

MORNING REPORT

As at 9.00 a.m. 2021/9/22

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Top News

KEY OVERSEAS MARKET

World stock markets stabilized Tuesday and oil prices rose after Monday's heavy selling of risky assets, as investors assessed the level of contagion from China's Evergrande's financial woes and awaited the Federal Reserve's meetings. U.S. stocks closed nearly flat yesterday. The Dow Jones Industrial Average declined 0.15%, to 33,919.84, the S&P 500 lost 0.08%, to 4,354.19, while the Nasdaq Composite rose 0.22%, to end at 14,746.40.

The Cboe Volatility Index declined 1.35 points to 24.36 after hitting a four-month high the previous day. Benchmark 10-year U.S. Treasury notes last fell 5/32 in price to yield 1.3243%, from 1.309% late on Monday.

European markets held onto their gains better than their U.S. counterparts. The pan-European STOXX 600 index rose 1%, with Germany's DAX rising 1.4%. The FTSE100 was up 1.12%. In Asia stock markets were mixed with the Hang Seng Index and the Shanghai Composite up 0.51% and 0.19% respectively, while the Nikkei 225 dropped 2.17%.

U.S. crude settled up 0.4% at \$70.56 per barrel while the spot gold added 0.5% at \$1,773.09 an ounce.

ASX & NZX

Australian shares ended higher on Tuesday, boosted by energy stocks, although gains were limited by weakness in global markets over fears of a potential debt default by China's Evergrande Group. The S&P/ASX 200 index closed 0.4% higher at 7,273.8. Energy stocks lead the gains adding almost 1.5% on the back of higher oil prices. Woodside Petroleum and Santos Ltd rose 1.7% and 1.1% respectively. Miners were increased 0.3% higher with BHP up 0.6%. Gold stocks were also up. AusNet Services Ltd jumped almost 10%, after the APA Group revised its bid to A\$9.96 billion to acquire AusNet. The market is expecting a counter bid from Canada's Brookfield Asset Management to acquire the energy infrastructure firm.

After the Reserve Bank's assistant governor's speech yesterday NZ market interest rates dropped back to almost where they were before the recent rise. Market expectation is that interest rises will rise in a step - by - step approach of 25 basis points at a time, especially given international market jitters on Monday. This has been the historical approach. In the light of the speech and a more settled overseas markets yesterday, the S&P/NZX 50 Index ended marginally lower, just 0.01% down, at 13,165.94 on turnover of \$173 million. Some of the worst performers were MPG (-6.98%), WDT (-6.92%), AGL (-6.67%), TWR (-2.16%), NPH (-2.15%), TPW (-1.98%), HLG (-1.97%) and SKT (-1.94%). Among the best performers were: PYS (+3.33%), VGL (+3.28%), ASR (+3.08%) AIR (+1.96%), RBD (+1.87%) and KPG (+1.71%)

NZX Index				
Index	Last		Change	
S&P/NZX All Index	14,377.61	9.16	▼	0.06%
S&P/NZX 50 Index	13,176.95	1.64	▼	0.01%
S&P/NZX MidCap Index	37,851.15	93.53	▼	0.25%
S&P/NZX SmallCap Index	92,498.82	987.20	▼	1.06%
ASX Index				
Index	Last		Change	
ASX All Ordinaries	7,563.10	25.20	▲	0.33%
S&P/ASX 200	7,273.80	25.60	▲	0.35%
ASX Small Ordinaries	3,432.10	6.60	▲	0.19%
S&P/ASX MIDCAP 50	9,173.10	72.20	▲	0.79%
S&P/ASX 20	3,995.10	8.60	▲	0.22%
Foreign Markets Index				
	Last		Change	
S&P 500	4,354.19	3.54	▼	0.08%
Dow Jones Industrial Average	33,919.84	50.63	▼	0.15%
NASDAQ Composite	14,746.40	32.49	▲	0.22%
FTSE 100	6,980.98	77.07	▲	1.12%
ASX All Ordinaries	7,563.10	25.20	▲	0.33%
NIKKEI 225	29,839.71	660.34	▼	2.17%
HANG SENG INDEX	24,221.54	122.40	▲	0.51%
Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9689	0.0006	▼	0.06%
USD	0.7005	0.0027	▼	0.38%
CNY	4.5305	0.0159	▼	0.35%
EUR	0.5975	0.0021	▼	0.35%
CAD	0.8981	0.0029	▼	0.32%
GBP	0.5128	0.0021	▼	0.41%
JPY	76.4978	0.4064	▼	0.53%
US 10 Year Treasury Yield				
US 10YR	1.33%			
NZ Interest Rates				
	Last			
NZ OCR	0.25			
90-day Bank Bill	0.61			
5y Bank Bill	1.51			
10y Bank Bill	1.84			
Swap rate spread close (bps)	64			
Commodities Futures (Spot Price \$USD)				
	Last		Change	
Gold	1,775.00	11.20	▲	0.63%
Silver	22.48	0.27	▲	1.22%
Crude Oil	70.51	0.22	▲	0.31%

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