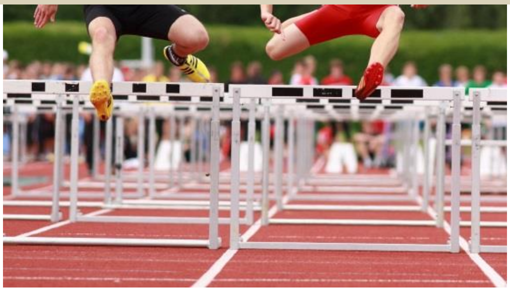
Macro Research
Economic Forecasts

May / June 2017

Political hurdles have been cleared.

The first hurdles have been cleared



Source: Adobe Stock, DekaBank

We have done it! The German share index (DAX) has registered a new all-time high, which can be attributed to the relief felt by financial market participants. In a spring strewn with political risks vital hurdles have been cleared. In the elections in the Netherlands and France the Euro-critical parties failed to establish themselves. Moreover, step by step President Trump has begun to distance himself from his most extreme plans and by reaching a compromise with the US Congress on the current budget he has avoided having to close public institutions. On the political side, therefore, things have not turned out as badly as had been feared, so that financial market players have understandably been able to breathe a sigh of relief.

Of course, the next elections are already on the way and by no means have all uncertainties relating to the US government been resolved. But companies, central banks and markets can now focus their attention on fundamental macroeconomic issues. In this context it cannot be ignored that indicators of market sentiment have raced ahead of hard real economic data. Global growth at around 3.5% is nowhere near as dynamic as is signalled by the indicators. Nevertheless, global economic growth does have sufficient substance and stability and in its favour we can note that growth is symmetric throughout the major economic regions.

Against this backdrop attention has been focused again on the central banks and the withdrawal from their long-standing ultra expansive monetary policy. In 2017 the US Fed will make two key-rate hikes before beginning to cut back full reinvestments of maturing bonds. The Fed recently announced this move much earlier than had been expected by the markets. In autumn the ECB will use higher inflation rates, albeit still below the central bank's target rate, as an opportunity to explain plans to wind down its asset purchases ("tapering"). The ECB's rate hikes remain, however, in the distant future. First its tapering programme will be implemented and only in some three years' time will the ECB raise its main refinancing rate.

In short, the financial markets are facing an orderly level of economic growth which is unlikely to be disturbed by central banks launching a restrictive monetary policy. For the bond markets, this offers a prospect of only gradually rising yields. Equity markets offer good prospects of early gains, although the road is likely to become bumpier later in the year. A brief period of consolidation on stock exchanges should be overcome, just as political hurdles have been cleared.

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Most important forecast revisions changes

- Germany: Inflation 2017: 1.8 % (previously 2.0 %).
- Euro zone: GDP 2017: 1.8 % (previously 1.7 %).
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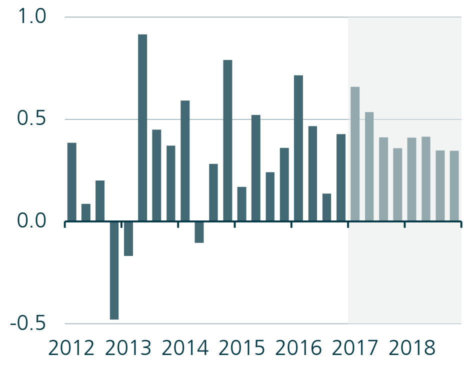
- USA: Shifting of key-rate hikes in 2017: hikes now in June and September (previously September and December).
- Upward revision of GDP growth forecasts for China, Mexico and South Korea.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



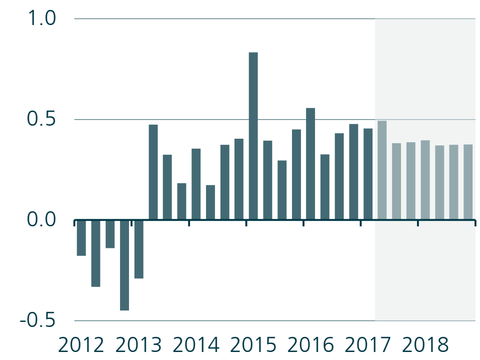
Sources: Destatis, forecast DekaBank

Germany

All is well that ends well! After a bumpy start to 2017, the German economy picked up steam in the first quarter, for which private consumption provided a solid foundation. Exports will also have picked up somewhat in the wake of a revival by the global economy. The most important stimulus has come from investment: the growth of capital investment has been the strongest for a year and investment in the construction sector has picked up the most in years thanks to relatively clement weather. Still very much an unknown quantity is the scale of the forthcoming upward revision for the past year, which could have a marked impact on the level of average annual GDP growth for 2017.

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

Eurozone: GDP (% qoq, sa)



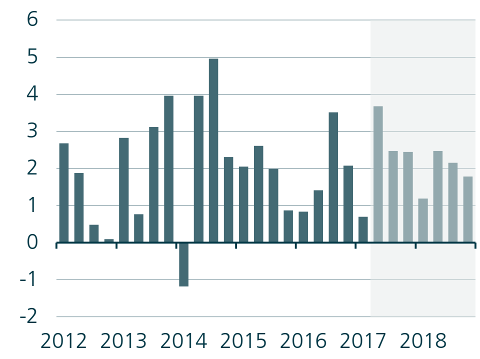
Sources: Eurostat, forecast DekaBank

Eurozone

The Eurozone economy has made a good start to 2017. According to Eurostat's flash estimate, GDP rose in the first quarter by 0.5 % against the previous quarter. Only a few EMU countries have so far published their growth figures. These include the two heavyweights, France and Spain. With a growth rate of 0.8 % in the first quarter, the Spanish economy looks set to achieve a growth rate of 3 % for the year as a whole. With a GDP growth rate of only 0.3 % for the first quarter, France lagged somewhat behind expectations. Indicators of market sentiment for the Eurozone signal continuation of sound economic development in the second quarter for a wide range of countries.

Forecast revision: GDP growth 2017: 1.8 % (previously 1.7 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

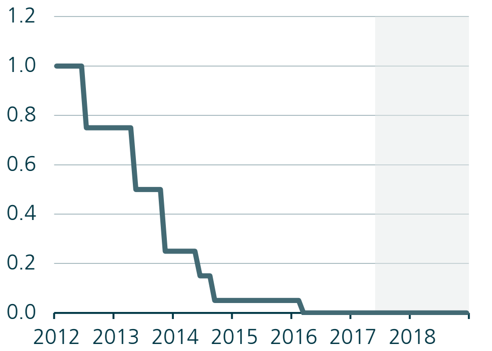
USA

In April there was no time to be lost with the presentation of Trump's tax reform. However, the key features of the Administration's reform proved so scanty that it is impossible to calculate their impact on either the public deficit or economic growth. Nevertheless, the introduction of a border adjustment tax is off the table, which significantly reduces the probability of a global trade war. Moreover, agreement on a much reduced tax reform with a time limit has now become more realistic. Despite strong indicators of market sentiment, first-quarter economic growth proved very weak. Nevertheless, corporate investment has increased which, if past experience is any guide, should bring stronger GDP growth in its wake.

Forecast revision: Inflation 2017: 2.4 % (previously 2.6 %); 2018: 2.6 % (previously: 2.7 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



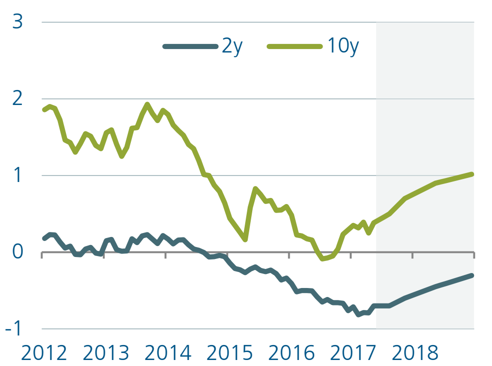
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

At his press conferences in March and April President Draghi stressed that withdrawal from the central bank's ultra-expansive monetary policy is currently not an issue for the ECB Council. The central bankers are increasingly optimistic that the economic recovery will continue, but remain unsure as to when and to what degree economic growth will lead to a sustained upsurge in prices. As long as this is the case, they do not want to commit themselves to a definite time plan for the normalisation of monetary policy. In the months to come the ECB's tone is likely to remain similarly defensive. Only towards the end of the year do we expect to receive any concrete hints with respect to a future withdrawal from the ECB's current monetary policy. The ECB will probably wind down its asset purchases step by step in the coming year, but is only likely to raise its deposit rate in 2019. Against the backdrop of continued very high level of surplus reserves in the banking system EONIA and EURIBOR rates will rise at a somewhat slower pace than is currently indicated by futures.

Forecast revision: –.

German Bond Yield (% p.a.)



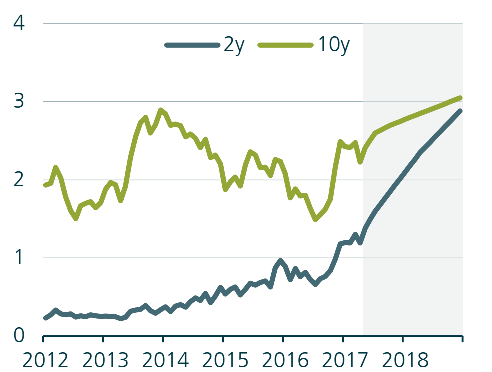
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

Immediately after the first round of the French presidential election perceptions of political risk have already diminished substantially. However, the resulting upward pressure on Bund yields will be in part counterbalanced by the ECB's sustained expansive monetary policy. Due to the very slow rise in the rate of core inflation it will probably only announce in autumn that it will wind down its asset purchases in 2018. The yields of long-term Bunds should begin to rise somewhat at the latest then. In the case of shorter maturities we foresee a slower upward movement, as we only expect key-rate hikes after the end of quantitative easing. Moreover, the Bundesbank could reinvest inflows from maturing bonds, preferably at the short end.

Forecast revision: –.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

As expected, the US Fed left its key-rate-range at between 0.75 % and 1.00 %at its meeting at the beginning of May. FOMC members regard the recent weakness of the economy and price data as a temporary phenomenon and thus reveal their intention to raise key rates further in June. Their statement at the May meeting gave no clue as to when and what form the reduction of the Fed's balance sheet would take. This year there have been no substantial yield rises on US bond markets, although in comparison with last year the Fed has appeared to favour a much more comprehensive monetary tightening.

Forecast revision: Shifting of key-rate hikes in 2017: hikes now in June and September (previously September and December).

May / June 2017

Markets: Industrial countries

Equity Market Forecast

	Current May 8, 17	in 3	in 6 months	in 12
DAX	**12 694.55**	**12 500**	**12 500**	**11 800**
Reporting:				
EuroStoxx50	3 642.11	3 600	3 600	3 300
S&P 500	2 399.38	2 400	2 400	2 200
Topix	1 585.86	1 600	1 600	1 400

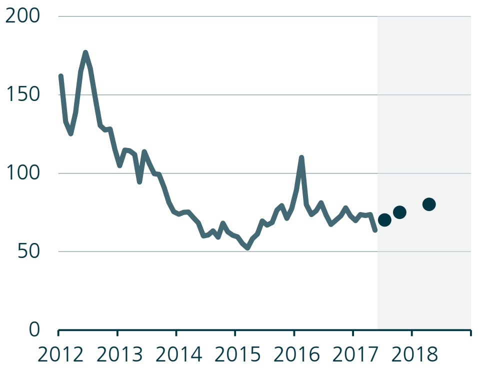
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

Corporate sentiment remains at a very high level and first-quarter figures confirm that this positive sentiment is reflected in companies' sales and profits. For the first quarter of 2017 companies are reporting substantial increases against the same period in 2016. Prospects for the rest of the year are also upbeat. Support comes from diminished risks, compared to a few weeks ago, of protectionist measures being introduced, which would have had a massive negative impact on global export-oriented German companies. After substantial rises since the beginning of the year, the friendly economic environment is reflected in share prices and, although further rises are still possible, these are likely to be followed by some profit-taking. We remain invested in the market.

Forecast revision: –.

iTraxx Europe (Bp)

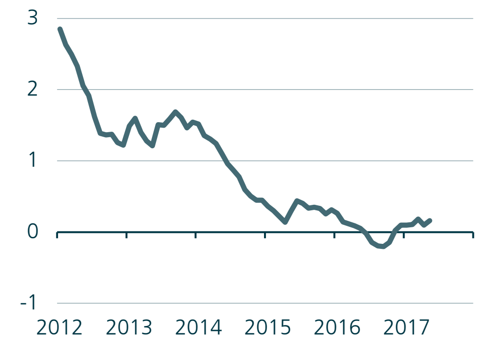


Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

The diminished risk of extreme political scenarios has been welcomed with relief by the credit markets. Corporate bonds had scarcely been affected by the enhanced level of risk aversion, and risk premiums had been moving sideways since the beginning of the year. However, after the reassuring outcome of the election in France and the realisation that many of Trump's protectionist threats have fizzled out with no effect, spreads have given way. The ECB's bond-buying programme continues to provide the market with massive support, albeit recently at a slightly reduced level. The development of the economy has also helped substantially. Both the very positive sentiment in general and most company reports in particular have contributed to the current friendly environment.

Covered Bonds 5y (% p.a.)



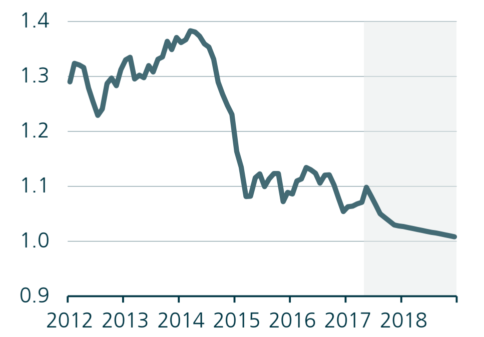
Source: Bloomberg

Covered Bonds

The market for covered bonds started the new year with a flood of new issues. However, the tide soon ebbed and the current volume of new issues is well below the level at the same time last year. This can be attributed in large part to the ECB's last long-term tender with a term of four years. Many issuing banks have made extensive use of this attractive refinancing possibility, clearly at the expense of covered bonds. Together with the ECB's asset-purchase programme the low level of new issues has also contributed to the drying out of the secondary market in this segment. Covered bonds have often not followed the marked price fluctuations of Bunds. These movements have been reflected above all in the fluctuations of Bund swap spreads in so far as, despite very volatile Bunds, swap rates have remained relatively stable. Subsequently, covered bonds have also shown a low level of volatility.

Markets: Industrial countries

Exchange Rate EUR-USD



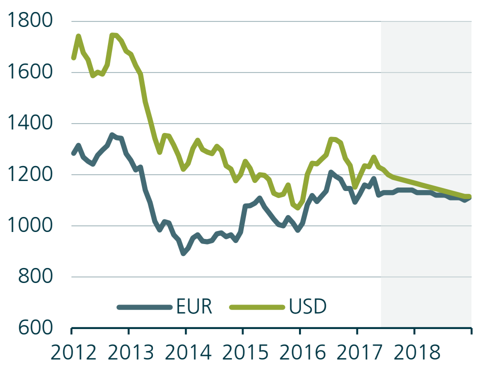
Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

The Euro started April against the US dollar at 1.06 EUR-USD, a level that reflected investors' uncertainty over the first round of the French presidential election on April 23rd. In the three weeks leading up to the first round vote, fears increased that two EU opponents might reach the run-off. This, however, did not happen and with the publication of the first projections on the evening of the election, the relief of investors on the financial markets was evident. On the currency markets the Euro benefited from the election result and rose against the US dollar from 1.07 EUR-USD to 1.09 EUR-USD, its highest level since November 2016.

Forecast revision: –.

Gold price (per troy ounce)



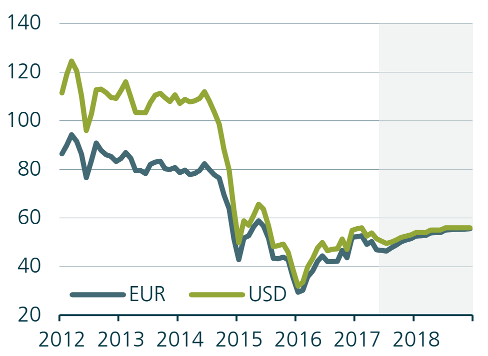
Sources: Bloomberg, forecast DekaBank

Gold

The global demand for gold has continued to weaken, with the exception of the demand for investment. This has been confirmed by the latest data on the global physical gold market in the first quarter. Demand for jewellery and technology, central bank purchases as well as demand for coins and bullion has all been rather weak. After a substantial decline in world-wide stocks of exchange-traded bonds backed by gold (ETFs) in the fourth quarter of 2016, stocks have been replenished in the first quarter of 2017. Interestingly, demand for ETFs came primarily from Germany, the United Kingdom and the USA, whereby in the last two cases this can be attributed to the high degree of political uncertainty prevailing in those countries. Trump's poor track record in his first 100 days as president together with the positive outcome in elections in the Netherlands and France have somewhat reduced the perception of risk on financial markets, which has had a negative impact on the price of gold.

Forecast revision: –.

Crude Oil Brent (per barrel)



Sources: Bloomberg, forecast DekaBank

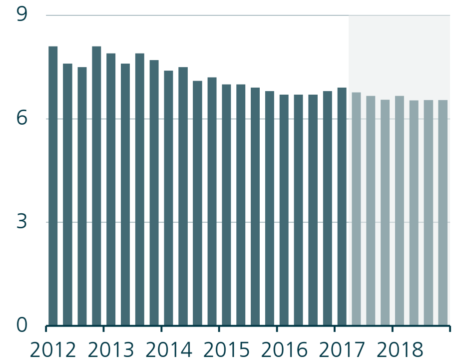
Crude oil

Since mid-April one had to fork out less than USD 50 for a barrel of US WTI crude oil and according to our forecast this state of affairs will continue throughout the summer months. The price of European Brent will be only slightly higher. The OPEC members have thus been made painfully aware that their influence on oil prices has faded. The price-supporting effects of production cuts by OPEC and Russia have petered out and, even if the agreement on capping output were to be renewed, the price of oil would be unlikely to rise significantly. This can be attributed to the rise in US oil output, which at 9.3 million barrels is only slightly below the all-time high of 9.6 million barrels registered in June 2015. In this situation OPEC is powerless and consequently the price of crude oil is unlikely to rise substantially in the foreseeable future.

Forecast revision: –.

Emerging Markets

China: GDP (% yoy)



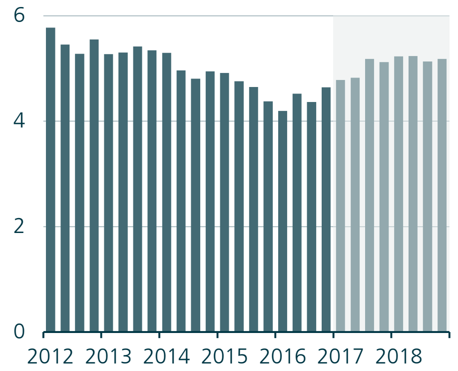
Sources: National Statistics, forecast DekaBank

China

GDP growth in the first quarter rose from 6.8% to 6.9% against the previous year. Strong March figures for industrial output, capital investment and retail sales have given the economy a flying start to the second quarter. In April the purchasing managers' index was lower, which came as something of a damper. However, this matches our expected picture of a gradual economic cooling in the second half of the year. In view of the good start to the year we have slightly raised our GDP growth forecast for 2017 to 6.7%. Good news is the easing of tensions with the USA. After more moderate tones from President Trump the danger of a trade war has diminished substantially. At the same time, however, the crisis over the North Korean nuclear weapons programme has been further exacerbated. China would like to persuade North Korea to soften its tone, but it is far from certain that its influence is strong enough.

Forecast revision: Upward revision of the GDP growth forecasts for 2017 and 2018.

Emerging Markets: GDP (% yoy)



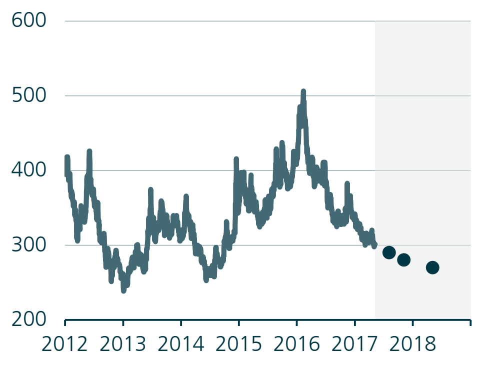
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

After the purchasing managers' indices and world trade figures had unexpectedly picked up, hopes were raised of a marked economic acceleration in emerging-market countries. However, these hopes have not been realised and in April the purchasing managers' indices slumped in all regions whilst export orders also declined in Asia. This strengthens our main scenario of no more than a modest upswing. We expect a stimulus above all from Brazil, where the recession appears to have come to an end in the first quarter. Thus we leave our scenario of only gradually rising price pressure unchanged, as it has become increasingly evident that rising commodity prices have very little impact on consumer prices.

Forecast revision: Upward revision of GDP growth forecasts for Mexico and South Korea.

EMBIG-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

The positive sentiment towards EM equities and bonds has remained intact. The global growth environment is strong enough to underpin public finances and corporate earnings, but is not strong enough to impel the central banks to switch at an earlier stage to a tighter monetary policy. Now that President Trump has taken the introduction of a border adjustment tax off the table, the risk of a global trade war has been significantly reduced. Political risks have diminished with Macron's election victory in France and the outcome of the referendum in Turkey. The tensions over North Korea's nuclear weapons and missile programmes have increased substantially, but a military conflict remains no more than a risk scenario. With respect to valuations there are no warning signs yet. Currencies, equities and local bond yields are priced attractively in a historical comparison. The spreads of hard-currency bonds are low, but even here there is potential for moderate decreases, against which we have to set an expected rise in yields on the US government bond market.

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	3.3	1.9	1.6	1.6	0.4	1.8	1.7	8.3	8.3	8.0	0.8	0.4	0.4
France	2.3	1.1	1.5	1.5	0.3	1.3	1.5	-0.9	-2.6	-2.7	-3.4	-2.9	-3.1
Italy	1.9	1.0	0.9	1.0	-0.1	1.7	1.3	2.6	2.1	1.8	-2.4	-2.4	-2.4
Spain	1.4	3.2	2.9	2.2	-0.3	2.5	1.7	2.0	1.7	1.6	-4.5	-3.5	-2.9
Netherlands	0.7	2.1	1.9	1.6	0.1	1.0	1.6	8.4	7.4	7.1	0.4	0.2	0.3
Belgium	0.4	1.2	1.5	1.3	1.8	2.5	2.1	-0.4	1.2	1.3	-2.6	-2.2	-2.3
Eurozone	**11.8**	**1.8**	**1.8**	**1.6**	**0.2**	**1.7**	**1.6**	**3.3**	**3.1**	**3.0**	**-1.5**	**-1.5**	**-1.4**
United Kingdom	2.3	1.8	1.4	1.2	0.7	2.5	2.7	-4.4	-4.8	-3.9	-3.0	-2.8	-2.5
Sweden	0.4	3.1	2.4	2.1	1.1	1.6	1.7	4.7	4.8	4.9	0.9	-0.2	0.2
Denmark	0.2	1.3	1.6	1.6	0.0	1.2	1.8	8.1	7.0	7.0	-0.9	-1.6	-0.9
EU-22	**14.7**	**1.8**	**1.7**	**1.5**	**0.3**	**1.8**	**1.8**	**2.2**	**2.0**	**2.0**	**-1.7**	**-1.6**	**-1.5**
Poland	0.9	2.8	3.2	3.0	-0.6	1.9	1.9	-0.5	-1.2	-1.4	-2.4	-2.9	-3.0
Hungary	0.2	1.7	2.7	2.8	0.4	2.5	3.1	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	1.8	0.7	0.3	0.6	0.1	0.2
EU-28	**16.7**	**1.9**	**1.9**	**1.7**	**0.2**	**1.8**	**1.8**	**1.9**	**1.7**	**1.6**	**-1.7**	**-1.7**	**-1.6**
USA	15.5	1.6	2.2	2.1	1.3	2.4	2.6	-2.6	-3.0	-3.0	-5.0	-5.0	-4.5
Japan	4.4	1.0	1.4	1.0	-0.1	0.6	1.1	3.7	4.0	3.5	-4.2	-5.0	-4.5
Canada	1.4	1.4	2.7	1.9	1.4	1.9	2.3	-3.3	-2.5	-3.0	-1.9	-2.5	-2.0
Australia	1.0	2.5	2.2	2.3	1.3	2.1	1.9	-2.6	-2.5	-2.0	-2.4	-3.0	-2.5
Switzerland	0.4	1.3	1.5	1.7	-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	2.1	1.3	6.3	5.8	5.4	4.6	4.4	4.7
Developed Countries[4]	**37.8**	**1.6**	**1.9**	**1.7**	**0.7**	**1.9**	**2.0**	**0.2**	**0.0**	**0.0**	**-3.3**	**-3.4**	**-3.1**
Russia	3.2	-0.2	1.2	1.4	7.1	4.2	4.3	2.0	3.0	2.5	-3.5	-2.8	-2.3
Turkey	1.7	3.1	2.5	2.3	8.0	9.4	7.6	-3.8	-4.6	-4.7	-1.1	-2.0	-2.2
Ukraine	0.3	2.3	2.0	2.6	13.9	13.0	7.6	-1.5	-2.1	-1.9	-2.2	-3.2	-2.8
Emerging Europe[5]	**7.5**	**1.5**	**2.1**	**2.1**	**5.9**	**5.3**	**4.7**	**-0.6**	**-0.3**	**-0.6**	**X**	**X**	**X**
South Africa	0.6	0.3	1.0	1.3	6.6	5.8	5.4	-3.3	-4.1	-4.9	-3.4	-3.1	-2.9
Middle East, Africa	**3.4**	**1.5**	**2.4**	**3.1**	**9.6**	**11.5**	**8.7**	**-2.5**	**-1.7**	**-1.2**	**X**	**X**	**X**
Brazil	2.6	-3.6	0.5	2.3	8.7	4.3	4.5	-1.3	-1.3	-2.3	-6.4	-7.7	-5.9
Mexico	1.9	2.1	2.2	2.1	2.8	4.9	3.5	-2.7	-3.0	-2.9	-2.6	-2.5	-2.7
Argentina	0.7	-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	2.8	-1.4	-1.3	-1.2	-2.7	-2.2	-1.9
Latin America	**7.2**	**-1.2**	**1.3**	**2.2**	**9.7**	**6.4**	**4.8**	**-2.1**	**-1.8**	**-2.1**	**X**	**X**	**X**
China	17.8	6.7	6.7	6.6	2.0	1.8	2.8	1.9	1.5	1.9	-3.8	-4.1	-4.5
India	7.2	7.4	7.5	7.6	5.0	3.9	4.9	-0.5	-0.8	-1.1	-3.8	-3.2	-3.5
Indonesia	2.5	5.0	5.2	5.7	3.5	4.3	4.9	-1.8	-1.9	-2.0	-2.2	-2.1	-1.9
South Korea	1.6	2.8	2.6	2.6	1.0	1.9	1.9	7.0	7.6	6.7	-1.6	-1.0	-2.0
Emerging Asia	**33.2**	**6.1**	**6.2**	**6.1**	**2.6**	**2.5**	**3.2**	**2.6**	**2.3**	**2.4**	**X**	**X**	**X**
Emerging Markets	**51.3**	**4.1**	**4.6**	**4.8**	**4.5**	**4.0**	**4.0**	**1.2**	**1.1**	**1.1**	**X**	**X**	**X**
Total[6]	**89.1**	**3.1**	**3.5**	**3.5**	**2.9**	**3.1**	**3.2**	**X**	**X**	**X**	**X**	**X**	**X**

1) Of 2016, recalculated with purchasing power parities. Source: IMF. - 2) Eurozone, United Kingdom, Sweden and Denmark = Harmonized Index of Consumer Prices. - 3) According to National Accounting Standards. - 4) Without Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania. - 5) Including the six member countries of the EU named before and Turkey. - 6) 66 national economies covered by DekaBank.

Interest rates in industrialised countries

		Current	Forecasts		
		May 9 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	-0.12	-0.11	-0.07
	Bunds, 2 years	-0.66	-0.70	-0.60	-0.45
	Bunds, 5 years	-0.30	-0.30	-0.20	0.00
	Bunds, 10 years	0.42	0.50	0.70	0.90
	Bunds, 30 years	1.20	1.30	1.50	1.70
USA	Monetary policy (FFR)	0.75-1.00	1.00-1.25	1.25-1.50	1.25-1.50
	3 months (LIBOR)	1.18	1.55	1.75	1.90
	12 months (LIBOR)	1.78	2.10	2.35	2.70
	US-Treasuries, 2 years	1.32	1.60	1.85	2.35
	US-Treasuries, 5 years	1.90	2.15	2.35	2.60
	US-Treasuries, 10 years	2.38	2.60	2.70	2.85
	US-Treasuries, 30 years	3.02	3.10	3.20	3.35
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	0.00	0.00	0.00	0.00
	12 months (LIBOR)	0.13	0.15	0.15	0.15
	JGBs, 2 years	-0.19	-0.20	-0.20	-0.20
	JGBs, 5 years	-0.14	-0.15	-0.15	-0.10
	JGBs, 10 years	0.03	0.05	0.05	0.10
	JGBs, 30 years	0.82	0.85	0.85	0.85
United Kingdom	Monetary policy (Base)	0.25	0.25	0.25	0.25
	3 months (LIBOR)	0.32	0.35	0.35	0.40
	12 months (LIBOR)	0.68	0.80	0.80	1.00
	Gilts, 2 years	0.16	0.10	0.30	0.30
	Gilts, 5 years	0.56	0.70	0.90	1.20
	Gilts, 10 years	1.15	1.20	1.40	1.70
	Gilts, 30 years	1.82	1.75	1.85	2.00
Sweden	Monetary policy (Repo)	-0.50	-0.50	-0.50	-0.50
	3 months (STIB)	-0.48	-0.50	-0.50	-0.50
	2 years	-0.61	-0.60	-0.40	-0.20
	10 years	0.65	0.80	0.90	1.20
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.24	-0.23	-0.23	-0.22
	2 years	-0.53	-0.50	-0.40	-0.25
	10 years	0.68	0.80	1.00	1.10
Norway	Monetary policy (Deposit)	0.50	0.50	0.50	0.50
	3 months (NIBOR)	0.90	1.00	1.00	1.00
	3 years	0.68	0.70	0.70	0.80
	10 years	1.67	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	-0.84	-0.85	-0.85	-0.75
	10 years	-0.06	0.00	0.10	0.30
Canada	Monetary policy (O/N)	0.50	0.50	0.50	0.50
	3 months (CBA)	0.90	0.95	0.90	1.00
	12 months (CBA)	1.19	1.25	1.25	1.40
	2 years	0.71	0.80	0.90	1.25
	5 years	1.03	1.20	1.30	1.60
	10 years	1.59	1.60	1.70	1.95
	30 years	2.21	2.25	2.40	2.60
Australia	Monetary policy (Cash)	1.50	1.50	1.50	1.50
	3 months (ABB)	1.74	1.75	1.75	1.75
	2 years	1.73	1.70	1.80	2.00
	10 years	2.68	2.70	2.75	2.90

Interest rates in EM countries

			Current	Forecasts		
			May 9 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	2.00	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	0.25
		3 months (PRIBOR)	0.29	0.30	0.30	0.40
		2 years	-0.15	0.10	0.30	0.50
		10 years	0.63	0.90	1.10	1.20
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
		3 months (BUBOR)	0.16	0.20	0.30	0.60
		3 years	0.97	1.10	1.20	1.40
		10 years	3.15	3.30	3.30	3.40
Latin America	Brazil	Monetary policy (Repo)	11.25	10.00	9.00	8.50
		3 months (ABG)	10.25	9.50	8.90	8.55
		2 years	9.45	9.20	9.00	8.70
		9 years	10.19	9.80	9.40	9.00
	Mexico	Monetary policy	6.50	6.50	6.50	6.50
		3 months (Mexibor)	6.97	6.50	6.50	6.50
		2 years	6.98	6.80	6.70	6.60
		10 years	7.27	7.30	7.30	7.30
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	4.38	3.80	3.50	3.60
		2 years	2.75	2.90	3.00	3.10
		10 years	3.62	3.40	3.50	3.60
	Singapore	Monetary policy	n.a.	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	2.15	2.30	2.40	2.50
	South Korea	Monetary policy	1.25	1.25	1.25	1.25
		3 months	1.29	1.30	1.30	1.50
		2 years	1.59	1.70	1.80	1.90
		10 years	2.24	2.20	2.30	2.40

Yield spreads in basis points[1)]

			Current	Forecasts		
			May 9 2017	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	159	155	150	140
		Turkey	281	270	265	250
		Hungary	125	125	120	115
	Africa	South Africa	258	250	240	230
	Latin America	Brazil	254	250	240	230
		Chile	132	130	125	120
		Columbia	194	190	185	175
		Mexico	245	240	230	220
		Venezuela	2320	2200	2130	2020
	Asia	China	118	120	115	110
		Indonesia	188	185	180	170
		Philippines	94	95	90	85
	Total (EMBIG Div)		**298**	**290**	**280**	**265**

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

Currencies

EURO		Current	Forecasts		
		May 9 2017	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.09	1.05	1.03	1.02
	EUR-CAD	1.50	1.47	1.46	1.47
	EUR-AUD	1.49	1.46	1.45	1.46
Japan	EUR-JPY	123.81	119.70	120.51	121.38
Euro-Outs	EUR-GBP	0.84	0.88	0.90	0.87
	EUR-DKK	7.44	7.44	7.44	7.44
	EUR-SEK	9.67	9.50	9.40	9.20
	EUR-CHF	1.09	1.09	1.09	1.11
	EUR-NOK	9.44	9.20	9.00	8.80
Central- and Eastern Europe	EUR-PLN	4.23	4.20	4.20	4.20
	EUR-HUF	311.22	310.00	315.00	310.00
	EUR-CZK	26.67	26.50	26.00	26.00
Africa	EUR-ZAR	14.91	15.23	14.94	15.30
Latin America	EUR-BRL	3.49	3.31	3.30	3.47
	EUR-MXN	21.01	20.79	20.60	20.40
Asia	EUR-CNY	7.55	7.25	7.21	7.24
	EUR-SGD	1.54	1.47	1.46	1.46
	EUR-KRW	1242	1187	1174	1173
US-Dollar		**Current**	**Forecasts**		
		May 9 2017	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.37	1.40	1.42	1.44
	AUD-USD	0.74	0.72	0.71	0.70
Japan	USD-JPY	113.33	114.00	117.00	119.00
Euro-Outs	GBP-USD	1.30	1.19	1.14	1.17
	USD-DKK	6.81	7.09	7.22	7.29
	USD-SEK	8.85	9.05	9.13	9.02
	USD-CHF	1.00	1.04	1.06	1.09
	USD-NOK	8.64	8.76	8.74	8.63
Central- and Eastern Europe	USD-PLN	3.87	4.00	4.08	4.12
	USD-HUF	284.87	295.24	305.83	303.92
	USD-CZK	24.41	25.24	25.24	25.49
Africa	USD-ZAR	13.65	14.50	14.50	15.00
Latin America	USD-BRL	3.20	3.15	3.20	3.40
	USD-MXN	19.23	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	1137	1130	1140	1150

Commodities

Commodity	Current	Forecasts		
	May 9 2017	3 months	6 months	12 months
Gold (USD per troy ounce)	1,226.58	1,190	1,175	1,145
Gold (EUR per troy ounce)	1,122.73	1,130	1,140	1,120
WTI crude (USD per Barrel)	46.43	49	52	54
WTI crude (EUR per Barrel)	42.50	47	50	53
Brent crude (USD per Barrel)	48.73	50	53	55
Brent crude (EUR per Barrel)	44.60	48	51	54

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