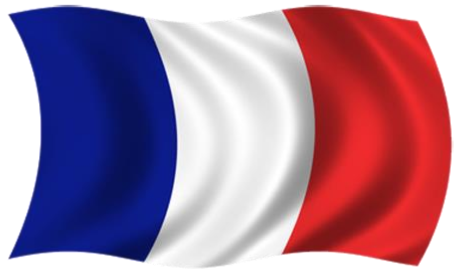
Macro Research
Economic Forecasts

April / May 2017

Markets have risks (only) at the back of their mind.

The German share index DAX is toying with the idea of establishing a new all-time high. It is still somewhat hesitant, but the record is bound to be broken before long. The markets seem to have been inspired by their macroeconomic environment: the global economy is expanding, corporate sentiment is at its peak, the monetary environment is supportive, whilst thanks to the overcoming of deflationary dangers there are now sound prospects of a gradual normalisation of monetary policy. The many risks, however present they may be in the media and however serious their potential impact, are currently held by the markets only at the back of their mind.

France chooses a new president



Source: Fotolia, DekaBank

With respect to political risk the French presidential election is now on our doorstep with two leading candidates who wish to leave the Euro. Admittedly, the outcomes of the elections in the Netherlands and Saarland have shown that the success of Euro-sceptical non-established parties cannot be taken for granted. According to current opinion polls in France, Marine Le Pen could reach the second ballot, but would then be defeated in the run-off for the French presidency.

In many respects the markets have also adopted a more moderate tone towards US President Trump. The US government has failed to make the rapid progress it had hoped for on limiting immigration, abolishing Obamacare, the introduction of tariffs and a tax on imports or a major reform of the tax system - and it might even fail on all counts.

Against this backdrop the markets have focused their attention increasingly on real economic developments: indicators of market sentiment have recently risen to very high levels, which is a signal that global growth is set to continue. Hard real economic output data are lagging behind sentiment, but that merely underscores the prevailing level of composure. Modest growth with falling unemployment rates - that is a good basis for healthy prospects for corporate profits, so that equity prices could well rise even further in the months to come.

On the bond markets the prospects are for gradually rising yields. The US Fed plans to continue the normalisation of its monetary policy with only a few key-rate hikes each year. Despite rising inflation rates the ECB will only bring its asset purchases to an end towards the end of 2018 before it considers the need for rate hikes. Such is the markets' plan, as long as the threat of risks remains (only) at the back of their mind.

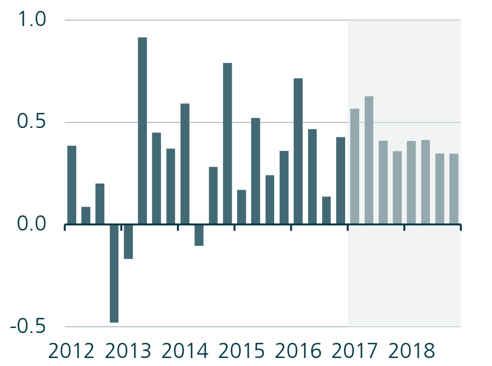
Contents

Most important forecast revisions changes

- Germany: GDP 2017: 1.6 % (previously 1.5 %).
- Euro zone: inflation 2017: 1.7 % (previously 1.8 %).
- USA: inflation 2017: 2.6 % (previously 2.7 %); 2018: 2.7 % (previously 2.8 %)
- Gold price: upward revision for 2017 and 2018.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



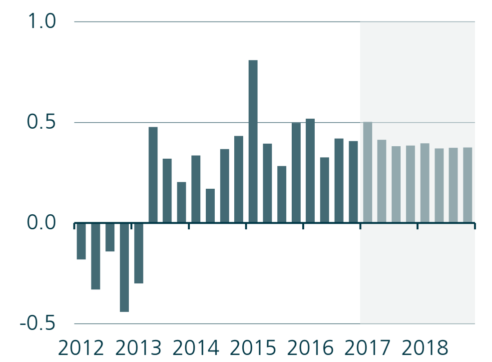
Sources: Destatis, forecast DekaBank

Germany

Judging by the results of corporate surveys, things are running remarkably well in Germany. And in fact the message that the economy is gaining momentum is correct, although the scale of the recovery signalled by the early indicators appears to have been exaggerated. Higher economic growth will only materialise in the second quarter. The first quarter made a weak start and moreover suffered the impact of cold weather. Nevertheless, February brought a significant boost. When the GDP data for the first quarter are published in May, there could at the same time be an upward revision of the figures for the second half of 2016. This has already been signalled by the substantial upward revision of the employment figures.

Forecast revision: GDP 2017: 1.6 % (previously 1.5 %).

Eurozone: GDP (% qoq, sa)



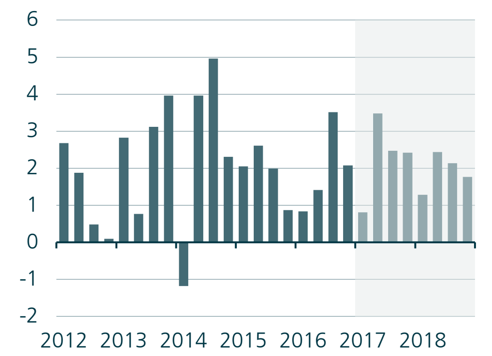
Sources: Eurostat, forecast DekaBank

Eurozone

According to the latest figures the European economy has made a good start to 2017. The most important indicators of market sentiment for the Economic and Monetary Union (EMU) rose in the first quarter of 2017 to their highest level for almost six years. This sentiment has a broad basis in the EMU – it embraces both different countries and sectors, as well as consumers. The outcome of the parliamentary election in the Netherlands, in which EU critics were held in check, and the ever more obvious problems the new US President Trump is having in his attempts to implement policies that would be unwelcome for Europe have all undoubtedly contributed to improved sentiment. In the first quarter of 2017 economic growth in the Euro zone is expected to pick up slightly in comparison with the fourth quarter of 2016.

Forecast revision: Inflation rate 2017: 1.7 % (previously 1.8 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

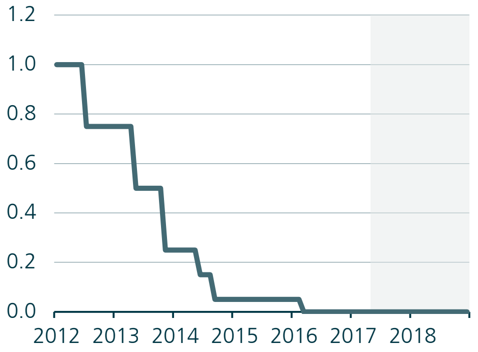
USA

The prospects of a rapid reform of the tax system are fading: disputes over the reform of the health system have shown how difficult it is to reach agreement even within the Republican Party. Personnel bottlenecks in the Treasury Department have not helped. It thus came as no surprise when Paul Ryan, the Speaker of the House of Representatives, announced that the presentation of the planned tax reform had to be postponed. In any case, until the end of April agreement in Congress on an extension of the budget plan until the end of the fiscal year has priority. Failure to reach agreement would result in a spending freeze. The latest economic data suggest continued weak economic growth in the first quarter, whereas the indicators of market sentiment remain at euphoric levels.

Forecast revision: Inflation 2017: 2.6 % (previously 2.7 %); 2018: 2.7 % (previously: 2.8 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



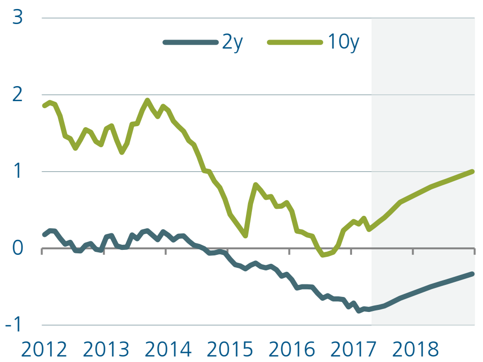
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

Whilst the ECB continues to underscore the need for a very strong monetary stimulus, players on the financial market are already focusing their attention on the consequences of the ECB's future withdrawal from its extremely expansive monetary policy. Also under discussion is the possibility that, contrary to previous declarations, the ECB might first raise its key rates and only thereafter wind down its asset-purchasing programme. Meanwhile, market expectations that EONIA and EURIBOR rates could rise significantly in 2018 have receded again after several ECB Council members had defended their previously declared exit policy. We too assume that the ECB will leave the deposit rate at its current level of -0.4% long after the end of 2018. The expected gradual reduction of the ECB's monthly purchase of assets will have no substantial impact on the money market, given the continued very high level of surplus reserves in the banking system.

Forecast revision: –.

German Bond Yield (% p.a.)



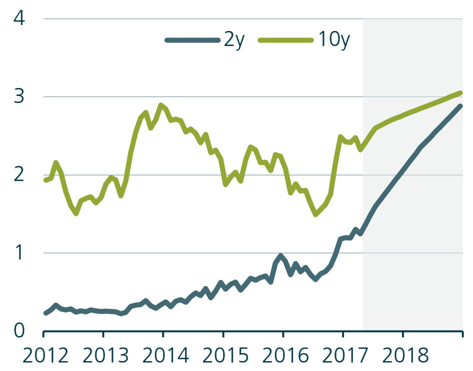
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

Yields at the short end of the Bund curve should rise albeit only slightly in the coming months, for the ECB should counteract speculation over the likelihood of a hike in the deposit rate in the near future. Even after the end of quantitative easing we expect substantial purchases by the ECB to continue for some time, especially in the short maturity asset class, as cash flows from maturing bonds must be reinvested. The yields of long-term Bunds currently reflect neither the reduction in the purchase of bonds effective since the beginning of April nor the substantial shortening of their average maturity. Furthermore, attention will soon be focused on discussion of the winding down of the ECB's asset-purchase program, which will contribute to a steepening of the Bund curve.

Forecast revision: –.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

For the third time in the current economic cycle the Fed raised its key-rate range in March to between 0.75 % and 1.00 %. In their projections FOMC members continue to include two further rate hikes in the current year. The minutes of the last meeting revealed far more discussion over the end of the current practice of reinvesting cash flows from maturing bonds, which prevents the reduction of the Fed's massively inflated balance sheet. Most FOMC members appear to prefer the fourth quarter of 2017 as the date for bringing this reinvestment to an end. No agreement was reached over exactly how this exit is to be achieved. It is quite possible that the Fed will suspend its key-rate hikes when it begins to reduce its balance sheet.

Forecast revision: –.

Markets: Industrial countries

Equity Market Forecast

	Current Apr 10, 17	in 3 months	in 6 months	in 12 months
DAX	**12 200.52**	**12 500**	**12 500**	**11 800**
Reporting:				
EuroStoxx50	3 480.44	3 500	3 500	3 300
S&P 500	2 357.16	2 400	2 400	2 200
Topix	1 499.65	1 600	1 600	1 400

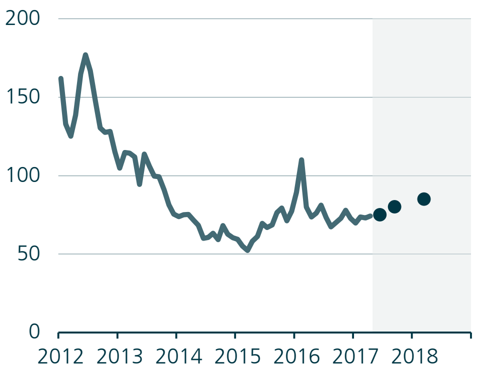
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

The German equity market can look back on a very successful first quarter in 2017. This can be attributed to the fact that the economic environment has stabilised and surveys show that companies believe their operational environment has improved from levels that were already very good. The foundation has thus been laid for good reports for the first quarter. Companies will publish the respective figures from the middle of April. On the other hand, in view of stabilised and broadly based global economic growth, future prospects should be good. In view of an overall unremarkable valuation for German equities this should increasingly attract foreign capital into the German equity market which, together with a good fundamental environment, should provide additional support in the months to come.

Forecast revision: –.

iTraxx Europe (Bp)

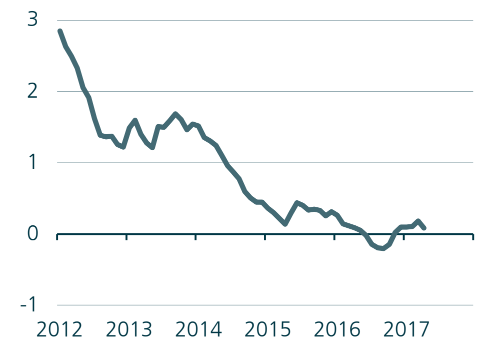


Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

The half-yearly rolling date on which standard CDS contracts and derivative credit indices are extended by six months was processed very quickly. Most of the risk premiums that rose due to the maturity extension have already reduced a large part of the widening of their spreads. The market has now focused its attention on lower ECB bond purchases. In expectation of falling ECB asset purchases many compa-nies have taken advantage of favourable market sentiment to finance themselves with new bond issues. Although most of these were well subscribed, older out-standing bonds have suffered on the secondary market under swap deals, so that for the first time in a long while the spreads of cash bonds have widened somewhat.

Covered Bonds 5y (% p.a.)



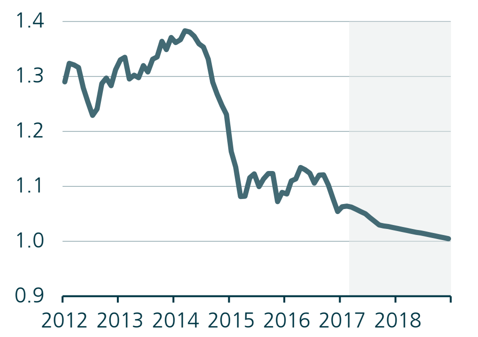
Source: Bloomberg

Covered Bonds

In recent weeks the ECB's purchase programme for covered bonds registered only a slight increase in its portfolio. This can be attributed on the one hand to the maturing of older bonds and on the other to limited supply. The secondary market has already dried up and after a strong start to the new year the volume of new issues has diminished appreciably. This trend is not likely to be reversed in the near future, as the surprisingly high recourse to the last TLTROs raises fears that many issuing banks have turned to this attractive refinancing possibility to the detriment of covered bonds. The risk premiums of these bonds should therefore remain at a modest level. The yields of covered bonds have risen slightly since the beginning of the year, but against their respective government bonds they have performed significantly better. Meanwhile, French covered bonds have fallen somewhat behind.

Markets: Industrial countries

Exchange Rate EUR-USD



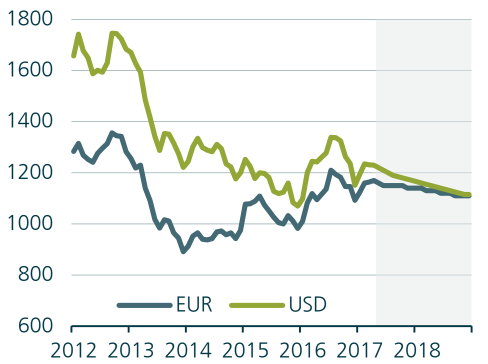
Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

At both the beginning and end of March the Euro stood against the US dollar at 1.06 EUR-USD. However, in the interim it had appreciated to 1.09 EUR-USD, although at the time from a US standpoint everything would have pointed to a stronger dollar. As expected, the US Fed raised key rates by 25 basis points to between 0.75 % and 1.00 % and has signalled further rate hikes to come in the course of the year. Moreover, the US labour market report in February proved better than had been expected. The temporary strength of the Euro in March can rather be attributed to surprising statements made by representatives of the ECB. The Governor of the Austrian National Bank, Ewald Nowotny, said that key rates might be raised before the end of the ECB's asset-purchase programme. However, this statement has since been somewhat invalidated by the ECB, whereby the brief flight of the Euro has come to an end.

Forecast revision: –.

Gold price (per troy ounce)



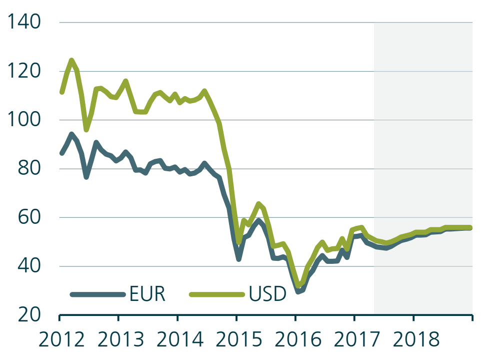
Sources: Bloomberg, forecast DekaBank

Gold

Since mid-March the gold price has risen appreciably, which can be attributed to various factors. In the wake of flagging inflation interest-rate expectations in both the USA and the Eurozone have slumped substantially and gold has become more attractive again. In addition to this we have the demystification of President Trump, who apparently can also only cook with boiling water – i.e. is dependent on the US Congress – and has thus been obliged to postpone some of his most important plans. As a result we have raised this month's gold price forecast. We have taken into consideration the real interest-rate rise in the USA in the forecasting period as the main factor influencing the price of gold, but the slight fall we have forecast in the price of gold will probably be from a somewhat higher level than we have expected before.

Forecast revision: Upward revision for 2017 and 2018.

Crude Oil Brent (per barrel)



Sources: Bloomberg, forecast DekaBank

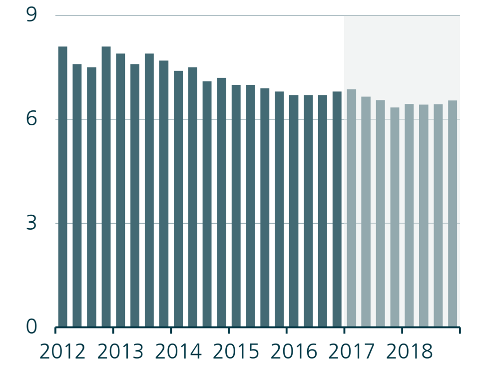
Crude oil

In the first half of March the oil price slumped because the impact of OPEC's production ceiling had largely worn off. In the middle of the month the oil price swung sideways. However, towards the end of March there was speculation that OPEC members might prolong their production cuts, whereupon the oil price rose again. At the beginning of April US air raids in Syria boosted the price rise. Although Syria itself is insignificant as an oil producer, due to its position in the Middle East the danger of a potential conflagration spreading throughout the oil-producing regions is greater. This, however, has not resulted in any significant change against the previous month in our assessment of the oil market.

Forecast revision: –.

Emerging Markets

China: GDP (% yoy)



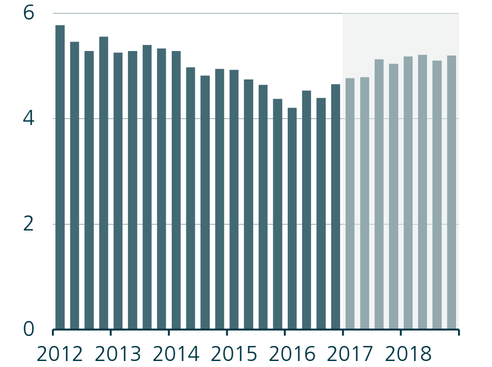
Sources: National Statistics, forecast DekaBank

China

The Chinese economy has made a good start to the year: in the first two months both industrial output and capital investment rose significantly. Investment continues to be driven strongly by infrastructural priorities. The recovery of investment in capital equipment is welcome news after its near stagnation in 2016. Export figures, on the other hand, were disappointing in February, which underscores the fact that if China is to achieve its growth target of 6.5 % in the current year, it will have to be above all through an increase in domestic demand. Uncertainty persists with respect to future relations with the USA. Should President Trump fail to implement not only his healthcare reform but also his major reform of the tax system, there will be an increase in the probability of the introduction of protective tariffs, which the President can push through without the agreement of parliament.

Forecast revision: –.

Emerging Markets: GDP (% yoy)



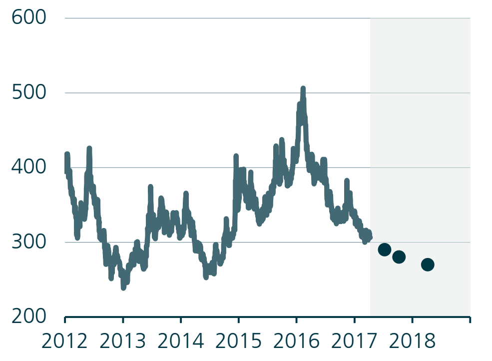
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

The economy in the emerging-market countries is currently experiencing a modest upswing. China has made a good start to the year and India has made a better recovery from its currency reform than had been feared. With respect to inflation, fears have eased significantly in both Brazil and Russia, whereas in Mexico price pressure has increased recently due to special factors. Among the major emerging-market countries Turkey is facing the most serious inflation problems. Moreover, in the run-up to the presidential referendum on April 16th the political situation remains very tense. Relations with the EU have been badly damaged by repeated attacks and insults by Turkish politicians, although the tone will probably become more moderate again after the referendum. Tensions have also been building up in South Africa, where President Zuma will again face a motion of no confidence in the wake of finance minister Gordhan's dismissal.

Forecast revision: –.

EMBIG-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

Emerging-market (EM) equities and bonds have continued their positive trend, to which the Fed has made a significant contribution. Although it raised key rates in March, it stressed that it was not alarmed by the development of US inflation at the same time. The much feared announcement of a tightening of monetary policy thus failed to materialise. From the EU's standpoint President Trump's ever more evident political weakness is rather gratifying, as a powerful boost to the US economy through lower taxes and enhanced investment, which could oblige the Fed to intervene, has also become less probable, as has a border tax, which would make EM exports to the USA more expensive. Against this backdrop the US dollar has lost ground and the Mexican peso in particular has made a sound recovery again. Following the dismissal of finance minister Gordhan and its downgrading to junk status by S&P and Fitch the South African rand has come under pressure.

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					
		2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Germany	3.4	1.9	1.6	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	1.1	1.0	-0.1	1.3	1.2	2.7	2.1	1.8	-2.3	-2.4	-2.4
Spain	1.4	3.2	2.5	2.1	-0.3	2.3	1.7	1.8	1.7	1.6	-4.7	-3.5	-2.9
Netherlands	0.7	2.1	1.9	1.6	0.1	1.1	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	2.5	2.1	1.0	1.2	1.3	-2.9	-2.2	-2.3
Eurozone	**12.0**	**1.7**	**1.7**	**1.6**	**0.2**	**1.7**	**1.6**	**3.4**	**3.1**	**3.0**	**-1.7**	**-1.5**	**-1.4**
United Kingdom	2.4	1.8	1.4	1.2	0.7	2.5	2.7	-5.0	-4.8	-3.9	-3.4	-2.8	-2.5
Sweden	0.4	3.1	2.4	2.1	1.1	1.6	1.8	4.8	4.8	4.9	0.5	-0.2	0.2
Denmark	0.2	1.3	1.6	1.6	0.0	1.3	1.8	7.3	7.0	7.0	-1.6	-1.6	-0.9
EU-22	**15.0**	**1.8**	**1.6**	**1.5**	**0.3**	**1.8**	**1.8**	**2.2**	**2.0**	**2.0**	**-1.9**	**-1.7**	**-1.5**
Poland	0.9	2.8	3.2	3.0	-0.6	2.3	1.9	-0.5	-1.3	-1.6	-2.3	-2.9	-3.0
Hungary	0.2	1.7	2.7	2.8	0.4	2.4	2.7	5.3	3.5	1.7	-1.8	-2.4	-2.5
Czech Republic	0.3	2.3	2.5	2.6	0.7	2.3	2.2	1.6	0.7	0.3	0.3	0.1	0.2
EU-28	**16.9**	**1.9**	**1.8**	**1.7**	**0.2**	**1.9**	**1.8**	**1.9**	**1.7**	**1.6**	**-1.9**	**-1.8**	**-1.6**
USA	15.8	1.6	2.2	2.1	1.3	2.6	2.7	-2.6	-3.0	-3.0	-4.9	-4.5	-4.0
Japan	4.2	1.0	1.4	1.0	-0.1	0.9	1.2	3.8	4.0	3.5	-4.9	-5.5	-5.0
Canada	1.4	1.4	2.6	1.9	1.4	2.2	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	1.4	1.6	-0.4	0.3	0.4	11.8	11.9	12.3	-0.2	0.1	0.2
Norway	0.3	0.7	1.5	2.0	3.6	2.2	1.3	6.3	5.8	5.4	4.6	4.4	4.7
Developed Countries[4]	**38.3**	**1.6**	**1.9**	**1.7**	**0.8**	**2.1**	**2.1**	**0.2**	**0.0**	**-0.1**	**-3.4**	**-3.2**	**-2.9**
Russia	3.3	-0.2	1.2	1.4	7.1	4.3	4.6	1.7	3.0	1.8	-3.5	-2.9	-2.5
Turkey	1.4	1.9	2.0	2.5	8.0	9.7	7.9	-3.9	-4.6	-4.9	-1.1	-2.1	-2.3
Ukraine	0.3	2.2	2.4	2.6	13.9	13.0	7.6	-1.5	-2.1	-1.9	-2.3	-3.3	-2.8
Emerging Europe[5]	**7.3**	**1.2**	**2.0**	**2.1**	**5.9**	**5.2**	**4.8**	**-0.7**	**-0.2**	**-1.0**	**X**	**X**	**X**
South Africa	0.6	0.3	1.0	1.3	6.6	5.8	5.5	-3.8	-4.3	-5.2	-3.4	-3.1	-2.9
Middle East, Africa	**3.5**	**1.4**	**2.4**	**3.1**	**9.6**	**11.5**	**8.7**	**-2.5**	**-1.7**	**-1.3**	**X**	**X**	**X**
Brazil	2.8	-3.6	0.4	2.3	8.7	5.0	6.0	-1.3	-1.2	-2.1	-6.3	-7.7	-5.9
Mexico	2.0	2.0	1.7	2.2	2.8	4.6	3.5	-2.7	-3.0	-2.9	-2.6	-2.5	-2.7
Argentina	0.8	-2.1	2.8	3.5	41.4	24.0	13.9	-2.7	-1.4	-1.3	-4.6	-4.1	-3.7
Chile	0.4	1.5	2.0	3.1	3.8	3.0	2.4	-1.3	-1.2	-1.5	-2.7	-2.1	-1.6
Latin America	**7.6**	**-1.4**	**1.1**	**2.1**	**9.8**	**6.6**	**5.4**	**-2.1**	**-1.8**	**-2.1**	**X**	**X**	**X**
China	17.3	6.7	6.6	6.5	2.0	2.1	2.6	1.9	1.5	1.9	-3.8	-4.1	-4.5
India	7.0	7.4	7.5	7.6	5.0	4.0	4.9	-0.5	-0.8	-1.1	-3.8	-3.2	-3.5
Indonesia	2.5	5.0	5.4	5.6	3.5	4.3	4.8	-1.8	-1.9	-2.0	-2.2	-2.1	-1.9
South Korea	1.6	2.8	2.2	2.2	1.0	2.1	1.5	7.0	7.6	6.7	-1.6	-1.0	-2.0
Emerging Asia	**32.5**	**6.1**	**6.1**	**6.0**	**2.6**	**2.7**	**3.2**	**2.6**	**2.3**	**2.4**	**X**	**X**	**X**
Emerging Markets	**50.8**	**4.0**	**4.5**	**4.7**	**4.6**	**4.2**	**4.1**	**1.1**	**1.1**	**1.0**	**X**	**X**	**X**
Total[6]	**89.2**	**3.0**	**3.4**	**3.4**	**2.9**	**3.3**	**3.2**	**X**	**X**	**X**	**X**	**X**	**X**

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.

Interest rates in industrialised countries

		Current	Forecasts		
		Apr 10 2017	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)	-0.12	-0.11	-0.10	-0.06
	Bunds, 2 years	-0.81	-0.75	-0.65	-0.50
	Bunds, 5 years	-0.48	-0.40	-0.30	-0.10
	Bunds, 10 years	0.23	0.40	0.60	0.80
	Bunds, 30 years	1.00	1.20	1.40	1.60
USA	Monetary policy (FFR)	0.75-1.00	0.75-1.00	1.00-1.25	1.25-1.50
	3 months (LIBOR)	1.16	1.35	1.60	1.90
	12 months (LIBOR)	1.80	2.05	2.30	2.70
	US-Treasuries, 2 years	1.29	1.60	1.85	2.35
	US-Treasuries, 5 years	1.92	2.15	2.30	2.60
	US-Treasuries, 10 years	2.38	2.60	2.70	2.85
	US-Treasuries, 30 years	3.01	3.20	3.30	3.35
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	0.03	0.00	0.00	0.00
	12 months (LIBOR)	0.15	0.15	0.15	0.15
	JGBs, 2 years	-0.21	-0.15	-0.15	-0.15
	JGBs, 5 years	-0.14	-0.10	-0.10	-0.10
	JGBs, 10 years	0.06	0.05	0.05	0.05
	JGBs, 30 years	0.86	0.85	0.85	0.85
United Kingdom	Monetary policy (Base)	0.25	0.25	0.25	0.25
	3 months (LIBOR)	0.34	0.35	0.35	0.40
	12 months (LIBOR)	0.70	0.80	0.80	1.00
	Gilts, 2 years	0.11	0.10	0.30	0.30
	Gilts, 5 years	0.54	0.70	0.90	1.20
	Gilts, 10 years	1.08	1.30	1.60	1.90
	Gilts, 30 years	1.69	1.80	1.95	2.10
Sweden	Monetary policy (Repo)	-0.50	-0.50	-0.50	-0.40
	3 months (STIB)	-0.44	-0.50	-0.50	-0.40
	2 years	-0.62	-0.50	-0.30	-0.10
	10 years	0.55	0.80	1.00	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	-0.59	-0.55	-0.45	-0.30
	10 years	0.52	0.70	0.90	1.00
Norway	Monetary policy (Deposit)	0.50	0.50	0.50	0.50
	3 months (NIBOR)	0.96	1.00	1.00	1.00
	3 years	0.65	0.60	0.80	1.00
	10 years	1.59	1.80	1.90	2.00
Switzerland	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)	-0.73	-0.75	-0.75	-0.75
	2 years	-0.90	-0.85	-0.85	-0.75
	10 years	-0.16	0.00	0.10	0.30
Canada	Monetary policy (O/N)	0.50	0.50	0.50	0.75
	3 months (CBA)	0.94	0.95	1.05	1.20
	12 months (CBA)	1.22	1.30	1.40	1.75
	2 years	0.76	0.95	1.15	1.65
	5 years	1.12	1.30	1.45	1.80
	10 years	1.60	1.70	1.80	2.00
	30 years	2.26	2.35	2.45	2.65
Australia	Monetary policy (Cash)	1.50	1.50	1.50	1.75
	3 months (ABB)	1.78	1.80	1.85	2.00
	2 years	1.66	1.90	2.10	2.55
	10 years	2.58	2.80	2.90	3.05

Interest rates in EM countries

			Current	Forecasts		
			Apr 10 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	1.90
		2 years	2.01	2.10	2.10	2.20
		10 years	3.46	3.60	3.70	3.90
	Czech Rep.	Monetary policy (Repo)	0.05	0.05	0.05	0.05
		3 months (PRIBOR)	0.29	0.30	0.30	0.30
		2 years	-0.09	-0.20	0.00	0.20
		10 years	0.95	0.90	1.00	1.10
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
		3 months (BUBOR)	0.17	0.10	0.20	0.60
		3 years	1.07	1.10	1.20	1.40
		10 years	3.30	3.30	3.30	3.40
Latin America	Brazil	Monetary policy (Repo)	12.25	10.50	10.00	9.00
		3 months (ABG)	10.79	9.85	9.50	9.00
		2 years	9.58	9.30	9.10	8.90
		9 years	10.05	9.80	9.40	9.00
	Mexico	Monetary policy	6.50	6.50	6.50	6.50
		3 months (Mexibor)	6.92	6.50	6.50	6.50
		2 years	6.82	6.80	6.70	6.60
		10 years	7.19	7.30	7.30	7.30
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	4.29	3.80	3.50	3.60
		2 years	2.75	2.90	3.00	3.10
		10 years	3.30	3.40	3.50	3.60
	Singapore	Monetary policy	#NV	n.a.	n.a.	n.a.
		3 months	1.00	1.00	0.90	1.00
		2 years	1.23	1.40	1.50	1.60
		10 years	2.20	2.50	2.60	2.70
	South Korea	Monetary policy	1.25	1.25	1.25	1.25
		3 months	1.30	1.30	1.30	1.50
		2 years	1.58	1.70	1.80	1.90
		10 years	2.20	2.20	2.30	2.40

Yield spreads in basis points[1)]

			Current	Forecasts		
			Apr 10 2017	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	159	155	150	145
		Turkey	301	295	285	275
		Hungary	128	130	130	125
	Africa	South Africa	289	240	235	225
	Latin America	Brazil	263	250	245	235
		Chile	133	125	120	115
		Columbia	194	175	170	160
		Mexico	258	235	225	220
		Venezuela	2214	2115	2040	1965
	Asia	China	115	110	110	105
		Indonesia	196	180	175	170
		Philippines	99	95	90	85
	Total (EMBIG Div)		**306**	**290**	**280**	**270**

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		
		Apr 10 2017	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.06	1.05	1.03	1.02
	EUR-CAD	1.42	1.42	1.42	1.44
	EUR-AUD	1.41	1.38	1.39	1.42
Japan	EUR-JPY	117.91	117.60	118.45	120.36
Euro-Outs	EUR-GBP	0.85	0.88	0.90	0.87
	EUR-DKK	7.44	7.44	7.44	7.44
	EUR-SEK	9.61	9.40	9.40	9.20
	EUR-CHF	1.07	1.08	1.09	1.11
	EUR-NOK	9.17	9.10	8.90	8.80
Central- and Eastern Europe	EUR-PLN	4.22	4.30	4.30	4.20
	EUR-HUF	309.85	310.00	315.00	310.00
	EUR-CZK	26.56	26.50	26.00	26.00
Africa	EUR-ZAR	14.63	15.23	14.94	15.30
Latin America	EUR-BRL	3.33	3.31	3.30	3.47
	EUR-MXN	19.75	20.79	20.60	20.40
Asia	EUR-CNY	7.31	7.25	7.21	7.24
	EUR-SGD	1.49	1.47	1.46	1.46
	EUR-KRW	1209	1187	1174	1173
US-Dollar		**Current**	**Forecasts**		
		Apr 10 2017	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.34	1.35	1.38	1.41
	AUD-USD	0.75	0.76	0.74	0.72
Japan	USD-JPY	111.39	112.00	115.00	118.00
Euro-Outs	GBP-USD	1.24	1.19	1.14	1.17
	USD-DKK	7.02	7.09	7.22	7.29
	USD-SEK	9.08	8.95	9.13	9.02
	USD-CHF	1.01	1.03	1.06	1.09
	USD-NOK	8.66	8.67	8.64	8.63
Central- and Eastern Europe	USD-PLN	3.99	4.10	4.17	4.12
	USD-HUF	292.72	295.24	305.83	303.92
	USD-CZK	25.09	25.24	25.24	25.49
Africa	USD-ZAR	13.82	14.50	14.50	15.00
Latin America	USD-BRL	3.14	3.15	3.20	3.40
	USD-MXN	18.65	19.80	20.00	20.00
Asia	USD-CNY	6.91	6.90	7.00	7.10
	USD-SGD	1.41	1.40	1.42	1.43
	USD-KRW	1142	1130	1140	1150

Commodities

Commodity	Current	Forecasts		
	Apr 10 2017	3 months	6 months	12 months
Gold (USD per troy ounce)	1,253.45	1,200	1,180	1,150
Gold (EUR per troy ounce)	1,184.18	1,150	1,150	1,130
WTI crude (USD per Barrel)	52.24	49	51	54
WTI crude (EUR per Barrel)	49.35	46	50	53
Brent crude (USD per Barrel)	54.40	50	52	55
Brent crude (EUR per Barrel)	51.39	47	51	54

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