Macro Research
Economic Forecasts

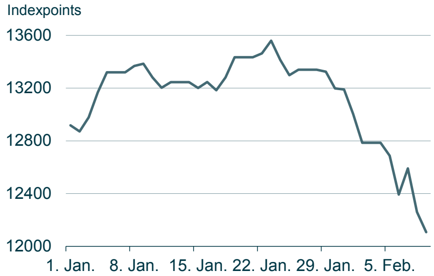
January / February 2018

Back with both feet on the ground.

The events of recent days have confirmed the validity of two well established words of wisdom. First, share prices are volatile and may suffer substantial falls. And second, democracy lives from compromise, which sometimes is not a delight.

Let us begin with the equity markets. Investors had become accustomed to the brave new world with its almost constant upward movement of share prices and unusually low level of volatility. The foundation for this favourable situation had been laid by the central banks and the solid global economy. The prospect of low interest rates for a long time to come together with excellent sales prospects ensured the stable growth of corporate profits and created the basis for the rise of equity prices on a broad front. Suddenly, however, for the first time in years there are concerns over inflation and this Goldilocks sentiment starts to vanish. There still is little sign of significantly higher inflation rates. However, the fact that US wage growth and German collective wage settlements were both above expectations has made it clear to the markets that with the return of inflation the era of ultra-loose monetary policy will definitely come to an end. The result: a substantial rise in the yields of government bonds and unsettled equity markets.

German equity index DAX



Performance	09.02.12 – 09.02.13	09.02.13 – 09.02.14	09.02.14 – 09.02.15	09.02.15 – 09.02.16	09.02.16 – 09.02.17	09.02.17 – 09.02.18
DAX	12.72%	21.56%	14.64%	-16.73%	31.12%	3.99%

Sources: Deutsche Börse AG, DekaBank.
Period: 01. Jan .2018 – 09.Feb. 2018

It is true that the central banks are returning to normality in their monetary policy. But they will do this as planned with the utmost caution and without haste. At the same time the global economy is running at full speed and there is no sign of any slowing of its growth. In so far there is no reason to panic. Equity prices that have been on the decline since January are rather the long-awaited and overdue correction, which will be limited in its scope and, thanks to the fundamentally intact economic environment, will give rise to a renewed upward movement.

The second issue is currently of great interest for economists, although of very little interest for the markets. In Germany the CDU/CSU and the SPD have reached agreement on a renewal of their grand coalition. However, anyone hoping the new government would take advantage of the good times with strong growth, falling public debt and historically low unemployment to implement growth-oriented and forward-looking reforms has been disappointed. With eyes on their respective voters the negotiators have reached face-saving agreements which from an economic standpoint will reduce potential growth in the medium and long term.

In the short term, however, in view of the unusually low interest rates the prospects for both the German and the global economy are good enough for risky investments to offer better return chances than risk free assets, such as bank deposits or highly rated government bonds. The latter do not even make up for inflation and can therefore not offer any positive real interest.

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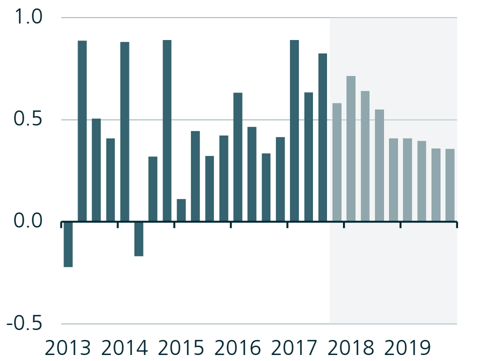
Most important forecast revisions

- Germany: Inflation 2018: 1.7 % (previously 1.6 %).
- USA: GDP 2018: 2.7 % (previously 2.5 %); inflation 2018: 2.3 % (previously 2.2 %) and 2019: 2.4 % (previously 2.3 %).
- Euro zone: First rising of the deposit rate by the ECB already in June 2019. Somewhat higher yields for all Bund maturities.
- USA: Number of key-rate hikes 2018: three (previously two); higher yield forecast for US government bonds.
- Upward revision of the 3-, 6- and 12- month EUR-USD exchange rate forecast.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



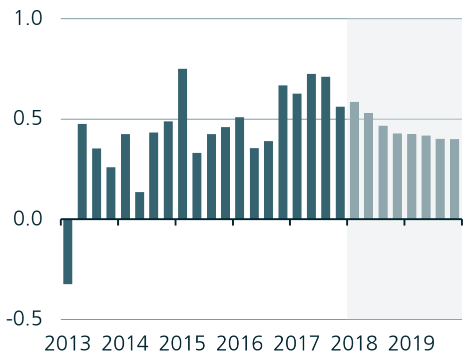
Sources: Destatis, forecast DekaBank

Germany

The German economy is continuing to prove solid. Not all areas have performed brilliantly, such as retail sales or output in the construction sector, but all in all fourth-quarter growth will be respectable. There is currently no sign of the upswing coming to an end: the global economy is in full swing and the domestic economy will be underpinned by what are, by German standards, high wage settlements. In this environment the recent strength of the Euro has had little impact. So long as the global economy is running, the Euro plays a subordinate role. The long-winded formation of a government is also background news. What a new coalition agreement means for the economy will only become apparent in a few years.

Forecast revision: Inflation 2018: 1.7 % (previously 1.6 %).

Eurozone: GDP (% qoq, sa)



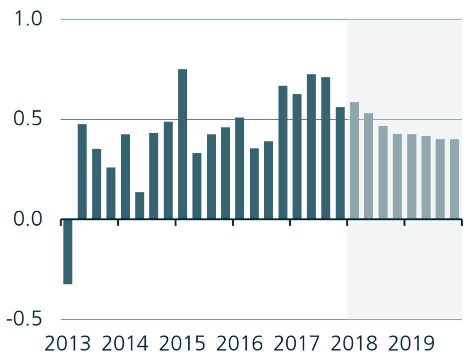
Sources: Eurostat, forecast DekaBank

Eurozone

According to Eurostat's provisional flash estimate, Eurozone GDP increased in the fourth quarter of 2017 by 0.6 % qoq against the previous quarter. In the fourth quarter of 2017, as indeed in the whole year, the European economy proved immune against numerous political uncertainty factors. The European Monetary Union stands on a broad and solid foundation of growth. Among the four major EMU countries Spain registered the highest GDP growth wifh a rate of 0.7 % qoq. The conflict over Catalonian independence has had little impact so far. The French economy raised its GDP growth rate by 0.6 % qoq. Both Germany and Italy are expected to register positive growth figures. GDP growth of 2.5 % in 2017 was the highest growth for ten years.

Forecast revision: –.

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



Sources: Bureau of Economic Analysis, forecast DekaBank

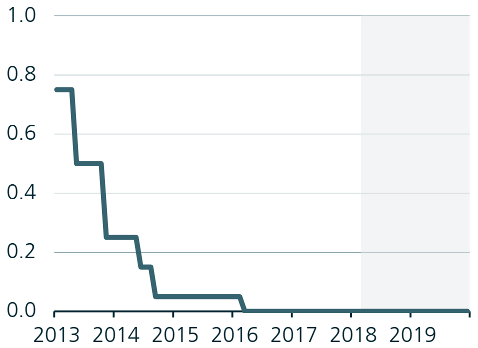
USA

The US economy also performed well in the last quarter of 2017. According to provisional calculations GDP growth increased in this period against the previous quarter by annualized 2.6 %. In particular, the strong growth of private consumption surprised on the positive side. However, this came at the cost of a substantial fall in the savings rate. Inventory investment proved surprisingly low. In the first half of 2018 the corresponding counter movement should trigger additional growth impulse, which previously wasn't included in our forecast. The latest inflation and wage indicators suggest that the low-inflation phase is slowly coming to an end. It would be wrong, however, to refer to an excessive price development.

Forecast revision: GDP 2018: 2.7 % (previously 2.5 %); inflation 2018: 2.3 % (previously 2.2 %) and 2019: 2.4 % (previously 2.3 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



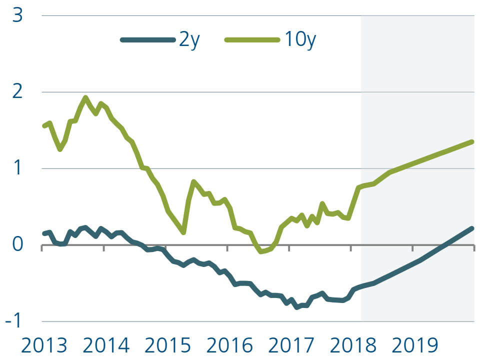
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

Partly contradictory statements made by members of the ECB Council have damaged the ECB's credibility. Although at the press conference in January President Draghi stressed the need for a continued strong monetary stimulus, the yields of government bonds and the rates factored into futures have continued to rise. We too assume that the ECB will terminate its asset purchases by the end of the year at the latest. However, we expect the deposit rate to be raised again only in June 2019. In order to enhance its control over market expectations, the ECB will probably soon undertake changes to its forward guidance. These should no longer link future key-rate levels with the end of the assset-purchase program, but with the inflation outlook. For at least the next two years we expect a slower rise of EONIA and EURIBOR rates than has been anticipated by money-market futures.

Forecast revision: First hike of the deposit rate by the ECB already in June 2019.

German Bond Yield (% p.a.)



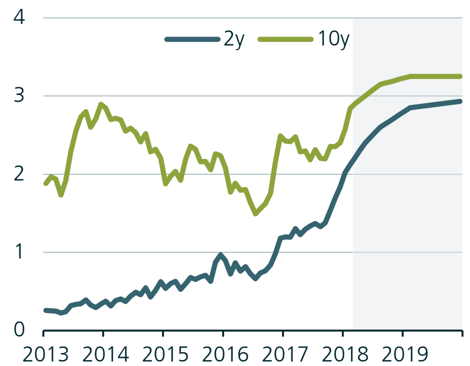
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

Investors worldwide are preparing for a more rapid normalisation of monetary policy. Bunds could not escape and their yields, especially those of medium-term Bunds, have risen substantially. We too assume that the ECB will bring its asset purchases to an end relatively quickly after September. However, in view of the slow rise of inflation, we expect key rates to be raised only after the middle of 2019. In order to dampen market expectations we expect the ECB to formulate a new version of its forward guidance, which links future key rate hikes not with the end of the ECB's asset purchases, but to the inflation outlook. This should temporarily check the rise of short-term Bund yields, while those at the long end will likely rise further.

Forecast revision: Somewhat higher yields for all Bund maturities.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

The Fed's interest rate decision in January provided no surprises. The changes in the statement make it clear that FOMC members are now more confident than ever that the inflation rate will rise this year and in the medium term will approach the ECB's target of 2 %.We therefore now expect three rate hikes by the Fed in the current year. The next will probably come with the interest-rate decision in March. The surprisingly strong increase in the average hourly wage in January would even suggest that the Fed could raise key rates four times in the current year. However, in view of the turmoil on the equity markets such a scenario now seems unlikely.

Forecast revision: Number of key-rate hikes in 2018: three (previously two); higher forecast for US government bond yields.

Markets: Industrial countries

Equity Market Forecast

	Current Feb 9, 18	in 3	in 6 months	in 12
DAX	**12 107.48**	**12 600**	**12 600**	**13 500**
Reporting:				
EuroStoxx50	3 325.99	3 500	3 500	3 600
S&P 500	2 619.55	2 550	2 550	2 600
Topix	1 731.97	1 750	1 650	1 750

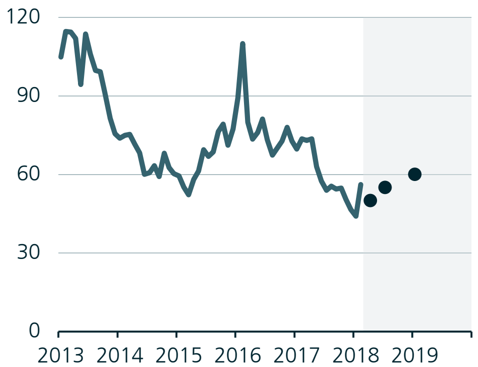
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

Uncertainty returned to the markets when equity prices crashed abruptly. This correction does not come as a surprise. After a long upward movement we have expected some correction, but not a new bear market with constantly falling prices. We maintain this view, for the economic environment remains stable and corporate prospects are positive. This has been confirmed by the reports of companies that are looking forward to their business in the current year with confidence. These solid fundamental conditions will underpin the market effectively in the more nervous phases. However, we can expect high level of volatility in the weeks to come, as the market must process both the modified inflation prospects and the normalisation of monetary policy by the central banks.

Forecast revision: –.

iTraxx Europe (Bp)

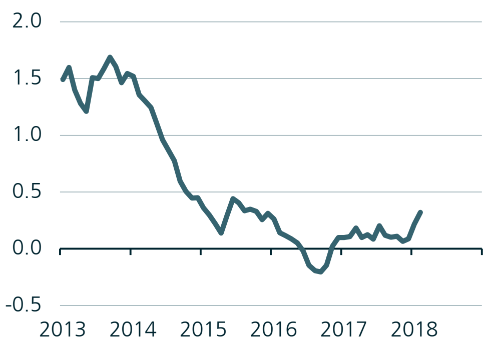


Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

The turmoil on the equity markets has left its mark on the credit markets. Enhanced risk aversion and a massive increase in volatility call for an adjustment of the valuation of the premiums of risky assets. This has a particularly strong impact on companies from the high-yield sector, as these must pay substantially more to finance their high debt burdens. However, as economic prospects remain positive and the quarterly company reports published to date have proved very satisfactory, sentiment for corporates remains fundamentally good. The ECB continues to offer substantial support with its asset-purchase program and has confirmed expectations that despite halving the overall volume of its asset purchases, its support for corporates has continued almost unchanged.

Covered Bonds 5y (% p.a.)



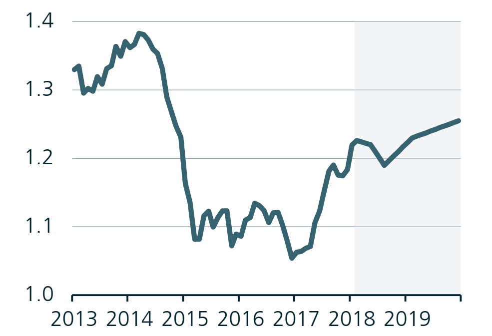
Source: Bloomberg

Covered Bonds

As expected, with the reduction of its monthly asset purchases in January the ECB has substantially raised the relative share of covered bonds. Also in absolute figures the ECB has not held back at all with net purchases of EUR 3.4 bn, as maturing bonds worth EUR 2.87 bn had to be replaced, so that gross purchases together amount to the highest value since August 2016. In these endeavours the ECB was able to fall back on the many new issues that traditionally have their strongest month in January. The surprisingly strong rise in Bund yields has also put covered bonds under some pressure. However, as swap spreads have narrowed appreciably in this movement, covered bonds have performed better than Bunds. In addition they have benefited from the ECB's asset purchases, so that, in comparison with substantially cheaper Länder bonds or agency bonds, covered bonds have become less attractive.

Markets: Industrial countries

Exchange Rate EUR-USD



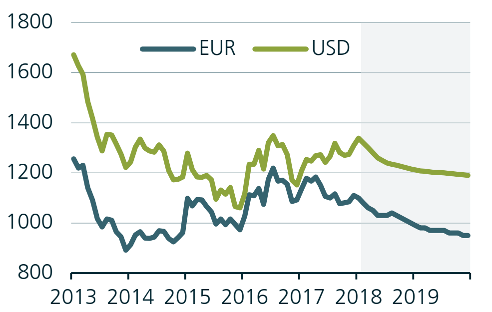
Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

In January the Euro appreciated against the US dollar from 1.20 EUR-USD to 1.24 EUR-USD. On January 25th the EUR-USD exchange rate had risen to 1.25 EUR-USD, its highest level since December 2014. Shortly before at the World Economic Forum in Davos the US Secretary of the Treasury, Mnuchin, described the weak US dollar as a welcome development for the USA. The weakening of the US dollar in January occurred against the background of slightly disappointing US economic data, which included US GDP growth in the fourth quarter and development of the labour market in December. The Fed's interest rate decision in January provided no grounds for a weaker US dollar.

Forecast revision: Upward revision of exchange-rate forecasts: 3-month: 1.22 EUR-USD (previously 1.17); 6-month: 1.19 EUR-USD (previously 1.15); 12-month: 1.23 EUR-USD (previously 1.14).

Gold price (per troy ounce)



Performance	from 31.01.12 to 31.01.13	31.01.13 31.01.14	31.01.14 31.01.15	31.01.15 31.01.16	31.01.16 31.01.17	31.01.17 31.01.18
Gold in Euro	-8.05%	-24.89%	23.35%	-9.10%	8.85%	-3.77%
Gold in USD	-4.44%	-25.32%	3.10%	-12.68%	8.26%	10.79%

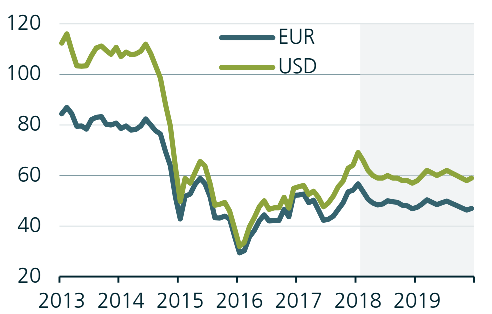
Sources: Bloomberg, forecast DekaBank

Gold

Despite turmoil on the equity markets due to enhanced fear of inflation, the stronger US dollar and rising yields of US and German government bonds forced the gold price down. Investors have withdrawn from trade in exchange-traded bonds backed by physical metal (gold ETFs). Only speculative market players have remained confident. Their net long positioning is strong and carries the risk of further slumps in the gold price, in case these positions were phased out. The latest gold market data published by the World Gold Council show a slight rise in the demand for gold against a very stable supply, but once again the amount of gold on offer exceeded the amount demanded. Our outlook remains unchanged: we expect the gold price to fall slightly in the course of our forecasting period.

Forecast revision: –.

Crude Oil Brent (per barrel)



Performance	from 31.01.12 to 31.01.13	31.01.13 31.01.14	31.01.14 31.01.15	31.01.15 31.01.16	31.01.16 31.01.17	31.01.17 31.01.18
Brent in Euro	0.19%	-7.38%	-40.42%	-31.75%	61.21%	7.68%
Brent in USD	4.12%	-7.92%	-50.20%	-34.44%	60.33%	23.97%

Sources: Bloomberg, forecast DekaBank

Crude oil

The slump in the price of crude oil since the beginning of February has brought oil prices down to levels that are more in line with fundamental oil-market data. As expected, excessively high oil prices of around USD 70 could not be maintained for long. US fracking activity has intensified and in the first weeks of February US oil output exceeded the magic mark of 10 million barrels per day. The fact that the OPEC countries didn't further cut back production in January, did not contribute to a market consolidation. Should heightened risk perception persist on financial markets in the weeks to come, oil prices could fall further. Speculative oil market players have adopted a very strong one-sided position which, should market sentiment deteriorate further, could intensify a fall in the price of oil.

Forecast revision: –.

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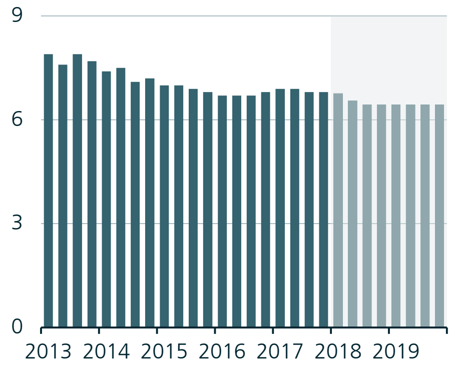
Emerging Markets

China: GDP (% yoy)



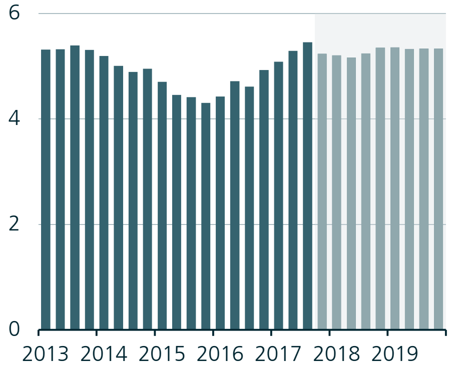
Sources: National Statistics, forecast DekaBank

China

In the fourth quarter GDP grew by 6.8 % against the previous year. In the whole year of 2017 the increase was 6.9 %. The stable development of the purchasing managers' indices shows that, at the beginning of 2018, the economy had hardly lost momentum. This is confirmed by the trade figures: exports increased in January by 11.1 % against the previous year, whereby growth in the case of technology-intensive products was greater than with work-intensive products. The rapid 36.9 % growth of imports was exaggerated due to catch-up effects after a weak performance in December and pre-emptive effects due to the approaching Chinese New Year. If we adjust in order to remove these distortions, we are still left with a strong growth of imports, which speaks for solid domestic demand. Chinese economic growth rests on a broad foundation.

Forecast revision: –.

Emerging Markets: GDP (% yoy)



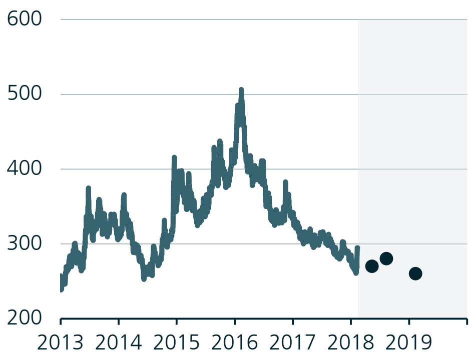
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

The purchasing managers'indices for the manufacturing sector have dipped slightly at a high level, whereas the indices for the service sector have risen to a 5-year high. The GDP growth figures that have been published also reflect intact economic growth. Inflation pressure is increasing slowly. Whereby the central banks are not yet under substantial pressure to make a move. In recent months key rates have been raised in South Korea, Malaysia, the Czech Republic and Romania, in order to hold inflation expectations under control. However, as rates have been lowered in Brazil, Russia, Colombia and Peru we cannot speak of a general tightening of monetary policy. On a political level elections in Mexico and Brazil are the most important events in the coming months.

Forecast revision: –.

EMBIG-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

The rise of top-rated government bond yields and turmoil on the equity markets have also weighed on development in the emerging markets. Despite a recent correction, EM local-currency bonds have been in the black since the beginning of the year. EM equities and hard-currency bonds, on the other hand, have slipped into the red. Hower, we regard this latest development as a correction and not as a trend reversal. The moderate EM markets' reaction can be atttributed above all to the fact that the global economy is still in full swing. Moreover, the US interest-rate turnaround is taking place in small steps, so that investors can prepare themselves. All in all, interest rates in the G3 countries are still so low that investors will still seek additional yields. Fundamentally there are some positive developments as well: After government changes had lead to improved market sentiment in Argentina and Brazil in 2017, there is now hope of a new political start in South Africa in the wake of President Zuma's resignation.

January / February 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	2.6	1.7	1.7	1.7	2.0	7.9	7.7	7.3	1.2	0.7	0.7
France	2.3	1.9	2.1	1.6	1.2	1.6	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	1.1	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	1.8	1.7	1.9	1.9	-3.1	-2.4	-1.7
Netherlands	0.7	3.2	2.4	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	2.1	1.9	-1.0	-1.1	-0.9	-1.5	-1.4	-1.5
Eurozone	**11.7**	**2.5**	**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	1.8	1.5	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	1.9	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	1.0	2.0	8.4	8.3	8.2	-1.0	-1.0	-0.9
EU-22	**14.7**	**2.3**	**2.2**	**1.7**	**1.7**	**1.7**	**1.9**	**1.9**	**1.9**	**1.9**	**-1.2**	**-1.1**	**-1.0**
Poland	0.9	4.6	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	2.1	2.1	0.7	0.8	0.4	1.2	0.8	0.6
Czech Republic	0.2	3.9	3.7	2.8	2.3	2.7	2.5	3.6	2.8	2.4	-2.1	-2.6	-2.3
EU-28	**16.7**	**2.6**	**2.4**	**1.9**	**1.7**	**1.8**	**1.9**	**1.6**	**1.7**	**1.6**	**-1.2**	**-1.2**	**-1.1**
USA	15.5	2.3	2.7	1.9	2.1	2.3	2.4	-2.3	-2.5	-2.5	-4.8	-4.5	-5.0
Japan	4.4	1.8	1.4	0.7	0.5	1.4	1.8	4.1	4.0	3.5	-4.8	-4.5	-4.0
Canada	1.4	2.9	2.1	1.6	1.6	2.3	2.5	-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	1.9	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	2.1	2.1	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**	**1.9**	**2.1**	**0.2**	**0.2**	**0.1**	**-3.0**	**-2.8**	**-2.9**
Russia	3.2	1.5	1.7	1.8	3.7	3.4	4.6	2.1	3.1	2.7	-1.7	-1.1	-0.9
Turkey	1.7	6.7	4.4	4.5	11.1	9.5	8.4	-5.0	-4.7	-4.7	-1.9	-2.3	-2.5
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**	**5.0**	**5.0**	**-0.7**	**-0.5**	**-0.7**	**X**	**X**	**X**
South Africa	0.6	0.8	1.3	1.6	4.9	5.1	5.5	-2.7	-3.2	-3.5	-3.9	-3.6	-3.5
Middle East, Africa	**3.4**	**2.3**	**2.9**	**3.0**	**13.1**	**10.8**	**9.9**	**-0.7**	**0.3**	**-0.1**	**X**	**X**	**X**
Brazil	2.6	1.1	2.6	2.6	3.4	3.6	4.2	-0.5	-1.7	-1.5	-8.0	-7.0	-5.8
Mexico	1.9	2.1	2.2	2.4	6.0	4.5	3.9	-1.6	-2.1	-2.3	-1.9	-2.4	-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**	**1.9**	**2.3**	**6.5**	**5.4**	**4.7**	**-1.4**	**-2.1**	**-2.2**	**X**	**X**	**X**
China	17.7	6.9	6.6	6.4	1.6	2.3	2.5	1.0	1.1	1.0	-4.3	-4.4	-4.4
India	7.2	6.4	7.4	7.6	3.3	5.2	4.3	-1.8	-2.2	-2.1	-3.3	-3.4	-3.2
Indonesia	2.5	5.1	5.4	5.6	3.8	3.7	4.2	-1.5	-1.9	-2.2	-2.8	-2.2	-2.1
South Korea	1.6	3.1	3.0	3.2	2.0	1.5	2.1	5.6	5.4	5.7	0.9	-0.3	-0.1
Emerging Asia	**33.1**	**6.1**	**6.2**	**6.2**	**2.1**	**3.0**	**2.9**	**1.8**	**1.7**	**1.6**	**X**	**X**	**X**
Emerging Markets	**51.2**	**4.8**	**4.9**	**4.9**	**4.0**	**4.2**	**4.0**	**0.8**	**0.7**	**0.6**	**X**	**X**	**X**
Total[6]	**89.1**	**3.7**	**3.8**	**3.5**	**3.0**	**3.2**	**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		
		Feb 12 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	-0.30
	12 months (EURIBOR)	-0.19	-0.18	-0.15	-0.05
	Bunds, 2 years	-0.57	-0.50	-0.40	-0.20
	Bunds, 5 years	0.12	0.15	0.25	0.40
	Bunds, 10 years	0.78	0.80	0.95	1.10
	Bunds, 30 years	1.38	1.45	1.60	1.70
USA	Monetary policy (FFR)	1.25-1.50	1.50-1.75	1.50-1.75	2.00-2.25
	3 months (LIBOR)	1.82	1.95	2.05	2.45
	12 months (LIBOR)	2.31	2.55	2.70	3.00
	US-Treasuries, 2 years	2.11	2.40	2.60	2.85
	US-Treasuries, 5 years	2.58	2.80	3.00	3.15
	US-Treasuries, 10 years	2.89	3.00	3.15	3.25
	US-Treasuries, 30 years	3.18	3.25	3.40	3.50
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.07	-0.05	0.00	0.00
	12 months (LIBOR)	0.10	0.10	0.10	0.15
	JGBs, 2 years	-0.15	-0.15	-0.10	-0.05
	JGBs, 5 years	-0.08	-0.05	0.00	0.15
	JGBs, 10 years	0.07	0.15	0.20	0.35
	JGBs, 30 years	0.81	0.85	0.95	1.05
United Kingdom	Monetary policy (Base)	0.50	0.50	0.75	0.75
	3 months (LIBOR)	0.54	0.50	0.75	0.90
	12 months (LIBOR)	0.85	0.90	1.10	1.20
	Gilts, 2 years	0.70	0.70	0.80	1.10
	Gilts, 5 years	1.10	1.10	1.20	1.40
	Gilts, 10 years	1.62	1.60	1.70	1.90
	Gilts, 30 years	1.99	2.00	2.05	2.15
Sweden	Monetary policy (Repo)	-0.50	-0.50	-0.40	-0.25
	3 months (STIB)	-0.45	-0.37	-0.30	0.10
	2 years	-0.74	-0.70	-0.30	0.00
	10 years	0.96	1.10	1.20	1.50
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.30	-0.28	-0.23	-0.20
	2 years	-0.34	-0.30	-0.25	-0.10
	10 years	0.84	0.85	1.00	1.15
Norway	Monetary policy (Deposit)	0.50	0.50	0.50	0.75
	3 months (NIBOR)	0.87	0.85	0.90	1.25
	3 years	0.59	0.70	0.80	1.10
	10 years	1.88	1.90	2.00	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	-0.81	-0.70	-0.65	-0.55
	10 years	0.20	0.20	0.30	0.40
Canada	Monetary policy (O/N)	1.25	1.50	1.75	2.00
	3 months (CBA)	1.66	2.00	2.15	2.30
	12 months (CBA)	2.04	2.25	2.45	2.75
	2 years	1.79	2.20	2.45	2.95
	5 years	2.08	2.35	2.50	2.80
	10 years	2.35	2.50	2.65	2.90
	30 years	2.50	2.60	2.70	2.90
Australia	Monetary policy (Cash)	1.50	1.50	1.50	1.75
	3 months (ABB)	1.77	1.80	1.90	2.10
	2 years	1.99	2.20	2.35	2.70
	10 years	2.91	3.10	3.15	3.35

Interest rates in EM countries

			Current	Forecasts		
			Feb 12 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	1.95
		2 years	1.76	1.75	1.80	2.00
		10 years	3.61	3.60	3.60	3.70
	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	0.54	0.70	1.00	1.30
		10 years	1.91	2.00	2.20	2.30
	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	0.67	0.70	0.80	1.00
		10 years	2.55	2.70	2.80	3.00
Latin America	Brazil	Monetary policy (Repo)	6.75	6.75	6.75	6.75
		3 months (ABG)	6.54	6.75	6.75	6.80
		2 years	8.08	8.05	7.80	7.85
		9 years	9.94	9.50	9.00	9.00
	Mexico	Monetary policy	7.50	7.25	7.25	6.50
		3 months (Mexibor)	7.90	7.30	7.30	6.60
		2 years	7.67	6.70	6.60	6.50
		10 years	7.75	6.90	6.70	6.50
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	4.70	4.80	4.80	4.70
		3 years	3.63	3.75	3.80	3.85
		10 years	3.90	4.00	4.10	4.20
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.13	1.50	1.60	1.70
		2 years	1.59	1.60	1.70	1.80
		10 years	2.25	2.40	2.50	2.60
	South Korea	Monetary policy	1.50	1.50	1.50	1.75
		3 months	1.51	1.50	1.60	1.80
		2 years	2.17	2.20	2.30	2.30
		10 years	2.77	2.80	2.90	2.90

Yield spreads in basis points[1)]

			Current	Forecasts		
			Feb 12 2018	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	163	150	155	145
		Turkey	281	275	290	265
		Hungary	87	85	90	80
	Africa	South Africa	230	220	230	215
	Latin America	Brazil	212	215	225	210
		Chile	112	110	115	105
		Columbia	164	160	165	155
		Mexico	235	220	230	215
	Asia	China	105	100	105	100
		Indonesia	156	150	160	145
		Philippines	81	85	90	80
	Total (EMBIG Div)		**295**	**270**	**280**	**260**

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		
		Feb 12 2018	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.23	1.22	1.19	1.23
	EUR-CAD	1.54	1.52	1.50	1.53
	EUR-AUD	1.57	1.56	1.55	1.58
Japan	EUR-JPY	133.43	135.42	134.47	140.22
Euro-Outs	EUR-GBP	0.89	0.88	0.89	0.88
	EUR-DKK	7.44	7.44	7.44	7.44
	EUR-SEK	9.91	9.80	9.70	9.50
	EUR-CHF	1.15	1.17	1.17	1.18
	EUR-NOK	9.76	9.60	9.50	9.30
Central- and Eastern Europe	EUR-PLN	4.18	4.15	4.20	4.05
	EUR-HUF	312.22	310.00	310.00	305.00
	EUR-CZK	25.36	25.20	25.00	25.00
Africa	EUR-ZAR	14.68	14.76	14.52	15.38
Latin America	EUR-BRL	4.03	3.90	3.93	4.18
	EUR-MXN	22.89	23.18	22.85	23.99
Asia	EUR-CNY	7.77	7.81	7.68	8.00
	EUR-SGD	1.63	1.63	1.61	1.67
	EUR-KRW	1331	1318	1297	1353
US-Dollar		Current	Forecasts		
		Feb 12 2018	3 months	6 months	12 months
Dollar-Bloc	USD-CAD	1.26	1.25	1.26	1.24
	AUD-USD	0.78	0.78	0.77	0.78
Japan	USD-JPY	108.69	111.00	113.00	114.00
Euro-Outs	GBP-USD	1.39	1.39	1.34	1.40
	USD-DKK	6.06	6.10	6.25	6.05
	USD-SEK	8.07	8.03	8.15	7.72
	USD-CHF	0.94	0.96	0.98	0.96
	USD-NOK	7.95	7.87	7.98	7.56
Central- and Eastern Europe	USD-PLN	3.41	3.40	3.53	3.29
	USD-HUF	254.31	254.10	260.50	247.97
	USD-CZK	20.65	20.66	21.01	20.33
Africa	USD-ZAR	11.96	12.10	12.20	12.50
Latin America	USD-BRL	3.29	3.20	3.30	3.40
	USD-MXN	18.64	19.00	19.20	19.50
Asia	USD-CNY	6.33	6.40	6.45	6.50
	USD-SGD	1.33	1.34	1.35	1.36
	USD-KRW	1084	1080	1090	1100

Commodities

Commodity	Current	Forecasts		
	Feb 12 2018	3 months	6 months	12 months
Gold (USD per troy ounce)	1,321.44	1,260	1,235	1,208
Gold (EUR per troy ounce)	1,076.35	1,030	1,040	980
WTI crude (USD per Barrel)	59.20	55	55	56
WTI crude (EUR per Barrel)	48.22	45	46	46
Brent crude (USD per Barrel)	63.81	59	59	60
Brent crude (EUR per Barrel)	51.98	48	50	49

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