



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3250	1.3000
Spot Ref:	1.3175	
Tenor:	2 weeks	
Date:	17 Apr 2013	
Time:	11:10 hrs	
Resistance / Support:	1.3200	1.3020

Commentary:

- Greece on track to contain debt (Mon 15-Apr).
- Eurozone inflation at 1.7% y/y continues to ease (Tue 16-Apr).
- Euro jumps 1% as markets, gold rebound (Tue 16-Apr).

Greece is on course to contain its debt and keep the level sustainable and should return to growth in 2014, its international creditors said Monday, adding that the next disbursement of aid to the country, of at least €2.8 billion, should be approved soon. The "troika" of creditors - the EC, IMF and ECB - gave the green light for the aid after Greek authorities gave up their opposition to about 15,000 public sector layoffs, a key condition of its latest bailout deal agreed late last year.

The eurozone's trade surplus grew in February, but the positive balance was helped by lower demand for imports rather than export growth, data from Eurostat showed on Monday. The trade surplus for the 17 countries sharing the euro, unadjusted for seasonal swings, was €10.4 billion (€12 billion seasonally adjusted) in February. This was greater than the €3.0 billion surplus consensus forecast. January's figure was revised to a deeper deficit of €4.7 billion, from a previous €3.9 billion deficit.

Eurozone inflation data showed that the CPI rose by 1.7% year-on-year in March, down on February's 1.8%, and below the ECB's target of close to but not above 2%. That may give the ECB more opportunity to cut interest rates. The last time the ECB reduced its refinancing rate was July 2012, when rates were cut to the current 0.75% level.

Investor sentiment in Germany fell by more than expected in April, dented by recent weaker-than-expected economic data but remains firmly in positive territory. The ZEW investor confidence index fell by 12.2 points to 36.3 points in April, while analysts had been projecting a more modest decline to around 43 points. "Despite its decline, the indicator currently hovers at its third highest mark within the last 24 months. The current level has only been exceeded in the two preceding months," ZEW said.

The euro jumped 1% against the dollar on Tuesday, reaching its best level since February as buyers returned to share markets and gold rebounded following Monday's rout. The improvement in risk appetite even helped the euro shrug off the news that German investor confidence deteriorated significantly, breaking above a key resistance level of \$1.3150. With no eurozone data slated for release today, the sustainability of the euro rally will depend on US news and the release of the Fed's Beige Book.

EUR:USD; Last:1.3175, Hi:1.3200, Lo:1.2756

- Eurozone posts February trade surplus on lower imports (Mon 15-Apr).
- German investor sentiment drops in April: ZEW (Tue 16-Apr).

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5450	1.5200
Spot Ref:	1.5355	
Tenor:	2 weeks	
Date:	17 Apr 2013	
Time:	11:10 hrs	
Resistance / Support:	1.5440	1.5235

Commentary:

- House prices hit record high for April as sellers' confidence returns (Mon 15-Apr).
- Annual house-price inflation down in February to 1.9% (Tue 16-Apr).

House sellers hiked asking prices to the highest level ever recorded in the month of April, after asking prices hit a new high for the month of March, stoking further signs of a spring recovery in the market. Asking prices rose by 2.1% month-on-month to reach £244,706 on average, the Rightmove House Price Index found. This is the peak figure recorded for the month of April and stands just £1,500 below an all-time high set in June 2012. The year has got off to a promising start for house sellers, with asking prices now £15,717 or 6.9% higher than they were at the start of 2013, following monthly price increases for every month of 2013. On an annual basis, prices are up by 0.4%.

The CPI grew by 2.8% in the year to March, unchanged from February, and above the BoE's 2% target rate for annual inflation. Market expectations were for 2.9%. Slower gains than a year ago in prices for gasoline, alcohol and furniture offset larger annual increases in prices for books, DVDs and motor insurance premiums. Inflation rose by 0.3% in March on a m/m basis. The ONS said annual UK house-price inflation cooled in February to 1.9% from 2.2% in January. In London, prices rose an annual 5.9%.

In a separate release, the ONS said factory-gate prices rose 0.3% in March from February and were up 2% from a year earlier. The producer-price data showed that core output prices rose 0.1% in March from February and increased 1.3% from a year earlier. Input prices fell 0.1% on the month and were up 0.4% from the same month a year ago. The biggest downward impact on the monthly input figure was a 2.6% drop in crude oil prices, the most since June, according to the ONS.

GBP:USD; Last:1.5355, Hi:1.5411, Lo:1.5035

- British official inflation steady at 2.8% in March (Tue 16-Apr).
- Producer Price Index up 2% in March (Tue 09-Apr).

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 1.0500 1.0300
 Spot Ref: 1.0365
 Tenor: 2 weeks
 Date: 17 Apr 2013
 Time: 11:10 hrs
 Resistance / Support: 1.0500 1.0300
 Commentary:



- Swan backs Japan-to-US stimulus, against harsh European austerity (Wed 10-Apr).
- China's Q1 growth slows to 7.7% despite credit injection (Mon 15-Apr).
- Low interest rates boost home loan numbers (Mon 15-Apr).
- RBA's fifth female board member sees firms adjusting to currency (Wed 17-Apr).

Australian Treasurer Wayne Swan said he supports Federal Reserve Chairman Ben Bernanke's quantitative easing and Japanese Prime Minister Shinzo Abe's reflation policy, in contrast to Europe's hazardous pursuit of austerity as the world economy struggles to shake off the global financial crisis. While Australia's currency is "defying gravity" and imposing pain on its car industry, the nation is poised to benefit from strengthening growth abroad, Swan said.

China's growth slowed to an annual pace of 7.7% in Q1 from 7.9% in Q4, springing a nasty shock on markets and analysts and suggesting that the world's second largest economy has yet to find a sustainable growth model. Analysts had forecast growth to reach 8%, supported by the extra liquidity pumped into the system over the past two quarters and the surprisingly strong trade data published last week. The decline in growth momentum spooked the markets with the Aussie taking a big hit. The data is all the more worrying given that credit growth was up 58% compared with Q1 last year, but resulted in a sharp slide in the investment contribution of 2.3%, from 3.9% in 2012.

Australia's housing sector is in the tentative stages of a recovery as investors and home owners take advantage of low interest rates. The number of home loans taken out in February rose 2%, the first monthly rise since September last year, despite the 14.4% of loans given to first home buyers falling to its lowest point in 9 years (since June 2004). Home prices rose 2.8% in the March quarter, according to RP Data, while building approvals for new homes rose 3.1% in February, according to ABS. Housing is one of several underperforming sectors the RBA is counting on to improve during 2013 to help offset an expected slowdown in mining investment.

Incoming RBA board member Kathryn Fagg, who has worked in the manufacturing, services and resource industries, said companies have accepted the need to adjust to the sustained strength of the currency. Fagg will be the fifth woman to serve on the 53-year-old board of the RBA when she takes up her role on May 7. On monetary policy, Fagg declined to identify herself as either a hawk or dove, saying she is "very data and logic driven and would always just try to do my best in terms of what is the right balance". Traders priced in a 30% chance the RBA will cut rates by 0.25% to a record 2.75% at the May 7 meeting, according to Bloomberg interest-rate swaps data.

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.8550 0.8400
 Spot Ref: 0.8482
 Tenor: 2 weeks
 Date: 17 Apr 2013
 Time: 11:10 hrs
 Resistance / Support: 0.8545 0.8400
 Commentary:



- Kiwi slumps after China GDP data shows sub-8% growth (Mon 15-Apr).
- Tourism to get NZ\$158m Budget boost (Tue 16-Apr).
- Inflation up 0.4% in Q1 led by tobacco and prescriptions (Wed 17-Apr).

Commodity currencies took a kicking after data showed the pace of Chinese growth stumbled in the first three months of the year, undershooting expectations. The Kiwi dollar hit its support at \$0.8480, the 38.2% Fibonacci retracement of its March to April rally, but later broke below another level of support at \$0.8449. Gold plunged more than 9% Monday to its lowest price in 2 years in a rout sparked by worries over Chinese growth and a possible selling of 14 tonnes of Gold by Cyprus's central bank.

PM John Key announced that the government will allocate an extra NZ\$158m over four years to tourism in the May 16 Budget. He said the Budget would see a significant investment in a package of internationally focused growth initiatives including tourism. In the year ended March 2012 tourism generated NZ\$9.6 billion of revenue and was 15.4% of export earnings. It was 3.3% of GDP and employed 6.2% of the workforce. PM Key will announce the details at the TRENZ tourism conference event in Auckland.

Inflation was up 0.4% in the three months to March, just below the average market forecast for 0.5%, led by a 12% lift in the price of cigarettes from a 10% hike in duty in the period, and a 9.3% rise in subsidised prescription fees which came into effect at the start of the year, according to StatsNZ. The CPI figure was in line with economists' expectations that official interest rates will remain on hold at 2.5% this year. Annually, the CPI increased 0.9% in the year to the March quarter, due to increased prices for cigarettes and tobacco (up 12%), electricity (up 5.2%), rentals for housing (up 2.2%), purchase of newly built houses (up 3.3%), and local authority rates (up 4.3%).



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