FX Forecast Update

May: Peak in EUR/USD behind us

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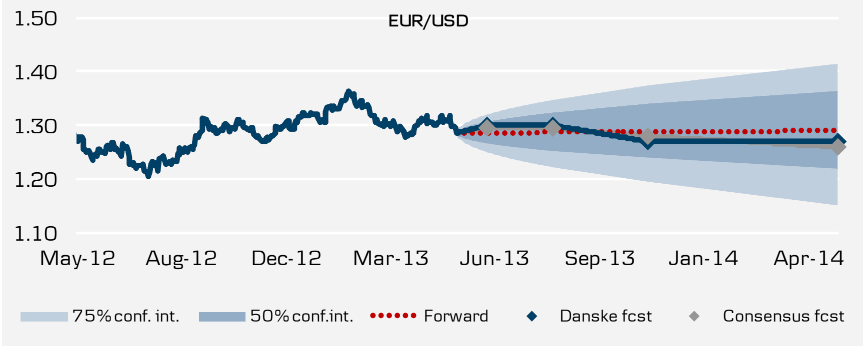
Main forecast changes

- **We now believe Q1 marked the peak in EUR/USD**. Range-trading should continue to be the order of the day in the cross for the near future as relative central bank policies still favour the euro but we now see the range more likely to be in the high 1.20s for H2. Soon, the market will have to price the Fed scaling back on QE and this will in our view lead to broad-based dollar strength. **We now target EUR/USD at 1.27 in 12M but underline that risks are skewed to the downside for the cross. The exact timing of the Fed "exit" will still be the key driver for the dollar.**
- **The combination of fiscal tightening and monetary easing is still expected to weigh on JPY and GBP** but we now expect GBP weakness to materialise later than previously expected (Carney will have to show his merits) and see GBP slightly up on a 12M horizon.
- **On the Scandies, we still see some potential in both NOK and SEK against EUR, but we have lifted our 3M forecast for EUR/SEK to 8.40** (from 8.20), reflecting the fact that risks have become more two-sided. Over the summer the SEK could be vulnerable with the Riksbank on the verge of cutting rates. Rate cut expectations could also easily re-emerge in Norway.
- **For the commodity currencies we now look for prices to stabilise on a 3M horizon**. NZD strength is curbed by RBNZ's willingness to intervene, whereas the near-term outlook for CAD will depend on new BoC governor Poloz's policy stance. **On a 3-12M horizon AUD, NZD and CAD will likely depreciate vis-à-vis USD** as the Fed exits from QE. CAD is set for the better outlook among the three as US activity spill-over supports Canadian growth.
- **We have pencilled in even further CNY strength after recent months strong appreciation pace.** We expect the daily trading band to widen soon, from +/-1% to +/-2%, and now target USD/CNY at 5.98 in 12M (from 6.08).

EUR/USD: we have probably seen the 2013 peak

- **Growth.** US outperformance is expected to continue but is likely to have peaked during Q1. In particular, labour market data should drive EUR/USD via the effect on the Federal Reserve's asset purchases.
- **Monetary policy.** Relative monetary policy is clearly supporting EUR/USD upside but a potential reduction in the Fed's monthly QE purchases could change this dynamic in the autumn.
- **Flows.** The eurozone current account is improving fast, leaving external balances more currency positive than in the US.
- **Valuation.** EUR/USD is trading at neutral levels according to long-term models (PPP estimate is 1.28).
- **Risks.** Overall, risks remain skewed to the downside even as speculative investors are short EUR/USD. Event risks are, however, not dominating the picture at the moment and focus is primarily on the risk of the ECB implementing a negative deposit rate.

Forecast: *1.30 (3M), 1.27 (6M) and 1.27 (12M)*



EUR/USD	1M	3M	6M	12M
Forecast (pct'ile)	1.30 (64%)	1.30 (56%)	1.27 (37%)	1.27 (39%)
Fwd. / Consensus	1.29 / 1.30	1.29 / 1.30	1.29 / 1.28	1.29 / 1.26
50% confidence int.	1.27 / 1.31	1.25 / 1.32	1.24 / 1.34	1.22 / 1.36
75% confidence int.	1.25 / 1.32	1.22 / 1.35	1.19 / 1.37	1.15 / 1.42

Source: Danske Bank Markets

Conclusion. As the US recovery matures and a reduction in the Fed's monthly asset purchases moves closer, support to the dollar should increase.

Q1 probably marked the peak in EUR/USD and while we look for continued range-trading we now see the range more likely to be in the high 1.20s for H2 than in the low 1.30s as in H1.

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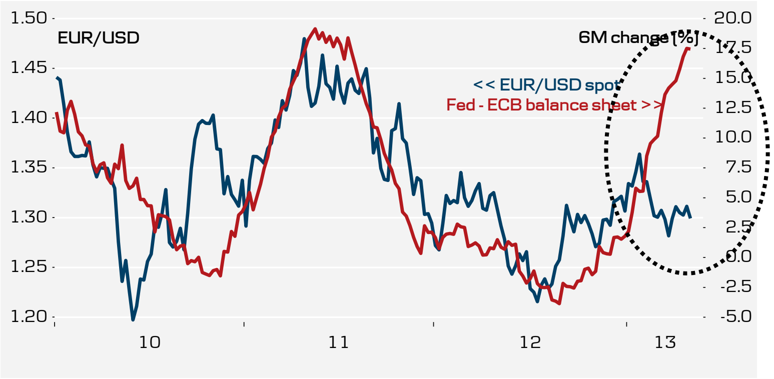
EUR/USD: important issues to watch

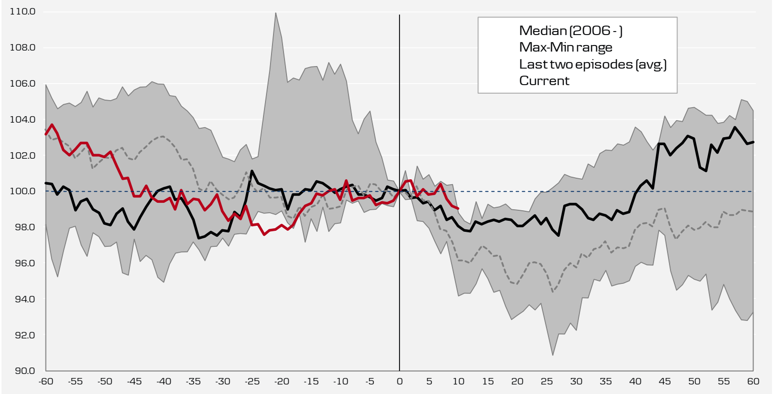
- **Out of sync with relative balance sheet expansion**
  - EUR/USD has not moved as high during H1 as the relative balance sheet growth between the ECB and the Fed might suggest.
  - While a reduction in the Fed's monthly asset purchases is an important change in relative monetary dynamics, it should not move money market spreads much (as the Fed will keep the policy rate at zero for some time still), which is really what is driving currencies.
- **European data surprise index may have troughed**
  - Economic data out of the eurozone has disappointed heavily in recent months but tentative indications are that the surprise index may have troughed in late April. Looking at recent troughs, there is some evidence of a tendency for EUR/USD to trough in the following month (see chart).

ECB and Fed balance sheet moving apart



Source: Reuters EcoWin, Danske Bank Markets

EUR/USD around a trough in data surprises



Source: Reuters EcoWin, Danske Bank Markets

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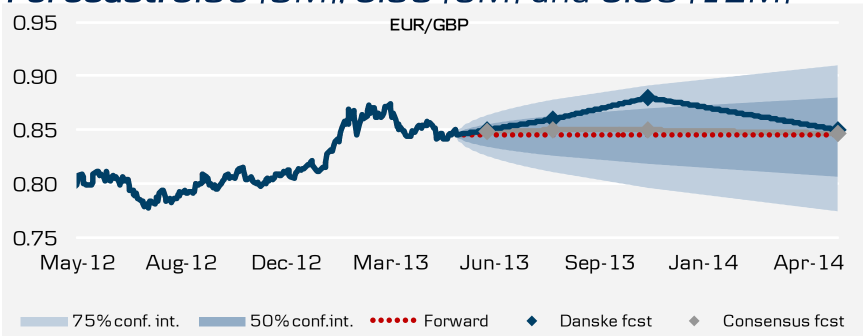
EUR/GBP – still waiting for Mr Carney

- **Growth.** The UK economy grew 0.3% q/q in Q1 and thereby avoided the feared triple-dip recession. UK PMIs have recently improved, though both manufacturing and services are still marginally below 50. Overall, data has been more upbeat than expected and support our view that the UK will see a moderate recovery. We forecast 0.6% GDP growth in 2013 and 1.4% in 2014.
- **Monetary policy.** The remit for the Bank of England (BoE) has changed. The inflation target still has primacy but the way has been paved for 'monetary activism' when Mark Carney takes over. Inflation above the target for a prolonged period is already accepted and Carney is expected to introduce more explicit guidance on rates. However, it might be more difficult for Carney to change the policy if UK numbers continue to improve.
- **Debt risks and flows.** Moody's has downgraded the UK. We believe a reversal of euro break-up safe-haven positions will continue to push EUR/GBP higher.
- **Valuation**. From a long-term perspective, sterling is clearly undervalued (PPP around 0.77).
- **Risks.** The improvement in UK numbers makes it more difficult for Carney to change UK monetary policy materially. If the ECB introduces negative deposit rates it could push EUR/GBP lower than we forecast.

***Forecast:** 0.86 (3M), 0.88 (6M) and 0.85 (12M)*



EUR/GBP	1M	3M	6M	12M
Forecast (pct'ile)	0.85 (60%)	0.86 (70%)	0.88 (81%)	0.85 (54%)
Fwd. / Consensus	0.85 / 0.85	0.85 / 0.85	0.85 / 0.85	0.85 / 0.85
50% confidence int.	0.83 / 0.86	0.83 / 0.86	0.82 / 0.87	0.81 / 0.88
75% confidence int.	0.83 / 0.87	0.81 / 0.88	0.80 / 0.89	0.77 / 0.91

Source: Danske Bank Markets

Conclusion. We expect the combination of high inflation, fiscal tightening and, not least, monetary easing to weigh on GBP over the next six months. We also expect GBP to lose even more of its safe-haven shine as the rally in peripheral euro government bonds continues. However, we now expect GBP weakness to materialise later than previously expected.

On a 12-month horizon, we expect GBP to strengthen slightly in line with our EUR/USD forecast and as UK growth stabilises.

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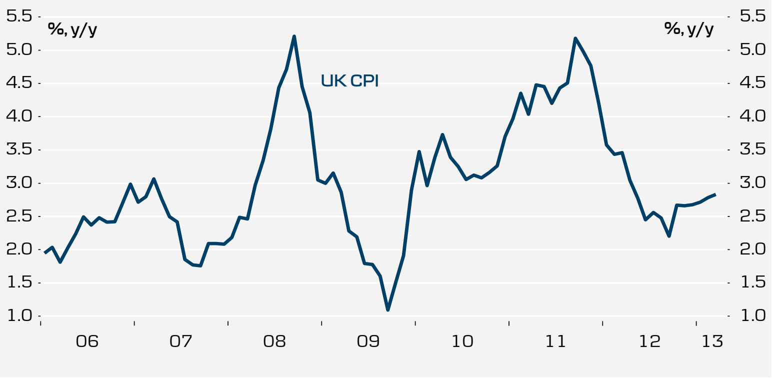
EUR/GBP – important issues to watch

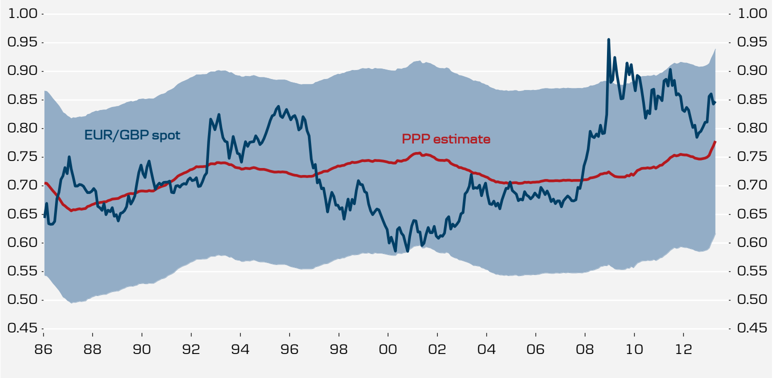
- **New remit still gives Carney room to manoeuvre**
  - The new BoE remit keeps the primacy of inflation targeting. However, Chancellor Osborne certainly gives the BoE leeway to conduct 'monetary activism'. The BoE can now do as the Fed and adopt 'intermediate thresholds', i.e. targets for growth/employment and inflation – a *de facto* dual mandate. It is also granted the right to use new policy instruments including those deployed by other central banks in recent years. Hence, open-ended easing and forward guidance as seen in the US now look likely. The sterling weakness we expect is based on the BoE utilising its mandate in H2 13.
- **What if UK numbers continue to improve?**
  - There is a growing probability that a global healing and better UK numbers will result in the market losing faith in Carney actually being able to change anything. Hence, the recent sterling appreciation might have further to run, especially if expectations regarding a deposit cut in the eurozone gain traction.
- **Relative monetary policy and EUR/GBP**
  - If the ECB introduced negative deposit rates, relative monetary policy would turn in favour of the GBP. Negative deposit rates is not an option in the UK.

High UK inflation for a prolonged period accepted



Source: Reuters EcoWin, Danske Bank Markets

GBP still remains 'fundamentally' undervalued.



Source: Reuters EcoWin, Danske Bank Markets

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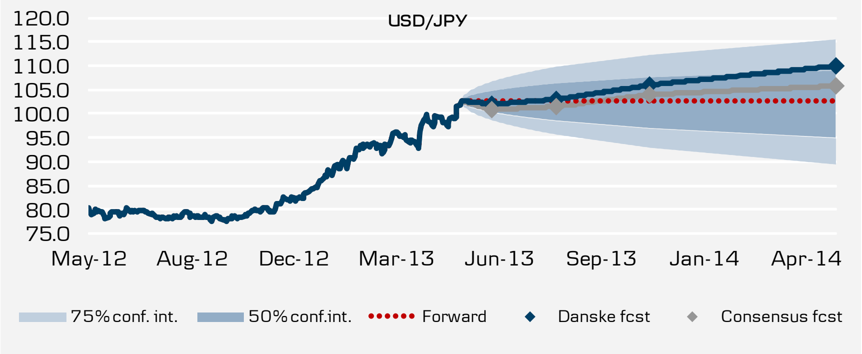
USD/JPY – likely to range trade just above 100

- **Macro outlook:** We expect the Japanese economy to rebound strongly in coming quarters, with GDP growth exceeding 3% q/q AR in Q2 and Q3. In 2014, growth is poised to slow markedly, as Japan will face substantial fiscal headwinds next year and the country could again be hovering close to a recession in mid-2014.
- **Monetary policy:** In April, the Bank of Japan (BoJ) announced a fundamental shift in monetary policy as it returned to its QE regime from 2002-06, when it targeted the monetary base. BoJ remains strongly committed to its 2% inflation target and intends to close to double the monetary base by end-2014. In addition, it signalled that the aggressive pace of government bond purchases of more than 10% of GDP will be continued next year.
- **Valuation:** According to our G10 PPP model (fair value estimate 86), USD/JPY has to move above the mid-120 level before valuation looks significantly stretched.
- **Risk:** According to IMM data, speculative short JPY positions remain at stretched levels. However, while a temporary drop back below 100 cannot be ruled out, we expect that any strong trend reversal will trigger new BoJ actions in order to retain market credibility.

***Forecast:** 103 (3M), 105 (6M) and 110 (12M)*



USD/JPY	1M	3M	6M	12M
Forecast (pct'ile)	102.00 (43%)	103.00 (54%)	106.00 (69%)	110.00 (77%)
Fwd. / Consensus	102.71 / 100.87	102.72 / 101.50	102.72 / 104.00	102.72 / 105.82
50% confidence int.	100.19 / 104.95	98.57 / 106.27	97.00 / 107.52	95.01 / 108.93
75% confidence int.	98.42 / 106.92	95.78 / 109.73	93.04 / 112.16	89.53 / 115.39

Source: Danske Bank Markets

Conclusion: The BoJ's fundamental shift in monetary policy will continue to favour a weaker JPY. In May, USD/JPY broke above 100 for the first time in four years. However, we expect price momentum to slow down and we look for USD/JPY to trade in the range of 98-105 in the coming months. In the event of a strong trend reversal, it would trigger new BoJ actions and, in our view, risks remain skewed to the upside. In H2 13, we expect further upside to materialise as a slowdown in the Fed's QE programme moves closer. We target USD/JPY at 110 in 12M.

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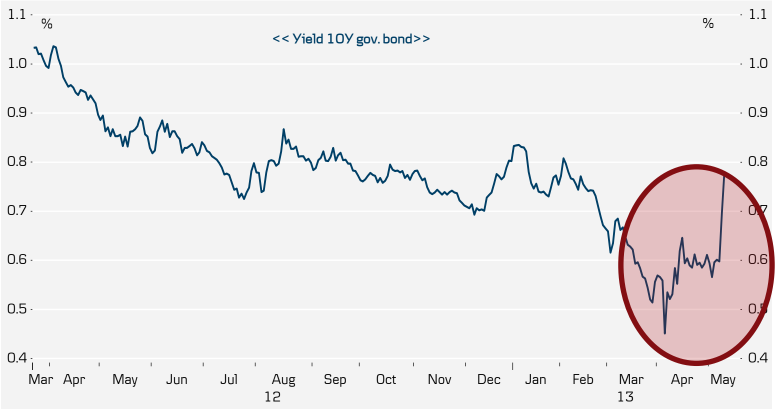
USD/JPY – important issues to watch

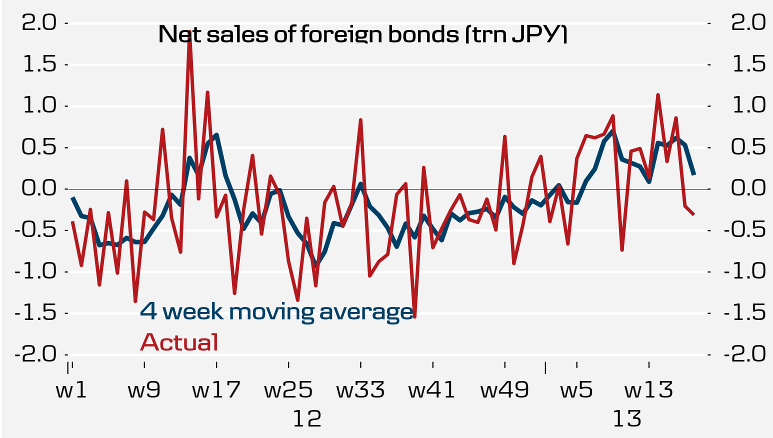
- **Massive JGB bond sell-off since BoJ announcement**
  - Yields on long-dated JGB bonds have risen significantly since the BoJ announcement on 4 April. It is too early to conclude whether this just is a correction lower in bond prices from very high levels or whether it reflects high credibility in BoJ's policy and thus is a product of higher growth and inflation expectations. Given the strong performance in Japanese equities, we tend to think it is mostly due to the latter although 10Y US and German yields have increased as well.
- **Japanese investors are now net buyer of foreign bonds**
  - A central market theme remains concerning the potential spill-over effect of the aggressive Japanese quantitative easing programme. According to Japanese flow statistics, since the beginning of May Japanese investors have switched from being net sellers to now being net buyers of foreign bonds. However, it is still early days for the BoJ programme and it will take time before a clear pattern is established.
  - Moreover, the level of net purchases of foreign bonds is not significant by historical standards and certainly does not explain the past weeks' weakening of the yen. The risk that structural flows out of Japanese assets could lead to further near-term JPY depreciation might be limited if most of the FX risk on foreign investments simultaneously is hedged.

10Y JGB yields have risen significantly



Source: Reuters EcoWin, Danske Bank Markets

Japan has switched to becoming net buyers of foreign bonds



Source: Reuters EcoWin, Danske Bank Markets

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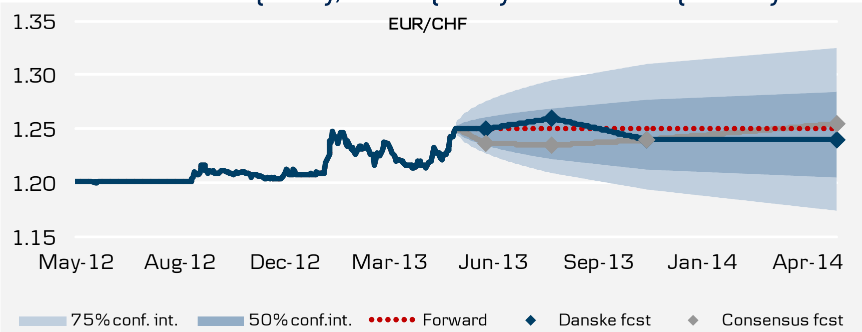
EUR/CHF - renewed franc selling interest

- **Growth.** Growth is slowing in Switzerland, which is, however, still outperforming the eurozone.
- **Monetary policy.** The SNB left monetary policy unchanged at its March meeting and pledged to continue defending the 1.20 minimum target.
- **Flows.** Underlying flows (current account surplus) remain CHF supportive.
- **Valuation.** The Swiss franc is overvalued by about 8% according to the Danske Bank General PPP model. However, the large inflation differential means that fair value in EUR/CHF is moving slowly lower every day.
- **Risks.** When the SNB judges deflation risks to be history, a move back to a free-floating currency should be expected. However, this policy shift is, in our view, unlikely to take place in coming quarters.

Forecast: *1.26 (3M), 1.24(6M) and 1.24 (12M)*



EUR/CHF	1M	3M	6M	12M
Forecast (pct'ile)	1.25 (57%)	1.26 (68%)	1.24 (48%)	1.24 (47%)
Fwd. / Consensus	1.25 / 1.24	1.25 / 1.24	1.25 / 1.24	1.25 / 1.25
50% confidence int.	1.23 / 1.26	1.22 / 1.27	1.21 / 1.28	1.20 / 1.28
75% confidence int.	1.22 / 1.28	1.21 / 1.30	1.19 / 1.31	1.17 / 1.33

Source: Danske Bank Markets

Conclusion. We do not expect a new trend higher in EUR/CHF but the stabilisation in the eurozone debt crisis should keep the EUR/CHF above 1.20 minimum target. The 1.20 floor should remain in place on the forecast horizon and while the high Swiss current account surplus limits the potential for a move higher, we see potential for the current franc sell-off to run further – not least supported by PIIGS spread tightening and the yen depreciation trend.

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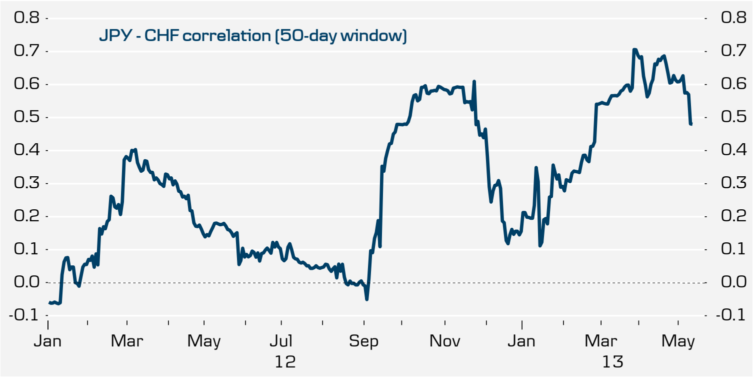
Danske Bank Markets

EUR/CHF – important issues to watch

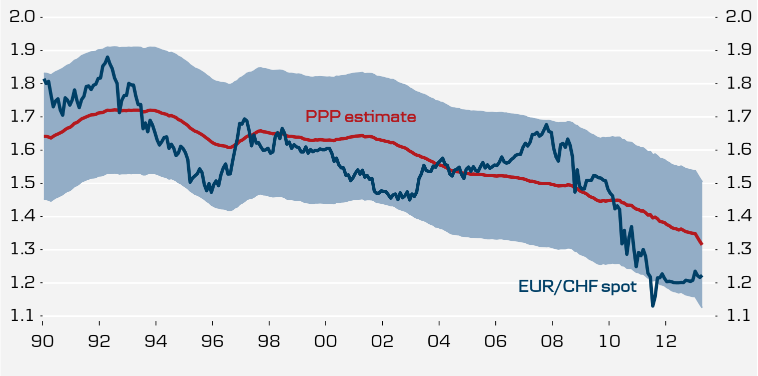
- **This is not a currency peg**
  - SNB's minimum target on EUR/CHF is technically no different from the interventions it conducted from March 2009 to mid-2010, although this time the SNB has announced the level that it will defend. It is important to note that this is not a currency peg in the traditional 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.
- **Correlation with yen depreciation flows**
  - The correlation between the yen and the franc has been positive and fairly high since the introduction of Abenomics in Japan. In other words, some of the flows driving the yen weaker appear to be correlated with the flows that have recently weakened the franc. The accelerated move higher in USD/JPY following the break of the 100 level thus suggest further potential for EUR/CHF to move higher in the short term.

Correlation remains with the yen



Source: Bloomberg, Danske Bank Markets

CHF becoming less overvalued by the day



Source: Reuters EcoWin, Danske Bank Markets

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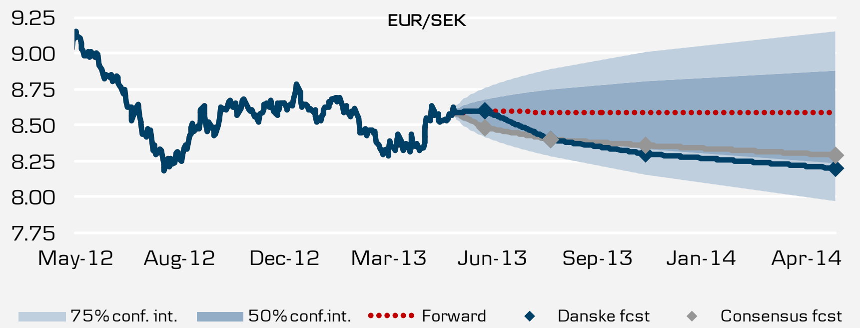
EUR/SEK – near-term headwinds for the SEK

- **Growth.** We see a gradual recovery over the course of 2013. However, it appears the starting point was weaker than we previously anticipated. We have lowered our Q1 GDP estimate (release 29 May) to well below the Riksbank's (RB) forecast. A potential SEK negative event in the weeks to come.
- **Monetary policy.** The risk of a July rate cut has increased. Weak Q1 GDP might leave the RB with no choice, especially if inflation does not spike higher again in May. Household debt and a substantially weaker SEK versus the RB's forecast do not point towards a rate cut (cf. Norges Bank). On balance, we stick to unchanged for now but will reconsider if data suggests otherwise.
- **Fundamentals.** The fundamental backdrop, productivity growth, the current account, inflation and public finances are all SEK-supportive factors. Stable triple-A rating too.
- **Flows.** High quality and commercial flows are likely to cap the upside in SEK crosses.
- **Valuation.** From a fundamental viewpoint, the krona is not overvalued; depending on the model used, EUR/SEK is either close to, or still higher than equilibrium.
- **Risks.** Higher: 1) Negative Swedish macro, 2) July rate cut, 3) Verbal interventions. Lower: 1) Positive Swedish macro, 2) Nordea privatisation, 3) Negative ECB deposit rate.

***Forecast:** 8.40 (3M), 8.30 (6M) and 8.20 (12M)*



EUR/SEK	1M	3M	6M	12M
Forecast (pct'ile)	8.60 (52%)	8.40 (23%)	8.30 (21%)	8.20 (22%)
Fwd. / Consensus	8.60 / 8.48	8.59 / 8.40	8.59 / 8.36	8.59 / 8.29
50% confidence int.	8.49 / 8.69	8.41 / 8.75	8.34 / 8.81	8.24 / 8.88
75% confidence int.	8.41 / 8.78	8.28 / 8.89	8.15 / 9.01	7.97 / 9.15

Source: Danske Bank Markets

Conclusion. Fundamentally, nothing has changed and therefore we stick to our medium-term view of SEK appreciation. However, appreciation will come slower than we thought – mainly (exclusively) because the Riksbank has signalled and is expected to maintain low rates for longer than we previously envisaged.

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EUR/SEK – important issues to watch

29 May: risk of macro disappointment

- While Swedish GDP growth will probably gradually improve in 2013, the focus here and now is on how the year started. Unfortunately, it seems that Q1 GDP will not live up to previous estimates and to the RB's forecast; preliminarily, we expect GDP to post a q/q decline. There is a risk that the data will intensify expectations of a rate cut in July and therefore weigh on the SEK.

Inflation and inflation expectations?

- Inflation will be critical for the RB rate decision in July, not least given that it lowered the inflation forecast substantially in April without following up with a rate cut. We expect most of the negative surprises in April to be reverted in the May data. So, the deviation in the RB inflation path come July will in itself not be an argument to cut. On inflation, the Prospera inflation survey (12 June) will be crucial as well. The RB would not let a decline in long-term (five-year) expectations well below 2% go unnoticed.

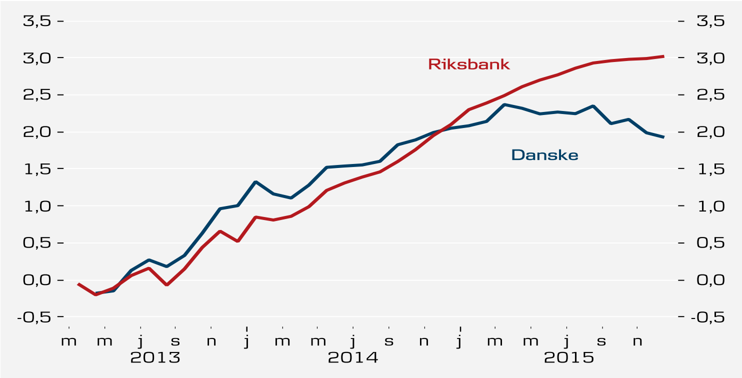
Nordea privatisation on the radar

- The government stake in Nordea Bank is 13.6%. If it decides to sell its share, worth around SEK43bn, this might, depending on the buyer, be a strong positive flow factor for the SEK.

New members in the Riksbank Board?

Source: Riksbank

CPI forecasts



Source: Macrobond, Riksbank, Dansk Bank Markets

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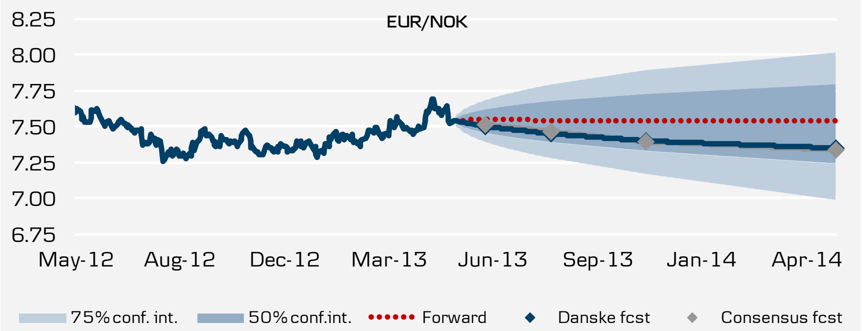
EUR/NOK – edging lower despite Norges Bank being on alert

- **Growth.** Mainland GDP growth has recovered in Q1, with both retail sales and manufacturing production rising indicating that Q4 was a 'temporary soft patch'. We expect mainland growth at 3.0% y/y in 2013.
- **Monetary policy.** Due to low inflation and a moderate wage agreement Norges Bank lowered its rate path significantly in March. However, Norges Bank left rates unchanged at the May meeting, referring to the weaker NOK. With our forecasts for growth, inflation and the NOK, we expect Norges Bank to be on hold for the next 12 months.
- **Flows.** Norges Bank has purchased a modest amount of foreign currency here in Q1 and the revised budget points to an even lower amount ahead. We have seen strong foreign interest for NGBs over the past two years, which might now peter out and even reverse given the better risk environment. Note that according to the weekly flow data speculators have strongly scaled down long NOK positions this year.
- **Valuation.** NOK is still slightly overvalued, with EUR/NOK PPP at 7.79.
- **Risks.** Norges Bank cutting rates due to low inflation.

Forecast: *7.45 (3M), 7.40 (6M) and 7.35 (12M)*



EUR/NOK	1M	3M	6M	12M
Forecast (pct'ile)	7.50 (36%)	7.45 (34%)	7.40 (32%)	7.35 (33%)
Fwd. / Consensus	7.55 / 7.51	7.54 / 7.47	7.54 / 7.40	7.54 / 7.34
50% confidence int.	7.46 / 7.64	7.39 / 7.68	7.33 / 7.73	7.24 / 7.80
75% confidence int.	7.39 / 7.71	7.28 / 7.80	7.17 / 7.90	6.99 / 8.02

Source: Danske Bank Markets

Conclusion. We expect EUR/NOK to edge lower as a rate cut now looks less likely. However, Norges Bank is still focused on the currency and it is likely that the central bank will from time to time try to intervene verbally in the FX market, as EUR/NOK edges lower over the next 12 months. Note that our forecasts are based on the USD, GBP and SEK appreciating on a broad base (6 to 12 months), so the trade-weighted NOK does not become 'too strong' for Norges Bank.

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EUR/NOK – important issues to watch

- **Economic numbers have surprised positively**
  Recently, we have seen some positive surprises in Norway. The labour market has once again improved and the unemployment rate has edged down to 3.5%, retail sales have recovered and underlying inflation surprised on the upside in April. The positive development is reflected in a the so-called surprise index that is at the highest level since June 2013.

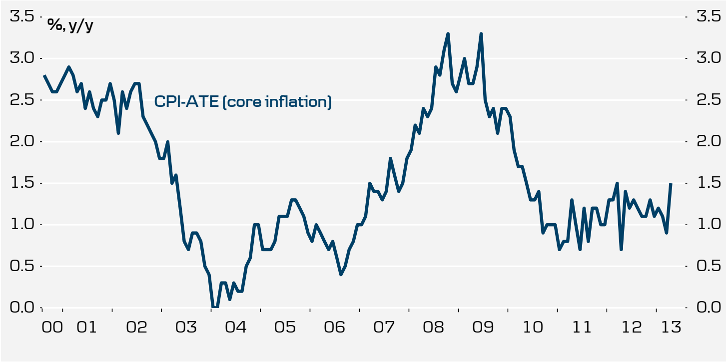
- **Room for new long NOK positions**
  Foreign banks, which we see as a proxy for speculative money, have this year generally been active sellers of the NOK. Hence, the NOK might be able to attract some speculative flows as the risk of a rate cut should now be relatively small.

- **Norges Bank means that NOK upside is capped**
  The renowned Norges Bank focus on inflation and recent comments show that Norges Bank is still very much more focused on the appreciation of its currency. It probably means that upside for the NOK is after all capped. The latter is reflected in our forecast, where we see only modest potential in the NOK.

Norwegian numbers have surprised positively

Source: Bloomberg, Macrobond

High inflation in April makes a rate cut unlikely

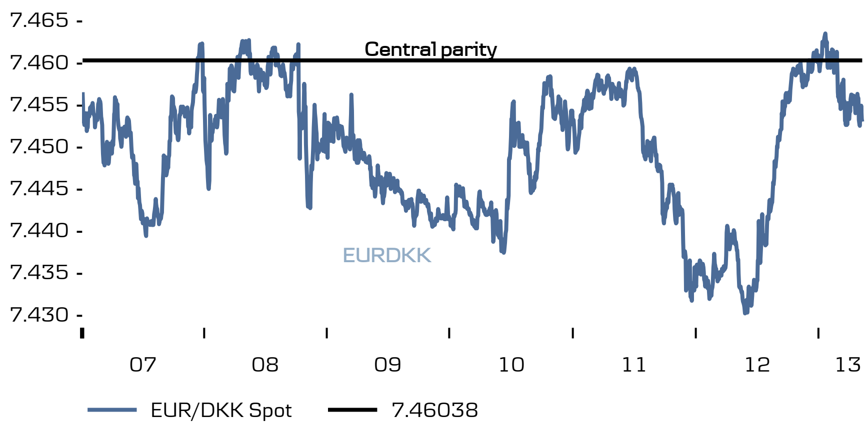


Source: Reuters EcoWin, Danske Bank Markets

EUR/DKK – trades marginally below the central parity

- Danmarks Nationalbank (DN) followed the ECB in May and cut the lending rate by 10bp, which brought it back to the historical low of 0.20%. DN did not fully track the ECB's 25bp refi-rate cut, which leaves room to cutting the lending rate further should the ECB decide to cut the refi-rate further. DN stated in April that the lending rate will remain positive. We now expect one 10bp hike from DN on a 12M horizon due to the area money market curve normalising slowly.
- **Following the ECB rate cut on 2 May**, EUR/DKK has moved marginally lower despite the strong performance for peripheral bonds and a weaker Swiss franc. The slightly stronger DKK might, together with foreign demand for Danish bonds, reflect that some market participants were surprised that DN slashed the lending rate by only 10bp. However, remember, that currently the lending rate has little impact on money market rates and the exchange rate, as Danish banks have a large need to place funds at DN. Hence, the deposit rate is currently the important key rate to follow. Therefore, we doubt that the current move lower in EUR/DKK will continue and trigger an independent Danish rate cut. However, we are moving closer to a level that might trigger currency intervention to weaken the DKK.

***Forecast:** 7.46 (3M), 7.46 (6M) and 7.46 (12M)*



Source: Reuters EcoWin, Danske Bank Markets

Conclusion. EUR/DKK is trading below central parity following continued strong demand for Danish bonds this year and the 'small' DN rate cut in May. However, we do not expect to see strong new inflow into DKK in 2013 and a 'strong move' below 7.46 as in 2012 is not expected. Also, we do not expect to see a new depreciation trend for DKK, as it will be firmly offset by DN through intervention and rate hike(s). Hence, we expect a very stable EUR/DKK over the next 12 months.

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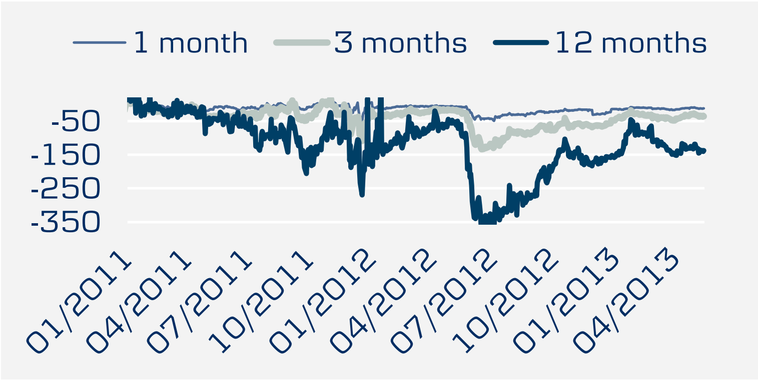
EUR/DKK forwards – forward discount stable in April and May

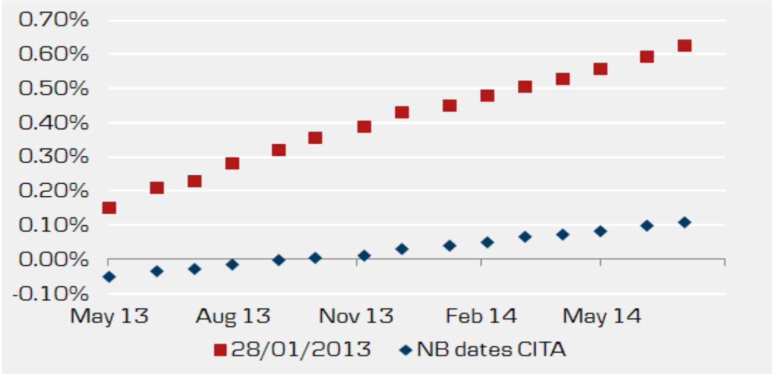
- **The 12M forward discount** in EUR/DKK widened in March as the market priced out the independent Danish rate hikes that were priced in in January. Hence, the normalisation of the EUR/DKK forward curve that we saw in January has now reversed slightly. In *FX Strategy: DKK forwards – implications of the euro liquidity drain,* from 4 February 2013, we recommended to hedge EUR asset/income with long tenors. After the March widening, we primarily recommend hedging with short tenors and awaiting a further normalisation before largely using long tenors again.
- However, given that EUR/DKK despite the recent risk rally continues to 1) trade "well" below the central parity, 2) the continues strong demand for Danish bonds, 3) the reluctance of DN to mirror ECB refi-rate cuts and 4) not least the risk of new safe-haven inflows into DKK, hedging EUR assets/income using long EUR/DKK tenors might still be considered even after the widening in March. The forward discount might widen further in a risk-off move or due to half-year or year-end turn premiums being priced in.

Fwd discount in EUR/DKK now less attractive, pips



Source: Reuters EcoWin, Danske Bank Markets

Hike expectations* in Denmark have reversed



*Source: Danske Bank Markets. *) The graph shows an approximation of 1M CITA and 1M EONIA forward rates. Blue is current pricing.*

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USD/CAD – Poloz may ease BoC hiking bias

- **Growth.** Canadian data has finally started to surprise on the upside after a dismal start to the year; crucially, GDP and retail sales have come in on the positive side lately. We still look for Canada eventually to be pulled higher by the US though.

- **Monetary policy.** The Bank of Canada (BoC) has maintained its overnight lending rate at 1.00% for the past two years. In June the newly appointed governor Stephen Poloz will take over after Carney and the first hints from Poloz on monetary policy struck a dovish tone. There is a risk that the June monetary policy statement could remove the long-standing BoC saying regarding the current "considerable monetary policy stimulus" that eventually "some modest withdrawal [of this] will likely be required".

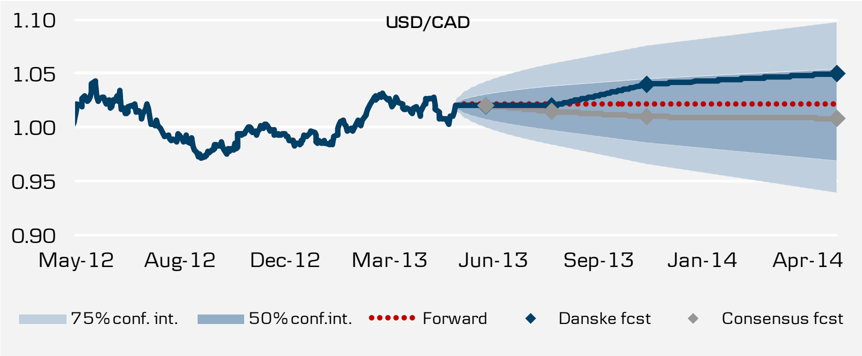
- **Flows.** Speculators have shortened CAD on a large scale since New Year but short covering seen recently.

- **Valuation.** The CAD is expensive on PPP measures, albeit less so than, for example, the AUD.

- **Commodities.** We no longer look for a significant rebound in oil prices in the near term and continue to see sustained weakness in H2.

- **Risks.** Apart from a few remarks when appointed we know very little of the new BoC governor Poloz's policy stance.

Forecast: 1.02 (3M), 1.04 (6M) and 1.05 (12M)



USD/CAD	1M	3M	6M	12M
Forecast (pct'ile)	1.02 (51%)	1.02 (55%)	1.04 (71%)	1.05 (73%)
Fwd. / Consensus	1.02 / 1.02	1.02 / 1.02	1.02 / 1.01	1.02 / 1.01
50% confidence int.	1.01 / 1.03	1.00 / 1.04	0.99 / 1.05	0.97 / 1.05
75% confidence int.	1.00 / 1.04	0.98 / 1.06	0.97 / 1.08	0.94 / 1.10

Source: Danske Bank Markets

Conclusion. Canada stands to benefit from a US recovery, which we see materialising notwithstanding the current soft patch. However, support for the CAD from BoC has diminished lately and some first hints on his policy stance suggest Poloz may add to recent dovishness in BoC communication. However, should Poloz turn out less soft than feared, CAD could be in for some tailwinds in the near term as short positioning in the Loonie is massive at present. But, later in the year, the pricing of a Fed exit should support USD/CAD – though this will likely happen at a time when BoC rate hikes are also moving closer and thus upside in the pair be limited.

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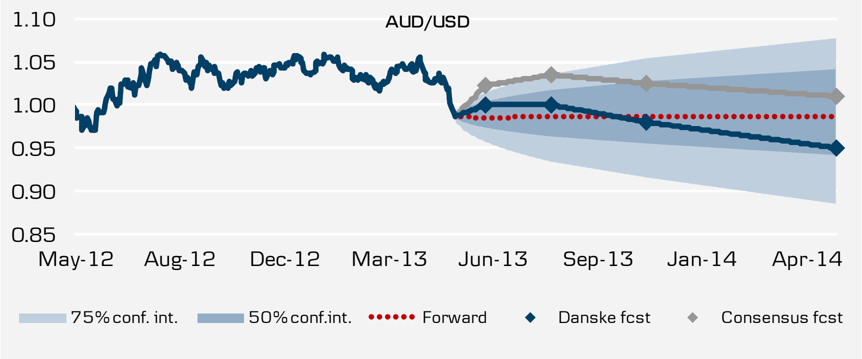
AUD/USD – Unfinished business from RBA

- **Growth.** Australian data has been mixed lately with low inflation and dire retail sales followed by a surprise uptick in employment in April.
- **Monetary policy.** The Reserve Bank of Australia (RBA) cut its cash target rate by 25bp to 2.75% in early May on a weakening outlook driven chiefly by a softer Chinese outlook and a fall in commodity prices. The May Statement on Monetary Policy cut the inflation outlook slightly but the RBA still sees growth picking up to trend pace in 2014. Governor Stevens (who just had his term extended) has clearly decided to slow the pace of easing but we still think at least one more cut will be delivered this year.
- **Flows.** Speculative longs in AUD have been unwound on a large scale lately and net positioning is now neutral.
- **Valuation.** AUD/USD remains overvalued by PPP measures and an eventual end to the mining boom highlights the downside risks.
- **Commodities.** We see only limited potential for metal prices to move higher from here as the end of the structural commodities super-cycle is moving closer.
- **Risks.** A rebound in metal prices and/or a stronger Chinese recovery could boost AUD.

***Forecast:** 1.00 (3M), 0.98 (6M) and 0.95 (12M)*



AUD/USD	1M	3M	6M	12M
Forecast (pct'ile)	1.00 (68%)	1.00 (57%)	0.98 (39%)	0.95 (27%)
Fwd. / Consensus	0.98 / 1.02	0.99 / 1.04	0.99 / 1.03	0.99 / 1.01
50% confidence int.	0.97 / 1.00	0.96 / 1.02	0.95 / 1.03	0.94 / 1.04
75% confidence int.	0.95 / 1.01	0.93 / 1.04	0.92 / 1.05	0.88 / 1.08

Source: Danske Bank Markets

Conclusion. With the RBA having proved it is determined to use its ammunition to stimulate the domestic economy hovering below trend growth and a dollar trough in sight as the Fed exits QE, the potential for AUD/USD upside from here should be limited. In particular, during H2 AUD faces the risks from a slowdown in Asia coupled with likely further evidence of an end to the decade-long commodities super-cycle. Thus, on a 3-6M horizon AUD/USD could come under pressure as the struggling non-mining sector down-under contrasts with a decent US outlook and the RBA and the Fed respond accordingly.

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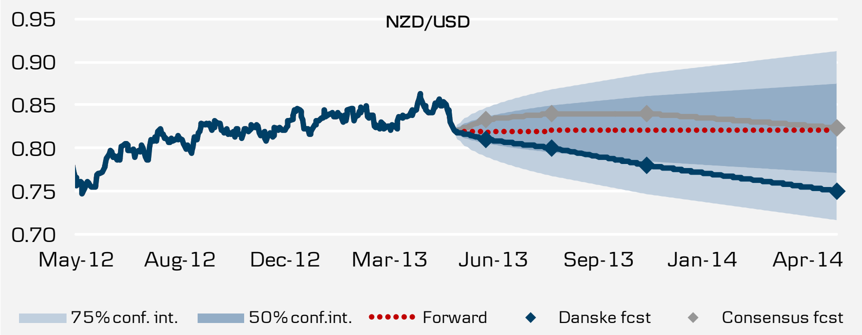
NZD/USD – RBNZ to act harsh on kiwi strength

- **Growth.** Data has continued to surprise mainly on the positive side with unemployment as well as inflation declining in Q1. Also, notably the housing market is buoyant. Earthquake reconstruction is to remain a key factor going forward.
- **Monetary policy.** The Reserve Bank of New Zealand (RNBZ) has kept rates at 2.50% since the earthquake-related cut early in 2011. Following a few warnings since his inauguration late last year governor Wheeler said earlier this month that the RBNZ had been selling the kiwi and may do so again to curb NZD strength. RBNZ is struggling with the risks to financial stability from a booming construction sector, whereas the rest of the economy suffers from an overvalued NZD. We think Wheeler will leave the cash rate unchanged for the foreseeable future and rather use intervention to stimulate domestic growth.
- **Valuation.** NZD is heavily overvalued in PPP terms.
- **Commodities.** Prices of some of New Zealand's key exports, such as milk powder, have surged lately due to the dry weather across the North and South island.
- **Risks.** If the Reserve Bank of Australia cuts more aggressively than we currently project, RBNZ may follow suit.

***Forecast:** 0.80 (3M), 0.78 (6M) and 0.75 (12M)*



NZD/USD	1M	3M	6M	12M
Forecast (pct'ile)	0.81 (33%)	0.80 (28%)	0.78 (22%)	0.75 (18%)
Fwd. / Consensus	0.82 / 0.83	0.82 / 0.84	0.82 / 0.84	0.82 / 0.82
50% confidence int.	0.80 / 0.84	0.80 / 0.85	0.78 / 0.86	0.77 / 0.88
75% confidence int.	0.79 / 0.85	0.77 / 0.87	0.75 / 0.89	0.72 / 0.91

Source: Danske Bank Markets

Conclusion. With house- rather than consumer-price inflation the key worry for RBNZ and Wheeler having revealed his willingness to resort to intervention to curb NZD peaks, upside for kiwi should be very limited from current levels. Notably, positioning hints at near-term downside for NZD/USD. As for most USD crosses, we see further downside beyond 3M, as the USD stands to receive support from a Fed exit at a time when RBNZ will remain focused on the outlook for the domestic economy and the country's competitiveness.

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EUR/PLN – weak economy weighs on zloty

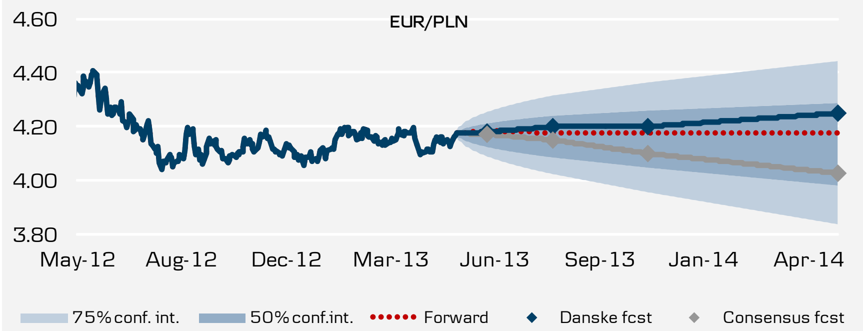
- **Growth:** There was a steady but marked decline in the Polish economy throughout 2012. The first estimate of 2013 Q1 GDP shows no sign of improvement, indicating disappointing 0.4% y/y growth. Domestic demand in particular continues to suffer. A softer stance from the Polish central bank (NBP) should help recovery but the outlook for 2013 looks bleak nevertheless.

- **Monetary policy:** The Polish central bank (NBP) has been overly hawkish over the past year despite a fairly sharp slowdown in growth and very subdued inflation pressures. That said, with inflation now well below its official 2.5% inflation forecast, the NBP now seems to be softening its stance a bit. However, we believe that the NBP will have to do a lot more and we now expect it to cut interest rates by in total 100bp more, to 2.00% in the coming year.

- **Valuation**: The PLN is trading close to its fair value level, so valuation is unlikely to pose any significant hindrance to its continued near-term appreciation.

- **Risks:** The major risk is that the slowdown in the Polish economy becomes larger than currently expected by the market. This could certainly weigh on the PLN in the medium term (three to six months).

***Forecast:** 4.20 (3M), 4.20 (6M) and 4.25(12M)*



EUR/PLN	1M	3M	6M	12M
Forecast (pct'ile)	4.18 (51%)	4.20 (63%)	4.20 (62%)	4.25 (69%)
Fwd. / Consensus	4.19 / 4.17	4.18 / 4.15	4.18 / 4.10	4.18 / 4.03
50% confidence int.	4.14 / 4.23	4.09 / 4.24	4.05 / 4.26	3.98 / 4.29
75% confidence int.	4.10 / 4.27	4.02 / 4.32	3.96 / 4.37	3.84 / 4.44

Source: Danske Bank Markets

Conclusion: The weak Polish economy will, in our view, eventually trigger renewed rate cuts and this is likely to put some depreciation pressure on the PLN. Thus, we would expect some PLN weakness to return in coming months. In the longer term (six to 12 months), we continue to expect the zloty to come under some pressure. However, we do not expect a dramatic sell-off and our medium-term view on the PLN relative to market pricing is relatively neutral.

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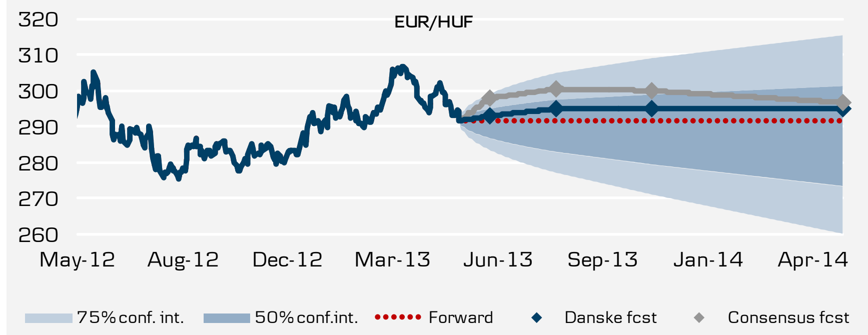
EUR/HUF – policy uncertainties, but much is already priced in

- **Growth:** Very weak domestic demand and lacklustre export growth weigh on the economy. Furthermore, we are increasingly reaching the conclusion that the key reason for Hungary's lacklustre growth performance is a continued deterioration in 'supply-side conditions'. Continued political 'noise' is certainly not helping.
- **Monetary policy:** The outlook for monetary policy has become even more uncertain since former Economics Minister György Matolcsy has become the new central bank governor. This means the outlook for Hungarian monetary policy is highly uncertain. However, we expect the Hungarian central bank (MNB) to cut rates gradually, as we expect inflation to continue to decline. However, we think that the MNB will be fairly cautious in the rate cutting cycle to try to avoid a sharp weakening of the forint.
- **Valuation**: Inflation could potentially become a valuation issue in the medium term.
- **Risks:** Excessive monetary easing combined with political worries and the euro are the key risks to the forint.

***Forecast:** 295(3M), 295 (6M) and 295 (12M)*



EUR/HUF	1M	3M	6M	12M
Forecast (pct'ile)	293.00 (62%)	295.00 (68%)	295.00 (66%)	295.00 (65%)
Fwd. / Consensus	291.6 / 297.9	291.7 / 300.5	291.7 / 300.0	291.7 / 296.7
50% confidence int.	286.5 / 295.6	282.9 / 297.4	279.4 / 298.8	273.3 / 301.2
75% confidence int.	283.2 / 299.8	277.2 / 304.9	271.1 / 309.0	260.2 / 315.4

Source: Danske Bank Markets

Conclusion: The Hungarian forint has rebounded somewhat recently. This mostly reflects an improvement in the global financial environment. Political uncertainties remain a worry but Hungary's political and structural problems are well known by market participants and so should be more or less fully priced in by the markets. Furthermore, Hungarian interest rates are still relatively high. This makes carry trades in the forint attractive. Finally, Hungarian external balances are fairly strong, and we therefore expect the forint to trade close to the present level against the euro over the coming year.

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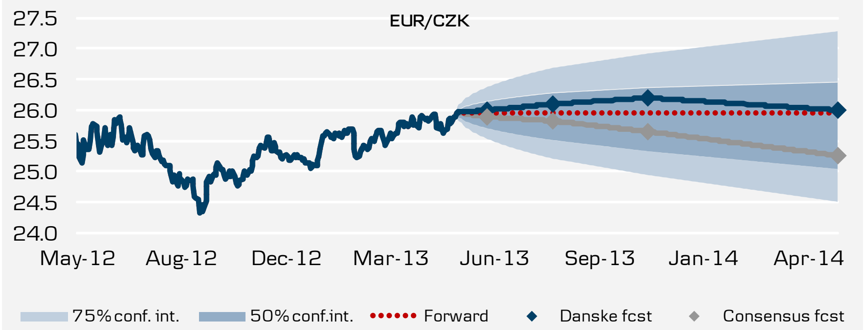
EUR/CZK – weak economy weighs on the Czech currency

- **Growth.** The outlook for the Czech economy remains gloomy. It is generally expected that the economy will remain in recession this year too. Our economic outlook is slightly more positive than that of the Czech National Bank (CNB) for 2013 (it assumes a 0.5% y/y GDP fall) but somewhat more negative for 2014 (the CNB expects 1.8% y/y GDP growth). We expect 2013 GDP to contract by 0.2% y/y. Next year should bring a moderate recovery but we still expect the economy to operate well below its potential and expect GDP growth of only around 1.1% y/y.
- **Monetary policy.** The key policy rate is at a technical zero of 0.05% and the CNB stated that it is ready to use the FX channel for further monetary easing as negative rates are not an option. However, as CZK weakened quite a bit on intervention risks but also reflecting the weakness in the economy, there is very little chance that the CNB will ease monetary policy further by entering the FX market any time soon.
- **Debt risks** are low. The Czech government forecasts the public finance deficit will be below 3% this year.
- **Valuation.** From a long-term perspective CZK is undervalued (fair value is around 23.4 against EUR).
- **Risks.** Intervention risks in connection with further monetary easing, renewed debt crisis in Europe.

***Forecast:** 26.1 (3M), 26.2 (6M) and 26.0 (12M)*



EUR/CZK	1M	3M	6M	12M
Forecast (pct'ile)	26.00 (58%)	26.10 (65%)	26.20 (69%)	26.00 (60%)
Fwd. / Consensus	25.96 / 25.89	25.96 / 25.83	25.96 / 25.65	25.96 / 25.26
50% confidence int.	25.71 / 26.16	25.52 / 26.28	25.34 / 26.37	25.05 / 26.46
75% confidence int.	25.54 / 26.38	25.22 / 26.68	24.95 / 26.91	24.51 / 27.27

Source: Danske Bank Markets

Conclusion. EUR/CZK has returned to a spot of around 25.8 following the rebound after the CNB's comment that the CZK weakness removed the need for further easing. Even though CNB Governor Singer tried to talk down the CZK again a couple of days later by saying that the CNB board discusses the possibility of FX intervention quite often, it means that as long as EUR/CZK remains in the 25.7 - 25.9 range, it is highly unlikely that the CNB will enter the FX market. Hence, we keep our bearish view on CZK on all forecast horizons. However, our forecast reflects the weakness in the economy rather than any action by the CNB.

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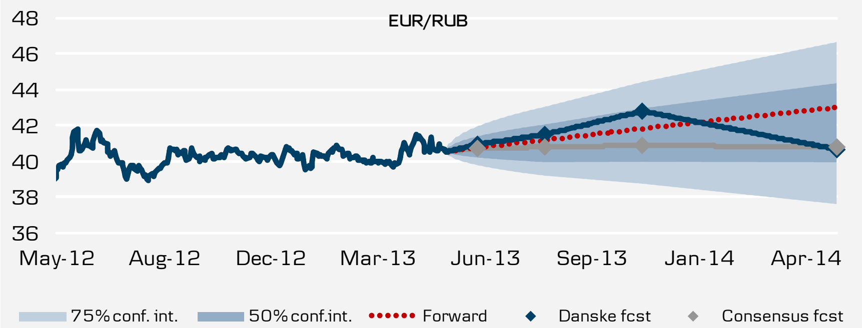
EUR/RUB – eyes on monetary easing

- **Growth.** The Russian economy continues to grow slowly, although key indicators improved in March 2013. H1 13 looks set to deliver a modest performance due to a high base effect and elevated inflation. We have cut our 2013 GDP growth forecast by 50bp to 2.9% y/y.
- **Monetary policy.** We expect the Russian central bank to be on hold in its June monetary policy meeting, as the new governor Elvira Nabiullina will start in late June. However we expect several rate cuts from Nabiullina during 2013.
- **Flows.** Capital outflows were USD56.8bn in 2012 versus almost USD81bn in 2011 and we expect this to slow to USD50bn in 2013. The official outflow forecast of USD10bn in 2013 has been raised to USD40bn. The seasonally strong current account effect is fading further in Q2 13.
- **Valuation.** EUR/RUB is trading slightly below its 1M average of 40.92 and there is strong upside risk.
- **Risks.** Bank Rossii's rate cuts, new terms for the Cyprus deal and unexpected developments in Greece's euro area membership may affect the RUB through a returning risk-off impact and plunging demand for Russian assets.

***Forecast:** 41.50 (3M), 42.80 (6M) and 40.70 (12M)*



EUR/RUB	1M	3M	6M	12M
Forecast (pct'ile)	40.95 (61%)	41.50 (63%)	42.80 (73%)	40.65 (31%)
Fwd. / Consensus	40.8 / 40.7	41.2 / 40.8	41.8 / 40.9	43.0 / 40.8
50% confidence int.	40.1 / 41.3	39.9 / 42.1	39.9 / 43.0	39.9 / 44.4
75% confidence int.	39.6 / 41.9	39.2 / 43.0	38.7 / 44.4	37.6 / 46.7

Source: Danske Bank Markets

Conclusion. Bank Rossii seems to be comfortable with a weak rouble, intervening the most at its 'informal' lower border on the trading band (34.65) and just a bit at the upper one (35.65). High inflation supports the central bank's hawkish stand.

We see upside risks for the EUR/RUB over 3-6M. The Russian Finance Ministry is planning to launch an FX purchase mechanism on the domestic market. The purchases would be comparable to Bank Rossii's planned interventions when it buys funds nominated in FX to accumulate in the Reserve Fund.

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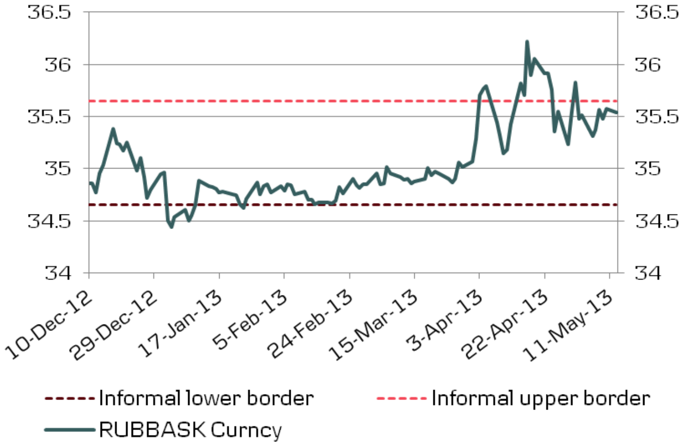
EUR/RUB – important issues to watch

- **Better flexibility, higher volatility and local bond market liberalisation.**
  - The RUB's volatility is set to increase in 2013, allowing the Russian currency to depreciate more than before. The band-widening policy is likely to continue this year, as Bank Rossii's deputy chairman Sergey Shvetsov stated in April 2013.
  - A weaker rouble looks attractive for Russian export sectors. As globally large economies are trying to push down their currencies, Russia's central bank does not want to watch from the sidelines if the RUB strengthens too much.
  - As the local bond market has opened for foreign investors, the most recent OFZ auctions attracted new inflows supporting the RUB. We expect the trend to continue in 2013-14.
  - At the end of June 2013, Bank Rossii is due to get a new chairperson, Elvira Nabiullina, the current economic advisor to the Russian president. Nabiullina has claimed that the current growth rate is below potential but she strongly opposes accelerating inflation. Thus, we believe she will not make any abrupt monetary moves in 2013 but soft easing is still likely.

Rouble's trading band vs dual currency basket, informal borders



Source: Bloomberg, Danske Bank Markets

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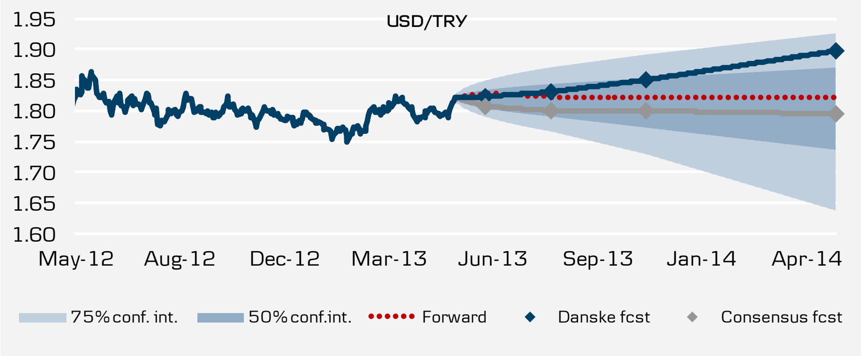
USD/TRY –Turkey's dovish central bank to depress the lira

- **Growth.** The soft beginning of 2013 continues: macro numbers remain relatively weak but there is some hope of higher growth as consumer confidence is improving. Industrial confidence worsened a bit in April. Inflation has started to decline and it seems that a more dovish stance is preferable in the long run to boost economic expansion.
- **Monetary policy.** On 16 April 2013 Turkey's central bank cut its key rates by 50bp: benchmark repo rate decreased to 5.00% (consensus: 5.25%, DBM: 5.00%). We expect the monetary authorities to cut 25bp further at the next meeting as CPI is heading nether.
- **Flows.** The current account deficit is widening: USD5.4bn in March 2013 versus USD4.9bn (revised) a month earlier. TRY lost 0.4% against USD after the release.
- **Valuation.** USD/TRY is trading above the 1M average. Since mid-April 2013 TRY has lost 1.7% against USD on further rate cut expectations. Thus, we also saw some support for TRY from expectations about Japanese investor inflows.
- ***Risks.*** Monetary easing by major central banks globally, especially by the Bank of Japan, is increasing volatilities in global flows, hitting TRY together with other EM currencies.

Forecast: *1.83(3M), 1.85(6M) and 1.90(12M)*



USD/TRY	1M	3M	6M	12M
Forecast (pct'ile)	1.82 (48%)	1.83 (64%)	1.85 (73%)	1.90 (82%)
Fwd. / Consensus	1.83 / 1.81	1.82 / 1.80	1.82 / 1.80	1.82 / 1.80
50% confidence int.	1.81 / 1.84	1.79 / 1.84	1.77 / 1.85	1.74 / 1.87
75% confidence int.	1.80 / 1.86	1.77 / 1.87	1.73 / 1.89	1.64 / 1.93

Source: Danske Bank Markets

Conclusion. In the past 30 days TRY has continued to be very volatile, losing first on rate cuts and gaining later on Bank of Japan's easing. We expect the current account deficit to stay wide and increasing USD demand to push USD/TRY up further in 2013.

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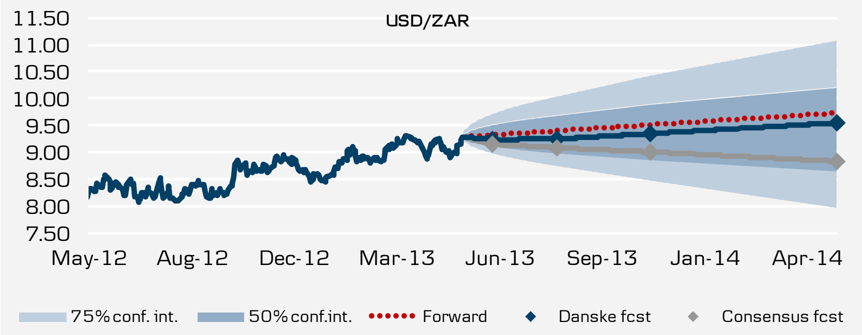
USD/ZAR – regime uncertainty weighs on ZAR

- **Growth.** In 2012 real GDP expanded by 2.5% following 3.5% GDP growth in 2011. Overall, 2012 GDP growth came out more or less in line with our expectations. Looking ahead, we estimate average GDP growth of 2.3% y/y in 2013, 3.1% y/y in 2014 and 3.3% y/y in 2015.
- **Monetary policy.** The outlook is quite uncertain and the MPC meeting late May will be a close call in our view. Even though economic activity remains weak with downside risk from sluggish economic activity in Europe, the renewed tension in the labour market, which puts pressure on the rand, and the high wage settlements represent clear upside risks to inflation. The SARB will face some hard decisions at the next MPC meeting but we believe it will stay on hold, as inflation risks and continued 'regime uncertainty' outweigh the growth concerns.
- **Debt risks.** The South African government raised the projected 2012/13 budget deficit to 5.2% (from 4.8%). The South African credit rating was, among other things, cut on the widening of the budget deficit.
- **Valuation.** ZAR remains fundamentally overvalued (fair value around 9.95).
- **Risks.** Loss of investor confidence due to intensified socio-economic problems, further downgrade by the rating agencies., widening current account deficit

***Forecast:** 9.25(3M), 9.35 (6M) and 9.55 (12M)*



USD/ZAR	1M	3M	6M	12M
Forecast (pct'ile)	9.24 (42%)	9.25 (44%)	9.35 (50%)	9.55 (55%)
Fwd. / Consensus	9.33 / 9.15	9.40 / 9.09	9.51 / 9.01	9.73 / 8.83
50% confidence int.	9.10 / 9.51	8.98 / 9.69	8.86 / 9.89	8.65 / 10.21
75% confidence int.	8.95 / 9.69	8.74 / 10.03	8.47 / 10.42	7.96 / 11.07

Source: Danske Bank Markets

Conclusion. The ongoing renewed sell-off in ZAR comes on the back of another strike in the mining sector announced this week. Even though ZAR has rebounded over the past couple of weeks on the back of fairly positive sentiment towards risky assets, it lost very quickly on the back of negative domestic news. We have not changed our stance on ZAR and remain bearish on all forecast horizons. In the short term the technical picture and drop in commodity prices are likely to weigh on ZAR, while fundamental overvaluation could weigh on the currency on a 12-month horizon.

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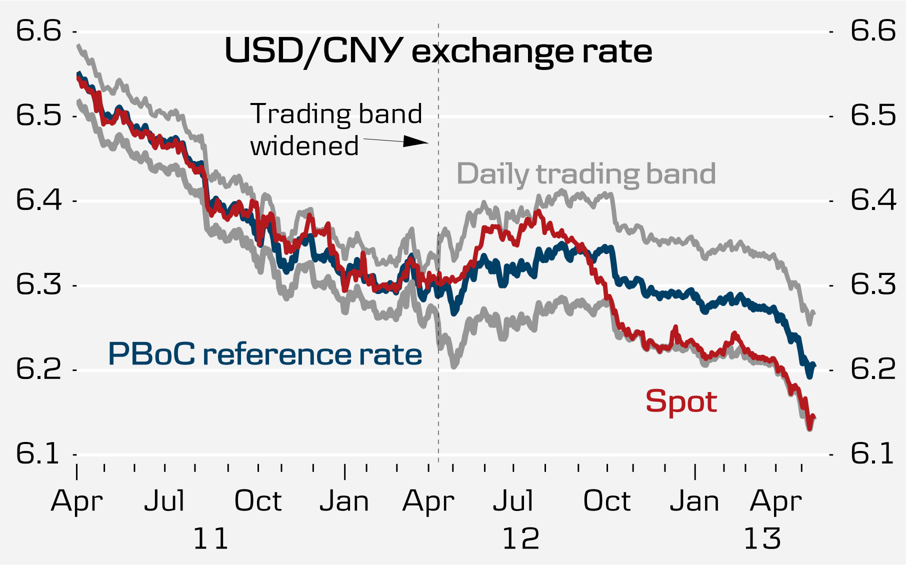
USD/CNY – trading band to be widened

- **Growth.** The main uncertainty in China is the pace of the deceleration in China's long term growth potential. Cyclically the recovery in China remains fragile and recent data suggest that growth has started to ease again, albeit so far not dramatically. The Chinese economy is now moving sideways, with GDP growth around 8%.
- **Monetary policy.** Inflation remains subdued below 2.5% y/y and although we expect it to stay below 3% y/y and hence remain substantially below the government's 3.5% inflation target for 2013. Policy focus is now on longer term structural economic reforms and the current weakness is not severe enough to force additional stimulus in China.
- **FX policy.** Intervention in the FX market and the pace of appreciation has increased in recent months. This underscores that intervention should not be regarded as a reluctance to let the CNY appreciate but rather an attempt to control the pace. China is gradually moving towards a floating exchange rate and a convertible currency and the daily trading band is soon expected to widen from +/-1% to +/-2%. We expect increasing two-way volatility in the CNY exchange rate.
- **Valuation.** Fundamentally CNY is, in our view, now only slightly undervalued (about 7%).
- **Risks:** Both slower growth and a weaker JPY could potentially slow the pace of appreciation.

***Forecast:** 6.12 (3M), 6.04 (6M) and 5.98 (12M)*



Source: Danske Bank Markets

Conclusion. China appears to have stepped up the pace of appreciation as it moves gradually towards a floating exchange rate and convertible currency. We expect the daily trading band to widen soon, from +/-1% to +/- 2%.

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Danske Markets FX forecasts

	Forecast					Forecast vs forward outright, %			
	Spot	+1m	+3m	+6m	+12m	+1m	+3m	+6m	+12m
Exchange rates vs EUR									
USD	1.290	1.30	1.30	1.27	1.27	0.7	0.7	-1.7	-1.9
JPY	132.1	133	134	134	140	0.7	1.4	1.4	6.0
GBP	0.847	0.85	0.86	0.88	0.85	0.4	1.5	3.8	0.0
CHF	1.250	1.25	1.26	1.24	1.24	0.0	0.8	-0.7	-0.6
DKK	7.45	7.46	7.46	7.46	7.46	0.1	0.1	0.2	0.3
NOK	7.54	7.50	7.45	7.40	7.35	-0.6	-1.6	-2.6	-4.1
SEK	8.60	8.60	8.40	8.30	8.20	-0.1	-2.6	-4.0	-5.6
Exchange rates vs USD									
JPY	102.4	102	103	106	110	-0.1	0.7	3.2	8.0
GBP	1.52	1.53	1.51	1.44	1.49	0.3	-0.8	-5.2	-1.8
CHF	0.97	0.96	0.97	0.98	0.98	-0.8	0.1	1.0	1.2
DKK	5.78	5.74	5.74	5.87	5.87	-0.6	-0.6	1.9	2.2
NOK	5.84	5.77	5.73	5.83	5.79	-1.4	-2.3	-1.0	-2.3
SEK	6.67	6.62	6.46	6.54	6.46	-0.9	-3.3	-2.3	-3.8
CAD	1.02	1.02	1.02	1.04	1.05	-0.1	-0.2	1.5	2.1
AUD	0.99	1.00	1.00	0.98	0.95	1.5	1.9	0.5	-1.4
NZD	0.82	0.81	0.80	0.78	0.75	-0.9	-1.7	-3.5	-6.0

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

Source: Danske Bank Markets

Danske Markets FX forecasts vs DKK

		Forecast				Forecast vs forward outright, %			
	Spot	+1m	+3m	+6m	+12m	+1m	+3m	+6m	+12m
Exchange rates vs DKK									
EUR	7.45	7.46	7.46	7.46	7.46	0.1	0.1	0.2	0.3
USD	5.78	5.74	5.74	5.87	5.87	-0.6	-0.6	1.9	2.2
JPY	5.64	5.61	5.57	5.57	5.33	-0.6	-1.3	-1.2	-5.4
GBP	8.80	8.78	8.67	8.48	8.78	-0.3	-1.3	-3.4	0.3
CHF	5.96	5.97	5.92	6.02	6.02	0.1	-0.7	0.9	0.9
NOK	0.99	0.99	1.00	1.01	1.01	0.7	1.7	2.8	4.4
SEK	0.87	0.87	0.89	0.90	0.91	0.2	2.8	4.3	6.1
CAD	5.66	5.63	5.63	5.65	5.59	-0.6	-0.3	0.4	0.1
AUD	5.71	5.74	5.74	5.76	5.58	0.9	1.4	2.4	0.7
NZD	4.74	4.65	4.59	4.58	4.41	-1.6	-2.3	-1.7	-4.0
PLN	1.79		1.78	1.78	1.76		-0.4	0.2	0.1
CZK	0.29		0.29	0.28	0.29		-0.7	-1.1	-0.3
HUF	0.26		0.25	0.25	0.25		0.8	1.6	2.7
RUB	0.18		0.19	0.18	0.18		3.0	0.2	6.0

Source: Danske Bank Markets

Danske Markets FX forecasts vs SEK

	Forecast					Forecast vs forward outright, %			
	Spot	+1m	+3m	+6m	+12m	+1m	+3m	+6m	+12m
Exchange rates vs SEK									
EUR	8.60	8.60	8.40	8.30	8.20	-0.1	-2.6	-4.0	-5.6
USD	6.67	6.62	6.46	6.54	6.46	-0.9	-3.3	-2.3	-3.8
JPY	6.51	6.47	6.27	6.19	5.86	-0.8	-4.0	-5.3	-10.9
GBP	10.16	10.12	9.77	9.43	9.65	-0.5	-4.0	-7.4	-5.6
CHF	6.88	6.88	6.67	6.69	6.61	-0.1	-3.4	-3.3	-5.0
NOK	1.14	1.15	1.13	1.12	1.12	0.5	-1.1	-1.4	-1.6
DKK	1.15	1.15	1.13	1.11	1.10	-0.2	-2.7	-4.1	-5.8
CAD	6.54	6.49	6.33	6.28	6.15	-0.8	-3.1	-3.8	-5.7
AUD	6.59	6.62	6.46	6.40	6.13	0.7	-1.4	-1.8	-5.2
NZD	5.47	5.36	5.17	5.10	4.84	-1.8	-5.0	-5.9	-9.7
PLN	2.06		2.00	1.98	1.93		-3.1	-4.0	-5.7
CZK	0.33		0.32	0.32	0.32		-3.4	-5.2	-6.1
HUF	0.29		0.28	0.28	0.28		-1.9	-2.6	-3.2
RUB	0.21		0.21	0.20	0.20		0.2	-4.0	0.1

Source: Danske Bank Marrkets

Danske Bank Markets

Danske Markets FX forecasts vs NOK

	Forecast					Forecast vs forward outright, %			
	Spot	+1m	+3m	+6m	+12m	+1m	+3m	+6m	+12m
Exchange rates vs NOK									
EUR	7.54	7.50	7.45	7.40	7.35	-0.6	-1.6	-2.6	-4.1
USD	5.84	5.77	5.73	5.83	5.79	-1.4	-2.3	-1.0	-2.3
JPY	5.71	5.64	5.56	5.52	5.25	-1.3			
GBP	8.91	8.82	8.66	8.41	8.65	-1.0	-3.0	-6.1	-4.0
CHF	6.03	6.00	5.91	5.97	5.93	-0.6	-2.4	-1.9	-3.4
SEK	0.88	0.87	0.89	0.89	0.90	-0.5	1.1	1.4	1.6
DKK	1.01	1.01	1.00	0.99	0.99	-0.7	-1.7	-2.8	-4.3
CAD	5.73	5.66	5.62	5.60	5.51	-1.3	-2.0	-2.4	-4.2
AUD	5.77	5.77	5.73	5.71	5.50	0.1	-0.3	-0.4	-3.6
NZD	4.79	4.67	4.58	4.54	4.34	-2.3	-4.0	-4.5	-8.2
PLN	1.81		1.77	1.76	1.73		-2.1	-2.6	-4.2
CZK	0.29		0.29	0.28	0.28		-2.4	-3.8	-4.6
HUF	0.26		0.25	0.25	0.25		-0.9	-1.2	-1.6
RUB	0.19		0.18	0.18	0.18		1.3	-2.6	1.8

Source: Danske Markets

EMEA FX forecasts

		EUR		USD		DKK		SEK		NOK	
		Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward	Danske	Forward
PLN	**14-May**	**4.16**		**3.22**		**179.1**		**207.0**		**181.3**	
	+1M	4.18	4.17	3.22	3.23	178.5		205.7	206.7	179.4	
	+3M	4.20	4.19	3.23	3.24	177.6	177.9	200.0	206.2	177.4	180.7
	+6M	4.20	4.21	3.31	3.25	177.6	176.9	197.6	205.7	176.2	180.6
	+12M	4.25	4.25	3.35	3.27	175.5	175.1	192.9	204.8	172.9	180.4
HUF	**14-May**	**295**		**228**		**2.53**		**2.92**		**2.56**	
	+1M	293	295.7	225	228.6	2.55		2.94	2.92	2.56	
	+3M	295	297.4	227	229.9	2.53	2.51	2.85	2.90	2.53	2.55
	+6M	295	299.4	232	231.3	2.53	2.49	2.81	2.89	2.51	2.54
	+12M	295	302.4	232	233.2	2.53	2.46	2.78	2.88	2.49	2.53
CZK	**14-May**	**25.9**		**20.0**		**28.8**		**33.3**		**29.2**	
	+1M	26.0	25.9	20.0	20.0	28.7		33.1	33.4	28.8	
	+3M	26.1	25.9	20.1	20.0	28.6	28.8	32.2	33.4	28.5	29.3
	+6M	26.2	25.8	20.6	20.0	28.5	28.8	31.7	33.5	28.2	29.4
	+12M	26.0	25.8	20.5	19.9	28.7	28.8	31.5	33.7	28.3	29.6
RUB	**14-May**	**40.52**		**31.36**		**18.39**		**21.26**		**18.63**	
	+1M	40.95	40.81	31.50	31.55	18.22		21.00	21.13	18.32	
	+3M	41.50	41.20	31.92	31.85	17.98	18.08	20.24	20.97	17.95	18.37
	+6M	42.80	41.83	33.70	32.32	17.43	17.80	19.39	20.70	17.29	18.17
	+12M	40.65	43.04	32.01	33.20	18.35	17.28	20.17	20.21	18.08	17.80
TRY	**14-May**	**2.34**		**1.81**		**318**		**368**		**322**	
	+1M	2.37	2.35	1.82	1.82	315		363	366	316	
	+3M	2.38	2.36	1.83	1.83	313	315	353	365	313	320
	+6M	2.35	2.39	1.85	1.85	317	312	353	363	315	318
	+12M	2.41	2.44	1.90	1.88	310	305	340	357	305	314
ZAR	**14-May**	**11.93**		**9.19**		**62.5**		**72.2**		**63.3**	
	+1M	12.01	11.94	9.24	9.23	62.1		71.6	72.2	62.4	
	+3M	12.03	12.03	9.25	9.30	62.0	61.9	69.9	71.8	62.0	62.9
	+6M	11.87	12.19	9.35	9.41	62.8	61.1	69.9	71.1	62.3	62.4
	+12M	12.13	12.48	9.55	9.62	61.5	59.6	67.6	69.7	60.6	61.4

Source: Danske Bank Markets

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