

EM FX trading Recommendation

Buy EUR/HUF

We recommend buying EUR/HUF. **The overall risk sentiment is weak following the weak retail sales data out of US yesterday** – see *EMEA daily*. We therefore look for upside risk on EUR/HUF in the coming days.

HUF – Highly sensitive towards changes in risk appetite

The Hungarian forint (HUF) is highly sensitive towards declining global risk appetite. Yesterday the forint significantly underperformed its peers as it dropped more than 2% against the euro as risk appetite faded.

The forint has had a very good run since the beginning of March where it set new lows against the euro (around EUR/HUF 317). Given the worsening of risk sentiment in the last two days, we think markets are likely to test the forint once again sending EUR/HUF back above 300.

The technical picture supports this view – see *Danske Technical Update*. EUR/HUF broke through several key resistance levels this morning.

Risk factors:

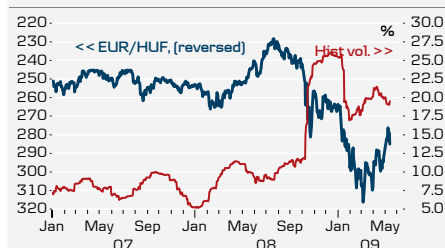
A key risk to the present recommendation would be if the risk sentiment improves, which would send global equity markets higher and most likely EUR/HUF lower.

Buy: EUR/HUF

Horizon	1 month
<i>Indicative prices</i>	
Spot	286.78
Fwd	288.69
Stop loss / take profit	278/305
Hist. vol. (ann.)	19.5%

Source: Reuters EcoWin and Danske Markets

We expect EUR/HUF to move higher



Source: Reuters EcoWin

Danske EM FX Trading Recommendations

Open	Start date	Level	Now	Target	Stop	P/L (incl carry)	Comment
Buy TRY/ZAR	05/05/09	5.30	5.422	5.65	5.30	2.31	Stop raised to entry 14/05/09
Buy EUR/HUF	14/05/09	286.78	286.510	305.00	278.00	-0.09	

Recently closed	Start date	Level	Exit date	Level	P/L (incl carry)
Sell CHF/TRY	30/04/09	1.40	14/05/09	1.42	-1.02%

Hist. Performance

# of trades since 2007	25	# of trades in 2009	1
- average net gain	0.66%	- average net gain	-1.02%
- batting average	0.60	- batting average	0.00

Source: Reuters EcoWin and Danske Bank

Senior Analyst

Lars Tranberg Rasmussen
+45 4512 8534
laras@dankebank.dk

Emerging Markets Contacts

Emerging Markets Research

Lars Christensen	+45 45 12 85 30	larch@danskebank.dk
Flemming Jegbjærg Nielsen	+45 45 12 85 35	flemm@danskebank.dk
Violeta Klyviene	+370 5 2156992	vkly@danskebank.com
Lars Tranberg Rasmussen	+45 45 12 85 34	laras@danskebank.dk
Stanislava Pravdova	+45 45 12 80 71	spra@danskebank.dk
Jens Nærvig Pedersen	+45 45 12 84 98	jenpe@danskebank.dk

Emerging Markets Sales, Danske Markets

Stephen A. Ryan	+45 45 14 68 98	sry@danskebank.dk
Ulf Rafstedt	+45 45 14 61 43	ulra@danskebank.dk
Erik Rasmussen	+45 45 14 32 47	eras@danskebank.dk

Global Retail SME, FX

Stig Hansen	+45 45 14 60 86	sh@danskebank.dk
Flemming Winther	+45 45 14 68 24	flw@danskebank.dk

Trading FX, Fixed Income, Danske Markets

Frank Sandbæk Vig	+45 45 14 67 96	fsv@danskebank.dk
Thomas Manthorpe	+45 45 14 69 68	tman@danskebank.dk
Markku Anttila	+358 10 513 8705	markku.anttila@sampopankki.fi
Perttu Tuomi	+358 10 513 8738	perttu.tuomi@sampopankki.fi

Danske Bank Poland, Warsaw

Marciej Semeniuk	+48 22 33 77 114	msem@pl.danskebank.com
Bartłomiej Dzieńciecki	+48 22 33 77 112	bdz@pl.danskebank.com

Danske Markets Baltics

Howard Wilkinson	+358 50 374 559	howard.wilkinson@danskebank.com
Martins Strazds	+371 6707 2245	martins.strazds@danskebanka.lv
Giedre Geciauskiene	+370 5215 6180	giedre.geciauskiene@danskebankas.lt
Lauri Palmaru	+372 675 2464	lauri.palmaru@sampopank.ee

ZAO Danske Bank Russia, Saint-Petersburg Treasury Department

Antti Urvas	+7 812 332 73 06	antti.urvas@sampopanki.fi
Vladimir Biserov	+7 812 332 73 04	vladimir.biserov@danskebank.ru
Darja Kounina	+7 812 332 73 04	darja.kounina@danskebank.ru

All EM research is available on Bloomberg DDEM

This report has been prepared by Danske Research, which is part of Danske Markets, a division of Danske Bank. Danske Bank is under supervision by the Danish Financial Supervisory Authority. Jens Nærvig Pedersen, Assistant Analyst, Lars Christensen, Chief Analyst

Danske Bank has established procedures to prevent conflicts of interest and to ensure the provision of high quality research based on research objectivity and independence. These procedures are documented in the Danske Bank Research Policy. Employees within the Danske Bank Research Departments have been instructed that any request that might impair the objectivity and independence of research shall be referred to Research Management and to the Compliance Officer. Danske Bank Research departments are organised independently from and do not report to other Danske Bank business areas. Research analysts are remunerated in part based on the over-all profitability of Danske Bank, which includes investment banking revenues, but do not receive bonuses or other remuneration linked to specific corporate finance or debt capital transactions.

Danske Bank research reports are prepared in accordance with the Danish Society of Investment Professionals' Ethical rules and the Recommendations of the Danish Securities Dealers Associations.

Financial models and/or methodology used in this report

Calculations and presentations in this report are based on standard econometric tools and methodology. Documentation can be obtained from the above named authors upon request.

Risk warning

Major risks connected with recommendations or opinions in this report, including a sensitivity analysis of relevant assumptions, are stated throughout the text.

First date of publication

Please see the front page of this research report.

Disclaimer

This publication has been prepared by Danske Markets for information purposes only. It has been prepared independently, solely from publicly available information and does not take into account the views of Danske Bank's internal credit department. It is not an offer or solicitation of any offer to purchase or sell any financial instrument. Whilst reasonable care has been taken to ensure that its contents are not untrue or misleading, no representation is made as to its accuracy or completeness and no liability is accepted for any loss arising from reliance on it. Danske Bank, its affiliates or staff, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives), of any issuer mentioned herein. The Equity and Corporate Bonds analysts are not permitted to invest in securities under coverage in their research sector. This publication is not intended for retail customers in the UK or any person in the US. Danske Markets is a division of Danske Bank A/S. Danske Bank A/S is authorized by the Danish Financial Supervisory Authority and subject to limited regulation by the Financial Services Authority (UK). Details on the extent of our regulation by the Financial Services Authority are available from us on request. Copyright (C) Danske Bank A/S. All rights reserved. This publication is protected by copyright and may not be reproduced in whole or in part without permission.