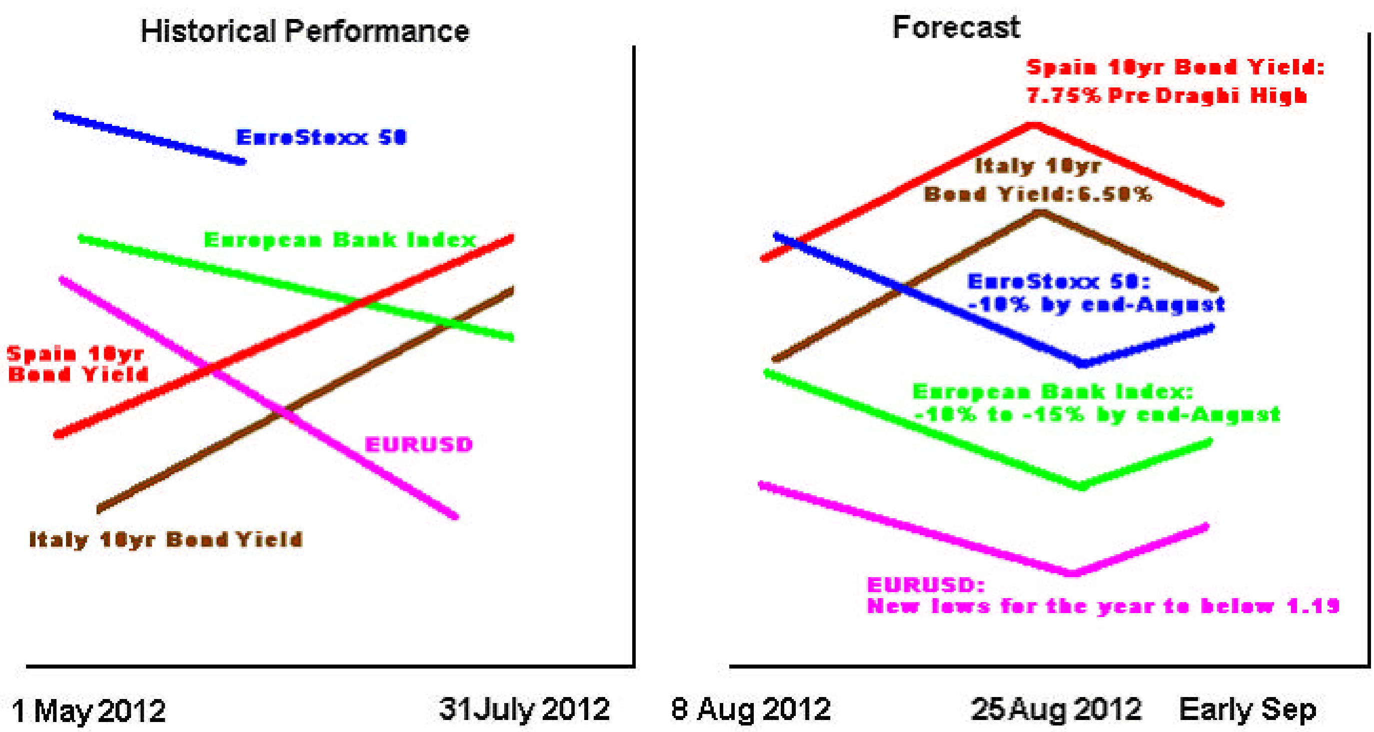
TP&V

Material contained herein is Client Confidential

August 9th 2012

IDEAglobal Timing Price & Volatility European Markets

NO DISTRIBUTION INTERNAL OR EXTERNAL WITHOUT PERMISSION



Historical Performance

Forecast, Period A (May 25th to May 28th): there is an impulse in volatility in all asset markets to May 28th ('risk off') +/- 2 days.

Outcome: VIX index surges 30% from 21.30 on May 25th to 27.73 on June 4th.

Forecast, Period B (June 11th to June 18th): return to the next leg of the risk off phase and a significant rise in volatility (+/- 2 days).

Outcome: VIX surges 25% from 19.87low on June 11th to 24.81 on June 14th.

Forecast

Forecast 1: August 9th to August 22nd and August 25th. Big risk off. Very volatile markets. Daily ranges in all markets extend, including S&P Index. FX Volatility spikes. Particular French markets event risk 9th August (+/- 1 day). This period concludes around August 22nd (+/- 2 days) with price targets as stated in this TP&V.

Forecast 2: August 25th (+/- 2 days) to a specific date in September… {contact IDEAglobal on tpv@ideaglobal.com for details} is a period when a big correction to the prior moves can be seen (short sharp squeeze) in most, not all, markets.

New York tel: +347 246 5851

London +20 7664 0200

Singapore +65 6332 0700

European markets have just entered their most dramatic and volatile period expected to last through November 2012.

The Spanish 10-year bond yield has not only been the most relevant barometer of the euro-zone crisis, as it unfolds, but is now a key measure guiding global asset managers' hedging and investment activities.

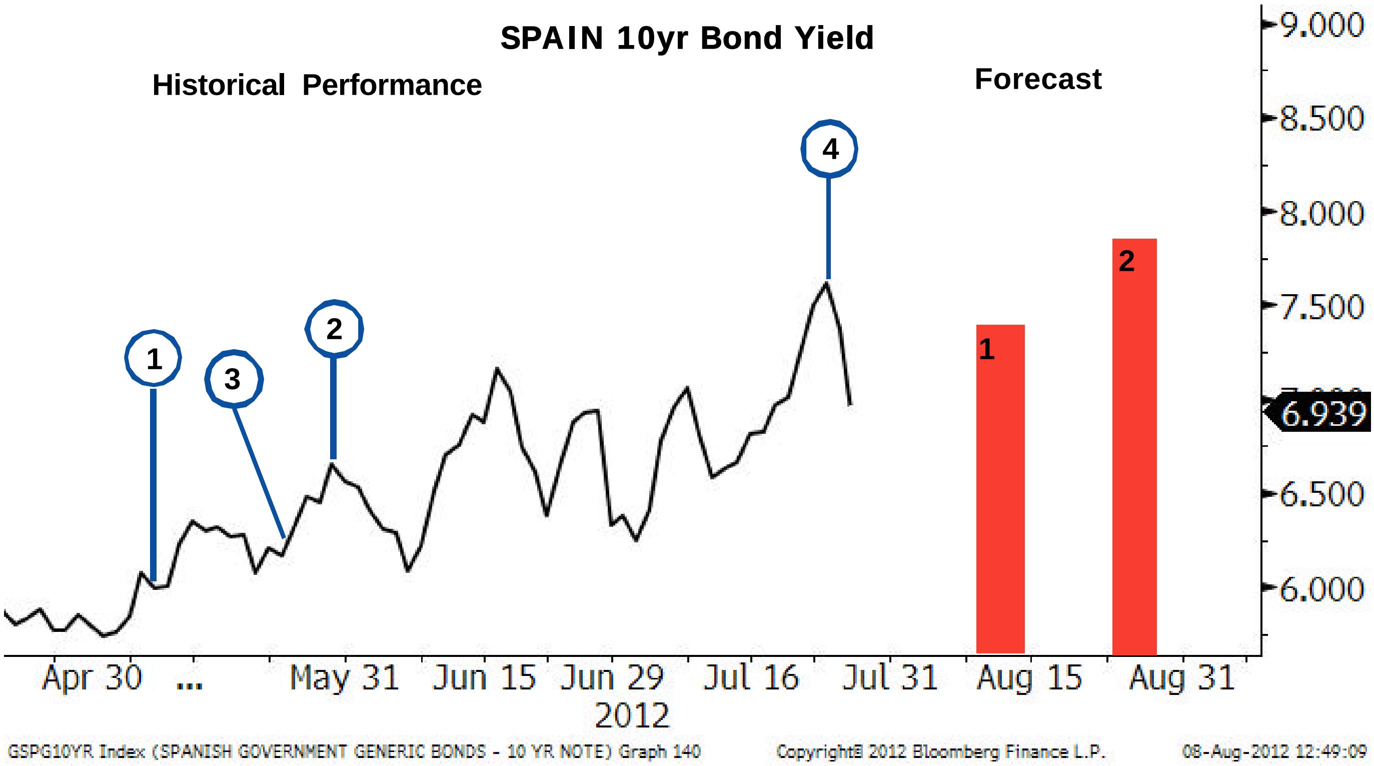
Our core view since May has proven quite accurate on the Spanish 10yr yield. TP&V, our new product, correctly forecast a dramatic rise to 7.75% 10yr yields from 6.20% (May 23rd).

TP&V now forecasts that European markets have just entered their "most dramatic and volatile period" expected to last through November. **We outline the key views for August below and you can obtain further forecasts for September and beyond by emailing us: TPV@IDEAglobal.com.**

- **Spanish 10-year bond yields (now 6.87%):** TP&V now sees a rise to 7.35-7.50% in the August 8th-14th period and then a move through the "pre Draghi" highs to 7.75% by the August 22nd-25th period (+/- 2 days).
- **Italian 10-year bond yields (now 5.89%):** A move higher in 10yr Italian yields above 6.50% by the August 22nd-25th period.
- **Euro Stoxx 50 index (now 2432**): to experience a very volatile period with a net fall of 10% by the August 22nd-25th period (+/- 2 days).
- **European Bank Index (SX7P, now 137):** to fall by a minimum 10% before the end of August and a maximum of 15%.
- **EURUSD (now 1.2360):** to depreciate to new lows for the year below 1.19 level by the August 22nd-25th period (+/- 2 days).

Please note that the above dates represent the middle of a 3 day period around which the TP&V model suggests these targets can be achieved, please see "how to use" below.

If you have any enquires, questions or feedback please contact us on TPV@IDEAglobal.com.



Historical Performance

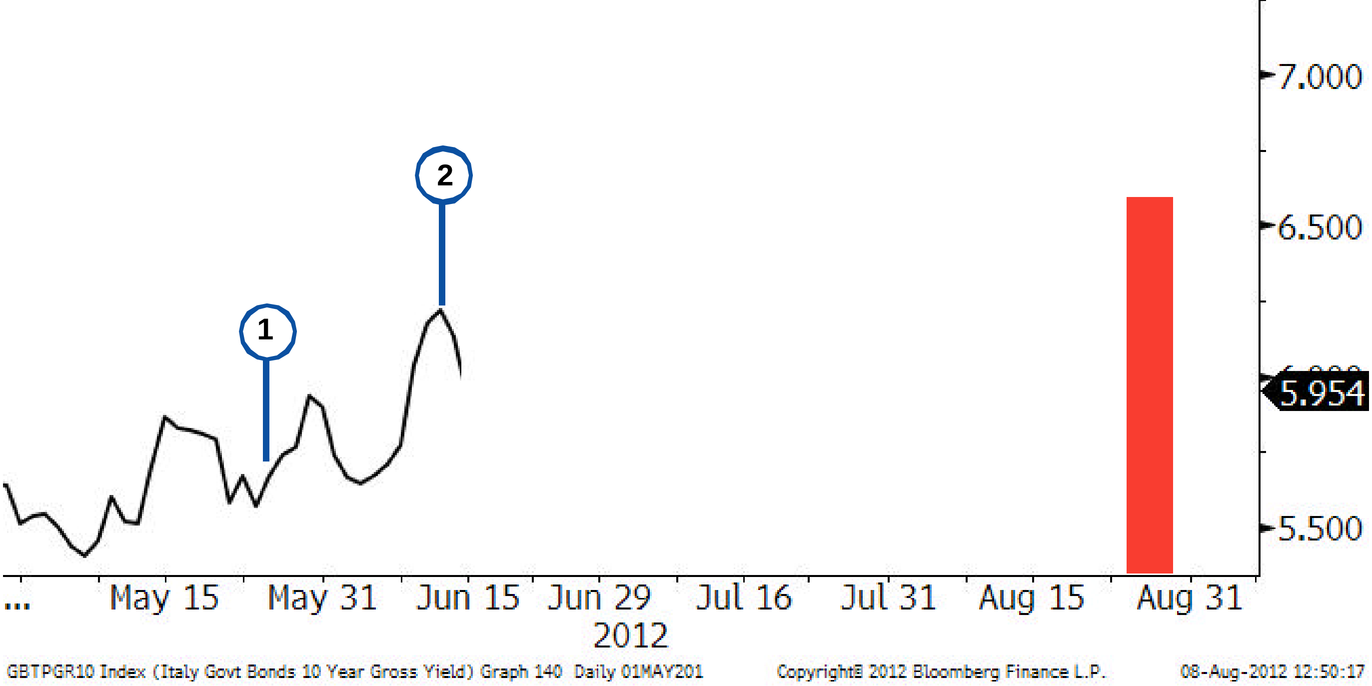
1. Forecast, 3 May 2012: Spanish 10-year bond yields to increase to at least 6.45% by early June.
2. Outcome, 30 May 2012: Spanish 10-year bond yields at 6.65%.
3. Forecast, 23 May 2012: TP&V sees an increase in Spanish 10-year bond yields to 7.75% by end July 2012.
4. Outcome, 24 July 2012: Spanish 10-year yields hit 7.75%

Forecast

TP&V now sees a rise to 7.35-7.50% in the August 8th-14th period and then a move through the "pre Draghi" highs to 7.75% by the August 22nd-25th period (+/- 2 days).

ITALY 10yr Bond Yield

Historical Performance **Forecast**



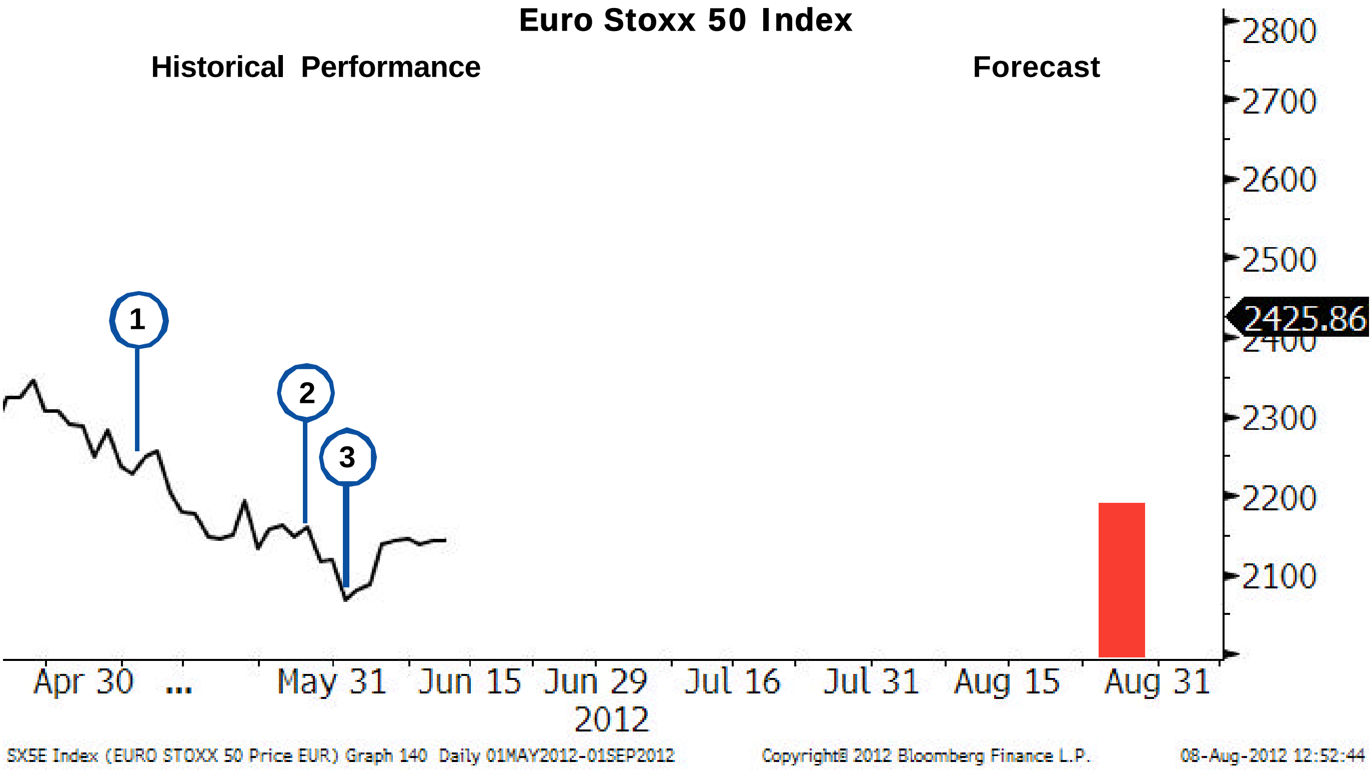
Historical Performance

1. Forecast, 23 May 2012: Italian 10-year yields also impulse higher on or around May 23rd, May 25th, June 3rd, 5th and June 11th.

2. Outcome, 11 June 2012: 10-year yields rise from 5.67% on May 23rd to 6.27% on June 13th.

Forecast

A move higher in 10-year Italian yields above 6.50% by the August 22nd-25th period.



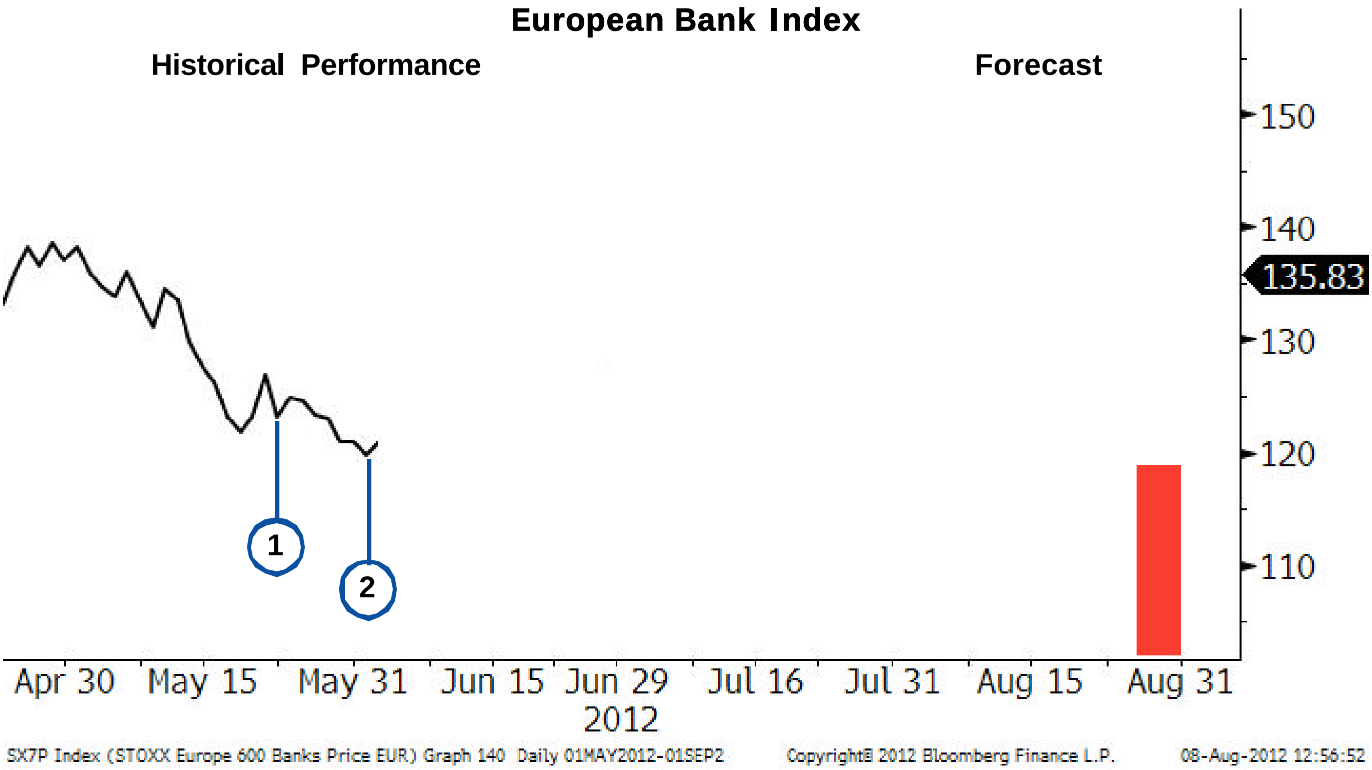
HISTORICAL PERFORMANCE

1. Forecast, 3 May 2012: Eurostoxx 50 index to fall from 2343 on May 3rd to 2200 by mid-May and 2100 by the end of May.
2. Forecast, 23 May 2012: TP&V now sees a decline to at least 2010 by June 11th-20th.
3. Outcome: Eurostoxx 50 falls to under 2100 by May 14th and hits 2050 on June 1st.

Forecast

To experience a very volatile period with a net fall of 10% by the August 22nd-25th period (+/- 2 days).

.

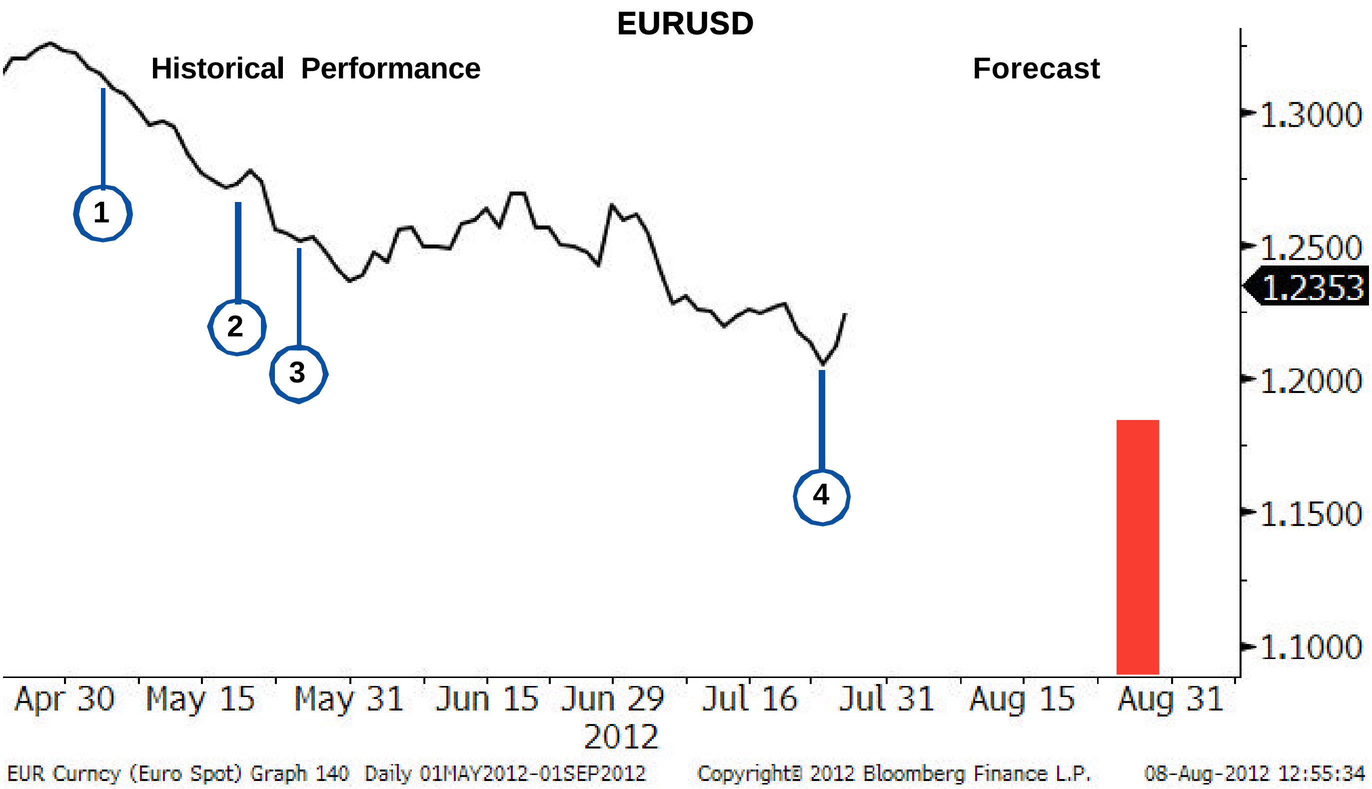


Historical Performance

1. Forecast, 23 May 2012: to fall to below 115 by end July 2012 (8% drop).
Key volatility dates: May 24th – 28th, June 3rd, June 5th-11th period, June 18th.
2. Outcome, 1 June 2012: Index falls to 120.
3. Outcome, 24 July 2012: Index hits 121.

Forecast

To fall by a minimum 10% before the end of August and a maximum of 15%.



Historical Performance

1. Forecast, 3 May 2012: EURUSD from 1.3152 down to 1.2900 by mid-May and 1.2400 by end-July; key cycle (volatility) dates are: May 4th, 8th – 10th and 25th.
2. Outcome: EURUSD hits first target, falls to 1.2667 on May 17th, already on track for end-July target.
3. Forecast, 23 May 2012: TP&V showed the beginning of a major decline in the Euro on May 11th. It now sees 1.23-1.25 by the end of July with impulse days: May 24th – 28th, June 3rd, June 5th to 11th period and June 18th.
4. Outcome, 24 July 2012: EURUSD depreciates to 1.2040 after a fall from June 18th.

Forecast

To depreciate to new lows for the year below the 1.19 level by August 22nd-25th period (+/- 2 days).

About Timing, Price and Volatility: Background and How to Use

We have been working on a **Timing, Price & Volatility (TP&V)** product for the past few years. It combines inputs on fundamentals, market positioning, policy and cycles.

This service is a culmination of our four disciplines, the pillars of IDEAglobal's work in the past 20 years:

1) Policy: Proprietary work with policymakers globally and with our advisers for the past ten years. Particularly good insights into European policymaking dynamics.

2) Markets: Through our core client base we attain a close understanding of market positioning and develop a 'reaction function' to key events, which provides guidance on shifts in sentiment and price action.

3) Fundamentals: Fundamental research and forecasting of the G20 economies for over 20 years and emerging markets for over 10 years.

4) Timing: Proprietary work on a combination of cycles tested for the past two years, incorporating technical analysis and market sentiment studies.

The two-year testing of the combined process that has produced the **TP&V** shows a high degree of accuracy in calling heightened stress or volatility in specific instruments and markets. It proves slightly less successful in direction and price targets (albeit still very successful compared to other approaches).

The key dates we identify are derived from our view of market positioning and the current bullish/bearish market skew in the context of what we see as the key fundamental events with the potential to surprise. This is combined with our proprietary work on cycles. **The designated dates represent the middle of a two/three day period when TP&V sees a significant spike in volatility**.

The 'price' and 'time line' indicates where we see the price of the instrument going and by which dates. During the development stage of this service we saw better performance in the dates that bring a pronounced volatility impulse. These have proven more accurate than the directional calls and precise price targets.

TP&V is best used as a hedging guide for asset managers, as it helps predict periods of increased volatility or stress in asset prices well. It has proven successful in price direction since we introduced it on May 3rd. The ability to date of TP&V to pick timing can help manage hedging against holdings of assets by alerting managers to risks of what is popularly known as 'black swan events'.

Additionally, TP&V can be tailored for each client's key asset exposure.

All enquiries to: TP&V@IDEAglobal.com

New York	London	Singapore
tel: +1 347 246 5851	+44 20 7664 0200	+65 6332 0700
fax:+1 347 246 5852	+44 20 7664 0201	+65 6332 0700

ABOUT IDEAglobal

Established in 1989, IDEAglobal is an independent, global research organization, with its headquarters in Singapore, and subsidiaries in New York and London. IDEAglobal is a leading supplier of independent and impartial advice to 50 central banks in the formation of policy and is read by financial professionals in over 600 dealing rooms worldwide. IDEAglobal has over 40 full time research staff as well as an active Advisory Board of former central bankers and policymakers.

Our research covers all the major asset classes including currencies, bonds, equities, credit default swaps, energy and commodities (including the emerging carbon markets). As an independent observer of international macro policy in OECD countries and most of the emerging countries in the world, IDEA enjoys a position of trust and respect among its global community of clients which numbers some 30,000 professionals.

IDEAglobal's focus on anticipating the evolution of risk (political, macro policy, and market) has enabled it to develop an experienced and integrated understanding of the major dominant forces driving market sentiment and public policy in many countries and trading

How some of IDEAglobal's clients see our service

US TREASURY

"IDEAglobal's morning faxes are the single best research we get on a daily basis."

Mr Ng Kok Song,
MD GIC Singapore.

"I joined IDEA's advisory board three years ago because I felt there was a need in the market place for independent research into financial markets that took a medium-to-long-term view. There is a tendency in the markets to focus on fresh factors while neglecting the underlying forces that drive economies and financial prices. I was impressed by IDEA's approach back then, and reiterate my confidence in IDEA today. IDEA has recently launched IDEAfirst, a strong product offering that provides a forum for consultation on key Investment ideas between IDEA researchers and clients. Such a dialogue is essential for participants to understand

The IDEAglobal Team

MIKE GALLAGHER
MD (London), Director of Research

Mike has spent over 20 years working on economic / policy and market issues in a European context and articulating these themes within a broader global context. He has direct responsibility for IDEAglobal's fixed income group and maintains excellent relationships with Central Banks and Governments around the world.

Telephone: +44 20 7664 0203
Email:mgallagher@ideaglobal.com

JOSH STILES
US Fixed Income Product Manager

Josh has more than 20 years experience as a trader / arbitrageur in the government and agency bond market. Josh is responsible for IDEAglobal's call on US yields, integrating IDEAglobal's unique access to policy makers in the monetary and fiscal policy space.

Telephone: +1 347 246 5857
Email:jstiles@ideaglobal.com

JOSEF KARASIN
Head of Emerging Markets Research

Josef has had extensive experience in economic research and strategy stretching over nearly two decades in the financial markets, in both investment management and on the sell-side. He also has policy experience gained at the Bank of England. Most recently, he was responsible for generating alpha in the EM universe for a major institutional investor.

Telephone: +44 20 7664 0246
Email:jkarasin@ideaglobal.com

IDEAglobal at a glance

- **Worldwide analytical coverage:** 40 analysts
- **Markets:** Foreign Exchange, Money and Bond Markets, Emerging Markets, Credit Derivatives.
- **Countries Covered:** Global
- **Analytical Centres:** Singapore, London, New York
- **Breadth of Analysis:** 600 analytical pieces per day.
- **Distribution:** Internet, email, Reuters, Bloomberg, fax.
- **Management:** privately-owned, independent
- **Advisory Board:** Professor Helmut Schlesinger, Mr Ng Kok Song, Lord Nicholas Stern, Lord Meghnad Desai, Mr Nitin Desai

Main Websites

www.ideaglobal.com
www.ideafax.com
www.ideafirst.com