



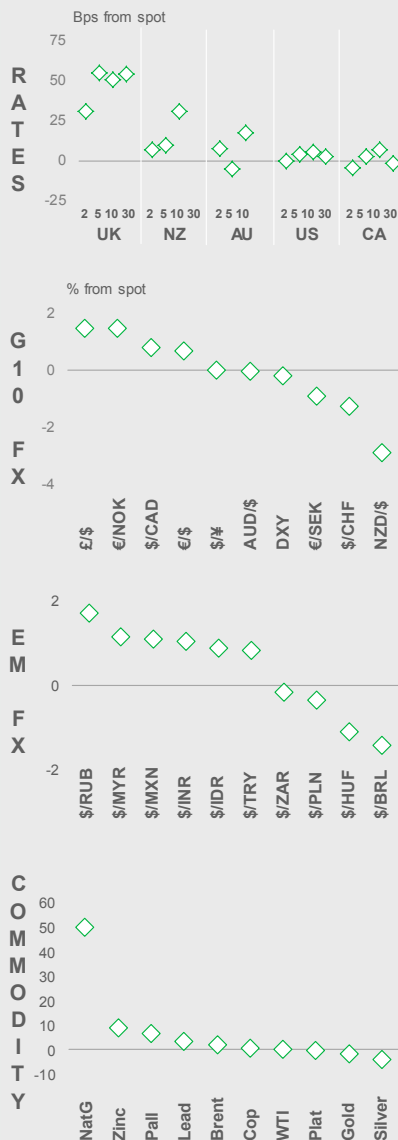
Highlights

- The TD View 2
- The View From the Top 3
- Country Snapshots
- US 6
- Canada 7
- Australia..... 8
- New Zealand..... 9
- Eurozone..... 10
- UK..... 11
- Scandies..... 12
- Switzerland/Japan..... 13
- EMEA..... 14
- LATAM..... 15
- EM Asia..... 16
- Analytics at a Glance..... 17
- Forecasts 20



TD 15Q4 FORECASTS

THE VIEW FROM 10,000 FEET



G10 MACRO

Global markets are in sparring mode but that is unsustainable. Ultimately a broader trend must develop based on whether fears about global growth prove correct. Fade the fear. While EM risks remain, especially around the turn of the year, we are now past the point where significant downsides to EM growth should have materialized.

G10 RATES

Expect flatter 3s10s and 5s30s US curves as the market prepares for a Q1'16 Fed hike. Biased to 2s10s steepeners in EUR as the ECB paves the way for more QE.

G10 FX

Remain neutral on USD. EURJPY lower on more ECB QE. Get short the NZD. Hedge long risk positions with AUDJPY put option.

EMFX & RATES

An EM rally needs more clarity on Fed and China risks. While ECB can provide short-term impulse for EM assets, we see more strength in 2016.

COMMODITIES

Industrial metals need China optimism for takeoff, Fed dynamics to prompt gold to ease and oil weighed down by chronic oversupply.

	What Has Changed	What We've Changed
Central bank policy divergence to increase	The Fed re-affirms that each meeting remains live for a hike. The Riksbank has eased. The ECB has signaled more easing to be announced at the Dec meeting.	We continue to expect the Fed to hike in Q1 2016. We expect the ECB to cut policy rates by 20bps and to announce an extension to QE (something akin to QE infinity) at the Dec meeting.
EM FX	A hawkish Fed rhetoric can keep EM FX on the back foot. But China risks have eased in October, helping EMFX to rally. Market complacency on Turkey political risks remains.	We expect fewer/later hikes from EM CBs (no more hikes forecast in 2015) and easing from India and Russia to continue, with Indonesia cutting rates in Dec/Jan.



THE TD VIEW

		Macro Outlook	Trading Bias		Key Risks
			Rates	FX	
G10	US	As the headwinds from the dollar and weak global demand abate, we expect the economic recovery to regain its footing in Q4.	Dec hike pricing has declined, but global QE should keep the curve flattening and continue to pressure long-end rates.	We remain strategically neutral on the USD but benign policy expectations suggest modest upside pressure.	The liftoff in rates will be contingent on a reversal in inflation momentum and the risks continue to tilt to the downside.
	Canada	Output rebounding in Q3 with growth thereafter limited by external headwinds. Speed dictated by non-energy exports.	BoC forecasted to be on hold at 0.5% until '17. Bear steepening due to Fed hike in '16Q1. J24s rich and 10s30s too steep.	Rangebound. We like adding on dips towards 1.3050/80. Strategically sandwiched between 1.28/1.34.	Additional downdraft in commodities or a stumbling US economy will dramatically curtail Canadian growth.
	Europe	Steady growth but low inflation is pushing some central banks to act. BoE hiking, ECB and Norges easing, Riksbank balanced.	EUR yields fall as depo rate cut expected in Dec – schatz falls to ~-40bps, 3m Euribor to ~-20bps, 2s10s steepening.	EUR pressure likely to extend further, we prefer short EURJPY. Riksbank on hold; fade NOKSEK rallies.	EM spillovers via lower trade or weaker commodity prices; ECB easing induces other European central banks to ease further.
	Asia-Pac	Low inflation in AU and NZ assisted by excess capacity and low wages growth, but housing remains hot on both sides.	RBA cut risks higher, hence bond yields low, but not looking rich yet. RBNZ to cut, but bonds fair value now.	New net long NZD via hawkish RBNZ, hence softer tone needed; AUD higher on weak FOMC hence year-end target now \$US0.71.	Weak Chinese manufacturing and trade keeps commodity prices lower into 2017; Fed on hold for longer may prompt RBA cut.
EM	Latam	Brazil's recession, CPI and political risks getting worse. Mexico gaining traction hinges on US growth. CPI remains tame.	Biased to receive as market implies +160bp vs TD's -50bp forecast in Brazil and +110bp vs TD's +75bp in Mexico by end-2016.	BRL carry remains attractive despite risks. MXN penalized by oil prices and high-beta status during high vol periods.	Political risks and downgrades are major risks for Brazil. Fed hikes coming sooner than we expect. Faltering risk appetite.
	EMEA	Good fundamentals in CE3, but political risks rising as for Turkey. Russia dips more into recession. S. Africa still ailing.	With dovish CBs and ECB, steeper Poland and Hungary curves, inverted in Turkey and Russia (on easing), steep in S. Africa.	We prefer short EUR/EM and look for chances to re-enter TRYZAR and PLNHUF shorts. We like long USDTRY in 2016.	Fed rate hikes sooner than expected. Politics, particularly in Russia, Turkey and now Poland. ECB policy missteps. China.
	Asia	Monetary easing to help growth in India and Indonesia, while politics and low oil prices remain a major drag for Malaysia.	The bias is for lower rates and a steeper curve in India and Indonesia. Malaysia rates higher in 2016 on BNM tightening.	INR, IDR and MYR marginally weaker vs USD, carry should fully compensate for these moves. INR to stay a low vol ccy.	Fed tightening earlier than expected. Corporate leverage, but not in India. China slowdown and political risks.
COMMODITY	Energy	Demand concerns, record inventories and persistent surpluses to continue moderating oil prices in coming the quarter.	Short Brent		Non-OPEC production declines are sharper than anticipated and unplanned production outages in the MENA.
	Precious metals	Waning impact of Fed hike delays and market positioning to unwind some of the recent gains.	Long gold/silver ratio		Stronger US data turnaround and a return to global stability could bring Fed rate hike concerns materially back into 2015.
	Other metals	Stabilizing China economy along with recent new stimulus along with muted USD rally should help base metals to stabilize.	Long zinc/aluminium ratio		Large scale China stimulus announcement would spark short-covering rally.

CENTRAL BANK MONITOR

		Inflation					Central Bank Policy Rate																	
		Deviation from target* (% points)					Y/Y%	As of	Next	Last Mtg		Current	Next Mtg	12m Fcast (bps^ from spot)										
		-6	-4	-2	0	2	4	6	8	10	Date	Change	%	Date	TD	-150	-75	0	75	150	Mkt	TD		
		Below Target					Above Target																	
G10	NZ			●							0.4	Sep	20 Jan	29 Oct	+0bp	2.75	10 Dec	+0					-31	+25
	UK			●							-0.1	Sep	17 Nov	8 Oct	+0bp	0.50	5 Nov	+0					+19	+50
	US			●							0.0	Sep	17 Nov	28 Oct	+0bp	0.25	16 Dec	+0					+37	+75
	EZ			●							-0.1	Sep	30 Oct	22 Oct	+0bp	0.05	3 Dec	-20					-3	-20
	Sweden			◆							0.1	Sep	12 Nov	28 Oct	+0bp	-0.35	15 Dec	+0					+10	-0
	Japan			●							0.2	Aug	29 Oct	7 Oct	+0bp	0.10	30 Oct	+0					-5	+0
	Canada			●							1.0	Sep	20 Nov	21 Oct	+0bp	0.50	2 Dec	+0					-16	+0
	Australia			●							1.9	Sep	1 Nov	6 Oct	+0bp	2.00	3 Nov	+0					-35	+25
	Norway			●							2.1	Sep	10 Nov	24 Sep	-25bp	0.75	5 Nov	+0					-28	+0
	China										1.6	Sep	10 Nov											
Emerging Markets	India			◆							4.4	Sep	12 Nov	29 Sep	-50bp	6.75	1 Dec	+0					n.a.	-25
	Hungary			●							-0.4	Sep	10 Nov	20 Oct	+0bp	1.35	17 Nov	+0					-5	+0
	Poland			●							-0.8	Sep	2 Nov	6 Oct	+0bp	1.50	4 Nov	+0					-40	+0
	Mexico			●							2.5	Sep	9 Nov	21 Sep	+0bp	3.00	29 Oct	+0					+109	+75
	S Africa			●							4.6	Sep	18 Nov	23 Sep	+0bp	6.00	19 Nov	+0					+82	+75
	Malaysia			◆							2.6	Sep	20 Nov	11 Sep	+0bp	3.25	5 Nov	+0					+14	+50
	Indonesia			◆							6.8	Sep	2 Nov	15 Oct	+0bp	7.50	17 Nov	+0					n.a.	-25
	Turkey			◆							8.0	Sep	3 Nov	21 Oct	+0bp	7.50	24 Nov	+0					n.a.	+250
	Brazil			◆							9.5	Sep	6 Nov	21 Oct	+0bp	14.25	25 Nov	+0					+182	+0
	Russia										15.7	Sep	5 Nov	11 Sep	+0bp	11.00	30 Oct	-50					n.a.	-200

Current ● → Fcast for 2015

*Deviation from avg since 2007 for India, which does not have an inflation target.



View from the Top

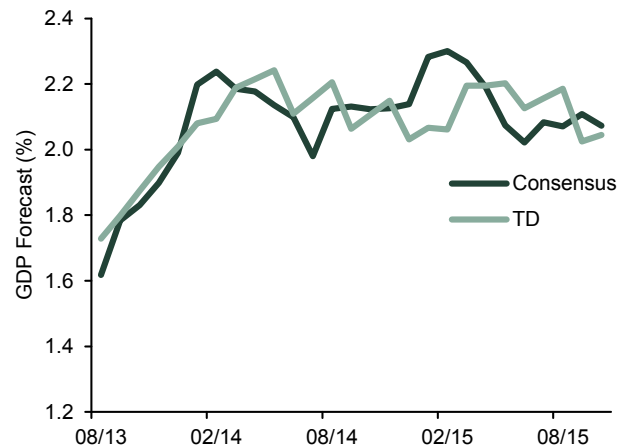
Rich Kelly

Global markets seem to be in sparring mode with no definitive blows being delivered one way or the other. Rather, we have had a back and forth of questionable data and some policy responses, but just enough to keep us pinned in our ranges rather than to define the next trend. However, that is not sustainable and is more likely setting us up for some larger moves. Either USD strength and the energy collapse will have fed through into worse global and US growth or the pricing of fear is overdone. Almost every other question in markets at the moment is a derivative of that debate. And to skip to the chase, while something can always go wrong at the tail, and EM financial adjustment still looms as the largest global risk, we see scope for upside risks to global growth and sentiment.

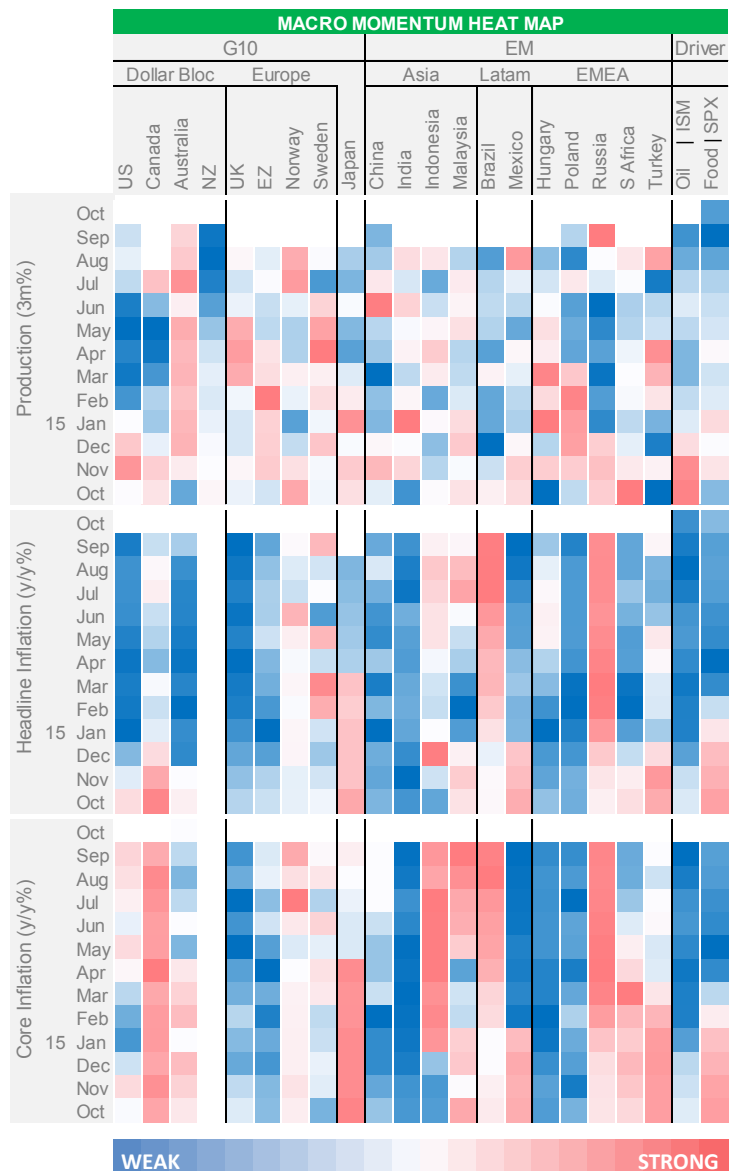
We believe we have enough evidence to rule out the immediate recession fears as a base case, but a few more months are needed to rule it out more definitively. The core debate remains not whether DMs are generating their own recession, but whether the slowdown in EMs has the ability to force a DM recession. But the chart that can rightfully scare the bejezus out of investors on the next page is looking at the USD and what it should have implied for industrial production – or similarly export growth – in EMs. Too many take the simplistic view that FX works the same for EMs as for DMs and depreciation must benefit demand for EM goods. Most immediately, the strong dollar hits cash flows for EMs via the commodity channel. This generally reflects diminished global risk appetite and global demand that sees the US favoured in the first place. Global capital flows reverse and tighten financial conditions in EMs. ‘J-curve’ effects of boosting exports come later, sometimes with a considerable lag, and also depend on solid aggregate demand growth in DM economies.

It is key to recognize the different channels that the USD affects the global economy and finance. USD changes are more important for global growth and trade, while USD levels are more important for financial flows. USD appreciation/depreciation sends a shock for production and trade to adjust with varying lags depending on the country. But once that change is incorporated the effect ends. So the impulse of the USD on EM production and trade will now wane with every passing month and provide less and less downside risk to the base case for growth trends. If EM growth was not hit yet, it is less likely to be hit by this channel going forward. But for cash flows, adjustment hits when debt payments are due. Modest hedging activity aside, debt rollovers typically do not happen before they need to. So in a world of contracting producer prices and EM corporate profits, a larger share of a shrinking stream of USD revenue must go to simply maintaining a given level of corporate debt, but is only binding when that rollover happens. This is the primary macrofinancial risk that remains

Year Ahead G7 GDP Forecasts



* Weighted average of current and next year
Source: Consensus Economics, TD Economics



*For relative shading, monthly figure is compared with the last three years worth of data for that country. For Production, the two columns of drivers on the right show the US ISM Manufacturing and S&P500. For Inflation, it shows oil and food prices.

but this should wash out within the next few months. Importantly, this risk is binary – either repayment happens and nothing is changed or there is a shortage of cash and we see a crisis.

If the normal relationship over the last 25 years were holding now, EMs would have seen a contraction in IP on par with 07/08 already. In cases where the USD move reflects an immediate collapse in global demand, the relationship is instantaneous. In cases where the capital and credit constraints are binding, the lag from the start of sharp USD appreciation to rollover and funding stresses in EMs can be up to 12-18 months. This is why the August scare from China was so salient. It came in that window when if the USD appreciation were going to drive an EM funding squeeze, that was the time.

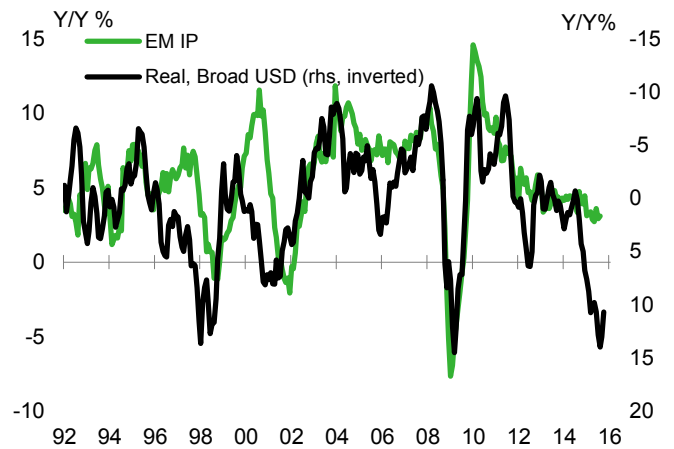
Indeed, we are not out of the woods when it comes to that tail risk. There is absolutely a seasonality to crisis, particularly in EMs. A financial crisis requires a financial flow that can't be met and those flows intensify around the start of the year. It is not a coincidence that the Korean crisis was December 1997, that Turkey was December 1999, or that Argentina defaulted in December 2001 and ended the peso's peg in January 2002. Having seen some stabilization in EMs through October and early indicators for November, this suggests the same. We take this as a very positive sign. But we will feel much more confident on having avoided this tail risk the further into Q1 we move.

So What To Do?

Overall, it argues for finding ways to fade the fear in market pricing. That pricing is still pronounced in many EMs. Straight USD/EM shorts are still risky, but we think Fed hikes, whether December or March, are no longer clear negatives for EMs given the clear-out in positions. As we argued early in October, there are better arguments for sticking a toe in there than we have seen for years. Long BRL offers more reward than other EM crosses right now. On top of the carry it provides, USDBRL has benefitted less from the recent retracement and remains battered by growth fears. IDR could also offer further value. To offset some of the obvious risks and USD correlations, we remain bearish on TRY as the remaining credit- and political-risk economy. A short there still leaves carry positive overall and reflects the relative shift of fortunes in favour of Brazil over Turkey in coming quarters.

We could also take a hedge in going long EM but acquiring 'plunge protection' in case of broader EM financial contagion. Here we favour AUDJPY put options. In the case of an escalating EM funding crisis, we would expect this to move sharply lower, so a 5-delta AUD put/JPY call (spot 85.85, 70.00 strike, 21.05 vol, 26 Feb expiry) would cost 25bps AUD would help to offset the risks there. Overall, we expect AUDJPY spot to move about 5% lower in general given the relative monetary policy

The Game of Chicken Between EM and the USD



Source: Haver

stances (delayed expansion of QE from the BoJ and delayed tightening from the RBA), but the option could also benefit those particularly worried about downside in Australia.

This backdrop leaves us comfortable still looking at a March start for the Fed. We do not see things as 2015 or bust, but rather the Fed needs to see the fog of uncertainty lift rather than actually get materially stronger data. And overall, the USD drag will remain a negative for growth into the middle of next year, subtracting about 0.4-0.5pp off of GDP, but the effects on core and headline CPI from the USD and energy will wane over that period. So while the market still has scope to steepen out 5s30s, the trend should still reinforce flatteners there. Similarly, positioning for BoE tightening in Q2 given the market has pushed that into 2017 is now at nice levels either in outright shorts in the Jun16 to Dec16 contracts or March 16/17 or June 16/17 steepeners.

Finally, this also means being careful how far to push pricing for further easing and extremes elsewhere. For the RBNZ, we like NZD shorts from these levels as there is scope for them to unwind past tightening in rates and sentiment has lifted the currency too far. The ECB has cleared flagged more to come and we see further downside on rates with fair value on schatz now in the negative 40-50bps range. But if global growth is getting better, not worse, the SNB and Riksbank may not match ECB actions tit-for-tat at this stage. The above issues on EMs and the USD show why there is a force holding back further USD upside for now, even if we have managed to avoid a breaking point, at least temporarily. This also reinforces why the Fed will still go softly, softly into hiking. This means even with ECB easing, EUR shorts will still likely prove frustrating as we will not see as much cooperation on the dollar leg. But it is clear with a belief that growth fears will pass, the Fed on tap, and DXY inching gravitating towards resistance, that timing of when each of these provides a definitive answer gives risks of +/- 5% generally around the USD in the next month or two. But overall, fade the fear, but don't fear the Fed.



Snapshot: US

MACRO

US economic growth momentum is expected to slow to a subpar 1.5% q/q pace in Q3, reflecting a dramatic downshift from the buoyant 3.9% q/q performance in Q2. The slowdown in economic growth, along with the subdued inflationary backdrop and weakening labor market activity, will continue to argue for caution at the Fed. The outlook for growth remains favorable, as the Q4 performance is expected to rebound to respectable 2.5% pace.

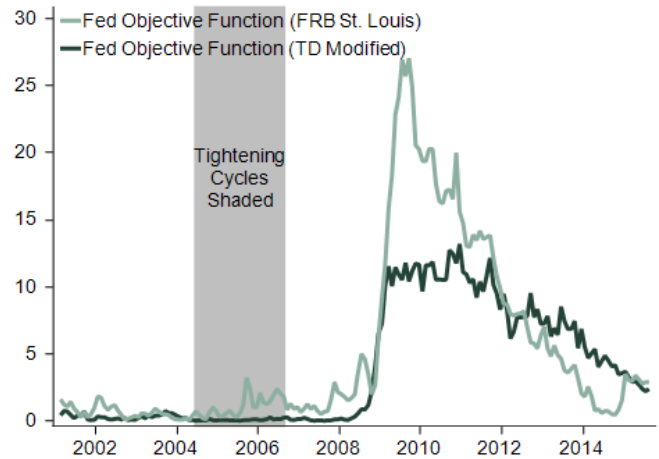
RATES

Markets had lowered the odds of a 2015 rate hike considerably, placing steepening pressure on the curve as the Fed's decision function has become less certain. Volatility has abated somewhat, but yields have remained lower as heightened prospects of additional ECB and BOJ easing maintain bullish pressure on already low global rates. Despite recent steepening, we see advantage in 3s10s and 5s30s curve flatteners.

FX

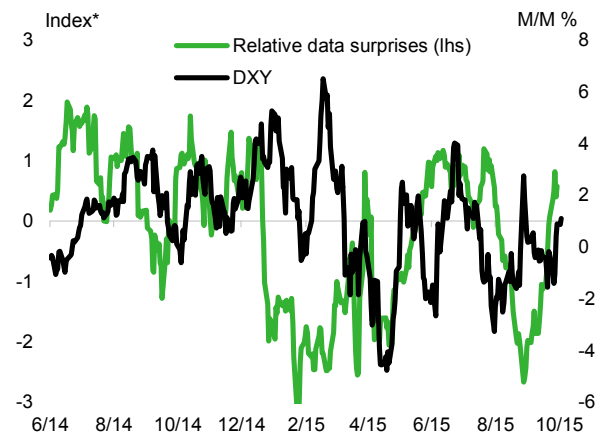
The USD's near-term fundamentals remain mixed amid Fed dithering and a slowing US economy. Technically, things are looking better on some fronts, suggesting positive momentum could draw in buyers chasing strength into year-end. We remain strategically neutral the USD and look for choppy price action overall to continue until clarity emerges on the Fed path, but expectations of future tightening look increasingly priced in.

Fed Mandate Remains Elusive



Source: Macrobond, TD Securities

Dollar and the Data - So Happy Together



*TD Securities standardized index of surprises relative to consensus; Source: TD Securities, Bloomberg

TD FORECASTS - United States

	100d										Spread to Germany							
	history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16	3/17	6/17	history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16
O/N			0.25	0.25	0.50	0.75	1.00	1.00	1.00	1.25			20	40	65	90	115	115
3m			0.04	0.05	0.25	0.50	0.75	0.75	0.80	1.05			43	50	65	90	115	115
2y			0.70	0.70	1.00	1.25	1.50	1.55	1.65	1.80			104	110	135	150	165	160
5y			1.46	1.50	1.75	1.90	2.00	2.05	2.15	2.25			158	165	175	170	160	145
10y			2.09	2.15	2.35	2.35	2.45	2.50	2.60	2.70			163	180	145	125	115	100
30y			2.87	2.90	3.10	3.10	3.20	3.20	3.25	3.35			168	180	185	140	135	120
USD/JPY			121	121	123	123	120	116	118	120			Millan.Mulraine@tdsecurities.com +1 212 827 7186 Priya.Misra@tdsecurities.com +1 212 827 7156 Gennadiy.Goldberg@tdsecurities.com +1 212 827 7180 Cheng.Chen@tdsecurities.com +1 212 827 7183					
EUR/USD			1.10	1.10	1.08	1.06	1.10	1.12	1.15	1.15			Ned.Rumpeltin@tdsecurities.com +44 20 7786 8420 Mazen.Issa@tdsecurities.com +1 212 827 7182					
GBP/USD			1.53	1.55	1.57	1.58	1.62	1.65	1.64	1.64								
USD/CHF			0.99	0.98	0.96	0.96	0.93	0.92	0.91	0.94								



Snapshot: Canada

MACRO

Renewed global headwinds notwithstanding, tracking for Q3 growth points to a solid 2.5% bounce from a first half contraction. Non-energy exports continue to respond to a weaker CAD and strengthening private sector demand in the United States. Domestic demand outside of the resource sector is also holding in reasonably well. Expect more subdued growth heading into 2016 that will keep the Bank of Canada firmly on hold.

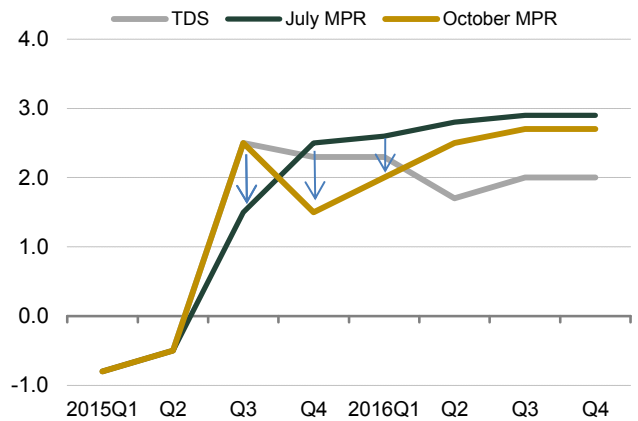
RATES

On hold BoC will keep the front-end of the curve anchored around current levels, but the risk around policy is skewed towards further easing so we think 2s are more likely to hit 45 bps than 65 bps in the near-term. 5s and 10s will bear the brunt of tightening in the US, but 10s (and especially J24s) look like a better candidate for short position than 5s. 10s30s should flatten when yields rise.

FX

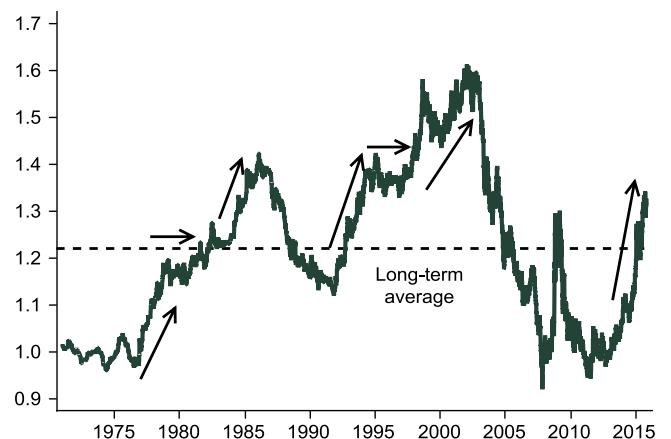
We remain medium-term bears on the CAD as persistent weakness is required to offset Canada's competitive disadvantage. The economic adjustment will take years but we think a period of range trading lies ahead until a policy catalyst arrives to push USDCAD higher. This will likely have to be Fed induced as the Bank looks content to remain sidelined for the next several months. We like adding on dips towards 1.3050/80.

Low Bar Remains For 2015Q4 and into Early 2016 (Real GDP Growth)



Source: Bank of Canada / TD Economics

An Extended Period of Consolidation is Consistent within Bull Markets



Source: Macrobond, TD Securities

TD FORECASTS - Canada

	100d history		Spot+4q fcast		Spread to US													
	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16	3/17	6/17	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16
O/N			0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50			25	25	0	-25	-50	-50
3m			0.41	0.45	0.45	0.45	0.45	0.50	0.55	0.80			36	40	20	-5	-30	-25
2y			0.55	0.50	0.65	0.75	0.80	0.90	1.05	1.20			-15	-20	-35	-50	-70	-65
5y			0.83	0.85	1.05	1.20	1.35	1.50	1.65	1.80			-63	-65	-70	-70	-65	-55
10y			1.48	1.55	1.70	1.80	1.90	2.05	2.20	2.35			-61	-60	-65	-55	-55	-45
30y			2.27	2.25	2.40	2.50	2.60	2.70	2.80	2.90			-60	-65	-70	-60	-60	-50
USD/CAD			1.31	1.33	1.37	1.37	1.35	1.33	1.28	1.25								
CAD/JPY			91	91	90	90	89	87	92	96								
EUR/CAD			1.45	1.46	1.48	1.45	1.49	1.49	1.47	1.44								
GBP/CAD			2.02	2.06	2.14	2.17	2.18	2.19	2.10	2.05								

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Snapshot: Australia

MACRO

Housing-related activity is solid, such as finance, credit and house prices. As auction clearance rates have sagged many are calling for an early peak. The major banks have lifted owner-occupier mortgage rates to reflect higher risk weightings, the first out-of-cycle hikes since 2012, but not unexpected. Confidence, exports and retail sales were all solid in Aug, offset by a rather weak Sep qtr inflation report.

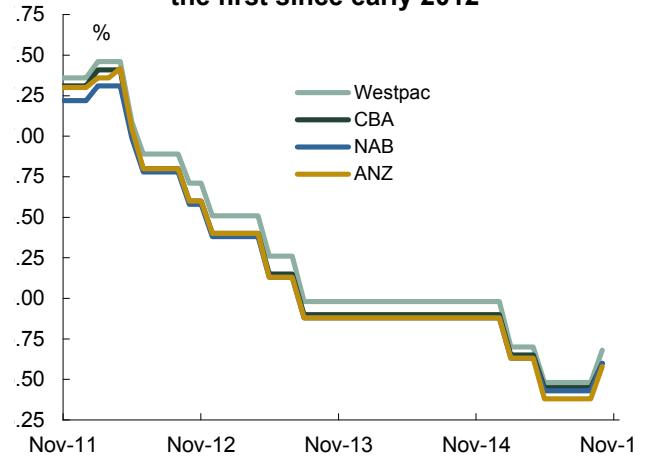
RATES

The RBA was neutral at its 6 Oct Board meeting and the Minutes were a tad hawkish. But OIS/bonds are looking ahead, and with weak inflation and out-of-cycle mortgage rate increases since then a retaliatory RBA cut is priced at 45% for next week, and 80% priced for Christmas, and fully priced by Feb 2016. Don't fight this yet.

FX

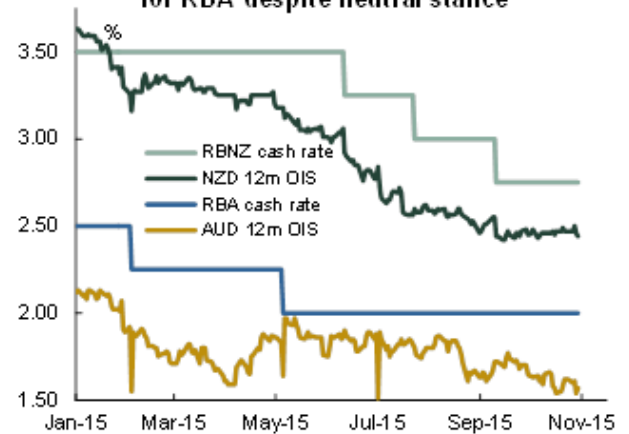
The AUD reached \$US0.738 two weeks ago on hawkish RBA noises and China concerns dropped off the radar. We upgraded our AUD year end target to \$US0.71 (from \$US0.68) as the RBA is highly unlikely to cut by year end, disappointing the bears, global growth concerns have faded, and politics is supportive for growth.

Aussie major bank mortgage rate lift the first since early 2012



Source: Bloomberg; TD Securities

OIS pricing -25bp for RBNZ and -50bp for RBA despite neutral stance



Source: Bloomberg; TD Securities

TD FORECASTS - Australia

	100d history		Spot+4q fcast		Spread to US													
	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16	3/17	6/17	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16
O/N			2.00	2.00	2.00	2.00	2.00	2.25	2.25	2.50			175	175	150	125	100	125
3m			1.85	2.15	2.15	2.15	2.20	2.45	2.55	2.70			181	210	190	165	145	170
3y			1.80	1.85	1.95	2.10	2.25	2.40	2.50	2.65			110	115	95	85	75	85
5y			2.07	2.00	2.15	2.30	2.45	2.60	2.75	3.00			60	50	40	40	45	55
10y			2.58	2.75	2.75	2.85	3.00	3.10	3.25	3.45			49	60	40	50	55	60
AUD/USD			0.73	0.71	0.70	0.67	0.67	0.69	0.70	0.71								
AUD/NZD			1.06	1.09	1.11	1.10	1.14	1.17	1.21	1.22								
AUD/JPY			86	86	86	82	80	80	83	85								
EUR/AUD			1.54	1.55	1.54	1.58	1.64	1.62	1.64	1.62								

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Snapshot: New Zealand

MACRO

Dairy price bounce has boosted exports and business/consumer confidence, net migration posts fresh highs. Inflation at 0.4%/yr low, but as that includes low oil and a slide in government charges, the trough is here. Expect the unemployment rate to pick up to 6% as rapid migration inflow fails to secure employment, supporting expectations for a return to 2.5% cash rate (just not quite sure when given RBNZ's patient stance).

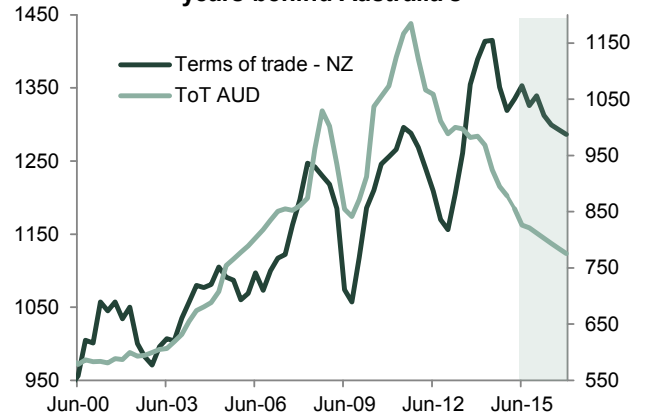
RATES

TD and consensus expects a return to a 2.5% cash rate by year end, only a tiny minority lower than that. Our NZGB forecasts are on track, but we remain alert to yields trading too far below 2.5%, a sell zone as the economy is nowhere near recession despite local chatter.

FX

The RBNZ incorporates a much lower TWI, looking for 66.3 by mid-2016, a 10% depreciation from current levels. Net spec positioning has turned to net long, consistent with NZD closer to \$US0.75! We lifted our year-end target to \$US0.65 on the hawkish RBNZ and dovish FOMC combination.

New Zealand's terms of trade decline is years behind Australia's



Source: StatsNZ; ABS; TD Securities

NZ: rising unemployment fits Dec OCR cut, but a floor at 2.5% is likely



Source: StatsNZ; Bloomberg; TD Securities

TD FORECASTS - New Zealand

	100d history		Spot+4q fcast		Spread to Australia													
	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16	3/17	6/17	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16
O/N			2.75	2.50	2.50	2.50	2.50	2.75	3.00	3.25			75	50	50	50	50	50
3m			2.95	2.60	2.60	2.60	2.70	2.90	3.15	3.45			109	45	45	45	50	45
2y			2.50	2.55	2.60	2.65	2.85	3.00	3.30	3.55			70	70	65	55	60	60
3y			2.57	2.65	2.75	2.85	3.00	3.20	3.45	3.70			50	65	60	55	55	60
10y			2.95	3.25	3.25	3.30	3.45	3.55	3.75	3.95			37	50	50	45	45	45
NZD/USD			0.67	0.65	0.63	0.61	0.59	0.59	0.58	0.58								
AUD/NZD			1.06	1.09	1.11	1.10	1.14	1.17	1.21	1.22								
NZD/JPY			81	79	77	75	71	68	68	70								
EUR/NZD			1.64	1.69	1.71	1.74	1.86	1.90	1.98	1.98								

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Snapshot: Eurozone

MACRO

After a strong start to the year, growth momentum is slowing in 2015H2, and choppy data over the summer on account of auto production holiday schedules has led to some (largely misplaced) speculation that slowing EM growth is hitting the euro area hard. In fact, euro area growth remains relatively healthy, but inflation prospects remain low, setting the stage for further ECB easing in December.

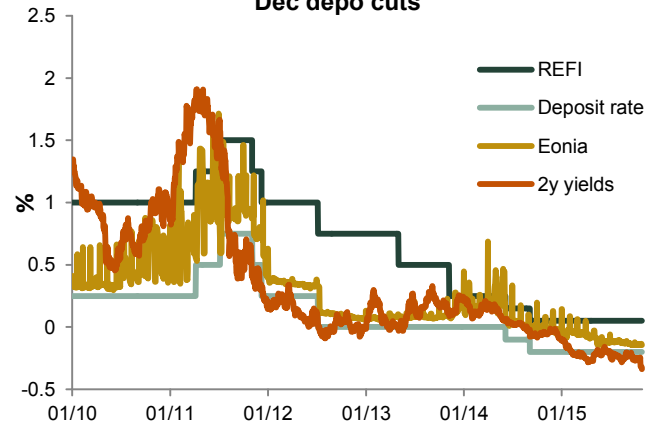
RATES

After a dovish Oct press conference, we expect a cut to all policy rates by 20bps, a less firm lower bound & QE-extension (akin to QE infinity) at the Dec meeting. We forecast Schatz ~ -40bps by YE, 2s10s steepening (2y rates fall, 10s drifts higher on Fed hike prospects), 10y Bund-UST spreads to narrow in '16, further fall in 3M Euribor & widening (more -ve) EURUSD basis swaps (we expect the 5Y basis to test the -50bps floor).

FX

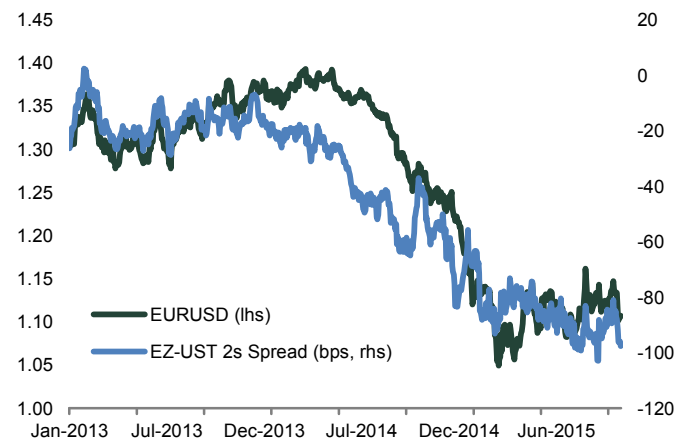
Draghi all but pre-announced further ECB easing to come in December, returning the focus to downside risks for EUR. Still, the Eurozone economy remains resilient amid record BoP surpluses. We think EURJPY has more room to extend on the downside than EURUSD, but both may trade to fresh lows for this cycle in coming weeks.

Front end yields tracking the depo rate: Schatz to fall to -40bps on expectations of Dec depo cuts



Source: TD Securities

Policy Back in the Drivers Seat for EURUSD



Source: Bloomberg; Sentix based on % of respondents

TD FORECASTS - German Rates and Euro

	German Rates										Spread to US							
	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16	3/17	6/17	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16
O/N			0.05	-0.15	-0.15	-0.15	-0.15	-0.15	-0.15	-0.15			-20	-40	-65	-90	-115	-115
3m			-0.39	-0.45	-0.40	-0.40	-0.40	-0.40	-0.30	-0.30			-43	-50	-65	-90	-115	-115
2y			-0.34	-0.40	-0.35	-0.25	-0.15	-0.05	0.05	0.15			-104	-110	-135	-150	-165	-160
5y			-0.12	-0.15	0.00	0.20	0.40	0.60	0.80	1.00			-158	-165	-175	-170	-160	-145
10y			0.46	0.35	0.90	1.10	1.30	1.50	1.60	1.70			-163	-180	-145	-125	-115	-100
30y			1.20	1.10	1.25	1.70	1.85	2.00	2.10	2.15			-168	-180	-185	-140	-135	-120
EUR/USD			1.10	1.10	1.08	1.06	1.10	1.12	1.15	1.15	<div style="background-color: #e0ffe0; padding: 5px;"> <p>Rich.Kelly@tdsecurities.com +44 20 7786 8448</p> <p>Jacqui.Douglas@tdsecurities.com +44 20 7786 8439</p> <p>James.Rossiter@tdsecurities.com +44 20 7786 8422</p> <p>Renuka.Fernandez@tdsecurities.com +44 20 7786 8408</p> <p>Ned.Rumpeltin@tdsecurities.com +44 20 7786 8420</p> <p>Mazen.Issa@tdsecurities.com +1 212 827 7182</p> </div>							
EUR/GBP			0.72	0.71	0.69	0.67	0.68	0.68	0.70	0.70								
EUR/CHF			1.09	1.08	1.04	1.02	1.02	1.03	1.05	1.08								
EUR/JPY			132	133	133	130	132	130	136	138								



Snapshot: United Kingdom

MACRO

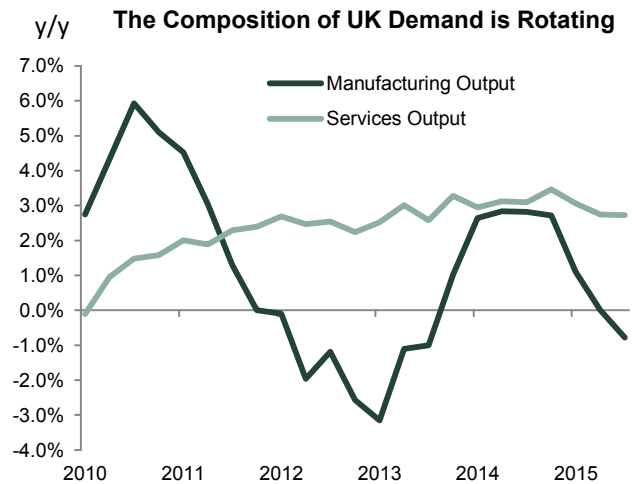
While GDP growth remains fairly robust in 2015, it is a year of adjustment for the UK economy, with exporting/manufacturing firms feeling the sting of a higher GBP while the domestic/services side of the economy sees healthy growth. Slack is eroding, real wages are growing strongly, confidence is high, and inflation should accelerate in 16H1, setting the stage for a Bank of England hike in May 2016.

RATES

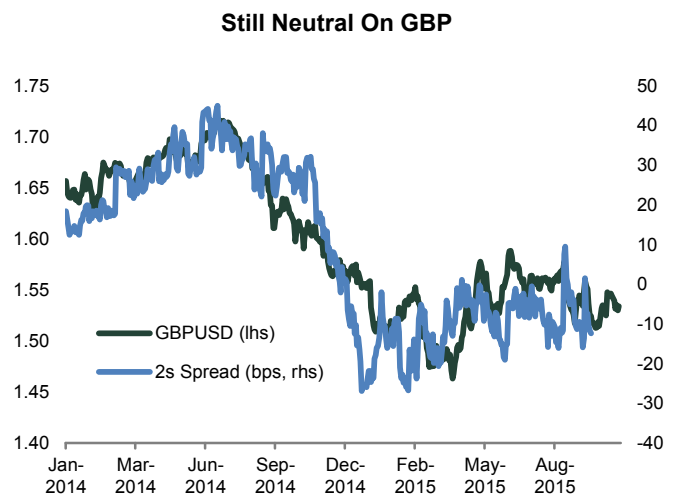
The market continues to price in a very shallow hiking cycle from the BoE with the first 25bps hike in bank rate currently priced in for Q1'17. Our house view remains for a hike in May16, a couple of months after the Fed. Given this we expect front end steepening as the market moves in line with our view and would favour a re-steepening in the L H6/L H7 spread - currently low at 33bps, and favour 5s10s and 5s30s curve flatteners.

FX

The GBP continues to lag other major currencies in the near term as markets have priced out chances of near-term UK rate hikes. We think this will prove temporary as we expect the BoE to follow the Fed in H1 next year. We think GBP will outperform against the EUR and some commodity crosses, particularly versus CAD and NZD. For now we remain tactically neutral.



Source: Haver/TD Securities



Source: Bloomberg

TD FORECASTS - United Kingdom

	TD FORECASTS - United Kingdom										Spread to US							
	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16	3/17	6/17	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16
O/N			0.50	0.50	0.50	0.75	1.00	1.00	1.00	1.25			25	25	0	0	0	0
3m			0.49	0.50	0.65	0.90	1.00	1.00	1.10	1.35			45	45	40	40	25	25
2y			0.59	0.85	1.15	1.45	1.55	1.65	1.80	1.95			-11	15	15	20	5	10
5y			1.20	1.70	2.00	2.20	2.35	2.50	2.65	2.85			-26	20	25	30	35	45
10y			1.84	2.30	2.60	2.80	2.90	3.10	3.30	3.40			-25	15	25	45	45	60
30y			2.57	3.10	3.40	3.50	3.55	3.80	4.10	4.10			-30	20	30	40	35	60
GBP/USD			1.53	1.55	1.57	1.58	1.62	1.65	1.64	1.64	<div style="background-color: #e0ffe0; padding: 5px;"> <p>Rich.Kelly@tdsecurities.com +44 20 7786 8448</p> <p>Jacqui.Douglas@tdsecurities.com +44 20 7786 8439</p> <p>James.Rossiter@tdsecurities.com +44 20 7786 8422</p> <p>Renuka.Fernandez@tdsecurities.com +44 20 7786 8408</p> <p>Ned.Rumpeltin@tdsecurities.com +44 20 7786 8420</p> <p>Mazen.Issa@tdsecurities.com +1 212 827 7182</p> </div>							
EUR/GBP			0.72	0.71	0.69	0.67	0.68	0.68	0.70	0.70								
GBP/CHF			1.51	1.52	1.51	1.52	1.50	1.51	1.50	1.54								
GBP/JPY			184	187	193	195	194	191	194	197								



Snapshot: Scandies

MACRO

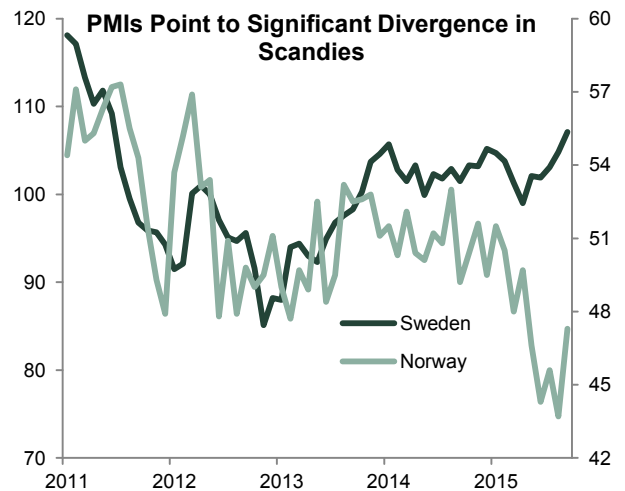
While the macroeconomic picture continues to remain firm in Sweden, the Riksbank is vigilant to any rapid appreciation in SEK and will continue to ease if necessary—especially in light of expected ECB easing in December. Norway continues to adjust to lower oil prices, with both the government and Norges Bank now in the stimulus game. The wealth shock there will take years to play out, and downside risks remain significant.

RATES

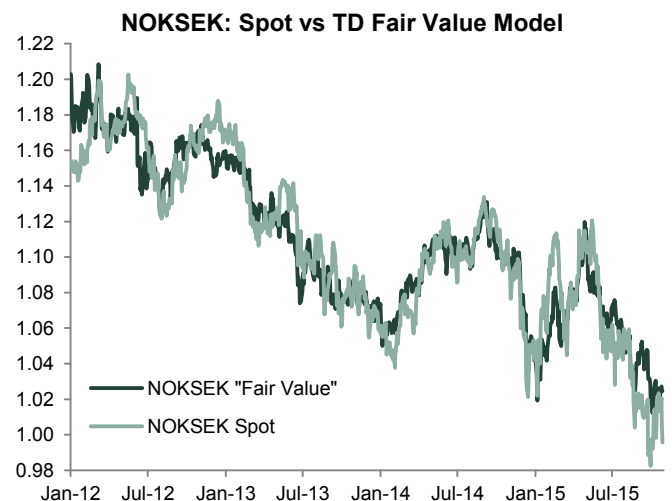
The Riksbank sounds like a reluctant easer. So while short end rates have set new lows with the next round of ECB easing on tap, we are hesitant to price in lower yields in Sweden. So, if we move to a situation where global growth looks better but the ECB still delivers, we suspect the Riksbank will not follow. So the Swedish short end may be increasingly vulnerable, but there is scope to still be received in Norway.

FX

Another round of easing by the ECB may push the Riksbank to respond, but the domestic economy continues to improve. This keeps us positive overall on the SEK, but we are mindful of significant support at 9.20 for EURSEK. The outlook for NOK remains bearish as we expect more Norges Bank rate cuts amid an energy-induced slowdown. Sell rallies in NOKSEK.



Source: Haver/TD Securities



Sources: Bloomberg, TD Securities

TD FORECASTS - Norwegian Rates and Scandie FX

	100d history	Spot+4q fcast									Spread to US							
			Spot	12/15	3/16	6/16	9/16	12/16	3/17	6/17	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16
O/N			0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50			50	25	0	-25	-50	-50
3m			0.68	0.45	0.45	0.45	0.45	0.45	0.45	0.45			64	40	20	-5	-30	-30
2y			0.60	0.40	0.40	0.50	0.55	0.70	0.80	1.00			-10	-30	-60	-75	-95	-85
4y			0.73	0.50	0.50	0.55	0.60	0.80	0.90	1.20			-74	-100	-125	-135	-140	-125
8y			1.41	1.10	1.15	1.25	1.35	1.50	1.60	1.70			-68	-105	-120	-110	-110	-100
EUR/NOK			9.37	9.50	9.25	9.20	9.15	9.10	9.05	9.00								
USD/NOK			8.55	8.64	8.56	8.68	8.32	8.13	7.87	7.83								
NOK/SEK			1.00	0.97	0.98	0.96	0.95	0.93	0.94	0.94								
EUR/SEK			9.32	9.25	9.05	8.80	8.65	8.50	8.50	8.50								
USD/SEK			8.51	8.41	8.38	8.30	7.86	7.59	7.39	7.39								

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Snapshot: CHF

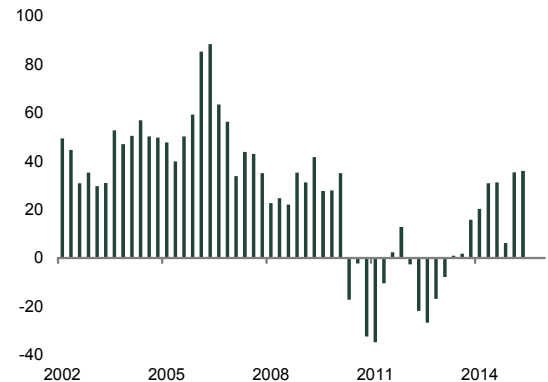
FX

CHF has been grinding weaker against the EUR over the last few months and the expectation the ECB will deliver another 'bazooka' of easing measures will keep markets focused on a possible SNB response. CHF weakness is offset by a very large BoP surplus, however, that reflects a positive shift in net portfolio flows.

TD FORECASTS - Switzerland

	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16	3/17	6/17
EUR/CHF			1.09	1.08	1.04	1.02	1.02	1.03	1.05	1.08
USD/CHF			0.99	0.98	0.96	0.96	0.93	0.92	0.91	0.94
CHF/JPY			122	123	128	128	129	126	129	128
GBP/CHF			1.51	1.52	1.51	1.52	1.50	1.51	1.50	1.54

Net Portfolio Flows Remain Firm (Bn Chf)



Source: SNB

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Snapshot: JPY

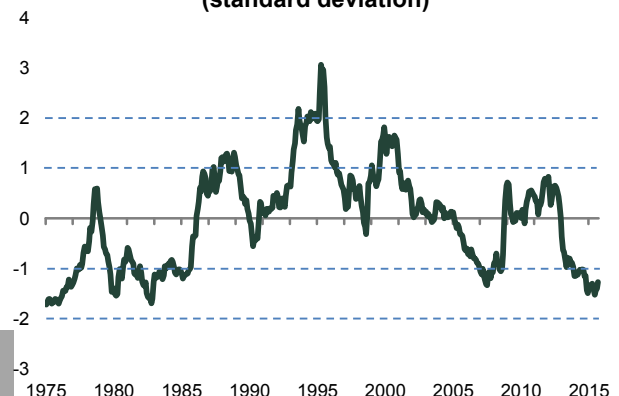
FX

Ahead of this week's meeting, we remain sceptical of the BoJ's need to deliver further easing. While a token degree of extra stimulus is possible, we do not think it will become a durable driver for the JPY. This puts the overhang of short -JPY positions under scrutiny, suggesting USDJPY likely to remain rangebound/lower until the Fed begins its normalization process early next year.

TD FORECASTS - Japan

	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16	3/17	6/17
USD/JPY			121	121	123	123	120	116	118	120
EUR/JPY			132	133	133	130	132	130	136	138
AUD/JPY			86	86	86	82	80	80	83	85
GBP/JPY			184	187	193	195	194	191	194	197

Japan's REER Is At Historical Extremes (standard deviation)



Source: BIS

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Snapshot: EMEA

MACRO

Poland and Hungary exhibit sound activity in spite of a softer momentum and negative inflation. Elections in Poland may lead to a government prone to some fiscal relaxation. Low oil prices and sanctions are not helping Russia exit recession. S. Africa's economy is still ailing. Turkey's growth surprised in Q2, but will likely decelerate in Q3 and end 2016 below 3%. Political uncertainty is set to remain after the Turkish election.

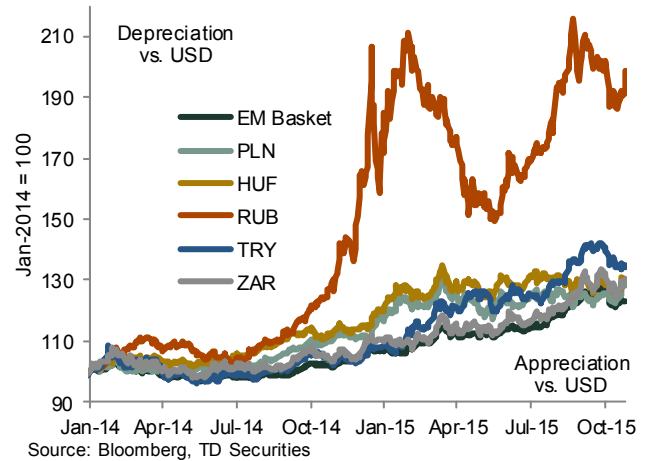
RATES

A likely augmentation of ECB's QE by end-2015 introduces a dovish bias for CEE. We now think that Hungary won't hike until end-Q4 2016. In Poland, policy accommodation will be fostered by the new government so we don't expect hikes until 2017. In Turkey, we now see 250bp of hikes from March 2016, but only if the Fed pulls the trigger. S. Africa to stay put until Q1, while Russia should continue easing this year and next.

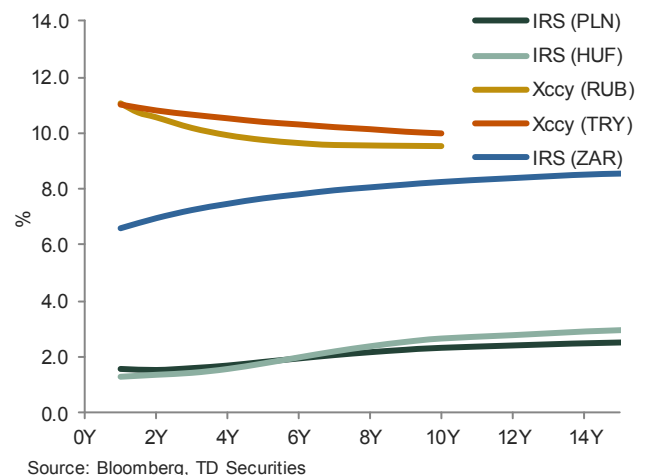
FX

The October rally has reversed most of the prior EMEA FX undervaluation into fairer pricing. Extension of ECB's QE should positively compound with more dovish implied Fed expectations, but China worries limit the upside. On balance, we see most EMEA FX stable vs USD and EUR into year-end and marginal upside for RUB and TRY, with more weakness to materialize in Q1 2016. Major risks stand with TRY and ZAR on local developments.

EM FX vs. EMEA FX



Term structure of major EMEA swap rates



TD FORECASTS - EMEA Policy Rates and FX

	Policy Rates										Spread to Germany							
	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16	3/17	6/17	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16
Poland			1.50	1.50	1.50	1.50	1.50	1.50	1.75	2.00			145	165	165	165	165	165
Hungary			1.35	1.35	1.35	1.35	1.35	1.60	1.85	2.10			130	150	150	150	150	175
Russia			11.00	10.00	9.75	9.50	9.25	9.00	9.00	9.00			1095	1015	990	965	940	915
Turkey			7.50	7.50	8.50	10.00	10.00	10.00	10.00	10.00			745	765	865	1015	1015	1015
S. Africa			6.00	6.00	6.50	6.50	6.75	6.75	6.75	6.75			595	615	665	665	690	690
EUR/PLN			4.28	4.30	4.35	4.25	4.25	4.22	4.20	4.15								
EUR/HUF			311	310	315	310	308	305	305	305								
EUR/RUB			70.7	70.4	73.4	68.9	69.3	68.3	69.6	69.0								
EUR/TRY			3.21	3.25	3.27	3.39	3.63	3.75	3.85	3.91								
EUR/ZAR			15.09	15.07	15.34	14.73	14.96	15.18	15.58	15.64								

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Snapshot: LATAM

MACRO

Brazil's GDP is heading towards a contraction of -3% in 2015 and -1% next year. This is where we adjust our forecasts. We also see a faster C/A correction than previously thought at -3.5% of GDP this year (from prior -4%) and continuing into 2016. But the most serious problems remain high CPI and political instability. Against this backdrop, Mexico's economic activity continues to gain traction in a non-inflationary environment.

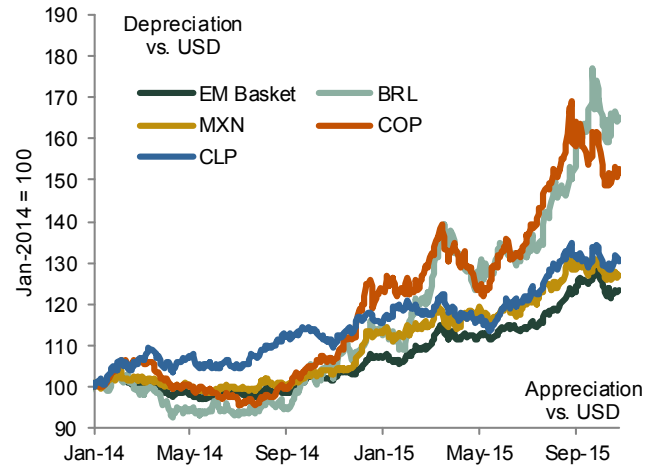
RATES

Inflation in Brazil will remain elevated for a long period, as the BCB noted in October. This should convince them to keep the Selic rate at 14.25% at least until Q4 2016, and ease only when CPI starts converging to target. In Mexico, however, inflation remains anchored well below target so Banxico won't feel the urge to hike until the Fed pulls the trigger, leading us to expect a total of +75bp in 2016 to mimic our Fed forecast.

FX

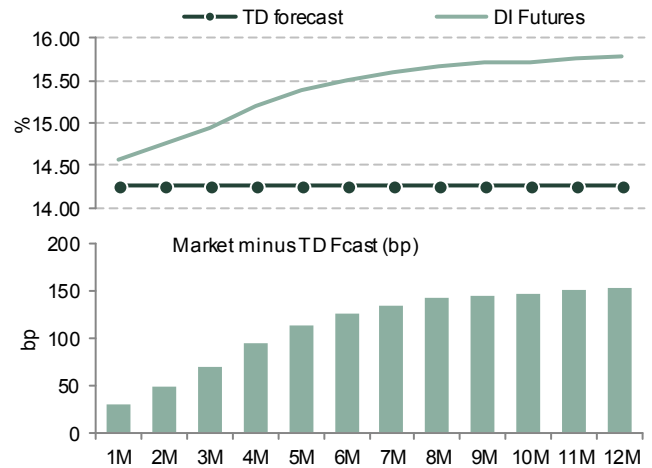
BRL undervaluation has partly reversed, but political uncertainty remains the biggest obstacle to further gains. USDBRL failed to drop below 3.75 and we now see it higher than in our prior forecast. Yet BRL is an attractive carry trade as we continue to forecast less depreciation than forwards and consensus. We forecast weaker MXN on depressed oil prices and higher vol around March 2016, but see lower USDMXN in H2 2016.

EM FX vs. LATAM FX



Source: Bloomberg, TD Securities

BCB Implied Rate Expectations



Source: Bloomberg, TD Securities

TD FORECASTS - Latam Policy Rates and FX

	100d history	Spot+4q fcast									Spread to US							
			Spot	12/15	3/16	6/16	9/16	12/16	3/17	6/17	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16
Brazil			14.25	14.25	14.25	14.25	14.25	13.75	13.50	13.00			1400	1400	1375	1350	1325	1275
Mexico			3.00	3.00	3.25	3.50	3.75	3.75	4.00	4.25			275	275	275	275	275	275
USD/BRL			3.91	3.85	4.00	3.95	3.85	3.75	3.70	3.70								
USD/MXN			16.65	16.80	17.10	16.65	16.55	16.35	16.44	16.48								
BRL/MXN			4.26	4.36	4.28	4.22	4.30	4.36	4.44	4.45								
EUR/BRL			4.27	4.24	4.32	4.19	4.24	4.20	4.26	4.26								
EUR/MXN			18.24	18.48	18.47	17.65	18.21	18.31	18.91	18.95								

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Snapshot: EM ASIA

MACRO

Leading macro indicators show signs of fatigue in India, but the consumer is regaining momentum. RBI easing should lead to increased lending while inflation remains benign. Industrial activity in Indonesia is still cooling down on low commodity prices and China. CPI will fall by year end, helping BI ease rates, while the government implements four stimulus packages. Malaysia's woes revolve around oil prices and PM Najib's troubles.

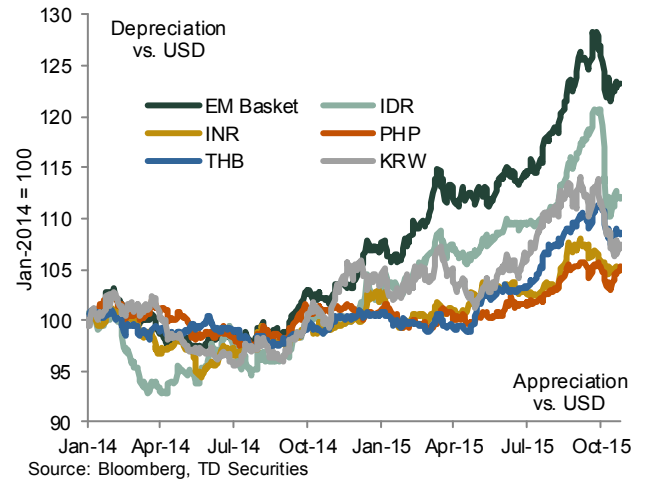
RATES

Accommodation from India's RBI will continue, but unlikely before the February meeting as 50bp of easing have already been frontloaded in September. Indonesia's BI has anticipated intentions to cut rates, but they are likely to wait until CPI falls in December/January. We have removed a hike in Q2 as we now think market reaction to Fed tightening will be contained. Malaysia should hold until H1 2016 and then hike on Fed pressure.

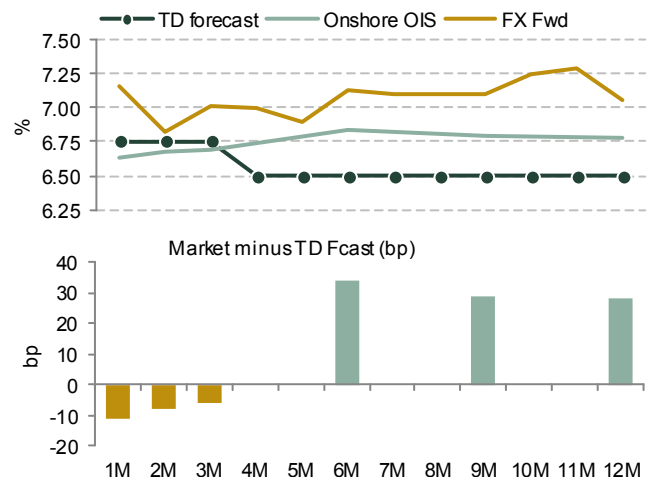
FX

On the heels of macroeconomic outperformance vs EM peers, we have upgraded our INR forecast and now see USD/INR peaking at 66.5 in Q2 2016 vs 67.30 previously. We also think IDR will adjust higher to 13,500/13,700 in 2016, after peaking at 14,000 in Q1, but this is a significant improvement vs our prior forecast. Finally, we see MYR stretched given political and fiscal risks that we think will lingering in 2016.

EM FX vs. ASIA FX



RBI Implied Rate Expectations



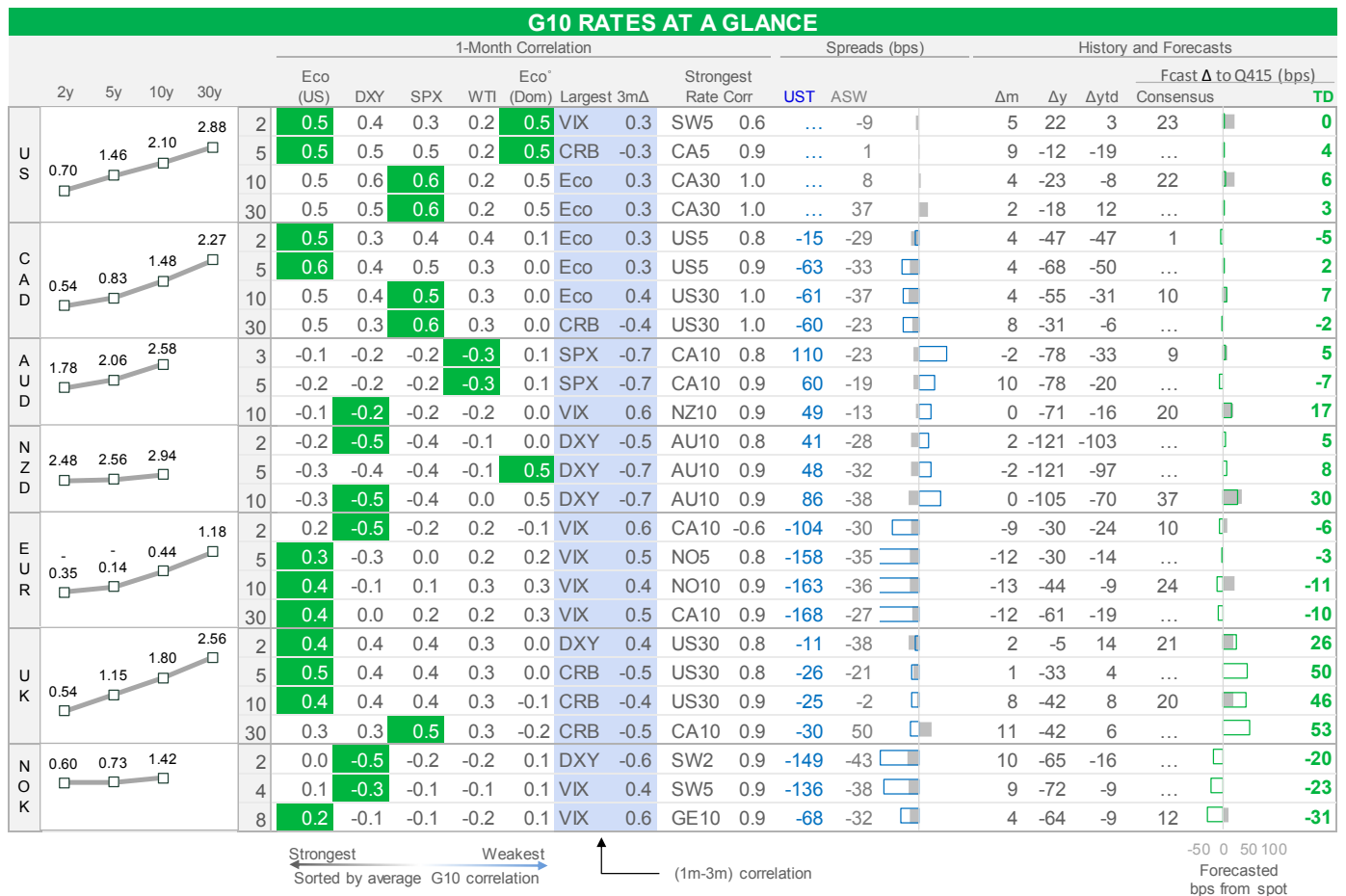
TD FORECASTS - Asian Policy Rates and FX

	100d history	Spot+4q fcast									Spread to US							
			Spot	12/15	3/16	6/16	9/16	12/16	3/17	6/17	100d history	Spot+4q fcast	Spot	12/15	3/16	6/16	9/16	12/16
India			6.75	6.75	6.50	6.50	6.50	6.50	6.75	6.75			650	650	600	575	550	550
Indonesia			7.50	7.50	7.25	7.25	7.25	7.25	7.25	7.25			725	725	675	650	625	625
Malaysia			3.25	3.25	3.50	3.75	3.75	3.75	4.00	4.25			300	300	300	300	275	275
USD/INR			65.2	65.6	66.5	65.7	65.4	65.0	65.2	65.3								
USD/IDR			13619	13600	14000	13700	13600	13500	13500	13500								
USD/MYR			4.30	4.32	4.40	4.33	4.30	4.28	4.28	4.30								

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Analytics at a Glance





Analytics at a Glance

G10 FX AT A GLANCE

	100d history	Tech Bias	1-Month Correlation								Largest 3mΔ	Mkt Positioning		History and Forecasts			Mkt	TD
			DXY	SPX	VIX	US10	US data	WTI	CRB	Rate differential		Risk Reversals	Δm	Δy	Δytd	Fcast Δ to Q415 (%)		
DXY		Bullish	...	0.6	-0.5	0.6	0.4	-0.1	0.2	WTI -0.3			2	13	8	0	1	
USD/JPY		Neutral	0.7	0.6	-0.4	0.7	0.4	0.2	-0.2	CRB -0.5			1	11	1	2	0	
USD/CHF		Bullish	0.8	0.4	-0.3	0.5	0.1	-0.2	0.0	WTI -0.4			2	4	0	0	-1	
EUR/SEK		Bearish	-0.3	-0.3	0.2	-0.1	0.0	-0.4	-0.1	WTI -0.3			-1	0	-1	0	-1	
EUR/NOK		Bullish	0.1	-0.4	0.5	-0.2	-0.1	-0.3	0.2	DXY +0.6			-2	11	4	-1	1	
GBP/USD		Bearish	-0.6	-0.2	0.0	-0.4	-0.3	0.1	-0.1	US10 -0.3			1	-5	-2	0	1	
EUR/USD		Bearish	-1.0	-0.7	0.6	-0.5	-0.3	0.0	-0.1	WTI +0.2			-3	-13	-9	-1	0	
USD/CAD		Bullish	0.2	-0.5	0.5	-0.1	0.3	-0.5	0.3	CRB +0.6			-1	18	14	1	1	
NZD/USD		Neutral	-0.2	0.3	-0.4	-0.2	-0.2	0.0	-0.3	CRB -0.4			5	-14	-14	-6	-3	
AUD/USD		Neutral	-0.4	0.2	-0.2	0.0	-0.1	0.0	-0.4	CRB -0.7			2	-19	-13	-4	-2	

% from spot
 50/100/200 day moving average
 Strong support/resistance

(1m - 3m) correlation
 Strongest ← Weakest
 Sorted by average G10 correlation

Short Long
 3m z-score

Forecasted %Δ from spot

EMFX AT A GLANCE

	100d history	Tech Bias	1-Month Correlation								Largest 3mΔ	Mkt Positioning		History and Forecasts			Mkt	TD
			SPX	VIX	DXY	CRB	US10	WTI	US data	Rate differential		Risk Reversals	Δm	Δy	Δytd	Fcast Δ to Q415 (%)		
USD/TRY		Bullish	-0.2	0.3	0.3	0.2	0.2	-0.3	0.2	US10 +0.5			-4	32	25	6	1	
USD/ZAR		Bullish	-0.4	0.5	0.3	0.2	0.1	-0.3	0.2	CRB +0.4			-1	26	19	2	-1	
USD/RUB		Bullish	-0.6	0.5	-0.1	0.2	-0.6	-0.6	-0.3	CRB +0.5			-2	51	6	5	-1	
USD/HUF		Bullish	0.5	-0.3	0.9	0.1	0.6	-0.1	0.4	US10 +0.3			2	16	9	1	-1	
USD/PLN		Bullish	0.5	-0.3	0.9	0.2	0.4	-0.2	0.3	WTI -0.3			4	17	10	-2	0	
USD/BRL		Bullish	-0.4	0.3	0.1	0.2	0.1	-0.2	0.1	CRB +0.5			-5	59	47	5	-1	
USD/MXN		Neutral	-0.3	0.5	0.2	0.3	0.2	-0.3	0.3	US10 +0.5			-2	23	13	1	1	
USD/INR		Bullish	-0.5	0.5	-0.2	0.5	-0.3	0.1	-0.1	CRB +0.7			-1	6	3	1	1	
USD/IDR		Neutral	-0.3	0.4	0.0	0.5	-0.2	-0.2	0.0	CRB +0.6			-7	13	10	5	0	
USD/MYR		Neutral	-0.4	0.3	-0.1	0.4	-0.3	0.1	-0.1	CRB +0.4			-4	31	23	1	0	

% from spot
 50/100/200 day moving average
 Strong support/resistance

(1m - 3m) correlation
 Strongest ← Weakest
 Sorted by average G10 correlation

Short Long
 3m z-score

Forecasted %Δ from spot



Analytics at a Glance

COMMODITIES AT A GLANCE															
	100d	1-Month correlation							History and Forecasts						
		WTI	CRB	VIX	DX	SPX	US10	US data	Largest 3mΔ	Δm	Δy	Δytd	Fcast Δ to Q415 (%)		TD
													Consensus		
Gold		1200	0.1	-0.1	-0.1	-0.5	0.1	-0.3	-0.4	VIX -0.3	3	-4	-2	-3	-2
Silver		500	0.4	-0.1	-0.4	-0.3	0.5	0.0	-0.4	CRB -0.4	9	-6	2	-6	-4
Platinum		500	0.2	-0.2	-0.4	-0.5	0.3	0.1	0.0	CRB -0.4	9	-21	-17	1	0
Palladium		500	0.2	-0.1	-0.3	-0.3	0.1	0.1	-0.3	CRB -0.5	2	-15	-16	-3	8
Copper		500	0.3	-0.2	-0.5	-0.1	0.6	0.3	0.0	CRB -0.7	5	-24	-18	1	1
Zinc		50	-0.2	-0.6	-0.1	-0.3	0.1	-0.2	0.0	CRB -1	7	-24	-21	3	10
Lead		500	0.0	-0.4	-0.3	-0.3	0.2	0.1	0.0	CRB -0.8	5	-15	-6	0	5
Nickel		50	0.1	-0.2	-0.3	0.2	0.4	0.1	0.0	CRB -0.8	8	-32	-30	2	52
Aluminum		500	0.2	-0.5	0.0	-0.3	0.1	0.1	-0.1	CRB -0.8	-6	-27	-20	12	37
Molybdenum		50	-0.4	-0.1	0.2	0.2	-0.2	-0.3	0.0	WTI -0.3	-14	-51	-50	38	107
Iron Ore		200	0.0	-0.5	-0.1	-0.3	0.1	0.2	-0.1	CRB -0.7	-9	-34	-24	1	42
WTI		50	1.0	-0.2	-0.3	-0.1	0.2	0.2	-0.1	CRB -0.6	0	-45	-15	6	1
Brent		50	1.0	-0.2	-0.2	0.0	0.3	0.3	0.0	CRB -0.5	-1	-47	-26	7	3
NatGas		50	0.1	0.0	-0.1	-0.2	-0.1	-0.1	0.2	DX -0.2	-11	-38	-20	25	32
Heating Oil		50	0.9	-0.3	-0.3	0.0	0.3	0.2	0.0	CRB -0.7	-2	-42	-21	4	60
Gasoline		50	0.8	-0.3	-0.2	0.2	0.3	0.3	0.1	CRB -0.6	-2	-40	-7	...	68
AECO Nat Gas		50	0.1	0.0	0.0	-0.2	-0.1	-0.1	-0.1	US10 -0.3	-15	-47	-24	...	89
Thermal coal		50	0.1	-0.2	0.3	-0.2	-0.1	-0.1	-0.2	VIX +0.5	-1	-25	-2	...	4

-15 0 15 30 45 60 (1m-3m) correlation ↑
 % from spot
 50/100/200 day moving average
 Strongest ← Weakest
 Sorted by average commodity correlation
 -25 0 25 50 75 100 25 Forecasted % from spot

Forecasts

		SUMMARY G10 RATES FORECASTS									
		Spot	2015				2016				
		Oct 29, 2015	Q1 A	Q2 A	Q3 A	Q4 F	Q1 F	Q2 F	Q3 F	Q4 F	
DOLLAR BLOC	United States	Fed Funds Rate	0.25	0.25	0.25	0.25	0.25	0.50	0.75	1.00	1.00
		3m	0.04	0.04	0.01	-0.02	0.05	0.25	0.50	0.75	0.75
		2y	0.70	0.70	0.64	0.63	0.70	1.00	1.25	1.50	1.55
		5y	1.46	1.46	1.65	1.36	1.50	1.75	1.90	2.00	2.05
		10y	2.09	2.09	2.35	2.04	2.15	2.35	2.35	2.45	2.50
		30y	2.87	2.87	3.12	2.85	2.90	3.10	3.10	3.20	3.20
	Canada	Overnight Rate	0.50	0.50	0.75	0.50	0.50	0.50	0.50	0.50	0.50
		3m	0.41	0.41	0.58	0.44	0.45	0.45	0.45	0.45	0.50
		2y	0.55	0.55	0.48	0.52	0.50	0.65	0.75	0.80	0.90
		5y	0.83	0.83	0.82	0.80	0.85	1.05	1.20	1.35	1.50
		10y	1.48	1.48	1.68	1.43	1.55	1.70	1.80	1.90	2.05
		30y	2.27	2.27	2.30	2.20	2.25	2.40	2.50	2.60	2.70
	Australia	Cash Target Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.25
		3m	2.09	2.09	2.13	2.16	2.15	2.15	2.15	2.20	2.45
		3y	1.80	1.80	2.02	1.83	1.85	1.95	2.10	2.25	2.40
		5y	2.07	2.07	2.29	1.98	2.00	2.15	2.30	2.45	2.60
		10y	2.58	2.58	3.01	2.61	2.75	2.75	2.85	3.00	3.10
	New Zealand	Cash Target Rate	2.75	2.75	3.25	2.75	2.50	2.50	2.50	2.50	2.75
		3m	2.95	2.95	3.27	2.86	2.60	2.60	2.60	2.70	2.90
		2y	2.50	2.50	2.84	2.49	2.55	2.60	2.65	2.85	3.00
3y		2.57	2.57	2.92	2.61	2.65	2.75	2.85	3.00	3.20	
10y		2.95	2.95	3.27	2.96	3.25	3.25	3.30	3.45	3.55	
EUROPE	Germany	ECB Refi Rate	0.05	0.05	0.05	0.05	-0.15	-0.15	-0.15	-0.15	-0.15
		3m	-0.39	-0.39	-0.30	-0.38	-0.45	-0.40	-0.40	-0.40	-0.40
		2y	-0.34	-0.34	-0.23	-0.25	-0.40	-0.35	-0.25	-0.15	-0.05
		5y	-0.12	-0.12	0.08	-0.01	-0.15	0.00	0.20	0.40	0.60
		10y	0.46	0.46	0.76	0.59	0.35	0.90	1.10	1.30	1.50
		30y	1.20	1.20	1.57	1.33	1.10	1.25	1.70	1.85	2.00
	UK	Bank Rate	0.50	0.50	0.50	0.50	0.50	0.50	0.75	1.00	1.00
		3m	0.49	0.49	0.48	0.49	0.50	0.65	0.90	1.00	1.00
		2y	0.59	0.59	0.56	0.56	0.85	1.15	1.45	1.55	1.65
		5y	1.20	1.20	1.51	1.19	1.70	2.00	2.20	2.35	2.50
		10y	1.84	1.84	2.02	1.76	2.30	2.60	2.80	2.90	3.10
		30y	2.57	2.57	2.72	2.47	3.10	3.40	3.50	3.55	3.80
	Norway	Deposit Rate	0.75	0.75	1.00	0.75	0.50	0.50	0.50	0.50	0.50
		3m	0.68	0.68	0.89	0.62	0.45	0.45	0.45	0.45	0.45
		2y	0.60	0.60	0.75	0.50	0.40	0.40	0.50	0.55	0.70
		4y	0.73	0.73	0.98	0.64	0.50	0.50	0.55	0.60	0.80
		10y	1.41	1.41	1.74	1.37	1.10	1.15	1.25	1.35	1.50

Forecasts

SUMMARY G10 FX FORECASTS									
	Spot	2015				2016			
	Oct 29, 2015	Q1 A	Q2 A	Q3 A	Q4 F	Q1 F	Q2 F	Q3 F	Q4 F
USD/JPY	120.6	120.6	122.5	119.9	121.0	123.0	123.0	120.0	116.0
EUR/USD	1.10	1.10	1.11	1.12	1.10	1.08	1.06	1.10	1.12
GBP/USD	1.53	1.53	1.57	1.51	1.55	1.57	1.58	1.62	1.65
USD/CHF	0.99	0.99	0.94	0.97	0.98	0.96	0.96	0.93	0.92
USD/CAD	1.32	1.32	1.25	1.33	1.33	1.37	1.37	1.35	1.33
AUD/USD	0.71	0.71	0.77	0.70	0.71	0.70	0.67	0.67	0.69
NZD/USD	0.67	0.67	0.68	0.64	0.65	0.63	0.61	0.59	0.59
EUR/NOK	9.37	9.37	8.75	9.52	9.50	9.25	9.20	9.15	9.10
EUR/SEK	9.32	9.32	9.23	9.35	9.25	9.05	8.80	8.65	8.50
DXY	97.0	97.0	95.5	96.4	97.5	99.2	100.3	97.0	95.1

SUMMARY COMMODITIES FORECASTS										
	Spot	2015				2016				
	Oct 29, 2015	Q1 A	Q2 A	Q3 A	Q4 F	Q1 F	Q2 F	Q3 F	Q4 F	
Precious metals	Gold *	1162	1184	1172	1115	1135	1100	1125	1175	1210
	Silver *	16.00	16.66	15.74	14.52	15.35	14.90	15.75	16.25	16.75
	Platinum *	999	1143	1080	904	1000	1100	1150	1200	1250
	Palladium *	672	736	675	653	725	750	800	825	850
Other metals	Copper **	2.36	2.75	2.61	2.35	2.38	2.34	2.30	2.25	2.25
	Zinc **	0.78	0.94	0.91	0.76	0.86	0.90	0.98	1.05	1.10
	Lead **	0.78	0.83	0.79	0.75	0.82	0.84	0.94	0.97	1.02
	Nickel **	4.80	5.60	5.41	4.70	5.00	5.50	6.25	6.50	6.50
	Aluminum **	0.66	0.81	0.75	0.71	0.73	0.72	0.74	0.74	0.78
	Molybdenum +	4.75	8.40	6.28	5.43	5.50	6.00	6.00	8.00	8.00
	Iron Ore *+	53	55	62	57	55	58	60	62	62
Energy	Nymex Crude Oil +-	45	48	59	45	46	44	46	54	62
	Brent Crude Oil +-	48	61	66	49	50	47	50	59	68
	Heating Oil -+	1.47	1.72	1.89	1.51	1.50	1.45	1.50	1.70	1.95
	Gasoline -+	1.34	1.78	2.09	1.39	1.35	1.40	1.55	1.65	1.70
	Natural Gas --	2.31	2.64	2.83	2.52	3.05	3.20	3.10	3.25	3.40
	AECO Natural Gas --	1.80	2.09	2.12	2.03	2.35	2.50	2.50	2.55	2.80
	Newcastle Thermal Coal-	62	62	62	62	65	75	75	80	80

Commodity forecasts are period averages

*London PM Fix \$/oz.

+ Molybdenum equivalent to moly oxide, FOB USA

+- \$/bbl

Forecasts

		SUMMARY EMERGING MARKET FORECASTS								
		Spot	2015				2016			
		Oct 29, 2015	Q1 A	Q2 A	Q3 A	Q4 F	Q1 F	Q2 F	Q3 F	Q4 F
Central Bank Rates	Brazil	14.25	14.25	13.75	14.25	14.25	14.25	14.25	14.25	13.75
	Mexico	3.00	3.00	3.00	3.00	3.00	3.25	3.50	3.75	3.75
	India	6.75	6.75	7.25	6.75	6.75	6.50	6.50	6.50	6.50
	Indonesia	7.50	7.50	7.50	7.50	7.50	7.25	7.25	7.25	7.25
	Malaysia	3.25	3.25	3.25	3.25	3.25	3.50	3.75	3.75	3.75
	Poland	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
	Hungary	1.35	1.35	1.50	1.35	1.35	1.35	1.35	1.35	1.60
	Russia	11.00	11.00	11.50	11.00	10.00	9.75	9.50	9.25	9.00
	Turkey	7.50	7.50	7.50	7.50	7.50	8.50	10.00	10.00	10.00
	South Africa	6.00	6.00	5.75	6.00	6.00	6.50	6.50	6.75	6.75
EM vs USD	USD/BRL	3.91	3.91	3.10	3.95	3.85	4.00	3.95	3.85	3.75
	USD/MXN	16.65	16.65	15.74	16.92	16.80	17.10	16.65	16.55	16.35
	USD/INR	65.15	65.15	63.65	65.59	65.60	66.50	65.70	65.35	65.00
	USD/IDR	13619	13619	13339	14653	13600	14000	13700	13600	13500
	USD/MYR	4.30	4.30	3.77	4.40	4.32	4.40	4.33	4.30	4.28
	USD/PLN	3.90	3.90	3.76	3.80	3.91	4.03	4.01	3.86	3.77
	USD/HUF	284	284	283	280	282	292	292	280	272
	USD/RUB	64.56	64.56	55.34	65.36	64.00	68.00	65.00	63.00	61.00
	USD/TRY	2.92	2.92	2.68	3.03	2.95	3.03	3.20	3.30	3.35
	USD/ZAR	13.78	13.78	12.17	13.85	13.70	14.20	13.90	13.60	13.55
EM vs EUR	EUR/BRL	4.27	4.27	3.46	4.42	4.24	4.32	4.19	4.24	4.20
	EUR/MXN	18.24	18.24	17.54	18.91	18.48	18.47	17.65	18.21	18.31
	EUR/INR	71.41	71.41	71.17	73.50	72.16	71.82	69.64	71.89	72.80
	EUR/IDR	14913	14913	14863	16439	14960	15120	14522	14960	15120
	EUR/MYR	4.70	4.70	4.20	4.93	4.75	4.75	4.59	4.73	4.79
	EUR/PLN	4.28	4.28	4.19	4.25	4.30	4.35	4.25	4.25	4.22
	EUR/HUF	311	311	315	313	310	315	310	308	305
	EUR/RUB	70.73	70.73	61.63	73.16	70.40	73.44	68.90	69.30	68.32
	EUR/TRY	3.21	3.21	2.99	3.38	3.25	3.27	3.39	3.63	3.75
EUR/ZAR	15.09	15.09	13.56	15.48	15.07	15.34	14.73	14.96	15.18	

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Global Strategy

USA

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Australia

New Zealand

UK

Europe

Emerging Markets

FX & Commodities



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