



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3100	1.2800
Spot Ref:	1.2971	
Tenor:	2 weeks	
Date:	09 May 2012	
Time:	10:45 hrs	
Resistance / Support:	1.3060	1.2854
Commentary:		



- Eurozone jobless rate at its highest in March (Wed 02-May). ■ ECB keeps interest rate unchanged (Thu 03-May).
- New French President Francois Hollande: "less austerity, more growth" (Mon 07-May).
- Greek vote results in most fragmented parliament; New Democracy fails to form government (Tue 08-May).
- German industrial output rises three times more than forecast (Tue 08-May).
- EU growth battle takes shape (Tue 08-May).

Unemployment across the 17-member eurozone rose to 10.9% in March, its highest level since the euro was launched in 1999. The rate was up from 10.8% in February and 9.9% from a year ago, reflecting the downturn in the eurozone economy as governments pursue tough austerity measures to deal with their debts. The ECB policy makers held the benchmark rate unchanged at 1% in its 3-May meeting and provided no sign of any intention to cut rates in the next 6 June meeting. ECB chief Mario Draghi gave a more upbeat assessment of the region's battered economy, reducing hopes of further monetary stimulus measures in the pipeline.

German industrial output rose more than three times as much as economists forecast in March, adding to signs Germany may have avoided recession. Production jumped 2.8% from February, when it dropped 0.3%. Economists had forecast a March gain of 0.8%. The February output was revised up from a 1.3% decline.

The political concerns in Greece kept markets in risk aversion mode on Tuesday as the leading Greek political parties were unable to come to agreement to form a majority coalition meaning new elections may have to be held in June which stroked fears the Greek bailout programme that was agreed earlier in late 2011 may yet unravel and possibly lead to a hard default on Greek government debt and the eventual Greek exit from the euro which would have devastating consequences for the sustainability of the common currency. Meanwhile, Italy will be going to the polling stations on Friday, 11 May.

And politics is likely to remain much in focus for Europe with the possible unraveling of the shared position on the eurozone debt situation between Germany and France now that France has a new leader François Hollande who won the popular vote over incumbent President Nicolas Sarkozy. Moves to re-balance European economic policy away from austerity alone and kickstart growth gathered pace Tuesday as the EU called leaders to extraordinary talks after a voter backlash. European Union president Herman Van Rompuy announced a May 23 "informal dinner of heads of state or government" in Brussels to precede a decisive summit already scheduled for June 28-29.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6300	1.6000
Spot Ref:	1.6136	
Tenor:	2 weeks	
Date:	09 May 2012	
Time:	10:45 hrs	
Resistance / Support:	1.6265	1.6027
Commentary:		



- UK RICS: house prices decline to six-month low in April as stamp duty exemption period ended (Tue 08-May).
- BoE Monetary Policy Committee expected to keep rates unchanged (Thu 10-May, 19:00 SGT).
- Cameron: Euro needs single government (Daily Mail, Wed 09-May).

A UK house-price index fell to a six-month low in April as demand weakened after a stamp-duty exemption for first-time buyers ended, the RICS said. The gauge dropped to minus 19 from minus 11 in March, which was the highest since June 2010. The property market is struggling to recover as tight lending conditions and weak consumer confidence undermine demand. With Britain suffering its first double-dip recession since 1975, Bank of England policy makers must decide on Thursday whether the economy needs more stimulus to add to their existing £325 billion of bond purchases. The BOE is not expected to change its benchmark policy rate at 0.5%.

British Prime Minister David Cameron meanwhile remains fiercely opposed to any increase in EU spending, which the European Commission says is the way to deliver quicker growth. A successful euro zone requires a single government if it is to work properly, Cameron said in a Daily Mail interview on Wednesday, "I have always believed different countries at times will need different economic policies, interest rates tailored to their own needs". Cameron, who opted out of a new European economic pact late last year, advocated Britain's position outside the euro and its ability "to do things to ourselves, for ourselves, by ourselves", and that it is in Britain's interest to see a return to growth in the eurozone, which accounts for 40% of UK exports.

Base Currency: AUD USD  
Alternate Currency: USD AUD  
Strike Price: 1.0250 0.9950  
Spot Ref: 1.0070  
Tenor: 2 weeks

Date: 09 May 2012  
Time: 10:45 hrs

Resistance / Support: 1.0210 0.9980

Commentary:



- RBA cuts 2012-13 Australian growth and inflation forecasts (Fri 04-May).
- Australian building activity falls again in April (Mon 07-May).
- Australia's trade gap more than doubles to A\$1.587 Billion deficit (Tue 08-May).
- Treasurer Swan: Budget will end 4 years of deficits (Tue 08-May).

The RBA expects inflation to be about 2.0% for the year to the end of June, 0.25% lower than it forecast three months ago. It slashed forecasts for GDP growth in the year to June to 2.75% from 3.5%. The weaker outlook for the manufacturing sector and infrastructure problems would continue to weigh on exports through 2012/13 but the strength of mining investment would ensure the overall growth rate remained "around trend". For 2013 the economy is expected to grow at a rate of between 2.5%-3.5%, compared to its previous forecast of 3.0%-4.0%. Inflation for the same period is expected to be between 2.0%-3.0%, lower than the previous forecast of 2.5%-3.0%.

Australian building activity has continued to slide, due to weak demand and lower workloads, a private study has found. The Australian Industry Group-Housing Industry Association's performance of construction index (PCI) fell 1.3 points to 34.9 in April. The reading means the index has been in contraction for 22 months.

The trade deficit widened in March to the biggest in 2½ years as a 5% rise in imports outpaced export growth in an economy driven by mining. Imports outpaced exports by A\$1.587 billion from a revised A\$754 million deficit in February, the widest since a A\$1.595 billion shortfall in October 2009 and exceeded a A\$1.3 billion estimate.

Australia's government will cut spending for the first time in at least 42 years as Prime Minister Julia Gillard returns the budget to a surplus and gives the RBA scope to lower interest rates. The underlying cash surplus will be A\$1.54 billion in the year to June 30, 2013, ending four years of deficits, Treasurer Wayne Swan said Tuesday. Expenditures are forecast to fall to A\$364.2 billion next year, the first drop in figures dating back to 1971. The A\$44.4 billion deficit this year is the third-largest on record.

Base Currency: NZD USD  
Alternate Currency: USD NZD  
Strike Price: 0.7950 0.7750  
Spot Ref: 0.7852  
Tenor: 2 weeks

Date: 09 May 2012  
Time: 10:45 hrs

Resistance / Support: 0.7906 0.7780

Commentary:



- Unemployment rises to 6.7% (Thu 03-May).
- Kiwi dollar extends loss on tepid US jobs; European elections (Mon 07-May).
- NZ Budget deficit wider than forecast (Tue 08-May).

A surprise jump in the unemployment rate to 6.7% for the March quarter adds weight to expectations that the RBNZ will hold official interest rates until March next year. Some economists had expected the unemployment rate to stay steady or fall slightly to about 6.2%, following a revised 6.4% last quarter. Total unemployment was up 9,000 to 160,000 people.

The kiwi dollar extended its loss after weaker-than-expected US jobs data and electoral leadership changes in France and Greece sapped investors' appetite for higher-yielding assets. Investors are also concerned that general elections in France and Greece will raise questions about those nations' commitment to already-agreed austerity measures across the Eurozone. Defeated French President Nicolas Sarkozy has handed control of Europe's second-biggest economy to socialist Francois Hollande, who won about 52% of the vote. Greek voters have cast doubt on whether the two main parties, New Democracy and PASOK, can form a coalition.

The New Zealand government took in NZ\$1.57 billion less tax than expected in the first nine months of the fiscal year, reflecting a tepid economy. Data showed that lower-than-expected spending helped restrain the operating deficit. The Crown took in NZ\$39.8 billion in tax in the nine months ended March 31, against a forecast in the Pre-election Economic and Fiscal Update estimate of NZ\$41.3 billion. The financial statements are the final set to be released before Finance Minister Bill English releases his budget on May 24, which is expected to outline how the government will keep its commitment of returning to surplus by 2015.



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