Macro Research
Economic Forecasts

November / December 2019

A false sense of security

Source: Adobe Stock, DekaBank.

In recent weeks, we have been able to observe the benefits of fading geopolitical uncertainties on financial markets. No-deal Brexit is almost off the table whilst tensions with regard to the escalating spiral of tariffs in the trade war between the USA and China and the EU are also easing. Consequently, a sense of security has spread across financial markets. The fact that economic indicators are still painting a mixed picture and that there is no sign of a pick-up in economic growth seems to be no concern. The crucial factor is that the probability of an economic free fall has diminished and the spectre of a deep lasting recession has vanished.

Against this backdrop, US stock markets have registered new all-time highs and even the German DAX is clawing its way back to its high of January 2018. The bond markets reacted in unison. For the first time since July 2019 the yields of 10-year Bunds rose above -0.3%. The gold price also fell somewhat. Overall, many large investors were willing to accept more risk in their portfolios than they had the month before.

For equities in particular, these market developments could still run a little longer in the short term. However, we do not see a fundamental change in basic prospects. Global economic growth slowed but is not falling further and additional downward revisions of corporate earnings are increasingly less likely. Inflation remains very modest and there is no compulsive reason for central banks to reverse their renewed measures of easing immediately. Thus, key rate hikes remain for now off the agenda irrespective of the fact that the markets are more willing to take on risk.

Overall, the picture of central banks fighting against ongoing geopolitical tensions remains unchanged. The approaching general election in the United Kingdom should set the directions for the future course of Brexit. The US presidential election is already casting its shadow. The political turmoil in Latin America and Hong Kong shows that a strong sense of security seems misplaced at the current time. Against this backdrop, companies are unlikely to embark on any major investment spree to increase their capacities. The ECB's long-desired target inflation rate of 2% remains out of sight. Thus, markets' doubts are likely to recur whenever economic growth seems too anaemic. Although we advise caution, there is also plenty of room for calm confidence.

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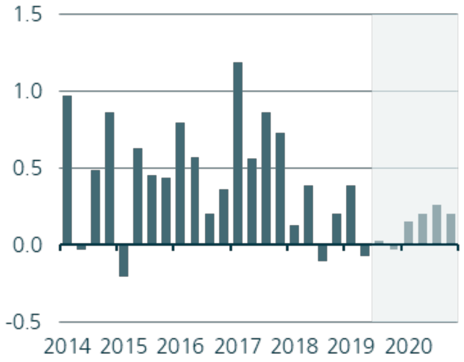
Most important forecast revisions

- Germany: GDP growth 2019 and 2020: 0.5% and 0.8% (previously 0.4% and 0.7%). Inflation 2019 and 2020: 1.4% and 1.5% (previously 1.3% and 1.4%).
- Eurozone: GDP growth 2019 and 2020: 1.1% (previously 1.0%) and 0.9% (previously 0.8%).
- Eurozone bond market: higher yields, especially of long-term bonds.
- Equities: upward revision of 3-, 6- and 12-month forecasts.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



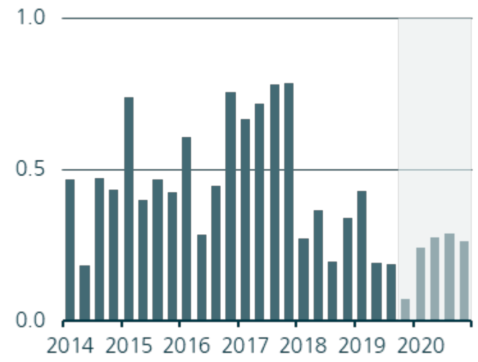
Sources: Destatis, forecast DekaBank

Germany

Fears of a "recession" were substantial. Whilst a slight dip in GDP should not be called a recession in any case – maybe a technical recession at the most – September's releases may have dispelled these fears. We now expect GDP to stagnate. In addition to economic problems, there are also structural challenges. Apart from a gridlock of reforms and infrastructure, these include above all the structural challenges faced by Germany's prime industry, the automobile sector, which was responsible for at least half the shrinkage of industrial output in the last five quarters.

Forecast revision: GDP growth 2019 and 2020: 0.5% and 0.8% (previously 0.4% and 0.7%). Inflation 2019 and 2020: 1.4% and 1.5% (previously 1.3% and 1.4%).

Eurozone: GDP (% qoq, sa)



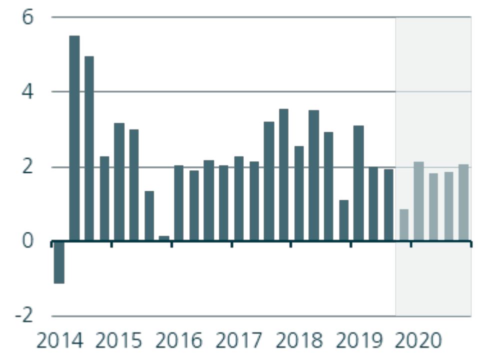
Sources: Eurostat, forecast DekaBank

Eurozone

According to Eurostat's provisional flash estimate, Eurozone's GDP increased by 0.2% (qoq) in the third quarter. There are still substantial differences in growth between the four major EMU countries. Once again, Spain reported above average growth that leaves the country in the lead among the four major EMU countries. France is in second place, also growing at an above average rate, despite the burden imposed by foreign trade. The Italian economy has shown only marginal growth whilst the Germany's contribution to the overall GDP growth has been negligible. A flash estimate of German data has been forwarded to Eurostat, but has not been published yet.

Forecast revision: GDP gowth 2019 and 2020: 1.1% (previously 1.0%) and 0.9% (previously 0.8%).

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



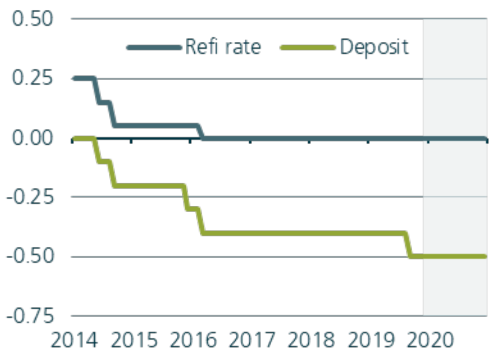
Sources: Bureau of Economic Analysis, forecast DekaBank

USA

Fears over a marked slump in economic growth were on the rise in the aftermath of weak purchasing managers' indices in September. The GDP data for the third quarter delivered the all clear: GDP rose by close to 2% annualized against the previous quarter. This matches almost exactly the average growth rate in the current upswing. At the same time, the current weakness in investment is mainly due to one-off factors, in particular in the aircraft industry (Boeing). Ultimately, the US economy has suffered surprisingly little impact. Nevertheless, the repercussions from global headwinds are lingering and may still weigh on economic growth in the final quarter of 2019.

Markets: Industrial countries

ECB: Repo Rate (% p.a.)

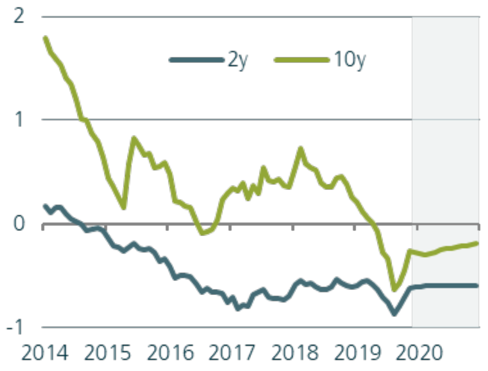


Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

Money-market futures have recently corrected further and reflect the expectation of a minor easing of monetary policy at the most. This is partially due to perceptions in the markets that downside risks have diminished. The most important factor, however, has been constant disagreement within the ECB Council. At his final press conference as ECB President, Mario Draghi reassured markets that the Central Bank would adjust use all available instruments, if necessary. However, statements by the presidents of some major national central banks suggest that the hurdles for boosting monthly net asset purchases are very high. At the same time, doubts that a further easing of the deposit rate will still be effective are on the rise. In the medium term, the ECB will probably put less emphasis on further monetary easing and far more on its intention to continue with its current policy for a very long time. EONIA and EURIBOR rates will probably remain at their current levels for some years.

German Bond Yield (% p.a.)



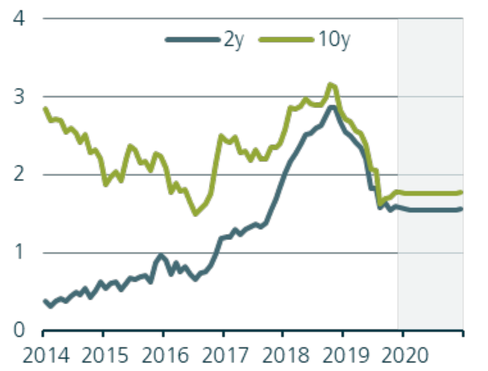
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

The sharp rise in yields in recent weeks was due to diminishing economic downside risks and a revised assessment of monetary policy. Whereas the Fed has signalled no need for action, investors in the Euro area have raised their expectations for the lower bound of the ECB deposit rate. However, before long the upward surge of yields will lose momentum. The ECB will focus on preventing markets from pricing in key rate hikes in coming years, which will anchor the short end of the Bund curve. A steepening in the longer maturities should occur only gradually, since we do not expect a strong pick-up in growth for the time being despite recent progress in both the trade dispute and Brexit.

- Forecast revision: higher yields, especially of long-term bonds.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

In October the Fed lowered key rates by 25 basis points for the third time in succession. These now range between 1.50% and 1.75%. Statements by both Fed Chairman Powell and FOMC members made clear that there is little desire for further rate cuts. The US economy is surprisingly robust whilst, after the last cut, t signs merged that the trade tensions between the USA and China are easing. This left its mark on the US bond market and raised yields in all maturities. The bond markets are now in an orientation phase. After this they should shift into a sideways movement, for there is little scope for early rate-hike fantasies.

Markets: Industrial countries

Equity Market Forecast

	Current Nov 8, 19	in 3	in 6 months	in 12
DAX	**13 228.56**	**13 500**	**13 800**	**13 600**
Reporting:				
EuroStoxx50	3 699.65	3 730	3 800	3 750
S&P 500	3 093.08	3 050	3 100	3 050
Topix	1 702.77	1 750	1 800	1 750

Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

The friendly development of the German equity market is mainly due to two factors. First, signs that the US and China are entering a more constructive phase in their trade conflict are on the rise. Second, indicators of corporate sentiment are showing the first signs of stabilisation. These two factors will not bring about a new structural assessment of the global corporate environment, for this remains challenging. However, corporate and economic data should stabilise in the short term at a low level. Since market participants have substantially revised down their growth expectations in the meantime, this is enough to provide the market with effective support. This stabilisation should benefit cyclical equity indices such as the DAX and provide support for equity prices as we move towards the turn of the year.

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

iTraxx Europe (Bp)

Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

In recent weeks, sentiment on the credit markets has improved appreciably. It is true that economic development continues to be weak, which is frequently reflected in the quarterly reports of major European companies. However, there are increasing signs that the USA and China are nearing an agreement in their trade conflict. Brexit could also soon reach the next stage of decision-making. Corporate bonds are currently benefiting strongly from the ECB's resumption of asset purchases. Together with substitute purchases for increasing maturities in the ECB's portfolio the central bankers will probably take up to EUR4bn in corporate bonds from the market each month. Thus, spreads are likely to remain under downward pressure.

Covered Bonds 5y (% p.a.)

Source: Bloomberg

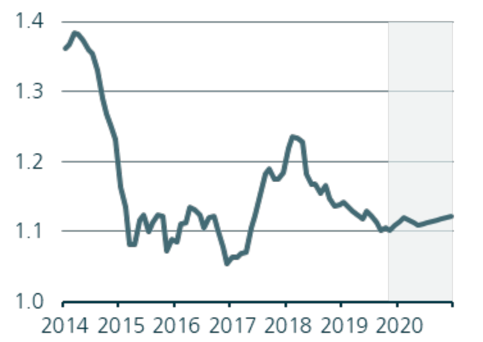
Covered Bonds

The resumption of the purchase of covered bonds by the ECB has revived the pipeline of new issuance. The prospect of a major new purchaser has tempted many issuers as well as investors onto the market. To start off, the central bankers subscribed for up to 40% of the total issue of deliverable bonds and thus contributed to hefty oversubscriptions. As a result, issuers have been able to save almost all their new issue premiums. Some bonds were even placed below the comparable secondary market level. There was no noticeable impact on the spreads of outstanding bonds initially. We expect the ECB will purchase as high quotas as possible of covered bonds and corporate bonds, in order to create more scope for itself with government bonds. We therefore expect slightly narrowing spreads in the near future.

November / December 2019

Markets: Industrial countries

Exchange Rate EUR-USD

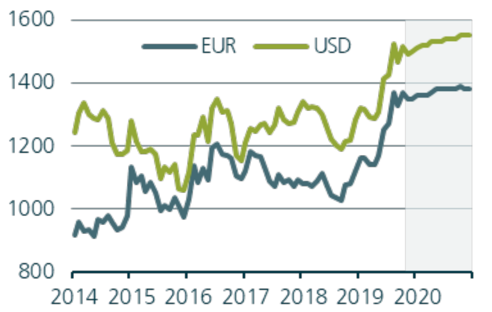


Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

In recent weeks, the Euro has appreciated substantially against the US dollar. At the beginning of October, the exchange rate stood at 1.08 EUR-USD, the lowest level this year. In the course of October, however, the Euro climbed to 1.11 EUR-USD. News from both the USA and Europe lent support to the common currency. GDP growth in the Euro area was somewhat stronger than expected in the third quarter. The impression of a free fall of the European economy was thus not confirmed. In addition, US monetary policy also temporarily supported the Euro against the US dollar. However, more recently, key rate expectations for the US rose to a greater degree than for the Eurozone, which has provided more support for the US dollar again.

Gold price (per troy ounce)



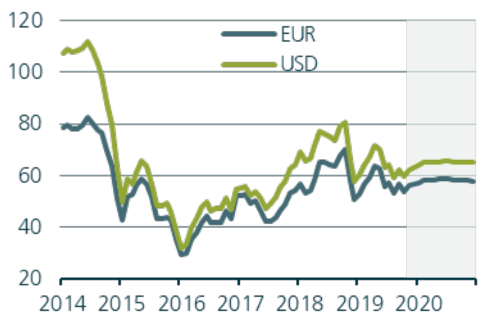
Per-formance	from 31.10.13 to 31.10.14	31.10.14 31.10.15	31.10.15 31.10.16	31.10.16 31.10.17	31.10.17 31.10.18	31.10.18 31.10.19
Gold in Euro	-3.95%	10.80%	12.10%	-6.07%	-1.48%	26.46%
Gold in USD	-11.49%	-2.58%	11.54%	-0.20%	-4.37%	24.67%

Sources: Bloomberg, forecast DekaBank

Gold

Disregarding the ongoing rise of worldwide stocks of securities backed by gold (gold ETFs), the gold price has recently been tied to US interest rates. Whilst the fall of Treasury yields at the end of October helped the gold price to soar, the following increase at the beginning of November caused the price to fall. The stabilization of sentiment indicators worldwide and hope with regard to the trade conflict added to the downward pressure. Apart from this, the latest data on the global gold market in the third quarter showed that the high price of gold unsurprisingly weighed on demand for jewellery in India and China whilst boosting old gold supply. Overall, we continue to believe that the continuing low-interest rate environment with its flare-ups of geopolititcal risk offers a hotbed in which gold can flourish.

Crude Oil Brent (per barrel)



Performance	from 31.10.13 to 31.10.14	31.10.14 31.10.15	31.10.15 31.10.16	31.10.16 31.10.17	31.10.17 31.10.18	31.10.18 31.10.19
Brent in Euro	-14.39%	-34.35%	-2.05%	19.59%	26.70%	-19.05%
Brent in USD	-21.11%	-42.28%	-2.54%	27.06%	22.98%	-20.19%

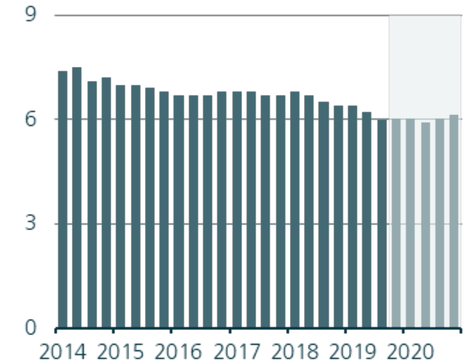
Sources: Bloomberg, forecast DekaBank

Crude oil

The latest stabilisation of global economic sentiment and a glimmer of hope with respect to the trade conflict raised the oil price at the beginning of November. However, it has become evident that below the surface lasting structural changes have taken place: even following repairs to the Saudi-Arabian refinery after the drone attack, OPEC production slumped to a 5-year low, whereas US oil production reached a new record of 12.6 million barrels. Global demand for oil has recovered somewhat in recent months but that does not alter the fact that in the course of 2020 OPEC will have to cut its output further, in order to prevent excess supply and thus avoid a fall in price. The planned IPO of Saudi Aramco confirms our assumption that OPEC will be prepared to do this.

Emerging Markets

China: GDP (% yoy)

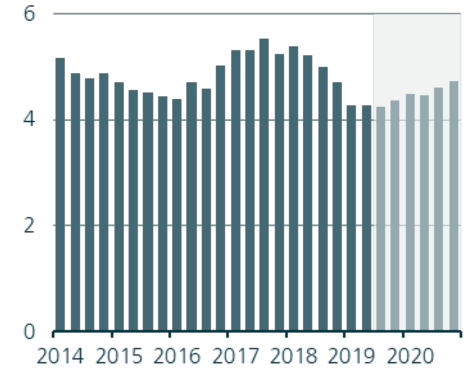


Sources: National Statistics, forecast DekaBank

China

Participants in the trade talks between the USA and China are optimistic that an agreement, which could even include the partial lifting of existing tariffs, can be reached. There are thus good prospects that higher tariffs threatened for December 15th will not be imposed. In the third quarter Chinese growth slowed from 6.2% to 6.0%. Global trade remains weak and provides no support for the export sector. Currently, however, hopes of positive results in the trade talks are supporting sentiment. This has led to an appreciation of the Renminbi. The situation in Hong Kong continues to be tense. The Chinese president Xi Jinping has ordered the chief executive Carrie Lam to take a harder stance against the demonstrators, whereby fresh tensions could arise with the USA.

Emerging Markets: GDP (% yoy)

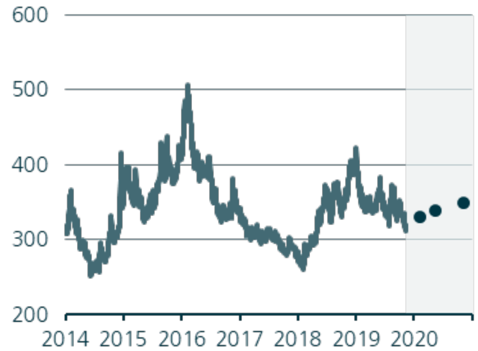


Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

In recent weeks, attention in emerging-market countries has focused on political topics. Particularly in South America and in the Middle East, mass protests have broken out, mainly fueled by social dissatisfaction, but have so far only led to the resignation of the government in Lebanon. As expected, Alberto Fernandez was elected as the new president of Argentina. Russia and Turkey have agreed on a plan for North Syria, but the situation remains fragile. Economic indicators do not suggest any radical improvement, but there are signs that economic growth may be bottoming out. Optimistic tones from the trade talks between the USA and China support sentiment. In most countries, there is little pressure on prices. China is an exception because of the massive rise in pork prices.

EMBIG Diversified-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

Hope of an easing in tensions in the trade conflict between the USA and China has increased in recent weeks and has provided support for equities and currencies in EM countries. The easing of monetary policy by some EM central banks has resulted in a further fall in the yields of EM local currency bonds, which thus bucked the trend of rising yields of US government bonds. We now expect no further key rate cuts from the Fed, which means that a vital supporting factor in recent months will lose its strength. However, further monetary easing is likely to follow in EM countries, even though the cycle is far advanced. In the trade conflict there is a danger that, as in the spring, expectations of a comprehensive agreement will be disappointed. Despite ongoing political risks, demand should continue to be strong for EM investments in the months to come, because the continuing low-interest environment limits alternative investments in industrial countries.

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	1.5	0.5	0.8	1.9	1.4	1.5	7.3	7.2	6.6	1.9	1.2	0.6
France	2.2	1.7	1.2	1.0	2.1	1.3	1.3	-0.6	-0.5	-0.6	-2.5	-3.1	-2.7
Italy	1.8	0.7	0.1	0.2	1.2	0.6	0.8	2.6	2.9	2.9	-2.2	-2.2	-2.3
Spain	1.4	2.4	2.0	1.7	1.7	0.8	1.0	1.9	2.4	2.5	-2.5	-2.3	-2.2
Netherlands	0.7	2.5	1.6	1.0	1.6	2.6	1.7	10.9	9.5	8.6	1.5	1.5	0.5
Belgium	0.4	1.5	1.3	1.0	2.3	1.2	1.3	-1.0	-0.8	-0.9	-0.7	-1.7	-2.3
Eurozone	**11.4**	**1.9**	**1.1**	**0.9**	**1.8**	**1.2**	**1.2**	**3.5**	**3.3**	**3.0**	**-0.5**	**-0.8**	**-1.0**
United Kingdom	2.2	1.4	1.3	1.1	2.5	1.8	1.9	-4.3	-4.3	-4.2	-2.3	-2.2	-2.4
Sweden	0.4	2.4	1.3	1.2	2.0	1.7	1.8	1.7	3.0	3.4	0.8	0.3	0.1
Denmark	0.2	1.5	2.0	1.6	0.7	0.7	1.1	7.1	6.9	6.5	0.8	2.2	0.5
EU-22	**14.3**	**1.8**	**1.1**	**0.9**	**1.9**	**1.3**	**1.3**	**2.3**	**2.1**	**2.0**	**-0.8**	**-1.0**	**-1.2**
Poland	0.9	5.1	4.0	3.1	1.7	2.3	2.3	-1.0	-0.6	-0.7	-0.2	-1.0	-1.2
Czech Republic	0.3	2.9	2.5	2.0	2.1	2.8	2.1	0.4	0.5	0.5	1.1	0.2	-0.1
Hungary	0.2	5.1	4.4	2.5	2.9	3.3	3.1	0.4	0.2	-0.4	-2.3	-1.8	-1.0
EU-28	**16.3**	**2.2**	**1.5**	**1.2**	**1.9**	**1.5**	**1.5**	**1.8**	**1.6**	**1.5**	**-0.8**	**-1.0**	**-1.2**
USA	15.2	2.9	2.2	1.8	2.4	1.8	2.5	-2.4	-2.5	-2.5	-6.6	-7.0	-7.5
Japan	4.1	0.8	1.0	-0.1	0.9	0.8	1.7	3.5	3.5	3.0	-2.5	-2.5	-2.0
Canada	1.4	1.9	1.6	2.0	2.2	1.9	2.1	-2.6	-1.5	-1.5	-0.4	-0.5	-1.5
Australia	1.0	2.7	1.7	2.3	1.9	1.6	2.3	-2.0	-0.5	0.0	-0.6	0.0	0.0
Switzerland	0.4	2.8	0.8	1.7	0.9	0.3	0.0	10.2	9.6	9.9	1.3	1.0	0.4
Norway	0.3	2.6	2.7	1.9	2.8	2.2	2.0	8.1	6.9	7.2	7.3	7.6	7.8
Developed Countries[4]	**36.8**	**2.2**	**1.7**	**1.3**	**2.0**	**1.5**	**1.9**	**0.3**	**0.3**	**0.2**	**-3.3**	**-3.5**	**-3.8**
Russia	3.1	2.2	1.1	1.7	2.9	4.5	3.5	6.9	6.6	6.3	2.6	2.4	1.6
Turkey	1.7	3.0	0.2	2.8	16.3	15.5	11.1	-3.5	-0.2	-0.9	-2.0	-2.9	-3.1
Ukraine	0.3	3.3	3.1	3.0	10.9	8.5	7.7	-3.3	-3.5	-3.3	-1.6	-1.6	-1.5
Emerging Europe[5]	**7.5**	**3.1**	**1.8**	**2.4**	**6.3**	**6.7**	**5.2**	**0.8**	**1.2**	**0.9**	**X**	**X**	**X**
South Africa	0.6	0.8	0.7	1.9	4.5	4.5	5.1	-3.6	-3.9	-4.5	-4.7	-4.8	-4.6
Middle East, Africa	**3.3**	**2.9**	**2.8**	**3.0**	**8.6**	**6.6**	**6.3**	**-0.1**	**-0.6**	**-0.3**	**X**	**X**	**X**
Brazil	2.5	1.1	0.9	2.3	3.7	3.8	3.7	-0.8	-1.7	-2.0	-6.9	-5.7	-4.9
Mexico	1.9	2.0	0.3	1.8	4.9	3.6	3.3	-1.8	-1.1	-1.5	-2.0	-2.7	-2.9
Argentina	0.7	-2.5	-3.0	-1.1	34.3	53.7	45.3	-5.3	-1.4	0.0	-5.0	-4.3	-5.1
Chile	0.4	4.0	2.3	2.8	2.3	2.3	2.7	-3.1	-2.6	-2.5	-1.7	-1.3	-1.2
Latin America	**6.8**	**0.8**	**-0.5**	**1.8**	**6.8**	**8.6**	**7.6**	**-1.9**	**-2.0**	**-2.0**	**X**	**X**	**X**
China	18.7	6.6	6.2	6.0	2.1	2.6	3.2	0.4	1.4	0.8	-4.8	-6.1	-6.3
India	7.7	7.4	5.5	6.3	3.9	3.3	4.0	-2.4	-1.7	-1.7	-6.4	-7.5	-7.2
Indonesia	2.6	5.2	5.0	4.9	3.2	3.1	3.1	-3.0	-2.4	-2.2	-1.8	-2.0	-2.0
South Korea	1.7	2.7	1.8	2.1	1.5	0.4	1.2	4.4	3.0	3.7	1.6	0.6	-1.0
Emerging Asia	**34.8**	**6.2**	**5.3**	**5.5**	**2.5**	**2.5**	**3.1**	**1.0**	**1.6**	**1.1**	**X**	**X**	**X**
Emerging Markets	**52.4**	**4.8**	**3.9**	**4.4**	**4.0**	**4.2**	**4.2**	**0.5**	**0.9**	**0.6**	**X**	**X**	**X**
Total[6]	**89.2**	**3.8**	**3.0**	**3.1**	**3.2**	**3.1**	**3.2**	**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		
		Nov 11 2019	3 months	6 months	12 months
Germany	Monetary policy (Refi rate)	0.00	0.00	0.00	0.00
	Monetary policy (Deposit)	-0.50	-0.50	-0.50	-0.50
	3 months (EURIBOR)	-0.39	-0.40	-0.40	-0.40
	12 months (EURIBOR)	-0.26	-0.27	-0.25	-0.25
	Bunds, 2 years	-0.62	-0.60	-0.60	-0.60
	Bunds, 5 years	-0.53	-0.55	-0.50	-0.45
	Bunds, 10 years	-0.27	-0.30	-0.25	-0.20
	Bunds, 30 years	0.26	0.25	0.30	0.35
USA	Monetary policy (FFR)	1,50-1,75	1,50-1,75	1,50-1,75	1,50-1,75
	3 months (LIBOR)	1.90	1.90	1.90	1.90
	12 months (LIBOR)	2.00	1.95	1.95	1.95
	US-Treasuries, 2 years	1.67	1.55	1.55	1.55
	US-Treasuries, 5 years	1.75	1.60	1.60	1.60
	US-Treasuries, 10 years	1.94	1.75	1.75	1.75
	US-Treasuries, 30 years	2.42	2.20	2.20	2.20
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.11	-0.10	-0.10	-0.10
	12 months (LIBOR)	0.10	0.05	0.05	0.05
	JGBs, 2 years	-0.19	-0.25	-0.20	-0.20
	JGBs, 5 years	-0.19	-0.25	-0.25	-0.25
	JGBs, 10 years	-0.06	-0.15	-0.15	-0.10
	JGBs, 30 years	0.45	0.35	0.35	0.35
United Kingdom	Monetary policy (Base)	0.75	0.75	0.75	1.00
	3 months (LIBOR)	0.79	0.80	0.80	1.10
	12 months (LIBOR)	0.96	1.00	1.10	1.30
	Gilts, 2 years	0.55	0.70	0.70	0.80
	Gilts, 5 years	0.53	0.60	0.80	0.90
	Gilts, 10 years	0.78	0.80	0.90	1.00
	Gilts, 30 years	1.30	1.25	1.30	1.35
Sweden	Monetary policy (Repo)	-0.25	0.00	0.00	0.00
	3 months (STIB)	0.04	0.10	0.10	0.20
	2 years	-0.35	-0.50	-0.40	-0.40
	10 years	0.05	0.00	0.20	0.30
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.42	-0.40	-0.40	-0.40
	2 years	-0.66	-0.65	-0.65	-0.60
	10 years	-0.24	-0.30	-0.20	-0.15
Norway	Monetary policy (Deposit)	1.50	1.50	1.50	1.50
	3 months (NIBOR)	1.86	1.90	1.90	1.90
	2 years	1.28	1.30	1.30	1.30
	10 years	1.58	1.50	1.70	1.80
Switzerland	Monetary policy (LIBOR)	-0.75	-0.75	-0.75	-0.75
	3 months (LIBOR)	-0.71	-0.75	-0.75	-0.75
	2 years	-0.72	-0.75	-0.75	-0.75
	10 years	-0.41	-0.40	-0.30	-0.20
Canada	Monetary policy (O/N)	1.75	1.75	1.75	1.75
	3 months (CBA)	1.97	1.95	1.95	1.95
	12 months (CBA)	2.09	2.05	2.00	2.00
	2 years	1.58	1.60	1.60	1.60
	5 years	1.56	1.55	1.55	1.55
	10 years	1.58	1.50	1.50	1.60
	30 years	1.74	1.65	1.65	1.70
Australia	Monetary policy (Cash)	0.75	0.75	0.75	0.75
	3 months (ABB)	0.93	0.95	0.95	0.95
	2 years	0.87	0.85	0.85	0.85
	10 years	1.30	1.15	1.20	1.50

Interest rates in EM countries

			Current	Forecasts		
			Nov 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)	1.61	1.60	1.60	1.60
		2 years	1.44	1.50	1.60	1.70
		10 years	2.18	2.00	2.20	2.50
	Czech Rep.	Monetary policy (Repo)	2.00	2.00	2.00	2.00
		3 months (PRIBOR)	2.19	2.15	2.15	2.10
		2 years	1.48	1.30	1.30	1.50
		10 years	1.62	1.50	1.60	2.00
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
		3 months (BUBOR)	0.19	0.20	0.30	0.50
		3 years	0.39	0.50	0.60	0.80
		10 years	2.18	1.90	2.00	2.50
Latin America	Brazil	Monetary policy (Repo)	5.00	4.75	4.50	4.50
		3 months (ABG)	4.63	4.78	4.55	4.85
		2 years	5.07	5.30	5.40	5.80
		10 years	6.69	6.50	6.40	6.30
	Mexico	Monetary policy	7.75	7.50	7.00	6.75
		3 months (Mexibor)	7.50	7.40	7.00	6.90
		2 years	6.58	6.80	6.70	6.60
		10 years	6.89	6.70	6.60	6.50
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	2.96	2.80	2.80	2.90
		3 years	2.86	2.80	2.70	2.80
		10 years	3.22	3.20	3.30	3.30
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.77	2.00	2.00	2.00
		2 years	1.51	1.70	1.70	1.70
		10 years	1.80	1.70	1.80	1.80
	South Korea	Monetary policy	1.25	1.25	1.25	1.25
		3 months	1.23	1.25	1.25	1.25
		2 years	1.46	1.40	1.30	1.30
		10 years	1.80	1.70	1.60	1.50

Yield spreads in basis points[1)]

			Current	Forecasts		
			Nov 11 2019	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	164	180	185	190
		Turkey	424	465	480	495
		Hungary	90	100	100	105
	Africa	South Africa	325	340	350	360
	Latin America	Brazil	221	230	240	245
		Chile	138	145	150	155
		Columbia	171	180	190	195
		Mexico	308	325	335	345
	Asia	China	107	110	115	120
		Indonesia	167	180	190	195
		Philippines	76	81	83	86
	Total (EMBIG Div)		**314**	**330**	**340**	**350**

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

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Currencies

EURO		Current	Forecasts		
		Nov 11 2019	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.10	1.12	1.11	1.12
	EUR-CAD	1.46	1.48	1.47	1.47
	EUR-AUD	1.61	1.62	1.63	1.62
Japan	EUR-JPY	120.19	122.08	120.99	123.20
Euro-Outs	EUR-GBP	0.86	0.85	0.85	0.85
	EUR-DKK	7.47	7.45	7.45	7.45
	EUR-SEK	10.71	10.60	10.60	10.50
	EUR-CHF	1.10	1.10	1.10	1.13
	EUR-NOK	10.09	10.10	9.80	9.60
Central- and Eastern Europe	EUR-PLN	4.27	4.35	4.30	4.20
	EUR-HUF	334.27	330.00	330.00	320.00
	EUR-CZK	25.51	25.80	25.70	25.60
Africa	EUR-ZAR	16.40	16.91	16.82	17.02
Latin America	EUR-BRL	4.59	4.59	4.61	4.70
	EUR-MXN	21.11	21.95	22.09	22.40
Asia	EUR-CNY	7.73	7.95	7.99	8.18
	EUR-SGD	1.50	1.53	1.53	1.56
	EUR-KRW	1285	1310	1310	1344
US-Dollar		**Current**	**Forecasts**		
		Nov 11 2019	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.32	1.32	1.32	1.31
	AUD-USD	0.69	0.69	0.68	0.69
Japan	USD-JPY	108.96	109.00	109.00	110.00
Euro-Outs	GBP-USD	1.28	1.32	1.31	1.32
	USD-DKK	6.77	6.65	6.71	6.65
	USD-SEK	9.71	9.46	9.55	9.38
	USD-CHF	1.00	0.98	0.99	1.01
	USD-NOK	9.15	9.02	8.83	8.57
Central- and Eastern Europe	USD-PLN	3.87	3.88	3.87	3.75
	USD-HUF	303.04	294.64	297.30	285.71
	USD-CZK	23.13	23.04	23.15	22.86
Africa	USD-ZAR	14.87	15.10	15.15	15.20
Latin America	USD-BRL	4.17	4.10	4.15	4.20
	USD-MXN	19.14	19.60	19.90	20.00
Asia	USD-CNY	7.01	7.10	7.20	7.30
	USD-SGD	1.36	1.37	1.38	1.39
	USD-KRW	1167	1170	1180	1200

Commodities

Commodity	Current	Forecasts		
	Nov 11 2019	3 months	6 months	12 months
Gold (USD per troy ounce)	1,465.68	1,520	1,530	1,550
Gold (EUR per troy ounce)	1,328.69	1,360	1,380	1,380
WTI crude (USD per Barrel)	57.24	60	60	60
WTI crude (EUR per Barrel)	51.89	54	54	54
Brent crude (USD per Barrel)	61.82	65	65	65
Brent crude (EUR per Barrel)	56.04	58	59	58

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