

Equity Investment Advisers Morning Report

As at 9:00 AM 12 Jul 2017

Top News

Trump Jr shakes Wall St

Wall Street was mixed, recovering from an earlier decline amid fresh concerns about ties between President Donald Trump's administration and Russia.

"I think people are worried that it just means more political uncertainty, and sort of a continuation of the stalemate in Washington, a continuation of the delay in trying to get the Trump agenda passed through Congress," Robert Pavlik, chief market strategist at Boston Private Wealth in New York, told Reuters.

Federal Reserve Chair Janet Yellen is set to deliver her semiannual testimony to Congress, speaking before the House Financial Services Committee on Wednesday and before the Senate Banking Committee on Thursday.

NZ bank profits fall in first quarter as minnows chase market share over margin

New Zealand bank profits shrank in the first three months of the year as smaller lenders chased market share at the expense of margin.

Net profit slipped 2.9 percent to \$1.2 billion in the three months ended March 31 for the country's licensed banks, with five of the nine lenders surveyed reporting smaller earnings, KPMG's quarterly financial institutions performance survey (FIPS) showed. Net interest income shrank 3 percent to \$69.03 billion and net interest margin shrank 9 basis points in the quarter to 2.01 percent.

New Zealand's lenders have faced shrinking margins over the past year as intense competition for mortgages left them with little wiggle room in boosting interest income while at the same time greater regulatory capital requirements and the prospect of tighter global monetary policy has pushed up their own borrowing costs.

NZ shares up, A2 and Air NZ continue gains while Kathmandu hits 2.5 year high

New Zealand shares rose, led by A2 Milk's continued strength along with Kathmandu Holdings on a 2.5 year high and Air New Zealand rising.

A2 Milk led the index, up 5 percent to \$4.02. The stock has gained 80 percent this year as it has found success selling infant formula into China, while its competitors have struggled with that country's regulatory regime. Kathmandu Holdings gained 4.7 percent to \$2.25, a price last seen in December 2014. The stock has gained 10.3 percent this month, soaring since July 3.

Vista Group International advanced 3.5 percent to \$5.95. The shares climbed after 20th Century Fox Film became the newest studio customer for its Movio unit in what the Kiwi firm sees as proving the value of the analytics business.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	8,271.33	45.84	↑ 0.56%
S&P/NZX 50 Index	7,628.57	44.62	↑ 0.59%
S&P/NZX Mid Cap Index	21,585.19	166.00	↑ 0.77%
S&P/NZX Small Cap	51,719.92	105.27	↑ 0.20%
S&P/NZAX All Index	586.49		↑
ASX Index			
Index	Last	Change	
ALL ORDINARIES	5,768.5	5.6	↑ 0.10%
S&P/ASX 200	5,728.9	4.5	↑ 0.08%
S&P/ASX SMALL ORD	2,367.3	2.1	↓ 0.09%
S&P/ASX MIDCAP 50	6,237.7	11.0	↑ 0.18%
S&P/ASX 20	3,260.1	4.5	↑ 0.14%
Foreign Markets Index			
	Last	Change	
S&P 500	2,425.53	1.9	↓ 0.08%
DJIA	21,409.07	0.55	↑ 0.00%
Nasdaq	6,193.30	16.91	↑ 0.27%
FTSE 100	7,329.76	40.27	↓ 0.55%
ALL ORDINARIES	5,768.50	5.60	↑ 0.10%
Nikkei 225	20,195.48	114.50	↑ 0.57%
Hang Seng	25,877.64	377.58	↑ 1.48%
Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9458	0.0002	↓ 0.02%
USD	0.7225		
CNY	4.9130		
EUR	0.6301	0.0001	↑ 0.02%
CAD	0.9332	0.0003	↑ 0.03%
GBP	0.5622		
JPY	82.3325	0.0190	↑ 0.02%
NZ Interest Rates			
	Last	Change	
NZ OCR	1.75		
3-month Bank Bill	1.98		
5-year Swap	2.89		
10-year Swap	3.41		
Commodities			
	Last	Change	
Spot Gold \$US	1,217.32	0.01	↑
Spot Silver \$US	15.81	0.03	↓ 0.17%
Oil(WTI)	45.10	0.67	↑ 1.51%

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