

Weekly Investment Update – Week ending 22 January 2021

New Zealand

- Listed retirement village operator Oceania Healthcare reported 1H21 results to 31 December in which the company posted a net profit after tax of \$24.8 million, up almost \$10 million on last year's first half. Sales volumes for both independent living apartments and villas, as well as care suites were also strong with an increase of 44% compared to the prior corresponding period. Total assets increased to \$1.7 billion, up 11.8% (\$177.1m) on November 2019 primarily due to significant development in capital expenditure during the period. Oceania Healthcare's significant development programme continues to be delivered on time and on budget, and they are on track to complete 217 aged care beds and retirement village units by the end of this financial year (31 March 2021), in line with previous guidance. The Board declared an interim dividend of 1.3 cents per share (unimputed).
- Fisher & Paykel Healthcare released a FY21 trading update for the 9 months ended 31 December 2020 noting that, given the elevated hospitalisation rates for COVID-19, their hospital hardware sales have continued to be very strong, as has the use of the hospital hardware. Operating revenue for the nine months ended 31 December 2020 was up 73% in constant currency compared to the prior comparable period. In the Hospital product group, which includes products used in acute and chronic respiratory care and surgery, operating revenue grew 113% over the first nine months of the previous financial year. Over this same period, Hospital hardware grew 446% and hospital consumables grew 54%. In the Homecare product group, which includes products used in the treatment of obstructive sleep apnoea (OSA) and respiratory support in the home, operating revenue grew 6%. Management withdrew guidance for the full year result stating that the outcomes of vaccines and the impact on future hospitalisation rates are too difficult to forecast, however the share price did trade strongly subsequent to the announcement.

Asia Pacific

- Global mining and resources company BHP released an operational review for the half year ended 31 December notably achieving record production at Western Australia Iron Ore. Production guidance for the 2021 financial year remains unchanged for petroleum and metallurgical coal. Iron ore guidance has increased to between 245 and 255 million tonnes as a result of the restart of Samarco (a joint venture in Brazilian mining company) in December 2020. Copper guidance has been narrowed to between 1,510 and 1,645 kiloton and reflects strong performance at Escondida (a copper mine in Chile). Energy coal guidance has been reduced to between 21 and 23 million tonnes following a 91-day strike at Cerrejón (an open-pit coal mine in Colombia).

United States

- Expected Initial jobless claims declined more than expected to 900,000 for the week ended January 16, and the previous week's total was revised down by 39,000 to 926,000. The 4-week moving average increased further. Nationwide continuing claims—the number of persons receiving benefits through standard programs—decreased by 127,000 to 5.05 million. Continuing claims through regular state programs continue to understate the number of workers receiving unemployment insurance benefits, however.
- President Biden on his first day in office took a range of executive actions, including implementing a national mask mandate on federal property, revoking a permit for the Keystone XL oil pipeline and reversing a travel ban from several largely Muslim and African countries. Coming after Biden was inaugurated as the 46th president in a midday ceremony, the actions are intended to signal a more aggressive approach to the coronavirus pandemic and end some of President Trump's key policies while setting the agenda for the next four years. Biden planned 15 executive orders for his first day in office, far more than any of his modern predecessors, none of whom signed more than one.

Market Performance for the period 15 Jan 2021 - 22 Jan 2021							
Index	Stocks			Bonds			
	Last	Change	% change	Bond Yield (%)	Last	Change	% change
NZX50	13333.4	308.7	2.4%	NZ OCR	0.25	0.00	0%
ASX200	6800.4	84.9	1.3%	NZ 2Y Govt	0.20	0.00	0%
DJIA	30997.0	182.7	0.6%	NZ 5Y Govt	0.60	0.03	5%
S&P500	3841.5	73.2	1.9%	NZ 10Y Govt	1.08	0.06	6%
NASDAQ	13543.1	544.6	4.2%	AU 10Y Govt	1.13	0.04	4%
Nikkei 225	28631.5	112.3	0.4%	US 10Y Govt	1.09	0.00	0%
Hang Seng	29447.9	874.0	3.1%	DE 10Y Govt	-0.51	0.03	-6%
FTSE 100	6695.1	-40.6	-0.6%	GB 10Y Govt	0.31	0.02	7%
Currencies							
Currency	Last	Change	% change	Commodities			
NZD:USD	0.72	0.006	0.8%	Oil - WTI	52.3	-0.09	0%
NZD:AUD	0.93	0.005	0.5%	Oil - Brent	55.4	0.31	1%
AUD:USD	0.52	0.000	0.0%	Gold	1855.6	27.16	1%
EUR:USD	0.77	0.001	0.2%	Silver	25.5	0.72	3%
GBP:USD	1.22	0.009	0.7%	Copper	362.6	2.40	1%
USD:JPY	1.4	0.010	0.7%	Aluminium	1986.8	-4.00	0%
USD:CNY	103.78	-0.070	-0.1%	Platinum	1103.2	27.98	3%
Bitcoin:USD	33322	-2939	-8.1%	Iron Ore	166.1	-2.96	-2%

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