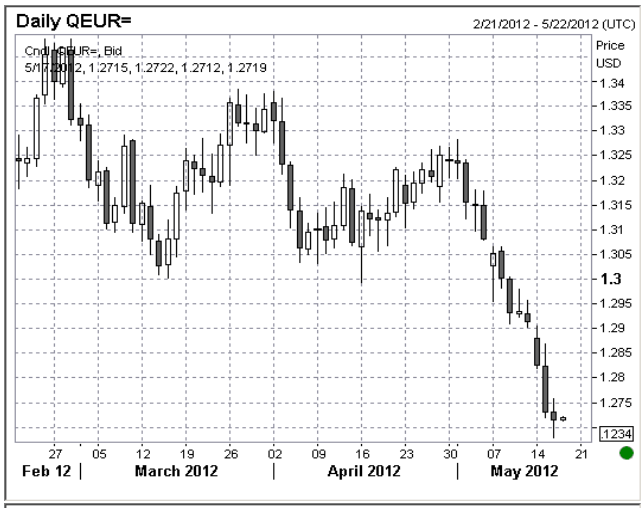
大新銀行
DAH SING BANK

Daily Market Commentary 17 May 2012

EUR/USD

Comment	Prior Close	Prior High	Prior Low
EUR Underperform	1.2715	1.2759	1.2679
Support	**Resistance**	**52W High**	**52W Low**
1.2600	1.3000	1.4939	1.2623

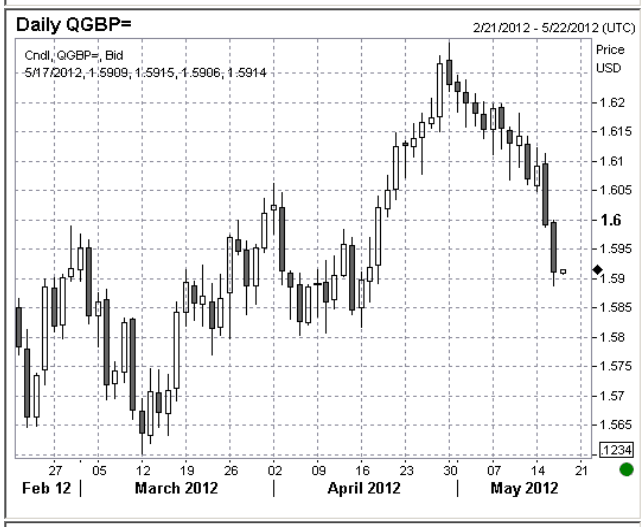
Market Review: The euro, which has lost more than 4% so far this month, dropped to a four-month low against greenback on Wednesday after the European Central Bank said it temporarily stop lending to some Greek's banks as they are severely undercapitalized. Political instability in the euro region also sent Spanish and Italian government bond yield higher as investors feared that the exit of Greece could set a precedent for other highly indebted nations.



GBP/USD

Comment	Prior Close	Prior High	Prior Low
GBP Underperform	1.5910	1.5999	1.5887
Support	**Resistance**	**52W High**	**52W Low**
1.5800	1.6200	1.6745	1.5233

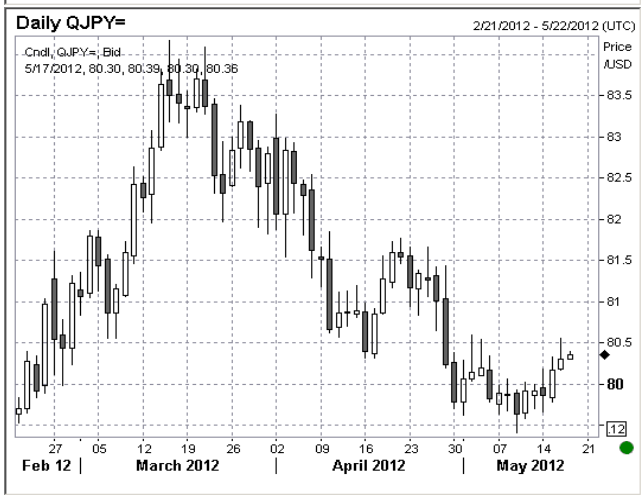
Market Review: Sterling fell the most in a month against the dollar while U.K. gilt yields dropped to records after the Bank of England said domestic growth was likely to remain subdued in the near term as the U.K. faced threats from the euro region's storm. Meanwhile, data showed U.K. unemployment dropped unexpectedly, with claimant count measure of U.K. unemployment showing a fall of 13.7K during April, while umemployment rate dropping to 8.2% in March from 8.3%.



USD/JPY

Comment	Prior Close	Prior High	Prior Low
JPY Neutral	80.30	80.55	80.17
Support	**Resistance**	**52W High**	**52W Low**
79.20	82.00	84.17	75.35

Market Review: With risk appetite sharply dampened, global investors flee to safe havens, helping the dollar index advance to 81.573, the highest since mid-January. The U.S. dollar also outperformed against the Japanese yen, rising to a two-week high of 80.55, holding above the 2-1/2 month low of 79.42 hit earlier last week, after data showed U.S. housing starts rose more than expected in April. The euro was last at 102.09 yen, having hit 101.88, its weakest since mid-February.



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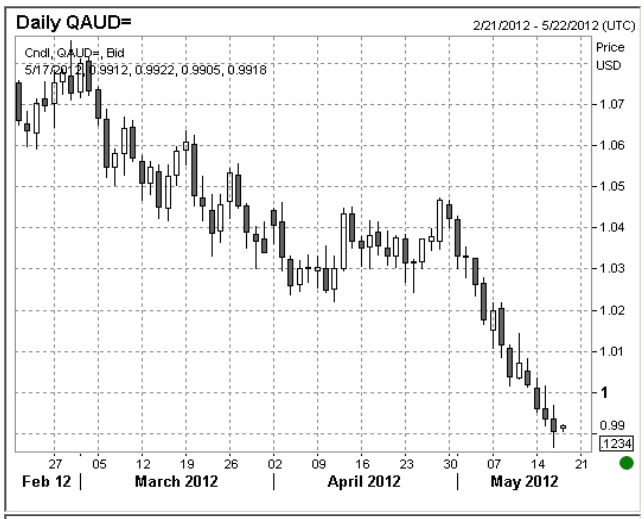
AUD/USD

Comment	Prior Close	Prior High	Prior Low
AUD Neutral	0.9906	0.9968	0.9866
Support	**Resistance**	**52W High**	**52W Low**
0.9860	1.0150	1.1080	0.9386

Market Review: The Australian dollar slid further on Wednesday, touching fresh five-month lows against the greenback $0.9866 as global economic outlook remains bleak, despite minutes of the latest U.S. Federal Reserve meeting suggested some members considered more stimulus for the economy. Meanwhile, the Aussie managed to fare better than its New Zealand, advancing to two-month highs of NZ$1.2991, with strong resistance seen at NZ$1.3060, its strongest since 6 March 2012.



NZD/USD

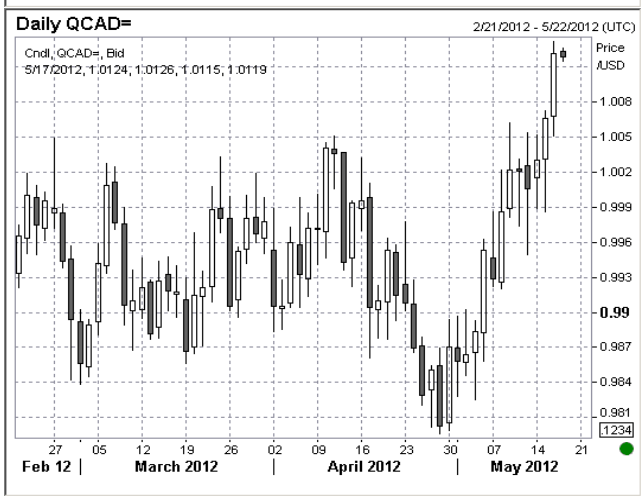
Comment	Prior Close	Prior High	Prior Low
NZD Neutral	0.7642	0.7696	0.7620
Support	**Resistance**	**52W High**	**52W Low**
0.7600	0.7950	0.8840	0.7367

Market Review: New Zealand's dollar remains in a relatively weak footing against the dollar, falling for a fourth straight session to a daily low $0.7620, suffering from a toxic mix of heightened global risk aversion and weakening domestic fundamentals. Its recent drop has all but wiped out hefty gains made earlier this year and the currency has fallen close to 10% from its late February peak of $0.8471.

USD/CAD

Comment	Prior Close	Prior High	Prior Low
CAD Neutral	1.0122	1.0132	1.0051
Support	**Resistance**	**52W High**	**52W Low**
0.9950	1.0200	1.0657	0.9403

Market Review: Canada's dollar slid against its U.S. counterpart on Wednesday as broader uncertainty over Greece's future weighed on risky assets, after the ECB said it will stop providing liquidity to some Greek banks to limit its risks, adding to speculation that the nation will be forced to exit the euro zone. The loonie weakened to C$1.0132, its weakest level since January 25, though a report showed Canadian factory sales rose at the quickest pace in six months as oil refineries increased output.



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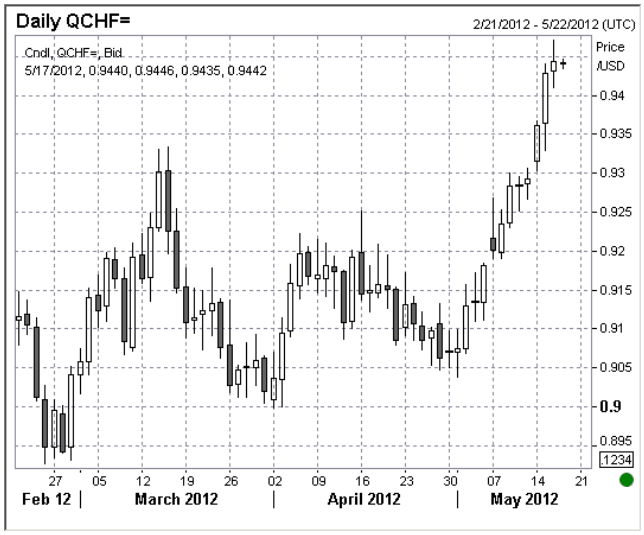
USD/CHF

Comment	Prior Close	Prior High	Prior Low
CHF Underperform	0.9444	0.9471	0.9410
Support	**Resistance**	**52W High**	**52W Low**
0.9100	0.9600	0.9594	0.7085

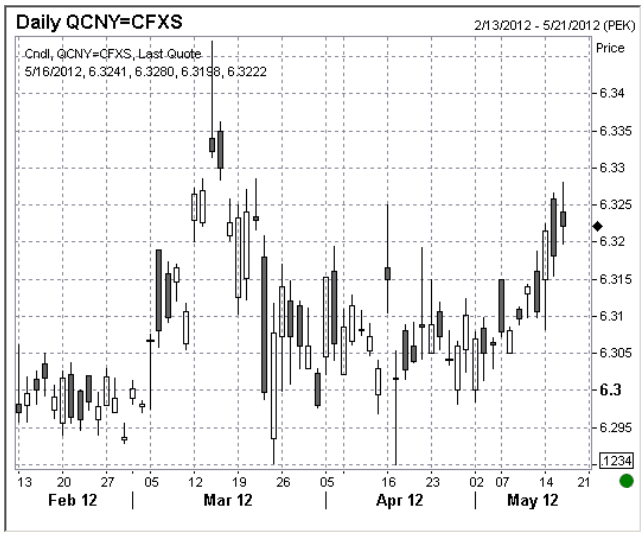
Market Review: The Swiss franc tracked the euro lower against the dollar to 0.9444 compared to a New York close of 0.9429, a drop of 0.16% for the session. A report on Wednesday showed the Swiss ZEW sentiment fell by 6.1 points to -4.0 in May, pointing to the lasting dampening effect exerted by the deepening euro crisis. After breaking through the 0.9320/40 resistance area, technical analysts expect the January peak of 0.9595 will be the focus, though the currency pair could encounter resistance around the 0.9450/70 region.



USD/CNY

Comment	Prior Close	Prior High	Prior Low
CNY Neutral	6.3222	6.3280	6.3198
	Previous Fixing	**52W High**	**52W Low**
	6.3205	6.5098	6.2884

Market Review: China's yuan closed lower at 6.3222 on Wednesday, hitting a recent session low 6.3280, as the People's Bank of China engineered its mid-point at 6.3205, 95 pips or 0.15% weaker compared to Tuesday's fix of 6.3110. Offshore yuan forward, known as NDFs, declined to its weakest level this year, falling 0.21% to 6.3938, the biggest drop in more than two months as worries about an economic slowdown in the world's second largest economy is likely to alter its prospects for appreciation in the near term.



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