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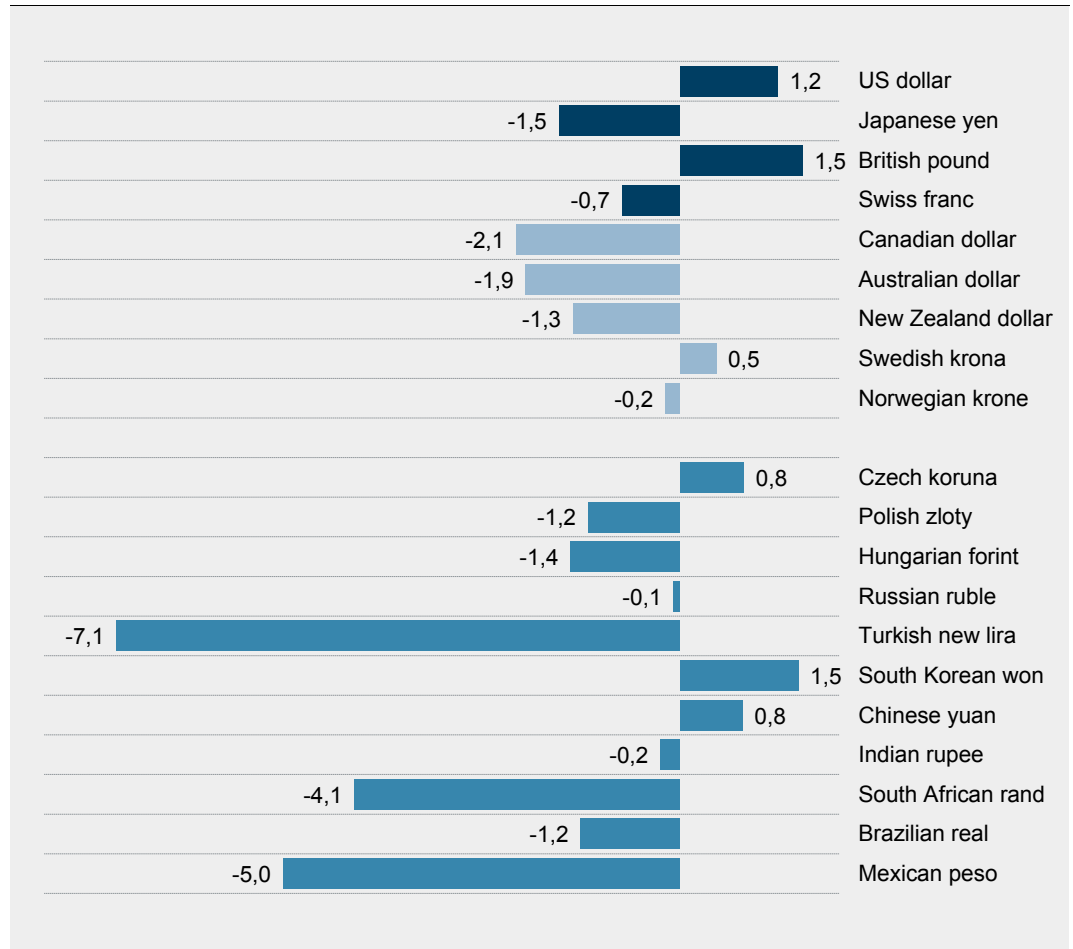
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- The US dollar was able to recover from its phase of weakness. The British pound also gained ground. By contrast, the commodity currencies came under pressure. The biggest loser was the Turkish lira.
- In this edition you will find brief analyses of the US dollar, Swiss franc, British pound, Japanese yen, Norwegian krone, and the Swedish krona, as well as the Australian dollar, the Canadian dollar, and the Chinese yuan.
- Helaba currency forecasts

Performance on a month-over-month basis

% vs. euro compared to the previous month (from 09/11 to 10/10/17)



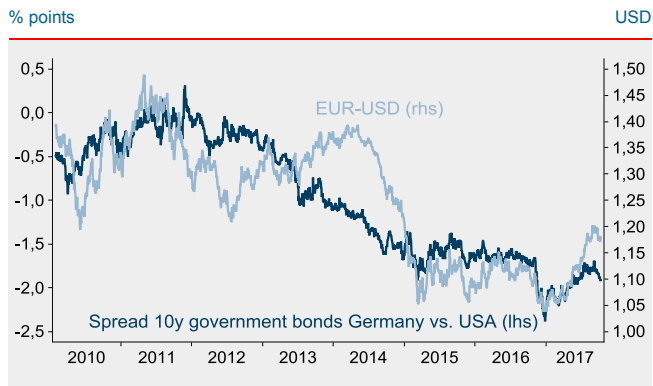
■ Core currencies ■ Rest of G10 ■ Currencies of emerging countries

Sources: Bloomberg, Helaba Research

This publication was very carefully researched and prepared. However, it contains analyses and forecasts regarding current and future market conditions that are for informational purposes only. The data is based on sources that we consider reliable, though we cannot assume any responsibility for the sources being accurate, complete, and up-to-date. All statements in this publication are for informational purposes. They must not be taken as an offer or recommendation for investment decisions.

US dollar, Swiss franc and British pound

Correction of the euro-dollar exchange rate has begun

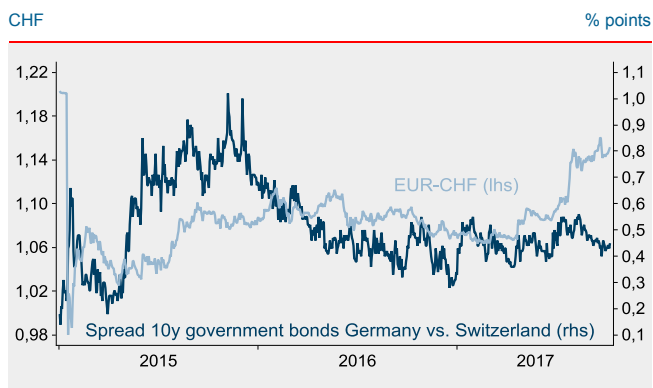
USD


Sources: Macrobond, Helaba Research

Trend: appreciation

The euro-dollar exchange rate rose briefly to nearly 1.21, but after the Bundestag elections it dropped back below 1.18. Hopes for a politically stronger currency union were dealt a blow. The uncertainty surrounding President Trump lost importance, speculations about a tax cut increased. The US economy improved. The Fed will shrink its bond holdings and is likely to carry out further rate hikes. Interest rate differences point to a decline in the euro-dollar rate in the direction of 1.10, especially since the ECB is hesitant about initiating a change of course.

Interest rate differences contradict franc weakness

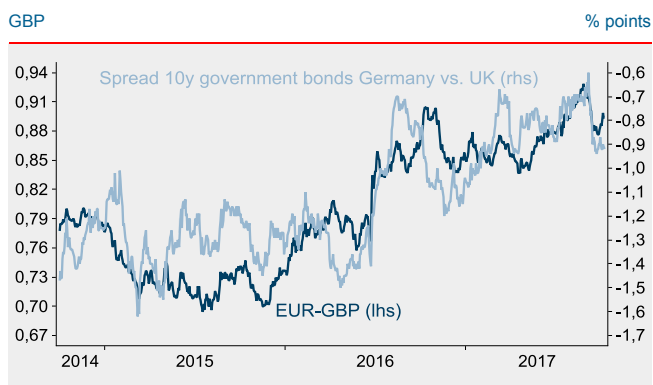
CHF


Sources: Macrobond, Helaba Research

Trend: appreciation

The Swiss franc tended toward weakness. The euro-franc rate jumped temporarily to as high as 1.16 and most recently has been trading around 1.15. A growing penchant for risk weighed on the franc, until the Bundestag elections dampened the euro optimism somewhat. Switzerland's economic growth was disappointing in the second quarter. The SNB is maintaining its course, though it acknowledged a lesser overvaluation of the franc. Switzerland's interest rate disadvantage shrank. With less euro confidence, the euro-franc rate should weaken in the direction of 1.10.

Pound sterling with growing yield advantage

GBP


Sources: Macrobond, Helaba Research

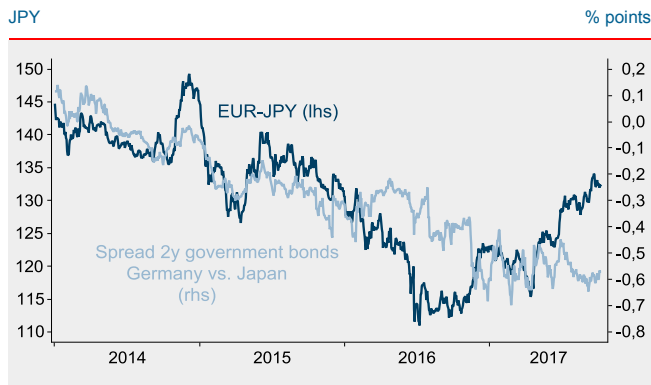
Trend: appreciation

The British pound advanced, the euro-pound rate dropped to 0.89. Political uncertainties surrounding Prime Minister May reduced the appreciation. Inflation picked up again. The Bank of England indicated a rate hike in the near future, from which the pound benefited. While the economy is growing modestly, the downward dynamic eased. The unclear position of the British in the Brexit negotiations continues to weigh on the pound. However, the British currency is by now favourably valued. With a slight tailwind from monetary policy, the euro-pound rate should fall further to 0.85.

Japanese yen, Norwegian krone and Swedish krona

Yen with interest rate advantage over the euro

JPY



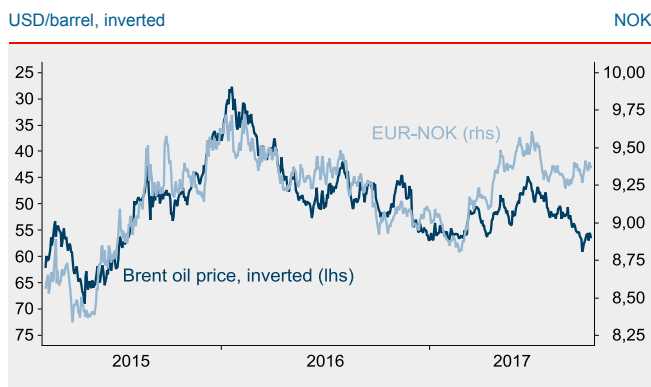
Sources: Macrobond, Helaba Research

Trend: appreciation

The Japanese yen lost against the euro and the US dollar. The interest rate differences moved at the expense of the yen. Moreover, the penchant for risk grew in the financial markets. Japan's economy is proving robust; the current account surplus is growing. Even inflation picked up. Still, the Bank of Japan is maintaining its expansionary monetary policy. The upcoming parliamentary elections could help the yen, should Prime Minister Abe lose his majority. Valuation indicators also argue for a stronger yen against the US dollar and especially against the euro.

Oil price rise did not support the Norwegian krone

NOK



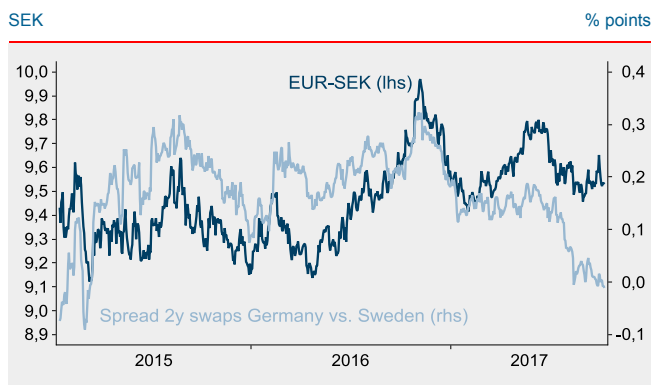
Sources: Macrobond, Helaba Research

Trend: appreciation

The Norwegian krone traded virtually unchanged, one euro costs more than 9.3 krone. The higher oil price provided hardly any impulses. The economic indicators from Norway were a little disappointing lately. By contrast, inflation accelerated slightly. Norway's central bank did raise its interest rate projections, though only for the more distant future. Still, an interest rate turnaround is possible already in 2018. Norway's yield advantage should then increase. Moreover, the krone is comparatively undervalued. The euro-krone exchange rate will presumably decline again.

Swedish krona with interest rate advantage

SEK



Sources: Macrobond, Helaba Research

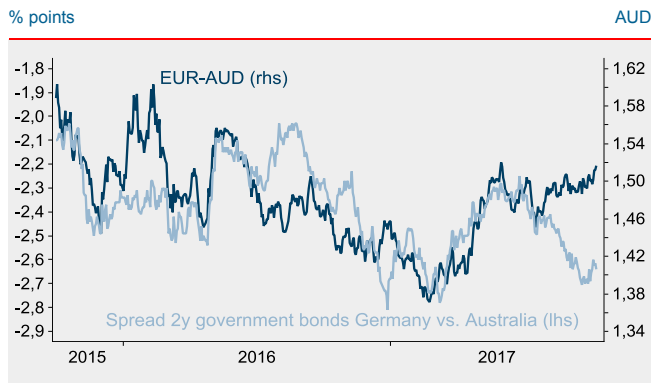
Trend: appreciation

The Swedish krona barely moved, the euro-krona exchange rate is trading around 9.5. The reappointment of Ingves as head of the central bank weakened the krona briefly, at most. Sweden's economy continues to be very robust. The heightened inflation suffered only a marginal setback. Still, the central bank is holding back for now. However, it did hint at a turnaround on monetary policy in the coming year. The interest rate differences are trending in favour of the krona. The euro-krona exchange rate will presumably decline still during the remainder of the year.

Australian dollar, Canadian dollar and Chinese yuan

“Aussie“ with yield advantage over the euro

AUD



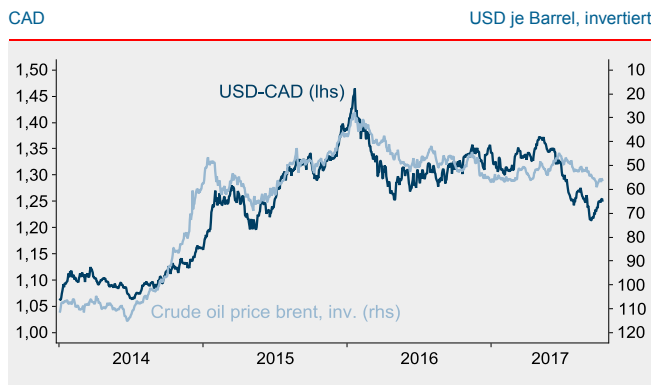
Sources: Macrobond, Helaba Research

Trend: slight appreciation against the euro

The Australian dollar depreciated against the euro and the US dollar. Australia’s central bank showed little readiness for a change of course. It is justifying its wait-and-see stance not least with an inflation that is only moderate. A waning yield advantage weighed on the “Aussie”. By contrast, growth proved very solid. The higher prices for industrial metals are likely to fizzle out in the currency market. The interest rate differences against the US dollar tend to point to a depreciation of the “Aussie” against the US dollar, but to an appreciation against the euro.

“Loonie“ appreciation vs. US dollar a little exaggerated

CAD



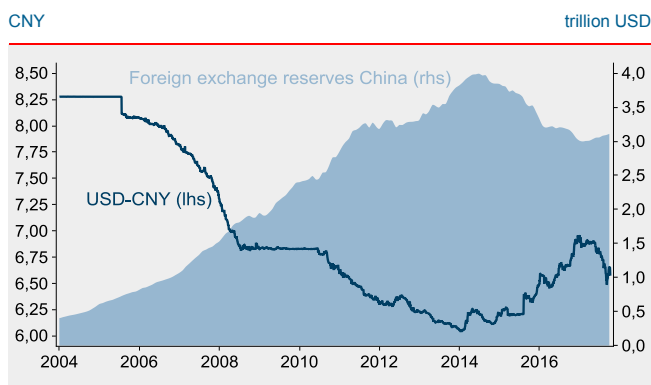
Sources: Macrobond, Helaba Research

Trend: slight appreciation against the euro

The Canadian dollar depreciated against the euro and the US dollar. The “Loonie” moved up noticeably briefly when the Bank of Canada raised its key rate in a surprise move. Most recently, however, the central bankers seem to be getting more cautious again. The very robust growth lost some of its vigour. The higher oil price no longer provided support most recently. Inflation rose only slightly. The central bank will continue to raise its key rate cautiously, though this has already been priced in. The “Loonie” should weaken against the US dollar, though gain somewhat against the euro.

China’s reserves continue to recover

CNY



Sources: Macrobond, Helaba Research

Trend: slight appreciation against the euro

The Chinese yuan appreciated a little against the euro. By contrast, the dollar-yuan exchange rate rose for a time again over 6.6. China’s currency reserves have been slowly growing this year after the previous slide; there are hardly any signs of a broad capital flight. The economic data were rather mixed. With the probable correction of the euro, China’s currency should also weaken against the US dollar, since politics is taking its cues also from a trade-weighted currency basket. However, the yuan will presumably be able to appreciate a little against the euro.

Helaba Currency Forecasts

	Veränderung seit		aktueller Stand*	Prognose Ende			
	31.12.16	1 Monat		Q4/2017	Q1/2018	Q2/2018	Q3/2018
gg. Euro (jew eils gg. Euro, %)							
US-Dollar	-10,9	1,2	1,18	1,10	1,10	1,15	1,15
Japanischer Yen	-7,4	-1,5	133	115	120	125	125
Britisches Pfund	-4,6	1,5	0,89	0,85	0,85	0,85	0,85
Schweizer Franken	-6,9	-0,7	1,15	1,10	1,10	1,10	1,10
Kanadischer Dollar	-4,4	-2,1	1,48	1,44	1,44	1,48	1,48
Australischer Dollar	-3,9	-1,9	1,52	1,45	1,47	1,51	1,49
Schwedische Krone	0,4	0,5	9,53	9,10	9,10	9,00	9,00
Norwegische Krone	-3,2	-0,2	9,39	8,90	8,90	8,80	8,70
Chinesischer Yuan	-5,4	0,8	7,76	7,59	7,65	8,05	8,05
gg. US-Dollar (jew eils gg. USD, %)							
Japanischer Yen	4,0	-2,7	112	105	109	109	109
Schweizer Franken	4,5	-1,9	0,98	1,00	1,00	0,96	0,96
Kanadischer Dollar	7,4	-3,2	1,25	1,31	1,31	1,29	1,29
Schwedische Krone	12,8	-0,8	8,07	8,27	8,27	7,83	7,83
Norwegische Krone	8,7	-1,4	7,95	8,09	8,09	7,65	7,57
Chinesischer Yuan	5,6	-0,7	6,57	6,90	6,95	7,00	7,00
US-Dollar gg. ... (jew eils gg. USD, %)							
Britisches Pfund	7,0	0,3	1,32	1,29	1,29	1,35	1,35
Australischer Dollar	7,9	-3,1	0,78	0,76	0,75	0,76	0,77

*10.10.2017

Sources: Bloomberg, Helaba Research ■