



MORNING REPORT

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Top News

U.S. Stocks Surge, Treasuries Sink on Economy Bets

U.S. stocks rallied, while Treasuries plunged as investors speculated the global economy will withstand any impact from the still-spreading coronavirus after China's market sell-off eased.

The S&P 500 headed for its best surge since August and the Nasdaq 100 Index hit an all-time high as investors piled back into risk assets after last week's rout. European and emerging-market shares rallied. Shanghai stocks rebounded from a record \$720 billion wipeout. Treasuries tumbled with gold. Copper in London halted a 14-day slide. Oil bucked the trend, erasing gains that topped 2%. In company news, Tesla Inc. extended its torrid run.

Investors appear to be taking some comfort from the measures Beijing has taken to contain the virus to Hubei province and to support economic growth. Still, travel restrictions continue and business shut-downs mount, with Macau closing casinos for another two weeks. Bulls have focused on strong corporate earnings and assurances of support from central banks. Meanwhile, traders are also waiting for the outcome of the Iowa Caucuses, as the 2020 Democratic presidential race kicks off. Problems with the reporting process have delayed the results.

"The lesson of today's stock market rally is that while the coronavirus is a risk, it is not a material risk to the economic outlook which backstops corporate earnings always," said Chris Rupkey, chief financial economist for MUFG Union Bank. "Coronavirus doesn't increase the odds of a U.S. recession this year."

Xi Jinping Warns Virus May Impact China's Social Stability

Chinese President Xi Jinping called on all officials to quickly work together to contain a deadly new virus at a rare meeting of top leaders, saying the outcome would directly impact social stability in the country.

The effort to contain the virus directly affects people's health, China's economic and social stability, and the country's process of opening up, he told a meeting of the Communist Party's powerful Politburo Standing Committee on Monday. Leaders also urged officials "to achieve the targets of economic and social development this year" and "promote stable consumer spending."

It was the second meeting of China's senior-most leaders to handle the crisis in recent days, a rare occurrence over the past few decades. The virus has already claimed more than 400 lives in China and sent its equity markets plunging.

"The outbreak is a major test of China's system and capacity for governance, and we must sum up the experience and draw a lesson from it," the official Xinhua News Agency reported, citing a statement from the meeting.

Xi said the country's top leaders should be squarely focused on prevention and controlling the spread of the virus.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	12,454.49	41.16	↓	0.33%
S&P/NZX 50 Index	11,511.49	38.67	↓	0.33%
S&P/NZX MidCap Index	32,477.70	3.18	↓	0.01%
S&P/NZX SmallCap Index	65,324.67	46.09	↑	0.07%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	7,047.60	27.70	▲	0.39%
S&P/ASX 200	6,948.70	25.40	▲	0.37%
ASX Small Ordinaries	2,971.00	20.30	▲	0.69%
S&P/ASX MIDCAP 50	7,433.50	40.80	▲	0.55%
S&P/ASX 20	3,850.70	9.80	▲	0.26%

Foreign Markets Index				
	Last	Change		
S&P 500	3,301.59	52.67	▲	1.62%
Dow Jones Industrial Average	28,837.96	438.15	▲	1.54%
NASDAQ Composite	9,470.88	197.48	▲	2.13%
DAX PERFORMANCE-INDEX	13,281.74	236.55	▲	1.81%
ASX All Ordinaries	7,047.60	27.70	▲	0.39%
NIKKEI 225	23,084.59	112.65	▲	0.49%
HANG SENG INDEX	26,675.98	319.00	▲	1.21%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9625	-0.0032	▼	0.33%
USD	0.65	0.0020	▲	0.31%
CNY	4.5370	-0.0020	▼	0.04%
EUR	0.59	0.0029	▲	0.49%
CAD	0.8614	0.0027	▲	0.31%
GBP	0.50	0.0002	▲	0.04%
JPY	70.9770	0.7430	▲	1.05%

NZ Interest Rates				
	Last	Change		
NZ OCR	1.00			
3m Bank Bill	1.25			
5y Swap	1.09			
10y Swap	1.36			

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,557.00	25.40	▼	1.61%
Silver	17.61	0.06	▼	0.31%
Crude Oil	49.78	0.33	▼	0.66%

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