Macro Research
Economic Forecasts

November / December 2018

Consolidation continues

Markets in autumnal mood

Source: Adobe Stock , DekaBank.

In recent weeks a wave of disillusionment has swept through global stock exchanges. Although it has proved somewhat stronger than we expected, there are many good and in some cases well-known reasons: the continued tightening of monetary policy by the big central banks, the world-wide dampening of sentiment indicators, company quarterly reports with more cautious outlooks and, in addition, many local crises, risks and conflicts. These factors, especially tighter monetary policy and a weaker economy, will continue to plague us in 2019.

Of course, such a correction on the equity markets has its benefits: US valuations have returned to a more reasonable level and in Europe long-term averages are now even regarded as favourable. However, this will only hold as long as the economic upswing lasts and whilst in its wake corporate profits continue to rise. Whereupon attention is once again focused on the question: How much longer will this already very well established global upswing continue to last?

Presumably for a rather long time, we would reply, albeit at a slower pace. Currently and in the first half of 2019 at least this slower pace is and will be a major problem for the markets. However, one factor must be held in mind: wherever we look we see slowing growth rates, but for now no risk of recession. In the USA the boost provided by the easing of financial policy has diminished, Chinese dynamics will be weighed down by US tariffs, German growth has been hit by the temporary weakness of the automobile industry and the jolting Brexit negotiations are also not exactly conducive to economic growth. At the same time, however, inflation rates have remained low almost everywhere and are rising only very slowly, so that the central banks can continue with their slow and gradual exit from their crisis policy. This means that monetary policy will only trigger a recession if key rates are raised too far into the restrictive area. In the current state of affairs, however, that is not likely to occur very quickly. And why should it? The current inflation outlook offers no reason to expect such a development.

Of course, caution is required in this environment. The upswing is becoming shakier which also weighs on prospects for corporate earnings. In so far we expect the development of equity prices in the coming months to be mixed. At the same time there are no prizes to be won for secure fixed-interest investments. Thus, investors' attention focuses rather on medium-term and long-term horizons. With a view to the expected yield, equities are a vital element in the portfolio. In the meantime, even though equity markets may tend to weaken, we regard such phases rather as opportunities to build up the position.

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- Germany: GDP growth 2018: 1.5 % (previously 1.7 %); 2019: 1.6 % (previously 1.8 %); Inflation 2019: 2.0 % (previously 1.9%).
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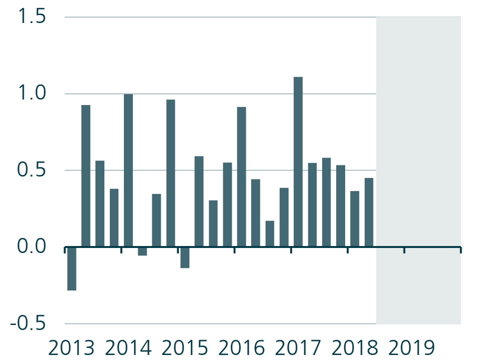
- Crude oil price: Downward revision of 3-month and 6-month forecasts.
- Downward revision of GDP growth forecast for Mexiko.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



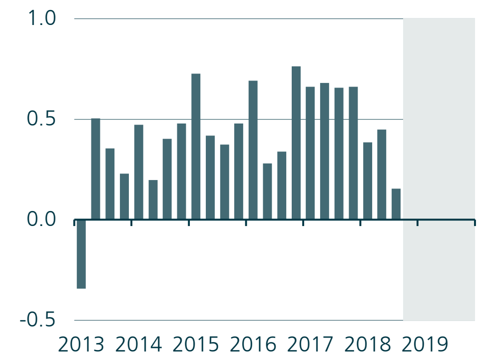
Sources: Destatis, forecast DekaBank

Germany

The third quarter will have brought a lowering of GDP growth, as the key German industrial branch, the automobile industry, has weakened due to execptional factors. With effect from 1st September 2018 all newly registered passenger cars must present certified WLTP measurements of fuel consumption and emissions. As German manufacturers have so far not managed to have all their vehicles types registered, production has been cut back drastically. In the fourth quarter the positive bounce-back is expected to begin. First, however, the stockpiled inventory must be sold, which could delay the revival of production.

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

Eurozone: GDP (% qoq, sa)



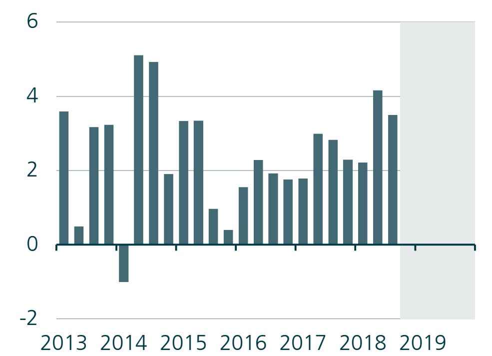
Sources: Eurostat, forecast DekaBank

Eurozone

In the third quarter the Eurozone growth rate slowed substantially. According to Eurostat's preliminary flash estimate, GDP rose by only 0.2% (qoq) in the third quarter in comparison with the previous quarter. This weak growth rate can be attributed to two regional factors: Germany and Italy. In the third quarter Italy proved a disappointment with its first stagnation since 2014. In the third quarter the German economy will presumably have shrunk due primarily to the problems with the automobile industry. German data have been reported to Eurostat, but not published. The Eurozone's anchors of stability in the third quarter were France (+0.4 % qoq) and Spain (+0.6 % qoq).

Forecast revision: GDP growth 2018: 2.0 % (previously 2.1%); 2019: 1.6 % (previously 1.7).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

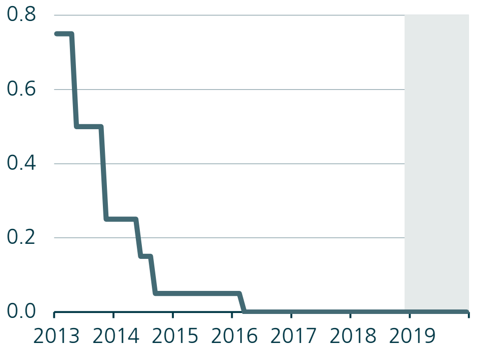
USA

In the third quarter GDP rose by an annualised 3.5% against the previous quarter. However, some elements in the composition of this growth figure were disappointing. Investment in fixed assets slumped for the first time since the end of 2015 and inventory investment was excessively high, so that the corresponding counter movement in the final quarter of 2018 threatens to choke growth. Corporate surveys suggest that investment is indeed on the decline. This can perhaps be attributed to the declining impact of the tax reform at the beginning of the year. It is, however, also conceivable that ongoing and unresolved trade disputes with China are increasingly becoming a burden. However, the labour market report for October indicated that US GDP growth has remained fundamentally dynamic.

Forecast revision: –.

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



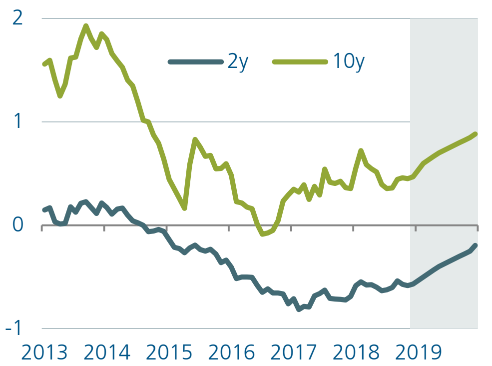
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

Weak economic data from the Eurozone have led market players to revise down their expectations with respect to future key-rate hikes by the ECB. At the press conference at the end of October President Draghi continued to express the belief that the risks for economic growth are balanced. However, his confidence in September's macroeconomic projections seems to have diminished. We continue to assume that the ECB will allow its net asset-purchases to expire at the end of the year. Apart from that it should adopt a very cautious tone with respect to its future monetary policy, in order to avoid irritating financial markets and companies. Only when the risks for economic growth have diminished and the signs of rising core inflation are clearer should the ECB make a renewed attempt to prepare markets for the approaching key-rate hikes. We expect the deposit rate to be raised to -0.25 % in September 2019.

Forecast revision: –.

German Bond Yield (% p.a.)



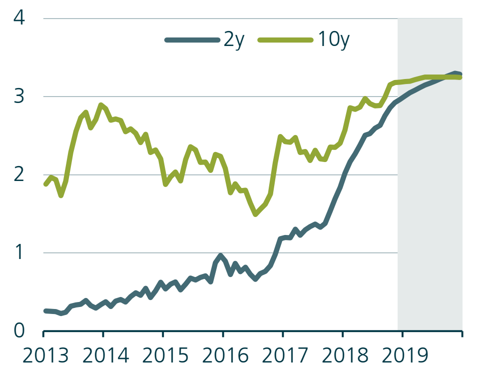
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

Weak economic data from the Eurozone together with risks linked to Italy’s public debt as well as global trade disputes are weighing on the yields of long-term Bunds. We assume that the upswing in the Eurozone will continue thanks to strong domestic demand. With the passage of time political risks will also fall into the background again. The first consequence thereof will be that market players revise upwards their longer-term key-rate expectations. Also, the currently very negative maturity premiums in the yields of long-term Bunds should reduce. We therefore expect a steepening of the Bund curve in the run-up to the ECB's first hike of the deposit rate in the autumn of 2019.

Forecast revision: –.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

As expected, at its meeting in November the Fed left the key rate interval at 2.00 % to 2.25 %. The statement published at the end of the meeting did not reveal any significant changes, either, whereby the next key-rate hike now seems very likely to be made at the next meeting in December. Further out, only turmoil in financial markets can prevent the Fed from implementing the key-rate hike in March 2019. For the period thereafter, however, the forecasting risks are greater. The Fed will then make a much clearer reference to its data-dependent approach. Yields of long-term US government bonds have not risen further in recent weeks thanks to a weakening of the equity market.

Forecast revision: –.

Markets: Industrial countries

Equity Market Forecast

	Current Nov 9, 18	in 3 months	in 6 months	in 12 months
DAX	**11 529.16**	**11 500**	**10 500**	**12 000**
Reporting:				
EuroStoxx50	3 229.49	3 200	2 800	3 200
S&P 500	2 781.01	2 700	2 400	2 600
Topix	1 672.98	1 600	1 400	1 500

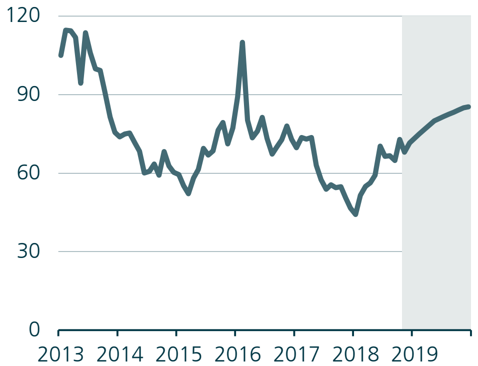
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

October has lived up to its reputation as a difficult month for equity markets. However, equity prices have fallen by much more than corporate profits, which means that valuations on the German equity market have been substantially reduced. However, as no dramatic slump in corporate earnings is expected, the adjustment seems to have already gone quite far. We can now expect the market to settle down and by the end of the year it should be well on the way to recovery. Nevertheless, the corporate environment has recently become much more of a challenge. Growth prospects have been impacted by both global uncertainty generated by trade disputes as well as by the home-made problems of the German automobile industry. These risks will remain, but in the medium term expectations must be adjusted downwards. Consequently, our price forecasts are more cautious, although we have maintained our sequential pattern.

Forecast revision: downward revision of 3-month, 6-month,and 12-month targets.

iTraxx Europe (Bp)

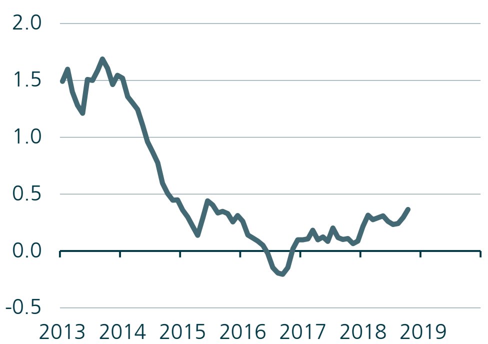


Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

In the wake of gloomier economic prospects a large number of European companies have been obliged to revise down their business forecasts. However, in the consequent market turmoil corporate bonds have performed much better than many equities. All in all, company reports for the third quarter have not been bad at all; in many cases both sales and profits have risen substantially. However, the automobile industry has fallen back appreciably due to some exceptional factors. Although the ECB's exit from its asset-purchase programme has already been largely factored into prices, it will continue to be something of a burden for corporates in the coming year.

Covered Bonds 5y (% p.a.)



Source: Bloomberg

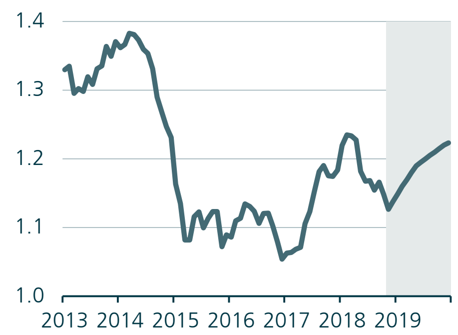
Covered Bonds

In recent weeks the slight rise in the spreads of covered bonds and mortgage bonds has continued. At the same time new issuance activity proved less than had been expected. Turmoil on the financial markets and the start of the quarterly earnings season have only allowed the issuance of new bonds to a limited degree. Despite comparatively high new issue premiums of up to 10 bp, new issues have only been placed with great difficulty. As we can expect stronger new issuance activity in the coming weeks before the investment books are closed again for the Christmas break, the pressure from the side of the primary markets can be expected to continue. The debut of two bonds from Japan and Korea has been followed with great interest. Investors showed great interest in subscribing for the first Euro-denominated covered bonds issued by these countries and demand was also strong on the secondary market.

November / December 2018

Markets: Industrial countries

Exchange Rate EUR-USD



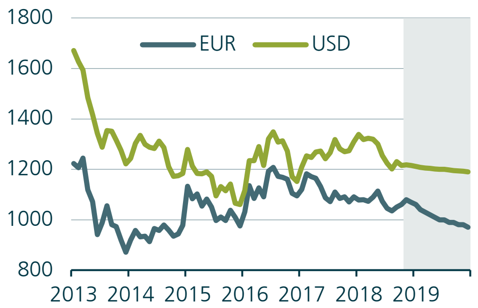
Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

Since the beginning of October the Euro has depreciated against the US dollar. At the beginning of the month the EUR-USD exchange rate was still at 1.16. By the end of October it had fallen to 1.13 EUR-USD. Economic data from Europe and the USA brought the Euro under pressure against the US dollar. Third-quarter Eurozone GDP growth was very disappointing. Italy is now stagnating and German GDP growth will probably have shrunk in the third quarter. The US economy, on the other hand, has performed surprisingly well. The labour market is doing very well and exceeded all expectations with regard to new jobs created in October. Against this background we expect the Fed to raise key rates by 25 basis points in December for the fourth time this year.

Forecast revision: –.

Gold price (per troy ounce)



Per-formance	from 31.10.12 to 31.10.13	31.10.13 31.10.14	31.10.14 31.10.15	31.10.15 31.10.16	31.10.16 31.10.17	31.10.17 31.10.18
Gold in Euro	-26.56%	-3.95%	10.80%	12.10%	-6.07%	-1.48%
Gold in USD	-23.00%	-11.49%	-2.58%	11.54%	-0.20%	-4.37%

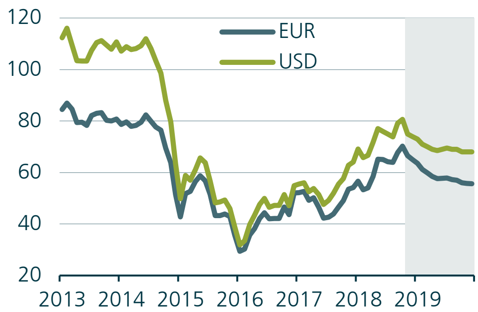
Sources: Bloomberg, forecast DekaBank

Gold

In October the gold price turned as equity markets came under pressure and rose for the time being at least. Financial market players' enhanced risk aversion is also reflected by lower Bund yields and a pause in the rise of US yields. The picture is thus once again coherent. The speculators on the gold market have also changed their tactics and reduced their bets on falling gold prices, which has, of course, underpinned the gold price. In recent weeks there have been significant inflows of exchange-traded bonds backed by physical metal (ETFs). Only the stronger US dollar did not fit into the picture, but this failed to spoil the mood on the gold market. "Enjoy the moment" is the motto, for the constant rise of US interest rates continues to have a negative impact on the gold price. The worldwide supply of physical gold has now exceeded demand for six consecutive quarters.

Forecast revision: –.

Crude Oil Brent (per barrel)



Performance	from 31.10.12 to 31.10.13	31.10.13 31.10.14	31.10.14 31.10.15	31.10.15 31.10.16	31.10.16 31.10.17	31.10.17 31.10.18
Brent in Euro	-4.50%	-14.39%	-34.35%	-2.05%	19.59%	26.70%
Brent in USD	0.13%	-21.11%	-42.28%	-2.54%	27.06%	22.98%

Sources: Bloomberg, forecast DekaBank

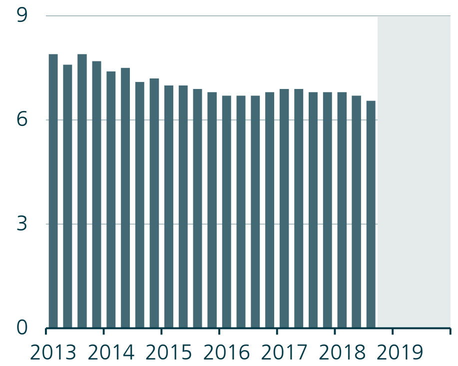
Crude oil

In recent weeks oil prices have fallen substantially. Since November US sanctions have come into effect against the Iranian oil sector. In October we revised our oil price forecasts upwards precisely because of these sanctions. Now the USA has surprisingly announced that Iran's most important oil customers have been excluded from the sanctions for six months. These include South Korea, Japan, India and China, which purchase most of Iran's oil. Iran's oil exports will thus hardly fall from their current level. In addition in recent weeks the USA, Russia and OPEC (without Iran) have all substantially increased their oil output, so that we may safely assume that there will be no supply deficit on the global oil market in the fourth quarter of 2018. We have therefore reversed our October forecast revision.

Forecast revision: Downward revision of 3-month and 6-month forecasts.

Emerging Markets

China: GDP (% yoy)



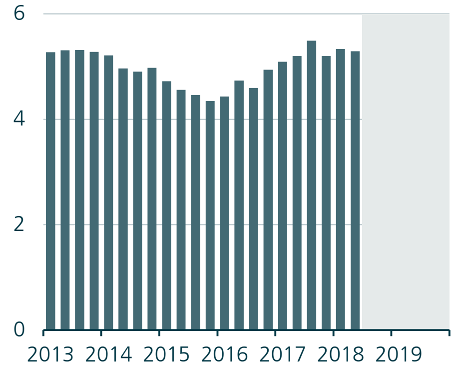
Sources: National Statistics, forecast DekaBank

China

The October purchasing managers' indices for both the manufacturing sector and the services sector fell and point to a continuation of the economic slowdown. The economic outlook has been clouded above all by the threat of an escalation of the trade conflict. Recently there was a telephone conversation between the Chinese President Xi Jinping and US President Trump at which it was agreed to hold a meeting at the G20 summit at the end of November. We do not, however, expect any breakthrough at this meeting. It is thus highly likely that at the beginning of 2019 the punitive tariff on Chinese imports worth USD 200bn will be raised from 10 % to 25 %. Moreover, Trump has threatened to impose a tariff on all imports from China that have not yet been affected if the talks do not prove successful.

Forecast revision: -.

Emerging Markets: GDP (% yoy)



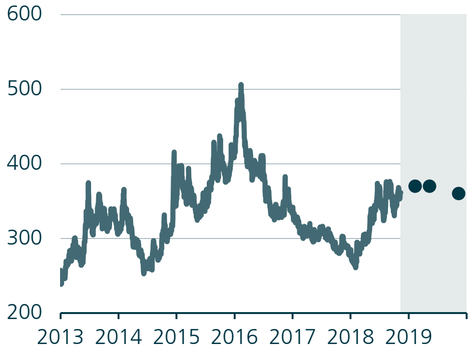
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

The EM purchasing managers' index for the manufacturing sector has remained largely unchanged, but within the regions development has varied greatly. For the first time in six months the presidents of the USA and China held direct talks in order to sound out the possibilities of negotiations to put an end to the trade conflict. However, we do not expect the meeting at the end of November to be successful, but at least negotiations have become more likely. In November the US government will impose new sanctions on Russia, but macroeconomic implications will be very limited. Turkey's release of the US preacher has eased relations with the USA, which has boosted the value of the lira. As expected, the right-wing populist Bolsonaro was elected President of Brazil, which raised hopes of fiscal stabilisation on the financial markets.

Forecast revision: Downward revision of GDP growth forecast for Mexiko.

EMBIG Diversified-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

EM domestic-currency bonds have continued their recovery. This recovery has been driven above all by currencies that in the first eight months of the year were considered to be the great losers, such as the Turkish lira, the South African rand, or the Phillipine peso. Some oil importers have benefited from the fall in the oil price. In Turkey and Argentina the calming of financial markets has reduced the danger of an escalation of the debt crisis. However, 2019 will bring problems that do not bode well for the continuation of a positive mood in the emerging-market countries. There will probably be an escalation of the trade war between China and the USA and GDP growth in China will sink further. The Fed will raise key rates again. Russia faces sharper US sanctions. The new Brazilian president, Bolsonaro, will probably face much greater resistance when he attempts to implement his reform agenda. Moreover, we have considerable doubts as to whether, after overcoming the acute economic crisis. Turkish President Erdogan will be able to stay on course for stability.

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	1.5	1.6	1.7	1.9	2.0	8.0	7.8	7.3	1.0	1.6	1.2
France	2.2	2.3	1.6	1.6	1.2	2.1	1.6	-0.6	-0.5	-0.6	-2.7	-2.6	-2.8
Italy	1.8	1.6	1.0	0.8	1.3	1.3	1.4	2.8	2.6	2.5	-2.4	-1.9	-2.9
Spain	1.4	3.0	2.5	2.3	2.0	1.9	1.7	1.8	1.1	0.9	-3.1	-2.7	-2.1
Netherlands	0.7	3.0	2.8	2.1	1.3	1.6	1.7	10.5	10.1	9.5	1.2	1.1	1.1
Belgium	0.4	1.7	1.5	1.5	2.2	2.3	2.0	0.7	1.2	1.1	-0.9	-1.0	-1.1
Eurozone	**11.6**	**2.4**	**2.0**	**1.6**	**1.5**	**1.8**	**1.7**	**3.8**	**3.7**	**3.5**	**-1.0**	**-0.7**	**-0.9**
United Kingdom	2.3	1.7	1.3	1.5	2.7	2.5	2.2	-3.7	-3.3	-3.2	-1.8	-1.3	-1.1
Sweden	0.4	2.4	2.5	2.1	1.9	2.1	2.2	3.3	3.2	3.0	1.6	1.1	0.9
Denmark	0.2	2.3	1.2	1.9	1.1	0.8	1.4	8.1	6.3	6.5	1.1	0.2	-0.1
EU-22	**14.5**	**2.3**	**1.9**	**1.6**	**1.7**	**1.9**	**1.8**	**2.6**	**2.6**	**2.4**	**-1.0**	**-0.7**	**-0.8**
Poland	0.9	4.8	4.6	3.2	2.0	1.8	2.3	0.1	-0.6	-0.6	-1.4	-1.4	-1.4
Hungary	0.3	4.5	2.8	2.5	2.4	2.2	2.3	0.9	0.8	0.5	1.5	1.4	0.8
Czech Republic	0.2	4.2	4.2	2.8	2.4	2.9	3.4	2.9	2.1	1.9	-2.0	-2.4	-2.1
EU-28	**16.5**	**2.6**	**2.1**	**1.8**	**1.8**	**2.0**	**1.9**	**2.3**	**2.2**	**2.1**	**-1.0**	**-0.8**	**-0.9**
USA	15.3	2.2	2.9	2.3	2.1	2.5	2.5	-2.3	-2.5	-2.5	-4.2	-6.5	-7.0
Japan	4.3	1.7	0.8	0.8	0.5	1.0	1.7	4.0	3.5	2.5	-4.2	-3.0	-2.5
Canada	1.4	3.0	2.1	1.8	1.6	2.3	2.0	-2.9	-3.0	-3.0	-1.1	-1.0	-1.5
Australia	1.0	2.2	3.4	2.7	1.9	1.9	1.8	-2.6	-3.0	-2.5	-1.5	-0.5	0.0
Switzerland	0.4	1.7	3.0	1.8	0.5	1.0	0.8	9.8	10.2	9.8	0.4	0.6	0.4
Norway	0.3	2.4	2.3	2.1	1.9	2.8	1.9	5.5	7.8	7.8	4.4	5.7	5.7
Developed Countries[4]	**37.3**	**2.2**	**2.2**	**1.9**	**1.7**	**2.1**	**2.1**	**0.5**	**0.4**	**0.2**	**-2.6**	**-3.3**	**-3.5**
Russia	3.2	1.5	1.8	1.4	3.7	2.9	4.6	2.2	4.1	3.9	-1.4	0.3	0.4
Turkey	1.7	7.3	3.4	0.1	11.1	16.9	20.1	-5.6	-4.8	-3.0	-1.5	-3.4	-2.9
Ukraine	0.3	2.5	3.0	2.8	14.4	10.5	8.1	-2.2	-4.0	-4.2	-1.5	-2.6	-2.5
Emerging Europe[5]	**7.5**	**3.9**	**2.9**	**1.7**	**5.5**	**6.5**	**7.9**	**-0.8**	**-0.1**	**0.0**	**X**	**X**	**X**
South Africa	0.6	1.3	0.7	1.5	5.2	4.8	5.5	-2.6	-3.0	-2.7	-4.4	-3.6	-3.4
Middle East, Africa	**3.4**	**2.4**	**3.0**	**3.0**	**13.9**	**9.3**	**9.3**	**-0.1**	**0.5**	**0.3**	**X**	**X**	**X**
Brazil	2.5	1.0	1.2	2.2	3.4	3.7	4.3	-0.5	-1.7	-2.2	-8.0	-7.1	-5.7
Mexico	1.9	2.0	2.2	2.3	6.0	4.9	4.4	-1.7	-1.5	-1.7	-1.1	-2.3	-2.4
Argentina	0.7	2.9	-2.6	-1.3	26.5	33.7	35.3	-4.9	-3.5	-1.0	-6.0	-5.6	-3.4
Chile	0.4	1.6	4.0	2.9	2.2	2.5	3.2	-1.5	-2.0	-2.3	-2.8	-2.0	-1.8
Latin America	**7.0**	**1.1**	**0.8**	**1.8**	**6.6**	**7.0**	**7.3**	**-1.2**	**-1.0**	**-1.7**	**X**	**X**	**X**
China	18.2	6.9	6.6	6.2	1.5	2.2	2.4	1.4	0.0	-0.5	-3.8	-3.6	-4.1
India	7.4	6.2	7.7	7.3	3.3	4.1	4.9	-1.5	-2.8	-2.4	-7.2	-6.6	-6.5
Indonesia	2.5	5.1	5.2	5.1	3.8	3.2	4.0	-1.7	-2.9	-3.1	-2.5	-2.6	-2.6
South Korea	1.6	3.1	2.6	2.6	1.9	1.7	2.2	5.1	4.8	4.3	1.4	0.8	0.6
Emerging Asia	**33.9**	**6.1**	**6.2**	**5.9**	**2.1**	**2.7**	**3.0**	**2.0**	**0.8**	**0.5**	**X**	**X**	**X**
Emerging Markets	**51.8**	**4.9**	**4.8**	**4.5**	**4.0**	**4.2**	**4.7**	**1.0**	**0.4**	**0.1**	**X**	**X**	**X**
Total[6]	**89.1**	**3.8**	**3.8**	**3.4**	**3.0**	**3.3**	**3.6**	**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		
		Nov 12 2018	**3 months**	**6 months**	**12 months**
Germany	Monetary policy (Refi)	0.00	0.00	0.00	0.00
	3 months (EURIBOR)	-0.32	-0.31	-0.29	-0.10
	12 months (EURIBOR)	-0.15	-0.12	-0.06	0.15
	Bunds, 2 years	-0.62	-0.50	-0.40	-0.25
	Bunds, 5 years	-0.20	0.00	0.15	0.30
	Bunds, 10 years	0.39	0.60	0.70	0.85
	Bunds, 30 years	1.03	1.15	1.25	1.40
USA	Monetary policy (FFR)	2,00-2,25	2,25-2,50	2,50-2,75	2,75-3,00
	3 months (LIBOR)	2.62	2.80	2.95	3.20
	12 months (LIBOR)	3.14	3.20	3.35	3.60
	US-Treasuries, 2 years	2.92	3.05	3.15	3.30
	US-Treasuries, 5 years	3.04	3.05	3.20	3.25
	US-Treasuries, 10 years	3.18	3.20	3.25	3.25
	US-Treasuries, 30 years	3.38	3.45	3.45	3.50
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.10	-0.05	-0.05	-0.05
	12 months (LIBOR)	0.12	0.15	0.15	0.15
	JGBs, 2 years	-0.14	-0.10	-0.10	-0.05
	JGBs, 5 years	-0.08	-0.05	-0.05	-0.05
	JGBs, 10 years	0.12	0.15	0.20	0.35
	JGBs, 30 years	0.89	0.90	0.90	1.00
United Kingdom	Monetary policy (Base)	0.75	0.75	0.75	1.00
	3 months (LIBOR)	0.87	0.85	0.95	1.20
	12 months (LIBOR)	1.16	1.10	1.30	1.50
	Gilts, 2 years	0.73	0.90	1.20	1.50
	Gilts, 5 years	1.01	1.20	1.40	1.60
	Gilts, 10 years	1.43	1.70	1.80	2.00
	Gilts, 30 years	1.88	2.00	2.05	2.15
Sweden	Monetary policy (Repo)	-0.50	-0.25	-0.25	0.00
	3 months (STIB)	-0.47	-0.25	-0.10	0.30
	2 years	-0.40	-0.10	0.10	0.40
	10 years	0.64	0.90	1.10	1.40
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.10
	3 months (CIBOR)	-0.30	-0.26	-0.19	0.00
	2 years	-0.60	-0.45	-0.30	-0.15
	10 years	0.34	0.60	0.70	0.90
Norway	Monetary policy (Deposit)	0.75	0.75	1.00	1.25
	3 months (NIBOR)	1.21	1.32	1.50	1.85
	3 years	1.29	1.40	1.50	1.80
	10 years	1.97	2.10	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)	-0.75	-0.75	-0.75	-0.58
	2 years	-0.73	-0.60	-0.40	-0.05
	10 years	-0.01	0.10	0.30	0.50
Canada	Monetary policy (O/N)	1.75	2.00	2.25	2.75
	3 months (CBA)	2.21	2.35	2.50	2.90
	12 months (CBA)	2.58	2.70	2.85	3.15
	2 years	2.34	2.50	2.60	2.95
	5 years	2.43	2.50	2.70	3.10
	10 years	2.51	2.65	2.80	3.10
	30 years	2.53	2.65	2.80	3.10
Australia	Monetary policy (Cash)	1.50	1.50	1.75	2.00
	3 months (ABB)	1.94	2.00	2.05	2.25
	2 years	2.08	2.20	2.35	2.60
	10 years	2.74	2.85	3.00	3.15

Interest rates in EM countries

			Current	Forecasts		
			Nov 12 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)	1.62	1.60	1.70	1.80
		2 years	1.57	1.70	1.80	2.10
		10 years	3.23	3.30	3.40	3.50
	Czech Rep.	Monetary policy (Repo)	1.75	2.00	2.25	2.50
		3 months (PRIBOR)	1.99	2.10	2.30	2.60
		2 years	1.50	1.90	2.10	2.30
		10 years	2.10	2.30	2.60	2.90
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	1.25
		3 months (BUBOR)	0.15	0.20	0.30	1.00
		3 years	1.65	1.70	1.90	2.30
		10 years	3.64	3.60	4.00	4.10
Latin America	Brazil	Monetary policy (Repo)	6.50	6.50	6.50	6.75
		3 months (ABG)	6.42	6.50	6.50	6.50
		2 years	8.05	7.65	7.60	7.55
		9 years	10.40	10.00	9.50	9.50
	Mexico	Monetary policy	7.75	7.75	7.75	7.50
		3 months (Mexibor)	8.18	8.00	7.50	7.30
		2 years	8.53	7.70	7.40	7.05
		10 years	8.89	7.80	7.50	7.20
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	3.00	2.90	3.00	3.00
		3 years	3.08	3.10	3.10	3.20
		10 years	3.49	3.50	3.40	3.30
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.76	1.60	1.60	1.70
		2 years	2.11	2.00	2.00	2.10
		10 years	2.51	2.50	2.50	2.60
	South Korea	Monetary policy	1.50	1.75	1.75	1.75
		3 months	1.60	1.75	1.80	1.75
		2 years	1.92	2.00	2.20	2.30
		10 years	2.23	2.30	2.40	2.50

Yield spreads in basis points[1)]

			Current	Forecasts		
			Nov 12 2018	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	230	225	225	220
		Turkey	424	435	435	425
		Hungary	120	120	120	120
	Africa	South Africa	328	345	345	335
	Latin America	Brazil	247	250	250	245
		Chile	137	140	140	140
		Columbia	190	190	190	185
		Mexico	308	310	310	300
	Asia	China	130	135	135	130
		Indonesia	211	220	220	215
		Philippines	103	110	110	105
	Total (EMBIG Div)		**362**	**370**	**370**	**360**

1) The yield spread is calculated as the market weighted sum of the spreads between the respective USD-bonds and the US-treasuries of corresponding maturity. The Emerging Markets Bond Index Global Div (EMBIG Div) is relevant.

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Currencies

EURO		Current	Forecasts		
		Nov 12 2018	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.13	1.16	1.19	1.22
	EUR-CAD	1.49	1.51	1.51	1.54
	EUR-AUD	1.56	1.59	1.63	1.63
Japan	EUR-JPY	128.17	129.92	133.28	136.64
Euro-Outs	EUR-GBP	0.88	0.87	0.86	0.86
	EUR-DKK	7.46	7.45	7.45	7.45
	EUR-SEK	10.27	10.30	10.10	9.90
	EUR-CHF	1.14	1.15	1.17	1.20
	EUR-NOK	9.54	9.40	9.30	9.20
Central- and Eastern Europe	EUR-PLN	4.30	4.30	4.30	4.20
	EUR-HUF	321.79	320.00	320.00	315.00
	EUR-CZK	25.94	25.70	25.60	25.50
Africa	EUR-ZAR	16.18	16.82	17.61	18.54
Latin America	EUR-BRL	4.20	4.41	4.64	4.88
	EUR-MXN	22.80	22.62	23.21	24.40
Asia	EUR-CNY	7.84	8.24	8.57	8.91
	EUR-SGD	1.56	1.59	1.62	1.63
	EUR-KRW	1278	1311	1357	1403
US-Dollar		**Current**	**Forecasts**		
		Nov 12 2018	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.32	1.30	1.27	1.26
	AUD-USD	0.72	0.73	0.73	0.75
Japan	USD-JPY	113.90	112.00	112.00	112.00
Euro-Outs	GBP-USD	1.28	1.33	1.38	1.42
	USD-DKK	6.63	6.42	6.26	6.11
	USD-SEK	9.13	8.88	8.49	8.11
	USD-CHF	1.01	0.99	0.98	0.98
	USD-NOK	8.47	8.10	7.82	7.54
Central- and Eastern Europe	USD-PLN	3.82	3.71	3.61	3.44
	USD-HUF	285.95	275.86	268.91	258.20
	USD-CZK	23.05	22.16	21.51	20.90
Africa	USD-ZAR	14.38	14.50	14.80	15.20
Latin America	USD-BRL	3.73	3.80	3.90	4.00
	USD-MXN	20.26	19.50	19.50	20.00
Asia	USD-CNY	6.97	7.10	7.20	7.30
	USD-SGD	1.38	1.37	1.36	1.34
	USD-KRW	1136	1130	1140	1150

Commodities

Commodity	Current	Forecasts		
	Nov 12 2018	3 months	6 months	12 months
Gold (USD per troy ounce)	1,207.15	1,208	1,202	1,192
Gold (EUR per troy ounce)	1,072.74	1,040	1,010	980
WTI crude (USD per Barrel)	60.19	65	63	62
WTI crude (EUR per Barrel)	53.49	56	53	51
Brent crude (USD per Barrel)	70.10	71	69	68
Brent crude (EUR per Barrel)	62.29	61	58	56

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