



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.4000	1.3700
Spot Ref:	1.3817	
Tenor:	2 weeks	
Date:	26 Mar 2014	
Time:	16:15 hrs	
Resistance / Support:	1.3955	1.3721

Commentary:

- Eurozone March consumer confidence increases more than forecast (Fri 21-Mar).
- Eurozone manufacturing and services PMI expands at a slower rate (Mon 24-Mar).
- Euro steadies after ECB officials clarify monetary policy stance (Tue 25-Mar).
- France manufacturing and services PMI beat expectations (Mon 24-Mar).
- German business confidence falls for first time in five months (Tue 25-Mar).

Eurozone consumer confidence increased more than economists forecast in March, adding to signs that its recovery is gaining traction. An index of household confidence in the Eurozone rose to minus 9.3 from minus 12.7 in February, the EC in Brussels said in a preliminary report Friday, exceeding the median forecast of minus 12.3

The manufacturing and services PMI surveys for France surprised on the upside with manufacturing and services activities in France rebounding into expansionary territory while German and the overall Eurozone PMIs disappointed slightly but was still above 50. French March manufacturing PMI expanded to 51.9 (from 49.7 in Feb) while the March services PMI increased to 51.4 (from 47.2 in Feb) and well above the expected 47.5. German March manufacturing PMI expanded at a slower pace of to 53.8 (from 54.8 in Feb) and below the projected 54.5 while the March services PMI eased to 54.0 (from 55.9 in Feb) and well above the expected 55.5.

The Eurozone composite March PMI eased slightly lower to 53.2 (from 55.3 in Feb) while the manufacturing PMI expanded slightly slower by 53.0 (from 53.2 in Feb) and the March services PMI also eased marginally to 52.4 (from 52.6 in Feb).

German business confidence fell for the first time in five months as companies assess the risks to trade from escalating EU sanctions against Russia. The IFO institute's business climate index fell to 110.7 in March after reaching 111.3 in February, the highest since July 2011. Economists had predicted a decline to 110.9.

The euro steadied in Asian trade Wednesday, bouncing off lows after comments from ECB officials helped temper some of their earlier dovish views. The euro hit a three-week low on Tuesday after ECB governing council member and Bundesbank chief Jens Weidmann said negative interest rates were an option to temper euro strength and that QE was not out of the question to combat deflation. The euro recovered when Weidmann later said the current euro rate does not call for monetary policy action.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6600	1.6350
Spot Ref:	1.6545	
Tenor:	2 weeks	
Date:	26 Mar 2014	
Time:	16:15 hrs	
Resistance / Support:	1.6590	1.6360

Commentary:

- Fitch: unlikely to restore Britain's **triple-A** credit rating until 2018/19. (Thu 20-Mar).
- UK CPI slows to 1.7% in February, lowest since October 2009 (Tue 25-Mar).
- UK public sector net borrowing rises in February (Fri 21-Mar).
- UK GfK consumer confidence report (due on Fri 28 Mar, 08:05hrs SGT).

Fitch said last Thursday that it was unlikely to restore Britain's triple-A credit rating until the debt-to-GDP ratio was on a downward path and below its current level - something not forecast to occur until 2018/19. Friday's data from the ONS showed that public sector net debt was £1.247 trillion in February, equivalent to 74.7% of GDP and a record for the month of February. The government forecasts that ratio will peak at nearly 80% in 2015/16. The UK February public sector net borrowing rose to £7.5 billion after posting a decline of £6.8 billion in January. Borrowing for the first 11 months of the tax year stood at £99.3 billion, 4.3% less than in the same period a year ago.

Official figures from the ONS have stated that the UK government have borrowed more than twice as much as expected during February. The final figure of borrowing in February totalled £8.9 billion compared with a predicted £8 billion. In addition to this rise it was also revealed that public sector net borrowing, excluding interventions such as bank bail-outs, increased to £15.2 billion. A spokesperson from the Treasury commented that the level of borrowing was high for the month.

Consumer price inflation in the UK slowed to the lowest level since October 2009 last month, official data showed on Tuesday. UK's February CPI inflation rose 0.5%/m (1.7%/y) from -0.6%/m (1.6%/y) in line with expectations while the RPI inflation accelerated at a faster pace of 0.6%/m (2.7%/y) from -0.3%/m (2.8%/y). Core CPI, which excludes food, energy, alcohol, and tobacco costs rose by a seasonally adjusted 1.7% last month, up from 1.6% in January. Analysts had expected core prices to hold steady at 1.6% last month.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 0.9250 0.9000
 Spot Ref: 0.9208
 Tenor: 2 weeks
 Date: 26 Mar 2014
 Time: 16:15 hrs
 Resistance / Support: 0.9220 0.9015
 Commentary:



- China March HSBC flash manufacturing PMI falls for fifth month in row (Mon 24-Mar).
- RBA chief says economy struggling to achieve equilibrium (Wed 26-Mar).
- Australian dollar ignores RBA's Glenn Stevens to touch USD 0.92 (Wed 26-Mar).

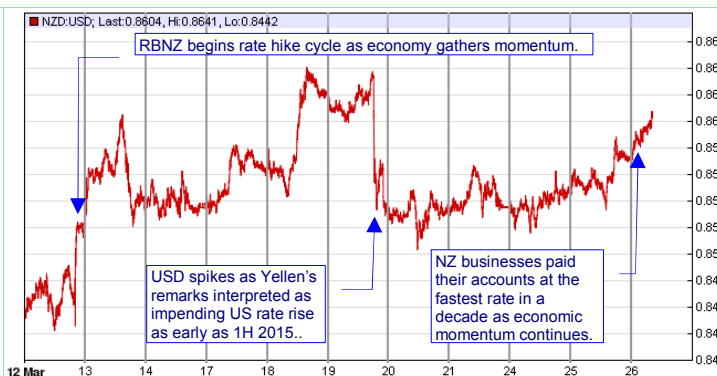
Activity in China's factories slowed for a fifth straight month in March, raising market expectations of government stimulus to arrest a loss of momentum in the world's second-largest economy this year. The flash Markit/HSBC manufacturing PMI fell to an eight-month low of 48.1 in March from February's final reading of 48.5. The index has been below the 50 level since January, indicating a contraction in the sector this year.

"It is important to stress that this outlook is, obviously, a balance between the large negative force of declining mining investment and, working the other way, the likely pickup in some other areas of demand helped by very low interest rates, improved confidence and so on, as well as higher resource shipments", Mr Stevens said in a speech in Hong Kong on Wednesday.

The Australian dollar has extended its recent rally, pushing to fresh 2014 highs after RBA governor Glenn Stevens struck an upbeat tone on the local economy and missed out on the opportunity to talk down the currency. The Aussie hit a four-month peak of USD 0.9202 on Wednesday in the wake of Mr Stevens' speech at a conference in Hong Kong. Traders said the Aussie edged higher after the RBA chief in his speech failed to "jawbone" the dollar, something markets had been bracing for after its recent rise above USD 0.91 and into areas the RBA had previously described as "uncomfortably high".

In a Q&A session following his speech, Mr Stevens did note the currency was still too high, but refrained from mentioning any specific targets. "Our assumption is that the terms of trade will fall further. We think commodity prices will be softer than where they have been in recent past", Mr Stevens said. "It will be quite a surprise if that comes to pass if the Australian dollar doesn't depreciate along with that".

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.8650 0.8450
 Spot Ref: 0.8604
 Tenor: 2 weeks
 Date: 26 Mar 2014
 Time: 16:15 hrs
 Resistance / Support: 0.8640 0.8495
 Commentary:



- RBNZ's Wheeler seeks better statistics data, like monthly CPI (Wed 26-Mar).
- NZ businesses paid their bills at the fastest rate in decade in Q4 (Wed 26-Mar).

RBNZ Governor Wheeler made comments in a speech to the Statistics Users Forum. He indicated that the top four "wants" include sector balance sheets, a quarterly income-based measure of GDP, GDP to be rebased at the very least every 10 years and "we would love a monthly CPI to enable more timely analysis and forecasting of inflation". RBNZ is undertaking full review of its exchange rate measures including its Trade Weighted Index, and expects to complete that before the end of this year.

New Zealand businesses paid their accounts at the fastest rate in a decade in the final quarter of 2013 in a sign companies are benefiting from an improving economy, according to credit reporting firm Dun & Bradstreet New Zealand. Companies took an average 39.6 days to pay their bills in the fourth quarter of 2013, down from 41 days in the third quarter, according to Dun & Bradstreet's latest Trade Payments Analysis report. The last time companies took fewer than 40 days to pay their bills was in the second quarter of 2004, at 39.7 days. The decrease in days shows New Zealand's economic momentum, particularly in comparison to Australia's average of 53 days.

New Zealand's economy accelerated at a 3.1% annual pace in Q4, prompting the RBNZ to raise interest rates for the first time in four years to stave off rising inflation. Governor Graeme Wheeler kicked off a tightening cycle this month, lifting the official cash rate a quarter-point to 2.75% and he anticipates raising the OCR another 2% over the next two years.



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