

Fixed Income & Forex Research

Forex Daily

News & Highlights

- The USD is back under pressure against the EUR, GBP and JPY. The fragility of yesterday's relief rally was exposed overnight as equities tumbled on persistence of fears regarding financial firms led by mortgage lenders Fannie Mae and Freddie Mac.
- The BoE is unlikely to move rates at today's mpc, thus no direction is likely for the GBP. Similarly a lack of eurozone data influence could leave ranges intact for EUR/USD. Instead, the data focus is on the Scandies with pivotal CPI data out for both Sweden and Norway coming straight after recent policy hikes.
- Fannie Mae fell 13% and Freddie Mac 24% overnight as US equity indices pushed into a recognised bear market (S&P 20% off from the highs).
- Dow finished -2.08%, S&P -2.28%, NASDAQ -2.60%.
- Commodity dollar-bloc FX have outperformed. USD/CAD fell back below 1.010 overnight after rumours of BCE linked inflows and higher commodity prices were backed up by further upbeat domestic data. AUD/USD rallied following the employment report, reaching a high of 0.9618.
- Australian employment expanded by an above-expectation 29.8k in June, the unemployment rate dipped by a tenth to 4.2%. Also, July consumer inflation expectations were unchanged from June at 5.9%, still well above the RBA's 2-3% target.
- Japan's June corporate goods price index was higher-than-expected at +0.8% m/m (5.6% y/y). The May trade balance was Y529.4 bln, the current account surplus was Y2000.6 bln. Portfolio flow during May was a net inflow of Y411.6 bln. Portfolio flow in the week to July 5 was into Japan totalling Y1937.4 bln.
- New Zealand June business PMI was 45.7 from a revised 47.9 previously.
- China's June trade balance recorded a surplus of \$21.35 bln. Exports expanded 17.6% y/y; imports were 31.0% up y/y.
- South Korea left rates on-hold as expected at 5.00%.

Focus Points

- The CAD leads commodity FX higher, we still target sub parity for USD/CAD.
- AUD rallies on above-expectation June employment data.
- USD/KRW forced lower by aggressive intervention.

Daily Market Movers

Economic Indicators		GMT	Per	Last	SG	Cons
FR	Manufacturing Production (MoM)	6:45	MAY	1.7%	-1.3%	-0.3%
SW	CPI - Headline Rate (MoM)	7:30	JUN	0.4%	na	0.3%
	CPI - Headline Rate (YoY)	7:30	JUN	4%	na	4.1%
	CPI - Underlying Infl. (MoM)	7:30	JUN	0.4%	na	0.3%
	CPI - Underlying Infl. (YoY)	7:30	JUN	2.9%	na	3.2%
	CPI Level	7:30	JUN	300.99	na	na
	AMV Unemployment Rate	8:00	JUN	2.6%	na	3.0%
NO	CPI (MoM)	8:00	JUN	0.1%	na	0.3%
	CPI (YoY)	8:00	JUN	3.1%	na	3.5%
	CPI Underlying (MoM)	8:00	JUN	0.1%	na	0.2%
	CPI Underlying (YoY)	8:00	JUN	2.3%	na	2.5%
UK	Bank of England Policy Decision	11:00	7/10/2008	5.00%	5.00%	5.00%
US	Initial Jobless Claims	12:30	7/5/2008	404	na	395

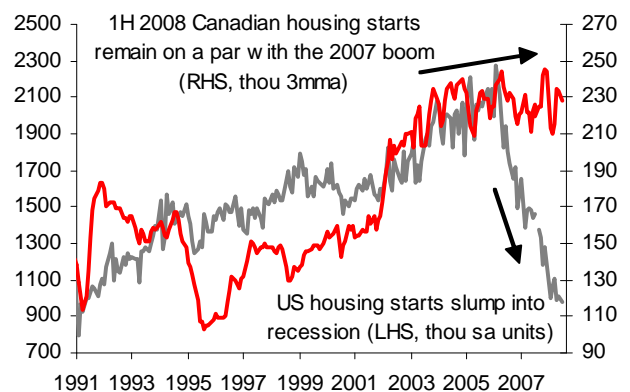
Events

- 11:00 BoE policy decision
- 17:45 ECB's Trichet Speaks at Event in Munich
- 19:30 Fed's Yellen Speaks in Portland at Community Luncheon

■ The CAD leads commodity FX higher

The USD was weaker overnight against the bulk of G10 FX, with the main outperformance coming from the commodity dollar-bloc of currencies lead by the CAD and AUD. While AUD gains followed rising labour data (see next page report) the CAD was an early session leader whereas the NZD has continued to underperform, latterly on weaker PMI news, cementing the recent run of under par economic news. USD/CAD tentatively fell under 1.010, with the stimulus being unclear. Oil prices were initially higher yesterday but quickly tailed off as geo-political tensions from Iran's missile tests failed to gain momentum and oil prices nestled back under \$137.

Graph 1. Canadian housing massively outperforms US

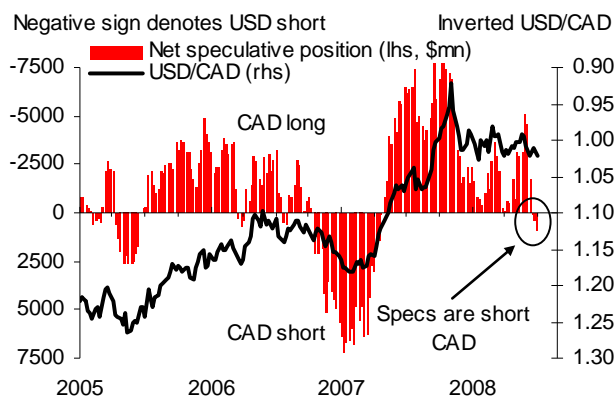


Source: SG Forex Research

Canadian housing starts in June, are rarely a market mover, and were in any case neutral. Starts fell back slightly to 218k sa units, this was bang in line with expectations and not an obvious positive CAD driver,

even though prior monthly starts were upwardly revised. The trend in Canadian housing data however remains clearly far more robust than the deep recession see in the US (see Graph 1). Our guess is that even yesterday's modest strength in Canadian data could be driving positive CAD flows as it reminds the market of significant Canadian growth outperformance, with year to date Canadian housing starts being on a par with last year's boom figures. The likelihood of rising investor demand for the CAD is also increased by the fact that the speculative community have been running net short CAD positions. Last week's IMM survey for example showed the market was short CAD vs. the USD for a third week running (see Graph 2). Strong Canadian real economy data, supportive speculative positioning, and rising terms of trade boost from commodity prices, are all key reasons why we maintain our short USD/CAD position (see trade recommendations).

Graph 2. Specs are surprisingly short CAD



Source: SG Forex Research

■ **AUD gains on strengthening June employment data**

Employment growth snapped back smartly in May with the economy adding 29,800 jobs. The increase in employment pushed the unemployment rate back down to 4.2% from 4.3% in April. The labour force survey is the latest data point to highlight the mis-pricing of the Australian monetary policy outlook. The Australian economy is not falling off a cliff and the slowdown in domestic demand the Reserve Bank is trying to engineer is painfully slow in the building. This point was highlighted by the IMF in its Article IV Consultation released this morning. The IMF warned that “with the risks to inflation on the upside, the RBA should be prepared to tighten quickly if leading indicators suggest that domestic demand will not slow as expected or the outlook for inflation deteriorates”. The labour force survey is yet another indicator suggesting that domestic demand is NOT slowing as anticipated.

Data earlier this week indicated deteriorating consumer and business confidence and also a drop in home and investment lending. With today's report running counter to those indications, AUD/USD has regained almost all of the ground lost since Monday to again trade around 96-cents. Our outlook remains positive for the AUD.

Trade Recommendations

	Position	Date	Entry	Target	Stop	P&L / %
EUR/USD	Long	4 Jul	1.5655	1.6125	1.5500	0.47
Basket		27 Jun		3%	-1%	
Long NOK & AUD (50% each), short NZD & CAD (50% each)						-0.21
Basket		27 Jun		3%	-1%	
Long CHF, short EUR, SEK, GBP (33% each)						-0.54
Basket		20 Jun		3%	-1%	
Long AUD & JPY (50% each), short USD						0.56
USD/NOK	Short	20 Jun	5.1500	5.0000	5.2000	0.59
EUR/GBP	Long	19 Jun	0.7850	0.8100	0.7770	1.25
USD/CAD	Short	5 Jun	1.0220	0.9900	1.0350	0.91
Total						3.03

See Forex Weekly for full details – published every Friday.

Despite some undoubted moderation in economic activity, the lift to the economy through a still very strong trade performance and the boost to incomes from the terms-of-trade are taking up the slack, with that phenomenon having been repeatedly identified by the RBA. Though heightened risk aversion is a headwind to AUD gains, buying into consolidation or retraces ahead of major trend support remains the favoured approach.

■ **USD/KRW forced lower by aggressive intervention**

Market relief moves inspired by Bernanke's comments on Tuesday evening gave an opportunity for the BoK to act with the wind at their backs yesterday and intervene to cap USD/KRW with some aggressive action. The intervention was successful with spot pushed back below 1000 for the first time since late April. The BoK was reported in the market overnight and again this morning under 1000. We still question the long-term merits of intervention though have always believed that any central banks attempting to run “with the wind” i.e. to follow flow in the market, has a much greater chance of success than standing against any particular level or trying to curb strong flows. In current circumstances, unless oil prices stage a protracted decline and external balances return to a sustainable surplus, even before the persistent foreign portfolio outflow is curbed, the KRW will underperform. We don't suggest taking the BoK on right here; their actions and comments indicate they are serious in their desire to curb volatility.

The BoK left rates on-hold at 5.00% earlier today as expected. There had been some talk the central bank may look to hammer home the intervention by hiking. The central bank has obviously not been persuaded on the need for monetary policy tightening, opting to leave its key base rate unchanged at 5.0% for the 11th consecutive month. Both upside risks to inflation and downside risks to growth appear to have strengthened over the past month; however as we move into the third and fourth quarter we expect that the downside risks to growth are likely to outweigh some eventual stability in oil and food price inflation. For the time being, the June MPC was the most opportune for the BoK to have raised rates given the relative balance between inflation and growth risks. Having passed, we now believe the BoK will be on hold in coming months until a more tangible shift in growth and inflation risks occurs.

Technical analysis

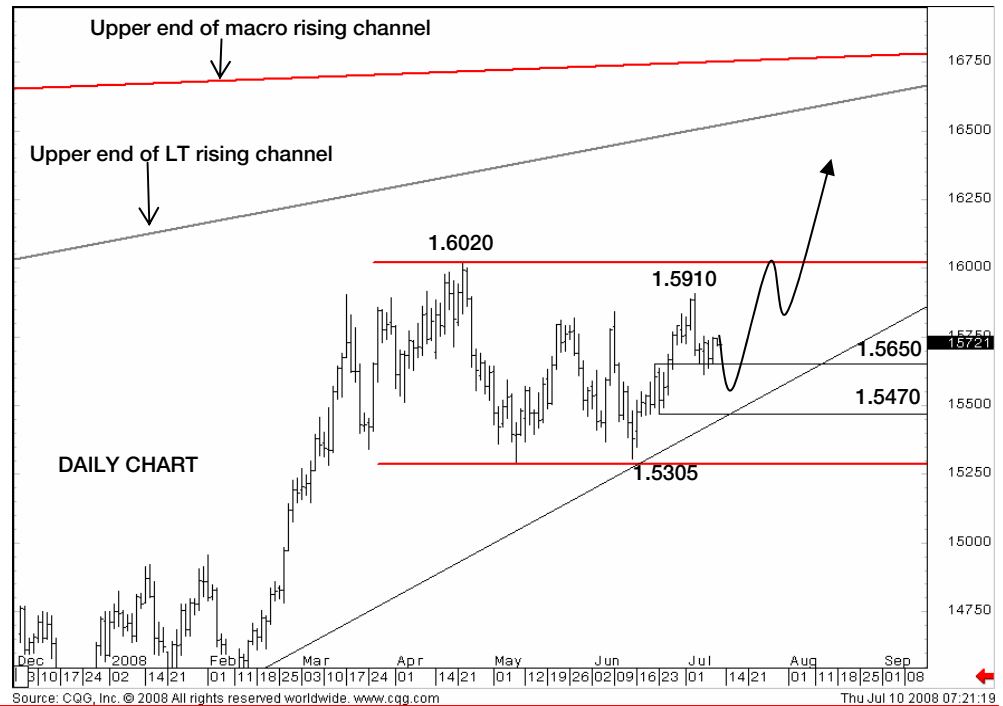
► **EUR/USD** – 1.5470 should contain any move below the 1.5650 pullback level.

EUR/USD recovered from 1.5650 yesterday, but given the preceding breach of this support level, the ST risk is to the downside.

We thus cannot rule out a move below 1.5610/50 and a dip to the 1.5470 support level before EUR/USD returns to the 1.6020 region.

The expected break above 1.6020 will confirm the resumption of the LT uptrend towards the upper ends of the LT and macro rising channels, coming at 1.6565/1.6740 in July.

EUR/USD: ST corrective setback before reaching 1.6020



3 rd support	2 nd support	1 st support	Last	1 st resistance	2 nd resistance	3 rd resistance
1.5470	1.5540	1.5610/50	1.5720	1.5750	1.5780	1.5910

USD/CAD: break below an ST support line

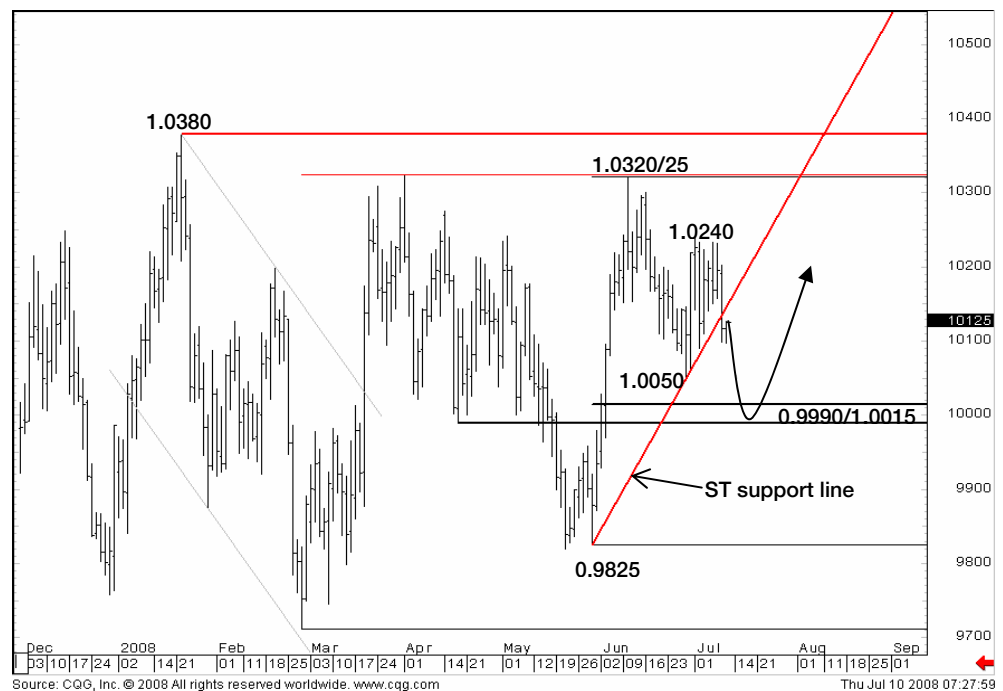
► **USD/CAD** – There is a risk of a move down to 0.9990/1.0015 before USD/CAD reverses upwards.

USD/CAD has broken below its ST support line drawn from 0.9825. So the ST risk is to the downside.

We may thus see an extension of the decline initiated at 1.0325 to the late June low of 1.0050, or even to the 0.9990/1.0015 support zone (*) before USD/CAD reverses upwards.

1.0240 will then be the key resistance level to break to confirm the return to the 1.0325/80 region.

(*) Fibonacci retracement and support level.



3 rd support	2 nd support	1 st support	Last	1 st resistance	2 nd resistance	3 rd resistance
0.9990/1.0015	1.0050	1.0090/95	1.0125	1.0140/45	1.0200	1.0240

Economic Analysis

From **SG Economics**, brian.hilliard@sgcib.com, veronique.riches-flores@sgcib.com, stephen.gallagher@sgcib.com, glenn.maguire@sgcib.com

Upcoming Data

■ **FR May Manufacturing Production.** The capital goods sector has been the most robust so far. However, it should now begin to reflect the clear downturn in expectations that will affect business investment prospects. Surprisingly, every sector participated to April's strong increase, especially a surge in the volatile car output number (+3.8% m/m). Hence, we expect a significant downward correction in May at around -1.3% m/m.

■ **IT May Manufacturing Production.** Industrial activity started to plunge in Q407 before recovering in the first months of this year. The recovery seems odd given the weaker results of other indicators. Indeed, the rebound in business confidence in May was completely "irrational". We think the rebound was linked to the elections. Industrial activity is likely to register a strong downward correction in May at -1.5% m/m.

■ **UK Bank of England rate decision Thursday noon.** In Mr King's latest appearance before the Treasury Select Committee he revealed that a majority of MPC members discussed the possibility of a rate increase at last month's meeting.

What can we expect from this week's meeting? We think that the very poor run of data will keep the hawks in check.

Our worst fears for the housing outlook were confirmed with the pace of mortgage approvals collapsing from 58k to only 42k in May. This was quite accurately foreshadowed by the BBA data the previous week but the same data had suggested a weak set of consumer credit numbers whereas in fact net consumer credit picked up to GBP1.4 bln from GBP1.1 bln.

The housing equity withdrawal (HEW) data for the first quarter confirmed that the fall in house price inflation has reduced HEW from GBP7.4 bln to GBP5.0 bln. The puzzle is that this fall was not sufficient to reduce consumption growth in that quarter, which as we know actually jumped. Yet the continuing decline in the housing market will reduce HEW further in due course and must surely eventually do considerable damage to consumption.

Added to the bad news on mortgage approvals, the manufacturing PMI plunged from a revised 49.5 to 45.8, signalling that the sector could be entering a recession. What is worse is that the services PMI dropped from 49.8 to 47.1.

It is now clear that the UK economy as a whole is teetering on the brink of recession.

To add to the gloom, the Bank of England's Credit Conditions survey for the second quarter stated that

"lenders reported that they had further reduced the availability of credit to households and corporates. Lenders expected some additional reductions in credit availability over the next three months."

Moreover, the new Bank of England Deputy Governor for Monetary Policy, Charlie Bean, said in his recent appointment hearing before the Treasury Select Committee that

"the impact of the tightening in the terms of availability of credit could prove greater than is embodied in the central case in our most recent set of projections."

One of the most interesting developments in the credit survey was the comment about private non-financial corporations (PNFCs):

"While demand for credit by medium-sized PNFCs had fallen in line with lenders' expectations, there was a larger-than-expected decline in demand for credit by large PNFCs. However, lenders reported an increase in draw-downs by PNFCs on pre-arranged committed lines of credit. Over the next three months, lenders expected demand for new credit by PNFCs to fall further, and corporates to draw down more heavily on their existing committed credit lines."

This is not unexpected but the reporting of the greater use of existing credit lines is a somewhat different emphasis from that of the ECB, which is going to considerable lengths to play down the effect on lending growth of this factor.

Against such a bad, and indeed rapidly deteriorating, background for the real economy, it would be most unlikely that the Bank would follow the ECB's lead and increase interest rates this week. We predict that rates will remain at 5%.

■ **US Initial jobless claims:** Posted a rise to 404K last week which importantly was above the 400K threshold. To some extent early or seasonal retooling in the auto sector could be a factor as it has in many previous years. Yet, even before the June 28 results, (current week is for week ending July 5), there was an upward drift that can be tied to rising layoffs and soaring energy prices. We likely to see some weaker employment trends before stabilizing. The gasoline price surge in the past few months has been painful and is forcing spending cuts that in turn should prompt increased layoffs.

■ **Bernanke and Paulson testimony before House Financial Services Committee:** On market regulation. Some of the testimony could be devoted to explaining the Fed's vision for their liquidity platforms. Additionally, the Fed's role over financial regulation and market stability is likely to expand. This later issue is the purpose of Thursday's testimony.

Fixed Income & Forex Research

Calendar

Economic indicators	GMT	Period	Last	SG Fcst	Cons	Economic indicators	GMT	Period	Last	SG Fcst	Cons
Monday 7-Jul-2008						Wednesday 9-Jul-2008					
AU ANZ Job Advertisements (MoM)	1:30	JUN	-1.7%	1.0%	na	AU Investment Lending	1:30	MAY	1.4%	2.5%	na
SW Budget Balance, B	7:30	JUN	13.5	na	na	GE Current Account (EURO) B	6:00	MAY	14.5	na	12.5
NO Ind Prod Manufacturing SA MoM	8:00	MAY	6%	na	na	Exports SA (MoM)	6:00	MAY	1.1% R	na	0.0%
Ind Prod Manufacturing NSA YoY	8:00	MAY	7.5%	na	3.5%	Imports SA (MoM)	6:00	MAY	-2.3% R	na	0.3%
Industrial Production SA MoM	8:00	MAY	-2.4%	na	na	Trade Balance, B	6:00	MAY	18.7	na	18.0
Industrial Production NSA YoY	8:00	MAY	-4.4%	na	na	FR Trade Balance (Euros), B	6:45	MAY	-3.7	na	-4.0
UK Industrial Production (MoM)	8:30	MAY	0.2%	-0.5%	-0.1%	EUR ECB's Gonzalez-Paramo Speaks at Event in San Sebastian	7:15	7/9/2008			
Industrial Production (YoY)	8:30	MAY	0.2%	-1.2%	-0.8%	SW Industrial Orders s.a. (MoM)	7:30	MAY	-6.8%	na	na
Manufacturing Production (MoM)	8:30	MAY	0.1%	-0.5%	-0.1%	Industrial Orders n.s.a. (YoY)	7:30	MAY	10.1%	na	na
Manufacturing Production (YoY)	8:30	MAY	0.1%	-0.6%	-0.1%	Industrial Prod. s.a. (MoM)	7:30	MAY	-0.3%	na	na
GE Industrial Production MoM (sa)	10:00	MAY	-0.8%	0.4%	0.2%	Industrial Prod. n.s.a. (YoY)	7:30	MAY	0.2%	na	na
Industrial Prod. YoY (nsa wda)	10:00	MAY	4.8%	3.8%	3.2%	UK EU Trade Balance GBP, Mn	8:30	MAY	-3409	-3400	-3300
CA Business Outlook Survey	14:00	2Q				Trade Balance Non EU GBP/Mn	8:30	MAY	-4185	-4000	-4100
US Fed's Yellen Speaks in San Diego on U.S. Economic Outlook	15:00	7/7/2008				Visible Trade Balance GBP/Mn	8:30	MAY	-7594	-7400	-7400
Tuesday 8-Jul-2008						EUR Euro-Zone GDP s.a. (QoQ)	9:00	1Q F	0.3%	0.8%	0.8%
JN Eco Watchers Survey: Current	5:00	JUN	32.1	31	na	Euro-Zone GDP s.a. (YoY)	9:00	1Q F	2.1%	2.2%	2.2%
Eco Watchers Survey: Outlook	5:00	JUN	35.1	34	na	Euro-Zone Govt Expend (QoQ)	9:00	1Q F	-0.1%	0.8%	0.4%
UK DCLG UK House Prices (YoY)	8:30	MAY	4.9%	na	4.0%	Euro-Zone Gross Fix Cap (QoQ)	9:00	1Q F	0.9%	1.6%	1.6%
US Bernanke Speaks at FDIC Forum on Mortgage Lending	12:30	7/8/2008				Euro-Zone Household Cons (QoQ)	9:00	1Q F	-0.1%	0.2%	0.2%
Pending Home Sales MoM	14:00	MAY	6.3%	na	-2.5%	UK BRC June Shop Price Index	9:30	7/9/2008			
Wholesale Inventories	14:00	MAY	1.3%	na	0.7%	US MBA Mortgage Applications	11:00	7/4/2008	3.6%	na	na
Richmond Fed's Lacker Speaks on Economic Outlook in Washington	16:30	7/8/2008				JN Adjusted Current Account Total, ¥B	23:50	MAY	1510.7	2000	1943
Consumer Credit, \$B	19:00	MAY	8.9	na	7.5	Current Account Total, ¥B	23:50	MAY	1380.9	1500	1934.8
ABC Consumer Confidence	21:00	7/6/2008	-43	na	na	Trade Balance - BOP Basis, ¥B	23:50	MAY	634.7	500	500
JN Machine Orders (MoM)	23:50	MAY	5.5%	2.5%	1.1%	Domestic CGPI (MoM)	23:50	JUN	1.1%	0.8%	0.6%
Machine Orders YOY%	23:50	MAY	0.5%	-5.0%	-3.7%	Domestic CGPI (YoY)	23:50	JUN	4.7%	5.5%	5.3%
						Thursday 10-Jul-2008					
AU Employment Change, K	1:30	JUN	-19.7	20	10	EU Participation Rate	1:30	JUN	65.2%	65.2%	65.3%
Participation Rate	1:30	JUN	65.2%	65.2%	65.3%	FR Unemployment Rate	1:30	JUN	4.3%	4.2%	4.3%
Unemployment Rate	1:30	JUN	4.3%	4.2%	4.3%	FR Manufacturing Production (MoM)	6:45	MAY	1.7%	-1.3%	-0.3%
FR Manufacturing Production (MoM)	6:45	MAY	1.7%	-1.3%	-0.3%	Manufacturing Production (YoY)	6:45	MAY	2.8%	0.7%	1.7%
SW CPI - Headline Rate (MoM)	7:30	JUN	0.4%	na	0.3%	SW CPI - Headline Rate (YoY)	7:30	JUN	4%	na	4.1%
CPI - Headline Rate (YoY)	7:30	JUN	4%	na	4.1%	CPI - Underlying Infl. (MoM)	7:30	JUN	0.4%	na	0.3%
CPI - Underlying Infl. (MoM)	7:30	JUN	0.4%	na	0.3%	CPI - Underlying Infl. (YoY)	7:30	JUN	2.9%	na	3.2%
CPI - Underlying Infl. (YoY)	7:30	JUN	2.9%	na	3.2%	CPI Level	7:30	JUN	300.99	na	na
AMV Unemployment Rate	8:00	JUN	2.6%	na	3.0%	IT Industrial Production sa (MoM)	8:00	MAY	0.7%	-1.5%	-0.5%
IT Industrial Production sa (MoM)	8:00	MAY	0.7%	-1.5%	-0.5%	Industrial Production wda(YoY)	8:00	MAY	2%	na	-1.3%
Industrial Production wda(YoY)	8:00	MAY	2%	na	-1.3%	NO CPI (MoM)	8:00	JUN	0.1%	na	0.3%
NO CPI (MoM)	8:00	JUN	0.1%	na	0.3%	CPI (YoY)	8:00	JUN	3.1%	na	3.5%
CPI (YoY)	8:00	JUN	3.1%	na	3.5%	CPI Underlying (MoM)	8:00	JUN	0.1%	na	0.2%
CPI Underlying (MoM)	8:00	JUN	0.1%	na	0.2%	CPI Underlying (YoY)	8:00	JUN	2.3%	na	2.5%
CPI Underlying (YoY)	8:00	JUN	2.3%	na	2.5%	UK Bank of England Interest Rate Decision	11:00	7/10/2008	5.00%	5.00%	5.00%
UK Bank of England Interest Rate Decision	11:00	7/10/2008				US Initial Jobless Claims	12:30	7/5/2008	404	na	395
US Initial Jobless Claims	12:30	7/5/2008	404	na	395	ICSC Chain Store Sales YoY	17:30	JUN	3%	na	na
ICSC Chain Store Sales YoY	17:30	JUN	3%	na	na	EUR ECB's Trichet Speaks at Event in Munich	17:45	7/10/2008			
EUR ECB's Trichet Speaks at Event in Munich	17:45	7/10/2008				US Fed's Yellen Speaks in Portland at Community Luncheon	19:30	7/10/2008			
US Fed's Yellen Speaks in Portland at Community Luncheon	19:30	7/10/2008				Friday 11-Jul-2008					
JN Industrial Production (MoM)	4:30	MAY F	2.9%	2.9%	na	Industrial Production (YoY)	4:30	MAY F	1.2%	1.2%	na
Industrial Production (YoY)	4:30	MAY F	1.2%	1.2%	na	Consumer Confidence	5:00	JUN	34.1	33	33
Consumer Confidence	5:00	JUN	34.1	33	33	Consumer Confidence Households	5:00	JUN	33.9	32	na
Consumer Confidence Households	5:00	JUN	33.9	32	na	GE Wholesale Price Index (MoM)	6:00	JUN	1.4%	na	1.0%
GE Wholesale Price Index (MoM)	6:00	JUN	1.4%	na	1.0%	Wholesale price Index (YoY)	6:00	JUN	8.1%	na	9.0%
Wholesale price Index (YoY)	6:00	JUN	8.1%	na	9.0%	CA Net Change in Employment, K	11:00	JUN	8.4	na	10.0
CA Net Change in Employment, K	11:00	JUN	8.4	na	10.0	Unemployment Rate	11:00	JUN	6.1%	na	6.1%
Unemployment Rate	11:00	JUN	6.1%	na	6.1%	Int'l Merchandise Trade, C\$	12:30	MAY	5.1	na	5.2
Int'l Merchandise Trade, C\$	12:30	MAY	5.1	na	5.2	US Import Price Index (MoM)	12:30	JUN	2.3%	na	2.0%
US Import Price Index (MoM)	12:30	JUN	2.3%	na	2.0%	Import Price Index (YoY)	12:30	JUN	17.8%	na	18.6%
Import Price Index (YoY)	12:30	JUN	17.8%	na	18.6%	Trade Balance, \$B	12:30	MAY	-60.9	-63.0	-62.5
Trade Balance, \$B	12:30	MAY	-60.9	-63.0	-62.5	U. of Michigan Confidence	14:00	JUL P	56.4	na	55.5
U. of Michigan Confidence	14:00	JUL P	56.4	na	55.5	Monthly Budget Statement, \$B	18:00	JUN	27.5	na	30
Monthly Budget Statement, \$B	18:00	JUN	27.5	na	30						

Source: SG Economic Research

Fixed Income, Forex & Credit Research

Head of Research	Benoît Hubaud	(33) 1 42 13 61 08 (44) 20 7676 7168	Assistant	Linda Ferhat	(33) 1 42 13 92 89
Fixed Income & Forex Strategy			Credit Research		
Head	Vincent Chaigneau	(44) 20 7676 7707	Head	Benoît Hubaud	(33) 1 42 13 61 08 (44) 20 7676 7168
Fixed Income	Adam Kurpiel	(33) 1 42 13 63 42	Deputy Head	Denis Groven	(33) 1 42 13 78 21
	Ciaran O'Hagan	(33) 1 42 13 58 60	Banks & Insurance	Nathalie Deliens	(44) 20 7676 7262
	Aro Razafindrakola	(33) 1 42 13 64 93		Rötger Franz	(44) 20 7676 7167
	Jose Sarafana	(33) 1 42 13 56 59	ABS	Jean-David Cirotteau	(33) 1 42 13 72 52
	Guillaume Baron	(33) 1 42 13 57 07		Christopher Greener	(44) 20 7676 7055
Foreign Exchange	Carole Lauthere	(33) 1 42 13 71 45	Auto & Transportation	Pierre Bergeron	(33) 1 42 13 89 15
	Phyllis Papadavid	(44) 20 7676 7999		Stéphanie Herrault	(33) 1 42 13 63 11
	Murat Toprak	(44) 20 7676 7491	Consumers & Services	Sonia van Dorp	(33) 1 42 13 64 57
	Peter Frank	(44) 20 7676 7458		Caroline Duron	(33) 1 58 98 30 32
	David Deddouche	(33) 1 42 13 56 22	Industrials	Roberto Pozzi	(44) 20 7676 7152
	Patrick Bennett (HK)	(852) 21 66 54 39		David Wertenschlag	(44) 20 7676 7062
	Arash Naghdi-Esfastani	(44) 20 7676 7977		Barbora Matouskova	(44) 20 7676 7023
Technical Analysis	Hughes Naka	(33) 1 42 13 51 10	Telecom & Media	Juliano Hiroshi Torii	(44) 20 7676 7158
	Stéphane Billioud	(33) 1 42 13 35 55	Utilities	Hervé Gay	(33) 1 42 13 87 50
	Fabien Manac'h	(33) 1 42 13 88 35		Florence Roche	(33) 1 42 13 63 99
Commodities	Stéphanie Aymes	(33) 1 42 13 57 03	High Yield		
			<i>Consumers & Services</i>	Sonia van Dorp	(33) 1 42 13 64 57
			<i>Telecom & Media</i>	Robert H Jaeger, CFA	(44) 20 7676 7136
			<i>General Industries</i>	Nadia Yoshiyama, CFA	(44) 20 7676 6985
Economic Research			Credit Strategy		
Head	Brian Hilliard	(44) 20 7676 7165		Suki Mann	(44) 20 7676 7063
<i>Europe</i>	Véronique Riches-Flores	(33) 1 42 13 84 04		Guy Stear, CFA	(33) 1 42 13 40 26
	Olivier Gasnier	(33) 1 42 13 34 21		Juan Esteban Valencia	(44) 20 7676 7059
<i>Emerging</i>	Gaëlle Blanchard	(33) 1 42 13 44 96	Quantitative Research		
<i>ECB Watcher</i>	James Nixon	(44) 20 7676 7385	Head	Julien Turc	(33) 1 42 13 40 90
<i>Great Britain</i>	Brian Hilliard	(44) 20 7676 7165		Benjamin Herzog	(33) 1 42 13 67 49
<i>United States</i>	Stephen Gallagher	(1) 212 278 44 96		Marc Teyssier	(33) 1 42 13 55 96
	Aneta Markowska	(1) 212 278 66 53		Sandrine Ungari	(33) 1 42 13 43 02
<i>Asia</i>	Glenn Maguire (HK)	(852) 21 66 54 38	Commodities		
			Global Head	Frédéric Lasserre	(33) 1 42 13 44 06
			<i>Oil & Products</i>	Michaël Wittner	(44) 20 7762 5725
			<i>Oil & Products / Strategy</i>	Remy Penin	(33) 1 42 13 55 74
			<i>Carbon & Coal</i>	Emmanuel Fages	(33) 1 42 13 30 29
			<i>Base & Precious</i>	Stephen Briggs	(44) 20 7762 5384
			<i>Plastics</i>	Sébastien Castelli	(44) 20 7762 5275
			<i>X Commodity Strategy</i>	Jesper Dannesboe	(44) 20 7762 5603
			<i>US Natural Gas - Strategy</i>	Michaël S. Haigh	(1) 212 278 57 45
Paris	London		Hong Kong	New York	
Tour Société Générale	SG House – 41, Tower Hill		Level 38, Three Pacific Place	1221, Avenue of Americas	
17 cours Valmy	London EC3 N 4SG		1 Queen's Road East	NY 10020 (USA)	
92987 Paris La Défense Cedex	United Kingdom		Hong Kong	New York	
France					

The information herein is not intended to be an offer to buy or sell, or a solicitation of an offer to buy or sell, any securities and including any expression of opinion, has been obtained from or is based upon sources believed to be reliable but is not guaranteed as to accuracy or completeness although Société Générale ("SG") believe it to be fair and not misleading or deceptive. SG, and their affiliated companies in the SG Group, may from time to time deal in, profit from the trading of, hold or act as market-makers or act as advisers, brokers or bankers in relation to the securities, or derivatives thereof, of persons, firms or entities mentioned in this document or be represented on the board of such persons, firms or entities. Employees of SG, and their affiliated companies in the SG Group, or individuals connected to them may from time to time have a position in or be holding any of the investments or related investments mentioned in this document. SG and their affiliated companies in the SG Group are under no obligation to disclose or take account of this document when advising or dealing with or for their customers. The views of SG reflected in this document may change without notice. To the maximum extent possible at law, SG does not accept any liability whatsoever arising from the use of the material or information contained herein.

Dealing in warrants and/or derivative products such as futures, options, and contracts for differences has specific risks and other significant aspects. You should not deal in these products unless you understand their nature and the extent of your exposure to risk. This research document is not intended for use by or targeted at private customers. Should a private customer obtain a copy of this report they should not base their investment decisions solely on the basis of this document but must seek independent financial advice.

Important Notice: The circumstances in which this publication has been produced are such (for example because of reporting or remuneration structures or the physical location of the author of the material), that it is not appropriate to characterise it as independent investment research as referred to in European MIF directive and that it should be treated as a marketing material even if it contains a research recommendation (« recommandation d'investissement à caractère promotionnel »). This publication is also not subject to any prohibition on dealing ahead of the dissemination of investment research. However, it must be made clear that all publications issued by SG will be clear, fair, and not misleading.

Analyst Certification: Each author of this research report hereby certifies that the views expressed in the research report accurately reflect his or her personal views about any and all of the subject securities or issuers.

Notice to French Investors: This publication is issued in France by or through Société Générale ("SG") which is regulated by the AMF (Autorité des Marchés Financiers).

Notice to UK Investors: This publication is issued in the United Kingdom by or through Société Générale ("SG") London Branch which is authorised and regulated by the Financial Services Authority ("FSA") for the conduct of its UK business.

Notice to US Investors: This report is issued solely to major US institutional investors pursuant to SEC Rule 15a-6. Any US person wishing to discuss this report or effect transactions in any security discussed herein should do so with or through SG Americas Securities, LLC to conform with the requirements of US securities law. SG Americas Securities, LLC, 1221 Avenue of the Americas, New York, NY, 10020. (212) 278-6000. Some of the securities mentioned herein may not be qualified for sale under the securities laws of certain states, except for unsolicited orders. Customer purchase orders made on the basis of this report cannot be considered to be unsolicited by SG Americas Securities, LLC and therefore may not be accepted by SG Americas Securities, LLC investment executives unless the security is qualified for sale in the state.

Notice to Japanese Investors: This report is distributed in Japan by Société Générale Securities (North Pacific) Ltd., Tokyo Branch, which is regulated by the Financial Services Agency of Japan. The products mentioned in this report may not be eligible for sale in Japan and they may not be suitable for all types of investors.

Notice to Australian Investors: Société Générale Australia Branch (ABN 71 092 516 286) (SG) takes responsibility for publishing this document. SG holds an AFSL no. 236651 issued under the Corporations Act 2001 (Cth) ("Act"). The information contained in this newsletter is only directed to recipients who are aware they are wholesale clients as defined under the Act. <http://www.sgcib.com>. Copyright: The Société Générale Group 2008. All rights reserved.