

Morning Report

As at 8:50 AM 03 August 2017

Top News

NZ dollar stays on the backfoot after weak employment figures

The New Zealand dollar remained under pressure after yesterday's weaker than expected employment data added to the view that the Reserve Bank has plenty of scope to keep interest rates on hold for a protracted period.

Government figures yesterday showed employment shrank 0.2% in the June quarter, surprising economists who had been anticipating a seventh straight quarter of expansion. While other details, including the headline unemployment rate at 4.8%, continued to show a robust labour market, the weaker employment reading prompted ASB Bank to push out its predicted timing for a rate hike until early 2019, bringing it in line with the central bank's own forecasts.

"The labour market reports weren't actually that bad, with other measures of employment and hours-worked showing solid gains, the unemployment rate falling to 4.8%, its lowest level since 2008, and wage growth showing hints of bottoming out in nominal terms," Bank of New Zealand currency strategist Jason Wong said in a note. "But with record long speculative positioning, the NZD is priced for perfection and there was nothing in the report to suggest that the RBNZ would move anytime soon from its neutral policy stance."

Apple outlook delivers

A better-than-expected outlook from Apple sent the stock to a record and pushed the Dow Jones Industrial Average above 22,000 points for the first time.

Apple shares rose as high as a record US\$159.75 earlier in the session after the world's most valuable company reported quarterly earnings and an outlook that exceeded expectations.

"With revenue up 7% year-over-year, we're happy to report our third consecutive quarter of accelerating growth and an all-time quarterly record for Services revenue," Tim Cook, Apple's CEO, said in a statement.

Gains in shares of Apple and those of McDonald's, recently up 5.4% and 1.2% respectively, led the Dow higher. Keeping a lid on the advance were declines in shares of Walt Disney and those of Verizon, recently down 2.1% and 1.8% respectively.

NZ shares rise to new record as blue chips including Xero, Ryman gain

New Zealand shares rose to a new record, led by blue chip stocks including Xero and Ryman Healthcare, while Metro Performance Glass dropped.

The local bourse continued to follow international markets higher as better than expected earnings on Wall Street and the prospect of low interest rates for even longer continue to drive the attraction of equities. The Dow Jones Industrial Average broke new ground in the US overnight.

Xero led the index higher, rising 3.2% to \$27.65, the highest since June 2014 and its seventh consecutive positive trading session. It's up 53% this year after multiple upbeat results have kept intact market expectations it will achieve its maiden profit in 2019.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	8,396.98	21.20	↑	0.25%
S&P/NZX 50 Index	77,48.31	18.87	↑	0.24%
S&P/NZX Mid Cap Index	22,100.87	78.83	↑	0.36%
S&P/NZX Small Cap	52,544.70	120.82	↑	0.23%
S&P/NZAX All Index	581.35	0.99	↓	0.17%

ASX Index				
Index	Last		Change	
ALL ORDINARIES	5,794.5	26.1	↓	0.45%
S&P/ASX 200	5,744.2	28.2	↓	0.49%
S&P/ASX SMALL ORD	2,381.6	1.8	↓	0.08%
S&P/ASX MIDCAP 50	6,191.7	9.2	↓	0.15%
S&P/ASX 20	3,279.9	21.6	↓	0.66%

Foreign Markets Index				
	Last		Change	
S&P 500	2,477.57	1.22	↑	0.05%
DJIA	22,016.24	52.32	↑	0.24%
Nasdaq	6,362.65	0.29	↓	0.00%
FTSE 100	7,411.43	12.23	↓	0.16%
ALL ORDINARIES	5,794.50	26.10	↓	0.45%
Nikkei 225	20,080.04	94.25	↑	0.47%
Hang Seng	27,607.38	67.15	↑	0.24%

Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9332	0.0040	↓	0.43%
USD	0.7433	0.0035	↓	0.47%
CNY	4.9950	0.0220	↓	0.44%
EUR	0.6269	0.0060	↓	0.95%
CAD	0.9338	0.0025	↓	0.27%
GBP	0.5620	0.0036	↓	0.64%
JPY	82.2855	0.1470	↓	0.18%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.96	
5-year Swap	2.75	
10-year Swap	3.29	

Commodities			
	Last		Change
Spot Gold \$US	1,266.54	2.34	↓ 0.18%
Spot Silver \$US	16.57	0.12	↓ 0.71%
Oil(WTI)	49.54	0.36	↑ 0.73%

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