



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.2650	1.2350
Spot Ref:	1.2536	
Tenor:	2 weeks	
Date:	05 Sep 2012	
Time:	11:40 hrs	
Resistance / Support:	1.2600	1.2400
Commentary:		



- Eurozone August manufacturing PMI 45.1, contracts more than thought (Mon 03-Sep).
- Germany warns against expecting too much from ECB (Mon 03-Sep).
- Moody's lowers EU long-term outlook (Mon 03-Sep).
- ECB sets out conditions for new bank supervisory role, Bankers clash over ECB's supervisory powers (Tue 04-Sep).

Eurozone manufacturing activity contracted for a seventh month in a row in August, and more than initially thought even if there was a slight improvement on July. The PMI, a survey of thousands of eurozone manufacturers compiled by Markit, came in at 45.1 in August, down from a flash estimate of 45.3 although up from 44.0 in July.

German Finance Minister Wolfgang Schaeuble warned Monday against expecting too much from the ECB at its meeting this week, as markets hope for a raft of new anti-crisis measures. "We must be very careful not to nurture too many false expectations," Schaeuble told Deutschlandfunk public radio in an interview.

Moody's on Monday lowered the EU's long-term issuer rating outlook from stable to negative, saying the move reflected credit risks of the bloc's key budget contributors. "It is reasonable to assume that the EU's creditworthiness should move in line with the creditworthiness of its strongest key member states," it said, citing negative outlooks for Britain, France, Germany and the Netherlands.

Leading German bankers clashed yesterday over plans to give the ECB new supervisory powers, with the co-head of Deutsche Bank saying that oversight would only work if it covered a wide range of banks, not just Europe's biggest. The row has burst into the open a week before the Commission unveils new proposals for creating a "banking union" in Europe, a step seen as vital for breaking the link between failing banks and indebted governments. EU Commission chief Jose Manuel Barroso is to present proposals for a single common supervisory body on September 12, with the ECB expected to be handed the responsibility. The ECB's overriding mandate to maintain price stability in the 17 countries that share the euro "must remain untouched", ECB executive board member Joerg Asmussen told the banking congress.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5900	1.5750
Spot Ref:	1.5865	
Tenor:	2 weeks	
Date:	05 Sep 2012	
Time:	11:40 hrs	
Resistance / Support:	1.5880	1.5775
Commentary:		



- PM Cameron: UK sticks to strict deficit plan (Sun 02-Sep).
- George Osborne in £50billion private sector building vow (Sun 02-Sep).
- Retail sales hit as Britain watches Olympics (Tue 04-Sep).

UK PM David Cameron said his government will continue with its deficit-reduction plans amid calls from opposition lawmakers for a rethink as the economy struggles to recover from a double-dip recession. "We've cut the deficit by a quarter already, and we are sticking to this course: rejecting the easy path; restoring sanity to our finances," Cameron wrote in the Mail on Sunday newspaper. "We're on a hard road to balancing Britain's books" and "you cannot borrow your way out of a debt crisis," he said.

Chancellor of the Exchequer George Osborne said the government is to underwrite up to £50 billion of private sector building projects which need finance, in an effort to boost growth. It will also legislate to speed up planning decisions and encourage development of Green Belt land if certain conditions are met; a third runway at Heathrow was an option. The plan is for the government to "use the low interest rates we've earned by being tough on the deficit to help underwrite construction projects, including housing". The government is doing "all these things to get the economy moving, to make sure that the jobs we're already creating in this economy continue to be created".

The London Olympics failed to boost British retail sales as hoped last month, when households preferred to watch the games rather than go shopping, giving stores one of their worst months of 2012, the British Retail Consortium (BRC) said. Like-for-like retail sales - or sales at stores open for at least a year - fell by 0.4% in value terms compared with August 2011, following a 0.1% increase in July. The value of total retail sales, a measure favoured by economists and closer to that found in official statistics, was 1.6% up on the year, also a slowdown after a 2.0% climb in July.

Base Currency: AUD USD
Alternate Currency: USD AUD
Strike Price: 1.0350 1.0100
Spot Ref: 1.0217
Tenor: 2 weeks

Date: 05 Sep 2012
Time: 11:40 hrs

Resistance / Support: 1.0300 1.0200

Commentary:



- Australian manufacturing contracted at slower pace in August (Mon 03-Sep).
- Australia retail sales drop by most since 2010 (Mon 03-Sep).
- RBA holds rates at 3.5%; short-lived rally by the Aussie (Tue 04-Sep).
- Australia Q2 GDP rose 0.6% q/q, narrowly misses forecast (Wed 05-Sep).

Australian manufacturing contracted at a slower pace in August as production and new orders improved while food-and-beverage and furniture industries expanded. The manufacturing index rose to 45.3 last month from 40.3 in July, Australian Industry Group (AIG) and PricewaterhouseCoopers said. "Manufacturing conditions continue to be very challenging across the sector with the high dollar and weakness in demand in the domestic and export markets weighing on growth," Innes Willox, CEO at AIG, said. "There are some encouraging signs in the August Australian PMI with the production sub-index lifting and the forward-looking new orders sub-index rising strongly. The manufacturing index's reading on wages dropped 6.2 points to 65.2 last month while inventories rose 3.3 points to 49.1. Supplier deliveries edged up 1.8 point to 44.2.

Australian retail sales unexpectedly declined in July by the most in almost two years and company profits dropped for a third straight quarter, sending the local currency to a five-week low. Sales dropped 0.8% to A\$21.4 billion from June, when they rose a revised 1.2%, the Bureau of Statistics reported. That was the first fall this year and steepest since October 2010. Gross operating profit declined 0.7% last quarter from the January-March period, when they slid a revised 3.7%, another report showed.

RBA officials kept the overnight cash-rate target at 3.5% for a third meeting. RBA's Stevens explained the decision, saying, "with inflation expected to be consistent with the target and growth close to trend, but with a more subdued international outlook than was the case a few months ago, the stance of monetary policy remained appropriate".

Australia's economy grew 0.6% in Q2, according to data compiled by ABS. Q1 GDP growth was revised up to 1.4%, from a previous reading of 1.3%. Economists had been expecting GDP to grow 0.8% according to Dow Jones Newswires, while Reuters had tipped a 0.7% rise. The Australian dollar traded at \$1.0203 after the data.

Base Currency: NZD USD
Alternate Currency: USD NZD
Strike Price: 0.8050 0.7900
Spot Ref: 0.7948
Tenor: 2 weeks

Date: 05 Sep 2012
Time: 11:40 hrs

Resistance / Support: 0.8030 0.7920

Commentary:



- NZ business confidence lifts as spring looms (Thu 30-Aug).
- Dairy prices rise 6% in GlobalDairyTrade (GDT) auction to highest since April (Wed 05-Sep).
- NZ 2Q building activity rises 0.8% on Canterbury work (Wed 05-Sep).
- Barfoot reports highest August homes-for-sale listings for 4 years (Wed 05-Sep).

New Zealand business confidence rose in August, as construction investment intentions bounced back and firms began feeling a seasonal uplift as spring looms. A net 20% of respondents in National Bank's Business Outlook expect business conditions to improve over the next 12 months, up from a net 15% in July. Companies' own activity expectations improved, with a net 26% expecting more activity in their business in the year ahead, up from 24%.

Dairy prices rose to the highest level since early April in the latest GDT sale, the third straight gain, with increases for all eight products on offer. The GDT-TWI Price Index rose 6% compared to the last sale two weeks ago. The average winning price gained to US\$3,174 a metric tonne, the highest since the early April sale, from US\$3,054 a tonne at the last auction. Whole milk powder, the biggest product by volume, rose 4.3% to US\$2,978 a tonne and skim milk powder jumped 7.5% to US\$3,211 a tonne.

Residential building in Canterbury helped lift NZ's national building activity in Q2, according to Statistics New Zealand. NZ's building activity rose 0.8% to \$1,703 million in Q2. The overall trend for building activity continues to rise from the 10-year low point in the September 2011 quarter. Residential building activity increased 7.1% to \$907 million, offsetting a 5.6% fall in non-residential activity to \$797 million.



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