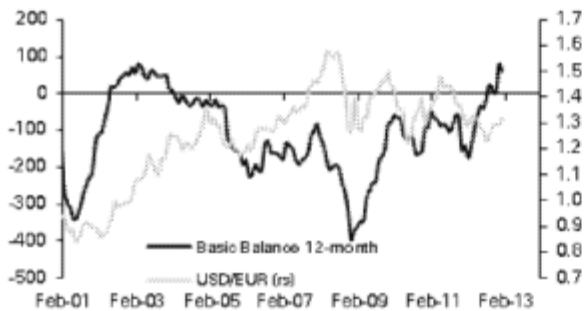


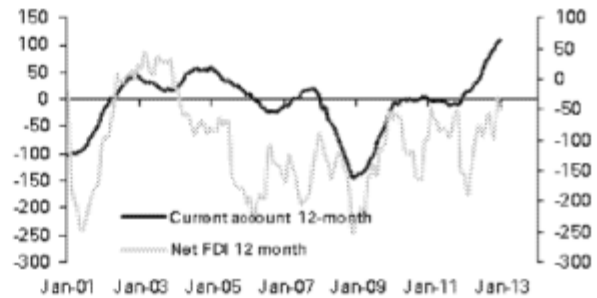
Euro area (EUR bn)

Figure 1: The basic balance has turned positive...



Source: DB FX Research and Eurostat

Figure 2: ...as current account surplus outweigh the net FDI outflows



Source: DB FX Research and Eurostat

Figure 3: EUR/USD strongly correlated (0.88) with bilateral basic balance with the US



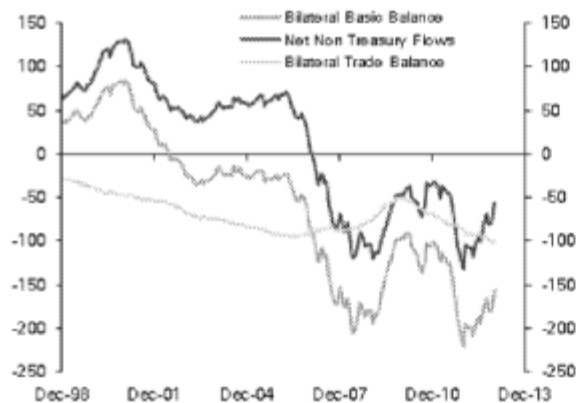
Source: DB FX Research and Eurostat

Figure 4: Bilateral basic balance explains 84% of EUR/USD movements since inception of the euro



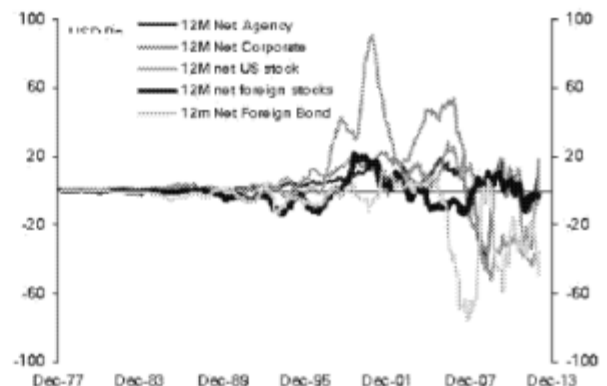
Source: DB FX Research and Eurostat

Figure 5: The bilateral basic balance with the US has moved in favor of the US recently...



Source: DB FX Research and Eurostat

Figure 6: ...as US purchases of euro area bonds have continued to be replaced by sales



Source: Deutsche Bank and US Treasury