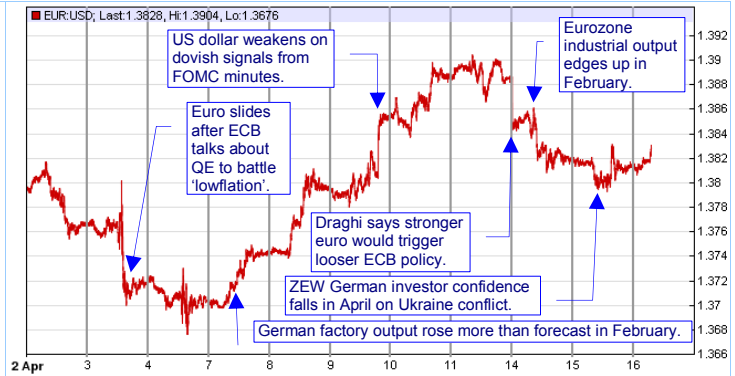




Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3950	1.3700
Spot Ref:	1.3828	
Tenor:	2 weeks	
Date:	16 Apr 2014	
Time:	14:00 hrs	
Resistance / Support:	1.3943	1.3723
Commentary:		



- US Dollar weakens on dovish signals from FOMC minutes (Wed 09-Apr).
- Eurozone industrial output edges up in February (Mon 14-Apr).
- Draghi says a stronger euro would trigger looser ECB policy (Sat 12-Apr).
- ZEW: German investor confidence falls in April on Ukraine conflict (Tue 15-Apr).

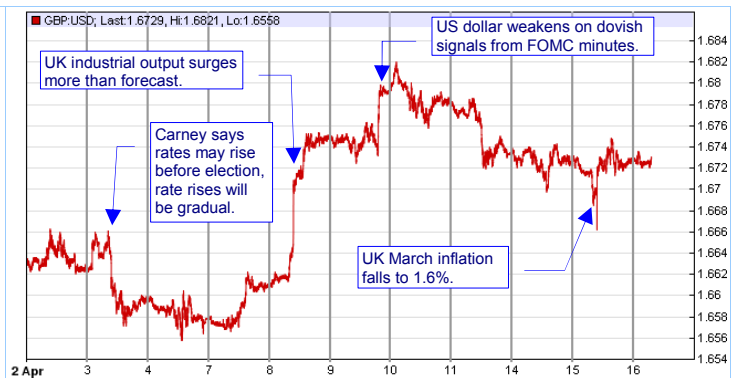
Federal Reserve officials had a secret video conference call in early March and reached a general consensus that the 6.5% unemployment rate threshold for the first rate hike was outdated, the central bank said last Wednesday. A summary of the video conference was included in the minutes of the Fed's March 18-19 meeting. The central bankers were clearly worried that changing the forward guidance would impact markets. Fed officials have publicly encouraged a view that the first interest-rate increase won't happen until the second half of 2015 at the earliest. Even when rate hikes begin (probably) in 2015, the increases are likely to be modest and limited.

The ECB will ease monetary policy further if the euro keeps strengthening, President Mario Draghi said on Saturday as world finance chiefs ramped up pressure on Europe to ward off deflation. "I have always said that the exchange rate is not a policy target, but it is important for price stability and growth", Draghi said. "What has happened over the last few months is that it has become more and more important for price stability". Over the past 12 months, the euro has strengthened by nearly 5.5% against the US dollar and by nearly 10% against the yen. In recent weeks, it has reached levels against the US dollar not seen since late 2011. It ended last week at just below \$1.39.

Eurozone industrial output edged higher in February, official data showed Monday, in line with recent data showing a very modest economic recovery in the single currency bloc. The activity of the industrial sector is closely watched in the eurozone where there is deep concern in some countries about the low competitiveness of industry, particularly on export markets. Industrial output in the 18-nation eurozone rose 0.2% compared with the level in January when it was flat, the Eurostat statistics agency said. The January outcome was originally given as a fall of 0.2%. Compared with February 2013, eurozone industrial output was up 1.7% while the EU rose 2.1%.

Several data releases out of Europe are worth noting. The ZEW index of German investor expectations dipped in April to 43.2 from 46.6, coming in below expectations of 45.0. This is the lowest since August amid concerns about the conflict in Ukraine. However, the current conditions component jumped to 59.5 from 51.3.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6850	1.6550
Spot Ref:	1.6729	
Tenor:	2 weeks	
Date:	16 Apr 2014	
Time:	14:00 hrs	
Resistance / Support:	1.6819	1.6631
Commentary:		



- UK economy to enjoy 'decent but unspectacular growth': EY Item Club (Mon 14-Apr).
- Average London house price to top £700,000 by 2020 (Mon 14-Apr).
- Late Easter causes UK retail sales to fall in March - BRC (Tue 15-Apr).
- UK March inflation falls to 1.6%, a 4-year low (Tue 15-Apr).

Britain's economy will enjoy "decent but unspectacular growth" with wages rising in real terms for the first time in six years and low inflation allowing the BoE to avoid raising interest rates before next year's general election. Economic forecasters EY Item Club has raised its growth forecast for 2014 to 2.9% from an earlier forecast of 2.7%, in line with the IMF's forecast but above the 2.7% growth predicted by the OBR in last month's budget. EY Item Club is expecting weaker growth of 2.3% in 2015.

London house prices are set to rise 54% over the next six years, leaving the rest of the UK's property market even further behind, new research claims. A typical home in the capital will be worth more than £700,000 in 2020, according to the CEBR. This rapid rise compares to a forecasted 28% increase to £307,000 in the country as a whole over the rest of the decade. The figures come a week after the RICS predicted a 35% rise in British property prices by 2020. While prices will pause for breath when the BoE raises rates at some point in the next few years, the effect will be temporary. International investor appetite for London properties will drive prices further still.

British retail sales took their biggest annual fall last month since April 2013, hurt by unfavourable year-on-year comparisons due to the late timing of Easter this year. The BRC said total sales dropped by 0.3% in March in value terms, the first annual fall since April last year and following a modest 0.7% annual rise in February.

British inflation fell to its lowest in over four years in March, easing pressure on living standards and raising the prospect that prices may now be rising by less than wages for the first time in years. The ONS said on Tuesday that consumer price inflation dropped to 1.6% in March from February's 1.7%, the lowest level since October 2009.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 0.9450 0.9250
 Spot Ref: 0.9376
 Tenor: 2 weeks
 Date: 16 Apr 2014
 Time: 14:00 hrs
 Resistance / Support: 0.9452 0.9311
 Commentary:



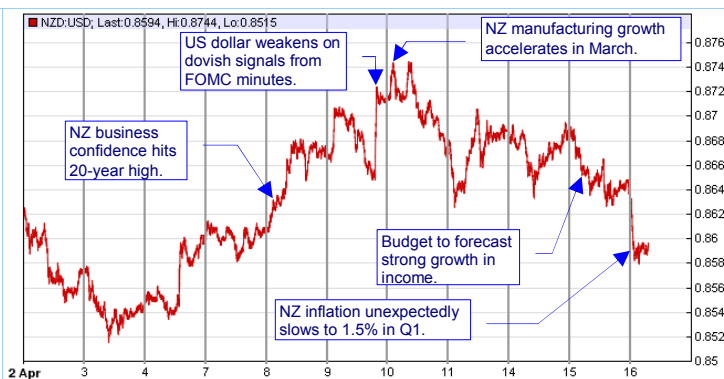
- Aussie unemployment fell to 5.8% in March, lowest since November (Thu 10-Apr).
- RBA assures borrowers that rates will stay low 'for some time' (Tue 15-Apr).
- Chinese Q1 GDP at 7.4%, above economists' forecasts (Wed 16-Apr).

Australia's unemployment rate unexpectedly fell in March, sending the Aussie to a 4½ month high as traders added to bets on an interest-rate increase. The jobless rate declined to 5.8% from a revised 6.1%. That's the biggest drop since August 2010 and defied economists' estimates for unemployment of 6.1%. The number of people employed rose by 18,100 after climbing a revised 48,200 a month earlier. The number of full-time jobs declined by 22,100 in March, and part-time employment rose by 40,200. Australia's participation rate, a measure of the labour force in proportion to the population, dropped to 64.7% in March from a revised 64.9% a month earlier.

The RBA has once again reassured borrowers that interest rates will remain steady until it is convinced the economy is back on track. In the minutes from its April meeting two weeks ago, the RBA board said it was "prudent" to leave cash rate unchanged at its historic low of 2.5%. "Members noted that the cash rate could remain at the current level for some time if the economy was to evolve broadly as expected", the minutes say. "Developments over the past month had not changed that assessment". However, the RBA did acknowledge that there had been "further signs that low interest rates were supporting domestic activity".

Chinese GDP growth has slowed to 7.4% annual rate in Q1 from 7.7% in Q4, but beat forecasts of 7.3% growth. That pushed the Aussie slightly higher, from US 93.5 cents to just over US 93.7 cents immediately after. China's investment in fixed assets and industrial output were both below expectations. Australian businesses are going to have to adapt to take advantage of the new areas of demand as China's economy rebalances away from export-oriented manufacturing to more domestic consumption.

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.8750 0.8500
 Spot Ref: 0.8594
 Tenor: 2 weeks
 Date: 16 Apr 2014
 Time: 14:00 hrs
 Resistance / Support: 0.8730 0.8518
 Commentary:



- NZ manufacturing growth accelerates in March (Thu 10-Apr).
- NZ budget to forecast strong growth in income to 2018 (Tue 15-Apr).
- Dairy prices fell for 5th straight auction, declining 21.9% in 10 weeks (Wed 16-Apr).
- NZ inflation unexpectedly slows in Q1 (Wed 16-Apr).

The pace of activity in the NZ manufacturing sector has accelerated. The latest BNZ-Business New Zealand performance of manufacturing index was 58.4 in March, its highest level since July last year. It's also the 19th successive month of expansion. The gains were led by production and new orders, while employment is at its highest level in more than six years. BNZ economists say domestic demand is strong, led by rebuilding efforts in Christchurch, and high commodity prices, which is fuelling farm construction work. That's offsetting the effects of a high dollar on export returns. An analysis of March traffic flows also indicates the economy continues to grow strongly.

This year's Budget for NZ will forecast annual wage increases through to 2018 amounting to NZ\$10,500 in average full time earnings over six years to \$62,200 a year, says Finance Minister Bill English in a speech urging voters not to "put all of this at risk" by changing the government. The Treasury also forecasts an additional 170,000 jobs by 2018 and a falling unemployment rate. However, that would be placed at risk by a change of government that promised backward-looking industry policies and higher government spending, which would drive up interest rates, said English. "This year is likely to see a political debate between a determined government and complacent opposition parties who already believe today's good times are permanent", he told the Wellington Chamber of Commerce audience of around 300.

NZ inflation unexpectedly slowed and dairy prices extended a decline, sending the nation's currency lower as traders pared bets on the scale of future interest-rate increases. The GlobalDairyTrade Price Index dropped 2.6% in a two-weekly auction overnight. Whole milk powder prices eased 1.6% for a 21.8% drop over the past 10 weeks. New Zealand's Fonterra Cooperative Group Ltd. is the world's biggest dairy exporter.

Lower-than-expected inflation has cast doubts on the need for the RBNZ to lift interest rates as far and as fast as expected, economists say. **Annual inflation** is down slightly to just 1.5% in Q1 from 1.6% in Q4, StatsNZ said this morning. Consumer prices rose 0.3% in Q1 from Q4, less than the 0.5% increase forecast by economists.



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