

Weekly Investment Update – Week ending 9 April 2021

New Zealand

- The New Zealand government announced that a Trans-Tasman bubble would commence on 19 April giving the tourism and hospitality industries a much-needed boost. The influx of Australians for the upcoming ski season will be welcome in Queenstown, as recent reports noted a number of operators continued to struggle without overseas arrivals. The bubble will not come without risks however, PM Jacinda Ardern has warned that should there be an outbreak of COVID-19, a suspension of flights and the potential to be stuck in Australia for a period of time are a possibility.
- Given the opening of the Trans-Tasman bubble, Air New Zealand has announced they will be deferring a capital raise until 30 September 2021 to allow time to assess the evolving circumstances. The Crown has also recommitted to participating in the raising and maintaining a majority shareholding.
- Bladder cancer diagnostics company Pacific Edge has advised that its Cxbladder tests are now covered by United Healthcare, the largest healthcare group in the US. Effective from 1 April 2021, Cxbladder is now being covered as a 'medically necessary bladder tumour marker test'. United Healthcare has over 50 million members with more than 5.7 million Medicare Advantage members and in 2019, UnitedHealth Group had a 14% share of the US health insurance market. The shares traded strongly post the Friday announcement and were up 21%.

Asia Pacific

- The Australian Government has recommended the AstraZeneca (AZN) vaccine only be used by people aged over 50 after concerns about a 'very rare' blood clotting syndrome. Given Australia's heavy reliance on the AZN vaccine, this development will likely result in a material delay in the vaccine roll-out over 2H2021. However, in the absence of a new outbreak, the aggregate economic impact is assessed to be modest, given activity has mostly already normalized and mobility restrictions are modest. Additionally, closed international borders boost activity via the on-shoring of tourism demand.
- Australian company Cleanaway Waste Management announced a \$2.5 billion bid for the Australian recycling assets of Suez Groupe. The potential acquisition would deliver significant value from cost and revenue synergies and even the consolation prize of the Sydney assets would be complementary and attractive.

United States

- The Fed staff upgraded its economic forecast "considerably," reflecting a faster-than-expected pace of reopening and larger fiscal response. Both participants and staff expected inflation to temporarily rise above 2% in the near term, and staff expected inflation to then run a bit below 2% in 2022 and reach 2% in 2023. The Fed

Open Market Committee minutes provided little new information about the policy outlook deletion. Participants discussed the concern that continued expansion of the Fed's balance sheet and a drawdown of the Treasury General Account will put downward pressure on money market rates.

- President Biden's proposed 15% minimum tax on profitable corporations would affect far fewer companies than the version he campaigned on, according to details the Treasury Department released Wednesday. The tax—aimed at companies that report large profits to investors but low tax payments—would apply only to companies with income exceeding \$2 billion, up from the \$100 million threshold used during the campaign. The Biden plan would now also let companies subject to the tax get the benefit for tax credits for research, renewable energy and low-income housing—in a recognition that the campaign-trail version could have undercut the president's preference to encourage companies to invest in those areas. The result is that just 180 companies would even meet the income threshold and just 45 would pay the tax.

Market Performance for the period 01 Apr 2021 - 09 Apr 2021											
Index	Stocks			Bonds			Commodities				
	Last	Change	% change	Bond Yield (%)	Last	Change	% change	Last	Change	% change	
NZX50	12574.4	86.0	0.7%	NZ OCR	0.25	0.00	0%	Oil - WTI	59.3	-2.13	-3%
ASX200	6995.2	166.5	2.4%	NZ 2Y Govt	0.24	-0.03	-12%	Oil - Brent	63.0	-1.91	-3%
DJIA	33800.6	647.4	2.0%	NZ 5Y Govt	0.89	-0.07	-7%	Gold	1743.9	17.84	1%
S&P500	4128.8	108.9	2.7%	NZ 10Y Govt	1.71	-0.11	-6%	Silver	25.3	0.46	2%
NASDAQ	13900.2	420.1	3.1%	AU 10Y Govt	1.76	-0.08	-5%	Copper	404.0	4.95	1%
Nikkei 225	29768.1	379.2	1.3%	US 10Y Govt	1.66	-0.01	-1%	Aluminium	2248.5	39.25	2%
Hang Seng	28698.8	-239.9	-0.8%	DE 10Y Govt	-0.30	0.03	-8%	Platinum	1205.2	1.52	0%
FTSE 100	6915.8	178.5	2.6%	GB 10Y Govt	0.77	-0.02	-3%	Iron Ore	165.4	7.32	5%
Currencies			Commodities								
	Last	Change	% change		Last	Change	% change				
NZD:USD	0.70	0.002	0.3%								
NZD:AUD	0.92	0.001	0.1%								
AUD:USD	0.51	0.006	1.2%								
EUR:USD	0.76	0.002	0.2%								
GBP:USD	1.19	0.013	1.1%								
USD:JPY	1.4	-0.011	-0.8%								
USD:CNY	109.67	-0.910	-0.8%								
Bitcoin:USD	58334	-435	-0.7%								