



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3300	1.3000
Spot Ref:	1.3164	
Tenor:	2 weeks	
Date:	15 Feb 2012	
Time:	11:50 hrs	
Resistance / Support:	1.3225	1.3047
Commentary:		

- ECB keeps benchmark interest rate unchanged at 1.0%; hopes to boost the eurozone's growth (Thu 09-Feb).
- Moody's cut ratings of Italy, Portugal, Slovakia, Slovenia, Malta & Spain; outlook on nine EU countries downgraded to negative (Mon 13-Feb).
- China says ready to help solve EU debt crisis (Tue 14-Feb).
- Juncker cancels eurozone meeting after Greek government fails to meet conditions for second bailout (Wed 15-Feb).

Moody's late on Monday cut by one notch the ratings of Italy, Portugal, Slovakia, Slovenia and Malta and downgraded Spain by two notches saying it was worried about Europe's ability to undertake reforms needed to address the region's debt crisis. It also warned it may do the same to triple-A rated France, Britain and Austria. However, the impact was more muted than after Standard & Poor's downgraded a group of euro zone countries last month.

China's Premier Wen Jiabao said Tuesday his country was ready to increase its participation in efforts to resolve Europe's debt crisis, after holding talks with EU leaders in Beijing. Wen said China wanted to see Europe, its biggest trading partner, "maintain stability and prosperity" and was considering using Europe's bail-out funds to help address the continent's fiscal woes.

The focus remained on Greece, which has acknowledged it still has much to do to persuade the EU and IMF to save it from bankruptcy. Eurozone finance ministers have told the Greek government to detail how it will fill a € 325 million gap in its plan for an extra € 3.3 billion in savings this year before they meet in Brussels today.

However, **Eurozone finance ministers have cancelled today's meeting in Brussels** and instead will hold a conference call. Reports suggest the reason of the cancellation was due to a lack of paperwork preparation, but some see this as an aim to pressure Greece to do more. According to Eurozone President Juncker, the teleconference will "...discuss outstanding issues and prepare the ordinary meeting of the Eurogroup on Monday, 20 February". He also said that a second Greek bailout was not guaranteed until the various Greek parties laid out detailed plans on how they were going to cut the budget deficit, and sign an agreement that they will abide by them even after an April national election. Delays are likely to continue as such until early March when the EU heads of state meeting will take place.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5850	1.5550
Spot Ref:	1.5716	
Tenor:	2 weeks	
Date:	15 Feb 2012	
Time:	11:50 hrs	
Resistance / Support:	1.5719	1.5650
Commentary:		

- BoE Monetary Policy Committee (MPC) embarks on GBP 50 billion of QE and keep rates unchanged (Thu 09-Feb, SGT 20:00 hr).
- Confederation of British Industry (CBI) says UK Recovery seen picking up pace (Mon 13-Feb).
- UK CPI falls to 3.6% y/y – still way above the government mandated target of 2% (Tue 14-Feb).

The Bank of England says it will pump another £50 billion into Britain's struggling economy as part of its quantitative easing programme. When completed, it will bring the total amount of QE stimulus to £325 billion. Without another stimulus from QE, inflation was likely to fall from its current 4.2% to below its 2% target.

The CBI said that the UK economy will avoid a technical recession and the recovery will gain momentum this year, avoiding the need for more QE by the Bank of England. Sentiment among CBI member companies has picked up in the past few months after the European Central Bank increased liquidity to the banking system in the euro area.

The rate of Consumer Prices Index (CPI) inflation in the UK fell from 4.2% to 3.6% in January, according to the Office for National Statistics (ONS). The drop in CPI rate brings it to a 14-month low, largely due to the fact last year's VAT rise is no longer shown in the figures. The rate still remains well above the BoE's target of 2%. Retail Prices Index (RPI) inflation, which includes mortgage interest payments, fell to 3.9% from 4.8%.

Base Currency:	AUD	USD
Alternate Currency:	USD	AUD
Strike Price:	1.0850	1.0550
Spot Ref:	1.0731	
Tenor:	2 weeks	
Date:	15 Feb 2012	
Time:	11:50 hrs	
Resistance / Support:	1.0753	1.0600
Commentary:		



- RBA Quarterly Statement on Monetary Policy (Fri 10-Feb).
- Australian home loan approvals jump in December (Mon 13-Feb).
- NAB Business Survey, January 2012 – Confidence and Conditions better (Tue 14-Feb).
- Westpac Consumer Sentiment – Surprise jump in consumer sentiment (Wed 15-Feb)

The RBA, in its quarterly monetary policy statement released last week, predicted average GDP growth of 3.5% in 2012, down from its 4-Nov estimate of 4%, though higher than the 3% average in the decade through 30-Sep.

Australian home loans surprised by rising 2.3% to 48,453 in December, the highest in almost two years, from a revised November increase of 1.8%. Data showed the total value of loans rose 3.8% to A\$21.3 billion in December, the highest level in two years.

Overall business confidence was relatively firm in the month, rising from an index of +3 to +4 with businesses seemingly still taking relief from the recent RBA rate cuts as well as some abatement of concerns about Europe. Nonetheless, labour market conditions remain soft and the overall outlook for near-term activity remains moderate. Business conditions strengthened a little in January, rising from an index reading of 0 to +2 when viewed as a whole.

A measure of consumer confidence rose for a second straight month in February as households became more upbeat on the outlook for the economy and their own finances even as the RBA held back on cutting rates again. The survey of 1200 people by Westpac and the Melbourne Institute showed its index of consumer sentiment climbed 4.2% in February to 101.1, although the index was still down 5.2% on February last year, but was an improvement on the previous month. However, the RBA's surprise decision last week to keep rates on hold may have weighed on sentiment.

Base Currency:	NZD	USD
Alternate Currency:	USD	NZD
Strike Price:	0.8450	0.8200
Spot Ref:	0.8377	
Tenor:	2 weeks	
Date:	15 Feb 2012	
Time:	11:50 hrs	
Resistance / Support:	0.8430	0.8240
Commentary:		



- NZ retail sales get Rugby Cup boost but rates seen on hold (Wed 15-Feb).
- Detailed growth forecasts (to be published by the Treasury on Thu 16-Feb).

In New Zealand, Reserve Bank Governor Alan Bollard has kept the official cash rate at a record-low 2.5% since March 2011 to revive confidence after earthquakes in the southern city of Christchurch. Bollard said last month he wasn't uncomfortable with market expectations of no rate change through this year.

New Zealand consumers are showing signs of resilience as slower growth in Asia and Europe's debt crisis inhibit a global expansion.

In New Zealand today, "retail posted its strongest growth ever in core terms". Core retail sales values rose 2.3%, or NZ\$302 million during the three month period to NZ\$13.7 billion, according to Statistics New Zealand figures, which are adjusted to remove the effect of seasonal factors such as Christmas. Total retail sales volumes were up 2.2%, and total retail sales values rose 2%, or NZ\$345 million, to NZ\$17.7 billion.

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