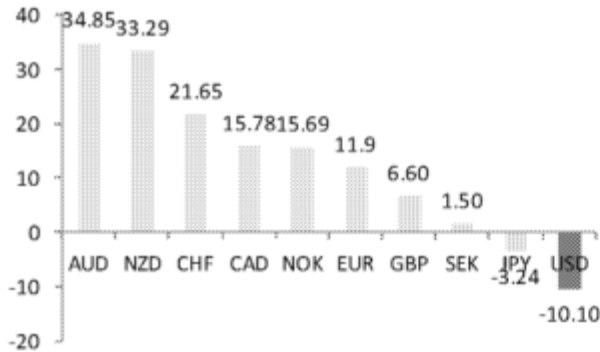


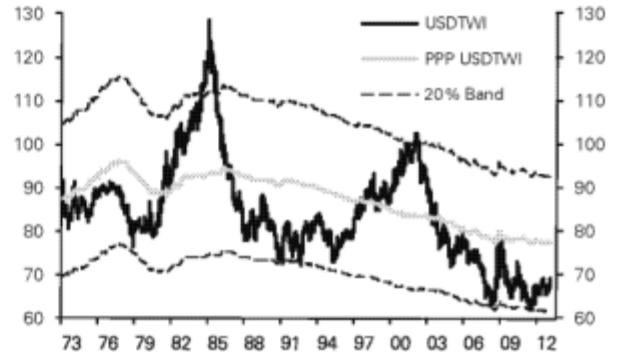
FX Valuation Monitor: Lines in the Sand (PPP)*

Figure 1: The euro is expensive and the dollar cheap



Source: DB FX Research

Figure 2: The dollar is 12% cheap to fair value



Source: DB FX Research

Figure 3: EUR/USD: The euro is expensive though remains within the 20% threshold ...



Source: DB FX Research

Figure 4: USD/JPY: ...The yen is expensive



Source: DB FX Research

Figure 5: USD/GBP: as well as sterling ...



Source: DB FX Research

Figure 6: USD/CHF: CHF is expensive



Source: DB FX Research

*Our measure of relative PPP is calculated using long-term averages from Jan-80 to Dec-04 and deflating by monthly CPI differentials. We refer to current spot rates as "cheap" or "expensive" with explicit reference to this measure of fair valuation; these statements are not intended in any way to be "buy" or "sell" recommendations.