



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3350	1.3100
Spot Ref:	1.3223	
Tenor:	2 weeks	
Date:	02 May 2012	
Time:	11:00 hrs	
Resistance / Support:	1.3300	1.3180
Commentary:		

■ S&P downgrade Spain to BBB+ (Thu 26-Apr). ■ Euro stays stable as Spanish economy shrinks less than expected (Mon 30-Apr).
 ■ Eurozone Manufacturing PMI expected to weaken (Wed 02-May, 16:00 SGT). ■ Eurozone Unemployment Rate likely to creep higher (Wed 02-May, 17:00 SGT).
 ■ ECB interest rate decision; economists expect rates unchanged at 1% (Thu 03-May, 12:45 GMT).
 ■ Greek elections, French elections (Sun 06-May).

S&P downgraded Spanish sovereign debt, cutting it from A to BBB+, saying it also expected the country's economy to contract 1.5% during 2012 and 0.5% in 2013. A further downgrade was possible should Spain's net general government debt rise above 80% of GDP between now and 2014. Spain's economy contracted 0.3% in Q1 when compared to Q4 2011, smaller than the -0.4% markets had expected, and is officially in a recession. The Euro remained largely unaffected by the data.

In the industrialized economies, there will also be several important data releases today, including March manufacturing PMI for Italy, France, Germany and Euro-area (all on 02-May) and Eurozone unemployment rate for March which is expected to creep higher to 10.9% (from 10.8% in February).

The Greek elections on 6-May will be contested by the greatest number of parties in any vote since the end of the military dictatorship in 1974. European Commission President Barroso announced that the EU intends to impose on the next Greek government additional budget cuts and extensive privatisation, affecting such sectors as the electric power company, and the liberalization of markets. Moreover, Barroso announced government-imposed wage cuts in the private sector of at least 15% by 2014.

The 6-May runoff in the French elections will be between the Socialist frontrunner François Hollande and the centre-right incumbent, Nicolas Sarkozy. The result will obviously have far-reaching consequences for France, and maybe also within Europe: a Hollande victory could set Paris on a collision course with Berlin over Germany's unbending insistence on continued tough eurozone austerity.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6400	1.6100
Spot Ref:	1.6226	
Tenor:	2 weeks	
Date:	02 May 2012	
Time:	11:00 hrs	
Resistance / Support:	1.6310	1.6180
Commentary:		

■ UK in double-dip recession as economy shrinks 0.2% in Q1 (Wed 25-Apr).
 ■ British consumer confidence at its highest in nine months (Thu 26-Apr).
 ■ UK manufacturing PMI loses steam in April as euro zone slowdown weighs (Tue 01-May).

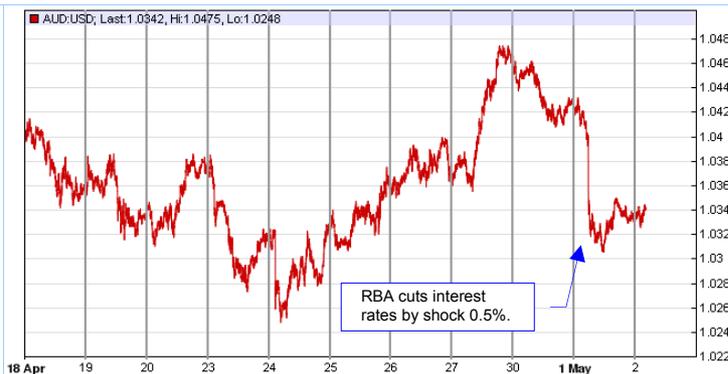
The UK economy shrank in Q1 as construction output slumped, pushing Britain into its first double-dip recession since the 1970s. GDP contracted 0.2% from Q4 of 2011, when it shrank 0.3%. The economy was unchanged from a year earlier. The fall in GDP in Q4 was due to a 3% drop in construction, the most since Q1 of 2009, and a 0.4% decline in industrial production. Manufacturing contracted 0.1%. Services, the largest part of the economy, expanded by 0.1%, boosted by transport, storage and communication. Rising energy prices, government spending cuts and anaemic wage growth are squeezing consumers, creating a drag on the recovery.

Consumer confidence rose to a nine-month high in March, according to Nationwide Building Society, which said the improvement may not be sustained as the economy shrinks. An index of sentiment climbed to 53, the highest since June, from 44 in February. A gauge of consumers' expectations for the economy jumped 13 points to 73.

The pound strengthened for a second week versus the dollar on speculation the Bank of England will pause its stimulus program even after the UK slipped back into recession. Against the greenback, the pound rose to the highest since September after the advance reading of US Q1 GDP slowed to a 2.2% annual rate.

The Markit/CIPS Manufacturing PMI dropped to 50.5 in April from a downwardly revised 51.9 in March, the lowest since December, falling short of forecasts for a dip to 51.5. The economic slowdown in the eurozone curbed demand for goods made in Britain. The sharp slowdown will also fuel a debate over the chances of further monetary stimulus from the BoE, after it hinted that they might not extend their asset purchases later this month given a raft of stronger economic data and sticky inflation.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 1.0450 1.0250
 Spot Ref: 1.0342
 Tenor: 2 weeks
 Date: 02 May 2012
 Time: 11:00 hrs
 Resistance / Support: 1.0433 1.0280
 Commentary:



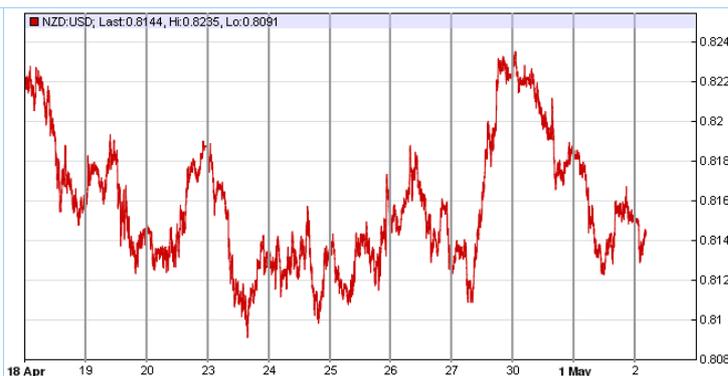
- New home sales down to lowest level in 10 years; sector urges RBA rate cut (Mon 30-Apr).
- RBA shocks with 0.5% interest rate cut to boost economy (Tue 01-May).
- Official Manufacturing PMI in China hits 13-month high (Tue 01-May).

Australia's housing sector on Monday called on the RBA to deliver a 50 basis point interest rate cut after a survey showed new home sales have fallen to their lowest level in more than a decade. The Housing Industry Association says new home sales dropped 9.4%, seasonally adjusted, in March 2012, their lowest level in more than 10 years. The survey revealed Queensland suffered the biggest decline with new home sales down 15.3%, Western Australia, down 12%, and New South Wales, down 9.7%.

The RBA cut interest rates more than expected because economic conditions were "somewhat weaker" than forecast. It cut its key rate to 3.75% from 4.25%. Most analysts were expecting a 0.25% cut. There have been increasing signs that Australia's economy is being hit by a slowdown in global growth and demand for its resources. It added that inflation had also moderated in recent months; consumer prices grew by an annual rate of 1.6% in Q1, compared with a rate of 3.1% in the previous quarter.

China's manufacturing activity rose in April to a 13-month high, official data showed Tuesday, indicating China's economy may have bottomed out in the second quarter. The official Manufacturing PMI rose to 53.3 from 53.1 in March, its fifth consecutive month of expansion, the China Federation of Logistics and Purchasing said.

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.8300 0.8050
 Spot Ref: 0.8142
 Tenor: 2 weeks
 Date: 02 May 2012
 Time: 11:00 hrs
 Resistance / Support: 0.8260 0.8080
 Commentary:



- RBNZ leaves Official Cash Rate (OCR) unchanged at 2.5% (Thu 26-Apr).
- NZ trade surplus smaller than expected on dairy drop (Mon 30-Apr).
- NZ business confidence takes another step higher in April (Mon 30-Apr).
- NZ home building consents rise to 2-year high in March (Mon 30-Apr).

RBNZ left the OCR unchanged at 2.5% Thursday, warning that the kiwi dollar has stayed elevated despite recent falls in commodity prices. Against the greenback it has remained stubbornly high in recent months, despite repeated complaints that it is hampering growth. Bollard added that "should the exchange rate remain strong without anything else changing, the bank would need to reassess the outlook for monetary policy settings".

New Zealand posted a smaller-than-expected trade surplus of NZ\$134 million in March, reflecting a drop in the value of exports of dairy products, crude oil and fruit, resulting in an annual surplus of NZ\$207 million. Economists had expected a monthly surplus of NZ\$445 million and an annual surplus of NZ\$490 million. Exports of milk powder, butter and cheese fell by 14% to NZ\$1.1 billion in March from a year ago. Meat and edible offal fell 14%, logs, wood and wood articles declines 21% and precious metals, jewellery and coins dropped 45%. Aluminium had the biggest increase, rising 39% to NZ\$151 million. Petroleum products also gained.

NZ business confidence continues to nudge higher, led by a sharp jump in the retail and services sectors, according to the latest National Bank Business Outlook survey. A net 36% of respondents expect better times for the economy in the year ahead, up 2 points on March, while a net 36% of firms predict their own activity will improve, down 3 points on the month prior. That number remains above the historic average of net 26%.

New Zealand residential building consents rose by a third to 1,394 worth NZ\$415 million in March, the highest monthly level in 2 years, excluding volatile apartment figures, Statistics New Zealand said. Including apartments, the number of issuance rose 43% to 1,559 worth NZ\$430 million, the highest total since September 2008. Auckland had the biggest increase in new dwellings at 511 in March, compared to 298 a year earlier, while Canterbury issuance rose to 281 from 166 in 2011. The robust increase in dwelling consent issuance in March is fairly encouraging, and points to a recovery in residential building activity over the coming year.



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