

MORNING REPORT

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Top News

KEY OVERSEAS MARKET

U.S. stock markets had a strong positive day despite the Federal Reserve signalling that asset tapering would likely start later this year, if the U.S. economy progresses as expected. It also signalled that there would be one interest rate rise in 2022 and likely three rises in 2023. The Dow Jones Industrial Average closed 1% higher, while the S&P 500 index and the Nasdaq Composite index rose 0.95% and 1.02%, respectively. The Fed's decision announcement came hours after Evergrande negotiated a deal to settle interest payments, soothing contagion concerns for now. The Fed's decision announcement came hours after Evergrande negotiated a deal to settle interest payments, soothing contagion concerns. The yield on the 10-year note ticked up 1 basis point to 1.33%.

Other key overseas markets were mostly higher, with European exchanges rallying, with Britain's FTSE 100 rising 1.47%, France's CAC 40 and Germany's DAX 30 up respectively 1.29% and 1.03%. In Asia Hong Kong's Hang Seng index was closed for holiday, while China's Shanghai Composite rose 0.4% while Japan's Nikkei 225 fell 0.67%.

In commodities, West Texas Intermediate crude oil surged \$1.74 to \$72.23 a barrel and gold edged up 70 cents to \$1,776.70 an ounce.

NZX & ASX

Australian shares closed higher on Wednesday in line with other markets, after China Evergrande Group assured it would avoid default, dousing investor worries of an imminent crisis unleashing global financial chaos. It said it has secured a deal with bondholders to settle interest payments on its domestic bonds. Major miners jumped 2.19%, as the negative outlook for iron ore demand improved on the Evergrande bond agreement as the prospect of a major hit to demand for materials from China's real estate sector appeared to diminish.

The S&P/ASX 200 ended 0.32% up at 7,296.9, pushed by energy and mining stocks. Major miners jumped 2.19%. Miner Mount Gibson Iron Ltd jumped 11.63%, followed by metals and electronics recycling firm Sims Ltd rising 6.14%. Energy stocks rose 2.25% on higher oil prices. Worley Ltd and Beach Energy Ltd, advanced 5.6% and 5.1%, respectively. Zip Co Ltd advanced 5.6% after the company said it had entered the Indian market by investing \$50 million in India's ZestMoney. Financial stocks dropped 0.6%. Westpac fell 1.2%.

New Zealand shares closed marginally higher, with the S&P/NZX 50 Index up 0.3% at 13215.80 on turnover of \$145million. Investors were buying on the dip, unconcerned about Evergrande's potential collapse. Of the larger stocks SML, A2 Milk and KMD had good performances.

NZX Index					
Index	Last		Change		
S&P/NZX All Index	14,418.94	41.33	▲	0.29%	
S&P/NZX 50 Index	13,215.80	38.86	▲	0.29%	
S&P/NZX MidCap Index	37,859.30	8.15	▲	0.02%	
S&P/NZX SmallCap Index	92,474.64	24.18	▼	0.03%	
ASX Index					
Index	Last		Change		
ASX All Ordinaries	7,593.80	30.70	▲	0.41%	
S&P/ASX 200	7,296.90	23.10	▲	0.32%	
ASX Small Ordinaries	3,457.50	25.40	▲	0.74%	
S&P/ASX MIDCAP 50	9,213.60	40.50	▲	0.44%	
S&P/ASX 20	4,006.60	11.50	▲	0.29%	
Foreign Markets Index					
	Last		Change		
S&P 500	4,395.64	41.45	▲	0.95%	
Dow Jones Industrial Average	34,258.32	338.48	▲	1.00%	
NASDAQ Composite	14,896.85	150.45	▲	1.02%	
FTSE 100	7,083.37	102.39	▲	1.47%	
ASX All Ordinaries	7,593.80	30.70	▲	0.41%	
NIKKEI 225	29,639.40	200.31	▼	0.67%	
HANG SENG INDEX	24,221.54	122.40	▲	0.51%	
Currencies (per NZ\$ 1.00)					
	Last		Change		
AUD	0.9673	0.0017	▼	0.18%	
USD	0.7005	0.0005	▼	0.07%	
CNY	4.5266	0.0059	▼	0.13%	
EUR	0.5991	0.0014	▲	0.23%	
CAD	0.8942	0.0039	▼	0.43%	
GBP	0.5142	0.0012	▲	0.23%	
JPY	76.9052	0.3671	▲	0.48%	
US 10 Year Treasury Yield					
US 10YR	1.30%				
NZ Interest Rates					
	Last				
NZ OCR	0.25				
90-day Bank Bill	0.62				
5y Bank Bill	1.53				
10y Bank Bill	1.86				
Swap rate spread close (bps)	67				
Commodities Futures (Spot Price \$USD)					
	Last		Change		
Gold	1,767.70	10.50	▼	0.59%	
Silver	22.69	0.08	▲	0.37%	
Crude Oil	71.98	1.49	▲	2.11%	

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