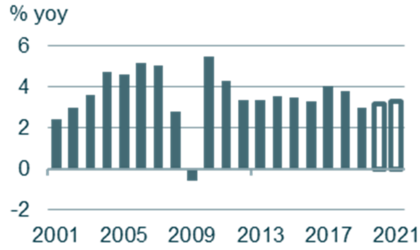
Macro Research
Economic Forecasts

January / February 2020

Unspectacular prospects

World: Gross domestic product



Sources: National Statistics, forecast DekaBank.

Unspectacular? With all the surprising and irritating news that are raining down on investors and financial markets every day? Trade conflict, the threat of war between the USA and Iran, Brexit, the layoff of employees in the German manufacturing sector. The almost inevitable bottom line, one could be led to believe, must be the Great Crash as a spectacular prospect. In so far the headline we have chosen may seem particularly inappropriate. However, we have good reasons for our point of view.

First, we should bear in mind that for the global economy an unspectacular growth rate of some 3% is expected, whilst the securities markets are expecting moderate yields. There is a multitude of geopolitical risks, but both consumers and companies are slowly coming to terms with the fact that things are not going to change so quickly. It is undoubtedly helpful that the global upswing has been underway for so long and that there is no sign of a downturn in the near future. In Germany the 11-year upswing has pushed employment to its highest and unemployment to its lowest level since German reunification. Thus, rising private consumption is helping to stabilize the domestic economy and cushioning the blow from the weakness in the manufacturing sector.

Both monetary and financial policy are currently supporting economic growth and this is unlikely to change in the near future. Against this backdrop, markets are only briefly taking note of the latest bad geopolitical news There can be little doubt that the frequency of regional conflicts has risen in proportion to the extent with which the USA has withdrawn from world affairs. However, negative economic consequences can be avoided in most cases. In short: for the coming quarters we expect unspectacular GDP growth rates corresponding to the average growth prospects of the region (so-called potential growth).

Unfortunately, an important part of this picture is that it is difficult to imagine much scope for positive surprises. Without a downturn, there is not much impulse for a strong recovery. Therefore, we have to content ourselves with fading recession fears and a noticeable stabilization of sentiment indicators, primarily due to a friendlier tone between the USA and China thanks to the impending signing of an initial trade deal. Despite the short-term volatility to be expected on equity markets in the coming months, the unspectacular moderate economic scenario should be sufficient for a fundamentally friendly market environment.

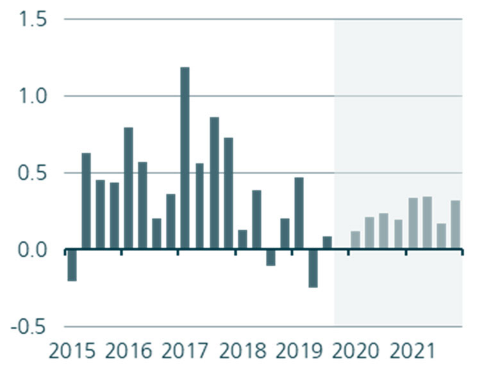
Contents

Most important forecast revisions

- Eurozone: inflation 2020: 1.4 % (previously1.3 %).
- USA: GDP growth 2019 and 2020: 2.3 % and 2.0 % (previously 2.2 % and 1.8 %); inflation 2020 and 2021: 2.4 % and 2.2 % (previously 2.5 % and 2.3 %).
- Equities: slight upward revision of 3-, 6- and 12-month Dax forecasts.
- Gold: upward revision of the 3-month forecast.

Economy: Industrial countries

Germany: GDP (% qoq, sa)

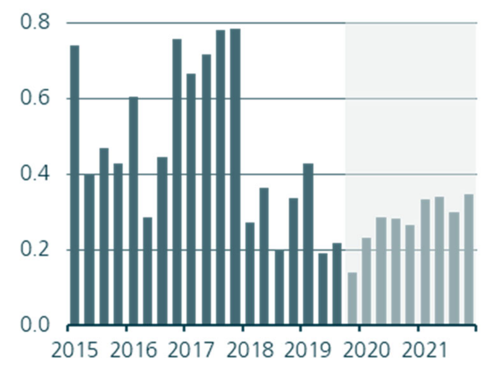


Sources: Destatis, forecast DekaBank

Germany

November delivered everything: positive and negative surprises as well as strong revisions. The data for retail trade and production proved positive whilst foreign trade and industrial orders disappointed. The latter suffered from unusually few big orders. The data published so far points to GDP growth of some 0.1% qoq in the fourth quarter. Compared to a month ago the picture has improved substantially. Looking forward, the indicators of market sentiment are suggesting a positive turnaround. The easing of tension in the trade conflict between the USA and China and the UK's exit agreement with the EU are the main driving forces for this improvement.

Eurozone: GDP (% qoq, sa)



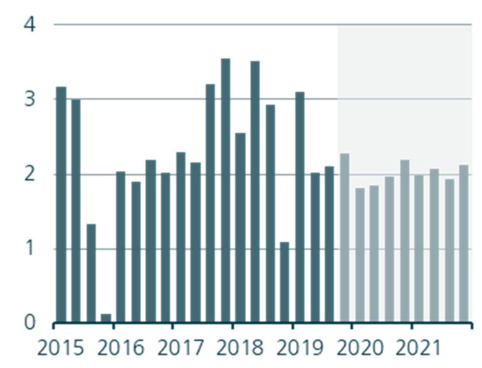
Sources: Eurostat, forecast DekaBank

Eurozone

The slowdown of economic activity in the Eurozone last year has been stronger than had been expected. Following GDP growth of 1.9% in 2018, last year's growth will have been little more than 1% according to the data for 2019 published so far. Behind the headline figure, economic performance in the four major EMU countries has been heterogeneous. Above average growth rates are expected in Spain (+2.0%) and France (+1.3 %) whilst German (+0.5%) and Italy (+0.1%) are putting the brakes on the overall economic performance in the Eurozone.

Forecast revision: inflation 2020: 1.4 % (previously1.3 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

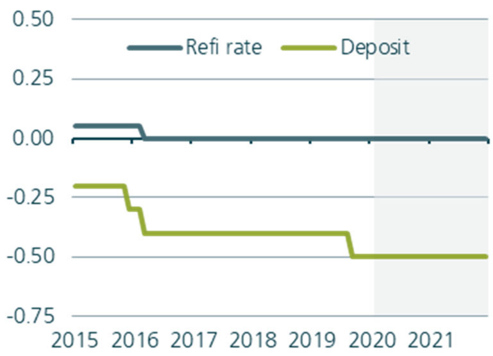
USA

We have raised our GDP growth forecast for the fourth quarter of 2019. This is due to a surprisingly weak performance of imports. Imports are a negative factor in the overall GDP calculation and weak demand for foreign goods is not a sign of economic strength. Thus, our assessment of a weak growth environment at the end of 2019 has not changed. There has also been a revision of our inflation forecast, since the first phase of the negotiations in the trade conflict between China and the USA will lower some tariffs whilst not raising others. We have thus removed the previously expected price effects.

- Forecast revision: GDP growth 2019 and 2020: 2.3 % and 2.0 % (previously 2.2 % and 1.8 %); inflation 2020 and 2021: 2.4 % and 2.2 % (previously 2.5 % and 2.3 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)

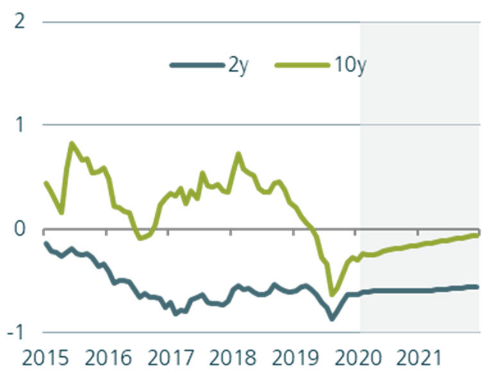


Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

At the first Council meeting and press conference under new President Lagarde there was no significant change in the ECB's communication. Forward guidance remains in force and expresses the Bank's intention to continue with a negative deposit rate and monthly asset purchases. Moreover, the ECB underscores its readiness to react to a possible deterioration of the economic environment. In view of the fading economic downside risks, markets are increasingly regarding the possibility of further easing as unlikely and thus, longer-term money-market rates have risen a little lately. However, their upward potential over the next few years is limited, as there is unlikely to be a majority on the ECB Council for an exit from ultra-loose monetary policy in the foreseeable future. However, should expectations of further tightening become too strong, the ECB will likely counteract these with its forward guidance.

German Bond Yield (% p.a.)

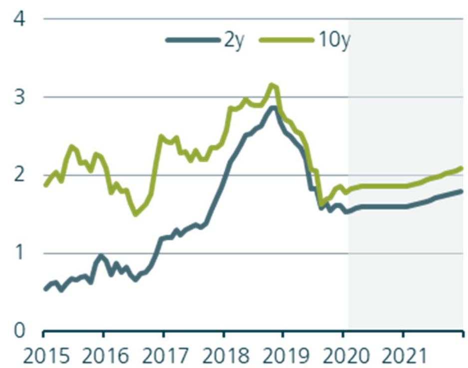


Sources: Bloomberg, forecast DekaBank

Eurozone bond market

We assume that the rise of long-term Bund yields will continue at a slow pace and consider an acceleration unlikely. Even with progress on Brexit and the trade talks between the USA and China, the level of political risk remains high. Moreover, in the years to come the ECB should be making every effort to create a growth-friendly financial environment and will therefore not allow a build-up of market expectations for an exit from unconventional monetary policy any time soon. It will thus fix the short end of the Bund curve and limit the scale of any steepening. In view of modest global growth and low inflation, global factors should not exert any negative influence on Bunds.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

As expected, the last Fed interest rate meeting in 2019 was uneventful: there were no substantial changes in either the statement or the macro-economic projections. Moreover, a majority of FOMC members expect a slight upward adjustment of the key rate range in 2021 and 2022. In the press conference, Chairman Powell made it clear that the hurdles for a key rate change in either direction are relatively high. Nevertheless, the risks to our forecasts are distributed asymmetrically to the downside. Against this backdrop, minor key rate fantasies will probably be traded on the financial markets, which will hold the whole yield curve down.

Markets: Industrial countries

Equity Market Forecast

	Current Jan 10, 20	in 3	in 6 months	in 12
DAX	**13 483.31**	**13 800**	**14 000**	**13 700**
Reporting:				
EuroStoxx50	3 789.52	3 850	3 900	3 800
S&P 500	3 265.35	3 200	3 300	3 150
Topix	1 735.16	1 750	1 800	1 750

Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

German equities recovered very quickly from their brief weakness at the beginning of December and surged ahead again. This was mainly due to the agreement on the phase 1 deal between the USA and China and the resulting hope of an end to the trade disputes. Other supporting factors were the continuation of easy monetary policy by the Fed and the ECB, the lack of alternative investments, as well as the hope of a global economic revival. Despite the strong equity performance in 2019 many investors remain hesitant. Together with unremarkable valuation levels this provides a good basis for the coming months. Leading indicators suggest that the global growth rate could stabilise at its current low level. This is a foundation for a modest rise of corporate profits and equity prices. However, geopolitical conflicts will undoubtedly continue to result in volatility.

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

iTraxx Europe (Bp)

Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

The escalation in the conflict between the USA and Iran at the beginning of the year has made it clear that political risks will always make the markets insecure. This also applies to economic disputes, even if the USA and China seem to have reached an agreement at present. Nevertheless, the credit markets have reacted in a very relaxed manner to the uncertainty. Even though economic development is weak and the sales and profit prospects of European companies are poor, the demand for corporates remains virtually unbroken. In the first weeks of the new year there will be a flood of new issues to test investors' willingness to buy and, at least on the secondary market, swap operations will probably result in a temporary widening of spreads.

Covered Bonds 5y (% p.a.)

Source: Bloomberg

Covered Bonds

The covered bond markets have not been impacted by geopolitical uncertainties and started the new year with unchanged low risk premiums. Above all, the prospect of a high amount of ECB asset purchases has provided strong support for the market. January is traditionally by far the strongest month for new issues and this year an unusually high level of maturities of EUR 25bn will swell the wave of new issues. As some investors are not prepared to participate with negative new-issue yields, the market might appear to be briefly overstretched. However, the ECB also has to replace maturities of EUR 3.66bn and will be aiming at total asset purchases in excess of EUR 6bn in January. This amount could well prove much bigger, as with new issues thin on the ground in December, the ECB fell well below its desired quota and may well use the excess supply to build up a cushion.

January / February 2020

Markets: Industrial countries

Exchange Rate EUR-USD

Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

In recent weeks the Euro has appreciated against the US dollar. At the start of December it stood at 1.10 EUR-USD and in the course of the month climbed to 1.12 EUR-USD. Looking at the whole year 2019 the EUR-USD exchange rate has fallen only slightly, from 1.14 EUR-USD at the beginning of the year. In view of the additional monetary easing by the ECB last year and the historic low in the case of yields on the capital market in the Euro area, the Euro has performed well against the US dollar. A Euro slump was avoided by the Fed's key-rate turnaround. In winter 2018 the Fed had still raised its key rates to 2.25 % -2.50 %, it had already reversed its action by the summer of 2019. In July, September and October 2019 US key rates were cut by 25 basis points respectively to a level of 1.50 %-1.75 %.

Gold price (per troy ounce)

Per-formance	from 31.12.13 to 31.12.14	31.12.14 31.12.15	31.12.15 31.12.16	31.12.16 31.12.17	31.12.17 31.12.18	31.12.18 31.12.19
Gold in Euro	12.23%	-0.30%	11.92%	-0.26%	2.73%	21.23%
Gold in USD	-1.51%	-10.46%	8.63%	13.68%	-2.14%	18.87%

Sources: Bloomberg, forecast DekaBank

Gold

At the turn of the year the gold price reconquered the USD1,500 mark, after dropping substantially below this level since the beginning of November. The escalation in the US – Iran conflict at the beginning of January provided a substantial upward boost. We assume that markets will only very gradually become accustomed to the higher level of political risk, so that the gold price should remain at its high level for the time being. However, we believe another steep rise in the gold price as in 2019 is unlikely. In 2020, we do not expect any further monetary easing by the central banks. However, it is just as difficult to find good reasons for a marked fall in the gold price. Above all, the trade conflict remains unresolved and continues to create uncertainty. Moreover, the risk-free interest rate and thus the opportunity costs of holding gold remain extremely low.

Forecast revision: upward revision of the 3-month forecast.

Crude Oil Brent (per barrel)

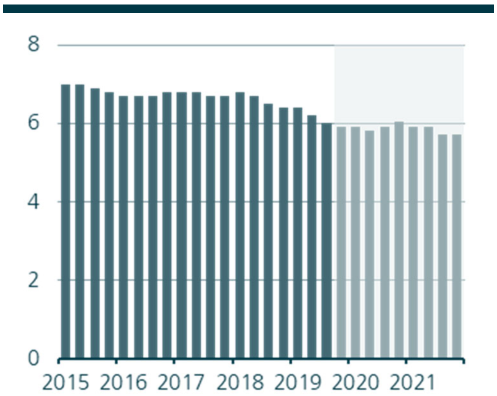
Performance	from 31.12.13 to 31.12.14	31.12.14 31.12.15	31.12.15 31.12.16	31.12.16 31.12.17	31.12.17 31.12.18	31.12.18 31.12.19
Brent in Euro	-41.04%	-27.59%	57.02%	3.25%	-15.54%	25.11%
Brent in USD	-48.26%	-34.97%	52.41%	17.69%	-19.55%	22.68%

Sources: Bloomberg, forecast DekaBank

Crude oil

The oil price rose sharply following the escalation in the US-Iran conflict at the beginning of January. However, crude oil now costs less than it did before this escalation. In the long term the supply of oil and thus the oil price should not be impacted by the latest events. The fundamental trends on the global crude oil market will continue into the new year: the growth of global demand is slowing and at the same time US oil output is leaping from one record level to the next. The OPEC countries and Russia (OPEC+) are prepared to forego market shares; in this way, they hold the oil market in equilibrium and stabilise the oil price. Only with this voluntary reduction of output, can they avoid excess supply on the global oil market. The current OPEC agreement to cut output is valid until the end of March 2020, but a renewal seems likely.

Emerging Markets

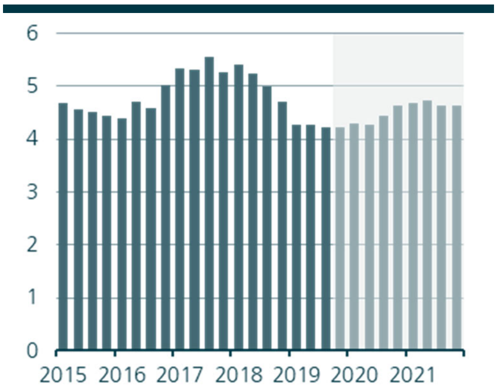


Sources: National Statistics, forecast DekaBank

China

On 15 January, the USA and China want to sign an agreement that should be the first step in the de-escalation of the trade conflict. US President Trump does not seem to be interested in escalating the conflict before the election in November. However, the fundamental conflict between the two largest economies in the world has not been resolved and is likely to flare up again, at the latest after the US election. Meanwhile, the Chinese economy has stabilised in the fourth quarter. GDP growth, due to be published on January 17th, is expected to come in around 6.0% against the previous year. Signs of weakness in the construction industry, uncertainty over the long-term conditions for foreign trade, as well as the reticent pace of economic policy suggest that in 2020 growth will slow to 5.9%.

Emerging Markets: GDP (% yoy)



Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

The danger of an escalation of the conflict betweeen the USA and Iran has diminished after the Iranian response to the killing of a general by an American drone proved very restrained. The desire for de-escalation is also evident in the trade conflict between the USA and China. On 15 January, the USA and China want to sign an agreement that should make it possible to put the conflict on the back burner at least until after the US election in November. The new Argentinian government is still aiming at a comprehensive restructuring of public debt, but first plans for economic policy revealed a will to undertake the necessary budget consolidation and have been welcomed by the financial markets. On the economic side the EM purchasing managers' indices suggest stabilisation at a low level.

EMBIG Diversified-Spread (Bp)

Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

In the trade conflict all the signs are, for the time being at least, pointing to de-escalation. At the same time, there are expectations of permanently lower key rates. This combination has provided support for EM investments in recent weeks. In the months to come we expect a continuation of global stabilisation, and there should be no upturn, so that there is no danger of a return to restrictive monetary policy. In this environment there should continue to be a demand for EM investments. However, we can expect more trouble on the political side. The conflict in the Middle East could escalate again, should Iran step up its nuclear programme. Increasingly aggressive tones have also been coming from North Korea in recent months. The US are threatening to impose sanctions on Turkey, but these still need to be confirmed by the Senate and the President. Argentina is proceeding towards the restructuring of its foreign debt. An escalation in the Persian Gulf would have an impact on the global capital markets. Turkey and Argentina should be seen as isolated cases.

January / February 2020

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					
		2019	2020	2021	2019	2020	2021	2019	2020	2021	2019	2020	2021
Germany	3.2	0.5	0.8	1.1	1.4	1.6	1.7	7.2	6.6	6.2	1.2	0.6	0.3
France	2.2	1.3	1.0	1.2	1.3	1.7	1.5	-0.5	-0.6	-0.7	-3.1	-2.2	-2.2
Italy	1.8	0.1	0.2	0.4	0.6	0.9	1.2	2.9	2.9	2.9	-2.2	-2.5	-2.7
Spain	1.4	2.0	1.7	1.7	0.8	1.1	1.4	2.4	2.5	2.6	-2.3	-2.2	-2.1
Netherlands	0.7	1.6	1.1	1.6	2.7	2.1	1.8	9.5	8.6	8.2	1.5	0.5	0.4
Belgium	0.4	1.3	1.0	1.1	1.2	1.6	1.9	-0.8	-0.9	-1.0	-1.7	-2.3	-2.6
Eurozone	**11.4**	**1.1**	**0.9**	**1.2**	**1.2**	**1.4**	**1.5**	**3.3**	**3.0**	**2.9**	**-0.8**	**-1.0**	**-1.0**
United Kingdom	2.2	1.3	1.1	1.3	1.8	1.4	1.8	-4.3	-4.2	-4.2	-2.2	-2.4	-2.3
Sweden	0.4	1.2	1.2	1.6	1.7	1.8	1.8	3.0	3.4	3.9	0.3	0.1	0.1
Denmark	0.2	2.1	1.5	1.6	0.7	1.1	1.3	6.9	6.5	6.5	2.2	0.5	0.0
EU-22	**14.3**	**1.1**	**1.0**	**1.3**	**1.3**	**1.4**	**1.6**	**2.1**	**2.0**	**1.9**	**-1.0**	**-1.1**	**-1.2**
Poland	0.9	4.3	3.4	3.3	2.2	2.3	2.3	0.2	-0.4	-0.4	-1.0	-1.2	-1.2
Czech Republic	0.3	2.5	2.0	2.4	2.9	2.2	2.0	0.7	0.5	0.7	0.2	-0.1	-0.3
Hungary	0.2	4.4	3.2	2.6	3.4	3.2	3.1	-0.1	-0.5	-0.6	-1.8	-1.0	-0.8
EU-28	**16.3**	**1.6**	**1.3**	**1.5**	**1.5**	**1.6**	**1.7**	**1.6**	**1.4**	**1.4**	**-1.0**	**-1.1**	**-1.3**
USA	15.2	2.3	2.0	2.0	1.8	2.4	2.2	-2.5	-2.5	-2.5	-7.0	-7.5	-7.5
Japan	4.1	1.2	1.1	1.1	0.5	1.0	1.3	3.5	3.5	3.5	-2.5	-2.5	-2.0
Canada	1.4	1.7	1.9	1.8	2.0	2.2	2.1	-2.0	-2.5	-2.5	-0.5	-1.5	-1.5
Australia	1.0	1.8	2.2	2.5	1.6	2.3	2.3	1.0	1.5	2.0	-0.5	0.0	0.0
Switzerland	0.4	0.9	1.8	1.5	0.4	0.1	0.5	9.6	9.9	9.8	1.0	0.4	0.4
Norway	0.3	2.5	1.8	1.4	2.2	2.2	2.2	6.9	7.2	6.9	7.6	7.8	7.8
Developed Countries[4]	**36.8**	**1.7**	**1.5**	**1.6**	**1.5**	**1.9**	**1.8**	**0.3**	**0.2**	**0.2**	**-3.5**	**-3.8**	**-3.8**
Russia	3.1	1.2	2.0	1.7	4.5	3.3	4.0	6.2	6.3	6.0	2.3	1.5	1.3
Turkey	1.7	0.4	2.8	3.3	15.5	10.9	9.9	0.2	-1.2	-2.6	-3.0	-3.2	-3.1
Ukraine	0.3	3.5	3.2	3.3	8.0	6.0	5.7	-3.5	-3.3	-3.3	-1.6	-1.6	-1.6
Emerging Europe[5]	**7.5**	**2.0**	**2.5**	**2.6**	**6.7**	**5.0**	**5.0**	**1.0**	**0.5**	**0.4**	**X**	**X**	**X**
South Africa	0.6	0.3	0.7	1.4	4.4	4.9	5.3	-4.0	-4.4	-4.6	-5.9	-6.5	-6.2
Middle East, Africa	**3.3**	**2.8**	**2.8**	**3.5**	**6.3**	**5.7**	**5.8**	**-0.7**	**-0.2**	**0.2**	**X**	**X**	**X**
Brazil	2.5	1.1	2.3	2.1	3.6	3.2	3.8	-1.7	-2.0	-2.5	-5.8	-4.7	-4.6
Mexico	1.9	0.0	1.2	2.0	3.6	3.4	3.1	-0.8	-1.2	-0.9	-2.7	-2.9	-2.3
Argentina	0.7	-3.0	-1.1	1.6	53.2	43.8	29.8	-1.6	-0.4	-0.4	-4.3	-5.2	-5.5
Chile	0.4	2.2	2.7	2.8	2.3	2.2	2.5	-2.9	-2.9	-3.0	-1.7	-4.4	-3.9
Latin America	**6.8**	**-0.6**	**1.0**	**2.0**	**8.4**	**7.3**	**6.0**	**-1.4**	**-1.6**	**-1.7**	**X**	**X**	**X**
China	18.7	6.1	5.9	5.8	2.9	3.8	2.7	1.5	1.1	0.7	-6.1	-6.3	-6.3
India	7.7	5.1	6.1	6.3	3.5	4.8	4.1	-1.8	-1.7	-1.7	-7.5	-7.2	-7.0
Indonesia	2.6	5.0	4.9	5.0	3.0	3.0	3.3	-2.3	-2.4	-2.2	-2.0	-1.9	-1.5
South Korea	1.7	1.8	2.1	1.9	0.4	1.2	1.4	3.0	3.8	4.3	0.8	-0.8	-0.8
Emerging Asia	**34.8**	**5.2**	**5.3**	**5.4**	**2.7**	**3.6**	**2.9**	**1.7**	**1.4**	**1.1**	**X**	**X**	**X**
Emerging Markets	**52.4**	**3.8**	**4.2**	**4.4**	**4.2**	**4.4**	**3.8**	**1.0**	**0.8**	**0.6**	**X**	**X**	**X**
Total[6]	**89.2**	**3.0**	**3.1**	**3.3**	**3.1**	**3.3**	**3.0**	**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		
		Jan 13 2020	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)	-0.25	-0.26	-0.26	-0.26
	Bunds, 2 years	-0.58	-0.60	-0.60	-0.60
	Bunds, 5 years	-0.49	-0.55	-0.50	-0.45
	Bunds, 10 years	-0.18	-0.25	-0.20	-0.15
	Bunds, 30 years	0.34	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)	1.84	1.90	1.90	1.90
	12 months (LIBOR)	1.97	1.95	1.95	1.95
	US-Treasuries, 2 years	1.58	1.60	1.60	1.60
	US-Treasuries, 5 years	1.65	1.65	1.65	1.65
	US-Treasuries, 10 years	1.84	1.85	1.85	1.85
	US-Treasuries, 30 years	2.30	2.30	2.30	2.30
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.04	-0.10	-0.10	-0.10
	12 months (LIBOR)	0.11	0.10	0.10	0.10
	JGBs, 2 years	-0.14	-0.20	-0.20	-0.20
	JGBs, 5 years	-0.11	-0.15	-0.15	-0.15
	JGBs, 10 years	0.00	-0.05	-0.05	-0.05
	JGBs, 30 years	0.44	0.45	0.45	0.45
United Kingdom	Monetary policy (Base)	0.75	0.75	0.75	0.75
	3 months (LIBOR)	0.78	0.80	0.80	0.90
	12 months (LIBOR)	0.93	1.00	1.00	1.00
	Gilts, 2 years	0.47	0.60	0.60	0.70
	Gilts, 5 years	0.52	0.60	0.70	0.90
	Gilts, 10 years	0.74	0.80	0.80	1.00
	Gilts, 30 years	1.24	1.25	1.25	1.35
Sweden	Monetary policy (Repo)	0.00	0.00	0.00	0.00
	3 months (STIB)	0.21	0.10	0.10	0.10
	2 years	-0.29	-0.30	-0.30	-0.30
	10 years	0.18	0.00	0.10	0.30
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.41	-0.40	-0.40	-0.40
	2 years	-0.58	-0.60	-0.60	-0.60
	10 years	-0.19	-0.25	-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	1.45	1.30	1.30	1.30
	10 years	1.45	1.50	1.50	1.60
Switzerland	Monetary policy (LIBOR)	-0.75	-0.75	-0.75	-0.75
	3 months (LIBOR)	-0.68	-0.75	-0.75	-0.75
	2 years	-0.74	-0.75	-0.75	-0.75
	10 years	-0.50	-0.40	-0.40	-0.30
Canada	Monetary policy (O/N)	1.75	1.75	1.75	1.75
	3 months (CBA)	2.06	2.05	2.05	2.05
	12 months (CBA)	2.13	2.15	2.15	2.15
	2 years	1.66	1.65	1.65	1.70
	5 years	1.61	1.65	1.70	1.70
	10 years	1.61	1.65	1.70	1.75
	30 years	1.71	1.70	1.80	1.85
Australia	Monetary policy (Cash)	0.75	0.75	0.75	0.75
	3 months (ABB)	0.90	0.95	0.95	0.95
	2 years	0.81	0.85	0.85	0.85
	10 years	1.21	1.35	1.40	1.60

Interest rates in EM countries

			Current	Forecasts		
			Jan 13 2020	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	1.55	1.50	1.60	1.70
		10 years	2.30	2.30	2.40	2.60
	Czech Rep.	Monetary policy (Repo)	2.00	2.00	2.00	2.00
		3 months (PRIBOR)	2.17	2.20	2.20	2.25
		2 years	1.85	1.80	1.80	1.70
		10 years	1.67	1.60	1.70	2.00
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
		3 months (BUBOR)	0.16	0.20	0.20	0.40
		3 years	0.26	0.30	0.40	0.60
		10 years	2.02	2.00	2.10	2.30
Latin America	Brazil	Monetary policy (Repo)	4.50	4.25	4.50	4.50
		3 months (ABG)	4.30	4.43	4.55	4.85
		2 years	5.17	5.20	5.40	5.70
		10 years	6.80	6.50	6.40	6.40
	Mexico	Monetary policy	7.25	7.00	6.75	6.75
		3 months (Mexibor)	7.19	7.20	7.00	6.90
		2 years	6.77	6.70	6.60	6.60
		10 years	6.88	6.60	6.50	6.50
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	2.86	2.80	2.80	2.90
		3 years	2.64	2.80	2.70	2.80
		10 years	3.09	3.20	3.30	3.30
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.77	1.80	1.80	1.80
		2 years	1.46	1.50	1.50	1.50
		10 years	1.75	1.70	1.80	1.80
	South Korea	Monetary policy	1.25	1.25	1.25	1.25
		3 months	1.24	1.25	1.25	1.25
		2 years	1.40	1.30	1.30	1.30
		10 years	1.73	1.60	1.60	1.60

Yield spreads in basis points[1)]

			Current	Forecasts		
			Jan 13 2020	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	143	150	160	155
		Turkey	393	410	450	435
		Hungary	79	75	85	80
	Africa	South Africa	321	320	355	340
	Latin America	Brazil	211	220	240	235
		Chile	140	140	155	150
		Columbia	168	170	185	180
		Mexico	296	300	325	320
	Asia	China	101	100	110	105
		Indonesia	162	160	175	175
		Philippines	74	70	80	75
	Total (EMBIG Div)		**295**	**300**	**330**	**320**

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		
		Jan 13 2020	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.11	1.12	1.11	1.12
	EUR-CAD	1.45	1.48	1.47	1.47
	EUR-AUD	1.61	1.62	1.63	1.62
Japan	EUR-JPY	122.20	122.08	120.99	123.20
Euro-Outs	EUR-GBP	0.86	0.85	0.88	0.88
	EUR-DKK	7.47	7.47	7.47	7.47
	EUR-SEK	10.57	10.50	10.50	10.40
	EUR-CHF	1.08	1.08	1.09	1.11
	EUR-NOK	9.90	9.80	9.70	9.60
Central- and Eastern Europe	EUR-PLN	4.24	4.30	4.30	4.25
	EUR-HUF	334.74	330.00	330.00	325.00
	EUR-CZK	25.25	25.70	25.70	25.60
Africa	EUR-ZAR	15.99	16.91	16.82	17.02
Latin America	EUR-BRL	4.57	4.59	4.61	4.70
	EUR-MXN	20.88	21.95	22.09	22.40
Asia	EUR-CNY	7.67	7.78	7.71	7.84
	EUR-SGD	1.50	1.53	1.53	1.56
	EUR-KRW	1287	1310	1310	1344
US-Dollar		**Current**	**Forecasts**		
		Jan 13 2020	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.31	1.32	1.32	1.31
	AUD-USD	0.69	0.69	0.68	0.69
Japan	USD-JPY	109.86	109.00	109.00	110.00
Euro-Outs	GBP-USD	1.30	1.32	1.26	1.27
	USD-DKK	6.72	6.67	6.73	6.67
	USD-SEK	9.50	9.38	9.46	9.29
	USD-CHF	0.97	0.96	0.98	0.99
	USD-NOK	8.90	8.75	8.74	8.57
Central- and Eastern Europe	USD-PLN	3.81	3.84	3.87	3.79
	USD-HUF	300.96	294.64	297.30	290.18
	USD-CZK	22.70	22.95	23.15	22.86
Africa	USD-ZAR	14.37	15.10	15.15	15.20
Latin America	USD-BRL	4.11	4.10	4.15	4.20
	USD-MXN	18.78	19.60	19.90	20.00
Asia	USD-CNY	6.90	6.95	6.95	7.00
	USD-SGD	1.35	1.37	1.38	1.39
	USD-KRW	1157	1170	1180	1200

Commodities

Commodity	Current	Forecasts		
	Jan 13 2020	3 months	6 months	12 months
Gold (USD per troy ounce)	1,552.13	1,550	1,550	1,545
Gold (EUR per troy ounce)	1,396.81	1,380	1,390	1,380
WTI crude (USD per Barrel)	59.61	59	60	59
WTI crude (EUR per Barrel)	53.64	53	54	53
Brent crude (USD per Barrel)	65.67	64	65	64
Brent crude (EUR per Barrel)	59.10	57	59	57

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