Macro Research
Economic Forecasts

March / April 2019

When political risks fade.

Of course, it is legitimate to wish for a world without political risk, or at least to dream of one. How wonderful this world would be for investors, companies and not least of all, economists. Real life, however, is not so simple. Nevertheless, some current risks have diminished: the USA is nearing an agreement with China, so that concerns over the danger of an escalating global trade war have faded. The Brexit process is dragging on and will be difficult, but the danger of a „hard" Brexit appears to have receded. In many instances, therefore, uncertainty has undoubtedly diminished.

The road ahead is clearer

Source: Adobe Stock, DekaBank.

Now the global economy must deliver what we have come to expect of it: not recession, but a continuation of the already long-lasting economic expansion in both 2019 and 2020, albeit with lower growth rates than in the previous two years. The economic upswing is driven by solid domestic consumption in many countries, and above all by private consumption expenditure supported by the remarkable development of the labour market. Moreover, the industrial burdens of recent quarters due to weakening global trade have now diminished. All in all, we expect indicators of market sentiment to bottom out and downward revisions of economic forecasts and company profit estimates to come to an end very soon.

That the downswing, which has lasted since 2018, according to many forecasts and data has now come to an end and an upswing is on the way is by no means self-evident for central banks and capital markets. The US Fed has pushed on with its normalisation of monetary policy and can afford to take a break in the rate-hike cycle. Most of the other major central banks, however, have at best barely started to abandon their extremely loose monetary policy. And why should they? Very low crurrent rates of inflation are in no way an indication of a need for haste. The scale and the degree of the expected monetary tightening now appears more moderate than had been expected until the end of 2018. This has contributed substantially to the friendly capital-market environment in recent weeks. However, we should not be blinded by this. In the short term, turmoil in the markets and significant levels of volatility in the course of the year are realistic prospects. Nevertheless, continuation of the zero-interest-rate environment together with a stable economy indicate that investment in securities is a sensible alternative and that the negative performance of recent years was only an outlier.

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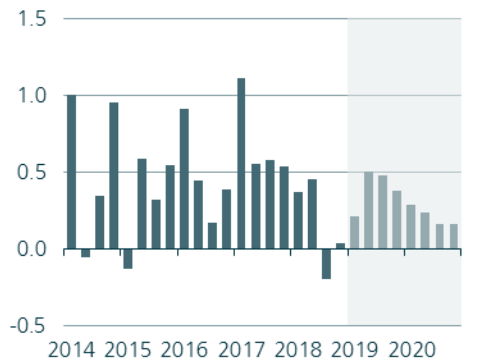
Economy: Industrial countries

Germany: GDP (% qoq, sa)

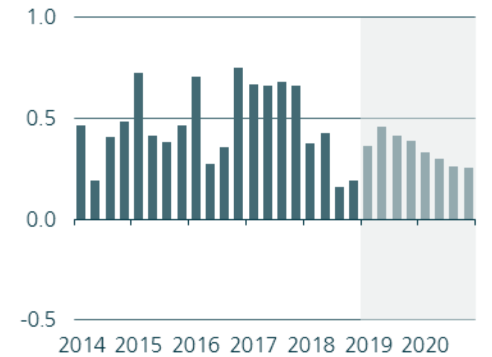


Sources: Destatis, forecast DekaBank

Germany

The German economy has just avoided a technical recession by the skin of its teeth. The manufacturing sector, however, is in just such a state. This can be attributed to special factors, political uncertainties and the slowdown in global trade. There are indications that the slowdown in global trade could continue into the first quarter. The WTO's world trade early indicator has registered yet another several appreciable decline. Hopes have now been pinned on service providers, who are nowhere near as vulnerable to global economic fluctuations. Hopes have also been placed on private consumption, as wages are expected to rise appreciably this year.

Eurozone: GDP (% qoq, sa)

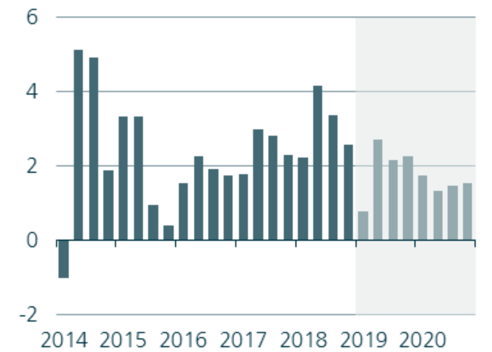


Sources: Eurostat, forecast DekaBank

Eurozone

In the second half of 2018 the differences in economic development between major EMU countries increased substantially. This trend has continued into the first quarter of 2019. Whereas Italy and Germany will undoubtedly have registered growth rates well below the EMU average, GDP growth rates in France and Spain are expected to be above-average. The healthy development of the labour market has proved a vital stability anchor for the Eurozone economy in view of the weakness of global trade. The current Eurozone unemployment rate of 7.8% is not far from its all-time low (7.3% in October 2007). However, here too there are substantial differences: in Germany the unemployment rate is 3.2%, in France 8.5%, in Italy 10.5% and in Spain 14.1%.

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



Sources: Bureau of Economic Analysis, forecast DekaBank

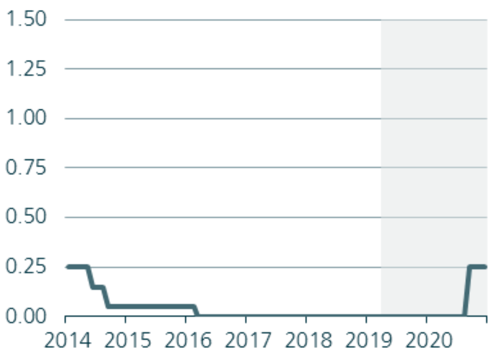
USA

After a one-month delay fourth-quarter GDP has been published with an annualised quarterly growth rate of 2.6%. Notably, corporate investment surprised to the upside. On the other hand, there was no correction of excessive inventory investment whilst private consumption expenditure proved disappointing. In the first quarter of 2019 no more than a modest increase in GDP is expected: the overdue inventory adjustment, the macroeconomic burdens resulting from the turmoil on the financial markets at the end of 2018, and the temporary government shutdown may well have brought economic growth to a standstill. In the second quarter, however, the absence of these temporary factors should boost economic growth again.

Forecast revision: GDP 2020: 1.8 % (previously 1.7 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)

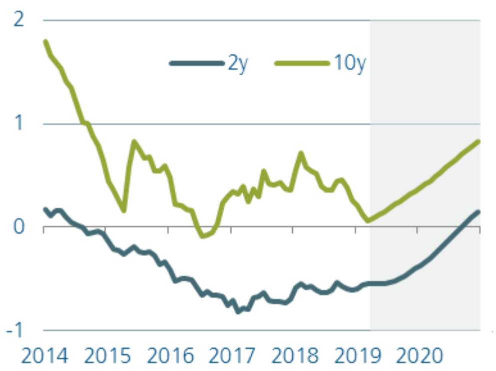


Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

At its meeting in March the ECB surprised observers by amending its forward guidance and announcing new long-term refinancing operations. It now intends to hold key rates at their current level at least until the end of the year, but also suggests the possibility of a much longer phase of extremely low interest rates. For our forecast that the deposit rate will only be raised in March 2020 the risks have now been shifted backwards. The conditions of the TLTRO-III programme are appreciably less generous than those of its predecessor. We do therefore not expect either any significant stimulation of bank lending or a sizeable increase in the ECB's balance sheet. The announcement of seven operations, the last of which will be in 2021, underscores the fact that the ECB is not planning to reduce excess reserves in the years to come. Together with the ECB's forward guidance on key rates, this should hold EONIA and EURIBOR rates at a low level until well into 2020.

German Bond Yield (% p.a.)



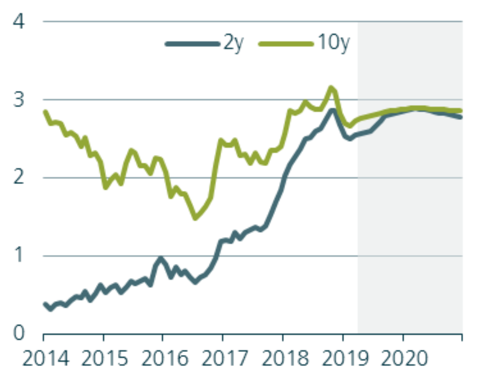
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

The latest statements by the ECB have strengthened market participants' belief that there will be no significant key-rate hikes in the current economic cycle. This has raised the demand for long-term Bunds, which still have positive yields. A counter-movement and a steepening Bund curve would require growth to accelerate sufficiently for inflation to be able to increase. On the other hand, uncertainties, especially those with respect to global trade conflicts and Brexit, must diminish permanently, in order to allow the flight into low-risk assets to abate. Long-term Bund yields will therefore rise somewhat more strongly only later in the year.

Forecast revision: smaller rise in yields of long-term Bunds

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

The minutes of the ECB's last interest-rate meeting left no doubt that despite their recent swing the FOMC members continue to favour key-rate hikes. However, their first priority is to wait and assess the effects of the recent turmoil on financial markets. These have undoubtedly diminished appreciably, but at the same time concerns over the stability of global growth have increased. The unchanged dampened inflation environment allows the Fed to continue its observations without having to tighten its monetary policy. Consequently, our forecast contains only one key-rate hike in the current year and another in 2020. The first lowering of key-rates that we had forecast for the end of 2020 has now been postponed until 2021.

Forecast revision: one key-rate hike less in 2019, no lowering of key rates in 2020.

Markets: Industrial countries

Equity Market Forecast

	Current Mrz 8, 19	in 3 months	in 6 months	in 12 months
DAX	**11 457.84**	**11 000**	**11 700**	**12 500**
Reporting:				
EuroStoxx50	3 283.60	3 100	3 300	3 400
S&P 500	2 743.07	2 650	2 700	2 800
Topix	1 572.44	1 450	1 500	1 550

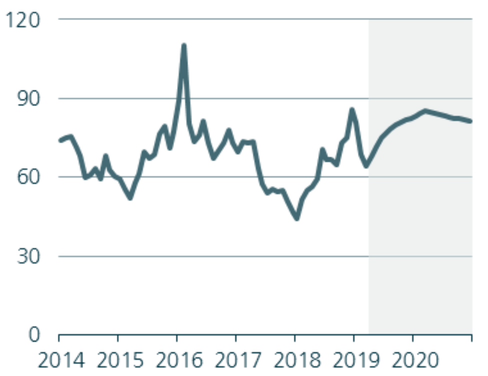
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

The environment for the German economy remains difficult. German companies have been affected particularly badly by the weakening of global trade and the demand for manufactured products. This is reflected in weak corporate data for the fourth quarter of 2018 and in the very modest outlooks expressed by business leaders. In the weeks to come, however, at least prospects should not deteriorate. The slump in corporate profits has therefore probably bottomed out and in the further course of the year profits will rise again in comparison with the previous year. In the weeks to come, therefore, we expect investors to be seeking direction and this will lead to a higher degree of volatility. However, due to the modest medium-term positive prospects this phase will not prove to be particularly pronounced.

Forecast revision: slight upward revision of 3-month, 6-month and12-month forecasts.

iTraxx Europe (Bp)



Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

On the credit markets the strong recovery has continued despite the weakening economic outlook. Investors are ignoring falling indicators of market sentiment and are hoping for continued support from the central bank. The ECB has indeed announced new TLTROs designed to help the banks and has also postponed its planned key-rate hike until next year. In addition there is growing hope of a satisfactory outcome to the trade dispute. Mediocre and often disappointing company reports are largely ignored. Of particular note is that extremely negative reports often result in hefty price losses on the equity markets, whereas there is hardly any negative reaction from the spreads on corporates. Positive surprises, on the other hand, have a friendly impact on the credit market.

Covered Bonds 5y (% p.a.)

Source: Bloomberg

Covered Bonds

Covered bonds have maintained the friendly January trend and the narrowing of risk premiums continues. Issuing houses have taken advantage of favourable market sentiment to step up their already lively issuing activity. In their refinancing they can rely on investors' demand for subscription: on average new bonds are oversubscribed two-times over, some by much more. For this reason the above-mentioned risk premiums have been substantially reduced, so that many bonds have only meagre new-issue premiums against the secondary market curve. The news has been welcomed that the EU is about to complete the harmonisation of Eurozone covered-bond laws. This will enhance transparency on the market and guarantee the privileged treatment of covered bonds in the calculation of banks' capital. The spreads of covered bonds thus remain well supported.

March / April 2019

Markets: Industrial countries

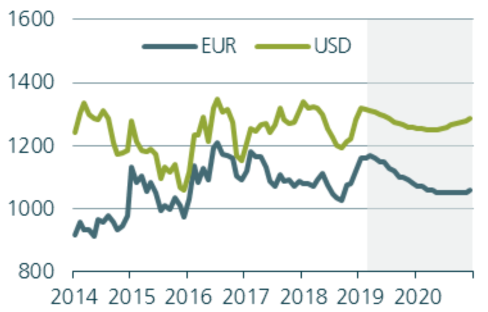
Exchange Rate EUR-USD

Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

In recent weeks the Euro has depreciated against the US dollar. At the beginning of February the EUR-USD exchange rate stood at 1.14 EUR-USD and by the ECB meeting on March 7th had fallen only slightly to 1.13 EUR-USD. The dollar had been boosted, also against the Euro, above all by US economic data. The US labour market report for January proved much better than had been expected and fourth-quarter GDP growth of 2.6% had also been a welcome surprise. The announcement by the ECB of targeted long-term refinancing operations together with the downward revision of its inflation and growth forecasts lowered the exchange rate on March 7th from 1.13 EUR-USD to 1.11 EUR-USD, its lowest level since the summer of 2017.

Gold price (per troy ounce)



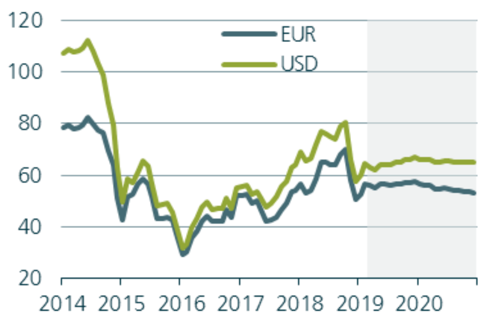
Per-formance	from 28.02.13 to 28.02.14	28.02.14 28.02.15	28.02.15 28.02.16	28.02.16 28.02.17	28.02.17 28.02.18	28.02.18 28.02.19
Gold in Euro	-20.65%	13.21%	3.09%	5.82%	-8.68%	7.12%
Gold in USD	-16.25%	-8.21%	0.60%	2.75%	5.10%	-0.14%

Sources: Bloomberg, forecast DekaBank

Gold

Initially the gold price benefited from the Fed's amended communication, but in recent weeks this effect has diminished. Whereas the value of a fine ounce of gold benefited from the Fed's cautious statements with respect to further tightening of its monetary policy, it has since fallen appreciably. After four months of flows into Gold-ETFs, February saw a reversal as volumes were reduced. Improved sentiment on the equity markets has enhanced pressure on the gold price. Sentiment on financial markets has been underpinned by media reports that negotiations over a trade agreement between China and the USA appear to be moving towards a positive outcome. Moreover, after recent votes in the House of Commons, the likelihood of a „hard" Brexit has diminished appreciably. In the foreseeable future the price of gold will depend on the degree to which the Fed and the ECB are tightening their monetary policies.

Crude Oil Brent (per barrel)



Performance	from 28.02.13 to 28.02.14	28.02.14 28.02.15	28.02.15 28.02.16	28.02.16 28.02.17	28.02.17 28.02.18	28.02.18 28.02.19
Brent in Euro	-7.22%	-29.23%	-42.53%	63.11%	2.81%	7.67%
Brent in USD	-2.07%	-42.62%	-43.91%	58.38%	18.33%	0.38%
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%

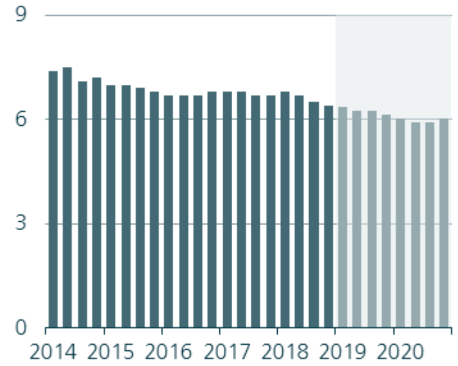
Sources: Bloomberg, forecast DekaBank

Crude oil

In recent months oil prices have risen due primarily to the cutbacks in production agreed in December 2018 by OPEC members and Russia and in force since January 2019. Until February OPEC members had even reduced their output by more than had been agreed, which can be attributed to unplanned shortfalls in Venezuela and Iran. In both countries oil production and exports are suffering from US sanctions. Russia, on the other hand, has so far only implemented half of the measures in the agreement. At the same time US output is on the rise and recently registered an all-time high of 12.1 million barrels per day, All in all, the global market for crude oil can hardly be said to be suffering from over-supply. To ensure that this remains the case, the OPEC countries should not step up their production again in the course of the year.

Emerging Markets

China: GDP (% yoy)

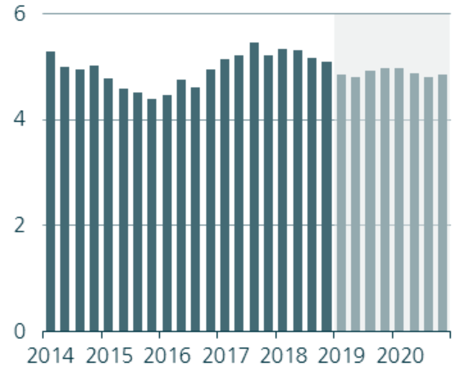


Sources: National Statistics, forecast DekaBank

China

As expected, the government has set its GDP growth target for 2019 at 6.5% - 6.6%, after registering 6.6%for 2018. The lowering of the GDP growth target confirms our opinion that economic growth is weakening. Despite the lower target the government believes there is a need to provide support for the economy and has announced a reduction in the tax burden. The most important elements in this package are the reduction of the value-added tax rate and social contributions. Moreover, infrastructure investments will be stepped up and small enterprises will be granted easier access to bank credit. Meanwhile, President Trump has allowed his deadline for levying punitive tariffs to expire, as he believes he is making progress in the negotiations. Should an agreement be reached, the remaining tariffs could also be removed.

Emerging Markets: GDP (% yoy)



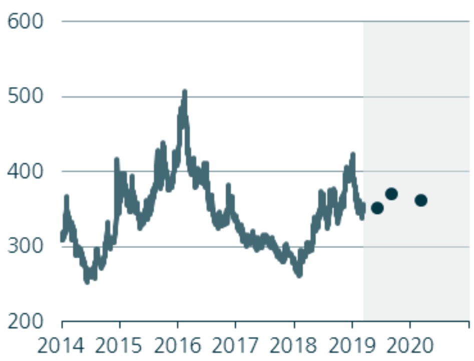
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

The purchasing managers' indices present a mixed picture: Latin American economies have been improving, whereas Asia and eastern Europe have made a poor start to 2019 due to the weakening of global trade. Fourth-quarter GDP figures have been disappointing, especially for India and Poland, which due to statistical effects will also prove a burden for growth in 2019. All in all, there is a picture of economic stabilisation in countries that were suffering from very weak economic growth in 2018, and slightly weaker growth in other emerging-market countries. Inflation pressure is low and still falling. At the same time, statements by the Fed have taken some of the pressure out of global monetary policy, so that interest-rate policy will probably be loosened in emerging-market countries.

Forecast revision: Downward revision of GDP growth forecasts for India, Turkey and Poland.

EMBIG Diversified-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

The positive sentiment towards EM investments has not evaporated, but after substantial gains in January the bond markets have moved into a sideways trend. EM equities were able to post gains again after signs of an agreement being reached in the trade dispute. We do not expect US interest-rate policy to be a significant stress factor for the markets in EM countries, even if we do expect another key-rate hike in September. The growth environment is more of a problem. The willingness of the Chinese government to stimulate its own economy and thus to provide the global economy with fresh impetus appears to be limited. There are already signs of the next conflict between the USA and Europe. Against this backdrop the outlook for global trade remains gloomy. Investments in EM bonds should continue to be underpinned by these factors. We do not regard weak GDP growth as a genuine danger for the spreads of hard-currency bonds. Nevertheless, EM currencies will probably depreciate somewhat against the Euro.

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					
		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	1.3	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	1.2	1.4	2.6	2.5	2.5	-2.1	-2.9	-3.1
Spain	1.4	2.5	2.5	1.9	1.7	1.1	1.7	1.1	0.9	1.0	-2.7	-2.1	-1.9
Netherlands	0.7	2.5	1.8	1.7	1.6	2.1	1.9	10.1	9.5	9.1	1.1	1.1	1.0
Belgium	0.4	1.4	1.4	1.3	2.3	2.1	2.1	1.2	1.1	1.1	-1.0	-1.1	-1.3
Eurozone	**11.6**	**1.9**	**1.3**	**1.4**	**1.8**	**1.4**	**1.8**	**3.7**	**3.5**	**3.3**	**-0.7**	**-0.9**	**-0.7**
United Kingdom	2.3	1.4	1.3	1.4	2.5	1.9	2.1	-3.3	-3.2	-3.0	-1.3	-1.1	-1.0
Sweden	0.4	2.4	1.9	1.8	2.0	2.4	2.8	3.2	3.0	2.9	1.1	0.9	0.8
Denmark	0.2	1.2	1.8	1.6	0.7	1.2	1.6	6.3	6.5	6.3	0.2	-0.1	0.6
EU-22	**14.5**	**1.8**	**1.3**	**1.4**	**1.9**	**1.5**	**1.9**	**2.6**	**2.4**	**2.4**	**-0.7**	**-0.8**	**-0.7**
Poland	0.9	5.1	3.6	3.0	1.7	1.6	2.3	-0.5	-0.2	-0.2	-0.9	-0.9	-2.0
Czech Republic	0.3	3.0	2.6	2.4	2.1	2.4	2.0	0.6	0.4	0.3	1.4	0.8	0.4
Hungary	0.2	5.0	3.5	2.6	2.9	2.8	3.3	1.7	2.4	2.7	-2.4	-1.9	-1.8
EU-28	**16.5**	**2.1**	**1.6**	**1.7**	**1.9**	**1.6**	**1.9**	**2.2**	**2.1**	**1.9**	**-0.8**	**-0.7**	**0.0**
USA	15.3	2.9	2.3	1.8	2.4	1.9	2.4	-2.5	-2.5	-2.5	-6.5	-7.0	-7.5
Japan	4.3	0.8	0.8	-0.1	0.9	1.4	2.4	3.5	2.5	2.0	-3.2	-3.0	-2.5
Canada	1.4	1.8	1.3	1.7	2.2	1.1	1.5	-2.6	-3.0	-3.5	-0.4	-1.0	-1.5
Australia	1.0	2.8	2.0	2.5	1.9	1.9	2.3	-2.1	-1.0	0.0	-0.6	0.0	0.0
Switzerland	0.4	2.5	1.2	1.8	0.9	0.5	1.0	10.2	9.8	9.7	0.6	0.4	0.4
Norway	0.3	2.5	2.3	1.8	2.8	1.8	1.6	7.8	7.8	7.6	5.7	5.7	5.3
Developed Countries[4]	**37.3**	**2.2**	**1.7**	**1.5**	**2.0**	**1.7**	**2.1**	**0.4**	**0.2**	**0.2**	**-3.3**	**-3.5**	**-3.6**
Russia	3.2	2.3	1.4	1.6	2.9	4.8	3.7	6.6	6.0	5.4	2.7	2.5	2.1
Turkey	1.7	2.6	-2.0	3.0	16.2	14.6	10.6	-3.7	-2.5	-2.8	-1.9	-2.3	-2.1
Ukraine	0.3	3.3	2.6	2.0	10.9	8.6	7.9	-4.0	-4.2	-3.5	-1.7	-1.6	-1.6
Emerging Europe[5]	**7.5**	**3.0**	**1.3**	**2.3**	**6.3**	**6.5**	**5.2**	**0.8**	**0.6**	**0.0**	**X**	**X**	**X**
South Africa	0.6	0.8	1.4	2.0	4.5	5.1	5.0	-3.4	-2.8	-3.5	-3.9	-4.0	-3.8
Middle East, Africa	**3.4**	**2.9**	**2.9**	**3.0**	**8.6**	**8.3**	**8.1**	**-0.1**	**0.2**	**0.0**	**X**	**X**	**X**
Brazil	2.5	1.1	2.1	2.5	3.7	3.8	3.9	-0.8	-1.4	-1.7	-7.1	-5.8	-4.9
Mexico	1.9	2.0	1.8	2.0	4.9	4.3	3.8	-1.7	-1.9	-2.6	-2.0	-2.4	-3.0
Argentina	0.7	-2.5	-1.2	2.1	34.3	40.7	20.4	-6.0	-2.2	-1.2	-5.7	-3.3	-2.4
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
Latin America	**7.0**	**0.7**	**1.5**	**2.3**	**7.0**	**7.6**	**5.4**	**-1.0**	**-1.9**	**0.0**	**X**	**X**	**X**
China	18.2	6.6	6.2	6.0	2.1	1.8	2.2	0.4	-0.2	-0.8	-4.0	-4.4	-4.3
India	7.4	7.3	7.0	7.1	4.0	3.6	4.7	-2.7	-1.9	-1.7	-6.6	-6.5	-6.3
Indonesia	2.5	5.2	5.1	4.9	3.2	3.1	4.2	-3.0	-2.6	-2.5	-1.9	-2.3	-2.4
South Korea	1.6	2.7	2.6	2.3	1.5	0.8	2.0	5.1	5.0	5.0	0.3	0.3	0.1
Emerging Asia	**33.9**	**6.2**	**5.8**	**5.6**	**2.5**	**2.2**	**2.9**	**1.0**	**0.8**	**0.2**	**X**	**X**	**X**
Emerging Markets	**51.8**	**4.8**	**4.4**	**4.5**	**4.1**	**3.9**	**3.9**	**0.6**	**0.4**	**0.2**	**X**	**X**	**X**
Total[6]	**89.1**	**3.7**	**3.3**	**3.3**	**3.2**	**3.0**	**3.1**	**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.

March / April 2019

Interest rates in industrialised countries

		Current	Forecasts		
		Mar 11 2019	3 months	6 months	12 months
Germany	Monetary policy (Refi)	0.00	0.00	0.00	0.00
	3 months (EURIBOR)	-0.31	-0.30	-0.30	-0.15
	12 months (EURIBOR)	-0.11	-0.10	-0.08	0.10
	Bunds, 2 years	-0.54	-0.55	-0.50	-0.30
	Bunds, 5 years	-0.36	-0.30	-0.20	0.00
	Bunds, 10 years	0.07	0.15	0.25	0.45
	Bunds, 30 years	0.72	0.80	0.95	1.20
USA	Monetary policy (FFR)	2,25-2,50	2,25-2,50	2,50-2,75	2,75-3,00
	3 months (LIBOR)	2.60	2.70	2.75	2.95
	12 months (LIBOR)	2.86	3.00	3.05	3.15
	US-Treasuries, 2 years	2.48	2.60	2.80	2.90
	US-Treasuries, 5 years	2.44	2.65	2.80	2.90
	US-Treasuries, 10 years	2.65	2.80	2.85	2.90
	US-Treasuries, 30 years	3.04	3.05	3.10	3.15
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.07	-0.05	-0.05	-0.05
	12 months (LIBOR)	0.11	0.15	0.15	0.15
	JGBs, 2 years	-0.15	-0.10	-0.05	-0.05
	JGBs, 5 years	-0.15	-0.10	-0.05	0.00
	JGBs, 10 years	-0.03	0.20	0.25	0.45
	JGBs, 30 years	0.59	0.75	0.85	1.05
United Kingdom	Monetary policy (Base)	0.75	0.75	0.75	1.00
	3 months (LIBOR)	0.85	0.90	0.90	1.20
	12 months (LIBOR)	1.12	1.20	1.30	1.50
	Gilts, 2 years	0.73	0.90	1.00	1.20
	Gilts, 5 years	0.89	1.10	1.20	1.40
	Gilts, 10 years	1.16	1.50	1.60	1.80
	Gilts, 30 years	1.68	1.90	1.95	2.05
Sweden	Monetary policy (Repo)	-0.25	-0.25	0.00	0.25
	3 months (STIB)	-0.05	-0.05	0.10	0.40
	2 years	-0.40	-0.10	0.00	0.20
	10 years	0.46	0.70	0.90	1.10
Denmark	Monetary policy (Repo)	0.05	0.05	0.10	0.25
	3 months (CIBOR)	-0.32	-0.30	-0.30	-0.15
	2 years	-0.59	-0.55	-0.50	-0.25
	10 years	0.17	0.10	0.20	0.45
Norway	Monetary policy (Deposit)	0.75	1.00	1.25	1.25
	3 months (NIBOR)	1.32	1.30	1.55	1.55
	3 years	0.80	0.90	1.10	1.30
	10 years	1.61	1.90	2.10	2.30
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)	-0.71	-0.75	-0.75	-0.50
	2 years	-0.77	-0.65	-0.50	-0.25
	10 years	-0.34	0.00	0.10	0.30
Canada	Monetary policy (O/N)	1.75	1.75	1.75	2.00
	3 months (CBA)	2.05	2.05	2.00	2.10
	12 months (CBA)	2.31	2.30	2.25	2.25
	2 years	1.66	1.85	1.95	2.30
	5 years	1.65	1.95	2.15	2.45
	10 years	1.77	2.05	2.25	2.55
	30 years	2.06	2.15	2.35	2.65
Australia	Monetary policy (Cash)	1.50	1.50	1.50	1.50
	3 months (ABB)	1.86	1.90	1.90	1.95
	2 years	1.66	1.85	1.95	2.15
	10 years	2.03	2.30	2.45	2.70

Interest rates in EM countries

			Current	Forecasts		
			Mar 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	1.61	1.50	1.60	1.80
		10 years	2.88	2.80	2.90	3.00
	Czech Rep.	Monetary policy (Repo)	1.75	2.00	2.00	2.25
		3 months (PRIBOR)	2.03	2.00	2.10	2.30
		2 years	1.86	1.80	1.85	2.10
		10 years	1.92	2.00	2.10	2.30
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	1.10
		3 months (BUBOR)	0.14	0.15	0.40	0.60
		3 years	0.98	1.00	1.10	1.40
		10 years	3.20	2.70	2.80	3.10
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	7.29	6.90	6.80	6.70
		10 years	9.00	8.70	8.60	8.50
	Mexico	Monetary policy	8.25	8.25	8.00	8.00
		3 months (Mexibor)	8.09	8.20	8.20	8.00
		2 years	8.00	8.10	8.05	7.80
		10 years	8.09	8.20	8.00	8.00
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	2.76	2.80	2.80	2.90
		3 years	2.66	2.70	2.70	2.80
		10 years	3.15	3.20	3.30	3.30
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.94	1.80	1.90	2.00
		2 years	1.96	2.00	2.10	2.20
		10 years	2.18	2.30	2.30	2.40
	South Korea	Monetary policy	1.75	1.75	1.75	1.75
		3 months	1.76	1.75	1.80	1.75
		2 years	1.82	1.90	1.90	2.00
		10 years	1.99	2.10	2.10	2.20

Yield spreads in basis points[1)]

			Current	Forecasts		
			Mar 11 2019	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	219	215	225	220
		Turkey	396	425	450	440
		Hungary	115	110	120	115
	Africa	South Africa	283	300	315	305
	Latin America	Brazil	228	235	250	245
		Chile	138	135	140	135
		Columbia	182	195	205	200
		Mexico	313	330	345	335
	Asia	China	125	125	130	125
		Indonesia	189	195	205	200
		Philippines	86	90	95	90
	Total (EMBIG Div)		**357**	**350**	**370**	**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.

Currencies

EURO		Current	Forecasts		
		Mar 11 2019	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.12	1.13	1.15	1.18
	EUR-CAD	1.51	1.51	1.52	1.53
	EUR-AUD	1.60	1.61	1.62	1.62
Japan	EUR-JPY	125.01	125.43	128.80	133.34
Euro-Outs	EUR-GBP	0.87	0.86	0.86	0.85
	EUR-DKK	7.46	7.45	7.45	7.45
	EUR-SEK	10.57	10.30	10.00	9.90
	EUR-CHF	1.13	1.14	1.15	1.16
	EUR-NOK	9.77	9.70	9.60	9.40
Central- and Eastern Europe	EUR-PLN	4.30	4.30	4.25	4.20
	EUR-HUF	315.90	320.00	315.00	310.00
	EUR-CZK	25.66	25.70	25.70	25.50
Africa	EUR-ZAR	16.18	15.59	16.56	17.46
Latin America	EUR-BRL	4.35	4.07	4.37	4.54
	EUR-MXN	21.91	21.92	23.00	23.84
Asia	EUR-CNY	7.56	7.63	7.82	8.08
	EUR-SGD	1.53	1.54	1.55	1.58
	EUR-KRW	1276	1277	1311	1357
US-Dollar		**Current**	**Forecasts**		
		Mar 11 2019	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.34	1.34	1.32	1.30
	AUD-USD	0.70	0.70	0.71	0.73
Japan	USD-JPY	111.18	111.00	112.00	113.00
Euro-Outs	GBP-USD	1.30	1.31	1.34	1.39
	USD-DKK	6.64	6.59	6.48	6.31
	USD-SEK	9.40	9.12	8.70	8.39
	USD-CHF	1.01	1.01	1.00	0.98
	USD-NOK	8.69	8.58	8.35	7.97
Central- and Eastern Europe	USD-PLN	3.82	3.81	3.70	3.56
	USD-HUF	280.97	283.19	273.91	262.71
	USD-CZK	22.82	22.74	22.35	21.61
Africa	USD-ZAR	14.39	13.80	14.40	14.80
Latin America	USD-BRL	3.87	3.60	3.80	3.85
	USD-MXN	19.48	19.40	20.00	20.20
Asia	USD-CNY	6.72	6.75	6.80	6.85
	USD-SGD	1.36	1.36	1.35	1.34
	USD-KRW	1135	1130	1140	1150

Commodities

Commodity	Current	Forecasts		
	Mar 11 2019	3 months	6 months	12 months
Gold (USD per troy ounce)	1,294.55	1,295	1,270	1,250
Gold (EUR per troy ounce)	1,151.43	1,150	1,100	1,060
WTI crude (USD per Barrel)	56.07	58	59	61
WTI crude (EUR per Barrel)	49.87	51	51	52
Brent crude (USD per Barrel)	65.56	64	65	66
Brent crude (EUR per Barrel)	58.31	57	57	56

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