

Emerging Markets Briefer

October 01, 2007

Between Ben's helping hand and renewed credit concerns

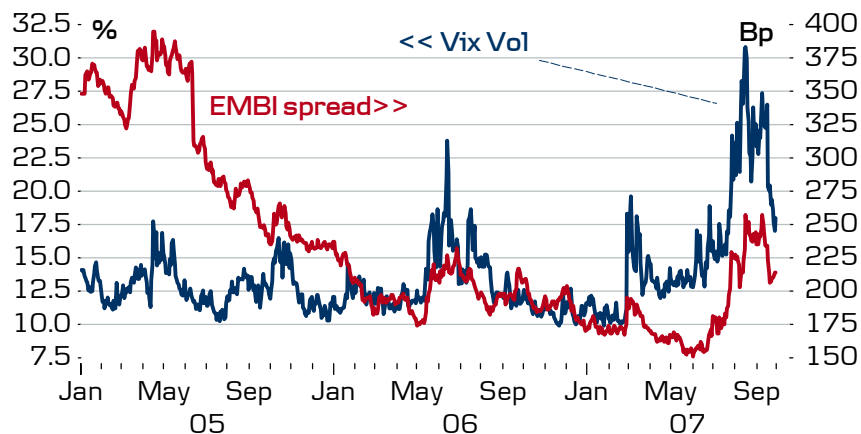
A strong rebound

- Over the last month we have seen a remarkable rebound in Emerging Markets sparked to a large extent by the Federal Reserve's aggressive 50bp rate cut on September 18.
- The cut has boosted the global stock markets as well as Emerging Markets as they often trade on the back of changes in global risk appetite.

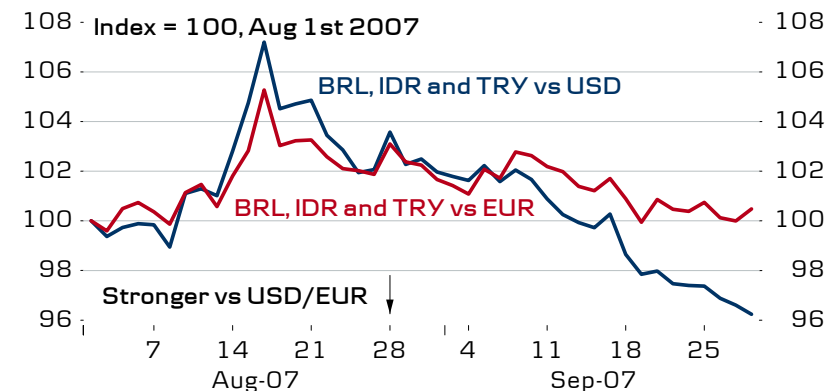
Asia looks strong

- Looking ahead we would focus on two sets of news. First, the earnings season continues, which adds to event risks. Second, we still need to see what impact the global credit crunch has had on global economic growth.
- We remain very positive on the Asian currencies and we urge caution on the highly imbalanced markets.

Renewed risk appetite



Rebounding versus USD



Movers and shakers – last month and in the month ahead

The Bernanke put

Over the last month we have seen a remarkable rebound in Emerging Markets sparked to a large extent by the Federal Reserve's aggressive 50bp rate cut on September 18.

Obviously Fed's helping hand should be seen as supportive for Emerging Markets - particularly the most risk and interest rate sensitive markets such as Turkey, Brazil, and Indonesia - and if the risk appetite improves further in the coming weeks it is obvious that it should further support these and other Emerging Markets.

However, it should also be stressed that this might be a short-term relief for Emerging Markets, as the Fed's cut reflects a serious worsening of global credit conditions and it is still far too early to say whether we are through the worst in the credit markets. Furthermore, it should be noted that the US 10y-yields have actually risen somewhat after the rate cut, and if the Fed is seen as being overly aggressive on monetary easing the markets might begin to view it as inflationary, which would not be positive at all for Emerging Markets in the medium term.

The Fed's cut is clearly positive for Emerging Markets, but we caution that this could be a short-term relief as the sentiment could soon turn negative again if we get further negative news. Here we would focus on two sets of news.

First, over the coming weeks the earnings season continues. Hence earnings will continue to dominate the financial markets, and this adds to heightened chance of event risks in the time ahead. Unpleasant news from the earnings reports could hit the major equity markets which in turn might hurt Emerging Markets and then the recent gains in Emerging Markets could be erased quickly.

Second, we still need to see what impact the global credit crunch has had on economic growth globally. We think that next Friday's labour market report for the US will be key for the sentiment.

Furthermore, we would stress that even though the Fed's cut has provided some short-term relief, we still advise to be cautious in the markets that are most sensitive to tighter global credit conditions - the Baltic markets, Bulgaria, Romania, Iceland, Turkey and South Africa.

We remain very positive on the Asian currencies although we regard the recent strength of Asian currencies primarily the result of the USD weakness. The strong potential of the Asian currencies against the EUR we mostly expect to play out on a 12M horizon. On the monetary front the Fed rate reductions have increased the monetary policy manoeuvring space for countries with high real interest rates (Indonesia, and Philippines) and Asian growth laggard Thailand. On the back of stronger currencies and well contained inflation we now believe these countries could reduce policy rates further.

Overall for Asia the main challenge on the monetary front continues to be the increased decoupling of business cycles in Asia and the US. This challenge has certainly not been reduced by the recent Fed easing, and underlines our view that it will be increasingly difficult for Asia to "shadow" USD. This continues to be our main argument for stronger Asian currencies.

Emerging Market performance over the past month

Chart 1: FX change against EUR and USD

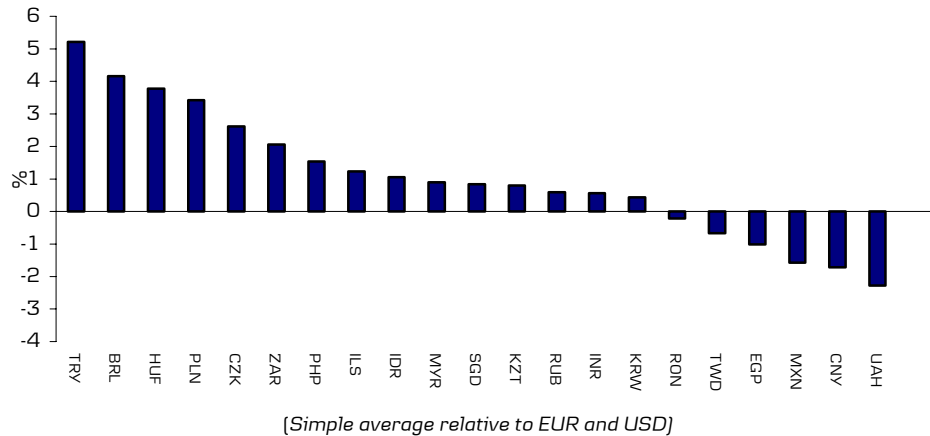


Chart 2: Risk adjusted FX change against EUR and USD

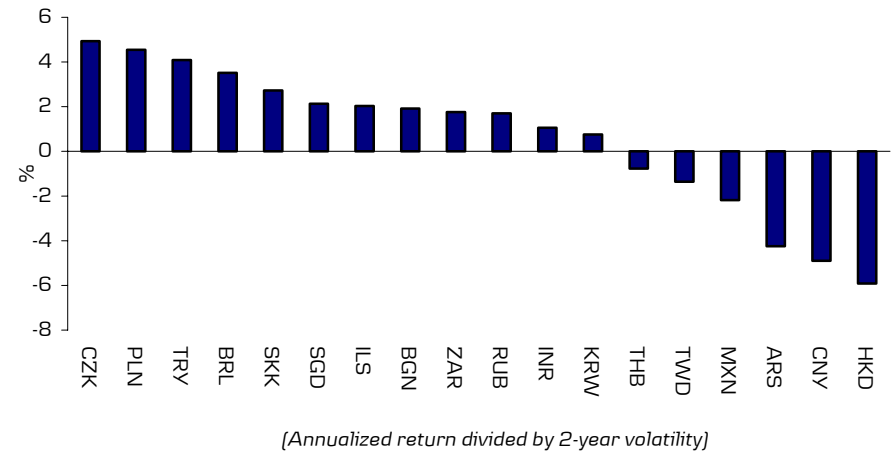


Chart 3: Change in 2 year swap yield

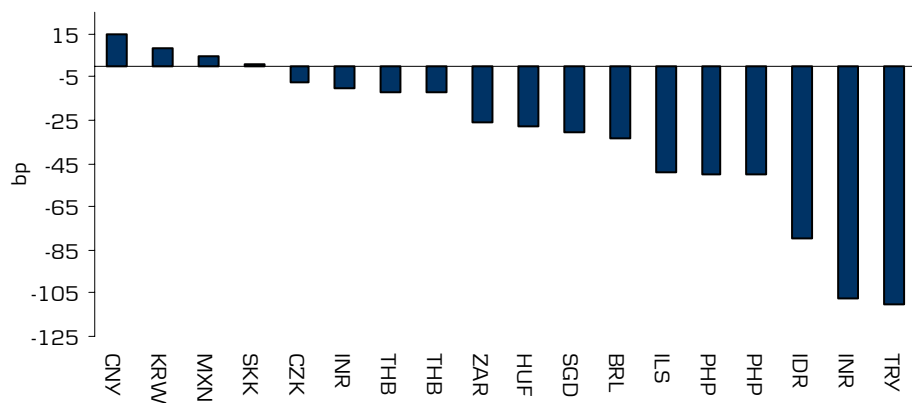
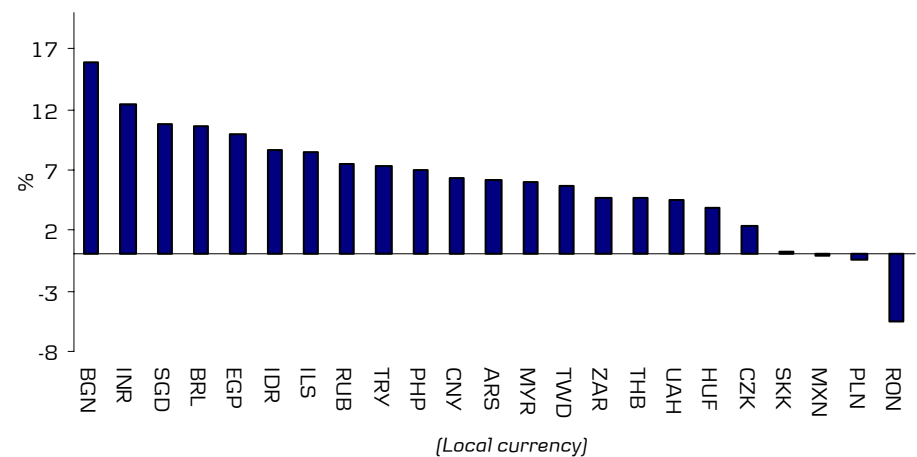
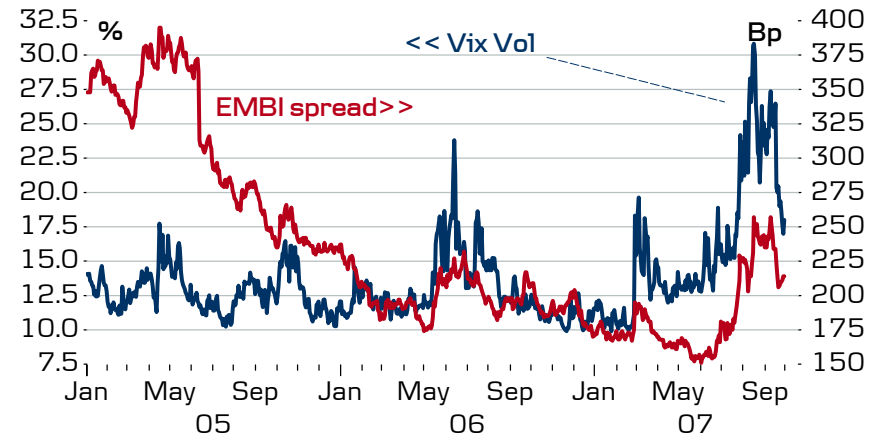


Chart 4: Stock market performance



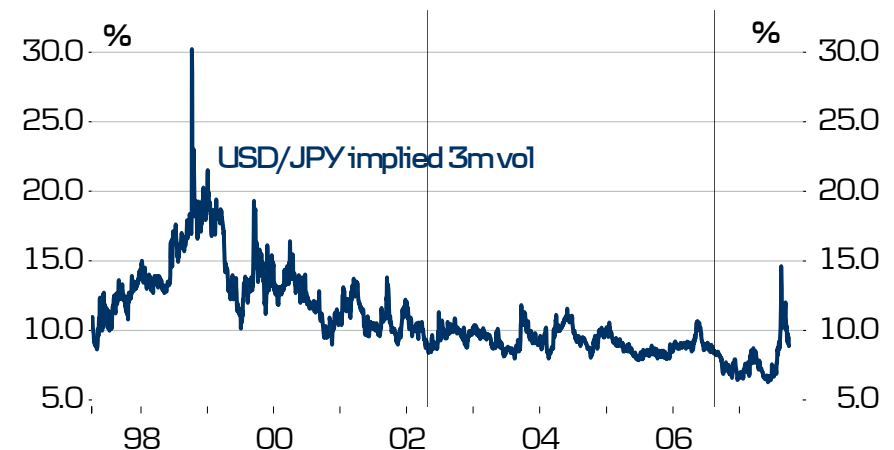
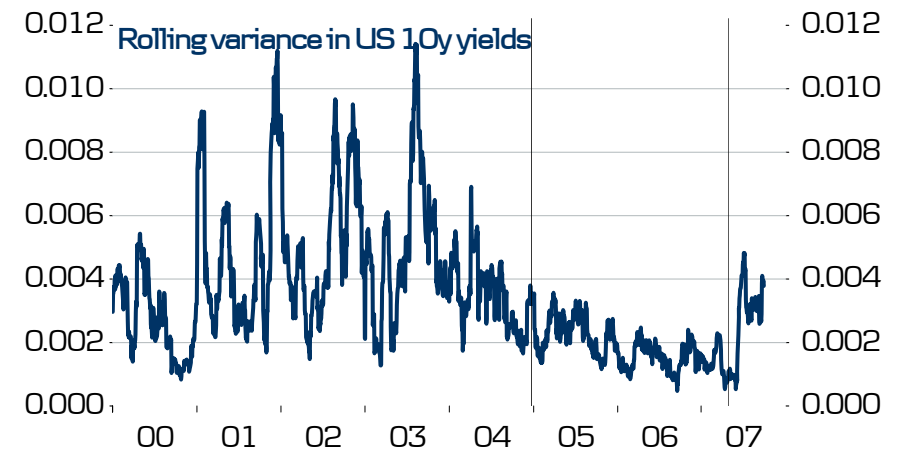
Financial indicators - I

- Following three to four years of very low volatility in the equity markets, we saw a sharp rise in volatility in late August and beginning of September - as measured by the Vix Vol. Since the Fed cut, the Vix Vol has fallen again.
- The same picture is evident for Emerging Markets bond spread (EMBI spread), which has fallen to the level we saw just one year ago on renewed risk appetite.
- Because of this our Emerging Markets risk indicator has fallen from its peak in August, although it is still at higher levels than we have seen since 2003.



Financial indicators - II

- Volatility in the US fixed income markets has remained at relatively high levels, and the down trend in variability since 2003 is broken.
- JPY volatility has been extremely low over the past couple of years. As the credit crunch spread we saw a spike, which made carry trades significantly riskier.
- After the FED cut, JPY volatility has fallen as carry trades came in fashion again.



FX Trade recommendations

Performance

Performance	Count	Av. return	Av. Horizon (days)	Av Vol.
Closed	11	0.11	43	10.29
Open	3	0.76	88	7.17
All	14	0.25	57	9.29



Recently closed	Start Date	Closing date	Spot open	Spot close	Target	Stop	P/L (incl carry)
Buy USD/ZAR	20-08-2007	27-08-2007	7.343	7.200	7.60	7.20	-2.05



Open	Start Date	Today	Spot open	Spot	Target	Stop	P/L (incl carry)
Buy RUB-basket	09-02-2007	01-10-2007	29.92	29.62	29.00	30.10	1.65
Buy EUR/RON	05-09-2007	01-10-2007	3.322	3.351	3.45	3.25	0.71
Buy USD/ZAR	28-09-2007	01-10-2007	6.88	6.88	7.15	6.78	-0.08



Trade recommendations



Directional FX strategies for October


Trade	Why?	Risks
<p>Buy USD/ZAR</p> <p>Spot 6.88</p> <p>Stop 6.78</p> <p>Target 7.15</p>	<ul style="list-style-type: none"> • Since the Fed delivered its aggressive rate cut of 50bp on September 18, the South African rand (ZAR) has rebounded very sharply against USD, driven by renewed risk appetite. We believe that it has now become too strong. • South Africa runs a substantial current account deficit and fairly large foreign debt and therefore has large funding needs. This makes the currency more vulnerable to changes in risk appetite. • Our technical analysts also see a heightened risk of an upside correction in USD/ZAR within the coming days with a target at 7.15 (some resistance at USD/ZAR 7.00). 	<ul style="list-style-type: none"> • Continued USD weakness will weigh negatively on this trade • Sustained risk appetite could make the rebound in the rand continue.



	Macro Outlook	FX & Monetary Policy	Other factors
Region: CEE			
Poland  PLN	<ul style="list-style-type: none"> Growth is strong, but industrial production is beginning to show some signs of slowing due to capacity constraints. Current account situation remains healthy, but strong domestic demand is beginning to put some pressure on the current account. 	<ul style="list-style-type: none"> Underlining inflationary pressures are going to increase, but inflation still remains fairly low and with beginning signs of a moderate slowdown in growth the Polish central bank (NBP) does not look in a rush to hike interest rates again. 	<ul style="list-style-type: none"> We are heading for an early election on October 21. The polls indicates that it will be a close race between the market friendly Civic Platform (PO) and outgoing governing party the socially conservative Law and Justice Party (PiS).
Czech Republic  CZK	<ul style="list-style-type: none"> The economic growth remains strong driven mainly by consumer spending. Inflation is heading upwards and approved fiscal reforms effective from next year will add further to accelerating inflation. 	<ul style="list-style-type: none"> The CNB board is somehow split in its view about the timing of the next move in interest rates mainly due to a stronger than assumed CZK. Higher interest rates are likely though. CZK has rebounded somewhat and represents anti-inflationary risk to CNB's inflation forecast. This might postpone a rate hike more into the future. 	<ul style="list-style-type: none"> The Czech government will implement fiscal package reforms from January next year. But major reforms - for instance pension reform - are still missing.


Region: CEE	Macro Outlook	FX & Monetary Policy	Other factors
<p>Slovakia</p>  <p>SKK</p>	<ul style="list-style-type: none"> The economy continues to grow strongly driven by household consumption in Q2. Exports should improve in the coming quarters. Inflation is at record lows but inflationary pressures squeezed rather on the upside. 	<ul style="list-style-type: none"> The Slovak central bank will keep interest rates stable until the end of this year and track the ECB afterwards. SKK is being driven by global factors and reacts to news from global financial markets. 	<ul style="list-style-type: none"> Eurostat's demands to recalculate budget data spiked some worries that the budget deficit might be revised significantly up and endanger the euro adoption plan. The Slovak government has prepared changes in the pension system. This is clearly negative for Slovak economic competitiveness.
<p>Hungary</p>  <p>HUF</p>	<ul style="list-style-type: none"> Hungarian growth has slowed down significantly on the back of last year's tightening of fiscal policy. This is positive as it contributes to improving both fiscal balances and the current account situation, but also increases the risk of political unrest resurfacing. 	<ul style="list-style-type: none"> The Hungarian central bank (MNB) has initiated a monetary easing cycle. We expect more rate cuts in the coming months on the back of the continued slowdown in domestic demand. That said, MNB will remain cautious given the rise in global financial market uncertainties 	<ul style="list-style-type: none"> Tighter global credit conditions could potentially hit the fairly indebted Hungarian economy hard. This is the main risk to the Hungarian markets.


Region: CEE	Macro Outlook	FX & Monetary Policy	Other factors
<p>Romania</p>  <p>RON</p>	<ul style="list-style-type: none"> • Inflationary risks are on the upside, driven by rising food prices, strong wage growth, robust consumer spending but also due to leu weakness adding further to higher inflation. • Romania is running a high risk of economic overheating with surging inflation and the current account deficit reaching unsustainable levels. 	<ul style="list-style-type: none"> • Monetary easing over this year has clearly been overdone, taking into account inflationary risks. The central bank is likely to turn significantly more hawkish. • Romanian external imbalances make the Romanian leu very vulnerable to worsening of global liquidity conditions. Further weakening is very likely. 	<ul style="list-style-type: none"> • The government's loose fiscal policy supports further already-robust consumer spending and makes any improvement of external imbalances very difficult.
<p>Bulgaria</p>  <p>BGN</p>	<ul style="list-style-type: none"> • The economy continues to grow strongly but it is driven more by consumer spending than investment. Inflation is likely to overshoot government's year-end inflation forecast of 3.4%.. • Strong economic growth shows clear signs of overheating. High current account deficit is the key risk. 	<ul style="list-style-type: none"> • Widening of external balances makes Bulgaria vulnerable to worsening global credit and liquidity conditions. • Bulgaria's currency, the lev, is pegged to the euro. The central bank is within a currency board set-up. Tight fiscal policy and a close monitoring of credit growth is needed to maintain a credible FX peg. 	<ul style="list-style-type: none"> • Bulgaria has ambitions to join the ERM-2 system and adopt the euro afterwards as soon as possible. • But with such high inflation and an unsustainable current account deficit, Bulgaria has to put a big effort into tackling these imbalances before any discussions can start.



	Macro Outlook	FX & Monetary Policy	Other factors
Region: Baltic			
Estonia  EEK	<ul style="list-style-type: none"> The Estonian economy has grown strongly in recent years and has been exhibiting clear signs of overheating, but signs of a fairly substantial slowdown are now apparent. Inflation and wage growth have accelerated further and the development is clearly not sustainable. 	<ul style="list-style-type: none"> The Estonian kroon (EEK) is pegged to the euro through ERM II. Until now, Estonia's currency board has functioned well and has not been questioned, but rising concerns over increased imbalances and contagion from the mini-crisis in Latvia have increased uncertainty. 	<ul style="list-style-type: none"> Credit-fuelled demand and high growth in private credit will continue to fuel inflation. We believe that euro adoption will be postponed until well after 2010. The Estonian property markets are clearly cooling – this is a key risk both financially and economically.
Latvia  LVL	<ul style="list-style-type: none"> Latvian growth is far too strong, but a significant slowdown in growth is very likely. Signs of a slowdown in the economy are beginning to emerge. The Latvian property prices are now dropping quite strongly. Inflation and wage growth is accelerating massively. This is obviously completely unsustainable. 	<ul style="list-style-type: none"> The Latvian lati (LVL) is pegged to the euro through ERM II, but continued pressure on the currencies should certainly not be ruled out. 	<ul style="list-style-type: none"> There are clear concerns about financial and economic stability in Latvia. Fiscal policy is overly loose. The market should begin to focus on whether Latvian central bank governor Ilmars Rimsevics will be reappointed later in the year. We hope so.



Region: Baltic	Macro Outlook	FX & Monetary Policy	Other factors
<p>Lithuania</p>  <p>LTL</p>	<ul style="list-style-type: none"> • GDP remains very strong and worryingly there are clear signs the overheating of the economy continues. In particular, we are concerned that credit growth remains strong. • The economy in Lithuania looks a bit more balanced than Estonia and Latvia, but the imbalances in the economy are, nonetheless, large. 	<ul style="list-style-type: none"> • Lithuanian litai (LTL) is pegged to the euro through ERM II. • Large imbalances and negative contagion from the crisis in Latvia could increase volatility in the Lithuanian markets further. 	

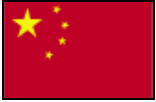

	Macro Outlook	FX & Monetary Policy	Other factors
Region: CIS			
Russia  RUB	<ul style="list-style-type: none"> Domestic demand is the main driver of growth. Private consumption is accelerating and investments moving higher. Inflationary pressures are building up. Inflation will end above the official 8% y/y target this year. Looking ahead we do not see much downside on inflation in the coming year. 	<ul style="list-style-type: none"> After recent weakness in the RUB vis-à-vis the dual basket, it has rebounded again as it has gained 1.5% against the basket so far this year. There are still strains in the money markets, with MosPrime rates shooting up. We expect these rates to move gradually lower, although they will probably stabilise at higher levels than before August. 	<ul style="list-style-type: none"> The Russian government stepped down in September ahead of Parliamentary (December) and Presidential (March) elections. President Putin then suggested the unknown Viktor Zubkov as the new prime minister, and he was naturally approved in the Duma. Several of the ministers have been changed since then.
Ukraine  UAH	<ul style="list-style-type: none"> Annual growth is around 8% and driven by consumption and investments. Accelerating private consumption will weigh negatively on the current account. Inflation is too high and price pressures are building. 	<ul style="list-style-type: none"> The Ukrainian central bank (NBU) is unlikely to introduce any major policy changes despite excessive inflation. The NBU will keep a firm grip on UAH, which is pegged against USD. 	<ul style="list-style-type: none"> With more than half of the votes counted, the opposition Yulia Tymoshenko Bloc is still in the lead in the early parliamentary election in Ukraine with 33.23%. The coming days will show whether she will be able to form a government



	Macro Outlook	FX & Monetary Policy	Other factors
Region: EMEA			
<p>Turkey</p>  <p>TRY</p>	<ul style="list-style-type: none"> • There are increasing signs of a slowdown in domestic demand and GDP growth in the Turkish economy and on the back of tighter credit conditions and a strong lira. • The current account deficit has increased significantly and is now at quite dangerous levels. 	<ul style="list-style-type: none"> • While the Turkish markets have weathered the recent political turmoil well, increasing worries on global credit conditions could obviously hit the heavily indebted Turkish economy and markets hard. • Inflation continues to decline and that has opened the door for an easing of monetary policy in Turkey. That said, looking ahead there is some inflationary risk in the form of higher food and energy prices and the risk of a renewed sell-off in the lira. 	<ul style="list-style-type: none"> • The governing AKParty has regained its absolute majority in the Turkish parliament after the recent elections and Abdullah Gul, the outgoing foreign minister, has finally been elected president. • The government is now pushing ahead with constitutional change. That could anger the Turkish secular elite including the Turkish military. This is a key policy risk.



Region: EMEA	Macro Outlook	FX & Monetary Policy	Other factors
<p>South Africa</p>  <p>ZAR</p>	<ul style="list-style-type: none"> • Economic activity remains decent despite further deceleration in Q2. Consumer spending, which was behind rising inflation, is finally showing some signs of moderating. • The current account deficit narrowed to 6.5% of GDP in Q2 (down from 6.9% in Q1), but still remains high and any dramatic improvement is not expected this year. It remains a key risk. 	<ul style="list-style-type: none"> • Despite inflation improving slightly in August (6.3% y/y, down from 6.5% y/y), it still remains above SARB's inflation target of 3%-6%. The outcome of the next monetary policy meeting is uncertain, although doors for another 50bp rate hike are still open. • Given the rand's high volatility due to changes in risk aversion against emerging markets' currencies and external imbalances we do not recommend outright long positions in the rand. 	<ul style="list-style-type: none"> • The vote for the new leader of the ruling ANC party is drawing closer. In December the party needs to find a new leader who will almost certainly become the new South African president. The South African trade union (COSATU) placed into the leadership fight controversial politician, Zuma. This sparked worries between investors that business-friendly policies in South Africa might be abandoned.


	Macro Outlook	FX & Monetary Policy	Other factors
Region: LATAM			
Brazil  BRL	<ul style="list-style-type: none"> Industrial production (IP) has risen significantly and domestic demand is strong. Retail sales are growing faster than IP and this shows that demand is expanding faster than supply. A strong currency reduces inflation through imports, but an easing monetary stance, higher growth, and rising food prices increase the inflationary risks. 	<ul style="list-style-type: none"> We expect BCB to take a pause from the ongoing easing cycle at the COPOM meeting on October 16-17. There is a chance of another 25bp cut at this year's final COPOM meeting in late November. BRL is now at its strongest levels vis-à-vis USD since 2000. 	<ul style="list-style-type: none"> The Brazilian president Luiz Inacio Lula da Silva has been promoting the use of bio fuels as the answer to global warming. Brazil is the world's largest exporter of bio fuels.
Argentina  ARS	<ul style="list-style-type: none"> The consumption boom, a record-high harvest and the sustained service sector performance lift growth projections for this year. Growth is currently around 8.7% y/y; we expect it to moderate into 2008. High inflationary pressures persist and are a serious threat to stability. 	<ul style="list-style-type: none"> The Argentinean central bank is targeting inflation by controlling the money supply (M2) growth. The peso (ars) is pegged to the USD and this is unlikely to change in the foreseeable future. 	<ul style="list-style-type: none"> Data from the National Statistics Bureau has yet again been questioned after it has been reported that poverty and indigence have fallen sharply. The decline was put in doubt since the bureau used questionable inflation indicators.

Region: LATAM	Macro Outlook	FX & Monetary Policy	Other factors
<p>Mexico</p>  <p>MXN</p>	<ul style="list-style-type: none"> Industrial activity has rebounded from a dismal start to the year, driven particularly by improvements in the manufacturing sector. We expect a gradual improvement in GDP growth. Inflation is just above the upper limit of the comfort zone (4% y/y). The outlook has worsened due to higher food prices and a new fuel tax. 	<ul style="list-style-type: none"> The central bank (Banxico) maintains its tightening bias. Should we continue to see improvements in economic data, we believe that Banxico will bring up the corto by another 25bp in November. The Mexican peso (MXN) has outperformed the weak USD in the latest weeks. 	<ul style="list-style-type: none"> During September, Mexico's Congress approved a long-awaited tax-reform - among others including tax-deductibility for fixed assets investments. Although the reform was watered down from the original proposal, re-writing Mexico's tax laws was no minor accomplishment, which Calderon's predecessors repeatedly failed in doing.
<p>Chile</p>  <p>CLP</p>	<ul style="list-style-type: none"> The latest GDP (July) indicator disappointed as it came out lower than expected. The manufacturing sector showed poor results, whereas industrial sales have showed improvement. Inflation has accelerated sharply over the last months - 4.7% y/y in August. 	<ul style="list-style-type: none"> The Chilean central bank continues its tightening cycle and has lifted its leading rate from 5.75%. We expect one more hike of 25bp this year. Record-high copper prices support the currency. 	

	Macro Outlook	FX & Monetary Policy	Other factors
Region: EM Asia			
China  CNY	<ul style="list-style-type: none"> The economy has accelerated in H1 07, and GDP growth is expected to be about 11% y/y in 2007. This expectation is based on some slowdown in growth in H2 07. Inflation has soared above 6% recently, mostly due to higher food prices. Inflation is not broad based although there are some signs of accelerating wages. 	<ul style="list-style-type: none"> The Chinese authorities are likely to maintain a tightening stance on credit / monetary policy. Another rate hike is likely in Q4. Some administrative tightening measures are possible but probably not before the Communist Party Congress in October. In May, PBoC widened the daily trading band against USD to 0.5% from 0.3%. We expect the appreciation of CNY against the USD to accelerate to about 7% on a yearly basis. Gradual liberalisation of capital accounts is to continue. 	<ul style="list-style-type: none"> Party Congress in October is expected to strengthen the current Chinese leadership (new left) with a stronger focus on environmental and social development goals. Protectionist pressure is on the rise in Washington. Legislation targeting China as a currency manipulator and possibly allowing for punitive tariffs on imports will be introduced in Congress this autumn.
South Korea  KRW	<ul style="list-style-type: none"> Growth has accelerated in Q2 07 on the back of strong exports and fixed investments. Growth will continue to improve as domestic demand picks up. Inflation is still well within Bank of Korea's official inflation target of 2.5% +/-1%. 	<ul style="list-style-type: none"> After the latest 25bp rate hike to 5.0% in August, rates will probably remain on hold until late H1 08. We expect further KRW strengthening on a 12-month horizon on the back of both strong growth in Asia and a stronger JPY and CNY 	<ul style="list-style-type: none"> President Roh's political position is weak. The right-wing GNP is expected to win both the presidential election in December 2007 and the general election in April 2008, ending current political gridlock. Six-party talks on ending North Korea's nuclear ambitions continue. This should ease political tensions in the region.

Region: EM Asia	Macro Outlook	FX & Monetary Policy	Other factors
<p>Thailand</p>  <p>THB</p>	<ul style="list-style-type: none"> Political uncertainty remains a drag on the domestic economy Domestic demand remains weak but recovery is expected in 2008. However, exports are still booming, supporting growth. The C/A has shifted back into surplus, riding on slowing imports and booming exports. Core CPI is well within the 0%-3% inflation target band. 	<ul style="list-style-type: none"> Fed rate cuts and recent THB appreciation have created room for easing bias in monetary policy. Another 25bp rate reduction to 3.0% to stimulate domestic demand is possible. A gradual decline in political risk premium and an end to the easing cycle should support further appreciation of THB. 	<ul style="list-style-type: none"> Political developments in Thailand are still in the spotlight, with political changes interfering with financial markets. The general election is preliminarily scheduled for December 23. Election victory to supporters of former PM Thaksin could complicate transition from military rule and extend political uncertainty,
<p>Hong Kong</p>  <p>HKD</p>	<ul style="list-style-type: none"> Momentum in the economy has been maintained around 6% GDP growth and will be supported by lower interest rates and booming stock and real estate market. Inflation is picking up because of a tighter labour market and appreciation of RMB. 	<ul style="list-style-type: none"> HK will keep its currency peg for a long time despite USD/RMB breaking 7.80. We expect USD/HKD to decline below 7.80 in coming months on the back of strong capital inflows into the Hong Kong market. Money market rates will gradually decline as the Fed eases and USD inter-bank interest rates decline. 	<ul style="list-style-type: none"> No change in Hong Kong's political status is expected soon. China's gradual capital account liberalisation is expected to boost capital inflow into Hong Kong.

Region: EM Asia	Macro Outlook	FX & Monetary Policy	Other factors
<p>Philippines</p>  <p>PHP</p>	<ul style="list-style-type: none"> Strong growth is supported by continued strong exports and renewed strength in domestic demand. A big current account surplus around 4% of GDP is supported by remittances from Philipinos living abroad and strong FDI. The budget deficit has been reduced significantly partly through privatisation. The target is to eliminate the budget deficit by 2008. Ability to reach this goal is important for financial markets. Inflation has fallen below 3% and significantly below central bank 2007 target of inflation at 4%-5%. 	<ul style="list-style-type: none"> The PHP is currently supported by a strong current account surplus and capital inflows. The PHP is expected to strengthen further, especially when domestic demand picks up. Fed easing and stronger PHP has created room for another 25 bp rate reduction in Q4 07. 	<ul style="list-style-type: none"> The mid-term election in May has created a political stalemate. The TEAM coalition behind president Arroyo has a more than two-thirds majority in the lower house but the opposition has the majority in the upper house. As a consequence of the election result the opposition will not be able to impeach the president. The next presidential election will be in 2010.
<p>Indonesia</p>  <p>IDR</p>	<ul style="list-style-type: none"> Growth has rebounded above 6%. Exports are strong and domestic demand is picking up. The current account surplus is around 3% of GDP and the public sector deficit has been reduced significantly partly through privatisation revenues. Risk of weaker public finances as Indonesia prepares for 2009 general election Inflation has been creeping up lately to 6.5% y/y but is still within BI's target range and core inflation is only 5.7% y/y 	<ul style="list-style-type: none"> The Bank of Indonesia's (BI) inflation target is 5%-7% and it is satisfied with the USD/IDR trading within 8,500-9,500. With recent appreciation of IDR and current high real rates, BI again has an easing bias. USD/IDR will remain flat in the short run but is expected to strengthen on a 12-month horizon supported by strong current account flows. 	<ul style="list-style-type: none"> President Yudhoyono is very business- and reform-minded but has only weak support in the parliament. Legislation concerning labour market liberalisation and foreign direct investment is currently being blocked by parliament. The next presidential election is in September 2009. It would be a big positive if Yudhoyono were re-elected with stronger parliamentary support.

Region: EM Asia	Macro Outlook	FX & Monetary Policy	Other factors
<p>India</p>  <p>INR</p>	<ul style="list-style-type: none"> Growth has been slowing down on the back of weaker exports and private consumption while investments remain strong. C/A and trade balances are in slightly negative territory due to strong domestic demand. Positive long-run fundamentals remain intact with FDI and corporate investments remaining strong. Inflation has fallen below the 5% central bank target although this is mostly due to a base effect from lower food prices. We believe renewed inflation pressure could emerge in 2008. 	<ul style="list-style-type: none"> The Reserve Bank of India (RBI) has probably put further interest rate increases temporarily on hold. Further interest rate increases are not likely until late H1 08 as inflationary pressures re-emerge. The INR has appreciated strongly against USD and RBI has been selling INR to stem further appreciation. RBI is stable in the short run but is expected to continue its appreciation trend later in 2008. 	<ul style="list-style-type: none"> Prime Minister Singh faces problems in advancing much-needed structural reforms because of a highly-fragmented government. The Communist party has threatened to withdraw support to the government coalition because of a civilian nuclear deal with the US. The next general election is in May 2009. The pace of budget consolidation could slow in 2008 as India increasingly focuses on the upcoming general election.

FX Forecast

Core Majors											
		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
EUR	01-Oct			1.42		745.5		919.4		770.9	
	+1m			1.44	1.42	745.0	745.5	910.0	919.2	770.0	771.5
	+3m			1.45	1.43	746.0	745.3	910.0	918.5	775.0	772.5
	+6m			1.45	1.43	746.0	745.5	920.0	918.1	780.0	774.4
	+12m			1.35	1.43	746.0	745.8	920.0	918.5	780.0	778.8
USD	01-Oct	1.42				523.8		646.0		541.6	
	+1m	1.44	1.42			517.4	523.4	631.9	645.3	534.7	541.7
	+3m	1.45	1.43			514.5	522.8	627.6	644.4	534.5	541.9
	+6m	1.45	1.43			514.5	522.6	634.5	643.6	537.9	542.9
	+12m	1.35	1.43			552.6	522.5	681.5	643.5	577.8	545.7
JPY	01-Oct	164.3		115.5		4.54		5.59		4.69	
	+1m	164	164	114	115	4.54	4.55	5.55	5.61	4.70	4.71
	+3m	162	163	112	114	4.60	4.58	5.62	5.64	4.78	4.74
	+6m	167	161	115	113	4.47	4.62	5.51	5.69	4.67	4.80
	+12m	155	159	115	111	4.81	4.70	5.94	5.78	5.03	4.91
Wider CEE											
PLN	01-Oct	3.77		2.65		197.9		244.1		204.7	
	+1m	3.80	3.77	2.64	2.65	196.1	197.7	239.5	243.8	202.6	204.6
	+3m	3.85	3.78	2.66	2.65	193.8	197.4	236.4	243.3	201.3	204.6
	+6m	3.90	3.78	2.69	2.65	191.3	197.4	235.9	243.3	200.0	205.1
	+12m	3.95	3.79	2.93	2.65	188.9	196.7	232.9	242.5	197.5	205.6
HUF	01-Oct	250.7		176.2		2.97		3.67		3.07	
	+1m	255.0	251.4	177.1	176.5	2.92	2.96	3.57	3.66	3.02	3.07
	+3m	260.0	252.4	179.3	177.1	2.87	2.95	3.50	3.64	2.98	3.06
	+6m	265.0	254.0	182.8	178.0	2.82	2.94	3.47	3.61	2.94	3.05
	+12m	270.0	256.9	200.0	180.0	2.76	2.90	3.41	3.58	2.89	3.03
CZK	01-Oct	27.54		19.35		27.07		33.39		28.00	
	+1m	27.60	27.51	19.17	19.31	26.99	27.10	32.97	33.41	27.90	28.05
	+3m	27.50	27.45	18.97	19.26	27.13	27.15	33.09	33.46	28.18	28.14
	+6m	27.40	27.38	18.90	19.20	27.23	27.23	33.58	33.53	28.47	28.28
	+12m	27.30	27.29	20.22	19.12	27.33	27.32	33.70	33.65	28.57	28.54
SKK	01-Oct	33.87		23.80		22.01		27.14		22.76	
	+1m	34.10	33.87	23.68	23.78	21.85	22.01	26.69	27.14	22.58	22.78
	+3m	34.10	33.84	23.52	23.74	21.88	22.02	26.69	27.14	22.73	22.82
	+6m	34.20	33.79	23.59	23.69	21.81	22.06	26.90	27.17	22.81	22.91

FX Forecast

Wider CEE (Cont.)											
		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
RON	01-Oct	3.35		2.35		222.6		274.6		230.2	
	+1m	3.42	3.36	2.38	2.36	217.8	222.1	266.1	273.9	225.1	229.9
	+3m	3.45	3.36	2.38	2.36	216.2	221.9	263.8	273.5	224.6	230.0
	+6m	3.50	3.36	2.41	2.36	213.1	221.8	262.9	273.2	222.9	230.4
	+12m	3.60	3.36	2.67	2.36	207.2	221.8	255.6	273.1	216.7	231.6
BGN	01-Oct	1.95		1.37		382.0		471.1		395.0	
	+1m	1.96	-	1.36	-	381.1	-	465.5	-	393.9	-
	+3m	1.96	-	1.35	-	381.6	-	465.5	-	396.4	-
	+6m	1.96	-	1.35	-	381.6	-	470.6	-	399.0	-
	+12m	1.96	-	1.45	-	381.6	-	470.6	-	399.0	-
TRY	01-Oct	1.71		1.20		434.8		536.3		449.6	
	+1m	1.75	1.73	1.22	1.22	425.7	430.0	520.0	530.2	440.0	445.1
	+3m	1.85	1.77	1.28	1.24	403.2	421.5	491.9	519.5	418.9	436.9
	+6m	1.95	1.82	1.34	1.27	382.6	410.5	471.8	505.5	400.0	426.4
	+12m	1.95	1.91	1.44	1.34	382.6	390.2	471.8	480.5	400.0	407.5
CIS											
RUB	01-Oct	35.42		24.89		21.04		25.95		21.76	
	+1m	35.57	35.53	24.70	24.95	20.95	20.98	25.58	25.87	21.65	21.71
	+3m	35.47	35.68	24.46	25.03	21.03	20.89	25.66	25.74	21.85	21.65
	+6m	35.19	35.77	24.27	25.08	21.20	20.84	26.14	25.67	22.16	21.65
	+12m	33.74	36.08	24.99	25.28	22.11	20.67	27.27	25.46	23.12	21.59
UAH	01-Oct	7.15		5.03		104.2		128.6		107.8	
	+1m	7.20	7.22	5.00	5.07	103.5	103.2	126.4	127.3	106.9	106.8
	+3m	7.22	7.26	4.98	5.09	103.3	102.7	126.0	126.6	107.3	106.4
	+6m	7.22	7.30	4.98	5.11	103.3	102.2	127.4	125.8	108.0	106.1
	+12m	6.70	7.38	4.96	5.17	111.4	101.1	137.4	124.5	116.5	105.6

FX Forecast

Baltics											
		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
EEK	01-Oct	15.65		10.99		47.6		58.8		49.3	
	+1m	15.65	15.65	10.87	10.99	47.60	47.62	58.15	58.72	49.20	49.29
	+3m	15.65	15.67	10.79	10.99	47.67	47.58	58.15	58.67	49.52	49.28
	+6m	15.65	15.68	10.79	11.00	47.67	47.53	58.79	58.61	49.84	49.26
	+12m	15.65	15.74	11.59	11.03	47.67	47.36	58.79	58.39	49.84	49.12
LTL	01-Oct	3.45		2.43		215.91		266.29		223.27	
	+1m	3.45	3.46	2.40	2.43	216.23	215.76	263.77	266.04	223.19	223.30
	+3m	3.45	3.46	2.38	2.43	216.23	215.73	263.77	266.00	224.64	223.27
	+6m	3.45	3.46	2.38	2.43	216.23	215.34	266.67	265.52	226.09	222.87
	+12m	3.45	3.48	2.56	2.44	216.23	214.51	266.67	264.50	226.09	222.01
LVL	01-Oct	0.704		0.49		1059.03		1306.11		1095.11	
	+1m	0.70	0.71	0.49	0.50	1065.71	1053.99	1300.00	1299.61	1100.00	1090.83
	+3m	0.70	0.72	0.48	0.50	1065.71	1040.72	1300.00	1283.26	1107.14	1077.10
	+6m	0.70	0.72	0.48	0.50	1065.71	1040.72	1314.29	1283.26	1114.29	1077.10
	+12m	0.70	0.72	0.52	0.50	1065.71	1040.72	1314.29	1283.26	1114.29	1077.10

FX Forecast

MEA											
		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
ILS	01-Oct	5.69		4.00		131.1		161.7		135.6	
	+1m	5.98	5.69	4.15	3.99	124.7	131.1	152.3	161.7	128.8	135.7
	+3m	6.02	5.68	4.15	3.99	124.0	131.1	151.2	161.6	128.8	135.9
	+6m	6.09	5.68	4.20	3.98	122.5	131.2	151.1	161.5	128.1	136.3
	+12m	5.67	5.70	4.20	3.99	131.6	130.9	162.3	161.3	137.6	136.7
ZAR	01-Oct	9.81		6.89		76.0		93.7		78.6	
	+1m	10.22	9.95	7.10	6.92	72.9	74.9	89.0	92.4	75.3	78.2
	+3m	10.51	9.96	7.25	6.99	71.0	74.8	86.6	92.2	73.7	77.6
	+6m	10.73	10.11	7.40	7.09	69.5	73.8	85.7	90.8	72.7	76.6
	+12m	10.13	10.42	7.50	7.30	73.7	71.6	90.9	88.1	77.0	74.7
EGP	01-Oct	7.95		5.59		93.8		115.7		97.0	
	+1m	8.19	7.98	5.69	5.61	90.9	93.4	111.1	115.1	94.0	96.6
	+3m	8.24	8.04	5.68	5.64	90.6	92.7	110.5	114.2	94.1	96.1
	+6m	8.21	8.13	5.66	5.70	90.9	91.7	112.1	113.0	95.0	95.3
	+12m	7.59	8.27	5.62	5.80	98.3	90.2	121.3	111.0	102.8	94.1
LATAM											
BRL	01-Oct	2.61		1.83		285.8		352.5		295.6	
	+1m	2.66	2.62	1.85	1.84	279.7	284.5	341.6	350.8	289.0	294.5
	+3m	2.76	2.64	1.90	1.85	270.8	282.5	330.3	348.2	281.3	292.8
	+6m	2.76	2.67	1.90	1.87	270.8	279.4	333.9	344.2	283.1	290.3
	+12m	2.50	2.74	1.85	1.92	298.7	272.5	368.4	335.6	312.3	284.5
ARS	01-Oct	4.48		3.15		166.3		205.1		172.0	
	+1m	4.61	4.51	3.20	3.17	161.7	165.3	197.5	203.9	167.1	171.1
	+3m	4.64	4.57	3.20	3.20	160.8	163.2	196.1	201.2	167.0	169.2
	+6m	4.71	4.66	3.25	3.26	158.3	160.1	195.2	197.2	165.5	166.3
	+12m	4.39	4.83	3.25	3.38	170.0	154.4	209.7	190.1	177.8	161.2
MXN	01-Oct	15.58		10.95		47.85		59.0		49.5	
	+1m	15.77	15.63	10.95	10.97	47.2	47.7	57.7	58.8	48.8	49.4
	+3m	15.95	15.70	11.00	11.01	46.8	47.5	57.1	58.5	48.6	49.2
	+6m	15.95	15.71	11.00	11.01	46.8	47.5	57.7	58.4	48.9	49.3
	+12m	14.85	15.72	11.00	11.01	50.2	47.4	62.0	58.4	52.5	49.6
CLP	01-Oct	727.3		511.0		1.03		1.26		1.06	
	+1m	741.6	728.0	515.0	511.1	1.00	1.02	1.23	1.26	1.04	1.06
	+3m	754.0	728.9	520.0	511.3	0.99	1.02	1.23	1.26	1.03	1.06
	+6m	754.0	729.3	520.0	511.3	0.99	1.02	1.22	1.26	1.03	1.06
	+12m	708.8	729.8	525.0	511.3	1.05	1.02	1.22	1.26	1.10	1.07

FX Forecast

EM Asia											
		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
CNY	01-Oct	10.68		7.51		69.78		86.1		72.2	
	+1m	10.89	10.63	7.56	7.46	68.4	70.2	83.6	86.5	70.7	72.6
	+3m	10.85	10.63	7.48	7.46	68.8	70.1	83.9	86.4	71.5	72.6
	+6m	10.51	10.63	7.25	7.46	71.0	70.2	87.5	86.4	74.2	72.8
	+12m	9.45	10.63	7.00	7.46	78.9	70.2	97.4	86.4	82.5	73.2
KRW	01-Oct	1299		913		0.57		0.71		0.59	
	+1m	1310	1301	910	913	0.57	0.57	0.69	0.71	0.59	0.6
	+3m	1305	1298	900	911	0.57	0.57	0.70	0.71	0.59	0.6
	+6m	1291	1297	890	909	0.58	0.57	0.71	0.71	0.60	0.6
	+12m	1215	1294	900	907	0.61	0.58	0.76	0.71	0.64	0.6
THB	01-Oct	45.4		31.9		16.4		20.3		17.0	
	+1m	46.1	45.5	32.0	32.0	16.2	16.4	19.7	20.2	16.7	16.9
	+3m	45.0	45.8	31.0	32.2	16.6	16.3	20.2	20.0	17.2	16.8
	+6m	43.5	46.0	30.0	32.2	17.1	16.2	21.1	20.0	17.9	16.8
	+12m	40.5	46.3	30.0	32.4	18.4	16.1	22.7	19.8	19.3	16.8
SGD	01-Oct	1.88		1.48		398		497		449	
	+1m	2.12	2.10	1.47	1.47	352	355	430	438	364	367.4
	+3m	2.12	2.09	1.46	1.47	352	356	430	439	366	369.2
	+6m	2.09	2.08	1.44	1.46	357	358	441	441	374	371.9
	+12m	1.94	2.06	1.44	1.45	384	361	473	445	401	377.3
HKD	01-Oct	9.86		7.77		75.7		94.7		85.5	
	+1m	11.19	11.06	7.77	7.77	67	67.4	81.3	83.1	68.8	69.7
	+3m	11.27	11.07	7.77	7.76	66.2	67.3	80.8	83.0	68.8	69.8
	+6m	11.27	11.07	7.77	7.76	66.2	67.4	81.7	83.0	69.2	70.0
	+12m	10.53	11.07	7.80	7.76	70.8	67.4	87.4	83.0	74.1	70.4

FX Forecast

EM Asia (Cont.)											
		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
MYR	01-Oct	4.83		3.40		154		190		159	
	+1m	4.8	4.83	3.35	3.39	154	154	189	190	160	160
	+3m	4.8	4.83	3.30	3.39	156	154	190	190	162	160
	+6m	4.8	4.83	3.30	3.39	156	154	192	190	163	160
	+12m	4.5	4.83	3.30	3.39	167	154	207	190	175	161
PHP	01-Oct	63.8		44.9		11.7		14.4		12.1	
	+1m	63.4	63.9	44.0	44.9	11.8	11.7	14.4	14.4	12.2	12.1
	+3m	63.1	63.9	43.5	44.9	11.8	11.7	14.4	14.4	12.3	12.1
	+6m	62.4	64.1	43.0	44.9	12.0	11.6	14.8	14.3	12.5	12.1
	+12m	58.1	64.2	43.0	45.0	12.9	11.6	15.8	14.3	13.4	12.1
IDR	01-Oct	12932		9087		0.058		0.071		0.060	
	+1m	12960	12945	9000	9088	0.057	0.058	0.070	0.071	0.059	0.060
	+3m	12905	12988	8900	9112	0.058	0.057	0.071	0.071	0.060	0.059
	+6m	12760	13070	8800	9163	0.058	0.057	0.072	0.070	0.061	0.059
	+12m	12150	13243	9000	9278	0.061	0.056	0.076	0.069	0.064	0.059
INR	01-Oct	50.4		39.7		14.8		18.5		16.7	
	+1m	56.9	56.6	39.5	39.7	13.1	13.2	16.0	16.2	13.5	13.6
	+3m	56.6	56.8	39.0	39.8	13.2	13.1	16.1	16.2	13.7	13.6
	+6m	58.0	57.0	40.0	39.9	12.9	13.1	15.9	16.1	13.4	13.6
	+12m	54.0	57.5	40.0	40.3	13.8	13.0	17.0	16.0	14.4	13.5
TWD	01-Oct	41.2		32.5		18.1		22.6		20.4	
	+1m	46.1	46.1	32.0	32.3	16	16.2	19.7	20.0	16.7	16.8
	+3m	45.0	45.8	31.0	32.2	16.6	16.3	20.2	20.0	17.2	16.9
	+6m	45.0	45.6	31.0	31.9	16.6	16.4	20.5	20.1	17.4	17.0

Monetary Policy Calendar

	Policy Rate (%)	Latest Change	Next Change	Next Meeting
	01 October 2007			
Wider CEE				
PLN	4.75	+ 25 bp (Aug, 2007)	+ 25bp (Dec, 2007)	31 October 2007
HUF	7.50	- 25 bp (Sep, 2007)	-25bp (Oct, 2007)	30 October 2007
CZK	3.25	+ 25 bp (Aug, 2007)	+ 25bp (Q4, 2007)	25 October 2007
SKK	4.25	- 25 bp (Apr, 2007)	Unchanged 2007	30 October 2007
RON	7.00	- 25 bp (June, 2007)	+50 bp (Q4, 2007)	31 October 2007
TRY	17.25	- 25 bp (Sep, 2007)	-25bp (Q4, 2007)	16 October 2007
MEA				
ILS	4.00	+ 25 bp (Aug, 2007)	+25bp (Q4, 2007)	29 October 2007
ZAR	10.00	+ 50 bp (Aug, 2007)	+50 bp (Q4, 2007)	11 October 2007
LATAM				
BRL	11.25	- 25 bp (Sep, 2007)	- 25 bp (Q4, 2007)	17 October 2007
MXN	7.25	+ 25 bp (Apr, 2007)	+25 bp (Q4, 2007)	26 October 2007
CLP	5.75	+25 bp (Sep, 2007)	+25 bp (Q4, 2007)	12 October 2007
EM Asia				
CNY	7.29	+27 bp (Sep, 2007)	+25 bp (Q4, 2007)	Not announced
KRW	5.00	+25 bp (Aug, 2007)	Unchanged 2007	11 October 2007
THB	3.00	-25 bp (Aug, 2007)	-25 bp (Q4, 2007)	10 October 2007
HKD	6.25	-50 bp (Sep, 2007)	-25bp (Q4, 2007)	Not announced
MYR	3.50	+ 25 bp (Apr, 2006)	Unchanged 2007	30 October 2007
PHP	6.00	-150 bp (July, 2007)	-25bp (Q4, 2007)	04 October 2007
IDR	8.25	-25 bp (July, 2007)	-25bp (Q4, 2007)	08 October 2007
INR	7.75	+25 bp (Apr, 2007)	Unchanged 2007	30 October 2007
TWD	2.88	+12.5 bp (Mar, 2007)	+ 12.5 bp (Q4, 2007)	Not announced

Emerging Markets contacts

Emerging Markets Research

Lars Christensen	Senior Analyst	EMEA, CIS	+45 45 12 85 30	larch@danskebank.dk
Flemming Jegbjærg Nielsen	Senior Analyst	EM Asia	+45 45 12 85 35	flemm@danskebank.dk
Lars Rasmussen	Analyst	Latin America, CIS	+45 45 12 85 34	laras@danskebank.dk
Stanislava Pravdova	Assistant Analyst	EMEA	+45 45 12 85 28	spra@danskebank.dk
David Pedersen	Assistant Analyst		+45 45 12 85 25	davp@danskebank.dk

Emerging Markets FX Sales

Anne Brennum	Senior Dealer		+45 45 43 32 73	abre@danskebank.dk
Michael Nedergaard Larsen	Senior Dealer		+45 45 14 60 78	mnl@danskebank.dk

Global Retail SME, FX

Lars Kruse Brixler	Chief Dealer		+45 45 14 68 25	lbri@danskebank.dk
Flemming Winther	Senior Dealer		+45 45 14 68 24	flw@danskebank.dk

FX Trading

Frank Sandbæk Vig	Chief dealer, Head of EM Trading		+45 33 44 61 20	fsv@danskebank.dk
-------------------	----------------------------------	--	-----------------	-------------------

Danske Bank Polska S. A., Warsaw Treasury Department

Maciej Semeniuk	Treasurer		+ 48 22 33 77 114	msem@pl.danskebank.com
Bartłomiej Dzieńiecki	Corporate Dealer		+ 48 22 33 77 112	bdz@pl.danskebank.com
Katarzyna Sobiecka	Senior Corporate Dealer		+ 48 22 33 77 113	ksob@pl.danskebank.com
Katarzyna Skrzypek	Junior Corporate Dealer		+ 48 22 33 77 115	kat@pl.danskebank.com

Disclosure

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.

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. 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 Association.

Financial models and/or methodology used in this report

Recommendations and opinions in this research are formed based on a combination of Danske Bank's regression models using macroeconomic fundamentals and financial variables as input and a general market assessment. Various statistical methods are used to evaluate the market. Standard option pricing models are used in respect with derivatives.

Risk warning

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

Expected updates

Emerging Markets Briefer is updated every month.

First date of publication

Please see the front page of this research report.

Disclaimer

This publication has been prepared by Danske Bank for information purposes only. It is not an offer or solicitation of any offers to purchase or sell any securities, currency or financial instrument. The evaluations, calculations, opinions and recommendations of the publication should not replace the making of own opinions about whether to make any such transaction. 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 business services, hold, establish, change or cease to hold positions in any securities, currency or financial instrument mentioned in the publication. Additional and/or updated information is available from Danske Bank. This publication is not intended for private customers in the UK or any person in the US. Danske Bank is regulated by FSA for the conduct and investment business in the UK and is a member of the London Stock Exchange.

Copyright © 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.

This report has been prepared by the correspondent of Auerbach Grayson & Company Incorporated ("AGC") named above on the date listed above. We are distributing this report in the U.S. and any U.S. person receiving this report and wishing to effect transactions in any security discussed herein, should do so only with a representative of Auerbach Grayson & Company Incorporated. Additional information on recommended securities is available on request.