

Weekly Investment Update – Week ending 5 March 2021

New Zealand

- New Zealand meal kit provider My Food Bag listed on the NZX on Friday with an IPO that raised \$342 million. The shares closed the day at \$1.74, down 6% from the offer price of \$1.85.
- Software and technology provider, Vista Group, released their FY21 results managing to operate cashflow positive for the year and lower monthly cash burn to \$3-4 million. Although as expected revenue was significantly down, Vista Cinema maintained its market share and the company should be a benefactor of a 're-opening trade' as the vaccine rollout progresses worldwide.
- Synlait Milk released an update to the market indicating significant uncertainty and volatility within its business and subsequently made the decision to withdraw its FY21 guidance. Several factors have emerged that are expected to adversely affect their earning including uncertainty in a2 Milk's demand as it rebalances inventory levels, impact of global shipping delays and ongoing volatility in commodity price. The share price fell 10% post the announcement.

Asia Pacific

- Cloud-based accounting software platform Xero has acquired Denmark-based workforce management platform vendor, Planday, for A\$242 million. The acquisition helps bolster Xero's small business platform through Planday's simplified employee scheduling. It also boasts 350,000 users across Europe and the United Kingdom. Planday's platform helps deliver a real-time view of staffing needs and payroll costs, alongside key business performance metrics. It integrates with Xero and other accounting software, as well as third-party workforce-related apps.
- Australian GDP expanded 3.1% in 4Q2020, a stronger rebound than expected. The upside surprise was concentrated in the services sub-component of consumer spending against the backdrop of robust employment growth and a sizeable fall in the savings rate. Outside of particularly virus-sensitive areas like transport and hotels, consumer spending has now normalized to around pre-Covid levels across most other areas. Australia's reported 1.1% year-on-year contraction in GDP growth to 4Q2020 compares favourably to global peers in the UK, EU and partly reflects effective virus control and substantial monetary/fiscal stimulus.

United States

- There is some focus this week on Biden's massive \$1.9 trillion fiscal relief package, which is up for negotiation in the Senate, having already passed the House last weekend. The inside word from a Democratic aide is that eligibility for the direct \$1400 payments will be tightened up a little, with the income cap for individuals reduced from \$100k to \$80k and from \$200k to \$160k for households. Still, there is wide perception in markets that much of the fiscal stimulus is unnecessary at this juncture, with the

earlier \$900 billion package agreed late last year supporting growth early into 2021, so further stimulus just adds to inflationary concerns and a growing debt burden.

- Federal Reserve chair Jerome Powell reiterated a number of familiar dovish themes at the Wall Street Journal Jobs Summit, including that the Fed was a long way from achieving its goals and there was "a lot of ground to cover" before it would be appropriate to tighten policy. Echoing comments from Fed Governor Brainard from a few days ago, Powell said recent bond market volatility had "caught my attention", adding that the Fed would be concerned if financial conditions tightened or there were disorderly market conditions. Those comments suggest the Fed might be prepared to increase its bond buying if market conditions worsen or risk asset markets fall sharply, but for now he saw the current policy stance (\$120b per month in bond buying) as appropriate.

| Market Performance for the period 26 Feb 2021 - 05 Mar 2021 | | | | | | | |
|---|---------|--------|----------|----------------|--------|--------|----------|
| Index | Stocks | | | Bond Yield (%) | Bonds | | |
| | Last | Change | % change | | Last | Change | % change |
| NZX50 | 12180.3 | -47.0 | -0.4% | NZ OCR | 0.25 | 0.00 | 0% |
| ASX200 | 6710.8 | 37.6 | 0.6% | NZ 2Y Govt | 0.39 | 0.03 | 8% |
| DJIA | 31496.3 | 563.9 | 1.8% | NZ 5Y Govt | 1.19 | 0.08 | 7% |
| S&P500 | 3841.9 | 30.8 | 0.8% | NZ 10Y Govt | 1.93 | 0.03 | 1% |
| NASDAQ | 12920.2 | -272.2 | -2.1% | AU 10Y Govt | 1.83 | -0.08 | -4% |
| Nikkei 225 | 28864.3 | -101.7 | -0.4% | US 10Y Govt | 1.57 | 0.16 | 11% |
| Hang Seng | 29098.3 | 118.1 | 0.4% | DE 10Y Govt | -0.30 | -0.04 | 16% |
| FTSE 100 | 6630.5 | 147.1 | 2.3% | GB 10Y Govt | 0.76 | -0.06 | -8% |
| Currencies | | | | Commodities | | | |
| Currency | Last | Change | % change | Commodity | Last | Change | % change |
| NZD:USD | 0.72 | -0.007 | -0.9% | Oil - WTI | 66.1 | 4.59 | 7% |
| NZD:AUD | 0.93 | -0.007 | -0.7% | Oil - Brent | 69.4 | 3.23 | 5% |
| AUD:USD | 0.52 | -0.001 | -0.3% | Gold | 1700.6 | -33.40 | -2% |
| EUR:USD | 0.77 | -0.002 | -0.3% | Silver | 25.2 | -1.42 | -5% |
| GBP:USD | 1.19 | -0.016 | -1.3% | Copper | 408.7 | -0.75 | 0% |
| USD:JPY | 1.4 | -0.009 | -0.7% | Aluminium | 2152.8 | 21.00 | 1% |
| USD:CNY | 108.31 | 1.740 | 1.6% | Platinum | 1132.8 | -60.24 | -5% |
| Bitcoin:USD | 49053 | 3381 | 7.4% | Iron Ore | 167.7 | -1.31 | -1% |

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