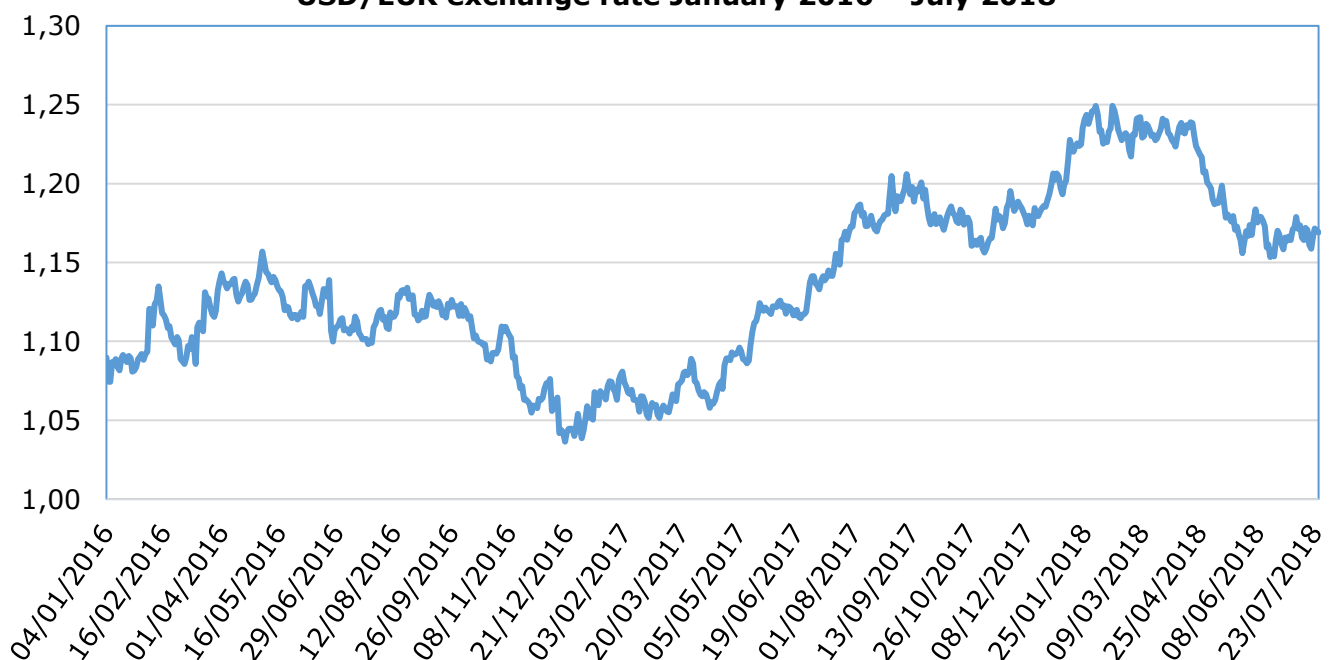


### TRENDS AND FORECASTS MAIN INTERNATIONAL CURRENCIES

The **euro stops its run over the dollar** after the record levels observed at the beginning of the year. In fact, the variations were more contained in the second quarter of the year, with an average exchange rate at 1.19 USD/EUR over the period, showing a recovery of the US currency. On the one hand the positive picture of the American economic growth described by the Fed, which confirmed the gradual increase in the cost of money in September and in December (following the adjustments already applied between January and June) influenced the trend. The intent is to ensure the continuity of the current expansive trend of the US economy, which also benefits of the positive effect of the tax cuts approved by the Trump administration. On the other hand, the ECB has confirmed the intention to keep interest rates unchanged at least until the summer of 2019, ensuring a limited impact of US tariffs on the Eurozone economy, which shows a solid and widespread growth (which has led to a slight appreciation of euro against the dollar in the last weeks). According to some analysts, a renewed weakness of the dollar is likely to be observed in the short term, considering the high probability of a worsening of the US fiscal deficit, together with a slower growth in 2019 due to the exhaustion of the fiscal stimulus. The outlook therefore remains positive for the European currency, with a three-month exchange rate of 1.17 dollars per euro, followed by an acceleration over the long-term period (1.21 USD/EUR the forecasts for the next 12 months).

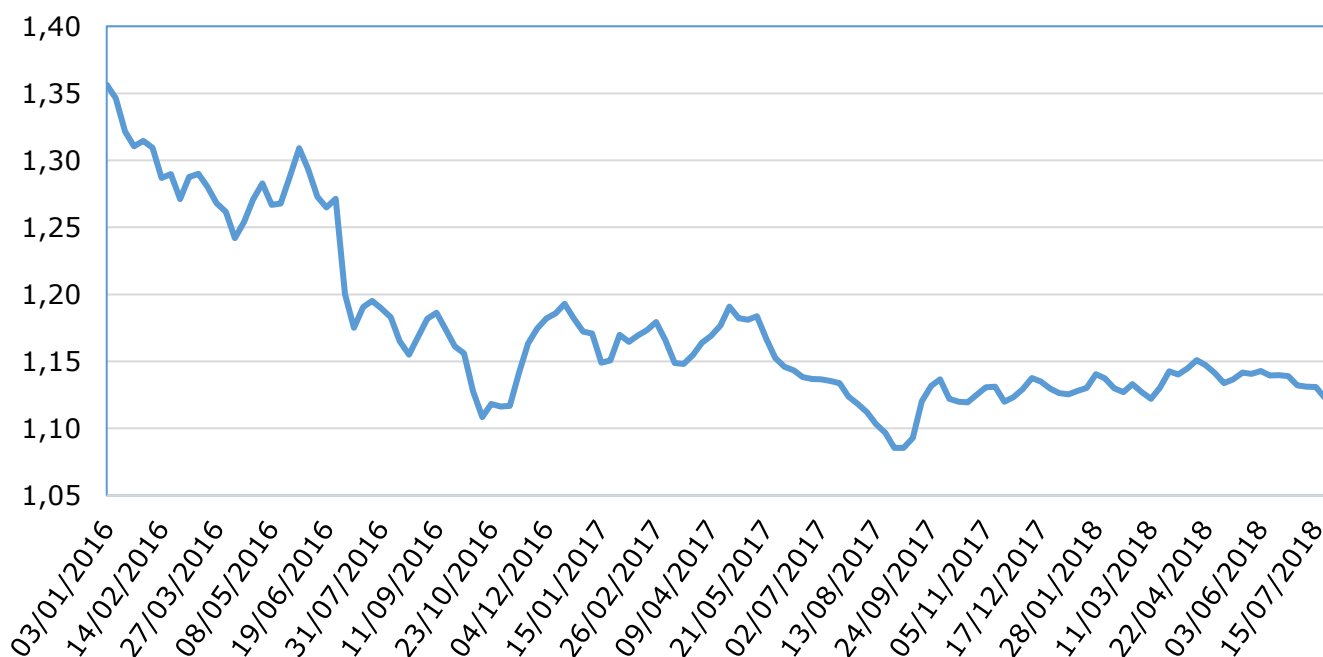
**USD/EUR exchange rate January 2016 – July 2018**



**Pound – euro exchange rate** stalemate in the recent months. After the gradual recovery of the past few weeks, the exchange rate has stabilized, going from a maximum of 1.14 GBP/EUR to a minimum of 1.12 in the last three months. The Bank of England's attitude is prudent, warning against the risk of a "hard Brexit", which could force a revision both of the UK economic outlook and the monetary policy in the coming weeks. The expected increase

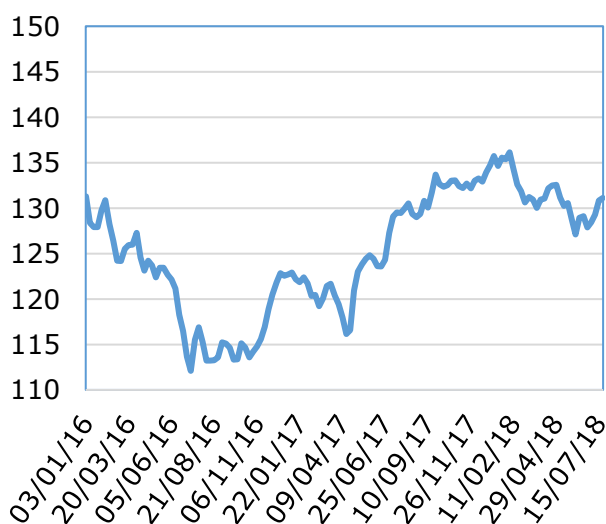
in interest rates, which is going to be gradual and limited, has been confirmed in August, even if these adjustments do not seem to reflect optimism towards the British economy, which has been slowing down progressively after the vote in favor of the exit from the EU and continues to suffer the reduction of British consumers purchasing power. Caution prevails among the analysts, with three-month forecasts predicting stability at 1.13 euros per pound.

**GBP/EUR exchange rate January 2016 – July 2018**

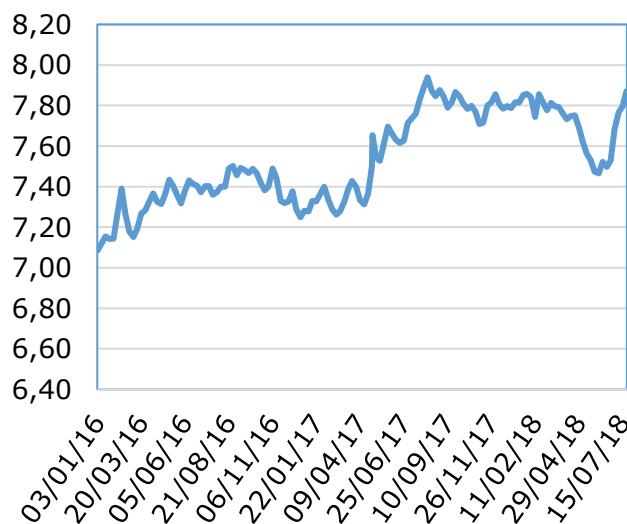


Despite a gradual recovery of the **euro** against the **yen** in the second quarter of 2018, the EUR/YEN cross fell by 3.4% from the beginning of the year in favor of the Japanese currency. The current situation looks uncertain, with the euro recovering on the yen, while waiting for the next move of the Bank of Japan, which could opt for a less accommodating monetary policy. In China, the transition from an economic growth based on exports to one based on domestic consumption already shows some difficulties. Quite strong the devaluation of the **yuan** recently applied by the Chinese Central Bank both against the euro (-5% from May 2018) and the dollar (-8% in the last three months).

**EUR/YEN exchange rate 2016–2018**



**EUR/YUAN exchange rate 2016–2018**



Source: UNIC – Italian Tanners' Association elaboration on Bank of Italy, Oanda, Fx Week data