

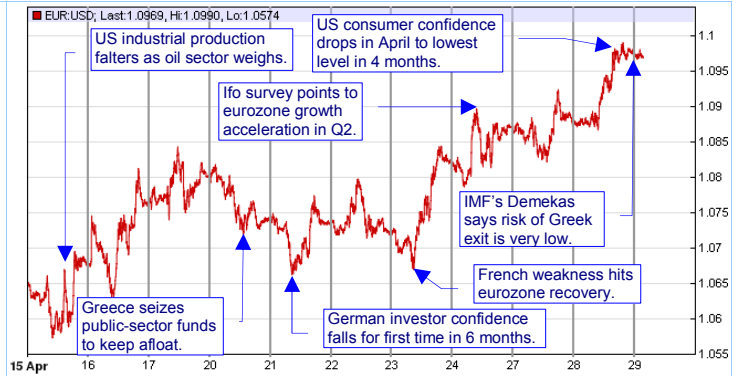

 UOB Personal Financial Services
 Deposits, Investments & Insurance Strategy
 Research & Product Advisory

Wednesday, 29 April 2015

Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.1100	1.0800
Spot Ref:	1.0969	
Tenor:	2 weeks	
Date:	29 Apr 2015	
Time:	10:25 hrs	
Resistance / Support:	1.1075	1.0813
Commentary:		



- French weakness hits eurozone recovery (Thu 23-Apr).
- Greece moves to sideline Varoufakis after reform talks fiasco (Mon 27-Apr).
- IMF's Demekas says risk of Greek exit is very low (Wed 29-Apr).
- Ifo survey points to eurozone growth acceleration in Q2 (Fri 24-Apr).
- US consumer confidence drops in April to lowest level in 4 months (Tue 28-Apr).
- Fed expected to remain patient on rate hike (due on Thu 30-Apr, 02:00 hrs SGT).

The eurozone's recovery slowed a little this month amid further signs of weaknesses in France's economy. The Markit flash eurozone PMI fell to 53.5 from 54 in March. A separate reading for France fell from 51.5 to 50.2, dashing hopes that the region's second-largest economy had shrugged off last year's dismal economic performance and was starting to grow at a faster pace. The index for Germany, the region's largest economy, fell from 55.4 to 54.2. While the cheaper euro helped secure new business for German companies, a slowdown in demand for some of the country's exporters' most important markets dampened the impact of the currency's depreciation on trade.

The German Ifo survey suggests the economic recovery of the eurozone continued to gain momentum in April from March. They still all point to a higher rate of growth for the monetary union in Q2 relative to Q1. The current assessment component of the Ifo survey, which rose to 113.9 from a revised 112.1, suggests an acceleration of the expansion at the start of Q2, relative to Q1. The average of the figure for January to March was 111.7. The equivalent component of the ZEW figure also rose in April.

Greek Prime Minister Alexis Tsipras on Monday reshuffled his team handling talks with European and IMF lenders, a move widely seen as an effort to relegate embattled Finance Minister Yanis Varoufakis to a less active role in negotiations. Later on Monday, the government said it was preparing a bill to legislate reforms already presented to the lenders, in an effort to inject new momentum into the slow negotiations. Eurozone officials welcomed the reshuffle.

Consumer confidence unexpectedly declined in April to a four-month low as Americans' views of the labour market and the outlook on the economy deteriorated. The Conference Board's index dropped to 95.2 from a revised 101.4 reading in March. The fewest respondents in four months said jobs were plentiful in April and income expectations cooled, the report showed, signalling consumers will remain guarded about spending. The setback in sentiment may indicate demand will be slow to pick up after a stronger dollar, bad winter weather in some regions and a labour dispute at West Coast ports weighed on the economy in Q1.

The US Fed dropped its reference to staying patient before raising interest rates in its policy statement in March. That could be its stance on Wednesday, when it concludes a new two-day monetary policy meeting amid a US growth slowdown and a potential financial eruption from the Greek crisis. The FOMC has put much of the financial world on edge for months waiting for its first rate hike in nearly nine years. But since then, economic conditions have eased, with the strong dollar - itself a function of expected rising rates - hitting US sales abroad, with inflation still extremely low and with the US labour market showing some weakness. That, and concern that Greece could default on its debts within weeks and spark more financial turmoil, are strong reasons why the FOMC might seek to temper expectations about a June hike this week.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5500	1.5050
Spot Ref:	1.5336	
Tenor:	2 weeks	
Date:	29 Apr 2015	
Time:	10:25 hrs	
Resistance / Support:	1.5453	1.4952
Commentary:		



- UK CBI industrial order expectations inch higher in April (Mon 27-Apr).
- UK house price expected to rise 4.1%/y: Nationwide (Wed 29-Apr, 14:00 hrs SGT).
- UK GDP growth slows to 0.3% in Q1, blow to Cameron (Tue 28-Apr).
- GfK consumer confidence survey results (due on Thu 30-Apr, 07:05 hrs SGT).

UK industrial order expectations improved less than expected in April, dampening optimism over its economic outlook, industry data showed Monday. The Confederation of British Industry said its index of industrial order expectations increased by 1.0 point to a reading of 1.0 this month from March's reading of 0.0. Analysts had expected the index to rise by 4.0 point to 4.0 in April. A reading above 0.0 indicates increasing order volume is expected, below indicates expectations are for lower volume.

The UK's economic recovery slowed sharply in Q1 with GDP growth of 0.3%, according to a preliminary estimate. The quarterly figure was much weaker than economists had predicted, at half the rate of growth measured in Q4 of 0.6%. With the economy a central theme of the General Election campaign, the news was seized upon by Labour as evidence that UK was far from fixed in the wake of the financial crisis. The annual rate of GDP growth slowed to 2.4% from the 2.8% measured in Q4 of 2014.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 0.8150 0.7750
 Spot Ref: 0.7989
 Tenor: 2 weeks
 Date: 29 Apr 2015
 Time: 10:25 hrs
 Resistance / Support: 0.8155 0.7767
 Commentary:



- China April flash HSBC factory PMI contracts to 49.2, lowest in a year (Thu 23-Apr).
- Home affordability in Sydney tightens up (Mon 27-Apr).
- Australia could lose AAA rating: Murray (Tue 28-Apr).
- Property, budget lifts Australian consumer confidence (Tue 28-Apr).
- RBA declines to comment on monetary policy, ends Q&A after speech (Tue 28-Apr).
- RBA governor warns retirees in bad position, criticises banks (Tue 28-Apr).

Chinese factory activity contracted to its lowest level in a year in April, suggesting that economic conditions are still deteriorating despite increasingly aggressive policy easing by the central bank. The flash HSBC/Markit PMI fell to 49.2 in April. After a brief rebound in February, it is now back in contraction for two consecutive months. Economists had forecast a flash reading of 49.6, equal to March's final reading. New orders declined further to a one-year low of 49.2 from March's final reading of 49.8.

Risks of mortgage defaults in Sydney and Melbourne are growing as soaring house prices are matched with bigger loans and deteriorating affordability. Moody's said housing affordability has eroded in the two biggest cities during the past year, as house prices rose sharply while wages remained flat. Applying various stress scenarios, including further gains in house prices, rising interest rates and falls in household income, it found that Sydney would suffer the worst deterioration in housing affordability.

Australian consumer confidence rebounded last week largely due to continued strength in the housing market and optimism about the upcoming federal budget. Confidence rose 2.8% in the week ending April 26, making up most of the ground lost by falls during the previous three weeks, ANZ/Roy Morgan's consumer confidence barometer found. Despite the pick up last week, the survey indicated confidence remained below average and was trending down.

RBA Governor Stevens, who was speaking at the Australian Financial Review's Banking and Wealth Summit, described bond yields as "incredibly low" and said this would present a long-term challenge for those who depended on this income, such as insurance companies or pension funds. People on the verge of retiring are in a "much worse position" than those who retired a decade ago. Stevens pointed to pressure on global retirement income systems that has slashed the returns on savings. He also criticised Australia's big banks, saying they ought to remember that the financial system relies on trust, and where trust has been damaged "repair has to be made".

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.7800 0.7550
 Spot Ref: 0.7693
 Tenor: 2 weeks
 Date: 29 Apr 2015
 Time: 10:25 hrs
 Resistance / Support: 0.7816 0.7568
 Commentary:



- RBNZ says monetary policy to remain stimulatory (Thu 23-Apr).
- NZ consumer confidence rises to 3-month high in April (Thu 23-Apr).
- NZ business confidence declined in April, ANZ says (Wed 29-Apr).
- RBNZ expected to leave rates unchanged (Thu 30-Apr, 05:00 hrs SGT).

The RBNZ said it will ensure that monetary policy is stimulatory to support output growth above potential, to help lift inflation back to target. Assistant Governor Dr John McDermott said that the near-zero inflation NZ is seeing is mostly due to low tradables inflation, caused by the slow global economic recovery, the high exchange rate, and the recent sharp falls in oil prices. Last month, the RBNZ signalled it didn't expect to raise rates until early 2017 as it faces an extended period of inflation below the bottom of its 1%-3% target range. "At present, the Bank is not considering any increase in interest rates. Before considering any tightening in monetary policy we would need to be confident that increased capacity utilisation and labour market tightness was generating, or about to generate, a substantial increase in inflation."

Consumer confidence in New Zealand rose to a three month high in April with respondents more positive about the short and long term outlook, a survey showed on Thursday. The ANZ-Roy Morgan consumer confidence index rose to 128.8 from 124.6 in March. The survey showed more consumers feeling better off financially than a year ago, and expect that to continue over the coming 12 months. They were also more optimistic about the economy's prospects in the short and longer term. Expectations for consumer price inflation over the next two years eased to 2.8% from 3.1% in the previous survey.

ANZ said NZ's April business confidence falls to 30.2 from 35.8 in March, and the activity index falls to 41.3 from 42.2. The inflation expectations remain unchanged at 1.76%. The signals from the survey's pricing gauges remain subdued, consistent with other yardsticks. If this is sustained, the OCR is likely to be headed lower", ANZ said.



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.