



# MORNING REPORT

As at 9.20 AM 28/01/2020

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## Top News

### Stocks Tumble Around the World on Virus Jitters: Markets Wrap

Stocks slumped and bonds rallied as concern over the impact of a deadly virus that originated in China rattled global markets.

The S&P 500 Index declined the most in almost four months while the Dow Jones Industrial Average briefly erased its 2020 advance. Chipmakers, cruise lines and casino operators took some of the hardest hits on Monday as investors fled companies with close links to China. A gauge of U.S. equity volatility surged above its one-year average. European and emerging-market shares dropped to the lowest levels since mid-December.

China's financial markets will remain closed until next Monday after authorities extended the Lunar New Year break by three days as they grapple with the worsening virus crisis. Assets that track the country's largest stocks took a nosedive, with the iShares MSCI China ETF and Invesco China Technology ETF dropping more than 3%. China-based Alibaba Group Holding Ltd. and Yum China Holdings Inc. also slid. The offshore yuan breached key technical levels.

The flight to safety, which comes ahead of this week's Federal Reserve meeting, saw volumes in Treasury futures jump to double their regular levels in Asia. The yield on 10-year U.S. bonds dropped to the lowest since October, while the dollar rose. The Swiss franc, the Japanese yen and gold paced gains in haven assets. Oil slipped to a more than three-month low. Base metals and bulk commodities also got hurt.

Fears that China has failed to contain the pneumonia-like virus -- which has killed at least 80 people and infected more than 2,700 -- is spurring caution at the start of a week jam-packed with corporate earnings. The outbreak has shattered a calm in markets that hasn't seen a 1% up-or-down move in the S&P 500 since early October.

"This is now a sell first, ask questions later situation," said Alec Young, managing director of global markets research at FTSE Russell. "Markets hate uncertainty, and the coronavirus is the ultimate uncertainty -- no one knows how badly it will impact the global economy. China is the biggest driver of global growth, so this couldn't have started in a worse place."

As global stocks sell off, JPMorgan Chase & Co. strategists say this could end up a buying opportunity. They retained a constructive view on world equities, adding that in the past, the more stocks have fallen on similar fears, the more they have rebounded later. Both the S&P 500 and MSCI All-Country World Index surged to records this month as 2020 started on a jubilant note amid optimism over the U.S.-China trade deal.

"We thought the markets were overdue for a pullback," Lori Calvasina, head of U.S. equity strategy at RBC Capital Markets, told Bloomberg TV. "Valuations are extremely stretched right now and positioning is extremely euphoric. We've said that if the right catalyst came along, markets would be ripe for a pullback."

NZX Index			
Index	Last	Change	
S&P/NZX All Index	12,775.60	75.80	▼ 0.59%
S&P/NZX 50 Index	11,807.14	70.67	▼ 0.59%
S&P/NZX MidCap Index	33,219.82	209.38	▼ 0.63%
S&P/NZX SmallCap Index	66,976.49	238.51	▼ 0.35%

ASX Index			
Index	Last	Change	
ASX All Ordinaries	7,203.20	4.20	▲ 0.06%
S&P/ASX 200	7,090.50	2.50	▲ 0.04%
ASX Small Ordinaries	3,052.20	3.20	▼ 0.10%
S&P/ASX MIDCAP 50	7,580.40	29.30	▲ 0.39%
S&P/ASX 20	3,907.40	1.70	▲ 0.04%

Foreign Markets Index			
	Last	Change	
S&P 500	3,251.38	44.09	▼ 1.34%
Dow Jones Industrial Average	28,605.89	383.84	▼ 1.32%
NASDAQ Composite	9,161.46	153.45	▼ 1.65%
DAX PERFORMANCE-INDEX	13,204.77	371.91	▼ 2.74%
ASX All Ordinaries	7,203.20	4.20	▲ 0.06%
NIKKEI 225	23,343.51	483.67	▼ 2.03%
HANG SENG INDEX	27,949.64	40.54	▲ 0.15%

Currencies (per NZ\$ 1.00)			
	Last	Change	
AUD	0.9685	0.0021	▲ 0.22%
USD	0.65	-0.0041	▼ 0.63%
CNY	4.5440	-0.0270	▼ 0.59%
EUR	0.59	-0.0027	▼ 0.45%
CAD	0.8626	-0.0038	▼ 0.44%
GBP	0.50	-0.0017	▼ 0.34%
JPY	71.2730	-0.4120	▼ 0.58%

NZ Interest Rates		
	Last	Change
NZ OCR	1.00	
3m Bank Bill	1.28	
5y Swap	1.26	
10y Swap	1.53	

Commodities Futures (Spot Price \$USD)			
	Last	Change	
Gold	1,580.30	8.40	▲ 0.53%
Silver	18.09	0.02	▼ 0.10%
Crude Oil	52.97	1.22	▼ 2.25%

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