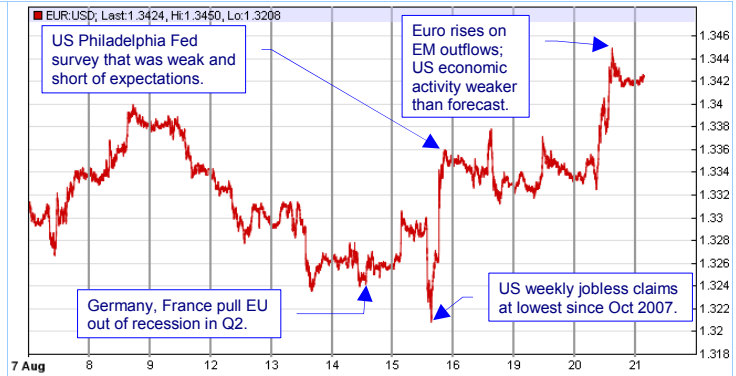




## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3550	1.3250
Spot Ref:	1.3424	
Tenor:	2 weeks	
Date:	21 Aug 2013	
Time:	10:15 hrs	
Resistance / Support:	1.3850	1.3200
Commentary:		



- Germany, France pull EU out of recession in Q2 (Wed 14-Aug).
- Another rate cut may raise banks' dependence on ECB: experts (Mon 19-Aug).
- Germany to return to normal growth rates in second half (Mon 19-Aug).
- Euro rises on EM flows; US economic activity weaker than forecast (Tue 20-Aug).

The German and French economies grew faster than the US in Q2, pulling the eurozone out of its longest recession. Growth in the 17-nation eurozone was 0.3% from Q1, with its two biggest economies both revealing unexpected strength, data from statistics office Eurostat showed. Analysts had forecast 0.2% growth. Germany grew 0.7%, its largest expansion in more than a year, thanks largely to domestic private and public consumption. France's economy expanded 0.5%, pulling out of a shallow recession to post its strongest quarterly growth since early 2011. Its turnaround was driven by consumer spending and industrial output, although investment dropped again.

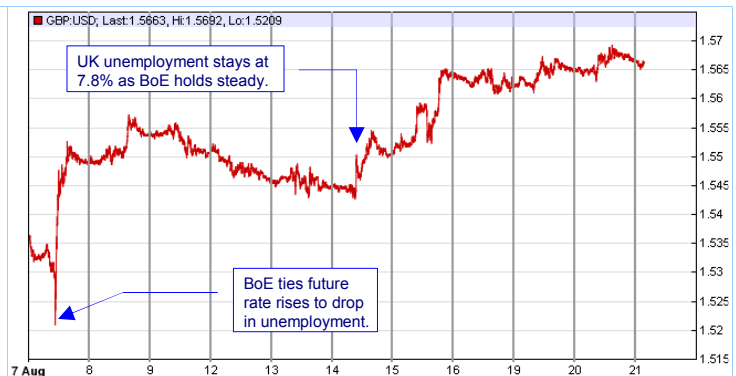
The German economy should stabilize in the second half 2013 after its strongest growth in over a year in Q2, the Bundesbank said. Growth in Germany and the eurozone will benefit from the ECB's record-low interest rates, which it has vowed to keep low for an extended period, but added that this was not an unconditional commitment.

If the ECB cuts interest rates again to try to bring down money market rates, it may end up increasing lenders' dependence on central bank funding, the minutes of a meeting of ECB experts and traders showed. Money market rates have risen since the US Fed set out a plan in June to "taper" its stimulus, and banks' early repayment of long-term ECB loans has tightened money market conditions further. The group discussed interest rate cuts among other measures to slow the tightening trend.

The euro strengthened as slides in Asian stocks and currencies signalled investor repatriation of assets from emerging markets. The greenback extended a drop against the majority of its most-traded peers after a measure of US economic activity was weaker than forecast. The Federal Reserve Bank of Chicago's national activity index for July was minus 0.15 from a revised minus 0.23 in June. A Bloomberg survey forecast a reading of minus 0.10.

Market focus will be on Wednesday 21 Aug (or Thursday 22 Aug, 2am SGT) when the US Fed releases minutes of its 30-31 July FOMC, giving investors another peek at the deliberations on the "taper" debate within the Fed, ahead of next FOMC meeting on 17-18 Sep.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5750	1.5400
Spot Ref:	1.5663	
Tenor:	2 weeks	
Date:	21 Aug 2013	
Time:	10:15 hrs	
Resistance / Support:	1.5750	1.5200
Commentary:		



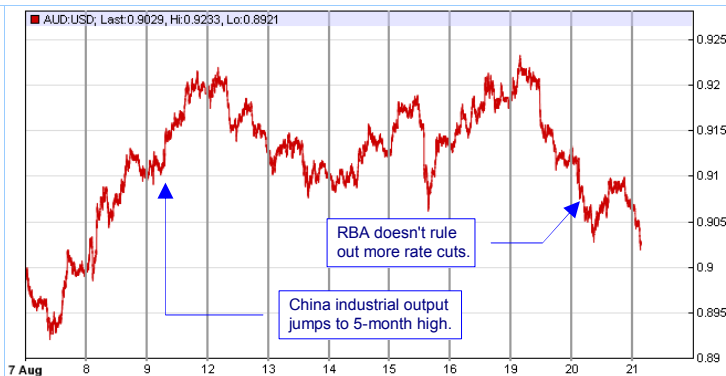
- UK unemployment stays at 7.8% as BoE holds steady (Wed 07-Aug).
- UK property asking prices up 5.5% y-o-y in Aug: Rightmove (Mon 19-Aug).
- UK growth forecasts raised by CBI as recovery builds momentum (Mon 19-Aug).

Britain's unemployment rate remained at 7.8% in Q2 amid signs that the labour market is improving as the economy gains momentum. The jobless rate as measured by ILO standards was unchanged from the quarter through May, the ONS said. Unemployment claims fell twice as much as predicted in July. BoE governor Mark Carney made unemployment a focal point of monetary policy by pledging for the first time to refrain from raising interest rates until joblessness falls to 7%. The number of people looking for work fell 4,000 to 2.51 million in Q2. A narrower measure of unemployment fell for a ninth straight month in July. Jobless claims declined 29,200 to 1.44 million, taking the rate to 4.3%, the lowest since February 2009. In June, claims fell 29,400, the most since May 2010, instead of the 21,200 initially reported.

The Confederation of British Industry raised its forecasts for UK economic growth this year and next as business and consumer confidence strengthens and credit conditions improve. The business lobby's quarterly forecasts see the economy expanding 1.2% this year and 2.3% in 2014. That's up from 1% and 2% projected in May. The CBI said that unemployment, which the BoE has set as the key indicator for its guidance on policy, will fall to 7.6% next year after staying at its current 7.8% in 2013.

Asking prices for homes in Britain are 5.5% higher than a year ago, Rightmove said as it urged the government to boost the supply of new homes to avoid a house price bubble. The figures, which are not seasonally adjusted, show the price of property coming on to the market has risen 8.8% in the first eight months of the year. Record low mortgage rates, government lending incentives and rising optimism in Britain's economic recovery have fuelled a pick up in house price inflation in recent months.

Base Currency:	AUD	USD
Alternate Currency:	USD	AUD
Strike Price:	0.9250	0.8850
Spot Ref:	0.9029	
Tenor:	2 weeks	
Date:	21 Aug 2013	
Time:	10:15 hrs	
Resistance / Support:	0.9300	0.8780
Commentary:		



- PM Rudd sees risk of recession from opposition win (Sun 18-Aug).
- RBA minutes doesn't rule out more rate cuts (Tue 20-Aug).
- Second mining boom possible: Abbott (Mon 19-Aug).
- Australia merchandise imports up 5% in July (Tue 20-Aug).

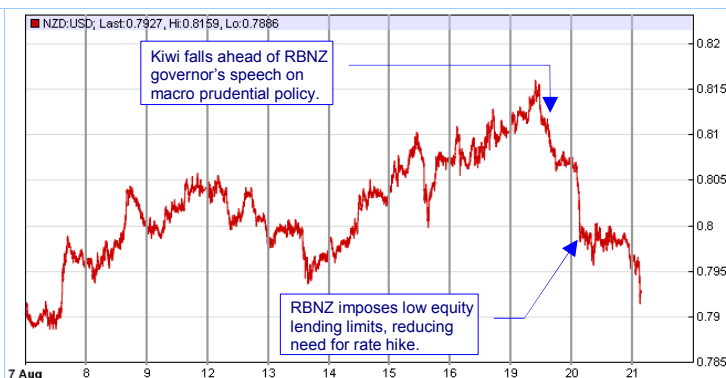
Australia's embattled Labour Prime Minister Kevin Rudd yesterday warned the country faced the risk of a recession if the conservative opposition are elected at next month's polls. Mr Rudd said opposition leader Tony Abbott, who is the frontrunner to win the September 7 election, would slash A\$70 billion from government spending if elected prime minister and weaken the economy. Mr Abbott has denied the figure, describing it as "simply a fantasy", but has not yet revealed his policy costings.

A second mining investment boom could hit the Australian economy if there's a change of government, Opposition Leader Tony Abbott says. He says the Labour government has helped "kill" the mining boom by implementing the mining and carbon taxes. Unnecessary red tape for businesses and the Labour government's move to abolish the Workplace Relations Construction Commission have also helped prematurely end the boom, Mr Abbott told 2SM Radio on Monday. The coalition has promised to scrap the carbon and mining taxes if it wins the September 7 election. It's also committed to reducing the regulatory burden on businesses by A\$1 billion a year.

The RBA has left the door open for more interest rate cuts but doesn't plan to walk through it just yet. It cut the cash rate by 0.25% to a new record low of 2.5% at its August 6 board meeting. The meeting's minutes contained unusually blunt language on how to communicate the decision and the possible timing of future RBA decisions. "Members agreed that the bank should neither close off the possibility of reducing rates further, nor signal an imminent intention to reduce rates," the RBA minutes said. "The board would continue to examine the data over the months ahead to judge whether policy was appropriately configured."

Australia's international merchandise imports swung higher in July as imports of oil rose sharply, making it harder for the country to run another trade surplus for the month. The ABS said imports on a seasonally adjusted balance of payments basis rose by 5% in July to A\$21.45 billion. Traders raised bets on a rate cut in December to 55%, from 47% odds before the minutes were released, while pricing in a lower chance for a September reduction, interest-rate swaps data compiled by Bloomberg showed.

Base Currency:	NZD	USD
Alternate Currency:	USD	NZD
Strike Price:	0.8150	0.7850
Spot Ref:	0.7927	
Tenor:	2 weeks	
Date:	21 Aug 2013	
Time:	10:15 hrs	
Resistance / Support:	0.8106	0.7700
Commentary:		



- NZ services sector activity rises in July to highest since Oct 2012 (Mon 19-Aug).
- NZ producer input, output prices rise in Q2, led by dairy (Mon 19-Aug).
- RBNZ imposes low equity lending limits, reducing need for rate hike (Tue 20-Aug).
- NZ reputation will bounce back, ANZ's chief China economist says (Tue 20-Aug).

NZ's services sector registered its highest level of activity since October 2012 in July, led by new orders and strength in the northern region. The BNZ-Business New Zealand Performance of Services Index rose to 58.1 last month, up 3 points from June and from 52.2 in July last year. It is the highest reading for July compared to a year earlier since the survey began in 2007. The new orders index rose to 63.1, up 3.2 points from June and is the highest level since November 2007.

NZ producer input and output prices both rose in Q2, led by dairy products after Fonterra lifted its forecast farm-gate payout to farmers and prices rose for exports of milk powder, cheese and butter. The input Producers Price Index rose 0.6% in Q2, following a 0.8% gain in Q1. The output PPI gained 1% after a 0.8% increase in Q1. Honest disclosure of the Fonterra infant milk botulism scare will stand NZ's reputation as a food producer in good stead in the long run, although the country's reputation for safe food has taken a short term hit, says ANZ Bank's chief economist for Greater China, Li-Gang Liu. "Most Chinese consumers still trust the goods provided by NZ producers."

RBNZ governor Graeme Wheeler will impose restrictions on the amount of low equity home lending private banks can write from October 1, in a bid to cool rampant housing markets in Auckland and Christchurch, and reducing the need for rate hikes against the backdrop of an overvalued currency. "In the current situation, where escalating house prices are presenting a threat to financial stability but not yet to general inflation, macro-prudential policy offers the most appropriate response," Wheeler said. "While higher rates may well be needed next year as expanding domestic demand starts to generate overall inflation pressures, this is not the case at present."



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