



Short Term Currency Views

Suggested MaxiYield Pairings

Base Currency:	EUR	USD
Alternate Currency:	USD	EUR
Strike Price:	1.3300	1.2800
Spot Ref:	1.2975	
Tenor:	2 weeks	
Date:	03 Jul 2013	
Time:	11:30 hrs	
Resistance / Support:	1.3284	1.2796
Commentary:		



- German retail sales rise amid signs of recovery (Fri 28-Jun).
- Eurozone manufacturing PMI contracts less than expected (Mon 01-Jul).
- Draghi's one size fits all rescue fuels Northernmost debt (Mon 01-Jul).
- Greece has 3 days to deliver or face consequences - troika (Tue 02-Jul).

German retail sales rose more than economists forecast in May, adding to signs that a recovery in Germany has gathered pace amid record-low interest rates, while inflation accelerated. Sales adjusted for inflation and seasonal swings climbed 0.8% from April, when they fell 0.1%. Economists had predicted a rise of 0.4%. The CPI rose more than forecast, up 1.9% in June. German unemployment unexpectedly declined in June, business confidence climbed and ZEW's investor sentiment index increased.

The ECB's attempt to resuscitate the 17-member euro economy with record-low interest rates is fuelling a debt boom in its most creditworthy country and exposing a growing disconnect in monetary policy. The ECB has cut interest rates to almost zero, and they see it feeding through in parts of the euro area --Finland, Germany, Austria and France -- but not everywhere. In Helsinki, 1,500km northeast of Frankfurt, household debt has surged to a record as Finns take advantage of the lowest mortgage rates in the euro area to buy property. Citizens of crisis-stricken countries from Greece to Portugal are either unable to get loans or forced to pay much higher rates.

The broad Eurozone Manufacturing PMI rose to 48.8 in June from 48.3 in May, beating the economist estimate of 48.7 as well. Whilst still contractionary this was the best reading since January last year, a 16-month high. The most notable feature of the report was the improvement in the peripheral indices, with the Italian PMI rising 1.8 points to 49.1 and the Spanish PMI rising 1.9 points to 50.0, in both cases stronger than the latest readings in Germany and France.

Greece has 3 days to reassure Europe and the IMF that it can deliver on conditions attached to its bailout in order to receive its next tranche of aid, eurozone officials said. The lenders are unhappy with progress Greece has made towards reforming its public sector, a senior euro zone official involved in the negotiations said, while another said they might suspend an inspection visit they resumed on Monday. Athens, which has about €2.2 billion of bonds to redeem in August, needs the talks to conclude successfully. If they fail, the IMF might have to withdraw from the €240 billion bailout to avoid violating its own rules, which require a borrower to be financed a year ahead.

Base Currency:	GBP	USD
Alternate Currency:	USD	GBP
Strike Price:	1.5350	1.5000
Spot Ref:	1.5152	
Tenor:	2 weeks	
Date:	03 Jul 2013	
Time:	11:30 hrs	
Resistance / Support:	1.5500	1.5000
Commentary:		



- UK house prices rise for second month on mortgage availability (Fri 28-Jun).
- UK factory growth quickens to fastest in 2 years (Tue 02-Jul).
- June consumer confidence rises to 2-year high, GfK says (Fri 28-Jun).
- BoE expected to keep rates unchanged (due on 4-Jul, 12:00hr, London time).

UK house prices rose for a second month June as mortgage availability improved, pushing the annual gain in values to the highest since September 2010, Nationwide Building Society said. Prices rose 0.3% from the previous month, when they advanced 0.4%. The average value last month was £168,941, up 1.9% from a year earlier. Nationally, house prices are around 9% below their pre-crisis peak, Nationwide said. London house prices are 5% above their pre-crisis level.

UK consumer confidence rose to its highest in more than 2 years this month as a brightening economy made Britons more willing to spend on big-ticket items. A consumer sentiment index by GfK NOP gained 1 point to minus 21, the best reading since May 2011. A gauge of the economic outlook for the coming year climbed 2 points to minus 16. A measure of whether now is the right time to make major purchases jumped 5 points to minus 20.

Manufacturing grew at the fastest pace in 2 years adding to signs that the British recovery is gaining traction. Markit's factory gauge rose to 52.5 in June from 51.5 in May. New orders at manufacturers rose for a fourth month in June, while input costs fell for a third month. Textiles and clothing and food and drink categories led the pickup.

A separate report showed banks granted the most home loans in May since 2009. BoE data showed lenders granted 58,242 home loans in May, up from 54,354 in April. Net mortgage lending rose £282 million. The government's Funding for Lending Scheme has helped ease credit strains, supporting the recovery in the housing market. Still, the BoE said loans to non-financial businesses fell by £1.3 billion pounds in May from April. Lending dropped 3.6% from a year earlier.

Base Currency: AUD USD
 Alternate Currency: USD AUD
 Strike Price: 0.9350 0.9000
 Spot Ref: 0.9113
 Tenor: 2 weeks
 Date: 03 Jul 2013
 Time: 11:30 hrs
 Resistance / Support: 0.9326 0.9000
 Commentary:



- Rudd sworn in as Australian prime minister after overthrowing Gillard (Thu 27-Jun).
- Australia trade surplus at A\$670 million in May (Wed 03-Jul).
- Australia new homes sales rise to 18-month high in May: HIA (Wed 03-Jul).
- RBA holds rate at record-low saying Aussie may slide further (Tue 02-Jul).
- Retail spending up in May (Wed 03-Jul).
- RBA's Stevens sees 'Significant Challenges' in mining boom wane (Wed 03-Jul).

Kevin Rudd was sworn in as Australian prime minister for the second time on Thursday, a day after toppling Julia Gillard and three months away from scheduled elections with polls suggesting the ruling Labour Party is staring at a devastating defeat. Mr Rudd's first task will be a major cabinet reshuffle after a string of senior ministers loyal to Ms Gillard resigned, including former deputy prime minister and treasurer Wayne Swan, Trade Minister Craig Emerson and Climate Change Minister Greg Combet.

The RBA left its key interest rate at a record low, saying a slide in the currency may continue. The Aussie dollar declined. Governor Glenn Stevens and his board kept the overnight cash-rate target at 2.75%, as predicted by analysts. The Aussie "remains at a high level" and may "depreciate further over time, which would help to foster a rebalancing of growth," Stevens said. Traders see a 37% chance the RBA will cut its key rate to 2.5% on 6-Aug, and an 80% chance the rate will be reduced by December.

Australia's trade balance has stayed in the black for a fourth month in a row, with a surplus of A\$670 million in May, following a surplus of A\$171 million in April. Economists had expected a surplus of A\$50 million. During the month, exports rose 4.0%, while imports rose 2.0%. Separately, Australian retail spending rose 0.1% in May.

Sales of new homes in Australia rose for a third straight month in May to their highest in 18 months, another sign that low mortgage rates are working to resuscitate the market as the long boom in mining investment finally peaks this year. The Housing Industry Association (HIA) said its survey of large builders showed sales of new homes rose a seasonally adjusted 1.6% in May. Sales of new detached houses rose 0.9%, while those in the volatile multi-unit sector climbed 5.7%.

RBA Governor Glenn Stevens said Australia will need improved confidence to manage the end of a resource boom, a transition that would also likely be aided by a decline in the currency if needed. "We have to negotiate the downward phase of the investment boom over the next few years, which appears likely to pose significant challenges," Stevens said. "Much depends on 'confidence' -- that intangible thing that is hard to measure and very hard to increase", adding that growth in China, Australia's biggest trading partner, "has moderated" over the past year to closer to 7.5% than the past 10% rate. "Most of the data we are seeing from China are consistent with that pace."

Base Currency: NZD USD
 Alternate Currency: USD NZD
 Strike Price: 0.7900 0.7600
 Spot Ref: 0.7750
 Tenor: 2 weeks
 Date: 03 Jul 2013
 Time: 11:30 hrs
 Resistance / Support: 0.7916 0.7500
 Commentary:



- Stability returning to dairy price (Wed 03-Jul).
- Auckland house prices edge up 0.8% in June: Barfoot (Wed 03-Jul).

Another slight rise in dairy prices is an indicator that the effects of the drought on the sector are over. The GlobalDairyTrade's trade-weighted price index overnight rose 0.7% compared with the last sale two weeks ago. The prices Fonterra gets at the online dairy auctions determine the payout it passes on to farmers. That, in turn, is closely watched as a lead into the rural economy, a sector that has remained largely subdued since the global financial crisis. The rise was a break from the recent fall in prices after a nine-auction run of gains for the basket of dairy products caused by a lack of supply after the summer's drought. The average winning price was a US\$4643 (NZ\$5998) tonne, up from US\$4598. While the gain at the 95th auction was only small it was an extension of the stability after the drought let-down.

Auckland house prices edged up for a second month in June in the face of fewer listings and intense demand among property buyers, according to Barfoot & Thompson, the city's biggest realtor. The average sale price rose 0.8% to NZ\$649,945 last month, adding to a 0.3% gain in May, the firm said. The median price rose 3.5% to NZ\$590,000. Demand for properties is unprecedented and competition is intense with homes selling within a tighter time frame than at any time in the last decade. Building consents in the city jumped 74% in May, driven by apartment projects, government figures show. Barfoot sold 1,059 houses in June, down from 1,284 properties in May. The firm had 1,189 new listings last month, down from 1,315 in May. At the end of June, Barfoot had 2,873 properties, the first month-end total below 3,000 in 11 years.



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