



## MORNING REPORT

As at 9.10 AM 9/03/2020

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### Top News

#### Wild Start to Currency Trading Gives Taste of Markets in Crisis

The Japanese yen jumped to the strongest level since 2016 in the start of another roller coaster week, but this time with an oil-price war to add to the distress.

Canada's dollar and Norway's krone dropped at the open in Sydney after Saudi Arabia slashed official crude selling prices, firing the first shots in a dispute with the world's biggest oil exporters. The euro climbed to the highest against the dollar since July, which may give the European Central Bank food for thought when it decides on interest rates on Thursday.

The prospect of competing price-cuts by the biggest crude producers and the looming economic slowdown are stoking anxiety in a world already on edge over the spread of the Covid-19 outbreak. As of Sunday, about half of the world's countries have reported cases of the virus, according to the World Health Organization. The global death count outside of China has exceeded 500, with those in Italy surging by more than 50%.

"This is a very nasty shock to an already stressed market," said Stephen Innes, the Bangkok-based chief market strategist at Axicorp. "Compounding the Covid-19 no-endgame-in-sight narrative with probable value-at-risk implosion triggered by the fall in oil prices should give global investors a case of the cold sweats, while keeping them awake at night for the foreseeable future."

Middle East stock markets on Sunday went into freefall following oil's sharpest slump since 2008, setting the tone for Asian markets when they open Monday.

Gains against the greenback in early trading signaled the Bloomberg Dollar Index was poised to extend a sell-off that sent the gauge tumbling 1.3% last week, the most in two years. And there may be little standing in the way of the haven trade that drove the U.S. 10-year Treasury yield down to an unprecedented 0.66% Friday amid an equities rout.

Oil majors may also come under pressure. Exxon Mobil Corp. slid about 5% on Friday, while Chevron Corp. dropped about 2%. Saudi Aramco shares plummeted as much as 9.4% on Sunday, trading below their IPO level for the first time.

In Europe, investors will brace for declines in Italy after the government sought to lock down the north of the country to contain the coronavirus, although it wasn't clear how strictly the measures would be enforced. Northern Italy has been the epicenter of the outbreak in Europe with almost 6,000 cases.

"There are signs of stress in almost every corner of financial markets," a team led by Guy Stear, head of fixed-income research at Societe Generale SA, wrote in a report. "Nobody knows how the Covid-19 situation will evolve, but what is obvious is that it is a significant growth shock and the longer it sticks around, the risks of a full-blown crisis will grow."

NZX Index			
Index	Last	Change	
S&P/NZX All Index	12,332.71	226.30	▼ 1.80%
S&P/NZX 50 Portfolio Index	6,889.45	132.20	▼ 1.88%
S&P/NZX MidCap Index	31,096.93	553.00	▼ 1.75%
S&P/NZX SmallCap Index	59,657.93	702.20	▼ 1.16%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	6,287.50	184.90	▼ 2.86%
S&P/ASX 200	6,216.20	179.50	▼ 2.81%
ASX Small Ordinaries	2,641.50	79.40	▼ 2.92%
S&P/ASX MIDCAP 50	6,578.60	231.60	▼ 3.40%
S&P/ASX 20	3,463.50	98.80	▼ 2.77%

Foreign Markets Index			
	Last	Change	
S&P 500	2,972.37	51.57	▼ 1.71%
Dow Jones Industrial Average	25,864.78	256.52	▼ 0.98%
NASDAQ Composite	8,575.62	162.97	▼ 1.86%
DAX PERFORMANCE-INDEX	11,541.87	402.83	▼ 3.37%
ASX All Ordinaries	6,287.50	184.90	▼ 2.86%
NIKKEI 225	20,749.75	579.35	▼ 2.72%
HANG SENG INDEX	26,146.67	621.23	▼ 2.32%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9561	0.0006	▼ 0.06%
USD	0.63	0.0026	▼ 0.41%
CNY	4.4050	0.0000	▲ 0.00%
EUR	0.56	0.0051	▼ 0.91%
CAD	0.8562	0.0029	▲ 0.34%
GBP	0.48	0.0026	▼ 0.54%
JPY	65.9800	1.0050	▼ 1.52%

NZ Interest Rates	
	Change
NZ OCR	1.00
3m Bank Bill	0.83
5y Swap	0.77
10y Swap	1.02

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,674.20	6.20	▲ 0.37%
Silver	17.34	0.05	▼ 0.28%
Crude Oil	41.57	4.33	▼ 9.43%

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