



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3000	1.2650
Spot Ref:	1.2782	
Tenor:	2 weeks	
Date:	10 Jul 2013	
Time:	10:00 hrs	
Resistance / Support:	1.3000	1.2660
Commentary:		



- Rates to stay low for extended time: ECB (Thu 04-Jul).
- Greece wins release of aid, stays lashed to tight conditions (Mon 08-Jul).
- German industrial production decreased in May (Mon 08-Jul).
- Italy's credit rating cut to BBB by S&P; negative outlook (Tue 09-Jul).

"Monetary policy will remain accommodative for as long as necessary", ECB president Mario Draghi told a news conference last Thursday. He sent this latest assurance to the market after the central bank left its key interest rate at an all-time low level of 0.50% for the third month in a row. It was the first time that the ECB has ever given forward guidance with regard to the future path of interest rates. The decision to do this was "unanimous", the ECB chief added.

German industrial production dropped more than economists predicted in May adding to signs of a weak recovery in Germany. Production fell 1% from April, when it gained a revised 2%. That's the first decline since January. Economists forecast a drop of 0.5%. From a year earlier, production decreased 1% when adjusted for working days.

European governments agreed to release €3 billion of aid for Greece, seeking to buy enough financial calm to prevent another debt-crisis showdown until after Germany's elections in September. Greece will get €2.5 billion this month and the rest in October, as long as Prime Minister Antonis Samaras's tottering coalition delivers on economic reforms and cuts to spending. Greece can also count on recouping €2 billion in central bank profits on Greek bonds and on €1.8 billion from the IMF.

Italy's credit rating was lowered to BBB, or two levels above junk, by S&P's because of expectations for a weakening in economic prospects and the nation's impaired financial system. "The rating action reflects our view of a further worsening of Italy's economic prospects coming on top of a decade of real growth averaging minus 0.04%," S&P said. "The low growth stems in large part from rigidities in Italy's labour and product markets." The IMF cut its growth outlook for Italy this year, saying GDP will shrink 1.8%, compared with its April forecast of 1.5%. The economy will expand 0.7% in 2014, up from its previous estimate of 0.5%.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5050	1.4650
Spot Ref:	1.4857	
Tenor:	2 weeks	
Date:	10 Jul 2013	
Time:	10:00 hrs	
Resistance / Support:	1.5000	1.4258
Commentary:		



- BoE MPC votes against bond buying; keeps rates at 0.5% (Thu 04-Jul).
- UK house-price index rises as demand at 4-year high (Tue 09-Jul).
- Brightening US jobs picture draw Fed closer to tapering (Fri 05-Jul).
- UK manufacturing shrank in May, industrial production flat (Tue 09-Jul).

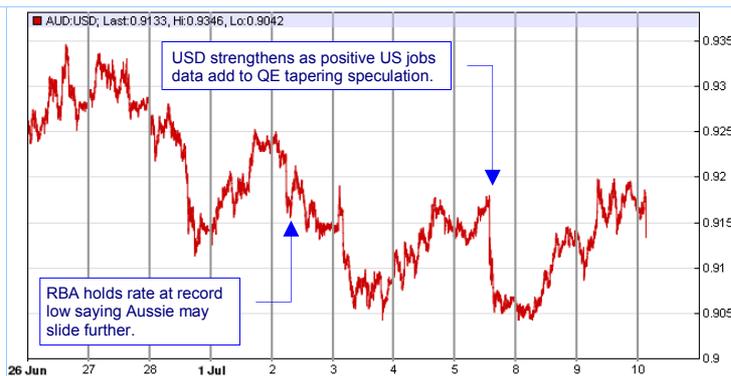
The BOE, at its first policy meeting under new governor Mark Carney, said that a recent rise in bond yields was not warranted by the state of the British economy and signalled that it could give further guidance on interest rates next month. The Bank's MPC voted against reviving its bond-buying programme and kept interest rates at a record 0.5%, as widely expected. But the MPC took the unusual step of issuing a statement even though it made no new policy moves. The statement said that the "significant upward movement" in yields would weigh on its expectations for growth and inflation. The MPC said that this debate could affect its Aug 1 rate decision.

The US economy added a net 195,000 new jobs in June. Comments by chairman Ben Bernanke in June that indicated that positive economic data in the coming months might lead to tapering of the Fed's bond buying had roiled markets. If the US economy continues to add jobs at this pace, the unemployment rate should fall from its current 7.6% to 6.5% by the end of 2014. This is the number the Fed has said the US jobs market must reach before it will end its programme of suppressing rates.

A UK house-price gauge rose in June as government measures to help the property market pushed demand to the highest in almost four years. A price index increased to 21, the highest since January 2010, from 5 in May, RICS said, citing a monthly poll of property surveyors. A measure of new buyer enquiries rose to 38, the highest since August 2009, from 30. The report follows similarly upbeat data from Halifax, Hometrack and Nationwide Building Society, all of which said house prices rose in June.

Manufacturing shrank in May at its fastest pace since January and the country's trade deficit was its widest in six months, tempering recent signs that growth was starting to pick up speed. Factory output fell 0.8% in May from April, when it declined 0.2%, the ONS said. The median forecast in a Bloomberg survey was a 0.4% increase. Total industrial production was unchanged, thanks to an increase in oil and gas production. The goods-trade trade deficit grew a little to £8.491 billion from £8.430 billion in April.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 0.9350 0.9000
 Spot Ref: 0.9133
 Tenor: 2 weeks
 Date: 10 Jul 2013
 Time: 10:00 hrs
 Resistance / Support: 0.9326 0.9000
 Commentary:



- Australian dollar decline a boost for exports, Treasurer Bowen says (Sun 07-Jul).
- July consumer confidence remains fragile (Wed 10-Jul).
- NAB predicts August rate cut as business conditions hit 4-year lows (Tue 09-Jul).
- Eyes on Australia June employment report (due on Thu 11-Jul).

The Aussie fell on Friday night to a low of 90.49 US cents after the American labour department revealed 195,000 US jobs were created in June, well above the consensus prediction of 166,000 new positions. Fed chairman Ben Bernanke, who last month signalled there could be an end to QE by mid-2014 if the US economy continued its pickup, is speaking on Wednesday night, Australian time, while the minutes of the June FOMC meeting are also due for release. Australia's falling currency will bolster manufacturing and improve export returns as global prices for commodities such as iron ore and coal slump, said Treasurer Chris Bowen who replaced Wayne Swan.

NAB's monthly business survey shows business conditions slipped to a reading of -8 in June, which is well below the long-term average of 5 and the lowest level since May 2009. The survey during the last week of June shows conditions were the worst for retailers (-28), manufacturers (-27) and miners (-28). The areas that are doing better are areas like business services, property and finance. NAB is expecting the RBA will cut rates next month to boost the non-mining sectors of the economy that are struggling.

The Westpac/Melbourne Institute consumer sentiment edged down by 0.05% in July from June, when it rose 4.7%. That left the index 3.0% higher than in July last year at 102.1, meaning optimists still slightly outnumbered pessimists. The component reflecting family finances compared to a year ago dropped a steep 5.6% in the month, yet the measure tracking expectations on the economy for the next five years surged 9.2%. The outlook for finances over the next 12 months dipped by 2.7%, but was still up a healthy 15.8% on July last year. Westpac expects the RBA to cut rates by 0.25% at its next policy meeting on August 6, and to take rates down to 2% by March next year.

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.7950 0.7700
 Spot Ref: 0.7849
 Tenor: 2 weeks
 Date: 10 Jul 2013
 Time: 10:00 hrs
 Resistance / Support: 0.7916 0.7500
 Commentary:



- NZ seeks to avoid delays to Christchurch quake rebuild (Sun 07-Jul).
- Consumer retail card spending up across the board (Tue 09-Jul).
- Business optimism at 3-year high (Tue 09-Jul).
- Median house price over NZ\$440,000 (Tue 09-Jul).

The kiwi dollar dropped to its lowest in almost 2 weeks after strong labour market data in the US boosted expectations the Fed will start pulling back its asset purchase programme as early as September. Traders will be eyeing a speech by Bernanke and June 18-19 FOMC minutes on Wednesday for further clues to the start of tapering.

The government will appoint its own manager after the Christchurch City council was stripped of its accreditation to issue consents, and other bodies are starting to take on some of the work. Christchurch faces a NZ\$40 billion rebuild of homes, commercial buildings, roads and pipelines after quakes struck its third-biggest city in 2010-11. Riskpool, the agency that provides the city with indemnity insurance, withdrew its backing on July 5, adding to concern that building and investment will grind to a halt.

Business optimism hit its highest level in more than 3 years, NZIER's latest Quarterly Survey of Business Opinion shows. The report showed a net 31% of businesses remain optimistic (excluding seasonal adjustments), the highest level since March 2010 quarter when it hit 33%. Hiring intentions rose to 9% in the June quarter from 5% in the March quarter, and a net 10% of firms planned to invest in plant and machinery, up from 8% in the March quarter.

Total card spending was up 5.9% on a year ago, the fastest pace since December 2011. Electronic card spending in the retail sector rose a seasonally adjusted 1.1% in June, with fuel and hospitality leading the rise. Shoppers increased spending on their cards across all retail sectors in June for the first time since August; total spending was up 1.2%, compared to a 0.7% gain in May. Core retail spending, which excludes vehicle-related industries, increased 0.7%, compared to a 0.5% increase in May.

NZ house prices have surpassed the previous market peak of 2007 by more than 6%, with Auckland properties leading the charge. The monthly property value index shows residential values rose 2.8% during the June quarter. This puts house prices 7.6% higher than a year ago and up 6.2% over the previous market peak of late 2007.



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