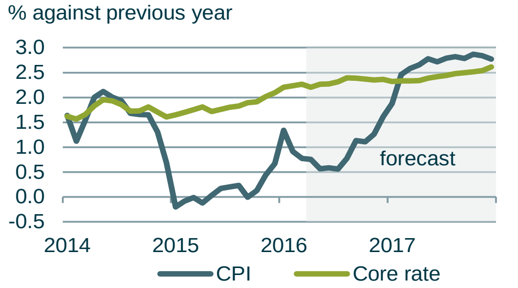
Macro Research
Economic Forecasts

March / April 2016

Inflation – Seek and ye shall find.

USA: Consumer prices



Sources: Bureau of Labor Statistics, forecast DekaBank

Since mid-February the financial markets have recovered somewhat from their unedifying start to the year. The main reason for this calming of the situation has presumably been that commodity prices have finally bottomed out. The crude oil price, for example, has recovered slightly because a few important producers have signalled that they intend to combat the current oversupply. So far, so good. Otherwise recent weeks have produced the expected mix of economic data, which has done little to clarify the true state of the global economy.

Attention is thus focused once again on the central banks, which are currently making their monetary policy decisions dependent on the economic data available at the time. And here it is worth looking at the development of inflation. Yes, inflation does exist, even if we have to look for it with a magnifying glass. In the USA core inflation has been creeping up for the last year and meanwhile wage indicators are signalling reliably that full employment with an unemployment rate of 4.9% will result in a gradual rise in wage pressure. The Fed will presumably implement its second rate hike only in June, but the economic environment suggests that it could well raise rates further in subsequent quarters. It is slowly becoming clear that, at least on that side of the Atlantic, the road has been reopened to normality in monetary policy.

The Fed and the ECB are thus travelling in opposite directions: the latest inflation data in the Euro zone have been sobering. The ECB's latest package of expansionary measures announced at its meeting in March should be seen against this backdrop: the lowering of key interest rates, expansion of monthly purchases under the asset purchase program and new long-term tenders. In order to find inflation here you would need both a good magnifying glass and a pair of binoculars. Europe's economic recovery is proving to be a very gradual process. For the time being we must assume that the ECB will continue to miss its target with respect to the rate of inflation. Only in some two years' time will the situation on the labour market have improved sufficiently to remove all fears of deflation and to allow the ECB to endeavour to exit from its ultra-expansionary monetary policy. We now expect the first raising of the interest rate on main refinancing operations only in 2019.

Domestic investors now find themselves in a challenging world without interest. At the moment there are many bad cards on the table (low growth rate of the global economy, concerns over the stability of the financial market, the stream of refugees into Europe, forthcoming elections, the British EU referendum, etc.). Nevertheless, we regard the acceptance of risk as the most promising investment strategy with European equities and high-yield bonds heading the list with respect to yields. Meanwhile volatility can be expected to remain very high throughout 2016.

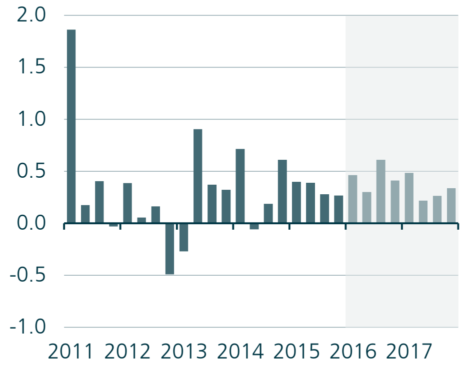
Contents

Most important forecast revisions changes

- Germany: inflation rate 2016 and 2017: 0.3 % (previously: 0.6 %) and 1.7 % (previously: 1.8 %); GDP growth 2016: 1.6 % (previously: 1.7 %).
- Euro zone: GDP growth 2015 and 2016: in each case 1.5 % (previously: each 1.6 %); inflation rate 2015 and 2016: 0.3 % (previously: 0.5 %) and 1.5 % (previously 1.6 %).
- USA: inflation rate 2017: 2.7 % (previously: 2.9 %).
- Brazil: downward revision of our GDP growth forecast.

Economy: Industrial countries

Germany: GDP (% qoq, sa)



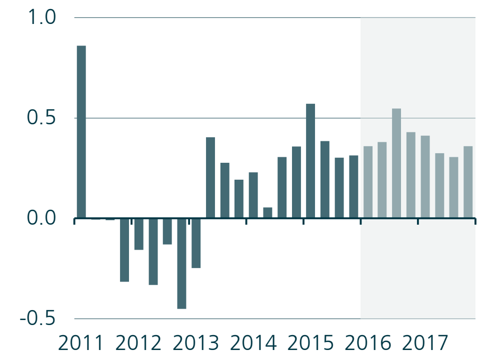
Sources: Destatis, forecast DekaBank

Germany

The economy is currently sending out conflicting signals. Whereas indicators of market sentiment have fallen substantially, „hard" indicators such as output at the beginning of the year have improved noticeably. This can presumably be attributed to special factors, as can be seen in the case of the finishing trades, whose output increased in January by an almost unbelievable17.6 % against the figure for December. Here we can expect a counter reaction. The German retail sector has proved stable with steadily increasing sales.

Forecast revision: Inflation rate 2016 and 2017: 0.3 % (previously: 0.6 %) and 1.7 % (previously: 1.8 %); GDP growth 2016: 1.6 % (previously: 1.7 %).

Eurozone: GDP (% qoq, sa)



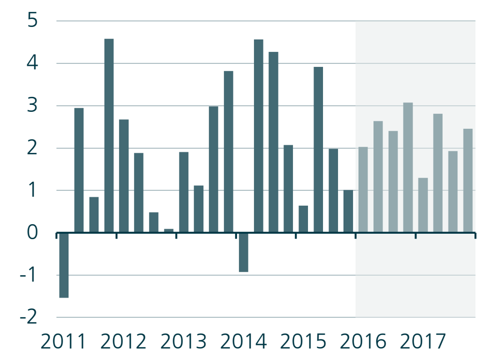
Sources: Eurostat, forecast DekaBank

Eurozone

The Euro zone economy grew in the fourth quarter of 2015 by 0.3 % qoq, which sets the Euro area on a broad foundation for growth. The frontrunner among the four major EWU countries was Spain with a growth rate of 0.8 %. Germany and France each registered 0.3 % and Italy a mere 0.1 %. At the end of 2015 no Euro zone countries were in recession. The indicators of market sentiment for the first quarter in suggest that the Euro zone will continue on its current growth path. Thanks to the slump in energy prices the inflation rate dropped to -0.2 % in February.

Forecast revision: GDP growth 2015 and 2016: each 1.5 % (previously: each 1.6 %); inflation rate 2015 and 2016: 0.3 % (previously: 0.5 %) and 1.5 % (previously 1.6 %).

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



Sources: Bureau of Economic Analysis, forecast DekaBank

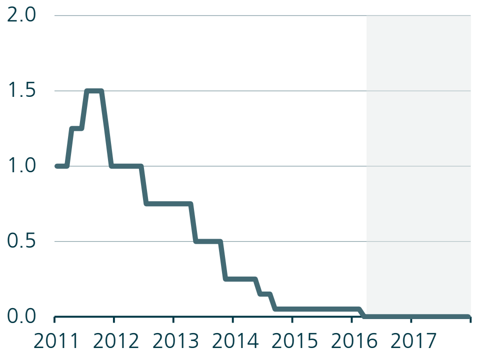
USA

Concerns over the economy which had been preoccupying many market players since the beginning of the year have proved ungrounded, although in recent weeks some indicators of sentiment have indeed provided unwelcome surprises. The hard indicators, on the other hand, have been surprisingly strong. Even the recently weakening industrial sector has registered positive growth. However, the weak growth of wages in February is likely to dampen household income and consumption in the short term. In January there were surprisingly strong price rises in the core rates (energy and foodstuffs), in consumer prices and in the deflator of private expenditures, which have slightly raised medium-term inflation risks.

Forecast revision: Inflation rate 2017: 2.7 % (previously: 2.9 %).

Markets: Industrial countries

ECB: Repo Rate (% p.a.)



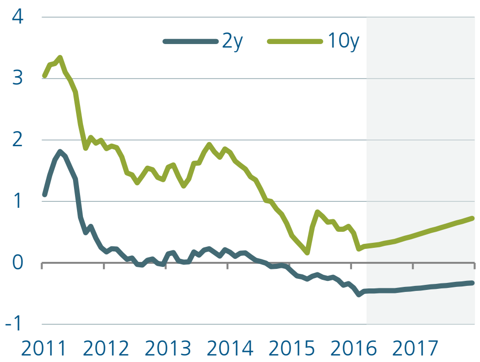
Sources: European Central Bank, forecast DekaBank

The European Central Bank / Money market

By lowering its three key rates, expanding monthly purchases under its asset purchase program and launching a new series of longer term refinancing operations on very favourable conditions the ECB has presented a package of measures that has far exceeded investors' expectations. Nevertheless, there were initially no positive reactions on most financial markets, for at his press conference President Draghi gave the impression that the ECB had shot most of its powder. In the weeks to come the central bankers will be at pains to stress that, if required, they still have room to manoeuvre in order to combat the risks of recession and deflation. However, any such measures would not include key rates, so that EONIA and EURIBOR rates will now probably settle above the deposit rate of -0.40 %.

Forecast revision: –.

German Bond Yield (% p.a.)



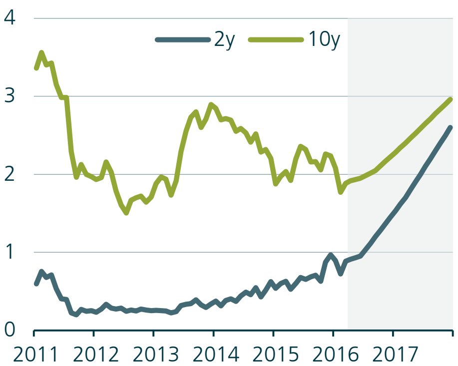
Sources: Bloomberg, forecast DekaBank

Eurozone bond market

Despite its comprehensive package of measures the ECB disappointed market players by lowering the rate on the deposit facility in March by only 10 basis points to -0.40 % and refusing to take any further interest rate measures. Two-year Bunds immediately underwent substantial correction and their yields will now probably move sideways at a level just below the deposit rate. In the case of longer maturities we expect slightly higher yields due to rising inflation expectations and lower downside economic risks. However, the steepening of the interest rate curve will be limited, as the ECB's expansion of its monthly asset purchases to EUR 80bn will presumably include the purchase of more Bunds.

Forecast revision: –.

US Bond Yield (% p.a.)



Sources: Bloomberg, forecast DekaBank

US bond market

Despite the latest easing of tensions on financial markets the risks with respect to the Fed's future key-rate path remain high. It is conceivable that the Fed could not only raise key rates twice in the current year, as we expect, but may even do so four times. Macroeconomic data argue in favour of this scenario. Moreover, the easing of tension on financial markets would be accompanied by rising energy prices and a falling trade-weighted exchange rate for the US dollar. These two factors could lead to a substantial rise in rates of inflation. The rise in yields of US government bonds in recent weeks has been less marked than movements on currency and equity markets. This can presumably be attributed to the beginning of the reinvestment of government bonds by the Fed.

Forecast revision: –.

Markets: Industrial countries

Equity Market Forecast

	Current Mar 11, 16	in 3 months	in 6 months	in 12 months
DAX	**9 831.13**	**10 500**	**10 000**	**10 500**
Reporting:				
EuroStoxx50	3 073.80	3 250	3 050	3 150
S&P 500	2 022.19	2 000	1 950	1 950
Topix	1 359.32	1 400	1 200	1 200

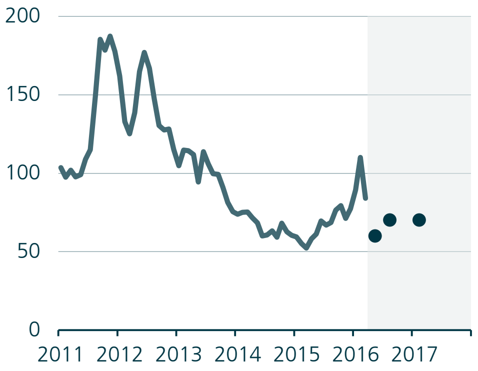
Sources: Deutsche Börse AG, forecast DekaBank

Equity market: Germany

After a weak start to the year and equity market turbulence in February the situation should be somewhat calmer in March and April. Market sentiment had become much too gloomy in the first weeks of the year and investors had become too pessimistic with respect to their economic environment, which is indeed difficult as leading indicators have worsened slightly and are now signalling somewhat weaker economic growth. Corporate profit expectations have also been revised down recently. However, it cannot be ignored that despite these downward revisions the profits of German companies could well rise in comparison with those of the previous year and the current market is not overvalued.

Forecast revision: –.

iTraxx Europe (Bp)

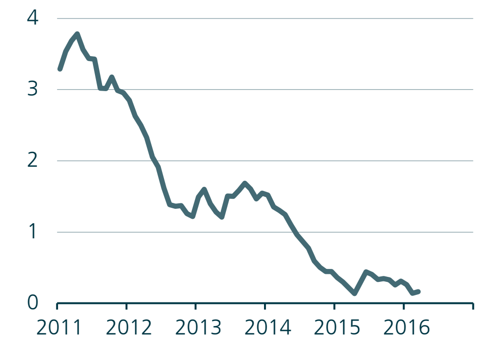


Sources: International Index Company, forecast DekaBank

Corporate bond market: Eurozone

At its March meeting the ECB surprised the markets with a package of new measures. Directly affected are corporate bonds issued by companies established in the Euro area. Until now these would have benefited from investors' evasive purchases, now they can also be purchased directly by the central bank. The exact details of the ECB's measures have yet to be worked out. Included in the asset-purchase program are investment grade Euro-denominated bonds issued by non-bank corporations established in the Euro area that meet the criteria for their provision as securities for the ECB's money market tenders. The asset-purchase program will start in June at the earliest, but the markets have reacted very positively in anticipation thereof, which has lowered risk premiums appreciably. This also applies to bank bonds, which although they will not be purchased by the ECB will benefit immensely from the other measures designed to support the banks, especially the new long-term tenders.

Covered Bonds 5y (% p.a.)



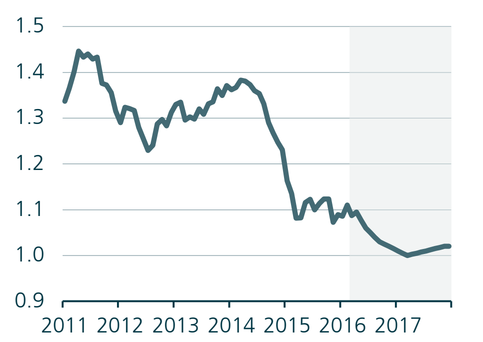
Source: Bloomberg

Covered Bonds

As a result of the thinning out of the market by the ECB, investors had lost interest in mortgage bonds and covered bonds. With the usual wave of new issues at the beginning of the year the risk premiums on these securities have been driven even higher. Meanwhile covered bonds have reached a level against swap rates that has once again made investment more attractive, especially in order to meet the liquidity coverage ratio. In recent weeks new issues have been met with growing interest and have frequently been oversubscribed. In this context, a 5.year zero-coupon Helaba mortgage bond was successfully placed on the market. Berlin Hyp even managed to place a 3-year mortgage bond with a marked negative yield on the market.

Markets: Industrial countries

Exchange Rate EUR-USD



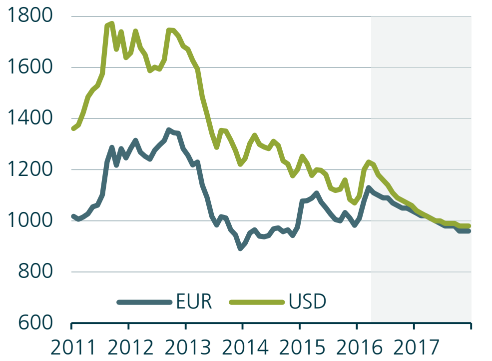
Sources: European Central Bank, forecast DekaBank

Currency market: EUR-USD

In the first half of February the Euro rose against the US dollar to 1.13 EUR-USD, its highest level in 2016. However, at the beginning of March it had fallen back to 1.09 EUR-USD, its level at the beginning of February. The US dollar was underpinned by good economic data and above all by the US labour market report for February, which came as a welcome surprise. More jobs have been created than had been expected and the unemployment rate is now at its lowest level since the spring of 2008. As a result, further key-rate hikes by the Fed are now more likely in the current year. The Euro was impacted only very briefly by the ECB's interest-rate measures in March. The Euro's losses against the dollar had already been offset in the course of the ECB's press conference and the Euro finally emerged as winner at the end of the day.

Forecast revision: –

Gold price (per troy ounce)



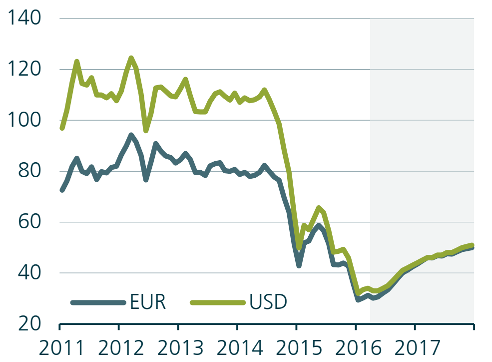
Sources: Bloomberg, forecast DekaBank

Gold

Despite a recovery on the equity markets the gold price has been on the rise since mid-February. Inflows into physically deposited gold ETFs have played a significant role in underpinning this price development. Gold has also benefited from the general stabilisation of commodity prices in recent weeks. Moreover, several central banks have recently announced or are contemplating further expansionary measures. Nevertheless, within our forecast period we do not foresee any sustained radical departure of the gold price from the downward trend it has been following since 2013. The global economy will not slide into a recession and the Fed has at least already set out on the admittedly protracted exit from its zero-rate monetary policy. The Fed will probably carry out more key-rate hikes than the markets expect this year, which will undoubtedly have a negative impact on the gold price thereafter.

Forecast revision: –

Crude Oil Brent (per barrel)



Sources: Bloomberg, forecast DekaBank

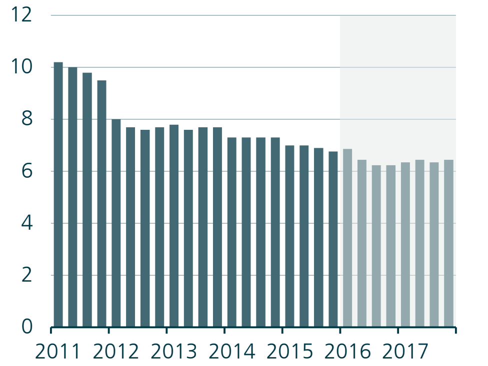
Crude oil

In the middle of February Saudi Arabia, Russia and Venezuela agreed to freeze their oil output at the level of January 2016. These four countries supply a quarter of the global oil market. However, more oil can be placed on global markets by other countries such as Iran or Iraq. It is still far from clear how far global output will actually be limited by this agreement. Nevertheless, US oil output has been falling since February and oil prices have reacted with sharp rises. The foundation for a future rise in the price of crude oil now seems a little more stable. However, it is highly questionable whether the upward trend will last. In our forecast, therefore, we maintain our view that the oil price is finally bottoming out, but only in the second half of the year do we expect any further substantial price rises.

Forecast revision: –.

Emerging Markets

China: GDP (% yoy)



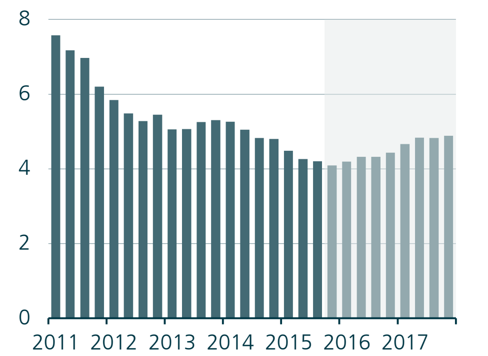
Sources: National Statistics, forecast DekaBank

China

The Chinese government has established a GDP growth target for 2016 of between 6.5% and 7%. In order to achieve this target further measures will have to be implemented to provide support for the economy, which is currently in a very weak state. The purchasing managers' indices have fallen again and foreign trade has slumped substantially. At the same time, however, there has been a sharp increase in the granting of credit, which shows that Chinese banks are still prepared to contribute to steering the economy, even if it is at the cost of write-offs from their loan portfolios. Currency reserves fell in February by a mere USD 30bn after USD 100bn in the preceding months, which suggests a slowing down of capital outflows.

Forecast revision: –

Emerging Markets: GDP (% yoy)



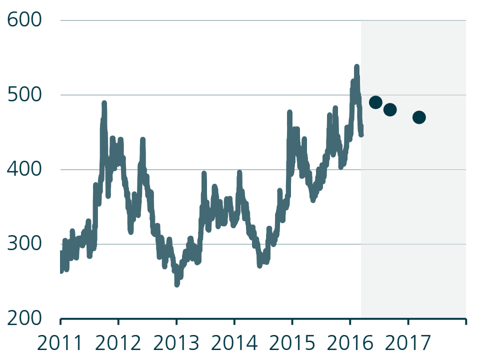
Sources: National Statistics, forecast DekaBank

Emerging Markets: Economy

Since last summer the emerging markets (EM) have been impacted by a whole range of negative factors: commodity prices have fallen drastically, financing conditions have worsened and global trade has slumped. In comparison the EM economies have performed satisfactorily. However, quarterly growth has fallen in almost all major EM countries and the weakening of the purchasing managers' indices suggests that this negative trend has continued into the first quarter. Although the recent stabilisation of commodity prices has provided some welcome relief for many EM countries, it is nevertheless far from enough to restore their confidence. Asia remains the region with the highest GDP growth, whereas Russia seems doomed to slide into recession.

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

EMBIG-Spread (Bp)



Sources: Bloomberg, forecast DekaBank

Emerging Markets: Markets

Driven primarily by the recovery of commodity prices, the prices of many EM equities and bonds have risen sharply in recent weeks. Another factor has been the fact that in the wake of massive price markdowns, some investors had previously decided for tactical reasons to wait for a counter movement. The central banks have also made their contribution to raising sentiment on the capital markets. In China, Japan and the Euro zone monetary policy has been further eased, and both the USA and Great Britain are expected to follow a modest rate-hike path. However, this positive market development is not underpinned by a brightening of the economic outlook. In this respect, commodity prices could suddenly slump again. Moreover, in June we expect the Fed's second interest-rate hike, which from today's standpoint would surprise the markets. All in all, we believe there is too little support for the recent upward movement for us to be able to see it as indicating a new trend.

Macro Research
Economic Forecasts

March / April 2016

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	1.6	1.4	0.1	0.3	1.7	8.2	7.8	7.6	0.6	0.0	0.4
France	2.4	1.1	1.3	1.3	0.1	0.3	1.5	-1.4	-1.5	-2.0	-3.7	-3.4	-3.2
Italy	2.0	0.6	0.7	1.1	0.1	0.3	1.3	2.2	2.1	2.1	-2.6	-2.4	-2.0
Spain	1.4	3.2	2.7	2.2	-0.6	-0.3	1.3	1.5	1.4	1.3	-4.8	-3.6	-2.6
Netherlands	0.7	1.9	1.7	1.8	0.2	0.3	1.7	10.4	9.9	9.4	-2.2	-1.8	-1.5
Eurozone	**12.2**	**1.5**	**1.5**	**1.5**	**0.0**	**0.3**	**1.5**	**3.5**	**3.3**	**3.1**	**-2.2**	**-2.0**	**-1.6**
United Kingdom	2.4	2.2	1.7	2.3	0.0	0.4	1.6	-5.0	-4.7	-4.3	-4.4	-3.1	-2.1
Sweden	0.4	3.8	3.6	2.7	0.7	1.9	2.8	5.4	5.3	5.3	-1.0	-1.1	-1.2
Denmark	0.2	1.2	1.2	1.8	0.2	1.3	1.9	7.1	7.3	7.2	-2.0	-2.7	-1.9
EU-21	**15.2**	**1.7**	**1.6**	**1.7**	**0.1**	**0.4**	**1.6**	**2.2**	**2.2**	**2.1**	**-2.5**	**-2.1**	**-1.6**
Poland	0.9	3.6	3.3	3.0	-0.9	0.4	2.7	-0.5	-1.1	-1.4	-3.0	-3.1	-3.2
Hungary	0.2	2.9	2.4	2.2	-0.1	0.8	3.0	4.8	4.1	3.1	-2.1	-2.0	-1.9
Czech Republic	0.3	4.3	2.3	2.2	0.3	0.8	2.2	1.2	0.9	0.3	-1.6	-1.1	-1.2
EU-28	**17.1**	**2.0**	**1.8**	**1.8**	**0.0**	**0.4**	**1.7**	**2.0**	**1.9**	**1.7**	**-2.5**	**-2.2**	**-1.7**
USA	15.9	2.4	2.2	2.3	0.1	0.9	2.7	-2.5	-2.5	-3.0	-4.5	-4.0	-3.5
Japan	4.4	0.5	0.6	0.6	0.8	0.4	2.5	3.3	3.5	2.5	-7.1	-6.0	-5.0
Canada	1.5	1.2	1.4	2.1	1.1	1.3	2.3	-3.3	-3.0	-3.5	-1.7	-2.0	-2.5
Australia	1.0	2.5	2.3	2.1	1.5	1.2	2.1	-4.6	-4.5	-3.5	-2.7	-3.0	-3.0
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	0.9	1.4	1.7	-1.1	-0.6	0.3	9.8	9.9	10.4	-0.2	-0.3	-0.2
Norway	0.3	1.1	1.0	2.0	2.2	2.8	2.4	7.1	7.1	7.1	6.9	5.5	5.4
Developed Countries[4]	**38.9**	**1.9**	**1.7**	**1.9**	**0.2**	**0.7**	**2.2**	**0.1**	**0.1**	**-0.2**	**-3.7**	**-3.3**	**-2.8**
Russia	3.3	-3.7	-2.0	1.4	15.5	8.2	5.8	5.4	4.0	4.8	-2.7	-3.5	-2.0
Turkey	1.4	4.2	2.9	2.8	7.7	9.0	6.6	-4.3	-4.6	-4.9	-1.2	-1.9	-1.9
Ukraine	0.3	-10.5	0.0	3.0	48.7	13.0	9.0	-0.5	-1.3	-1.6	-1.5	-3.9	-3.6
Emerging Europe[5]	**7.4**	**-0.3**	**0.4**	**2.1**	**10.8**	**6.8**	**5.2**	**-0.8**	**-1.1**	**0.2**	**X**	**X**	**X**
South Africa	0.7	1.3	0.6	1.4	4.5	5.8	5.6	-4.0	-4.3	-5.0	-3.8	-3.6	-3.3
Middle East, Africa	**3.4**	**3.0**	**2.4**	**3.1**	**6.3**	**6.5**	**6.8**	**2.1**	**2.4**	**1.2**	**X**	**X**	**X**
Brazil	3.0	-3.9	-3.6	0.7	9.0	8.9	6.2	-3.3	-3.2	-3.2	-10.5	-7.4	-5.7
Mexico	2.0	2.5	2.6	2.8	2.7	3.4	3.5	-2.5	-2.7	-2.3	-3.4	-3.0	-2.5
Argentina	0.9	1.8	-0.3	3.0	27.2	36.3	17.3	-1.3	-2.9	-1.5	-5.2	-2.9	-2.2
Chile	0.4	2.1	1.8	2.7	4.3	3.6	3.1	-1.1	-1.8	-2.0	-3.2	-3.2	-1.9
Latin America	**8.0**	**-0.6**	**-1.1**	**1.7**	**16.0**	**41.0**	**30.3**	**-2.0**	**-2.5**	**-2.9**	**X**	**X**	**X**
China	16.6	6.9	6.5	6.4	1.4	2.1	2.4	3.2	2.5	2.0	-2.8	-3.2	-3.1
India	6.8	7.5	7.2	6.8	4.9	5.8	5.1	-1.0	-0.9	-1.4	-4.0	-3.8	-3.5
South Korea	1.6	2.6	2.2	2.4	0.7	1.3	2.7	8.2	8.0	7.1	-0.7	0.1	1.2
Philippines	0.6	5.8	5.7	4.9	1.4	1.9	3.3	2.9	3.6	3.8	-1.7	-2.0	-1.9
Emerging Asia	**31.7**	**6.2**	**5.9**	**5.7**	**2.4**	**2.8**	**3.1**	**1.9**	**1.8**	**2.4**	**X**	**X**	**X**
Emerging Markets	**50.4**	**3.9**	**3.8**	**4.4**	**6.1**	**9.7**	**8.0**	**0.9**	**0.7**	**1.2**	**X**	**X**	**X**
Total[6]	**89.3**	**3.0**	**2.9**	**3.3**	**3.5**	**5.8**	**5.4**	**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.

March / April 2016

Interest rates in industrialised countries

		Current	Forecasts		
		Mar 14 2016	3 months	6 months	12 months
Germany	Monetary policy (Refi)	0.00	0.00	0.00	0.00
	3 months (EURIBOR)	-0.23	-0.26	-0.28	-0.28
	12 months (EURIBOR)	-0.01	-0.04	-0.05	-0.05
	Bunds, 2 years	-0.47	-0.45	-0.45	-0.40
	Bunds, 5 years	-0.28	-0.25	-0.20	-0.15
	Bunds, 10 years	0.27	0.30	0.35	0.50
	Bunds, 30 years	1.02	1.10	1.20	1.40
USA	Monetary policy (FFR)	0.25-0.50	0.50-0.75	0.50-0.75	1.00-1.25
	3 months (LIBOR)	0.63	0.70	0.80	1.20
	12 months (LIBOR)	1.22	1.20	1.25	1.65
	US-Treasuries, 2 years	0.96	0.95	1.20	1.70
	US-Treasuries, 5 years	1.48	1.45	1.60	2.10
	US-Treasuries, 10 years	1.97	1.95	2.05	2.40
	US-Treasuries, 30 years	2.75	2.75	2.80	3.15
Japan	Monetary policy (Call)	0.10	0.10	0.10	0.10
	3 months (LIBOR)	0.00	0.00	0.00	0.05
	12 months (LIBOR)	0.10	0.10	0.15	0.15
	JGBs, 2 years	-0.17	-0.10	-0.05	0.15
	JGBs, 5 years	-0.16	-0.15	-0.05	0.25
	JGBs, 10 years	-0.04	0.00	0.10	0.35
	JGBs, 30 years	0.75	0.90	1.00	1.30
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)	1.02	1.10	1.20	1.40
	Gilts, 2 years	0.56	0.50	0.70	1.10
	Gilts, 5 years	1.00	1.00	1.30	1.60
	Gilts, 10 years	1.58	1.60	1.70	2.00
	Gilts, 30 years	2.37	2.45	2.50	2.65
Sweden	Monetary policy (Repo)	-0.50	-0.50	-0.50	-0.50
	3 months (STIB)	-0.48	-0.50	-0.50	-0.40
	2 years	-0.61	-0.50	-0.40	-0.20
	10 years	0.61	0.70	0.90	1.20
Denmark	Monetary policy (Repo)	0.05	0.05	0.05	0.05
	3 months (CIBOR)	-0.04	-0.10	-0.10	-0.10
	2 years	-0.23	-0.15	-0.15	-0.10
	10 years	0.62	0.65	0.70	0.85
Norway	Monetary policy (Deposit)	0.75	0.75	0.75	0.75
	3 months (NIBOR)	1.01	1.05	1.05	1.05
	3 years	0.56	0.60	0.70	1.00
	10 years	1.43	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)	-0.76	-0.75	-0.75	-0.75
	2 years	-0.94	-0.95	-0.95	-0.90
	10 years	-0.26	-0.20	-0.10	0.10
Canada	Monetary policy (O/N)	0.50	0.50	0.50	0.50
	3 months (CBA)	0.88	0.90	0.85	0.75
	12 months (CBA)	1.07	0.95	0.90	1.05
	2 years	0.59	0.60	0.80	1.30
	5 years	0.81	0.85	1.00	1.65
	10 years	1.36	1.45	1.55	2.00
	30 years	2.12	2.20	2.30	2.65
Australia	Monetary policy (Cash)	2.00	2.00	2.25	2.75
	3 months (ABB)	2.36	2.35	2.45	2.90
	2 years	2.05	2.05	2.35	2.80
	10 years	2.69	2.70	2.85	3.15

Interest rates in EM countries

			Current	Forecasts		
			Mar 14 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)	1.57	1.60	1.60	1.70
		2 years	1.46	1.50	1.60	1.90
		10 years	2.88	2.90	3.00	3.60
	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	-0.20	-0.20	-0.20	-0.15
		10 years	0.32	0.35	0.40	0.70
	Hungary	Monetary policy (Deposit)	1.35	1.35	1.35	1.35
		3 months (BUBOR)	1.34	1.40	1.50	1.70
		3 years	1.78	1.80	2.00	2.10
		10 years	3.20	3.40	3.40	3.50
Latin America	Brazil	Monetary policy (Repo)	14.25	14.25	14.25	14.25
		3 months (ABG)	14.09	14.25	14.25	13.80
		2 years	13.57	14.00	13.90	13.80
		9 years	14.53	14.80	14.50	13.20
	Mexico	Monetary policy	3.75	4.00	4.00	4.50
		3 months (Mexibor)	4.12	4.15	4.20	4.50
		2 years	4.29	4.40	4.40	4.50
		10 years	6.19	6.20	6.20	6.20
Asia	China	Monetary policy	1.50	1.50	1.25	1.00
		3 months	2.79	2.80	2.90	2.90
		2 years	2.47	2.50	2.50	2.60
		10 years	2.89	3.00	3.10	3.10
	Singapore	Monetary policy	#NV	n.a.	n.a.	n.a.
		3 months	1.24	1.10	1.20	1.75
		2 years	1.01	1.20	1.40	2.00
		10 years	2.12	2.40	2.50	3.10
	South Korea	Monetary policy	1.50	1.25	1.25	1.25
		3 months	1.49	1.40	1.30	1.30
		2 years	1.54	1.60	1.80	1.90
		10 years	1.92	2.10	2.20	2.60

Yield spreads in basis points[1)]

			Current	Forecasts		
			Mar 14 2016	3 months	6 months	12 months
Emerging Markets, EMBIG Spreads	Central- and Eastern Europe	Russia	271	310	300	295
		Turkey	293	340	330	325
		Hungary	204	230	225	220
	Africa	South Africa	397	450	445	435
	Latin America	Brazil	445	500	490	480
		Chile	210	235	230	225
		Columbia	308	350	340	330
		Mexico	307	350	340	330
		Venezuela	3079	3440	3370	3300
	Asia	China	180	200	200	195
		Indonesia	302	340	330	325
		Philippines	100	115	115	110
	Total (EMBIG)		**437**	**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.

March / April 2016

Currencies

EURO		Current	Forecasts		
		Mar 14 2016	3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.12	1.06	1.03	1.00
	EUR-CAD	1.48	1.44	1.42	1.40
	EUR-AUD	1.48	1.47	1.47	1.41
Japan	EUR-JPY	126.93	122.96	123.60	125.00
Euro-Outs	EUR-GBP	0.78	0.78	0.73	0.69
	EUR-DKK	7.46	7.46	7.46	7.46
	EUR-SEK	9.31	9.35	9.30	9.20
	EUR-CHF	1.10	1.09	1.10	1.12
	EUR-NOK	9.39	9.40	9.30	9.20
Central- and Eastern Europe	EUR-PLN	4.30	4.40	4.30	4.20
	EUR-HUF	310.10	310.00	310.00	305.00
	EUR-CZK	27.06	27.00	27.00	27.00
Africa	EUR-ZAR	17.08	16.75	16.89	16.60
Latin America	EUR-BRL	4.00	4.13	4.22	4.20
	EUR-MXN	19.80	18.76	18.03	17.50
Asia	EUR-SGD	1.54	1.51	1.48	1.46
	EUR-CNY	7.25	7.10	7.00	6.90
	EUR-KRW	1325	1283	1267	1240
US-Dollar		**Current**	**Forecasts**		
		Mar 14 2016	**3 months**	**6 months**	**12 months**
Dollar-Bloc	USD-CAD	1.32	1.36	1.38	1.40
	AUD-USD	0.75	0.72	0.70	0.71
Japan	USD-JPY	113.72	116.00	120.00	125.00
Euro-Outs	GBP-USD	1.44	1.36	1.41	1.45
	USD-DKK	6.68	7.04	7.24	7.46
	USD-SEK	8.34	8.82	9.03	9.20
	USD-CHF	0.98	1.03	1.07	1.12
	USD-NOK	8.41	8.87	9.03	9.20
Central- and Eastern Europe	USD-PLN	3.85	4.15	4.17	4.20
	USD-HUF	277.75	292.45	300.97	305.00
	USD-CZK	24.24	25.47	26.21	27.00
Africa	USD-ZAR	15.30	15.80	16.40	16.60
Latin America	USD-BRL	3.58	3.90	4.10	4.20
	USD-MXN	17.74	17.70	17.50	17.50
Asia	USD-CNY	6.49	6.70	6.80	6.90
	USD-SGD	1.38	1.42	1.44	1.46
	USD-KRW	1187	1210	1230	1240

Commodities

Commodity	Current	Forecasts		
	Mar 14 2016	3 months	6 months	12 months
Gold (USD per troy ounce)	1,255.70	1,160	1,090	1,020
Gold (EUR per troy ounce)	1,124.98	1,090	1,060	1,020
WTI crude (USD per Barrel)	38.50	33	38	45
WTI crude (EUR per Barrel)	34.49	31	37	45
Brent crude (USD per Barrel)	39.40	34	39	46
Brent crude (EUR per Barrel)	35.30	32	38	46

March / April 2016

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