



Monday 19<sup>th</sup> February 2024

## Overnight Markets

Equities	Close	Chg	Pct %
Dow Jones	38,628.0	-145.1	-0.37%
S&P 500	5,005.6	-24.2	-0.48%
Nasdaq	15,775.7	-130.5	-0.82%
FTSE 100	7,711.7	114.2	1.50%
Dax Index	17,117.4	70.8	0.42%
CAC 40	7,768.2	0.0	0.00%
Hang Seng	16,340.0	0.0	0.00%
Nikkei	38,487.2	0.0	0.00%
SPI Futures	7,607.0	8.0	0.11%
Commodities	Close	Chg	Pct %
Brent Crude US\$/bbl	83.47	0.00	0.00%
Spot Gold US\$/oz	2,013.16	0.00	0.00%
Iron Ore US\$/ton	128.00	0.00	0.00%
Copper COMEX (\$U:	3.84	0.00	0.00%
Currencies	Close	Chg	Pct %
AUD / USD	0.6531	0.0002	0.03%
EUR / USD	1.0775	-0.0000	-0.00%
AUD / GBP	0.5182	0.0004	0.07%
EUR / AUD	1.6501	-0.0002	-0.01%
USD / YEN	150.2050	0.0250	0.02%
Rates	Close	Chg	Pct %
\$A Cash Rate	4.35	0.000	0.00%
\$A 3 Yr Bond	3.80	0.023	0.61%
\$A 10 Yr Bond	4.21	0.011	0.26%
\$US 10 Year Bond	4.28	0.000	0.00%
\$US 30 Year Bond	4.43	0.000	0.00%
Companies	Close	Chg	Pct %
Apple Inc	182.31	-1.55	-0.84%
LVMH	816.70	3.10	0.38%
Disney	111.60	-0.85	-0.76%
Microsoft	404.06	-2.50	-0.61%
Google	141.76	-2.18	-1.51%
JP Morgan	179.03	-0.84	-0.47%
Amazon	169.51	-0.29	-0.17%
Alibaba	73.91	0.09	0.12%

## Overnight Highlights

**Israel-Hamas latest.** Israel will launch a ground offensive in the Rafah area of Gaza unless hostages are released by the Ramadan holiday in March, minister Benny Gantz said. Qatar said negotiations aimed at securing a cease-fire and the release of captives haven't progressed as hoped. The Israeli cabinet rejected any "international diktat" regarding a permanent arrangement with the Palestinians.

**Joe Biden denounced Vladimir Putin** for Alexey Navalny's death, saying it highlighted the stakes for Russia's war in Ukraine. The president also blamed US lawmakers' failure to approve emergency aid to Kyiv for the fall of Ukrainian city Avdiivka, which handed the Kremlin a significant battlefield victory after months of fighting for control of the city.

**More on Navalny's death:** Russian authorities have yet to offer a cause for his demise, and his family can't identify where his body is, a spokeswoman said. More than 300 people were detained in Russia while paying tribute to the opposition leader, the AP reported.



**German Defense Minister Boris Pistorius** urged US lawmakers to approve additional military aid for Ukraine, warning that failure to do so could damage America's economic interests. The EU should work to issue €100 billion in eurobonds to boost its defense industry, and do more to get weapons to Kyiv, Estonian PM Kaja Kallas said.

**Donald Trump** and his company were ordered to pay fines of about \$365 million in New York's fraud suit over his inflated asset valuations. A judge also barred the former president from running any business in the state for three years. The fine comes just weeks after Trump was ordered to pay E. Jean Carroll \$83.3 million for defaming her.



## Global Market

**Chinese shares** look poised for a strong open after the Lunar New Year break, with buoyant travel and tourism data seen bringing much-needed relief. The Hang Seng is up almost 4% since it reopened on Wednesday and the Nasdaq Golden Dragon China Index jumped last week. The S&P fell Friday after PPI rose more than forecast, and Treasury yields extended their advance. The dollar was flat, while oil and gold advanced.

**Chinese travel and spending** during the Lunar New Year holiday exceeded levels from before the pandemic. Some 474 million tourist trips were made around the country during the festival, up 19% from 2019.



**Mounting US stock hazards.** Investors and companies are signaling that war in the Middle East poses a major earnings risk as Red Sea shipping chaos hurts supply chains, threatening the rally. Rising quarterly profit reports helped drive the S&P 500 back to record levels, but executives largely struck cautious tones on their outlooks. US markets are closed on Monday for Presidents Day.

**Pimco** joined **JPMorgan** and **State Street** in leaving Climate Action 100+, the biggest climate-investor group. The firm said being a member no longer aligns with its "approach to sustainability."

## Quote of the Day

"If you have the words, there's always a chance that you'll find the way."

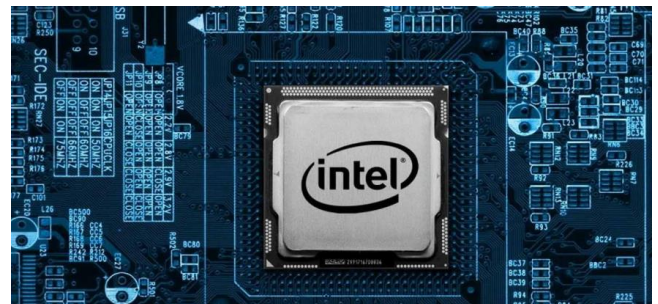
*Seamus Heaney*

## Global Equities

**Apple Inc.** will face a European Union fine close to €500 million (US\$539 million) over the regulator's investigation into allegations it silenced music-streaming rivals, including Spotify Technology SA, on its platforms. The penalty — Apple's first ever from the bloc — will be set after the EU watchdog found that it fell foul of competition rules in thwarting rival music services from informing users that cheaper alternatives existed outside of its App Store, according to people familiar with the matter.

**OpenAI** completed a deal allowing employees to sell stakes in the company through an offer that values the startup at \$86 billion, according to a person familiar. That makes OpenAI one of the most valuable startups in the world.

**Intel** is in talks to get more than \$10 billion in US subsidies under a plan to boost domestic semiconductor manufacturing.



**Home Depot Inc.** and **Walmart Inc.** kick off quarterly earnings reports for a slew of retailers next week, offering investors a crucial look at the financial health of US households and a sense of whether consumers can continue to drive strong economic growth. Wall Street appears optimistic that Americans will keep buying. Analysts project that revenue and earnings growth for consumer discretionary companies in the S&P 500 Index will outpace the broader market for the second straight year in 2024, data compiled by Bloomberg Intelligence show.

**Just 40% of the S&P 500 firms** that issued guidance have provided earnings outlooks that exceeded analysts' expectations. If the trend holds, it would be the smallest share since April 2020.



## ASX MARKET

Australia's share market has begun the week higher bringing it with 50 points of its all-time high.

The S&P/ASX 200 is 11 points or 0.1 per cent higher shortly after the opening bell, shrugging off a weak lead from Wall Street on Friday.

Early in trade, miners are the standout performer, up 1.8 per cent, with Rio Tinto, Fortescue and BHP all up around 2 per cent following a jump in the iron ore price as Chinese steelmakers return from Luna New Year break.

Real estate stocks are 1 per cent lower, following a flurry of reports from the sector, including GPT Group, McGrath and Lendlease.

## GENERAL

- ATM NZ: a2 Milk 1H Net Income Beats Estimates
- AIR NZ: Air New Zealand Warns 2H Will be Increasingly Challenging
- CEN NZ: Contact Energy Boosts FY Ebitda Forecast, Meets Estimates
- FBU NZ: Fletcher Building May Be Cut by Moody's
- MQG AU: Macquarie Real Estate Asset Head Robson to Depart After 21 Years
- Macquarie Looks to Cut Stake in Cadent: FT
- QAN AU: Qantas's Network Aviation Pilots Plan Industrial Action Feb. 22
- RYM NZ: Ryman Healthcare Cuts FY Underlying Profit Forecast
- FMG AU: Fortescue Boss Says Leadership Exodus Is Natural Progression

## RATINGS CHANGES

- ASK AU: Abacus Storage King Cut to Neutral at JPMorgan; PT A\$1.25
- ASX AU: ASX Cut to Reduce at CLSA; PT A\$68.40
- CQR AU: Charter Hall Retail Cut to Neutral at JPMorgan; PT A\$3.90
- DDR AU: Dicker Data Rated New Buy at Citi; PT A\$12.90
- DTL AU: Data#3 Cut to Underperform at Taylor Collison; PT A\$7.20
- GMG AU: Goodman Group Cut to Hold at Morgans Financial Limited; PT A\$29
- ING AU: Inghams Raised to Outperform at Macquarie; PT A\$4.20

**Seven Group** has made an offer to buy the remaining 28.4 per cent stake in Boral it doesn't already own. Boral shares last traded at \$5.85.



**Cochlear** has declared its largest interim dividend in at least a decade thanks to strong growth for its core hearing implants and related services. The Sydney-based company's first-half momentum was behind a big upgrade to its full-year earnings guidance two weeks ago when said it expected annual underlying net profit to increase by 26 per cent to 31 per cent to \$385 million-\$400 million, 8 per cent above the midpoint of the prior guidance advised in August last year.

**Lendlease** reported a net loss of \$136 million in the first half of FY24, compared to a loss of \$141 million in FY23's same half. Shares are down 14% this morning.

**Westpac** says it made \$1.5 billion in net profit over the first quarter, 6 per cent lower than the average of its two previous quarters, as competition for loans and deposits squeezed the net interest margin to 1.78 per cent. In an update on Monday morning, Westpac said its core margin, which contracted by 4 basis points, had been "well managed in light of lending and deposit headwinds" as mortgage competition continued, and more customers chose to save using towards term deposits.



**Australia's barley sales** to China have soared since Beijing scrapped tariffs six months ago, with Beijing accounted for 90% of Australia's exports of barley in December.



## Other News

**Trump footwear.** Donald Trump is marketing a self-branded \$399 metallic gold high-top sneaker. The “Never Surrender” kicks feature a bold-faced letter T on the side and an American flag detail on the back. All 1,000 sold out in less than a day after Trump’s appearance at “Sneaker Con” in Philadelphia on Saturday.



**Tiger Woods’** return to the PGA Tour was cut short on Friday after the golf star withdrew from the Genesis Invitational with flu-like symptoms and dehydration, the AP reported. His debut lasted only 24 holes.

**Dubai’s golden visas**, which is a long term residence visa to United Arab Emirates for foreign talent, are helping the city defy a global office slump, luring in expats and new businesses. The city had a 30% jump in active business licenses from 2022 levels and a 75% increase from 2021.

**On This Day in History:** W.K. Kellogg launched the Battle Creek Toasted Corn Flake Co. in 1906 after a fallout with his brother over credit for inventing corn flakes and adding sugar to cereal. Bran flakes were introduced in 1915, Rice Krispies in 1928 and Frosted Flakes in 1952. Kellogg split into two independent companies last year.





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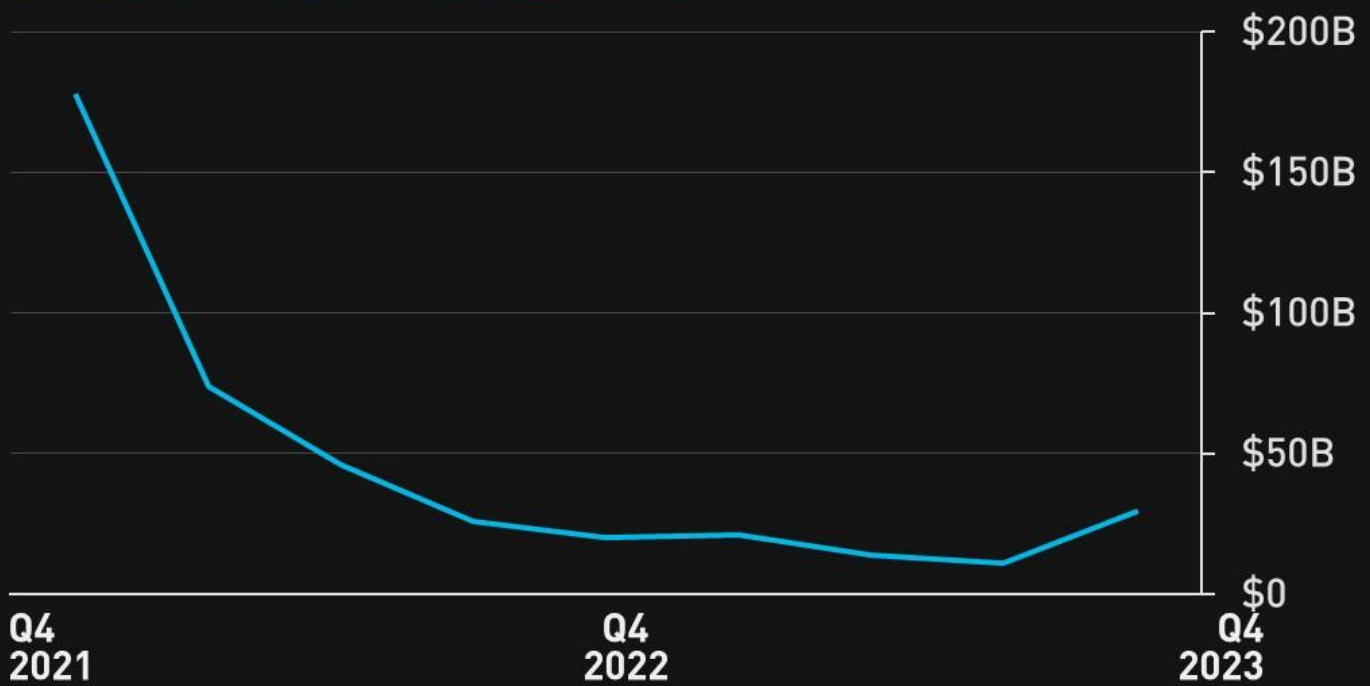
**The Daily Brief**



**Chart of the Day:** Crypto's small investors are creeping back. Coinbase and Robinhood both saw a jump in trading by individuals, thanks to the exuberance surrounding the launch of Bitcoin ETFs. But Coinbase's retail activity is still well below its previous peak, leaving "a lot of room to run," an Oppenheimer analyst said.

## RETAIL UPTICK

Coinbase's consumer trading volume



Source: Coinbase filings

Bloomberg





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