



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3900	1.3650
Spot Ref:	1.3790	
Tenor:	2 weeks	
Date:	09 Apr 2014	
Time:	11:25 hrs	
Resistance / Support:	1.3837	1.3706
Commentary:		



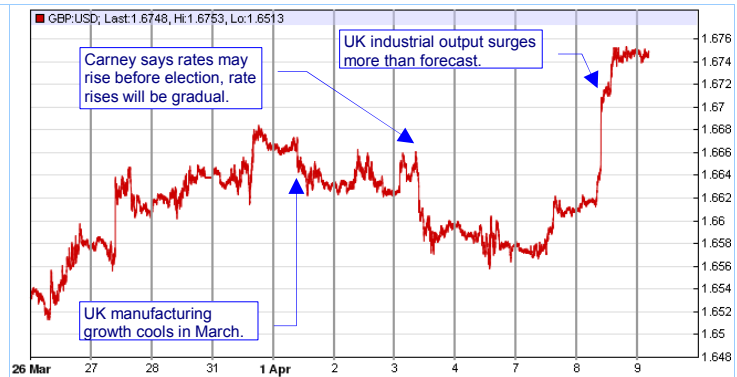
- Euro slides after ECB 'talks about' QE to battle 'lowflation' (Thu 03-Apr).
- German industrial output rose more than forecast in February (Mon 07-Apr).
- Eurozone Sentix investor confidence rises unexpectedly in April (Mon 07-Apr).
- IMF: recovery of Europe's emerging economies would slow in 2014 (Tue 08-Apr).

The ECB opened the door to new measures to boost the eurozone economy and counter "lowflation". It kept interest rates at 0.25%, but ECB President Mario Draghi said the ECB had achieved unanimity that asset purchases might be needed to tackle inflation if it proved persistently low. The ECB could offer new long-term loans to banks, bolster the market for asset-backed securities, or stop the absorption of liquidity from bond purchases under its now-defunct Securities Markets Program.

German industrial output rose for a fourth month in February in a sign that growth in Europe's largest economy continued to accelerate. Production, adjusted for seasonal swings, climbed 0.4% from January, when it gained a revised 0.7%. Production jumped 4.8% in February from the previous year when adjusted for working days.

Eurozone investor confidence strengthened unexpectedly in April, a survey carried out by the think tank Sentix showed Monday. The investor sentiment index rose to 14.1 in April, the highest level since April 2011, from 13.9 in March. The score was forecast to fall to 13.6. The assessment of current situation climbed to 5.8 from 4.8 points in the prior month. The score was the highest since July 2011. Meanwhile, the expectations index fell for the second consecutive month in April, to 22.8 from 23.5 in March.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6850	1.6550
Spot Ref:	1.6748	
Tenor:	2 weeks	
Date:	09 Apr 2014	
Time:	11:25 hrs	
Resistance / Support:	1.6852	1.6657
Commentary:		



- Carney says rate rises will be gradual, may rise before election (Thu 03-Apr).
- UK industrial output surges more than forecast (Tue 08-Apr).
- IMF: UK economic growth to reach 2.9% in 2014 (Tue 08-Apr).
- UK services firms hit new export high in first quarter - BCC survey (Tue 08-Apr).
- UK economy size may be revised upward on EU statistics changes (Tue 08-Apr).
- BoE Monetary Policy Committee decision to be announced (due on Thu 10-Apr).

Interest rates could increase ahead of the next general election, the BoE Governor Mark Carney told The Northern Echo, but he wants to see more jobs created in the North-East before he will intervene. Carney said that interest rates rises would be "gradual" even though Britain's economy is growing faster than any of the world's developed nations. "We are one year into a recovery, but it is an uneven recovery", Carney said. "Our job is to help turn this into a strong, sustainable and balanced expansion. This is not about getting back to where we were in 2008, our aspirations are much higher. The point is that if a recovery is just based in the South-East it is neither sustainable nor balanced. It has to include the North-East. We are here to make policy for the UK as a whole", he said.

British services firms reported the fastest growth in exports on record in Q1 of 2014 and manufacturers also got off to a strong start to the year. The British Chambers of Commerce (BCC) said its quarterly economic survey suggested the pace of economic recovery would continue in the short term. But more needed to be done to make sure companies had access to finance in the future, the BCC said in a statement. The BCC said measures of growth in export sales and orders between January and March hit their highest levels since the survey was launched in 1989 and six key manufacturing balances, including investment plans, were also at all-time highs.

UK industrial production rose 0.9% in February, more than a forecast for 0.3% growth, bolstered by a surge in factory output that points to a continuing economic recovery. Production in January was flat. Manufacturing output surged 1%, compared with a forecast of 0.3%. The pound strengthened to 1.6701 after the report from ONS.

The size of the UK economy may be revised upward as officials change the way they calculate output to reflect new EU standards, adding 2.5%-5% to the level of GDP. Among the biggest changes are the treatment of research and pensions, which will boost the saving ratio. The shift reflects changes to the European System of Accounts, the legal national accounts framework for the EU. The ONS is engaged in a work program through 2017, and plans to put in place this year the changes affecting GDP.

The MPC holds its next policy meeting on April 9 (today). The meeting will take place on one day only this month to allow officials to attend International Monetary Fund meetings in Washington. The decision will be announced at noon on April 10.

Base Currency: AUD USD  
 Alternate Currency: USD AUD  
 Strike Price: 0.9450 0.9200  
 Spot Ref: 0.9373  
 Tenor: 2 weeks  
 Date: 09 Apr 2014  
 Time: 11:25 hrs  
 Resistance / Support: 0.9451 0.9244  
 Commentary:



- Australian construction still in contraction (Mon 07-Apr).
- Australian foreign reserves jump by most in at least 45 Years (Mon 07-Apr).
- Rising job ads show further evidence of labour market turnaround (Mon 07-Apr).
- Australia sub-trend growth until 2016, as others recover: IMF (Tue 08-Apr).

Australia's construction industry remains in decline but there are signs of improvement. The Australian Industry Group/Housing Industry Association (HIA) Performance of Construction Index rose 2.0 points to 46.2 in March. The index remained below the 50 level that separates expansion from contraction but the rate of contraction was milder than in February. Further signs of recovery in commercial construction and consolidation of recent gains in the house building sector were outweighed by a further decline in engineering construction and apartment building. What the sector and broader economy needs, however, is a sustained recovery in new home building, said the HIA.

A widely watched private index of job ads is providing early evidence of a labour market turnaround in Australia. ANZ's job ads series rose 1.4% in March, seasonally adjusted, backing up a sharp 4.7% rise in February. While ANZ observed that it is difficult to seasonally adjust the early months of the year, the more stable trend number is also positive, up 1% in the month and now only 3.7% below the levels seen a year ago. Job ads have been rising in trend terms for 5 straight months, which has historically been a reliable indicator that the next move in interest rates is up. ANZ expect that rates will remain unchanged in 2014 and increase modestly by 1% to 3.5% over 2015.

Australia's foreign reserves jumped A\$10.4 billion to A\$62.2 billion in March, but the RBA wasn't immediately available to comment. "These are just gross reserves and things like FX swap activity can have a huge bearing on this so it doesn't mean at all necessarily that there's been intervention", said Gareth Berry, a currency strategist at UBS AG. "I'd be very surprised if there were. It's so vague that we can't really attach any explanation to it until we see more detail which usually comes later in the month".

Base Currency: NZD USD  
 Alternate Currency: USD NZD  
 Strike Price: 0.8800 0.8550  
 Spot Ref: 0.8701  
 Tenor: 2 weeks  
 Date: 09 Apr 2014  
 Time: 11:25 hrs  
 Resistance / Support: 0.8740 0.8574  
 Commentary:



- NZ house values rise at the slowest annual pace in 6 months in March (Mon 07-Apr).
- Treasury says 2015 surplus still on target as government deficit wider (Tue 08-Apr).
- Wellington's economic confidence rises (Mon 07-Apr).
- NZ business confidence hits 20-year high - NZIER (Tue 08-Apr).

NZ property values increased at the slowest annual pace in six months in March as lower Christchurch valuations, high-debt lending restrictions and interest rate hikes weighed on the market. House values rose at an 8.8% annual pace in March, the slowest annual gain since September when values rose 8.4%, said Quotable Value. Residential values rose 0.1% in the past quarter, down from a 1.8% pace in the quarter through February, as they were dented by a 1.5% decline in Christchurch values.

Auckland and Christchurch aren't the only cities spurring the country's economic upturn. A quarterly survey done by the Wellington Employers' Chamber of Commerce shows business confidence in the capital has tripled over the nine months to March. Around 54% of business respondents expect Wellington's economy to improve over the next 12 months. Businesses are expected to invest more in plant, equipment and staff, and this will have a snowball effect throughout the economy.

The Treasury still expects the government to reach its targeted surplus in the 2015 financial year, even as the current tax-take continues to fall short, and widening the Crown's operating deficit. The government's operating balance before gains and losses (obegal) was NZ\$1.39 billion in the eight months ended Feb. 28, more than twice the NZ\$509 million shortfall predicted in the December half-year economic and fiscal update, though less than half the deficit of NZ\$3.01 billion a year earlier. The government expects to post an obegal deficit of NZ\$2.32 billion in the current financial year ending June 30 before returning a surplus of NZ\$86 million the following year.

The NZ economy is running at the best pace in more than a decade and business confidence is the highest since 1994. The latest NZIER Quarterly Survey of Business Opinion shows optimism and activity were being translated into hiring, investment and better profits. Retail spending surged to its highest level since 1994 and building was at its best since December 2003. Confidence about the general business situation remained at net 52% of firms positive, seasonally adjusted, the highest since June 1994.



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