

FX Crossroads

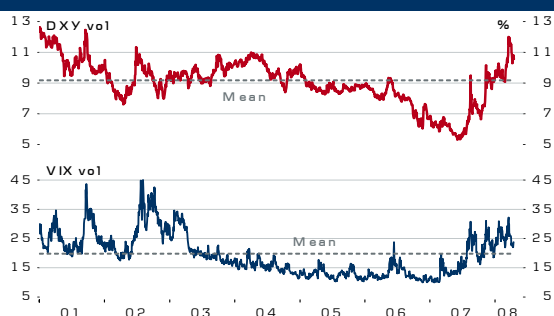
16 April 2008

Looking for relative value in GBP/NZD

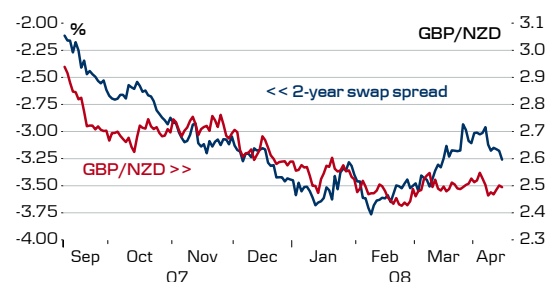
Summary and conclusions

- Despite unprecedented intervention by central banks around the world, financial markets remain under considerable stress. We continue to believe that the fundamental backdrop will lend support to JPY and CHF, just as we prefer currencies that are backed by hawkish central banks (NOK, EUR). Until the US can demonstrate either a clear trough in the economic cycle or a shift in sentiment regarding its financial sector we think the USD will have further to fall.
- EUR/USD has risen to new record highs, but appears to be overshooting fundamentals. Technically, the uptrend is well established, targeting new highs above 1.60, but a break below this week's low at 1.5672 could very well see the beginning of a larger correction below 1.50.
- While the G7 made the first substantial change to the message on currencies since 2004, we consider the risk of intervention as modest.
- In the past seven months, GBP has fallen by 15% against the EUR and 13% vis-à-vis NZD. But the same set of fundamentals that triggered the slide in GBP now seems to threaten a similar decline in NZD. We consider the outlook for GBP/NZD and how to benefit from a rise.
- *FX Crossroads* is published every second Wednesday. The next publication date is 30 April 2008.

USD DXY volatility vs VIX volatility



Relative interest rates support a higher GBP/NZD



G10: The state we're in

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Dual shock still on

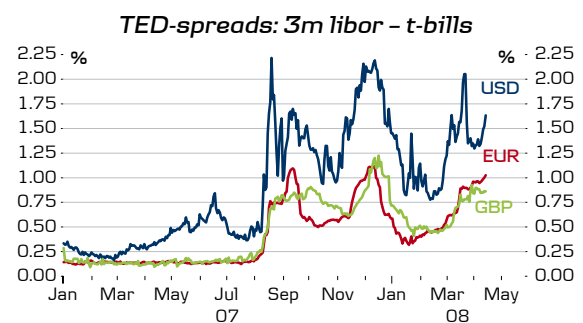
In this article we consider three topics.

- Despite unprecedented intervention by central banks around the world, **financial markets remain under considerable stress**. Even if financial conditions improve from here, negative spill-over effects on the real economy are unavoidable. Hence, we continue to believe that the fundamental backdrop will lend support to JPY and CHF, just as we prefer currencies that are backed by hawkish central banks (NOK, EUR). Despite rising commodity prices, we are increasingly sceptical about the outlook for NZD as the local cycle appears to be turning over. Until the US can demonstrate either a clear trough in the economic cycle or a shift in sentiment as regards its financial sector we think the USD will have further to fall.
- While the **G7** this weekend made the first substantial change to the message on currency markets since 2004, we consider the risk of actual intervention as modest. The decline of the dollar is not disorderly, but mainly driven by a shift in relative business cycles. Until the underlying cycles turn, intervention to buoy the dollar is unlikely to leave a permanent impression. Further, while volatility has increased, there is so far nothing to indicate that FX volatility has risen in excess of changes in other markets, nor are there signs that rising FX volatility has been the source of a general rise in volatility. Finally, G3 intervention will not be seen as credible until the ECB is ready to adopt an easing stance. When that happens, EUR/USD is likely to weaken from clearly overvalued levels, largely pre-empting the need for intervention.
- **Dollar fundamentals** have deteriorated during the past two months. However,

EUR/USD appears to be overshooting fundamentals and the gap between spot and fair value measured by our short-term models is relatively high. Technically, the uptrend is well established, targeting new highs above 1.60, but a break below this week's low at 1.5672 could very well see the beginning of a larger correction below 1.50.

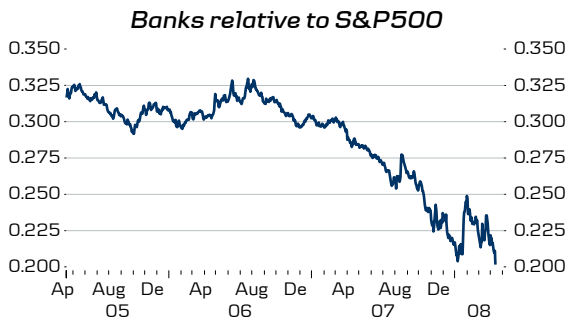
Still no turn in financial markets

Financial markets have been guided by the dual shock of an economic slowdown and a financial crisis since last autumn. So far, there is little to indicate a turn for the better. Despite unprecedented intervention by central banks, money markets remain under considerable pressure. TED spreads – the difference between 3m libor and t-bills – have risen both in the US and in Europe (see chart below) and the standard normalisation after the turn of the quarter has been remarkably absent this time. The squeeze in money markets not only indicates a persistent need for liquidity in the banking sector, but is also suggesting that monetary conditions are either tightening (euro-area) or not easing as much as central bank rate cuts (US, UK) would otherwise indicate.



Source: Ecowin

Further, seeing that this is a financial crisis, we find it hard to believe in a more durable sentiment improvement until bank shares start outperforming the broader indices. As the chart below indicates, the US banking sector relative to S&P 500 has just fallen to a new low.



Source: Ecowin

The IMF has called the US mortgage crisis the “largest financial shock since the Great Depression”. In a remarkably pessimistic edition of its [World Economic Outlook](#) last week it warned explicitly about the mutually reinforcing cycles of a housing downturn and financial deleveraging. Others are more upbeat, expecting the Bear Sterns “rescue package” to mark the peak of the financial crisis. But even if financial conditions do indeed improve from here, negative spill-over effects on the real economy are unavoidable. We continue to believe that the fundamental backdrop will work in favour of former funding currencies such as JPY and CHF, just as we prefer currencies that are backed by hawkish central banks (NOK, EUR). Until the US can demonstrate either a clear trough in the economic cycle or a shift in sentiment as regards its financial sector we think the USD will have further to fall as well.

G7 – change in statement, not in policy

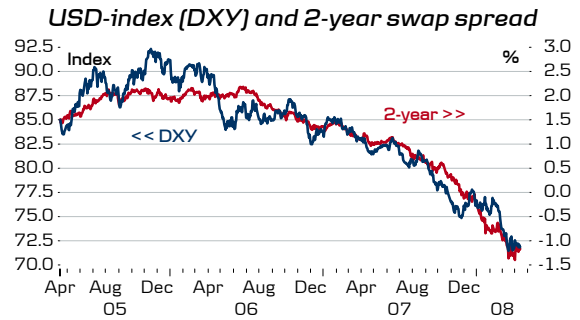
The G7 statement over the weekend presented the first substantial change to the message on currency markets since 2004 (please see [Statement changes, policy doesn't](#), 14 April 2008). In a language similar to the one used after the concerted intervention in September 2000, the G7 stated its “shared interest in a strong and stable international financial system” and raised the level of concern regarding the implications for economic and financial stability from currency volatility.

Conventional wisdom has generally seen the change in the statement as marking a clear step-up in the G7’s take on FX markets, increasing the risk of currency intervention in the weeks ahead. We would agree in principle that a yellow flag has been raised, but we continue to see the risk of actual in-

tervention – all other things being equal – as modest.

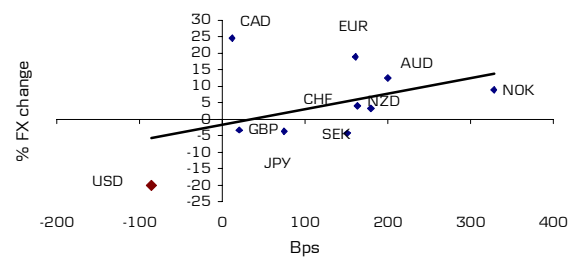
Blame it on the Fed

First, the decline in the dollar seems neither particularly surprising nor disorderly. As the charts below indicate, the dollar has merely reflected the relative movement in interest rates.



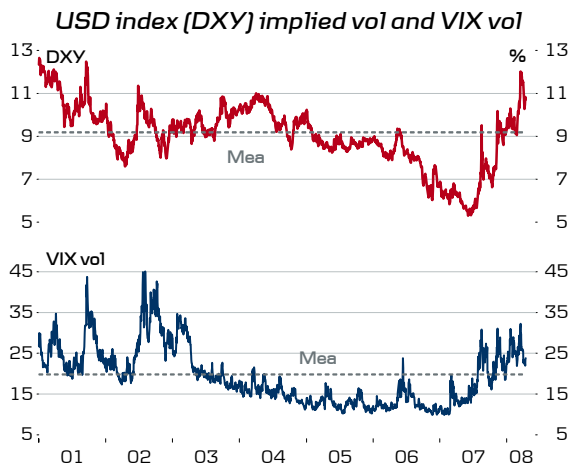
Source: Ecowin

Change in trade-weighted FX rate and in 2-year swap rate, 2006 - 2008



Source: Ecowin, Danske Bank

Second, currency markets do not presently seem excessively volatile. We have argued that as long as currency volatility seems to originate from factors outside FX markets, policy makers may make better use of their efforts by intervening directly at the root of the evil, as is currently the case in money markets (see for instance [Fat lady has yet to sing](#), 1 April 2008). Further, relative to recent history FX volatility does not seem particularly high (DXY implied vol is currently 10.7% against an average of 9.2% since 2001), nor does the rise appear unusual when measured relative to VIX vol (US equity markets), see chart below.

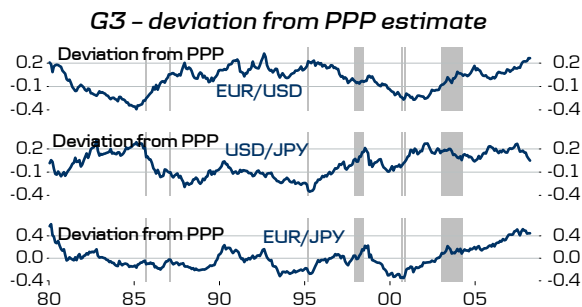


Source: Ecwin, Danske Bank

Third, intervention against current FX trends would also seem to go against the current orientation of G3 monetary policies, seeing that the Fed aims to promote growth and the ECB aims to slow inflation.

ECB is key

That said, by raising the flag on FX markets, G7 policy makers may find it easier to step up the verbal guidance in the coming weeks. We suspect the euro is key in that regard. From a valuation perspective, it is difficult to justify selling the yen against the dollar. At 101, USD/JPY remains slightly above our PPP estimate and the real-effective JPY is close to record lows. In contrast, the euro is at record highs, against the USD and in real effective terms. The chart below shows deviations from our PPP estimates plotted against periods of G3 intervention (concerted or individual). As you can see, intervention tends to come at valuation extremes or at least close to (the exception being Japan's unilateral intervention in 2003 - 2004).



Note: Shaded areas represent G3 intervention

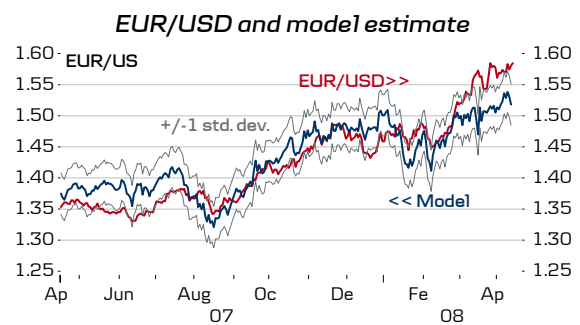
Source: Ecwin, Danske Bank

If our analysis holds, then the ECB holds the key to G3 intervention for now. And as a general rule, intervention is not credible until the central bank's primary concern shifts from inflation to growth. If and when this happens, it is quite likely to trigger a medium-term reappraisal of the euro that should largely pre-empt the need for intervention.

Is EUR/USD too high?

We run a short-term model on EUR/USD, based on input from interest rate markets, stock markets and oil prices. The model estimate presently is 1.52, having risen from 1.41 in February. The +/- 1 standard deviation range is 1.55 - 1.48. The insights we gain from the model are:

- Dollar fundamentals have deteriorated during the past two months. Relative rates and rising oil prices in particular point to a weaker dollar.
- However, EUR/USD appears to be overshooting fundamentals currently and the gap between spot and fair value is relatively high.
- Lower oil prices, a shift in relative rates in favour of the US or a decline in stock prices would all be consistent with a decline in EUR/USD.
- Intervention - see above - must be expected to have a significant impact, at least in the short term.



Source: Ecwin, Danske Bank

Technically, the EUR/USD uptrend is well established and our immediate target is a new high just below 1.62. However, a break below this week's low at 1.5672 would suggest that a significant correction could be on the cards, aiming ultimately for levels around 1.48.

GBP/NZD: Strong medium-term potential

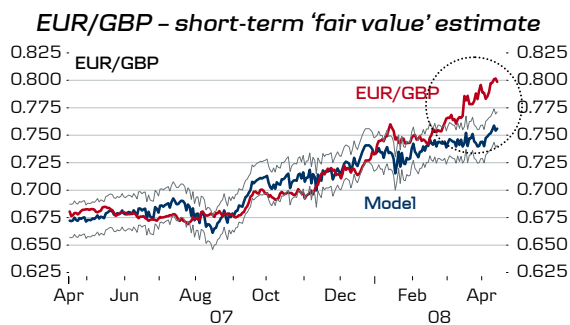
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A relative value trade

While volatility has increased in the FX markets, adding to the uncertainty on our short-term forecasts, we have become increasingly confident in several of our long-term forecasts. More specifically, we have become more confident that GBP is close to a bottom, while NZD could come under heightened pressure. We expect GBP/NZD to rise in the coming year, reaching 2.63 in 3 months and 2.75 in 12 months (forward outright 2.59). However, there is high uncertainty about the timing of a turn in GBP/NZD and we recommend buying GBP only on a break of 2.575.

Re-pricing of GBP

Pound sterling has come under immense pressure since the outbreak of the financial crisis last summer: in the past seven months, GBP has depreciated a stunning 15% vis-à-vis EUR and 13% vis-à-vis NZD. Why has this happened? Well, basically everything has moved against the pound: Relative interest rates, equities (especially financials), the US economy (as measured by US equities), the risk sentiment (as measured by VIX volatility) and a rise in commodity prices (noticeably oil prices).



Source: Reuters Ecowin and Danske Bank

The joint message from short-term drivers is therefore clear: most of the GBP depreciation is justifiable and can be explained. However, the recent rise in EUR/GBP – from 0.75 to 0.80 – seems a bit overdone. This suggests to us that the market is pricing additional downside risks into the British economy. These risks include a UK house market crash, a fallout of the British consumer confidence, and risks to the financial sector.

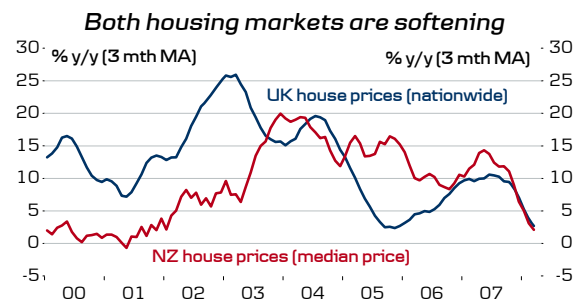
Could NZD be next in line?

As we have argued, we do not find it surprising that GBP has weakened significantly. In fact, we pointed out already last autumn that EUR/GBP could go markedly higher. What we do find surprising though, is that other currencies, which share similar vulnerabilities as GBP have not seen a parallel re-pricing. Most notably the New Zealand dollar, which shares several of the risks that triggered the re-pricing of GBP last autumn: (i) the economy is highly leveraged, (ii) it has a deteriorating housing market, (iii) monetary policy is likely to have peaked, (iv) domestic demand is softening, and (v) the currency looks expensive by long-term valuation yard sticks. In the following we will take a closer look at these individual risk factors.

Weak housing markets

When looking at the UK and New Zealand housing markets, they both appear to be at the beginning of a correction. Moreover, risks are still present for a more severe downturn in both markets.

The UK housing market has been the subject of a vehement debate in recent months. This is with good reason. House prices are at a record-high compared to average earnings and some have argued that the market is heading for a crash. Our model for UK house prices predicts that annual house price inflation will turn negative in June. But demographics and sparse capacity will keep demand up and supply down, hence it is too premature to call a housing crash.



Source: Reuters Ecowin

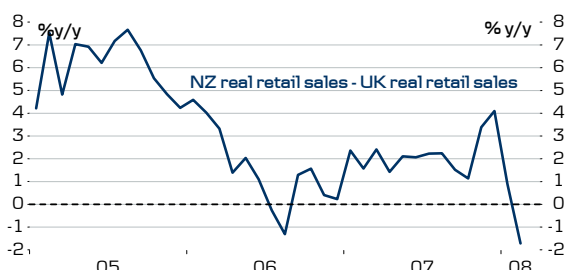
Also the New Zealand housing market has been cooling and prices have been falling on a monthly basis. This confirms a downward trend in house prices. Meanwhile, a tight global credit market is also beginning to affect New Zealand households, as mortgage rates are rising, even as the RBNZ has been on hold. This will only add to the fall in overall housing affordability. Both the UK and New Zealand economies are thus experiencing the effects of a weak housing market.

Domestic demand is moderating

While domestic demand is softening in both the UK and in New Zealand, the consumer looks even more fragile in the latter. Domestic demand has been slowing in the UK, but the downturn in the housing market has not killed off the British consumer. The substantial rise in house prices in this millennium was not fully transformed into immediate consumption and was accumulated instead. Accordingly, the purchasing power is still quite solid. Despite signs of weakening, retail sales have remained strong in 2008 and the average consumer has thereby so far proven more resilient than anticipated.

In contrast to this, the effect from the falling housing market is beginning to show more clearly in private consumption in New Zealand. Retail sales have already lost momentum and fast-falling consumer confidence suggests that private consumption will slow further - even as disposable income receives some support from high wage inflation and expected tax cuts. Considering the relative growth in real retail sales, recent data thus indicates that household consumption is moderating more rapidly in New Zealand than in the UK.

The New Zealand consumer is looking weak



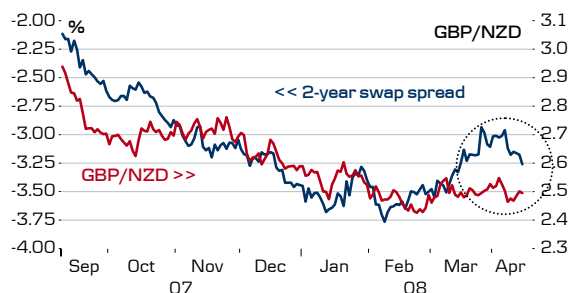
Source: Reuters Ecowin and Danske Bank

Relative monetary policy

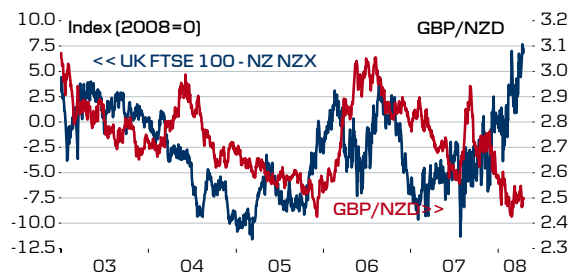
During last autumn, the market began pricing expected interest rate cuts by the BoE, and by De-

cember the BoE lowered the base rate. This marked a cyclical turn in monetary policy and the BoE has lowered interest rates twice since. A similar re-pricing of the central bank was seen in New Zealand last summer, as the market in late July began aggressively pricing in expected interest rate cuts by the RBNZ. However, unlike the BoE, the RBNZ remained on hold and expectations were scaled back. In February this year, however, the market once again began pricing expected rate cuts from the RBNZ. Meanwhile, the pricing of the BoE remained fairly stable and as a result two-year swap spreads have narrowed.

Bond markets are pricing a slowdown in NZ...



...as are the equity markets



Source: Reuters Ecowin

A similar re-pricing of the New Zealand economy can also be seen on the equity markets, while on the FX market, GBP/NZD has remained fairly stable. Based on relative monetary policy and relative performance of the equity markets, GBP thus appears somewhat over-sold compared to NZD.

We expect GBP/NZD to go higher this year

When considering the similarity in several of the economic risks in New Zealand and the UK, one can ask why NZD has not depreciated alongside GBP. However, naturally there are also great differences in the risks faced by GBP and NZD. First of all, the UK economy is much more sensitive to the financial sector and to the US economy than New Zealand. Secondly, NZD has

continued to receive support from a commodity-driven rise in the terms of trade. Going forward, however, we do not expect these factors to continue to weigh as heavily on GBP/NZD.

Strong potential for GBP on the 6-12-month horizon

UK output expectations dropped substantially in 2007, but have made a decent recovery in 2008. Furthermore, order books have remained filled despite expectations to the contrary. This suggests, that production is still sound, thereby continuing to provide a good basis for economic growth.

In the past five years, GBP has been regarded as slightly overvalued against EUR from a PPP perspective. The recent GBP weakening has changed that picture. GBP is now close to meaningfully undervalued against EUR. From relative prices we find that GBP could strengthen 13% vis-à-vis EUR for a return to 'fair value'.

We see at least three things affecting sterling going forward: macroeconomic prospects including the housing market's impact on private consumption, monetary policy affected by rising inflation-tightened credit conditions and the relationship between GBP and other asset classes. Taken together, neither short-term drivers, nor medium-term factors, nor long-term fundamentals suggest a further strong GBP weakening. But due to the negative sentiment surrounding the pound, sterling could remain under pressure and also fall a little further. That said, GBP has strong potential if risk aversion abates due to relatively better fundamentals.

Kiwi to come under pressure

NZD has appreciated strongly in recent years, especially against USD, and as a result, NZD has become close to historically expensive by long-term valuation. This strong performance has been driven by a combination of low global risk aversion, high demand for carry trades, a strong domestic economy, and accelerating commodity prices. It now appears, however, that these support factors have turned, and last summer's 15% drop in NZD/USD in three weeks emphasises just how sensitive NZD is to changes in overall market sentiment.

We have for some time argued that NZD will end the year lower. At the same time we have argued that we would most likely not see a turn in NZD before markets became fully convinced of a peak in monetary policy and before signs of an economic slowdown had

materialised more fully. This is exactly what we have seen in recent months. A downward spiral in the housing market has been confirmed, and both business and consumer confidence is crumbling. Meanwhile the export sector has been hit by both a drought and moderating dairy prices (dairy products make up 23 percent of exports by value).

We thus expect that NZD will continue to be affected by a number of cross-currents, which, however, will be increasingly skewed towards a weaker currency. Domestic demand is slowing, the terms of trade are expected to stabilise, we expect the RBNZ to lower rates by year-end, and we expect that global deleveraging will continue. In addition to this, we believe that markets will be pricing a premium on the risk of a collapse in the housing market triggering a recession.

GBP/NZD to reach 2.75 in 12 months

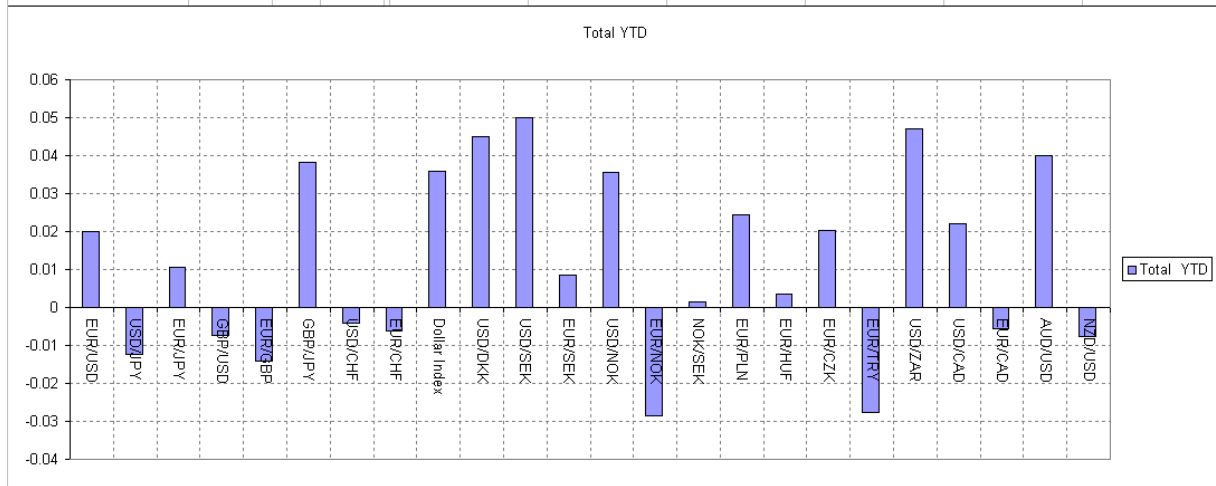
Overall, we expect GBP/NZD to rise in the coming year, reaching 2.63 in 3 months and 2.75 in 12 months, relative to a forward outright of 2.59. Technically, however, the trend has yet to turn in favour of GBP and considering substantial negative carry on the pair we suggest awaiting until the upturn is clearly established.

Trade recommendation:

We recommend buying GBP/NZD spot on a break of 2.575 for a target of 2.65 and with a stop at 2.53.

Trading Points

											16/04/2008	11:20	(CET)		
											Strategy (Short-Medium Term)				
MARKET	LAST	Trend	5DCHG	Strategy	Stop/Entry	1st Target	2nd Target	Stop/Reverse	New Target	Total YTD					
CURRENCIES - Majors															
EUR/USD	1.5890	↘	0.37%	Go Long>	1.5914	1.6134	Go Short<	1.5671	1.5560	1.22%					
USD/JPY	101.40	↕	-0.39%	Go Long>	102.26	103.41	Go Short<	100.31	98.51	-1.23%					
EUR/JPY	161.14	↕	-0.01%	LONG		162.66		159.70	159.20	1.06%					
GBP/USD	1.9729	↘	-0.16%	Go Long>	1.9790	1.9879	Go Short<	1.9595	1.9465	-0.74%					
EUR/GBP	0.8053	↗	0.51%	LONG		0.8112		0.8033	0.8015	-1.42%					
GBP/JPY	200.08	↕	-0.53%	Go Long>	200.78	202.43	Go Short<	198.51	195.56	3.83%					
USD/CHF	1.0000	↘	-0.20%	SHORT		0.9875	0.9786	1.0108	1.0170	-0.42%					
EUR/CHF	1.5892	↘	0.20%	Go Long>	1.5932	1.5976	Go Short<	1.5762	1.5571	-0.61%					
Dollar Index	71.597	↗	-0.003	Go Long>	72.3870	72.959	Go Short<	71.415	70.700	3.59%					
CURRENCIES - Scandies															
USD/DKK	4.6952	↕	-0.37%	Go Long>	4.7610	4.7959	Go Short<	4.6888	4.6210	4.50%					
USD/SEK	5.9100	↕	-0.34%	Go Long>	6.0131	6.1009	Go Short<	5.9167	5.8760	5.01%					
EUR/SEK	9.3915	↕	0.03%	SHORT		9.3595		9.4035	9.4290	0.84%					
USD/NOK	4.9740	↘	-0.68%	Go Long>	5.0758	5.1940	Go Short<	4.9832	4.9290	3.56%					
EUR/NOK	7.9036	↘	-0.33%	Go Long>	7.9675	7.9913	Go Short<	7.9067	7.8734	-2.87%					
NOK/SEK	1.1881	↗	0.35%	Go Long>	1.1911	1.1971	Go Short<	1.1777	1.1725	0.14%					
CURRENCIES - Non Majors															
EUR/PLN	3.4121	↘	-1.23%	Go Long>	3.4467	3.4951	Go Short<	3.4010	3.3590	2.44%					
EUR/HUF	253.27	↘	-0.44%	Go Long>	252.92	255.37	Go Short<	251.03	250.08	0.36%					
EUR/CZK	24.829	↘	-1.19%	Go Long>	24.842	25.036	Go Short<	24.262	23.585	2.04%					
EUR/TRY	2.1079	↗	1.98%	Go Long>	2.0946	2.1770	Go Short<	2.0422	2.0238	-2.77%					
USD/ZAR	7.9772	↗	1.70%	Go Long>	7.9634	8.0454	Go Short<	7.8400	7.7556	4.70%					
USD/CAD	1.0111	↕	-0.72%	Go Long>	1.0275	1.0318	Go Short<	1.0132	1.0091	2.21%					
EUR/CAD	1.6067	↕	-0.34%	Go Long>	1.6257	1.6560	Go Short<	1.5993	1.5916	-0.57%					
AUD/USD	0.9298	↘	0.14%	Go Long>	0.9309	0.9372	Go Short<	0.9178	0.9108	3.99%					
NZD/USD	0.7846	↘	-1.58%	Go Long>	0.7944	0.8111	Go Short<	0.7828	0.7736	-0.76%					



Trading recommendations and G10 central bank overview

Directional trades

	Date	Start	Now	Target	Stop	P/L (incl carry)
Open						
Sell USD/JPY	09/04/08	102.4	101.0	98.0	102.4	1.35
Buy EUR/USD	14/04/08	1.576	1.595	1.60	1.567	1.19
Recently closed						
Buy EUR/GBP	19/03/08	0.78	0.78	0.80	0.775	-0.68
Sell USD/NOK	25/03/08	5.22	5.10	5.1	5.186	2.39
Sell USD/CAD	25/03/08	1.0210	1.021	0.985	1.021	0.01
P/L 2008	4.95%	Open	2.54%	Closed	2.4%	
# of trades *	99	# of trades 2008		14		
- average net gain	0.37%	- average net gain		0.35%		
- batting average	0.52	- batting average		0.50		

* Since 17 November 2005

Central bank overview

Country	Official interest rate	Policy rate	Next decision*	Last change
United States	Federal funds rate	2.25	30 Apr (-50bp)	18 Mar (-75bp)
Euroland	Minimum bid rate	4.00	8 May (unch)	6 June 07 (+25bp)
Japan	Overnight call rate	0.50	30 Apr (unch)	21 Feb 07 (+25bp)
United Kingdom	Base rate	5.00	8 May (-25bp)	10 Apr (-25bp)
Switzerland	3-month Libor	2.75	19 Jun (unch)	13 Sep 07 (+25bp)
Canada	Overnight rate	3.50	22 Apr (-50bp)	4 Mar (-50bp)
Australia	Cash rate	7.25	6 May (unch)	4 Mar (+25bp)
New Zealand	Cash rate	8.25	23 Apr (unch)	25 Jun 07 (+25bp)
Sweden	Repo rate	4.25	23 Apr (unch)	13 Feb (+25bp)
Norway	Sight deposit rate	5.25	23 Apr (unch)	12 Dec 07 (+25bp)

* Expected decision in brackets

G10 central bank forecast overview

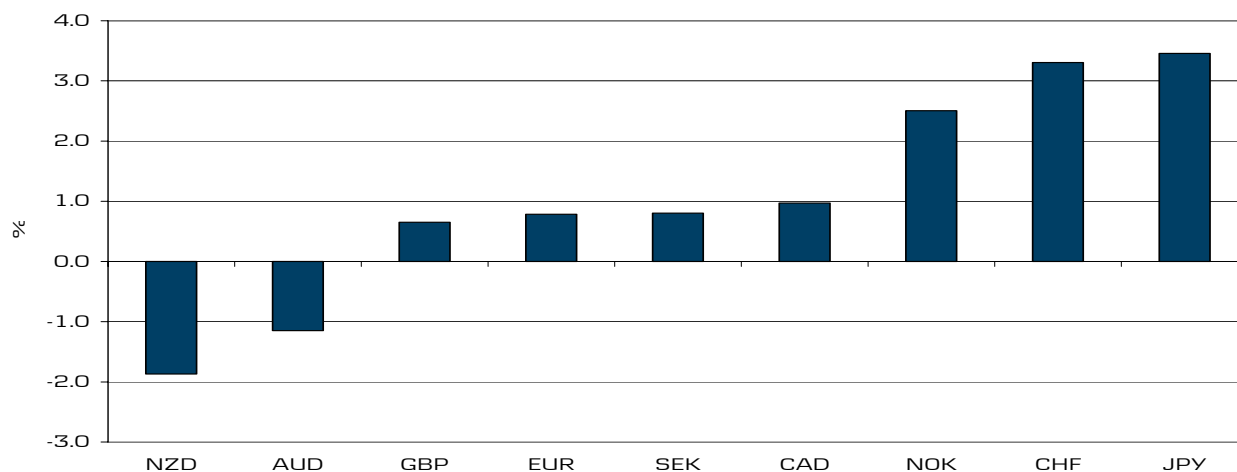
	FED	BOC	ECB	BOE	SNB	RB	NB	BOJ	RBA	RBNZ
Now	2.25	3.50	4.00	5.00	2.75	4.25	5.25	0.50	7.25	8.25
2008 Apr	30-Apr	22-Apr				23-Apr	23-Apr	30-Apr		24-Apr
May			08-May	08-May			28-May	20-May	06-May	
Jun	25-Jun	10-Jun	05-Jun	05-Jun	19-Jun		25-Jun	13-Jun	03-Jun	05-Jun
Jul		15-Jul	03-Jul	10-Jul		03-Jul			01-Jul	24-Jul
Aug	05-Aug		07-Aug	07-Aug			13-Aug		05-Aug	
Sep	16-Sep	03-Sep	04-Sep	04-Sep	18-Sep		24-Sep		02-Sep	11-Sep
Oct	29-Oct	21-Oct	02-Oct	09-Oct			29-Oct		07-Oct	23-Oct
Nov			06-Nov	06-Nov					04-Nov	
Dec	16-Dec	09-Dec	04-Dec	04-Dec	11-Dec		17-Dec		02-Dec	04-Dec
2009 Jan	28-Jan									
Feb									03-Feb	
Mar									03-Mar	
12M	1.50	2.75	3.25	4.25	2.25	3.75	5.50	0.50	7.25	7.75
Rate cut	Rate hike									

Exchange rate forecasts

	Spot	Forecast				Forecast vs forward outright, %			
		+1m	+3m	+6m	+12m	+1m	+3m	+6m	+12m
Exchange rates vs EUR									
USD	1.594	1.59	1.60	1.58	1.50	-0.1	0.8	0.0	-4.2
JPY	161.05	159	155	152	150	-1.0	-2.7	-4.0	-3.4
GBP	0.807	0.810	0.810	0.820	0.780	0.3	0.1	1.2	-4.1
CHF	1.588	1.57	1.54	1.52	1.50	-0.9	-2.5	-3.4	-3.9
DKK	7.46	7.46	7.46	7.46	7.46	0.0	0.0	0.0	0.0
NOK	7.90	7.85	7.80	7.75	7.75	-0.8	-1.7	-2.8	-3.7
SEK	9.40	9.40	9.40	9.35	9.25	0.0	0.0	-0.6	-1.8
PLN	3.42	3.55	3.60	3.60	3.65	3.5	4.8	4.3	4.9
CZK	24.86	25.30	25.50	25.50	25.50	1.8	2.7	2.8	3.0
HUF	254	265	270	275	280	3.9	5.3	6.3	6.2
TRY	2.12	2.20	2.30	2.35	2.35	2.8	5.6	4.9	-1.4
Exchange rates vs USD									
DXY	71.4	71.4	70.5	71.3	73.3	0.0	-1.4	-0.5	1.9
JPY	101.0	100	97	96	100	-0.8	-3.5	-4.0	0.8
GBP	1.98	1.96	1.98	1.93	1.92	-0.4	0.7	-1.1	-0.2
CHF	1.00	0.99	0.96	0.96	1.00	-0.8	-3.3	-3.4	0.3
DKK	4.68	4.69	4.66	4.72	4.97	0.1	-0.8	0.0	4.5
NOK	4.96	4.94	4.88	4.91	5.17	-0.7	-2.5	-2.8	0.7
SEK	5.89	5.91	5.88	5.92	6.17	0.2	-0.8	-0.6	2.6
CAD	1.01	1.01	1.00	1.02	1.02	0.1	-1.0	0.9	0.6
AUD	0.93	0.92	0.91	0.88	0.85	-0.9	-1.1	-3.1	-3.9
NZD	0.79	0.78	0.76	0.74	0.70	-0.4	-1.9	-2.9	-5.3
ZAR	7.99	9.00	9.25	9.50	9.50	11.9	13.5	14.1	9.2
BRL	1.68	1.80	1.85	1.90	1.90	6.3	7.9	8.6	3.8
MXN	10.47	10.75	10.80	10.90	11.00	2.3	2.0	1.8	0.4
CNY	6.99	6.99	6.92	6.77	6.60	0.9	1.9	2.4	4.5

Note: GBP, AUD and NZD are denominated in local currency rather than USD

Expected change in USD vs forwards, 3m



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