There is a subtle if not palpable improvement reflected within global markets. Several countries are slipping into outright deflation, including the US, but aggressive central bank policies have succeeded in arresting what had been a broad-based decline in inflation expectations. At the same time the optics supporting growth have firmed.

**G10 MACRO**
Risk of easing still in focus for commodity-linked countries, while in the US the Fed’s removal of patience has put all attention on eventual turn in CPI and hike timing.

**G10 RATES**
Risk of easing still in focus for commodity-linked countries, while in the US the Fed’s removal of patience has put all attention on eventual turn in CPI and hike timing.

**G10 FX**
While the USD rally has stumbled, the case for more gains remains strong; short-term corrective weakness in the USD is a buy.

**EMFX & RATES**
External conditions still supportive for EMs, but an early Fed lift-off would cause rates and FX to sharply reprice across the asset class.

**COMMODITIES**
Oil back in corrective mode, metals bounce off the bottom.

<table>
<thead>
<tr>
<th>What Has Changed</th>
<th>What We’ve Changed</th>
</tr>
</thead>
<tbody>
<tr>
<td>G10 central banks need evidence to cut further</td>
<td>Removed RBNZ rate cuts as they are resolutely neutral, and now see AUDNZD reaching parity. Norges Bank still to cut another 50bps, with all easing coming later in Q2.</td>
</tr>
<tr>
<td>Lower oil and EM inflation</td>
<td>Poland and Hungary have been cutting, with a little more to come in Hungary. CBR continues to normalize policy in Russia, while CBRT has been resisting political pressures to cut.</td>
</tr>
<tr>
<td>Brazil scandal</td>
<td>We see BCBC hiking more aggressively, and BRL weaker than previously forecast.</td>
</tr>
</tbody>
</table>
### Global Markets

**26 March 2015 | TD Securities**

#### THE TD VIEW

<table>
<thead>
<tr>
<th>Macro Outlook</th>
<th>Trading Bias</th>
<th>Key Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>Front-end yields should start edging higher in Q2 with the curve bear-flattening, as the market begins pricing in Fed hikes.</td>
<td>The USD looks fully valued at current levels and susceptible to a pull back until Fed tightening risks rise more obviously.</td>
</tr>
<tr>
<td>Canada</td>
<td>Base case for the BoC to stay at 0.75%, but there is still a risk of more cuts. Cuts will steepen when US rates rise.</td>
<td>USD/CAD is blocked at 1.28 but low oil, soft growth and negative spreads will not allow a big CAD rebound.</td>
</tr>
<tr>
<td>Europe</td>
<td>Riksbank and Norges still easing further. Markets pushing back BoE hikes on soft CPI and election fears; bonds remain bid.</td>
<td>The EUR may rebound modestly against the USD and GBP in the next few weeks; we look for losses to resume later this year.</td>
</tr>
<tr>
<td>Asia-Pac</td>
<td>AUD OIS is overpriced for easing while NZD OIS is reluctant to pressure the RBNZ. We prefer a spread compression trade here.</td>
<td>We have suspended our long AUD/NZD preference as the RBNZ voices a neutral tone despite international pressure to cut.</td>
</tr>
<tr>
<td>Latam</td>
<td>Mexican rates uneventful until Fed hikes are closer. Brazil must hike to anchor CPI expectations. Expect Selic above 13%.</td>
<td>Stable INR and IDR vs USD, but to outperform vs EUR. MYR still at risk of corrections on low oil prices and rating actions.</td>
</tr>
<tr>
<td>EMEA</td>
<td>Polish and Hungary have cut rates again. Turkey should extend easing, while Russia is normalizing policy. S. Africa steady.</td>
<td>Stronger PLN and HUF vs EUR in the short term, but not vs USD. TRY, ZAR and RUB to weaken against the dollar.</td>
</tr>
<tr>
<td>Asia</td>
<td>India and Indonesia to ease rates, but market will be a constraint for the latter. Malaysia to stay put, with downside risks.</td>
<td>In Brazil, a grim outlook suggests USD/BRL higher at 3.50 by end-Q3. MXN volatile, but will appreciate by the end of the year.</td>
</tr>
<tr>
<td>Energy</td>
<td>Slow to adjust US production, capacity constraints and a steadfast OPEC add to negatives along with global demand weakness</td>
<td>Short WTI</td>
</tr>
<tr>
<td>Precious metals</td>
<td>A more dovish leaning Fed, now more focused on the weakening data, supportive for gold</td>
<td>Long Au, Long Pt/Pd ratio</td>
</tr>
<tr>
<td>Other metals</td>
<td>Weaker China growth and low energy costs should loosen industrial metals market, likely to engender further stimulus measures.</td>
<td>Long Ni, Long Zn, Long Cu</td>
</tr>
</tbody>
</table>

#### CENTRAL BANK MONITOR

<table>
<thead>
<tr>
<th>Inflation</th>
<th>Central Bank Policy Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deviation from target* (% points)</td>
<td>Y/Y%</td>
</tr>
<tr>
<td>-5 -4 -3 -2 -1 0 1 2 3 4 5 6 7 8 9 10 11</td>
<td>Below Target</td>
</tr>
<tr>
<td>EZ</td>
<td>-0.3</td>
</tr>
<tr>
<td>US</td>
<td>0.0</td>
</tr>
<tr>
<td>UK</td>
<td>0.0</td>
</tr>
<tr>
<td>Sweden</td>
<td>0.1</td>
</tr>
<tr>
<td>NZ</td>
<td>0.8</td>
</tr>
<tr>
<td>Australia</td>
<td>1.3</td>
</tr>
<tr>
<td>Canada</td>
<td>1.0</td>
</tr>
<tr>
<td>Norway</td>
<td>1.9</td>
</tr>
<tr>
<td>Japan</td>
<td>2.4</td>
</tr>
<tr>
<td>China</td>
<td>1.4</td>
</tr>
<tr>
<td>Poland</td>
<td>-1.0</td>
</tr>
<tr>
<td>Hungary</td>
<td>5.4</td>
</tr>
<tr>
<td>Malaysia</td>
<td>0.1</td>
</tr>
<tr>
<td>S Africa</td>
<td>3.9</td>
</tr>
<tr>
<td>Mexico</td>
<td>3.0</td>
</tr>
<tr>
<td>Indonesia</td>
<td>6.3</td>
</tr>
<tr>
<td>Turkey</td>
<td>7.6</td>
</tr>
<tr>
<td>Brazil</td>
<td>7.7</td>
</tr>
<tr>
<td>Russia</td>
<td>16.7</td>
</tr>
</tbody>
</table>

*Deviation from avg since 2007 for India, which does not have an inflation target.*
There is a subtle if not palpable improvement reflected within global markets. An increasing number of countries are slipping into outright deflation, including the US, but aggressive central bank policies have succeeded in arresting what had been a broad based decline in inflation expectations. At the same time the optics supporting growth have firmed. The oil dividend will provide a boost to aggregate demand over time, at least among consuming nations, and interest rates remain depressed globally. Global growth remains uneven and we are not revisiting the hefty growth rates pre-2007, but the tilt is toward modestly stronger growth this year and next. This continues to play well into a reflation trade that has pushed global stocks to record highs and the USD to multiyear levels. Nevertheless, this remains a world of divergence in policy, performance, and prospects. That overriding theme has not changed. However, if divergence is an ongoing theme it is worth emphasizing it is also a fluid one.

The good news is that global markets are better priced for divergence. This is reflected in a 25% surge in the USD (DXY), a sharp widening in US spreads to Bunds and a rotation in equity leadership away from the US and towards Japan, and Europe. This transition has also created a divergence in volatility across markets. It has moved significantly higher in EM and G-7 FX and in US Treasuries as ECB and BoJ balance sheets took over the heavy lifting from the Fed. It is significantly reduced in equities, however, which are the main beneficiary of an ongoing increase in central bank liquidity and the epicenter of the reflation trade. That volatility gap may narrow over coming weeks, at least temporarily, as FX and fixed income volatility continue to ease off their highs. This will be driven by a consolidation period for the USD which has run well ahead of recent economic data and an FOMC that has brought more clarity to a normalization process that looks to be more tempered.

If Draghi was late to the QE game he must nevertheless feel good that credit and the currency, both flagged as key factors holding down growth, are moving his way. Growth in Europe is uneven, but on balance has shown considerable improvement. This may provide some temporary support for the Euro, but it would be a mistake to presume the Bull Run in the USD has run its course. Draghi needs a weaker Euro and trend growth in Europe remains lower than the US. The economic math in Japan still does not stack up. More QQE is forthcoming as the base effects of the weaker currency dissipate and the ability to achieve the 2% inflation target remains elusive. China also needs to manage its own soft landing. With half of the growth in debt over the past five years linked to the property market, that is a delicate and
daunting balancing act for the PBOC. Leaning against the surging USD is one policy option. Easing policy rates in a low inflation environment is another.

The US is the most competitive economy in the world and needs less monetary stimulus to achieve any level of output. That is reflected in the velocity of money which has fallen considerably less in the US compared to other G7 peers. It means that the US may not only outperform on an absolute growth basis, but over time needs less policy accommodation to do so. The energy boom in the heartland merely reinforces this dynamic. This does not mean the USD is not ripe for a period of consolidation after the sharpest move in decades. However, a combination of cyclical and structural factors does suggest any near term weakness will prove temporary.

The bad news is that the world remains extremely unbalanced. Monetary accommodation outside the US has reached epic proportions. Paradoxically, that means volatility across the macro landscape will remain elevated relative to recent years. Part of that of course is a function of an FOMC setting the stage for higher rates. Part of that also derives from the extent to which currency depreciation and low rates support growth. Stronger global growth this year will be driven primarily by G7 economies, but yields are holding around record lows. Such is the power of balance sheet expansion, a downward re-pricing of future policy rates, and inflation expectations that have failed to bounce off the lows. At its core, however, is a rising pool of global savings competing for a shrinking pool of quality global fixed income assets. G4 balance sheets have ballooned from $2T toward $13T, and now an estimated $3T worth of government bonds yields are now negative yielding. 10yr Bunds have already traded through our target of 30bps and a negative yield cannot be ruled out. A recent survey of global fund managers showed 80% find corporate bonds more overvalued “than ever” and government bonds the most overvalued asset class. Of course that is the point of financial repression. What is gaining more clarity, however, is the risk of a disorderly unwind once financial repression has run its course.

With global debt burdens still high and actual and implied inflation still far too low for comfort there is no incentive to reverse aggressive monetary easing anytime soon. The risk metric for the Fed, however, has shifted. Financial repression depresses the cost of capital and may ultimately nurture a misallocation of resources. That is a lesson from years of financial repression in China. For decades borrowing costs there were kept well below the rate of growth which effectively supported a subsidy from the household sector to the corporate sector. That accelerated the drive to modernization, but it led to an overinvestment in capacity and housing, and undermined the longer term objective to shift growth to a more sustainable domestic demand driven model. This risk is not lost on the Fed. Keeping rates at the zero bound for too long may breed its own instability. Yellen is not raising rates because growth and inflation is too strong, she is doing so to reduce longer term risks to systemic instability in which financial engineering trumps hard investment and asset prices move too far too fast.

The Fed will keep volatility high and the US a high yielding currency. That will be achieved by higher policy rates either in isolation or in tandem with asset sales. The operating imperative is to avoid a redux of the 2004 tightening campaign; one that many view yielded little outright tightening despite a monotonic rise in short rates. Long term rates remained low, credit and equities rallied further and ultimately easy money policies fuelled a credit boom that ended poorly. As the FOMC pivots toward less accommodation, aggressive monetary policies elsewhere are effectively easing for the Fed by depressing term premia that had risen as the Fed tapered. This has potentially broad implications for policy divergence and global spreads to US Treasuries. If long end rates on which most credit is priced do not move higher as policy rates rise the Fed may resort to other means.

Global Markets
26 March 2015 | TD Securities

*Average absolute correlations across G10 and EM FX.
Source: Bloomberg, TD Securities
MACRO

US economic growth momentum is showing some signs of weakening as unseasonably cold winter weather continues to temper activity. All told, we expect the pace of GDP growth to slip to a below-trend 1.5% Q/Q pace this quarter on account of the weather setback. However, with underlying fundamentals remaining quite strong, we continue to expect the US economy to boast a strong 3.0% or better growth performance this year.

RATES

The surprisingly dovish tone of the March FOMC meeting has resulted in the market pricing out near-term Fed hikes. However, we believe that the Fed remains on course for tightening policy this year, and our expectation is for a September liftoff in rates. Nevertheless, given lingering concerns about a Greek Eurozone exit and the natural bid for Treasuries from ECB liquidity provisions, the backup in yields will be modest.

FX

The Fed’s tilt towards policy normalization leaves the USD sensitive to the undertone of US data reports - good and bad. We think the USD looks, broadly, fairly valued at current (DXY) levels and it may consolidate near-term. But the USD will rise more obviously as Fed lift off nears.
Economic data has weakened sharply in early 2015 reflecting the hit from lower energy prices and reduced confidence. Additional weakness is expected through Q1, before positive growth offsets emerge later in the year. Headline inflation to fall further, but core will remain more resilient. A dramatic improvement in financial conditions precludes the need for an additional cut in the overnight rate by the Bank of Canada.

The BoC will remain very sensitive to changes in the outlook as the oil shock works its way through the economy, but the most likely course for the BoC is to stay at 0.75% as long as financial conditions remain accommodative and the US outlook is strong. Ongoing threat of easing will anchor front-end yields however, with curve steepening once Treasuries begin to sell-off. Canada-US spreads look fair at current levels.

The CAD has stopped falling but there are clear impediments to anything other than a trading correction in the sell-off; weak growth, low oil prices and the lingering risk of more BoC policy action suggests that USDCAD dips in Q2 are a buying opportunity for a H2 rebound.
Snapshot: Australia

MACRO

Australian GDP growth is crawling at a glacial 2½%/yr pace. Sub-trend consumer spending, collapsing mining investment and the re-emergence of poisonous politics are overpowering any positive vibes from buoyant house prices and construction. Business and consumer confidence are firmly in the doldrums and the unemployment rate hasn’t peaked yet. With ongoing fiscal policy paralysis no wonder the RBA is being forced to step up.

RATES

OIS is priced for another -25bp to 2% by May/June, consistent with our base case, however, the strip is also fully priced for 1.75% by year-end. We see the RBA as being somewhat reluctant to use up more bullets than necessary at this stage. We attach downside risk to our mid-year 1.95% 3yr target as the markets keep pushing for more cuts, even the RBA regularly refuses to deliver.

FX

Our mid-year $US0.77 target remains on track as we expect the RBA to deliver the "priced-in" 2% cash rate. Our $US0.75 year-end target requires the RBA to pause on the sidelines thereafter, and global investors to reinvest maturing assets rather than exit. While China continues to slow, the AUD more recently has been fluctuating with mixed U.S. Federal Reserve messages than 'weak' Chinese data or commodity price per se.

TD FORECASTS - Australia

<table>
<thead>
<tr>
<th>Spread to US</th>
<th>AUD/USD</th>
<th>AUD/NZD</th>
<th>AUD/JPY</th>
<th>EUR/AUD</th>
</tr>
</thead>
<tbody>
<tr>
<td>O/N</td>
<td>2.25</td>
<td>2.25</td>
<td>2.00</td>
<td>2.00</td>
</tr>
<tr>
<td>3m</td>
<td>1.99</td>
<td>2.30</td>
<td>2.15</td>
<td>2.15</td>
</tr>
<tr>
<td>3y</td>
<td>1.74</td>
<td>2.00</td>
<td>1.95</td>
<td>1.95</td>
</tr>
<tr>
<td>5y</td>
<td>1.83</td>
<td>2.00</td>
<td>2.00</td>
<td>2.10</td>
</tr>
<tr>
<td>10y</td>
<td>2.33</td>
<td>2.40</td>
<td>2.45</td>
<td>2.45</td>
</tr>
</tbody>
</table>

Source: ABS; TD Securities (forecasts from Q1 2015)
Global Markets
26 March 2015 | TD Securities

Snapshot: New Zealand

MACRO
In contrast with Australia and top trade partner China, GDP growth is broad-based at an above-trend pace of 3½% and not losing steam as construction, business investment and consumption all expand again this year. Employment growth is strong via decent domestic demand and a willing fresh supply of labour via record migration levels. Inflation, however, is heading below zero and not just due to a weak quarter of petrol prices.

RATES
While no-one doubts that growth is strong, the policy response to ongoing downside misses to inflation has split the markets. Global investors assume the RBNZ will cut at some stage, hence OIS is 50/50 for a rate cut by mid-year and 84% priced for a cut by year end. We expect the curve to stay hockey-stick shaped all year, even if the RBNZ voices a neutral tone for the next few meetings and doesn’t actually deliver a cut.

FX
The FX market has a one-eyed view of the RBNZ, and the surging TWI tells us that the RBNZ is being ‘punished’ for expressing a neutral tone at each and every opportunity. The voicing of the exchange rate being “unsustainable and unjustified” means nothing while ex-U.S. central banks are easing aggressively. We have upgraded our NZD profile to reflect the RBNZ staying resolutely neutral.

TD FORECASTS - New Zealand

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>O/N</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.50</td>
<td>3.75</td>
</tr>
<tr>
<td>3m</td>
<td>3.64</td>
<td>3.60</td>
<td>3.60</td>
<td>3.60</td>
<td>3.60</td>
<td>3.60</td>
<td>3.65</td>
<td>3.85</td>
<td></td>
</tr>
<tr>
<td>3y</td>
<td>3.09</td>
<td>3.00</td>
<td>3.00</td>
<td>3.05</td>
<td>3.10</td>
<td>3.25</td>
<td>3.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4y</td>
<td>3.09</td>
<td>3.10</td>
<td>3.05</td>
<td>3.10</td>
<td>3.15</td>
<td>3.35</td>
<td>3.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10y</td>
<td>3.21</td>
<td>3.20</td>
<td>3.15</td>
<td>3.20</td>
<td>3.25</td>
<td>3.40</td>
<td>3.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NZD/USD</td>
<td>0.77</td>
<td>0.77</td>
<td>0.76</td>
<td>0.73</td>
<td>0.72</td>
<td>0.70</td>
<td>0.67</td>
<td>0.64</td>
<td></td>
</tr>
<tr>
<td>AUD/NZD</td>
<td>1.03</td>
<td>1.01</td>
<td>1.01</td>
<td>1.04</td>
<td>1.04</td>
<td>1.07</td>
<td>1.10</td>
<td>1.13</td>
<td></td>
</tr>
<tr>
<td>NZD/JPY</td>
<td>91</td>
<td>92</td>
<td>92</td>
<td>90</td>
<td>90</td>
<td>88</td>
<td>84</td>
<td>81</td>
<td></td>
</tr>
<tr>
<td>EUR/NZD</td>
<td>1.44</td>
<td>1.43</td>
<td>1.38</td>
<td>1.37</td>
<td>1.33</td>
<td>1.43</td>
<td>1.49</td>
<td>1.64</td>
<td></td>
</tr>
</tbody>
</table>

Spread to Australia

100d history | Spot | 3/15 | 6/15 | 9/15 | 12/15 | 3/16 |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RBNZ Mar 'target'</td>
<td>125</td>
<td>125</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>RBNZ Dec 'target'</td>
<td>165</td>
<td>130</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>145</td>
</tr>
</tbody>
</table>

Source: RBNZ; ANZ Business Outlook Survey; TD Securities

New Zealand inflation expectations are heading south

Source: RBNZ; ANZ Business Outlook Survey; TD Securities

RBNZ TWI target revised up, but spot is racing ahead on no cuts

Source: Bloomberg; RBNZ; TD Securities
MACRO

The ECB is certainly optimistic on the macro impact of its QE program, given the substantial growth and inflation forecast upgrades at the March meeting, and now we just await the proof. Eurozone inflation has actually been surprising to the upside recently to the greatest extent in 4 years, although we'll have to see how it holds up through another leg lower for crude oil prices, while growth has been slower to come around.

RATES

The ECB has anchored the front end of the German curve at -0.20% by stating that its floor for buying EGBs with negative rates is in line with its -0.20% deposit rate. We still see German 10y yields remaining around current levels for a few more months, at least until after inflation has troughed and markets have more evidence that EZ inflation truly is on an upward trend, with Greek politics providing noise rather than direction.

FX

The case for longer-term depreciation in the EUR remains strong; ECB balance sheet expansion and relatively weak growth should keep the EUR trading defensively over the balance of the year. However, some respite from the recent weakness would not surprise; the sell-off may resume in H2.

**TD FORECASTS - German Rates and Euro**

<table>
<thead>
<tr>
<th>Spread to US</th>
<th>100d history</th>
<th>Spotted at</th>
<th>4q fcast</th>
<th>100d history</th>
<th>Spotted at</th>
<th>4q fcast</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
<td>0.05</td>
</tr>
<tr>
<td>3m</td>
<td>-0.28</td>
<td>-0.25</td>
<td>-0.25</td>
<td>-0.25</td>
<td>-0.20</td>
<td>-0.15</td>
</tr>
<tr>
<td>2y</td>
<td>-0.24</td>
<td>-0.15</td>
<td>-0.10</td>
<td>-0.10</td>
<td>-0.05</td>
<td>-0.05</td>
</tr>
<tr>
<td>5y</td>
<td>-0.08</td>
<td>-0.05</td>
<td>-0.05</td>
<td>0.00</td>
<td>0.15</td>
<td>0.30</td>
</tr>
<tr>
<td>10y</td>
<td>0.21</td>
<td>0.30</td>
<td>0.30</td>
<td>0.45</td>
<td>0.60</td>
<td>0.85</td>
</tr>
<tr>
<td>30y</td>
<td>0.64</td>
<td>1.00</td>
<td>1.00</td>
<td>1.10</td>
<td>1.20</td>
<td>1.50</td>
</tr>
<tr>
<td>EUR/USD</td>
<td>1.10</td>
<td>1.10</td>
<td>1.05</td>
<td>1.00</td>
<td>0.96</td>
<td>1.00</td>
</tr>
<tr>
<td>EUR/GBP</td>
<td>0.74</td>
<td>0.75</td>
<td>0.74</td>
<td>0.73</td>
<td>0.69</td>
<td>0.69</td>
</tr>
<tr>
<td>EUR/CHF</td>
<td>1.05</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>EUR/JPY</td>
<td>131</td>
<td>132</td>
<td>127</td>
<td>123</td>
<td>120</td>
<td>125</td>
</tr>
</tbody>
</table>

Source: Macrobond, TD Securities

Richard.Kelly@tdsecurities.com +44 20 7786 8448
Jacqui.Douglas@tdsecurities.com +44 20 7786 8439
Timothy.Davis@tdsecurities.com +44 20 7786 8441
Shaun.Osborne@tdsecurities.com +416 983 2629
Snapshot: United Kingdom

MACRO

Recent BoE comments have left a little more focus on the upcoming trough in headline inflation, rather than the fact that growth still seems to be holding up relatively well. And with crude oil prices still to hit new lows, inflation is likely going to remain in focus until we see a more definite upturn, probably in Q3. Consensus has now shifted to our view that the BoE will not hike until early 2016.

RATES

The next couple of months will be a volatile period for UK markets as uncertainty around the May election becomes fully priced in. And with a minority government being the most likely outcome, the uncertainty may not abate all that quickly. Combined with the focus on lower inflation, we should see gilts outperforming treasuries, particularly at the front end of the curve as the Fed continues to prep markets for policy tightening.

FX

BoE sensitivity to the GBP's impact on inflation and uncertainty regarding the May general election outcome will serve to temper the recent appreciation in the pound in the short-term at least. EURGBP may give back another 2-3 cents of the recent decline ahead of the May vote.

TD FORECASTS - United Kingdom

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>O/N</td>
<td>0.50</td>
<td>0.50</td>
<td>0.50</td>
<td>0.50</td>
<td>0.75</td>
<td>1.00</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3m</td>
<td>0.44</td>
<td>0.45</td>
<td>0.45</td>
<td>0.50</td>
<td>0.65</td>
<td>0.90</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>2y</td>
<td>0.41</td>
<td>0.40</td>
<td>0.45</td>
<td>0.60</td>
<td>0.85</td>
<td>1.10</td>
<td>1.40</td>
<td>1.50</td>
<td>2.00</td>
</tr>
<tr>
<td>5y</td>
<td>1.14</td>
<td>1.10</td>
<td>1.15</td>
<td>1.35</td>
<td>1.65</td>
<td>1.90</td>
<td>2.05</td>
<td>2.15</td>
<td>2.50</td>
</tr>
<tr>
<td>10y</td>
<td>1.49</td>
<td>1.65</td>
<td>1.85</td>
<td>1.90</td>
<td>2.05</td>
<td>2.25</td>
<td>2.40</td>
<td>2.50</td>
<td>2.50</td>
</tr>
<tr>
<td>30y</td>
<td>2.27</td>
<td>2.35</td>
<td>2.40</td>
<td>2.50</td>
<td>2.55</td>
<td>2.65</td>
<td>2.75</td>
<td>2.75</td>
<td>2.75</td>
</tr>
<tr>
<td>GBP/USD</td>
<td>1.50</td>
<td>1.47</td>
<td>1.42</td>
<td>1.37</td>
<td>1.39</td>
<td>1.45</td>
<td>1.47</td>
<td>1.48</td>
<td></td>
</tr>
<tr>
<td>EUR/GBP</td>
<td>0.74</td>
<td>0.75</td>
<td>0.74</td>
<td>0.73</td>
<td>0.69</td>
<td>0.69</td>
<td>0.68</td>
<td>0.71</td>
<td></td>
</tr>
<tr>
<td>GBP/CHF</td>
<td>1.42</td>
<td>1.33</td>
<td>1.35</td>
<td>1.37</td>
<td>1.45</td>
<td>1.45</td>
<td>1.47</td>
<td>1.41</td>
<td></td>
</tr>
<tr>
<td>GBP/JPY</td>
<td>177</td>
<td>176</td>
<td>172</td>
<td>168</td>
<td>174</td>
<td>181</td>
<td>184</td>
<td>188</td>
<td></td>
</tr>
</tbody>
</table>

Richard.Kelly@tdsecurities.com +44 20 7786 8448
Jacqui.Douglas@tdsecurities.com +44 20 7786 8439
Timothy.Davis@tdsecurities.com +44 20 7786 8441
Shaun.Osborne@tdsecurities.com +1 416 983 2629

Higher Wages Point to Eventual Services CPI Rebound

Source: Haver

EURGBP Unfazed By Recent UK General Elections

Source: Macro, TD Securities

Y/Y Wage Growth (LHS, 6m lead)  Y/Y Services CPI (RHS)

Higher Wages Point to Eventual Services CPI Rebound
Source: Haver

Y/Y % chg

Y/Y % chg
Snapshot: Scandies

MACRO

Even though the Swedish inflation data has held up well, we still saw the Riksbank deliver the intermeeting rate cut that we were looking for, along with extending its QE program, as it worries about the impact of SEK appreciation on its inflation forecasts. The Norges Bank surprised in the opposite direction as it shocked markets by keeping rates on hold this month, but has forecast that there will still be more easing to come.

RATES

Riksbank policy has seen the Swedish curve flatten, and that trend could extend a bit further. We think that further QE is a likely scenario as the Riksbank tries to limit the scope for EURSEK to move lower, while another rate cut deeper into negative territory would require downside disappointment in inflation and/or expectations. We see more downside for Norway rates on further cuts and as growth begins to falter.

FX

The Riksbank's decision to cut key rates deeper into negative territory and undertake another round of asset purchases highlights the central bank's sensitivity to 1) low inflation expectations and 2) the SEK. Weak oil and the threat of further Norges bank easing should weigh on the NOK.

TD FORECASTS - Norwegian Rates and Scandie FX

<table>
<thead>
<tr>
<th>Spread to US</th>
</tr>
</thead>
<tbody>
<tr>
<td>O/N</td>
</tr>
<tr>
<td>3m</td>
</tr>
<tr>
<td>2y</td>
</tr>
<tr>
<td>4y</td>
</tr>
<tr>
<td>9y</td>
</tr>
<tr>
<td>EUR/NOK</td>
</tr>
<tr>
<td>USD/NOK</td>
</tr>
<tr>
<td>NOK/SEK</td>
</tr>
<tr>
<td>EUR/SEK</td>
</tr>
<tr>
<td>USD/SEK</td>
</tr>
</tbody>
</table>

Source: Bloomberg

Richard.Kelly@tdsecurities.com +44 20 7786 8448
Jacqui.Douglas@tdsecurities.com +44 20 7786 8439
Timothy.Davis@tdsecurities.com +44 20 7786 8441
Shaun.Osborne@tdsecurities.com +1 416 983 2629
Snapshot: CHF

FX
Deflation and weak growth at home mean that markets have to be alert to the risk of renewed SNB activism on the CHF exchange rate. Renewed market volatility in response to EU or regional geopolitical tensions which drives up the CHF is likely to get the SNB’s attention.

TD FORECASTS - Switzerland

<table>
<thead>
<tr>
<th>Currency Pair</th>
<th>100d history</th>
<th>Spotted+4q fcast</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR/CHF</td>
<td>1.05 1.00 1.00 1.00 1.00 1.00 1.00 1.00</td>
<td>Spot 3/15 6/15 9/15 12/15 3/16 6/16 9/16</td>
</tr>
<tr>
<td>USD/CHF</td>
<td>0.95 0.91 0.95 1.00 1.04 1.00 1.00 0.95</td>
<td></td>
</tr>
<tr>
<td>CHF/JPY</td>
<td>125 132 127 123 120 125 125 133</td>
<td></td>
</tr>
<tr>
<td>GBP/CHF</td>
<td>1.42 1.33 1.35 1.37 1.45 1.45 1.47 1.41</td>
<td></td>
</tr>
</tbody>
</table>

Snapshot: JPY

FX
Sluggish domestic growth and subdued inflation readings will keep the door ajar for additional BoJ policy accommodation, especially if Q1 GDP disappoints (due early May). We think supportive US-Japan yield spreads will underpin USDJPY through the balance of 2015. Equity market volatility will boost the JPY, however.

TD FORECASTS - Japan

<table>
<thead>
<tr>
<th>Currency Pair</th>
<th>100d history</th>
<th>Spotted+4q fcast</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR/JPY</td>
<td>131 132 127 123 120 125 125 133</td>
<td></td>
</tr>
<tr>
<td>AUD/JPY</td>
<td>93 94 93 93 94 94 93 91</td>
<td></td>
</tr>
<tr>
<td>GBP/JPY</td>
<td>177 176 172 168 174 181 184 188</td>
<td></td>
</tr>
</tbody>
</table>
MACRO

Subdued oil prices continue to feed into deflation in most of EMEA. On the growth front, however, CEE countries such as Poland and Hungary exhibit signs of economic resurgence, while the macro backdrop is deteriorating in Turkey and S. Africa. CPI is easing here as well, but core remains stronger than it should be. In Russia, the economy is rapidly falling into recession, while CPI remains elevated at around 17%.

RATES

The ECB’s QE and the Fed delaying hikes give EMEA CBs an opportunity to keep rates low for longer or adjust policy to the downside. Poland and Hungary have cut rates already. Turkey will likely ease further before the June general election on the assumption of political interference. S. Africa should hold rates steady on fears of a Fed lift off. Finally, Russia is easing now, but we expect a reversal of policy later in 2015.

FX

Even if rates are expected to go lower across several countries, capital outflows from the Eurozone find an easy way to EMEA and support stronger EMFX vs the EUR in the short term. We expect stronger PLN and HUF vs EUR than prior forecasts, while USDTRY and USDZAR should continue nudging higher to 2.85 and 12.00, respectively, by the Fed lift off date in September. RUB strength temporary – we look for more weakness.

TD FORECASTS - EMEA Policy Rates and FX

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.75</td>
<td>2.00</td>
<td>2.25</td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td>1.95</td>
<td>1.95</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.65</td>
<td>2.15</td>
<td>2.40</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>14.00</td>
<td>14.00</td>
<td>12.00</td>
<td>11.00</td>
<td>15.00</td>
<td>15.00</td>
<td>15.00</td>
<td>15.00</td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>7.50</td>
<td>7.50</td>
<td>7.00</td>
<td>7.00</td>
<td>7.50</td>
<td>8.00</td>
<td>8.50</td>
<td>9.00</td>
<td></td>
</tr>
<tr>
<td>S. Africa</td>
<td>5.75</td>
<td>5.75</td>
<td>5.75</td>
<td>5.75</td>
<td>5.75</td>
<td>6.00</td>
<td>6.25</td>
<td>6.50</td>
<td></td>
</tr>
<tr>
<td>EUR/PLN</td>
<td>4.09</td>
<td>4.10</td>
<td>4.10</td>
<td>4.20</td>
<td>4.18</td>
<td>4.18</td>
<td>4.18</td>
<td>4.15</td>
<td></td>
</tr>
<tr>
<td>EUR/HUF</td>
<td>300</td>
<td>300</td>
<td>297</td>
<td>300</td>
<td>302</td>
<td>305</td>
<td>305</td>
<td>305</td>
<td></td>
</tr>
<tr>
<td>EUR/RUB</td>
<td>62.3</td>
<td>63.8</td>
<td>66.2</td>
<td>66.8</td>
<td>65.3</td>
<td>66.5</td>
<td>65.8</td>
<td>67.5</td>
<td></td>
</tr>
<tr>
<td>EUR/TRY</td>
<td>2.87</td>
<td>2.86</td>
<td>2.89</td>
<td>2.85</td>
<td>2.66</td>
<td>2.74</td>
<td>2.77</td>
<td>2.67</td>
<td></td>
</tr>
<tr>
<td>EUR/ZAR</td>
<td>13.13</td>
<td>12.82</td>
<td>12.50</td>
<td>12.00</td>
<td>11.62</td>
<td>12.10</td>
<td>12.00</td>
<td>12.60</td>
<td></td>
</tr>
</tbody>
</table>

Spread to Germany

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Poland</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>170</td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td>190</td>
<td>190</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>145</td>
<td>160</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>1395</td>
<td>1395</td>
<td>1195</td>
<td>1095</td>
<td>1495</td>
<td>1495</td>
<td>1495</td>
<td>1495</td>
<td>1500</td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>745</td>
<td>745</td>
<td>695</td>
<td>695</td>
<td>745</td>
<td>745</td>
<td>795</td>
<td>795</td>
<td>595</td>
<td></td>
</tr>
<tr>
<td>S. Africa</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>570</td>
<td>595</td>
<td></td>
</tr>
</tbody>
</table>

Cristian.Maggio@tdsecurities.com +44 20 7786 8436
Paul.Fage@tdsecurities.com +44 20 7786 8424
Global Markets
26 March 2015 | TD Securities

Snapshot: LATAM

MACRO

The Brazilian economy continues to struggle. With risks of electricity rationing (though it seems slightly less likely now than 1-2 months ago), tight monetary policy, the Petrobras scandal and rising tariffs, we expect GDP to contract -0.4% in 2015, while CPI will remain above 7%. Meanwhile, the recovery in Mexico appears to be underway and the country is poised to capitalize on stronger US growth via manufactured exports.

RATES

Despite the weaker currency, Banxico is likely to remain on hold until the Fed begins hiking in the second half. In Brazil, however, the need to re-anchor CPI expectations and prevent second-round effects should convince the BCB to push the Selic beyond 13% soon. We expect a final 50bp hike on April 29 to 13.25%, but continue to see upside risks. With the market recognizing extreme policy tightness, the curve will remain inverted.

FX

USDBRL broke the psychological 3.00 mark in March and we forecast it to test 3.50 by end-Q3. Yet, the BCB remains committed to the swap program for now, which marginally improves the BRL outlook. In Mexico, we expect MXN to appreciate over the course of the year, benefitting from stronger US growth, eventual hikes from Banxico, and FDI inflows towards the end of the year. However, we recognize that MXN volatility will remain high.

TD FORECASTS - Latam Policy Rates and FX

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>12.75</td>
<td>12.75</td>
<td>13.25</td>
<td>13.25</td>
<td>13.00</td>
<td>12.50</td>
<td>12.25</td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>3.50</td>
<td>3.75</td>
<td>4.00</td>
<td>4.25</td>
<td>4.50</td>
</tr>
<tr>
<td>USD/BRL</td>
<td>3.20</td>
<td>3.17</td>
<td>3.35</td>
<td>3.50</td>
<td>3.50</td>
<td>3.35</td>
<td>3.30</td>
<td>3.22</td>
</tr>
<tr>
<td>USD/MXN</td>
<td>15.00</td>
<td>14.90</td>
<td>14.80</td>
<td>14.70</td>
<td>14.60</td>
<td>14.50</td>
<td>14.50</td>
<td>14.50</td>
</tr>
<tr>
<td>BRL/MXN</td>
<td>4.69</td>
<td>4.70</td>
<td>4.42</td>
<td>4.20</td>
<td>4.17</td>
<td>4.33</td>
<td>4.39</td>
<td>4.50</td>
</tr>
<tr>
<td>EUR/BRL</td>
<td>3.51</td>
<td>3.49</td>
<td>3.52</td>
<td>3.50</td>
<td>3.36</td>
<td>3.35</td>
<td>3.30</td>
<td>3.38</td>
</tr>
<tr>
<td>EUR/MXN</td>
<td>16.55</td>
<td>16.39</td>
<td>15.54</td>
<td>14.70</td>
<td>14.02</td>
<td>14.50</td>
<td>14.50</td>
<td>15.23</td>
</tr>
</tbody>
</table>

Spread to US

<table>
<thead>
<tr>
<th>100d history</th>
<th>Spot+4q forecast</th>
<th>Spot 3/15</th>
<th>6/15</th>
<th>9/15</th>
<th>12/15</th>
<th>3/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
<td>1250</td>
<td>1250</td>
<td>1300</td>
<td>1275</td>
<td>1250</td>
<td>1200</td>
</tr>
<tr>
<td>Mexico</td>
<td>275</td>
<td>275</td>
<td>275</td>
<td>300</td>
<td>300</td>
<td>300</td>
</tr>
</tbody>
</table>

Source: Bloomberg, TD Securities

Source: Blue.Macellari@tdsecurities.com +1 212 827 7182
Cristian.Maggio@tdsecurities.com +44 20 7786 8436
Paul.Fage@tdsecurities.com +44 20 7786 8424

Depreciation vs. LATAM FX in 2014

EM FX vs. LATAM FX in 2014

BCB Implied Rate Expectations

TD forecast DI Futures
MACRO

Signs of economic recovery are only tentative. India is slowly reaccelerating, but the higher GDP figures are mostly cosmetic as the series has been revised and rebased by the CSO. In Indonesia, the bottom of the cycle has likely been reached between Q3 and Q4. In Malaysia, GDP slowdown is underway. In all three countries, CPI is much lower than anticipated on low oil prices, which supports more accommodation, especially in India.

RATES

Since our last GM, we have revised our rates forecast lower for Indonesia. However, BI is particularly vigilant on market reactions, and with the Fed likely to pull the trigger in September, we now anticipate only one more cut of the BI rate to 7.25% in Q2. In India, we also expect -25bp at the next meeting. Malaysia, which is at risk of downgrades, may hold back from easing and stay on hold this year to avoid more pressure on MYR.

FX

We continue to forecast modest appreciation of INR vs USD in the short term, but see the currency struggling when the Fed starts hiking. IDR has recovered some of the recent weakness and now is in line with our Q1 forecasts at 12,950. We see USDMYR trading in the 13,000-12,875 range until yearend. The MYR comeback has been fast despite the numerous idiosyncratic risks. At around 3.65, we see USDMYR at fair value.

### TD FORECASTS - Asian Policy Rates and FX

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>7.50</td>
<td>7.50</td>
<td>7.25</td>
<td>7.25</td>
<td>7.25</td>
<td>7.25</td>
<td>7.50</td>
<td>7.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>7.50</td>
<td>7.50</td>
<td>7.25</td>
<td>7.25</td>
<td>7.50</td>
<td>7.75</td>
<td>7.75</td>
<td>7.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>3.25</td>
<td>3.25</td>
<td>3.25</td>
<td>3.25</td>
<td>3.25</td>
<td>3.50</td>
<td>3.50</td>
<td>3.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD/INR</td>
<td>62.7</td>
<td>62.2</td>
<td>62.2</td>
<td>62.6</td>
<td>62.9</td>
<td>62.7</td>
<td>62.9</td>
<td>62.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD/IDR</td>
<td>13018</td>
<td>12950</td>
<td>13000</td>
<td>12900</td>
<td>12875</td>
<td>12790</td>
<td>12750</td>
<td>12600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>USD/MYR</td>
<td>3.66</td>
<td>3.66</td>
<td>3.65</td>
<td>3.70</td>
<td>3.72</td>
<td>3.68</td>
<td>3.68</td>
<td>3.60</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Spread to US

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>725</td>
<td>725</td>
<td>700</td>
<td>675</td>
<td>650</td>
<td>625</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>725</td>
<td>725</td>
<td>700</td>
<td>675</td>
<td>675</td>
<td>675</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>300</td>
<td>300</td>
<td>300</td>
<td>275</td>
<td>250</td>
<td>250</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cristian.Maggio@tdsecurities.com  +44 20 7786 8436
Paul.Fage@tdsecurities.com  +44 20 7786 8424
### G10 RATES AT A GLANCE

**1-Month Correlation**  
Spreads (bps)  
History and Forecasts

<table>
<thead>
<tr>
<th>2y</th>
<th>5y</th>
<th>10y</th>
<th>30y</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DXY</strong></td>
<td><strong>Eco (Dom)</strong></td>
<td><strong>SPX</strong></td>
<td><strong>WTI</strong></td>
</tr>
<tr>
<td>US 0.59</td>
<td>1.39</td>
<td>1.89</td>
<td>2.48</td>
</tr>
<tr>
<td>0.5</td>
<td>0.2</td>
<td>-0.5</td>
<td>-0.3</td>
</tr>
<tr>
<td>0.5</td>
<td>0.2</td>
<td>-0.5</td>
<td>-0.4</td>
</tr>
<tr>
<td>0.5</td>
<td>0.1</td>
<td>-0.4</td>
<td>-0.3</td>
</tr>
<tr>
<td>0.4</td>
<td>0.1</td>
<td>-0.3</td>
<td>-0.3</td>
</tr>
</tbody>
</table>

| **Eco (US)** | **SPX** | **WTI** |
| CA 0.51 | 0.77 | 1.35 | 1.98 |
| 0.3 | 0.3 | -0.4 | 0.0 | 0.1 | VIX 0.7 | US5 0.8 | -8 -36 | 3 | -56 | -51 | 44 | 29 |
| 0.3 | 0.2 | -0.4 | -0.1 | 0.2 | VIX 0.9 | US5 0.9 | -62 -43 | 2 | 95 | -57 | ... | 63 |
| 0.3 | 0.1 | -0.4 | -0.1 | 0.2 | VIX 0.9 | US30 1.0 | -55 -50 | 2 | -113 | 44 | 64 | 60 |
| 0.3 | 0.1 | -0.4 | 0.0 | 0.2 | VIX 1.0 | US30 1.0 | -49 -48 | 3 | -100 | -35 | ... | 47 |

| **Eco (EUR)** | **SPX** | **WTI** |
| AD 1.74 | 1.83 | 2.33 |
| -0.1 | 0.0 | -0.1 | 0.2 | -0.1 | WTI 0.5 | CA10 0.8 | 115 -36 | ... -6 | 126 | -39 | 30 | 27 |
| -0.1 | 0.1 | 0.0 | 0.2 | -0.1 | WTI 0.5 | CA10 0.9 | 44 -39 | 7 | -162 | 43 | ... | 37 |
| -0.2 | 0.0 | 0.0 | 0.3 | -0.1 | WTI 0.6 | NZ10 0.9 | 43 -32 | 2 | 59 | -18 | 41 | 52 | 17 |

| **Eco (AUD)** | **SPX** | **WTI** |
| NZ 3.09 | 3.10 | 3.21 |
| -0.3 | 0.2 | 0.1 | 0.3 | 0.0 | WTI 0.4 | AU10 0.8 | 120 -55 | -7 | 96 | -44 | ... | -4 |
| -0.2 | -0.2 | 0.2 | 0.2 | 0.0 | WTI 0.4 | AU10 0.9 | 120 -56 | -7 | 111 | -45 | ... | 1 |
| -0.2 | -0.3 | 0.1 | 0.2 | 0.0 | WTI 0.3 | AU10 0.9 | 131 -52 | -6 | 140 | -44 | 94 | -1 |

| **Eco (GBP)** | **SPX** | **WTI** |
| UK 0.41 | 1.14 | 1.49 | 2.27 |
| 0.1 | 0.5 | 0.0 | 0.1 | 0.1 | Eco 0.7 | US30 0.8 | -18 -45 | 0 | -27 | -4 | 57 | 14 |
| 0.1 | 0.4 | 0.0 | 0.1 | 0.1 | Eco 0.6 | US30 0.8 | -25 -20 | 0 | -79 | 2 | 51 | ... |
| 0.2 | 0.1 | -0.2 | 0.2 | 0.2 | SPX -0.7 | US30 0.9 | -40 -11 | 24 | 81 | -26 | 67 | 56 |
| 0.2 | 0.2 | -0.2 | 0.2 | 0.2 | SPX -0.7 | CA10 0.9 | -21 42 | -16 | 123 | 24 | ... | 28 |

| **Eco (NOK)** | **SPX** | **WTI** |
| NO 0.84 | 0.99 | 1.40 |
| 0.0 | 0.2 | 0.0 | 0.1 | 0.3 | Eco 0.4 | SW2 0.9 | -105 -44 | 8 | 86 | 8 | ... | 31 |
| 0.0 | 0.3 | 0.1 | 0.1 | 0.3 | Eco 0.4 | SW5 0.9 | -90 -44 | 18 | 119 | -5 | ... | 31 |
| 0.0 | 0.0 | 0.0 | 0.1 | 0.2 | VIX 0.4 | GE10 0.9 | -49 -44 | 4 | 145 | -5 | 25 | ... | 25 |

- **Strongest**  
- **Weakest**  
Sorted by average G10 correlation

**1m-3m** correlation  
**Forecasted bps from spot**

Global Markets  
26 March 2015 | TD Securities

Analytics at a Glance
### COMMODITIES AT A GLANCE

<table>
<thead>
<tr>
<th>100d</th>
<th>WTI</th>
<th>CRB</th>
<th>US10</th>
<th>VIX</th>
<th>DXY</th>
<th>SPX</th>
<th>Largest</th>
<th>History and Forecasts</th>
<th>Fcast A to Q415 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>800</td>
<td>0.3</td>
<td>0.3</td>
<td>-0.5</td>
<td>-0.5</td>
<td>-0.4</td>
<td>0.4</td>
<td>-0.3</td>
<td>VIX</td>
<td>0 - 7 2 0 Consensus</td>
</tr>
<tr>
<td>800</td>
<td>0.3</td>
<td>0.4</td>
<td>-0.3</td>
<td>-0.5</td>
<td>-0.2</td>
<td>0.2</td>
<td>0.0</td>
<td>VIX</td>
<td>-4 -13 10 4</td>
</tr>
<tr>
<td>50200</td>
<td>0.3</td>
<td>0.5</td>
<td>-0.2</td>
<td>-0.6</td>
<td>-0.3</td>
<td>0.3</td>
<td>-0.1</td>
<td>VIX</td>
<td>-1 -17 4 19</td>
</tr>
<tr>
<td>800</td>
<td>0.4</td>
<td>0.7</td>
<td>0.2</td>
<td>0.2</td>
<td>-0.4</td>
<td>0.2</td>
<td>0.0</td>
<td>WTI</td>
<td>-5 -1 -3 11</td>
</tr>
<tr>
<td>50200</td>
<td>-0.1</td>
<td>0.4</td>
<td>-0.3</td>
<td>-0.6</td>
<td>-0.2</td>
<td>0.1</td>
<td>0.0</td>
<td>US10</td>
<td>6 -7 -3 5</td>
</tr>
<tr>
<td>50200</td>
<td>-0.3</td>
<td>0.2</td>
<td>-0.1</td>
<td>-0.2</td>
<td>0.1</td>
<td>0.0</td>
<td>0.0</td>
<td>VIX</td>
<td>1 4 -4 12</td>
</tr>
<tr>
<td>50200</td>
<td>-0.2</td>
<td>0.2</td>
<td>0.3</td>
<td>0.0</td>
<td>0.3</td>
<td>0.0</td>
<td>0.1</td>
<td>US10</td>
<td>6 -11 0 14</td>
</tr>
<tr>
<td>5000200</td>
<td>0.0</td>
<td>0.2</td>
<td>0.1</td>
<td>-0.2</td>
<td>-0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>VIX</td>
<td>-5 -16 -10 39</td>
</tr>
<tr>
<td>50200</td>
<td>-0.2</td>
<td>0.4</td>
<td>0.0</td>
<td>-0.1</td>
<td>0.0</td>
<td>0.0</td>
<td>-0.4</td>
<td>DXY</td>
<td>-1 -3 -3 11</td>
</tr>
<tr>
<td>50200</td>
<td>-0.1</td>
<td>0.0</td>
<td>-0.1</td>
<td>-0.2</td>
<td>0.0</td>
<td>0.2</td>
<td>0.2</td>
<td>VIX</td>
<td>12 -18 -11 22</td>
</tr>
<tr>
<td>5200</td>
<td>-0.3</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.2</td>
<td>-0.1</td>
<td>0.1</td>
<td>US data</td>
<td>-9 -42 -15 9</td>
</tr>
<tr>
<td>50200</td>
<td>-0.3</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.2</td>
<td>-0.1</td>
<td>0.1</td>
<td>US data</td>
<td>7 -49 -3 27</td>
</tr>
<tr>
<td>50</td>
<td>0.9</td>
<td>0.3</td>
<td>-0.4</td>
<td>-0.2</td>
<td>-0.5</td>
<td>0.1</td>
<td>-0.1</td>
<td>US data</td>
<td>-3 -43 -2 17</td>
</tr>
<tr>
<td>50</td>
<td>0.2</td>
<td>-0.3</td>
<td>-0.4</td>
<td>0.0</td>
<td>0.0</td>
<td>-0.2</td>
<td>-0.1</td>
<td>US data</td>
<td>2 -38 -5 28</td>
</tr>
<tr>
<td>50</td>
<td>0.5</td>
<td>0.1</td>
<td>-0.4</td>
<td>0.0</td>
<td>-0.2</td>
<td>-0.1</td>
<td>0.1</td>
<td>US data</td>
<td>-16 -39 -3 5</td>
</tr>
<tr>
<td>50</td>
<td>0.6</td>
<td>0.4</td>
<td>0.1</td>
<td>-0.2</td>
<td>0.4</td>
<td>0.2</td>
<td>0.0</td>
<td>US data</td>
<td>10 -36 31 ...</td>
</tr>
<tr>
<td>50</td>
<td>0.1</td>
<td>-0.2</td>
<td>-0.3</td>
<td>0.0</td>
<td>0.1</td>
<td>-0.1</td>
<td>0.1</td>
<td>US data</td>
<td>-4 -50 -10 ...</td>
</tr>
<tr>
<td>50</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
<td>-0.2</td>
<td>0.0</td>
<td>US data</td>
<td>-1 -25 -2 ...</td>
</tr>
</tbody>
</table>

### % from spot

| 50/100/200 day moving average |

### Strongest
Sorted by average commodity correlation

### Forecasted % from spot

---

**Global Markets**

26 March 2015 | TD Securities

**Analytics at a Glance**
### SUMMARY G10 RATES FORECASTS

<table>
<thead>
<tr>
<th>Rate Type</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fed Funds Rate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mar 26, 2015</td>
<td>0.25</td>
<td>0.25</td>
<td>0.50</td>
<td>0.75</td>
<td>1.00</td>
</tr>
<tr>
<td>Q1 F</td>
<td>0.25</td>
<td>0.25</td>
<td>0.50</td>
<td>0.75</td>
<td>1.00</td>
</tr>
<tr>
<td>Q2 F</td>
<td>0.50</td>
<td>0.50</td>
<td>0.65</td>
<td>0.75</td>
<td>0.75</td>
</tr>
<tr>
<td>Q3 F</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.00</td>
<td>1.25</td>
</tr>
<tr>
<td>Q4 F</td>
<td>1.00</td>
<td>1.00</td>
<td>0.95</td>
<td>1.15</td>
<td></td>
</tr>
</tbody>
</table>

| **3m**          | 0.03     | 0.05     | 0.20     | 0.50     | 0.70     |
| **2y**          | 0.59     | 0.65     | 0.90     | 1.10     | 1.40     |
| **5y**          | 1.39     | 1.55     | 1.75     | 1.95     | 2.10     |
| **10y**         | 1.89     | 1.95     | 2.15     | 2.25     | 2.35     |
| **30y**         | 2.48     | 2.60     | 2.65     | 2.70     | 2.75     |

| **Overnight Rate** |          |          |          |          |          |
| **3m**          | 0.75     | 0.75     | 0.75     | 0.75     | 0.75     |
| **2y**          | 0.51     | 0.50     | 0.60     | 0.75     | 1.00     |
| **5y**          | 0.77     | 0.85     | 1.10     | 1.25     | 1.55     |
| **10y**         | 1.35     | 1.35     | 1.60     | 1.70     | 2.05     |
| **30y**         | 1.98     | 2.00     | 2.20     | 2.30     | 2.55     |

| **Cash Target Rate** |          |          |          |          |          |
| **3m**          | 2.25     | 2.25     | 2.00     | 2.00     | 2.00     |
| **2y**          | 2.25     | 2.30     | 2.15     | 2.15     | 2.15     |
| **5y**          | 1.74     | 2.00     | 1.95     | 1.95     | 2.05     |
| **10y**         | 1.83     | 2.00     | 2.00     | 2.10     | 2.25     |
| **30y**         | 2.33     | 2.40     | 2.45     | 2.45     | 2.55     |

| **Cash Target Rate** |          |          |          |          |          |
| **3m**          | 3.50     | 3.50     | 3.50     | 3.50     | 3.50     |
| **2y**          | 3.64     | 3.60     | 3.60     | 3.60     | 3.60     |
| **5y**          | 3.09     | 3.00     | 3.00     | 3.05     | 3.10     |
| **10y**         | 3.09     | 3.10     | 3.05     | 3.10     | 3.15     |
| **30y**         | 3.21     | 3.20     | 3.15     | 3.15     | 3.25     |

| **ECB Refi Rate** |          |          |          |          |          |
| **3m**          | 0.05     | 0.05     | 0.05     | 0.05     | 0.05     |
| **2y**          | -0.28    | -0.25    | -0.25    | -0.20    | -0.15    |
| **5y**          | -0.24    | -0.15    | -0.10    | -0.10    | -0.05    |
| **10y**         | -0.08    | -0.05    | 0.00     | 0.15     | 0.30     |
| **30y**         | 0.21     | 0.30     | 0.30     | 0.45     | 0.60     |

| **Bank Rate**   |          |          |          |          |          |
| **3m**          | 0.50     | 0.50     | 0.50     | 0.50     | 0.75     |
| **2y**          | 0.44     | 0.45     | 0.45     | 0.50     | 0.65     |
| **5y**          | 0.41     | 0.40     | 0.45     | 0.60     | 1.10     |
| **10y**         | 1.14     | 1.10     | 1.15     | 1.35     | 1.90     |
| **30y**         | 1.49     | 1.65     | 1.85     | 1.90     | 2.05     |

| **Deposit Rate** |          |          |          |          |          |
| **3m**          | 1.25     | 1.25     | 0.75     | 0.75     | 0.75     |
| **2y**          | 0.91     | 1.00     | 0.75     | 0.75     | 0.75     |
| **4y**          | 0.84     | 0.70     | 0.70     | 0.90     | 1.15     |
| **10y**         | 1.40     | 1.20     | 1.20     | 1.45     | 1.65     |

**Notes:**
- All rates are in percentages.
- The table above provides forecasts for global interest rates from the United States to Norway.
- The rates are presented for the periods Q1 to Q4 of 2015, 2016.
- The table includes rates for the Fed Funds Rate, Overnight Rate, Cash Target Rate, ECB Refi Rate, Bank Rate, and Deposit Rate.
## SUMMARY G10 FX FORECASTS

<table>
<thead>
<tr>
<th>Currency</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mar 26, 2015</td>
<td>Q1 F</td>
</tr>
<tr>
<td>USD/JPY</td>
<td></td>
<td>118.4</td>
</tr>
<tr>
<td>EUR/USD</td>
<td>1.10</td>
<td>1.10</td>
</tr>
<tr>
<td>GBP/USD</td>
<td>1.50</td>
<td>1.47</td>
</tr>
<tr>
<td>USD/CHF</td>
<td>0.95</td>
<td>0.91</td>
</tr>
<tr>
<td>USD/CAD</td>
<td>1.24</td>
<td>1.23</td>
</tr>
<tr>
<td>AUD/USD</td>
<td>0.79</td>
<td>0.78</td>
</tr>
<tr>
<td>NZD/USD</td>
<td>0.77</td>
<td>0.77</td>
</tr>
<tr>
<td>EUR/NOK</td>
<td>8.56</td>
<td>8.70</td>
</tr>
<tr>
<td>EUR/SEK</td>
<td>9.31</td>
<td>9.35</td>
</tr>
<tr>
<td>DXY</td>
<td>96.2</td>
<td>96.7</td>
</tr>
</tbody>
</table>

## SUMMARY COMMODITIES FORECASTS

<table>
<thead>
<tr>
<th>Commodity</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mar 26, 2015</td>
<td>Q1 F</td>
</tr>
<tr>
<td><strong>Precious Metals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gold</td>
<td>1213</td>
<td>1222</td>
</tr>
<tr>
<td>Silver</td>
<td>17.26</td>
<td>16.75</td>
</tr>
<tr>
<td>Platinum</td>
<td>1160</td>
<td>1200</td>
</tr>
<tr>
<td>Palladium</td>
<td>774</td>
<td>790</td>
</tr>
<tr>
<td><strong>Other Metals</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copper</td>
<td>2.79</td>
<td>2.65</td>
</tr>
<tr>
<td>Zinc</td>
<td>0.94</td>
<td>0.95</td>
</tr>
<tr>
<td>Lead</td>
<td>0.84</td>
<td>0.82</td>
</tr>
<tr>
<td>Nickel</td>
<td>6.18</td>
<td>6.55</td>
</tr>
<tr>
<td>Aluminum</td>
<td>0.80</td>
<td>0.82</td>
</tr>
<tr>
<td>Molybdenum</td>
<td>8.55</td>
<td>8.50</td>
</tr>
<tr>
<td>Iron Ore</td>
<td>59</td>
<td>63</td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nymex Crude Oil</td>
<td>51</td>
<td>48</td>
</tr>
<tr>
<td>Brent Crude Oil</td>
<td>59</td>
<td>55</td>
</tr>
<tr>
<td>Heating Oil</td>
<td>1.79</td>
<td>1.90</td>
</tr>
<tr>
<td>Gasoline</td>
<td>1.88</td>
<td>1.80</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>2.74</td>
<td>2.80</td>
</tr>
<tr>
<td>AECO Natural Gas</td>
<td>2.14</td>
<td>2.20</td>
</tr>
<tr>
<td>Newcastle Thermal Coal</td>
<td>62</td>
<td>65</td>
</tr>
</tbody>
</table>

*Commodity forecasts are period averages

*London PM Fix $/oz. 
+ Molybdenum equivalent to moly oxide, FOB USA 
+- $/bbl
### SUMMARY EMERGING MARKET FORECASTS

<table>
<thead>
<tr>
<th></th>
<th>Spot</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mar 26, 2015</td>
<td>Q1 F</td>
<td>Q2 F</td>
</tr>
<tr>
<td><strong>Brazil</strong></td>
<td>12.75</td>
<td>12.75</td>
<td>13.25</td>
</tr>
<tr>
<td><strong>Mexico</strong></td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
</tr>
<tr>
<td><strong>India</strong></td>
<td>7.50</td>
<td>7.50</td>
<td>7.25</td>
</tr>
<tr>
<td><strong>Indonesia</strong></td>
<td>7.50</td>
<td>7.50</td>
<td>7.25</td>
</tr>
<tr>
<td><strong>Malaysia</strong></td>
<td>3.25</td>
<td>3.25</td>
<td>3.25</td>
</tr>
<tr>
<td><strong>Poland</strong></td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
</tr>
<tr>
<td><strong>Hungary</strong></td>
<td>1.95</td>
<td>1.95</td>
<td>1.50</td>
</tr>
<tr>
<td><strong>Russia</strong></td>
<td>14.00</td>
<td>14.00</td>
<td>12.00</td>
</tr>
<tr>
<td><strong>Turkey</strong></td>
<td>7.50</td>
<td>7.50</td>
<td>7.00</td>
</tr>
<tr>
<td><strong>South Africa</strong></td>
<td>5.75</td>
<td>5.75</td>
<td>5.75</td>
</tr>
</tbody>
</table>

#### Central Bank Rates

- **Brazil**
- **Mexico**
- **India**
- **Indonesia**
- **Malaysia**
- **Poland**
- **Hungary**
- **Russia**
- **Turkey**
- **South Africa**

#### EM vs USD

<table>
<thead>
<tr>
<th>Currency</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD/BRL</td>
<td>3.20</td>
<td>3.17</td>
</tr>
<tr>
<td>USD/MXN</td>
<td>15.00</td>
<td>14.90</td>
</tr>
<tr>
<td>USD/INR</td>
<td>62.69</td>
<td>62.20</td>
</tr>
<tr>
<td>USD/IDR</td>
<td>13018</td>
<td>12950</td>
</tr>
<tr>
<td>USD/MYR</td>
<td>3.66</td>
<td>3.66</td>
</tr>
<tr>
<td>USD/PLN</td>
<td>3.70</td>
<td>3.70</td>
</tr>
<tr>
<td>USD/HUF</td>
<td>272</td>
<td>273</td>
</tr>
<tr>
<td>USD/RUB</td>
<td>56.48</td>
<td>58.00</td>
</tr>
<tr>
<td>USD/TRY</td>
<td>2.60</td>
<td>2.60</td>
</tr>
<tr>
<td>USD/ZAR</td>
<td>11.90</td>
<td>11.90</td>
</tr>
</tbody>
</table>

#### EM vs EUR

<table>
<thead>
<tr>
<th>Currency</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR/BRL</td>
<td>3.51</td>
<td>3.49</td>
</tr>
<tr>
<td>EUR/MXN</td>
<td>16.55</td>
<td>16.39</td>
</tr>
<tr>
<td>EUR/INR</td>
<td>69.20</td>
<td>68.42</td>
</tr>
<tr>
<td>EUR/IDR</td>
<td>14354</td>
<td>14245</td>
</tr>
<tr>
<td>EUR/MYR</td>
<td>4.04</td>
<td>4.03</td>
</tr>
<tr>
<td>EUR/PLN</td>
<td>4.09</td>
<td>4.10</td>
</tr>
<tr>
<td>EUR/HUF</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>EUR/RUB</td>
<td>62.33</td>
<td>63.80</td>
</tr>
<tr>
<td>EUR/TRY</td>
<td>2.87</td>
<td>2.86</td>
</tr>
<tr>
<td>EUR/ZAR</td>
<td>13.13</td>
<td>12.82</td>
</tr>
</tbody>
</table>
# Global Strategy Team

## US Strategy

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eric Green</td>
<td>Chief US Economist, Head of US Strategy</td>
<td>1 212 827 7156</td>
</tr>
<tr>
<td>Millan Mulraine</td>
<td>Deputy Head of US Strategy</td>
<td>1 212 827 7186</td>
</tr>
<tr>
<td>Cheng Chen</td>
<td>US Strategist</td>
<td>1 212 827 7183</td>
</tr>
</tbody>
</table>

## Global Strategy

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard Kelly</td>
<td>Head of Global Strategy</td>
<td>44 20 7786 8448</td>
</tr>
</tbody>
</table>

## Global Macro Strategy

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>David Tulk</td>
<td>Head of Global Macro Strategy and Chief Canada Macro Strategist</td>
<td>1 416 983 0445</td>
</tr>
<tr>
<td>Annette Beacher</td>
<td>Chief Asia-Pacific Macro Strategist</td>
<td>65 6500 8047</td>
</tr>
<tr>
<td>Jacqui Douglas</td>
<td>Chief European Macro Strategist</td>
<td>44 20 7786 8439</td>
</tr>
</tbody>
</table>

## Global Rates Strategy

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andrew Kelvin</td>
<td>Senior Rates Strategist</td>
<td>1 416 983 7184</td>
</tr>
<tr>
<td>Gennadiy Goldberg</td>
<td>Rates Strategist</td>
<td>1 212 827 7180</td>
</tr>
<tr>
<td>Prash Newnaha</td>
<td>Rates Strategist</td>
<td>65 6500 8047</td>
</tr>
</tbody>
</table>

## FX Strategy

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shaun Osborne</td>
<td>Head of Global FX Strategy</td>
<td>1 416 983 2629</td>
</tr>
<tr>
<td>Mazen Issa</td>
<td>Senior FX Strategist</td>
<td>1 416 983 0859</td>
</tr>
</tbody>
</table>

## Emerging Markets Strategy

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cristian Maggio</td>
<td>Head of Emerging Markets Strategy</td>
<td>44 20 7786 8436</td>
</tr>
<tr>
<td>Paul Fage</td>
<td>Senior Emerging Markets Strategist</td>
<td>44 20 7786 8424</td>
</tr>
<tr>
<td>Blue Macellari</td>
<td>Senior LatAm Strategist</td>
<td>1 212 827 7182</td>
</tr>
</tbody>
</table>

## Commodities Strategy

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bart Melek</td>
<td>Head of Commodity Strategy</td>
<td>1 416 983 9288</td>
</tr>
<tr>
<td>Mike Dragosits</td>
<td>Senior Commodity Strategist</td>
<td>1 416 983 8075</td>
</tr>
<tr>
<td>Michael Loewen</td>
<td>Commodity Strategist</td>
<td>1 416 983 8075</td>
</tr>
</tbody>
</table>
This material is for general informational purposes only and is not investment advice nor does it constitute an offer, recommendation or solicitation to buy or sell a particular financial instrument. It does not have regard to the specific investment objectives, financial situation, risk profile or the particular needs of any specific person who may receive this material. No representation is made that the information contained herein is accurate in all material respects, complete or up to date, nor that it has been independently verified by TD Securities. Recipients of this analysis or report are to contact the representative in their local jurisdiction with regards to any matters or questions arising from, or in connection with, the analysis or report.

Historic information regarding performance is not indicative of future results and investors should understand that statements regarding future prospects may not be realized. All investments entail risk, including potential loss of principal invested. Performance analysis is based on certain assumptions, the results of which may vary significantly depending on the modeling inputs assumed. This material, including all opinions, estimates and other information, constitute TD Securities’ judgment as of the date hereof and is subject to change without notice. The price, value of and income from any of the securities mentioned in this material can fall as well as rise. Any market valuations contained herein are indicative values as of the time and date indicated. Such market valuations are believed to be reliable, but TD Securities does not warrant their completeness or accuracy. Different prices and/or valuations may be available elsewhere where and TD Securities suggests that valuations from other sources be obtained for comparison purposes. Any price or valuation constitutes TD Securities’ judgment and is subject to change without notice. Actual quotations could differ subject to market conditions and other factors.

TD Securities disclaims any and all liability relating to the information herein, including without limitation any express or implied representations or warranties for, statements contained in, any omissions from, the information. TD Securities is not liable for any errors or omissions in such information or TD any loss or damage suffered, directly or indirectly, from the use of this information. TD Securities may have effected or may effect transactions for its own account in the securities described herein. No proposed customer or counterparty relationship is intended or implied between TD Securities and a recipient of this document.

TD Securities makes no representation as to any tax, accounting, legal or regulatory issues. Investors should seek their own legal, financial and tax advice regarding the appropriateness of investing in any securities or pursuing any strategies discussed herein. Investors should also carefully consider any risks involved. Any transaction entered into is in reliance only upon the investor’s judgment as to financial, suitability and risk criteria. TD Securities does not hold itself out to be an advisor in these circumstances, nor do any of its representatives have the authority to do so.

The information contained herein is not intended for distribution to, or use by, any person in any jurisdiction where such distribution or use would be contrary to applicable law or regulation or which would subject TD Securities to additional licensing or registration requirements. It may not be copied, reproduced, posted, transmitted or redistributed in any without the prior written consent of TD Securities.

If you would like to unsubscribe from our email distribution lists at any time, please contact your TD Securities Sales Contact or email us at privacyEAP@tdsecurities.com. You can access our Privacy Policy here (http://www.tdsecurities.com/kds/content/AU_Privacy_EandA_en_CA).

Australia: If you receive this document and you are domiciled in Australia, please note that TD Securities is not a registered bank in Australia, is not a holder of an Australian Financial Services License (AFSL), and is exempt from the requirement to hold an Australian Financial Services License under the Corporations Act 2001 in respect of the financial services provided by the Singapore branch of The Toronto-Dominion Bank ("TD Bank") as part of its operations in Singapore and the UK. TD Bank is regulated by the Monetary Authority of Singapore under the laws of Singapore and the Financial Conduct Authority under UK laws, which differ from Australian laws. TD Securities Limited is providing financial services to wholesale clients in Australia in reliance on Class Order CO 03/1099.

Canada: Canadian clients wishing to effect transactions in any security discussed herein should do so through a qualified salesperson of TD Securities or TD Securities Inc. TD Securities Inc. is a member of the Canadian Investor Protection Fund.

Hong Kong: This document, which is intended to be issued in Hong Kong only to Professional Investors within the meaning of the Securities and Futures Ordinance (the "SFO") and the Securities and Futures (Professional Investor) Rules made under the SFO, has been distributed through TD Bank, Hong Kong Branch, which is regulated by the Hong Kong Monetary Authority.

India, South Korea and Other Locations in Asia: TD Bank has representative offices in Mumbai and Singapore which should be contacted for any general enquiry related to TD Securities. In locations in Asia where TD Securities does not hold a license to conduct business in financial services, it is not TD Securities’ intention to, and the information contained in this document should not be construed as conducting any regulated financial activity, including dealing in, or the provision of advice in relation to, any regulated instrument or product.

Japan: For Japanese residents, please note that TD Securities is not licensed in Japan and this is being provided to you under a relevant exemption to the Financial Instruments and Exchange Law.

People’s Republic of China: Insofar as the document is received by any persons in the People’s Republic of China (which, for such purposes, does not include Hong Kong, Macau or Taiwan), it is intended only to be issued to persons who have the relevant qualifications to engage in the investment activity mentioned in this document. The recipient is responsible for obtaining all relevant government regulatory approvals and licenses themselves, and represents and warrants to TD Securities that the recipient’s investments in those securities do not violate any PRC law or regulation, including, but not limited to, any relevant foreign exchange regulations or overseas investment regulations. TD Bank has a representative office in Shanghai, which should be contacted for any general enquiry related to TD Securities. However, neither TD Securities nor the Shanghai representative office of TD Bank is permitted to conduct substantial business within the borders of the People’s Republic of China.

Singapore: This document is intended to be issued in Singapore only to Institutional Investors or Accredited Investors as defined under the Securities and Futures Act. Recipients of the analysis or report are to contact the financial adviser in Singapore in respect of any matters arising from, or in connection with, the analysis or report. Recommendations are intended for general circulation and do not take into account the specific investment objectives, financial situation or particular needs of any particular person. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product. TD Bank, Singapore Branch, is regulated by the Monetary Authority of Singapore.

United Kingdom and Europe: This document is prepared, issued or approved for issuance in the UK and Europe by TD Securities Limited in respect of investment business as agent and introducer for TD Bank. The Toronto-Dominion Bank is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. TD Securities Limited is authorised and regulated by the Financial Conduct Authority. Insofar as the document is issued in or to the United Kingdom or Europe, it is intended only to be issued to persons who (i) are persons falling within Article 19(5) ("investment professional") of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) are persons falling within Article 49(2)(a) to (d) ("High net worth companies, unincorporated associations, etc.") of the Financial Promotion Order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated. European clients wishing to effect transactions in any security discussed herein should do so through a qualified salesperson of TD Securities Limited. Insofar as the information in this report is issued in the U.K. and Europe, it has been issued with the prior approval of TD Securities Limited.

United States: U.S. clients wishing to effect transactions in any security discussed herein must do so through a registered representative of TD Securities (USA) LLC.

TD Securities is a trademark of TD Bank and represents TD Securities Inc., TD Securities (USA) LLC and TD Securities Limited and certain investment and corporate banking activities of TD Bank and its subsidiaries.