



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.1700	1.1300
Spot Ref:	1.1497	
Tenor:	2 weeks	
Date:	26 Aug 2015	
Time:	15:00 hrs	
Resistance / Support:	1.1738	1.1286
Commentary:		



- Bearish Fed minutes send US dollar tumbling (Wed 19-Aug).
- Eurozone business growth unexpectedly accelerates in August: PMI (Fri 21-Aug).
- Euro and Yen capitalize as risk aversion sweeps financial markets (Mon 24-Aug).
- Greece pays ECB on maturing government bond (Thu 20-Aug).
- Eurozone August flash PMI ticks higher (Fri 21-Aug).
- German GDP increased by 0.4% in Q2 (Tue 25-Aug).

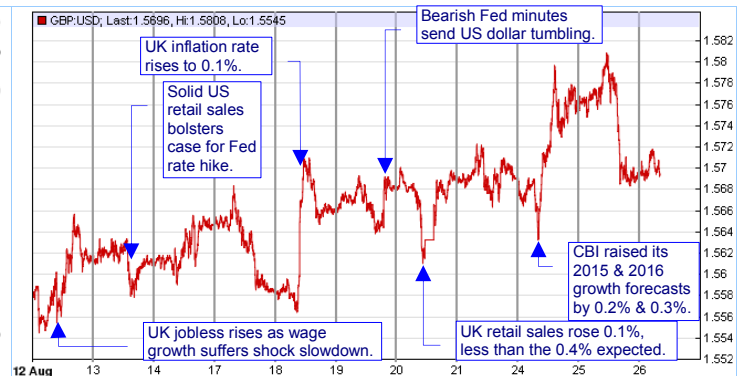
The US dollar tumbled after minutes from the Fed's latest policy meeting, released last Wednesday showed most participants "judged that the conditions for policy firming had not yet been achieved". Data also showed growth in the US hasn't translated into quicker inflation. The US CPI climbed 0.1% in July from June, when it gained 0.3%. Most meeting participants "judged that the conditions for policy firming had not yet been achieved, but they noted that conditions were approaching that point", according to minutes of the July 28-29 FOMC session. "Almost all members" indicated that "they would need to see more evidence that economic growth was sufficiently strong and labour markets conditions had firmed enough for them to feel reasonably confident that inflation would return to the Committee's longer-run objective over the medium term.

Greece made a crucial €3.2 billion debt repayment to the ECB last Thursday using newly released bailout funds, as a senior minister argued for rapid elections following a rebellion in the ruling party. Athens repaid the debt using money from the first instalment after the ESM European bailout fund had approved the €86 billion deal.

Flash Eurozone August PMI ticked higher as growth accelerated in Germany and other Eurozone nations. The official report says, "At 54.1, the Markit Flash Eurozone PMI ticked higher from July's final reading of 53.9 and remained at an expansionary level for the twenty-sixth successive month". The Euro surged to above the 1.130-mark after Eurozone PMI data improved more than expected. JPY climbed on safe haven trades. The Euro continued to mirror Yen dynamics on Monday, reinforcing the suspicion that the ECB's commitment to long-lasting QE has encouraged the single currency's transition into a carry funding vehicle in its own right.

The German economy continued to improve in Q2 despite the Greek crisis. The GDP increased by 0.4% (after price, seasonal and calendar adjustment) in Q2 of 2015 compared with Q1. Moderate growth of 0.3% had been observed at the beginning of the year. Positive contributions mainly came from the balance of exports and imports. The final consumption expenditure of households rose slightly by 0.2% and government final consumption expenditure increased by 0.3% on the previous quarter.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5800	1.5500
Spot Ref:	1.5696	
Tenor:	2 weeks	
Date:	26 Aug 2015	
Time:	15:00 hrs	
Resistance / Support:	1.5866	1.5455
Commentary:		



- UK inflation rate rises to 0.1% (Tue 18-Aug).
- UK CBI sees BoE rate increase in Q1 of 2016 versus Q2 previously (Mon 24-Aug).
- UK retail sales rose 0.1%, less than the 0.4% expected (Thu 20-Aug).
- UK CBI's distributive trades survey likely to fall to 18% from 21% (Wed 26-Aug).

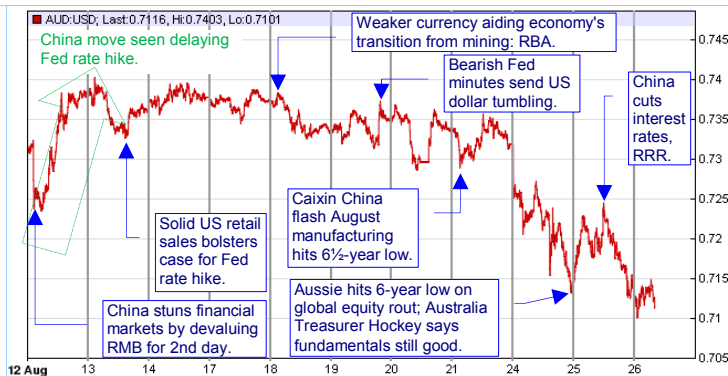
The UK's inflation rate turned positive in July, with the CPI rising to 0.1% from June's 0%. A smaller fall in the price of clothing was the main reason for the rise. The RPI measure of inflation was unchanged at 1% - the figure that will be used to calculate rail fare increases next year. CPI has been almost flat for the past six months, having turned negative in April for the first time since 1960. Falling food and non-alcoholic drink prices partially offset the positive impact of the smaller rise in clothes prices.

UK headline retail sales rose 0.1% m/m, 4.2%/y/y in July, dragged down by a 2.6% drop in fuel sales. Strong growth in household goods sales helped to offset falls in sales of petrol and clothes. The ONS said that the biggest growth in sales were in electrical goods and furniture, both of which were up almost 20% on the month. Excluding auto fuel, retail sales were up 0.4%/m/m, 4.3% y/y in July. Separately, the CBI trends total orders survey was up 9 points to -1 in August from -10 in July.

The Confederation of British Industry cites more hawkish comments from the BoE recently, GBP firmed as the CBI raised its 2015 & 2016 growth forecasts by 0.2% & 0.3% respectively to 2.6% & 2.8%, and brought forward its forecast for a BoE rate hike from Q2 to Q1 of 2016. It says UK growth will be supported by household spending, but the outlook for exports remain "somewhat muted" due to the strong pound and subdued eurozone growth.

The CBI's distributive trades survey out from the UK is expected to fall further to 18% from 21%, consistent with the sharp decline in July's expected sales.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 0.7450 0.7000
 Spot Ref: 0.7116
 Tenor: 2 weeks
 Date: 26 Aug 2015
 Time: 15:00 hrs
 Resistance / Support: 0.7422 0.6914
 Commentary:



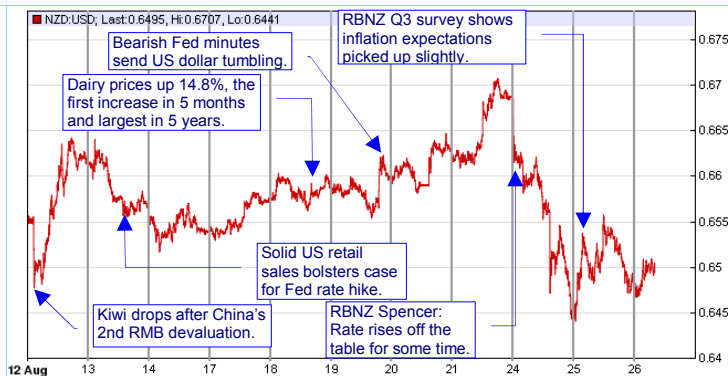
- Caixin China flash manufacturing PMI for August falls to 6½-year low (Fri 21-Aug).
- Aussie hits 6-year low on global equity rout (Tue 25-Aug).
- Australia Treasurer Hockey says fundamentals still good (Tue 25-Aug).
- Australia construction work up 1.6% in Q2 (Wed 26-Aug).

The preliminary Caixin China Manufacturing PMI fell to a 77-month low in August of 47.1, compared with a final reading of 47.8 in July (a 2-year low) and much lower than forecasts for 48.2. The release is the first major indicator for August and follows weaker-than-expected data on investment, industrial output, retail sales and exports in July. Policy makers have stepped up efforts to underpin growth, channelling funds to policy banks, in an effort to keep Premier Li Keqiang's expansion target of about 7% this year within reach. The Australian dollar, seen as a proxy for China due to its commodities shipments to the world's second-largest economy, declined after the reading.

Westpac currency strategist Imre Speizer said Australia's close economic ties with China assured it would follow any meltdown in Chinese equities. Federal Treasurer Joe Hockey says "to be calm is good advice" as Australian investors prepare for another rocky day on the local stock market. Mr Hockey has sought to ease concerns over sharp falls in global share markets amid fears of a slowdown in the Chinese economy. He says the Chinese share market is undergoing a correction and insists there is "no crisis". He says he is confident the fundamentals of the Australian and global economy are still good, and the fundamentals of the Chinese economy were still strong. He says he has received assurances from one of China's most senior economic figures that China will ensure strong economic growth this year.

The amount of construction work done in Australia rose 1.6% in Q2, better than economists' expectations of a 1.5% fall. In the year to June it was down 3.3%. Building work done on homes and non-residential buildings such as offices and shops, fell 2.6%. Engineering work done, which includes mines, roads and bridges rose 5.6%.

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.6700 0.6400
 Spot Ref: 0.6495
 Tenor: 2 weeks
 Date: 26 Aug 2015
 Time: 15:00 hrs
 Resistance / Support: 0.6745 0.6361
 Commentary:



- GDT up 14.8%, the first increase in 5 months and largest in 5 years (Tue 18-Aug).
- Kiwi sinks as RBNZ compounds pressure from risk trends (Mon 24-Aug).
- Auckland house prices keep RBNZ awake at night, Spencer says (Mon 24-Aug).
- RBNZ Q3 survey shows inflation expectations picked up slightly (Tue 25-Aug).
- NZ trade deficit rises to NZ\$649 million in July (Wed 26-Aug).

After ten consecutive auctions at which prices had declined, the Global Dairy Trade auction produced a sharp bounce in global dairy prices within the realms of what the futures market had suggested. The overall GDT index rose 14.8%, with whole milk powder – of greatest importance to NZ and where Fonterra had slashed its offering on the GDT platform – rising 19.1%. For whole milk powder this more than reverses the declines of the past two auctions but leaves prices weaker than in early July.

Surging Auckland house prices pose an increased risk to NZ's financial stability but the central bank can't raise interest rates to curb demand, Deputy Governor Grant Spencer said. "When something keeps you awake at night, it is good to do something about it," Spencer said in a speech published on the RBNZ's website Monday. The response must be multi-faceted because "the current weakness in export prices, economic activity and CPI inflation means that interest-rate increases are likely to be off the table for some time," he said. From Nov. 1, the RBNZ will require Auckland property investors to have a deposit of at least 30% to secure a mortgage. The Kiwi suffered outsized losses after Spencer reiterated that interest rates are "off the table" as a measure for dealing with the buoyant housing market.

Q3 inflation expectations picked up slightly, according to a RBNZ survey. Expectations for NZ's consumer-price gains for the next 12 months rose to 1.46% from 1.32% in Q2, the survey conducted for the central bank by ACNielsen showed. Expectations for inflation in the next 24 months rose to 1.94% from 1.85% in the prior survey.

NZ posted a merchandise trade deficit of NZ\$649 million in July, representing 15% of exports. The headline figure missed expectations for a shortfall of NZ\$600 million following the NZ\$60 million deficit in June. Exports climbed 14.0% on year to NZ\$4.20 billion, well above forecasts for NZ\$3.83 billion although down slightly from NZ\$4.23 billion in June. Imports advanced an annual 4.8% to NZ\$4.85 billion versus expectations for NZ\$4.40 billion and up from NZ\$4.29 billion a month earlier.



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