



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3300	1.3000
Spot Ref:	1.3077	
Tenor:	2 weeks	
Date:	26 Jun 2013	
Time:	09:20 hrs	
Resistance / Support:	1.3417	1.3059
Commentary:		

- Eurozone consumer confidence and business figures improve (Thu 20-Jun).
- Spanish economy set to turn around in Q2, unemployment easing (Tue 25-Jun).
- EU leaders meet as doubts grow over future (Summit meeting 27 & 28-Jun).
- German business confidence up on economic outlook (Mon 24-Jun).
- ECB says has no plans to change rates soon (Tue 25-Jun).

Eurozone consumer confidence improved sharply in June while the slump in private sector business activity eased further, according to surveys released Thursday that analysts said were further signs the recession may be nearing an end. The EC said its Consumer Confidence Indicator for the 17-nation Eurozone rose to -18.8 points in June from -21.9 points in May, according to a first estimate. The figure was also up for the wider 27-nation European Union to -17.5 in June after -20.2 in May.

Germany's Ifo business confidence edged higher again in June, data showed on Monday, as businesses in Europe's top economy become increasingly optimistic about the future. The Ifo economic institute's closely watched **business climate** index rose to 105.9 points in June from 105.7 points in May. The sub-index measuring **current business** slipped to 109.4 points in June from 110.0 points in May. But the **outlook** sub-index jumped to 102.5 from 101.6 points.

Spain's economy minister Luis de Guindos has predicted that the country's unemployment crisis is easing. Addressing a business conference in Madrid, de Guindos said the economy, which has been contracting since mid-2011, should begin to turn around in Q2, and be close to zero after falling by 0.5% in Q1, and the possibility of growth in Q3 is "not far-fetched". The government forecasts Spain's economy will shrink by 1.3% during 2013 as a whole, and to grow by 0.5% next year.

The ECB has no intention of altering eurozone interest rates for the time being, as economic conditions remain weak, two of the bank's highest officials said on Tuesday. "The overall economic outlook still warrants an accommodative stance and an exit is still distant," ECB chief Mario Draghi told a congress in Berlin. Draghi said the bank stood "ready to act to given the eurozone economy a much-needed shot in the arm", adding that the eurozone's recession-bound economy would recover later this year.

EU leaders meet this week knowing they have to deliver growth and jobs, especially for the young, as years of debt crisis austerity and soaring dole queues test faith in the EU. The debt crisis may have eased, allowing governments some leeway on austerity in favour of growth. The summit comes against a mixed backdrop -- European economic outlook is for further recession and the global picture is uncertain as China slows sharply.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5600	1.5300
Spot Ref:	1.5416	
Tenor:	2 weeks	
Date:	26 Jun 2013	
Time:	09:20 hrs	
Resistance / Support:	1.5752	1.5344
Commentary:		

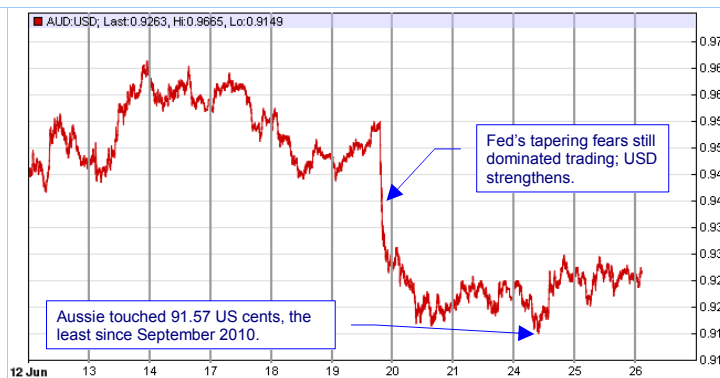
- British economy "out of intensive care": Osborne (Sun 23-Jun).
- Interest rate rises not imminent, says Sir Mervyn King (Tue 25-Jun).
- Mark Carney - a golden chance for Britain to return to prosperity (Mon 24-Jun).

Finance minister George Osborne on Sunday said the British economy was "out of intensive care" but that government would stick to a path of deep cuts to public spending, as he prepared to announce a fresh round of austerity. The chancellor of the exchequer, who will deliver his spending review on Wednesday, is expected to spell out £11.5 billion of cuts to kick in following the planned May 2015 general election after reaching budget agreements with government ministries.

Mark Carney has a golden opportunity to rescue Britain. The current Bank of Canada Governor, will become the third most powerful man in Britain behind the Prime Minister and Chancellor when he takes up his new post as the incoming Bank of England Governor next Monday 1-July. The overhaul of the BoE's 2% inflation target by emphasising "flexibility" in the mandate and introducing "threshold" guidance that will allow it a supplementary target on growth or jobs gives Carney a clean slate from which to operate policy. So far, Carney has been in close contact with the Chancellor. If he is to be a success, insiders say, it is vital he maintains that access.

Global markets have "jumped the gun" in betting that interest rates will go back to normal levels anytime soon, outgoing BoE governor Mervyn King warned as he reacted to the widespread sell-off following Federal Reserve comments last week. "Ben Bernanke made it 100% obvious it will depend on the incoming data", said King.

Base Currency:	AUD	USD
Alternate Currency:	USD	AUD
Strike Price:	0.9450	0.9150
Spot Ref:	0.9263	
Tenor:	2 weeks	
Date:	26 Jun 2013	
Time:	09:20 hrs	
Resistance / Support:	0.9326	0.9222
Commentary:		



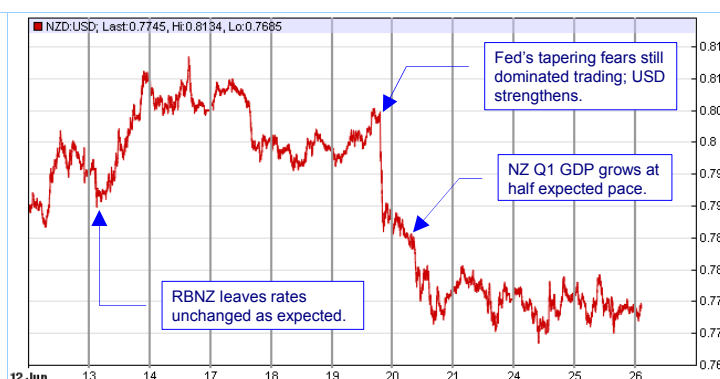
- Australia's credit haven reputation slides (Mon 24-Jun).
- Aussie falls with volatility near 18-month high on China concern (Tue 25-Jun).
- Aussie dollar 'still putting a handbrake' on industry, Swan says (Tue 25-Jun).

Fed chairman Ben Bernanke last week triggered a slide in global markets when he said that the Fed may start tapering its unprecedented stimulus this year and halt bond purchases around mid-2014 as long as the US economy performs as forecast. World financial markets suffered a double blow as the US Fed outlined plans to taper QE and a cash crunch in China threatened growth in Australia's top trading partner. While a weaker Aussie supports competitiveness, it has reduced expectations for rate cuts even as non-resources industries struggle to take up the slack from reduced mining investment. Australia, which earned a reputation as a haven by escaping recession for more than two decades, is offering investors no place to hide as a slump in its currency touched 91.57 US cents, the lowest since September 2010.

The Aussie is still putting a handbrake on some industries even as it has fallen below parity with the greenback. "It's good to see the Australian dollar depreciating, as it should as our terms of trade weaken and as the US begins the very long journey back to normal monetary policy settings", Swan said, referring to Australian export prices relative to import prices and Fed plans to slow bond purchases. "This should make the transition towards non-mining sources of growth a bit easier", Swan said, adding that the strong Aussie has increased real incomes of Australians and keep inflation contained, helping the RBA to take interest rates down to record low levels.

The People's Bank of China said there's a reasonable amount of liquidity in the financial system and urged banks to control risks from credit expansion, indicating no relief from a cash squeeze. China is the biggest trading partner for both Australia and New Zealand. Goldman Sachs and China International Capital Corp joined banks from Barclays to HSBC in paring growth projections for China this year to 7.4%, below the government's 7.5% goal. The cuts followed a tightening in central bank liquidity that left Monday's overnight repurchase rate more than double the year's average. The downbeat concern on China will remain a negative factor for the Aussie dollar.

Base Currency:	NZD	USD
Alternate Currency:	USD	NZD
Strike Price:	0.7900	0.7650
Spot Ref:	0.7745	
Tenor:	2 weeks	
Date:	26 Jun 2013	
Time:	09:20 hrs	
Resistance / Support:	0.7808	0.7684
Commentary:		



- NZ economy grows at half expected pace in Q1 on drought effect (Thu 20-Jun).
- BusinessNZ – economy gaining traction (Mon 24-Jun).
- NZ credit card spending falls 0.6% in May (Mon 24-Jun).

The New Zealand economy grew at half the pace analysts were expecting in Q1 as drought across the North Island sapped milk production and dragged the agriculture sector down. The kiwi dollar fell on the numbers. GDP grew 0.3% to NZ\$37.1 billion in the three months ended March 31, from a pace of 1.5% in the December period, according to StatsNZ. That's half the 0.6% rate predicted in a Reuters survey of economists and below the 0.5% pace forecast by the RBNZ in its June monetary policy statement. The economy grew at annual 2.5%, in line with expectations, and activity in the March quarter was 2.4% higher than the same period a year earlier.

Credit card billings in NZ shrank in May, a month when total spending on electronic cards advanced on increased purchases of fuel, food and liquor and hospitality. Total billings in NZ shrank a seasonally adjusted 0.6% to NZ\$2.74 billion in May, according to RBNZ figures. Of that, domestic billings on local cards declined 0.5% to NZ\$2.53 billion, while foreign issued cards contributed NZ\$212 million. Overseas billings on New Zealand issued cards dropped 1.1% to NZ\$364 million.

The BusinessNZ Planning Forecast indicates that the NZ economy is gaining traction. Export prices remain high, and economic growth is forecast to average just over 3% per annum out to March 2015. Improved business and consumer confidence and continued solid growth prospects for China – NZ's largest export customer – are among the positive indicators in this quarter, says BusinessNZ economist John Pask. However, growth prospects for Australia – NZ's second largest export customer – are muted.

The BusinessNZ Planning Forecast incorporates BusinessNZ's Economic Conditions Index (ECI) which tracks 33 indicators, including GDP, export volumes, commodity prices and inflation, debt and confidence figures. The ECI sits at 19 for the June quarter, up 9 on the previous quarter and up 27 on a year ago.



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