

FX Forecast Update

January 2012: Euro pain – Stocky gain

Arne Lohmann Rasmussen

Chief Analyst, Head of Rates, FX and Commodities Strategy

John M. Hydeskov

Chief Analyst

Kasper Kirkegaard

Senior Analyst

www.danskebank.com/research

Stefan Mellin

Senior Analyst

Sverre Holbek

Senior Analyst

Bloomberg: DRFX <GO>

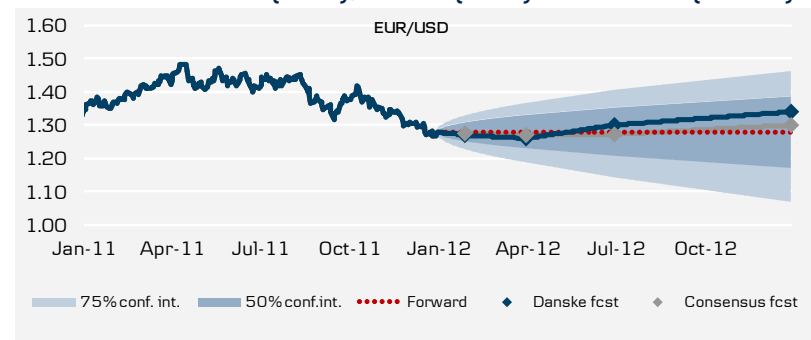
Main forecast changes

- **EUR/USD:** Eurozone money market rates are expected to fall further and as a result we have opted to lower our 3M EUR/USD forecast to 1.26 from 1.28. We still look for improved global macro data to weaken the dollar during 2012, but elevated eurozone debt risks and the outlook for further ECB monetary easing means there is less potential for dollar weakness against the euro. As a result, we have lowered our 12M forecast to 1.34 from 1.38. While we do see potential for a higher EUR/USD later in 2012, as record short EUR positions are reduced, we still recommend hedging euro downside. The decline in implied volatility over the past month has made hedging via options more attractive.
- **Scandies:** Quality is paying off. Even though the global business cycle is on the defense, SEK and NOK continue to trade on a strong note. We think local fundamental factors will be a dominating theme also in 2012, which suggests the medium-term downtrend in EUR/SEK and EUR/NOK remains intact - as reflected in our 8.50 and 7.50 12M forecasts. That said, neither EUR/SEK nor EUR/NOK have decoupled from cyclical factors and since we look for a batch of weak figures from Sweden going forward, we continue to see a risk for a short-term correction higher in EUR/SEK. Our 3M forecast is 9.00.
- **EUR/CHF:** The resignation of SNB Governor Hildebrand has prompted the question as to whether the SNB will continue with its previous policy. However, while EUR/CHF has traded lower and the option market has priced in a higher probability of a break of the 1.20 floor, a true investor test of the minimum target has not been seen. We expect the SNB to continue with its previous policy and hence continue to forecast EUR/CHF above 1.20 during 2012. A hike of the minimum target has become less likely, however, and we have opted to lower our 3M forecast to 1.21 from 1.24.

EUR/USD – downside pressure to remain during Q1

- **Growth:** The eurozone has likely entered into recession, while the US economy is recovering.
- **Monetary policy:** The ECB initiated an easing cycle in November and significant liquidity has been added to the market via the new 3Y facility. With the Fed unlikely to ease further in the short term, relative monetary policy is currently weighing on EUR/USD.
- **Flows:** A large US BBoP deficit implies structural dollar weakness as long as the global economy avoids recession.
- **Valuation:** EUR/USD is back at neutral levels (PPP estimate: 1.28).
- **Risks:** Risks are likely to remain skewed to the downside as European sovereign re-financing risks remain significant. A Greek default, renewed widening of European bond spreads etc all have the potential to trigger a new euro sell-off. However, record short EUR positioning is likely to limit the near-term downside risk.

Forecast: 1.26 (3M), 1.30 (6M) and 1.34(12M)



EUR/USD	1M	3M	6M	12M
Forecast (pct'ile)	1.27 (40%)	1.26 (37%)	1.30 (55%)	1.34 (64%)
Fwd. / Consensus	1.28 / 1.28	1.28 / 1.27	1.28 / 1.27	1.28 / 1.30
50% confidence int.	1.25 / 1.31	1.23 / 1.33	1.21 / 1.35	1.17 / 1.39
75% confidence int.	1.23 / 1.33	1.19 / 1.37	1.14 / 1.40	1.07 / 1.46

Source: Danske Markets

- **Conclusion:** Unresolved sovereign funding issues in Europe, further ECB easing and significant event risks are expected to weigh further on EUR/USD during Q1. Later in 2012 we expect the downside pressure on EUR/USD to ease, however, as relative rates reach a trough and global macro data recovers.

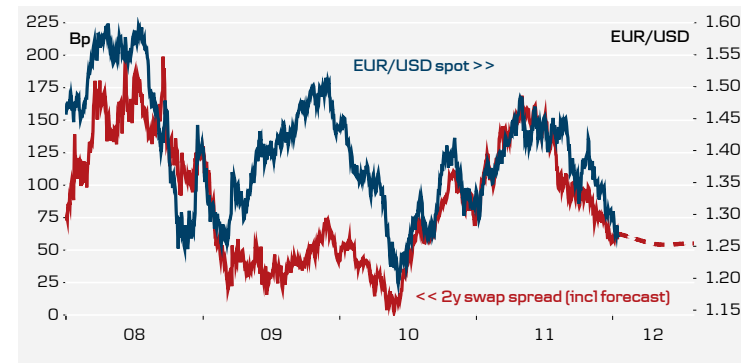
EUR/USD – Important issues to watch

- **Monetary policy remains a dominating FX driver**
 - The strength of the euro during the European debt crisis has been termed the enigma of the currency market.

Two factors can explain the resilient euro: i) There has been no significant capital flight (no evidence of large capital outflows in the balance of payment data); and ii) Relative monetary conditions have been tight in Europe – until now. With the ECB moving toward *de facto* zero percentage rates, the rate advantage of the euro has been reduced and an important risk factor is now ECB debt monetisation.
- **Unless a very negative EMU scenario materialises we do not expect a collapse in EUR/USD below 1.20**
 - Speculative short euro positions have reached record levels, which limits downside risks in the short term. As long as a EMU break-up or multiple sovereign defaults are not seen, we do not expect a collapse in EUR/USD below 1.20.

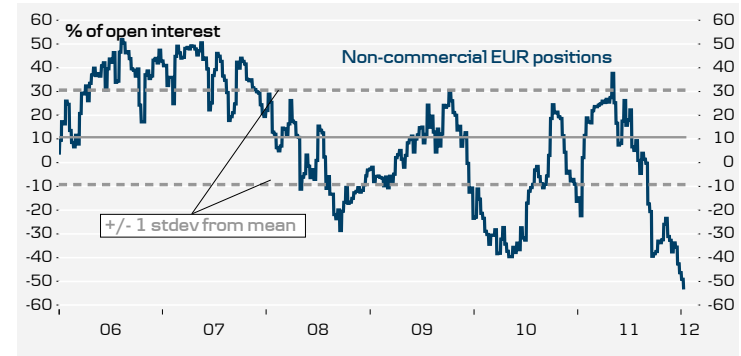
Although the past month has seen the dollar trade in tandem with risk assets, we do not expect this de-coupling from past correlations to continue.

Narrowing rate spread to sustain euro pressure



Source: Reuters EcoWin, Danske Markets

Speculative investors already very short euro

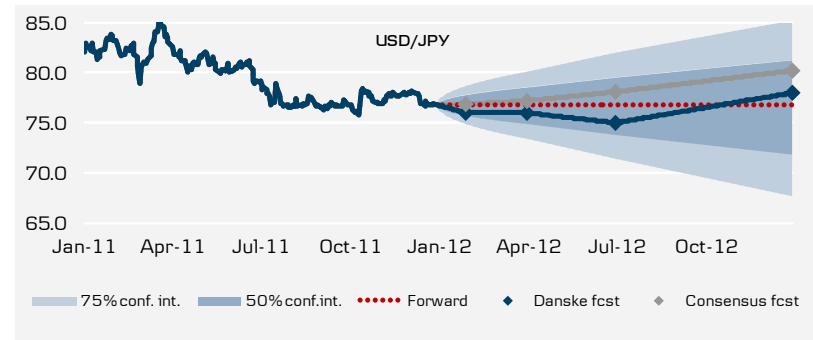


Source: Reuters EcoWin, Danske Markets

USD/JPY – caught in a range

- **Growth:** Japanese growth surged by 6.0% q/q AR. This reflects the recovery after the earthquake in March. Growth looks poised to slow in the next few months to 2% and 3% q/q AR in Q4 and Q1 12.
- **Monetary policy:** The BoJ expanded its asset purchase programme by JPY5trn to JPY20trn on 27 October to mitigate the latest JPY appreciation.
- **Debt risks:** Further credit downgrades for the US are likely, with the government seeming overly optimistic on growth and the political will for fiscal consolidation lacking. Despite Japan's gross public debt exceeding 200% of GDP, we do not expect the current debt crisis to spill over into Japan as the huge debt is primarily owned by local investors.
- **Flows:** Japan continues to run a current account surplus. The BoJ intervened in the market in October.
- **Valuation:** The PPP estimate is around 86.
- **Risks:** US debt woes (USD neg.), BoJ intervention (JPY neg.), global monetary easing (JPY pos.)

Forecast: 76 (3M), 75 (6M) and 78 (12M)



USD/JPY	1M	3M	6M	12M
Forecast (pct'ile)	76.0 (29%)	76.0 (38%)	75.0 (34%)	78.0 (58%)
Fwd. / Consensus	76.8 / 76.9	76.8 / 77.2	76.8 / 78.1	76.8 / 80.2
50% confidence int.	75.8 / 77.6	74.9 / 78.5	73.8 / 79.5	71.8 / 81.3
75% confidence int.	75.1 / 78.5	73.4 / 80.1	71.4 / 82.0	67.6 / 85.2

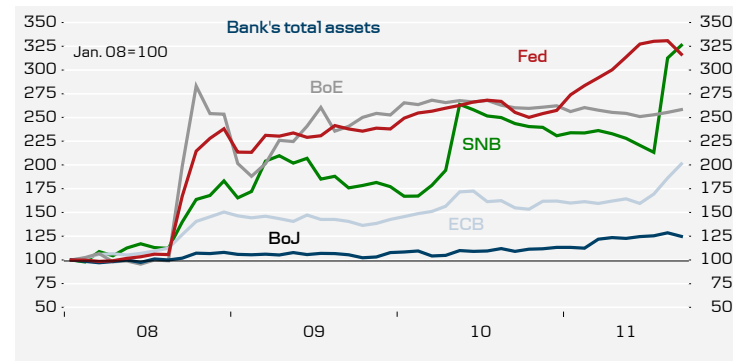
Source: Danske Markets

- **Conclusion:** Downward pressure on USD/JPY is stemming from the US fiscal situation, the US C/A deficit and weak external balances, as well as JPY positive trade flows. However, we would expect a fall in USD/JPY towards 75 to be countered by further BoJ intervention. The upside is also capped, in our view, as sluggish US growth and the risk of further Fed easing should keep rates contained.

USD/JPY – important issues to watch out for

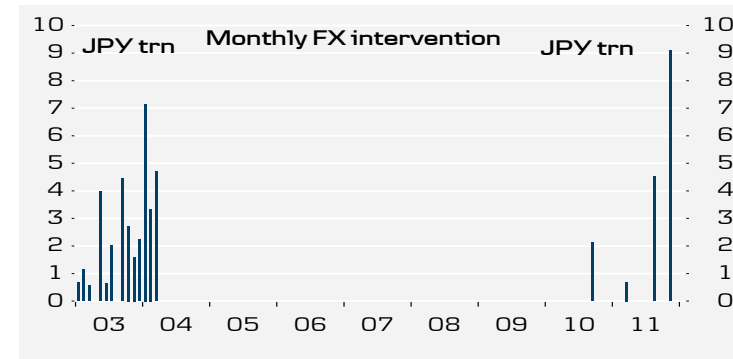
- **Risk of more aggressive Fed/ECB policy to strengthen JPY**
 - For the next couple of quarters we see a risk that the market could increasingly price in both the ECB and the Fed engaging in (more) quantitative easing/balance sheet expansion. This could lead to downside pressure on USD/JPY. We expect this to be countered by a more aggressive BoJ, given that the Bank has plenty of room to expand its balance sheet.
- **Intervention has intensified**
 - The effectiveness of intervention is mixed. It appears that only the coordinated intervention in the wake of the March earthquake had a significant lasting effect. However, the BoJ has managed to hold the spot well above the recent low of 75.35, by stepping up its intervention efforts. The BoJ and the Japanese Ministry of Finance continue to view a stronger yen as one of the key threats to the recovery.
- **Medium-term outlook remains positive**
 - Recent economic data has caused fears that the US is on the verge of recession to dissipate, thus lowering the odds of further Fed easing, in turn implying upside for US rates.

Modest expansion of BoJ balance sheet



Source: Reuters EcoWin

Japan's intervention has intensified

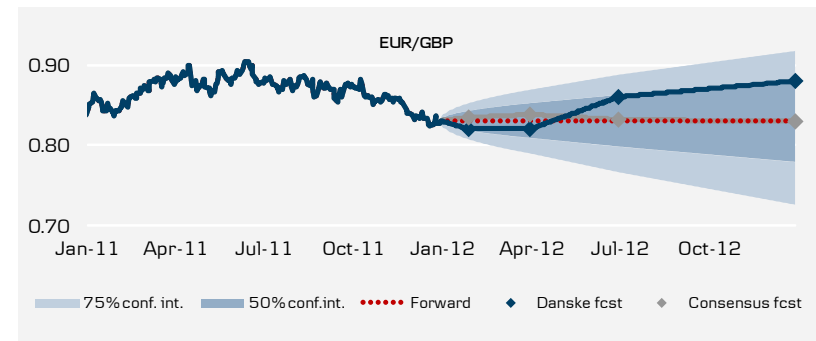


Source: Reuters EcoWin, Danske Markets

EUR/GBP – consolidating before correcting slightly higher

- **Growth:** UK growth is weak and the economic outlook is bleak but it is still slightly better than in the Eurozone.
- **Monetary policy:** We expect the Bank of England to continue printing money, which theoretically should erode the value of sterling. The ECB's liquidity operations are not euro negative *per se*.
- **Debt risks:** Focus is on the downgrades in the Eurozone but could shift to negative focus on the UK, which runs a bigger deficit than most Eurozone members, including Italy, Spain and France.
- **Valuation:** From a long-term perspective, sterling is undervalued (PPP around 0.75). A regime shift has probably happened though and EUR/GBP, in our view, should be above 0.80.
- **Risks:** Almost anything. The forecast is surrounded by considerable uncertainty and cautiousness is warranted.

Forecast: 0.82 (3M), 0.86 (6M) and 0.88 (12M)



EUR/GBP	1M	3M	6M	12M
Forecast (pct'ile)	0.82 (26%)	0.82 (35%)	0.86 (72%)	0.88 (75%)
Fwd. / Consensus	0.83 / 0.83	0.83 / 0.84	0.83 / 0.83	0.83 / 0.83
50% confidence int.	0.82 / 0.84	0.81 / 0.85	0.80 / 0.86	0.78 / 0.88
75% confidence int.	0.81 / 0.85	0.79 / 0.87	0.77 / 0.89	0.73 / 0.92

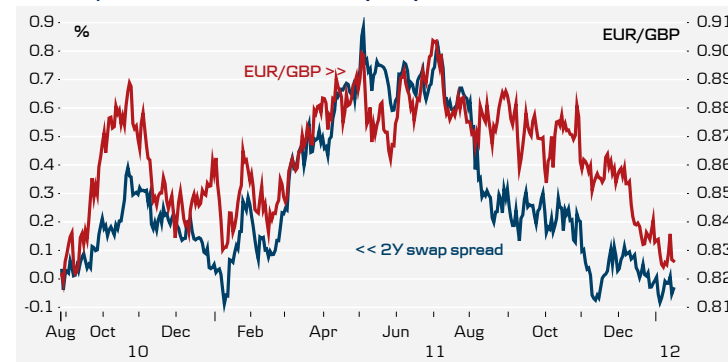
Source: Danske Markets

- **Conclusion:** Investors see sterling as a safe haven from the unstable eurozone but the UK has its own problems. UK assets are liquid and have offered good protection so far but the tables can quickly turn. We believe sterling will remain weak and the current spot level is a good reference point for the near term. A relatively high hedging ratio is recommended.

EUR/GBP – important issues to watch

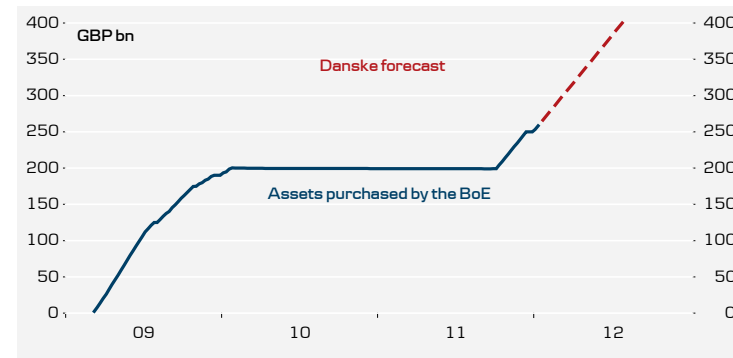
- **Eurozone debt crisis supports sterling**
 - The ongoing turmoil in continental Europe has turned sterling into a safe-haven currency.
- **Relative rates support sterling**
 - Having favoured the euro for most of 2011, relative rates now support sterling. Indeed, the 2Y swap spread has fallen dramatically, implying that EUR/GBP has some catching up to do on the downside.
- **BoE is likely to announce more QE in Feb**
 - In isolation, printing money is likely to erode the value of sterling.
 - The BoE could lift the ceiling for asset purchases by an additional 50bn in February, as the economy is in need of additional stimulus.
- **Underlying growth is weak**
 - Effectively, the UK economy has been flat lining since Q3 10 and could at present be in recession
 - Private consumption is dragging down at present but should be a driving factor for economic growth by the end of the year.

EUR/GBP vs 2Y swap spread



Source: Reuters EcoWin

Bank of England continues QE – sterling at risk

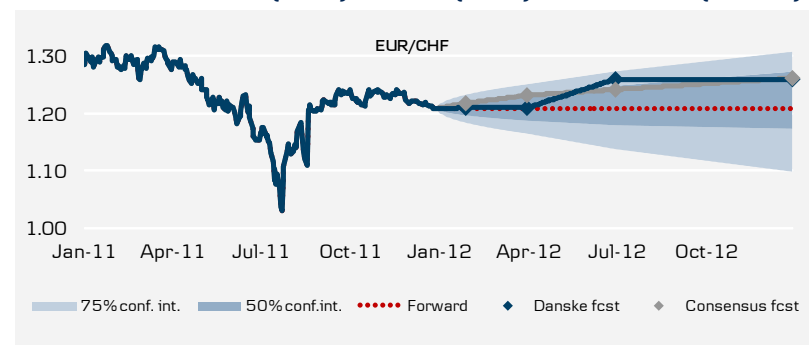


Source: Reuters EcoWin

EUR/CHF – Hildebrand exit reduces upside potential

- **Growth:** The Swiss economy is under pressure from the strong Swiss franc and weaker foreign export demand.
- **Monetary policy:** The SNB has eased monetary policy significantly during 2011, but chose to leave the 1.20 minimum target unchanged at the December meeting. Deflation risks leave potential for further monetary easing, but a near-term hike off the EUR/CHF floor has become less likely – not least following the resignation of SNB Chairman Hildebrand.
- **Flows:** SNB Swiss franc selling should keep EUR/CHF stable above 1.20.
- **Valuation:** The Swiss franc remains overvalued by about 14% against the euro according to the Danske Bank General PPP model.
- **Risks:** Tail-risks remain skewed to the downside even as EUR/CHF downside should be capped in a ‘normal’ risk environment.

Forecast: 1.21 (3M), 1.26 (6M) and 1.26 (12M)



EUR/CHF	1M	3M	6M	12M
Forecast (pct'ile)	1.21 (50%)	1.21 (49%)	1.26 (81%)	1.26 (67%)
Fwd. / Consensus	1.21 / 1.22	1.21 / 1.23	1.21 / 1.24	1.21 / 1.26
50% confidence int.	1.20 / 1.22	1.19 / 1.23	1.18 / 1.25	1.17 / 1.27
75% confidence int.	1.19 / 1.23	1.17 / 1.25	1.14 / 1.27	1.10 / 1.31

Source: Danske Markets

- **Conclusion:** EUR/CHF has traded lower following the resignation of Chairman Hildebrand and the drop in EUR/USD. However, we do not expect changes in the SNB Governing Board to affect the SNB EUR/CHF minimum target policy. A pending hike of the 1.20 floor has become less likely though and we expect only a modest CHF depreciation over the coming quarters.

EUR/CHF – Important issues to watch

- **This is not a currency peg**

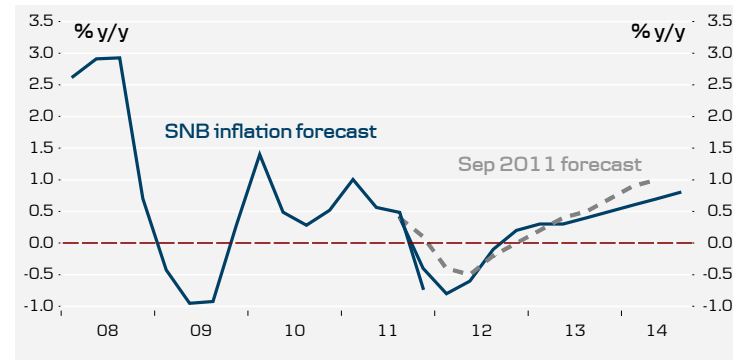
- SNB’s minimum target on EUR/CHF is technically no different from the interventions that the SNB conducted from March 2009 to mid-2010, although this time the SNB has announced the level that it will defend. It is important to note that this is not a currency peg in the traditional sense. The SNB has not expressed any view on how long it intends to keep the exchange rate floor in place, or as to whether it intends to move the target.
- Should economic conditions allow, the SNB would likely seek to raise the minimum target. Similarly, should the large liquidity provisions prove inflationary, the SNB could be forced to move away from large interventions. However, inflation is not a current concern, as illustrated by the SNB’s inflation forecast.
- We see roughly a 50% probability of the SNB hiking the 1.20 floor during 2012, due to rising deflation risks.

- **Swiss franc still overvalued**

- We believe the Swiss franc remains overvalued at 1.20. However, the large Swiss current account surplus and European debt concerns also justify EUR/CHF well below the 1.40 longer-term fair value level (PPP).

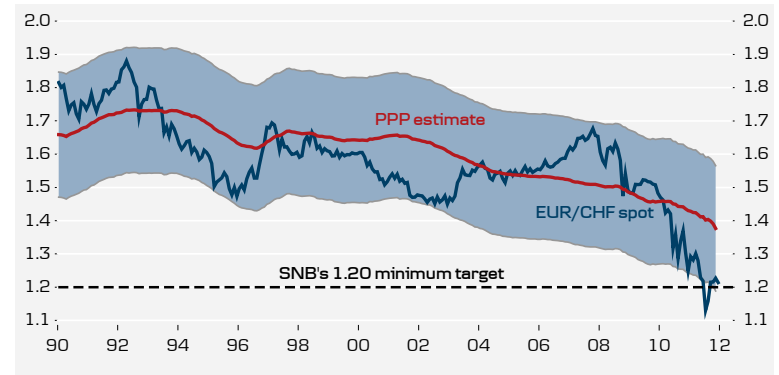
Senior Analyst: Kasper Kirkegaard, kaki@danskebank.com, +45 4513 70 18

SNB now sees deflation risks



Source: Reuters EcoWin, Danske Markets

Swiss franc still overvalued at 1.24



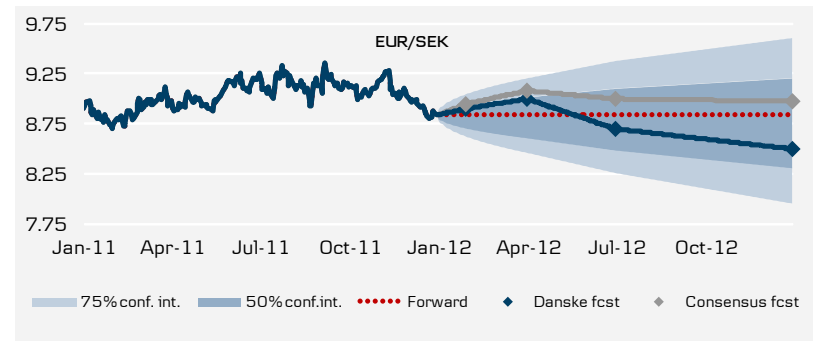
Source: Reuters EcoWin, Danske Markets

EUR/SEK – quality vs business cycle

- **Growth:** We expect a marked slowdown with -1% GDP growth for 2012. Macro data is likely to disappoint in Q1, which normally would weigh on SEK.
- **Monetary policy:** The Riksbank is expected to cut the repo rate to 0.50% by Q3 12, delivering 25bp per meeting. This is not fully priced in.
- **Fundamentals:** Solid fundamentals and stable AAA increasingly matter for the krona and to a large extent help to explain why SEK is trending higher. Foreign holdings of Swedish government bonds reached 55% in November.
- **Flows:** The SEK benefits from fundamental demand. Meanwhile, weaker outlook for exports will weigh on SEK, but not as we saw in 2008-09.
- **Valuation:** The fundamental backdrop suggests the krona should move into overvalued territory.
- **Risks:** The currency market is cluttered with event risks, not least political, which could take the pair either higher or lower than projected.

Senior Analyst Stefan Mellin, mell@danskebank.com +46 (0)8 568 805 92

Forecast: 9.00 (3M), 8.70 (6M) and 8.50 (12M)



EUR/SEK	1M	3M	6M	12M
Forecast (pct'ile)	8.90 (67%)	9.00 (73%)	8.70 (41%)	8.50 (34%)
Fwd. / Consensus	8.84 / 8.95	8.84 / 9.08	8.84 / 9.00	8.84 / 8.98
50% confidence int.	8.71 / 8.94	8.61 / 9.02	8.49 / 9.10	8.31 / 9.21
75% confidence int.	8.62 / 9.05	8.46 / 9.20	8.26 / 9.38	7.95 / 9.61

Source: Danske Markets

- **Conclusion:** The SEK outlook is a balanced act: AAA and strong fundamentals vs weaker growth and lower rates. We expect the EUR/SEK downtrend to remain intact (quality is key) but see a risk of a near-term upward correction (data disappointments). The EUR/SEK path is revised lower throughout the forecast horizon and we now expect EUR/SEK to fall to 8.50 in 12M.

EUR/SEK – important issues to watch

- **Quality increasingly important for currency markets**

- The euro crisis continues to weigh on EUR and SEK looks increasingly attractive from an investment perspective. Quality is paying off, which to some extent challenges normal trading patterns given the SEK's pro-cyclical characteristics. High quality fundamentals will be at least as important for currencies in 2012 as they were last year. Hence, we remain medium-term bullish on the SEK.

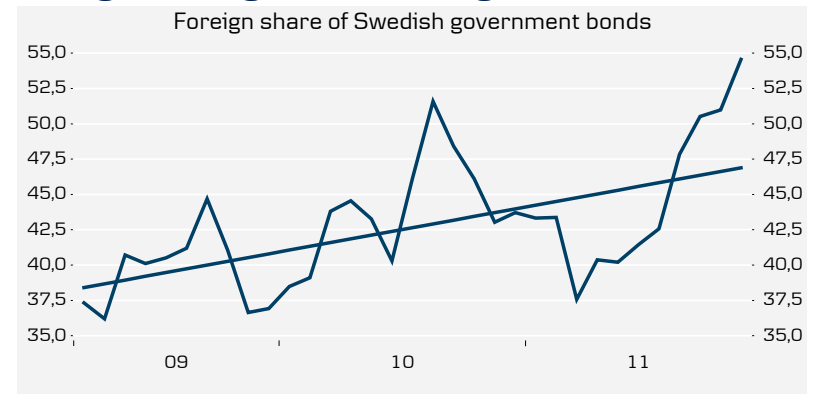
- **Data will surprise on the downside**

- However, SEK has not decoupled from the business cycle. We expect Q1 to generally disappoint on the macro front (our sub-consensus growth forecast). Negative data surprises are likely to have a negative effect on the krona.

- **The Riksbank step by step**

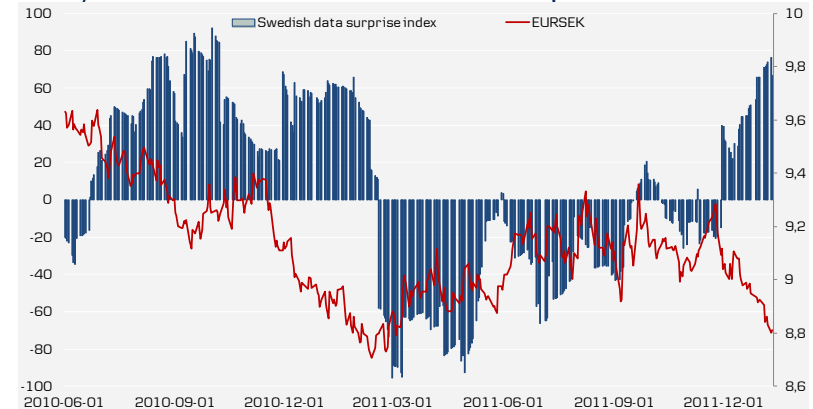
- With both growth and inflation heading towards zero, there is ample of room for the Riksbank to ease monetary policy. We expect the it to cut another 25bp on 16 February and to go eventually to 0.5%. The Riksbank is fully priced for the next three meetings, thus neutral for the SEK. In the longer term, there is still some left to price in as the RIBA contract troughs at 0.9%.

Foreign holdings of Swedish government bonds



Source: Reuters EcoWin, Danske Markets

EUR/SEK follows macro data surprises

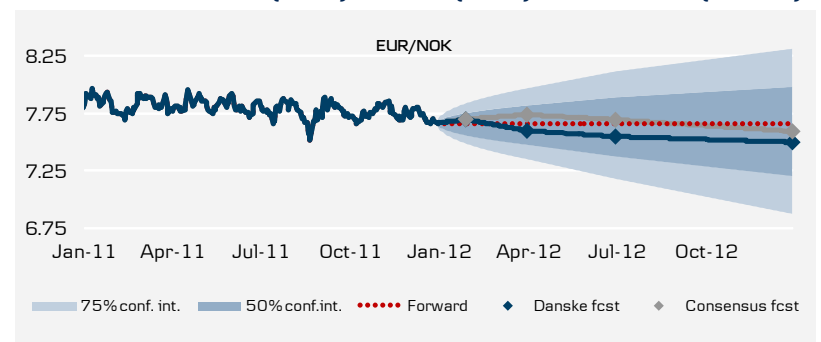


Source: Reuters EcoWin, Danske Markets

EUR/NOK – growth, rates and debt quality support the NOK

- **Growth:** Norwegian mainland GDP rose by 0.8% q/q in Q3 and the regional network report from Norges Bank points to growth of 0.7% q/q and 0.6% q/q in Q4 11 and Q1 12, respectively. Hence, strong growth outperformance compared with the current eurozone recession. Oil investments are strong.
- **Monetary policy:** Norges Bank lowered the policy rate by 50bp to 1.75% in December. We believe this will be the last cut from Norges Bank in this cycle.
- **Flows:** We see very good demand for Norwegian government paper and 2012 issuance of NGBs will pick up to NOK50bn, as the government has taken over the responsibility of export finance.
- **Valuation:** The NOK is expensive in terms of valuation.
- **Risks:** Positioning, new rate cuts, or risk aversion could put strong upward pressure on EUR/NOK.

Forecast: 7.60 (3M), 7.55 (6M) and 7.50 (12M)



EUR/NOK	1M	3M	6M	12M
Forecast (pct'ile)	7.70 (62%)	7.60 (42%)	7.55 (41%)	7.50 (43%)
Fwd. / Consensus	7.67 / 7.70	7.67 / 7.74	7.67 / 7.70	7.67 / 7.60
50% confidence int.	7.56 / 7.76	7.48 / 7.82	7.38 / 7.89	7.21 / 7.98
75% confidence int.	7.49 / 7.84	7.35 / 7.97	7.18 / 8.12	6.88 / 8.32

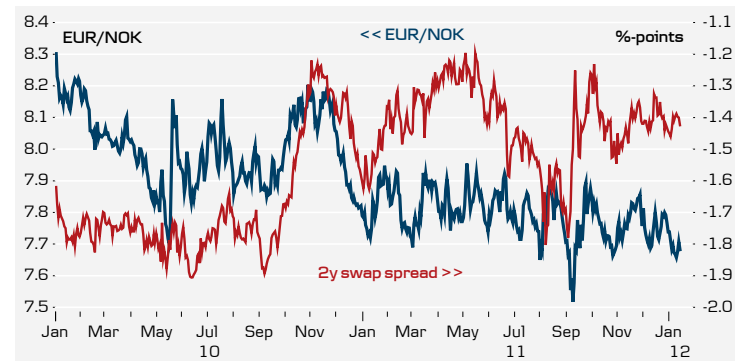
Source: Danske Markets

- **Conclusion:** We expect EUR/NOK to decline towards 7.50 during 2012. We still see strong international focus on strong Norwegian fundamentals. Furthermore, Norges Bank is expected to keep rates unchanged (or even hike in 2012). However, NOK is not a safe haven in the traditional sense and if we were to see a strong setback in risk appetite, we would expect the NOK to suffer.

EUR/NOK – Important issues to watch

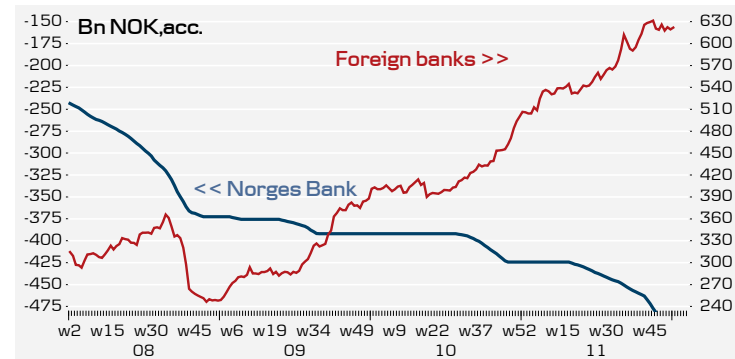
- **Relative rates an upside risk for EUR/NOK**
 - The outlook for Norges Bank and relative rates continue to be the most important factors for EUR/NOK. If Norges Bank, contrary to our expectations, cuts rates aggressively to mitigate NOK strength, the NOK could come under renewed pressure.
- **Changes in NOK flows**
 - The weekly flow data from Norges Bank indicates that foreign banks, which we see as a proxy for speculative money, are still long the NOK. Hence, there is a risk of profit taking in NOK. A fall in risk appetite, the oil price or in NOK rate expectations could easily trigger some profit taking. Norges Bank’s purchase of foreign currency in the market going forward might weigh on the NOK. But there have been modest purchases here in January.
- **NOK is not the new CHF**
 - Due to low liquidity and lack of stability in the past, the NOK is, in our view, not the new safe-haven currency to take over from the CHF. However, going forward, we could from time to time see strong flows into the NOK, due to Norway’s strong fundamentals and the euro debt crisis.

Relative rates a risk on the upside for EUR/NOK



Source: Reuters EcoWin, Danske Markets

Still many speculative long NOK positions*



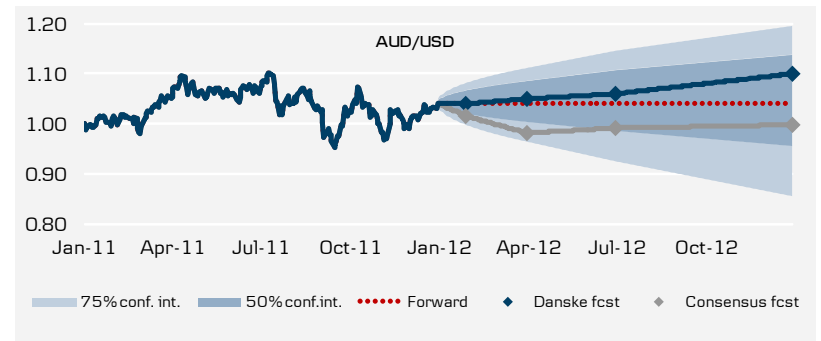
* Weekly position data accumulated

Source: Norges Bank

AUD/USD – decent upside potential in 2012

- **Growth:** Weaker global growth also translates into weaker Australian growth, but Australia is still expected to outperform most developed economies.
- **Monetary policy:** The RBA kept the policy rate steady in December, but further cuts may materialise over the coming months. However, the money market is already pricing in > 100bp cuts, which we doubt the RBA will be able to deliver.
- **Debt risks:** Public debt is a mere 29% of GDP in Australia and is thus far from the US's triple digits.
- **Flows:** The terms of trade have peaked for now, but higher commodity prices during 2012 are expected to see renewed AUD demand.
- **Valuation:** AUD/USD remains overvalued by long-term measures (PPP estimate at 0.76).
- **Risks:** AUD remains highly correlated with global risk sentiment and tail-risks remain skewed to the downside. Furthermore, long AUD positioning is getting stretched, according to IMM data.

Forecast: 1.05 (3M), 1.06 (6M) and 1.10 (12M)



AUD/USD	1M	3M	6M	12M
Forecast (pct'ile)	1.04 (45%)	1.05 (50%)	1.06 (53%)	1.10 (63%)
Fwd. / Consensus	1.04 / 1.02	1.04 / 0.98	1.04 / 0.99	1.04 / 1.00
50% confidence int.	1.02 / 1.07	1.00 / 1.09	0.99 / 1.11	0.96 / 1.14
75% confidence int.	1.00 / 1.08	0.96 / 1.11	0.93 / 1.15	0.86 / 1.20

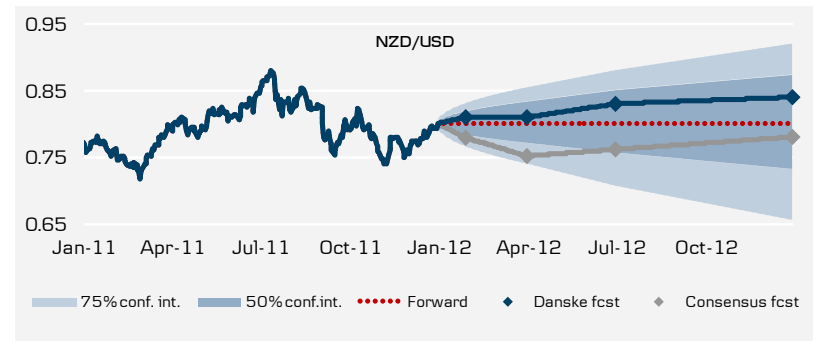
Source: Danske Markets

- **Conclusion:** Sustained high global recession risks and further RBA rate cuts leave downside risks on AUD/USD over the coming months. The terms of trade are expected to improve during 2012, however, which together with less soft RBA pricing is expected to lift AUD/USD. As the Asian economy stabilises we see strong AUD appreciation potential against USD.

NZD/USD – 2012 expected to see renewed carry demand

- **Growth:** Data surprises from New Zealand have on the whole been less negative recently.
- **Monetary policy:** According to the OIS market, RBNZ is not expected to lower rates next year. Relative rates remain supportive for NZD.
- **Debt risks:** Public finances remain healthy but the cost of quake reconstruction is taking its toll.
- **Flows:** Terms of trade are expected to remain well supported.
- **Valuation:** NZD/USD remains heavily overvalued compared with long-term models (PPP estimate at 0.63), but terms of trade gains and weak US fundamentals justify this.
- **Risks:** NZD remains a high-beta currency and should risk sentiment worsen again downside risks would be significant. As for other carry target currencies risks are skewed to the downside.

Forecast: 0.81 (3M), 0.83 (6M) and 0.84 (12M)



NZD/USD	1M	3M	6M	12M
Forecast (pct'ile)	0.81 (62%)	0.81 (53%)	0.83 (63%)	0.84 (61%)
Fwd. / Consensus	0.80 / 0.78	0.80 / 0.75	0.80 / 0.76	0.80 / 0.78
50% confidence int.	0.78 / 0.82	0.77 / 0.83	0.76 / 0.85	0.73 / 0.87
75% confidence int.	0.77 / 0.83	0.74 / 0.85	0.71 / 0.88	0.66 / 0.92

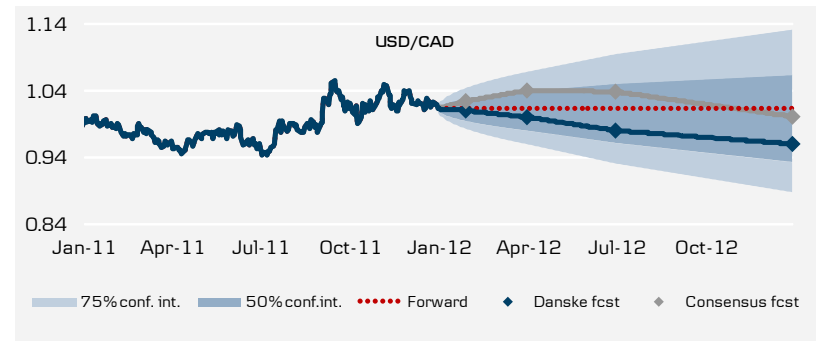
Source: Danske Markets

- **Conclusion:** Reduced global recession fears, easier global monetary policy has given renewed support to NZD/USD. We expect NZD/USD to trade higher during 2012 supported by carry demand. Tail-risks are skewed to the downside.

USD/CAD – heading for parity

- **Growth:** Canadian economic data has disappointed recently, but we do not look for any significant underperformance.
- **Monetary policy:** The potential for further Fed easing could see relative monetary policy turn CAD supportive during 2012.
- **Debt risks:** Compared with its southern neighbour, Canadian government finances are healthy.
- **Flows:** With oil prices still at elevated levels, the oil sector is booming. We expect oil prices to support CAD in 2012.
- **Valuation:** USD/CAD is expensive on PPP measures, but less so than other commodity currencies.
- **Risks:** A large setback in oil prices or a decline in risk asset remain the key risks.

Forecast: 1.00 (3M), 0.98 (6M) and 0.96 (12M)



USD/CAD	1M	3M	6M	12M
Forecast (pct'ile)	1.01 (49%)	1.00 (43%)	0.98 (35%)	0.96 (35%)
Fwd. / Consensus	1.01 / 1.02	1.01 / 1.04	1.01 / 1.04	1.01 / 1.00
50% confidence int.	0.99 / 1.03	0.98 / 1.04	0.96 / 1.05	0.93 / 1.06
75% confidence int.	0.98 / 1.04	0.96 / 1.07	0.93 / 1.09	0.89 / 1.13

Source: Danske Markets

- **Conclusion:** Higher commodity prices, Fed easing and reduced global recession fears are expected to drive significant CAD appreciation during 2012.

Danske Markets FX forecasts

	Spot	Forecast				Forecast vs forward outright, %			
		+1m	+3m	+6m	+12m	+1m	+3m	+6m	+12m
Exchange rates vs EUR									
USD	1.279	1.27	1.26	1.30	1.34	-0.6	-1.4	1.7	4.6
JPY	98.2	97	96	97	104	-1.1	-2.1	-1.0	6.3
GBP	0.831	0.82	0.82	0.86	0.88	-1.3	-1.4	3.2	5.2
CHF	1.209	1.21	1.21	1.26	1.26	0.1	0.1	4.4	4.7
DKK	7.44	7.43	7.43	7.43	7.44	-0.1	0.0	0.0	0.2
NOK	7.67	7.70	7.60	7.55	7.50	0.3	-1.2	-2.2	-3.7
SEK	8.84	8.90	9.00	8.70	8.50	0.6	1.5	-2.4	-5.4
Exchange rates vs USD									
JPY	76.8	76	76	75	78	-0.5	-0.7	-2.6	1.6
GBP	1.54	1.55	1.54	1.51	1.52	0.7	0.0	-1.5	-0.6
CHF	0.95	0.95	0.96	0.97	0.94	0.6	1.5	2.7	0.2
DKK	5.81	5.85	5.90	5.72	5.55	0.5	1.4	-1.6	-4.1
NOK	5.99	6.06	6.03	5.81	5.60	0.9	0.2	-3.9	-7.7
SEK	6.91	7.01	7.14	6.69	6.34	1.2	2.9	-4.0	-9.5
CAD	1.01	1.01	1.00	0.98	0.96	-0.5	-1.6	-3.8	-6.1
AUD	1.04	1.04	1.05	1.06	1.10	0.2	1.8	3.7	9.1
NZD	0.80	0.81	0.81	0.83	0.84	1.4	1.8	4.9	7.4

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

Danske Markets FX forecasts vs. DKK

	Spot	Forecast				Forecast vs forward outright, %			
		+1m	+3m	+6m	+12m	+1m	+3m	+6m	+12m
Exchange rates vs DKK									
EUR	7.44	7.43	7.43	7.43	7.44	-0.1	0.0	0.0	0.2
USD	5.81	5.85	5.90	5.72	5.55	0.5	1.4	-1.6	-4.1
JPY	7.57	7.66	7.74	7.66	7.15	1.1	2.1	1.0	-5.7
GBP	8.95	9.06	9.06	8.64	8.45	1.3	1.4	-3.1	-4.7
CHF	6.15	6.14	6.14	5.90	5.90	-0.1	-0.2	-4.2	-4.3
NOK	0.97	0.96	0.98	0.98	0.99	4.2	5.4	5.9	6.4
SEK	0.84	0.83	0.83	0.85	0.88	-0.7	-1.4	2.4	5.7
CAD	5.74	5.79	5.90	5.83	5.78	1.0	3.0	2.2	2.0
AUD	6.06	6.08	6.19	6.06	6.11	0.8	3.2	2.0	4.7
NZD	4.65	4.74	4.78	4.74	4.66	1.9	3.2	3.2	3.0

Danske Markets FX forecasts vs. SEK

	Spot	Forecast				Forecast vs forward outright, %			
		+1m	+3m	+6m	+12m	+1m	+3m	+6m	+12m
Exchange rates vs SEK									
EUR	8.84	8.90	9.00	8.70	8.50	0.6	1.5	-2.4	-5.4
USD	6.91	7.01	7.14	6.69	6.34	1.2	2.9	-4.0	-9.5
JPY	9.00	9.18	9.38	8.97	8.17	1.7	3.6	-1.3	-10.9
GBP	10.64	10.85	10.98	10.12	9.66	1.9	2.9	-5.4	-10.0
CHF	7.31	7.36	7.44	6.90	6.75	0.6	1.3	-6.5	-9.6
NOK	1.15	1.16	1.18	1.15	1.13	0.3	2.7	-0.1	-1.8
DKK	1.19	1.20	1.21	1.17	1.14	0.7	1.5	-2.4	-5.5
CAD	6.83	6.94	7.14	6.83	6.61	1.7	4.5	-0.2	-3.6
AUD	7.20	7.29	7.50	7.09	6.98	1.4	4.8	-0.4	-0.9
NZD	5.53	5.68	5.79	5.55	5.33	2.6	4.7	0.8	-2.6

Danske Markets FX forecasts vs. NOK

	Spot	Forecast				Forecast vs forward outright, %			
		+1m	+3m	+6m	+12m	+1m	+3m	+6m	+12m
Exchange rates vs NOK									
EUR	7.67	7.70	7.60	7.55	7.50	0.3	-1.2	-2.2	-3.7
USD	5.99	6.06	6.03	5.81	5.60	0.9	0.2	-3.9	-7.7
JPY	7.81	7.94	7.92	7.78	7.21	1.4			
GBP	9.23	9.39	9.27	8.78	8.52	1.6	0.2	-5.3	-8.4
CHF	6.34	6.36	6.28	5.99	5.95	0.3	-1.4	-6.4	-8.0
SEK	0.87	0.87	0.84	0.87	0.88	-0.3	-2.6	0.1	1.8
DKK	1.03	1.04	1.02	1.02	1.01	-4.3	-5.4	-5.8	-6.2
CAD	5.92	6.00	6.03	5.93	5.83	1.4	1.8	-0.1	-1.9
AUD	6.25	6.31	6.33	6.16	6.16	1.1	2.0	-0.3	0.9
NZD	4.80	4.91	4.89	4.82	4.70	2.3	2.0	0.9	-0.9

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