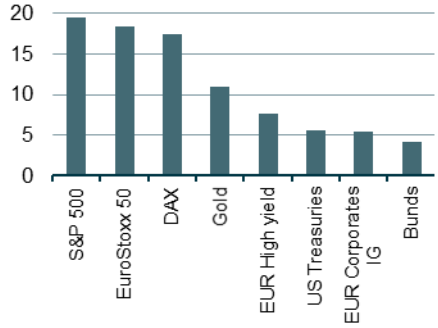
Macro Research
Economic Forecasts

July / August 2019

Higher key rates remain elusive

Total Return (in EUR)*



* 31.12.2018 to 28.06.2019; in %
Source: Bloomberg, DekaBank .

Those responsible for the favourable development of the capital markets in the first half of 2019 are easily identified: it was the central banks. From the viewpoint of the markets monetary policy is the dominating factor. Even at the beginning of the year both the ECB and the US Fed already put more emphasis on the modest pace of inflation and the current economic risks. Meanwhile there has been a complete about-turn. The object is no longer an exit from the low-interest phase, but its extension and deepening. We have included in this month's forecast lower interest rates for both the ECB and the Fed in this turnaround. This means that the prospect of positive money market interest rates has been pushed into the future indefinitely.

At the beginning of the year the major political risk topics (trade war between USA and China, Brexit, Italy) still remained in the background. However, in May dark risk clouds began to gather and the global economy continued to weaken. This raised the concern of the central banks and allowed expectations of lower interest rates to burgeon. The last economic data published were mixed rather than stable: the global economy is by no means in a free fall, which would inevitably soon lead to a recession. It would be much more appropriate to speak of a„cooling upswing". With its extreme reaction to these developments monetary policy has once more become the driving force on the financial markets: US stock exchanges reached new all-time highs and 10-year Bund yields fell below -0.30%, lower than ever before.

From our point of view the most likely scenario is that the global economy continues to grow at a modest pace of around 3%. Thanks to the favourable development of the labour market in many industrial countries, consumption expenditures remain a vital support for economic growth. However, risks have not disappeared and the central banks continue to proceed with caution which supports the markets. Monetary policy is apparently acting asymmetrically, as by their own admission the central banks are prepared to adopt hedging measures downwards, whilst they remain relatively relaxed in the face of rising inflation rates. As a result this means a more attractive environment in the medium term for risky asset classes, above all equities. This holds despite foreseeable volatility and occasional corrections. The low-interest environment has been further reinforced. Only investors who are prepared to take risks have any chance of an appreciable yield.

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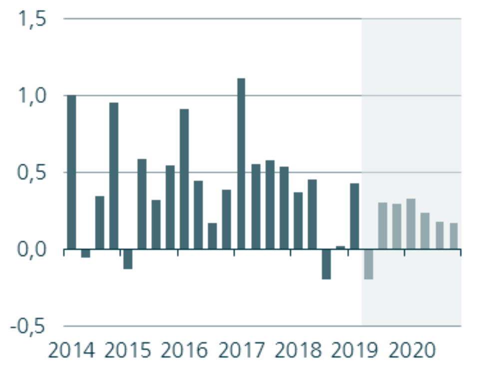
Most important forecast revisions

- Germany; GDP growth 2019 and 2020: 0.5 % and 1.3 % (previously 0.6 % and 1.4 %).
- Germany: inflation 2019 and 2020: 1.4 % and 1.7 % (previously 1.6 % and 1.9 %).
- Eurozone: inflation 2019: 1.3 % (previously 1.5 %).
- USA: inflation 2019: 1.9 % (previously 2,0 %).
- The ECB deposit rate will be lowered to -0.50 % in September.
- Slower rise of Bund yields.
- USA: key rates lowered twice by the end of 2020. Medium-term interest-rate curve 25 basis points lower.
- Upward revision of the gold price forecast.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



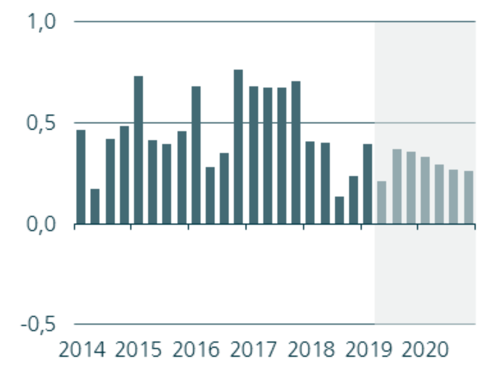
Sources: Destatis, forecast DekaBank

Germany

The news from industrial associations underscores the current weak state of the German industry: the automobile industry expects its new business to shrink by 1% in 2019, mechanical engineering expects output to fall by 2% and the chemical industry by 4%. This is all reflected in poor sentiment in the industrial sector. Attention is always drawn to the weaknesses of the global economy and the negative consequences of the trade war. Nevertheless, the service sector has so far proved robust. However, for the second quarter a shrinking of the whole economy is more likely than growth of GDP.

Forecast revision: GDP growth 2019 and 2020: 0.5 % and 1.3 % (previously 0.6 % and 1.4 %); inflation 2019 and 2020: 1.4 % and 1.7 % (previously 1.6 % and 1.9 %).

Eurozone: GDP (% qoq, sa)



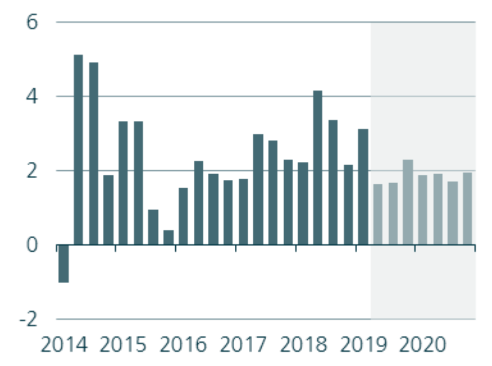
Sources: Eurostat, forecast DekaBank

Eurozone

The European economy made a promising start to 2019 but in the second quarter it is already threatening to fall back into the weak economic condition of the second half of 2018. The most important European indicators of market sentiment are all pointing in this direction. The gateway for European weakening is the export-dependent German industrial sector and the persistant weakness of the Italian economy. The list of negative influential factors is long. The tangible cooling of global trade with the Chinese import weakness at the centre, as well as enhanced uncertainty due to the international trade war, Brexit, Italian economic policy together with diverse geopolitical conflicts are increasingly weighing on the economic upswing in the Euro area.

Forecast revision: inflation 2019: 1.3 % (previously 1.5 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

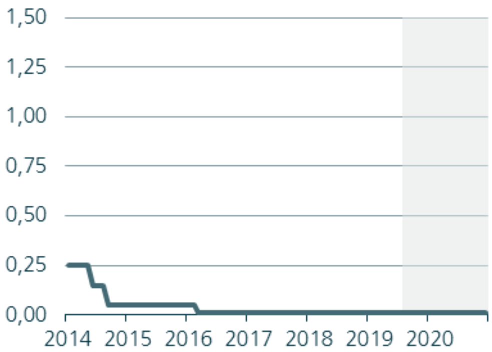
USA

At the end of July GDP for the second quarter will be published. Currently economic indicators are pointing to growth in the region of 1.3% to 2.0% (annualised quarterly rates of change). This would be weaker than at the beginning of the year and would confirm that economic growth is returning to a normal level. Economic growth will probably remain at a low level in coming quarters. The trade war has so far had no significant negative impact on the economy. Only in indicators of corporate sentiment can the first dampers be detected, but they are not particularly disturbing. Nevertheless, the risks of a temporary downturn have increased. In view of current energy prices we have adjusted our inflation forecast slightly down.

Forecast revision: inflation 2019: 1.9 % (previously 2,0 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



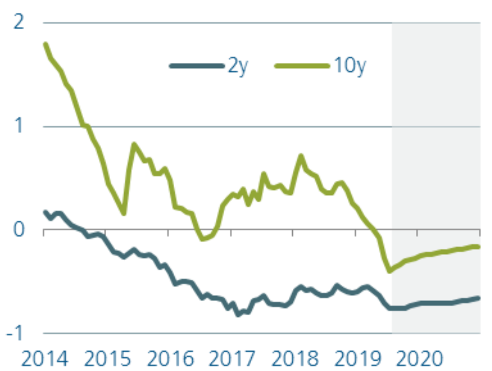
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

The ECB Symposium in Sintra has a rather academic character. This year, however, President Draghi surprised everybody by asserting that in the case of both the deposit rate and its asset purchases the ECB has scope for further easing. A more expansive monetary policy will be necessary if economic prospects do not improve. We do not expect the ECB to significantly raise its projections for economic growth and inflation in September. Since market-based measures of inflation expectations have resumed their downward trend after an initial upturn, the ECB will then have to put its money where its mouth is. We therefore expect the deposit rate to be lowered to -0.50% in September. Moreover, the ECB should underscore the potential for possible future expansive measures. These could include a tiered deposit rate or alternative measures designed to protect the banking system, as well as an easing of the upper limits for the purchase of securities.

- Forecast revision: The ECB deposit rate will be lowered to -0.50 % in September.

German Bond Yield (% p.a.)



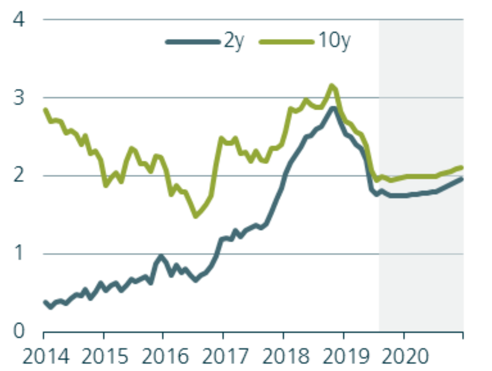
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

The marginal convergence between the US and China in the trade war has not reduced global economic risks appreciably. At the same time falling inflation expectations on the capital markets have raised serious doubts with respect to the ECB's ability to achieve its inflation target in the years to come. It therefore feels the need to provide evidence of its ability to act, although we expect no more than a minimal lowering of the deposit rate in September. However, market expectations with regard to future monetary policy will probably remain extremely asymmetric. Whereas the ECB would react to a worsening of the economic environment with further expansive measures, an exit from its current monetary policy is not to be expected for a long time to come. The result is a flatter Bund curve.

- Forecast revision: Slower rise of Bund yields.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

At their interest-rate meeting in June the FOMC members brought their previous patient monetary policy course to an end and made explicit reference to enhanced risks. We have therefore changed our monetary policy outlook and now expect key rates to be lowered by 25 basis points twice this year. It should be noted that this is merely a form of insurance policy, as from a macroeconomic point of view there has been no essential change. Together with these short-term adjustments, we have also changed our medium- and long-term interest-rate outlook, so that the long-term equilibrium key-rate level is now 25 basis points lower than previously expected. As a result the whole interest rate curve shifts downwards.

- Forecast revision: Key rates lowered twice by the end of 2020. Medium-term interest-rate curve 25 basis points lower.

Markets: Industrial countries

Equity Market Forecast

Equity Market Forecast				
	Current Jul 5, 19	in 3 months	in 6 months	in 12 months
DAX	**12 568.53**	**11 700**	**12 500**	**13 000**
Reporting:				
EuroStoxx50	3 527.98	3 300	3 500	3 600
S&P 500	2 990.41	2 800	2 900	3 000
Topix	1 592.58	1 500	1 550	1 600

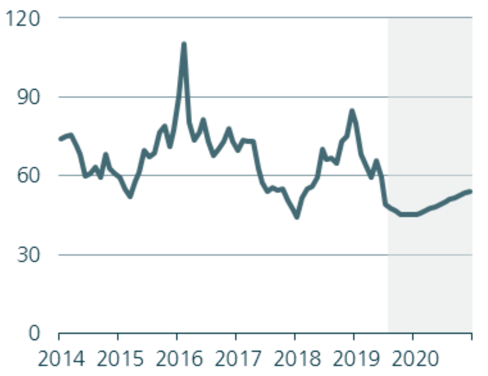
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

The trade conflicts have not escalated, but uncertainty is widespread and newly constructed barriers are hampering economic activity. This is reflected in both weak economic data and companies' even more cautious operative outlooks. Expected second-quarter corporate profits are constantly being adjusted downwards. Despite these reduced expectations we cannot expect any positive impulses from company reports. At the same time, equity prices have received substantial support from the prospect of further monetary easing in the near future, however, this is already more than fully reflected in market expectations by now. This means the risk is high that even in the implementation of an expansive measure the market may be disappointed. In the medium term the change in direction of monetary policy will inevitably result in enhanced support for the equity market.

Forecast revision: Upward revision of 3-month, 6-month and 12-month forecasts.

iTraxx Europe (Bp)



Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

With his dovish flourish at the ECB meeting in Sintra President Draghi gave the credit markets a shot in the arm. Investors are not only rejoicing over the prospect of permanently low interest rates, but see a chance of the asset-purchase programme for corporates being revived. The nomination of Christine Lagarde as Draghi's successor is also regarded in a positive light, as in her position as Chairwoman of the IMF she frequently stated how helpful very expansive monetary policy is for market stability. In recent weeks a huge wave of new issues of corporate bonds has hindered performance on the spot market against credit derivatives. In the summer pause these will ebb away and the demand for corporates will remain strong.

Covered Bonds 5y (% p.a.)

Source: Bloomberg

Covered Bonds

In the wake of ECB President Draghi's commitment to further monetary easing at the ECB meeting in Sintra the yields of German mortgage bonds and covered bonds have fallen sharply. As a result, most mortgage bonds and many covered bonds with maturities of up to eight years are already being traded with negative yields. Meanwhile, investors are now accustomed to suscribing for new issues with negative yields. Helaba has established a new record in this respect by successfully placing a 5-year mortgage bond with a yield of minus 22 basis points. What is remarkable about the friendly interest-rate development is that swap rates have been able to follow and even to outperform Bund rates. This development has been driven solely by interest rates and cannot be attributed to Bund scarcity premiums in expectation of a new asset-purchase programme.

Markets: Industrial countries

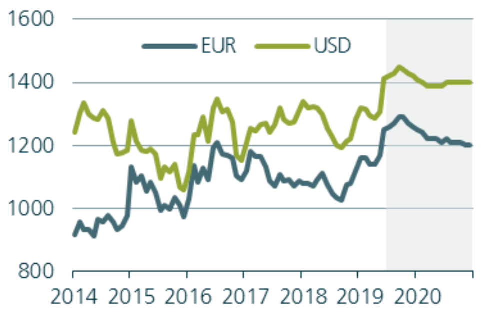
Exchange Rate EUR-USD

Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

The Euro has shown its strongest side against the US dollar in recent weeks. At the beginning of June the EUR-USD exchange rate stood at 1.12 EUR-USD and by the end of the month had risen to 1.14 EUR-USD. It had not, however, risen because of good news from Europe. The rise could rather be attributed to a combination of European economic weakness and monetary uncertainty in the USA. As expected, at its interest-rate meeting in the second half of June the Fed left its key-rate band on hold at 2.25% to 2.50%. However, the door has been opened for a possible lowering of key rates in the near future. We now expect key rates to be lowered in July and September, which will provide support for the Euro. It will not benefit fully, however, due to the weak development of interest rates in Europe.

Gold price (per troy ounce)



Per-formance	from 30.06.13 to 30.06.14	30.06.14 30.06.15	30.06.15 30.06.16	30.06.16 30.06.17	30.06.17 30.06.18	30.06.18 30.06.19
Gold in Euro	2.63%	8.80%	13.51%	-8.73%	-1.30%	15.85%
Gold in USD	8.03%	-11.36%	12.70%	-5.93%	0.98%	12.69%

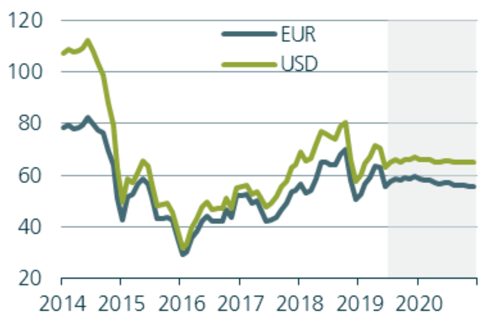
Sources: Bloomberg, forecast DekaBank

Gold

Expectations with respect to key rate cuts by the US Fed and the ECB have boosted the gold price in recent weeks. At times market players were even expecting three Fed rate cuts, which sent the gold price soaring to its highest level for six years. The outlook for the gold price has also improved, for an exit from ultra-loose monetary policy has now moved into the distant future. The holding of gold with no interest will have become more attractive in comparison to forms of investment with current income. In the months to come uncertainty with respect to the trade war and the weakening of the global economy could raise the gold price at any time.

Forecast revision: Upward revision of the gold price forecast.

Crude Oil Brent (per barrel)



Performance	from 30.06.13 to 30.06.14	30.06.14 30.06.15	30.06.15 30.06.16	30.06.16 30.06.17	30.06.17 30.06.18	30.06.18 30.06.19
Brent in Euro	4.48%	-30.53%	-21.31%	-6.42%	62.03%	-13.88%
Brent in USD	9.98%	-43.41%	-21.87%	-3.54%	65.78%	-16.23%

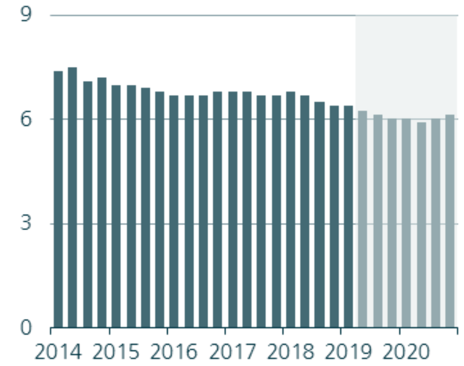
Sources: Bloomberg, forecast DekaBank

Crude oil

The participants on the oil market are torn between their worries over a weakening of demand for oil (due to the trade war and the weakening of the global economy) and their concerns over short supply (due to Iran and Venezuela). Recently their concerns over short supply have proved stronger. In the wake of the G20 summit the tension in the trade war between the USA and China eased somewhat, whereas by breaking parts of the nuclear agreement Iran triggered fears of escalation and a further decline of Iranian oil exports. As expected, the OPEC members and Russia extended their agreement to cap oil output for the period July 2019 until March 2020. This was regarded as necessary in order to keep the global oil market in equilibrium in the second half of 2019 and to avoid excess supply.

Emerging Markets

China: GDP (% yoy)

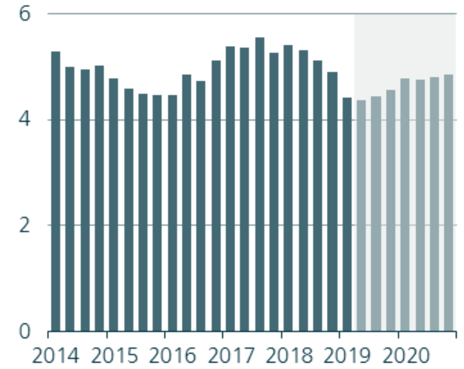


Sources: National Statistics, forecast DekaBank

China

Within the framework of the G20 summit President Trump and the Chinese President Xi Jinping agreed to resume trade negotiations. This means that the US is unlikely to raise its tariffs against China in the near future at least. A far-reaching agreement that would lead to the removal of those tariffs already imposed would be difficult to achieve and a fresh escalation of the conflict is not unlikely. The Chinese economy cooled down in June. This has been reflected by the Caixin purchasing managers' index for the manufacturing sector, which fell from 50.2 to 49.4 points. The major negative factors are weak global trade and uncertainty with respect to trade policy. The service sector looks healthier and will probably ensure that China's GDP growth target of 6% to 6.5% for 2019 will be achieved.

Emerging Markets: GDP (% yoy)

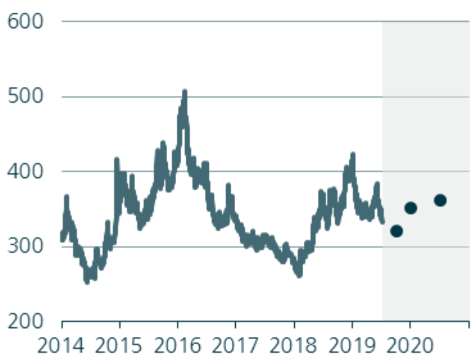


Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

The US and China have agreed to resume trade negotiations. A further escalation of punitive tariffs is therefore unlikely in the near future, but uncertainty with respect to the future of the international trade order is bound to persist. In view of the gloomy economic outlook and falling rates of inflation we expect further easing of global monetary policy, but this alone will not suffice to give the emerging markets fresh economic impetus. On July 21st there will be a parliamentary election in Ukraine, which should strengthen President Selenski's position. In Turkey President Erdogan has come under pressure after his candidate as mayor of Istanbul clearly lost the election and the US has threatened to impose new sanctions.

EMBIG Diversified-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

EM investments have registered substantial gains in recent weeks. The main drivers have been statements by the Fed and the ECB suggesting an easing of monetary policy in the near future. In the trade war between the US and China there has been a turnaround, after President Trump withdrew from his tough stance upon which he had only embarked at the beginning of May. We now expect key rates to be lowered by the Fed in July and September, which should provide support for EM bonds and equities. Interest rates have also been lowered in emerging markets, which suggests that at least in the case of short maturities yields are likely to fall further. The easing of monetary policy will take place against the backdrop of low and falling rates of inflation. However, it is also an answer to the weakening of the global economy, which has been evident for all to see since the middle of 2018. Against the background of this weak economic environment the volatility of EM equities and currencies seems likely to increase again.

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	0.5	1.3	1.9	1.4	1.7	7.3	6.4	6.2	1.7	1.0	0.8
France	2.2	1.7	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	0.2	0.6	1.2	0.9	1.1	2.5	2.5	2.5	-2.1	-2.5	-3.5
Spain	1.4	2.6	2.3	1.9	1.7	0.9	1.3	0.9	0.9	0.9	-2.5	-2.3	-2.0
Netherlands	0.7	2.6	1.9	1.7	1.6	2.3	1.6	10.8	10.0	9.3	1.5	1.4	0.8
Belgium	0.4	1.4	1.4	1.3	2.3	1.6	1.7	-1.3	0.2	0.0	-0.7	-1.3	-1.5
Eurozone	**11.4**	**1.9**	**1.1**	**1.3**	**1.8**	**1.3**	**1.5**	**3.4**	**3.1**	**2.9**	**-0.6**	**-0.9**	**-1.1**
United Kingdom	2.2	1.4	1.5	1.5	2.5	1.9	1.8	-3.9	-3.7	-3.4	-1.5	-1.5	-1.2
Sweden	0.4	2.5	1.8	1.6	2.0	1.7	1.8	2.0	2.6	3.1	0.9	0.4	0.4
Denmark	0.2	1.5	1.5	1.6	0.7	1.2	1.4	6.1	6.3	6.3	0.5	0.6	-0.1
EU-22	**14.3**	**1.8**	**1.2**	**1.4**	**1.9**	**1.4**	**1.6**	**2.3**	**2.0**	**2.0**	**-0.7**	**-1.0**	**-1.0**
Poland	0.9	5.1	4.0	3.3	1.7	2.2	2.6	-0.7	-0.6	-0.4	-0.4	-1.6	-2.0
Czech Republic	0.3	2.9	2.6	2.4	2.1	2.7	2.0	0.4	0.2	0.2	0.9	0.2	0.4
Hungary	0.2	5.0	4.0	2.6	2.9	3.7	3.3	0.5	1.9	2.0	-2.2	-1.8	-1.6
EU-28	**16.3**	**2.1**	**1.6**	**1.6**	**1.9**	**1.6**	**1.7**	**1.9**	**1.7**	**1.5**	**-1.0**	**-1.1**	**0.0**
USA	15.2	2.9	2.5	1.9	2.4	1.9	2.3	-2.4	-2.5	-2.5	-6.5	-7.0	-7.5
Japan	4.1	0.8	0.9	-0.1	0.9	1.0	2.2	3.5	3.0	2.5	-2.5	-2.5	-2.0
Canada	1.4	1.9	1.4	1.8	2.2	2.1	2.3	-2.6	-3.0	-3.5	-0.4	-1.0	-1.5
Australia	1.0	2.8	1.9	2.5	1.9	1.6	2.2	-2.0	0.0	0.5	-0.6	0.0	0.0
Switzerland	0.4	2.5	1.5	1.7	0.9	0.6	0.7	9.8	9.0	9.0	0.3	0.3	0.2
Norway	0.3	2.6	2.5	1.8	2.8	2.2	1.9	8.1	7.4	7.2	7.5	7.5	7.2
Developed Countries[4]	**36.8**	**2.2**	**1.8**	**1.5**	**2.0**	**1.6**	**2.0**	**0.3**	**0.1**	**0.0**	**-3.2**	**-3.5**	**-3.7**
Russia	3.1	2.2	1.1	1.6	2.9	4.6	3.6	6.9	6.9	6.3	2.6	2.1	1.5
Turkey	1.7	2.6	-1.7	1.6	16.3	15.7	11.9	-3.5	-1.0	-2.5	-2.0	-2.3	-2.1
Ukraine	0.3	3.3	2.7	2.9	10.9	8.6	7.7	-4.0	-4.2	-3.3	-1.6	-1.6	-1.5
Emerging Europe[5]	**7.5**	**3.0**	**1.3**	**2.1**	**6.3**	**6.9**	**5.5**	**0.9**	**1.3**	**0.7**	**X**	**X**	**X**
South Africa	0.6	0.8	0.6	2.1	4.5	5.1	5.2	-3.6	-3.4	-4.0	-4.7	-4.2	-3.8
Middle East, Africa	**3.3**	**2.9**	**3.0**	**3.1**	**8.6**	**8.1**	**7.3**	**0.0**	**0.0**	**-0.3**	**X**	**X**	**X**
Brazil	2.5	1.1	0.9	2.3	3.7	4.0	3.7	-0.8	-1.0	-1.3	-7.1	-5.8	-4.9
Mexico	1.9	2.0	1.1	2.0	4.9	4.2	3.8	-1.8	-1.8	-2.1	-2.0	-2.3	-2.3
Argentina	0.7	-2.5	-1.2	2.1	34.3	48.9	28.1	-5.4	-2.1	-1.3	-5.0	-3.3	-1.9
Chile	0.4	4.0	2.9	3.3	2.3	2.4	2.8	-3.1	-2.6	-2.1	-1.7	-1.3	-1.1
Latin America	**6.8**	**0.8**	**0.3**	**2.2**	**6.8**	**8.3**	**6.0**	**-1.8**	**-1.9**	**-1.9**	**X**	**X**	**X**
China	18.7	6.6	6.2	6.0	2.1	2.0	2.5	0.4	0.1	-0.3	-4.2	-4.5	-4.5
India	7.8	7.4	6.4	6.9	4.0	3.4	4.2	-2.4	-1.8	-1.6	-6.7	-6.9	-6.6
Indonesia	2.6	5.2	5.1	4.9	3.2	3.5	3.7	-3.0	-2.6	-2.6	-1.7	-1.9	-1.9
South Korea	1.6	2.7	1.8	2.3	1.5	0.7	1.7	4.4	4.2	4.3	1.6	0.8	0.3
Emerging Asia	**34.8**	**6.2**	**5.6**	**5.6**	**2.6**	**2.3**	**2.8**	**1.0**	**0.9**	**0.5**	**X**	**X**	**X**
Emerging Markets	**52.4**	**4.8**	**4.1**	**4.5**	**4.0**	**4.1**	**3.9**	**0.6**	**0.5**	**0.2**	**X**	**X**	**X**
Total[6]	**89.2**	**3.7**	**3.2**	**3.3**	**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.

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Interest rates in industrialised countries

		Current	Forecasts		
		Jul 8 2019	3 months	6 months	12 months
Germany	Monetary policy (Refi)	0.00	0.00	0.00	0.00
	3 months (EURIBOR)	-0.36	-0.40	-0.40	-0.40
	12 months (EURIBOR)	-0.26	-0.22	-0.20	-0.20
	Bunds, 2 years	-0.75	-0.75	-0.70	-0.70
	Bunds, 5 years	-0.63	-0.65	-0.60	-0.55
	Bunds, 10 years	-0.37	-0.30	-0.25	-0.20
	Bunds, 30 years	0.23	0.35	0.40	0.50
USA	Monetary policy (FFR)	2,25-2,50	2,00-2,25	1,75-2,00	1,75-2,00
	3 months (LIBOR)	2.31	2.20	2.05	2.00
	12 months (LIBOR)	2.19	2.15	2.15	2.20
	US-Treasuries, 2 years	1.85	1.75	1.75	1.80
	US-Treasuries, 5 years	1.82	1.80	1.85	1.90
	US-Treasuries, 10 years	2.03	1.95	2.00	2.00
	US-Treasuries, 30 years	2.53	2.50	2.50	2.55
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)	0.04	0.05	0.05	0.05
	JGBs, 2 years	-0.20	-0.20	-0.20	-0.20
	JGBs, 5 years	-0.23	-0.25	-0.25	-0.25
	JGBs, 10 years	-0.15	-0.10	-0.10	-0.05
	JGBs, 30 years	0.36	0.40	0.40	0.40
United Kingdom	Monetary policy (Base)	0.75	0.75	0.75	0.75
	3 months (LIBOR)	0.76	0.80	0.80	0.80
	12 months (LIBOR)	0.88	1.00	1.00	1.20
	Gilts, 2 years	0.54	0.60	0.60	0.80
	Gilts, 5 years	0.51	0.50	0.70	1.00
	Gilts, 10 years	0.71	0.70	0.80	1.20
	Gilts, 30 years	1.33	1.30	1.35	1.55
Sweden	Monetary policy (Repo)	-0.25	-0.25	0.00	0.00
	3 months (STIB)	-0.04	0.03	0.20	0.20
	2 years	-0.59	-0.40	-0.20	-0.10
	10 years	0.00	0.10	0.30	0.50
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.38	-0.40	-0.40	-0.40
	2 years	-0.74	-0.75	-0.70	-0.70
	10 years	-0.28	-0.20	-0.15	-0.10
Norway	Monetary policy (Deposit)	1.25	1.25	1.50	1.50
	3 months (NIBOR)	1.55	1.63	1.80	1.90
	3 years	1.29	1.40	1.40	1.60
	10 years	1.44	1.60	1.70	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)	-0.74	-0.75	-0.75	-0.75
	2 years	-0.90	-0.85	-0.85	-0.80
	10 years	-0.63	-0.60	-0.40	-0.20
Canada	Monetary policy (O/N)	1.75	1.50	1.50	1.50
	3 months (CBA)	1.98	1.85	1.80	1.80
	12 months (CBA)	2.12	2.10	2.05	1.95
	2 years	1.62	1.50	1.55	1.65
	5 years	1.53	1.40	1.45	1.65
	10 years	1.57	1.55	1.60	1.75
	30 years	1.74	1.70	1.70	1.85
Australia	Monetary policy (Cash)	1.00	1.00	1.00	1.00
	3 months (ABB)	1.12	1.15	1.15	1.15
	2 years	0.96	1.00	1.10	1.20
	10 years	1.32	1.45	1.65	2.10

Interest rates in EM countries

			Current	Forecasts		
			Jul 8 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	1.60	1.70
		2 years	1.59	1.60	1.70	1.80
		10 years	2.26	2.40	2.50	2.70
	Czech Rep.	Monetary policy (Repo)	2.00	2.00	2.00	2.00
		3 months (PRIBOR)	2.17	2.20	2.00	2.30
		2 years	1.57	1.60	1.70	2.00
		10 years	1.46	1.50	1.70	2.20
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
		3 months (BUBOR)	0.25	0.25	0.30	0.50
		3 years	0.81	0.90	1.10	1.40
		10 years	2.28	2.50	2.70	2.80
Latin America	Brazil	Monetary policy (Repo)	6.50	6.50	6.00	6.00
		3 months (ABG)	6.13	6.50	6.00	6.10
		2 years	5.88	6.40	6.35	6.30
		10 years	7.38	7.50	7.50	7.50
	Mexico	Monetary policy	8.25	8.25	8.00	7.25
		3 months (Mexibor)	8.15	8.20	8.00	7.15
		2 years	7.79	7.60	7.50	7.40
		10 years	7.35	7.40	7.20	7.00
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	2.60	2.80	2.80	2.90
		3 years	2.89	2.80	2.70	2.80
		10 years	3.19	3.20	3.30	3.30
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	2.00	2.00	2.00	2.00
		2 years	1.68	1.70	1.70	1.80
		10 years	1.90	2.00	2.00	2.10
	South Korea	Monetary policy	1.75	1.50	1.50	1.50
		3 months	1.51	1.50	1.50	1.50
		2 years	1.43	1.50	1.50	1.50
		10 years	1.54	1.60	1.60	1.60

Yield spreads in basis points[1)]

			Current	Forecasts		
			Jul 8 2019	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	196	220	215	215
		Turkey	464	530	515	515
		Hungary	84	120	115	115
	Africa	South Africa	278	320	310	310
	Latin America	Brazil	225	255	250	250
		Chile	131	145	140	140
		Columbia	174	205	200	200
		Mexico	320	320	315	315
	Asia	China	105	115	110	110
		Indonesia	175	210	205	205
		Philippines	66	100	95	95
	Total (EMBIG Div)		**333**	**320**	**350**	**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		
		Jul 8 2019	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.12	1.12	1.13	1.15
	EUR-CAD	1.47	1.47	1.48	1.52
	EUR-AUD	1.61	1.60	1.61	1.62
Japan	EUR-JPY	121.71	122.08	124.30	127.65
Euro-Outs	EUR-GBP	0.90	0.90	0.88	0.86
	EUR-DKK	7.46	7.45	7.45	7.45
	EUR-SEK	10.59	10.40	10.30	10.20
	EUR-CHF	1.11	1.12	1.13	1.15
	EUR-NOK	9.67	9.60	9.50	9.40
Central- and Eastern Europe	EUR-PLN	4.25	4.25	4.30	4.25
	EUR-HUF	324.53	325.00	325.00	320.00
	EUR-CZK	25.50	25.50	25.50	25.30
Africa	EUR-ZAR	15.92	16.13	16.50	17.02
Latin America	EUR-BRL	4.29	4.31	4.41	4.49
	EUR-MXN	21.32	21.84	22.60	23.23
Asia	EUR-CNY	7.73	7.73	7.85	8.05
	EUR-SGD	1.53	1.52	1.53	1.54
	EUR-KRW	1326	1322	1345	1380

US-Dollar		Current	Forecasts		
		Jul 8 2019	3 months	6 months	12 months
Dollar-Bloc	USD-CAD	1.31	1.31	1.31	1.32
	AUD-USD	0.70	0.70	0.70	0.71
Japan	USD-JPY	108.41	109.00	110.00	111.00
Euro-Outs	GBP-USD	1.25	1.24	1.28	1.34
	USD-DKK	6.65	6.65	6.59	6.48
	USD-SEK	9.43	9.29	9.12	8.87
	USD-CHF	0.99	1.00	1.00	1.00
	USD-NOK	8.62	8.57	8.41	8.17
Central- and Eastern Europe	USD-PLN	3.79	3.79	3.81	3.70
	USD-HUF	289.07	290.18	287.61	278.26
	USD-CZK	22.71	22.77	22.57	22.00
Africa	USD-ZAR	14.18	14.40	14.60	14.80
Latin America	USD-BRL	3.82	3.85	3.90	3.90
	USD-MXN	18.99	19.50	20.00	20.20
Asia	USD-CNY	6.88	6.90	6.95	7.00
	USD-SGD	1.36	1.36	1.35	1.34
	USD-KRW	1182	1180	1190	1200

Commodities

Commodity	Current	Forecasts		
	Jul 8 2019	3 months	6 months	12 months
Gold (USD per troy ounce)	1,405.92	1,440	1,410	1,400
Gold (EUR per troy ounce)	1,252.27	1,290	1,250	1,220
WTI crude (USD per Barrel)	57.34	60	61	61
WTI crude (EUR per Barrel)	51.07	54	54	53
Brent crude (USD per Barrel)	64.53	66	66	66
Brent crude (EUR per Barrel)	57.48	59	58	57

Macro Research
Economic Forecasts

July / August 2019

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