

MORNING REPORT

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Top News

KEY OVERSEAS MARKETS

U.S. stock markets climbed to records highs, after Fed chair Jerome Powell's indicated the U.S. economy has advanced sufficiently for the central bank to possibly begin later this year to taper asset purchases. However, he said "COVID-19 remained a threat to the economy and consequently that tapering will not be a signal for an interest-rate lift-off" and rather that interest rate hikes were likely to be further out. The Dow Jones Industrial Average closed 0.69% higher and both the S&P 500 index and the Nasdaq Composite index advanced 0.88% and 1.23%, respectively. Both the S&P and the Nasdaq closed at all-time highs. The Dow finished 171 points below its record peak. The benchmark 10-year yield fell 3 basis points at 1.31%, as traders pushed off rate-hike expectations until January. It was previously thought the Federal Funds rate would increase in December. Meanwhile the Fed's preferred measure for inflation, personal consumption expenditures price increases, excluding food and energy jumped 3.6% year on year for July, the steepest increase in 30 years. Other key overseas markets closed mixed with Britain's FTSE 100, Germany's DAX 30 and France's CAC 30 closing between 0.24% and 0.37% higher while in Asia, Japan's Nikkei 225 slipped 0.36%, Hong Kong's Hang Seng edged down 0.03% and China's Shanghai Composite increased 0.59%.

West Texas Intermediate crude oil jumped \$1.32 to \$68.74 a barrel and gold jumped \$24.40 to \$1,1816.60 an ounce.

NZX & ASX FRIDAY

Australian shares ended unchanged on Friday, with the benchmark S&P/ASX 200 finishing 0.04% lower at 7,488.3 and posting a second straight weekly loss. Lynas, one of the world's biggest rare earths miners dropped 3.6%, despite a record profit. Wesfarmers dropped 2.8% after it flagged a gloomy outlook, although it announced a surprise A\$2.3 billion (\$1.66 billion) buyback. Tech stocks gave up 1.2%, the biggest losers on the benchmark. Appen Ltd and NEXTDC lost 6.1% 5.4% respectively. Copper stocks led by Pilbara and Orocobre fell 6.6% and 5.3% respectively, while gold stocks jumped, with Calidus Resources rising 11% and Ora Banda Mining climbing 5.3%. Australian July retail sales data plunged due to the Covid - 10 restrictions and the expectation is that the economy will contract sharply for the quarter ending September.

The New Zealand the S&P/NZX 50 closed marginally higher (+0.1%) at 13,059.79 points on the back of the government's decision to ease lockdown measures in certain areas of the nation. The Benchmark ended 1% higher for the week. Some of best performers on Friday were VGL (+8.37%), SCT (+4.26%), SKL (+3.61%) and THL (+3.43%), while some of the worst performers were ATM (-3.94%), PEB (-3.60%), ARB (-3.23%) and FBU (-2.79%).

| NZX Index | | | | | |
|--|-----------|--------|--------|-------|--|
| Index | Last | | Change | | |
| S&P/NZX All Index | 14,249.04 | 8.30 | ▲ | 0.06% | |
| S&P/NZX 50 Index | 13,059.79 | 8.17 | ▲ | 0.06% | |
| S&P/NZX MidCap Index | 37,748.55 | 140.85 | ▲ | 0.37% | |
| S&P/NZX SmallCap Index | 92,550.23 | 92.28 | ▼ | 0.10% | |
| ASX Index | | | | | |
| Index | Last | | Change | | |
| ASX All Ordinaries | 7,760.10 | 10.30 | ▼ | 0.13% | |
| S&P/ASX 200 | 7,488.30 | 2.90 | ▼ | 0.04% | |
| ASX Small Ordinaries | 3,506.30 | 23.50 | ▼ | 0.67% | |
| S&P/ASX MIDCAP 50 | 9,231.70 | 18.30 | ▼ | 0.20% | |
| S&P/ASX 20 | 4,170.20 | 1.30 | ▼ | 0.03% | |
| Foreign Markets Index | | | | | |
| | Last | | Change | | |
| S&P 500 | 4,509.37 | 39.37 | ▲ | 0.88% | |
| Dow Jones Industrial Average | 35,455.80 | 242.70 | ▲ | 0.69% | |
| NASDAQ Composite | 15,129.50 | 183.70 | ▲ | 1.23% | |
| FTSE 100 | 7,148.01 | 23.03 | ▲ | 0.32% | |
| ASX All Ordinaries | 7,760.10 | 10.30 | ▼ | 0.13% | |
| NIKKEI 225 | 27,641.14 | 101.16 | ▼ | 0.36% | |
| HANG SENG INDEX | 25,407.89 | 7.81 | ▼ | 0.03% | |
| Currencies (per NZ\$ 1.00) | | | | | |
| | Last | | Change | | |
| AUD | 0.9578 | 0.0010 | ▼ | 0.10% | |
| USD | 0.6998 | 0.0013 | ▼ | 0.19% | |
| CNY | 4.5386 | 0.0000 | | 0.00% | |
| EUR | 0.5934 | 0.0011 | ▼ | 0.19% | |
| CAD | 0.8834 | 0.0017 | ▼ | 0.19% | |
| GBP | 0.5086 | 0.0010 | ▼ | 0.20% | |
| JPY | 76.8843 | 0.0967 | ▼ | 0.13% | |
| US 10 Year Treasury Yield | | | | | |
| US 10YR | 1.31% | | | | |
| NZ Interest Rates | | | | | |
| | Last | | | | |
| NZ OCR | 0.25 | | | | |
| 90-day Bank Bill | 0.46 | | | | |
| 5y Bank Bill | 1.34 | | | | |
| 10y Bank Bill | 1.67 | | | | |
| Swap rate spread close (bps) | 65 | | | | |
| Commodities Futures (Spot Price \$USD) | | | | | |
| | Last | | Change | | |
| Gold | 1,820.50 | 1.00 | ▲ | 0.05% | |
| Silver | 24.03 | 0.03 | ▼ | 0.13% | |
| Crude Oil | 68.67 | 0.07 | ▼ | 0.10% | |

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