



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.2950	1.2650
Spot Ref:	1.2849	
Tenor:	2 weeks	
Date:	10 Oct 2012	
Time:	11:30 hrs	
Resistance / Support:	1.2950	1.2650
Commentary:		



- Moody's assigns "Aaa" rating to ESM; outlook negative (Mon 08-Oct).
- Spain not seen seeking bailout (Mon 08-Oct).
- Samaras bolstered as Greece aims to wrap up Troika talks (Tue 09-Oct).

After the Eurogroup announced that the ESM (EU's permanent bailout fund replacing the temporary EFSF) is now fully operational, with Klaus Regling at the helm of running the bailout program for the next 5 years, Moody's Rating Agency reported it will assign Aaa/Prime-1 rating to the ESM, with outlook negative.

Eurozone finance ministers and the IMF held a "thorough and robust" debate on Greece on Monday. Ministers discussed an upcoming report by the troika on Greece's debt-reduction programme, with divergences emerging inside the eurozone and with the IMF over how best to proceed. A point of contention was whether to grant Greece up to two more years to meet its budget. While the IMF is believed to favour leeway, countries such as the Netherlands and Finland have doubts about offering more time.

The eurozone has already set aside €100 billion for Spain to recapitalise its banks, only around €40 billion of which is expected to be used in the coming weeks, but there are expectations in financial markets that Spain will have to request a government bailout in the coming weeks. German Finance Minister Schaeuble said that Spain was not asking for help and did not need it. But Spanish Prime Minister Rajoy has said he may have to request help if Spanish borrowing costs remain too high for too long.

Greek Prime Minister Samaras got endorsements from German Chancellor Angela Merkel and European finance chiefs as well as signals that the country's next aid payment was in the offing. Merkel's visit to Greece yesterday "proves that we are breaking an international isolation", Samaras said at their joint press conference. "And this was due to our mistakes as well. The political power and image of a country corresponds to its credibility". The German leader kept up pressure on Samaras to maintain the austerity required in exchange for a rescue worth 240 billion euros. In exchange, she repeated her desire to keep the country in the euro.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6200	1.5850
Spot Ref:	1.5987	
Tenor:	2 weeks	
Date:	10 Oct 2012	
Time:	11:30 hrs	
Resistance / Support:	1.6215	1.5865
Commentary:		



- IMF sharply downgrades UK growth to shrink 0.4% this year (Mon 08-Oct).
- IMF says UK should defer spending cuts if growth disappoints (Tue 09-Oct).
- House price fall eases as sales expectations rise - RICS (Tue 09-Oct).
- August trade deficit widens sharply as exports slump (Tue 09-Oct).

Britain should defer spending cuts planned for next year if growth turns out to be much weaker than forecast, the IMF said on Tuesday. The IMF said Britain's deficit-cutting plans were already behind forecast, but that Chancellor Osborne should be prepared to slow them further in the short term if other measures failed to boost demand. The IMF's budget assessment came hours after it sharply downgraded Britain's growth outlook, predicting the economy would shrink 0.4% this year, before growing by a tepid 1.1% in 2013. The reports will make uncomfortable reading for Osborne, who will unveil updated growth and budget forecasts on December 5. Many economists already believe he will struggle to meet his goals of eliminating the structural budget deficit within five years, and putting net debt as a share of GDP on a downward path by 2015.

The decline in British house prices eased unexpectedly in September and surveyors forecast that sales would pick up in the wake of government efforts to make mortgages more readily available, a survey showed on Tuesday. The Royal Institution of Chartered Surveyors' seasonally adjusted house price balance rose to -15 from an upwardly revised -18 in August, the body said. Economists had expected a slight worsening to -20. Moreover, expectations for future sales reached the highest level since May 2010.

The UK's trade deficit widened to more than double its July size in August, data from the ONS revealed, driving the pound down against the dollar. The UK imported £4.2 billion more than it exported in August, up from £1.7 billion in July, pushing sterling below \$1.60. This overall deficit came from a £9.8 billion deficit in goods, partially offset by a £5.7 billion surplus in services. Hopes of an export-led recovery were left in tatters, as exporters found it harder to shift goods overseas.

Base Currency: AUD USD  
Alternate Currency: USD AUD  
Strike Price: 1.0400 1.0100  
Spot Ref: 1.0209  
Tenor: 2 weeks

Date: 10 Oct 2012  
Time: 11:30 hrs

Resistance / Support: 1.0385 1.0125

Commentary:



- RBA cuts key rate to 3.25% to spur growth as mining boom ebbs (Tue 02-Oct).
- Australia consumer confidence rises as rate cut spurs housing (Wed 10-Oct).
- Unemployment rate probably rose to 5.3% in September - Bloomberg (announcement on Thu 11-Oct).

Australian consumer confidence advanced after RBA resumed reductions in the benchmark interest rate, as respondents indicated a willingness to enter the property market, a private survey showed. The sentiment index for October rose 1% to 99.2, a Westpac / Melbourne Institute survey taken October 1-7 of 1,200 adults showed. The index remained below 100, which indicates pessimists outnumber optimists, for an eighth straight month, the longest stretch since the global financial crisis.

RBA Deputy Governor Philip Lowe said this week that policy makers are alert to the potential for a surge in house prices in response to lower rates. The RBA reduced the benchmark borrowing cost by 0.25% to 3.25% on October 2, adding to 125 points of reductions from November to June, as Europe's sovereign-debt crisis slows global growth. According to swaps data, traders are pricing in a 81% chance policy makers will lower borrowing costs by 25bp to 3% at their meeting next month.

The jobless rate in Australia probably rose to 5.3% in September from 5.1% in August, according to the median estimate of economists surveyed by Bloomberg before the statistics bureau releases the report tomorrow. If confirmed, that would be the highest since June. The basic outlook for employment growth remains weak.

Base Currency: NZD USD  
Alternate Currency: USD NZD  
Strike Price: 0.8350 0.8100  
Spot Ref: 0.8159  
Tenor: 2 weeks

Date: 10 Oct 2012  
Time: 11:30 hrs

Resistance / Support: 0.8357 0.8110

Commentary:



- Electronic card (credit and debit) spending drops in September (Tue 09-Oct).
- Budget deficit wider than forecast after rail write down (Wed 10-Oct).
- Treasury would not comment on achieving budget surplus by 2014-2015 (Mon 01-Oct).

New Zealanders' credit and debit card spending fell in September, snapping August's gains after kiwis cut down how much they spent on consumable items such as food and liquor. The seasonally adjusted value of total transactions declined 0.6% to NZ\$5.6 billion, according to StatsNZ. Spending on consumables eased 0.6% to NZ\$1.5 billion, the largest fall in any industry. Card spending fell in all four core retail industries this month, with consumables having the largest fall. This is a turnaround from August when all the core retail industries had rises. Total core spending on electronic cards, which excludes motor vehicle-related industries, fell 0.9% to NZ\$3.4 billion.

NZ's budget deficit was wider than earlier forecast in the fiscal year ended June after a write down in the value of the state-owned rail company offset a rise in tax revenue. The shortfall was NZ\$9.24 billion in the year through June, compared with an NZ\$8.44 billion estimate in the May budget, according to government financial statements released today. The deficit, measured before gains and losses on investments held by state-owned financial institutions, was half the NZ\$18.4 billion gap a year earlier.

Finance Minister Bill English said in an uncertain global environment it was important the Government focused on controlling expenses and improving the quality of existing spending. English's statement did not mention whether the Government still felt it could achieve its target of a return to surplus by 2014-15. However, he said the figures showed "good progress" with the economy "continuing to recover and public finances improving". Treasury officials would not comment on the likelihood of achieving the Government's target of a return to surplus by 2014-15. The operating deficit including gains and losses was NZ\$14.9 billion, against a forecast NZ\$10.6 billion.



For more reports,  
use your smartphone  
to scan the QR code

#### Disclaimers

The information herein is given on a general basis without obligation and is strictly for information purposes only. It is not intended as an offer or solicitation with respect to the purchase or sale of any investment or insurance product mentioned herein. Nothing herein should be construed as a recommendation or advice to transact in any investment or insurance product mentioned herein.

Although every reasonable care has been taken to ensure the accuracy and objectivity of the information contained in this publication, United Overseas Bank Limited ("the Company") and its employees cannot be held liable for any errors, inaccuracies or omissions, howsoever caused, or for any decision or action taken based on the information or views expressed in this publication. The Company does not warrant the accuracy, adequacy, timeliness or completeness of the information herein for any particular purpose, and expressly disclaims liability for any errors, inaccuracies or omissions. Any opinions, projections and other forward-looking statements regarding future events or performance of, including but not limited to, countries, markets or companies are not necessarily indicative of, and may differ from actual events or results.

The information herein has no regard to the specific objectives, financial situation and particular needs of any specific person. Investors may wish to seek advice from an independent financial advisor before investing in any investment or insurance product. Should you choose not to seek such advice, you should consider whether the investment or insurance product in question is suitable for you.