

Foreign Exchange Outlook

Renewed Spain-centered European financial stress, decisive and multifaceted central bank intervention, global portfolio diversification waves, alleviated supply-side crude oil market pressures and improved US growth dynamics are the key factors shaping investor sentiment in global currency markets.

The USD continues to show, on a trade-weighted basis, a stable trading environment. Improving US economic conditions, coupled with still supportive energy prices, reinforce a stable (if not appreciating) bias to the MXN. Steady BRL weakness highlights nascent decoupling in Latin America.

The EUR, which has shown remarkable resilience to a still fragile European economic and debt context, will weaken versus the USD in the second half of the year. Both the GBP and the NOK offer near-term appreciating potential whereas the Swiss authorities fight CHF strength through active intervention.

The JPY regained its traditional regional safe-haven status, increasing the chances of intensified official intervention. China introduced more flexibility to its currency regime, yet CNY gains will be gradual and modest over the coming months. India's deteriorating creditworthiness will keep the INR under pressure.

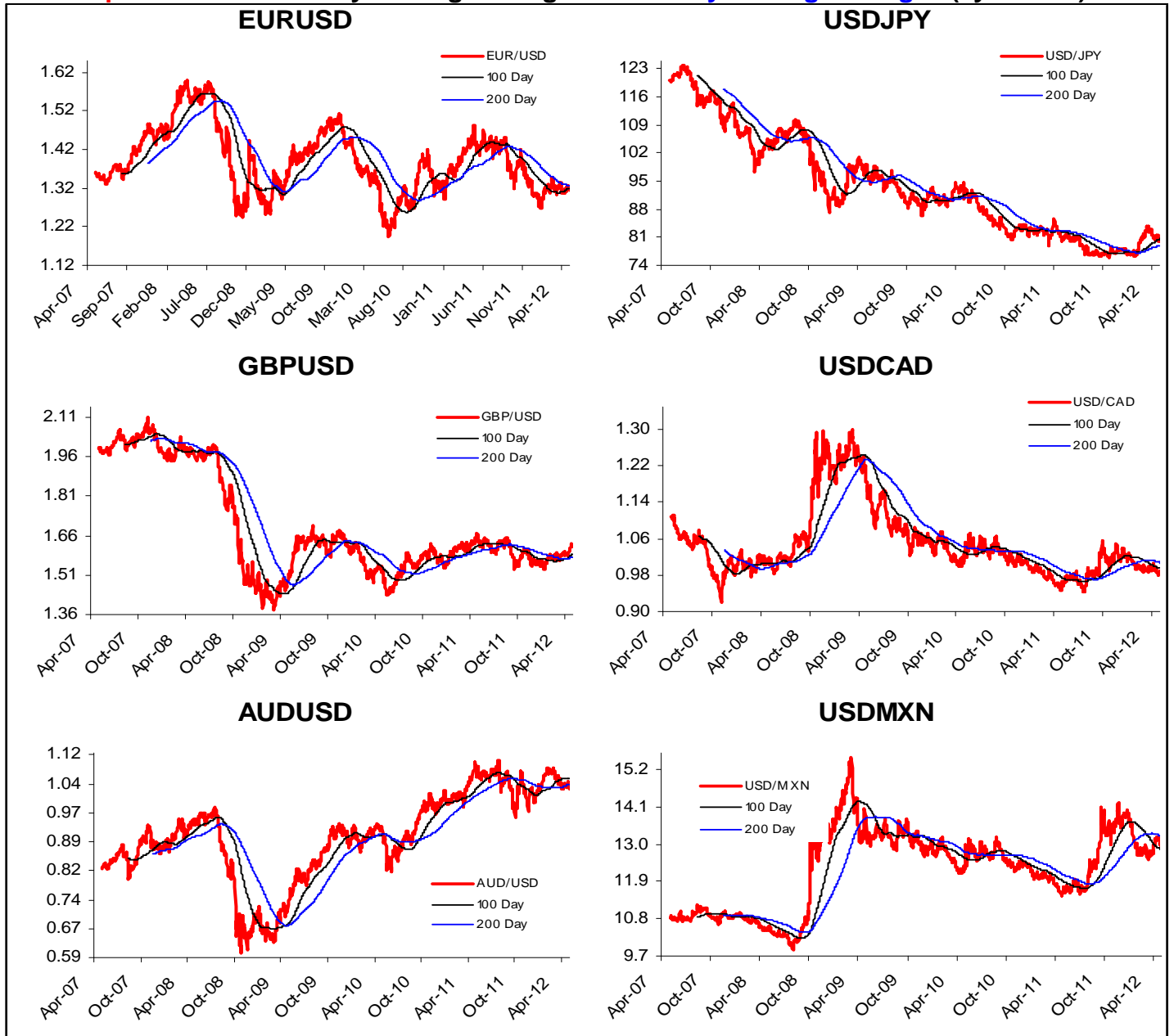
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Global Foreign Exchange Outlook

May 3, 2012		Actual	Q4a 11	Q1a 12	Q2 12	Q3 12	Q4 12	Q1 13	Q2 13	Q3 13
Euro	EURUSD	1.31	1.30	1.33	1.29	1.27	1.25	1.25	1.26	1.28
	Consensus*				1.30	1.29	1.29	1.29	1.29	1.29
Yen	USDJPY	80.3	77	83	82	83	85	86	86	87
	Consensus*				82	82	82	82	83	84
Sterling	GBPUSD	1.62	1.55	1.60	1.60	1.62	1.63	1.65	1.66	1.67
	Consensus*				1.57	1.57	1.57	1.57	1.57	1.58
Canadian Dollar	USDCAD	0.99	1.02	1.00	1.00	0.99	0.98	0.97	0.97	0.97
	Consensus*				1.00	1.00	1.00	1.00	1.00	1.00
Australian Dollar	AUDUSD	1.03	1.02	1.03	1.07	1.08	1.09	1.10	1.10	1.11
	Consensus*				1.04	1.04	1.04	1.03	1.03	1.02
Mexican Peso	USDMXN	13.00	13.94	12.81	12.80	13.01	13.12	13.20	13.07	13.13
	Consensus*				12.75	12.62	12.51	12.41	12.45	12.55

Spot Price vs. 100 Day Moving Average vs. 200 Day Moving Average - (5yr Trend)



(*) Source: Consensus Economics Inc. April 2012

MARKET TONE & FUNDAMENTAL FOCUS

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The US dollar (USD) has shown remarkable resilience since the beginning of the year. Meanwhile, the steady bullish tone enjoyed by US equity securities since November 2011 implies a gradual US economic improvement; indeed, the S&P500 index gained 21% in the last five months. Both consumer confidence and corporate profits show signs of gradual improvement and the US economy expanded by 2.2% on an annualized quarter-on-quarter basis during the first three months of the year. Positive momentum in riskier US assets was also apparent, as reflected in the VIX volatility indicator, with positive spillovers into emerging-market assets. Finally, the ongoing stimulus provided by the US Federal Reserve (Fed) continues to discourage capital outflows from high yielding emerging-market countries; the benchmark 10-year US Treasury (UST) bond yield remains below the 2% mark.

Ongoing concerns regarding debt sustainability in Europe (now focused on Iberian sovereign credits) is also adding further value to UST securities and, as a result, providing USD stability. Following the sizable large-scale asset purchase program, the Fed now holds roughly US\$1.8 trillion in UST debt securities — purchases that have helped bring the cost of long-term borrowing to historically low levels. Energy prices and the US economic outlook are supportive of the priced-in growth profiles in Canada and Mexico. In this environment, the Canadian dollar (CAD) on the back of its Triple-A rating, hawkish central bank and rising Canadian oil prices, is expected to outperform both the USD and the Mexican peso (MXN); while MXN is expected to slightly underperform both into year-end.

Europe is back on global investors' radar screens: Spain is the focus. Spain's sovereign credit rating suffered another downgrade action by Standard & Poor's to "BBB+" in late April. All rating agencies assign a "negative outlook" to Spain at a time when the country's unemployment rate is approaching 25%. The euro (EUR) is remarkably stable against the USD, yet it shows a divergent trading pattern versus the British pound (GBP) and the Japanese yen (JPY). While EURUSD has been range trading so far this year, the GBP has shown value appreciation versus both the USD and the EUR on the back of asset diversification shifts in favour of non-euro European currencies, its Triple-A rating and improving investor sentiment. Additionally, the GBP received a boost from the Swiss authorities' firm commitment to fight the appreciation of the Swiss franc (CHF) and defend the EURCHF1.20 ceiling.

Portugal and increasingly Spain continue to attract the attention of sovereign debt investors. Credit default swap (CDS) metrics continue to portray a highly distressed valuation in Portugal. This is all happening amidst election

uncertainties in France, a critical piece in the European debt puzzle. Without a visible and prompt commitment to address structural inefficiencies through pension and labour reforms as well as the adequate recapitalization of the banking sector, it is highly unlikely that employment growth in the debt-distressed nations in the euro zone will materialize any time soon. We are of the view that the euro area will close the year with negative growth. The European Central Bank (ECB) remains committed to inject as much stimulus as possible; currently the short-term refinancing policy rate is set at 1%. We do foresee further weakness in the EUR against the USD and the GBP, estimating an end-year rate of EURUSD1.25. The Norwegian krone (NOK) will remain strong as fundamental data improve, oil prices remain elevated and investor sentiment is strong.

The currency environment in Asia/Oceania offers a mixed outlook. Japan remains ready to intervene to moderate the appreciating winds in favour of the JPY as an established safe-haven asset and a target for portfolio diversification. In addition, the Bank of Japan is increasing its asset-purchase programme. However, the risk remains that a second round of distressed debt developments in Europe will surely inject a strong buying bias into the Japanese currency. Meanwhile, the Chinese renminbi (CNY) will not likely alter its stable trading-range pattern, as China remains a factor of global financial stabilization. The recent measures introduced by the Chinese authorities to widen the trading band represent a positive step towards exchange rate liberalization, yet it should not be interpreted as an inclination to let the yuan appreciate at market leisure: with US\$3.3 trillion in reported foreign exchange reserves, the Chinese government can easily engineer its desired exchange rate direction at will.

The Australian dollar (AUD) is in range-trading mode despite the Reserve Bank of Australia's unexpected decision to lower its benchmark policy rate by 50 basis points to 3.75%. We forecast AUDUSD to regain an appreciating bias and close the year at 1.09 on the grounds of still supportive interest rate and growth differentials and a high-yield target for portfolio diversification. The core group of floating Asian currencies, such as the South Korean won (KRW), the Taiwanese dollar (TWD) and the Thai baht (THB) are also poised to resume an appreciating tone. We have revised our Chinese yuan forecast, still expecting strength into year-end (closing at 6.18) to a more moderate extent than under our previous forecast. We have also adjusted some of our other Asian FX outlooks. Most significantly, we now project a depreciation in the Indian rupee (INR) and a more pronounced appreciation in the Singaporean dollar (SGD).

CANADA

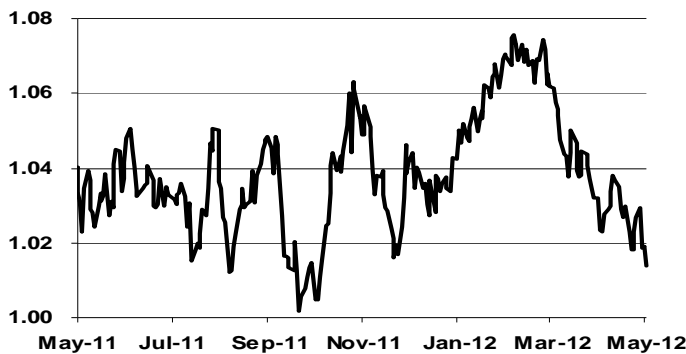
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The Canadian dollar broke out of its tight 210 point three-month range at the end of April. The sudden surge of strength came on the back of the Bank of Canada's shift from neutral to hawkish, while the Federal Reserve maintained its dovish stance. The outlook for CAD is that it closes 2012 at stronger levels than it closed 2011 and that it closes 2013 at stronger levels still. The pace of appreciation is likely to be tempered by repeated spikes in risk aversion. It is worth noting that as global central banks have maintained loose and alternative policies, market volatility has dropped to multi-year lows. The headlines give the impression that there is tremendous global risk, but for now the markets are not pricing it this way. The drivers of CAD do not tend to change over time; however, their importance does. Currently, a significant driver of CAD has been positive flows, a theme we expect to be carried well into the year. Canada boasts a solid Triple A rating, relatively strong sovereign metrics and a developed bond market, which together are likely to attract CAD positive flows throughout 2012. In addition, there has been a significant allocation of global FX reserves to CAD, which has also contributed to positive CAD flows. Beyond this, the combination of a soft landing in China with reasonable growth from the US helps to offset the negative growth impact of Europe and supports commodity prices and the Canadian economy. Historically strong oil prices are generally thought of to be supportive of a strong CAD; however, there are several factors that are dampening this effect. The spread between Brent and WTI crude is notably wide while the spread between Brent and Canadian western crude prices is even wider. Since the oil/petrol products that Canada imports are 50% derived from Brent, there is a significant divergence between the low price Canada is exporting at and the high price it is importing at. In addition, with the elevated price due to supply (and not strong economic demand) it also leaves the Canadian economy more vulnerable than it otherwise would be. We estimate that oil at current levels is still a net positive to the Canadian economy just not to the extent it has been in the past. Accordingly, even though the drivers of CAD are not as bullish as they once were, on a relative basis CAD is still expected to shine. We expect CAD to close this year at 1.02 and next at 1.04.

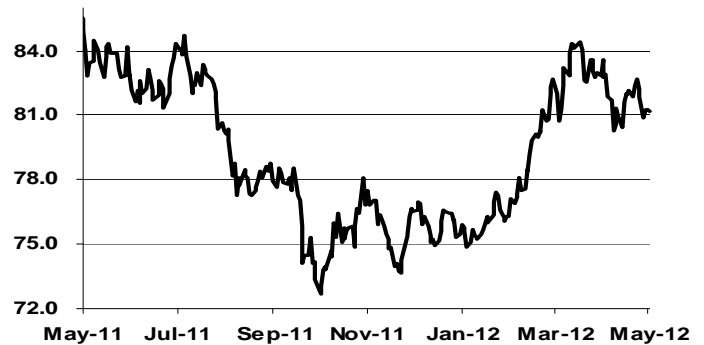
Currency Trends

FX Rate	Going Back			Spot	Outlook			FX Rate
	12 m	6 m	3 m		3-May	3 m	6 m	
AUDCAD	1.03	1.05	1.07	1.014	1.07	1.07	1.07	AUDCAD
CADJPY	84.95	77.52	77.10	81.21	82.06	82.55	83.42	CADJPY
EURCAD	1.41	1.39	1.31	1.300	1.28	1.25	1.22	EURCAD
USDCAD	0.95	1.01	0.99	0.989	1.00	0.99	0.97	USDCAD

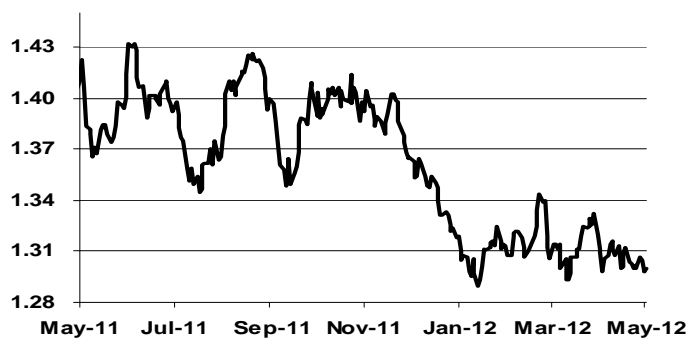
AUDCAD



CADJPY



EURCAD



USDCAD



CANADA AND UNITED STATES
Fundamental Commentary

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UNITED STATES - The US recovery has moved to a slightly slower trajectory in early 2012. Real GDP growth moderated to a 2.2% annual rate in the first quarter, down from 3.0% in the final months of last year. Consumers remain reasonably upbeat, despite higher gas prices and persistently weak housing prices. Motor vehicle dealers, for example, reported strong sales through April, driven by rising replacement demand and improved credit availability. At the same time, a weaker-than-expected March jobs report and April claims data suggest that businesses remain cautious on hiring, which could weigh on consumer confidence and discretionary spending plans over the summer. Business capital outlays too have moderated in recent months, though this likely reflects some frontloading of purchases ahead of the scaling-back of the accelerated depreciation allowance at the end of last year. In general, strong corporate earnings remain supportive of continued investment in machinery & equipment. Manufacturing activity is strengthening broadly, led by the automotive and high-technology sectors, though weak European demand will hold back the pace of the US export recovery this year. Home sales are gradually edging up off historic lows, but demand remains restrained by high unemployment – US payrolls are still more than 5 million below their pre-recession peak – and continued tougher mortgage credit conditions. Tightening rental markets are sparking a pickup in apartment construction, though overall residential investment remains weak. The timing and extent of federal fiscal consolidation, including the expiration of payroll tax cuts at the end of 2012, the phasing out of extended unemployment benefits in early 2013 and the implementation of sequestration cuts scheduled to begin in 2013, adds considerable uncertainty to the projected profile for US growth.

CANADA - The Canadian economy is expected to experience moderate economic growth averaging just over 2% in 2012. While recent economic reports point to some loss in underlying domestic momentum, the late winter/early spring slowdown reflects in part temporary factors, including mine shutdowns and unseasonable weather. Improving US consumer and manufacturing activity is supporting a revival in industrial production and exports. In particular, stronger-than-expected North American vehicle sales have prompted several automakers to raise their production schedules. Nonetheless, the persistent strength of the Canadian dollar combined with the subdued pace of growth in the US – still the destination of over 70% of Canada's international shipments – will remain significant hurdles to a faster export recovery. Business investment surveys continue to signal strong capital investment intentions in the year ahead, supported by heightened competitive pressures, solid corporate balance sheets and favourable financing conditions. Outlays are focused primarily on reducing costs and boosting productivity, as opposed to expanding capacity. Prices of many key commodities remain at profitable levels and are attracting sizeable long-term investments in the resource sector. In contrast, consumers, faced with slowing job gains and repeated warnings over high household debt levels, have become more cautious spenders. Consumer confidence weakened in April, driven lower by concern over job prospects. The rising price of gasoline, which accounts for just over 4% of all consumer expenditures, may also weigh on discretionary retail sales in the coming months. Housing activity remains fairly buoyant, but appears to be shifting to a more moderate trajectory, with both sales and home prices leveling out since mid-2011. Public sector restraint will subtract modestly from growth this year and next.

MONETARY POLICY COMMENTARY

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UNITED STATES - The Fed issued new staff economic projections that marginally upgraded the outlook for the US economy in 2012. Its upgraded forecast ranges are: GDP, 2.4-2.9%; unemployment, 7.8-8%; core PCE, 1.8-2%. Scotiabank thinks that lower GDP growth, lower inflation, or higher unemployment increase the likelihood of further monetary stimulus in H2 2012. We do not anticipate any change to the Fed Funds Rate until Q4 2014. Scotiabank thinks that the key metric that the Fed is currently targeting is employment: the trajectory of monetary policy will be highly contingent on the pace of job gains. Scotia anticipates that the pace of US job gains will moderate in Q2-Q3, thereby increasing the likelihood of unconventional easing.

CANADA - The Bank of Canada (BoC) adopted a hawkish tone in its most recent monetary policy statement, which included the phrase: "some modest withdrawal of the present considerable monetary policy stimulus may become appropriate." This phrase has been repeated consistently by Bank of Canada officials including Governor Mark Carney. Markets have priced in meaningful tightening in Canada, with break-even forwards pricing in a rate hike at one of the BoC's September or October meeting, with a second rate-hike implied by January 2013. Scotia remains of the view that risks of rate hikes are mitigated by: a) low core inflation, which has fallen to 1.9%, b) subdued domestic credit growth, c) risks of subdued economic growth, and d) FOMC policy conditioning the flexibility of Canadian monetary policy. Scotiabank expects the first BoC's first rate hike as likely to happen in Q2 2013.

EUROPE
Currency Outlook

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EURO ZONE - As we enter May, EUR remains well off its 1.2624 January lows. The support from EUR has come partially from flows, particularly deleveraging and repatriation flows. In addition Germany has value, regardless of the road ahead. Finally, the juxtaposition of Fed vs ECB policy is a weight against the USD, as is the economic desire for a USD that is not sustainably strong. However, rising political, economic and market uncertainties combined with negative investor sentiment (the CFTC reports a net US\$19 billion short EUR position) is likely to weigh heavily against EUR as we move towards year-end. We hold a EURUSD Q212 forecast of 1.29 and a year-end target of 1.25.

UNITED KINGDOM - After having traded within a range for over two-months the British pound (GBP) rallied significantly at the end of April. A less dovish BoE was the catalyst for the rally; however, the UK's Triple-A status, its favourable position as an inter-European diversification play (note EURGBP has dropped to a 22 month low) and more favourable investor sentiment have supported the currency and are likely to continue to do so. We consider ourselves GBP bulls, looking for GBPUSD to close the year at 1.63 and EURGBP at 0.77.

SWITZERLAND - The EURCHF 1.20 floor remains credible. There has yet to be a turn in deflationary pressures and purchasing power parity suggests that CHF remains 25% overvalued. The commitment by the SNB to the EURCHF floor appears firm; we expect the floor to be raised later this quarter and hold a Q212 target of 1.24.

SWEDEN - Growth supportive loose central bank policy has weighed on the Swedish krona (SEK); however, with clear guidance from the Riksbank the path of interest rates are well priced in. With a bearish outlook for EUR and an improvement in Swedish fundamental data, we hold a Q212 EURSEK target of 8.80 and a year-end forecast of 8.70.

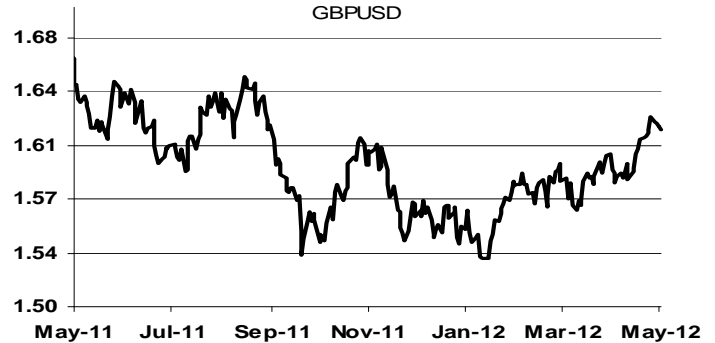
Currency Trends

FX Rate	Going Back			Spot 3-May	Outlook			FX Rate
	12 m	6 m	3 m		3 m	6 m	12 m	
EURUSD	1.48	1.38	1.32	1.31	1.28	1.26	1.25	EURUSD
GBPUSD	1.65	1.60	1.58	1.62	1.61	1.62	1.65	GBPUSD
EURCHF	1.28	1.21	1.21	1.20	1.24	1.24	1.25	EURCHF
EURSEK	8.97	9.09	8.79	8.88	8.83	8.75	8.68	EURSEK

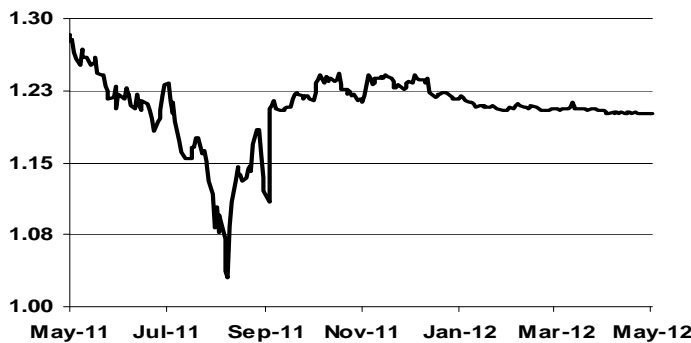
EURUSD



GBPUSD



EURCHF



EURSEK



EUROPE

Fundamental Commentary

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EURO ZONE - After a relatively calm start to the year, economic and financial indicators in the euro zone have displayed renewed weakness in recent months. Increased strains in sovereign debt markets have emerged on the heels of mounting fiscal insecurity and social tensions in Portugal and Spain, and to a lesser extent, heightened political risk in Italy and France. Credit default swaps have eased slightly in Portugal (though remain high, at 960 basis points), while the corresponding metrics in Italy, Spain and France are wider by 57, 43 and 25 bps, respectively, over last month. On the real side, the composite euro area PMI shed nearly two points in April, falling to 47.4, with deterioration in both the manufacturing and services indexes. Meanwhile, the region-wide unemployment rate rose again in March, reaching a new high of 10.9%. Even Germany's seeming invincibility has come under question; the unemployment registry grew by 19k in April (following a decline of 13k in March), while the manufacturing PMI dropped in April to its lowest level since mid-2009. The preliminary CPI estimate for April indicated that inflation has finally begun to moderate; the annual rate eased to 2.6% y/y following four straight months at 2.7%. The European Central Bank (ECB) expects inflation to remain above the 2% target through year-end, with downward pressure from weak economic activity being offset by sticky food and energy costs and fiscal consolidation measures. Calls for additional monetary easing are likely to multiply over the coming months.

UNITED KINGDOM - The dichotomy between economic fundamentals and foreign exchange dynamics in the UK intensified in recent weeks, as sterling (GBP) extended a two-week surge even after it was revealed that the economy experienced a technical recession in the October-March period. According to the advance estimate, GDP contracted 0.2% q/q in the first quarter, following the 0.3% loss in the final quarter of 2011. The expansion in services output came in well below our expectation, at 0.1% q/q, while the decline in the construction sector (-0.3%) was relatively more mild. Furthermore, the deterioration in the April PMI surveys – although they remain above the neutral 50-mark – does not bode well for the prospect of a marked rebound in growth in the second quarter. As a result of the disappointing early-year performance, we have revised lower our growth projection for 2012 to 0.5% from 0.9%. We continue to expect an acceleration to an average rate of 1.8% next year. Inflation picked up for the first time in six months in March, rising to 3.5% y/y from 3.4% in February, and remains worrying for the Bank of England (BoE). The central bank will update its inflation and growth forecasts at the time of the monetary policy meeting scheduled for May 10th. A higher inflation projection offset by a lower growth outlook will likely keep the BoE from altering monetary conditions at this point, though we note that the possibility of another round of quantitative easing has increased.

SWITZERLAND - The Swiss economy continues to face the near-term challenges of financial instability stemming from the euro crisis and persistent upward pressure on the Swiss franc (CHF). The relative stability of the CHF since the start of 2012 – a result of the firm commitment of the Swiss National Bank (SNB) to the minimum exchange rate of 1.20 per euro – has been supportive of economic conditions. Retail sales continue to grow, unemployment remains low and certain survey indicators, such as the KOF Leading Indicator, have recently turned positive. The external sector, however, remains an area of concern. Exports dropped again in March, by 2.5% m/m after rebounding 12.0% in February, while imports showed a reverse trend. Compared to the final three months of 2011, the trade surplus contracted 16% in the first quarter. We expect output growth to average ½% this year and to pick up to around 1½% in 2013. Deflation has accelerated over the past six months, reaching -1.0% y/y in March (although, on a monthly basis the consumer price index posted its strongest growth in a year, a positive sign for the inflation outlook). If exports do not improve before the June 14th monetary policy meeting, the SNB may consider raising the currency floor. The IMF recently noted that while the direct exposure of Swiss banks to the euro area periphery is modest, in the event of an intensification of tensions in European credit markets, the financial sector could suffer from indirect exposures as well as decreased market liquidity and higher counterparty risk.

SWEDEN - The economic environment in Sweden remains fragile in the wake of the fourth-quarter GDP contraction (driven by a collapse in confidence and exports), although some early signs of recovery have emerged in certain sectors. In particular, retail sales have rebounded on the back of improving consumer confidence and somewhat lower unemployment (at 7.3% in March, according to the Eurostat measure). Nevertheless, industrial production and trade figures continue to expose the cross-border effects of the debt crisis in the euro zone. Industrial production dropped 7.1% y/y in February while orders fell 8.3% y/y, with negative implications for near-term output prospects. The trade balance measured SEK 22.2 billion in the first quarter, down 9% from the same period in 2011. The Riksbank lowered its GDP forecast for this year from 0.7% to 0.4% and we have similarly lowered our expectations. A steady recovery will take hold in the second half of the year, and growth should accelerate to an average rate of around 1¾% in 2013. Inflation slowed to 1.5% y/y in March from 1.9% in the prior two months and is expected to remain low (below the central bank's 2% target) for the remainder of the year, before price pressures begin to build as the economy gains traction into next year. The Riksbank left the benchmark repo rate unchanged at 1.50% in April after cutting by 25 basis points at each of the previous two meetings. However, the bank retains an expansionary policy stance, and further easing is possible in the coming quarters.

ASIA/OCEANIA
Currency Outlook

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JAPAN - Throughout April the Japanese yen (JPY) retraced almost half its recent loses; however, with the Bank of Japan committed to a 1% inflation target and ongoing asset purchases, some disappointment on the fundamentals as well as a building net short position (the CFTC reports this at US\$9 billion), we expect the recent strengthening trend to reverse. Technicals warn of ongoing yen strength, accordingly upward shifts are likely to be somewhat limited. We hold a Q212 USDJPY target of 82 and a year-end forecast of 85.

CHINA - The Chinese yuan (CNY) has been relatively stable all year as forecasts for current account surpluses have narrowed, the central bank has made subtle shifts to their tone and the voice of those looking for CNY appreciation have faded. We have shifted our USDCNY forecast to reflect this, still looking for appreciation, but at a slower pace. We hold a USDCNY year-end target of 6.18.

AUSTRALIA - The Australian dollar (AUD) has been weighed down by a dovish central bank. However, the market has likely gotten too aggressive pricing in almost 100 bps of interest rate cuts over the next 12-months. Accordingly, as China undergoes a soft landing, the outlook for Australian fundamentals should improve leaving the market scrambling to get long AUD once again. Accordingly, we hold a bullish AUD view, targeting 1.07 by quarter end and 1.09 by year-end.

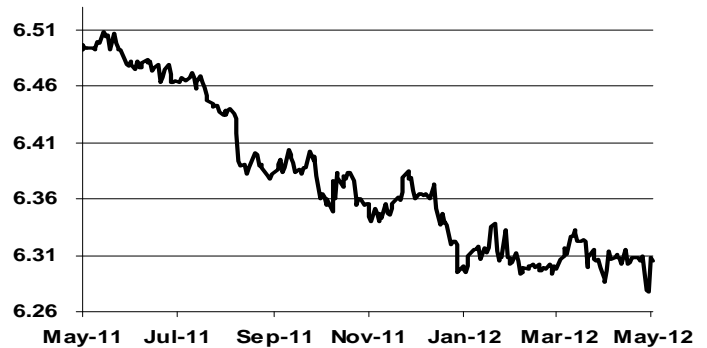
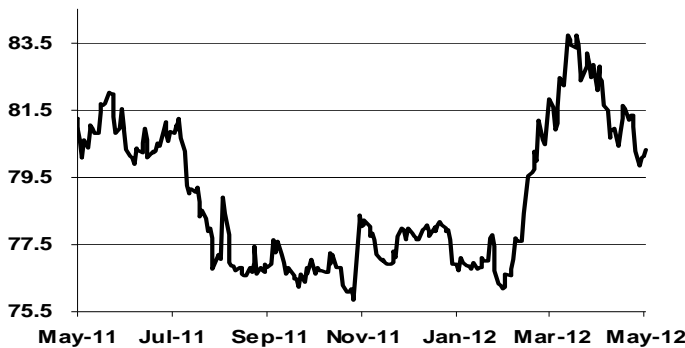
NEW ZEALAND - The stability of the New Zealand dollar (NZD) throughout March and April has been impressive, however the central bank continues to warn that should NZD remain elevated it will need to adjust its neutral policy stance. Accordingly, central bank action should act as a ceiling for the NZD. Investors are net long NZD, but with a relatively small position outstanding are unlikely to substantially sway the market. We hold a Q212 NZDUSD forecast of 0.82 and a year-end target of 0.83.

Currency Trends

FX Rate	Going Back			Spot 3-May	Outlook			FX Rate
	12 m	6 m	3 m		3 m	6 m	12 m	
USDJPY	80.94	78.06	76.60	80.3	82.33	83.67	86.00	USDJPY
USDCNY	6.50	6.34	6.30	6.31	6.24	6.20	6.16	USDCNY
AUDUSD	1.08	1.04	1.08	1.03	1.06	1.08	1.09	AUDUSD
NZDUSD	0.80	0.80	0.84	0.80	0.82	0.83	0.83	NZDUSD

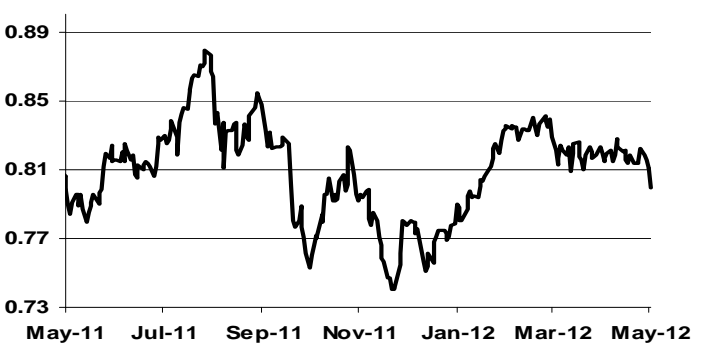
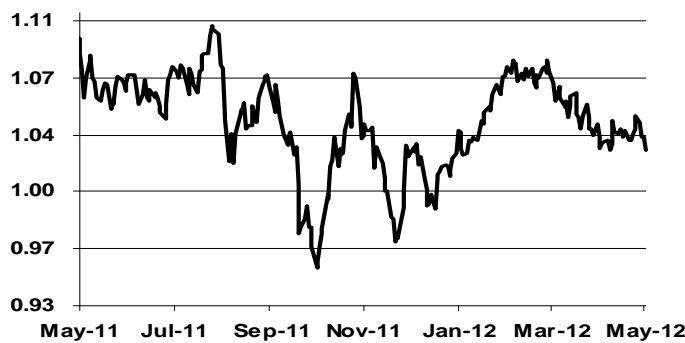
USDJPY

USDCNY



AUDUSD

NZDUSD



ASIA/OCEANIA

Fundamental Commentary

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JAPAN - Aiming to buttress the nascent economic recovery phase and the elimination of deep-seated deflationary forces, the Bank of Japan (BoJ) will continue to engage in aggressive monetary easing over the forecast horizon. At its most recent policy meeting the BoJ announced a modest increase in the asset purchase program of JPY 5 trillion (bringing the total size of the program to JPY 70 trillion). The expansion was already largely priced in to financial markets, and thus the reaction of the yen – which has maintained a strengthening bias versus the USD since reaching 83.7 in mid-March – was minimal. March data provided evidence of slightly improved external conditions as well as domestic reconstruction-related demand. Merchandise exports grew 5.9% y/y, overall household spending advanced 3.4% and, most encouragingly, industrial production surged 13.9%. Developments in the automotive sector have been particularly noteworthy; both vehicle sales and production reached multi-year highs in March. We expect GDP growth to rebound to 2% this year following last year's 0.7% decline, and then to moderate to 1.5% in 2013. The inflation outlook has also rallied in recent months. The national inflation rate accelerated in March, reaching 0.5% y/y (its highest rate since November 2008), with all components except for clothing and footwear showing an improvement. However, the April estimate for core Tokyo CPI (considered a leading indicator of national trends) implied a subsequent easing of price pressures.

CHINA - China advanced the process of capital account liberalization in April by widening the trading band of the Chinese Renminbi (CNY) versus the USD. Nevertheless, there is no express guarantee that CNY appreciation is the preferred policy for the country's authorities. In fact, with US\$3.3 trillion in foreign exchange reserves, the central bank maintains the ability to place the USDCNY exchange rate at whatever level is needed to ensure trade competitiveness. In fact, non-deliverable forward contracts discount that the CNY will depreciate further over the next 12 months. However, we are of the view that the yuan will gradually strengthen and close the year at 6.18 per USD. On the growth front, we believe that the economic deceleration bottomed out during the first quarter of the year (real GDP expanded at a year-over-year rate of only 8.1%) and that the economy will expand by 8.4% as suggested by positive manufacturing activity trends since the beginning of the year. Given the growing political sensitivities associated with China's currency regime during an election year in the United States, bilateral trade and rhetorical friction may intensify in the months ahead. Despite initial steps to introduce more flexibility into China's exchange rate arrangement, we firmly believe that China will not alter the course of reforms drastically to destabilize the global financial system and that the USD will maintain its role as the world's preeminent reserve currency.

AUSTRALIA - The Australian economy has begun to show the effects of global financial turmoil and the economic deceleration in Asia. While investment in the mining sector remains robust, consumers are being constrained by falling house prices and low confidence at the same time as the government is paring back spending in order to fulfill its deficit reduction commitment. Net trade also took a hit in early 2012 – the trade balance registered a second consecutive deficit in February on lower exports to Asia. Merchandise shipments to China dropped 25% m/m in January and only partially recovered in February, while exports to Japan, Korea and India also suffered. Nevertheless, Australia will outperform its developed market peers over the medium term; we expect the annual growth rate to average in the 3-3½% range in 2012-13. The unemployment rate has been steady around 5.2% for several months, however, labour market frictions can be expected to emerge as the economy transitions toward a resource base (with a stronger AUD). Inflation fell below the Reserve Bank of Australia's (RBA) 2-3% target range in the first quarter, with an advance of just 1.6% y/y. Prices for food and beverages – the second biggest component of the CPI – fell 2.1%, and the 0.3% quarterly increase in the core index marked the smallest gain since 1998. The outcome all but guaranteed a rate cut by the RBA at its May 1st meeting, though the magnitude of the cut (50 basis points) was unexpected. With 100 bps worth of cuts since November, the cash rate now stands at 3.75%.

NEW ZEALAND - The economic recovery in New Zealand is underway, but at a modest pace. The reconstruction process after the Christchurch earthquake in 2011 has been slow and the unemployment rate remains high; however, the recent improvement in business and consumer confidence together with rising house prices have enhanced the economic outlook. In late April, the Reserve Bank of New Zealand (RBNZ) left the official cash rate unchanged at 2.5%, where it has been since a year ago. However, the authorities confirmed concerns over the strength of the currency, -despite recent commodities price deceleration- which could bring a revision to the monetary policy stance. The NZD reaction has been almost muted, trading in a very stable range since March, in spite of central bank's recent comments. The RBNZ also stated that inflation is controlled and that an economic upturn is in progress. Inflation in the first quarter of the year decelerated somewhat to 1.6% y/y, close to the mid point of the official target range of 1-3.0%. We are revising lower New Zealand's 2012 GDP forecast from 3.0% to 2.5%, as a result of downward revisions to Australia and China - the country's main trading partners - which have decelerated somewhat in the first quarter of the year. Additionally, we expect reconstruction activity to re-accelerate in the coming quarters though at a more moderate pace. We anticipate 2013 output growth to accelerate to around 3.0%.

DEVELOPING ASIA
Currency Outlook

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INDIA - INR is by far the least attractive major Asian currency, explaining its notable underperformance in April. The RBI cut rates by more than expected in April, but the pace of much needed easing going forward will be constrained by persistently high inflation. Growth momentum remains unfavourable (despite being reasonably high in absolute terms), while S&P recently downgraded the outlook for the country's BBB- sovereign rating to negative in light of fiscal risks. The gaping current account deficit is a risk to INR during periods of financial market instability, while INR appreciation depends heavily on benign global macro-financial conditions.

KOREA - The won has remained in a relatively constrained range since late January, however with an obvious depreciatory bias since March. USDKRW's drift higher has reflected concerns over Chinese growth dynamics as well as an improved US economic data. The Bank of Korea has maintained its hawkish bias, with the Q1 GDP read of 0.9% Q/Q likely to help underscore its position, though any policy shift is unlikely in the near term. Equity flows since early April have been a negative for KRW, suggestive of near-term depreciatory pressure.

THAILAND - THB has underperformed over the past month, lagging Asia as the economy bottoms and begins its effort to pick up pace into the second half of this year. Core CPI has remained surprisingly firm, indicating upside price risks for the Bank of Thailand in a way that may not be consistent with developments in demand conditions in the real economy. Manufacturing production is rebounding from the impact of flooding last year, but has still failed to expand on a y/y basis, underscoring the fact that any THB-supportive shift in monetary policy would be unlikely at least until late H2.

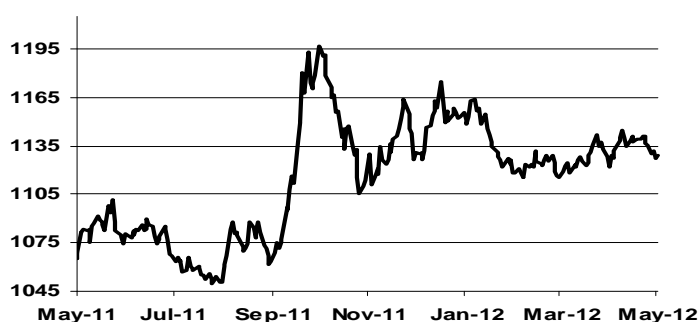
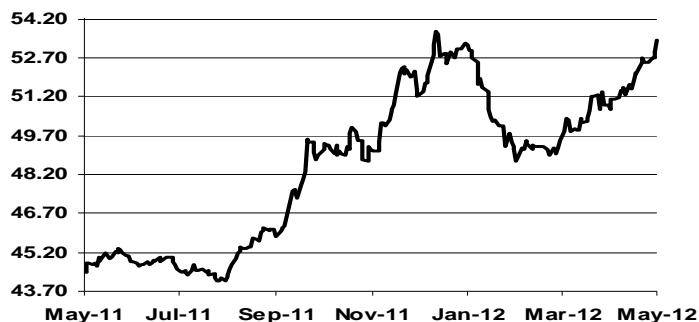
TAIWAN - Option implied volatility for TWD has reached multi-year record lows, reflective of the stability in spot. The monetary authorities are managing the exchange rate in order to insulate the economy from undue external economic shocks, as the domestic economy struggled into the end of last year. A lack of inflationary pressure and declining demand adds up to little real economic or monetary support for TWD in the interim.

Currency Trends

FX Rate	Going Back			Spot	Outlook			FX Rate
	12 m	6 m	3 m		3-May	3 m	6 m	
USDINR	44.52	49.14	48.70	53.42	52.84	52.93	52.75	USDINR
USDKRW	1068.80	1129.90	1118.07	1129	1119	1108	1096	USDKRW
USDTHB	30.02	30.63	30.85	30.95	30.46	30.18	29.94	USDTHB
USDTWD	28.55	30.21	29.53	29.21	29.11	29.04	28.86	USDTWD

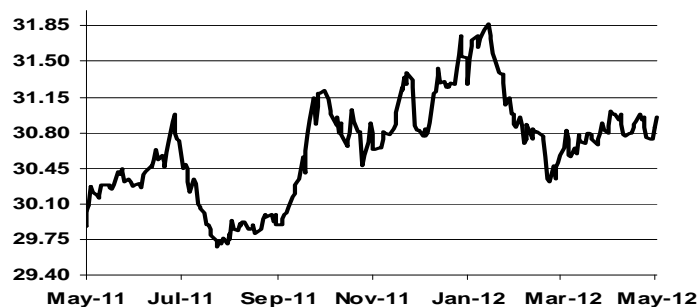
USDINR

USDKRW



USDTHB

USDTWD



DEVELOPING ASIA
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INDIA - The Reserve Bank of India (RBI) reduced the repurchase (repo) rate by 50 basis points (bps) to 8% at the April monetary policy meeting. Additionally, the RBI increased the borrowing limit of commercial banks from 1% to 2% of net demand and time liabilities. Indian authorities are concerned about growth prospects. The monetary policy actions are the natural response to the cyclical economic downturn and subdued investment activity. A widening twin (fiscal and current account) deficit position limits the possibility of further rate cuts. The INR has been in weakening mode since early February; at present, 12-month forward contracts imply a USD/INR rate of 57. Equity securities have been declining since early March, reflecting the economic deceleration and asset price adjustments within the BRIC group. The Indian economy is positioned to post a modest recovery, following an estimated 6.9% gain recorded in the previous fiscal year. The RBI estimates a 7.3% expansion for the next year. Given the subdued business investment and confidence indicators and the need to speed up fiscal consolidation, we maintain a more cautious view and expect the economy to grow by 7% this year, and to gradually expand to a 7.4% rate in 2013. The RBI stressed the crowding out risk originating from large public sector refinancing requirements. The inflation environment has somewhat improved, yet it is subject to potential risks: wholesale prices increased 6.9% y/y in March.

KOREA - Korean economic outlook remains modest. Real GDP grew by 2.8% y/y in the first quarter of the year, decelerating from the 3.4% y/y rate recorded in the last three months of 2011. Quarterly output expanded by 0.9%, the highest sequential rate since the first quarter of last year (although a small improvement from previous high). Investment in machinery and equipment and exports were the major contributors to quarterly growth; however, the Korean economy remains vulnerable to further weakness from the European recession and any slowdown in external demand from China and other Asian trade partners. Trade numbers for April showed a plunge in exports, especially those to the euro zone, which offset the positive effect from an expansion in shipments to China and the US. Additionally, the central bank recently revised down the 2012 growth rate from 3.7% y/y to 3.5% while maintaining unchanged the 2013 growth projection at 4.2% y/y. Monetary authorities are expecting slower rates of growth in all components excluding construction investment. This move brings the central bank's view closer to consensus. Although inflation reached its lowest rate in almost two years, decelerating from 3.4% y/y in December to 2.5% y/y in April, the central bank has maintained the reference rate unchanged at 3.25% since last June. We expect the central bank to preserve its "wait-and-see" stance, maintaining high concern over inflation expectations.

THAILAND - The Thai economy remains on a recovery path with private consumption and investment and exports supporting the rebound in the first months of the year. Fiscal stimulus remains a key factor to the Thai recovery and many industrial sectors (not all) have already regained their pre-flood levels. Both household consumption and business sentiment continue to improve, prompting imports to expand by 21.5% y/y in March; however, exports declined by 6.8% y/y with the agricultural goods contraction offsetting the positive effect from electronics, the automotive sector and machinery and equipment sales abroad. This reflects the fact that the upturn has been uneven across sectors and that reconstruction efforts will continue in the coming quarters to completely restore manufacturing production. After cutting the reference rate in January, the central bank left unchanged the rate in early May at 3.0%. Authorities highlighted the improvement in domestic economy; however, external factors remain of concern, as well as, the reemergence of inflationary pressures that could result from the flood rebound and the expansionary monetary and fiscal policies. Headline inflation accelerated from 3.4% y/y in January to 3.5% in March still, above the 0.5-3.0% official target range; however, core inflation remained almost unchanged at 2.8% y/y. We are revising our 2012 GDP growth forecast to 5.0% and to 5.5% for 2013 as a result of the better-than-initially-anticipated economic recovery in the first quarter of the year and continued fiscal stimulus.

TAIWAN - The Taiwanese dollar (TWD) is in a temporary appreciating phase despite a relatively adverse macroeconomic landscape. The export-oriented East Asian economy has seen its external sales decline on the back of deteriorating trade competitiveness, softer demand from China and relatively high energy prices. Nevertheless, Taiwan is a beneficiary of the excess liquidity generated by the monetary stimulus and credit easing policies adopted by the world's major central banks. The TWD will receive a boost from increasing investor demand for emerging-market securities. Another seasonal factor supporting a bullish tone in the TWD is capital repatriation of domestic insurance firms. The growth picture is challenging: preliminary official data indicated that the Taiwanese economy expanded by 0.36% y/y during the first quarter of the year, primarily influenced by the prolonged European decline and slower activity in China. The government revised downwards its growth projection for 2012 to 3.4% from 3.8%, highlighting that high energy prices and the scheduled adjustment in retail electricity prices might fuel inflationary pressures and thereby limit the central bank's ability to inject monetary stimulus through an interest rate reduction. Inflation increased by a manageable 1.3% y/y in March. A potential worsening of inflation may prompt the central bank to tighten monetary conditions during the latter part of this year. Finally, the trade competitiveness of the Taiwanese economy may be affected by CNY stability, as portrayed by declining exports.

DEVELOPING AMERICAS
Currency Outlook

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BRAZIL - The Brazilian real (BRL) has been steadily depreciating since early March when USDBRL found resistance at 1.68. Asset price adjustments in the BRIC universe, intensified government intervention to moderate currency strength and a 75 basis points (bps) rate cut were all factors contributing to a sustained weakening trend. We foresee a phase of stabilization in the near term and expect USDBRL to close the year at 1.85.

MEXICO - The Mexican peso (MXN) has been vulnerable to financial markets distress, domestic monetary policy and both US and local economic data. After losing around 13.0% vis-à-vis the US dollar from late March to mid-April, the Mexican peso returned to a level below the 13 pesos per USD mark. Strong local economic fundamentals and a stable monetary policy stance continue to support MXN appreciation; however the currency remains highly vulnerable to any shifts in global risk aversion. We expect USDMXN to close the year at 13.12.

CHILE - The Chilean peso (CLP) has been immersed in a relatively stable trading range since the beginning of the year. The Chilean peso has been relatively immune to the steady depreciation of the BRL, being more influenced by commodity price development and relatively encouraging economic activity data coming from both the US and China. We expect USDCLP to close the year at 492.

COLOMBIA - The Colombian peso (COP) was subject to the higher volatility in global financial markets at the beginning of April; however, the negative effect ended up being temporary. The currency is reaching its strongest levels in nine months, getting closer to the 1,750 mark, a level that could prompt the central bank's presence in the market to prevent disorder movements. We expect USDCOP to close the year at 1,830.

Currency Trends

FX Rate	Going Back			Spot	Outlook			FX Rate
	12 m	6 m	3 m		3-May	3 m	6 m	
USDBRL	1.59	1.74	1.72	1.92	1.81	1.84	1.84	USDBRL
USDMXN	11.57	13.33	12.66	13.00	12.87	13.05	13.16	USDMXN
USDCLP	461.17	494.62	478.86	482	493	493	494	USDCLP
USDCOP	1765.25	1905.07	1784.50	1756	1797	1817	1853	USDCOP

USDBRL



USDMXN



USDCLP



USDCOP



DEVELOPING AMERICAS
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BRAZIL - The BRL is consolidating itself as a core emerging-market currency and a driving force shaping investor sentiment within the financially integrated developing countries in the Americas. On the domestic front, the economy will post higher rates of growth over the next 18 months on the back of increasing bank lending activity and sizable public sector spending to address large infrastructure shortfalls. We estimate that real GDP will expand this year by 3.5% and accelerate to 4.5% in 2013. The government and the central bank are adopting a synchronized pro-growth strategy in spite of the potentially adverse inflationary implications from high energy prices, extremely tight labour markets and demand-side price pressures. On the external front, Brazil remains a primary beneficiary of the excess liquidity in the financial system resulting from a highly accommodating monetary policy in high-income developed economies. Interest rate differentials are a key attractive factor for global portfolio investors seeking a high yielding option. Although the central bank has recently lowered its benchmark administered interest rate by 75 basis points to 9%, this still represents a considerable 875 bps spread versus the US Fed funds rate. Moreover, with 10-year US Treasury bonds yielding 1.9%, there are no major incentives to move funds away from BRL-denominated assets into the USD for a prolonged period. As such, we estimate that the USD/BRL will soon reach a stabilization point.

MEXICO - The Mexican peso was subject to financial market distress caused by European sovereign debt concerns at the beginning of April, falling from 12.70 to 13.15 per USD, around which point it stabilized for the most part of the month. However, the currency subsequently regained almost half of its initial losses as the exchange rate had to price out the expectation for a rate cut that never materialized. The central bank left the reference rate unchanged at 4.50%, stating that the Mexican economy remained resilient in the first quarter and that inflation is slowing down; however, they also highlighted that some risks -such as the European debt problems, US economic and fiscal situation and higher volatility in financial markets- remain elevated. In our view, the monetary policy stance remains stable (towards a more dovish tone), with international demand and European debt problems as the main downside factors in the central bank's balance of risks. We do not expect any changes in the reference rate in the coming quarters. Moreover, the Mexican economy continues to improve. The local economic activity indicator grew by a surprising 6.3% y/y in February, its highest rate in more than 18 months. Retail sales and industrial production also showed stronger performances in the first two months of the year. The inflation rate has decelerated faster than initially anticipated. In line with these numbers, we are revising our 2012 GDP growth forecast from 3.2% to 3.6% and the year-end inflation rate from 4.0% to 3.9%.

CHILE - Chile is currently experiencing a stable financial market environment and a positive macroeconomic outlook. The economy is well poised to accelerate its pace of growth while inflationary pressures seem to be contained within the central bank's tolerance range. At its mid-April monetary policy meeting, the authorities opted to maintain the administered interest rate at 5% for a fourth consecutive month. The official communiqué highlighted that the central bank was not inclined to surprise market participants with an unexpected move, yet not everyone on the board shares the same views and concerns. The economy is operating at virtually full employment, so there are some incipient concerns about potential cost-driven pressures from tight labour markets. However, the unemployment rate moved up slightly in March to a three-month moving average rate of 6.6%. We are of the view that the Chilean economy will expand by 5% this year and approach a 6% growth rate in 2013. Robust domestic demand and persistently strong demand from Asian trade partners remain at the core of such an improving growth outlook. Despite modest declines in commodity prices recorded over the past few weeks, the Chilean economy and the CLP are not immune to a sudden deterioration of the country's terms of trade as a result of supply-side oil price shocks and/or moderation in the pace of economic activity in China and other relevant trading partners.

COLOMBIA - The Colombian peso has been trading in a very narrow range since February. With the latest episode of higher volatility in financial markets due to the European sovereign debt crisis, the COP depreciated around 2.0% against the USD; nonetheless, the currency recovered 100% of its losses and is trading below its 3-month average level. Financial market volatility had only a temporary effect on the currency; however, Colombian assets are not immune to a further deterioration in risk aversion. The country's economic activity remains strong, with private investment and consumption - together with a solid mining and construction sector- as the major contributors to growth. The central bank has maintained the reference rate unchanged at 5.25% at the last two monetary policy meetings; however, they have stated concerns over the high rates of credit expansion. March's monetary policy meeting minutes suggest that the tightening cycle may not be over, despite the fact that inflation has been slowing down. We expect the central bank to raise the reference rate by 25 basis points by the end of the second quarter, in order to try to contain an over-extension of domestic loans. Additionally, monetary authorities have extended, once again, the US dollar daily purchases until the beginning of November. In our view, the central bank remains committed to currency stability and, therefore, we expect the currency to continue trading above the 1,750 mark.

DEVELOPING EUROPE/AFRICA
Currency Outlook

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RUSSIA - The Russia ruble's (RUB) current range – USDRUB has traded around 29-30 since early March – should remain largely in place over the near term, barring any repeat of last fall's financial market unrest. Persistent capital outflows are constraining the strengthening influence of elevated oil prices. We expect the USDRUB to close the year at 30.2. Weakening pressures will emerge next year as oil price growth levels off and domestic structural issues come into focus.

TURKEY - The Turkish lira (TRY) remains vulnerable to swings in global risk aversion, given the still elevated current account deficit and dependence on imported energy supplies. After falling 4% versus the USD following the central bank's reduction of the overnight lending rate in late February, the TRY has already regained most of its losses. We continue to expect the TRY to fluctuate in a range around its current level through year-end, closing 2012 at 1.78 per US dollar.

POLAND - The Polish zloty (PLN) will remain exposed to developments in global financial markets. The PLN has been trending generally weaker over the last month on concerns about the government's ability to fulfill fiscal commitments and signs of weakening economic growth. The currency should resume an appreciating course next year. Our year-end targets are 4.13 and 3.90 per euro for 2012 and 2013, respectively.

SOUTH AFRICA - The South African rand (ZAR) has already recovered much of the 5% loss incurred vis-à-vis the US dollar following the downgrade of the nation's rating outlook by S&P in late March. The ZAR is expected to oscillate around its current level through the rest of 2012, before a weakening phase takes hold next year, concurrent with the lead-up to national elections in 2014. We look for an end-2012 USDZAR rate of 7.75.

Currency Trends

FX Rate	Going Back			Spot 3-May	Outlook			FX Rate
	12 m	6 m	3 m		3 m	6 m	12 m	
USDRUB	27.30	30.47	30.19	29.54	29.69	30.00	30.30	USDRUB
USDTRY	1.53	1.75	1.75	1.76	1.77	1.77	1.78	USDTRY
EURPLN	3.94	4.33	4.17	4.18	4.16	4.14	4.10	EURPLN
USDZAR	6.64	7.87	7.52	7.73	7.77	7.76	7.80	USDZAR

USDRUB



USDTRY



EURPLN



USDZAR



DEVELOPING EUROPE/AFRICA
Fundamental Commentary

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RUSSIA - The Russian economy has begun to lose momentum following a strong performance through the turn of the year. Real GDP grew 3.2% y/y in March, a sharp slowdown from the 4.8% pace recorded in February (though, this differential is partly attributable to calendar effects). Reflecting a muted external demand environment, industrial production growth dropped to 2.0% y/y in March, the lowest level since late-2009. The Economic Development Ministry cut its GDP forecast for this year from 3.7% to 3.4% (roughly in line with our projection). Weaker investment is the driving factor behind the change. We anticipate growth to average around 3.6% in 2012-2013, supported by domestic consumption. The government also adjusted its official oil price forecast for 2012, lifting the projected per barrel price for Urals blend to US\$115 from \$100, a change which could prompt an increase in government spending without jeopardizing the fiscal account. In fact, if recent crude oil price conditions persist, the budget may be balanced by year end, which would be supportive of the ruble. Inflation in March was unchanged from the prior month, at 3.7% y/y. After coming down considerably in recent months, the pace of inflation is expected to reaccelerate in the second half of the year. Real wage growth remains strong. The central bank will leave the reference interest rate at 8% for the time being, not willing to risk hurting growth or feeding inflation with a monetary policy move in either direction.

TURKEY - The issue of Turkey's still large current account deficit – including the nation's outsized share of oil imports – remains a primary concern for investors, and leaves the currency highly exposed to shifts in global sentiment. February saw the current account deficit moderate to its lowest level since August on both a monthly and cumulative 12-month basis; however, the yearly total remains almost 40% higher than its year-ago level. The shortfall likely narrowed again in March on higher merchandise exports, though early figures from the Turkish Export Assembly indicate a subsequent deterioration in April. The current account deficit is expected to measure close to 9% of GDP in 2012, down slightly from 10.3% in 2011. The nation remains deeply reliant on external sources to finance the gap, adding to the vulnerability of the lira and the nation's fiscal position. These weaknesses – exaggerated by the recent worsening in the terms of trade – underpinned the May 1st decision by S&P to lower the outlook on Turkey's sovereign debt from "positive" to "stable". We project GDP growth of around 2% this year (down from 8.5% in 2011) and 4½% next year. Turkey currently has one of the highest inflation rates in the emerging market universe, topping 10% y/y for the past five months (and most recently reaching 11.14%). The central bank has indicated that it will look through the temporary effects of higher energy prices on inflation, but that any visible deterioration in the medium-term outlook or expectations would be met with monetary tightening.

POLAND – Poland continues to demonstrate resilience in the face of unfavourable external conditions; however, the economy has begun to show early signs of slowing. Consumer activity remains robust, with retail sales expanding 13% y/y in the first quarter. Infrastructure investment has also boosted economic activity in the lead up to the Euro 2012 football championships (co-hosted by Poland); however, this support will dissipate in the latter half of the year. Sold industrial output slowed markedly in recent months, advancing just 0.7% y/y in March after averaging 7.1% in 2011. Unemployment is high at 13.3%. Inflation eased from 4.3% to 3.9% y/y in March on the back of moderating wage pressures and early-2012 PLN appreciation, though the rate remains above the central bank's 2.5% ±1% target. Core pressures remain well-contained around 2.5% y/y. We do not expect any policy changes this year by the National Bank of Poland, which has maintained the reference interest rate at 4.50% since July 2011, although further currency intervention is possible if the euro debt crisis flares up again. The government has committed to bringing the fiscal deficit below 3% of GDP this year – as mandated by the EU's excessive deficit procedure – and has announced stark austerity measures in order to achieve this objective. Further measures will likely be necessary, given that by the end of the first quarter, the year-to-date budget deficit already amounted to two-thirds of the target level for 2012. The IMF expects a deficit of 3.2% this year.

SOUTH AFRICA - Recent economic data out of South Africa are mixed. Manufacturing production grew by a robust 4.1% y/y in February, while the mining sector continued to slump, dropping 14.5%. The Kagiso PMI reached 57.9 in February, but has since slid back on lower optimism regarding business activity, orders and expectations. After expanding at a 3.1% rate in 2010-11, GDP growth is expected to average 2¾% this year and 3¾% in 2013 – well below the 5½% pace registered in the three years prior to the global recession. Recent months have seen a moderation in the pace of inflation, which eased to the upper limit of the central bank's 3-6% target range in March. With price pressures appearing somewhat less pronounced than previously expected, the South African Reserve Bank (SARB) will likely maintain an accommodative policy stance over near term (the reference rate has been left at a record-low 5.50% since late 2010). The provisional budget deficit for the fiscal 2011/12 year (ended March 31st) was reported at 4.5% of GDP, smaller than the 4.8% estimate announced by the finance minister just a few months ago. The enhanced performance was the result of both higher revenue and lower spending. With the three major rating agencies now holding a "negative" outlook on South Africa's sovereign credit rating, risking a downgrade in the near term, the government may seek to further accelerate the pace of fiscal tightening over the forecast horizon. The current account widened to 3.3% in 2011, and will likely reach above 4½% this year.

GLOBAL CURRENCY FORECAST (end of period)														
		2010	2011	2012f	2013f	2012f				2013f				
						Q1a	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
MAJOR CURRENCIES														
	Japan	USDJPY	81	77	85	87	83	82	83	85	86	86	87	87
	Euro zone	EURUSD	1.34	1.30	1.25	1.29	1.33	1.29	1.27	1.25	1.25	1.26	1.28	1.29
		EURJPY	108	100	106	112	111	106	105	106	108	108	111	112
	UK	GBPUSD	1.56	1.55	1.63	1.68	1.60	1.60	1.62	1.63	1.65	1.66	1.67	1.68
		EURGBP	0.86	0.83	0.77	0.77	0.83	0.81	0.78	0.77	0.76	0.76	0.77	0.77
	Switzerland	USDCHF	0.94	0.94	0.99	0.97	0.90	0.96	0.98	0.99	1.00	0.99	0.98	0.97
		EURCHF	1.25	1.22	1.24	1.25	1.20	1.24	1.24	1.24	1.25	1.25	1.25	1.25
AMERICAS														
North	Canada	USDCAD	1.00	1.02	0.98	0.96	1.00	1.00	0.99	0.98	0.97	0.97	0.97	0.96
		CADUSD	1.00	0.98	1.02	1.04	1.00	1.00	1.01	1.02	1.03	1.03	1.03	1.04
	Mexico	USDMXN	12.34	13.94	13.12	13.34	12.81	12.80	13.01	13.12	13.20	13.07	13.13	13.34
		CADMXN	12.37	13.65	13.39	13.90	12.83	12.80	13.14	13.39	13.61	13.47	13.54	13.90
South	Argentina	USDARS	3.98	4.30	5.50	6.00	4.38	4.69	5.09	5.50	5.50	5.69	5.88	6.00
	Brazil	USDBRL	1.66	1.87	1.85	1.90	1.83	1.80	1.83	1.85	1.83	1.85	1.86	1.90
	Chile	USDCLP	468	520	492	502	488	493	494	492	493	496	499	502
	Colombia	USDCOP	1908	1939	1830	1890	1789	1791	1810	1830	1847	1864	1882	1890
	Peru	USDPEN	2.81	2.70	2.63	2.57	2.67	2.66	2.66	2.63	2.62	2.62	2.61	2.57
	Venezuela	USDVEF	4.29	4.29	5.15	5.15	4.29	4.51	4.83	5.15	5.15	5.15	5.15	5.15
ASIA / OCEANIA														
	Australia	AUDUSD	1.02	1.02	1.09	1.11	1.03	1.07	1.08	1.09	1.10	1.10	1.11	1.11
	China	USDCNY	6.61	6.30	6.18	6.05	6.30	6.25	6.22	6.18	6.18	6.13	6.08	6.05
	Hong Kong	USDHKD	7.77	7.77	7.75	7.75	7.77	7.76	7.75	7.75	7.75	7.75	7.75	7.75
	India	USDINR	44.7	53.1	53.0	51.0	50.9	52.8	52.9	53.0	53.0	52.3	51.5	51.0
	Indonesia 1/	USDIDR	9.00	9.07	9.00	8.80	9.15	9.13	9.07	9.00	9.00	8.93	8.85	8.80
	Malaysia	USDMYR	3.06	3.17	3.00	2.98	3.06	3.02	3.01	3.00	3.00	2.99	2.99	2.98
	New Zealand	NZDUSD	0.78	0.78	0.83	0.86	0.82	0.82	0.83	0.83	0.84	0.85	0.86	0.86
	Philippines	USDPHP	43.8	43.8	42.0	40.5	42.9	42.1	42.1	42.0	42.0	41.4	40.9	40.5
	Singapore	USDSGD	1.28	1.30	1.22	1.20	1.26	1.23	1.23	1.22	1.22	1.21	1.21	1.20
	South Korea	USDKRW	1126	1152	1100	1065	1133	1123	1111	1100	1100	1087	1074	1065
	Thailand	USDTHB	30.1	31.6	30.0	29.5	30.8	30.5	30.3	30.0	30.0	29.8	29.6	29.5
	Taiwan	USDTWD	29.3	30.3	29.0	27.9	29.5	29.1	29.1	29.0	29.0	28.6	28.1	27.9
EUROPE / AFRICA														
	Czech Rep.	EURCZK	25.0	25.6	24.8	24.2	24.8	24.9	24.9	24.8	24.8	24.6	24.4	24.2
	Iceland	USDISK	115	123	118	116	127	123	121	118	118	117	117	116
	Hungary	EURHUF	279	315	295	280	294	289	292	295	295	289	284	280
	Norway	USDNOK	5.82	5.98	5.30	5.00	5.69	5.50	5.35	5.30	5.22	5.15	5.08	5.00
	Poland	EURPLN	3.96	4.47	4.13	3.90	4.15	4.16	4.15	4.13	4.13	4.04	3.96	3.90
	Russia	USDRUB	30.54	32.1	30.2	31.0	29.3	29.6	29.9	30.2	30.2	30.5	30.8	31.0
	South Africa	USDZAR	6.63	8.09	7.75	8.15	7.67	7.77	7.76	7.75	7.75	7.90	8.05	8.15
	Sweden	EURSEK	8.99	8.92	8.70	8.50	8.83	8.80	8.75	8.70	8.65	8.60	8.55	8.50
	Turkey	USDTRY	1.54	1.89	1.78	1.74	1.78	1.76	1.77	1.78	1.78	1.77	1.75	1.74

f: forecast; 1/ in thousands

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Foreign Exchange Strategy

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