

# MORNING REPORT

As at 9.00 a.m. 2021/10/19

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## Top News

### KEY OVERSEAS MARKETS

U.S. stock markets ended mixed on Monday as oil prices retreated from seven-year highs and industrial production slowed. The Dow Jones Industrial Average declined 0.13%, while the S&P 500 and the Nasdaq Composite rose 0.23% and 0.6%, respectively. Industrial production fell 1.3% in September as opposed to a 0.2% expected gain. The August figure was revised down to a 0.1% contraction, from a previous reading of 0.4% growth. A further concern to the markets was the slowing of the Chinese economy, as growth declined to 4.9% for the third quarter, compared to the same period last year and down from 7.9% the previous quarter, due to supply bottlenecks and the Evergrande debt crisis. Economists were expecting 5.2% growth.

Other key overseas markets were mostly weaker, with the UK's FTSE 100 down 0.42%, Germany's DAX 30 0.72% lower and France's CAC40 declining 0.81%. China's Shanghai Composite and Japan's Nikkei 225 fell 0.12% and 0.15%, respectively, while Hong Kong's Hang Seng ended up 0.31%.

The 10 – year Treasury note reached 1.60% close to a four – month high. West Texas Intermediate crude oil declined by 26c to \$82.02 per barrel.

### ASX AND NZX

The Australian market ended higher yesterday, underpinned by gains in Materials and Financials, as well as a frenzy of mergers and acquisitions activity. The S&P/ASX200 closed 0.26% higher at 7,381.10. Sector performances were mixed. Tech and Health fell over 1%, while the best sectors were resources and financials, which gained 1.04% and 0.95% respectively. Companies completing M & A deals were Ramelius Resources (ASX: RMS), buying Apollo Consolidated (ASX: AOP) and Class (ASX: CL1), being acquired by Hub24 (ASX: HUB) and Sydney Airport. The top performing shares yesterday were Nickel Mines Ltd and Orocobre, up 5.08% and 4.85% respectively. Over the last five days, the index is up 1.11% and is now 3.30% off its 52-week high.

The NZ S&P/NZX 50 closed 0.1% lower to 12,998.51 on turnover of \$127.5 million, with exporters leading the benchmark lower by 0.1% to 12,998.51, after the NZ strengthened, following the rise of annual inflation to 4.9%. This places strong pressure on the Reserve Bank to raise interest rates more aggressively. The market is now pricing in a 50% probability of a further interest rate hike to take the OCR to 1% in November. The Kiwi dollar ended higher, and this upward trend is expected to continue today. Companies that are exporters or earning sizeable revenue offshore, traded a lot lower. For example Vista was down 4.3%, A2 Milk was off 1.7% and Restaurant Brands declined 1.3%. Rakon was down 3.7% and Scott Technology 4.5%. The best performing top fifty cap stock was Mainfreight, which closed 2.4% higher.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	14,209.79	13.81	▼	0.10%
S&P/NZX 50 Index	12,998.51	13.68	▼	0.11%
S&P/NZX MidCap Index	37,418.59	76.07	▼	0.20%
S&P/NZX SmallCap Index	95,721.67	177.26	▲	0.19%
ASX Index				
Index	Last		Change	
ASX All Ordinaries	7,689.70	15.50	▲	0.20%
S&P/ASX 200	7,381.10	19.10	▲	0.26%
ASX Small Ordinaries	3,527.00	0.60	▲	0.02%
S&P/ASX MIDCAP 50	9,326.90	6.70	▼	0.07%
S&P/ASX 20	4,061.20	19.00	▲	0.47%
Foreign Markets Index				
	Last		Change	
S&P 500	4,483.12	11.75	▲	0.26%
Dow Jones Industrial Average	35,232.98	61.78	▼	0.18%
NASDAQ Composite	15,008.23	110.89	▲	0.74%
FTSE 100	7,203.83	30.20	▼	0.42%
ASX All Ordinaries	7,689.70	15.50	▲	0.20%
NIKKEI 225	29,025.46	474.56	▲	1.66%
HANG SENG INDEX	25,409.75	78.75	▲	0.31%
Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9551	0.0025	▲	0.26%
USD	0.7082	0.0007	▲	0.10%
CNY	4.5532	0.0075	▲	0.16%
EUR	0.6099	0.0007	▲	0.11%
CAD	0.8767	0.0028	▲	0.32%
GBP	0.5158	0.0023	▲	0.45%
JPY	80.9246	0.2236	▲	0.28%
US 10 Year Treasury Yield				
US 10YR	1.58%			
NZ Interest Rates				
	Last			
NZ OCR	0.50			
90-day Bank Bill	0.68			
5y Bank Bill	1.62			
10y Bank Bill	2.09			
Swap rate spread close (bps)	84			
Commodities Futures (Spot Price \$USD)				
	Last		Change	
Gold	1,765.40	2.90	▼	0.16%
Silver	23.24	0.11	▼	0.47%
Crude Oil	82.41	0.13	▲	0.16%

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