



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3650	1.3300
Spot Ref:	1.3465	
Tenor:	2 weeks	
Date:	29 Feb 2012	
Time:	16:30 hrs	
Resistance / Support:	1.3772	1.3171
Commentary:		

- G20 ignores German calls for help; Europe must put up more cash to fight crisis (Mon 27-Feb).
- Germany's lower house approved the second loan package for Greece (Mon 27-Feb).
- Eurozone M3 money supply grows more than expected in January (Mon 27-Feb).
- Italian business confidence declines to two-year low (Mon 27-Feb).
- Market focus on the ECB 3-year LTRO (scheduled Wed 29-Feb, 18:15 SGT).

G20 officials meeting in Mexico, sided with the US and deferred Europe's bid to raise fresh money for the IMF that could be used to defuse the crisis; the second time in four months that the G20 have declined to rally to Europe's side, even as the IMF warns the crisis risks triggering another global recession. German Chancellor Merkel scraped through a parliamentary vote endorsing a second bailout for Greece but faced a growing backbench revolt against pouring in more money in support of the eurozone.

The ECB reports that the M3 money supply grew by 2.5% in the eurozone in January, thus exceeding the expected 1.8%. The average growth for the November-January quarter was 2%, marking a deceleration from the 2.1% of the previous quarter. Loans to the private sector in the eurozone grew by 1.1% on an annual basis in January.

Italian business confidence unexpectedly fell to a two-year low in February after the economy entered its fourth recession since 2001 under the weight of austerity measures to fight the sovereign debt crisis. The manufacturing-sentiment index fell to 91.5, the lowest since November 2009, from 92.1 in January, Rome-based national statistics institute Istat said. Economists had predicted a gain to 92.3, according to the median of 16 estimates in a Bloomberg News survey.

The focus today will be on the ECB's LTRO, with a gross drawdown of between € 500-1000 billion seemingly expected, in the hope that this will alleviate tensions in the European banking sector. Firmed as today's LTRO buoyed risk appetite. The euro had fallen to lows of 1.3389 following news of an Irish referendum on the eurozone fiscal stability pact. However, the European Commission's economic sentiment index improved modestly for a second month in February, returning to a level last seen in October.


Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6100	1.5750
Spot Ref:	1.5926	
Tenor:	2 weeks	
Date:	29 Feb 2012	
Time:	16:30 hrs	
Resistance / Support:	1.6169	1.5592
Commentary:		

- UK Q4 GDP decline confirmed at 0.2%; consumption up (Fri 24-Feb).
- House prices stable amid strong buyer interest (Tue 28-Feb).
- GfK Survey: UK consumers more confident on economy and finances (Wed 29-Feb, 08:00 SGT).

Britain's economy shrank in the fourth quarter of last year despite higher consumer spending and strong export growth as businesses slashed investment, official data showed on Friday. While consumer spending rose 0.5% in the fourth quarter, gross domestic product fell 0.2%, the Office for National Statistics said. The ONS revised down the Q3 economic growth to 0.5% from 0.6%. From a year ago, GDP rose 0.7% in the fourth quarter, instead of 0.8% estimated in January.

House prices remained steady in January and February according to property analysis firm Hometrack, but there was a surge in interest from potential buyers. The firm's Monthly National Housing Survey found that property values fell across six regions, remained the same in three, and grew by just 0.1% in London, in the first two months of the year. However the number of potential house buyers registering with estate agents grew by 18% in February, as people rushed to buy a property before the re-introduction of the 1% stamp duty on properties valued between £125,000 and £250,000, on 24 March.

The consumer confidence barometer shows a boost in consumer sentiment about the state of the economy over the next 12 months, rising from -33 in January to -29 this month. Market research firm GfK NOP said that even though the overall score on consumer confidence remained unchanged since last month at -29, there were grounds for "cautious optimism" in the detail of the index. Nick Moon, managing director of GfK NOP, said next month's results will determine whether this represents the "beginnings of a sustained improvement".

Base Currency:	AUD	USD
Alternate Currency:	USD	AUD
Strike Price:	1.1050	1.0700
Spot Ref:	1.0817	
Tenor:	2 weeks	
Date:	29 Feb 2012	
Time:	16:30 hrs	
Resistance / Support:	1.1000	1.0400
Commentary:		

- Gillard defeats Rudd but he wins in popularity stakes (Mon 27-Feb).
- Aussie govt battles to convince voters of economic prospects (Tue 28-Feb).
- Aussie dollar rises on retail trade figures (Wed 29-Feb).

Prime Minister Julia Gillard defeated Kevin Rudd, her former Foreign Minister by 71 votes to 31 in a ballot of Labour Party lawmakers, ending Mr Rudd's attempt to recapture the job that she took from him in an internal party coup in 2010. Gillard may have resolved a bitter leadership crisis but the rancour over her government's performance highlights a deeper sense of dissatisfaction that belies Australia's economic strength. The Aussie dollar rose sharply after the Labour Party vote result.

A pick-up in Queensland retail trade and increased activity in the cafes sector has seen Australian retail turnover rise by 0.3% in January compared to a 0.1% drop in December last year. Official data from the Australian Bureau of Statistics showing a 0.3% rise in retail trade in January was in line with forecasts. Also released was construction data for the December quarter, which showed a 4.6% fall, a weaker result than the forecast 0.6% drop. The Aussie dollar had been buoyed by the positive retail trade data. Although the data reflected expectations, it was a better result than in previous months, and the market has taken that as good news.

Base Currency:	NZD	USD
Alternate Currency:	USD	NZD
Strike Price:	0.8550	0.8200
Spot Ref:	0.8431	
Tenor:	2 weeks	
Date:	29 Feb 2012	
Time:	16:30 hrs	
Resistance / Support:	0.8570	0.8089
Commentary:		

- NZ trade balance slips into deficit (Mon 27-Feb).
- NZ business confidence recovers (Wed 29-Feb).

New Zealand trade balance was a deficit of NZ\$199 million in January, turning from a revised surplus of NZ\$306 million a month earlier, according to Statistics New Zealand. Stripping out the impact of that deal, NZ had a trade surplus of NZ\$14 million, well short of the NZ\$200 million forecast by a Reuters survey of economists. The value of monthly exports rose 13% to NZ\$3.74 billion in January, while the value of imports climbed 19% to NZ\$3.94 billion.

Exports to Australia, the country's biggest trading partner, rose 4.9% to NZ\$725 million in January, while sales into China surged 38% to NZ\$629 million. China was the biggest source for annual import into New Zealand at NZ\$7.53 billion, eclipsing Australian goods worth NZ\$7.46 billion.

New Zealand business confidence re-gathered momentum at the start of the year, with a pick-up in the construction sector leading the way, according to the National Bank's Business Outlook survey. A net 28% of survey respondents expect better times for the economy in the year ahead, up 11 points from the last survey in December, while a net 31% of firms predict their own activity will improve, up 5 points.

A net 44% of businesses expect a lift in residential construction-related work, up from 26% in December, while commercial construction intentions turned positive, with a net 30% of respondents picking growth, compared to 3.2% expecting a contraction in December. The construction sector is now most confident in regard to the general business environment. Canterbury dominates perceptions towards commercial construction with the prospect of a looming rebuild stoking firms' optimism.

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