

Equity Investment Advisers Morning Report

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Top News

NZ dollar falls vs Canadian dollar after jobs report points to Canuck rate hike this week

The New Zealand dollar fell to its lowest level in almost two months against the Canadian dollar after figures showed the Canadian economy added more than four times more jobs than expected in June, stoking talk of a rate hike as soon as this week.

The Canadian dollar, known as the loonie, rose to a 10-month high against the greenback after Statistics Canada said 43,300 jobs were added last month, against expectations of 10,000, while the jobless rate fell to 6.5 percent, the lowest since April. Even though the jobs growth was largely part-time positions the report was seen as a sign of economic strength. The US also reported stronger June employment, with 222,000 jobs added, although wage inflation remained weak and the greenback managed only a modest gain.

Yellen's semi-annual testimony

US Federal Reserve chair Janet Yellen's semiannual monetary policy testimony to Congress will form a key focus in a week that will also offer reports on the consumer price index and retail sales.

Yellen will testify before the House Financial Services Committee on Wednesday and before the Senate Banking Committee on Thursday. Last Friday, Wall Street closed higher as a Labour Department report showed the US economy added 222,000 jobs in June, more than economists had predicted, while the unemployment rate increased to 4.4 percent.

"This doesn't change the big picture materially for the Fed," Michael Feroli, chief US economist at JPMorgan Chase in New York, told Bloomberg. "It's mixed. We had a little higher unemployment, little softer wages but then very strong payrolls."

The US central bank has signalled its intention to raise rates a third time later this year, while it also might start to unwind its balance sheet.

NZ shares down, Xero and Steel & Tube drop, ERoad up 10%

New Zealand shares edged down in relatively light trading, led by Xero and as Steel & Tube Holdings dropped on a profit warning. ERoad shares gained 10 percent.

Xero led the index lower, down 2.3 percent to \$25.30, ahead of next week's annual meeting and at the opening of a new financial quarter. The stock has gained 48 percent this year on positive earnings results. Chorus dropped 1.5 percent to \$4.56, while Scales Corp declined 1.5 percent to \$3.35.

Outside the benchmark index, Steel & Tube dropped 6.5 percent to \$2.46. The company issued a profit warning after a challenging second half and increased competition in the market. It had previously said full-year earnings before interest and tax (ebit) in 2017 would be consistent with 2016, but that's now expected to fall short of last year's \$36.7 million (which includes the gain from sale of property) by between 10-and-15 percent.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	8,266.63	7.23	↓	0.09%
S&P/NZX 50 Index	7,622.13	7.48	↓	0.10%
S&P/NZX Mid Cap Index	21,462.88	66.79	↓	0.31%
S&P/NZX Small Cap	51,619.80	124.10	↓	0.24%
S&P/NZAX All Index	585.60	3.96	↓	0.67%

ASX Index				
Index	Last		Change	
ALL ORDINARIES	5,743.9	53.6	↓	0.93%
S&P/ASX 200	5,703.6	55.2	↓	0.97%
S&P/ASX SMALL ORD	2,365.1	24.3	↓	1.03%
S&P/ASX MIDCAP 50	6,177.2	76.2	↓	1.23%
S&P/ASX 20	3,242.3	26.4	↓	0.81%

Foreign Markets Index				
	Last		Change	
S&P 500	2,425.18	15.43	↑	0.64%
DJIA	21,414.34	94.3	↑	0.44%
Nasdaq	6,153.08	63.62	↑	1.04%
FTSE 100	7,350.92	13.64	↑	0.19%
ALL ORDINARIES	5,743.90	53.60	↓	0.93%
Nikkei 225	19,929.09	64.97	↓	0.32%
Hang Seng	25,340.85	124.37	↓	0.49%

Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9570	0.0007	↑	0.07%
USD	0.7276	0.0006	↓	0.08%
CNY	4.9520			
EUR	0.6384	0.0002	↓	0.03%
CAD	0.9361	0.0005	↓	0.05%
GBP	0.5647	0.0002	↓	0.04%
JPY	82.8450	0.0800	↓	0.10%

NZ Interest Rates				
	Last		Change	
NZ OCR	1.75			
3-month Bank Bill	1.98			
5-year Swap	2.90			
10-year Swap	3.41			

Commodities				
	Last		Change	
Spot Gold \$US	1,212.49	0.01	↓	
Spot Silver \$US	15.58	0.02	↑	0.11%
Oil(WTI)	44.23	1.11	↓	2.45%

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