COMMERZBANK

FX Alpha

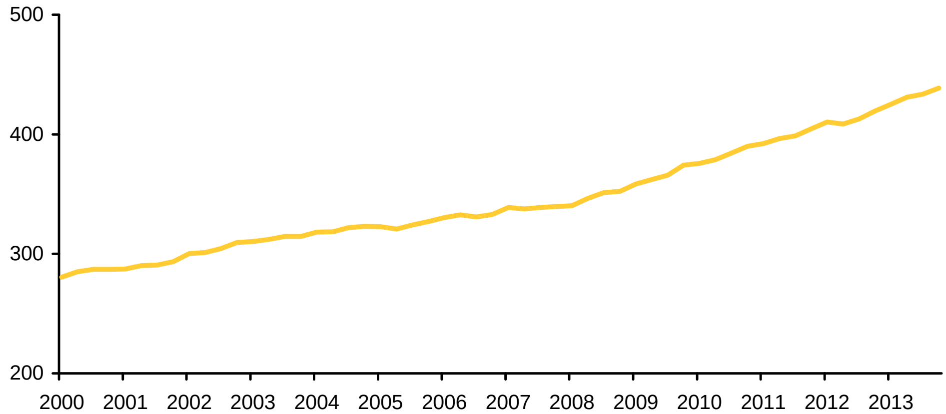
At the ECB's mercy?

4 February 2014

App versions now available, search 'Commerzbank Research' through the App store or Google play.

At the ECB's mercy? Admittedly, EUR-CHF is not going to attract investor attention as a result of major moves at present. In this respect the EM currencies no doubt provide better potential. But anyone who thinks that the recent risk-off sentiment is of no importance for the Swiss National Bank is wrong. It has made it clear once again that the franc remains a safe haven. So unless the situation improves short term EUR-CHF will remain under pressure.

CHART 1: **Switzerland: Creating a bubble?**
Single Family Homes, Index: Q1 1970 = 100



Source: Commerzbank Research, Bloomberg LP

G10 Highlights. BoE to focus more on downside risks to inflation. Rate cut cycle over in Australia. First rate hike in NZ coming closer.

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

EM Highlights. NBP to welcome weaker PLN. The CNB's luxury problem. Inflation week in Latam.

FX Portfolio Recommendation. We provide a series of thematic and tactical trade suggestions across G10 and EM.

Technical Analysis. EUR-USD looking for further weakness.

Event calendar. No matter the outcome of the US employment report, the Fed will continue to taper.

CONTENTS

For important disclosure information please refer to the back page

At the ECB's mercy

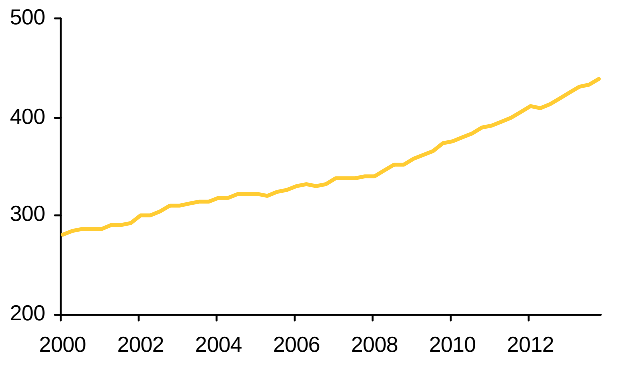
Admittedly, EUR-CHF is not going to attract investor attention as a result of major moves at present. In this respect the EM currencies no doubt provide better potential. But anyone who thinks that the recent risk-off sentiment is of no importance for the Swiss National Bank is wrong. It has made it clear once again that the franc remains a safe haven. So unless the situation improves short term EUR-CHF will remain under pressure.

Author:

Lutz Karpowitz
+44 20 7475 3959
peter.kinsella@commerzbank.com

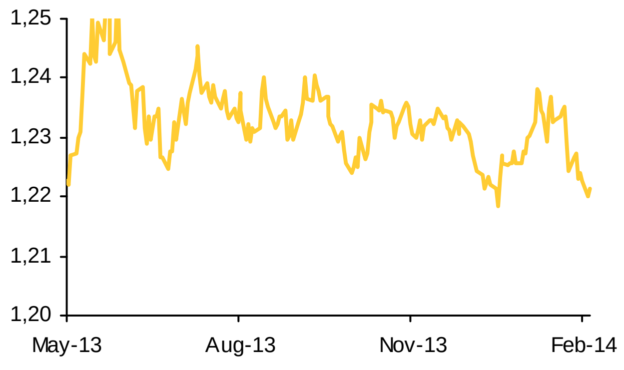
The timing could not be worse, as the SNB increased the countercyclical capital buffer from 1% to 2% recently. It was quite blatant about the reasoning behind this step: the bubble on the housing market has deteriorated. The higher capital buffer makes banks a little more secure and mortgages in the housing sector a little more expensive. But the introduction of the buffer failed to calm the situation. The increase nonetheless illustrates one thing very clearly: the SNB does not want to accept the risk of a bubble, even if it is de facto powerless at present. That is simply due to the fact that every country with free movement of capital can either control the exchange rate or its interest rate policy. As it has set a minimum exchange rate of 1.20 in EUR-CHF the SNB can no longer pursue its own monetary policy, but in effect imports the ECB's monetary policy. That might work well for fighting deflationary trends, but it is far too expansionary for the property market. And what will happen if the ECB becomes even more expansionary? In that case the chances for higher EUR-CHF prices will diminish even further. The closer we move back to 1.20 the more the focus will be on the minimum exchange rate again. Yesterday EUR-CHF dropped below 1.22 for the first time since mid December. However, even if the SNB abandoned the minimum exchange rate that would not end its dilemma. After all how would it raise interest rates (to get control over the property market) while at the same time fighting the danger of deflation – even if it could take decisions independent of the ECB? It has to decide one way or the other. In a normal environment it would probably decide in favour of taking the risk of deflation, as high rates do not necessarily lead to a further fall in CPI. After all the central banks world wide have just flooded the markets with liquidity without creating inflation in goods prices. Unfortunately the ECB does not provide a normal environment either. As a result it is becoming increasingly clear that Switzerland is also suffering as a result of the ECB's monetary policy – at least as long as the SNB sticks to the floor at 1.20. No matter how someone looks at it: the outlook for EUR-CHF remains bleak.

CHART 2: **Switzerland: Creating a bubble?**
Single Family Homes, Index: Q1 1970 = 100



Source: Commerzbank Research

CHART 3: **EUR-CHF testing recent lows**
EUR-CHF, spot



Source: Commerzbank Research

G10 Highlights

BoE to focus more on downside risks to inflation. Rate cut cycle over in Australia. First rate hike in NZ coming closer.

Author:

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

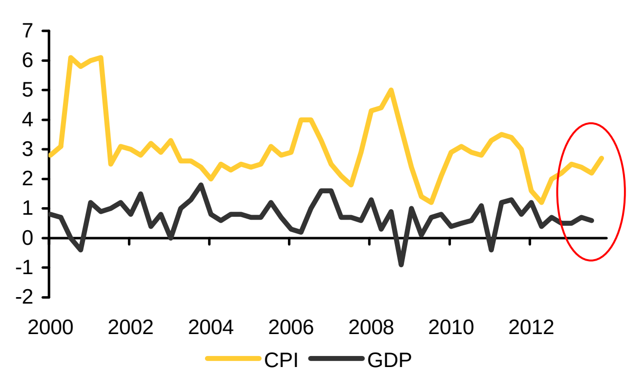
Peter Kinsella
+44 20 7475 3959
peter.kinsella@commerzbank.com

GBP: The key event risk for sterling crosses this week lies with Thursday's central bank meetings, specifically the ECB meeting and the BoE's meeting. It goes without saying that the BoE will keep rates and asset purchases on hold at 0.5% and £375 billion respectively, however markets will be looking for any changes in language from the BoE regarding its forward guidance policy. We expect the BoE to focus more upon downside risks to inflation in the coming months in order to justify its still loose policy stance. Nonetheless, GBP should continue to appreciate in line with the broad trend of disinflationary growth.

AUD: Rate cut cycle over! The RBA is now taking a neutral approach and signals a "period of stability in interest rates". It recognises the improvement of sentiment indicators, of internal demand and housing construction as well as the rise in inflation. The latter is partly due to the weaker AUD. This means that the RBA will no longer be able to intervene verbally against the AUD as an even weaker AUD would fuel inflation further. Therefore the RBA is more cautious when referring to the AUD. "The exchange rate has declined further, which, if sustained, will assist in achieving balanced growth in the economy". No word anymore of an "uncomfortably high" exchange rate. Of course the RBA continues to welcome a weaker AUD, but due to the rise in inflation it can no longer communicate this as openly as before so as not to risk its credibility. We are comfortable with our forecast that the rate cut cycle in Australia is over and that the AUD has reached its lows. Of course 0.86 and 0.85 in AUD-USD is still possible, in particular if the Fed increasingly normalises its monetary policy. However, Australia specific factors point at a stable AUD so that the downside in AUD-USD eventually will be limited. But keep in mind: if there is renewed turbulence on EM leading to a rise in risk aversion the AUD might come under pressure. So from now on the main risk for AUD is risk aversion.

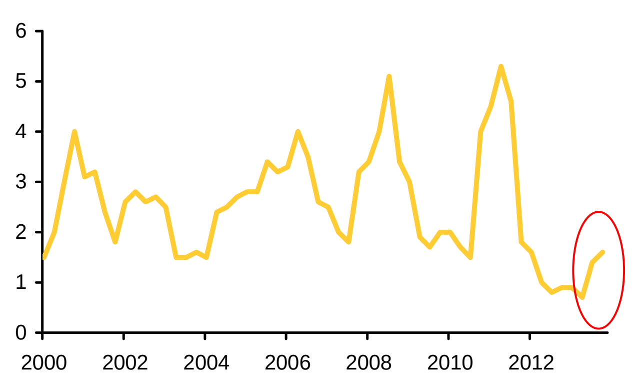
NZD: The NZ labour market report for Q4 will be published this upcoming night. The improved economic momentum should continue to be reflected in the unemployment rate. It is likely to have eased from its peak at 7.2% in Q3 2012 to 6% in Q4 2013 – despite the fact that the participation rate is on the up. Should the report not meet market expectations NZD-USD might once again test the lows at 0.8050-60 seen reached last week. But even if the 6% mark in the unemployment rate is not reached the overall picture remains unchanged: the NZ economy benefits from increasing economic momentum, which is likely to require a rate rise soon. The labour market report is a further piece in the puzzle. It is insignificant whether the piece is smaller or bigger, i.e. whether the labour market report is very good or merely good. We will therefore keep calm should the report surprise to the downside, which we do not expect though.

CHART 4: **Growth remains muted in the short term but CPI is rising, pushing the RBA to a neutral stance**
CPI and GDP, yoy, in percent



Source: Commerzbank Research

CHART 5: **Inflation has picked up strongly in NZ, suggesting a rate hike in the near future**
CPI, yoy, in percent



Source: Commerzbank Research

FX Metrics

G10 carry trade indices

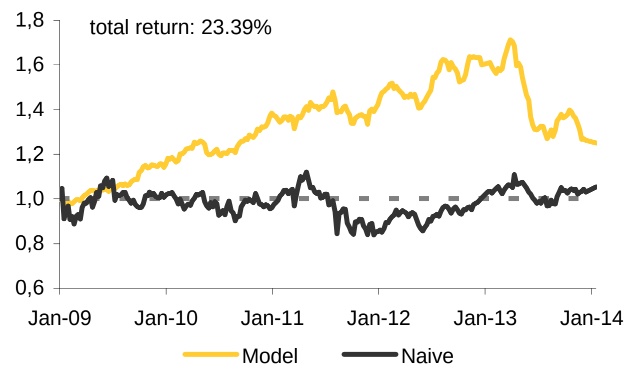
Author:

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.

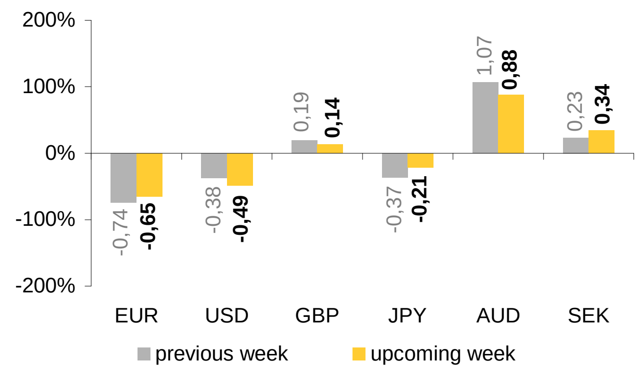
Below we illustrate an example of a mean-variance optimised carry trade portfolio on a selected currency basket with a pre-set risk level. For the optimization the variance has been chosen randomly and can be adjusted as required.

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 4 Feb to 11 Feb**
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

NBP to welcome weaker PLN. The CNB's luxury problem. Inflation week in Latam.

Author:

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

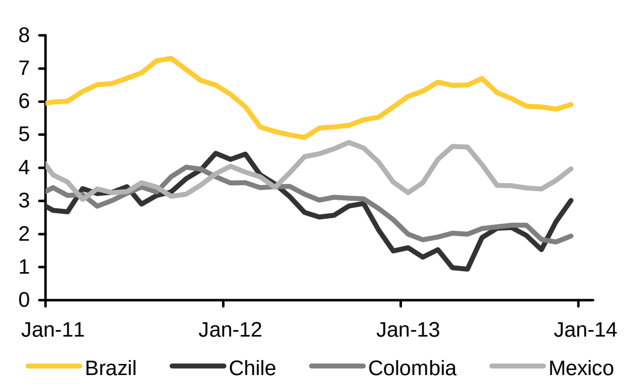
You-Na Park
+49 69 136 42155
you-na.park@commerzbank.com

PLN: The Polish rate decision due on Wednesday is unlikely to provide a significant impulse for PLN exchange rates. The NBP is again expected to keep key rates unchanged. Moreover, unlike some peers, it is likely to remain relaxed with regard to the recent PLN depreciation. It might even welcome the development as a weaker PLN will stimulate the export industry and thus accelerate the economic recovery. If at all, the NBP will signal that it will take action if the exchange rate volatility were to accelerate further and possibly reach levels last seen in June/July 2013. This however looks very unlikely as the fundamental picture of the Polish economy remains strong. This was demonstrated only yesterday with the surprisingly sharp increase of the manufacturing PMI. In our view, EUR-PLN is bound to correct downward in the course of the next couple of months as the economy continues to gain strength.

CZK: The Czech National Bank is facing a luxury problem. Its main interest is to keep the CZK from appreciating strongly which is currently working out just fine. The CNB does not even have to intervene in the FX market to keep EUR-CZK at a safe distance from the 27-target rate. At the same time, the CZK is not depreciating excessively despite the EM currency turbulences as the Czech currency is again living up to its status as a safe haven within the region. So what else is there to do for the CNB other than tapping itself on the shoulder at its meeting this Thursday and to reiterate that it will keep its status quo until its medium term inflation target is safe.

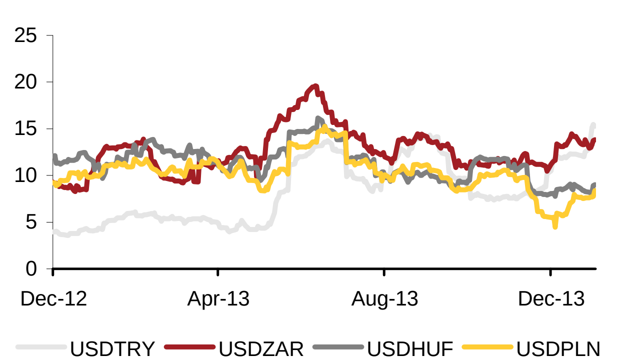
LATAM: This week is inflation week in Latin America. In **Brazil** the CPI for January should have declined to around 5.7% from 5.9% previously. While another rate hike at the end of February is very likely the release could give an idea of the speed of the rate hike. If the release surprises to the upside market speculations of another 50 bps rate hike will rise. In **Mexico** the central bank made clear that the current monetary policy is appropriate and that rates will stay unchanged for the time being. However, it made also clear that this is data dependent and therefore it opened the door at least slightly for rate hikes. Inflation for January will probably be released around 4.5%. However this increase is probably transitory and we as the central bank don't expect second round effects from the tax increases at the beginning of the year. But this has to be confirmed yet and therefore the coming releases of inflation will be watched carefully. In **Chile** the central bank has a dovish stance. Therefore a falling yoy-rate as is expected by market participants will fuel speculations of a rate cut. The inflation release in **Colombia** should be a non-event since it has no implications for monetary policy. There is no pressure on prices and the central bank repeated its neutral stance. Although it is a busy week from the data side in Latam the main driver for the currencies will be market sentiment ahead of the labor market report in the US. Since uncertainty remains high we prefer to stay on the sideline in most of the currencies.

CHART 8: **Inflation week in Latin America**
CPI, yoy change in percent



Sources: Bloomberg LP., National Central Banks

CHART 9: **PLN vol comparably low**
1M USD exchange rate volatility, in %



Source: Bloomberg

FX portfolio recommendation

Author:

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

Core trading views:

- Position for sterling outperformance in Q1
- Establish long USD positions via basket trades
- Maintain low delta downside in EUR-JPY as a tail hedge

Tactical trading views:

- Establish short EUR-GBP positions before Thursday's Central Bank meetings

Over the week the long USD basket performed well with all crosses showing improved gains. In particular EUR-USD came significantly lower following lower than expected CPI prints in Germany, leaving the door open for further easing measures from the ECB. On this point we expect both a refi rate cut and the imposition of negative deposit rates. This will likely presage even lower EUR-USD levels in the coming weeks. Hence we are content to maintain the short EUR position for the time being.

At the same time both USD-CHF and USD-CAD continued to appreciate in line with iodisyncratic drivers and general USD outperformance. The slight upmove in USD-CHF is somewhat surprising given that CHF remains the only real safe haven currency in G10, but nonetheless adds to the overall basket performance.

The downside 127.00 put in EUR-JPY performed well as EUR-JPY came significantly lower over the course of the week. The position will benefit from further expansionary measures from the ECB and will also likely benefit from any short covering in JPY crosses. On the latter point, positioning is incredibly one sided with most of the market remaining short JPY. Given that volatilities remain generally subdued it will not take much for this situation to change, therfore the risk reward of the position is a compelling one.

TAB. 1: **Global FX Strategy Spot Portfolio**

Trade date	Strategy	Size (€ mln)	Entry level	Stop	% Gain / Loss	Take Profit	Open/ Closed
14.01.2014	Short EUR-USD	1	1.3680	1.4090	1.11%	1.2610	Open
14.01.2014	Long USD-CHF	1	0.9015	0.8745	0.08%	0.9730	Open
14.01.2014	Long USD-CAD	1	1.0900	1.0560	1.70%	1.1760	Open

Source: Commerzbank Research, Bloomberg LP

TAB. 2: **Discretionary Option Trade Recommendations (base currency EUR)**

Trade date	Strategy	Expiry	Size (€ mln)	Premium	Value	P&L	Open / Closed
28.01.2014	Long EUR-JPY 127.00 put	24.03.2014	1	-0.15%	0.11%	0.04%	Open

Source: Commerzbank Research, Bloomberg LP

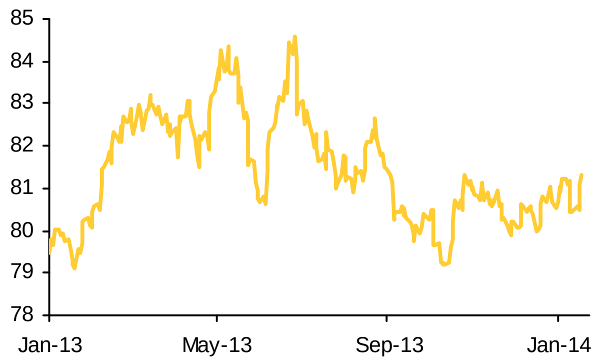
Tactical trading views:

- We recommend investors to establish short EUR-GBP positions before Thursday's Central Bank meetings. There is a chance that the ECB will engage in further expansionary measures whilst the BoE have the opposite problem and have to talk rate expectations down, which as always is likely to be a rather difficult task. As such we would look to sell any rally in EUR-GBP towards 0.8240 with a view to taking profit on a short term basis towards 0.8080. We maintain a tight stop at 0.8280.

Portfolio Risk:

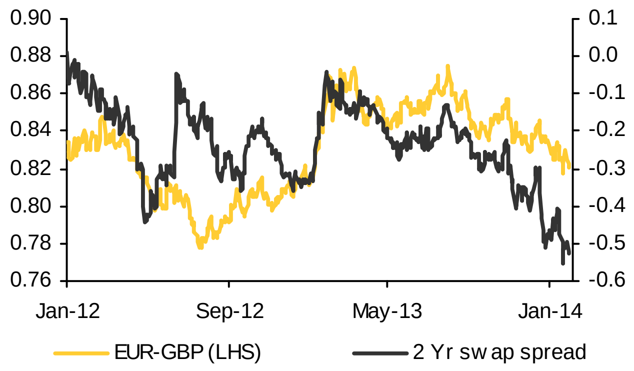
- The portfolio is positively correlated with the USD

CHART 10: **USD appreciation last week**
DXY Index



Sources: Commerzbank Research, Bloomberg LP

CHART 11: **More room for EUR-GBP to fall**
EUR-GBP spot, 2 Yr swap spread in %



Sources: Commerzbank Research, Bloomberg LP

Technical Analysis

EUR-USD looking for further weakness

Author:

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

Towards the end of last year we were asked what our favourite trade for 2014 was going to be and we replied, sell EUR-USD. All of our analysis was telling us that we should see failure circa 1.38-1.40 and there were a number of chart factors all pointing to the idea that this was likely to be a significant top for the market. These included the failure of the market at the 61.8% retracement (1.3833) of the move down from 2011 and the Elliott wave count on the weekly chart which indicated that this was the end of the 5th wave. We had complex divergence of the weekly RSI, and of course the market had failed at the 2008-2014 resistance line, which is currently located at 1.3855. In addition we had a 13 count on the weekly chart and we had not seen a 13 count on the weekly chart since 2008.

This all suggested that we would see EUR-USD fail – and this is now starting to be seen. Focus has shifted to the 2012-2014 support line, this is located at 1.3182. It guards the 1.2740 2013 low, which in turn protects the 1.2116 200 MONTH moving average. We note the presence of a number of important moving averages directly below the market, the first of which is the 1.3470 55 month ma and then the 55 and 200 week moving averages at 1.3318/14, these all suggest that downside progress may be slow. Nonetheless while the topside remains contained by the 1.3855/94 downtrend and recent high a longer term negative bias will be maintained.

CHART 12: **EUR-USD Weekly chart**
Focus has shifted to the 1.3182 2012-2014 uptrend

Source: CQG, Commerzbank Research

Event Calendar

Date	Time	Region	Release	Unit	Period	Survey	Prior
04 February	10:00	EUR	Producer price index	mom	DEC	0,2	-0,1
				yoy	DEC	-0,8	-1,2
	-	RON	Interest rate decision	%	FEB 4	3,50	3,75
	15:00	USA	New orders	mom	DEC	-1,8	1,8
	21:45	NZD	Employment change	qoq	4Q	0,6	1,2
	21:45	NZD	Unemployment rate	%	4Q	6,0	6,2
05 February	08:55	GER	PMI Services (Markit)		JAN F	53,6	53,6
	09:00	EUR	PMI Services (Markit)		JAN F	51,9	51,9
	09:30	GBP	PMI Services (Markit)		JAN	59,0	58,8
	10:00	EUR	Retail sales	mom	DEC	-0,7	1,4
				yoy	DEC	1,5	1,6
	-	GBP	HBOS house prices	mom	JAN	1,0	-0,6
			3 month av.	yoy	JAN	7,2	7,5
	-	PLN	Interest rate decision	%	FEB 5	2,50	2,50
	12:00	RUB	CPI weekly year to date	%	FEB 3	-	0,5
	12:00	USA	MBA Mortgage Applications	%	JAN 31	-	-0,20
	13:15	USA	ADP report	K	JAN	187	238
	15:00	USA	ISM non-manufacturing		JAN	53,7	53,0
06 February	08:00	CZK	Trade balance	CZK bn	DEC	10,9	38,7
	08:00	HUF	Industrial production	mom	DEC P	-	-0,5
				yoy	DEC P	6,1	5,8
	08:00	CZK	Industrial production	yoy	DEC	9,3	6,2
	08:00	RON	Net wages	yoy	DEC	-	4,8
	11:00	GER	New orders	mom	DEC	0,1	2,1
				yoy	DEC	6,3	6,8
	11:00	RUB	FX and gold reserves	USD bn	JAN 31	-	496,7
	12:00	CZK	CNB interest rate decision	%	FEB 6	0,05	0,05
	12:00	GBP	Interest rate decision	%	FEB 6	0,50	0,50
	12:45	EUR	ECB Interest rate decision	%	FEB 6	0,25	0,25
	13:30	USA	Initial jobless claims	K	FEB 1	335	348
		USA	Trade balance	USD bn	DEC	-36,0	-34,3
	15:00	HUF	Budget balance	bn, ytd	JAN	-	-929
07 February		JPY	Leading Index CI		DEC P	111,9	111,1
			Coincident Index CI		DEC P	111,5	110,7
	08:15	CHF	Retail sales	yoy	DEC	-	4,2
	08:30	SEK	Industrial production	mom	DEC	-0,5	5,7
				yoy	DEC	0,8	3,5
	09:00	NOK	Industrial production	mom	DEC	-	1,1
				yoy	DEC	-	-2,2
	09:30	GBP	Industrial production	mom	DEC	0,6	0,0
				yoy	DEC	2,3	2,5
	11:00	GER	Industrial production	mom	DEC	0,3	1,9
				yoy	DEC	3,5	3,5
	13:30	USA	Nonfarm Payrolls	K	JAN	185	74
			Unemployment rate	%	JAN	6,7	6,7
10 February	08:00	TRY	Industrial production	yoy	DEC	-	4,7
	09:00	NOK	Consumer prices	mom	JAN	-	-0,1
				yoy	JAN	-	2,0

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 Services Authority. Details on the extent of our regulation by the Financial Services 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: Commerz Markets LLC ("Commerz Markets "): This document has been approved for distribution in the US under applicable US law by Commerz Markets, a wholly owned subsidiary of Commerzbank 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 research 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 AG 2014. All rights reserved. Version 9.16

Commerzbank Corporates & Markets

Frankfurt	London	New York	Singapore Branch	Hong Kong Branch
Commerzbank AG	Commerzbank AG London Branch	Commerz Markets LLC	Commerzbank AG	Commerzbank AG
DLZ - Gebäude 2, Händlerhaus	PO BOX 52715 30 Gresham Street	2 World Financial Center, 32nd floor	71 Robinson Road, #12-01	29/F, Two IFC 8 Finance Street Central
Mainzer Landstraße 153 60327 Frankfurt	London, EC2P 2XY	New York, NY 10020-1050	Singapore 068895	Hong Kong
Tel: + 49 69 136 21200	Tel: + 44 207 623 8000	Tel: + 1 212 703 4000	Tel: +65 631 10000	Tel: +852 3988 0988