



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3000	1.2750
Spot Ref:	1.2857	
Tenor:	2 weeks	
Date:	24 Sep 2014	
Time:	10:50 hrs	
Resistance / Support:	1.2980	1.2748
Commentary:		



- US QE taper continues in September with hints of hawkish signals (Wed 17-Sep).
- European banks take less TLTRO ECB loans than expected (Thu 18-Sep).
- Draghi says more ECB action possible as outlook deteriorates (Mon 22-Sep).
- Eurozone suffers unexpected slowdown from factories to services (Tue 23-Sep).

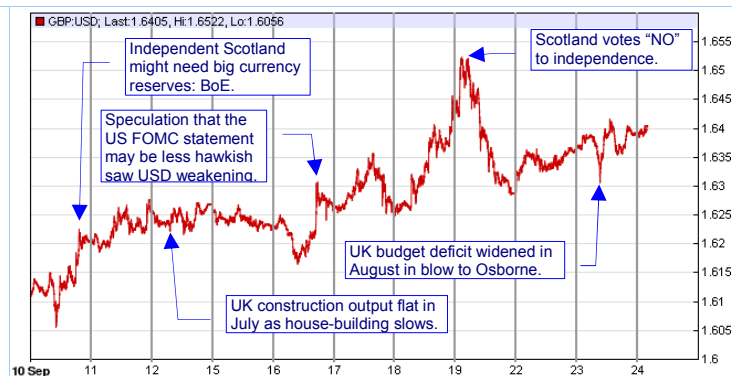
The September 2014 FOMC saw the Fed continue to trim the Fed's monthly QE further by another US\$10 billion to US\$15 billion and announce an updated exit strategy plan while making minimal changes to the text of the FOMC statement. Yellen said that the 'considerable time' statement remains appropriate but highly conditional on economic data. She also said that it is important for the markets to understand that the policy statement is "not a promise" about a particular amount of time. That said, Yellen also undermined the dovish guidance by emphasizing the Fed having the flexibility to move sooner if they see the need to.

The ECB said Thursday that it lent €82.6 billion in the first round of 4-year loans. The program is known as Targeted Longer-Term Refinancing Operations (TLTRO). This was lower than what markets were expecting (€100-130 billion). Market watchers said this could spark fresh speculation that ECB will resort to further stimulus measure.

ECB president Mario Draghi says he won't sit back and wait for stimulus to reach the economy and a planned asset-purchase program shows that policy makers will steer the size of the institution's balance sheet to avert deflation. Draghi said in his quarterly testimony to European lawmakers that "unacceptably high unemployment and continued weak credit growth are likely to curb the strength of the recovery. The risks surrounding the expected expansion are clearly on the downside" Inflation will remain at low levels over the coming months before increasing gradually in 2015 and 2016. Policy makers will "closely monitor risks to price stability", he said.

Eurozone business activity has expanded at a slightly weaker pace than expected in September as firms cut prices for the 30th month in a row. Markit's Composite Flash PMI, seen as a good indicator of growth, dipped to a nine-month low of 52.3, shy of expectations for no change from August's 52.5. A gauge of new orders for the eurozone slipped to 51.2 this month, from 52.4 in August. An index of services growth slowed to 52.8 from 53.1 and manufacturing fell to 50.5 from 50.7.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6550	1.6250
Spot Ref:	1.6405	
Tenor:	2 weeks	
Date:	24 Sep 2014	
Time:	10:50 hrs	
Resistance / Support:	1.6595	1.6256
Commentary:		



- UK retail sales boosted by vacuum cleaner sales (Thu 18-Sep).
- Pound rises as Scotland votes to stay in UK (Fri 19-Sep).
- UK budget deficit widened in August in blow to Osborne (Tue 23-Sep).
- UK banks' home loan approvals fall to 12-month low (Tue 23-Sep).

UK retail sales rose by 0.4%/m/m (3.9%/y/y) during August from flat growth (0%/m/m, 2.5%/y/y) in July, helped by shoppers looking to snap up high-powered vacuum cleaners ahead of an EU ban. Under EU energy-saving regulations that came into force at the end of August, companies in the EU have been banned from making or importing vacuum cleaners above 1600 watts. UK August retail sales (excluding auto) increased at a slower pace of 0.2%/m/m (4.5%/y/y) from 0.4%/m/m (3.3%/y/y) in July.

Scotland has voted "No" to independence. The result became a mathematical certainty at 06:08hrs local time (13:08hrs SGT), as the returning officer in Fife announced a comfortable "NO" vote. Shortly afterwards, Alex Salmond, the leader of Scotland's semi-autonomous government in Edinburgh, said he accepted the defeat and called for national unity. As the results unfolded through the night, 55.30% (2,001,926 votes) of Scottish voters were seen supporting the "NO" campaign compared with 44.70% (1,617,989 votes) who backed independence. The GBP/USD staged a comeback, seeing highs of 1.6525 as the voting results came in throughout the night in Scotland.

Britain's budget shortfall widened in the first five months of the fiscal year, underlining the task facing Chancellor of the Exchequer George Osborne as he tries to cut borrowing. Net borrowing excluding public-sector banks was £45.4 billion between April and August compared with £42.8 billion a year earlier, the ONS said Tuesday. In August alone, the deficit was £11.6 billion versus £11 billion as capital investment rose. Tax income increased 3.2% and spending climbed 2.6%.

The BBA said British banks approved 41,588 loans for house purchases in August, down from 42,715 in July and the smallest number in 12 months. Still, the number of loans approved was still about 5% higher compared with August 2013. UK August public sector net borrowing rose to £10.9 billion in August from -£0.5 billion in July.

Base Currency:	AUD	USD
Alternate Currency:	USD	AUD
Strike Price:	0.9050	0.8750
Spot Ref:	0.8863	
Tenor:	2 weeks	
Date:	24 Sep 2014	
Time:	10:50 hrs	
Resistance / Support:	0.9058	0.8770
Commentary:		



- Aussie hit multi-month lows as Fed's statement show hawkish signals (Thu 18-Sep).
- China September factory activity edges up but employment shrinks (Tue 23-Sep).
- Iron ore price outlook cut again by Australia on supply jump (Wed 24-Sep).

The Aussie dropped last Thursday as the US Fed's outlook for raising rates underlined the diverging path between the US and most developed economies. The Fed said that its bond-buying stimulus program would end next month, and its new projections suggested some officials saw the risk that rates might have to rise at a faster pace when the bank eventually starts tightening. The recent drop should be welcomed by the RBA which is counting on a weaker Aussie to help bolster the export sector.

China's manufacturing sector unexpectedly picked up some momentum in September even as factory employment slumped to a 5½-year low, a potential source of worry for Communist leaders who prize social stability above all else. The HSBC/Markit Flash China PMI rose to 50.5 in September from August's final reading of 50.2. Analysts had expected factory growth to stall at 50.0. Signs of a weakening labour market reinforced expectations that China would further relax financing conditions in coming weeks. The employment sub-index shed more than a point to 46.9, its lowest since February 2009, when a collapse in exports threw tens of millions of Chinese out of work.

Australia's state commodity forecaster cut its iron ore price estimates for this year and 2015, pruning its outlook again as surging production in the world's largest supplier outpaces demand growth in China. Iron ore will average US\$94 a metric ton this year from US\$105 a ton forecast in June, the Bureau of Resources and Energy Economics said. Prices may be US\$94 a ton in 2015 from US\$97 estimated in June. The raw material slumped 41% in 2014 to a five-year low after Australian producers including Rio Tinto Group expanded low-cost output, spurring a global surplus even as economic growth slowed in China. Lower prices for Australia's most valuable commodity export will contribute to a drop in the value of the country's resource and energy shipments to A\$192.4 billion in the year started July 1 from A\$201.4 billion forecast in June.

Base Currency:	NZD	USD
Alternate Currency:	USD	NZD
Strike Price:	0.8200	0.7950
Spot Ref:	0.8078	
Tenor:	2 weeks	
Date:	24 Sep 2014	
Time:	10:50 hrs	
Resistance / Support:	0.8185	0.7975
Commentary:		



- NZ Q2 GDP grows 0.7%q/q, 3.9%/y/y; fastest pace in 10 years (Thu 18-Sep).
- NZ's John Key wins third term in landslide election victory (Sun 21-Sep).
- Kiwi lower on China growth worries, lower dairy prices (Tue 23-Sep).
- Kiwi rallies from one-year low as NZ trade gap narrows in August (Wed 24-Sep).

NZ's economy grew at the fastest pace in 10 years in Q2, outperforming most major developed markets as the country prepares to hold an election this weekend. GDP increased 3.9% to June from a year earlier, the strongest growth since Q2 of 2004, StatsNZ said. That beat the 3.8% median forecast in a Bloomberg survey. GDP rose 0.7% from Q1. Annual growth accelerated from 3.8% in the 12 months through March, buoyed by construction, farm output and consumption. While quarterly growth was the slowest in a year after gaining at least 1% in the three preceding quarters, it beat economists' forecasts, which had centred on 0.6%.

NZ Prime Minister John Key won a third term in a record election victory, trouncing an opposition Labour Party that had its worst result since 1922. Key's National Party secured 48% of votes, the highest achieved by any party since NZ introduced proportional representation in 1996, according to the Electoral Commission in Wellington. Labour had 25% and its partner the Greens 10%. Key, a 53-year-old millionaire and former foreign exchange head at Merrill Lynch, has led National to power since 2008.

Currencies of commodity-exporting nations including Kiwi and Aussie dropped versus the dollar amid concern that growth in China is slowing. A quarterly report from New York-based China Beige Book International showed weak growth in China, with struggling retail and residential real-estate industries offsetting improvements in manufacturing and transportation. Separately, Fonterra, the world's largest dairy exporter, will pay its 10,500 farmer suppliers NZ\$5.30 a kilogram of milk solids in the current season, down from a previous estimate of NZ\$6. The kiwi dollar fell after Fonterra's statement, dropping to as low as 80.42 US cents, the weakest in 12 months.

The kiwi dollar rallied from a one-year low after a report today showed the trade deficit unexpectedly narrowed in August. StatsNZ said imports exceeded exports by NZ\$472 million last month, less than the NZ\$1.13 billion shortfall predicted by economists surveyed by Bloomberg News and down from a NZ\$724 million gap in July.



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