



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3150	1.2900
Spot Ref:	1.3097	
Tenor:	2 weeks	
Date:	17 Oct 2012	
Time:	10:00 hrs	
Resistance / Support:	1.3100	1.3027
Commentary:		



- S&P cuts Spain credit rating two notches to BBB-minus (Wed 10-Oct).
- Eurozone inflation holds steady, exports rebound (Tue 16-Oct).
- German investor sentiment rose in October on ECB plan (Tue 16-Oct).

S&P cut Spain's sovereign credit rating by two notches to BBB-minus, citing a deepening economic recession that is limiting the government's policy options to arrest the slide. S&P's move brings it in line with Moody's, which also has Spain on watch for a downgrade from its Baa3 rating. Both ratings are just on the cusp of junk status.

Eurozone inflation held steady last month and exports rebounded in August as European leaders struggled to contain the region's fiscal crisis. Inflation remained at 2.6% in September, the EU's statistics office said. That's lower than an initial estimate of 2.7%. The core inflation rate, excluding volatile costs such as energy, alcohol and tobacco, held at 1.5% in September. Euro-area exports rose 3.7% in August compared with a 2.2% fall in July, a separate report showed.

German investor confidence gained for a second month in October as the ECB's plan to buy government bonds fuelled speculation that the sovereign debt crisis can be contained. The ZEW Centre for European Economic Research said its index of investor and analyst expectations, which aims to predict economic developments six months in advance, climbed to minus 11.5 from minus 18.2 in September. Economists forecast an increase to minus 14.9, according to a Bloomberg survey. German growth slowed to 0.3% in Q2 from 0.5% in Q1 as budget cuts and recessions in at least five euro-area trading partners eroded demand for exports, pointing the way to a soft landing.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6200	1.6050
Spot Ref:	1.6128	
Tenor:	2 weeks	
Date:	17 Oct 2012	
Time:	10:00 hrs	
Resistance / Support:	1.6168	1.6080
Commentary:		



- Britain pushes to temper ECB power in banking union, to block the ECB from overruling the BoE (Mon 15-Oct).
- UK inflation cools to 2.2%, least in almost 3 years (Tue 16-Oct).
- UK house prices show sharp regional differences, London and Northern Ireland at opposite ends - ONS (Tue 16-Oct).

Britain is pushing for changes to a proposed eurozone banking union to dilute the power of the ECB, EU officials said, potentially hampering efforts to build the infrastructure urgently needed to underpin the euro. Britain intends to propose a system that would give countries outside the banking union the possibility of blocking those within the project from clubbing together to shape EU-wide regulations, said EU officials. Britain will not join the banking union. The BOE will become the UK regulator next year and are worried that the euro area will be able to push through a whole lot of decisions of its own volition. It is looking for something with checks and balances.

UK inflation slowed to the least in almost three years in September as electricity and gas price increases a year earlier dropped out of the index. Consumer prices rose 2.2% from a year earlier, the smallest gain since November 2009 and down from a 2.5% gain in August. That matched the median forecast in a Bloomberg survey. The largest downward effect was from utility bills which knocked 0.43% points off the rate. From the previous month, consumer prices rose 0.4% in September, the ONS said.

Core annual inflation, which excludes alcohol, food, tobacco and energy prices, remained at 2.1% in September from August. Retail-price inflation, a measure used in wage negotiations, slowed to 2.6% from 2.9%. The retail-price index excluding mortgage-interest payments also rose an annual 2.6%. Inflation has been above the 2% BoE target every month since December 2009.

UK house prices rose 1.8% in August from a year earlier to an average £234,000. That's down from a 2% pace in July. Prices in London surged an annual 6.3%, according to the ONS, but dropped by 12.8% in Northern Ireland. House prices have remained stable in recent times, owing in part to a lack of activity in the UK housing market.

Base Currency: AUD USD
Alternate Currency: USD AUD
Strike Price: 1.0400 1.0200
Spot Ref: 1.0315
Tenor: 2 weeks

Date: 17 Oct 2012
Time: 10:00 hrs

Resistance / Support: 1.0339 1.0248

Commentary:



- Australia adds more workers even as 5.4% unemployment rate hits 2½-year high in September (Thu 11-Oct).
- Home loan approvals up 1.8% in August, rising more than forecast amid rate cuts (Mon 15-Oct).
- RBA minutes of 2-Oct reveal it saw scope to cut rates as mining boom peak nears (Tue 16-Oct).
- Personal finance fell 3.3% in August (Tue 16-Oct).

Australian employers hired almost three times the number of workers economists forecast for September, pushing up the Aussie dollar, even as the unemployment rate jumped to a 2½-year high. The number of people employed rose by 14,500, the biggest increase since May, after a revised 9,100 drop the prior month, the statistics bureau said. The jobless rate climbed to 5.4%, the highest since April 2010, from 5.1% as more workers sought employment. That 0.3% rise was the biggest since May 2009.

The housing sector is showing tentative signs of improving despite continued caution from property investors, economists say. Official data released showed that the number of home loans approved in August rose 1.8% to 45,821 from an upwardly revised 45,021 in July. Economists had expected commitments to rise 1.5% in August.

The RBA saw scope to cut borrowing costs to bolster an economy facing slower growth as mining companies became more reluctant to invest, according to the minutes of an Oct. 2 meeting. The government's report on Q3 consumer prices is scheduled to be released Oct. 24, and the minutes showed the RBA board viewed inflation as benign. "Members concluded that the current assessment of the inflation outlook provided scope to adjust policy in response to the softer growth outlook", minutes showed.

Personal finance loans fell by 3.3% in August, Australian Bureau of Statistics said Tuesday. It said personal finance commitments, seasonally-adjusted, dropped to A\$7.220 billion in August, from a downwardly revised A\$7.469 billion in July. Housing finance for owner occupiers rose 1.3% to A\$13.647 billion, from A\$13.477 in July.

Base Currency: NZD USD
Alternate Currency: USD NZD
Strike Price: 0.8300 0.8100
Spot Ref: 0.8185
Tenor: 2 weeks

Date: 17 Oct 2012
Time: 10:00 hrs

Resistance / Support: 0.8224 0.8149

Commentary:



- New Zealand food prices fall in September (Thu 11-Oct).
- Manufacturing edges up but still contracting in September (Thu 11-Oct).
- NZ dollar declines as inflation hits 13-year low (Tue 16-Oct).

New Zealand food prices fell in September, on cheaper grocery items and fresh fruit and vegetables, according to official data released on Thursday. The food price index was down 0.9% for the month and 0.3% lower than the same month last year, Statistics NZ said. Fruit and vegetables, which are volatile because of weather, fell 2.2%, with grocery foods down 1.6%, and smaller falls for non-alcoholic drinks, and meat, fish and poultry. Food prices make up 18.79% of the consumer price index (CPI).

Manufacturing activity in New Zealand nudged higher but remained in contraction for a fourth consecutive month in September. The Bank of New Zealand-Business NZ's seasonally adjusted performance of manufacturing index (PMI) rose to 48.2 from August's 47.4. It was the weakest September reading in four years.

Inflation has hit a 13-year low of just 0.8% in the year to September 30, according to Statistics New Zealand, reflecting a strong NZ dollar and a slack domestic economy. Annual inflation was extremely low in part because of slumping electronics prices, with audio-visual gear down 18% in the past year, milk down more than 9% on a year ago and phone service costs also sharply lower. Westpac pointed out that September quarterly inflation of 0.3% was low in part due to quirks that were not likely to be repeated: a 2.8% drop in second hand car prices and a near 8% fall in domestic air fares. In contrast the cost of house building rose 3% in September and 1% in the quarter. But the annual rise in building costs in Canterbury was almost 10%. Economists expected annual inflation to drift back up to more than 2% by late next year.



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