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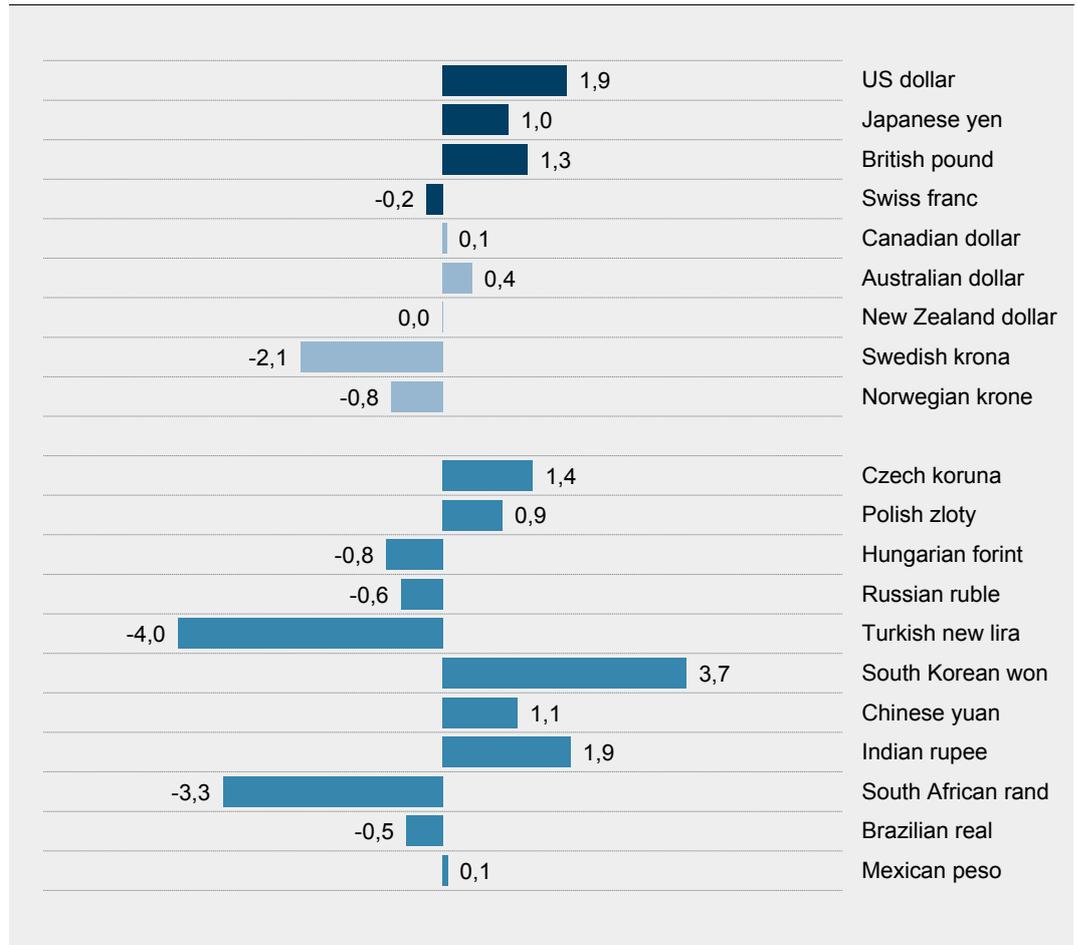
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- The US dollar was among the strongest currencies, and the British pound and Japanese yen also gained. The Swedish krona weakened noticeably. Among the emerging markets, the Korean won was the biggest winner, while the Turkish lira lost the most ground.
- 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 10/10 to 11/09/17)



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

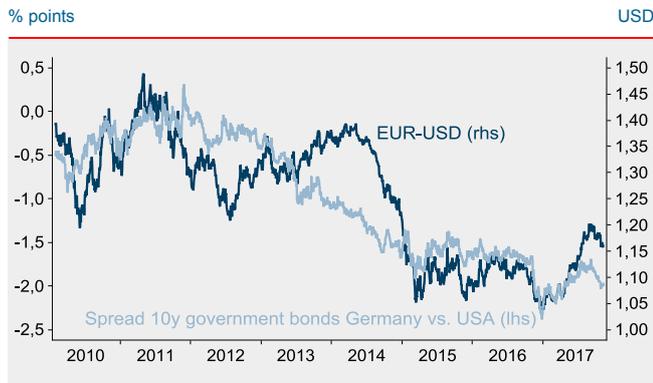
Sources: Bloomberg, Helaba Research

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

### US dollar with growing yield advantage

USD



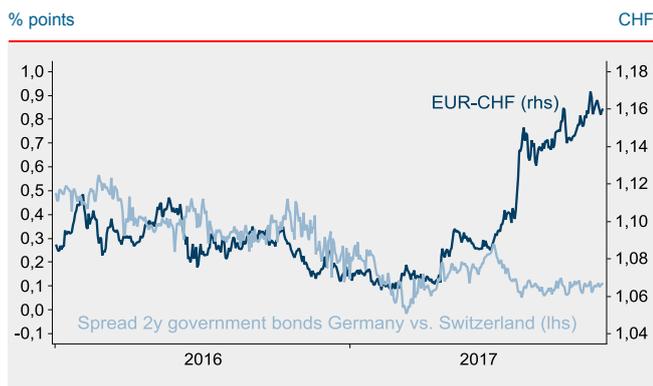
Sources: Macrobond, Helaba Research

Trend: appreciation

The US dollar moved up sharply and the euro-dollar rate fell to 1.16. While the ECB cuts its monthly bond purchases in half, it did extend their length of time and did not hold out the prospect of a change of course on rates for now. In the US, the chances for tax reform have grown. Fiscal impulses should provide a boost to what has most recently already been an improved US economy. In addition to unwinding its balance sheet, the Fed will raise interest rates in the foreseeable future. The interest rate differences point to a decline in the euro-dollar rate in the direction of 1.10.

### Interest rate differences contradict franc weakness

CHF



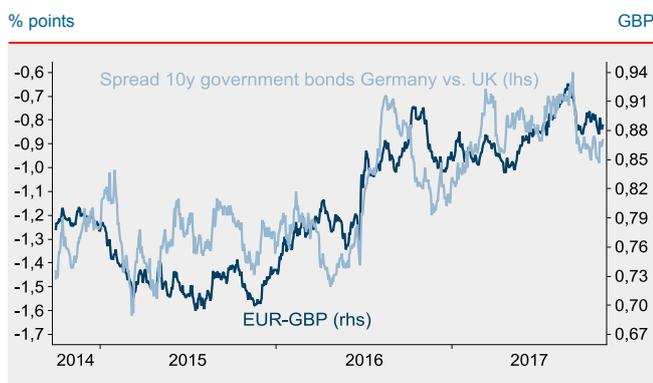
Sources: Macrobond, Helaba Research

Trend: appreciation

The Swiss franc was stagnant, and the euro-franc rate is trading around 1.16. On the one hand, a growing penchant for risk weighed on the franc; on the other hand, the euro suffers from what is for now a very expansionary course by the ECB. Switzerland's economic indicators improved most recently; even inflation is slowly rising. While the SNB is maintaining its loose monetary policy, the Swiss interest rate disadvantage is rather small historically speaking. With a continuing waning of euro optimism, the euro-franc rate could fall in the direction of 1.10, at least temporarily.

### Higher interest rates for the pound

GBP



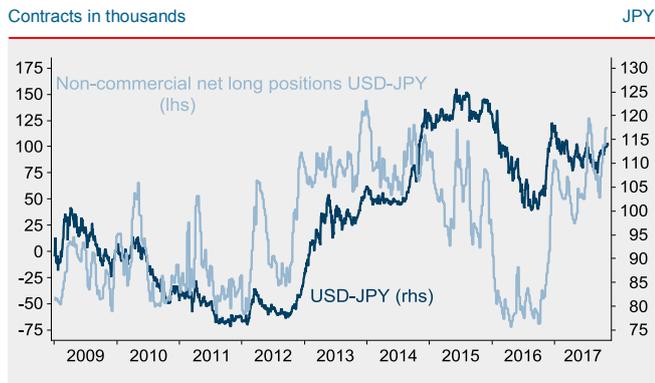
Sources: Macrobond, Helaba Research

Trend: appreciation

The British pound gained some ground, and the euro-pound rate is trading around 0.89. As expected, the BoE raised its key rate to 0.5 %, though it held out the prospect of only a few additional moves. The sluggish advances in the Brexit negotiations and problems within the British government are weighing on the British currency. But GDP growth posted a positive surprise in the third quarter. Inflation remained elevated. The interest rate advantage is supporting the pound, as is the favourable valuation. As a result, the euro-pound rate should drop to 0.85.

## Japanese yen, Norwegian krone and Swedish krona

### Large bets against the yen as a conraindicator



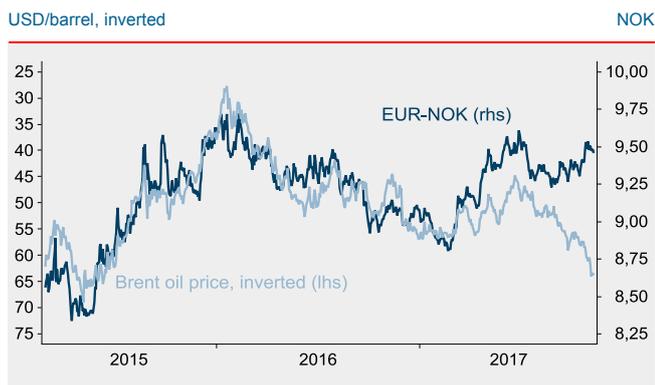
Sources: Macrobond, Helaba Research

### Trend: appreciation

The Japanese yen appreciated against the euro and lost slightly against the US dollar. The clear victory of Prime Minister Abe in the lower house elections weighed only briefly on the Japanese currency. The Bank of Japan maintained its expansionary monetary policy, even though Japan's economy proved robust. Valuation indicators also argue in favour of a stronger yen against the US dollar and especially the euro. Moreover, large speculative positions against the yen are considered as a conraindicator.

JPY

### Oil price rising, but not the Norwegian krone



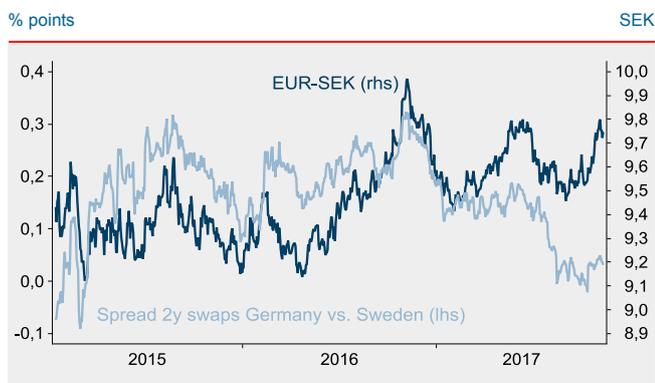
Sources: Macrobond, Helaba Research

### Trend: appreciation

The Norwegian krone declined even against the euro, with the euro-krone rate trading above 9.4. And this despite a sharp rise in the oil price, the classic pace setter for the Norwegian currency. However, most economic indicators disappointed. Inflation, too, was at a rather low level. Norway's central bank is taking a wait-and-see attitude for now. A change of course on interest rates should come in 2018, also because of positive economic impulses from the oil price. Norway's yield advantage will then increase. As a result, the euro-krone rate will presumably decline.

NOK

### Swedish krona supported by interest rate differences



Sources: Macrobond, Helaba Research

### Trend: appreciation

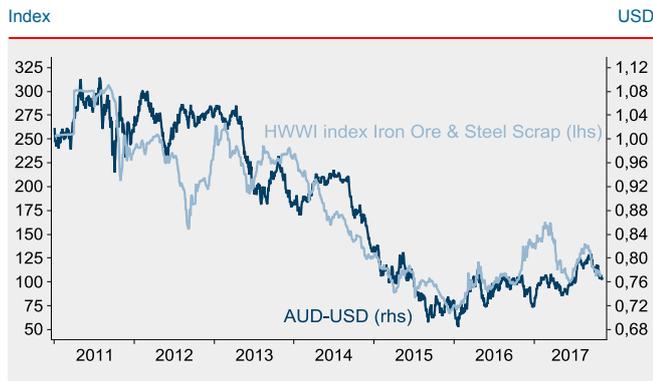
The Swedish krona lost ground and the euro-krona rate jumped briefly even to a high for the year of 9.8. Sweden's central bank did not change its expansionary course for now, even though the economy overall continues to prove very robust. Even inflation is by now elevated. Although the Riksbank is taking its cue from the ECB's policy, it will presumably begin the change of course on monetary policy next year. Interest rate differences should continue to trend in favour of the krona. The euro-krona rate will presumably decline still this year.

SEK

## Australian dollar, Canadian dollar and Chinese yuan

### Iron ore prices weighed on the "Aussie"

AUD



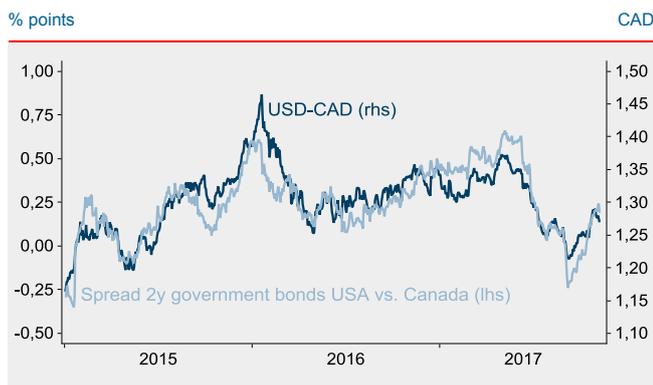
Sources: Macrobond, Helaba Research

### Trend: slight appreciation against the euro

The Australian dollar weakened against the US dollar, but gained against the euro. Prices for iron ore declined, those for industrial metals changed little. Australia's central bank is showing little willingness to change course on interest rates. Inflation remains moderate. Growth is proving very solid. The interest rate differences against the US dollar point to a depreciation of the "Aussie". Against the euro, however, Australia's currency has a clear interest rate advantage, as a result of which the "Aussie" should gain against the euro.

### "Loonie" loses interest rate advantage vs. US dollar

CAD



Sources: Macrobond, Helaba Research

### Trend: slight appreciation against the euro

The Canadian dollar depreciated noticeably against the US dollar and stagnated against the euro. The at times very robust growth in Canada clearly lost momentum lately. Following two interest rate hikes, the Bank of Canada is likely to take time for its next move, especially since inflation is quite moderate. As a result, the "Loonie" should weaken a little more against the US dollar. Canada's currency could appreciate temporarily against the euro. After all, the more restrictive monetary policy comes into play here, especially since the oil price is providing a clear tail wind.

### Euro up, yuan up! – Euro down, yuan down?

CNY



Sources: Macrobond, Helaba Research

### Trend: slight appreciation against the euro

The Chinese yuan gained against the euro, while losing ground to the US dollar. The dollar-yuan rate is well above 6.6. China's currency reserves stagnated, valuation effects probably prevented a further rise. The CP congress provided hardly any impulses. Growth in the Q3 remained unexpectedly strong. Still, China's currency should weaken against the US dollar, which, with a weaker euro, would keep the trade-weighted exchange rates stable. The yuan will presumably be able to appreciate a little against the euro.

## Helaba Currency Forecasts

	Performance			Forecast horizon at end ...			
	year to date	1 month	current*	Q4/2017	Q1/2018	Q2/2018	Q3/2018
<b>vs. Euro</b>	(vs. Euro, %)						
US dollar	-9,7	1,9	1,16	1,10	1,10	1,15	1,15
Japanese yen	-6,9	1,0	132	115	120	125	125
British pound	-3,6	1,3	0,89	0,85	0,85	0,85	0,85
Swiss franc	-7,3	-0,2	1,16	1,10	1,10	1,10	1,10
Canadian dollar	-4,3	0,1	1,48	1,44	1,44	1,48	1,48
Australian dollar	-3,7	0,4	1,52	1,45	1,47	1,51	1,49
Swedish krona	-1,8	-2,1	9,75	9,10	9,10	9,00	9,00
Norwegian krone	-4,0	-0,8	9,47	8,90	8,90	8,80	8,70
Chinese yuan	-5,0	1,1	7,72	7,59	7,65	8,05	8,05
<b>vs. US-Dollar</b>	(vs. USD, %)						
Japanese yen	3,1	-0,9	113	105	109	109	109
Swiss franc	2,5	-2,1	0,99	1,00	1,00	0,96	0,96
Canadian dollar	6,0	-1,8	1,27	1,31	1,31	1,29	1,29
Swedish krona	8,7	-3,9	8,38	8,27	8,27	7,83	7,83
Norwegian krone	6,2	-2,6	8,13	8,09	8,09	7,65	7,57
Chinese yuan	4,6	-0,8	6,64	6,90	6,95	7,00	7,00
<b>US-Dollar vs. ...</b>	(vs. USD, %)						
British pound	6,5	-0,6	1,31	1,29	1,29	1,35	1,35
Australian dollar	6,5	-1,4	0,77	0,76	0,75	0,76	0,77

\*09.11.2017

Sources: Bloomberg, Helaba Research ■