



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.2450	1.2150
Spot Ref:	1.2324	
Tenor:	2 weeks	
Date:	15 Aug 2012	
Time:	11:30 hrs	
Resistance / Support:	1.2410	1.2180
Commentary:		



- German Q2 GDP growth beats forecast (Tue 14-Aug).
- France escapes contraction with zero growth in Q2 (Tue 14-Aug).
- Euro-Area economy contracted in Q2 on Spain (Tue 14-Aug).
- Greece to ask for austerity-plan extension: FT (Wed 15-Aug).

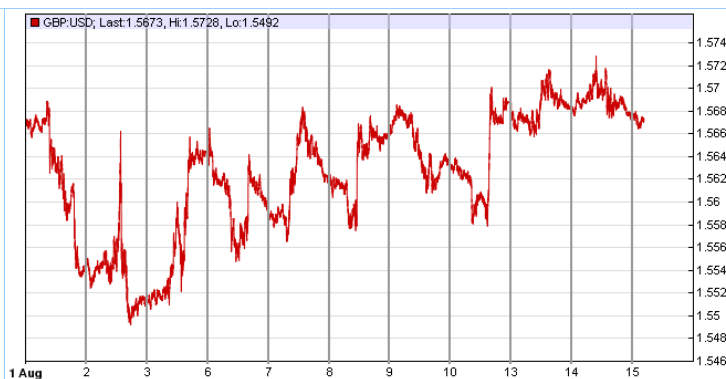
In Germany, GDP rose 0.3% in Q2 from Q1, when it gained 0.5%, the Federal Statistics Office in Wiesbaden said Tuesday. Economists predicted a 0.2% increase, according to the median estimates in a Bloomberg News survey. The Q2 expansion was driven by consumption and net trade, with exports rising more than imports. That compensated for a decline in company investment, particularly in plant and machinery. From the same quarter last year, the economy grew a work-day adjusted 1%.

France's economy managed zero growth in Q2, better than the 0.1% decline economists had predicted. In its first flash estimate for Q2, the national statistics institute INSEE said that French GDP was unchanged, confounding expectations by many economists, including the Bank of France, that slowdown plaguing much of the eurozone would push France towards recession. France emerged from its last recession in the spring of 2009 but the economy has since struggled to gain momentum as the eurozone debt crisis has intensified, posting zero growth for the last three quarters.

The euro-area economy contracted in Q2 after the worsening debt crisis and tougher budget cuts forced at least six nations into recessions. GDP in the 17-nation currency bloc fell 0.2% from Q1, when it stagnated, the European Union's statistics office in Luxembourg said Tuesday. From a year earlier, euro-area GDP dropped 0.4% in Q2.

Prime Minister Antonis Samaras will call for an extension to Greece's austerity programme when he meets with Angela Merkel and Francois Hollande next week, the FT reported. Samaras will suggest that public spending cuts be spread over four years instead of two. Greece is currently scrambling to find budget cuts - amounting to around 5% of GDP - to be implemented in 2013 and 2014 as part of its existing bailout deal with the EU and IMF. Greece raised €4.063 billion in a sale of three-month treasury bills on Tuesday, paying a modestly higher rate of 4.43%, the public debt management agency said. The extraordinarily large sale should help the Greek government avoid a cash crunch as it faces redemption of a €3.2-billion bond held by the ECB which expires on August 20 and awaits the next installment of its EU-IMF bailout package.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5800	1.5550
Spot Ref:	1.5673	
Tenor:	2 weeks	
Date:	15 Aug 2012	
Time:	11:30 hrs	
Resistance / Support:	1.5780	1.5580
Commentary:		



- BoE lowers its growth forecast (Wed 08-Aug).
- UK Home-Price Index falls to lowest in a year as sales decline (Tue 14-Aug).
- UK inflation unexpectedly rise to 2.6% (Tue 14-Aug).

The BoE lowered its growth forecast last Wednesday, predicting an even slower exit from recession than foreseen just three months earlier, but its governor, Mervyn King, ruled out an imminent cut in interest rates or other quick moves to stimulate the economy. The bank's modelling now suggests that growth will be close to zero this year, and its report predicted that output was not likely to rise above its pre-crisis level until 2014.

A UK house-price index dropped to the lowest in a year as property transactions fell for a fourth month, the Royal Institution of Chartered Surveyors said. The price gauge fell to minus 24 from minus 22 in June, London-based RICS said in a report, citing a monthly poll of property surveyors. A reading below zero means more surveyors saw price drops than gains last month. Measures of newly agreed sales dropped to a four-year low.

The annual rate of inflation in the UK unexpectedly rose in July, official data showed Tuesday, driven by higher airfares and prices for clothes and footwear, but rate setters are likely to take the news with equanimity. The Office for National Statistics said the consumer prices index rose 2.6% on the year in July, compared with a rise of 2.4% in June. Economists had predicted annual inflation to hold steady at 2.4%.

Base Currency: AUD USD
Alternate Currency: USD AUD
Strike Price: 1.0650 1.0400
Spot Ref: 1.0477
Tenor: 2 weeks

Date: 15 Aug 2012
Time: 11:30 hrs

Resistance / Support: 1.0660 1.0400

Commentary:



- Australia's jobless rate drops to 5.2% in July (Thu 09-Aug).
- Australia business conditions worsen, but confidence up - NAB (Tue 14-Aug).
- Economists forecast rates rise as economy rebounds (Wed 15-Aug).
- Hourly pay rates up 1.0% in June quarter (Wed 15-Aug).

Australian employers boosted payrolls in July and the unemployment rate unexpectedly fell to 5.2% as the nation's resource-driven economy weathers a global slowdown, sending the Aussie dollar near a 4½-month high. The number of people employed rose by 14,000 last month, the fourth gain in five months, erasing almost half of the revised 28,300 fall in June, the Statistics Bureau said last Thursday. Australia's unemployment rate has remained in a range of 5% – 5.3% for the past 15 months.

Australian business conditions deteriorated in July as retailers and wholesalers complained of falling sales and profits, a survey reported on Tuesday even as it found a marked improvement in confidence as firms thought things would get better. National Australia Bank's main measure of business conditions dropped 2 points in July to -3, to be 8 points below its long-run average. Yet the index of confidence jumped 7 points to stand at 4, led by the mining and recreation sectors.

The RBA held rates at 3.5% at its August policy meeting last week, saying the full impact of past easing had yet to be felt. However, there is growing talk among Australian economists that the next move in interest rates will be up. The interest rate hawks say there will soon be a need to slow the Australian economy, not speed it up. The National Australia Bank become the first among the big four banks forecasting higher rates. Alan Oster, NAB chief economist, says the speed of the economy will eventually need to be reined in through lifting interest rates. George Tharenou, a senior economist at UBS, agrees with Mr Oster and says as economic growth gains momentum, the RBA will be forced to look at how that is affecting the cost of living.

Total hourly rates of pay, excluding bonuses, rose by a seasonally adjusted 1.0% in the June quarter. The wage price index rose 3.7% from a year earlier, the Australian Bureau of Statistics said Wednesday. The median market forecast was for a rise of 0.9% in the June quarter. In the March quarter, the index was an unrevised 0.9% rise.

Base Currency: NZD USD
Alternate Currency: USD NZD
Strike Price: 0.8200 0.7950
Spot Ref: 0.8047
Tenor: 2 weeks

Date: 15 Aug 2012
Time: 11:30 hrs

Resistance / Support: 0.8210 0.7950

Commentary:



- NZ unemployment rate unexpectedly rises to 6.8% in Q2 (Thu 09-Aug).
- NZ consumers more optimistic on house prices, ASB survey shows (Mon 13-Aug).
- Government signals export sector shake-up (Wed 15-Aug).

A government report last Thursday showed the unemployment rate unexpectedly rose to 6.8% in Q2 from 6.7% in Q1. Employment fell by 0.1%, or 2,000 jobs. The median estimates in a Bloomberg survey of economists were for a jobless rate of 6.5% and job growth of 0.4%.

More New Zealand consumers expect house prices will rise in the next year as demand during a period of record-low interest rates outstrips supply, according to ASB Bank. 61% of respondents in July expected prices will increase over the next 12 months compared with 57% in April, Auckland-based ASB said in an e-mailed report based on a survey. The proportion who expected prices will fall was little changed at 11%. The dominant feature of the market is a low level of supply, with inventory approaching record lows in Auckland but also declining through the rest of the country. Prices are rising at a steady but moderate pace, and that is likely to continue.

The Government is signalling radical changes aimed at boosting exports' share of the economy from 30% to 40% over the next 13 years as part of a six-part "business growth agenda". Increased exploitation of natural resources, aided by changes to resource management law, and a more welcoming stance on foreign investment are expected to be key parts of the plan.



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