

MORNING REPORT

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Top News

KEY OVERSEAS MARKETS

U.S. stocks markets rallied on Monday with the major indices all up at records highs. The Dow Jones Industrial Average was up 0.15%, while the S&P 500 index and the Nasdaq Composite index rose 0.07% and 0.43%, respectively. Other key overseas markets were mixed with Britain's FTSE 100 up 0.88%, Germany's DAX 30 rising 0.8% and France's CAC 40 gaining 1.03%. Japan's Nikkei 225 jumped 2.61% after the ruling party maintained its majority in Sunday's parliamentary election. The Hong Kong's Hang Seng fell 0.88% and China's Shanghai Composite declined 0.08%.

West Texas Intermediate crude oil jumped eighty cents to \$84.37 a barrel and gold rose \$9.90 to \$1,793.80 an ounce. The 10 - year US bond yield fell to 1.563%.

ASX AND NZX

Leading Australian economists are expecting a policy shift from the Reserve Bank, when it meets today. The Australian share market ended yesterday in positive territory, with all sectors of the market gaining ground, apart from financials. The ASX 200 index ended 0.64% up, at 7,370.8 points. Technology and utilities finished as the best-performing sectors. Mining stocks were mixed, with Rio Tinto (+0.8pc) and Fortescue (+2.9pc) rising strongly, while BHP (-0.5pc) and gold miners fell. Westpac dropped sharply by 7.4% to \$23.78. Westpac was the worst performer of the day, even though it announced a return of \$5.7 billion to shareholders, including a 60-cent final dividend and a \$3.5 billion share buyback, the stock still declined sharply. The bank's underlying performance was weaker, despite the strong headline profit growth. Its margins deteriorated due to rising costs. Other banks had mixed performances, with NAB down 0.9%, while the ANZ was marginally up, and the Commonwealth Bank ended 1.5% higher. Shares in energy infrastructure firm AusNet I jumped 3.6 per cent to \$2.65, as it agreed to a \$10.2 billion takeover offer by Canada's Brookfield Asset Management at \$2.65 per share for an enterprise value of \$17.8 billion.

The NZ stock market ended -0.50% lower at 13,030.21 on low volume of \$106 million. The market was led lower by large cap stocks, in particular Westpac which fell 6.3%. Among the worst performers in the large and medium cap stocks were WBC (-6.31%), SML (-3.33%), RBD (-2.63%), MFT (-1.96%), KMD (-1.89%), PPH (-1.58%), AIR (-1.50%), PEB (-1.36%) AIA (-1.25%), MEL (-1.20%), PCT (-1.20%), SUM (-1.10%) and ARV (-1.0%). AFT closed 7.3% higher leading the pack of positive performers after it a US medical regulator accepted its patented pain relief medicine. Other top performers were ARB (+5.36%), EVO (+3.41%), IKE (+2.88%), IPL (+2.13%), SKL (+1.77%), CDI (+2.23%) and BGP (1.01%). ARB announced it is selling its NZ and Australian businesses for \$22.3m and will invest the funds in its North American and South American operations

NZX Index					
Index	Last		Change		
S&P/NZX All Index	14,250.20	67.26	▼	0.47%	
S&P/NZX 50 Index	13,030.31	69.50	▼	0.53%	
S&P/NZX MidCap Index	37,503.64	80.49	▼	0.21%	
S&P/NZX SmallCap Index	96,297.68	179.85	▲	0.19%	
ASX Index					
Index	Last		Change		
ASX All Ordinaries	7,692.20	53.10	▲	0.70%	
S&P/ASX 200	7,370.80	47.10	▲	0.64%	
ASX Small Ordinaries	3,535.30	32.40	▲	0.92%	
S&P/ASX MIDCAP 50	9,409.70	130.80	▲	1.41%	
S&P/ASX 20	4,041.60	8.80	▲	0.22%	
Foreign Markets Index					
	Last		Change		
S&P 500	4,608.61	3.23	▲	0.07%	
Dow Jones Industrial Average	35,872.36	52.80	▲	0.15%	
NASDAQ Composite	15,565.44	67.05	▲	0.43%	
FTSE 100	7,288.62	51.05	▲	0.71%	
ASX All Ordinaries	7,692.20	53.10	▲	0.70%	
NIKKEI 225	29,647.08	754.39	▲	2.61%	
HANG SENG INDEX	25,154.32	222.92	▼	0.88%	
Currencies (per NZ\$ 1.00)					
	Last		Change		
AUD	0.9555	0.0020	▲	0.21%	
USD	0.7183	0.0016	▲	0.22%	
CNY	4.5954	0.0078	▲	0.17%	
EUR	0.6191	0.0004	▼	0.06%	
CAD	0.8885	0.0014	▲	0.16%	
GBP	0.5259	0.0028	▲	0.54%	
JPY	81.9199	0.1956	▲	0.24%	
US 10 Year Treasury Yield					
US 10YR	1.57%				
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	1,792.90	9.00	▲	0.50%	
Silver	24.07	0.12	▲	0.51%	
Crude Oil	83.91	0.34	▲	0.41%	

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