



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3350	1.3000
Spot Ref:	1.3270	
Tenor:	2 weeks	
Date:	11 Sep 2013	
Time:	11:25 hrs	
Resistance / Support:	1.3350	1.3180

Commentary:

- ECB tweaks eurozone growth, inflation forecasts (Thu 05-Sep).
- USD weakens on doubts of QE taper timeline, military action on Syria (Mon 09-Sep).
- Obama puts on hold US military strikes on Syria (Wed 11-Sep, 09:10hr SGT).
- Euro hit by dovish ECB remarks (Thu 05-Sep).
- Eurozone sentiment turns positive for first time in over two years (Mon 09-Sep).

The ECB upgraded its growth and inflation forecasts for the 17-nation eurozone this year, but trimmed them slightly for next year. ECB president Mario Draghi said that its projections saw the eurozone economy shrinking by 0.4% this year and then growing by 1.0% next year. In the June forecasts, the economy had been expected to contract by 0.6% in 2013 and grow by 1.1% in 2014. Inflation was projected to average 1.5% in 2013 and 1.3% in 2014, compared with the previous forecasts of 1.4% and 1.3%.

Investors sold the euro after the ECB said it stood ready to act if needed to bring money market rates down and help nurture a "very, very green" recovery. ECB President Mario Draghi made those comments as global government bond yields have risen sharply, tracking US Treasuries in expectations for the Fed to start tapering QE.

Eurozone sentiment turned positive for the first time in more than two years in September as investors welcomed the end of the bloc's recession and became increasingly upbeat about their current situation and outlook. Sentix research group said its index tracking investor sentiment in the eurozone swung to +6.5 points, its highest level since May 2011, from -4.9 points in August. This is the second strongest rise of the indicator since its start in 2003.

President Barack Obama pulled the US from the brink of a military strike on Syria to pursue "encouraging signs" of a possible diplomatic solution to the confrontation over the Assad regime's use of chemical weapons. In a nationally televised speech from the White House that attempted to navigate between international calls for action and a war-weary public at home, Obama said he's asked Congress to delay a vote authorizing the use of military force while the administration pursues a proposal that would have Syria surrender its chemical arms stockpiles. The USD had weakened against the majors over the last 3 days on the subsiding threat of US military strikes on Syria.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5850	1.5500
Spot Ref:	1.5736	
Tenor:	2 weeks	
Date:	11 Sep 2013	
Time:	11:25 hrs	
Resistance / Support:	1.5800	1.5680

Commentary:

- Bank of England maintains interest rates, stimulus (Thu 05-Sep).
- UK house-price index rises to highest since 2006 (Mon 09-Sep).
- UK ILO unemployment rate [3-months] for July (due Wed 11-Sep, 16:30hr SGT).
- Carney's "forward guidance" challenged as recovery builds (Thu 05-Sep).
- British economy turning a corner but many risks remain: Osborne (Mon 09-Sep).

The BoE has maintained its key lending rate at 0.50% and frozen its cash stimulus amount, it announced on Thursday amid Britain's improving economic recovery. It added that the amount of quantitative easing stimulus would remain at £375 billion. Thursday's announcement followed a two-day meeting that ended on Wednesday, and was the first official monetary policy decision by the central bank since new governor Mark Carney last month launched its radical "forward guidance". Under the new strategy, the rate will remain until Britain's unemployment rate falls to at least 7.0%, which is not expected to occur for three years, according to BoE forecasts. However, recent bright economic data has sparked speculation that unemployment could fall faster than anticipated, forcing the BoE to start hiking rates in the first half of 2015.

A UK house-price gauge rose to the highest in almost seven years in August as the economic recovery gathered pace and government measures boosted demand, the RICS said. The index increased to 40 from a revised 37 in July, the highest since November 2006, citing a poll of property surveyors. A proxy measure of demand rose to a record, while the outlook for prices advanced to the highest since 2002. The index of new buyer enquiries increased to 66 in August from 54 in July, the highest since the series began in 1999, and the outlook for prices over the next three months climbed to 45 from 37.

Delivering a speech on economic recovery at a meeting attended by academics, think tank members and business leaders in London held on Monday, Osborne pointed to evidence showing that the government's economic plan is working, but said that "these are still the early stages of recovery and the last few months have decisively ended the controversy" about fiscal policy. The finance minister accused his political opponents of promising a "disastrous" change of course from the austerity he has imposed.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 0.9350 0.9100
 Spot Ref: 0.9297
 Tenor: 2 weeks
 Date: 11 Sep 2013
 Time: 11:25 hrs
 Resistance / Support: 0.9350 0.9230
 Commentary:



- Australia trade balance in deficit in July (Thu 05-Sep).
- S&P keeps Australia at AAA rating (Mon 09-Sep).
- China August industrial output rises 10.4% (Tue 10-Sep).

- Business pins hope on Abbott; Parliament must respect mandate (Sun 08-Sep).
- Home loans rise 2.4% in July, up for 7th consecutive month: ABS (Mon 09-Sep).
- Australia consumer confidence rises to highest since Dec 2010 (Wed 11-Sep).

Australia's trade balance fell into the red in July, with a deficit of A\$765 million after a surplus of A\$243 million in June, the ABS said. Economists had expected a surplus of A\$100 million in July. During the month, exports were flat, while imports were up 4.0%. The ABS figures were unlikely to inspire the RBA to further cut the cash rate.

Australia's top bosses believe Tony Abbott's new government has been given a clear mandate that should be respected by the parliament. Business Council of Australia (BCA) president Tony Shepherd says the upper house has a responsibility to act in the long-term national interest. "Business is looking for urgent action to unwind policies that have hurt our competitiveness and to begin the long process of structural reform and planning that will position our economy and living standards for the future."

S&P has maintained its AAA sovereign credit rating for Australia after the election of the coalition government. "The ratings on Australia reflect the country's significant fiscal and monetary flexibility, economic resilience, and public policy stability. We expect the new government to pursue a broadly similar fiscal strategy to the previous government, targeting narrowing budget deficits over time." S&P said that after the coalition's pre-election announcements, it expects new spending measures, including infrastructure projects and the paid parental leave scheme, to be "broadly offset" by savings measures, notably cuts to the public service household payments.

The number of home loans approved has risen for the seventh month in a row, showing the housing sector continues to strengthen, the ABS said. There were 52,204 approvals in July, compared to 50,983 in June - a rise of 2.4%, driven by investors rather than first-home buyers, who typically take out bigger loans. Economists were expecting a 2.0% rise. The data and continued signs of strength in the housing sector should ensure that the RBA will hold off on another interest rate cut until 2014.

Australian consumer confidence rose to the highest level since December 2010 as the prospect of a change of government and lower interest rates boosted sentiment among households. The sentiment index for September climbed 4.7% to 110.6, a Westpac / Melbourne Institute survey taken September 2-8 of 1,200 adults showed. The improvement, if sustained, indicates that the RBA's series of rate cuts which began in November 2011 are finally gaining strong traction with households.

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.8100 0.7850
 Spot Ref: 0.8054
 Tenor: 2 weeks
 Date: 11 Sep 2013
 Time: 11:25 hrs
 Resistance / Support: 0.8100 0.7950
 Commentary:



- NZ home prices hit record in August, due to limited big city supply (Mon 09-Sep).
- Drought hits NZ manufacturing volumes (Mon 09-Sep).

Rising NZ property values accelerated last month as the lack of listings in Canterbury and Auckland continue to overheat the market, prompting the RBNZ to impose low-equity home lending restrictions from October. Property values rose at an annual pace of 8.5% in August, from an 8.1% annual pace a month earlier, according to state-owned Quotable Value. House values rose 2.9% in the three months ended August 31, slowing from the 3.1% rolling three-monthly pace ending in July.

The drought that hit much of NZ over the summer is impacting on manufacturing volumes, according to StatsNZ. Meat and dairy product manufacturing fell 10% in the June quarter, driving total manufacturing volumes down by 3.4% on a seasonally adjusted basis compared to the previous quarter. "The volume decrease in meat and dairy product manufacturing is reflected in the fall of export volumes for dairy and meat products," industry and labour statistics manager Blair Cardno said. A report last week showed decreases of 18% in dairy exports and 7.1% in meat exports over the same period. Without meat and dairy manufacturing volumes rose 0.1% for the quarter.

Stronger-than-expected industrial output and retail sales data in China bolstered optimism about its growth prospects, while apparent Syrian acceptance of a proposal to give up chemical weapons eased concerns about US-led military action. The improving risk appetite favoured growth sensitive currencies such as the Kiwi and Aussie.



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