Macro Research
Economic Forecasts

November / December 2017

Too good to be true?


Source: Adobe Stock, DekaBank

The equity markets have enjoyed a golden October with the German DAX soaring above 13,000 points. The reporting season is in full swing with companies reporting enhanced profits and turnover. Market sentiment could not be better: the ifo Business Climate Index has risen to a new all-time high and in the Eurozone purchasing managers'indices have risen to multi-year highs. Now that the economic upswing has impacted the labour market, private household consumption is also on the rise. In September the Eurozone unemployment rate fell below 9%, the lowest level since January 2009, at the beginning of the financial and economic crisis.

Is this all too good to be true? Must we prepare for a crash in the near future? We have tried to adopt a less dramatic approach to the issue and to examine the situation with the necessary composure. In fact, economic data have been so good that we had to revise our forecasts for several countries slightly upwards. However, at the end of the day, global growth at 3.5% this year and in 2018 remains at a respectable but not overly ambitious level.

Against this background and with wages rising only very slowly inflation prospects in most major economies remain very modest. The central banks are consequently taking their time to implement an exit from their ultra-loose monetary policy. Until now this has been market-friendly and has more than compensated for existing political risks. Unaffected by this, the US Fed has continued to raise its key rates. With effect from January 2018 the ECB will reduce its monthly asset purchases by half to a volume of EUR 30bn and will maintain this level until September 2018 at least.

However many reasons there may be for friendly capital markets, in our forecasts we must always give due consideration to the fact that indicators cannot always be on the rise. We expect a phase of disillusionment, in which company profits continue to rise, but at a slower rate than before. Indicators of market sentiment are unlikely to maintain their current very high levels. In 2018 the monetary environment will change very slowly but irrevocably. Volatility will return to the markets. In the end, 2018 will be rougher and less comfortable for the capital markets. However, there is no reason to expect a collapse since the global expansion remains intact. And the cautious measures undertaken by the central banks to exit their monetary strategy will not change that.

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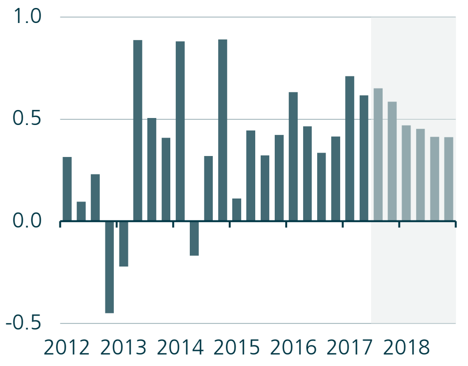
Contents

Most important forecast revisions changes

- Germany: GDP 2017/2018: each 2.0 % (previously 1.9 %/1.8 %); inflation 2018: 1.6 % (previously 1.7 %).
- Euro zone: GDP 2017 and 2018: 2.3 % (previously 2.2 %) and 2.0 % (previously 1.7 %).
- USA 2018: GDP 2.5 % (previously 2.3 %).
- Equities / DAX: upward revision of the 3-month price target: downward revision of the 6-month and 12-month price targets.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



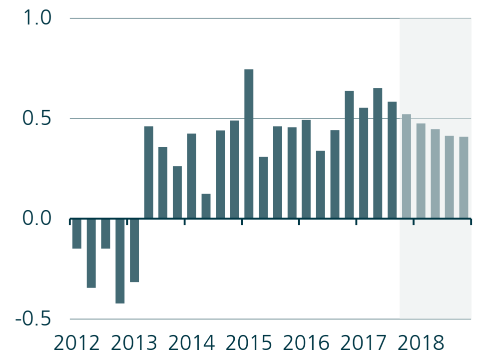
Sources: Destatis, forecast DekaBank

Germany

At last, hard economic data has been as solid as expected: the latest August figures for incoming orders, output and foreign trade have been really strong, which has boosted current third-quarter GDP estimates. At the beginning of the second half of the year it is now becoming clear that the economy has retained its momentum and this is not likely to change in the immediate future, as sentiment indicators remain very strong. Moreover, more firms than ever are reporting a lack of skilled workers, in itself a sign of a strong economy.

Forecast revision: GDP 2017/2018: each 2.0 % (previously 1.9%/1.8 %); inflation 2018: 1.6 % (previously 1.7 %).

Eurozone: GDP (% qoq, sa)



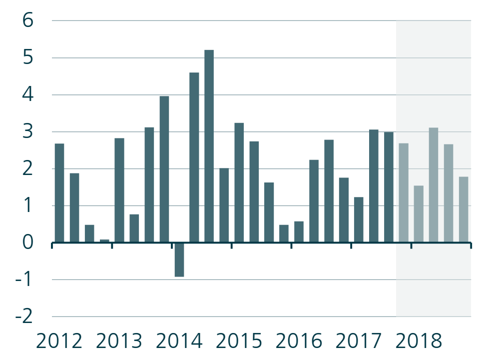
Sources: Eurostat, forecast DekaBank

Eurozone

The Eurozone engine of growth is in full swing and in the third quarter GDP grew by 0.6 % against the previous quarter. With its provisional flash estimate Eurostat does not publish data for individual countries, but among the major countries France and Spain have already published their data. In the third quarter the Spanish economy maintained a strong growth dynamic, with 0.8 % against the previous quarter, while France registered growth of 0.5 %. In 2017 we expect the Eurozone to have registered another year of above-average growth and this will have a positive impact on the labour market. In September the unemployment rate dropped to 8.9 % and is now at its lowest level since January 2009.

Forecast revision: GDP 2017 and 2018: 2.3 % (previously 2.2 %) and 2.0% (previously 1.7%).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

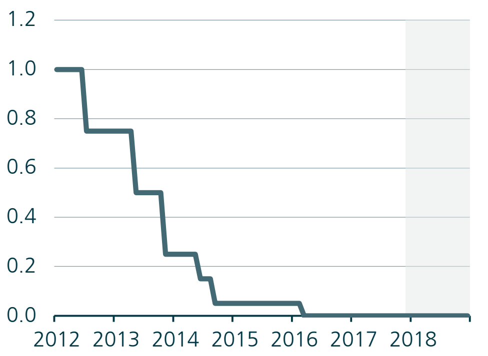
USA

In the third quarter GDP rose by 3.0% against the previous quarter and in annualised terms. Economic activity suffered the impact of Hurricane Harvey and Irma, although in September these boosted consumption in the automobile sector, so that the net negative effect was presumably very small. Business investment continued at a brisk pace whilst investment in commercial and residential property fell. The budget for the fiscal year 2018 has cleared the final political hurdles, so that in the weeks to come political debate can focus on the planned income and corporate tax reform.The likelihood of an agreement being reached in Congress has increased somewhat in recent weeks.

Forecast revision: GDP 2018: 2.5 % (previously 2.3 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



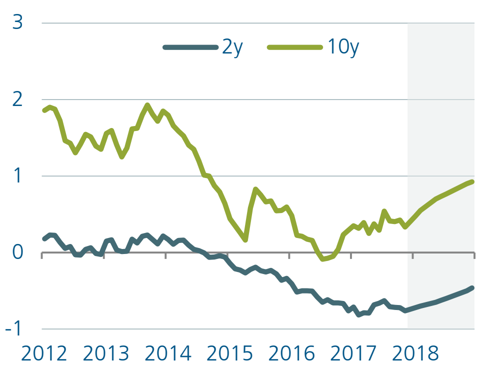
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

With effect from January 2018 the ECB will reduce its monthly asset purchases by half to a volume of EUR 30bn. However, President Draghi stressed that the end of the programme remains open and that, if necessary, further purchases can take place after September 2018. In view of the money market, it is more important that the ECB reaffirmed its intention to hold key rates at their current level well after the end of its net purchases. As a result, market players have delayed their expectations for the first deposit-rate hike until spring 2019. We expect this step even a little later. The ECB also wants to continue the reinvestment of returns from maturing bonds beyond the end of its quantitative easing. Its security portfolios and therewith the surplus reserves in the banking system will thus remain at a very high level for the time being. EONIA and EURIBOR rates should remain slightly above the deposit rate of -0.40 %.

Forecast revision: –.

German Bond Yield (% p.a.)



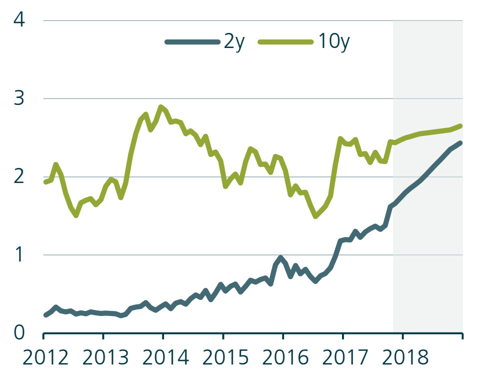
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

The ECB press conference on October 26th generated friendly market reactions, as monetary policy will remain very expansive for the time being despite the reduction of its asset purchases. Nevertheless, we have our doubts with respect to the ECB's readiness to sustain a significant level of asset purchases after September 2018, should this be necessary. By then the programme will have reached its limits and Council members do not seem inclined to ease the rules again. The reinvestment of returns from maturing bonds is not likely to suffice to prevent a rise in the yields of long-term Bunds. On the other hand, an unchanged deposit rate should hold yields at the short end at a low level for the time being, so that the Bund curve will be slightly steeper.

Forecast revision: –.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

As expected, the Fed's interest-rate meeting in December was uneventful. Most FOMC members are probably still in favour of a key-rate hike in December. In the wake of the meeting, President Trump announced the appointment of Jerome Powell to succeed Janet Yellen as Chair of the Board of Governors of the Federal Reserve System. In comparison with Yellen Powell is likely to prefer a less expansive monetary course. Nevertheless, there are no fundamental differences in their viewpoints. Their views differ much more on issues of financial regulation. Whereas Yellen was always opposed to dismantling regulation, Powell has been more open on this question. Despite higher yields for US government bonds, market players continue to have substantial doubts with respect to further key-rate hikes in 2018.

Forecast revision: –.

November / December 2017

Markets: Industrial countries

Equity Market Forecast

	Current Nov 3, 17	in 3 months	in 6 months	in 12 months
DAX	**13 478.86**	**12 600**	**12 600**	**13 500**
Reporting:				
EuroStoxx50	3 689.96	3 500	3 500	3 600
S&P 500	2 587.84	2 400	2 400	2 500
Topix	1 794.08	1 700	1 600	1 600

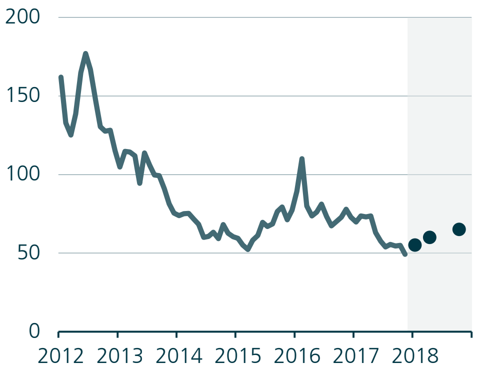
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

According to the ifo Business Climate Index market confidence in Germany has risen to a new all-time high. The combination of stable growth and low inflation has been confirmed by the latest economic data and presents excellent conditions for corporate activity. This has also been reflected in third-quarter earnings reports, which have led to a rapid surge on the equity market. Nevertheless, in the weeks to come neither corporate earnings prospects nor economic growth prospects are likely to improve at the pace we have witnessed in recent months. Moreover, the mood of investors has recently been marked by an increasing lack of concern. Despite the favourable conditions that prevail, this combination has increased the risk of a price correction in the meantime.

Forecast revision: Upward revision of the 3-month price target; downward revision of the 6-month and 12-month price targets.

iTraxx Europe (Bp)

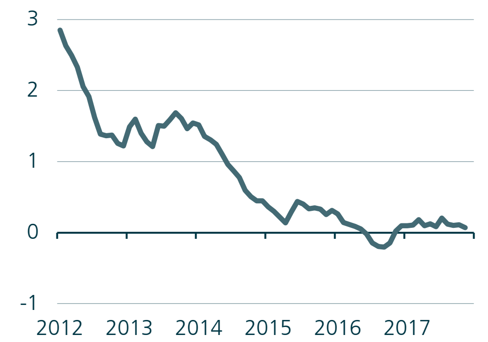


Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

ECB President Draghi has also agreed to purchase a substantial volume of corporate bonds in 2018. As a result, the iTraxx index has fallen below 50 basis points. Cash bonds have performed even better. This also holds for companies in the high-yield sector, which are not part of the ECB's purchasing list but benefit from investors searching for profit. Risk premiums are consequently at or near all-time lows. Moreover, the market has been driven primarily by positive quarterly reports, in which a marked rise in profits is reported. In the weeks to come more new bonds will be issued. Nevertheless, the otherwise usual higher margins have been drastically reduced.

Covered Bonds 5y (% p.a.)



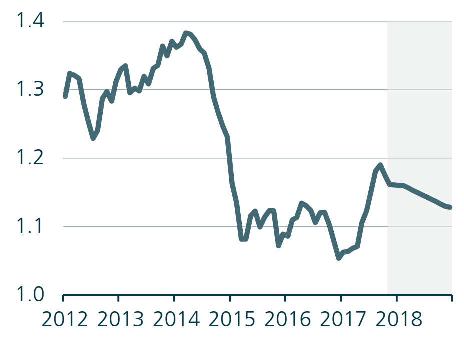
Source: Bloomberg

Covered Bonds

In October the slight revival of new issues in the covered bond sector that had started in September continued, although the volume of new issues remained below the level of previous years. In the year as a whole the market has shrunk by some EUR 10bn. The ECB has continued its purchases of covered bonds at a modest pace and due to a lack of liquidity has concentrated primarily on new issues. Risk premiums have diminished very slightly, whereby most covered bonds from core countries are already traded with negative swap spreads. Even Spanish cedulas have shown hardly any sign of nervousness despite the political turmoil in Spain. The reduction by half of the ECB's monthly asset purchases will hardly affect covered bonds, as the central bankers have had difficulty for some time in covering their needs on the market. Risk premiums will therefore remain low.

Markets: Industrial countries

Exchange Rate EUR-USD



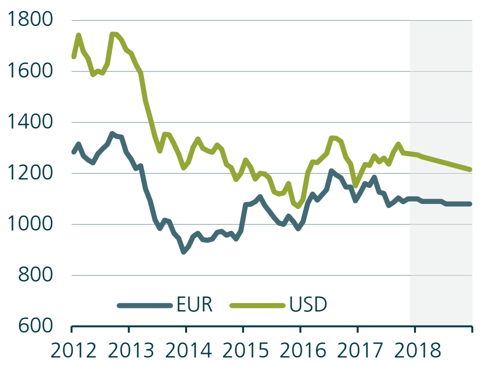
Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

At the beginning of October the Euro stood against the US dollar at 1.18 EUR-USD. Until October 26th the EUR-USD exchange rate was in a sideways movement. The ECB key-rate meeting brought some movement to the exchange rate. After the meeting the Euro shifted from 1.18 EUR-USD to 1.15 EUR-USD. In his statement on the interest-rate decision ECB President Draghi left no doubt that key rates would be held at a low level for a long time. This will also be supported by the adjustment made to the asset-purchase programme. From January to September 2018 the ECB will purchase bonds in the value of EUR 30bn. Moreover, unexpectedly good economic data have underpinned the US dollar.

Forecast revision: –.

Gold price (per troy ounce)



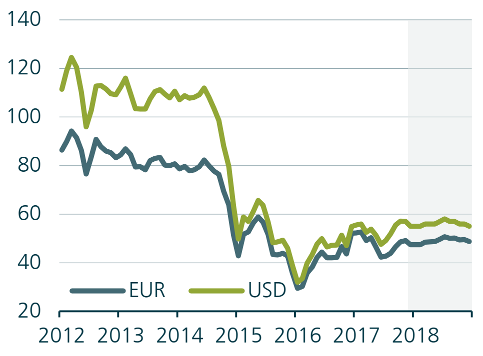
Sources: Bloomberg, forecast DekaBank

Gold

Since the middle of October the gold price has fallen. The strengthening of the US dollar was presumably one of the drivers. Thanks to exchange-rate movements most gold investors in the Eurozone did not feel the fall in price. In recent weeks gold speculators have lost their confidence in rising gold prices, for the financial markets have been in a mood for risk-taking and the equity markets have been racing from one all-time high to the next. Moreover, uncertainty has dissipated. The Catalonia crisis has eased somewhat and in the USA President Trump has appointed Jerome Powell to succeed Janet Yellen as Chair of the Board of Governors of the Federal Reserve System. Stocks of exchange-traded bonds backed by physical metal (ETFs) have been stagnating since the beginning of October. We feel at ease with our forecast of a slightly falling gold price in the forecasting period.

Forecast revision: –.

Crude Oil Brent (per barrel)



Sources: Bloomberg, forecast DekaBank

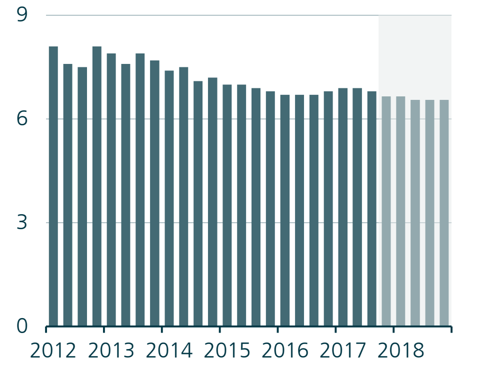
Crude oil

The oil price has recently been at its highest level for over two years and the market has in fact become tighter. In the course of 2018 global demand has risen by 1.2% (according to EIA statistics), while supply has increased by only 0.4%. This will inevitably diminish the OECD's oil stocks, although these are currently well above the five-year average level. OPEC members have signalled their readiness to adopt further price-supporting measures such as reducing output beyond March 2018. US shale oil producers in particular benefit from the higher oil prices and in 2018 the USA is expected to break its own record output of 9.6 million barrels established in 1970. In the medium term, therefore, we can expect the oil price to move again in the direction of USD 55. Our oil price forecast remains unchanged.

Forecast revision: –.

Emerging Markets

China: GDP (% yoy)



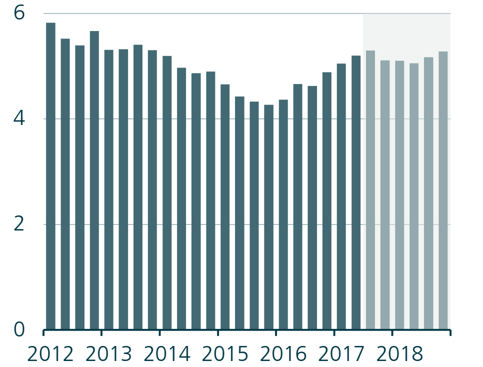
Sources: National Statistics, forecast DekaBank

China

At the 19th National Congress of the Communist Party of China the position of President Xi Jinping was strengthened appreciably. The standing committee of the Politburo was filled without exception by members loyal to Xi Jinping. As no successor to Xi has emerged, there has been increasing speculation that, against all established practices, Xi Jinping will complete more than two periods of office and will remain in office beyond 2022. Economic policy is unlikely to undergo any major changes. The figures for the third quarter reflect a high rate of economic growth: at 6.8% GDP growth was almost at the level of the previous quarter (6.9%). In October, the official purchasing managers' index dropped from 52.4 to 51.6, slightly less than in August. This fits our picture of a slightly weaker fourth quarter.

Forecast revision: –.

Emerging Markets: GDP (% yoy)



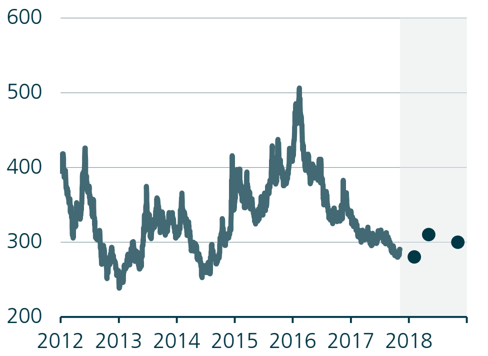
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

Gross domestic product data from Asia that have been published to date have surprised to the upside, which can be attributed primarily to the performance of foreign trade. Nevertheless, in most countries the purchasing managers' indices fell in October, which seems to indicate slightly weaker dynamics at the beginning of the fourth quarter. In recent months the number of countries suffering from an excessively high rate of inflation has been reduced further. The only major countries still included in the group are Mexico and Turkey. As expected, the 19th National Congress of the Communist Party of China strengthened the position of President Xi Jinping and sent a message of continuity. Argentinian President Macri, whose party won the mid-term elections, has also emerged much stronger and the reform outlook for Argentina is much brighter.

Forecast revision: –.

EMBIG-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

The three most important EM asset classes have developed very differently in recent weeks. Equities have gained, while hard-currency bonds have remained stable and local-currency bonds have registered marked increases in yields of some 30 basis points. Developments in the case of local-currency bonds have been driven by three heavyweights. In Mexico the NAFTA negotiations are in a difficult phase. Since the arrest of an employee at the US embassy Turkey has been involved in a diplomatic crisis with the USA. In South Africa the latest cabinet reshuffle has resulted in an even gloomier reform outlook. These political risk factors are not likely to be resolved in the near future, but we believe they have been adeqately factored in. Venezuela's announcement that it intends to restructure its debt should not prove a lasting burden for EM investments. Solid macro data remains supportive and the transition to a less expansive monetary policy in industrial countries continues to proceed very gradually.

November / December 2017

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	2.0	2.0	0.4	1.7	1.6	8.3	8.0	7.7	0.8	0.4	0.4
France	2.3	1.1	1.8	1.6	0.3	1.2	1.5	-0.9	-1.8	-1.5	-3.4	-2.9	-3.1
Italy	1.9	1.0	1.6	1.4	-0.1	1.4	1.2	2.6	1.9	1.5	-2.5	-2.4	-2.4
Spain	1.4	3.3	3.1	2.5	-0.3	2.1	1.5	2.0	1.2	1.5	-4.5	-3.5	-2.9
Netherlands	0.7	2.1	3.2	2.3	0.1	1.3	1.7	8.4	8.5	8.0	0.4	0.2	0.3
Belgium	0.4	1.5	1.8	1.6	1.8	2.2	2.1	-0.4	-0.2	0.1	-2.5	-2.2	-2.3
Eurozone	**11.7**	**1.8**	**2.3**	**2.0**	**0.2**	**1.5**	**1.5**	**3.3**	**2.9**	**2.8**	**-1.5**	**-1.5**	**-1.4**
United Kingdom	2.3	1.8	1.5	1.2	0.7	2.7	2.6	-4.4	-3.9	-3.2	-3.0	-3.0	-2.3
Sweden	0.4	3.1	2.9	2.7	1.1	1.9	1.9	4.9	5.2	5.4	0.9	0.4	0.7
Denmark	0.2	1.7	2.2	1.7	0.0	1.2	1.6	8.1	7.8	7.7	-0.9	-1.3	-0.9
EU-22	**14.7**	**1.8**	**2.2**	**1.9**	**0.3**	**1.7**	**1.7**	**2.2**	**2.0**	**2.0**	**-1.7**	**-1.7**	**-1.5**
Poland	0.9	2.7	4.2	3.5	-0.7	1.9	2.2	-0.3	-0.4	-0.5	-2.5	-2.9	-2.9
Hungary	0.3	2.5	4.2	3.0	0.7	2.4	2.4	1.1	0.9	0.6	0.7	0.3	0.1
Czech Republic	0.2	1.9	3.6	3.1	0.4	2.4	3.1	5.4	3.2	2.8	-1.9	-2.3	-2.4
EU-28	**16.7**	**2.0**	**2.4**	**2.1**	**0.2**	**1.7**	**1.8**	**1.9**	**1.7**	**1.7**	**-1.7**	**-1.8**	**-1.6**
USA	15.5	1.5	2.2	2.5	1.3	2.1	2.2	-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	1.9	-3.3	-3.0	-3.5	-1.9	-2.0	-2.0
Australia	1.0	2.5	2.2	2.6	1.3	1.9	1.7	-2.6	-2.0	-1.5	-2.4	-2.5	-2.5
Switzerland	0.4	1.4	0.8	1.8	-0.4	0.5	0.5	12.7	12.6	12.9	0.2	0.4	0.5
Norway	0.3	0.9	2.0	2.0	3.6	1.9	1.5	4.9	4.6	4.3	3.1	3.6	4.0
Developed Countries [4]	**37.8**	**1.6**	**2.1**	**2.1**	**0.7**	**1.7**	**1.8**	**0.3**	**0.1**	**0.1**	**-3.3**	**-3.2**	**-2.9**
Russia	3.2	-0.2	1.8	1.9	7.0	3.7	3.9	2.0	2.6	1.7	-3.4	-2.1	-1.3
Turkey	1.7	3.3	5.7	3.8	7.8	10.9	8.5	-3.8	-4.6	-4.3	-1.1	-2.0	-2.4
Ukraine	0.3	2.3	2.0	1.3	13.9	14.5	11.1	-3.7	-2.5	-5.7	-2.2	-2.8	-2.6
Emerging Europe [5]	**7.5**	**1.6**	**3.4**	**2.8**	**5.9**	**5.4**	**4.9**	**-0.6**	**-0.5**	**-1.1**	**X**	**X**	**X**
South Africa	0.6	0.3	0.7	1.3	6.6	5.6	5.2	-3.3	-2.8	-3.4	-3.9	-3.3	-3.0
Middle East, Africa	**3.4**	**1.4**	**2.2**	**2.9**	**9.6**	**13.2**	**10.6**	**-2.5**	**-0.8**	**-0.6**	**X**	**X**	**X**
Brazil	2.6	-3.6	0.8	2.1	8.7	3.4	3.6	-1.3	-0.5	-1.6	-6.4	-8.0	-7.0
Mexico	1.9	2.3	2.2	2.0	2.8	6.0	3.9	-2.2	-1.7	-2.4	-2.6	-1.9	-2.4
Argentina	0.7	-2.2	2.7	3.3	58.4	26.2	17.0	-2.7	-3.8	-3.9	-5.9	-6.2	-5.7
Chile	0.4	1.6	1.4	2.9	3.8	2.2	2.5	-1.4	-1.7	-1.0	-2.7	-3.0	-2.4
Latin America	**7.2**	**-1.1**	**1.1**	**1.9**	**11.5**	**6.5**	**4.9**	**-1.9**	**-1.5**	**-2.4**	**X**	**X**	**X**
China	17.7	6.7	6.8	6.6	2.1	1.6	2.7	1.7	0.8	1.4	-3.8	-3.9	-4.4
India	7.2	7.9	6.4	7.5	4.9	3.1	4.0	-0.5	-1.6	-1.7	-3.5	-3.5	-3.5
Indonesia	2.5	5.0	5.1	5.5	3.5	3.8	3.4	-1.8	-1.7	-1.9	-2.5	-2.6	-2.6
South Korea	1.6	2.8	3.2	3.1	1.0	2.0	1.9	7.0	6.0	5.5	1.0	0.9	-0.3
Emerging Asia	**33.1**	**6.3**	**6.1**	**6.2**	**2.7**	**2.1**	**2.9**	**2.6**	**1.7**	**1.9**	**X**	**X**	**X**
Emerging Markets	**51.2**	**4.2**	**4.7**	**4.9**	**4.8**	**3.9**	**4.0**	**1.1**	**0.8**	**0.7**	**X**	**X**	**X**
Total [6]	**89.1**	**3.1**	**3.6**	**3.7**	**3.1**	**3.0**	**3.1**	**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		
		Nov 6 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)	-0.19	-0.19	-0.18	-0.12
	Bunds, 2 years	-0.76	-0.70	-0.65	-0.50
	Bunds, 5 years	-0.37	-0.30	-0.20	0.00
	Bunds, 10 years	0.34	0.55	0.70	0.90
	Bunds, 30 years	1.21	1.35	1.50	1.65
USA	Monetary policy (FFR)	1.00-1.25	1.25-1.50	1.25-1.50	1.50-1.75
	3 months (LIBOR)	1.39	1.50	1.70	1.95
	12 months (LIBOR)	1.86	2.05	2.15	2.45
	US-Treasuries, 2 years	1.61	1.80	1.95	2.35
	US-Treasuries, 5 years	1.98	2.20	2.30	2.55
	US-Treasuries, 10 years	2.33	2.50	2.55	2.60
	US-Treasuries, 30 years	2.81	3.10	3.10	3.10
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.05	0.00	0.00	0.00
	12 months (LIBOR)	0.11	0.15	0.15	0.15
	JGBs, 2 years	-0.18	-0.10	-0.10	-0.10
	JGBs, 5 years	-0.12	-0.05	-0.05	0.00
	JGBs, 10 years	0.02	0.15	0.20	0.25
	JGBs, 30 years	0.82	0.85	0.85	0.85
United Kingdom	Monetary policy (Base)	0.50	0.50	0.50	0.75
	3 months (LIBOR)	0.52	0.50	0.60	0.90
	12 months (LIBOR)	0.78	0.90	1.00	1.30
	Gilts, 2 years	0.46	0.60	0.70	0.90
	Gilts, 5 years	0.71	0.90	1.00	1.30
	Gilts, 10 years	1.25	1.40	1.50	1.60
	Gilts, 30 years	1.85	1.95	2.00	2.05
Sweden	Monetary policy (Repo)	-0.50	-0.50	-0.50	-0.25
	3 months (STIB)	-0.56	-0.50	-0.40	-0.10
	2 years	-0.83	-0.60	-0.30	0.10
	10 years	0.78	1.00	1.10	1.30
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.31	-0.28	-0.23	-0.21
	2 years	-0.62	-0.60	-0.55	-0.35
	10 years	0.43	0.60	0.75	1.00
Norway	Monetary policy (Deposit)	0.50	0.50	0.50	0.50
	3 months (NIBOR)	0.77	0.85	0.90	1.00
	3 years	0.55	0.60	0.80	0.90
	10 years	1.54	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)	-0.74	-0.75	-0.75	-0.75
	2 years	-0.85	-0.80	-0.70	-0.55
	10 years	-0.10	0.00	0.20	0.30
Canada	Monetary policy (O/N)	1.00	1.25	1.50	2.00
	3 months (CBA)	1.41	1.65	1.85	2.15
	12 months (CBA)	1.80	2.10	2.25	2.60
	2 years	1.44	1.70	1.95	2.35
	5 years	1.66	1.85	2.05	2.30
	10 years	1.96	2.15	2.25	2.50
	30 years	2.27	2.45	2.55	2.75
Australia	Monetary policy (Cash)	1.50	1.50	1.50	1.75
	3 months (ABB)	1.70	1.70	1.70	1.95
	2 years	1.77	2.00	2.10	2.45
	10 years	2.57	2.90	2.95	3.05

Interest rates in EM countries

			Current	Forecasts		
			Nov 6 2017	3 months	6 months	12 months
Central- and Eastern Europe	Poland	Monetary policy (Repo)	1.50	1.50	1.50	1.50
		3 months (WIB)	1.63	1.60	1.70	1.90
		2 years	1.62	1.80	1.90	2.10
		10 years	3.44	3.50	3.50	3.60
	Czech Rep.	Monetary policy (Repo)	0.50	0.75	1.00	1.25
		3 months (PRIBOR)	0.70	0.80	1.00	1.30
		2 years	0.25	0.40	0.80	1.10
		10 years	1.64	1.90	2.10	2.30
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
		3 months (BUBOR)	0.03	0.05	0.05	0.30
		3 years	0.49	0.60	0.70	0.70
		10 years	2.40	2.50	2.50	2.60
Latin America	Brazil	Monetary policy (Repo)	7.50	7.00	7.00	7.00
		3 months (ABG)	7.11	7.00	7.10	7.30
		2 years	8.37	8.20	7.95	8.20
		9 years	10.16	9.50	9.00	9.00
	Mexico	Monetary policy	7.00	7.00	7.00	6.50
		3 months (Mexibor)	7.42	7.00	7.00	6.60
		2 years	7.01	6.50	6.50	6.50
		10 years	7.25	6.50	6.50	6.50
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	4.43	4.20	4.10	4.00
		2 years	2.75	2.90	3.00	3.10
		10 years	3.88	3.80	3.80	3.90
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.13	1.20	1.30	1.60
		2 years	1.42	1.40	1.60	2.00
		10 years	2.16	2.20	2.30	2.50
	South Korea	Monetary policy	1.25	1.50	1.75	1.75
		3 months	1.35	1.50	1.75	1.75
		2 years	2.06	2.10	2.20	2.30
		10 years	2.53	2.60	2.70	2.70

Yield spreads in basis points[1)]

			Current	Forecasts		
			Nov 6 2017	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	186	180	195	190
		Turkey	322	305	335	325
		Hungary	96	95	105	100
	Africa	South Africa	291	285	315	305
	Latin America	Brazil	240	230	260	250
		Chile	118	115	130	125
		Columbia	187	185	205	195
		Mexico	245	245	270	260
		Venezuela	4003	3015	3335	3230
	Asia	China	101	100	110	105
		Indonesia	169	165	180	175
		Philippines	98	95	105	100
	Total (EMBIG Div)		**291**	**280**	**310**	**300**

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		
		Nov 6 2017	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.16	1.16	1.15	1.13
	EUR-CAD	1.48	1.48	1.45	1.41
	EUR-AUD	1.51	1.51	1.49	1.45
Japan	EUR-JPY	132.43	131.08	131.10	132.21
Euro-Outs	EUR-GBP	0.89	0.88	0.89	0.88
	EUR-DKK	7.44	7.44	7.44	7.44
	EUR-SEK	9.78	9.60	9.50	9.40
	EUR-CHF	1.16	1.16	1.15	1.16
	EUR-NOK	9.46	9.40	9.30	9.20
Central- and Eastern Europe	EUR-PLN	4.24	4.30	4.25	4.20
	EUR-HUF	311.05	315.00	310.00	310.00
	EUR-CZK	25.65	25.60	25.60	25.70
Africa	EUR-ZAR	16.48	16.01	16.10	16.39
Latin America	EUR-BRL	3.85	3.71	3.80	3.84
	EUR-MXN	22.21	22.04	22.08	22.04
Asia	EUR-CNY	7.69	7.77	7.76	7.68
	EUR-SGD	1.58	1.58	1.58	1.57
	EUR-KRW	1290	1311	1311	1300
US-Dollar		Current	Forecasts		
		Nov 6 2017	3 months	6 months	12 months
Dollar-Bloc	USD-CAD	1.28	1.28	1.26	1.25
	AUD-USD	0.77	0.77	0.77	0.78
Japan	USD-JPY	114.13	113.00	114.00	117.00
Euro-Outs	GBP-USD	1.31	1.32	1.29	1.28
	USD-DKK	6.41	6.41	6.47	6.58
	USD-SEK	8.43	8.28	8.26	8.32
	USD-CHF	1.00	1.00	1.00	1.03
	USD-NOK	8.15	8.10	8.09	8.14
Central- and Eastern Europe	USD-PLN	3.66	3.71	3.70	3.72
	USD-HUF	268.07	271.55	269.57	274.34
	USD-CZK	22.10	22.07	22.26	22.74
Africa	USD-ZAR	14.20	13.80	14.00	14.50
Latin America	USD-BRL	3.31	3.20	3.30	3.40
	USD-MXN	19.14	19.00	19.20	19.50
Asia	USD-CNY	6.63	6.70	6.75	6.80
	USD-SGD	1.36	1.36	1.37	1.39
	USD-KRW	1111	1130	1140	1150

Commodities

Commodity	Current	Forecasts		
	Nov 6 2017	3 months	6 months	12 months
Gold (USD per troy ounce)	1,271.19	1,265	1,250	1,220
Gold (EUR per troy ounce)	1,095.48	1,090	1,090	1,080
WTI crude (USD per Barrel)	55.64	53	54	54
WTI crude (EUR per Barrel)	47.95	46	47	48
Brent crude (USD per Barrel)	62.38	55	56	56
Brent crude (EUR per Barrel)	53.76	47	49	50

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