



## MORNING REPORT

As at 9.25 AM 20/02/2020

Web: [www.equity.co.nz](http://www.equity.co.nz) / E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz) / Tel: +64 (9)304 0145 / Address: Level 7, 12-26 Swanson Street, Auckland, NZ

### Top News

#### Stocks Reach Record Highs After China's Moves, Fed

Equities advanced on signs that China may be planning further measures to support its economy as it reels from a virus-induced slowdown and after Federal Reserve officials signaled they aren't anxious to raise interest rates anytime soon.

Gains for chipmakers and banks led the S&P 500 Index and Nasdaq Composite toward records after Bloomberg News reported that China's latest moves to aid growth include possible bailouts for hard-hit industries. The dollar climbed to a four-month high after data on housing starts and building permits exceeded analysts' estimates. Treasuries held steady after minutes showed Federal Reserve officials viewed monetary policy as appropriate "for a time."

The Stoxx Europe 600 Index reached new highs, and shares rose in Tokyo, Hong Kong and Sydney. The yen fell to a nine-month low on concern Japan's economy may slip into a recession. Oil gained as U.S. sanctions on Russia's largest producer and conflict in Libya put the focus on supply threats.

Global stocks with China exposure have yet to see sustained relative recovery

Investors appear relatively confident in the ability of policy makers to contain fallout from the deadly coronavirus, even after Apple Inc. spooked markets earlier this week by warning of a slowdown in sales. Data released Wednesday showed the housing market remains a bright spot for the U.S. economy amid sluggish business investment.

"Housing is an economic bellwether and seeing data like this gives investors a lot of reasons to be optimistic, at least for the U.S. market," said Mike Loewengart, vice president of investment strategy at E\*Trade Financial.

Elsewhere, gold traded near its highest level since 2013, while palladium extended its record-breaking rally on forecasts for a widening supply deficit.

#### Some of China's Top Suppliers Are Readyng for a Virus Rebound

Raw materials producers who rely on China for the bulk of their sales are showing confidence the risks posed by the coronavirus outbreak may soon ease -- and are poised to benefit from a forecast demand rebound.

Iron ore shipper Fortescue Metals Group Ltd. on Wednesday added to guarded optimism expressed by BHP Group as well as a developing positive outlook from banks, including UBS Group AG, over the prospects for a sharp recovery in China's growth from next quarter, a scenario that'll spur commodities imports.

The desire of China's government to hit 2020 growth targets should boost iron ore because it'll require investment in steel-intensive infrastructure projects such as railroads, Fortescue Chief Executive Officer Elizabeth Gaines told Bloomberg Television in an interview.

| NZX Index              |           |        |   |       |
|------------------------|-----------|--------|---|-------|
| Index                  | Last      | Change |   |       |
| S&P/NZX All Index      | 12,938.00 | 46.47  | ▲ | 0.36% |
| S&P/NZX 50 Index       | 11,981.03 | 45.19  | ▲ | 0.38% |
| S&P/NZX MidCap Index   | 32,957.19 | 34.79  | ▼ | 0.11% |
| S&P/NZX SmallCap Index | 65,104.24 | 69.29  | ▼ | 0.11% |

| ASX Index            |          |        |   |       |
|----------------------|----------|--------|---|-------|
| Index                | Last     | Change |   |       |
| ASX All Ordinaries   | 7,237.40 | 29.10  | ▲ | 0.40% |
| S&P/ASX 200          | 7,144.60 | 30.90  | ▲ | 0.43% |
| ASX Small Ordinaries | 3,068.80 | 36.40  | ▲ | 1.20% |
| S&P/ASX MIDCAP 50    | 7,634.20 | 40.20  | ▲ | 0.53% |
| S&P/ASX 20           | 3,981.80 | 8.80   | ▲ | 0.22% |

| Foreign Markets Index        |           |        |   |       |
|------------------------------|-----------|--------|---|-------|
|                              | Last      | Change |   |       |
| S&P 500                      | 3,389.82  | 19.53  | ▲ | 0.58% |
| Dow Jones Industrial Average | 29,378.66 | 146.47 | ▲ | 0.50% |
| NASDAQ Composite             | 9,827.09  | 94.35  | ▲ | 0.97% |
| DAX PERFORMANCE-INDEX        | 13,789.00 | 107.81 | ▲ | 0.79% |
| ASX All Ordinaries           | 7,237.40  | 29.10  | ▲ | 0.40% |
| NIKKEI 225                   | 23,400.70 | 206.90 | ▲ | 0.89% |
| HANG SENG INDEX              | 27,655.81 | 125.61 | ▲ | 0.46% |

| Currencies (per NZ\$ 1.00) |         |         |   |       |
|----------------------------|---------|---------|---|-------|
|                            | Last    | Change  |   |       |
| AUD                        | 0.9553  | 0.0007  | ▲ | 0.07% |
| USD                        | 0.64    | -0.0012 | ▼ | 0.19% |
| CNY                        | 4.4620  | -0.0040 | ▼ | 0.09% |
| EUR                        | 0.59    | -0.0013 | ▼ | 0.22% |
| CAD                        | 0.8431  | -0.0036 | ▼ | 0.43% |
| GBP                        | 0.49    | 0.0023  | ▲ | 0.47% |
| JPY                        | 71.1075 | 0.9450  | ▲ | 1.33% |

| NZ Interest Rates |      |        |  |  |
|-------------------|------|--------|--|--|
|                   | Last | Change |  |  |
| NZ OCR            | 1.00 |        |  |  |
| 3m Bank Bill      | 1.17 |        |  |  |
| 5y Swap           | 1.18 |        |  |  |
| 10y Swap          | 1.46 |        |  |  |

| Commodities Futures (Spot Price \$USD) |          |        |   |       |
|--|----------|--------|---|-------|
|  | Last     | Change |   |       |
| Gold                                   | 1,611.40 | 7.80   | ▲ | 0.49% |
| Silver                                 | 18.33    | 0.18   | ▲ | 1.02% |
| Crude Oil                              | 53.37    | 1.32   | ▲ | 2.54% |

Disclaimer: The above information is provided on a best endeavours basis and Equity Investment Advisers Ltd does not accept any liability under any circumstances for errors or omissions. Parties should recheck the information before using it in any decision-making process. Acknowledgements: Equity Investment Advisers (EIA) sincerely expresses its gratitude to the following sources for the contribution of valuable information in the production of EIA morning reports: Yahoo New Zealand, ANZ securities, ASX, Nikkei Indexes, NZX, NYSE, NASDAQ, business desk. ↑ ↓

[Do you need to make any changes to your portfolio?](#)

[www.equity.co.nz](http://www.equity.co.nz)

E-mail: [Info@equity.co.nz](mailto:Info@equity.co.nz)

Contact Equity Investment Advisers today.

Tel: +64 (9)304 0145 / NZ: 0800 474 669