

MORNING REPORT

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Top News

KEY OVERSEAS MARKETS

Stocks wobbled initially on Friday, as yields on U.S. Treasuries shot to a three-month high, exacerbating concerns in a market already concerned over the fight over the U.S. debt ceiling, the fate of a massive infrastructure spending bill and the meltdown of heavily indebted Chinese property developer China Evergrande Group. Despite this the U.S. stock markets ended Friday in positive territory. The Dow Jones Industrial Average rose 483 points, 1.4%, earning back some of Thursday's losses. The S&P 500 index and Nasdaq Composite closed 1.1% and 0.8%, higher respectively. Although the indices closed in positive territory on Friday, all three posted losses for the week, after the month of September, in which equities notched their steepest losses since the beginning of the Covid-19 pandemic. Investors are now focusing on the direction of interest rates, as the catalyst, that will determine the direction of markets for the rest of the year, after the month of September in which equities notched their steepest losses since the coronavirus pandemic began. Among the indicators investors are using to gauge stocks' future trajectory is the spread between the yields on two-year and 10-year Treasuries. Some view this as a barometer of whether the economy is slowing or overheating. A spread of between zero and 150 basis points is a "sweet spot" for stocks. Historically, when the spread exceeds 150 basis points, that is when stocks struggle.

European stocks fell to their lowest point in two months on Friday, as companies and factory activity data highlighted the economic headwinds from supply-chain constraints and inflation. The Europe-wide STOXX 600 index fell 0.4%. The FT100 closed -0.84%. In Asia, the Nikkei 225 ended 2.16% lower. The Hang Seng was lower 0.36% and the Shanghai Composite Index ended 0.90% up.

ASX AND NZX

Australian shares ended lower on Friday, dragged down by financials and heavyweight miners, as weak economic data from China and growing global inflation fears reduced risk appetite. The S&P/ASX 200 index declined 2% to end at 7,185.5 and finished the week 2.1% lower. China, is in the grip of a power crunch, impacting the country's factory activity which unexpectedly shrank in September, while a softened property market dealt a fresh blow to the waning economic momentum. Financials fell 2.8% and Miners dropped 1.9%. Mount Gibson Iron Ltd was the top loser on the sub-index, dropping 7.3%, followed by Mineral Resources Ltd, losing 6.9%. Travel stocks were up with Webjet up 2.4% and Qantas up 1.8%.

New Zealand's benchmark S&P/NZX 50 index finished flat at 13,279.2.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	14,494.08	7.46	▲	0.05%
S&P/NZX 50 Index	13,279.15	3.39	▲	0.03%
S&P/NZX MidCap Index	38,093.90	181.11	▲	0.48%
S&P/NZX SmallCap Index	94,074.61	220.73	▲	0.24%
ASX Index				
Index	Last	Change		
ASX All Ordinaries	7,486.60	143.10	▼	1.88%
S&P/ASX 200	7,185.50	146.70	▼	2.00%
ASX Small Ordinaries	3,419.90	53.00	▼	1.53%
S&P/ASX MIDCAP 50	9,088.90	172.00	▼	1.86%
S&P/ASX 20	3,938.70	92.50	▼	2.29%
Foreign Markets Index				
	Last	Change		
S&P 500	4,357.04	49.50	▲	1.15%
Dow Jones Industrial Average	34,326.46	482.56	▲	1.43%
NASDAQ Composite	14,566.70	118.10	▲	0.82%
FTSE 100	7,027.07	59.35	▼	0.84%
ASX All Ordinaries	7,486.60	143.10	▼	1.88%
NIKKEI 225	28,771.07	681.63	▼	2.31%
HANG SENG INDEX	24,575.64	87.86	▼	0.36%
Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9569	0.0007	▼	0.07%
USD	0.6946	0.0049	▲	0.71%
CNY	4.4782	0.0024	▼	0.05%
EUR	0.5991	0.0003	▼	0.05%
CAD	0.8781	0.0010	▼	0.11%
GBP	0.5126	0.0005	▼	0.10%
JPY	77.0552	0.1452	▼	0.19%
US 10 Year Treasury Yield				
US 10YR	1.46%			
NZ Interest Rates				
	Last			
NZ OCR	0.25			
90-day Bank Bill	0.63			
5y Bank Bill	1.53			
10y Bank Bill	1.99			
Swap rate spread close (bps)	82			
Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,761.30	2.90	▲	0.16%
Silver	22.57	0.03	▲	0.13%
Crude Oil	75.74	0.14	▼	0.18%

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