

Equity Investment Advisers Morning Report

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Top News

NZ dollar rises above 73 US cents amid rate hike talk, stronger China trade data

The New Zealand dollar rose amid speculation the Reserve Bank may be more inclined to hike interest rates in the face of increases and bullish talk from other central banks including the Bank of Canada, while stronger Chinese trade data helped lift sentiment for the kiwi.

The market is digesting the second day of Senate testimony from Federal Reserve chair Janet Yellen, which broadly reiterated the expectation for a moderate pace of rate increases while adding that it would be "quite challenging" for the US to meet President Donald Trump's target of boosting annual economic growth to 3 percent. Meanwhile, China reported June exports of US\$17.2 billion, beating the market forecast of US\$14.5 billion, while posting a trade surplus close to expectations at US\$42.8 billion.

Yellen doubts Trump target

Wall Street moved higher as investors positioned themselves for a fresh round of quarterly corporate earnings. On Friday, JPMorgan Chase, Wells Fargo and Citigroup are among US companies set to report their latest quarterly results.

Second-quarter earnings are expected to rise 7.8 percent from a year ago, after first-quarter earnings posted their best performance since 2011, according to Reuters. Meanwhile, US Federal Reserve Chair Janet Yellen, testifying before the Senate Banking Committee on Thursday, warned that achieving a 3 percent annual growth rate for the US economy over the next few years—a goal set by President Donald Trump—would be "quite challenging."

"It's something that would be wonderful if you can accomplish it—I'd love to see it," Yellen said in response to a question, according to Bloomberg.

NZ shares up on Yellen testimony, NZX and Ryman hit highs

New Zealand shares gained, following global trends, with NZX and Ryman Healthcare continuing to rise.

Today's gains followed international markets rising after US Federal Reserve chief Janet Yellen's comments to Congress overnight, in which she flagged that lower-than-expected inflation will likely keep the pace of interest rate increases in check.

NZX was the best performer, up 2.6 percent to \$1.18. It has gained 4.4 percent this week and today's price is the highest it has traded since April 2014. Westpac Banking Corp rose 1.5 percent to \$33, Auckland International Airport gained 1.5 percent to \$6.88, and Vital Healthcare Property Trust advanced 1.4 percent to \$2.22.

Ryman Healthcare rose 0.4 percent to \$9.03, a high since October 2016. The stock has soared 8.3 percent with uninterrupted gains since last Wednesday. Fellow retirement village operators Metlifecare rose 1.3 percent to \$5.41 while Summerset gained 1.3 percent to \$4.76.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	8,254.13	22.70	↑	0.28%
S&P/NZX 50 Index	7,610.89	23.04	↑	0.30%
S&P/NZX Mid Cap Index	21,493.46	9.26	↑	0.04%
S&P/NZX Small Cap	51,887.59	72.49	↑	0.14%
S&P/NZAX All Index	587.19	1.75	↑	0.30%

ASX Index				
Index	Last	Change		
ALL ORDINARIES	5,779.1	61.4	↑	1.06%
S&P/ASX 200	5,736.8	63.0	↑	1.10%
S&P/ASX SMALL ORD	2,373.2	25.7	↑	1.08%
S&P/ASX MIDCAP 50	6,270.9	87.0	↑	1.39%
S&P/ASX 20	3,260.9	32.6	↑	1.00%

Foreign Markets Index				
	Last	Change		
S&P 500	2,447.83	4.58	↑	0.19%
DJIA	21,553.09	20.95	↑	0.10%
Nasdaq	6,274.44	13.27	↑	0.21%
FTSE 100	7,413.44	3.49	↓	0.05%
ALL ORDINARIES	5,779.10	61.40	↑	1.06%
Nikkei 225	20,099.81	1.43	↑	0.01%
Hang Seng	26,346.17	302.53	↑	1.16%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9471	0.0014	↑	0.15%
USD	0.7323	0.0064	↑	0.88%
CNY	4.9660	0.0390	↑	0.79%
EUR	0.6423	0.0063	↑	0.99%
CAD	0.9318	0.0062	↑	0.67%
GBP	0.5658	0.0025	↑	0.44%
JPY	82.9275	0.7805	↑	0.95%

NZ Interest Rates		
	Last	Change
NZ OCR	1.75	
3-month Bank Bill	1.98	
5-year Swap	2.83	
10-year Swap	3.34	

Commodities				
	Last	Change		
Spot Gold \$US	1,218.04	2.12	↓	0.17%
Spot Silver \$US	15.71	0.18	↓	1.16%
Oil(WTI)	46.23	0.57	↑	1.25%

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