



## MORNING REPORT

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### Top News

#### Stocks in China Slide; U.S. Equity Futures Advance: Markets Wrap

U.S. stocks rebounded from the worst week in six months as investors speculated efforts to contain the coronavirus will minimize lasting damage to the global economy. Commodities remained under pressure, with copper headed for a 14th straight loss and oil plunging more than 2%.

The S&P 500 Index advanced as China added stimulus in an effort to shore up its economy and American manufacturing data topped estimates. It's still down more than 2% since the virus scare started almost two weeks ago. Equities wobbled midday Monday after U.S. health authorities said they were preparing as if the disease that originated in China would become a pandemic. Tesla Inc. surged as much as 20%.

The risk-on mood in U.S. equities didn't spread across assets. Treasuries pared most of their losses and oil slumped below \$51 a barrel. Copper futures dropped again in London. Stocks in Shanghai -- which hadn't traded since holidays began Jan. 23 -- tumbled the most since 2015 as the nation's economy remained virtually shut down because of the virus.

"In the short-term, equity markets are at risk and we haven't seen yet the types of declines that we saw during SARS," Ed Campbell, portfolio manager and managing director at QMA, said in a phone interview. "The lesson from history is that risk assets don't bottom until the net number of new cases peaks and it's not clear that we've reached that point."

The spread of the coronavirus kept investors on edge Monday after American equities had the worst week since August on concern economic growth will falter as the virus spreads. The People's Bank of China cut rates as it injected cash into the financial system on Monday, part of a slew of measures to shore up their financial markets. Still, the economic toll is becoming clearer, with Beijing reportedly evaluating whether its growth target this year should be softened. A manufacturing reading in the U.S. topped estimates.

#### Asia Faces Rate-Cut Pressure to Curb Economic Fallout From Virus

Central banks in Asia face increasing calls to cut interest rates as they jump into action against a spiraling coronavirus crisis that's hammering tourism, travel and confidence across the region.

The People's Bank of China trimmed some interest rates Monday and injected massive liquidity into the financial system to shore up slumping markets. Indonesia's central bank said it was taking "bold" steps to bolster the nation's currency and bonds.

Attention will first swing to Australia, where the central bank will make its policy decision Tuesday. Markets aren't expecting a cut just yet, but economists will scour the accompanying statement for the Reserve Bank's views on the virus's impact.

Next up is Thailand, where there are growing calls for a move Wednesday, but no consensus estimate so far that a cut is coming. By contrast, a reduction is expected Thursday in the Philippines, which has reported the first death from the coronavirus outside China.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	12,495.65	180.82	▼	1.43%
S&P/NZX 50 Index	11,550.16	167.28	▼	1.43%
S&P/NZX MidCap Index	32,480.88	476.89	▼	1.45%
S&P/NZX SmallCap Index	65,278.58	1,066.13	▼	1.61%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	7,019.90	101.30	▼	1.42%
S&P/ASX 200	6,923.30	93.90	▼	1.34%
ASX Small Ordinaries	2,950.70	44.80	▼	1.50%
S&P/ASX MIDCAP 50	7,392.70	144.70	▼	1.92%
S&P/ASX 20	3,840.90	42.80	▼	1.10%

Foreign Markets Index				
	Last	Change		
S&P 500	3,253.24	27.72	▲	0.86%
Dow Jones Industrial Average	28,445.20	189.17	▲	0.67%
NASDAQ Composite	9,274.99	124.06	▲	1.36%
DAX PERFORMANCE-INDEX	13,045.19	63.22	▲	0.49%
ASX All Ordinaries	7,019.90	101.30	▼	1.42%
NIKKEI 225	22,971.94	233.24	▼	1.01%
HANG SENG INDEX	26,356.98	44.35	▲	0.17%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9667	-0.0013	▼	0.13%
USD	0.65	-0.0005	▼	0.08%
CNY	4.5370	0.0530	▲	1.17%
EUR	0.58	0.0011	▲	0.19%
CAD	0.8596	0.0030	▲	0.35%
GBP	0.50	0.0062	▲	1.25%
JPY	70.2580	0.0530	▲	0.08%

NZ Interest Rates				
	Last	Change		
NZ OCR	1.00			
3m Bank Bill	1.27			
5y Swap	1.12			
10y Swap	1.38			

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,582.20	5.70	▼	0.36%
Silver	17.67	0.35	▼	1.93%
Crude Oil	50.00	1.56	▼	3.03%

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