



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3200	1.2850
Spot Ref:	1.3087	
Tenor:	2 weeks	
Date:	10 Apr 2013	
Time:	10:30 hrs	
Resistance / Support:	1.3200	1.2845
Commentary:		

- Greenback weakens as dismal US jobs report (Fri 05-Apr).
- Cyprus losses spur EU lawmakers to bolster depositor protection (Tue 09-Apr).
- Portugal plans spending cuts after court ruling on salaries (Mon 08-Apr).
- Anemic growth, but France may have narrowly dodged recession (Tue 09-Apr).

The greenback weakened as payrolls grew by 88,000 non-farm workers in March, the smallest in 9 months, after an upwardly revised 268,000 gain in February. It was way below estimates for an advance of 190,000. The jobless rate fell to 7.6% from 7.7% due to people dropping out of the workforce, pushing the participation rate to 63.3%.

Portugal will carry out more spending cuts this year after the Constitutional Court blocked a plan to suspend a 14th-month salary payment to state workers and pensioners. Prime Minister Pedro Passos Coelho said "I will give instructions to the ministries to proceed with the necessary reductions in operating expenses to compensate for what was blocked by the Constitutional Court's ruling. The government does not accept more tax increases, which seems to be the solution that the Constitutional Court favours in its interpretation". The court's decision also puts Portugal in a "more fragile" position in talks with its international partners about extending the maturities of its aid loans.

The European Parliament will seek greater protection for depositors of crisis-hit banks in the wake of the Cyprus bailout as it weighs changes to proposals aimed at taking taxpayers off the hook for future rescues. "Uninsured deposits should be within the scope" of the so-called bail-in rules, Hoekmark said. "However, they should be given a preferential treatment in the hierarchy and rank above unsecured bondholders to make sure risks to depositors are minimized," he said.

France's central bank forecast that the eurozone's second-biggest economy narrowly averted a recession in Q1, though business and trade data painted a picture of a still-struggling economy. The Bank of France estimated that the €2-trillion economy posted growth of 0.1% in Q1, unchanged from its previous call. If confirmed by official data due in May, it would mean France sidestepped what would have been its third recession since the 2008 financial crisis after contracting by 0.3% in Q4 of 2012. The central bank's monthly business climate survey suggested the outlook for growth remains anaemic, with manufacturing and services companies reporting weaker activity in March. The survey found industry sentiment slipped to 93 from 95 in February while its services sentiment index slipped to 88 from 89, hitting its lowest level since July 2009.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5450	1.5200
Spot Ref:	1.5335	
Tenor:	2 weeks	
Date:	10 Apr 2013	
Time:	10:30 hrs	
Resistance / Support:	1.5440	1.5200
Commentary:		

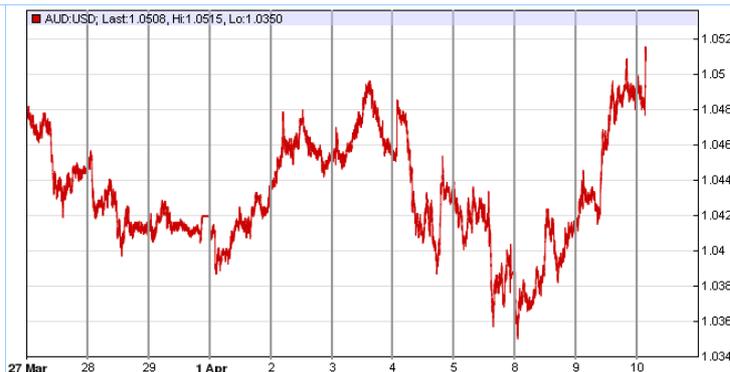
- UK credit rating affirmed by S&P as outlook remains negative (Fri 05-Apr).
- UK avoids triple-dip recession despite alarming slump in exports (Tue 09-Apr).
- UK economy will struggle even as confidence gains (Mon 08-Apr).
- Pick-up in UK industry signals fragile recovery (Tue 09-Apr).

Britain retained its top AAA credit rating at S&P, which said the government has the capacity to meet its fiscal challenges, though the outlook for the grade remains negative. "We believe that the government will implement its fiscal mandate and that it has the ability and willingness to respond rapidly to economic challenges," S&P said. The negative outlook means "at least a one-in-three chance" of a downgrade if economic and fiscal performances were to weaken beyond current expectations.

Britain's economy will struggle to gather momentum until the second half of the year even as business sentiment and hiring intentions improve, according to a survey by BDO LLP. A confidence index rose to 92.2 in March from 90.6 in February and a hiring gauge increased to 96 from 95, the accountancy firm said in a report in London. Still, its output index, at 93, remains below the 95 level that points to positive growth one quarter ahead. BDO said "robust business conditions will remain elusive". Sentiment among manufacturers fell to 88.2 in March from 94.5 in February. Services confidence improved to 93.2 from 89.6. An index of inflation rose to the highest since August.

Britain has dodged a triple-dip recession by the skin of its teeth despite an alarming slump in exports. Economists at the National Institute of Economic and Social Research said the economy grew by 0.1% from January to March. It follows a 0.3% slump in the final quarter of 2012 and, if confirmed by the Office for National Statistics this month, would be enough to avoid a third recession since 2008. Official figures showed the manufacturing sector grew by 0.8% in February as British factories recovered from their January slump. The wider measure of industrial production, which includes mining and North Sea oil, rose 1% following January's 1.3% fall. The first official estimate of how Britain's economy fared in the first quarter will be released on April 25. Until then, the prospect of a return to recession hangs in the balance.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 1.0600 1.0350
 Spot Ref: 1.0508
 Tenor: 2 weeks
 Date: 10 Apr 2013
 Time: 10:30 hrs
 Resistance / Support: 1.0560 1.0380
 Commentary:



- North Korea fears and grim US payrolls data triggers risk aversion (Fri 05-Apr).
- Builders still waiting for economic recovery from low interest rates (Sun 07-Apr).
- Aussie dollar higher after China inflation figures (Tue 09-Apr).
- Slim chance of an Australian budget surplus (Sun 07-Apr).
- Business conditions slump despite confidence rise (Tue 09-Apr).
- RBA: strong Aussie and lower mining spending hurts 2013 growth (Wed 10-Apr).

Risk aversion tightened its grip on financial markets last Friday following disappointing US March non-farm payrolls data. Markets were already jittery due to ongoing fears over North Korea. The March US labour report revealed only 88k rise in non-farm payrolls, which was substantially weaker than an expected increase of 190k and against a revised 268k reading in February. The unemployment rate eased to 7.6% from 7.7% in February due to the drop in labour force participation.

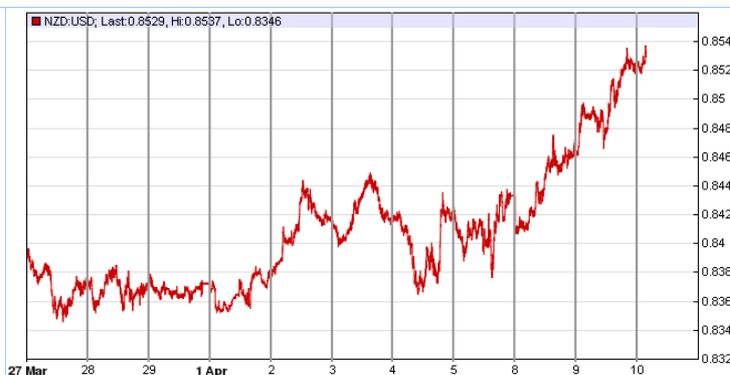
Australia's chances of delivering a budget surplus are diminishing as the government's revenue is being curbed amid a period of weakness in the economy, Finance Minister Penny Wong said in an interview, but declined to answer when the government will be able to deliver a budget surplus. She said that nominal GDP has been below real GDP for three successive quarters for the first time in 50 years, resulting in slowing company profits and tax revenue. Prime Minister Julia Gillard, whose budget is due May 14, was forced to abandon a pledge to achieve a surplus this year as slow growth and currency gains curbed tax revenue.

Australian builders are suffering from weak profits and less work as the expected economic boost from lower interest rates fails to revive the industry, according to a survey. The profitability index compiled by Master Builders was at 41.3 in Q1 from 38 in Q4 of 2012, and below the neutral level since mid-2011, Master Builders Australia said in an e-mailed report, citing a survey of 500 members. Builders expect little change in profits in the next six months after previously expecting a deterioration, the report said.

Business conditions have slumped to near four-year lows, despite an improvement in confidence. The NAB's Monthly Business Survey shows conditions fell 4 points to -7 last month, the lowest level since May 2009, just after the initial wave of the financial crisis reached its zenith. However, business confidence edged up 1 point to +2, possibly reflecting a flow-on effect from recent rises in consumer sentiment. The Aussie dollar received a further boost as official Chinese figures showed inflation slowed to an annual rate of 2.1% in March, from 3.2% in February. The figures reduced expectations the PBoC would need to tighten monetary policy to rein in price rises.

Australia's strong currency, a deceleration in resource investment from a peak this year, and tightening of government spending are likely to hurt growth in 2013, RBA Assistant Governor Christopher Kent said.

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.8600 0.8400
 Spot Ref: 0.8529
 Tenor: 2 weeks
 Date: 10 Apr 2013
 Time: 10:30 hrs
 Resistance / Support: 0.8525 0.8360
 Commentary:



- RBNZ issues property price boom warning (Mon 08-Apr).
- Strongest business confidence since pre-GFC, says NZIER (Tue 09-Apr).

House prices have risen more than 8% in the past year, mainly reflecting a steep run higher in Auckland and Christchurch and the cheapest interest rates in about 50 years. RBNZ deputy governor Grant Spencer said that avoiding another costly housing boom was critical for economic and financial stability. "The more that house prices continue to overshoot their long-run sustainable levels, the greater the prospect of an eventual significant downward correction," Spencer said. The impact of such a fall could be worsened by the existing headwinds of an overvalued exchange rate, a drought hitting farmers and Government belt-tightening, Spencer warned.

Business confidence is at its strongest since June 2007, when the domestic economy was starting to turn down ahead of the global financial crisis in 2008, according to the latest Quarterly Survey of Business Opinion from NZIER. The March quarter survey shows economic recovery broadening beyond Auckland and Christchurch, and no apparent impact from a string of corporate restructuring announcements in the Q1, and the collapse of the Mainzeal construction group. A net 23% of firms expect better trading conditions in Q2, up from 20% in Q1, while a net 32% firms are optimistic in March, seasonally adjusted, compared with 19% previously.



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