



## Short Term Currency Views

### Suggested MaxiYield Pairings

|                       |  |        |
|-----------------------|--|--------|
| Base Currency:        | EUR  | USD    |
| Alternate Currency:   | USD  | EUR    |
| Strike Price:         | 1.1000   | 1.0600 |
| Spot Ref:             | 1.0759   |        |
| Tenor:                | 2 weeks  |        |
| Date:                 | 01 Apr 2015  |        |
| Time:                 | 19:30 hrs  |        |
| Resistance / Support: | 1.1027   | 1.0631 |
| Commentary:           |  |        |

- Confidence in eurozone economy near a four-year high (Mon 30-Mar).
- German inflation rate turns positive as recovery gathers pace (Mon 30-Mar).
- Eurozone inflation declines again, but unemployment rate down (Tue 31-Mar).
- Eurozone manufacturing growth revised higher on German boost (Wed 01-Apr).

Confidence in the eurozone's economy rose for a fourth straight month in March to its highest since July 2011, suggesting the weak euro and lower oil prices are spurring the recovery. The EC's economic sentiment indicator rose by 1.6 points to 103.9, better than the 103.1 economists had forecast and building on a recovery that began in December. Business morale improved by 0.14 points to 0.23 in March. Consumer confidence in the eurozone increased to -3.70 in March from -6.70 in February.

Germany's inflation rate turned positive for the first time in three months as the country's economy strengthened and the ECB's bond-buying program got under way. Prices in Europe's largest economy rose 0.1% in March from a year earlier, according to EU-harmonized data published by the Federal Statistics Office on Monday. That matches the median forecast in a Bloomberg survey of economists. Germany's inflation rate dropped to a record low of minus 0.5% in January and was minus 0.1% in February. Prices in Spain fell 0.7% in March from a year earlier, less than economists forecast, the national statistics office said on Monday.

The eurozone continues to flirt with deflation, an official report showed on Tuesday, as consumer prices fell in March for a fourth consecutive month. A separate report, showed the unemployment rate in the EU19 dipping slightly in February. Consumer prices fell 0.1% from a year earlier, Eurostat reported. The inflation rate turned negative in December, falling to as low as minus 0.6% in January. Energy prices in March led the decline, falling 5.8% from a year earlier. The "core" inflation rate, which strips out volatile food and energy costs, actually fell to 0.6% from 0.7%. The latest reading was the lowest since Eurostat began measuring it in 1997.

The EU19 seasonally-adjusted unemployment rate was 11.3% in February 2015, down from 11.4% in January 2015, and from 11.8% in February 2014. This is the lowest rate recorded in the eurozone since May 2012. The EU28 unemployment rate was 9.8% in February 2015, down from 9.9% in January 2015 and from 10.5% in February 2014. This is the lowest rate recorded in the EU28 since September 2011.

Eurozone manufacturing expanded faster than initially estimated last month, helped by growth in Spain and Italy and a stronger performance in Germany, the region's largest economy. Markit Economics said its PMI rose to 52.2 in March from 51 in February. That was the highest in 10 months and exceeded a preliminary reading of 51.9.

|                       |  |        |
|-----------------------|--|--------|
| Base Currency:        | GBP  | USD    |
| Alternate Currency:   | USD  | GBP    |
| Strike Price:         | 1.5000   | 1.4600 |
| Spot Ref:             | 1.4781   |        |
| Tenor:                | 2 weeks  |        |
| Date:                 | 01 Apr 2015  |        |
| Time:                 | 19:30 hrs  |        |
| Resistance / Support: | 1.5045   | 1.4585 |
| Commentary:           |  |        |

- UK economy grows more than estimated, Q4 growth 0.6% q/q (Tue 31-Mar).
- UK manufacturing industry expands fastest in 8 months (Wed 01-Apr).

The UK economy grew more than initially estimated in Q4 as consumers and exporters steered Britain into its longest stretch of uninterrupted growth since 2008. Household spending rose 0.6% in Q4 and exports jumped 4.6%, the most since 2013. GDP expanded 0.6%, more than the 0.5% reported last month, for an eighth consecutive quarterly gain. As the economy powers ahead, the BoE says it will keep interest rates at a record low as it monitors the implications of the unprecedented slide in the inflation rate to zero. That's a boon for the coalition government, which is fighting for voter support with 37 days to go before the general election.

UK manufacturing growth accelerated to its fastest pace in eight months in March as overseas demand increased. Britain's PMI climbed to 54.4 from a revised 54 in February, in line with the median forecast of economists, Markit Economics said. Markit said new orders at manufacturers increased at the fastest pace in eight months in March, while export demand rose to its strongest level since August. Consumer goods were largely responsible for the pickup in output.

|                       |             |        |
|-----------------------|-------------|--------|
| Base Currency:        | AUD         | USD    |
| Alternate Currency:   | USD         | AUD    |
| Strike Price:         | 0.7850      | 0.7500 |
| Spot Ref:             | 0.7602      |        |
| Tenor:                | 2 weeks     |        |
| Date:                 | 01 Apr 2015 |        |
| Time:                 | 19:30 hrs   |        |
| Resistance / Support: | 0.7769      | 0.7473 |

■ US dollar subdued as Fed drives home patience message (Mon 30-Mar). ■ Australian building approvals fall but remain close to record levels (Wed 01-Apr).  
 ■ Australian dollar boosted by upbeat China PMI manufacturing data (Wed 01-Apr).

Federal Reserve chair Janet Yellen said last Friday evening that any increase in rock-bottom interest rates to "more normal" levels would be gradual and that rates would remain low "for some time" while the economy continues to recover. But she also said the effects of central bank policy can take a while to kick in and cautioned that the Fed should not wait too long before taking its first step in six years toward traditional interest rate levels. Commodity currencies were notable under performers in early trade, partly unsettled by further falls in oil and iron ore prices last Friday. Iron ore hit a fresh record low amid supply glut worries, while oil slid 5%.

The Aussie got a boost on Wednesday morning with the release of slightly better-than-expected building approvals numbers showing approvals for the construction of new homes fell 3.2% in February, beating expectations of a 4% drop. The ABS says 18,768 dwellings were approved in the month, in seasonally adjusted terms. Although a decline from the record number in January, it is still more than 14% higher than the number of approvals in February 2014. Overall, the data still shows a strong start to 2015, which total dwelling approvals running at an annualised pace of just under 230,000 units - easily a record.

The Aussie dollar got a further boost upon release of China's official PMI. The bellwether of large industrial firms, rose to 50.1 in March from February's 49.9. A Reuters forecast had expected a figure of 49.8. The reading was better than the March HSBC final PMI, also released Wednesday, which showed the nation's vast manufacturing sector in contraction. The 49.6 final print, however, is stronger than the preliminary figure of 49.2.

|                       |             |        |
|-----------------------|-------------|--------|
| Base Currency:        | NZD         | USD    |
| Alternate Currency:   | USD         | NZD    |
| Strike Price:         | 0.7650      | 0.7300 |
| Spot Ref:             | 0.7429      |        |
| Tenor:                | 2 weeks     |        |
| Date:                 | 01 Apr 2015 |        |
| Time:                 | 19:30 hrs   |        |
| Resistance / Support: | 0.7682      | 0.7369 |

■ Kiwis' job security rising as economy grows: Westpac survey (Mon 30-Mar). ■ New Zealand must not be held back by fear - Treasury boss (Tue 31-Mar).  
 ■ NZ property values rise at fastest pace in 9 months in March (Wed 01-Apr). ■ Kiwi rally seen fueling Wheeler intervention to thwart strength (Wed 01-Apr).

New Zealanders are more confident about the job market after a sharp dive in confidence late last year when worries about drought and the global scene hit. The Westpac McDermott Miller Employment Confidence Index rose to 108.5 in the March quarter, up from 106.5 in the December quarter. The increase in employment confidence was underpinned by an improvement in workers' expected job security, which rose 4.7 points in March to 13.3 points. Wages were also looking better. Workers reporting that earnings have increased over the past year rose from 29.7% to 31.3% in March. The resilience of earnings growth adds to the very positive picture for domestic demand.

The Treasury Secretary Gabriel Makhlof has spoken out on foreign investment and migration, saying NZ's future must not be hamstrung by fear. He said international connections were part of NZ's history, forged by adventurers willing to explore the unfamiliar. "But the unfamiliar can also generate fear, and it's important we don't allow fear to limit our opportunities and our prospects as a nation". Overseas investment by NZ firms was about 10.2% of GDP, or four times less than the OECD average.

New Zealand residential property values climbed at the fastest pace in nine months in March, led by strong demand in Auckland. National property values rose 7.7% over the past year, accelerating from the 6.4% increase in February, and at the fastest pace since last June, according to state-owned valuer Quotable Value. Auckland, the country's most populous and fastest growing city, led the index higher, with property values advancing 13.9%, ahead of the 13% rise the previous month.

New Zealand's dollar has strengthened so much on central bank Governor Graeme Wheeler's reluctance to join the global wave of monetary easing that analysts are speculating he's trying to weaken the kiwi again by selling it. The RBNZ may have intervened in March after the currency rose to levels that prompted policy makers to sell a net NZ\$521 million in August, according to ABN Amro and Morgan Stanley. The kiwi has strengthened versus all its developed-nation peers except the greenback and Swiss franc in the past six months and advanced 3% on a trade-weighted basis.



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