



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.1350	1.1000
Spot Ref:	1.1171	
Tenor:	2 weeks	
Date:	09 Sep 2015	
Time:	12:30 hrs	
Resistance / Support:	1.1343	1.1035
Commentary:		



- ECB unveils revamped QE program, downgrades outlook thru 2017 (Thu 03-Sep).
- Eurozone retail sales rise by less than expected in July (Thu 03-Sep).
- Eurozone Sentix investor confidence slumps to 7-month low (Mon 07-Sep).
- Eurozone: Strong Q2 GDP led by Germany and Spain (Tue 08-Sep).

Eurozone retail sales returned to growth in July although increased by less than expected on a monthly basis, as consumers filled their cars more with cheaper fuel. Eurostat said retail sales in the EU19 countries rose 0.4% during July for a 2.7% year-on-year increase. Economists had expected a 0.6% monthly rise and a 2.0% annual increase. Although lower than expected, the July expansion followed a 0.2% decline of retail sales in June on a monthly basis, albeit that revised from an initial minus 0.6%.

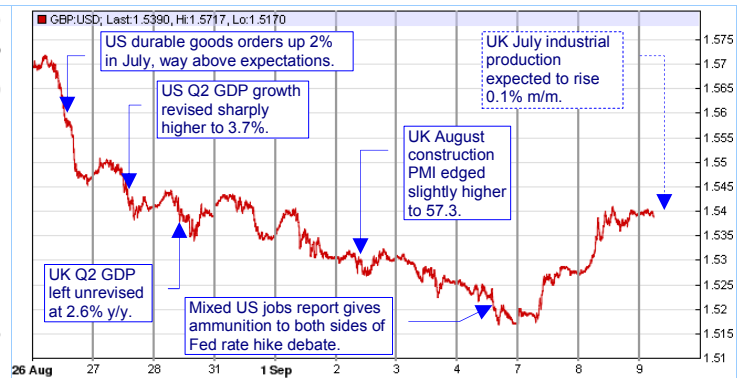
Mario Draghi unveiled a revamp of QE and signalled officials might expand stimulus if the rout in financial markets continues to weigh on growth and inflation. Draghi said that the Governing Council raised the share of bonds the ECB can buy to 33% of each issue from 25%, and that policy makers are ready to make more adjustments to ensure the full implementation of the €1.1 trillion program. A weaker global outlook prompted a wholesale **downgrade** of ECB's growth and inflation forecasts through 2017. The euro slid to a 2-week low as Draghi was seen giving a nod to potentially extend & expand QE as "ECB has the will and capacity to act further if it deems it necessary".

The notable downgrades in growth and inflation forecasts from the ECB are: Lowers **GDP** for: 2015 from 1.5% to 1.4%, 2016 from 1.9% to 1.7%, 2017 from 2.0% to 1.8%. Lowers **inflation** for: 2015 from 0.3% to 0.1%, 2016 from 1.5% to 1.1%, 2017 from 1.8% to 1.7%.

Eurozone investor confidence dropped sharply in September to its lowest level since the start of the year, driven by the weakness in Asia amid the Chinese economic slowdown. The Sentix investor confidence index dropped to 13.6 from 18.4 in August. Economists had expected the measure to fall to 16.1. That was the lowest reading since February. The current conditions index of the survey fell to 15.3. The expectations index tumbled to 12.3 from 21.5, its lowest reading since December 2014. The sentiment index for Germany declined to 20.6 from 25.7 and logged its weakest reading since the end of last year. Expectations were also the lowest since December.

The final print for Eurozone Q2 GDP growth was revised higher to 0.4%q/q (+1.5%/y) from the preliminary estimate of 0.3%q/q (+1.2%/y) due to stronger exports and consumer spending. Q1 GDP growth was also revised higher to 0.5%q/q (1.2%/y).

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5600	1.5200
Spot Ref:	1.5390	
Tenor:	2 weeks	
Date:	09 Sep 2015	
Time:	12:30 hrs	
Resistance / Support:	1.5640	1.5208
Commentary:		



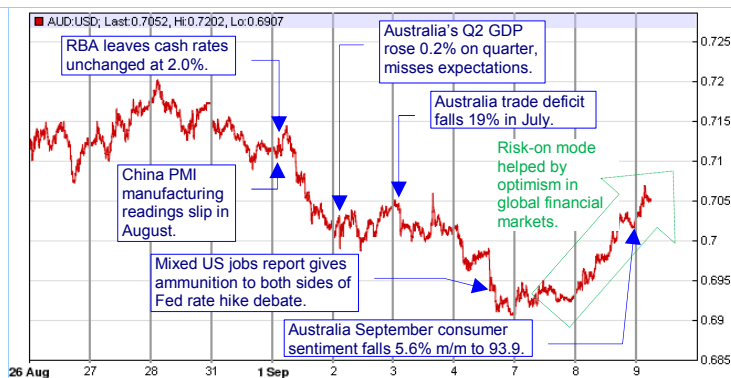
- UK August Markit/CIPS construction PMI edged slightly higher to 57.3 (Wed 02-Sep).
- UK August Markit services and composite PMI revised lower (Thu 03-Sep).
- UK July trade deficit expected to widen (due Wed 09-Sep, 16:30hrs SGT).
- UK July industrial production expected to rise (due Wed 09-Sep, 16:30hrs SGT).
- BoE expected to keep rates unchanged (due Thu 10-Sep, 16:30hrs SGT).

The UK August Markit/CIPS construction PMI edged slightly higher to 57.3 (from 57.1 in July).

The final print for the August Markit services PMI for UK was revised lower to 55.6 (from the preliminary estimate of 57.4, and disappointed the markets which expected an upward revision of 57.7). As a result, the composite PMI index for UK was revised lower to 55.1 (from 56.6).

Growth in industrial production and manufacturing has seriously lagged the recovery in services and consumption; factory output remains well below pre-crisis levels, and with a strengthening currency – which makes UK goods more expensive relative to foreign competitors – and the continued slump in Europe, actually begun to contract anew in the last quarter. Figures for July, due to be announced on Wednesday, are expected to show only a slight rebound of 0.1% m/m in July compared to a decline of 0.4% m/m in June. The forward indicators for the remainder of the year give little reason for optimism.

Base Currency: AUD USD  
 Alternate Currency: USD AUD  
 Strike Price: 0.7200 0.6900  
 Spot Ref: 0.7052  
 Tenor: 2 weeks  
 Date: 09 Sep 2015  
 Time: 12:30 hrs  
 Resistance / Support: 0.7228 0.6880  
 Commentary:



- Australia trade deficit falls 19% in July (Thu 03-Sep).
- China trade surplus expands in August despite weak exports (Tue 08-Sep).
- Australia September consumer sentiment falls 5.6% m/m to 93.9 (Wed 09-Sep).
- China cuts 2014 GDP growth from 7.4% to 7.3% (Mon 07-Sep).
- NAB: Business conditions trend strongest in 6 years (Tue 08-Sep).
- Australia jobs growth (year to July) revised down (Wed 09-Sep).

Australia reported a trade gap of A\$2.46 billion in July 2015 in seasonally adjusted terms, a decrease of 19% from a revised A\$3.05 billion deficit in June 2015 and beating market consensus, as exports grew while imports remained flat. In seasonally adjusted terms, **exports** of goods and services rose A\$612 million (+2%) to A\$26,903 million, while **imports** rose A\$23 million (+0%) to A\$29,363 million.

China on Monday lowered its GDP growth figure for 2014 by 0.1% to 7.3%, authorities said, as concerns mount over slowing expansion in the world's second-largest economy. The National Bureau of Statistics said on its website it lowered the figure from the 7.4% announced in January after a "preliminary confirmation". The new figure remains the lowest since 1990, when growth plummeted to 3.9%. Chinese growth slowed in first two quarters of this year, reaching 7.0% in both periods.

Chinese exports fell sharply for the 2<sup>nd</sup> month in a row in August, pointing to on-going weakness in external demand and raising fresh concerns about China's economy. China's trade surplus rose from US\$43.03 billion in July to US\$60.24 billion in August, beating forecast of a US\$49.35 billion surplus. But the trade data was actually very weak, as exports fell 5.5% y/y in August after declining 8.3% in July. Imports declined 13.8% y/y in August, marking the 10<sup>th</sup> consecutive decline in imports.

The NAB's monthly Business Survey showed that conditions rose 5 points to 11 with trading and profitability in Australia's business sector rising to 20 and 12 respectively. That takes back all of last month's falls and leaves these measures at the highest levels for 2015. The increase in monthly conditions has also had a positive effect on the trend indicator of what businesses are experiencing in the economy which has seen the "trend" measure of conditions rise to its highest level since 2009. That's good news for the economy and together with the increase in forward orders and the pick up in the export sub-index highlights that overall economic conditions are a little brighter.

Australia employment growth over the past year to July has been revised down by more than 30,000 to 212,500. This is 31,100 lower than the annual rise reported a month ago. The unemployment rate was unrevised at 6.3%, as high as it has been since 2002. On a month on month basis, the revisions have been small, with the July rise of 38,500 only scaled back to 37,900. The monthly trend growth rate now estimated by the bureau as 16,500, compared with 17,800 previously.

Base Currency: NZD USD  
 Alternate Currency: USD NZD  
 Strike Price: 0.6500 0.6200  
 Spot Ref: 0.6382  
 Tenor: 2 weeks  
 Date: 09 Sep 2015  
 Time: 12:30 hrs  
 Resistance / Support: 0.6521 0.6212  
 Commentary:



- Mixed US jobs report gives no clues to Fed rate debate (Fri 04-Sep).
- RBNZ expected to cut policy rates by 0.25% to 2.75% (Thu 10-Sep, 05:00hrs SGT).
- NZ Treasury warns that budget may remain in deficit: Radio NZ (Mon 07-Sep).

Despite disappointing US job growth in August, the unemployment rate fell to its lowest level since early 2008, sharpening the debate within the Fed over whether to raise interest rates when policy makers meet in two weeks. Employers added a weaker-than-expected 173,000 jobs in August while the official jobless rate dipped to 5.1% from 5.3%, providing fodder for both camps to make their cases. The August payroll increase was well below the 220,000 jump economists had predicted.

Falling dairy prices are hurting the New Zealand economy and may keep the government's budget in deficit for longer, Radio New Zealand reported, citing Treasury papers released under the Official Information Act. The advice to Finance Minister Bill English from June to August indicates that commodity prices were falling toward a level envisaged in a downside scenario outlined in May's budget. In that scenario, the budget stays in deficit until 2018 rather than returning to surplus in 2016.

The kiwi appreciated despite expectations for another RBNZ rate cut on Thursday morning. The markets and UOB expect to see a 25bps cut to its policy rate to 2.75%.



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