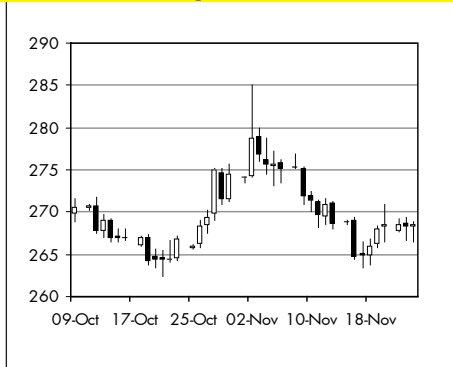


Focus FX weekly

Issue 47/2009

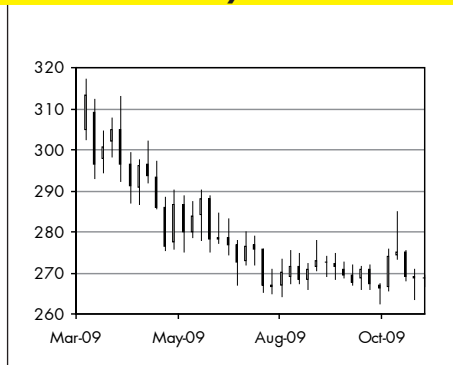
24 November 2009

EUR/HUF daily



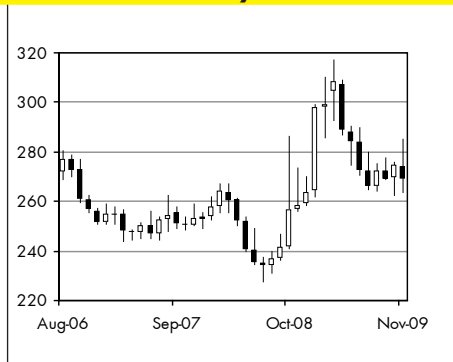
Source: Thomson Reuters

EUR/HUF weekly



Source: Thomson Reuters

EUR/HUF monthly



Source: Thomson Reuters

EUR/HUF: 268.6 → 270 (December)

As expected the monetary council decided to lower interest rates by another 50bp to now 6.5%. According to the council there were discussions on three options: a 25bp cut, a 50bp cut and a 75bp cut. In the end the decision was in favor of the 50bp cut as the market expected. The council stated that there was no inflationary pressure and that even an overshooting of the 2010 budget deficit would not endanger the inflation outlook. Declining risk aversion is stabilizing the market and for the second half of 2010 they expect the return to positive economic growth. All together the will of the council to continue cutting interest rates further seems very high. We originally expected that the monetary council would take more time in lowering interest rates and put in a pause to observe the market reaction. The cuts however are being conducted in a fast pace and a pause currently seems rather unlikely. With our expectation of some disappointment from leading indicators on the established markets in the first quarter 2010 and upcoming elections in April/May that are likely to bring uncertainties about the 2010 budget, the speed of interest rate cuts seems very high. Until year end 2009 we expect the positive sentiment on the stock markets to continue. This in return will keep risk aversion low and support the forint. We therefore keep our projection of EUR/HUF at 270 until year end in a volatile environment (EUR/HUF 265-280). With the expectation of disappointment from the leading indicators on the established markets in the first quarter and the election uncertainties we could well be in for considerably higher volatility and weakness for the forint in Q1 2010.

Analyst: Wolfgang Ernst
wolfgang.ernst@raiffeisenresearch.at

Exchange rate forecasts

	actual	Dec-09	Mar-10	Jun-10	Sep-10
EUR/USD	1.490	1.50	1.55	1.55	1.45
EUR/CHF	1.511	1.51	1.52	1.55	1.58
EUR/JPY	132.1	135	130	135	145.00
USD/JPY	88.6	90	84	87	100.00
EUR/GBP	0.902	0.93	0.95	0.95	0.95
EUR/PLN	4.128	4.00	4.05	3.80	3.75
EUR/HUF	268.6	270	285	275	270.00
EUR/CZK	25.90	26.0	25.2	25.0	24.80
EUR/RON	4.272	4.35	4.30	4.25	4.20
EUR/HRK	7.305	7.45	7.60	7.40	7.40
EUR/RUB	43.02	42.86	42.99	42.74	41.24
USD/RUB	28.85	28.57	27.74	27.58	28.44
EUR/UAH	12.040	13.50	13.95	12.40	11.96
USD/UAH	8.080	9.00	9.00	8.00	8.25
EUR/TRY	2.238	2.22	2.20	2.25	2.06
USD/TRY	1.499	1.48	1.42	1.45	1.42

Source: Thomson Reuters. Raiffeisen RESEARCH

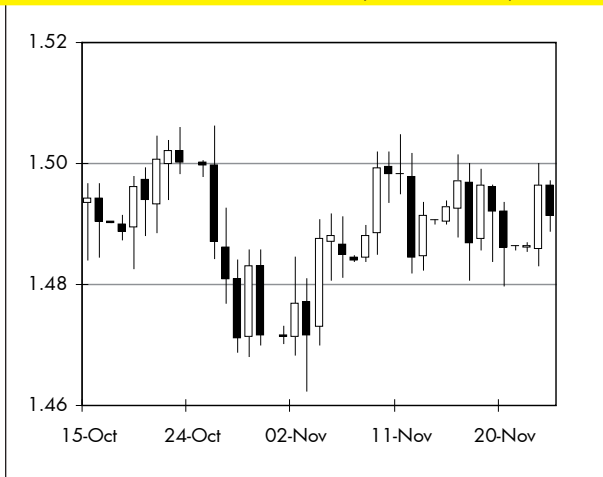
Trading Ideas

Recently closed trades

Recommendation	Entry date	Entry level	Close date	Close level	Total return	Comments
Sell GBP/USD	23/10/2009	1,643	09/11/2009	1,675	-1.91%	Stopped Out
Buy EUR/CHF	21/10/2009	1.5097	27/10/2009	1.515	0.35%	Closed Early
Buy EUR/JPY	29/09/2009	131.1	13/10/2009	133.1	1.53%	Closed early
Buy EUR/USD	04/08/2009	1.4364	07/08/2009	1.425	-0.80%	Stopped Out
Sell EUR/JPY	20/10/2009	135	03/11/2009	131.9	2.35%	Closed early
Buy EUR/USD	05/11/2009	1.483	20/11/2009	1.4826	-0.03%	Closed early
Sell EUR/PLN	13/10/2009	4.22	02/11/2009	4.3	-1.86%	Stopped out

Source: Thomson Reuters, Bloomberg

Note: This list contains only the strongest trading ideas for the markets that we cover. Therefore not every market forecast that implies a buy recommendation is also listed as a trading idea! Trading ideas may also differ from our quarterly forecasts, as the time horizon can be different. The time horizon of the trade is at least two weeks, but not more than 3 months.

EUR/USD: 1.490 → 1.52 (short-term)

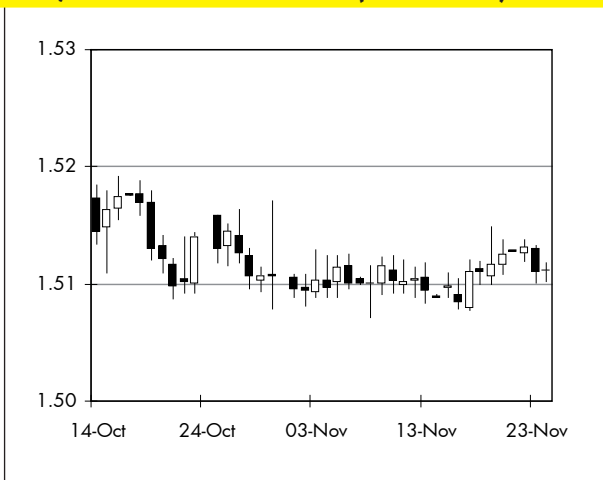
Source: Thomson Reuters

The direction of stock market developments should continue to be the strongest short-term factor affecting EUR/USD. It will do so at least until the econo-

mic data become so strong that talk of rate hikes begins to be heard, at which point EUR/USD will then mainly return to following the developments in interest rate differentials. But interest rate hikes appear to be a long ways off in the distance right now (no earlier than the summer of 2010. Even the ECB may be a step ahead of the Fed in this regard, opting to raise its rates from crisis-level lows first. This would fuel further appreciation for EUR, which is the main reason for our forecast of EUR/USD 1.55 in June 2010. This week's quite positive data would also point to a higher EUR/USD (yesterday's PMI and US home sales, today's Ifo index and US consumer confidence, and tomorrow's US new orders, for example), as long as the stock markets keep taking a positive stance in response (which also means that we closed our short-term trading idea Buy EUR/USD too early last Friday, spooked by the setback on the stock markets).

Analyst: Valentin Hofstätter

valentin.hofstaetter@raiffeisenresearch.at

EUR/CHF: 1.511 → 1.51 (December)

Source: Thomson Reuters

Last week, GBP was unable to continue the appreciation trend seen since the middle of October. From a rate of EUR/GBP 0.88 last Tuesday, the pound weakened to 0.90 to the euro during the week. The largest shift in the rate was triggered by publication of

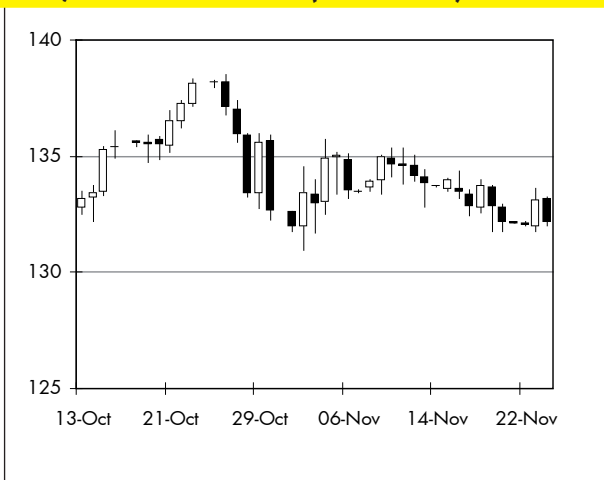
the Bank of England's MPC Minutes last Wednesday. Based on the minutes, it was seen that there were differences within the Committee on the expansion of QE measures by GBP 25 bn. Whereas one member was outright against any expansion of the measures, another member called for an even larger increase of GBP 40 bn. The split voting result and the renewed discussions about a possible reduction in the deposit rate underline the current uncertainties about the BoE's monetary policy going forward. Nevertheless, it appears unlikely to us that the QE measures will be expanded again.

At the end of last week, the pound came under more pressure in the wake of the October data on public sector finances, which highlighted the tense situation in the UK budget. Public sector net borrowing of GBP 11 bn was well higher than consensus and hit the highest level for October since the beginning of records. We do not see much potential for sterling to appreciate on the data this week, and thus expect more depreciation versus the euro.

Analyst: Ingo Jungwirth

ingo.jungwirth@raiffeisenresearch.at

EUR/JPY: 132.1 → 135 (December)
USD/JPY: 88.6 → 90 (December)



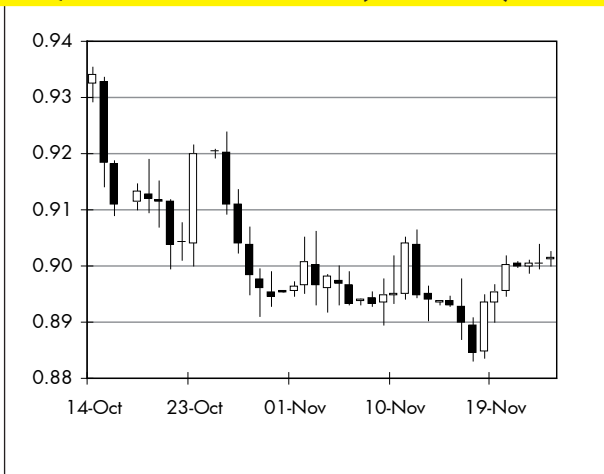
Source: Thomson Reuters

Last week, the yen moved sideways on a relatively volatile track compared to the euro. Once again, the main driver here was the performance on the international stock markets (risk aversion). EUR/JPY is thus in the middle range of the current sideways trend. There are no clear-cut trading recommendations for the short term, neither on the basis of the upcoming data releases, nor on the basis of the current ex-

change rate levels. By historical standards, the yen is currently very strong versus the US dollar. Aside from the peak periods of the financial crisis when USD/JPY was ranging at 87, Japan's currency has not been so strong against the greenback since the middle of the 1990s. With an eye to the country's most pressing problem, deflation, this appreciation is certainly not good news, and it is also a major detriment for Japan's export-oriented companies. In Q3 2009, for example, the GDP deflator for domestic demand was -2.6% yoy. With clear deflation on this order of magnitude, the Bank of Japan will avoid raising interest rates next year as growth remains modest. Some interesting data in this regard are slated for publication this week. In October and November, the dynamics of consumer price inflation should return to positive territory in month-on-month terms. Compared to one year ago, however, both the core rate and the headline rate reflect declines of more than 2%. Industrial production in October likely rose 0.6% compared to the previous month. Over the long term, the outlook for interest rates points to a weaker yen. Nonetheless, the risks of a correction on the equity markets keep us from issuing any short-term speculative recommendation.

Analyst: Ingo Jungwirth
 ingo.jungwirth@raiffeisenresearch.at

EUR/GBP: 0.902 → 0.93 (December)



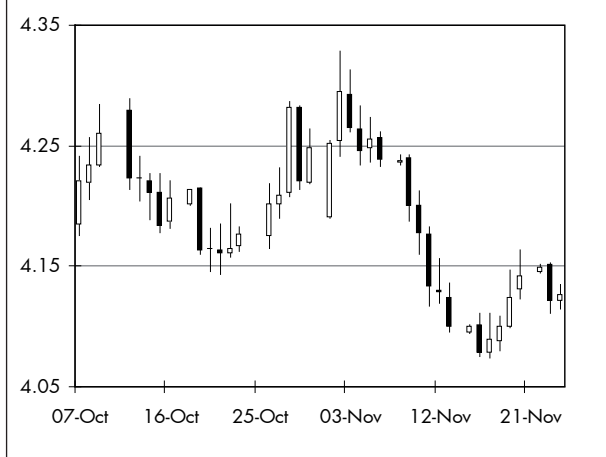
Source: Thomson Reuters

Last week, GBP was unable to continue the appreciation trend seen since the middle of October. From a rate of EUR/GBP 0.88 last Tuesday, the pound weakened to 0.90 to the euro during the week. The largest shift in the rate was triggered by publication of

the Bank of England's MPC Minutes last Wednesday. Based on the minutes, it was seen that there were differences within the Committee on the expansion of QE measures by GBP 25 bn. Whereas one member was outright against any expansion of the measures, another member called for an even larger increase of GBP 40 bn. The split voting result and the renewed discussions about a possible reduction in the deposit rate underline the current uncertainties about the BoE's monetary policy going forward. Nevertheless, it appears unlikely to us that the QE measures will be expanded again.

At the end of last week, the pound came under more pressure in the wake of the October data on public sector finances, which highlighted the tense situation in the UK budget. Public sector net borrowing of GBP 11 bn was well higher than consensus and hit the highest level for October since the beginning of records. We do not see much potential for sterling to appreciate on the data this week, and thus expect more depreciation versus the euro.

Analyst: Julia Neudorfer
 julia.neudorfer@raiffeisenresearch.at

EUR/PLN: 4.128 → 4.00 (December)

Source: Thomson Reuters

Most of the economic data last week was positive. In particular, more recovery has been seen in manufacturing. Industrial production dropped by 1.2% yoy in October, with a seasonally adjusted increase of 0.6% yoy. On the labour market, the decline in em-

ployment has slowed down for now: from September to October there was a mild increase in employment, even though the annual growth rate is still negative at 2.4%. On the other hand, gross wages in the private sector were disappointing, only mustering a gain of just 2.0% in October and thus once again registering a decline in real terms. The data will not have any effect on the NBP's decision on Wednesday. We presume that the NBP will leave key interest rates unchanged. We view the economic data as thoroughly positive. Nevertheless, there continues to be a risk that consumption growth in the quarters ahead will be weaker than expected. We do not believe that the stabilisation on the labour market will prove to be durable. Over the short term, seasonal effect will lead to the loss of more jobs in Poland. This trend will probably only turnaround in H1 2010. With market conditions remaining positive, we still see the zloty at EUR/PLN 4.00 until year-end. Setbacks to around EUR/PLN 4.20 to 4.30 should be exploited to build up new positions in our opinion.

Analyst: Marcin Kopaczynski
marcin.kopaczynski@raiffeisenresearch.at

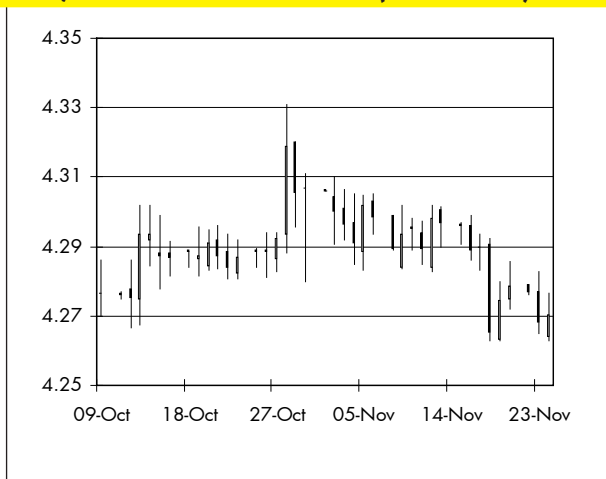
EUR/CZK: 25.90 → 26.0 (December)

Source: Thomson Reuters

The Czech koruna (CZK) lost its momentum and weakened to 25.9 against the Euro by Tuesday morning, roughly 50 hellers below the valuation from one week ago. The main trigger for the correction is the increase in risk aversion towards CEE markets, as PLN and HUF also depreciated to a similar extent. Czech credit default swaps reached a 2-month high amidst rising fears about the fiscal situation of Greece. In our view, market sentiment is likely to remain volatile for the remainder of the year in search for a clear cut trend. Global macroeconomic data releases were mixed so the market is lacking direction. In the absence of domestic economic data releases this week, the CZK will continue to be driven by the global financial market sentiment. We maintain our December target for the CZK at 26.0 against the Euro. For 2010 we foresee a return to the koruna's fundamental long-term appreciation trend.

Analyst: Walter Demel
walter.demel@raiffeisenresearch.at

EUR/RON: 4.272 → 4.35 (December)



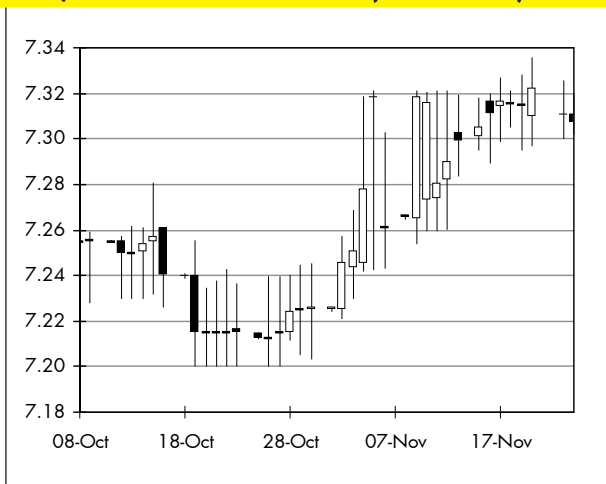
Source: Thomson Reuters

The first round of the presidential elections held on Sunday brought no surprises. Traian Basescu, who

is backed by the Democratic Liberal Party (PD-L), took 32.7% of the votes, while Mircea Geoana, backed by the Social Democratic Party (PSD) won 30.2%. The two will go into the second round on 6 December. The head of the National Liberal Party (PNL) won only 20.2% of the votes, coming in third place. At the moment, both the PD-L and the PSD are trying to gain the support of the PNL for the run-off vote. However, it remains difficult to predict any political alliance at this moment. The leu exchange rate showed no reaction to the results of the elections, remaining almost flat in Monday trading. Moreover, it seems that the current level of the exchange rate already takes into account the impossibility of having a new government before the second round of presidential elections. In this case, we think that if a coalition is formed in the next days, it might have a positive impact on the leu.

Analyst: Martin Stelzener
martin.stelzener@raiffeisenresearch.at

EUR/HRK: 7.305 → 7.45 (December)



Source: Thomson Reuters

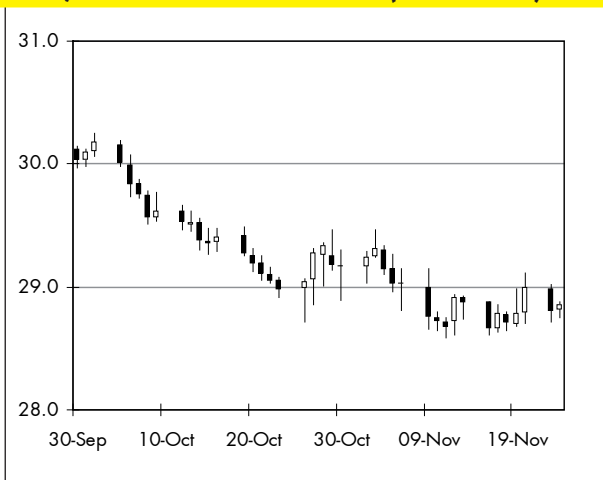
EUR/HRK continued rising all of last week, in line with our expectations. The rate started the week at 7.30 and reached 7.33 by the end of the week, which caused the middle CNB rate to hit EUR/HRK 7.32, for first time since mid-September. Deprecia-

tion pressures on the kuna came principally from the corporate sector, mainly as a result of a relatively high proportion of external debt maturing in the final quarter of this year. High liquidity still dominates the domestic money market. Therefore, there was no need for the CNB to undertake a reverse repo auction, for fifth week in a row. Since supply exceeded demand throughout the entire week interest rates remained at low levels, despite the beginning of the new reserve maintenance period.

The week ahead will be marked by sustained high liquidity in the system, low trading volumes, low interest rates and, once again, the lack of a reverse repo auction. On the domestic FX market, we do not expect to see drastic changes, but rather a continuation of the mild rise in the EUR/HRK rate. Hence, the rate could hover in a range between 7.32 and 7.35. Taking a monthly view, we confirm our previous projection as depreciation pressures on the kuna should prevail.

Analyst: Martin Stelzener
martin.stelzener@raiffeisenresearch.at

EUR/RUB: 43.02 → 42.86 (December)
USD/RUB: 28.85 → 28.57 (December)



Source: Thomson Reuters

As we predicted, the rouble appreciation paused and the currency pulled back away from 35.10 against the dual currency basket, due to strong resistance and verbal intervention by the central bank, which triggered some mild profit-taking. More specifically,

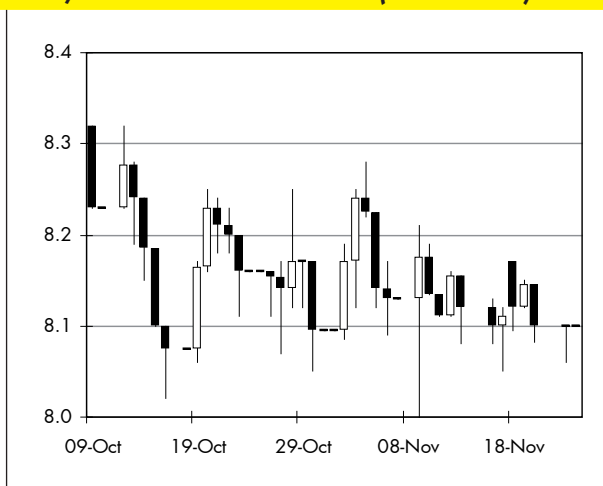
in his comments the central bank's first deputy vice-chairman warned the market against rapid rouble gains and cited any levels beyond 35.00 against the basket as uncomfortable for the regulator. This statement confirmed our earlier predictions that the central bank might step up anti-rouble intervention efforts closer to the 35.00 tag.

Meanwhile, we assume that the rouble drive also eased as more market players are already pricing in the possibility of a rate cut. We reiterate our position expecting another 50bp rate cut by the end of 2009. Yet, the rate cut alone is unlikely to ignite a new rouble rally. So most likely the rouble will hold within the current boundaries.

We see the rouble in the present range of 35.10-35.30 against the basket next week, and for more rouble appreciation to materialise we would need to see USD falling behind 1.5 against EUR. Needless to say, a weaker dollar and the resulting higher oil prices remain the major driver behind the rouble appreciation today.

Analyst: Gintaras Shlizhyus
 gintaras.shlizhyus@raiffeisenresearch.at

EUR/UAH: 12.040 → 13.50 (December)
USD/UAH: 8.080 → 9.00 (December)



Source: Thomson Reuters

UAH traded practically unchanged on the previous week, ranging at USD/UAH 8.10, and slightly stronger at EUR/UAH 12.11 to the euro. As a result, the currency is still decoupled from the increasing (external) risk perception of Ukraine. Rumours about a possible default on foreign debts due to potential exercise of government guarantees on a credit to the Ukrainian railways spooked the international markets. According to our information, however, the government-guaranteed credit from Deutsche Bank is

not currently in default and nor is there any justification in the current situation to exercise the guarantee (see our note on this subject from Monday).

We see the improved current account figures as being behind the stability of the currency. For instance, the deficit on the balance of payments (current account balance plus capital balance) sank by almost one-half in October, falling to around USD -700 mn. The current account balance was modestly positive in October (as in September) at USD 90mn, whereas (with the exception of capital outflows from cash exchange) the capital balance was practically balanced. Cash exchange, however, also showed a positive trend, and outflows of USD -650mn were down 25% compared to September. Another supportive factor was direct investment in the amount of USD 700 mn.

Furthermore, an agreement between Prime Minister Julia Tymoshenko and her Russian counterpart Vladimir Putin on gas delivery amounts and conditions means that another gas crisis this winter is looking less and less likely.

On the other hand, the precarious situation in public finances continues to be a problem, including the current suspension of disbursement of the fourth IMF tranche of USD 2.5 bn.

Analyst: Andreas Schwabe
 andreas.schwabe@raiffeisenresearch.at

RZB Group

Raiffeisen Zentralbank Österreich AG (RZB Austria)

Raiffeisen Zentralbank Österreich AG, Vienna **Global Markets**

Head of Sales: Stefan Weiser Tel: +43 1 71707 3974
Head of International Sales: Luca Scalzini Tel: +43 1 71707 3981
Head FI Sales (AUT/GE/LIE): Hans Retzl Tel: +43 1 71707 3300
Head of MM & FX Sales: Richard Quinn Tel: +43 1 71707 3904
Corporate Sales: Wolfgang Kalinka Tel: +43 1 71707 3959

Belgrade: Raiffeisenbank a.d. Serbia

Treasury: Branko Novakovic Tel: +381 11 2207 131

Bratislava: Tatra banka, a.s.

Treasury: Miroslav Paracka Tel: +421 2 5919 1386
Sales: Milan Cavojec Tel: +421 2 5919 1212

Bucharest: Raiffeisen Bank S.A.

Treasury: Cristian Sporis Tel: +40 21 306 1210
Sales: Razvan Szilagyi Tel: +40 21 306 1205

Budapest: Raiffeisen Bank Zrt.

Treasury: Gabor Liener Tel: +36 1 484 4304
Sales: Zsolt Matolcsi Tel: +36 1 484 4840

Kiev: Raiffeisen Bank Aval

Treasury: Vladimir Kravchenko Tel: +380 44 490 8808

Maribor: Raiffeisen Krekova banka d.d. Slovenia

Treasury: Thomas Schindl Tel: +386 1 475 7841

Minsk: Priorbank JSC Belarus

Treasury: Andrey Filazafivich Tel: +375 17 289 9312

Moscow: ZAO Raiffeisenbank Austria

Treasury: Sergei Monin Tel: +7 495 721 9922
Sales: Arsen Manoukian Tel: +7 495 721 9978

RZB London Branch

Sales: Stefan Gabriele Tel: +44 20 7933 8104

Raiffeisen Centrobank AG, Vienna

Equity Capital Markets
Head: Wilhelm Celeda Tel: +43 1 515 20 402
Sales: Klaus della Torre Tel: +43 1 515 20 472

Prague: Raiffeisenbank a.s.

Treasury: Vit Brdlik Tel: +420 221 141 145
Sales: Michal Michalov Tel: +420 221 141 830

Pristina: Raiffeisen Bank Kosovo JSC

Treasury: Berat Isa Tel: +381 38 226400 129

Sarajevo: Raiffeisen BANK d.d. Bosna i Hercegovina

Treasury: Sanja Korene Tel: +387 33 208 372

Sofia: Raiffeisenbank (Bulgaria) EAD

Treasury: Evelina Miltenova Tel: +359 2 91985 441

Tirana: Raiffeisen Bank Sh.a. Albania

Treasury: Adriana Jorgji Tel: +355 4 222 669 2545

Warsaw: Raiffeisen Bank Polska S.A.

Treasury: Miroslaw Winiarczyk Tel: +48 22 585 26 00
Sales: Adam Pers Tel: +48 22 585 26 26

Zagreb: Raiffeisenbank Austria d.d.

Treasury: Ivan Zizic Tel: +385 1 46 95 076

Editor:

Raiffeisen RESEARCH GmbH
A-1030 Vienna, Am Stadtpark 9
Tel.: +43 1 717 07-1521

This report was completed on 24 November 2009.

Head of Raiffeisen RESEARCH:

Peter Brezinschek (1517)

This document does not constitute an offer or invitation to subscribe for or purchase any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. Any investment decision with respect to any securities of the respective company must be made on the basis of an offering circular or prospectus approved by such company and not on the basis of this document. RZB may have effected an own account transaction in any investment mentioned herein or related investments and or may have a position or holding in such investments as a result. RZB may have been, or might be, acting as a manager or co-manager of a public offering of any securities mentioned in this report or in any related security. Information contained herein is based on sources, including annual reports and other material which might have been made available by the entity which is the subject of this document. RZB believes all the information to be reliable, but no representations are made as to their accuracy and completeness. Unless otherwise stated, all views (including statements and forecasts) are solely those of RZB and are subject to change without notice. Investors in emerging markets need to be aware that settlement and custodial risk may be higher than in markets where there is a long established infrastructure and that stock liquidity may be impacted by the numbers of market makers which may therefore impact upon the reliability of any investments made as a result of acting upon information contained in this document. Special regulations for the Republic of Austria: This document does not constitute either a public offer in the meaning of the Kapitalmarktgesetz („KMG“) nor a prospectus in the meaning of the KMG or of the Börsegesetz. Furthermore this document does not intend to recommend the purchase or the sale of securities or investments in the meaning of the Wertpapieraufsichtsgesetz. This document shall not replace the necessary advice concerning the purchase or the sale of securities or investments. For any advice concerning the purchase or the sale of securities or investments kindly contact your RAIFFEISENBANK. Special regulations for the United Kingdom of Great Britain, Northern Ireland (UK) and Jersey (Channel Islands): Raiffeisen Zentralbank. This publication has been either approved or issued by Raiffeisen Zentralbank Österreich AG (RZB) in order to promote its investment business. RZB London Branch is authorised by the Austrian Financial Market Authority (FMA) and subject to limited regulation by the Financial Services Authority (FSA). Details on the extent of the London branch's regulation by the Financial Services Authority are available on request. This publication is not intended for investors who are Retail Customers within the meaning of the FSA rules and should therefore not be distributed to them. Neither the information nor the opinions expressed herein constitute or are to be construed as an offer or solicitation of an offer to buy (or sell) investments. RZB may have effected an Own Account Transaction within the meaning of FSA rules in any investment mentioned herein or related investments and or may have a position or holding in such investments as a result. RZB may have been, or might be, acting as a manager or co-manager of a public offering of any securities mentioned in this report or in any related security. The RZB Jersey marketing representative office is not regulated by the Jersey Financial Services Commission as it does not perform any financial services activity in Jersey as defined by the Financial Services (Jersey) Law 1998 (FSJL). Special regulations for the United States of America (USA) and Canada: This document or any copy hereof may not be taken or transmitted or distributed, in the USA or Canada or their respective territories or possessions nor may it be distributed to any USA-person or person resident in Canada by any means other than via a US Broker Dealer. Any failure to comply with these restrictions may constitute a violation of USA or Canadian securities laws.

