

A vertical strip on the left side of the slide shows architectural details of a classical building, including a fluted column, a decorative cornice, and a series of columns supporting an entablature. The lighting creates strong shadows and highlights on the stone.

Maximus Capital

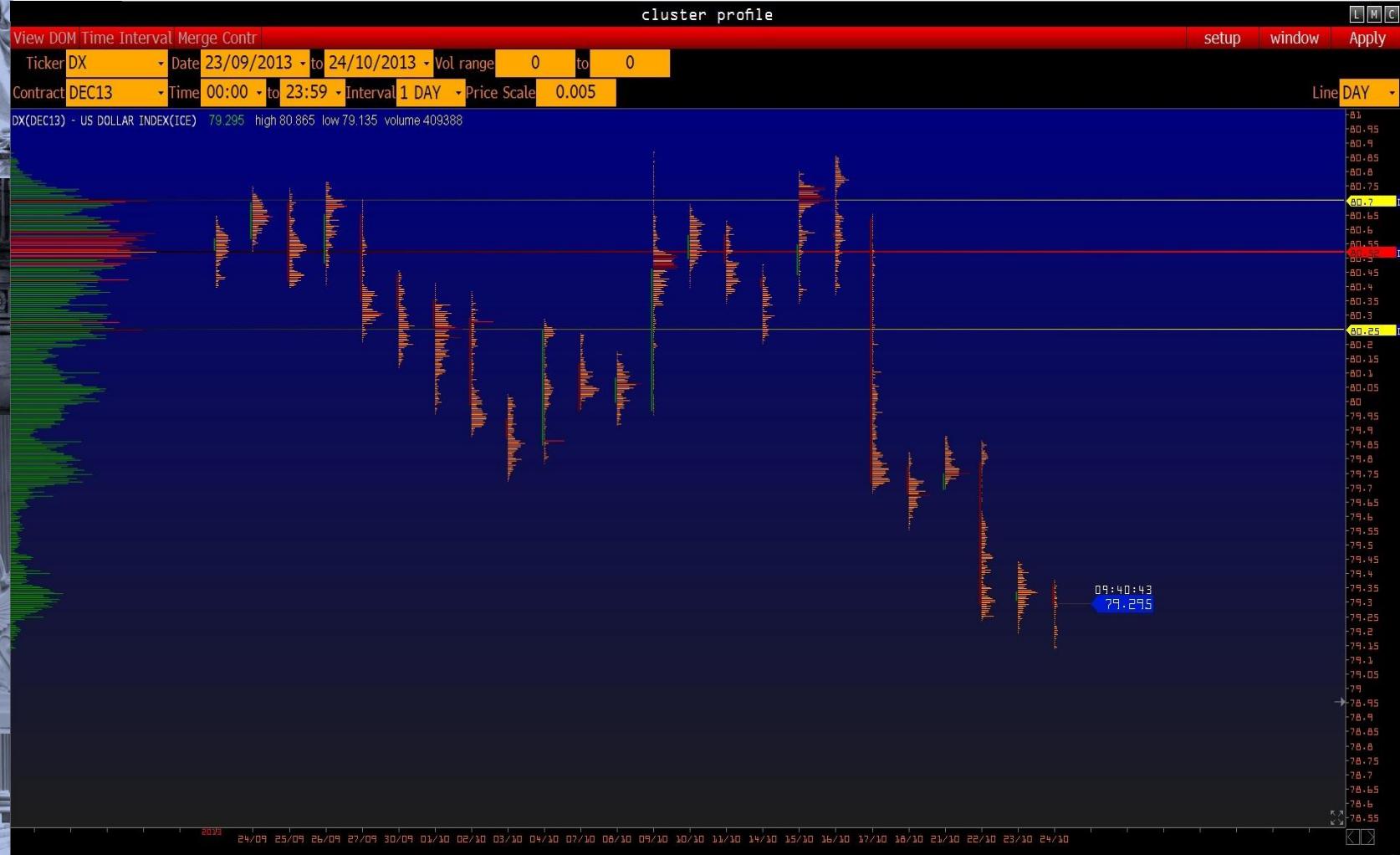
CURRENCY MARKET ANALYTICAL RESEARCH

24-October-2013



The most discussed topic of the first half of October among the financial markets in the world, was Shutdown and default risk of the U.S. economy. On the 17th of October U.S.A. President Barack Obama signed a law that put an end of the incompetence of the U.S.A. government and allowed to raise the country's borrowing limit until the beginning of the next year. The agreement lets to fund the government until the 15th of January, 2014, and to extend the credentials for getting loans up to the 7th of February, 2014. In addition, there will be a mechanism for reaching an agreement on long-term budget and by the 13th of December the representatives of both chambers have to report to the Congress on the results of their work. According to preliminary estimations of experts of the international rating agency Standard & Poor's, this period cost to the U.S.A. economy about \$ 24 billion. Several representatives of the Federal Open Market Committee (FOMC) stated that while politicians refer to the lack of data, they are still able to monitor and evaluate the progress of the economy and should focus on the long-term prospect. We will soon learn about the FOMC decision - at the next meeting, on the 29th -30th of October.

We see the distribution of the volumes of transactions of interest in the prices of the futures contract DXZ13 of the American dollar index.



Previous FOMC decision as of the 18th of September led to high volatility of Euro for 1 trading day. We see a typical increase of buy position 1,3352-1,3359 by large investors before the publication..

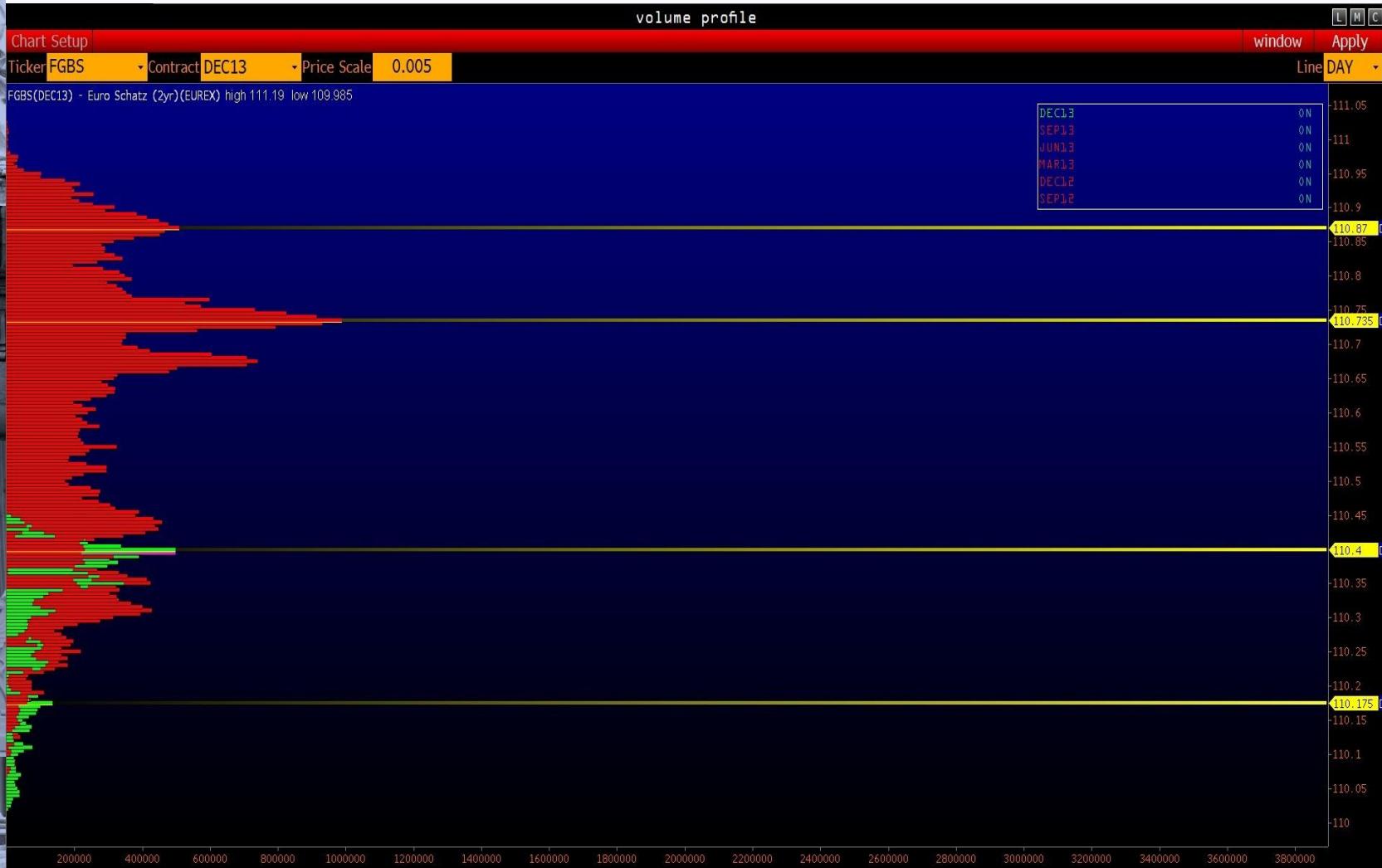




The Bank of England (BOE) informed in October that the economy of the country has still not fully recovered, supporting at the same time the continuation of lenient monetary policy. It is asserted that the policy tightening will not be considered until the unemployment rate drops to 7%. Economists estimate that this figure will not be reached before the end of 2016, but investors took the latest economic news as a sign that unemployment rate would be reduced to the specified value a little bit earlier. Representatives of the BOE noted that the weakness in the economy remains significant, but it can be overcome without the threat of inflation of 2%, and if they can maintain the current level of monetary policy for longer, at the same time jumping over the threshold of unemployment rate up to a new lower level.

The European Central Bank (ECB) reported that banks should be able to get help without prejudice the interests of the bondholders, if regulators determine that the lender needs more capital and it is not on the verge of collapse. Incorrect interpretation of the rules of the state assistance can destroy the confidence in the euro zone banks, which everybody wants to recover. New European state rules of the assistance, which came into effect in August, require imposing losses of banks on the shareholders and bondholders before receiving the state aid. ECB stated that the definition of capital adequacy of banks, which it intends to use in the stress-tests, will be much tougher than just an overview of the assets. The Central Bank has confirmed that lenders will be required to achieve a ratio of capital to assets at the level of 8%.

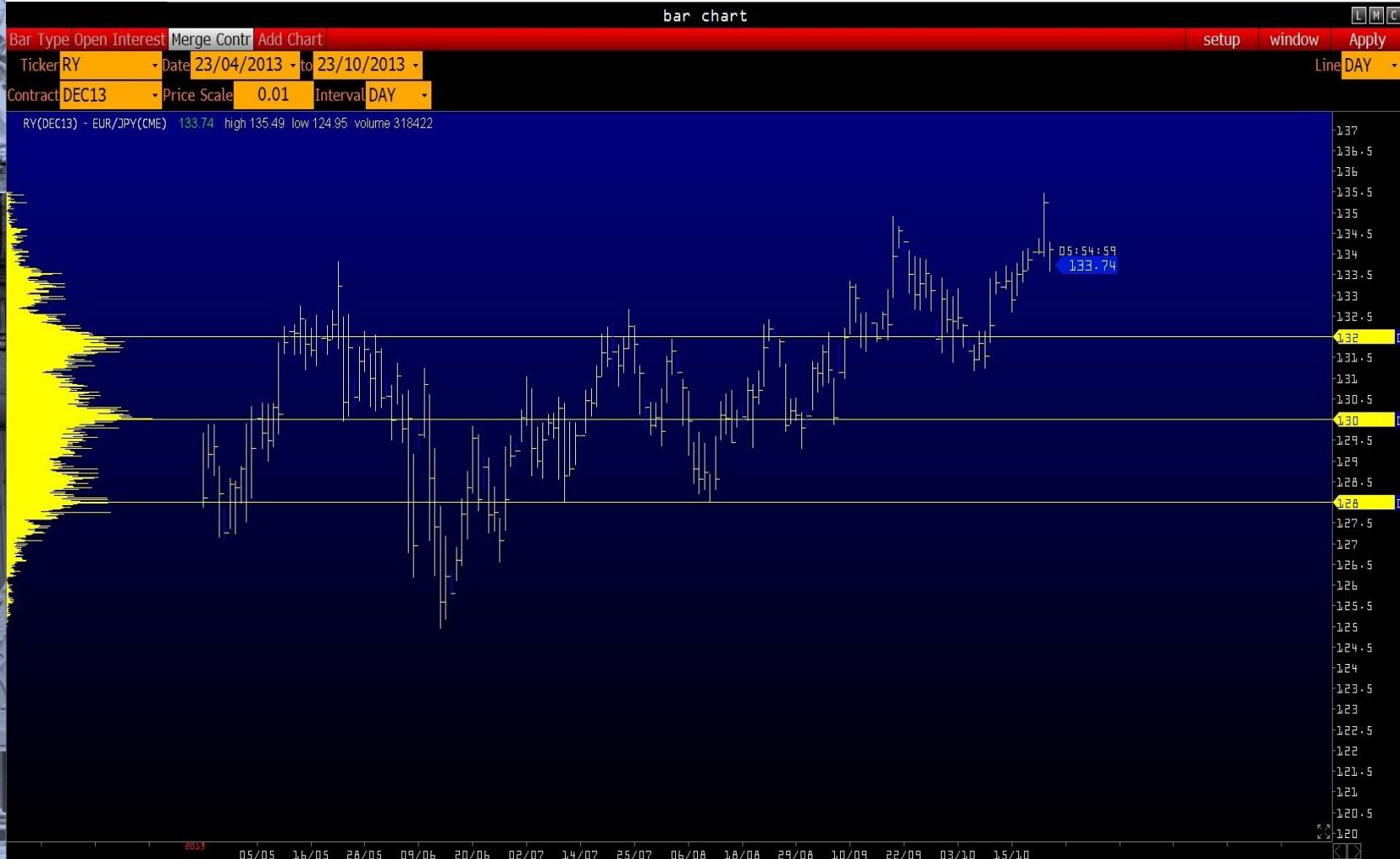
We see an interest in the futures prices of German 2- year bonds SHATZ for the previous 18 months regarding the current contract FGBS DEC13.





The Bank of Japan (BOJ) stated that the impact of monetary stimulus by the central bank has a positive impact on economic activity, and the impact spreads on the economy and prices. The economy will continue to recover at a moderate pace with a gradual increase of the basic consumer prices. BOJ noted that it would continue the quantitative and qualitative mitigation as long as it is necessary in order to achieve a target price increase by 2% and to support this process at a stable level. Central bank policy is not aimed at weakening of the yen, but it is focused exclusively on strengthening of the domestic economy. It is possible that there will be an extension of three special lending programs, and there will be granted more than \$ 81 billion in the last three years. The expansion will mean a commitment to the infusion of funds through the banking sector to borrowers, while the unprecedented quantitative mitigation will be saved in order to try to revive the economy, which has suffered from the deflation and weak growth.

A futures contract for EUR / JPY RY DEC13 during 6 months was in a narrow price range with a tendency to increase.



Large grain harvests in 2013 contributed to the fall in corn futures prices ZC DEC13. We can see the prices generated by the volume of transactions in relation to the dollar index DX.

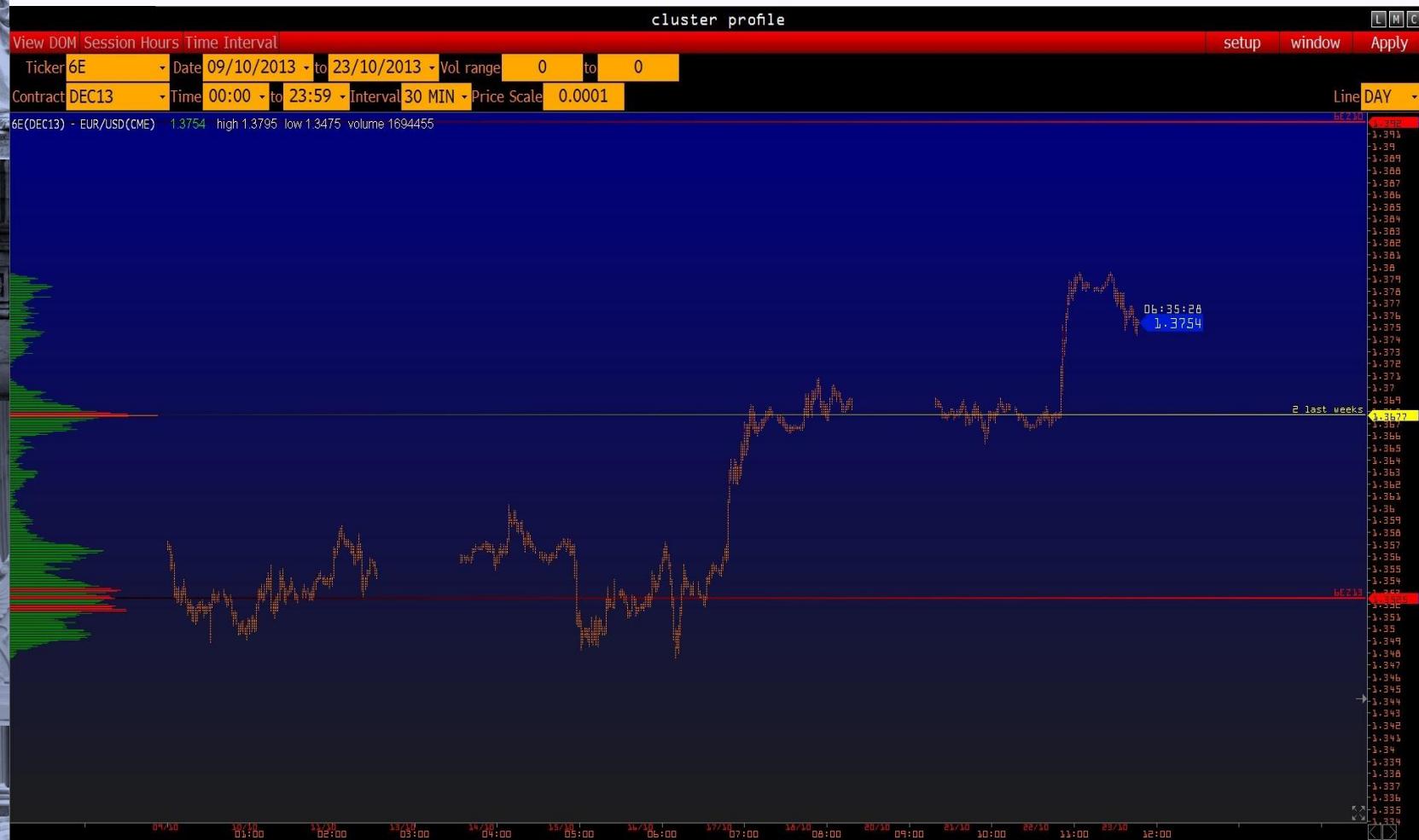


Futures price of oil CL DEC13 started to decline in October, after the completion in September of the active military and political events in the Middle East, which were related to Syria in the first place.



Forecast**6E (DEC13) – EUR / USD (CME)**

The key level for the euro is 1.3677 – the volume of the 2 previous weeks as well as the 1.3920 level of the contract 6E DEC10 historically and the level of contract 6E DEC13 by now.



Forecast**6B (DEC13) – GBP / USD (CME)**

The key level for the pound are 1.5969 and 1.6158 levels of the 2 previous weeks as well as the 1.6275 level of the contract 6B SEP11 historically.



Best Regards,
Evgeniy Bayrakovskiy,
Portfolio Analyst

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