



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3050	1.2850
Spot Ref:	1.2928	
Tenor:	2 weeks	
Date:	15 May 2013	
Time:	10:40 hrs	
Resistance / Support:	1.3000	1.2853
Commentary:		

- ECB survey points to eurozone contraction this year (Thu 09-May).
- ECB looking at ABS purchases, negative interest rates (Mon 13-May).
- ZEW: German investor confidence barely rises (Tue 14-May).
- Cyprus clinches first €2 billion bailout installment (Mon 13-May).
- ECB picks fight with Germany on EU plans for failing banks (Tue 14-May).
- Fitch raises Greek credit rating one notch to "B-", outlook stable (Tue 14-May).

The ECB's survey of professional forecasters showed the eurozone economy is set to contract this year, revising down previous forecasts and strengthening the case for the ECB to take further policy action. The poll of 53 professional forecasters conducted April 16 to 19 pointed to a 0.4% contraction this year. The previous survey three months ago foresaw zero growth. The survey also pointed to inflation of 1.7%, down from 1.8% in the prior survey. The ECB targets inflation of close to, but below, 2%.

Cyprus has secured a €2 billion bailout from its Troika lenders. The money will be used for debt service and fiscal consolidation, and the second installment is due by the end of June.. The financial aid comes with around 2.5% interest and is to be paid back over a 12-year period after a grace period of a decade. ECB President Mario Draghi continued to float the idea of purchasing asset-backed securities as the advance GDP report is likely to show the economy contracting 0.1% in Q1, while Governing Council member Ignazio Visco said negative interest rates in the euro-area may be effective as the economic downturn threatens price stability.

Executive Board Member Joerg Asmussen called for the EU to create a central agency and a common backstop for handling failing banks by "the summer of next year." This is in marked contrast to warnings from German Finance Minister Wolfgang Schaueble that the bloc cannot venture into such territory without changing its current treaties, and should instead target a less ambitious, networked approach. "We want a single European resolution regime together with a single resolution agency and a single resolution fund that is financed by a levy on the banking industry", Asmussen told reporters in Brussels before a meeting of EU finance chiefs.

German investor confidence rose in May less than forecast. The ZEW Centre for European Economic Research said its index of investor and analyst expectations, which aims to predict economic developments six months in advance, increased to 36.4 from 36.3 in April. Economists had forecast a gain to 40 according to Bloomberg News.

Fitch raised Greece's long-term credit rating by one notch to "B-", removing it from being at risk of default, citing progress in balancing its finances and improving its trade competitiveness. Fitch warned that tangible economic recovery remains elusive, while resistance to reform is high, underlining the continuing risks to implementation.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5400	1.5150
Spot Ref:	1.5223	
Tenor:	2 weeks	
Date:	15 May 2013	
Time:	10:40 hrs	
Resistance / Support:	1.5631	1.5197
Commentary:		

- UK businesses see brighter economic prospects (Mon 13-May).
- New-look BOE inflation report giving forecast detail (due Wed 15-May, 17:30 SGT).
- UK house-price gauge increases to almost 3-year high (Tue 14-May).

Confidence is improving across most UK businesses, according to the latest business surveys, although manufacturers are less optimistic. The CBI, a business lobby group, said the economy was moving from "flat to growth", although it kept its forecast for growth this year at 1%. Meanwhile, accountancy firm BDO said business confidence improved in April, particularly in the services sector. However, BDO said the outlook for manufacturing "remains bleak".

A UK house-price gauge rose to the highest in almost 3 years last month as government measures to support the housing market spurred demand, the Royal Institution of Chartered Surveyors said. The index rose to 1 from minus 2 in March, the first reading above zero since June 2010, citing a monthly poll of property surveyors. A positive number means more respondents saw values increase rather than decline. A measure of inquiries from new buyers rose to 25 from 13, the highest since November 2009.

The Bank of England's May Inflation Report will contain precise figures for the growth and inflation projections and detail on key forecast judgements, marking the end of a 16-year tradition of precise-number-free projections. In the last inflation report before the arrival of incoming governor Mark Carney, the BOE's Monetary Policy Committee has agreed to shed more light on its forecasts. Along with the GDP and CPI projections, the MPC will publish assessments of the key judgments driving its forecasts.

Base Currency:	AUD	USD
Alternate Currency:	USD	AUD
Strike Price:	1.0100	0.9800
Spot Ref:	0.9892	
Tenor:	2 weeks	
Date:	15 May 2013	
Time:	10:40 hrs	
Resistance / Support:	1.0092	0.9825
Commentary:		



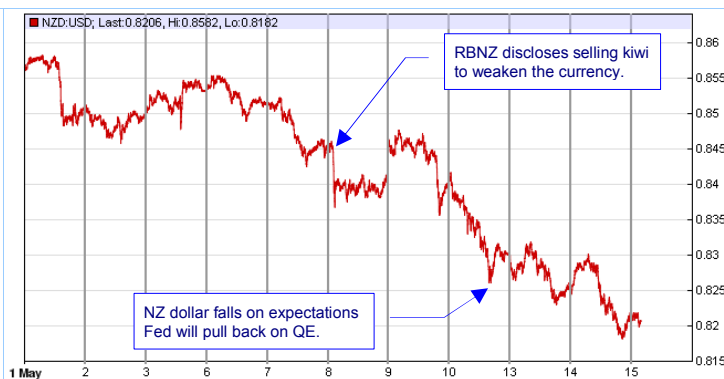
- Swan points deficit blame at strong Aussie dollar (Tue 14-May).
- Australia keeps AAA rating after budget (Tue 14-May).
- Australia shuns Europe-style austerity as Swan bets on jobs (Tue 14-May).

Treasurer Wayne Swan has handed down his sixth consecutive budget deficit, saying sharper spending cuts would have put jobs and the economy at risk. A deficit of just over A\$18 billion is expected in the 2013/14 financial year, down sharply from the A\$2 billion surplus forecast a year ago. In the current financial year the deficit is expected to hit A\$19.4 billion, down from the previously expected A\$1.5 billion surplus. Treasury now forecasts the budget will return to surplus in 4 years, after balancing in 2015/16.

Economic growth is expected to slow in the coming 12 months, and unemployment is forecast to rise, as investment in mining peaks. Australia's GDP is expected to grow by 2.75% in 2013/14, below its long-term average, and by 3% the following year. Meanwhile the unemployment rate is expected to peak at around 5.75%, up from the current rate of 5.5%. Mr Swan remained upbeat about the Australia economy, saying it continues to outperform the rest of the developed world and remains well placed to benefit from economic growth in Asia. He rejected calls to cut spending and bring the budget into surplus sooner, which would hurt the economy and put more jobs at risk.

Australia's AAA rating remains unchanged despite the federal government handing down an A\$18 billion deficit. The world's two largest ratings agencies have retained Australia's rating due to its low public debt and prudent fiscal policy in the medium term. Moody's said "the outlook for Australia remained strong as the projected budget deficits were only a small percentage of GDP. Although the government budget is now forecast to remain in deficit through the 2014/15 fiscal year, the projected deficits are relatively small as a percentage of GDP". S&P said the government continues to demonstrate a commitment to prudent fiscal policy over the medium term.

Base Currency:	NZD	USD
Alternate Currency:	USD	NZD
Strike Price:	0.8400	0.8100
Spot Ref:	0.8206	
Tenor:	2 weeks	
Date:	15 May 2013	
Time:	10:40 hrs	
Resistance / Support:	0.8421	0.8162
Commentary:		



- Jobless rate falls to 3-year low 6.2% on record employment jump (Thu 09-May).
- House sales and prices slip in April: REINZ (Mon 13-May).
- IMF warns about high NZ house prices; may warrant rate rise (Wed 15-May).
- NZ dollar falls on expectations Fed will pull back on QE (Mon 13-May).
- NZ shoppers still out in force (Tue 14-May).

New Zealand's jobless rate fell to a 3-year low in the first quarter of the year as the employment rate grew for the first time in four quarters, fuelled by demand for workers in Canterbury. The unemployment rate fell to 6.2% in the first quarter, the lowest since March 2010, from a revised 6.8% three months earlier, according to a StatsNZ survey. The kiwi fell after a WSJ report that the US Fed is planning to slow its policy of quantitative easing, increasing the attractiveness of US dollar assets. As the WSJ article appeared after Friday's New York market close, the kiwi may slide further and find support at 81.60 US cents. The timing on when to start is still being debated.

The number of national residential property sales hit a 6-year record for the April month but median house prices slipped from a high in March. REINZ data show 7,104 residential property sales for April, a 25% rise on the same month in 2012 and the highest April sales number for 6 years. April sales fell 12.6% compared with March. The national median price declined 2.4% to NZ\$390,500 compared to March after reaching a new record high of NZ\$400,000 in April, but remained 7% higher than April 2012.

Retail spending continued to grow in the quarter ending March, building on a spending surge in the last quarter of 2012. Shoppers spent more at supermarkets, pharmacies and hardware, building and garden supply stores, but less at clothing and footwear stores and department stores. According to seasonally adjusted StatsNZ figures, the total volume of retail sales rose 0.5% in the March quarter, a more modest rise than the 1.9% jump in volume for the previous quarter and below economists' predictions.

RBNZ may need to raise its benchmark interest rate from a record low if rising house prices and household borrowing fan inflation, according to the IMF. "Rising house prices, which are already elevated by standard metrics, are a growing concern. A tightening may be warranted if house-price and credit expansion begin to fuel inflationary pressures". NZ's economy will grow about 2.25% this year in the face of headwinds from a strong currency, a drought and government spending cuts, the IMF forecast.



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