

# FX Crossroads

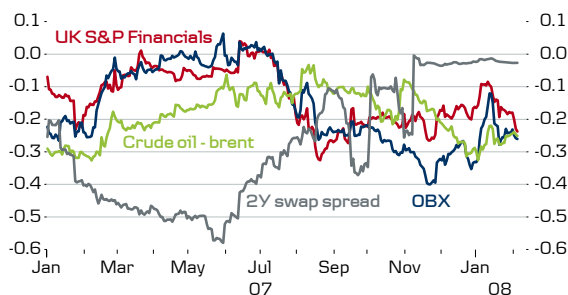
06 February 2008

## On G7, SWFs, GBP/NOK and AUD/NZD

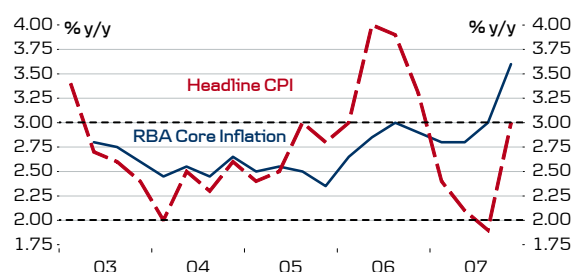
### Summary and conclusions

- We do not expect this week's G7 meeting to result in significant market changes. However, a shift in the stance in the CNY may be forthcoming.
- In the first in a series of articles on **sovereign wealth funds** (SWF) we offer a guide to the size of the funds and to the origination of the assets. Future articles will consider the expected growth of the funds as well as the implications for financial markets.
- **We recommend selling GBP/NOK.** We foresee serious challenges for the UK economy, and expect the BoE to be forced to cut faster than currently anticipated in the markets, on the back of deteriorating domestic conditions and despite inflationary pressures. In contrast, we remain relatively bullish on the Norwegian economy and expect NB will raise rates again during the spring.
- Australia raised rates as expected this week, but the RBA hawkish stance suggests that the peak in the policy cycle has yet to be reached and with it the cyclical turning point for AUD. To benefit from relative AUD strength, **we recommend buying AUD/NZD spot.**
- For our thoughts on the outlook for G10 currencies and financial markets, please see [FX forecast update: It's a L-U-V thing](#).
- *FX Crossroads* is published every second Wednesday. Next publication date is 20 February 2008.

*GBP/NOK driven by equity and oil prices and to a lesser extent relative rates*



*Australian inflationary pressures are profound*



# G7: Is CNY still the biggest problem?

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## G7 meeting in Tokyo this weekend

Finance ministers and central bank governors from the G7 will gather in Tokyo on 9-10 February, the first formal meeting since the gathering in Washington in October. That meeting's conclusion was that despite the ongoing market turmoil, the outlook for the global economy was robust. Regarding the currency markets, the central message was that China had to do more to increase the flexibility of CNY and to allow for a further appreciation of its currency. Going into this weekend's meeting, our thoughts are as follows:

- Policymakers can be expected to take a constructive stance, but a certain lowering of expectations is likely to be visible in the statement. The global economy is now clearly deteriorating and a full year after the sub-prime downgrades began making headlines, the financial crisis is showing no signs of abating.
- Since April 2006, the main line of the G7 on the currency markets has been a call for China to allow for faster currency appreciation and greater flexibility. Since a call for a rise in CNY is also, indirectly, a call for USD to weaken, policymakers may consider whether it is still in their interests to ask for CNY appreciation. USD weakness is increasingly an issue for all USD-peggers, including in particular, the Middle Eastern currencies. Further, in light of the current market turmoil, the US may find it in its interest to welcome as much money from overseas investors as possible. The compromise may be to ask for CNY flexibility rather than "an accelerated appreciation" as was the case in October 2007.
- Since the last meeting, USD/CNY has fallen by 4.3%, EUR/USD has gained 2.1% and EUR/JPY has fallen by 5.4%. The rise in CNY has indeed accelerated, just as the day-to-day variations have increased. More interesting, perhaps, is the fact that both EUR/CNY and EUR/JPY have fallen since

October. This week, German deputy finance minister, Mirow, said that "we do not want the burden of adjustment to be carried only by the euro". Germany and France seem to be in agreement in taking this line, but the facts no longer support it.

- There has been some speculation in the market that the G7 would agree to a coordinated easing of monetary policy. We consider this to be very unlikely, but perhaps one must differentiate between policy easing and liquidity provisioning. Since the last meeting, several central banks have provided liquidity in domestic currencies as well as in USD. These actions have lowered the pressure on money markets at a critical time. The collaboration before the year-end may serve as a template should further actions be required, but a squeeze in the money markets does not seem to be the biggest problem at this point. As for the price of money, the Fed, the BoE and the BoC have already cut rates and are likely to cut rates further. We also expect the ECB to reduce rates this year, but the ECB must be allowed to come around to this decision within its own framework for price stability. Finally, it may not be in the interests of the G7 to ask for the BoJ to cut rates, since such a move may put downward pressure on JPY.
- We continue to feel that concerted currency intervention is unlikely. Despite widespread turmoil in the financial markets, the currency markets are not disorderly and there is no common line on FX rates within the G7 body.
- Other issues on the agenda include fiscal policy coordination, sovereign wealth funds, a report from the Financial Stability Forum on market turbulence and a meeting with China, Russia, Indonesia, Singapore and Thailand.

# Sovereign wealth funds – a primer

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## Introduction

This article is the first in a series of notes that we will publish on sovereign wealth funds (SWFs). In this first edition, we take a look at what defines SWFs, how large they are, and where they are located. In the coming papers, we will then provide a more in-depth analysis and projections on the future development of SWFs. The emphasis in all papers will be on the current and future implications for foreign exchange markets.

## Why look at SWFs?

SWFs have garnered much interest in recent years and are often referred to in the financial markets. That SWFs have become a hot topic is due to one simple fact: they have grown very large and growing aggressively. As we will show in the coming papers, SWFs will outgrow world foreign exchange reserves in a few years, and a large and growing share of global wealth will be held outside private funds. The portfolio choices and cash flows of the SWFs will therefore become increasingly important for the pricing of financial markets in general, and

for currency markets specifically. If you want to understand currencies in the years to come, it is important that you understand the workings of SWFs.

## What is a sovereign wealth fund?

A sovereign wealth fund (SWF) is usually defined as a fund composed of financial assets such as stocks, bonds, property or other financial instruments, and which is owned by a state. Often, there is an additional criterion that funds must be held in foreign-denominated assets. A SWF is therefore very similar to an official foreign exchange reserve, which by definition, however, is not regarded as a SWF. The term SWF is relatively new and has only been around since 2005. Nonetheless, some of the largest SWFs have existed for close to 60 years. So why have the funds not attracted much attention until recently? The answer can be found in the rapid growth that the SWFs have experienced since 2002. To begin with, however, we will take a look at how large the SWFs are and where they are located. Table 1 below shows an estimate of the size of the world's 16 largest SWFs.

**Table 1: Sovereign Wealth Funds**

Country	Name	Assets (USD m)	Inception year	Source of funds
UAE	ADIA (Abu Dhabi Investment Authority)	875,000	1976	Oil
Norway	Government Pension Fund	345,000	1996	Oil
Singapore	GIC	330,000	1981	Non-Commodity
Saudi Arabia	Saudi Arabian funds of various types	300,000	n/a	Oil
Kuwait	Reserve Fund for Future Generation	250,000	1953	Oil
China	CIC (including Hueijin Co)	200,000	2007	Non-Commodity
Korea	KIC (Korean Investment Corporation)	176,000	1974	Non-Commodity
Singapore	Temasek Holdings	159,000	2005	Oil
Russia	Stabilisation Fund	156,249	2000	Oil and Gas
Libya	Oil Reserve Fund	50,000	2000	Oil
Qatar	Qatar Investment Authority	50,000	1976	Oil
Algeria	Fond de regualtion des recettes	38,000	1983	Oil
US (Alaska)	Permanent Reserve Fund	30,000	1993	Non-Commodity
Brunei	Brunei Investment Authority	25,700	2003	Oil
Malaysia	Khazanah Nasional BHD	24,000	2006	Non-Commodity
Kazakhstan	National Fund	21,000	2000	Oil and Gas

Source: Bloomberg, and The Financial Times

## SWFs are booming

The first thing to note with regards to SWF data is that no public information exists covering the balance sheets of all the funds (a notable exception to this is Norway). Most reported data on the total size of these funds are therefore estimates. In table 1, we have reported conservative estimates of the fund sizes.

The *first* thing to note is how large the funds are. These 16 funds' combined assets are valued at more than USD 3 trillion. Is this a lot? Well, it is equivalent to half of the world's total foreign exchange reserves, almost a quarter of US GDP, and an estimated 2% of the value of the world's total traded securities.

The *second* thing to note is that the total SWF assets are restricted to a few funds. The five largest funds hold more than 70% of the total funds, and the Abu Dhabi fund alone holds close to one-third.

The *third* thing to note is that the funds are restricted to a few regions and are mainly located in the Middle East and Asia - with Norway and Russia as the main exceptions. In order to understand why the funds are restricted to these regions, it is necessary to look at the purpose of these funds and the origin of their reserves. This is the focus of the next section.

### What is the source of the SWFs?

In the last column of table 1, we have indicated the main source of funds for the different SWFs. In general, there are two sources of the rapid growth in funding: (i) energy revenues in the Middle East, Norway and Russia, and (ii) large trade surpluses in South East Asia.

The first SWF was formed in Kuwait and was a direct response to the large oil revenues the country was receiving. A large part of these revenues were then saved in order to smooth consumption over time, and thereby also to create an inter-generational redistribution. Other funds followed later, and these were also funded in oil revenues. It was not until the large oil price increases around 2002, however, that these oil-funded SWFs truly accelerated in terms of market value.

Unlike the oil-driven funds of the Middle East, Norway, and Russia, the SWFs of South East Asia have their origin in a global shift in trade flows. The Asian economies, and especially China, have seen booming trade surpluses in recent years. Combined with very low consumption, this has allowed for a high level of savings. These trends in trade flows would normally lead to an appreciative pressure on a country's currency. A large number of the South East Asian countries do not allow their currencies to float freely, however, and instead neutralize such appreciative pressures by interventions in the market in order to maintain currency pegs. These interventions have been extensive and have led the majority of the trade-surplus driven funds to be channelled into official foreign exchange reserves - taking the total world FX reserves above USD 6 trillion. The size of the official FX reserves has, however, reached a size where a further build-up is unnecessary to ensure confidence in the Asian currency regimes, just as the welfare loss from investing passively in money market instruments is being considered. A part of the cash flow is therefore being channelled into the SWFs instead, as a way to ensure a higher return through broader investment mandates.

In summary, two thirds of SWF funding currently stem from current account surpluses due to oil revenues, while the remaining one third originates from trade surpluses in developing Asia due to a boom in exports and manipulations with exchange rates.

### Conclusion

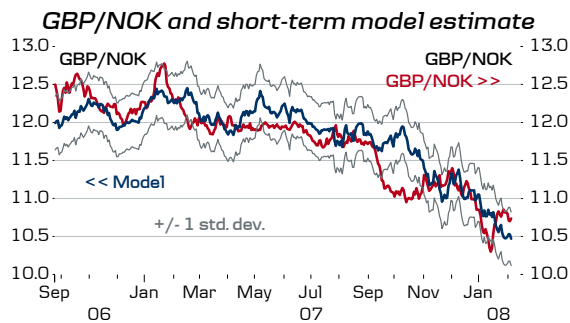
Three factors will be paramount for the future development in SWFs. These are (i) future oil prices, (ii) future Asian current account balances and (iii) the ability of SWF to generate yield on their investments. In our paper to be published in the next edition of *FX Crossroads* we will therefore take a closer look at these sources of funding, with the purpose of projecting the future growth in SWFs, including questions such as: 1) how large a share of the world's total traded securities will be held in SWFs? 2) when will the value of SWFs exceed that of total official FX reserves? 3) And if/when will the Asian SWFs be more important than the oil funds?

# GBP/NOK: Getting the direction right

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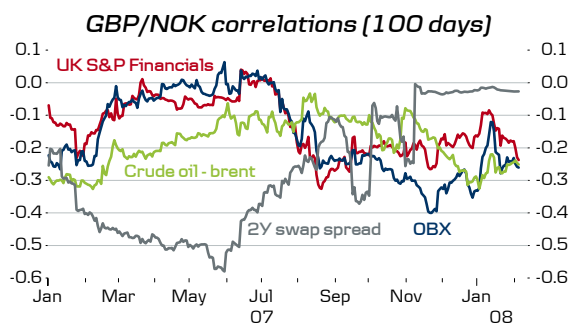
## Sell GBP/NOK, target 10.40

On 5 February, we recommended selling GBP/NOK for a move to 10.40 (please see [Sell GBP/NOK](#)). The main arguments relied on expectations for future monetary policy in the UK and Norway and the trade idea is currently one of the most obvious from our G10 forecasts. Current conditions justify that GBP/NOK should trade closer to 10 than 11 in coming months. Our short-term model suggests that GBP/NOK is fairly valued at 10.50, relative to current spot at 10.78.



Note: Regression based on 2Y swap spread, 10Y yield spread, UK financials and, OBX, oil price and VIX (R2: 0.73)

GBP/NOK has, like most currency pairs, traditionally moved largely in line with changes in relative rates, but the pair has recently been more correlated with movements in equity prices and oil prices. This shift could indicate that the currency pair is increasingly responding to risk aversion and expectations of global growth. If equities rebound strongly, ie, risk appetite returns to the financial markets or oil prices plummet as global demand wanes, GBP/NOK face severe upside risks. This is, however, not our main scenario.



Source: Ecowin

Our simple Taylor rule based on expectations to unemployment relative to structural unemployment and expected inflation relative to central bank targets, suggests that interest rates should be raised in both the UK and Norway, but that the hikes should be more pronounced in Norway. While this exercise makes sense for Norges Bank (NB), the Bank of England (BoE) has other worries at the moment, which make the simple Taylor approach less useful currently. We think the BoE should, and also will, focus on the extent of credit tightening, the effect of credit tightening on investment, household spending and the implications for UK growth of a global slowdown. The BoE will, of course, also have an eye on inflationary pressures, but even though CPI will linger above the target of 2%, the BoE cannot afford to ignore the risks to the real economy.

We therefore foresee serious challenges for the UK economy and expect the BoE to be forced to cut rates faster than currently anticipated in the markets. By contrast, we remain relatively bullish on the Norwegian economy and solid wage growth, high underlying inflation and rising rents make us believe that NB will move to raise rates again during the spring, probably in May.

Major events to watch for from Norway are January's underlying CPI (11 February) that is expected to rise to 2.2% from 1.8% in December, and the annual address from governor Svein Gjedrem on 14 February. We expect both events will support NOK. In the UK, we expect the BoE to lower rates by 25bp at the meeting on 7 February. This is almost a 'done deal' in the market. However, we expect the central bank to deliver a dovish statement and open the window wide for more cuts. UK CPI figures, to be released on 12 February, should not rise too much and will thus shift focus from growth to price stability.

# AUD: Buy AUD/NZD

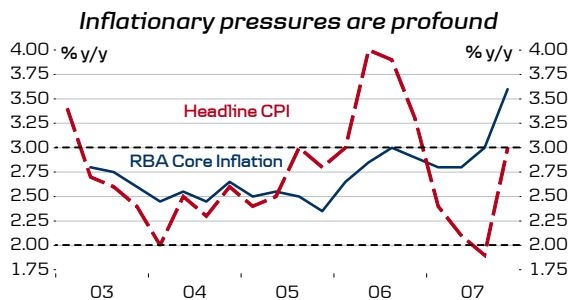
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## RBA is still in a tightening cycle

It has been an eventful two weeks on both the financial markets and the Australian markets. Yesterday the Reserve Bank of Australia (RBA) became the first G10 central bank to hike interest rates since the 75bp cut by Fed. As expected, the RBA increased the overnight cash rate by 25bp to 7.0%. The accompanying press statement was on the hawkish side and indicates that further monetary tightening is in the pipeline.

## Domestic concerns matter most

The RBA has been in somewhat of a dilemma in the past months. On one side, global growth expectations have deteriorated, and financial markets have become distressed. On the other side, domestic activity data have remained buoyant, domestic credit markets have been less affected, and underlying inflation has surprised on the upside. In December these developments lead the RBA to keep rates unchanged in order to buy time, as the RBA was clearly concerned about the domestic implications of global events. These concerns have become less pronounced lately, as indicated by RBA Governor Glenn Stevens in a speech last month. With a large inflation surprise on 23 January, taking underlying inflation to 3.6% y/y, the case was made for a rate hike yesterday.



Source: Ecwin

The accompanying statement was furthermore on the hawkish side, and we read it as an indication that the RBA is not done yet. Further monetary tightening could come as soon as at the March meeting, but we think it is more likely that the RBA

will wait for the Q1 inflation report released in April, and hike rates at the May meeting. Activity data in the coming month will determine this.

## Where does this leave the AUD?

We have been arguing for some time that the AUD will see lower levels by year-end. This argument has been based on the premise that global developments have historically been more important to the AUD than domestic developments. With continued high global risk aversion and further growth deterioration, the AUD should suffer - despite a strong domestic economy. We still believe this argument is valid. However, the AUD has not suffered significantly yet, which is perhaps surprising given the current global market conditions. We have also argued, though, that a correction was not likely until the domestic monetary cycle had peaked. This peak has now been postponed, as the RBA sticks with a tightening bias.

## How to play the AUD

The timing for a cyclical shift in domestic monetary policy is likely to be determined by activity data in the coming months. For now, any call for a turnaround in the AUD could therefore easily turn out to be premature, and the AUD could gain further support, as the markets price in further monetary tightening. AUD/USD could therefore remain in this volatile range trade for some time.

In order to take advantage of domestic strength and the likelihood of further market pricing of the RBA, we recommend buying AUD/NZD. This trade allows for a bet on the AUD, while hedging against further global growth deterioration, as both AUD and NZD tend to react similarly to global shocks. The monetary cycle has furthermore peaked in New Zealand and growth expectations are weakening on signs of further slowdown in the housing sector. Both relative growth and changes in relative interest rates should therefore favour AUD.

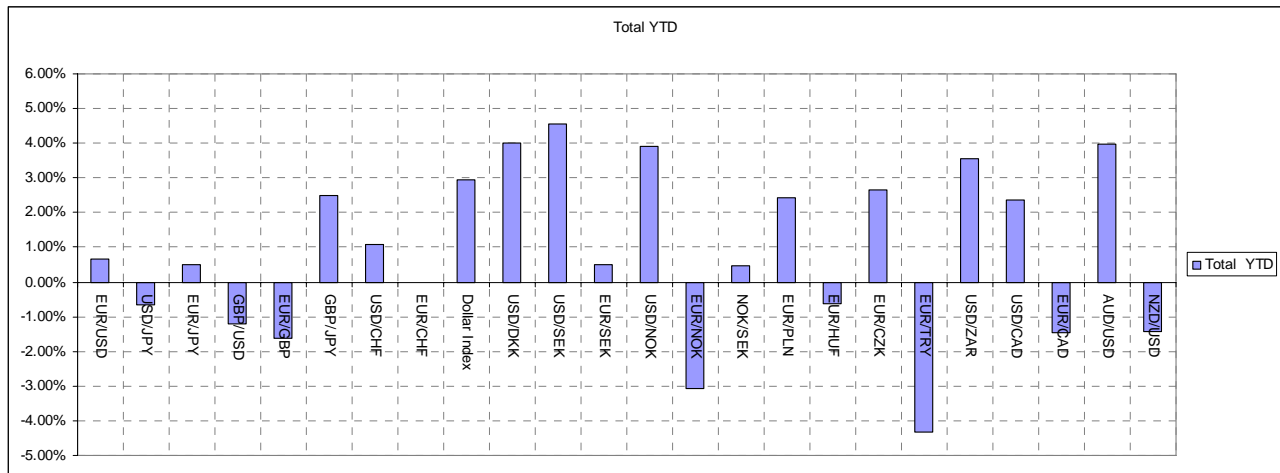
**Trade idea:** Buy AUD/NZD spot (1.1430) with a target of 1.18 and a stop at 1.12.

# Trading Points

06/02/2008

9:27 (CET)

Strategy (Short-Medium Term)										
MARKET	LAST	Trend	5DCHG	Strategy	Stop/Entry	1st Target	2nd Target	Stop/Reverse	New Target	Total YTD
<b>CURRENCIES - Majors</b>										
EUR/USD	1.4607	📉	-1.72%	Go Long>	1.4837	1.4959	Go Short<	1.4623	1.4507	0.66%
USD/JPY	106.41	📈	0.09%	SHORT		104.94		106.85	107.38	-0.65%
EUR/JPY	155.42	📉	-1.61%	SHORT		153.90		156.70	158.12	0.50%
GBP/USD	1.9572	📉	-1.47%	Go Long>	1.9788	1.9888	Go Short<	1.9605	1.9484	-1.21%
EUR/GBP	0.7463	📈	-0.25%	SHORT		0.7428		0.7488	0.7561	-1.61%
GBP/JPY	208.26	📉	-1.36%	SHORT		206.89		209.95	211.14	2.50%
USD/CHF	1.0996	📉	1.50%	SHORT		1.0806		1.1055	1.1162	1.07%
EUR/CHF	1.6062	📉	-0.24%	SHORT		1.5917		1.6136	1.6208	0.00%
Dollar Index	76.267	📈	0.016	Go Long>	76.1980	76.782	Go Short<	75.341	74.482	2.93%
<b>CURRENCIES - Scandies</b>										
USD/DKK	5.1024	📈	1.77%	Go Long>	5.0970	5.1383	Go Short<	5.0244	4.9412	4.01%
USD/SEK	6.4807	📈	2.19%	Go Long>	6.4757	6.5237	Go Short<	6.4090	6.3111	4.56%
EUR/SEK	9.4664	📈	0.43%	LONG		9.5122		9.4426	9.4071	0.50%
USD/NOK	5.5253	📈	2.06%	Go Long>	5.5200	5.5664	Go Short<	5.4000	5.3361	3.91%
EUR/NOK	8.0706	📈	0.31%	Go Long>	8.0912	8.1550	Go Short<	8.0011	7.9320	-3.08%
NOK/SEK	1.1729	📈	0.11%	Go Long>	1.1843	1.1910	Go Short<	1.1679	1.1621	0.46%
<b>CURRENCIES - Non Majors</b>										
EUR/PLN	3.5935	📉	-0.51%	LONG		3.6274		3.5733	3.5521	2.42%
EUR/HUF	261.02	📈	1.09%	LONG		260.50		256.54	255.18	-0.63%
EUR/CZK	25.731	📉	-1.05%	Go Long>	25.760	25.909	Go Short<	25.660	25.326	2.66%
EUR/TRY	1.7378	📈	-0.03%	LONG		1.7468		1.7246	1.7148	-4.32%
USD/ZAR	7.6809	📈	4.31%	Go Long>	7.7031	7.7900	Go Short<	7.4313	7.2531	3.55%
USD/CAD	1.0089	📈	1.58%	Go Long>	1.0087	1.0186	Go Short<	0.9927	0.9785	2.36%
EUR/CAD	1.4736	📉	-0.17%	Go Long>	1.4936	1.5068	Go Short<	1.4653	1.4580	-1.46%
AUD/USD	0.8930	📉	-0.01%	Go Long>	0.9090	0.9147	Go Short<	0.8942	0.8848	3.97%
NZD/USD	0.7806	📉	-0.50%	Go Long>	0.7947	0.8077	Go Short<	0.7784	0.7709	-1.42%



## Trading recommendations and G10 central bank overview

### Directional trades

	Date	Start	Now	Target	Stop	P/L (incl carry)
<b>Open</b>						
Buy AUD/NZD	05/02/08	1.1429	1.14	1.18	1.12	0.01
Sell GBP/NOK	05/02/08	10.6900	10.78	10.40	10.85	-0.80
Sell EUR/JPY	06/02/08	155.8000	155.72	152.00	158.5	0.05
<b>Recently closed</b>						
Sell EUR/JPY	21/01/08	155.2	155.7	152	157.2	-1.30
Sell GBP/NOK	27/12/07	10.90	10.78	10.4	10.65	4.81
Buy EUR/AUD	05/12/07	1.69	1.63	1.735	1.65	-2.32
<b>P/L 2008</b>	<b>0.46%</b>	<b>Open</b>	<b>-0.73%</b>	<b>Closed</b>	<b>1.2%</b>	
<b># of trades *</b>	<b>90</b>	<b># of trades 2008</b>	<b>6</b>			
- average net gain	0.35%	- average net gain	0.08%			
- batting average	0.51	- 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	3.00	18 Mar (-50bp)	30 Jan (-50bp)
Euroland	Minimum bid rate	4.00	7 Feb (unch)	6 June (+25bp)
Japan	Overnight call rate	0.50	15 Feb (unch)	21 Feb (+25bp)
United Kingdom	Base rate	5.50	7 Feb (-25bp)	6 Dec (-25bp)
Switzerland	3-month Libor	2.75	13 Mar (unch)	13 Sep (+25bp)
Canada	Overnight rate	4.00	4 Mar (-25bp)	22 Jan (-25bp)
Australia	Cash rate	7.00	4 Mar (unch)	5 Feb (+25bp)
New Zealand	Cash rate	8.25	5 Mar (unch)	25 Jun (+25bp)
Sweden	Repo rate	4.00	13 Feb (unch)	30 Oct (+25bp)
Norway	Sight deposit rate	5.25	13 Mar (unch)	12 Dec (+25bp)

\* Expected decision in brackets

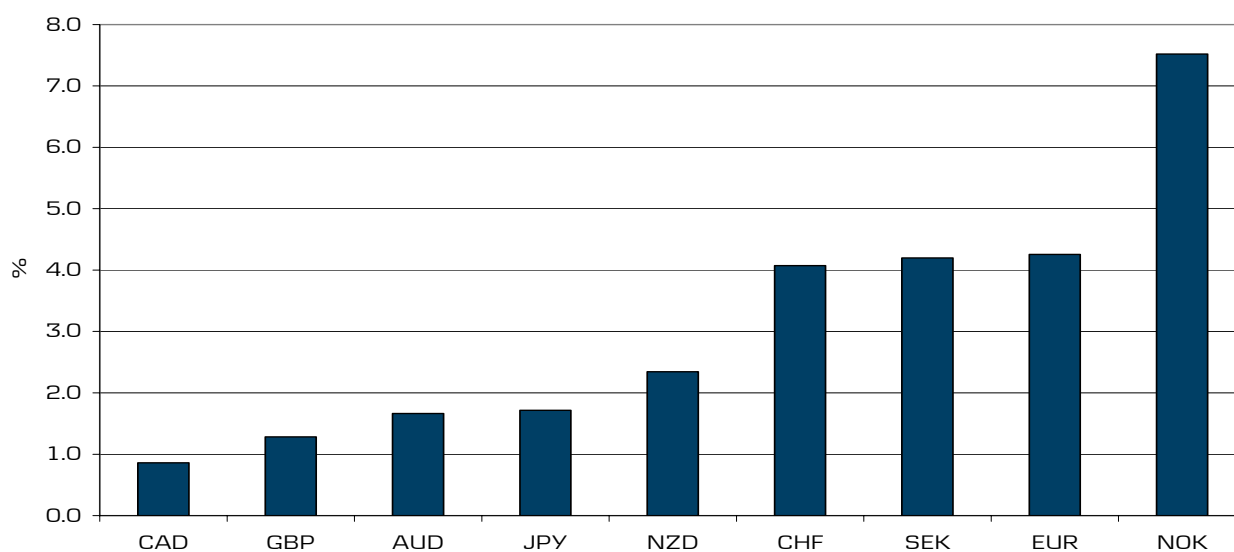
### G10 central bank forecast overview

	FED	BOC	ECB	BOE	SNB	RB	NB	BOJ	RBA	RBNZ
Now	3.00	4.00	4.00	5.50	2.75	4.00	5.25	0.50	7.00	8.25
2008 Feb			07-Feb	07-Feb		13-Feb		15-Feb		
Mar	18-Mar	04-Mar	06-Mar	06-Mar	13-Mar		13-Mar	07-Mar	04-Mar	05-Mar
Apr	30-Apr	22-Apr	10-Apr	10-Apr		23-Apr	23-Apr	9 + 30 Apr	01-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
Year-end	2.00	3.25	3.50	4.50	2.50	3.50	5.50	0.75	7.25	8.00
Rate cut	Rate hike									

## Exchange rate forecasts

	Spot	Forecast				Forecast vs forward outright, %			
		+1m	+3m	+6m	+12m	+1m	+3m	+6m	+12m
<b>Exchange rates vs EUR</b>									
USD	1.463	1.50	1.52	1.50	1.40	2.6	4.2	3.2	-3.0
JPY	155.78	159	158	150	147	2.4	2.3	-2.0	-2.5
GBP	0.746	0.760	0.770	0.780	0.740	1.8	2.9	4.0	-1.9
CHF	1.607	1.60	1.60	1.58	1.57	-0.3	0.0	-0.8	-0.7
DKK	7.45	7.46	7.46	7.46	7.46	0.1	0.1	0.1	0.0
NOK	8.06	7.95	7.80	7.75	7.75	-1.5	-3.5	-4.5	-5.3
SEK	9.46	9.45	9.45	9.35	9.35	-0.1	-0.1	-1.2	-1.4
PLN	3.59	3.60	3.65	3.70	3.70	0.1	1.3	2.3	1.3
CZK	25.73	25.70	25.70	26.00	26.00	-0.1	0.0	1.2	1.2
HUF	261	260	265	270	275	-0.6	0.8	2.0	2.1
TRY	1.74	1.75	1.80	1.90	1.90	-0.1	0.9	3.9	-1.9
<b>Exchange rates vs USD</b>									
DXY	76.3	75.3	74.6	75.8	79.4	-1.4	-2.4	-1.0	3.4
JPY	106.5	106	104	100	105	-0.2	-1.7	-5.0	0.5
GBP	1.96	1.97	1.97	1.92	1.89	0.8	1.2	-0.7	-1.2
CHF	1.10	1.07	1.05	1.05	1.12	-2.8	-4.0	-3.9	2.4
DKK	5.09	4.97	4.91	4.97	5.33	-2.4	-4.0	-3.0	3.2
NOK	5.51	5.30	5.13	5.17	5.54	-3.9	-7.4	-7.5	-2.3
SEK	6.46	6.30	6.22	6.23	6.68	-2.6	-4.1	-4.3	1.8
CAD	1.01	1.00	1.00	1.05	1.08	-0.7	-0.8	3.9	6.4
AUD	0.89	0.90	0.90	0.86	0.82	0.9	1.6	-1.7	-3.7
NZD	0.78	0.79	0.79	0.74	0.70	1.3	2.3	-2.6	-4.8
ZAR	7.64	7.50	7.60	7.80	8.00	-2.4	-2.5	-2.1	-4.2
BRL	1.76	1.73	1.75	1.80	1.80	-2.1	-2.0	-1.1	-5.4
MXN	10.84	11.00	11.00	11.10	10.90	1.2	0.5	0.3	-4.0
CNY	7.19	7.14	7.07	6.90	6.70	0.0	0.6	0.3	1.2

## Expected change in USD vs forwards, 3m



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