July / August 2017

Half-time 2017: so far, so good!

10-year German Bund yields

Source: Macrobond, DekaBank

The first half of the investment year 2017 has come to an end and most players in the respective teams are already on holiday. With respect to their forecasts in January 2017 the Deka team can feel satisfied. Predictions of a strong global economy with modest inflation proved well founded. We had to revise our growth forecast for Germany only very slightly upwards to 1.6%. Our forecast for 10-year Bund yields at the end of June was 0.45% – with the comment „volatile upwards". That also has proved fairly accurate, the actual value being 0.47%. For the equity market, our DAX forecast at the beginning of the year in „Economic Forecasts" was 12,500 points for the end of June – the average for the last trading week of the first half year was 12,566 points. However, because of uncertain election outcomes in the Netherlands and France we had expected more substantial fluctuations. These fluctuations came instead at the end of June in reaction to Mario Draghi's comments on the inevitable tightening of European monetary policy. Whereas we had no reason to be ashamed of our oil price forecast of USD 49 per barrel of Brent (actual price USD 47.92), we did not foresee the relative strength of the Euro in the middle of the year. With respect to the Euro-US dollar exchange rate, in view of expectations that US key rates will rise faster than those in the Eurozone, we continue to believe that the EUR-USD exchange rate will remain within a 1.15-to-1.05 corridor. All in all and taking into consideration our political concerns at the beginning of the year, we must conclude that in both the economy and the markets things went pretty well in the first half of the year.

However, performance can only be assessed at the end of the game, so we are eagerly looking forward to the second half of the year. The ECB has immediately taken steps to soothe the hefty reaction of the bond and equity markets to Draghi's recent comments. But there is no way around it - the interest-rate curve must inevitably (if very slowly!) move upwards. And, as a result, in the coming year at the latest the equity markets will have to take the occasional breather. However, it is not our strategy to conclude that in this situation the long-term equity investor should opt for profit-taking. In the short term after the summer break we expect strong economic data to provide fresh stimuli for the equity markets. In the medium term, with or without breathers, with continued ultra low or even negative real yields on deposits and government bonds, there is no alternative to equities.

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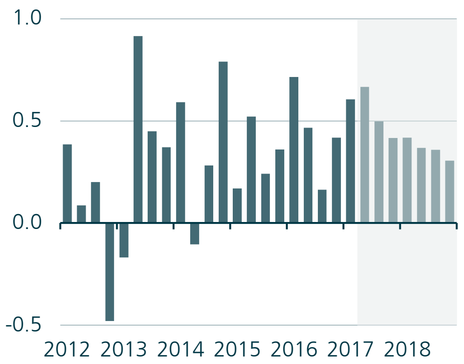
Contents

Most important forecast revisions changes

- Germany: GDP growth 2017and 2018: both 1.7 % (previously 1.6 %); inflation 2017/18: each 1.6 % (previously 1.7 %).
- Eurozone: GDP growth 2017 and 2018: 2.0 % (previously 1.9 %) and 1.7 % (previously 1.6 %); Inflation 2017 and 2018: each 1.5 % (previously 1.6 %).
- USA: Inflation 2017 and 2018: 2.1 % (previously 2.3 %) and 2.4 % (previously 2.6 %).

Economy: Industrial countries

Germany: GDP (% qoq, sa)



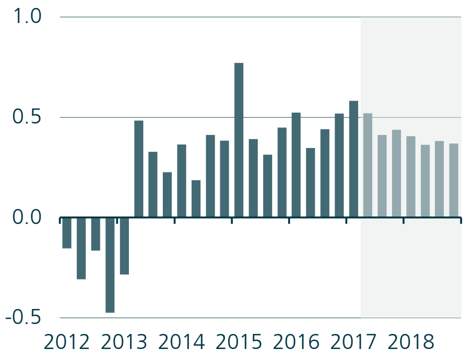
Sources: Destatis, forecast DekaBank

Germany

Sentiment remained much better than the hard economic indicators in May: the ifo Business Climate Index registered an all-time high and the purchasing managers' index for the manufacturing sector registered a value that signalled an unattainable level of annualised GDP growth of 6 %. If these signals were valid, German manufacturing output would be some 10 % above last year's level, whereas in fact it is "only" 5 % higher. Even if the promises delivered by the sentiment indicators are exaggerated, one message can be found in them: the economy is performing well, as is shown by current hard data such as output figures and retail sales.

Forecast revision: GDP growth 2017 and 2018: each 1.7 % (previously 1.6 %); inflation 2017 and 2018: each 1.6 % (previously1.7 %).

Eurozone: GDP (% qoq, sa)



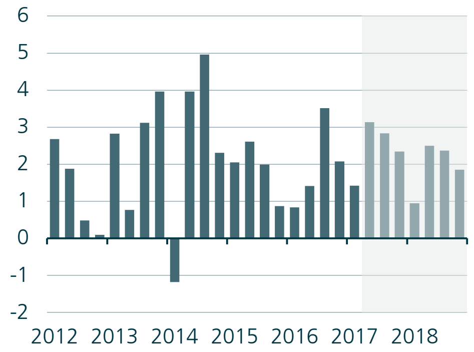
Sources: Eurostat, forecast DekaBank

Eurozone

In the first quarter Eurozone GDP increased more strongly than at any time in the last two years. One of the most important sentiment indicators, the EU Commission's Economic Sentiment Indicator (ESI), signals a further acceleration of growth in the second quarter. From April to June the ESI had risen on average to its highest level for almost ten years. Both corporate and household sentiment could not be better. However, price growth still remains subdued with the rate of inflation dropping to 1.3 % in June (May 1.4 %), the lowest level recorded this year. Particularly for energy prices the momentum has slowed: Whilst a 4.5% pick-up against the previous year was recorded for May, in June they rose by only 1.9 %.

Forecast revision: GDP growth 2017 and 2018: 2.0 % (previously 1.9 %) and 1.7 % (previously 1.6 %); inflation 2017 and 2018: each 1.5 % (previously 1.6 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

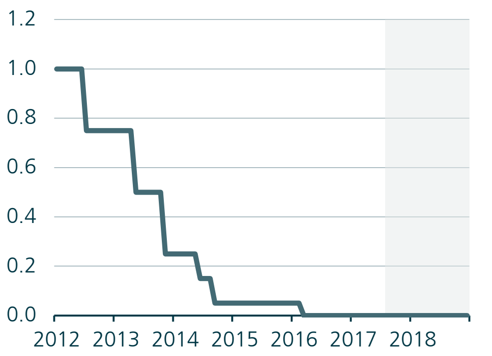
USA

In recent weeks macroeconomic data provided quite a few unpleasant surprises. Their impact on our second-quarter GDP forecast, however, proved to be rather limited. All in all, indicators continue to signal an acceleration of growth against the weak first quarter. This can be attributed very largely to private consumption, which has been underpinned by the sound development of incomes and also by household sentiment, which could hardly be better. In May consumer prices rose less than had been expected, not only due to energy prices but also to a wide range of lower prices. The labour market report for June, on the other hand, turned out better than expected.

Forecast revision: Inflation 2017 and 2018: 2.1 % (previously 2.3 %) and 2.4 % (previously 2.6 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



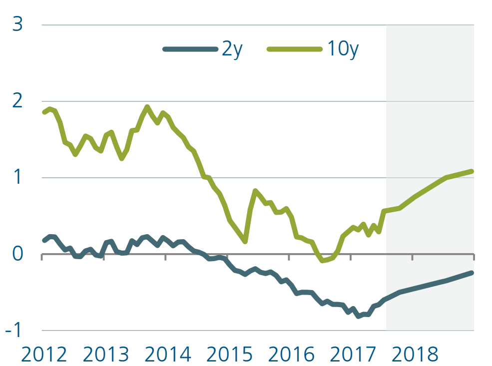
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

The ECB's communication has been somewhat ambivalent in recent months. On the one hand, several Council members have stressed that current monetary policy will have to be continued for the time being. On the other hand, President Draghi was remarkably confident that economic recovery will inevitably lead to more inflation. He thus implicitly lowered the barriers to a change in direction of monetary policy, for if the ECB is convinced that the relationship between capacity utilisation and consumer prices is intact, it does not need to wait until inflation has in fact risen before normalising its monetary policy. In autumn we expect the ECB to announce that it will wind down its asset purchases step by step in the coming year. In order to limit the impact of this withdrawal on the market, it will stress its intention to put key rates on hold for some time to come. The ECB is only expected to raise its deposit rate in the middle of 2019 and EONIA and EURIBOR rates will rise at a correspondingly slow rate.

Forecast revision: –.

German Bond Yield (% p.a.)



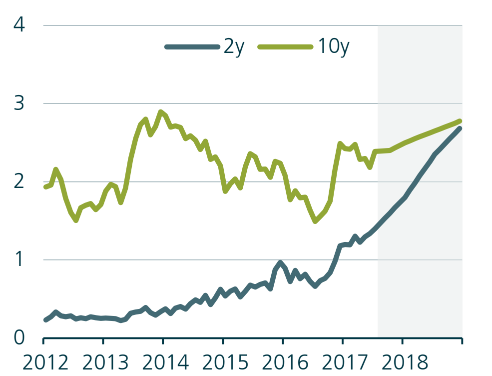
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

Whereas the ECB continues to stress its intention to continue its current monetary policy for the time being, President Draghi recently lowered the barriers to an exit. We assume that in view of the increasing scarcity of Bunds in particular, the ECB will wind down its asset purchases step by step in the coming year. We expect an announcement to this effect in the autumn. At the same time it will probably guarantee to put key rates on hold for some time to come in order to limit the impact of this withdrawal on the government bond markets of peripheral countries. This should counteract a further rise in the yields of short-term Bunds, whereas prospects of declining asset purchases by the ECB point to a futher steepening of the Bund curve.

Forecast revision: –.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

In the middle of June, as had been expected, the US Fed raised its key-rate interval to between 1.00 % and 1.25 %. Its almost unchanged outlook points to one further rate hike in the second half of this year and three in 2018. Together with its interest rate decision, the Fed presented a detailed plan for the reduction of its balance sheet. We expect the Fed to announce its next rate hike at the meeting in September and to decide on the reduction of its balance sheet in December. Nevertheless, the possibility of these two events occurring in the reverse order cannot be excluded. Despite increased tightening of monetary policy, the yields of US government bonds have remained relatively low due to continued lower inflation expectations.

Forecast revision: –.

Markets: Industrial countries

Equity Market Forecast

	Current Jul 10, 17	in 3	in 6 months	in 12
DAX	**12 445.92**	**12 500**	**13 000**	**11 800**
Reporting:				
EuroStoxx50	3 478.06	3 600	3 650	3 300
S&P 500	2 427.43	2 400	2 400	2 200
Topix	1 615.48	1 600	1 600	1 400

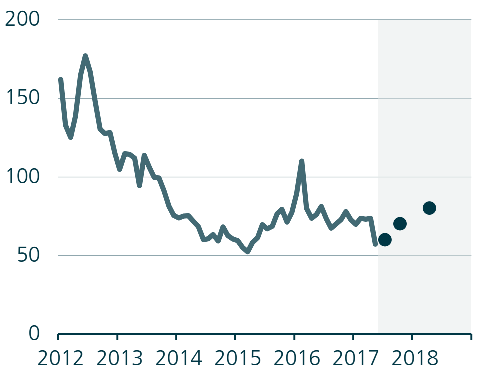
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

German economic growth has further stabilised in recent months whilst its base has broadened on the back of positive developments in important emerging markets. Accordingly, it comes as no surprise that companies continue to regard both their operational environment and their business prospects in a positive light and that this has had a positive impact on consumer sentiment. Even though a few individual German companies have warned that second-quarter profits might be disappointing, the majority of company reports in the second quarter proved to be positive and underpinned the equity market. The prospect of an end to ultra-expansive monetary policy, on the other hand, has generated some uncertainty. However, if we take all the individual components into consideration, positive growth and the earnings environment outweigh all others, so that we stick to our recommendation to continue to remain invested in the equity market.

Forecast revision: –.

iTraxx Europe (Bp)

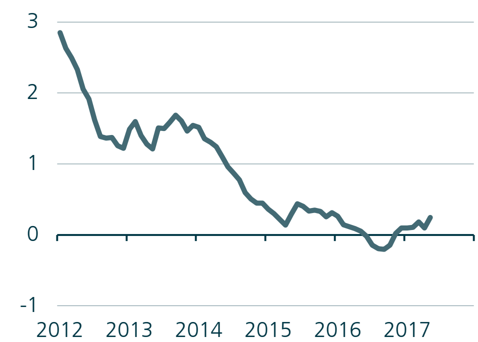


Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

The key-rate warning shot that Draghi and other international central bankers directed at the bond markets had little impact on the credit markets. In view of rising yields and an exit from quantitative easing, investors must expect higher risk premiums. However, in the first place an interest-rate turnaround would be very carefully implemented and, secondly, corporate bonds would be handled very gently. Moreover, corporates have been underpinned by good economic data that have been increasingly reflected in positive profit reports. After very positive first-quarter earnings, we expect higher sales and profits to be reported in the second quarter as well. Risk premiums will therefore remain low, especially for high-yield companies.

Covered Bonds 5y (% p.a.)



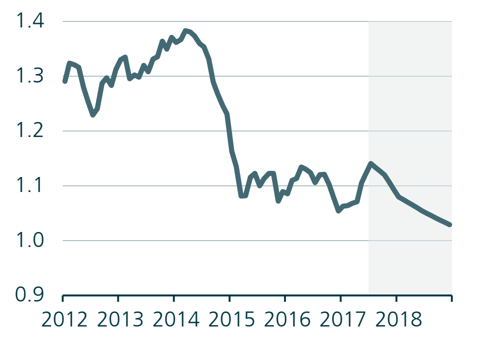
Source: Bloomberg

Covered Bonds

In the first half of the year covered Euro benchmark bonds were issued in the value of EUR 80 bn, of which bonds worth some EUR 50 bn were from issuers in the Eurozone. However, these issues could not replace bonds maturing in the same period, so that all in all the market has contracted somewhat as a result. Moreover, as the ECB has added to its portfolio in the course of its bond-buying programme, liquidity in the market has been reduced again. As a result of the small rise in market rates following President Draghi's hawkish statements, the yields of covered bonds have also risen slightly, whereby the risk premiums of most issuers have scarcely changed. If past experience is a guide, substantially smaller volumes of new bonds will be issued in the second half of the year. At the same time the ECB must replace increasing amounts due to maturing bonds. As a result, risk premiums for covered bonds will probably remain at a low level for some considerable time.

Markets: Industrial countries

Exchange Rate EUR-USD



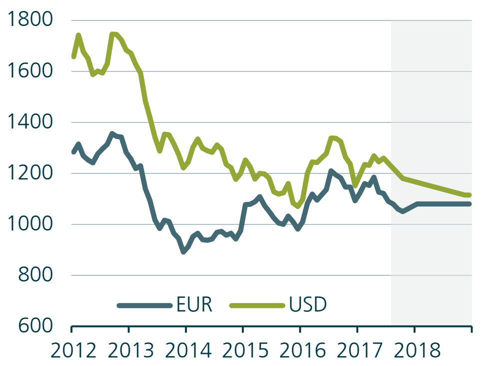
Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

The Euro started June with a listless sideways movement against the US dollar at around 1.11 EUR-USD and it almost seemed as though the EUR-USD exchange rate would still be at this level at the end of June. However, on June 27th the Euro suddenly jumped against the US dollar to over 1.13 EUR-USD. This was closely linked to a speech by ECB President Draghi, who heaped praise on the performance of the Eurozone economy. On the currency markets this was interpreted as a signal for a more rapid exit than hitherto expected from the ECB's ultra-expansive monetary policy and came as a boost for the Euro. The appreciation of the Euro at the end of June to 1.14 EUR-USD was underpinned by the publication of sound economic data for the Eurozone.

Forecast revision: –.

Gold price (per troy ounce)



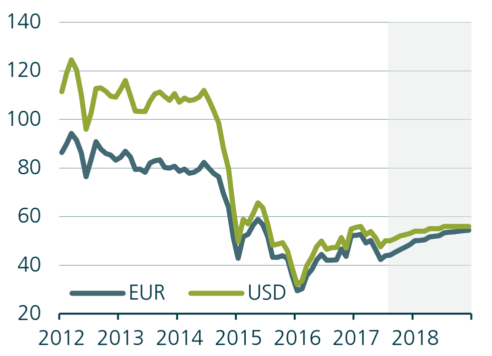
Sources: Bloomberg, forecast DekaBank

Gold

The negative relationship between US interest rates and the gold price has become particularly striking in the course of the last few months. Recently it was again all too evident that rising interest rates are bad for gold. Rising interest rates raise the opportunity costs of holding gold. They make gold relatively unattractive in comparison with other investment classes, as the metal does not generate any regular income, which is why the gold price falls when interest rates rise. With the rise of US yields in June the gold price slumped substantially. Investors took advantage of the low gold prices and paid little attention to rising interest rates: in June global stocks of exchange-traded bonds backed by physical metal (ETFs) rose slightly. Our main argument in favour of a slight fall in the gold price in our forecast period remains the expectation of rising interest rates, especially in the USA.

Forecast revision: –.

Crude Oil Brent (per barrel)



Sources: Bloomberg, forecast DekaBank

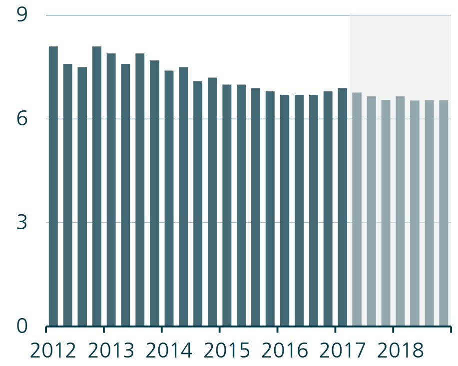
Crude oil

Supply factors and speculation effects temporarily lowered oil prices in June. Due to increased production in Libya and Nigeria, OPEC's oil output has risen. Moreover, US output continues to rise. However, oil prices of around USD 45 per barrel seem to represent a barrier: according to a survey by the Federal Reserve Bank of Dallas covering fracking wells that are already operating, oil prices of between USD 24 and USD 38 would already suffice to cover their costs of production. However, for new wells the corresponding prices are higher at USD 46 - USD 55. If the oil price were to remain at USD 45 or below for any significant length ot time, this would have a negative impact on US oil output. By the end of the year and in 2018 we expect the oil price to fluctuate in the region of USD 50 - USD 55.

Forecast revision: –.

Emerging Markets

China: GDP (% yoy)



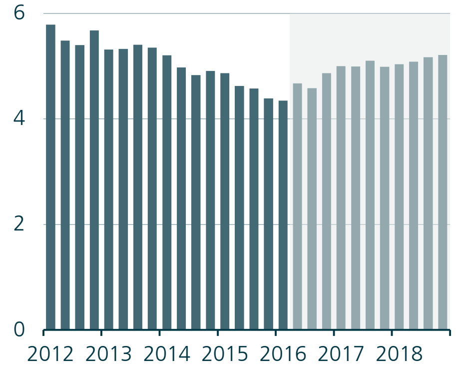
Sources: National Statistics, forecast DekaBank

China

The rise of the purchasing managers' indices for the manufacturing sector signals stable economic growth at the end of the first half of the year. Economic growth is once more on a broader base, after being underpinned above all by investment in infrastructures in 2016. Some uncertainty has been generated by two political events: first, the Chinese Bank Regulation Authority has ordered banks to review their credit procedures for four large Chinese companies. These had been following an aggressive expansion strategy abroad, so that the Authority's instructions can be seen as a warning to all companies to limit the risks they take when doing business abroad. Meanwhile the USA have imposed sanctions against the Chinese Dandong Bank for their business relations with North Korea. The economic impact has been very limited, but tensions between China and the USA are on the rise.

Forecast revision: –.

Emerging Markets: GDP (% yoy)



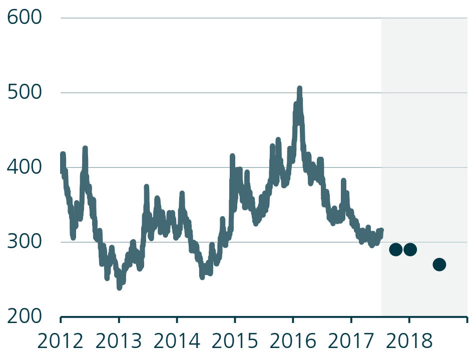
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

The purchasing managers' indices signal stable economic development in the emerging-market countries. Sentiment is, however, by no means as optimistic as in many industrial countries. Foreign trade has also expanded less dynamically than in the industrial countries. The recent fall of the Brazilian purchasing managers' index is an indication that the recovery after a long recession is proving to be rather fragile. Nevertheless, the falling inflation rate gives the central bank scope to substantially ease its monetary policy. In India, the introduction of a nationwide value-added tax has led to complications that are likely to hamper business activity. Here too the central bank could stimulate the economy by lowering key rates, as the rate of inflation has fallen substantially. The geopolitical conflicts in North Korea and Qatar have become more acute, but in neither case do we expect an escalation that could weigh heavily on the global economy. .

Forecast revision: –.

EMBIG-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

The positive trend of emerging-market (EM) investments has not continued in recent weeks. However, in view of negative geopolitical news and the rise of US government bond yields we regard the current consolidation movement rather as a sign of confidence in the EM investment class. Investors' composure can be explained by the fact that the Fed's scope for further rate hikes is considered to be limited, even if a further hike is likely to follow in September. The tensions will continue over North Korea's atomic weapons and missiles programme and more severe sanctions are likely to be imposed on North Korea. However, a military response by the USA is not to be expected in the foreseeable future. Relations between the USA and China could deteriorate now that the USA has imposed sanctions against Chinese companies for their business relations with North Korea. We expect a continuation of a sideways movement in EM equities and bonds.

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	1.7	1.7	0.4	1.6	1.6	8.3	8.3	8.0	0.8	0.4	0.4
France	2.3	1.1	1.5	1.4	0.3	1.1	1.4	-0.9	-1.0	-1.1	-3.4	-2.9	-3.1
Italy	1.9	1.0	1.3	1.1	-0.1	1.3	1.2	2.6	1.9	1.7	-2.4	-2.4	-2.4
Spain	1.4	3.2	2.9	2.2	-0.3	2.0	1.5	2.0	1.6	1.6	-4.5	-3.5	-2.9
Netherlands	0.7	2.1	2.0	1.6	0.1	1.0	1.5	8.4	7.9	7.6	0.4	0.2	0.3
Belgium	0.4	1.2	1.5	1.3	1.8	2.1	2.0	-0.4	0.1	0.2	-2.6	-2.2	-2.3
Eurozone	**11.8**	**1.8**	**2.0**	**1.7**	**0.2**	**1.5**	**1.5**	**3.3**	**3.2**	**3.1**	**-1.5**	**-1.5**	**-1.4**
United Kingdom	2.3	1.8	1.4	1.2	0.7	2.7	2.7	-4.4	-3.9	-3.2	-3.0	-3.0	-2.3
Sweden	0.4	2.9	2.2	2.1	1.1	1.8	1.7	4.9	5.2	5.4	0.9	0.4	0.7
Denmark	0.2	1.3	1.9	1.6	0.0	1.0	1.7	8.1	7.8	7.7	-0.9	-1.3	-0.9
EU-22	**14.7**	**1.8**	**1.9**	**1.6**	**0.3**	**1.7**	**1.7**	**2.2**	**2.2**	**2.2**	**-1.7**	**-1.7**	**-1.5**
Poland	0.9	2.7	3.5	3.0	-0.6	1.9	2.1	-0.3	-0.8	-1.2	-2.4	-2.9	-2.9
Hungary	0.2	1.9	3.2	3.1	0.4	2.5	3.1	4.9	3.7	2.5	-1.8	-2.3	-2.4
Czech Republic	0.3	2.3	2.7	2.6	0.7	2.2	2.2	1.1	0.9	0.4	0.6	0.3	0.1
EU-28	**16.7**	**2.0**	**2.1**	**1.8**	**0.2**	**1.7**	**1.8**	**1.9**	**1.9**	**1.9**	**-1.7**	**-1.8**	**-1.6**
USA	15.5	1.6	2.4	2.1	1.3	2.1	2.4	-2.6	-3.0	-3.0	-5.0	-4.5	-4.5
Japan	4.4	1.0	1.4	1.1	-0.1	0.4	1.2	3.7	4.0	3.5	-4.2	-5.0	-5.0
Canada	1.4	1.5	2.7	1.9	1.4	1.6	2.2	-3.3	-2.5	-3.0	-1.9	-2.0	-2.0
Australia	1.0	2.5	2.2	2.4	1.3	2.0	2.0	-2.6	-2.0	-1.5	-2.4	-2.5	-2.5
Switzerland	0.4	1.3	1.3	1.7	-0.4	0.5	0.4	12.7	12.6	12.9	0.2	0.4	0.5
Norway	0.3	0.8	1.7	2.0	3.6	2.0	1.2	4.9	4.6	4.3	3.1	3.6	4.0
Developed Countries[4]	**37.8**	**1.6**	**2.1**	**1.8**	**0.7**	**1.7**	**2.0**	**0.2**	**0.1**	**0.1**	**-3.3**	**-3.2**	**-3.1**
Russia	3.2	-0.2	1.2	1.4	7.1	4.2	4.3	2.0	3.2	2.7	-3.4	-2.2	-1.4
Turkey	1.7	3.0	3.9	2.3	8.0	10.1	7.8	-3.8	-4.2	-4.2	-1.1	-2.4	-2.3
Ukraine	0.3	2.3	2.0	2.6	13.9	13.0	7.6	-1.5	-2.1	-1.9	-2.2	-3.0	-2.8
Emerging Europe[5]	**7.5**	**1.5**	**2.5**	**2.1**	**5.9**	**5.4**	**4.8**	**-0.6**	**-0.2**	**-0.5**	**X**	**X**	**X**
South Africa	0.6	0.3	0.7	1.3	6.6	5.6	5.4	-3.3	-4.0	-4.5	-3.4	-3.2	-3.0
Middle East, Africa	**3.4**	**1.4**	**2.1**	**2.9**	**9.6**	**12.4**	**10.1**	**-2.5**	**-1.6**	**-1.2**	**X**	**X**	**X**
Brazil	2.6	-3.6	0.8	2.0	8.7	3.9	4.2	-1.3	-1.0	-1.8	-6.4	-7.8	-6.1
Mexico	1.9	2.1	2.2	2.1	2.8	5.7	3.8	-2.1	-2.2	-2.4	-2.6	-2.3	-2.4
Argentina	0.7	-2.2	2.7	3.4	41.4	26.5	14.4	-2.7	-2.1	-2.1	-5.9	-5.9	-5.3
Chile	0.4	1.5	1.5	2.5	3.8	2.8	3.4	-1.4	-1.4	-0.5	-2.7	-2.7	-2.1
Latin America	**7.2**	**-1.2**	**1.2**	**2.0**	**9.7**	**6.7**	**4.9**	**-2.0**	**-1.5**	**-2.0**	**X**	**X**	**X**
China	17.8	6.7	6.7	6.6	2.0	1.6	2.6	1.7	1.2	1.5	-3.8	-4.1	-4.4
India	7.2	7.9	7.0	7.7	5.0	3.5	4.7	-0.5	-0.9	-1.1	-3.5	-3.2	-3.1
Indonesia	2.5	5.0	5.2	5.7	3.5	4.5	5.0	-1.8	-1.6	-1.9	-2.5	-2.0	-2.1
South Korea	1.6	2.8	2.8	2.6	1.0	1.9	1.8	7.0	5.3	5.0	1.0	0.7	-0.9
Emerging Asia	**33.2**	**6.3**	**6.1**	**6.2**	**2.6**	**2.3**	**3.1**	**2.5**	**2.0**	**2.1**	**X**	**X**	**X**
Emerging Markets	**51.3**	**4.2**	**4.6**	**4.8**	**4.5**	**4.1**	**4.1**	**1.1**	**1.0**	**0.9**	**X**	**X**	**X**
Total[6]	**89.1**	**3.1**	**3.5**	**3.5**	**2.9**	**3.0**	**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		
		Jul 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)	-0.16	-0.14	-0.12	-0.08
	Bunds, 2 years	-0.61	-0.50	-0.45	-0.35
	Bunds, 5 years	-0.10	-0.15	-0.05	0.10
	Bunds, 10 years	0.57	0.60	0.75	1.00
	Bunds, 30 years	1.36	1.35	1.50	1.70
USA	Monetary policy (FFR)	1.00-1.25	1.25-1.50	1.25-1.50	1.75-2.00
	3 months (LIBOR)	1.31	1.50	1.65	2.00
	12 months (LIBOR)	1.76	2.10	2.25	2.55
	US-Treasuries, 2 years	1.40	1.60	1.80	2.35
	US-Treasuries, 5 years	1.94	2.00	2.20	2.50
	US-Treasuries, 10 years	2.39	2.40	2.50	2.65
	US-Treasuries, 30 years	2.93	3.00	3.10	3.30
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)	0.12	0.15	0.15	0.15
	JGBs, 2 years	-0.09	-0.15	-0.15	-0.15
	JGBs, 5 years	-0.03	-0.10	-0.10	-0.05
	JGBs, 10 years	0.09	0.05	0.05	0.10
	JGBs, 30 years	0.89	0.85	0.85	0.85
United Kingdom	Monetary policy (Base)	0.25	0.25	0.25	0.50
	3 months (LIBOR)	0.30	0.35	0.53	0.70
	12 months (LIBOR)	0.66	0.80	1.00	1.10
	Gilts, 2 years	0.34	0.40	0.50	0.70
	Gilts, 5 years	0.70	0.80	1.00	1.30
	Gilts, 10 years	1.31	1.30	1.40	1.70
	Gilts, 30 years	1.95	1.90	1.95	2.10
Sweden	Monetary policy (Repo)	-0.50	-0.50	-0.50	-0.40
	3 months (STIB)	-0.49	-0.50	-0.50	-0.30
	2 years	-0.68	-0.60	-0.40	-0.10
	10 years	0.69	0.70	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	-0.55	-0.40	-0.30	-0.15
	10 years	0.76	0.80	0.95	1.20
Norway	Monetary policy (Deposit)	0.50	0.50	0.50	0.50
	3 months (NIBOR)	0.84	0.85	1.00	1.00
	3 years	0.63	0.60	0.70	0.80
	10 years	1.70	1.70	1.80	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	-0.78	-0.85	-0.80	-0.70
	10 years	0.02	0.00	0.10	0.30
Canada	Monetary policy (O/N)	0.50	0.75	1.00	1.25
	3 months (CBA)	1.16	1.15	1.25	1.45
	12 months (CBA)	1.51	1.60	1.70	2.00
	2 years	1.17	1.15	1.35	1.85
	5 years	1.47	1.40	1.55	1.95
	10 years	1.88	1.70	1.85	2.10
	30 years	2.26	2.35	2.45	2.65
Australia	Monetary policy (Cash)	1.50	1.50	1.50	1.50
	3 months (ABB)	1.70	1.75	1.75	1.85
	2 years	1.85	1.80	1.90	2.20
	10 years	2.74	2.65	2.75	2.95

Interest rates in EM countries

			Current	Forecasts		
			Jul 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	1.87	2.00	2.10	2.30
		10 years	3.37	3.30	3.50	3.90
	Czech Rep.	Monetary policy (Repo)	0.05	0.05	0.05	0.25
		3 months (PRIBOR)	0.30	0.30	0.30	0.40
		2 years	-0.12	-0.20	0.10	0.40
		10 years	1.24	0.90	1.10	1.20
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	1.05
		3 months (BUBOR)	0.15	0.20	0.30	0.50
		3 years	0.80	0.90	1.00	1.30
		10 years	3.20	3.10	3.30	3.40
Latin America	Brazil	Monetary policy (Repo)	10.25	9.25	8.75	8.50
		3 months (ABG)	9.23	8.88	8.78	8.55
		2 years	9.15	9.15	9.00	8.70
		9 years	10.59	10.00	9.40	9.00
	Mexico	Monetary policy	7.00	7.00	7.00	6.75
		3 months (Mexibor)	7.39	7.00	7.00	6.60
		2 years	6.67	6.50	6.50	6.50
		10 years	6.85	6.50	6.50	6.50
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	4.34	4.20	4.00	4.00
		2 years	2.75	2.90	3.00	3.10
		10 years	3.60	3.70	3.70	3.80
	Singapore	Monetary policy	#NV	n.a.	n.a.	n.a.
		3 months	1.06	1.00	0.90	1.00
		2 years	1.30	1.40	1.50	1.60
		10 years	2.23	2.20	2.30	2.50
	South Korea	Monetary policy	1.25	1.25	1.25	1.25
		3 months	1.28	1.30	1.30	1.50
		2 years	1.69	1.70	1.80	1.90
		10 years	2.32	2.30	2.40	2.50

Yield spreads in basis points[1)]

			Current	Forecasts		
			Jul 10 2017	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	181	165	165	155
		Turkey	311	285	285	265
		Hungary	125	115	115	110
	Africa	South Africa	300	275	275	255
	Latin America	Brazil	285	265	265	250
		Chile	132	120	120	110
		Columbia	206	190	190	180
		Mexico	252	235	235	220
		Venezuela	2507	2295	2295	2200
	Asia	China	116	105	105	100
		Indonesia	191	175	175	160
		Philippines	97	85	85	80
	Total (EMBIG Div)		**316**	**290**	**290**	**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		Stand am 10. Jul 17	Erwartung 3 Monate	6 Monate	12 Monate
Dollar-Block	EUR-USD	1.14	1.12	1.08	1.05
	EUR-CAD	1.47	1.46	1.43	1.41
	EUR-AUD	1.50	1.47	1.46	1.46
Japan	EUR-JPY	130.34	127.68	126.36	126.00
Euro-Outs	EUR-GBP	0.88	0.90	0.89	0.87
	EUR-DKK	7.44	7.44	7.44	7.44
	EUR-SEK	9.62	9.50	9.40	9.20
	EUR-CHF	1.10	1.09	1.09	1.11
	EUR-NOK	9.51	9.40	9.10	8.90
Mittel- und Osteuropa	EUR-PLN	4.23	4.20	4.20	4.20
	EUR-HUF	307.83	310.00	315.00	310.00
	EUR-CZK	26.09	26.50	26.00	26.00
Afrika	EUR-ZAR	15.22	15.12	15.12	15.23
Lateinamerika	EUR-BRL	3.74	3.70	3.56	3.57
	EUR-MXN	20.43	20.16	19.98	19.95
Asien	EUR-CNY	7.76	7.67	7.45	7.35
	EUR-SGD	1.58	1.57	1.53	1.50
	EUR-KRW	1313	1310	1253	1208
US-Dollar		**Stand am 10. Jul 17**	**Erwartung 3 Monate**	**6 Monate**	**12 Monate**
Dollar-Block	USD-CAD	1.29	1.30	1.32	1.34
	AUD-USD	0.76	0.76	0.74	0.72
Japan	USD-JPY	114.27	114.00	117.00	120.00
Euro-Outs	GBP-USD	1.29	1.24	1.21	1.21
	USD-DKK	6.52	6.64	6.89	7.09
	USD-SEK	8.43	8.48	8.70	8.76
	USD-CHF	0.96	0.97	1.01	1.06
	USD-NOK	8.34	8.39	8.43	8.48
Mittel- und Osteuropa	USD-PLN	3.71	3.75	3.89	4.00
	USD-HUF	269.86	276.79	291.67	295.24
	USD-CZK	22.87	23.66	24.07	24.76
Afrika	USD-ZAR	13.34	13.50	14.00	14.50
Lateinamerika	USD-BRL	3.28	3.30	3.30	3.40
	USD-MXN	17.91	18.00	18.50	19.00
Asien	USD-CNY	6.80	6.85	6.90	7.00
	USD-SGD	1.38	1.40	1.42	1.43
	USD-KRW	1151	1170	1160	1150

Commodities

Commodity	Current Jul 10 2017	Forecasts 3 months	6 months	12 months
Gold (USD per troy ounce)	1,206.25	1,180	1,165	1,135
Gold (EUR per troy ounce)	1,057.56	1,050	1,080	1,080
WTI crude (USD per Barrel)	44.23	51	53	55
WTI crude (EUR per Barrel)	38.78	46	49	52
Brent crude (USD per Barrel)	46.33	52	54	56
Brent crude (EUR per Barrel)	40.62	46	50	53

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