Contents

Fifth Wave

For the week ended 5th Feb – 9th Feb 2018

Global Summary	Close	High	Low	6-Mth Forward (Vs INR in % p.a.)
INR	64.3975	64.4400	64.0075	4.60%
GBP	1.3835	1.4150	1.3763	6.10%
EUR	1.2233	1.2475	1.2204	7.28%
JPY	108.7800	110.2900	108.0300	7.09%
CHF	0.9399	0.9469	0.9286	7.72%
AUD	0.7812	0.7953	0.7756	4.64%
CAD	1.2576	1.2683	1.2395	5.09%
MYR	3.9370	3.9420	3.8870	
SGD	1.3294	1.3339	1.3155	
THB	31.7100	31.9200	31.3900	
IDR	13,625	13,648	13,490	
KRW	1,084.67	1,098.40	1,077.72	
HKD	7.8179	7.8227	7.8172	
GOLD	1316.64	1346	1306.81	
SILVER	16.353	16.988	16.188	

SIX MONTH LIBOR

USD	GBP	JPY	CHF	EUR
2.03831	0.63813	0.00067	-0.6608	-0.33286

GLOBAL STOCK MARKET INDICES

Sensex	Hangseng	DJIA	Nikkei	FTSE	DAX	NASDAQ
34005.76	29507.42	24190.9	21382.62	7092.43	12107.48	6874.491
-3.03%	-9.49%	-5.21%	-8.13%	-4.72%	-5.30%	-5.06%

Greenback Advisory Services Pvt. Ltd

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Mumbai: 022-25715001

Ahmedabad: 079-40603000

Bengaluru: 080-23365500

Chennai: 044-42859301

Delhi: 011-49456000

Hyderabad: 040-33456050

Kolkata: 033-22808715

Domestic Market

- Rupee closed the week at 64.3975 levels.
- FX Reserves increased to \$421.91B as on 2nd February 2018 from \$417.79B.

Domestic Markets

Weekly wrap up:

Rupee witnessed a week of sharp volatility; all thanks to the bearish sentiments in both local and global markets which has been discussed in detail below.

The Indian Rupee opened the week at 64.20 levels and weakened a bit as markets continued to discount the previous week's Union Budget where the government introduced the long term capital gains tax without providing the benefit of indexation. This created a wave of caution in the markets thereby keeping the Indian equities and Rupee pressurized. However, the pair could not sustain the weakness for long and surged towards 64.0075 levels which was also its weekly high levels. Reasons behind the same was the announcement made by an RBI official of conducting open market operation to fund the government's borrowing program. Also, the Economic Secretary of India commented on increasing the FPI investment limit which kept the local markets and the local unit a bit stable. Nevertheless, this strength in the Rupee had to reverse its course as US markets fell sharply, where the local unit weakened sharply following the global meltdown in equities and touched the level of 64.41. This heightened weakness was due to the robust release of US Employment data along with sharp increase in wage earnings that raised a question in the minds of the investors whether the US Fed will be much steeper than expected in order to control inflation which will come with rise in wage earnings. This created an outcry in the markets pushing the US Treasury yields to higher levels. The bearish sentiment spread across the markets prompting the traders to go on a sell-off mode. However, possible RBI intervention at higher levels calmed the Rupee. On Wednesday markets remained mostly cautious as it was the release of a big event for the investors - RBI Monetary Policy Meeting. The committee left the policy rates unchanged and increased the inflation target levels highlighting higher oil prices and fiscal deficit slippages as potential risks to inflation. Out of five, one policymaker voted for a rate hike which took the markets by storm. The bearish sentiment continued on the next day itself. However, there were some bouts of strengthening seen owing to RBI intervention and export selling at higher levels. Also, the robust release of quarter earnings data from some Indian companies kept the local equities positive which helped the local unit further. On the last day, all thanks to the robust release of US unemployment claims data the treasury yields reached the levels of 2.85 percent. Also, the ongoing disagreements on US Government Budget Deal that led to a temporary shutdown created jitters in the global markets prompting Rupee to open at weaker level of 64.42 and depreciate to its weekly low levels at 64.44 levels. USDINR closed the week at 64.3975 levels.

Going Forward:

Despite breaking 64.40 levels in the last week, the Indian Rupee is all set to start the week on a calmer note on Monday. US equity markets also seem to recover from the sharp falls as Dow Jones closed in green on Friday. Markets shall pay attention to the important economic data releases from India like the industrial production, manufacturing production, inflation and balance of trade data. Hence, there could be bouts of sparks seen through the week in the holiday curtailed week as Tuesday would be a market holiday on account of Mahashivratri. Investors shall refrain from taking any risky bets a day before which could keep the Rupee on a leash. However, in the mid-week we could witness some sort of weakness in the Indian Rupee as markets await the inflation data from the US that could create some jitters in the markets like the week before. Nevertheless, with surplus Forex Reserves in its kitty, the RBI could intervene in the markets and would like to keep the Rupee in a stable range. However, US yields would again be under scanner with the increased tensions surrounding the mounting fiscal debt levels of US after the Congress approved a major budget deal thereby ending an overnight government shutdown on Friday. This could push the US treasury yields all the more higher owing to the prospect of increased debt issuance to fund fiscal spending under US President Donald Trump along with inflation worries that could led to more rate hikes by the US Feds. This could definitely act as a catalyst in influencing the price movement of the Indian Rupee. Nevertheless, the introduction of Long Term Capital Gains by the Indian government could also witness some investors winding up their portfolio before 31st of March'18.

All and all, the Indian Rupee could trade volatile within the range of 63.90 to 64.70 levels. There could be more of weakness seen in the local unit with US equities under focus, however with possible RBI intervention and dollar selling at higher levels we could see the Indian Rupee getting strong.

Advise:

Exporters are advised to cover their near term receivables on spikes towards 64.60 and higher levels. Importers are advised to cover their near term payable (One month) on dips towards 63.90-64.00 levels.

Domestic Market

Likely to move higher after a dip

Forward Market

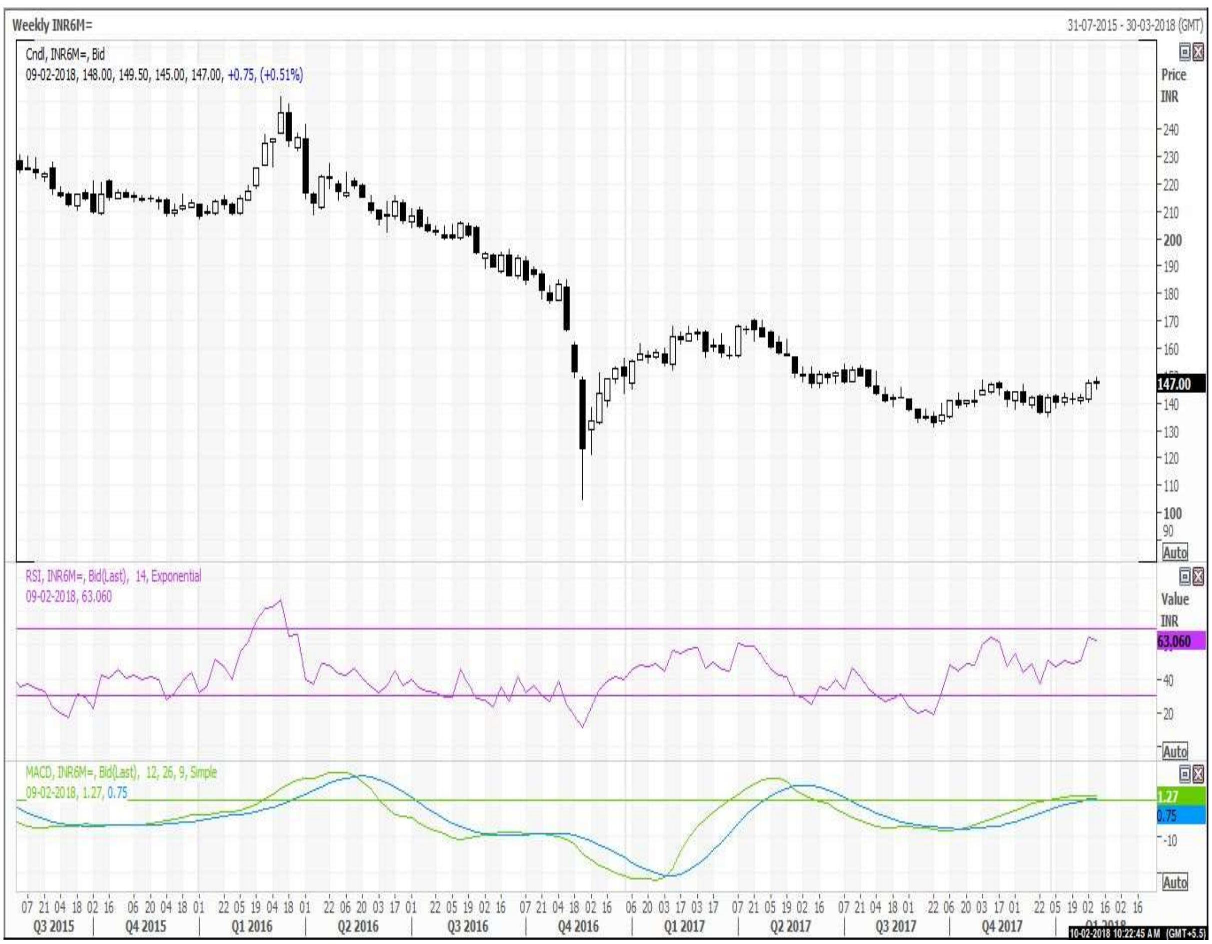
6 - month Premium (in Paisa)

6 month forward premia opened the week at 148.00 paisa and initially dipped lower to 145.00 paisa. Taking support at these levels, the 6 month forward premia started to move higher and touched a high of 149.50 paisa. 6 month forward premia ended the week at 147.00 paisa.

Going Forward:

6 month forward premia has given a bearish close on the daily charts while is still signalling a bullish close on the weekly charts signalling an upmove towards 145.00 paisa. A convincing break and close below the same shall push it to 143.50 paisa. Taking support at these levels, the 6 month forward premia is likely to resume its upmove targeting 150.00 paisa. Further resistance lies at 153.00 and 155.00 paisa. Technical indicators are signalling a bullish momentum.

Key Support: 140.00, 138.00, 136.50
Key Resistance: 150.00, 153.50, 155.00



International Markets

EUR/USD
Euro closed the week at 1.2233 levels.

Technical
Likely to move lower

Upcoming Events
- Flash GDP q/q
- Industrial Production m/m
- Trade Balance
- Prelim GDP q/q(DE)
- Final CPI m/m(DE)
- WPI m/m(DE)

Euro:

The Euro currency mostly traded with a bearish trend this week. It opened the week at 1.2455 levels and immediately touched the weekly high levels of 1.2475 levels owing to the optimism surrounding the Brexit negotiation of last week. This strength in the shared currency could not sustain for long and the currency reversed its trend towards south. The robust release of US employment data infused fears in the minds of investors that revival in job sector would boost wages in turn boosting inflation rates. This could prompt the US Feds to hike rates faster than expected. On this judgment, the bond yields of US soared thereby created a panic sort of wave in the markets all over thereby prompting the traders to opt for risk-off mode. This dented the demand for the shared currency. This bearish trend continued till the mid-week as Euro gained some strength post the coalition news of the German Chancellor Angela Merkel's party along with Social Democrat. EURUSD touched the levels of 1.2405 on Wednesday. However, this strength in the currency was also short lived as markets discounted the agreement of US Congressional lenders of reaching a two year budget deal to increase the government spending by almost $300 billion which kept the global dollar strong against the Euro. Moreover, the recent uncertainty made the investors question whether or not the ECB committee would ever tweak its policy in coming months. This led to selling of the currency pushing the EURUSD all the more lower. On Thursday, the bearish mode got aggravated after the release of US unemployment claims data that came better than the expected levels. Markets once again went on a selling mode keeping the global markets in red. Due to surge in US bond yields the global dollar became stronger against its major peers that hampered the shared currency. Moreover, the on-off disagreements between the US Congressmen over the US government budget had initially led to a temporary shutdown which later got resumed after the US President approved a Federal Budget plan that ended an overnight shutdown on Friday. This kept the global dollar stronger against its peers which dented the demand for the Euro. The Euro currency made a weekly low of 1.2204 levels on Friday and closed the week at 1.2233 levels.

Technical Outlook:

Week ahead: Cross continues to give a bearish close on the daily and weekly charts signalling a downmove towards 1.2150 and 1.2100 levels. Taking support at these levels, the pair could resume its upmove targeting 1.2320 levels. Further resistance lies at 1.2540 levels. Only a convincing break and close above the same shall push it to 1.2650 levels. On the flipside, any break below 1.2100 levels shall open the gateway for a swift downmove towards 1.2000 and 1.1930 levels. Technical indicators are signalling the same bearish momentum.

Key Support: 1.2150, 1.2100, 1.2000, 1.1930
Key Resistance: 1.2320, 1.2540, 1.2650

Advise: Importers are advised to cover their near term payables in a staggered manner on dips towards 1.2150 and 1.2100 levels. Exporters are advised to cover their near term receivables on spikes towards 1.2320 levels and wait for better levels.

For the week 12th Feb – 16th Feb 2018

Fifth Wave

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International Markets

GBP/USD
GBP closed the week at 1.3835 levels.

Technical
Likely to move lower initially

Upcoming Events

- CPI y/y
- PPI Input m/m
- RPI y/y
- Core CPI y/y
- HPI y/y
- PPI Output m/m
- CB Leading Index m/m
- Retail Sales m/m

Sterling:

This week the Sterling Pound traded with a negative bias. It started the week at 1.4129 levels and immediately made a weekly high of 1.4150 levels as last week's optimism over Brexit Negotiation continued on Monday as well. However, the trend took a different route to south after the release of Service PMI data from the nation that fell to 53.0 for the month of Jan'18 from previous month's 54.2. Service sector is Britain's largest economic sector which pointed towards slower activity for the month of Jan'18 thereby denting investor sentiment and pushing the Pound lower. Adding further to the weakness was the robust release of employment data from the US that pushed the US treasury bills higher owing to fear of rising inflation that could prompt the US Feds to indulge in faster rate hike moves. This kept all the major currencies against the US Dollar Index lower and the global equities in red. The Pound currency touched the level of 1.3834 on Tuesday due to the same reasons coupled with the disappointing release of Housing Price Index data from Britain. In the mid-week, Pound mostly traded a bit volatile as investors indulged in speculation prior to the BOE Monetary Policy Meeting that was supposed to be released the next day. On Thursday, the Sterling pound reacted strongly after the release of the Monetary Policy Statement pushing the Pound currency higher to 1.4065 levels. The policy setting committee left the rates unchanged however hinted at more interest rate rises than previously expected. Also, the growth forecast was raised along with wages. Moreover, the inflation rate was seen staying above 2 percent target over coming years hence need for higher interest rates increased. This surge in Pound however was slightly short-lived owing to the release of US unemployment claims data from the nation that came better than the expected levels thereby pushing the US yields all the more higher. This created jitters in the global markets once again on Friday thereby prompting investors to go on a risk-off mode that dented the demand for the Sterling Pound. Adding to the pressure was the press briefing on Brexit Negotiations by the EU negotiator Michel Barnier who said that a transitional Brexit period is not a given as he raised his concerns over Brexit transition and Irish border. This tone was judged by the markets to be negative that further kept the Pound currency on the bearish side pushing the currency to weekly low levels of 1.3763. GBP/USD closed the week at 1.3835 levels.

Technical Outlook:

Week ahead: Cross has given a bearish close on the short term charts signaling an downmove towards 1.3650 levels whereby it is strongly supported. Most likely the cross is expected to take support at these levels and resume its upmove targeting 1.3850 and 1.4000 levels. A convincing break and close above the same shall open up the gateway for a swift upmove towards 1.4260 and 1.4345 levels. However, on the flipside any break and close below 1.3650 levels shall open up the target towards 1.3450 and 1.3300 levels. Technical indicators are signalling the same bearish momentum.

Key Support: 1.3650, 1.3520, 1.3450, 1.3300
Key Resistance: 1.3850, 1.4000, 1.4260, 1.4345

Advise: Importers are advised to cover their short term payables on dips towards 1.3650 levels. Exporters are advised to cover their near term receivables on spikes towards 1.4000 levels.

For the week 12th Feb – 16th Feb 2018

International Markets

USD/JPY
Yen closed the week at 108.78 levels.

Technical
Likely to move higher initially

Upcoming Events
- PPI y/y
- Prelim Machine Tool Orders y/y
- Prelim GDP Price Index y/y
- Prelim GDP q/q
- Core Machinery Orders m/m

Japanese Yen:
The Japanese Yen opened the week at 110.10 levels and initially weakened to its weekly low of 110.29 levels tracking a stronger Dollar after better than expected US non farm Payrolls data. However, the Yen soon began strengthening and moved to 108.43 levels with rising safe haven demand as investors lost their risk appetite after Dow's worst fall since September 2008 where THE DOW Jones plunged nearly 1,600 points reacting to the relentless rise in US Treasury bond yields across the curve. Equity markets began to take notice of the Rising yeilds which raised concerm that America's central bank will hike borrowing costs more aggressively than expected. However, the Japanese unit soon capped its strength and weakened towards 109.78 levels after one of the BOJ policymaker commented that recent market moves shall not make the BOJ to change focus of policy. Further, better than expected US Data where U.S. jobless claims unexpectedly fell to an almost 45-year low last week as the labor market continued to tighten, bolstering the outlook for faster wage growth this year. However, on the last trading day of the week the Yen traded on a stronger note and hit its weekly high of 108.03 levels after Global markets crashed yet again as U.S. bond yields turned higher again. The yield on benchmark 10-year Treasury notes was still hovering near a recent four-year peak . Further, Yen's strength was added after the U.S. government was pushed into a second shutdown since the beginning of the year after a vote on a budget deal was delayed by Congress. The Yen reversed some of its gains and closed the week at 108.78 levels

Technical Outlook:

Week ahead: The pair has given a bullish close on the daily charts while is still signalling bearishness on the weekly charts indicating an upmove initially towards 109.80 -110.00 levels. Facing resistance at these levels the pair could resume its downmove targeting 108.30 levels. Only a close below the same shall open up the gateway for a swift downmove towards 107.30 levels. Further support lies at 106.50 levels. Technical indicators are mixed.

Key Support: 109.60, 108.30, 107.30, 106.50
Key Resistance: 110.80, 111.45, 112.50

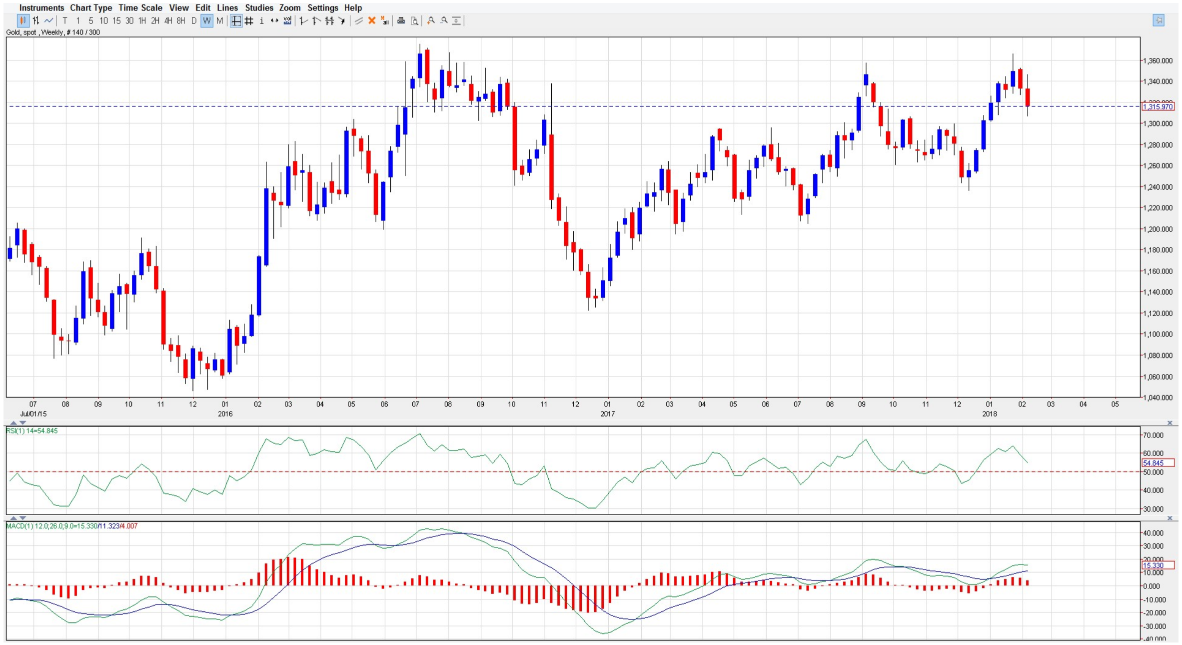
Advise: Importers are advised to cover their near term payables on spikes towards 109.80-110.00 levels. Exporters are advised to sell their very near term receivables on dips towards 108.30 and target 107.30 levels for further tenors.

For the week 12th Feb – 16th Feb 2018

International Market

Likely to move higher initially

Gold



Week Gone by:
Gold opened the week at 1331.94 levels and initially touched a high of 1346.00 levels. Facing resistance at these levels, the yellow metal started to move lower and touched a low of 1306.81 levels. Forming a bullish pattern on the daily chart the yellow metal retraced back higher and ended the week at 1316.64levels.

Week Ahead:
The yellow metal has formed a bullish pattern (hammer) on the daily charts while has given a bearish close on the weekly charts signaling an upmove initially towards 1326.00 and 1338.00 levels (trendline resistance). Facing resistance at these levels, the yellow metal shall resume its downmove targeting 1300.00 levels. A convincing break and close below the same shall push it to 1285.00 and 1272.00 levels. On the upside, further resistance lies at 1345.00 and 1365.00 levels. Technical indicators are signaling the same bearish momentum.

Key Support: 1300.00, 1285.00, 1272.00
Key Resistance: 1326.00, 1338.00, 1345.00

Advise: Short term traders are advised to sell the yellow metal on spikes towards 1335.00 levels targeting 1300.00 and 1285.00 levels while keeping a strict stop loss above 1346.00 levels.

Forex Calendar

Date	Time	Country	Data	Forecast	Previous
13/02/2018	00:30	US	Federal Budget Balance	50.2B	-23.2B
13/02/2018	05:20	JP	PPI y/y	2.7%	3.1%
13/02/2018	11:30	JP	Prelim Machine Tool Orders y/y	-	48.3%
13/02/2018	15:00	UK	CPI y/y	2.9%	3.0%
13/02/2018	15:00	UK	PPI Input m/m	0.7%	0.1%
13/02/2018	15:00	UK	RPI y/y	4.1%	4.1%
13/02/2018	15:00	UK	Core CPI y/y	2.6%	2.5%
13/02/2018	15:00	UK	HPI y/y	4.9%	5.1%
13/02/2018	15:00	UK	PPI Output m/m	0.2%	0.4%
14/02/2018	05:20	JP	Prelim GDP Price Index y/y	0.0%	0.1%
14/02/2018	05:20	JP	Prelim GDP q/q	0.2%	0.6%
14/02/2018	12:30	DE	Prelim GDP q/q	0.6%	0.8%
14/02/2018	12:30	DE	Final CPI m/m	-0.7%	-0.7%
14/02/2018	15:30	EU	Flash GDP q/q	0.6%	0.6%
14/02/2018	15:30	EU	Industrial Production m/m	0.1%	1.0%
14/02/2018	19:00	US	CPI m/m	0.3%	0.1%
14/02/2018	19:00	US	Core CPI m/m	0.2%	0.3%
14/02/2018	19:00	US	Core Retail Sales m/m	0.2%	0.4%
14/02/2018	19:00	US	Retail Sales m/m	0.5%	0.4%

For the week 12th Feb – 16th Feb 2018

14/02/2018	20:00	UK	CB Leading Index m/m	-	-0.2%
15/02/2018	05:20	JP	Core Machinery Orders m/m	-2.2%	5.7%
15/02/2018	15:30	EU	Trade Balance	22.6B	22.5B
15/02/2018	19:00	US	PPI m/m	0.4%	-0.1%
15/02/2018	19:00	US	Core PPI m/m	0.2%	-0.1%
15/02/2018	19:00	US	Initial Jobless Claims	229K	221K
15/02/2018	19:45	US	Capacity Utilization Rate	78.1%	77.9%
15/02/2018	19:45	US	Industrial Production m/m	0.2%	0.9%
16/02/2018	2:30	US	TIC Long-Term Purchases	50.3B	57.5B
16/02/2018	12:30	DE	WPI m/m	0.2%	-0.3%
16/02/2018	15:00	UK	Retail Sales m/m	0.6%	-1.5%
16/02/2018	19:00	US	Building Permits	1.31M	1.30M
16/02/2018	19:00	US	Housing Starts	1.23M	1.19M

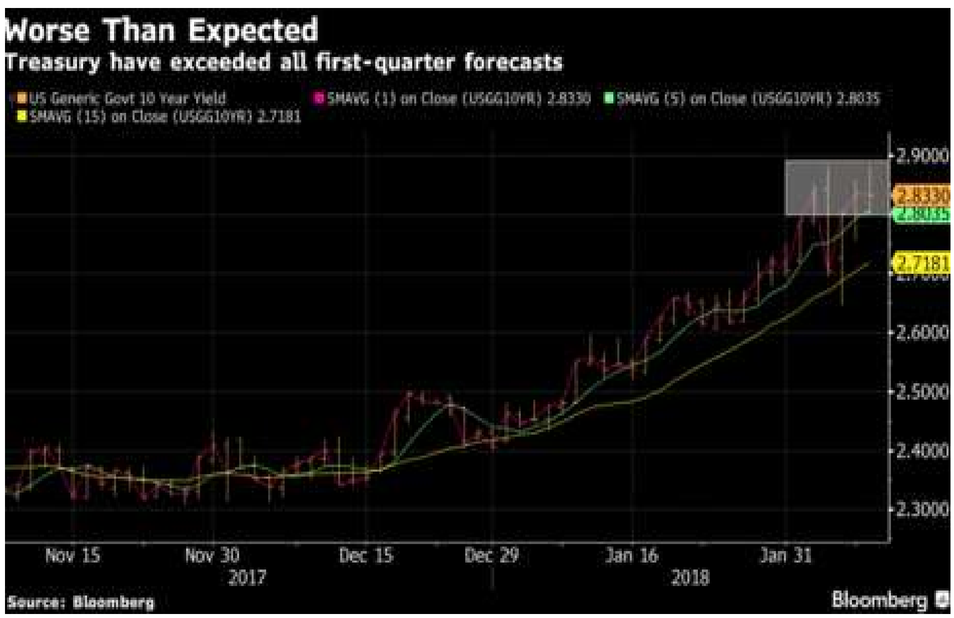
No One Expected the Bond Slump to Be This Bad

➢ *Connecting the dots in global markets*

Column of the Week

The rout in the bond market is worse than anyone envisioned. The yield on benchmark 10-year Treasury note rose as high as 2.88 percent on Thursday as its price fell. In a Bloomberg News survey taken between Jan. 5 and Jan. 11, the highest forecast for this quarter among the 63 respondents was 2.85 percent. That's concerning because investors such as billionaire bond manager Jeffrey Gundlach say most all markets have benefited heavily from -- even relied on -- the low yield, low volatility paradigm of recent years.

A confluence of bond traders' worst fears is all coming together at the same time. Not only is the economy humming, but inflation is starting to accelerate at the same time. This is happening as the U.S. government is about to dump a lot of bonds, pursuing its goal of at least doubling its debt sales this year to more than $1 trillion to make up for the lost revenue from the tax cuts. Oh, and the Federal Reserve is reinvesting fewer proceeds from its maturing bond holdings in the market. The combined impact on the deficit of the Republican tax cuts and the spending deal over the next two years will likely exceed the $580 billion President Barack Obama’s economic stimulus added in 2009 and 2010 during the depths of the recession, Bloomberg News reported.



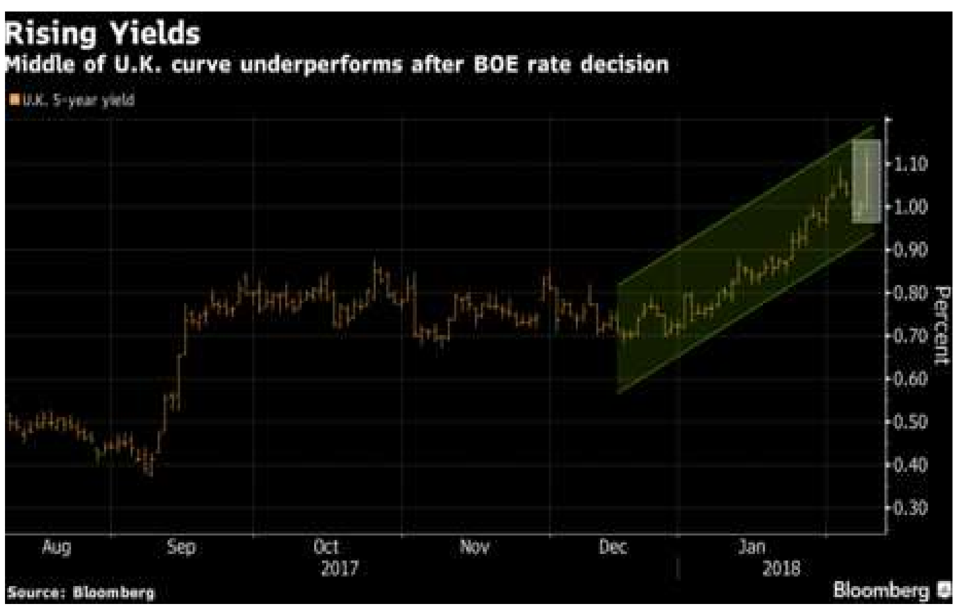
Deficit spending with the economy operating at full employment is “exactly the opposite of what the economic textbooks say lawmakers should be doing,” Mark Zandi, chief economist of Moody’s Analytics, wrote in an email to Bloomberg News. “Deficit-financed tax cuts and spending increases in a full-employment economy will result in more Fed tightening and higher interest rates,” wrote Zandi, who has advised both the Obama administration and Senator John McCain, a Republican.

DEAD CATS WEIGH ON STOCKS

Stock traders like to describe -- rather morbidly -- a rebound that follows a sharp selloff as a dead-cat bounce. But the problem with bounces is that they don't last, as traders were painfully reminded Thursday. After a two-day reprieve from the biggest plunge in percentage terms since 2011, the Standard & Poor's 500 Index resumed its slide, falling 3.75 percent on the day and dropping 10 percent from its record high on Jan. 26, officially making this a "correction." The Dow Jones Industrial Average slide more than 1,000 points to 23,860.46 in New York. Although the bulls say the declines are a buying opportunity, as the economy remains strong with the unemployment rate the lowest since 2001 and wages growing at the fastest pace since 2009, growth could slow if the tumble in equities begins to dent consumer and corporate confidence. The slump Thursday brought the S&P 500's nine-day retreat to 8.3 percent. Bloomberg News reports that a July 2014 study by the research firm CXO Advisory Group LLC found that while changes in gross domestic product "very slightly" presage moves in stocks over the next few quarters, stock signals for the economy are more robust.

U.K. HAWKS ARE ON THE RISE

Even though the Bank of England refrained from raising interest rates on Thursday, the monetary policy meeting could hardly be called a sleepy affair. The central bank sent bond and currency markets in a tizzy after policy makers expressed a more optimistic outlook for the economy as well as worry that inflation will remain above its 2 percent target. Gilt yields rose to multiyear highs and the Bloomberg Pound Index rose the most since September at one point. The forecast was just another example of a major central bank starting to turn hawkish, reminding investors that the days of easy money are coming to an end. Money markets in the U.K. are now fully pricing a 25-basis-point rate increase in August, compared with earlier bets for a hike in November, and see a 79 percent chance of a move in May, according to Bloomberg News' Charlotte Ryan and John Ainger. "It isn't just a tactical hawkishness about a particular month, but a more structural hawkishness, so the market also has to question how many hikes will eventually be delivered," Andy Chaytor, head of European rates strategy at Nomura International, told Bloomberg News.

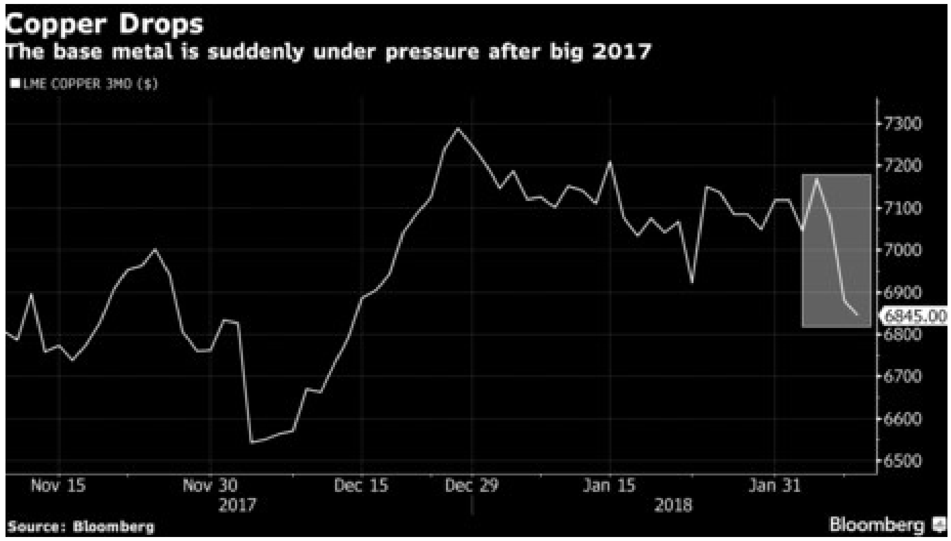


CHINA FUELS CURRENCY WAR TALK

Speculation is rising that a currency war in which finance officials and central bankers seek to talk or otherwise push their currencies lower may be looming. It started a couple of weeks ago in Davos, Switzerland, when U.S. Treasury Secretary Steven Mnuchin said a weaker dollar would be good for U.S. trade. The comments drew rebukes from policy makers including European Central Bank President Mario Draghi and others who highlighted an existing agreement among G-20 nations not to jawbone their currencies. Then, Norway's new trade and industry minister, Torbjorn Roe Isaksen, said a weak exchange rate is helpful. And on Thursday, China let its tightly-controlled yuan drop the most since the aftermath of its shock 2015 devaluation after data showed the country's trade surplus more than halved last month. In what some traders took as a sign that China's authorities would like to see a weaker yuan after its biggest annual gain since 2008, a front-page commentary in China's Economic Daily on Thursday said more fluctuations in the currency are likely.

COPPER'S UNDER PRESSURE

Remember the unstoppable copper rally? It seemed like it was all anybody in the commodities market to talk about in December as copper was enjoying its longest winning streak since 1989 and prices topped $7,300 a metric ton while. Well, copper is no longer a market darling. Prices have slipped to less than $6,500 a metric ton as stockpiles tracked by the London Metal Exchange climbed to the highest in more than six months. In a Bloomberg survey, only two respondents identified themselves as bullish on copper, while eight said they were bearish and three said they were neutral. Those are the most bearish results for the survey since June. Bearish bets against copper contracts on the Shanghai Futures Exchange have almost tripled over the past week, according to Bloomberg News' Mark Burton, citing data from the bourse. "It's not really reflective of supply and demand, but the market's totally in risk-off mode at the moment, so any negative newsflow around inventories could still have quite a destructive impact on prices," Oliver Nugent, a commodities strategist at ING Bank in Amsterdam, told Bloomberg News.



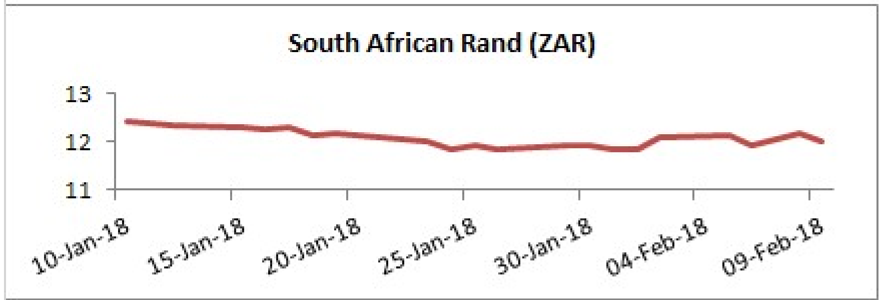
TEA LEAVES

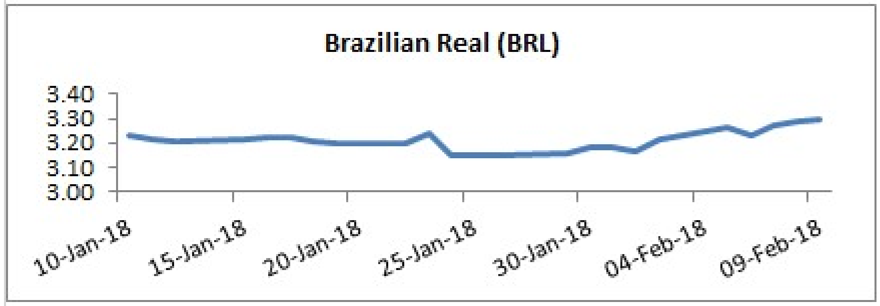
Canada's jobs market has been red hot. The number of jobs created has exceeded economists' estimates by wide margins in each of the last three months. In December, for example, the government said employers boosted payrolls by 78,600, easily topping expectations for an increase of 2,000 jobs. The next labor report is due Friday, and this time economists forecast the economy added 10,000 jobs in January. In many ways, Canada is an experiment for central bankers worldwide, especially after Bank of Canada Governor Stephen Poloz said a few weeks ago that Canada's economy needs to run a little hot to test out its full potential. That attitude runs counter to conventional wisdom, with many central banks looking for almost any excuse to tap on the brakes at the first sign that inflation may be stirring.

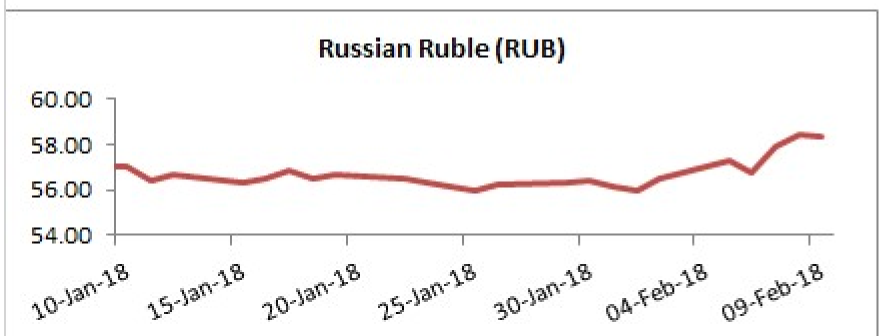
Source: Bloomberg

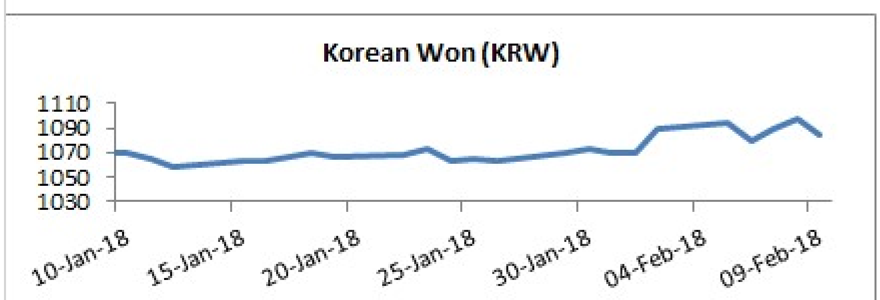
Graph'o'nomics

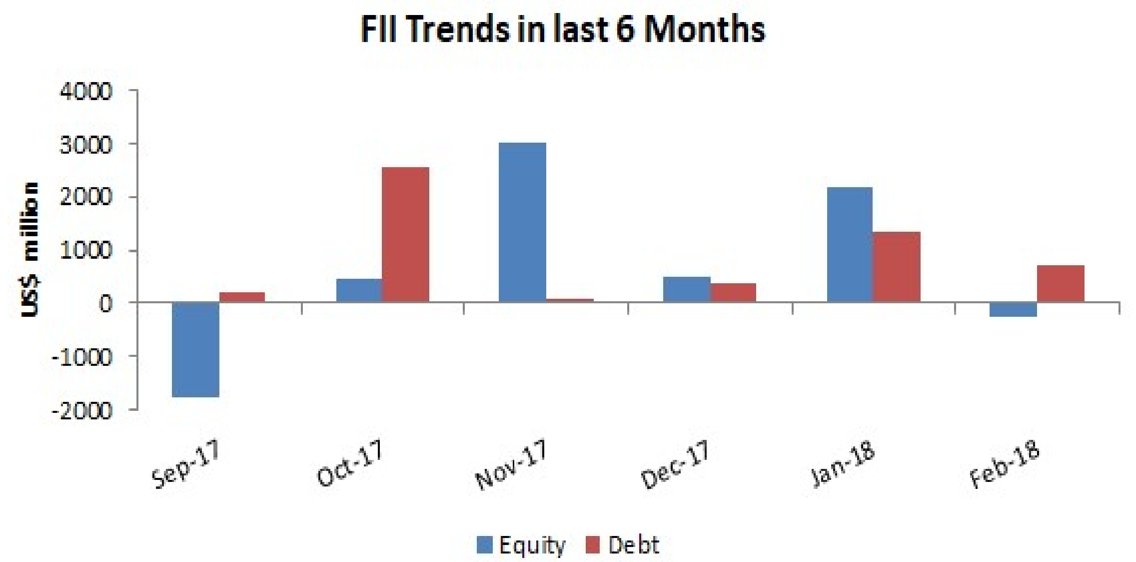
Emerging Market Currencies











Option Pricing

Tenor	Call Option				Put Option			
	ATMF	ATMS	Forward Premium	Option Premium ATMS : Forward Premium	ATMF	ATMS	Forward Premium	Option Premium ATMS : Forward Premium
1 Month	0.41	0.53	0.25	2.12	0.41	0.29	0.23	1.26
2 Month	0.58	0.87	0.55	1.58	0.58	0.33	0.53	0.62
3 Month	0.70	1.13	0.79	1.43	0.70	0.36	0.77	0.47
6 Month	1.05	1.88	1.49	1.26	1.05	0.45	1.47	0.31
9 month	1.33	2.56	2.17	1.18	1.33	0.50	2.15	0.23
1 Year	1.56	3.18	2.85	1.12	1.56	0.52	2.83	0.18