



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3750	1.3550
Spot Ref:	1.3677	
Tenor:	2 weeks	
Date:	02 Jul 2014	
Time:	10:30 hrs	
Resistance / Support:	1.3739	1.3585
Commentary:		



- EU economic sentiment slightly below expectations (Fri 27-Jun).
- Eurozone manufacturing growth eases in June as France contracts (Tue 01-Jul).
- Eurozone inflation stays weak at 0.5% in June (Mon 30-Jun).
- Eurozone unemployment unchanged at 11.6% (Tue 01-Jul).

Economic sentiment across the eurozone slid backwards for the first time for more than a year in June. The EC's economic sentiment index fell to 102 from 102.6 in May, missing expectations of a rise to 103. June's dip followed 13 consecutive months of improving sentiment across the single currency bloc, culminating in a 34-month high in May. The slide was largely due to a dip in consumer sentiment, though industrial and construction companies also reported weaker confidence. However, service companies and retailers said their confidence had continued to grow. The survey results reinforce concerns that the eurozone's recovery is failing to build momentum.

Inflation across the 18-nation eurozone was steady in June at 0.5% -- the same level as in May, but remained far below the ECB's target of 2.0% against a background of concern about deflation. The latest data showed that in June, the prices for services in the eurozone rose by 1.3% after 1.1% in May. Prices for energy rose by 0.1% from zero increase in May. Prices for food, alcoholic drinks and tobacco fell by 0.2% after an increase of 0.1%.

Eurozone manufacturing growth eased slightly more than previously thought last month and factories fulfilled existing orders to keep busy. A resurgence in the bloc's periphery countries supported Germany, which was again the driving force, despite slower growth due to extra public holidays. But in France the contraction in activity deepened. Markit's final Manufacturing PMI for the eurozone fell to 51.8 in June from May's 52.2, its lowest since November. The preliminary flash reading was 51.9.

Eurostat, said Tuesday the overall number of unemployed workers in the 18 countries that use the euro decreased by 28,000 in May from the previous month to 18.6 million, but not enough to bring down the jobless rate, which remained at 11.6%. German unemployment was 5.1%, while Italy's was 12.6% and Spain's was 25.1%.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.7300	1.7000
Spot Ref:	1.7150	
Tenor:	2 weeks	
Date:	02 Jul 2014	
Time:	10:30 hrs	
Resistance / Support:	1.7180	1.7000
Commentary:		



- BoE mortgage limits would not hamper UK's economic growth (Thu 26-Jun).
- UK Q1 GDP rises 0.8% q/q as estimated (Fri 27-Jun).
- UK GfK consumer confidence at more than 9-year high (Fri 27-Jun).
- UK May mortgage approvals hit 11-month low, lending up (Mon 30-Jun).

The BoE tightened its mortgage-lending rules in order to control increasing levels of debt and rapidly rising house prices. From October, it would only allow 15% of new mortgages to be at multiples higher than 4.5 times a borrower's income, and that all lending would be subject to extra affordability checks. BoE Governor Carney stated that the measures were "less likely to have implications for the path of monetary policy, which currently anticipates limited and gradual rate rises over the forecast horizon."

British consumers were the most confident they've been in over nine years in June, a survey showed Friday, with expectations for the economy providing the biggest boost to their outlook. The monthly GfK consumer confidence index rose to +1 in June, in line with expectations and up from 0 in May. It is the first time the index has been positive since March 2005, when it was also at +1. The last time the index was higher was in November 2002 when it reached +2, the data showed.

UK economy expanded as estimated in Q1, revised data from the ONS showed Friday. GDP grew 0.8% from Q4, unrevised from the second estimate released on May 22. At the same time, annual growth was revised down to 3% from 3.1%. Another data from ONS showed that household spending adjusted for inflation gained 0.8%, in line with previous estimate. Compared with Q1 of 2013, spending advanced 2.2%.

The BoE said mortgage approvals for house purchase numbered 61,707 in May, down from 62,806 in April - a marginally smaller drop than economists had forecast but still the lowest reading in 11 months. However there is strong growth in net mortgage lending in May, reflecting past mortgage approvals and rising house prices. Mortgage lending rose by a stronger-than-expected £1.988 billion in May, its biggest increase since July 2008, and in the three months to May it rose at an annualised rate of 1.7%, its fastest growth rate since September 2008. Sterling sprung above the 1.7100-figure as mortgage lending unexpectedly jumped.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 0.9550 0.9350
 Spot Ref: 0.9457
 Tenor: 2 weeks
 Date: 02 Jul 2014
 Time: 10:30 hrs
 Resistance / Support: 0.9545 0.9350
 Commentary:



- China June HSBC flash PMI shows first expansion in 6 months (Mon 23-Jun).
- Australia manufacturing index dips to 48.9 in June (Tue 01-Jul).
- RBA holds rates at record low as high Aussie impedes transition (Tue 01-Jul).
- China manufacturing expands at fastest pace this year (Tue 01-Jul).
- Australia home prices rebound by 1.4% in June (Tue 01-Jul).
- Australia trade deficit widens in May to A\$1.9 billion (Wed 02-Jul).

China's official PMI for June came in at a six-month high of 51, in line with expectations and up from 50.8 in May. Meanwhile, HSBC's final PMI reading for June rose to 50.7, weaker than a preliminary reading of 50.8 but higher than May's 49.4 figure. The rise shows continued momentum in the Chinese economy. China's President Xi Jinping warned the Communist Party not to be complacent with the reform agenda now that the economy is heading in the right direction. Investors have been watching for signs of progress as China slowly opens its economy to foreign investment and shifts gears from an export driven economy to a more domestic consumer focused one.

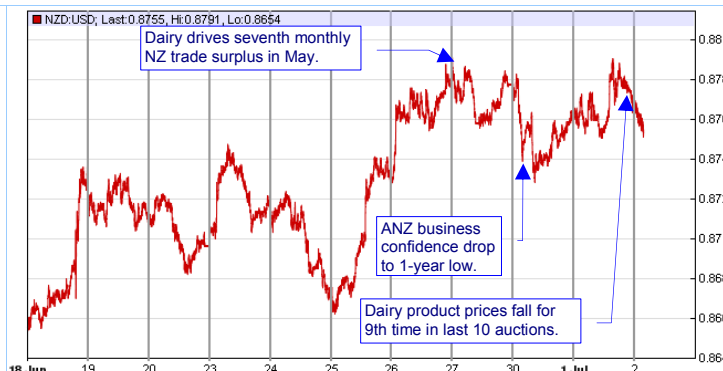
Australian manufacturing activity stayed subdued in June as firms complained that a strong Aussie was making imports more competitive, though there was some tentative improvement in exports and employment in the month. The Australian Industry Group's PMI dipped 0.3 points to 48.9 in June, from May when it had risen by 4.4 points.

Australian home prices rebounded across the capital cities in June, recouping much of May's decline. Figures from RPDData-Rismark showed dwelling prices rose 1.4% in June, from May when they had fallen 1.9%. Prices were 10.1% higher than in June last year, a moderate slowdown from May's pace of 10.7%.

The RBA kept its benchmark cash rate at a record low as an elevated currency combines with government cutbacks and a slowdown in mining investment to constrain growth. The key rate was held at 2.5% for an 11th month, Governor Glenn Stevens and his board announced on Tuesday. The decision was predicted by all 29 economists surveyed by Bloomberg and markets had priced in almost no chance of a move. In a largely unchanged statement, Stevens said the nation's elevated currency "is offering less assistance than it might in achieving balanced growth in the economy." The central bank has flagged government spending cuts and a drop in resource investment as constraints on growth. With a pickup in housing and resilient employment balancing the outlook, traders expect the RBA will remain sidelined this year.

Australia's trade deficit was A\$1.9 billion in May, following a deficit of A\$780 million in April. Economists had expected a deficit of A\$200 million in May. During the month, exports fell 5.0%, while imports were down 1.0%. The Aussie dollar slipped after the unexpectedly large trade deficit was announced.

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.8850 0.8650
 Spot Ref: 0.8755
 Tenor: 2 weeks
 Date: 02 Jul 2014
 Time: 10:30 hrs
 Resistance / Support: 0.8840 0.8662
 Commentary:



- Dairy drives seventh monthly NZ trade surplus in May (Fri 27-Jun).
- NZ employee confidence at near 6-year high: Westpac (Mon 30-Jun).
- Kiwi dollar slumps on ANZ business confidence drop to 1-year low (Mon 30-Jun).
- Dairy product prices fall for 9th time in last 10 auctions (Wed 02-Jul, NZT).

NZ posted its seventh monthly trade surplus in May, led by overseas demand for milk powder, butter and cheese. It had a trade surplus of NZ\$285 million in May, from NZ\$498 million in April and NZ\$40 million a year earlier. The annual trade balance turned to a surplus of NZ\$1.37 billion from a deficit of NZ\$901 million a year earlier.

The NZ dollar weakened against the other major currencies in the Asian session on Monday following the release of reports showing a decline in NZ's business sentiment index in June and building permits in May. The latest survey from ANZ revealed that the business confidence in NZ declined sharply in June, falling from 53.5 in May to 42.8 in June. The activity outlook for June came in with a score of 45.8, down from 51.0 in the previous month. The data from StatsNZ revealed that NZ's total number of building permits fell a seasonally adjusted 4.6% on month to 2,125 in May. That missed forecasts for a decline of 2.5% following the 1.5% gain in April.

NZ employee confidence rose to its highest level in nearly six years in Q2, as people were more optimistic about holding onto their jobs and getting pay rises, a survey showed on Monday. The Westpac-McDermott Miller employee confidence index rose to 109.9 in Q2 from 108.4 in Q1. It was the highest level since September 2008.



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