Macro Research
Economic Forecasts

August / September 2019

Geopolitical tensions impact the global economy.

Central banks as miracle doctors

Source: Adobe Stock, DekaBank.

The global economy seems tense and growth is sluggish at just over 3%. Geopolitical developments and the risks involved therein prevent any dynamic expansion: the renewed trade tension between the US and China, rising concern over a no-deal exit from the EU now that Boris Johnson is British Prime Minister, additional trade disagreements between Japan and South Korea, as well as tensions in the Middle East and Iran. These negative factors have impacted corporate sentiment, and companies, especially those in export-oriented sectors, have reacted with uncertainty and reluctance to invest. The German economy in particular has been affected and is showing clear signs of weakness.

In this context it is significant that this time we are not dealing with a cyclical phenomenon. Growth problems have been triggered not by sharp interest-rate rises followed by a short recession and then a strong recovery. Instead, structural geopolitical influences reverse the positive effects of globalisation. Confrontation and protectionism are now the key words and they inhibit the international division of labour. As a consequence we expect an extremely modest global economic growth rate not only this year and in the year to come, but also far beyond. There is little likelihood of a renaissance of globalisation in the near future.

The central banks see themselves as miracle doctors in the struggle against these tensions. Prospects of lower key rates and repeated asset-purchasing programmes have been offered by both the US Fed and the ECB. Admittedly, the central banks can relieve the pain, even if they cannot address the root of the problem. Nevertheless, a collapse of the economy and the capital markets can thus be prevented although at the same time it underpins the German zero-interest-rate world. Even 30-year Bunds are now offering negative yields. Equity markets are experiencing the long-awaited correction. And gold has acquired a lustre that has not been matched for years.

Curing the symptoms may not be the best solution, but it would help maintain global growth. In this environment we can expect a modest increase in corporate profits and higher share prices at the end of the year. However, this will not suffice to fuel fantasies on the markets. It is rather to be seen as a slightly positive trend that will go hand in hand with a high level of market volatility.

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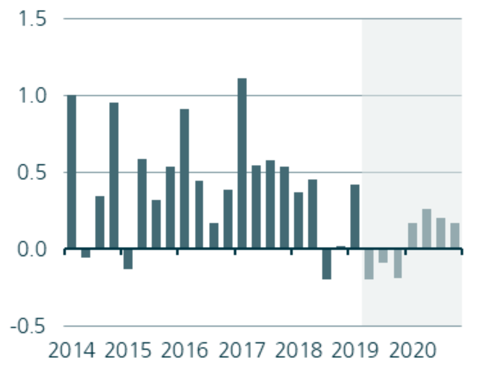
Most important forecast revisions

- Germany: GDP growth 2019 and 2020: 0.2 % and 0.7 % (previously 0.5 % and 1.3 %); inflation 2020: 1.5 % (previously 1.7 %.)
- Eurozone: GDP growth 2019 and 2020: 0.8 % and 0.9 % (previously 1.1 % and 1.3 %); inflation 2019 and 2020: 1.2 % and 1.3 % (previously 1.3 % and 1.5 %).
- USA: GDP growth 2019and 2020: 2.2 % and 1.8 % (previously 2.5 % and 1.9 %); inflation 2020: 2.4 % (previously 2.2 %).
- The ECB will cut the deposit rate to -0.6% in December.
- Lower Bund yields in all maturities.
- USA: additional key rate cuts until the end of 2020.
- Upward revision of the gold price forecast.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



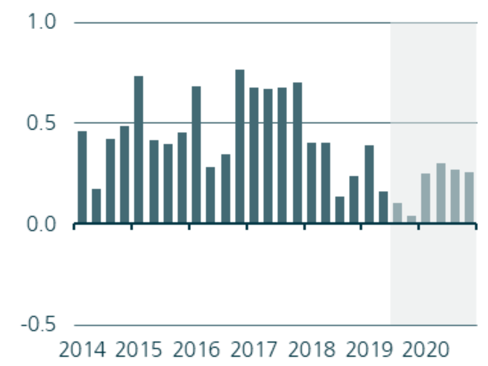
Sources: Destatis, forecast DekaBank

Germany

Currently there are three major factors that contribute to the failure of an economy: a high industrial share, a high export quota and a high share of exports to Asia. Germany scores on all three points –an unfortunate combination. German companies and their customers both at home and abroad have suffered the negative impact of global upheavals and political imponderables and do not wish to sail into stormy seas with too much ballast. Instead their motto is „Batten down the hatches and seal the bulkheads"! This involves reducing stocks of intermediate goods, cutting back new orders and postponing investments. Driven by global problems Germany is sliding into a technical recession.

- Forecast revision: GDP growth 2019 and 2020: 0.2 % and 0.7 % (previously 0.5 % and 1.3 %); inflation 2020: 1.5 % (previously 1.7 %.)

Eurozone: GDP (% qoq, sa)



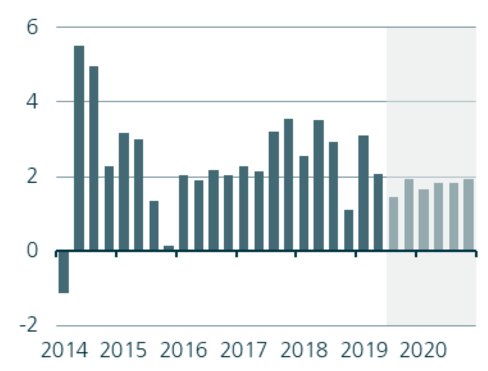
Sources: Eurostat, forecast DekaBank

Eurozone

According to Eurostat's provisional flash estimate GDP growth increased in the second quarter by a mere 0.2% qoq against the previous quarter. The strongest growth was recorded in Spain with 0.5% qoq, followed by France, Austria and Belgium, each with 0.2% qoq. The Italian economy, on the other hand, has stagnated. Germany has suffered a contraction of economic output. In all countries the continuing problems of the manufacturing sector, whose gross value added has slumped, are all too clear. The economy is so far being kept running by domestic- and consumer-oriented sectors. However, the longer manufacturing weakness lasts, the greater is the danger that this supporting pillar will develop cracks.

- Forecast revision: GDP growth 2019 and 2020: 0.8 % and 0.9 % (previously 1.1 % and 1.3 %); inflation 2019 and 2020: 1.2 % and 1.3 % (previously 1.3 % and 1.5 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

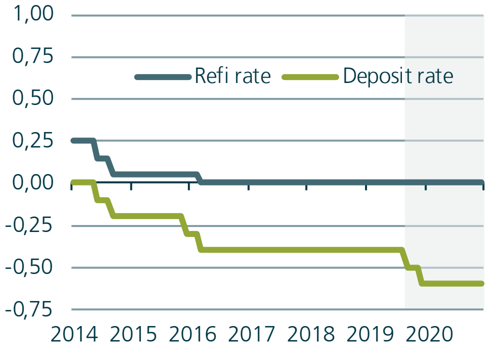
USA

In the second quarter GDP increased by 2.1% (annualised quarterly rate of change). So far the US economy has managed to defy a global environment of weak economic growth, thanks primarily to its minimal dependence on industry and foreign trade. So far the trade conflict has had a negative impact only on indicators of corporate sentiment and on corporate investment. However, there is an increasing risk that with every stage of escalation in the trade conflict with China the negative effects will become more palpable. Because of these risks the Fed has recently lowered its key rates. June consumer price data indicate that tariffs are now starting to drive up the rate of inflation.

- Forecast revision: GDP growth 2019and 2020: 2.2 % and 1.8 % (previously 2.5 % and 1.9 %); inflation 2020: 2.4 % (previously 2.2 %).

Markets: Industrial countries

ECB: Policy Rates (% p.a.)



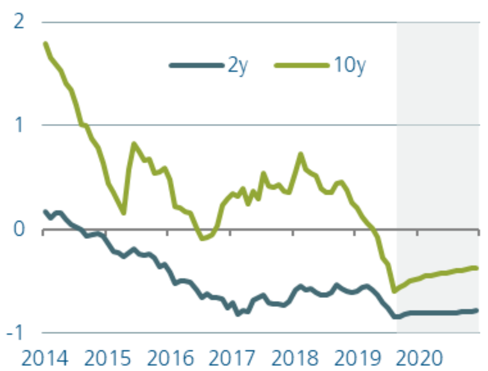
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

At its Council meeting at the end of July the ECB left its monetary policy unchanged. This was, however, because the implementation of any further easing is extremely complex. The ECB Council therefore instructed several internal Eurosystem committees to assess the remaining policy options. We now expect the ECB to present a comprehensive package at the next Council meeting on September 12th. This will probably include cutting the deposit rate by 10 basis points and reviving the asset-purchase programme. Above all, however, the ECB will signal that in the case of both instruments there is scope for further easing. It will probably underscore this with transition to a tiered deposit rate, which should at least mitigate the impact of negative key rates on the banking system. We expect the deposit rate to be lowered to -0.60 % in December. The EONIA and EURIBOR rates will probably fall further in the coming months before settling at very low levels.

- Forecast revision: The ECB will lower the deposit rate to -0.6% in December.

German Bond Yield (% p.a.)



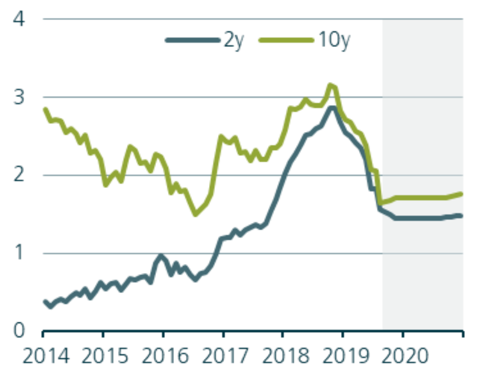
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

The trade conflict between the US and China has intensified and the global economic outlook has become much gloomier. Central banks are easing monetary policy worldwide. As the macroeconomic environment in the Euro area is already very fragile, at its next Council meeting in September we expect the ECB to lower the deposit rate by 10 basis points and revive the asset-purchase programme at a level of EUR 30 million per month. However, it will also probably underscore the possibility of further easing with a renewed lowering of the deposit rate in December. Market expectations with respect to future monetary policy are thus asymmetric, which exerts downward pressure on yields, including long-term maturities.

Forecast revision: lower Bund yields in all maturities.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

At their meeting in July the FOMC members lowered key rates and justified this step as insurance against global risks. Moreover, they believed that the development of inflation had been too weak this year, so that there was a risk that monetary policy would be too restrictive. Soon after the FOMC meeting came the third escalation in the trade conflict between the US and China. The US economy should be able to cope with any negative effects resulting therefrom. The last FOMC meeting showed how strongly the Fed reacts to global risks, so that we can expect key rates to be lowered again in both September and October.

Forecast revision: additional key rate cuts until the end of 2020.

Markets: Industrial countries

Equity Market Forecast

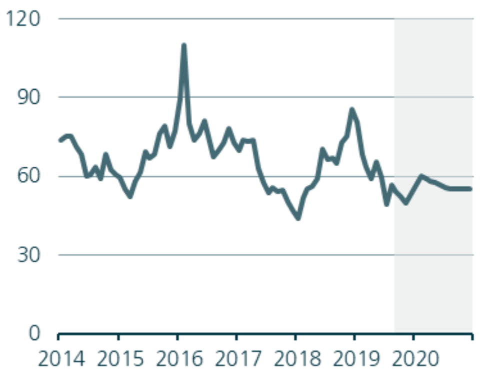
Equity Market Forecast	Current Aug 9, 19	in 3 months	in 6 months	in 12 months
DAX	**11 693.80**	**11 900**	**12 500**	**13 000**
Reporting:				
EuroStoxx50	3 333.74	3 350	3 500	3 600
S&P 500	2 918.65	2 850	2 950	3 020
Topix	1 503.84	1 500	1 550	1 600

Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

Germany has been profoundly affected by the weakness of the manufacturing sector as well as by the ongoing difficulties in global trade. This is also having a negative impact on the corporate sector. Company profits reported for the second quarter are clearly below the level of those reported last year. The prospects for the rest of the year are also very modest. With respect to company profits, therefore, we cannot expect a rapid turnaround. However, corporate sentiment in Germany has reached such low levels that a stabilisation of sentiment, growth and company profits seems possible. This prospect is unlikely to provide a positive stimulus for the equity market, but should help provide a floor for higher fluctuations in the weeks to come. Moreover, the reorientation of monetary policy ensures effective support.

iTraxx Europe (Bp)

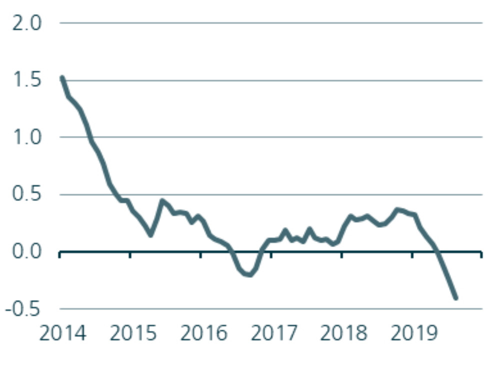


Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

Although corporate bonds have benefited hugely from the boom on the interest rate market, they have not been able to follow Bund and swap yields. Despite the prospect of the ECB launching a new asset-purchasing programme, which should include corporates, investors are finding it difficult to accept negative yields on risky bonds, especially in an economic environment in which the escalating trade conflict has further clouded future prospects. The crumbling economic situation is reflected increasingly in company quarterly reports. Profit warnings are also on the rise, especially from the German automobile sector, but also from many other sectors, such as BASF for the chemical industry. As a result, spreads have widened slightly.

Covered Bonds 5y (% p.a.)



Source: Bloomberg

Covered Bonds

Covered Bonds and German mortgage bonds have been able to follow the general trend of recent weeks on the interest rate markets and are trading to a large extent with negative yields. In the core countries of the Eurozone more than 10 years remaining maturity are needed in order to achieve positive yields, and only slightly less in Italy and Spain with 7and 9 years respectively. At these levels there is little evidence of genuine demand from investors and due to the summer break there have been hardly any new issues. At the end of August/beginning of September we shall see if these levels can be maintained with the opening of the primary market. Additional support for the market has come from expectations of a new ECB asset-purchasing programme that will undoubtedly include covered bonds. As Bund-swap spreads are at a comparatively low level, covered bonds currently seem to be expensive.

Markets: Industrial countries

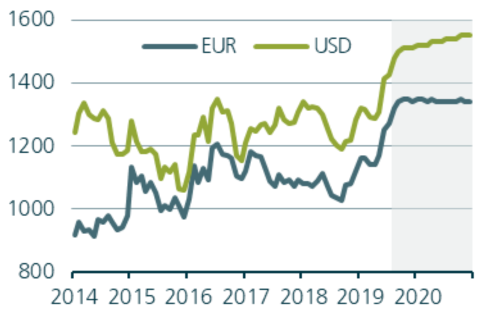
Exchange Rate EUR-USD

Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

The Euro has depreciated slightly since the beginning of July. The EUR-USD exchange rate started at 1.13 EUR-USD and on August 7th stood at 1.12 EUR-USD. In the meantime the Euro has fallen against the US dollar below 1.11 EUR-USD for the first time since May 2017. The Euro had been brought under pressure by weak European economic data. In the second quarter the rate of economic growth in the Euro area halved in comparison with the first quarter, and in Germany there are strong signs of a recession. That the Euro has been able to cope with these setbacks and hold its ground against the US dollar can be attributed to US monetary policy. In July the Fed lowered its key rate band by 25 basis points to 2.00 % - 2.25 %. We now expect key rates to be lowered again by 25 basis points in September and October.

Gold price (per troy ounce)



Performance	from 31.07.13 to 31.07.14	31.07.14 31.07.15	31.07.15 31.07.16	31.07.16 31.07.17	31.07.17 31.07.18	31.07.18 31.07.19
Gold in Euro	-3.16%	3.95%	21.51%	-11.31%	-2.51%	22.58%
Gold in USD	-2.37%	-14.55%	23.21%	-6.11%	-3.39%	16.54%

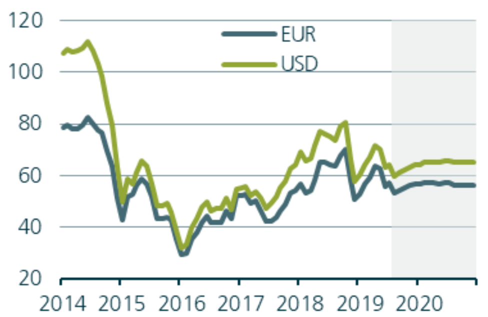
Sources: Bloomberg, forecast DekaBank

Gold

The prospect of rising interest rates has now been pushed into the future for an indefinite period. The Fed has completed its first lowering of key rates and the capital markets now expect rates to be lowered again in the months to come. The ECB has also announced comprehensive expansive measures to be undertaken in the autumn. Falling interest rates boost the gold price, for gold generates no current income. Accordingly, global demand for gold grows stronger and speculators on the gold market become noticeably more confident with respect to further price rises. Moreover, the escalation in the trade conflict between the US and China and the increased likelihood of a hard Brexit in the UK, have raised the risk perception of financial market players and triggered the flight into safe havens such as gold.

Forecast revision: Upward revision of the gold price forecast for the whole forecasting period.

Crude Oil Brent (per barrel)



Performance	from 31.07.13 to 31.07.14	31.07.14 31.07.15	31.07.15 31.07.16	31.07.16 31.07.17	31.07.17 31.07.18	31.07.18 31.07.19
Brent in Euro	-2.36%	-40.09%	-19.80%	17.13%	42.30%	-7.68%
Brent in USD	-1.56%	-50.75%	-18.67%	24.00%	41.03%	-12.23%

Sources: Bloomberg, forecast DekaBank

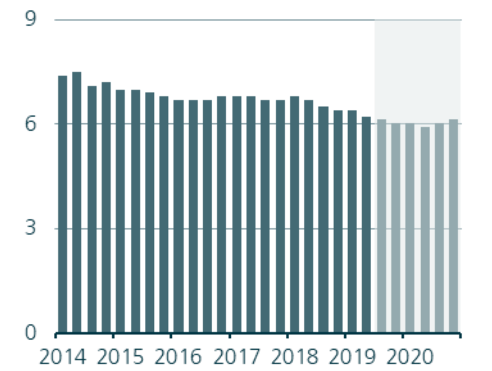
Crude oil

Whereas a month ago the concerns of players on the oil market focused on diminishing global supply, today the escalation of the Iran crisis seems to have vanished completely from the perception of the market. Oil prices have fallen appreciably, as there is fear of a weakening of global demand. The renewed escalation in the trade conflict between the US and China, the world's two largest consumers of oil, have enhanced fears of a weakening of the global economy and a consequent weakening of global demand for oil. Should this occur, there would be a risk within the forecasting period of oversupply on the global oil market and the OPEC countries and their allies may well be forced yet again to consider further cutbacks in production.

Forecast revision: slight downward revision of the 3-month forecast.

Emerging Markets

China: GDP (% yoy)



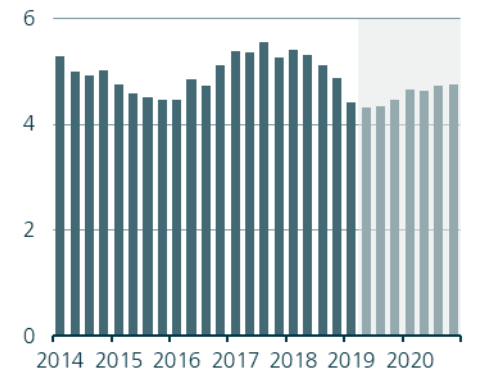
Sources: National Statistics, forecast DekaBank

China

The trade conflict between the US and China has escalated again sooner than had been expected. Soon after the resumption of talks President Trump announced the imposition of new tariffs of 10% on imports from China in the value of USD 300bn from September and justified this by arguing that Chinese purchases of US agricultural products were below the levels that had been agreed. In reaction China devalued the renminbi, so that for the first time since May 2008 the exchange rate fell below 7 CNY/USD. So far, however, this devaluation remains modest and we expect only one more devaluation of 2% by the end of the year, in order to maintain confidence in the renminbi. In recent weeks the economy has stabilised, but the new tariffs will probably generate more uncertainty for business.

Forecast revision: weaker renminbi exchange rate.

Emerging Markets: GDP (% yoy)



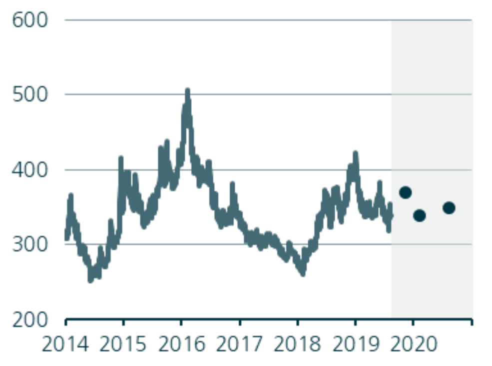
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

Economic development has been impacted by multiple geopolitical risks. The renewed escalation in the trade conflict between the US and China has impacted global corporate sentiment. The conflict in the Persian Gulf is of global significance, as the seizing of foreign oil tankers by Iran could enhance concerns over possible supply problems. In a worst-case scenario the conflict between Japan and South Korea could impact the supply chain for technological goods. The protests in Hong Kong, the massive deterioration of security in Kashmir after India's removal of the region's special status, and fresh US sanctions against Russia are all events that are rather of regional significance. In view of increased growth risks and the early key rate cut in the US, monetary policy in the emerging-market countries will be further eased.

Forecast revision: GDP growth forecasts for Asia and central Europe have been lowered.

EMBIG Diversified-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

EM equities have registered substantial losses since the beginning of August, after President Trump had escalated the trade conflict once again. This escalation has enhanced already existing growth fears, which have prompted central banks worldwide to ease their monetary policy. EM bonds have benefited for a long time from the support of monetary policy, which has been felt since the beginning of the year. However, more recently investors' increased risk aversion has been reflected in weaker EM currencies and rising risk premiums on EM hard-currency bonds. The economic and inflation environment rather requires further interest rate cuts, but EM central banks have no interest in substantial currency depreciations, so that developments on the currency markets could lead to a more cautious approach. Despite enhanced uncertainty in the run-up to the presidential election in Argentina the widening of spreads on the whole market will probably be limited. EM equities will initially be impacted by gloomy business prospects.

August / September 2019

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	0.2	0.7	1.9	1.4	1.5	7.3	6.4	6.2	1.7	1.0	0.8
France	2.2	1.7	1.1	1.0	2.1	1.3	1.4	-0.3	-0.5	-0.6	-2.5	-3.1	-2.7
Italy	1.8	0.7	-0.1	0.1	1.2	0.7	0.9	2.5	2.5	2.5	-2.1	-2.5	-3.5
Spain	1.4	2.6	2.2	1.7	1.7	0.9	1.2	0.9	0.9	0.9	-2.5	-2.3	-2.0
Netherlands	0.7	2.5	1.4	1.0	1.6	2.5	1.5	10.8	10.0	9.3	1.5	1.4	0.8
Belgium	0.4	1.4	1.1	0.9	2.3	1.2	1.2	-1.3	0.2	0.0	-0.7	-1.3	-1.5
Eurozone	**11.4**	**1.9**	**0.8**	**0.9**	**1.8**	**1.2**	**1.3**	**3.4**	**3.1**	**2.9**	**-0.6**	**-0.9**	**-1.1**
United Kingdom	2.2	1.4	0.9	1.1	2.5	1.8	1.9	-3.9	-3.7	-3.4	-1.5	-1.5	-1.2
Sweden	0.4	2.5	1.8	1.6	2.0	1.7	1.7	2.0	2.6	3.1	0.9	0.4	0.4
Denmark	0.2	1.5	1.5	1.6	0.7	1.0	1.5	6.1	6.3	6.3	0.5	0.6	-0.1
EU-22	**14.3**	**1.8**	**0.9**	**0.9**	**1.9**	**1.3**	**1.4**	**2.3**	**2.0**	**2.0**	**-0.7**	**-1.0**	**-1.0**
Poland	0.9	5.1	4.0	3.1	1.7	2.3	2.7	-0.6	-0.7	-0.4	-0.4	-1.6	-2.0
Czech Republic	0.3	2.9	2.3	2.0	2.1	2.8	2.1	0.4	0.2	0.2	0.9	0.2	0.4
Hungary	0.2	5.0	4.0	2.2	2.9	3.3	3.1	0.4	1.3	1.3	-2.2	-1.8	-1.6
EU-28	**16.3**	**2.2**	**1.3**	**1.2**	**1.9**	**1.5**	**1.6**	**1.9**	**1.7**	**1.5**	**-1.0**	**-1.1**	**0.0**
USA	15.2	2.9	2.2	1.8	2.4	1.9	2.4	-2.4	-2.5	-2.5	-6.6	-7.5	-7.5
Japan	4.1	0.8	1.2	0.0	0.9	1.0	2.2	3.5	3.5	3.5	-2.5	-2.5	-2.0
Canada	1.4	1.9	1.4	1.8	2.2	2.0	2.2	-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	-0.5	0.0	-0.6	0.0	0.0
Switzerland	0.4	2.5	1.5	1.7	0.9	0.6	0.7	9.8	9.0	9.0	0.3	0.3	0.2
Norway	0.3	2.6	2.5	1.8	2.8	2.1	1.8	8.1	7.4	7.2	7.5	7.5	7.2
Developed Countries[4]	**36.8**	**2.2**	**1.6**	**1.3**	**2.0**	**1.6**	**2.0**	**0.3**	**0.2**	**0.1**	**-3.2**	**-3.7**	**-3.7**
Russia	3.1	2.2	1.1	1.6	2.9	4.6	3.6	6.9	7.2	6.6	2.6	2.1	1.5
Turkey	1.7	2.8	-1.7	1.6	16.3	16.1	12.4	-3.5	-0.8	-2.5	-2.0	-2.3	-2.0
Ukraine	0.3	3.3	2.7	2.9	10.9	8.6	7.7	-4.0	-4.2	-3.4	-1.6	-1.6	-1.5
Emerging Europe[5]	**7.5**	**3.1**	**1.3**	**2.0**	**6.3**	**6.9**	**5.6**	**0.9**	**1.3**	**0.8**	**X**	**X**	**X**
South Africa	0.6	0.8	0.6	2.1	4.5	4.8	5.1	-3.6	-3.7	-4.5	-4.7	-4.2	-3.9
Middle East, Africa	**3.3**	**2.9**	**3.0**	**3.1**	**8.6**	**7.6**	**7.4**	**-0.1**	**-0.1**	**-0.3**	**X**	**X**	**X**
Brazil	2.5	1.1	0.9	2.3	3.7	4.0	3.7	-0.8	-1.0	-1.5	-7.1	-5.8	-4.6
Mexico	1.9	2.0	0.7	1.9	4.9	3.7	3.8	-1.8	-1.6	-1.8	-2.0	-2.5	-2.6
Argentina	0.7	-2.5	-1.2	2.1	34.3	48.6	28.2	-5.4	-2.3	-2.3	-5.0	-3.4	-2.3
Chile	0.4	4.0	2.9	3.3	2.3	2.4	2.8	-3.1	-2.6	-2.1	-1.7	-1.3	-1.1
Latin America	**6.8**	**0.8**	**0.2**	**2.2**	**6.8**	**8.2**	**6.0**	**-1.8**	**-1.9**	**-2.0**	**X**	**X**	**X**
China	18.7	6.6	6.2	6.0	2.1	2.4	2.6	0.4	0.1	-0.3	-4.2	-4.5	-4.5
India	7.8	7.4	6.2	6.6	4.0	3.2	4.1	-2.4	-1.8	-1.6	-6.7	-6.9	-6.6
Indonesia	2.6	5.2	5.0	4.9	3.2	3.4	3.5	-3.0	-2.6	-2.6	-1.7	-1.9	-1.9
South Korea	1.6	2.7	1.8	1.8	1.5	0.4	1.4	4.4	4.2	4.2	1.6	0.9	0.5
Emerging Asia	**34.8**	**6.2**	**5.5**	**5.5**	**2.6**	**2.4**	**2.9**	**1.0**	**0.9**	**0.5**	**X**	**X**	**X**
Emerging Markets	**52.4**	**4.8**	**4.1**	**4.4**	**4.0**	**4.1**	**4.0**	**0.5**	**0.5**	**0.2**	**X**	**X**	**X**
Total[6]	**89.2**	**3.8**	**3.0**	**3.1**	**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		
		Aug 12 2019	3 months	6 months	12 months
Germany	Monetary policy (Refi rate)	0.00	0.00	0.00	0.00
	Monetary policy (Deposit)	-0.40	-0.50	-0.60	-0.60
	3 months (EURIBOR)	-0.40	-0.48	-0.50	-0.50
	12 months (EURIBOR)	-0.34	-0.34	-0.35	-0.35
	Bunds, 2 years	-0.87	-0.80	-0.80	-0.80
	Bunds, 5 years	-0.84	-0.75	-0.70	-0.65
	Bunds, 10 years	-0.59	-0.50	-0.45	-0.40
	Bunds, 30 years	-0.08	0.00	0.10	0.15
USA	Monetary policy (FFR)	2,00-2,25	1,50-1,75	1,50-1,75	1,50-1,75
	3 months (LIBOR)	2.18	1.90	1.85	1.80
	12 months (LIBOR)	1.99	1.95	1.95	1.95
	US-Treasuries, 2 years	1.61	1.45	1.45	1.45
	US-Treasuries, 5 years	1.54	1.45	1.50	1.50
	US-Treasuries, 10 years	1.70	1.70	1.70	1.70
	US-Treasuries, 30 years	2.22	2.25	2.25	2.20
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)	0.03	0.05	0.05	0.05
	JGBs, 2 years	-0.27	-0.20	-0.20	-0.20
	JGBs, 5 years	-0.30	-0.25	-0.25	-0.25
	JGBs, 10 years	-0.22	-0.10	-0.10	-0.05
	JGBs, 30 years	0.22	0.40	0.40	0.40
United Kingdom	Monetary policy (Base)	0.75	0.75	0.75	0.75
	3 months (LIBOR)	0.76	0.80	0.80	0.80
	12 months (LIBOR)	0.83	0.90	0.90	1.10
	Gilts, 2 years	0.45	0.50	0.70	0.80
	Gilts, 5 years	0.34	0.50	0.60	0.90
	Gilts, 10 years	0.49	0.60	0.70	1.00
	Gilts, 30 years	1.17	1.20	1.25	1.40
Sweden	Monetary policy (Repo)	-0.25	-0.25	0.00	0.00
	3 months (STIB)	-0.03	0.12	0.20	0.40
	2 years	-0.64	-0.40	-0.20	0.00
	10 years	-0.25	-0.20	0.00	0.10
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.43	-0.48	-0.50	-0.50
	2 years	-0.86	-0.80	-0.80	-0.80
	10 years	-0.54	-0.45	-0.40	-0.35
Norway	Monetary policy (Deposit)	1.25	1.25	1.50	1.50
	3 months (NIBOR)	1.63	1.80	1.90	1.90
	2 years	1.15	1.20	1.30	1.40
	10 years	1.16	1.20	1.30	1.50
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)	-0.79	-0.75	-0.75	-0.75
	2 years	-1.06	-1.05	-0.95	-0.90
	10 years	-0.93	-0.80	-0.70	-0.50
Canada	Monetary policy (O/N)	1.75	1.50	1.25	1.25
	3 months (CBA)	1.98	1.70	1.55	1.55
	12 months (CBA)	2.05	1.85	1.80	1.70
	2 years	1.39	1.30	1.30	1.40
	5 years	1.26	1.35	1.40	1.45
	10 years	1.27	1.50	1.50	1.55
	30 years	1.52	1.60	1.60	1.65
Australia	Monetary policy (Cash)	1.00	0.75	0.75	0.75
	3 months (ABB)	0.97	0.80	0.85	0.85
	2 years	0.72	0.75	0.80	0.85
	10 years	0.96	1.10	1.25	1.55

Interest rates in EM countries

			Current	Forecasts		
			Aug 12 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	1.60
		2 years	1.56	1.60	1.70	1.80
		10 years	1.94	2.10	2.30	2.50
	Czech Rep.	Monetary policy (Repo)	2.00	2.00	2.00	2.00
		3 months (PRIBOR)	2.14	2.15	2.15	2.30
		2 years	1.00	1.05	1.10	1.50
		10 years	0.98	1.10	1.30	2.00
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
		3 months (BUBOR)	0.25	0.25	0.30	0.50
		3 years	0.55	0.70	0.90	1.20
		10 years	1.85	2.00	2.20	2.60
Latin America	Brazil	Monetary policy (Repo)	6.00	5.50	5.50	6.00
		3 months (ABG)	5.62	5.50	5.50	6.10
		2 years	5.73	5.70	5.90	6.30
		10 years	7.15	7.20	7.40	7.50
	Mexico	Monetary policy	8.25	8.00	7.75	7.00
		3 months (Mexibor)	8.07	8.00	8.00	7.15
		2 years	7.55	7.60	7.50	7.40
		10 years	7.20	7.40	7.20	7.00
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	2.63	2.80	2.80	2.90
		3 years	2.80	2.80	2.70	2.80
		10 years	3.04	3.20	3.30	3.30
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.88	2.00	2.00	2.00
		2 years	1.66	1.70	1.70	1.80
		10 years	1.74	2.00	2.00	2.10
	South Korea	Monetary policy	1.50	1.25	1.25	1.25
		3 months	1.29	1.30	1.25	1.25
		2 years	1.19	1.20	1.30	1.30
		10 years	1.28	1.30	1.30	1.30

Yield spreads in basis points[1)]

			Current	Forecasts		
			Aug 12 2019	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	205	225	210	215
		Turkey	477	520	475	490
		Hungary	102	115	105	110
	Africa	South Africa	315	345	320	325
	Latin America	Brazil	219	240	220	225
		Chile	132	145	135	135
		Columbia	178	200	180	190
		Mexico	331	365	335	345
	Asia	China	109	115	110	110
		Indonesia	189	210	195	200
		Philippines	80	95	85	90
	Total (EMBIG Div)		**338**	**370**	**340**	**350**

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		
		Aug 12 2019	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.12	1.12	1.13	1.15
	EUR-CAD	1.48	1.47	1.47	1.48
	EUR-AUD	1.65	1.65	1.66	1.64
Japan	EUR-JPY	117.56	118.72	119.78	123.05
Euro-Outs	EUR-GBP	0.93	0.91	0.88	0.86
	EUR-DKK	7.46	7.45	7.45	7.45
	EUR-SEK	10.72	10.60	10.50	10.40
	EUR-CHF	1.09	1.10	1.12	1.14
	EUR-NOK	9.98	9.90	9.70	9.40
Central- and Eastern Europe	EUR-PLN	4.33	4.35	4.25	4.20
	EUR-HUF	324.48	325.00	325.00	320.00
	EUR-CZK	25.85	25.80	25.60	25.40
Africa	EUR-ZAR	17.19	16.13	16.50	17.02
Latin America	EUR-BRL	4.40	4.31	4.41	4.49
	EUR-MXN	21.96	21.84	22.60	23.23
Asia	EUR-CNY	7.90	8.06	8.36	8.63
	EUR-SGD	1.55	1.55	1.56	1.58
	EUR-KRW	1362	1344	1367	1380
US-Dollar		Current	Forecasts		
		Aug 12 2019	3 months	6 months	12 months
Dollar-Bloc	USD-CAD	1.32	1.31	1.30	1.29
	AUD-USD	0.68	0.68	0.68	0.70
Japan	USD-JPY	105.27	106.00	106.00	107.00
Euro-Outs	GBP-USD	1.21	1.23	1.28	1.34
	USD-DKK	6.68	6.65	6.59	6.48
	USD-SEK	9.60	9.46	9.29	9.04
	USD-CHF	0.97	0.98	0.99	0.99
	USD-NOK	8.94	8.84	8.58	8.17
Central- and Eastern Europe	USD-PLN	3.87	3.88	3.76	3.65
	USD-HUF	290.52	290.18	287.61	278.26
	USD-CZK	23.15	23.04	22.65	22.09
Africa	USD-ZAR	15.39	14.40	14.60	14.80
Latin America	USD-BRL	3.94	3.85	3.90	3.90
	USD-MXN	19.66	19.50	20.00	20.20
Asia	USD-CNY	7.07	7.20	7.40	7.50
	USD-SGD	1.39	1.38	1.38	1.37
	USD-KRW	1216	1200	1210	1200

Commodities

Commodity	Current	Forecasts		
	Aug 12 2019	3 months	6 months	12 months
Gold (USD per troy ounce)	1,497.55	1,510	1,520	1,540
Gold (EUR per troy ounce)	1,340.93	1,350	1,350	1,340
WTI crude (USD per Barrel)	54.50	57	60	60
WTI crude (EUR per Barrel)	48.80	51	53	52
Brent crude (USD per Barrel)	57.80	63	65	65
Brent crude (EUR per Barrel)	51.76	56	58	57

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