



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.2650	1.2350
Spot Ref:	1.2489	
Tenor:	2 weeks	
Date:	12 Nov 2014	
Time:	14:20 hrs	
Resistance / Support:	1.2664	1.2352

**Commentary:**

- Eurozone business growth remains weak in October, PMI nudges up (Wed 05-Nov). ■ ECB keeps rates unchanged, Draghi ready to do more "if needed" (Thu 06-Nov).
- Mersch says ECB ready to expand asset purchases to ABS next week (Mon 10-Nov). ■ Eurozone Q3 GDP will be closely watched (due on Fri 14-Nov, 18:00hrs SGT).

Eurozone business growth picked up less than expected in October despite another, deeper round of price cuts. Markit's composite PMI, measuring activity across the eurozone private sector, inched up to 52.1, up from 52.0 in September. That shows modest growth, but not enough to drag the economy out of its rut. Firms reported that they cut jobs because new work rose at a slower pace, meaning backlogs of work fell for the fifth month running.

The ECB is ready to use further unconventional policy tools if needed to stave off the risk of deflation and has asked staff to prepare them for use "if needed", ECB President Mario Draghi said on Thursday, at his monthly news conference after the ECB left interest rates at record lows. Eurozone inflation ticked up to 0.4% in October but remains far below the ECB's target of just under 2%.

ECB Executive Board member Yves Mersch said policy makers will be ready to buy asset-backed securities next week as part of a stimulus plan. They will help "to guarantee price stability in the euro area", he said. "There hasn't been a decision to buy government bonds. It is a theoretical option if the situation deteriorates."

The Eurozone preliminary estimate of GDP for Q3 is expected to show a slight increase of 0.1% q/q according to Bloomberg news.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6150	1.5800
Spot Ref:	1.5927	
Tenor:	2 weeks	
Date:	12 Nov 2014	
Time:	14:20 hrs	
Resistance / Support:	1.6120	1.5790

**Commentary:**

- UK manufacturing PMI climbed to a 3-month high at 53.2 (Mon 03-Nov).
- UK trade deficit widens on higher oil imports, EU exports sluggish (Fri 07-Nov).
- BoE expected to cut growth forecast, inflation report (Wed 12-Nov, 18:30hrs SGT).
- UK services growth slows to 17-month low in October (Wed 05-Nov).
- UK business confidence unfazed by Euro woes and lower inflation (Mon 10-Nov).
- UK ILO unemployment data for September (Wed 12-Nov, 17:30hrs SGT).

The UK's manufacturing PMI is out for October, and at 53.2 it's the highest in three months. But it is still considerably lower than the very high figures the UK regularly saw when the recovery was emerging, late in 2013 and earlier this year.

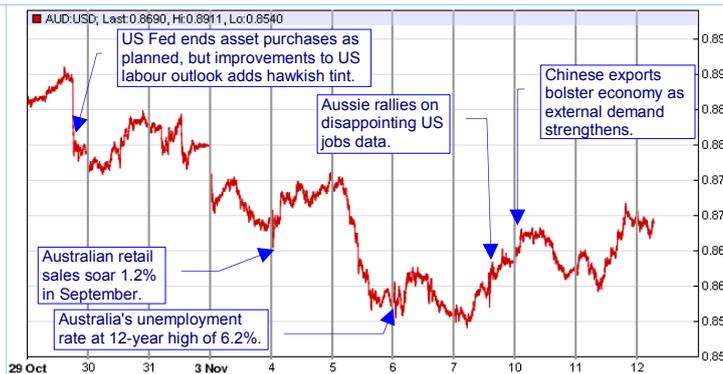
UK services growth slowed to a 17-month low in October after fears over the strength of the economy hit confidence. The PMI from Markit/CIPS fell by more than expected to 56.2 from 58.7 in September. Markit said the slowdown eased pressure to raise interest rates. The closely-watched survey follows separate PMI surveys for October showing growth in UK construction has slipped to a five-month low, while growth in the manufacturing sector was also slower than the same month last year. Markit's composite PMI, a broader gauge of the economy that combines services, manufacturing and construction industries, fell to 56.4 from 58.1, its lowest level since June 2013.

Britain's goods trade deficit widened by more than expected in September, hit by a jump in oil imports and by weak export growth to the European Union. The ONS on Friday said the deficit grew to £9.821 billion from £8.950 billion in August, when a plunge in big-ticket imports such as aircraft helped narrow the shortfall to its smallest level since March. Economists had forecast a gap of £9.4 billion pounds in September. Exports in the month rose by 4.2% compared with August but imports increased by a faster 5.8%. The data meant that in Q3 as a whole, Britain's deficit in its trade in goods grew to £29.049 billion, up from £28.107 billion in Q2.

The BDO Optimism Index was 104.6 for October. Despite this being marginally lower than September's 105, it remains above the UK's long-term average of 100 and marks a significant improvement on October 2013's score of 101.7. Confidence remains high among UK firms, with signs for both output and employment looking positive.

The BoE is expected to cut forecasts for growth and inflation when it publishes its latest outlook for the UK economy today. Its quarterly inflation report is likely to cement the view that interest rates will remain on hold at 0.5% until well into 2015, after the general election in the spring.

Base Currency: AUD USD  
 Alternate Currency: USD AUD  
 Strike Price: 0.8800 0.8500  
 Spot Ref: 0.8690  
 Tenor: 2 weeks  
 Date: 12 Nov 2014  
 Time: 14:20 hrs  
 Resistance / Support: 0.8793 0.8537  
 Commentary:



- Australian retail sales soar 1.2% in September, buoyed by iPhone 6 (Tue 04-Nov).
- Australia's unemployment rate stable at 6.2%, another sour note (Thu 06-Nov).
- Australia business conditions hit new high, business confidence dips (Tue 11-Nov).
- Australian consumer confidence not as strong as hoped (Tue 11-Nov).

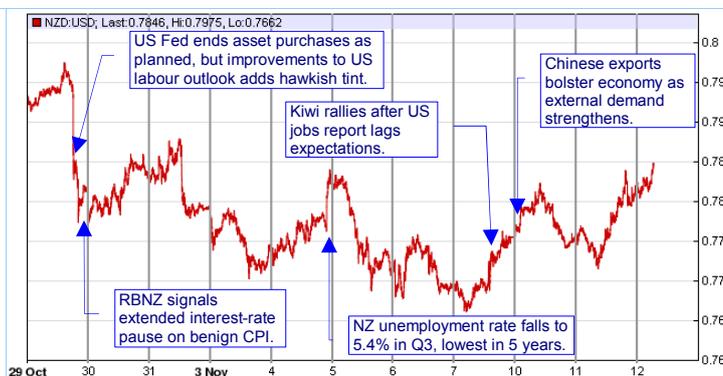
Australian retail sales rose a seasonally adjusted 1.2% in September to A\$23.63 billion. Economists had expected retail sales to lift 0.3% in the month. It was the strongest rise in retail spending since February 2013. The result was buoyed by electrical and electronic goods retailing, which rose a seasonally adjusted 9.2% in the quarter on the back of the release of the iPhone 6 during the month, and represented about half of the total Australian sales movement of 1.2% in seasonally adjusted terms.

Australia's jobless rate remained stable at an almost 12-year high of 6.2% in October, reflecting a soft labour market as the economy adjusts away from mining-driven growth. Some 24,100 jobs were added, with full-time positions jumping by 33,400 while part-time roles slipped by 9,400. October's data suggest a modest improvement in reported labour market outcomes between September and October and was overall slightly better than expected. The participation rate rose to a seasonally adjusted 64.6% from 64.5%. The September jobless rate was revised up from 6.1% to 6.2%, while the June, July and August figures were adjusted higher to 6.1% from 6.0%.

Australian business conditions boasted the biggest increase on record in October as firms reported stronger sales, profits and employment, a possible sign the economy was gaining momentum into Q4. NAB's index of business conditions surged to +13 in October, from just +1 in September. This was the largest monthly gain. However, its index of business confidence actually dipped a point in the month to stand at +4, because firms were uncertain whether the better times would be sustained.

Consumers are becoming more confident but fears about the economy are still weighing on people's minds. ANZ/Roy Morgan consumer confidence rose just 0.2% to 114.8 in the week ending November 9. ANZ said that confidence was continuing to rise, though the slow pace of improvement was disappointing. The improvement was driven by rising confidence in the economic outlook over both the next year (+2%) and the next five years (+4.7%), although both sub-indices remain at below-average levels.

Base Currency: NZD USD  
 Alternate Currency: USD NZD  
 Strike Price: 0.7950 0.7650  
 Spot Ref: 0.7846  
 Tenor: 2 weeks  
 Date: 12 Nov 2014  
 Time: 14:20 hrs  
 Resistance / Support: 0.7917 0.7659  
 Commentary:



- NZ unemployment rate falls to 5.4% in Q3, lowest in 5 years (Wed 05-Nov).
- RBNZ says it won't relax mortgage lending restrictions yet (Wed 12-Nov).
- Kiwi gains after upbeat Chinese trade data (Mon 10-Nov).
- New Zealand food price index (Thu 13-Nov, 05:45hrs SGT).

NZ's employers hired workers at a faster pace than forecast in Q3, after RBNZ flagged a pause in its tightening cycle. Employment increased 0.8%, or by 18,000 jobs, from Q2 when it grew 0.4%, StatsNZ said. The forecast was for a 0.6% gain. The jobless rate fell to 5.4% in Q3 from 5.6% in Q2, the lowest since Q1 of 2009 and below the 5.5% forecast. The participation rate rose to 69% from 68.9% in Q2. Wheeler on 30-Oct signalled keeping the OCR at 3.5% for a prolonged period amid benign inflation. He said "a period of assessment remains appropriate before considering further policy adjustment", while dropping a previous comment that tightening would be necessary.

The kiwi dollar gained after Chinese data showed better-than-expected export figures and after Friday's lower-than-anticipated jobs growth in the US. The mixed data stoked demand for the Australian dollar, dragging the kiwi higher, after US non-farm payrolls showed American employers added 214,000 jobs last month, below expectations. China's trade surplus expanded to \$US45.4 billion in October, beating expectations of \$US42.3 billion, from the \$US31.0 billion in September, but short of the record \$US49.8 billion for August, while consumer prices rose at an annual pace of 1.6% and producer prices were more subdued, falling 2.2%, according to official figures.

RBNZ said it won't relax mortgage lending restrictions for now as surging immigration and low borrowing costs could re-ignite the housing market. Wheeler previously said he would consider removing the limits on low-deposit home lending toward the end of this year. RBNZ introduced them on October 1 last year to curb house-price inflation and delay raising interest rates, which it feared would drive up the kiwi dollar. Without commenting directly on monetary policy in today's report, the RBNZ said that "further increases in short-term interest rates may be required in coming years". "We still believe the exchange rate is unjustified and unsustainable", said Wheeler.



For more reports, use your smartphone to scan the QR code

**Disclaimers**

The information herein is given on a general basis without obligation and is strictly for information purposes only. It is not intended as an offer or solicitation with respect to the purchase or sale of any investment or insurance product mentioned herein. Nothing herein should be construed as a recommendation or advice to transact in any investment or insurance product mentioned herein.

Although every reasonable care has been taken to ensure the accuracy and objectivity of the information contained in this publication, United Overseas Bank Limited ("the Company") and its employees cannot be held liable for any errors, inaccuracies or omissions, howsoever caused, or for any decision or action taken based on the information or views expressed in this publication. The Company does not warrant the accuracy, adequacy, timeliness or completeness of the information herein for any particular purpose, and expressly disclaims liability for any errors, inaccuracies or omissions. Any opinions, projections and other forward-looking statements regarding future events or performance of, including but not limited to, countries, markets or companies are not necessarily indicative of, and may differ from actual events or results.

The information herein has no regard to the specific objectives, financial situation and particular needs of any specific person. Investors may wish to seek advice from an independent financial advisor before investing in any investment or insurance product. Should you choose not to seek such advice, you should consider whether the investment or insurance product in question is suitable for you.