Richard Kahn
HBRK Associates =nc.

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Begin forwarded message:

From: Tazia Smith ◄ ██████████████
</=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" ◄ ███████████████

Cc: =/b>"Vahe Stepanian" = ██████████████

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: =/b>08/26/2014 10:26 AM GMT
Subject: DEutsche JApan =iew on FX - Rising USD/JPY bodes well for autumn

Deutsche =ecurities Inc. - Fixed Income Research

DEutsche JApan View on FX - Rising USD/JPY bodes well for =utumn
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 =,450

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

Against a =ackground of falling Japanese stocks during the first half of 2014, =here was no shortage of explanations offered for the market's behavior, including Abenomics growing stale, and the BoJ failing to add QQE. We =hink Japan's domestic policy is progressing well. Without significant =xpansion 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 =conomic strength is confirmed and the USD/JPY uptrend moves =orward.

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

Taisuke =anaka (█████████████████

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