



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3750	1.3400
Spot Ref:	1.3592	
Tenor:	2 weeks	
Date:	04 Dec 2013	
Time:	10:45 hrs	
Resistance / Support:	1.3800	1.3420
Commentary:		

- Eurozone economic confidence rises more than forecast (Thu 28-Nov).
- Eurozone inflation rate rises more than economists forecast to 0.9% (Fri 29-Nov).
- US dollar rises on strong ISM manufacturing report (Mon 02-Dec).
- Euro climbs as German inflation data damps ECB speculation (Thu 28-Nov).
- Eurozone unemployment unexpectedly drops amid recovery (Fri 29-Nov).
- Eurozone Q3 GDP release (due on Wed 04-Dec, 18:00hrs SGT).

An index of executive and consumer sentiment increased to 98.5 from 97.7 in October, the EC said Thursday, higher than analysts' estimate of 98. Economists see eurozone economic growth accelerating to 0.4% in Q4 after a 0.1% expansion in Q3, according to a Bloomberg survey on 18-Nov. They project a full-year contraction of 0.4%. With the eurozone recovery remaining uneven, some companies are continuing to cut jobs. German unemployment rose for a fourth month in November.

The annual inflation rate in Germany, calculated using a harmonized EU method, rose to 1.6% this month from 1.2% in October, higher than analysts' forecast of 1.3%. The CPI numbers provided investors with relief that we didn't get weaker numbers, more disinflation, and more speculation of ECB easing that would have resulted from that.

Euro-area inflation accelerated more than economists forecast in November, moving toward the ECB's goal for the first time in four months. The annual rate rose to 0.9% from 0.7% in October, said Eurostat, and higher than expectations for 0.8%. The data mark the 10th straight month that the inflation has been less than the ECB's 2% goal.

Eurozone unemployment unexpectedly declined in October in a sign that a nascent recovery is starting to show its effect on the labour market. The jobless rate fell to 12.1% in the 17-nation economy from a record 12.2% in September, the first indication that the jobless are starting to benefit from the end of the longest-ever recession.

The greenback got a lift after the US Institute of Supply Management said its PMI among manufacturers in November rose to 57.3 from 56.4 the previous month, against expectations of a slight fall. The ISM figures come ahead of a busy week of US economic news culminating with Friday's release of the November jobs report.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6500	1.6250
Spot Ref:	1.6387	
Tenor:	2 weeks	
Date:	04 Dec 2013	
Time:	10:45 hrs	
Resistance / Support:	1.6500	1.6250
Commentary:		

- Carney's alarm bell on housing nudges BoE toward stimulus exit (Thu 28-Nov).
- UK manufacturing growth strengthens to fastest since 2011 (Mon 02-Dec).
- BoE likely to hold record-low rate (due on Thu 05-Dec, 20:00hrs SGT).
- UK house prices rise for 10th month as low rates spur demand (Mon 02-Dec).
- UK construction expands at fastest pace in more than 6 years (Tue 03-Dec).

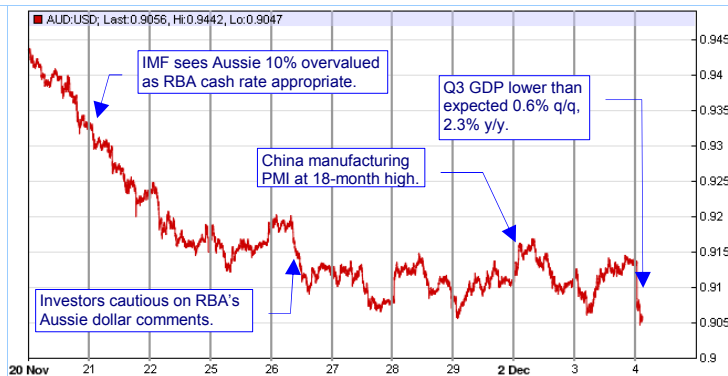
Governor Mark Carney is moving the BoE in a direction it hasn't taken in more than six years. He took steps to head off a potential housing bubble, two weeks after raising growth forecasts and signalling interest rates might increase sooner than previously projected. Investors are betting the changes to the *Funding for Lending Scheme* will nudge the BoE toward an exit from extraordinary stimulus. The *Scheme* will only apply to business lending from 2014 and will no longer be available for home loans.

UK house prices rose in all regions of the country for the first time in more than 6 years last month as low mortgage rates helped the property revival to broaden, Hometrack Ltd. said. Values across England and Wales increased 0.5% from October. Prices jumped 3.8% from a year earlier, the most since October 2007.

UK manufacturing expanded more than forecast in November. A gauge of factory activity increased to 58.4, the highest since February 2011, from a revised 56.5 in October, Markit said, higher than estimates of 56.1. The index has been above the 50 level for eight straight months. While input costs increased the most in three months in November, producers were able to raise prices at the fastest pace in more than two years, Markit said. It added that the manufacturing outlook was "positive" in November as companies reduced stock levels, taking the orders-to-finished goods inventory ratio to a record high, suggesting that production growth will be maintained.

UK construction expanded at the fastest pace in more than 6 years last month, driven by a surge in housebuilding. Markit's index of construction activity rose to 62.6 from 59.4 in October and higher than economists' forecast of 59. The gauge has been above 50 since May. Residential construction growth was the strongest in a decade.

Base Currency: AUD USD  
 Alternate Currency: USD AUD  
 Strike Price: 0.9250 0.8900  
 Spot Ref: 0.9056  
 Tenor: 2 weeks  
 Date: 04 Dec 2013  
 Time: 10:45 hrs  
 Resistance / Support: 0.9260 0.8890  
 Commentary:



- China manufacturing PMI beats estimates amid risks to growth (Mon 02-Dec).
- Aussie home building approvals fall slightly in October (Mon 02-Dec).
- Australia retail spending rose 0.5% in October (Tue 03-Dec).
- Australia Q3 GDP growth lower than expected (Wed 04-Dec).
- Aussie home building approvals fall slightly in October (Mon 02-Dec).
- Current account deficit widened to A\$12.71 billion in Q3 (Tue 03-Dec).
- RBA says Aussie still 'uncomfortably high' as 2.5% rate kept (Tue 03-Dec).
- Australia's economy slowed as mining boom waned (Wed 04-Dec).

China's PMI was 51.4, the Chinese authorities said Sunday, the same reading as October's, an 18-month high, and exceeded 24 out of 26 estimates in a Bloomberg News survey. A separate gauge from HSBC / Markit on Monday was 50.8, topping all 13 analysts' projections, indicating China's economic recovery is sustaining momentum.

Home building approvals figures for October only had a small 1.8% fall from the 3½ year high recorded in September, official figures showed on Monday. Market forecasts had centred on a 4.5% fall in October. The Aussie strengthened after data showing building approvals fell less than estimated. In a separate report, Australian capital city house price growth has stalled after a strong year. But Sydney remains a property hotspot while Melbourne and Canberra lose some momentum. House prices in Australia's eight capital cities rose by an average of just 0.1% in November (+8%/y), following strong rises in September and October, of 1.6% and 1.3%.

Australia's current account deficit widened to A\$12.71 billion in Q3, seasonally adjusted, and higher than forecast for a deficit of A\$11 billion. This followed a deficit of A\$12.091 billion in Q2. The surplus on goods and services rose A\$2.867 billion in real terms, which would add 0.7% to growth in Q3 GDP, the ABS said.

Australian retail spending rose 0.5% in October, which was more than market expectations of a 0.4% increase. The ABS revealed total retail spending rose to A\$22.285 billion in October, up from A\$22.180 billion in September. It was the fourth consecutive monthly rise in retail sales, indicating a pickup in consumer confidence.

The RBA left its benchmark interest rate unchanged at a record low 2.5% and said the currency is "still uncomfortably high," even after a 4.6% decline since its previous meeting. Maintaining the same language as a month ago, Governor Glenn Stevens said a lower Aussie "is likely to be needed to achieve balanced growth in the economy."

Australia's economy expanded slower than economists forecast in Q3 as non-dwelling construction and machinery and equipment investment detracted from growth, sending the Aussie lower. Q3 GDP advanced 0.6% from Q2, when it rose a revised 0.7%. The economy grew 2.3% from a year ago versus estimates of a 2.6% expansion.

Base Currency: NZD USD  
 Alternate Currency: USD NZD  
 Strike Price: 0.8350 0.8050  
 Spot Ref: 0.8185  
 Tenor: 2 weeks  
 Date: 04 Dec 2013  
 Time: 10:45 hrs  
 Resistance / Support: 0.8300 0.8060  
 Commentary:



- NZ terms of trade soar to 40-year high in Q3 as dairy prices rocket (Mon 02-Dec).
- House asking prices dip in November (Tue 03-Dec).

NZ's terms of trade, climbed to its highest level since December 1973 as dairy prices surged in the quarter, while cheaper electrical machinery kept a lid on increases in import prices. The terms of trade rose 7.5% in Q3 from Q2, the biggest increase in four decades, according to StatsNZ. That was more than twice the 3.1% forecast in a Reuters survey of economists. Export prices rose 8.9% in the quarter, the biggest quarterly increase in three years, led by a 24% jump in dairy prices with gains in milk powder and butter. Forestry prices climbed 7.9% in the quarter, and meat prices gained 6.8%. Import prices snapped four quarters of decline, increasing 1.2%, with the main upward contribution coming from a 3.1% lift in petrol prices. Imports of electrical machinery, such as televisions, cell phones and DVDs, fell 4.4%.

The average asking price of homes for sale dipped slightly in November, residential property website Realestate.co.nz says. The national average asking price of homes listed for sale on the website was NZ\$478,931 in November, down 0.6% compared with October. Average asking prices declined in the four main centres, with Auckland down 1%, Wellington down 1.6%, Canterbury down 1.2% and Otago down 0.6%, but the biggest falls in asking prices were in Coromandel, down 13.1%, Hawke's Bay down 8%, and Bay of Plenty, down 2.2%. The national asking price was still at its second-highest level ever and was up 7% on November last year.



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