



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3400	1.3050
Spot Ref:	1.3203	
Tenor:	2 weeks	
Date:	04 Apr 2012	
Time:	11:00 hrs	
Resistance / Support:	1.3500	1.3000
Commentary:		

- Eurozone unemployment reaches near 15-year high, manufacturing malaise spreads to core (Mon 02-Apr).
- Spanish unemployment hits record high in March (Tue 03-Apr).
- US FOMC Minutes from 13-March: Fed-easing bets damped, greenback surges against majors (Tue 03-Apr).

Unemployment in the euro zone reached its highest level in almost 15 years in February, with more than 17 million people out of work, and economists said they expected job office queues to grow even longer later this year. Joblessness in the 17-nation currency zone rose to 10.8% - in line with a Reuters poll of economists - and 0.1 points worse than in January, Eurostat said on Monday. Economists are divided over the wisdom of European governments' drive to bring down fiscal deficits so aggressively as economic troubles hit tax revenues, consumers' spending power and business confidence which collapsed late last year.

The eurozone's manufacturing sector shrank for an eighth month and at a faster pace in March, adding to signs the bloc is in recession as the downturn spread to core members France and Germany. Markit's Eurozone Manufacturing PMI dropped to 47.7 in March from 49.0 in February, in line with a preliminary reading. It has been below the 50 mark since August. Earlier data from Germany showed its manufacturing sector contracted last month and it was a similar story in neighbouring France.

Spanish unemployed climbed by 0.82% for the eighth straight month in March to a new record high from the previous month to reach 4.75 million, the highest figure since the current statistical series began in 1996. The Spanish economy, the eurozone's fourth largest, is still reeling from the collapse of a labour-intensive property bubble in 2008 which destroyed millions of jobs. The government expects the unemployment rate - already the highest in the industrialised world - to surge to 24.3% this year.

According the minutes of the US FOMC's most recent policy making meeting, a divided Federal Reserve debated the outlook for the US economy, but refrained from much talk about a third round of quantitative easing. The Fed held interest rates at effectively zero and reiterated their conditional pledge to keep rates low through late 2014. The Fed raised its near-term forecast for real GDP growth, but predicted that unemployment was expected to remain elevated through 2013.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6050	1.5650
Spot Ref:	1.5891	
Tenor:	2 weeks	
Date:	04 Apr 2012	
Time:	11:00 hrs	
Resistance / Support:	1.6000	1.5590
Commentary:		

- Markit: PMI Manufacturing at 10-month high, indicates 0.3% Q/Q growth (Mon 02-Apr).
- UK construction sector sees unexpected boost (Mon 02-Apr).
- UK PMI Services (Wed 04-Apr, 16:30 SGT).
- GBP Repo Rate likely unchanged at 0.50% (Thu 05-Apr, 19:00 SGT).

The Markit/CIPS Manufacturing PMI rose to 52.1 in March from an upwardly revised 51.5 in February, confounding analysts' forecasts for a drop to 50.7 and hitting the highest level since May 2011. The survey indicated manufacturing output growth of 0.3% in Q1 of 2012, up from a 0.7% decline in Q4 of 2011 which had contributed to an overall contraction of the economy. Inflows of domestic and export orders also showed some improvement in March, but exporters are having to tap markets further afield as conditions in the eurozone remain lethargic. The surprisingly upbeat manufacturing data suggested the UK could avoid slipping into recession.

Construction activity jumped to a 21-month high in March as new orders rose at their fastest rate in four-and-a-half years. The PMI for the industry rose to 56.7 in March from 54.3 in February, suggesting that the recovery is on track after the manufacturing sector also saw a pick up. A slump in the two sectors was seen to be the driving force behind the economic contraction at the end of last year, which raised fears of another recession.

In its quarterly economic assessment, the British Chambers of Commerce (BCC) said although the UK will likely avoid slipping back into recession, the economy will expand by just 0.6% this year. This is below the 0.8% predicted by the Office for Budget Responsibility and the BCC warned that growth in the services sector, which makes up more than three-quarters of the economy, has been sluggish.

Base Currency:	AUD	USD
Alternate Currency:	USD	AUD
Strike Price:	1.0550	1.0200
Spot Ref:	1.0279	
Tenor:	2 weeks	
Date:	04 Apr 2012	
Time:	11:00 hrs	
Resistance / Support:	1.0558	1.0234
Commentary:		



- Australia: Building Permits surprisingly weak in February; falls 7.8% (Mon 02-Apr).
- Australian Industry Group/PriceWaterhouseCoopers Australian PMI – Manufacturing activity falls in March to 49.5 (Mon 02-Apr).
- Retail sales rose 0.2% in February (Tue 03-Apr).
- RBA keeps rates on hold at 4.25% but opens door wide for a cut in May (Tue 03-Apr).
- Q1 inflation report – fears that inflation outlook may trend below 2%-3% target (due for release on Tue 24-Apr).

The seasonally adjusted estimate for total building approvals issued surprisingly fell by 7.8% in February following a rise of 1.1% in the previous month, the Australian Bureau of Statistics reported Monday. Economists had expected an increase in approvals by 0.3%. A private manufacturing survey on Monday fell 1.8 points to 49.5, a half point below the dividing line between expansion and contraction, as exports dropped by the most in 2 1/2 years.

Retail sales rose as expected in February but the sluggish growth suggests another tough year for the sector, analysts say. Retail sales grew by 0.2% in February following a 0.3% rise in January, according to the Australian Bureau of Statistics. The ABS says retail trade rose in the month to a seasonally adjusted \$20.988 billion, compared to a downwardly revised \$20.954 billion in January.

The Reserve Bank of Australia (RBA) has kept official interest rates on hold after its April board meeting but left the door open for a cut as early as next month. The decision to keep the cash rate at 4.25% is in line with economists' forecasts. All 15 economists surveyed by AAP last week said there would be no interest rate move in April. The RBA cut its benchmark cash rate at both its November and December board meetings last year by a quarter of a percentage point each time, taking the cash rate to 4.25% from 4.75%. RBA governor Glenn Stevens said on Tuesday, in a statement, that it appeared the pace of economic growth had been slower than expected. However, Mr Stevens said the RBA board decided it would wait until the publication of the March quarter inflation data, due on 24-April, before revisiting the need to cut interest rates.

Base Currency:	NZD	USD
Alternate Currency:	USD	NZD
Strike Price:	0.8300	0.8050
Spot Ref:	0.8166	
Tenor:	2 weeks	
Date:	04 Apr 2012	
Time:	11:00 hrs	
Resistance / Support:	0.8300	0.8059
Commentary:		



- Zero budget planned as govt struggles with surplus (Mon 02-Apr).
- New Zealanders learned lessons of economic crisis, says IMF (Tue 03-Apr).
- Worse than expected NZ\$1.2 billion hike in Budget deficit (Wed 04-Apr).

Fears that the New Zealand government will miss its target of returning to budget surplus in 2014/15 have prompted a further hunt for savings in public sector spending and fresh scrutiny on any new spending initiatives. Prime Minister John Key told his post-Cabinet media conference the reason for seeking a zero budget this year was concerns that the current wafer-thin forecasts for a \$370 million surplus in the year to March 2015 were under threat from weak economic activity and a falling tax take. Government ministers regard the return to budget surplus in 2015 as a crucial credibility test for political audiences and financial markets.

NZ seems to have learned the economic lessons of the recent housing bubble and a "structural shift" in savings habits is under way, says the IMF. In an upbeat assessment of the NZ economy, the IMF says New Zealand is emerging in reasonably good shape from the recent global financial crisis. The IMF is still concerned about its long-term external liabilities, with a current account deficit going back to the mid-1970s, and says the only way this large external liability will be eased is by a higher level of savings.

The Budget deficit is running NZ\$1.2 billion worse than forecast as tax revenue continues to lag. Treasury today released the Government's financial statements for the eight months to the end of February showing an operating deficit of NZ\$8.8 billion. The operating deficit before gains and losses was NZ\$395m higher than expected at \$5.5 billion. Core Crown expenditure was NZ\$1.4 billion below forecast, partially offset by revenue tracking NZ\$1.2 billion below forecast. The lower-than-expected revenue was mainly due to a shortfall of NZ\$825m on tax - an improvement from the NZ\$946m variance last month.



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