



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3400	1.3000
Spot Ref:	1.3259	
Tenor:	2 weeks	
Date:	21 Mar 2012	
Time:	15:50 hrs	
Resistance / Support:	1.3333	1.3050
Commentary:		



- IMF approves second rescue loan for Greece; Euro strengthens (Thu 15-Mar).
- Global economy now in better shape, says IMF (Tue 20-Mar).
- International creditors wary of Greek risks (Tue 20-Mar).

The IMF executive board authorised a four-year, 28 billion euro (US\$36.7 billion) loan for Greece "in support of the authorities" economic adjustment programme, joining the European Union again in an attempt to save the country from bankruptcy. Eurozone ministers signed off on their part of a huge 237 billion euro rescue plan for Greece, that combines 130 billion euros in new financing and 107 billion euros of debt reduction by the private sector.

The global economic situation is in a better shape than three months ago but there are still some challenges that need to be overcome, IMF managing director Christine Lagarde said on Tuesday. Lagarde said there are still some vulnerabilities and fragile zones that need to be tackled.

Greece's international creditors see "significant risks" that the country might fail to bring down its debt burden within targets, meaning it would require more rescue loans. "Authorities may not be able to implement reforms at the pace envisioned," said the report by the IMF, EC and ECB. The Greek program could lower debt to 116.5% of GDP by 2020, but the minimum target set by the bailout creditors is 120.5% by 2020. On top of concerns that reforms are too slow, the Greek economy faces a grim outlook. It is in its fifth year of recession and would need to recover before debt reduction plans can have much effect.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6000	1.5600
Spot Ref:	1.5885	
Tenor:	2 weeks	
Date:	21 Mar 2012	
Time:	15:50 hrs	
Resistance / Support:	1.5990	1.5632
Commentary:		



- Minutes of BoE MPC meeting (Wed 21-Mar, 09:30 GMT).
- UK 2012 Budget (Wed 21-Mar).

The minutes of the March 7-8 BoE MPC meeting are published at 0930GMT, and are likely to reveal unanimity among the members in the decision to maintain the current programme of BoE asset purchases at GBP325bn. There is however a chance of one or two members (namely Miles and Posen) requesting further QE. Meanwhile, all members are likely to have agreed to keep the official Bank Rate steady at 0.5%, for the third year running.

British finance minister George Osborne looks set to divert attention from the country's limp economy with politically driven tax measures in Wednesday's budget, aiming to appease both parties in the ruling coalition and keep financial markets onside.

Osborne's November statement showed the Conservative-Liberal Democrat coalition's deficit plans were close to crumbling, adding two more years of austerity after the 2015 election and pointing to a much slower recovery than they expected when they took power in 2010. Ratings agencies have warned Britain that it could be downgraded, with apparently only Osborne's unwavering determination to cut the deficit keeping them away for now.

Base Currency: AUD USD  
Alternate Currency: USD AUD  
Strike Price: 1.0700 1.0350  
Spot Ref: 1.0511  
Tenor: 2 weeks

Date: 21 Mar 2012  
Time: 15:50 hrs

Resistance / Support: 1.0669 1.0370

Commentary:



- China increases Fuel Prices second time in two months (Tue 20-Mar).
- RBA: Ample space to cut rates (Tue 20-Mar).
- Australia's growth rate to slow as demand for mining and energy cools (Wed 21-Mar).

China, the world's largest oil consumer after the US, increased gasoline and diesel prices for the second time in less than six weeks after crude had its biggest monthly gain in a year. China's biggest refiners, Sinopec and PetroChina, have urged the government to increase fuel prices to stem their processing losses amid rising global crude costs. After controlling tariffs last year to curb inflation, the government now has more room to manoeuvre after consumer prices grew at the slowest pace in 20 months. Fuel charges last increased on Feb 8, by 300 yuan a ton, the first gain in 10 months. Prices were increased by a further 600 yuan a metric ton on Tuesday midnight.

The risk-off tone impacted the AUD on fears that the Chinese economy might be slowing more than generally appreciated.

The minutes of the March 6 RBA board meeting revealed that the Bank was a little more comfortable with its "onhold" decision earlier this month than it had been a month before. The Bank added, though, that so long as inflation remained well contained, there would be ample scope for it to ease policy. The RBA kept its cash rate at 4.25% for a second month at its March meeting, but left the door open to further easing if necessary. It had lowered rates by a total of 50bp back in November and December.

Australia's mineral and energy exports will rise at a slower pace of 4.6% to A\$208.3 billion over the next fiscal year, weighing on the resource-rich nation's economic growth. The value of exports this fiscal year ending June 30 is expected to jump 11% to A\$199.17 billion, according to forecasts issued by the Bureau of Resources and Energy Economics, also known as Bree, in its Resources and Energy Quarterly publication.

Base Currency: NZD USD  
Alternate Currency: USD NZD  
Strike Price: 0.8300 0.8050  
Spot Ref: 0.8206  
Tenor: 2 weeks

Date: 21 Mar 2012  
Time: 15:50 hrs

Resistance / Support: 0.8310 0.8085

Commentary:



- China's demand for iron ore cools (Tue 20-Mar).
- NZ current account deficit shrinks as expected (Wed 21-Mar).

Record high levels of dairy exports after a bumper grass growing season have seen the current account deficit shrink about NZ\$800 million to NZ\$2 billion in the December quarter. ANZ Bank economists said the annual current account deficit of \$8.3 billion - the equivalent of 4% of GDP - was in line with market expectations. Future deficits were expected to be capped at about 5% of GDP, as New Zealanders continued to pay off debt.

New Zealand's ongoing current account deficits have led to a build-up of net international liabilities, mainly in the form of debt borrowed from overseas to fund the deficits. At the end of December, New Zealand's international liabilities exceeded its assets by NZ\$147.0 billion (71.9% of GDP), compared with NZ\$146.2 billion at September 30.

The kiwi dollar rose against the greenback today as currency markets retraced up from the lows seen overnight. The kiwi had fallen on news that Chinese demand for iron ore had stalled because China is one of the world's biggest consumers of New Zealand raw materials, and Australia's. The aussie dollar also dipped for the same reason.

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