
From: Richard Kahn <[REDACTED]>
Sent: Tuesday, August 26, 2014 2:54 PM
To: jeffrey E.
Subject: Fwd: DEutsche JApan View on FX - Rising USD/JPY bodes well for autumn [C]

Richard Kahn
HBRK Associates =nc.
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Begin forwarded message:

From: Tazia Smith <[REDACTED]>
</=iv>
Subject: Fw: DEutsche JApan View on FX - =ising USD/JPY bodes well for autumn [C]

Date: August 26, 2014 at 8:37:33 AM =DT

To: =/b>"Rich Kahn" <[REDACTED]>

Cc: =/b>"Vahe Stepanian" = [REDACTED]

Classification: Confidential

Forecasting =eakness in JPY to continue (a break out through 105 leading to 110) and =apanese equity strength.

Relevant to Jeffrey's short yen, long =XJ

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Tazia Smith
Director
Key Client Partners - =S

Deutsche Bank Securities, Inc.
Deutsche Asset & Wealth =anagement
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From: Amy Tan
Sent: 08/26/2014 10:26 AM GMT
Subject: Deutsche Japan View on FX - Rising USD/JPY bodes well for autumn

Deutsche Securities Inc. - Fixed Income Research

Deutsche Japan View on FX - Rising USD/JPY bodes well for autumn
26 August 2014 (1 page/ 160 kb)

Download the complete report: http://pull.db-gmresearch.com/p/1364-EAEC=40435728/DB_DEJAViewFX_2014-08-26_0900b8c088a9b7c4.pdf

When USD/JPY rises above 110, TOPIX could try for 1,450

Japanese stocks have been amongst the best performers globally since mid-August. Over the next while, we think that Japanese stocks could remain robust as the yen depreciates. The primary reason is that the risk-on climate that facilitates yen depreciation is also a plus for the stock market. Secondly, yen depreciation prompts foreign investors to buy Japanese stock as it improves the outlook for Japan's economy, supports exports, and makes them do FX-rebalancing in their portfolio.

Against a background of falling Japanese stocks during the first half of 2014, there was no shortage of explanations offered for the market's behavior, including Abenomics growing stale, and the BoJ failing to add QQE. We think Japan's domestic policy is progressing well. Without significant expansion of policies, however, the equity prices have been rising. We're starting to see the verification of our forecast that Japanese stocks should quickly recover lost ground if US economic strength is confirmed and the USD/JPY uptrend moves forward.

Once the USD/JPY surpasses 105, the market should see the rate reaching 110 over the following six months. Foreign investors are dominant buyers of Japanese stocks, which tend to make the performance of Japanese stocks on a dollar basis balance with that of US stocks. A simple calculation suggests that if the USD/JPY exceeds 110 (+5.8%) over the next 3-6 months, and the S&P500 rises 5%, then TOPIX could try for 1,450.

Taisuke Tanaka (

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