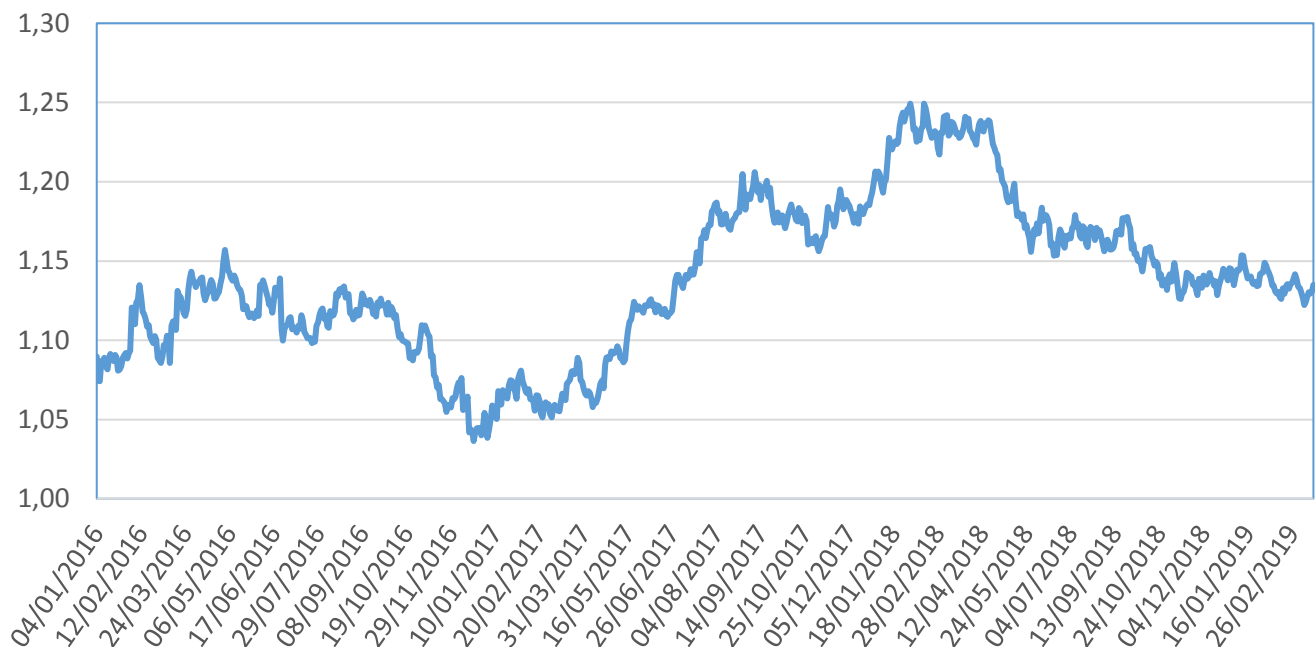


TRENDS AND FORECASTS MAIN INTERNATIONAL CURRENCIES

The trend for the first months of 2019 continues to see **the US dollar slightly strengthening against the euro**, with a fluctuation around 1.13 – 1.14 USD/EUR, similar to that recorded at the end of last year. This is an appreciation of 0.9% from the beginning of the year and of 3.9% compared to the 2018 average. The reasons underlying this phenomenon, remain linked to the different economic growth performances in the two areas. On the one hand, Trump's policy, including the tax incentives introduced, is boosting the US economy; on the other, the eurozone reflects a general background weakness, with numerous uncertainties in the coming months. In this context, the situation of some important member states, such as Germany and the forecasts of an economic slowdown, France and its internal tensions, the Italian debt, as well as, on a more general level, the upcoming elections of the European Parliament, weigh heavily. Considering these dynamics, the main analysts forecast a change USD/EUR, both at 1 month and 3 months, substantially stable to 1.14 USD/EUR, which should reach the 2018 average exchange rate by the end of the year.

USD/EUR exchange rate January 2016 – March 2019



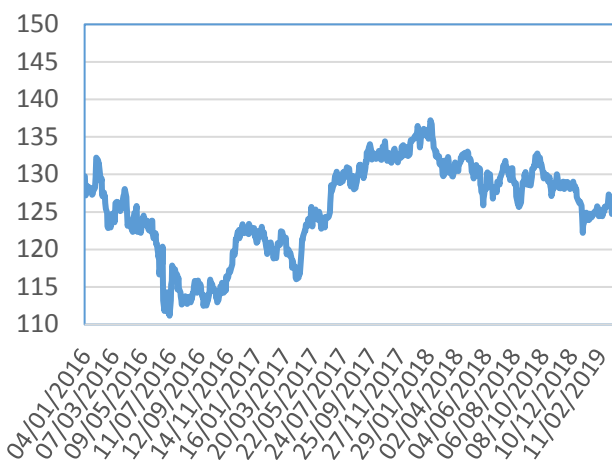
Rapid appreciation of the **GBP/EUR exchange rate**, which currently sees the pound at 1.17 per euro, the highest level reached since May 2017. This is an appreciation of 5.7% since the beginning of the year. The reason can easily be found in the market's bets on a postponement of Brexit, which has recently become a concrete option. Now the uncertainty remains linked to the discussion on the withdrawal agreement and the progressive weakening of Theresa May's government.

GBP/EUR exchange rate January 2016 – March 2019

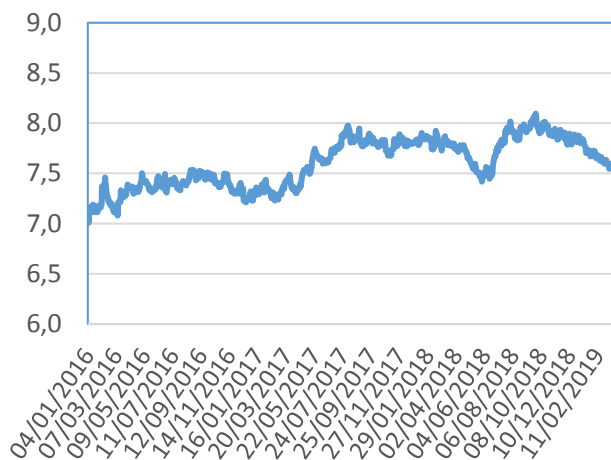


The upward trend of the **yen** against the euro continues, with an appreciation of 4.1% compared to the 2018 average. The dynamic look substantially stable since the beginning of the year with an exchange rate of 126 yen for 1 euro. No significant changes are expected in the Japanese monetary policy, suggesting the analysts to maintain their expectations on an exchange rate marked only by a slight strengthening in the next 3 months (124 yen for 1 euro). Growing appreciation for the **yuan** since the beginning of 2019 (around three percentage points). The currency outlook remains uncertain and under pressure, due to opposite trends: the expected Chinese economy slow down on one side, and the Asian giant commitment to support the yuan as international reference currency for transactions with a growing number of business partners on the other.

EUR/YEN exchange rate 2016–2019



EUR/YUAN exchange rate 2016–2019



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