



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.2900	1.2700
Spot Ref:	1.2801	
Tenor:	2 weeks	
Date:	03 Apr 2013	
Time:	10:00 hrs	
Resistance / Support:	1.2890	1.2700

Commentary:

- Spain to revise down 2013 GDP growth target to -1% (Mon 01-Apr).
- Eurozone factories suffer in March, but no Cyprus impact yet: PMI (Tue 02-Apr).
- Cyprus bailout legacy to last 22 years, finance minister resigns (Tue 02-Apr).
- Eurozone unemployment hits record 12% in February (Tue 02-Apr).

Spain will revise down its economic growth forecast for 2013 next week and seek more time from the EU to reduce its budget deficit as recession cuts deeper than previously expected, a government source told Reuters. Spain's GDP will be forecast to shrink by 1%, rather than 0.5%, the source said, adding that the government intended to shift emphasis to growth rather than deficit reduction. Spain is negotiating with the EC for more time to bring its deficit within 3% of GDP, something it is currently expected to do by 2014. Spain will increase its 2013 deficit target to 6% of GDP, from an existing forecast of 4.5%, reducing to 4.5% in 2014 and 3% in 2015.

Cyprus announced that bailout loans will carry interest of 2.5% and repayment will begin in 10 years, spread over 12 years. The finance minister Michael Sarris said he submitted his resignation and the President accepted it. Sarris says he resigned due to an ongoing investigation, which may be related to funds being withdrawn from banks prior to the deposit levy announcement. A newspaper published a list of 132 companies and people who withdrew large sums in the two weeks before the bailout.

Manufacturing across the eurozone fell deeper into decline in March, although the Cyprus bailout crisis has yet to take a toll on factory activity. Markit's Eurozone Manufacturing PMI fell in March to 46.8 from 47.9 in February - slightly better than an preliminary estimate of 46.6, but extending its contraction for a 20th month. Factories in Germany and Ireland, the relative bright spots in the February surveys, fell back into decline in March. Everywhere else, the industrial rot deepened.

Eurozone unemployment ran at a record 12% in February, with more than 19 million people on the dole as the debt crisis continued to sap the economy. Eurostat data showed unemployment in the 17-nation eurozone at 12% was unchanged from January (upwardly revised from 11.9%). For the 27-member EU, unemployment in February rose to 10.9% from 10.8%, with 26.34 million out of work. Some 33,000 joined the jobless queues in the eurozone and 76,000 in the EU over the month of February.

EUR:USD, Last:1.2801, Hi:1.3047, Lo:1.2754

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5200	1.5000
Spot Ref:	1.5086	
Tenor:	2 weeks	
Date:	03 Apr 2013	
Time:	10:00 hrs	
Resistance / Support:	1.5180	1.5000

Commentary:

- BoE wins back financial regulation powers taken away since 1997 (Mon 01-Apr).
- UK manufacturing sector continues to shrink (Tue 02-Apr).
- No triple dip but a slow UK recovery, BCC survey predicts (Mon 01-Apr).
- UK mortgage approvals drop more than forecast (Tue 02-Apr).

The BoE will become one of the most powerful central banks in the world on Monday when the biggest overhaul of financial regulation since 1997 takes place. As part of sweeping changes that will undo the system set up by former British chancellor Gordon Brown, the Financial Services Authority (FSA) will be replaced with three new bodies - the Financial Policy Committee (FPC), the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). With both the FPC and the PRA sitting within the Bank, it will take on vast new powers and responsibility not just for regulating lenders, but also spotting and preventing possible financial shocks. But there are concerns the Bank will become too powerful, given that it also has responsibility for monetary policy in the UK.

The forecast from the British Chambers of Commerce suggests the UK will not plunge into an unprecedented third downturn, but says any improvement in the economy is likely to be slow and protracted. The BCC called on the chancellor to implement rapidly the measures he outlined in last month's budget to stimulate the economy.

Bad weather and weak demand from the crisis-hit eurozone left Britain's manufacturing sector contracting for a second successive month in March. The manufacturing PMI edged higher from 47.9 to 48.3. Output dropped at the fastest pace since October 2012 but the prospects for new business brightened slightly. The update from CIPS and Markit found that firms were scaling back production in response to weak order books from both domestic and overseas customers.

The BoE lending data shows that the number of mortgage approvals dropped to 51,700 in February from 54,200 in January, but the net amount lent actually rose by £900m after a £300m increase in January. All this still points to a very subdued economy, which will keep the pressure on the BoE to do more to offset the UK's tight fiscal stance.

GBP:USD, Last:1.5086, Hi:1.5259, Lo:1.5029

Base Currency:	AUD	USD
Alternate Currency:	USD	AUD
Strike Price:	1.0550	1.0350
Spot Ref:	1.0453	
Tenor:	2 weeks	
Date:	03 Apr 2013	
Time:	10:00 hrs	
Resistance / Support:	1.0500	1.0400
Commentary:		



- Australia home prices rise 1.3% in March (Tue 02-Apr).
- Aussie rises as RBA keeps interest rates unchanged at 3% (Tue 02-Apr).
- Australia commodity index edges up in March: RBA (Wed 03-Apr).
- February trade deficit narrows to A\$178 million (Wed 03-Apr).

Home prices in Australia's major cities rose for a third straight month in March, the best quarterly performance since mid-2010 and another sign lower mortgage rates are gaining traction in the economy. Figures from property consultant RP Data-Rismark showed dwelling prices climbed 1.3% in March, from February. For the whole of the first quarter, prices were up a solid 2.8%, the largest increase in almost three years. Since bottoming out in May last year, prices have risen by 4.7%. The gains in March were broad based with Sydney prices up 1.5%, Brisbane 1%, Perth 3.4% and Melbourne 0.8%. The median price for all eight capital cities in Australia was A\$465,000.

The RBA has kept the official interest rate at 3% at its April board meeting, saying global downside risks appeared to have eased but domestic pressures were lingering. With stronger than expected jobs figures for February, and improvements in consumer sentiment and the housing market, the RBA decision was expected. The stubbornly high Aussie dollar was squeezing local industries despite a drop in export prices, while households and businesses remained cautious. Rates have been held since December at 3%, a historic low not seen since the global financial crisis and well below their most recent peak of 4.75% seen in October 2011.

The RBA index of commodity prices climbed 0.2% in March, from February's revised 2.6%, measured in special drawing rights (SDR) terms making it the fifth straight month of gains. Compared to March last year, it was down 7.5%. In Australian dollar terms, the index fell 1.6% in March, and was 8% lower on March last year. Australia's trade deficit narrowed to A\$178 million in February compared with a deficit of A\$1.2 billion in January, lower than forecasts for an A\$1 billion deficit. Australia hasn't posted a monthly trade surplus in more than 12 months, as it obtained lower prices for its key commodities exports, and capital imports to fuel mining investment remained strong.

Base Currency:	NZD	USD
Alternate Currency:	USD	NZD
Strike Price:	0.8500	0.8350
Spot Ref:	0.8404	
Tenor:	2 weeks	
Date:	03 Apr 2013	
Time:	10:00 hrs	
Resistance / Support:	0.8450	0.8320
Commentary:		



- NZ employee confidence at best in 18 months in Q1: Westpac (Tue 02-Apr).
- NZ commodity prices surge in March: ANZ survey (Tue 02-Apr).
- Dairy prices rise 14.2% to record as drought shrinks volumes (Wed 03-Apr).
- Kiwi dollar gains after weak eurozone and UK data (Wed 03-Apr).

Employee confidence in NZ lifted into optimism for the first time in 18 months in Q1, suggesting the labour market might improve later in the year, a survey indicated on Tuesday. The Westpac-McDermott Miller employee confidence index rose to 100.7 in Q1 from 99.1 in the previous quarter. It was the fourth successive rise in the index, and the first time since September 2011 that the index had been above 100. The RBNZ has said it plans to keep its cash rate at a record low 2.5% until end of 2013.

Prices for New Zealand's main commodities surged in March to post the eighth consecutive month of gains because of a big rise in dairy and animal skin prices, a survey showed on Tuesday. The ANZ Bank's commodity price index rose 7.4% from February, when it rose 1%, and now remains 6% below a record high hit in April 2011. ANZ said it was the third biggest monthly rise for the index in its 27 year history. In NZ dollar terms, the index rose 8.7% for the month, after the currency's trade-weighted exchange rate posted a small drop. ANZ's index includes commodities which make up around 60% of the agricultural economy's NZ\$46 billion annual export earnings.

Prices of dairy products surged to a record in Fonterra's latest GlobalDairyTrade auction as traders competed for a shrinking volume of milk powder in the face of the continuing impact of drought. The GDT-TWI Price Index rose 14.2% compared to the last sale two weeks ago, the eighth straight gain. The average winning price rose to US\$4,966 a tonne, the highest on record on the GDT platform that began in July 2008, from US\$4,683 a tonne two weeks ago. Whole milk powder, the biggest product by volume, rose 7.7% to US\$5,100 a tonne.

The kiwi dollar gained against most of its trading peers after weak economic figures in Europe and the UK, and rising equity markets stoked demand for so-called risk assets. The kiwi failed to break through a technical level of 84.50 US cents overnight and may struggle to push higher in the short term.



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