Macro Research
Economic Forecasts

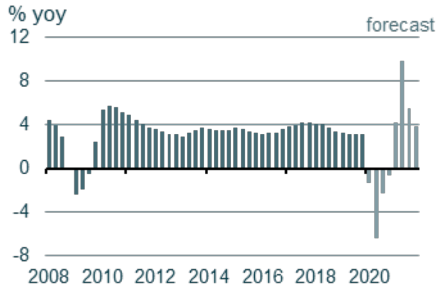
May 2020

Relax the lockdown – everything for the „U".

We cannot stand to see or hear the word any longer – coronavirus! Politicians decided that they wanted to stop the spread of the pandemic and were prepared to send their economies into a deep recession in order to achieve that goal. Both targets have been achieved: in many countries new infections have been reduced to low levels and the economy is in ruins. The coronavirus pandemic continues to dominate the global economy and the news. Nevertheless, we should lift our heads and start looking ahead.

Restrictions on public life will be eased, economies will be reopened and the ground prepared for an economic recovery. This is the necessary condition for a „U"- shaped recovery, which does not shoot upwards as if on an elastic band („V"- shaped recovery), but gradually and in succession brings companies into operation again and by the end of 2021 raises industrial countries' GDPs to their 2019 levels. The main priority is that we do not slip into an „L"- shaped situation – an economic collapse without a speedy recovery.

World: Gross domestic product



Source: National Statistics, forecast DekaBank

However, let us remain with our main scenario, the „U"- shaped recovery. April has shown that the impact of the outbreak has been deeper than expected. In 2020 the global economy has shrunk by more than 3%. However, the following economic recovery will prove more dynamic than has been forecast. This can be attributed largely to the massive support provided by governments and central banks. All financial and monetary policy innovations are designed to restart the economy. However, this does not change the fact that news of the economy and companies in April has been depressing and will remain so in May. Nevertheless, market players are increasingly coming to believe that aid and rescue packages are appropriate and, if necessary, can be increased. The waves of panic that we witnessed on the markets in March have now been consigned to history.

However, we should not rejoice too soon! In the coming months we can suffer setbacks in the struggle to overcome the coronavirus pandemic. Moreover, doubts over Italy's debt sustainability are increasingly coming into the focus of the rating agencies, the conflict between China and the USA is flaring up again and Brexit, which had almost been forgotten, has returned to the stage of political risks. Over the summer, equity and bond markets will be subject to great volatility. In the medium term, however, we expect prices to rise, especially in high-risk areas.

Contents

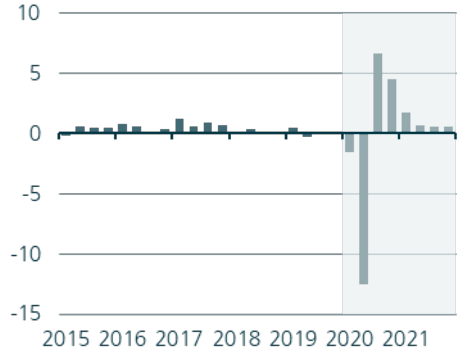
Most important forecast revisions

- Eurozone/USA/China: repeated substantial downward revisions to GDP growth forecasts for 2020, upward revisions for 2021.
- Eurozone/USA: repeated adjustments of inflation forecasts for 2020 and for part of 2021.
- Slight downward revision of forecasts for US money market interest rates.
- Substantial downward revision of GDP growth forecasts for most EM countries for 2020.

May 2020

Economy: Industrial countries

Germany: GDP (% qoq, sa)



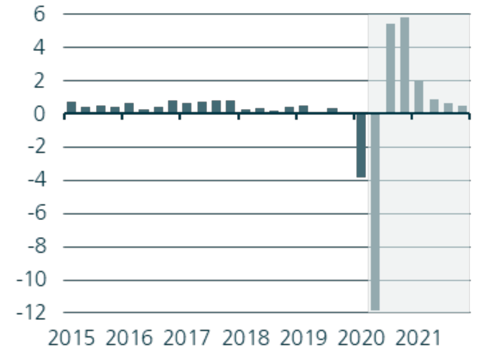
Sources: Destatis, forecast DekaBank

Germany

The sentiment indicators have hit rock bottom and we are now waiting for the impact of the coronavirus pandemic on hard German economic data. Classic indicators do not yet reflect the full impact of the pandemic. We must turn to unconventional indicators. In calendar week 13 pedestrian traffic in German city centres slumped by some 95 % against the February level. Retail sales have not shown such a dramatic fall but are „only" 5.6 % below their level of the previous month. Finally, classic indicators do not reflect the full impact of the pandemic because the most severe movements occur in service sectors, which are those least covered by the statistics.

Forecast revision: GDP growth 2020 and 2021: -6.4 % and 6.0 % (previously -4.7 % and 4,8 %); Inflation 2020: 1.1 % (previously 1.2 %).

Eurozone: GDP (% qoq, sa)



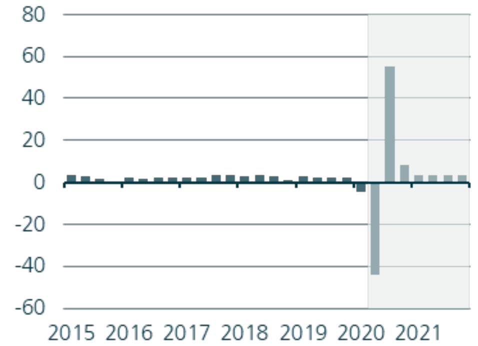
Sources: Eurostat, forecast DekaBank

Eurozone

The Eurozone economy has come to an abrupt halt due to the coronavirus crisis. After the publication of Eurostat's provisional flash estimate Eurozone's GDP growth dropped by 3.8% against the previous quarter. This is the strongest quarterly fall since the establishment of the currency union. Among the four major countries in the union France registered the largest fall with 5.8 % qoq. Close behind is Spain with a fall of 5.2 % qoq. Italy's GDP slumped by 4.8 % qoq. Both France and Italy are thus in recession, for the economy already contracted in both countries in the fourth quarter of 2019.

Forecast revision: GDP growth 2020 and 2021: -8.5 % and 6.9 % (previously 5.3 % and 4.9 %); Inflation 2020: 0.6 % (previously 0.7 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

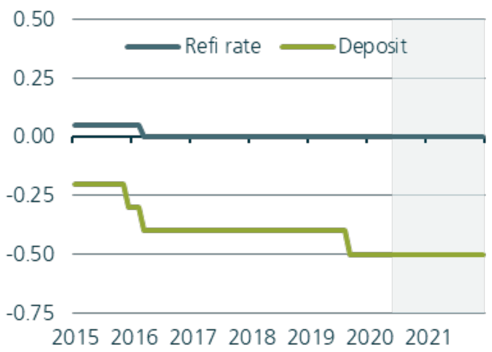
USA

The first weekly economic indicators suggest that the USA reached its lowest point in April. Nevertheless, the economic collapse has proved deeper than we had expected. We have made only minor revisions to our forecast for GDP at the end of the year. This means that not only is the way down more pronounced, but so is the way up in the second half of the year. Compared to other industrial nations the US Congress has approved comprehensive measures to support the economy. Moreover, the Fed has demonstrated its willingness to take positive action by helping the corporate sector to avoid insolvencies.

Forecast revision: GDP growth 2020 and 2021: 5.1 % and 5.5 % (previously 3.1 % and 4.5 %); Inflation 2020 and 2021: 1.0 % and 2.0 % (previously: 1.4 % and 1.7 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)

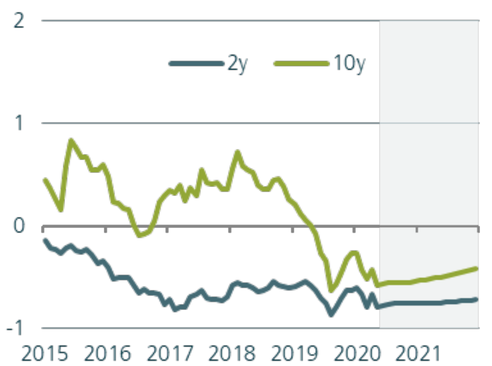


Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

At the last meeting of the ECB Council at the end of April the ECB left both asset-purchasing programmes unchanged, but has improved the conditions for their long-term TLTRO-IIIs and announced a new series of unconditional long-term refinancing operations. We assume that the ECB will top up the Pandemic Emergency Purchase Programme (PEPP) and extend it until 2021, as soon as the EU countries have agreed the conditions for a reconstruction fund. However, we do not expect a further cut of the deposit rate, since at the last meeting some Council members already regarded such a step as dangerous. Spreads of EURIBOR rates against matched-maturity EONIA swaps had risen, but in the meantime have dropped again, due in part to the ECB's liquidity measures and weakening upheavals on the US dollar money market. We expect EURIBOR rates to fall somewhat in the months to come.

German Bond Yield (% p.a.)

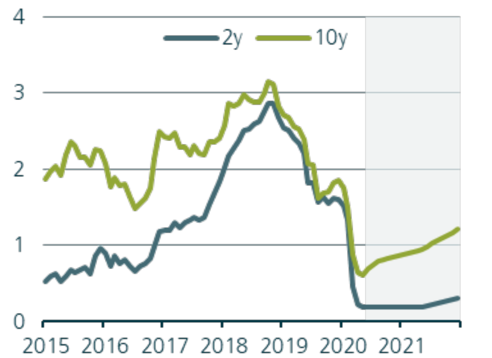


Sources: Bloomberg, forecast DekaBank

Eurozone bond market

The prospect of a strong rise in new issues led only very briefly to a steepening of the Bund curve. In the meantime, market players have focused their attention increasingly on the weak economy and expansive monetary policy. We do not expect the ECB to cut the deposit rate further and a topping up of its PEPP asset-purchase programme seems to have already been adequately priced in at the long end. In the months to come weak economic and inflation data on one side should balance with enhanced issuing activity on the other, so that Bund yields move roughly sideways. Only when a termination of the PEPP asset-purchase programme seems likely will yields of the longer maturities tend to rise again.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

Due to the coronavirus crisis the Fed found itself obliged in recent weeks to have greater recourse to its range of monetary policy instruments. After initiating new asset-purchase programmes and liquidity measures in the middle of March it introduced emergency credits (facilities) for companies and municipalities. Successes can already be seen, for example, on the money market. Here interest rate differences have fallen at the end of April more rapidly than we had expected. Moreover, in recent months the scale of balance sheet expansion has been diminished. This too can be interpreted as a sign of relaxation on the capital markets. The Fed's last interest rate meeting proved uneventful. Nevertheless, despite signs of relaxation, the Fed continues in crisis mode and will become active again if necessary.

Forecast revision: forecasts for money-market short-term interest rates lower.

Markets: Industrial countries

Equity Market Forecast

	Current May 6, 20	in 3 months	in 6 months	in 12 months
DAX	**10 606.20**	**11 000**	**10 500**	**11 500**
Reporting:				
EuroStoxx50	2 843.76	3 000	2 900	3 100
S&P 500	2 848.42	2 900	2 750	3 100
Topix	1 431.26	1 400	1 450	1 450

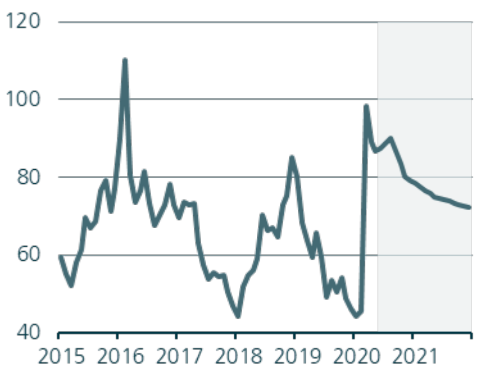
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

The peak of coronavirus infections in the industrial countries has passed and attention is now focused on restoring economic activity. Equity markets are anticipating the prospect of a normal corporate environment again. That will help digestion of weak company data from the first and also the current second quarter. Most market players are expecting corporate profits to slump by over 20% against the previous year. Equity markets are thus prepared for difficult corporate times, which limits price corrections down, even in the event of bad news. After a strong rally in April, we first expect a sideways movement, which, should there be an improvement in profit prospects, may then lead to higher share prices.

Forecast revision: slight adjustment of point forecasts.

iTraxx Europe (Bp)

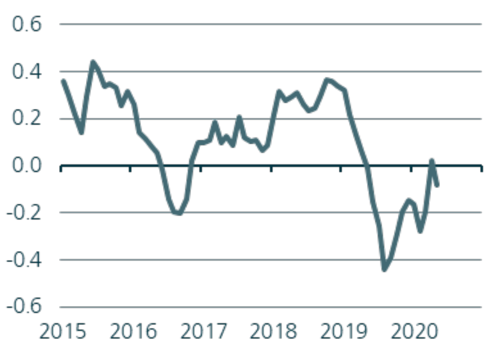


Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

The initial enhanced risk aversion due to the brutal economic collapse has been quickly counteracted by the immense rescue packages launched by various governments and central banks. The purchase of additional securities by the ECB has partially reversed the marked widening of corporate bond spreads. There has been huge demand for a flood of new issues with attractive high premiums. The secondary market, however, is suffering under excessive supply. The very weak business results registered in the first quarter have hardly led to any spread widening, as investors had been adequately prepared by profit warnings and multiple corrections of annual forecasts.

Covered Bonds 5y (% p.a.)



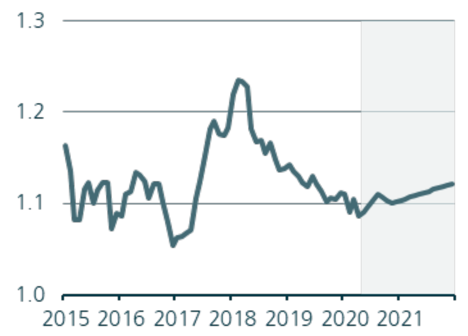
Source: Bloomberg

Covered Bonds

Whereas markets have been flooded in recent weeks with new issues from companies, banks (uncovered), federal states, and agencies, the pipeline for covered bonds has dried up almost completely. Banks may have issued record amounts of covered bonds, but these bonds never reach the market. They are used for the ECB's much improved refinancing operations. Liquidity in the covered-bond trade is thus further reduced, as the central banks need new issues and make greater efforts to secure purchases on the secondary market. Nevertheless, the market is thus spared a widening of risk premiums through generous new-issue premiums, as happened recently with bonds issued by federal states due to much increased borrowing. The spreads of covered bonds, and above all of mortgage bonds, should therefore remain relatively low in the medium term.

Markets: Industrial countries

Exchange Rate EUR-USD

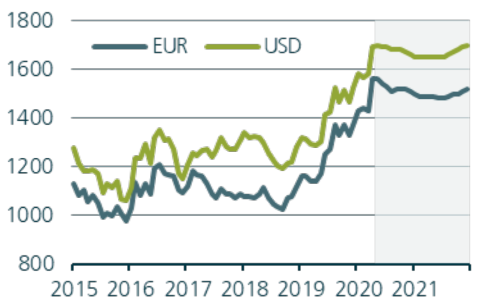


Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

The impact of the coronavirus pandemic on the global economy in March has also badly shaken the currency markets. The strong adjustments that have been made in international monetary policy have brought the EUR-USD exchange rate into stormy waters. In view of the economic collapse expected in the first half of 2020 the US Fed and the ECB have expanded their loose monetary policy. Once the monetary storm had settled, April proved much more peaceful for the EUR-USD exchange rate. The Euro started the month of April at 1.09 EUR-USD against the US dollar and remained at that level until the end of the month. In the course of the month, very weak economic data from the USA and the Eurozone cancelled each other out in their impact on the EUR-USD exchange rate.

Gold price (per troy ounce)



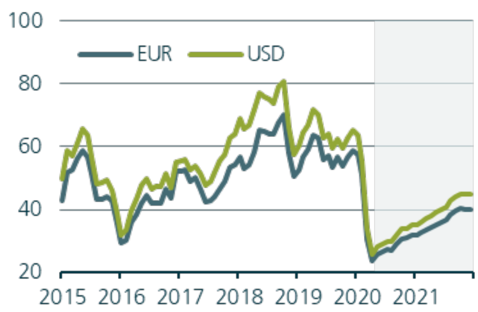
Per-formance	from 30.04.14 to 30.04.15	30.04.15 30.04.16	30.04.16 30.04.17	30.04.17 30.04.18	30.04.18 30.04.19	30.04.19 30.04.20
Gold in Euro	12.82%	6.99%	3.14%	-6.30%	5.14%	35.15%
Gold in USD	-8.76%	9.14%	-1.72%	4.01%	-2.54%	31.77%

Sources: Bloomberg, forecast DekaBank

Gold

Unsurprisingly, the gold price is currently at a high level. The coronavirus crisis continues, although the main focus of the pandemic shifts geographically from one region to another. However, the massive support provided by monetary and fiscal policy measures will be needed for a long time to come, and this ensures a constructive environment for the gold price. That gold is held in high regard is shown by the strong increase in global stocks of gold funds (ETFs). Even if, as we expect, the global economy recovers in the second half of the year, the central banks will remain in their easy-money mode. Extremely low interest rates and uncertainty over the course of economic recovery after the coronavirus crisis will ensure that investors' interest in gold remains high throughout the forecasting period.

Crude Oil Brent (per barrel)



Performance	from 30.04.14 to 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	30.04.19 30.04.20
Brent in Euro	-23.59%	-29.35%	12.79%	30.90%	4.48%	-64.40%
Brent in USD	-38.21%	-27.93%	7.48%	45.31%	-3.15%	-65.29%

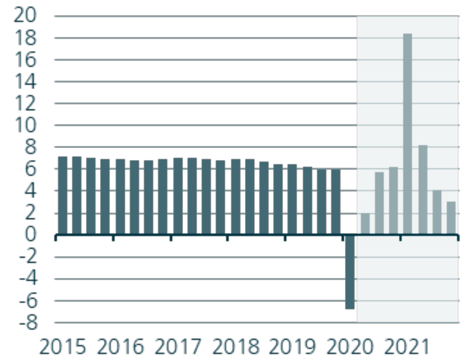
Sources: Bloomberg, forecast DekaBank

Crude oil

Oil prices have stabilised at a low level. In April, the OPEC countries together with Russia came to an agreement to cut production by 10 million barrels a day. Nevertheless, global demand has fallen by a third. Even in combination with the ongoing reduction of US fracking output, this should suffice to stop the fall in the price of oil, but not to reduce the supply of surplus oils in the short term. Global demand will probably increase again in the second half of 2020, but until well into 2021 overflowing oil storage facilities will prevent the price of oil rising to its level before the coronavirus crisis. Nevertheless, we expect global demand and supply to draw closer in the later course of the year.

Emerging Markets

China: GDP (% yoy)



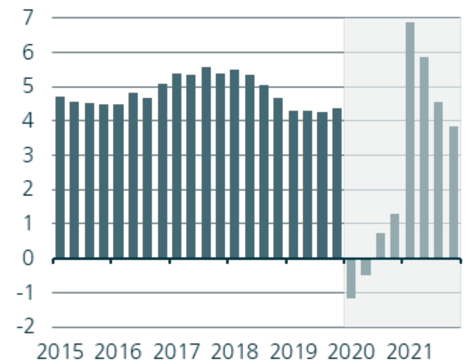
Sources: National Statistics, forecast DekaBank

China

Due to the restrictions imposed to contain the coronavirus pandemic China's economy shrank in the first quarter by 6.8% against the previous year (9.8% against the previous quarter). The recovery has started already. Manufacturing output rose in March by 32.1% against the previous month, after falling 24.9% in February. However, as the global economy has been plunged into recession, the recovery will be held back by the collapse of exports. Activity in the service sector is well below last year's level, as consumers have remained cautious for fear of a second pandemic wave. The conflict with the USA has escalated again, after President Trump repeatedly said that there is evidence that the coronavirus pandemic came from a Chinese laboratory.

Forecast revision: GDP growth 2020: 1.8 % (previously 2.7 %).

Emerging Markets: GDP (% yoy)

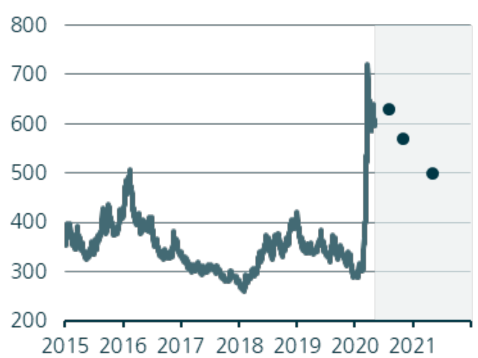


Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

The measures to contain the coronavirus pandemic already plunged the global economy into recession in March. Due to the marked fall in demand oil prices have collapsed, which has proved a massive burden for many oil producers' current accounts and economic growth. International travel will only be restored when a vaccine has been found, whereby for many EM countries a second vital source of currency has been lost. We expect the pandemic to be contained in the months to come and most emerging market countries will be able to recover somewhat after the third quarter, but the recovery will probably be weak. Forecast revision: marked downward revision of GDP forecasts for most EM countries for 2020.

EMBIG Diversified-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

EM countries have stabilised in recent weeks, after falling sharply in March. However, since the beginning of the year markets have remained depressed. There is currently great uncertainty with respect to economic development. We expect a recovery in the second half of the year, but GDP at the end of 2020 will lie below the level before the crisis. Falling profits are bound to depress the equity markets. In the hard-currency bond segment, weak creditworthy bonds have come under pressure and we do not expect a quick recovery. After Argentina and Lebanon other countries will be obliged to restructure their public debts. Hereby we have mainly small countries in focus, but with Turkey and South Africa we have two major issuers facing a difficult liquidity position. In many EM countries monetary policy has been eased, whereby EM domestic currency bonds have received support. However, low interest rates increase the downside risks for EM currencies.

May 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	3.1	0.6	-6.4	6.0	1.4	1.1	1.4	7.1	6.6	6.7	1.4	-7.3	-3.0
France	2.2	1.3	-9.3	8.1	1.3	0.6	1.2	-0.7	-0.7	-0.6	-3.0	-9.2	-6.2
Italy	1.7	0.3	-10.3	7.7	0.6	0.3	1.0	3.0	3.1	3.1	-1.6	-11.0	-5.2
Spain	1.4	2.0	-10.2	6.6	0.8	0.1	1.0	2.0	2.2	2.4	-2.8	-9.5	-6.7
Netherlands	0.7	1.8	-8.2	7.2	2.7	0.5	1.5	10.2	9.0	9.4	1.7	-6.2	-3.0
Belgium	0.4	1.4	-7.9	6.8	1.2	0.7	1.6	-1.2	-0.7	-1.1	-1.9	-8.9	-6.0
Eurozone	**11.2**	**1.2**	**-8.5**	**6.9**	**1.2**	**0.6**	**1.2**	**3.0**	**3.0**	**3.2**	**0.1**	**-8.3**	**-4.4**
Sweden	0.4	1.3	-6.9	4.9	1.7	0.7	1.6	3.9	2.2	4.0	0.4	-5.3	-1.6
Denmark	0.2	2.4	-4.1	2.1	0.7	0.7	1.2	7.9	4.8	5.3	2.5	-7.0	-0.3
EU-21	**11.8**	**1.3**	**-8.4**	**6.7**	**1.2**	**0.6**	**1.2**	**3.2**	**3.0**	**3.3**	**0.2**	**-8.2**	**-4.2**
Poland	0.9	4.2	-4.6	5.0	2.3	3.3	2.4	0.5	-0.8	-0.9	-1.2	-4.4	-2.0
Czech Republic	0.3	2.4	-5.8	4.7	2.8	3.1	2.0	-0.4	-0.9	0.1	0.2	-4.2	-1.3
Hungary	0.2	4.4	-4.4	4.0	3.4	3.5	3.1	-0.8	-2.8	-2.4	-1.8	-5.8	-3.0
EU-27	**13.8**	**1.7**	**-7.7**	**6.3**	**1.5**	**0.9**	**1.3**	**2.4**	**2.3**	**2.5**	**0.0**	**-7.8**	**-4.0**
USA	15.1	2.3	-5.1	5.5	1.8	1.0	2.0	-2.3	-2.0	-2.0	-7.2	-17.5	-10.5
Japan	4.1	0.7	-5.7	5.3	0.5	-0.1	0.0	3.6	5.0	5.0	-2.3	-6.0	-2.5
United Kingdom	2.2	1.4	-9.6	10.3	1.8	0.6	0.5	-3.8	-4.4	-4.5	-2.1	-8.3	-5.5
Canada	1.3	1.6	-6.4	5.0	2.0	1.0	1.8	-2.0	-2.5	-2.5	-0.4	-6.5	-3.0
Australia	1.0	1.8	-5.3	5.7	1.6	1.6	2.5	0.5	0.0	0.5	-0.4	-6.0	-2.5
Switzerland	0.4	0.9	-6.0	5.4	0.4	-0.3	0.3	12.2	7.2	8.8	0.9	-5.1	-1.9
Norway	0.3	2.4	-5.2	3.0	2.2	1.2	3.4	4.0	-1.3	0.1	7.9	0.8	3.7
Developed Countries[4]	**36.3**	**1.7**	**-6.5**	**6.1**	**1.5**	**0.8**	**1.4**	**0.3**	**0.4**	**0.5**	**-3.3**	**-11.6**	**-6.5**
Russia	3.1	1.3	-5.3	3.2	4.5	3.5	3.5	4.2	1.2	2.2	1.8	-3.0	-1.4
Turkey	1.7	0.7	-2.8	2.1	15.2	10.2	9.6	1.1	-2.9	-2.8	-2.9	-4.5	-3.6
Ukraine	0.3	3.2	-6.0	5.6	7.9	9.0	7.6	-0.9	-2.4	-2.0	-1.9	-6.0	-4.4
Emerging Europe[5]	**7.4**	**2.1**	**-4.6**	**3.4**	**6.6**	**5.2**	**4.8**	**0.5**	**-1.3**	**-0.9**	**X**	**X**	**X**
South Africa	0.6	0.2	-6.4	3.3	4.1	4.0	4.5	-3.0	-2.4	-3.1	-6.5	-10.3	-8.6
Middle East, Africa	**3.3**	**2.9**	**-2.4**	**3.0**	**6.6**	**7.2**	**6.8**	**-1.5**	**-2.2**	**-1.6**	**X**	**X**	**X**
Brazil	2.4	1.1	-4.3	2.5	3.7	3.7	3.6	-2.7	-2.3	-2.3	-5.9	-12.0	-7.2
Mexico	1.9	-0.1	-6.5	-0.3	3.6	2.9	2.6	-0.2	-2.0	-1.7	-1.7	-4.2	-3.9
Argentina	0.6	-2.2	-4.9	2.4	53.5	43.7	29.0	-1.0	0.4	-0.2	-3.8	-6.1	-3.5
Chile	0.4	1.0	-4.7	4.1	2.3	3.5	3.0	-3.9	-5.4	-4.8	-2.8	-7.1	-6.1
Latin America	**6.6**	**-0.3**	**-5.3**	**2.1**	**8.4**	**7.0**	**5.6**	**-1.7**	**-2.3**	**-2.0**	**X**	**X**	**X**
China	19.3	6.1	1.8	8.4	2.9	3.2	1.8	1.2	1.8	1.4	-6.4	-11.2	-11.2
India	8.0	5.3	0.9	6.0	3.7	3.9	3.4	-0.9	-0.3	-0.3	-7.4	-10.0	-8.0
Indonesia	2.6	5.0	0.5	4.7	3.0	2.8	3.2	-2.7	-1.6	-1.9	-1.6	-5.3	-3.2
South Korea	1.6	2.0	-1.4	1.4	0.4	0.5	1.2	3.7	6.2	6.1	-0.3	-3.7	-1.2
Emerging Asia	**35.6**	**5.3**	**0.8**	**6.6**	**2.8**	**2.8**	**2.2**	**1.7**	**2.2**	**1.9**	**X**	**X**	**X**
Emerging Markets	**53.0**	**4.0**	**-0.9**	**5.4**	**4.2**	**4.0**	**3.2**	**0.9**	**0.9**	**0.8**	**X**	**X**	**X**
Total[6]	**89.3**	**3.1**	**-3.2**	**5.7**	**3.1**	**2.7**	**2.5**	**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 6 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)	-0.27	-0.35	-0.40	-0.40
	12 months (EURIBOR)	-0.09	-0.18	-0.25	-0.25
	Bunds, 2 years	-0.75	-0.75	-0.75	-0.75
	Bunds, 5 years	-0.72	-0.70	-0.70	-0.65
	Bunds, 10 years	-0.51	-0.55	-0.55	-0.50
	Bunds, 30 years	-0.06	-0.10	-0.05	0.00
USA	Monetary policy (FFR)	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25
	3 months (LIBOR)	0.47	0.55	0.40	0.40
	12 months (LIBOR)	0.83	0.60	0.45	0.45
	US-Treasuries, 2 years	0.18	0.20	0.20	0.20
	US-Treasuries, 5 years	0.37	0.45	0.55	0.70
	US-Treasuries, 10 years	0.70	0.80	0.85	0.95
	US-Treasuries, 30 years	1.39	1.25	1.30	1.35
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.02	0.00	0.00	0.00
	12 months (LIBOR)	0.12	0.10	0.10	0.10
	JGBs, 2 years	-0.14	-0.20	-0.20	-0.20
	JGBs, 5 years	-0.14	-0.15	-0.15	-0.15
	JGBs, 10 years	-0.02	0.00	0.00	0.00
	JGBs, 30 years	0.45	0.35	0.35	0.35
United Kingdom	Monetary policy (Base)	0.10	0.10	0.10	0.10
	3 months (LIBOR)	0.45	0.50	0.50	0.40
	12 months (LIBOR)	0.75	0.70	0.70	0.60
	Gilts, 2 years	0.01	0.00	0.00	0.20
	Gilts, 5 years	0.08	0.10	0.20	0.30
	Gilts, 10 years	0.23	0.20	0.30	0.40
	Gilts, 30 years	0.56	0.70	0.70	0.80
Sweden	Monetary policy (Repo)	0.00	0.00	0.00	0.00
	3 months (STIB)	0.21	0.20	0.20	0.20
	2 years	-0.15	-0.20	-0.20	-0.20
	10 years	-0.05	0.00	0.10	0.20
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.12	-0.25	-0.30	-0.35
	2 years	-0.51	-0.55	-0.65	-0.70
	10 years	-0.26	-0.25	-0.35	-0.40
Norway	Monetary policy (Deposit)	0.25	0.00	0.00	0.00
	3 months (NIBOR)	0.43	0.30	0.30	0.30
	2 years	0.23	0.40	0.40	0.40
	10 years	0.58	0.60	0.70	0.90
Switzerland	Monetary policy (LIBOR)	-0.75	-0.75	-0.75	-0.75
	3 months (LIBOR)	-0.59	-0.75	-0.75	-0.75
	2 years	-0.67	-0.75	-0.75	-0.75
	10 years	-0.49	-0.40	-0.40	-0.30
Canada	Monetary policy (O/N)	0.25	0.25	0.25	0.25
	3 months (CBA)	0.64	0.50	0.45	0.35
	12 months (CBA)	0.90	0.60	0.55	0.40
	2 years	0.32	0.35	0.35	0.35
	5 years	0.44	0.45	0.50	0.70
	10 years	0.61	0.60	0.80	1.05
	30 years	1.16	0.70	0.90	1.15
Australia	Monetary policy (Cash)	0.25	0.25	0.25	0.25
	3 months (ABB)	0.10	0.15	0.20	0.30
	2 years	0.23	0.25	0.30	0.30
	10 years	0.92	0.90	0.90	0.90

Interest rates in EM countries

			Current	Forecasts		
			May 6 2020	3 months	6 months	12 months
Central- and Eastern Europe	Poland	Monetary policy (Repo)	0.50	0.50	0.50	0.50
		3 months (WIB)	0.58	0.60	0.60	0.70
		2 years	0.53	0.60	0.60	0.80
		10 years	1.55	1.50	1.50	1.80
	Czech Rep.	Monetary policy (Repo)	1.00	0.05	0.05	0.05
		3 months (PRIBOR)	0.89	0.20	0.20	0.30
		2 years	0.51	0.50	0.50	0.70
		10 years	1.20	1.20	1.20	1.40
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
		3 months (BUBOR)	1.08	1.00	1.00	1.00
		3 years	1.49	1.40	1.40	1.40
		10 years	2.00	1.80	1.80	2.00
Latin America	Brazil	Monetary policy (Repo)	3.00	2.75	2.75	3.50
		3 months (ABG)	2.96	2.88	2.88	3.45
		2 years	4.00	4.50	4.60	4.80
		10 years	7.19	6.50	6.40	6.40
	Mexico	Monetary policy	6.00	4.50	3.50	3.00
		3 months (Mexibor)	5.68	4.30	3.30	3.00
		2 years	5.14	5.00	5.00	5.00
		10 years	6.29	6.60	6.50	6.50
Asia	China	Monetary policy	1.50	1.25	1.25	1.25
		3 months	1.40	1.50	1.60	1.80
		3 years	1.49	1.50	1.60	1.80
		10 years	2.57	2.50	2.60	2.70
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	0.69	1.00	1.00	1.00
		2 years	0.45	0.50	0.50	0.50
		10 years	0.93	1.00	1.00	1.00
	South Korea	Monetary policy	0.75	0.50	0.50	0.50
		3 months	0.66	0.60	0.60	0.60
		2 years	0.87	0.90	0.90	0.90
		10 years	1.52	1.40	1.40	1.50

Yield spreads in basis points[1)]

			Current	Forecasts		
			May 6 2020	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	258	280	250	220
		Turkey	697	685	620	545
		Hungary	216	230	210	180
	Africa	South Africa	668	680	620	540
	Latin America	Brazil	427	440	400	350
		Chile	271	300	270	240
		Columbia	366	420	380	330
		Mexico	640	685	620	540
	Asia	China	183	180	160	140
		Indonesia	330	350	315	275
		Philippines	172	190	175	150
	Total (EMBIG Div)		**590**	**630**	**570**	**500**

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 6 2020	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.08	1.11	1.10	1.11
	EUR-CAD	1.53	1.53	1.51	1.53
	EUR-AUD	1.68	1.66	1.67	1.71
Japan	EUR-JPY	114.57	118.77	119.90	122.10
Euro-Outs	EUR-GBP	0.87	0.90	0.87	0.88
	EUR-DKK	7.46	7.47	7.47	7.47
	EUR-SEK	10.64	10.70	10.60	10.50
	EUR-CHF	1.05	1.06	1.07	1.08
	EUR-NOK	11.10	11.10	11.00	10.90
Central- and Eastern Europe	EUR-PLN	4.55	4.60	4.50	4.40
	EUR-HUF	351.08	360.00	360.00	350.00
	EUR-CZK	27.14	27.10	27.00	27.00
Africa	EUR-ZAR	20.25	21.09	20.90	20.54
Latin America	EUR-BRL	6.15	6.11	6.05	6.11
	EUR-MXN	26.25	27.75	27.72	28.19
Asia	EUR-CNY	7.68	7.88	7.70	7.88
	EUR-SGD	1.53	1.61	1.57	1.58
	EUR-KRW	1327	1376	1353	1354
US-Dollar		Current	Forecasts		
		May 6 2020	3 months	6 months	12 months
Dollar-Bloc	USD-CAD	1.41	1.38	1.37	1.38
	AUD-USD	0.64	0.67	0.66	0.65
Japan	USD-JPY	106.01	107.00	109.00	110.00
Euro-Outs	GBP-USD	1.24	1.23	1.26	1.26
	USD-DKK	6.90	6.73	6.79	6.73
	USD-SEK	9.84	9.64	9.64	9.46
	USD-CHF	0.97	0.95	0.97	0.97
	USD-NOK	10.27	10.00	10.00	9.82
Central- and Eastern Europe	USD-PLN	4.21	4.14	4.09	3.96
	USD-HUF	324.85	324.32	327.27	315.32
	USD-CZK	25.11	24.41	24.55	24.32
Africa	USD-ZAR	18.74	19.00	19.00	18.50
Latin America	USD-BRL	5.72	5.50	5.50	5.50
	USD-MXN	24.29	25.00	25.20	25.40
Asia	USD-CNY	7.10	7.10	7.00	7.10
	USD-SGD	1.42	1.45	1.43	1.42
	USD-KRW	1222	1240	1230	1220

Commodities

Commodity	Current	Forecasts		
	May 6 2020	3 months	6 months	12 months
Gold (USD per troy ounce)	1,686.36	1,680	1,670	1,650
Gold (EUR per troy ounce)	1,560.43	1,510	1,520	1,490
WTI crude (USD per Barrel)	23.99	24	29	34
WTI crude (EUR per Barrel)	22.20	22	26	31
Brent crude (USD per Barrel)	27.50	30	34	39
Brent crude (EUR per Barrel)	25.45	27	31	35

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