



MORNING REPORT

As at 9.20 AM 25/02/2020

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

Top News

Stocks Tumble, Havens Gain on Rising Virus Concern

U.S. equities tumbled alongside stocks in Europe and Asia as authorities struggled to keep the coronavirus from spreading more widely outside China. Havens including Treasuries and gold surged.

All three main U.S. stock benchmarks slumped about 3%, with the S&P 500 Index tumbling the most on an intraday basis since August. The Dow Jones Industrial Average erased all of its gains for the year. The FANG cohort of megacap tech shares that led the year's rally plunged more than 4%. AMD Corp. led losses in chipmakers exposed to China, at one point sinking more than 10%. High-flyers Virgin Galactic and Tesla each fell about 7%. Alpha Pro Tech, maker of protective clothing and masks, surged 15%.

The Stoxx Europe 600 Index slid 3.8% on trading volumes well above average for the largest drop since 2016 as investors fled travel and luxury-goods shares. A gauge of credit risk on the region's high-yield companies jumped. The yield on 10-year Treasuries approached the 2016 record low. South Korea's benchmark dropped 3.9%, leading declines across Asia, though Japan's markets were shut for a holiday. Spot gold approached \$1,700, while Brent crude oil tumbled about 5%.

The risk-off mood hardened as the epidemic spread to more than 30 countries, with South Korea reporting a jump in infections and Italy locking down an area of 50,000 people near Milan. Finance chiefs and central bankers from the largest economies warned this weekend that they saw the virus bringing downside risks to global growth.

"Stock markets around the world are beginning to price in what bond markets have been telling us for weeks -- that global growth is likely to be impacted in a meaningful way due to fears of the coronavirus," said Chris Zaccarelli, chief investment officer for Independent Advisor Alliance.

Governments and companies are curbing travel and trade in an attempt to contain a novel pathogen that can be transmitted by people without symptoms. Today's market moves follow on last week's surge into havens after fresh warnings by companies over the potential impact of the virus on business and global supply chains. Adding to the anxiety Monday was China announcing an easing of the quarantine of Wuhan, only to retract the statement hours later.

"Markets hate uncertainty and the coronavirus represents the most uncertain macro risk markets have faced in years," said Alec Young, managing director of global markets research at FEST Russell. "Investors are also acutely aware that many misjudged the economic severity of the virus early on, making them more open to entertaining worst-case scenarios now."

| NZX Index | | | | |
|------------------------|-----------|----------|--------|-------|
| Index | Last | | Change | |
| S&P/NZX All Index | 12,798.02 | 233.88 | ↓ | 1.79% |
| S&P/NZX 50 Index | 11,857.12 | 216.22 | ↓ | 1.79% |
| S&P/NZX MidCap Index | 32,723.77 | 291.00 | ↓ | 0.88% |
| S&P/NZX SmallCap Index | 63,799.68 | 1,221.99 | ↓ | 1.88% |

| ASX Index | | | | |
|----------------------|----------|--------|--------|-------|
| Index | Last | | Change | |
| ASX All Ordinaries | 7,065.40 | 165.00 | ▼ | 2.28% |
| S&P/ASX 200 | 6,978.30 | 160.70 | ▼ | 2.25% |
| ASX Small Ordinaries | 2,997.80 | 70.90 | ▼ | 2.31% |
| S&P/ASX MIDCAP 50 | 7,365.10 | 251.80 | ▼ | 3.31% |
| S&P/ASX 20 | 3,906.00 | 79.20 | ▼ | 1.99% |

| Foreign Markets Index | | | | |
|------------------------------|-----------|--------|--------|-------|
| | Last | | Change | |
| S&P 500 | 3,244.96 | 92.79 | ▼ | 2.78% |
| Dow Jones Industrial Average | 28,144.79 | 847.62 | ▼ | 2.92% |
| NASDAQ Composite | 9,277.91 | 298.68 | ▼ | 3.12% |
| DAX PERFORMANCE-INDEX | 13,035.24 | 544.09 | ▼ | 4.01% |
| ASX All Ordinaries | 7,065.40 | 165.00 | ▼ | 2.28% |
| NIKKEI 225 | 23,386.74 | 92.46 | ▼ | 0.39% |
| HANG SENG INDEX | 26,820.88 | 487.93 | ▼ | 1.79% |

| Currencies (per NZ\$ 1.00) | | | | |
|----------------------------|---------|---------|--------|-------|
| | Last | | Change | |
| AUD | 0.9600 | 0.0015 | ▲ | 0.16% |
| USD | 0.63 | 0.0019 | ▲ | 0.30% |
| CNY | 4.4540 | 0.0170 | ▲ | 0.38% |
| EUR | 0.58 | 0.0002 | ▲ | 0.03% |
| CAD | 0.8419 | 0.0047 | ▲ | 0.56% |
| GBP | 0.49 | 0.0028 | ▲ | 0.57% |
| JPY | 70.1460 | -0.1300 | ▼ | 0.19% |

| NZ Interest Rates | | | | |
|-------------------|------|--|--------|--|
| | Last | | Change | |
| NZ OCR | 1.00 | | | |
| 3m Bank Bill | 1.14 | | | |
| 5y Swap | 1.07 | | | |
| 10y Swap | 1.32 | | | |

| Commodities Futures (Spot Price \$USD) | | | | |
|--|----------|------|--------|-------|
| | Last | | Change | |
| Gold | 1,658.00 | 9.20 | ▲ | 0.56% |
| Silver | 18.52 | 0.01 | ▼ | 0.03% |
| Crude Oil | 51.57 | 1.81 | ▼ | 3.39% |

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. ↑ ↓

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