

MORNING REPORT

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Top News

U.S. Stocks Plunge 12% With Virus Upending Economy

The stomach-turning ride on global financial markets took a dramatic turn Monday, with U.S. stocks plunging the most since 1987 after President Donald Trump warned the economic disruption from the virus could last into summer.

The S&P 500 sank 12%, extending losses as Trump spoke said the economy could fall into a recession. Equities opened sharply lower after central bank stimulus around the world failed to mollify investors worried about the damage the coronavirus is inflicting on economies.

The negative superlatives for American stocks are piling up. The S&P wiped out its gain in 2019 and is now down almost 30% from its all-time high. The Dow Jones Industrial Average lost almost 13%, falling 3,000 points to close at at two-year low. The Russell 2000 had its worst day on record, losing more than 14%.

"This is different. The thing that is scarier about it is you've never been in a scenario where you shut down the entire economy," said Steve Chiavarone, a portfolio manager with Federated Investors. "You get a sense in your stomach that we don't know how to price this and that markets could fall more."

While the Fed cut rates toward zero and stepped up bond buying, investors continued to clamor for a massive spending package to offset the pain from closures of schools, restaurants, cinemas and sporting events. Companies around the world have scaled back activity to accommodate government demands to limit social interaction

The problem is, bad news keeps stacking up. The New York Fed's regional gauge of factory activity plunged. Ryanair Holdings Plc said Monday it will ground most of its European aircraft while a consultant said the pandemic will bankrupt most airlines worldwide before June unless governments and the industry step in. Nike Inc. and Apple Inc. announced mass store closings.

Scott Miner, Guggenheim Partners co-founder and Guggenheim Global chief investment officer, discusses his predictions for financial markets and the global economy amid the coronavirus outbreak. He speaks during an interview with Bloomberg's Romaine Bostick, Scarlet Fu and Joe Weisenthal on "BloombergMarkets: The Close." (Source: Bloomberg)

"In normal circumstances, a large policy response like this would put a floor under risk assets and support a recovery," Jason Daw, a strategist at Societe Generale SA in Singapore, wrote in a note. "However, the size of the growth shock is becoming exponential and markets are rightfully questioning what else monetary policy can do and discounting its effectiveness in mitigating coronavirus-induced downside risks."

Meanwhile, China reported Monday that output and retail sales tumbled in the past two months.

NZX Index			
Index	Last	Change	
S&P/NZX All Index	10,243.11	386.90	▼ 3.64%
S&P/NZX 50 Portfolio Index	5,608.67	282.50	▼ 4.80%
S&P/NZX MidCap Index	24,897.82	1,524.00	▼ 5.77%
S&P/NZX SmallCap Index	50,082.79	2,071.00	▼ 3.97%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	5,058.20	532.50	▼ 9.52%
S&P/ASX 200	5,002.00	537.30	▼ 9.70%
ASX Small Ordinaries	2,074.50	208.70	▼ 9.14%
S&P/ASX MIDCAP 50	5,177.40	603.30	▼ 10.44%
S&P/ASX 20	2,820.00	284.40	▼ 9.16%

Foreign Markets Index			
	Last	Change	
S&P 500	2,386.13	324.89	▼ 11.98%
Dow Jones Industrial Average	20,188.52	2,997.10	▼ 12.93%
NASDAQ Composite	6,904.59	970.28	▼ 12.32%
DAX PERFORMANCE-INDEX	8,742.25	489.83	▼ 5.31%
ASX All Ordinaries	5,058.20	532.50	▼ 9.52%
NIKKEI 225	17,002.04	429.01	▼ 2.46%
HANG SENG INDEX	23,063.57	969.34	▼ 4.03%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9877	0.0120	▲ 1.21%
USD	0.6053	0.0062	▲ 1.02%
CNY	4.2280	0.0380	▲ 0.90%
EUR	0.5412	0.0001	▼ 0.02%
CAD	0.8466	0.0142	▲ 1.68%
GBP	0.4934	0.0050	▲ 1.01%
JPY	64.0555	0.0975	▼ 0.15%

NZ Interest Rates		
	Last	Change
NZ OCR	0.25	
3m Bank Bill	0.64	
5y Swap	0.80	
10y Swap	1.06	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,502.50	14.20	▼ 0.94%
Silver	12.77	1.73	▼ 11.97%
Crude Oil	28.62	3.11	▼ 9.80%

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