History provides us with good templates of economies where oil/gas findings resulted in a significant contribution to the BoP and persistent appreciation (NLG & NOK). Also, BoI governor Flug acknowledged as much on Nov 19th when she argued that the current intervention policies are only "acting to give the business sector time to adjust to the trends derived from [long term economic] forces". *Buy ILS vs USD, targeting 3.35 with a stop @ 3.5750.*

Having reduced rates aggressively since mid 2012, the NBH adopted a more conservative policy approach, with financial stability moving back up the agenda. Real yields remain among the most attractive globally. retail sales are growing YoY, the PMI firmly is in expansionary territory, unemployment has fallen and the C/A balance is in surplus. *Be long HUF vs EUR, targeting 290 with a stop @ 305.*

While the ruble trend has been highly negative over the past few months, favourable seasonality going into Feb/Mar and bearish positioning make us cautiously constructive around current levels. The relatively low balance sheet risk, attractive carry, CBR's strong anti-inflationary policy stance, and a robust surplus in the goods balance are other supportive factors. *Buy RUB vs. EUR, targeting 43.10, stop @ 45.90.*

ZAR is cheap but arguably not yet sufficiently, and in the absence of any meaningful improvement in the external balances there is scope for further weakening in a rising interest rate environment. C/A fundability remains the key risk, with exports so far showing few signs of improvement from past currency weakness. Even so, there has been some response to stronger demand from abroad and with global growth continuing to improve this should be reflected in gradual rand stabilization. Key levels are: a) 10.85, where price action according to our metrics would be severely stretched and thus raise the probability of a significant snap-back, and b) 10.40, which represents the lower end of the more recent channel. *On a break of either, target a 3% move in USD/ZAR to 10.50 or 10.10 respectively.*

Turkey's lira remains vulnerable to a tightening of global liquidity due to its sizeable C/A deficits and/or short-term external debt repayments in an environment of rising global yields. Add to that ongoing domestic political uncertainty and TRY should remain under pressure. *Stay long USD/TRY, target 2.250, stopping at 2.1350.*

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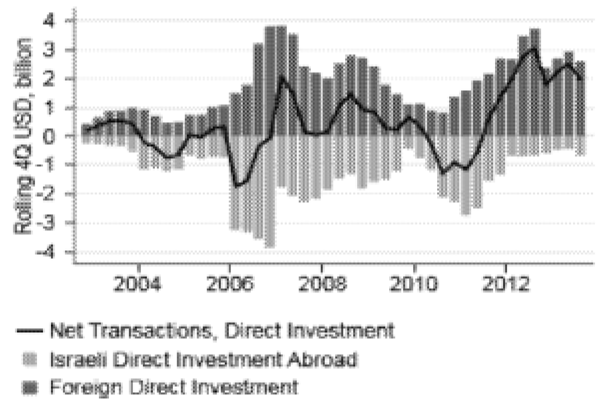
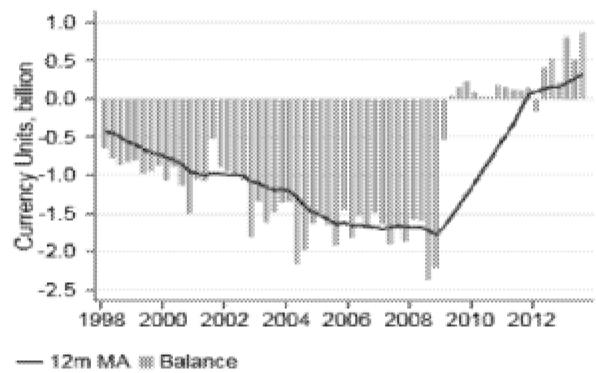
Strong and persistent FDI inflows into Israel



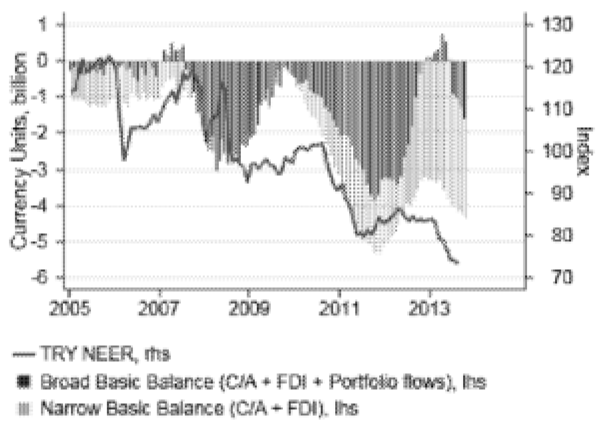
Source: Deutsche Bank, Bloomberg Finance LP

Hungary C/A in surplus and growing



Source: Deutsche Bank, Bloomberg Finance LP

Turkey's narrow & broad basic balances (12m rolling)



Source: Deutsche Bank, Bloomberg Finance LP