



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3350	1.3000
Spot Ref:	1.3200	
Tenor:	2 weeks	
Date:	04 Sep 2013	
Time:	15:10 hrs	
Resistance / Support:	1.3417	1.2996
Commentary:		



- Euro weakens on disappointing German jobs data (Thu 29-Aug).
- Eurozone Manufacturing Recovery Broadens (Mon 02-Sep).
- Eurozone economic confidence at 17-month high, jobless at record (Fri 30-Aug).
- ECB faces balancing act on rates as eurozone recovers (MPC meet Thu 05-Sep).

The euro weakened against the dollar for a second day Thursday, as tensions over a possible military strike against Syria and disappointing German unemployment data dragged upon the currency. The number of Germans out of work increased for the first time in three months in August despite solid growth data, rising by a seasonally adjusted 7,000 to 2.95 million while economists predicted a decline of 5,000. The overall unemployment rate remains at a 20-year low of 6.8%.

The fourth consecutive improvement in eurozone economic confidence took the index to a 17-month high in August, helped by pronounced gains in all sectors except construction. The eurozone unemployment rate remained steady at its record 12.1% during July. However, the total number of people out of work in the 17-nation area fell slightly, by 15,000 to 19.23 million. This was the second consecutive fall, after a drop of 35,000 in June, adding to hopes of overall economic improvement in the eurozone. In the wider EU, the unemployment rate remained unchanged at 11%. The eurozone saw overall growth of 0.3% for Q2 of the year, ending an 18-month recession.

The eurozone's return to economic growth is broadening, as it spreads to the currency area's weaker southern members, according to Markit. The PMI for manufacturing rose to 51.4 in August from 50.3 in July. In August, factory-activity growth resumed after more than two years of decline in Spain, and picked up in Italy and Ireland, as well as in Germany, the Netherlands and Austria. Activity in crisis-hit Greece shrank, but at the slowest rate in more than three years, while French factory activity ebbed.

The ECB faces a delicate balancing act at its regular monthly policy meeting on Thursday as the nascent recovery in the crisis-stricken eurozone remains extremely vulnerable to setbacks. The ECB is not expected to unveil any policy changes, but central bank chief Mario Draghi will have to tread extremely carefully if the positive effects of the most recent measures are not to evaporate, analysts argue.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5750	1.5400
Spot Ref:	1.5536	
Tenor:	2 weeks	
Date:	04 Sep 2013	
Time:	15:10 hrs	
Resistance / Support:	1.5700	1.5431
Commentary:		



- UK mortgage approvals rise to highest since March 2008 (Fri 30-Aug).
- UK manufacturers' investment plans strongest in 6 years - poll (Mon 02-Sep).
- UK Hometrack house prices rise in strongest market since 2007 (Mon 02-Sep).
- UK manufacturing surge bolsters recovery hopes (Mon 02-Sep).

UK mortgage approvals rose to the highest in more than five years in July, adding to signs of a property-market recovery that BoE Governor Mark Carney says he is monitoring. Lenders granted 60,624 mortgages, the most since March 2008, compared with a revised 58,238 the previous month. Gross mortgage lending increased to the highest since November 2008. The improvement follows government measures to boost demand, and Carney said policy makers will act if any signs of a bubble emerge.

UK house-price growth accelerated in August amid the strongest market conditions for six years as demand continued to outpace the number of homes for sale, Hometrack said. Average values in England and Wales rose 0.4% after a 0.3% gain in July. Prices were up 1.8% from a year earlier, the most since July 2010.

British manufacturers are planning the fastest increase in capital investment in the year ahead since before the financial crisis, a survey showed, suggesting the economy could be heading for a more balanced recovery. Manufacturers' association EEF and accountants BDO said on Monday a balance of 24% of companies intended to buy machinery and equipment, up from 7% in the May poll. That was the highest reading since 2007 and the second-highest since the quarterly survey began in the mid-1990s.

Both measures of the health of UK manufacturing rose at their fastest rate since 1994, according to Markit. UK manufacturing PMI hit 57.2, the highest in 30 months. The output measure jumped to 62.4 and new orders hit 61.8, both the highest since 1994. Factories continued to take on new staff for a fourth month running. Signs of economic improvement in the UK came amid evidence that recent weakness in the eurozone and China is ending. The PMIs will renew pressure on BoE Governor Mark Carney to consider an interest rate rise earlier than 2016, as he has signalled. Signs of rising inflation from the PMIs, as input costs spiked up in August, will reinforce calls.

Base Currency:	AUD	USD
Alternate Currency:	USD	AUD
Strike Price:	0.9200	0.8800
Spot Ref:	0.9029	
Tenor:	2 weeks	
Date:	04 Sep 2013	
Time:	15:10 hrs	
Resistance / Support:	0.9185	0.8848
Commentary:		



- Aussie gain as China manufacturing PMI at 16-month high (Mon 02-Sep).
- Australia home prices edge up 0.5% in August (Mon 02-Sep).
- Australian GDP grows 0.6% in Q2, 2.6% on-year (Wed 04-Sep).
- HSBC China manufacturing PMI shows largest gain in 3 years (Mon 02-Sep).
- Key Aussie interest rate left at 2.5% (Tue 03-Sep).
- RBA says economic growth staying below trend (Wed 04-Sep).

China's manufacturing PMI was at 51.0 in August, the NBS said Sunday. The Aussie rallied from last week's drop after China's manufacturing PMI gained to a 16-month high, bolstering the outlook for exports from Australia. The recovery is being driven primarily by domestic demand but international demand is picking up too as seen in the jump in new export orders. A sub-index of new orders rose to 52.4, the highest since April 2012 and a gauge of input prices was the highest since February. A separate manufacturing PMI released Monday by HSBC / Markit Economics rose to 50.1 from 47.7 in July, the biggest gain in three years and the first reading above 50 since April.

Home prices in Australia's major cities rose for a third straight month in August while the pace of appreciation moderated, a sign lower mortgage rates are boosting the market without making things too frothy. Figures out on Monday from property consultant RP Data-Rismark showed dwelling prices rose 0.5% in August, from July when they jumped by 1.6%. Prices were up 5.3% on August last year with a median value of A\$490,000. Home prices in Sydney firmed 0.6% in August, while Melbourne saw a rise of 0.2% and Perth recorded a dip of 0.2%. For the year to August, Perth still boasted the fastest growth of 9.4%, followed by Sydney at 7.0%.

The RBA on Tuesday left interest rates on hold at a historic low of 2.5%, in a widely expected move four days ahead of national elections. RBA has cut back its official cash rate by 2.25% since November 2011 to spur growth in the economy as it grapples with a cool-down in investment in the Asia-driven mining boom. RBA governor Glenn Stevens said that although the Aussie currency remains at a high level it has depreciated by about 15% since April, and it was possible that it could fall further, which would help to foster a rebalancing of growth in the economy.

The Australian economy expanded in Q2, extending 21 years of uninterrupted annual economic growth. GDP climbed 0.6% in Q2 from Q1 and 2.6% on a yearly basis. Growth in Q1 was revised downwards to 0.5% from 0.6%. The full-year number was well below the growth trend rate of around 3.25%. The RBA governor says Australia has been growing below trend over the past year, and this is likely to continue in the near term as the economy adjusts to lower levels of mining investment.

Base Currency:	NZD	USD
Alternate Currency:	USD	NZD
Strike Price:	0.8000	0.7600
Spot Ref:	0.7805	
Tenor:	2 weeks	
Date:	04 Sep 2013	
Time:	15:10 hrs	
Resistance / Support:	0.8000	0.7684
Commentary:		



- NZ terms of trade rises in Q2 on dairy exports, at 40-year high in Q3 (Mon 02-Sep).
- NZ residential building activity dips in Q2, led by Canterbury (Wed 04-Sep).
- Auckland house prices stabilise after rapid increase in properties listed (Wed 04-Sep).

New Zealand's terms of trade, which measures the amount of imports the country can buy with a set amount of exports, improved in the second quarter as dairy products drove a gain in export prices while petroleum and cars led a decline in import prices. The terms of trade rose 4.9% in Q2 from Q1, according to Statistics New Zealand. That beat the 4.1% forecast in a Reuters survey as import prices fell 1.5%, three times as much as estimated, and export prices rose 3.4%, less than the 4% expected.

NZ residential building activity unexpectedly fell in Q2, led by a drop-off in Canterbury from a high level as that region continues its rebuild after the earthquakes. Residential building activity fell 1.8%, on an inflation and seasonally adjusted basis, to NZ\$1.07 billion in Q2, according to StatsNZ. That's the first decline since Q1 of 2012, when activity dropped 2.9%. Non-residential activity rose 1.4% to NZ\$934 million for an all-buildings total that declined 0.4% to NZ\$2 billion.

Auckland house prices have stabilised following a rapid increase in Q1, as more properties are listed. The average sale price slipped 1% in August from July and is 0.4% lower than June. A shortage of houses in Auckland, the nation's biggest city, has spurred the government to introduce legislation that would fast-track developments and create special housing areas. Fears of a house price bubble threatening financial stability have prompted the RBNZ to restrict low equity mortgage lending.



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