

TRENDS AND FORECASTS MAIN INTERNATIONAL CURRENCIES



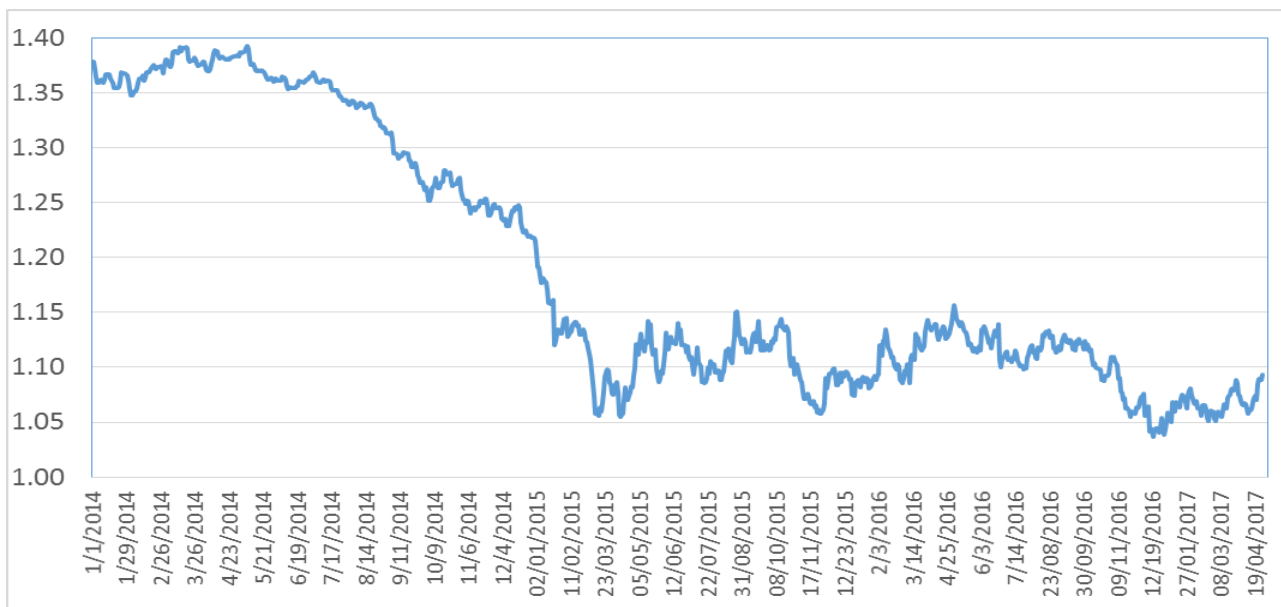
These first months of 2017 saw a partial change in the scenario as compared to the beginning of the year, characterized by a strong dollar, supported by a favorable macroeconomic context. The **exchange rate of EU currency against the US dollar**, after approaching the minimum, has risen to 1.09, which means a 4% increase over the US currency.

The ECB has confirmed the current monetary policy is consistent with the Eurozone's economic scenario, which has benefited of a stronger recovery in these months. There is therefore no change in the expansive program and rates are to remain unchanged or lower until next December. The only exception might be a possible extension of interventions if prospects are less favorable in order to maintain inflation targets.

At the same time, in spite of the high expectations of the announced "Trump Revolution", the markets do not seem to be fully convinced of the recently announced tax cuts for families and businesses, fearing that the difficulties of approving such a maneuver and ensuring it an adequate financial coverage might reduce its effectiveness. Moreover, the markets outweigh the US maintenance of Nafta agreements, contrarily to the previous announcements.

In this scenario, which remains extremely uncertain, the major financial analysts **predict** for the next three months that the USD-EUR exchange rate will remain in line with the average recorded in January-April, 1.06\$ per euro, with possible further increases up to 1.09 by year-end. There are anyway some voices out of the chorus that continue to foresee substantial parity between the two currencies for the end of the year, due to the expectations of a restrictive monetary policy by the Federal Reserve.

USD/EUR exchange rate January 2014 – April 2017



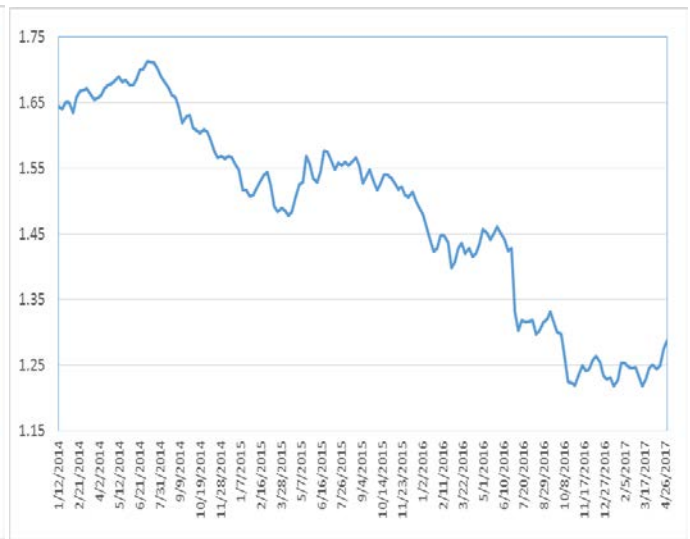


Following the year-end depreciation due to the Brexit effect, the British pound remained within **1.13-1.20 euros**, and within **1.21-1.28\$** in this first part of the year, with some recovery signals as of mid-March. In the current context of uncertainty, the recent signs of strengthening of the British currency are linked to several factors, such as positive economic signals for the economy, expectations of a softer Brexit and the EU uncertainty linked to the presidential run in France. The fact remains that monetary policy adjustments by the central bank, considered by analysts quite predictable, make significant deviations from current levels quite unlikely in the coming months.

GBP/EUR exchange rate 2014-2017

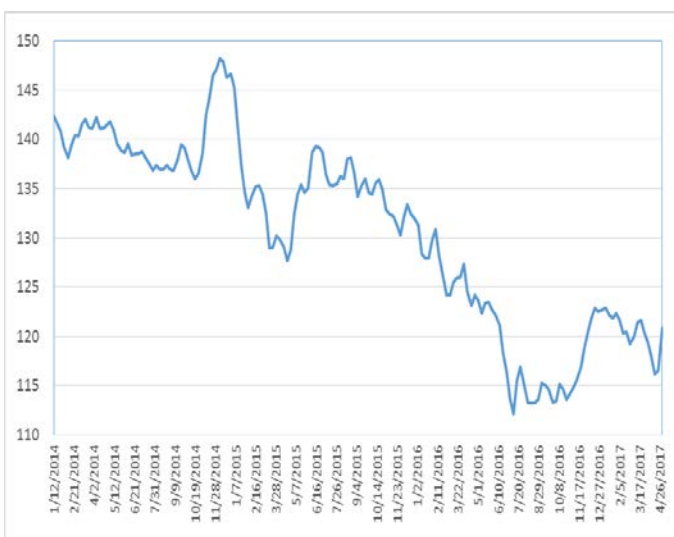


GBP/USD exchange rate 2014-2017



The **yen**, after the rapid appreciation between mid-March and mid-April, returned to 121-122 against the euro, confirming the expectations of substantial stability of financial institutions. Stabilization is also expected for the **yuan**, following the depreciation pressures in the early stages of the year.

EUR/YEN exchange rate 2014-2017



EUR/YUAN exchange rate 2014-2017



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