

HEADLINES

US MARKETS

Wall Street finished in the red on Thursday with tech shares leading the declines as coronavirus fears continued to weigh. Safe havens such as bonds and gold rose in response with the benchmark **10-year note** sliding to around 1.52%, while **gold** prices rose to US\$1,620.50/ounce (\$2449.29/ounce). All three indexes fell sharply just before midday with traders speculating that the drop was related to a Global Times report that a central Beijing hospital had reported 36 new cases. The **S&P 500** dropped 0.38% to 3,373.23, while the tech-heavy **Nasdaq** lost 0.67% to 9,750.96. The **Dow** fell 0.44% to 29,219.98, dragged lower by **Apple** (-1%), **Goldman Sachs** (-1.9%), and **Intel** (-2.5%). Declines of 0.8% and 1.5% in **Amazon** and **Microsoft** respectively also weighed on the indexes. Elsewhere, shares in **E\*Trade** surged nearly 22% after Morgan Stanley offered to buy it in a US\$13 billion (\$19.7 billion) stock deal. **ViacomCBS** closed nearly 18% lower after swinging to a loss for the fourth quarter, in its first set of results following the merger. In the way of data, the initial claims for unemployment benefits rose 4,000 to a seasonally adjusted 210,000 for the week ended Feb 15, in line with expectations. The Conference Board's leading economic index jumped 0.8% in January (*prev: -0.3%, forecast: 0.4%*) after receiving a boost from rising permits to build new homes and declining unemployment benefits applications.



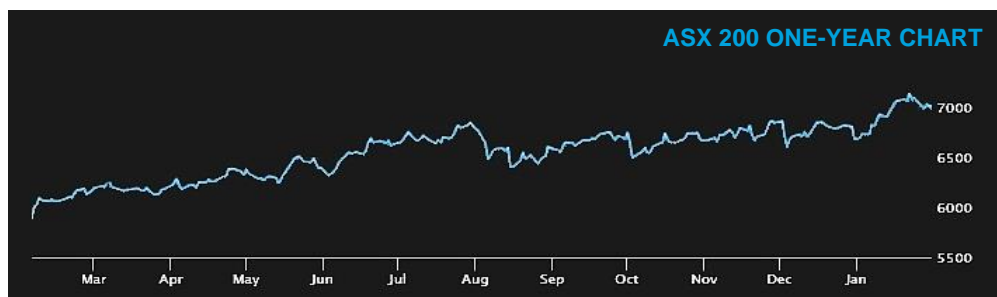
EUROPEAN MARKETS

European shares had its worst day in about three weeks on the back of a series of dismal earnings updates. The pan-European **STOXX 600** fell 0.86% to 430.19 with insurance stocks leading the losses after shedding 1.7%, while auto stocks stood out as the sole gainer. Meanwhile, the **DAX** slid 0.91% to 13,664 and the **FTSE 100** dropped 0.27% to 7,436.64. On to earnings, **Elekt** slumped 7% after a sharp drop in US orders saw the Swedish medical equipment maker miss third-quarter profit expectations. **Air France KLM's** shares lagged 3.5% after the airline reported a fall in profits for 2019 and flagged a potential 200 million euro (\$326.1 million) hit to its operating profit due to the coronavirus. Insurance company **Swiss Re** slid 8.1% despite a 73% lift in group net income as its profits were hurt by storms and wildfires. Spain's **Telefonica** fell 3.8% after revealing that its annual profit would be hit by one-off charges in Argentina and Mexico. Among the bright spots, **Tomra Systems** surged 14.1% after the Norwegian recycling company delivered strong quarterly results, while **Moneysupermarket.com** rocketed 18.7% after reporting a rise in full-year profit and on expectations that the company will return to growth during 2020. France's **Schneider Electric** rose 5.7% to new all-time highs on better than expected results and after the firm announced it was confident it could offset the impact of the virus outbreak. On the data front, retail sales in the UK recovered in January, rising 0.9% after falling 0.5% in December. Consumer confidence in the euro area improved more than expected to a reading of -6.6 in February from January's reading of -8.1.



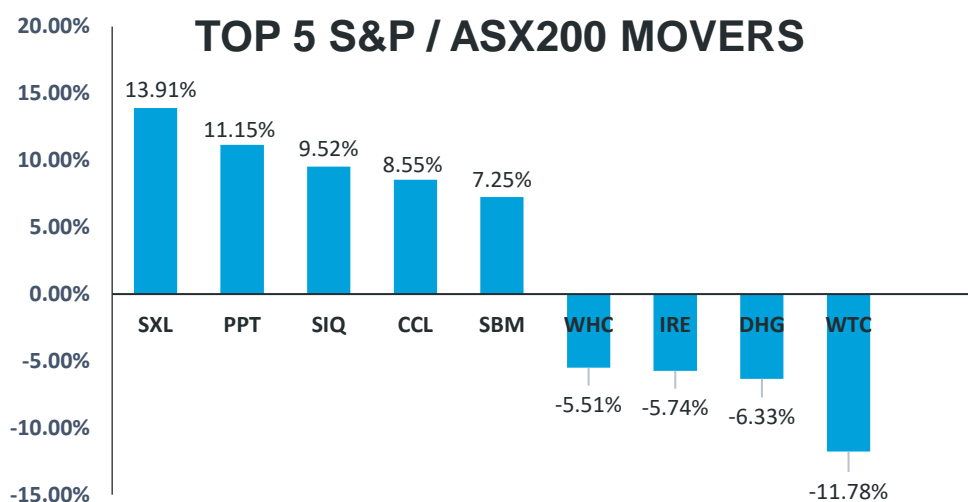
AUSTRALIAN MARKET

Australian shares closed at a record high after a string of well-received earnings updates. The **S&P/ASX 200** rose 0.25% to 7,162.5 with almost all sectors finishing in positive territory. **CSL** and **Ramsay** fell at 0.6% each, while **Cochlear** lagged by 3.7%, dragging healthcare stocks into the red. In the tech space, **Afterpay Touch**, **Altium**, **Appen**, and **Xero** dropped between 1.7-3.8%, while **Wisetech** continued its recent slide, plunging nearly 12%, following its weak half-year result and amid price target downgrades from Macquarie and Bell Potter to \$23 and \$20 respectively. Looking at earnings, **Coca Cola Amatil** (8.6%) reported that its full-year statutory net profit after tax (NPAT) was up over 34% to \$374.4 million and delivered better than expected sales at supermarkets, cafes, and fast food outlets. The beverage company is expected to deliver mid-single digit earnings per share growth in 2020. Meanwhile, **Perpetual** jumped 11% despite posting a 14% drop in its NPAT to \$51.6 million for the first half following more than \$1 billion in outflows, lower performance fees, and investment in strategic growth initiatives. The results sparked an upgrade from Bell Potter to 'buy' and price target raise to \$51.2/share (+25%), while Morgan Stanley informed clients that the investment group's earnings were 8% higher than their consensus. Staying on earnings, **Qantas** rose nearly 6% after a higher dividend of 13.5 cents/share and \$150 million off-market share buyback eclipsed a 4% decline in its statutory half-year profit



from the same period last year to \$445 million and the warning of a \$100–150 million hit to its profit this year due to the coronavirus. **Iluka** climbed 6.4% as it reported a net loss after tax of \$300 million reflecting a \$414 million write-down of Sierra Rutile assets and a 4% fall mineral sands revenue due to mixed market conditions. The mining company also announced plans to demerge its royalty business at BHP's Mining Area C iron ore project. On the downside, **Medibank** dipped 2% after its NPAT fell 9% to \$178.6 million on the back of a reduction in Health Insurance operating profit and as net health insurance claims increased by \$158.7 million to \$2.8 billion for the first half, a 5.9% increase from a year ago. **Origin's** (-1.8%) profit was down \$197 million to \$599 million for the first half, impacted by price re-regulation, one-off generation outages, and lower electricity volumes. Elsewhere, **Fortescue** advanced 1.8% despite being downgraded to 'underperform' at RBC Capital Markets with a reduced price target of \$8.75/share, while **Charter Hall Retail REIT** went into a trading halt after the release of its results and announcement that it has entered into an agreement to increase their stake in the BP Long WALE convenience retail portfolio. In the way of data, Australian unemployment ticked up to 5.3% in January, from 5.1% in December, with 13,500 jobs being created. The participation rate rose to 66.1%, up from 66% in the previous month. In China, the central bank slashed benchmark interest rates for one and five-year loan terms by 10 and 5 basis points respectively to 4.05% and 4.8%. The Aussie dollar fell to lows not seen since the GFC following the Chinese Loan Prime Rate cuts.

## TOP MOVERS (PREVIOUS SESSION)



\*CQR (-100%) – CHARTER HALL RETAIL REIT IN TRADING HALT

## MARKET DATA

INDICES	CLOSE	CHANGE	FX	CLOSE	CHANGE	COMMODITIES	PRICE (US\$)	CHANGE	BONDS	RATES
ASX 200	7162	0.25%	AUD/USD	0.6617	-0.94%	GOLD (OZ)	\$1,620.48	0.49%	AU 2 YEAR	0.67
ASX FUTURES	7113	0.04%	AUD/NZD	1.0441	-0.19%	SILVER (OZ)	\$18.36	-0.41%	AU 5 YEAR	0.67
DOW JONES	29220	-0.44%	AUD/EUR	0.6131	-0.75%	PLATINUM (OZ)	\$977.63	-2.76%	AU 10 YEAR	0.95
S&P 500	3373	-0.38%	AUD/GBP	0.5133	-0.65%	BRENT CRUDE (BBL)	\$58.64	-0.85%	AU 15 YEAR	1.15
FTSE 100	7437	-0.27%	AUD/JPY	74.1170	-0.26%	WTI CRUDE (BBL)	\$53.77	0.90%	US 2 YEAR	1.39
NIKKEI 225	23479	0.34%	EUR/USD	1.0786	-0.21%	NATURAL GAS (MMBtu)	\$1.91	-2.74%	US 5 YEAR	1.36
HANG SENG	27609	-0.20%	GBP/USD	1.2879	-0.31%	COPPER (LB)	\$2.59	-0.73%	US 10 YEAR	1.52
VIX	16	8.21%	USD/JPY	112.0500	0.70%	IRON ORE (MT)	\$86.15	0.52%	US 30 YEAR	1.96

## WEEKLY ECONOMIC CALENDAR

FRI	21 <sup>ST</sup> FEB	MON	24 <sup>TH</sup> FEB	TUES	25 <sup>TH</sup> FEB	WED	26 <sup>TH</sup> FEB	THURS	27 <sup>TH</sup> FEB
	Euro-Zone Consumer Price Index Core (YoY) (JAN F)		ECB's Lagarde Speaks at ECB and Its Watchers Conference		German Gross Domestic Product (YoY) (4Q F)		MBA Mortgage Applications (FEB 21)		Durable Goods Orders (JAN P)
	Markit US Manufacturing PMI (FEB P)		German IFO Business Climate (FEB)		Consumer Confidence Index (FEB)		New Home Sales (MoM) (JAN)		Gross Domestic Product (QoQ) (4Q S)

# TODAY'S CORPORATE ACTIONS

AF1HA	CHANGE OF DESC: PERPETUAL AB MAR 51 NEW: 2 AB MAR 51
AF1HA	NEW LISTING: [AF1HA] PERPETUAL AB MAR 51
AUI	QUOTED: Ex Dividend
BENN	NEW LISTING: [BENN] BEN ADE BK NEW
CD1	CHANGE OF DESC: CORDIXPEF1 UNIT NEW: CORDIXPEF1 UNITS
DUI	QUOTED: Ex Dividend
EGF	CHANGE OF DESC: EPFLAGSHIP UNIT NEW: EPFLAGSHIP UNITS
INA	QUOTED: Ex Dividend
MFD	QUOTED: Ex Dividend
TOT	CHANGE OF DESC: 360 TOTAL STAPLED NEW: 360CAPITAL STAPLED

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