

MORNING REPORT

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Top News

NZ dollar gains as oil drives commodity index to 9-month high

The New Zealand dollar rose after crude oil gained to a two-year high, leading a rally in commodity prices and in currencies tied to exports of raw materials.

Crude oil jumped more than 3% amid concern about instability in the Middle East after Saudi Crown Prince Mohammed bin Salman extended a crackdown on corruption that has seen members of the royal family, ministers and business leaders detained - a purge seen by some as a move to cement his power over the oil-rich kingdom.

The Reserve Bank's monetary policy statement comes after the bank's survey of expectations showed inflation expectations remain tepid, adding to the view that the central bank will keep rates on hold at a record low 1.75%.

Tower terminates Vero deal, says it's open to renegotiations

Tower has terminated a deal that would have seen Suncorp Group's Vero Insurance take over the New Zealand insurer, but is open to renegotiating a new transaction if a High Court appeal overturns a regulatory block.

Auckland-based Tower terminated a scheme implementation agreement with Vero after the deal passed its end date, but has told the Australian insurer it's willing to discuss new terms once it's raised capital.

The \$236 million takeover was blocked by the Commerce Commission over competition concerns, although both insurers are appealing the decision which is scheduled to be heard in January.

In May, Tower reported a loss of \$8.4 million for the six months ended March 31, narrowing from a loss of \$8.7 million a year earlier, as the company struggled with escalating costs from the 2010 and 2011 Canterbury earthquakes.

NZ shares follow Australia lower as Westpac earnings miss expectations

New Zealand shares fell, led by Westpac Banking Corp after the Australian lender's earnings missed expectations, weighing on other dual-listed financial services firms including Australia & New Zealand Banking Group and AMP.

New Zealand's benchmark index followed the S&P/ASX 200 index down as dual-listed Westpac posted a 3% increase in annual profit to A\$8.06 billion, missing expectations for stronger earnings growth.

A2 Milk Co fell 2.1% to \$7.98. The milk marketing firm has soared about 283% so far, this year after securing Chinese regulatory approval to sell its brands into the world's most populous nation, but has since tempered some of those gains. Processing partner Synlait Milk dropped 1.9% to \$7.85.

Xero declined 2% to \$34.05 ahead of the software developer's first-half earnings on Thursday. Solly said investors are increasing their scrutiny of the firm as it gets nearer to profitability.

NZX Index				
Index	Last		Change	
S&P/NZX All Index	8,730.15	7.16	↓	0.08%
S&P/NZX 50 Index	8,053.63	11.48	↓	0.14%
S&P/NZX Mid Cap Index	24,114.43	84.58	↓	0.35%
S&P/NZX Small Cap	54,977.14	184.28	↑	0.34%
S&P/NZAX All Index	555.96	3.71	↓	0.66%

ASX Index				
Index	Last		Change	
ALL ORDINARIES	6,027.2	3.10	↓	0.05%
S&P/ASX 200	5,935.8	6.10	↓	0.10%
S&P/ASX SMALL ORD	2,640.7	10.20	↑	0.39%
S&P/ASX MIDCAP 50	6,560.6	33.90	↑	0.52%
S&P/ASX 20	3,317.1	9.80	↓	0.30%

Foreign Markets Index				
	Last		Change	
S&P 500	2,592.45	4.61	↑	0.18%
DJIA	23,571.27	32.08	↑	0.14%
Nasdaq	6,786.46	22.02	↑	0.33%
FTSE 100	7,562.28	1.93	↑	0.03%
ALL ORDINARIES	6,027.20	3.10	↓	0.05%
Nikkei 225	22,548.35	9.23	↑	0.04%
Hang Seng	28,596.80	6.81	↓	0.02%

Currencies (per NZ\$ 1.00)				
	Last		Change	
AUD	0.9014	0.0017	↓	0.19%
USD	0.6926	0.0014	↑	0.20%
CNY	4.5930	0.0070	↑	0.15%
EUR	0.5965	0.0014	↑	0.24%
CAD	0.8815	0.0001	↓	0.01%
GBP	0.5259	0.0030	↓	0.57%
JPY	78.8010	0.0280	↓	0.04%

NZ Interest Rates				
	Last		Change	
NZ OCR	1.75			
3-month Bank Bill	1.94			
5-year Swap	2.60			
10-year Swap	3.10			

Commodities				
	Last		Change	
Spot Gold \$US	1,281.14	11.66	↑	0.92%
Spot Silver \$US	17.22	0.39	↑	2.31%
Oil(WTI)	55.64	1.18	↑	2.17%

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