

MORNING REPORT

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Top News

KEY FACTORS IMPACTING KEY OVERSEAS

US markets closed mix, with the Dow Jones Industrial Average up 0.15% to end at 34,987.02, while the S&P 500 lost 0.33% to 4,360.03. The Nasdaq composite fell 0.7% to close at 14,543.13.

Worker shortages and bottlenecks in the supply chain have frustrated efforts by businesses to ramp up production to meet strong demand and concerns are mounting that this will just push inflation higher, which could lead to a sooner-than-expected tightening of monetary policy. Concern about inflation, tax rates and the midterm election are weighing on US investors.

Losses in Europe were broad-based, with economically sensitive stocks like banks, automakers, and travel down between 0.3% and 1.6%, as investor concerns increased about rising COVID-19 cases across Europe. European stocks were 1.2% off their all-time highs, on the back of a number of poor earnings reports and falling bond yields, added to the negative sentiment. The FTSE 100 dropped 1.1%. The pan-European STOXX 600 index slipped 1%. Siemens Energy dropped 11.1% after its wind power division was hit by higher-than-expected raw material and product ramp-up costs. Oil majors Royal Dutch Shell and BP fell more than 2% expectations of more oil supplies.

Shares in Asia-Pacific were mixed. The Shanghai Composite rose 1.02% to 3,564.59 while Hong Kong's Hang Seng Index increased 0.85%. Japan's Nikkei 225 closed 1.15% lower while the Topix closed 1.2% lower.

KEY FACTORS IMPACTING the ASX AND NZX

Australian shares closed lower with the S&P/ASX 200 index falling 0.26% to end at 7,335.9, with only heavyweight gold and iron ore miners up. The banking and buy-now, pay-later shares led the losses, as Melbourne faced a possible fresh coronavirus lockdown, which together with Sydney's lockdown is weighed negatively on sentiment. Afterpay fell 3.8%, while Z1p Co closed 5.7% lower.

However, gold miners closed 1.9% higher, as the gold price firmed overnight after U.S. Federal Reserve Chairman Jeremy Powell signalled "powerful support" for economic recovery, which pushed metal's appeal higher, as an inflation hedge.

New Zealand's benchmark S&P/NZX 50 index fell 0.4% to 12671.2. Mainfreight closed higher, with a 2.1% gain. Eroad also put in a good performance, rising 3%. However, A2 Milk fell 3%. There is growing perception that NZ may be moving into an economic environment that is less supportive, with both economic growth and financial liquidity support peaking.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	13,837.82	48.85	▼	0.35%
S&P/NZX 50 Portfolio Index	8,089.84	38.69	▼	0.48%
S&P/NZX MidCap Index	36,081.41	258.40	▼	0.71%
S&P/NZX SmallCap Index	92,016.32	156.61	▲	0.17%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	7,616.60	15.20	▼	0.20%
S&P/ASX 200	7,335.90	18.80	▼	0.26%
ASX Small Ordinaries	3,377.30	5.00	▼	0.15%
S&P/ASX MIDCAP 50	9,020.80	8.30	▲	0.09%
S&P/ASX 20	4,123.70	10.80	▼	0.26%
Foreign Markets Index				
	Last	Change		
S&P 500	4,360.03	14.27	▼	0.33%
Dow Jones Industrial Average	34,987.02	53.79	▲	0.15%
NASDAQ Composite	14,543.13	101.82	▼	0.70%
FTSE 100	7,012.02	79.17	▼	1.12%
ASX All Ordinaries	7,616.60	15.20	▼	0.20%
NIKKEI 225	28,279.09	329.41	▼	1.15%
HANG SENG INDEX	27,996.27	208.77	▲	0.75%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9407	0.0000		0.00%
USD	0.6983	0.0049	▼	0.70%
CNY	4.5101	0.0417	▼	0.92%
EUR	0.5912	0.0034	▼	0.57%
CAD	0.8792	0.0013	▼	0.15%
GBP	0.5051	0.0026	▼	0.51%
JPY	76.6705	0.6860	▼	0.89%
US 10 Year Treasury Yield				
US 10YR	1.50%			
NZ Interest Rates				
	Last			
NZ OCR	0.25			
90-day Bank Bill	0.26			
5y Bank Bill	0.34			
10y Bank Bill	0.70			
Swap rate spread close (bps)	58			
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,830.30	5.30	▲	0.29%
Silver	26.42	0.14	▲	0.55%
Crude Oil	71.50	1.63	▼	2.23%

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