



MORNING REPORT

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Top News

U.S. Stocks Plunge, Bonds Surge After CDC Warning

U.S. stocks plunged to an 11-week low and bond yields fell to records on rising concern the coronavirus will upend global supply chains critical to economic growth.

The S&P 500's four-day rout topped 7%, with losses accelerating Tuesday after the U.S. Centers for Disease Control and Prevention warned Americans to prepare for a coronavirus outbreak at home. That follows a rapid increase in cases from Italy to Iran and Japan, with a growing list of companies warning that profits will suffer as economies around the world suffer. The S&P, Dow Jones Industrial Average and Nasdaq Composite indexes all set record highs this month.

The 10-year U.S. Treasury yield fell to a record low of 1.3055% as investors sought shelter from the virus's impact on the outlook for growth. All 11 sectors in the S&P 500 fell with energy, material and financial shares leading the declines. Volatility spiked, sending the Cboe's measure of equity gyrations surging past 30 for the first time since 2018.

"It's the realization that the market was not going to bounce like it usually does after a severe one-day decline," said Matt Maley, an equity strategist at Miller Tabak & Co. "Once that become obvious, the short-term traders started selling and the long-term investors pulled in their horns."

U.S. central bankers are closely monitoring the spreading coronavirus, but it is "still too soon" to say whether it will result a material change to the outlook, Federal Reserve Vice Chairman Richard Clarida said.

Elsewhere, European stocks closed in the red, while bonds from the region were mixed. Crude oil slumped again after Monday's slide of nearly 4%.

Japanese shares tumbled more than 3% as traders returned after a holiday. Stocks fell in China and Australia and pushed higher in South Korea and Hong Kong. The yen strengthened against the dollar for a third day.

Erratic market moves suggest investors remain on edge over the economic impact of the virus. The World Health Organization has held off from declaring a global pandemic even as cases surged in South Korea, Italy and Japan.

"The markets are pricing in the what ifs of the coronavirus, not necessarily exactly what is," said Brent Schutte, chief investment strategist at Northwestern Mutual Wealth Management Co.

Analysts at Oxford Economics Ltd. said the epidemic could wipe more than \$1 trillion from global domestic product, while the International Monetary Fund lowered its growth forecasts for the world economy.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	12,643.06	157.40	↓	1.23%
S&P/NZX 50 Index	11,719.23	140.23	↓	1.18%
S&P/NZX MidCap Index	32,283.51	456.86	↓	1.40%
S&P/NZX SmallCap Index	62,233.08	1,566.60	↓	2.46%

ASX Index				
Index	Last		Change	
ASX All Ordinaries	6,953.80	111.60	▼	1.58%
S&P/ASX 200	6,866.60	111.70	▼	1.60%
ASX Small Ordinaries	2,952.30	45.50	▼	1.52%
S&P/ASX MIDCAP 50	7,244.80	120.30	▼	1.63%
S&P/ASX 20	3,845.00	61.00	▼	1.56%

Foreign Markets Index				
	Last		Change	
S&P 500	3,129.76	96.13	▼	2.98%
Dow Jones Industrial Average	27,088.56	872.24	▼	3.12%
NASDAQ Composite	8,977.11	244.17	▼	2.65%
DAX PERFORMANCE-INDEX	12,790.49	244.75	▼	1.88%
ASX All Ordinaries	6,953.80	111.60	▼	1.58%
NIKKEI 225	22,605.41	781.33	▼	3.34%
HANG SENG INDEX	26,893.23	72.35	▲	0.27%

Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9586	-0.0015	▼	0.16%
USD	0.63	-0.0015	▼	0.24%
CNY	4.4370	-0.0190	▼	0.43%
EUR	0.58	-0.0028	▼	0.48%
CAD	0.8397	-0.0032	▼	0.38%
GBP	0.49	-0.0039	▼	0.80%
JPY	69.6560	-0.5505	▼	0.79%

NZ Interest Rates				
	Last		Change	
NZ OCR	1.00			
3m Bank Bill	1.12			
5y Swap	1.06			
10y Swap	1.31			

Commodities Futures (Spot Price \$USD)				
	Last		Change	
Gold	1,650.00	21.86	↓	1.31%
Silver	18.19	0.67	↓	3.57%

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