

## Equity Investment Advisers Morning Report

As at 9:01 AM 05 Jul 2017

### Top News

#### NZ dollar gains vs Aussie as RBA avoids talk of rate hikes, keeps policy in neutral

The New Zealand dollar gained against its trans-Tasman counterpart as the Reserve Bank of Australia retained a neutral bias while keeping its cash rate unchanged yesterday, putting it at odds with major central banks that are talking up the prospect of rate hikes.

The RBA kept its target cash rate 1.5 percent yesterday, as expected, but surprised some investors by reiterating guidance that it anticipated keeping rates on hold for some time. A recovery in iron ore prices had some questioning whether the RBA would join other central bankers in noting a growing inflation trend that could prompt rates to rise after a near-decade of extraordinarily loose monetary policy.

#### North Korea unnerves stocks

Global equities declined while gold rose amid North Korea's claim of the country's first successful intercontinental ballistic missile test that brings the United States within its reach.

David Wright, co-director of the Global Security Program at the US-based Union of Concerned Scientists, said the flight time and distance suggested the missile could travel about 6,700 kilometres (4,163 miles), bringing all of Alaska into range, according to Reuters.

North Korea's test came as US financial markets were closed for the July 4 holiday, and ahead of the Group of 20 meeting in Germany later this week, where US President Donald Trump is slated to meet with both his Russian and Chinese counterparts, Vladimir Putin and Xi Jinping.

#### NZ property value increases keep slowing in June as tighter lending sees sales volumes slump

New Zealand property values rose at their slowest annual pace in more than two years last month as a clampdown on lending criteria led to a slump in Auckland sales, which have been a primary driver of the national market in recent years.

New Zealand's property market has been cooling since banks introduced tighter lending conditions and started indicating interest rates would start rising, while at the same time the Reserve Bank's curbs on riskier mortgage loans excluded many first-home buyers who struggled to cobble together a big enough deposit on what have increasingly expensive houses.

Auckland has been a major cause for concern as an expanding population and shortage of new housing led to an imbalance between supply and demand, pushing up prices. Property values were flat in the three months ended June 30 at \$1.05 million across the region, for an annual increase of 7.2 percent, the smallest in almost five years.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	8,259	30	↑	0.4%
S&P/NZX 50 Index	7,621	32	↑	0.4%
S&P/NZX Mid Cap Index	21,464	43	↑	0.2%
S&P/NZX Small Cap	51,543	45	↑	0.1%
S&P/NZAX All Index	590	2	↑	0.3%

ASX Index				
Index	Last		Change	
ALL ORDINARIES	5,820	92	↑	1.6%
S&P/ASX 200	5,784	99	↑	1.7%
S&P/ASX SMALL ORD	2,386	32	↑	1.3%
S&P/ASX MIDCAP 50	6,263	67	↑	1.1%
S&P/ASX 20	3,285	64	↑	2.0%

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	7,357.23	19.86	↓	0.27%
ALL ORDINARIES	5,820.00	92.00	↑	1.60%
Nikkei 225	20,032.35	23.45	↓	0.12%
Hang Seng	25,389.01	395.16	↓	1.53%

Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9586	0.0005	↑	0.05%
USD	0.7289	0.0003	↑	0.04%
CNY	4.9560		↓	%
EUR	0.6424	0.0003	↑	0.05%
CAD	0.9429	0.0004	↑	0.04%
GBP	0.5643	0.0003	↑	0.05%
JPY	82.5620	0.0295	↑	0.04%

NZ Interest Rates				
	Last		Change	
NZ OCR	1.750		↓	
3-month Bank Bill	1.990		↓	
5-year Swap	2.900		↓	
10-year Swap	3.383		↓	

Commodities				
	Last		Change	
Spot Gold \$US	1,223.10		↓	
Spot Silver \$US	16.06		↓	
Oil(WTI)	47.08	0.05	↑	0.11%

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