



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3350	1.3050
Spot Ref:	1.3219	
Tenor:	2 weeks	
Date:	22 Feb 2012	
Time:	11:15 hrs	
Resistance / Support:	1.3350	1.3138
Commentary:		



- EU reaches agreement on Greece Bailout (Tue 21-Feb).
- Troika to have enhanced and permanent surveillance presence in Athens (Tue 21-Feb).
- Greece bailout deal gets underwhelming response as doubts mount over implementation of draconian austerity measures (Tue 21-Feb).

After a marathon 13 hours of talks eurozone finance ministers have finally struck a deal for Greece's second bailout package that would resolve Athens' immediate repayment needs but seems unlikely to revive the nation's shattered economy. The programme aims to cut the struggling country's debts to 120.5% of GDP by 2020. Greek debt currently sits at around 160% of GDP. Negotiators for private bondholders had offered to accept a bigger loss to help plug the funding gap.

The deal includes "an enhanced and permanent" surveillance presence in Athens by the so-called Troika to observe implementation of promised reforms. In return for the rescue package and a private creditor debt write-off worth around €107 billion, the Greek government made major reform pledges. Greece desperately needed the rescue package agreement to avoid a calamitous default next month when a €14.5 bond issue comes due.

Market reaction to the bailout was muted as investors believe that the accord has merely bought time. They fear that the Greek government will be defeated in a general election that is expected in April and a new government, under pressure from continual strikes, rioting and protests may be unable to implement the agreed draconian austerity measures. Many economists and political commentators believe that the latest deal buys time and that eventually Greece will default, leave the euro and devalue.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5900	1.5600
Spot Ref:	1.5776	
Tenor:	2 weeks	
Date:	22 Feb 2012	
Time:	11:15 hrs	
Resistance / Support:	1.5829	1.5719
Commentary:		



- London house prices surge to near record as supply shortage helps sellers (Mon 20-Feb).
- Office for National Statistics (ONS) – UK Retail Sales unexpectedly increased in January (Fri 17-Feb).
- ONS: UK posts biggest budget surplus in 4 years as cuts take effect (Tue 21-Feb).
- UK Q4 Preliminary GDP data likely unchanged from Advance Estimates on 25-Jan (to be released Fri 24-Feb, 17:30 SGT).
- BoE minutes of the February 8-9 MPC meeting (Wed 22-Feb).

Asking prices for London homes rose to close to a record in February, helping push national values up the most in almost a decade, Rightmove Plc said. Average asking prices in London rose 2.5% from January to £449,252, less than £1,000 below the record reached in October. Prices in England and Wales rose 4.1% on the month, the most since April 2002. Nationally, home prices rose 1.4% in January from a year ago. The southeast led the increase, up 6.9% with London prices up 4.3% from a year ago.

While Britain's economy shrank 0.2% in the fourth quarter and unemployment held at a 16-year high of 8.4%, UK retail sales unexpectedly rose for a second month in January. Sales including fuel rose 0.9% from December against expectations of a 0.3% decline. Meanwhile, manufacturing returned to growth in January and expansion in services accelerated. The figures suggest that a recovery in high street spending is gaining momentum.

Britain posted the biggest budget surplus in four years in January as Chancellor of the Exchequer George Osborne's spending cuts continue to take effect. Revenue exceeded spending by £7.75 billion, compared with a surplus of £5.2 billion a year earlier. Tax revenue rose 2.8% from a year earlier and spending increased 1.6%. January is the biggest month of the year for tax collection of the year for the government.

The minutes of the February 8-9 BoE MPC meeting due today is likely to show all members agreeing to maintain the official Bank Rate at 0.5% and extending the BoE's programme of asset purchases. Whilst it is likely that dovish member Adam Posen is seen requesting to a bigger volume of QE than the £50 billion announced; the tone of the minutes should be less dovish in view of the fact that the economic environment at the time of the meeting was looking slightly better than at the time of the October meeting when the first round of QE2 was announced.

Base Currency: AUD USD
Alternate Currency: USD AUD
Strike Price: 1.0850 1.0550
Spot Ref: 1.0641
Tenor: 2 weeks

Date: 22 Feb 2012
Time: 11:15 hrs

Resistance / Support: 1.0800 1.0600

Commentary:



- RBA sees scope for further rate cuts (Tue 21-Feb).
- Wages growth is restrained – Hourly pay rates rises 0.9% in Dec quarter (Wed 22-Feb).
- Westpac survey: Economic outlook remains weak (Wed 22-Feb).

The RBA said it has scope to ease monetary policy if needed, after keeping the benchmark interest rate unchanged this month as risks in Europe abated, minutes of its February 7 meeting showed. The Aussie dollar fell after the minutes showed the RBA is maintaining "an easing bias". Governor Glenn Stevens and his board noted in the RBA minutes that last quarter's rate cuts "had been passed through to most lending rates in the economy, which were now around average levels".

Wages rose faster than expected in the December quarter, but not fast enough to trouble Australia's reserve bank, economists say. Total hourly rates of pay, excluding bonuses, rose 0.9% in the December quarter, Australian Bureau of Statistics (ABS) figures released today show. The median market forecast was for a rise of 0.8%. The wage price index was 3.7% higher than a year earlier, according to a trend estimate. Although the wages growth was slightly higher than expected, it would not put significant pressure on inflation.

The outlook for the Australian economy improved slightly towards the end of 2011, but remains weak, a survey shows. The Westpac/Melbourne Institute Leading Index, which indicates the likely pace of economic activity three to nine months into the future, was 2.3% in December, up from 1.8% in November. However, the index remains below its long-term trend of 3.0%.

Base Currency: NZD USD
Alternate Currency: USD NZD
Strike Price: 0.8450 0.8200
Spot Ref: 0.8321
Tenor: 2 weeks

Date: 22 Feb 2012
Time: 11:15 hrs

Resistance / Support: 0.8436 0.8238

Commentary:



- 1st anniversary of devastating Christchurch earthquake – PM John Key committed to rebuilding Christchurch (Wed 22-Feb).
- Christchurch wooing tourists, asking businesses to tap NZ\$30b rebuilding efforts (Business Times, Wed 22-Feb).
- National Bank of New Zealand (NBNZ) survey – NZ Q4 growth likely to be modest (Tue 21-Feb).

Bereaved families attending the service one year after the disastrous 6.3-magnitude quake that killed 185 people were told the Government is committed to rebuilding this "great city". Christchurch was changed forever at 12.51pm, when the quake destroyed its CBD and its infrastructure. It is still struggling to recover from that dark day.

There are "tremendous opportunities" for companies as Christchurch continues its massive NZ\$30 billion reconstruction efforts, said the city's mayor Bob Parker in a visit to Singapore. He said that there were many lucrative opportunities in sectors such as agriculture, electronics, tourism and services, among others.

New Zealand's economy probably posted modest growth in the fourth quarter with improving activity seen in more regions, a survey from the NBNZ showed. The bank's regional trends survey, seen as a rough pointer to GDP, showed activity rose 0.2% in the three months to December 31. The survey said weaker commodity prices, soft consumer sentiment, flat labour and housing markets, and modest job growth countered strong retail sales and the benefit of low interest rates. Official fourth quarter GDP data is due on March 22, with early forecasts around 0.6%.

The Reserve Bank of New Zealand has held its cash rate at a record low of 2.5% since April last year, and has indicated that rates are likely to stay there for now because of global uncertainty and modest domestic demand.

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