



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.1400	1.1000
Spot Ref:	1.1135	
Tenor:	2 weeks	
Date:	01 Jul 2015	
Time:	10:55 hrs	
Resistance / Support:	1.1432	1.0904
Commentary:		



- Euro plunge as Greece seen on verge of default, calls for referendum (Mon 29-Jun).
- Eurozone unemployment steady at 11.1% (Tue 30-Jun).
- Eurozone inflation slows to 0.2% in June, underlying trend still strong (Tue 30-Jun).
- Merkel says new talks must wait after Greece misses IMF payment (Wed 01-Jul).

The euro fell almost 2% on Monday as Greece looked set to default on its debt repayment this week, forcing Athens to impose capital controls to halt bank runs. The Greek government has decided to call a referendum (scheduled to take place on Sunday, 5th July). The referendum will not ask whether voters want to stay in the Eurozone, but whether they accept the terms of the bailout program. The Greek government has indicated that it will campaign on behalf of the "no" vote, to reject the bailout terms and face the consequences. It is worth noting that if the IMF payment is missed on Tuesday June 30th, this by itself will not constitute a CDS credit event, i.e. not a default.

Eurozone unemployment remained stable in June at a three year low of 11.1%. The unemployment rate has been falling since it hit a peak of over 12% in early 2013. But the steady decline masks wildly differing situations across the eurozone. Italy and Germany saw unemployment rates remain steady for June at 12.4% and 6.4% after a steady decline. Meanwhile, unemployment in Spain and Greece remains stubbornly high, with youth unemployment in both countries around the 50% mark.

Inflation in the eurozone slowed to 0.2% y/y in June (from 0.3% in May), official data showed on Tuesday, with consumer prices rising just slightly in Europe despite unprecedented stimulus measures by the ECB. Plummeting energy costs once again affecting the cost of living in the 19-nation Eurozone, Eurostat said. Excluding volatile energy prices, which were 5.1% y/y lower in June, consumer prices rose 0.9%. Excluding energy and unprocessed food - what the ECB calls core inflation - prices were up 0.8% y/y in June from 0.9% in May. Far lower than expected inflation figures for Germany released on Monday had braced the market for a potentially weaker number.

The IMF says Greece missed a €1.6 billion debt payment Tuesday, becoming the first developed country to default on a loan to the lending agency. Eurozone finance chiefs refused to grant a last-minute extension of the bailout program Greece has relied on for five years, and the Greek government couldn't come up with money on its own to pay the IMF. The IMF said its executive board would consider a Greek request to extend the loan. German Chancellor Angela Merkel ruled out an immediate return to debt talks and its European bailout also expired. "We'll negotiate about absolutely nothing before the planned referendum is held", Merkel told reporters in Berlin.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5900	1.5550
Spot Ref:	1.5698	
Tenor:	2 weeks	
Date:	01 Jul 2015	
Time:	10:55 hrs	
Resistance / Support:	1.5893	1.5561
Commentary:		



- UK mortgage approvals fall unexpectedly in May (Mon 29-Jun).
- UK consumer confidence surges to 15-year high in June - GfK (Tue 30-Jun).
- UK Q1 GDP revised upwards to 0.4% as disposable income jumps (Tue 30-Jun).
- UK Markit PMI manufacturing (due Wed 01-Jul, 16:30hrs SGT).

British mortgage approvals fell unexpectedly in May, countering other recent signs that activity in the housing market has picked up in recent months. Mortgage approvals for house purchases numbered 64,434 in May from 67,580 in April, and lower than forecasts for 68,800. The BoE figures showed growth of lending to consumers eased back in May, but was still strong. Consumer credit grew by £1.0 billion in May, down from £1.176 billion in April. Economists had expected an increase of £1.1 billion. On a three-month annualised basis, consumer credit rose 8.5%, the highest since August 2005, underscoring the reliance of Britain's economic recovery on household spending.

British consumer morale surged to its highest in over 15 years this month as shoppers said they were ready to spend, a survey showed on Tuesday, adding to signs that growth is picking up after a weak start to the year. Market research company GfK said British consumers' mood was now the most buoyant since January 2000, after its monthly sentiment index jumped to +7 in June from May's +1, the biggest rise in a year. British household spending, the main driver of the country's robust economic recovery, was weak at the start of the year. But a pick-up in wage growth and the lowest inflation in 50 years has boosted disposable income in recent months.

Britain's economy grew more strongly than previously thought in Q1. GDP grew by 0.4% in Q1, up from a previous estimate of 0.3%. The ONS added that a raft of data revisions mean the economy grew by 3% in 2014 - up from earlier estimates of 2.8%. Compared to a year ago, the UK economy grew 2.9% in Q1. With low inflation helping to keep the costs of the weekly shop down, real household disposable income rose by 4.5% in Q1, the fastest rate since Q2 of 2001.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 0.7850 0.7600
 Spot Ref: 0.7721
 Tenor: 2 weeks
 Date: 01 Jul 2015
 Time: 10:55 hrs
 Resistance / Support: 0.7825 0.7633
 Commentary:



- Australia consumer confidence hits 18-month high (Tue 30-Jun).
- RBA says Australian exposure to Greek crisis is minuscule (Tue 30-Jun).
- China June official manufacturing PMI steady at 50.2 (Wed 01-Jul).

- RBA's Stevens sees loose global monetary policy for a while (Tue 30-Jun).
- Sydney house prices soar 16% in year, intensifying RBA pressure (Wed 01-Jul).
- China final HSBC PMI at 49.4 in June, below preliminary reading (Wed 01-Jul).

Australia consumer confidence has hit its highest level in 18 months driven by an improved outlook for the jobs market. The ANZ-Roy Morgan consumer confidence index rose 2% to 116.3 in the week to June 28 - its best result since January 2014. It was helped by a 5.7% lift in respondents' views about economic conditions over the next 12 months, and a 4.6% increase in the five-year outlook.

RBA Governor Glenn Stevens said "very accommodative" global monetary policy is likely to remain in place for quite a while, and his global counterparts will be forced to rely on regulatory measures to contain potential financial excesses. In a philosophical sweep across the international policy landscape, Stevens said Tuesday that inflation "looks a bit too low globally" and mused that financial stability could replace price stability as a central bank's prime objective some time in the future.

Sydney house prices soared in June, spurred by an interest-rate cut a month earlier, raising concerns the RBA's efforts to revive the national economy could create financial stability risks. House prices jumped 16.2% from a year earlier in Australia's biggest city and advanced 10.2% in Melbourne. In contrast, the nation's other major cities recorded annual growth of less than 5%. Sydney homes are selling in just 26 days and Melbourne homes are selling in 32 days.

China's official manufacturing PMI stood at 50.2 in June, steady from the previous month, data showed on Wednesday. Economists had expected a figure of 50.4. The final HSBC PMI, published 45 minutes after the official data, came in at 49.4 in June - below a preliminary reading of 49.6 but above the 49.2 recorded in May. On the upside, there were some signs of improvement in the shape of renewed increases in total new orders and new export business, suggesting that client demand both at home and abroad is reviving. However, it is likely that more stimulus measures will be required to ensure that the sector can regain growth momentum and to encourage job creation.

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.7000 0.6700
 Spot Ref: 0.6802
 Tenor: 2 weeks
 Date: 01 Jul 2015
 Time: 10:55 hrs
 Resistance / Support: 0.7003 0.6723
 Commentary:



- RBNZ says Kiwi level still unjustified, headwind for economy (Fri 26-Jun).
- NZ business confidence turns negative, lowest level in 4 years (Tue 30-Jun).

- NZ trade surplus surprisingly expands in May (Fri 26-Jun).

RBNZ reiterated that the nation's currency remains unjustifiably high, one of the criteria it has set for intervention. The kiwi dollar fell toward an almost five-year low. "The persistence of the New Zealand dollar at unjustifiable and unsustainable levels" is one of the headwinds facing the economy, the RBNZ said in its Statement of Intent published Friday. Others include a softening in the Chinese and Australian economies and a sharp fall in dairy incomes, it said.

RBNZ said NZ's economy continues to grow at an annual rate of around 3%, reflecting low interest rates, high net immigration, rising construction activity and the decline in fuel prices since mid-2014. It said inflation is expected to pick up as the effect of lower fuel prices diminishes and economic growth gradually exhausts available capacity.

NZ's merchandise trade surplus unexpectedly improved in May after imports fell sharply due to lower oil prices, while exports continued their slump as dairy prices and quantities fell. The monthly trade surplus expanded from a revised NZ\$183 million to NZ\$350 million in May, coming in better than the NZ\$100 million deficit forecast.

NZ business confidence turned negative this month for the first time since the Christchurch earthquake in February 2011, led by a gloomy agriculture sector. A net 2.3% of firms were **pessimistic** about the general economy over the year ahead, turning from a net 15.7% who were **optimistic** in May, according to the ANZ Business Outlook survey. Agriculture was the most downbeat sector in this month's survey, with business sentiment, profits, employment and investment intentions all negative.



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