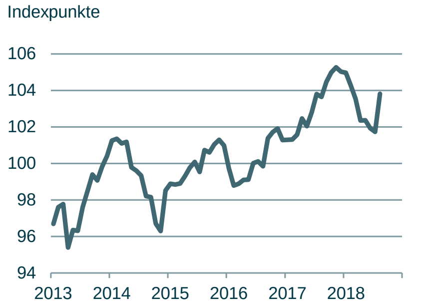
Macro Research
# Economic Forecasts

**September / October 2018**

## Global economy remains steadfast

**Germany: ifo Business Climate Index**




Source: ifo Institut, DekaBank.

The latest ifo Business Climate Index has risen whilst the US ISM Index reached a 14-year high. Unbelievable but true! Are the companies participating in these surveys ignoring the omnipresent reports of trouble spots in different parts of the world and the risks entailed for the economy? That is unlikely. The prevailing view is rather that the global economic engine continues to perform despite plenty of interference. We have therefore maintained our picture of a continued upswing with only a slow weakening of growth. In short, the global economy has remained steadfast in the face of hostilities in the shape of a wide range of political risks.

The global economy is closely interwoven and this focuses attention on the trade conflicts triggered by the USA. The US government has continued to raise its tariffs, especially against China. This has raised the general level of uncertainty with regard to further escalation of protectionism in general, inflationary effects in the USA and the negative impact on Chinese exports in particular. However, the repercussions have been limited so far, as outside the USA political endeavours and everyday business relations continue to be conducted in the spirit of a liberal world trade order. As this is unlikely to change, further penalising tariffs from the US, whilst likely to weigh on worldwide economic activity, will not bring the global economy to its knees.

That the global economy is closely interwoven is reflected not only in the exchange of goods, but also in channels of monetary effects. At the moment this is most evident in the emerging markets. Current crisis candidates have different stories to tell. However, they all face the same combination of risks: a high current-account deficit together with a substantial level of foreign debt. Argentina, South Africa and Turkey are once again among the usual suspects. Although an early all-clear is highly unlikely, an emerging-market crisis escalating out of control seems equally improbable. One positive development has been that the US bond markets are well on their way back to normality with yield levels near to 3 %. From this side, therefore, there are no major threats on the horizon. In the steadfast global economy the environment remains constructive for risky asset classes, even though they are increasingly living up to their reputation for very high levels of volatility.

Bitte nicht löschen!

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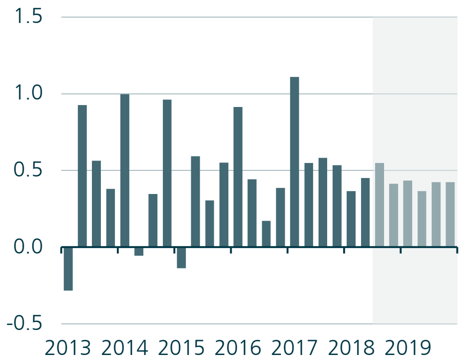
### Most important forecast revisions

- Upward revision of the 3-month, downward revision of the 6-month DAX price targets.
- Downward revision of GDP growth forecasts for Turkey, Argentina, Brazil, South Africa, India, South Korea and the Czech Republic.

**September / October 2018**

## Economy: Industrial countries

### Germany: GDP (% qoq, sa)



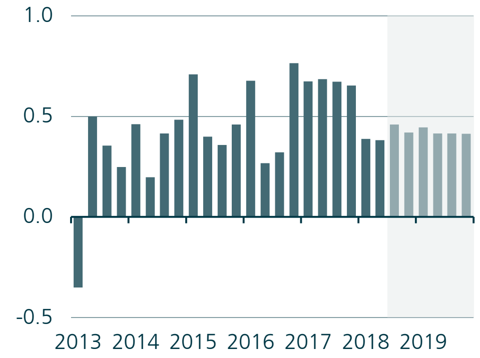

Sources: Destatis, forecast DekaBank

### Germany

In the second quarter German GDP grew by 0.5 % qoq against the previous quarter. This growth was based on strong consumption. Exports also picked up, but the growth of imports proved even stronger, so that all in all foreign trade had a dampening impact on GDP growth. Investment in plant and equipment proved weak. In the coming quarters we expect the GDP growth rate to remain at more or less the same level as in the second quarter. However, there is a mountain of risks that raise the uncertainty surrounding our forecasts. These range from the trade dispute with the USA via sanctions to the policies of the new Italian government to the Turkish currency crisis.

Forecast revision: –.

### Eurozone: GDP (% qoq, sa)



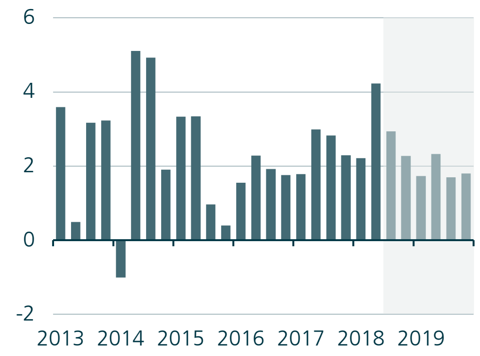

Sources: Eurostat, forecast DekaBank

### Eurozone

Eurostat's provisional flash estimate of the second-quarter growth rate has been raised from 0.3 % to 0.4 % and was thus unchanged from its print in the first quarter. Among the four major EMU countries Spain was at the forefront with a growth rate of 0.6 % against the previous quarter, followed by Germany with 0.5 %. France and Italy were disappointing with only a very low 0.2 %. Favourable economic developments are also reflected in the European labour market. In July the EMU unemployment rate fell to 8.2 %, the lowest level since November 2008. There are, however, substantial differences within the EU. Germany has a very low unemployment rate of 3.4 %, whereas in Spain the rate still stands at 15.1 %.

Forecast revision: –.

### USA: GDP (% qoq, ann., sa)




Sources: Bureau of Economic Analysis, forecast DekaBank

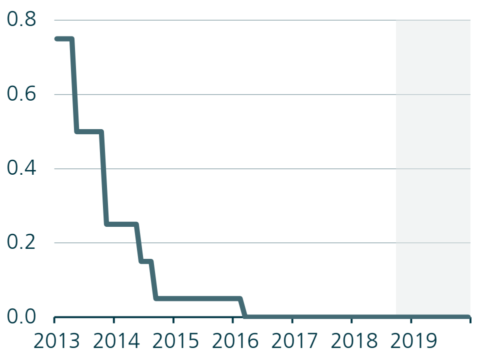
### USA

The US economy continues to perform very well, albeit not quite as well as suggested by the government. The unofficial monthly GDP estimate for July showed a pick-up of 0.4% against the previous month. Whilst this indicates dynamic growth, it does not point to phenomenal growth rates. At the same time, the most important sentiment indicators for business as well as private households have reached multi-year highs in August. So far trade conflicts have not led to a visible delay to investment plans. The most important measures of inflations from the Fed's point of view were all at or above the 2% target, something last seem in April 2012.

Forecast revision: –.

## Markets: Industrial countries

**ECB: Repo Rate (% p.a.)**



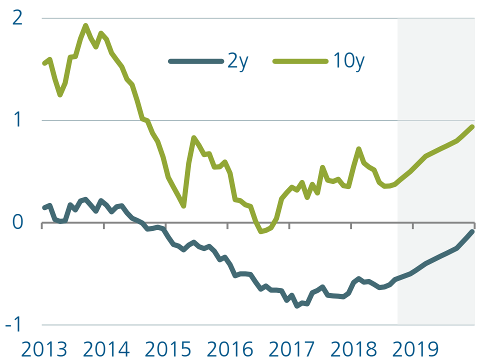

Sources: European Central Bank, forecast DekaBank

### The European Central Bank / Money market

Against the backdrop of the continuing economic upswing the ECB will probably allow its asset-purchase programme to expire at the end of the year. Its declared intention to reinvest inflows from maturing bonds and to leave key rates on hold at least until the summer of 2019 underscore its intent to ensure a sustained convergence towards the 2% inflation target with a continuation of its expansive monetary policy. We expect the deposit rate to be first raised in September 2019. Money market futures, on the other hand, indicate that in the years to come we can expect no more than minimal key-rate hikes. Decisive factors will be higher macroeconomic risks, which include global trade disputes and the financial instability in some emerging-market countries. In the medium term we expect financial market concerns over these risks to diminish and this should be reflected in somewhat steeper money market curves.

Forecast revision: –.

**German Bond Yield (% p.a.)**



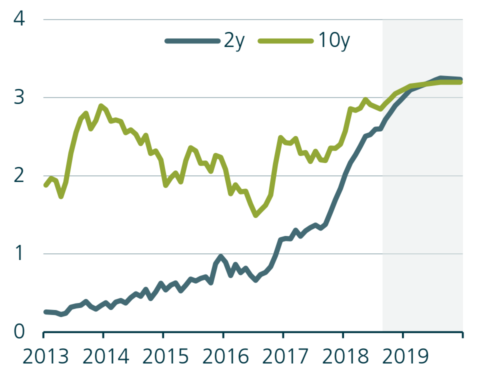

Sources: Bloomberg, forecast DekaBank

### Eurozone bond market

Eurozone economic data have stabilised and there are increasing indications that in the medium term inflationary pressures will rise. Nevertheless, the yields of long-term Bunds have not risen above their established trading ranges. Higher macroeconomic risks, which include global trade disputes and financial instability in some emerging-market countries, have raised the demand for low-risk bonds. Moreover, market participants have their doubts about the further normalisation of monetary policy by the ECB. We assume that in the medium term continuation of the economic upswing will be reflected in somewhat higher yields of long-term Bunds, whilst the prospect of key rates being kept on hold for some considerable time will hold the short end at a low level for the time being.

Forecast revision: –.

**US Bond Yield (% p.a.)**




Sources: Bloomberg, forecast DekaBank

### US bond market

An uneventful interest-rate meeting in July was followed by publication of the not very informative minutes of the meeting and an unspectacular annual symposium in Jackson Hole. The Fed is on track and will stick to its current rate-hike path despite the turmoil in some emerging-market countries. Meanwhile, the yield curve has become even flatter. The latest analyses to emerge from the inner circle of the Fed focus on which part of the yield curve is relevant for economic forecasts. An inversion of the curve would signal a recession and would argue against a further tightening of monetary policy. We believe that in the case of an inversion discussion within the FOMC over further rate hikes would become noticeably more controversial. A temporary pause in the rate-hike cycle would then become a possibility.

Forecast revision: –.

## Markets: Industrial countries

### Equity Market Forecast

| | Current Sep 7, 18 | in 3 months | in 6 months | in 12 months |
|---|---|---|---|---|
| **DAX** | **11 959.63** | **13 200** | **12 500** | **13 500** |
| Reporting: | | | | |
| EuroStoxx50 | 3 293.36 | 3 550 | 3 400 | 3 550 |
| S&P 500 | 2 871.68 | 2 950 | 2 800 | 2 900 |
| Topix | 1 684.31 | 1 750 | 1 750 | 1 750 |

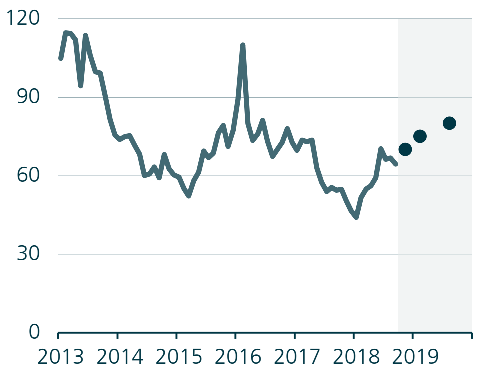
Sources: Deutsche Börse AG, forecast DekaBank

### Equity market: Germany

The fundamental economic environment for German companies has remained stable and various risk factors have had little negative impact on indicators of market sentiment. On the contrary, according to the latest ifo index companies' business expectations were more positive. Existing orders, new orders and capacity utilisation all remain at very high levels. However, concerns over a further escalation of the trade conflict, currency upheavals in some emerging-market countries, the self-made problems of the automobile sector as well as the diminishing impetus of global exports all weigh heavily on investor sentiment. However important these factors may be, they are unlikely to have any lasting negative impact on the real economy. As soon as we focus our attention on the fundamental economic environment, the road is clear for rising equity prices in the fourth quarter.

Forecast revision: Upward revision of the 3-month, downward revision of the 6-month DAX price targets.

### iTraxx Europe (Bp)




Sources: International Index Company, forecast DekaBank

### Corporate bond market: Eurozone

After the summer break European companies returned to the capital markets with ambitious financing plans, which were very well received by investors. However, the ECB has been remarkably restrained in recent weeks and months. For older outstanding bonds on the secondary market new bonds are slowly becoming a burden, as in most cases these come with attractive new-issue premiums designed to ensure a good reception on the market. Trade conflicts triggered by President Trump, as well as the Euro-critical attitude adopted by the new Italian government have raised tension on the credit markets. On the other hand positive company reports have so far helped in any case to stimulate market sentiment again.

### Covered Bonds 5y (% p.a.)

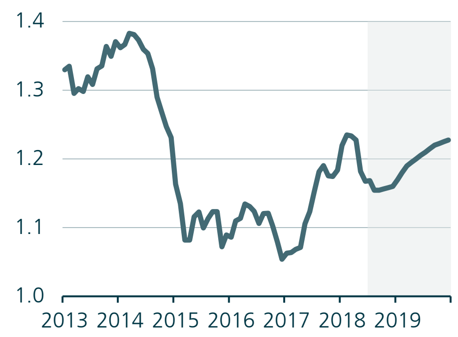

Source: Bloomberg

### Covered Bonds

At the end of August banks revived the new-issue pipeline, which had dried out in the summer months, by issuing new bonds of their own. Attention has been focused in particular on the new asset class of Preferred Senior Bonds, which can now also be issued by German institutions. The first issues were well received by the market. Covered bonds have also made a good start after the summer break. The bonds that have been placed on the market have so far been well received, even though the ECB has been steadily withdrawing from this market segment. Bank treasurers have returned to the market in greater numbers, after spreads had widened somewhat. In September we can expect a stronger wave of new issues, as some issuing houses with their sights on the end of the year are likely to bring forward their funding activities, which in turn could be accompanied by a slight widening of spreads.

## Markets: Industrial countries

### Exchange Rate EUR-USD



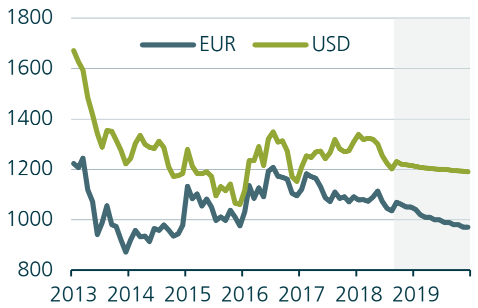

Sources: European Central Bank, forecast DekaBank

### Currency market: EUR-USD

The EUR-USD exchange rate has left an eventful month behind. At the beginning of August the Euro stood at 1.17 EUR-USD. The escalation of the crisis in Turkey in the first half of August had a negative impact on the Euro, which depreciated to 1.13 EUR-USD, the lowest level since July 2017. In the second half of August tensions in Turkey eased somewhat and by the end of August the EUR-USD exchange rate had returned to its starting point at 1.17 EUR-USD. In the US, Federal Reserve President Jerome Powel confirmed the normalisation of US monetary policy in his speech at the annual symposium in Jackson Hole and thus enhanced expectations of two further rate hikes this year. Powell regards the USA as being in a very strong economic situation with a very healthy labour market.

Forecast revision: –.

### Gold price (per troy ounce)




| Performance | from 31.08.12 to 31.08.13 | 31.08.13 31.08.14 | 31.08.14 31.08.15 | 31.08.15 31.08.16 | 31.08.16 31.08.17 | 31.08.17 31.08.18 |
|---|---|---|---|---|---|---|
| Gold in Euro | -21.15% | -7.42% | 3.23% | 16.02% | -5.32% | -6.62% |
| Gold in USD | -17.18% | -7.83% | -12.01% | 15.54% | 0.81% | -8.87% |

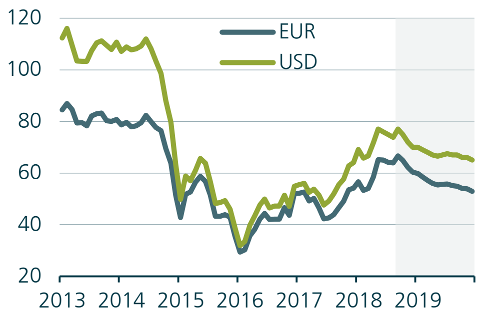
Sources: Bloomberg, forecast DekaBank

### Gold

Despite the long list of risks currently threatening the global economy the gold price has remained weak. Players on the gold market have not allowed themselves to be misled by intermittent setbacks on the equity market. The renewed strength of the US dollar and the rising level of interest rates in the USA are factors that have recently had a far greater impact. Moreover, real interest rates have also risen, which has made the non-interest-bearing holding of gold even more unattractive. Weak physical demand for gold has made matters worse. Global supply of gold from mining and old gold has exceeded demand for five consecutive quarters. All this is clearly reflected in the fact that speculators on the gold market are now more pessimistic than ever. This raises the probability of short-term rises in the gold price, should speculators change their minds. In the long term, however, the rising level of interest rates will presumably be the most important factor determining the development of the gold price.

Forecast revision: –.

### Crude Oil Brent (per barrel)




| Performance | from 31.08.12 to 31.08.13 | 31.08.13 31.08.14 | 31.08.14 31.08.15 | 31.08.15 31.08.16 | 31.08.16 31.08.17 | 31.08.17 31.08.18 |
|---|---|---|---|---|---|---|
| Brent in Euro | -5.26% | -9.08% | -38.43% | -12.77% | 4.58% | 51.45% |
| Brent in USD | -0.49% | -9.49% | -47.52% | -13.13% | 11.35% | 47.80% |

Sources: Bloomberg, forecast DekaBank

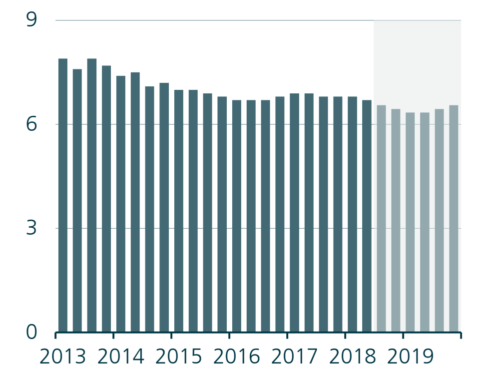
### Crude oil

The latest sanctions imposed by the USA on Iran have had a far greater impact on European Brent than on US WTI. For this reason price developments for these two most important reference grades have diverged over the last month: whereas in the case of Brent fears of shortages due to falling Iranian exports have raised prices, the continued growth of US output has led to a slight fall in WTI prices. In the summer months there was a slump in Iranian oil exports to India, China, Japan and the EU and this trend has continued. However, as supply and demand are more or less balanced on the global oil market and countries such as Saudi Arabia, Russia and the USA are prepared to increase their output, we do not expect a sustained substantial increase in the price of crude oil in the forecasting period in the wake of US sanctions.

Forecast revision: –.

## Emerging Markets

**China: GDP (% yoy)**



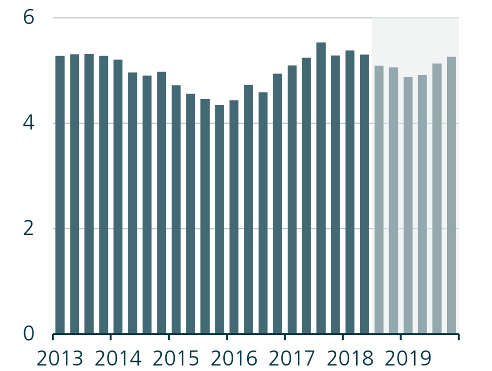

Sources: National Statistics, forecast DekaBank

### China

Escalation of the trade dispute with the USA has worsened prospects for Chinese exporters. The government has reacted by easing its monetary and fiscal policy, in order to stimulate domestic demand. Both the low level of inflation and the weak growth of infrastructure investment indicate that there is indeed scope for stronger domestic growth. However, the marked rise in imports and the current account deficit in the first half of the year suggest that this scope is less than it has been in earlier weak cyclical phases. In political circles President Xi Jinping is seen as partly responsible for the escalation of the trade conflict, as he has attributed too much importance to China's claim to power. For that reason Xi will be anxious to show that the government is fully in control of economic policy. This suggests that in the months to come we can expect solid economic growth and a stable rate of exchange.

Forecast revision: –.

**Emerging Markets: GDP (% yoy)**



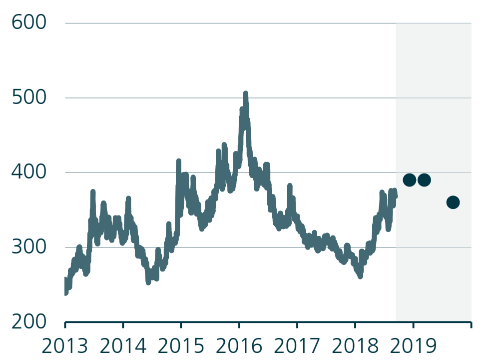

Sources: National Statistics, forecast DekaBank

### Emerging Markets: Economy

In recent weeks there has been a whole series of negative developments: all hopes of an agreement in the trade dispute between China and the USA have vanished, Turkey has been plunged into a currency crisis and investors’ trust in the Argentinian government has deteriorated in spite of support from the IMF. Brazil and South Africa are two other major emerging-market countries facing economic difficulties, but in Asia and central Europe corporate sentiment has not noticeably changed for the worse. So far contagion effects have been observed above all on financial markets rather than in the real economy. In a number of Asian countries (India, Indonesia, Philippines) there is an increased readiness to raise interest rates in reaction to weakness of the currency, but so far hikes have been gradual.

Forecast revision: Downward revision of GDP growth forecasts for Turkey, Argentina, Brazil, South Africa, India, South Korea and the Czech Republic.

**EMBIG Diversified-Spread (Bp)**




Sources: Bloomberg, forecast DekaBank

### Emerging Markets: Markets

The currency crises in Turkey and Argentina together with the failure of trade talks between the USA and China have put many EM currencies under pressure. Most affected have been those countries with substantial current account deficits. Both bonds and equities have slumped, whilst the spreads of hard-currency bonds have registered only modest widening. We do not expect any rapid improvement in market sentiment, as for some months to come there will be continuing uncertainty over how strong the impact of the trade conflict will be on the global economy and how well emerging-market countries will cope with the worsening of their financing conditions. The currency depreciation to date should help to reduce the current-account deficits, but the shortfalls will not disappear. Convincing answers in terms of economic policy are few and far between. In the case of currencies in particular downside risks predominate, whereas the spreads of hard-currency bonds can probably be underpinned by sound public finances and solid currency reserves.

**September / October 2018**

## Global economic developments

| Country / Country Group | GDP-Weights[1] | GDP | | | Consumer Prices[2] | | | Current Account | | | General Government Balance[3] | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | percentage change on previous year | | | | | | as a percentage of nominal GDP | | | | | |
| | | 2017 | 2018 | 2019 | 2017 | 2018 | 2019 | 2017 | 2018 | 2019 | 2017 | 2018 | 2019 |
| Germany | 3.3 | 2.2 | 1.9 | 1.7 | 1.7 | 1.8 | 1.9 | 8.0 | 7.9 | 7.5 | 1.2 | 1.0 | 0.8 |
| France | 2.2 | 2.3 | 1.6 | 1.5 | 1.2 | 2.1 | 1.7 | -3.0 | -2.9 | -2.7 | -2.6 | -2.3 | -2.8 |
| Italy | 1.8 | 1.6 | 1.1 | 1.1 | 1.3 | 1.3 | 1.6 | 2.8 | 2.6 | 2.6 | -2.3 | -1.7 | -2.5 |
| Spain | 1.4 | 3.1 | 2.5 | 2.1 | 2.0 | 1.8 | 1.7 | 1.8 | 1.5 | 1.6 | -3.1 | -2.6 | -1.9 |
| Netherlands | 0.7 | 3.0 | 2.8 | 2.1 | 1.3 | 1.7 | 1.9 | 10.1 | 9.8 | 9.5 | 1.1 | 0.7 | 0.9 |
| Belgium | 0.4 | 1.7 | 1.5 | 1.5 | 2.2 | 2.2 | 2.0 | 0.6 | 0.5 | 0.6 | -1.0 | -1.1 | -1.3 |
| **Eurozone** | **11.6** | **2.4** | **2.1** | **1.7** | **1.5** | **1.7** | **1.7** | **3.5** | **3.3** | **3.2** | **-0.9** | **-0.8** | **-0.9** |
| United Kingdom | 2.3 | 1.7 | 1.3 | 1.3 | 2.7 | 2.5 | 2.2 | -4.1 | -3.5 | -3.0 | -1.9 | -1.9 | -1.6 |
| Sweden | 0.4 | 2.5 | 2.9 | 2.1 | 1.9 | 2.1 | 2.0 | 4.0 | 4.1 | 4.4 | 1.3 | 0.8 | 0.9 |
| Denmark | 0.2 | 2.3 | 1.0 | 2.0 | 1.1 | 1.0 | 1.6 | 7.8 | 7.6 | 7.4 | 1.0 | -0.1 | 0.0 |
| **EU-22** | **14.5** | **2.3** | **2.0** | **1.7** | **1.7** | **1.9** | **1.8** | **2.4** | **2.3** | **2.3** | **-1.0** | **-0.9** | **-1.0** |
| Poland | 0.9 | 4.7 | 4.6 | 3.2 | 2.0 | 1.8 | 2.2 | 0.2 | -0.4 | -1.0 | -1.7 | -1.4 | -1.4 |
| Hungary | 0.3 | 4.5 | 2.8 | 2.4 | 2.4 | 2.2 | 2.3 | 0.9 | 0.5 | 0.2 | 1.6 | 1.4 | 0.8 |
| Czech Republic | 0.2 | 4.2 | 4.0 | 2.8 | 2.4 | 2.7 | 3.0 | 2.9 | 2.2 | 1.8 | -2.0 | -2.4 | -2.1 |
| **EU-28** | **16.5** | **2.6** | **2.2** | **1.8** | **1.8** | **1.9** | **1.9** | **2.1** | **2.0** | **1.9** | **-1.0** | **-0.9** | **-1.0** |
| USA | 15.3 | 2.2 | 2.8 | 2.2 | 2.1 | 2.6 | 2.3 | -2.3 | -2.5 | -2.5 | -4.2 | -6.5 | -7.0 |
| Japan | 4.3 | 1.7 | 1.0 | 0.8 | 0.5 | 0.9 | 1.6 | 4.0 | 3.5 | 3.0 | -4.2 | -3.5 | -3.0 |
| Canada | 1.4 | 3.0 | 2.1 | 1.6 | 1.6 | 2.3 | 2.1 | -2.9 | -3.0 | -3.5 | -1.1 | -1.0 | -1.5 |
| Australia | 1.0 | 2.2 | 3.4 | 2.7 | 1.9 | 2.0 | 1.9 | -2.6 | -2.5 | -2.0 | -1.5 | -1.0 | -1.0 |
| Switzerland | 0.4 | 1.7 | 2.9 | 1.7 | 0.5 | 1.0 | 0.9 | 8.5 | 9.7 | 10.1 | 0.4 | 0.6 | 0.6 |
| Norway | 0.3 | 2.4 | 2.4 | 2.2 | 1.9 | 2.5 | 1.8 | 5.2 | 4.9 | 5.0 | 4.4 | 4.9 | 4.9 |
| **Developed Countries[4]** | **37.3** | **2.2** | **2.2** | **1.8** | **1.7** | **2.1** | **2.0** | **0.4** | **0.2** | **0.2** | **-2.6** | **-3.4** | **-3.6** |
| Russia | 3.2 | 1.5 | 1.8 | 1.5 | 3.7 | 2.8 | 4.4 | 2.2 | 4.1 | 3.9 | -1.4 | 0.3 | 0.4 |
| Turkey | 1.7 | 7.3 | 3.9 | 1.3 | 11.1 | 14.9 | 15.5 | -5.6 | -4.8 | -3.0 | -1.5 | -2.8 | -3.1 |
| Ukraine | 0.3 | 2.5 | 3.0 | 2.8 | 14.4 | 10.5 | 8.1 | -2.2 | -4.0 | -4.2 | -1.5 | -2.6 | -2.5 |
| **Emerging Europe[5]** | **7.5** | **3.9** | **3.0** | **2.0** | **5.5** | **6.0** | **6.7** | **-0.8** | **-0.2** | **-0.1** | **X** | **X** | **X** |
| South Africa | 0.6 | 1.3 | 0.7 | 1.6 | 5.2 | 5.0 | 5.7 | -2.6 | -3.6 | -3.4 | -4.4 | -3.6 | -3.4 |
| **Middle East, Africa** | **3.4** | **2.4** | **3.0** | **3.1** | **13.9** | **9.2** | **9.2** | **-0.1** | **0.3** | **0.2** | **X** | **X** | **X** |
| Brazil | 2.6 | 1.0 | 1.1 | 2.2 | 3.4 | 3.7 | 4.1 | -0.5 | -1.7 | -1.8 | -8.0 | -7.0 | -5.6 |
| Mexico | 1.9 | 2.0 | 2.2 | 2.1 | 6.0 | 4.6 | 3.9 | -1.7 | -1.7 | -1.8 | -1.1 | -2.3 | -2.2 |
| Argentina | 0.7 | 2.9 | -1.0 | 1.5 | 26.5 | 28.8 | 22.0 | -4.9 | -3.5 | -1.0 | -6.0 | -5.7 | -5.2 |
| Chile | 0.4 | 1.6 | 4.0 | 2.9 | 2.2 | 2.4 | 3.1 | -1.5 | -1.6 | -2.0 | -2.8 | -2.0 | -1.5 |
| **Latin America** | **7.1** | **1.1** | **0.9** | **2.0** | **6.6** | **6.4** | **5.7** | **-1.2** | **-1.4** | **-1.6** | **X** | **X** | **X** |
| China | 18.2 | 6.9 | 6.6 | 6.4 | 1.5 | 2.0 | 2.3 | 1.4 | 0.6 | 0.4 | -3.8 | -3.7 | -4.0 |
| India | 7.4 | 6.2 | 7.7 | 7.3 | 3.3 | 4.6 | 4.8 | -1.5 | -2.8 | -2.4 | -6.9 | -6.5 | -6.5 |
| Indonesia | 2.6 | 5.1 | 5.2 | 5.3 | 3.8 | 3.3 | 3.5 | -1.7 | -2.7 | -2.8 | -2.7 | -2.6 | -2.6 |
| South Korea | 1.6 | 3.1 | 2.7 | 2.7 | 1.9 | 1.5 | 2.0 | 5.1 | 4.1 | 5.0 | 1.4 | 1.0 | 0.8 |
| **Emerging Asia** | **33.9** | **6.1** | **6.3** | **6.0** | **2.1** | **2.6** | **2.9** | **2.0** | **1.1** | **1.2** | **X** | **X** | **X** |
| **Emerging Markets** | **51.9** | **4.9** | **4.9** | **4.7** | **4.0** | **4.0** | **4.3** | **1.0** | **0.6** | **0.5** | **X** | **X** | **X** |
| **Total[6]** | **89.1** | **3.8** | **3.8** | **3.5** | **3.0** | **3.2** | **3.3** | **X** | **X** | **X** | **X** | **X** | **X** |

1) Of 2016, recalculated with purchasing power parities. Source: IMF. - 2) Eurozone, United Kingdom, Sweden and Denmark = Harmonized Index of Consumer Prices. - 3) According to National Accounting Standards. - 4) Without Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania. - 5) Including the six member countries of the EU named before and Turkey. - 6) 66 national economies covered by DekaBank.

## Interest rates in industrialised countries

| | | Current | Forecasts | | |
|---|---|---|---|---|---|
| | | Sep 10 2018 | 3 months | 6 months | 12 months |
| **Germany** | Monetary policy (Refi) | 0.00 | 0.00 | 0.00 | 0.00 |
| | 3 months (EURIBOR) | -0.32 | -0.31 | -0.30 | -0.18 |
| | 12 months (EURIBOR) | -0.17 | -0.15 | -0.13 | 0.05 |
| | Bunds, 2 years | -0.54 | -0.50 | -0.40 | -0.25 |
| | Bunds, 5 years | -0.16 | -0.05 | 0.10 | 0.30 |
| | Bunds, 10 years | 0.41 | 0.50 | 0.65 | 0.80 |
| | Bunds, 30 years | 1.08 | 1.20 | 1.30 | 1.45 |
| **USA** | Monetary policy (FFR) | 1.75-2.00 | 2.25-2.50 | 2.50-2.75 | 2.75-3.00 |
| | 3 months (LIBOR) | 2.33 | 2.55 | 2.80 | 3.10 |
| | 12 months (LIBOR) | 2.85 | 3.05 | 3.25 | 3.55 |
| | US-Treasuries, 2 years | 2.70 | 2.90 | 3.10 | 3.25 |
| | US-Treasuries, 5 years | 2.82 | 2.95 | 3.10 | 3.20 |
| | US-Treasuries, 10 years | 2.94 | 3.05 | 3.15 | 3.20 |
| | US-Treasuries, 30 years | 3.11 | 3.20 | 3.30 | 3.45 |
| **Japan** | Monetary policy (Call) | -0.10 | -0.10 | -0.10 | -0.10 |
| | 3 months (LIBOR) | -0.04 | 0.00 | 0.00 | 0.00 |
| | 12 months (LIBOR) | 0.14 | 0.10 | 0.10 | 0.10 |
| | JGBs, 2 years | -0.11 | -0.10 | -0.10 | -0.10 |
| | JGBs, 5 years | -0.06 | -0.05 | -0.05 | -0.05 |
| | JGBs, 10 years | 0.12 | 0.15 | 0.15 | 0.25 |
| | JGBs, 30 years | 0.85 | 0.85 | 0.85 | 0.85 |
| **United Kingdom** | Monetary policy (Base) | 0.75 | 0.75 | 0.75 | 1.00 |
| | 3 months (LIBOR) | 0.80 | 0.75 | 0.85 | 1.10 |
| | 12 months (LIBOR) | 1.04 | 1.10 | 1.30 | 1.40 |
| | Gilts, 2 years | 0.78 | 0.80 | 1.00 | 1.10 |
| | Gilts, 5 years | 1.07 | 1.20 | 1.30 | 1.60 |
| | Gilts, 10 years | 1.48 | 1.50 | 1.60 | 1.80 |
| | Gilts, 30 years | 1.84 | 1.80 | 1.85 | 1.95 |
| **Sweden** | Monetary policy (Repo) | -0.50 | -0.25 | -0.25 | 0.00 |
| | 3 months (STIB) | -0.39 | -0.15 | -0.20 | 0.20 |
| | 2 years | -0.42 | -0.30 | -0.10 | 0.20 |
| | 10 years | 0.58 | 0.80 | 0.90 | 1.10 |
| **Denmark** | Monetary policy (Repo) | 0.05 | 0.05 | 0.05 | 0.10 |
| | 3 months (CIBOR) | -0.30 | -0.26 | -0.20 | -0.08 |
| | 2 years | -0.52 | -0.40 | -0.25 | -0.15 |
| | 10 years | 0.35 | 0.50 | 0.65 | 0.85 |
| **Norway** | Monetary policy (Deposit) | 0.50 | 0.75 | 1.00 | 1.25 |
| | 3 months (NIBOR) | 1.05 | 1.15 | 1.50 | 1.75 |
| | 3 years | 1.21 | 1.40 | 1.50 | 1.70 |
| | 10 years | 1.83 | 1.90 | 2.10 | 2.20 |
| **Switzerland** | Monetary policy (LIBOR) | -1.25 to -0.25 | -1.25 to -0.25 | -1.25 to -0.25 | -1.25 to -0.25 |
| | 3 months (LIBOR) | -0.73 | -0.75 | -0.75 | -0.50 |
| | 2 years | -0.72 | -0.60 | -0.50 | -0.15 |
| | 10 years | -0.05 | 0.10 | 0.20 | 0.50 |
| **Canada** | Monetary policy (O/N) | 1.50 | 1.75 | 2.00 | 2.50 |
| | 3 months (CBA) | 1.98 | 2.15 | 2.35 | 2.80 |
| | 12 months (CBA) | 2.36 | 2.55 | 2.70 | 3.05 |
| | 2 years | 2.11 | 2.30 | 2.50 | 2.85 |
| | 5 years | 2.22 | 2.35 | 2.55 | 2.95 |
| | 10 years | 2.29 | 2.45 | 2.65 | 3.05 |
| | 30 years | 2.30 | 2.45 | 2.65 | 3.05 |
| **Australia** | Monetary policy (Cash) | 1.50 | 1.50 | 1.50 | 1.75 |
| | 3 months (ABB) | 1.93 | 2.00 | 2.05 | 2.15 |
| | 2 years | 2.00 | 2.15 | 2.25 | 2.50 |
| | 10 years | 2.58 | 2.75 | 2.90 | 3.10 |

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## Interest rates in EM countries

| | | | Current | Forecasts | | |
|---|---|---|---|---|---|---|
| | | | Sep 10 2018 | 3 months | 6 months | 12 months |
| Central- and Eastern Europe | Poland | Monetary policy (Repo) | 1.50 | 1.50 | 1.50 | 1.50 |
| | | 3 months (WIB) | 1.61 | 1.60 | 1.70 | 1.80 |
| | | 2 years | 1.63 | 1.70 | 1.80 | 2.00 |
| | | 10 years | 3.29 | 3.30 | 3.40 | 3.50 |
| | Czech Rep. | Monetary policy (Repo) | 1.25 | 1.50 | 1.75 | 2.00 |
| | | 3 months (PRIBOR) | 1.51 | 1.70 | 1.90 | 2.10 |
| | | 2 years | 1.42 | 1.60 | 1.90 | 2.20 |
| | | 10 years | 2.14 | 2.30 | 2.50 | 2.70 |
| | Hungary | Monetary policy (Deposit) | 0.90 | 0.90 | 0.90 | 1.25 |
| | | 3 months (BUBOR) | 0.20 | 0.25 | 0.30 | 1.40 |
| | | 3 years | 1.65 | 1.80 | 2.00 | 2.30 |
| | | 10 years | 3.43 | 3.60 | 3.60 | 3.80 |
| Latin America | Brazil | Monetary policy (Repo) | 6.50 | 6.50 | 6.50 | 6.75 |
| | | 3 months (ABG) | 6.76 | 6.80 | 6.80 | 6.80 |
| | | 2 years | 9.55 | 8.35 | 8.25 | 8.20 |
| | | 9 years | 12.16 | 10.50 | 10.00 | 10.00 |
| | Mexico | Monetary policy | 7.75 | 7.75 | 7.50 | 7.00 |
| | | 3 months (Mexibor) | 7.92 | 7.50 | 7.30 | 6.80 |
| | | 2 years | 7.95 | 7.50 | 6.90 | 6.80 |
| | | 10 years | 8.05 | 7.60 | 7.50 | 7.20 |
| Asia | China | Monetary policy | 1.50 | 1.50 | 1.50 | 1.50 |
| | | 3 months | 2.84 | 4.00 | 3.90 | 3.80 |
| | | 3 years | 3.37 | 3.20 | 3.30 | 3.20 |
| | | 10 years | 3.66 | 3.50 | 3.40 | 3.30 |
| | Singapore | Monetary policy | n.a. | n.a. | n.a. | n.a. |
| | | 3 months | 1.64 | 1.60 | 1.60 | 1.70 |
| | | 2 years | 1.90 | 2.00 | 2.00 | 2.10 |
| | | 10 years | 2.40 | 2.50 | 2.50 | 2.60 |
| | South Korea | Monetary policy | 1.50 | 1.75 | 1.75 | 2.00 |
| | | 3 months | 1.55 | 1.75 | 1.80 | 2.10 |
| | | 2 years | 1.82 | 2.20 | 2.30 | 2.30 |
| | | 10 years | 2.26 | 2.70 | 2.80 | 2.90 |

## Yield spreads in basis points[1)]

| | | | Current | Forecasts | | |
|---|---|---|---|---|---|---|
| | | | Sep 10 2018 | 3 months | 6 months | 12 months |
| Emerging Markets, EMBIG Div Spreads | Central- and Eastern Europe | Russia | 239 | 250 | 250 | 230 |
| | | Turkey | 540 | 630 | 630 | 580 |
| | | Hungary | 115 | 130 | 130 | 120 |
| | Africa | South Africa | 347 | 355 | 355 | 330 |
| | Latin America | Brazil | 315 | 355 | 355 | 330 |
| | | Chile | 139 | 150 | 150 | 140 |
| | | Columbia | 182 | 195 | 195 | 180 |
| | | Mexico | 280 | 295 | 295 | 275 |
| | Asia | China | 129 | 135 | 135 | 125 |
| | | Indonesia | 207 | 200 | 200 | 185 |
| | | Philippines | 107 | 115 | 115 | 105 |
| | **Total (EMBIG Div)** | | **368** | **390** | **390** | **360** |

1) The yield spread is calculated as the market weighted sum of the spreads between the respective USD-bonds and the US-treasuries of corresponding maturity. The Emerging Markets Bond Index Global Div (EMBIG Div) is relevant.

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## Currencies

| EURO | | Current | Forecasts | | |
|---|---|---|---|---|---|
| | | Sep 10 2018 | 3 months | 6 months | 12 months |
| **Dollar-Bloc** | EUR-USD | 1.16 | 1.16 | 1.19 | 1.22 |
| | EUR-CAD | 1.52 | 1.51 | 1.52 | 1.54 |
| | EUR-AUD | 1.62 | 1.59 | 1.59 | 1.58 |
| **Japan** | EUR-JPY | 128.42 | 127.60 | 130.90 | 135.42 |
| **Euro-Outs** | EUR-GBP | 0.89 | 0.90 | 0.89 | 0.88 |
| | EUR-DKK | 7.46 | 7.45 | 7.45 | 7.45 |
| | EUR-SEK | 10.45 | 10.20 | 10.10 | 9.90 |
| | EUR-CHF | 1.12 | 1.15 | 1.17 | 1.20 |
| | EUR-NOK | 9.71 | 9.40 | 9.30 | 9.20 |
| **Central- and Eastern Europe** | EUR-PLN | 4.32 | 4.30 | 4.30 | 4.20 |
| | EUR-HUF | 325.57 | 325.00 | 320.00 | 315.00 |
| | EUR-CZK | 25.67 | 25.50 | 25.50 | 25.20 |
| **Africa** | EUR-ZAR | 17.57 | 15.08 | 15.47 | 15.86 |
| **Latin America** | EUR-BRL | 4.70 | 4.41 | 4.64 | 4.88 |
| | EUR-MXN | 22.33 | 22.04 | 23.21 | 24.40 |
| **Asia** | EUR-CNY | 7.94 | 8.00 | 8.09 | 8.24 |
| | EUR-SGD | 1.60 | 1.58 | 1.61 | 1.63 |
| | EUR-KRW | 1304 | 1276 | 1321 | 1366 |
| US-Dollar | | **Current** | **Forecasts** | | |
| | | **Sep 10 2018** | **3 months** | **6 months** | **12 months** |
| **Dollar-Bloc** | USD-CAD | 1.32 | 1.30 | 1.28 | 1.26 |
| | AUD-USD | 0.71 | 0.73 | 0.75 | 0.77 |
| **Japan** | USD-JPY | 111.00 | 110.00 | 110.00 | 111.00 |
| **Euro-Outs** | GBP-USD | 1.29 | 1.29 | 1.34 | 1.39 |
| | USD-DKK | 6.45 | 6.42 | 6.26 | 6.11 |
| | USD-SEK | 9.03 | 8.79 | 8.49 | 8.11 |
| | USD-CHF | 0.97 | 0.99 | 0.98 | 0.98 |
| | USD-NOK | 8.40 | 8.10 | 7.82 | 7.54 |
| **Central- and Eastern Europe** | USD-PLN | 3.73 | 3.71 | 3.61 | 3.44 |
| | USD-HUF | 281.41 | 280.17 | 268.91 | 258.20 |
| | USD-CZK | 22.19 | 21.98 | 21.43 | 20.66 |
| **Africa** | USD-ZAR | 15.19 | 13.00 | 13.00 | 13.00 |
| **Latin America** | USD-BRL | 4.06 | 3.80 | 3.90 | 4.00 |
| | USD-MXN | 19.30 | 19.00 | 19.50 | 20.00 |
| **Asia** | USD-CNY | 6.86 | 6.90 | 6.80 | 6.75 |
| | USD-SGD | 1.38 | 1.36 | 1.35 | 1.34 |
| | USD-KRW | 1127 | 1100 | 1110 | 1120 |

## Commodities

| Commodity | Current | Forecasts | | |
|---|---|---|---|---|
| | Sep 10 2018 | 3 months | 6 months | 12 months |
| **Gold (USD per troy ounce)** | 1,195.58 | 1,215 | 1,205 | 1,195 |
| **Gold (EUR per troy ounce)** | 1,033.43 | 1,050 | 1,010 | 980 |
| **WTI crude (USD per Barrel)** | 67.75 | 66 | 64 | 63 |
| **WTI crude (EUR per Barrel)** | 58.56 | 57 | 54 | 52 |
| **Brent crude (USD per Barrel)** | 77.16 | 70 | 68 | 67 |
| **Brent crude (EUR per Barrel)** | 66.70 | 60 | 57 | 55 |

Makro Research
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