Macro Research
Economic Forecasts

July 2020

Markets ahead of the field – can the economy keep pace?

Let's start with the good news! Both the financial markets and the economy are running in the right direction at the moment. Apparently the slump in global economic activity due to the corona virus pandemic bottomed out in April. Economic data for May and June were in line with the recovery path and have improved as lockdowns have been eased in the industrial countries, where the rate of infection has slowed in most cases. Since bottoming out in March equity markets have moved in only one direction – upwards! However, the decisive difference between equity markets and the economy is speed. Market players are much more optimistic than companies, consumers or economists. For the latter the variance in speed of recovery between the markets and the economy is the one-million dollar question.

Economy or markets - who is in the lead?

Source: Adobe Stock, DekaBank.

The coronavirus pandemic continues to play the leading role in the macroeconomic outlook. With regard to the rate of new infections the situation is very gloomy in India and parts of Latin America. In the USA early easing of lockdowns has led to record numbers of new infections. Against this backdrop it is difficult to see the linear upward movement of the markets as a positive economic signal. Resumption of production has been held back by the low level of global demand. In 2021 some countries such as Germany will presumably achieve their pre-recession production levels. For countries such as Brazil, Italy and Spain, however, this is unlikely to happen before 2022.

To continue with the metaphor: the equity markets will have to reduce their speed. In the summer hefty share price fluctuations with intermittent setbacks can be expected. The economy can then recover, so that with their sights on the year ahead the markets and the economy can travel shoulder to shoulder along the road to recovery if, above all, the economic aid packages provide the support they were intended to supply. One thing is clear: the power of expansionary monetary and fiscal policy should not be underestimated. Interest rates have continued to provide support and have remained for a long time at very low levels.

Other issues have been almost completely ignored under the crushing dominance of the corona pandemic. Whether it is President Trump's dwindling chances of reelection, which can be expected to lead to an even more confrontational style of politics from the USA. Whether it is the threat at the turn of the year of a „no deal" Brexit, as there are currently no signs of progress in the negotiations between the UK and the EU. These issues together with analysis of the variance in speed of recovery between the markets and the economy mean that we can expect substantial fluctuations on the markets in the summer. Meanwhile the race remains exciting to the end.

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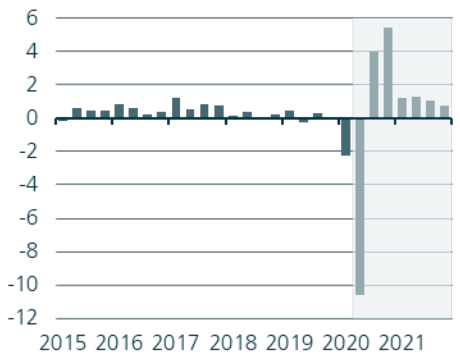
- Eurozone: GDP 2020 and 2021: -8.4 % and 6.6 % (previously -8.6 % and 7.5 %).
- USA: GDP 2020 and 2021: -5.6 % and 5.9 % (previously -4.9 % and 5.2 %); Inflation 2020 and 2021: 0.8 % and 1.3 % (previously 0.7 % and 1.4 %).
- DAX: slight upward revsion of share price targets.
- Gold: upward revision of the whole forecasting period.
- Crude oil: upward revision of the 3-month forecast.
- Downward revision of GDP forecasts for many EM economies.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



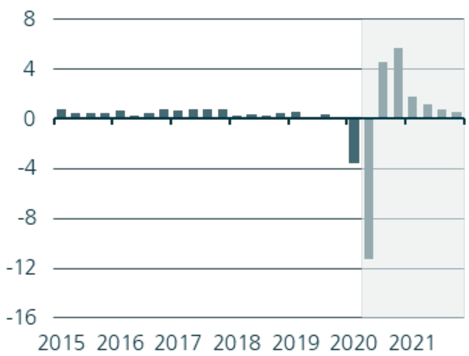
Sources: Destatis, forecast DekaBank

Germany

The month of April marked the trough of the corona recession. Indicators signalled massive collapses in output, incoming orders and turnover in the hospitality industry. Turnover in the retail sector also dropped, albeit by much less than in other sectors. In the meantime survey indicators have changed and are now signalling a revival. However, so far it has been expectations for the months to come that have rocketed upwards,whereas survey data relating to the current situation have risen only slightly. The weak momentum of the actual upswing underscores VAT reports from the industrial sector, which in May rose by only 3.3% against the previous month.

- Forecast revision: GDP 2020 and 2021: -6.7 % and 6.1 % (previously -7.3 % and 7.5 %); Inflation 2020: 0.9 % (previously 0.8 %).

Eurozone: GDP (% qoq, sa)



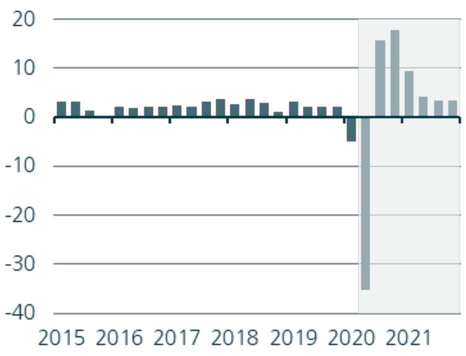
Sources: Eurostat, forecast DekaBank

Eurozone

The Eurozone is in the worst economic crisis since the second world war. However, the foundations for recovery have been laid and leading indicators are already signalling a significant increase in business and household confidence. However, a return to growth can only be expected in the second half of the year. In the second quarter a new negative record in economic activity is expected. This holds for all four major EMU countries, Germany, France, Italy and Spain. In all four countries output is expected to fall by more than 10% against the previous quarter.

Forecast revision: GDP 2020 and 2021: -8.4 % and 6.6 % (previously -8.6 % and 7.5 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

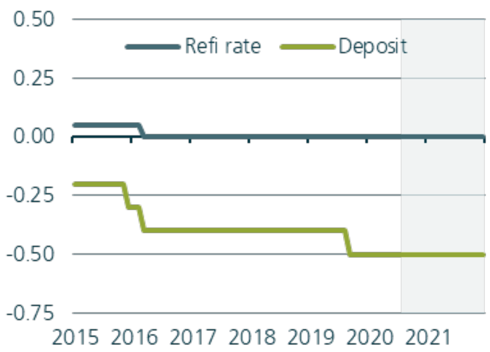
USA

According to unofficial calculations GDP increased in May by 4.1% against the previous month. This hefty growth can be attributed almost entirely to private consumption. Daily consumer data in June reflect renewed strong growth. In view of the upward revision in April we can assume that between April and June the economy will have grown by more than we had expected. Nevertheless, measures to ease lockdowns due to a renewed rise in new infections especially in the south of the USA, have been cancelled. We therefore expect a renewed slump in GDP in July.

- Forecast revision: GDP 2020 and 2021: -5.6 % and 5.9 % (previoously -4.9 % and 5.2 %); Inflation 2020 and 2021: 0.8 % and 1.3 % (previously 0.7 % and 1.4 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)

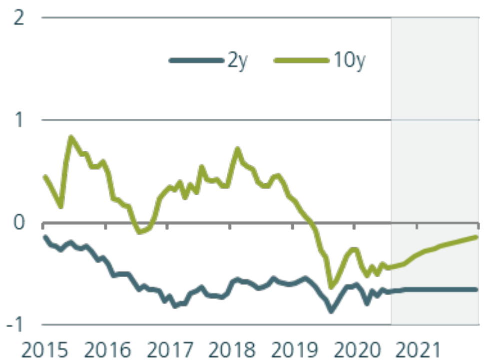


Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

Should inflation not develop as expected, the ECB has kept the door open within the framework of the Pandemic Emergency Purchase Programme (PEPP) for it to be able to continue purchasing assets beyond June 2021. Moreover, in this case another cut of the deposit rate would be a realistic policy option. As a consequence, money market futures are currently showing a downward trend for EONIA and EURIBOR rates. On the other hand, we expect a long sideways movement on the money market. If the economic recovery meets expectations and there is no significant danger of deflation, the ECB will probably bring the PEPP to an end in the middle of 2021 and will not further cut key rates. At the same time we are still a long way from raising key rates and there is no sign of a peak in the flow of liquidity. The ECB will continue to purchase assets through the Asset Purchase Programme (APP) for some years yet and reinvest reflows from the PEPP.

German Bond Yield (% p.a.)

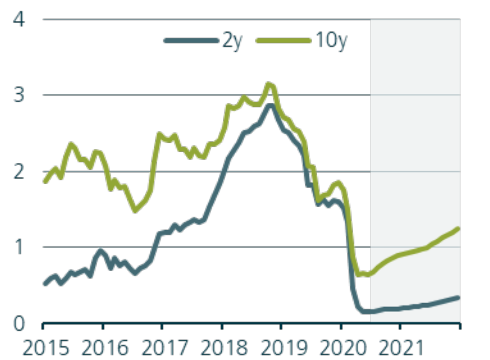


Sources: Bloomberg, forecast DekaBank

Eurozone bond market

The rising public debt and the European Reconstruction Fund planned by the EU Commission, which is designed to support weak member states, will have a negative impact on Bunds in the years to come. However, this will be largely compensated for by the ECB's very expansive monetary policy. With hints of a continuation of the PEPP asset-purchase programme beyond the middle of 2021 or a further cut of the deposit rate the ECB is trying to counteract rising yields on Eurozone government bond markets. Moreover, hopes of a speedy economic recovery have dwindled somewhat recently, in part due to another rise in numbers of corona infection. Against this backdrop we initially expect only a slow steepening of the Bund curve.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

The Fed's interest rate meeting in June resulted in an organisational normalisation: the projections that had been available since December 2019 were now brought up to date by the FOMC members. Their economic outlook is now weaker than that of most analysts. Moreover the FOMC members assume that their inflation target will neither be reached at the end of 2021 nor the end of 2022. Against this backdrop the possibility cannot be excluded that key rates will only be raised in 2023 or even later. As our inflation expectations are higher, we maintain our forecast of an initial key-rate hike in the middle of 2022. US bond markets have anticipated the fundamental outlook of very low interest rates for a long time and yields have remained low.

Markets: Industrial countries

Equity Market Forecast

	Current Jul 1, 20	in 3	in 6 months	in 12
DAX	**12 260.57**	**11 000**	**12 500**	**13 000**
Reporting:				
EuroStoxx50	3 228.45	3 000	3 300	3 500
S&P 500	3 115.86	2 800	3 000	3 100
Topix	1 538.61	1 500	1 550	1 600

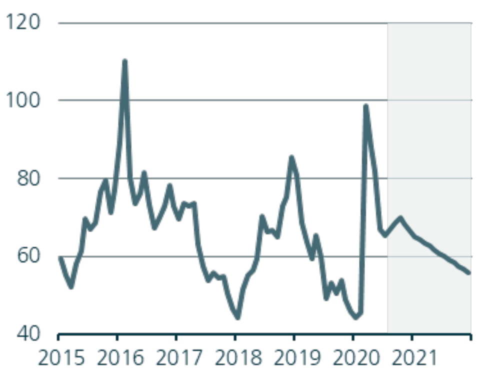
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

The month of June was overshadowed by the Wirecard scandal, which resulted in huge losses for individual equity investors and lowered the DAX index by some 140 points. Apart from that the fundamental underlying trends have remained supportive. Except for a few regional outbreaks the first wave of the coronavirus pandemic has been mastered and lockdown restrictions are now being eased. Business activity is increasing in both the manufacturing and services sectors and purchasing managers' indices are reflecting a rise in business sentiment. This is also supported by the government's fiscal package and the constant support provided by the ECB. After the initial speedy recovery phase the subsequent economic upswing will lose momentum. The same will hold true for equity prices, which should consolidate somewhat in the summer months.

Forecast revision: slight upward revsion of share price targets.

iTraxx Europe (Bp)



Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

The strong recovery on the corporate bond market which followed the massive widening of spreads due to the corona shock was transformed in June into a sideways movement. A large part of the spread increases have been made up for, but until the levels at the beginning of the year are reached there is still some way to go. This applies more to cash bonds than to credit derivatives such as iTraxx, for bonds have suffered under a flood of new issues, which companies have launched on the market at record speed in order to plug liquidity gaps. With the help of the ECB's massive expanded asset-purchasing programmes these new isssues could be placed without difficulty. However, the spreads for outstanding bonds have risen on the secondary market and offer attractive possibilities for entry.

Covered Bonds 5y (% p.a.)

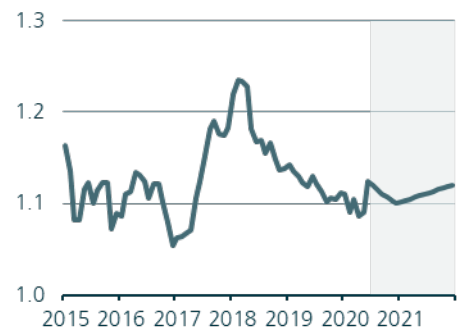
Source: Bloomberg

Covered Bonds

In June the pipeline for new issues of covered bonds became noticeably more active. From a total of EUR 30bn of new issues EUR 7bn found their way on to the free market. Most of these have been withheld to be used as security. As risk premiums on the market have fallen further and are now only slightly above their level before the crisis, investors are less willing to subscribe. As financial institutes can refinance cheaply via the new TLTRO-III with 3-year maturities, issuing banks have again favoured medium and long-term maturities. The ECB has recently been somewhat reticent with the net purchase of covered bonds and has concentrated on government bonds, but substitute purchases for maturities suffice to provide the market with support. Spreads could well give way slightly.

Markets: Industrial countries

Exchange Rate EUR-USD

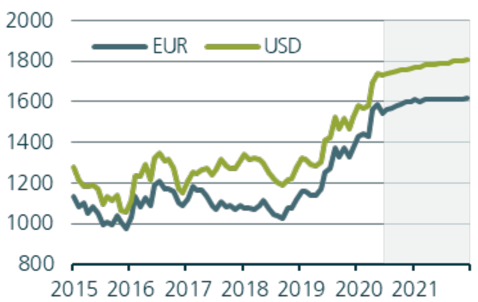


Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

At the end of June the Euro stood at the same level as at the beginning of the year, namely 1.12EUR-USD. In the course of the month, however, the exchange rate did not remain stable. At the beginning of June the exchange rate was 1.11EUR-USD. The ECB's monetary policy decisions did not have a negative impact on the Euro and in the first half of June it rose to 1.14EUR-USD. At its interest rate meeting in June the ECB substantially expanded its monetary easing by topping up its asset-purchasing programme by EUR600bn to combat the corona crisis. In the second half of June the Euro ran into headwinds and finished the month at 1.12 EUR-USD. This can be attributed to the boost given to the dollar by positive surprises in economic data. The USA appears to get through the crisis better than expected.

Gold price (per troy ounce)



Per-formance	from 30.06.14 to 30.06.15	30.06.15 30.06.16	30.06.16 30.06.17	30.06.17 30.06.18	30.06.18 30.06.19	30.06.19 30.06.20
Gold in Euro	8.80%	13.51%	-8.73%	-1.30%	15.85%	28.67%
Gold in USD	-11.36%	12.70%	-5.93%	0.98%	12.69%	27.36%

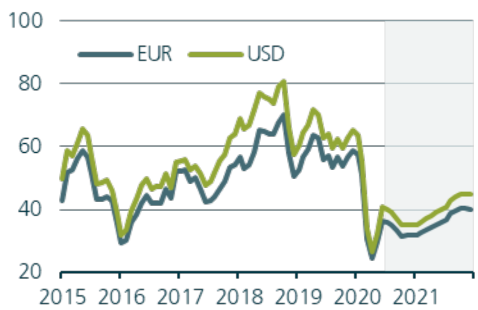
Sources: Bloomberg, forecast DekaBank

Gold

Gold is still shining. No wonder! The global economy is suffering its worst crisis since the second world war. The monetary and fiscal packages designed to fight the recession have reached historic dimensions and are still being topped up worldwide. In view of this liquidity tsunami it is not surprising that investors have boosted a strong increase in global stocks of gold funds (ETFs). Moreover, there is growing uncertainty about the possibility of a second wave of corona infections, which has been fed by the latest record number of new infections in the USA and in some EM countries. Even if some of these developments have been reflected in the gold price, there is still potential for a further rise.

- Forecast revision: upward revision of the whole forecasting period.

Crude Oil Brent (per barrel)



Performance	from 30.06.14 to 30.06.15	30.06.15 30.06.16	30.06.16 30.06.17	30.06.17 30.06.18	30.06.18 30.06.19	30.06.19 30.06.20
Brent in Euro	-30.53%	-21.31%	-6.42%	62.03%	-13.88%	-37.53%
Brent in USD	-43.41%	-21.87%	-3.54%	65.78%	-16.23%	-38.17%

Sources: Bloomberg, forecast DekaBank

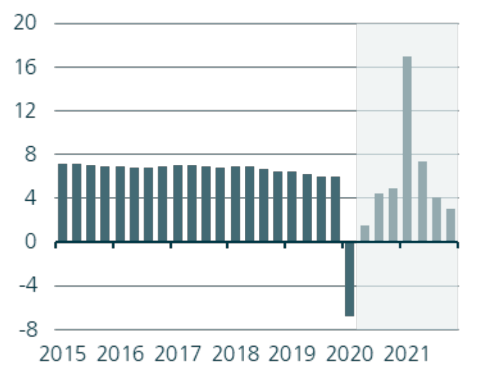
Crude oil

Although concerns over global demand for crude oil have diminished in recent weeks they have certainly not disappeared. Together with the second wave of corona infections which is now building up, especially in the USA, this can again become a pressing issue. We therefore expect a slight downward correction of oil prices in the current year, before they should rise again with stronger global demand in the coming year. However, one precondition is that global output does not increase too much, so that excess supply can be gradually reduced. For the time being, however, oil storage facilities are full and the voluntary production cap by OPEC+ countries will still be needed to avoid another collapse of prices.

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

Emerging Markets

China: GDP (% yoy)



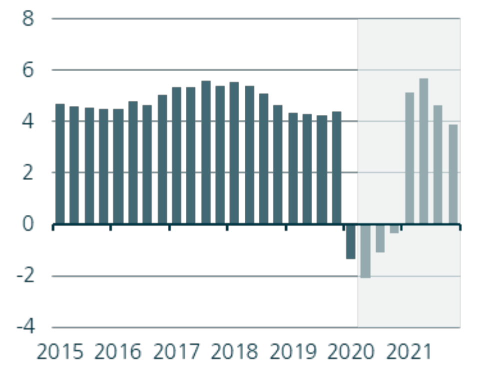
Sources: National Statistics, forecast DekaBank

China

The official purchasing managers' indices for both the manufacturing and services sector improved in June and signalled continuation of the economic recovery. However, in view of the new corona outbreaks in Beijing consumers are likely to remain cautious. In May China's exports were only 3.3% below their level in the previous year, which was much better than had been expected. The weak development of incoming orders would appear to signal a slump in the months to come. All in all, the speed of the economic recovery has failed to meet our expectations, so that we have lowered our GDP growth forecast for 2020 from 1.8 % to 1.0 % and for 2021 from 8.4 % to 7.8 %. In the border dispute with India, which has been smouldering for decades, there have recently been several deaths and the conflict threatens to have a lasting negative impact on the two countries' bilateral relations.

Forecast revision: downward revision of GDP growth forecasts for 2020 and 2021.

Emerging Markets: GDP (% yoy)



Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

Corona new infection figures have soared again especially in Latin America and south Asia. Nevertheless, measures designed to contain the pandemic are being eased, in order to limit the social costs associated with the restrictions. These developments have led to uncertainty for consumers and have had a negative impact on the economic recovery. In order to support the economy many central banks have lowered their key rates. Massive aid programmes in the USA and Europe have strengthened sentiment on the financial markets and enabled most EM countries to continue financing themselves on the financial markets. Argentina and its creditors are making progress in current debt resctructuring negotiations, but have so far failed to reach an agreement.

Forecast revision: downward revision of the GDP growth forecasts for China, India, Turkey, South Africa and almost all countries in Latin America.

EMBIG Diversified-Spread (Bp)

Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

EM equities and hard-currency bonds have been able to continue their recovery in recent weeks. The main driving forces have been better economic data and massive monetary and fiscal aid packages worldwide. The strong spread of the corona virus pandemic in Latin America, south Asia and South Africa has had a negative impact above all on Latin American currencies, which is why EM domestic-currency bonds have been unable to participate in the favourable development. A good three months after the outbreak of the corona pandemic triggered a wave of uncertainty many questions remain open and forecasting risks are unusually high. However, the capital markets can rely on an environment of constant low interest rates and economic recovery in the months to come. For some EM countries this support will not be enough. In particular oil producers with a poor credit rating face a high risk that they will have to restructure their public debt. Most EM countries, however have sufficient financial scope to be able to avoid a debt crisis.

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	3.1	0.6	-6.7	6.1	1.4	0.9	1.4	7.1	6.6	6.7	1.4	-7.5	-3.0
France	2.2	1.5	-10.1	8.4	1.3	0.5	1.1	-0.7	-0.7	-0.6	-3.0	-10.2	-6.2
Italy	1.7	0.3	-10.1	6.2	0.6	0.0	0.8	3.0	3.1	3.1	-1.6	-11.0	-5.2
Spain	1.4	2.0	-9.6	6.6	0.8	0.0	1.0	2.0	2.2	2.4	-2.8	-9.5	-6.7
Netherlands	0.7	1.8	-7.7	7.0	2.7	1.3	1.7	10.2	9.0	9.4	1.7	-6.2	-3.0
Belgium	0.4	1.4	-7.6	6.8	1.2	0.4	1.5	-1.2	-0.7	-1.1	-1.9	-8.9	-6.0
Eurozone	**11.2**	**1.2**	**-8.4**	**6.6**	**1.2**	**0.5**	**1.2**	**3.0**	**3.0**	**3.2**	**0.1**	**-8.3**	**-4.4**
Sweden	0.4	1.2	-5.1	4.9	1.7	0.3	1.6	3.9	2.2	4.0	0.4	-5.3	-1.6
Denmark	0.2	2.4	-5.6	4.8	0.7	0.3	1.0	7.9	4.8	5.3	2.5	-7.0	-0.3
EU-21	**11.8**	**1.3**	**-8.2**	**6.5**	**1.2**	**0.5**	**1.2**	**3.2**	**3.0**	**3.3**	**0.2**	**-8.2**	**-4.2**
Poland	0.9	4.2	-4.6	5.0	2.3	3.2	2.5	0.5	-1.4	-1.2	-0.7	-9.5	-3.8
Czech Republic	0.3	2.5	-7.6	5.0	2.8	2.9	2.1	-0.4	-1.3	-0.2	0.3	-6.7	-4.0
Hungary	0.2	4.4	-4.4	4.1	3.4	2.9	3.0	-0.8	-0.6	-0.7	-2.0	-5.2	-4.0
EU-27	**13.8**	**1.7**	**-7.8**	**6.3**	**1.5**	**0.8**	**1.3**	**2.4**	**2.3**	**2.5**	**0.0**	**-8.2**	**-4.2**
USA	15.1	2.3	-5.6	5.9	1.8	0.8	1.3	-2.2	-2.0	-2.0	-7.2	-17.5	-10.5
Japan	4.1	0.7	-3.8	4.1	0.5	0.0	0.0	3.6	4.0	4.0	-2.3	-11.0	-6.5
United Kingdom	2.2	1.4	-11.2	6.6	1.8	0.6	0.5	-3.8	-4.4	-4.5	-2.1	-8.3	-5.5
Canada	1.3	1.7	-5.7	4.9	2.0	0.4	1.1	-2.0	-2.5	-2.5	-0.3	-9.0	-3.5
Australia	1.0	1.8	-2.6	4.4	1.6	1.6	1.7	0.6	2.0	4.0	-0.4	-10.0	-6.5
Switzerland	0.4	1.0	-6.5	5.3	0.4	-0.8	-0.3	12.2	7.2	8.8	0.9	-5.1	-1.9
Norway	0.3	2.4	-3.5	3.7	2.2	1.6	3.3	4.0	-1.3	0.1	7.9	0.8	3.7
Developed Countries[4]	**36.3**	**1.7**	**-6.5**	**5.9**	**1.5**	**0.6**	**1.1**	**0.4**	**0.3**	**0.5**	**-3.3**	**-12.3**	**-7.1**
Russia	3.1	1.3	-5.6	3.5	4.5	3.3	3.7	3.8	0.2	1.4	1.8	-4.2	-3.1
Turkey	1.7	0.7	-4.1	3.3	15.2	11.0	9.9	1.2	-2.1	-3.1	-2.9	-6.3	-5.8
Ukraine	0.3	3.2	-6.0	5.6	7.9	4.0	6.5	-0.9	-2.1	-1.5	-1.9	-7.4	-4.4
Emerging Europe[5]	**7.4**	**2.1**	**-5.1**	**3.8**	**6.6**	**5.1**	**4.9**	**0.4**	**-1.5**	**-1.1**	**X**	**X**	**X**
South Africa	0.6	0.2	-7.6	3.0	4.1	3.6	4.2	-3.0	-2.6	-2.7	-6.7	-12.4	-8.7
Middle East, Africa	**3.3**	**2.7**	**-2.9**	**3.1**	**6.6**	**6.9**	**6.8**	**-1.5**	**-2.9**	**-1.6**	**X**	**X**	**X**
Brazil	2.4	1.1	-7.9	3.5	3.7	2.5	2.6	-2.7	-2.5	-2.8	-5.9	-16.3	-6.8
Mexico	1.9	-0.3	-9.3	2.0	3.6	2.6	3.2	-0.3	-2.7	-2.6	-1.7	-4.6	-3.9
Argentina	0.6	-2.2	-9.5	1.1	53.5	45.2	37.9	-0.8	-0.3	-2.2	-3.8	-6.1	-3.7
Chile	0.4	1.0	-5.2	4.0	2.3	3.2	3.0	-3.9	-4.5	-4.0	-2.8	-11.0	-5.6
Latin America	**6.6**	**-0.3**	**-8.7**	**3.3**	**8.4**	**6.7**	**6.3**	**-1.7**	**-2.6**	**-2.5**	**X**	**X**	**X**
China	19.3	6.1	1.0	7.8	2.9	2.6	1.7	1.0	0.8	0.5	-6.4	-11.2	-9.6
India	8.0	4.9	-1.7	5.0	3.7	3.9	3.8	-0.9	-0.4	-0.6	-7.4	-10.0	-8.0
Indonesia	2.6	5.0	-2.1	4.1	2.8	2.7	3.1	-2.7	-1.4	-1.7	-1.6	-6.5	-4.3
South Korea	1.6	2.0	-1.4	1.4	0.4	0.3	1.1	3.7	4.0	4.1	-0.3	-4.7	-1.9
Emerging Asia	**35.6**	**5.2**	**-0.5**	**6.1**	**2.8**	**2.4**	**2.2**	**1.5**	**1.5**	**1.2**	**X**	**X**	**X**
Emerging Markets	**53.0**	**3.9**	**-2.3**	**5.3**	**4.2**	**3.6**	**3.3**	**0.8**	**0.3**	**0.3**	**X**	**X**	**X**
Total[6]	**89.3**	**3.0**	**-4.0**	**5.5**	**3.1**	**2.4**	**2.4**	**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		
		Jul 1 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)	-0.42	-0.40	-0.40	-0.40
	12 months (EURIBOR)	-0.23	-0.23	-0.25	-0.25
	Bunds, 2 years	-0.66	-0.65	-0.65	-0.65
	Bunds, 5 years	-0.64	-0.65	-0.65	-0.60
	Bunds, 10 years	-0.40	-0.40	-0.30	-0.20
	Bunds, 30 years	0.06	0.05	0.15	0.25
USA	Monetary policy (FFR)	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25
	3 months (LIBOR)	0.30	0.30	0.30	0.30
	12 months (LIBOR)	0.55	0.45	0.45	0.45
	US-Treasuries, 2 years	0.16	0.20	0.20	0.25
	US-Treasuries, 5 years	0.31	0.50	0.60	0.80
	US-Treasuries, 10 years	0.68	0.80	0.90	1.00
	US-Treasuries, 30 years	1.42	1.35	1.35	1.35
Japan	Monetary policy (Call)	-0.10	-0.10	-0.10	-0.10
	3 months (LIBOR)	-0.05	0.00	0.00	0.00
	12 months (LIBOR)	0.11	0.10	0.10	0.10
	JGBs, 2 years	-0.13	-0.15	-0.15	-0.15
	JGBs, 5 years	-0.09	-0.10	-0.10	-0.10
	JGBs, 10 years	0.05	0.00	0.00	0.00
	JGBs, 30 years	0.64	0.60	0.60	0.60
United Kingdom	Monetary policy (Base)	0.10	0.10	0.10	0.10
	3 months (LIBOR)	0.14	0.20	0.20	0.20
	12 months (LIBOR)	0.43	0.50	0.50	0.50
	Gilts, 2 years	-0.07	-0.10	-0.10	0.10
	Gilts, 5 years	-0.02	0.00	0.10	0.20
	Gilts, 10 years	0.21	0.20	0.20	0.40
	Gilts, 30 years	0.67	0.60	0.60	0.70
Sweden	Monetary policy (Repo)	0.00	0.00	0.00	0.00
	3 months (STIB)	0.04	0.10	0.10	0.10
	2 years	-0.32	-0.30	-0.20	-0.20
	10 years	0.01	0.00	0.10	0.20
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.18	-0.20	-0.20	-0.20
	2 years	-0.50	-0.50	-0.50	-0.50
	10 years	-0.25	-0.25	-0.15	-0.05
Norway	Monetary policy (Deposit)	0.00	0.00	0.00	0.00
	3 months (NIBOR)	0.35	0.40	0.40	0.40
	2 years	0.25	0.40	0.40	0.60
	10 years	0.69	0.80	0.90	1.10
Switzerland	Monetary policy (LIBOR)	-0.75	-0.75	-0.75	-0.75
	3 months (LIBOR)	-0.68	-0.65	-0.65	-0.65
	2 years	-0.67	-0.65	-0.65	-0.65
	10 years	-0.40	-0.40	-0.30	-0.20
Canada	Monetary policy (O/N)	0.25	0.25	0.25	0.25
	3 months (CBA)	0.56	0.45	0.40	0.35
	12 months (CBA)	0.85	0.70	0.65	0.50
	2 years	0.29	0.30	0.30	0.30
	5 years	0.37	0.50	0.55	0.75
	10 years	0.53	0.70	0.90	1.15
	30 years	0.99	1.20	1.30	1.40
Australia	Monetary policy (Cash)	0.25	0.25	0.25	0.25
	3 months (ABB)	0.11	0.10	0.15	0.25
	2 years	0.26	0.30	0.30	0.30
	10 years	0.94	0.90	0.90	0.90

Interest rates in EM countries

			Current	Forecasts		
			Jul 1 2020	3 months	6 months	12 months
Central- and Eastern Europe	Poland	Monetary policy (Repo)	0.10	0.10	0.10	0.10
		3 months (WIB)	0.16	0.15	0.20	0.30
		2 years	0.13	0.15	0.15	0.30
		10 years	1.42	1.50	1.50	1.80
	Czech Rep.	Monetary policy (Repo)	0.25	0.05	0.05	0.05
		3 months (PRIBOR)	0.34	0.15	0.20	0.30
		2 years	0.06	-0.10	0.00	0.10
		10 years	0.82	0.70	0.70	1.00
	Hungary	Monetary policy (Deposit)	0.75	0.75	0.50	0.50
		3 months (BUBOR)	0.74	0.75	0.50	0.50
		3 years	1.00	1.00	0.80	0.90
		10 years	2.22	2.20	2.10	2.10
Latin America	Brazil	Monetary policy (Repo)	2.25	2.25	2.25	2.25
		3 months (ABG)	2.07	2.38	2.43	2.53
		2 years	3.53	3.85	4.00	4.20
		10 years	6.85	6.50	6.40	6.40
	Mexico	Monetary policy	5.00	4.00	3.50	3.50
		3 months (Mexibor)	4.84	4.30	3.30	3.30
		2 years	4.61	4.80	4.80	4.80
		10 years	5.74	6.00	6.00	6.00
Asia	China	Monetary policy	1.50	1.50	1.50	1.50
		3 months	2.12	2.00	2.00	2.00
		3 years	2.36	2.30	2.30	2.40
		10 years	2.85	2.80	2.70	2.70
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	0.55	0.60	0.50	0.50
		2 years	0.29	0.50	0.50	0.50
		10 years	0.90	1.00	1.00	1.00
	South Korea	Monetary policy	0.50	0.50	0.50	0.50
		3 months	0.48	0.60	0.60	0.60
		2 years	0.79	0.90	0.90	0.90
		10 years	1.40	1.40	1.40	1.50

Yield spreads in basis points[1)]

			Current	Forecasts		
			Jul 1 2020	3 months	6 months	12 months
Emerging Markets, EMBIG Div Spreads	Central- and Eastern Europe	Russia	209	224	233	215
		Turkey	588	630	655	605
		Hungary	172	184	192	177
	Africa	South Africa	526	564	586	541
	Latin America	Brazil	365	392	407	376
		Chile	207	222	231	213
		Columbia	285	306	318	293
		Mexico	520	557	580	535
	Asia	China	150	161	167	154
		Indonesia	260	279	290	268
		Philippines	159	171	178	164
	Total (EMBIG Div)		**466**	**500**	**520**	**480**

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		
		Jul 1 2020	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.13	1.11	1.10	1.11
	EUR-CAD	1.53	1.51	1.51	1.53
	EUR-AUD	1.63	1.63	1.64	1.68
Japan	EUR-JPY	121.01	119.88	119.90	122.10
Euro-Outs	EUR-GBP	0.90	0.90	0.90	0.88
	EUR-DKK	7.45	7.47	7.47	7.47
	EUR-SEK	10.47	10.40	10.30	10.30
	EUR-CHF	1.07	1.06	1.07	1.09
	EUR-NOK	10.72	10.60	10.50	10.40
Central- and Eastern Europe	EUR-PLN	4.48	4.60	4.50	4.40
	EUR-HUF	353.27	360.00	355.00	355.00
	EUR-CZK	26.64	27.00	27.00	26.80
Africa	EUR-ZAR	19.25	19.43	19.80	20.54
Latin America	EUR-BRL	6.00	5.77	6.05	6.11
	EUR-MXN	25.68	24.98	25.85	26.64
Asia	EUR-CNY	7.97	7.94	7.92	7.88
	EUR-SGD	1.57	1.57	1.56	1.58
	EUR-KRW	1353	1376	1353	1354

US-Dollar		Current	Forecasts		
		Jul 1 2020	3 months	6 months	12 months
Dollar-Bloc	USD-CAD	1.36	1.36	1.37	1.38
	AUD-USD	0.69	0.68	0.67	0.66
Japan	USD-JPY	107.42	108.00	109.00	110.00
Euro-Outs	GBP-USD	1.25	1.23	1.22	1.26
	USD-DKK	6.62	6.73	6.79	6.73
	USD-SEK	9.29	9.37	9.36	9.28
	USD-CHF	0.95	0.95	0.97	0.98
	USD-NOK	9.51	9.55	9.55	9.37
Central- and Eastern Europe	USD-PLN	3.98	4.14	4.09	3.96
	USD-HUF	313.60	324.32	322.73	319.82
	USD-CZK	23.64	24.32	24.55	24.14
Africa	USD-ZAR	17.09	17.50	18.00	18.50
Latin America	USD-BRL	5.32	5.20	5.50	5.50
	USD-MXN	22.80	22.50	23.50	24.00
Asia	USD-CNY	7.07	7.15	7.20	7.10
	USD-SGD	1.39	1.41	1.42	1.42
	USD-KRW	1203	1240	1230	1220

Commodities

Commodity	Current	Forecasts		
	Jul 1 2020	3 months	6 months	12 months
Gold (USD per troy ounce)	1,770.79	1,755	1,770	1,790
Gold (EUR per troy ounce)	1,572.08	1,590	1,610	1,610
WTI crude (USD per Barrel)	39.82	30	30	36
WTI crude (EUR per Barrel)	35.35	27	27	32
Brent crude (USD per Barrel)	41.59	35	35	41
Brent crude (EUR per Barrel)	36.92	32	32	37

July 2020

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