NZ dollar tumbling vs pound on BoE rate hike view, falls vs greenback

The New Zealand dollar fell to a four-month low against the pound after the Bank of England said it may hike interest rates in coming months and declined against the greenback as the latest political poll put the Labour Party back on top.

The pound surged 1.4% against the greenback after the BoE kept its bank rate unchanged at 0.25% but said it may be appropriate to reduce some monetary stimulus in the “coming months”. The overnight interest swaps market is putting odds on a hike at the bank’s November meeting.

In the US, CPI inflation was a stronger-than-expected 0.4% in August, stoking talk of a third rate hike by the Federal Reserve this year. The kiwi initially dipped after iNews Colmar-Brunt poll put Labour on 44% support to National's 40%, while a poll of polls had them level pegging.

December hike bets firm

Wall Street was mixed as the latest US inflation data renewed bets the Federal Reserve might hike interest rates for a third time after all this year.

A Labour Department report showed its consumer price index increased 0.4% in August, surpassing economists' expectations and following a 0.1% gain in July.

The Federal Open Market Committee begins its next two-day meeting on September 19.

The Dow rose as gains in shares of United Technologies and those of Pfizer, recently up 2.1% and 1.9% respectively, outweighed slides in shares of Travelers and those of Walt Disney, recently down 1.7% and 1% respectively.

NZ shares mixed, Xero at 3-year record and Summerset gains while Air NZ, Vector fall

New Zealand shares were mixed, with investors positioning ahead of the general election Sept 23. Xero rose to a three-year high with Summerset Group up while Vector fell.

Summerset Group gained 2% to $5.10. It plans to build its fifth retirement village in the greater Wellington region with the purchase of a 6-hectare block of land north of the city.

The Wellington-based company wants to develop a 290-unit village with a rest home and hospital care and is Summerset's seventh greenfield site. The land is in Porirua's Keneputu Landing development, a joint residential development between local iwi Ngati Toa and Tauranga-based developer Carrus Corp.

Air New Zealand was the worst performer, down 2.6% to $3.33, while Arvida Group shed 1.6% to $1.23. Vector dropped 2.4% to $3.22.

Outside the benchmark index, Turners Automotive Group fell 4.8% to $3.20. Yesterday it was halted during a $25 million placement at $3.02 per share, which was fully subscribed with the underwriter not called on to top up the discounted offer.

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Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk.