

Equity Investment Advisers Morning Report

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Top News

NZ dollar falls as rising US bond yields, stronger manufacturing data lift greenback

US Treasuries have tumbled in the past week, pushing the yield on the 10-year Treasury note up to 2.35 percent from 2.14 percent at the start of last week, amid growing expectations the era of extraordinary monetary stimulus in the wake of the global financial crisis is coming to an end and the Federal Reserve and other major central banks will be raising interest rates from here as growth and inflation return.

"The biggest talking point in markets over the past week or so has clearly been the surprise shift in tone from some of the world's big central banks," said Philip Borkin, senior economist at ANZ Bank New Zealand, in a note. "Now it is probably too aggressive to say that this shift has been coordinated, but when it is broader than just the Fed, the message becomes a stronger one, and signals the low interest rate, QE-era, is coming to an end."

US manufacturing shows strength

The US dollar gained on better-than-expected manufacturing data, while Wall Street was mixed as bank stocks climbed and tech stocks slid. US financial markets closed early on Monday and will remain closed on Tuesday for the July 4 holiday. An Institute for Supply Management report showed its index of US national factory activity climbed to a reading of 57.8 in June, its highest since August 2014 and up from 54.9 in May.

Investors will scrutinise minutes from the US Federal Reserve's June meeting, scheduled for release on Wednesday, for further clues on the outlook for inflation and interest rate increases. On Friday, the Fed will also release its monetary policy report to Congress.

And it's a key week for the latest US jobs data. A Labour Department report, also due Friday, will show US employers added about 175,000 workers in June while wage growth strengthened, according to a Bloomberg poll of economists.

NZ shares fall; F&P Healthcare, Ebos drop while Air NZ, NZX gain

New Zealand shares fell in light trading, with Fisher & Paykel Healthcare giving back some of its June gains while Air New Zealand and NZX rose.

F&P Healthcare led the index lower, down 2 percent to \$11.22. The stock reached a record \$11.57 last Thursday and has gained 34 percent this year, so some profit-taking was to be expected following that run, Davies said. Ebos Group dropped 1.8 percent to \$17.19, Chorus fell 1 percent to \$4.585 and Vital Healthcare Property Trust declined 0.9 percent to \$2.24. Air New Zealand was the best performer, up 1.2 percent to \$3.30, while Comvita rose 0.9 percent to \$5.85.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	8,229.4	22.2	↓	0.27%
S&P/NZX 50 Index	7,588.4	23.0	↓	0.30%
S&P/NZX Mid Cap Index	21,421.5	21.9	↓	0.10%
S&P/NZX Small Cap	51,497.5	114.5	↑	0.22%
S&P/NZAX All Index	588.7	1.4	↑	0.24%
ASX Index				
Index	Last		Change	
ALL ORDINARIES	5,727.5	36.5	↓	0.64%
S&P/ASX 200	5,684.5	37.0	↓	0.65%
S&P/ASX SMALL ORD	2,354.3	17.6	↓	0.75%
S&P/ASX MIDCAP 50	6,195.5	63.0	↓	1.02%
S&P/ASX 20	3,220.7	15.3	↓	0.48%
Foreign Markets Index				
	Last		Change	
S&P 500	2,429.01	5.60	↑	0.23%
DJIA	21,479.27	129.64	↑	0.61%
Nasdaq	6,110.06	30.36	↓	0.49%
FTSE 100	7,377.09	64.37	↑	0.88%
ALL ORDINARIES	5,727.50	36.50	↓	0.64%
Nikkei 225	20,055.80	22.37	↑	0.11%
Hang Seng	25,784.17	19.59	↑	0.08%
Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9519	0.0006	↓	0.06%
USD	0.7294	0.0001	↓	0.01%
CNY	4.9620		↓	
EUR	0.6418	0.0001	↓	0.02%
CAD	0.9490	0.0001	↑	0.01%
GBP	0.5635	0.0004	↓	0.07%
JPY	82.7040	0.0185	↓	0.02%
NZ Interest Rates				
	Last		Change	
NZ OCR	1.750		↓	
3-month Bank Bill	1.990		↓	
5-year Swap	2.935		↓	
10-year Swap	3.423		↓	
Commodities				
	Last		Change	
Spot Gold \$US	1,219.70	0.61	↓	0.05%
Spot Silver \$US	16.11	0.01	↓	0.07%
Oil(WTI)	47.02	0.98	↑	2.13%

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