.38	0.02	↓	0.14%
Oil(WTI)	46.49	0.20	↓	0.43%