Macro Research

Economic Forecasts

September / October 2019

Economic free fall looks different

Half empty or half full?

Source: Adobe Stock, DekaBank.

It matters whether we regard a glass that is 50% full as „half full" or „half empty", especially on the capital markets. Companies are continuing to suffer from geopolitical risks and as a consequence are reluctant to invest. Central banks are making strenuous efforts to pour oil on the troubled waters. In view of the recent readiness of the USA and China to engage in discussions again, burgeoning hope of a positive Brexit outcome, and the formation of a government in Italy, the markets have become somewhat more optimistic.

Moreover, the latest economic indicators do not by any means reflect an economy in free fall. The global economy could do better, but it still has sufficient reserves to power a modest rate of growth in the current year with no danger of recession. China, for example, is still pursuing a growth target of 6%. In industrial countries a stable labour market and slightly more spending-focused fiscal policy are impacting positively in the short run. From a German point of view, however, the picture is gloomier and a technical recession is now unavoidable. Geopolitical problems are currently putting the brakes on countries that are industry- and export-oriented and maintain close trading relations with Asia, especially China. In this respect Germany is particularly exposed.

The central banks are both dominant and decisive for financial markets: both the Fed and the ECB will lower key rates in September and will also raise the level of monetary easing in their communications. In fact the glass is not any fuller, but the capital markets have voted „half full". At the beginning of September, the equity markets rallied somewhat and the downturn in yields on the bond markets has not continued.

In this environment there are still many reasons for high market volatility. The end of October is the next date for Britain to leave the EU and in the trade conflict between the USA and China abrupt turnarounds are also likely. In comparison, the course of the central banks seems clear. Interest rates will remain below or near zero for years, depending on market segment or maturity. Accepting risk is rewarded, for shares the expectation is a positive return made up of dividend yield together with price gains. Admittedly, that is not much, but after all, the glass is only „half full".

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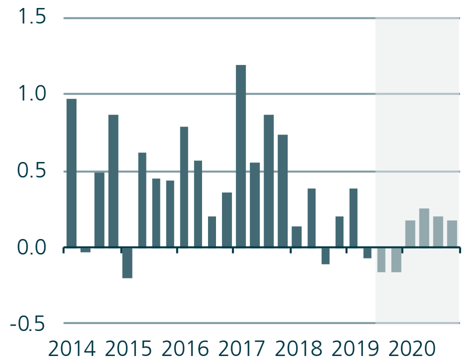
Most important forecast revisions

- Germany: GDP growth 2019: 0.4 % (previously 0.2 %); inflation 2019: 1.3 % (previously 1.4 %).
- Eurozone: GDP growth 2019: 1.0 % (previously 0.8 %); GDP growth 2020: 0.8 % (previously 0.9 %).
- Lower Bund yields in all maturities.
- GDP growth forecasts lowered for India and Argentina, raised for Turkey.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



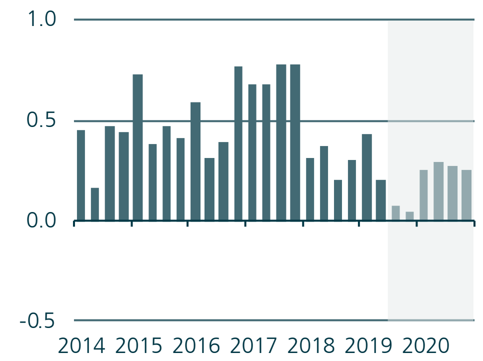
Sources: Destatis, forecast DekaBank

Germany

As expected, the economy as a whole shrank in the second quarter. However, fortunately historical GDP growth data were revised upwards. In particular, the revised second half of 2018 increased the statistical overhang for the current year. This justifies our upward revision of the economic forecast for the whole year 2019, even though we did not change any aspect of the further forecast trend. The start of the third quarter has been modest so far. July has brought very weak data for retail trade and the manufacturing sector. In view of the impending Brexit and continuing trade conflicts we expect the economic slump to continue into the current quarter.

Forecast revision: GDP growth 2019: 0.4 % (previously 0.2 %); inflation 2019: 1.3 % (previously 1.4 %).

Eurozone: GDP (% qoq, sa)



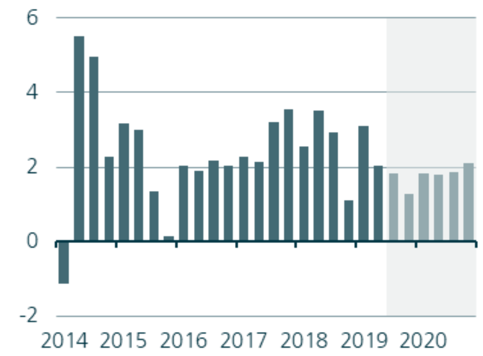
Sources: Eurostat, forecast DekaBank

Eurozone

The economy cooled noticeably in the second quarter. Indicators point to a continuation of the economic downturn in the third quarter. However, we are not dealing with a free fall. Indicators of market sentiment reflect a divided economy. Whilst business confidence in the export sector is at rock bottom, domestically-focused companies and private households are much better disposed. A vital stabiliser for the Eurozone economy is the very good situation in the labour market. In July the unemployment rate fell to 7.5%, the lowest level for almost eleven years.

Forecast revision: GDP growth 2019 : 1.0 % (previously 0.8 %); GDP growth 2020: 0.8 % (previously 0.9 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

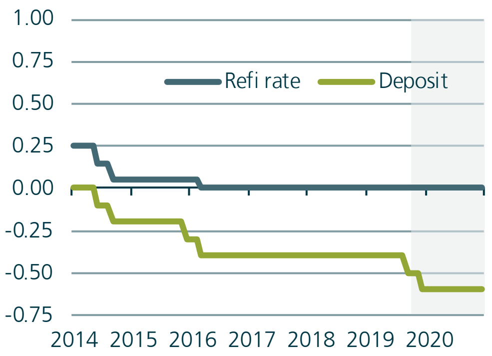
USA

The slump of the purchasing managers' ISM index for the manufacturing sector down to 49 points in August was the first clear sign that the US economy will not be able to escape the global economic downturn forever. This has raised the political pressure not to allow the trade war with China to escalate, if Trump wishes to be re-elected in November 2020. In view of Trump's current poor performance in the opinion-polls, a marked economic downturn would be a substantial problem, especially as the main body of his voters would be affected by a downturn in the manufacturing sector.

Forecast revision: -

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



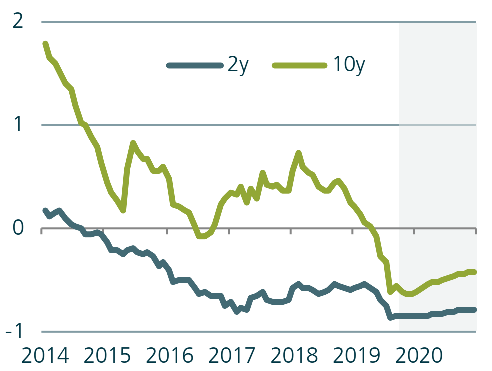
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

At its meeting on September 12th the ECB will wish to prove its determination and ability to react to the low inflation and economic downside risks. We expect the ECB to present a comprehensive package which includes lowering the deposit rate by 10 basis points, another asset-purchase programme and enhanced forward guidance. Moreover, the ECB will stress that it can ease its monetary policy still further, if necessary. In order to underscore this, it will probably switch to a tiered deposit rate that will at least cushion the negative impact on the banking system and create additional scope for action by the ECB. We assume that the ECB will lower the deposit rate again in December to -0.60%, in order to defend its credibility. EONIA and EURIBOR rates will probably fall further in the months to come and remain at a very low level for a long time to come.

Forecast revision: -

German Bond Yield (% p.a.)



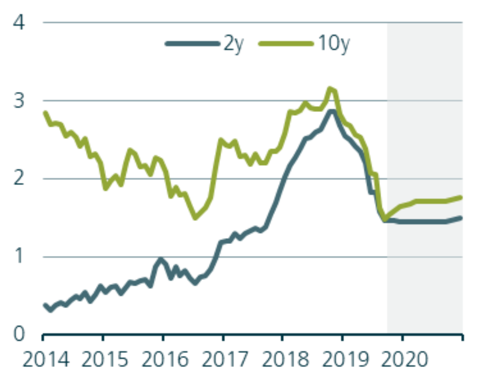
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

The global economic outlook has become much gloomier and risks such as the trade war and Brexit have not diminished. Investors are therefore expecting the ECB to ease its monetary policy still further. They place greater hopes in a lowering of the deposit rate than in the purchase of assets, although in effect the two measures may be similar. Under the assumption that key rate hikes are excluded for a long time, a lower deposit rate would place downward pressure on yields at the long end. However, we assume that even with a graduated deposit rate the scope downwards is less than has been factored into prices on the markets. In order to avoid disappointment and to allow no doubts to arise with respect to its ability to act, the ECB will probably fall back on asset-purchases.

Forecast revision: Lower Bund yields in all maturities.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

In recent weeks FOMC members have expressed their readiness to lower key rates again in September. However, for the further easing of monetary policy that we expect for the interest-rate decision in October there must be either weaker economic data, substantial stress on financial markets or a marked global downturn. Thus, the surprisingly weak purchasing managers' ISM index for the manufacturing sector in August has made a further cut of key rates in October more likely. Capital markets continue to believe that the Fed will have to lower key rates more drastically. However, participants on the capital market have to consider risks that do not exist in economists' basic scenarios. These risks are currently clearly to the downside.

Forecast revision: -.

Markets: Industrial countries

Equity Market Forecast

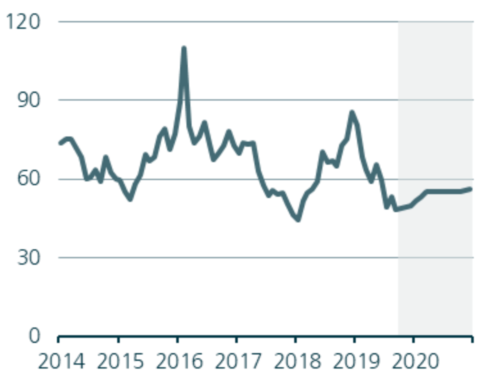
	Current Sep 6, 19	in 3	in 6 months	in 12
DAX	**12 191.73**	**12 200**	**12 700**	**13 000**
Reporting:				
EuroStoxx50	3 495.19	3 400	3 500	3 600
S&P 500	2 978.71	2 900	3 000	3 050
Topix	1 537.10	1 600	1 550	1 600

Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

The German manufacturing sector is clearly ailing, although the speed with which sentiment is affected is slowing noticeably. The same holds true for corporate profit expectations. These have already been adjusted down massively in the current year. Meanwhile, pessimism has affected expectations so much that even weak corporate figures fail to have any marked impact on equity prices. In September the markets will be dominated above all by monetary policy since all the major central banks are due to hold their interest-rate meetings. In view of already ambitious expectations the decisions taken are unlikely to trigger an explosion of prices. However, it will become clear that in the long run monetary policy will remain expansive. In September the equity market will probably shift first into a sideways consolidation and towards the end of the year reach a moderately higher levels.

iTraxx Europe (Bp)

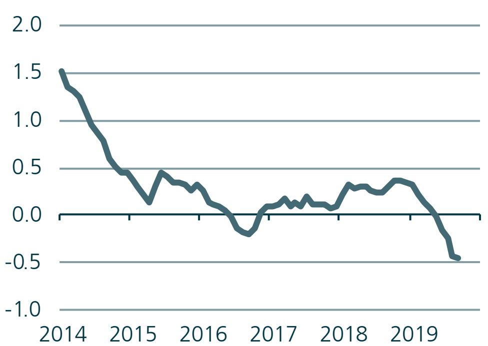


Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

Corporate bonds are increasingly conquering the negative yield arena, and among new issues negative yields can also be successfully placed. Nevertheless, investors are having some difficulty with the negative interest on risky bonds. Despite the prospect of renewed ECB corporate bond purchases the risk premiums on cash bonds have lagged the friendly development of CDS spreads in the derivatives market. Should the ECB announce a new round of corporate bond purchases, the spreads on the spot market should make up ground again on derivatives. Demand for new issues remains very strong and even very large issues with various tranches above several billion Euros have been massively oversubscribed.

Covered Bonds 5y (% p.a.)



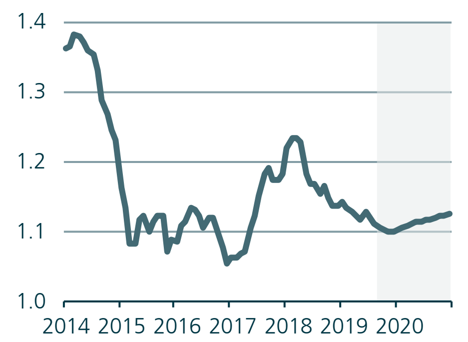
Source: Bloomberg

Covered Bonds

The summer break on the markets brought trade in covered bonds and mortgage bonds almost to a complete standstill. Liquidity had already suffered, as purchases by the ECB had already removed a substantial proportion of covered bonds from the market. As hardly any new bonds were issued in August, fresh supplies were lacking at the time. Many market makers have followed Bund prices with no turnover, so that now hardly any covered bonds with positive yields are to be found. With the end of the summer holidays issuers have made a cautious return to the market and have been able for the first time to successfully place a 10-year mortgage bond with a negative yield. Expectations of a new version of the ECB's asset-purchase programme have held the spreads of covered bonds at a low level, And the reinvestment the proceeds of maturing securities alone is enough to hold spreads at a low level.

Markets: Industrial countries

Exchange Rate EUR-USD

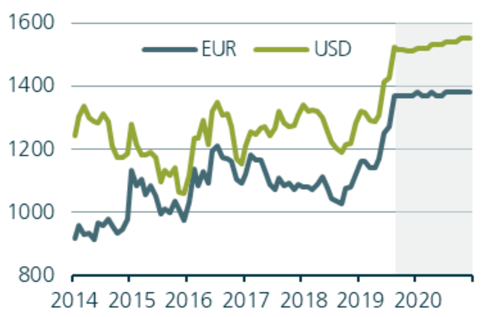


Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

In recent weeks the Euro has been caught in a weak sideways movement against the US dollar. At the beginning of August the EUR-USD exchange rate stood at EUR-USD 1.10 and a month later at EUR-USD 1.09. Although the depreciation of the Euro was far from drastic, the drop below EUR-USD 1.10 marked a new low since May 2017, largely due to the impact of European interest-rate trends. In the run-up to the ECB's meeting in September and due to continued weak economic data German Bunds with maturities up to 30 years did not only trade in the negative zone, but reached all-time lows. The effect of the Euro's depreciation against the US dollar will be alleviated if, as expected, US key rates are lowered in September and October by 25 basis points respectively.

Gold price (per troy ounce)



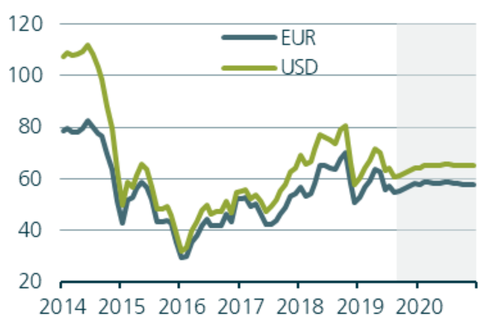
Per-formance	from 31.08.13 to 31.08.14	31.08.14 31.08.15	31.08.15 31.08.16	31.08.16 31.08.17	31.08.17 31.08.18	31.08.18 31.08.19
Gold in Euro	-7.42%	3.23%	16.02%	-5.32%	-6.62%	33.75%
Gold in USD	-7.83%	-12.01%	15.54%	0.81%	-8.87%	26.75%

Sources: Bloomberg, forecast DekaBank

Gold

In recent weeks the price of a fine ounce of gold has settled above USD 1,500. This can be attributed to the continued slump in US Treasury yields and the trade conflict between the USA and China. Worldwide stocks of securities backed by gold (gold ETFs) have continued to rise and have reached their highest level for over six years. The environment promises to remain favourable for gold in the foreseeable future. Both the US Fed and ECB are easing their monetary policy again. With low or negative interest rates the opportunity costs of holding gold free of interest become insignificant. However, European gold investors must also take the exchange rate into consideration. The expected appreciation of the Euro against the US dollar will presumably limit the rise in the price of gold measured in Euros.

Crude Oil Brent (per barrel)



Performance	from 31.08.13 to 31.08.14	31.08.14 31.08.15	31.08.15 31.08.16	31.08.16 31.08.17	31.08.17 31.08.18	31.08.18 31.08.19
Brent in Euro	-9.08%	-38.43%	-12.77%	4.58%	51.45%	-17.63%
Brent in USD	-9.49%	-47.52%	-13.13%	11.35%	47.80%	-21.95%

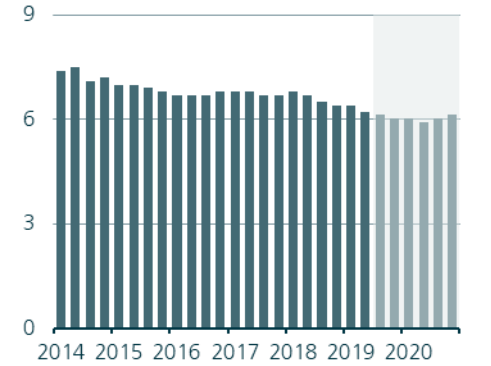
Sources: Bloomberg, forecast DekaBank

Crude oil

In recent weeks oil prices have settled at USD 55 for WTI and USD60 for Brent. On the global oil market supply and demand are in equilibrium, but this balance seems to be very fragile. Demand, which is weak anyway, is also threatened by the weakening global economy and the trade war between the USA and China. On the supply side, however, fracking oil is gushing from the USA. US crude oil output recently reached a new record high of 12.5 million barrels – a plus of 4million barrels in three years. In the same period OPEC's oil output sank by the same amount. The cartel feels obliged to surrender market shares in order to stabilise oil prices. Should there be no further change in the course of the forecasting period, this would signal relatively stable oil prices.

Emerging Markets

China: GDP (% yoy)

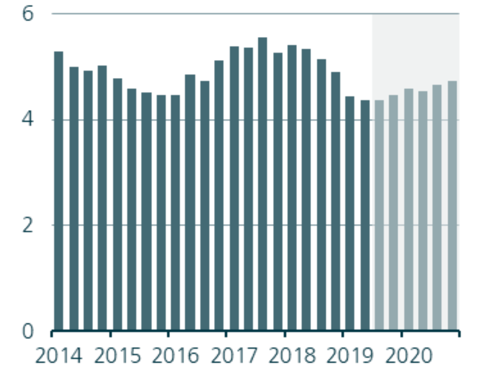


Sources: National Statistics, forecast DekaBank

China

Although the Chinese economy is losing momentum, the GDP growth target of 6 - 6.5% is not likely to be in danger in 2019. Foreign trade has proved particularly weak, whereas growth in the manufacturing sector has weakened only slightly. The outlook is better with respect to services, which in recent years have become the most important driver of growth. The government has stressed that developments are under control, although it is showing restraint with measures to stimulate the economy, in order to limit the growth of public debt. The devaluation of the renminbi has granted exporters a degree of compensation for the new US punitive tariffs that came into effect on September 1st. At the beginning of October trade talks will be resumed, but there seems to be little chance of any agreement being reached.

Emerging Markets: GDP (% yoy)



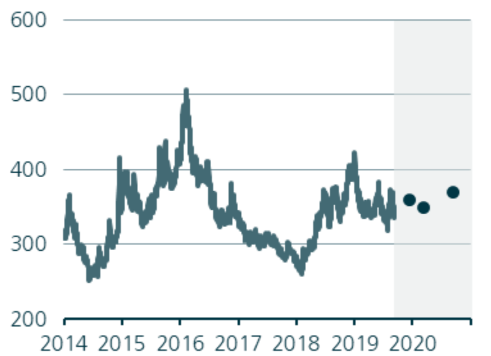
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

The development of the purchasing managers' indices suggests that GDP growth in the emerging-market countries has stabilised at a low level. Uncertainty with respect to the trade conflict and the threat of a „hard Brexit" are the two most important negative factors impacting corporate sentiment. The crisis in Argentina appears to be coming to a head in the run-up to the presidential election, but the impact on other countries will be limited. The protests in Hong Kong are continuing despite the latest concessions by the government and could trigger an intervention by the Chinese army. Second-quarter data on economic development in India proved a bitter disappointment and underscore the structural problems of Asia's second largest economy.

Forecast revision: GDP growth forecasts lowered for India and Argentina, raised for Turkey.

EMBIG Diversified-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

In recent weeks the price development of EM investments has been very heterogeneous. Hard-currency bonds have benefited from the marked slump in US yields and at the same time proved largely immune against enhanced insecurity with respect to the trade conflict and the crisis in Argentina. EM local-currency bonds have suffered from the weakness of many EM currencies, which have been impacted by the devaluation of the Chinese renminbi. EM equities have stabilised after a very weak development previously. In the coming months the trade conflict will continue and presumably lead to further depreciation of the renminbi, under which other EM currencies will suffer. Hard-currency bonds can escape this development. Meanwhile EM equities are low valued, so that currency losses can be compensated for. In the case of local-currency bonds in view of continued easing of monetary policy further falling yield are likely, which should suffice to make up for currency losses.

September / October 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	1.5	0.4	0.7	1.9	1.3	1.5	7.3	6.4	6.2	1.7	1.0	0.8
France	2.2	1.7	1.2	1.0	2.1	1.3	1.5	-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	0.8	1.1	0.9	0.9	0.9	-2.5	-2.3	-2.0
Netherlands	0.7	2.5	1.7	1.1	1.6	2.5	1.6	10.8	10.0	9.3	1.5	1.4	0.8
Belgium	0.4	1.4	1.1	0.9	2.3	1.5	1.6	-1.3	0.2	0.0	-0.7	-1.3	-1.5
Eurozone	**11.4**	**1.9**	**1.0**	**0.8**	**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	1.6	1.5	2.0	1.7	1.8	2.0	2.6	3.1	0.9	0.4	0.4
Denmark	0.2	1.5	2.0	1.8	0.7	1.0	1.5	6.1	6.3	6.3	0.5	0.6	-0.1
EU-22	**14.3**	**1.9**	**1.0**	**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	-1.4
Czech Republic	0.3	2.9	2.5	2.0	2.1	2.8	2.1	0.4	0.2	0.2	0.9	0.2	-0.2
Hungary	0.2	5.0	4.4	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**	**1.4**	**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	-7.0	-7.5
Japan	4.1	0.8	1.0	-0.1	0.9	0.9	2.2	3.5	3.5	3.5	-2.5	-2.5	-2.0
Canada	1.4	1.9	1.6	1.9	2.2	2.0	2.2	-2.6	-2.5	-3.5	-0.4	-0.5	-1.5
Australia	1.0	2.7	1.9	2.7	1.9	1.3	2.6	-2.0	-0.5	0.0	-0.6	0.0	0.0
Switzerland	0.4	2.8	1.0	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	1.7	2.8	2.2	1.9	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**	**1.5**	**2.0**	**0.3**	**0.2**	**0.1**	**-3.2**	**-3.5**	**-3.7**
Russia	3.1	2.2	1.1	1.6	2.9	4.5	3.5	6.9	7.2	6.7	2.6	2.1	1.5
Turkey	1.7	2.8	-0.1	2.3	16.3	15.8	11.7	-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**	**1.7**	**2.2**	**6.3**	**6.8**	**5.4**	**0.9**	**1.4**	**0.9**	**X**	**X**	**X**
South Africa	0.6	0.8	0.7	1.9	4.5	4.6	5.1	-3.6	-4.1	-4.7	-4.7	-4.7	-4.6
Middle East, Africa	**3.3**	**2.9**	**3.0**	**3.0**	**8.6**	**7.6**	**7.4**	**-0.1**	**-0.2**	**-0.4**	**X**	**X**	**X**
Brazil	2.5	1.1	0.9	2.3	3.7	3.8	3.6	-0.8	-0.9	-1.1	-7.1	-5.8	-4.7
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	-1.9	0.9	34.3	48.7	28.7	-5.3	-2.2	-2.1	-5.0	-3.4	-2.0
Chile	0.4	4.0	2.9	3.3	2.3	2.3	2.8	-3.1	-2.5	-1.9	-1.7	-1.3	-1.2
Latin America	**6.8**	**0.8**	**0.0**	**2.1**	**6.8**	**8.1**	**6.0**	**-1.8**	**-1.8**	**-1.8**	**X**	**X**	**X**
China	18.7	6.6	6.2	6.0	2.1	2.4	2.6	0.4	0.7	0.3	-4.2	-4.5	-4.5
India	7.8	7.4	5.5	6.3	4.0	3.2	4.1	-2.4	-1.7	-1.3	-6.7	-6.9	-6.6
Indonesia	2.6	5.2	5.0	4.9	3.2	3.3	3.3	-3.0	-2.6	-2.5	-1.7	-1.9	-1.9
South Korea	1.6	2.7	1.8	2.1	1.5	0.3	1.4	4.4	4.0	4.0	1.6	0.6	0.2
Emerging Asia	**34.8**	**6.2**	**5.4**	**5.5**	**2.6**	**2.4**	**2.8**	**1.0**	**1.2**	**0.9**	**X**	**X**	**X**
Emerging Markets	**52.4**	**4.8**	**4.0**	**4.4**	**4.0**	**4.1**	**3.9**	**0.5**	**0.7**	**0.5**	**X**	**X**	**X**
Total[6]	**89.2**	**3.8**	**3.0**	**3.1**	**3.2**	**3.0**	**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.

September / October 2019

Interest rates in industrialised countries

		Current	Forecasts		
		Sep 9 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	-0.60	-0.60	-0.60
	3 months (EURIBOR)	-0.43	-0.50	-0.50	-0.50
	12 months (EURIBOR)	-0.36	-0.40	-0.37	-0.35
	Bunds, 2 years	-0.86	-0.85	-0.85	-0.80
	Bunds, 5 years	-0.86	-0.85	-0.80	-0.75
	Bunds, 10 years	-0.60	-0.65	-0.55	-0.45
	Bunds, 30 years	-0.02	-0.05	0.05	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)	2.13	1.90	1.85	1.80
	12 months (LIBOR)	1.95	1.95	1.95	1.95
	US-Treasuries, 2 years	1.57	1.45	1.45	1.45
	US-Treasuries, 5 years	1.46	1.45	1.50	1.50
	US-Treasuries, 10 years	1.60	1.65	1.70	1.70
	US-Treasuries, 30 years	2.07	2.10	2.15	2.15
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.09	-0.05	-0.05	-0.05
	12 months (LIBOR)	0.03	0.05	0.05	0.05
	JGBs, 2 years	-0.31	-0.30	-0.25	-0.20
	JGBs, 5 years	-0.34	-0.35	-0.30	-0.25
	JGBs, 10 years	-0.25	-0.25	-0.20	-0.10
	JGBs, 30 years	0.24	0.15	0.20	0.30
United Kingdom	Monetary policy (Base)	0.75	0.75	0.75	0.75
	3 months (LIBOR)	0.77	0.80	0.80	0.90
	12 months (LIBOR)	0.88	0.90	0.90	1.10
	Gilts, 2 years	0.42	0.50	0.70	0.90
	Gilts, 5 years	0.38	0.50	0.60	0.90
	Gilts, 10 years	0.56	0.70	0.80	1.00
	Gilts, 30 years	1.06	1.10	1.15	1.25
Sweden	Monetary policy (Repo)	-0.25	-0.25	0.00	0.00
	3 months (STIB)	0.01	0.10	0.20	0.20
	2 years	-0.57	-0.50	-0.40	-0.30
	10 years	-0.19	-0.20	0.00	0.10
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.47	-0.50	-0.50	-0.50
	2 years	-0.86	-0.85	-0.85	-0.80
	10 years	-0.58	-0.60	-0.50	-0.40
Norway	Monetary policy (Deposit)	1.25	1.50	1.50	1.50
	3 months (NIBOR)	1.66	1.70	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)	-0.75	-0.75	-0.75	-0.75
	3 months (LIBOR)	-0.86	-0.85	-0.75	-0.75
	2 years	-1.08	-1.05	-0.95	-0.85
	10 years	-0.88	-0.80	-0.70	-0.50
Canada	Monetary policy (O/N)	1.75	1.50	1.25	1.25
	3 months (CBA)	1.96	1.65	1.55	1.55
	12 months (CBA)	2.07	1.85	1.80	1.70
	2 years	1.49	1.30	1.30	1.45
	5 years	1.32	1.25	1.35	1.45
	10 years	1.28	1.25	1.35	1.55
	30 years	1.50	1.45	1.50	1.65
Australia	Monetary policy (Cash)	1.00	0.75	0.75	0.75
	3 months (ABB)	1.01	0.85	0.85	0.85
	2 years	0.86	0.75	0.80	0.85
	10 years	1.03	1.10	1.20	1.50

Interest rates in EM countries

			Current	Forecasts		
			Sep 9 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	1.59	1.60	1.70	1.80
		10 years	2.07	2.00	2.20	2.40
	Czech Rep.	Monetary policy (Repo)	2.00	2.00	2.00	2.00
		3 months (PRIBOR)	2.14	2.15	2.15	2.10
		2 years	1.24	1.15	1.15	1.30
		10 years	1.27	1.10	1.20	1.50
	Hungary	Monetary policy (Deposit)	0.90	0.90	0.90	0.90
		3 months (BUBOR)	0.23	0.25	0.30	0.50
		3 years	0.44	0.50	0.70	1.00
		10 years	2.17	1.85	2.00	2.40
Latin America	Brazil	Monetary policy (Repo)	6.00	5.50	5.00	6.00
		3 months (ABG)	5.43	5.50	5.00	6.10
		2 years	5.81	5.70	5.90	6.20
		10 years	7.31	7.20	7.20	7.30
	Mexico	Monetary policy	8.00	7.50	7.25	7.00
		3 months (Mexibor)	7.76	7.40	7.00	7.10
		2 years	7.32	7.00	7.00	6.90
		10 years	6.98	6.90	6.90	6.90
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	2.71	2.80	2.80	2.90
		3 years	2.78	2.80	2.70	2.80
		10 years	3.03	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	1.65	1.70	1.70	1.70
		10 years	1.71	1.80	1.80	1.80
	South Korea	Monetary policy	1.50	1.25	1.25	1.25
		3 months	1.26	1.25	1.25	1.25
		2 years	1.29	1.20	1.30	1.30
		10 years	1.38	1.30	1.30	1.30

Yield spreads in basis points[1)]

			Current	Forecasts		
			Sep 9 2019	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	195	210	200	215
		Turkey	502	530	515	545
		Hungary	97	110	110	115
	Africa	South Africa	311	330	320	340
	Latin America	Brazil	233	250	245	260
		Chile	130	140	135	140
		Columbia	175	185	180	190
		Mexico	331	345	335	355
	Asia	China	113	120	120	125
		Indonesia	180	190	185	195
		Philippines	78	85	85	90
	Total (EMBIG Div)		**339**	**360**	**350**	**370**

1) The yield spread is calculated as the market weighted sum of the spreads between the respective USD-bonds and the US-treasuries of corresponding maturity. The Emerging Markets Bond Index Global Div (EMBIG Div) is relevant.

Currencies

EURO		Current	Forecasts		
		Sep 9 2019	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.10	1.10	1.11	1.12
	EUR-CAD	1.45	1.46	1.45	1.46
	EUR-AUD	1.61	1.64	1.63	1.60
Japan	EUR-JPY	118.16	116.60	116.55	118.72
Euro-Outs	EUR-GBP	0.89	0.91	0.88	0.86
	EUR-DKK	7.46	7.45	7.45	7.45
	EUR-SEK	10.65	10.60	10.50	10.40
	EUR-CHF	1.09	1.10	1.12	1.14
	EUR-NOK	9.86	9.90	9.70	9.40
Central- and Eastern Europe	EUR-PLN	4.34	4.35	4.30	4.20
	EUR-HUF	329.93	330.00	330.00	320.00
	EUR-CZK	25.88	25.80	25.70	25.60
Africa	EUR-ZAR	16.26	16.50	16.76	17.02
Latin America	EUR-BRL	4.48	4.57	4.61	4.70
	EUR-MXN	21.57	22.00	22.31	22.62
Asia	EUR-CNY	7.87	7.92	8.21	8.40
	EUR-SGD	1.52	1.53	1.55	1.58
	EUR-KRW	1316	1342	1365	1389
US-Dollar		**Current**	**Forecasts**		
		Sep 9 2019	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.32	1.33	1.31	1.30
	AUD-USD	0.69	0.67	0.68	0.70
Japan	USD-JPY	107.04	106.00	105.00	106.00
Euro-Outs	GBP-USD	1.24	1.21	1.26	1.30
	USD-DKK	6.76	6.77	6.71	6.65
	USD-SEK	9.65	9.64	9.46	9.29
	USD-CHF	0.99	1.00	1.01	1.02
	USD-NOK	8.94	9.00	8.74	8.39
Central- and Eastern Europe	USD-PLN	3.93	3.95	3.87	3.75
	USD-HUF	298.90	300.00	297.30	285.71
	USD-CZK	23.44	23.45	23.15	22.86
Africa	USD-ZAR	14.73	15.00	15.10	15.20
Latin America	USD-BRL	4.06	4.15	4.15	4.20
	USD-MXN	19.55	20.00	20.10	20.20
Asia	USD-CNY	7.13	7.20	7.40	7.50
	USD-SGD	1.38	1.39	1.40	1.41
	USD-KRW	1193	1220	1230	1240

Commodities

Commodity	Current	Forecasts		
	Sep 9 2019	3 months	6 months	12 months
Gold (USD per troy ounce)	1,509.99	1,510	1,520	1,540
Gold (EUR per troy ounce)	1,367.99	1,370	1,370	1,380
WTI crude (USD per Barrel)	56.52	58	60	60
WTI crude (EUR per Barrel)	51.20	53	54	54
Brent crude (USD per Barrel)	62.40	64	65	65
Brent crude (EUR per Barrel)	56.53	58	59	58

Makro Research
Volkswirtschaft Prognosen.

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Your contacts at Deka:

Chief Economist: Dr. Ulrich Kater: +49 69 7147-2381; email: ulrich.kater@deka.de
Head of Economics: Dr. Holger Bahr: -2846; email: holger.bahr@deka.de
Head of Capital Markets and Strategy: Joachim Schallmayer: -3807; email: jochim.schallmayer@deka.de

Industrial Countries/Sector Analysis
Rudolf Besch: -5468; email: rudolf.besch@deka.de (USA, Dollarbloc, Japan)
Dr. Marina Lütje: Tel. -9474; E-Mail: marina.luetje@deka.de (Euro-Outs ex Middle and East. Europe, Currencies)
Dr. Christian Melzer: -2851; email: christian.melzer@deka.de (EMU, Currencies)
Dr. Andreas Scheuerle: -2736; email: andreas.scheuerle@deka.de (Germany, EMU, Sector Analysis)

Macro Trends/Commodities
Dr. Dora Borbély: -5027; email: dora.borbely@deka.de
Dr. Gabriele Widmann: -2559; email: gabriele.widmann@deka.de

Emerging Markets/ Country Risk Analysis
Janis Hübner: -2543; email: janis.huebner@deka.de (Asia ex Japan, Middle East)
Daria Orlova: -3891; email: daria.orlova@deka.de (Middle and Eastern Europe)
Mauro Toldo: -3556; email: mauro.toldo@deka.de (Latin America, Africa)

Central Bank Watching and Capital Markets
Michael Ramon Klawitter: -5789; email: michael.klawitter@deka.de (Floor economist)
Carsten Lüdemann: -2625; email: carsten.luedemann@deka.de (Bond market strategy)
Kristian Tödtmann: -3760; email: kristian.toedtmann@deka.de (ECB, Eurobond market)

Market Analysis and Processes
Gunnar Meyke: -5802; email: gunnar.meyke@deka.de
Jan Schmies: -2244, email: jan.schmies@deka.de
Dr. Ulrich Weikard: -5790: email: ulrich.weikard@deka.de

Real Estate Research
Daniela Fischer: -7549; email: daniela.fischer@deka.de
Nikola Stephan: -1023; email: nikola.stephan@deka.de
Andreas Wellstein: -3850; email: andreas.wellstein@deka.de

Internet: https://deka.de/deka-gruppe/research

Impressum: https://deka.de/deka-gruppe/impressum