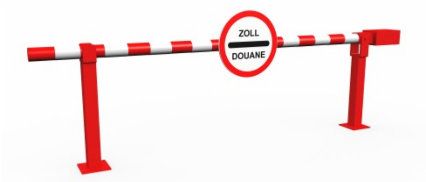
Macro Research
Economic Forecasts

April / May 2018

A few rotten eggs in the Easter basket

Erection of new trade barriers?



Sources: Adobe Stock, DekaBank.

For the capital markets there was an unusually large number of rotten eggs in the Easter basket this year. The indicators of market sentiment generated by monthly surveys are in reverse worldwide. Moreover, hard economic data also proved disappointing, especially in Germany, although we are not able to offer any explanation for this weakness. In addition, trade disputes have escalated, especially between the USA and China, US internet firms have been impacted by a data scandal, political tensions between Russia and the USA and the UK have triggered another spiral of sanctions, the formation of a government in Italy seems likely to lead to a Euro-sceptical constellation, …Let us end this long list at this point and note that this is all very bad for market sentiment and stock exchanges have become noticeably more volatile.

That, however, is no reason to declare an end to the upswing and opportunity for investment. We should not forget that in 2018 we waited a long time for indicators of market sentiment to fall back again from their record levels. It was also forecast that the capital markets would experience a paradigm shift if central banks were to begin to gradually affect an exit from their ultra-loose monetary policy. This would be a massive macroeconomic change, which would create scope for uncertainty about the development of both inflation and key rates. Accordingly, there has been a new valuation on financial markets, after unrealistic expectations had been priced in. This is all part of our main scenario, it meets our expectations and there is no reason for us to be unsettled.

This awareness does not make volatilitiy on the stock exchange any better. But it puts into perspective the burgeoning fears. Also helpful was the justified assumption that the build-up in trade barriers from the US side will not escalate, but that instead substantial damage to the world economy can be avoided through constructive negotiations. However, even then the market environment will remain uncertain for weeks to come. Short-term setbacks must be expected on both the German DAX and other stock exchanges. Only in the summer are matters likely to improve. Investors' attention will then focus on the modest steps of the central banks and they will be convinced that this economic expansion, old as it may be, may prove to be lasting. At the end of the year somewhat higher interest rates and noticeably firmer equity markets should have proved a sufficiently constructive environment for investments in securities.

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Bitte nicht löschen!

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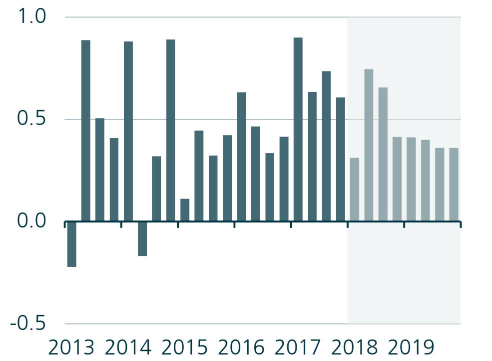
- Eurozone: GDP growth 2018: 2.2 % (previously 2.3 %), 2019: 1.8 % (previously 1.7 %).
- USA: key rate path 2018: shift in timing.
- Equity market: higher 3-month and 6- month forecasts for the DAX, EuroStoxx50 and Topix due to shifting of the forecast horizon. (A price fall is now expected in 1 to 2 months).

Economy: Industrial countries

Germany: GDP (% qoq, sa)



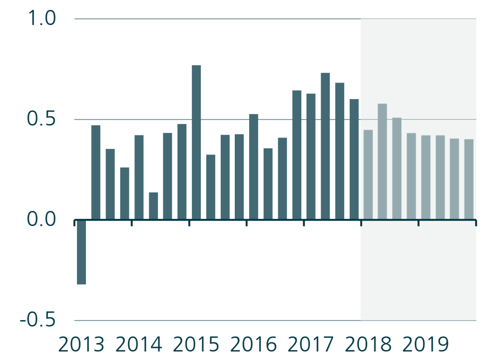
Sources: Destatis, forecast DekaBank

Germany

There has been a steady flow of weak economic data. In April for example, the indicators published for February, such as retail sales, production or foreign trade, suffered dramatic setbacks. These developments are in direct contrast to the prevailing excellent environment. Unemployment has fallen further, wages are rising faster and global development has also remained dynamic. The fact that survey indicators are on a downward trend is hardly worrying in view of their previous exaggerated heights. We are thus inclined to regard the current weakness as a temporary dip.

Forecast revision: GDP growth 2018: 2.3 % (previously 2.6 %), 2019: 1.8 % (previously 1.7 %). Inflation 2018: 1.5 % (previously 1.6 %, 2019: 1.9 % (previously 2.0 %).

Eurozone: GDP (% qoq, sa)



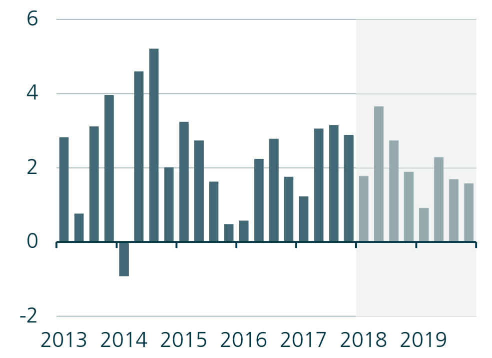
Sources: Eurostat, forecast DekaBank

Eurozone

The high growth rate registered in the Eurozone during previous quarters has presumably taken a break in the first quarter. This is signalled not so much by sentiment indicators that still indicate a good mood among companies and households despite recent declines. Rather, it has been the „hard" data that have been published to date, which include the disappointing industrial output figures for January and February. However, economic growth continues to be underpinned by positive developments on the European labour market. In February, the unemployment rate fell to 8.5 % and has now been lying for more than a year below the average since 1999 of 9.6 %.

Forecast revision: GDP growth 2018: 2.2 % (previously 2.3 %), 2019: 1.8 % (previously 1.7 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

USA

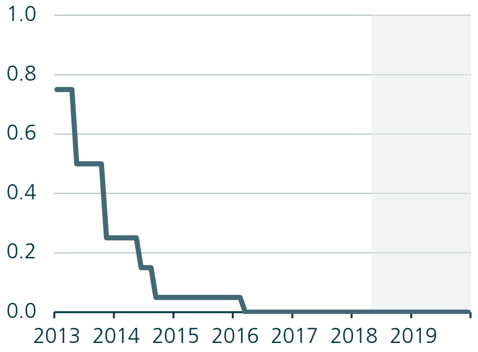
There is still no sign of accelerating economic growth. Despite tax cuts for companies and private households economic growth in the first quarter is unlikely to match the strong performance registered in the second half of 2017. One reason for this is statistical: there are problems with seasonal adjustment and this has led to a downward bias. However, this effect cannot fully explain the weakness. The media are full of the trade disputes between the USA and other countries. However, this has not led to any negative impact on economic activity. With respect to inflation, there are further signs of a somewhat stronger acceleration, but there is still no substantial risk of inflation.

Forecast revision: –.

April / May 2018

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



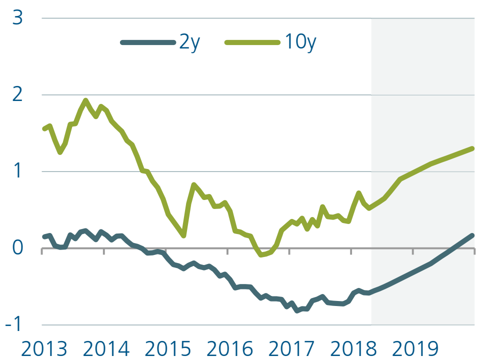
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

Since the ECB Council meeting in March market players have corrected downwards their expectations with respect to the long-term key-rate path. Two contributing factors have been the weak economic data published recently as well as the ECB's dovish rhetoric. In the weeks to come the ECB should continue to to purchase assets, until an upward trend in inflation can be ascertained. We continue to assume that after September it will allow its asset purchase programme to be phased out relatively quickly. However, we only expect an announcement to this effect in the second half of the year. Moreover, the ECB is likely to revise its forward guidance and give expectatins with respect to future key rates another orientation than the end of net asset purchases. Against this backdrop EONIA and EURIBOR rates have no significant upward scope, until the ECB begins to raise the deposit rate, which we believe will be in the middle of 2019.

Forecast revision: –.

German Bond Yield (% p.a.)



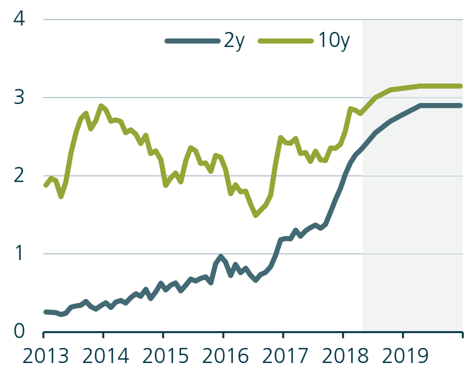
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

Weak economic data and concerns over a trade war between the USA and China have lowered yields, above all on long-term Bunds. This economic insecurity is likely to weaken only very gradually. Moreover, we do not expect any significant increase in core inflation in the months to come. For this reason the ECB is unlikely to change its course for the time being and should keep open the option of continuing its asset-purchase programme. Low key-rate expectations for the next one or two years should anchor the short end of the Bund curve. On the other hand, for the second half of the year we expect slightly rising yields for long-term Bunds. By then the inflation picture should have improved a little and the end of the ECB's asset-purchase programme will be more of an issue.

Forecast revision: –.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

As expected, in March the FOMC members raised the key rate interval by 25 basis points and at the same time raised the prospect of a slightly tighter key rate path. Nevertheless, a majority of FOMC members continue to prefer three key rate hikes this year. Statements made by FOMC members lead us to believe that the next hike will be already in June. This would leave open the option to raise key rates even four times this year. Current developments on the money markets, however, argue against four hikes this year. Interest rates have risen much stronger here than the corresponding key rate expectations. If this drifting apart were to continue, the need for an additional tightening of monetary policy would be diminished.

Forecast revision: Key rate path 2018: shift in timing.

April / May 2018

Markets: Industrial countries

Equity Market Forecast

	Current Apr 13, 18	in 3 months	in 6 months	in 12 months
DAX	**12 442.40**	**12 500**	**12 900**	**13 500**
Reporting:				
EuroStoxx50	3 448.00	3 500	3 500	3 600
S&P 500	2 656.30	2 550	2 650	2 700
Topix	1 729.36	1 700	1 700	1 750

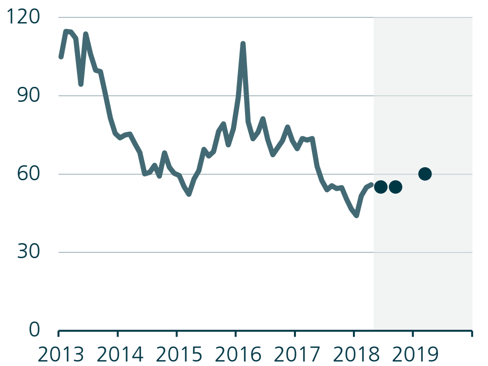
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

The positive growth that has underpinned the German equity market for the last 24 months is currently weakening somewhat. This is reflected in both the corporate sentiment indicators that have eased recently and in real economic data, which indicate that the German economy will prove weaker than expected in the first quarter. The same is true for corporate profit expectations, which for this year are 10% above last year's level, but which have not been raised further recently. Moreover, disputes over geopolitics and trade policy ensure a high degree of uncertainty, so that in the weeks to come we must expect a very volatile market environment and temporary price setbacks.

Forecast revision: Higher 3-month and 6- month forecasts for the DAX, EuroStoxx50 and Topix due to shifting of the forecast horizon. (A price fall is now expected in 1 to 2 months).

iTraxx Europe (Bp)

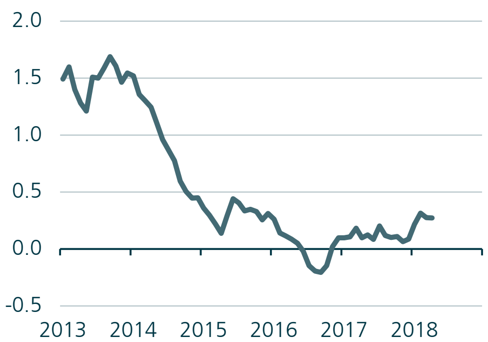


Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

Concerns over an escalating trade war as well as geopolitical trouble spots have led to rising risk premiums on credit markets. Falling indicators of market sentiment and weakening hard economic data have also contributed to higher spreads. Most major European companies have nevertheless managed to produce good reports and remain optimistic for the near future. Moreover, the ECB is underpinning the corporate market to the best of its ability. Despite an appreciable fall in the purchase of bonds overall, investment in corporate bonds has remained almost unchanged at a high level. Part of the spread widening that has been registered in credit derivatives can be attributed to technical effects following the regular extension of maturities and index adjustment.

Covered Bonds 5y (% p.a.)



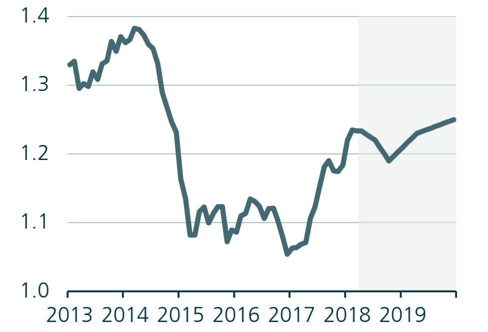
Source: Bloomberg

Covered Bonds

Issuing houses have been very active since returning from their Easter holidays. German and French issuers in particular are well represented and have drawn the rather weak phase of new issues out of February. In view of the expected end of the ECB's asset-purchase programme in the autumn the trend to early fulfilment of the refinancing need is likely to prove even stronger than in other years. Issuers are prepared to offer higher premiums for new issues in order to successfully place their bonds. Apart from the ECB, which in the meantime is concentrating most of its activity on new issues, investors' willingness to subscribe has sunk further in recent weeks. Higher premiums are slowly beginning to have an impact on the secondary market. Apart from Spanish covered bonds, which have benefited from the higher ratings of their home country, spreads have recently slightly risen.

Markets: Industrial countries

Exchange Rate EUR-USD



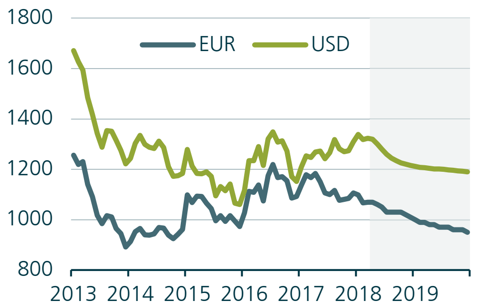
Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

In March the EUR-USD exchange rate rose slightly from 1,22 EUR-USD to 1,23 EUR-USD. In the run-up to the Fed's interest-rate meeting on March 21st the US dollar strengthened somewhat. However, the key rate hike by 25 basis points to the new target range of 1.50 %-1.75 % came in as expected. The Fed's explanation of its decision also provided no surprises. The Fed wishes to maintain its course of gradual interest rate rises. In the wake of the interest rate meeting the Euro quickly appreciated again against the US dollar and was able to make up for its slight weakness before the meeting. The marked cooling of sentiment in the Eurozone in March has so far had no appreciable impact on the value of the Euro against the US dollar.

Forecast revision: –.

Gold price (per troy ounce)



Per-formance	from 31.03.12 to 31.03.13	31.03.13 31.03.14	31.03.14 31.03.15	31.03.15 31.03.16	31.03.16 31.03.17	31.03.17 31.03.18
Gold in Euro	-0.66%	-25.08%	18.34%	-1.67%	7.52%	-7.70%
Gold in USD	-4.46%	-19.53%	-7.82%	4.32%	1.06%	6.05%

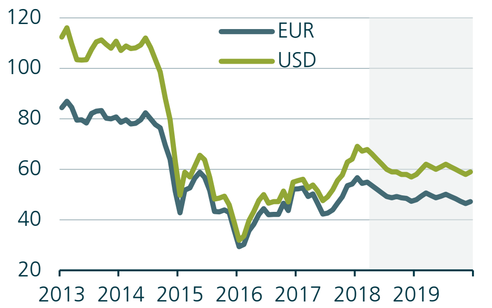
Sources: Bloomberg, forecast DekaBank

Gold

The sell-off on the equity markets, the slump in bond yields on both sides of the Atlantic, the deterioration of sentiment in the purchasing managers' indices, the escalation in the trade war between the USA and China, the aggravation of political tensions in Syria and the increased danger of renewed sanctions against Iran are all factors that we would have expected to help the gold price rise to much greater heights than has in fact been the case. But speculative market players on futures markets have rather been reducing their bets on rising prices and world stocks of exchange-traded bonds backed by physical metal (ETFs) have risen only very slightly. We continue to assume that despite the many factors contributing to uncertainty, it will be difficult in the medium term to register a significant price rise in an environment in which interest rates tend to be on the rise.

Forecast revision: –.

Crude Oil Brent (per barrel)



Performance	from 31.03.12 to 31.03.13	31.03.13 31.03.14	31.03.14 31.03.15	31.03.15 31.03.16	31.03.16 31.03.17	31.03.17 31.03.18
Brent in Euro	-6.90%	-8.81%	-34.35%	-32.27%	41.94%	15.76%
Brent in USD	-10.47%	-2.05%	-48.86%	-28.14%	33.41%	33.01%

Sources: Bloomberg, forecast DekaBank

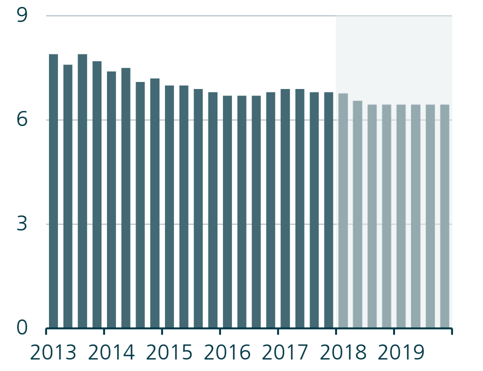
Crude oil

The latest oil price rise was the result of a mixture of more keenly perceived supply risks and political influences. OPEC's discipline is currently very strong in holding to its agreement on capping output. The shortfalls caused by the crisis in Venezuela have even led to an enormous overfulfilment of the quota. Despite continued strongly rising US oil production, this has triggered discussion over whether the global oil market could slide into a supply deficit. This discussion, together with the increased probability that the USA could impose further sanctions against Iran, as well as further political risks related to Syria have also contributed to the rise in the oil price. We do not expect a supply deficit on the oil market this year, as the rising demand can be satisfied solely by increased production in the USA. Our medium-term oil price forecast thus remains unchanged.

Forecast revision: –.

Emerging Markets

China: GDP (% yoy)



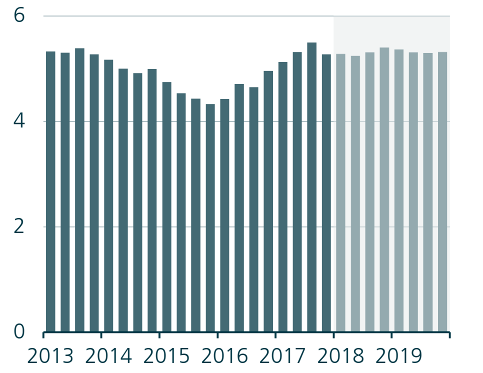
Sources: National Statistics, forecast DekaBank

China

In the first months of the new year the Chinese economy has enjoyed stable development. At the same time political tensions with the USA have increased. US President Trump has clearly escalated the trade war by announcing the imposition of punitive tariffs on imports from China. On the one hand, China has reacted by threatening to impose tariffs on imports from the USA. On the other hand, President Xi Jingping has stressed China's interest in free trade, which underscores China's readiness to negotiate. However, the announcement of tighter diplomatic and military cooperation between the USA and Taiwan has caused China even more displeasure. Taiwan is regarded by China as a province and is not recognised as an independent state. Should Taiwan declare independence, China has threatened on several occasions to engage in military action.

Forecast revision: –.

Emerging Markets: GDP (% yoy)



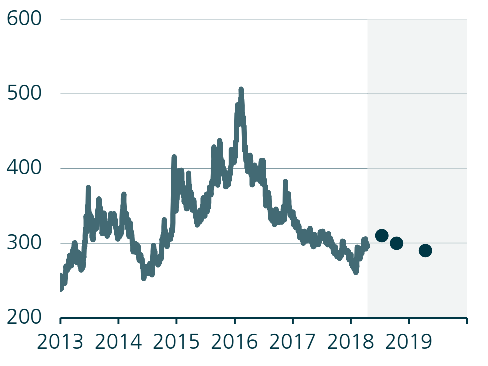
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

In March the purchasing managers' indices for the manufacturing sector showed no clear trend and all in all remained at a solid level. The trade conflict between the USA and China has escalated after both sides announced comprehensive punitive tariffs. However, the door to negotiations is still open and the latest statements by the Chinese President Xi Jingping have made it clear that China has no interest in further escalation. Even in the likely case that the threats to impose punitive tariffs are in fact realised, the resulting risks to growth would be manageable. The tightening of US sanctions against Russia would also have little economic impact. However, the diplomatic climate between Russia and the West has deteriorated appreciably.

Forecast revision: –.

EMBIG Diversified-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

In recent weeks concerns over an escalation of the trade conflict have weighed on global equity markets and the EM indices have not been able to escape this trend. Russian equities and the rubel have been subjected to increasing pressure due to US sanctions and growing tensions in Syria. In Turkey the Lira has slumped to a new record low, after the latest economic programme showed that the government has not taken seriously capital markets' concerns that the economy is overheating. In the trade row between the USA and China there will probably be negotiations in the coming months, but the introduction of tariffs that have already been announced is probable, so that this conflict will remain an issue on the markets. The growth risks are greater than the inflation risks, although the real economic impact of the tariff increases that have been announced is not likely to be serious. While uncertainty will prevail on the equity markets for some weeks to come, we expect the development of EM bonds to remain stable.

April / May 2018

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	2.2	2.3	1.8	1.7	1.5	1.9	8.0	8.0	7.5	1.2	0.7	0.4
France	2.3	2.0	1.8	1.5	1.2	1.8	1.7	-3.0	-2.8	-2.6	-2.9	-2.9	-3.0
Italy	1.9	1.5	1.5	1.3	1.3	1.2	1.7	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	1.8	1.7	1.9	1.9	-3.1	-2.4	-1.7
Netherlands	0.7	3.2	2.6	2.1	1.3	1.7	1.8	9.1	8.7	8.4	0.7	0.5	0.9
Belgium	0.4	1.7	1.7	1.5	2.2	1.6	2.0	-1.0	-1.1	-0.9	-1.5	-1.4	-1.5
Eurozone	**11.7**	**2.3**	**2.2**	**1.8**	**1.5**	**1.5**	**1.8**	**3.5**	**3.0**	**2.9**	**-1.1**	**-1.0**	**-1.0**
United Kingdom	2.3	1.8	1.5	1.4	2.7	2.5	2.2	-4.1	-4.6	-4.4	-2.1	-1.9	-1.5
Sweden	0.4	2.7	2.7	2.0	1.9	1.8	1.9	4.9	5.0	5.1	0.9	0.7	0.6
Denmark	0.2	2.1	1.4	1.8	1.1	1.0	1.8	8.4	8.3	8.2	-1.0	-1.0	-0.9
EU-22	**14.7**	**2.3**	**2.1**	**1.8**	**1.7**	**1.6**	**1.8**	**2.4**	**1.9**	**1.9**	**-1.2**	**-1.1**	**-1.1**
Poland	0.9	4.6	3.8	3.3	2.0	1.4	1.8	0.0	0.0	-0.7	-1.7	-1.7	-1.9
Hungary	0.3	4.5	3.4	2.6	2.5	1.7	1.9	1.0	0.9	0.5	1.2	0.8	0.6
Czech Republic	0.2	4.2	3.8	2.8	2.3	2.0	2.9	4.9	3.7	3.2	-2.1	-2.6	-2.3
EU-28	**16.7**	**2.6**	**2.3**	**1.9**	**1.7**	**1.7**	**1.9**	**2.1**	**1.7**	**1.6**	**-1.2**	**-1.2**	**-1.2**
USA	15.5	2.3	2.7	1.9	2.1	2.5	2.5	-2.4	-2.5	-2.5	-3.5	-5.5	-6.0
Japan	4.4	1.7	1.2	0.7	0.5	1.7	1.8	4.0	3.5	3.0	-4.8	-4.5	-4.0
Canada	1.4	3.0	2.1	1.6	1.6	2.2	2.5	-3.0	-3.5	-4.0	-1.0	-1.0	-1.5
Australia	1.0	2.3	2.6	2.5	1.9	1.8	1.6	-2.3	-2.5	-2.0	-1.5	-1.0	-1.0
Switzerland	0.4	1.1	2.0	1.6	0.5	0.6	0.9	9.3	10.3	10.9	0.2	0.1	0.1
Norway	0.3	1.9	2.1	2.0	1.9	2.1	1.8	4.3	4.1	4.1	4.3	4.6	4.8
Developed Countries[4]	**37.8**	**2.3**	**2.3**	**1.7**	**1.7**	**2.0**	**2.1**	**0.4**	**0.1**	**0.0**	**-2.5**	**-3.2**	**-3.4**
Russia	3.2	1.5	1.7	1.8	3.7	3.0	4.7	2.6	3.1	2.8	-1.4	-1.0	-0.8
Turkey	1.7	7.4	5.5	4.5	11.1	10.0	8.4	-5.6	-5.7	-5.3	-1.5	-2.1	-2.6
Ukraine	0.3	2.2	2.6	2.4	14.4	11.2	8.6	-3.6	-4.2	-5.3	-1.4	-2.6	-2.5
Emerging Europe[5]	**7.5**	**3.8**	**3.2**	**2.8**	**5.5**	**4.8**	**5.1**	**-0.7**	**-0.6**	**-0.8**	**X**	**X**	**X**
South Africa	0.6	1.3	2.1	1.7	5.2	5.1	5.5	-2.8	-3.4	-3.6	-3.9	-3.7	-3.7
Middle East, Africa	**3.4**	**2.3**	**3.1**	**3.0**	**13.9**	**10.9**	**9.9**	**-0.8**	**0.2**	**-0.2**	**X**	**X**	**X**
Brazil	2.6	1.0	2.5	2.6	3.4	3.6	4.2	-0.5	-1.7	-1.5	-8.0	-6.6	-5.3
Mexico	1.9	2.1	2.2	2.4	6.0	4.5	3.9	-1.6	-1.9	-2.2	-1.1	-2.3	-2.2
Argentina	0.7	2.8	3.4	2.8	26.5	20.9	12.3	-4.5	-4.3	-4.4	-5.8	-5.3	-5.2
Chile	0.4	1.4	2.9	3.0	2.2	2.5	3.2	-1.3	-0.5	-0.4	-2.7	-2.3	-1.6
Latin America	**7.2**	**1.0**	**1.8**	**2.3**	**6.5**	**5.4**	**4.7**	**-1.4**	**-1.7**	**-2.0**	**X**	**X**	**X**
China	17.7	6.9	6.6	6.4	1.6	1.9	2.2	1.4	1.4	1.3	-3.7	-3.5	-3.8
India	7.2	6.4	7.5	7.6	3.3	4.9	4.4	-1.7	-2.2	-2.1	-3.5	-3.5	-3.2
Indonesia	2.5	5.1	5.4	5.6	3.8	3.8	4.3	-1.7	-2.2	-2.6	-2.7	-2.3	-2.4
South Korea	1.6	3.1	2.9	3.2	2.0	1.4	2.0	5.1	5.4	6.1	1.1	0.7	0.6
Emerging Asia	**33.1**	**6.1**	**6.2**	**6.2**	**2.1**	**3.0**	**3.1**	**2.0**	**1.9**	**1.9**	**X**	**X**	**X**
Emerging Markets	**51.2**	**4.8**	**4.9**	**4.9**	**4.0**	**3.9**	**3.9**	**1.0**	**0.9**	**0.8**	**X**	**X**	**X**
Total[6]	**89.1**	**3.7**	**3.8**	**3.6**	**3.0**	**3.1**	**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.

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Interest rates in industrialised countries

		Current	Forecasts		
		Apr 16 2018	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	-0.25
	12 months (EURIBOR)	-0.19	-0.18	-0.12	0.00
	Bunds, 2 years	-0.58	-0.50	-0.40	-0.20
	Bunds, 5 years	-0.08	0.00	0.20	0.45
	Bunds, 10 years	0.52	0.65	0.90	1.10
	Bunds, 30 years	1.19	1.25	1.40	1.60
USA	Monetary policy (FFR)	1.50-1.75	1.75-2.00	1.75-2.00	2.25-2.50
	3 months (LIBOR)	2.35	2.40	2.45	2.55
	12 months (LIBOR)	2.73	2.85	2.90	3.10
	US-Treasuries, 2 years	2.37	2.55	2.70	2.90
	US-Treasuries, 5 years	2.68	2.80	2.95	3.05
	US-Treasuries, 10 years	2.84	3.00	3.10	3.15
	US-Treasuries, 30 years	3.04	3.25	3.35	3.40
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.04	0.00	0.00	0.05
	12 months (LIBOR)	0.11	0.10	0.15	0.15
	JGBs, 2 years	-0.15	-0.10	-0.10	0.05
	JGBs, 5 years	-0.11	0.00	0.00	0.25
	JGBs, 10 years	0.04	0.15	0.25	0.40
	JGBs, 30 years	0.71	0.85	0.95	1.15
United Kingdom	Monetary policy (Base)	0.50	0.75	0.75	1.00
	3 months (LIBOR)	0.78	0.85	0.85	1.10
	12 months (LIBOR)	1.06	1.10	1.20	1.50
	Gilts, 2 years	0.91	1.00	1.20	1.40
	Gilts, 5 years	1.19	1.30	1.40	1.50
	Gilts, 10 years	1.44	1.70	1.80	2.00
	Gilts, 30 years	1.81	1.95	2.00	2.10
Sweden	Monetary policy (Repo)	-0.50	-0.50	-0.50	-0.25
	3 months (STIB)	-0.37	-0.40	-0.30	-0.10
	2 years	-0.52	-0.50	-0.30	0.00
	10 years	0.66	0.90	1.10	1.30
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.29	-0.28	-0.23	-0.15
	2 years	-0.45	-0.30	-0.25	-0.10
	10 years	0.54	0.65	0.90	1.15
Norway	Monetary policy (Deposit)	0.50	0.50	0.75	1.00
	3 months (NIBOR)	1.14	1.18	1.35	1.50
	3 years	0.80	0.90	1.10	1.40
	10 years	1.81	2.00	2.20	2.30
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	-0.67
	2 years	-0.86	-0.75	-0.60	-0.30
	10 years	0.02	0.20	0.40	0.50
Canada	Monetary policy (O/N)	1.25	1.75	2.00	2.25
	3 months (CBA)	1.75	2.00	2.20	2.40
	12 months (CBA)	2.13	2.30	2.50	2.90
	2 years	1.86	2.15	2.35	2.75
	5 years	2.10	2.35	2.50	2.75
	10 years	2.24	2.40	2.50	2.75
	30 years	2.35	2.45	2.55	2.75
Australia	Monetary policy (Cash)	1.50	1.50	1.75	2.00
	3 months (ABB)	2.08	2.00	2.05	2.10
	2 years	2.09	2.30	2.45	2.85
	10 years	2.75	2.95	3.10	3.25

Interest rates in EM countries

			Current	Forecasts		
			Apr 16 2018	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)	1.60	1.60	1.70	1.90
		2 years	1.53	1.60	1.80	2.10
		10 years	3.03	3.10	3.30	3.50
	Czech Rep.	Monetary policy (Repo)	0.75	0.75	1.00	1.25
		3 months (PRIBOR)	0.90	0.90	1.10	1.30
		2 years	0.72	0.80	0.90	1.10
		10 years	1.79	1.80	2.10	2.40
	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	0.78	0.90	0.90	1.00
		10 years	2.43	2.50	2.60	3.00
Latin America	Brazil	Monetary policy (Repo)	6.50	6.25	6.25	6.75
		3 months (ABG)	6.39	6.30	6.40	6.80
		2 years	7.27	7.60	7.65	7.85
		9 years	9.90	9.30	9.00	9.00
	Mexico	Monetary policy	7.50	7.50	7.25	6.50
		3 months (Mexibor)	7.60	7.50	7.30	6.60
		2 years	7.27	7.20	6.60	6.50
		10 years	7.36	7.40	6.70	6.50
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	4.17	4.40	4.50	4.70
		3 years	3.39	3.60	3.70	3.80
		10 years	3.72	3.80	3.90	4.10
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.50	1.50	1.60	1.70
		2 years	1.88	1.70	1.70	1.80
		10 years	2.39	2.40	2.50	2.60
	South Korea	Monetary policy	1.50	1.50	1.75	2.00
		3 months	1.52	1.50	1.80	2.10
		2 years	2.03	2.10	2.30	2.30
		10 years	2.61	2.70	2.90	2.90

Yield spreads in basis points[1)]

			Current	Forecasts		
			Apr 16 2018	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	235	220	210	205
		Turkey	328	335	325	315
		Hungary	106	115	110	105
	Africa	South Africa	249	260	250	240
	Latin America	Brazil	233	245	235	230
		Chile	123	130	125	120
		Columbia	172	180	175	170
		Mexico	237	250	240	235
	Asia	China	122	130	125	120
		Indonesia	176	180	175	170
		Philippines	99	100	100	95
	Total (EMBIG Div)		**300**	**310**	**300**	**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		
		Apr 16 2018	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.23	1.22	1.19	1.23
	EUR-CAD	1.56	1.54	1.51	1.55
	EUR-AUD	1.59	1.56	1.55	1.58
Japan	EUR-JPY	132.27	130.54	129.71	135.30
Euro-Outs	EUR-GBP	0.87	0.88	0.87	0.87
	EUR-DKK	7.45	7.44	7.44	7.44
	EUR-SEK	10.44	10.20	10.00	9.90
	EUR-CHF	1.19	1.17	1.18	1.19
	EUR-NOK	9.59	9.50	9.40	9.30
Central- and Eastern Europe	EUR-PLN	4.17	4.20	4.15	4.10
	EUR-HUF	310.74	315.00	315.00	315.00
	EUR-CZK	25.30	25.30	25.10	25.00
Africa	EUR-ZAR	14.89	14.76	14.52	15.38
Latin America	EUR-BRL	4.22	4.03	3.93	4.18
	EUR-MXN	22.28	22.94	22.85	23.99
Asia	EUR-CNY	7.75	7.81	7.68	8.00
	EUR-SGD	1.62	1.61	1.58	1.65
	EUR-KRW	1325	1318	1297	1353
US-Dollar		**Current**	**Forecasts**		
		Apr 16 2018	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.26	1.26	1.27	1.26
	AUD-USD	0.78	0.78	0.77	0.78
Japan	USD-JPY	107.25	107.00	109.00	110.00
Euro-Outs	GBP-USD	1.43	1.39	1.37	1.41
	USD-DKK	6.04	6.10	6.25	6.05
	USD-SEK	8.47	8.36	8.40	8.05
	USD-CHF	0.96	0.96	0.99	0.97
	USD-NOK	7.78	7.79	7.90	7.56
Central- and Eastern Europe	USD-PLN	3.38	3.44	3.49	3.33
	USD-HUF	251.95	258.20	264.71	256.10
	USD-CZK	20.51	20.74	21.09	20.33
Africa	USD-ZAR	12.07	12.10	12.20	12.50
Latin America	USD-BRL	3.42	3.30	3.30	3.40
	USD-MXN	18.06	18.80	19.20	19.50
Asia	USD-CNY	6.28	6.40	6.45	6.50
	USD-SGD	1.31	1.32	1.33	1.34
	USD-KRW	1075	1080	1090	1100

Commodities

Commodity	Current	Forecasts		
	Apr 16 2018	3 months	6 months	12 months
Gold (USD per troy ounce)	1,343.63	1,260	1,225	1,204
Gold (EUR per troy ounce)	1,089.37	1,030	1,030	980
WTI crude (USD per Barrel)	67.39	56	54	57
WTI crude (EUR per Barrel)	54.64	46	45	46
Brent crude (USD per Barrel)	71.79	60	58	61
Brent crude (EUR per Barrel)	58.20	49	49	50

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