



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3400	1.3050
Spot Ref:	1.3253	
Tenor:	2 weeks	
Date:	08 Feb 2012	
Time:	11:00 hrs	
Resistance / Support:	1.3384	1.3086
Commentary:		



- Eurozone loses patience with Greece (Sun 05-Feb).
- EU: Sentix Investor Confidence rises more than expected in February (Mon 06-Feb).
- Greek trade unions call strike as EU pressures Greece on debt; strike stops train and ferry services (Tue 07-Feb).
- Greece, Troika work on final rescue draft (Tue 07-Feb).
- ECB Refinancing Rate expected to remain unchanged (Thu 09-Feb, SGT 20:45 hr).

Market research firm Sentix reported Monday that the Eurozone investor confidence index rose 10 points, improving significantly better than the -14.3 expected, to -11.1 points in February, following a drop to -21.1 points in January. Sentix said the ECB release of low-cost loans helped boost market confidence.

Eurozone ministers had hoped to meet on Monday to finalize the €130 billion Greek bailout which has to be in place by 20-March if Athens is to avoid a chaotic default. But the meeting was postponed because of Greek reluctance to guarantee it would implement and commit to reforms needed to secure the financing package. Instead, the ministers held a conference call on Saturday, and conveyed a strong message of impatience to the Greeks that "enough is enough".

Greek trade union leaders called a general strike on Tuesday, as embattled Greek Prime Minister Lucas Papademos faced growing pressure from EU leaders to adopt tough new austerity measures. While the ECB is unlikely to change its refinancing rate of 1.0% at tomorrow's policy meeting, markets will be closely scrutinizing President Draghi's post-meeting press conference for any comments to prepare the markets for an interest rate cut in March as well as the ECB's position on the Greek developments.

The euro rallied, hitting an 8-week high, after Greece appeared to be close to terms on a bailout. A government official said Athens was drafting a list of painful reforms needed to clinch a new financial package, moving Athens a step closer to a deal that is needed to avoid a chaotic debt default. A meeting of Greek political leaders was postponed until Wednesday because a draft of the bailout's terms was still not available. The market is expecting a Greek deal, so there's greater optimism overall.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5950	1.5650
Spot Ref:	1.5900	
Tenor:	2 weeks	
Date:	08 Feb 2012	
Time:	11:00 hrs	
Resistance / Support:	1.5945	1.5778
Commentary:		



- BoE Monetary Policy Committee (MPC) expected to embark on GBP 50 billion of QE and keep rates unchanged (Thu 09-Feb, SGT 20:00 hr).
- Retailers hit by second worst January on record (Mon 06-Feb).
- Permanent jobs rise for first time in 4 months (Wed 08-Feb).

The BoE's MPC is forecast to increase its quantitative easing (QE) program by GBP 50 billion to GBP 325 billion on Thursday in a bid to stave off a recession, while it will also hold interest rates at record lows of 0.5%, despite signs that the UK's financial health may be starting to improve. Many economists had previously expected the MPC to inject an even greater sum into the economy but surprisingly upbeat industry surveys for January have forced some to revise down their estimates.

British retailers suffered their second weakest January since records started in 1995 as shoppers reined in spending after splashing out on December discounts, a British Retail Consortium survey showed on Tuesday. The value of retail sales was 0.3% lower year-on-year after a 2.2% year-on-year rise the previous month. Year-on-year sales comparisons also suffered because January 2011 saw unusually strong growth after heavy snow in December 2010 caused many purchases to be deferred.

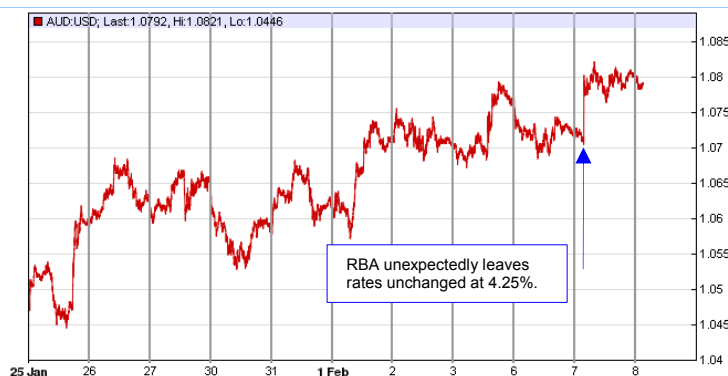
British employers expanded their permanent workforce for the first time in four months in January, a survey of recruitment agencies said on Wednesday, adding to signs that the economy may be improving. The Recruitment and Employment Confederation (REC) said their monthly index of permanent staff placements rose to 51.2 from 48.5, the first reading above the 50 line separating growth from contraction since September. The Report on Jobs also follows better than expected services data from the Purchasing Managers' Index last Friday, which suggests that confidence is growing amongst consumers as well as businesses.

Base Currency: AUD USD  
Alternate Currency: USD AUD  
Strike Price: 1.0900 1.0650  
Spot Ref: 1.0792  
Tenor: 2 weeks

Date: 08 Feb 2012  
Time: 11:00 hrs

Resistance / Support: 1.0888 1.0666

Commentary:



- IMF: China growth may be halved if Europe crisis worsens (Mon 06-Feb).
- RBA unexpectedly leaves rates unchanged at 4.25% (Tue 07-Feb).
- Aussie dollar touches 1.0823, a 6-month high (Tue 07-Feb).

Based on the IMF's "downside" forecast for China's economy, China's growth could drop by as much as 4% from the current 8.2% projection for 2012. The outlook expands on the IMF's warning last month that the world could plunge into another recession if Europe's woes deepen. It also revised China's GDP growth to 8.8% for 2013. The Aussie dollar which is very sensitive to news from China, its key export market and a major influence on commodity prices, dipped on Monday.

Australia's economic dependence on China is often overstated. As China's growth slowed in the fourth quarter of 2011, Australian Bureau of Statistics data show that the value of exports to China still managed to increase. The same was true in 2009. Australia's terms of trade did fall, but only by a small margin, and this was mostly attributable to a rise in import prices, not a fall in export prices.

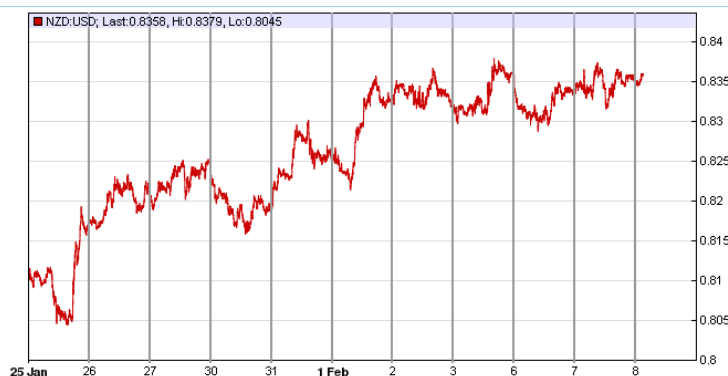
RBA policy makers unexpectedly left interest rates unchanged at 4.25% and signalled optimism that global economic growth will strengthen. "With growth expected to be close to trend and inflation close to target, the board judged that the setting of monetary policy was appropriate for the moment", Stevens said in a statement accompanying the decision. "The Board will continue to monitor information on economic and financial conditions and adjust the cash rate as necessary to foster sustainable growth and low inflation". The Aussie dollar jumped more than one cent to a six-month high after the RBA announcement. Market players had expected a 25 basis point cut due to global growth concerns and a benign inflation environment.

Base Currency: NZD USD  
Alternate Currency: USD NZD  
Strike Price: 0.8500 0.8250  
Spot Ref: 0.8358  
Tenor: 2 weeks

Date: 08 Feb 2012  
Time: 11:00 hrs

Resistance / Support: 0.8506 0.8247

Commentary:



- New Zealand economic outlook has deteriorated, Treasury says (Tue 07-Feb).
- Detailed growth forecasts (to be published by the Treasury on Thu 16-Feb).
- New Zealand Employment and Unemployment Rate (Thu 09-Feb).

New Zealand's economic prospects have worsened since forecasts were published in November amid the escalation of Europe's debt crisis, the Treasury Department said on Tuesday. While the outlook isn't yet near a downside scenario included in the November update, "the risk of something as bad as it occurring has risen". Europe's crisis may curb global sentiment and demand for New Zealand's exports, which make up 30% of the economy. The recovery is being slowed by a rise in household saving and a delay in the acceleration of rebuilding in earthquake-damaged Christchurch until late 2012.

The Treasury Department said revisions to GDP figures published in December suggest the economy's potential output is lower than it had estimated. The economy probably expanded 0.6% in the quarter ended December 2011. Central bank Governor Alan Bollard last month said growth in 2012 isn't likely to reach the 3% pace he forecast in December, because the Christchurch rebuild won't start "in earnest" until 2013.

Employment is expected to increase another 0.4% in Q4 of 2011, and the ongoing improvement in the labour market may increase the appeal of the kiwi as the development raises the prospects for a rate hike. However, the Kiwi has staged a nice rally against the US dollar in recent weeks, but it looks a bit stretched. Following the less hawkish RBNZ statement and outlook, a weaker-than-expected employment report could offer another reason for the RBNZ not to be in a hurry to hike rates.

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