



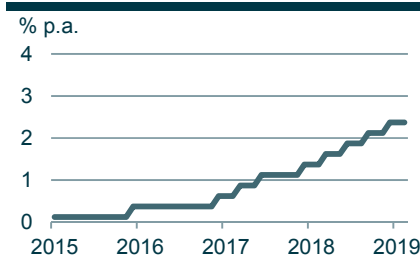
## The central banks are showing great patience

Hectic is seldom appropriate. This holds true for private investments as well as for monetary policy. After the two major central banks, the Fed and the ECB, had followed their pre-announced road map exactly until the end of 2018, they switched at the beginning of this year from auto-pilot to „drive on sight“. In doing so they are showing patience with respect to the further tightening of their monetary policy. According to our forecast, following the key-rate hike in December 2018 the Fed will switch from a quarterly to a half-yearly rhythm, with rate hikes in June and December. Approximation of the neutral key rate of around 3% is associated with imponderabilities and should proceed with the utmost caution. As US inflation rates are currently within the target zone, the Fed is in the comfortable situation of not having to apply the brakes abruptly. It can assess the impact of its previous rate hikes and allow the necessary time for further steps.

The ECB has nevertheless ended its asset-purchase program as planned. With effect from the beginning of this year only the repayment of maturing bonds will be reinvested. The central bank balance sheet thus remains at the same high level. The first interest-rate hike, i.e. the next stage in monetary policy normalisation, will presumably be a long time coming. This can be attributed to the latest downward revisions of economic forecasts and analysts' reduced estimates of corporate profits together with a long list of political risks (Brexit, US-China trade war, etc.). The financial markets have shown their displeasure at this situation. They seem to be holding at least a mild recession as a possibility. With confirmation of our main scenario the upswing will continue, albeit at a slightly slower pace, and some of the worry lines will disappear (agreement between USA and China, no hard Brexit) – only then can the ECB begin to prepare the markets and analysts for the first raising of the deposit rate. As this confirmation may take weeks, the ECB will not have time to prepare its rate-hike communication adequately in the current year. We therefore forecast the first raising of the deposit rate in spring 2020 and the main refinancing rate in autumn 2020.

In the first quarter of 2019 the financial markets will probably continue to be fairly rough. Volatility will remain high and low equity prices are probable. In the course of the year, however, markets should recover providing there is a sufficient guarantee that the strength of the labour market can be retained and consumption expenditure continues to rise, and these two factors defy the many risks on the horizon.

### USA: Fed Funds Rate



Source: Fed, DekaBank.

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### Most important forecast revisions

- Germany: GDP 2019 and 2020: 1.0 % and 1.6 % (previously 1.3 % and 1.7 %); Inflation 2019: 1.6 % (previously 1.5 %).
- Eurozone: GDP 2019 and 2020: 1.3 % and 1.4 % (previously 1.5 % and 1.6 %). Inflation rate 2019: 1.4 % (previously 1.3 %).
- USA: Inflation 2019: 1.9 % (previously 2.1 %).
- Bond market: lower rise of long-term Bund yields.
- EUR-USD: smaller Euro appreciation over the forecast horizon.
- Gold: upward revision for the whole forecasting period.



February / March 2019

**Economy: Industrial countries**

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



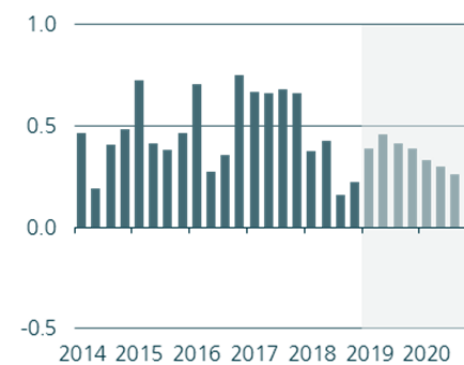
Sources: Destatis, forecast DekaBank

**Germany**

2018 drew to a gloomy end, as in the fourth quarter the German economy did little more than stagnate. However, our view of the fourth quarter has been clouded by unclear economic indicators. On the one hand there are the very weak retail sales, for which the Federal Statistical Office is expecting a significant upward revision, and on the other hand industrial output the parts of which (individual branches) according to official data grew faster than the whole. Little help in assessing the current situation are special effects such as the unusually low automobile registration due to the new test procedure, production and delivery problems due to low water levels and confusion over production in the pharma industry.

Forecast revision: Germany: GDP 2019 and 2020: 1.0 % and 1.6 % (previously 1.3 % and 1.7 %); Inflation 2019: 1.6 % (previously 1.5 %).

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



Sources: Eurostat, forecast DekaBank

**Eurozone**

According to Eurostat's preliminary flash estimate, GDP in the Euro zone rose by 0.2% (qoq) against the previous quarter. However, the economic growth rates of the four major EMU countries differed hugely. Whereas the growth rate in Spain was very high at 0.7%, and France too was above the European average at 0.3%, Italy's performance was disappointing with - 0.2%, whereupon Italy slid into recession once again for the first time since 2012/13. Germany's contribution also fell below the Euro zone average. According to Eurostat's preliminary flash estimate, Eurozone growth for the whole of 2018 totalled an impressive 1.9%.

Forecast revision: GDP 2019 and 2020: 1.3 % and 1.4 % (previously 1.5 % and 1.6 %). Inflation rate 2019: 1.4 % (previously 1.3 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

**USA**

After the end of the US government shutdown the statistical offices have taken up their work again. However, it takes some time before the missing publications of macro data can be delivered and for that reason the current supply of data continues to be very meagre. Nevertheless, the labour market report for January was published and it proved to be surprisingly strong. The exceptionally mild temperatures in the first half of January undoubtedly contributed thereto. More difficult to explain is a surprisingly marked rise in the ISM Manufacturing Index. We interpret this as a short-term positive rebound effect and expect a renewed weakening in the months to come. The probability has risen of an agreement being reached in the trade dispute between China and the USA, so that we we have removed the impact of tariffs on prices from our inflation forecast.

Forecast revision: Inflation 2019: 1.9 % (previously 2.1 %).



February / March 2019

**Markets: Industrial countries**

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



Sources: European Central Bank, forecast DekaBank

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



Sources: Bloomberg, forecast DekaBank

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



Sources: Bloomberg, forecast DekaBank

**The European Central Bank / Money market**

At its meeting in January the ECB adhered to its forward guidance, which excludes key-rate hikes only until the summer. At the same time the Council members described the risks for economic growth, however, as being on the downside, whereby they are underpinning market expectations that key rates will remain at a low level for much longer. We expect the deposit rate to be first raised in March 2020, followed by all three key rates at greater time intervals. So far the central bankers have seen no pressing need for new refinancing operations. Nevertheless, we expect such a measure in the months to come, in order to avoid a growing scarcity of credit, especially in peripheral countries. New long-term tenders and the reinvestment of return flows from maturing securities will maintain excess reserves in the banking system at a very high level, so that EONIA and EURIBOR rates will tend to move sideways throughout 2019.

**Eurozone bond market**

In view of continued weak economic data and the many macroeconomic risks the bond markets are prepared for a long phase of weak growth. Market participants no longer assume that in this economic cycle the ECB will succeed in raising key rates to any significant degree. As a result demand has risen for long-term Bunds with a positive yield. We only expect a counter movement and a steepening Bund curve again in the medium term, when economic growth picks up and risk aversion diminishes. Uncertainties will continue in connection with global trade conflicts and Brexit, but the probabilities of the worst scenarios are diminishing.

Forecast revision: lower rise of long-term Bund yields.

**US bond market**

Patience has become the Fed's new guiding principle. In their statement at the last interest-rate meeting the FOMC members made it quite clear that for the time being key rates would remain on hold. This can be attributed to the turmoil on financial markets at the end of last year and growing signs of a weakening of global growth. The current dampened inflation environment offers the Fed the necessary scope to wait for the impact of these developments on the US economy. In his closing press conference the Fed Chairman Jerome Powell made it clear that future key-rate hikes will be dependent on the development of inflation. References to an early end to the reduction of the balance sheet were of a technical not a monetary policy nature.



February / March 2019

**Markets: Industrial countries**

**Equity Market Forecast**

	Current Feb 8, 19	in 3 months	in 6 months	in 12 months
<b>DAX</b>	<b>10 906.78</b>	<b>10 500</b>	<b>11 000</b>	<b>12 000</b>
Reporting:				
EuroStoxx50	3 135.62	2 950	3 000	3 200
S&P 500	2 707.88	2 500	2 500	2 600
Topix	1 539.40	1 400	1 500	1 500

Sources: Deutsche Börse AG, Bloomberg, forecast Deka-Bank

**iTraxx Europe (Bp)**



Sources: International Index Company, forecast DekaBank

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



Source: Bloomberg, DekaBank

**Equity market: Germany**

The German equity market has clearly recovered from the lows to which it plummeted in December. However, this recovery is so far only a technical reaction to last year's sales and has not yet been underpinned. German macroeconomic data have been disappointing and business expectations restrained. The difficult economic environment in the fourth quarter is reflected in company profits, which proved to be very disappointing. However, some of last year's lost growth due to production problems should be recovered in 2019. Although we cannot expect a sudden improvement, future prospects should become a little brighter. At first equity prices will remain highly volatile but in the course of the year improved prospects for corporate profits will stabilise the market.

**Corporate bond market: Eurozone**

After the sellout at the end of the year the credit markets made a very unsure start into January. However, it soon became clear that thanks to very generous premiums there was strong demand for the huge wave of new issues usual at the beginning of the year. Despite continued weak economic data dovish tones from the ECB and the Fed raised investors' hopes. The credit markets recovered surprisingly fast from their weakness in December. In the current year corporate profits should be able to rise somewhat again. There has been a growing number of profit warnings and disappointing results, but on the whole the reaction of the credit markets has been far more tolerant than the equity markets.

**Covered Bonds**

At the beginning of the year the widening of the spreads of covered bonds first continued from December. Above all, a flood of new bonds, some with very high new-issue premiums, drove spreads upwards in the secondary market. Subsequently even for qualitatively very high-value German mortgage bonds swap-spreads were consistently in the positive zone. At this level treasury departments of major banks and asset managers returned to the market, whereupon spreads gave way again. With some EUR 41bn of new issues the level in January was the highest for eight years and has already reached 30% of the total volume expected for the whole year. Among issuers from the Eurozone Germans make up the largest share with around one-third. In the coming weeks new-issue activity will probably diminish somewhat, which should widen spreads a little.



February / March 2019

Markets: Industrial countries

Exchange Rate EUR-USD



Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

In January the Euro moved sideways against the US dollar. The EUR-USD exchange rate started the year at 1.14 EUR-USD and at the end of the month was at the same value. In the course of the month the exchange rate moved in a narrow band between 1.15 EUR-USD and 1.13 EUR-USD. This can be attributed primarily to monetary policy. At his press conference after the last interest-rate meeting the Fed Chairman Jerome Powell stressed the need for more patience before proceeding with further key-rate hikes. Moreover, he called into question the continuation of the balance sheet reduction in its scale and speed hitherto. In Europe the ECB has also focused attention on the need for patience and caution with respect to its key-rate hikes. We thus do not expect the ECB to raise its key rates again until 2020.

Forecast revision: smaller Euro appreciation over the forecast horizon.

Gold price (per troy ounce)



Per- formance	from 31.01.13 to 31.01.14	31.01.14 31.01.15	31.01.15 31.01.16	31.01.16 31.01.17	31.01.17 31.01.18	31.01.18 31.01.19
Gold in Euro	-31.34%	12.23%	-0.30%	11.92%	-0.26%	2.73%
Gold in USD	-28.26%	-1.51%	-10.46%	8.63%	13.68%	-2.14%

Sources: Bloomberg, forecast DekaBank

Gold

With its statements on the interest-rate decision in January the US Fed boosted the gold price. The Fed's announcements that it would pause in its cycle of key-rate hikes and slow down the balance sheet reduction point to lower US Treasury yields and a weaker US dollar. Lower yields enhance the appeal of gold in comparison with other interest-bearing investments. Moreover, a weaker US dollar raises the purchasing power of those whose currency appreciates against the US dollar, which tends to have a positive impact on the demand for gold outside the USA. An increase in the global demand for securities backed by gold (gold ETFs) has been evident in recent weeks. In view of the Fed's modified communication we have raised our gold price forecast for the entire forecasting period.

Forecast revision: upward revision for the whole forecasting period.

Crude Oil Brent (per barrel)



Performance	from 31.01.13 to 31.01.14	31.01.14 31.01.15	31.01.15 31.01.16	31.01.16 31.01.17	31.01.17 31.01.18	31.01.18 31.01.19
Brent in Euro	-4.56%	-41.04%	-27.59%	57.02%	3.25%	-15.54%
Brent in USD	-0.28%	-48.26%	-34.97%	52.41%	17.69%	-19.55%

Sources: Bloomberg, forecast DekaBank

Crude oil

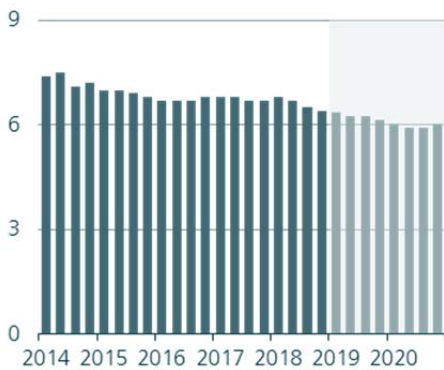
The production cuts agreed by the OPEC countries and Russia are having an impact. According to the latest data the countries are keeping to their agreement. Moreover, oil output by the OPEC countries has been adversely affected by US sanctions against Venezuela, as well as by unplanned production downturns in other OPEC countries such as Iran or Libya. The global oil market is thus moving towards an equilibrium at which supply and demand are in balance. In recent weeks the removal of the surplus supply of oil has resulted in an increase in oil prices. In the further course of the year we expect oil prices to stabilise, providing the global economy only cools down and does not slide into a recession. Only then will the global demand for oil remain relatively stable.



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## Emerging Markets

### China: GDP (% yoy)



Sources: National Statistics, forecast DekaBank

### China

The purchasing managers' indices suggest that the trends from 2018 have continued into 2019: economic growth is weakening, whereby the weakness is concentrated mainly in the manufacturing sector, whereas the service sector has been stable and has been China's most important economic support. In the trade conflict between China and the USA statements by both sides seem to indicate that the next round of punitive tariffs that the US government has threatened for March 1st can be avoided, even if the two presidents will not meet before this date. The basic conflict over the protection of intellectual property and unequal conditions for investment remains open in any case, as is shown by the latest accusations against the Chinese technology concern Huawei.

### Emerging Markets: GDP (% yoy)



Sources: National Statistics, forecast DekaBank

### Emerging Markets: Economy

The purchasing managers' indices suggest that economic growth has slowed in Asia and central Europe at the beginning of the year. Asia is suffering from China's weakness, whereas in central Europe the problems of important countries in the Eurozone are having a negative impact. Although it now seems likely that a further round of punitive tariffs between the USA and China can be avoided for the time being at least, this will not solve the problem of weak growth of foreign trade and it will continue to weigh upon the development of the manufacturing sector for the remainder of the year. The surprising lowering of key rates by the Indian central bank underscores the fact that EM central banks are now orienting themselves increasingly on real economic development, whereas for long periods of the past year their attention was focused on the support of their currencies.

### EMBIG Diversified-Spread (Bp)



Sources: J.P Morgan, Bloomberg, forecast DekaBank

### Emerging Markets: Markets

The favourable development of EM investments has continued in recent months. The most important driver has been the assurance by the Fed Chairman Jerome Powell in reference to further key-rate hikes that he would be „patient“. In our opinion it would be hasty to conclude that this means an end to the cycle of key-rate hikes. However, the danger that in the case of turmoil on the financial markets or a marked weakening of economic development the Fed will keep to its path has meanwhile substantially diminished. The negotiations over the trade conflict between the USA and China have been good for market sentiment and it now seems very unlikely that the punitive tariff will be raised on March 1st. Statements by Trump to the effect that there will be no meeting with President Xi Jinping before the deadline have generated fresh uncertainty on financial markets. EM investments should be underpinned in the weeks to come by improved monetary conditions. Should the tone sharpen in the trade conflict, the perception of risk will rise.



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## Global economic developments

Country / Country Group	GDP- Weights <sup>1)</sup>	GDP			Consumer Prices <sup>2)</sup>			Current Account			General Government Balance <sup>3)</sup>		
		percentage change on previous year						as a percentage of nominal GDP					
		2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Germany	3.3	1.4	1.0	1.6	1.9	1.6	2.0	7.8	7.3	6.9	1.6	1.2	1.1
France	2.2	1.5	1.3	1.2	2.1	1.4	1.8	-0.5	-0.6	-0.4	-2.6	-2.8	-1.7
Italy	1.8	0.9	0.2	0.7	1.2	1.1	1.4	2.6	2.5	2.5	-1.9	-2.9	-3.1
Spain	1.4	2.5	2.4	1.9	1.7	0.9	1.7	1.1	0.9	1.0	-2.7	-2.1	-1.9
Netherlands	0.7	2.5	1.9	1.7	1.6	2.0	2.0	10.1	9.5	9.1	1.1	1.1	1.0
Belgium	0.4	1.4	1.4	1.3	2.3	1.5	2.0	1.2	1.1	1.1	-1.0	-1.1	-1.3
<b>Eurozone</b>	<b>11.6</b>	<b>1.9</b>	<b>1.3</b>	<b>1.4</b>	<b>1.7</b>	<b>1.4</b>	<b>1.8</b>	<b>3.7</b>	<b>3.5</b>	<b>3.3</b>	<b>-0.7</b>	<b>-0.9</b>	<b>-0.7</b>
United Kingdom	2.3	1.4	1.3	1.4	2.5	2.0	2.1	-3.3	-3.2	-3.0	-1.3	-1.1	-1.0
Sweden	0.4	2.3	1.6	1.9	2.0	2.1	1.8	3.2	3.0	2.9	1.1	0.9	0.8
Denmark	0.2	1.1	1.9	1.6	0.7	0.9	1.6	6.3	6.5	6.3	0.2	-0.1	0.6
<b>EU-22</b>	<b>14.5</b>	<b>1.8</b>	<b>1.3</b>	<b>1.4</b>	<b>1.8</b>	<b>1.5</b>	<b>1.8</b>	<b>2.6</b>	<b>2.4</b>	<b>2.4</b>	<b>-0.7</b>	<b>-0.8</b>	<b>-0.7</b>
Poland	0.9	5.2	4.0	3.0	1.7	2.1	2.3	-0.5	-0.2	-0.2	-0.9	-0.9	-2.0
Czech Republic	0.3	2.8	2.5	2.4	2.1	1.9	2.0	0.8	0.5	0.2	1.4	0.8	0.4
Hungary	0.2	4.8	3.4	2.6	2.9	2.7	3.2	1.4	1.7	2.0	-2.4	-1.9	-1.8
<b>EU-28</b>	<b>16.5</b>	<b>2.1</b>	<b>1.7</b>	<b>1.6</b>	<b>1.9</b>	<b>1.6</b>	<b>1.9</b>	<b>2.2</b>	<b>2.1</b>	<b>1.9</b>	<b>-0.8</b>	<b>-0.7</b>	<b>0.0</b>
USA	15.3	2.9	2.3	1.7	2.4	1.9	2.4	-2.5	-2.5	-2.5	-6.5	-7.0	-7.0
Japan	4.3	0.7	0.7	-0.1	0.9	1.2	2.4	3.5	2.5	2.0	-3.5	-3.0	-2.5
Canada	1.4	2.1	1.8	1.6	2.3	1.4	1.8	-2.5	-3.0	-3.0	-0.5	-1.5	-1.0
Australia	1.0	2.9	2.6	2.5	1.9	1.9	2.3	-2.0	-1.5	-1.0	-0.5	0.0	0.5
Switzerland	0.4	2.6	1.6	1.8	0.9	0.5	1.1	10.2	9.8	9.7	0.6	0.4	0.4
Norway	0.3	2.5	2.3	1.8	2.8	2.1	1.5	7.8	7.8	7.6	5.7	5.7	5.3
<b>Developed Countries<sup>4)</sup></b>	<b>37.3</b>	<b>2.2</b>	<b>1.7</b>	<b>1.4</b>	<b>2.0</b>	<b>1.6</b>	<b>2.1</b>	<b>0.4</b>	<b>0.2</b>	<b>0.1</b>	<b>-3.3</b>	<b>-3.5</b>	<b>-3.4</b>
Russia	3.2	2.3	1.4	1.6	2.9	4.8	3.9	6.6	6.0	5.4	2.7	2.5	2.1
Turkey	1.7	3.1	-0.1	2.9	16.2	15.6	10.9	-3.7	-2.5	-2.8	-1.9	-2.2	-2.1
Ukraine	0.3	2.9	2.6	1.9	10.9	8.6	7.9	-4.0	-4.2	-4.1	-2.6	-2.5	-2.2
<b>Emerging Europe<sup>5)</sup></b>	<b>7.5</b>	<b>3.1</b>	<b>1.8</b>	<b>2.3</b>	<b>6.3</b>	<b>6.8</b>	<b>5.4</b>	<b>0.8</b>	<b>0.7</b>	<b>0.0</b>	<b>X</b>	<b>X</b>	<b>X</b>
South Africa	0.6	0.7	1.6	2.1	4.6	5.5	5.0	-3.1	-2.9	-3.3	-3.9	-4.0	-3.8
<b>Middle East, Africa</b>	<b>3.4</b>	<b>2.9</b>	<b>3.0</b>	<b>3.3</b>	<b>9.0</b>	<b>9.6</b>	<b>8.9</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>	<b>X</b>	<b>X</b>	<b>X</b>
Brazil	2.5	1.2	2.3	2.4	3.7	4.0	3.9	-0.8	-1.4	-1.7	-7.1	-5.8	-4.9
Mexico	1.9	2.1	1.9	2.0	4.9	4.5	3.8	-1.6	-1.9	-2.7	-2.5	-2.5	-3.3
Argentina	0.7	-2.4	-1.3	2.1	34.3	39.9	20.7	-6.0	-2.6	-1.8	-5.5	-3.3	-2.5
Chile	0.4	4.0	2.9	3.0	2.4	3.1	2.7	-2.5	-2.6	-1.2	-2.0	-1.8	-1.8
<b>Latin America</b>	<b>7.0</b>	<b>0.8</b>	<b>1.6</b>	<b>2.2</b>	<b>7.0</b>	<b>7.7</b>	<b>5.4</b>	<b>-1.0</b>	<b>-1.8</b>	<b>0.0</b>	<b>X</b>	<b>X</b>	<b>X</b>
China	18.2	6.6	6.2	6.0	2.1	1.9	2.3	0.2	-0.5	-1.0	-3.5	-4.4	-4.1
India	7.4	7.6	7.2	7.1	4.0	4.3	4.7	-2.8	-2.5	-2.2	-6.6	-6.5	-6.3
Indonesia	2.5	5.2	5.1	4.9	3.2	3.3	4.2	-2.8	-2.7	-2.5	-2.6	-2.2	-2.3
South Korea	1.6	2.7	2.7	2.6	1.5	0.9	1.9	4.7	4.3	4.1	0.7	0.5	0.2
<b>Emerging Asia</b>	<b>33.9</b>	<b>6.2</b>	<b>5.9</b>	<b>5.7</b>	<b>2.5</b>	<b>2.4</b>	<b>3.0</b>	<b>0.9</b>	<b>0.5</b>	<b>0.0</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>Emerging Markets</b>	<b>51.8</b>	<b>4.8</b>	<b>4.5</b>	<b>4.6</b>	<b>4.1</b>	<b>4.2</b>	<b>4.0</b>	<b>0.6</b>	<b>0.2</b>	<b>0.0</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>Total<sup>6)</sup></b>	<b>89.1</b>	<b>3.7</b>	<b>3.4</b>	<b>3.2</b>	<b>3.2</b>	<b>3.1</b>	<b>3.2</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>

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.



February / March 2019

## Interest rates in industrialised countries

		Current	Forecasts		
		Feb 11 2019	3 months	6 months	12 months
<b>Germany</b>	Monetary policy (Refi)	0.00	0.00	0.00	0.00
	3 months (EURIBOR)	-0.31	-0.30	-0.30	-0.20
	12 months (EURIBOR)	-0.11	-0.10	-0.09	0.05
	Bunds, 2 years	-0.58	-0.55	-0.50	-0.35
	Bunds, 5 years	-0.36	-0.30	-0.20	0.00
	Bunds, 10 years	0.11	0.20	0.30	0.50
	Bunds, 30 years	0.73	0.85	1.00	1.20
<b>USA</b>	Monetary policy (FFR)	2,25-2,50	2,25-2,50	2,50-2,75	2,75-3,00
	3 months (LIBOR)	2.70	2.80	2.90	3.20
	12 months (LIBOR)	2.94	3.10	3.20	3.35
	US-Treasuries, 2 years	2.48	2.70	2.90	3.00
	US-Treasuries, 5 years	2.46	2.75	2.85	2.90
	US-Treasuries, 10 years	2.65	2.80	2.90	2.90
	US-Treasuries, 30 years	2.99	3.00	3.10	3.15
<b>Japan</b>	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.09	-0.05	-0.05	-0.05
	12 months (LIBOR)	0.10	0.10	0.15	0.15
	JGBs, 2 years	-0.16	-0.10	-0.05	-0.05
	JGBs, 5 years	-0.16	-0.10	-0.05	-0.05
	JGBs, 10 years	-0.03	0.15	0.25	0.40
	JGBs, 30 years	0.58	0.85	0.95	1.15
<b>United Kingdom</b>	Monetary policy (Base)	0.75	0.75	0.75	1.00
	3 months (LIBOR)	0.88	0.90	0.90	1.20
	12 months (LIBOR)	1.14	1.20	1.30	1.50
	Gilts, 2 years	0.73	0.80	0.80	1.20
	Gilts, 5 years	0.82	0.90	1.20	1.40
	Gilts, 10 years	1.18	1.40	1.60	1.80
	Gilts, 30 years	1.69	1.80	1.90	2.00
<b>Sweden</b>	Monetary policy (Repo)	-0.25	-0.25	-0.25	0.25
	3 months (STIB)	-0.08	-0.15	0.00	0.40
	2 years	-0.46	-0.20	0.00	0.20
	10 years	0.33	0.60	1.00	1.20
<b>Denmark</b>	Monetary policy (Repo)	0.05	0.05	0.05	0.10
	3 months (CIBOR)	-0.32	-0.30	-0.30	-0.20
	2 years	-0.59	-0.55	-0.50	-0.30
<b>Norway</b>	10 years	0.03	0.15	0.25	0.50
	Monetary policy (Deposit)	0.75	1.00	1.00	1.25
	3 months (NIBOR)	1.26	1.40	1.57	1.65
	3 years	0.80	0.90	1.10	1.20
<b>Switzerland</b>	10 years	1.65	1.90	2.00	2.30
	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)	-0.71	-0.75	-0.75	-0.58
	2 years	-0.76	-0.60	-0.50	-0.25
<b>Canada</b>	10 years	-0.29	0.00	0.10	0.20
	Monetary policy (O/N)	1.75	1.75	2.00	2.25
	3 months (CBA)	2.16	2.20	2.35	2.55
	12 months (CBA)	2.44	2.50	2.55	2.80
	2 years	1.77	2.05	2.25	2.60
	5 years	1.79	2.15	2.35	2.65
	10 years	1.88	2.20	2.45	2.75
<b>Australia</b>	30 years	2.14	2.20	2.45	2.75
	Monetary policy (Cash)	1.50	1.50	1.50	1.75
	3 months (ABB)	1.99	2.00	1.90	2.00
	2 years	1.68	1.95	2.15	2.45
	10 years	2.06	2.35	2.50	2.75





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## Interest rates in EM countries

			Current	Forecasts		
			Feb 11 2019	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)	1.62	1.60	1.65	1.80
		2 years	1.55	1.50	1.60	1.80
		10 years	2.73	2.80	2.90	3.00
	Czech Rep.	Monetary policy (Repo)	1.75	1.75	1.75	2.00
		3 months (PRIBOR)	1.99	2.00	2.00	2.30
		2 years	1.81	1.80	1.80	2.10
		10 years	1.83	1.90	2.00	2.60
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
3 months (BUBOR)		0.15	0.15	0.20	0.40	
3 years		0.98	1.00	1.20	1.40	
10 years		2.62	2.70	2.90	3.20	
Latin America	Brazil	Monetary policy (Repo)	6.50	6.50	6.50	7.25
		3 months (ABG)	6.38	6.50	6.50	7.30
		2 years	7.35	7.50	7.50	7.55
		10 years	9.04	9.20	9.20	9.50
	Mexico	Monetary policy	8.25	8.25	8.25	8.25
		3 months (Mexibor)	8.14	8.20	8.20	8.00
Asia	China	2 years	8.16	8.20	8.25	8.05
		10 years	8.35	8.40	8.40	8.20
		Monetary policy	1.50	1.50	1.50	1.50
		3 months	2.90	2.90	3.00	3.00
	Singapore	3 years	2.65	2.80	3.00	3.20
		10 years	3.11	3.20	3.30	3.30
		Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.89	1.80	1.90	2.00
	South Korea	2 years	1.96	2.00	2.10	2.20
		10 years	2.14	2.30	2.40	2.50
		Monetary policy	1.75	1.75	1.75	1.75
		3 months	1.75	1.75	1.80	1.75
		2 years	1.79	1.90	2.00	2.10
		10 years	1.96	2.10	2.20	2.30

## Yield spreads in basis points<sup>1)</sup>

			Current	Forecasts		
			Feb 11 2019	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	219	225	230	225
		Turkey	396	400	420	410
		Hungary	115	115	125	120
	Africa	South Africa	283	285	300	295
	Latin America	Brazil	228	230	240	235
		Chile	138	140	145	140
		Columbia	182	185	195	190
		Mexico	313	315	335	320
	Asia	China	125	125	135	130
		Indonesia	189	190	200	195
		Philippines	86	85	90	90
	<b>Total (EMBIG Div)</b>			<b>360</b>	<b>350</b>	<b>370</b>

<sup>1)</sup> 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		
		Feb 11 2019	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.13	1.15	1.17	1.19
	EUR-CAD	1.50	1.51	1.51	1.51
	EUR-AUD	1.60	1.58	1.58	1.59
Japan	EUR-JPY	124.58	125.35	128.70	132.09
Euro-Outs	EUR-GBP	0.88	0.88	0.86	0.85
	EUR-DKK	7.46	7.45	7.45	7.45
	EUR-SEK	10.48	10.20	10.00	9.80
	EUR-CHF	1.13	1.15	1.16	1.17
	EUR-NOK	9.81	9.60	9.40	9.20
Central- and Eastern Europe	EUR-PLN	4.32	4.30	4.25	4.20
	EUR-HUF	319.79	325.00	325.00	320.00
	EUR-CZK	25.83	25.90	25.70	25.50
Africa	EUR-ZAR	15.46	15.87	16.85	17.61
Latin America	EUR-BRL	4.22	4.14	4.45	4.58
	EUR-MXN	21.62	22.31	23.40	24.04
Asia	EUR-CNY	7.67	7.88	8.13	8.57
	EUR-SGD	1.54	1.56	1.58	1.59
	EUR-KRW	1272	1300	1334	1369
US-Dollar		Current	Forecasts		
		Feb 11 2019	3 months	6 months	12 months
Dollar-Bloc	USD-CAD	1.33	1.31	1.29	1.27
	AUD-USD	0.71	0.73	0.74	0.75
Japan	USD-JPY	110.24	109.00	110.00	111.00
Euro-Outs	GBP-USD	1.29	1.31	1.36	1.40
	USD-DKK	6.60	6.48	6.37	6.26
	USD-SEK	9.27	8.87	8.55	8.24
	USD-CHF	1.00	1.00	0.99	0.98
	USD-NOK	8.68	8.35	8.03	7.73
Central- and Eastern Europe	USD-PLN	3.82	3.74	3.63	3.53
	USD-HUF	282.97	282.61	277.78	268.91
	USD-CZK	22.86	22.52	21.97	21.43
Africa	USD-ZAR	13.68	13.80	14.40	14.80
Latin America	USD-BRL	3.73	3.60	3.80	3.85
	USD-MXN	19.13	19.40	20.00	20.20
Asia	USD-CNY	6.79	6.85	6.95	7.20
	USD-SGD	1.36	1.36	1.35	1.34
	USD-KRW	1126	1130	1140	1150

## Commodities

Commodity	Current	Forecasts		
	Feb 11 2019	3 months	6 months	12 months
Gold (USD per troy ounce)	1,307.02	1,310	1,275	1,255
Gold (EUR per troy ounce)	1,156.55	1,140	1,090	1,050
WTI crude (USD per Barrel)	52.72	57	59	61
WTI crude (EUR per Barrel)	46.65	50	50	51
Brent crude (USD per Barrel)	62.15	63	65	66
Brent crude (EUR per Barrel)	55.00	55	56	55



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