

# Emerging Markets Briefer

February 01, 2007

## Third round to the CEE bears?

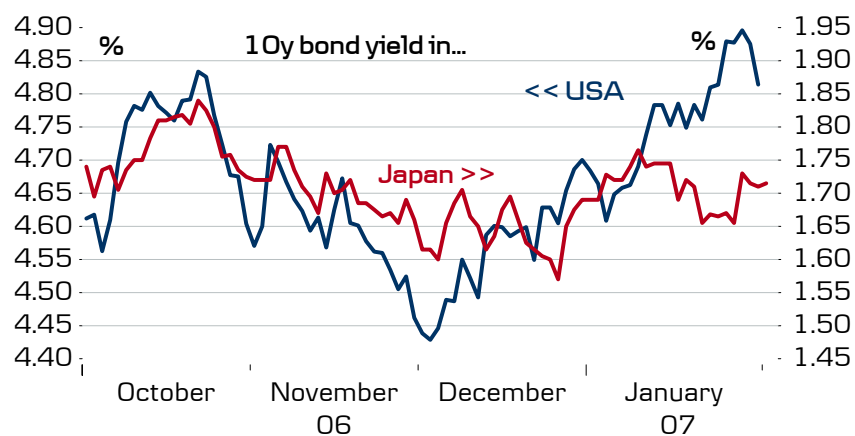
### Euro's cousins under pressure...

- The Central and Eastern European markets continued their sell-off in January - with especially the core CEE currencies, the PLN, HUF, CZK and SKK taking a beating
- Surprisingly, some of the high-yielders, most notably the TRY and BRL, performed well despite further rises in US bond yields

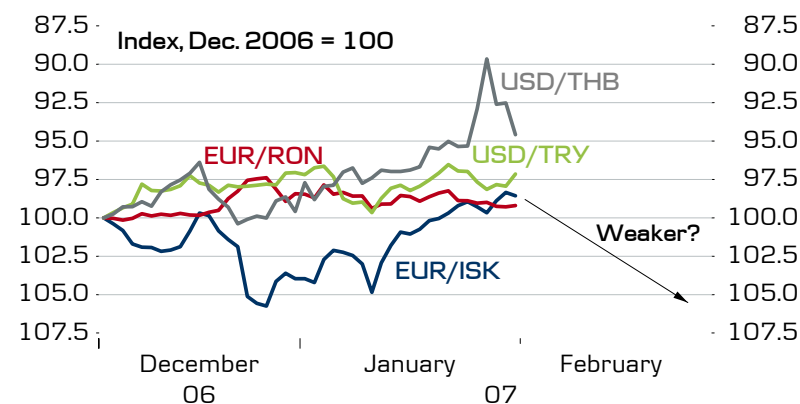
### ...and that trend will continue

- We expect the CEE sell-off to continue, and indeed it could spread to the high-yielders if global yields continue to rise
- Emerging Asia will again function as a safe haven - pick especially markets with strong external balances

### US yields on the up, but Japanese yields still low



### Caution ahead! The most vulnerable currencies?



## Movers and shakers – last month and in the month ahead

### New Europe jitters spreading?

In the previous edition of Emerging Markets Briefer we suggested that the Central and Eastern European markets would lose momentum relative to the LATAM and Emerging Asian markets on the back of rising optimism about the US economy relative to Europe. Economic data released during January have clearly supported this view – with US numbers continuing to surprise on the upside, while European data have generally been fairly soft. This ongoing shift in the perception US vs. European growth has likely been one of the main reasons behind the sell-off in CEE currencies in recent months. And indeed a look at charts 1 and 7 below clearly shows that the key driver in EM FX markets over the past month has been EUR/USD sensitivity. The top performers were mostly the Emerging Asian currencies, which normally tend to correlate positively with the USD.

Looking ahead, we think January's theme is likely to carry on into February, as we see the US economy continuing to surprise on the upside, while we expect the European economic data to point moderately down. Therefore, we continue to recommend being short in the CEE markets and, in general, long in the USD-sensitive markets – especially in Emerging Asia, but also on a more selective basis in the LATAM currencies. Meanwhile, we are, however, concerned about increasingly populist policies in certain LATAM countries, like Venezuela and Ecuador. Focus in LATAM will probably centre on the Ecuadorian debt payments due on February 15 – will payment be made (on time)? Fears of an Ecuadorean default are likely to rise further.

January's jitters were generally confined to the core CEE countries, but we think there is a risk the sell-off might spread in February. We would especially watch some of the currencies that “avoided” the January tumble, particularly a number of the high-yielders, such as the Turkish lira and the Brazilian real. We would definitely also watch the Romania leu, which until now has outperformed the core CEE currencies.

Given the high interest-rate sensitivity of both the BRL and TRY, one could expect the approximately 50bp rise in US 10y bond yields over the past two months to weigh on these currencies. Hence, given the prospects of a further rise in US bond yields during February, the sell-off could spread to the CEE high-yielders as well. Also worth noting is that the rise in US bond yields since the beginning of December corresponds to about half the rise that preceded the Emerging Market turmoil witnessed in May-July last year. This alone should make investors more cautious, and we obviously recommend not being overly exposed to high-yielders in February. A joker in the month ahead will again be the market's favourite funding currencies – the JPY and CHF. Both currencies have continued to weaken, but policymakers around the world are clearly concerned about this trend and we would expect the weakness of, especially, the JPY to come up at next week's G7 meeting.

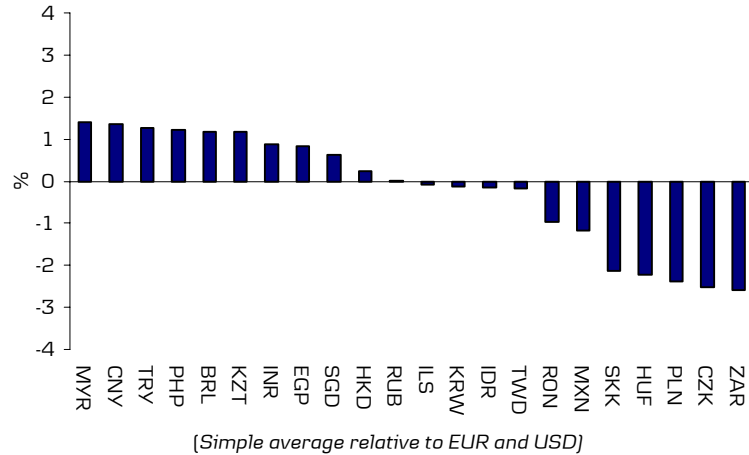
Keep track, too, of renewed speculation concerning a revaluation of some Gulf state currencies, most notably the Kuwaiti dinar. Such speculation could benefit the MEA currencies – especially the EGP.

### General recommendations for February

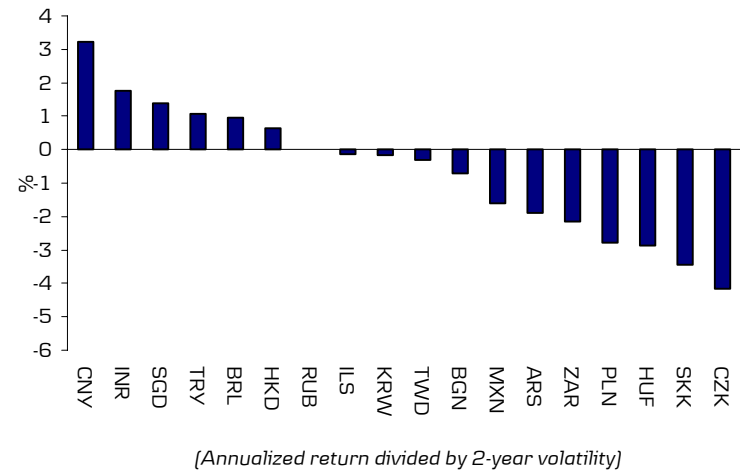
- Remain short in the CEE currencies. Furthermore, the sell-off might spread to the fixed income markets, so look for generally higher CEE bond yields.
- Stay long in the Emerging Asian markets, but avoid the “rotten apples” – most notably Thailand. Focus on countries with strong external balances
- Be selective in LATAM and focus on strong fundamentals. Stay away from markets in populist regimes like Venezuela and Ecuador.

# Emerging Market performance over the past month

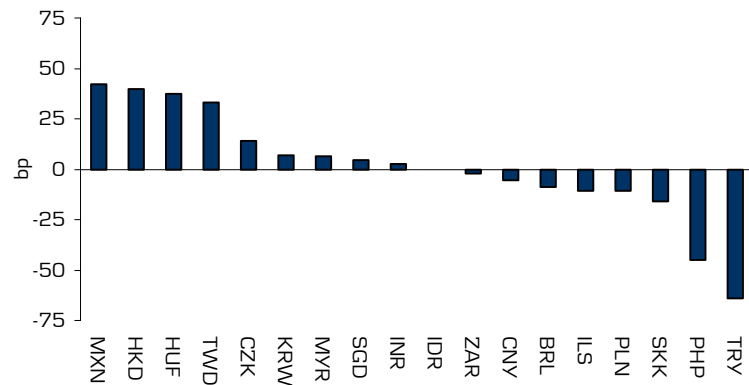
**Chart 1: FX change against EUR and USD**



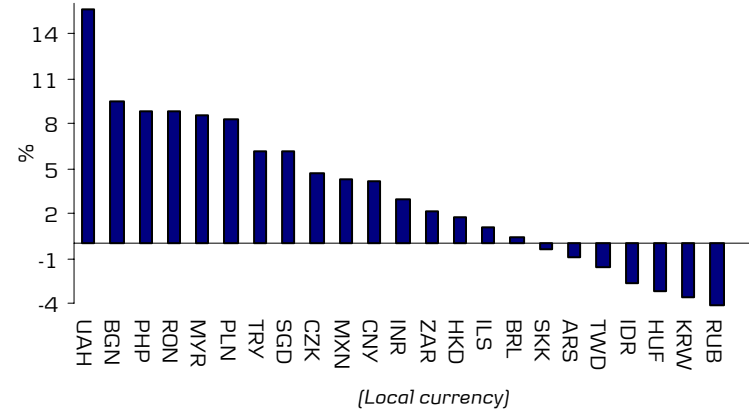
**Chart 2: Risk adjusted FX change against EUR and USD**



**Chart 3: Change in 2 year swap yield**

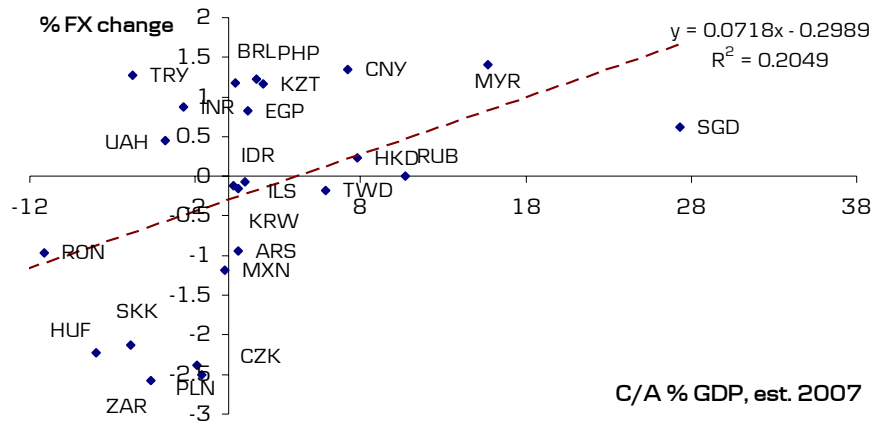


**Chart 4: Stock market performance**



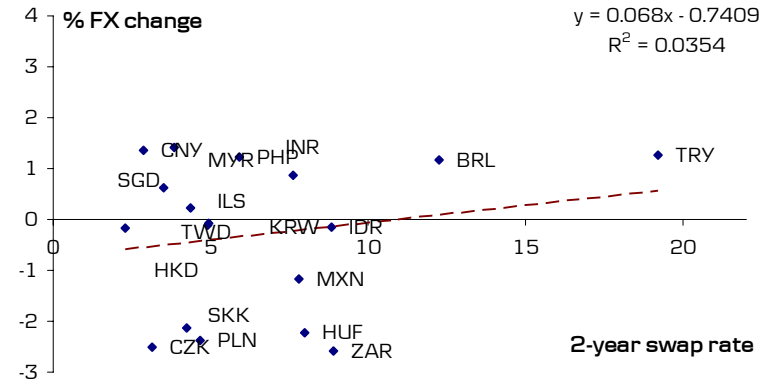
# Drivers and themes in emerging markets over the past month

**Chart 5: Current account**



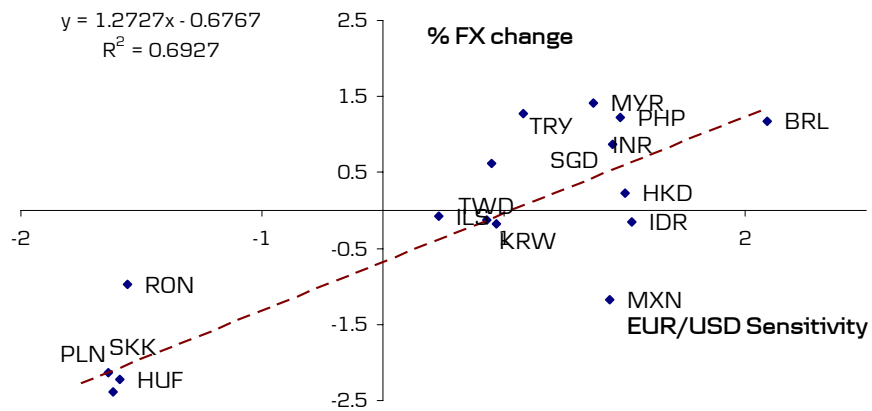
(Simple average relative to EUR and USD)

**Chart 6: Carry**



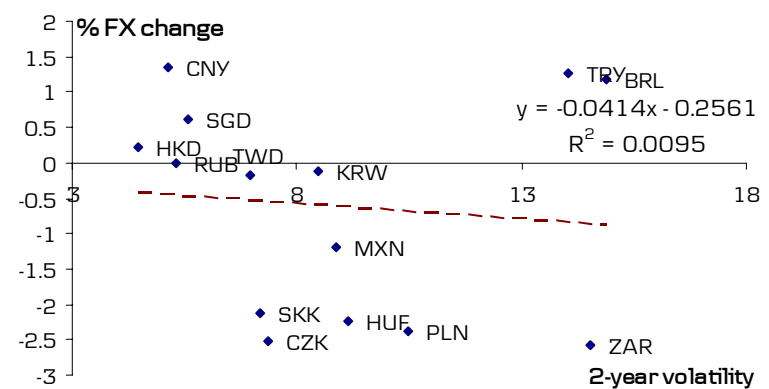
(Simple average relative to EUR and USD)

**Chart 7: EUR/USD sensitivity**







(Simple average relative to EUR and USD)



**Chart 8: Risk and volatility**




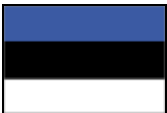

(Simple average relative to EUR and USD)


	Macro Outlook	FX & Monetary Policy	Other factors
<b>Region: CEE</b>			
<b>Poland</b> 	<ul style="list-style-type: none"> <li>• Growth is strong and accelerating. Strong macro balances.</li> <li>• Current account will come under pressure as domestic demand continues to accelerate in 2007.</li> <li>• If German VAT hike significantly slows German growth this would pose a risk to the Polish economy.</li> </ul>	<ul style="list-style-type: none"> <li>• Inflation remains surprisingly low, so rate hikes are not likely before the second half of the year.</li> <li>• The significant rise in political uncertainty increases the risk of a major sell-off in the zloty.</li> </ul>	<ul style="list-style-type: none"> <li>• Polish government remains very weak and populist.</li> <li>• Central bank governor Balcerowicz stepped down on January 10. The government handled the appointment of new governor Skrzypek extremely badly.</li> </ul>
<b>Czech Republic</b> 	<ul style="list-style-type: none"> <li>• Economy will slow down in 2007 and growth will shift from being export-driven to being domestic-demand-driven.</li> <li>• Imbalances such as the deepening current account deficit and the large budget deficit are key risks.</li> </ul>	<ul style="list-style-type: none"> <li>• New inflation forecast has been released. It is consistent with interest rate stability in coming months. The central bank still sees rates rising over the long term.</li> <li>• First rate hike postponed into Q2 at earliest.</li> <li>• CZK will remain under pressure.</li> </ul>	<ul style="list-style-type: none"> <li>• After more than 7 months of political stalemate, the Czech Republic finally got a new government that won the confidence vote on January 19.</li> <li>• New reform program is very promising, though government lacks stable support in the parliament.</li> </ul>


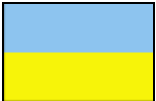
	Macro Outlook	FX & Monetary Policy	Other factors
<b>Slovakia</b> 	<ul style="list-style-type: none"> <li>Economy continues to boom. Consumer spending remains strong, but exports will take over as the main economic driver this year.</li> <li>Current account still key risk. Inflation risks continue to exist, mainly due to strong consumer spending.</li> </ul>	<ul style="list-style-type: none"> <li>Slovak central bank (NBS) feels confident about inflation developments. Inflation should drop in the coming months. The NBS will most likely respond by lowering interest rates, but probably not before H2 at earliest.</li> <li>SKK remains overvalued. Dovish comments from the NBS can put further pressure on SKK.</li> </ul>	<ul style="list-style-type: none"> <li>Even though we have a non-reformist and populist government in Slovakia the government has not been as bad as feared initially</li> <li>Slovakia still on track to adopt the euro in 2009.</li> </ul>
<b>Hungary</b> 	<ul style="list-style-type: none"> <li>The macroeconomic outlook is highly uncertain and will to a large extent depend on the political situation.</li> <li>Growth is likely to slow significantly irrespective of whether or not fiscal policy is tightened.</li> <li>Higher administrative prices and indirect taxes are pushing up inflation.</li> </ul>	<ul style="list-style-type: none"> <li>Worsening sentiment in the CEE markets is weighing on the forint - this could continue in the coming months. HUF no longer looks overvalued.</li> <li>Risk that inflation might top 10% in the coming months and force the MNB to hike interest rates.</li> </ul>	<ul style="list-style-type: none"> <li>The government remains unpopular and PM Gyurcsany has been politically weakened. However, tensions seem to have eased a bit recently.</li> <li>Fiscal reforms will be much harder to push through.</li> </ul>


	Macro Outlook	FX & Monetary Policy	Other factors
<b>Romania</b> 	<ul style="list-style-type: none"> <li>• Growth remains very strong, driven mainly by domestic consumption.</li> <li>• Consumer spending will accelerate, putting even greater pressure on current account deficit due to higher demand for imports. C/A deficit is a key risk and will increase to well above 10% of GDP in 2007.</li> </ul>	<ul style="list-style-type: none"> <li>• Deteriorating current account deficit is key risk to the currency, but FDI inflows due to EU membership should comfortably finance the deficit.</li> <li>• Strong demand-pull inflationary pressures might force the central bank to continue tightening in order to keep inflation below 5%.</li> </ul>	<ul style="list-style-type: none"> <li>• Romania entered the EU on January 1, but broader reforms are inevitable.</li> </ul>
<b>Bulgaria</b> 	<ul style="list-style-type: none"> <li>• Economy keeps growing strongly - expected to expand by about 6% in 2006 and 2007.</li> <li>• Widening of current account deficit is key risk - strong credit growth due to buoyant consumer spending may fuel inflationary pressures further.</li> </ul>	<ul style="list-style-type: none"> <li>• For now, inflation remains below the government's official inflation forecast of 6.6% by end-2006.</li> <li>• Lev is pegged to the euro, central bank cannot influence economy much.</li> </ul>	<ul style="list-style-type: none"> <li>• Bulgaria joined the EU on January 1, 2007.</li> <li>• Government aiming for a budget surplus next year of about 0.8% of GDP. Tight fiscal policy needed to keep economy under control.</li> </ul>



	Macro Outlook	FX & Monetary Policy	Other factors
<p><b>Turkey</b></p> 	<ul style="list-style-type: none"> <li>• Growth is still fairly strong but likely to slow on the lira weakness of May-June last year and significant rate hikes in recent months.</li> <li>• Current account deficit has increased significantly and is now at quite dangerous levels.</li> <li>• Inflation has been driven up substantially in the wake of the lira's weakening. The fight against inflation has still not been won.</li> </ul>	<ul style="list-style-type: none"> <li>• The risk of renewed weakness in the lira could push up inflation again, but for now interest rates are likely to stay on hold.</li> <li>• With the risk of a further rise in global risk aversion, the lira could again fall victim to a fairly large sell-off, but probably not as massive as in May-June last year.</li> </ul>	<ul style="list-style-type: none"> <li>• Fiscal policy still on track.</li> <li>• More trouble ahead for EU negotiations. The relationship between the EU and the Turkish government has turned more confrontational, which is clearly a worry. The German EU presidency is like to be less "kind" to Turkey than the previous, Finnish, EU presidency.</li> <li>• Focus remains on April's presidential election.</li> </ul>


	Macro Outlook	FX & Monetary Policy	Other factors
<b>Region: Baltic</b>			
<b>Estonia</b> 	<ul style="list-style-type: none"> <li>Impressive growth. Demand will remain strong, but growth will soon be hampered by a worsening shortage of resources. Large C/A deficit.</li> <li>Inflation is currently rising on a tight labour market that is pushing up wage growth.</li> <li>Risk of boom-bust.</li> </ul>	<ul style="list-style-type: none"> <li>The Estonian kroon (EEK) is pegged to the euro through ERM II.</li> <li>Estonia has successfully adapted a currency board, which should rule out any exchange rate collapse despite the large C/A deficit.</li> </ul>	<ul style="list-style-type: none"> <li>Credit-fuelled demand and high growth in private credit will continue to fuel inflation. The authorities have not yet officially abandoned the 2008 deadline for meeting the euro-zone inflation criterion. We believe that euro adoption will be postponed until around 2010.</li> </ul>
<b>Latvia</b> 	<ul style="list-style-type: none"> <li>Like Estonia, growth in Latvia will be close to double-digit numbers in 2007. The economy seems to be overheating.</li> <li>With inflation rates above 6% y/y there is some concern for euro adoption.</li> </ul>	<ul style="list-style-type: none"> <li>The Latvian lat (LVL) is pegged to the EURO through ERM II, but is fluctuating more than both the EKK and LTL.</li> </ul>	<ul style="list-style-type: none"> <li>High inflation is likely to postpone euro adoption to 2010.</li> </ul>



	Macro Outlook	FX & Monetary Policy	Other factors
<b>Lithuania</b> 	<ul style="list-style-type: none"> <li>• GDP is showing stable growth.</li> <li>• The economy is relatively balanced, with inflation and the C/A deficit at moderate levels.</li> </ul>	<ul style="list-style-type: none"> <li>• The Lithuanian lita (LTL) is pegged to the euro through ERM II.</li> <li>• Lithuania has successfully adapted a currency board, which should rule out any exchange rate collapse.</li> </ul>	<ul style="list-style-type: none"> <li>• The real estate boom has faded and private credit growth is more restrained than in Estonia and Latvia.</li> <li>• Inflation is still too high for euro adoption, which we believe will be postponed until 2010.</li> </ul>



	Macro Outlook	FX & Monetary Policy	Other factors
<b>Region: CIS</b>			
<b>Russia</b> 	<ul style="list-style-type: none"> <li>Relatively strong growth in Russia driven by domestic demand, which is being fuelled by rise in energy prices in recent years.</li> <li>Inflationary pressures have eased a bit after the recent softness in oil prices, and inflation met its target in 2006. However, there are still strong underlying inflationary pressures, though the inflation target has been lowered for 2007.</li> </ul>	<ul style="list-style-type: none"> <li>The rouble (RUB) has been allowed to appreciate to dampen inflationary pressures in 2006.</li> <li>The RUB is pegged against a EUR/USD basket. We expect some appreciation against the basket in 2007 - especially in Q1, as inflation will most likely pick up in the coming months.</li> </ul>	<ul style="list-style-type: none"> <li>Russia's newly returned ambassador to Georgia met with Foreign Minister Gela Bezhushvili this week as the two countries moved to improve ties badly strained when Georgia briefly detained four Russian military officers it accused of spying.</li> </ul>
<b>Ukraine</b> 	<ul style="list-style-type: none"> <li>Growth slumped last year but has recovered somewhat this year. Strong global demand for steel should continue to support exports.</li> <li>Inflation is still too high.</li> </ul>	<ul style="list-style-type: none"> <li>Ukrainian central bank is unlikely to introduce any major policy changes despite excessive inflation.</li> <li>The currency looks undervalued but the NBU will keep a strong grip on the UAH.</li> </ul>	<ul style="list-style-type: none"> <li>Ukraine has signed a gas deal with Russia at a reasonable price. The deal should end uncertainty over Russian gas supplies to both Ukraine and European customers in the coming winter months.</li> </ul>

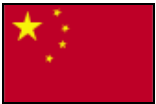

	Macro Outlook	FX & Monetary Policy	Other factors
<b>Kazakhstan</b> 	<ul style="list-style-type: none"> <li>Oil prices have supported growth, and the current account surplus remains large.</li> <li>Strong domestic demand is underpinning considerable inflationary pressures.</li> </ul>	<ul style="list-style-type: none"> <li>Inflationary pressures remain high and the National Bank of Kazakhstan (NBK) has raised deposit rates during 2006 to dampen inflation.</li> <li>The KZT looks highly undervalued, but has been allowed to strengthen somewhat in January.</li> </ul>	<ul style="list-style-type: none"> <li>The capital account remains the main source of strength for FX inflows. NBK will in our view complement the gradual tightening that is already underway by allowing the KZT to strengthen.</li> </ul>




	Macro Outlook	FX & Monetary Policy	Other factors
<b>Region: MEA</b>			
<b>Israel</b> 	<ul style="list-style-type: none"> <li>Economy will continue to grow at a solid rate in 2007, probably stronger than government's conservative forecast of 3.8 %.</li> <li>Inflation will remain below the inflation target range of 1%-3% for most of the year but return to the mid-point of the target towards the end of the year. Current account in surplus in 2007 - close to 5% of GDP.</li> </ul>	<ul style="list-style-type: none"> <li>After a series of rate cuts, Israeli central bank will stay on hold in the coming month.</li> <li>Israeli interest rates 100bp below Fed rates. Carry argument has diminished.</li> </ul>	<ul style="list-style-type: none"> <li>Budget deficit 2006 should be no more than 1.5% of GDP.</li> <li>Geopolitical uncertainties still remain.</li> </ul>
<b>South Africa</b> 	<ul style="list-style-type: none"> <li>Despite slowdown in growth this year, economic activity should remain fairly robust (GDP growth around 4.2% in 2007).</li> <li>Inflationary pressures persist. Inflation should peak in H1 and moderate afterwards, but oil and food prices crucial. Huge current account deficit a key risk.</li> </ul>	<ul style="list-style-type: none"> <li>Recent interest rate hikes having an increasing impact on credit-driven consumer spending. Softer M3 and credit extension in December put into question a rate hike in February.</li> <li>Rand remains volatile. Watch the current account deficit!</li> </ul>	<ul style="list-style-type: none"> <li>Budget deficit for 2007 should be well contained, with spending priorities focused on investment in infrastructure.</li> <li>Political troubles on the rise. Still no candidate to take over leadership of ruling ANC party. Vote scheduled for December this year.</li> </ul>



	Macro Outlook	FX & Monetary Policy	Other factors
<p><b>Egypt</b></p> 	<ul style="list-style-type: none"> <li>• Macroeconomic fundamentals look fairly robust and growth remains strong.</li> <li>• External balances are solid. Accelerating domestic demand - reflected in strong import growth - is creating some inflationary pressures. Strong growth in imports might push current account into deficit.</li> </ul>	<ul style="list-style-type: none"> <li>• The central bank continues to keep a tight grip on the currency, however given the rising inflationary pressures the central bank is likely to allow EGP to appreciate further.</li> <li>• The EGP is undervalued.</li> <li>• Speculation of revaluation of some of the Gulf state currencies could spill-over to EGP.</li> </ul>	<ul style="list-style-type: none"> <li>• The government remains broadly reformist, but the reform process seems to be losing momentum as more politically sensitive areas are tackled.</li> <li>• Reducing the budget deficit is the key challenge for the government if sustained economic growth is to be maintained.</li> </ul>




	Macro Outlook	FX & Monetary Policy	Other factors
<b>Region: LATAM</b>			
<b>Brazil</b> 	<ul style="list-style-type: none"> <li>Economic growth looks set to pick up in 2007. Trade balance surplus is at record high in spite of strong currency.</li> <li>Inflation is well under target, supported by a strong currency and falling import prices. The outlook for inflation remains benign.</li> </ul>	<ul style="list-style-type: none"> <li>The central bank (BCB) last week reduced the pace of the easing cycle and went for a 25bp rather than a 50bp rate cut. We expect the BCB to continue cutting rates by 25bp per meeting in 2007.</li> <li>Brazilian real (BRL) is supported by trade surplus and carry.</li> </ul>	<ul style="list-style-type: none"> <li>Government has unveiled a growth package that aims to boost growth via increased public investments - including public private partnerships (PPPs). This could have a short-term positive impact, but longer term the risk is that this will only crowd out private spending.</li> </ul>
<b>Argentina</b> 	<ul style="list-style-type: none"> <li>Robust growth driven by industry, construction, and exports.</li> <li>High inflation pressures driven by strong external balances and nominal exchange rate peg.</li> </ul>	<ul style="list-style-type: none"> <li>Argentinean central bank is targeting inflation by controlling money supply (M2) growth. High inflation will keep money supply growth close to lower limit of monetary policy band.</li> <li>The peso (ARS) is pegged to the USD and this is unlikely to change in the foreseeable future.</li> </ul>	<ul style="list-style-type: none"> <li>Argentina's economy is becoming more and more distorted, with frozen utility tariffs, variable export taxes, price and wage controls, cross-subsidisation of fuel and power demand, decoupling of domestic prices from international ones, negative real interest rates, etc.</li> </ul>

	Macro Outlook	FX & Monetary Policy	Other factors
<b>Region: LATAM</b>			
<b>Mexico</b> 	<ul style="list-style-type: none"> <li>Growth is still strong, but the trade balance has been weakened by falling oil prices. C/A is negative.</li> <li>Inflationary pressures have eased somewhat, but the rise in food prices is proving more persistent than previously anticipated, changing the inflation outlook towards higher price growth in the coming months.</li> </ul>	<ul style="list-style-type: none"> <li>With our updated view on inflation, we do not see any room for further monetary easing in 2007, and hence we believe that the central bank will stay on hold throughout this year.</li> <li>Mexican peso (MXN) has dropped several percent against the USD in January due to rising US bond yields. MXN is one of the most yield-sensitive currencies in the EM universe.</li> </ul>	<ul style="list-style-type: none"> <li>Following several weeks in which President Felipe Calderón focused on fighting organized crime and other public safety concerns, he is increasingly turning his attention to social issues as a deliberate strategy to pull the political rug out from under his opponents.</li> </ul>
<b>Chile</b> 	<ul style="list-style-type: none"> <li>Growth is disappointing due to slowing industrial production and retail sales. Supply-side constraints, especially in copper production, will continue to impose limitations on output growth.</li> <li>The fall in oil prices has dampened inflationary pressures.</li> </ul>	<ul style="list-style-type: none"> <li>Inflationary pressures have eased and the Chilean central bank (BCC) decided to cut rates by 25bp earlier this month. We expect at least one more cut during H1, as we see growth and inflation being benign.</li> <li>We maintain our bearish view on the CLP, as it will take a further beating if US bond yields continue to rise and the BCC continues its easing cycle</li> </ul>	<ul style="list-style-type: none"> <li>In 2007 the Chilean government plans to pursue far-reaching reforms aimed at creating a larger role for government in old-age social security. The reforms are urgently needed, as Chilean workers have for many years been saving too little.</li> </ul>

	Macro Outlook	FX & Monetary Policy	Other factors
<b>Region: Asia Ex Japan</b>			
<b>China</b> 	<ul style="list-style-type: none"> <li>The economy is slowing gently, driven by a fall in the global industrial cycle and money/credit policy tightening. However, we don't expect a dramatic slowdown, just down towards 9.5 % y/y growth in 2007.</li> <li>Inflationary pressures remain subdued, although food prices are rising.</li> </ul>	<ul style="list-style-type: none"> <li>The Chinese authorities are likely to maintain a tightening stance on credit/monetary policy. Hence, expect investment growth to stay close to 20% in 2007</li> <li>The speed of renminbi appreciation will be maintained on the back of a ballooning trade surplus.</li> </ul>	<ul style="list-style-type: none"> <li>The next significant political event is the yearly National People's Congress meeting in early March.</li> </ul>
<b>South Korea</b> 	<ul style="list-style-type: none"> <li>Growth is being pulled down by soft domestic demand. Moreover, South Korea's industry is feeling the pressure from the slowdown in global industry. The current account balance has shifted into surplus as oil prices have fallen.</li> <li>Core inflation is still running below the target of 2.5-3.5%.</li> </ul>	<ul style="list-style-type: none"> <li>The KRW is starting to feel the pain from the falling JPY. However, the positive developments in the C/A are supportive.</li> <li>The Bank of Korea may hike one or two times in 2007 despite the low inflation. The threat is rapid credit growth and rising housing markets.</li> </ul>	<ul style="list-style-type: none"> <li>President Roh's position is relatively weak after his party's poor showing in the May local elections. Six-party talks on ending North Korea's nuclear ambitions are on their way. This will likely ease political tensions in the region.</li> </ul>

	Macro Outlook	FX & Monetary Policy	Other factors
<b>Region: Asia Ex Japan</b>			
<b>Thailand</b> 	<ul style="list-style-type: none"> <li>Domestic demand remains weak. However, exports are booming and supporting growth. The C/A has shifted back into surplus, riding on falling energy prices, slowing imports and booming exports</li> <li>Core CPI is still well within the 0-3% inflation target band</li> </ul>	<ul style="list-style-type: none"> <li>The THB has stopped appreciating as a result of the temporary imposition of capital controls by the BoT and political uncertainty.</li> <li>We believe the central bank will cut rates further, aiming to stimulate domestic demand and halt the appreciation of the THB.</li> </ul>	<ul style="list-style-type: none"> <li>Political developments in Thailand are once again grabbing the headlines after a series of bomb blasts rocked Bangkok on New Year's Eve. Moreover, there is some nervousness about how the Thai government will handle economic reforms.</li> </ul>
<b>Singapore</b> 	<ul style="list-style-type: none"> <li>Export growth is slowing, driven by a slowdown in the global industrial cycle.</li> <li>Inflationary pressures remain subdued.</li> </ul>	<ul style="list-style-type: none"> <li>The Singapore dollar will continue its slow appreciation versus the dollar.</li> <li>The MAS is done tightening liquidity, as the Fed is on hold.</li> </ul>	<ul style="list-style-type: none"> <li>The People's Action Party (PAN) again has a strong grip on power after the elections in May.</li> </ul>
<b>Hong Kong</b> 	<ul style="list-style-type: none"> <li>Exports are slowing due to weakening global industry. But the domestic economy is booming.</li> <li>Inflation is picking up, especially in the real estate market.</li> </ul>	<ul style="list-style-type: none"> <li>HK will keep its currency peg for a long time despite USD/RMB breaking 7.80.</li> <li>The HKMA has stopped tightening monetary policy as the Fed is hold.</li> </ul>	<ul style="list-style-type: none"> <li>No major news on the prospect of democratisation of the Special Administrative Region.</li> </ul>

	Macro Outlook	FX & Monetary Policy	Other factors
<b>Region: Asia Ex Japan</b>			
<b>Malaysia</b> 	<ul style="list-style-type: none"> <li>Economic growth remains strong, supported by still solid exports. The “chronic” C/A surplus is not threatened.</li> <li>Inflationary pressures are easing.</li> </ul>	<ul style="list-style-type: none"> <li>The MYR has continued to be one of the strongest Asian performers in January, supported by strong fundamentals and political indications that it is not hurting exports. Longer term, we expect the MYR to go significantly stronger due to cheap valuations.</li> <li>Monetary tightening has come to an end.</li> </ul>	<ul style="list-style-type: none"> <li>The political threat to PM Abdullah from his predecessor Dr. Mahathir has receded due to Dr. Mahathir suffering a heart attack.</li> </ul>
<b>Philippines</b> 	<ul style="list-style-type: none"> <li>Strong growth supported by relatively strong exports. Large remittances from Philippines living abroad help reduce the trade deficit.</li> <li>Inflation is falling and is now within the inflation target of 4-5%.</li> </ul>	<ul style="list-style-type: none"> <li>Better C/A balances, mainly due to large remittances from abroad and an improving fiscal situation, are benefiting the peso. We think it has further to go.</li> <li>The next move in the policy interest rate will be downwards due to slowing inflationary pressures.</li> </ul>	<ul style="list-style-type: none"> <li>Political risks are on the agenda ahead of the mid-term elections in May 2007. The president may lose some control of power after the election.</li> </ul>

	Macro Outlook	FX & Monetary Policy	Other factors
<b>Indonesia</b> 	<ul style="list-style-type: none"> <li>Exports are strong despite the slowdown in US industry. Strong basic balances.</li> <li>Inflationary pressures weakened dramatically in October due to large base effects.</li> </ul>	<ul style="list-style-type: none"> <li>Rupiah supported by improved political outlook.</li> <li>The Bank of Indonesia will continue its easing cycle, but now by just 25bp per meeting.</li> </ul>	<ul style="list-style-type: none"> <li>President Yodhoyono is trailing in the polls, but he will have time to introduce much-needed structural reforms, as the next election is not due until 2009.</li> </ul>
<b>India</b> 	<ul style="list-style-type: none"> <li>Growth is booming on the back of high domestic demand. C/A and trade balances are in negative territory due to strong domestic demand.</li> <li>Inflationary pressures are still building.</li> </ul>	<ul style="list-style-type: none"> <li>The rupee has restarted its appreciation trend due to dollar strength.</li> <li>The Reserve Bank of India will tighten monetary policy further to stem inflationary pressures.</li> </ul>	<ul style="list-style-type: none"> <li>Prime Minister Singh faces problems in advancing much-needed structural reforms because of a highly fragmented government.</li> </ul>
<b>Taiwan</b> 	<ul style="list-style-type: none"> <li>Soft growth is due to still sluggish investment. Moreover, export growth is falling sharply on account of rising competition from China. "Chronic" C/A surpluses are not threatened.</li> <li>Inflation remains subdued.</li> </ul>	<ul style="list-style-type: none"> <li>The Taiwan dollar will depreciate further, as the TWD is increasingly seen as the natural funding currency in the region. Very low interest rates and capital outflows are still weighing on the currency.</li> <li>With the Fed on hold, the tightening cycle has ended for now.</li> </ul>	<ul style="list-style-type: none"> <li>Protests against President Chen are rising due to corruption scandals. The protests make it increasingly likely that the main opposition party KMT will return to power after the election in 2008.</li> </ul>

## Trade recommendations

### Directional FX strategies for February

Trade	Why?	Risks
<b>Sell EUR/EGP</b> <b>Spot 7.40</b> <b>Stop 7.46</b> <b>Target 7.20</b>	<ul style="list-style-type: none"> <li>We are USD bulls and with the EGP shadowing the USD closely this is a short EUR/USD position with a more attractive carry.</li> <li>Speculation on revaluations of the Gulf state currencies is rising - further momentum here will have some positive spill-over onto the EGP.</li> </ul>	<ul style="list-style-type: none"> <li>The obvious risks are the geopolitical ones.</li> <li>Renewed USD weakness will undermine this trade.</li> </ul>
<b>Buy NOK/CZK</b> <b>Spot 3.45</b> <b>Stop 3.37</b> <b>Target 3.60</b>	<ul style="list-style-type: none"> <li>CZK is increasingly becoming a funding currency - and the continued deterioration in CEE sentiment will weigh further on the CZK.</li> <li>Rising oil prices, strong external balances and expectations of further rate hikes in Norway will support the NOK.</li> </ul>	<ul style="list-style-type: none"> <li>A renewed drop in oil prices could end the recovery in the NOK.</li> <li>The Czech central bank might turn less dovish.</li> </ul>
<b>Buy USD/RON</b> <b>Spot 2.62</b> <b>Stop 2.56</b> <b>Target 2.77</b>	<ul style="list-style-type: none"> <li>RON has sold off, but not nearly as much as the other CEE currencies - this is likely to change given the fact that the RON is very overvalued.</li> <li>Renewed market focus on external balances will hit the RON given the double-digit current account deficit (see chart 5, page 4).</li> </ul>	<ul style="list-style-type: none"> <li>Renewed USD weakness will undermine this trade.</li> <li>Carry is moderately negative on this trade</li> </ul>

## FX Forecast

Core Majors											
		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
EUR	01-Feb			1.30		745.6		905.7		812.7	
	+1m			1.28	1.29	746.0	745.6	905.0	903.5	810.0	817.0
	+3m			1.28	1.31	746.0	745.8	905.0	902.9	790.0	813.2
	+6m			1.25	1.31	746.0	746.0	880.0	902.2	780.0	814.0
	+12m			1.25	1.32	746.0	746.5	880.0	901.2	780.0	817.2
USD	01-Feb	1.30				573.0		694.6		624.6	
	+1m	1.28	1.29			582.8	576.4	707.0	700.9	632.8	631.8
	+3m	1.28	1.31			582.8	570.9	707.0	691.2	617.2	622.7
	+6m	1.25	1.31			596.8	569.2	704.0	688.4	624.0	621.2
	+12m	1.25	1.32			596.8	566.5	704.0	683.8	624.0	620.2
JPY	01-Feb	156.9		120.6		4.75		5.76		5.18	
	+1m	160	157	125	121	4.66	4.75	5.66	5.77	5.06	5.20
	+3m	160	156	125	119	4.66	4.79	5.66	5.80	4.94	5.23
	+6m	160	154	128	118	4.66	4.84	5.50	5.85	4.88	5.28
	+12m	156	152	125	115	4.78	4.92	5.64	5.94	5.00	5.39
Wider CEE											
PLN	01-Feb	3.90		3.00		191.1		231.7		208.4	
	+1m	3.95	3.92	3.09	3.03	188.9	190.3	229.1	231.3	205.1	208.5
	+3m	4.05	3.90	3.16	2.99	184.2	191.1	223.5	231.3	195.1	208.4
	+6m	4.05	3.90	3.24	2.98	184.2	191.0	217.3	231.2	192.6	208.5
	+12m	4.05	3.91	3.24	2.97	184.2	190.8	217.3	231.0	192.6	209.1
HUF	01-Feb	255.2		196.2		2.92		3.54		3.18	
	+1m	260.0	256.6	203.1	198.4	2.87	2.91	3.48	3.53	3.12	3.18
	+3m	270.0	258.0	210.9	197.5	2.76	2.89	3.35	3.50	2.93	3.15
	+6m	275.0	260.5	220.0	198.8	2.71	2.86	3.20	3.46	2.84	3.12
	+12m	275.0	265.2	220.0	201.2	2.71	2.82	3.20	3.40	2.84	3.08
CZK	01-Feb	28.12		21.61		26.51		32.14		28.90	
	+1m	28.30	28.09	22.11	21.56	26.36	26.54	31.98	32.16	28.62	28.93
	+3m	28.40	28.03	22.19	21.46	26.27	26.60	31.87	32.21	27.82	29.01
	+6m	28.50	27.94	22.80	21.32	26.18	26.70	30.88	32.29	27.37	29.13
	+12m	28.50	27.79	22.80	21.09	26.18	26.87	30.88	32.43	27.37	29.41
SKK	01-Feb	34.95		26.86		21.33		25.86		23.25	
	+1m	35.20	35.18	27.50	27.20	21.19	21.19	25.71	25.76	23.01	23.22
	+3m	35.50	35.00	27.73	26.80	21.01	21.31	25.49	25.80	22.25	23.23
	+6m	36.00	34.99	28.80	26.70	20.72	21.32	24.44	25.79	21.67	23.27
	+12m	36.50	34.96	29.20	26.53	20.44	21.35	24.11	25.78	21.37	23.38
RON	01-Feb	3.40		2.61		219.5		266.2		239.3	
	+1m	3.50	3.40	2.73	2.63	213.1	219.1	258.6	266.4	231.4	240.1
	+3m	3.65	3.40	2.85	2.61	204.4	219.1	247.9	265.2	216.4	238.9
	+6m	3.65	3.42	2.92	2.61	204.4	218.0	241.1	263.6	213.7	237.9

## FX Forecast

### Wider CEE (Cont.)

		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
BGN	01-Feb	1.97		1.52		377.7		458.8		412.2	
	+1m	1.96	-	1.46	-	381.6	-	457.8	-	414.3	-
	+3m	1.96	-	1.53	-	381.6	-	462.9	-	404.1	-
	+6m	1.96	-	1.56	-	381.6	-	450.1	-	399.0	-
	+12m	1.96	-	1.56	-	381.6	-	450.1	-	399.0	-
TRY	01-Feb	1.83		1.41		406.8		494.1		444.0	
	+1m	1.90	1.86	1.42	1.44	392.6	400.1	471.1	486.5	426.3	438.5
	+3m	1.95	1.90	1.52	1.45	382.6	392.8	464.1	476.4	405.1	428.9
	+6m	2.00	1.97	1.60	1.50	373.0	379.6	440.0	459.9	390.0	414.8
	+12m	2.10	2.10	1.68	1.59	355.2	355.0	419.0	429.4	371.4	389.2

### CIS

RUB	01-Feb	34.49		26.48		21.62		26.25		23.59	
	+1m	35.66	34.35	26.61	26.56	20.92	21.70	25.10	26.39	22.72	23.79
	+3m	33.88	34.60	26.47	26.46	22.02	21.55	26.71	26.14	23.32	23.53
	+6m	33.16	34.73	26.53	26.47	22.50	21.48	26.54	26.02	23.52	23.47
	+12m	32.70	34.91	26.16	26.46	22.81	21.38	26.91	25.86	23.85	23.44
UAH	01-Feb	6.58		5.05		113.3		137.6		123.6	
	+1m	6.73	6.54	5.02	5.06	110.9	113.9	133.0	138.5	120.4	124.8
	+3m	6.40	6.66	5.00	5.09	116.6	112.0	141.4	135.8	123.4	122.2
	+6m	6.23	6.72	4.98	5.12	119.8	111.1	141.4	134.6	125.3	121.3
	+12m	6.20	6.85	4.96	5.19	120.3	109.0	141.9	131.8	125.8	119.5
KZT	01-Feb	164.2		126.1		4.54		5.51		4.95	
	+1m	166.2	162.9	124.0	126.0	4.49	4.58	5.39	5.56	4.87	5.02
	+3m	156.2	163.8	122.0	125.2	4.78	4.55	5.80	5.52	5.06	4.97
	+6m	150.0	164.3	120.0	125.2	4.97	4.54	5.87	5.50	5.20	4.96
	+12m	150.0	165.2	120.0	125.2	4.97	4.52	5.87	5.46	5.20	4.95

## FX Forecast

Baltics											
		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
EEK	01-Feb	15.65		12.01		47.7		57.9		52.0	
	+1m	15.65	15.65	11.68	12.10	47.67	47.65	57.19	57.93	51.76	52.22
	+3m	15.65	15.65	12.23	11.96	47.67	47.64	57.83	57.93	50.48	52.80
	+6m	15.65	15.65	12.52	11.93	47.67	47.63	56.23	57.91	49.84	52.96
	+12m	15.65	15.68	12.52	11.89	47.67	47.54	56.23	57.80	49.84	53.15
LTL	01-Feb	3.48		2.67		214.10		260.05		233.66	
	+1m	3.45	3.45	2.57	2.67	216.23	215.94	259.42	262.56	234.78	236.67
	+3m	3.45	3.44	2.70	2.66	216.23	216.48	262.32	263.21	228.99	237.26
	+6m	3.45	3.43	2.76	2.65	216.23	217.22	255.07	264.12	226.09	238.07
	+12m	3.45	3.43	2.76	2.65	216.23	217.49	255.07	264.44	226.09	238.36
LVL	01-Feb	0.70		0.53		1071.02		1300.87		1168.86	
	+1m	0.70	0.70	0.52	0.54	1061.47	1070.29	1273.48	1301.33	1152.53	1173.01
	+3m	0.70	0.69	0.55	0.53	1061.46	1082.18	1287.70	1315.80	1124.07	1186.05
	+6m	0.70	0.69	0.56	0.53	1061.46	1082.18	1252.13	1315.80	1109.84	1186.05
	+12m	0.70	0.69	0.56	0.53	1061.46	1082.18	1252.13	1315.80	1109.84	1186.05

## FX Forecast

MEA											
		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
ILS	01-Feb	5.54		4.25		134.7		163.6		147.0	
	+1m	5.83	5.50	4.35	4.25	128.0	135.7	153.5	165.0	139.0	148.7
	+3m	5.57	5.55	4.35	4.24	134.0	134.5	162.5	163.1	141.9	146.8
	+6m	5.44	5.55	4.35	4.23	137.2	134.3	161.8	162.8	143.4	146.8
	+12m	5.44	5.56	4.35	4.22	137.2	134.2	161.8	162.3	143.4	147.1
ZAR	01-Feb	9.37		7.19		79.6		96.7		86.9	
	+1m	9.85	9.39	7.35	7.30	75.7	79.4	90.9	96.5	82.2	86.5
	+3m	9.41	9.50	7.35	7.26	79.3	78.5	96.2	95.2	84.0	85.7
	+6m	9.13	9.62	7.30	7.33	81.8	77.5	96.4	93.9	85.5	84.7
	+12m	9.00	9.86	7.20	7.48	82.9	75.7	97.8	91.5	86.7	83.0
EGP	01-Feb	7.44		5.71		100.3		121.8		109.4	
	+1m	7.69	7.39	5.74	5.72	97.0	100.9	116.4	122.6	105.3	110.5
	+3m	7.36	7.53	5.75	5.76	101.4	99.1	123.0	120.2	107.3	108.2
	+6m	7.19	7.62	5.75	5.81	103.8	97.9	122.4	118.6	108.5	107.0
	+12m	7.19	7.80	5.75	5.91	103.8	95.7	122.4	115.8	108.5	104.9
LATAM											
BRL	01-Feb	2.77		2.12		269.5		327.3		294.1	
	+1m	2.89	2.78	2.16	2.15	257.7	268.6	309.2	326.6	279.9	294.4
	+3m	2.79	2.82	2.18	2.15	267.3	264.9	324.3	321.3	283.1	289.2
	+6m	2.78	2.87	2.22	2.19	268.8	260.0	317.1	315.0	281.1	284.1
	+12m	2.81	2.97	2.25	2.25	265.2	251.5	312.9	304.2	277.3	275.7
ARS	01-Feb	4.05		3.11		184.2		223.7		201.0	
	+1m	4.15	4.01	3.10	3.10	179.6	185.8	215.5	225.9	195.0	203.6
	+3m	3.99	4.07	3.12	3.11	186.8	183.3	226.6	222.3	197.8	200.1
	+6m	3.94	4.10	3.15	3.13	189.5	181.8	223.5	220.3	198.1	198.6
	+12m	4.00	4.19	3.20	3.18	186.5	178.0	220.0	215.3	195.0	195.1
MXN	01-Feb	14.32		11.00		52.05		63.2		56.8	
	+1m	14.87	14.29	11.10	11.05	50.2	52.2	60.2	63.4	54.5	57.2
	+3m	14.08	14.45	11.00	11.05	53.0	51.6	64.3	62.6	56.1	56.4
	+6m	13.88	14.50	11.10	11.05	53.8	51.5	63.4	62.3	56.2	56.2
	+12m	13.88	14.58	11.10	11.05	53.8	51.2	63.4	61.9	56.2	56.1
CLP	01-Feb	709.8		544.8		1.05		1.28		1.15	
	+1m	737.0	700.8	550.0	541.9	1.01	1.06	1.21	1.29	1.10	1.17
	+3m	704.0	712.1	550.0	544.5	1.06	1.05	1.23	1.27	1.12	1.14
	+6m	693.8	714.5	555.0	544.5	1.08	1.04	1.25	1.27	1.12	1.14
	+12m	693.8	718.4	555.0	544.5	1.08	1.04	1.27	1.26	1.12	1.14

## FX Forecast

Asia Ex Japan											
		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
CNY	01-Feb	10.11		7.76		73.7		89.6		80.5	
	+1m	10.44	10.01	7.79	7.74	71.5	74.5	85.7	90.5	77.6	81.6
	+3m	9.88	10.00	7.72	7.64	75.5	74.6	91.6	90.5	79.9	81.4
	+6m	9.51	9.91	7.61	7.55	78.4	75.3	92.5	91.2	82.0	82.3
	+12m	9.26	9.73	7.41	7.37	80.5	76.7	95.0	92.8	84.2	84.1
KRW	01-Feb	1221		937		0.6		0.7		0.7	
	+1m	1240	1213	925	938	0.60	0.61	0.72	0.75	0.65	0.67
	+3m	1178	1224	920	936	0.63	0.61	0.77	0.74	0.67	0.67
	+6m	1138	1225	910	934	0.66	0.61	0.77	0.74	0.69	0.67
	+12m	1125	1227	900	930	0.66	0.61	0.78	0.74	0.69	0.67
THB	01-Feb	45.7		35.1		16.3		19.8		17.8	
	+1m	48.6	46.6	36.3	36.0	15.3	16.0	18.4	19.5	16.7	17.5
	+3m	47.4	46.2	37.0	35.3	15.8	16.1	19.1	19.6	16.7	17.6
	+6m	46.9	46.5	37.5	35.5	15.9	16.0	18.8	19.4	16.6	17.5
	+12m	49.4	46.9	39.5	35.5	15.1	15.9	17.8	19.3	15.8	17.5
SGD	01-Feb	2.00		1.53		373		453		407	
	+1m	2.04	1.99	1.52	1.54	366	375	439	456	398	411
	+3m	1.93	2.00	1.51	1.53	386	373	468	453	409	408
	+6m	1.86	1.99	1.49	1.52	401	374	472	453	419	409
	+12m	1.84	1.99	1.47	1.51	406	376	479	454	424	412
HKD	01-Feb	10.17		7.81		73.31		89.05		80.01	
	+1m	10.43	10.09	7.78	7.80	71.56	73.87	85.85	89.82	77.70	80.96
	+3m	9.92	10.18	7.75	7.78	75.20	73.28	91.23	88.87	79.64	80.00
	+6m	9.69	10.19	7.75	7.76	77.01	73.24	90.84	88.73	80.52	80.02
	+12m	9.69	10.20	7.75	7.73	77.01	73.18	90.84	88.50	80.52	80.22
MYR	01-Feb	4.56		3.50		164		199		178	
	+1m	4.69	4.52	3.50	3.50	159	165	191	200	173	181
	+3m	4.45	4.56	3.48	3.48	167	164	203	198	177	179
	+6m	4.29	4.55	3.43	3.47	174	164	205	199	182	179
	+12m	4.19	4.54	3.35	3.44	178	164	210	199	186	180

## FX Forecast

### Asia Ex Japan (Cont.)

		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
PHP	01-Feb	63.5		48.7		11.7		14.3		12.8	
	+1m	62.1	63.5	48.5	49.1	12.0	11.7	14.4	14.3	13.0	12.9
	+3m	61.4	63.5	48.0	48.5	12.1	11.8	14.7	14.3	12.9	12.8
	+6m	59.4	63.6	47.5	48.4	12.6	11.7	14.8	14.2	13.1	12.8
	+12m	58.8	64.2	47.0	48.6	12.7	11.6	15.0	14.1	13.3	12.8
IDR	01-Feb	11830		9081		0.063		0.077		0.069	
	+1m	11520	11819	9000	9139	0.065	0.063	0.078	0.077	0.070	0.069
	+3m	11392	11949	8900	9137	0.065	0.062	0.079	0.076	0.069	0.068
	+6m	11000	12073	8800	9201	0.068	0.062	0.080	0.075	0.071	0.068
	+12m	10750	12317	8600	9336	0.069	0.061	0.082	0.073	0.073	0.066
INR	01-Feb	58.0		45.7		12.9		16.1		14.5	
	+1m	57.0	57.5	44.5	44.4	13.1	13.0	15.7	15.8	14.2	14.2
	+3m	56.6	58.3	44.2	44.6	13.2	12.8	16.0	15.5	14.0	14.0
	+6m	55.0	58.9	44.0	44.9	13.6	12.7	16.0	15.3	14.2	13.8
	+12m	54.4	59.5	43.5	45.1	13.7	12.5	16.2	15.2	14.3	13.7
TWD	01-Feb	42.0		33.1		17.7		22.2		20.1	
	+1m	41.0	42.6	32.0	32.9	18	17.5	21.9	21.3	19.8	19.2
	+3m	40.3	42.7	31.5	32.6	18.5	17.5	22.4	21.2	19.6	19.1
	+6m	39.4	42.5	31.5	32.4	18.9	17.6	22.3	21.3	19.8	19.2
	+12m	38.8	42.0	31.0	31.9	19.3	17.8	22.7	21.5	20.1	19.5

## Monetary Policy Calendar

	Policy Rate (%)	Latest Change	Next Change	Next Meeting
	01 February 2007			
<b>Wider CEE</b>				
PLN	4.00	- 25 bp (Feb, 2006)	+ 25bp (H2, 2007)	28 February 2007
HUF	8.00	+ 25 bp (Oct, 2006)	+ 25bp (H1, 2007)	26 February 2007
CZK	2.50	+ 25 bp (Sep, 2006)	+ 25bp (H1, 2007)	01 March 2007
SKK	4.75	+ 25 bp (Sep, 2006)	-25bp (H2, 2007)	27 February 2007
RON	8.75	+ 25 bp (June, 2006)	+25bp (H1, 2007)	09 February 2007
TRY	17.50	+ 25 bp (July, 2006)	-25bp (Q1, 2008)	15 February 2007
<b>MEA</b>				
ILS	4.50	- 25 bp (Jan, 2006)	+25bp (H2, 2007)	26 February 2007
ZAR	9.00	+ 50 bp (Dec, 2006)	+50bp (Feb, 2007)	15 February 2007
<b>LATAM</b>				
BRL	13.00	- 25 bp (Jan, 2007)	- 25 bp (Mar, 2007)	07 March 2007
MXN	7.00	- 25 bp (Apr, 2006)	Unchanged in 2007	23 February 2007
CLP	5.00	-25 bp (Jan, 2007)	-25 bp (Mar, 2007)	15 March 2007
<b>Asia Ex Japan</b>				
CNY	6.12	+27 bp (Aug, 2006)	+27bp (Q1, 2007)	Not announced
KRW	4.50	+25 bp (Aug, 2006)	+25bp (Q1, 2007)	08 February 2007
THB	4.75	-25 bp (Jan, 2007)	-25bp (Feb, 2007)	28 February 2007
HKD	6.75	+25 bp (June, 2006)	+25bp (Q4, 2007)	Not announced
MYR	3.50	+ 25 bp (Apr, 2006)	+25bp (Q1, 2007)	26 February 2007
PHP	7.50	+25 bp (Oct, 2005)	-25bp (Q2, 2007)	08 March 2007
IDR	9.50	-25 bp (Jan, 2006)	-25bp (Feb, 2007)	06 February 2007
INR	6.00	+25 bp (July, 2006)	+25bp (Jan, 2007)	30 April 2007
TWD	2.63	+12.5 bp (Sep, 2006)	+12.5bp (Q4, 2007)	Not announced

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