



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.2850	1.2600
Spot Ref:	1.2737	
Tenor:	2 weeks	
Date:	29 Oct 2014	
Time:	11:05 hrs	
Resistance / Support:	1.2888	1.2568
Commentary:		



- German private sector expands in October, eases growth concerns (Thu 23-Oct).
- Eurozone business growth better than expected, prices still falling (Thu 23-Oct).
- German Ifo business climate falls to 22-month low in October (Mon 27-Oct).
- EU provisionally clears French, Italian budgets after tweaks (Tue 28-Oct).

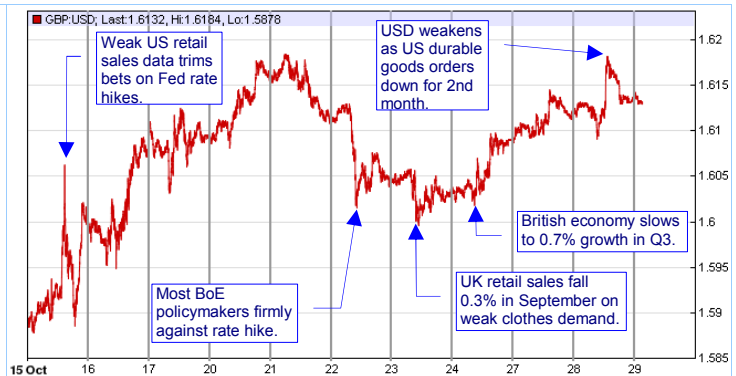
Germany's private sector grew faster in October as manufacturing rebounded, suggesting Europe's largest economy may be gaining momentum in Q4. Markit's flash composite PMI, which tracks growth in the manufacturing and services sectors that account for two-thirds of the economy, climbed to 54.3 from 54.1 in September.

Eurozone businesses performed much better than anyone expected this month but did so by slashing prices again, and optimism about the future fell to its lowest level in over a year, surveys showed on Thursday. Markit's Composite Flash PMI seen as a good indicator of growth, rose to 52.2, above all forecasts. The poll had predicted a fall to 51.7 from September's headline reading of 52.0 and October marks the 16th month the index has been above the 50 level. Firms were less optimistic about the year ahead. The business expectations index fell to 56.2 from 59.3, its lowest reading since June last year. Markit said the PMIs point to a 0.2% expansion of GDP in Q4.

The euro edged up against the dollar after the ECB's stress tests found smaller-than-expected capital requirements among European banks. German business confidence deteriorated to the lowest level in almost two years in October, dampening optimism over the health of the eurozone's largest economy. The German research institute, Ifo said its Business Climate Index fell to a seasonally adjusted 103.2 this month, below forecasts for 104.3 and down from a reading of 104.7 in September. That's the lowest since December 2012. Ifo's measure for current conditions dropped to 108.4 in October from 110.5 in September, and a gauge for expectations fell to 98.3 from 99.2.

The EC provisionally accepted the budgets of France and Italy, saying on Tuesday that no eurozone states had submitted deficit plans for next year that seriously breached EU rules for fiscal stability. Italy on Tuesday cut its 2015 deficit goal to 2.6% of GDP from 2.9% following the announcement of its €4.5 billion adjustment.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6250	1.5950
Spot Ref:	1.6132	
Tenor:	2 weeks	
Date:	29 Oct 2014	
Time:	11:05 hrs	
Resistance / Support:	1.6229	1.5944
Commentary:		



- Pound falls after BoE minutes; most policymakers against rate hike (Wed 22-Oct).
- UK retail sales fall 0.3% in September on weak clothes demand (Thu 23-Oct).
- British economy slows to 0.7% growth in Q3 (Fri 24-Oct).
- Cameron escalates row over EU bill for €2.1 billion (Mon 27-Oct).

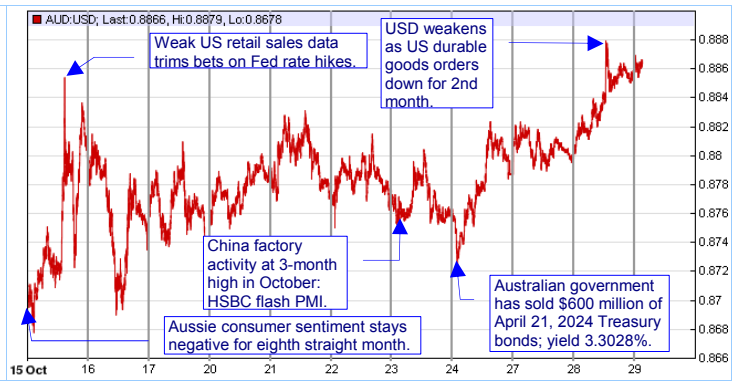
Minutes of the BoE MPC's meeting on October 7-8 showed the Bank believed the amount of spare capacity in Britain's economy was being reduced less quickly than it had previously expected. In another sign the BoE was in no hurry to raise rates, 7 of the 9 members saw "few signs" of inflation pressures building, even taking into account how the stronger pound was lowering import prices, something that could prove temporary. External members Martin Weale and Ian McCafferty voted to raise rates to 0.75% as keeping rates low could unbalance Britain's economic recovery and long delays in the effectiveness of interest rate rises meant an increase now was needed.

UK retail sales fell in September, adding to signs that the economic recovery may be losing steam. The ONS said sales volumes fell 0.3% on the month, more than expected and the weakest figure since January. Mild weather in September put shoppers off buying winter clothes, but sales were weaker in other sectors too. Year on year, retail sales are up by 2.7%. Many economists had predicted September's retail sales to fall 0.1% month-on-month, with a gain of 2.8% for the year. The ONS said clothing and footwear sales fell by 7.8% in September from August, their biggest monthly fall since April 2012.

UK economic growth cooled in Q3 as threats to the recovery from the eurozone slump mounted. GDP rose 0.7% in Q3 matching forecasts, compared with 0.9% in Q2. On an annualised basis, the economy grew 2.8%. Output grew 3.0% from Q3 of last year, down from 3.2% in Q2. Total economic output is now 3.4% higher than its pre-crisis peak in early 2008. Britain's services industry, which accounts for more than 75% of the economy, slowed the most during the quarter. Growth dropped to 0.7% from 1.1%.

Prime Minister David Cameron said Britain would not pay the €2.1 billion the EU wants from London for achieving better economic growth. Finance minister George Osborne is expected to discuss the bill with his German counterpart in Berlin later this week and EU finance ministers will broach the matter next week.

Base Currency:	AUD	USD
Alternate Currency:	USD	AUD
Strike Price:	0.8950	0.8700
Spot Ref:	0.8866	
Tenor:	2 weeks	
Date:	29 Oct 2014	
Time:	11:05 hrs	
Resistance / Support:	0.8931	0.8670
Commentary:		



- China factory activity at 3-month high in October: HSBC flash PMI (Thu 23-Oct).
- US durable goods orders posted surprise 1.3% drop in September (Tue 28-Oct).
- Abbott says GST change is up to the states (Mon 27-Oct).

Chinese manufacturing activity picked up pace to a three-month high in October. The closely-watched HSBC's China flash PMI inched up to 50.4 from a final reading of 50.2 in September, beating the consensus forecast for 50.3. However, while the headline number looked slightly better, manufacturing activity remained subdued and details pointed to continued weakness on a number of fronts. Growth in new orders at home and abroad slowed in October and producer prices fell, pushing factory inflation to a seven-month low and highlighting still-soft domestic demand. The level of output in factories also fell to a five-month low of 50.7.

Australian Prime Minister Tony Abbott says the GST will be looked at as part of the government's federation and taxation reviews but it is up to the states whether there is change. Mr Abbott has laid out a timetable for the reviews which will result in recommendations being released in the run up to the 2016 federal election. There will be a need to look at both spending responsibilities and revenue capacity as part of a mature debate about the future of the federation, he told parliament on Monday.

The greenback fell on Tuesday against the currency majors as US durable goods and home price data disappointed investors and raised worries about the economy as Federal Reserve officials began a two-day policy meeting. The US Commerce Department said orders for big-ticket items such as airplanes fell 1.3% in September following an 18.3% plunge in August. Analysts had expected a 0.5% rise last month. The greenback's decline was limited after the Conference Board said its index of US consumer confidence, which some analysts see as a predictor of consumer spending, rose in October to 94.5, its highest in seven years.

Base Currency:	NZD	USD
Alternate Currency:	USD	NZD
Strike Price:	0.8000	0.7800
Spot Ref:	0.7926	
Tenor:	2 weeks	
Date:	29 Oct 2014	
Time:	11:05 hrs	
Resistance / Support:	0.7996	0.7771
Commentary:		



- NZ inflation steady at 0.3% in Q3, slower than expectations (Thu 23-Oct).
- NZ business confidence shows signs of recovery (Wed 29-Oct).
- RBNZ expected to keep rates on hold at 3.5% (due on Thu 30-Oct, 04:00hrs SGT).
- Wheeler says LVR policy worth 0.25-0.50% of OCR rate tightening (Thu 23-Oct).
- NZIER shadow board: RBNZ advised to hold interest rates (Wed 29-Oct).

New Zealand inflation was steady in Q3, slowing the annual pace of price increases, and raising the prospect of interest rates staying lower for longer after the data fell short of expectations. The kiwi dollar fell. The CPI was unchanged at 0.3% in Q3 from Q2, for an annual pace of 1%, according to StatsNZ. The quarterly pace was lower than the 0.5% expected in a survey of economists, and below the RBNZ's 0.7% forecast, opening up the possibility governor Graeme Wheeler will delay the resumption of hiking interest rates. The annual pace slowed from 1.6% in Q2, and was only just within the RBNZ's target band of between 1% and 3%.

The RBNZ's introduction of limits to low-equity mortgage lending last year had a similar impact on inflation as raising the official cash rate by as much as 50 basis points, governor Graeme Wheeler told a global banking conference in Wellington. In essence, the reduction in housing pressures allowed us to delay the tightening in interest rates, thereby reducing the incentive for any additional capital inflows into the New Zealand dollar in search of higher yields", Wheeler said.

NZ business confidence has rebounded from a two-year low last month but is still well down from exceptional highs earlier this year. The ANZ business outlook survey released today showed a net 27% of firms were optimistic in October about general prospects. This was up 14 points on September, when uncertainty surrounding the general election dented business confidence. September's survey's result was the lowest it had been since June 2012 and had fallen 58 points since February.

Monetary experts want the RBNZ to leave the Official Cash Rate at 3.5%, saying the appetite for interest rate hikes is waning. According to the nine-member shadow board on the NZIER, the RBNZ may even need to ease interest rates if the global or domestic economy deteriorated significantly although the shadow board did not view cuts as warranted. The RBNZ is widely expected to leave the OCR unchanged tomorrow, with economists now forecasting it could remain on hold until late next year.



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