

softly inflation predicted Asian currencies

in renminbi policy and robust, low inflationary
will force Asian currencies gradually higher in 2010

the US dollar is set to
2010. Structural factors,
account deficit, reserve
banks throughout the
growing emerging market
ue to undermine the US
ths, as they have over the
nomists argued.
in 2009, as the Federal
ent the US economy tip-
type depression: the US
unding currency, offering
as assets for investors and
ue to attract significant

Olivier Desbarres, Asia FX strategist at Credit Suisse, predicates his Asian currency forecasts on five central views. First, that the US dollar, as pointed out, will continue to weaken. Second, that the People's Bank of China (PBoC) will let the renminbi appreciate against the dollar by 5% to 6% next year (with the Rmb6.4 to 6.5 to the dollar by year-end). Third, that the nascent signs of export recovery (and industrial output) in Asia's leading economies will be sustainable and support stronger economic growth – and he's bullish about Asian exports because Chinese domestic demand for end-product imports (not just inputs for re-export) should be strong next year. And fourth, he said that consumer price inflation should remain under control, so Asian central banks are unlikely to raise interest rates aggressively. And finally, the fifth factor is that most central banks say they now have sufficient foreign

ong Asia basket versus the euro and US dollar