



Short Term Currency Views

Suggested MaxiYield Pairings

| | | |
|-----------------------|-------------|--------|
| Base Currency: | EUR | USD |
| Alternate Currency: | USD | EUR |
| Strike Price: | 1.3850 | 1.3600 |
| Spot Ref: | 1.3750 | |
| Tenor: | 2 weeks | |
| Date: | 11 Dec 2013 | |
| Time: | 11:00 hrs | |
| Resistance / Support: | 1.3829 | 1.3623 |
| Commentary: | | |



- Eurozone, EU Q3 GDP data confirms slowing growth (Wed 04-Dec).
- German industrial output down in October (Mon 09-Dec).
- EU leaders edges toward plan to close failing banks (Tue 10-Dec).
- ECB raises 2014 growth forecast to 1.1%, cuts inflation forecast (Thu 05-Dec).
- Italian economy shows recovery signs, France disappoints (Tue 10-Dec).

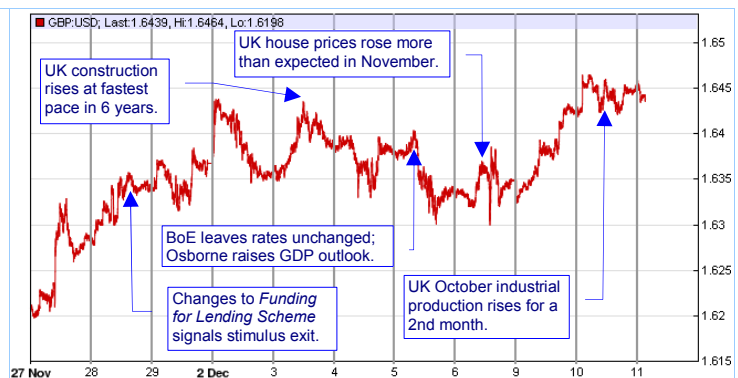
The eurozone clocked a quarterly growth of 0.1% in Q3, the same as a preliminary estimate published on November 14, and lower than the 0.3% growth recorded in Q2, according to a second estimate. In the 28-member EU, the GDP grew 0.2% q/q in Q3, also same as the earlier estimate, and lower than the 0.4% growth rate posted in Q2. On a yearly basis, GDP fell by 0.4% in the eurozone, and slightly better than a 0.6% decline in Q2. In the EU, GDP rose 0.1%, and reversing a decline of 0.1% in Q2.

The ECB raised its eurozone economic growth forecast to 1.1% for 2014 on Thursday and predicted 1.5% growth the following year. ECB President Mario Draghi also said that the ECB had maintained its forecast that the 17-member eurozone economy would shrink by 0.4% this year. The ECB's forecast for the years ahead suggests that the harmonised index of consumer prices (HICP) will still only reach 1.1% next year and 1.3% in 2015, still some way below the ECB's target rate of near to 2%.

German industrial production shrank again in October, with economic activity down in all major sectors, official data showed on Monday. Industrial output contracted by 1.2% in October after already declining by 0.7% in September, the economy ministry calculated in preliminary data. Economic activity was down across the board, with manufacturing output down 1.1%, construction output shrinking by 1.7% and energy output contracting by 1.9%, the ministry said.

Italy's economy stagnated in Q3 after two years of contraction, but a firm rise in industrial output in October reinforced expectations of a return to growth in Q4. ISTAT revised up a preliminary estimate to show Italy's GDP was flat in Q3, after originally reporting a 0.1% contraction, but warned the economy was still not out of the woods. In France, where GDP contracted by 0.1% in Q3, industrial output fell 0.3% in October, confounding expectations of a 0.1% rise and following a fall of 0.3% in September.

| | | |
|-----------------------|-------------|--------|
| Base Currency: | GBP | USD |
| Alternate Currency: | USD | GBP |
| Strike Price: | 1.6600 | 1.6350 |
| Spot Ref: | 1.6439 | |
| Tenor: | 2 weeks | |
| Date: | 11 Dec 2013 | |
| Time: | 11:00 hrs | |
| Resistance / Support: | 1.6614 | 1.6358 |
| Commentary: | | |



- BoE leaves rates unchanged; Osborne upgrades GDP outlook (Thu 05-Dec).
- UK house price growth expectations hit 14-year high in Nov - RICS (Tue 10-Dec).
- UK house prices rise more than expected in November: Halifax (Fri 06-Dec).
- UK October industrial production rises for a second month (Tue 10-Dec).

The BoE left its key policy rates unchanged on Thursday, while Chancellor of Exchequer George Osborne said in his autumn statement that the economy is better placed than they had expected early this year. Osborne said Britain's economic plan is working and the hard work of the British people is paying off. The economic growth forecast for 2013 was more than doubled to 1.4% from 0.6%. According to estimates by the Office for Budget Responsibility, the economy will grow 2.4% next year, up from the 1.8% projected in March. GDP will grow 2.2% in 2015, 2.6% in 2016 and 2.7% each in 2017 and 2018. The chancellor said there was no double-dip recession in the UK.

British house prices rose more than expected in November, jumping 1.1% from October. Halifax said average house prices in the quarter to November were 7.7% higher than a year ago compared to an annual 6.9% rise in the quarter to October. Economists had expected prices to rise by 0.6% on the month and by 7.2% in yearly terms.

Expectations of future rises in British house prices hit a 14-year high in November, according to a monthly survey by RICS which warned that too few homes were going on the market to meet demand. It said that 59% of surveyors forecast prices would rise over the next three months, the highest reading since September 1999. A measure of house prices hit +58 in November, edging up from October to an 11-year high as government incentives and more optimism on the economy helped spur demand.

UK industrial production rose for a second month in October, a sign that the economic recovery maintained momentum at the start of Q4. Output increased 0.4% from September, when it rose 0.9%, the ONS said. Factory production also increased 0.4, while oil and gas extraction dropped 2.5%. BoE Governor Mark Carney said that news on the UK economy has been "positive" after growth accelerated to 0.8% in Q3, helped by a strengthening housing market.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 0.9250 0.9000
 Spot Ref: 0.9135
 Tenor: 2 weeks
 Date: 11 Dec 2013
 Time: 11:00 hrs
 Resistance / Support: 0.9249 0.9000
 Commentary:



- Construction activity for November grows: AiG survey (Fri 06-Dec).
- Strength in China's November industrial production and retail sales (Tue 10-Dec).
- RBA Governor warns against hubris, weaning economy off mining (Mon 09-Dec).
- Australian unemployment rate likely rose to 5.8% (due on Thu 11-Dec).

Australia's construction industry expanded at a faster rate in November, according to the Australian Industry Group. The AiG performance of construction index was at 55.2 in November, a rise of 0.8 compared with October. This is only the second consecutive month that the sector has been in expansionary territory. AiG said a strengthening in new orders and an uptick in deliveries from suppliers boosted conditions. Businesses noted higher levels of demand, increased tender opportunities and further success in securing contracts, according to the survey. House builders reported customer inquiries were sustained at high levels and solid investor activity was providing support.

RBA Governor Glenn Stevens warns that Australia faces a new threat: hubris. "We are building up this myth of 22 years uninterrupted growth. We shouldn't do that," Stevens said in an interview. "Sooner or later we'll have another downturn." Mr. Stevens has presided over an unprecedented period of prosperity, with demand for Australia's raw materials such as iron ore to fuel Chinese steel mills and factories having powered growth. But with China's economy having slowed, Stevens faces one of the biggest challenges of his three decades long career: a race to wean "The Lucky Country" off its reliance on mining.

China's November industrial production rose 10% y/y while retail sales accelerated unexpectedly and expanded 13.7% y/y in the same month (consensus: 13.2% y/y). The strong showing added on to the data that showed China's trade balance surplus at its largest in more than 4 years as exports rose at a faster pace compared to imports.

Australia unemployment rate probably rose to 5.8% in November while employers added 10,000 jobs. The Aussie weakened ahead of the labour force report out tomorrow.

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.8400 0.8150
 Spot Ref: 0.8286
 Tenor: 2 weeks
 Date: 11 Dec 2013
 Time: 11:00 hrs
 Resistance / Support: 0.8414 0.8160
 Commentary:



- US jobless rate drops to five-year low of 7%; solid jobs report (Fri 06-Dec).
- NZ credit, debit card spending climbs 0.6% in November (Tue 10-Dec).
- Shops record increased spending in build-up to Christmas rush (Mon 09-Dec).
- RBNZ exempts construction lending from LVR restrictions (Tue 10-Dec).

Traders have ditched the greenback even following better US employment data last Friday. The kiwi is likely to remain in favour this week as RBNZ governor Graeme Wheeler is expected to leave the cash rate unchanged at 2.5% in his final review of the year on Thursday. Markets are pricing in a 40% chance of a rate hike in January.

Christmas shopping is underway, with spending in the first week of December 8.6% higher than last year, says electronic payment processor Paymark which processes about 75% of electronic transactions in NZ. It said the 8.6% rise in spending for the first week of December followed 6.8% annual growth in spending between November 2013 and a year earlier. Paymark said the spending increase showed momentum was building towards the final Christmas countdown and there was still some way to go.

New Zealanders' retail spending on credit and debit cards rose in November, as spending on consumables, the largest single component, increased at the fastest pace since April last year. Seasonally adjusted retail spending on electronic cards rose 0.6% in November to NZ\$4.53 billion, StatsNZ said, higher than the 0.4% monthly gain expected although slower than October's 1.8% rise. Spending on consumables increased 1.4% to NZ\$1.58 billion. Retail spending on credit cards has increased for nine of the 11 months this year. Core retail spending, which strips out spending on vehicles and fuel, rose 0.3% to NZ\$3.65 billion, slowing from the 2.6% increase in October.

The RBNZ has exempted loans for new home building from its restrictions on low-equity mortgages, saying such lending finances a greater share of construction activity than it initially thought. The exemption will apply as from 01-Oct when the LVR restrictions were first introduced. The policy had created some tension with a government eager to kick-start residential construction in Auckland by creating a fast-track approval process and special housing zones. The exemption only applies to houses yet to be built, not those that are newly built. While high LVR construction lending only amounted to 1% of total home lending, it financed 12% of residential building activity.



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