



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3450	1.3200
Spot Ref:	1.3352	
Tenor:	2 weeks	
Date:	18 Sep 2013	
Time:	12:05 hrs	
Resistance / Support:	1.3452	1.3250

Commentary:

- Eurozone industrial output slips in July (Thu 12-Sep).
- US dollar weakens as Summers withdraws Fed Chair candidacy (Mon 16-Sep).
- ECB's Draghi says eurozone recovery "fragile" (Mon 16-Sep).
- Greek jobless rate hits new record (Thu 12-Sep).
- ECB has options to quell market rates if need be -Mersch (Mon 16-Sep).
- ZEW economic sentiment for Germany, EU beats expectations (Mon 16-Sep).

Eurozone industrial output fell 1.5% in July, dampening hopes for a continuation of the growth that helped the currency bloc escape recession. The monthly drop followed a downwardly revised 0.6% rise in June, Eurostat said. Compared with July 2012, industrial output fell 2.1%.

Greece's unemployment rate hit a new record high in June, the state statistics agency said, despite recent signs that the country's battered economy is improving. The jobless ratio climbed to 27.9% of the workforce in June from 27.6% a month earlier, with the young and women once again hit the hardest. The agency noted that over 174,000 people had lost their jobs in the previous year, including over 20,000 over the last month.

Global markets rose on Monday after Lawrence Summers, widely seen by financial markets as less committed to ultra-loose monetary policy, withdrew from the race to head the US Federal Reserve. The other leading candidate, Fed deputy chief Janet Yellen, is seen by markets as likely to be more supportive of the central bank's existing policy and less likely to scale bond purchases back quicker. The US dollar weakens against all the major currencies.

The ECB is nowhere near starting to rein in its aid for the eurozone economy and has various options which it can use to prevent excessive rises in money market rates, ECB Executive Board member Yves Mersch said. The ECB said it was ready to cut interest rates further or pump more cash into the system to bring rates down if need be.

ECB President Mario Draghi said on Monday that the eurozone's economy remained "fragile", unemployment was "still far too high" and reiterated that the eurozone's central bank would keep rates low. Speaking at a German industry event in Berlin, Mr Draghi said while eurozone economic growth of 0.3% in Q2 was welcome, "the recovery is only in its infancy". Mr Draghi also said that restarting lending to the private sector was a priority.

Data from the 17-nation eurozone pointed toward a recovery in the region, albeit at a modest rate, as inflation rose mostly in line with expectations in July, while investor sentiment and industrial production data topped estimates. The ZEW expectations index rose to 49.6 in September, up from 42.0 in August and the best reading in 3 years.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6000	1.5700
Spot Ref:	1.5901	
Tenor:	2 weeks	
Date:	18 Sep 2013	
Time:	12:05 hrs	
Resistance / Support:	1.6000	1.5750

Commentary:

- UK July unemployment rate (3-mth) down to 7.7%, at 7-month low (Wed 11-Sep).
- UK August inflation dips, still below BoE forecast (Tue 17-Sep).
- UK house prices rise to record on London surge (Fri 13-Sep).
- Minutes of BoE monetary policy meeting (released on Wed 18-Sep).

The British pound rose to a 7-month high against the US dollar as an unexpected drop in UK's unemployment rate to 7.7% prompted speculation that the BoE may hike interest rates earlier than projected. Jobless claims for August showed a drop of 32,600 to 1.4 million, the biggest two-month decline since 1997, compared to estimates of 21,000 drop, while the July reading of -29,200 was revised to -36,300. Claimant count rate dropped to 4.2%, the lowest since February 2009, from a prior 4.3%.

UK house prices rose to a record last month as government measures boosted demand and London's property market continued to surge, Acadametrics said. Values increased 0.4% from July to an average £233,776, and prices have risen 40% from their peak in April 2009, compared with 16% nationally. Acadametrics estimates that completed housing transactions exceeded 70,000 in August for a second month. BoE Governor Mark Carney said that while the market is improving, activity levels, mortgage applications and valuations are still low. He also said prices will continue to increase and the Financial Policy Committee of the central bank will be "vigilant".

In the UK, August CPI came in at 2.7% y/y, down from a 2.8% pace in July and importantly, 0.2% lower than the BoE's 2.9% forecast.

Base Currency:	AUD	USD
Alternate Currency:	USD	AUD
Strike Price:	0.9450	0.9100
Spot Ref:	0.9345	
Tenor:	2 weeks	
Date:	18 Sep 2013	
Time:	12:05 hrs	
Resistance / Support:	0.9430	0.9180
Commentary:		



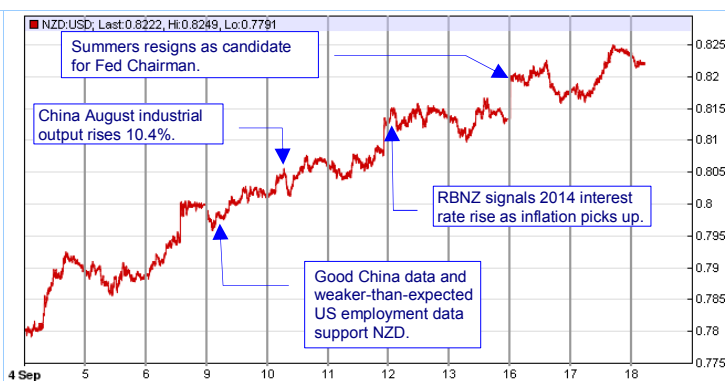
- Aussie weakens as jobs drop underscores challenge for Abbott (Thu 12-Sep).
- Abbott pledges to rein in spending even as growth outlook weakens (Wed 18-Sep).
- RBA says rate cut possible but not yet (Tue 17-Sep).

Australia recorded its first back-to-back jobs decline in more than two years, sending the local currency lower and underscoring the challenge for Prime Minister-elect Tony Abbott to boost the nation's economy. The number of people employed fell 10,800 in August from the previous month, when it dropped a revised 11,400, the ABS said. That compares with the median estimate for a 10,000 increase in a Bloomberg survey of 28 economists. Unemployment rose to a four-year high of **5.8%**, from 5.7% in July.

The RBA has signalled that another interest rate cut is possible, although it is not keen to make the move soon. "Members agreed that the Bank should neither close off the possibility of reducing rates further nor signal an imminent intention to reduce them," the RBA said in the minutes of its September 3 policy meeting. The RBA said June quarter economic growth was a little below trend, but in more recent months, conditions for the housing market were continuing to improve in response to the low level of lending rates. The RBA last reduced the cash rate in August by 0.25% to a new record low of 2.5% and cut by the same amount before that in May.

Australia today saw the swearing in of its 28th prime minister, with Tony Abbott pledging to rein in spending even as the growth outlook weakens -- stepping up challenges for Glenn Stevens, who begins his final term as central bank governor with the cash rate at a record low. The divergence of monetary and fiscal policy in the world's 12th largest economy raises the risk of tension between Abbott, 55, and Stevens, 55, who was reappointed by the previous administration. The RBA has to contend with the danger of distorting asset prices from any extension of a policy easing cycle already two years long.

Base Currency:	NZD	USD
Alternate Currency:	USD	NZD
Strike Price:	0.8300	0.8050
Spot Ref:	0.8222	
Tenor:	2 weeks	
Date:	18 Sep 2013	
Time:	12:05 hrs	
Resistance / Support:	0.8300	0.8120
Commentary:		



- RBNZ signals 2014 interest rate rise as inflation picks up (Thu 12-Sep).
- Dairy product prices rise 0.3%, volumes ebb in latest GDT auction (Wed 18-Sep).
- NZ growth forecast raised to 3.2% for year ending March 2014 (Thu 12-Sep).
- NZ current account deficit widens in Q2 on drought effects (Wed 18-Sep).

RBNZ said interest rate increases "will likely be required next year" as the economy strengthens and inflation picks up. The kiwi rose. "With the inflation pressures that have the potential to build up, given the capacity constraints in the economy, we will need to raise interest rates", RBNZ Governor Graeme Wheeler said after leaving the official cash rate at 2.5%, a record low. "Exactly when that will start to trigger will be determined by many factors. At this point we don't expect that to start this year."

The RBNZ raised its growth forecast for the year through March 2014 to 3.2% from 3%, citing construction and a boost to spending from rising house prices. Growth will peak at about 3.5% in mid-2014 and slow to 2.3% by March 2015, it said. It maintained its inflation forecast for 2014 at 1.9%. Inflation isn't projected to reach the midpoint of the 1% to 3% range that Wheeler targets until the second quarter of 2015. Consumer prices rose 0.7% in the year ended June 30.

Prices of dairy products rose in the latest GlobalDairyTrade auction while volumes continued to fall from record levels reached last month. The GDT Price Index rose 0.3% compared to the last sale two weeks ago. The average winning price was US\$4,880/tonne compared to US\$4,941/tonne. The total volume of dairy products sold at the latest auction fell to 46,664 tonnes from 53,479 tonnes two weeks ago, the third straight decline. Fonterra, whose product dominates the platform, had record sales of a combined 109,664 tonnes in August worth NZ\$685 million. The average winning price of whole milk powder, the biggest product by volume, rose 1.1% to US\$5,096/tonne.

NZ's current account deficit came in at a seasonally adjusted NZ\$2.2 billion for Q2, reflecting the impact on agricultural exports of the late summer drought. The actual deficit was a quarterly NZ\$1.25 billion, smaller than economists' consensus forecasts of around NZ\$1.81 billion. For the year to June 30, the current account deficit shrank to NZ\$9.1 billion, or 4.3% of GDP, compared to a deficit at 4.5% of GDP in the year to March 31. The annual improvement reflected a substantial revision in the March quarter deficit, which came down from the NZ\$663 million gap initially reported to a final figure of NZ\$416 million and slowing investment income outflows in Q2.



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