Foreign Exchange Outlook

Intensifying central bank intervention, global growth deceleration, heightened European debt market stress, ongoing commodity market adjustments and corrective forces in core emerging-market economies are the primary factors influencing investment flows in global currency markets.

The USD presents a mixed outlook. While it is positioned to gain strength against both the EUR and the JPY, the US currency will gradually weaken against commodity-linked currencies such as the CAD and the AUD and emerging-market favourites such as the MXN and the KRW. The BRL may face headwinds in the coming months.

The EUR will maintain a defensive tone as European leaders struggle to regain global investor confidence. The GBP is well positioned to outperform the EUR while the CHF will remain anchored by official intervention. The RUB and the TRY will remain in stabilization mode in the near term.

The Asian currency environment will remain dominated by developments in China and Japan. The CNY will begin a modest appreciating phase following recent weakness versus the USD, whereas the JPY will face new resistance tests and profit-taking barriers. The INR remains on the defensive.

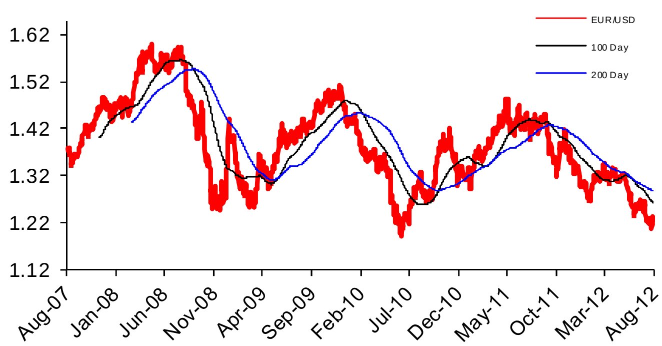
Index

Global Foreign Exchange Outlook

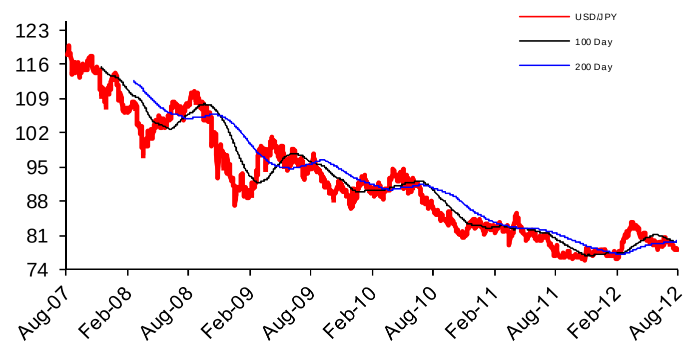
August 1, 2012		Actual	Q1a 12	Q2a 12	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13	Q4 13
Euro	EURUSD	1.23	1.33	1.27	1.20	1.23	1.22	1.22	1.21	1.21
	Consensus*				1.25	1.25	1.25	1.25	1.26	1.26
Yen	USDJPY	78.2	83	80	78	78	84	85	86	87
	Consensus*				80	81	82	82	83	84
Sterling	GBPUSD	1.56	1.60	1.57	1.55	1.59	1.62	1.63	1.64	1.64
	Consensus*				1.56	1.56	1.56	1.56	1.57	1.57
Canadian Dollar	USDCAD	1.00	1.00	1.02	1.02	0.99	0.98	0.97	0.97	0.97
	Consensus*				1.01	1.01	1.00	1.00	1.00	1.01
Australian Dollar	AUDUSD	1.05	1.03	1.02	1.02	1.02	1.04	1.04	1.05	1.05
	Consensus*				0.99	0.99	0.99	1.00	0.99	0.98
Mexican Peso	USDMXN	13.29	12.81	13.36	13.27	13.11	13.20	13.06	13.13	13.33
	Consensus*				13.16	13.03	12.90	12.77	12.88	12.99

Spot Price vs. 100 Day Moving Average vs. 200 Day Moving Average - (5yr Trend)

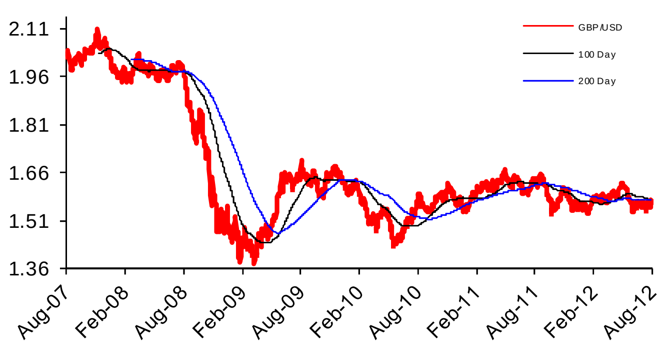
EURUSD



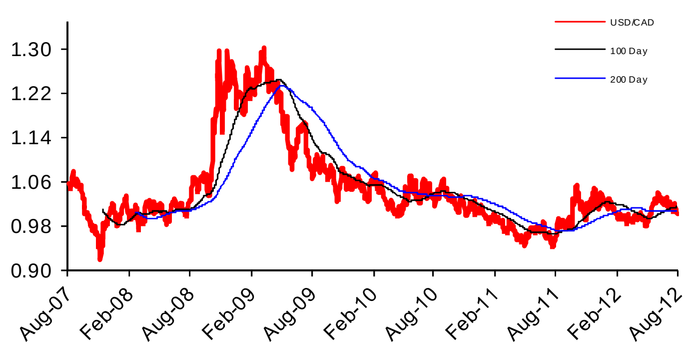
USDJPY



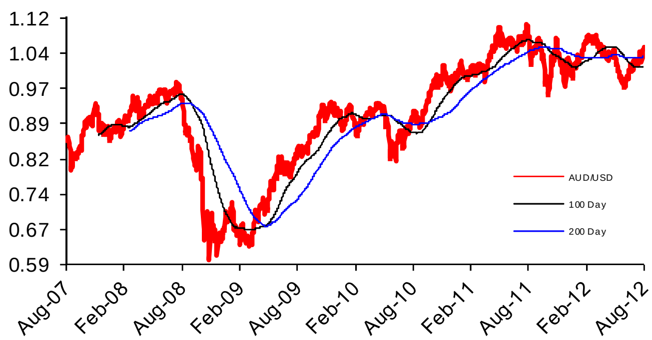
GBPUSD



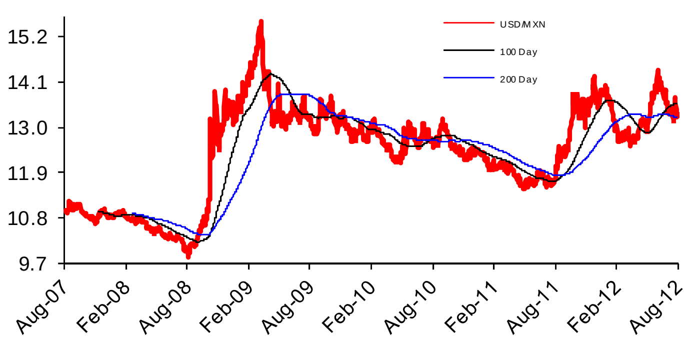
USDCAD



AUDUSD



USDMXN



(*) Source: Consensus Economics Inc. June 2012

Market Tone & Fundamental Focus

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Expectations of further official intervention by major central banks, ongoing evidence of a global economic deceleration, persistent financial market strains in Europe, ambivalent Chinese currency and equity market direction, and ongoing volatility in commodity markets are some of the primary factors shaping capital flows in global foreign exchange markets.

The value of the US dollar (USD), as measured by the trade-weighted DXY index continues to trend lower. The outlook for the USD is mixed; we are of the view that it will strengthen against the euro (EUR) and the Japanese yen (JPY), but that it will weaken versus the Canadian dollar (CAD) and the British Pound (GBP).

The likelihood of intensified intervention by the US Federal Reserve (Fed) in boosting its holdings of US Treasury (UST) debt securities to cement a period of protracted low interest rates is increasing. At present, official statistics indicate that the Fed has US$2.6 trillion in securities holdings on its books. Looking ahead, a renewed softening in economic data (weakening consumer spending, for example) combined with persistently low inflation (the headline rate was 1.7% y/y in June) and persistent employment challenges has opened the door for a further loosening in the Fed's policy. Quantitative easing has contributed to keeping the long-term cost of funds at low levels; indeed, the 10-year UST bond yield traded as low as 1.38% at the end of July.

The market tone in the non-USD North American currencies remains positive. Both the Canadian dollar (CAD) and the Mexican peso (MXN) remain highly sensitive to risk aversion fluctuations; however, as both domestic economies remain relatively resilient, investors see them as favorite choices. For CAD, a hawkish central bank policy, a narrowing spread between Brent and WTI oil prices, supportive investor flows and sentiment are all factors suggesting that it could further strengthen into year-end. The MXN offers a promising outlook on the back of perceived undervaluation, completion of the election cycle, attractive interest rate differentials and an optimistic view on potential structural reforms. The South American currencies also remain in appreciating mode save for the Brazilian real (BRL) which remains in range-trading mode sensitive to decelerating growth prospects and corrective forces in the BRIC economies.

In Europe, sovereign debt sustainability and banking sector systemic risk continue to place the EUR on the defensive. The euro zone growth outlook continues to deteriorate, the European Central Bank (ECB) response has so far proved to be inadequate, and the currency union itself is struggling. We do not foresee an imminent EUR collapse, yet we expect EURUSD to trend gradually lower. Meanwhile, it is highly probable that the ECB will resume a more active bond purchase programme in line with practices observed both in the US and the UK. As for the GBP, the fundamental backdrop has deteriorated with slower growth dynamics and aggressive central bank policy; therefore, GBPUSD has dampened, but we expect the GBP to outperform the EUR. As for the Swiss franc (CHF), we continue to expect the EURCHF 1.20 floor to remain in place. Finally, the outlook for the triple-A rated free-floating European currencies, including the Norwegian krone (NOK) and the Swedish Krone (SEK), is favourable as investors search out intra-European investment alternatives.

The Asian currency outlook is strongly shaped by the value of both the JPY and the Chinese renminbi (CNY). It is worth noting that, despite the still large foreign capital inflows eyeing the Chinese economy and its securities markets, the central bank with its massive international reserves in excess of US$3 trillion can dictate the USDCNY rate. In fact, the CNY has been depreciating versus the USD since early May, in stark contrast to the appreciating tone enjoyed by the JPY. The degree of economic deceleration in China is a key factor swaying financial market sentiment the world over. The authorities have not hesitated to change the course of the CNY to inject currency-linked export competitiveness. The Indian rupee (INR) remains one of the world's worst performing currencies: India's twin-deficit position in the context of still high inflation continues to weigh on the economic and currency outlook. Meanwhile the JPY and other regional higher-yield currencies such as the Australian dollar (AUD) have benefitted considerably from investor appetite over the past few months.

Looking ahead, we are of the view that the JPY will enter a period of consolidation (if not mild retrenchment), that the AUD will maintain a strengthening trend, and that the CNY will resume a gradual, yet softer, appreciating phase. The combination of a narrowing current account surplus in China, a dampening growth outlook, and an escalation of the European sovereign debt crisis have tempered expectations for CNY strength in the near term. The rest of the Asian currencies present a mixed outlook: while the Korean won (KRW) has shown a positive performance, both the Thai baht (THB) and the Taiwanese dollar (TWD) remain strongly influenced by developments in the core Asian currencies such as the CNY and the JPY.

CANADA

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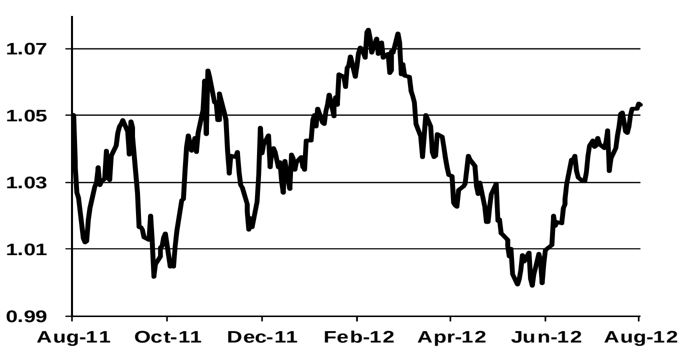
CAD has traded in a relatively narrow 1,251 point spread over the last year. Technicals suggest this range is likely to remain in place; we agree, but suggest the bias is for strength. In isolation the drivers of CAD valuation have weakened: global growth has softened, oil prices are lower, European risks have escalated, major central banks cannot fix all the problems and the market is nervous. This is not typically a supportive environment for a commodity and growth sensitive currency like CAD; however, it is the relative valuation that matters and on this measure the CAD outlook is optimistic. There are two sides to every currency pair, and the USD side is a weak one. The combination of the US fiscal cliff, a challenging political framework and loose, if not loosening, Fed policy creates an environment where the USD should weaken against CAD, outside of temporary spikes in risk aversion. On the Canadian side, the fundamental story is mixed. However, the Bank of Canada (BoC) stands out as the most hawkish of the DM central banks. Nonetheless, the market is instead pricing in a 25% probability of an interest rate cut over the next 9-months; this is likely too aggressive and should provide support for the CAD as it is priced out of the market. On the flow side, Canada is an increasingly rare combination with a solid triple-A rating and a developed bond market. The International Monetary Fund estimates that the supply of safe haven sovereign debt will fall 16% by 2016, while demand is rising. This drives important long-term CAD positive flows. Oil prices have weakened, however, Scotia Economics expect that they remain historically strong, averaging US$90 in 2012 and $95 in 2013 (WTI). In addition it is the spread between where Canada exports and imports that is also important and this is expected to narrow further in both Scotiabank and BoC forecasts; providing support for the Canadian economy and CAD. As for global growth the deterioration has been surprising; however, our base case remains that China should engineer a soft landing helping to offset some of the negatives associated with Europe. The largest risks to our CAD view are a further deterioration in global growth or a sudden spike in risk aversion. The likelihood of both has increased, weighing on, but not yet changing, our bullish CAD case. We hold a Q3 2012 CADUSD forecast of 0.98 and a year-end forecast of 1.01, reflecting a stronger CAD.

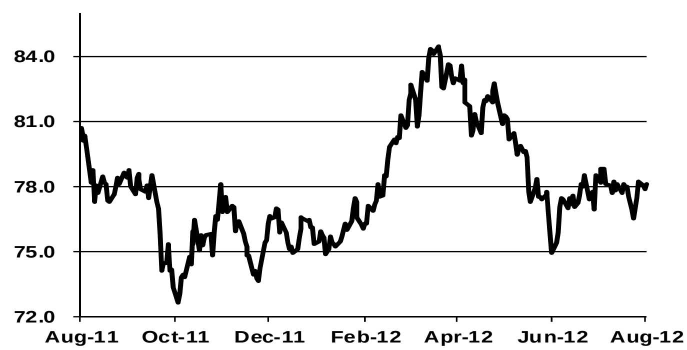
Currency Trends

FX Rate	Going Back			Spot	Outlook			FX Rate
	12 m	6 m	3 m	1-Aug	3 m	6 m	12 m	
AUDCAD	1.05	1.07	1.02	1.053	1.03	1.01	1.01	AUDCAD
CADJPY	80.67	76.31	81.26	78.11	78.78	78.92	82.77	CADJPY
EURCAD	1.36	1.31	1.30	1.232	1.22	1.21	1.18	EURCAD
USDCAD	0.96	1.00	0.99	1.001	1.01	0.99	0.97	USDCAD

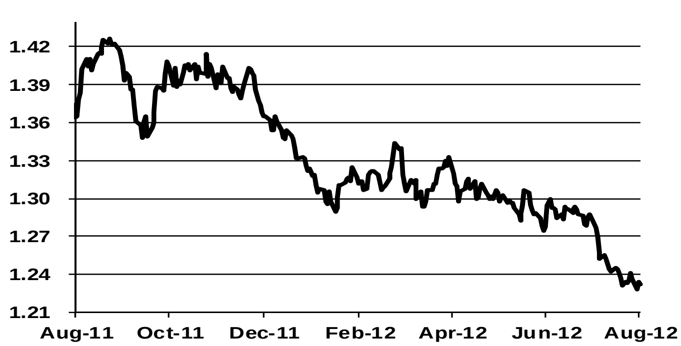
AUDCAD



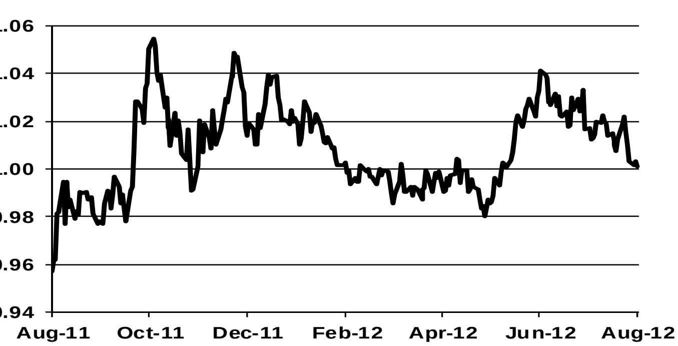
CADJPY



EURCAD



USDCAD



CANADA AND UNITED STATES
Fundamental Commentary

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UNITED STATES - Q2 GDP figures confirm that the US economy has lost momentum. Growth slowed to an annualized rate of 1.5% —in comparison to 2.0% in Q1 and 4.1% in Q4 of 2011— due to softer, though still positive, contributions from consumption and fixed investment. Personal consumption growth slowed from 2.4% in Q1 to 1.5% in Q2, with expenditure on durable goods falling 1%. Retail sales have contracted month-on-month since April, after moderate gains in Q1. Consumers are expected to remain cautious going forward because of the elevated unemployment rate (only 225,000 new jobs were created in Q2), weak income growth and low confidence levels. The decline in gasoline prices provides some offsetting relief for consumers, but prices are trending upwards again, and food prices are set to rise as the drought in the US Midwest takes a toll on harvests. The US corn yield is expected to be down about 20%, denting export revenue and economic growth. In the first half of 2012, business investment was healthy on the back of strong corporate balance sheets, but this too has moderated—down from 7.5% in Q1 to 5.4% in Q2. Some businesses have put investment on hold because of fiscal policy uncertainties and feebleness of the external environment. Industrial production also softened in the second quarter, rising only marginally, despite a robust performance in the auto sector. US economic softness is expected to continue because the main underlying challenges remain at play—weak employment data, household and government deleveraging, the Eurozone crisis and slower growth in emerging markets. On the positive side, the residential housing market is gradually gaining some traction, which is necessary for a broader economic recovery. The US economy is expected to grow by 2.1% in 2012 and 1.9% in 2013.

CANADA - The growth outlook for Canada has been revised down modestly against a backdrop of intensifying global headwinds and slightly less favourable domestic conditions, with Canada now expected to grow 1.9% in 2012 and 1.8% in 2013. Canada has been impacted by the ongoing crisis in the Eurozone, loss of momentum in the U.S. recovery and softer emerging market demand, with negative implications for exports, commodity prices and confidence levels. Retail sales have been relatively flat this year and consumer spending is expected to remain soft because of high household leverage (debt to income ratio of 152) and cooling labour market conditions—the unemployment rate remains at 7.2%, with employment gains stalling in May and June. There are also some early signs of softening in the housing market, reinforced by recent government measures to cool household debt through tighter mortgage and refinancing rules. May GDP figures show the construction sector contracting for the first time since October 2011. With consumer spending and external demand set to remain weak, the Canadian economy will continue to rely on business investment spurred by low interest rates, supportive credit conditions and strong corporate balance sheets. Investment growth is expected to average about 5% in 2012-13, though there is risk that some planned outlays could be postponed due to the uncertainty in the global environment. Strong support to the economy has come from oil and gas extraction (up 10.8% annualized over the past 6 months) and the auto sector (vehicle production is up 20%y/y in the first half of 2012). Higher agricultural prices caused by the drought in the U.S. Midwest, should also benefit Canadian farmers and support export earnings.

MONETARY POLICY COMMENTARY

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UNITED STATES - The FOMC put off deciding on whether or not to add to its quantitative easing until its September meeting, writing in its August statement that "the Committee will closely monitor incoming information on economic and financial developments and will provide additional accommodation as needed." We see a 65% chance of QE in September, with the program taking the form of outright purchases of a mix of treasury securities and mortgage backed securities. Other policies including targeting bank loan growth or extending the Fed's rate guidance past 2014 cannot be ruled out. The logic underlying the Fed's tilt towards incremental easing is: a) the Fed's full employment mandate dictates that it attempt to stimulate growth, b) inflation is controlled with further disinflation likely during Q3, implying that there is no inflation risk to looser monetary policy, c) assets that price inflation expectations including TIPS breakevens are showing low inflation expectations, d) the overall risk trade is pricing in weak economic outcomes.

CANADA - With the BoC not due to make a rate announcement until September 5, global risks and developments in Europe will drive pricing at the front end of the Canada curve. We see decent odds of volatility surrounding fluctuations in CPI and the release of Q2 Canada GDP on August 31 as Canadian GDP could well come in below 2% q/q, fueling speculation that the BoC may ease rates. Our overall bias is to suggest that clients avail themselves of deviations from 'hold' pricing on the Canada curve to articulate a view that the Bank of Canada will keep the overnight rate at 1% through 2014 (we have changed our call in the latest Global Forecast Update to suggest that the BoC will be on hold through Q1 2014 with a risk of longer). With the economy slowing we see limited risk that the BoC will hike rates (moreover low rates in the US handicap Canadian monetary policy flexibility). With respect to rate cuts, we only see the BoC easing monetary policy further in the case of a global liquidity shock emanating from the financial crisis in Europe, by no means our base case or the BoC's.

Foreign Exchange Outlook

EUROPE
Currency Outlook

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EURO ZONE - The intensity of the euro zone has compromised the risk/return; from here it is likely to be volatile. The trend is lower, with 1.1877, the June 2010 low, acting as a magnet; however the market is almost exclusively short (the CFTC reports a net short EUR position of -$23.3 billion as of July 24th), leaving EUR vulnerable to a short squeeze. We do not expect a EUR collapse and hold a year-end forecast of 1.23.

UNITED KINGDOM - The domestic fundamentals have deteriorated, the country's close ties into the euro zone threaten it further and its triple-A rating is under threat. There are increasing calls for aggressive action by the central bank. Technicals suggest GBP is ranging, while the option market has positioned itself increasingly for GBP upside. Sentiment has deteriorated – according to the CFTC, traders now hold a net short -$0.3 billion GBP position. The GBP outlook has weakened but has not broken. We hold a Q312 forecast of 1.55 and a Q4 2012 forecast of 1.59.

SWITZERLAND - The Swiss National Bank (SNB) has intervened heavily in order to enforce its 1.20 EURCHF floor. FX reserves are growing, should the current pace continue, they will be larger than the Swiss economy by year-end; a rare and politically sensitive development. We expect authorities to maintain the floor until there are signs of inflationary pressures. Accordingly, we hold a Q3 2012 target of 1.20.

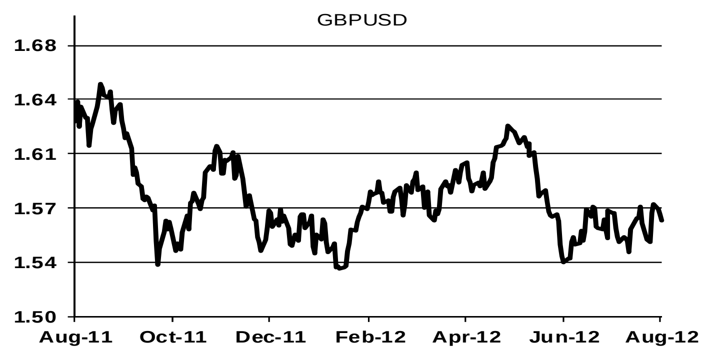
NORWAY - The krone was relatively stable against the USD in July, with some strength into month-end; however NOK rallied close to a 10-year high against EUR. The combination of a strong domestic economy, triple-A rating and significant oil reserves make it a favoured investment home. The central bank sees NOK as a risk; further strength could invoke a stronger monetary response. NOK is expected to outperform with USDNOK closing Q3 2012 at 5.90.

Currency Trends

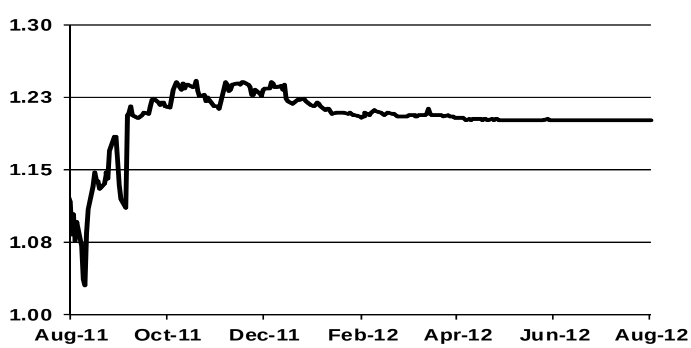
FX Rate	Going Back			Spot	Outlook			FX Rate
	12 m	6 m	3 m	1-Aug	3 m	6 m	12 m	
EURUSD	1.43	1.32	1.32	1.23	1.21	1.23	1.22	EURUSD
GBPUSD	1.63	1.58	1.62	1.56	1.56	1.60	1.63	GBPUSD
EURCHF	1.12	1.20	1.20	1.20	1.20	1.25	1.25	EURCHF
USDNOK	5.38	5.81	5.72	6.01	5.85	5.70	5.47	USDNOK

EURUSD

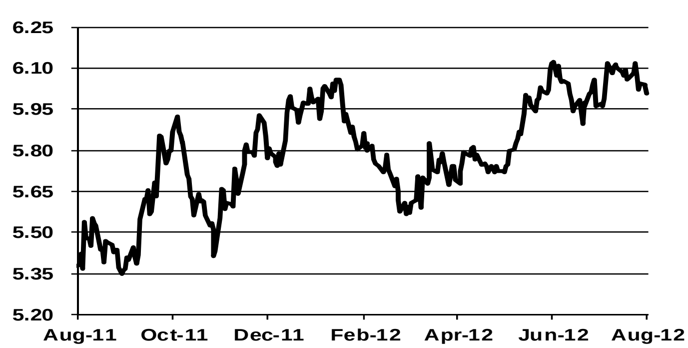
GBPUSD



EURCHF



USDNOK



EUROPE

Fundamental Commentary

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EURO ZONE - After a brief respite following the EU leaders' summit in late June, euro-centred anxieties returned to financial markets by mid-July, driving the euro lower and borrowing costs in the periphery higher. Economic conditions in the currency union also deteriorated over the last month. The manufacturing PMIs sunk further, while unemployment continued its upward march across most of the region, rising to 11.2% on aggregate (though, the jobless rate declined to a new low in Germany in June). Credit growth remains subdued, while inflation is proving stickier than previously anticipated, staying at 2.4% y/y for the third straight month in July. Adding to the deepening macroeconomic pains is the persistent discord among policymakers as to the appropriate solution to the crisis, and an increasing recognition by many governments that fiscal targets will be missed without additional spending cuts. In this light, the prospect of a sustained recovery looks ever more distant, and we have reduced our growth forecast for 2013 to +0.3% from +0.5%, leaving our 2012 expectation at -0.7%. The European Central Bank (ECB) will have little choice but to step in with additional monetary easing. We now anticipate that the refinancing rate will be lowered by another 25 basis points to 0.50%, complemented by unconventional policy tools to support the economy. In addition to ECB action, a number of key policy decisions and meetings are approaching that will shape the future of the currency union, keeping investors on high alert over the coming months.

UNITED KINGDOM - A particularly disappointing second-quarter performance and indications that underlying economic momentum is weaker than previously envisioned have undermined the growth story in the UK considerably. According to the advance estimate, output contracted 0.7% q/q in the three months to June, marking the third quarter of the nation's double-dip recession. The loss is largely attributable to an extra bank holiday in June and inclement weather throughout the period, and a significant rebound is expected for the third quarter on the back of both statistical effects and the Olympics. Nevertheless, the sub-50 PMIs in the manufacturing and construction sectors (and a reading not far from 50 in the services sector), indicate that near-term production prospects are negative. We have lowered our growth forecasts for this year and next to -0.4% and +1.2%, respectively. Moreover, the threat of contagion from the debt and banking crises in the euro zone continues to hang over the UK, with implications of severe financial destabilization, currency depreciation, and a possible credit rating downgrade, if the crisis escalates. In this weak economic and financial market context, and with inflation surprising on the low side for three consecutive months – the headline rate eased from 3.5% y/y in March to 2.4% in June – the Bank of England (BoE) will have a strong case to further enhance its quantitative easing (QE) program, and we expect the total amount of asset purchases to reach GBP 400 billion by November.

SWITZERLAND - The Swiss franc (CHF) retains a very stable trajectory along the level of the minimum exchange rate at 1.20 per euro. Official rhetoric from the Swiss National Bank (SNB) - that the franc remains overvalued and rising foreign exchange reserves pose little threat to the credibility of the foreign exchange policy – continues to suggest that the bank will attempt to raise the floor at some point. However, given the better-than-anticipated performance of the local economy in the first half of the year, in addition to the current weakening trend of the franc against other major currencies (CHF has fallen 7% versus the US dollar over the last three months), we now expect this move to happen in the fourth quarter rather than the third. Industrial production expanded by 1.4% y/y in the first quarter, following two consecutive quarters of contraction, while employment grew 2.0% in the same period (at 2.9% in June, Switzerland's unemployment rate is among the lowest in Europe). Conversely, exports continue to suffer under the strength of the franc and the recession in the euro zone. The trade surplus narrowed in June as exports slid 2.6% y/y, fully erasing the prior month's 1.3% gain. Meanwhile, deflationary pressures remain strong, with the pace of decline in the consumer price index accelerating in June to 1.1% y/y. Mirroring the upward pressure on the franc, the yield on the Swiss government's 10-year bond (already the lowest in the world at 0.43%, roughly 95 basis points below the German yield), continues to trend down as euro fears escalate.

NORWAY - Norway's economic outlook is clouded by the countervailing influences of increased uncertainty with respect to the euro crisis and slowing global growth on the one hand, and stronger-than-anticipated domestic activity on the other. The Norges bank now gauges capacity utilization as slightly above normal, and considers that strong employment and wage growth may push inflation up faster than previously envisioned, in turn requiring an earlier normalization of interest rates. Whereas the bank had previously said that the policy rate would be held constant until sometime next year, the guidance provided in the latest statement shifted in favour of a tightening phase by year-end. Monetary officials seem to be increasingly concerned about overheating in the Norwegian housing market. Annual inflation was steady at 0.5% y/y in June, though the CPI dropped 0.5% in monthly terms on lower commodity prices and krone strength. The krone has been relatively stable since July 10th, when the government forced an end to a 16-day strike by offshore petroleum workers which saw a roughly 13% drop in oil production and another 4% in gas output. Though more strikes may be forthcoming in the industry, petroleum-related investment continues to propel ahead, and we do not anticipate any major dent in overall activity. We continue to expect average growth of 2-2½% in 2012-2013, with the biggest downside risk being fallout from the worsening situation in the euro zone in the form of financial market turmoil and lost exports.

ASIA/OCEANIA
Currency Outlook

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JAPAN - After failing to break 81 in early July, USDJPY has drifted back towards 78 on the back of risk aversion and a shifting yield spread. In tandem, the CFTC reported that traders were rebuilding long yen positions; while technicals suggest a period of stability. We expect that loose monetary policy, a fragile economy and shifting sentiment will support USDJPY (yen weakness) and hold Q3 forecast of 78.

CHINA - Entering August the remnimbi is down 1.4% on a year-to-date, while forwards are pricing in an essentially flat path into year-end. With a narrowing current account surplus and some relief on the political front, most now assume that the CNY is only marginally undervalued. We expect the bias for CNY strength to reassert itself later this year and hold a Q4 2012 forecast of 6.25.

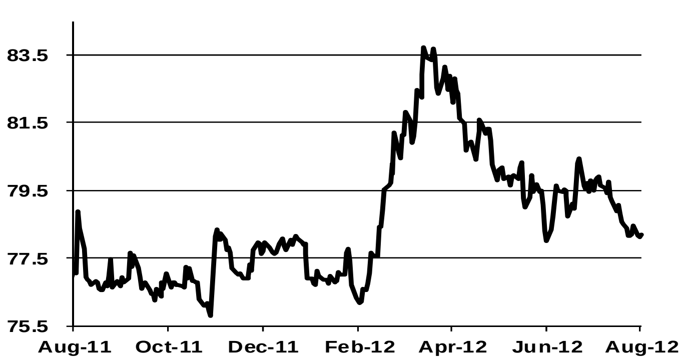
AUSTRALIA - AUD has rallied a full 9% since its year-to-date low of 0.9582 on June 1st. In tandem with this shift, the CFTC reports that the net AUD position has shifted from a net short to a net long of US$2.7 billion (as of July 24th); while the option's market has positioned for AUD upside. The combination of risk aversion, RBA policy and the outlook for China are the most significant near-term drivers for AUD. We expect it to be a relatively volatile ride and hold a Q3 2012 forecast of 1.02.

NEW ZEALAND - A neutral stance at the RBNZ, an increase in risk appetite and improving investor sentiment have supported the NZD rally off its lows. However, the currency remains vulnerable and we favour it less than a currency like AUD. Accordingly, we hold a relatively bearish outlook, expecting it to close the quarter at 0.76.

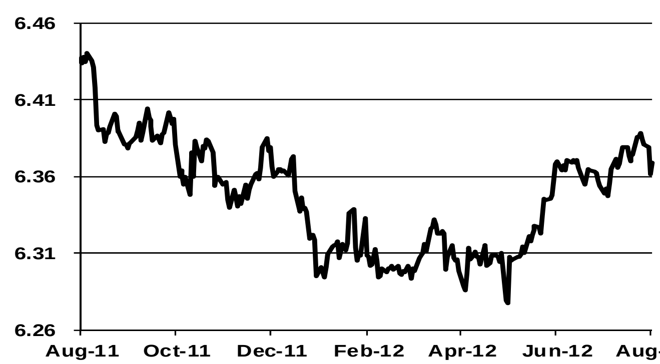
Currency Trends

FX Rate	Going Back			Spot	Outlook			FX Rate
	12 m	6 m	3 m	1-Aug	3 m	6 m	12 m	
USDJPY	77.21	76.20	80.09	78.2	78.00	80.00	85.00	USDJPY
USDCNY	6.43	6.31	6.28	6.37	6.28	6.25	6.18	USDCNY
AUDUSD	1.10	1.07	1.03	1.05	1.02	1.03	1.04	AUDUSD
NZDUSD	0.88	0.83	0.82	0.81	0.76	0.76	0.79	NZDUSD

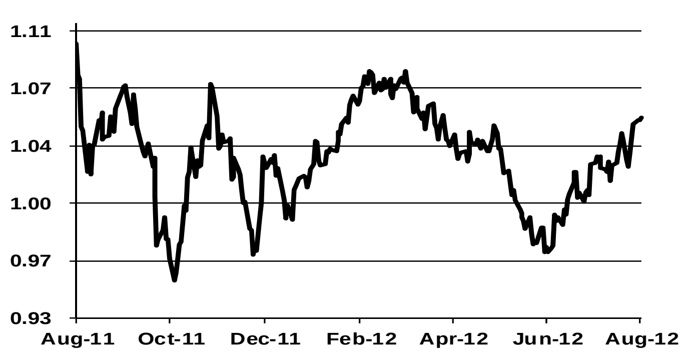
USDJPY



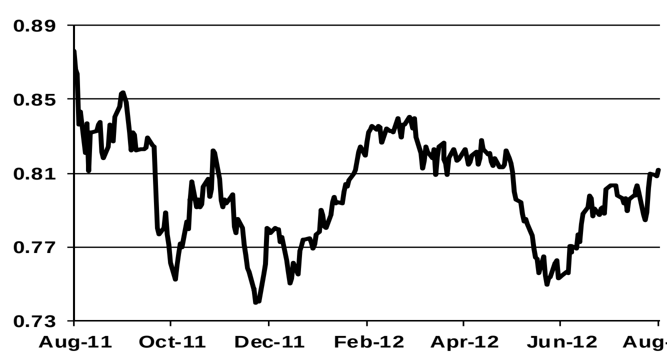
USDCNY



AUDUSD



NZDUSD



ASIA/OCEANIA

Fundamental Commentary

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JAPAN - Japan remains a major economic force, despite its worsening sovereign debt profile and the rise of China in global economic and financial affairs. Proof of this is the sustained strength of the Japanese yen (JPY) in times of global financial stress in contrast with the policy-mandated weakness of the Chinese Renminbi to aid a weakening export sector. The recently unveiled July 2012 report by the Asian Development Bank included an upward revision to Japan's growth forecast for this year to 2.2% and a deceleration to 1.5% in 2013. A decline in the June unemployment rate to 4.3% also was a positive surprise for market participants. The JPY continues to be a preeminent safe-haven asset and a world reserve currency. Nevertheless, the Japanese economy, which has been receiving the impetus from substantial reconstruction efforts, is not immune to the global economic deceleration under way as shown in relatively weaker retail sales and foreign trade data in June. Looking ahead, domestic demand should compensate somewhat for the fragile international trade context. The monetary authorities, sensitive to export sector competitiveness, may opt for another round of currency market intervention to moderate the appreciating trend enjoyed by the JPY, which has traded below the 78 per USD mark over the past few weeks. On the inflation front, Japan has posted two consecutive months of deflation, primarily due to falling commodity prices.

CHINA - The pace of Chinese economic growth remains one of the major factors affecting the global economic and currency environment. Steady signs of economic deceleration have prompted the Chinese authorities (during a political transition year) to find multiple avenues to stimulate growth. We anticipate a 7.8% growth rate for this year with persistent downside risks to our forecast. Nevertheless, it is widely anticipated that fiscal stimulus initiatives will be put in place to accompany the recent measures adopted on the monetary and currency fronts. Inflation is no longer a major issue of investor concern (the headline inflation rate reached 2.2% y/y in June, down from 6.5% y/y a year ago), encouraging the central bank to ease monetary conditions by lowering its reference rate and reducing the reserve requirement on banking sector deposits. Despite the planned leadership succession to be completed by the end of the year, there are currently no signs of deviation from the existing currency regime which allows the central bank, with US$3.1 trillion in international reserves, to dictate the USD/CNY rate at leisure. It is worth highlighting that the recent weakness of the renminbi against the US dollar reflects heightened concerns by the Chinese government regarding the competitiveness of Chinese exports as a result of the euro zone recession and declining activity in most advanced and developing nations.

AUSTRALIA - On the domestic front, the Australian economy has shown some resilience in recent months. Looking forward, growth prospects remain linked to developments in Asian emerging-market growth dynamics and global commodity markets. Building approvals posted an unexpected gain (10.2% on a yearly basis) for a second straight month in June after more than a year of declining activity in the residential construction sector. Business credit has also picked up in the recent months, buoyed by recent interest rate cuts by the central bank and the continued investment drive in the mining sector. Meanwhile, inflation fell again in the three months to June, sliding to 1.2% y/y from 1.6% in the first quarter, and marking the slowest pace since the second quarter of 1999. The core inflation measures moderated slightly, though remain around the 2% lower-bound of the Reserve Bank of Australia's (RBA) target range. Monetary authorities have voiced a greater optimism about the economic outlook in recent weeks, pointing to an apparent stabilization in Chinese growth momentum and a relatively robust domestic labour market, and we have adjusted our view on the RBA accordingly. We now expect only one more quarter-point cut in the policy rate later this year, to bring the cash rate to 3.25%, before the bank switches to a tighter stance around mid-2013. Growth will likely average slightly over 3% in 2012-13, supported by ongoing strength in the resource sector and, potentially, additional fiscal and monetary stimulus measures in China.

NEW ZEALAND - After strong growth of 2.5% y/y in the first quarter (driven mainly by the manufacturing sector), recent key economic indicators suggest that in the second quarter, economic activity moderated somewhat. Australia and China, New Zealand's major trading partners, have confirmed a moderation in growth for the second quarter, while some commodity prices have stabilized in recent months, indicating less promising conditions for the country's economic outlook. At its last monetary announcement in July, the central bank left the official cash rate unchanged at 2.5% on account of a weaker economic profile due to international demand coming from Asia and European concerns and low inflation. With this, the central bank accumulates more than a year and a half of with record-low interest rates. Inflation for the second quarter of the year increased by only 1.0% y/y, the lower end of the central bank's tolerance range and the slowest pace since 2000. Additionally, the non-tradable inflation component increased by 2.4% y/y, the lowest rate in two years. The central bank has signaled that the reconstruction efforts after the earthquake in 2011 will have an impact on the local economy, particularly in the construction sector in the coming quarters; however this effect could be offset by a challenging global environment. We expect the New Zealand economy to expand at an average rate of 2.7% in 2012-2013, one of the lowest rates in the Asia-Pacific region, excluding Japan.

DEVELOPING ASIA

Currency Outlook

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INDIA - Rupee range-trading with a weakening bias was predominantly the case during the month of July, as economic data remained generally unconstructive and overall inflation metrics have not eased as much as the market would have preferred. This continues to shake confidence in INR as the constraint posed by continually high interest rates chokes off growth. Equity flows over the past month have been better, providing marginal support for INR. We target 55.50 by Q4 2012.

KOREA - KRW range traded in July, though saw a bias to depreciate as June's risk-rebound faded. The Bank of Korea's surprise monetary easing shows the concern with which policymakers view the country's economic position as GDP growth in Q2 underperformed consensus expectations and inflation also continues to shown a softening tendency. In this context, KRW would benefit greatly from another round of significant monetary easing from the Federal Reserve. We target 1160 for Q4 2012.

THAILAND - USDTHB briefly reached a new 1-year high in July, though THB has been one of the better performing Asian currencies over the month, and insulated from some of the more intensive selling that hit Asian currencies. Though the Bank of Thailand shifted its tone slightly more dovish in July, it continues to be one of the least dovish Asian central banks, and continues to hold pat on policy. This constitutes a medium term fundamental support for THB. We see USDTHB at 31.00 by Q4.

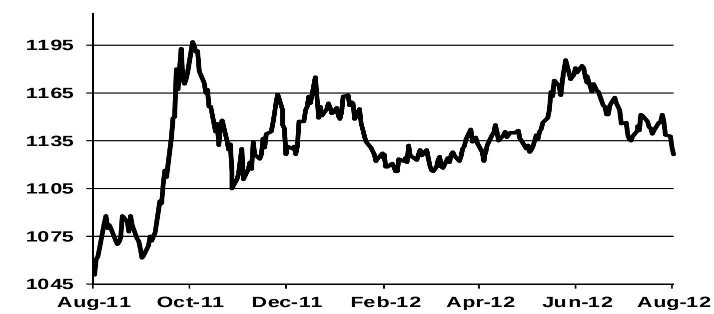
HONG KONG - USDHKD has traded within a relatively narrow range over the past month and remains close to the lower end of its band near 7.75. Upward movement in USDHKD has run into resistance at the 50-day moving average, in a manner similar to that which was seen in June. Going forward, we expect USDHKD to remain close to our Q4 2012 forecast of 7.75.

Currency Trends

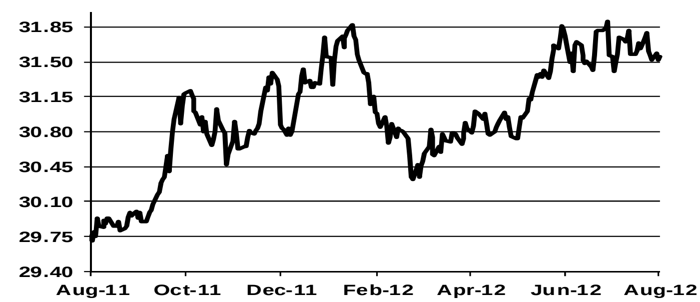
FX Rate	Going Back 12 m	6 m	3 m	Spot 1-Aug	Outlook 3 m	6 m	12 m	FX Rate
USDINR	44.08	49.27	52.74	55.47	55.83	55.42	54.92	USDINR
USDKRW	1051	1126	1132	1127	1167	1157	1133	USDKRW
USDTHB	29.71	30.98	30.73	31.55	31.33	30.92	30.42	USDTHB
USDHKD	7.79	7.76	7.76	7.75	7.75	7.75	7.75	USDHKD

USDINR

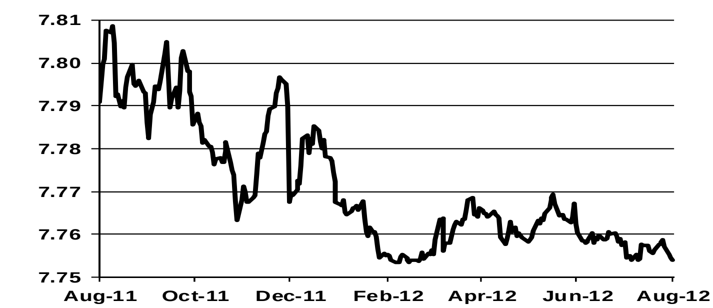
USDKRW



USDTHB



USDHKD



DEVELOPING ASIA
Fundamental Commentary

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INDIA - The Reserve Bank of India (RBI) maintained monetary conditions unchanged when it met on July 31st; keeping the benchmark repurchase rate at 8%. The economy is showing clear signs of deceleration, yet recent official rhetoric stressed that above-target inflation will not be further tolerated. Consumer price inflation reached 10% y/y in June due to pass-through from sustained currency weakness and below-average monsoon activity in the agricultural sector. We estimate that the Indian economy will maintain a 6-6.5% growth rate through the end of 2013. Recent policy measures to allow increased foreign equity investments may be currency supportive from a flow of funds perspective. Indeed, the INR has been under steady sell-off pressure since mid-February. A widening twin (fiscal and current account) deficit position, decelerating economic activity, destabilizing politics and eroding creditworthiness lie at the core of such bearish dynamics. The current account deficit increased to US$78 billion in the 12-month period ending in March 2012. The country's twin-deficit position in the context of still high inflation continues to weigh on the economic and currency outlook. In fact, both Standard and Poor's and Fitch have placed India's long-term foreign-currency "BBB-minus" sovereign credit rating on review for a possible downgrade in the last three months. Deteriorating external finances have increased the need to tap external sources of funding: the State Bank of India issued US$1.25 billion in five-year securities last month.

KOREA - The Korean economy is not immune to the process of global economic deceleration and remains affected by slowing activity in the key developing Asian countries and by ongoing financial market stress associated with the European economic and debt crisis. On the domestic side, employment prospects are improving with an ongoing decline in the unemployment rate projected for this year and next. However, still-high household indebtedness and the persistent housing market correction preclude a major contribution from private consumption this year. Moreover, the external sector in the trade-intensive Korean economy is not helping as decelerating economic activity in Europe, the US and China takes their toll. Despite softening trade activity, South Korea continues to offer a current account surplus as a major fundamental strength. The central bank expects the surplus to widen to US$20 billion in 2012. Overall the economy is decelerating, yet it continues to post attractive rate of economic expansion estimated at 3% and 3.8% for 2012 and 2013, respectively. On the inflation front, the decline in commodity prices is helping to ease price pressures and the Bank of Korea has recently reduced its inflation forecast for the next two years. The headline inflation rate was adjusted downwards to 2.7% y/y and 2.9% y/y for 2012 and 2013, respectively. The monetary authorities have also stressed that higher-than-anticipated increases in public utility rates may pose an upside risk to inflation.

THAILAND - The Thai economic environment retains a promising outlook despite worsening global growth conditions. The decisive government impulse to stimulate economic activity following the devastating floods of the latter part of 2011 is showing positive results. The latest data on manufacturing production, capacity utilization, construction, private and investment consumption and employment point towards a steady recovery phase somewhat tempered by weaker export growth. The government will report second-quarter GDP activity on August 19th, and a major rebound (strongly influenced by a low statistical base and major fiscal stimulus) is amply discounted by global market participants. Nevertheless, Thailand is not immune to the eroding trade dynamics caused by sluggish growth in the US, therecession in Europe and decelerating growth dynamics in both China and (much more evidently) India. The Bank of Thailand (BoT), in an attempt to accompany fiscal stimulus, opted to keep its policy-setting rate unchanged at 3% on July 25th, stressing that inflationary pressures remain hitherto under control; indeed, the headline inflation rate was 2.56% y/y last June. The central bank estimates that the inflation rate will end the year at 2.9%y/y. We expect the Thai economy to expand by an average 4.5% rate in 2012/13, well below the central bank's projection of 5.7% and 5% for 2012 and 2013, respectively. Our growth forecast incorporates a more bearish view for the developing Asian economies over the next 18 months.

HONG KONG - Hong Kong remains influenced by the monetary policy decisions adopted by mainland China. Financial market integration will continue to accelerate between the two jurisdictions, yet the Hong Kong monetary authorities will remain sensitive to adverse developments in the real estate market. Recent policy changes will allow non-resident investors to purchase unlimited offshore Yuan amounts in an attempt to consolidate Hong Kong as a regional hub in international trade and finance. Although monetary authorities have ample foreign exchange reserves (soon to reach US$300 billion) to maintain the existing exchange rate regime, Hong Kong will remain directly influenced by the ongoing liberalization of China's capital account and by a more flexible currency trading environment. The weakening phase affecting the CNY over the past three months is indicative of potential currency vulnerabilities which may affect the outlook for the HKD. As for macroeconomic conditions, Hong Kong's property market remains sensitive to potential price adjustments and lending market activity. The economy will be adversely influenced by lower global trade activity; real GDP will approach a 2.5% growth rate in 2012, down from the 5% recorded in 2011. On a positive note, downward adjustments in property rental costs together with lower commodity (primarily food and energy) prices will help stabilize the headline inflation rate, which should continue to decline gradually from the 6.1% y/y rate recorded in January 2012.

DEVELOPING AMERICAS
Currency Outlook

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BRAZIL - Consistent with the BCB's more bullish recent rhetoric, we look for the Brazilian economy to rebound towards the end of 2012. We expect the improved economic performance to help restore positive sentiment regarding Brazil, as well as the government's willingness to gradually allow BRL to appreciate towards 1.85 during the second half of the year, as concerns over the manufacturing sector's health subside. Near term, we still believe that USDBRL will trade in a broad 1.97 to 2.09 range, with intervention supporting the outer bands of the range.

MEXICO - Flows remain supportive for the Mexican peso (MXN), as export performance, foreign direct investment and portfolio flows have all been resilient to the recent volatility, and accordingly we look for USDMXN to close the year at 13.10. The recent inflation spike could clear out some foreign positions in the CETES market as receiver trades are temporarily cleaned out, but the rationale behind the carry-trade remains firmly supported beyond the temporary inflation scare.

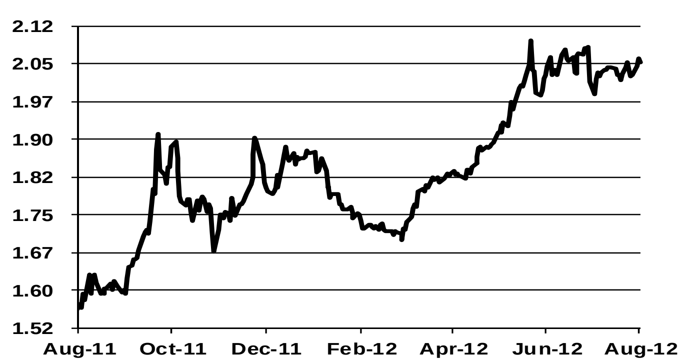
CHILE - With the domestic side of Chile's economy outperforming external demand, foreign trade could be a drag on the Chilean peso over the coming months, but on the other hand the BCCh's hands-off approach to the peso could serve as an offset, leaving the peso trading around the 500 mark. We look for USDCLP to close the year at 498. The central bank of Chile's (BCCh) MPC minutes probably surprised some market participants, as the latest trader survey showed expectations for 50 basis points of rate cuts over the next 6-months, while the tone from the BCCh was quite neutral.

COLOMBIA - Near term, we look for the central bank's surprise rate cut to be a headwind for the peso, reinforced by continued market expectations for additional USD purchases by the central bank. Despite continued calls for central bank intervention from the government, as long as the Colombian peso (COP) remains above 1765 vis-à-vis the US dollar we believe the risk is still low.

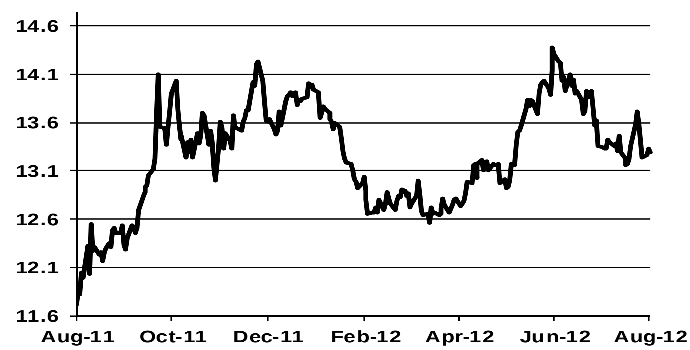
Currency Trends

FX Rate	Going Back			Spot	Outlook			FX Rate
	12 m	6 m	3 m	1-Aug	3 m	6 m	12 m	
USDBRL	1.57	1.73	1.91	2.05	1.96	1.94	1.87	USDBRL
USDMXN	11.72	12.89	12.92	13.29	13.22	13.14	13.08	USDMXN
USDCLP	457	487	485	484	501	499	504	USDCLP
USDCOP	1768	1800	1764	1792	1787	1803	1827	USDCOP

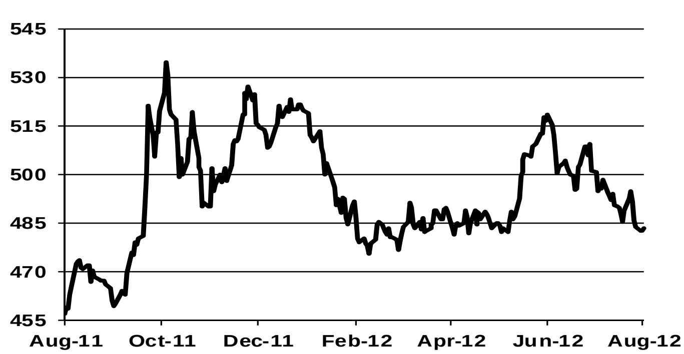
USDBRL



USDMXN



USDCLP



USDCOP

DEVELOPING AMERICAS

Fundamental Commentary

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BRAZIL - Recent indicators suggest that the Brazilian economy continued its slowdown in the second quarter of the year. In May, retail sales posted the biggest monthly fall since 2008, the central bank activity index showed a stagnant performance in the same month and industrial production contracted for a third consecutive month. Although we estimate that consumption and industrial activity could rebound in June-July as a result of government tax breaks, we expect to see a very slow recovery in the coming months. We maintain our view that, by the end of the third quarter, both the loose monetary policy and the fiscal stimulus offered by the government will have a more vibrant impact on the Brazilian economy. Headline annual inflation decelerated below the 5.0% y/y mark in June, its slowest pace since the third quarter of 2010 which, together with the weak sings of economic recovery; opens the door for further monetary easing. We are now expecting the central bank to cut the reference SELIC target rate by 75-100 basis points (bps) by the end of the year. We expect the Brazilian economy to grow by 2.0% in 2012, while the government anticipates a GDP expansion of 2.5%. We believe both the monetary and fiscal authorities will continue to support the Brazilian economy throughout 2012 and will maintain its presence in the foreign exchange market to avoid further strength of the currency. So far, the Brazilian real has lost 8% year-to-data vis-à-vis the USD.

MEXICO - The Mexican peso remains vulnerable to shifts in global risk aversion, particularly those related to the European debt situation, Spanish bank recapitalization, and the US economic moderation. In July, the Mexican peso remained relatively stable compared to the previous two months when it fluctuated in a wide range of more than one -and-a-half pesos. With a stable local economic outlook and investors seeking high-yield investments, foreign flows have been targeting the long end of the Mexican yield curve. The 10-year bond yield remains at record-low levels, lingering around the 5.0% mark in recent weeks. This has been the result of investors moving to or re-entering longer-dated bonds, which has been supportive for the MXN. Nonetheless, the currency recovery continues to lag the rest of the Latin American currencies. In the last 12 months, the MXN has loss 13.5%, the second biggest lost in the region (followed by the Brazilian real); while year-to-date, it has recovered 3.6%, less than half of the gains seen by the COP or CLP. The Mexican economy continues to show solid numbers, therefore we anticipate that the second quarter GDP estimate due out on August 16th, will confirm this strength. As a result of the recent spike in food prices, annual headline inflation increased to 4.3% (above the central bank's tolerance range), while core inflation rose slightly to 3.5%. Although we do not expect any changes in the monetary policy stance, we are revising the year-end inflation forecast from 3.9% to 4.2%.

CHILE - In July, the Chilean peso (CLP) regained almost all value lost in the previous two months against the US dollar, and now USDCLP remains close to the 485 level. Copper prices, a key driver for the currency, continue to stabilize and recover. The Chilean economy maintains a moderate slowdown. In May, economic activity expanded by 5.3% y/y, slightly below the first quarter average of 5.6% but above the 4.8% increase in April. Local consumption has been decelerating but remains strong, while investors' confidence has been hit as uncertainty in Europe rises and the economic moderation in Asia is confirmed. Headline inflation continues to moderate, increasing by only 2.7% y/y in June against and expansion of 3.1% in May, as a result of lower fuel and food prices. However, non-tradable inflation remained more stable, but at higher levels, as a result of tight labour market conditions. So far, inflation readings have been more confusing due to international food prices distortions and the adjustment in oil prices in previous months. Monetary policy has been stable since January, and the latest minutes of the central bank committee highlighted that the global economic environment remains challenging; however, the moderation in the local economy continues to be under the expected by the authorities' base case scenario. We maintain our view that the economy will decelerate further in the second half of the year compared with the first half, as a result of lower commodity prices and slower demand in Asia and the US, which will affect trade.

COLOMBIA - Colombia's relatively high economic growth profile and still wide interest rate differentials continue to be attractive for high-yield seeking investors. So far this year, the Colombian peso (COP) has gained 8.3%, leading the list of top emerging currency performers. Recent economic indicators suggest slower growth in the coming quarters, particularly in the agricultural and industrial sectors. Industrial production fell for the third consecutive month in May; however, the pace of the contraction moderated, while retail sales avoided another decline, growing by less than 1.0% y/y. The slowdown in economic activity in Colombia has been a result of both lower international demand and tighter local monetary policy implemented at the beginning of the year. Additionally, the strength of the COP has affected export competitiveness. After lingering around 3.5% y/y for five months, headline inflation eased in June to 3.2% y/y. In a surprise move, the central bank cut the reference rate by 25 basis points (bps) to 5.0%, arguing that weaker external demand and lower commodity prices – factors are limiting the Colombian economy. Before the announcement, the central bank's survey revealed that the market was already expecting a looser monetary policy stance in the coming months; however, it was less probable that they would act as soon as this last meeting. We now expect at least 50 bps of cuts by the end of the year. Additionally, we maintain our view that authorities will retain an interventionist presence in the foreign exchange market.

Developing Europe/Africa

Currency Outlook

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RUSSIA - The Russian ruble (RUB) is expected to trade around its current range of between 31.5 and 33.5 per US dollar through year-end, barring any shock to commodity prices. We now project an end-year USDRUB rate of around 32.5. Once the volatility in global financial markets subsides appreciably, we look for fundamental factors (e.g., over-reliance on oil exports, hostile business climate) to drive the currency lower against the USD.

TURKEY - The Turkish lira has displayed a notable degree of stability over the last several weeks, fluctuating in a +/-2% range around 1.81 per US dollar. We continue to expect some modest depreciation toward year-end, before the currency embarks on an upward trend in 2013 alongside a gradual increase in interest rates by the central bank. We expect USDTRY to close the year at 1.85.

POLAND – The Polish zloty (PLN) has followed a strengthening path vis-à-vis the euro since early June, largely as a result of the ongoing euro area crisis which has weakened the euro against most currencies. We expect the currency to level off through year-end, closing the year at 4.25 before resuming an appreciation trend in 2013 on the back of sound fundamentals and a gradually improving fiscal profile.

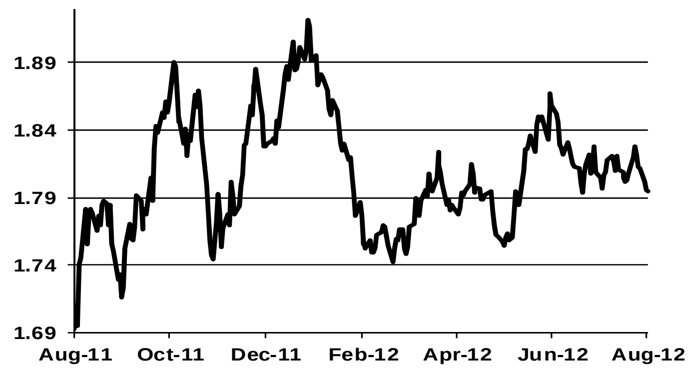
SOUTH AFRICA - The South African rand (ZAR) has oscillated in a broad range between 8.1 and 8.6 per US dollar over the last two months, most recently dropping 4% after the South African Reserve Bank unexpectedly reduced the policy rate by 50 basis points. Given a somewhat weaker than anticipated growth profile and persistent vulnerability to the global risk environment, we now expect a year-end USDZAR rate of 8.30.

Currency Trends

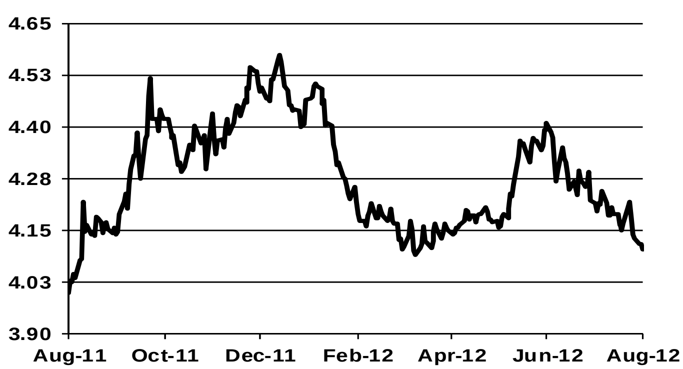
FX Rate	Going Back			Spot	Outlook			FX Rate
	12 m	6 m	3 m	1-Aug	3 m	6 m	12 m	
USDRUB	27.80	30.13	29.35	32.32	32.38	32.58	33.08	USDRUB
USDTRY	1.69	1.76	1.75	1.79	1.83	1.84	1.80	USDTRY
EURPLN	4.00	4.19	4.15	4.11	4.20	4.23	4.10	EURPLN
USDZAR	6.73	7.69	7.74	8.26	8.28	8.31	8.36	USDZAR

USDRUB

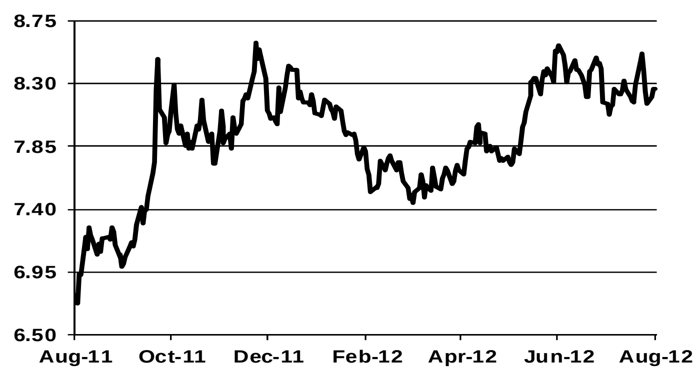
USDTRY



EURPLN



USDZAR



DEVELOPING EUROPE/AFRICA

Fundamental Commentary

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RUSSIA - Notwithstanding Russia's comparatively benign medium-term growth outlook– we expect GDP growth to average 3¾% in 2012-13– we continue to forecast a profile of depreciation for the ruble. The Russian private sector has seen a continual net outflow of capital since the second quarter of 2010, with US $43.4 billion already having left in the first half of 2012, up from $27.1 billion by this time last year. Though the pace of outflows slowed considerably in the three months to June following President Putin's formal return to power, we do not expect a sustained reversal in trend, given the continued uncertainties regarding both external developments (i.e., in the euro area), and the domestic political situation. Signaling an anticipation of further volatility in foreign exchange markets, the Russian central bank widened the band within which the ruble is permitted to fluctuate against a basket of US dollars and euros. According to preliminary figures, output growth slowed to 4.0% y/y in the three months to June from 4.9% in the first quarter. Solid local consumption continues to drive the still strong pace of expansion, underpinned by robust labour market conditions and ample household credit growth, and the central bank estimates that output is currently close to its potential level. Inflation accelerated from 3.6% y/y to 4.3% in June on the back of rising food costs, and will move higher as previously delayed administered price and tariff hikes take effect, with the headline rate likely to top 6% by the end of the year.

TURKEY - The Turkish economy is experiencing a soft landing, with the average pace of growth expected to slow to around 2¾% this year, down from 8.5% in 2011. However, a decent performance in the external sector (exports advanced 13.4% y/y through June, while imports are down 2.1% over the same period), combined with relative lira stability and a less restrictive stance by the central bank, suggests that the slowdown will not be as drastic – or destabilizing - as previously feared. In fact, the planned rebalancing from consumer-driven to external-led growth, to which the central bank has referred to for several months, does seem to be occurring, although at a modest rate. We expect the current account deficit, which eased to US$67 billion in May on a 12-month basis from a record-high $79 billion in October, to reach 8¼% of GDP this year. With this transition proceeding so far smoothly, the vulnerability of the lira to sudden movements in global risk appetite should be reduced, and the capacity of the monetary authorities to respond to any such swings will be enhanced. The central bank has shifted gears in recent months, responding to the deceleration in global and domestic growth, looser monetary policy in many advanced and emerging markets, a moderating current account deficit and slowing inflation (at 8.87% y/y in June) with a more accommodative policy stance after nearly a year of indirect policy tightening. We anticipate that a more conventional normalization phase will be initiated in the first half of 2013.

POLAND - The Polish economy has begun to lose steam, though the nation will fare better relative to most EU and emerging-Europe peers. A 3.5% y/y expansion in the first quarter was led by strong local consumption and investment (infrastructure spending ahead of Euro 2012 provided a significant boost to growth over the last year). Looking ahead however, high inflation and stagnant employment and wage growth will constrict household incomes, while export demand will wane under the weight of the euro zone recession. We expect GDP growth to slow to 2½% this year, down from 4.3% in 2011, before picking up to around 3% in 2013. With both imports and exports decelerating, the current account deficit should be roughly unchanged from last year's level of 4.3% of GDP. The government is aiming to bring the fiscal deficit below 3% of GDP by 2013 (from 5.1% in 2011), though in the current economic/market environment and with mounting opposition to slated structural reforms, this will not be feasible without additional austerity measures. In spite of a quarter-point interest rate hike by the central bank in early May – the sole monetary authority in the EU to have raised rates this year – the zloty weakened considered through the month, losing 5% versus the euro alongside the spike in global risk aversion which saw flows rush out of emerging-markets assets. Though inflation is well above target (at 4.3% y/y in June), significant uncertainties remain and the central bank will likely remain on hold through year-end.

SOUTH AFRICA - Coming under pressure during the latest bout of global risk aversion, and again following a surprise interest rate reduction by the South African Reserve Bank (SARB), the rand (ZAR) has returned to a trading range comparable to its late-2011 lows versus the US dollar. The rand is currently 10% weaker relative to its near-term high against the USD in the beginning of March. Apart from the most significant factors weighing on ZAR – deteriorating investor sentiment on account of the ongoing euro crisis, the general slowing in the global economy and the nation's persistent twin deficit problem – the currency is also encumbered by a more fragile domestic growth outlook. While it appears that the mining sector is finally starting to turn around – output in the sector expanded 0.8% y/y in May, the first positive growth since last June – prospects elsewhere in the economy, including private consumption and manufacturing, have moderated. One offsetting element in the ZAR narrative, according to the SARB, is the recent steady inflow of foreign money into the domestic bond market, partly due to the announcement that South Africa will be included in the Citibank World Government Bond Index (WGBI). Inflationary pressures have eased in recent months, with the annual rate falling to 5.5% y/y in June, a 10-month low and well inside the central bank's 3-6% target range. With inflation likely to pick up again toward year-end, we do not currently anticipate any further monetary easing over the forecast horizon.

GLOBAL CURRENCY FORECAST (end of period)

			2010	2011	2012f	2013f	2012f				2013f			
							Q1a	Q2a	Q3	Q4	Q1	Q2	Q3	Q4
MAJOR CURRENCIES														
	Japan	USDJPY	81	77	78	87	83	80	78	78	84	85	86	87
	Euro zone	EURUSD	1.34	1.30	1.23	1.21	1.33	1.27	1.20	1.23	1.22	1.22	1.21	1.21
		EURJPY	108	100	96	105	111	101	94	96	102	104	104	105
	UK	GBPUSD	1.56	1.55	1.59	1.64	1.60	1.57	1.55	1.59	1.62	1.63	1.64	1.64
		EURGBP	0.86	0.83	0.77	0.74	0.83	0.81	0.77	0.77	0.75	0.75	0.74	0.74
	Switzerland	USDCHF	0.94	0.94	1.02	1.03	0.90	0.95	1.00	1.02	1.02	1.02	1.03	1.03
		EURCHF	1.25	1.22	1.25	1.25	1.20	1.20	1.20	1.25	1.25	1.25	1.25	1.25
AMERICAS														
North	**Canada**	USDCAD	1.00	1.02	0.99	0.97	1.00	1.02	1.02	0.99	0.98	0.97	0.97	0.97
		CADUSD	1.00	0.98	1.01	1.03	1.00	0.98	0.98	1.01	1.02	1.03	1.03	1.03
	Mexico	USDMXN	12.34	13.94	13.11	13.33	12.81	13.36	13.27	13.11	13.20	13.06	13.13	13.33
		CADMXN	12.37	13.65	13.24	13.74	12.83	13.14	13.01	13.24	13.47	13.46	13.54	13.74
South	**Argentina**	USDARS	3.98	4.30	6.00	6.50	4.38	4.53	5.15	6.00	6.13	6.25	6.38	6.50
	Brazil	USDBRL	1.66	1.87	1.95	1.90	1.83	2.01	1.96	1.95	1.92	1.87	1.88	1.90
	Chile	USDCLP	468	520	498	510	488	501	502	498	500	503	506	510
	Colombia	USDCOP	1908	1939	1800	1850	1789	1784	1780	1800	1810	1820	1840	1850
	Peru	USDPEN	2.81	2.70	2.61	2.55	2.67	2.67	2.65	2.61	2.62	2.58	2.58	2.55
	Venezuela	USDVEF	4.29	4.29	5.15	5.15	4.29	4.29	4.64	5.15	5.15	5.15	5.15	5.15
ASIA / OCEANIA														
	Australia	AUDUSD	1.02	1.02	1.02	1.05	1.03	1.02	1.02	1.02	1.04	1.04	1.05	1.05
	China	USDCNY	6.61	6.30	6.25	6.10	6.30	6.35	6.30	6.25	6.25	6.20	6.15	6.10
	Hong Kong	USDHKD	7.77	7.77	7.75	7.75	7.77	7.76	7.75	7.75	7.75	7.75	7.75	7.75
	India	USDINR	44.7	53.1	55.5	54.3	50.9	55.6	56.0	55.5	55.3	55.0	54.8	54.3
	Indonesia	USDIDR	8996	9069	9400	9200	9146	9433	9500	9400	9350	9325	9250	9200
	Malaysia	USDMYR	3.06	3.17	3.10	3.02	3.06	3.18	3.11	3.10	3.07	3.06	3.04	3.02
	New Zealand	NZDUSD	0.78	0.78	0.76	0.82	0.82	0.80	0.76	0.76	0.77	0.78	0.80	0.82
	Philippines	USDPHP	43.8	43.8	42.5	41.5	42.9	42.1	43.0	42.5	42.3	42.0	41.8	41.5
	Singapore	USDSGD	1.28	1.30	1.25	1.21	1.26	1.27	1.25	1.25	1.25	1.24	1.23	1.21
	South Korea	USDKRW	1126	1152	1160	1110	1133	1145	1170	1160	1150	1138	1125	1110
	Thailand	USDTHB	30.1	31.6	31.0	30.0	30.8	31.6	31.5	31.0	30.8	30.5	30.3	30.0
	Taiwan	USDTWD	29.3	30.3	29.5	29.0	29.5	29.9	29.8	29.5	29.4	29.3	29.1	29.0
EUROPE / AFRICA														
	Czech Rep.	EURCZK	25.0	25.6	24.8	24.2	24.8	25.5	25.1	24.8	24.7	24.5	24.4	24.2
	Iceland	USDISK	115	123	118	116	127	125	120	118	118	117	117	116
	Hungary	EURHUF	279	315	295	285	294	286	287	295	293	290	288	285
	Norway	USDNOK	5.82	5.98	5.75	5.30	5.69	5.96	5.90	5.75	5.60	5.50	5.40	5.30
	Poland	EURPLN	3.96	4.47	4.25	4.00	4.15	4.22	4.17	4.25	4.19	4.13	4.06	4.00
	Russia	USDRUB	30.54	32.1	32.5	33.5	29.3	32.4	32.3	32.5	32.8	33.0	33.3	33.5
	South Africa	USDZAR	6.63	8.09	8.30	8.40	7.67	8.16	8.28	8.30	8.33	8.35	8.38	8.40
	Sweden	EURSEK	8.99	8.92	8.50	8.35	8.83	8.77	8.60	8.50	8.50	8.45	8.40	8.35
	Turkey	USDTRY	1.54	1.89	1.85	1.76	1.78	1.81	1.82	1.85	1.83	1.81	1.78	1.76

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