Macro Research

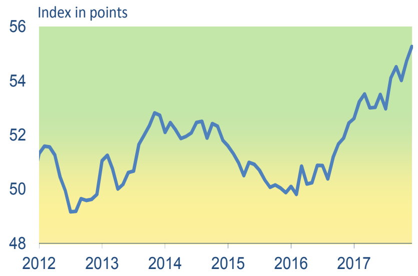
Economic Forecasts

January / February 2018

Good Resolutions.

2017 has come to an end and since the turn of the year people have been working on their good resolutions for the new year. In fact these are mostly resolutions to improve our personal lives, such as more sport, a healthier diet, or more time for family and friends. As it is not easy to realise such changes, the historic balance of success for most people has proved to be sobering. Those who find little that needs changing are lucky! Both the global economy and the markets can look back on a successful 2017. The resolution for 2018 must now be „Keep to the current course with no sudden adjustments."And this seems to be succeeding.

World: Purchasing Managers' Index



Source: DekaBank

In fact it has been a very good start to the year. The economic data that have been published to date are strong, so that any revisions to be expected from economists will be upward. The markets have also made a good start to 2018 and stock exchanges have climbed. The pipeline for new issues, which has been reopened, has been welcomed by the bond markets. In short, the new year is proceeding in accordance with the good resolutions that have been made.

Regardless of these developments we continue to believe that for the markets life will become rougher in the near future at least. Even if the basic macroeconomic trends continue, the influences of the central banks on markets are constantly subject to change. Balance sheets are no longer swelling, but are visibly shrinking. Here the US Fed has taken the lead, as it has in raising key rates, which it will continue to raise step by step in the coming year. The transition from unlimited supporting monetary policy to the normalisation of monetary relations will presumably not be trouble-free and will inevitably involve some volatility.

In this context attention is currently focused on rising inflation expectations. In the wake of the recent rise in the price of oil this could trigger fluctuations on the bond market. Meanwhile the basic inflation trend should gradually move in the direction of the ECB's target of approximately 2%. Against this backdrop we continue to see only limited rises in Bund yields. There are many signs that the macroeconomic resolutions for 2018 are being upheld, the upswing will continue, corporate profits will boom and it can once again prove beneficial to include risky assets in our security portfolios.

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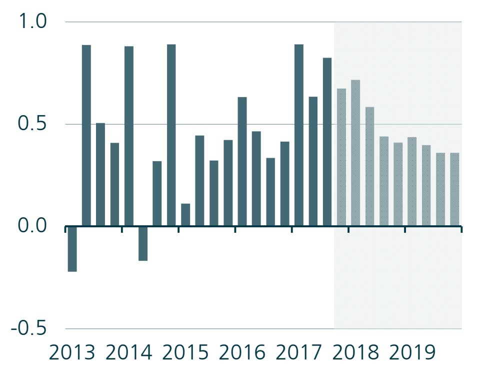
Most important forecast revisions changes

- Germany: GDP 2018 and 2019: 2.6% and 1.7% (previously 2.1% and 1.5%); inflation 2018: 1.8% (previously 1.6%).
- Euro zone: GDP 2017 and 2018: 2.4% and 2.3% (previously 2.3% and 2.1%.
- Euro zone: slightly higher rise of long-term Bund yields.
- China: upward revision of GDP growth forecast for 2017.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



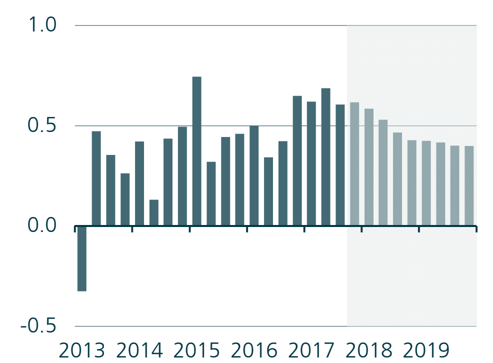
Sources: Destatis, forecast DekaBank

Germany

November brought more than the expected positive rebound after the slump in output caused by bridging days in October. Production, exports and retail sales have all increased at fantastic growth rates. Suddenly everything is pointing to an unusually good fourth quarter to 2017, which will have a positive impact on the first quarter of 2018. An abrupt end to the good overall economic performance is highly unlikely in view of robust and unusually positive corporate and consumer sentiment. We have therefore substantially raised our GDP growth forecast for 2018.

Forecast revision: GDP 2018 and 2019: 2.6% and 1.7% (previously 2.1% and 1.5%); inflation 2018: 1,8% (previously 1.6%).

Eurozone: GDP (% qoq, sa)



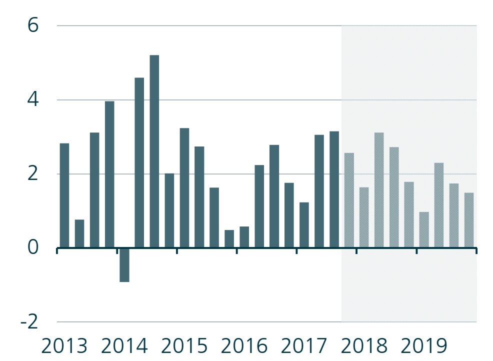
Sources: Eurostat, forecast DekaBank

Eurozone

The Euro zone economy is showing no signs of tiring. Corporate and private household sentiment are exuberant. In December the EU Economic Sentiment Indicator (ESI) reached its highest level since August 2000. The high level of GDP growth in the fourth quarter has been confirmed not only by the indicators of market sentiment but also by hard data such as ingoing orders or industrial output. Even the labour market has provided positive news. In November the Euro zone unemployment rate fell to 8.7%, the lowest level since January 2009. There is, however, great heterogemeity between countries. Whereas Spain has an unemployment rate of 16.7%, Germany's is only 3.6%.

Forecast revision: GDP 2017 and 2018: 2.4% and 2.3% (previously 2.3% and 2.1%.

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



Sources: Bureau of Economic Analysis, forecast DekaBank

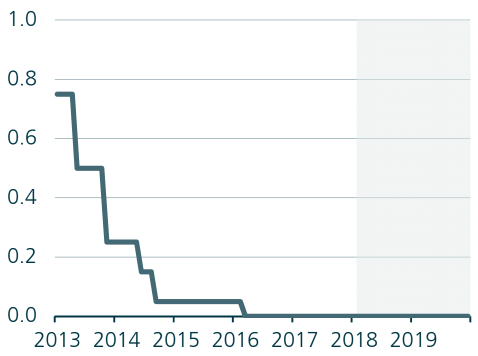
USA

Just before Christmas the US Congress reached agreement on reform of the tax system, according to which the corporate tax rate will fall from 35% to 21% already at the beginning of 2018. The agreement also offers income tax relief. Thanks to these measures the growth of the US economy should continue to be relativelý strong in 2018 despite a relatively high degree of capacity utilisation, especially on the labour market. The monthly economic data published to date signal relatively strong growth in the final quarter of 2017, albeit somewhat weaker than in the two previous quarters. In contrast to the rather modest pace of overall economic development, the growth of corporate investment appears tohave accelerated even further.

Forecast revision: –.

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



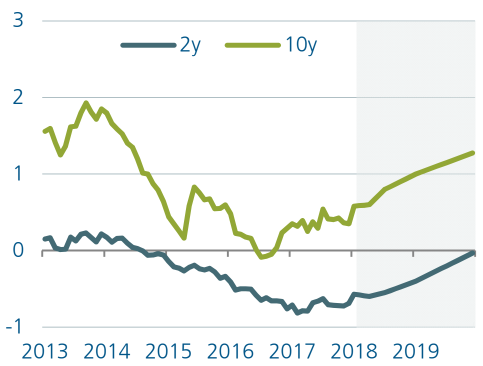
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

A growing number of members of the ECB Council now appear to oppose further extension of the asset purchase program, and market players now believe that no significant net purchases will be made after September. However, a fall in liquidity on the money market is unlikely, as for the time being the ECB will continue to reinvest inflows generated by maturing bonds. Money market rates will therefore continue to move along the lower edge of the interest rate corridor. Following comments by various Council members and favourable economic data, EONIA and EURIBOR rates have recently moved upwards again, having been factored into the prices of longer term money market futures. Nevertheless, we continue to regard as credible the ECB's forward guidance that it intends to hold key rates at their current levels long after the end of its net purchases. We do not expect the deposit rate to be raised before the middle of 2019 and until then we believe money market rates will remain unchanged at their current low level.

Forecast revision: –.

German Bond Yield (% p.a.)



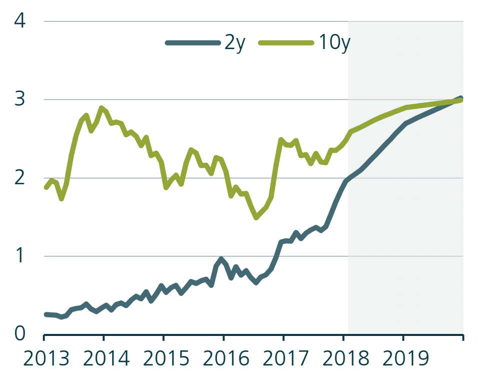
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

Increasing inflation expectations and comments by ECB Council members have raised the yields of Bunds of all maturities. We share the general view held on the markets that after September the ECB cannot be counted on to make any significant asset purchases. The scarcity of the bonds in question hinders their purchase and the central bankers do not seem inclined to further ease the rules governing the program. At the same time, however, in view of the slow rise in inflation, we assume that the ECB will raise key rates much later than has been expected on the markets. The rise of short-term Bund yields will therefore probably be slowed, but continued at the long end.

Forecast revision: slightly higher rise of long-term Bund yields.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

As expected, the US Fed further raised its key rate band in the middle of December 2017. This now lies between 1.25% and 1.50%. FOMC members substantially revised upwards their growth forecasts for the coming years. This was probably triggered by the then highly probable agreement in Congress on tax reform. However, these changes did not result in new assessments with respect to inflation and the key-rate path. A majority of FOMC members still expect three key rate hikes in 2018. Since the end of October 2017 the yield curve for USgovernment bonds has flattened strikingly. This can be attributed to higher key rate expectations for the next two years.

Forecast revision: –.

Markets: Industrial countries

Equity Market Forecast

	Current Jan 12, 18	in 3 months	in 6 months	in 12 months
DAX	**13 245.03**	**12 600**	**12 600**	**13 500**
Reporting:				
EuroStoxx50	3 612.61	3 500	3 500	3 600
S&P 500	2 786.24	2 550	2 550	2 600
Topix	1 876.24	1 750	1 650	1 750

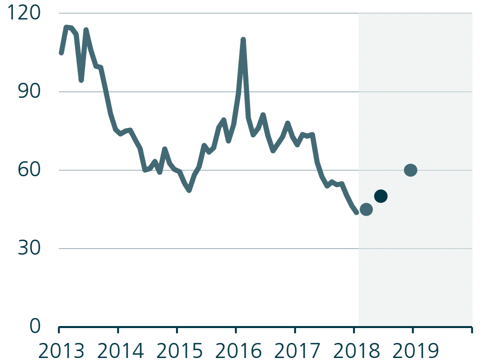
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

The positive sentiment prevailing in the German corporate sector has continued and led to growth of incoming orders, volume of goods on order, output and employment. Existing capacities are thus always fully stretched and delivery times get longer. This excellent business environment is reflected in a striking increase in corporate profits. DAX companies probably increased their profits in 2017 against the previous year by some 10%. This will be confirmed by the reporting season for the fourth quarter. As in 2017, we believe there will be a similar hefty surge in profits this year. However, current sentiment on the market is suffering from the negative impact of the Euro's appreciation and the delay in the formation of a government in Germany. Despite the intact environmemt in the short term we can expect higher volatility and consolidation of prices.

Forecast revision: –.

iTraxx Europe (Bp)



Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

The credit markets have made a friendly start to the new year. The first new issues have been very heavily subscribed and have immediately presented a healthy spread development. The halving of ECB asset purchases has not weighed upon the market, as on the one hand the ECB had announced that it would continue to favour corporate bonds, and on the other hand international investors continue to be extremely interested in subscribing to new issues. Even very small risk premiums are regarded as a welcome chance to pocket even a small margin. In view of the approaching reporting season for the fourth quarter of 2017 we can expect a continuation of the trend of rising sales and profits for European companies and support for the current friendly market sentiment.

Covered Bonds 5y (% p.a.)

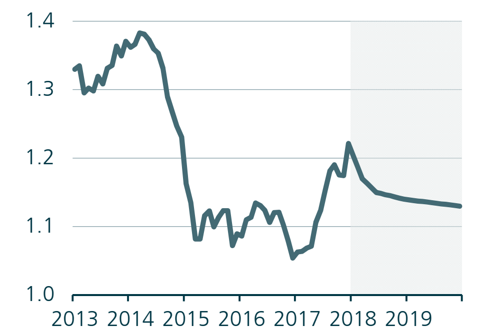
Source: Bloomberg

Covered Bonds

At the beginning of the new year new issues of covered bonds increased again noticeably. In any case January is traditionally a month in which there are many new issues, and this year some issuers will have endeavoured to find early additional financing. On the one hand we expect a slowly rising yield level, on the other hand the risk premiums on the credit markets could rise, when the end of the ECB's asset purchases is drawing near. In order to secure the current very low level of interest for as long as possible, a surprisingly large number of issuers have chosen maturities of ten or more years for their new bonds. Most bonds have been well received, for the ECB has once again been active on the market. Together with its planned monthly purchases a relatively large number of covered bonds in its portfolio worth some EUR 2.87 bn will mature and must also be reinvested.

Markets: Industrial countries

Exchange Rate EUR-USD



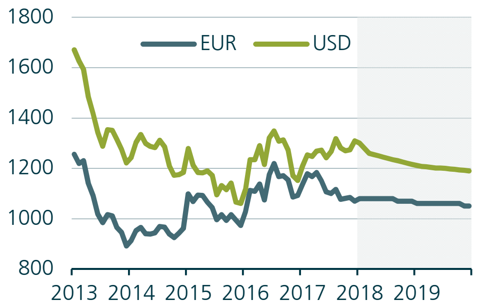
Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

The Euro was able to defend itself against the US dollar in December. It started at 1.18 EUR-USD and by the end of the year had risen to 1.20 EUR-USD. Since August 2017 the EUR-USD exchange rate has made several vain attempts to rise above 1,21 EUR-USD. The strength of the Euro in December was underpinned by very positive news from the Euro zone economy. In December industrial confidence rose to an all-time high and the unemployment rate for November dropped to 8.7%, the lowest level since 2009. In December the Euro came under pressure and fell to 1.17 EUR-USD when the Fed raised key rates.

Forecast revision: –.

Gold price (per troy ounce)



Performance	from / to	31.12.11 / 31.12.12	31.12.12 / 31.12.13	31.12.13 / 31.12.14	31.12.14 / 31.12.15	31.12.15 / 31.12.16	31.12.16 / 31.12.17
Gold in Euro		5.04%	-31.34%	12.23%	-0.30%	11.92%	-0.26%
Gold in USD		6.96%	-28.26%	-1.51%	-10.46%	8.63%	13.68%

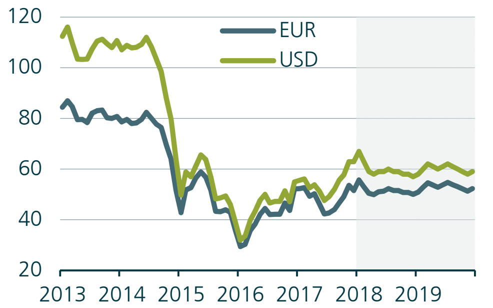
Sources: Bloomberg, Prognose DekaBank

Gold

Since the middle of December gold has been able to free itself from the spell of US interest rates. Despite the rise of US Treasury yields the gold price has increased. The US dollar has undoubtedly been helpful, but so has turmoil in Iran and the increased danger that the USA would impose new sanctions against Iran. Since the beginning of the year the gold price has held its ground in a market which, like the equity market, welcomes risk. Moreover, in the summer speculative market players clearly placed their wagers on rising gold prices and, not least, global stocks of exchange-traded bonds backed by physical metal (ETFs) rose significantly worldwide. We continue to forecast a slight fall in the price of gold, especially in view of our expectations with respect to rising US interest rates. However, as the real interest level will probably remain low for some considerable time yet, this fall should prove modest.

Forecast revision: –.

Crude Oil Brent (per barrel)



Performance	from / to	31.12.11 / 31.12.12	31.12.12 / 31.12.13	31.12.13 / 31.12.14	31.12.14 / 31.12.15	31.12.15 / 31.12.16	31.12.16 / 31.12.17
Brent in Euro		1.62%	-4.56%	-41.04%	-27.59%	57.02%	3.25%
Brent in USD		3.47%	-0.28%	-48.26%	-34.97%	52.41%	17.69%

Sources: Bloomberg, Prognose DekaBank

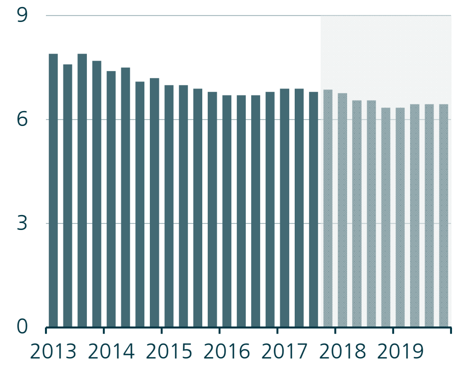
Crude oil

At the beginning of the year the oil price rose to its highest level for more than three years. The upward trend has now lasted for more than half a year. Whereas we regard the increase in price from USD 45 towards USD 60 as fundamentally justified, we believe the latest movement towards USD 70 cannot be sustained. The current very strong one-sided positioning of speculative oil market players raises the danger of a sudden and rapid oil price collapse, if there is an unexpected swing in market sentiment. The confidence of oil speculators will have been boosted by recent disturbances in Iran. We now expect the oil price to move towards USD 55-60. US oil production, which is still rising, should prevent higher oil prices in the long term.

Forecast revision: –.

Emerging Markets

China: GDP (% yoy)



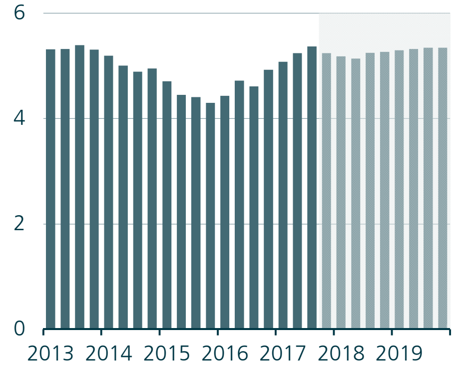
Sources: National Statistics, forecast DekaBank

China

The Chinese government has continued to follow its economic reform course, which aims at restructuring the economy and stabilising the financial system. Limitations were recently introduced for banks that are active in the so-called shadow banking market. The reduction of production capacities in the steel and coal sectors has also been continued. However, these restrictive measures have not led to a slump in the fourth quarter, as the monthly economic figures had suggested. Now Prime Minister Li Keqiang has said that for 2017 he expects GDP growth of 6.9%. This would suggest that economic growth in the fourth quarter was 6.8% or even 6,9% against the previous year. The figures will be published on January 18th.

Forecast revision: upward revision of GDP growth forecast for 2017.

Emerging Markets: GDP (% yoy)



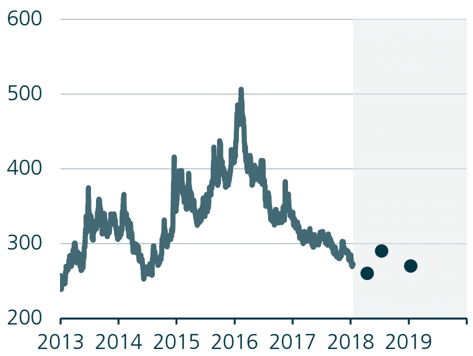
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

The growth environment in the emerging markets remains favourable, although corporate sentiment is not so euphoric as in the industrial countries, Against the general trend the purchasing managers' indices sank in Brazil and Mexico, which can be attributed in part to political uncertainty. In Brazil pension reform is hanging in the balance and the result of the presidential election is wide open. In Mexico the outlook has been dimmed by difficult NAFTA negotiations and the approaching presidential election. Inflationary pressure has remained low in most emerging countries and does not compel the central banks to act. The turmoil in Iran is likely to deepen the mistrust between secular and religious leaders and diminish their ability to act. Talks between South and North Korea have brought no relief in the conflict over the North Korean nuclear weapons program.

Forecast revision: Upward revision of the GDP forecast for central Europe for 2018.

EMBIG-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

EM equities and local-currency bonds have made a good start to the year. Positive economic data and a rising oil price have been the main drivers. The risk premiums for hard-currency bonds have fallen, but at the same time the yields of US government bonds have risen, which has had a negative impact. The economic environment for EM investments should remain favourable in the coming months. Especially in Brazil and Mexico attention should be focused in particular on political risks, as both countries face important elections with uncertain outcomes. The protests in Iran have been largely suppressed, but the tensions in relations with the USA have increased. The monetary policy environment remains expansive, but when in the course of the year the Fed's balance sheet is reduced and the ECB's asset purchases in the Euro zone are substantially reduced, the stimulus will be diminished. We do not believe the change at the head of the Fed to Powell will bring about a geniune change of course, but the markets are likely to prove vulnerable if Powell's statements suggest a more restrictive approach.

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	2.6	1.7	1.7	1.8	2.0	8.0	7.7	7.3	1.2	0.7	0.7
France	2.3	1.9	2.0	1.6	1.2	1.5	1.8	-3.0	-2.8	-2.6	-2.9	-2.9	-3.0
Italy	1.9	1.5	1.5	1.3	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	1.3	1.7	1.7	1.9	1.9	-3.1	-2.4	-1.7
Netherlands	0.7	3.2	2.4	2.1	1.3	1.5	2.0	9.1	8.7	8.4	0.7	0.5	0.9
Belgium	0.4	1.7	1.7	1.5	2.2	2.2	2.0	-1.0	-1.1	-0.9	-1.5	-1.4	-1.5
Eurozone	**11.7**	**2.4**	**2.3**	**1.7**	**1.5**	**1.5**	**1.8**	**3.0**	**3.0**	**2.9**	**-1.1**	**-1.0**	**-0.9**
United Kingdom	2.3	1.7	1.3	1.3	2.7	2.6	2.3	-5.1	-4.6	-4.4	-2.1	-1.9	-1.5
Sweden	0.4	2.6	2.7	2.2	1.9	1.8	2.1	4.9	5.0	5.1	0.9	0.7	0.6
Denmark	0.2	1.9	1.5	1.8	1.1	1.4	2.0	8.4	8.3	8.2	-1.0	-1.0	-0.9
EU-22	**14.7**	**2.3**	**2.1**	**1.7**	**1.7**	**1.7**	**1.9**	**1.9**	**1.9**	**1.9**	**-1.2**	**-1.1**	**-1.0**
Poland	0.9	4.5	3.8	3.3	2.0	2.2	1.8	0.1	-0.2	-1.0	-1.7	-1.7	-1.9
Hungary	0.3	4.4	3.6	2.6	2.5	2.2	2.1	0.7	0.5	0.1	1.2	0.8	0.6
Czech Republic	0.2	3.9	3.7	2.8	2.4	3.0	2.5	3.6	2.8	2.4	-2.1	-2.6	-2.3
EU-28	**16.7**	**2.6**	**2.4**	**1.9**	**1.8**	**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	-2.3	-2.5	-2.5	-4.7	-4.5	-5.0
Japan	4.4	1.8	1.4	0.7	0.4	1.5	1.8	4.2	4.0	3.5	-4.8	-4.5	-4.0
Canada	1.4	2.9	2.1	1.6	1.6	2.1	2.3	-3.2	-4.0	-4.5	-0.9	-1.0	-1.5
Australia	1.0	2.3	2.7	2.5	1.9	1.7	1.6	-1.8	-1.5	-1.0	-1.9	-1.5	-1.0
Switzerland	0.4	1.0	1.8	1.6	0.5	0.7	0.9	9.3	10.3	10.9	0.2	0.1	0.1
Norway	0.3	1.9	2.0	2.0	1.9	1.9	2.0	4.3	4.1	4.1	4.3	4.6	4.8
Developed Countries[4]	**37.8**	**2.2**	**2.2**	**1.7**	**1.7**	**1.9**	**2.0**	**0.2**	**0.2**	**0.1**	**-3.0**	**-2.8**	**-2.9**
Russia	3.2	1.6	1.7	1.8	3.7	3.6	4.6	2.7	2.6	2.6	-2.1	-1.3	-1.1
Turkey	1.7	6.7	4.4	4.5	11.1	9.6	8.5	-4.8	-4.7	-4.5	-2.0	-2.3	-2.2
Ukraine	0.3	2.1	2.6	2.4	14.5	11.1	8.3	-3.9	-6.9	-3.9	-2.9	-2.7	-2.6
Emerging Europe[5]	**7.5**	**3.7**	**3.0**	**2.8**	**5.5**	**5.1**	**5.1**	**-0.5**	**-0.7**	**-0.8**	**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**	**9.6**	**8.5**	**-0.7**	**0.0**	**-0.1**	**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	6.0	3.9	3.9	-1.7	-2.2	-2.3	-1.9	-2.2	-2.2
Argentina	0.7	2.8	3.4	2.7	26.4	18.1	10.8	-3.9	-3.7	-3.8	-6.1	-5.7	-4.8
Chile	0.4	1.4	2.9	3.0	2.2	2.4	3.1	-1.3	-0.3	-0.4	-2.7	-2.4	-1.8
Latin America	**7.2**	**1.1**	**1.7**	**2.3**	**6.5**	**5.0**	**4.5**	**-1.5**	**-2.2**	**-2.3**	**X**	**X**	**X**
China	17.7	6.9	6.6	6.4	1.6	2.3	2.5	0.8	1.0	0.9	-4.3	-4.4	-4.2
India	7.2	6.4	7.4	7.6	3.3	5.2	4.3	-1.9	-2.1	-2.0	-3.1	-3.2	-3.1
Indonesia	2.5	5.1	5.4	5.6	3.8	3.8	4.2	-1.5	-1.9	-2.2	-2.8	-2.2	-2.1
South Korea	1.6	3.3	3.1	3.2	2.0	1.7	2.1	5.4	5.2	5.4	0.8	-0.3	-0.1
Emerging Asia	**33.1**	**6.1**	**6.2**	**6.1**	**2.2**	**3.1**	**2.9**	**1.7**	**1.6**	**1.6**	**X**	**X**	**X**
Emerging Markets	**51.2**	**4.8**	**4.9**	**4.9**	**4.0**	**4.1**	**3.8**	**0.7**	**0.6**	**0.6**	**X**	**X**	**X**
Total[6]	**89.1**	**3.7**	**3.7**	**3.5**	**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.

Interest rates in industrialised countries

		Current	Forecasts		
		Jan 15 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	-0.31
	12 months (EURIBOR)	-0.19	-0.18	-0.16	-0.08
	Bunds, 2 years	-0.57	-0.60	-0.55	-0.40
	Bunds, 5 years	-0.12	-0.15	-0.05	0.10
	Bunds, 10 years	0.58	0.60	0.80	1.00
	Bunds, 30 years	1.32	1.40	1.60	1.80
USA	Monetary policy (FFR)	1.25-1.50	1.25-1.50	1.50-1.75	1.75-2.00
	3 months (LIBOR)	1.72	1.80	1.85	2.00
	12 months (LIBOR)	2.17	2.25	2.30	2.60
	US-Treasuries, 2 years	2.00	2.10	2.30	2.70
	US-Treasuries, 5 years	2.35	2.45	2.55	2.80
	US-Treasuries, 10 years	2.55	2.65	2.75	2.90
	US-Treasuries, 30 years	2.85	3.05	3.10	3.10
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.03	0.00	0.00	0.00
	12 months (LIBOR)	0.11	0.15	0.15	0.15
	JGBs, 2 years	-0.13	-0.10	-0.10	-0.05
	JGBs, 5 years	-0.08	-0.05	0.00	0.10
	JGBs, 10 years	0.08	0.15	0.20	0.30
	JGBs, 30 years	0.83	0.95	0.95	1.00
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	1.20
	Gilts, 2 years	0.59	0.60	0.80	1.00
	Gilts, 5 years	0.86	0.90	1.00	1.30
	Gilts, 10 years	1.34	1.40	1.50	1.60
	Gilts, 30 years	1.84	1.85	1.90	1.95
Sweden	Monetary policy (Repo)	-0.50	-0.50	-0.40	-0.25
	3 months (STIB)	-0.42	-0.40	-0.30	0.00
	2 years	-0.76	-0.60	-0.40	0.10
	10 years	0.86	1.00	1.10	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	-0.37	-0.40	-0.40	-0.30
	10 years	0.58	0.65	0.85	1.05
Norway	Monetary policy (Deposit)	0.50	0.50	0.50	0.50
	3 months (NIBOR)	0.82	0.85	0.90	1.17
	3 years	0.48	0.60	0.80	1.00
	10 years	1.65	1.70	1.90	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)	-0.74	-0.75	-0.75	-0.75
	2 years	-0.80	-0.70	-0.70	-0.55
	10 years	0.01	0.00	0.10	0.30
Canada	Monetary policy (O/N)	1.00	1.50	1.75	2.00
	3 months (CBA)	1.65	1.75	1.95	2.15
	12 months (CBA)	2.04	2.20	2.40	2.70
	2 years	1.76	2.00	2.25	2.70
	5 years	1.97	2.15	2.30	2.55
	10 years	2.17	2.35	2.50	2.70
	30 years	2.37	2.55	2.65	2.85
Australia	Monetary policy (Cash)	1.50	1.50	1.50	1.75
	3 months (ABB)	1.80	1.80	1.90	2.05
	2 years	2.04	2.10	2.25	2.60
	10 years	2.77	2.85	2.95	3.10

Interest rates in EM countries

			Current	Forecasts		
			Jan 15 2018	3 months	6 months	12 months
Central- and Eastern Europe	Poland	Monetary policy (Repo)	1.50	1.50	1.50	1.75
		3 months (WIB)	1.62	1.60	1.70	1.90
		2 years	1.63	1.70	1.80	2.20
		10 years	3.32	3.50	3.50	3.70
	Czech Rep.	Monetary policy (Repo)	0.50	0.75	1.00	1.25
		3 months (PRIBOR)	0.76	0.80	1.00	1.30
		2 years	0.53	0.40	0.70	0.90
		10 years	1.90	1.90	2.00	2.20
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
		3 months (BUBOR)	0.02	0.05	0.05	0.10
		3 years	0.45	0.50	0.60	0.70
		10 years	1.97	2.00	2.00	2.10
Latin America	Brazil	Monetary policy (Repo)	7.00	6.75	6.75	6.75
		3 months (ABG)	6.74	6.75	6.75	6.80
		2 years	8.06	8.05	7.80	7.85
		9 years	9.84	9.50	9.00	9.00
	Mexico	Monetary policy	7.25	7.25	7.25	6.50
		3 months (Mexibor)	7.70	7.30	7.30	6.60
		2 years	7.45	6.70	6.60	6.50
		10 years	7.59	6.90	6.70	6.50
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	4.68	4.50	4.40	4.30
		3 years	3.68	3.60	3.60	3.70
		10 years	3.95	4.00	4.10	4.20
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.33	1.50	1.60	1.70
		2 years	1.45	1.60	1.70	1.80
		10 years	2.09	2.10	2.20	2.30
	South Korea	Monetary policy	1.50	1.50	1.50	2.00
		3 months	1.51	1.50	1.60	1.90
		2 years	2.10	2.10	2.20	2.30
		10 years	2.62	2.60	2.70	2.70

Yield spreads in basis points[1)]

			Current	Forecasts		
			Jan 15 2018	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	163	155	175	160
		Turkey	281	270	300	280
		Hungary	87	85	90	85
	Africa	South Africa	230	220	245	230
	Latin America	Brazil	212	200	225	210
		Chile	112	110	120	110
		Columbia	164	155	175	160
		Mexico	235	225	250	230
	Asia	China	105	100	110	105
		Indonesia	156	150	165	155
		Philippines	81	75	85	80
	Total (EMBIG Div)		**272**	**260**	**290**	**270**

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		
		Jan 15 2018	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.22	1.17	1.15	1.14
	EUR-CAD	1.52	1.49	1.45	1.43
	EUR-AUD	1.54	1.54	1.51	1.48
Japan	EUR-JPY	135.32	132.21	131.10	133.38
Euro-Outs	EUR-GBP	0.89	0.88	0.89	0.88
	EUR-DKK	7.45	7.44	7.44	7.44
	EUR-SEK	9.83	9.70	9.60	9.40
	EUR-CHF	1.18	1.17	1.17	1.18
	EUR-NOK	9.65	9.60	9.50	9.30
Central- and Eastern Europe	EUR-PLN	4.17	4.15	4.25	4.10
	EUR-HUF	308.78	315.00	310.00	310.00
	EUR-CZK	25.53	25.70	25.50	25.70
Africa	EUR-ZAR	15.09	14.63	15.53	17.10
Latin America	EUR-BRL	3.92	3.74	3.80	3.88
	EUR-MXN	23.12	22.23	22.08	22.23
Asia	EUR-CNY	7.86	7.72	7.65	7.64
	EUR-SGD	1.61	1.57	1.55	1.55
	EUR-KRW	1298	1252	1242	1254
US-Dollar		**Current**	**Forecasts**		
		Jan 15 2018	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.24	1.27	1.26	1.25
	AUD-USD	0.80	0.76	0.76	0.77
Japan	USD-JPY	110.78	113.00	114.00	117.00
Euro-Outs	GBP-USD	1.37	1.33	1.29	1.30
	USD-DKK	6.10	6.36	6.47	6.53
	USD-SEK	8.05	8.29	8.35	8.25
	USD-CHF	0.97	1.00	1.02	1.04
	USD-NOK	7.90	8.21	8.26	8.16
Central- and Eastern Europe	USD-PLN	3.42	3.55	3.70	3.60
	USD-HUF	252.78	269.23	269.57	271.93
	USD-CZK	20.89	21.97	22.17	22.54
Africa	USD-ZAR	12.36	12.50	13.50	15.00
Latin America	USD-BRL	3.21	3.20	3.30	3.40
	USD-MXN	18.93	19.00	19.20	19.50
Asia	USD-CNY	6.43	6.60	6.65	6.70
	USD-SGD	1.32	1.34	1.35	1.36
	USD-KRW	1062	1070	1080	1100

Commodities

Commodity	Current	Forecasts		
	Jan 15 2018	3 months	6 months	12 months
Gold (USD per troy ounce)	1,342.47	1,255	1,240	1,212
Gold (EUR per troy ounce)	1,099.03	1,080	1,080	1,060
WTI crude (USD per Barrel)	64.30	54	56	54
WTI crude (EUR per Barrel)	52.64	46	49	47
Brent crude (USD per Barrel)	70.00	58	60	58
Brent crude (EUR per Barrel)	57.31	50	52	51

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