



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3700	1.3350
Spot Ref:	1.3453	
Tenor:	2 weeks	
Date:	13 Feb 2013	
Time:	10:45 hrs	
Resistance / Support:	1.3720	1.3360
Commentary:	<p>EUR:USD, Last:1.3453, Hi:1.3709, Lo:1.3355</p>	
<ul style="list-style-type: none"> ■ G-7 says it will not target exchange rates amid mounting concerns of a currency war (Mon 11-Feb). ■ Concern grows as euro gains strength (Mon 11-Feb). ■ France renews calls for remedial steps as EU exports become more expensive (Mon 11-Feb). ■ Spanish banks well capitalised, ready to lend: ECB head (Tue 12-Feb). <p>The world's major industrial nations sought to soothe the mounting fears of a currency war with a pledge to avoid devaluing their exchange rates in the pursuit of stronger economic growth. The stance is tougher than the G-7's last joint comment on exchange rates in 2011 and marks an effort to avoid a 1930s-style spiral of retaliatory devaluations in which weak economies try to boost exports by driving currencies down. It follows an outbreak of concern that Japan's new campaign to beat deflation is an outright attempt to weaken the yen, an allegation its government again denied yesterday.</p> <p>Concern about the euro moved to the forefront on Monday as finance ministers of the countries that use the currency held their monthly meeting. But this time, with the EU's recession continuing, the topic was the strength of the euro rather than its many weaknesses. As confidence has grown that the EU will be able to manage its sovereign debt crisis, the euro has made significant gains against the dollar and other foreign currencies, making Europe's exports more expensive, which could hamper growth. France, which traditionally favours market intervention, renewed its calls for remedial steps that could include establishing a target level for the euro's value.</p> <p>Spain's banks are sufficiently capitalised and strong enough to lend again, ECB chief Mario Draghi said Tuesday, citing "positive signs" for the eurozone's fourth-biggest economy. "Spanish banks are properly capitalised ... so in a position to give credit," Mr Draghi said, after a closed-door meeting with members of the Spanish parliament. Mr Draghi was credited with saving Spain from a full sovereign bailout last year when his pledge of support by the ECB helped bring Madrid's borrowing costs down from danger levels. Mr Draghi hailed "the efforts carried out by Spanish citizens" who are suffering a long recession that has driven the unemployment rate above 26%.</p>		

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5800	1.5550
Spot Ref:	1.5675	
Tenor:	2 weeks	
Date:	13 Feb 2013	
Time:	10:45 hrs	
Resistance / Support:	1.5765	1.5575
Commentary:	<p>GBP:USD, Last:1.5675, Hi:1.5878, Lo:1.5575</p>	
<ul style="list-style-type: none"> ■ BoE announces reinvestment of upcoming maturities (Thu 07-Feb). ■ UK December industrial output tops forecast after weak quarter (Thu 07-Feb). ■ British official inflation steady at 2.7% in January (Tue 12-Feb). <p>As widely expected, the BoE maintained the official Bank Rate at 0.5% and kept the programme of asset purchases paused at £375 billion. However in an unusual move, the policy decision was accompanied by a statement. The central bank announced that it would reinvest the cash flow arising from £6.6 billion of gilts in its portfolio maturing in March. By doing so, it'll ensure the stock of asset purchases is not reduced and is kept unchanged at £375 billion. Beyond that, the MPC also talked about how to set policy in an environment of weak growth and stubborn inflation, and concluded that it should look through the temporary rise in inflation. The central bank also highlighted about downside risks to growth and the risks of derailing the recovery by removing the current policy stimulus more quickly.</p> <p>British industrial output rose a touch more than expected in December, ending its worst quarter since the start of 2009 with a glimmer of hope for a government desperate to avoid sliding back into recession. The broad indicator of output, which includes energy production and mining, grew 1.1% compared to a revised 0.2% rise in November and economists' forecasts for growth of 0.9%. Within that, manufacturing output climbed 1.6% on the month in December after a fall of 0.3% in November, the ONS said.</p> <p>British 12-month inflation stood at 2.7% in January for a record fourth month in a row, the longest period for which the CPI growth has remained unchanged. The CPI annual inflation grew by 2.7% in January 2013, unchanged for the fourth month in a row, the ONS said Tuesday. The CPI meanwhile fell by 0.5% in January on a month-on-month basis. Both the monthly and annual data were in-line with analyst forecasts. The Bank of England's government-set target rate for annual inflation stands at 2.0%.</p>		

Base Currency:	AUD	USD
Alternate Currency:	USD	AUD
Strike Price:	1.0450	1.0250
Spot Ref:	1.0346	
Tenor:	2 weeks	
Date:	13 Feb 2013	
Time:	10:45 hrs	
Resistance / Support:	1.0465	1.0250
Commentary:		



- Australia consumer confidence jumps to 26-month high (Wed 13-Feb).
- Australian bonds weaker as optimism returns (Wed 13-Feb).
- Miners warn Government over tax changes (Wed 13-Feb).

A measure of Australian consumer confidence surged to its highest in 26 months in February as people become more optimistic about the economy and their own finances, suggesting past interest rate cuts might finally be lifting spirits. The poll by the Melbourne Institute and Westpac Bank showed its index of consumer sentiment climbed 7.7% in February to 108.3 points, from January when it edged up 0.6%. The monthly increase was the sharpest since September 2011 and left the index up 7.2% on February last year. That said, confidence is still well below the levels recorded during the last easing cycle in 2008-09 which saw sustained readings of around 120.

The Australian bond market has opened weaker as a new bout of optimism about the global economy emerges. CMC Markets chief market strategist Michael McCarthy said risk assets such as commodities and base metals prices rose overnight. "There is a view that the growth that is coming back into the global economy means that stimulus is likely to be wound down sooner rather than later and that is not supportive of safe-haven assets like bonds". The G20, meeting in Moscow on Thursday and Friday, is expected to make a statement on countries that push down the value of their currencies to encourage economic growth.

The Minerals Council is warning that "all bets would be off" if there were further changes to the mining tax, amid growing pressure on the Government from the Greens and within Labour ranks to overhaul the policy. Council chief executive Mitch Hooke says the industry pays A\$20 billion a year in taxes and royalties, warning the Government against backing away from the agreement it signed with the country's three biggest miners - BHP Billiton, Rio Tinto and Xstrata. Ms Gillard says the Government has no plans to change the design of the tax, but pointed to negotiations between federal and state officials over how to deal with the issue of mining royalties. When the 2012-13 budget was handed down last year, the Government predicted it would raise A\$3 billion. Swan has blamed the shortfall on a "dramatic collapse" in commodity prices.

Base Currency:	NZD	USD
Alternate Currency:	USD	NZD
Strike Price:	0.8550	0.8350
Spot Ref:	0.8417	
Tenor:	2 weeks	
Date:	13 Feb 2013	
Time:	10:45 hrs	
Resistance / Support:	0.8565	0.8385
Commentary:		



- House prices slip from record in January, volume dips (Tue 12-Feb).
- NZ rate cut might cause NZ dollar buying: Finance Minister (Wed 13-Feb).
- Kiwi's relative value reaches 5½ year high (Wed 13-Feb).

New Zealand house prices eased from a record last month while the volume of sales had a seasonal dip compared to December. The national median house price fell 4.9% in January from December to NZ\$370,000 and was 4.2% higher than in January 2012. The median price in Auckland rose 8.1% from January last year. The REINZ Stratified House Price Index, which smoothes out peaks and troughs in median prices, fell 1% from December to be up 7.2% from the same month last year. Sales fell 14.3% from December to 4,933 and were up 21% from January 2012. Volumes typically ease in January, a month when many kiwis take a holiday.

New Zealand's currency could rise if the central bank were to cut interest rates in a bid to lower the exchange rate, the finance minister said on Wednesday. Bill English said a move by the Reserve Bank of New Zealand governor to cut the cash rate to lower the value of the currency might have the reverse effect. "The market might look at that...and say that means he's going to have to put them up further, later and that's a better bet on the New Zealand exchange rate, let's go buy kiwi dollar," Mr English said in reply to a question at a parliamentary committee looking at last December's half year economic and fiscal update.

The value of the kiwi relative to its major trading partners climbed to a 5½ year high as Finance Minister Bill English said he won't spend taxpayer money on intervention. The kiwi stayed higher versus the greenback after English also told reporters that trying to influence the currency's direction in the market would be the equivalent of fighting in a "war zone with a peashooter". Part of the reason why the kiwi is so strong is because New Zealand's economy is relatively better than many other economies.



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