



## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.1400	1.1050
Spot Ref:	1.1241	
Tenor:	2 weeks	
Date:	13 May 2015	
Time:	11:30 hrs	
Resistance / Support:	1.1353	1.1065
Commentary:		



- US jobless claims hover near 15-year low (Thu 07-May).
- Greece to plead leeway as IMF cash crunch looms (Mon 11-May).
- Eurozone set to report solid Q1 growth, for a change (Wed 13-May, 17:00hrs SGT).
- US payrolls add 223,000 jobs in April; unemployment falls to 5.4% (Fri 08-May).
- Greece raids IMF emergency account to avoid default (Tue 12-May).

Initial claims for US state unemployment benefits rose 3,000 to a seasonally adjusted 265,000 for the week ended May 2. Claims for the prior week were unrevised at 262,000, which was the lowest since April 2000. Economists had forecast claims rising to 280,000. The four-week moving average of claims fell 4,250 to 279,500, the lowest since May 2000. The number of people still receiving benefits after an initial week of aid declined 28,000 to 2.23 million, the lowest reading since November 2000.

The US economy added 223,000 jobs in April, a key sign that the labour market is regaining its footing after a slide in March. The unemployment rate fell to 5.4%, a 7-year low. The March data was revised down from 126,000 to 85,000, the worst since June 2012, due to the West Coast port strike and severe winter that kept shoppers and construction crews indoors. In a sign of a hiring bounce-back, the construction industry added 45,000 jobs in April, its best in more than a year, after losing 9,000 in March.

The eurozone's 19 ministers meet on Monday before Greece must pay a €750 million bill to the IMF that some fear it cannot afford. But Greece's partners are unswayed by the threat of financial catastrophe in Athens, ruling out any chance of imminent compromise that could unlock even a portion of the money still owed from its bailout. "We have made progress, but we are not very close to an agreement", said the head of the Eurogroup ministers, Jeroen Dijsselbloem, in an interview at the weekend.

Greek officials emptied an IMF holding account to repay €750 million to the IMF, avoiding default but underscoring the dire state of the country's finances. Greek PM Alexis Tsipras on Tuesday called on lenders to break an impasse in cash-for-reform talks after Athens had to resort to a temporary expedient to make a crucial payment to the IMF. However, the ECB did raise the ceiling on emergency liquidity assistance for the Greek lenders by €1.1 billion to €80 billion, to help them counter deposit withdrawals.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5900	1.5400
Spot Ref:	1.5679	
Tenor:	2 weeks	
Date:	13 May 2015	
Time:	11:30 hrs	
Resistance / Support:	1.5954	1.5338
Commentary:		



- Exit poll: Conservatives surprisingly strong in UK election (Thu 07-May).
- BoE keeps rates unchanged at 0.5% as expected (Mon 11-May).
- UK ILO 3-months unemployment rate (due Wed 13-May, 16:30hrs SGT).
- British PM David Cameron confounds polls to win second term (Fri 08-May).
- UK industrial sector boosted by higher oil, gas & factory output (Tue 12-May).
- BoE quarterly update on growth and inflation (due Wed 13-May, 16:30hrs SGT).

The Conservative Party fared much better than expected in British parliamentary elections Thursday. Exit polls indicate Prime Minister David Cameron's Conservatives to win 316 seats (up from 306 in 2010) while the main opposition Labour Party is likely to win 239 (down from 258). The Liberal Democrat Party fared badly as it is expected to retain only 10 seats (down from the 57). The exit poll news saw sterling surge in value, advancing 1.1% to 1.5409 (07:50hrs SGT), the biggest increase since 20 March.

British PM David Cameron and his Conservative Party have claimed an outright majority in Parliament, with 331 seats out of 650, and can form a new government. The outcome of this election could reshape the country's global role for years, most importantly in terms of Britain's relationship with the EU. And a strong showing by the SNP could fuel a fresh push for Scottish independence. Chancellor George Osborne, Britain's finance minister, promised to "get straight back to work" on "turning Britain round".

The BoE kept interest rates steady at a record-low 0.5% on Monday, judging that the outlook for prices and wages is still too weak for it to raise the cost of borrowing despite solid growth prospects. The Bank issued no statement but Governor Mark Carney will explain more on Wednesday, when he presents a quarterly update to the central bank's forecasts for growth and inflation. Economists think the Bank may have to nudge down its growth forecasts on Wednesday.

UK March Industrial production grew more than expected at 0.5%/m (0.7%/y) compared to last month's 0.1%/m (0.1%/y) while manufacturing production also beat expectations, expanding 0.4%/m (1.1%/y) in March, slightly slower than the revised 0.5%/m (1.2%/y) increase.

Base Currency:	AUD	USD
Alternate Currency:	USD	AUD
Strike Price:	0.8100	0.7850
Spot Ref:	0.7984	
Tenor:	2 weeks	
Date:	13 May 2015	
Time:	11:30 hrs	
Resistance / Support:	0.8068	0.7840

- Australia unemployment rises to 6.2% as 2,900 jobs shed (Thu 07-May).
- Joe Hockey pledges A\$5.5 billion for small businesses in budget (Tue 12-May).
- China cuts interest rates as economic growth slows (Mon 11-May).
- Aussie higher in wake of upbeat federal budget (Tue 12-May).

Australian unemployment rose slightly to 6.2% in April, with the ABS estimating 2,900 jobs were shed in the month. The participation rate - the proportion of over-15-year-olds in work or looking for it - fell 0.1%, but due to rounding the headline figure remained at 64.8%. In a positive sign, despite the relative bias towards part-time job creation last month, aggregate monthly hours worked jumped 1.1%.

China cut interest rates for the third time in six months amid a worse-than-expected economic slowdown, as authorities scramble to ease the heavy debt burdens of companies and governments. The PBoC said Sunday it would shave 0.25% off benchmark lending and deposit rates, effective Monday. The latest rate cut came after China reported disappointing trade data on Friday and inflation data on Saturday that both highlighted weak domestic demand and subdued manufacturing activity.

The Aussie dollar is higher after the federal budget revealed a lower deficit than expected; buoyed because a larger budget deficit had been expected than was delivered on Tuesday night. The Aussie continues basking in the sun post-budget after the major rating agencies were quick to reaffirm their support of the 2015 federal budget.

Base Currency:	NZD	USD
Alternate Currency:	USD	NZD
Strike Price:	0.7550	0.7250
Spot Ref:	0.7398	
Tenor:	2 weeks	
Date:	13 May 2015	
Time:	11:30 hrs	
Resistance / Support:	0.7511	0.7292

- ANZ says RBNZ interest rate cut next month (Mon 11-May).
- Auckland house prices up - rest of NZ falls in April (Tue 12-May).
- NZ retail card spending falls first time in 9 months (Mon 11-May).
- RBNZ introduces new restrictions on Auckland property investors (Wed 13-May).

ANZ chief economist Cameron Bagrie said he now expected the RBNZ to cut rates by 0.25% in June and cut again in July. There was little point in waiting till the second half of the year before cutting rates to manage the "emerging economic risks". "The official cash rate should be lower. Demand across the economy is solid yet the reality is that inflation has failed to show up at the growth party," Bagrie said. Core inflation had been below the 2% RBNZ target for 21 quarters in a row. That in itself was enough to justify rate cuts, Bagrie said. ANZ's latest monthly inflation gauge fell 0.2% in April, with prices flat excluding housing.

New Zealanders spent less on their electronic cards in April, snapping 9 consecutive monthly gains, as a drop off in spending on durables weighed on an otherwise flat month. Spending on durables in April was down 1.2% to NZ\$1.13 billion, while consumables fell 0.4% to NZ\$1.67 billion. The value of core retail spending, which strips out fuel and vehicle related items, fell 0.8% in April, the first time it has fallen since last June. On an annual basis, the measure rose for the fifth consecutive month with electronic card spending up 6.4% from March a year ago. Total retail spending rose 0.3% in the month while on an annual basis it fell 0.7%, reflecting the sharp decline in global oil prices last year. The total value of all electronic card spending, including services and other non-retail industries, fell 1.1% in April, following a 1.2% gain in March.

Auckland median house price rose 18% or NZ\$108,500 annually to NZ\$720,000 in April from NZ\$611,500 a year earlier, according to the Real Estate Institute. But in a reflection of how prices in the biggest city house are out of step with other areas, the national median price fell 4.2% or NZ\$20,000 from March to April to land at NZ\$455,000 last month. The volume of sales also fell 17.8% from March to April and REINZ said 7234 dwellings were sold last month.

RBNZ plans to tighten lending restrictions for residential property investors in Auckland to curb an overheated housing market. In its semi-annual Financial Stability Report released this morning, the RBNZ will require investors to have a deposit of at least 30% for any bank loan to buy residential property in the Auckland Council area with effect from 1 October 2015. It will ease LVR restrictions on mortgages outside of Auckland. RBNZ Governor Wheeler noted that the domestic financial system is sound but faces significant risks, and that there is a need to establish new asset class for bank loans to house property investors. He also noted that the recent fall in NZD is helpful but the NZD Trade-weighted index still trades above sustainable levels. Wheeler did not comment on monetary policy.



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