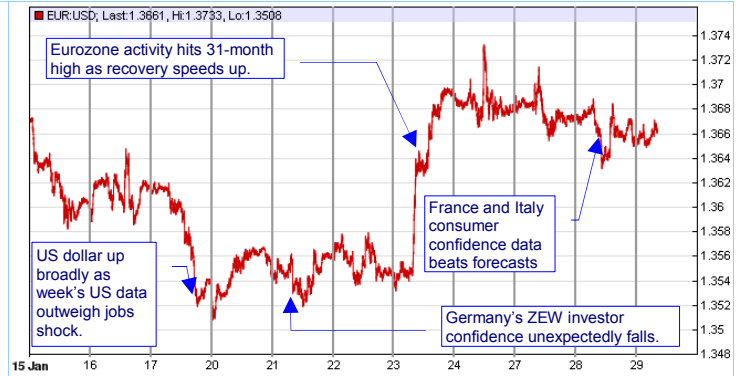




## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3800	1.3500
Spot Ref:	1.3661	
Tenor:	2 weeks	
Date:	29 Jan 2014	
Time:	16:00 hrs	
Resistance / Support:	1.3800	1.3455
Commentary:		



- Eurozone activity hits 31-month high as recovery speeds up (Thu 23-Jan).
- France and Italy consumer confidence data beats forecasts (Tue 28-Jan).
- "Too-Big-to-Fail" plan for EU banks seen too late to win approval (Wed 29-Jan).

Business activity in the Eurozone private sector hit a 31-month high in January as a modest recovery gathered pace across the region, a key indicator showed last Thursday. Markit Economics said its Eurozone Composite PMI for January rose to 53.2 points from 52.1 in December, the seventh consecutive monthly rise. The upturn was the fastest rate of growth since June 2011, Markit said, and took the economy further into positive territory above the 50-points boom-bust line.

Fresh data from France and Italy has beaten forecasts for January. According to official French statistics agency Insee, France's consumer confidence in the month came in at 86, modestly ahead of Reuters forecasts that the reading would stay in line with December's reading of 85. Data from Italy's Istat looks similar, reaching 98, slightly above forecasts of 97. December's reading was also modestly revised upwards, to 96.4 from 96.2.

Michel Barnier, the EU's financial services chief, faces opposition as he prepares to unveil plans to curb the activities of about 30 of the bloc's biggest banks to prevent them being too big to fail. Barnier's initiative, which would ban the lenders from proprietary trading and hand regulators the power to split them up, are seen as a "cornerstone" of the EU's fight against too-big-to-fail lenders. While France and Germany say parts of the proposals may hamper lending and threaten an exodus of banking services, European Parliament lawmakers argue that many will have left office or switched jobs by the time the assembly gets a chance to vote on the measures.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6700	1.6350
Spot Ref:	1.6574	
Tenor:	2 weeks	
Date:	29 Jan 2014	
Time:	16:00 hrs	
Resistance / Support:	1.6670	1.6200
Commentary:		



- BoE's Carney: Rates to rise gradually when time comes (Thu 23-Jan).
- UK Q4 GDP rises 0.7%, in line with expectations (Tue 28-Jan).
- UK economy grows 1.9% in 2013, pressure on BoE to hike rates (Tue 28-Jan).
- Carney enters Scotland independence debate With Salmond meeting (Wed 29-Jan).

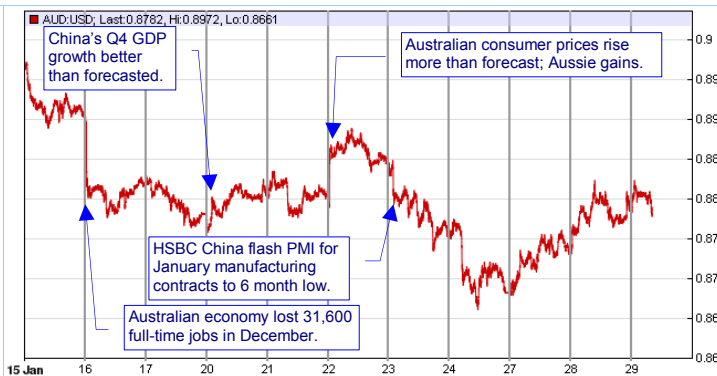
BoE Markets Director Paul Fisher said last Thursday there's no immediate need to increase borrowing costs. "We are still some way off the point where it is appropriate to start raising bank rate. When it is time, it would be appropriate to do so only gradually." The pound stayed higher against the dollar after the BBC reported that BoE Governor Mark Carney said there was no immediate need to increase interest rates. Carney also spoke at the World Economic Forum in Davos, Switzerland.

UK Q4 GDP grew 0.7% from the prior quarter, when it grew 0.8%. The UK economy expanded as expected by economists in Q4, but the rate of expansion slowed marginally, preliminary estimate from the ONS showed Tuesday. Output increased by 0.5% in agriculture, 0.7% in production and 0.8% in services. However, output decreased by 0.3% in construction. On a yearly basis, GDP grew 2.8% in Q4. GDP was estimated to have increased by 1.9% in 2013 compared with 2012, the ONS said.

The GDP data was a vast improvement over 2012's 0.3% growth. It bodes well for the coming 12 months and should improve the government's standing just over a year before a national election. The data also led to more speculation about when the BoE will raise rates. Such speculation was already being fuelled by a steep drop in unemployment towards the 7% threshold at which the BoE has said will consider the future direction for monetary policy.

Carney will meet Scottish First Minister Alex Salmond today before addressing business leaders in Edinburgh ahead of a September 18 referendum on Scotland breaking away from the rest of the UK. Salmond and his Scottish National Party plan to keep the pound and the central bank should they prevail, policies the British government in London has said are unlikely to work. Analysts point to the potential risk and cost to the rest of the UK should an independent Scotland using the pound retain access to the BoE's emergency liquidity framework. Also there's the question of whether UK taxpayers might be liable for supporting Scotland's financial industry.

Base Currency: AUD USD  
 Alternate Currency: USD AUD  
 Strike Price: 0.8950 0.8650  
 Spot Ref: 0.8782  
 Tenor: 2 weeks  
 Date: 29 Jan 2014  
 Time: 16:00 hrs  
 Resistance / Support: 0.9114 0.8660  
 Commentary:



- HSBC China flash manufacturing PMI for January falls to 6 month low (Thu 23-Jan).
- Business conditions hit near 3-year high - NAB survey (Tue 28-Jan).

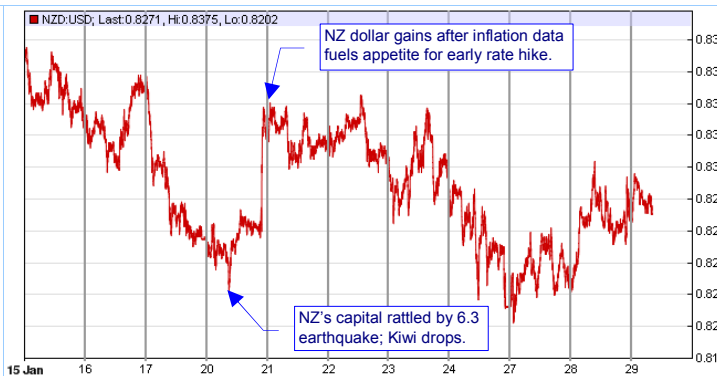
A Chinese manufacturing index fell more than estimated in January to a six-month low. The HSBC/Markit preliminary PMI reading of 49.6 compares with a final figure of 50.5 in December and a 50.3 estimate in a Bloomberg survey.

Business conditions are at a near three-year high - another sign that further rate cuts from the RBA are unlikely. Business conditions almost caught up with business confidence in December, up seven points to +4 points, according to the National Australia Bank monthly business survey. Confidence was unchanged at six points. The surprise jump was supported by low interest rates, higher asset prices and the lower Australian dollar, NAB economists said.

Some economists said the survey would likely see the RBA wind back some of their easing bias when they meet on February 4. While time will tell whether the jump in conditions is sustained, the survey adds evidence the domestic economy is stabilising, and that the RBA is likely to sound 'less easy' at their upcoming meeting.

The Aussie extended a rebound from the 3½-year low touched January 24 and bond yields jumped as reports over the past week showed inflation accelerated and business conditions improved before Australian policy makers convene next week.

Base Currency: NZD USD  
 Alternate Currency: USD NZD  
 Strike Price: 0.8400 0.8200  
 Spot Ref: 0.8271  
 Tenor: 2 weeks  
 Date: 29 Jan 2014  
 Time: 16:00 hrs  
 Resistance / Support: 0.8440 0.8180  
 Commentary:



- NZ consumer confidence at 7-year high (Thu 23-Jan).
- Overvalued kiwi dollar 'a concern' - Bill English (Tue 28-Jan).
- NZ may be first developed country to raise rates (Tue 28-Jan).
- RBNZ expected to leave rates unchanged (due on Thu 30-Jan).

Consumer confidence is at its highest level since the global financial crisis hit. ANZ Bank's survey of confidence showed a rise to 135.8 this month from 129.4 in December. The latest figure is the highest since February 2007 and points to surging economic growth this year. Confidence typically rises in January, but even taking into account the usual seasonal lift in mood over summer, confidence was still the strongest since early 2007. Consumers thought it was a great time to buy a big household item.

The kiwi dollar is overvalued against its Australian counterpart and is putting pressure on exporters, Finance Minister Bill English says. The exchange rate did not match the likely relative performance of the two economies. English said "I think it's too high, yes, and I think the Australian economy's a bit stronger, relative to ours, than that indicates." He declined to say what impact an interest-rate hike might have on the economy, saying that was a matter for the governor of the RBNZ.

With New Zealand's US\$170 billion economy growing at around 3% and inflation running at its highest in nearly two years, economists say the RBNZ will need to get ahead of the curve to prevent consumer prices from racing to uncomfortably high levels. Short-term rate futures have been pricing in an even chance that the RBNZ will lift its official cash rate by 25 basis points from a record-low 2.5% at its official cash rate review on Thursday.

While swaps traders see better-than-even odds RBNZ will raise the benchmark, the median estimate in a Bloomberg survey of economists is for the rate to be unchanged.



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