

Emerging Markets Briefer

December 03, 2007

Investment research

The evil double whammy

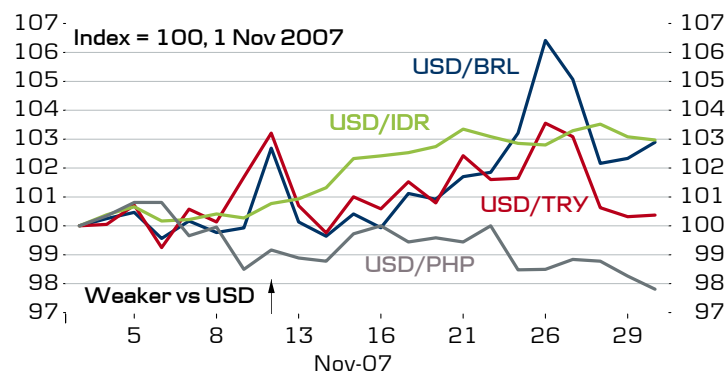
Another month with high volatility

- November brought renewed turmoil to the global financial markets and the impact was also felt on the Emerging Markets. Initially the traditional high-beta markets Turkey and Brazil came under pressure.
- It seems like the markets have calmed down a bit now on renewed hope that the Federal Reserve will come to the rescue once again with rate cuts.

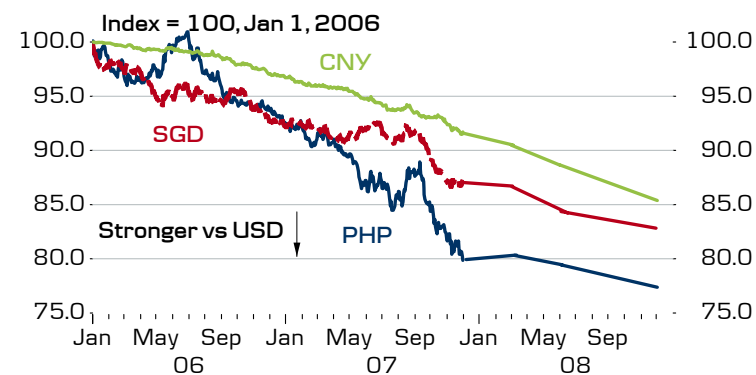
How will EM weather external shocks?

- Going forward it is obvious that the global credit crunch will also hit the Emerging Markets, most predominantly in the liquidity-hungry economies.
- Secondly, in the last year inflation has risen significantly in most Emerging Markets mainly through the supply side of the economies via higher energy and food prices. This will hit consumers' purchasing power in Emerging Markets and limit growth in domestic demand.

Ups and downs in November



Asia is expected to outperform



Movers and shakers – last month and in the month ahead

The evil double whammy

November brought renewed turmoil to the global financial markets and the impact was also felt on the Emerging Markets. Initially the traditional high-beta markets Turkey and Brazil came under pressures. It looks like the markets have calmed down a bit now on renewed hope that the Federal Reserve will come to the rescue once again with rate cuts – see chart one and two on page three for FX performance throughout November. That said, we are still not out of the woods, and the global financial markets remain nervous with the length of the credit crisis beginning to weigh on global economic growth.

Economic growth in the Emerging Markets has been very impressive over the last couple of years and has clearly helped keeping global growth high. However, two factors could begin to weigh on growth in the Emerging Markets as we go into 2008.

Firstly, it is obvious that the global credit crunch will also hit the Emerging Markets, predominantly the liquidity-hungry economies. Secondly, over the last year inflation has risen significantly in most Emerging Markets mainly through the supply side of the economies via higher energy and food prices, and has been further enhanced in the economies where the demand side has been very strong – including the CIS-countries, China and Brazil to mention a few. This will hurt consumers' purchasing power in the Emerging Markets and reduce growth in domestic demand. These two factors are likely to reduce growth in the Emerging Markets in 2008.

This “double whammy” is however not likely to have the same impact on all countries. Hence, the countries that will be the hardest hit will be the countries with the high financing needs – hence countries with large current account deficits.

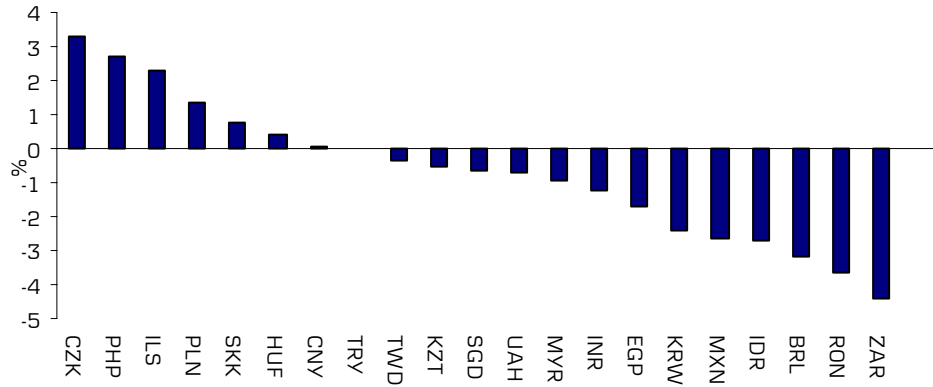
In the Emerging Markets' universe this is primarily the countries in EMEA – and here the Baltic countries, Romania, Bulgaria and Kazakhstan look exposed to credit-induced slowdown in domestic demand. Unfortunately, these are the countries that have seen the most significant rise in inflation over the last half year. It is noteworthy that all countries mentioned – with the exception of Romania – have fixed exchange rates. They have therefore had to loose monetary conditions, which has spurred domestic demand, which means that the supply-side shocks have had stronger impact on inflation rates.

While the “double whammy” is likely to weigh on growth in EMEA; Asia and Latin America seem less exposed to the “double whammy”. Hence, there seems to be fairly little strain on the Asian money markets in connection with the global credit crunch and inflation has not risen to the same degree as in EMEA. Therefore, one should expect Asia – and to some extent LATAM – to outperform EMEA growth-wise during 2008.

Similarly, the risk of financial turmoil during 2008 seems to be much higher in EMEA than in any other Emerging Market regions. Therefore, we in general recommend investors to be overweight the Asian Emerging Markets and underweight the EMEA markets going into 2008 – this is especially the case for the FX markets.

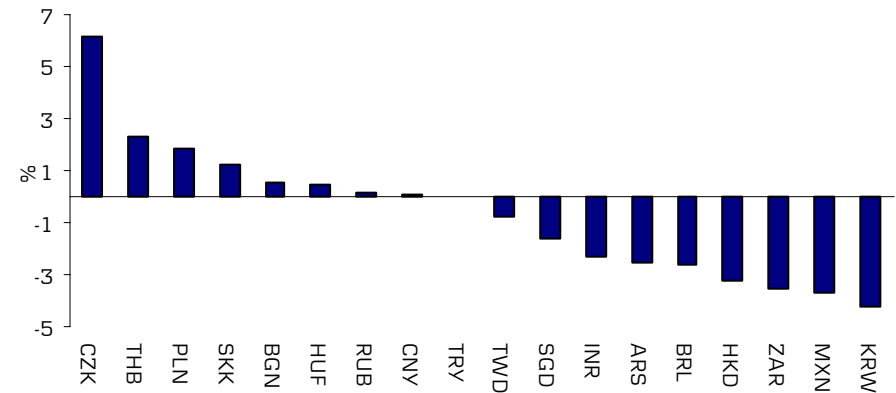
Emerging Market performance over the past month

Chart 1: FX change against EUR and USD



(Simple average relative to EUR and USD)

Chart 2: Risk adjusted FX change against EUR and USD



(Annualized return divided by 2-year volatility)

Chart 3: Change in 2 year swap yield

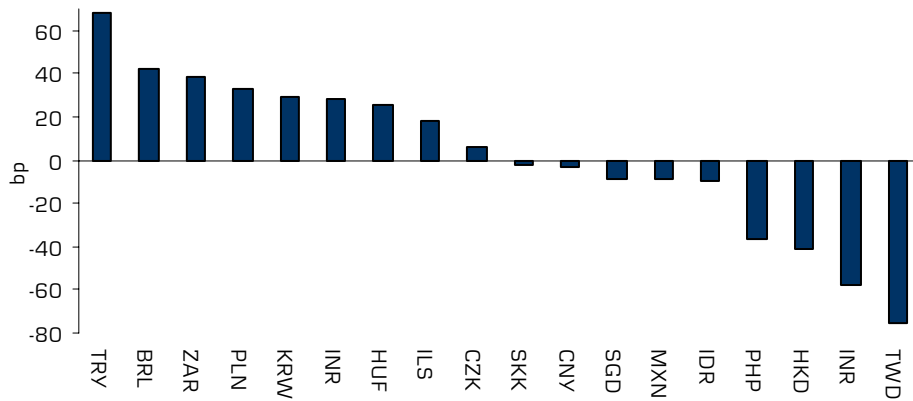
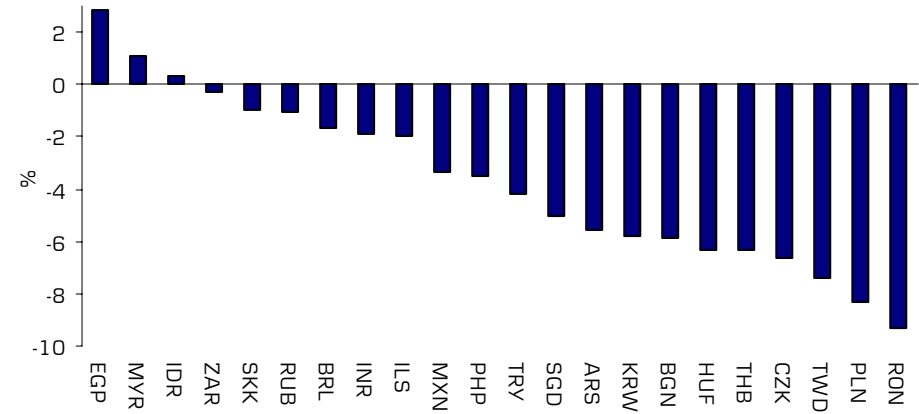


Chart 4: Stock market performance



(Local currency)



FX Trade recommendations



Performance



Performance	Count	Av. return	Av. Horizon (days)	Av Vol.
Closed	15	0.75	59	9.89
Open	1	1.25	42	6.20
All	16	0.79	56	9.66



Recently closed	Start Date	Closing date	Spot open	Spot close	Target	Stop	P/L (incl carry)
Buy EUR/RON	05-09-2007	23-11-2007	3.322	3.600	3.75	3.60	7.84
Buy USD/ZAR	12-11-2007	23-11-2007	6.686	6.840	7.20	6.60	2.13


Open	Start Date	Today	Spot open	Spot	Target	Stop	P/L (incl carry)
Buy PLN/SKK	22-10-2007	03-12-2007	9.09	9.19	9.32	8.94	1.25



	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 moderate signs of slowing due to capacity constraints. • The 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 and we expect inflation to remain above the central bank's (NBP) official inflation target of 2½% going into 2008. • It seems clear that the NBP will continue to tighten monetary policy in the coming months - if not in December, then in Q1. 	<ul style="list-style-type: none"> • The liberal and reformist Civic Platform won a landslide victory in the recent parliament elections and have formed a government with the centrist Peasant Party (PSL). • The new government should be expected to speed up reforms, but we do not expect any revolution.
Czech Republic  CZK	<ul style="list-style-type: none"> • Economic growth remains strong, still driven by consumer spending. • Inflation is heading upwards. Food prices and higher regulated prices put some additional pressure on inflation. Fiscal reforms effective from next year will add to accelerating inflation. 	<ul style="list-style-type: none"> • The central bank decided to tighten the monetary conditions further in order to keep inflation under control despite record strength of CZK. One more hike likely early next year. • CZK is at a record high, both against EUR and USD driven by positive sentiment against CEE currencies and the weak dollar. Further firming is limited though. 	<ul style="list-style-type: none"> • The presidential elections are drawing closer. Already in February the Czech parliament has to vote on the new Czech President. Until now the current President Vaclav Klaus is the only official candidate for the post.


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. Q3 GDP growth surprised on the upside, at 9.4% y/y. Inflation is low at the moment but inflationary pressures are squeezed rather on the upside partly due to accelerating food and energy prices. 	<ul style="list-style-type: none"> The Slovak central bank kept interest rates on hold in November. No change expected in December either. NBS satisfied with the current interest rate setting. SKK is being driven by global factors and by the sentiment against Emerging Markets. News about the Slovak Euro entry might be crucial for SKK. 	<ul style="list-style-type: none"> The Slovak government is confident in meeting all Maastricht criteria in order to qualify for Euro adoption in 2009. We continue to be less optimistic as we see real convergence of Slovakia as questionable in the longer run. That could be the main reason for Slovakia being rejected in 2009.
<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) is facing a serious dilemma: To respond to the dramatic slowdown in domestic demand by easing monetary conditions or to respond to the fact that inflation has to begin to rise again by keeping interest rates on hold. We expect the MNB to choose a cautious approach and keep interest rates on hold for some time to come. 	<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. There are signs of internal disagreement in the Hungarian government over fiscal policy. Any loosening of fiscal policy would be very negative for the Hungarian markets.


Region: CEE	Macro Outlook	FX & Monetary Policy	Other factors
<p>Romania</p>  <p>RON</p>	<ul style="list-style-type: none"> • Inflation is on the upside and out of the central bank's inflation target 4%+/-1%-points, driven by rising food prices but also strong wage growth and robust consumer spending. • 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 policy is biased on the upside in order to keep inflation under control. Further monetary tightening can be expected. • Romanian leu is under pressure due to bad external imbalances and worsening of global liquidity conditions. The central bank intervened indirectly lately to defend the currency. 	<ul style="list-style-type: none"> • The Romanian government needs to keep a tight fiscal policy. Any further loosening would deteriorate economic imbalances further.
<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. The economy shows signs of overheating. • Food prices pushed inflation to double-digit numbers in the last three months. Ballooning current account deficit is a 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 are 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 make a big effort to tackle 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. The jury is, however, still out on whether the economy will undergo a hard or a soft landing. Inflation and wage growth have accelerated further and the development is clearly not sustainable. 	<ul style="list-style-type: none"> The Estonian krooni (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 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 property market in Estonia has cooled significantly.
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 real estate market has cooled down significantly, but a further drop in real estate prices is very likely. Inflation and wage growth is accelerating massively. This is obviously completely unsustainable. 	<ul style="list-style-type: none"> The Latvian lat (LVL) is pegged to the euro through ERM II, but renewed pressure on the currencies should certainly not be ruled out. The Latvian central bank has been defending the peg by actively intervening in the FX market. The situation remains very critical. 	<ul style="list-style-type: none"> There are clear concerns about financial and economic stability in Latvia. Fiscal policy is overly loose. The political situation has deteriorated significantly and the pressures on the Prime Minister to step down are mounting.

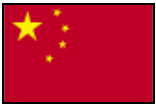

Region: Baltic	Macro Outlook	FX & Monetary Policy	Other factors
<p>Lithuania</p>  <p>LTL</p>	<ul style="list-style-type: none"> • GDP remains very strong and worryingly there are clear signs the overheating of the economy continues. In particular, we are concerned that credit growth remains strong. • 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 will moderate in coming quarters as higher inflation and tighter monetary conditions will dampen consumption. Industrial production and investments have, however, recently rebounded, indicating sound growth. Inflationary pressures are mounting as food price growth rates accelerate. Inflation will move above 11% y/y before year end. 	<ul style="list-style-type: none"> RUB will remain stable against the dual basket for the remainder of the year. We expect some appreciation in the beginning of 2008 although not much. We expect the RUB-basket to move 2.0%-2.5% stronger by year-end 2008. Money market rates stay elevated, but the liquidity situation will improve in the next months, boosted by fewer tax payments and higher public spending. 	<ul style="list-style-type: none"> United Russia, Putin's close ally, secured an overwhelming victory in Parliamentary elections on 2 December. The path is thus paved for Putin to preserve power, whether it will be as Prime Minister or with Mr Putin as a more informal leader. The campaign was all but fair and European election watchdog OSCE hence refused to be a part of it.
Ukraine  UAH	<ul style="list-style-type: none"> Growth has slowed a little, mainly due to base effects. Strong consumer spending, though, still weighs negatively on the C/A deficit, which is still widening. Inflation is now at levels that could threaten macro economic stability. 	<ul style="list-style-type: none"> The Ukrainian central bank (NBU) is unlikely to introduce any major policy changes despite excessive inflation. NBU has raised mandatory reserve requirements, but further monetary tightening is definitely warranted. 	<ul style="list-style-type: none"> The Yulia Tymoshenko Bloc and Our Ukraine-People's Self-Defence bloc have agreed to set up a coalition in the Parliament. A new government can then be formed in the first week of December.



	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. The surge in oil prices weighs significantly on the current account. 	<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 risk of a full-scale Turkish military operation into northern Iraq has eased a bit over the past month, but this "story" could rapidly resurface in the Turkish markets.


Region: EMEA	Macro Outlook	FX & Monetary Policy	Other factors
<p>South Africa</p>  <p>ZAR</p>	<ul style="list-style-type: none"> • GDP growth in Q3 quickened despite monetary tightening (Q3 GDP annualized at 4.7% q/q, up from the downwardly revised 4.4% q/q in Q2). Growth driven by construction and finance sector. • Inflation proves to be stubbornly high. It accelerated in October to a four-and-a-half year high. Current account remains high. 	<ul style="list-style-type: none"> • The central bank has tightened monetary conditions by 300bp since June last year. But high inflation seems to require further monetary tightening. October's CPIX and strong Q3 GDP growth support the case of another 50bp rate hike in December. • The speculation about a further rate hike might strengthen the rand but it will remain vulnerable to global market jitters and sentiment swings against risky Emerging Markets currencies. Also politics might weigh negatively on the rand. 	<ul style="list-style-type: none"> • The vote for the new leader of the ruling ANC party is scheduled for December 15. More and more news coming from South Africa points to the controversial Jacob Zuma being the winner of the ANC leadership vote. If Zuma does win, in our view South African politics would lose much of its credibility due to Zuma's allegations of corruption. And also market-friendly policies would be put into question due to Zuma's inclination towards left-leaning unions - his main supporters.

	Macro Outlook	FX & Monetary Policy	Other factors
Region: LATAM			
Brazil  BRL	<ul style="list-style-type: none"> Gross fixed capital formation is rising sharply, accelerating the growth of potential GDP. However, the output gap is still narrowing as domestic demand runs faster than supply. A strong currency reduces inflationary pressures, but the latest inflation signals are a cause for some worry, as inflation moved above 4% from 3% y/y in the beginning of the year. 	<ul style="list-style-type: none"> We expect the BCB to take a longer pause from the easing cycle. It kept its leading rate unchanged at the October meeting and we expect it to stay on hold well into 2008. BRL has been somewhat under pressure in November, as investor sentiment was hampered by US recession fears. Sentiment, though, turned more positive on risk, when FED indicated another cut in December. 	<ul style="list-style-type: none"> The ongoing boom has hampered the outlook for the trade balance surplus. Chances are that the trade surplus, despite high commodity prices, could be gone before entering 2010.
Mexico  MXN	<ul style="list-style-type: none"> Industrial activity and retail sales have disappointed. Q3 GDP accelerated, but was still lower than expected. The negative outlook for US in the coming quarters will have a negative impact on the Mexican growth outlook. Inflationary pressures are more subdued although price growth still poses a risk. 	<ul style="list-style-type: none"> The central bank (Banxico) left its key rate unchanged in November and removed its restrictive tightening bias. It will probably stay on hold well into 2008, while it judges the stagflationary outlook. The Mexican peso (MXN) has been quite volatile in November, but gained some momentum on the outlook of further rate cuts in the US. 	<ul style="list-style-type: none"> The Chamber of Deputies has approved the federal budget for 2008 which is substantially greater than initially proposed. Lawmakers arrived at considerably more optimistic estimates of how much this year's fiscal reform will add to next year's budget.

	Macro Outlook	FX & Monetary Policy	Other factors
Region: EM Asia			
China  CNY	<ul style="list-style-type: none"> GDP growth declined slightly to 11.5% in Q3. However, the economy gained new momentum in September and could very well re-accelerate in Q4 07. Growth is expected to slow moderately to just below 11% next year. Inflation has soared above 6% recently, mostly due to higher food prices and could be close to 7% at year end. However, we still expect inflation to decline below 4% in 2008 on the back of lower food prices. 	<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 although administrative tightening measures like a lending freeze may substitute interest rate increases. We expect the appreciation of CNY against USD to accelerate to about 7% on a yearly basis. A major one off revaluation cannot be ruled out although we do not believe it is imminent. China will continue to liberalise its capital account. 	<ul style="list-style-type: none"> President Hu Jintao did not consolidate his power as much as expected at the Party Congress. However we still believe future policy focus will be stronger on environmental and social development goals. Protectionist pressure is on the rise in Washington. A blow out with the US in late 2008 cannot be ruled out.
South Korea  KRW	<ul style="list-style-type: none"> Growth accelerated in Q3 07 on the back of strong private consumption and investments. Growth will continue to improve as domestic demand picks up. Inflation has accelerated in recent months on higher oil and food prices and is close to the upper limit of BoK's 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 However, there are finally signs of recovery in domestic demand. 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 slight easing bias in monetary policy. Another 25bp rate reduction to 3.0% cannot be ruled out completely. 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 stay 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. • Despite higher food prices inflation remains below 3% and the 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. • Stronger PHP, muted inflation and Fed easing has created room for another 25bp rate reduction in Q1 08. 	<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% on strong private consumption and investments. The current account surplus is 3% of GDP and the public sector deficit has been reduced significantly. • Risk of weaker public finances as Indonesia prepares for 2009 general election • Inflation has been creeping up lately to 6.8% y/y, just 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 IDR just below 9,400 and recent increase in inflation monetary policy is on hold with slight easing bias longer term. • 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 to 3.2% far below the 5% central bank target. However, part of the decline is due to base effect from higher food prices last year. Hence inflation will increase in 2008 as the impact from food prices becomes neutral, but is expected to stay below 5%. 	<ul style="list-style-type: none"> • The Reserve Bank of India (RBI) is on hold. However RBI will continue to hike commercial banks' required reserve ratio to sterilise very strong FX reserve inflows. • The INR has appreciated strongly against USD and RBI has been selling INR to stem further appreciation. New controls on capital inflows are a possibility. 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	03-dec			1,47		745,7		937,6		809,8	
	+1m			1,48	1,47	746,0	745,6	940,0	937,6	800,0	810,5
	+3m			1,52	1,47	746,0	745,6	930,0	937,6	790,0	811,9
	+6m			1,55	1,47	746,0	745,7	930,0	937,4	775,0	814,1
	+12m			1,45	1,46	746,0	746,3	930,0	937,6	775,0	819,0
USD	03-dec	1,47				508,6		639,5		552,4	
	+1m	1,48	1,47			504,1	508,2	635,1	639,1	540,5	552,4
	+3m	1,52	1,47			490,8	508,0	611,8	638,8	519,7	553,2
	+6m	1,55	1,47			481,3	508,3	600,0	639,0	500,0	554,9
	+12m	1,45	1,46			514,5	510,1	641,4	640,9	534,5	559,8
JPY	03-dec	161,9		110,4		4,61		5,79		5,00	
	+1m	161	161	109	110	4,63	4,62	5,84	5,81	4,97	5,02
	+3m	160	160	105	109	4,66	4,65	5,81	5,85	4,94	5,06
	+6m	155	159	100	108	4,81	4,69	6,00	5,90	5,00	5,12
	+12m	152	156	105	107	4,91	4,77	6,12	6,00	5,10	5,24
Wider CEE											
PLN	03-dec	3,62		2,47		206,1		259,2		223,9	
	+1m	3,65	3,62	2,47	2,47	204,4	206,0	257,5	259,0	219,2	223,9
	+3m	3,70	3,63	2,43	2,47	201,6	205,7	251,4	258,6	213,5	224,0
	+6m	3,70	3,64	2,39	2,48	201,6	205,0	251,4	257,8	209,5	223,8
	+12m	3,70	3,67	2,55	2,51	201,6	203,2	251,4	255,5	209,5	223,2
HUF	03-dec	253,2		172,7		2,95		3,70		3,20	
	+1m	260,0	253,9	175,7	173,0	2,87	2,94	3,62	3,69	3,08	3,19
	+3m	265,0	255,0	174,3	173,7	2,82	2,92	3,51	3,68	2,98	3,18
	+6m	270,0	256,8	174,2	175,1	2,76	2,90	3,44	3,65	2,87	3,17
	+12m	275,0	260,0	189,7	177,7	2,71	2,87	3,38	3,61	2,82	3,15
CZK	03-dec	26,24		17,90		28,41		35,73		30,86	
	+1m	26,50	26,23	17,91	17,88	28,15	28,43	35,47	35,74	30,19	30,90
	+3m	26,70	26,19	17,57	17,85	27,94	28,46	34,83	35,79	29,59	31,00
	+6m	26,80	26,15	17,29	17,83	27,84	28,51	34,70	35,84	28,92	31,13
	+12m	26,90	26,11	18,55	17,85	27,73	28,58	34,57	35,91	28,81	31,37
SKK	03-dec	33,26		22,68		22,42		28,19		24,35	
	+1m	33,50	33,25	22,64	22,66	22,27	22,43	28,06	28,20	23,88	24,38
	+3m	34,00	33,21	22,37	22,63	21,94	22,45	27,35	28,23	23,24	24,44
	+6m	34,10	33,19	22,00	22,62	21,88	22,47	27,27	28,24	22,73	24,53
	+12m	34,10	33,15	23,52	22,66	21,88	22,51	27,27	28,29	22,73	24,71

FX Forecast

Wider CEE (Cont.)											
		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
RON	03-dec	3,51		2,40		212,5		267,2		230,8	
	+1m	3,55	3,52	2,40	2,40	210,1	212,1	264,8	266,7	225,4	230,5
	+3m	3,60	3,53	2,37	2,40	207,2	211,3	258,3	265,7	219,4	230,1
	+6m	3,65	3,56	2,35	2,42	204,4	209,7	254,8	263,6	212,3	228,9
	+12m	3,70	3,61	2,55	2,47	201,6	206,8	251,4	259,8	209,5	227,0
BGN	03-dec	1,95		1,33		381,9		480,3		414,8	
	+1m	1,96	-	1,32	-	381,6	-	480,8	-	409,2	-
	+3m	1,96	-	1,29	-	381,6	-	475,7	-	404,1	-
	+6m	1,96	-	1,26	-	381,6	-	475,7	-	396,4	-
	+12m	1,96	-	1,35	-	381,6	-	475,7	-	396,4	-
TRY	03-dec	1,73		1,18		431,1		542,1		468,2	
	+1m	1,75	1,75	1,18	1,19	426,3	426,7	537,1	536,6	457,1	463,9
	+3m	1,80	1,78	1,18	1,21	414,4	419,0	516,7	526,9	438,9	456,4
	+6m	1,90	1,83	1,23	1,25	392,6	407,8	489,5	512,7	407,9	445,4
	+12m	1,90	1,92	1,31	1,32	392,6	387,7	489,5	487,2	407,9	425,6
CIS											
RUB	03-dec	35,88		24,50		20,78		26,13		22,57	
	+1m	36,04	35,92	24,35	24,51	20,70	20,76	26,08	26,10	22,20	22,57
	+3m	36,30	35,98	23,88	24,54	20,55	20,72	25,62	26,06	21,76	22,57
	+6m	36,24	36,13	23,38	24,65	20,59	20,64	25,66	25,95	21,39	22,54
	+12m	34,90	36,38	24,07	24,89	21,37	20,51	26,65	25,77	22,21	22,52
UAH	03-dec	7,42		5,06		100,5		126,4		109,2	
	+1m	7,46	7,41	5,04	5,06	100,0	100,6	126,0	126,5	107,3	109,4
	+3m	7,60	7,42	5,00	5,06	98,2	100,5	122,4	126,4	103,9	109,5
	+6m	7,75	7,44	5,00	5,08	96,3	100,2	120,0	125,9	100,0	109,4
	+12m	7,22	7,50	4,98	5,13	103,3	99,5	128,8	125,0	107,3	109,2

FX Forecast

Baltics											
		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
EEK	03-dec	15,65		10,68		47,7		59,9		51,8	
	+1m	15,65	15,71	10,57	10,72	47,67	47,46	60,06	59,68	51,12	51,60
	+3m	15,65	15,76	10,30	10,75	47,67	47,32	59,42	59,50	50,48	51,47
	+6m	15,65	15,81	10,10	10,79	47,67	47,16	59,42	59,30	49,52	51,27
	+12m	15,65	15,94	10,79	10,90	47,67	46,79	59,42	58,84	49,52	50,73
LTL	03-dec	3,45		2,36		215,96		271,57		234,58	
	+1m	3,45	3,46	2,33	2,36	216,23	215,54	272,46	271,04	231,88	234,34
	+3m	3,45	3,47	2,27	2,37	216,23	215,01	269,57	270,37	228,99	233,76
	+6m	3,45	3,49	2,23	2,38	216,23	213,83	269,57	268,88	224,64	232,48
	+12m	3,45	3,53	2,38	2,41	216,23	211,43	269,57	265,87	224,64	229,87
LVL	03-dec	0,700		0,48		1064,53		1338,65		1156,28	
	+1m	0,70	0,70	0,47	0,48	1065,71	1062,62	1342,86	1336,21	1142,86	1155,30
	+3m	0,70	0,71	0,46	0,48	1065,71	1052,03	1328,57	1322,89	1128,57	1143,78
	+6m	0,70	0,71	0,45	0,48	1065,71	1052,03	1328,57	1322,89	1107,14	1143,78
	+12m	0,70	0,71	0,48	0,48	1065,71	1052,03	1328,57	1322,89	1107,14	1143,78

FX Forecast

MEA											
		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
ILS	03-dec	5,62		3,84		132,6		166,7		144,0	
	+1m	5,70	5,62	3,85	3,84	130,9	132,6	165,0	166,7	140,4	144,2
	+3m	5,85	5,62	3,85	3,83	127,5	132,6	158,9	166,8	135,0	144,5
	+6m	5,97	5,62	3,85	3,83	125,0	132,7	155,8	166,8	129,9	144,9
	+12m	5,58	5,63	3,85	3,85	133,6	132,6	166,6	166,7	138,8	145,6
ZAR	03-dec	10,00		6,83		74,6		93,8		81,0	
	+1m	10,33	10,17	6,98	6,87	72,2	73,3	91,0	92,2	77,4	80,6
	+3m	10,79	10,17	7,10	6,94	69,1	73,3	86,2	92,2	73,2	79,8
	+6m	11,16	10,35	7,20	7,06	66,8	72,1	83,3	90,6	69,4	78,7
	+12m	10,44	10,72	7,20	7,33	71,5	69,6	89,1	87,5	74,2	76,5
EGP	03-dec	8,10		5,53		92,1		115,8		100,0	
	+1m	8,42	8,12	5,69	5,54	88,6	91,9	111,6	115,5	95,0	99,9
	+3m	8,63	8,14	5,68	5,55	86,4	91,6	107,7	115,2	91,5	99,8
	+6m	8,77	8,20	5,66	5,59	85,0	91,0	106,0	114,4	88,3	99,4
	+12m	8,15	8,32	5,62	5,69	91,5	89,7	114,1	112,8	95,1	98,5
LATAM											
BRL	03-dec	2,61		1,78		285,3		358,8		309,9	
	+1m	2,74	2,62	1,85	1,79	272,5	284,6	343,3	357,9	292,2	309,5
	+3m	2,89	2,64	1,90	1,80	258,3	282,5	322,0	355,2	273,5	307,7
	+6m	2,95	2,67	1,90	1,82	253,3	279,5	315,8	351,3	263,2	305,2
	+12m	2,76	2,74	1,90	1,87	270,8	272,7	337,6	342,6	281,3	299,3
ARS	03-dec	4,61		3,15		161,9		203,5		175,8	
	+1m	4,71	4,62	3,18	3,15	158,5	161,4	199,7	202,9	170,0	175,5
	+3m	4,89	4,67	3,22	3,18	152,4	159,7	190,0	200,8	161,4	173,9
	+6m	5,04	4,75	3,25	3,24	148,1	157,2	184,6	197,6	153,8	171,6
	+12m	4,79	4,91	3,30	3,36	155,9	151,9	194,4	190,9	162,0	166,8
MXN	03-dec	15,99		10,91		46,64		58,7		50,7	
	+1m	16,28	16,03	11,00	10,94	45,8	46,5	57,7	58,5	49,1	50,6
	+3m	16,87	16,11	11,10	10,98	44,2	46,3	55,1	58,2	46,8	50,4
	+6m	17,21	16,10	11,10	10,98	43,4	46,3	54,1	58,2	45,0	50,6
	+12m	16,10	16,06	11,10	10,98	46,3	46,5	57,8	58,4	48,2	51,0

FX Forecast

EM Asia											
		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
CNY	03-dec	10,85		7,41		68,73		86,4		74,7	
	+1m	10,91	10,76	7,37	7,34	68,4	69,3	86,2	87,1	73,3	75,3
	+3m	11,10	10,59	7,30	7,23	67,2	70,4	83,8	88,5	71,2	76,6
	+6m	11,08	10,33	7,15	7,05	67,3	72,2	83,9	90,7	69,9	78,8
	+12m	10,01	9,86	6,90	6,73	74,6	75,7	93,0	95,1	77,5	83,3
KRW	03-dec	1354		924		0,55		0,69		0,60	
	+1m	1362	1349	920	921	0,55	0,55	0,69	0,69	0,59	0,6
	+3m	1383	1342	910	915	0,54	0,56	0,67	0,70	0,57	0,6
	+6m	1349	1338	870	913	0,55	0,56	0,69	0,70	0,57	0,6
	+12m	1291	1337	890	915	0,58	0,56	0,72	0,70	0,60	0,6
THB	03-dec	45,0		30,7		16,6		20,9		18,0	
	+1m	45,1	45,2	30,5	30,8	16,5	16,5	20,8	20,8	17,7	17,9
	+3m	46,4	45,3	30,5	30,9	16,1	16,5	20,1	20,7	17,0	17,9
	+6m	46,5	45,4	30,0	31,0	16,0	16,4	20,0	20,6	16,7	17,9
	+12m	43,5	45,5	30,0	31,2	17,1	16,4	21,4	20,6	17,8	18,0
SGD	03-dec	2,1		1,45		351		439		381,2	
	+1m	2,14	2,12	1,45	1,45	349	352	440	442	374	382,5
	+3m	2,17	2,11	1,43	1,44	343	353	428	444	363	384,3
	+6m	2,17	2,10	1,40	1,43	344	355	429	446	357	387,3
	+12m	2,00	2,08	1,38	1,42	373	358	465	450	387	393,4
HKD	03-dec	11,4		7,79		65,4		81,8		71,0	
	+1m	11,53	11,40	7,79	7,78	64,7	65,4	81,5	82,2	69,4	71,1
	+3m	11,84	11,38	7,79	7,76	63,0	65,5	78,5	82,4	66,7	71,3
	+6m	12,07	11,36	7,79	7,75	61,8	65,7	77,0	82,6	64,2	71,7
	+12m	11,31	11,31	7,80	7,73	66,0	66,0	82,2	82,9	68,5	72,5

FX Forecast

EM Asia (Cont.)											
		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
MYR	03-dec	4,91		3,36		152		191		165	
	+1m	4,94	4,90	3,34	3,35	151	152	190	191	162	165
	+3m	5,02	4,89	3,30	3,33	149	153	185	192	157	166
	+6m	5,04	4,88	3,25	3,33	148	153	185	192	154	167
	+12m	4,67	4,85	3,22	3,31	160	154	199	193	166	169
PHP	03-dec	62,0		42,3		12,0		15,1		13,1	
	+1m	63,6	62,0	43,0	42,3	11,7	12,0	14,8	15,1	12,6	13,1
	+3m	64,6	62,0	42,5	42,3	11,5	12,0	14,4	15,1	12,2	13,1
	+6m	65,1	61,8	42,0	42,2	11,5	12,1	14,3	15,2	11,9	13,2
	+12m	59,5	61,6	41,0	42,2	12,5	12,1	15,6	15,2	13,0	13,3
IDR	03-dec	13689		9345		0,054		0,069		0,059	
	+1m	13912	13722	9400	9362	0,054	0,054	0,068	0,068	0,058	0,059
	+3m	14136	13762	9300	9385	0,053	0,054	0,066	0,068	0,056	0,059
	+6m	14260	13807	9200	9420	0,052	0,054	0,065	0,068	0,054	0,059
	+12m	13340	13988	9200	9569	0,056	0,053	0,070	0,067	0,058	0,059
INR	03-dec	57,9		39,5		12,9		16,1		14,0	
	+1m	57,7	58,1	39,0	39,6	12,9	12,8	16,3	16,1	13,9	14,0
	+3m	58,8	58,2	38,7	39,7	12,7	12,8	15,8	16,1	13,4	13,9
	+6m	58,9	58,4	38,0	39,9	12,7	12,8	15,8	16,0	13,2	13,9
	+12m	55,1	58,6	38,0	40,1	13,5	12,7	16,9	16,0	14,1	14,0
TWD	03-dec	47,3		32,3		15,8		19,7		17,1	
	+1m	47,4	47,2	32,0	32,2	15,8	15,8	19,8	19,9	16,9	17,2
	+3m	47,1	46,9	31,0	31,9	15,8	15,9	19,7	20,0	16,8	17,3
	+6m	46,5	46,4	30,0	31,7	16,0	16,1	20,0	20,2	16,7	17,5
	+12m	42,1	45,6	29,0	31,2	17,7	16,4	22,1	20,6	18,4	18,0

Monetary Policy Calendar

	Policy Rate (%)	Latest Change	Next Change	Next Meeting
	3. december 2007			
Wider CEE				
PLN	5,00	+ 25 bp (Nov, 2007)	- 25bp (Jan, 2008)	19. december 2007
HUF	7,50	- 25 bp (Sep, 2007)	Unchanged 2008	17. december 2007
CZK	3,50	+ 25 bp (Nov, 2007)	+ 25bp (Q1, 2008)	19. december 2007
SKK	4,25	- 25 bp (Apr, 2007)	Unchanged 2007	18. december 2007
RON	7,50	+ 50 bp (Oct, 2007)	+50 bp (Q1, 2008)	4. januar 2008
TRY	16,25	- 50 bp (Nov, 2007)	-25bp (Q4, 2007)	13. december 2007
MEA				
ILS	4,00	+ 25 bp (Aug, 2007)	Unchanged 2007	24. december 2007
ZAR	10,50	+ 50 bp (Oct, 2007)	+50 bp (Dec, 2007)	6. december 2007
LATAM				
BRL	11,25	- 25 bp (Sep, 2007)	- 25 bp (H2, 2008)	5. december 2007
MXN	7,50	+ 25 bp (Oct, 2007)	Unchanged 2007	7. december 2007
EM Asia				
CNY	7,29	+27 bp (Sep, 2007)	+27 bp (Jan, 2008)	Not announced
KRW	5,00	+25 bp (Aug, 2007)	+25 bp (Q3, 2008)	7. december 2007
THB	3,25	+25 bp (Oct, 2007)	-25 bp (Q1, 2008)	4. december 2007
HKD	6,00	-25 bp (Okt, 2007)	-25 bp (Dec, 2007)	Not announced
MYR	3,50	+ 25 bp (Apr, 2006)	Unchanged	29. januar 2008
PHP	5,50	-25 bp (Nov, 2007)	-25bp (Q1, 2008)	20. december 2007
IDR	8,25	-25 bp (July, 2007)	-25bp (Q1, 2008)	6. december 2007
INR	7,75	+25 bp (Apr, 2007)	Unchanged 2008	Not announced
TWD	3,25	+ 12.5 bp (Mar, 2007)	+25 bp (Jan, 2008)	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

Trading FX, Fixed Income, Danske Markets

Frank Sandbæk Vig,	Chief dealer		+45 45 14 61 20	fsv@danskebank.dk
Thomas Manthorpe,	Senior Dealer		+45 45 14 69 68	tman@danskebank.dk
Markku Anttila	Head of FX Trading		+358 10 513 8705	markku.anttila@sampopankki.fi
Perttu Tuomi	Derivatives Trader		+358 10 513 8738	perttu.tuomi@sampopankki.fi

Danske Bank Poland, Warsaw Treasury Department

Maciej Semeniuk,	Treasurer		+ 48 22 33 77 114	msem@pl.danskebank.com
Katarzyna Sobiecka,	Senior Corporate Dealer		+ 48 22 33 77 113	ksob@pl.danskebank.com

Danske Markets Baltics

Howard Wilkinson,	Head of Baltics & Russian Sales		+ 358 50 374 5559	howard.wilkinson@sampopankki.fi
Martins Strazds,	Head of Danske Markets Latvia		+371 6707 2245	martins.strazds@sampobanka.lv
Karolis Pikunas,	Chief Dealer Lithuania		+ 370 527 87107	karolis.pikunas@sampo.lt
Lauri Palmaru,	Deputy Head Baltics & Russian sales		+372 630 2464	lauri.palmaru@sampo.ee

ZAO Danske Bank Russia, Saint-Petersburg Treasury Department

Antti Urvas ,	Head of Corporate Banking & Treasury		+7 812 441 38 35	antti.urvas@danske-bank.ru
Vladimir Biserov,	Deputy Head of Treasury		+7 812 441 38 20	vladimir.biserov@danske-bank.ru
Darja Kounina,	Treasury Specialist		+7 812 441 38 20	darja.kounina@danske-bank.ru

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First date of publication

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