

MORNING REPORT

As at 9.00 a.m. 2021/11/3

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Top News KEY OVERSEAS MARKETS

With US inflation at its highest point in three decades, the U.S. Federal Reserve begins its two-day meeting Tuesday and is expected to announce the start to the winding down of its extraordinary stimulus to the economy, since the pandemic recession began last year. This could prove a risky balancing act. It will likely start with a winding down of its \$120 billion in monthly bond purchases and end this program entirely by the middle of 2022. All three of the major averages hit new all-time highs as did the Dow Transportation Average on Tuesday, with the DJIA up 0.44%, the S&P and the NASDAQ higher 0.41% and 0.26% respectively.

Other key markets closed mixed, as investors awaited the US Fed meeting today. BP shares fall 3%. The European Stoxx closed 0.11% up. About 166 companies of the STOXX 600 have reported quarterly earnings so far and 65.7% have topped profit estimates. The Bank of England is also expected to outline measures to contain a recent spike in inflation. The bank said it had \$4.2 billion in exposure to China's real estate sector, where China Evergrande Group has been grappling with an enormous debt pile. In Asia markets were lower. The Nikkei 225 closed 0.43% lower. The Hang Seng fell 0.22% and the Shanghai Composite ended 1.1% lower, following a flurry of credit warnings for Chinese property developers.

The oil price was down 0.63% at \$83.54 per barrel. Gold was down 0.38% at \$1788.9 an ounce.

ASX AND NZX

The Australian market closed lower, dragged down by the mining and banking heavyweights, after the central bank abandoned its extremely low target for bond yields and opened the door for an earlier interest rate hike. The benchmark S&P/ASX 200 index closed 0.6% lower at 7,324.3, erasing Monday's gains. Mining stocks fell the most, shedding more than 2%, as iron ore prices dropped on poor demand outlook. BHP Group and Rio Tinto were lower between 2% and 2.5%. Financials declined 1.3%, as insurers and the "Big Four" banks all closed lower. Real estate firm Goodman Group rose 7.6% to hit its highest level in nearly 14 years after it raised its 2022 earnings outlook.

The NZ market closed 0.3% lower at 12,992.5, on turnover of \$114 million, with the Westpac down 4.7%, as investor concern increased about the bank's future operating margins. The market is also being constrained by the spectre of further rises in interest rates both internationally and locally. AFT was up 4.6%.

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	NZX Index				
Index	Last		Chang	ge	
S&P/NZX All Index	14,211.75	38.45	_	0.27%	
S&P/NZX 50 Index	12,992.50	37.80	•	0.29%	
S&P/NZX MidCap Index	37,218.16	285.40	•	0.76%	
S&P/NZX SmallCap Index	96,069.35	228.30	•	0.24%	
	ASX Index				
Index	Last		Chan		
ASX All Ordinaries	7,646.60	45.60		0.59%	
S&P/ASX 200	7,324.30	46.50		0.63%	
ASX Small Ordinaries	3,511.30	24.00	_	0.68%	
S&P/ASX MIDCAP 50	9,356.80	52.90		0.56%	
S&P/ASX 20	4,018.60	23.00	•	0.57%	
F	oreign Markets II	ndex	Chan		
COD 500	Last	15.26	Chang	_	
S&P 500	4,628.93	15.26		0.33%	
Dow Jones Industrial Average	36,030.68	116.84		0.33%	
NASDAQ Composite	15,642.91	47.00		0.30%	
FTSE 100	7,274.81	13.81		0.19%	
ASX All Ordinaries	7,646.60	45.60	•	0.59%	
NIKKEI 225	29,520.90	126.18	•	0.43%	
HANG SENG INDEX	25,099.67	54.65		0.22%	
	-				
Cui	rrencies (per NZ\$	1.00)	Chan		
	Last		Chang		
AUD	Last 0.9565	0.0005	A	0.05%	
AUD USD	Last 0.9565 0.7106	0.0005 0.0082	▲	0.05% 1.14%	
AUD USD CNY	Last 0.9565 0.7106 4.5477	0.0005 0.0082 0.0526	A	0.05% 1.14% 1.14%	
AUD USD CNY EUR	Last 0.9565 0.7106 4.5477 0.6134	0.0005 0.0082 0.0526 0.0061	▲	0.05% 1.14% 1.14% 0.98%	
AUD USD CNY	Last 0.9565 0.7106 4.5477 0.6134 0.8814	0.0005 0.0082 0.0526 0.0061 0.0079	▲ ▼	0.05% 1.14% 1.14% 0.98% 0.89%	
AUD USD CNY EUR	Last 0.9565 0.7106 4.5477 0.6134	0.0005 0.0082 0.0526 0.0061	▲▼▼	0.05% 1.14% 1.14% 0.98%	
AUD USD CNY EUR CAD GBP JPY	Last 0.9565 0.7106 4.5477 0.6134 0.8814 0.5217 80.9891	0.0005 0.0082 0.0526 0.0061 0.0079 0.0045 1.0029	▲▼▼	0.05% 1.14% 1.14% 0.98% 0.89%	
AUD USD CNY EUR CAD GBP JPY	Last 0.9565 0.7106 4.5477 0.6134 0.8814 0.5217	0.0005 0.0082 0.0526 0.0061 0.0079 0.0045 1.0029	* * * * * * * * * * * * * * * * * * *	0.05% 1.14% 1.14% 0.98% 0.89% 0.86%	
AUD USD CNY EUR CAD GBP JPY	Last 0.9565 0.7106 4.5477 0.6134 0.8814 0.5217 80.9891 10 Year Treasury	0.0005 0.0082 0.0526 0.0061 0.0079 0.0045 1.0029	* * * * * * * * * * * * * * * * * * *	0.05% 1.14% 1.14% 0.98% 0.89% 0.86%	
AUD USD CNY EUR CAD GBP JPY	Last 0.9565 0.7106 4.5477 0.6134 0.8814 0.5217 80.9891 10 Year Treasury 1.55% NZ Interest Rate	0.0005 0.0082 0.0526 0.0061 0.0079 0.0045 1.0029	* * * * * * * * * * * * * * * * * * *	0.05% 1.14% 1.14% 0.98% 0.89% 0.86%	
AUD USD CNY EUR CAD GBP JPY US US 10YR	Last 0.9565 0.7106 4.5477 0.6134 0.8814 0.5217 80.9891 10 Year Treasury 1.55% NZ Interest Rate Last	0.0005 0.0082 0.0526 0.0061 0.0079 0.0045 1.0029	* * * * * * * * * * * * * * * * * * *	0.05% 1.14% 1.14% 0.98% 0.89% 0.86%	
AUD USD CNY EUR CAD GBP JPY US US 10YR	Last 0.9565 0.7106 4.5477 0.6134 0.8814 0.5217 80.9891 10 Year Treasury 1.55% NZ Interest Rate Last 0.50	0.0005 0.0082 0.0526 0.0061 0.0079 0.0045 1.0029	* * * * * * * * * * * * * * * * * * *	0.05% 1.14% 1.14% 0.98% 0.89% 0.86%	
AUD USD CNY EUR CAD GBP JPY US US 10YR NZ OCR 90-day Bank Bill	Last 0.9565 0.7106 4.5477 0.6134 0.8814 0.5217 80.9891 10 Year Treasury 1.55% NZ Interest Rate Last 0.50 0.68	0.0005 0.0082 0.0526 0.0061 0.0079 0.0045 1.0029	* * * * * * * * * * * * * * * * * * *	0.05% 1.14% 1.14% 0.98% 0.89% 0.86%	
AUD USD CNY EUR CAD GBP JPY US US 10YR NZ OCR 90-day Bank Bill 5y Bank Bill	Last 0.9565 0.7106 4.5477 0.6134 0.8814 0.5217 80.9891 10 Year Treasury 1.55% NZ Interest Rate Last 0.50 0.68 1.62	0.0005 0.0082 0.0526 0.0061 0.0079 0.0045 1.0029	* * * * * * * * * * * * * * * * * * *	0.05% 1.14% 1.14% 0.98% 0.89% 0.86%	
AUD USD CNY EUR CAD GBP JPY US US 10YR NZ OCR 90-day Bank Bill 5y Bank Bill	Last 0.9565 0.7106 4.5477 0.6134 0.8814 0.5217 80.9891 10 Year Treasury 1.55% NZ Interest Rate Last 0.50 0.68 1.62 2.09	0.0005 0.0082 0.0526 0.0061 0.0079 0.0045 1.0029	* * * * * * * * * * * * * * * * * * *	0.05% 1.14% 1.14% 0.98% 0.89% 0.86%	
AUD USD CNY EUR CAD GBP JPY US US 10YR NZ OCR 90-day Bank Bill 5y Bank Bill 10y Bank Bill Swap rate spread close (bps)	Last 0.9565 0.7106 4.5477 0.6134 0.8814 0.5217 80.9891 10 Year Treasury 1.55% NZ Interest Rate Last 0.50 0.68 1.62 2.09 84	0.0005 0.0082 0.0526 0.0061 0.0079 0.0045 1.0029 / Yield	* * * * * * * * * * * * * * * * * * *	0.05% 1.14% 1.14% 0.98% 0.89% 0.86%	
AUD USD CNY EUR CAD GBP JPY US US 10YR NZ OCR 90-day Bank Bill 5y Bank Bill 10y Bank Bill Swap rate spread close (bps)	Last 0.9565 0.7106 4.5477 0.6134 0.8814 0.5217 80.9891 10 Year Treasury 1.55% NZ Interest Rate Last 0.50 0.68 1.62 2.09	0.0005 0.0082 0.0526 0.0061 0.0079 0.0045 1.0029 / Yield	~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~	0.05% 1.14% 1.14% 0.98% 0.89% 0.86% 1.22%	
AUD USD CNY EUR CAD GBP JPY US US 10YR NZ OCR 90-day Bank Bill 5y Bank Bill 10y Bank Bill Swap rate spread close (bps)	Last 0.9565 0.7106 4.5477 0.6134 0.8814 0.5217 80.9891 10 Year Treasury 1.55% NZ Interest Rate Last 0.50 0.68 1.62 2.09 84 ties Futures (Spo	0.0005 0.0082 0.0526 0.0061 0.0079 0.0045 1.0029 / Yield	* * * * * * * * * * * * * * * * * * *	0.05% 1.14% 1.14% 0.98% 0.89% 0.86% 1.22%	
AUD USD CNY EUR CAD GBP JPY US US 10YR NZ OCR 90-day Bank Bill 5y Bank Bill 10y Bank Bill Swap rate spread close (bps) Commodi	Last 0.9565 0.7106 4.5477 0.6134 0.8814 0.5217 80.9891 10 Year Treasury 1.55% NZ Interest Rate Last 0.50 0.68 1.62 2.09 84 ties Futures (Sport	0.0005 0.0082 0.0526 0.0061 0.0079 0.0045 1.0029 / Yield	Change	0.05% 1.14% 1.14% 0.98% 0.89% 1.22%	

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