

MORNING REPORT

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Top News

NZ dollar gains amid talk of staged US tax cuts, busy week for central bankers

The New Zealand dollar rose in a week that features policy reviews from the Bank of Japan, Federal Reserve and Bank of England as reports of staged tax cuts in the US weighed on the greenback.

In New Zealand, traders will be watching for September building permits and October business confidence, which may indicate corporate views about the new coalition government. But offshore events are likely to dominate trading.

As well as central bank statements, US President Donald Trump is to announce his choice for new Fed chair this week while US payrolls data on Friday is expected to show a bounce back after a hurricane-related dip.

Concern on US tax reform, Merck

Wall Street slid amid concern about the highly-anticipated tax reform by the Trump administration, while shares of Merck dropped amid disappointment about one of its key drugs.

House tax writers are discussing a gradual phase-in for the corporate tax-rate cut that President Donald Trump and Republican leaders want—a schedule that would have the rate reach 20% in 2022, Bloomberg reported, citing a member of the chamber's tax-writing committee and a person familiar with the discussions.

The Dow fell as slides in shares of Merck and those of General Electric, recently down 5.6% and 2.5% respectively, outweighed advances in shares of Apple and those of Travelers, recently up 2.1% and 1.1% respectively. Merck shares fell after several analysts downgraded the stock amid concern about its key drug, Keytruda.

Shares of Apple gained amid reports of solid demand for its iPhone X, for which the company began taking orders last Friday.

NZ shares heading for 2.5% gain in October despite election; Scales, Synlait, A2 gain

New Zealand shares rose, buoyed by exporters Scales Corp and Synlait Milk, while Mainfreight and Air New Zealand fell as investors weigh up possible policy changes from the new government.

Scales Corp led the index, up 4.6% to \$3.88. Solly said offshore earners like Scales, Synlait Milk and A2 Milk had bounced on continued currency weakness. Synlait rose 3.5% to \$8.24 and A2 gained 1.7% to \$8.75.

Tourism Holdings advanced 1.6% to \$5. Chinese investment manager Citic Capital, which oversees US\$21 billion of assets, has boosted its stake in the motorhome operator to almost 11% having emerged as a substantial shareholder earlier this month.

| NZX Index | | | | |
|-----------------------|-----------|--------|--------|-------|
| Index | Last | | Change | |
| S&P/NZX All Index | 8,807.16 | 59.32 | ↑ | 0.68% |
| S&P/NZX 50 Index | 8,143.98 | 58.99 | ↑ | 0.73% |
| S&P/NZX Mid Cap Index | 24,390.02 | 132.72 | ↑ | 0.55% |
| S&P/NZX Small Cap | 53,948.70 | 47.29 | ↑ | 0.09% |
| S&P/NZAX All Index | 565.70 | 5.05 | ↑ | 0.90% |

| ASX Index | | | | |
|-------------------|----------|-------|--------|-------|
| Index | Last | | Change | |
| ALL ORDINARIES | 5,983.70 | 14.40 | ↑ | 0.24% |
| S&P/ASX 200 | 5,919.10 | 15.90 | ↑ | 0.27% |
| S&P/ASX SMALL ORD | 2,593.00 | 1.90 | ↑ | 0.07% |
| S&P/ASX MIDCAP 50 | 6,506.30 | 23.00 | ↑ | 0.35% |
| S&P/ASX 20 | 3,304.70 | 8.40 | ↑ | 0.25% |

| Foreign Markets Index | | | | |
|-----------------------|-----------|--------|--------|-------|
| | Last | | Change | |
| S&P 500 | 2,572.72 | 8.35 | ↓ | 0.32% |
| DJIA | 23,348.39 | 85.80 | ↓ | 0.37% |
| Nasdaq | 6,698.96 | 2.30 | ↓ | 0.03% |
| FTSE 100 | 7,487.81 | 17.22 | ↓ | 0.23% |
| ALL ORDINARIES | 5,983.70 | 14.40 | ↑ | 0.24% |
| Nikkei 225 | 22,011.67 | 3.22 | ↑ | 0.01% |
| Hang Seng | 28,336.19 | 102.66 | ↓ | 0.36% |

| Currencies (per NZ\$ 1.00) | | | | |
|----------------------------|---------|--------|--------|-------|
| | Last | | Change | |
| AUD | 0.8944 | 0.0023 | ↓ | 0.26% |
| USD | 0.6879 | 0.0004 | ↓ | 0.06% |
| CNY | 4.5700 | 0.0040 | ↓ | 0.09% |
| EUR | 0.5900 | 0.0027 | ↓ | 0.46% |
| CAD | 0.8818 | 0.0006 | ↓ | 0.07% |
| GBP | 0.5206 | 0.0037 | ↓ | 0.71% |
| JPY | 77.8125 | 0.4560 | ↓ | 0.58% |

| NZ Interest Rates | | | | |
|-------------------|------|--|--------|--|
| | Last | | Change | |
| NZ OCR | 1.75 | | | |
| 3-month Bank Bill | 1.94 | | | |
| 5-year Swap | 2.66 | | | |
| 10-year Swap | 3.20 | | | |

| Commodities | | | | |
|------------------|----------|------|--------|-------|
| | Last | | Change | |
| Spot Gold \$US | 1,275.45 | 1.87 | ↑ | 0.15% |
| Spot Silver \$US | 16.82 | 0.02 | ↓ | 0.09% |
| Oil(WTI) | 54.06 | 0.16 | ↑ | 0.30% |

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Do you need to make any changes to your portfolio? Contact Equity Investment Advisers today. Web: www.equity.co.nz / E-mail: Info@equity.co.nz / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ