# Macro Research
# Economic Forecasts

December 2015 / January 2016 Macro Research

## A silver lining on the distant interest rate horizon.

What sort of a year was 2015 for the securities markets? In a low-interest environment it turned out, as expected, to be a year for equities, as was 2014. And otherwise? There was more market volatility than in 2014. A varied mixture of news, much of it bad, reached us and had to be processed by the markets. Here the central banks once again played a decisive role. Whether in the Greek crisis or the Ukraine conflict in the first half of the year, or with concerns over China and the global economy in the second half, the central banks were always prepared and could be counted on to provide expansive monetary support.

Source: Fotolia, DekaBank.

In essence there will be no radical change of course within the monetary policy framework. Domestic investors remain trapped in a world without interest. However, under the guise of normalising its monetary policy the Fed will risk its first rate hike on December 16th. If we glimpse this falling star on the interest-rate horizon, we can grant ourselves a wish. More gentle hikes can be expected from the Fed in the years to come. Whether the same can be said of our domestic rates is written in the stars. At the moment, there is no more to be seen than a silver lining on the horizon.

However modest interest-rate changes may prove in the year to come, the change in fundamental prospects is remarkable. Systemic risks on the financial market have receded into the background and political risks have moved to the foreground. The flow of refugees and the associated threat to internal security constitute a huge challenge for Europe, which can impact approaching elections and transform the political landscape. The possibility that the openness and transparency of both societies and economies as well as the necessary willingness to reform may all suffer crucial setbacks, is a risk that must be taken into consideration in our forecasts.

All in all, we expect modest growth of the global economy until the end of 2017, accompanied by a gradual increase in the yields of fixed-interest securities and in which European equities will offer the most attractive potential gains in 2016. As with any turning point, the change in prospects and issues we have mentioned brings with it a full measure of imponderables and consequently market volatility. Equity and interest-rate markets will be dominated by short-lived and constantly changing trends. The road away from historically low interest rates will be long and arduous. A widely diversified portfolio and regular investment of funds in the form of a savings plan can offer a constructive accompanying measure to the initial normalisation of interest rates in securities investment.

**Contents** **Page**

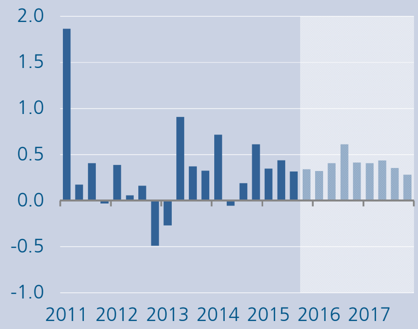


### Most important forecast revisions and changes

+ We have widened our forecast horizon to 2017.
+ Eurozone: downward revision of GDP and inflation rate for 2016.
+ USA: GDP 2016: 2.5 % (previously: 2.6 %); inflation 2016: 1.8 % (previously: 2.2 %). Downward revision of key rate forecast for the end of 2017 to 2.375 % (previously: 2.875 %).
+ Crude oil: downward revision of our crude oil price forecast for 2016.
+ Brazil: downward revision of our GDP forecast.

## Economy: Industrial countries

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



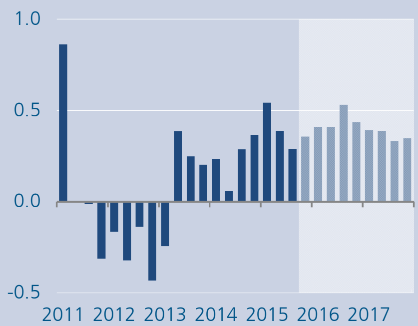

Sources: Destatis, forecast DekaBank

### Germany

The start to the fourth quarter was mixed: retail sales slumped and output virtually stagnated. However, there was some good news as well: in the industrial sector sales and orders rose appreciably. However, more good news will be needed if our forecast of GDP growth of 0.3 % qoq is to be realised. Nevertheless, current indicators of market sentiment are strong and appear to justify our hopes of further good news.

Forecast revision: –.

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



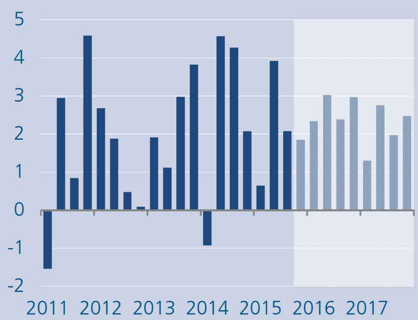

Sources: Eurostat, forecast DekaBank

### Eurozone

Consumption was the most important mainstay for Euro zone growth in the third quarter and without its contribution GDP would have shrunk. Corporate capital investment stagnated and foreign trade proved a burden. Indicators of market sentiment have signalled a slight revival of the economy in the fourth quarter. In the meantime the economic recovery has produced a visible improvement on the labour market. The Euro zone unemployment rate was 10.7 % in October, its lowest level since January 2012. The inflation rate was 0.1 % in November. Although stronger growth would normally raise inflation, the impact of falling energy prices is currently stronger.

Forecast revision: Downward revision of both GDP growth and the inflation rate forecasts for 2016.

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




Sources: Bureau of Economic Analysis, forecast DekaBank

### USA

US GDP growth is currently only modest. After GDP grew in the third quarter by a good 2 % (against the previous quarter and annualised) leading indicators are currently pointing to growth of barely 2 % in the fourth quarter. On the labour market, however, the momentum has remained high and in November the number of people employed rose again substantially. Nevertheless, there are signs of weakening in the industrial sector. Sentiment in the manufacturing sector in particular was even gloomier in November. Corrections of our energy price forecast have led to a downward revision of our inflation forecast.

Forecast revision: GDP 2016: 2.5 % (previously: 2.6 %); Inflation 2016: 1.8 % (previously: 2.2 %).

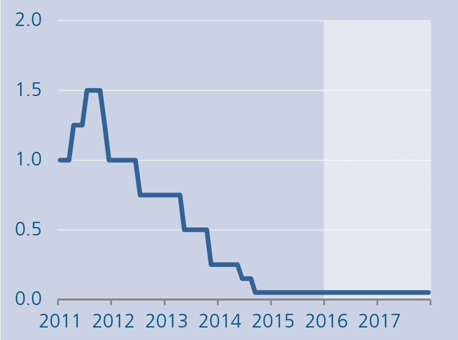
# Macro Research
## Economic Forecasts

.DekaBank



### Markets: Industrial countries

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



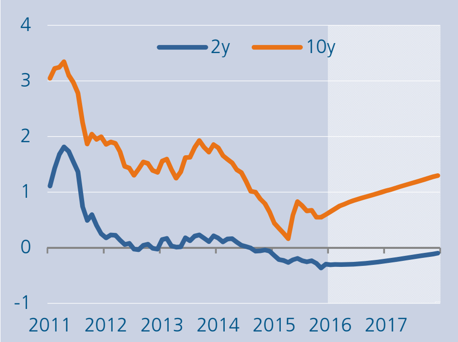

Sources: European Central Bank, forecast DekaBank

### The European Central Bank / Money market

The ECB has again eased its monetary policy by lowering the interest rate on the deposit facility to -0.30 % and extending the asset purchase program until the end of March 2017, or beyond if necessary. However, the ECB did not meet market expectations, which President Draghi had himself previously raised. It would appear that within the ECB Council there is considerable resistance to an even more expansive course of action, so that we regard further expansive measures as highly unlikely. However, there is still scope for money market rates to fall, as the ECB's asset purchases will substantially increase surplus reserves within the banking system. EONIA rates are therefore likely to fall to a new all-time low of around -0.25 %, whereas we regard as realistic the 3-month EURIBOR rate of just below -0.15 %.

Forecast revision: –.

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



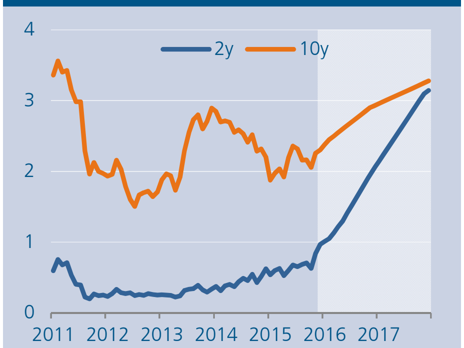

Sources: Bloomberg, forecast DekaBank

### Eurozone bond market

By lowering the interest rate on the deposit facility by only 10 basis points and merely extending the asset purchase program after its Council meeting in December the ECB failed miserably to meet market expectations. As a result of this experience market participants will in future be much more wary in assessing the ECB's readiness to ease its monetary policy further when necessary. Against the backdrop of very high surplus reserves in the banking system the yields of 2-year Bunds should settle for some considerable time at a level near the deposit rate of -0.30 %.For longer maturities on the other hand we expect yields to rise slightly due to further rises in long-term inflation expectations and successive rate hikes by the Fed.

Forecast revision: –.

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




Sources: Bloomberg, forecast DekaBank

### US bond market

In mid-December the Fed will in all likelihood launch its first key rate hike since the middle of 2006. Indications that this will happen are the strong growth of employ-ment figures in October and November and the latest statements made by Janet Yellen before Congress. We expect the first rate hike of 25 basis points to be fol-lowed in 2016 by four further rises. After an initial planned pause in January 2016 it is highly likely that the Fed's second hike will follow in March. However, should this second hike not materialise, rate cut fantasies could begin to circulate on financial markets.

Forecast revision: Downward revision of key rate forecast for the end of 2017 to 2.375 % (previously: 2.875 %)..

## Markets: Industrial countries

### Equity Market Forecast

| | Current Dec 10, 15 | in 3 | in 6 months | in 12 |
|---|---|---|---|---|
| DAX | 10 598.93 | 11 500 | 12 000 | 11 500 |
| Memorandum item: | | | | |
| EuroStoxx50 | 3 269.97 | 3 550 | 3 750 | 3 550 |
| S&P 500 | 2 052.23 | 2 100 | 2 100 | 2 000 |
| Topix | 1 540.35 | 1 550 | 1 550 | 1 400 |

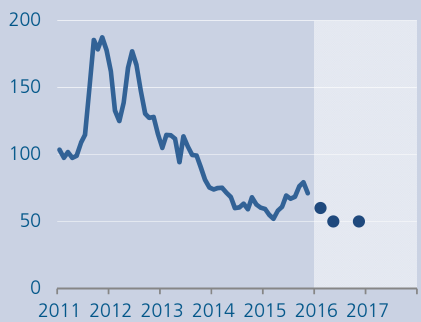
Sources: Deutsche Börse AG, forecast DekaBank

### Equity market: Germany

At its meeting at the beginning of December the ECB decided to launch further expansive monetary measures, which ensures that in 2016 the ECB's monetary policy will remain the decisive positive driver for the German equity market. How-ever, economic data, especially leading indicators, are currently also signalling the economy's sound health. Furthermore, German companies are benefiting in particular from current low commodity prices. Although company profits slumped below average in the last quarter, this can be attributed to individual quarterly special effects. For 2015 as a whole German companies with a growth rate of some 15 % have been able to leave behind their competitors in other regions and their profit prospects for 2016 are also rosy.

Forecast revision: –.

### iTraxx Europe (Bp)



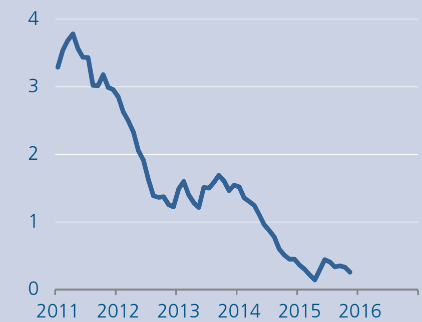

Sources: International Index Company, forecast DekaBank

### Corporate bond market: Eurozone

The ECB's latest rate decision proved a double disappointment for the corporate bond market: not only did the measures announced fail to meet the expectations that been raised, but the hopes of some market participants that this asset class would also be included in the ECB's shopping list were not fulfilled. In so far, the resulting modest rise in risk premiums proved surprisingly restrained. However, companies in the energy and mining sectors in particular have come under selling pressure, suffering as they do from the collapse of commodity prices. After several payment defaults by US high-yield companies a major European company, Abengoa SA, the Spanish innovative technology company for renewable energy, is now close to insolvency.

Forecast revision: –.

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




Source: Bloomberg

### Covered Bonds

So-called „crowding-out", the driving of traditional investors from an investment class by the central bank's asset purchases, has functioned particularly well in the case of covered bonds. As a result of lower risk premiums and much reduced liquidity many investors have now abandoned the market for covered bonds. Moreover, as the ECB cannot find enough suitable bonds on the secondary market, the central bankers have turned their attention increasingly to new issues. Although the ECB's enhanced demand has appreciably increased issuance by European banks, risk premiums have had to be adjusted upwards, in order to be able to fulfil subscription quotas beyond the central bank. German mortgage bonds have also enjoyed a revival. Due to the increase in demand for real estate mortgage banks have also increased their new issues slightly.

## Markets: Industrial countries

**Exchange Rate EUR-USD**

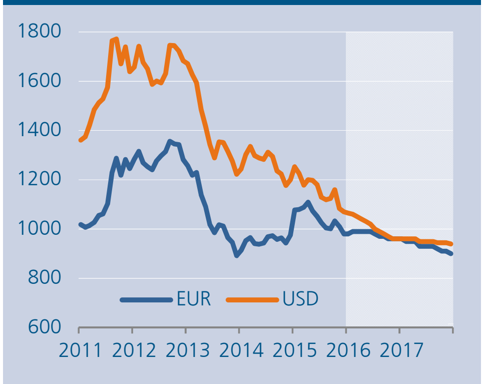

Sources: European Central Bank, forecast DekaBank

### Currency market: EUR-USD

The Euro started November at 1.10 EUR-USD, the same level as the current ex-change rate. However, turbulent weeks separate the two dates. Until the beginning of December the Euro suffered depreciation to 1.05 EUR-USD, barely above its low for the year of 1.04 EUR-USD, registered in March. This turbulence can be attributed primarily to monetary policy. On the day when the ECB held its interest-rate meeting the Euro jumped from 1.05 EUR-USD to 1.09 EUR-USD. The ECB's announcement of further easing of its monetary policy did not come up to market participants' expectations and a positive surprise in the form of the US labour market data for November did little to change the situation.

Forecast revision: –.

**Gold price (per troy ounce)**



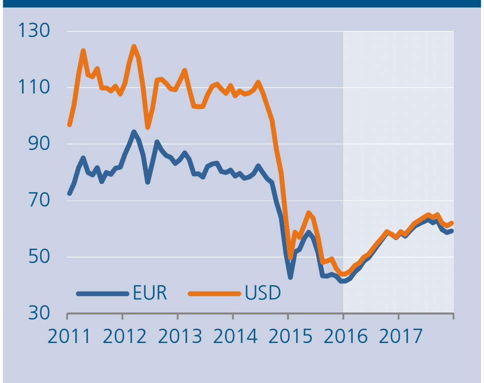

Sources: Bloomberg, forecast DekaBank

### Gold

In November actors on the gold market were already experimenting mentally with the possible consequences of the Fed’s rate lift-off. The gold price slumped below USD1.100, its lowest level since the financial crisis of 2009. Since mid-November most gold speculators (managed money) have been betting on falling prices and thus pushing down the price of gold. This trend has not yet bottomed out: as long as the global economy maintains its mod-est growth, there are no signs of strong inflation and participants on the financial market remain willing to accept risk, gold will continue to fall in value. However, we do not expect the gold price to collapse, should the Fed decide to tighten the interest-rate screws again, as this would not come as a surprise to the financial markets. European gold investors should benefit in 2016 from the expected depreciation of the Euro against the US dollar.

Forecast revision: –.

**Crude Oil Brent (per barrel)**




Sources: Bloomberg, forecast DekaBank

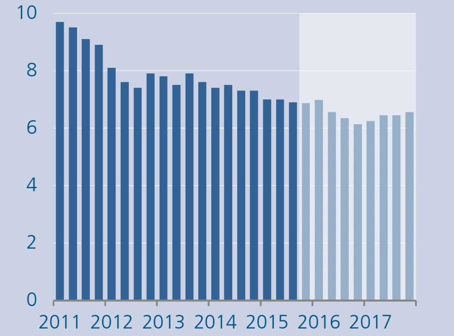
### Crude oil

Since the beginning of December Brent and WTI prices have been struggling to remain above the USD40 mark and are now cheaper than at any time since the financial crisis of 2009. The downward movement was given fresh impetus by OPEC, which decided at its meeting on December 4th that it did not wish to inter-fere with the collapse of the oil price. Oversupply thus re-mains the predominant issue. As expected, global demand has been expand-ing at a modest rate. Between January and November2015, for example, Chinese net imports expanded by 9 % in comparison with the same period in 2014. This is very little less than the +10 % registered in 2014. In view of the latest fall in the price of oil we have revised our forecast downwards. Howev-er, we believe the oil price will rise again within the forecast period following a slump in supply from non-OPEC countries.

Forecast revision: Downward revision of the oil price forecast for 2016.

## Emerging Markets

China: GDP (% yoy)



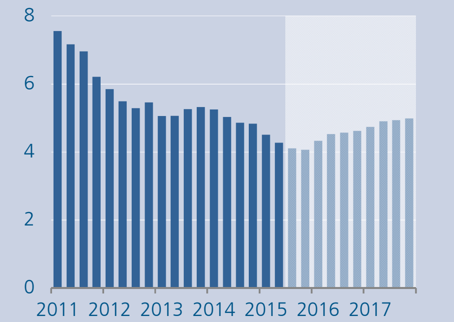

Sources: National Statistics, forecast DekaBank

### China

The growth of industrial output continues to be comparatively weak, which reflects overcapacities in heavy industry and sluggish demand for exports. The service sector, on the other hand, is more dynamic, which is an integral part of the restructuring of the economic model aimed at by the government, which continues to reject very ambitious economic programs, as these would go hand in hand with an undesirable increase in debt. As expected, the renminbi has become the fifth currency in the IMF's basket of special drawing rights. We regard this above all as a prestige coup for the Chinese government which, however, will not thereby be expected to ensure a strictly controlled exchange rate.

Forecast revision: –.

Emerging Markets: GDP (% yoy)



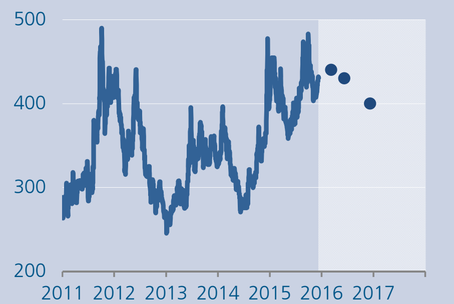

Sources: National Statistics, forecast DekaBank

### Emerging Markets: Economy

GDP data for the third quarter presented a mixed picture: Russia has overcome its recession, whereas Brazil’s economic output has again declined very sharply. All in all, the uncertainties on global financial markets have had less impact on the economy than had been feared. However, the weak purchasing managers' indices are sufficient evidence of the problems that exist in the manufacturing industry. In Latin America many central banks will undoubtedly raise their key rates in the months to come, once the Fed has launched its rate lift-off. In Asia and central Europe there are no plans for an interest-rate turnaround. In the wake of opposition election victories in Argentina and Venezuela South America could be about to swing towards more friendly economic policies.

Forecast revision: Downward revision of our GDP forecast for Brazil.

EMBIG-Spread (Bp)




Sources: Bloomberg, forecast DekaBank

### Emerging Markets: Markets

Continued weak economic data in the emerging-market countries and the prospect of higher US key rates have been weighing on the performance of EM equities, bonds and currencies. Investors would like to have a predictable environment, but the coming months will provide no greater clarity on the steepness of the future US interest-rate path, the speed of the Chinese transition process or whether the increased volatility of the renminbi will result in a readjustment of the coordinates on the global currency market. In central Europe current political tensions within the EU have enhanced uncertainties. On the positive side recent opposition election victories in Argentina and Venezuela have provided an opportunity for a change of policy, which could provide fresh impetus in the whole region. Meanwhile, in the Middle East the violence continues and there is no sign of a political solution. All in all, we can at present detect no concrete evidence of a clear swing in sentiment towards a more positive assessment of EM markets.

## 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 | | | | | |
| | | 2015 | 2016 | 2017 | 2015 | 2016 | 2017 | 2015 | 2016 | 2017 | 2015 | 2016 | 2017 |
| Germany | 3.4 | 1.7 | 1.7 | 1.5 | 0.1 | 1.3 | 1.8 | 8.0 | 7.8 | 7.6 | 0.6 | 0.0 | 0.4 |
| France | 2.4 | 1.1 | 1.4 | 1.4 | 0.1 | 1.2 | 1.6 | -1.3 | -1.4 | -2.2 | -3.8 | -3.9 | -3.7 |
| Italy | 2.0 | 0.7 | 1.4 | 1.2 | 0.1 | 0.8 | 1.3 | 2.2 | 1.9 | 1.9 | -2.6 | -2.0 | -1.8 |
| Spain | 1.4 | 3.1 | 2.6 | 2.2 | -0.6 | 0.6 | 1.4 | 1.4 | 1.3 | 1.4 | -4.5 | -3.5 | -3.1 |
| Netherlands | 0.7 | 1.9 | 2.0 | 1.8 | 0.3 | 1.4 | 1.9 | 10.5 | 10.4 | 9.6 | -1.7 | -1.2 | -1.0 |
| **Eurozone** | **12.2** | **1.5** | **1.6** | **1.6** | **0.1** | **1.1** | **1.6** | **3.4** | **3.3** | **3.0** | **-2.1** | **-2.0** | **-1.6** |
| United Kingdom | 2.4 | 2.5 | 2.4 | 2.4 | 0.1 | 1.1 | 1.9 | -4.3 | -3.9 | -3.4 | -4.4 | -3.0 | -1.9 |
| Sweden | 0.4 | 3.4 | 2.9 | 2.7 | 0.7 | 1.7 | 2.8 | 5.9 | 5.9 | 5.8 | -1.4 | -1.3 | -1.2 |
| Denmark | 0.2 | 1.4 | 1.7 | 1.8 | 0.2 | 1.3 | 1.9 | 7.0 | 6.9 | 6.5 | -3.3 | -2.5 | -1.7 |
| **EU-21** | **15.2** | **1.7** | **1.8** | **1.8** | **0.1** | **1.1** | **1.7** | **2.4** | **2.3** | **2.2** | **-2.5** | **-2.1** | **-1.7** |
| Poland | 0.9 | 3.4 | 3.1 | 3.0 | -0.9 | 1.4 | 2.1 | -0.5 | -1.4 | -2.0 | -2.8 | -3.3 | -3.2 |
| Hungary | 0.2 | 2.7 | 2.3 | 2.2 | 0.0 | 1.9 | 2.7 | 5.5 | 4.3 | 3.1 | -2.3 | -2.1 | -2.0 |
| Czech Republic | 0.3 | 4.4 | 2.3 | 2.2 | 0.4 | 1.5 | 1.9 | 1.1 | 0.5 | 0.2 | -1.9 | -1.3 | -1.2 |
| **EU-28** | **17.1** | **2.0** | **2.0** | **1.9** | **0.0** | **1.1** | **1.8** | **2.1** | **1.9** | **1.8** | **-2.5** | **-2.2** | **-1.8** |
| USA | 15.9 | 2.5 | 2.5 | 2.3 | 0.1 | 1.8 | 2.6 | -2.5 | -2.5 | -2.5 | -4.5 | -4.0 | -3.5 |
| Japan | 4.4 | 0.7 | 1.1 | 0.6 | 0.8 | 1.3 | 2.5 | 3.0 | 2.5 | 2.0 | -7.0 | -6.0 | -5.0 |
| Canada | 1.5 | 1.3 | 2.3 | 2.1 | 1.1 | 1.9 | 2.3 | -3.5 | -3.5 | -4.0 | -1.5 | -2.0 | -2.5 |
| Australia | 1.0 | 2.3 | 2.6 | 2.2 | 1.5 | 1.7 | 2.0 | -4.0 | -4.0 | -3.0 | -2.0 | -2.0 | -2.0 |
| New Zealand | 0.1 | 2.4 | 2.4 | 2.3 | 0.4 | 1.9 | 2.6 | -4.5 | -5.5 | -5.0 | 1.5 | 1.5 | 2.0 |
| Switzerland | 0.4 | 0.7 | 1.2 | 1.7 | -1.1 | -0.4 | 0.4 | 9.8 | 9.9 | 10.4 | -0.2 | -0.3 | -0.2 |
| Norway | 0.3 | 1.4 | 1.3 | 2.0 | 2.2 | 2.7 | 2.1 | 7.1 | 7.1 | 7.1 | 6.9 | 5.5 | 5.4 |
| **Developed Countries[4]** | **38.9** | **1.9** | **2.1** | **1.9** | **0.3** | **1.4** | **2.2** | **0.1** | **0.1** | **0.0** | **-3.6** | **-3.2** | **-2.7** |
| Russia | 3.3 | -3.7 | 0.5 | 1.8 | 15.4 | 7.4 | 6.1 | 5.2 | 5.6 | 5.3 | -3.5 | -3.0 | -1.7 |
| Turkey | 1.4 | 4.2 | 2.9 | 2.8 | 7.5 | 7.2 | 6.0 | -5.4 | -5.1 | -5.1 | -1.5 | -1.9 | -2.0 |
| Ukraine | 0.3 | -11.1 | 1.0 | 3.1 | 48.3 | 13.0 | 8.5 | -0.8 | -3.5 | -4.5 | -4.1 | -3.6 | -3.5 |
| **Emerging Europe[5]** | **7.4** | **-0.5** | **1.6** | **2.3** | **10.8** | **6.3** | **5.1** | **-0.7** | **-1.1** | **0.2** | **X** | **X** | **X** |
| South Africa | 0.7 | 1.3 | 1.4 | 2.0 | 4.7 | 5.5 | 5.7 | -3.8 | -4.2 | -4.5 | -3.8 | -3.5 | -3.3 |
| **Middle East, Africa** | **3.4** | **3.0** | **3.3** | **4.0** | **6.6** | **6.6** | **6.4** | **2.1** | **2.4** | **1.2** | **X** | **X** | **X** |
| Brazil | 3.0 | -3.6 | -2.1 | 1.6 | 8.9 | 6.7 | 5.0 | -4.0 | -3.2 | -2.4 | -9.5 | -7.5 | -5.8 |
| Mexico | 2.0 | 2.5 | 2.7 | 2.8 | 2.8 | 4.0 | 3.7 | -2.5 | -2.3 | -2.1 | -3.5 | -3.0 | -2.6 |
| Argentina | 0.9 | 1.8 | 1.2 | 3.5 | 27.4 | 27.9 | 21.8 | -1.2 | -2.2 | -2.2 | -4.8 | -3.5 | -2.5 |
| Chile | 0.4 | 2.1 | 1.8 | 2.7 | 4.4 | 4.4 | 3.2 | -0.4 | -0.9 | -1.1 | -3.3 | -2.9 | -1.5 |
| **Latin America** | **8.0** | **-0.5** | **0.1** | **2.3** | **16.3** | **14.8** | **10.2** | **-2.0** | **-2.5** | **-3.0** | **X** | **X** | **X** |
| China | 16.6 | 6.9 | 6.5 | 6.4 | 1.4 | 1.8 | 2.5 | 3.7 | 3.1 | 2.7 | -2.5 | -2.8 | -2.9 |
| India | 6.8 | 7.4 | 6.9 | 6.8 | 4.9 | 5.1 | 4.9 | -0.8 | -1.2 | -1.6 | -4.0 | -3.7 | -3.7 |
| South Korea | 1.6 | 2.5 | 2.1 | 2.4 | 0.7 | 1.4 | 2.2 | 6.5 | 5.5 | 5.3 | -0.5 | 0.1 | 0.6 |
| Philippines | 0.6 | 5.4 | 5.3 | 4.9 | 1.4 | 2.8 | 3.3 | 5.4 | 5.1 | 4.8 | -1.9 | -2.1 | -1.6 |
| **Emerging Asia** | **31.7** | **6.1** | **5.9** | **5.7** | **2.4** | **2.7** | **3.1** | **1.9** | **2.0** | **2.5** | **X** | **X** | **X** |
| **Emerging Markets** | **50.4** | **3.9** | **4.2** | **4.6** | **6.1** | **5.4** | **4.8** | **0.9** | **0.9** | **1.2** | **X** | **X** | **X** |
| **Total[6]** | **89.3** | **3.0** | **3.3** | **3.4** | **3.6** | **3.7** | **3.6** | **X** | **X** | **X** | **X** | **X** | **X** |

1) Of 2014, 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 | | |
|---|---|---|---|---|---|
| | | Dec 11 2015 | 3 months | 6 months | 12 months |
| Germany | Monetary policy (Refi) | 0.05 | 0.05 | 0.05 | 0.05 |
| | 3 months (EURIBOR) | -0.13 | -0.13 | -0.14 | -0.16 |
| | 12 months (EURIBOR) | 0.06 | 0.06 | 0.05 | 0.05 |
| | Bunds, 2 years | -0.35 | -0.30 | -0.30 | -0.25 |
| | Bunds, 5 years | -0.10 | 0.05 | 0.10 | 0.25 |
| | Bunds, 10 years | 0.56 | 0.75 | 0.85 | 1.00 |
| | Bunds, 30 years | 1.35 | 1.55 | 1.70 | 1.90 |
| USA | Monetary policy (FFR) | 0.00-0.25 | 0.50-0.75 | 0.75-1.00 | 1.25-1.50 |
| | 3 months (LIBOR) | 0.51 | 0.75 | 0.95 | 1.45 |
| | 12 months (LIBOR) | 1.07 | 1.20 | 1.40 | 1.90 |
| | US-Treasuries, 2 years | 0.91 | 1.05 | 1.30 | 1.95 |
| | US-Treasuries, 5 years | 1.61 | 1.90 | 2.15 | 2.65 |
| | US-Treasuries, 10 years | 2.17 | 2.45 | 2.60 | 2.90 |
| | US-Treasuries, 30 years | 2.90 | 3.20 | 3.30 | 3.50 |
| Japan | Monetary policy (Call) | 0.10 | 0.10 | 0.10 | 0.10 |
| | 3 months (LIBOR) | 0.08 | 0.10 | 0.10 | 0.10 |
| | 12 months (LIBOR) | 0.22 | 0.25 | 0.20 | 0.20 |
| | JGBs, 2 years | -0.02 | 0.05 | 0.05 | 0.05 |
| | JGBs, 5 years | 0.03 | 0.10 | 0.20 | 0.45 |
| | JGBs, 10 years | 0.30 | 0.45 | 0.60 | 0.75 |
| | JGBs, 30 years | 1.35 | 1.50 | 1.65 | 1.85 |
| United Kingdom | Monetary policy (Base) | 0.50 | 0.50 | 0.75 | 1.00 |
| | 3 months (LIBOR) | 0.59 | 0.70 | 0.90 | 1.10 |
| | 12 months (LIBOR) | 1.06 | 1.20 | 1.30 | 1.70 |
| | Gilts, 2 years | 0.58 | 0.70 | 0.90 | 1.30 |
| | Gilts, 5 years | 1.20 | 1.50 | 1.70 | 1.90 |
| | Gilts, 10 years | 1.81 | 2.00 | 2.20 | 2.30 |
| | Gilts, 30 years | 2.50 | 2.65 | 2.75 | 2.80 |
| Sweden | Monetary policy (Repo) | -0.35 | -0.35 | -0.35 | -0.35 |
| | 3 months (STIB) | -0.39 | -0.35 | -0.35 | -0.40 |
| | 2 years | -0.49 | -0.30 | -0.20 | 0.00 |
| | 10 years | 0.85 | 1.00 | 1.10 | 1.30 |
| Denmark | Monetary policy (Repo) | 0.05 | 0.05 | 0.05 | 0.05 |
| | 3 months (CIBOR) | -0.15 | -0.18 | -0.19 | -0.21 |
| | 2 years | -0.48 | -0.45 | -0.45 | -0.40 |
| | 10 years | 0.79 | 1.05 | 1.15 | 1.30 |
| Norway | Monetary policy (Deposit) | 0.75 | 0.75 | 0.75 | 0.75 |
| | 3 months (NIBOR) | 1.11 | 1.10 | 1.10 | 1.10 |
| | 2 years | 0.61 | 0.70 | 0.70 | 0.80 |
| | 10 years | 1.48 | 1.80 | 1.80 | 2.00 |
| Switzerland | Monetary policy (LIBOR) | -1.25 to -0.25 | -1.25 to -0.25 | -1.25 to -0.25 | -1.25 to -0.25 |
| | 3 months (LIBOR) | -0.77 | -0.75 | -0.75 | -0.75 |
| | 2 years | -0.86 | -0.95 | -0.90 | -0.75 |
| | 10 years | -0.21 | -0.20 | -0.10 | 0.20 |
| Canada | Monetary policy (O/N) | 0.50 | 0.50 | 0.50 | 1.00 |
| | 3 months (CBA) | 0.84 | 0.80 | 0.75 | 1.10 |
| | 12 months (CBA) | 0.98 | 1.00 | 1.10 | 1.55 |
| | 2 years | 0.48 | 0.90 | 1.15 | 1.75 |
| | 5 years | 0.74 | 1.15 | 1.35 | 2.00 |
| | 10 years | 1.41 | 1.70 | 1.85 | 2.30 |
| | 30 years | 2.16 | 2.35 | 2.45 | 2.85 |
| Australia | Monetary policy (Cash) | 2.00 | 2.00 | 2.00 | 2.50 |
| | 3 months (ABB) | 2.34 | 2.30 | 2.35 | 2.70 |
| | 2 years | 2.05 | 2.25 | 2.50 | 2.90 |
| | 10 years | 2.82 | 3.05 | 3.20 | 3.35 |

## Interest rates in EM countries

| | | | Current | Forecasts | | |
|---|---|---|---|---|---|---|
| | | | Dec 11 2015 | 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 | 1.80 |
| | | 2 years | 1.79 | 1.70 | 1.80 | 2.00 |
| | | 10 years | 3.12 | 3.00 | 3.20 | 3.40 |
| | Czech Rep. | Monetary policy (Repo) | 0.05 | 0.05 | 0.05 | 0.05 |
| | | 3 months (PRIBOR) | 0.29 | 0.25 | 0.25 | 0.30 |
| | | 2 years | -0.29 | -0.35 | -0.30 | -0.20 |
| | | 10 years | 0.46 | 0.60 | 0.70 | 0.90 |
| | Hungary | Monetary policy (Deposit) | 1.35 | 1.35 | 1.35 | 1.50 |
| | | 3 months (BUBOR) | 1.35 | 1.40 | 1.50 | 1.70 |
| | | 3 years | 2.18 | 2.00 | 2.10 | 2.30 |
| | | 10 years | 3.63 | 3.60 | 3.80 | 4.00 |
| Latin America | Brazil | Monetary policy (Repo) | 14.25 | 14.25 | 14.25 | 14.00 |
| | | 3 months (ABG) | 14.55 | 14.40 | 14.25 | 13.80 |
| | | 2 years | 16.29 | 15.00 | 14.50 | 13.80 |
| | | 9 years | 15.89 | 15.00 | 14.80 | 13.00 |
| | Mexico | Monetary policy | 3.00 | 3.50 | 3.75 | 4.25 |
| | | 3 months (Mexibor) | 3.46 | 3.70 | 3.90 | 4.50 |
| | | 2 years | 4.05 | 4.40 | 4.40 | 4.50 |
| | | 10 years | 6.25 | 6.30 | 6.20 | 6.20 |
| Asia | China | Monetary policy | 1.50 | 1.25 | 1.00 | 1.00 |
| | | 3 months | 3.05 | 3.10 | 3.00 | 3.00 |
| | | 2 years | 2.75 | 2.60 | 2.70 | 2.70 |
| | | 10 years | 3.05 | 3.20 | 3.30 | 3.40 |
| | Singapore | Monetary policy | n.a. | n.a. | n.a. | n.a. |
| | | 3 months | 1.13 | 1.10 | 1.20 | 1.75 |
| | | 2 years | 1.02 | 1.30 | 1.40 | 2.00 |
| | | 10 years | 2.47 | 2.60 | 2.80 | 3.10 |
| | South Korea | Monetary policy | 1.50 | 1.50 | 1.25 | 1.25 |
| | | 3 months | 1.56 | 1.40 | 1.30 | 1.30 |
| | | 2 years | 1.71 | 1.70 | 1.80 | 1.90 |
| | | 10 years | 2.24 | 2.30 | 2.40 | 2.60 |

## Yield spreads in basis points[1)]

| | | | Current | Forecasts | | |
|---|---|---|---|---|---|---|
| | | | Dec 11 2015 | 3 months | 6 months | 12 months |
| Emerging Markets, EMBIG Spreads | Central- and Eastern Europe | Russia | 283 | 290 | 280 | 260 |
| | | Turkey | 299 | 305 | 300 | 275 |
| | | Hungary | 181 | 190 | 180 | 170 |
| | Africa | South Africa | 414 | 370 | 360 | 335 |
| | Latin America | Brazil | 496 | 480 | 470 | 435 |
| | | Chile | 250 | 245 | 240 | 220 |
| | | Columbia | 315 | 310 | 305 | 280 |
| | | Mexico | 312 | 310 | 300 | 280 |
| | | Venezuela | 2391 | 2590 | 2530 | 2350 |
| | Asia | China | 170 | 180 | 175 | 160 |
| | | Indonesia | 331 | 330 | 325 | 300 |
| | | Philippines | 127 | 130 | 125 | 120 |
| | **Total (EMBIG)** | | **433** | **440** | **430** | **400** |

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 (EMBIG) is relevant.

# Macro Research
# Economic Forecasts

.DekaBank



## Currencies

| EURO | | Current Dec 11 2015 | Forecasts 3 months | 6 months | 12 months |
|---|---|---|---|---|---|
| Dollar-Bloc | EUR-USD | 1.10 | 1.06 | 1.03 | 1.00 |
| | EUR-CAD | 1.50 | 1.39 | 1.37 | 1.29 |
| | EUR-AUD | 1.52 | 1.49 | 1.49 | 1.41 |
| Japan | EUR-JPY | 132.94 | 129.32 | 127.72 | 126.00 |
| Euro-Outs | EUR-GBP | 0.72 | 0.70 | 0.68 | 0.71 |
| | EUR-DKK | 7.46 | 7.46 | 7.46 | 7.46 |
| | EUR-SEK | 9.34 | 9.30 | 9.25 | 9.20 |
| | EUR-CHF | 1.08 | 1.09 | 1.10 | 1.12 |
| | EUR-NOK | 9.52 | 9.30 | 9.20 | 9.00 |
| Central- and Eastern Europe | EUR-PLN | 4.36 | 4.20 | 4.20 | 4.00 |
| | EUR-HUF | 316.77 | 310.00 | 300.00 | 290.00 |
| | EUR-CZK | 27.02 | 27.05 | 27.00 | 27.00 |
| Africa | EUR-ZAR | 16.61 | 15.26 | 14.94 | 14.60 |
| Latin America | EUR-BRL | 4.25 | 4.24 | 4.22 | 4.20 |
| | EUR-MXN | 19.03 | 17.81 | 17.41 | 17.00 |
| Asia | EUR-SGD | 1.54 | 1.52 | 1.49 | 1.46 |
| | EUR-CNY | 7.08 | 6.89 | 6.80 | 6.70 |
| | EUR-KRW | 1298 | 1251 | 1236 | 1240 |

| US-Dollar | | Current Dec 11 2015 | Forecasts 3 months | 6 months | 12 months |
|---|---|---|---|---|---|
| Dollar-Bloc | USD-CAD | 1.37 | 1.31 | 1.33 | 1.29 |
| | AUD-USD | 0.72 | 0.71 | 0.69 | 0.71 |
| Japan | USD-JPY | 121.28 | 122.00 | 124.00 | 126.00 |
| Euro-Outs | GBP-USD | 1.52 | 1.51 | 1.51 | 1.41 |
| | USD-DKK | 6.81 | 7.04 | 7.24 | 7.46 |
| | USD-SEK | 8.52 | 8.77 | 8.98 | 9.20 |
| | USD-CHF | 0.99 | 1.03 | 1.07 | 1.12 |
| | USD-NOK | 8.69 | 8.77 | 8.93 | 9.00 |
| Central- and Eastern Europe | USD-PLN | 3.98 | 3.96 | 4.08 | 4.00 |
| | USD-HUF | 288.97 | 292.45 | 291.26 | 290.00 |
| | USD-CZK | 24.65 | 25.52 | 26.21 | 27.00 |
| Africa | USD-ZAR | 15.16 | 14.40 | 14.50 | 14.60 |
| Latin America | USD-BRL | 3.87 | 4.00 | 4.10 | 4.20 |
| | USD-MXN | 17.36 | 16.80 | 16.90 | 17.00 |
| Asia | USD-CNY | 6.46 | 6.50 | 6.60 | 6.70 |
| | USD-SGD | 1.41 | 1.43 | 1.45 | 1.46 |
| | USD-KRW | 1184 | 1180 | 1200 | 1240 |

## Commodities

| Commodity | Current Dec 11 2015 | Forecasts 3 months | 6 months | 12 months |
|---|---|---|---|---|
| Gold (USD per troy ounce) | 1,071.24 | 1,050 | 1,020 | 960 |
| Gold (EUR per troy ounce) | 978.93 | 990 | 990 | 960 |
| WTI crude (USD per Barrel) | 36.76 | 45 | 49 | 55 |
| WTI crude (EUR per Barrel) | 33.59 | 42 | 48 | 55 |
| Brent crude (USD per Barrel) | 39.10 | 47 | 51 | 57 |
| Brent crude (EUR per Barrel) | 35.73 | 44 | 50 | 57 |

# Macro Research
# Economic Forecasts



**Your contacts at Deka:**

**Chief Economist:** **Dr. Ulrich Kater:** Tel. 069/7147-2381; email: ulrich.kater@deka.de
**Head of Economics:** Dr. Holger Bahr: Tel. -2846; email: holger.bahr@deka.de

**Industrial Countries/Sector Analysis**

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

**Macro Trends/Commodities**

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

**Emerging Markets/ Country Risk Analys**

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

**Central Bank Watching and Capital Markets**

Michael Ramon Klawitter: Tel. -5789; email: michaelramon.klawitter@deka.de (Floor economist)
Carsten Lüdemann: Tel. -2625; email: carsten.luedemann@deka.de (Bond market strategy)
Joachim Schallmayer: Tel. -3807; email: jochim.schallmayer@deka.de (Equity market strategy)
Kristian Tödtmann: Tel. -3760; email: kristian.toedtmann@deka.de (ECB, Eurobond market)
Dr. Ulrich Weikard: Tel. -5790: email: ulrich.weikard@deka.de (Credits, Certificates)

**Real Estate Research**

Daniela Fischer: Tel. -7549; email: daniela.fischer@deka.de (Benelux, France, Portugal, Spain)
Gunnar Meyke: Tel. -5802; email: gunnar.meyke@deka.de (Nordics, Cross-sectional assignment/analysis)
Andreas Wellstein: Tel. -3850; email: andreas.wellstein@deka.de (Germany, EU, North-America; Asia/Pacific)

**Data & Analysis**

Peter Leonhardt: Tel. -2842; email: peter.leonhardt@deka.de

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

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