



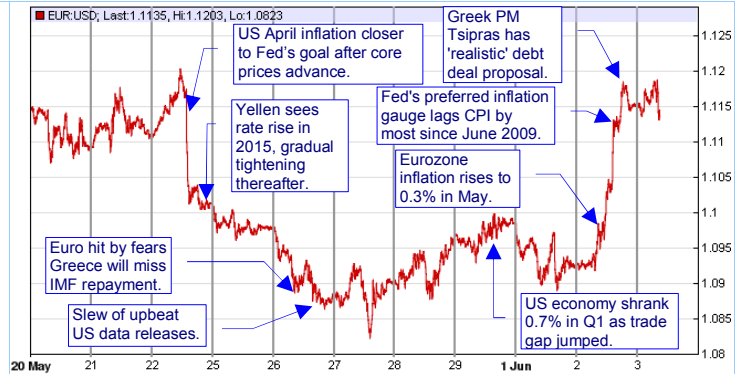
UOB Personal Financial Services  
Deposits, Investments & Insurance Strategy  
Research & Product Advisory

Wednesday, 03 June 2015

## Short Term Currency Views

### Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.1250	1.0900
Spot Ref:	1.1135	
Tenor:	2 weeks	
Date:	03 Jun 2015	
Time:	15:45 hrs	
Resistance / Support:	1.1257	1.0981
Commentary:		



- Greece will make June 5 IMF payment if deal with lenders reached (Tue 02-Jun).
- German labour market strong with unemployment at 24-year low (Tue 02-Jun).
- Greece can't make more concessions for deal, says labour minister (Tue 02-Jun).
- Eurozone inflation rises to 0.3% in May, relief after deflation scare (Tue 02-Jun).

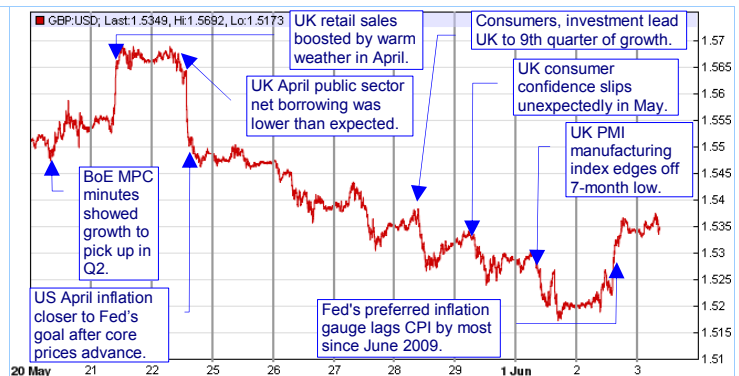
Greece will make a €300 million payment to the IMF due on Friday if it reaches a deal with its lenders by then, even if aid is not disbursed in time, a Greek government official said on Tuesday. The June 5 payment is the first of four this month totalling €1.6 billion. Athens, which depends on foreign aid to stay afloat, has said it may not be able to pay the IMF without new loans from its European and IMF creditors. "If we judge that a deal has been sealed, then we will make the June 5 payment normally", the official said, adding that the payment would be made if there was a preliminary agreement without necessarily being approved at a Eurogroup meeting.

Greece's government can make no more concessions in negotiations for a cash-for-reforms deal and its international lenders must take responsibility for their role in the talks. Labour Minister Panos Skourletis said on Tuesday that "there is no room for more compromises. We are waiting for the other side to assume its responsibilities", adding it was now time for a "political" solution to the crisis. An EU official said any offer from Greece's creditors to Athens would not be framed as an ultimatum.

German unemployment declined for an eighth month in May as companies increased hiring in a sign of confidence that Europe's largest economy will continue growing. Joblessness fell a seasonally-adjusted 6,000 to 2.79 million, the Federal Labour Agency said. Economists had predicted a drop of 10,000. The unemployment rate remained at 6.4%, the lowest level since German reunification. The jobless rate in the 19-nation eurozone probably fell to 11.2% in April from 11.3% in March.

Eurozone inflation beat expectations in May, coming in at +0.3%, the first positive reading since November last year. Analysts had expected an increase of 0.2%. In December, inflation dropped into negative territory. Though it was mostly driven by oil prices, the decline sparked worries among economists that deflation would become ingrained in the weak European economy. But inflation has quickly bounced back with a clear upward trend at the moment. Core inflation beat expectations too, coming at +0.9%, the highest since August 2014. That's a particularly encouraging figure since it strips out the effect of particularly volatile items, like food and energy prices.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5650	1.5150
Spot Ref:	1.5349	
Tenor:	2 weeks	
Date:	03 Jun 2015	
Time:	15:45 hrs	
Resistance / Support:	1.5671	1.5110
Commentary:		



- Consumers, investment lead UK to 9th quarter of growth (Thu 28-May).
- UK consumer confidence slips unexpectedly in May - GfK (Fri 29-May).
- BoE Funding for Lending data shows loans to SMEs improve in Q1 (Thu 28-May).
- UK manufacturing index inches up after 7-month low - PMI (Mon 01-Jun).

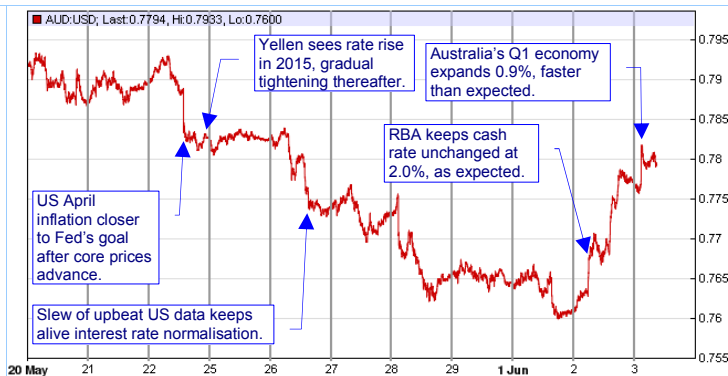
Consumer spending and business investment helped the UK economy to its longest stretch of growth since the financial crisis as trade continued to act as a drag. GDP rose 0.3% in Q1, matching an initial estimate from the ONS, but it was below the 0.4% increase forecast by economists. Consumer spending rose 0.5% and investment grew 1.7%. Exports fell 0.3% and imports rose 2.3%. As a result, net trade knocked 0.9% off growth, the most since Q3 of 2013. Government spending climbed 0.6%.

Last Thursday, the BoE said lending to small and medium-sized companies under its Funding for Lending Scheme rose £0.6 billion in Q1 after declining in Q4 of 2014. The BoE also said credit conditions generally have improved for smaller firms. "With business investment reaching its highest level in a decade, and the Funding for Lending Scheme driving investment to small and medium-sized enterprises, it is clear that the foundations for a sustainable recovery are being laid, the UK Treasury said.

British consumer morale fell unexpectedly this month as optimism about the economy in the next 12 months faded fast. GfK said its monthly consumer confidence index, compiled mostly after the Conservative Party unexpectedly won a national election in May, slipped to +1 from +4 in April. Economists had expected an unchanged reading.

British manufacturing activity inched higher in May after hitting a seven-month low in April, but strong domestic demand was largely offset by weak exports. The Markit manufacturing PMI rose to 52.0 in May from a downwardly revised 51.8 in April, a weaker increase than the rise to 52.5 expected. Manufacturing represents about 10% of the UK economy and looks on course as a minor drag on the economy, as the sector is hit by a combination of the strong pound and weak business investment spending.

Base Currency: AUD USD  
 Alternate Currency: USD AUD  
 Strike Price: 0.7950 0.7650  
 Spot Ref: 0.7794  
 Tenor: 2 weeks  
 Date: 03 Jun 2015  
 Time: 15:45 hrs  
 Resistance / Support: 0.7908 0.7654  
 Commentary:



- RBA keeps cash rate unchanged at 2.0%, as expected (Tue 02-Jun).
- Australia's Q1 economy expands 0.9%, faster than expected (Wed 03-Jun).
- RBA coy on further rate cut after holding fire; Aussie jumps (Tue 02-Jun).
- Australia's growth accelerates as new mines drive export surge (Wed 03-Jun).

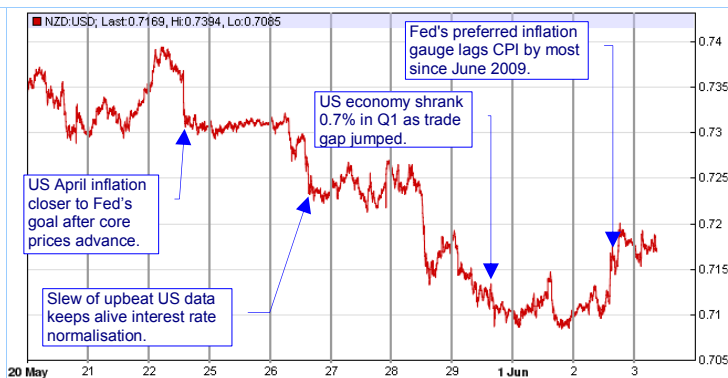
As expected, the RBA chose to keep interest rates for June unchanged at a record low of 2.0%. In the accompanying statement, RBA Governor Glenn Stevens highlighted that "monetary policy needs to be accommodative", adding that "after having eased monetary policy last month, the Board today judged that leaving the cash rate unchanged was appropriate at this meeting. On the Australian currency, the RBA noted that although it "has declined noticeably against a rising US dollar over the past year...further depreciation seems both likely and necessary, particularly given the significant declines in key commodity prices".

Stevens said in the final paragraph of his statement that the RBA would use data over the period ahead to determine whether its policy was correctly set to boost growth and keep inflation consistent with its target. Australia forecasts a 90% plunge in spending on mining projects, calling time on its biggest resources bonanza since the 1850s.

The Australian dollar has hit a fresh one week high, getting a boost from stronger than expected economic growth figures. Q1 GDP was up 0.9%, helped by higher mining export volumes, and much better than the 0.5% the market was expecting. The economy was spurred by a 5% jump in exports in Q1 even as commodity prices fell. Compared with a year earlier, the economy expanded 2.3% in Q1, faster than the median forecast for a 2.1% rise but below the economy's 30-year average rate of 3.3%.

The Australian currency is in for some more volatility in the coming days with local retail spending figures out on Thursday, and the very important US non-farm payrolls employment report, due out on early on Friday night, Australian time.

Base Currency: NZD USD  
 Alternate Currency: USD NZD  
 Strike Price: 0.7350 0.7050  
 Spot Ref: 0.7169  
 Tenor: 2 weeks  
 Date: 03 Jun 2015  
 Time: 15:45 hrs  
 Resistance / Support: 0.7380 0.7047  
 Commentary:



- Economy in US shrank 0.7% in Q1 as trade gap jumped (Fri 29-May).
- Sixth consecutive drop at Fonterra's GlobalDairyTrade auction (Tue 02-Jun).
- Moody's says RBNZ's proposal is credit positive for NZ banks (Tue 02-Jun).
- NZ May residential property listings fall 3.4% y/y (Wed 03-Jun).

GDP in the US shrank at a 0.7% annualised rate, revised from a previously reported 0.2% gain, after growing at a 2.2% pace in Q4. New data showing that exports fell more than first thought and imports rose higher. Economists at Goldman Sachs noted that the change in the trade balance shaved 1.9% off overall growth in Q1, the largest quarterly drag from net exports in 30 years. The median forecast by economists called for a 0.9% drop. By contrast, the report also showed incomes climbed, fuelling the debate on whether GDP is being underestimated. Gross Domestic Income adjusted for inflation climbed at a 1.4% annualised rate in Q1 after rising 3.7% in Q4.

The RBNZ proposal to increase the amount of capital that banks will need to hold against investment loans for residential properties is credit positive for these institutions, Moody's Investor Service said. According to RBNZ's proposal, investment property loans will be treated as a separate asset class with higher capital requirements relative to owner-occupied loans, adding to the already strong capital buffers of NZ banks. The Common Equity Tier 1 ratio of the banks averaged 10.8% in December 2014. These steps would particularly benefit NZ's four major banks, given their large residential mortgage portfolios which, on average, make up over half of their total loans.

Dairy prices have continued on their downward spiral at another weak GlobalDairyTrade auction. It was the 6th consecutive fall, with prices dropping 4.3% and the average sale price falling to US\$2412 a tonne. The auction, run by NZ's largest dairy exporter, Fonterra, comes on the back of a 2.2% decrease in prices at the last trading event.

New residential property listings were 10,381 in May, according to realestate.co.nz, an industry website. Housing inventory fell to record 20 weeks versus long-term average 35 weeks. In Auckland the inventory was just only 10 weeks. Average property asking price rose to record NZ\$532,638, with average asking price rising 2.1% m/m. Auckland average asking price rises 0.5% m/m to NZ\$793,260.



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