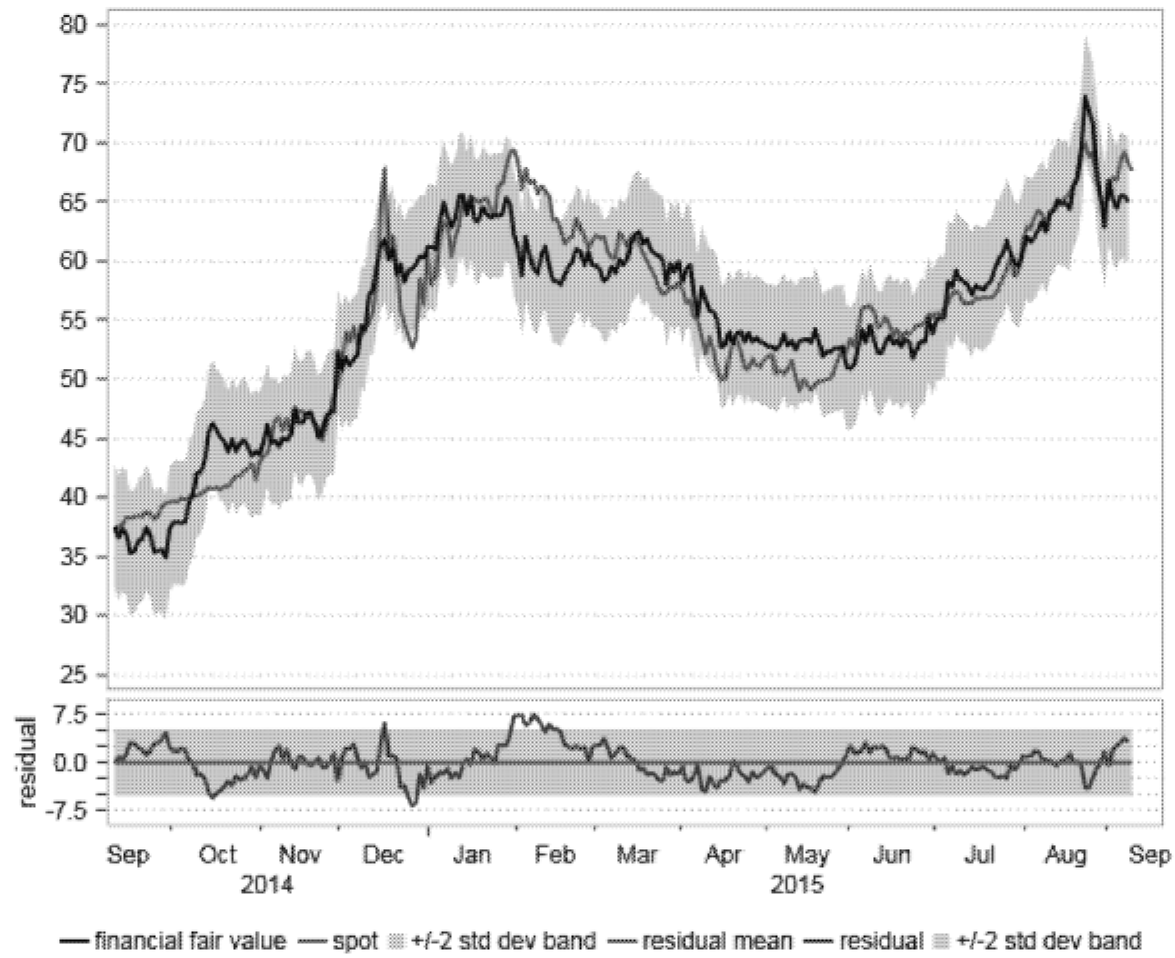

Another point to highlight from the financial fair value metric, other than the cheapness of TRY and ZAR in particular, is the resilience of Central Europe (HUF, CZK, PLN, RON). We have been highlighting our bullish bias on the region (HUF and PLN in particular), and the financial fair value metric corroborates the fact that these currencies have been mostly immune to the recent sell-off in EM FX. They have the best performing EM currencies (vs USD) since the yuan deval. Over this period, there has certainly been differentiation within EMEA – weakening bias in the high yielders TRY RUB ZAR and resilience in Central Europe fx.

This differentiation is also evident in the chart below, which indicates that the average correlation between the EMEA fx currencies (USD crosses) has come down sharply in the past few months.