



March / April 2017

## Things are going well.

„Things are going well“ – this would appear to be a good description of the current state of the global economy. All sentiment indicators have recently improved from their already high levels, whether it is consumer confidence in the USA, the purchasing managers' index in China, corporate confidence in the Eurozone or the ifo business climate index in Germany. And companies are also registering solid results in their current quarterly reports, with rising sales and higher profits.

How does this tally with the high degree of political uncertainty that is the focus of both our forecasts and those of other economists? The current economic upswing is apparently so strong that political risks have little impact. The continued support provided by an expansive monetary policy has played a major part in this development. In this vein, financial markets appear to be assuming that most political risks will not materialise, or even if they do, it will only be in the long term. Their basic assumption is that the approaching elections in the Netherlands and France will not produce governments that will take their countries out of the European Monetary Union. And in the US Congress the diet that is served will not be eaten as hot as it has been previously cooked by the new president on Twitter.

In this context it would be mistaken to refer to the current state of equity markets as unhealthy euphoria. Economic prospects are simply good and as of yet, there are no interest-rate fears. This combination will suffice to underpin the markets in the months to come. Of course, such a positive phase must eventually come to an end. In particular, we are monitoring events in the USA for possible disappointments in view of the high expectations raised by the Trump government's economic programmes and, naturally, we have been and will be closely following the election campaigns in the Netherlands and France.

Interest-rate developments could also raise problems. In the second half of 2017 the ECB's plan for an exit from its bond-buying programme will slowly become more concrete. In 2018, the Bank will presumably gradually reduce its asset purchases. On the bond markets, yields are slowly rising. The US Fed is forging ahead with its rate hikes. This does not immediately darken the monetary environment, but the normalisation of monetary policy is underway, albeit only gradually. This will slightly limit growth on equity markets. However, the risks should not blind us to the fact that even in this environment equities can make a valuable contribution to generating long-term yields above the rate of inflation.

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### DAX: Record-high in sight



Source: Deutsche Börse AG, DekaBank

### Most important forecast revisions changes

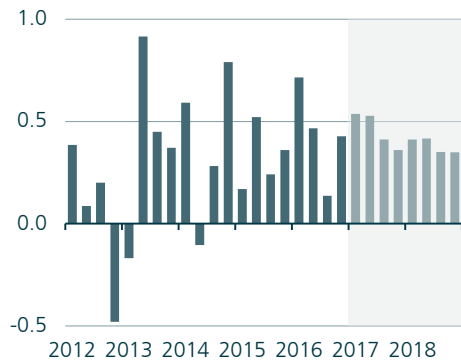
- Germany: Inflation 2017: 2.0 % (previously 1.8 %).
- Euro zone: Inflation 2017: 1.8 % (previously 1.6 %).
- USA: GDP growth 2017: 2.2 % (previously 2.4 %).
- Euro zone: Lower 3-month and 6-month yield rises.
- USA: Key-rate forecasts: end of 2017: 1.375 % (previously 1.125 %); end of 2018: 2.125 % (previously 1.875 %).
- Germany: Upward revision of DAX 3-month forecast.
- Mexico: Downward revision of GDP growth forecast.
- India: Slight upward revision of GDP growth forecast.



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**Economy: Industrial countries**

**Germany: GDP (% qoq, sa)**



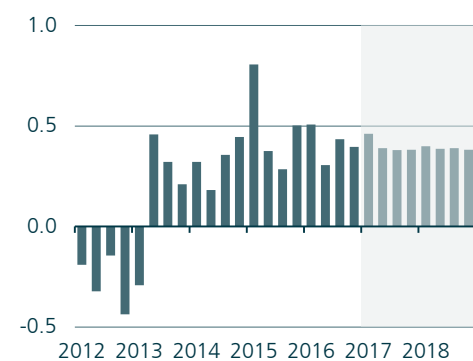
Sources: Destatis, forecast DekaBank

**Germany**

Corporate sentiment in Germany is currently at a very high level despite significant risks. There are fears of a more protectionist approach from the USA whilst in Europe, populist parties at both extremes of the political spectrum are enjoying a significant growth of support in the run-up to important elections. In fact, according to the Association for Consumer Research, consumers appear to have become more cautious in view of these risks. The fact that these risks do not seem to have had any impact on companies can be attributed to the favourable development of the global economy. The global purchasing managers' index has risen substantially and given companies hopes of profitable export business.

Forecast revision: Inflation rate 2017: 2.0 % (previously 1.8 %).

**Eurozone: GDP (% qoq, sa)**



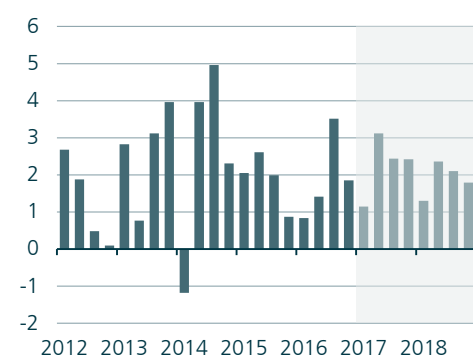
Sources: Eurostat, forecast DekaBank

**Eurozone**

Fourth-quarterly GDP growth in 2016 has been revised down by Eurostat from 0.5% to 0.4% in comparison to the previous quarter. At the end of the year the Eurozone stood on a broad foundation for growth. Among the five major economies Spain and the Netherlands stand out with GDP growth rates of 0.7% and 0.5% respectively. Germany and France each registered growth of 0.4%, while Italy's economy grew 0.2%. A breakdown of GDP numbers is not yet available, but information on developments in individual countries suggest that the engines of growth were domestic in origin. This can be attributed to an increase in both consumption and investment. The impact of foreign trade has probably rather been negative.

Forecast revision: Inflation rate 2017: 1.8 % (previously 1.6 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

**USA**

In the wake of Donald Trump's speech to Congress there is still much uncertainty over the exact form of the proposed corporate tax reform. According to statements by the Secretary for the Treasury, Steven Mnuchin, a reform plan could be presented in August 2017 and will probably include changes to income taxation as well as protectionist measures. What is striking with regard to current macro data is the fact that the indicators of both corporate and household sentiment have developed very satisfactorily and in some cases have registered their highest levels for many years. On the other hand, on the basis of real economic hard data no appreciable acceleration in GDP growth can be determined. At the beginning of the year private household consumption has rather proved to be disappointingly weak.

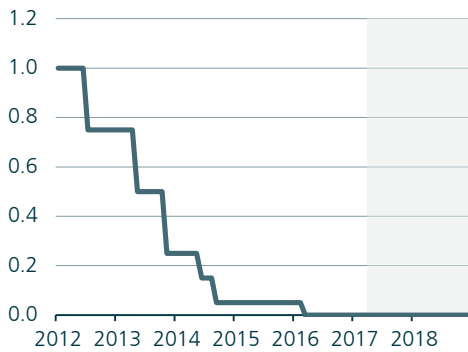
Forecast revision: GDP growth 2017: 2.2 % (previously 2.4 %).



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**Markets: Industrial countries**

**ECB: Repo Rate (% p.a.)**



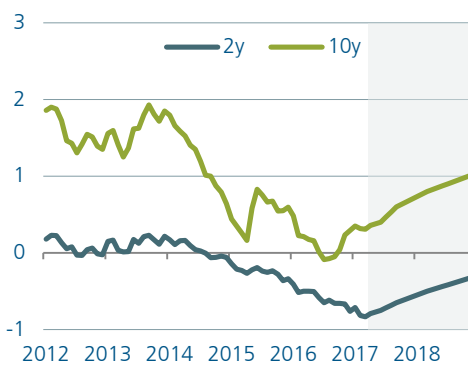
Sources: European Central Bank, forecast DekaBank

**The European Central Bank / Money market**

The ECB continues to stress the need for a very strong monetary stimulus and underscores its readiness to further ease its policy should this prove necessary. However, against the backdrop of continuing economic recovery and the return of higher inflation rates, the consequences of the ECB's exit from its current extremely expansionary monetary policy are already being discussed on money and bond markets. In this process the exact sequence of individual steps to be taken is very important. We continue to assume that the ECB will begin to gradually wind down its asset purchases in the spring of 2018. However, even thereafter the continued very high level of surplus reserves in the banking system will drive interest rates on the money market towards the level of the deposit rate of -0.40%. Moreover, we do not expect this lower base rate to be raised before 2019. For this reason we do not share the view reflected in money market futures that EONIA and EURIBOR rates will rise significantly in the course of 2018.

Forecast revision: –.

**German Bond Yield (% p.a.)**



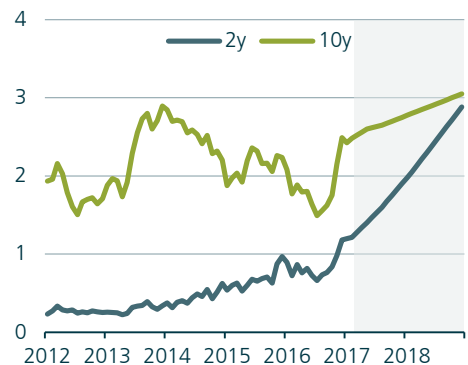
Sources: Bloomberg, forecast DekaBank

**Eurozone bond market**

In recent weeks Bund yields of all maturities have been falling. At the short end awareness of an extreme scarcity of materials has driven yields to a new all-time low and despite sound economic data even the yields of Bunds with longer maturities have been unable to escape being dragged down as well. We assume that core inflation will increase only very slowly, so that the long-term inflation expectations that are priced in on capital markets are unlikely to rise abruptly. However, market players will probably soon focus their attention again on the approaching end of quantitative easing, which we expect to result in a steepening of the Bund curve, whereby yields at the short end will probably initially remain well below the level of the deposit rate.

Forecast revision: Lower 3-month and 6-month yield rises.

**US Bond Yield (% p.a.)**



Sources: Bloomberg, forecast DekaBank

**US bond market**

The latest indicators of both corporate and household sentiment have proved to be very strong. Hard economic data, on the other hand, indicate no appreciable acceleration in US GDP growth. Against this backdrop it is surprising how clearly FOMC members signalled their readiness for a rate hike at their meeting in March. There are thus signs that the Fed is departing from its data-dependent approach and will raise key rates in March. We interpret this step as a temporary insurance measure against possible medium-term inflation risks, but not as the prelude to a fresh orientation of monetary policy.

Forecast revision: Key-rate forecasts: end of 2017: 1.375 % (previously 1.125 %); end of 2018: 2.125 % (previously 1.875 %).



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**Markets: Industrial countries**

**Equity Market Forecast**

	Current Mar 3, 17	in 3 months	in 6 months	in 12 months
<b>DAX</b>	<b>12 027.36</b>	<b>12 500</b>	<b>12 500</b>	<b>11 800</b>
Reporting:				
EuroStoxx50	3 403.39	3 500	3 500	3 300
S&P 500	2 383.12	2 400	2 400	2 200
Topix	1 558.05	1 600	1 600	1 400

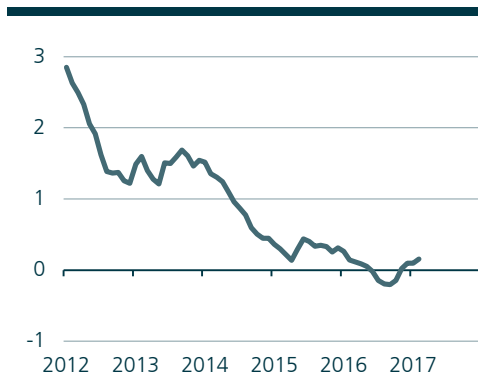
Sources: Deutsche Börse AG, forecast DekaBank

**iTraxx Europe (Bp)**



Sources: International Index Company, forecast DekaBank

**Covered Bonds 5y (% p.a.)**



Source: Bloomberg

**Equity market: Germany**

The environment for German equities remains positive. In surveys of corporate sentiment companies themselves consider their operative environment to have recently improved from an already very good level to an even better one now. The positive sentiment is also reflected in company reports, which both fulfilled market's high expectations and point to a solid growth of profits in the current first quarter of 2017. The political debates in both the USA and Europe are weighing on sentiment in the capital markets, but are apparently having less impact on the corporate sector than the headlines would lead us to believe. We expect market players to once again pay closer attention to the fundamental environment in coming months and thus forecast an increase in prices for this period.

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

**Corporate bond market: Eurozone**

Government bonds issued by Eurozone peripheral countries are now suffering the impact of uncertainty felt by investors due to political developments in Europe and the USA, whereas corporate bonds so far appear to have remained largely unaffected. The quarterly reports published by major enterprises recorded increasing sales and profits. Moreover, the very positive mood of the economy has led investors to expect even better results in the coming quarters. In particular, however, support has been provided for the market by the ECB's asset-purchasing programme. As a result, cash bonds have developed even better than the market for derivatives. This also holds for the high-yield segment which, although not included in the ECB's asset purchases, has profited from investors seeking alternatives. New issues continue to be oversubscribed.

**Covered Bonds**

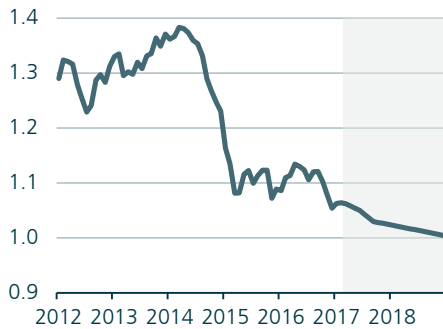
There is still very little trading in covered bonds, as many market makers and active traders have withdrawn from this segment. The demand for new issues, on the other hand, is extremely strong and they can be launched at very high prices. Swap rates, and thus covered bonds, have been unable to follow the very friendly development of Bunds, especially at the short end of the curve, so that spreads have widened appreciably in some cases. Moreover, covered bonds have suffered from political stress in some Eurozone countries, though much less than the respective government bonds. In this context, German mortgage bonds have developed somewhat better than covered bonds in France or Italy and are currently quoted at levels well below corresponding swap rates. With slightly rising Bund yields the very wide swap spreads should begin to narrow again.



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**Markets: Industrial countries**

**Exchange Rate EUR-USD**



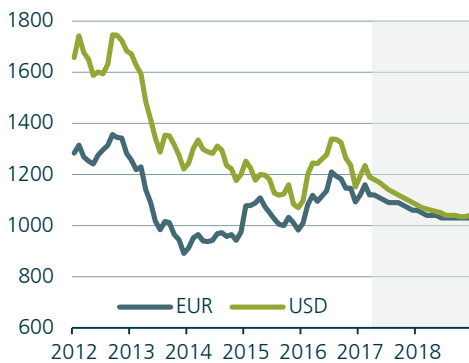
Sources: European Central Bank, forecast DekaBank

**Currency market: EUR-USD**

In recent weeks the Euro has shown itself from its weak side against the US dollar. Since the beginning of February it has slipped from 1.08 EUR-USD to 1.05 EUR-USD. However, news from the Eurozone has provided no grounds for this weakness. In February economic confidence was at a six-year high, in January the unemployment rate was at 9.6 %, the lowest level since April 2009, and in February the inflation rate rose to 2.0 %. It has rather been a case of sound economic data from the USA helping the US dollar and putting pressure on the Euro. The US labour report has proved unexpectedly strong and the US inflation rate is also surprisingly high, all of which has raised market expectations that the Fed could undertake its next rate hike in March.

Forecast revision: –.

**Gold price (per troy ounce)**



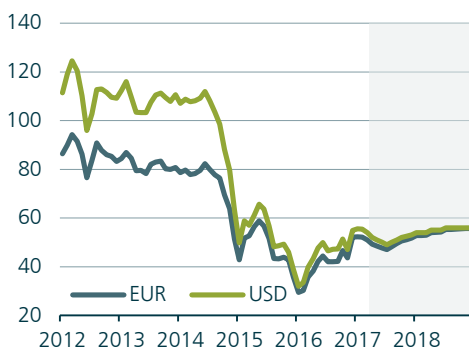
Sources: Bloomberg, forecast DekaBank

**Gold**

In recent weeks the gold price has risen appreciably and remained at a level above USD1,200 per fine ounce. The surge in the gold price was fuelled by rising inflation rates, even though the latter are likely to be only a temporary phenomenon in some regions. In particular, we expect US rate hikes to be stronger than the increase in inflation, so that real interest rates will rise over the forecast horizon. In our opinion, rising real interest rates together with a stronger US dollar will have a greater impact on the development of the gold price than the political uncertainty generated by the new US president and approaching elections in the Netherlands, France and Germany. As a result, we continue to expect the gold price to follow a slightly downward trend. For European gold investors the slump in the price of gold will be cushioned by the depreciation that we have forecast of the Euro against the US dollar.

Forecast revision: –.

**Crude Oil Brent (per barrel)**



Sources: Bloomberg, forecast DekaBank

**Crude oil**

In February, the OPEC countries and Russia complied with their agreement to cap production. The OPEC members have already completed their agreed cuts and Russia is on the way to doing so. However, this must be attributed to the fact that Saudi Arabia has exceeded its target, whilst other countries, especially Iraq, are lagging behind. Financial market players believe in the power of cuts in production to raise prices. In the last two months, they have consequently substantially widened their net long positions (wagers on rising oil prices). This entails the risk of price slumps should speculative-oriented market players change their mind. Our forecast of a temporary dip in the oil price in the course of the current year is also supported by the fact that US oil output is rising appreciably.

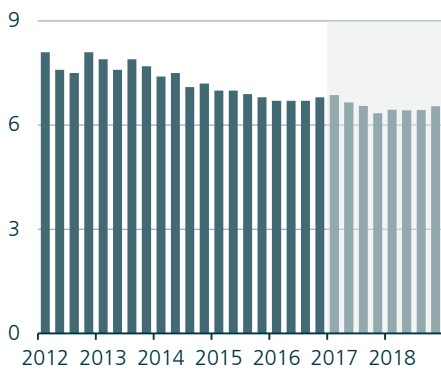
Forecast revision: –.



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## Emerging Markets

### China: GDP (% yoy)



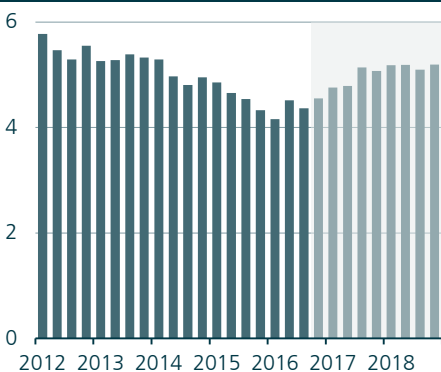
Sources: National Statistics, forecast DekaBank

### China

After a consolidation phase the purchasing managers' indices rose again in February, signalling favourable economic development in the first quarter. Both the positive development of Chinese export orders and optimistic corporate sentiment in large parts of the global economy are indications that in the months to come foreign trade will make a more substantial contribution to economic growth than in recent months. In the domestic economy private consumption and infrastructure investment have been the most important engines of growth, whilst housing construction has slowed significantly in the last two years and investment on equipment has almost stagnated. In view of the stable growth that has been registered the government's current economic strategic goals were confirmed at the National People's Congress.

Forecast revision: –.

### Emerging Markets: GDP (% yoy)



Sources: National Statistics, forecast DekaBank

### Emerging Markets: Economy

The purchasing managers' indices rose slightly in February, signalling stable economic growth. Somewhat surprisingly, India's currency reform, which resulted in a temporary bottleneck in the availability of banknotes, had no significant impact on official GDP statistics. In Brazil, there are increasing indications that an economic recovery is underway: the rapidly diminishing pressure of inflation helps consumers and creates scope for the central bank to lower key rates further. With respect to inflation, there are contrasting trends: emerging-market countries which had long suffered from high rates of inflation are now registering success in their battle to curb inflation. In those countries that have enjoyed a degree of price stability inflation rates are now on the rise due to higher energy prices.

Forecast revision: Downward revision of GDP growth forecast for Mexico. Slight upward revision of GDP growth forecast for India.

### EMBIG-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

### Emerging Markets: Markets

The upward movement of EM equity and bond prices has continued. EM equities have now risen above the level they were at before Donald Trump's election victory, while EM bonds have managed to erase their losses suffered in the wake of the US presidential election. This development has been underpinned by sound economic growth in the emerging-market countries and stable commodity prices. Moreover, there are still hopes that the US government will not resort to the bludgeon of protectionism. Nevertheless, it is highly probable that trade restrictions will be applied. Moreover, the latest statements by the US Fed suggest a rate hike already in March, which could reignite discussion over whether the risks of an enhanced tightening of monetary policy have been underestimated. If we also take into consideration political developments in Europe, the major risks currently threatening EM countries have their roots in the industrial countries, which is an indication that the emerging-market countries have managed to get their own problems under control.



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## Global economic developments

Country / Country Group	GDP- Weights <sup>1)</sup>	GDP			Consumer Prices <sup>2)</sup>			Current Account			General Government Balance <sup>3)</sup>		
		percentage change on previous year						as a percentage of nominal GDP					
		2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Germany	3.4	1.9	1.5	1.6	0.4	2.0	1.7	8.5	8.3	8.0	0.8	0.4	0.4
France	2.3	1.1	1.3	1.4	0.3	1.3	1.5	-2.3	-2.6	-2.7	-3.3	-2.9	-3.1
Italy	1.9	1.0	0.9	1.1	-0.1	1.5	1.4	2.7	2.1	1.8	-2.3	-2.4	-2.4
Spain	1.4	3.2	2.6	2.1	-0.3	2.9	1.8	1.8	1.7	1.6	-4.7	-3.5	-2.9
Netherlands	0.7	2.1	1.8	1.6	0.1	1.4	1.6	8.0	7.4	7.1	-0.1	0.2	0.3
Belgium	0.4	1.2	1.3	1.3	1.8	2.8	2.0	1.0	1.2	1.3	-2.9	-2.2	-2.3
<b>Eurozone</b>	<b>12.0</b>	<b>1.8</b>	<b>1.6</b>	<b>1.6</b>	<b>0.2</b>	<b>1.8</b>	<b>1.6</b>	<b>3.4</b>	<b>3.1</b>	<b>3.0</b>	<b>-1.7</b>	<b>-1.5</b>	<b>-1.4</b>
United Kingdom	2.4	1.8	1.4	1.2	0.7	2.6	2.8	-5.0	-4.8	-3.9	-3.4	-2.8	-2.5
Sweden	0.4	3.1	2.4	2.1	1.1	1.5	1.8	4.8	4.8	4.9	0.5	-0.2	0.2
Denmark	0.2	1.1	1.4	1.5	0.0	1.3	1.8	7.3	7.0	7.0	-1.6	-1.6	-0.9
<b>EU-22</b>	<b>15.0</b>	<b>1.8</b>	<b>1.6</b>	<b>1.5</b>	<b>0.3</b>	<b>1.9</b>	<b>1.8</b>	<b>2.2</b>	<b>2.0</b>	<b>2.0</b>	<b>-1.9</b>	<b>-1.7</b>	<b>-1.5</b>
Poland	0.9	2.8	3.2	3.0	-0.6	2.0	1.9	-0.5	-1.2	-1.5	-2.3	-2.9	-3.0
Hungary	0.2	2.0	2.7	2.8	0.4	2.2	2.7	5.2	3.1	1.7	-1.8	-2.4	-2.5
Czech Republic	0.3	2.3	2.5	2.6	0.7	2.2	2.2	1.7	0.8	0.3	0.3	0.1	0.2
<b>EU-28</b>	<b>16.9</b>	<b>1.9</b>	<b>1.8</b>	<b>1.7</b>	<b>0.2</b>	<b>1.9</b>	<b>1.8</b>	<b>1.9</b>	<b>1.7</b>	<b>1.6</b>	<b>-1.9</b>	<b>-1.8</b>	<b>-1.6</b>
USA	15.8	1.6	2.2	2.1	1.3	2.7	2.8	-2.5	-2.5	-2.5	-4.9	-4.5	-4.0
Japan	4.2	1.0	1.4	1.0	-0.1	0.9	1.2	3.7	4.0	3.5	-5.0	-5.5	-5.0
Canada	1.4	1.4	2.5	1.9	1.4	2.3	2.5	-3.3	-2.5	-3.0	-1.9	-2.5	-2.0
Australia	1.0	2.5	2.2	2.3	1.3	2.0	1.9	-2.6	-2.5	-2.0	-2.4	-3.0	-2.5
Switzerland	0.4	1.3	1.1	1.6	-0.4	0.3	0.5	11.8	11.9	12.3	-0.2	0.1	0.2
Norway	0.3	0.7	1.5	2.0	3.6	2.3	1.9	6.3	5.8	5.4	4.6	4.4	4.7
<b>Developed Countries<sup>4)</sup></b>	<b>38.3</b>	<b>1.6</b>	<b>1.9</b>	<b>1.7</b>	<b>0.8</b>	<b>2.1</b>	<b>2.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>-3.4</b>	<b>-3.2</b>	<b>-2.9</b>
Russia	3.3	-0.2	1.2	1.4	7.1	4.8	4.7	1.7	3.3	2.3	-3.5	-3.0	-2.5
Turkey	1.4	1.7	2.0	2.5	8.0	9.2	7.8	-3.8	-4.8	-4.6	-1.1	-2.2	-2.4
Ukraine	0.3	2.0	2.5	2.6	13.9	10.5	7.6	-1.5	-2.1	-1.9	-2.4	-3.5	-3.1
<b>Emerging Europe<sup>5)</sup></b>	<b>7.3</b>	<b>1.2</b>	<b>2.0</b>	<b>2.1</b>	<b>5.9</b>	<b>5.2</b>	<b>4.9</b>	<b>-0.7</b>	<b>-0.2</b>	<b>-0.8</b>	<b>X</b>	<b>X</b>	<b>X</b>
South Africa	0.6	0.4	1.0	1.3	6.6	5.6	5.7	-4.1	-4.2	-5.1	-3.4	-3.1	-2.7
<b>Middle East, Africa</b>	<b>3.5</b>	<b>1.4</b>	<b>2.4</b>	<b>3.1</b>	<b>9.6</b>	<b>11.5</b>	<b>8.7</b>	<b>-2.4</b>	<b>-1.8</b>	<b>-1.3</b>	<b>X</b>	<b>X</b>	<b>X</b>
Brazil	2.8	-3.5	0.7	2.2	8.7	5.0	6.0	-1.2	-1.0	-1.7	-6.3	-6.7	-5.0
Mexico	2.0	2.0	1.7	2.1	2.8	4.6	3.5	-2.8	-3.2	-3.0	-2.6	-2.5	-2.7
Argentina	0.8	-2.2	2.5	3.7	41.4	22.5	12.8	-2.7	-2.0	-1.8	-4.7	-4.5	-4.2
Chile	0.4	1.7	2.3	3.0	3.8	2.5	2.8	-1.6	-1.5	-1.8	-2.8	-2.0	-1.6
<b>Latin America</b>	<b>7.6</b>	<b>-1.4</b>	<b>1.1</b>	<b>2.1</b>	<b>9.8</b>	<b>6.4</b>	<b>5.4</b>	<b>-2.1</b>	<b>-1.8</b>	<b>-2.0</b>	<b>X</b>	<b>X</b>	<b>X</b>
China	17.3	6.7	6.6	6.5	2.0	2.1	2.4	2.3	1.8	2.2	-3.8	-4.3	-4.7
India	7.0	7.4	7.5	7.6	5.0	3.9	4.9	-0.4	-0.5	-0.9	-3.8	-3.2	-3.5
Indonesia	2.5	5.0	5.4	5.6	3.5	4.2	5.0	-1.8	-1.6	-1.9	-2.3	-2.1	-1.9
South Korea	1.6	2.7	2.4	2.3	1.0	1.8	1.5	7.6	7.8	7.3	-1.6	-1.0	-2.0
<b>Emerging Asia</b>	<b>32.5</b>	<b>6.1</b>	<b>6.1</b>	<b>6.0</b>	<b>2.6</b>	<b>2.6</b>	<b>3.1</b>	<b>3.0</b>	<b>2.6</b>	<b>2.6</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>Emerging Markets</b>	<b>50.8</b>	<b>4.0</b>	<b>4.5</b>	<b>4.7</b>	<b>4.6</b>	<b>4.2</b>	<b>4.1</b>	<b>1.3</b>	<b>1.3</b>	<b>1.2</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>Total<sup>6)</sup></b>	<b>89.2</b>	<b>3.0</b>	<b>3.4</b>	<b>3.4</b>	<b>2.9</b>	<b>3.3</b>	<b>3.2</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>

1) Of 2015, recalculated with purchasing power parities. Source: IMF. - 2) Eurozone, United Kingdom, Sweden and Denmark = Harmonized Index of Consumer Prices. - 3) According to National Accounting Standards. - 4) Without Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania. - 5) Including the six member countries of the EU named before and Turkey. - 6) 66 national economies covered by DekaBank.



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## Interest rates in industrialised countries

		Current Mar 6 2017	Forecasts		
			3 months	6 months	12 months
Germany	Monetary policy (Refi)	0.00	0.00	0.00	0.00
	3 months (EURIBOR)	-0.33	-0.33	-0.33	-0.32
	12 months (EURIBOR)	-0.11	-0.11	-0.10	-0.06
	Bunds, 2 years	-0.81	-0.75	-0.65	-0.50
	Bunds, 5 years	-0.43	-0.45	-0.30	-0.10
	Bunds, 10 years	0.33	0.40	0.60	0.80
	Bunds, 30 years	1.11	1.20	1.40	1.60
USA	Monetary policy (FFR)	0.50-0.75	0.75-1.00	1.00-1.25	1.25-1.50
	3 months (LIBOR)	1.10	1.30	1.55	1.85
	12 months (LIBOR)	1.81	2.05	2.25	2.65
	US-Treasuries, 2 years	1.29	1.55	1.80	2.25
	US-Treasuries, 5 years	1.99	2.20	2.40	2.70
	US-Treasuries, 10 years	2.46	2.65	2.70	2.85
	US-Treasuries, 30 years	3.06	3.25	3.35	3.35
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.01	0.00	0.00	0.00
	12 months (LIBOR)	0.13	0.15	0.15	0.15
	JGBs, 2 years	-0.29	-0.20	-0.20	-0.20
	JGBs, 5 years	-0.15	-0.10	-0.10	-0.10
	JGBs, 10 years	0.07	0.05	0.05	0.05
	JGBs, 30 years	0.83	0.80	0.80	0.80
United Kingdom	Monetary policy (Base)	0.25	0.25	0.25	0.25
	3 months (LIBOR)	0.36	0.35	0.35	0.40
	12 months (LIBOR)	0.72	0.80	0.80	0.90
	Gilts, 2 years	0.08	0.20	0.30	0.30
	Gilts, 5 years	0.55	0.70	0.80	1.10
	Gilts, 10 years	1.15	1.40	1.60	1.80
	Gilts, 30 years	1.77	1.90	2.00	2.10
Sweden	Monetary policy (Repo)	-0.50	-0.50	-0.50	-0.50
	3 months (STIB)	-0.50	-0.50	-0.50	-0.40
	2 years	-0.60	-0.50	-0.30	-0.10
	10 years	0.68	0.80	0.90	1.20
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.26	-0.23	-0.23	-0.22
	2 years	-0.60	-0.50	-0.40	-0.40
Norway	10 years	0.62	0.70	0.80	1.00
	Monetary policy (Deposit)	0.50	0.50	0.50	0.50
	3 months (NIBOR)	1.02	1.10	1.10	1.10
	3 years	0.65	0.70	0.80	1.10
Switzerland	10 years	1.81	1.90	1.90	2.00
	Monetary policy (LIBOR)	-1.25 to -0.25	-1.25 to -0.25	-1.25 to -0.25	-1.25 to -0.25
	3 months (LIBOR)	-0.72	-0.75	-0.75	-0.75
	2 years	-0.91	-0.95	-0.95	-0.90
Canada	10 years	-0.13	-0.10	0.00	0.20
	Monetary policy (O/N)	0.50	0.50	0.50	0.75
	3 months (CBA)	0.94	0.95	1.00	1.15
	12 months (CBA)	1.21	1.30	1.35	1.70
	2 years	0.77	0.95	1.15	1.60
	5 years	1.17	1.30	1.45	1.75
	10 years	1.70	1.85	1.95	2.20
Australia	30 years	2.41	2.55	2.65	2.85
	Monetary policy (Cash)	1.50	1.50	1.50	1.75
	3 months (ABB)	1.79	1.80	1.80	1.95
	2 years	1.83	2.00	2.15	2.55
Australia	10 years	2.80	2.90	3.00	3.10





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## Interest rates in EM countries

			Current	Forecasts		
			Mar 6 2017	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)	1.63	1.60	1.70	2.00
		2 years	2.18	2.30	2.30	2.40
		10 years	3.72	3.90	3.90	4.00
	Czech Rep.	Monetary policy (Repo)	0.05	0.05	0.05	0.05
		3 months (PRIBOR)	0.28	0.30	0.30	0.30
		2 years	-0.54	-0.40	-0.30	-0.20
		10 years	0.64	0.60	0.60	0.70
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
3 months (BUBOR)		0.23	0.30	0.40	0.80	
3 years		1.54	1.50	1.50	1.60	
10 years		3.45	3.50	3.50	3.50	
Latin America	Brazil	Monetary policy (Repo)	12.25	11.00	10.00	9.50
		3 months (ABG)	11.58	11.00	10.00	9.70
		2 years	9.75	10.90	10.30	10.10
		9 years	10.24	11.00	10.80	10.50
	Mexico	Monetary policy	6.25	6.50	6.50	6.50
		3 months (Mexibor)	6.73	6.50	6.50	6.30
2 years		6.93	6.80	6.70	6.60	
	10 years	7.34	7.30	7.30	7.30	
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	4.29	3.50	3.50	3.60
		2 years	2.75	2.70	2.80	2.90
		10 years	3.40	3.40	3.50	3.60
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	0.94	0.90	0.90	1.00
		2 years	1.28	1.40	1.50	1.60
		10 years	2.35	2.50	2.60	2.70
	South Korea	Monetary policy	1.25	1.25	1.25	1.25
3 months		1.28	1.30	1.30	1.50	
2 years		1.62	1.70	1.80	1.90	
10 years		2.22	2.20	2.30	2.40	

## Yield spreads in basis points<sup>1)</sup>

			Current	Forecasts			
			Mar 6 2017	3 months	6 months	12 months	
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	152	150	150	145	
		Turkey	335	325	325	315	
		Hungary	143	140	140	140	
	Africa	South Africa	239	235	235	230	
	Latin America	Brazil	265	260	260	255	
		Chile	127	125	125	120	
		Columbia	195	190	190	185	
		Mexico	260	265	265	255	
		Venezuela	2010	1980	1980	1920	
	Asia	China	116	115	115	110	
		Indonesia	193	190	190	185	
		Philippines	92	90	90	85	
	<b>Total (EMBIG Div)</b>			<b>304</b>	<b>300</b>	<b>300</b>	<b>290</b>

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



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## Currencies

EURO		Current Mar 6 2017	Forecasts		
			3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.06	1.05	1.03	1.02
	EUR-CAD	1.42	1.40	1.41	1.42
	EUR-AUD	1.40	1.38	1.39	1.40
Japan	EUR-JPY	120.76	120.75	121.54	123.42
Euro-Outs	EUR-GBP	0.87	0.90	0.90	0.87
	EUR-DKK	7.43	7.44	7.44	7.44
	EUR-SEK	9.54	9.40	9.40	9.20
	EUR-CHF	1.07	1.07	1.09	1.11
	EUR-NOK	8.96	8.90	8.90	8.80
Central- and Eastern Europe	EUR-PLN	4.31	4.40	4.40	4.30
	EUR-HUF	309.68	310.00	315.00	310.00
	EUR-CZK	27.02	27.00	26.50	26.00
Africa	EUR-ZAR	13.81	15.23	14.94	15.30
Latin America	EUR-BRL	3.31	3.31	3.40	3.57
	EUR-MXN	20.74	21.00	20.60	20.40
Asia	EUR-CNY	7.32	7.35	7.31	7.34
	EUR-SGD	1.50	1.49	1.47	1.47
	EUR-KRW	1227	1239	1205	1183
US-Dollar		Current Mar 6 2017	Forecasts		
			3 months	6 months	12 months
Dollar-Bloc	USD-CAD	1.34	1.33	1.37	1.39
	AUD-USD	0.76	0.76	0.74	0.73
Japan	USD-JPY	113.67	115.00	118.00	121.00
Euro-Outs	GBP-USD	1.23	1.17	1.14	1.17
	USD-DKK	7.00	7.09	7.22	7.29
	USD-SEK	8.98	8.95	9.13	9.02
	USD-CHF	1.01	1.02	1.06	1.09
	USD-NOK	8.43	8.48	8.64	8.63
Central- and Eastern Europe	USD-PLN	4.06	4.19	4.27	4.22
	USD-HUF	291.51	295.24	305.83	303.92
	USD-CZK	25.44	25.71	25.73	25.49
Africa	USD-ZAR	13.00	14.50	14.50	15.00
Latin America	USD-BRL	3.12	3.15	3.30	3.50
	USD-MXN	19.52	20.00	20.00	20.00
Asia	USD-CNY	6.89	7.00	7.10	7.20
	USD-SGD	1.41	1.42	1.43	1.44
	USD-KRW	1155	1180	1170	1160

## Commodities

Commodity	Current Mar 6 2017	Forecasts		
		3 months	6 months	12 months
Gold (USD per troy ounce)	1,233.58	1,155	1,120	1,065
Gold (EUR per troy ounce)	1,161.02	1,100	1,090	1,040
WTI crude (USD per Barrel)	53.33	49	50	53
WTI crude (EUR per Barrel)	50.19	47	49	52
Brent crude (USD per Barrel)	54.62	50	51	54
Brent crude (EUR per Barrel)	51.41	48	50	53



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