

# Global Forecasts

WMR Forecast Tables reflect UBS WMR's view on growth, inflation, interest rates, and currencies for key countries and markets, as well as commodities. The publication is updated every Monday, unless developments require an intra-week forecast change, resulting in a mid-week update.

This list is not a template for the construction of your personal portfolio and you should discuss investment decisions with your client advisor. Current prices are indicative.

## UBS Wealth Management Research

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## Economic Growth & Inflation

Economic Growth Forecasts (Real GDP; % change yoy)					
	2006	2007	2008	2009F	2010F
Europe					
Eurozone	3.0	2.6	0.7	-4.0	0.2
France	2.4	2.1	0.7	-2.5	0.5
Germany	3.0	2.5	1.3	-6.0	0.3
Italy	1.9	1.4	-0.9	-4.0	-0.1
Spain	3.9	3.7	1.0	-3.7	-0.8
Sweden	4.6	2.7	-0.5	-4.5	0.0
Switzerland	3.4	3.3	1.6	-2.8	-0.4
UK	2.8	3.0	0.7	-3.4	-0.2
Americas					
Brazil	4.0	5.7	5.1	-1.2	3.7
Canada	3.1	2.7	0.7	-1.5	2.2
Mexico	4.9	3.2	1.3	-6.5	2.5
USA	2.8	2.0	1.1	-2.2	2.0
EMEA					
Czech Republic	6.8	6.0	3.5	-2.5	0.5
Hungary	4.0	1.1	1.4	-4.5	0.0
Poland	6.2	6.7	4.8	0.5	2.0
Russia	7.3	8.1	6.5	-5.0	3.0
South Africa	5.3	5.1	3.0	-2.0	2.0
Turkey	6.9	4.6	3.5	-4.0	1.0

Sources: Thomson Reuters, UBS WMR

F = Forecasts

For Asia and Multinational please see next page.

Past performance is no indication of future performance. The market prices provided are closing prices on the respective principle exchange. This applies to all performance charts and tables in this publication.

Inflation Forecasts (CPI; % change yoy)					
	2006	2007	2008	2009F	2010F
Europe					
Eurozone	2.2	1.9	3.3	0.5	1.3
France	1.7	1.4	2.8	0.6	1.5
Germany	1.7	2.0	2.6	0.5	1.5
Italy	2.1	1.9	3.3	1.0	1.8
Spain	3.5	2.5	4.1	0.8	2.0
Sweden	1.4	2.2	3.5	-0.5	0.8
Switzerland	1.1	0.7	2.4	-0.4	0.6
UK	2.3	2.4	3.6	0.7	1.4
Americas					
Brazil	3.1	4.5	5.9	4.5	4.5
Canada	2.0	2.4	2.4	0.5	2.1
Mexico	4.1	3.8	6.5	4.4	3.5
USA	3.2	2.9	3.8	-1.0	1.8
EMEA					
Czech Republic	2.5	2.6	6.5	1.0	2.5
Hungary	3.9	7.9	6.4	3.0	2.6
Poland	1.0	2.4	4.2	2.8	2.8
Russia	9.0	11.9	14.0	11.0	9.0
South Africa	5.8	9.0	11.7	7.2	6.5
Turkey	9.7	8.4	10.5	6.3	5.9

Sources: Thomson Reuters, UBS WMR

## Economic Growth & Inflation

Economic Growth Forecasts (Real GDP; % change yoy)					
	2006	2007	2008	2009F	2010F
Asia					
Australia	2.9	4.0	2.5	-1.0	1.0
China	11.6	13.0	9.0	7.8	8.5
Hong Kong	7.0	6.4	2.4	-5.5	2.5
India	9.7	9.0	6.7	6.4	7.5
Indonesia	5.5	6.3	6.1	4.6	5.6
Japan	2.0	2.4	-0.7	-6.0	1.5
Malaysia	5.8	6.2	4.6	-3.7	4.0
Philippines	5.3	7.1	3.8	1.0	4.0
Singapore	8.4	7.8	1.1	-4.4	4.7
South Korea	5.1	5.0	2.5	-4.0	3.0
Taiwan	4.8	5.7	0.1	-4.5	2.0
Thailand	5.2	4.9	2.6	-3.5	3.0
Asia ex-Japan	8.8	9.4	6.0	3.0	6.1
Asia ex-Japan / China / India	5.5	5.7	2.7	-2.9	3.3
	2006	2007	2008	2009F	2010F
World	5.1	5.0	3.2	-0.8	2.8

Sources: Thomson Reuters, UBS WMR

F = Forecasts

Inflation Forecasts (CPI; % change yoy)					
	2006	2007	2008	2009F	2010F
Asia					
Australia	3.5	2.3	4.4	2.0	2.0
China	1.5	4.8	6.1	-1.2	1.6
Hong Kong	2.0	2.0	4.2	1.2	2.1
India <sup>1)</sup>	4.8	4.8	8.5	0.0	5.0
Indonesia	13.1	6.4	10.5	6.0	5.5
Japan	0.2	0.0	1.4	-0.8	0.5
Malaysia	3.6	2.0	5.5	1.5	3.0
Philippines	6.3	2.8	9.5	4.2	4.5
Singapore	1.0	2.1	6.6	-1.0	1.0
South Korea	2.2	2.5	4.7	3.0	3.0
Taiwan	0.6	1.8	3.6	-1.3	1.5
Thailand	4.6	2.2	5.6	-1.0	3.2
Asia ex-Japan	2.9	3.9	6.2	0.3	2.6
Asia ex-Japan / China / India	3.8	2.8	5.6	1.6	2.9
	2006	2007	2008	2009F	2010F
World	3.7	3.8	5.7	1.6	2.8

Sources: Thomson Reuters, UBS WMR

1) Wholesales price index (WPI)

## Monetary Policy Overview

Monetary Policy Overview												
Central Bank	31/07/09	exp. tendency of MP for next 12 mths	date	Next Announcement time (CET)	consensus	UBS WMR	last move in bps	direction of last move	date (of last move)	total easing / tightening in bps	start of easing / tightening	total moves in cycle
Fed	0.25	→	8/12/2009	20:15		0.25	75	↘	12/26/2008	500	18/09/2007	10
ECB	1.00	→	8/6/2009	13:45	1.00	1.00	25	↘	5/8/2009	325	08/10/2008	7
SNB	0.25	→	9/17/2009	9:30		0.25	25	↘	3/12/2009	250	10/8/2008	5
BoE	0.50	→	8/6/2009	13:00	0.50	0.50	50	↘	3/5/2009	525	06/12/2007	9
BoC	0.25	→	7/21/2009	15:00		0.25	25	↘	4/21/2009	425	04/12/2007	10
Norges Bank	1.25	→	8/12/2009	14:00		1.25	75	↘	6/17/2009	400	15/10/2008	6
Riksbank	0.25	→	9/3/2009	9:30		0.25	25	↘	7/2/2009	450	08/10/2008	6
RBA	3.00	→	8/4/2009	6:30	3.00	3.00	25	↘	5/5/2009	425	02/09/2008	5
RBNZ	2.50	→	7/29/2009	3:00		2.50	50	↘	3/11/2009	575	23/07/2008	7
BoJ	0.10	→	7/14/2009	4:00		0.10	20	↘	12/19/2008	40	10/31/2008	2

Sources: Bloomberg, UBS WMR

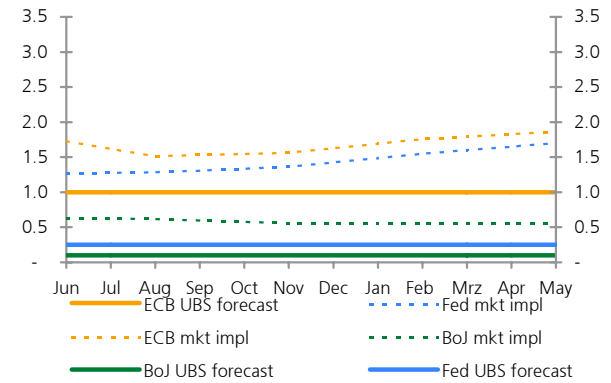
Fed = Federal Reserve Board, ECB = European Central Bank, SNB = Swiss National Bank, BoE = Bank of England, BoC = Bank of Canada, RBA = Reserve Bank of Australia, RBNZ = Reserve Bank of New Zealand, BoJ = Bank of Japan

## Target Rates Overview

Central Bank Target Rates Overview													
end of:	2009						2010						
	tdy	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mrz	Apr	May
Fed	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
ECB	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
SNB	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
BoE	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
BoC	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Norges Bank	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.50
Riksbank	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
RBA	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
RBNZ	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
BoJ	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10

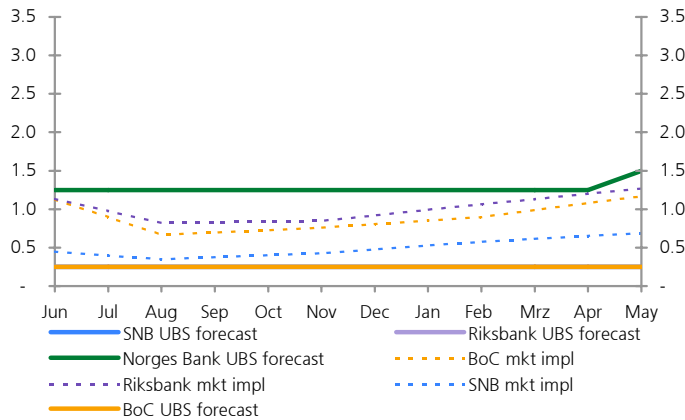
Sources: Bloomberg, UBS WMR

### Federal Reserve, ECB, BoJ



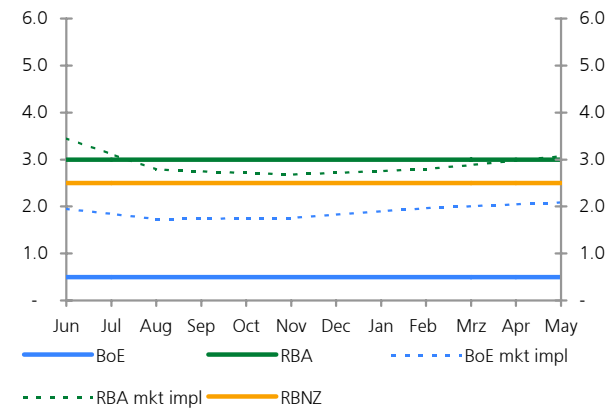
Sources: Bloomberg, UBS WMR

### SNB, BoC, Riksbank, Norges Bank



Sources: Bloomberg, UBS WMR

### BoE, RBA, RBNZ



Sources: Bloomberg, UBS WMR

Please note that we compare our central bank target rate forecasts (bold lines) with market implied rates from 3m Libor futures (dotted thin lines) in the three graphs above.

## Interest Rates

Major Markets					
	31/ 07/ 09	3mths	6 mths	12 mths	End 09
<b>Europe</b>					
EUR 3M Libor	0.87	1.10	1.00	1.00	1.00
EUR 2Y Bund	1.31				
EUR 5Y Bund	2.48				
EUR 10Y Bund	3.38	3.80	3.50	4.00	3.50
CHF 3M Libor*	0.36	0.30	0.30	0.30	0.30
CHF 2Y Eidg.*	0.45				
CHF 5Y Eidg.*	1.19				
CHF 10Y Eidg.*	2.05	2.60	2.50	2.80	2.50
GBP 3M Libor	0.89	1.10	0.80	0.60	0.80
GBP 2Y Gilt	1.34				
GBP 5Y Gilt	3.04				
GBP 10Y Gilt	3.88	4.00	3.80	4.30	3.80
<b>Americas</b>	31/ 07/ 09	3mths	6 mths	12 mths	End 09
USD 3M Libor	0.48	0.40	0.30	0.30	0.30
USD 2Y Treas.	1.19				
USD 5Y Treas.	2.63				
USD 10Y Treas.	3.62	4.00	3.50	4.30	3.50
<b>Asia</b>	31/ 07/ 09	3mths	6 mths	12 mths	End 09
JPY 3M Libor	0.41	0.30	0.30	0.30	0.30
JPY 2Y JGB	0.29				
JPY 5Y JGB	0.71				
JPY 10Y JGB	1.42	1.70	1.50	1.80	1.50

Sources: Thomson Reuters, UBS WMR

Diversification Markets					
	31/ 07/ 09	3mths	6 mths	12 mths	End 09
<b>Europe</b>					
SEK 3M Stibor	0.60	n.a.	0.50	0.50	0.50
SEK 10Y Gov	3.40	n.a.	3.60	4.00	3.60
NOK 3M Nibor	1.83	n.a.	1.20	1.20	1.20
NOK 10Y Gov	4.07	n.a.	4.00	4.30	4.00

Sources: Thomson Reuters, UBS WMR

\* For detailed Swiss Libor and swap rate forecasts please see page 13

Diversification Markets				
	31/ 07/ 09	6 mths	12 mths	End 09
<b>Americas</b>				
CAD 3M Libor	0.60	0.30	0.30	0.30
CAD 10Y Gov	3.55	3.20	3.80	3.20
MXN 3M Libor	4.49	4.80	5.00	4.80
MXN 10Y Bono	8.11	7.50	7.40	7.50
BRL 3M Libor	8.60	9.00	9.30	9.00
BRL 5Y Treasury note	12.06	11.40	11.80	11.40
<b>Asia</b>	31/ 07/ 09	6 mths	12 mths	End 09
AUD 3M Libor	3.39	2.80	2.80	2.80
AUD 10Y Gov	5.70	5.30	5.70	5.30
NZD 3M Libor	3.08	2.80	2.80	2.80
NZD 10Y Gov	5.78	5.80	6.30	5.80
CNY 3M Shiber	1.67	1.00	1.20	1.00
CNY 10Y Gov	3.49	3.00	3.00	3.00
HKD 3M Hibor	0.22	0.90	1.00	0.90
HKD 10Y Gov	2.41	1.40	1.20	1.40
INR 3M T Bill	3.25	3.80	4.50	3.80
INR 10Y Gov	6.96	7.00	7.10	7.00
IDR 1M SBI yield	6.71	6.30	6.00	6.30
IDR 10Y Gov	10.13	9.50	9.00	9.50
MYR 3M Klibor	2.14	2.00	2.00	2.00
MYR 10Y Gov	4.29	3.70	3.90	3.70
PHP 3M T Bill	4.09	3.40	3.20	3.40
PHP 10Y Gov	8.01	8.00	8.00	8.00
SGD 3M Sibor	0.50	0.40	0.80	0.40
SGD 10Y Gov	2.42	2.30	3.40	2.30
KRW 3M CD	2.41	2.50	2.50	2.50
KRW 10Y Gov	5.30	4.50	4.50	4.50
TWD 3M CP	0.49	0.50	0.70	0.50
TWD 10Y Gov	1.53	1.80	2.00	1.80
THB 3M Bibor	1.39	1.00	1.70	1.00
THB 10Y Gov	3.81	4.30	4.00	4.30

Sources: Thomson Reuters, UBS WMR

## Major Currencies

USD					
	31/ 07/ 09	3 mths	6 mths	12 mths	equil. *
EURUSD	1.4092	1.45	1.50	1.57	1.25
USDJPY	95.66	97	100	105	97
GBPUSD	1.6539	1.67	1.72	1.77	1.72
USDCHF	1.0886	1.05	1.01	0.99	1.21
USDCAD	1.0811	1.08	1.05	1.00	1.16
AUDUSD	0.8262	0.83	0.85	0.88	0.66
NZDUSD	0.6544	0.65	0.68	0.70	0.57
USDSEK	7.3574	7.17	6.87	6.37	7.61
USDNOK	6.2028	5.93	5.60	5.22	6.87

Sources: Thomson Reuters, UBS WMR

EUR					
	31/ 07/ 09	3 mths	6 mths	12 mths	equil. *
EURUSD	1.4092	1.45	1.50	1.57	1.25
EURJPY	134.82	141	150	165	121
EURGBP	0.8519	0.87	0.87	0.89	0.73
EURCHF	1.5341	1.52	1.52	1.55	1.52
EURCAD	1.5235	1.57	1.58	1.57	1.44
EURAUD	1.7056	1.75	1.76	1.78	1.90
EURNZD	2.1534	2.23	2.21	2.24	2.20
EURSEK	10.3681	10.40	10.30	10.00	9.52
EURNOK	8.7410	8.60	8.40	8.20	8.60

Sources: Thomson Reuters, UBS WMR

CHF					
	31/ 07/ 09	3 mths	6 mths	12 mths	equil. *
USDCHF	1.0886	1.05	1.01	0.99	1.21
EURCHF	1.5341	1.52	1.52	1.55	1.52
JPYCHF	1.1380	1.08	1.01	0.94	1.25
GPBCHF	1.8004	1.75	1.74	1.75	2.08
CADCHF	1.0070	0.97	0.97	0.99	1.05
AUDCHF	0.8994	0.87	0.86	0.87	0.80
NZDCHF	0.7124	0.68	0.69	0.69	0.69
SEKCHF	14.796	14.6	14.8	15.5	15.9
NOKCHF	17.551	17.7	18.1	18.9	17.6

Sources: Thomson Reuters, UBS WMR

GBP					
	31/ 07/ 09	3 mths	6 mths	12 mths	equil. *
GBPUSD	1.6539	1.67	1.72	1.77	1.72
GBPPEUR	1.1736	1.15	1.15	1.13	1.37
GPBCHF	1.8004	1.75	1.74	1.75	2.08
GBPJPY	158.21	162	172	186	166
GBPCAD	1.7880	1.80	1.81	1.77	1.98
GBPAUD	2.0018	2.01	2.02	2.01	2.61
GBPNZD	2.5274	2.57	2.53	2.53	3.02
GBPSEK	12.168	12.0	11.8	11.3	13.1
GBPNOK	10.259	9.9	9.6	9.2	11.8

Sources: Thomson Reuters, UBS WMR

\* Estimates of equilibrium exchange rates based on Purchasing Power Parity (PPP) calculations

## Emerging Market Currencies

Asia				
	31/ 07/ 09	3 mths	6 mths	12 mths
USDCNY	6.83	6.75	6.75	6.65
USDHKD*	7.75	7.80	7.80	7.80
USDINR	48.2	48.0	46.0	46.0
USDIDR	9925	11000	11000	10000
USDKRW	1231	1300	1300	1200
USDMYR	3.52	3.70	3.70	3.45
USDPHP	48.1	48.0	48.0	47.0
USDSGD	1.44	1.48	1.48	1.45
USDTHB	32.8	33.5	33.5	32.0
USDTHB	34.0	34.5	35.0	34.0

Sources: Thomson Reuters, UBS WMR

Americas				
	31/ 07/ 09	3 mths	6 mths	12 mths
USDMXN	13.2	13.5	14.0	14.0
USDBRL	1.88	2.03	1.95	1.90

Sources: Thomson Reuters, UBS WMR

EMEA				
	31/ 07/ 09	3 mths	6 mths	12 mths
EURPLN	4.15	4.4	4.3	4.0
EURHUF	266	290	290	280
EURCZK	25.6	27.0	27.0	27.0
USDTRY	1.48	1.6	1.6	1.5
USDZAR	7.80	8.3	8.0	7.8
USDRUB	31.31	32	31	30

Sources: Thomson Reuters, UBS WMR

\* HKD is pegged to the USD



## Commodities

Market Data						1-3 months view			9-12 months view		Yearly Averages		
Energy	Units	Imp. Vol.	YoY%	YTD%	Spot	View	Lower R.	Upper R.	View	Target	2008	2009	2010
<b>Crude Oil (WTI)</b>	US\$/bbl	81.3	-47.2	50.1	63.4	Sideways	55	78	<b>Bullish</b>	<b>85</b>	100	63	85
<b>US Natural Gas</b>	US\$/mmbtu		-62.9	-40.7	3.410	<b>Bullish</b>	3.00	<b>5.20</b>	<b>Bullish</b>	<b>6.2</b>	9.0	5.0	6.9
Precious Metals	Units	Imp. Vol.	YoY%	YTD%	Spot	View	Lower R.	Upper R.	View	Target	2008	2009	2010
<b>Gold</b>	US\$/oz	40.3	2.3	6.05	934.4	<b>Bullish</b>	865	<b>1050</b>	<b>Bullish</b>	<b>1150</b>	872	955	1037.5
<b>Silver</b>	US\$/oz	51.2	-23.6	19.0	13.48	<b>Bullish</b>	11.80	<b>17.60</b>	Sideways	15	15.0	14.0	14.6
<b>Platinum</b>	US\$/oz	27.9	-32.9	26.5	1187	<b>Bullish</b>	1030	<b>1340</b>	<b>Bullish</b>	<b>1500</b>	1569	1250	1450
<b>Palladium</b>	US\$/oz	34.7	-32.5	37.8	259.5	<b>Bullish</b>	210	<b>285</b>	<b>Bullish</b>	<b>320</b>	348	252	305
Base Metals	Units	Imp. Vol.	YoY%	YTD%	Spot	View	Lower R.	Upper R.	View	Target	2008	2009	2010
<b>Copper</b>	US\$/mt	49.0	-31.90	84.3	5605	Sideways	4650	6400	<b>Bullish</b>	<b>5900</b>	6961	5100	5450
<b>Aluminum</b>	US\$/mt	36.1	-36.26	23.0	1855	<b>Bearish</b>	<b>1420</b>	1885	Sideways	1650	2573	1535	1725
<b>Nickel</b>	US\$/mt	64.3	-7.8	47.85	17164	<b>Bearish</b>	<b>11500</b>	17000	Sideways	14500	21115	13000	14125
<b>Zinc</b>	US\$/mt	46.3	-9.5	42.83	1686	<b>Bearish</b>	<b>1230</b>	1900	<b>Bullish</b>	<b>2000</b>	1885	1658	1850
<b>Lead</b>	US\$/mt	55.0	-18.15	77.8	1800	Sideways	1350	2000	<b>Bullish</b>	<b>1950</b>	2093	1550	1925
<b>Tin</b>	US\$/mt	48.5	-34.4	35.4	14770	Sideways	11300	15950	Sideways	15500	18500	14500	15125
Agriculture	Units	Imp. Vol.	YoY%	YTD%	Active F.	View	Lower R.	Upper R.	View	Target	2008	2009	2010
<b>Corn</b>	Usc/bushel	43.4	-43.2	-18.1	365.5	<b>Bullish</b>	308	<b>450</b>	<b>Bullish</b>	<b>480</b>	527	420	475
<b>Soybeans</b>	Usc/bushel	38.9	-18.6	16.9	855	<b>Bullish</b>	977	<b>1180</b>	<b>Bullish</b>	<b>1280</b>	1233	1200	1265
<b>Wheat</b>	Usc/bushel	48.7	-33.6	-14.7	521	Sideways	465	650	Sideways	550	795	550	675
<b>Sugar</b>	Usc/lb	39.2	30.5	53.57	13.80	<b>Bullish</b>	14.90	<b>20.00</b>	<b>Bullish</b>	<b>18.0</b>	12.1	15.5	17.5
<b>Cotton</b>	Usc/lb	41.7	-15.1	16.15	43.14	<b>Bullish</b>	48	<b>66</b>	<b>Bullish</b>	<b>64</b>	64	60	62
<b>Coffee</b>	Usc/lb	40.3	-0.6	18.68	111.4	Sideways	108	147	Sideways	135	132	130	140
<b>Cocoa</b>	US\$/mt	51.7	0.1	13.6	2391	Sideways	2000	2950	Sideways	2900	2558	2675	2700

Sources: Bloomberg, UBS WMR

WMR View: **Bullish** = we target the upper range, **Sideways** = we expect a sideways move, **Bearish** = we target the lower range

Abbreviations: **Imp. Vol.** = Implied Volatility, **YoY%** = Year over year in %, **YTD%** = Year to date in %, **Active F.** = Active Future, **Lower R.** = Lower range, **Upper R.** = Upper range

## Equity Markets

Past Equity Market Performance (%) and 12 Month Return Forecasts							
Americas	2004	2005	2006	2007	2008	YTD	12 mths F
MSCI USA*	10.7	5.7	15.3	6.0	-37.1	10.1	8.0
S&P 500**	9.0	3.0	13.6	3.5	-38.5	8.0	6.0
Dow Jones Industrial**	3.1	-0.6	16.3	6.4	-33.8	3.4	6.0
Nasdaq**	8.6	1.4	9.5	9.8	-40.5	24.2	8.0
Europe	2004	2005	2006	2007	2008	YTD	12 mths F
MSCI EMU*	13.4	26.3	22.8	8.5	-44.3	11.7	11.0
Euro Stoxx 50**	6.9	21.3	15.1	6.8	-44.4	6.2	8.0
MSCI Germany*	8.3	27.4	22.4	22.6	-42.7	8.8	11.0
Dax 30*	7.3	27.1	22.0	22.3	-40.4	9.6	10.0
MSCI France*	10.6	27.4	21.1	2.8	-39.7	9.3	11.0
CAC 40**	7.4	23.4	17.5	1.3	-42.7	4.6	8.0
MSCI UK*	11.5	20.1	14.6	6.6	-28.5	5.7	10.0
FTSE 100**	7.5	16.7	10.7	3.80	-31.3	2.6	6.0
MSCI Switzerland*	6.3	35.8	18.8	-1.6	-34.1	8.7	6.0
SMI**	3.7	33.2	15.8	-3.4	-34.8	4.6	4.0
Asia	2004	2005	2006	2007	2008	YTD	12 mths F
MSCI Japan*	10.9	44.7	7.3	-10.1	-42.5	9.7	8.0
Nikkei 225**	7.6	40.2	6.9	-11.13	-42.1	14.2	6.0
Hang Seng**	13.2	4.5	34.2	39.3	-48.3	40.0	10.0
Emerging Markets	2004	2005	2006	2007	2008	YTD	12 mths F
MSCI Em Markets*	26.0	34.5	32.6	39.8	-53.2	47.7	13.0

Sources: Thomson Reuters, UBS WMR

\*Total return indices (incl. dividends), \*\* capital gain (change in price index), F = Forecasts

Last update:29.07.2009

## Appendix: How to interpret the currency pages

Two currency conventions are used in the foreign exchange markets.

- **The European convention**, also called the direct quotation or price quotation, expresses a foreign currency in units of the home currency, i.e., 0.80 Euro for one US-Dollar or 120 Japanese Yen for one US-Dollar. This is the most widely used currency convention in the world and also the one usually used in the US.
- **The British convention**, also called the indirect quotation or quantity quotation, expresses the home currency in units of a foreign currency, i.e., 1.25 US-Dollars for one Euro or 0.83 US-Dollar for 100 Japanese Yen. This convention is usually used in the UK and is also common in Australia, Canada and New Zealand.

In the foreign exchange markets, some currencies have become "pairs". When a trader or an analyst refers to these pairs, it is almost always in the same convention. From a US-centric perspective:

- The US-Dollar exchange rate with the Australian Dollar (the "Aussie"), the New Zealand Dollar (the "Kiwi"), the British Pound (the "Cable", when related to the US-Dollar, because the US-Dollar/British Pound exchange rate was the first traded through the transatlantic cable) and the Euro is expressed in the British convention, i.e., 1.20 US-Dollars for one Euro.
- All other exchange rates of the US-Dollar with a major currency—the Japanese Yen, Swiss Franc, Canadian Dollar (the "Loonie", named after the Canadian bird on the one dollar coin) and the Scandinavian currencies—are expressed in the European convention, i.e., 1.25 Swiss Francs for one US-Dollar.

Currencies are usually referred to by acronyms or special signs, i.e., \$ for US-Dollar, £ for British Pound (the "L" comes from the French translation of the British Pound or Pound Sterling, "Livre Sterling"), SFr. for Swiss Franc, etc. To avoid confusion about which dollar, franc or krona we are referring to in today's globalized economy, currencies are defined by an acronym of three capital letters, a system developed by the International Organization for Standardization and called ISO 4217. In general, the first two letters refer to the country and the third, to the name of the currency.

**USD** = US-Dollar, **AUD** = Australian Dollar, **BRL** = Brazilian Real, **CAD** = Canadian Dollar, **CHF** = Swiss Franc (the CH is based on the Latin translation of Swiss Confederation, "Confederatio Helvetica"), **CNY** = Chinese Yuan Renmimbi (this currency is sometimes abbreviated RMB, which is not an ISO standard), **COP** = Colombian Peso, **CZK** = Czech Koruna, **DKK** = Danish Krona, **EUR** = Euro, **GBP** = British Pound or Pound Sterling, **HKD** = Hong Kong Dollar, **HUF** = Hungarian Forint, **IDR** = Indonesian Rupiah, **INR** = Indian Rupee, **JPY** = Japanese Yen, **MXN** = Mexican Peso, **MYR** = Malaysian Ringgit, **NOK** = Norwegian Krona, **NZD** = New Zealand Dollar, **PHP** = Philippines Peso, **PLN** = Polish Zloty, **RUB** = Russian Ruble, **SEK** = Swedish Krona, **SGD** = Singapore Dollar, **SKK** = Slovak Koruna, **KRW** = South Korean Won, **THB** = Thai Bath, **TWD** = Taiwan Dollar, **TRY** = Turkish Lira, and **ZAR** = South African Rand (the ZA refers to Zuid-Afrika, i.e., South Africa in Dutch).

The format used to show currency pairs or exchange rates is either XXX/YYY or, the even simpler, XXXYYY, where XXX stands for the base currency and YYY for the counter currency. The format reads "units of YYY for one unit of XXX". For example, EUR/USD or EURUSD at 1.20 means that you have to pay 1.20 US-Dollars for one Euro, while USD/EUR or USDEUR at 1.20 means that you have to pay 1.20 Euros for one US-Dollar.

## Appendix: How to interpret the commodity page

The commodity page is split into two major sections:

- **Market Data:** This section gives the reader an overview of key figures for individual commodities. We believe these figures are important when analyzing our forecasts.

In the market data section, we give an indication of the units that the commodity price refers to. Through the implied volatility figures we like investors to consider the volatility of the commodity. This can vary significantly across different commodities. Looking at the historical performance of the spot market provides a reference point and allows a comparison to be made. The last two columns highlight the spot and futures market. Since transactions involving the physical exchange of commodities are rare, the futures markets are the most relevant for most of our clients.

- **UBS WMR view:** This section is split into a short-term and a long-term view. The shorter term view is for active investors with a target horizon of 1-3 months. The long-term view is for strategic investments with a time horizon of 12 months and more.

The short term view gives an indication of where we expect the commodity to trade over the next 1-3 months. This is defined by the range. Furthermore, we indicate if we are positive (bullish), negative (bearish) or if we prefer to remain on the sidelines (neutral). If we have a directional view, we expect prices to hit the upper or lower range of the mentioned trading range. As an additional information feature, we give the up-to-down ratio. The up-to-down ratio gives the reader a quick overview of the upside potential compared to the downside potential. If the value is 1 the upside and downside potential are of the same magnitude. If the value is close to 0 the upside potential is less than the downside potential. The closer the value is to 0 the more unattractive a long position would be. If the value is greater than 1, then the upside potential is greater than the downside potential. A value of 2 would indicate that the upside potential is twice as much the downside potential. So the usefulness of the up-to-down ratio is that it enables a comparison of different commodities' qualitative attractiveness.

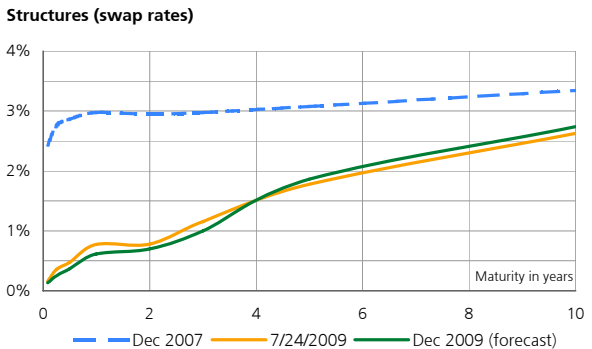
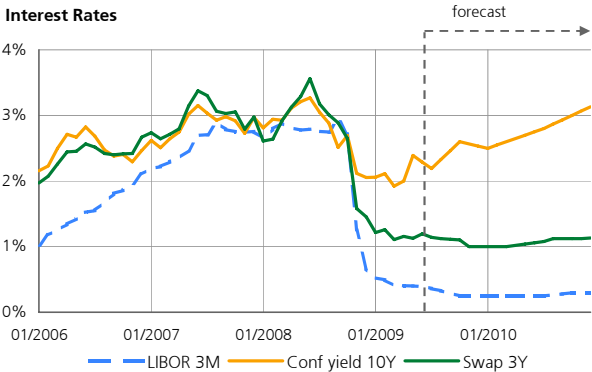
The long-term view consists of a target value, expected returns and the risk adjusted return. The target value is not an average value but a point estimate. In our **expected return calculation** we use the active futures and our 9-12 months target, thus contango and backwardation is taken into consideration only to a limited extent.

Appendix: Swiss Interest Rates Forecast Table

Interest rates forecast Switzerland UBS Wealth Management Research																	forecast of 7/24/2009							
maturity	unit	2004	2005	2006	2007	2008										24/7/09	forecast*							
						Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	2009		2010		2011					
																2009	2010	2010	2010	2010	2011	2011		
																2009	2010	2010	2010	2010	2011	2011		
LIBOR CHF	1 Monate	%PE	0.66	0.89	2.05	2.43	1.86	0.88	0.34	0.32	0.30	0.23	0.21	0.20	0.20	0.16	0.14	0.13	0.13	0.13	0.14	0.15	0.15	0.28
LIBOR CHF	3 Monate	%PE	0.72	1.01	2.10	2.76	2.72	1.26	0.66	0.53	0.50	0.40	0.40	0.40	0.36	0.29	0.25	0.25	0.25	0.28	0.28	0.30	0.30	0.43
LIBOR CHF	6 Monate	%PE	0.80	1.18	2.20	2.87	2.86	1.44	0.81	0.66	0.64	0.54	0.54	0.51	0.48	0.40	0.37	0.37	0.38	0.42	0.45	0.46	0.59	
LIBOR CHF	12 Monate	%PE	0.99	1.41	2.39	2.98	3.09	1.67	1.10	0.96	0.95	0.85	0.85	0.84	0.81	0.78	0.65	0.61	0.62	0.64	0.70	0.75	0.77	0.90
SWAP CHF ask	2 Jahre	%PE	1.35	1.74	2.63	2.95	2.49	1.39	1.11	0.89	0.92	0.77	0.82	0.77	0.82	0.78	0.74	0.70	0.70	0.76	0.82	0.85	0.90	1.20
SWAP CHF ask	3 Jahre	%PE	1.61	1.93	2.67	2.98	2.65	1.58	1.46	1.21	1.26	1.11	1.16	1.13	1.20	1.17	1.11	1.00	1.00	1.06	1.12	1.13	1.17	1.30
SWAP CHF ask	5 Jahre	%PE	2.00	2.15	2.70	3.08	2.95	1.91	1.96	1.76	1.84	1.73	1.74	1.86	1.89	1.80	1.84	1.87	1.90	1.99	2.13	2.25	2.29	2.35
SWAP CHF ask	10 Jahre	%PE	2.62	2.42	2.79	3.34	3.44	2.52	2.61	2.48	2.57	2.50	2.49	2.80	2.73	2.65	2.70	2.74	2.85	3.10	3.30	3.45	3.55	3.55
Rendite Bundesobl.	10 Jahre	%PE	2.28	1.89	2.46	2.97	2.69	2.12	2.06	2.06	2.11	1.92	2.00	2.39	2.29	2.18	2.46	2.53	2.60	2.75	2.93	3.13	3.20	3.20

\*Replacing forecast of 12.06.2009, PE: end of period

Source: Bloomberg, Thomson Reuters, UBS WMR



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