



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3200	1.2900
Spot Ref:	1.3106	
Tenor:	2 weeks	
Date:	05 Dec 2012	
Time:	11:05 hrs	
Resistance / Support:	1.3170	1.2765
Commentary:		



- Euro hits 6-week high as Greece offers €10 billion debt-buyback (Mon 03-Dec).
- Eurozone PPI grows more than expected (Tue 04-Dec).
- Eurozone PMI services (due on Wed 05-Dec, 17:00 SGT).
- Franco-German rift threatens EU banking union (Tue 04-Dec).
- Spanish unemployment nears record high 5 million (Tue 04-Dec).

The euro rose to a six-week high versus the dollar as a Greek offer to spend as much as €10 billion to buy back government securities eased concern the regions' debt crisis is worsening. Greece invited holders of bonds to tender their securities in a so-called modified Dutch auction, the Athens-based Public Debt Management Agency said in a statement. PDMA offered an average maximum purchase price for the bonds maturing from 2023 to 2042 of 34.1%. The offer runs to 5 pm London time on Dec 7.

Year-over-year Eurozone PPI increased 2.6% in October, following a 2.7% rise the previous month, according to data released Tuesday by Eurostat. This result is slightly higher than the market consensus of 2.5%. On a monthly basis Eurozone PPI ticked up 0.1%, after growing 0.2% and against expectations of remaining unchanged at 0%.

The greenback fell against most of the major currencies as US fiscal cliff talks stalled. EUR/USD was seen rising to highs of 1.3108, despite disagreement between Germany and France over the ECB's bank supervision role. Until Tuesday, it had been the working assumption by all EU countries that the ECB would be put in charge of overseeing up to 6,000 banks, starting with the biggest ones and gradually phasing in full monitoring over the course of a year. Ministers will resume discussions on December 12, a day before EU leaders meet for their final summit of the year.

Unemployment in Spain edged to a record high of 4.9 million as the country's recession shows few signs of abating and its banks struggle to deal with a property market crash. Spain's Labour Ministry said that unemployment rose a monthly 74,296 in November, up 1.5%. Spain's unemployment rate stood at 25% at the end of Q3.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6200	1.5900
Spot Ref:	1.6109	
Tenor:	2 weeks	
Date:	05 Dec 2012	
Time:	11:05 hrs	
Resistance / Support:	1.6155	1.5900
Commentary:		



- UK construction output unexpectedly contracts as orders plunge (Tue 04-Dec).
- BCC slashes UK growth forecast for next 2 years (Tue 04-Dec).
- Autumn economic statement (due on Wed 05-Dec).
- Monetary Policy Committee announcement (due on Thu 06-Dec).

A UK construction index unexpectedly showed contraction in November as orders declined at the fastest pace for more than 3½ years and confidence dropped to its lowest level since 2008, Markit Economics said. The index of activity decreased to 49.3, the lowest reading since August, from 50.9 in October, Markit and the Chartered Institute of Purchasing and Supply in London said Tuesday. The median estimate of nine economists in a Bloomberg News survey was 50.5.

Britain's recovery will be slower than previously forecast and the economy needs more support from the government through a program of business investment, according to the British Chambers of Commerce (BCC). The BCC cut its 2013 growth forecast to 1% from 1.2% in September and its 2014 projection to 1.8% from 2.2%, citing a weaker global backdrop and the likelihood of further fiscal tightening by the government.

Chancellor of the Exchequer George Osborne will deliver his autumn economic statement to Parliament today and must manage a commitment to his fiscal squeeze alongside a risk that excessive tightening will prevent a recovery. Acknowledging this, the BCC called for measures to boost company investment while protecting Britain's top credit rating. The Monetary Policy Committee begins a two-day meeting today and all 36 economists in a Bloomberg News forecast that the target for purchases will be held at £375 billion. The BOE will announce the decision at 12 pm on December 6.

Base Currency: AUD USD
Alternate Currency: USD AUD
Strike Price: 1.0550 1.0350
Spot Ref: 1.0474
Tenor: 2 weeks

Date: 05 Dec 2012
Time: 11:05 hrs

Resistance / Support: 1.0555 1.0360

Commentary:



- RBA cuts interest rates by 25bps to 3.00% (Tue 04-Dec).
- Interbank futures suggest further cuts to 2.5% next year (Tue 04-Dec).
- Q3 GDP growth slows to 3.1% on-year, 0.5% on-quarter (Wed 05-Dec).

At its meeting on Tuesday, the RBA decided to reduce the cash rate by 25 basis points to 3.00%, effective 5 December 2012. The statement by Governor Glenn Stevens said "Global growth is forecast to be a little below average for a time. Risks to the outlook are still seen to be on the downside, largely as a result of the situation in Europe, though the uncertainty over the course of US fiscal policy is also weighing on sentiment at present. Recent data suggest that the US economy is recording moderate growth and that growth in China has stabilised. Around Asia generally, growth has been dampened by the more moderate Chinese expansion and the weakness in Europe."

Financial markets were almost fully priced for an easing given signs the seven-year old bonanza in mining investment is finally likely to crest next year, leaving a hole in growth that needs to be plugged by other sectors of the economy. Yet, investors are still wagering official rates will have to go lower yet to truly stimulate demand among cautious consumers and a lacklustre housing market. Interbank futures suggest rates could approach 2.5% by the middle of next year, while some economists think a floor of 2% is not impossible. Even after yesterday's cut, Australian rates are still among the highest in the developed world.

Australia's economic growth slowed modestly last quarter (Q3), with the economy growing 3.1% in the year to September. Figures show growth for Q3 came in at a sluggish 0.5%, seasonally adjusted, down from 0.6% in the June quarter. The annual pace of economic growth also slowed to 3.1%, down from 3.7% in the June quarter. Australia's terms of trade - the price the nation receives for its exports, relative to the cost of its imports - slipped 4% in the September quarter, as commodity prices fell.

Base Currency: NZD USD
Alternate Currency: USD NZD
Strike Price: 0.8350 0.8100
Spot Ref: 0.8249
Tenor: 2 weeks

Date: 05 Dec 2012
Time: 11:05 hrs

Resistance / Support: 0.8350 0.8060

Commentary:



- House asking prices hit new high (Mon 03-Dec).
- RBNZ boss denies misleading over banks (Tue 04-Dec).
- RBNZ expected to leave interest rates unchanged at 2.5% (announcement due on Thu 06-Dec).
- NZ commodity prices post fourth month of gains, rising 1% (Tue 04-Dec).

Asking prices for properties hit a new record high last month as the stock of unsold homes on the market hit a five-year low, said RealEstate.co.nz. The average asking price last month rose to NZ\$446,277 – breaking October's record high of NZ\$445,529 and up 6% on November last year. Inventory – the number of weeks it would take to sell all unsold housing stock on the market – sunk to a seasonally adjusted 28.7 weeks. That was a five-year low, a 29% fall on November last year and far below the long term average of 39 weeks. Inventory in Auckland plunged to 15.5 weeks – the lowest level since data collection in 2007. New listings were not keeping pace with demand.

RBNZ Governor Graeme Wheeler says statements he made to a select committee about bank profitability were based on limited information. Green Party co-leader Russel Norman accused Wheeler of misleading Parliament after he told the finance and expenditure select committee that the profits of New Zealand banks were "about average or below" most other OECD economies. An Official Information Act request by the Green Party on the basis for Wheeler's claims showed that even once the banking sectors of troubled European Union economies were excluded, New Zealand's banking sector was the fifth most profitable in the OECD. Wheeler will be back before Parliament when he appears before the Finance and Expenditure Select Committee to present the quarterly Monetary Policy Statement. The central bank is expected to hold the official cash rate at its historic low of 2.5% when it releases the review on Thursday.

NZ commodity prices rose for a fourth straight month in November, led by pelts, beef and wood pulp. Lamb prices fell to a 31-month low. The ANZ Commodity Price Index rose 1% last month with 10 commodity prices gaining, 4 declining and 3 unchanged. A firmer kiwi dollar meant the gain was only 0.9% when measured in NZD.



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