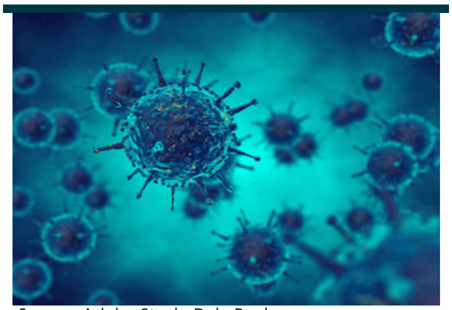
Macro Research
# Economic Forecasts

**February 2020**

## The economy and markets defy the coronavirus

2020 is still young but had already lots to offer: the killing of a high-ranking Iranian general, the impeachment trial of the US President, US presidential election primaries, Brexit, etc. Now the coronavirus has pushed into the foreground. Most infections are concentrated in the Chinese region of Hubei, but cases have also been reported in other regions of China and abroad. The Chinese government was at first slow to react but then took determined action to prevent the virus spreading. Together with travel restrictions, factory holidays were ordered in the wake of the New Year Holidays. At the beginning of February almost all industrial production was idle.

**Coronavirus spreads**



Source: Adobe Stock, DekaBank.

So far, the impact on the global economy has been negligibly small, which explains the moderate reactions on the financial markets.  For this assessment to prove valid, the number of new infections must decline quickly. In this scenario, measures must be effective to contain the coronavirus and the burden for the economy must be temporary. The impact will be felt above all in the Chinese economy. In this most probable scenario from our standpoint, the Chinese GDP growth rate will fall in 2020 by 0.4%. A much more negative impact would result from a less favourable scenario in which production would remain idle throughout February. This would put pressure on international supply chains and lead to more substantial Chinese economic forecast revisions. If we consider the world without coronavirus, the time of economic forecast downward revisions and declining indicators of market sentiment should be behind us. Both the ifo Business Climate Index and purchasing managers' indices seem to have reached their troughs and in individual cases we are already seeing an upward movement. Thus, we are maintaining our view of an ongoing moderate global expansion for this and the next year. From the German point of view, export prospects have brightened somewhat after China and USA reached the first agreement in the trade conflict. Wage agreements on the other hand have been more modest than in previous years, so that the prospects for private consumption are less promising.

Against this backdrop, little has changed for the central banks. Interest rates will not be raised for some considerable time to come. The negative environment for German Bunds will remain intact. Despite all the potential for short-term volatility due to geopolitical risk this is a capital market environment in which risk-taking is rewarded and which should see the DAX reaching new all-time highs in the course of 2020.

## Contents

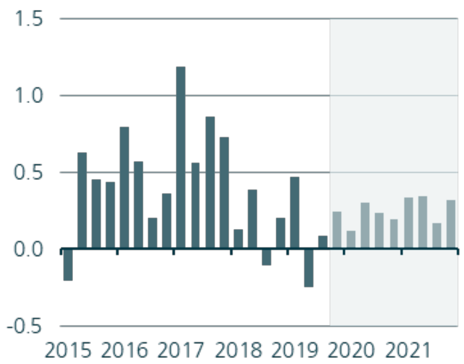


### Most important forecast revisions

- Germany: GDP growth 2020: 1.1 % (previously 0.8 %).
- USA: inflation 2020 and 2021: each 2.3 % (previously 2.4 % and 2.2 %)
- China: GDP growth 2020 and 2021: 5.6 % and 6.1 % (previously 5.9 % and 5.8 %).
- Crude oil: Downward revision of the 3-month forecast.

## Economy: Industrial countries

**Germany: GDP (% qoq, sa)**



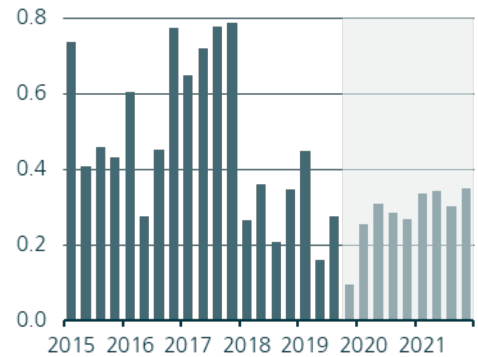

Sources: Destatis, forecast DekaBank

### Germany

We can now confirm that the economy has stabilised, but that is as far as we can go. Many leading indicators have turned upwards but their best known representative, the ifo Businss Climate Index, surprisingly retreated in January. As expected, sentiment in the manufacturing sector has improved. However, domestic-oriented sectors such as retail trade, construction or services have been more pessimistic. At the end of the year that seems to have been the dominant theme throughout Europe. In the provisional GDP estimates for the Eurozone, the major economies – including Germany – surprised with a weakness in domestic demand, whilst trade contributed positively. Looking ahead, we expect Europe's largest economy to pick up and provide a positive impulse for the Eurozone economy.

Forecast revision: GDP growth 2020: 1.1 % (previously 0.8 %).

**Eurozone: GDP (% qoq, sa)**



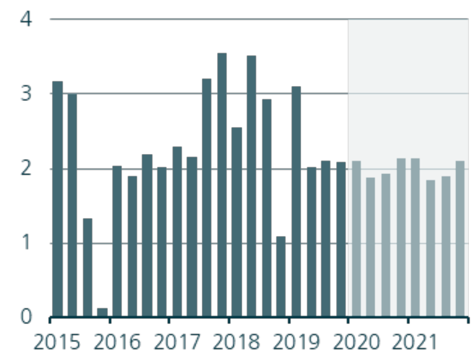

Sources: Eurostat, forecast DekaBank

### Eurozone

The Eurozone economy has slowed. According to Eurostat's flash estimate, GDP grew only 0.1% qoq in the fourth quarter. With GDP growth of 0.5%, Spain exceeded the Eurozone growth rate by far. Germany presumably registered the average Eurozone growth rate. The provisional German data have been reported to Eurostat, but not yet published. Italy (-0.3) and France (-0.1%) both disappointed in the fourth quarter with a shrinking economic performance. According to the preliminary flash estimate the Eurozone GDP growth rate in 2019 was 1.2%.

Forecast revision: GDP growth 2021: 1.3% (previously 1.2%).

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




Sources: Bureau of Economic Analysis, forecast DekaBank

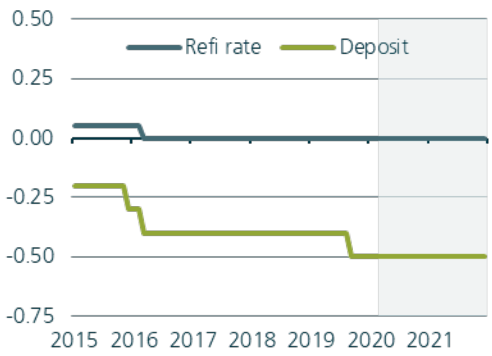
### USA

GDP rose in the fourth quarter of 2019 at an annualized 2.1%. At first sight growth remained much as it had been in the two previous quarters. But an examination of the details shows that the US economy has been impacted by the weakness of global economic growth. In the wake of the trade agreement with China we assume that the cyclical weakness, especially with respect to investment, will improve in the course of the year. This assessment has been confirmed by the first corporate indicators of market sentiment in the current year. We believe the negative impact of the coronavirus on the US economy has so far been negligibly small.

Forecast revision: Inflation 2020 and 2021: each 2.3 % (previously 2.4 % and 2.2 %).

# Markets: Industrial countries

### ECB: Repo Rate (% p.a.)



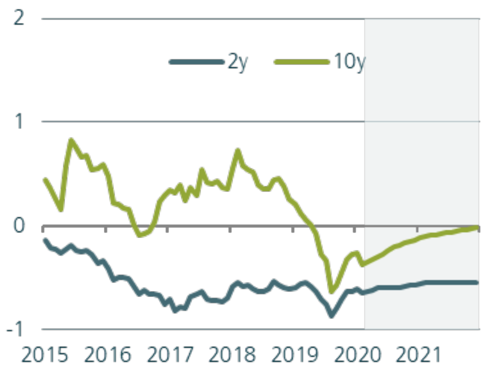

Sources: European Central Bank, forecast DekaBank

### The European Central Bank / Money market

Because of the coronavirus, market players have again revised down their expectations with respect to the ECB's future key rates. In our opinion, however, the hurdles for a further easing are relatively high. Firstly, the negative impact on growth due to the virus has so far been small. Secondly, the Eurozone would above all be impacted by the interruption of global supply chains, which could hardly be counteracted by monetary means. On the other hand, however, for the time being we see little scope for a normalisation of monetary policy, even if fear of the coronavirus were to disappear quickly. In recent weeks, some Council members did point to an improving economic environment. However, they did stress that an expansive monetary policy would be necessary for some considerable time. This underscores how little the ECB reacts to small changes in macroeconomic data, which is why we only expect key rates to be raised in several years.

Forecast revision: –

### German Bond Yield (% p.a.)



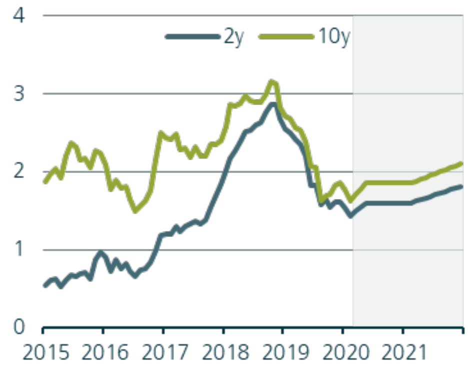

Sources: Bloomberg, forecast DekaBank

### Eurozone bond market

Whereas the equity and credit markets have shown little reaction to the outbreak of coronavirus, Bund yields have slumped markedly. This reflects the assessment of many market players that the ECB will counteract new economic downside risks with further easing of its monetary policy. However, we do not believe that it will come to this, as so far no serious damage to growth is to be expected for the Eurozone. Yields should therefore relatively quickly return to their level at the beginning of the year before embarking on a slow ascent. Growth and inflation are picking up only very gradually, risks arising from the global trade war and Brexit continue and the ECB is far removed from a normalisation of its monetary policy.

Forecast revision: –

### US Bond Yield (% p.a.)




Sources: Bloomberg, forecast DekaBank

### US bond market

As expected, at its interest rate meeting last month the Fed left its interest rate interval unchanged at 1.50 % to 1.75 %. On US bond markets, the trade war with China has been the main talking point for a long time. In the wake of the Phase 1 agreement, this conflict moved into the background and the coronavirus in China became the determining factor on the US bond markets. At the moment it looks as if the epidemic is a problem that is limited in both time and place. We assume therefore that current expectations with respect to key rate cuts will be priced out over the next three months and the yields of US government bonds will rise again. From a macroeconomic viewpoint, there is currently no need to change the basic interest rate outlook.

Forecast revision: –

**February 2020**

## Markets: Industrial countries

### Equity Market Forecast

| | Current Feb 5, 20 | in 3 | in 6 months | in 12 |
|---|---|---|---|---|
| **DAX** | **13 478.33** | **13 800** | **14 000** | **13 700** |
| Reporting: | | | | |
| EuroStoxx50 | 3 777.84 | 3 850 | 3 900 | 3 800 |
| S&P 500 | 3 334.69 | 3 200 | 3 300 | 3 150 |
| Topix | 1 701.83 | 1 750 | 1 800 | 1 750 |

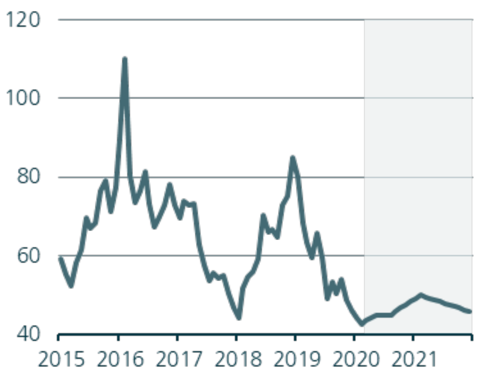
Sources: Deutsche Börse AG, forecast DekaBank

### Equity market: Germany

The outbreak of the coronavirus has obviously clouded sentiment on the capital market. Assuming that the momentum behind the spread of the virus slows as expected, the negative impact on the economy and above all for global companies, will be limited. Apart from the uncertainty due to the virus, the fundamental environment for equities has improved slightly. Growth expectations have settled, even for the shaken German economy, albeit at a low level, and companies in the manufacturing sector are looking ahead with more confidence. Company reports for the last quarter should report slightly better results and thus support positive prospects in 2020. In addition, the central banks will maintain their expansive monetary policy and thus continue to support the capital market.

Forecast revision: –

### iTraxx Europe (Bp)

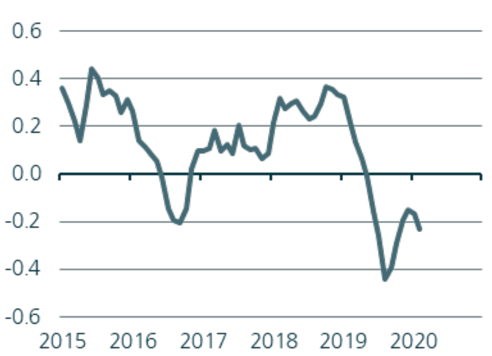



Sources: International Index Company, forecast DekaBank

### Corporate bond market: Eurozone

The credit markets have proved to be surprisingly resistant to enhanced risk aversion due to concerns over the spread of the coronavirus. Whereas there have been losses on equity markets and the yields on safe government bonds have fallen deep into negative territory, the risk premiums on most corporate bonds have scarcely widened. However, directly affected airlines saw a visible impact whilst the high-yield sector also recorded some substantial widening of spreads. Many European companies, especially in the automobile, chemical and electronic sectors could find themselves in distress, if factories in China remain closed for a long time. So far, however, the impact has been small.

### Covered Bonds 5y (% p.a.)



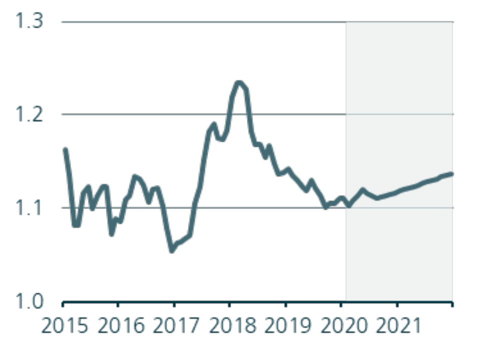

Source: Bloomberg

### Covered Bonds

As expected, covered bonds had a strong start to the new year. With new issues nominally worth EUR27bn Eurozone issuing houses in January equalled the 2019 record. Supply of German mortgage bonds was particularly strong with over EUR10bn. Banks from outside the Eurozone failed to match last year's level and only issued bonds in the value of EUR6.25bn. All bonds were well received, especially since the ECB focused on the primary market with its purchases. In addition to reinvestment worth EUR 3.7 bn the ECB also topped up its portfolio by the same amount. There was strong demand for covered bonds from the treasury departments of banks and genuine investors. In this way, demand also remained strong for covered bonds in the secondary market. In February, the ECB has only EUR1.2bn of maturities to replace but then new-issue activity will decline appreciably.

## Markets: Industrial countries

### Exchange Rate EUR-USD



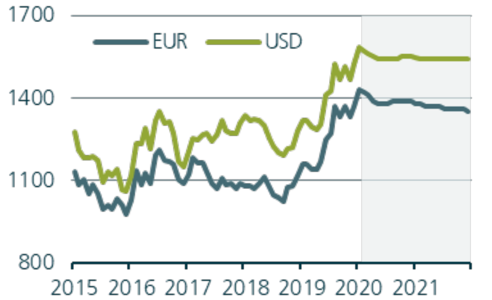

Sources: European Central Bank, forecast DekaBank

### Currency market: EUR-USD

The Euro depreciated against the US dollar in January. At the beginning of the month, it stood at 1.12 EUR-USD and at the end was at 1.10 EUR-USD. Mme Lagarde’s first interest rate decision as ECB President proved a slight burden. Although the inflation rate in the Eurozone in both the current and the next year should be below the ECB’s target rate of „under but near 2%“, no new measures have been announced. President Lagarde has rather announced a one-year review of the current interpretation of the inflation target and price stability. In January, the Fed also left interest rates on hold. Fed Chairman Powell has so far given no indication that he is likely to yield to pressure from President Trump to lower interest rates. The EUR-USD exchange rate has not been affected.

Forecast revision: –

### Gold price (per troy ounce)




| Per-formance | from 31.01.14 to 31.01.15 | 31.01.15 31.01.16 | 31.01.16 31.01.17 | 31.01.17 31.01.18 | 31.01.18 31.01.19 | 31.01.19 31.01.20 |
|---|---|---|---|---|---|---|
| Gold in Euro | 23.35% | -9.10% | 8.85% | -3.77% | 6.87% | 23.92% |
| Gold in USD | 3.10% | -12.68% | 8.26% | 10.79% | -1.44% | 19.94% |

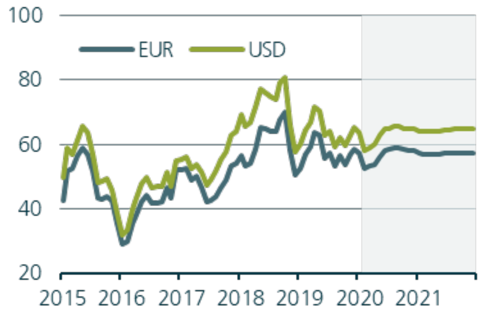
Sources: Bloomberg, forecast DekaBank

### Gold

Given the developments with respect to the spread of the coronavirus and the, in parts very strong, reactions on some commodity markets, the rise of the gold price in recent weeks was surprisingly muted. Although on equity and bond markets – and on the crude oil market – an increase in risk aversion has been clearly felt, the price of gold rose only slightly and temporarily. Globally, investors increased their investments in physically deposited gold funds, but here too reactions have been very restrained. Apparently, players on the gold market trust the energetic measures that China and other countries have undertaken to contain the virus. We too expect these measures to prove effective and have not revised our gold price forecast.

Forecast revision: –

### Crude Oil Brent (per barrel)




| Performance | from 31.01.14 to 31.01.15 | 31.01.15 31.01.16 | 31.01.16 31.01.17 | 31.01.17 31.01.18 | 31.01.18 31.01.19 | 31.01.19 31.01.20 |
|---|---|---|---|---|---|---|
| Brent in Euro | -40.42% | -31.75% | 61.21% | 7.68% | -2.82% | -2.92% |
| Brent in USD | -50.20% | -34.44% | 60.33% | 23.97% | -10.37% | -6.03% |

Sources: Bloomberg, forecast DekaBank

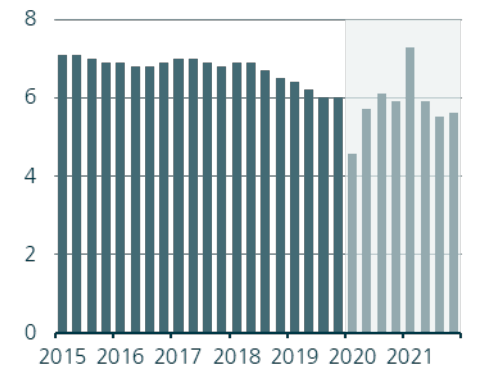
### Crude oil

The spread of the coronavirus in China has put the crude oil market under strong pressure. In recent weeks, oil prices have fallen by double-digit percentages. With a 14% share of global oil demand China is the world’s second largest oil consumer.  Adverse effects and the closing of factories will ensure that the impact of the virus will leave its mark on the Chinese economy and on Chinese oil consumption figures, at least in the first quarter. When will China bring the virus under control and when will economic life in China return to normal? The oil price depends on the answers to these questions. The probability of a downward revision of our oil price forecast has risen, but at the moment the impact of the spreading of coronavirus is so uncertain that we have decided to make no fundamental change to our oil price forecast.

Forecast revision: Downward revision of the 3-month forecast.

## Emerging Markets

**China: GDP (% yoy)**



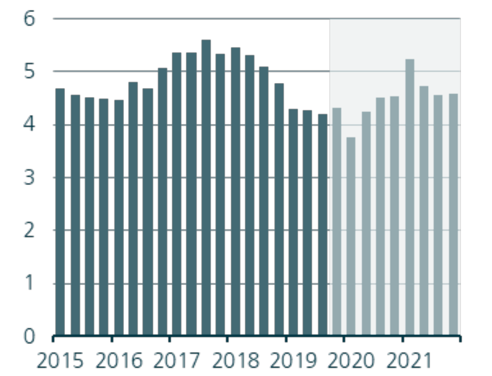

Sources: National Statistics, forecast DekaBank

### China

China had no sooner resolved its trade war with the USA with the agreement of January 15th than it was faced by another severe test in the form of the coronavirus outbreak. In order to contain the infection the government has imposed quarantine on some cities as well as country-wide travel restrictions and has closed many factories for the time being. The central bank has provided the financial markets with ample supplies of liquidity. We expect the government to succeed in preventing a further spread of the infection, so that by the middle of February most companies will be able to return to normal operations. However, uncertainty remains high at this early stage. In any case, the impact of the virus should not prove to be lasting.

Forecast revision: GDP growth 2020 and 2021: 5.6 % and 6.1 % (previously 5.9 % and 5.8 %).

**Emerging Markets: GDP (% yoy)**



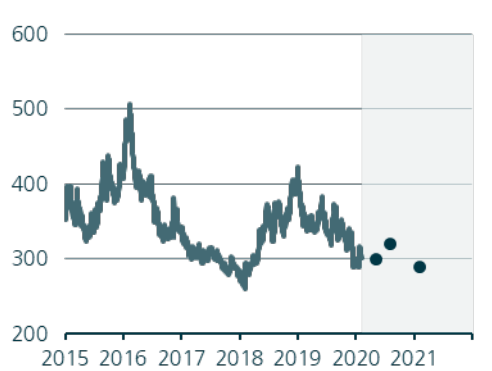

Sources: National Statistics, forecast DekaBank

### Emerging Markets: Economy

The Chinese government has reacted to the spreading of coronavirus with travel restrictions and the closing of factories, which will lead in the first quarter to a marked slowdown of economic growth in China. Outside China the impact has been felt in declining tourist numbers as well as some isolated supply bottlenecks for products from China. The latest infection statistics suggest that it might be possible to contain the infection outside the severely affected province of Hubei. In particular, very few new infections have been reported from abroad. However, it is still highly uncertain how many companies will be able to return to production in the near future. The epidemic has cast a shadow on the relief felt at the defusing of the trade war between the USA and China.

Forecast revision: Downward revision of the GDP growth forecast for China for 2020.

**EMBIG Diversified-Spread (Bp)**




Sources: Bloomberg, forecast DekaBank

### Emerging Markets: Markets

The equity and bond markets had a good start to the year, after China and the USA took steps to defuse their trade conflict and there were increasing signs that the global economy was stabilising. With the rapid spreading of the coronavirus and the Chinese government's drastic measures to contain it, sentiment on the equity markets has clouded. EM bond markets, on the other hand, remained largely unimpressed. The reaction on the capital markets indicates that depite losses on the equity market investors believe that the infection will be contained soon and the economic impact will be temporary. We share this view, but stress that it is impossible to foresee the course of the outbreak. The Chinese authorities could keep companies closed for longer than is currently expected. The short-term risks for the global economy have in any case risen, which means that expectations of an easier monetary policy have increased.

Macro Research
# Economic Forecasts

**February 2020**

## 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 | | | | | |
| | | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 | 2019 | 2020 | 2021 |
| Germany | 3.2 | 0.6 | 1.1 | 1.1 | 1.4 | 1.6 | 1.7 | 7.2 | 6.6 | 6.2 | 1.2 | 0.6 | 0.3 |
| France | 2.2 | 1.2 | 0.9 | 1.2 | 1.3 | 1.5 | 1.5 | -0.5 | -0.6 | -0.7 | -3.1 | -2.2 | -2.2 |
| Italy | 1.8 | 0.2 | 0.1 | 0.4 | 0.6 | 0.9 | 1.2 | 2.9 | 2.9 | 2.9 | -2.2 | -2.5 | -2.7 |
| Spain | 1.4 | 2.0 | 1.8 | 1.7 | 0.8 | 1.1 | 1.4 | 2.4 | 2.5 | 2.6 | -2.3 | -2.2 | -2.1 |
| Netherlands | 0.7 | 1.6 | 1.1 | 1.6 | 2.7 | 2.0 | 1.9 | 9.5 | 8.6 | 8.2 | 1.5 | 0.5 | 0.4 |
| Belgium | 0.4 | 1.4 | 1.2 | 1.1 | 1.2 | 1.6 | 1.9 | -0.8 | -0.9 | -1.0 | -1.7 | -2.3 | -2.6 |
| **Eurozone** | **11.4** | **1.2** | **0.9** | **1.3** | **1.2** | **1.4** | **1.5** | **3.3** | **3.0** | **2.9** | **-0.8** | **-1.0** | **-1.0** |
| Sweden | 0.4 | 1.2 | 1.2 | 1.6 | 1.7 | 1.7 | 1.8 | 3.0 | 3.4 | 3.9 | 0.3 | 0.1 | 0.1 |
| Denmark | 0.2 | 2.1 | 1.5 | 1.6 | 0.7 | 1.0 | 1.3 | 6.9 | 6.5 | 6.5 | 2.2 | 0.5 | 0.0 |
| **EU-21** | **12.0** | **1.2** | **1.0** | **1.3** | **1.2** | **1.4** | **1.5** | **3.3** | **3.1** | **3.0** | **-0.7** | **-0.9** | **-1.0** |
| Poland | 0.9 | 4.3 | 3.4 | 3.3 | 2.3 | 2.7 | 2.3 | 0.5 | -0.2 | -0.2 | -1.0 | -1.2 | -1.2 |
| Czech Republic | 0.3 | 2.5 | 2.0 | 2.4 | 2.8 | 2.2 | 2.0 | 0.7 | 0.5 | 0.7 | 0.2 | -0.1 | -0.3 |
| Hungary | 0.2 | 4.4 | 3.2 | 2.6 | 3.4 | 3.1 | 3.1 | -0.1 | -0.5 | -0.6 | -1.8 | -1.0 | -0.8 |
| **EU-27** | **14.0** | **1.6** | **1.4** | **1.5** | **1.5** | **1.6** | **1.7** | **2.6** | **2.3** | **2.3** | **-0.8** | **-1.0** | **-1.1** |
| USA | 15.2 | 2.3 | 2.0 | 2.0 | 1.8 | 2.3 | 2.3 | -2.5 | -2.5 | -2.5 | -7.2 | -7.5 | -7.5 |
| Japan | 4.1 | 1.2 | 1.1 | 1.1 | 0.5 | 0.9 | 1.3 | 3.5 | 3.5 | 3.5 | -2.6 | -2.5 | -2.0 |
| United Kingdom | 2.2 | 1.3 | 0.8 | 1.5 | 1.8 | 1.4 | 1.8 | -4.3 | -4.2 | -4.2 | -2.2 | -2.4 | -2.3 |
| Canada | 1.4 | 1.6 | 1.9 | 1.8 | 2.0 | 2.1 | 2.1 | -2.0 | -2.0 | -2.5 | -0.5 | -1.5 | -1.5 |
| Australia | 1.0 | 1.8 | 2.2 | 2.5 | 1.6 | 2.3 | 2.4 | 1.0 | 1.5 | 2.0 | -0.4 | 0.0 | 0.0 |
| Switzerland | 0.4 | 0.9 | 1.8 | 1.5 | 0.4 | 0.1 | 0.5 | 9.6 | 9.9 | 9.8 | 1.0 | 0.4 | 0.4 |
| Norway | 0.3 | 2.5 | 1.8 | 1.4 | 2.2 | 2.2 | 2.2 | 6.9 | 7.2 | 6.9 | 7.6 | 7.8 | 7.8 |
| **Developed Countries[4]** | **36.8** | **1.7** | **1.5** | **1.6** | **1.5** | **1.7** | **1.9** | **0.3** | **0.2** | **0.2** | **-3.6** | **-3.8** | **-3.8** |
| Russia | 3.1 | 1.3 | 2.0 | 1.7 | 4.5 | 3.1 | 4.0 | 4.8 | 5.4 | 4.6 | 1.8 | 1.5 | 1.3 |
| Turkey | 1.7 | 0.4 | 2.8 | 3.3 | 15.5 | 11.1 | 9.9 | 0.2 | -1.2 | -2.6 | -3.0 | -3.2 | -3.0 |
| Ukraine | 0.3 | 3.6 | 3.3 | 3.5 | 7.9 | 6.0 | 5.7 | -3.5 | -3.3 | -3.2 | -1.6 | -1.6 | -1.6 |
| **Emerging Europe[5]** | **7.5** | **2.0** | **2.6** | **2.6** | **6.7** | **5.0** | **5.0** | **0.6** | **0.2** | **-0.1** | **X** | **X** | **X** |
| South Africa | 0.6 | 0.3 | 0.7 | 1.4 | 4.2 | 4.6 | 5.6 | -3.8 | -4.1 | -4.3 | -5.9 | -6.5 | -6.2 |
| **Middle East, Africa** | **3.3** | **2.8** | **2.9** | **3.4** | **6.3** | **5.4** | **5.8** | **-0.5** | **-0.1** | **0.2** | **X** | **X** | **X** |
| Brazil | 2.5 | 1.1 | 2.3 | 2.1 | 3.7 | 4.3 | 3.8 | -2.3 | -2.6 | -3.2 | -5.7 | -4.7 | -4.6 |
| Mexico | 1.9 | -0.1 | 1.0 | 2.0 | 3.6 | 3.4 | 3.1 | -0.8 | -1.2 | -0.9 | -2.7 | -2.9 | -2.3 |
| Argentina | 0.7 | -3.0 | -1.1 | 1.6 | 53.7 | 49.9 | 29.2 | -1.2 | 0.3 | -0.1 | -4.0 | -4.8 | -4.2 |
| Chile | 0.4 | 2.2 | 2.7 | 2.8 | 2.3 | 2.2 | 2.5 | -3.0 | -2.9 | -3.1 | -1.8 | -4.5 | -3.9 |
| **Latin America** | **6.8** | **-0.6** | **0.9** | **2.0** | **8.6** | **8.3** | **5.9** | **-1.6** | **-1.8** | **-1.9** | **X** | **X** | **X** |
| China | 18.7 | 6.1 | 5.6 | 6.1 | 2.9 | 3.8 | 2.7 | 1.5 | 1.1 | 0.7 | -6.1 | -6.3 | -6.3 |
| India | 7.7 | 5.1 | 6.1 | 6.3 | 3.7 | 4.9 | 4.0 | -1.8 | -1.8 | -1.7 | -7.5 | -7.2 | -7.0 |
| Indonesia | 2.6 | 5.0 | 4.9 | 5.0 | 3.0 | 2.7 | 3.2 | -2.3 | -2.3 | -2.1 | -2.0 | -1.9 | -1.5 |
| South Korea | 1.7 | 2.0 | 2.3 | 2.1 | 0.4 | 1.5 | 1.5 | 3.0 | 3.8 | 4.3 | 0.8 | -0.8 | -0.8 |
| **Emerging Asia** | **34.8** | **5.2** | **5.2** | **5.5** | **2.8** | **3.6** | **2.9** | **1.7** | **1.4** | **1.1** | **X** | **X** | **X** |
| **Emerging Markets** | **52.4** | **3.8** | **4.1** | **4.5** | **4.3** | **4.5** | **3.7** | **1.0** | **0.7** | **0.5** | **X** | **X** | **X** |
| **Total[6]** | **89.2** | **2.9** | **3.0** | **3.3** | **3.1** | **3.3** | **2.9** | **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 | | |
|---|---|---|---|---|---|
| | | Feb 6 2020 | 3 months | 6 months | 12 months |
| **Germany** | Monetary policy (Refi rate) | 0.00 | 0.00 | 0.00 | 0.00 |
| | Monetary policy (Deposit) | -0.50 | -0.50 | -0.50 | -0.50 |
| | 3 months (EURIBOR) | -0.40 | -0.40 | -0.40 | -0.40 |
| | 12 months (EURIBOR) | -0.27 | -0.28 | -0.26 | -0.25 |
| | Bunds, 2 years | -0.63 | -0.60 | -0.60 | -0.55 |
| | Bunds, 5 years | -0.58 | -0.55 | -0.50 | -0.45 |
| | Bunds, 10 years | -0.36 | -0.30 | -0.20 | -0.10 |
| | Bunds, 30 years | 0.16 | 0.20 | 0.30 | 0.40 |
| **USA** | Monetary policy (FFR) | 1,50-1,75 | 1,50-1,75 | 1,50-1,75 | 1,50-1,75 |
| | 3 months (LIBOR) | 1.74 | 1.90 | 1.90 | 1.90 |
| | 12 months (LIBOR) | 1.80 | 1.95 | 1.95 | 1.95 |
| | US-Treasuries, 2 years | 1.43 | 1.60 | 1.60 | 1.60 |
| | US-Treasuries, 5 years | 1.45 | 1.65 | 1.65 | 1.65 |
| | US-Treasuries, 10 years | 1.64 | 1.85 | 1.85 | 1.85 |
| | US-Treasuries, 30 years | 2.11 | 2.30 | 2.30 | 2.30 |
| **Japan** | Monetary policy (Call) | -0.10 | -0.10 | -0.10 | -0.10 |
| | 3 months (LIBOR) | -0.06 | -0.05 | -0.05 | -0.05 |
| | 12 months (LIBOR) | 0.12 | 0.10 | 0.10 | 0.10 |
| | JGBs, 2 years | -0.13 | -0.15 | -0.15 | -0.15 |
| | JGBs, 5 years | -0.12 | -0.10 | -0.10 | -0.10 |
| | JGBs, 10 years | -0.02 | 0.00 | 0.00 | 0.00 |
| | JGBs, 30 years | 0.42 | 0.45 | 0.45 | 0.45 |
| **United Kingdom** | Monetary policy (Base) | 0.75 | 0.75 | 0.75 | 0.75 |
| | 3 months (LIBOR) | 0.76 | 0.80 | 0.80 | 0.90 |
| | 12 months (LIBOR) | 0.89 | 0.90 | 0.90 | 1.00 |
| | Gilts, 2 years | 0.51 | 0.60 | 0.60 | 0.70 |
| | Gilts, 5 years | 0.46 | 0.60 | 0.60 | 0.80 |
| | Gilts, 10 years | 0.61 | 0.60 | 0.70 | 1.00 |
| | Gilts, 30 years | 1.12 | 1.10 | 1.15 | 1.30 |
| **Sweden** | Monetary policy (Repo) | 0.00 | 0.00 | 0.00 | 0.00 |
| | 3 months (STIB) | 0.17 | 0.20 | 0.20 | 0.20 |
| | 2 years | -0.30 | -0.30 | -0.30 | -0.30 |
| | 10 years | 0.07 | 0.10 | 0.10 | 0.20 |
| **Denmark** | Monetary policy (Repo) | 0.05 | 0.05 | 0.05 | 0.05 |
| | 3 months (CIBOR) | -0.40 | -0.40 | -0.40 | -0.40 |
| | 2 years | -0.64 | -0.60 | -0.60 | -0.55 |
| | 10 years | -0.34 | -0.30 | -0.20 | -0.10 |
| **Norway** | Monetary policy (Deposit) | 1.50 | 1.50 | 1.50 | 1.50 |
| | 3 months (NIBOR) | 1.74 | 1.80 | 1.80 | 1.90 |
| | 2 years | 1.33 | 1.30 | 1.30 | 1.30 |
| | 10 years | 1.44 | 1.40 | 1.50 | 1.60 |
| **Switzerland** | Monetary policy (LIBOR) | -0.75 | -0.75 | -0.75 | -0.75 |
| | 3 months (LIBOR) | -0.69 | -0.75 | -0.75 | -0.75 |
| | 2 years | -0.76 | -0.75 | -0.75 | -0.75 |
| | 10 years | -0.65 | -0.60 | -0.40 | -0.20 |
| **Canada** | Monetary policy (O/N) | 1.75 | 1.75 | 1.75 | 1.75 |
| | 3 months (CBA) | 1.98 | 2.00 | 2.00 | 2.00 |
| | 12 months (CBA) | 2.06 | 2.05 | 2.05 | 2.05 |
| | 2 years | 1.50 | 1.55 | 1.60 | 1.70 |
| | 5 years | 1.39 | 1.50 | 1.60 | 1.70 |
| | 10 years | 1.39 | 1.55 | 1.65 | 1.75 |
| | 30 years | 1.51 | 1.65 | 1.75 | 1.85 |
| **Australia** | Monetary policy (Cash) | 0.75 | 0.75 | 0.75 | 0.75 |
| | 3 months (ABB) | 0.93 | 0.90 | 0.95 | 0.95 |
| | 2 years | 0.79 | 0.70 | 0.80 | 0.80 |
| | 10 years | 1.09 | 1.10 | 1.20 | 1.40 |

## Interest rates in EM countries

| | | | Current | Forecasts | | |
|---|---|---|---|---|---|---|
| | | | Feb 6 2020 | 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) | 1.61 | 1.60 | 1.60 | 1.60 |
| | | 2 years | 1.57 | 1.50 | 1.60 | 1.70 |
| | | 10 years | 2.19 | 2.30 | 2.40 | 2.60 |
| | Czech Rep. | Monetary policy (Repo) | 2.00 | 2.00 | 2.00 | 2.00 |
| | | 3 months (PRIBOR) | 2.16 | 2.20 | 2.20 | 2.25 |
| | | 2 years | 1.91 | 1.80 | 1.80 | 1.80 |
| | | 10 years | 1.57 | 1.70 | 1.70 | 2.00 |
| | Hungary | Monetary policy (Deposit) | 0.90 | 0.90 | 0.90 | 0.90 |
| | | 3 months (BUBOR) | 0.30 | 0.25 | 0.30 | 0.40 |
| | | 3 years | 0.58 | 0.50 | 0.50 | 0.70 |
| | | 10 years | 2.10 | 2.10 | 2.10 | 2.30 |
| Latin America | Brazil | Monetary policy (Repo) | 4.25 | 4.25 | 4.50 | 4.50 |
| | | 3 months (ABG) | 4.17 | 4.43 | 4.55 | 4.85 |
| | | 2 years | 4.99 | 5.20 | 5.40 | 5.70 |
| | | 10 years | 6.48 | 6.50 | 6.40 | 6.40 |
| | Mexico | Monetary policy | 7.25 | 7.00 | 6.75 | 6.50 |
| | | 3 months (Mexibor) | 7.00 | 7.20 | 7.00 | 6.70 |
| | | 2 years | 6.65 | 6.70 | 6.60 | 6.60 |
| | | 10 years | 6.68 | 6.60 | 6.50 | 6.50 |
| Asia | China | Monetary policy | 1.50 | 1.50 | 1.50 | 1.50 |
| | | 3 months | 2.78 | 2.80 | 2.80 | 2.90 |
| | | 3 years | 2.39 | 2.80 | 2.70 | 2.80 |
| | | 10 years | 2.84 | 3.20 | 3.30 | 3.30 |
| | Singapore | Monetary policy | n.a. | n.a. | n.a. | n.a. |
| | | 3 months | 1.71 | 1.80 | 1.80 | 1.80 |
| | | 2 years | 1.50 | 1.50 | 1.50 | 1.50 |
| | | 10 years | 1.66 | 1.70 | 1.80 | 1.80 |
| | South Korea | Monetary policy | 1.25 | 1.25 | 1.25 | 1.25 |
| | | 3 months | 1.23 | 1.25 | 1.25 | 1.25 |
| | | 2 years | 1.29 | 1.30 | 1.30 | 1.30 |
| | | 10 years | 1.60 | 1.60 | 1.60 | 1.60 |

## Yield spreads in basis points[1)]

| | | | Current | Forecasts | | |
|---|---|---|---|---|---|---|
| | | | Feb 6 2020 | 3 months | 6 months | 12 months |
| Emerging Markets, EMBIG Div Spreads | Central- and Eastern Europe | Russia | 144 | 145 | 155 | 140 |
| | | Turkey | 360 | 360 | 380 | 345 |
| | | Hungary | 79 | 80 | 90 | 80 |
| | Africa | South Africa | 331 | 330 | 350 | 320 |
| | Latin America | Brazil | 212 | 215 | 230 | 205 |
| | | Chile | 143 | 145 | 155 | 140 |
| | | Columbia | 167 | 170 | 180 | 160 |
| | | Mexico | 300 | 300 | 320 | 290 |
| | Asia | China | 95 | 90 | 100 | 90 |
| | | Indonesia | 166 | 170 | 180 | 160 |
| | | Philippines | 70 | 70 | 75 | 70 |
| | **Total (EMBIG Div)** | | **301** | **300** | **320** | **290** |

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.

**February 2020**

## Currencies

| EURO | | Current | Forecasts | | |
|---|---|---|---|---|---|
| | | Feb 6 2020 | 3 months | 6 months | 12 months |
| Dollar-Bloc | EUR-USD | 1.10 | 1.12 | 1.11 | 1.12 |
| | EUR-CAD | 1.46 | 1.48 | 1.47 | 1.47 |
| | EUR-AUD | 1.63 | 1.65 | 1.63 | 1.62 |
| Japan | EUR-JPY | 120.85 | 122.08 | 120.99 | 123.20 |
| Euro-Outs | EUR-GBP | 0.85 | 0.85 | 0.88 | 0.88 |
| | EUR-DKK | 7.47 | 7.47 | 7.47 | 7.47 |
| | EUR-SEK | 10.56 | 10.50 | 10.50 | 10.40 |
| | EUR-CHF | 1.07 | 1.08 | 1.09 | 1.11 |
| | EUR-NOK | 10.14 | 9.80 | 9.70 | 9.60 |
| Central- and Eastern Europe | EUR-PLN | 4.25 | 4.30 | 4.30 | 4.25 |
| | EUR-HUF | 337.03 | 335.00 | 330.00 | 330.00 |
| | EUR-CZK | 25.09 | 25.20 | 25.10 | 25.10 |
| Africa | EUR-ZAR | 16.32 | 16.91 | 16.82 | 17.02 |
| Latin America | EUR-BRL | 4.66 | 4.65 | 4.61 | 4.70 |
| | EUR-MXN | 20.49 | 21.73 | 21.76 | 22.40 |
| Asia | EUR-CNY | 7.67 | 7.78 | 7.71 | 7.84 |
| | EUR-SGD | 1.52 | 1.53 | 1.53 | 1.56 |
| | EUR-KRW | 1303 | 1310 | 1310 | 1344 |
| US-Dollar | | Current | Forecasts | | |
| | | Feb 6 2020 | 3 months | 6 months | 12 months |
| Dollar-Bloc | USD-CAD | 1.33 | 1.32 | 1.32 | 1.31 |
| | AUD-USD | 0.67 | 0.68 | 0.68 | 0.69 |
| Japan | USD-JPY | 109.81 | 109.00 | 109.00 | 110.00 |
| Euro-Outs | GBP-USD | 1.30 | 1.32 | 1.26 | 1.27 |
| | USD-DKK | 6.79 | 6.67 | 6.73 | 6.67 |
| | USD-SEK | 9.59 | 9.38 | 9.46 | 9.29 |
| | USD-CHF | 0.97 | 0.96 | 0.98 | 0.99 |
| | USD-NOK | 9.22 | 8.75 | 8.74 | 8.57 |
| Central- and Eastern Europe | USD-PLN | 3.86 | 3.84 | 3.87 | 3.79 |
| | USD-HUF | 306.27 | 299.11 | 297.30 | 294.64 |
| | USD-CZK | 22.80 | 22.50 | 22.61 | 22.41 |
| Africa | USD-ZAR | 14.83 | 15.10 | 15.15 | 15.20 |
| Latin America | USD-BRL | 4.24 | 4.15 | 4.15 | 4.20 |
| | USD-MXN | 18.62 | 19.40 | 19.60 | 20.00 |
| Asia | USD-CNY | 6.97 | 6.95 | 6.95 | 7.00 |
| | USD-SGD | 1.39 | 1.37 | 1.38 | 1.39 |
| | USD-KRW | 1180 | 1170 | 1180 | 1200 |

## Commodities

| Commodity | Current | Forecasts | | |
|---|---|---|---|---|
| | Feb 6 2020 | 3 months | 6 months | 12 months |
| **Gold (USD per troy ounce)** | 1,552.18 | 1,540 | 1,540 | 1,545 |
| **Gold (EUR per troy ounce)** | 1,408.51 | 1,380 | 1,390 | 1,380 |
| **WTI crude (USD per Barrel)** | 49.61 | 58 | 61 | 59 |
| **WTI crude (EUR per Barrel)** | 45.02 | 52 | 55 | 53 |
| **Brent crude (USD per Barrel)** | 54.71 | 63 | 66 | 64 |
| **Brent crude (EUR per Barrel)** | 49.65 | 56 | 59 | 57 |

**February 2020**

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