Macro Research
Economic Forecasts

June / July 2019

Bulls in a China Shop

Source: Adobe Stock, DekaBank.

From a historic standpoint central banks have usually been responsible for an upswing coming to an end, because their aggressive rate hikes triggered a recession. However, in the current situation there is no role for the traditional reflex of monetary policymakers to react to high inflation rates that are threatening stability. The rate of inflation in industrial countries is unusually modest, in fact too low for the taste of most central bankers. Central banks are thus under no pressure at all to tighten their monetary policy.

Against this backdrop there is no need for the capital markets to be concerned about how long the upswing will last, for the central banks are clearly signalling their readiness to provide support. Nevertheless, the caution shown by central bankers is in stark contrast to the clumsiness of some politicians: with his threats of punitive tariffs against Mexico President Trump has gone well beyond his usual justification on grounds of trade imbalances and is now using them to sanction countries and companies in order to achieve political goals. In the UK, British Prime Minister Theresa May has resigned, which has reduced the lprobability of an orderly Brexit based on the laborious exit agreement she negotiated with the EU. The Italian government is heading for confrontation with the European Union with its public debt policy.

It is above all these bulls in a china shop that are threatening our basic scenario of sustained albeit modest global expansion and thus lowering the probability of its realisation. The support provided by the central banks helps only to a limited degree and political imponderables carry far more weight. At the same time economic indicators have been mixed and, thanks to the central banks, financial markets are far from being in a state of panic. They are sending reassuring signals that, in the case of gloomier economic prospects or tensions in the financial system, they are both ready and able to act at any time. In so far neither the US Fed nor the ECB is likely to raise their key rates within our forecasting period until the end of 2020. Nor do we expect the deposit rate to be raised in the foreseeable future and the yields on secure government bonds are likely to rise only very slightly above zero. With respect to the equity markets we remain convinced that, after a correction in the near future, share prices are likely to rise again..

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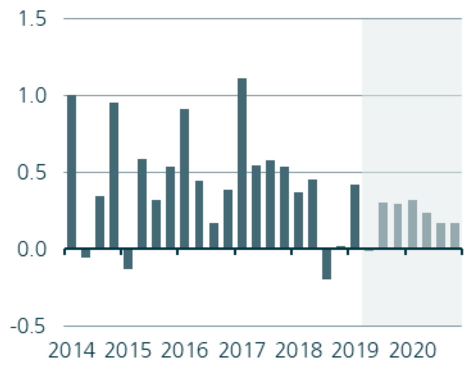
Most important forecast revisions

- Germany: GDP growth 2019 and 2020: 0.6 % and 1.4 % (previously 1.0 % and 1.6 %).
- Eurozone: GDP growth 2019 and 2020: 1.1 % and 1.3 % (previously 1.3 % and 1.4 %); inflation 2019: 1.4 % (previously 1.5 %).
- USA: GDP growth 2019 and 2020: 2.5 % and 1.9 % (previously 2.6 % and 2.0 %).
- The ECB will first raise its deposit rate in June 2021, thus Bund yields will rise more slowly.
- No key-rate hike by the Fed until the end of 2020.
- Upward revision of the gold price forecast.
- Downward revision of GDP growth forecasts for Brazil, India, Russia and South Africa. Upward revision of GDP growth forecasts for Turkey, Poland and Hungary.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



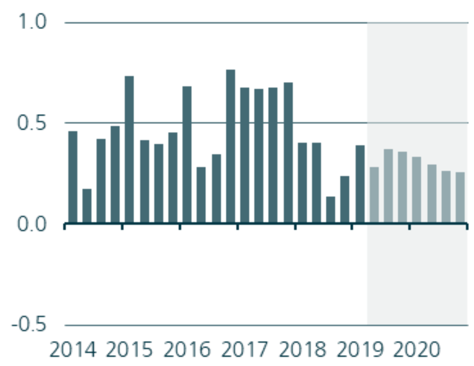
Sources: Destatis, forecast DekaBank

Germany

The German economy made a disastrous start to the second quarter. Wherever one looks in April, there are only poor data. Significant falls were registered in production, merchandise export and retail sales. In view of these figures stagnation of overall economic growth in the second quarter could be regarded as a success. Moreover, President Trump's sensational trade moves have destroyed all hopes of any improvement in the near future. In addition to an escalation of the trade conflict with China there is now fresh talk of tariffs against Mexico. And repeated threats against Europe do not bode well for the future.

Forecast revision: GDP growth 2019 and 2020: 0.6 % and 1.4 % (previously 1.0 % and 1.6 %).

Eurozone: GDP (% qoq, sa)



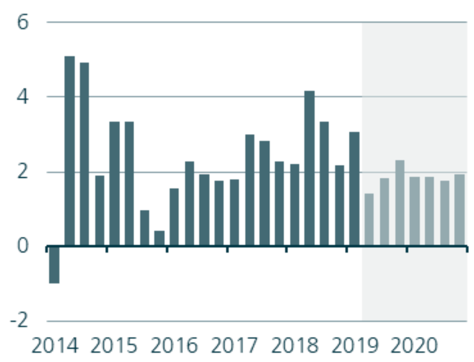
Sources: Eurostat, forecast DekaBank

Eurozone

Sentiment indicators have so far painted a mixed picture for the second quarter. Germany in particular is showing signs of weakness due to problems with global trade, whereas France appears to have recovered after the turmoil caused in the winter of 2018 by the yellow-vest protests. The European labour market still provides vital support for the economy. The Eurozone unemployment rate was 7.6% in April, the lowest level since August 2008. However, there are substantial differences between the major EMU countries. Germany leads the field with an unemployment rate of 3.2%, whereas Spain still has an unemployment rate of 13.8% and both France and Italy have rates above the EMU average at 8.7% and 10.2% respectively.

- Forecast revision: GDP growth 2019 and 2020: 1.1 % and 1.3 % (previously 1.3 % and 1.4 %); inflation 2019: 1.4 % (previously 1.5 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

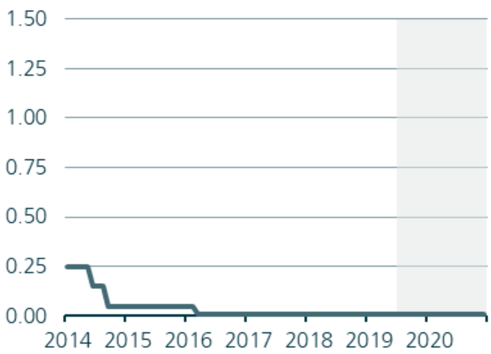
USA

In recent weeks the trade disputes with China have become the most important macroeconomic issue. The direct economic impact of measures that have already been implemented (tariffs raised to 25% on Chinese goods in the value of USD200bn) should be limited. We have made the necessary adjustments to our forecasts. However, any further escalation could have a significant negative impact on the US economy. This is particularly true if companies allow themselves to be unsettled by the measures and abandon their investment plans. A second negative factor could result from possible turmoil on financial markets. All in all, risks for the US economy have increased substantially.

Forecast revision: GDP growth 2019 and 2020: 2.5 % and 1.9 % (previously 2.6 % and 2.0 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



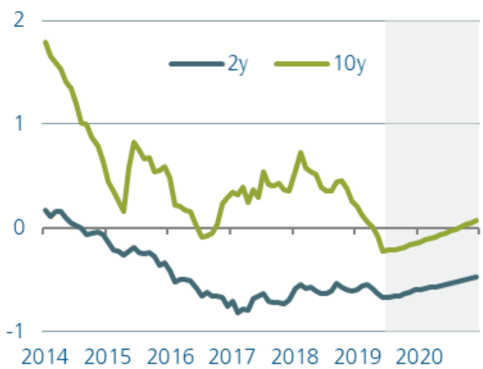
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

For the second time in only three months the ECB has adjusted its forward guidance and now suggests that it will not raise key rates at least until the middle of 2020. Moreover, it underscores its readiness to react to unwelcome economic developments by easing monetary policy again. We assume therefore that both economic growth and inflation would have to significantly surprise to the upside for the ECB to raise the deposit rate in the second half of 2020. This, however, we regard as highly unlikely and we expect successive key rate hikes only after the middle of 2021. We do not categorically exclude the possibility of another lowering of the deposit rate, but it is not an integral element of our main scenario. In our opinion such a step would not be an appropriate response to a further slowdown of economic growth. It would be more plausible if used to counteract an undesirable appreciation of the Euro, should the Fed, for example, significantly lower its key rates.

Forecast revision: The ECB will first raise its deposit rate in June 2021

German Bond Yield (% p.a.)



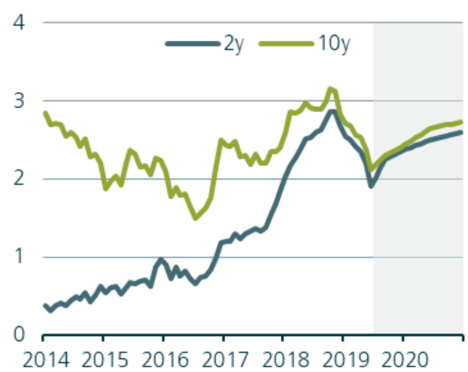
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

Economic downside risks with respect to global trade disputes and extremely low inflation expectations amongst others, have resulted in a very flat Bund curve. On the one hand they have led directly to an increase in the demand for long-term Bunds. On the other hand, they have strengthened market players in their belief that the ECB will maintain its extremely expansive monetary policy for a long time to come. On the one hand, we expect neither a recession in the Eurozone nor a further lowering of the deposit rate. On the other hand, we do not expect the ECB to make any fresh moves towards normalisation of its monetary policy. As a result the yields of 10-year Bunds should rise slightly, but they will remain in negative territory until well into 2020.

- Forecast revision: the rise in Bund yields will be slower.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

Concerns over an escalation in the trade dispute between the USA and China have given fresh impetus to rate cut fantasies on financial markets. The latest statements by FOMC members suggest that tariffs that have been imposed so far have had little impact on economic development. However, the Fed seems willing to consider taking one or more steps for insurance, should tariffs be raised further. This means that if a 25% tariff were levied on all Chinese goods, a timely lowering of key rates would be possible. This decision could be taken, for example, at the interest-rate meeting in July. So far we have not included such a safety measure in our forecasts.

- Forecast revision: No key-rate hike by the Fed until the end of 2020.

Markets: Industrial countries

Equity Market Forecast

Equity Market Forecast	Current Jun 10, 19	in 3 months	in 6 months	in 12 months
DAX	**12 045.38**	**11 500**	**11 900**	**12 600**
Reporting:				
EuroStoxx50	3 386.45	3 250	3 350	3 400
S&P 500	2 886.73	2 700	2 750	2 850
Topix	1 552.94	1 500	1 550	1 600

Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

Once again it is primarily political issues that are determining developments on the German equity market. The domestic political situation offers companies little hope of a positive change to bring the current standstill to an end. Moreover, European political problems have also contributed to enhanced uncertainty. Companies are currently experiencing a high degree of uncertainty in their planning as a result in particular of the fierce trade war with its threats of tariffs, tariffs already imposed or even sanctions against individual companies. In this environment neither a rapid brightening of future prospects nor improved economic growth seems likely. On the contrary, the danger of corporate profit warnings has increased, price setbacks are to be expected and the equity market will have immense difficulty in breaking out of the consolidation movement initiated in May.

iTraxx Europe (Bp)

Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

The strong rally made by corporate bonds since the beginning of the year was brought to an end in May by the escalation in the trade conflict. This applies in particular to the automobile sector, which has suffered especially from the threats of punitive tariffs made by President Trump. However, once again both the US Fed and the ECB appear to be willing to provide support for companies and banks in the form of monetary policy measures. The capital markets have seized upon these signals and are using widening spreads for a fresh entry although, thanks to the recent marked slump in Bund yields, absolute yields have fallen further and are now at their lowest level in two years.

Covered Bonds 5y (% p.a.)

Source: Bloomberg

Covered Bonds

In May new issuance of covered bonds continued with only slightly less intensity. However, enhanced risk aversion has recently held markets back a little. In addition, since the beginning of May the covered bond market has also been affected by rising tension. New issues are no longer as strongly oversubscribed and as a result issuers have slightly raised their hitherto very meagre new-issue premiums. However, this has had hardly any impact on the secondary market. All in all, swap rates and covered bonds have followed the collapse of yields in recent weeks surprisingly well. As a result the yields of medium-term mortgage bonds and many covered bonds have slumped quite clearly into negative territory. In June and July the ECB will provide additional support for the market by replacing maturities in the value of EUR 5bn in its covered bond portfolio.

Markets: Industrial countries

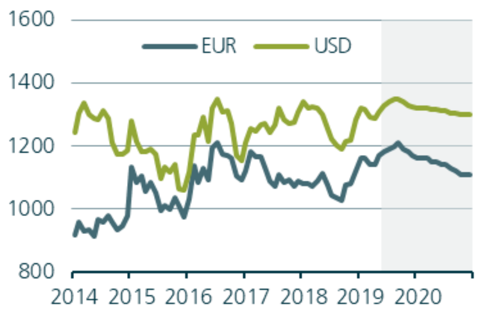
Exchange Rate EUR-USD

Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

Both at the beginning of May and the beginning of June the Euro stood at 1.12 EUR-USD. The currency stayed below 1.13 EUR-USD in May and its lowest level in the month was only 1.11 EUR-USD. It has not been European economic data that have stabilised the Euro in recent weeks. As a result of economc pessimism and weak inflation figures yields in Europe have fallen significantly. The yields on 10-year Bunds have fallen a new all-time low of -0.21%. In this environment we might have expected a marked depreciation of the Euro. This was prevented by stimuli from the USA. In view of stronger expectations of lower key rates the yields of 10-year US government bonds have slumped in the last four weeks from 2.54% to 2.07%.

Gold price (per troy ounce)



Per-formance	from 31.05.13 to 31.05.14	31.05.14 31.05.15	31.05.15 31.05.16	31.05.16 31.05.17	31.05.17 31.05.18	31.05.18 31.05.19
Gold in Euro	-14.95%	18.71%	0.61%	3.80%	-1.59%	5.02%
Gold in USD	-10.56%	-4.51%	2.14%	4.71%	2.21%	0.44%

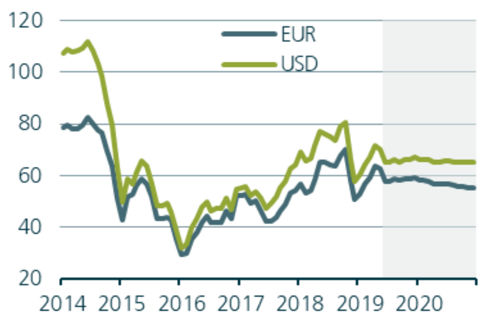
Sources: Bloomberg, forecast DekaBank

Gold

In recent weeks there has been a marked increase in risk aversion on financial markets. With his threats of tariffs against Mexico President Trump has made it clear that he is prepared to use tariffs not only as a protectionist measure but also as a political weapon in order to achieve his goals. With this step the risk posed by the trade conflict has increased substantially. Financial market players have reacted accordingly and there has been a marked incease in the demand for safe havens such as US or German government bonds, as well as gold. Further escalation in the trade dispute is a distinct possibility, which would have a significant impact on the economy and the monetary policy decisions of the central banks – and finally on our gold price forecasts.

- Forecast revision: Upward revision of the gold price forecast for the whole fore-casting period.

Crude Oil Brent (per barrel)



Performance	from 31.05.13 to 31.05.14	31.05.14 31.05.15	31.05.15 31.05.16	31.05.16 31.05.17	31.05.17 31.05.18	31.05.18 31.05.19
Brent in Euro	3.63%	-25.51%	-25.34%	0.36%	48.49%	-13.09%
Brent in USD	8.98%	-40.08%	-24.21%	1.25%	54.22%	-16.88%

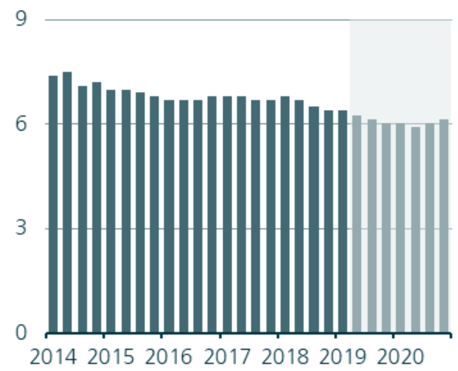
Sources: Bloomberg, forecast DekaBank

Crude oil

The escalation in the trade conflict has led to a marked slump in the oil price. There has been a significant increase in risks for the global economy and thus for global oil demand which has led to a plunge of the oil price. However, as long as the global upswing remains intact, we see no reason to revise our oil price forecast down. Fundementally, with respect to supply and demand, the global oil market is in equilibrium. However, oil market players must be torn between concerns over the demand for crude oil (due to the trade dispute and weakening of the global economy) and concerns over short supply (due to Iran and Venezuela), all of which suggests that the oil price is likely to remain volatile.

Emerging Markets

China: GDP (% yoy)

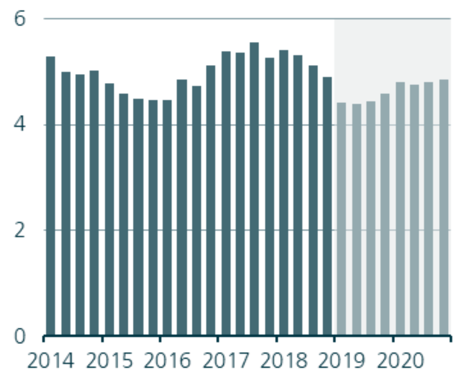


Sources: National Statistics, forecast DekaBank

China

In recent weeks the conflict between China and the USA has escalated after first the USA and then China imposed new tariffs. The massive US sanctions against the Chinese telecommunications group Huawei have raised serious doubts in China over US readiness to negotiate. The G20 meeting at the end of June will be the only opportunity in the coming months to resume talks. There is a very real danger of continued confrontation and the extension of US tariffs to all goods imported from China. Meanwhile, the latest Chinese economic data have proved weak. The measures implemented so far by the government have not stabilised the economy. We now expect the government to step up infrastructure investment and create fresh incentives for consumption.

Emerging Markets: GDP (% yoy)



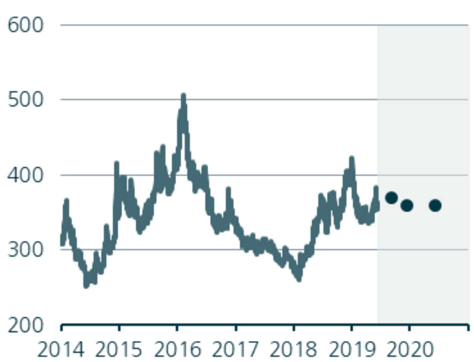
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

The USA has imposed new tariffs on China. These tariffs will affect not only exporters, but also suppliers in other countries. The resulting uncertainty will have a global impact on companies' willingness to invest and consequently on economic growth prospects. Even before this latest escalation economic growth in some major emerging economies such as Brazil, India and Russia had been weaker than expected. Concerns over economic growth have led to a slump in commodity prices, which will ease already low inflation pressures further. As the US Fed has confirmed that it will not change its „wait and see"monetary policy, emerging-market central banks thus have scope for further lowering their key rates.

Forecast revision: Downward revision of GDP growth forecasts for Brazil, India, Russia and South Africa. Upward revision of GDP growth forecasts for Turkey, Poland and Hungary.

EMBIG Diversified-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

The latest escalation of the trade conflict between the USA and China has put EM equities under pressure. However, there can be no question of EM investors suffering from insecurity: both currencies and bonds have remained largely stable. The most important support for the capital markets has come from the US Fed, which has signalled its willingness to lower key rates in case of a further increase of economic risks. However, in our scenario for the US and global economies the probability for key rate cuts are low and thus hopes of lower rates will probably remain unfulfilled. As a result yields on EM bond markets are expected to rise slightly. In EM countries inflation pressure is low and economic growth is slowing, which argues against a marked rise in yields. In view of the high degree of uncertainty due to the trade conflict EM hard-currency bonds are less vulnerable than local-currency bonds and equities.

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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	3.2	1.4	0.6	1.4	1.9	1.6	1.9	7.3	6.4	6.2	1.7	1.0	0.8
France	2.2	1.6	1.3	1.2	2.1	1.3	1.6	-0.3	-0.5	-0.6	-2.5	-3.1	-2.7
Italy	1.8	0.7	0.3	0.6	1.2	0.9	1.2	2.5	2.5	2.5	-2.1	-2.5	-3.5
Spain	1.4	2.6	2.3	1.9	1.7	1.1	1.5	0.9	0.9	0.9	-2.5	-2.3	-2.0
Netherlands	0.7	2.6	1.9	1.7	1.6	2.7	1.8	10.8	10.0	9.3	1.5	1.4	0.8
Belgium	0.4	1.4	1.4	1.3	2.3	1.6	1.8	-1.3	0.2	0.0	-0.7	-1.3	-1.5
Eurozone	**11.4**	**1.9**	**1.1**	**1.3**	**1.8**	**1.4**	**1.6**	**3.4**	**3.1**	**2.9**	**-0.6**	**-0.9**	**-1.1**
United Kingdom	2.2	1.4	1.5	1.5	2.5	1.9	1.8	-3.9	-3.7	-3.4	-1.5	-1.5	-1.2
Sweden	0.4	2.5	2.1	1.8	2.0	1.8	1.8	2.0	2.6	3.1	0.9	0.4	0.4
Denmark	0.2	1.4	1.8	1.7	0.7	1.1	1.6	6.1	6.3	6.3	0.5	0.6	-0.1
EU-22	**14.3**	**1.8**	**1.2**	**1.4**	**1.9**	**1.5**	**1.6**	**2.3**	**2.0**	**2.0**	**-0.7**	**-1.0**	**-1.0**
Poland	0.9	5.1	4.0	3.3	1.7	2.2	2.6	-0.7	-0.5	-0.2	-0.4	-1.6	-2.0
Czech Republic	0.3	2.9	2.6	2.4	2.1	2.4	2.0	0.4	0.2	0.2	0.9	0.2	0.4
Hungary	0.2	5.0	4.0	2.6	2.9	3.7	3.5	0.5	1.8	2.0	-2.2	-1.8	-1.6
EU-28	**16.3**	**2.1**	**1.6**	**1.6**	**1.9**	**1.7**	**1.8**	**1.9**	**1.7**	**1.5**	**-1.0**	**-1.1**	**0.0**
USA	15.2	2.9	2.5	1.9	2.4	2.0	2.3	-2.4	-2.5	-2.5	-6.5	-7.0	-7.5
Japan	4.1	0.8	0.8	-0.1	0.9	1.2	2.3	3.5	3.0	3.0	-2.5	-2.5	-2.0
Canada	1.4	1.9	1.4	1.8	2.2	1.9	2.1	-2.6	-3.0	-3.5	-0.4	-1.0	-1.5
Australia	1.0	2.8	1.9	2.5	1.9	1.7	2.2	-2.0	0.0	0.5	-0.6	0.0	0.0
Switzerland	0.4	2.5	1.5	1.7	0.9	0.3	0.6	9.8	9.0	9.0	0.3	0.3	0.2
Norway	0.3	2.6	2.5	1.8	2.8	2.3	1.7	8.1	7.4	7.2	7.5	7.5	7.2
Developed Countries[4]	**36.8**	**2.2**	**1.8**	**1.5**	**2.0**	**1.7**	**2.0**	**0.3**	**0.1**	**0.1**	**-3.2**	**-3.5**	**-3.7**
Russia	3.1	2.2	1.1	1.6	2.9	4.6	3.6	6.9	6.9	6.2	2.6	2.1	1.5
Turkey	1.7	2.6	-1.7	1.6	16.2	16.8	12.9	-3.7	-1.7	-2.5	-2.0	-2.3	-2.1
Ukraine	0.3	3.3	2.7	2.9	10.9	8.6	7.7	-4.0	-4.2	-3.3	-1.6	-1.6	-1.5
Emerging Europe[5]	**7.5**	**3.0**	**1.3**	**2.1**	**6.3**	**7.1**	**5.7**	**0.8**	**1.1**	**0.7**	**X**	**X**	**X**
South Africa	0.6	0.8	0.7	2.1	4.5	5.0	5.2	-3.3	-3.2	-3.5	-4.7	-4.2	-3.7
Middle East, Africa	**3.3**	**2.9**	**3.1**	**3.2**	**8.6**	**8.1**	**7.4**	**0.0**	**0.0**	**-0.4**	**X**	**X**	**X**
Brazil	2.5	1.1	1.1	2.3	3.7	4.0	3.8	-0.8	-1.3	-1.5	-7.1	-5.8	-4.9
Mexico	1.9	2.0	1.2	2.0	4.9	4.2	3.8	-1.8	-1.8	-2.1	-2.0	-2.3	-2.3
Argentina	0.7	-2.5	-1.2	2.1	34.3	46.1	22.9	-5.4	-2.1	-1.1	-5.0	-3.2	-2.2
Chile	0.4	4.0	2.9	3.3	2.3	2.1	2.7	-3.1	-2.5	-1.6	-1.7	-1.4	-1.4
Latin America	**6.8**	**0.8**	**0.4**	**2.3**	**6.8**	**8.0**	**5.5**	**-1.2**	**-1.7**	**-1.7**	**X**	**X**	**X**
China	18.7	6.6	6.2	6.0	2.1	2.0	2.5	0.4	0.1	-0.3	-4.2	-4.5	-4.5
India	7.8	7.4	6.4	6.9	4.0	3.4	4.2	-2.4	-1.8	-1.5	-6.7	-6.9	-6.6
Indonesia	2.6	5.2	5.1	4.9	3.2	3.3	3.6	-3.0	-2.7	-2.4	-1.9	-2.1	-1.9
South Korea	1.6	2.7	1.8	2.3	1.5	0.7	1.6	4.7	4.5	4.9	1.7	1.0	0.7
Emerging Asia	**34.8**	**6.2**	**5.6**	**5.6**	**2.6**	**2.3**	**2.8**	**1.0**	**0.9**	**0.6**	**X**	**X**	**X**
Emerging Markets	**52.4**	**4.8**	**4.2**	**4.5**	**4.0**	**4.1**	**3.9**	**0.6**	**0.6**	**0.3**	**X**	**X**	**X**
Total[6]	**89.2**	**3.7**	**3.2**	**3.3**	**3.2**	**3.1**	**3.1**	**X**	**X**	**X**	**X**	**X**	**X**

1) Of 2018, 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		
		Jun 11 2019	3 months	6 months	12 months
Germany	Monetary policy (Refi)	0.00	0.00	0.00	0.00
	3 months (EURIBOR)	-0.32	-0.32	-0.32	-0.32
	12 months (EURIBOR)	-0.18	-0.18	-0.16	-0.12
	Bunds, 2 years	-0.67	-0.65	-0.60	-0.55
	Bunds, 5 years	-0.59	-0.55	-0.50	-0.40
	Bunds, 10 years	-0.22	-0.20	-0.15	-0.05
	Bunds, 30 years	0.38	0.40	0.50	0.65
USA	Monetary policy (FFR)	2,25-2,50	2,25-2,50	2,25-2,50	2,25-2,50
	3 months (LIBOR)	2.45	2.50	2.50	2.50
	12 months (LIBOR)	2.35	2.55	2.60	2.70
	US-Treasuries, 2 years	1.91	2.25	2.35	2.50
	US-Treasuries, 5 years	1.92	2.25	2.40	2.60
	US-Treasuries, 10 years	2.15	2.30	2.40	2.65
	US-Treasuries, 30 years	2.63	2.65	2.70	2.90
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.07	-0.05	-0.05	-0.05
	12 months (LIBOR)	0.07	0.10	0.10	0.10
	JGBs, 2 years	-0.19	-0.15	-0.15	-0.15
	JGBs, 5 years	-0.22	-0.15	-0.15	-0.10
	JGBs, 10 years	-0.11	-0.05	-0.05	0.10
	JGBs, 30 years	0.36	0.50	0.50	0.55
United Kingdom	Monetary policy (Base)	0.75	0.75	0.75	1.00
	3 months (LIBOR)	0.78	0.80	0.93	1.20
	12 months (LIBOR)	0.98	1.10	1.30	1.50
	Gilts, 2 years	0.58	0.80	1.00	1.10
	Gilts, 5 years	0.62	0.90	1.20	1.40
	Gilts, 10 years	0.85	1.10	1.30	1.40
	Gilts, 30 years	1.44	1.55	1.65	1.70
Sweden	Monetary policy (Repo)	-0.25	-0.25	0.00	0.00
	3 months (STIB)	-0.03	-0.05	0.20	0.10
	2 years	-0.62	-0.40	-0.30	-0.10
	10 years	0.07	0.20	0.30	0.50
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.35	-0.32	-0.32	-0.32
	2 years	-0.67	-0.65	-0.60	-0.55
	10 years	-0.16	-0.15	-0.10	0.05
Norway	Monetary policy (Deposit)	1.00	1.25	1.50	1.50
	3 months (NIBOR)	1.48	1.55	1.80	1.90
	3 years	1.17	1.40	1.50	1.60
	10 years	1.53	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)	-0.71	-0.75	-0.75	-0.75
	2 years	-0.82	-0.80	-0.80	-0.75
	10 years	-0.47	-0.40	-0.20	-0.10
Canada	Monetary policy (O/N)	1.75	1.75	1.75	1.75
	3 months (CBA)	1.99	2.00	2.00	2.00
	12 months (CBA)	2.14	2.15	2.10	2.00
	2 years	1.46	1.60	1.65	1.90
	5 years	1.41	1.55	1.70	2.00
	10 years	1.52	1.65	1.85	2.20
	30 years	1.77	1.90	1.95	2.30
Australia	Monetary policy (Cash)	1.25	1.25	1.25	1.25
	3 months (ABB)	1.36	1.40	1.40	1.40
	2 years	1.06	1.25	1.35	1.45
	10 years	1.45	1.70	1.85	2.30

Interest rates in EM countries

			Current	Forecasts		
			Jun 11 2019	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	1.60	1.70
		2 years	1.63	1.70	1.80	1.90
		10 years	2.53	2.70	2.90	3.00
	Czech Rep.	Monetary policy (Repo)	2.00	2.00	2.00	2.00
		3 months (PRIBOR)	2.18	2.20	2.25	2.30
		2 years	1.71	1.70	1.75	2.00
		10 years	1.68	1.75	1.90	2.30
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
		3 months (BUBOR)	0.18	0.20	0.40	0.50
		3 years	1.04	1.10	1.30	1.50
		10 years	2.88	3.00	3.10	3.20
Latin America	Brazil	Monetary policy (Repo)	6.50	6.50	6.50	7.25
		3 months (ABG)	6.35	6.50	6.50	7.30
		2 years	6.44	6.90	6.80	6.70
		10 years	8.16	8.70	8.60	8.50
	Mexico	Monetary policy	8.25	8.25	8.00	7.25
		3 months (Mexibor)	8.32	8.20	8.00	7.15
		2 years	7.91	8.10	8.05	7.80
		10 years	7.77	8.20	8.00	8.00
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	2.94	2.80	2.80	2.90
		3 years	2.96	2.80	2.70	2.80
		10 years	3.27	3.20	3.30	3.30
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	2.00	1.80	1.90	2.00
		2 years	1.74	2.00	2.10	2.20
		10 years	2.05	2.20	2.30	2.40
	South Korea	Monetary policy	1.75	1.50	1.50	1.50
		3 months	1.56	1.50	1.50	1.50
		2 years	1.54	1.70	1.80	1.80
		10 years	1.66	1.80	1.90	1.90

Yield spreads in basis points[1)]

			Current	Forecasts		
			Jun 11 2019	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	231	220	215	215
		Turkey	551	530	515	515
		Hungary	124	120	115	115
	Africa	South Africa	329	320	310	310
	Latin America	Brazil	266	255	250	250
		Chile	149	145	140	140
		Columbia	214	205	200	200
		Mexico	334	320	315	315
	Asia	China	119	115	110	110
		Indonesia	218	210	205	205
		Philippines	104	100	95	95
	Total (EMBIG Div)		**384**	**370**	**360**	**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.

Currencies

EURO		Current	Forecasts		
		Jun 11 2019	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.13	1.12	1.13	1.15
	EUR-CAD	1.50	1.50	1.50	1.52
	EUR-AUD	1.63	1.60	1.59	1.62
Japan	EUR-JPY	122.99	122.08	124.30	127.65
Euro-Outs	EUR-GBP	0.89	0.89	0.86	0.86
	EUR-DKK	7.47	7.45	7.45	7.45
	EUR-SEK	10.68	10.50	10.40	10.30
	EUR-CHF	1.12	1.12	1.14	1.16
	EUR-NOK	9.79	9.70	9.50	9.40
Central- and Eastern Europe	EUR-PLN	4.27	4.25	4.30	4.25
	EUR-HUF	320.49	325.00	325.00	320.00
	EUR-CZK	25.65	25.80	25.70	25.70
Africa	EUR-ZAR	16.68	16.35	16.50	17.02
Latin America	EUR-BRL	4.40	4.37	4.41	4.49
	EUR-MXN	21.70	22.18	22.60	23.23
Asia	EUR-CNY	7.82	7.73	7.85	8.05
	EUR-SGD	1.54	1.52	1.53	1.54
	EUR-KRW	1337	1322	1345	1380
US-Dollar		**Current**	**Forecasts**		
		Jun 11 2019	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.33	1.34	1.33	1.32
	AUD-USD	0.70	0.70	0.71	0.71
Japan	USD-JPY	108.67	109.00	110.00	111.00
Euro-Outs	GBP-USD	1.27	1.26	1.31	1.34
	USD-DKK	6.60	6.65	6.59	6.48
	USD-SEK	9.43	9.38	9.20	8.96
	USD-CHF	0.99	1.00	1.01	1.01
	USD-NOK	8.65	8.66	8.41	8.17
Central- and Eastern Europe	USD-PLN	3.77	3.79	3.81	3.70
	USD-HUF	283.17	290.18	287.61	278.26
	USD-CZK	22.66	23.04	22.74	22.35
Africa	USD-ZAR	14.74	14.60	14.60	14.80
Latin America	USD-BRL	3.89	3.90	3.90	3.90
	USD-MXN	19.17	19.80	20.00	20.20
Asia	USD-CNY	6.91	6.90	6.95	7.00
	USD-SGD	1.36	1.36	1.35	1.34
	USD-KRW	1181	1180	1190	1200

Commodities

Commodity	Current	Forecasts		
	Jun 11 2019	3 months	6 months	12 months
Gold (USD per troy ounce)	1,322.97	1,350	1,325	1,310
Gold (EUR per troy ounce)	1,168.91	1,210	1,170	1,140
WTI crude (USD per Barrel)	53.26	59	61	61
WTI crude (EUR per Barrel)	47.06	53	54	53
Brent crude (USD per Barrel)	63.41	65	67	66
Brent crude (EUR per Barrel)	56.03	58	59	57

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