

MORNING REPORT

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Top News

US Treasuries gain, Wall St mixed

US Treasuries rose, while Wall Street was mixed as investors eyed the latest on US tax reform plans and Brexit talks.

Meanwhile, the latest US jobs data offered further evidence of strength. An ADP Research Institute report showed private US employers added 190,000 workers to their payrolls in November.

US Treasuries rose; also, the Treasury yield curve flattened, with the spread between five- and 30-year US yields narrowing to 58 basis points as the market prices in more rate hikes from the Federal Reserve next year, according to Bloomberg.

UK Prime Minister Theresa May is facing an impasse in her efforts to negotiate a Brexit deal. Northern Ireland's Democratic Unionist Party thinks it will be challenging to get a deal done this week as it's demanding significant changes to a text, on what the Irish border should look like after Brexit, Bloomberg reported, citing a person familiar with the party's thinking.

NZ dollar falls as Fonterra cuts forecast, US tax reform seen stoking greenback repatriation

Fonterra lowered its forecast payment to farmers by 35 cents to \$6.40 per kilogram of milk solids, matching economists' expectations for a reduced payout after several subdued auctions on the GlobalDairyTrade platform. The world's biggest dairy exporter blamed volatility in global prices for the decline with increased production in Europe, and also trimmed its forecast milk collection for the 2018 season. New Zealand property values also crept up in the latest Quotable Value figures today.

"The fact the kiwi is hanging in there, despite a stronger USD may reflect Fonterra's downgrade, perhaps not being as large as feared and also better QV house prices," ANZ Bank New Zealand senior economist Phil Borkin said in a note. "It highlights a reasonable base of support at present."

NZ shares fall, Synlait and Tegel drop while Scales hits record

Synlait Milk was the worst performer, down 3.6 percent to \$6.80, while Fletcher Building dropped 3 percent to \$6.79 and Xero declined 3 percent to \$30.03.

Scales Corp was the biggest gainer, up 7.6 percent to \$4.25. The day before yesterday, it said it expects full-year earnings to be at the upper end of guidance, on the performance of its horticulture division and new acquisitions. Earnings will rise in 2018, it said.

Z Energy traded lower for most of the day, falling as low as \$7.44, but closed up 0.1 percent to \$7.68. Today, the government said it has asked the Ministry of Business, Innovation and Employment to further investigate fuel prices and is looking to increase the Commerce Commission's market studies powers by the end of next year, after getting more information on the fuel market.

The government's release this afternoon, included submissions from Z Energy, BP Oil New Zealand, Gull New Zealand and Mobil Oil New Zealand, written after the study was released in July. Z said it was "open to a conversation around the point of how to encourage a more liquid wholesale market", but stressed the importance of maintaining a commercial approach to the matter, whilst protecting the property rights of companies that invest in assets.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	8,823.072	54.898	▼ 0.62%
S&P/NZX 50 Index	8,130.857	46.603	▼ 0.57%
S&P/NZX MidCap Index	24,207.033	86.547	▼ 0.36%
S&P/NZX SmallCap Index	55,804.916	658.384	▼ 1.17%
S&P/NZAX All Index	563.594	0.766	▼ 0.14%
ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,029.86	27.45	▼ 0.45%
S&P/ASX 200	5,945.71	26.11	▼ 0.44%
ASX Small Ordinaries	2,661.18	13.18	▼ 0.49%
S&P/ASX MIDCAP 50	6,659.65	28.74	▼ 0.43%
S&P/ASX 20	3,281.80	9.63	▼ 0.29%
Foreign Markets Index			
	Last	Change	
S&P 500	2,632.38	2.81	▲ 0.11%
Dow Jones	24,187.17	6.53	▲ 0.03%
NASDAQ Composite	6,782.26	20.05	▲ 0.30%
FTSE 100	7,348.03	20.53	▲ 0.28%
ASX All Ordinaries	6,029.86	27.45	▼ 0.45%
NIKKEI 225	22,177.04	445.34	▼ 1.97%
HANG SENG INDEX	28,224.80	618.00	▼ 2.14%
Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9095	0.0055	▲ 0.61%
USD	0.6876	0.0001	▼ 0.01%
CNY	4.5470	0.0030	▼ 0.07%
EUR	0.5832	0.0018	▲ 0.31%
CAD	0.8800	0.0074	▲ 0.85%
GBP	0.5142	0.0027	▲ 0.53%
JPY	77.1980	0.2165	▼ 0.28%
NZ Interest Rates			
	Last	Change	
NZ OCR	1.75		
3-month Bank Bill	1.94		
5-year Swap	2.60		
10-year Swap	3.08		
Commodities Futures			
	Last	Change	
Gold	1,266.80	15.50	▼ 1.21%
Silver	15.99	0.39	▼ 2.40%
Crude Oil	55.98	2.38	▼ 4.08%

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