



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3600	1.3350
Spot Ref:	1.3481	
Tenor:	2 weeks	
Date:	25 Sep 2013	
Time:	16:00 hrs	
Resistance / Support:	1.3594	1.3377
Commentary:		

- Fed refrains from QE taper, keeps bond buying at US\$85 billion (Wed 18-Sep).
- Eurozone manufacturing PMI slowed a bit in September (Tue 24-Sep).
- German consumer morale hits highest level in six years: GfK (Wed 25-Sep).
- Euro-area services strengthen as demand improves (Mon 23-Sep).
- Germany's business sentiment rises in September (Tue 24-Sep).

The Federal Reserve unexpectedly refrained from reducing the US\$85 billion pace of monthly bond buying, saying it needs more evidence of lasting improvement in the economy and warning that an increase in interest rates threatened to curb the expansion. The greenback fell sharply after Fed policy makers "decided to await more evidence" of economic progress, including holding its interest-rate target at almost zero until the unemployment rate falls below 6.5%.

Eurozone services growth accelerated to the fastest in more than two years in September as demand and confidence improved. An index of activity rose to 52.1 from 50.7 in August, Markit said. A composite gauge of services and manufacturing increased to 52.1 from 51.5. The eurozone economy is showing signs of recovery since emerging from its longest ever recession in Q2. Growth is being led by Germany, where Angela Merkel won a third term overwhelmingly for her handling of the eurozone crisis.

Growth in the eurozone's manufacturing sector, however, slipped in September. The sector's PMI came in at 51.5, down from August's 27-month high of 51.4. This slowdown contrasted with activity in the services sector, which expanded at its fastest rate since June 2011 to 52.1 in September.

German business sentiment rose in September though it fell short of analysts' expectations, according to the latest data from the country's closely watched IFO business climate index. The index rose to 107.7 in September, up from a revised figure of 107.6 in August. Analysts polled by Reuters had forecast a rise to 108.2 this month.

German consumer confidence rose to its highest level in six years heading into October, supporting expectations strong consumer spending will help Europe's largest economy to post moderate growth in 2013. GfK market research group said on Wednesday its forward-looking consumer sentiment indicator rose to 7.1 going into October from an upwardly revised 7.0 the previous month. A sub-index tracking consumers' income expectations eased, albeit from a high level, due to rising food prices, which dampened perceived purchasing power. Concern over income was offset by strong willingness to buy, which the GfK dubbed "euphoric". The GfK reiterated its forecast for private consumption to grow by around 1% in real terms in 2013, a sign that the German economy is on track to grow moderately this year.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6200	1.5800
Spot Ref:	1.6003	
Tenor:	2 weeks	
Date:	25 Sep 2013	
Time:	16:00 hrs	
Resistance / Support:	1.6180	1.5823
Commentary:		

- Pound at 8-month high as BoE sees no case for more stimulus (Wed 18-Sep).
- BOE officials rule out imminent tightening (Tue 24-Sep).
- UK homebuilding approvals jump 49% as mortgage market revives (Mon 23-Sep).

The pound strengthened to an 8-month high against the dollar as BoE minutes showed officials saw no need for additional monetary stimulus as the economy improves. The minutes of the September meeting showed "no member judged that further stimulus was appropriate at present." In August, some policy makers saw a "compelling" case for a loosening of policy. The MPC voted 9-0 to keep the bond-purchase program at £375 billion and benchmark interest rate at a record-low 0.5%.

Homes approved for construction in the UK rose 49% in Q2 as government assistance boosted mortgage lending and building permits became easier to get. Approvals climbed to 37,000 from the same period a year earlier. The total for the year through June reached 156,608, a 34% increase from the lowest year-long period, which ended in September 2011. Approval rates remain way below the 220,000 a year needed to meet the demands of a growing population, the Home Builders Federation said.

BoE Deputy Governor Paul Tucker said the BoE was in "no rush" to withdraw stimulus. "The MPC's forward guidance provides an articulated framework for a probing approach to policy, without a change in our preferences on inflation," Tucker said in London. BoE policy maker Ben Broadbent said it was right to link the UK central bank's guidance on future interest rates to unemployment.

Base Currency: AUD USD  
 Alternate Currency: USD AUD  
 Strike Price: 0.9500 0.9250  
 Spot Ref: 0.9361  
 Tenor: 2 weeks  
 Date: 25 Sep 2013  
 Time: 16:00 hrs  
 Resistance / Support: 0.9532 0.9260  
 Commentary:



- HSBC Flash: China manufacturing PMI increases to 6-month high (Mon 23-Sep).
- RBA urges banks hold loan standards as risk appetite grows (Wed 25-Sep).
- RBA warns banks, households to be careful (Wed 25-Sep).
- Internet jobs advertisements fell in August: data (Wed 25-Sep).

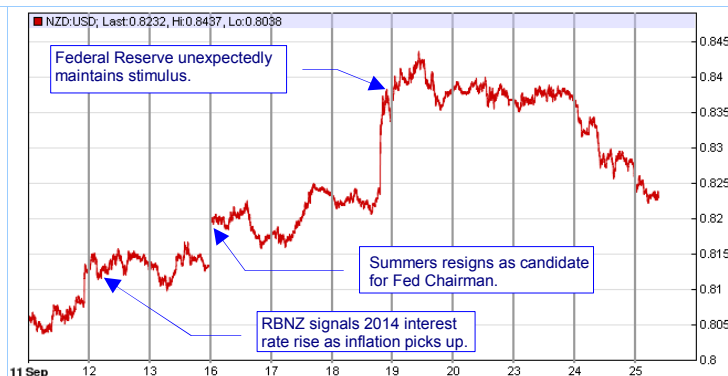
The Aussie advanced after a report showed manufacturing expansion in China, the nation's biggest trading partner. The flash reading for Chinese manufacturing PMI from HSBC and Markit rose to 51.2 this month from 50.1 in August, against expectations for 50.9. The HSBC report on China showed increases in output, new orders, export orders and prices, while employment fell at a slower rate. The firmer footing was supported by simultaneous improvements of external and domestic demand.

The RBA urged the nation's lenders to maintain loan standards as record-low interest rates spur households' investment appetite. "There are some signs that households are taking on more risk in their investment decisions," the RBA said in its semi-annual financial stability review released today. It is important that banks "do not respond to pressures to boost revenue by imprudently loosening their lending standards, or by making ill-considered moves into new markets or products".

The RBA says Australian households continue to show prudence in managing their finances compared with 10 years ago, with a higher rate of saving and a slower pace of credit growth. "There are some signs that households are taking on more risk in their investment decisions. The potential for a further increase in property gearing in self-managed superannuation funds is a development that will be monitored closely by the RBA for its implications, both for risks to financial stability and consumer protection."

Job advertisements on the internet declined by one per cent in August. The Department of Employment's internet vacancy index fell to a seasonally adjusted 62.4 points in August to be 15.5% lower than a year ago. Five of the eight occupational groups monitored by DoE all fell in August. The largest decline of 4.9% was for clerical and administrative workers. However, demand for sales workers rose with advertisements up 1.5%. Job ads in August increased by 4.9% in the Northern Territory, rose 0.1% in NSW, were unchanged in Western Australia and declined in other state and territory jurisdictions. Over the year, job ads fell in all states and territories, led by a 33.1% drop in Western Australia.

Base Currency: NZD USD  
 Alternate Currency: USD NZD  
 Strike Price: 0.8400 0.8050  
 Spot Ref: 0.8232  
 Tenor: 2 weeks  
 Date: 25 Sep 2013  
 Time: 16:00 hrs  
 Resistance / Support: 0.8557 0.8056  
 Commentary:



- NZ Q2 GDP grows 0.2% as architecture, engineering offsets drought (Thu 19-Sep).
- Kiwi 'very much out of favour' as investors sell higher risk assets (Tue 24-Sep).
- NZ monthly trade deficit at 5-year high in August as milk exports fall (Wed 25-Sep).

New Zealand's economy grew faster than expected in Q2 as expansion in architecture and engineering services offset the impact of the drought which slowed agriculture. The kiwi dollar jumped on the figures. GDP grew 0.2% to NZ\$37.26 billion in the June quarter, slowing from a revised gain of 0.4% in the March quarter, according to StatsNZ. That was ahead of a 0.1% growth forecast by economists. Annual growth of 2.7% was ahead of the 2.4% pace predicted.

The kiwi dollar weakened on Tuesday as investors sold off higher risk assets as they mull yet again the prospect of the US Federal Reserve pulling back its US\$85 billion a month bond buying program. Investors are considering whether the Fed may start pulling back the tapering at its meeting next month, after Fed officials said the decision not to go this month was a close call.

NZ's monthly trade deficit was the biggest in almost five years in August as the one-off arrival of a drilling platform skewed imports, and export growth was minimal in a month where the country's food safety was under heightened global scrutiny. The monthly deficit widened to NZ\$1.19 billion in August from NZ\$771 million in July and NZ\$812 million a year earlier, according to StatsNZ. That was the biggest ever deficit for the month of August, and the widest monthly shortfall since September 2008.



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