COMMERZBANK

FX Alpha

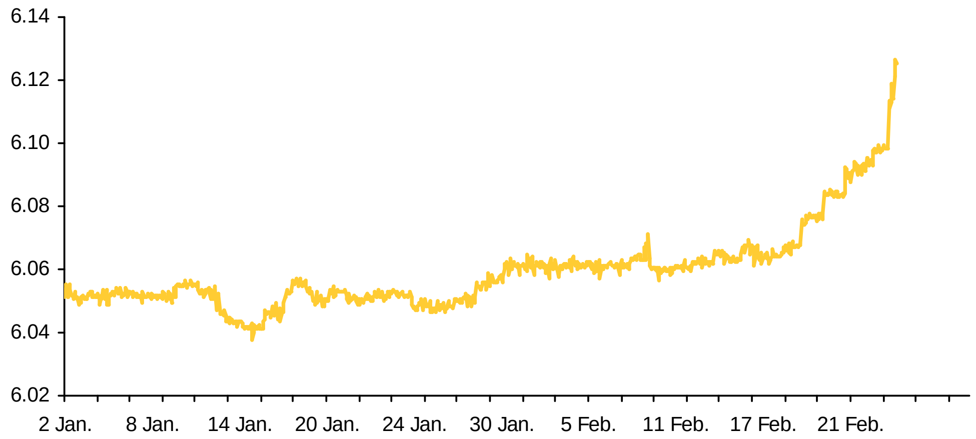
25 February 2014

Some thoughts outside the box

Some thoughts outside the box. Is there a risk that the Renminbi is not going appreciate but to come under pressure due to the problems in the shadow banking system? We paint a non mainstream picture.

CONTENTS

CHART 1: **CNY weakness: Just an episode or more to come?**
USD-CNY, spot



Source: Bloomberg LP

G10 Highlights. European CPI data will give more hints on next weeks ECB decision. GDP data in Canada will be important for USD-CAD while next weeks RBA meeting is less likely to move the market significantly.

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

EM Highlights. Upward correction in USD-BRL only a matter of time. TRY under pressure again. Uncertainty regarding Ukraine's political future a great burden on UAH.

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

Technical Analysis. ADXY has failed its 9 month downtrend

Event calendar.

research.commerzbank.com
Bloomberg: CBKR
Research App available

For important disclosure information please refer to the back page

Some thoughts outside the box

Is there a risk that the Renminbi is not going appreciate but to come under pressure due to the problems in the shadow banking system? We paint a non mainstream picture.

Author:

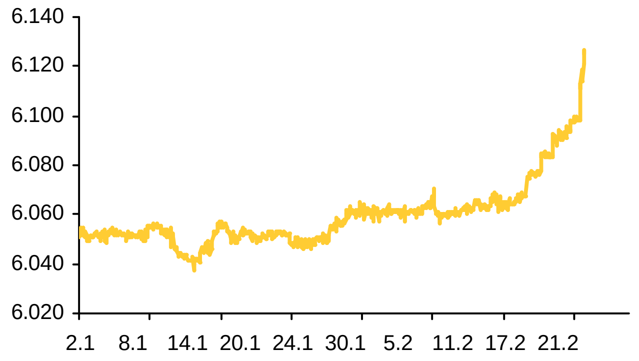
Lutz Karpowitz
+49 69 1364 2152
lutz.karpowitz@commerzbank.com

When providing an analysis of the Chinese Renminbi analysts usually argue as follows: 1. The Renminbi is undervalued. 2. The economy is currently cooling off a little but will remain robust. 3. The increasing difficulties with the shadow banking sector point towards a flexible exchange rate, which will enable the central bank to raise rates. This would dampen demand for loans in the economy and reduce the attractiveness of the shadow banking system. 4. A further liberalisation leads to an appreciation of the (undervalued) Renminbi. At first glance this line of thought makes sense.

However, it is also possible to paint a completely different picture. The recent depreciation of the Renminbi against USD took place against the background of news that there are increasing difficulties in the shadow banking sector. Amongst the different types of shadow banking trades trust loans give most cause for concern. Trust products are sold to private investors who are often unfamiliar with the products into which they are investing. As a result there is a particularly high risk that these investors will stop this kind of investment in case of rising defaults so that the demand for trust products will suddenly dry up. One does not have to be overly pessimistic to assume that the number of non-performing loans in China is likely to be relatively high; that's what you get with a still highly regulated economy. Despite cautious attempts to liberalise the market the level of state interference is more or less unchanged.

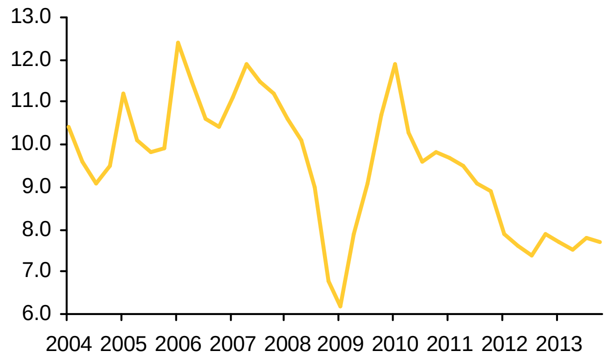
And what about China's high economic growth (by the way China is the first country to publish its GDP data and the only one never to revise it)? No doubt rates of 7 percent are still quite impressive even if times of double digit growth are likely to be over. However, growth in China is based on investments to an unusually high degree. Usually strong investment activity is a good sign for economists. But what if the investment no longer leads to more production and therefore more consumption but to even more investments, as is the case in China? The share of private consumption of GDP was less than 40 percent recently and was therefore lower than investments. So the country has no other choice but to export a large share of its production – regardless of the price. And to achieve that aim it helps if the Renminbi is weak. So what if the investment boom in China will turn out to be a bubble at some stage and the economy eases further? In that case international investors would probably be even more sceptical about the recent difficulties in the shadow banking sector. The PBoC has already reacted to the recent CNY weakness and fixed USD-CNY notably higher recently. Should the market participants now realise that their previous conviction that the Renminbi can only appreciate is no longer correct the depreciation pressure might get stronger than many can envisage. Admittedly this story is not mainstream.

CHART 2: **CNY weakness: Just an episode or more to come?**
USD-CNY, spot



Source: Bloomberg LP

CHART 3: **China: Solid growth to remain?**
Real GDP, percentage change against previous year



Source: National Bureau of Statistics of China

G10 Highlights

Author:

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

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

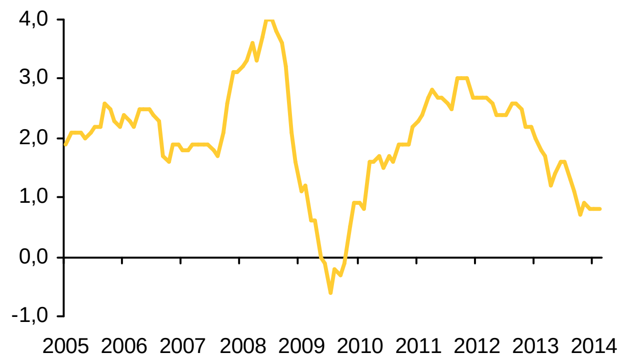
European CPI data will give more hints on next weeks ECB decision. GDP data in Canada will be important for USD-CAD while next weeks RBA meeting is less likely to move the market significantly.

EUR: This weeks CPI data in the euro zone will be closely watched by market participants. Even though sentiment indicators surprised positive of late ECB´s main focus still lies on inflation data. For February the consensus expectations is for 0.7% yoy in the headline and 0.8% yoy for the core rate. Already in November the ECB showed that it is willing to react quickly to unexpected developments. And certainly recent CPI data have been significantly below ECB projections. If this week's data print once more below expectations an ECB rate cut next week would become even more likely. And this would definitely weigh on the euro as a rate cut is not entirely priced in. On the other hand we might see some renewed euro strength in case the ECB doesn't move next week. In this regard it does not seem of any importance for the market that no rate cut next week is by far no signal of any ECB policy change. On the contrary, the ECB has to remain expansionary to avoid any pressure on European bond markets. So far the market does not want to realize that.

CAD: Market sentiment suggests that USD-CAD will want to challenge this year's high at 1.1225, but for the time being the pair is still struggling with the level. Retail sales were very weak in December which is hardly surprising in view of the cold winter. 1.12 was nonetheless tested on Friday. January's inflation data came in above market expectations though: the rate of inflation rose to 1.5%, the core rate to 1.4% yoy. The result is likely to reassure the BoC as it had constantly repeated recently that downward risks for inflation had risen. So for January at least the concerns were unfounded. In the end inflation data is more important than retail sales. That means it is right for USD-CAD to have moved away from the 1.12 mark again. It will now be interesting to see what the GDP data for Q4 is going to look like on Friday. In our view it is decisive in determining whether USD-CAD will breach the topside and reach new highs or whether the area of 1.1200-25 will begin to form a top.

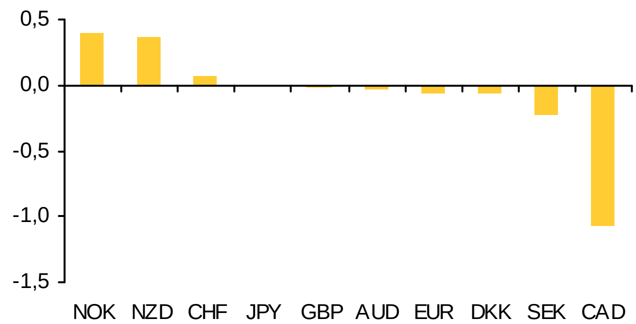
AUD: Next weeks RBA meeting will hardly move the FX market. The RBA adopted a neutral stance recently. On the one hand it is still looking for some AUD weakness to support economic activity. On the other hand inflation is picking up making a weaker AUD rather undesirable. In this situation the RBA cannot do anything else but preventing the AUD to rise due to improved economic prospects. But verbal intervention will not aim to trigger a much weaker AUD. As a result the area of 0.8820-50 continues to constitute good support in AUD-USD.

CHART 4: **Inflation: ECB´s main concern**
Euro zone consumer price index, percentage change against previous year



Source: Eurostat

CHART 5: **Not much movement except for the Loonie**
% Gain / Loss Vs. USD since 24th September



Source: Bloomberg LP

FX Metrics

Author:

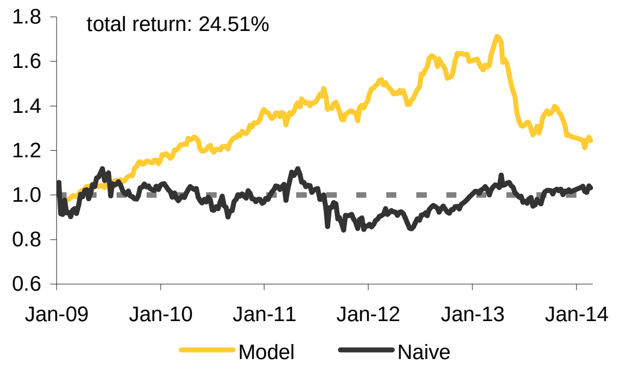
Thu Lan Nguyen
+49 69 136 82878
thulan.nguyen@commerzbank.com

G10 carry trade indices

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.

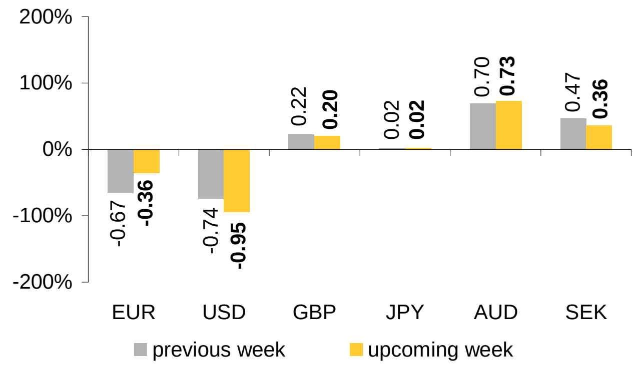
Below we illustrate an example of a mean-variance optimized carry trade portfolio on a selected currency basket with a pre-set risk level. For the optimization the variance has been chosen randomly and can be adjusted as required.

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 25 February to 4 March**
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

Upward correction in USD-BRL only a matter of time. TRY under pressure again. Uncertainty regarding Ukraine's political future a great burden on UAH.

Author:

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

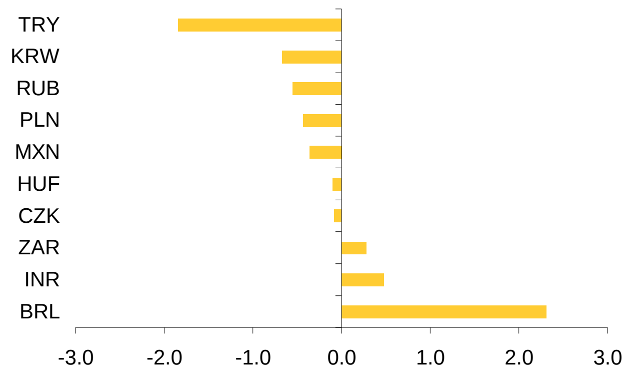
You-Na Park
+49 69 136 42155
you-na.park@commerzbank.com

BRL: Yesterday's result of the weekly poll of analysts carried out by the Brazilian central bank (BCB) illustrates the central bank's dilemma once again. While the expectations for this and next year's GDP have fallen once again expectations for inflation have risen. On Wednesday evening the Brazilian central bank will decide on its key rate. It seems clear that it will take another rate step. A large share of the analysts expects a 50bp rate hike. However, the small majority of analysts, and we are part of that camp, expects a rate hike of only 25bp to 11%. Moreover we are of the view that the central bank is then likely to have reached the end of its rate hike cycle. After all the BCB will probably want to see to what extent the monetary tightening implemented so far will slow an already weak economy. As the inflation rate has been easing since mid-2013 it is likely to see scope for a pause. However, opinion amongst market participants on this matter is also split: some expect further tightening in April. As a result both the rate meeting and the statement will be much anticipated. Should the rate hike be bigger than the majority expects and/or the central bank sound more hawkish that might provide further support for the BRL against the USD. However, after the recent rally it is getting increasingly more difficult for the BRL to gain more ground. Q4 GDP data, due for publication on Thursday, is likely to remind markets that Brazil is facing many challenges this year. As a result an upward correction in USD-BRL is likely to be only a matter of time.

TRY: The TRY has been hit by a new round of the corruption scandal in Turkey. Following the leakage of tapes which would directly link Prime Minister Erdogan to the graft probe, USD-TRY surged back toward its recent highs around 2.22. This illustrates again that the question of political stability remains an explosive issue also in Turkey and will continue to do so in the run up to elections this year. Should the situation escalate attention could soon return to Turkey from Ukraine bringing TRY down with it and thus challenging the Turkish central bank again.

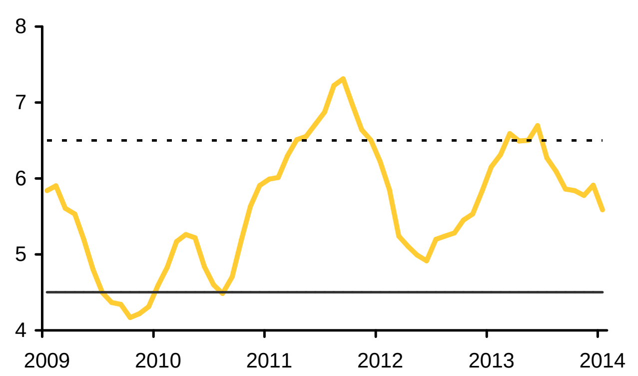
UAH: USD-UAH continues to climb higher despite the recent calming of the political war in Ukraine as the uncertainty regarding the country's political future remains a great burden for the UAH. The news that the parliament has just delayed the forming of a new government from today until Thursday has been a particular blow to the currency. At this stage, there is a high risk not only of a sovereign default but also of a current account crisis as foreign investors are reluctant to finance the external deficit. A new government urgently needs to be formed in order to secure financial aid from an international creditor to prevent a balance of payment and ultimately a currency crisis.

CHART 8: **TRY again under pressure**
gains/losses against USD since 18th February 2014



Sources: Bloomberg LP

CHART 9: **Brazil: CPI leaves room for a pause**
consumer prices yoy in percent; inflation target and upper end of the target corridor in percent



Source: Banco Central do Brasil

FX portfolio recommendation

Author:

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

Core trading views:

- Position for sterling outperformance in Q1
- Maintain low delta downside in EUR-JPY as a tail hedge
- Expect USD weakness to persist in the short term

Tactical trading views:

- We maintain a neutral position for the coming week

Over the course of last week the USD continued to trade rather weakly which gives us more confidence in our decision to cut the long USD basket trade. At this stage we are of the view that USD weakness is likely to be a pronounced theme for the coming weeks mainly until investors get greater clarity regarding the data picture in the US. Given that weather related effects will likely persist in data releases for the coming weeks, investors won't get a clear idea of underlying trends until late March. That being the case, the USD will likely continue to trade with an offered bias.

We have positioned the portfolio to take advantage of any deterioration in risk appetite via down side option positions in USD-CHF and EUR-JPY. That the USD will trade weakly is a given, but there is the possibility of equity underperformance in the coming weeks, particularly if one looks at medium term equity sentiment indicators. As March is typically a volatile month our long volatility positions should stand to benefit from any increase in risk aversion.

Elsewhere the down side put spread in EUR-GBP showed a slight underperformance over the course of the week albeit that last week's data were broadly supportive of further sterling strength, in particular falling public sector borrowing requirements. As such we are content to hold the position.

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	1.3780	0.17%	1.2610	Closed
14.01.2014	Long USD-CHF	1	0.9015	0.8745	1.05%	0.9730	Closed
14.01.2014	Long USD-CAD	1	1.0900	1.0560	0.56%	1.1760	Closed

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%	0.01%	0.14%	Open
18.02.2014	Long EUR-GBP put spread 0.81 / 0.78	15.05.2014	1	-0.78%	0.43%	0.35%	Open
18.02.2014	Long USD-CHF 0.87 put	31.03.2014	1	-0.21%	0.20%	0.01%	Open

Source: Commerzbank Research, Bloomberg LP

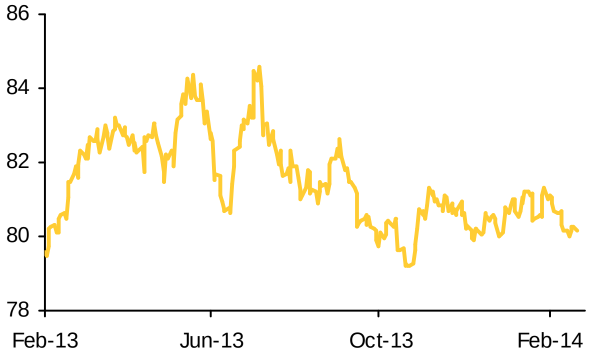
Tactical trading views:

- We maintain a neutral position over the coming week.

Portfolio Risk:

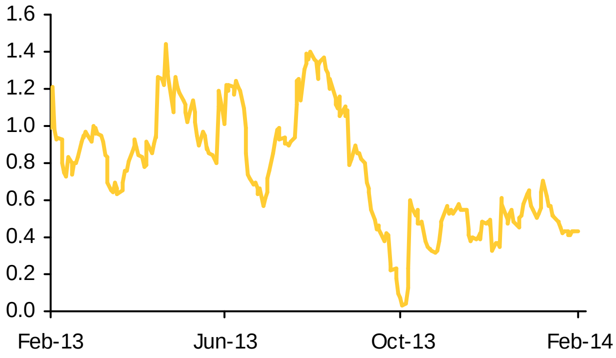
- The portfolio is positively correlated with volatility.

CHART 10: **Dollar Index trading weakly**
Dollar Index



Sources: Commerzbank Research, Bloomberg LP, ICE

CHART 11: **USD-CHF riskies move lower**
USD-CHF 25 Delta 1 Month risk reversal in % vol



Sources: Commerzbank Research, Bloomberg LP

Technical Analysis

The JP Morgan Asia Dollar Index has failed at its 9 month downtrend.

Author:

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

The JP Morgan Asia Dollar Index rallied to and failed at its 2013-2014 downtrend, which is currently located at 115.95. The market tested this resistance 3 times last week and is now showing signs of significant failure; it is also reinforced by the 200 day m.a. at 115.87. We assume that the market is resuming its longer term bear trend and look for a slide back to the January low at 114.82. It remains medium term bearish while trading below its January high at 116.18.

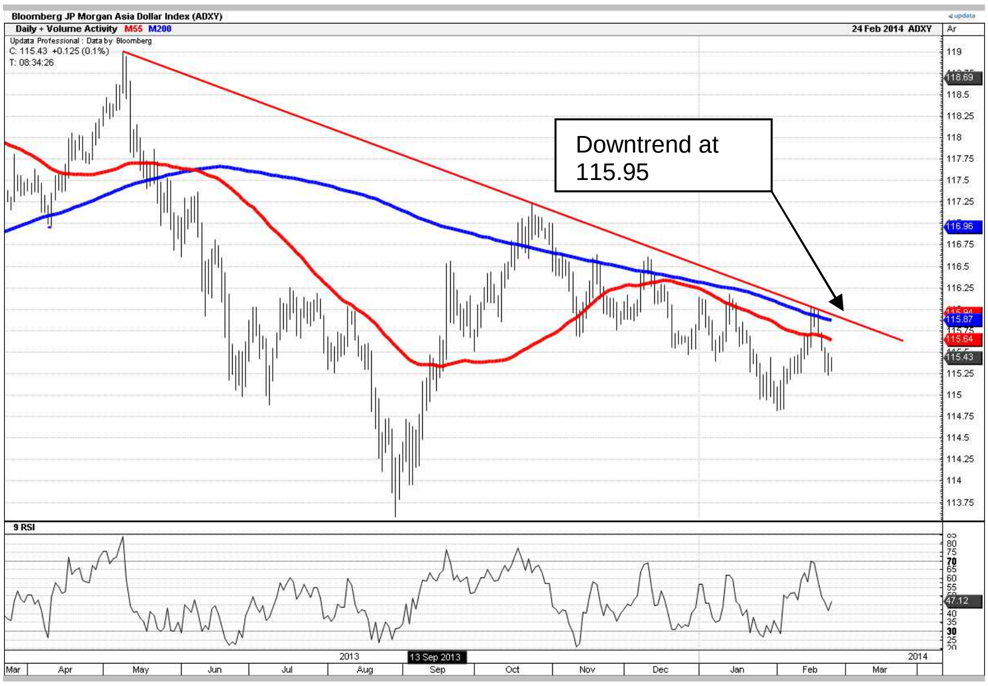
Once the January low at 114.82 has been fallen through, the 114.00/113.58 support area will be back in play. This is where minor support and the August low are to be found.

Further down lies the April 2010 high at 113.29 and also the 38.2% Fibonacci retracement of the 2009-2011 advance at 112.91.

Longer term the 50% retracement at 110.65 is also being targeted.

Weakness in the Asian currencies pairs is particularly noticeable for the USD/CNY (for the currency pair, the one year and one month non deliverable forward charts also). These have eroded 2012-2014 downtrends and 55 day ma and all shot higher. USD/CNY is already approaching its 55 week ma at 6.1195. This together with the September 2013 high at 6.1209 should act as solid near term resistance. Above here would introduce scope to the 6.1568 June 20913 high.

CHART 102: **JP Morgan Asia Dollar Index – daily chart**
Market has failed at the 2013-2014 downtrend



Source: CQG, Commerzbank Research

Event Calendar

Date	Time	Region	Release	Unit	Period	Survey	Prior
26 February	07:00	GER	GfK Consumer Confidence		MAR	8.2	8.2
	08:30	SEK	Retail sales	mom	JAN	0.5	-0.8
				yoy	JAN	2.8	1.8
	09:30	GBP	GDP	qoq	4Q P	0.7	0.7
				yoy	4Q P	2.8	2.8
	12:00	RUB	CPI weekly year to date	%	FEB 24	-	1.1
	12:00	USA	MBA Mortgage Applications	%	FEB 21	-	-4.10
				mom	JAN	-3.4	-7.0
	15:00	USA	New home sales	K	JAN	400	414
27 February	07:00	GER	Import Prices	mom	JAN	-0.2	0.0
				yoy	JAN	-2.4	-2.3
	09:00	EUR	M3 money supply 3 month av.	yoy	JAN	1.2	1.3
		EUR	Consumer confidence		FEB F	-12.7	-12.7
			Industrial confidence		FEB	-4.0	-3.9
			Business confidence		FEB	100.8	100.9
	11:00	RUB	FX and gold reserves	USD bn	FEB 21	-	492.5
	13:00	GER	Consumer prices	mom	FEB P	0.6	-0.6
				yoy	FEB P	1.3	1.3
	13:30	USA	Durable Goods New Orders	mom	JAN	-1.6	-4.2
			ex Transportation	mom	JAN	-0.3	-1.3
	13:30	USA	Initial jobless claims	K	FEB 22	335	336
			ex fresh food and energy	mom	FEB	0.4	0.3
	23:30	JPY	CPI	yoy	FEB	1.0	0.7
			ex fresh food	yoy	FEB	0.8	0.7
	23:30	JPY	Unemployment rate	%	JAN	3.7	3.7
	23:50	JPY	Retail trade	mom	JAN	1.3	-1.2
				yoy	JAN	3.8	2.5
	23:50	JPY	Industrial production	mom	JAN P	2.8	0.9
				yoy	JAN P	9.4	7.1
28 February	00:05	GBP	GfK Consumer Confidence		FEB	-7	-7
		GBP	Nationwide House Price Index	mom	FEB	0.5	0.7
				yoy	FEB	9.0	8.8
		GER	Retail sales	mom	JAN	1.0	-1.7
				yoy	JAN	-1.7	-1.5
	08:00	CHF	KOF leading indicator		FEB	2.00	1.98
	08:00	TRY	Trade balance	USD bn	JAN	-7.20	-9.92
	08:30	SEK	GDP	qoq	4Q	0.6	0.1
				yoy	4Q	1.1	0.3
	09:00	PLN	GDP	yoy	4Q F	-	2.7
	10:00	EUR	Consumer price index	yoy	FEB	0.7	0.7
			core rate	yoy	FEB A	0.8	0.8
	12:00	ZAR	Trade balance	ZAR bn	JAN	-12.2	2.8
	13:30	CAD	GDP	mom	DEC	-0.3	0.2
	13:30	USA	GDP annualized	qoq	4Q S	2.5	3.2
	14:45	USA	Chicago PMI		FEB	56.3	59.6
	14:55	USA	Michigan consumer confidence		FEB F	81.2	81.2
	15:00	USA	Pending home sales	mom	JAN	1.8	-8.7
03 March	07:30	SEK	Swedbank PMI Survey		FEB	-	56.4
	08:00	NOK	Puchasing Manager Index		FEB	-	52.8
	08:00	TRY	Consumer prices	mom	FEB	-	2.0
				yoy	FEB	-	7.8
	08:30	CHF	SVME- PMI		FEB	-	56.1
	08:55	GER	PMI (Markit)		FEB F	-	54.7
	09:00	EUR	PMI (Markit)		FEB F	54.0	53.0
	09:00	ZAR	Investec PMI		FEB	-	49.9
	09:30	GBP	Mortgage approval	K	JAN	-	72
	09:30	GBP	PMI (Markit)		FEB	-	56.7

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 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	2 World Financial Center,	71 Robinson Road, #12-01	29/F, Two IFC 8
Mainzer Landstraße 153	30 Gresham Street	32nd floor	Singapore 068895	Finance Street Central
60327 Frankfurt	London, EC2P 2XY	New York, NY 10020-1050		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