

INDICATIVE RANGE FOR THE LAST TRADING DAY

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FX Rate	Open	High	Low	Close	Market Index	Open	High	Low	Close
EUR/USD	1.2729	1.2759	1.2681	1.2716	DOW JONES	12617.32	12722.63	12597.34	12598.55
USD/CHF	0.9435	0.9471	0.9414	0.9446	S&P 500	1330.78	1341.78	1324.79	1324.80
GBP/USD	1.5993	1.6000	1.5889	1.5910	NASDAQ	2904.67	2913.90	2872.25	2874.04
USD/JPY	80.18	80.55	80.16	80.33	DAX	6344.92	6442.97	6297.38	6384.26
AUD/USD	0.9937	0.9968	0.9871	0.9914	CAC	3017.42	3081.74	2998.03	3048.67
NZD/USD	0.7693	0.7701	0.7624	0.7643	NIKKEI	8865.78	8883.73	8756.07	8801.17
USD/CAD	1.0072	1.0133	1.0054	1.0122	TWSE	7376.71	7399.83	7234.57	7234.57
GOLD	1544.53	1552.20	1526.98	1539.58	HSI	19655.34	19655.34	19181.19	19259.83

Data Source: Bloomberg L.P.

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Stock / FX / Bond / Commodity

Hot News: Fed releases FOMC minutes

Federal Reserve releases minutes of last policy meeting

- Some Fed policymakers said a loss of momentum in growth or increased risks to their economic outlook could warrant additional easing
- However, deepening EU debt crisis dragged U.S. equities and major currencies lower, while funds flew into the U.S. Treasuries. Treasury yields dropped

Citi's View

- According to past experience, gold would be supported in the medium term as the Fed keeps interest rate low and maintains accommodative measures
- Technically, Spot gold/USD may find support at \$1,522/oz and resistance may exist at \$1,612

STOCK, BOND, COMMODITY & FX MARKET FOCUS

Market	Focus
US	<ul style="list-style-type: none"> • The S&P 500 slipped 0.4% to 1,324 yesterday. The Dow Jones Industrial Average dropped 0.3% to 12,598.
Asia	<ul style="list-style-type: none"> • Asian stocks declined as Greece's move to call new elections increased concern the country will leave the euro union. • The MSCI Asia Pacific ex Japan Index shed 3.1% to close at 401.
HK/China	<ul style="list-style-type: none"> • China's stocks retreated on speculation the nation's economic slowdown may deepen and Greece would exit the euro zone after failure to form a new government. • The Shanghai Composite Index lost 1.2% to close at 2,346. Hong Kong's Hang Seng Index plunged 3.2% to close at 19,259; the Hang Seng China Enterprises Index slumped 3.4% to close at 9,741.
Bond	<ul style="list-style-type: none"> • The 10-year U.S. Treasuries yield fell 1 basis point to close at 1.760%.
FX	<ul style="list-style-type: none"> • AUD depreciated as lower U.S. stocks yesterday heightened market risk. AUD/USD fell 0.2% to 0.9914 yesterday.
Commodity	<p>Crude Oil</p> <ul style="list-style-type: none"> • Oil fell to the lowest level in more than six months as U.S. supplies grew to the most since 1990 and talks to form a coalition government in Greece collapsed. • Crude oil futures trading on the New York Mercantile Exchange tumbled 1.2% to \$92.81 a barrel. <p>Spot Gold</p> <ul style="list-style-type: none"> • Gold eased as the Dollar Index extended a record-long rally amid concern Greece's financial crisis is worsening • Spot gold slid 0.3% to close at \$1,539.57 an ounce yesterday.

Daily FX & Market Commentary



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FX & Commodity Market Focus and Technical Analysis

Currency/ Commodity	Market Focus	Short Term Comment	Technical Analysis		
			0-3Mths Forecast	Support	Resistance
EUR/USD (EUR/HKD)	<ul style="list-style-type: none"> Euro fell after the European Central Bank said it will temporarily stop lending to some Greek banks. EUR/USD may test lower to 1.2624 (9.8088), and may face resistance at 1.3000 (10.1010). 	Bearish	1.3000 (10.1010)	1.2624 (9.8088)	1.3000 (10.1010)
USD/JPY (JPY/HKD)	<ul style="list-style-type: none"> Yen weakened as Japan's debt auction met with lukewarm demand. USD/JPY may test lower to 78.28 (99.2591), and may face resistance at 82.67 (93.8881). 	Bearish	81.00 (95.9259)	78.28 (99.2591)	82.67 (93.9881)
GBP/USD (GBP/HKD)	<ul style="list-style-type: none"> Sterling dropped as the Bank of England signaled an expansion of the QE program in its quarterly inflation report. GBP/USD may consolidate between 1.5820-1.6170(12.2921-12.5641). 	Neutral	1.5700 (12.1989)	1.5820 (12.2921)	1.6170 (12.5641)
USD/CHF (CHF/HKD)	<ul style="list-style-type: none"> Swiss franc trimmed gains amid mounting EU debt fears yesterday. USD/CHF may test higher to 0.9547 (8.1387), and may find support at 0.9139 (8.5020). 	Neutral	0.9200 (8.4457)	0.9139 (8.5020)	0.9547 (8.1387)
USD/CAD (CAD/HKD)	<ul style="list-style-type: none"> Loonie was suppressed as oil prices tumbled yesterday. USD/CAD may test upper to 1.0282(7.5569), and may find support at 1.0000(7.7700). 	Bullish	0.9900 (7.8485)	1.0000 (7.7700)	1.0282 (7.5569)
AUD/USD (AUD/HKD)	<ul style="list-style-type: none"> AUD depreciated as lower U.S. stocks yesterday heightened market risk. AUD/USD may range trade between 0.9861-1.0147(7.6620-7.8842). 	Neutral	1.0300 (8.0031)	0.9861 (7.6620)	1.0147 (7.8842)
NZD/USD (NZD/HKD)	<ul style="list-style-type: none"> NZD declined as market risk grew after U.S. equities dropped yesterday. NZD/USD may test lower to 0.7480(5.8120), and may face resistance at 0.7780(6.0451). 	Bearish	0.8200 (6.3714)	0.7480 (5.8120)	0.7780 (6.0451)
Crude Oil	<ul style="list-style-type: none"> Oil fell to the lowest level in more than six months as U.S. supplies grew to the most since 1990 and talks to form a coalition government in Greece collapsed. Crude oil futures trading on the New York Mercantile Exchange tumbled 1.2% to \$92.81 a barrel. 	Neutral	USD105	USD90	USD102
Gold	<ul style="list-style-type: none"> Gold eased as the Dollar Index extended a record-long rally amid concern Greece's financial crisis is worsening Spot gold slid 0.3% to close at \$1,539.57 an ounce yesterday. 	Neutral	USD1,675	USD1,522	USD1,612

NOTE:

- For illustration on technical analysis, please refer to the examples on the next page.
- The brackets are the exchange rates in terms of Hong Kong dollar, with HKD \$7.77 exchange rate for reference, and 1,000 yen per unit for JPY/HKD.

Gold to stabilize gradually

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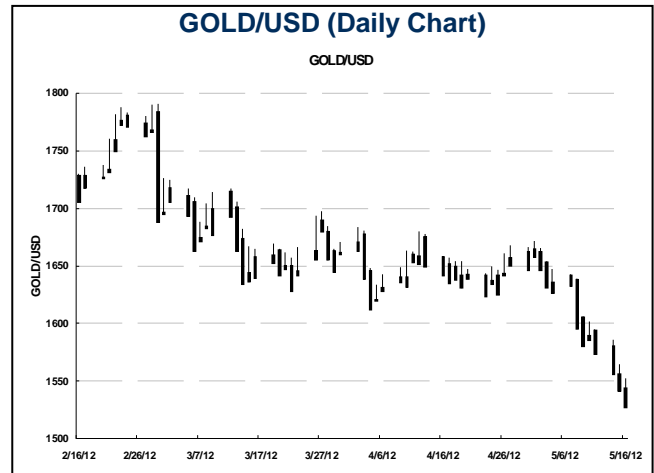
Fed expected to keep interest rate low:

- The FOMC minutes released yesterday showed that some Federal Reserve policymakers are open to further easing measures to stimulate the economy. Gold price may be supported
- Safe-haven demand for gold will likely increase as the financial crisis in Greece worsens

Cautious: Gold price may be restrained if the dollar appreciates

Spot Gold/USD Technical Analysis (Daily Chart):

- Spot Gold/USD may find support at \$1,522/oz
- Resistance may exist at \$1,612



Date as of May 16, 2012

Source: Bloomberg L.P.

AUD may trade range-bound

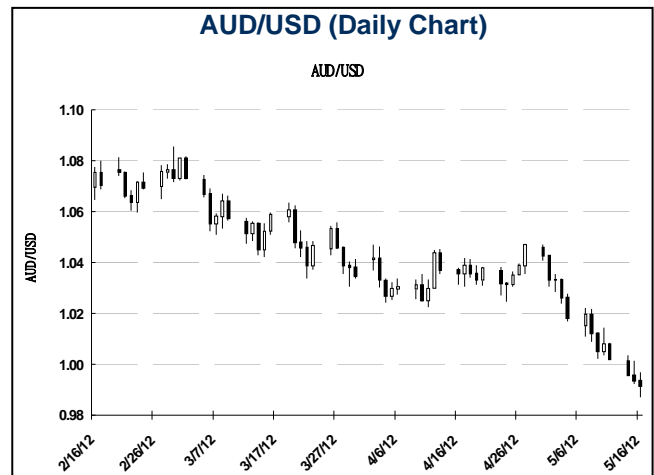
Market volatility likely be AUD-negative:

- Intensifying debt problems in Europe and concerns over China economic slowdown may weigh on AUD in the short term
- However, the currency may stabilize gradually as the minutes of the Reserve Bank of Australia's last meeting showed a rather neutral stance which is in line with expectations

Cautious: AUD may be undermined if the dollar rises

AUD/USD Technical Analysis (Daily Chart):

- AUD/USD may consolidate between 0.9861-1.0147(7.6620-7.8842)



Data as of May 16, 2012

Source: Bloomberg L.P.

Important economic figures (May 14, 2012 – May 18, 2012)

Date Time		Event		Actual	Survey	Prior
05/14/2012 06:45	NZ	Retail Sales Ex Inflation(QoQ)	1Q	-1.50%	-0.50%	1.80%
05/15/2012 09:30	AU	Reserve Bank Board May Minutes				
05/15/2012 15:00	EC	EU Finance Ministers Meet in Brussels				
05/15/2012 16:30	UK	Total Trade Balance (GBP/Mln)	MAR	-2739	-2900	-2948
05/15/2012 17:00	EC	Euro-Zone GDP s.a. (YoY)	1Q	0.00%	-0.20%	0.70%
05/15/2012 17:00	GE	ZEW Survey (Econ. Sentiment)	MAY	10.8	19.0	23.4
05/15/2012 20:30	US	Consumer Price Index (YoY)	APR	2.30%	2.40%	2.70%
05/15/2012 20:30	US	CPI Ex Food & Energy (YoY)	APR	2.30%	2.30%	2.30%
05/15/2012 20:30	US	Advance Retail Sales	APR	0.10%	0.20%	0.70%
05/15/2012 20:30	US	Retail Sales Less Autos	APR	0.10%	0.20%	0.80%
05/15/2012 21:00	US	Total Net TIC Flows	MAR	-\$49.9B	--	\$92.6B
05/16/2012 09:30	AU	Wage Cost Index YoY	1Q	3.60%	3.50%	3.60%
05/16/2012 16:30	UK	Jobless Claims Change	APR	-13.7K	5.0K	-5.4K
05/16/2012 16:30	UK	ILO Unemployment Rate (3mths)	MAR	8.20%	8.40%	8.30%
05/16/2012 17:00	EC	Euro-Zone CPI (YoY)	APR	2.60%	2.60%	2.70%
05/16/2012 17:30	UK	Bank of England Inflation Report				
05/16/2012 20:30	US	Housing Starts MOM%	APR	2.60%	4.70%	-2.60%
05/16/2012 20:30	US	Building Permits MOM%	APR	-7.00%	-4.50%	8.80%
05/17/2012 02:00	US	Minutes of FOMC Meeting				
05/17/2012 07:50	JN	GDP Annualized	1Q	--	3.50%	-0.70%
05/17/2012 20:30	CA	Int'l Securities Transactions	MAR	--	--	12.49B
05/17/2012 20:30	US	Initial Jobless Claims	MAY	--	--	367K
05/17/2012 22:00	US	Leading Indicators	APR	--	0.10%	0.30%
05/18/2012 20:30	CA	Consumer Price Index YoY	APR	--	1.90%	1.90%
05/18/2012 20:30	CA	Bank Canada CPI Core YoY	APR	--	1.90%	1.90%
18-20 MAY	CA	G-8 Summit, Camp David				

Source: Bloomberg L.P.
(K = Thousand, M = Million, B = Billion)

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