Macro Research
Economic Forecasts

June 2020

Recession – tick the box!

With the coronavirus pandemic the global economy has plunged at lightning speed into a historic deep recession. And that in a mandatory fashion thanks to the lockdown measures adopted in all regions of the world. The impact had already been felt and was no longer open to discussion long before the real economic data was released by the authorities. Tick it off. The actual data on the depth of the recession is no longer of any real interest. Whether GDP will fall by one percentage point more or less this year has become almost irrelevant for the financial markets. This is due to the fact that in order to fight the coronavirus crisis monetary and financial policy have set aside huge amounts of money. The extent of the crisis as well as the support measures may become greater than expected. What is key, however, is the story that will be told and played out on the markets in the months to come.

Ticked off?

Source: Getty Images, DekaBank.

This story is as follows: in the industrial countries the coronavirus pandemic has been overcome. Lockdowns are being lifted one by one. Economies are being ramped up again. Monetary and financial policy provide active support for economic recovery. From the side of the economy and corporate sector we can expect to hear better news in the second half of the year. Things are improving and the recovery is well under way. Conclusion: even the corona crisis does not last forever and we can now tick the box for „recession overcome".

However, this tick is not as certain by far as the almost unbroken rise of eqity prices in April and May would suggest. Not everything in the garden is blooming. The most important factors generating uncertainty are as follows: in the emerging-market countries the coronavirus is spreading much more dramatically than it did at the beginning of the crisis in the industrial countries. Economies are gathering speed at a much slower pace than had been expected and the recovery of consumer demand is very sluggish. President Trump is experiencing difficulties in his domestic policies that he hopes to compensate for in his election campaign by toughening his trade stance towards China and, if necessary, Europe. The Brexit negotiations between the UK and the EU are not making any progress and there is an increasing probability that Brexit will come at the end of the year without a deal.

Of course, companies' future profits are traded on the world's stock exchanges. Nevertheless, the speed and scope of the recovery on the equity markets (by the beginning of June the DAX had made up for three quarters of its huge losses between mid-February and mid-March) points to a consolidation in the summer. The uncertainties mentioned above will force markets to take a breather before the economic recovery scenario will ultimately be played out and we are able to tick the relevant box with a sure hand.

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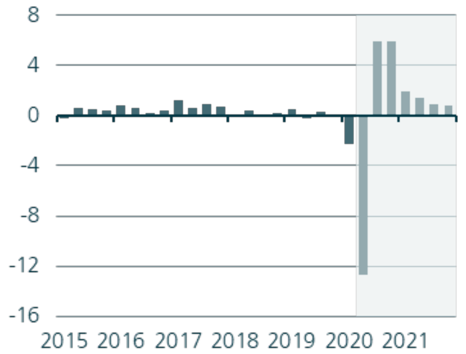
Most important forecast revisions

- Eurozone: GDP 2020 and 2021: -8.6 % and 7.5 % (previously -8.5 % and 6.9 %).
- USA: GDP 2020 and 2021: -4.9 % and 5.2 % (previously -5.1 % and 5.5 %); Inflation 2020 and 2021: 0.7 % and 1.4 % (previously 1.0 % and 2.0 %).
- Slight upward revision of Bund yields forecast.
- DAX: Slight downward revision of 3-month forecasts, upward revision of 6-month and 12-month forecasts.
- Gold/Crude oil: upward revisionof 3-month forecasts.
- Downward revision for a large number of EM economies.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



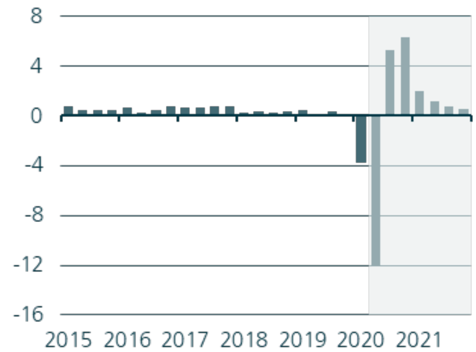
Sources: Destatis, forecast DekaBank

Germany

Compared to most other Eurozone economies Germany emerged relatively unscathed from the first quarter. GDP slumped by „only" 2.2% against the previous quarter. In April we are likely to have reached the trough of the coronavirus recession. With the end of an increasing number of lockdowns the economy is gradually beginning to revive. However, in May the recovery was proving very sluggish. Especially the manufacturing sector didn't always run smoothly. All in all, in the second quarter we expect a huge double-digit drop of GDP. In the course of the year further support will be provided by the government's economic package.

Forecast revision: GDP 2020 and 2021: -7.3 % and 7.5 % (previously -6.4 % and 6.0 %); Inflation 2020: 0.8 % (previously 1.1 %).

Eurozone: GDP (% qoq, sa)



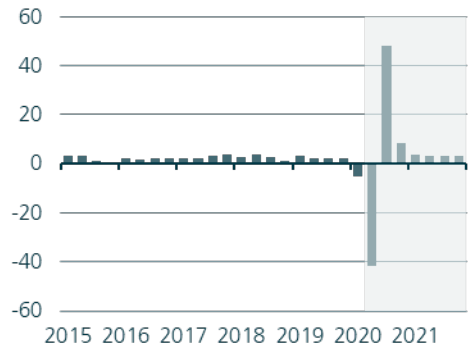
Sources: Eurostat, forecast DekaBank

Eurozone

In the first quarter Eurozone GDP set a neative record with a contraction of 3.8% against the previous quarter. It seems as if the corona crisis has not yet reached the labour market. However, this can be attributed to problems with current statistics. The recession is immediately apparent in the case of the inflation rate: In April the Eurozone inflation rate had slowed to 0.3% and in May according to the provisional flash estimate stood at 0.1%, the lowest rate since the summer of 2016. This was mainly due to the drastic fall in energy prices. Adjusted for the impact of energy prices the rate is 1.4%, slightly higher than at the beginning of the year.

Forecast revision: GDP 2020 and 2021: -8.6 % and 7.5 % (previously -8.5 % and 6.9 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

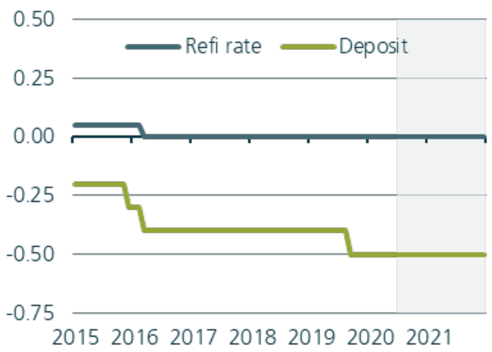
USA

Unofficial data on the monthly GDP growth show that the US economy contracted drastically in April. However, the slump of some 11% was less than we had temporarily expected. Moreover, the labour market report for May proved far better than had been expected. All in all, this confirms the picture that the US economy bottomed out in April and has since been growing again. Politicians are currently discussing another support programme that we also regard as necessary. In April prices have fallen substantially.

Forecast revision: GDP 2020 and 2021: -4.9 % and 5.2 % (previously -5.1 % and 5.5 %); Inflation 2020 and 2021: 0.7 % and 1.4 % (previously 1.0 % and 2.0 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)

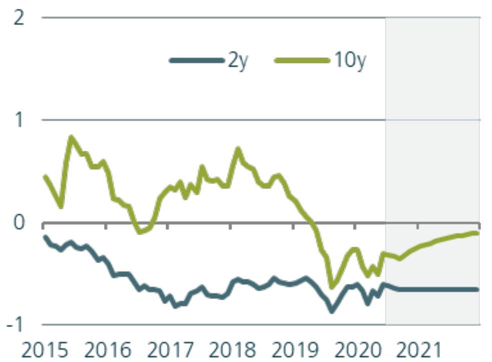


Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

The topping up of the Pandemic Emergency Purchase Programme (PEPP) to EUR1350 bn together with very high demand for the next long-term tenders in the TLTRO-III programme will cause a further rise in excess reserves in the banking system. This will hold EONIA rates in close proximity to the ECB deposit rate. We do not expect a renewed lowering of this rate, as several ECB Council members regard such a step as too risky in the current situation. Spreads of EURIBOR rates against maturity congruent EONIA-Swaps have in the meantime narrowed slightly. However, in particular the somewhat longer-term EURIBOR rates are still higher than the prospect of unchanged key rates for a long time would justify. Through the easing of risk for the European banking system and the very substantial supply of liquidity these disturbances on the money market should be reduced and EURIBOR rates in particular fall somewhat.

German Bond Yield (% p.a.)



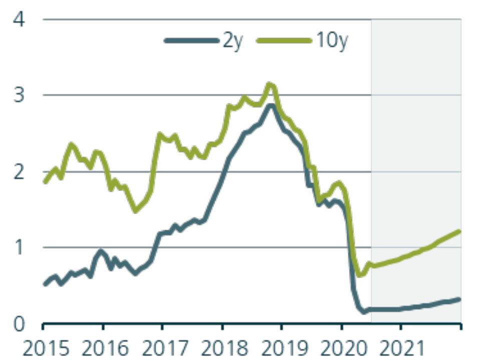
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

Hopes of a rapid economic recovery and prospects of an increasing amount of new issues have been reflected in higher yields, especially for long-term Bunds. The reconstruction fund suggested by the EU Commission, which is designed to limit the financial risks of its weaker members, has had a negative impact on Bunds. Nevertheless, yields should only continue to rise at a slower pace. In the months to come economic data will show that the recovery is facing substantial resistance whilst negotiations over the reconstruction fund are not running smoothly. Moreover, with its PEPP asset-purchasing programme the ECB intends to combat the substantial increase in financing costs.

Forecast revision: Slightly higher yields in all maturities.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

Remarkably for the times we are living in, we hardly had to make any changes to our US interest rate outlook compared to last month's forecast. The situation on the US bond market has calmed substantially in recent weeks. This is reflected in various interest rate differences, but also in the activity of the Fed, which since the beginning of the corona crisis has supplied the financial system with huge amounts of liquidity and thereby substantially expanded its balance sheet. However, the expansion of the Fed balance sheet has since slowed significantly. On the capital markets investors have speculated over the possibility of negatve key rates. However, for the Fed the hurdles seem very high. Thus, negative key rates would only be a feasible option if further lockdowns were imposed.

Markets: Industrial countries

Equity Market Forecast

	Current Jun 5, 20	in 3	in 6 months	in 12
DAX	**12 847.68**	**10 500**	**12 000**	**12 500**
Reporting:				
EuroStoxx50	3 384.29	3 000	3 200	3 300
S&P 500	3 193.93	2 800	2 850	3 000
Topix	1 612.48	1 500	1 450	1 550

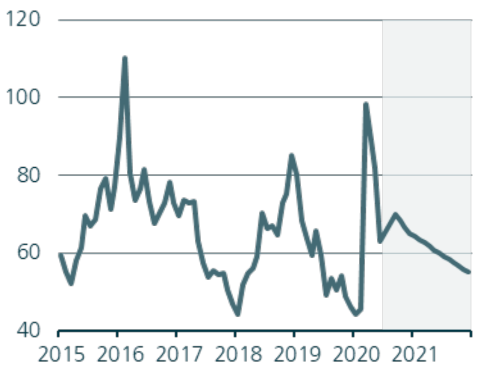
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

Thanks to lower new-infection numbers and the speedy easing of lockdown restrictions in Germany the case for economic recovery in the second half of the year is strengthening. In Germany this will be supported above all by comprehensive fiscal measures which will help cushion the losses caused by corona. Against this backdrop the direction of movement on the equity market is understandable. However, its speed and scope are disconnected from the fundamental trend. The recently published purchasing managers' indices indicate that the recovery of the economy and corporate profits will not be as speedy and straightforward as equity prices in May had anticipated. In the short term there is a need for consolidation. However, in the medium term, prospects have become a little brighter.

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

iTraxx Europe (Bp)



Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

European companies are taking speedy advantage of the current favourable conditions for obtaining liquid funds on the capital market. Besides the ECB asset-purchasing programme, investors are extremely eager to buy new issues, so that most new issues are many times oversubscribed and can often be successfully placed without additional premiums. The secondary market clearly suffered under the wave of new issues at first but now risk premiums are noticeably on the retreat. However, the market is still illiquid, so that trade is currently concentrated on new issues. Very weak business results in the first quarter have had hardly any negative impact on spreads.

Covered Bonds 5y (% p.a.)

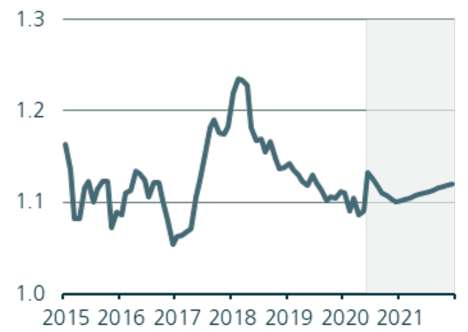
Source: Bloomberg

Covered Bonds

Issuing houses have placed very few new issues of covered bonds on the free market. But the wave of new issues to be placed with the ECB has also subsided. Only bonds above EUR 4.5bn have been offered to investors. These have been many times oversubscribed and could be placed almost without new-issue premiums. Issuers have been increasingly focussing on lengthy maturities – at the short end they can cover their refinancing needs better with the ECB than on the market. In view of the TLTRO III a revival of the market for new issues remains out of sight. Moreover, as a consequence of the collapse of mortgage loans, new issues of covered bonds have become rarer. Spreads on the secondary market have declined appreciably in this environment, even in the absence of substantial purchases by the ECB and they are likely to remain low for some time.

Markets: Industrial countries

Exchange Rate EUR-USD

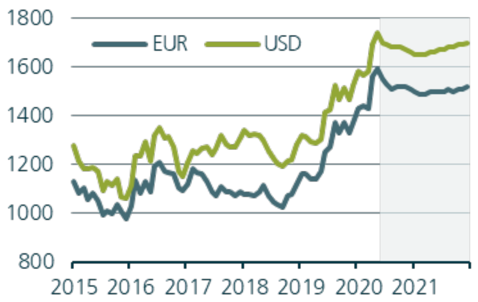


Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

The EUR-USD exchange rate started into last month at 1.10 EUR-USD and at the end of the month stood at the same level. In the course of the month the Euro came under pressure and dropped to 1.07 EUR-USD.The news from Europe was mixed. On one hand, the gloomy economic prospects for the second quarter were confirmed. After a record collapse of the Eurozone economy in the first quarter performance in the current quarter will be appreciably worse. On the other hand, there are signs that the Eurozone is currently crossing the trough and that the corona recession will come to an end in the third quarter. US economic data have so far had no visible impact on the EUR-USD exchange rate. Together with the Eurozone the USA are currently experiencing the worst economic crisis since the second world war.

Gold price (per troy ounce)



Per-formance	from 31.05.14 to 31.05.15	31.05.15 31.05.16	31.05.16 31.05.17	31.05.17 31.05.18	31.05.18 31.05.19	31.05.19 31.05.20
Gold in Euro	18.71%	0.61%	3.80%	-1.59%	5.02%	33.78%
Gold in USD	-4.51%	2.14%	4.71%	2.21%	0.44%	33.01%

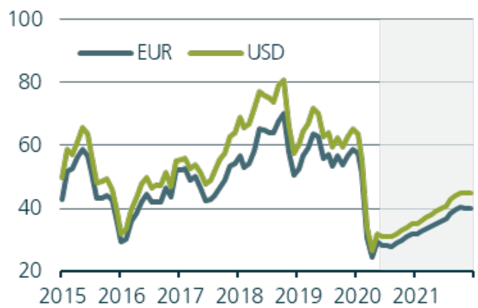
Sources: Bloomberg, forecast DekaBank

Gold

Undoubtedly, times are good for gold. The gold price rose to a record high of EUR 1,600, which was largely due to the strength of the Euro against the US dollar. Looking at the price in US dollars we are still some way from the US record of USD 1,900. Nevertheless, demand for gold is strong and it is expensive. Continuing low interest rates, the expansion of central banks' balance sheets, and the rising public debt of many countries are driving investors into gold. An end to these good times is not in sight. Even after the acute corona crisis it will take years for the central banks to tighten their monetary policy again, and presumably even longer for countries to reduce their public debt. In recent months geopolitical risks have have gained in significance for the gold price as the conflict between China and the USA has escalated again.

Forecast revision: upward revisionof 3-month forecast.

Crude Oil Brent (per barrel)



Performance	from 31.05.14 to 31.05.15	31.05.15 31.05.16	31.05.16 31.05.17	31.05.17 31.05.18	31.05.18 31.05.19	31.05.19 31.05.20
Brent in Euro	-25.51%	-25.34%	0.36%	48.49%	-13.09%	-44.90%
Brent in USD	-40.08%	-24.21%	1.25%	54.22%	-16.88%	-45.22%

Sources: Bloomberg, forecast DekaBank

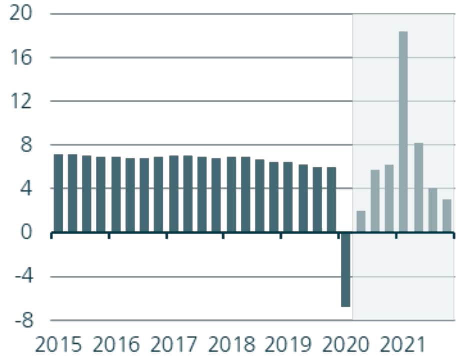
Crude oil

The crude oil price has risen substantially. We expect it will not be possible to maintain the prices of USD 35 per barrel for WTI and USD 40 per barrel for Brent, for there is currently oversupply on the global oil market. Oil output is falling in the USA, the OPEC countries and in Russia, but not by enough to compensate for the fall in demand. According to the International Energy Agency this amounted to 20 million barrrels per day in the second quarter of 2020, a fifth of global demand. Even if the demand for oil recovers in the second half of the year, demand in 2020 will remain below the level in 2019. Moreover, if prices are rising it will become increasingly difficult for oil producers to maintain their agreements to respect voluntary cuts in production.

Forecast revision: upward revision of 3-month forecast.

Emerging Markets

China: GDP (% yoy)

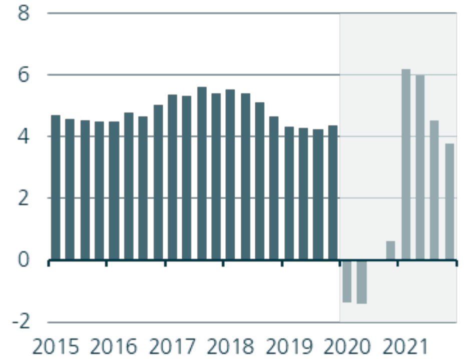


Sources: National Statistics, forecast DekaBank

China

Premier Li Keqiang has announced that the government has not set an economic growth goal for 2020, because the environment is too uncertain. Nevertheless, we assume that the government wants to avoid a negative growth rate for the year as a whole, which they will succeed in doing according to the latest statistics. The government wants the banks to finance fresh support for the corporate sector, as they are obliged to grant credit and defer repayment. Direct government support for the economy has been announced in the form of lower VAT rates and additional infrastructure investments. Approval of the contested security law for Hong Kong has reignited tensions between China and the USA. For reasons of domestic policy both sides have adopted a confrontational stance in this conflict.

Emerging Markets: GDP (% yoy)



Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

In recent weeks the coronavirus pandemic has spread appreciably, especially in Latin America, the Middle East and South Asia. Most countries had already slipped into recession in March. Only in China was there any sign of a strong recovery. In many other countries, the economic downturn is only just bottoming out despite an easing of lockdown measures. The recovery of the oil price and the calming of the capital markets should help limit the damage to the economy, but the negative impact will be felt well into the coming year. The conflict between China and the USA has been reignited by China's approval of a security law for Hong Kong.

Forecast revision: downward revision of GDP forecasts for India, Indonesia, Brazil, Mexico, Russia and the Czech Republic.

EMBIG Diversified-Spread (Bp)

Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

In the positive sentiment that has prevailed on international capital markets EM investments have been able to make a substantial recovery. This was supported by the fall in infection rates in industrial countries, as well as by comprehensive monetary and fiscal measures. The markets have anticipated the economic recovery for which there is scarcely any evidence anywhere except in China. The negative economic impact in the form of company insolvencies, sustained high unemployment and weakened public finances is difficult to estimate, but is bound to be substantial. Against this backdrop, the potential for setbacks in the wake of the rapid upswing has increased. Part of the equity price gains will have technical grounds, because investors were trying to reduce underweighting in a rising market. Especially in parts of Africa there is a danger that public debt will have to be restructured. Argentina and Lebanon have already suspended their debt service. In Turkey the lira has been stabilised at great cost by using currency reserves.

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	-7.3	7.5	1.4	0.8	1.4	7.1	6.6	6.7	1.4	-7.5	-3.0
France	2.2	1.5	-10.1	8.4	1.3	0.6	1.2	-0.7	-0.7	-0.6	-3.0	-10.2	-6.2
Italy	1.7	0.3	-10.2	8.1	0.6	0.3	1.0	3.0	3.1	3.1	-1.6	-11.0	-5.2
Spain	1.4	2.0	-9.6	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	-7.7	7.0	2.7	0.9	1.5	10.2	9.0	9.4	1.7	-6.2	-3.0
Belgium	0.4	1.4	-7.6	6.8	1.2	0.5	1.5	-1.2	-0.7	-1.1	-1.9	-8.9	-6.0
Eurozone	**11.2**	**1.2**	**-8.6**	**7.5**	**1.2**	**0.5**	**1.2**	**3.0**	**3.0**	**3.2**	**0.1**	**-8.3**	**-4.4**
Sweden	0.4	1.2	-5.1	4.9	1.7	0.0	1.4	3.9	2.2	4.0	0.4	-5.3	-1.6
Denmark	0.2	2.4	-5.6	4.8	0.7	0.4	1.1	7.9	4.8	5.3	2.5	-7.0	-0.3
EU-21	**11.8**	**1.3**	**-8.4**	**7.4**	**1.2**	**0.5**	**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	3.2	2.4	0.5	-0.8	-0.9	-0.7	-9.5	-3.8
Czech Republic	0.3	2.4	-7.6	5.0	2.8	2.8	1.9	-0.4	-1.0	-0.5	0.3	-6.7	-4.0
Hungary	0.2	4.4	-4.4	4.0	3.4	2.8	2.9	-0.8	-0.6	-0.7	-2.0	-5.2	-4.0
EU-27	**13.8**	**1.7**	**-8.0**	**6.8**	**1.5**	**0.8**	**1.3**	**2.4**	**2.3**	**2.5**	**0.0**	**-8.2**	**-4.2**
USA	15.1	2.3	-4.9	5.2	1.8	0.7	1.4	-2.3	-2.0	-2.0	-7.2	-17.5	-10.5
Japan	4.1	0.7	-4.9	4.4	0.5	-0.1	0.0	3.6	5.0	5.0	-2.3	-6.5	-4.5
United Kingdom	2.2	1.4	-9.6	10.0	1.8	0.5	0.5	-3.8	-4.4	-4.5	-2.1	-8.3	-5.5
Canada	1.3	1.7	-6.0	4.9	2.0	0.5	1.2	-2.0	-2.5	-2.5	-0.3	-6.5	-3.0
Australia	1.0	1.8	-2.6	4.4	1.6	1.5	1.7	0.6	2.0	4.0	-0.4	-9.0	-5.5
Switzerland	0.4	1.0	-6.5	5.4	0.4	-0.5	0.2	12.2	7.2	8.8	0.9	-5.1	-1.9
Norway	0.3	2.4	-5.4	3.0	2.2	1.3	3.4	4.0	-1.3	0.1	7.9	0.8	3.7
Developed Countries[4]	**36.3**	**1.7**	**-6.3**	**6.0**	**1.5**	**0.5**	**1.1**	**0.3**	**0.5**	**0.6**	**-3.3**	**-11.7**	**-6.8**
Russia	3.1	1.3	-5.6	3.2	4.5	3.4	3.4	3.8	1.7	2.5	1.8	-3.1	-2.2
Turkey	1.7	0.7	-2.7	2.1	15.2	10.4	9.7	1.2	-1.9	-2.4	-2.9	-6.3	-5.9
Ukraine	0.3	3.2	-6.0	5.6	7.9	5.2	6.2	-0.9	-1.9	-1.6	-1.9	-7.1	-4.4
Emerging Europe[5]	**7.4**	**2.1**	**-4.7**	**3.4**	**6.6**	**5.0**	**4.7**	**0.4**	**-0.9**	**-0.7**	**X**	**X**	**X**
South Africa	0.6	0.2	-6.4	3.3	4.1	4.0	4.5	-3.0	-2.5	-3.1	-6.5	-10.3	-8.6
Middle East, Africa	**3.3**	**2.7**	**-2.6**	**3.1**	**6.6**	**7.3**	**6.8**	**-1.5**	**-3.0**	**-1.9**	**X**	**X**	**X**
Brazil	2.4	1.1	-6.6	3.2	3.7	3.7	3.6	-2.7	-2.3	-2.3	-5.9	-12.0	-7.2
Mexico	1.9	-0.3	-7.0	2.2	3.6	2.8	2.6	-0.2	-2.3	-1.9	-1.7	-4.7	-4.2
Argentina	0.6	-2.2	-8.0	1.7	53.5	45.2	37.9	-0.8	-0.3	-2.2	-3.8	-6.1	-3.7
Chile	0.4	1.0	-4.1	4.0	2.3	3.4	3.1	-3.9	-5.4	-4.8	-2.8	-10.5	-5.4
Latin America	**6.6**	**-0.3**	**-6.6**	**3.0**	**8.4**	**7.2**	**6.5**	**-1.6**	**-2.5**	**-2.3**	**X**	**X**	**X**
China	19.3	6.1	1.8	8.4	2.9	2.8	1.7	1.0	0.8	0.7	-6.4	-11.2	-9.6
India	8.0	4.9	-0.4	5.1	3.7	3.9	3.4	-0.9	-0.4	-0.7	-7.4	-10.0	-8.0
Indonesia	2.6	5.0	-2.1	4.1	2.8	2.9	3.2	-2.7	-1.5	-1.9	-1.6	-5.4	-3.4
South Korea	1.6	2.0	-1.4	1.4	0.4	0.5	1.2	3.7	6.1	5.6	-0.3	-4.3	-1.6
Emerging Asia	**35.6**	**5.2**	**0.2**	**6.4**	**2.8**	**2.6**	**2.1**	**1.5**	**1.5**	**1.4**	**X**	**X**	**X**
Emerging Markets	**53.0**	**3.9**	**-1.5**	**5.4**	**4.2**	**3.8**	**3.3**	**0.8**	**0.4**	**0.4**	**X**	**X**	**X**
Total[6]	**89.3**	**3.0**	**-3.5**	**5.6**	**3.1**	**2.5**	**2.4**	**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		
		Jun 5 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)	-0.35	-0.37	-0.40	-0.40
	12 months (EURIBOR)	-0.12	-0.18	-0.25	-0.25
	Bunds, 2 years	-0.60	-0.65	-0.65	-0.65
	Bunds, 5 years	-0.54	-0.60	-0.60	-0.55
	Bunds, 10 years	-0.28	-0.35	-0.25	-0.15
	Bunds, 30 years	0.26	0.15	0.25	0.35
USA	Monetary policy (FFR)	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25
	3 months (LIBOR)	0.31	0.50	0.40	0.40
	12 months (LIBOR)	0.63	0.55	0.45	0.45
	US-Treasuries, 2 years	0.21	0.20	0.20	0.25
	US-Treasuries, 5 years	0.46	0.45	0.55	0.75
	US-Treasuries, 10 years	0.90	0.80	0.85	1.00
	US-Treasuries, 30 years	1.67	1.25	1.30	1.35
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.05	0.00	0.00	0.00
	12 months (LIBOR)	0.11	0.10	0.10	0.10
	JGBs, 2 years	-0.13	-0.15	-0.15	-0.15
	JGBs, 5 years	-0.08	-0.10	-0.10	-0.10
	JGBs, 10 years	0.05	0.00	0.00	0.00
	JGBs, 30 years	0.58	0.50	0.50	0.50
United Kingdom	Monetary policy (Base)	0.10	0.10	0.10	0.10
	3 months (LIBOR)	0.22	0.20	0.20	0.20
	12 months (LIBOR)	0.57	0.60	0.60	0.60
	Gilts, 2 years	0.01	0.00	0.00	0.10
	Gilts, 5 years	0.08	0.10	0.10	0.30
	Gilts, 10 years	0.35	0.30	0.30	0.40
	Gilts, 30 years	0.79	0.70	0.70	0.75
Sweden	Monetary policy (Repo)	0.00	0.00	0.00	0.00
	3 months (STIB)	0.14	0.20	0.20	0.20
	2 years	-0.25	-0.20	-0.20	-0.20
	10 years	0.07	0.00	0.10	0.20
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.14	-0.17	-0.20	-0.20
	2 years	-0.44	-0.45	-0.45	-0.45
	10 years	-0.13	-0.15	-0.05	0.05
Norway	Monetary policy (Deposit)	0.00	0.00	0.00	0.00
	3 months (NIBOR)	0.29	0.30	0.30	0.30
	2 years	0.31	0.40	0.40	0.40
	10 years	0.78	0.70	0.70	0.90
Switzerland	Monetary policy (LIBOR)	-0.75	-0.75	-0.75	-0.75
	3 months (LIBOR)	-0.66	-0.75	-0.75	-0.75
	2 years	-0.64	-0.75	-0.75	-0.75
	10 years	-0.28	-0.40	-0.40	-0.30
Canada	Monetary policy (O/N)	0.25	0.25	0.25	0.25
	3 months (CBA)	0.57	0.50	0.45	0.35
	12 months (CBA)	0.86	0.75	0.70	0.55
	2 years	0.35	0.30	0.30	0.30
	5 years	0.53	0.45	0.55	0.75
	10 years	0.73	0.65	0.85	1.10
	30 years	1.31	1.20	1.25	1.35
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	0.29	0.25	0.30	0.30
	10 years	1.09	0.90	0.90	0.90

Interest rates in EM countries

			Current	Forecasts		
			Jun 5 2020	3 months	6 months	12 months
Central- and Eastern Europe	Poland	Monetary policy (Repo)	0.10	0.10	0.10	0.10
		3 months (WIB)	0.17	0.20	0.20	0.40
		2 years	0.25	0.20	0.20	0.70
		10 years	1.48	1.30	1.30	1.80
	Czech Rep.	Monetary policy (Repo)	0.25	0.05	0.05	0.05
		3 months (PRIBOR)	0.34	0.20	0.20	0.30
		2 years	0.17	0.10	0.20	0.20
		10 years	0.95	0.80	1.00	1.00
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
		3 months (BUBOR)	0.90	1.00	1.00	1.00
		3 years	1.14	1.20	1.20	1.30
		10 years	2.17	1.90	1.90	2.00
Latin America	Brazil	Monetary policy (Repo)	3.00	2.50	2.50	2.50
		3 months (ABG)	2.29	2.65	2.75	2.95
		2 years	3.67	4.15	4.50	4.80
		10 years	7.19	6.50	6.40	6.40
	Mexico	Monetary policy	5.50	4.50	3.50	3.50
		3 months (Mexibor)	5.17	4.30	3.30	3.00
		2 years	5.11	5.00	5.00	5.00
		10 years	6.26	6.60	6.50	6.50
Asia	China	Monetary policy	1.50	1.25	1.25	1.25
		3 months	1.59	1.50	1.60	1.80
		3 years	2.35	1.70	1.60	1.80
		10 years	2.86	2.60	2.60	2.70
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	0.56	0.60	0.50	0.50
		2 years	0.35	0.50	0.50	0.50
		10 years	1.04	1.00	1.00	1.00
	South Korea	Monetary policy	0.50	0.50	0.50	0.50
		3 months	0.50	0.60	0.60	0.60
		2 years	0.78	0.90	0.90	0.90
		10 years	1.46	1.40	1.40	1.50

Yield spreads in basis points[1)]

			Current	Forecasts		
			Jun 5 2020	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	187	199	224	203
		Turkey	547	582	654	594
		Hungary	151	161	180	164
	Africa	South Africa	476	507	569	518
	Latin America	Brazil	332	353	396	360
		Chile	194	206	232	211
		Columbia	266	283	318	289
		Mexico	474	505	566	515
	Asia	China	154	164	184	168
		Indonesia	244	260	292	265
		Philippines	137	146	164	149
	Total (EMBIG Div)		**460**	**490**	**550**	**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.

June 2020

Currencies

EURO		Current	Forecasts		
		Jun 5 2020	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.13	1.11	1.10	1.11
	EUR-CAD	1.52	1.51	1.51	1.53
	EUR-AUD	1.62	1.63	1.64	1.68
Japan	EUR-JPY	123.92	119.88	119.90	122.10
Euro-Outs	EUR-GBP	0.89	0.88	0.87	0.88
	EUR-DKK	7.46	7.47	7.47	7.47
	EUR-SEK	10.38	10.40	10.30	10.30
	EUR-CHF	1.09	1.08	1.08	1.09
	EUR-NOK	10.49	10.60	10.50	10.40
Central- and Eastern Europe	EUR-PLN	4.43	4.60	4.50	4.40
	EUR-HUF	343.52	350.00	350.00	350.00
	EUR-CZK	26.56	27.10	27.00	27.00
Africa	EUR-ZAR	19.04	18.87	19.80	20.54
Latin America	EUR-BRL	5.61	5.77	6.05	6.11
	EUR-MXN	24.35	24.98	25.85	26.64
Asia	EUR-CNY	8.00	7.94	7.92	7.88
	EUR-SGD	1.57	1.59	1.57	1.58
	EUR-KRW	1356	1376	1353	1354
US-Dollar		Current	Forecasts		
		Jun 5 2020	3 months	6 months	12 months
Dollar-Bloc	USD-CAD	1.34	1.36	1.37	1.38
	AUD-USD	0.70	0.68	0.67	0.66
Japan	USD-JPY	109.75	108.00	109.00	110.00
Euro-Outs	GBP-USD	1.27	1.26	1.26	1.26
	USD-DKK	6.60	6.73	6.79	6.73
	USD-SEK	9.19	9.37	9.36	9.28
	USD-CHF	0.96	0.97	0.98	0.98
	USD-NOK	9.30	9.55	9.55	9.37
Central- and Eastern Europe	USD-PLN	3.93	4.14	4.09	3.96
	USD-HUF	304.26	315.32	318.18	315.32
	USD-CZK	23.52	24.41	24.55	24.32
Africa	USD-ZAR	16.86	17.00	18.00	18.50
Latin America	USD-BRL	4.96	5.20	5.50	5.50
	USD-MXN	21.57	22.50	23.50	24.00
Asia	USD-CNY	7.08	7.15	7.20	7.10
	USD-SGD	1.39	1.43	1.43	1.42
	USD-KRW	1207	1240	1230	1220

Commodities

Commodity	Current	Forecasts		
	Jun 5 2020	3 months	6 months	12 months
Gold (USD per troy ounce)	1,682.28	1,680	1,660	1,670
Gold (EUR per troy ounce)	1,489.93	1,520	1,510	1,500
WTI crude (USD per Barrel)	39.55	28	30	35
WTI crude (EUR per Barrel)	35.03	25	27	32
Brent crude (USD per Barrel)	41.13	33	35	40
Brent crude (EUR per Barrel)	36.43	30	32	36

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