

# MORNING REPORT

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## Top News

### Europe Stocks Rise With U.S. Futures on China Lift

European equities climbed alongside U.S. index futures on Monday following China's pledges to support its economy in the face of the coronavirus outbreak. The yen and gold both slipped.

Carmakers led a modest gain in the Stoxx Europe 600 Index, while HSBC Holdings Plc climbed before reporting earnings Tuesday. Health-care giant Bayer AG dropped after losing its first U.S. trial over the herbicide dicamba. Contracts on the three main American indexes increased, though Wall Street was shut for a holiday and Treasuries didn't trade. European bonds were mixed. The euro pared an earlier gain after closing at its lowest since early 2017 on Friday, while the dollar was steady against a basket of its biggest peers.

China's plans to reduce corporate taxes and fees helped push up the benchmark CSI 300 Index, which has now recouped its losses from an almost 8% tumble when trading resumed after the Lunar New Year break. The momentum failed to buoy other Asian markets, however, as stocks dipped in Seoul and Sydney while Japan's Topix Index dropped after news the country's economy shrank the most since 2014 last quarter.

Investors in risk assets are beginning the week on the front foot after China's central bank also said it will let banks run up more non-performing loans. Bloomberg Economics estimated the country's economy ran at just 40% to 50% capacity in the past week, underscoring the short-term damage done by the coronavirus. Cathay Pacific Airways Ltd., which counts on China and Hong Kong for about half of its revenue, gave a "significant" profit warning and blamed the pathogen.

"If the Chinese economy does recover and you've added all this fiscal and monetary stimulus into it as well, the situation could be that you have much stronger emerging markets into the second half," Sunny Bangia, a fund manager at Antipodes Partners Ltd., said on Bloomberg TV. "A lot depends on how this virus gets contained and if it can morph into something more minor."

Hubei, the province at the epicenter of the outbreak, reported 1,933 new cases, slightly higher than a day earlier. Concern also built around reports that more than 3,000 travelers on two coronavirus-stricken Carnival Corp. cruise ships are returning home, fanning out to more than 40 countries. Singapore's government cut its growth forecasts, citing uncertainty over the length and severity of the outbreak. The country is expected to unveil a large stimulus package to mitigate the economic hit.

Elsewhere, Bitcoin fell as much as 8.4% from Friday, slipping back below \$10,000. WTI crude oil held at about \$52 a barrel.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	12,827.74	38.65	↑	0.30%
S&P/NZX 50 Index	11,873.98	39.15	↑	0.33%
S&P/NZX MidCap Index	32,720.54	45.65	↓	0.14%
S&P/NZX SmallCap Index	65,232.24	339.05	↓	0.52%

ASX Index				
Index	Last		Change	
ASX All Ordinaries	7,221.20	5.90	▼	0.08%
S&P/ASX 200	7,125.10	5.10	▼	0.07%
ASX Small Ordinaries	3,051.80	5.30	▼	0.17%
S&P/ASX MIDCAP 50	7,658.50	10.50	▲	0.14%
S&P/ASX 20	3,968.10	10.00	▼	0.25%

Foreign Markets Index				
	Last		Change	
S&P 500	3,380.16	6.22	▲	0.18%
Dow Jones Industrial Average	29,398.08	25.22	▼	0.09%
NASDAQ Composite	9,731.18	19.21	▲	0.20%
DAX PERFORMANCE-INDEX	13,783.89	39.68	▲	0.29%
ASX All Ordinaries	7,221.20	5.90	▼	0.08%
NIKKEI 225	23,523.24	164.35	▼	0.69%
HANG SENG INDEX	27,959.60	144.00	▲	0.52%

Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9587	-0.0002	▼	0.02%
USD	0.64	-0.0007	▼	0.11%
CNY	4.4930	-0.0040	▼	0.09%
EUR	0.59	-0.0003	▼	0.05%
CAD	0.8522	-0.0021	▼	0.25%
GBP	0.50	0.0009	▲	0.18%
JPY	70.7860	-0.0280	▼	0.04%

NZ Interest Rates				
	Last		Change	
NZ OCR	1.00			
3m Bank Bill	1.19			
5y Swap	1.20			
10y Swap	1.49			

Commodities Futures (Spot Price \$USD)				
	Last		Change	
Gold	1,584.10	5.30	▲	0.34%
Silver	17.76	0.14	▲	0.80%
Crude Oil	52.33	0.91	▲	1.77%

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