



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3300	1.3000
Spot Ref:	1.3199	
Tenor:	2 weeks	
Date:	25 Apr 2012	
Time:	10:25 hrs	
Resistance / Support:	1.3248	1.3026
Commentary:		



- Euro strengthens on IMF outlook, German confidence (Fri 20-Apr).
- Euro stung by Dutch, French uncertainty (Mon 23-Apr).
- Spain dives back into recession in Q1, GDP dips by estimated 0.4% (Mon 23-Apr).
- Eurozone private sector activity plunges in April (Mon 23-Apr).

The euro touched its strongest level in two weeks last Friday (20-Apr) versus the dollar amid speculation G20 officials meeting with the IMF will step up efforts to keep Europe's debt crisis from spreading. German business confidence unexpectedly increased to a nine-month high. Better-than-expected data from Europe including the Ifo survey from Germany and the retail-sales report in the UK is helping sentiment. At the weekend, the IMF had received pledges exceeding US\$430 billion for its war chest.

Italian bond yields surged as did French borrowing costs after Socialist Francois Hollande who has promised to renegotiate a European budget pact, won the first round of France's presidential poll (with 28.6% of votes), narrowly beating President Nicolas Sarkozy (with 27.1%). Dutch Prime Minister Mark Rutte's liberal government has resigned after the collapse of its parliamentary partnership with a far-right party over austerity measures. The austerity package at the centre of the row included a slight raise in VAT, a freeze on civil servants' wages and a cut in spending in both the health and development aid sectors. The turmoil has raised fears that the Netherlands' gold plated triple A credit rating could be in danger. It is one of only four eurozone countries to still retain AAA status among the three main credit rating agencies.

Spain's jobs-scarce economy plunged back into recession in the first quarter of 2012 as employment slumped even further, the Bank of Spain said Monday. GDP fell by an estimated 0.4% in the first quarter of 2012 after a 0.3% decline in the last quarter of 2011. The government forecasts that the jobless rate will rise to 24.3% this year as the sagging economy struggles to absorb millions of jobs destroyed in the collapse of a property boom in 2008.

Eurozone private sector activity sank at the fastest rate in five months in April, indicating the 17-nation bloc faces a longer recession than previously thought, a key survey showed on Monday. The composite PMI compiled by the London-based research firm Markit fell to 47.4 points this month compared with 49.1 points in March. The flash PMI signalled a faster rate of economic contraction in the eurozone during April, extending what appears to be a double-dip recession into a third consecutive quarter.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6300	1.6000
Spot Ref:	1.6141	
Tenor:	2 weeks	
Date:	25 Apr 2012	
Time:	10:25 hrs	
Resistance / Support:	1.6176	1.6012
Commentary:		



- Pound surges up on better UK employment report (Wed 18-Apr).
- Good news for the UK economy as retail sales soar (Fri 20-Apr).
- UK Q1 GDP data release – markets expect UK to narrowly avoid a technical recession (Wed 25-Apr, 16:30 SGT).

UK jobless claims rose less than economists forecast in March and a broader measure of unemployment fell for the first time for almost a year, signs that the labour market is stabilising as the economy recovers. Jobless-benefit claims rose by 3,600 from February to 1.61 million. The median forecast of 29 economists in a Bloomberg survey was for a gain of 6,000. Unemployment as measured by ILO methods fell to 8.3% in the quarter through February from a 16-year high of 8.4%. No change was forecast.

UK retail sales figures came out for March, showing that the British spent 5.7% more than in March last year and bought 3.3% more by volume. A day before it was revealed that the number of companies in financial trouble fell 17% in the first three months of the year, with manufacturing leading the way in terms of recovery. The latest PMI shows strong figures for both manufacturing and construction as well as strength in Britain's biggest sector, services. The pound strengthened with the spate of good news.

The UK should just manage to avoid a technical recession when the GDP figures are announced later today, but the outcome is far from certain. We are expecting Q1 GDP growth of 0.1% qtr/qtr, after the 0.3% fall in GDP in Q4 of 2011. The official figures are likely to show stronger than expected growth in services.

Base Currency: AUD USD  
Alternate Currency: USD AUD  
Strike Price: 1.0400 1.0150  
Spot Ref: 1.0312  
Tenor: 2 weeks

Date: 25 Apr 2012  
Time: 10:25 hrs

Resistance / Support: 1.0367 1.0263

Commentary:



- Aussie dollar drops as producer prices (PPI) drop 0.3% in Q1 (Mon 23-Apr).
- Consumer Price Index (CPI) eases more than expected (Tue 24-Apr).
- Aussie rate cut looms as inflation weakens (Tue 24-Apr).

Australia's producer prices fell unexpectedly in Q1 as a strong Aussie dollar helped drive down import prices, setting the scene for a benign reading on consumer inflation and a cut in interest rates next week. Prices at the final stage of production (PPI) dropped 0.3% in the first quarter, confounding forecasts of a 0.4% increase and the first fall in more than two years. Annual growth in prices slowed sharply to 1.4%, from 2.9%, the lowest reading in seven quarters.

Australia's inflation rate has eased by more than economists expected. The CPI rose 0.1% in the March quarter, for an annual inflation rate of 1.6%, down from 3.1% previously, the Australian Bureau of Statistics said on Tuesday. Economists' forecasts for the headline CPI had centred on a rise of 0.7% in the quarter, for an annual pace of 2.1%. The RBA targets 2% to 3% annual inflation and the figures are seen as crucial to the RBA's deliberations on the official interest rate next week.

Analysts said that there was little inflationary pressure on the Australian economy at the moment, leaving the RBA open to cut rates at its next monthly meeting (01-May). The bank, which last eased rates in late 2011, kept them on hold at 4.25% this month but indicated it would be prepared to announce a cut if inflation weakened. The data comes as a new report from Deloitte Access Economics warned that the gap between Australia's turbo-powered mining sector and the rest of the economy was widening. The report said inflation was looking less dangerous in the short term because the bullish Aussie dollar was dampening import prices, demand was weak outside the resources sector, and wage inflation remained moderate.

Base Currency: NZD USD  
Alternate Currency: USD NZD  
Strike Price: 0.8300 0.8050  
Spot Ref: 0.8124  
Tenor: 2 weeks

Date: 25 Apr 2012  
Time: 10:25 hrs

Resistance / Support: 0.8272 0.8106

Commentary:



- New Zealand's inflation slows to 0.5% in Q1 (Thu 19-Apr).
- RBNZ expected to leave Official Cash Rate unchanged at 2.5% (scheduled for Thu 26-Apr).
- Record exodus of Kiwis to Australia (Tue 24-Apr).
- SkyCity to build Auckland convention centre in new casino deal – Government hopes to boost tourism (Tue 24-Apr).

New Zealand's annual inflation slowed a shade in the March quarter, reinforcing expectations that interest rates will be held at a record low for longer to support the patchy economic recovery. The consumer price index rose 0.5% in Q1, to be 1.6% higher than a year ago, from 1.8% in December. The data were seen giving the RBNZ, which has held its official cash rate unchanged at 2.5% for a year, plenty of time to ponder its first rise. Analysts expect a rate rise only in December or even next year.

The Reserve Bank of New Zealand will be making an Official Cash Rate announcement on Thursday.

New Zealanders' exodus to Australia continued in March as more kiwis look across the Tasman for a better quality of life, even as Australia looks vulnerable to an economic slowdown. The annual net loss hit a record 39,456, with 53,237 people leaving in the year ended March 31. On a seasonally adjusted basis, there was a net gain of 130 migrants in March, the second monthly gain since the February earthquake last year. That was bolstered by new migrants from India, China and the Philippines.

Short-term visitor arrivals rose 11% to some 240,000 in March, with a 35% surge in Asian visitors. Annual visitors climbed 4.4% to 2.6 million, and were bolstered by the Rugby World Cup between July and October last year. The government is hoping to attract an extra 200,000 visitor nights from a proposed Auckland convention centre. The deal has sparked staunch opposition, as it would see casino operator SkyCity Entertainment Group foot the NZ\$350 million tab to build and operate the venue in exchange for an extension to its gaming licence, which would let it underwrite the expense with more pokie machines.



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