Macro Research

Economic Forecasts

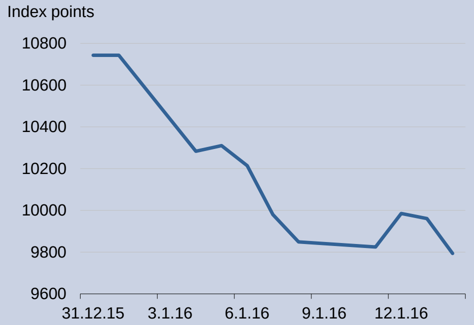
.DekaBank

Not for weak nerves

The first trading week on the equity markets was not exactly what we understand as a successful start to the New Year. In the first five trading days the German DAX lost more than 8%, an historic false start to the year. The prime cause was, as so often in 2016, an all too well known fact: China's growth has weakened and its financial markets have become unsettled. The impact this will have on the global economy and corporate profits is not clear and this is now reflected in low equity prices

Most people had assumed that 2016 would prove nerve-racking and volatile for the financial markets. It is, after all, the year in which the Fed will finally, after many years, raise its key rates in several steps to a higher level. How the US economy, the emerging-market economies and the markets will react is highly uncertain. Moreover, there is a second uncertainty factor: the slower pace of the global economy, which is primarily the result of weaker growth in the emerging-market economies. Many market players have still not become accustomed to this situation. As a result, disappointing economic data regularly give rise to fears of economic downturn and consequently losses in the prices of high-risk securities.

DAX (German share index)



Sources: Deutsche Börse AG, DekaBank

Nevertheless, we assume that modest global economic growth and the continued powerful support provided by the central banks' monetary policy will inject enough buoyancy into equity markets, especially in Europe, for them to be able to register gains by the end of the year - with or without a false start. The financial markets will learn again that they can also experience rising corporate profits and equity prices without the "drug" of expansive monetary policy.

2016 will again be an exciting year with hefty fluctuations on financial markets. This will not please risk-averse investors in particular. That, however, does not help. In view of the largely unchanged low-interest environment one needs to invest, for example, in equities in order to ensure a satisfactory return on one's investment portfolio. The least stressful solution remains the investment fund savings plan. Saving on a regular and widely diversified basis provides an elegant solution to the problem of choosing the right moment to enter markets and this is well worthwhile, especially in times of high market volatility.

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Most important forecast revisions and changes

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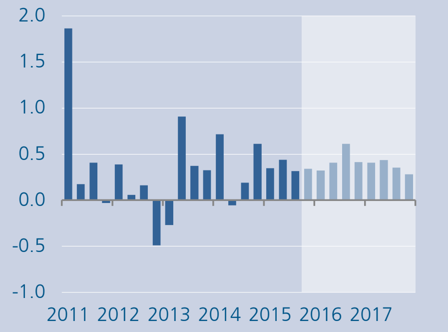
- + German Bunds: slower rise of yields of longer-term maturities.
- + Crude oil: downward revision of our oil-price forecast for 2016.
- + Brazil and Russia: downward revision of GDP forecasts.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



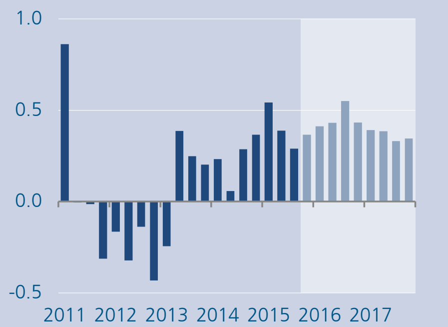
Sources: Destatis, forecast DekaBank

Germany

The German economy is painfully working its way forward. In the manufacturing sector output has fallen again, although also in part due to the weak global economy. In line with this, exports have also slumped. In the emerging markets in particular the demand for German products has fallen. Stability has continued to be provided by the domestic economy. In the construction industry business is looking up. The sideways trend in the retail sector that lasted until November was finally turned into a plus by the good Christmas trade in December. Nevertheless, there remains an unwelcome discrepancy between the optimistic results of corporate surveys on the one hand, and weak hard economic indicators on the other.

Forecast revision: Inflation rate 2016: 0.9 % (previously: 1.3 %).

Eurozone: GDP (% qoq, sa)



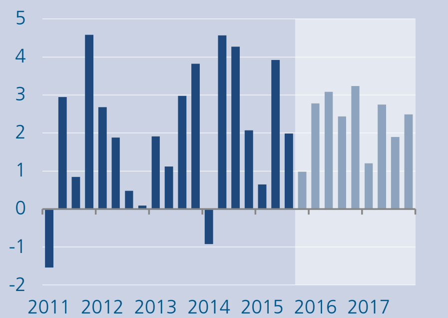
Sources: Eurostat, forecast DekaBank

Eurozone

If the most important indicators of market sentiment are correct, the economy will probably prove to have performed well in the fourth quarter, in which the Eurostat economic sentiment indicator rose to its highest level in more than four years. The two heavyweights Italy and Spain in particular excelled. In Spain consumer confidence peaked at a new all-time high in December. Economic recovery has been accompanied by an improvement on the labour market. The unemployment rate unexpectedly fell in November to 10.5 %, the lowest level since October 2011. The inflation rate was 0.2 % in December. Energy prices are the major factor contributing to current weak price trends.

Forecast revision: Inflation rate 2016: 0.8 % (previously: 1.1 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

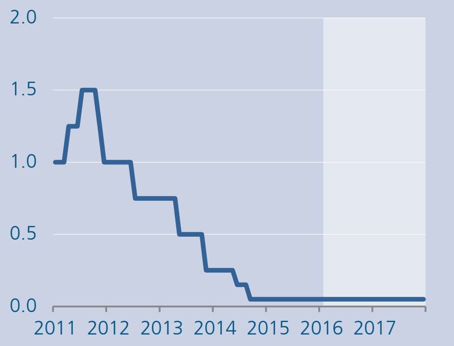
USA

The US economy is currently sending out conflicting signals, as a result of which expectations with regard to an increase of GDP in the fourth quarter of 2015 have clouded. Extrapolated for the whole year we now expect a quarterly growth rate in the region of 1.0 %. The growth of employment, on the other hand, has visibly improved in recent months, which leads us to conclude that the weakening of the economy will prove to be short-lived. However, the industrial sector has indeed shown a pronounced and sustained weakening, suffering as it is from a combination of low oil prices (fracking industry) and the appreciation of the dollar. Revision of our energy price forecast has led to a downward correction of our inflation forecast.

Forecast revision: Inflation rate 2016: 1.6 % (previously: 1.8 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



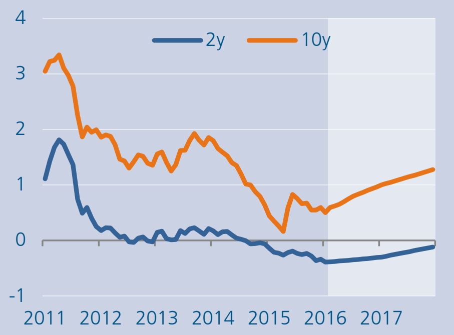
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

Market participants now regard it as highly likely that the ECB, after lowering the interest rate on the deposit rate facility to -0,30 % in December, will lower its key rates by a further 10 basis points in the course of the year. However, we do not share this view, as we expect a continuation of the economic recovery and slowly rising inflation rates. In view of the visible tensions within the ECB Council, we consider a majority in favour of a renewed easing of monetary policy as highly improbable. Despite a further rise in surplus reserves, EONIA rates must be near their lower limits and will now begin to move in a sideways direction. With regard to EURIBOR rates, on the other hand, we expect there to be slight falls, albeit to a lesser extent than is currently signalled by futures.

Forecast revision: –

German Bond Yield (% p.a.)



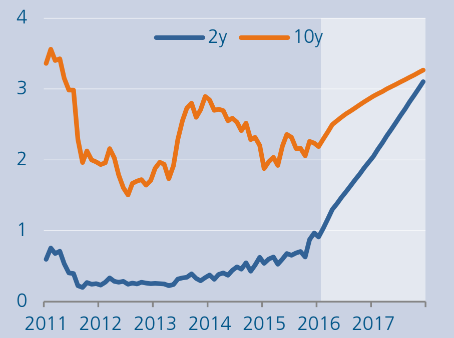
Sources: Bloomberg, forecast DekaBank

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. Nevertheless, market participants regard a further easing of monetary policy in the months to come as highly probable. Together with the high level of surplus reserves in the banking system this fixes the yields of 2-year Bunds below the deposit rate of -0.30 % for the time being. With regard to longer maturities expectations of a possible further easing of monetary policy are also putting pressure on yields. In the medium term we expect a reduction in risk aversion to result in a slight steepening of the Bund curve.

Forecast revision: Slower increase of bond yields with longer maturities.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

In the middle of December the Fed, as expected, raised its key rates for the first time in this economic upswing and also held out the prospect of a gradually rising key-rate path. The projections of FOMC members lead us to suppose that four key rate hikes each of25 basis points are planned every year. Despite the recent turbulence on financial markets, the latest statements by FOMC members indicate that they intend to go ahead with their second key-rate hike at their meeting in March. In view of the falling energy prices and their impact on inflation we regard a third hike in June as much less certain.

Forecast revision: –

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Markets: Industrial countries

Equity Market Forecast

	Current Jan 14, 16	in 3	in 6 months	in 12
DAX	**9 794,20**	**11 500**	**12 000**	**11 500**
Memorandum item:				
EuroStoxx50	3 024,00	3 550	3 750	3 550
S&P 500	1 921,84	2 100	2 100	2 000
Topix	1 406,55	1 550	1 550	1 400

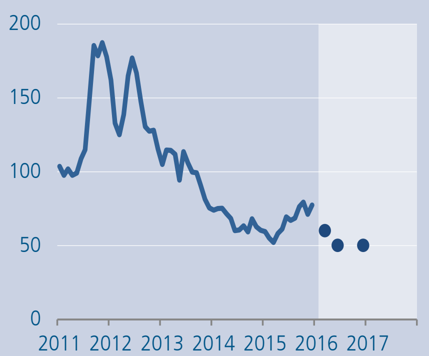
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

The German equity market has never started a new year with five such weak trading days as in 2016. Despite this sudden and marked downturn in sentiment the fundamental situation remains unchanged. Investors should keep their heads in spite of the turbulence around them. Economic data, especially the leading indicators, are currently signalling stable albeit modest economic growth. Company reports on their performance in the fourth quarter of 2015 should prove satisfactory. This will boost equity prices in the remainder of the first quarter of 2016 and lead to a calming of the markets. Against a backdrop of steadily rising corporate profits the market is now favourably valued.

Forecast revision: –

iTraxx Europe (Bp)



Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

Capital markets are suffering from uncertainty over the stability of global growth, above all in China. Risk premiums on corporate bonds have therefore widened somewhat in recent months, although the economic outlook for Europe is relatively bright. As usual, the new year has started with a flood of new issues, for the most part from financial institutions. These bonds have so far been very well received, although the secondary market is suffering somewhat from exchange operations. Anheuser-Busch's new issues show how strong the demand for new issues is. Here a nominal volume of USD 46bn was placed on the market in various maturities, whereby subscription wishes in excess of USD 110bn were registered. In the energy sector, on the other hand, widespread skepticism prevails. In view of the renewed fall in the price of oil, high-yield bonds from this sector in particular have come under selling pressure.

Forecast revision: –.

Covered Bonds 5y (% p.a.)

Source: Bloomberg

Covered Bonds

Covered bond spreads in the Euro zone have increased appreciably in recent months. The prime reason for this development has been the ECB's withdrawal from purchases in the secondary market, after central banks encountered increasing difficulty in finding a sufficient supply there. For this reason the ECB has substantially stepped up its activities in the primary market in recent months. Whereas until August 2015 the share of covered bonds purchased on the primary market was between 17 % and 19 % of the total portfolio, this figure rose by the end of December 2015 to some 26 %. This means that between September and December 2015 the ECB's purchases on the primary market exceeded its purchases on the secondary market. As a consequence of this shift in the ECB's demand the spreads of covered bonds have widened in recent months. In the absence of substantial purchases by central banks on the secondary market, secondary market spreads have been quick to adjust to the premiums on new issues.

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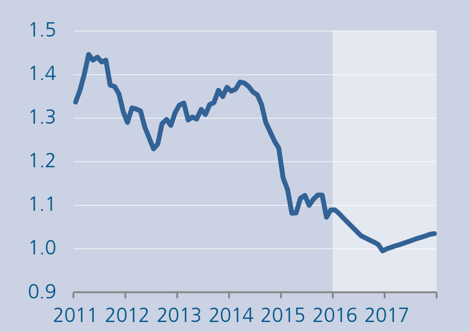
Markets: Industrial countries

Exchange Rate EUR-USD



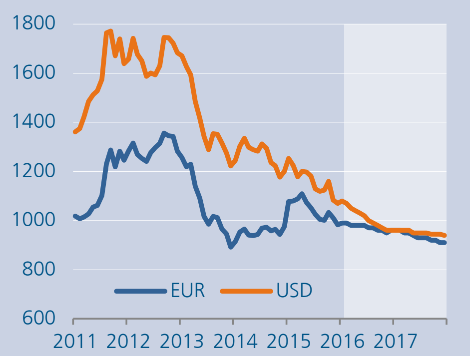
Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

The Euro started the new year at 1.08 EUR-USD, the level around which the ex-change rate has been fluctuating since mid-December. The Fed's interest-rate lift-off did not provide a lasting boost for the US dollar. The hike by 25 basis points had been expected on all sides and the Fed's indications with respect to further hikes were even more restrained than in September. The short breather created for the Euro against the US dollar was soon to be over. Vital US economic data such as the labour market report or the purchasing managers' indices proved surprisingly positive for December and confirmed our expectations with respect to the next key rate hike already in March.

Forecast revision: –

Gold price (per troy ounce)



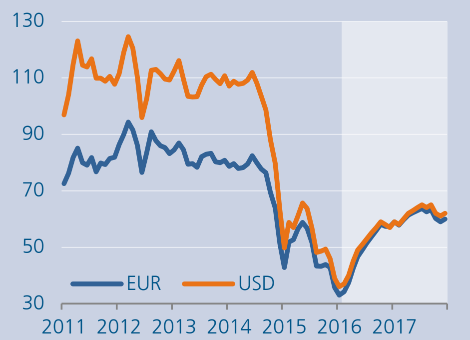
Sources: Bloomberg, forecast DekaBank

Gold

Renewed concerns over the stability of the Chinese economy and the marked in-crease in risk aversion among market players raised the gold price substantially at the beginning of the year and at times the price exceeded USD1100. However, from our standpoint the prospects for gold have not changed. We do not expect a hard landing for the Chinese economy, a global recession or a global financial crisis. In the course of 2016 the gold price will probably fall slightly. This forecast is based primarily on the US interest-rate turnaround: the Fed will continue to raise its key rates, albeit at a leisurely pace. This makes the holding of gold unattractive in comparison with other investments and will weaken the demand for gold. This is how the speculators on the gold market regard the situation and since mid-November they have been betting constantly on falling gold prices.

Forecast revision: –

Crude Oil Brent (per barrel)



Sources: Bloomberg, forecast DekaBank

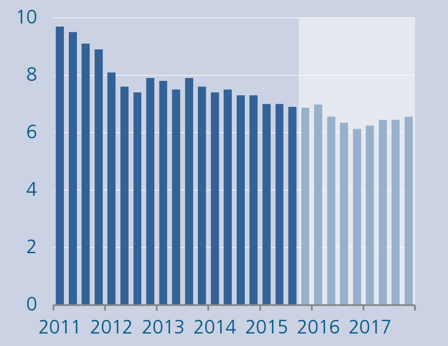
Crude oil

The oil price has continued to fall and one cannot avoid the impression that the players on the oil market must be deaf in one ear. Any item of news that might underpin the oil price is deliberately ignored: (1) The conflict between Saudi Arabia and Iran (which in the past would have led to substantial price rises) has even lowered the oil price, as it has lowered the probability of co-operation by OPEC countries reducing global supply. (2) In 2015 China im-ported record quantities of crude oil. (3) The US Department of Energy's forecast for US oil output in 2016 has been lowered and a further lowering is expected for 2017. (4) The number of active oil-drilling rigs has continued to fall. We assume that on the crude oil market participants will listen primarily to arguments in favour of lower prices, such as the approaching increase of Iranian output. We have therefore lowered our forecast once again.

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

Emerging Markets

China: GDP (% yoy)



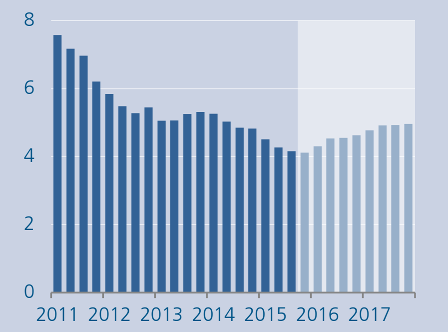
Sources: National Statistics, forecast DekaBank

China

At the very beginning of the new year the Chinese equity market came under massive pressure after the purchasing managers' indices had had proved slightly disappointing. Since the summer of 2015 the Chinese government has been endeavouring to calm the market by means of government controlled purchases and trading restrictions. However, in view of existing economic problems this strategy has not succeeded in restoring investors' confidence. Widespread uncertainty has been enhanced by the continued depreciation of the renminbi. Uncertainty on international capital markets has been fuelled by the fact that the government, with a view to furthering its economic strategy, has failed to communicate it and has left an irresolute impression.

Forecast revision: –

Emerging Markets: GDP (% yoy)



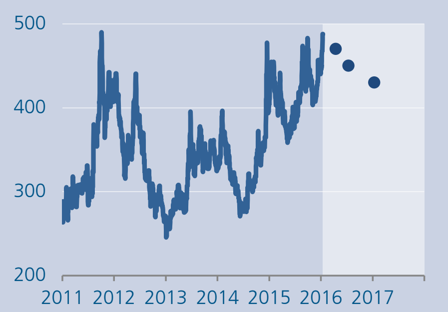
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

Although no macroeconomic data are yet available for the new year, the start must be regarded as a failure. The financial markets are dominated by fresh uncertainties over China and the slump in commodity prices has continued. Due to the collapse in the price of oil we expect Russian GDP to fall again in the first quarter, after it had appeared to overcome recession in the middle of 2015. Brazil's economic data worsened at the end of 2015, so that here too we have been obliged to revise our forecast downwards. We can see no sign of any strong positive stimuli in the months to come. Even for commodity importers the negative effect of enhanced uncertainty will probably be greater than any benefits derived from lower prices. Inflationary pressures remain low in most EM countries.

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

EMBIG-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

The weak Chinese equity market, the depreciation of the renminbi and the continued fall of commodity prices have led to losses for all emerging-market equities and currencies at the beginning of the year. An additional negative factor is the expectation of further key-rate hikes by the US Fed. As we expect no improvement in the weak economic environment in the coming months and the Fed will presumably continue to raise its key rates, EM investments will remain under pressure. We believe the highest risks will be borne by currencies and equities, whereby we expect a more marked differentiation with currencies than with equities. Currencies that are suffering from low commodity prices include the Russian rouble, the South African rand and many Latin American currencies. Bonds are also suffering in the prevailing uncertainty. As in most EM countries healthy public finances enjoy a high priority, whereas depreciations are tolerated, we continue to prefer hard currency bonds to local currency bonds.

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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	0.9	1.8	8.0	7.8	7.6	0.6	0.0	0.4
France	2.4	1.1	1.3	1.3	0.1	1.0	1.6	-1.3	-1.4	-2.2	-3.8	-3.9	-3.7
Italy	2.0	0.7	1.2	1.2	0.1	0.6	1.3	2.2	1.9	1.9	-2.6	-2.7	-2.2
Spain	1.4	3.1	2.6	2.2	-0.6	0.5	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	1.0	1.8	10.5	10.4	9.6	-1.7	-1.2	-1.0
Eurozone	**12.2**	**1.5**	**1.6**	**1.6**	**0.0**	**0.8**	**1.6**	**3.4**	**3.3**	**3.0**	**-2.1**	**-2.1**	**-1.7**
United Kingdom	2.4	2.2	2.1	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	1.6	2.8	5.9	5.9	5.8	-1.4	-1.3	-1.2
Denmark	0.2	1.1	1.4	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**	**1.7**	**1.8**	**0.1**	**0.9**	**1.7**	**2.4**	**2.3**	**2.2**	**-2.5**	**-2.2**	**-1.7**
Poland	0.9	3.4	3.1	3.0	-0.9	1.0	2.5	-0.5	-0.5	-1.6	-2.8	-3.3	-3.2
Hungary	0.2	2.7	2.3	2.2	0.0	1.7	2.7	5.1	4.2	2.9	-2.3	-2.1	-2.0
Czech Republic	0.3	4.4	2.3	2.2	0.3	0.9	2.0	1.0	0.5	0.3	-1.9	-1.3	-1.2
EU-28	**17.1**	**1.9**	**1.9**	**1.9**	**0.0**	**1.0**	**1.8**	**2.1**	**1.9**	**1.8**	**-2.5**	**-2.3**	**-1.8**
USA	15.9	2.4	2.5	2.3	0.1	1.6	2.6	-2.6	-2.5	-3.0	-4.5	-4.0	-3.5
Japan	4.4	0.7	1.2	0.6	0.8	1.1	2.5	3.0	3.0	2.0	-7.0	-6.0	-5.0
Canada	1.5	1.2	2.2	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	1.6	2.0	-4.0	-4.0	-3.0	-2.0	-2.0	-2.0
New Zealand	0.1	2.4	2.4	2.3	0.5	1.3	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	-0.5	0.3	9.8	9.9	10.4	-0.2	-0.3	-0.2
Norway	0.3	1.4	1.3	2.0	2.2	2.8	2.5	7.1	7.1	7.1	6.9	5.5	5.4
Developed Countries[4]	**38.9**	**1.9**	**2.0**	**1.9**	**0.3**	**1.3**	**2.2**	**0.1**	**0.1**	**-0.2**	**-3.6**	**-3.3**	**-2.8**
Russia	3.3	-3.7	0.1	1.8	15.6	9.3	5.8	5.0	5.5	4.8	-3.5	-3.2	-1.7
Turkey	1.4	4.2	2.9	2.8	7.6	8.2	6.6	-5.0	-5.2	-5.3	-1.3	-1.9	-2.0
Ukraine	0.3	-10.5	1.0	3.1	48.7	13.5	8.0	-0.8	-1.3	-1.6	-4.0	-3.8	-3.6
Emerging Europe[5]	**7.4**	**-0.4**	**1.4**	**2.3**	**10.9**	**7.3**	**5.1**	**-0.7**	**-1.1**	**0.2**	**X**	**X**	**X**
South Africa	0.7	1.3	1.4	2.0	4.7	5.8	5.9	-3.7	-4.2	-4.5	-3.8	-3.5	-3.3
Middle East, Africa	**3.4**	**3.0**	**3.2**	**3.8**	**6.6**	**6.7**	**6.6**	**2.1**	**2.4**	**1.2**	**X**	**X**	**X**
Brazil	3.0	-3.7	-3.2	1.4	9.0	8.3	5.9	-4.1	-3.5	-3.4	-10.5	-7.5	-5.8
Mexico	2.0	2.5	2.7	2.8	2.8	3.7	3.5	-2.6	-2.3	-2.3	-3.4	-3.0	-2.5
Argentina	0.9	1.7	0.5	3.0	27.4	37.8	18.4	-1.2	-2.4	-1.7	-5.1	-3.5	-2.6
Chile	0.4	2.1	1.8	2.7	4.3	3.4	3.5	-0.7	-0.6	-0.7	-3.2	-2.6	-1.5
Latin America	**8.0**	**-0.6**	**-0.3**	**2.2**	**16.3**	**16.4**	**10.1**	**-2.0**	**-2.5**	**-2.9**	**X**	**X**	**X**
China	16.6	6.9	6.5	6.4	1.4	1.8	2.2	3.2	2.5	2.0	-2.5	-2.8	-2.9
India	6.8	7.4	6.9	6.8	4.9	5.3	5.0	-0.8	-1.3	-1.7	-4.0	-3.8	-3.6
South Korea	1.6	2.5	2.1	2.4	0.7	1.6	2.4	7.2	6.7	5.1	-0.4	0.2	0.8
Philippines	0.6	5.4	5.3	4.9	1.4	2.8	3.3	5.5	5.2	4.8	-1.9	-2.2	-1.7
Emerging Asia	**31.7**	**6.1**	**5.9**	**5.7**	**2.4**	**2.8**	**3.0**	**1.9**	**1.8**	**2.5**	**X**	**X**	**X**
Emerging Markets	**50.4**	**3.9**	**4.1**	**4.5**	**6.1**	**5.9**	**4.7**	**0.9**	**0.7**	**1.2**	**X**	**X**	**X**
Total[6]	**89.3**	**3.0**	**3.2**	**3.4**	**3.6**	**3.9**	**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.

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Interest rates in industrialised countries

		Current	Forecasts		
		Jan 15 2016	3 months	6 months	12 months
Germany	Monetary policy (Refi)	0.05	0.05	0.05	0.05
	3 months (EURIBOR)	-0.14	-0.16	-0.18	-0.18
	12 months (EURIBOR)	0.05	0.05	0.04	0.05
	Bunds, 2 years	-0.39	-0.37	-0.35	-0.30
	Bunds, 5 years	-0.16	-0.10	0.00	0.20
	Bunds, 10 years	0.54	0.65	0.80	1.00
	Bunds, 30 years	1.32	1.55	1.70	1.90
USA	Monetary policy (FFR)	0,25-0,50	0,50-0,75	0,75-1,00	1,25-1,50
	3 months (LIBOR)	0.62	0.80	1.05	1.55
	12 months (LIBOR)	1.15	1.35	1.55	2.00
	US-Treasuries, 2 years	0.87	1.30	1.55	2.05
	US-Treasuries, 5 years	1.48	1.95	2.25	2.70
	US-Treasuries, 10 years	2.05	2.50	2.65	2.90
	US-Treasuries, 30 years	2.83	3.25	3.35	3.55
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	0.20	0.20	0.20
	JGBs, 2 years	-0.02	0.05	0.05	0.10
	JGBs, 5 years	0.03	0.15	0.25	0.50
	JGBs, 10 years	0.23	0.45	0.55	0.75
	JGBs, 30 years	1.23	1.50	1.60	1.80
United Kingdom	Monetary policy (Base)	0.50	0.50	0.75	1.00
	3 months (LIBOR)	0.59	0.80	0.90	1.10
	12 months (LIBOR)	1.03	1.20	1.30	1.70
	Gilts, 2 years	0.49	0.80	1.00	1.40
	Gilts, 5 years	1.06	1.40	1.60	1.90
	Gilts, 10 years	1.72	2.00	2.20	2.40
	Gilts, 30 years	2.52	2.65	2.75	2.85
Sweden	Monetary policy (Repo)	-0.35	-0.35	-0.35	-0.35
	3 months (STIB)	-0.30	-0.30	-0.30	-0.30
	2 years	-0.49	-0.50	-0.30	0.10
	10 years	0.81	1.00	1.20	1.40
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.06	-0.06	-0.08	-0.08
	2 years	-0.18	-0.32	-0.30	-0.25
	10 years	0.83	0.95	1.10	1.30
Norway	Monetary policy (Deposit)	0.75	0.75	0.75	0.75
	3 months (NIBOR)	1.19	1.10	1.10	1.10
	2 years	0.65	0.70	0.70	0.80
	10 years	1.39	1.50	1.60	1.90
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)	-0.75	-0.75	-0.75	-0.75
	2 years	-0.88	-0.85	-0.75	-0.60
	10 years	-0.15	0.00	0.20	0.40
Canada	Monetary policy (O/N)	0.50	0.50	0.50	0.75
	3 months (CBA)	0.81	0.90	0.90	1.05
	12 months (CBA)	0.94	1.15	1.20	1.45
	2 years	0.31	0.75	1.00	1.60
	5 years	0.57	1.05	1.35	1.95
	10 years	1.16	1.65	1.85	2.30
	30 years	1.98	2.45	2.60	3.00
Australia	Monetary policy (Cash)	2.00	2.00	2.00	2.50
	3 months (ABB)	2.29	2.40	2.45	2.85
	2 years	1.94	2.35	2.55	2.95
	10 years	2.71	3.10	3.25	3.40

Interest rates in EM countries

			Current Jan 15 2016	Forecasts 3 months	6 months	12 months
Central- and Eastern Europe	Poland	Monetary policy (Repo)	1.50	1.50	1.50	1.75
		3 months (WIB)	1.60	1.60	1.60	2.00
		2 years	1.50	1.50	1.80	2.20
		10 years	3.17	3.00	3.20	3.50
	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	-0.19	-0.20	-0.15	-0.10
		10 years	0.66	0.75	0.90	1.10
	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	1.80	2.00	2.10	2.30
		10 years	3.31	3.60	3.80	4.00
Latin America	Brazil	Monetary policy (Repo)	14.25	14.75	15.00	15.00
		3 months (ABG)	14.76	14.80	15.00	13.80
		2 years	16.26	15.00	14.50	13.80
		9 years	16.25	15.00	14.80	13.00
	Mexico	Monetary policy	3.25	3.50	3.75	4.25
		3 months (Mexibor)	3.59	3.70	3.90	4.50
		2 years	4.00	4.40	4.40	4.50
		10 years	6.22	6.30	6.20	6.20
Asia	China	Monetary policy	1.50	1.25	1.00	1.00
		3 months	2.98	3.10	3.00	3.00
		2 years	2.58	2.60	2.70	2.70
		10 years	2.82	3.20	3.30	3.40
	Singapore	Monetary policy	#NV	n.a.	n.a.	n.a.
		3 months	1.25	1.10	1.20	1.75
		2 years	1.14	1.30	1.40	2.00
		10 years	2.45	2.60	2.80	3.10
	South Korea	Monetary policy	1.50	1.50	1.25	1.25
		3 months	1.51	1.40	1.30	1.30
		2 years	1.63	1.70	1.80	1.90
		10 years	2.04	2.20	2.40	2.60

Yield spreads in basis points[1)]

			Current Jan 15 2016	Forecasts 3 months	6 months	12 months
Emerging Markets, EMBIG Spreads	Central- and Eastern Europe	Russia	363	320	310	295
		Turkey	333	320	310	295
		Hungary	219	200	185	180
	Africa	South Africa	507	445	425	410
	Latin America	Brazil	559	530	510	485
		Chile	288	265	255	245
		Columbia	398	350	335	320
		Mexico	380	340	325	310
		Venezuela	3620	3140	3000	2870
	Asia	China	178	175	170	160
		Indonesia	363	335	320	310
		Philippines	142	125	120	115
	Total (EMBIG)		**508**	**470**	**450**	**430**

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.

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Currencies

EURO		Current Jan 15 2016	Forecasts 3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.09	1.06	1.03	1.00
	EUR-CAD	1.57	1.53	1.46	1.35
	EUR-AUD	1.58	1.51	1.49	1.41
Japan	EUR-JPY	128.22	127.20	125.66	128.00
Euro-Outs	EUR-GBP	0.76	0.71	0.68	0.71
	EUR-DKK	7.46	7.46	7.46	7.46
	EUR-SEK	9.31	9.30	9.25	9.20
	EUR-CHF	1.10	1.09	1.10	1.12
	EUR-NOK	9.63	9.40	9.30	9.00
Central- and Eastern Europe	EUR-PLN	4.45	4.40	4.30	4.10
	EUR-HUF	315.51	315.00	310.00	300.00
	EUR-CZK	27.02	27.05	27.00	27.00
Africa	EUR-ZAR	18.12	16.43	15.97	15.50
Latin America	EUR-BRL	4.39	4.29	4.22	4.20
	EUR-MXN	19.73	18.23	17.51	17.00
Asia	EUR-SGD	1.56	1.55	1.51	1.48
	EUR-CNY	7.16	7.10	7.00	6.90
	EUR-KRW	1314	1283	1267	1240
US-Dollar		**Current Jan 15 2016**	**Forecasts 3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.45	1.44	1.42	1.35
	AUD-USD	0.69	0.70	0.69	0.71
Japan	USD-JPY	117.81	120.00	122.00	128.00
Euro-Outs	GBP-USD	1.43	1.49	1.51	1.41
	USD-DKK	6.86	7.04	7.24	7.46
	USD-SEK	8.55	8.77	8.98	9.20
	USD-CHF	1.01	1.03	1.07	1.12
	USD-NOK	8.85	8.87	9.03	9.00
Central- and Eastern Europe	USD-PLN	4.09	4.15	4.17	4.10
	USD-HUF	289.87	297.17	300.97	300.00
	USD-CZK	24.83	25.52	26.21	27.00
Africa	USD-ZAR	16.65	15.50	15.50	15.50
Latin America	USD-BRL	4.06	4.05	4.10	4.20
	USD-MXN	18.13	17.20	17.00	17.00
Asia	USD-CNY	6.58	6.70	6.80	6.90
	USD-SGD	1.44	1.46	1.47	1.48
	USD-KRW	1207	1210	1230	1240

Commodities

Commodity	Current Jan 15 2016	Forecasts 3 months	6 months	12 months
Gold (USD per troy ounce)	1,091.45	1,040	1,000	960
Gold (EUR per troy ounce)	1,002.80	990	980	960
WTI crude (USD per Barrel)	29.42	44	51	56
WTI crude (EUR per Barrel)	27.03	42	50	56
Brent crude (USD per Barrel)	27.86	46	53	58
Brent crude (EUR per Barrel)	25.60	43	51	58

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