

# Monthly Market Outlook

21 October 2011

## Contents

Summary	Pg 1
Market performance	Pg 2
Economic and Monetary Outlook	Pg 2
Investment Strategies	Pg 4
Fixed Income	Pg 4
Equities	Pg 5
Commodities	Pg 7
Alternatives	Pg 8
Currency Outlook	Pg 8
Key risks	Pg 10
Conclusion	Pg 11
Asset Allocation	Pg 12
3 to 12 Month Outlook	Pg 13
Disclosure Appendix	Pg 14

## Asset allocation

	3-mth	12-mth
Cash	N	N
Fixed Income	UW	UW
Equity	N	N
Commodities	OW	N
Alternatives	N	OW

Note: OW = Overweight, N = Neutral, UW = Underweight

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## Priced for neglect

Investors continue to be buffeted by news and rumours on the outlook for key policy decisions in Europe. This is unlikely to change soon with key events scheduled in the coming weeks.

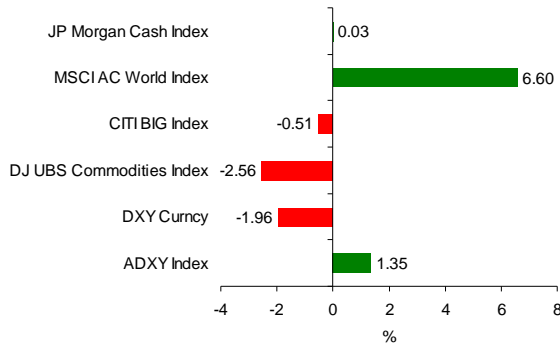
### Europe dominates sentiment

- A resolution in Europe remains critical to the global investment environment
- The market remains skeptical as to the authorities' ability to successfully navigate their way out of the debt crisis
- The next few weeks, including the October 23 EU summit, will determine whether investors are dominated by fear or greed
- Authorities' ability to resolve the crisis in October has to be questioned. However, bearish sentiment is so prevalent that the risks appear to be increasingly skewed to the upside
- Global economic growth remains vulnerable, but the balance of risks appear more skewed to EM versus the US in the short term
- Fed is starting to prepare the ground for QE3, with declining inflation expectations critical amidst political opposition

### Implications

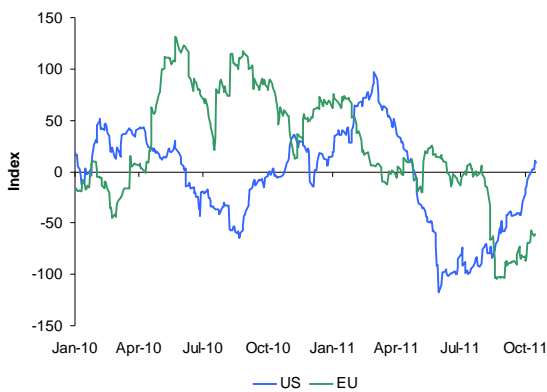
- **Cash:** Neutral stance on a 3m and 12m basis
- **Bonds:** Retain overweight high yield DM and EM with the recent sell-off having created relative value vs investment grade bonds
- **Equities:** Retain neutral 3m/12m weighting given two-way risks
  - **Regional equities:** Short-term prefer DM (US, Japan) to EM, but over the longer term EM is preferred to US and Europe.
  - **Reaffirm OW Japan** 3m/12m, due to low valuations
- **Commodities: Move overweight 3m on commodities, retain 12m neutral stance.**
  - We favour gold long-term
  - Non-gold commodities are still vulnerable, but could rally sharply if risk appetite picks up
- **Alternatives: Retain overweight on a 12m basis; we favour macro, CTA strategies**
- **Currencies: USD bounce risks extending in the near-term, before the downtrend resumes in 2012**

**Asset performance\* (USD)**



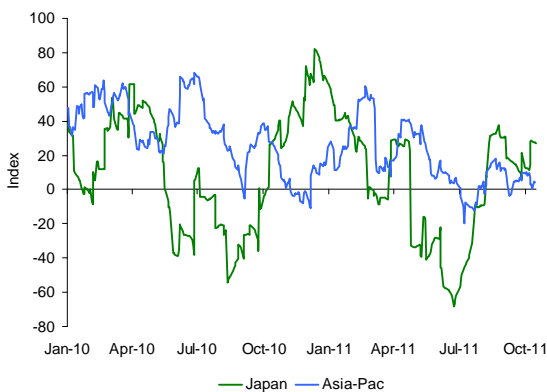
\*month of Sept 22 to Oct 20.  
Source: Bloomberg, Standard Chartered

**US recovering, Europe still weak**  
*Economic Surprises Indices*



Source: Bloomberg, Citi, Standard Chartered

**Japan holding up, Asia vulnerable**  
*Economic Surprises Indices*



Source: Bloomberg, Citi, Standard Chartered

**Market performance**

It seems a long time since we have been able to say this, but equities were the star performer over the course of the last month, led by Europe's gains with the US bringing up the rear. Commodities continue to slide while the USD gave back some of the gains made in September. Asian currencies managed to gain a foothold, after a very sharp decline in September.

**Economic and monetary outlook**

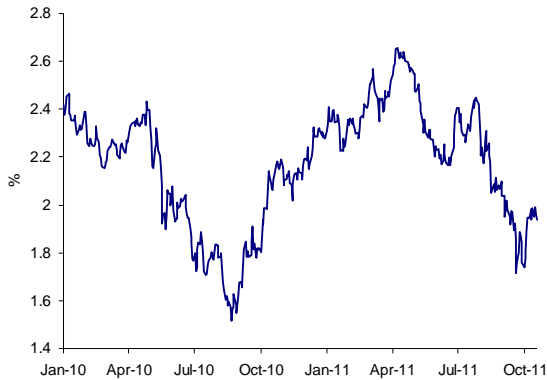
We have highlighted three key macros issues that keep dominating sentiment: 1) global growth; 2) QE3 expectations and 3) the European debt crisis.

- Global growth outlook fragile: Focus shifts to EM versus DM**

  - In the **US**, the data has improved with the Economic Surprises Index moving into positive territory. Confidence indicators, such as consumer confidence and the ISM surveys, have rebounded slightly from low levels, lending hope to the fact that the pick-up in retail sales and industrial production may continue into Q4.
  - In **Europe**, data has generally weakened further over the course of the past month and disappointed on the downside. The main exception to this rule came from industrial production data which not only surprised on the upside, but also accelerated in y/y terms. This is generally viewed as being an anomaly with recession fears still rising.
  - Japan's** economic recovery still looks to be on track, although the data is looking more mixed with retail sales and industrial production disappointing while the leading indicators such as housing starts and machine orders surprised on the upside.
  - In **Asia**, we have seen expectations being generally met, although the trend appears to be for increasing disappointment, particularly out of China where trade data was significantly weaker than had been anticipated while GDP was slightly weaker at a still robust 9.1%.

**Inflation expectations need to fall to at least 2010 lows to induce QE3**

*US 10yr breakeven rate*



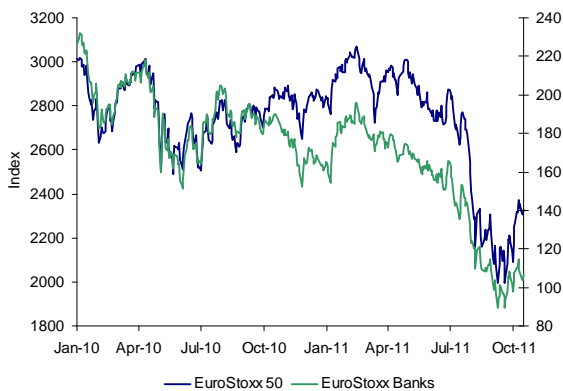
Source: Bloomberg, Standard Chartered

It is worth stressing that global growth faces some significant structural challenges given very high and rising debt levels in the Developed Markets (DM). This is not going to be resolved quickly. Therefore, there is a need for Emerging Markets (EM) to become more self-reliant and to react speedily to signs of economic weakness. For the time being, there is a general reluctance amongst central banks to be seen as too proactive, Indonesia's interest rate cut notwithstanding, which suggests growth will slow further before rebounding.

**2. QE3**

In theory, the recovery of the US economy should reduce pressures for quantitative easing. The Fed remains divided as to whether further measures will be required at this juncture, but has effectively set out the key parameter for triggering a further policy response – namely declining inflation expectations. While inflation expectations have fallen markedly this year, they have rebounded slightly recently and remain significantly above the level seen in 2012 when QE2 was announced. Given political opposition to QE3, we believe the 10-yr break-even inflation rate would need to fall at least to 1.5% before the Fed would consider further quantitative easing. We are some way from this point. Therefore, QE3 is unlikely in 2011.

**European equities hoping for something, anything from the policy makers**



Source: Bloomberg, Standard Chartered

**3. Europe: Scenario planning**

Trying to predict the actions of European policymakers is almost impossible. Below, we outline three potential scenarios for the coming two weeks together with their likely market impact:

**a) Our central scenario: Piecemeal approach**

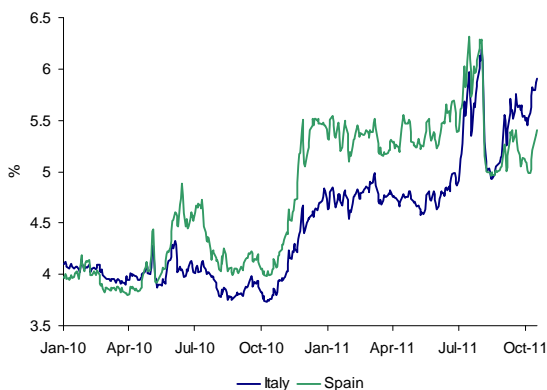
Discussions of the below, but little in the way of concrete action

- Leveraged EFSF
- Increased haircuts for Greek sovereign debt towards implied market rates of 50-60%
- Bank recapitalisation plan to take into account more realistic stress tests than in the past
- Measures to ring-fence Italy and Spain (and probably Ireland and Portugal)

**Impact:** Any market rally is likely to be short-lived as people need a concrete timetable for the passing of such measures following recent disappointments on the execution front. Thereafter, we would expect stock markets to slump and retest the recent lows.

**Bond markets less optimistic**

*10yr government bonds yields*



Source: Bloomberg, Standard Chartered

**b) Upside scenario: All encompassing with timetable**

- Announcement of the above measures, but with a timetable for implementation that is perceived as being credible

**Banking sector strains still evident despite bank recapitalisation talk**  
**3m Euribor-EONIA spread**



Source: Bloomberg, Standard Chartered

- Acceptance that fiscal austerity in the periphery should be eased somewhat.
- Agreement that fiscal union is the end-game with a rough sketch of how we can get there.

**Impact:** Markets may well rally sharply (equity markets up >10%) in the short-term as it is difficult to find anybody that believes such a scenario is possible. Sustainability of the increase in risk appetite would depend on implementation. This is where the problems may return as leaders are forced to try to push these undesirable measures through 17 increasingly messy legislative processes.

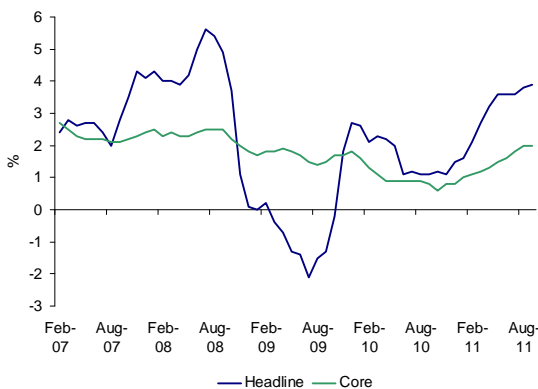
**c) Downside scenario: Continued fragmentation of views**

- Very little gets announced
- Increased clarity that policymakers still do not understand the severity of the situation and therefore are unwilling to take steps to address near-term concerns

**Impact:** Equity markets are likely to swiftly retest recent lows and possibly break through them.

**Conclusion** – While the growth outlook appears to be stabilising somewhat in the US and the Fed is putting in place the conditions under which it would implement QE3, sentiment in Europe remains critical for risk appetite to rebound. The bad news is the political hurdles to a success resolution of the crisis appear almost insurmountable. The good news is that this is the widespread belief and, therefore, one could argue that the risks are getting increasingly skewed to the upside, at least in the very near term. However, the execution on any plans will be critical to the sustainability of any rally.

**Rising inflation suggests US Treasuries overvalued**  
**US Headline and Core Inflation**



Source: Bloomberg, Standard Chartered

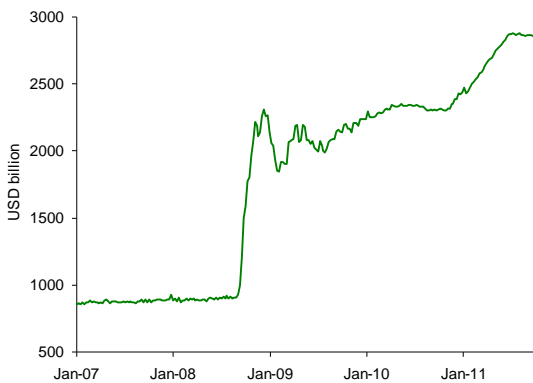
**Investment strategies**

▪ **Fixed income – UW both 3m and 12m**

**Underweight G3 sovereign** – We remain underweight bonds on both a 3m and 12m basis. While the Fed is creating an artificial bid for long-dated US Treasuries and therefore there is the risk of lower long term yields,

- 1) The economy is starting to stabilise/recover and this should reduce the fundamental bias for lower yields
- 2) The Fed will do everything it can to avoid deflation, even if this means accepting higher inflation.

**US Treasuries need a new buyer ahead of QE3**  
**US Federal Reserve Assets**



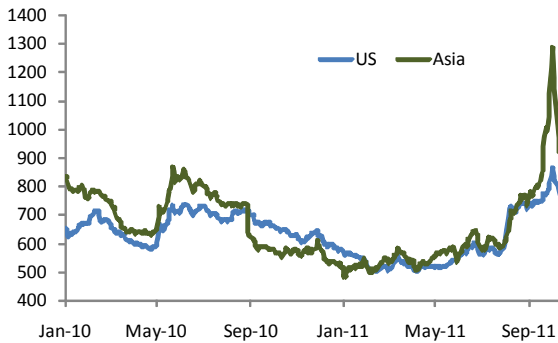
Source: Bloomberg, Standard Chartered

Therefore, 2% 10-year yields are difficult to justify unless you believe the Fed cannot avert deflation. Meanwhile, one should also be aware that as yields fall returns become more volatile in response to a change in yields.

Elsewhere, we expect other G7 central banks to become increasingly accommodative over time which may cap yields in the short-term.

- In the **UK**, the Bank of England expanded its asset purchases, despite inflation running well above its target (headline inflation is now running at over 5%).
- In **Europe**, the ECB has already implicitly indicated that it is reversing course on its monetary policy tightening.
- Finally, in **Japan**, the BOJ is highly unlikely to tighten policy for an extended period and given its relatively small balance sheet expansion, a case for further easing is easy to make.

**High yield spreads have narrowed sharply in past 2 weeks**



Source: JP Morgan, Standard Chartered

However, as with the US, it is difficult to identify 'value' in these government-bond markets given extraordinarily low yields and in some cases rising inflation.

**Overweight high yield** – Credit spreads have narrowed sharply from their highs over the past few weeks. Last month, while we acknowledged the risks of widening spreads in the short term, we felt that enough value had been created for long-term investors to look forward to very decent returns. This is the reason that we went overweight both DM and EM high yield in our asset allocation process, stances that we maintain.

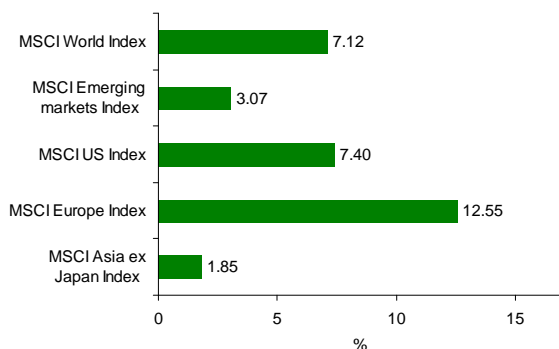
**Returns when US high yield spreads exceed 8.5%**

	1yr	3yr
28-Nov-00	5.8%	10.6%
17-Sep-01	0.6%	11.3%
19-Jul-02	20.6%	13.9%
15-Sep-08	9.0%	12.0%
<b>Average</b>	9.0%	11.9%

Source: JP Morgan, Standard Chartered

An historical analysis shows that since 2000, we have had 4 instances of US HY spreads exceeding 8.5% and, on average, the ensuing 1-year return has been 9.0% and the 3yr annual return has averaged almost 12%. The biggest challenge to buying HY now is the fact that the 2008 experience – when spreads peaked at over 19% - is still fresh in everybody's mind. Interestingly, however, if one bought as soon as spreads exceeded 8.5%, the 1-year and 3-year returns were remarkably similar to the average.

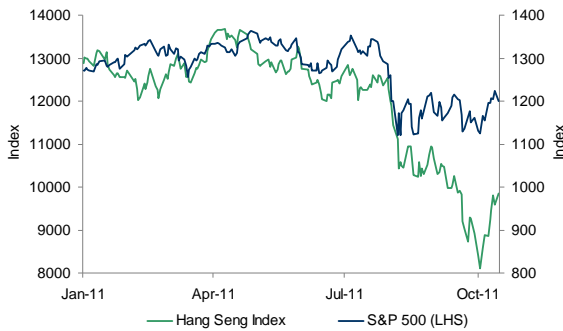
**Selected equity market performances over the last month (USD)\***



▪ **Equities – N both 3m and 12m**

While the technical picture for equities has improved markedly over the past month, they have yet to break through key resistance. Therefore, the case for being underweight equities remains intact. There are however three reasons that we have resisted the temptation to go underweight:

**EM plays catch up to DM, but short-term risks remain**



Source: Bloomberg, Standard Chartered

- Valuations remain compelling – Even if we adjust P/E ratios for the fact that profit margins are generally on the high side, they are generally below the median P/E ratios seen over the past 10 years, especially in the US, Europe, Japan, China and HK.
- Sentiment remains very bearish, the recent rally notwithstanding.
- While there are still concerns about the implementation of policy responses, European politicians appear to understand the risks of remaining behind the curve, while the Fed appears committed to remaining ahead of the curve.

Therefore, **we remain neutral equities on both a 3m/12m basis.**

**Gold miners remain weak, but outperformance still expected going forward**  
*US GDXJ*



Source: Bloomberg, Standard Chartered

**Regional outlook**

In 2008, many investors were burned by taking the view that the emerging markets would decouple from developed markets (EM outperformed DM significantly in 2007). As 2008 played out, they were wrong for all the right reasons. While the EM fundamentals were in better shape, the EM index significantly underperformed the US driven by redemptions, liquidity needs and margin calls. We have already seen this play out over the last few months.

Longer term though, EM still offers significant economic growth as their middle classes expand, while in the US and EU, consumption is likely to come under pressure as a result of the necessary deleveraging process.

Given the above and the level of uncertainty in the market we would have the following regional positioning in equities:

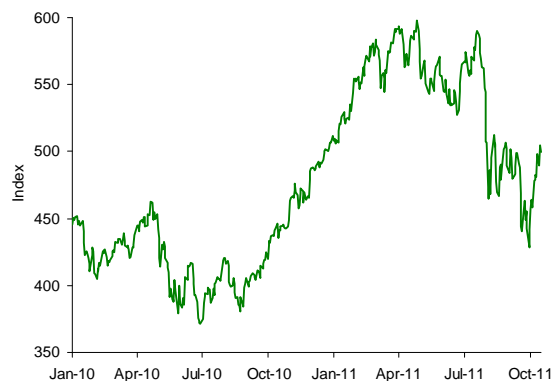
**Short term: OW DM vs. EM:**

- DM offers greater liquidity.
- Japan would be a good place to take exposure as the market is cheap, at trough valuations on most measures.
- US market should outperform in an environment where European leaders disappoint market expectations, but give you decent participation should they surprise on the upside.

**Longer term: OW EM vs. DM:**

- The longer term drivers and underlying economic fundamentals of EM are simply better than those of DM (namely US and EU), which is facing a long restructuring process.
- EM also offers higher beta to the underlying market and would thus, if history is any guide, outperform should policy makers ultimately surprise on the upside.

**Energy a favoured sector**  
*S&P 500 Energy Index*



- Valuations are very reasonable, even if you adjust price-earnings ratios for the fact that profit margins are high.

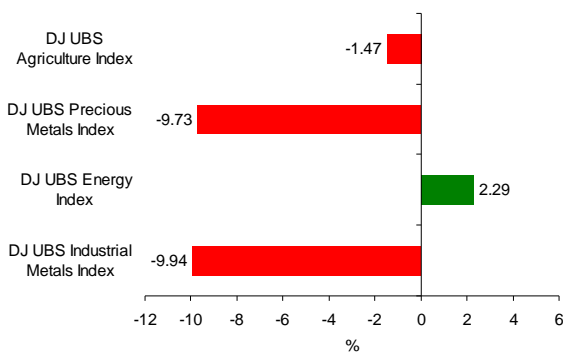
**Generally**

- In the US and EU, we prefer large capitalisation, high quality names with significant international exposure.
- In EM and Asia, we prefer domestically focused and energy related names.
- We continue to see longer-term upside in the gold/silver mining sector.

▪ **Commodities – OW 3m, N 12m**

We have raised our 3m commodities stance to overweight.

**Commodities sub-sector performances over the last week (USD)\***



\*month of Sept 22 to Oct 20.  
Source: Bloomberg, Standard Chartered

- **We maintain our OW Gold** position on both a 3m and 12m basis. While we expect gold to consolidate in the coming month, partially on the back of a strong USD, the longer term fundamentals remain intact and include:
  - high and rising G7 government debt levels
  - negative real interest rates
  - the likelihood of further monetary easing
  - strong demand from India and China
  - increasing central bank demand
  - limited growth in supply.
- **Non-gold commodities:** We have raised our 3m outlook for other commodities to neutral.
  - Our Global Research colleagues' forecasts have become increasingly bullish compared to reduced prices
  - For energy, the view is that while growth is slowing, it will still be strong enough to support increased demand in 2012, against the backdrop of constrained supply.
  - Within the base metals complex, we look for higher copper prices over the medium term with demand from China accelerating in recent times while supply is under pressure globally.
  - The risk of further policy action to spur economic activity is increasing.

We continue to prefer oil. While China's growth is clearly slowing, it remains relatively robust and we continue to look for a soft-landing. This should ultimately lead to high commodity prices.

▪ **Alternative strategies – N 3m and OW 12m**

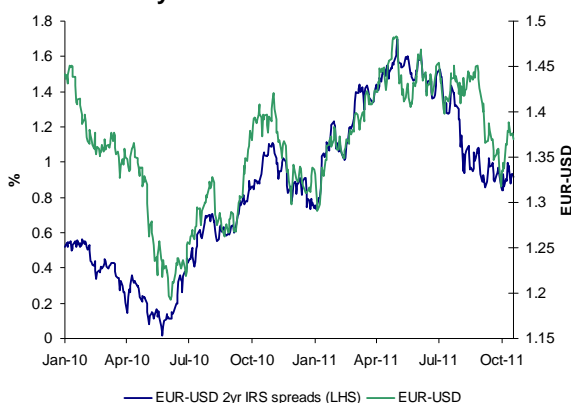
Against the backdrop of heightened volatility, we continue to favour macro fund of hedge funds and commodity trading advisors which have the ability to be either long or short different asset classes as they see fit.

We continue to believe in the merits of an overweight alternatives stance going forward as we expect heightened volatility to remain a feature of financial markets for the foreseeable future. However, we decided to cut the 3m weighting to neutral to fund our shift to neutral for non-gold commodities.

## Currencies

After rebounding strongly in September, the US dollar has weakened around 2% over the past month as measured by the USD index. This has occurred as the US economy stabilises and, more importantly, hopes of significant European policy action increases. The USD index is trading just above key short-term support levels and therefore, absent something very significant from Europe, the risks are that the USD will rebound in the short-term. Further out into 2012, we expect the USD to resume its long-term downtrend on the back of further quantitative easing and some progress in Europe.

### EUR-USD likely to remain vulnerable near-term



Source: Bloomberg, Standard Chartered

### EUR-USD

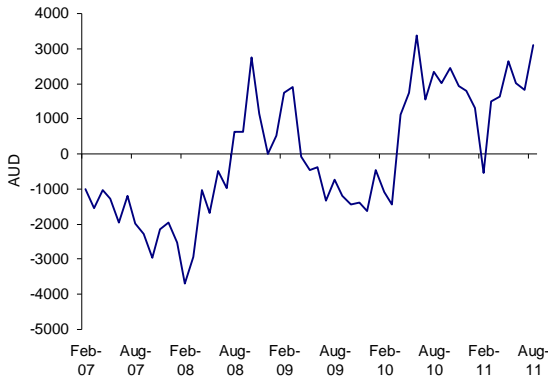
- Slower growth and the shift towards policy easing in Europe, together with broad-based USD strength on the back of heightened risk aversion, undermined the EUR in September and early October.
- The first two factors look likely to remain in place in the short-term with the major uncertainty being whether European policy makers can pull a rabbit out of the hat to help resolve the sovereign debt crisis.
- Until this happens, the EUR looks set to weaken further with our Global Research counterparts' forecast for 1.28 by year-end.

### AUD-USD

- The Australian economy has been cooling in recent times. At one point, this led the market to forecast nearly 150bps in rate cuts, although the expectation is now that rate cuts will

**Australian trade surplus offers some protection for the AUD**

*Australia trade balance*



Source: Bloomberg, Standard Chartered

**Gradual CNY appreciation expected to continue**



Source: Bloomberg, Standard Chartered

**CNY has appreciated sharply on a trade-weighted basis**



Source: Bloomberg, Standard Chartered

amount to 75bps by June 2012. We believe that even this implied forecast may be too aggressive.

- For now, global developments are likely to dominate sentiment. Uncertainty in Europe and fears of a hard landing in China (and the associated volatility in commodity markets) are likely to keep the AUD under pressure.
- However, over the longer term, we expect China to experience a soft landing, commodities to bounce and Europe to progress on the policy front.
- This, together with a still strong trade surplus, should mean AUD-USD losses will be relatively limited. We forecast 0.91 by the end of the year, before the AUD bounces into 2012.

**NZD-USD**

- While the recent data suggests a slowdown in economic activity, we expect growth to reaccelerate into 2012. Meanwhile, inflation is still rising and is well above the central bank's medium term target (5.3% versus a 1-3% target).
- This suggests the RBNZ is likely to return to tightening mode after the current pause.
- Against this backdrop, the NZD is seen as likely to outperform the AUD and CAD in the coming 6-12 months. End-year forecast, however, is for near-term losses to 0.74.

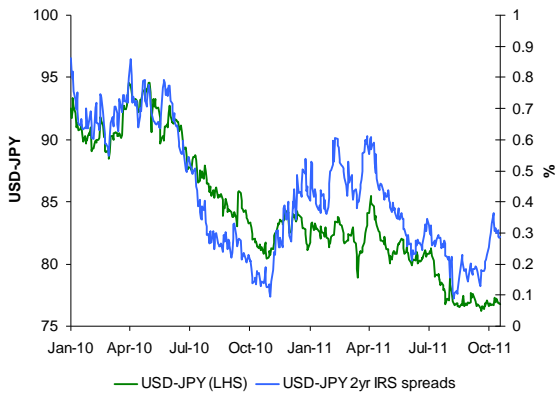
**USD-CNY**

- The CNY has stabilised versus the USD, but has appreciated sharply on a trade-weighted basis. We continue to expect modest CNY gains against the USD in the coming months.
- The passage of the Schumer bill through the US Senate has increased the uncertainty over FX policy in the short-term – the PBoC fixed USD-CNY's mid-point higher for three consecutive days after the passage of the bill. However, we are not convinced the bill will be passed by the House of Representatives and then escape Presidential veto if it does. Even if the bill is passed into law, it will take years of going individual complaints going through the courts to have a material impact.
- What has been interesting is that the CNH (offshore CNY) has moved to a discount to the onshore rate. We see this move as being temporary and thus offers investors attractive rates at which to buy CNH assets.
- We forecast USD-CNY at 6.31 by year-end.

**USD-JPY**

- The Japanese economy remains in recovery mode as reconstruction efforts continue and supply chains are restored. Risk aversion, and the loss of the CHF as a safe-

**Interest rates may help BOJ hold USD-JPY around 76**



Source: Bloomberg, Standard Chartered

haven currency, has put continued upward pressure on the JPY.

- The Bank of Japan has responded by increasing its asset purchase program and intervening in the FX market. However, the incentive for investors to send money offshore has been significantly reduced by declining interest rate expectations internationally. Meanwhile, BoJ intervention appears more focused on holding USD-JPY above 76, which has so far been successful, rather than pro-actively weakening the JPY.
- Despite rising US-Japan interest differentials and a declining trade balance (due to supply chain disruptions, reconstruction demand for imports and the strong JPY), we expect USD-JPY to hover around 76 into year-end.

Three major risks remain: one upside and two downside.



As discussed above, the solutions to the European sovereign debt crisis are extremely complex and therefore the ability of the authorities to resolve the crisis in October has to be questioned. However, the bearish sentiment is so prevalent with regards to Europe that the risk appears to be increasingly skewed more to the upside in the coming months. Meanwhile, politicians are talking more urgently about the need to agree on a credible course of action. Therefore, while a speedy resolution is not a central scenario, significant progress by the end of the year is a rising risk.

- 2) **A prolonged global economic slowdown.** The recent stabilisation in the US economy notwithstanding, the deleveraging required in the Developed Markets creates a natural drag on the economy and a bias for deflation. Authorities in the West are attempting to counter this with loose fiscal and monetary policies. However, the risk of a policy mistake is significant. Were the US economy to move into deflation then the outlook for the global economy would change dramatically as debt levels become even harder to manage.
- 3) **China experiences a hard landing.** Data is clearly slowing significantly. The banking sector is facing challenges primarily due to weakness in the property sector and an unserviceable

exposure to the Local Government Financing Vehicles (LGFVs). Some estimates as to the bad loans this could create would significantly undermine bank profitability and their ability to lend. Given the importance of the banking sector to any future policy easing, we strongly believe that the government would intervene should this threaten growth, especially given its strong debt and fiscal positions. However, as the last 4 years has taught us, nothing should be taken for granted.

## Conclusion

In conclusion, we remain defensive in most areas of our asset allocation decisions in the short term – the exception being our overweight in high-yield debt (our overweight commodities stance is driven by an overweight in gold rather than pro-cyclical commodities).

There are five things that would encourage us to add more risk to our portfolios:

- European policymakers come up with a credible plan to solve the debt crisis
- Fed announces QE3
- US government introduces a significant fiscal stimulus
- China eases policy
- Leading indicators turn up.

The focus for now remains on Europe to deliver a credible plan. On the face of it, this looks extremely unlikely. But it is under these conditions that policy makers can have their maximum impact. We will find out soon whether the normal cycle of hope followed by disillusionment will repeat itself.

**Please note:** This document represents the view of Standard Chartered's Global Investment Committee.

## Asset Allocation Summary

### Tactical Asset Allocation - November 2011 (3M)

All figures are in percentages

Currency : USD

Asset Class	Region	View vs. SAA	Conservative	Moderate	Moderately Aggressive	Aggressive
Cash & Cash Equivalents	USD Cash	N	25	5	5	5
Investment Grade	IG Developed World	UW	27	16	0	0
	IG Emerging World	UW	4	9	0	0
High Yield	HY Developed World	OW	0	6	6	0
	HY Emerging World	OW	6	6	11	5
Developed Market Equity	North America	OW	6	9	15	21
	Europe	UW	4	7	11	17
	Japan	OW	1	3	4	6
Emerging Market Equity	Asia ex-Japan	UW	6	11	18	25
	Other EM	UW	3	5	7	11
Commodities	Commodities ex-Gold	N	5	10	10	0
	Gold	OW	3	3	3	5
Hedge FoF/CTAs		N	10	10	10	5

### Tactical Asset Allocation - November 2011 (12M)

All figures are in percentages

Currency : USD

Asset Class	Region	View vs. SAA	Conservative	Moderate	Moderately Aggressive	Aggressive
Cash & Cash Equivalents	USD Cash	N	25	5	5	5
Investment Grade	IG Developed World	UW	27	16	0	0
	IG Emerging World	UW	4	9	0	0
High Yield	HY Developed World	OW	0	6	6	0
	HY Emerging World	OW	6	6	11	5
Developed Market Equity	North America	UW	4	7	11	16
	Europe	UW	4	7	11	16
	Japan	OW	1	3	4	6
Emerging Market Equity	Asia ex-Japan	OW	8	13	22	30
	Other EM	N	3	5	7	12
Commodities	Commodities ex-Gold	UW	0	5	5	0
	Gold	OW	5	5	5	5
Hedge FoF/CTAs		OW	13	13	13	5

### Strategic Asset Allocation 2011 (Global)

All figures are in percentages

Currency : USD

Asset Class	Region	Conservative	Moderate	Moderately Aggressive	Aggressive
Cash & Cash Equivalents	USD Cash	25	5	5	5
Investment Grade	IG Developed World	30	20	0	0
	IG Emerging World	5	10	5	0
High Yield	HY Developed World	0	5	5	0
	HY Emerging World	5	5	10	5
Developed Market Equity	North America	5	8	13	18
	Europe	5	8	12	18
	Japan	0	2	3	4
Emerging Market Equity	Asia ex-Japan	7	12	20	28
	Other EM	3	5	7	12
Commodities		5	10	10	5
Hedge FoF/CTAs		10	10	10	5

Source: Standard Chartered

## 3 to 12 Month Market Outlook

21 October 2011

### Central bank policy rates

	Spot	Q4 2011	Q1 2012	Q2 2012	Q3 2012
US	0.25	0-0.25	0-0.25	0-0.25	0-0.25
Europe	1.50	1.25	1.00	1.00	1.00
UK	0.50	0.50	0.50	0.50	0.50
Australia	4.75	4.75	4.75	4.75	4.75
China	6.56	6.56	6.56	6.56	6.56
Taiwan	1.88	1.88	1.88	1.88	1.88
Malaysia	3.00	3.00	3.00	3.00	3.00
Indonesia	6.50	6.50	6.00	6.00	6.00
South Korea	3.25	3.25	3.25	3.25	3.50
India	8.25	8.50	8.50	8.50	8.25
Philippines	4.50	4.50	4.50	4.50	4.50
Thailand	3.50	3.50	3.50	3.50	3.50

### Forex

	Spot	Q4 2011	Q1 2012	Q2 2012	Q3 2012
EUR/USD	1.38	1.28	1.30	1.35	1.38
GBP/USD	1.58	1.48	1.51	1.55	1.60
USD/JPY	76.76	76	76	75	74
USD/CAD	1.02	1.07	1.05	1.03	1.00
USD/CHF	0.89	0.94	0.93	0.91	0.90
AUD/USD	1.02	0.91	0.94	0.96	1.00
NZD/USD	0.79	0.74	0.79	0.82	0.85
USD/CNY	6.38	6.31	6.24	6.18	6.12
USD/SGD	1.28	1.35	1.32	1.30	1.28
USD/MYR	3.15	3.30	3.20	3.15	3.10
USD/IDR	8886.00	9500	9200	9000	8800
USD/KRW	1150.65	1200	1120	1075	1025
USD/TWD	30.32	31.00	29.30	28.60	28.50
USD/INR	49.81	51.00	49.80	48.50	47.00
USD/THB	31.05	32.00	31.00	30.50	30.00
USD/PHP	43.44	45.00	44.00	43.50	43.00

### Commodities

	Spot	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Gold	1625.10	1800	1900	1800	1925
Silver	30.67	37	40	42	39
WTI Crude oil	86.73	83	93	100	113
Copper	6735.00	8500	9250	9500	9500
Aluminium	2085.00	2350	2500	2550	2375
Corn	654.00	685	775	735	700
Soybeans	1238.00	1200	1300	1308	1308
Wheat	634.50	700	785	750	715

Source: Bloomberg, Standard Chartered Global Research (21 Oct 2011 Economics Weekly publication)

\* Period averages for each quarter.

## Disclosure Appendix

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