

Global Forecasts

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CIO Forecast Tables reflect UBS CIO's view on growth, inflation, interest rates, and currencies for key countries and markets, real estate, as well as commodities. The publication is updated every Tuesday, unless developments require an intra-week forecast change, resulting in a mid-week update.

This list is not a template for the construction of your personal portfolio and you should discuss investment decisions with your client advisor. Current prices are indicative.

Erratum

Please note that the GDP and inflation forecasts for Switzerland shown in the Global Forecasts publication on December 23, 2014 were outdated. Please discard these forecasts. The GDP and inflation forecasts for Switzerland have remained unchanged since publication date December 9, 2014 and are reflected in this publication. We apologize for any inconvenience.


Economic Growth & Inflation


Economic Growth Forecasts (Real GDP; % change yoy)					
Europe	2012	2013	2014F	2015F	2016F
Eurozone	-0.7	-0.4	0.8	1.2	1.6
France	0.4	0.4	0.4	0.8	1.2
Germany	0.6	0.2	1.3	1.5	1.9
Italy	-2.3	-1.9	-0.2	0.5	1.0
Spain	-1.6	-1.2	1.3	2.0	2.2
Sweden	0.0	1.5	2.1	2.5	3.5
Norway	3.3	2.0	2.3	2.4	2.7
Switzerland	1.1	1.9	1.9	1.8	1.7
UK	0.7	1.7	3.0	2.6	2.8
Americas	2012	2013	2014F	2015F	2016F
Brazil	1.0	2.5	0.3	0.6	1.8
Canada	2.0	2.0	2.4	2.9	2.8
Mexico	4.0	1.1	2.2	3.3	3.8
US	2.3	2.2	2.4	3.1	2.8
EMEA	2012	2013	2014F	2015F	2016F
Czech Republic	-0.8	-0.7	2.5	2.3	2.4
Hungary	-1.5	1.5	3.1	2.4	2.4
Israel	3.4	3.3	2.5	3.0	3.2
Poland	1.8	1.7	3.3	3.4	3.3
Russia	3.4	1.3	0.5	-1.5	0.9
South Africa	2.2	2.2	1.4	2.8	3.0
Turkey	2.1	4.1	3.0	3.7	3.8

Sources: Thomson Reuters, UBS

F = Forecasts

For Asia and Multinational please see next page.

 Indicates decrease in forecasts from previous week

 Indicates increase in forecasts from previous week

Past performance is no indication of future performance. The market prices provided are closing prices on the respective principal exchange.

This applies to all performance charts and tables in this publication.

In developing the Chief Investment Office economic forecasts, CIO economists worked in collaboration with economists employed by UBS Investment Research. Forecasts and estimates are current only as of the date of this publication and may change without notice.

Inflation Forecasts (CPI; % change yoy)					
Europe	2012	2013	2014F	2015F	2016F
Eurozone	2.5	1.4	0.5	0.7	1.5
France	2.2	1.0	0.7	1.1	1.5
Germany	2.1	1.6	0.9	1.3	1.7
Italy	3.3	1.3	0.2	0.8	1.4
Spain	2.4	1.5	-0.1	0.7	1.4
Sweden	0.9	0.0	-0.2	0.5	1.6
Norway	0.7	2.1	2.1	2.6	2.6
Switzerland	-0.7	-0.2	0.0	0.2	0.6
UK	2.8	2.6	1.5	1.3	1.9
Americas	2012	2013	2014F	2015F	2016F
Brazil	5.8	5.9	6.4	6.8	5.8
Canada	1.5	1.0	2.1	2.2	2.0
Mexico	3.6	4.0	4.1	3.4	3.3
US	2.1	1.5	1.7	0.8	2.5
EMEA	2012	2013	2014F	2015F	2016F
Czech Republic	3.3	1.4	0.4	1.2	2.0
Hungary	5.6	1.7	-0.1	1.7	2.7
Israel	1.7	1.5	0.6	0.5	1.5
Poland	3.9	0.9	0.1	1.3	2.5
Russia	5.1	6.8	7.7	9.4	5.3
South Africa	5.7	5.8	6.1	4.8	5.6
Turkey	8.9	7.5	8.9	5.9	6.5


Sources: Thomson Reuters, UBS


Economic Growth & Inflation

Economic Growth Forecasts (Real GDP; % change yoy)					
Asia	2012	2013	2014F	2015F	2016F
Australia	3.6	2.1	2.7	2.8	3.2
New Zealand	2.5	2.8	3.6	3.0	2.3
China	7.7	7.7	7.3	6.8	6.5
Hong Kong	1.5	2.9	2.2	2.3	2.0
India	4.5	4.7	5.5	5.8	6.5
Indonesia	6.3	5.8	5.0	5.0	5.8
Japan	2.0	1.5	0.1	1.2	1.6
Malaysia	5.6	4.7	5.7	4.5	4.7
Philippines	6.8	7.2	5.9	6.0	5.8
Singapore	2.5	3.9	3.0	2.5	2.5
South Korea	2.3	3.0	3.4	3.1	2.9
Taiwan	2.1	2.2	3.8	3.3	2.7
Thailand	6.5	2.9	0.4	3.9	3.6
Asia*	6.1	6.0	5.9	5.8	5.8
	2012	2013	2014F	2015F	2016F
World	3.4	3.3	3.3	3.5	3.7

Sources: Thomson Reuters, UBS

F = Forecasts

 Indicates decrease in forecasts from

 Indicates increase in forecasts from

* Excluding Japan, including Australia & NZ

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Inflation Forecasts (CPI; % change yoy)					
Asia	2012	2013	2014F	2015F	2016F
Australia	1.8	2.4	2.6	2.5	2.6
New Zealand	1.1	1.1	1.3	2.0	2.3
China	2.6	2.6	2.0	1.5	1.8
Hong Kong	4.1	4.3	3.8	2.3	2.1
India	10.2	9.5	6.5	5.6	5.0
Indonesia	4.3	7.0	6.3	6.3	4.6
Japan	0.0	0.3	2.9	1.8	1.4
Malaysia	1.7	2.1	3.1	3.9	2.8
Philippines	3.2	2.9	4.3	3.7	4.3
Singapore	4.6	2.4	1.0	0.3	1.0
South Korea	2.2	1.3	1.3	1.0	1.0
Taiwan	1.9	0.8	1.3	0.6	1.0
Thailand	3.0	2.2	1.9	1.2	2.1
Asia*	4.3	4.2	3.3	2.8	2.7
	2012	2013	2014F	2015F	2016F
World	3.5	3.4	3.4	3.2	3.3

Sources: Thomson Reuters, UBS

Target Rates Overview

Central Banks: Target Rates Overview									
end of:	tdy	2015				2016			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Fed	0.13	0.13	0.38	0.88	1.38	1.88	2.38	2.63	2.88
ECB	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
SNB	-0.05	-0.15	-0.20	-0.20	-0.20	-0.20	-0.20	-0.10	0.00
BoE	0.50	0.50	0.50	0.75	1.00	1.25	1.50	1.75	2.00
BoC	1.00	1.00	1.00	1.25	1.75	2.25	2.75	3.25	3.75
Norges Bank	1.25	1.25	1.25	1.25	1.25	1.50	2.00	2.25	2.75
Riksbank	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.50	0.75
RBA	2.50	2.50	2.50	2.50	2.50	2.75	3.00	3.00	3.00
RBNZ	3.50	3.50	3.75	4.00	4.25	4.25	4.25	4.25	4.25
BoJ	0.07	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
PBoC	2.75	2.75	2.75	2.75	2.50	2.50	2.50	2.50	2.50

Sources: Bloomberg, UBS

 Indicates decrease in forecasts from previous week

 Indicates increase in forecasts from previous week

Interest Rates

Major Markets				
Europe	6-Jan-15	3mths	6 mths	12 mths
EUR 3M Libor	0.1	0.1	0.1	0.1
EUR 2Y Bund	-0.1	0.0	0.0	0.1
EUR 5Y Bund	0.0	0.1	0.2	0.3
EUR 10Y Bund	0.5	0.8	0.9	1.0
CHF 3M Libor	-0.1	-0.2	-0.2	-0.2
CHF 2Y Eidg.	-0.3	-0.2	-0.3	-0.3
CHF 5Y Eidg.	-0.1	-0.1	0.0	0.0
CHF 10Y Eidg.	0.3	0.3	0.4	0.5
GBP 3M Libor	0.6	0.5	0.5	1.1
GBP 2Y Gilt	0.4	0.7	1.0	1.4
GBP 5Y Gilt	1.0	1.6	1.8	2.1
GBP 10Y Gilt	1.6	2.3	2.5	2.7
Americas	6-Jan-15	3mths	6 mths	12 mths
USD 3M Libor	0.3	0.5	0.7	1.7
USD 2Y Treas.	0.6	NA	NA	NA
USD 5Y Treas.	1.5	1.8	2.0	2.3
USD 10Y Treas.	2.0	2.5	2.6	2.8
USD 30Y Treas.	2.6	3.2	3.3	3.4
Asia	6-Jan-15	3mths	6 mths	12 mths
JPY 3M Libor	0.1	0.2	0.2	0.2
JPY 2Y JGB	0.0	0.1	0.1	0.2
JPY 5Y JGB	0.0	0.2	0.3	0.3
JPY 10Y JGB	0.3	0.5	0.6	0.7

Sources: Thomson Reuters, UBS


Diversification Markets				
EMEA	6-Jan-15	3mths	6 mths	12 mths
SEK 3M Stibor	0.3	0.3	0.3	0.4
SEK 10Y Gov	0.9	1.2	1.3	1.4
NOK 3M Nibor	1.5	1.6	1.6	1.6
NOK 10Y Gov	1.5	1.7	1.8	2.0
ILS 3M Telbor	0.3	0.3	0.3	0.5
ILS 10Y Gov	2.2	2.5	2.6	3.0
Latin America	6-Jan-15	3mths	6 mths	12 mths
MXN 3M TIIE	2.9	3.0	3.0	3.5
MXN 10Y Bono	5.8	6.1	6.3	6.5
BRL 3M Swap rate	12.2	11.8	12.0	12.0
BRL 5Y Treasury note	12.4	12.1	12.4	12.7

Sources: Thomson Reuters, UBS

Diversification Markets			
Americas	6-Jan-15	6 mths	12 mths
CAD 3M Libor	1.3	1.1	1.9
CAD 10Y Gov	1.7	2.2	2.4
Asia	6-Jan-15	6 mths	12 mths
AUD 3M Libor	2.7	2.6	2.6
AUD 10Y Gov	2.7	3.3	3.5
NZD 3M Libor	3.7	4.0	4.3
NZD 10Y Gov	3.6	4.3	4.5
CNY 7-day Repo	4.1	3.0	3.0
CNY 1Y Deposit Rate	2.8	2.8	2.5
HKD 3M Hibor	0.4	0.7	1.7
HKD 10Y Gov	1.8	2.1	2.3
INR 3M T Bill	8.4	7.8	7.1
INR 10Y Gov	7.9	7.5	7.0
IDR o/n BI Policy Rate	7.8	7.5	7.3
IDR 10Y Gov	8.0	8.5	8.5
MYR 3M Klibor	3.9	3.1	3.1
MYR 10Y Gov	4.2	4.4	4.4
PHP 3M Phibor	2.0	2.5	3.0
PHP 10Y Gov	4.3	5.3	5.8
SGD 3M Sibor	0.6	0.7	1.7
SGD 10Y Gov	2.2	2.6	2.8
KRW 3M CD	2.1	2.1	1.9
KRW 5Y Gov	2.2	3.0	3.0
TWD 3M CP	0.8	0.8	0.9
TWD 10Y Gov	1.6	2.1	2.3
THB 3M Bibor	2.2	2.1	2.1
THB 10Y Gov	2.7	4.0	4.5

Sources: Thomson Reuters, UBS

 Indicates decrease in forecasts from previous week

 Indicates increase in forecasts from previous week

Major Currencies

USD					
	6-Jan-15	3 mths	6 mths	12 mths	equil.*
EURUSD	1.19	1.20	1.18	1.18	1.31
USDJPY	119	124	124	120	72
GBPUSD	1.52	1.60	1.60	1.60	1.70
USDCHF	1.01	1.01	1.03	1.04	0.98
USDCAD	1.18	1.12	1.10	1.10	1.14
AUDUSD	0.81	0.80	0.80	0.80	0.74
NZDUSD	0.77	0.74	0.76	0.78	0.60
USDSEK	7.91	7.67	7.71	7.37	6.69
USDNOK	7.63	7.50	7.37	7.03	7.25


CHF					
	6-Jan-15	3 mths	6 mths	12 mths	equil.*
USDCHF	1.01	1.01	1.03	1.04	0.98
EURCHF	1.20	1.21	1.21	1.23	1.28
JPYCHF	0.84	0.81	0.83	0.87	1.35
GPBCHF	1.53	1.61	1.64	1.67	1.66
CADCHF	0.85	0.90	0.93	0.95	0.86
AUDCHF	0.82	0.81	0.82	0.83	0.72
NZDCHF	0.78	0.75	0.78	0.81	0.59
CHFSEK	7.87	7.60	7.52	7.07	6.84
CHFNOK	7.59	7.44	7.19	6.75	7.42

EUR					
	6-Jan-15	3 mths	6 mths	12 mths	equil.*
EURUSD	1.19	1.20	1.18	1.18	1.31
EURJPY	142	149	146	142	95
EURGBP	0.78	0.75	0.74	0.74	0.77
EURCHF	1.20	1.21	1.21	1.23	1.28
EURCAD	1.41	1.34	1.30	1.30	1.49
EURAUD	1.47	1.50	1.48	1.48	1.77
EURNZD	1.55	1.62	1.55	1.51	2.17
EURSEK	9.45	9.20	9.10	8.70	8.77
EURNOK	9.11	9.00	8.70	8.30	9.51

GBP					
	6-Jan-15	3 mths	6 mths	12 mths	equil.*
GBPUSD	1.52	1.60	1.60	1.60	1.70
GBPEUR	1.28	1.33	1.36	1.36	1.30
GPBCHF	1.53	1.61	1.64	1.67	1.66
GBPJPY	181	198	198	192	123
GBPCAD	1.79	1.79	1.76	1.76	1.93
GBPAUD	1.87	2.00	2.00	2.00	2.30
GBPNZD	1.97	2.16	2.11	2.05	2.82
GBPSEK	12.05	12.27	12.34	11.80	11.39
GBPNOK	11.62	12.00	11.80	11.25	12.35

Sources: Thomson Reuters, UBS

* Estimates of equilibrium exchange rates based on Purchasing Power Parity (PPP) calculations

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Emerging Market Currencies


Asia				
	6-Jan-15	3 mths	6 mths	12 mths
USDCNY	6.21	6.25	6.25	6.25
USDHKD*	7.75	7.75	7.75	7.75
USDINR	63.33	62.50	63.00	64.00
USDIDR	12,655	12,500	12,700	13,000
USDKRW	1,100	1,140	1,140	1,100
USDMYR	3.56	3.50	3.55	3.55
USDPHP	44.93	45.00	44.50	44.00
USDSGD	1.33	1.30	1.31	1.32
USDTWD	31.98	30.80	30.80	30.20
USDTHB	32.91	33.00	33.00	32.00


EMEA				
	6-Jan-15	3 mths	6 mths	12 mths
EURPLN	4.29	4.20	4.15	4.10
EURHUF	317.6	310.0	310.0	315.0
EURCZK	27.68	27.40	27.40	27.00
USDILS	3.94	3.95	4.00	4.00
USDTRY	2.32	2.25	2.30	2.35
USDZAR	11.69	11.30	11.50	11.80
USDRUB	61.44	70.00	68.00	65.00

* HKD is pegged to the USD

Latin America				
	6-Jan-15	3 mths	6 mths	12 mths
USDMXN	14.94	13.80	13.70	13.50
USDBRL	2.71	2.48	2.52	2.56

Sources: Thomson Reuters, UBS

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Commodities


Market Data						3 months view			12 months view				
Energy	Units	Imp. Vol.	YoY%	YTD%	Act. F.	View	Lower R.	Upper R.	View	Target	2013	2014E	2015E
Crude Oil (WTI)	US\$/bbl	42.6%	-46.2	-5.1	50.6	Bearish	50.0	70.0	Bullish	75.0	98.0	93.5	65.0
Crude Oil (Brent)	US\$/bbl	n.a.	-49.9	-6.6	53.6	Bearish	54.0	75.0	Bullish	80.0	108.8	100.0	70.0
US Natural Gas	US\$/mmbtu	n.a.	-29.2	5.4	3.05	Sideways	3.05	4.20	Sideways	3.75	3.72	4.43	3.80
CAPP Thermal Coal (US)	USD/T	n.a.	-15.2	0.0	51.1	Sideways	45.0	60.0	Sideways	57.0	56.1	58.0	60.0
NW Thermal Coal (AU)	USD/MT	n.a.	-29.7	-1.6	60.2	Sideways	60.0	70.0	Sideways	69.0	85.3	71.0	67.0
Precious Metals	Units	Imp. Vol.	YoY%	YTD%	Spot	View	Lower R.	Upper R.	View	Target	2013	2014E	2015E
Gold	US\$/oz	17.9%	-3.2	0.8	1,198	Bearish	1,100	1,300	Bearish	1,050	1,411	1,255	1,100
Silver	US\$/oz	30.9%	-20.4	2.5	16.1	Bearish	14.0	18.0	Bearish	14.5	23.8	18.9	14.8
Platinum	US\$/oz	16.5%	-14.4	-0.3	1,211	Sideways	1,090	1,350	Sideways	1,450	1,487	1,385	1,350
Palladium	US\$/oz	20.8%	8.8	-0.1	795	Bullish	750	875	Bullish	925	726	810	875
Base Metals	Units	Imp. Vol.	YoY%	YTD%	3M F.	View	Lower R.	Upper R.	View	Target	2013	2014E	2015E
Copper	US\$/mt	15.9%	-15.2	-2.4	6,135	Bearish	6,000	6,950	Bearish	6,050	7,321	6,850	6,500
Aluminum	US\$/mt	17.4%	3.8	-1.8	1,825	Sideways	1,800	2,100	Bullish	2,100	1,844	1,890	2,000
Nickel	US\$/mt	25.2%	5.8	-3.2	14,901	Bullish	15,000	21,000	Sideways	18,000	14,991	17,100	18,750
Zinc	US\$/mt	17.1%	5.9	-0.6	2,191	Sideways	2,050	2,300	Bullish	2,500	1,909	2,190	2,400
Lead	US\$/mt	17.0%	-14.6	-0.5	1,869	Bullish	1,850	2,150	Bullish	2,300	2,140	2,110	2,200
Tin	US\$/mt	16.8%	-8.6	1.1	19,500	Bearish	19,000	22,000	Sideways	21,500	22,290	21,800	22,000
Agriculture	Units	Imp. Vol.	YoY%	YTD%	Act. F.	View	Lower R.	Upper R.	View	Target	2013	2014E	2015E
Corn	US\$/bu	28.0%	-4.3	2.1	4.05	Sideways	3.50	4.50	Sideways	4.20	5.77	4.10	4.20
Soybeans	US\$/bu	24.6%	-20.6	0.4	10.29	Bearish	9.30	10.50	Sideways	8.75	14.10	12.40	9.50
Wheat	US\$/bu	28.8%	-2.8	-0.2	5.89	Sideways	4.70	6.50	Sideways	5.70	6.85	5.80	5.70
Crude Palm Oil	MYR/MT	n.a.	-11.8	0.3	2,264	Sideways	2,050	2,400	Sideways	2,350	2,418	2,425	2,300
Sugar	US\$/lb	n.a.	-11.2	-1.7	0.143	Sideways	0.140	0.170	Bullish	0.180	0.175	0.163	0.172
Cotton	US\$/lb	n.a.	-26.6	1.0	0.61	Sideways	0.55	0.70	Sideways	0.65	0.83	0.77	0.62
Coffee	US\$/lb	n.a.	43.1	-0.1	1.67	Sideways	1.60	2.10	Sideways	1.65	1.26	1.77	1.70
Cocoa	US\$/mt	n.a.	9.2	1.3	2,948	Bearish	2,600	3,100	Sideways	2,700	2,405	3,000	2,750

Sources: Bloomberg, UBS

CIO View: Bullish = we target the upper range, Sideways = we expect a sideways move, Bearish = we target the lower range

Abbreviations: Imp. Vol. = Implied Volatility, YoY% = Year over year in %, YTD% = Year to date in %, Active F. = Active Future, Lower R. = Lower range, Upper R. = Upper range



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Equity Markets

Past Equity Market Performance (%) and 6 Month Return Forecasts for selective Markets (%)											
Americas	Index	6-month target	2011	2012	2013	2014	YTD	P/E 2015E	P/E 2016E	DY 2015E	DY 2016E
S&P 500	2,021	2,100	0.0	13.4	29.6	11.4	-1.9	16.3	14.6	2.0	2.2
Europe			2011	2012	2013	2014	YTD	P/E 2015E	P/E 2016E	DY 2015E	DY 2016E
Euro Stoxx	309	327	-17.7	15.5	20.5	1.7	-3.2	13.7	12.1	3.7	4.0
FTSE 100	6,417	6,625	-5.6	5.8	14.4	-2.7	-2.3	13.5	12.1	4.1	4.5
SMI	8,939	9,350	-7.8	14.9	20.2	9.5	-0.5	15.8	14.6	3.4	3.7
Asia			2011	2012	2013	2014	YTD	P/E 2015E	P/E 2016E	DY 2015E	DY 2016E
Topix (Japan)	1,401	1,440	-18.9	18.0	51.5	8.1	-0.5	14.5	13.1	1.9	2.1
Emerging Markets			2011	2012	2013	2014	YTD	P/E 2015E	P/E 2016E	DY 2015E	DY 2016E
MSCI Emerging Markets (\$)	941	975	-14.9	13.9	0.9	2.6	-0.8	11.0	9.9	3.0	3.3

Source: Bloomberg, FactSet, UBS


 Indicates decrease in forecasts from previous week
 Indicates increase in forecasts from previous week


Real Estate Markets

Benchmark income returns for direct real estate investments portfolios, all properties										
Americas	Volatility*	Expected return *	2007	2008	2009	2010	2011	2012	2013	2014 F
US	0.5	6.2	5.6	5.4	6.6	6.9	6.1	5.7	5.6	5.4
Canada	0.4	6.3	6.8	6.3	6.3	6.8	6.6	6.2	5.8	5.3
Europe & Africa	Volatility*	Expected return*	2007	2008	2009	2010	2011	2012	2013	2014 F
UK	0.7	6.2	4.6	5.6	7.4	6.4	5.8	5.8	5.8	5.3
Ireland	1.1	8.9	3.9	4.3	7.0	8.9	9.5	9.7	9.2	7.7
France	0.3	5.7	5.4	5.4	6.1	5.8	5.6	5.6	5.4	5.3
Germany	0.0	5.3	4.7	5.1	5.3	5.2	5.3	5.3	5.3	5.0
Switzerland	0.2	4.5	4.8	4.9	4.8	4.6	4.6	4.4	4.2	4.1
Netherlands	0.1	5.4	5.2	5.1	5.3	5.4	5.4	5.4	5.6	5.7
Spain	0.6	5.5	4.8	4.4	4.6	6.2	5.5	5.6	5.5	5.4
Denmark	0.2	4.9	4.8	5.2	5.3	5.0	4.9	4.8	4.8	4.8
South Africa	0.3	8.7	8.6	8.5	8.6	8.9	8.7	8.9	8.2	8.1
Asia	Volatility*	Expected return*	2007	2008	2009	2010	2011	2012	2013	2014 F
Australia	0.3	7.3	6.6	6.4	6.8	7.4	7.5	7.5	7.4	7.1
Japan	0.1	5.2	5.1	4.8	5.2	5.2	5.3	5.3	5.2	5.0
South Korea	0.3	6.0	6.5	4.5	5.8	5.9	6.5	6.0	5.8	5.7
Dividend yields for listed real estate**										
Global	Volatility*	Expected return*	2007	2008	2009	2010	2011	2012	2013	2014 F
Global real estate equities	0.3	3.7	3.2	6.4	3.7	3.5	4.2	3.5	3.4	3.6

Sources: Bloomberg, IPD, NAREIT, UBS IB, UBS

**5y average 2009-2013, annualized; ** Excluding emerging markets.

 Indicates decrease in forecasts from previous week

 Indicates increase in forecasts from previous week

Appendix: How to interpret the currency pages

Two currency conventions are used in the foreign exchange markets.

- **The European convention**, also called the direct quotation or price quotation, expresses a foreign currency in units of the home currency, i.e., 0.80 Euro for one US-Dollar or 120 Japanese Yen for one US-Dollar. This is the most widely used currency convention in the world and also the one usually used in the US.
- **The British convention**, also called the indirect quotation or quantity quotation, expresses the home currency in units of a foreign currency, i.e., 1.25 US-Dollars for one Euro or 0.83 US-Dollar for 100 Japanese Yen. This convention is usually used in the UK and is also common in Australia, Canada and New Zealand.

In the foreign exchange markets, some currencies have become "pairs". When a trader or an analyst refers to these pairs, it is almost always in the same convention. From a US-centric perspective:

- The US-Dollar exchange rate with the Australian Dollar (the "Aussie"), the New Zealand Dollar (the "Kiwi"), the British Pound (the "Cable", when related to the US-Dollar, because the US-Dollar/British Pound exchange rate was the first traded through the transatlantic cable) and the Euro is expressed in the British convention, i.e., 1.20 US-Dollars for one Euro.
- All other exchange rates of the US-Dollar with a major currency—the Japanese Yen, Swiss Franc, Canadian Dollar (the "Loonie", named after the Canadian bird on the one dollar coin) and the Scandinavian currencies—are expressed in the European convention, i.e., 1.25 Swiss Francs for one US-Dollar.

Currencies are usually referred to by acronyms or special signs, i.e., \$ for US-Dollar, £ for British Pound (the "L" comes from the French translation of the British Pound or Pound Sterling, "Livres Sterling"), SFr. for Swiss Franc, etc. To avoid confusion about which dollar, franc or krona we are referring to in today's globalized economy, currencies are defined by an acronym of three capital letters, a system developed by the International Organization for Standardization and called ISO 4217. In general, the first two letters refer to the country and the third, to the name of the currency.

USD = US-Dollar, **AUD** = Australian Dollar, **BRL** = Brazilian Real, **CAD** = Canadian Dollar, **CHF** = Swiss Franc (the CH is based on the Latin translation of Swiss Confederation, "Confederatio Helvetica"), **CNY** = Chinese Yuan Renminbi (this currency is sometimes abbreviated RMB, which is not an ISO standard), **COP** = Colombian Peso, **CZK** = Czech Koruna, **DKK** = Danish Krona, **EUR** = Euro, **GBP** = British Pound or Pound Sterling, **HKD** = Hong Kong Dollar, **HUF** = Hungarian Forint, **IDR** = Indonesian Rupiah, **INR** = Indian Rupee, **JPY** = Japanese Yen, **MXN** = Mexican Peso, **MYR** = Malaysian Ringgit, **NOK** = Norwegian Krona, **NZD** = New Zealand Dollar, **PHP** = Philippines Peso, **PLN** = Polish Zloty, **RUB** = Russian Ruble, **SEK** = Swedish Krona, **SGD** = Singapore Dollar, **SKK** = Slovak Koruna, **KRW** = South Korean Won, **THB** = Thai Bath, **TWD** = Taiwan Dollar, **TRY** = Turkish Lira, and **ZAR** = South African Rand (the ZA refers to Zuid-Afrika, i.e., South Africa in Dutch).

The format used to show currency pairs or exchange rates is either XXX/YYY or, the even simpler, XXXYYY, where XXX stands for the base currency and YYY for the counter currency. The format reads "units of YYY for one unit of XXX". For example, EUR/USD or EURUSD at 1.20 means that you have to pay 1.20 US-Dollars for one Euro, while USD/EUR or USDEUR at 1.20 means that you have to pay 1.20 Euros for one US-Dollar.

Appendix: How to interpret the commodity page

The commodity page is split into two major sections:

- **Market Data:** This section gives the reader an overview of key figures for individual commodities. We believe these figures are important when analyzing our forecasts.

In the market data section, we give an indication of the units that the commodity price refers to. Through the implied volatility figures we like investors to consider the volatility of the commodity. This can vary significantly across different commodities. Looking at the historical performance of the spot market provides a reference point and allows a comparison to be made. The last two columns highlight the spot and futures market. Since transactions involving the physical exchange of commodities are rare, the futures markets are the most relevant for most of our clients.

- **UBS CIO View:** This section is split into a short-term and a long-term view. The shorter term view is for active investors with a target horizon of 1-3 months. The long-term view is for strategic investments with a time horizon of 12 months and more.

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