Macro Research
Economic Forecasts

December 2017 / January 2018

The economic signals are set at green.

Source: Adobe Stock, DekaBank

Economic development in 2016 has been surprisingly strong. The equity markets have also exceeded all forecasts establishing new all-time highs on the way. The reason for the excessively cautious expectations for 2017 was exaggerated concern over the possible negative impact of political factors. However, although the level of political uncertainty has remained high, both the economy and the financial markets are now more robust against the many risks they face. As a result, both companies and consumers are stepping into the new year full of confidence.

The economic signals are clearly set at green. Strong growth driven by both consumption and investment has been coupled with unusually broad-based global growth. And there is one other very reassuring factor: current-account imbalances within the global economy have diminished. Thus this far-from-insignificant risk factor has become less significant. From today's standpoint 2018 and 2019 should prove to be years of stable growth, although in retrospect they will be seen as years of transition to a more "normal"world that is more susceptible to volatility.

Looking ahead, one vital element to keep in mind is the prospect of further years with low interest rates. The central banks' long-awaited exit from their ulta-loose monetary policy has not changed this outlook. Beyond the zero limit central banks' balance-sheet volumes have lately replaced interest rates as the yardstick of monetary policy. In 2018 a vital milestone will be reached in the monetary policy turnaround. With the reduction of central banks' balance sheets worldwide from 2018 onwards, the course of monetary policy normalisation will be gently continued. In 2018 this may well contribute to a bumpier year for equity markets. However, there will be no sustained rise in yields.

It will be years before significant levels of interest are paid on savings accounts. Moreover, although the inflation rate is low, it is still higher than the interest rate on savings, so that savers are constantly losing purchasing power. If in times of the "real interest rate trap 2.0" investors wish to ensure a positive real yield (i.e. after taking inflation into account), they will be obliged to have recourse to the security markets, and in particular the equity market.

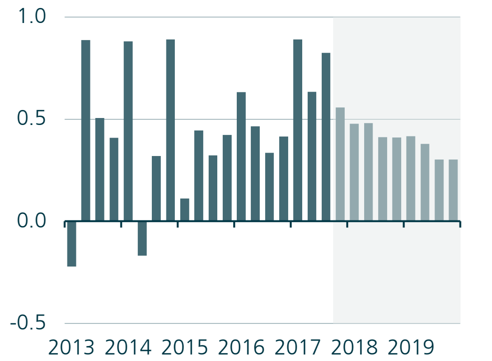
Contents

Most important forecast revisions changes

- We have extended our forecast horizon to the end of 2019.
- Germany: GDP 2017 and 2018: 2.3 % and 2.1 % (previously both 2.0 %).
- Eurozone: GDP 2018: 2.1 % (previously 2.0 %).
- USA: GDP 2017: 2.3 % (previously 2.2 %).
- Eurozone: slower rise of long-term Bund yields.
- Crude oil: widening of the price spread between Brent und WTI.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



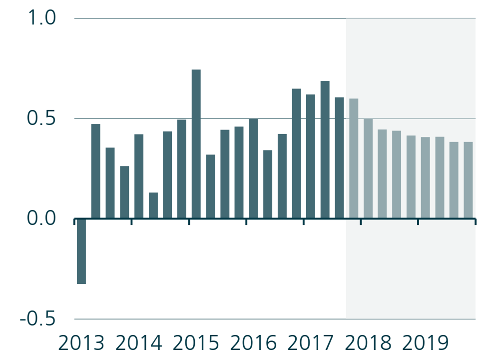
Sources: Destatis, forecast DekaBank

Germany

The start to the fourth quarter was anything but satisfactory. With the exception of industrial orders, all other "hard" indicators proved disappointing. However, this should not be given too much weight. Output data suffered due to the unusually high number of bridging days and, in view of the favourable economic environment, the retail trade figures must be seen as a one-off slip. The indicators of market sentiment present a totally different picture. The ifo Business Climate Index registered new all-time highs in October and November. These "soft" indicators point to a continuation of the favourable economic development, even if they continue to overstate economic growth.

Forecast revision: GDP 2017 and 2018: 2.3 % and 2.1 % (previously both 2.0 %).

Eurozone: GDP (% qoq, sa)



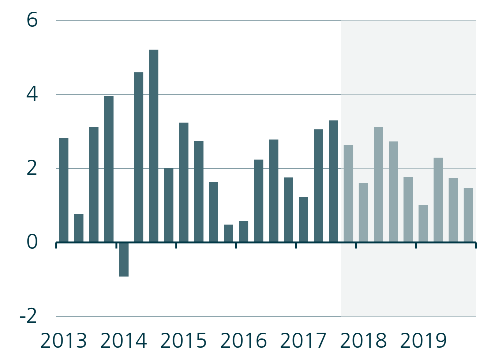
Sources: Eurostat, forecast DekaBank

Eurozone

In the third quarter the European economy proved robust against all political and economic uncertainties. The most important contributions to Eurozone economic growth of 0.6 % against the previous quarter came from investment and private consumption, whereas public consumption and foreign trade barely contributed at all. The broad range of countries that registered growrh is impressive and of the EMU countries that have published their third-quarter figures none ´has recorded a contraction. Among the four largest economies Germany and Spain are the leaders, each with growth of 0.8%. France and Italy come next with figures of 0.5 % and 0.4 % respectively.

Forecast revision: GDP 2018: 2.1 % (previously 2.0 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

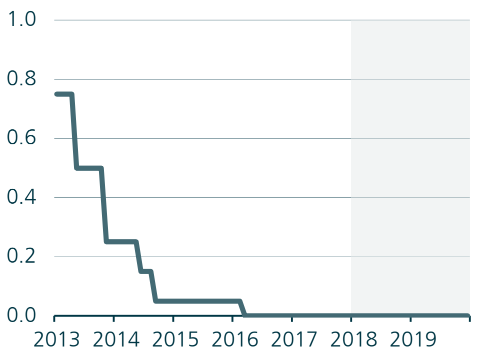
USA

Due to the impact of the hurricanes, macroeconomic data have often been severely distorted in the past few months. These distortions are now slowly correcting themselves and a true picture of economic development is emerging with quite strong economic growth driven primarily by rising corporate investment. The next stage is the tax reform. The House of Representatives has already approved the government's proposed law and now the Senate has come to an agreement. The different reform proposals must now be brought together, which will presumably take until the end of the year. One important factor in this process is the date when the lower rates of corporate tax come into force. A postponement from 2018 to 2019 would result in slight corrections in our forecast.

Forecast revision: GDP 2017: 2.3 % (previously 2.2 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



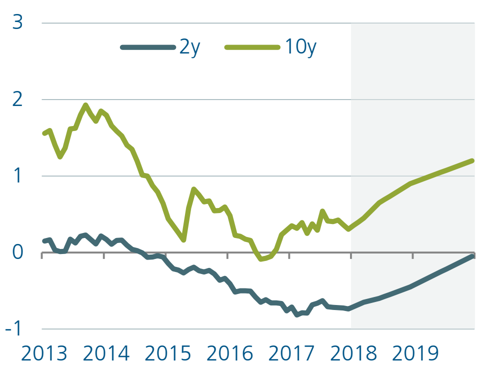
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

The reduction of the ECB's asset purchases to EUR 30bn per month from January will have no direct impact on the money market. President Draghi stressed that, if necessary, sales could be continued after September 2018. Moreover, the ECB also wishes to continue the reinvestment of returns from maturing bonds until further notice. The flow of liquidity will only peak in the distant future and money market rates will continue to move at the lower margin of the interest-rate corridor. The ECB's forward guidance to leave the key rate at its current low level far beyond the end of the net asset purchases is thus important in this context. In the meantime, market players have shifted their expectations for a first rate hike of the deposit rate to spring 2019. We expect this move even a little later. We therefore expect a somewhat slower rise of the EONIA and EURIBOR rates than currently factored into money-market futures.

Forecast revision: –.

German Bond Yield (% p.a.)



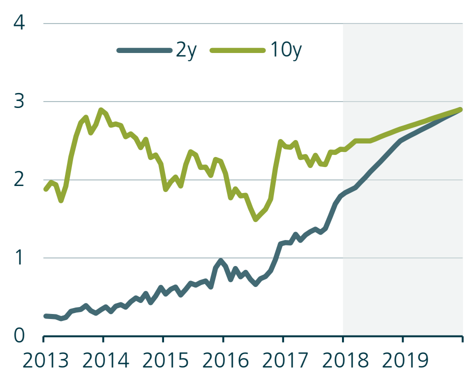
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

Indications from the ECB that it will continue its asset purchases beyond September 2018 if necessary and more recently, low core inflation rates have again exerted downward pressure on the yields of long-term Bunds. However, lower ECB asset purchases in January and rising inflation expectations should lead to a counter movement. Moreover, we assume that the ECB will not make any significant asset purchases after September 2018. By then the limits of the programme will have been reached and the Council members do not seem inclined to relax the rules again. For shorter maturities, yields should rise more gently, as market players must shift their expectations with respect to the ECB's first key-rate hike further back.

Forecast revision: –.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

The yield curve for US government bonds has flattened markedly in recent weeks. The yield spread between 2 year and 10 year US government bonds is at the lowest level since October 2007. The backdrop to this is that key-rate expectations for the coming year have risen, whereas for longer-term maturities a fall in premiums has prevented a rise in yields. This is even more remarkable, since with the beginning of the Fed's balance sheet reduction in October premiums were expected to rise. The flattening of the curve is economically significant, as in the past an inverse yield curve often appeared some 2 years before a recession.

Forecast revision: –.

Markets: Industrial countries

Equity Market Forecast

	Current Dec 08, 17	in 3 months	in 6 months	in 12 months
DAX	**13 153.70**	**12 600**	**12 600**	**13 500**
Reporting:				
EuroStoxx50	3 591.45	3 500	3 500	3 600
S&P 500	2 651.50	2 400	2 400	2 500
Topix	1 803.73	1 700	1 600	1 600

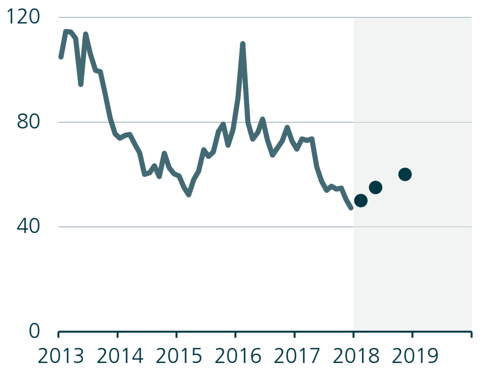
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

According to the ifo Business Climate Index market confidence in the German corporate sector has risen to a new all-time high. Both the volume of orders and the rising rate of utilisation suggest that the positive growth environment will last well into the coming months. In combination with stable but low rates of inflation this means that companies are faced with a favourable operating environment and corporate profits in the year to come should be in the high single digit range. The fundamental conditions for an investment in the equity market remain intact. However, in the short term investors should be prepared for a greater range of fluctuations and from time to time a price correction. This can be attributed on the one hand to the fact that the positive environment is already reflected in investors' expectations and on the other to the changing monetary policy environment.

Forecast revision: –.

iTraxx Europe (Bp)

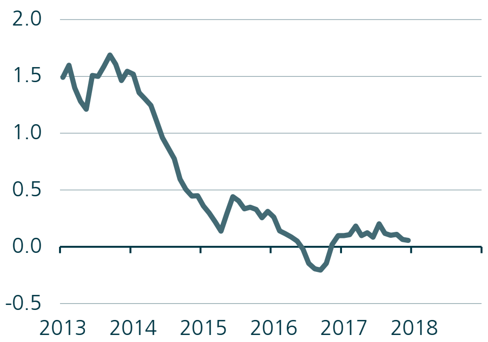


Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

The Eurozone corporate bond market continues to show great resistence to European and global risks. This can be attributed on the one hand to the healthy development of the economy, in which the sales and profits of European companies have been able to increase constantly for a long time. On the other hand, the ECB's asset-purchase programme provides support but has increasingly thinned out the market for corporate bonds. As investors are thus obliged to switch investments, corporate bonds from outside the Eurozone are the beneficiaries, or those that are being avoided by the ECB as the risk is too high. According to Draghi, the ECB will continue to purchase substantial volumes of corporate bonds with effect from January. Risk premiums should therefore remain low for some considerable time.

Covered Bonds 5y (% p.a.)



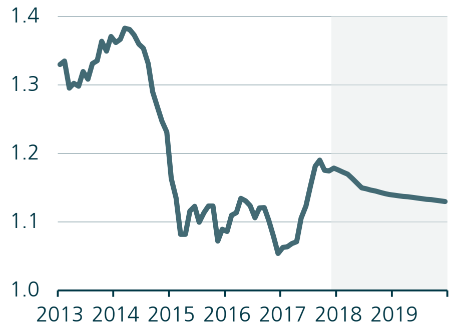
Source: Bloomberg

Covered Bonds

In recent weeks the ECB has clearly endeavoured to increase the share of covered bonds in its monthly asset purchases. However, whereas in October it was able to have recourse to various new issues, the issuing activity of various houses belonging to the ECB's purchasing universe has recently diminished again. Nevertheless, several German issuers have appeared with mortgage bonds, albeit with very small risk premiums. The central banks have become increasingly active on the secondary market and have reduced the spreads still further. With the beginning of December, issuing activity practically comes to a halt and the ECB has also announced that on December 21st it will temporarily withdraw from the market. In January we can expect increased issuing activity. However, the ECB will also have to be more aggressive, as its portfolio will be reduced by maturities totalling EUR 2.87bn.

Markets: Industrial countries

Exchange Rate EUR-USD



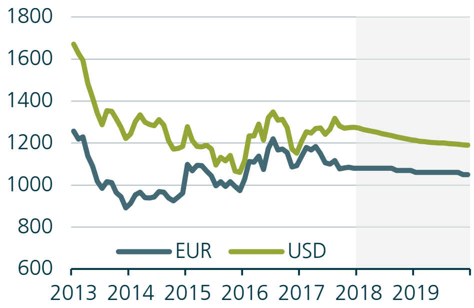
Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

In November the Euro showed its strong side against the US dollar. It started at 1.16 EUR-USD and by the end of the month had climbed to 1.19 EUR-USD, just below its high for the year of 1.20 EUR-USD, registered in September. The Euro benefited from good economic data from the Eurozone. With the growth figures published in November the Eurozone's already healthy economic prospects have further improved and in 2017 we expect the strongest rise in economic activity for ten years.Furthermore, in November the most important Eurozone indicator of market sentiment, the EU Economic Sentiment Indicator, reached its highest level since the autumn of 2000.

Forecast revision: –.

Gold price (per troy ounce)



Per-formance	from / to					
	from 30.11.11 to 30.11.12	30.11.12 30.11.13	30.11.13 30.11.14	30.11.14 30.11.15	30.11.15 30.11.16	30.11.16 30.11.17
Gold in Euro	1.38%	-30.05%	2.67%	6.79%	9.45%	-3.07%
Gold in USD	-1.98%	-26.90%	-6.03%	-9.31%	9.85%	8.75%

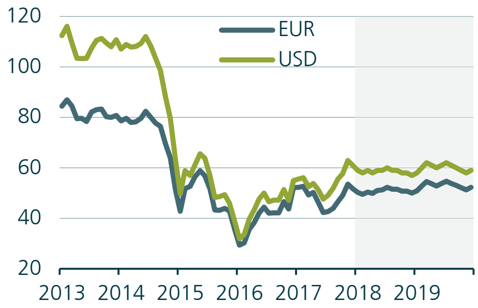
Sources: Bloomberg, Prognose DekaBank

Gold

In November the gold market remained for the most part very quiet. However, since the end of November the gold price has fallen to its lowest level for more than four months. Until then everything except the stable US dollar had signalled a rising gold price: equities slumped, as did yields. Moreover, speculative market players clearly lowered their wagers on falling gold prices and, not least of all, global stocks of exchange-traded bonds backed by physical metal (ETFs) rose significantly. The recognition by the US government of Jerusalem as Israel's capital had little impact on gold market players, although it has created considerable potential for political conflict. The latest price developments match our forecast very well. We believe there are more reasons for a slight fall than for a rise in the gold price in our forecasting period.

Forecast revision: –.

Crude Oil Brent (per barrel)



Performance	from 30.11.11 to 30.11.12	30.11.12 30.11.13	30.11.13 30.11.14	30.11.14 30.11.15	30.11.15 30.11.16	30.11.16 30.11.17
Brent in Euro	4.09%	-5.62%	-30.13%	-25.12%	12.72%	12.27%
Brent in USD	0.64%	-1.38%	-36.05%	-36.41%	13.14%	25.96%

Sources: Bloomberg, Prognose DekaBank

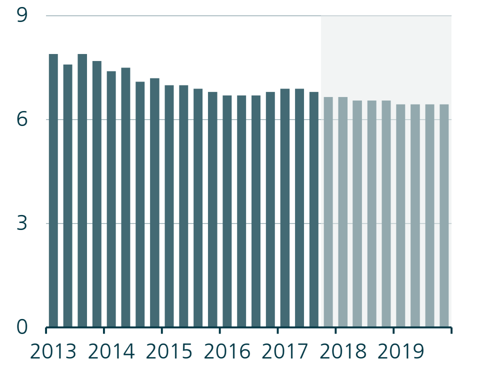
Crude oil

Market players’ conviction that an extension of Russian and OPEC ’s output reduction would underpin the oil price did not hold for long. In the days following the OPEC meeting of November 30th the oil price slumped substantially. The participating countries agreed on an extension of the output reduction for a further 9 months until the end of 2018. However, at almost the same time US oil output rose to 9.7million barrels, an all-time high. The fact that OECD oil inventories tend to be falling is no help – they are still well above the average level for the last five years. Due to the sustained rise in US oil output we have raised our forecast for the price difference between Brent and WTI for 2018. Our forecast for the price of Brent has risen accordingly.

Forecast revision: Widening of the price spread between Brent und WTI..

Emerging Markets

China: GDP (% yoy)



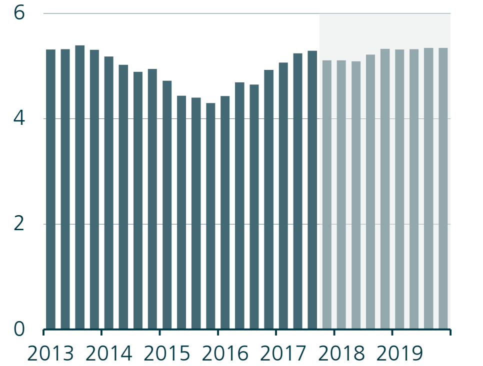
Sources: National Statistics, forecast DekaBank

China

After President Xi Jingping clearly strengthened his position at the 19th National Congress of the Communist Party of China, he can establish his political priorities without having to take into consideration other inner-party currents. One clear indication of the future course is that measures designed to enhance the stability of the financial markets have been intensified, which has already reduced activity in the shadow banking market and led to higher yields on the bond market. However, these restrictions have not changed our picture of the economy, in which we assume there will be no more than a modest weakening of growth in the coming year. The purchasing managers' indices signal largely stable economic development in the fourth quarter, in which domestic demand is stronger than demand from abroad.

Forecast revision: –.

Emerging Markets: GDP (% yoy)



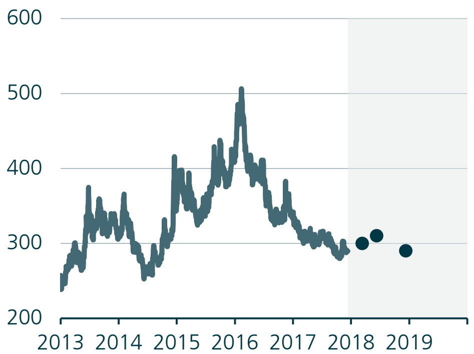
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

After good GDP figures for the third quarter, the purchasing managers' indices are also signalling sustained economic growth in the emerging markets in the fourth quarter. Asia and central Europe continue to develop particularly well, whereas Brazil, Russia and South Africa have registered only very modest growth. Inflation remains low, so that in countries with high key rates monetary policy tends to be eased. Only in Turkey the central bank is set to raise key rates, after political uncertainty weakened the currency, which in turn puts upward pressure on inflation. After North Korea's latest missile tests, unease persists in the Far East and the same is true in the Middle East after Saudi-Arabia stepped up its rhetoric against Iran and the USA announced that it would move its embassy in Israel to Jerusalem.

Forecast revision: –.

EMBIG-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

In the last week EM equities have lost some ground after rising 37 % since the beginning of January. The latest correction was thus driven not by poor fundamental data, but primarily by profit-taking. Hard-currency bonds remained untouched by the price slump of Venezuela bonds, whereas the prices of local- currency bonds have recovered somewhat after two weak months. All in all, the positive sentiment for EM investments remains intact. Economic growth is strong enough to cater for healthy corporate profits and to underpin the public finances. At the same time, however, there are no signs of overheating, which would call for a marked tightening of monetary policy. Politically, North Korea's missile and nuclear weapons programme, as well as continued tensions in the Middle East remain in focus. In neither case is any easing of tension in sight, but an escalation remains no more than a risk scenario.

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					
		2017	2018	2019	2017	2018	2019	2017	2018	2019	2017	2018	2019
Germany	3.3	2.3	2.1	1.5	1.7	1.6	2.0	8.0	7.7	7.3	0.9	0.7	0.7
France	2.3	1.8	1.7	1.5	1.2	1.5	1.8	-3.0	-2.8	-2.6	-2.9	-2.9	-3.0
Italy	1.9	1.6	1.4	1.2	1.3	1.1	1.6	2.5	2.5	2.3	-2.1	-1.8	-2.0
Spain	1.4	3.1	2.5	2.2	2.0	1.4	1.7	1.7	1.9	1.9	-3.1	-2.4	-1.7
Netherlands	0.7	3.2	2.3	1.9	1.3	1.7	1.9	9.1	8.7	8.4	0.7	0.5	0.9
Belgium	0.4	1.7	1.6	1.4	2.2	1.8	2.0	-1.0	-1.1	-0.9	-1.5	-1.4	-1.5
Eurozone	**11.7**	**2.3**	**2.1**	**1.7**	**1.5**	**1.5**	**1.8**	**3.0**	**3.0**	**2.9**	**-1.1**	**-1.0**	**-0.9**
United Kingdom	2.3	1.5	1.2	1.3	2.7	2.7	2.2	-5.1	-4.6	-4.4	-2.1	-1.9	-1.5
Sweden	0.4	2.6	2.7	2.2	1.8	1.7	2.1	4.9	5.0	5.1	0.9	0.7	0.6
Denmark	0.2	1.8	1.4	1.8	1.1	1.5	2.0	8.4	8.3	8.2	-1.0	-1.0	-0.9
EU-22	**14.7**	**2.2**	**2.0**	**1.6**	**1.7**	**1.7**	**1.9**	**1.9**	**1.9**	**1.9**	**-1.2**	**-1.1**	**-1.0**
Poland	0.9	4.4	3.6	3.2	2.0	2.7	1.8	-0.3	-0.7	-1.4	-1.7	-1.7	-1.9
Hungary	0.3	4.4	3.2	2.6	2.5	2.3	2.1	0.7	0.5	0.0	1.2	0.8	0.6
Czech Republic	0.2	3.9	3.4	2.6	2.4	3.0	2.5	3.7	2.8	2.2	-2.1	-2.6	-2.3
EU-28	**16.7**	**2.5**	**2.1**	**1.8**	**1.7**	**1.8**	**2.0**	**1.6**	**1.7**	**1.6**	**-1.2**	**-1.2**	**-1.1**
USA	15.5	2.3	2.5	1.9	2.1	2.2	2.3	-2.5	-2.5	-2.5	-4.5	-4.5	-5.0
Japan	4.4	1.8	1.4	0.7	0.3	1.0	1.8	4.0	4.0	3.5	-5.0	-4.5	-4.0
Canada	1.4	3.0	2.3	1.6	1.5	1.8	2.3	-3.0	-3.5	-4.0	-1.0	-1.0	-1.5
Australia	1.0	2.3	2.7	2.5	1.9	1.7	1.7	-2.0	-1.5	-1.0	-2.0	-1.5	-1.0
Switzerland	0.4	1.0	1.8	1.6	0.5	0.7	0.8	9.3	10.3	10.9	0.2	0.1	0.1
Norway	0.3	1.9	2.0	2.0	1.9	1.8	2.0	4.3	4.1	4.1	4.3	4.6	4.8
Developed Countries[4]	**37.8**	**2.2**	**2.1**	**1.7**	**1.7**	**1.8**	**2.0**	**0.1**	**0.2**	**0.1**	**-3.0**	**-2.8**	**-2.9**
Russia	3.2	1.7	1.7	1.8	3.7	3.3	4.5	2.8	2.7	2.7	-2.1	-1.3	-1.1
Turkey	1.7	5.7	3.8	4.5	11.1	9.4	8.6	-4.8	-4.7	-4.5	-2.0	-2.3	-2.2
Ukraine	0.3	2.1	2.6	2.8	14.5	11.1	8.3	-3.4	-6.5	-3.7	-2.9	-2.6	-2.6
Emerging Europe[5]	**7.5**	**3.5**	**2.8**	**2.8**	**5.5**	**5.0**	**5.0**	**-0.5**	**-0.8**	**-0.9**	**X**	**X**	**X**
South Africa	0.6	0.8	1.3	1.6	5.3	5.1	5.6	-2.9	-3.4	-3.7	-3.9	-3.6	-3.5
Middle East, Africa	**3.4**	**2.2**	**2.9**	**3.0**	**13.1**	**9.5**	**8.5**	**-0.8**	**-0.2**	**-0.2**	**X**	**X**	**X**
Brazil	2.6	1.1	2.3	2.8	3.5	3.6	4.2	-0.5	-1.7	-1.9	-8.0	-7.0	-5.9
Mexico	1.9	2.2	1.9	2.4	5.9	3.8	3.9	-1.8	-2.3	-2.1	-1.9	-2.3	-2.3
Argentina	0.7	2.7	3.3	2.7	26.2	17.0	10.8	-4.2	-4.3	-4.3	-6.3	-6.4	-6.0
Chile	0.4	1.4	2.9	3.0	2.1	2.1	3.1	-1.7	-0.8	-0.3	-2.8	-2.3	-1.9
Latin America	**7.2**	**1.2**	**2.0**	**2.4**	**6.5**	**4.8**	**4.6**	**-1.6**	**-2.4**	**-2.5**	**X**	**X**	**X**
China	17.7	6.8	6.6	6.4	1.6	2.7	2.6	0.8	1.2	1.1	-4.3	-4.4	-4.2
India	7.2	6.4	7.4	7.6	3.1	4.1	4.3	-1.9	-2.2	-2.1	-3.1	-3.2	-3.0
Indonesia	2.5	5.1	5.4	5.6	3.8	3.4	4.2	-1.8	-1.9	-2.1	-2.8	-2.2	-2.0
South Korea	1.6	3.3	3.1	3.2	1.9	1.6	2.1	6.1	6.2	5.1	0.8	-0.2	0.0
Emerging Asia	**33.1**	**6.1**	**6.2**	**6.1**	**2.1**	**2.9**	**3.0**	**1.7**	**1.8**	**1.7**	**X**	**X**	**X**
Emerging Markets	**51.2**	**4.8**	**4.9**	**4.9**	**3.9**	**3.9**	**3.9**	**0.8**	**0.7**	**0.6**	**X**	**X**	**X**
Total[6]	**89.1**	**3.7**	**3.7**	**3.5**	**3.0**	**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		
		Dec 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)	-0.19	-0.19	-0.18	-0.10
	Bunds, 2 years	-0.74	-0.65	-0.60	-0.45
	Bunds, 5 years	-0.37	-0.25	-0.15	0.00
	Bunds, 10 years	0.31	0.45	0.65	0.90
	Bunds, 30 years	1.14	1.25	1.40	1.60
USA	Monetary policy (FFR)	1.00-1.25	1.25-1.50	1.50-1.75	1.75-2.00
	3 months (LIBOR)	1.55	1.60	1.70	1.95
	12 months (LIBOR)	2.01	2.05	2.20	2.50
	US-Treasuries, 2 years	1.79	1.90	2.10	2.50
	US-Treasuries, 5 years	2.14	2.25	2.35	2.60
	US-Treasuries, 10 years	2.38	2.50	2.50	2.65
	US-Treasuries, 30 years	2.77	3.10	3.10	3.10
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.02	0.00	0.00	0.00
	12 months (LIBOR)	0.10	0.15	0.15	0.15
	JGBs, 2 years	-0.15	-0.10	-0.10	-0.10
	JGBs, 5 years	-0.11	-0.05	-0.05	0.05
	JGBs, 10 years	0.05	0.15	0.20	0.30
	JGBs, 30 years	0.83	0.85	0.85	0.90
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	0.51	0.60	0.70	1.00
	Gilts, 5 years	0.77	0.90	1.00	1.30
	Gilts, 10 years	1.28	1.40	1.60	1.70
	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)	-0.61	-0.50	-0.30	-0.10
	2 years	-0.85	-0.60	-0.40	0.00
	10 years	0.71	1.00	1.20	1.40
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	-0.51	-0.45	-0.45	-0.35
	10 years	0.38	0.45	0.65	0.90
Norway	Monetary policy (Deposit)	0.50	0.50	0.50	0.50
	3 months (NIBOR)	0.85	0.85	0.90	1.00
	3 years	0.48	0.60	0.70	1.00
	10 years	1.49	1.70	1.80	2.10
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)	-0.76	-0.75	-0.75	-0.75
	2 years	-0.86	-0.80	-0.65	-0.55
	10 years	-0.15	0.10	0.20	0.40
Canada	Monetary policy (O/N)	1.00	1.25	1.50	2.00
	3 months (CBA)	1.43	1.70	1.90	2.15
	12 months (CBA)	1.84	2.15	2.35	2.65
	2 years	1.50	1.80	2.00	2.45
	5 years	1.67	1.90	2.10	2.35
	10 years	1.86	2.20	2.30	2.55
	30 years	2.17	2.55	2.65	2.85
Australia	Monetary policy (Cash)	1.50	1.50	1.50	1.75
	3 months (ABB)	1.76	1.70	1.75	2.00
	2 years	1.83	2.00	2.15	2.55
	10 years	2.56	2.80	2.90	3.10

Interest rates in EM countries

			Current	Forecasts		
			Dec 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)	1.62	1.60	1.70	1.90
		2 years	1.66	1.70	1.80	2.00
		10 years	3.25	3.50	3.50	3.60
	Czech Rep.	Monetary policy (Repo)	0.50	0.75	1.00	1.25
		3 months (PRIBOR)	0.75	0.80	1.00	1.30
		2 years	0.10	0.40	0.70	0.90
		10 years	1.63	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	0.10
		3 years	0.59	0.60	0.70	0.70
		10 years	2.09	2.10	2.20	2.60
Latin America	Brazil	Monetary policy (Repo)	7.00	6.50	6.50	6.50
		3 months (ABG)	6.70	6.50	6.50	6.60
		2 years	8.23	8.05	7.80	7.85
		9 years	10.19	9.50	9.00	9.00
	Mexico	Monetary policy	7.00	7.00	7.00	6.50
		3 months (Mexibor)	7.46	7.00	7.00	6.60
		2 years	7.14	6.70	6.60	6.50
		10 years	7.30	6.90	6.70	6.50
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	4.80	4.50	4.40	4.30
		2 years	2.75	2.90	3.00	3.10
		10 years	3.95	4.00	4.10	4.20
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.21	1.20	1.30	1.60
		2 years	1.51	1.50	1.60	2.00
		10 years	2.07	2.20	2.30	2.50
	South Korea	Monetary policy	1.50	1.50	1.50	1.75
		3 months	1.52	1.50	1.60	1.75
		2 years	1.98	2.10	2.20	2.30
		10 years	2.49	2.60	2.70	2.70

Yield spreads in basis points[1)]

			Current	Forecasts		
			Dec 11 2017	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	182	190	195	180
		Turkey	306	315	325	300
		Hungary	87	90	95	90
	Africa	South Africa	282	290	290	280
	Latin America	Brazil	231	240	245	230
		Chile	118	125	130	120
		Columbia	175	180	190	175
		Mexico	241	250	260	240
	Asia	China	105	110	110	105
		Indonesia	170	180	185	175
		Philippines	96	105	110	100
	Total (EMBIG Div)		**290**	**300**	**310**	**290**

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		
		Dec 11 2017	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.18	1.17	1.15	1.14
	EUR-CAD	1.51	1.49	1.45	1.43
	EUR-AUD	1.57	1.54	1.51	1.48
Japan	EUR-JPY	133.69	132.21	131.10	133.38
Euro-Outs	EUR-GBP	0.88	0.88	0.89	0.88
	EUR-DKK	7.44	7.44	7.44	7.44
	EUR-SEK	9.96	9.80	9.60	9.40
	EUR-CHF	1.17	1.16	1.17	1.17
	EUR-NOK	9.82	9.70	9.60	9.40
Central- and Eastern Europe	EUR-PLN	4.20	4.25	4.25	4.20
	EUR-HUF	313.72	315.00	310.00	310.00
	EUR-CZK	25.57	25.50	25.60	25.70
Africa	EUR-ZAR	16.09	16.61	16.68	17.10
Latin America	EUR-BRL	3.88	3.74	3.80	3.88
	EUR-MXN	22.32	22.23	22.08	22.23
Asia	EUR-CNY	7.79	7.84	7.76	7.75
	EUR-SGD	1.59	1.59	1.58	1.58
	EUR-KRW	1286	1275	1265	1277
US-Dollar		**Current**	**Forecasts**		
		Dec 11 2017	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.28	1.27	1.26	1.25
	AUD-USD	0.75	0.76	0.76	0.77
Japan	USD-JPY	113.42	113.00	114.00	117.00
Euro-Outs	GBP-USD	1.34	1.33	1.29	1.30
	USD-DKK	6.31	6.36	6.47	6.53
	USD-SEK	8.45	8.38	8.35	8.25
	USD-CHF	0.99	0.99	1.02	1.03
	USD-NOK	8.33	8.29	8.35	8.25
Central- and Eastern Europe	USD-PLN	3.56	3.63	3.70	3.68
	USD-HUF	266.16	269.23	269.57	271.93
	USD-CZK	21.69	21.79	22.26	22.54
Africa	USD-ZAR	13.65	14.20	14.50	15.00
Latin America	USD-BRL	3.29	3.20	3.30	3.40
	USD-MXN	18.94	19.00	19.20	19.50
Asia	USD-CNY	6.62	6.70	6.75	6.80
	USD-SGD	1.35	1.36	1.37	1.39
	USD-KRW	1091	1090	1100	1120

Commodities

Commodity	Current	Forecasts		
	Dec 11 2017	3 months	6 months	12 months
Gold (USD per troy ounce)	1,250.52	1,260	1,245	1,215
Gold (EUR per troy ounce)	1,060.93	1,080	1,080	1,070
WTI crude (USD per Barrel)	57.36	55	55	53
WTI crude (EUR per Barrel)	48.66	47	48	46
Brent crude (USD per Barrel)	63.64	59	59	57
Brent crude (EUR per Barrel)	53.99	50	51	50

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Your contacts at Deka:

Chief Economist: Dr. Ulrich Kater: +49 69 7147-2381; email: ulrich.kater@deka.de
Head of Economics: Dr. Holger Bahr: -2846; email: holger.bahr@deka.de
Head of Capital Markets and Strategy: Joachim Schallmayer: -3807; email: jochim.schallmayer@deka.de

Industrial Countries/Sector Analysis
Rudolf Besch: -5468; email: rudolf.besch@deka.de (USA, Dollarbloc, Japan)
Dr. Christian Melzer: -2851; email: christian.melzer@deka.de (EMU, Currencies)
Dr. Andreas Scheuerle: -2736; email: andreas.scheuerle@deka.de (Germany, EMU, Sector Analysis)
Nikola Stephan: -1023; email: nikola.stephan@deka.de (Euro-Outs ex Middle and East. Europe, Currencies)

Macro Trends/Commodities
Dr. Dora Borbély: -5027; email: dora.borbely@deka.de (Commodities, Macro Trends)
Dr. Gabriele Widmann: -2559; email: gabriele.widmann@deka.de (Macro Trends; Commodities)

Emerging Markets/ Country Risk Analysis
Janis Hübner: -2543; email: janis.huebner@deka.de (Asia ex Japan, Middle East)
Daria Orlova: -3891; email: daria.orlova@deka.de (Middle and Eastern Europe)
Mauro Toldo: -3556; email: mauro.toldo@deka.de (Latin America, Africa)

Central Bank Watching and Capital Markets
Sandra Ebner: -5036; email: sandra.ebner@deka.de (Market-based approach)
Michael Ramon Klawitter: -5789; email: michael.klawitter@deka.de (Floor economist)
Carsten Lüdemann: -2625; email: carsten.luedemann@deka.de (Bond market strategy)
Kristian Tödtmann: -3760; email: kristian.toedtmann@deka.de (ECB, Eurobond market)
Dr. Ulrich Weikard: -5790: email: ulrich.weikard@deka.de (Credits, Certificates)

Real Estate Research
Daniela Fischer: -7549; email: daniela.fischer@deka.de (Benelux, France, Portugal, Spain)
Gunnar Meyke: -5802; email: gunnar.meyke@deka.de (Nordics, Cross-sectional assignment/analysis)
Andreas Wellstein: -3850; email: andreas.wellstein@deka.de (Germany, EU, North-America; Asia/Pacific)

Data & Analysis
Peter Leonhardt: -2842; email: peter.leonhardt@deka.de

Internet: https://deka.de/deka-gruppe/research

Impressum: https://deka.de/deka-gruppe/impressum