

Confronting multiple uncertainties

The October correction on the equity markets has been followed by a more than sluggish recovery. Even if the last days of the year prove to be good trading days, 2018 will remain a year that has brought investors little joy: falling share prices in Europe, meagre yields on bonds. This can be attributed primarily to the endeavours of the central banks to raise key rates again. In the USA the Fed has already made significant progress, whilst in Europe the ECB is also cautiously striving to achieve an interest-rate turnaround. Both equities and bonds have reacted with caution, as rising interest rates could dampen global economic growth. And what about the influence of politics? In fact, the impact has been minimal, primarily because tariff barriers are still low. However, each measure taken by the US government enhances companies' uncertainty, where this is going to lead us.

However, consumers in both Europe and the USA have been successfully confronting a variety of uncertainties. The economic upswing that in many countries has continued since 2009/2010 has now impacted most labour markets: new jobs and wage increases offer a stable source of income to finance private households' consumption expenditure. We assume that in 2019 and 2020 GDP growth will be lower than in 2018, but global GDP will nevertheless rise by some three and a half per cent. This is very good news, as it means that the macroeconomic environment remains constructive.

Despite a deferral of 90 days of tariff increases between China and the USA, we will continue to be confronted by these and other risks such as Brexit and the Italian government budget long after the turn of the year. In some cases there may be downward revisions of economic forecasts and company profit estimates. Tactically, one can bet on recovery, but the uncomfortable environment for the financial markets is likely to last for some time to come. During this period, there may well be further setbacks for the equity markets. However, such episodes are a good opportunity to enter the markets. Basically, the picture of extremely low interest rates and solid economic development is unlikely to change anytime soon and 2019 will be an ideal time to build up a portfolio of securities with a long view.

2019: Challenges remain



Source: Adobe Stock, DekaBank.

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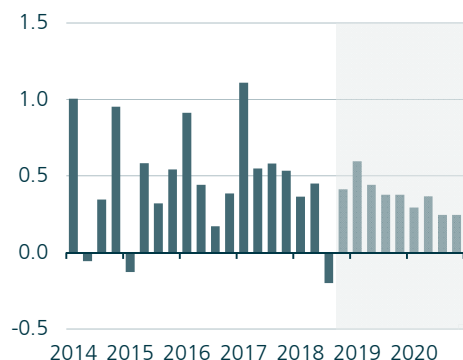
Most important forecast revisions

- Germany: GDP growth 2019: 1.5 % (previously 1.6 %); Inflation 2019: 1.7 % (previously 2.0%).
- Eurozone: Inflation 2019: 1.4 % (previously 1.7).
- USA: Inflation 2019: 2.4% (previously 2.5%).
- Eurozone: slower rise of Bund yields.
- Upward revision of GDP growth forecasts for Brazil, Poland and Hungary. Downward revision of GDP growth forecasts for Mexico and Turkey.

December 2018 / January 2019

Economy: Industrial countries

Germany: GDP (% qoq, sa)



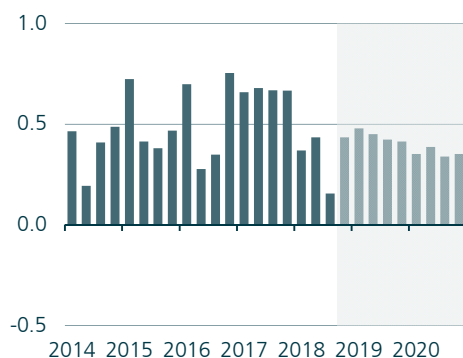
Sources: Destatis, forecast DekaBank

Germany

As expected, GDP growth slumped in the third quarter. This can be attributed primarily to the problems of the German automobile industry with the registration of their new passenger vehicles. As the registration of the various types of vehicle progresses, the production of automobiles will be stepped up again. However, the strongest positive impact will probably only be felt in the first quarter of 2019. Hard economic indicators have so far failed to impress: there has been a slight increase in the number of orders received and a marked increase in industrial sales, but the output of the manufacturing sector and retail sales have proved disappointing.

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

Eurozone: GDP (% qoq, sa)



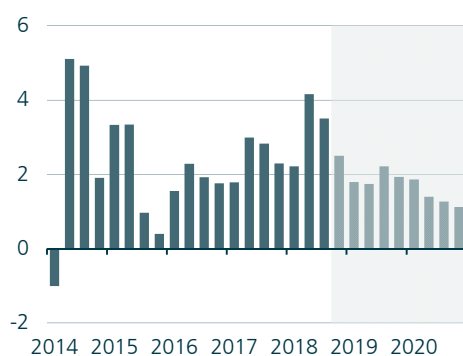
Sources: Eurostat, forecast DekaBank

Eurozone

Third-quarter growth was disappointing. With Germany and Italy two of the largest four EMU countries have reported an economic slowdown against the previous quarter. Indicators of market sentiment suggest that for the Eurozone as a whole this was a one-off and that economic growth will rise slightly again in the fourth quarter. In Italy prospects are gloomier and in the fourth quarter anything more than stagnation would be a huge positive surprise. The labour market has continued to provide support for the European economy. In October the unemployment rate was 8.1%, but there are still huge differences between individual EMU countries. Whereas in Germany the unemployment rate is 3.3%, in Spain it is still 14.8%. In both Italy and France the unemployment rates are above the EMU average at 10.6% and 8.9%, respectively.

Forecast revision: Inflation 2019: 1.4 % (previously 1.7 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

USA

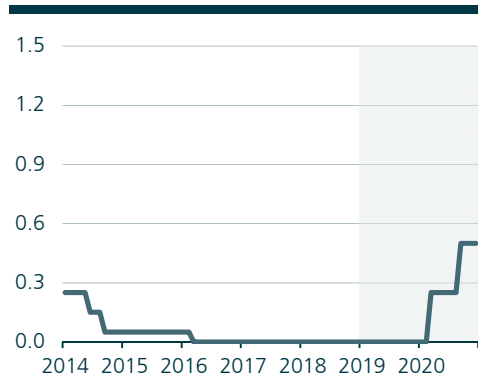
The current GDP growth rate still seems to be relatively high. According to unofficial calculations monthly GDP rose in October by 0.3% against the previous month thanks to the relatively strong consumption expenditure of private households. Nevertheless, this momentum does not quite reach the levels seen until late last summer and would thus appear to have already peaked. The first sectors such as residential housing are showing that the Fed's rate hikes are having the desired dampening effect. With respect to inflation there is still no sign of danger due to an excessive rise of prices. The latest inflation figures proved somewhat weaker than expected and the tariffs introduced at the end of September have so far had no impact even on import prices.

Forecast revision: Inflation 2019: 2.4% (previously 2.5%).

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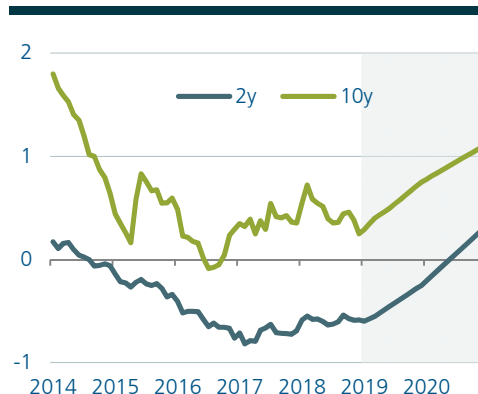
Markets: Industrial countries

ECB: Repo Rate (% p.a.)



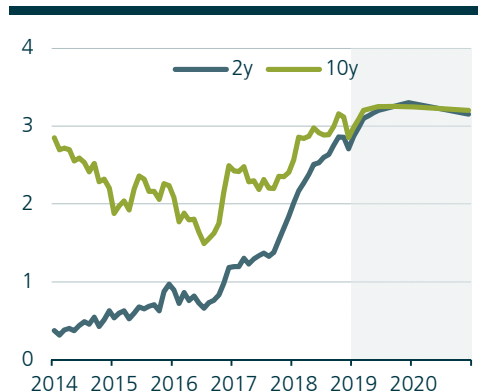
Sources: European Central Bank, forecast DekaBank

German Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

The European Central Bank / Money market

In the run-up to the December meeting ECB President Draghi and other Council members assumed that despite weak economic data the economic upswing will continue. Nevertheless, they are aware of the danger for domestic demand from the global trade war and the Italian public debt issue. After terminating its asset-purchasing programme at the end of the year the ECB will therefore probably act with great caution. This means that key rates will remain low and inflows from maturing securities will be reinvested for the time being. We also expect new long-term refinancing operations to replace the expiring long-term TLTRO-II. High excess liquidity will therefore continue to push money-market rates towards a negative deposit rate. We expect this to be raised in September 2019. However, for this to happen the economic environment must stabilise and core inflation must be on an upward trend.

Eurozone bond market

In view of uncertain economic development in the Eurozone and the very slow rise in core inflation, market expectations with respect to ECB rate hikes should remain very low for the time being. We therefore see little possibility in the near future for a rise in yields, especially for medium-term maturities. Flight into quality and speculation that the Fed might not raise key rates as high as has been expected are putting pressure primarily on the long end of the Bund curve. In the course of the year to come economic and inflation data should improve so much that attention will be focused increasingly on the need to raise key rates. Providing there is some de-escalation in global trade disputes and the Italian budget crisis, the Bund curve should then steepen from the long end.

Forecast revision: slower rise of Bund yields.

US bond market

At the beginning of October Fed Chairman Jerome Powell sent US equities into a downward slide. At the time he warned that the road to a neutral key-rate level would be long. With respect to monetary policy this was interpreted by equity markets as a very restrictive signal. This was followed a few weeks later by signals easing the tension, which prompted the US bond market to lower its key-rate expectations for the coming year. We consider this market reaction as excessive. Nevertheless, past weeks have shown that in 2019 the Fed will switch off its monetary auto-pilot and will focus its attention increasingly on economic data and developments on financial markets. It is quite possible that in 2019, earlier than we had expected, the Fed will take a break in its rate-hiking activities.

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Markets: Industrial countries

Equity Market Forecast

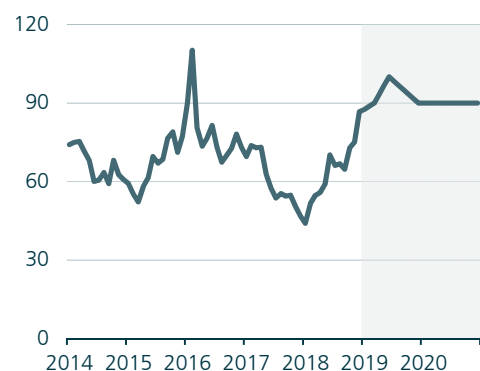
	Equity Market Forecast			
	Current	in 3	in 6	in 12
	Dez 7, 18	months	months	months
DAX	10 788.09	11 500	10 500	12 000
Reporting:				
EuroStoxx50	3 058.53	3 200	2 800	3 200
S&P 500	2 633.08	2 700	2 400	2 600
Topix	1 620.45	1 600	1 400	1 500

Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

Both global trade conflicts and the home-made problems of the automobile industry are hampering the growth of the German economy, all of which has had a substantial negative impact on corporate and consumer sentiment. This uncertainty has been enhanced by bad news relating to many individual companies. In such an environment market players' appetite for risk is inevitably very limited. Moreover, forecasts for company profits in both the current quarter and the coming year are being revised down. Despite moderate valuations the market as a whole will hardly be able to trigger a sustainable recovery while this situation prevails. At the turn of the year we expect a highly volatile market.

iTraxx Europe (Bp)

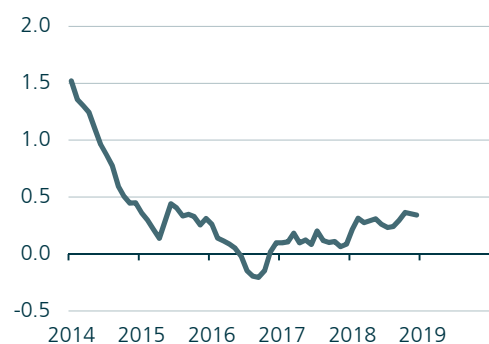


Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

Uncertainty on the capital markets due to the escalating trade war and other political issues have had an increasingly negative impact on European corporate bonds. Whereas in the wake of quite satisfactory quarterly company reports, risk premiums for corporates at first proved very stable in comparison with the equity markets, spreads have recently increased appreciably. This can be attributed primarily to the launching of a whole range of new issues, some of which were placed on the market with very high premiums. This enabled these bonds to be placed very successfully, but on the secondary market existing bonds reacted with hefty rises in risk premiums. Some corporate bonds are now again offering attractive opportunities for access to the market at a higher level.

Covered Bonds 5y (% p.a.)



Source: Bloomberg

Covered Bonds

In recent weeks the risk premiums of covered bonds have surprisingly risen very sharply. Even high-quality 10-year mortgage bonds are often registering positive swap spreads. The phasing out of the ECB's asset-purchasing programme has already been factored into prices and in any case monthly purchases have been minimal. In November surprisingly few new covered bonds were issued and we do not expect any increase in December. However, the few new issues have been provided with very generous premiums and this in turn has forced the secondary market to adjust its prices. As liquidity is very low, spreads increased markedly. Expectations of a traditional surge in new issues in January has also contributed to a widening of spreads. Meanwhile, the spreads of a few covered bonds have again reached levels that are attractive to potential new entrants.

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Markets: Industrial countries

Exchange Rate EUR-USD



Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

The Euro started November at 1.13 EUR-USD against the US dollar and at the end of the month was at the same level. Its development over the course of the month, however, was extremely volatile. In the first half of November the Euro slumped to 1.12 EUR-USD, its lowest level since the summer of 2017. This could be attributed to weak economic data from the Eurozone. Third-quarter growth data had proved very disappointing. In the second half of November, however, the Euro managed to climb back to 1.14 EUR-USD. This could be attributed much less to economic data from the Eurozone and far more to news from the USA. President Trump had criticised the Fed for raising key rates prematurely. The Chairman of the Fed, Jerome Powell, reacted with a gesture of goodwill, which immediately brought the US dollar under pressure against the Euro.

Gold price (per troy ounce)



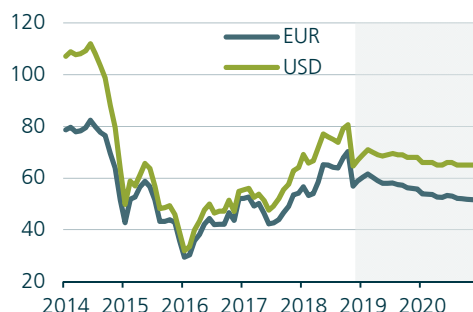
Per- formance	from 30.11.12 to 30.11.13	30.11.13 30.11.14	30.11.14 30.11.15	30.11.15 30.11.16	30.11.16 30.11.17	30.11.17 30.11.18
Gold in Euro	-30.05%	2.67%	6.79%	9.45%	-3.07%	0.72%
Gold in USD	-26.90%	-6.03%	-9.31%	9.85%	8.75%	-4.16%

Sources: Bloomberg, forecast DekaBank

Gold

The steep fall in global equity prices as well as the fall in US Treasury yields proved a very fruitful field for the gold price. The bond markets have reacted to the Fed's cautious statements by lowering their key-rate expectations for the coming year. As is well known, falling yields reduce the opportunity costs of the interest-free holding of gold, which is reflected in a rise in the price of gold. Looking further into the future, 2020 will be the cyclical peak for US key rates and the first signs of a rate cut will appear on the horizon. The gold price will thus probably fall slightly in 2019, before rising again in 2020 as interest rate cuts come into view.

Crude Oil Brent (per barrel)



Performance	from 30.11.12 to 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	30.11.17 30.11.18
Brent in Euro	-5.62%	-30.13%	-25.12%	12.72%	12.27%	-2.94%
Brent in USD	-1.38%	-36.05%	-36.41%	13.14%	25.96%	-7.65%

Sources: Bloomberg, forecast DekaBank

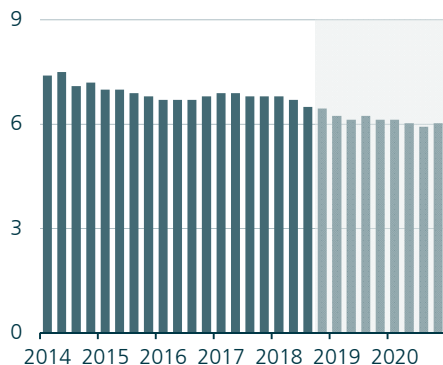
Crude oil

The OPEC meeting at the beginning of December, which was also attended by Russia, has had a stabilising impact on the oil price. After difficult negotiations the participants agreed to cut production by 1.2 million barrels a day, in order to bring the global oil market into equilibrium. At the moment global supply exceeds demand. This can be attributed on the one hand to cyclical slowdown of oil demand growth and, on the other, to the substantial increase in oil output in Russia, Saudi Arabia and the USA. Over our forecasting horizon, we expect oil prices to stabilise at a level just slightly higher than the current one. Qatar recently announced that it would leave OPEC in January 2019, which, however, will have little impact as it produces only 2% of OPEC's total output.

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Emerging Markets

China: GDP (% yoy)

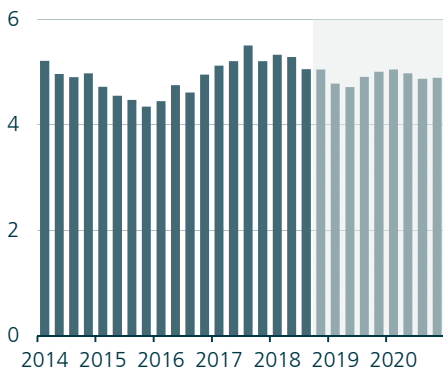


Sources: National Statistics, forecast DekaBank

China

On the sidelines of the G20 summit the presidents of China and the USA agreed within a period of 90 days to sound out the possibility of reaching some convergence in their trade dispute. Should this not prove possible, the USA would raise its tariffs on imports from China in the value of USD200bn from 10% to 25%. China has thus been granted a deferral, as Trump first wanted to raise the tariffs on January 1st. In return China has promised to increase its imports of agricultural products from the US. Statements with respect to whether China will lower tariffs on US automobiles have been contradictory. We continue to regard a breakthrough in the trade conflict as unlikely and expect a new round of punitive tariffs at the beginning of March. The latest economic data indicate a gradual slowing down of China's GDP growth.

Emerging Markets: GDP (% yoy)



Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

In November the EM purchasing managers' index for the manufacturing sector rose slightly. However, this was not a widespread development, but one driven primarily by rises in Brazil, India and Russia. In export-oriented countries in particular the weak development of previous months continued. The result of negotiations between the USA and China on the sidelines of the G20 summit was not a breakthrough in the trade dispute, but merely delayed the next round of punitive tariffs. The marked fall in oil prices should keep inflation rates low in the months to come and provide some relief for the current accounts of oil-importing countries. Nevertheless, EM key rates will probably tend to become somewhat tighter.

Forecast revision: Upward revision of GDP growth forecasts for Brazil, Poland and Hungary. Downward revision of GDP growth forecasts for Mexico and Turkey.

EMBIG Diversified-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

In recent weeks domestic-currency bonds and EM equities have been able to register minor gains. One reason for this has been falling oil prices, which above all have underpinned those currencies that had previously come under pressure due to high current-account deficits. In addition there has been the weakness of the Euro, which has boosted most foreign-currency investments. Although the markets' attention is no longer focused on EM countries following the stabilisation in Turkey and Argentina, the environment remains unfavourable. We do not expect a break-through in trade negotiations between China and the USA, which are planned to take place until the end of February. Regardless of the outcome of this dispute, global growth momentum is easing. Moreover, we regard hopes of an early end to the Fed's key-rate cycle as premature. The latest escalation in the dispute between Ukraine and Russia has increased the risk of new sanctions against Russia. In Mexico the mood is gloomy, as the new president has so far shown no consideration for the capital markets.

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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					
		2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Germany	3.3	1.5	1.5	1.7	1.9	1.7	2.0	7.8	7.3	6.9	1.6	1.2	1.1
France	2.2	1.6	1.6	1.5	2.1	1.3	1.8	-0.5	-0.6	-0.4	-2.6	-2.8	-1.7
Italy	1.8	0.9	0.8	0.9	1.3	1.2	1.6	2.6	2.5	2.5	-1.9	-2.9	-3.1
Spain	1.4	2.5	2.3	2.1	1.8	1.1	1.7	1.1	0.9	1.0	-2.7	-2.1	-1.9
Netherlands	0.7	2.6	2.0	2.0	1.6	1.5	1.9	10.1	9.5	9.1	1.1	1.1	1.0
Belgium	0.4	1.5	1.5	1.3	2.4	2.1	1.9	1.2	1.1	1.1	-1.0	-1.1	-1.3
Eurozone	11.6	1.9	1.6	1.6	1.8	1.4	1.8	3.7	3.5	3.3	-0.7	-0.9	-0.7
United Kingdom	2.3	1.3	1.5	1.4	2.5	2.2	2.1	-3.3	-3.2	-3.0	-1.3	-1.1	-1.0
Sweden	0.4	2.3	2.0	1.9	2.1	2.1	1.8	3.2	3.0	2.9	1.1	0.9	0.8
Denmark	0.2	0.8	1.9	1.6	0.8	1.3	1.6	6.3	6.5	6.3	0.2	-0.1	0.6
EU-22	14.5	1.8	1.6	1.6	1.9	1.5	1.8	2.6	2.4	2.4	-0.7	-0.8	-0.7
Poland	0.9	5.2	4.0	3.0	1.7	2.0	2.4	-0.6	-0.6	-0.7	-0.9	-0.9	-2.0
Hungary	0.3	2.8	2.5	2.4	2.3	2.4	1.8	0.8	0.5	0.1	1.4	0.8	0.4
Czech Republic	0.2	4.8	3.4	2.6	3.0	3.6	2.9	1.9	1.4	1.9	-2.4	-1.9	-1.8
EU-28	16.5	2.1	1.9	1.8	2.0	1.7	1.9	2.2	2.1	1.9	-0.8	-0.7	0.0
USA	15.3	2.9	2.3	1.7	2.5	2.4	2.4	-2.5	-2.5	-2.5	-6.5	-7.0	-7.5
Japan	4.3	0.9	0.9	-0.1	1.0	1.8	2.4	3.5	2.5	2.5	-3.0	-2.5	-2.0
Canada	1.4	2.1	1.8	1.6	2.3	1.9	1.9	-2.5	-3.0	-3.0	-0.5	-1.5	-1.0
Australia	1.0	2.9	2.6	2.5	1.9	1.8	2.2	-2.0	-1.5	-1.0	-0.5	0.0	0.5
Switzerland	0.4	2.7	1.7	1.8	1.0	0.8	1.1	10.2	9.8	9.7	0.6	0.4	0.4
Norway	0.3	2.3	2.0	1.8	2.7	1.7	1.5	7.8	7.8	7.6	5.7	5.7	5.3
Developed Countries ⁴⁾	37.3	2.2	1.9	1.5	2.0	1.9	2.1	0.4	0.2	0.2	-3.3	-3.5	-3.5
Russia	3.2	1.8	1.4	1.6	2.9	4.6	3.9	4.1	3.9	3.3	0.8	0.9	1.0
Turkey	1.7	3.1	-0.1	2.9	16.3	17.0	11.1	-4.8	-3.0	-2.8	-3.4	-2.9	-2.3
Ukraine	0.3	3.3	2.8	2.1	11.1	8.7	8.0	-4.0	-4.2	-4.5	-2.6	-2.5	-2.2
Emerging Europe ⁵⁾	7.5	3.0	1.8	2.3	6.4	7.1	5.4	-0.1	0.0	0.0	X	X	X
South Africa	0.6	0.7	1.6	2.1	4.7	5.5	5.2	-3.1	-2.9	-3.4	-3.9	-3.9	-3.7
Middle East, Africa	3.4	2.9	3.0	3.3	9.4	9.5	8.4	0.6	0.4	0.0	X	X	X
Brazil	2.5	1.3	2.5	2.2	3.8	4.4	3.9	-1.7	-2.2	-2.3	-7.1	-5.9	-5.1
Mexico	1.9	2.1	1.8	2.0	4.9	4.4	3.7	-1.7	-1.9	-2.2	-2.3	-2.4	-3.1
Argentina	0.7	-2.6	-1.3	2.1	33.6	35.6	20.2	-3.5	-1.0	0.0	-5.6	-3.4	-2.6
Chile	0.4	4.0	2.9	3.0	2.5	3.2	2.6	-2.0	-2.3	-1.9	-2.0	-1.8	-1.7
Latin America	7.0	0.8	1.7	2.2	7.0	7.4	5.3	-1.0	-1.8	0.0	X	X	X
China	18.2	6.6	6.2	6.0	2.2	2.4	2.2	0.0	-0.5	-1.0	-3.6	-4.1	-3.9
India	7.4	7.6	7.2	7.1	4.1	4.9	4.8	-2.8	-2.6	-2.0	-6.6	-6.5	-6.3
Indonesia	2.5	5.2	5.1	4.9	3.2	3.9	4.2	-2.4	-2.6	-2.5	-2.5	-2.2	-2.4
South Korea	1.6	2.6	2.6	2.6	1.6	1.7	2.1	4.8	4.3	4.2	0.8	0.6	0.3
Emerging Asia	33.9	6.2	5.8	5.7	2.6	3.0	2.9	0.8	0.4	0.0	X	X	X
Emerging Markets	51.8	4.8	4.5	4.6	4.2	4.6	4.0	0.4	0.1	0.0	X	X	X
Total ⁶⁾	89.1	3.7	3.4	3.3	3.3	3.5	3.2	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		
		Dez 10 2018	3 months	6 months	12 months
Germany	Monetary policy (Refi)	0.00	0.00	0.00	0.00
	3 months (EURIBOR)	-0.31	-0.30	-0.28	-0.10
	12 months (EURIBOR)	-0.13	-0.12	-0.07	0.15
	Bunds, 2 years	-0.59	-0.55	-0.45	-0.25
	Bunds, 5 years	-0.30	-0.20	-0.05	0.20
	Bunds, 10 years	0.25	0.40	0.50	0.75
	Bunds, 30 years	0.87	1.05	1.20	1.40
USA	Monetary policy (FFR)	2,00-2,25	2,50-2,75	2,75-3,00	3,00-3,25
	3 months (LIBOR)	2.77	2.85	3.00	3.25
	12 months (LIBOR)	3.10	3.25	3.40	3.65
	US-Treasuries, 2 years	2.71	3.10	3.20	3.30
	US-Treasuries, 5 years	2.70	3.10	3.20	3.25
	US-Treasuries, 10 years	2.86	3.20	3.25	3.25
	US-Treasuries, 30 years	3.14	3.45	3.45	3.50
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.11	-0.05	-0.05	-0.05
	12 months (LIBOR)	0.10	0.15	0.15	0.15
	JGBs, 2 years	-0.15	-0.10	-0.10	-0.05
	JGBs, 5 years	-0.14	-0.05	-0.05	-0.05
	JGBs, 10 years	0.04	0.15	0.20	0.35
	JGBs, 30 years	0.80	0.90	0.90	1.05
United Kingdom	Monetary policy (Base)	0.75	0.75	0.75	1.00
	3 months (LIBOR)	0.91	0.95	1.03	1.20
	12 months (LIBOR)	1.16	1.20	1.40	1.50
	Gilts, 2 years	0.71	1.00	1.30	1.50
	Gilts, 5 years	0.85	1.20	1.40	1.70
	Gilts, 10 years	1.24	1.70	1.90	2.00
	Gilts, 30 years	1.78	2.10	2.20	2.25
Sweden	Monetary policy (Repo)	-0.50	-0.25	-0.25	0.25
	3 months (STIB)	-0.29	-0.25	0.00	0.40
	2 years	-0.43	-0.20	0.20	0.40
	10 years	0.47	0.80	1.10	1.40
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.10
	3 months (CIBOR)	-0.30	-0.25	-0.18	0.00
	2 years	-0.58	-0.50	-0.35	-0.15
	10 years	0.22	0.40	0.50	0.80
Norway	Monetary policy (Deposit)	0.75	1.00	1.00	1.25
	3 months (NIBOR)	1.28	1.40	1.50	1.85
	3 years	1.17	1.40	1.50	1.80
	10 years	1.83	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)	-0.74	-0.75	-0.75	-0.50
	2 years	-0.74	-0.55	-0.40	-0.05
	10 years	-0.15	0.10	0.30	0.60
Canada	Monetary policy (O/N)	1.75	2.00	2.25	2.75
	3 months (CBA)	2.25	2.40	2.55	2.95
	12 months (CBA)	2.54	2.75	2.90	3.20
	2 years	2.00	2.45	2.65	3.00
	5 years	2.01	2.50	2.70	3.05
	10 years	2.07	2.55	2.75	3.10
	30 years	2.23	2.55	2.75	3.10
Australia	Monetary policy (Cash)	1.50	1.50	1.75	2.00
	3 months (ABB)	1.99	2.00	2.05	2.30
	2 years	1.92	2.20	2.40	2.65
	10 years	2.44	2.75	2.90	3.15

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Interest rates in EM countries

			Current	Forecasts		
			Dez 10 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	1.56	1.60	1.80	2.00
		10 years	3.04	3.20	3.30	3.50
	Czech Rep.	Monetary policy (Repo)	1.75	2.00	2.25	2.50
		3 months (PRIBOR)	2.01	2.10	2.30	2.60
		2 years	1.62	1.80	2.00	2.20
		10 years	2.03	2.20	2.40	2.90
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	1.25
		3 months (BUBOR)	0.13	0.20	0.30	1.00
		3 years	1.25	1.40	1.70	2.00
		10 years	3.09	3.30	3.40	3.80
Latin America	Brazil	Monetary policy (Repo)	6.50	6.50	6.50	7.25
		3 months (ABG)	6.38	6.50	6.50	7.30
		2 years	7.79	7.65	7.60	7.75
		9 years	10.05	10.00	9.50	9.50
	Mexico	Monetary policy	8.00	8.50	8.50	8.00
		3 months (Mexibor)	8.30	8.50	8.50	8.00
		2 years	8.68	8.50	8.40	8.30
		10 years	9.06	9.00	9.00	8.90
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	3.14	2.90	3.00	3.00
		3 years	2.84	3.10	3.10	3.20
		10 years	3.27	3.50	3.40	3.30
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.77	1.80	1.90	2.00
		2 years	2.00	2.10	2.10	2.20
		10 years	2.23	2.50	2.50	2.60
	South Korea	Monetary policy	1.75	1.75	1.75	1.75
		3 months	1.75	1.75	1.80	1.75
		2 years	1.82	2.00	2.10	2.20
		10 years	2.00	2.20	2.30	2.40

Yield spreads in basis points¹⁾

			Current	Forecasts		
			Dez 10 2018	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	243	235	230	225
		Turkey	463	450	450	440
		Hungary	149	140	140	135
	Africa	South Africa	355	335	335	325
	Latin America	Brazil	267	255	255	250
		Chile	163	155	155	150
		Columbia	209	205	205	200
		Mexico	348	335	335	325
	Asia	China	142	135	135	130
		Indonesia	231	220	220	215
		Philippines	119	115	110	110
	Total (EMBIG Div)		398	380	380	370

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 Dez 10 2018	Forecasts		
			3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.14	1.16	1.19	1.22
	EUR-CAD	1.52	1.51	1.51	1.54
	EUR-AUD	1.58	1.57	1.61	1.63
Japan	EUR-JPY	128.51	129.92	133.28	136.64
Euro-Outs	EUR-GBP	0.90	0.86	0.85	0.86
	EUR-DKK	7.46	7.45	7.45	7.45
	EUR-SEK	10.33	10.20	10.10	9.90
	EUR-CHF	1.13	1.15	1.16	1.17
	EUR-NOK	9.68	9.50	9.30	9.20
Central- and Eastern Europe	EUR-PLN	4.29	4.30	4.30	4.20
	EUR-HUF	323.22	320.00	320.00	315.00
	EUR-CZK	25.85	25.80	25.70	25.60
Africa	EUR-ZAR	16.23	16.82	17.61	18.54
Latin America	EUR-BRL	4.46	4.52	4.64	4.88
	EUR-MXN	23.14	23.43	24.28	25.13
Asia	EUR-CNY	7.88	8.24	8.57	8.91
	EUR-SGD	1.56	1.59	1.62	1.63
	EUR-KRW	1286	1311	1357	1403
US-Dollar		Current Dez 10 2018	Forecasts		
			3 months	6 months	12 months
Dollar-Bloc	USD-CAD	1.33	1.30	1.27	1.26
	AUD-USD	0.72	0.74	0.74	0.75
Japan	USD-JPY	112.68	112.00	112.00	112.00
Euro-Outs	GBP-USD	1.27	1.35	1.40	1.42
	USD-DKK	6.54	6.42	6.26	6.11
	USD-SEK	9.06	8.79	8.49	8.11
	USD-CHF	0.99	0.99	0.97	0.96
	USD-NOK	8.49	8.19	7.82	7.54
Central- and Eastern Europe	USD-PLN	3.76	3.71	3.61	3.44
	USD-HUF	283.41	275.86	268.91	258.20
	USD-CZK	22.66	22.24	21.60	20.98
Africa	USD-ZAR	14.23	14.50	14.80	15.20
Latin America	USD-BRL	3.91	3.90	3.90	4.00
	USD-MXN	20.29	20.20	20.40	20.60
Asia	USD-CNY	6.91	7.10	7.20	7.30
	USD-SGD	1.37	1.37	1.36	1.34
	USD-KRW	1127	1130	1140	1150

Commodities

Commodity	Current Dez 10 2018	Forecasts		
		3 months	6 months	12 months
Gold (USD per troy ounce)	1,246.97	1,205	1,190	1,163
Gold (EUR per troy ounce)	1,093.35	1,040	1,000	950
WTI crude (USD per Barrel)	52.61	64	63	62
WTI crude (EUR per Barrel)	46.13	55	53	51
Brent crude (USD per Barrel)	59.63	70	69	68
Brent crude (EUR per Barrel)	52.28	60	58	56



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