



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.1200	1.0900
Spot Ref:	1.1059	
Tenor:	2 weeks	
Date:	29 Jul 2015	
Time:	12:55 hrs	
Resistance / Support:	1.1217	1.0905
Commentary:		



- Greek parliament passes second set of changes sought by creditors (Thu 23-Jul).
- Eurozone consumer confidence eases for 4th month; below forecast (Fri 24-Jul).
- German business morale up as Greece situation improves (Mon 27-Jul).
- Troika begins work in Greece; stock markets to reopen (Tue 28-Jul).
- Eyes on US FOMC statement (due Thu 30-Jul, 02:00hrs SGT).

The Greek Parliament approved a second package of policy changes early Thursday that the country's creditors had said must be in place before the detailed negotiations for a bailout of €86 billion could begin. The new measures, overhauling the banking and judicial systems, passed easily with significant support from opposition parties eager to do whatever it takes to keep Greece from leaving the eurozone. The vote was 230 to 63, with five abstentions and two absences.

Eurozone consumer confidence deteriorated for a fourth straight month in July and at a faster-than-expected pace. The flash consumer confidence index dropped to -7.1 from -5.6 in June. Economists had forecast a score of -5.8. The indicator dropped for the first time in five months in April from a pre-crisis high attained in March. The consumer confidence index for the EU shed 1.6 points to -4.9. The final figures will be released along with the economic sentiment data on July 30.

Business confidence in Germany improved in July after two monthly drops, as an agreement between Greece and its creditors for talks on a third bailout lifted the mood at firms in Europe's largest economy. Ifo's business climate index rose to 108.0 from a revised 107.5 in June, beating the Reuters consensus for a reading of 107.2, while the current assessment index rose to 113.9 (from 113.1 in June) and the expectations index also higher at 102.4 (from 102.1 in June), all beating consensus forecasts.

Technical experts from the troika and the Greek counterparts aim to complete a deal for a new bailout program as soon as possible, while the government has said it targets a disbursement from the new loan facility before August 20, when a payment to the ECB comes due. The ECB on Tuesday approved proposals for trading rules to end the four-week closure of the Athens Stock Exchange and that trading may resume by Friday with restrictions on the use of money from Greek bank accounts.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5750	1.5500
Spot Ref:	1.5606	
Tenor:	2 weeks	
Date:	29 Jul 2015	
Time:	12:55 hrs	
Resistance / Support:	1.5790	1.5490
Commentary:		



- BoE minutes show some rate-setters edging towards hike [hawkish] (Wed 22-Jul).
- UK retail sales suffer unexpected fall in June despite drop in prices (Thu 23-Jul).
- Manufacturing steady but exports under pressure, CBI survey shows (Mon 27-Jul).
- UK economy grew 0.7% q/q in Q2, meeting expectations (Tue 28-Jul).

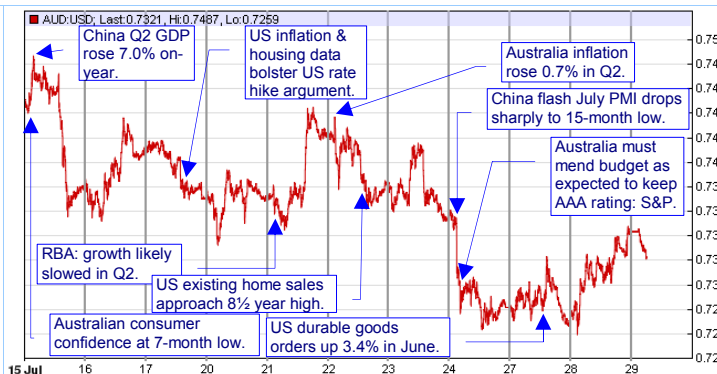
The July meeting minutes from the BoE released on 22 July showed that it was again a 9-0 unanimous vote to keep the policy interest rates unchanged at 0.5% and that the decision for all the MPC members were "clear cut". That said, for a number of the MPC members, the rate decision was becoming "more finely balanced" without the Greece crisis in the background. But for most members the current stance remained appropriate even without external risks.

UK June retail sales was surprisingly weak, recording an unexpected decline of -0.2% m/m (4.2% y/y) after a revised +0.4% m/m (4.5% y/y) increase in May. Markets were looking for a +0.4% m/m (5.1% y/y) rise. The small decrease in sales came despite average store prices falling by almost 3% on a year earlier, representing the 12th successive month of deflation in the retail sector. However, quarterly retail sales volumes were up 0.7% in Q2 from Q1, and had shown growth for 7 quarters in a row.

The UK manufacturing sector continued to grow in the quarter to July, although exports are set to come under pressure by the stronger sterling. The latest CBI Quarterly Industrial Trends Survey showed total new orders in the three months to July slowed but remained above average, with 33% of the 445 firms surveyed reporting an increase in total new order books. Some 24% of companies reported a decrease in total orders, giving a balance of +9%, well ahead of the long-run average of -1%.

UK GDP grew by 0.7% in Q2, according to preliminary official data, meeting expectations. This included a stronger contribution from industrial production, but the services sector is still driving much of the growth, with a 0.7% rise. Construction was flat during the quarter amid uncertainty about house prices ahead of May's election. The slight rise from Q1 GDP growth of 0.4% is unlikely to sway the BoE's rate-setting committee from its current cautious path on rate rises.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 0.7450 0.7200
 Spot Ref: 0.7321
 Tenor: 2 weeks
 Date: 29 Jul 2015
 Time: 12:55 hrs
 Resistance / Support: 0.7489 0.7225
 Commentary:



- Markit/Caixin: China flash PMI drops sharply to 15-month low in July (Fri 24-Jul).
- Australia must mend budget as expected to keep S&P's AAA rating (Fri 24-Jul).
- China June industrial firms' profits fall 0.3% year-on-year (Mon 27-Jul).
- Aussie rebounds on China stocks, iron ore lift (Wed 29-Jul).

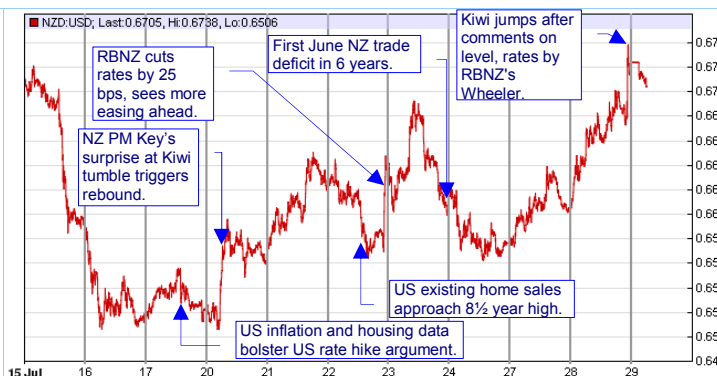
The preliminary China Caixin PMI surprised markets by dropping to a 15-month low in July, with analysts pinning the hit on the recent stock market crash and weak export demand. The index, released Friday, fell to 48.2, coming in well below the 49.7 forecast. The PMI came as a big surprise for the market, which was expecting an increase.

Australia's credit rating could be cut if political wrangling or an external shock such as a further decline in commodity prices mean the budget fails to improve as expected, S&P said Friday. While the credit assessor affirmed the country's AAA rating with a stable outlook, it said that view is premised on the country maintaining "conservative budgetary policies" that will narrow the fiscal deficit. "We could lower the ratings if Australia's budgetary performance does not improve broadly as we currently expect".

Profit at China's industrial firms dropped 0.3% in June from a year ago, reversing a 0.6% rise in May and 2.6% gain in April (the largest since September 2014). China's National Bureau of Statistics said falling prices pulled down firms' profit margins in June even though recent interest rate cuts were lowering companies' financial costs.

The Australian dollar has bounced amid relative calm on China's share market and a lift in iron ore prices. The iron ore price had another rebound overnight, on 2.1%, and that's steadying the Aussie as the currency was being used as the proxy China trade, and was lifting temporarily as the Chinese equity market stabilised.

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.6800 0.6550
 Spot Ref: 0.6705
 Tenor: 2 weeks
 Date: 29 Jul 2015
 Time: 12:55 hrs
 Resistance / Support: 0.6774 0.6556
 Commentary:



- RBNZ cuts rates by 25 bps, sees more easing ahead (Thu 23-Jul).
- Kiwi jumps after comments on level, rates by RBNZ's Wheeler (Wed 29-Jul).
- First June NZ trade deficit in six years (Fri 24-Jul).

RBNZ cut its benchmark interest rate last Thursday to counter headwinds posed by tumbling dairy prices and stubbornly low inflation, and said more easing was coming due to a weakening economic outlook. The RBNZ cut its OCR by 0.25% to 3.0%, delivering its second cut in two months and sending the kiwi spiking higher. It said that its growth outlook had deteriorated from its last policy statement in June as earthquake rebuilding activity in the Canterbury region appeared to have peaked, while prices for dairy exports had fallen sharply. While acknowledging that the kiwi had declined "significantly" since April, RBNZ said that a further fall was needed given weaker commodity export prices. The RBNZ said that inflation remained low due to currency strength earlier in the year and lower global oil prices, adding that it expected annual inflation to return close to its target in early 2016, although it was uncertain when the weaker exchange rate would translate into higher prices.

NZ has posted its first trade deficit for a June month in six years after imports rose more than expected. StatsNZ says the country had a trade deficit of NZ\$60 million in June, its first deficit for the month since 2009, and contrary to economist expectations for a NZ\$100 million surplus. It compares with a NZ\$240 million surplus for June from a year ago and a revised NZ\$371 million surplus in May. Imports in June rose 9.0% from a year ago to NZ\$4.29 billion, ahead of the NZ\$3.95 billion expected. Exports in June gained 1.3% to a record for the month of NZ\$4.23 billion, and ahead of the NZ\$4.09 billion expected. The annual trade balance widened to a NZ\$2.85 billion deficit, from a revised NZ\$2.55 billion deficit in May, and compared with a NZ\$2.7 billion deficit expected. It is the largest annual trade deficit since the year ended July 2009.

The kiwi jumped on Wednesday morning after RBNZ governor Graeme Wheeler said it should be weaker consistent with the economy while adding that sharply lower interest rates are not the way to that goal. A weaker kiwi dollar would be consistent with current economic conditions, Wheeler said in a speech on monetary policy, dismissing predictions for large declines in interest rates because that would be consistent with the economy moving into recession. The current account deficit level is expected to become larger over the next two years based on recent NZ dollar level and terms of trade and "at current levels of export prices, a more substantial exchange rate depreciation is therefore required to stabilise the net external liabilities position relative to GDP", he said.



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