



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.1550	1.1050
Spot Ref:	1.1272	
Tenor:	2 weeks	
Date:	02 Sep 2015	
Time:	10:45 hrs	
Resistance / Support:	1.1522	1.1037

Commentary:

- Eurozone lending growth accelerates in July (Thu 27-Aug).
- Eurozone inflation steady at 0.2% in August (Mon 31-Aug).
- Fed's Fischer keeps September rate rise alive: Jackson Hole (Fri 28-Aug).
- Euro weakens before ECB policy decision (due on Thu 03-Sep, 19:45hrs SGT).

Lending to eurozone households and firms accelerated slightly in July while a broader measure of money circulating in the eurozone also picked up. Lending growth to households picked up to 1.9% in July from 1.7% in June while lending to non-financial corporations accelerated to 0.9% from 0.2%. Sparse lending to companies had dogged the struggling economy although the picture has been improving since late 2014 and policy setters said the bloc is recovering, albeit slowly.

The dollar picked up strength last Friday after Stanley Fischer, the Fed vice chair, said a rate hike is still possible in September. Speaking on the sidelines of the Fed's central banking symposium in Jackson Hole, Wyoming, Fischer acknowledged that the turmoil rooted in China had raised some questions about the economic situation, even if US data remains good; US Q2 GDP growth was revised much higher to 3.7%. "So I wouldn't want to go ahead and decide right now", he said in a CNBC interview.

The eurozone's inflation rate held steady in August, highlighting the challenge facing ECB policy makers as they seek to revive consumer-price growth. Consumer prices rose an annual 0.2%, exceeding forecasts for 0.1%. Core inflation held at 1%, Eurostat said in a report. The ECB currently forecasts that inflation will average 0.3% this year, improving to 1.5% in 2016. Eurozone manufacturing growth eased in August, despite factories barely raising prices, adding to the ECB's woes as it battles to spur expansion and inflation. Markit's final manufacturing PMI was 52.3 last month, below an earlier flash reading that suggested it had held steady at July's 52.4.

Even though the ECB is widely expected to retain its current policy at the 03-Sep meeting, the Governing Council may show a greater willingness to expand/extend the scope of its QE program as the slowdown in global growth accompanied by the renewed decline in energy prices dampens the ECB's scope to achieve its one and only mandate to achieve price stability. As a result, a more dovish statement delivered by ECB President Mario Draghi may fuel speculation for additional monetary support.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5600	1.5200
Spot Ref:	1.5307	
Tenor:	2 weeks	
Date:	02 Sep 2015	
Time:	10:45 hrs	
Resistance / Support:	1.5553	1.5229

Commentary:

- UK CBI distributive trades survey rose to 24 in August, above forecast (Wed 26-Aug).
- UK interest rates on hold until autumn 2016, City predicts (Wed 26-Aug).
- UK annual house price growth lowest since mid-2013: Nationwide (Thu 27-Aug).
- UK economic growth confirmed at 2.6%/y/y as exports boost GDP (Fri 28-Aug).
- UK factory growth slips, hiring deteriorates in August: PMI (Tue 01-Sep).
- UK Markit/CIPS construction PMI (due on Wed 02-Sep, 16:30hrs SGT).

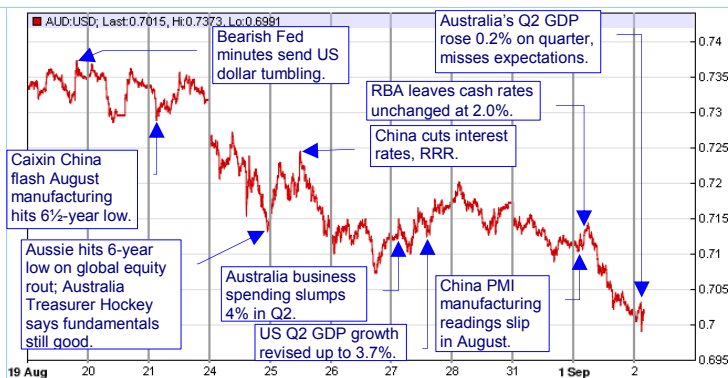
The first rise in UK interest rates could be delayed until autumn 2016, according to City expectations, as market turmoil in China raises the prospect of historically low borrowing costs staying in place for longer than expected. It followed BoE governor Mark Carney's indication in mid-July that the Bank could raise interest rates early next year. Market traders had priced in a rise from the current rate of 0.5% next May, but in the past few days this has been set back to late September or early October 2016.

British house prices increased in August at the slowest annual pace in more than two years, a survey from mortgage lender Nationwide showed last Thursday. House prices rose 3.2% year-on-year in August, the weakest annual rate since June 2013, compared with a 3.5% rise in July, but higher than economists forecast of 3.1%. On a monthly basis, house prices rose 0.3%, in line with expectations and down slightly from the 0.4% increase in July.

The second estimate of Britain's GDP showed no revisions to both quarterly and annual readings of economic growth. The UK economy was confirmed as one of the fastest growing western countries in Q2, as economic output expanded 0.7% in Q2 from Q1, marking the tenth straight quarter of positive growth, according to the ONS. Measured on an annual basis, the economy grew 2.6%. Growth in Q2 was primarily supported by a strong services sector, climbing 0.7% and contributing 0.6% points.

A two-year spell of jobs growth across British factories came to an end in August as manufacturing activity expanded at a slower pace, suggesting the sector is unlikely to boost economic growth much this quarter. The Markit/CIPS UK Manufacturing PMI fell in August to 51.5 from 51.9 in July, below expectations for a rise to 52.0.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 0.7300 0.6900
 Spot Ref: 0.7015
 Tenor: 2 weeks
 Date: 02 Sep 2015
 Time: 10:45 hrs
 Resistance / Support: 0.7341 0.6924
 Commentary:



- Australia business spending slumps again in Q2, outlook improves (Thu 27-Aug).
- China manufacturing PMI falls to 49.7 in August from 50.0 in July (Tue 01-Sep).
- RBA leaves cash rates unchanged at 2.0% (Tue 01-Sep).
- US Q2 GDP growth revised sharply higher to 3.7% (Thu 27-Aug).
- Final Caixin China PMI at 47.3 in August, lowest since March 2009 (Tue 01-Sep).
- Australia's Q2 GDP rose 0.2% on quarter, misses expectations (Wed 02-Sep).

Australian business investment suffered another big drop in Q2 as miners continued to cut back, though a small upgrade to spending plans for this financial year gave a depressed Aussie dollar a slight boost. ABS reported investment fell 4.0% to A\$34.3 billion in Q2. This followed a downwardly revised 4.7% drop in Q1, the biggest decline since late 2013. Spending plans for 2015/16 came in at A\$114.8 billion, beating expectations for A\$112.5 billion. That was still 23.4% lower than this time last year.

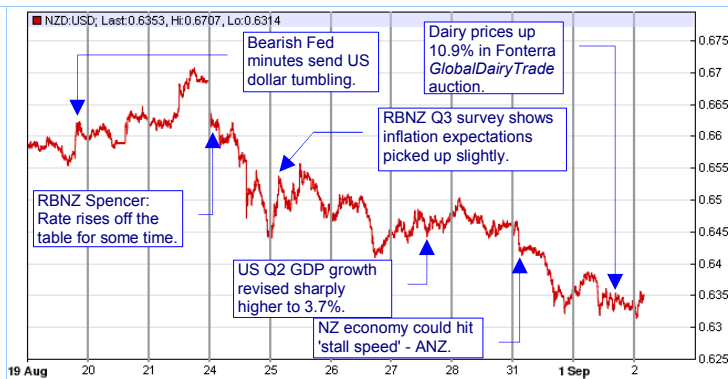
The US economy grew more than previously estimated in Q2 on bigger gains in consumer and business spending that show expansion got back on track. GDP expanded at a 3.7% annual pace instead of the 2.3% rate reported last month, and much stronger than the 3.2% rate expected by analysts and Q1's 0.6%.

China's official PMI, released earlier on Tuesday, slipped to 49.7 in August - the weakest level since August 2012 - down from 50 in July and in line with expectations. Separately, the final Caixin/Markit manufacturing PMI slipped to 47.3 in August, the lowest reading since March 2009 and down from 47.8 in July.

The RBA kept the cash rate target unchanged at a record low of 2.0%. The accompanying statement saw little changes from the one in August. It is clear that board members continue to assess the positive impact past rate cuts and the weaker exchange rate has on growth. For the second time in two months, the RBA signalled that the Aussie was at a level which was assisting growth rather than hampering it. Also, data continues to show that the Australian economy has been improving in recent months.

Australia's GDP for Q2 came in at 0.2% versus 0.4% expected, while the yearly reading registered 2% versus 2.2%, both coming lower-than-expected, and only propped up by government and household spending as a slowdown in key trading partner China weighed on growth. That compares against Q1 growth of 0.9%. General government spending rose 2.2% in Q2, adding 0.4% point to GDP growth. Household spending advanced 0.5% last quarter, adding 0.3% point to the expansion.

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.6500 0.6200
 Spot Ref: 0.6353
 Tenor: 2 weeks
 Date: 02 Sep 2015
 Time: 10:45 hrs
 Resistance / Support: 0.6494 0.6202
 Commentary:



- Dairy casts a dark shadow over NZ economy, tourism a bright spot (Thu 27-Aug).
- Dairy prices up 10.9% in Fonterra GlobalDairyTrade auction (Tue 01-Sep).
- PM claims mood 'reasonably positive' as optimism hits 6-year low (Mon 31-Aug).

In its latest Quarterly Predictions, NZIER said the economy has clearly softened from the solid pace seen a quarter ago. "The decline in dairy farm incomes is casting a dark shadow over the economy", with the milk price payout cut to NZ\$3.85 a kg. It expects the RBNZ to cut interest rates twice more this year, taking rates down to 2.5%. Growth was expected to dip to 2% by the end of the year, after growing more than 3% in the March year. But it would rebound next year with a boost from the lower kiwi to a broad range of exporters. Tourism was a standout sector, with more flights between NZ and China meaning more tourists were staying longer and spending more.

ANZ chief economist Cameron Bagrie warns that the NZ economy could be entering "stall speed". The monthly ANZ Business Outlook survey for August found a net 29% were pessimistic about the economy, the fifth straight month of decline. Pessimists outnumbered optimists by almost 3 to 1. PM John Key insists the mood of the business sector is "reasonably positive", as confidence falls to the lowest level since the height of the global financial crisis. But Key denied the mood of business was negative, conceding only that there were a "range of views" about how the economy was tracking. He repeated ANZ's warning that it was important not to talk the economy down.

Dairy prices have risen again in another positive GlobalDairyTrade auction, but difficult times are far from over for farmers. Prices at the overnight auction lifted 10.9%, hitting an average price of US\$2226 per metric tonne (FAS). New Zealand's major export whole milk powder was up 12.1%, to an average price of US\$2078.



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