COMMERZBANK

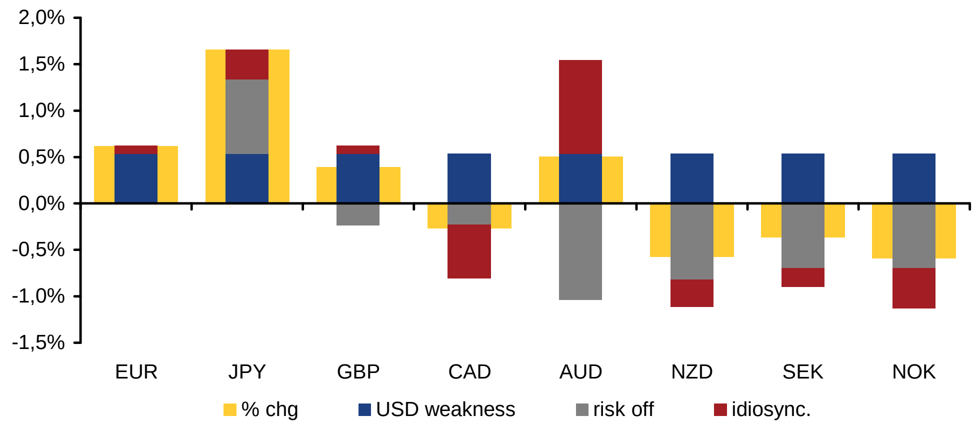
FX Alpha

8 October 2013

And what if the unthinkable does happen?

And what if the unthinkable does happen? With the budget deadlock remaining and the deadline for raising the debt ceiling fast approaching the FX market shows no signs of USD weakness or even panic. Would a US default be even manageable? Or could the Fed solve the problem with even more bond purchases? While a rise in yields might be avoided a USD weakness could not. The only reasonable explanation for the current calmness of the FX market is the expectation that the problems will be solved last minute.

CHART 1: **Mainly "risk off", little USD weakness**
Division of currency moves against USD over past 2 weeks



Source: Commerzbank Research

G10 Highlights. Markets still relaxed about the US budget crisis. No surprise from BoE this week. Wait & see in Aussie. Norwegian inflation data in focus.

FX Metrics. We use correlation forecasts to construct optimized carry trades. Based on this we outline a trade idea on carry trades.

EM Highlights. Czech CPI no argument for FX intervention. Split MNB? ZAR – less volatility please.

Tactical trade recommendations. Sell rallies in USD-JPY.

Technical Analysis. Adopt a more negative bias to USD-JPY.

Event calendar. Due to the lack of US data on the backdrop of the government shutdown, markets will focus on the FOMC minutes to get hints about the Fed's tapering apporach.

CONTENTS

And what if the unthinkable does happen?

Author:

Lutz Karpowitz
+49 69 136 42152
lutz.karpowitz@commerzbank.com

With the budget deadlock remaining and the deadline for raising the debt ceiling fast approaching the FX market shows no signs of USD weakness or even panic. Would a US default be even manageable? Or could the Fed solve the problem with even more bond purchases? While a rise in yields might be avoided a USD weakness could not. The only reasonable explanation for the current calmness of the FX market is the expectation that the problems will be solved last minute.

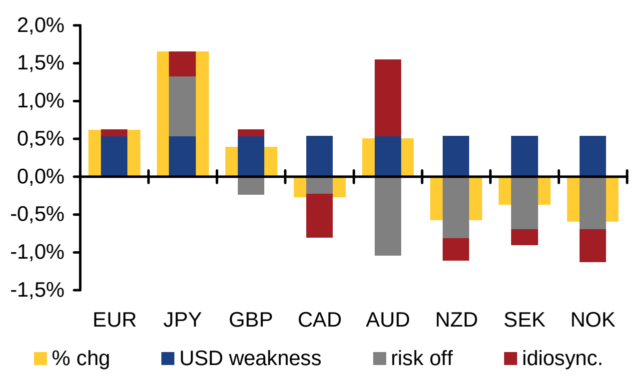
So far no solution has emerged in the budget deadlock in the US. While it would no doubt be possible to live with the government shutdown for a little longer the deadline for raising the debt ceiling is fast approaching. And again there is no solution in sight. However, there is no sense of panic on the markets so far. Even though the USD is not exactly rocketing, it would be unjustified to be talking about a pronounced weakness. Instead the past few days were mainly characterised by risk-off. As our factor model (chart 1) illustrates there is hardly a sign of dollar weakness. Even though it is normal for the USD to appreciate in periods of crisis due to the US Treasuries' role as a safe haven, this reaction pattern is unlikely to work if the US Treasuries themselves have just defaulted. I am well aware that the FX market sticks to old patterns for a long time, but it seems difficult to imagine that the USD would act as a safe haven in case of the US defaulting. If for no other reason but that it would give a pretty horrendous impression of the problem solving ability of US politicians.

However, could the calm of the markets be justified because the US default was not due to the country being over indebted in general but instead the result of a political mishap? After all that could be corrected even after a default. This view seems incredibly optimistic though. Many investors would be forced to sell their treasuries simply for regulatory reasons. A massive yield rise, combined with USD weakness would be unavoidable.

One might argue that once Washington has solved the problem the old (pre default) equilibrium would be regained. But even this positive point of view would not explain though why markets are so relaxed about all of this. After all short positions could be closed favourably should the worst come to the worst. And it would have to be seen whether the new equilibrium would not lead to a weaker USD (after all Washington would have "proven" that things can escalate any time).

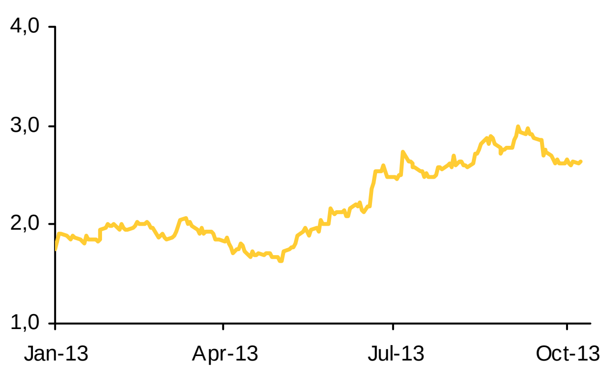
This leaves the Fed who might be able to prevent a default driven yield rise with the help of even more bond purchases. After all such a Fed move would be a distinct possibility. However, as foreign investors would be replaced by the domestic Fed and more QE would be a burden for the USD in general such a move would not avoid a severe USD weakness. No, from today's point of view the quiet on the FX market can only be explained with investors expecting an agreement being found; and a residual risk certainly remains.

CHART 2: **Mainly "risk off", little USD weakness**
Division of currency moves against USD over past 2 weeks



Source: Commerzbank Research

CHART 3: **How far would yields rise?**
Yield of 10year US government bonds



Source: Bloomberg, Commerzbank Research

G10 Highlights

Markets still relaxed about the US budget crisis. No surprise from BoE this week. Wait & see in Aussie. Norwegian inflation data in focus.

Author:

Ulrich Leuchtmann
Tel: +49 69 136 23393
ulrich.leuchtmann@commerzbank.com

Antje Praefcke
+49 69 136 43834
antje.praefcke@commerzbank.com

Peter Kinsella
+44 20 7475 3959
peter.kinsella@commerzbank.com

USD: Markets are still very relaxed. Risk appetite eased a little on the markets over the past two weeks but that was all in the range of normal fluctuations. The FX market is far from playing “crisis a la Lehman”. This may be due to the fact that we know similar developments from previous debates about the debt ceiling. Hardly anyone believes that things may be different this time round. This view is reinforced by practical considerations: the US bonds can still be serviced even if the debt ceiling is reached. Moreover, over the past three weeks we saw mainly risk-off moves rather than actual USD weakness. As a result the USD was even able to appreciate slightly against some risk sensitive currencies such as NZD, SEK and NOK. Players are currently saying goodbye to risk positions. Only safe havens currencies have the potential to benefit from the US budget crisis at present. For the time being, this is likely to continue.

GBP: The key event to focus upon for sterling investors will be the BoE meeting this Thursday. It goes without saying that rates and asset purchases will remain on hold at 0.5% and £375 respectively. More importantly will be whether the MPC deem it necessary to increase their rhetoric with respect to managing market expectations of rate increases. Last week a variety of speakers stated their belief that rate hikes remain a distant prospect. It is clear that the tightening in financial market conditions since the announcement of forward guidance polices in August (increases in gilt yields and sterling appreciation) did not go unnotced by the MPC. Regular readers will know that we have been recommending tightening up on stops on long GBP posiitons as we doubt if UK economic data will continue to print as robustly in the near future as they have done in recent weeks. That is still our base case.

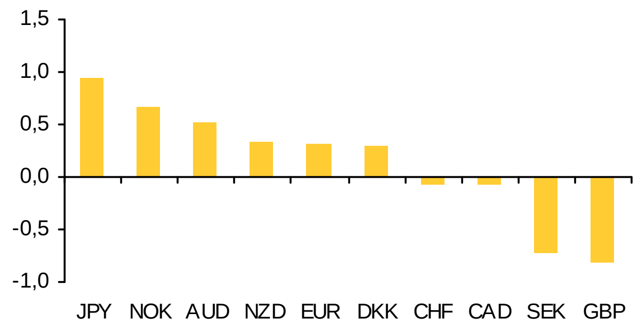
AUD: A surprisingly positive NAB sentiment indicator didn’t support the AUD notably. Tomorrow’s consumer confidence data is likely to have the same effetc. In the end, that shouldn’t surprise, since positive sentiment indicators are merely a confirmation of the current RBA monetary policy, which consists of „wait and see“. The Australian labour market report, due for publication on Thursday, might have more of an effect. So the only thing to do in AUD at the moment is also „wait and see“.

NOK: During the course of the week Norwegian inflation data, due for publication on Thursday, is of particular significance. If inflation rises surprisingly quickly again, as was the case in July and August, causing Norges Bank to raise its rate path slightly, Norges Bank might feel obliged to sharpen its wording slightly. We therefore prefer to wait for the inflation data. Life has become a little quieter on the FX markets as a result of the standstill in the US caused by the budget deadlock, and as a result important local data publications are no longer overshadowed by external factors to the same extent, therefore having a more pronounced effect. For the time being, the 8.14-8.15 area in EUR-NOK should cap.

CHART 4: **Risk appetite on FX market largely unchanged**
Risk factor in our G10 factor model

Source: Commerzbank Research

CHART 5: **Mixed picture last week**
% Gain / Loss Vs. USD since 1st of October



Source:Commerzbank Research

FX Metrics

G10 carry trade indices

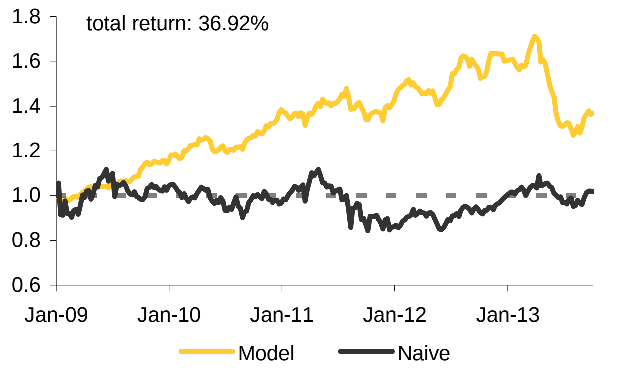
Author:

Thu Lan Nguyen
+49 69 136 82878
thulan.nguyen@commerzbank.com

The portfolio weighting of a common carry trade strategy often simply corresponds to the ranking of the interest rate levels. Moreover the number of investment positions is usually fixed at the outset. However, such a strategy does not effectively exploit the benefits of diversifying across different investments. We therefore suggest a portfolio strategy that optimizes the diversification effect and significantly reduces the downside risk entailed in carry trades using "mean-variance" optimization.

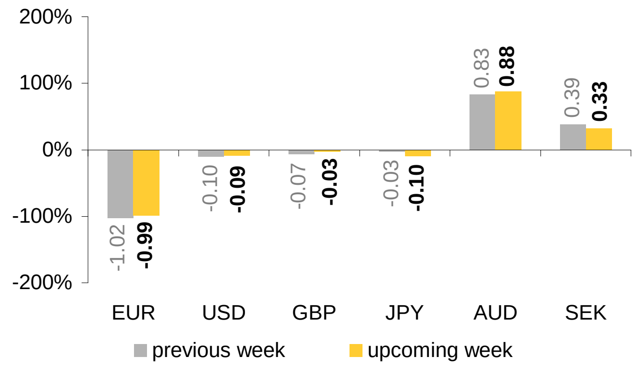
Below we illustrate an example of a mean-variance optimised carry trade portfolio on a selected currency basket with a pre-set risk level. For the optimization the variance has been chosen randomly and can be adjusted as required.

CHART 6: **Historic performance of optimized Carry Trade Portfolio**
Cumulative return[1] since 6 January 2009, weekly rebalancing, target variance: 6%; Naïve strategy: B&H strategy, 3 high yielders long, 3 low yielders short; Currency basket: EUR (base), USD, GBP, JPY, AUD, SEK, CHF (excluded after Sept 2011)



Source: Commerzbank Research

CHART 7: **Portfolio weights for week 1 Oct to 8 Oct**
Currency basket: EUR (base), USD, GBP, JPY, AUD, SEK; weights in %



Source: Commerzbank Research

Methodology

Our optimized strategy considers the correlation of the exchange rates in the portfolio weighing decision, i.e. the good old "mean-variance" optimisation according to Harry M. Markowitz. For the carry trade portfolio this means investing in carries in such a manner that an optimum relation between carry and the risk assumed is achieved. Needless to say, the more accurate the estimate of the correlation matrix the larger the advantage of the portfolio optimisation. For our portfolio we therefore use a trend model to forecast the relevant correlations on a weekly basis. In particular, the forecast is based on a linear trend over the weekly correlations of the last month. This trend is then extrapolated to the coming week to yield a forecast. Subsequently, the trend is rolled over on a weekly basis. This trend-based forecast therefore uses more timely input which ultimately increases forecast accuracy.

[1] Returns are based on Tuesdays' London opening

EM Highlights

Czech CPI no argument for FX intervention. Split MNB? ZAR – less volatility please.

Author:

Thu Lan Nguyen
+49 69 136 82878
thulan.nguyen@commerzbank.com

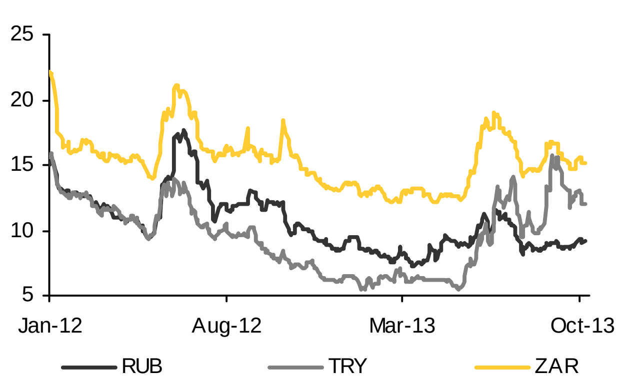
Peter Kinsella
+44 20 7475 3959
peter.kinsella@commerzbank.com

CZK: September CPI figures are due tomorrow and is expected to ease down to 1.2% from 1.3% in August. Although this will again be below the CNB's initial forecast of 1.4%, it is unlikely to convince the hawks within the Czech MPC to fear a deflationary scenario. The recent central bank's minutes revealed that so far the majority still feels comfortable as inflation expectations have remained relatively stable despite the downtrend in inflation. In addition the economy is showing signs of a recovery. Against this background, the inflation figures would have to undershoot the CNB's as well as the market's expectations considerably (i.e. below 1%) in order for FX intervention speculation to gain renewed momentum and the CZK to weaken back towards the 26-level. In our view, such a scenario is rather unlikely and thus we expect EUR-CZK to remain comfortable near its recent lows just above 25.50.

HUF: The MNB's minutes of the latest rate meeting will be released tomorrow and are going to confirm that the central bank is still planning to cut key rates further. An interesting point will be the division of the MPC with regards the size of the rate cuts. In August two MPC members had voted for a smaller rate cut (10 bps instead of 20 bps) as they saw considerable risks in the forthcoming period (i.e. the Sept Fed meeting and the prospect of QE tapering). One of the two MPC members, Gyula Pleschinger, pointed to the risk of cutting rates too far as in case of an external shock, the MNB might then have to hike key rates again by 100-300 bps in order to win investors back. As Pleschinger was outvoted in August, and most probably in September too, his hawkish comments are of no help for the HUF. As long as the doves hold the majority, we would expect the MNB to continue easing monetary policy. This makes, as Pleschinger had pointed out, the HUF vulnerable to shifts in sentiment. However, unlike e.g. Turkey, Hungary does not suffer from a large current account deficit and high inflation. In fact, with inflation at a mere 1.3%, the real interest rate is comfortably positive. Should the MNB however continue to cut interest rates, the market might not be as merciful any longer.

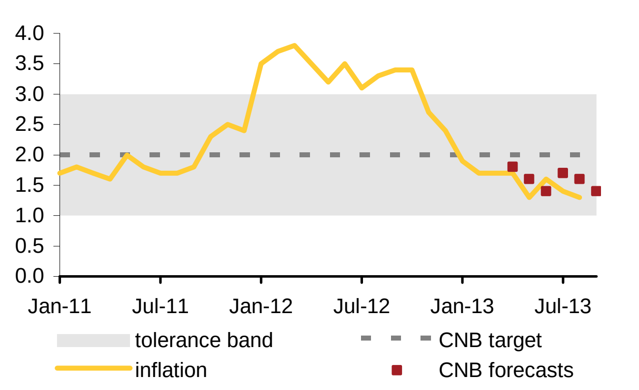
ZAR: Yesterday South African Finance Minister Gordhan outlined the key issues facing the economy and the currency. What was interesting to note were his comments regarding the behaviour of ZAR exchange rates. He didn't see a problem with rates around 10.00 in USD-ZAR, rather he dislikes the associated volatility. A case of wanting your cake and eating it? Heightened volatility is nothing new for ZAR, indeed ZAR volatilities have traded with a risk premium compared to EMEA peers for quite sometime due to idiosyncratic political and economic risk. Neither of which look set to change for the better in the near term. On a positive note, he emphasized the gains to competitiveness that are to be achieved from increasing economic dynamism. In particular he noted that wage agreements in the mining sector had to be more realistic regarding commodity prices and commodity demand, but that the agreements when reached would last for 3 years. All told, what we see is a realistic focus upon the pertinent issues, but we are still some way off making a case for a sustainable appreciation of ZAR.

CHART 8: **ZAR volatilities trade with a premium**
USD-ZAR, USD-RUB & USD-TRY 3 month implied vol in %



Sources: Bloomberg LP., Commerzbank Research

CHART 9: **Czech CPI undershooting CNB's expectation**
in % yoy



Source: CNB

Tactical trade recommendation

Sell rallies in USD-JPY.

Author:

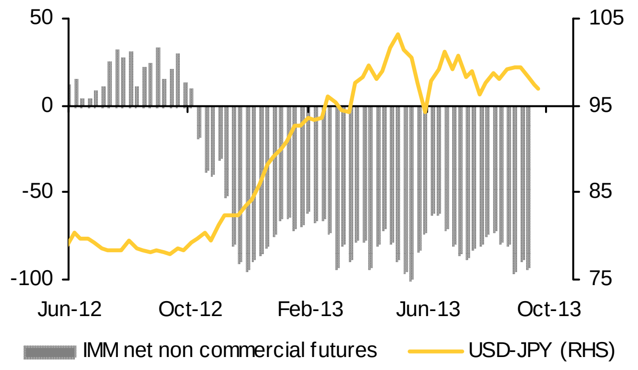
Peter Kinsella
+44 20 7475 3959
peter.kinsella@commerzbank.com

At the beginning of September we recommended investors to establish short USD-JPY positions given the risks to equity markets from Fed tapering and the generally skewed positioning in USD-JPY. Although we were a tad early with our view, recent developments warrant another attempt for the pair to trade to the downside.

Signs of risk aversion are clearly evident in G10 FX. Both CHF and JPY have appreciated over the last week, whilst the USD continues to trade weakly. Should the US government shutdown become a more protracted affair, risky assets should underperform with consequent USD weakness. This is the ideal situation for JPY appreciation. At the same time, we can expect somewhat more protracted USD weakness in any case, due to the generally mixed picture emerging from US economic data.

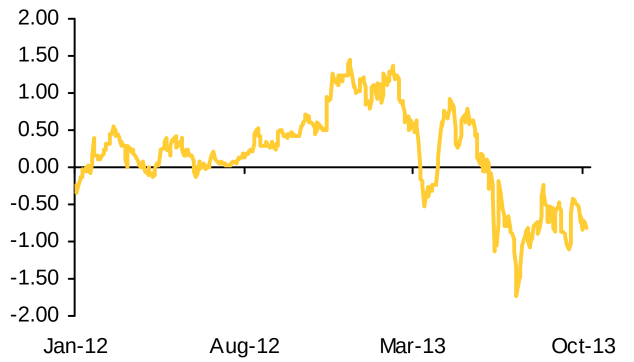
Risk reversals once again are trending to the downside whilst positioning remains resolutely short JPY. All in all, the ingredients for a short squeeze remain. Hence we recommend investors to establish short positions on rallies in USD-JPY, with a view to taking profit around 94.70.

CHART 10: **Short squeeze still possible**
USD-JPY spot, IMM net non commercial futures



Sources: Commerzbank Research, CFTC, Bloomberg LP

CHART 11: **USD-JPY risk reversal coming lower**
USD-JPY 25 delta 3 month risk reversal



Sources: Commerzbank Research, Bloomberg LP

TAB. 1: **Discretionary Option Trade Recommendations (base currency EUR)**

Trade date	Strategy	Expiry	Size	Premium	Value	P&L	Open / Closed
04.02.2013	Short EURp-CHFc 1.2050	04.12.2013	1m	+1.10%	-0.06%	1.04%	Open
14.09.2013	EUR-GBP seagull 0.86 / 0.845 / 0.825	14.10.2013	1m x 1m x 1m	0.25%	0.39%	0.14%	Open
24.09.2013	EUR-USD strangle 1.38 / 1.25	23.12.2013	1m x 1m	0.61%	-0.70	-0.09%	Open

Sources: Bloomberg L.P., Commerzbank Research

Technical Analysis

Adopt a more negative bias to USD-JPY

Author:

Karen Jones
+44 20 7475 1425
Karen.jones@commerzbank.com

We have previously assumed that the converging range that has been developing on the USD-JPY chart since May 2013 was likely to become a bullish consolidation pattern, but we have become less convinced of this over recent weeks and are beginning to suspect that we could in fact break lower from this range. This is a change of view.

The base of the range is currently 95.63 and a weekly close below here would lead to a slide back to initially the 93.75/55 June 2013 low and the 38.2% retracement of the move up from the September 2012 low and eventually back to 90.45, the 50% retracement of the same move.

So why have we become more negative? The first reason is the Japanese stock market – the Nikkei 225 has recently reversed from its 1996-2013 down trend (at 15742) and this suggests that it has in fact topped from a medium to longer term perspective. The correlation between the Nikkei 225 and USD-JPY is approximately 0.45 and this is likely to act as a negative drag on the market.

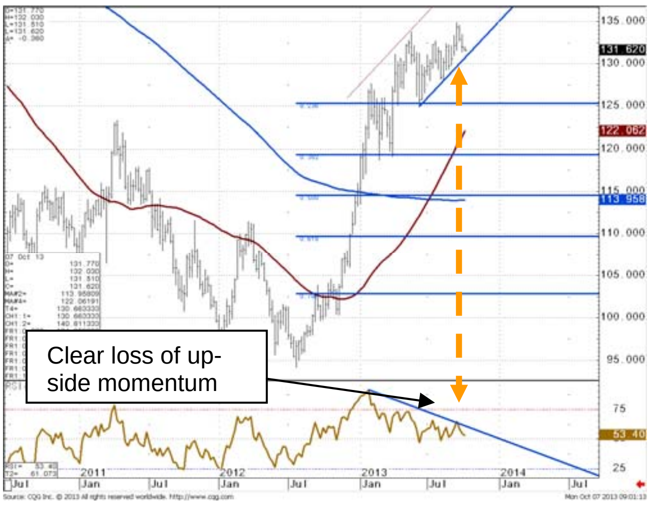
The second reason is the large divergence of the weekly RSI on the EUR-JPY chart – the recent high of 134.95 was accompanied by a large divergence and this suggests that the market is likely to have topped there for now. We need a confirming weekly close below the 130.66 4-month uptrend to add weight to the view. For now we will neutralise our view, but we suspect that the market has in fact topped.

Only a weekly close above the upper converging range limit at 99.84 on the USD/JPY chart would suggest that a more positive stance be adopted and this is starting to look increasingly unlikely.

CHART 12: **USD-JPY weekly chart**
Converging range looking more negative

Source: CQG, Commerzbank Research

CHART 13: **EUR-JPY weekly chart**
Large divergence of the weekly RSI



Source: CQG, Commerzbank Research

Event Calendar

Date	Time	Region	Release	Unit	Period	Survey	Prior
09 October	08:00	CZK	Consumer prices	mom	SEP	-0,2	-0,2
				yoy	SEP	1,2	1,3
	09:30	GBP	Industrial production	mom	AUG	0,4	0,0
				yoy	AUG	-0,7	-1,6
	11:00	GER	Industrial production	mom	AUG	1,0	-1,7
				yoy	AUG	-1,4	-2,2
	12:00	USA	MBA Mortgage Applications	%	OCT 4	-	-0,40
			Unemployment rate	%	SEP	7,3	7,3
	13:00	RUB	CPI weekly year to date	%	OCT 7	-	4,7
10 October	01:30	AUD	Employment change	K	SEP	15,0	-10,8
			Unemployment rate	%	SEP	5,8	5,8
	08:00	RON	Consumer prices	mom	SEP	-0,3	-0,2
				yoy	SEP	2,2	3,7
	08:30	SEK	Consumer prices	mom	SEP	0,5	0,1
				yoy	SEP	0,2	0,1
	08:30	SEK	Industrial production	mom	AUG	0,5	0,7
				yoy	AUG	-4,1	-3,7
	09:00	NOK	Consumer prices	mom	SEP	0,9	-0,1
				yoy	SEP	3,1	3,2
	12:00	ZAR	Industrial production	mom	AUG	-2,0	5,0
				yoy	AUG	1,2	5,4
	12:00	GBP	Interest rate decision	%	OCT 10	0,50	0,50
	12:00	RUB	FX and gold reserves	USD bn	OCT 4	-	514,9
				yoy	SEP	-1,0	-0,4
11 October	07:00	GER	Consumer prices	mom	SEP F	0,0	0,0
				yoy	SEP F	1,4	1,4
	08:00	TRY	Current account balance	USD bn	AUG	-2,1	-5,8
	08:00	HUF	Consumer prices	mom	SEP	0,3	-0,3
				yoy	SEP	1,2	1,3
	-	RON	Current account balance	EUR mn	AUG	-	489
		PLN	Current account balance	yoy	AUG	-213	-178
				yoy	SEP	0,6	1,4
			core rate	mom	SEP	0,1	0,0
				yoy	SEP	1,2	1,1
			less vehicles	mom	SEP	0,4	0,1
	14:55	USA	Michigan consumer confidence		OCT P	75,8	77,5
14 October	08:15	CHF	Producer and import prices	mom	SEP	-	0,2
				yoy	SEP	-	0,2
	10:00	EUR	Industrial production	mom	AUG	-0,3	-1,5
				yoy	AUG	-	-2,1

This document has been created and published by the Corporates & Markets division of Commerzbank AG, Frankfurt/Main or Commerzbank's branch offices mentioned in the document. Commerzbank Corporates & Markets is the investment banking division of Commerzbank, integrating research, debt, equities, interest rates and foreign exchange.

The author(s) of this report, certify that (a) the views expressed in this report accurately reflect their personal views; and (b) no part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by them contained in this document. The analyst(s) named on this report are not registered / qualified as research analysts with FINRA and are not subject to NASD Rule 2711.

Disclaimer
This document is for information purposes only and does not take account of the specific circumstances of any recipient. The information contained herein does not constitute the provision of investment advice. It is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the financial instruments mentioned in this document and will not form the basis or a part of any contract or commitment whatsoever.

The information in this document is based on data obtained from sources believed by Commerzbank to be reliable and in good faith, but no representations, guarantees or warranties are made by Commerzbank with regard to accuracy, completeness or suitability of the data. The opinions and estimates contained herein reflect the current judgement of the author(s) on the data of this document and are subject to change without notice. The opinions do not necessarily correspond to the opinions of Commerzbank. Commerzbank does not have an obligation to update, modify or amend this document or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

The past performance of financial instruments is not indicative of future results. No assurance can be given that any opinion described herein would yield favourable investment results. Any forecasts discussed in this document may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the subsequent transpiration that underlying assumptions made by Commerzbank or by other sources relied upon in the document were inapposite.

Neither Commerzbank nor any of its respective directors, officers or employees accepts any responsibility or liability whatsoever for any expense, loss or damages arising out of or in any way connected with the use of all or any part of this document.

Commerzbank may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Commerzbank endorses, recommends or approves any material on the linked page or accessible from it. Commerzbank does not accept responsibility whatsoever for any such material, nor for any consequences of its use.

This document is for the use of the addressees only and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of Commerzbank. The manner of distributing this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves about and to observe such restrictions. By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.

Additional notes to readers in the following countries:
Germany: Commerzbank AG is registered in the Commercial Register at Amtsgericht Frankfurt under the number HRB 32000. Commerzbank AG is supervised by the German regulator Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Strasse 24-28, 60439 Frankfurt am Main, Germany.

United Kingdom: This document has been issued or approved for issue in the United Kingdom by Commerzbank AG London Branch. Commerzbank AG, London Branch is authorised by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details on the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request. This document is directed exclusively to eligible counterparties and professional clients. It is not directed to retail clients. No persons other than an eligible counterparty or a professional client should read or rely on any information in this document. Commerzbank AG, London Branch does not deal for or advise or otherwise offer any investment services to retail clients.

United States: This document has been approved for distribution in the US under applicable US law by Commerz Markets LLC ("Commerz Markets"), a wholly owned subsidiary of Commerzbank AG and a US registered broker-dealer. Any securities transaction by US persons must be effected with Commerz Markets. Under applicable US law; information regarding clients of Commerz Markets may be distributed to other companies within the Commerzbank group. This report is intended for distribution in the United States solely to "institutional investors" and "major U.S. institutional investors," as defined in Rule 15a-6 under the Securities Exchange Act of 1934. Commerz Markets is a member of FINRA and SIPC.

Canada: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. In Canada, the information contained herein is intended solely for distribution to Permitted Clients (as such term is defined in National Instrument 31-103) with whom Commerz Markets LLC deals pursuant to the international dealer exemption. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities may not be conducted through Commerz Markets LLC. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence.

European Economic Area: Where this document has been produced by a legal entity outside of the EEA, the document has been re-issued by Commerzbank AG, London Branch for distribution into the EEA.

Singapore: This document is furnished in Singapore by Commerzbank AG, Singapore branch. It may only be received in Singapore by an institutional investor as defined in section 4A of the Securities and Futures Act, Chapter 289 of Singapore ("SFA") pursuant to section 274 of the SFA.

Hong Kong: This document is furnished in Hong Kong by Commerzbank AG, Hong Kong Branch, and may only be received in Hong Kong by 'professional investors' within the meaning of Schedule 1 of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made there under.

Japan: Commerzbank AG, Tokyo Branch is responsible for the distribution of Research in Japan. Commerzbank AG, Tokyo Branch is regulated by the Japanese Financial Services Agency (FSA).

Australia: Commerzbank AG does not hold an Australian financial services licence. This document is being distributed in Australia to wholesale customers pursuant to an Australian financial services licence exemption for Commerzbank AG under Class Order 04/1313. Commerzbank AG is regulated by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) under the laws of Germany which differ from Australian laws.

Commerzbank Corporates & Markets

Frankfurt	London	New York	Singapore Branch	Hong Kong Branch
Commerzbank AG	Commerzbank AG	Commerzbank AG	Commerzbank AG	Commerzbank AG
DLZ - Gebäude 2, Händlerhaus	London Branch	2 World Financial Center,	71 Robinson Road, #12-01	29/F, Two IFC
Mainzer Landstraße 153	PO BOX 52715	31st floor	Singapore 068895	8 Finance Street
60327 Frankfurt	30 Gresham Street	New York,		Central Hong Kong
	London, EC2P 2XY	NY 10281		
Tel: + 49 69 13621200	Tel: + 44 207 623 8000	Tel: + 1 212 703 4000	Tel: +65 63110000	Tel: +852 3988 0988