



## MORNING REPORT

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### Top News

#### Stocks Rally on U.S. Virus Spending, Stimulus Bets

U.S. stocks advanced after Congress agreed to an emergency spending bill to combat the spread of the coronavirus. Bonds continued to rally after the Federal Reserve's rate cut.

The S&P 500 rose for the second time in three days, taking its rebound from the worst week since the financial crisis to 4.5%, after Congress authorized nearly \$8 billion for virus prevention. Stocks opened higher on speculation other central banks and governments would provide stimulus as the outbreak claimed more lives and new cases piled up. Joe Biden's surprise surge in Tuesday's presidential primaries added to bullish sentiment. The equity benchmark is still 8% below its February record.

Stocks tumbled yesterday after the Fed's move wasn't followed by other Group of Seven nations with rate cuts or fiscal stimulus in the face of the virus's growing threat to the global economy. But equities got a boost after the Bank of Canada cut its benchmark Wednesday, and amid speculation the Bank of England and the European Central Bank would also take action.

Ten-year Treasury yields held below 1%, while two-year dropped to 0.64%. The low rates also helped breath new life into corporate bond deals after a days-long hiatus

"It looks like a combination of two things: to me, Biden's showing on Super Tuesday is really an unexpected surprise, a positive surprise to the markets because I think markets always prefer a more moderate centrist Democratic nominee," Deepak Puri, Americas CIO at Deutsche Bank Wealth Management, said by phone. "The other is the G-7 coordinated fiscal and monetary policy easing, which is on top of the 50 basis-point rate cut by the Fed announced yesterday. I think the market was initially a little bit taken aback by the rate cut announcement, but now that it's had some time to digest, it's starting to feel that the Fed is going to do whatever it takes to again stabilize the demand and supply shock."

Investors are anxious for promised action by the Group of Seven to confront the virus while they're buying risk assets on dips and watching the world's biggest bond market move closer to negative yields. The Democratic contest posed a fresh challenge to Trump as nine states went to Biden, who's positioned as a moderate against a more progressive Sanders in the race for the party's nomination to take on Trump in November.

NZX Index				
Index	Last	Change		
S&P/NZX All Index	12,318.43	74.68	▲	0.61%
S&P/NZX 50 Portfolio Index	6,879.25	31.44	▲	0.46%
S&P/NZX MidCap Index	30,989.92	223.16	▲	0.73%
S&P/NZX SmallCap Index	59,521.35	138.50	▼	0.23%

ASX Index				
Index	Last	Change		
ASX All Ordinaries	6,398.50	113.10	▼	1.74%
S&P/ASX 200	6,325.40	110.30	▼	1.71%
ASX Small Ordinaries	2,694.90	45.70	▼	1.67%
S&P/ASX MIDCAP 50	6,733.60	103.70	▼	1.52%
S&P/ASX 20	3,524.90	67.10	▼	1.87%

Foreign Markets Index				
	Last	Change		
S&P 500	3,099.53	96.16	▲	3.20%
Dow Jones Industrial Average	26,831.30	913.89	▲	3.53%
NASDAQ Composite	8,929.49	245.40	▲	2.83%
DAX PERFORMANCE-INDEX	12,127.69	142.30	▲	1.19%
ASX All Ordinaries	6,398.50	113.10	▼	1.74%
NIKKEI 225	21,100.06	17.33	▲	0.08%
HANG SENG INDEX	26,222.07	62.75	▼	0.24%

Currencies (per NZ\$ 1.00)				
	Last	Change		
AUD	0.9503	0.0030	▼	0.32%
USD	0.63	0.0010	▲	0.16%
CNY	4.3500	0.0210	▼	0.48%
EUR	0.56	0.0024	▲	0.43%
CAD	0.8425	0.0021	▲	0.25%
GBP	0.49	0.0013	▼	0.27%
JPY	67.4520	0.2195	▲	0.33%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	0.77	
5y Swap	0.74	
10y Swap	1.03	

Commodities Futures (Spot Price \$USD)				
	Last	Change		
Gold	1,640.10	4.30	▼	0.26%
Silver	17.23	0.04	▲	0.24%
Crude Oil	47.10	0.08	▼	0.17%

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