



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency: EUR USD  
 Alternate Currency: USD EUR  
 Strike Price: 1.3350 1.3050  
 Spot Ref: 1.3134  
 Tenor: 2 weeks

Date: 12 Apr 2012  
 Time: 13:00 hrs

Resistance / Support: 1.3200 1.3000  
 Commentary:



- Downside surprise to US jobs data fuels rising anxiety about the pace of economic growth (Fri 06-Apr).
- ECB says can tackle symptoms but not cure crisis (Wed 11-Apr).
- Germany's expansion is being increasingly powered by domestic demand (Wed 11-Apr).

The lacklustre US Labour market report with the non-farm payrolls data improving further by just 120,000 in March (against the forecast of 205,000) raised anxiety about the pace of economic growth. The silver lining came from the February's non-farm payrolls which were revised up to 240,000 (from previous estimate of 227,000).

As fresh concerns over Spain and Italy rattled the markets Wednesday, the European Central Bank insisted it can only treat the symptoms of the eurozone debt crisis, but not cure it. After three months of relative calm, the sovereign debt crisis returned with a vengeance this week, with stock markets plunging and borrowing costs for Spain and Italy jumping as doubts grow over their ability to control their finances. To curb the panic over another eurozone crisis, the ECB purchased Spanish and Italian government bonds, according to market sources. The result was that 10-year Spanish bond yields fell from over 6% on Monday to 5.58% yesterday and Italian 10-year yields declined from 5.71% to 5.46%. Moreover, yields are still well below the peaks of 6.7% and 7.2% during the late 2011 European financial crisis.

Germany's economic expansion is increasingly home-grown. Unemployment at a two-decade low, wages accelerating out of years of restraint and falling borrowing costs are spurring consumers in Germany to spend more. Economists are responding by raising forecasts for German growth and declaring that domestic demand is emerging as a rival to exports as the economy's driver. Challenges still remain after the economy contracted 0.2% in the fourth quarter. A more than 30% jump in the price of oil since Oct 2011, threatens to sap purchasing power and was cited by economists as a reason why retail sales unexpectedly fell for a second month in February. A rallying German economy may further complicate the ECB's ability to set uniform monetary policy as it aims to keep inflation just below 2%. The inflation rate in Germany was 2.3% in March, compared with 1.4% in recession-hit Greece. With the euro-area rate at 2.6% last month, the ECB won't hesitate to raise interest rates if needed to contain price pressures.

Base Currency: GBP USD  
 Alternate Currency: USD GBP  
 Strike Price: 1.6050 1.5750  
 Spot Ref: 1.5924  
 Tenor: 2 weeks

Date: 12 Apr 2012  
 Time: 13:00 hrs

Resistance / Support: 1.6020 1.5800  
 Commentary:



- GBP Repo Rate unchanged at 0.50%, asset purchases to be completed in a month (Thu 05-Apr, 19:00 SGT).
- RICS - UK March House Prices Balance strongest in almost two years (Mon 09-Apr).
- UK retail sales warmed by sunny weather in March (Wed 11-Apr).

The BoE's MPC voted to maintain the official Bank Rate paid on commercial bank reserves at 0.5% last Thursday. The Committee also voted to continue with its programme of asset purchases totalling £325 billion which is financed by the issuance of central bank reserves. The Committee expects the announced programme of asset purchases to take another month to complete and the scale of the programme will be kept under review. Meanwhile, the minutes of the meeting will be published on 18 April 2012.

The Royal Institution of Chartered Surveyors said the number of its members posting a price decline outweighed those attesting to an increase, resulting in a house-price balance of -10. That was the best result since June 2010 and compares with -13 in February. London and northwest England had the only gains, the RICS survey showed. The data are seasonally adjusted. New buyer enquiries rose to a balance of +9 in March from +3 in February while newly agreed sales picked up to +10 from +8. The improvement in the RICS index is line with mortgage lender Halifax's March house-price index released last Wednesday showing a month-on-month increase of 2.2%.

The warmer-than-usual weather in March boosted UK retail sales in the month, the British Retail Consortium (BRC) has said. Like-for-like sales values were up 1.3% from March 2011, with higher demand for clothing and footwear. It said retailers still faced difficulties as consumers struggle with rising fuel and utilities bills. Separately, data showed that the number of customers who hit the High Street over the Easter weekend fell this year, as the rain put people off. Footfall was down 12.5% compared with Easter 2011, according to research group Springboard.

Base Currency: AUD USD  
Alternate Currency: USD AUD  
Strike Price: 1.0500 1.0200  
Spot Ref: 1.0376  
Tenor: 2 weeks

Date: 12 Apr 2012  
Time: 13:00 hrs

Resistance / Support: 1.0460 1.0230

Commentary:



- NAB business confidence index rises to 3 from 1 previous month; business conditions index rises to 4 from 3 (Tue 10-Apr).
- Australian job ads at 3-year high, up 1% month-on-month in March (Tue 10-Apr).
- Aussie dollar rockets up on news of excellent employment report (Thu 12-Apr).

The NAB business survey revealed overall business confidence rose 2 points to reach 3 points in March. However, the confidence level remains below its long-term average of 6 points. The positive boost to sentiment in March appears to have partly stemmed from optimism about the recent moves to stabilise the Greek debt situation, as well as recent positive economic data out of the US. However, this may have been partly offset by intensifying concerns of a more pronounced slowing in the emerging economies. Business conditions, which take into account firms' responses relating to trading, profitability and employment conditions, edged up one point to plus four points. Mining was the strongest sector, with an index reading of +36 points, followed by transport and utilities on +26. Conditions were weakest in retail (-15) and construction (-6).

Australian job advertisements in newspapers and on the internet rose 1.0% in March to the highest since late 2008, a promising sign for a much-needed pick-up in hiring. The report by ANZ showed total job advertisements rose to 200,800 in March in seasonally adjusted terms. That was 2.8% higher than the same month last year. Job advertising has increased 12% over the first three months of 2012 in a sign that hiring intentions by firms are continuing to improve. A pick-up would be welcome as employment growth slowed to a halt last year as sectors such as manufacturing and retail struggled with consumer caution and a high local dollar.

Employment data from the Australian Bureau of Statistics show an addition of 44,000 jobs to the Aussie economy, causing the unemployment rate to stay at 5.2%. The rise in jobs drew mostly from part time work, which added 28,200 jobs to payroll. Full time work experienced a 15,800 increase in workers. Analysts expected the unemployment rate to rise this month and a modest 6,500 job increase in total employment. Neither analysts nor the markets expected an improvement of such magnitude this month.

Base Currency: NZD USD  
Alternate Currency: USD NZD  
Strike Price: 0.8300 0.8100  
Spot Ref: 0.8195  
Tenor: 2 weeks

Date: 12 Apr 2012  
Time: 13:00 hrs

Resistance / Support: 0.8280 0.8100

Commentary:



- Downside surprise to US jobs data fuels rising anxiety about the pace of economic growth (Fri 06-Apr).
- China March CPI rises a more-than-expected 3.6% (Mon 09-Apr).
- China posts US\$670 million trade surplus in Q1 (Tue 10-Apr).
- World Bank cuts China 2012 growth forecast to 8.2% (Thu 12-Apr); China's GDP data likely to moderate (Fri 13-Apr).

The Kiwi dollar on Monday rose to the highest level in almost a week versus the greenback on speculation the US Fed may add stimulus after a report showed US employers added fewer jobs than forecast. Non-farm payroll employment rose by 120,000 in March, and the unemployment rate was slightly lower at 8.2%. This was the fewest in five months and less than the median economist forecast of 205,000 in a Bloomberg survey. The amount had exceeded 200,000 for three straight months.

China's inflation edged up in March as consumer prices rose 3.6% y/y after gaining 3.2% in February, official data showed Monday, as bad weather pushed up food prices and authorities raised the price of fuel. That was higher than expectations of 3.4%. China posted a trade surplus of US\$670 million in the first quarter. Xinhua said Chinese exports rose 9.8% in March from a year ago on a calendar adjusted basis.

China's GDP data, due out Friday morning, was of greater interest to traders. Analysts have widely forecasted a slowdown in the country's growth rate which, in addition to general risk aversion trends, may cause a pullback of both the Aussie and Kiwi dollar. The World Bank has lowered its forecast for China's 2012 economic growth to 8.2% from 8.4% previously, it said on Thursday, reinforcing the view that China is set for its slowest annual growth in a decade. But in a sign that activity could rebound next year, the World Bank said it had raised its 2013 growth forecast for China to 8.6%, from 8.3%.



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