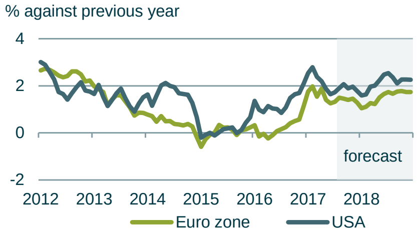
Macro Research
Economic Forecasts

September / October 2017

More stumbling blocks on the road to amonetary policy exit?

Consumer prices Eurozone and USA



Source: Eurostat, BLS, forecast DekaBank

Everything could be almost perfect: global growth is on the increase and at more or less the same pace in all regions, unemployment is falling throughout Europe and both household and corporate sentiment could hardly be better. However, the financial markets paid scant attention to this very reassurung environment in August, but was distracted by numerous disruptive factors ranging from geopolitical issues to the hurricane season. Equities slumped, while demand for bonds with high credit ratings increased and the yields on solid government bonds declined. In isolated instances vital technical goals were achieved, but uncertainty was on the increase.

Two groups of causal factors proved particularly harmful in conjunction: first, In view of the major central banks' future monetary policy the latest disappointing weak inflation data led to falling interest-rate expectations. Second, geopolitical imponderables arising from the escalation spiral triggered by North Korea have tarnished the picture from the market's standpoint. The latter involves incalculable risks, if the parties involved do not manage to achieve a minimum of rationality. We assume, however, that they will eventually succeed in breaking out of the current heated exchange of threats. That will not leave us with an ideal world, but the malaise on both sides will not be aggravated, so that the risk of military escalation will be diminished.

One problem remains, however, and that is the issue of inflation prospects. Both the US Fed and the ECB are under considerable pressure to consider whether the current sustained low rates of inflation will allow a slow exit from their ultra-loose monetary policy. The hurricane and its disastrous impact on the regions affected are quite manageable from an economic standpoint, but have nevertheless fuelled doubts on the market with respect to the Fed's future rate-hike path.The ECB, on the other hand, can hardly be pleased with the appreciation of the Euro. Although this movement has presumably now come to an end and its dampening effect on the economy has been limited, already weak inflation forecasts have had to be revised down. As a result the yields on Bunds and treasuries have slumped appreciably.

We think there is a good chance that the impact of disruptive factors will diminish somewhat in the weeks to come. We will then be left with a stable global economy which is practically free of inflation. That will make the environment for equities friendlier in the weeks to come, quite apart from the fact that in this world equities are generally more attractive than investments in bonds. Nevertheless, the nervous waiting for inflation and higher interest rates continues and remains a potential source of higher market volatility.

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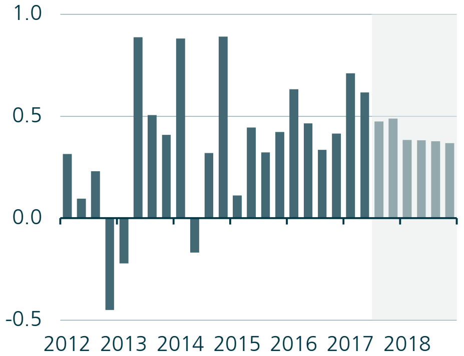
Economy: Industrial countries

Germany: GDP (% qoq, sa)



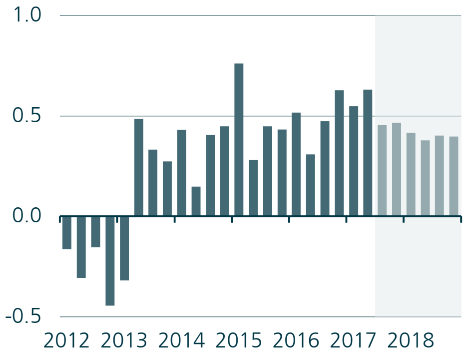
Sources: Destatis, forecast DekaBank

Germany

As expected, second-quarter GDP growth of 0.6% against the previous quarter failed to meet the exorbitant expectations raised by the indicators of market sentiment. Growth was nevertheless very strong. Moreover, our forecasts in the previous quarter have been subjected to appreciable revisions, which in turn have obliged us to revise our economic forecast upwards. The start to the third quarter, on the other hand, has been rather modest: retail sales have slumped substantially, the inflow of orders has diminished somewhat and manufacturing output has stagnated. All in all, we expect a slight slowdown in overall economic growth.

Forecast revision: GDP 2017: 1.9 % (previously 1.7 %); inflation 2017: 1.7 % (previously 1.6 %).

Eurozone: GDP (% qoq, sa)



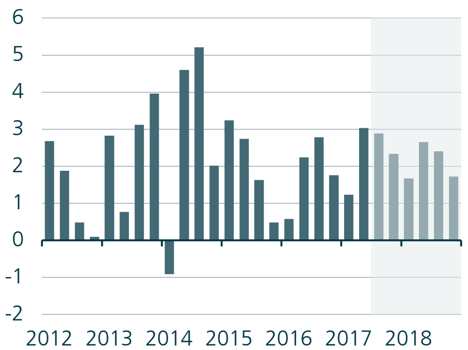
Sources: Eurostat, forecast DekaBank

Eurozone

Euro zone GDP rose in the second quarter by a strong 0.6% against the preceding quarter. Among the five largest economies the Netherlands and Spain were outstanding with growth rates of 1.5% and 0.9% respectively. Whereas Spain had stood out for some time by virtue of its high growth rates, economic activity in the Netherlands has accelerated sharply. The growth rates for Germany and France were 0.6% and 0.5% respectively. Among the five large EMU economies Italy brought up the rear with a GDP growth rate of 0.4%. All in all, Euro zone growth is based on a well balanced, domestically oriented economic foundation. Both consumption and investment activity made valuable contributions to growth in the second quarter.

Forecast revision: GDP 2017: 2.2 % (previously 2.0 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

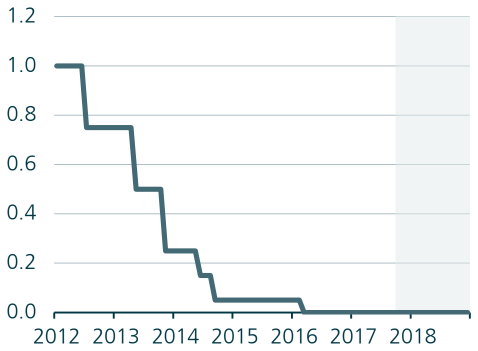
USA

The labour market report for August proved to be weaker than had been expected. Nevertheless, most other indicators signal the continuation of relatively sound economic growth. At the end of August Hurricane Harvey caused substantial damage, especially in the region around Houston. Past experience of hurricane damage has shown that in the months to come economic data may be subject to substantial volatility. Admittedly, this does not automatically bring about a change in the basic growth path. In our quarterly GDP growth forecast we have made some slight corrections. As a result of Hurricane Harvey gasoline prices rose substantially throughout the country. This has obliged us to raise our inflation forecast for 2017 and to lower that for 2018.

Forecast revision: Inflation 2017/18: 2.1 % (previously 2.0 % and 2.2 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



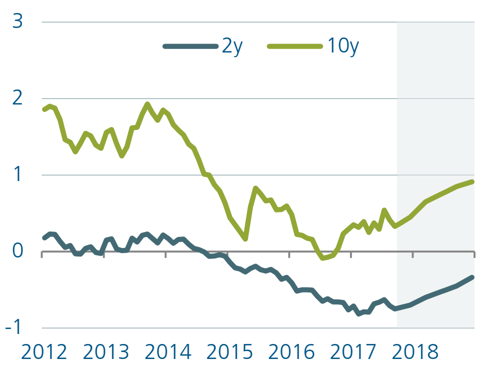
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

ECB President Draghi has promised that at the next press conference on October 26th he will reveal the first decisions taken on the scale of the bank's asset purchases at the beginning of 2018. However, the ECB's language points rather to a slow change of course. In particular, its staff has revised down the bank's inflation forecasts for 2018 and 2019 and has attributed this revision primarily to the strong appreciation of the Euro. We assume therefore that at the end of October the ECB will merely announce its intention to reduce monthly asset purchases to EUR 40bn with effect from January. Any further tapering measures will be announced by the ECB at a later stage and will depend on the inflation outlook and the current financial environment. Moreover the weight given by the ECB to the exchange rate reflects its intention to hold key rates at a low level for some considerable time to come. We do not expect the deposit rate to be raised before the middle of 2019 and we foresee a correspondingly slow rise of EONIA and EURIBOR rates.

Forecast revision: –.

German Bond Yield (% p.a.)



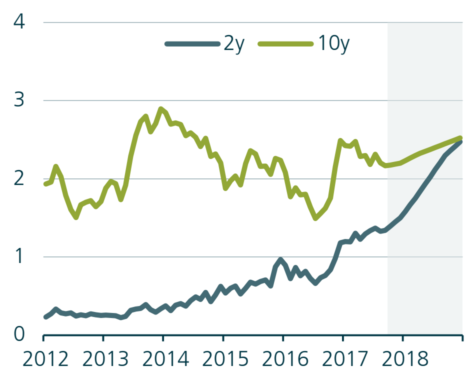
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

The ECB has promised an early decision on the reduction of its asset purchases. However, the tone of its announcement does not indicate any intention to implement a rapid exit from its monetary policy. However, the scarcity of certain government bonds has raised pressure on the ECB to bring its asset purchases to an end in the near future. As a compromise, in October it will probably announce that with effect from January the monthly volume of purchases will be reduced to some EUR 40bn, leaving all further tapering steps open for the time being. This will probably limit the rise in yields of long-term Bunds. At the same time the short end of the Bund curve should remain underpinned by the prospect of key rates remaining low for some considerable time, as well as of comprehensive reinvestment by the German Bundesbank.

Forecast revision: Slower rise of Bund yields.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

In September the Fed will probably announce its decision to start reducing its balance sheet. In December we also expect it to announce the third key-rate hike in the current year. However, FOMC members do not appear to be in agreement over this move, so that it may well be postponed until 2018. Current inflation data will be the decisive factor in this decision. On capital markets key-rate expectations have tended to be corrected downwards, which can be attributed in large part to an increase in the attention paid to geopolitical risks.

Forecast revision: Reduction in the number of interest-rate changes by the Fed in 2018 to two (previously three).

September / October 2017

Markets: Industrial countries

Equity Market Forecast

	Current Sep 11, 17	in 3	in 6 months	in 12
DAX	**12 475.24**	**13 000**	**11 500**	**11 800**
Reporting:				
EuroStoxx50	3 495.19	3 650	3 200	3 300
S&P 500	2 488.11	2 450	2 300	2 400
Topix	1 612.26	1 600	1 500	1 550

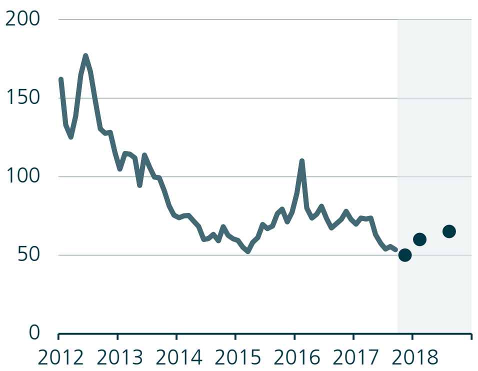
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

In the course of 2017 economic growth has so far proved much stronger than had been expected. Moreover, sustained positive corporate sentiment is a clear indication that the current rate of growth is likely to be maintained in the second half of the year. With only a very modest rise in rates of inflation the conditions for corporate activity remain excellent and in this respect the recent substantial appreciation of the Euro has had little impact. On the one hand, it has already impacted corporate sentiment and therewith equity prices. And, on the other hand, expectations with respect to third-quarter company profits have already been revised substantially down. Providing there is no dramatic deterioration with regard to the geopolitical risk factors, which we do not expect, everything is pointing to a recovery on the German equity market by the end of 2017.

Forecast revision: Upward revision of the 3-month price target: downward revision of the 6-month price target.

iTraxx Europe (Bp)

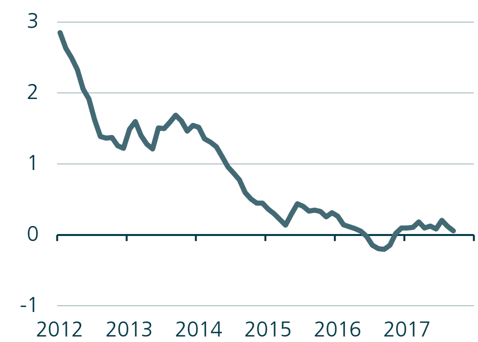


Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

The uncertainty generated by tensions over North Korea has had relatively little impact on the credit market and has been quickly ignored by investors. During the traditionally very quiet summer months most companies do not engage in issuing activity, so that only a limited amount of material has been available for the ECB to purchase. The few purchases on the secondary market have been sufficient to hold risk premiums at a low level even during the phase of acute geopolitical uncertainty. With the end of the summer holidays the pipeline for new issues has suddenly been turned on and very many new issues, some of which are substantial, are now flowing onto the market, where demand is so high that new-issue premiums can often be lowered appreciably during the subscription process.

Covered Bonds 5y (% p.a.)



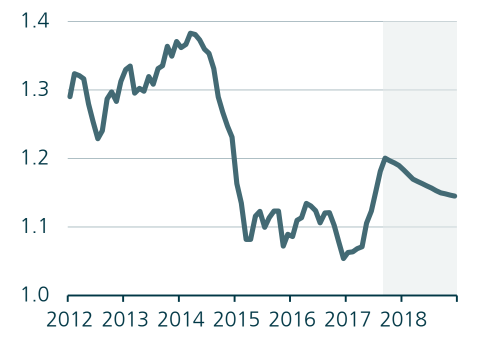
Source: Bloomberg

Covered Bonds

The market for covered bonds remains firmly in the grasp of the ECB. During the summer holidays issuing activity diminished noticeably and in the secondary markets liquidity levels are very low due to the central bank's purchases over years. Subsequently the ECB's demand has lowered risk premiums further, so that most issues from core countries are quoted below swap rates. Recently issuing activity has revived somewhat, especially in the case of German mortgage bonds. Due to the very strong demand for this secure asset class new-issue premiums are extremely low. The covered bond market can remain relaxed as it follows the beginning of the debate over the ECB's withdrawal from its asset-purchase program. On the one hand, the ECB will continue to favour this asset class due to its credit relevance; on the other hand, even after it has terminated its asset purchases on the market it will remain active with the reinvestment of many maturing bonds.

Markets: Industrial countries

Exchange Rate EUR-USD



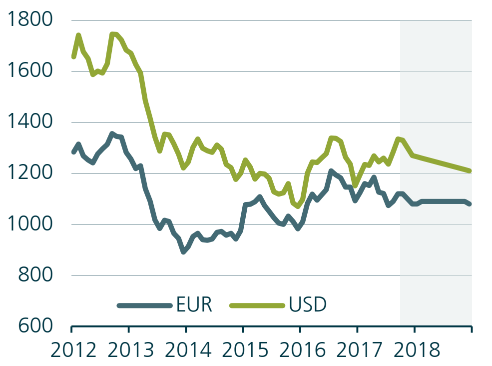
Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

Since August the Euro has appreciated slightly against the US dollar. By the end of August the Euro had risen to 1.20 EUR-USD, its highest level since January 2015. The Euro received positive stimuli from both the USA and Europe. It was boosted by strong economic data from the Euro zone, including an unexpectedly high rate of inflation in July. In the USA disappointing labour market data weighed down the US dollar in August. Moreover, there were hints from the US Fed that it would require more time than had been expected for the normalisation of its monetary policy. As these factors are all of a short-term nature, we continue to assume that the Euro will tend to appreciate, albeit at a modest pace, against the US dollar.

Forecast revision: –.

Gold price (per troy ounce)



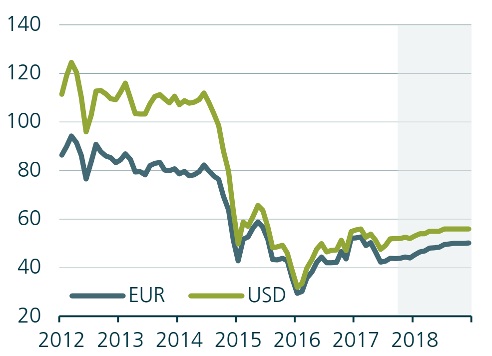
Sources: Bloomberg, forecast DekaBank

Gold

Slowly but surely the escalating tensions between North Korea and the USA are beginning to leave their mark on the gold market. Although investors on the capital market have reacted to this situation with great composure, significant inflows of exchange-traded bonds backed by physical metal (ETFs) are a clear indication that the demand for safe harbours has risen. Developments are even clearer on the futures markets, where speculators have built substantial net long positions within a very short time. However, some uncertainty was reflected not only in the gold price but also in the falling yields of US government bonds. So long as this development continues, the gold price should benefit therefrom. In the medium term, however, we expect the gold price to fall slightly, especially as we have not changed our basic assumption of a modest rise in interest rates, especially in the USA.

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

Crude Oil Brent (per barrel)



Sources: Bloomberg, forecast DekaBank

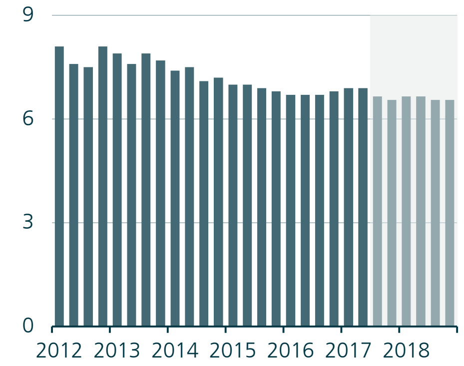
Crude oil

The oil market is currently in the grip of the hurricane season. However, unlike what happened in the wake of Hurricane Katrina twelve years ago, the oil price has scarcely reacted at all, for in the meantime much has changed. Naturally, it helped that the path of the hurricane did not pass through the centre of oil production in the Gulf of Mexico, which reduced losses in the supply of oil. The impact on the refineries has been much greater, which is why gasoline prices have reacted so much more. The temporary slump in demand has rather had a negative impact on the oil price. However, the major difference to 2005 is that the oil market was then constantly operating at full capacity. Due to the very low level of stocks, shortfalls could not be compensated. Today there is an abundance of oil and even a catastrophic hurricane season triggers no more than a slight twitch in the development of the oil price, so that we have not been obliged to change our forecast.

Forecast revision: –.

Emerging Markets

China: GDP (% yoy)



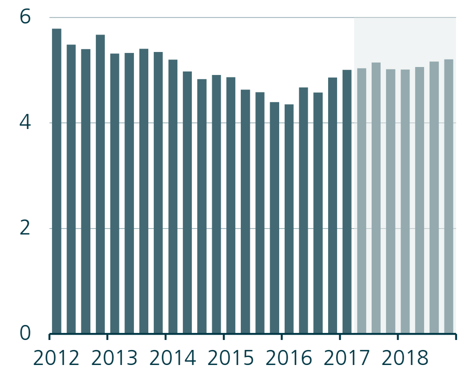
Sources: National Statistics, forecast DekaBank

China

The economy continues to register robust growth: the purchasing managers' indices rose in August and indicate that the weak data for July were no more than a temporary blip. Meanwhile the central bank has shown that its exchange rate policy is oriented on a basket of currencies: until the middle of May the renminbi was held steady against the weak US dollar. However, as the US dollar showed sustained weakness, the renminbi was allowed to appreciate, whereby its value also rose against the basket of currencies. Meanwhile there is now an enhanced risk of fresh trade disputes between the USA and China. On the one hand, President Trump has rejected an offer by the Chinese to reduce their steel production capacity; on the other hand, the USA want to raise the pressure on China to persuade North Korea to stop its nuclear weapons program.

Forecast revision: –.

Emerging Markets: GDP (% yoy)



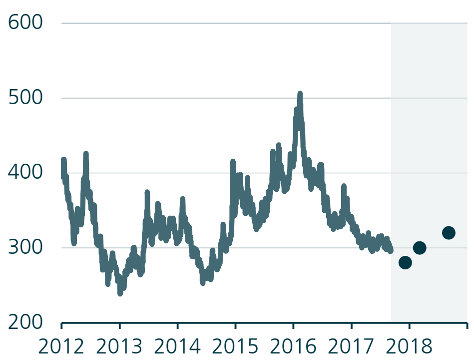
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

In August the purchasing managers' indices rose in most emerging-market countries, which underpins the image of stable economic development. In eastern Europe growth in recent months has been surprisingly strong, whereas in India it has been weaker than expected. In most countries consumer prices have developed very satisfactorily: in the high-inflation countries Brazil and Russia the pressure on prices has diminished substantially, whilst in those countries in which rates had been too low they have now risen. Monetary policy is tending to ease somewhat. North Korea's rapid progress in its missile and nuclear weapons program is generating much uncertainty. The danger of a military confrontation has grown in recent weeks, although it still seems very unlikely

Forecast revision: Raising of the GDP forecasts for central and eastern Europe, lowering of the GDP forecast for India.

EMBIG-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

Emerging-market (EM) equities and bonds have continued their upward trend. This can be explained in part by favourable economic development and the fact that inflation problems have eased. Moreover, the Fed remains undecided, so that the danger of a surprisingly restrictive US monetary course is considered to be very slight. In addition, falling yields in the USA and Europe have focused attention on the fact that for a long time to come it will probably prove difficult to generate adequate incomes. EM valuation levels are no longer as attractive as they were a few months ago, but we do not regard equities, bonds or currencies as being fundamentally expensive. Despite all these positive factors it is remarkable that the uncertainty generated by the escalation of the North Korean conflict has had practically no impact at all on the emerging markets. Evidently the verbal attacks between the USA and North Korea are not taken seriously. We share the view that the risk of a military confrontation remains small, although it has increased.

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	1.9	1.7	0.4	1.7	1.6	8.3	8.3	8.0	0.8	0.4	0.4
France	2.3	1.1	1.7	1.5	0.3	1.1	1.3	-0.9	-1.0	-1.1	-3.4	-2.9	-3.1
Italy	1.9	1.0	1.4	1.2	-0.1	1.4	1.3	2.6	1.9	1.7	-2.4	-2.4	-2.4
Spain	1.4	3.2	3.0	2.3	-0.3	2.1	1.5	2.0	1.6	1.6	-4.5	-3.5	-2.9
Netherlands	0.7	2.1	3.2	2.1	0.1	1.3	1.8	8.4	7.9	7.6	0.4	0.2	0.3
Belgium	0.4	1.2	1.6	1.5	1.8	2.2	2.0	-0.4	0.1	0.2	-2.6	-2.2	-2.3
Eurozone	**11.8**	**1.8**	**2.2**	**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	1.1	0.7	2.6	2.5	-4.4	-3.9	-3.2	-3.0	-3.0	-2.3
Sweden	0.4	3.0	3.1	2.4	1.1	2.0	1.9	4.9	5.2	5.4	0.9	0.4	0.7
Denmark	0.2	1.7	2.2	1.6	0.0	1.3	2.2	8.1	7.8	7.7	-0.9	-1.3	-0.9
EU-22	**14.7**	**1.8**	**2.1**	**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	4.2	3.2	-0.6	1.8	2.0	-0.2	-0.5	-0.7	-2.4	-2.9	-2.9
Hungary	0.3	2.5	4.1	2.8	0.7	2.3	2.3	1.1	0.9	0.7	0.6	0.3	0.1
Czech Republic	0.2	1.9	3.6	3.1	0.4	2.3	3.0	5.4	3.7	2.8	-1.8	-2.3	-2.4
EU-28	**16.7**	**2.0**	**2.3**	**1.9**	**0.2**	**1.7**	**1.8**	**1.9**	**1.9**	**1.9**	**-1.7**	**-1.8**	**-1.6**
USA	15.5	1.5	2.2	2.3	1.3	2.1	2.1	-2.4	-2.5	-2.5	-5.0	-4.5	-4.0
Japan	4.4	1.0	1.6	1.2	-0.1	0.4	1.0	3.7	3.5	3.0	-4.2	-5.0	-5.0
Canada	1.4	1.5	3.1	2.3	1.4	1.5	2.1	-3.3	-3.0	-3.5	-1.9	-2.0	-2.0
Australia	1.0	2.5	2.2	2.4	1.3	2.1	1.9	-2.6	-2.0	-1.5	-2.4	-2.5	-2.5
Switzerland	0.4	1.4	0.8	1.7	-0.4	0.4	0.5	12.7	12.6	12.9	0.2	0.4	0.5
Norway	0.3	0.9	1.8	2.0	3.6	2.1	1.3	4.9	4.6	4.3	3.1	3.6	4.0
Developed Countries[4]	**37.8**	**1.6**	**2.1**	**1.9**	**0.7**	**1.7**	**1.8**	**0.3**	**0.3**	**0.2**	**-3.3**	**-3.2**	**-2.9**
Russia	3.2	-0.2	1.8	1.5	7.1	3.9	4.0	2.0	3.4	2.4	-3.4	-2.2	-1.4
Turkey	1.7	3.0	5.5	3.5	7.8	10.8	8.2	-3.8	-4.0	-4.2	-1.1	-2.0	-2.3
Ukraine	0.3	2.3	1.7	1.5	13.9	14.3	10.6	-1.5	-2.1	-1.9	-2.2	-3.1	-2.9
Emerging Europe[5]	**7.5**	**1.5**	**3.1**	**2.4**	**5.9**	**5.5**	**4.9**	**-0.6**	**-0.2**	**-0.7**	**X**	**X**	**X**
South Africa	0.6	0.3	0.7	1.3	6.6	5.6	5.4	-3.3	-3.8	-4.4	-3.4	-3.2	-2.9
Middle East, Africa	**3.4**	**1.4**	**2.1**	**2.8**	**9.6**	**12.2**	**10.0**	**-2.5**	**-1.1**	**-0.7**	**X**	**X**	**X**
Brazil	2.6	-3.6	0.9	2.1	8.7	3.6	4.0	-1.3	-0.6	-1.4	-6.4	-8.1	-7.1
Mexico	1.9	2.0	2.4	2.2	2.8	5.7	3.6	-2.1	-1.8	-2.3	-2.6	-1.9	-2.4
Argentina	0.7	-2.2	2.7	3.3	42.0	26.0	14.6	-2.7	-3.3	-3.9	-5.9	-6.1	-5.6
Chile	0.4	1.5	1.4	2.5	3.8	2.4	3.1	-1.4	-1.3	-0.4	-2.7	-3.1	-2.5
Latin America	**7.2**	**-1.2**	**1.2**	**1.9**	**9.7**	**6.4**	**4.7**	**-1.9**	**-1.5**	**-2.2**	**X**	**X**	**X**
China	17.8	6.7	6.8	6.6	2.1	1.6	2.6	1.7	1.1	1.3	-3.8	-3.9	-4.3
India	7.2	7.9	6.4	7.5	4.9	3.1	4.0	-0.5	-1.0	-1.1	-3.5	-3.2	-3.2
Indonesia	2.5	5.0	5.1	5.7	3.5	3.8	3.3	-1.8	-1.6	-1.8	-2.5	-2.4	-2.3
South Korea	1.6	2.8	2.8	2.6	1.0	2.1	2.1	7.0	5.6	4.7	1.0	0.9	-0.6
Emerging Asia	**33.2**	**6.2**	**6.0**	**6.2**	**2.7**	**2.1**	**2.8**	**2.6**	**1.9**	**1.9**	**X**	**X**	**X**
Emerging Markets	**51.3**	**4.2**	**4.7**	**4.8**	**4.6**	**3.9**	**3.8**	**1.1**	**0.9**	**0.8**	**X**	**X**	**X**
Total[6]	**89.1**	**3.1**	**3.6**	**3.6**	**2.9**	**2.9**	**3.0**	**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		
		Sep 11 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	-0.31
	12 months (EURIBOR)	-0.17	-0.16	-0.15	-0.10
	Bunds, 2 years	-0.75	-0.70	-0.60	-0.45
	Bunds, 5 years	-0.37	-0.30	-0.20	0.00
	Bunds, 10 years	0.33	0.45	0.65	0.85
	Bunds, 30 years	1.14	1.20	1.35	1.50
USA	Monetary policy (FFR)	1.00-1.25	1.25-1.50	1.25-1.50	1.50-1.75
	3 months (LIBOR)	1.31	1.45	1.60	1.85
	12 months (LIBOR)	1.70	1.95	2.05	2.35
	US-Treasuries, 2 years	1.29	1.50	1.75	2.30
	US-Treasuries, 5 years	1.67	1.80	1.95	2.25
	US-Treasuries, 10 years	2.09	2.20	2.30	2.45
	US-Treasuries, 30 years	2.70	2.95	3.05	3.10
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)	0.11	0.10	0.15	0.15
	JGBs, 2 years	-0.16	-0.15	-0.15	-0.10
	JGBs, 5 years	-0.13	-0.10	-0.10	0.00
	JGBs, 10 years	0.01	0.10	0.15	0.25
	JGBs, 30 years	0.82	0.90	0.90	0.90
United Kingdom	Monetary policy (Base)	0.25	0.25	0.25	0.25
	3 months (LIBOR)	0.29	0.35	0.35	0.50
	12 months (LIBOR)	0.59	0.60	0.70	1.00
	Gilts, 2 years	0.20	0.30	0.40	0.70
	Gilts, 5 years	0.44	0.50	0.80	1.20
	Gilts, 10 years	1.02	1.10	1.50	1.70
	Gilts, 30 years	1.67	1.75	1.95	2.05
Sweden	Monetary policy (Repo)	-0.50	-0.50	-0.50	-0.40
	3 months (STIB)	-0.42	-0.40	-0.30	-0.10
	2 years	-0.71	-0.60	-0.30	0.00
	10 years	0.74	0.90	1.00	1.20
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.30	-0.28	-0.23	-0.21
	2 years	-0.64	-0.60	-0.50	-0.30
	10 years	0.46	0.60	0.80	1.00
Norway	Monetary policy (Deposit)	0.50	0.50	0.50	0.50
	3 months (NIBOR)	0.78	0.85	1.00	1.00
	3 years	0.57	0.60	0.80	0.90
	10 years	1.48	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	-0.83	-0.75	-0.70	-0.65
	10 years	-0.15	0.00	0.10	0.30
Canada	Monetary policy (O/N)	1.00	1.00	1.25	1.75
	3 months (CBA)	1.46	1.55	1.70	2.05
	12 months (CBA)	1.85	2.00	2.20	2.50
	2 years	1.52	1.70	1.95	2.50
	5 years	1.72	1.75	1.90	2.20
	10 years	1.98	2.00	2.10	2.25
	30 years	2.34	2.45	2.55	2.55
Australia	Monetary policy (Cash)	1.50	1.50	1.50	1.75
	3 months (ABB)	1.74	1.75	1.75	1.90
	2 years	1.86	1.90	2.00	2.35
	10 years	2.60	2.70	2.80	3.00

Interest rates in EM countries

			Current	Forecasts		
			Sep 11 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	1.80
		2 years	1.67	2.00	2.10	2.30
		10 years	3.17	3.30	3.50	3.70
	Czech Rep.	Monetary policy (Repo)	0.25	0.50	0.75	1.00
		3 months (PRIBOR)	0.46	0.70	1.00	1.20
		2 years	-0.50	-0.20	0.00	0.20
		10 years	1.02	1.35	1.50	1.70
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
		3 months (BUBOR)	0.15	0.20	0.30	0.60
		3 years	0.63	0.80	0.90	1.00
		10 years	2.88	3.10	3.30	3.40
Latin America	Brazil	Monetary policy (Repo)	8.25	8.25	7.50	7.50
		3 months (ABG)	7.72	8.00	7.50	7.45
		2 years	8.13	8.45	8.15	8.10
		9 years	9.71	9.50	9.00	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	6.76	6.50	6.50	6.50
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	4.40	4.20	4.00	4.00
		2 years	2.75	2.90	3.00	3.10
		10 years	3.64	3.70	3.70	3.80
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.12	1.20	1.30	1.60
		2 years	1.21	1.40	1.60	2.00
		10 years	1.94	2.20	2.30	2.50
	South Korea	Monetary policy	1.25	1.25	1.25	1.25
		3 months	1.24	1.30	1.30	1.50
		2 years	1.67	1.70	1.80	1.90
		10 years	2.24	2.30	2.40	2.50

Yield spreads in basis points[1)]

			Current	Forecasts		
			Sep 11 2017	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	178	170	180	190
		Turkey	279	265	285	305
		Hungary	100	95	100	105
	Africa	South Africa	256	245	260	280
	Latin America	Brazil	256	245	260	280
		Chile	129	120	130	140
		Columbia	192	185	195	210
		Mexico	244	230	245	265
		Venezuela	3097	2950	3160	3370
	Asia	China	112	105	115	120
		Indonesia	181	170	185	195
		Philippines	99	95	100	105
	Total (EMBIG Div)		**296**	**280**	**300**	**320**

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.

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Currencies

EURO		Current	Forecasts		
		Sep 11 2017	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.20	1.19	1.17	1.15
	EUR-CAD	1.46	1.45	1.44	1.43
	EUR-AUD	1.49	1.49	1.48	1.47
Japan	EUR-JPY	130.27	132.09	133.38	133.40
Euro-Outs	EUR-GBP	0.91	0.92	0.90	0.88
	EUR-DKK	7.44	7.44	7.44	7.44
	EUR-SEK	9.54	9.40	9.40	9.20
	EUR-CHF	1.14	1.13	1.13	1.14
	EUR-NOK	9.34	9.30	9.20	9.00
Central- and Eastern Europe	EUR-PLN	4.24	4.30	4.25	4.20
	EUR-HUF	306.54	310.00	310.00	305.00
	EUR-CZK	26.10	25.90	25.80	25.70
Africa	EUR-ZAR	15.53	15.71	16.38	16.68
Latin America	EUR-BRL	3.70	3.81	3.86	3.91
	EUR-MXN	21.21	21.18	21.65	21.85
Asia	EUR-CNY	7.82	7.85	7.84	7.82
	EUR-SGD	1.61	1.62	1.60	1.60
	EUR-KRW	1358	1345	1334	1323
US-Dollar		**Current**	**Forecasts**		
		Sep 11 2017	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.21	1.22	1.23	1.24
	AUD-USD	0.80	0.80	0.79	0.78
Japan	USD-JPY	108.56	111.00	114.00	116.00
Euro-Outs	GBP-USD	1.32	1.29	1.30	1.31
	USD-DKK	6.20	6.25	6.36	6.47
	USD-SEK	7.95	7.90	8.03	8.00
	USD-CHF	0.95	0.95	0.97	0.99
	USD-NOK	7.78	7.82	7.86	7.83
Central- and Eastern Europe	USD-PLN	3.54	3.61	3.63	3.65
	USD-HUF	255.44	260.50	264.96	265.22
	USD-CZK	21.75	21.76	22.05	22.35
Africa	USD-ZAR	12.94	13.20	14.00	14.50
Latin America	USD-BRL	3.09	3.20	3.30	3.40
	USD-MXN	17.68	17.80	18.50	19.00
Asia	USD-CNY	6.52	6.60	6.70	6.80
	USD-SGD	1.34	1.36	1.37	1.39
	USD-KRW	1132	1130	1140	1150

Commodities

Commodity	Current	Forecasts		
	Sep 11 2017	3 months	6 months	12 months
Gold (USD per troy ounce)	1,335.22	1,270	1,255	1,225
Gold (EUR per troy ounce)	1,112.59	1,080	1,090	1,090
WTI crude (USD per Barrel)	47.48	51	53	55
WTI crude (EUR per Barrel)	39.56	43	46	49
Brent crude (USD per Barrel)	53.70	52	54	56
Brent crude (EUR per Barrel)	44.75	44	47	50

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