Macro Research
Economic Forecasts

February / March 2016

Skating on thin ice


Sources: Fotolia, DekaBank.

After a false start to the year the financial markets have still not settled down again and it is far from certain that the slump in the oil price has come to an end. The global economy is skating on thin ice and that has made the markets uneasy. Admittedly, the fragility of the ice is being thoroughly tested, if we consider the widespread concern over the Chinese economy and its restructuring, or the pressures on many emerging-market countries due to weak commodity prices, not to mention the political challenges arising from the constant stream of refugees into Europe.

Unlike the decision-makers who mastered both the financial crisis and the European sovereign debt crisis, today's "ice champions" cannot fill in the cracks and holes that appear so effectively, in other words the central banks can no longer provide their massive support to keep the markets quiet. Even if the ice holds, which we assume it will, it will be more fragile with more cracks appearing. This is all symbolic for the foreseeable high degree of volatility on financial markets that we can assume to be the safest forecast for 2016. Recovery phases and corrections on equity and bond markets will follow hard on the heels of their predecessors. The major central banks will take their decisions with caution, at short notice depending on data, thus bringing the markets under their control.

Currently the degree of prevailing uncertainty is unusually high and central banks are increasingly inclined to be helpful. The US Fed will now raise its key rates only twice in 2016. The Bank of England will only announce its first key-rate hike in 2017, when it is clear that the outcome of the referendum confirms that UK remains in the EU. In March the ECB will take another expansive arrow from its quiver, should current data, especially those with respect to inflation, again prove more moderate than its projections.

The ice should hold but admittedly it is too thin to stamp up and down on it. Global economic growth is only very modest, so that we cannot afford much to go wrong. With respect to future prospects for the capital market we are also only cautiously optimistic. Only in Europe have corporate profits developed satisfactorily, which has made our domestic equity markets the most attractive for Euro investors. Interest markets seem frozen. In our forecasts we are protected from both euphoria and excessive scepticism. This year willingness to accept risk will be rewarded again, which despite the prevailing volatility renders the capital market a sufficiently constructive investment opportunity.

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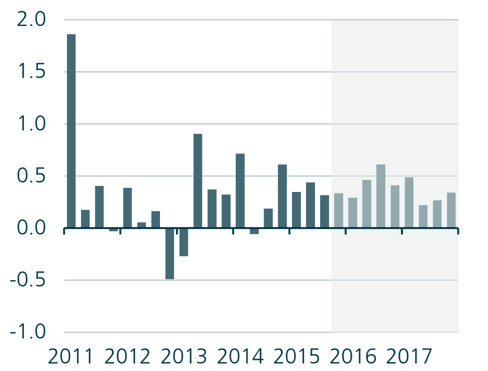
Most important forecast revisions changes

- Germany and the Euro zone: downward revision of the inflation rate for 2016.
- USA: downward revision of GDP and inflation rate for 2016.
- ECB: further lowering of the deposit rate in March 2016 and raising of monthly bond buying to EUR 80bn.
- US Fed: we now expect only two key-rate hikes in 2016.
- Crude oil: downward revision of the oil price forecasts for 2016 and 2017.
- Russia and Brazil: downward revision of GDP forecasts.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



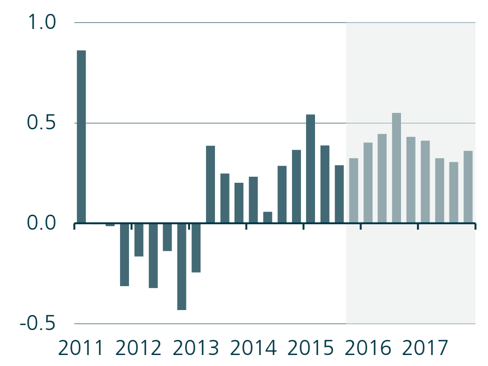
Sources: Destatis, forecast DekaBank

Germany

Global problems have finally impacted indicators of market sentiment, notably the ifo business climate index and the purchasing managers' index. For months it looked as if the problems of emerging-market countries and the slump in commodity prices would only upset the markets. In January that changed. Of course, this does not indicate a reversal of the trend of economic development, but further setbacks are highly likely until indicators of market sentiment and "hard" indicators match. The collapse of the oil price, on the other hand, is a two-edged sword: on the one hand, German exports to oil-producing countries have slumped, but on the other consumers' purchasing power has been enhanced. All in all, the negative effects are outweighed by the positive impact on German GDP.

Forecast revision: Inflation 2016: 0.6 % (previously: 0.9 %).

Eurozone: GDP (% qoq, sa)



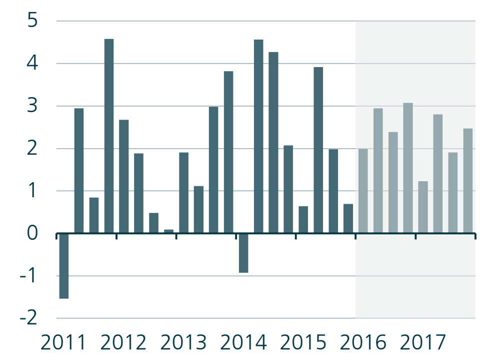
Sources: Eurostat, forecast DekaBank

Eurozone

Growth data for the fourth quarter of 2015 from France and Spain of 0.2% and 0.8% respectively indicate that the Euro zone also probably remained on a modest growth path in the fourth quarter. At the beginning of the first quarter of 2016 the most important indicators of market sentiment have been somewhat gloomier but there is no sign of a collapse in sentiment. The situation on the labour market has been constantly improving and the unemployment rate in December was 10.4%. The improvement on the labour market has been widespread and the unemployment rate has fallen not only in Spain but also in France and Italy. In January the inflation rate rose to its highest level since October 2014 at 0.4 %. However, rising inflation figures do not indicate a trend reversal in the direction of rising energy prices.

Forecast revision: Inflation rate 2016: 0.5 % (previously: 0.8 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

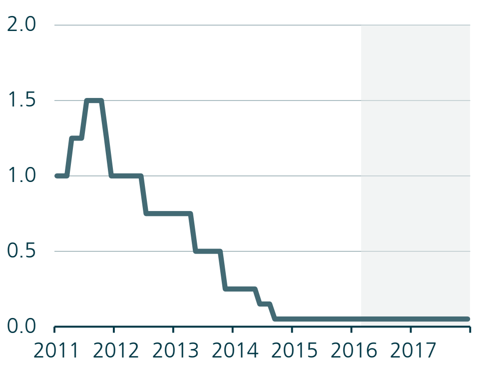
USA

As expected, the pace of US economic growth slowed in the last quarter of 2015. Extrapolated for the year as a whole, GDP increased in the fourth quarter by 0.7%. The slowdown in growth can be attributed primarily to the normalisation of inventory activity and the negative contribution from foreign trade. Due to the lower oil price economic growth in Canada, the USA's most important trading partner, will probably be slower than we have expected hitherto. The growth of US foreign trade will therefore be weaker, which will dampen growth prospects for 2016. Due to the lower oil price we have substantially lowered our inflation forecast for 2016.

Forecast revision: GDP growth 2016: 2.2 % (previously: 2.5 %); inflation 2016: 0.9 % (previously: 1.6 %), 2017: 2.9 % (previously: 2.6 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



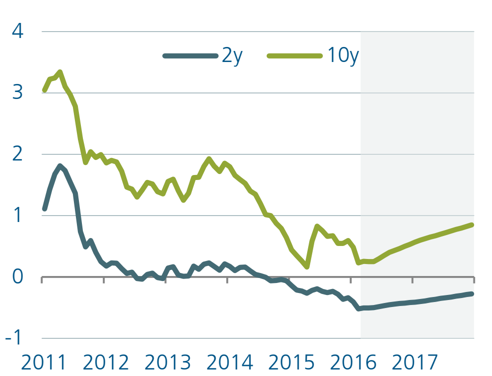
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

A weak global economic environment, even lower commodity prices and enhanced volatility on financial markets have subjected the ECB to pressure to further ease its monetary policy. Nevertheless, we expect the rate on the deposit facility to be lowered slightly to -0.40 % in March. At the same time it is highly likely that the ECB will adopt a two-tier deposit rate, whereby substantial downward scope would be created for EONIA rates in particular, whereas the 3-month EURIBOR rate would be allowed to fall much less. Moreover, we expect the ECB to raise its monthly bond buying to EUR 80bn, so that excess liquidity will rise even quicker and the downward pressure on money market rates will rise.

Forecast revision: Lowering of the rate on the deposit facility to -0.40 % in March and raising of monthly bond buying to EUR 80bn.

German Bond Yield (% p.a.)



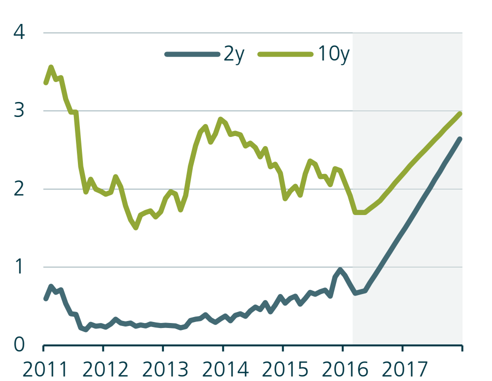
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

We expect the ECB to lower the rate on its deposit facility by at least 10 basis points in March, which will scarcely exceed the extremely high expectations of the market, so that the yields of 2-year Bunds will have no more significant downward scope. For longer maturities the ECB's bond buying is of greater significance. Enhanced downward economic risks should persuade the ECB Council to raise the monthly volume to EUR 80bn. In order to achieve this goal, the ECB should release its bond buying from the equity key and include the bonds of non-financial enterprises in its program. This should contribute to the continuation of very low yields on long-term Bunds.

Forecast revision: Slower rise of long-term yields.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

Recent weeks have shown again that the Fed's expected key-rate path is associated with higher risk. We now expect only two key-rate hikes in the current year. Until the last moment the FOMC members have left open whether they will decide to raise key rates at their meeting in March. However, in the wake of recent turmoil on the financial markets the Fed will probably adopt a wait-and-see stance. As we expect the situation on financial markets to calm down in the months to come, the second key-rate hike will probably come after the FOMC meeting in June. Another interruption of the key-rate hike path will probably be decided at the FOMC meeting in September, as the consumer price inflation rate will then be too low.

Forecast revision: Downward revision of the key-rate forecast for the end of 2016 to 0.875 % (previously 1.375 %) and the end of 2017 to 1.875 % (previously 2.375 %).

Markets: Industrial countries

Equity Market Forecast

	Current Feb 8, 16	in 3 months	in 6 months	in 12 months
DAX	**8 979.36**	**10 500**	**10 000**	**10 500**
Reporting:				
EuroStoxx50	2 785.17	3 250	3 050	3 150
S&P 500	1 853.44	2 000	1 950	1 950
Topix	1 380.41	1 550	1 400	1 400

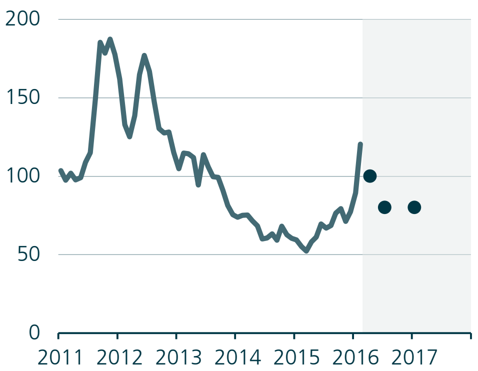
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

Sentiment on the German equity market is very gloomy in the wake of the substantial share price slump in January. Although the environment for the equity markets is undoubtedly challenging, the market has in the meantime adopted a very negative mindset. This scepticism should prepare the ground for the markets' recovery in the further course of the first quarter. The first signs of stabilisation can be seen in some submarkets and the publication of company reports that will satisfy expectations should calm down investors again. Valuations, moreover, have recently been substantially reduced. Nevertheless, the market environment remains fragile and subject to strong price fluctuations.

Forecast revision: 3-month, 6-month and 12-month equity price targets have been revised downwards.

iTraxx Europe (Bp)

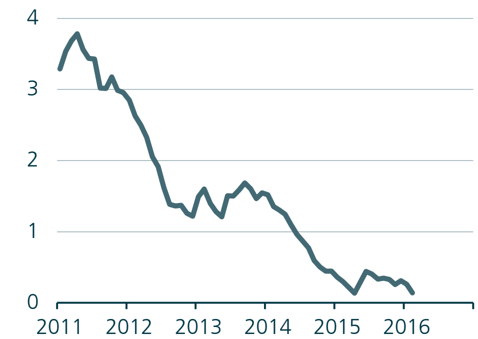


Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

Uncertainty over the stability of the global economy, especially with respect to China, has given credit markets the worst possible start to the new year. Many risk premiums have already exceeded last autumn's levels, when markets had been unsettled by the approaching US interest-rate turnaround. Meanwhile the Euro zone indicators of market sentiment are now also somewhat gloomier, although they are still signalling modest growth. The first company reports for the final quarter of 2015 provide both highs and lows. Many companies have been able to benefit from the favourable Euro exchange rate, whereas others in the energy or commodities sectors are suffering from ever plummeting prices. Depressed investor sentiment is also stifling the market for new issues. However, a few very successful new bonds have shown that investors have funds at their disposal for attractive investment options.

Covered Bonds 5y (% p.a.)



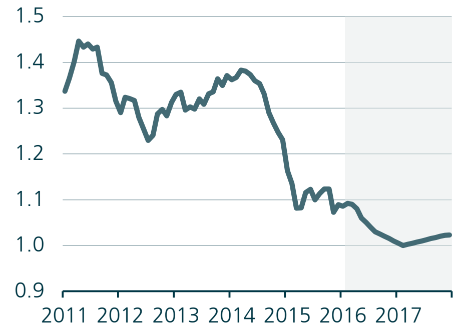
Source: Bloomberg

Covered Bonds

In recent months risk premiums on covered bonds in the Euro zone have widened increasingly and have now reached the level at which they were before the ECB launched its massive bond-buying program. Forced from the market by the central banks, traditional investors have increasingly been in obliged to switch to primary issues. However, here too investors have had to be tempted by attractive spreads in order to place more substantial bonds. In January French issuers successfully launched their first covered bonds thanks to appropriate premiums. And now the fact that even German mortgage bonds are offering positive swap spreads at the long end of the curve is likely to rekindle the interest of former investors.

Markets: Industrial countries

Exchange Rate EUR-USD



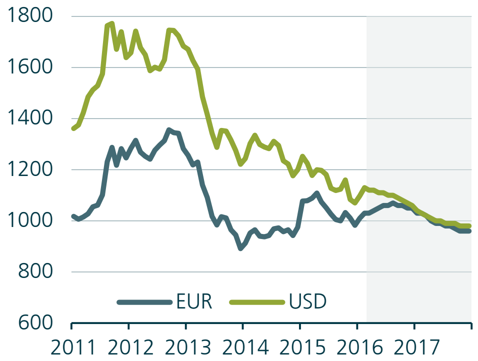
Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

In recent weeks the Euro has appreciated against the US dollar to 1.12 EUR-USD. It dropped to its lowest level since mid-January at 1.07 EUR-USD on the day of the ECB's interest-rate meeting (January 21). Key rates were left on hold, but in his press conference the ECB President Mario Draghi hinted at possible further measures to ease monetary policy in March. On the other hand, US economic data have had a positive impact on the Euro's exchange rate against the US dollar. These data included unexpectedly low inflation figures for December and GDP growth that proved surprisingly weak in the fourth quarter. As a consequence thereof uncertainty was enhanced over the timing of the next key-rate hike in the current year.

Forecast revision: –

Gold price (per troy ounce)



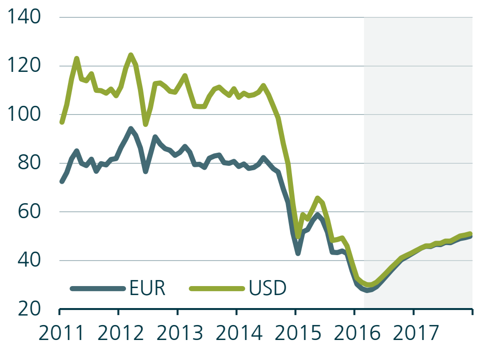
Sources: Bloomberg, forecast DekaBank

Gold

The tense atmosphere on financial markets and persistent concerns over the Chinese economy are currently a hotbed for rising gold prices. At the beginning of February the weak US dollar also boosted the gold price. In the course of the year uncertainty over the emerging-market economies as well as measures undertaken by the central banks will lead to volatility on the financial markets and thereby to an ever stronger demand for safe havens such as gold. As a consequence we have raised our gold price forecast for the entire forecast period. This is in accordance with our downward revision of the equity market forecasts and expectations of weaker interest-rate hikes in the USA in the current year. Although we continue to forecast a trend of falling gold prices, this downward trend will presumably prove somewhat weaker than we expected a month ago.

Forecast revision: Upward revision of our gold price forecast.

Crude Oil Brent (per barrel)



Sources: Bloomberg, forecast DekaBank

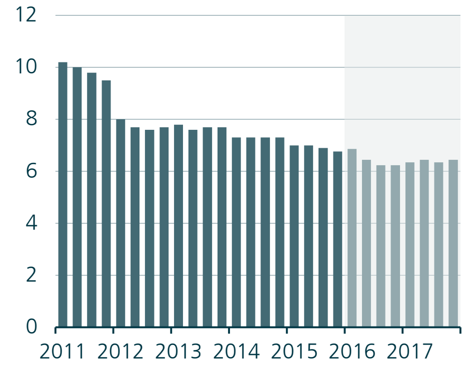
Crude oil

Every day more oil is still being produced than is needed and in the short term this situation is unlikely to change. Meanwhile, as a result of this oversupply huge amounts of oil have accumulated. As the OPEC countries will presumably continue to produce record amounts and US output will probably only fall in the second half of 2016, reduction of the oversupply will take longer than we had hitherto expected. In the next few quarters the modest increase in global demand will still remain substantially below the prolific amount supplied. We have therefore been obliged to substantially lower our oil price forecasts for both 2016 and 2017. Our forecast of rising oil prices remains, but we now expect later and weaker price increases than a month ago.

Forecast revision: Downward revision of the oil price forecast.

Emerging Markets

China: GDP (% yoy)



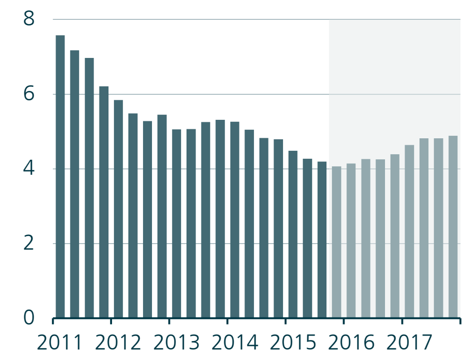
Sources: National Statistics, forecast DekaBank

China

Chinese GDP rose by 6.9 % in 2015. The manufacturing sector is suffering from the weak development of global trade and the real estate market, not to mention overcapacity in the heavy industry sector. However, thanks to the favourable development of the service sector the decline in growth has been modest. The downturn on the Chinese equity market should be regarded increasingly as a necessary correction. The development of the Chinese currency has given rise to widespread concern. We assume that the government has no interest in a substantial devaluation. However, if capital drain continues at their current pace, in the course of the year stronger restrictions on capital movements will have to be introduced or there will be a more drastic depreciation of the renminbi.

Forecast revision: –

Emerging Markets: GDP (% yoy)



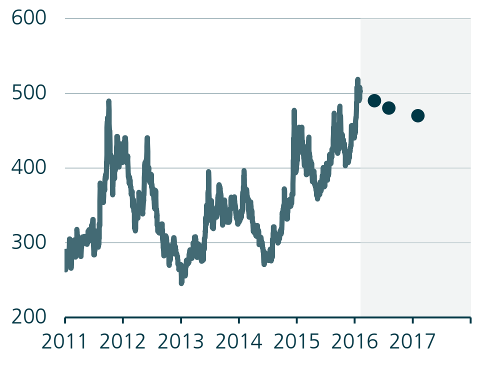
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

The purchasing managers' indices show that the emerging-market countries went into the new year with a somewhat weak rate of GDP growth. For some EM countries the collapse of commodity prices is a huge problem. As we have lowered our oil price forecasts for 2016 and 2017, we have also been obliged to revise down our GDP growth forecasts for some oil-producing countries. Growth prospects have become gloomier not only because of the slump in commodity prices but also due to the weakness of international trade and persistent uncertainty on financial markets. Although the global environment is not creating inflationary pressures, some countries, such as Brazil, South Africa and Turkey, have nevertheless been obliged to adopt a restrictive monetary policy in order to underpin their currencies and hold inflation expectations under control.

Forecast revision: downward revision of our GDP growth forecasts for Russia and Brazil.

EMBIG-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

The first weeks of the new year were dominated by fresh uncertainty over further growth prospects and the negative impact of low commodity prices. However, sentiment on the financial markets has improved somewhat in the wake of the ECB's announcement on January 21 that it is considering new measures to ease its monetary policy. Nevertheless, the risk premiums for hard-currency bonds have remained at a high level. However, neither the ECB's hints, nor the lowering of key rates in Japan or the retraction of interest-hike expectations in the USA have led to a sustained reversal of the trend on capital markets. The markets are suffering from growth fears and enhanced scepticism over the effectiveness of monetary policy and at the moment we can see no factors that could bring about a change. As the latest fall in yields of local-currency bonds have shown, even in this environment counter movements are possible when pessimism has forced prices down to a very low level.

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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	1.4	0.1	0.6	1.8	8.0	7.8	7.6	0.6	0.0	0.4
France	2.4	1.1	1.2	1.3	0.1	0.5	1.6	-1.4	-1.5	-2.0	-3.7	-3.4	-3.2
Italy	2.0	0.6	1.1	1.2	0.1	0.2	1.3	2.2	2.1	2.1	-2.6	-2.5	-1.5
Spain	1.4	3.2	2.8	2.2	-0.6	0.1	1.4	1.5	1.4	1.3	-4.8	-3.6	-2.6
Netherlands	0.7	1.9	2.0	1.8	0.3	0.6	1.8	10.4	9.9	9.4	-2.2	-1.8	-1.5
Eurozone	**12.2**	**1.5**	**1.6**	**1.6**	**0.0**	**0.5**	**1.6**	**3.4**	**3.3**	**3.1**	**-2.2**	**-2.0**	**-1.5**
United Kingdom	2.4	2.2	2.1	2.4	0.0	0.4	1.6	-5.0	-4.7	-4.3	-4.4	-3.1	-2.1
Sweden	0.4	3.4	2.9	2.7	0.7	1.6	2.8	5.4	5.3	5.3	-1.0	-1.1	-1.2
Denmark	0.2	1.1	1.4	1.8	0.2	1.5	1.9	7.1	7.3	7.2	-2.0	-2.7	-1.9
EU-21	**15.2**	**1.7**	**1.7**	**1.7**	**0.1**	**0.5**	**1.7**	**2.2**	**2.2**	**2.1**	**-2.5**	**-2.2**	**-1.6**
Poland	0.9	3.6	3.2	2.8	-0.9	0.8	2.7	-0.5	-0.8	-1.5	-2.8	-3.1	-3.2
Hungary	0.2	2.7	2.3	2.2	0.0	1.0	3.0	5.1	4.2	2.9	-2.3	-2.1	-2.0
Czech Republic	0.3	4.4	2.3	2.2	0.3	0.8	2.2	1.3	0.9	0.4	-1.9	-1.3	-1.2
EU-28	**17.1**	**2.0**	**1.9**	**1.8**	**0.0**	**0.5**	**1.8**	**2.0**	**1.8**	**1.7**	**-2.5**	**-2.3**	**-1.7**
USA	15.9	2.4	2.2	2.3	0.1	0.9	2.9	-2.6	-2.5	-3.0	-4.5	-4.0	-3.5
Japan	4.4	0.7	1.2	0.6	0.8	0.7	2.5	3.1	3.0	2.0	-7.0	-6.0	-5.0
Canada	1.5	1.2	1.3	2.1	1.1	1.4	2.3	-3.5	-3.5	-4.0	-1.5	-2.0	-2.5
Australia	1.0	2.3	2.2	2.1	1.5	1.4	2.2	-4.3	-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	-0.6	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	2.5	2.5	7.1	7.1	7.1	6.9	5.5	5.4
Developed Countries[4]	**38.9**	**1.9**	**1.9**	**1.9**	**0.2**	**0.8**	**2.3**	**0.0**	**0.1**	**-0.3**	**-3.7**	**-3.2**	**-2.7**
Russia	3.3	-3.7	-2.0	1.4	15.5	8.2	5.8	5.0	4.3	4.8	-3.0	-3.5	-1.9
Turkey	1.4	4.2	2.9	2.8	7.7	8.4	6.2	-4.7	-4.7	-5.2	-1.2	-1.8	-1.9
Ukraine	0.3	-10.5	1.0	3.1	48.7	14.0	9.0	-0.5	-1.3	-1.6	-3.5	-3.9	-3.8
Emerging Europe[5]	**7.4**	**-0.4**	**0.5**	**2.0**	**10.8**	**6.9**	**5.2**	**-0.7**	**-1.1**	**0.2**	**X**	**X**	**X**
South Africa	0.7	1.3	0.7	1.4	4.7	5.8	5.6	-4.0	-4.4	-4.6	-3.7	-3.5	-3.3
Middle East, Africa	**3.4**	**2.9**	**3.0**	**3.6**	**6.6**	**6.6**	**6.5**	**2.1**	**2.4**	**1.2**	**X**	**X**	**X**
Brazil	3.0	-3.7	-3.3	0.8	9.0	8.3	5.9	-3.9	-3.3	-3.2	-10.5	-7.5	-5.8
Mexico	2.0	2.5	2.6	2.8	2.7	2.9	3.5	-2.5	-2.3	-2.1	-3.4	-3.0	-2.5
Argentina	0.9	1.8	0.3	2.9	27.4	36.9	17.2	-1.4	-2.7	-1.6	-5.2	-3.6	-3.0
Chile	0.4	2.1	1.8	2.7	4.3	3.7	3.6	-1.2	-1.7	-1.4	-3.2	-2.8	-1.6
Latin America	**8.0**	**-0.4**	**-0.7**	**1.9**	**16.9**	**27.0**	**12.9**	**-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	1.9	-2.8	-3.2	-3.1
India	6.8	7.5	7.2	6.8	4.9	5.3	5.0	-1.1	-1.4	-1.7	-4.0	-3.8	-3.5
South Korea	1.6	2.6	2.2	2.4	0.7	1.1	2.3	7.2	6.7	5.1	-0.4	0.1	0.8
Philippines	0.6	5.8	5.7	4.9	1.4	2.6	3.3	3.6	3.3	3.3	-1.9	-2.2	-2.0
Emerging Asia	**31.7**	**6.1**	**5.9**	**5.7**	**2.4**	**2.7**	**3.0**	**1.9**	**1.8**	**2.5**	**X**	**X**	**X**
Emerging Markets	**50.4**	**3.9**	**3.9**	**4.4**	**6.2**	**7.4**	**5.1**	**0.9**	**0.7**	**1.2**	**X**	**X**	**X**
Total[6]	**89.3**	**3.0**	**3.0**	**3.3**	**3.6**	**4.5**	**3.9**	**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		
		Feb 9 2016	3 months	6 months	12 months
Germany	Monetary policy (Refi)	0.05	0.05	0.05	0.05
	3 months (EURIBOR)	-0.17	-0.26	-0.28	-0.28
	12 months (EURIBOR)	0.00	-0.03	-0.05	-0.05
	Bunds, 2 years	-0.51	-0.50	-0.45	-0.40
	Bunds, 5 years	-0.27	-0.25	-0.20	-0.15
	Bunds, 10 years	0.26	0.25	0.40	0.60
	Bunds, 30 years	0.95	0.95	1.10	1.40
USA	Monetary policy (FFR)	0.25-0.50	0.25-0.50	0.50-0.75	0.75-1.00
	3 months (LIBOR)	0.62	0.60	0.70	1.15
	12 months (LIBOR)	1.14	1.15	1.20	1.55
	US-Treasuries, 2 years	0.66	0.70	1.00	1.60
	US-Treasuries, 5 years	1.16	1.15	1.40	2.00
	US-Treasuries, 10 years	1.76	1.70	1.85	2.30
	US-Treasuries, 30 years	2.59	2.55	2.65	3.05
Japan	Monetary policy (Call)	0.10	0.10	0.10	0.10
	3 months (LIBOR)	0.03	0.05	0.10	0.10
	12 months (LIBOR)	0.11	0.20	0.20	0.20
	JGBs, 2 years	-0.24	-0.10	-0.05	0.10
	JGBs, 5 years	-0.25	-0.05	0.00	0.30
	JGBs, 10 years	-0.03	0.25	0.30	0.60
	JGBs, 30 years	1.05	1.25	1.35	1.65
United Kingdom	Monetary policy (Base)	0.50	0.50	0.50	0.75
	3 months (LIBOR)	0.59	0.60	0.60	0.90
	12 months (LIBOR)	1.00	1.10	1.10	1.40
	Gilts, 2 years	0.35	0.60	0.70	0.90
	Gilts, 5 years	0.79	1.10	1.20	1.60
	Gilts, 10 years	1.44	1.80	1.90	2.10
	Gilts, 30 years	2.28	2.50	2.55	2.65
Sweden	Monetary policy (Repo)	-0.35	-0.35	-0.35	-0.35
	3 months (STIB)	-0.36	-0.35	-0.35	-0.30
	2 years	-0.57	-0.40	-0.30	-0.10
	10 years	0.49	0.70	0.90	1.10
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.07	-0.16	-0.18	-0.18
	2 years	-0.25	-0.30	-0.25	-0.20
	10 years	0.57	0.55	0.70	0.90
Norway	Monetary policy (Deposit)	0.75	0.75	0.75	0.75
	3 months (NIBOR)	1.10	1.15	1.15	1.15
	2 years	0.60	0.70	0.70	0.70
	10 years	1.28	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	-0.94	-0.90	-0.90	-0.80
	10 years	-0.30	-0.20	-0.10	0.10
Canada	Monetary policy (O/N)	0.50	0.50	0.50	0.50
	3 months (CBA)	0.85	0.90	0.90	0.70
	12 months (CBA)	0.99	0.95	0.95	1.00
	2 years	0.34	0.50	0.70	1.20
	5 years	0.51	0.80	1.15	1.70
	10 years	1.05	1.40	1.60	2.10
	30 years	1.87	2.15	2.35	2.75
Australia	Monetary policy (Cash)	2.00	2.00	2.25	2.75
	3 months (ABB)	2.28	2.35	2.40	2.85
	2 years	1.75	2.20	2.45	2.90
	10 years	2.41	2.75	2.90	3.20

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Interest rates in EM countries

			Current	Forecasts		
			Feb 9 2016	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)	1.59	1.60	1.60	1.70
		2 years	1.51	1.50	1.70	1.90
		10 years	3.16	3.30	3.50	3.60
	Czech Rep.	Monetary policy (Repo)	0.05	0.05	0.05	0.05
		3 months (PRIBOR)	0.28	0.25	0.25	0.30
		2 years	-0.15	-0.10	-0.10	-0.05
		10 years	0.51	0.65	0.75	0.95
	Hungary	Monetary policy (Deposit)	1.35	1.35	1.35	1.35
		3 months (BUBOR)	1.35	1.40	1.50	1.70
		3 years	1.98	2.00	2.00	2.10
		10 years	3.41	3.40	3.40	3.50
Latin America	Brazil	Monetary policy (Repo)	14.25	14.75	15.00	15.00
		3 months (ABG)	14.30	14.80	15.00	13.80
		2 years	15.24	15.00	14.50	13.80
		9 years	16.21	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	3.73	4.40	4.40	4.50
		10 years	6.10	6.30	6.20	6.20
Asia	China	Monetary policy	1.50	1.50	1.25	1.00
		3 months	3.06	3.10	3.00	3.00
		2 years	2.56	2.60	2.70	2.70
		10 years	2.89	3.00	3.10	3.10
	Singapore	Monetary policy	n.a.	n.a.	n.a.	n.a.
		3 months	1.25	1.10	1.20	1.75
		2 years	1.04	1.30	1.40	2.00
		10 years	2.16	2.60	2.80	3.10
	South Korea	Monetary policy	1.50	1.25	1.25	1.25
		3 months	1.48	1.40	1.30	1.30
		2 years	1.49	1.70	1.80	1.90
		10 years	1.88	2.20	2.40	2.60

Yield spreads in basis points[1)]

			Current	Forecasts		
			Feb 9 2016	3 months	6 months	12 months
Emerging Markets, EMBIG Spreads	Central- and Eastern Europe	Russia	342	320	310	305
		Turkey	343	315	310	300
		Hungary	241	225	220	215
	Africa	South Africa	485	445	440	430
	Latin America	Brazil	574	535	525	515
		Chile	289	275	270	260
		Columbia	425	390	380	370
		Mexico	389	360	350	345
		Venezuela	3527	3450	3390	3315
	Asia	China	192	180	180	175
		Indonesia	373	350	345	340
		Philippines	140	125	120	120
	Total (EMBIG)		**520**	**490**	**480**	**470**

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	Forecasts		
		Feb 9 2016	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.12	1.06	1.03	1.00
	EUR-CAD	1.56	1.51	1.46	1.41
	EUR-AUD	1.59	1.51	1.49	1.41
Japan	EUR-JPY	129.27	128.26	126.69	128.00
Euro-Outs	EUR-GBP	0.78	0.77	0.73	0.69
	EUR-DKK	7.46	7.46	7.46	7.46
	EUR-SEK	9.50	9.35	9.30	9.20
	EUR-CHF	1.10	1.09	1.10	1.12
	EUR-NOK	9.63	9.40	9.30	9.20
Central- and Eastern Europe	EUR-PLN	4.45	4.45	4.40	4.40
	EUR-HUF	311.39	305.00	310.00	310.00
	EUR-CZK	27.06	27.00	27.00	27.00
Africa	EUR-ZAR	18.09	17.17	16.89	16.60
Latin America	EUR-BRL	4.36	4.29	4.22	4.20
	EUR-MXN	20.96	19.08	18.03	17.50
Asia	EUR-SGD	1.57	1.55	1.51	1.48
	EUR-CNY	7.37	7.10	7.00	6.90
	EUR-KRW	1352	1283	1267	1240
US-Dollar		**Current**	**Forecasts**		
		Feb 9 2016	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.39	1.42	1.42	1.41
	AUD-USD	0.70	0.70	0.69	0.71
Japan	USD-JPY	115.23	121.00	123.00	128.00
Euro-Outs	GBP-USD	1.44	1.38	1.41	1.45
	USD-DKK	6.65	7.04	7.24	7.46
	USD-SEK	8.47	8.82	9.03	9.20
	USD-CHF	0.98	1.03	1.07	1.12
	USD-NOK	8.58	8.87	9.03	9.20
Central- and Eastern Europe	USD-PLN	3.96	4.20	4.27	4.40
	USD-HUF	277.53	287.74	300.97	310.00
	USD-CZK	24.12	25.47	26.21	27.00
Africa	USD-ZAR	16.12	16.20	16.40	16.60
Latin America	USD-BRL	3.90	4.05	4.10	4.20
	USD-MXN	18.68	18.00	17.50	17.50
Asia	USD-CNY	6.57	6.70	6.80	6.90
	USD-SGD	1.40	1.46	1.47	1.48
	USD-KRW	1206	1210	1230	1240

Commodities

Commodity	Current	Forecasts		
	Feb 9 2016	3 months	6 months	12 months
Gold (USD per troy ounce)	1,189.38	1,110	1,100	1,030
Gold (EUR per troy ounce)	1,064.32	1,050	1,070	1,030
WTI crude (USD per Barrel)	29.69	30	36	44
WTI crude (EUR per Barrel)	26.57	28	35	44
Brent crude (USD per Barrel)	32.97	31	37	45
Brent crude (EUR per Barrel)	29.50	29	36	45

Macro Research
Economic Forecasts

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