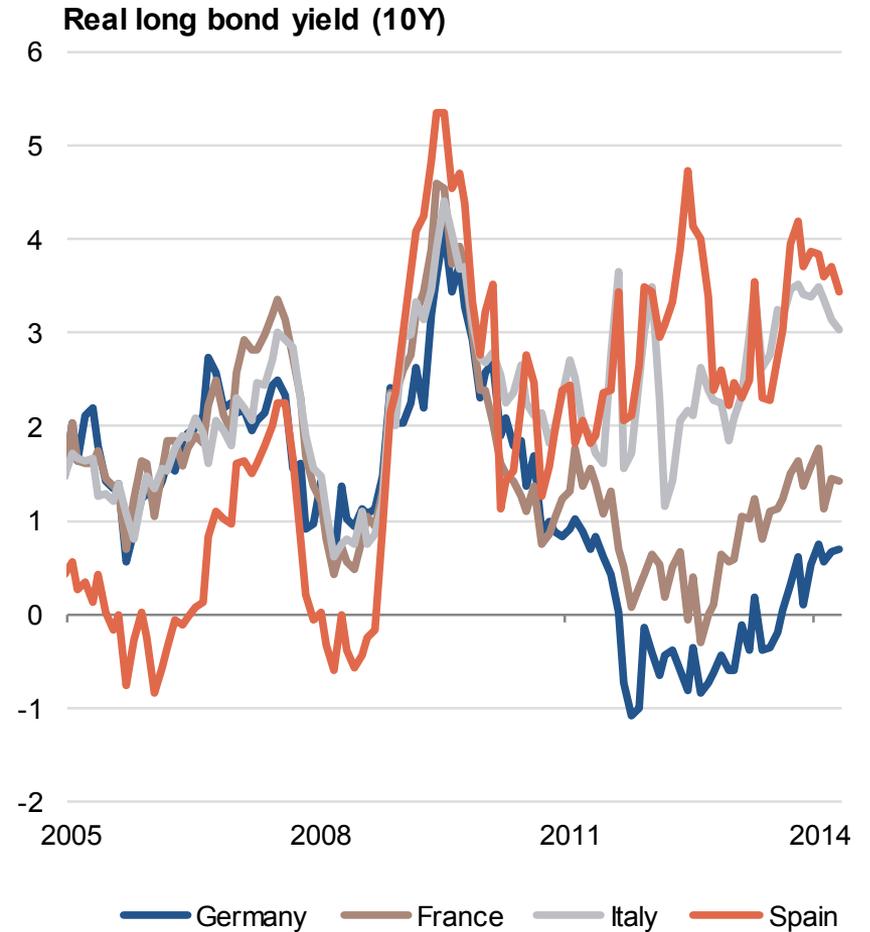
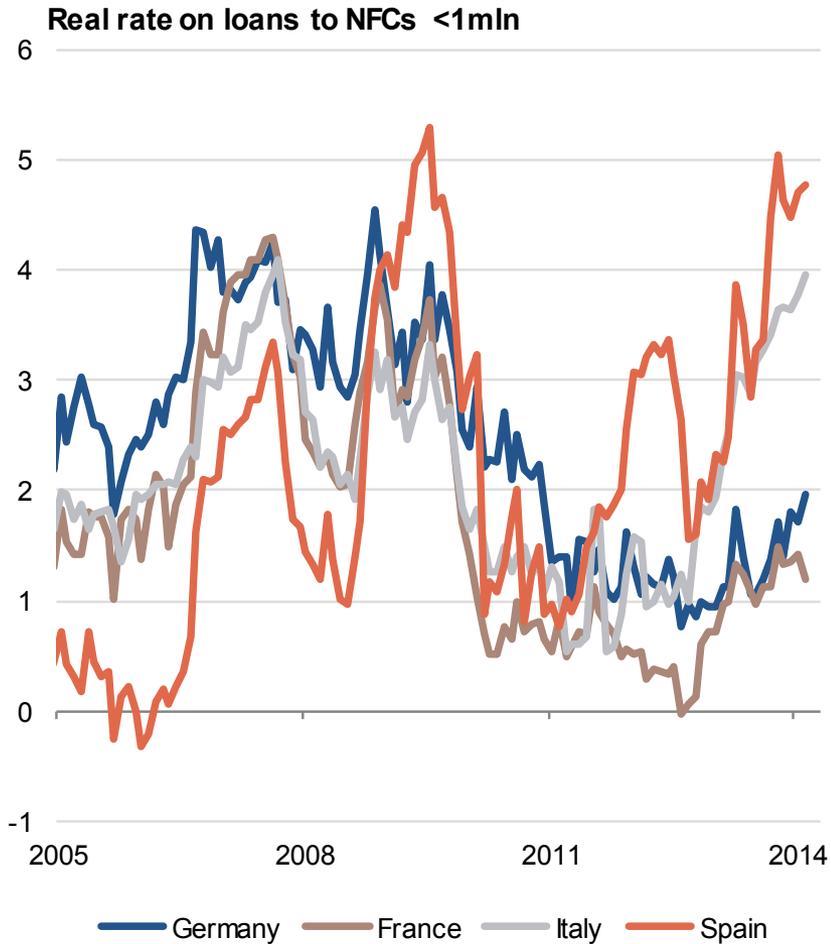


THE REAL RATE STORY

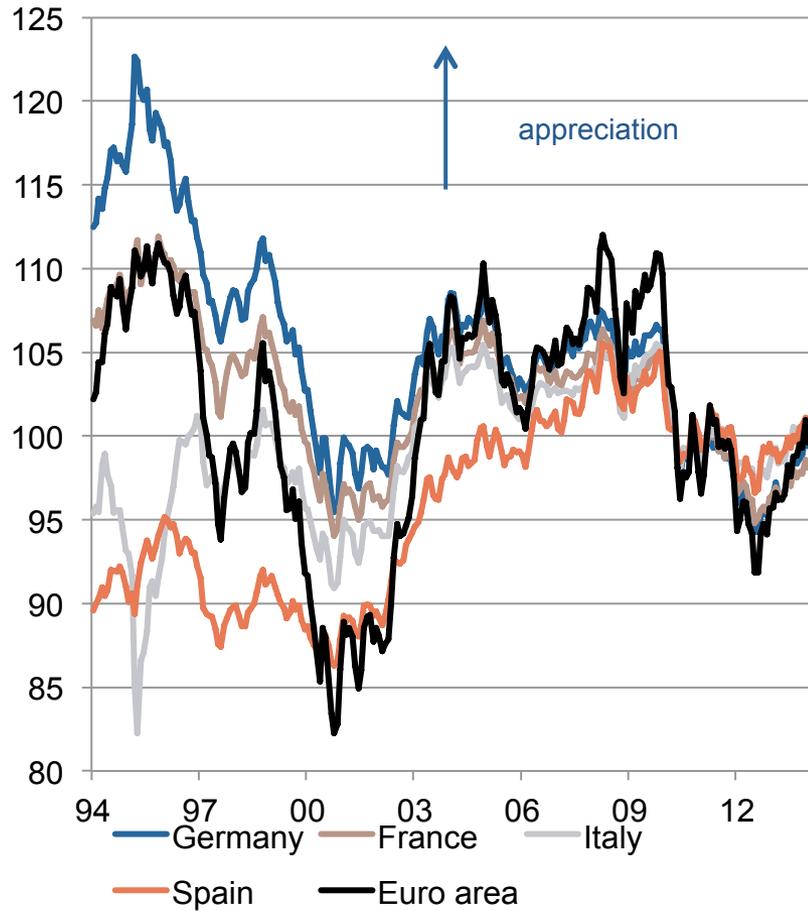


Sources: ECB, Eurostat, Datastream, SG Cross Asset Research/Economics

THE REAL EFFECTIVE EXCHANGE RATE IS NOT THAT STRONG

Real effective exchange rate (100=2010)

Changes in real effective exchange rates



Source: BIS, Datastream, SG Cross Asset Research/Economics

APPENDIX - DISCLAIMER

ANALYST CERTIFICATION

Each author of this research report listed on the cover hereby certifies that the views expressed in the research report accurately reflect his or her personal views, including views about subject securities or issuers mentioned in the report, if any. No part of his or her compensation was, is or will be related, directly or indirectly to the specific recommendations or views expressed in this report.

The information herein is not intended to be an offer to buy or sell, or a solicitation of an offer to buy or sell, any securities or other financial instrument and including any expression of opinion, has been obtained from or is based upon sources believed to be reliable but is not guaranteed as to accuracy or completeness although Société Générale ("SG") believe it to be fair and not misleading or deceptive. SG, and their affiliated companies in the SG Group, may from time to time deal in, profit from the trading of, hold or act as market-makers or act as advisers, brokers or bankers, in relation to the securities, or derivatives of persons, firms or entities mentioned in this publication, or be represented on the board of such persons, firms or entities. Employees of SG, and their affiliated companies in the SG Group, or individuals connected to them may from time to time have a position in or be holding any of the investments or related investments mentioned in this publication. SG and their affiliated companies in the SG Group are under no obligation to disclose or take account of this publication when advising or dealing with or for their customers. The views of SG reflected in this publication may change without notice. To the maximum extent possible at law, SG does not accept any liability whatsoever arising from the use of the material or information contained herein. Dealing in warrants and/or derivative products such as futures, options, and contracts for differences has specific risks and other significant aspects. You should not deal in these products unless you understand their nature and the extent of your exposure to risk. This publication is not intended for use by or targeted at retail customers. Should a retail customer obtain a copy of this report they should not base their investment decisions solely on the basis of this document but must seek independent financial advice.

The financial instrument discussed in this report may not be suitable for all investors and investors must make their own informed decisions and seek their own advice regarding the appropriateness of investing in financial instruments or implementing strategies discussed herein. The value of securities and financial instruments is subject to currency exchange rate fluctuation that may have a positive or negative effect on the price of such securities or financial instruments, and investors in securities such as ADRs effectively assume this risk. SG does not provide any tax advice. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. Investments in general and derivatives in particular, involve numerous risks, including, among others, market, counterparty default and liquidity risk. Trading in options involves additional risks and is not suitable for all investors. An option may become worthless by its expiration date, as it is a depreciating asset. Option ownership could result in significant loss or gain, especially for options of unhedged positions. Prior to buying or selling an option, investors must review the "Characteristics and Risks of Standardized Options" at <http://www.optionsclearing.com/publications/risks/riskchap.1.jsp>.

CONFLICTS OF INTEREST

This research contains the views, opinions and recommendations of Société Générale (SG) analysts and/or strategists. Analysts and/or strategists routinely consult with SG sales and trading desk personnel regarding market information including, but not limited to, pricing, spread levels and trading activity of a specific fixed income security or financial instrument, sector or other asset class. Trading desks may trade, or have traded, as principal on the basis of the analyst(s) views and reports. In addition, analysts receive compensation based, in part, on the quality and accuracy of their analysis, client feedback, trading desk and firm revenues and competitive factors. As a general matter, SG and/or its affiliates normally make a market and trade as principal in fixed income securities discussed in research reports.

APPENDIX – DISCLAIMER (CONT'D)

Notice to French Investors: This publication is issued in France by or through Société Générale ("SG") which is authorised and supervised by the Autorité de Contrôle Prudentiel and regulated by the Autorite des Marchés Financiers.

Notice to U.K. Investors: This publication is issued in the United Kingdom by or through Société Générale ("SG"), London Branch. Société Générale is a French credit institution (bank) authorised and supervised by the Autorité de Contrôle Prudentiel (the French Prudential Control Authority). Société Générale is subject to limited regulation by the Financial Services Authority ("FSA") in the U.K. Details of the extent of SG's regulation by the FSA are available from SG on request. The information and any advice contained herein is directed only at, and made available only to, professional clients and eligible counterparties (as defined in the FSA rules) and should not be relied upon by any other person or party.

Notice to Polish Investors: this publication has been issued in Poland by Societe Generale S.A. Oddzial w Polsce ("the Branch") with its registered office in Warsaw (Poland) at 111 Marszałkowska St. The Branch is supervised by the Polish Financial Supervision Authority and the French "Autorité de Contrôle Prudentiel". This report is addressed to financial institutions only, as defined in the Act on trading in financial instruments. The Branch certifies that this publication has been elaborated with due diligence and care.

Notice to US Investors: SG research reports issued by non-US SG analysts or affiliates on securities are issued solely to major US institutional investors pursuant to SEC Rule 15a-6. Any US person wishing to discuss this report or effect transactions in any security discussed herein should do so with or through SG Americas Securities, LLC to conform with the requirements of US securities law. SG Americas Securities LLC has its registered office at 1221 Avenue of the Americas, New York, NY, 10020. (212) 278-6000.

Notice to Canadian Investors: This publication is for information purposes only and is intended for use by Permitted Clients, as defined under National Instrument 31-103, Accredited Investors, as defined under National Instrument 45-106, Accredited Counterparties as defined under the Derivatives Act (Québec) and "Qualified Parties" as defined under the ASC, BCSC, SFSC and NBSC Orders.

Notice to Singapore Investors: This publication is provided in Singapore by or through Société Générale ("SG"), Singapore Branch and is provided only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289. Recipients of this publication are to contact Société Générale, Singapore Branch in respect of any matters arising from, or in connection with, the publication. If you are an accredited investor or expert investor, please be informed that in SG's dealings with you, SG is relying on the following exemptions to the Financial Advisers Act, Cap. 110 ("FAA"): (1) the exemption in Regulation 33 of the Financial Advisers Regulations ("FAR"), which exempts SG from complying with Section 25 of the FAA on disclosure of product information to clients; (2) the exemption set out in Regulation 34 of the FAR, which exempts SG from complying with Section 27 of the FAA on recommendations; and (3) the exemption set out in Regulation 35 of the FAR, which exempts SG from complying with Section 36 of the FAA on disclosure of certain interests in securities.

Notice to Hong Kong Investors: This report is distributed in Hong Kong by Société Générale, Hong Kong Branch which is licensed by the Securities and Futures Commission of Hong Kong under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"). This publication does not constitute a solicitation or an offer of securities or an invitation to the public within the meaning of the SFO. This report is to be circulated only to "professional investors" as defined in the SFO.

Notice to Japanese Investors: This publication is distributed in Japan by Societe Generale Securities (North Pacific) Ltd., Tokyo Branch, which is regulated by the Financial Services Agency of Japan. This publication is intended only for the Specified Investors, as defined by the Financial Instruments and Exchange Law in Japan and only for those people to whom it is sent directly by Societe Generale Securities (North Pacific) Ltd., Tokyo Branch, and under no circumstances should it be forwarded to any third party. The products mentioned in this report may not be eligible for sale in Japan and they may not be suitable for all types of investors.

Notice to Australian Investors: This publication is issued in Australia by Société Générale (ABN 71 092 516 286) ("SG"). SG is regulated by APRA and ASIC and holds an AFSL no. 236651 issued under the Corporations Act 2001 (Cth) ("Act"). The information contained in this publication is only directed to recipients who are wholesale clients as defined under the Act.

<http://www.sgcib.com>. Copyright: The Société Générale Group 2012. All rights reserved.

This publication may not be reproduced or redistributed in whole in part without the prior consent of SG or its affiliates.