



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3400	1.3200
Spot Ref:	1.3293	
Tenor:	2 weeks	
Date:	16 Jan 2013	
Time:	10:30 hrs	
Resistance / Support:	1.3400	1.3200
Commentary:		

- Euro leaders declaring worst is over, turn to economy woes (Mon 14-Jan).
- Eurozone factory output falls for third month, may have hit bottom (Mon 14-Jan).
- Concern over Germany after economy shrinks 0.5% in Q4, government likely to slash 2013 growth to 0.5% (Tue 15-Jan).
- Luxembourg PM Jean-Claude Juncker says euro is "dangerously high" (Tue 15-Jan).

European leaders declaring they've gained the upper hand in the three-year-old debt crisis are sharpening efforts to channel a rebound in financial markets to an economic recovery to chip away at soaring unemployment. German Finance Minister Wolfgang Schäuble said January 11 that the single currency is "over the worst of the crisis". Draghi's six-month-old pledge to do whatever it takes to deliver the 17-member currency out of the crisis has been credited for declining yields and an easing in market turmoil. That's given leaders more room to grapple with issues such as unemployment in Europe, which climbed to a record 11.8% in November. French President Francois Hollande is struggling to reverse a 19-month long rise in jobless claims and jump start an economy that has barely grown in more than a year. The ECB in December predicted the euro economy will shrink 0.3% this year. Stumbling blocks in the coming weeks include a bailout for Cyprus that is nearly the size of its €18 billion economy.

Output at eurozone factories fell for the third straight month in November and against expectations of a rise, but Monday's data included some evidence to back hopes that recession may now have bottomed. Industrial production in the 17-nation euro fell 0.3% in November from October, continuing its fall since the European summer, Eurostat said. Factory output, two-thirds of which is generated by Germany, France and Italy, was also down almost 4% on an annual basis in the month, highlighting just how few cars, televisions and other goods like fridges Europeans have been buying at a time of record unemployment. While households are yet to feel any sense of a recovery – production of durable consumer goods such as televisions fell nearly 8% in November compared to a year earlier – economists and policymakers see a turn in sentiment.

The German economy contracted by a larger-than-expected 0.5% in Q4 of 2012, a preliminary estimate from the Federal Statistics office showed, as the eurozone crisis weighed on exports and corporate investment. The weak Q4 pushed overall growth for the year down to 0.7%, a sharp slowdown from the 3% registered in 2011 and a post-reunification record of 4.2% in 2010. Business daily Handelsblatt reported the German government will today halve its estimate for GDP growth this year to 0.5%.

The euro lost strength Tuesday after Luxembourg Prime Minister Jean-Claude Juncker said the euro is "dangerously high" after it climbed to its strongest level in 10 months against the greenback. The euro was prone to further weakness after German growth figures for 2012 came in well below the levels in 2010 and 2011. On the positive side for the greenback, data Tuesday showed US retail sales for December bested analyst expectations, inching up to 0.5% in December from 0.4% in November.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6250	1.5950
Spot Ref:	1.6071	
Tenor:	2 weeks	
Date:	16 Jan 2013	
Time:	10:30 hrs	
Resistance / Support:	1.6160	1.600
Commentary:		

- UK's BDO confidence, output indexes fall as recovery falters (Mon 14-Jan).
- UK business chiefs urge Cameron to avoid EU isolation (Tue 15-Jan).

An index of UK business confidence and a gauge of output both fell in December, suggesting the economy may contract in the coming months. The sentiment gauge fell to 90.3 in December from 91.4 the previous month, the accountancy firm BDO LLP said. A measure of output decreased to 93.1 from 93.4, below the 95 mark that points to positive growth one quarter ahead. The decline suggests the UK may experience further contraction in the first quarter of 2013, potentially resulting in a triple-dip recession.

Prime Minister David Cameron must not risk jeopardising Britain's EU membership and damaging the weak economy, business chiefs warned ahead of the premier's key Europe speech later this week. The Conservative premier was due to address the nation's strained relationship with the EU on Friday, having already stated that he wanted to renegotiate the conditions of its membership with the 27-country bloc. Cameron is expected to seek the repatriation of certain powers from the EU and to back a referendum after 2015 on the nation's proposed new relationship with Brussels, but will not call for a so-called "in-out" referendum. Top business chiefs are concerned that Cameron's plans could damage their valuable links with the EU, create uncertainty and hurt an economy which is expected to have shrunk once again in Q4 of 2012.

Base Currency:	AUD	USD
Alternate Currency:	USD	AUD
Strike Price:	1.0650	1.0450
Spot Ref:	1.0565	
Tenor:	2 weeks	
Date:	16 Jan 2013	
Time:	10:30 hrs	
Resistance / Support:	1.0600	1.0500

■ AUD:USD; Last:1.0565, Hi:1.0600, Lo:1.0391

■ Australian November home-loan approvals show first drop since July (Mon 14-Jan).
 ■ Report suggests still no revenue from mining tax (Mon 14-Jan).
 ■ Consumer sentiment up slightly (Wed 16-Jan).

Australian home-loan approvals unexpectedly fell in November for the first time in four months as central bank interest-rate cuts failed to boost demand from first-time buyers. The number of loans granted to build or buy houses and apartments declined 0.5% in November from October, when they rose 0.1%. A Bloomberg survey was for approvals to increase 0.5%. First-home buyers accounted for 15.8% of dwellings that were financed in November, down from 18.7% in October and lower than 20.2% a year earlier. The total value of loans fell 0.8% to A\$21.5 billion in November. Developer and home-buyer sentiment remains weighed down by a soft economic outlook.

Budget figures showed the Government received A\$1.1 billion in resource rent taxes (including the Minerals Resource Rent Tax and the Petroleum Resource Rent Tax) between July and the end of October, but it did not provide a breakdown of the figure. In the 2012-13 budget, the Government predicted the mining tax would raise \$3 billion, although that was later revised down to A\$2 billion. The Coalition, an Australian newspaper, described the tax as a failure, because it is costing tens of millions of dollars to administer while not raising any revenue. Treasurer Wayne Swan has deflected questions about whether the tax has failed to collect any revenue.

Australian consumers started the new year with little enthusiasm as concern about the family budget outweighed positive sentiment about the state of the economy. The Westpac Melbourne Institute Index of Consumer Sentiment for January rose 0.6 to 100.6, putting it in positive territory but below its high levels of a few years ago prior to the global financial crisis. Westpac chief economist Bill Evans said the figure was disappointing given the string of interest rate cuts delivered to households. The survey results also came despite news of improved economic conditions in China, Australia's largest trading partner, and the recent strong performance of the local share market.

Base Currency:	NZD	USD
Alternate Currency:	USD	NZD
Strike Price:	0.8500	0.8300
Spot Ref:	0.8406	
Tenor:	2 weeks	
Date:	16 Jan 2013	
Time:	10:30 hrs	
Resistance / Support:	0.8450	0.8320

■ NZD:USD; Last:0.8406, Hi:0.8459, Lo:0.8215

■ NZ records fourth straight monthly trade deficit (Thu 10-Jan).
 ■ NZ economy took off in December quarter, survey indicates: NZIER (Tue 15-Jan).
 ■ House prices climb in December, but rate of increase stabilising (Tue 15-Jan).

NZ recorded its fourth monthly trade deficit in a row due to a drop in exports of dairy products and crude oil, and resulting in a wider-than-expected annual gap. The trade deficit was NZ\$700 million in November, widening from NZ\$666 million in October and from NZ\$577 million in the same month a year earlier. The annual deficit widened to NZ\$1.46 billion from NZ\$1.33 billion in the 12 months through October and from a small surplus in the same period a year earlier. Total exports fell 2.4% from a year earlier to NZ\$3.81 billion; Dairy exports fell 10.3% to NZ\$1.06 billion while meat exports jumped 10.2% to NZ\$341 million but not enough to offset the fall in dairy.

The economy surged in the December quarter to the best level since mid-2007, according to the Quarterly Survey of Business Opinion, which shows firms are more optimistic and output is increasing across the board. The survey by the New Zealand Institute of Economic Research, shows a rebound in activity, particularly in Canterbury but also a "very good lift" in Auckland. Its measure of business confidence rose to **plus 19%** in the December quarter from **minus 1%** in the previous quarter. A positive reading indicates more optimists than pessimists. The trading activity indicator hit its best level since mid-2007, rising to **plus 8%** from **minus 4%** in the previous quarter.

NZ house prices continued their climb to a record high in December, driven by price gains in Auckland and Canterbury due to restricted supply. However, a number of factors suggest this is unlikely to force a change to the official cash rate this year. December figures released by the Real Estate Institute of New Zealand show the national median house price stood at NZ\$389,000, up 9.6% on December 2011. The REINZ Stratified House Price Index, which smoothes out peaks and troughs in median prices, rose 6.7% over the same period. The highest median price rise over the year was Auckland's 10.5% increase, corresponding to a stratified index rise of 8.6%.



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