

Top News

NZ dollar gains as Fed minutes show inflation view split, commitment to trim balance sheet

The New Zealand dollar gained as minutes of the last Federal Reserve policy meeting showed some concern that inflation isn't as strong as expected, although policymakers appear committed to unwinding the Fed's massive balance sheet.

The minutes said that many participants at the meeting "saw some likelihood that inflation might remain below 2 percent for longer than they currently expected" with some seeing a risk inflation may dwindle. That would reduce the need for another rate hike anytime soon. However, the minutes also showed a commitment to reducing the Fed's US\$4.2 trillion holding of Treasury bonds and mortgage-backed securities, with some traders saying an announcement could come in September.

Fed inflation worries deepen

Wall Street inched higher, while the US dollar fell as minutes from the latest Federal Reserve meeting showed an increased concern about tame inflation, prompting questions whether the central bank will increase interest rates again this year.

"Participants discussed the softness in inflation in recent months," according to the minutes from the Federal Open Market Committee's July meeting, released on Wednesday. "Most participants indicated that they expected inflation to pick up over the next couple of years from its current low level and to stabilise around the committee's 2 percent objective over the medium term," the minutes showed.

The minutes did not offer a starting date for the unwinding of the Fed's balance sheet. "Although several participants were prepared to announce a starting date for the program at the current meeting, most preferred to defer that decision until an upcoming meeting while accumulating additional information on the economic outlook and developments potentially affecting financial markets," according to the minutes.

NZ shares rise, lead by ANZ, CBL; Fletcher Building gains despite profit plunge

New Zealand shares gained, with a positive start to earnings season bolstering confidence, and Fletcher Building rising after its expected profit downgrade.

"The market keeps doing its thing, and really that's on the back of generally speaking some good results - or, in the case of Fletcher, not as bad as people suspected," said Grant Davies, investment advisor at Hamilton Hindin Greene. "The market has had a pretty good performance so far this week, there's a bit of momentum now behind some of the stocks after their results. Most of the outlooks have been fairly optimistic which has given investors hope."

Fletcher Building gained 1.2 percent to \$8.30. It reported a 23 percent drop in full-year operating earnings to \$525 million, in line with its profit warning last month when the building products and construction company fired its chief executive, and said operating cash flows will improve in 2018 as will returns from construction.

The company said it expects "a significantly improved performance" at its construction business because of a turnaround at its buildings + interiors unit.

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

Tel: +64 (9)304 0145

Web: www.equity.co.nz

E-mail: Info@equity.co.nz

Address: Level 7, 12-26 Swanson Street, Auckland, NZ

NZX Index				
Index	Last		Change	
S&P/NZX All Index	8,510.06	40.04	↑	0.47%
S&P/NZX 50 Index	7,853.34	39.61	↑	0.51%
S&P/NZX Mid Cap Index	22,376.86	77.36	↑	0.35%
S&P/NZX Small Cap	53,481.34	229.05	↑	0.43%
S&P/NZX All Index	555.17	7.59	↓	1.35%

ASX Index				
Index	Last		Change	
ALL ORDINARIES	5,830.8	26.8	↑	0.47%
S&P/ASX 200	5,785.1	27.6	↑	0.48%
S&P/ASX SMALL ORD	2,401.7	9.1	↑	0.38%
S&P/ASX MIDCAP 50	6,263.0	15.8	↑	0.25%
S&P/ASX 20	3,289.4	15.7	↑	0.48%

Foreign Markets Index				
	Last		Change	
S&P 500	2,468.11	3.50	↑	0.14%
DJIA	22,024.87	25.88	↑	0.12%
Nasdaq	6,345.11	12.10	↑	0.19%
FTSE 100	7,433.03	49.18	↑	0.67%
ALL ORDINARIES	5,830.80	26.80	↑	0.47%
Nikkei 225	19,729.28	24.03	↓	0.12%
Hang Seng	27,409.07	234.11	↑	0.86%

Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9227	0.0001	↑	0.01%
USD	0.7316	0.0004	↑	0.05%
CNY	4.8940	0.0020	↑	0.04%
EUR	0.6216	0.0004	↑	0.06%
CAD	0.9230	0.0004	↑	0.04%
GBP	0.5673	0.0002	↑	0.04%
JPY	80.6105	0.0460	↑	0.06%

NZ Interest Rates				
	Last		Change	
NZ OCR	1.75			
3-month Bank Bill	1.96			
5-year Swap	2.66			
10-year Swap	3.18			

Commodities				
	Last		Change	
Spot Gold \$US	1,282.90	0.16	↓	0.01%
Spot Silver \$US	17.07	0.04	↓	0.20%
Oil(WTI)	46.84	0.76	↓	1.60%