



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.2850	1.2500
Spot Ref:	1.2620	
Tenor:	2 weeks	
Date:	01 Oct 2014	
Time:	15:00 hrs	
Resistance / Support:	1.2897	1.2504
Commentary:		

- German business confidence falls more than forecast (Wed 24-Sep).
- Eurozone unemployment stuck at 11.5% for third month (Tue 30-Sep).
- Eurozone inflation slows to five-year low in September (Tue 30-Sep).
- No change expected at ECB refinancing rate (due on Thu 02-Oct, 19:45hrs SGT).

The euro fell last Wednesday to a new 14-month low, below 1.28 against the US dollar for the first time since July 2013 after the German IFO survey showed that business confidence in the German economy eased further to the lowest level in 17 months, stoking fears that the already weak eurozone recovery could be stalling. The September IFO business climate index eased to a 17-month low of 104.7 (from 106.3 in August, and missing expectations of 105.8). The decline in current assessment was at 110.5 down from 111.1 but slightly better than the projected 110.2. The IFO expectations index slipped to 99.3 from 101.7 in August and below the expected 101.0.

Eurozone inflation slipped again in September, with prices rising at their slowest rate in nearly five years. Eurozone preliminary September CPI inflation data continued to languish at a very low 0.3%/y/y (from 0.4% in August) while the core inflation eased further to 0.7% from 0.9%/y/y in August. Inflation has been persistently below the ECB 2% target rate. Eurostat said falls in the prices of unprocessed food (-0.9% y/y) and energy (-2.4% y/y) had driven the overall slowdown.

Eurostat also reported that unemployment in the eurozone remained unchanged at 11.5% in August for a third consecutive month with 18.3 million people out of work. But, the number of people looking for work in the region's largest economy, Germany, increased by a seasonally-adjusted total of 12,000 in September. In the wider, 28-country EU, 24.6 million people were estimated to be jobless in August, yielding an unemployment rate of 10.1%, down from 10.2% a month earlier.

The ECB meets on October 2. It's not forecast to cut interest rates at the meeting, according to analysts surveyed by Bloomberg, after unexpectedly dropping them to a record low on September 4. Still, Draghi said on September 22 that policy makers "stand ready to use additional unconventional instruments" if necessary.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.6450	1.6100
Spot Ref:	1.6205	
Tenor:	2 weeks	
Date:	01 Oct 2014	
Time:	15:00 hrs	
Resistance / Support:	1.6462	1.6102
Commentary:		

- UK housing market cools further as mortgage approvals slip (Mon 29-Sep).
- UK Q2 GDP grows 0.9% as strength of recovery revised up (Tue 30-Sep).
- UK Markit/CIPS construction PMI data (due on Thu 02-Oct, 16:30hrs SGT).
- UK current account deficit widens unexpectedly in Q2 (Tue 30-Sep).
- UK house prices fall for first time in 17 months, says Nationwide (Tue 30-Sep).

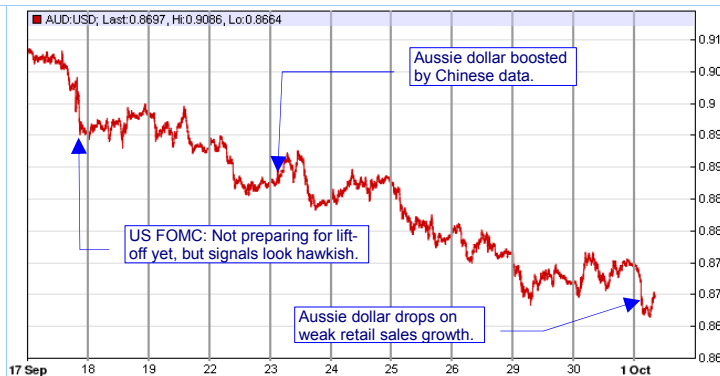
British mortgage approvals slipped a three-month low in August, according to official data, falling slightly more than expected and adding to signs the housing market has cooled in recent months. The BoE said mortgage approvals numbered 64,212 last month, the weakest reading since May and down from 66,100 in July. Analysts had forecast a fall to 65,000. Economists said the decline was a consequence of tougher checks on mortgage borrowing introduced in April.

The ONS said the current account deficit widened to £23.1 billion in Q2 from £20.5 billion pounds in Q1 (revised from deficit of £18.5 billion). Economists had expected the current account deficit to narrow to £17 billion.

The UK economy grew faster than estimated in Q2, extending a recovery that's been more robust than previously thought. GDP rose 0.9% in Q2 from Q1, the fastest pace in nine months and above the 0.8% previously published. Revisions showed the recession that started in 2008 was shallower than initially estimated and the bounce-back stronger, with output recovering its pre-recession peak in Q3 of last year. GDP is now 2.7% higher than it was at the start of 2008.

House prices have fallen for the first time in 17 months, providing new evidence that the property market is cooling, according to Nationwide. The UK September Nationwide house price unexpectedly contracted 0.2%/m (+9.4%/y/y) after a 0.8%/m (11%/y/y) increase. The forecast was for another 0.5%/m (10.4%/y/y) increase. Nationwide said the data disguised wide regional variations, with average prices in London reaching a record high of £401,000, taking them 31% above their 2007 peak.

Base Currency: AUD USD  
 Alternate Currency: USD AUD  
 Strike Price: 0.8900 0.8600  
 Spot Ref: 0.8697  
 Tenor: 2 weeks  
 Date: 01 Oct 2014  
 Time: 15:00 hrs  
 Resistance / Support: 0.8884 0.8588  
 Commentary:



- China's September official PMI steady at 51.1 (Wed 01-Oct).
- Australian retail sales disappoint, 0.1% vs. 0.4% forecast (Wed 01-Oct).
- Australia home price growth slows in September, up 0.1% m/m (Wed 01-Oct).
- Abbott still wants 2017/18 balanced budget (Wed 01-Oct).

Growth in China's manufacturing sector steadied in September as an official PMI hovered at 51.1, a touch ahead of forecasts and welcome news for some investors who fear the Chinese economy is cooling too fast. The final median forecast of 29 analysts polled by Reuters was for a PMI reading of 51.0. The index stood at 51.1 in August.

Home prices in Australia's capitals rose only marginally in September, slowing after three straight months of strong gains, with five of eight cities recording falls in the month. The slowdown should actually be welcomed by the RBA which recently has become concerned that a surge in borrowing to buy investment properties could lift prices to unsustainable levels. Figures from property consultant RPDData-Rismark showed dwelling prices in Australia's major cities rose just 0.1% in September, from August when they climbed 1.1%. Prices were up 9.3% on September last year, again pulling back from August's 10.9% pace.

A steep fall in sales for department stores and household goods retailers has kept turnover fairly flat in August. Overall, the Bureau of Statistics figures show retail turnover edged up 0.1% in August in the last month of winter to A\$23.3 billion. However, economist forecasts had centred on a rise of 0.4% for the month, and the Australian dollar was quickly sold off on the data. The biggest contributor to the rise in sales was the 'other goods' category, with newspapers and books also performing strongly. Small gains for food retailing, cafes and restaurants and footwear and personal accessories also led to the overall growth in turnover. However, these were largely offset by a 2.9% slump in seasonally adjusted department store sales, with solid falls in hardware, electrical and furnishing sales also weighing on retail activity.

Tony Abbott is determined to get his government's finances back into balance despite continued objections to some of its May budget measures and the additional costs of beefing up national security. "This government is absolutely determined to get us back to broad balance by 2017/18 as we outlined in the budget". Details will be revealed in December when he publishes the mid-year budget review, although the treasurer has ruled out a special tax levy to pay for national security measures.

Base Currency: NZD USD  
 Alternate Currency: USD NZD  
 Strike Price: 0.8000 0.7600  
 Spot Ref: 0.7803  
 Tenor: 2 weeks  
 Date: 01 Oct 2014  
 Time: 15:00 hrs  
 Resistance / Support: 0.7977 0.7609  
 Commentary:



- Wheeler says kiwi may fall as intervention criteria cited (Thu 25-Sep).
- NZ business confidence falls to two-year low, ANZ says (Tue 30-Sep).
- RBNZ reports NZ\$521 million currency intervention (Mon 29-Sep).

RBNZ Governor Graeme Wheeler signalled he's prepared to sell the kiwi to weaken it as the current level is unjustified and unsustainable. "The bank would welcome a move towards a more sustainable exchange-rate level", Wheeler said last Thursday. "Unjustified and unsustainable are important considerations in assessing whether exchange-rate intervention is feasible". The kiwi is susceptible to a "significant downward adjustment" over the coming six to nine months, he said, reiterating that the kiwi has not adjusted appropriately to a significant fall in the prices of NZ export commodities. Whole milk powder prices have slumped more than 40% since February.

RBNZ intervened in foreign-exchange markets last month, selling the most currency in seven years to weaken the kiwi dollar. The RBNZ sold a net NZ\$521 million in August, the biggest sale since July 2007. The kiwi dropped on the news, falling to its lowest level since August 5, 2013. The RBNZ's foreign currency intervention capacity was NZ\$9.56 billion in August, up from NZ\$8.62 billion in July.

Business confidence in NZ tumbled in September, the latest survey from ANZ Bank revealed on Tuesday - with a score that plunged all the way down to 13.4 from 24.4 in August. The gauge has fallen for a seventh month. The activity outlook showed slight improvement, rising to 37.0 in September from 36.6 in August. The survey showed inflation expectations dropping to 2.46% from 2.51%; hiring and investment intentions rise, and expected profitability drops marginally.



For more reports, use your smartphone to scan the QR code

**Disclaimers**

The information herein is given on a general basis without obligation and is strictly for information purposes only. It is not intended as an offer or solicitation with respect to the purchase or sale of any investment or insurance product mentioned herein. Nothing herein should be construed as a recommendation or advice to transact in any investment or insurance product mentioned herein.

Although every reasonable care has been taken to ensure the accuracy and objectivity of the information contained in this publication, United Overseas Bank Limited ("the Company") and its employees cannot be held liable for any errors, inaccuracies or omissions, howsoever caused, or for any decision or action taken based on the information or views expressed in this publication. The Company does not warrant the accuracy, adequacy, timeliness or completeness of the information herein for any particular purpose, and expressly disclaims liability for any errors, inaccuracies or omissions. Any opinions, projections and other forward-looking statements regarding future events or performance of, including but not limited to, countries, markets or companies are not necessarily indicative of, and may differ from actual events or results.

The information herein has no regard to the specific objectives, financial situation and particular needs of any specific person. Investors may wish to seek advice from an independent financial advisor before investing in any investment or insurance product. Should you choose not to seek such advice, you should consider whether the investment or insurance product in question is suitable for you.