



FX STRATEGY | FX WEEKLY

Global FX Plus

10 July 2014

Non Independent – Marketing Communication

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Carry 1 : Volatility 0

FX Recommendations

- Short EURNZD at 1.5435, targeting 1.4800, stop loss 1.5705
- Short AUDCAD at 1.0070, targeting 0.9700, stop loss 1.0245
- Long USDJPY at 101.85, targeting 105.50, stop loss 100.65
- Short EURUSD at 1.3620, targeting 1.3200, stop loss 1.3820
- Short EURGBP at 0.8140, targeting 0.7800, stop loss trailed to 0.8070
- Long EURCHF at 1.2305, targeting 1.2500, stop loss 1.1970

G10 Themes

■ Short EURNZD: Selectively long G10 carry

- Sell EURNZD at 1.5435 targeting 1.4800 with a stop placed at 1.5705.
- We favour being long NZD, with risk-adjusted carry at multi-year highs, while positioning is still neutral. We like funding in EUR.
- NZD may be less vulnerable than AUD to a pickup in volatility given the sharp improvement in yields on offer.

■ Will the BOJ jolt the JPY?

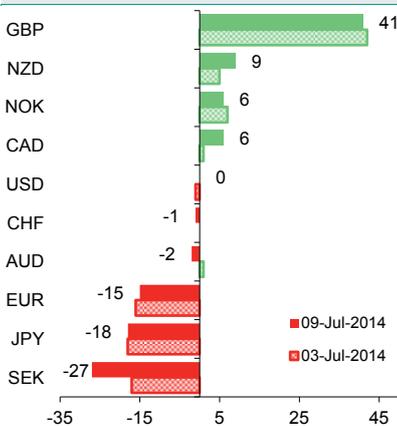
- The yen will lose support from monetary and fiscal policy.
- The prospect of negative real rates should weaken the JPY
- We are long USDJPY and expect the pair to rise to 105.50

Local Markets Themes

■ INR : A mixed budget

- India's budget fails to provide a catalyst for the rupee to extend its gains in the near-term in our view.
- Broadly, this remains a range market - we close our short USD and reiterate our 2m DNT recommendations.

BNPP Estimated FX Positioning



Currency Views

	Current	1 Month	3 Month
EURUSD	1.3600	1.34	1.32
USDJPY	101.30	108	109
EURCHF	1.2140	1.24	1.24
GBPUSD	1.7120	1.69	1.69
AUDUSD	0.9380	0.92	0.92
USDCAD	1.0660	1.09	1.10



BNP PARIBAS
CORPORATE & INVESTMENT BANKING

The bank for a changing world



Current FX Recommendations¹

Portfolio Overview Spot

Entry Date	Position	Entry Rate	Stop Loss	Target Rate	Close Rate	Close Date	Return (%)
02-Jul-14	Short EURNZD	1.5435	1.5705	1.4800			-
We like NZD higher still; risk-adjusted carry at multi-year highs, while positioning is still neutral. We like funding in EUR. NZD may be less vulnerable than AUD to a pickup in volatility given the sharp improvement in yields on offer.							
02-Jul-14	Short AUDCAD	1.0070	1.0245	0.9700			0.63
AUD is likely to continue to benefit from resilient risk sentiment But Australia's domestic story is not AUD-supportive							
19-Jun-14	Long USDJPY	101.85	100.65	105.50			-0.57
Reallocation towards foreign assets for Japan's GPIF could be sizeable (more than half of Japan's 2013 broad balance of payments surplus).							
05-Jun-14	Short EURUSD	1.3620	1.3820	1.3200			0.13
The ECB has delivered a significant set of measure: the deposit rate is now negative, SMP sterilization is ending, and QE remains on the table.							
24-Apr-14	Short EURGBP	0.8140	0.8070	0.7800			2.38
Lower risk to short EUR positions given dovish shift by the ECB. EURGBP on verge of medium term negative technical break							
11-Feb-13	Long EURCHF	1.2305	1.1970	1.2500			-0.63
We re-entered EURCHF on a pullback based on several factors including CHF deposit flight and positive Eurozone news							
02-Jul-14	Short EURSEK	9.1650	9.3000	8.9000	9.3000	03-Jul-14	-1.47
02-Apr-14	Long USDCHF	0.8844	0.8900	0.9200	0.8955	24-Jun-14	1.30
21-May-14	Short EURNOK	8.1369	8.2750	7.7725	8.2750	19-Jun-14	-1.60
21-May-14	Short AUDCAD	1.0070	1.0215	0.9700	1.0215	06-Jun-14	-1.51
24-Apr-14	Short EURCAD	1.5265	1.4970	1.4500	1.4780	30-May-14	3.25
10-Apr-14	Long NOKSEK	1.1025	1.0854	1.1500	1.1048	21-May-14	0.24
14-Apr-14	Short NZDUSD	0.8660	0.8660	0.8400	0.8660	01-May-14	0.00
27-Mar-14	Long AUDNZD	1.0660	1.0735	1.1100	1.0735	01-May-14	0.70
19-Mar-14	Long GBPSEK	10.57	10.82	11.00	10.96	10-Apr-14	3.67
12-Feb-14	Long USDJPY	102.50	102.50	108.00	102.50	08-Apr-14	0.00
20-Feb-14	Long NOKSEK	1.0715	1.0550	1.1100	1.0550	21-Mar-14	-1.48
Total							1.24%

Portfolio Overview Options

Entry Date	Position	Entry Rate	Close Rate	Close Date	MTM (%)
22-Jan-14	Short NZDUSD trade via a 1y 1x2x1 0.82/0.80/.78 put fly	0.25%			0.13%
- The extremely steep NZD vol surface presents cheap and opportunistic ways to trade this view ahead of the RBNZ					
05-Sep-13	Long 1Y 1x2x1 EURGBP 0.80/0.78/0.76 put fly	0.18%			0.51%
- We view that this structure provides a very good risk-reward to position for a grind lower in EURGBP over the year ahead.					

BNP Paribas STEER™ Model – Recent Quant Trading Signals²

Entry Date	Position	Entry Rate	Stop Loss	Target Rate	Close Rate	Close Date	Return (%)
10-Jul-14	Short AUDUSD	0.9394	0.9531	0.9127			0.21
10-Jul-14	Short USDCLP	553.31	555.53	548.86			-0.14
09-Jul-14	Short NZDUSD	0.8802	0.8903	0.8568			-0.05
07-Jul-14	Long USDJPY	102.11	101.20	102.71			-0.89
06-Jun-14	Short AUDUSD	0.9332			0.9490	01-Jul-14	-1.69
02-Jul-14	Long USDBRL	2.2019			2.2187	02-Jul-14	0.76
19-Jun-14	Short EURGBP	0.8008			0.7939	04-Jul-14	0.86

² FX Quant trading signals published in the FX Quant Insight – Daily updates available via email

¹ Positions highlighted in grey are currently open

Some older positions had to be taken off for due to lack of space but their P/L is included in the total.

The above recommendations do not reflect a fully invested, live portfolio and only G10 currencies will be featured.



Weekly FX Outlook: Flat positioning limits USD downside

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USD longs have been completely eradicated. Next week's comments from Yellen again in focus

NOK and SEK are finally set to rise

Stay short EURGBP despite the positioning

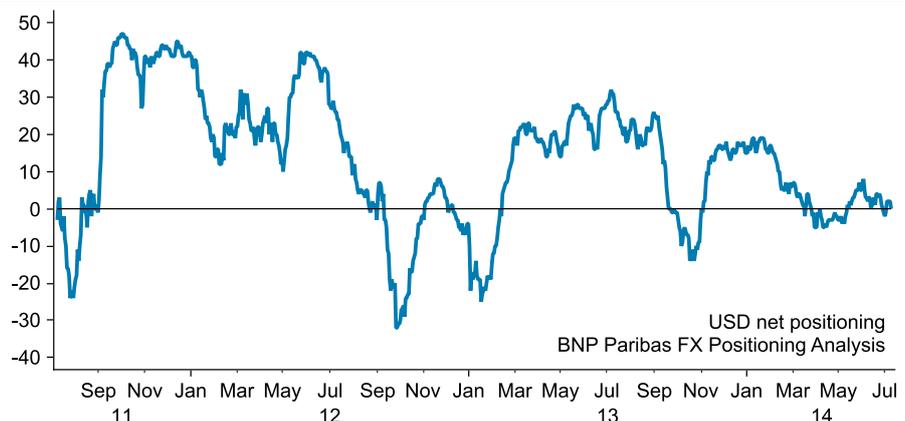
- **Lack of any positioning with the USD limits the downside on any position adjustment**
- **Both SEK and NOK should now rebound**
- **GBP should gain some support through stronger data next week. The market is long GBP but less so vs EUR**

The USD ends this week lacking a strong catalyst to rise from the minutes of the July FOMC meeting. Accordingly, FX investors will need to place more emphasis on US data than on specific guidance from FOMC members. In contrast, the almost complete lack of any positioning with the USD limits the downside on any position adjustment. Our BNP Paribas Positioning Analysis indicates a USD reading of 0 (on our scale of -50 to +50). Most investors we speak with are inclined to build USD longs rather than shorts. Given that USD longs have largely been abandoned in the market from a 2014 peak of +25, a significant change in investor attitude would be required to produce a sustained fall in the USD from current levels. Tuesday will be key for the USD next week with the release of June retail sales followed by Fed Chair Yellen's Senate testimony.

Scandinavian currencies have confounded the market over the past weeks following significant surprises from both the Norges Bank and the Riksbank. Next Wednesday's release of the minutes of the Riksbank's July 3 meeting should provide more insight into the reasoning behind the surprise 50bp rate cut and whether further easing lies ahead. Our economists believe the easing cycle has finished, which suggests that the SEK has likely passed its weakest point. Similarly for the NOK, a 25bp rate cut is fully priced in by the market but our economists believe that such a cut remains unlikely. The NOK should rebound even more than the SEK.

We have decided to maintain our short EURGBP recommendation. While the GBP is at risk of a pullback from extended positioning at +43, we argue that relative positioning on EURGBP is less extreme and presents less of a risk (see page 10). The GBP should gain some support from stronger data next week. We forecast the June CPI to increase to 1.6% y/y from 1.5% y/y in May and a further tick lower in the May unemployment rate to 6.5% from 6.6%.

Chart: Flat USD positioning limits downside risk



Source: BNP Paribas



Short EURNZD: Selectively long G10 carry

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Sell EURNZD at 1.5435, target 1.4800 with a stop at 1.5705.

Low volatility should continue to favour carry trades in FX...

NZD risk-adjusted carry at six year high...

So far, the G10 have been side-lined in the hunt for carry...

- **Sell EURNZD at 1.5435 targeting 1.4800 with a stop placed at 1.5705.**
- **We favour being long NZD, with risk-adjusted carry at multi-year highs, while positioning is still neutral. We like funding in EUR.**
- **NZD may be less vulnerable than AUD to a pickup in volatility given the sharp improvement in yields on offer.**

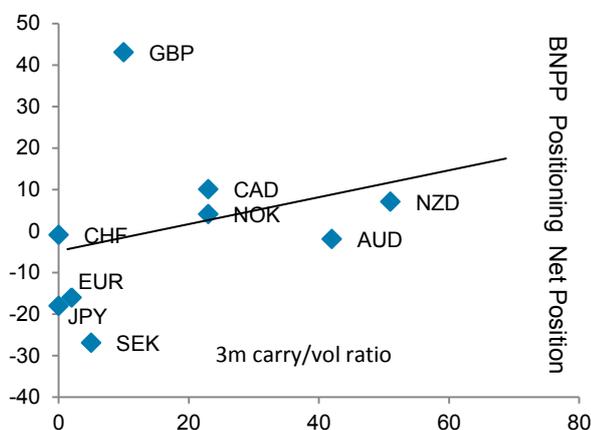
We recommend selling EURNZD at 1.5435 targeting a move to 1.4800. We would place a stop at 1.5705, above the June 25 high risking 1.73%. The carry friendly environment will likely continue in the weeks ahead, with volatility remaining low. Despite a very strong improvement in the carry profile for the NZD and the strong price action seen in the currency, it still remains under-owned in our view.

Our global strategy view is that conditions will remain conducive to the search for yield given a likely low volatility backdrop in the months ahead [See [Global Strategy Outlook, Volatility: Where? June 2014](#)]. Among the factors supporting this are G3 central bank balance sheets remaining elevated or moving higher, still subdued wage pressure and lower levels of system-wide leverage. Of course, this market mood has been in place since mid-Q1 this year, several EM currencies have rallied sharply and there is the risk of a pause or small retracement in stretched carry positions. However, throughout this hunt for carry, the G10 have been side-lined and positioning has been clean.

Chart 1 plots our proprietary G10 FX positioning analysis set against 3m carry to risk ratios for the G10 currencies³. As can be seen, while FX investors have been heavily short low-yielding currencies like the EUR, the JPY and now even the SEK, the AUD and the NZD are actually under-owned relative to risk-adjusted carry.

Chart 2 plots this metric for the G10 and some select emerging market currencies. On a relative basis, the carry offered in EM is far above the G10 in level terms. But this metric has been steadily trending higher for both the AUD and the NZD in recent months. Indeed, the carry to volatility for the NZD is now at its highest level

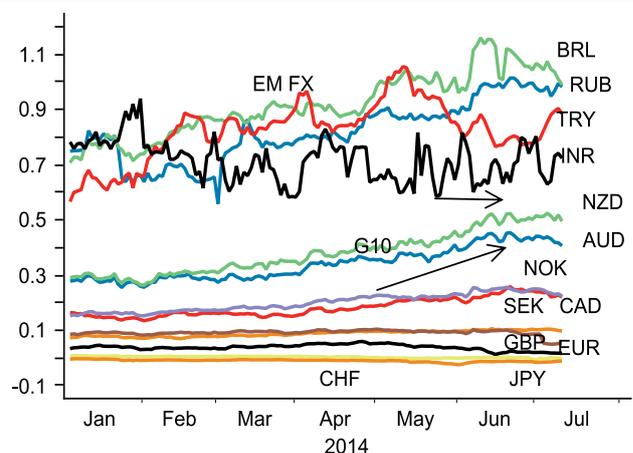
Chart 1: BNP G10 FX positioning analysis vs carry/vol ratio



Source: Macrobond, BNP Paribas

³ We have simply used implied carry from 3m FX forwards divided by 3m implied volatility

Chart 2: Risk-adjusted carry in G10 and select EM FX



Source: Macrobond, BNP Paribas



NZD carry should remain attractive or improve further...

seen since Q3 2008, while the AUD and the CAD are lagging behind (Chart 3). Yields will likely remain under upward pressure in New Zealand; the economy has been faring better than expected and, despite still subdued inflation and a sharp fall in dairy prices, the NBNZ has been focusing on very high levels of immigration adding to demand pressure, and a still buoyant housing market. The central bank is assuming that immigration will tail off by August⁴, but if it doesn't the bank may have to step up its hawkish rhetoric.

Unlike AUD, NZD has seen a healthy rise in carry-to-vol

Between the AUD and the NZD – the two carry-to-risk ‘Comeback Kids’ of the G10 – the NZD seems better insulated against a rise in volatility. Chart 4 plots the year-to-date percentage change in implied carry from 3m FX forwards against the corresponding change in implied volatility. While the NZD's carry-to-risk ratio has improved, this improvement is due more to the sharp increase in implied yields than a fall in volatility. The AUD, on the other hand, has seen its risk-adjusted carry improve more due to the fall in volatility than a noticeable increase in carry. Accordingly, a rise in volatility will eat into the AUD's risk-adjusted carry much more than the NZD's.

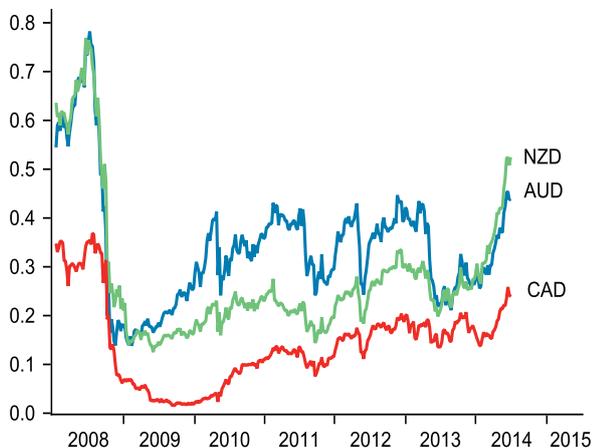
We choose to fund in EUR

We favour funding in the EUR as we still think there is potential for the currency to become the funding currency of choice given the sharp move in forward points already (See [The EUR's rising status as a funding currency, Global FX Plus, 12 June 2014](#)). Looking at Chart 4 one could make the point that the JPY would be a better funder, having seen a much sharper fall in implied yields from already low levels since earlier this year. But, by the same token, volatility has also fallen heavily. The EUR (and even SEK), on the other hand, have seen a large drop in yields but also a modest decline in volatility.

Revising up NZD

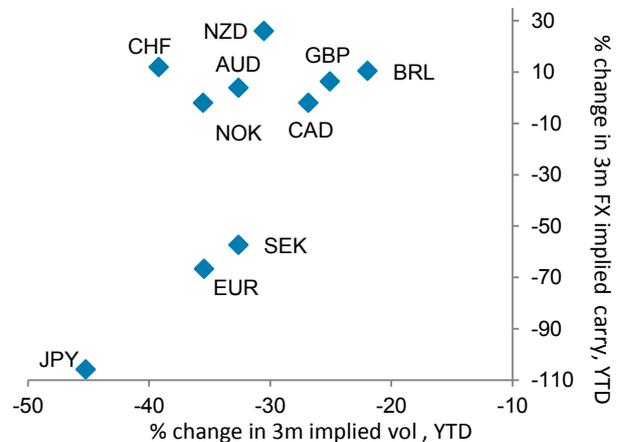
We also revise up our near term NZD forecasts. On NZDUSD, we look for 0.88 (Q3), 0.86 (Q4), 0.85 (Q1 2015) before coming back to our Q2 2015 target of 0.82.

Chart 3: NZD risk-adjusted carry highest since 2008



Source: Macrobond, BNP Paribas

Chart 4: G10 3m carry vs implied volatility, YTD % change



Source: Macrobond, BNP Paribas

⁴ See page 4, RBNZ June Monetary Policy Statement, http://www.rbnz.govt.nz/monetary_policy/monetary_policy_statement/2014/MPSjun14.pdf



Short EURNZD Option Ideas

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Please see ideas below for EURNZD. All priced with a spot ref: 1.5435

3 Month Reverse Knock Out EUR Put Strike 1.5435, KO 1.4700

Premium: EUR 0.63% (vs Vanilla: 1.05%)
Max Profit: 5.00%
Max Loss: Premium

Adding a Knock out barrier at 1.47 reduces the cost of the vanilla by 40%

3 Month EUR Put Spread with Premium Knock Out. Strike 1.5435, Premium KO: 1.4800

Premium: EUR 1.10% payable if 1.48 is never breached (vs Put Spread 0.92%)
Max Profit: 4.30%
Max Loss: Premium

If EURNZD ever trades at or below the Premium KO, the client is left with a "free" EURNZD Put Spread. Else if the Premium KO is not breached, client pays a premium which is higher than the equivalent vanilla put spread.

3 Month Seagull Buy EUR Put Spread 1.5435 – 1.4600, Sell EUR Call Strike 1.5750

Premium: Zero
Max Profit: 5.70%
Max Loss: Unlimited

This strategy takes advantage of the carry in NZD and the skew to the topside in EURNZD. By selling a EUR Call at 1.5750, the client can purchase a 1.5435 – 1.4600 Put Spread at net zero cost.



Will the BOJ jolt the JPY?

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- **The yen will lose support from monetary and fiscal policy.**
- **The prospect of negative real rates should weaken the JPY**
- **We are long USDJPY and expect the pair to rise to 105.50**

USDJPY: increasingly driven by policy?

We forecast USDJPY to break out of its recent range to the upside. It has largely traded between 100.98 and 103.88 since early this year. Although we expect US policy to be a catalyst, the Bank of Japan (BOJ) may prove to be a key driver – Japan now has one of the highest inflation rates in the G10. Our economists expect the BoJ to engage in ‘financial repression’ to restrain the rise in JGB yields that results from Japan’s fiscal dynamics. In addition, a re-allocation in the government pension investment fund (GPIF) and a likely pick-up in Japanese outflows will mean JPY weakens. The target on our long USDJPY trade is 105.50.

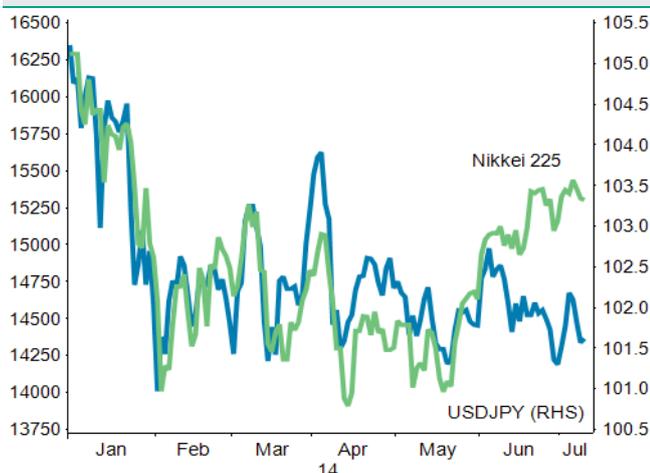
STEERTM flags the importance of yields

A risk-on environment typically means yen underperformance, yet the resilience of the Nikkei has *not* been associated with yen weakness of late. On this basis, any pronounced sell-off in the Nikkei will not necessarily lead to further JPY strength (Chart 1), given that the relationship has diverged. Moreover, our short term equilibrium exchange rate (STEER™) model has been suggesting that developments in the US yield curve are increasingly of more influence on the STEER™ for JPY, especially in the context of the decline in JGB yields (Chart 2). For further details please see [Quant Insight: BNP Paribas STEER™](#).

Negative real rates to push JPY lower

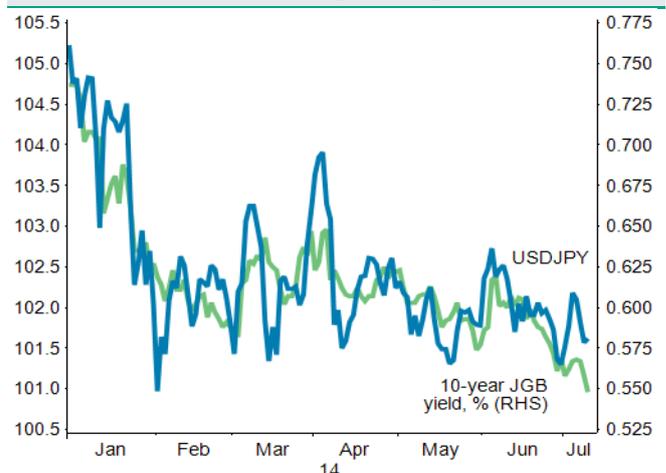
The long-term downtrend in the 10-year JGB yield, coupled with elevated inflation, means that negative real rates will continue to weigh on the JPY. Even further out, fiscal policy is likely to necessitate financial repression to cap yields, which will be equally as damaging for the currency.⁵ Why is this JPY negative? As fiscal concerns will take precedence over the inflation target, inflation is likely to overshoot – to as high as 4-5% according to our economists. In this scenario, Japan would have significantly negative real interest rates vis-à-vis the US, fuelling USDJPY higher (Chart 3). Effectively, such an ‘inflation tax’ would result in large capital outflows from Japan.

Chart 1. USDJPY and the Nikkei in H1 2014



Source: BNP Paribas

Chart 2. USDJPY and 10-yr JGB yields in H1 2014



Source: BNP Paribas

⁵ See [Japan: High inflation risk under financial repression](#), Macro Matters Issue 89, 3 July 2014



GPIF allocation unlikely to be JPY supportive

Indeed, on the flow front, with an approximate JPY1.3trn worth of assets under management, the upcoming investment reallocation in Japan's Government Pension Investment Fund (GPIF) will be significant for the JPY. The pension fund is expected to make changes to its asset allocation in the context of a larger reorganisation of the fund. Any increase in the GPIF's allocation to foreign equities or to higher yielding assets in an attempt to boost its returns will be JPY negative. More fundamentally, however, the GPIF will be used as a mechanism to aid in the easing of monetary policy; the BoJ is also likely to enlist it to engage in aggressive purchases of JGBs in order to maintain a high level of accommodation.

Will the BoJ engage in its own 'operation twist'?

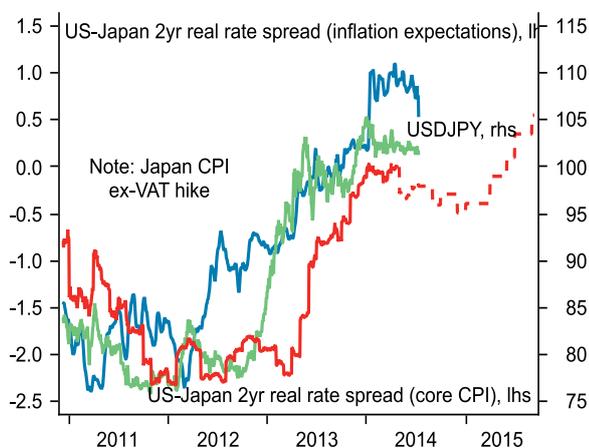
A larger overshoot in Japan's inflation rate would also see the yen weaken. If inflation gets out of hand, we could, our economists suggest, see an 'operation twist' policy in Japan – similar to that witnessed in the US. This would entail aggressive purchases of JGBs coupled with interest rate hikes to stave off inflation. The resultant inversion in the yield curve, along with the upside shock to inflation, is a risk scenario for Japan and the ensuing adverse growth-inflation paradigm would necessarily entail a weaker yen.

USDJPY to continue to overshoot its FEER value of 74

Although our fair value FEER model puts the long-term equilibrium of USDJPY at 74⁶, the currency pair will continue to overshoot this level as long as Abenomics continues (chart 4). In fact, the structural deterioration in Japan's trade accounts does not augur well for the yen's FEER value. This makes the 'third arrow' of Abenomics – or what has been termed the "Japan Revitalization Strategy" aimed at boosting Japan's growth limit – all the more important. The strategy includes close to 40 laws carrying out structural reforms at an unprecedented speed. However, with the recent deterioration in Japan's trade accounts, deregulation, privatization and the more difficult reforms (involving income redistribution) will also need to boost export growth. And this will still necessitate a weaker currency.

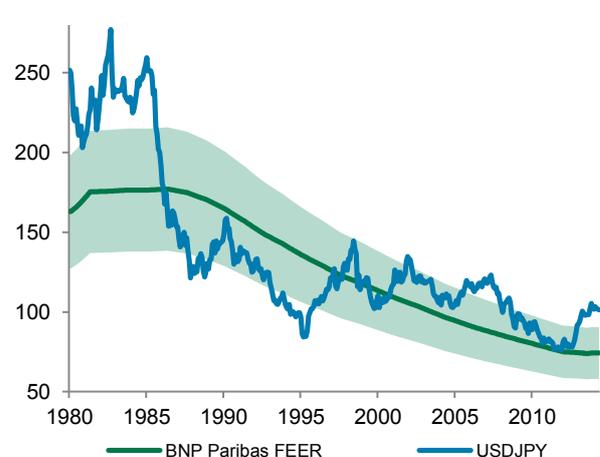
A short JPY position, via being long the USDJPY currency pair, offers good risk-reward at current levels. It is not worth giving up on long USDJPY just yet – we are long the pair with a target of 105.50 and a stop-loss at 100.65 (entry level: 101.85).

Chart 3. Real yield spreads to move against JPY



Source: Macrobond, Bloomberg, BNP Paribas

Chart 4. USDJPY to overshoot its FEER



Source: BNP Paribas

⁶ A fundamental equilibrium exchange rate (FEER) denotes the value of the exchange rate when the economy is at internal balance (growing at its potential rate of growth) and external balance (maintaining a sustainable current account position).



INR : A mixed budget

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- India's budget fails to provide a catalyst for the rupee to extend its gains in the near-term in our view.
- Broadly, this remains a range market - we close our short USD and reiterate our 2m DNT recommendations.

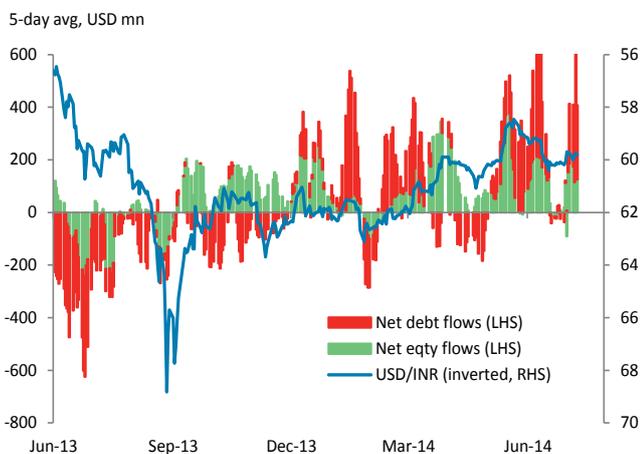
We recommended selling 1m USDINR on 27 June at 60.4 with a target of 59.40 (see [India – put on the budget plays](#)). We are now closing this recommendation ahead of our target at current levels (59.95).

In our view, the budget is a mixed bag. Sticking to a headline 4.1% deficit is positive, but with no firm announcement of LPG or fertiliser prices, we think it unrealistic to assume that total subsidy spending will be held in check. This is almost a question of trust – we could trust the government to deliver price hikes as the year progresses or we could be more cynical and suggest the Modi administration will continue to roll subsidy expenditure forward to next year.

The more positive aspects of the budget were generally expected by the market: a rise in the FDI cap in the insurance and defence sectors and a large disinvestment target to raise revenue.

Net-net, we see no catalyst to extend gains in the rupee in the near-term. There are reasons for optimism on the delivery of reforms, but valuations have to be right for entry and this is not the case right now. As a result we close our recommendation and switch to 'watch and wait' mode. We think the spot USDINR is likely to remain in a range, and reiterate our 2m 58.50/61.50 DNT recommendation.

Chart 1: Massive pre-budget inflows fail to budge rupee



Source: Bloomberg, BNP Paribas

Chart 2: Risk premia on Indian assets remain low



Source: Bloomberg, BNP Paribas *composite index of NDF-onshore spreads, FX vol and skew, equity vol and offshore corporate credit spreads

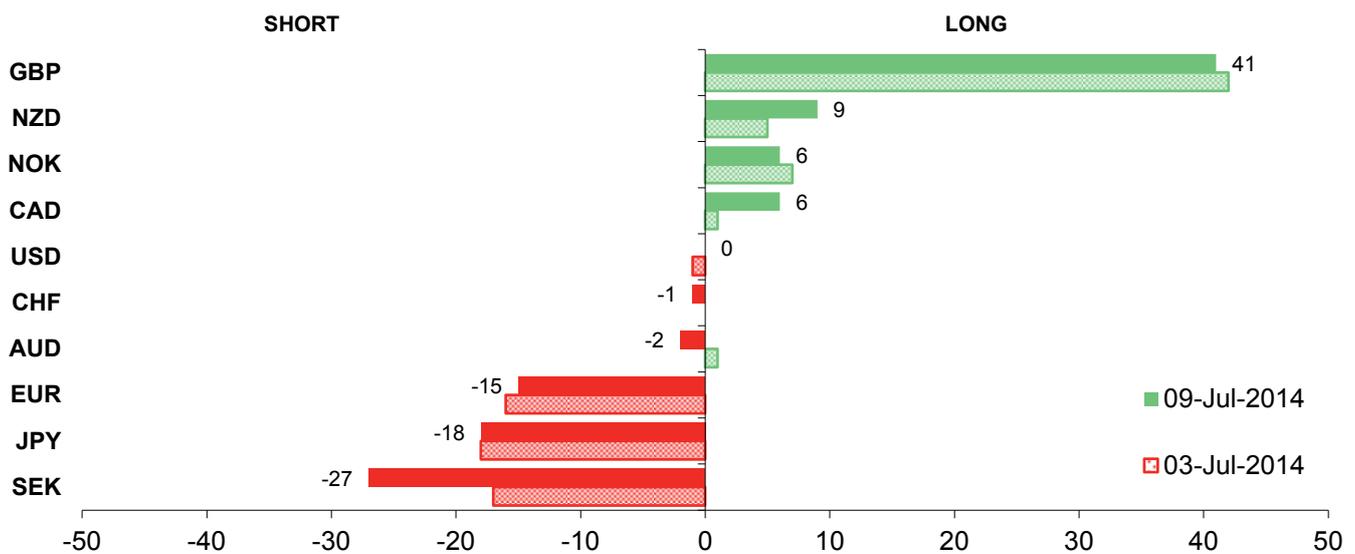


BNP Paribas FX positioning analysis

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- **GBP positioning remains close to extreme levels, while EUR shorts remain modest.**
- **Overall net positioning by investors remains low. Seasonal analysis indicates that positioning could remain very low over the summer.**
- **The SEK has displaced the JPY as the biggest short.**

Chart 1: BNP Paribas FX positioning analysis – overall positioning*



Source BNP Paribas

*The positioning scores above are reported as a percentile based on the prior five years of data. These percentiles are rescaled to give a value between -50 and +50. Values above 40 and below -40 represent extreme positions.

To interpret a score of -27, for example, add 50 to give 23. This tells us that 23% of observations over the past five years have been below the current observation.

Client exposure	IMM	Risk reversals	FX Fund position tracker	BNPP trending indicator	
-2	5	-50	50	-2	USD
-11	-20	2	-48	1	EUR
-7	-18	-21	-50	6	JPY
48	49	25	41	42	GBP
-6	-23	-17	48	-5	CHF
8	-13	30	-25	28	CAD
-2	-5	47	-50	2	AUD
22	-12	26	-29	37	NZD
11	-	9	45	-42	NOK
-29	-	10	-38	-49	SEK

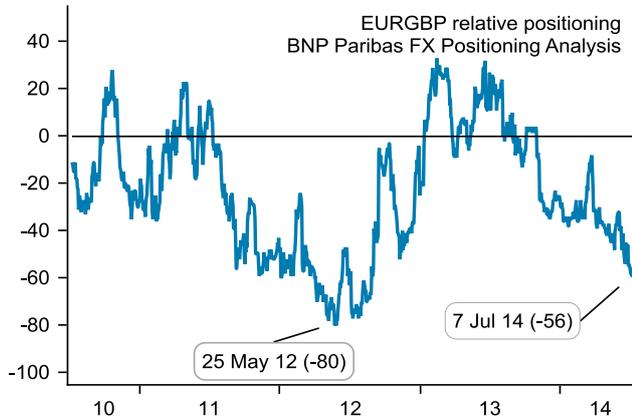
- Client exposure – Internal sales desks' estimate of FX investor exposure
- IMM – The commitment of traders (COT) is a widely used proxy for US-based hedge-fund/CTA activity
- Risk reversals – Risk reversals indicate the relative price of calls relative to puts, and thus incorporate an option "market sentiment"
- FX Fund position tracker – Regression based decomposition of currency fund positioning
- BNPP trending indicator – A technical measure of the strength of a currency's momentum

The overall currency score is then calculated as the equally weighted sum of the components



BNP Paribas FX positioning analysis: Behind the numbers

Chart 2: EURGBP relative positioning

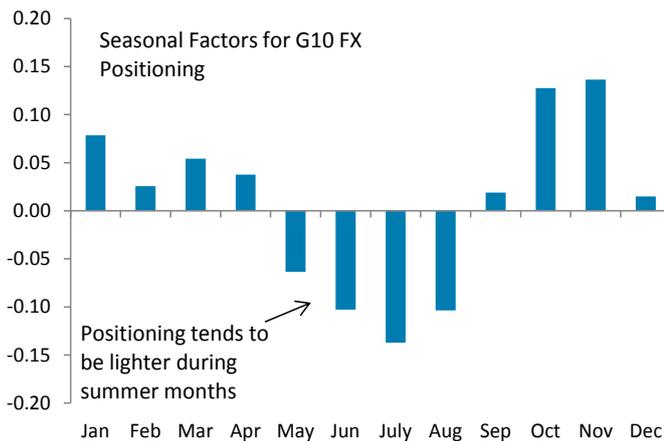


Source: BNP Paribas

The GBP long position remains at an extreme level but EURGBP positioning is more moderate

- BNP Paribas positioning analysis shows FX investors remain heavily long the GBP.
- Our measures shows GBP longs at a level of 41 (on a scale of -50 to +50), by far the largest single currency exposure in the G10.
- On the other hand, the short EUR exposure stands at -15 which is only moderately short.
- Although GBP long positioning now looks extreme, EURGBP positioning is more moderate (Chart 2) which supports staying short EURGBP.

Chart 3: Seasonal factors for G10 positioning

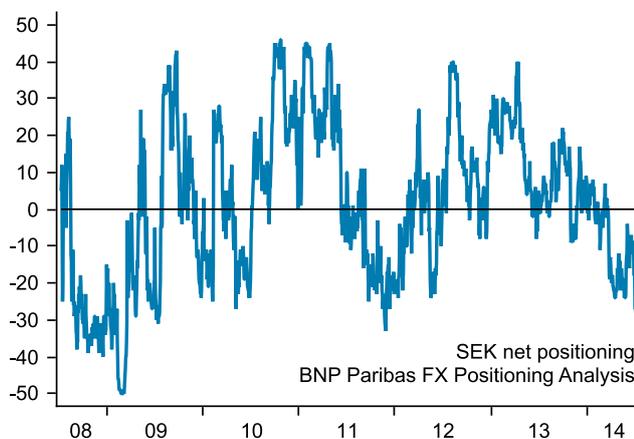


Source: BNP Paribas

Positioning in G10 remains low

- BNP Paribas FX positioning analysis indicates that risk-taking by FX investors remains low.
- Light positioning could indicate that there is scope for investors to add new positions.
- However, seasonal analysis indicates that risk-taking by FX investors generally remains low in the summer months (Chart 3).

Chart 4: SEK net positioning



Source: BNP Paribas

Investor positioning increasingly short SEK

- The SEK has displaced the JPY as the longest short.
- Overall, short positioning in the SEK has increased significantly over the past week following the larger than expected 50bp rate cut by the Riksbank. However, short positions are not yet at an extreme level.
- Notably, every segment of the market that we track either increased the short exposure this week or kept positions unchanged.



FX Snapshot

* End of year forecasts ,
** Bloomberg Median

G10		BNP Paribas Forecasts		
		2014	2015	
	Bullish. We think US nominal front-end yields are likely to be biased higher heading into H2 2014. A sustained upturn in both US data and US yields will be particularly supportive of the USD. With the consensus view still bullish the USD, we expect to see good interest to rebuild exposure if macro drivers cooperate. We expect EURUSD to drop to 1.30 by year-end, and USDJPY to end the year at 110.	GDP*	2.1%	2.8%
USD		Current Acc.*	-2.1%	-2.0%
		Policy Rate *	0-0.25%	0.50%
		USD Index *	83.67	86.65
	Bearish. The negative deposit rate should be enough to keep the EUR's downtrend intact especially as the ECB leaves the option of following up with large-scale asset purchases on the table. The ECB's ability to lift eurozone inflation expectations will be key, as real rates to be the key transmission mechanism from monetary policy to the currency, with the EUR increasingly assuming a funding currency role.	GDP*	1.2%	1.9%
EUR		Current Acc.*	2.7%	2.8%
		Policy Rate *	0.15%	0.15%
		EURUSD *	1.30	1.26
	Bearish. EURCHF has been drifting lower since the ECB announced further easing in its June meeting. However, the downside of the cross remains limited with the Swiss National Bank reaffirming commitment to defend the 1.20 floor. Our proprietary positioning indicator shows that the markets have scaled back CHF shorts, but data indicates a pickup in FDI and net portfolio investment outflows. We thus expect EURCHF to grind up to 1.24 by the end of 2014, while USDCHF should climb to 0.95.	GDP*	2.0%	1.9%
CHF		Current Acc.*	13.5%	13.7%
		Policy Rate *	0.25%	0.25%
		USDCHF *	0.95	0.99
	Bullish. We continue to expect the GBP to be the biggest outperformer in the G10. Our economists now look for an earlier rate hike coming in Q4 2014. Macro-prudential measures seem less stringent and should not limit strength in the housing market, which is positive for the currency. Risks to our bullish GBP view are rising uncertainty around the Scottish referendum (September) and a sharper slowing in housing. We expect EURGBP should decline to 0.76 by year-end.	GDP*	3.4%	3.0%
GBP		Current Acc.*	-4.4%	-4.1%
		Policy Rate *	0.75%	1.75%
		GBPUSD *	1.71	1.75
	Bearish. JPY is likely to lose ground in the context of firmer US yields and as improved investor risk appetite in Japan leads to more aggressive fund outflows. Portfolio flow data suggests Japanese investors may finally be responding to increased demand for foreign bonds. We remain of the view that the JPY will underperform, with USDJPY expected to reach 110 by year-end.	GDP*	1.2 %	0.8%
JPY		Current Acc.*	-0.1%	-0.1%
		Policy Rate *	0.10%	0.10%
		USDJPY *	110	124
	Neutral. CAD has been the second best performer of the G10 since June, thanks to a pickup in inflation. There is little scope for a rate cut and CAD should enjoy a boost if the Bank of Canada lessens its focus on low inflation in July. Stronger US growth should support Canadian activity, shifting the risk for more hawkish outlooks in 2015 and 2016. We favour CAD within the commodity bloc (vs AUD) and against funding currencies (EUR and JPY).	GDP*	2.0%	2.2%
CAD		Current Acc.*	-2.8%	-2.7%
		Policy Rate *	1.00%	1.00%
		USDCAD *	1.10	1.12
	Neutral. The AUD is likely to lose its crown as the strongest currency in the commodity bloc to the CAD, even though it should still outperform the NZD. For the remainder of the 2014, the AUD is likely to struggle against the best performing G10 currencies: the USD and GBP. However, the AUD's positive yield advantage should support outperformance against the JPY, CHF, EUR and SEK.	GDP*	2.7%	2.6%
AUD		Current Acc.*	-2.1%	-2.5%
		Policy Rate *	2.50%	2.50%
		AUDUSD *	0.92	0.90
	Bullish/Neutral. NZD has recovered strongly supported by an RBNZ still more concerned about unusually strong immigration pressures on housing rather than reasonably subdued inflation. At the same time, NZD's status as having the most attractive carry in G10 FX has added to NZD upside momentum in the current carry-on environment. However once volatility increases, we think NZD is the most vulnerable in the commodity bloc from a terms of trade perspective.	GDP **	3.5%	3.3%
NZD		Current Acc.**	-2.7 %	-3.7%
		Policy Rate **	3.63%	na
		NZDUSD *	0.86	0.80
	Bullish. NOK could lose some ground near term with an excessively dovish Norges Bank seeing a position reduction in till now consensus NOK long positioning. However, beyond we think NOK will converge to higher terms of trade with the Norges Bank potentially reversing its historical policy of recycling oil revenues abroad. Also NOK has the third best carry in G10 which will provide some insulation assuming volatility remains low. We still like EURNOK lower.	GDP*	2.0%	2.4%
NOK		Current Acc.*	9.1%	10.4%
		Policy Rate *	1.50%	2.25%
		EURNOK *	7.80	7.50
	Neutral. SEK is likely to remain under pressure for the near-term, given weaker than expected growth and inflation outturns, along with the larger than expected 50bps rate cut by the Riksbank in July. We expect broader SEK underperformance to continue. However, EURSEK should be somewhat offset by the ECB's easing policies and we expect the pair to reverse and show gains by year-end.	GDP*	2.3%	3.0%
SEK		Current Acc.*	5.8%	5.7%
		Policy Rate *	0.25%	1.50%
		EURSEK *	8.90	8.70



Converging Europe, Russia, Africa and Israel		BNP Paribas Forecasts	
		2014	2015
 PLN	Bullish. We have re-entered long PLNHUF, targeting 76.50 as the political turmoil in Poland now looks to have reached a climax with no real market implications. With positioning in the pair cleaner following the wave of stop losses triggered on the back of the news of the scandal, we expect the PLN to outperform once again on favourable fundamentals. We expect no change in rates at the upcoming MPC meeting.	GDP* Current Acc.* Policy Rate * EURPLN *	3.3% 3.3% -1.6% -1.7% 2.50% 3.50% 4.12 4.00
 CZK	Neutral. The CNB has been pretty clear in their intention to maintain a floor on EURCZK at 27.00 and have been successful in doing so thus far. We expect this policy to be in place for at least the remainder of this year, and then expect the floor to be “phased out”, ie, gradually moved lower until a “fair” level is achieved. In the meantime, we would err on the side of being long EURCZK.	GDP* Current Acc.* Policy Rate * EURCZK *	2.7% 2.4% -1.1% -0.7% 0.05% 0.05% 27.00 25.00
 HUF	Bearish in the short-term. We have re-entered a long position in PLNHUF. The NBH has cut rates by another 10bp, increasing the spread to the PLN further. Additionally, the imposition of other measures to loosen monetary conditions should keep the HUF underperforming, despite improving fundamentals and potential QE from the ECB. We are still positive on HGBs and long-end rates however.	GDP* Current Acc.* Policy Rate * EURHUF *	3.1% 2.5% 3.3% 2.3% 2.00% 3.50% 312 295
 RON	Bullish. NBR Governor Isarescu’s comments that a stronger leu is not desirable sent EURRON temporarily higher. We think that there is potential for the pair to drift lower in the coming weeks, despite the NBR’s comments, following the ratings upgrade by S&P on 16 May, and given the fact that real rates in Romania remain in positive territory, supporting the RON further in the short term as fundamentals also remain relatively strong.	GDP* Current Acc.* Policy Rate * EURRON *	3.1% 3.1% -1.2% -0.9% 3.50% 4.50% 4.50 4.45
 RUB	Bearish in the medium term. Despite the easing of tensions between Russia and Ukraine in recent weeks, we remain bearish on the RUB in the medium term. Russia’s growth outlook is weak and the 200bp rate hike earlier in the year is likely to impact this further. The current account surplus is likely to continue shrinking in the coming months and the CBR could consider cutting rates in the near future to help spur growth.	GDP* Current Acc.* Policy Rate * USD RUB *	-1.3% 1.4% 3.5% -0.2% 7.50% 5.00% 37.00 37.15
 TRY	Bearish. Political tensions are mounting once again and the events in Iraq could have implications on Turkey’s current account deficit if oil prices are impacted. Additionally, several senior directors of the CBRT were recently dismissed, suggesting that the pressure is mounting on the CBRT to cut policy rates further. Volatility-adjusted carry on the lira is falling sharply and we see little reason to be long at these levels. We still like 3m USDTRY 2.20/2.30 RKO’s and also like to be short TRY against high beta peers such as BRL.	GDP* Current Acc.* Policy Rate * USDTRY *	2.2% 3.0% -5.5% -5.9% 9.50% 11.50% 2.15 2.22
 ILS	Neutral. The ILS has been rather stable in basket terms, although it has been appreciating against the USD. The Israeli economy seems to be in a liquidity trap, whereby the demand for cash increases despite the record low rates. There is little inflation and the BoI could consider further easing measures that should prevent the ILS from appreciating further.	GDP** Current Acc.** Policy Rate * USDILS *	3.4% 3.5% 2.6% 1.9% 1.50 Na 3.50 3.60
 ZAR	Bearish. We remain concerned that a potential terms-of-trade shock from China could worsen the outlook for the current account, causing another wave of weakness in the ZAR. Additionally, S&P’s ratings downgrade to both foreign and local currency debt as well as an announcement by NUMSA of strike action will serve to increase ZAR pressure. The SARB is likely to remain behind the curve in monetary tightening. We like short ZAR positions through USDZAR call spreads.	GDP* Current Acc.* Policy Rate * USDZAR *	2.1% 2.9% -5.4% -5.2% 6.25% 7.0% 10.95 11.50

*End of year forecasts

**OECD Economic Outlook forecasts



LatAm		BNP Paribas Forecasts		
		2014	2015	
 BRL	“Tactically Bullish” – A high carry to risk (when compared to the rest of the EM world) together with the monetary authority targeting a virtual band of 2.20-2.25 (USDBRL spot) bodes well for the BRL, in our view. The decision by BCB to extend the FX auction program with no reduction in the size of auctions was supportive of the BRL. The only risk we see is a quick adjustment of the UST yield, triggering a systematic appreciation of the USD across the board.	GDP*	1.0%	1.0%
		Current Acc.*	-3.3%	-2.5%
		Policy Rate *	11.50%	13.0%
		USDBRL *	2.45	2.55
 CLP	“Tactically Bullish” - A meaningful part of the negative scenario is already embedded into prices. Also, our models suggest that the worst of the economic cycle is likely to take place in 2Q2014. Lastly, the over-crowded over-sold position in the NDF market, which exacerbates the CLP upward move in case of unexpected supportive news (eg CPI release). Under such scenario we stick to our short USDCLP.	GDP*	3.0%	4.0%
		Current Acc.*	-4.0%	-4.5%
		Policy Rate *	3.75%	5.00%
		USDCLP *	555	545
 MXN	“Neutral” - A stronger growth in both, Mexico and US, thru the remainder of 2014 is vital to the dynamics of the MXN looking forward. The currency remains resilient despite the surprise rate cut by Banxico. On the activity front, there are incipient signs of a rebound.	GDP*	3.5%	4.2%
		Current Acc.*	-1.9%	-2.2%
		Policy Rate *	3.50%	4.50%
		USDMXN *	12.85	12.75
 COP	“Neutral” - The Peso started the year on a soft note, underperforming most of its Latam peers. It benefited from the increased Colombia local bonds weighting in GBI-EM indices by the end of March and appreciated sharply subsequently. Moreover, the surprise rate hike by the end of April provided another boost to the currency. BanRep announced the extension of the FX purchases up to September, but the reaction on the COP was null. Although the COP should remain supported in the short-term, on a medium/long-term perspective, we see the COP underperforming.	GDP*	4.7%	4.3%
		Current Acc.*	-3.7%	-3.6%
		Policy Rate *	4.25%	4.75%
		USDCOP *	1950	2000
 PEN	“Neutral” - BCRP has intervened aggressively in the FX market with the USDPEN around the 2.80 handle. They sold USD around this level in the spot market and also sold CDRs (USD-linked bills) to reduce the pressure in the spot market, which should continue to limit the downside for the PEN relative to its peers. Total factor productivity growth and the maturing of several mining projects make up for the deterioration in the term of trade.	GDP*	5.6%	5.8%
		Current Acc.*	-4.5%	-4.3%
		Policy Rate *	4.00%	4.5%
		USDPEN *	2.88	2.90
 VEF	“Bearish” - The black market remains pressured and another FX devaluation will be needed. The government is doing that by a multiple exchange rate regime, recently unveiling the new system (SICAD II) in which individuals and corporates are allowed to buy USD under market conditions. However the supply of USD is not sufficient to meet the high demand.	GDP*	-1.5%	0.5%
		Current Acc.*	2.4%	2.0%
		Policy Rate *	14.5%	14.5%
		USDVEF *	13.80	25.60
 ARS	“Bearish” - Seasonally, USD inflows from agricultural exports will decrease significantly as we enter Q3 2014. And the bond markets are banned for Argentina after the US Court decision. Also, the country was downgraded from CCC+ to CCC- by Standard & Poor's this week. Ceteris paribus, an adjustment of the nominal FX rate is, if anything, unavoidable. We already had a more bearish than consensus view for the peso, which is the reason why we decided to keep the original forecast	GDP*	0.0%	1.5%
		Current Acc.*	-0.9%	-1.0%
		Policy Rate *	35.0%	30.0%
		USDARS *	10.95	15.00

*End of year forecasts



Asia		BNP Paribas Forecasts	
		2014	2015
 SGD	Bullish. We stay short USDSGD (entered at 1.2470 on 1 July, with target at 1.2370, and stop at 1.2520). Technically, the clear break below the year's low of 1.2450 signals further downside room. The recent appreciation of basket components and medium-term shift in trade weights towards North Asia from South East Asia creates scope for SGD to appreciate.	GDP* 5.0% Current Acc.* 18.4% Policy Rate * - USDSGD * 1.28	5.0% 18.0% - 1.40
 MYR	Neutral. BNM delivered a 25bp rate hike but the statement suggests that further rate hikes is a "wait and see", depending on the growth and inflation outlook. Given that the market is already long ringgit in anticipation of this hike, we some profit taking of longs. The low levels in USDMYR NDF risk premia (near low of Oct 2013) suggest that the ringgit maybe vulnerable to position adjustments.	GDP* 5.0% Current Acc.* 2.0% Policy Rate * 3.0% USDMYR * 3.40	5.0% 1.0% 3.3% 3.50
 IDR	Neutral. Indonesia presidential election's quick counts suggest that Jokowi has won against Prabowo by a narrow lead at 52%-48% but Prabowo has not conceded defeat. IDR rallied on the quick polls results but expect BI to buy USD around 11,400 to shore up FX reserves. We expect a core trading range of 11,500-800 for spot USDIDR until the official results on 22 July.	GDP* 5.2% Current Acc.* -2.4% Policy Rate * 8.25% USDIDR * 12,000	5.6% -2.0% 7.25% 12,800
 THB	Neutral. While political deadlock persist, there are signs that the opposition may accept the legitimacy of a future election, which is a positive development. Street protests have also ebbed. Meanwhile the current account surplus has improved sharply to the equivalent of 8% of GDP (annualized). This will continue to underpin the Thai baht, which think can extend its gains on any sign of further normalization in the political situation.	GDP* 2.5% Current Acc.* 2.0% Policy Rate * 2.0% USDTHB * 33.00	4.5% 2.0% 2.30% 33.50
 PHP	Bullish. In line with regional peers, USDPHP broke below its key 43.55 support this week, opening the next 43.00 support. Fundamentally, peso remains supported by its large current account surpluses.	GDP* 6.0% Current Acc.* 2.0% Policy Rate * 3.5% USDPHP * 44.80	6.0% 1.0% 4.0% 46.00
 HKD	Neutral. Front end and belly HKD rates to underperform USD rates. Increasing financial integration with the Mainland and deteriorating BoP position of Hong Kong means that HKD-USD rates spread will widen. We recommend paying 5y HKD-USD IRS spread around par and expect this spread to widen to 40 bps in 1 year. Range trading will continues to dominate in spot and TT. HKMA intervened in USDHKD on 1 July and 10 July to buy USD at 7.75 (the bottom of the 7.75-7.85 band). This is the first time they intervened since Dec 2012. The need to intervene was due to tightening of interbank liquidity.	GDP* 2.5% Current Acc. 2.7% Policy Rate * 0.5% USDHKD * 7.80	2.4% 3.7% 0.75% 7.80
 CNY	Neutral. We took profit on our short 3m USDCNH trade this week as spot USD/CNH has reached our target level of 6.20, on the back of convergence between the fixing and spot levels. We think the still-weak condition of the economy warrants spot trading in the top half of the band.	GDP 7.3% Current Acc.* 2.0% Policy Rate * 3.0% USDCNY * 6.20	6.8% 1.6% 3.0% 6.15
 TWD	Neutral. USDTWD is balanced between a strong current account surplus, foreign equity inflows on one hand, and domestic capital outflows and CBC intervention on the other. We see the 30.7-29.80 range holding for the year.	GDP* 3.0% Current Acc.* 11.1% Policy Rate * 1.875% USD TWD * 29.80	3.6% 9.2% 1.875% 29.50
 KRW	Bullish. July tends to be a seasonally strong month for KRW and August a poor one due to dividend repatriation driven weakness in the current account. Any retracement in USDKRW to 1020 would be a good level to sell; we reiterate our year-end forecast of 1000, and 2015 forecast of 950. We expect authorities to put up a more spirited defence of the 1000.	GDP* 3.8% Current Acc.* 7.0% Policy Rate * 2.50% USDKRW * 1,000	3.4% 5.9% 2.50% 950
 INR	Neutral. We think the Indian budget fails to provide catalyst for rupee to extend its gains in the near-term. Broadly, this remains a range market – we close our short 1m USDINR NDF trade recommendation at 59.95 (entered on 27 June at 60.4), and reiterate our 2m DNT recommendation.	GDP* 4.6% Current Acc.* -1.9% Policy Rate * 8.25% USDINR * 64.00	5.3% -2.7% 8.25% 65.50

*End of year forecasts

Source: BNP Paribas



Economic calendar: 11 – 18 July

HIGH-INCOME ECONOMIES

	GMT	Local			Previous	Forecast	Consensus
Fri 11/07			Belgium	Public holiday			
			Germany	S&P ratings review			
	06:00	08:00		CPI (final) m/m: Jun	0.3% (p)	0.3%	0.3%
	06:00	08:00		CPI (final) y/y: Jun	1.0% (p)	1.0%	0.1%
	06:00	08:00		HICP (final) m/m: Jun	0.4% (p)	0.4%	-
	06:00	08:00		HICP (final) y/y: Jun	1.0% (p)	1.0%	-
			Netherlands	Fitch ratings review			
			Switzerland	Moody's ratings review			
	06:45	08:45	France	Current account (sa): May	EUR -1.6bn	EUR -1.5bn	-
	07:00	09:00	Spain	CPI (final) m/m: Jun	0.0% (p)	0.0%	-
	07:00	09:00		CPI (final) y/y: Jun	0.1% (p)	0.1%	-
	07:00	09:00		HICP (final) y/y: Jun	0.0% (p)	0.0%	-
	12:30	08:30	Canada	Unemployment rate: Jun	7.0%	7.0%	7.0%
	12:30	08:30		Net change in employment: Jun	25.8k	10.0k	20.0k
	18:00	14:00	US	Treasury statement: Jun	USD -130.0bn	USD 110.0bn	USD 80.0bn
18:45	12:45		Atlanta Fed's Lockhart, Chicago Fed's Evans speak on US economy in Jackson Hole, WY				
Sun 13/07	14:00	16:00	Eurozone	ECB's Lautenschläger speaks in Frankfurt			
Mon 14/07			France	Public holiday			
			Germany	<u>Bundesbank monthly report (tentative date)</u>			
	09:00	11:00	Eurozone	Industrial production (sa) m/m: May	0.8%	-1.4%	
	13:00	09:00	Canada	Teranet HPI m/m: Jun	0.8%	0.6%	
Tue 15/07	23:01	00:01	UK	BRC retail sales monitor y/y: Jun	0.5%		
	(14/07)						
	08:30	09:30		CPI m/m: Jun	-0.1%	0.0%	
	08:30	09:30		CPI y/y: Jun	1.5%	1.6%	
	08:30	09:30		RPI y/y: Jun	2.4%	2.4%	
	08:30	09:30		Output PPI (nsa) y/y: Jun	0.5%	0.8%	
	08:30	09:30		Output PPI core (nsa) y/y: Jun	1.0%	1.2%	
	08:30	09:30		Input PPI (nsa) y/y: Jun	-5.0%	-4.0%	
	03:30	12:30	Japan	<u>BoJ rate announcement</u>			
	07:30	09:30	Netherlands	Retail sales y/y: May	3.4%	2.2%	
	08:00	10:00	Italy	CPI (NIC, final) m/m: Jun	0.1% (p)	0.1%	
	08:00	10:00		CPI (NIC, final) y/y: Jun	0.3% (p)	0.3%	
	08:00	10:00		HICP (final) m/m: Jun	0.1% (p)	0.1%	
	08:00	10:00		HICP (final) y/y: Jun	0.2% (p)	0.2%	
	09:00	11:00	Germany	ZEW expectations: Jul	29.8	31.0	
	09:00	11:00		ZEW current assessment: Jul	67.7	66.0	
	12:30	08:30	US	Import prices m/m: Jun	0.1%	0.3%	0.3%
	12:30	08:30		Import prices ex. petroleum m/m: Jun	-0.1%	0.0%	
12:30	08:30		Retail sales m/m: Jun	0.3%	0.6%	0.6%	
12:30	08:30		Retail sales control group m/m: Jun	0.0%	0.4%	0.5%	
12:30	08:30		Empire state manufacturing survey: Jul	19.3	16.0	17.0	
14:00	10:00		Fed Chair Yellen delivers semi-annual monetary policy report to Senate				
Wed 16/07			Eurozone	EU leaders hold summit on key appointments			
	07:00	09:00		<u>ECB general council meeting (no rate announcement)</u>			
	09:00	11:00		Foreign trade balance (sa): May	EUR 15.8bn	EUR 18.0bn	
	07:30	09:30	Sweden	<u>Riksbank minutes</u>			
	08:30	09:30	UK	ILO unemployment rate: May	6.6%	6.5%	
	08:30	09:30		Average earnings 3m y/y: May	0.7%	0.8%	
	08:30	09:30		Unemployment change: Jun	-27.4k	-30.0k	
	08:30	09:30		Unemployment rate (claimant): Jun	3.2%	3.2%	



Economic calendar: 11 – 18 July (cont)

HIGH-INCOME ECONOMIES

	GMT	Local			Previous	Forecast	Consensus
Wed 16/07 (cont)	12:30	08:30	US	PPI (sa) m/m: Jun	-0.2%	0.4%	0.2%
	12:30	08:30		PPI (sa) y/y: Jun	2.0%	2.0%	
	12:30	08:30		PPI core (sa) m/m: Jun	-0.1%	0.3%	0.2%
	12:30	08:30		PPI core (sa) y/y: Jun	2.0%	1.8%	
	13:15	09:15		Industrial production m/m: Jun	0.6%	0.2%	0.3%
	13:15	09:15		Capacity utilisation rate: Jun	79.1%	79.0%	79.3%
	14:00	10:00		NAHB housing market index: Jul	49	50	50
	14:00	10:00		Fed Chair Yellen delivers semi-annual monetary policy report to the House			
	17:00	12:00		Dallas Fed's Fisher speaks on monetary policy in Los Angeles, CA			
	18:00	14:00		<u>Beige book</u>			
	14:00	10:00	Canada	<u>BoC monetary policy announcement and monetary policy report</u>			
Thu 17/07	07:30	09:30	Netherlands	Unemployment rate: Jun	8.6%	8.6%	
	09:00	11:00	Eurozone	HICP m/m: Jun	-0.1% (p)	-0.1%	
	09:00	11:00		HICP y/y: Jun	0.5% (p)	0.5%	
	09:00	11:00		HICP core y/y: Jun	0.8% (p)	0.8%	
	12:30	08:30	US	Housing starts: Jun	1001k	1030k	1020k
	12:30	08:30		Initial claims	304k	325k	
	14:00	10:00		Philadelphia Fed manufacturing survey: Jul	17.8	16.0	15.0
17:35	12:35		St. Louis Fed's Bullard speaks on monetary policy in Owensboro, KY				
Fri 18/07 (17/07)	23:50	08:50	Japan	<u>BoJ minutes</u>			
			Germany	Fitch ratings review			
	07:30	09:30	Netherlands	Consumer confidence: Jul	-2	-1	
	08:00	10:00	Eurozone	Current account (sa): May	EUR 21.5bn	EUR 25.0bn	
	12:30	08:30	Canada	CPI (nsa) m/m: Jun	0.5%	0.0%	
	12:30	08:30		CPI y/y: Jun	2.3%	2.3%	
	12:30	08:30		CPI index: Jun	125.8	125.8	
	12:30	08:30		BoC core CPI m/m: Jun	0.5%	-0.2%	
	12:30	08:30		BoC core CPI y/y: Jun	1.7%	1.7%	
	13:55	09:55		US	Michigan sentiment (prel): Jul	82.5	84.0

Release dates and forecasts as at c.o.b. prior to the date of publication; see Daily Macro Monitor for any revisions
Source: BNP Paribas, Reuters, Bloomberg, national statistics, central banks, ratings agencies

For our four-week calendar, please click here



Economic calendar: 11 – 18 July (cont)

ASIA

	GMT	Local			Previous	Forecast	Consensus
Fri 11/07	12:00	17:30	India	Industrial production y/y: May	3.4%	3.2%	-
Mon 14/07	06:30	12:00	India	Wholesale price index y/y: Jun	6.0%	5.7%	5.8%
	12:00	17:30		CPI y/y: Jun	8.3%	7.8%	8.0%
Wed 16/07	02:00	10:00	China	Urban FAI (ytd) y/y: Jun	17.2%	17.1%	17.2%
	02:00	10:00		Retail sales y/y: Jun	12.5%	12.6%	12.5%
	02:00	10:00		Industrial production y/y: Jun	8.8%	9.1%	9.0%
	02:00	10:00	Malaysia	GDP y/y: Q2	7.4%	7.5%	7.4%
	09:00	17:00		CPI y/y: Jun	3.2%	3.4%	3.3%
Thu 17/07	00:30	08:30	Singapore	NODX y/y: Jun	-6.6%	-3.5%	-2.5%

Release dates and forecasts as at c.o.b. prior to the date of publication
Source: BNP Paribas, Reuters, Bloomberg, national statistics, central banks, ratings agencies

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CEEMEA

	GMT	Local			Previous	Forecast	Consensus
Thu 10/07	09:30	11:30	South Africa	Mining production y/y: May	0.2%	-	-
	11:00	13:00		Manufacturing production y/y: May	-1.5%	-2.4%	-1.5%
Fri 11/07			Russia	Trade balance: May	USD 19.8bn	USD 18.7bn	USD 18.6bn
			Ukraine	Standard & Poor's ratings review			
	07:00	09:00	Hungary	CPI y/y: Jun	-0.1%	-0.1%	-0.1%
	07:00	10:00	Turkey	Current account: May	USD -4.8bn	USD -4.0bn	USD -4.0bn
Mon 14/07	07:00	09:00	Hungary	Industrial production (final) y/y: May	9.6% (p)		
	08:00	10:00	Czech Rep.	Current account: May	CZK -11.4bn	CZK -3.8bn	CZK -9.0bn
	12:00	14:00	Poland	Current account: May	EUR 1028mn	EUR 380mn	n/a
	12:00	14:00		Trade balance: May	EUR 856mn	EUR 500mn	n/a
Tue 15/07	12:00	14:00	Poland	CPI y/y: Jun	0.2%	0.2%	n/a
Wed 16/07	07:00	09:00	Czech Rep.	PPI y/y: Jun	-0.1%	0.0%	0.0%
	12:00	14:00	Poland	Core inflation y/y: Jun	0.8%	0.9%	n/a
	12:00	14:00		Corporate employment y/y: Jun	0.7%	0.7%	n/a
	12:00	14:00		Corporate wages y/y: Jun	4.8%	4.6%	n/a
Thu 17/07			Russia	Retail sales y/y: Jun	2.1%	1.3%	1.9%
				Real wages y/y: Jun	5.0%	3.1%	4.0%
				Unemployment rate: Jun	4.9%	5.0%	5.0%
	12:00	14:00	Poland	Industrial production y/y: Jun	4.4%	3.2%	n/a
	12:00	14:00		PPI y/y: Jun	-1.0%	-1.8%	n/a
Fri 18/07			Russia	Industrial production y/y: Jun	2.8%	2.4%	2.0%

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Source: BNP Paribas, national statistics, ratings agencies, central banks, Bloomberg, Reuters

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Economic calendar: 11 – 18 July (cont)

LATIN AMERICA

	GMT	Local			Previous	Forecast	Consensus
Fri 11/07	11:00	06:00	Mexico	Industrial production y/y: May	-0.6%	2.7%	-
	12:00	07:00		<u>Overnight rate</u>	3.0%	3.0%	-
Tue 15/07	18:00	15:00	Argentina	Argentina CPI m/m: Jun	1.4%	0.8%	-
	22:00	18:00	Chile	<u>Overnight rate target</u>	4.0%	4.0%	4.0%
			Peru	Economic activity y/y: May	2.0%	3.4%	-
Wed 16/07	12:00	09:00	Brazil	Retail sales m/m: May	-0.4%	-0.1%	-
	12:00	09:00		Retail sales y/y: May	6.7%	3.7%	-
	12:00	09:00		Retail sales broad y/y: May	0.0%	0.0%	-
				<u>Selic rate</u>	11.0%	11.0%	11.0%
Thu 17/07	11:30	08:30	Brazil	Economic activity m/m: May	0.12%	-0.50%	-
	11:30	08:30		Economic activity y/y: May	-2.29%	-0.50%	-

Release dates and forecasts as at c.o.b. prior to the date of publication: See Daily Latam Spotlight for any revision
Source: BNP Paribas, Reuters, Bloomberg, national statistics, central banks, ratings agencies

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FX Forecasts*

USD Bloc	Spot	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15
EURUSD	1.36	1.32	1.30	1.28	1.27	1.26	1.26
USDJPY	101.30	109	110	112	115	120	124
USDCHF	0.89	0.94	0.95	0.98	0.98	0.99	0.99
GBPUSD	1.71	1.69	1.71	1.71	1.72	1.73	1.75
USDCAD	1.07	1.10	1.10	1.10	1.10	1.11	1.12
AUDUSD	0.94	0.92	0.92	0.93	0.93	0.92	0.90
NZDUSD	0.88	0.88	0.86	0.85	0.82	0.81	0.80
USDSEK	6.78	6.78	6.85	6.95	6.93	6.83	6.90
USDNOK	6.17	5.91	6.00	6.02	6.06	6.03	5.95

EUR Bloc	Spot	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15
EURJPY	137.80	144	143	143	146	151	156
EURGBP	0.79	0.78	0.76	0.75	0.74	0.73	0.72
EURCHF	1.21	1.24	1.24	1.25	1.25	1.25	1.25
EURSEK	9.22	8.95	8.90	8.90	8.80	8.60	8.70
EURNOK	8.39	7.80	7.80	7.70	7.70	7.60	7.50
EURDKK	7.46	7.46	7.46	7.46	7.46	7.46	7.46

CEEMEA	Spot	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15
USDPLN	3.05	3.08	3.17	3.24	3.15	3.13	3.17
EURCZK	27.40	27.0	27.0	26.5	26.0	25.5	25.0
EURHUF	310.10	302	312	305	295	295	295
USDZAR	10.70	10.00	10.95	10.50	11.00	11.20	11.50
USDTRY	2.12	2.11	2.15	2.17	2.20	2.22	2.22
EURRON	4.40	4.37	4.50	4.50	4.45	4.40	4.45
USD RUB	34.00	35.84	37.00	37.30	37.00	38.94	37.15
EURPLN	4.10	4.07	4.12	4.15	4.00	3.95	4.00
USDILS	3.40	3.48	3.50	3.50	3.65	3.60	3.60
USDUAH	11.70	9.8	10.0	9.0	9.0	9.0	9.0
EURRSD	115.90	118	122	112	115	115	115

Asia Bloc	Spot	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15
USD SGD	1.20	1.26	1.27	1.28	1.30	1.30	1.32
USD MYR	3.20	3.35	3.40	3.40	3.42	3.45	3.50
USD IDR	11574	12000	12000	12000	12250	12500	12800
USD THB	32.20	32.40	32.80	33.00	33.00	33.30	33.50
USD PHP	43.40	44.00	44.40	45.00	45.00	45.00	45.00
USD HKD	7.80	7.80	7.80	7.80	7.80	7.80	7.80
USD RMB	6.20	6.25	6.20	6.17	6.25	6.21	6.15
USD TWD	29.90	29.80	29.80	29.70	29.70	29.60	29.50
USD KRW	1013	1010	1000	1000	980	980	950
USD INR	60.20	61.00	61.00	61.00	62.00	63.00	63.00
USD VND	21203	21300	21300	21300	21300	21600	21600

LATAM Bloc	Spot	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15
USDARS	8.10	9.00	10.95	12.65	12.75	13.95	15.00
USDBRL	2.20	2.38	2.45	2.45	2.48	2.50	2.55
USDCLP	553.00	543	555	555	550	550	545
USDMXN	13.00	12.90	12.85	12.80	12.80	12.75	12.75
USDCOP	1858.60	1940	1950	1967	1985	1980	2000
USDVEF	6.30	13.80	13.80	13.80	25.60	25.60	25.60
USDPEN	2.80	2.85	2.88	2.90	2.90	2.90	2.90

Others	Spot	Q3 '14	Q4 '14	Q1 '15	Q2 '15	Q3 '15	Q4 '15
USD Index	80.10	82.86	83.67	84.78	85.43	86.30	86.65

*End Quarter



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