17 96

LOMBARD ODIER

LOMBARD ODIER DARIER HENTSCH

# FX Monthly

## Weak growth, elevated inflation to support dollar

06/12

June 2022

### Key takeaways

- The degree of USD strength is unprecedented in the past twenty years, and a simple mean reversion argument would suggest the dollar will peak and roll over
- However, historically, the USD has performed strongly in the presence of three factors: global inflation over 5% YoY, global growth slowing, and central banks tightening policy. This last occurred in the 1980s
- Given the current global macroeconomic landscape of weak growth and elevated inflation, long US dollar exposures make sense in a portfolio context
- We maintain our 1.02 and 135 targets for EURUSD and USDJPY, respectively. However, we lower our forecast on the sterling further to reflect the currency underperforming even the euro. We now target GBPUSD at 1.16 (vs 1.22 previously)
- Emerging market currencies could remain more vulnerable as dollar strength broadens out. We still prefer LatAm to Asia, and the most challenged region in our view is CEEMEA
- The Brazilian real should hold up well compared to many other emerging currencies, offering value especially for EUR-based investors.



Monthly publication of Lombard Odier - Investment Strategy department


**Contributors:**

Kiran Kowshik, Global FX Strategist

Homin Lee, Macro Strategist Asia

Sophie Chardon, Senior Cross-Asset Strategist

Contact: is-fxstrategy@lombardodier.com


**Important information:** Please read important information at the end of the document.

Data as of 23 June 2022 unless otherwise stated.



USD bolstered by high global inflation, slowing growth, and tighter monetary policy

# Introduction

The dollar looks set to stay strong

Except for a short-lived but sharp pull-back in the second half of May, the US dollar has stayed strong into June, even exceeding the high set earlier in May.

By all accounts, the degree of USD strength has been unprecedented in the past twenty years, and under normal circumstances, a simple mean reversion argument would suggest the dollar would peak and roll over.

But these circumstances are far from normal, and we believe the dollar will remain strong, as macro forces more resemble a stagflationary situation.

Our analysis (chart below) indicates that historically, the USD has performed strongly in the presence of three factors: global inflation over 5% YoY, global growth slowing, and central banks tightening policy.

The environment will dictate which currencies will be most vulnerable. Much of H1 2022 was largely about USD strength against commodity importers (like the euro and sterling). However, already there are signs that the USD rally is expanding to affect commodity exporters as well (like the Australian and New Zealand dollars).

Traditional haven currencies like the Swiss franc and Japanese yen could remain volatile as markets transition from pricing high inflation (and central bank tightening) to a possible US recession on a six to twelve-month view.

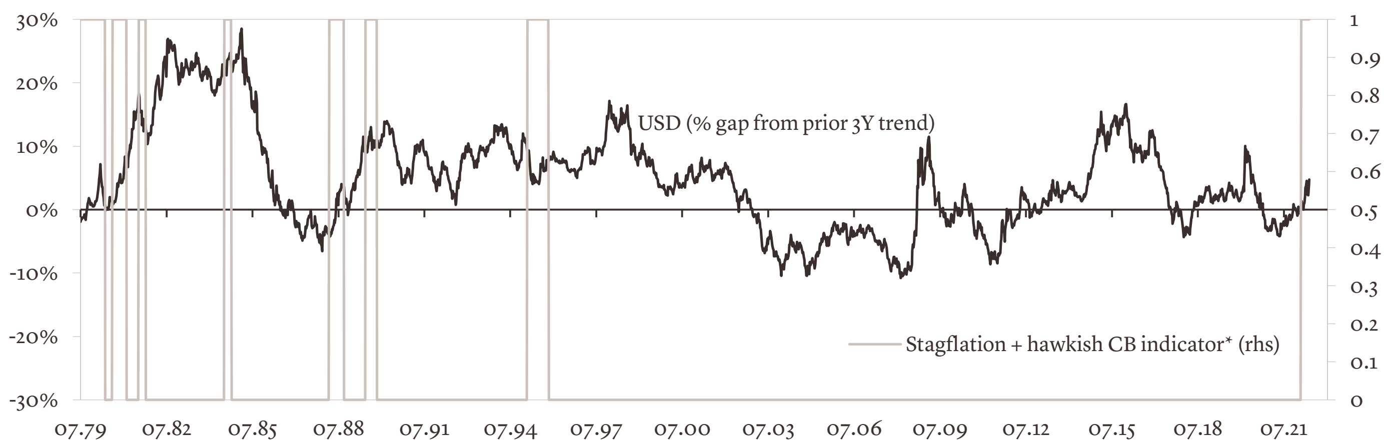
Of the two safe currencies, the Swiss franc remains our favourite hedge given its superior balance of payments. The franc received a boost following an unexpectedly hawkish Swiss National Bank meeting. The central bank indicated a preference for a strong and stable CHF, and suggested that it may consider FX selling interventions to keep the EURCHF low.

This month, we have lowered our forecast on the sterling further to reflect the currency underperforming even the euro. We now target GBPUSD at 1.16 (vs 1.22 previously).

Emerging market currencies could remain more vulnerable, requiring differentiation among them. We still prefer LatAm to Asia, and the most challenged region in our view is the CEEMEA. We continue to believe the BRL could outperform and could add value, especially for EUR-based investors.

**USD historically strong when central banks hike in response to stagflationary conditions**

* indicator = 1 when OECD global lead indicator YoY <0, OECD global CPI YoY >5%, and Fed funds 12m change >0




Sources: Bloomberg, Lombard Odier calculations

# FX majors

**We maintain our 12-month target of 1.02 US dollars vs the euro.** The EURUSD pair appears to have carved out a 1.04-1.08 range as the USD rally has broadened. However, while the EUR has been under pressure against the USD, it has been well supported against the GBP, and increasingly so against high-beta G10 currencies – with EURNOK, EURSEK, and EURAUD attempting to carve out a base.

We believe markets have switched from the theme of simply punishing the euro for the negative terms of trade shock (courtesy of the Russia-Ukraine conflict), to global growth concerns. That said, the weakness in the eurozone's balance of payments is real, with the current account – a previous surplus item – moving to a deficit in March for the first time since 2012.

While we recognise the hawkish pivot of the European Central Bank, we do not assume that portfolio inflows are resuming fast or hard enough to plug the gap from the current account deficit. While the more hawkish ECB will likely take the deposit rate (currently minus 50 bps) into positive territory, it will remain a relative central bank laggard on the policy normalisation road. This leaves the picture for EUR weak, in contrast to the period before 2013 (Chart 1).

**We now pencil in GBP underperforming EUR, with GBP targeting 0.88 to the EUR,** closer to fair value (Chart 2). Our **GBPUSD forecast thus shifts to 1.16** (from 1.22 previously). The UK has seen its current account deficit worsen even faster than Europe. Moreover, belonging to a relatively small open economy, sterling remains more vulnerable to slowing global growth concerns. Furthermore, while the Bank of England has switched once again to more hawkish guidance, rate hikes have stopped benefitting the currency. (Chart 3)

**On the EURCHF pair, we maintain our bearish targets**. The Swiss National Bank was far more hawkish than expected, adjusting rates sooner and by more than most had anticipated (50 bps vs 25 bps expected in Q3), and flagging a definite preference for a stable and strong Swiss franc. The central bank could well sell FX reserves to ensure EURCHF rallies remain capped. Sharp rises in EUR real yields could slow any EURCHF decline, and this was a strong feature over May (when EURCHF was unable to decline despite limited actual SNB FX intervention to buy EURCHF).

**USDJPY has reached our 135 target, and we believe the yen will face more two-way risks in a 130-140 range.** On the positive USDJPY side, US 10Y yields could continue to rise and levels above 4% cannot be ruled out (vis-à-vis our upgraded macro assumption for a 3.5% terminal fed funds rate). At the same time, the country's balance of payments will remain a drag on the yen. On the negative USDJPY side, a potential hawkish Bank of Japan pivot (like widening the band of the yield curve control target) could result in some correction, although we do not think it will be enough to reverse the USDJPY trend. On the other hand, a sustained decline in energy prices (not our central scenario) could see the USD fall against the JPY as it would result in improved trade accounts.

As far as the high-beta peripheral G10 currencies are concerned, as long as markets are seriously contemplating an imminent recession risk, the current risk backdrop will likely keep all currencies on the back foot against the USD, but also against the EUR.

We still prefer the **Canadian dollar (CAD)**, followed by the **Australian dollar (AUD)** – both currencies having seen strong improvements in their external balances. On the other hand, we remain bearish on the **New Zealand dollar (NZD),** with its current account deficit requiring portfolio inflows to support the currency. This dependence constitutes a vulnerability, and we believe NZD should underperform the AUD.

Finally, on paper, both the **Norwegian krone (NOK)** and the **Swedish krona (SEK)** have positive fundamentals, including strong balance of payments support. That said, both remain highly leveraged to the eurozone's growth outlook and risk sentiment, and could be prone to periodic sell-offs in the current environment. (Chart 6)

Note: Past performance and forecasts are not a reliable indicator of future performance.

## Forecast table

The table provides information on our 3M and 12M targets, the risks to our views in the near term, as well as the crucial signposts and risks we will be monitoring.

| | Current spot | ST bias | 3M | 12M | Key drivers of our view |
|---|---|---|---|---|---|
| **EURUSD** | 1.06 | ↓→ | 1.04 | 1.02 | Russian natural gas imports, ECB meetings and anti-fragmentation tool, eurozone balance of payments, trade data |
| **GBPUSD** | 1.23 | ↓↓ | 1.18 | 1.16 | By-product of EURUSD and EURGBP movements. Activity and inflation data, BoE meetings, political developments |
| **EURGBP** | 0.86 | ↑→ | 0.88 | 0.88 | Supported when focus is on weaker global growth. Under pressure when market driver is eurozone growth hit by RU-UKR conflict |
| **EURCHF** | 1.01 | → | 1.00 | 0.96 | SNB intervention/sight deposits, Swiss inflation data, EUR and USD real yields, ECB anti-fragmentation tool |
| **USDCHF** | 0.96 | → | 0.96 | 0.94 | By-product of EURUSD and EURCHF movements. Prone to upside risk on sharp EURUSD declines with SNB EURCHF intervention |
| **GBPCHF** | 1.17 | ↓→ | 1.14 | 1.09 | By-product of EURGBP and EURCHF movements |
| **USDJPY** | 135 | → | 135 | 135 | US 10Y yields, energy prices, BoJ meetings/bond purchases, govt commentary on JPY and intervention, 10 July upper house elections |
| **EURSEK** | 10.64 | ↑→ | 10.75 | 10.20 | Eurozone growth and risk sentiment, auto sector, global capital goods demand, Riksbank meetings, housing market |
| **EURNOK** | 10.34 | ↑→ | 10.45 | 9.90 | Global risk appetite and market volatility, terms of trade, Norges Bank budget FX operations, housing market |
| **AUDUSD** | 0.70 | ↓ | 0.675 | 0.69 | China sentiment, terms of trade, housing market, RBA meetings |
| **NZDUSD** | 0.63 | ↓↓ | 0.62 | 0.61 | Risk sentiment, China sentiment, terms of trade, housing market, RBNZ meetings and AUDNZD developments |
| **USDCAD** | 1.28 | ↑→ | 1.30 | 1.28 | Terms of trade, BoC meetings, US growth, housing market |

↑↑ = Higher conviction bullish/possibility of sharp move up

↑→ = Modestly bullish/spot grinding higher

→ = Sideways/spot range-bound

↓→ = Modestly bearish/spot grinding lower

↓↓ = Higher conviction bearish/possibility of sharp move down

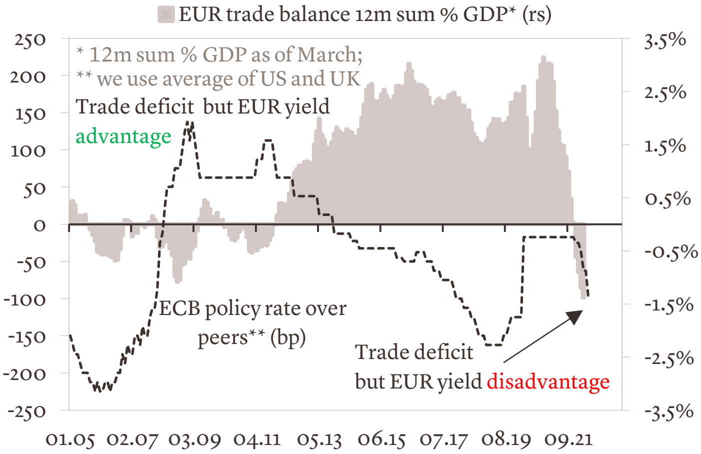
Note: Past performance and forecasts are not a reliable indicator of future performance.



Back to cover page

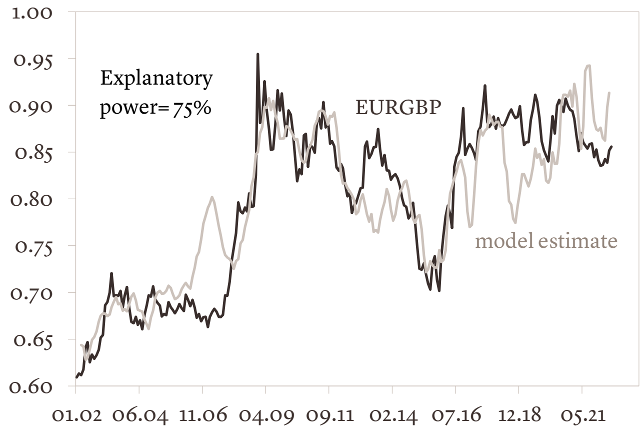
# G10 key charts

1. Eurozone trade surplus versus ECB policy rate vs peers



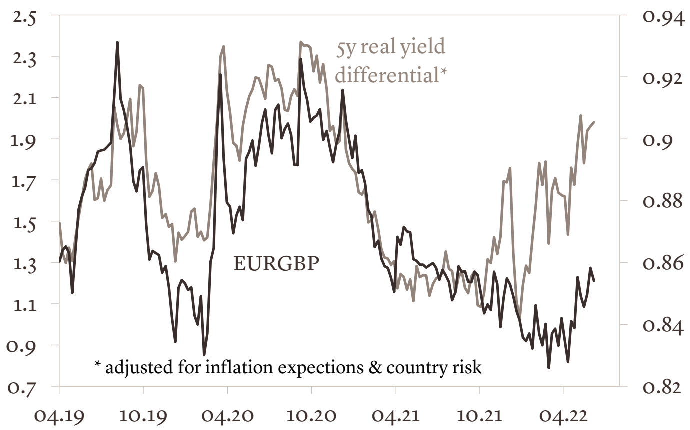

Sources: Bloomberg, Lombard Odier calculations

2. Long term valuation points to GBP under performing EUR



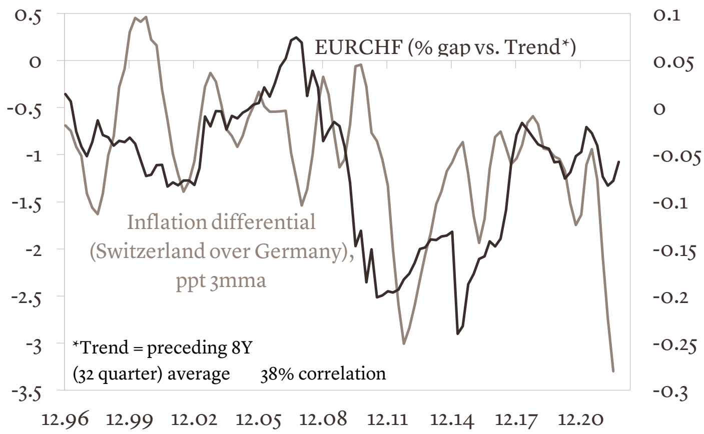

Sources: Bloomberg, Lombard Odier calculations

3. BOE rate hikes no longer supporting GBP



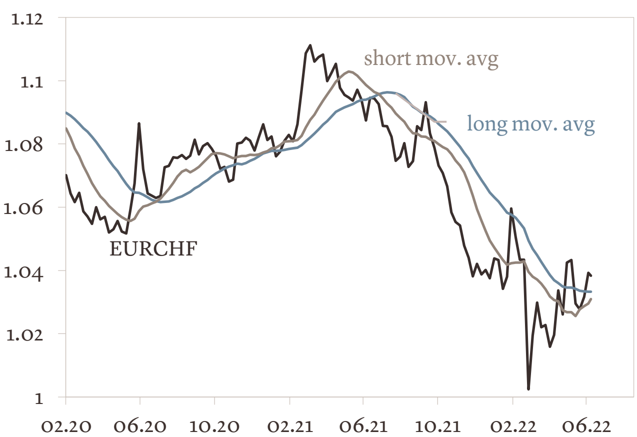

Sources: Bloomberg, Lombard Odier calculations

4. Inflation differential supports EURCHF decline



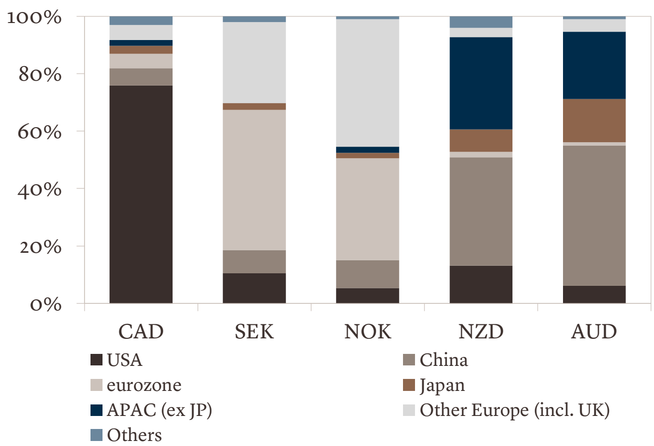

Sources: Bloomberg, Lombard Odier calculations

5. Technicals point to near term EURCHF consolidation




Sources: Bloomberg, Lombard Odier calculations

6. G10 high-beta FX export dependence




Sources: Bloomberg, Lombard Odier calculations

Note: Past performance and forecasts are not a reliable indicator of future performance.

# Asia FX

We maintain our view for the next 12 months that the region will still outperform CEEMEA, but underperform LatAm.

**For USDRMB, we maintain our 6.70-6.90 range assumption**, but gains will likely be controlled. On the positive USDRMB side, the pair should continue to recalibrate to a broadly strong US dollar and wider USD-RMB interest rate differentials. More negatively for the USDRMB, the Biden administration's decision on whether to reverse some of Mr Trump's tariffs could be a key catalyst, while the ongoing post-lockdown rebound in industry should ease macro concerns to a degree. We continue to monitor trends in merchandise exports, and downside surprises would lead us to further revise up our USDRMB assumptions (Chart 3).

A more mediocre outlook for RMB and JPY should keep the **Korean won (KRW)** and the **Taiwanese dollar (TWD)** on the back foot in the near term, but we are more neutral for the mid-term given their valuations. For KRW, substantial equity market outflows, external balance deterioration, and the central bank's apparent wavering on "big step" rate hikes have weighed on the currency. However, current valuation is on the cheap side, and that KRW will regain its anchor in 12 months. **USDTWD** will not rise as much as **USDKRW** due to Taiwan's superior external balance, but TWD will not be immune to the ongoing growth scare at the global level or to equity outflows. In the long run, Taiwan's solid fundamentals will likely support the TWD's eventual rebound.

**The Indian rupee (INR), Philippine peso (PHP), and Indonesian rupiah (IDR) are the highest-yielding currencies in Asia.** We expect the IDR to hold up the best within this group given Indonesia's relatively small current account deficit of around 1% of GDP in 2022 (in contrast to closer to -3% to -4% of GDP for INR and PHP). While the tighter global liquidity backdrop has resulted in fixed income outflows, equity inflows have more than compensated. We remain most cautious on the **PHP**, whose trade deficit will widen after the presidential election on higher construction-related fiscal spending. The PHP rate cycle could also be more muted than that of the USD. India also faces a similar current account gap; however, the central bank has amassed large FX reserves and will likely deploy this tool to slow the pace of any gains in USDINR.

The **Thai baht (THB)** remains in our "cautious" EMFX category. The country has begun taking incremental steps to prepare the industry for re-opening, and tourism could see some recovery. That said, the current account deficit and the central bank's tolerance for high inflation will create moderate headwinds for the currency. We are modestly positive on the **Malaysian ringgit (MYR)** given the country's sensitivity to global commodity prices as an exporter. The **Singaporean dollar (SGD)** remains our favourite currency in Asia in light of the Monetary Authority of Singapore (MAS)'s unequivocally hawkish message in recent policy meetings.

| | Current spot | ST bias | 3M | 12M | Key drivers of our view |
|---|---|---|---|---|---|
| **USDRMB** | 6.69 | ↑→ | 6.70 | 6.90 | Merchandise export trend, Biden's decision on Trump's Section 301 tariffs (likely in July), PBoC policy action, portfolio outflows |
| **USDIDR** | 14'830 | ↓→ | 14'600 | 14'500 | Bulk commodity/coal/seed oil prices, administered fuel price hike and its impact on BI policy, capital flows amidst US rate hikes |
| **USDINR** | 78.8 | ↑→ | 79 | 80 | RBI frontloading prospects, coal/seed oil/crude oil prices, re-direction of Russia energy exports to India, summer rainfall |
| **USDKRW** | 1'284 | ↑→ | 1'325 | 1'275 | BoK's rate decisions vs consideration for impact on household debt service ratio, USDJPY directions, equity outflows, geopolitical risk |
| **USDPHP** | 55 | ↑→ | 55.2 | 56.1 | Speed of deterioration in external balances, post-election fiscal policy, BSP rate hike cycle and inflation tolerance |
| **USDSGD** | 1.38 | ↓→ | 1.37 | 1.34 | MAS inter-meeting potential decision (for additional tightening), service sector inflation trend, regional growth (esp. of ASEAN) |
| **USDTWD** | 29.7 | → | 29.8 | 28.8 | Semi-conductor/smartphone cycle, global macro conditions, equity flows, life insurers' hedging after global sell-off, CBC policy tightening |
| **USDTHB** | 35.1 | ↑→ | 35.7 | 35.5 | Near-term BoT tolerance of high inflation and dovish rate cycle to create residual depreciation pressures, re-opening for tourism |
| **USDMYR** | 4.40 | ↓→ | 4.40 | 4.29 | BNM hike cycle pricing, snap parliamentary election, commodity price cycle, resident portfolio outflows |

Note: Past performance and forecasts are not a reliable indicator of future performance.

# LatAm FX

The LatAm currency complex broadly outperformed for much of H1 on supportive terms of trade. Conditions could however become more challenging in H2 given the deteriorating backdrop for global risk. Political risks will become more apparent closer to the October election in Brazil, and when the focus in Chile turns to the constitutional referendum, and in the aftermath of Colombia's presidential election.

In Brazil, fiscal concerns have risen after the government decided to cut fuel taxes in order to lower inflation, with other initiatives being considered as well. That said, we do not believe these actions will alter the longer-term view on the Brazilian real (BRL). In the bigger picture, the country's debt profile should look much better than was expected as recently as the beginning of 2022. Consensus expectations on the 2022 government debt assumption have improved (from 90% of GDP at the start of the year, to 85% in Q1, to around 80% now). This translates into lower fair value assumptions for USDBRL (from 5.60 at the start of the year, to 5.00 in Q1, and now closer to 4.50) (Chart 4). **We expect a 5.10-5.40 range for USDBRL on a three-month view, but see the cross eventually falling back under 5.0.** Markets will likely re-focus on the election event risk closer to August when campaigning and TV debates commence. Local market participants do not appear complacent about political risks (Brazilian corporates are running record-long USDBRL positions, Chart 5).

After downgrading the **Mexican peso (MXN)** to cautious in Q1 on expensive valuations, we choose to upgrade it once again to "modest performer". USDMXN should remain in a 19.50-21.0 range.

A more hawkish central bank, continued support from a still strong US economy, reasonably healthy external balances, and limited political risks should keep the currency well braced, at least versus peers. On the other hand, the MXN's trade position is unlikely to benefit as much from higher energy prices as peers (such as the COP and BRL), hence we believe that in a more benign risk scenario, MXN could underperform the BRL.

Deteriorating global sentiment as well as local mining strikes have seen the Chilean peso (CLP) weaken more than anticipated, with **USDCLP now exceeding the prior high of 880**. The currency will remain vulnerable to shifts in sentiment given the country's wide current account deficit. That said, the currency remains undervalued. Tighter fiscal policy may be required in order to improve Chile's current account position. We still believe the most likely prospect is for CLP appreciation on a one-year view, and keep the CLP in our "modest performer" category.

For the **Colombian peso (COP)**, valuation remains expensive and the currency faces poor external and fiscal balances (this explains why we included the COP in our group of EMFX underperformers in January). Now that Gustavo Petro has won the presidential election, markets will likely focus on the new cabinet's make-up. Appointments more towards the left of the political spectrum would be COP-negative, while a more centrist composition could see COP recover some ground. We expect a 3,900-4,200 range for the USDCOP currency pair. By contrast, the **Peruvian sol (PEN)** will likely remain more stable, with the central bank actively managing the currency to ensure stability.

| | Current spot | ST bias | 3M | 12M | Key drivers of our view |
|---|---|---|---|---|---|
| **USDMXN** | 19.9 | ↓→ | 20.0 | 21.0 | Broader risk sentiment, US economic activity, Banxico meetings |
| **USDBRL** | 5.24 | → | 5.20 | 4.80 | Terms of trade, fiscal policy actions, pre-election campaigning (August) and elections (October) |
| **USDCOP** | 4138 | ↑→ | 4'150 | 4'200 | Cabinet appointments and proposals of new government, trade/ current account |
| **USDCLP** | 920 | ↑→ | 870 | 820 | Copper prices, dollarisation, local politics, trade/current account |
| **USDPEN** | 3.78 | → | 3.75 | 3.70 | Dollarisation, local politics, copper prices, CB intervention trends |

Note: Past performance and forecasts are not a reliable indicator of future performance.

# CEEMEA FX

CEEMEA remains our least favourite EM region. Proximity to the Russia-Ukraine conflict, exposure to slowing eurozone growth, widening external imbalances, and sharply rising inflation are some of the main reasons. The **Hungarian forint** (HUF) appears at the bearish extreme, while the South African rand (ZAR) and Israeli shekel (ILS) have somewhat better fundamentals. Given intense volatility as well as constraints on gaining exposure, we prefer to avoid both the Turkish lira (TRY) and the Russian rouble (RUB).

Within the CE3 (comprising Poland, Hungary, and Czech Republic), the Hungarian forint screens as the most vulnerable currency and **remains on our list of EMFX underperformers**. Hungary's current account deficit is on track to widen further to nearly 4% of GDP, while EU fund payments, a key source of inflows, are at risk following the EU's decision in April to trigger the rule-of-law conditionality mechanism. Moreover, versus Poland or the Czech Republic, FX reserves in Hungary are lower, making it more challenging for the central bank to slow the pace of currency depreciation.

The **Polish zloty (PLN) remains in our "cautious" category**. The country suffers from similar problems as Hungary, including a widening current account deficit and low real yields. That said, Poland's authorities have more firepower as well as readiness to contain currency depreciation, either directly (through central bank FX reserve selling) or indirectly (via the conversion of EU fund inflows on the market).

As a liquid EM currency, the South African rand (ZAR) trades as a proxy for broader EMFX sentiment. Hence, it will be prone to volatility and positioning unwinds. However, and somewhat similar to Brazil in LatAm, better fiscal numbers as well as an improving external balance should contain weakness. The central bank now forecasts the current account surplus at 3.0% of GDP for 2022. **The rand remains in our "cautious" EMFX category**, but we would consider upgrading the currency on any substantial weakness.

The Russian rouble (RUB) has held up far better than we had anticipated. With natural gas and oil still being exported and capital controls preventing outflows from Russian residents, the balance of payments has improved substnatially and could keep the currency supported. An eventual reduction in reliance on Russian gas could see the currency weaken, but this could be more of a 2023 event. **The Turkish lira (TRY) remains on our list of EMFX underperformers** and we see very little reason to change our stance.

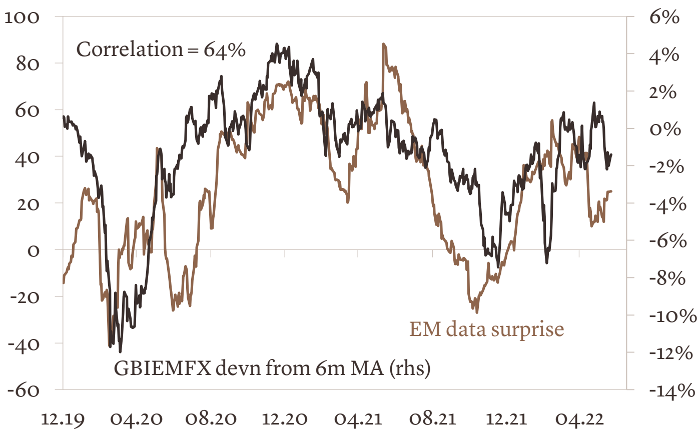
Finally, **we maintain the Israeli shekel (ILS) as a 'modest performer**', but USDILS is now likely in a new 3.40-3.55 range. With equities having faced volatility since the start of 2022, local institutional investors' purchase of close to USD 7 bn has supported USDILS (Chart 6), notwithstanding an otherwise solid balance of payments outlook. The currency's movements will continue to be dictated by trends in technology-centric US equities.

| | Current spot | ST bias | 3M | 12M | Key drivers of our view |
|---|---|---|---|---|---|
| **USDTRY** | 16.6 | ↑ | 18.5 | 22.0 | Dollarisation trends, credit growth, inflation, monetary policy, tourism |
| **USDRUB** | 57 | → | 65 | 75 | Exports of oil and gas, Russia-Ukraine conflict, energy prices, domestic capital controls |
| **USDZAR** | 15.9 | ↑→ | 15.8 | 16.4 | Trade figures, terms of trade, broader EMFX sentiment |
| **USDILS** | 3.44 | ↑→ | 3.50 | 3.40 | Israeli institutional investors' ILS hedging, NASDAQ trend |
| **EURPLN** | 4.70 | ↑ | 4.80 | 4.70 | Trade figures, inflation, activity data, EU fund flows and NBP intervention |
| **EURHUF** | 401 | ↑ | 410 | 405 | Trade figures, inflation, activity data and EU fund flows |

Note: Past performance and forecasts are not a reliable indicator of future performance.

# EM key charts

### 1. GBIEMFX index vs. EM data surprises



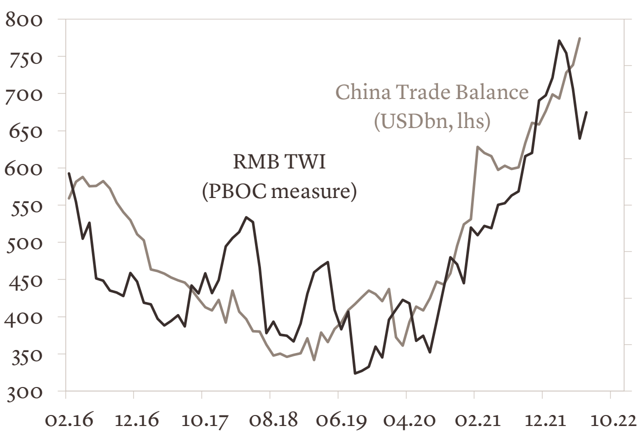

Sources: Bloomberg, Lombard Odier calculations

### 2. EMFX relative ranking

| | |
|---|---|
| **Outperformers** | • Asia (TWD, SGD)<br>• LATAM ()<br>• CEEMEA () |
| **Modest performers** | • Asia (RMB,KRW, MYR, IDR)<br>• LATAM (BRL, CLP, PEN, MXN)<br>• CEEMEA (CZK,ILS) |
| **Cautious** | • Asia (THB)<br>• LATAM ()<br>• CEEMEA (PLN, ZAR) |
| **Underperformers** | • Asia (PHP and INR)<br>• LATAM (COP)<br>• CEEMEA (TRY, RUB,HUF) |

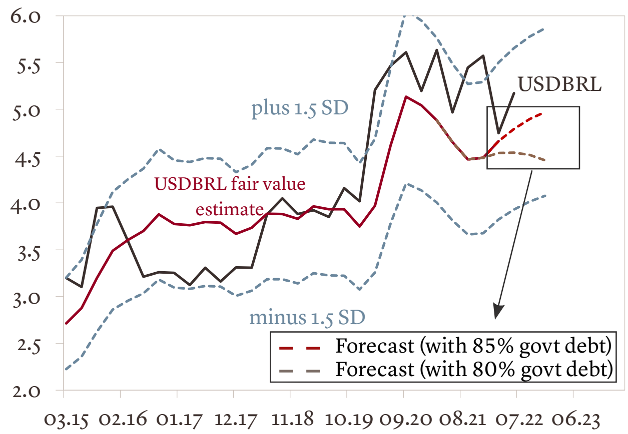
Sources: Bloomberg, Lombard Odier
(unchanged, upgraded and downgraded from prior month)

### 3. RMB trade-weighted exchange rate vs. China trade balance



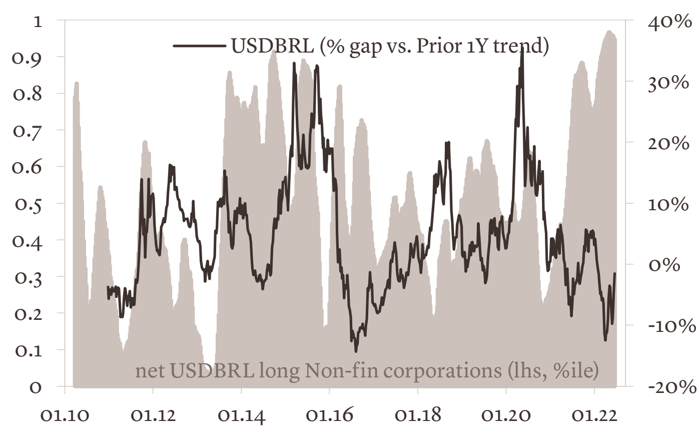

Sources: Bloomberg, Lombard Odier calculations

### 4. Lower govt. debt = lower USDBRL fair value



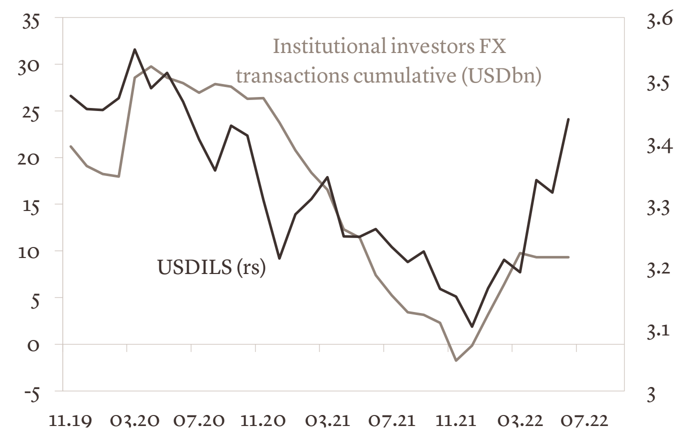

Sources: Bloomberg, Lombard Odier calculations

### 5. USDBRL vs. Long USD exposure of Brazilian corporations




Sources: Bloomberg, Lombard Odier calculations

### 6. Israeli investor USD purchases drive USDILS




Sources: Bloomberg, Lombard Odier calculations

Note: Past performance and forecasts are not a reliable indicator of future performance.

# Our Lombard Odier long-term FX fair valuation framework

**BEER**
Behavioural equilibrium exchange rate model

**Definition**
Econometric model, which estimates FX fair values by "mapping" the exchange rate to a set of fundamental economic variables

**Inputs**
- Terms of trade
- Investment as % of GDP
- Rate differentials
- Inflation differentials

**Output**
Fair value estimates for major forex crosses
Updated 2 to 3 times annually
Weight: 50%

**FEER**
Fundamental equilibrium exchange rate model

**Definition**
Framework tries to identify the level of the exchange rate that would bring the economy into macroeconomic equilibrium (Current account balance sustainably financed by flows)

**Inputs**
- Price elasticity of trade
- Output gap
- Current account
- Capital flows

**Output**
Fair value estimates for major FX crosses
Updated 2 times annually
Weight: 50%

**COMBINED OUTPUT – LO FX** long-term fair value estimates

**Usage** (BEER)
Anchor for long-term forecast

**Usage** (FEER)
Degree of misalignment can be a sell or buy signal

Note: Past performance and forecasts are not a reliable indicator of future performance.

# Glossary

**ASEAN**
Association of South East Asian nations

**BEER**
Behavioural Equilibrium Exchange Rate – one method for evaluating the fair value of a currency.

**BIS**
Bank for International Settlements

**BRL**
Brazilian Real

**CEEMEA**
Central Eastern Europe, Middle East and Africa

**C/A**
Current account

**CFETS**
China Foreign Exchange Trade System.

**CFTC**
Commodity Futures Trading Commission

**CLP**
Chilean Peso

**COP**
Colombian Peso

**CZK**
Czech Koruna

**DXY index**
US Dollar Index (DXY)

**EM**
Emerging market(s)

**EMFX**
Emerging market currencies

**FEER**
Fundamental-equilibrium exchange rate – rate consistent with a steady economy at full employment and a sustainable current-account balance.

**GBIEMFX**
JP Morgan Emerging Market Currency Index

**HUF**
Hungarian Forint

**IDR**
Indonesian Rupiah

**ILS**
Israeli Shekel

**INR**
Indian Rupee

**KRW**
South Korean Won

**LatAm**
Latin America

**MXN**
Mexican Peso

**MYR**
Malaysian Ringgit

**PEN**
Peruvian Sol

**PHP**
Philippine Peso

**PLN**
Polish Zloty

**RMB**
Chinese Renminbi

**RT**
Real time

**RUB**
Russian Rouble

**SGD**
Singapore Dollar

**THB**
Thai Baht

**TRY**
Turkish Lira

**TW**
Trade-weighted (dollar, etc.)

**TWD**
Taiwan dollar

**ZAR**
South African Rand

**1W**
1-week

**Important information**


Back to cover page

Back to cover page

## SWITZERLAND

### GENEVA
**Bank Lombard Odier & Co Ltd[1]**
Rue de la Corraterie 11 · 1204 Genève · Suisse
geneva@lombardodier.com
**Lombard Odier Asset Management (Switzerland) SA**
Avenue des Morgines 6 · 1213 Petit-Lancy · Suisse
Support-Client-LOIM@lombardodier.com
*Management Company regulated by the FINMA.*

### FRIBOURG
**Banque Lombard Odier & Cie SA · Bureau de Fribourg[1]**
Rue de la Banque 3 · 1700 Fribourg · Suisse
fribourg@lombardodier.com

### LAUSANNE
**Bank Lombard Odier & Co Ltd[1]**
Place St-François 11 · 1003 Lausanne · Suisse
lausanne@lombardodier.com

### VEVEY
**Banque Lombard Odier & Cie SA · Agence de Vevey[1]**
Rue Jean-Jacques Rousseau 5 · 1800 Vevey · Suisse
vevey@lombardodier.com

### ZURICH
**Bank Lombard Odier & Co Ltd[1]**
Utoschloss · Utoquai 29-31 · 8008 Zürich · Schweiz
zurich@lombardodier.com

## EUROPE

### BRUSSELS
**Lombard Odier (Europe) S.A. Luxembourg · Belgium branch[2]**
Avenue Louise 81 · Box 12 · 1050 Brussels · Belgium
brussels@lombardodier.com
*Credit institution supervised in Belgium by the National Bank of Belgium (NBB) and the Financial Services and Markets Authority (FSMA).*

### LONDON
**Lombard Odier (Europe) S.A.· UK Branch[2]**
Queensberry House · 3 Old Burlington Street · London W1S 3AB · United Kingdom ·
london@lombardodier.com
The Bank is authorised in the UK by the Prudential Regulation Authority ('PRA'). Subject to regulation by the Financial Conduct Authority ('FCA') and limited regulation by the Prudential Regulation Authority. Financial Services Firm Reference Number 597896. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available from us on request.
**Lombard Odier Asset Management (Europe) Limited**
Queensberry House · 3 Old Burlington Street · London W1S 3AB · United Kingdom ·
london@lombardodier.com
*Investment firm authorised and regulated by the Financial Conduct Authority (FCA register No.515393).*

### LUXEMBOURG
**Lombard Odier (Europe) S.A.**
291, route d'Arlon · 1150 · Luxembourg · Luxembourg
luxembourg@lombardodier.com
*Credit institution authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg.*
**Lombard Odier Funds (Europe) S.A.**
291, route d'Arlon · 1150 · Luxembourg · Luxembourg
luxembourg@lombardodier.com

### MADRID
**Lombard Odier (Europe) S.A. · Sucursal en España[2]**
Paseo de la Castellana 66 · 4ª Pl. · 28046 Madrid · España · madrid@lombardodier.com
*Credit institution supervised in Spain, by the Banco de España and the Comisión Nacional del Mercado de Valores (CNMV).*
**Lombard Odier Gestión (España) S.G.I.I.C, S.A.U.**
Paseo de la Castellana 66, 4ª Pl. · 28046 Madrid · España · madrid@lombardodier.com
*Management Company supervised by the Comisión Nacional del Mercado de Valores (CNMV).*

### MILAN
**Lombard Odier (Europe) S.A. · Succursale in Italia[2]**
Via Santa Margherita 6 · 20121 Milano · Italia
milano-cp@lombardodier.com
*Credit institution supervised in Italy by the Commissione Nazionale per le Società e la Borsa (CONSOB) and la Banca d'Italia.*

### PARIS
**Lombard Odier (Europe) S.A. · Succursale en France[2]**
8, rue Royale · 75008 Paris · France. RCS PARIS B 803 905 157 · paris@lombardodier.com
*Credit institution supervised in France by the Autorité de contrôle prudentiel et de résolution (ACPR) and by the Autorité des Marchés Financiers (AMF) in respect of its investment services activities. Business permit No.23/12. Registered in Luxembourg - No.B169 907.*
*Insurance intermediary authorised by the Commissariat aux Assurances (CAA) No.2014 CM002. The registration with the CAA can be verified at www.orias.fr.*

## AFRICA | AMERICAS | MIDDLE EAST

### ABU-DHABI
**Bank Lombard Odier & Co Ltd · Abu Dhabi Global Market Branch**
Al Maryah Island · Abu Dhabi Global Market Square · Al Khatem Tower · 8th floor · P.O. Box 764646 · Abu Dhabi · UAE · abudhabi@lombardodier.com
***Arranging Deals in Investments · Advising on Investment or Credit · Arranging Credit. Regulated by the ADGM Financial Services Regulatory Authority.***

### BERMUDA
**Lombard Odier Trust (Bermuda) Limited**
3rd Floor, Victoria Place · 31 Victoria Street · Hamilton HM 10 · Bermuda · bermuda@lombardodier.com
*Licensed to conduct Trust, Investment and Corporate Service Provider Business by the Bermuda Monetary Authority.*

### BRASIL
Lombard Odier (Brasil) Consultoria de Valores Mobiliários Ltda.
Avenida 9 de Julho No. 3624, Torre DGN 360, 6° andar
Jardim Paulista · CEP 01406-000 · São Paulo · Brasil
sao.paulo.office@lombardodier.com
*Supervised by the Comissão de Valores Mobiliários of Brasil.*

### DUBAI
**Bank Lombard Odier & Co Ltd · Representative Office Dubai**
Conrad Business Tower · 12th Floor · Sheikh Zayed Road · P.O. Box 212240 · Dubai · UAE ·
dubai@lombardodier.com
*Under the supervisory authority of the Central Bank of the UAE.*

### ISRAEL
**Israel Representative Office ·**
**Bank Lombard Odier & Co Ltd**
Alrov Tower 11th floor · 46 Rothschild Blvd. · Tel Aviv 6688312 · Israel · telaviv@lombardodier.com
*Not supervised by the Bank of Israel, but by Swiss Financial Market Supervisory Authority which supervises the activities of Bank Lombard Odier & Co Ltd.*

### JOHANNESBURG
**South Africa Representative Office ·**
**Bank Lombard Odier & Co Ltd**
4 Sandown Valley Crescent · Sandton · Johannesburg 2196 · South Africa · johannesburg@lombardodier.com
*Authorised financial services provider Registration number 48505.*

### NASSAU
**Lombard Odier & Cie (Bahamas) Limited**
Lyford Cay House · Western Road · P.O. Box N-4938 · Nassau · Bahamas · nassau@lombardodier.com
*Supervised by the Central Bank of the Bahamas and the Securities Commission of the Bahamas.*

### PANAMA
**Lombard Odier & Cie (Bahamas) Limited · Representative Office in Panama**
Oceania Business Plaza Torre 2000 · Oficina 38-D · Blvd. Pacifica · Urb. Punta Pacifica · Corregimiento de San Francisco · Panamá · panama@lombardodier.com
*Supervised by the Central Bank of the Bahamas and the Superintendencia de Bancos de Panamá.*
**Lombard Odier (Panama) Inc.**
Oceania Business Plaza Torre 2000 · Oficina 38-D · Blvd. Pacifica · Urb. Punta Pacifica · Corregimiento de San Francisco · Panamá · panama@lombardodier.com
*Supervised by the Superintendencia del Mercado de valores de Panamá. Licensed to operate as an Investment Adviser. Res. SMV No.528-2013.*

## ASIA - PACIFIC

### HONG KONG
**Lombard Odier (Hong Kong) Limited**
1601 Three Exchange Square · 8 Connaught Place · Central · Hong Kong · hongkong@lombardodier.com
*A licensed entity regulated and supervised by the Securities and Futures Commission in Hong Kong.*

### SINGAPORE
**Lombard Odier (Singapore) Ltd.**
9 Raffles Place · Republic Plaza #46-02 · Singapore 048619 · singapore@lombardodier.com
*A merchant bank regulated and supervised by the Monetary Authority of Singapore.*

### TOKYO
**Lombard Odier Trust (Japan) Limited**
Izumi Garden Tower 41F · 1-6-1 Roppongi, Minato-ku · Tokyo 106-6041 · Japan · tokyo@lombardodier.com
*Regulated and supervised by the Financial Services Agency (FSA) in Japan. It holds a trust business license (FSA No.208) and is registered with Kanto Local Finance Bureau for Financial Instruments Business Operator (No.470).*

[1] *Private bank and securities firm authorised and regulated by the Swiss Financial Market Supervisory Authority (FINMA).*

[2] *Branch of Lombard Odier (Europe) S.A., a credit institution based in Luxembourg, authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg.*

17 96

LOMBARD ODIER

LOMBARD ODIER DARIER HENTSCH