



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3350	1.3050
Spot Ref:	1.3255	
Tenor:	2 weeks	
Date:	31 Jul 2013	
Time:	11:50 hrs	
Resistance / Support:	1.3400	1.2923
Commentary:		

- Good news as Eurozone composite PMI jumped to 50.4 in July (Wed 24-Jul).
- Eurozone Retail PMI improves to 21-month high in July (Tue 30-Jul).
- IMF approves €1.7 billion aid for Greece (Mon 29-Jul).
- Eurozone economic confidence Jumps to highest in 15 Months (Tue 30-Jul).

More good news for the eurozone as the latest July Eurozone composite PMI edged above the 50-level to 50.4, higher than last month's reading of 48.7 and exceeding projections of 49.3. It was the first time eurozone signalled expansion in business activity since Jan 2012. The July manufacturing PMI rose to 50.1 while the services PMI also climbed higher and ended at 49.6 (from 48.3 in June and exceeding expectations of just 48.7). The better than expected PMI data out from Europe was euro-positive.

The IMF on Monday approved a further €1.7 billion in funds for Greece's bailout program after completing its fourth review. It also confirmed lenders would modify Greece's September target for money raised from privatising state firms, after Athens struggled to sell natural gas distributor DEPA in June. The EU said that Greece would now need to make only €1.6 billion from privatisations, down from €2.6 billion, but will now have to recoup that money in 2014 to ensure it stays on course to lower its debt.

The eurozone retail PMI improved to a 21-month high in July of 49.5. The value of retail sales fell for the twenty-first month running, but at the slowest rate over that period. Both Germany and France posted higher sales, with the latter recording the first expansion since March 2012, while Italy recorded a sharper decline in retail sales.

European economic indicators helped strengthen the euro. The EC said its July Economic Sentiment Indicator rose 1.2 points to 92.5 in the 17-nation eurozone, the highest in 15 months, and by 2.4 points to 95 in the full 28-member EU. Consumer confidence in Germany also continued to rise, reaching a new 18-month high. Still, analysts warned that the data were probably not strong enough to push the euro into a new trading range due to continued concerns about the economy.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5450	1.5050
Spot Ref:	1.5227	
Tenor:	2 weeks	
Date:	31 Jul 2013	
Time:	11:50 hrs	
Resistance / Support:	1.5415	1.5000
Commentary:		

- Service growth helps push UK economic growth in Q2 to 0.6% (Thu 25-Jul).
- UK house-price growth slowed in July on property supply pickup (Mon 29-Jul).
- Economy set to surge ahead for rest of year: CEBR (Mon 29-Jul).
- UK July consumer confidence soars to 3-year high (Tue 30-Jul).

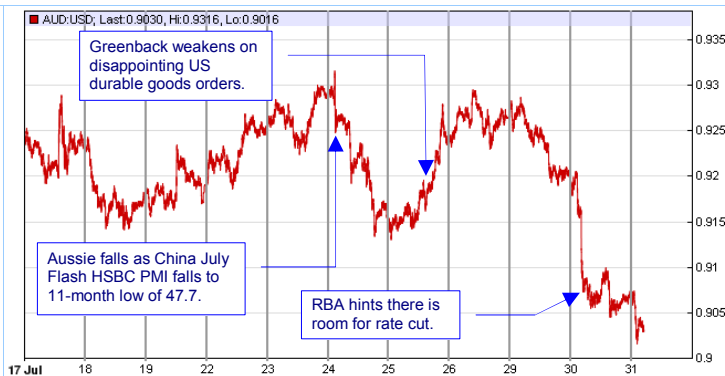
The preliminary UK Q2 GDP growth data was in line with expectations as the UK economy grew by 0.6%q/q (1.4%/y), from 0.3%q/q (0.3%/y). This was the strongest year-on-year growth rate recorded since Q1 of 2011 and the key drivers were services (+0.2%/m, 1.5%/y) and construction while manufacturing and agricultural activities also picked up. While Treasurer George Osborne was heartened by the news that the economic activity accelerated, he remained cautious and noted that the economy still faced many hurdles, especially the squeeze on household incomes as wage growth lagged behind price increases.

Forecasters at the Centre for Economics and Business Research expect GDP to rise by 1% in 2013, up from an April forecast of 0.7%. Economic growth is expected to accelerate further to 1.5% in 2014 and 2015. The forecasts, which highlight confidence is flooding back to the British economy, come on the back of figures last week which show growth has already doubled since the start of the year. It meant that the UK has seen back-to-back quarterly growth increases for the first time since 2011.

UK house-price growth slowed in July as more Britons offered their property for sale and demand cooled at the start of the summer, according to Hometrack Ltd. Average values in England and Wales increased 0.3% after a 0.4% gain in June. From a year earlier, prices were up 1.3%, the most since 2010. The government has taken steps to help Britons' entry into the housing market, with measures to encourage sales of newly built property and guarantees for borrowers with smaller deposits. While property supply picked up this month, a shortage of homes for sale in recent months has supported prices and is likely to continue to do so.

UK consumer confidence rose to the highest in more than three years as Britons' optimism about the economic outlook improved. A consumer sentiment index by GfK NOP rose 5 points to minus 16, the highest since April 2010. The economic recovery gained traction in Q2 as GDP growth accelerated to 0.6%. BoE policy makers meeting tomorrow will probably maintain stimulus levels as they consider introducing forward guidance to cement the expansion.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 0.9300 0.8950
 Spot Ref: 0.9030
 Tenor: 2 weeks
 Date: 31 Jul 2013
 Time: 11:50 hrs
 Resistance / Support: 0.9383 0.8999
 Commentary:



- Aussie dollar strengthens on disappointing US durable goods orders (Thu 25-Jul).
- Australia building approvals fall 6.9% in June (Tue 30-Jul).
- RBA chief says there is room for rate cut to boost business confidence (Tue 30-Jul).
- Aussie approaches lowest level in 3 years amid RBA rate cut bets (Wed 31-Jul).

The Aussie rose higher after disappointing US durable goods orders (25-Jul) created doubt about the speed of the US economic recovery, weakening the US dollar. Orders for big ticket US manufactured goods rose 4.2% in June, higher than expected, but the increase was driven by transportation equipment orders, a typically volatile item.

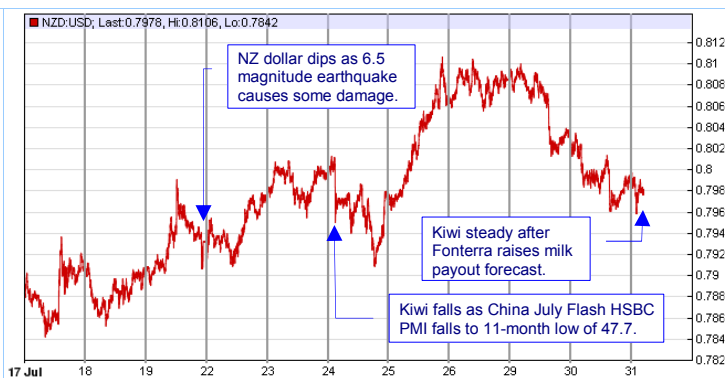
The number of Australian home building permits fell sharply in June, damping what were encouraging signs that record low interest rates were boosting activity in a previously lackluster sector of the economy. Approvals to build or renovate houses and apartments declined 6.9% from May, the Australian Bureau of Statistics said Tuesday. In May, approvals fell a revised 4.3% from a previously recorded 1.1% fall. Permits to build houses fell 1.2% from a month earlier, while approvals for apartments, townhouses and other dwellings fell 12.6% from the previous month.

RBA Governor hinted that interest rates could be cut again in order to boost business confidence. Mr Stevens said on Tuesday that subdued business confidence is a concern, and needs to improve to help rebalance Australia's economy as the mining investment boom winds down. "There are clearly signs of policy working in this respect, though not, to date, by so much that we see a serious impediment to further easing, were that to be appropriate from an overall macroeconomic point of view."

The Aussie dollar tumbled more a one cent yesterday after remarks by RBA Governor Stevens on the inflation outlook for Australia and the scope for further reductions in the cash rate next week (6-Aug). The market reacted to the comments quickly yesterday as the RBA chief said there was further scope to reduce our local 2.75% cash rate due to a lower inflation outlook. Stevens also mentioned that the boom in mining investment was over and that the reduction in activity could be significant although higher output from recent mine expansions could benefit Australia in the long run

The market will also be focused on the next inflation report out next week (7-Aug).

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.8100 0.7650
 Spot Ref: 0.7978
 Tenor: 2 weeks
 Date: 31 Jul 2013
 Time: 11:50 hrs
 Resistance / Support: 0.8063 0.7684
 Commentary:



- NZ business confidence rises to 14-year high amid broad expansion (Wed 31-Jul).
- Fonterra raises forecast milk payout as global supply slows (Wed 31-Jul).

New Zealand business confidence rose to its highest in more than 14 years in July, amid signs of a broader economic expansion. A net 52.8% of firms expect general business conditions to improve in the year ahead, up from 50.1% in June, and the highest level since April 1999, according to the ANZ Business Outlook. Firms seeing a pickup in their own business activity in the year ahead eased to a net 43.7%, from a three-year high of 45% in June. Sentiment remains highest in the construction sector, recording the second-highest level of optimism for the sector in three-and-a-half years even as it eased to a net 67.9% from a net 73.4% last month. Manufacturing, the least optimistic sector, lifted 5 points to a net 44%, narrowing the gap between the least and most optimistic sectors.

Fonterra Cooperative Group Ltd., the world's largest dairy exporter, raised its forecast payment to farmer suppliers, citing slowing production in Europe and China and a weaker New Zealand dollar. Fonterra added a big dollop of cream to its milk price forecast for the season, lifting it to NZ\$7.50 a kilogram of milk solids. The move is a 50 cents/kg lift on the company's NZ\$7 forecast in May, and follows continuing strong international dairy prices and an easing New Zealand dollar. An increase was widely tipped, but NZ\$7.50 is 10 cents/kg more than some industry watchers predicted.



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