



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.1100	1.0700
Spot Ref:	1.0924	
Tenor:	2 weeks	
Date:	25 Mar 2015	
Time:	14:30 hrs	
Resistance / Support:	1.1086	1.0672
Commentary:		



- Fed drops 'patient' stance, signalling slower pace of rate increase (Wed 18-Mar).
- Draghi: Eurozone growth gaining momentum (Mon 23-Mar).
- Fischer: US rate increase likely this year; 'no plans' for regular hikes (Mon 23-Mar).
- Tsipras, Merkel display goodwill, little sign of debt progress (Mon 23-Mar).
- Eurozone consumer confidence jumps in March (Mon 23-Mar).
- Eurozone composite PMI hits three-year high, rising to 54.1 (Tue 24-Mar).

The US dollar slumped last Wednesday after the cautious FOMC statement and downbeat data forecast revisions scuttled hopes for higher interest rate expectations. The markets interpreted the statement as **dovish**. The US dollar recorded its biggest one-day decline against the euro since March 2009. "Just because we removed the word patient from the statement doesn't mean we are going to be impatient", Chair Janet Yellen said. The FOMC said it will be appropriate to tighten "when it has seen further improvement in the labour market and is reasonably confident that inflation will move back to its 2% objective over the medium term."

German Chancellor Angela Merkel gave Greek PM Alexis Tsipras a red-carpet reception in Berlin on Monday without giving any signal that the emergency aid the Greek government is urgently seeking would be unlocked. Instead, she encouraged Tsipras to follow the path set out by Greece's creditors, emphasizing Greece belongs in Europe and she wants its economy to succeed and for it to succeed, Greece needs "structural reforms, solid finances and a functioning administration."

ECB president Mario Draghi said Monday that Eurozone growth is gaining momentum as the economy is benefiting from cheaper oil and the weaker euro. He reiterated inflation rates to move higher toward the end of 2015. He also explained that the ECB has €104 billion in exposure to Greece currently, equal to 65% of Greece GDP. He also assured markets that Greek banks are solvent and in better shape than they were before the crisis. Eurozone consumer confidence jumped much more than expected in March to -3.7 points from -6.7 points in February, the first estimate from the EC showed on Monday. Economists had expected an improvement only to -5.95 in March.

Fed Board Governor Stanley Fischer said raising interest rates from near zero "likely will be warranted before the end of the year" but that subsequent increases probably won't be uniform or predictable. He noted that "a smooth path upward in the federal funds rate will almost certainly not be realized" as the economy encounters shocks such as the surprise plunge in oil prices. He also alluded that the Fed Reserve wants to be "reasonably confident" inflation is rising toward its 2% goal before moving.

The composite eurozone PMI rose to 54.1 – the highest since at least early 2012 according to Bloomberg data, beating predictions of a 53.9 reading.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5050	1.4700
Spot Ref:	1.4864	
Tenor:	2 weeks	
Date:	25 Mar 2015	
Time:	14:30 hrs	
Resistance / Support:	1.5034	1.4611
Commentary:		



- UK exports orders hit by sterling strength and eurozone crisis: CBI (Mon 23-Mar).
- ONS: UK House prices fall 0.2% in January (Tue 24-Mar).
- Britain sees no inflation in February for first time on record (Tue 24-Mar).

Order books for UK factories have stagnated as the strong pound and the protracted weakness of the eurozone affect demand for British goods overseas. The CBI said in its monthly health check of industry that **export order** books stood at their lowest in more than 2 years following a sharp fall in March. Only 10% of manufacturers said their export order books were above normal for the time of year, against 35% who said they were below normal. The balance of -25 points compares with -8 points in February.

British inflation vanished last month, hitting zero for the first time on record, official figures showed on Tuesday. The annual rate of consumer price inflation dropped to 0%, from 0.3% in January, the ONS said, keeping a rate rise by the BoE firmly off the table for now. Sterling weakened slightly against the US dollar after the data and economists said that inflation was likely to dip below zero next month -- though they stressed that Britain was at much less risk of entrenched deflation than the Eurozone.

The ONS said home prices fell by 0.2% between December and January, the first monthly fall since March last year. The figures, which are based on mortgage completions, show that annual house price inflation fell to 8.4% in January. That was down from 9.8% in December. Prices in London are also slowing. The ONS said annual house price inflation in the capital was running at 13% in January, well down from a peak of 20.1% in May 2014.

Base Currency:	AUD	USD
Alternate Currency:	USD	AUD
Strike Price:	0.8000	0.7650
Spot Ref:	0.7867	
Tenor:	2 weeks	
Date:	25 Mar 2015	
Time:	14:30 hrs	
Resistance / Support:	0.7985	0.7682
Commentary:		



- Aussie dollar spikes as US FOMC reveal slower pace of rate rises (Wed 18-Mar).
- RBA says too early to judge APRA's home loan restrictions (Wed 25-Mar).
- China HSBC manufacturing PMI at 11-month low, new orders drop (Tue 24-Mar).
- Business finances solid – RBA (Wed 25-Mar).

The US dollar slumped last Wednesday after the cautious FOMC statement and downbeat data forecast revisions scuttled hopes for higher interest rate expectations. Traders are trimming bets that the US dollar will strengthen against its rivals, driving further weakness in the US dollar as traders expect the Federal Reserve to raise interest rates later, and more gradually, than previously thought.

Activity in China's factory sector dipped to a 11-month low in March as new orders shrank, signalling persistent weakness in the world's second-largest economy that will likely add to calls for more policy easing. The flash HSBC/Markit PMI dipped to 49.2 in March, below a Reuter's forecast for 50.6, and much weaker than February's final PMI of 50.7. The new orders sub-index fell to a 11-month low of 49.3, although new export orders contracted at a slower pace. The employment sub-index hit its lowest since the height of the global financial crisis. "A renewed fall in total new business contributed to a weaker expansion of output, while companies continued to trim their workforce numbers", said Markit. The survey suggested that manufacturers faced considerable headwinds from weaker domestic demand and deflationary risks.

The RBA says it is too early to tell whether tighter surveillance of banks is slowing down rampant sections of the housing market. In December 2014, the banking regulator APRA and corporate regulator ASIC announced that they would increase their surveillance of home lending, especially to investors, in response to a surge in activity especially in Sydney and Melbourne. APRA said it wanted to see banks grow their investment loan portfolios at less than 10% per annum. The RBA observed today in its latest half-yearly Financial Stability Review that the most recent data show 10.5% annualised growth over the last six months.

The financial stability of Australian businesses has improved as companies watch their spending and borrow less. But challenges remain for businesses in the commercial housing and resources sector. The RBA's latest Financial Stability Review reveal financial stress for Australian businesses is falling. Debt levels remain near historical lows, having fallen sharply after the financial crisis and remained in check since. This, combined with record low interest rates, has left businesses in a good financial position.

Base Currency:	NZD	USD
Alternate Currency:	USD	NZD
Strike Price:	0.7800	0.7500
Spot Ref:	0.7634	
Tenor:	2 weeks	
Date:	25 Mar 2015	
Time:	14:30 hrs	
Resistance / Support:	0.7822	0.7486
Commentary:		



- New Zealand economic growth 'solid': Finance Minister (Thu 19-Mar).
- Fonterra lowers dividend guidance as profit falls (Wed 25-Mar).
- NZ February trade surplus smaller than expected (Wed 25-Mar).

NZ's economy grew 0.8% q/q in Q4 of 2014, expanding across the board in a "solid" and sustainable performance, Finance Minister Bill English said last Thursday. The quarterly data, which came in slightly higher than market expectations of a 0.75% expansion, took growth for calendar 2014 to 3.3%. StatsNZ said the retail and accommodation sectors were standout performers in Q4, driven by higher spending from international visitors. "Retail and accommodation increased 2.3% in the December 2014 quarter, buoyed by a 15% increase in international tourist spending", it said. "New Zealand household spending also increased 0.6%."

NZ recorded a smaller-than-expected trade surplus in February, led by declining dairy exports, while the annual deficit widened to the largest in more than five years. StatsNZ said the trade surplus was NZ\$50 million in February, lower than the NZ\$392 million expected by economists. January's surplus was revised down to NZ\$33 million, from NZ\$56 million. The annual trade deficit was NZ\$2.18 billion, the biggest gap since August 2009, and larger than the NZ\$1.82 billion deficit expected.

NZ exports in February fell from last year's record for the month, down 13% to NZ\$3.9 billion, led by a 41% decline in milk powder, butter and cheese due to lower prices and a 10% fall in quantities. More than 75% of the drop in value was due to falling exports to China, NZ's largest trading partner, which dropped 36% to NZ\$740 million.



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