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7 December, 2021

What happened while you were snoring ?

US stocks have had a strong start to the week, surging back after last week's losses. Investors are reassessing what the global impact of the Omicron variant might be and seem to have come to the conclusion that it might not be too bad. So called reopening stocks, or those that benefit from the idea that life will eventually get back to some sort of normal were on the up. The biggest gains came from leisure and hospitality stocks with United Airlines surging 10 percent and Delta jumping 8 percent. Major cruise lines leapt as did Wynn Resorts and travel company Expedia. Last week all these stocks got hammered as markets priced in another round of travel restrictions in the US. "Reports of the Omicron symptoms being less severe are boosting risk appetite but it's too soon to get carried away," said one chap. "For one, we've seen this repeatedly since the initial news broke a little over a week ago. Markets have been very headline-driven and this is just the latest rally on the back of some positive reports." He's right.

More from the transitory files. The Bank of England's Deputy Governor Ben Broadbent spoke overnight and said that inflation in the UK would likely exceed 5 percent next year. He said the country's tight labour market was becoming a more persistent source of inflation. He said he wasn't sure that a rate hike was necessary. He also said that transitory should be understood as referring to the next 18 to 24 months. Two years seems like a long time to deem something transitory. Lots of central bankers are having to change the narrative around the transitory nature of inflation, extending it out to a two year time frame is another example of this.

The Aussie dollar has recovered overnight, lifting above one year lows set on Friday night. It has got back to the 0.7050 USD mark. The same can't be said for the bird, which is still languishing in the mid-0.67's. This has seen NZD/AUD reverse course overnight, falling back to the 0.9580 level and issuing a short term sell signal. This afternoon we get the last RBA interest rate meeting for the year and nothing new is expected here. The market continues to price interest rate hikes in Australia from the middle of next year and the RBA continues to say this won't happen. Someone's wrong. New National leader John Luxon appears to be making a good fist of his first week in the new role despite some sections of the media breathlessly writing stories about how many houses he owns. Some strong opposition is overdue.

Special Action Required: NZD/AUD has turned lower.

Short term forecasts (next week or so)

Currency	Spot Rate (Mid)	24 Hour Range	S/t trend	Trend reverses at	Importer target	Exporter target
NZD/AUD	0.9572	0.9656 0.9569	weaker NZD	0.9710	0.9640	0.9530
NZD/CAD	0.8609	0.8672 0.8609	weaker NZD	0.8740	0.8660	0.8550
NZD/CHF	0.6249	0.6254 0.6187	weaker NZD	0.6340	0.6290	0.6200
NZD/EUR	0.5981	0.5989 0.5964	weaker NZD	0.6080	0.6030	0.5940
NZD/GBP	0.5087	0.5114 0.5086	weaker NZD	0.5180	0.5130	0.5050
NZD/JPY	76.60	76.61 76.14	weaker NZD	77.60	77.00	75.90
NZD/SGD	0.9241	0.9275 0.9235	weaker NZD	0.9380	0.9290	0.9180
NZD/USD	0.6748	0.6763 0.6741	weaker NZD	0.6880	0.6810	0.6710
AUD/USD	0.7050	0.7054 0.6996	weaker AUD	0.7150	0.7090	0.7000
USD/CAD	1.2757	1.2842 1.2756	stronger USD	1.2650	1.2860	1.2720
USD/CHF	0.9260	0.9268 0.9168	weaker USD	0.9360	0.9300	0.9210
EUR/USD	1.1282	1.1319 1.1267	weaker USD	1.1160	1.1370	1.1240
GBP/USD	1.3266	1.3286 1.3220	weaker USD	1.3100	1.3330	1.3190
USD/JPY	113.51	113.55 112.78	stronger USD	112.30	114.20	113.10

Snapshot of other Rates

SEK 6.1387 HKD 5.2636 CNY 4.3027 ZAR 10.7592 A/EUR 0.6247 Oil 66.26 Gold 1779.63

90 Day Interest Rates

USD 0.19 NZD 0.88 AUD 0.05 EUR -0.57 GBP 0.10 CHF -0.78 JPY -0.07