Economic Forecasts

May / June 2019

Who is right? Both?

The German share index (DAX) has performed fairly well despite facing quite a bit of adversity whereas the 10-year Bund yield is struggling more or less successfully with the zero line. Once again we are faced with the question of who got it right, the equity or the bond market? For more than a year most economic forecasts have been revised down, as have analysts' estimates of corporate profits. Indicators of market sentiment have slumped substantially, and the long list of political risks has not shortened in the slightest. News over the last four weeks has been very mixed and is open to the following two interpretations: (a) the global recession is coming (bonds), or (b) the upswing will continue despite setbacks from time to time (equities).

Stable equilibrium?

Source: Adobe Stock, DekaBank.

However, we believe this apparent contradiction between the two major market segments can be dispelled, for there is one dominating factor that supports both equity and bond markets, namely inflation or rather, the lack thereof. Coupled with lowered inflation expectations, this has led to a markedly more defensive stance from the major central banks in the current year. At the same time expectations of interest rate hikes have fallen, which, unsurprisingly, has led to falling bond yields and rising equity prices.

Important to note at this point is that we only expect inflation rates to pick up very gradually. At the moment there is no appreciable sign of inflation, despite the fact that in many industrial countries, especially the USA and Germany, labour markets have been swept clean. Apparently the Phillips curve with its correlation between falling unemployment rates and rising wage agreements / inflation rates is currently very flat and therefore without effect. We do not believe that anything is likely to change in the next few quarters and we expect the capital market environment with very low Bund yields and comparatively high equity prices to be maintained.

Of course, we are not talking about a stable equilibrium in the sense that markets will be free of volatility. On the contrary, at the moment there is a correction underway on equity markets, which has been triggered by the increase in US tariffs against China. Against the backdrop of our base-case scenario of moderate but stable global growth investments in equities and bonds with low credit ratings are from the standpoint of yields more attractive than safer fixed-income investments. The best investment opportunities will spring from decisions to defy the zero-interest-rate world and its sluggish inflation outlook by including higher-risk assets in one's portfolio.

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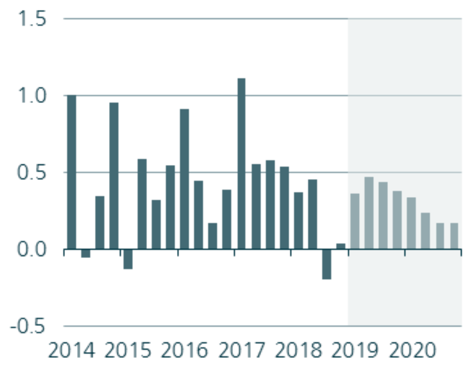
- DAX: slight upward revision.
- Downward revision of GDP growth forecasts for Brazil and Mexiko.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



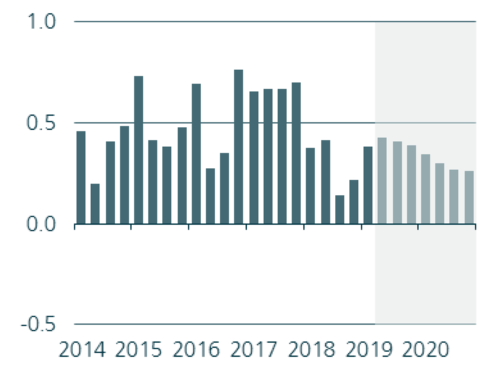
Sources: Destatis, forecast DekaBank

Germany

Germany has turned a corner. After contraction and stagnation in the last two quarters GDP growth is expected to have returned to normal levels at the beginning of 2019. The industry sector continues to be the main obstacle to economic growth, but nevertheless it has managed to work its way up again. The effect of the temporary factors that have had such a negative impact during the last year has now eased. Nevertheless, the global economic motor is still not running smoothly but at least the domestic economy is much stronger. In the first quarter growth is expected to have been driven above all by consumption as well as investment in the construction industry.

Forecast revision: inflation 2019: 1.6 % (previously 1.5 %).

Eurozone: GDP (% qoq, sa)



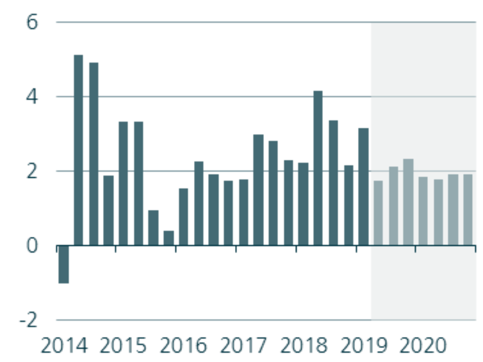
Sources: Eurostat, forecast DekaBank

Eurozone

Eurozone economic growth has recently increased appreciably. According to Eurostat's provisional flash estimate Eurozone GDP increased in the first quarter of 2019 by 0.4% (qoq) against the previous quarter. The differences in growth between the four major countries in the monetary union have diminished in comparison with the second half of 2018. Growth in Spain (0.7 % qoq) was again above average and Spain now leads the four major EMU countries. With a GDP growth rate of 0.2% Italy has brought its recession to an end and with a growth rate of 0.3% France is on the right path. After an economic slump in the 3rd and 4th quarters of 2018 Germany has also registered appreciable growth.

Forecast revision: inflation 2019: 1.5 % (previously 1.4 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

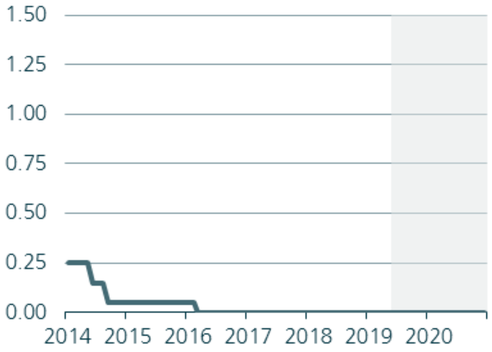
USA

The US economy made a much better start to the year than had been expected. GDP increased by 3.2% (qoq) in the first quarter on an annualized basis. However, already excessive inventory investment has increased even further. In the short term the pending normalisation has dampened the growth outlook. Investment in equipment proved rather weak in the first quarter. This can perhaps be attributed to the turmoil on financial markets at the end of 2018, which unsettled companies. As this has now subsided, investment could susprise to the upside during the summer months. In April energy prices rose relatively sharply, which has resulted in slight revisions in our inflation forecasts.

Forecast revision: GDP growth 2019: 2.6 % (previously 2.3 %). Consumer prices 2019: 2.0 % (previously 1.9 %); 2020: 2.3 % (previously 2.4 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)

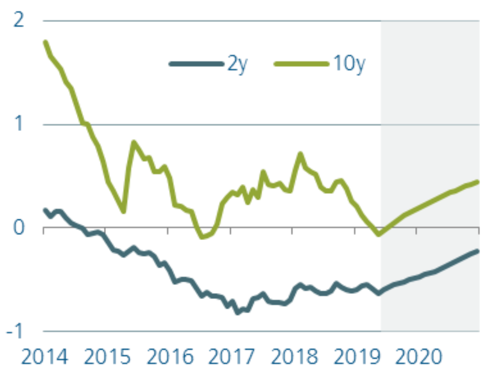


Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

In recent weeks market expectations with respect to future ECB key rates have remained at an extremely low level. This can be attributed not only to economic downside risks and low inflation rates but also to the ECB's rhetoric, which has stressed its readiness to further ease monetary policy, if this is deemed necessary. Moreover, at the press conference in April President Draghi hinted that in the distant future he would be prepared to exceed his inflation target for some time. The idea of a tiered deposit rate was regarded rather sceptically by several Council members and it this unlikely to fuel further speculation over another cut to the deposit rate. The discussion alone will have strengthened market players in their assessment that the ECB intends to hold key rates at their current level for a much longer period of time. We continue to assume that the ECB will only raise the deposit rate in September 2020 and therefore expect EONIA and EURIBOR rates ro rise faster than has been priced into money market futures.

German Bond Yield (% p.a.)

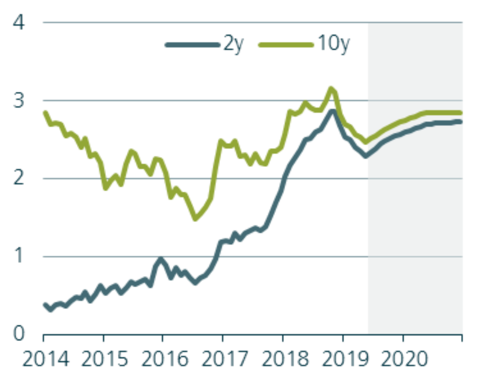


Sources: Bloomberg, forecast DekaBank

Eurozone bond market

The economic downside risks, which include those related to global trade conflicts, as well as very low inflation expectations, have resulted in a flat Bund curve. On the one hand, they lead directly to higher demand for long-term Bunds. On the other, they will have strengthened market players in their assessment that the ECB intends to continue its extremely expansive monetary policy for a very long time. Fresh signs of increasing economic growth in the Euro area have done little to change this picture. We assume therefore that in the next few months 10-year Bund yields will move only slightly above the zero line. Only later in the year can we expect a steepening from the long end.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

The annual rate of change of the PCE deflator (foodstuffs and energy excluded) surprisingly sank in March to 1.6%. As a result, there was an increase on financial markets in expectations of an early lowering of key rates by the Fed. At the interest rate meeting in May the Fed Chairman Jerome Powell went out of his way to counter these expectations. According to his statement there were transitory reasons for the fall in inflation and he pointed out that with the current key rate interval the inflation target of 2% continued to be achievable. Nevertheless, scepticism prevails on the financial markets and expectations of a lowering of key rates are still rife. On the other hand we expect a key rate hike in 2020 as the last remaining normalisation measure.

Markets: Industrial countries

Equity Market Forecast

Equity Market Forecast	Current May 10, 19	in 3 months	in 6 months	in 12 months
DAX	**12 059.83**	**11 500**	**11 900**	**12 600**
Reporting:				
EuroStoxx50	3 361.05	3 250	3 350	3 400
S&P 500	2 881.40	2 700	2 750	2 850
Topix	1 549.42	1 500	1 550	1 600

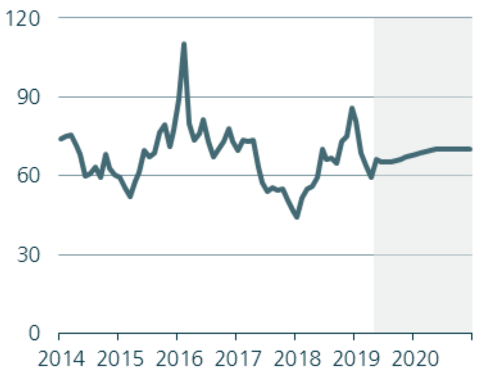
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

The environment for German companies remains difficult, but at least it has not deteriorated recently, as is suggested by surveys of market sentiment, which have stabilised. Company results published for the first quarter show major setbacks against the previous year above all in the automobile and industrial sectors. Accordingly, the aggregated profit of all companies in the DAX share index has also fallen slightly. However, falling company profits had been expected, so that the impact on the market as a whole was cushioned. Significantly more serious is the more aggressive tone of exchanges in the trade conflict between the USA and China, as well as the threat of fresh tariffs against the EU, which will be decided in mid-May. The markets will thus remain nervous in May and June, which is likely to result in a consolidation of prices. The potential for setbacks is, however, limited.

Forecast revision: slight upward revision.

iTraxx Europe (Bp)



Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

For corporate bonds the situation could hardly be better. On the one hand weak indicators of market sentiment guarantee a dovish ECB climate, whereas on the other hand they are supported by quarterly reports that have after all not proved as weak as had been expected. In view of disappointing purchasing managers' indices, especially in the export sector, most analysts have lowered their estimates for quarterly reports. However, after the first quarter in the Eurozone surprised to the upside, the results of major enterprises could well exceed low expectations. The credit markets have been further supported by investors' desperate search for margins, however narrow. New issues in particular have benefited and are regularly massively oversubscribed.

Covered Bonds 5y (% p.a.)

Source: Bloomberg

Covered Bonds

Despite an interruption for the Easter holidays the new issue activity of covered bonds was resumed effortlessly in April. Due to lower spreads new-issue premiums could also be lowered, but nevertheless the demand for subscriptions continued to rise. Even new issues with lower premiums have been three or four times oversubscribed, or even more. Unlike in the previous month, German issuers have been strongly represented on the current scene and have enjoyed great demand. Demand has also been strong on the secondary market for both covered bonds and in particular German mortgage bonds, so that longer maturities are also being traded with slight discount against swap rates. There is still a lot of liquidity on the market, so that spreads should continue to be well supported. However, with yields near to zero in medium maturities there is little scope left for a further outperformance.

Markets: Industrial countries

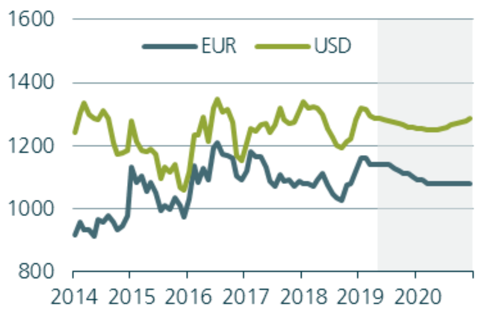
Exchange Rate EUR-USD

Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

For the last month the Euro has been in a relatively stable sideways movement against the US dollar, moving in a narrow band (1.11 EUR-USD to 1.13 EUR-USD) around 1.12 EUR-USD. In the last week of April the Euro slumped to 1.11 EUR-USD, its lowest value since the summer of 2017. This fall took place against the backdrop of surprisingly good US economic data. GDP first-quarter growth of 3.2% was stronger than expected. This dampened expectations of US interest rates cuts and strengthened the US dollar. The Euro had recovered by the end of the month and stood at 1.12 EUR-USD, the same level as seen at the beginning of April, helped by the news that economc growth in the Eurozone had also exceeded expectations.

Gold price (per troy ounce)



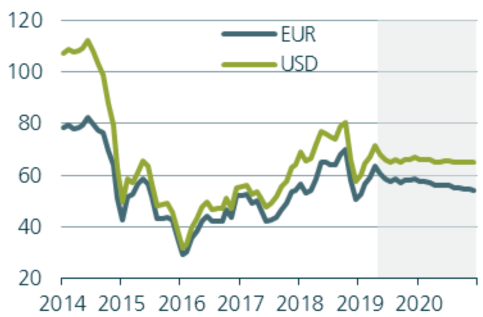
Per-formance	from 30.04.13 to 30.04.14	30.04.14 30.04.15	30.04.15 30.04.16	30.04.16 30.04.17	30.04.17 30.04.18	30.04.18 30.04.19
Gold in Euro	-16.46%	12.82%	6.99%	3.14%	-6.30%	5.14%
Gold in USD	-11.97%	-8.76%	9.14%	-1.72%	4.01%	-2.54%

Sources: Bloomberg, forecast DekaBank

Gold

So far the gold price has not reacted to the escalation in the trade war between the USA and China, although there has been a marked increase in risk aversion on the capital markets. A sustained rise in the price of gold is highly unlikely in view of the good supply situation on the global gold market. In the last 13 quarters since the beginning of 2016, as well as in the first quarter of this year, global supply has exceeded global demand with the exception of only three quarters (Q1 2016, Q1 2017 and Q4 2018). The worldwide stocks of securities backed by gold (gold ETFs) have been diminishing since the beginning of the year, whereas gold market speculators have adopted a well-balanced position. Both geopolitical risks and the US interest-rate outlook seem to have been adequately factored into the gold price, so that in the forecasting period – with no major changes in basic environment – we do not expect any major change in the gold price.

Crude Oil Brent (per barrel)



Performance	from 30.04.13 to 30.04.14	30.04.14 30.04.15	30.04.15 30.04.16	30.04.16 30.04.17	30.04.17 30.04.18	30.04.18 30.04.19
Brent in Euro	0.18%	-23.59%	-29.35%	12.79%	30.90%	4.48%
Brent in USD	5.57%	-38.21%	-27.93%	7.48%	45.31%	-3.15%

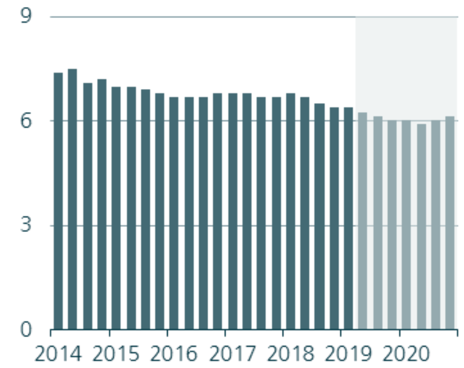
Sources: Bloomberg, forecast DekaBank

Crude oil

Since the end of April concerns over scarcity on the global oil market have been eased. Lower oil prices are an indication that market players do not regard the termination of exceptions with respect to US sanctions against Iran as a threat to the global supply of oil. This seems to be plausible, as some producers such as Saudi-Arabia or Russia have spare production capacity with which gaps in supply can be filled. OPEC+ is expected to decide on an extension of its production cutback at the end of June. The increase in US tariffs on Chinese exports to the USA has enhanced concerns over the global economy and global demand for oil. Nevertheless, we assume that the global economy will hardly suffer any negative impact as a result. The increase this year in the global demand for oil should be covered comfortably by the increase in US oil output.

Emerging Markets

China: GDP (% yoy)

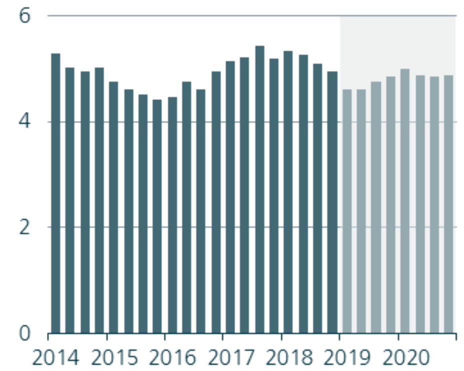


Sources: National Statistics, forecast DekaBank

China

US President Trump has expressed his dissatisfaction with progress in the trade negotiations and announced the imposition of fresh punitive tariffs. This is designed to raise the pressure on China, but it remains to be seen whether this helps or hinders the talks. Fresh tariffs over a longer period would have a negative impact on China's export sector and in this case we expect the government to introduce new measures to support the economy. For the time being the Chinese government appears to have succeeded in stabilising the economy. Above all manufacturing output and retail sales exceeded expectations in March. Moreover, there was a substantial increase in bank lending in the first three months of the year. However, in April the purchasing managers' indices slumped again, which suggests that the government's current measures are enough to stabilise the economy, but not enough to boost economic growth.

Emerging Markets: GDP (% yoy)



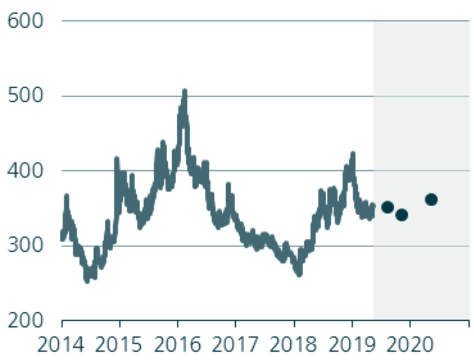
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

Positive economic data from China have brightened the prospects for economic development in the emerging markets. However, the weak link in the global economy remains international trade, which has shown weak development and could be burdened further in the form of new protectionist measures. Development in the two most important Latin American countries, Brazil and Mexico, has been weaker than expected. In Argentina the recession continues and concerns that reform-oriented President Macri will be defeated in the October elections are on the rise. The crisis in Venezuela has not been resolved. In the light of fresh provocation from Russia Selenski's victory in the presidential election in Ukraine has opened no prospects of resolving the conflict over East Ukraine. After cancellation of the mayoral election in Istanbul Turkey once again faces weeks of political turmoil.

Forecast revision: Downward revision of GDP growth forecasts for Brazil and Mexico.

EMBIG Diversified-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

Support in the form of prospects of sustained loose monetary policy in the USA and Europe was not able to boost EM investments in recent weeks. Instead markets have been impacted by fresh uncertainties in Turkey and Argentina and weak economic data from Brazil and Mexico. In addition there are concerns over the possible failure of trade talks between the USA and China, which above all has put Chinese equities under pressure. The economic and political environment in Turkey and major Latin American countries will be a constant obstacle to market development in the months to come. The risks due to enhanced protectionism are also greater. Nevertheless, we believe the global environment remains favourable for EM investments: economic growth should stabilise and inflation pressures remain low. Key rates should remain low for years in the USA and Europe, which should guarantee that demand remains strong for EM equities and bonds.

May / June 2019

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	3.2	1.4	1.0	1.6	1.9	1.6	1.9	7.3	6.4	6.2	1.7	1.0	0.8
France	2.2	1.6	1.3	1.2	2.1	1.3	1.6	-0.3	-0.5	-0.6	-2.5	-3.1	-2.7
Italy	1.8	0.7	0.3	0.6	1.2	1.0	1.2	2.5	2.5	2.5	-2.1	-2.5	-3.5
Spain	1.4	2.6	2.3	1.9	1.7	1.3	1.5	0.9	0.9	0.9	-2.5	-2.3	-2.0
Netherlands	0.7	2.6	1.9	1.7	1.6	2.6	1.9	10.8	10.0	9.3	1.5	1.4	0.8
Belgium	0.4	1.4	1.3	1.3	2.3	1.6	1.8	-1.3	0.2	0.0	-0.7	-1.3	-1.5
Eurozone	**11.4**	**1.9**	**1.3**	**1.4**	**1.8**	**1.5**	**1.6**	**3.4**	**3.1**	**2.9**	**-0.6**	**-0.9**	**-1.1**
United Kingdom	2.2	1.4	1.5	1.3	2.5	1.9	2.1	-3.9	-3.7	-3.4	-1.5	-1.5	-1.2
Sweden	0.4	2.4	1.7	1.9	2.0	1.8	1.8	2.0	2.6	3.1	0.9	0.4	0.4
Denmark	0.2	1.4	1.9	1.6	0.7	1.1	1.6	6.1	6.3	6.3	0.5	0.6	-0.1
EU-22	**14.3**	**1.8**	**1.3**	**1.4**	**1.9**	**1.5**	**1.7**	**2.3**	**2.0**	**2.0**	**-0.7**	**-1.0**	**-1.0**
Poland	0.9	5.1	3.6	3.3	1.7	2.2	2.6	-0.7	-0.6	-0.4	-0.9	-0.9	-2.0
Czech Republic	0.3	3.0	2.6	2.4	2.1	2.6	2.0	0.4	0.2	0.2	1.4	0.8	0.4
Hungary	0.2	5.0	3.5	2.6	2.9	3.3	3.4	0.9	1.6	2.0	-2.4	-1.9	-1.8
EU-28	**16.3**	**2.1**	**1.7**	**1.7**	**1.9**	**1.7**	**1.8**	**1.9**	**1.7**	**1.5**	**-1.0**	**-1.0**	**0.0**
USA	15.2	2.9	2.6	2.0	2.4	2.0	2.3	-2.4	-2.5	-2.5	-6.5	-7.0	-7.5
Japan	4.1	0.8	0.4	-0.1	0.9	1.2	2.3	3.5	3.0	2.5	-3.2	-3.0	-2.5
Canada	1.4	1.8	1.4	1.8	2.2	1.9	2.1	-2.6	-3.0	-3.5	-0.4	-1.0	-1.5
Australia	1.0	2.8	1.9	2.5	1.9	1.7	2.2	-2.1	-1.0	0.0	-0.6	0.0	0.0
Switzerland	0.4	2.5	1.2	1.8	0.9	0.3	0.6	9.8	9.0	9.0	0.3	0.3	0.2
Norway	0.3	2.5	2.7	1.8	2.8	2.3	1.7	8.1	7.4	7.2	7.5	7.5	7.2
Developed Countries[4]	**36.8**	**2.2**	**1.8**	**1.6**	**2.0**	**1.7**	**2.0**	**0.3**	**0.1**	**0.0**	**-3.3**	**-3.6**	**-3.8**
Russia	3.1	2.3	1.4	1.6	2.9	4.6	3.6	6.6	6.5	6.1	2.7	2.4	1.9
Turkey	1.7	2.6	-2.0	3.0	16.2	17.7	12.4	-3.7	-1.7	-2.5	-2.0	-2.3	-2.1
Ukraine	0.3	3.3	2.8	2.2	10.9	8.6	7.9	-4.0	-4.2	-3.4	-1.6	-1.6	-1.5
Emerging Europe[5]	**7.5**	**3.0**	**1.3**	**2.4**	**6.3**	**7.3**	**5.6**	**0.7**	**0.9**	**0.6**	**X**	**X**	**X**
South Africa	0.6	0.8	1.4	2.0	4.5	5.0	5.0	-3.3	-3.2	-3.4	-4.3	-4.0	-3.8
Middle East, Africa	**3.3**	**2.9**	**3.1**	**3.1**	**8.6**	**8.1**	**7.4**	**0.2**	**0.3**	**-0.2**	**X**	**X**	**X**
Brazil	2.5	1.1	1.8	2.4	3.7	4.0	3.8	-0.8	-1.3	-1.5	-7.1	-5.8	-4.9
Mexico	1.9	2.0	1.2	2.0	4.9	4.1	3.8	-1.8	-1.7	-2.3	-2.0	-2.3	-2.9
Argentina	0.7	-2.5	-1.2	2.1	34.3	46.1	22.9	-5.4	-2.1	-1.1	-5.0	-3.2	-2.2
Chile	0.4	4.0	3.3	3.0	2.3	2.7	2.6	-2.4	-2.8	-1.6	-1.6	-1.5	-1.5
Latin America	**6.8**	**0.9**	**0.7**	**2.3**	**6.8**	**8.0**	**5.5**	**-1.1**	**-1.7**	**-1.8**	**X**	**X**	**X**
China	18.7	6.6	6.2	6.0	2.1	2.0	2.4	0.4	-0.2	-0.8	-4.2	-4.5	-4.6
India	7.8	7.3	7.0	7.1	4.0	3.4	4.2	-2.4	-1.8	-1.5	-6.7	-6.9	-6.6
Indonesia	2.6	5.2	5.1	4.9	3.2	3.5	4.3	-3.0	-2.9	-2.7	-1.9	-2.2	-2.1
South Korea	1.6	2.7	1.8	2.3	1.5	0.7	2.0	4.7	4.5	4.4	1.7	0.7	0.4
Emerging Asia	**34.8**	**6.2**	**5.8**	**5.7**	**2.6**	**2.3**	**2.9**	**1.0**	**0.7**	**0.2**	**X**	**X**	**X**
Emerging Markets	**52.4**	**4.8**	**4.3**	**4.6**	**4.0**	**4.1**	**3.9**	**0.7**	**0.4**	**0.0**	**X**	**X**	**X**
Total[6]	**89.2**	**3.7**	**3.3**	**3.4**	**3.2**	**3.1**	**3.1**	**X**	**X**	**X**	**X**	**X**	**X**

1) Of 2018, 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		
		May 13 2019	3 months	6 months	12 months
Germany	Monetary policy (Refi)	0.00	0.00	0.00	0.00
	3 months (EURIBOR)	-0.31	-0.31	-0.31	-0.25
	12 months (EURIBOR)	-0.12	-0.11	-0.10	0.00
	Bunds, 2 years	-0.62	-0.55	-0.50	-0.40
	Bunds, 5 years	-0.47	-0.35	-0.30	-0.15
	Bunds, 10 years	-0.05	0.05	0.15	0.30
	Bunds, 30 years	0.60	0.70	0.80	1.00
USA	Monetary policy (FFR)	2,25-2,50	2,25-2,50	2,25-2,50	2,25-2,50
	3 months (LIBOR)	2.53	2.55	2.55	2.75
	12 months (LIBOR)	2.69	2.75	2.80	2.90
	US-Treasuries, 2 years	2.22	2.45	2.55	2.70
	US-Treasuries, 5 years	2.21	2.45	2.55	2.75
	US-Treasuries, 10 years	2.42	2.60	2.70	2.85
	US-Treasuries, 30 years	2.86	2.95	3.05	3.10
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.08	-0.05	-0.05	-0.05
	12 months (LIBOR)	0.09	0.10	0.10	0.10
	JGBs, 2 years	-0.16	-0.15	-0.15	-0.15
	JGBs, 5 years	-0.16	-0.15	-0.15	-0.10
	JGBs, 10 years	-0.05	-0.05	-0.05	0.05
	JGBs, 30 years	0.55	0.55	0.55	0.55
United Kingdom	Monetary policy (Base)	0.75	0.75	0.75	1.00
	3 months (LIBOR)	0.81	0.90	0.90	1.20
	12 months (LIBOR)	1.06	1.20	1.20	1.50
	Gilts, 2 years	0.73	0.90	1.00	1.30
	Gilts, 5 years	0.85	1.10	1.30	1.40
	Gilts, 10 years	1.12	1.40	1.50	1.80
	Gilts, 30 years	1.67	1.80	1.85	2.00
Sweden	Monetary policy (Repo)	-0.25	-0.25	-0.25	0.00
	3 months (STIB)	-0.05	-0.05	0.10	0.10
	2 years	-0.61	-0.40	-0.30	-0.10
	10 years	0.22	0.40	0.50	0.80
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.34	-0.31	-0.31	-0.25
	2 years	-0.64	-0.60	-0.55	-0.45
	10 years	0.05	0.15	0.25	0.40
Norway	Monetary policy (Deposit)	1.00	1.25	1.25	1.50
	3 months (NIBOR)	1.45	1.65	1.80	1.90
	3 years	1.34	1.40	1.50	1.50
	10 years	1.71	1.80	2.00	2.10
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	-0.75	-0.70	-0.50
	10 years	-0.34	-0.20	-0.10	0.10
Canada	Monetary policy (O/N)	1.75	1.75	1.75	1.75
	3 months (CBA)	2.02	2.05	2.05	2.05
	12 months (CBA)	2.24	2.30	2.30	2.35
	2 years	1.64	1.70	1.85	2.20
	5 years	1.61	1.80	1.95	2.25
	10 years	1.73	1.90	2.05	2.40
	30 years	1.96	2.00	2.15	2.50
Australia	Monetary policy (Cash)	1.50	1.25	1.25	1.25
	3 months (ABB)	1.64	1.60	1.60	1.60
	2 years	1.31	1.45	1.50	1.75
	10 years	1.72	2.00	2.15	2.45

Interest rates in EM countries

			Current	Forecasts		
			May 13 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	1.70
		2 years	1.67	1.70	1.80	1.90
		10 years	2.88	2.90	3.00	3.20
	Czech Rep.	Monetary policy (Repo)	2.00	2.00	2.00	2.25
		3 months (PRIBOR)	2.20	2.20	2.25	2.40
		2 years	1.77	1.80	1.90	2.10
		10 years	1.95	2.00	2.20	2.40
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
		3 months (BUBOR)	0.16	0.15	0.20	0.50
		3 years	1.48	1.40	1.40	1.60
		10 years	3.29	3.20	3.20	3.20
Latin America	Brazil	Monetary policy (Repo)	6.50	6.50	6.50	7.25
		3 months (ABG)	6.40	6.50	6.50	7.30
		2 years	7.13	6.90	6.80	6.70
		10 years	8.77	8.70	8.60	8.50
	Mexico	Monetary policy	8.25	8.25	8.00	8.00
		3 months (Mexibor)	8.20	8.20	8.20	8.00
		2 years	7.98	8.10	8.05	7.80
		10 years	8.12	8.20	8.00	8.00
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	2.89	2.80	2.80	2.90
		3 years	2.96	2.70	2.70	2.80
		10 years	3.28	3.20	3.30	3.30
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.95	1.80	1.90	2.00
		2 years	1.94	2.00	2.10	2.20
		10 years	2.17	2.30	2.30	2.40
	South Korea	Monetary policy	1.75	1.75	1.75	1.75
		3 months	1.72	1.75	1.80	1.75
		2 years	1.73	1.80	1.90	2.00
		10 years	1.88	2.00	2.10	2.20

Yield spreads in basis points[1)]

			Current	Forecasts		
			May 13 2019	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	219	210	200	215
		Turkey	396	500	490	515
		Hungary	115	100	100	105
	Africa	South Africa	283	315	305	320
	Latin America	Brazil	228	245	240	250
		Chile	138	125	120	130
		Columbia	182	180	175	185
		Mexico	313	305	295	314
	Asia	China	125	115	110	115
		Indonesia	189	190	180	190
		Philippines	86	82	80	85
	Total (EMBIG Div)		**352**	**350**	**340**	**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		
		May 13 2019	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.12	1.13	1.14	1.16
	EUR-CAD	1.51	1.51	1.52	1.53
	EUR-AUD	1.61	1.61	1.61	1.63
Japan	EUR-JPY	123.19	125.43	127.68	131.08
Euro-Outs	EUR-GBP	0.86	0.86	0.86	0.86
	EUR-DKK	7.47	7.45	7.45	7.45
	EUR-SEK	10.83	10.50	10.20	10.00
	EUR-CHF	1.13	1.14	1.15	1.16
	EUR-NOK	9.82	9.60	9.50	9.40
Central- and Eastern Europe	EUR-PLN	4.30	4.30	4.25	4.20
	EUR-HUF	324.02	325.00	320.00	315.00
	EUR-CZK	25.76	25.70	25.70	25.50
Africa	EUR-ZAR	16.02	15.59	16.42	17.17
Latin America	EUR-BRL	4.44	4.29	4.39	4.52
	EUR-MXN	21.56	21.92	22.80	23.43
Asia	EUR-CNY	7.73	7.63	7.75	7.95
	EUR-SGD	1.54	1.54	1.54	1.55
	EUR-KRW	1333	1300	1300	1334
US-Dollar		**Current**	**Forecasts**		
		May 13 2019	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.34	1.34	1.33	1.32
	AUD-USD	0.70	0.70	0.71	0.71
Japan	USD-JPY	109.67	111.00	112.00	113.00
Euro-Outs	GBP-USD	1.30	1.31	1.33	1.35
	USD-DKK	6.65	6.59	6.54	6.42
	USD-SEK	9.64	9.29	8.95	8.62
	USD-CHF	1.01	1.01	1.01	1.00
	USD-NOK	8.74	8.50	8.33	8.10
Central- and Eastern Europe	USD-PLN	3.83	3.81	3.73	3.62
	USD-HUF	288.42	287.61	280.70	271.55
	USD-CZK	22.93	22.74	22.54	21.98
Africa	USD-ZAR	14.26	13.80	14.40	14.80
Latin America	USD-BRL	3.96	3.80	3.85	3.90
	USD-MXN	19.19	19.40	20.00	20.20
Asia	USD-CNY	6.88	6.75	6.80	6.85
	USD-SGD	1.37	1.36	1.35	1.34
	USD-KRW	1187	1150	1140	1150

Commodities

Commodity	Current	Forecasts		
	May 13 2019	3 months	6 months	12 months
Gold (USD per troy ounce)	1,283.92	1,275	1,260	1,250
Gold (EUR per troy ounce)	1,142.89	1,130	1,110	1,080
WTI crude (USD per Barrel)	61.66	59	60	60
WTI crude (EUR per Barrel)	54.89	52	53	52
Brent crude (USD per Barrel)	72.36	66	66	65
Brent crude (EUR per Barrel)	64.41	58	58	56

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