

## Overview

- The sovereign debt crisis continues to smoulder and markets are consequently suffering a high level of uncertainty. The impact of the crisis in Europe can now be observed worldwide. Doubts about both the will to reform and the ability of some countries to do so have prevented any permanent reduction of risk premiums. Despite the austerity measures and stronger sanctions already announced markets will continue to be highly volatile for some considerable time to come.
- As we had expected, global economic growth has now fallen from the very high rates that were registered directly in the wake of the deep recession. The expiry of economic stimulus packages together with the austerity measures implemented by highly indebted industrial countries have clearly had a dampening impact on the economy, which has been aggravated by uncertainty on the markets due to the sovereign debt crisis. These developments are reflected very clearly in the purchasing managers' indices, which fell again in June. Although they remain at a level that is above average, fears are growing of a relapse into recession. We believe, however, that the cyclical upswing should prove strong enough to prevent such a scenario. All in all, we expect the global economy to grow at a rate of 4.5 % this year and 4.0 % in 2011.
- The banking system remains under stress. Rating downgrades, low levels of liquidity on money markets and some government bond markets, as well as the continued pressing need for substantial depreciation all point to the danger that this situation is unlikely to change very quickly. However, a solution must be found for the structural problems in the financial sector, so that economic investment can be stimulated by a dynamic supply of credit and the Japanese experience of the last 20 years can be avoided. In this environment the risk of inflation is low and central banks can continue to follow their very expansionary course and concentrate on stabilising the financial system. Low yields on the bond markets remain well anchored through the short end of the interest rate curve.
- The most important forecast revision this month is the forecast for the Fed's key rate, which we now expect to be raised only in the middle of 2011. We have also adjusted our US yield forecasts accordingly.

<b>Contents .....</b>	<b>Page</b>
<b>Regions .....</b>	<b>2</b>
<b>Markets.....</b>	<b>5</b>
<b>Global economic developments.....</b>	<b>6</b>
<b>Interest rates in industrialised countries.....</b>	<b>7</b>
<b>Interest rates in EM countries / Yield spreads .....</b>	<b>8</b>
<b>Currencies / Commodities .....</b>	<b>9</b>
<b>Contact .....</b>	<b>10</b>

Editor: Chief Economist Dr. Ulrich Kater, +49 (0)69/7147-2381

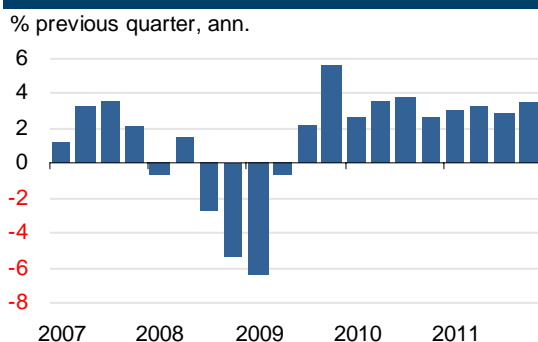
**Disclaimer:** These presentations including assessments have been drawn up by the DekaBank with the sole purpose of providing the respective recipient with information. Such information does not constitute an offer, an invitation to the subscription or the acquisition of financial instruments or a recommendation of such acquisition. The information or documents are not intended to serve as the basis for any contractual or other obligation, nor are they intended to replace legal and/or tax consultation; the transfer to other parties of the information or documents also does not constitute any form of the afore-mentioned consultation. The assessments presented here are sound to the best of our knowledge and belief but are based in part on information acquired from sources which are open to the general public and the correctness of which we cannot verify. We accept no responsibility and disclaim any liability for the completeness, relevance to the current situation or accuracy of the information provided and assessments, including legal explanations. Each recipient should make his or her own independent judgement, his or her own assessment and his or her own decision. In particular, each recipient is requested to undertake an independent verification and/or to seek independent expert advice and to draw his or her own conclusions with respect to the economic advantages and risks after taking into consideration all legal, regulatory, financial, taxation and accounting aspects. Should rates/prices be quoted, these are subject to alteration and should not be taken as an indication of trading rates/prices.

### Regions

#### USA:

The US economy has now reached the next phase in the economic cycle. Whereas corporate profits were first to register high growth rates, they were followed in the summer of 2009 by corporate investment and since spring 2010 the labour market has also registered high growth rates equalling those of the expanding economy as a whole. This trend is reflected in the employment figures and even more in weekly working hours and the development of wages and salaries. However, shadows have been cast by the recent increase in interest rate spreads on corporate bond markets, which is presumably a first sign of the contagious impact on the US economy of the European sovereign debt crisis.

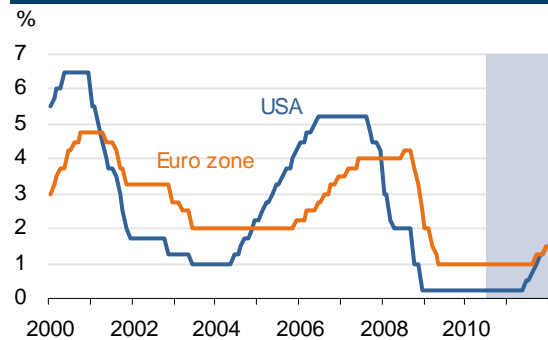
#### USA: Gross Domestic Product



The rate of inflation has continued to fall, core consumer prices (excluding food and energy) have been rising for some months at constant low rates and energy prices currently pose no direct inflationary threat. Although the Fed has assumed for a long time that inflation rates will remain low for some years to come, this conviction seems to have strengthened in recent weeks. Our interpretation of the Fed's communication is that it intends to use the greater scope for action created by low inflation to further stimulate economic recovery and in particular to lower unemployment figures. We therefore do not expect key rates to be raised until the middle of 2011. The volatility on financial markets that has been triggered by the Euro zone sovereign debt crisis would seem to indicate that a return to normal monetary policy in the near future is highly unlikely.

*Revisions: We no longer expect the Fed to raise key rates in December 2010, but in June 2011.*

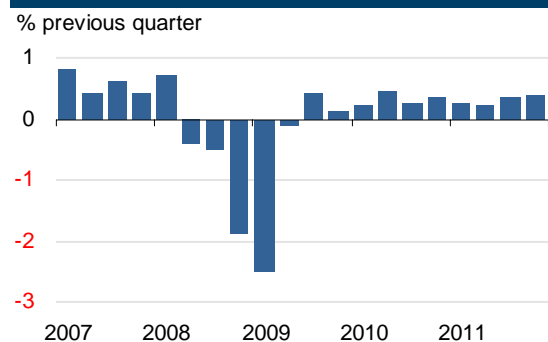
#### Fed Funds Rate and ECB Refi Rate



#### Euro zone:

A two-speed Euro zone is no longer a novelty. However, whereas countries such as Spain, Ireland or Greece used to be growth leaders, this role has currently been taken on by Germany. The basic reason for the weak growth registered by the former "tigers" is their public debt problem. Nevertheless, second-quarter growth data have proved encouraging as many austerity measures have yet to bite, first-quarter production losses due to bad weather must be made up for and finally companies have been able to fill their order books again in recent months.

#### Euro zone: Gross Domestic Product



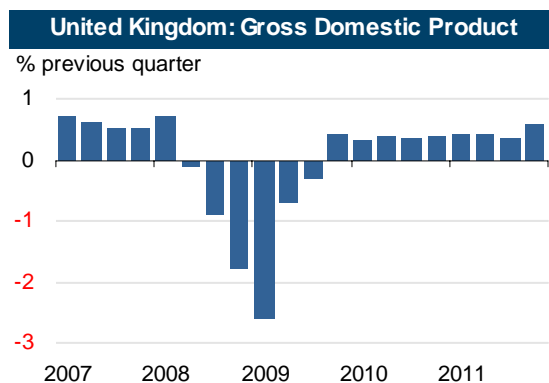
Current levels of idle production capacity together with the austerity measures implemented by many governments have led to very low demand-driven inflationary pressure. There is currently no possibility of higher wages, which would be bearable in EU countries with strong structures, so that the inflation outlook remains good even in the medium term. Nevertheless, due to rising indirect taxes and levies prices will rise noticeably, especially in those countries with a pressing need for consolidation. However, this will not reverse the overall low rate of inflation and the ECB will be able to hold its key rates at their current low level for some consider-

able time to come. Persistent problems in the banking system are currently preventing the abandonment of exceptional monetary policy measures.

Revisions: –

**United Kingdom:**

There were few surprises in the new government's emergency budget. The structural deficit is to be reduced from 8.7 % in the fiscal year 2009/10 to 0.8 % in the fiscal year 2015/2016. New measures announced for the next five years amount to 2 % of GDP. Together with measures already planned by the previous government they come to 8 % of GDP. On January 4th 2011 VAT will be raised from 17.5 % to 20.0 %. There is a danger, however, that due to austerity measures and other risks economic growth may prove weaker than expected and the government will be obliged to incur more debt.



Although the inflation rate fell in May from 3.7 % to 3.4 % various surveys revealed that expectations with respect to inflation had previously risen markedly, which has left the Bank of England (BoE) facing a dilemma with its unconventional expansionary monetary policy. At the Monetary Policy Committee's meeting in June one member voted already for an interest rate hike. In the medium and long term, however, the new government's austerity measures should have a marked dampening impact and key rates are unlikely to be raised before the spring of 2011.

Revisions: –

**Japan:**

Japan's positive economic development has recently suffered a few minor setbacks: the rise of investment indicators has slowed, employment figures are falling, unemployment is rising and private household consumption is on the decline. Exports have continued to be the only source of good news and there are now increasing doubts with regard to the sustainability of the economic upswing.

Consumer price data continue to show that deflation is diminishing only very slowly and despite the economic recovery the Bank of Japan (BoJ) will therefore probably continue to pursue its extremely expansionary monetary policy for some considerable time to come. Together with low key rates this policy comprises above all measures designed to stimulate the granting of credit. In this respect the additional liquidity lines established in December for the banking system have proved to be largely ineffective. In the meantime the BoJ has published details of a new programme by means of which it intends to provide banks with longer-term funds for refinancing their loans. Whereas the conditions for the programme are very generous, its planned volume is rather limited and we therefore believe this initiative will not ease monetary policy to any significant degree.

Revisions: –

**Emerging Markets:**

Shortly before the G20 summit in Toronto the Chinese central bank announced the long-awaited flexibilisation of the exchange rate. Although in practice this amounts to no more than minor appreciations against the US dollar, the prime objective of the move was to avoid a trade dispute with the USA. The decision has not affected our growth and inflation forecasts for China. The picture of a robust economic upswing in Asia and Latin America and a more moderate recovery in Central and Eastern Europe remains intact. As we had expected, economic growth in China is faltering somewhat but nevertheless our growth forecast of 10.2 % for 2010 is still realistic. Due to base effects inflation rates have risen slightly but concerns over developments in Western Europe will probably mean that central banks in Asia will remain reluctant to raise key rates, a view confirmed by the Taiwanese central bank's mini-hike of 12.5 basis points. We expect key rates to be raised again in Central and Eastern Europe only in 2011. In Brazil, where first-quarter GDP growth of 9.0 % exceeded expectations, the central bank is pursuing a much more aggressive course.

**Markets**

**Equities:**

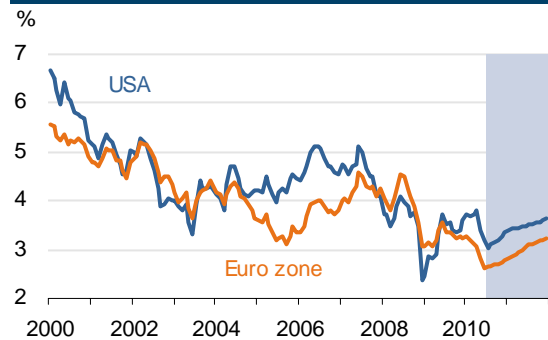
Little change is to be expected on the equity markets, which have now been gripped by uncertainty for a long time. Although hard economic data confirm the surprisingly robust recovery of the world economy, global growth is nevertheless gradually beginning to falter. In addition both corporate and consumer sentiment have become softer, as fears of a double-dip recession have gained ground. Together with the prevailing uncertainty over the outcome of the sovereign debt crisis, we can expect no more than a modest and highly volatile recovery of the equity markets.

	Equity Markets			
	Actual July 14, 10	3 months	6 months	12 months
<b>DAX</b>	6 181.61	5 750	6 250	6 750
<b>EuroStoxx50</b>	2 725.23	2 450	2 700	2 900
<b>S&amp;P 500</b>	1 095.34	1 050	1 140	1 240
<b>Topix</b>	870.73	830	900	980

**Bonds:**

The market for **government bonds** remains divided. Whereas bonds of Euro zone peripheral countries have come under strong selling pressure due to these countries' public deficits, demand has remained strong for US Treasuries and German Bunds, which are regarded as safe havens for investment. In the USA the Fed's comments in the wake of its last meeting further raised demand for US government bonds. In view of the current very low risk of rising inflation and the turbulence on the financial markets the Fed will probably maintain its expansionary monetary policy for some considerable time to come and we therefore expect US key rates to be raised again only in the middle of 2011. Accordingly, the US interest rate curve will therefore probably remain steep but at a very low level. There will be only very limited potential for rising Bund yields in the medium term, whereas the bonds of Euro zone peripheral countries will probably remain under pressure.

**Yields on 10-year Government Bonds**



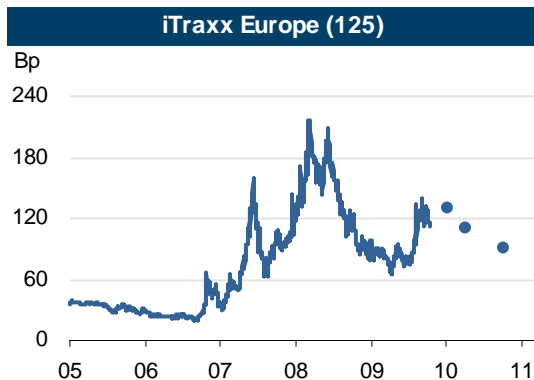
The spreads on **emerging-market bonds** will continue to be determined above all by the development of the European sovereign debt crisis and possible negative consequences for the banking sector. Despite the announced austerity measures investors have remained sceptical. Within the emerging markets there has been good news from Argentina, where following an extension of the swap deadline for the conversion of old debt the restructuring objective of a two-thirds participation was finally achieved. In the months to come we expect spreads to fall across the board as it becomes clear that European governments' austerity measures will bear fruit.

**Emerging Markets Yield Spreads**



**Corporate and financial bonds** have also been unable to escape the uncertainty arising from the financing stress suffered by south European countries. The spreads of corporate bonds have again widened substantially and those of financial bonds even more. New issues had picked up somewhat recently, but have now slumped again due to increased risk aversion and the onset of the summer holidays. Mortgage bond banks once again made full use of the last month of the ECB's purchase programme for covered bonds, in order to ensure their long-term refinancing. With the official end of

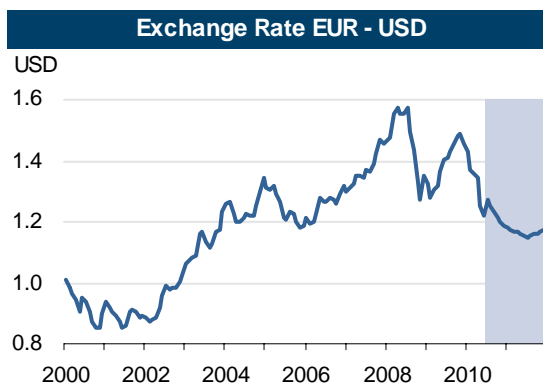
this purchase measure the spreads of covered bonds can be expected to widen again. Bonds of first-class issuers and "solva-null"-papers have been able to benefit from the demand for safe investments.



### ■ Currencies:

For the first time this year the Euro has been able to more or less maintain the previous month's value against the US dollar. This may well be attributable to the fact that many unwelcome developments have already been digested or anticipated, including the austerity measures announced by Germany, the Euro zone's largest economy. In addition, in its declarations within the framework of its last key rate decision the Fed was unusually restrained, which put an end to any fantasising about an ever stronger dollar. The caution shown by major central banks worldwide, which has been nourished by concerns over the soundness of the financial sector, is the expression of a persistently high degree of uncertainty. This will undoubtedly continue to have a negative impact on the Euro in the months and quarters to come.

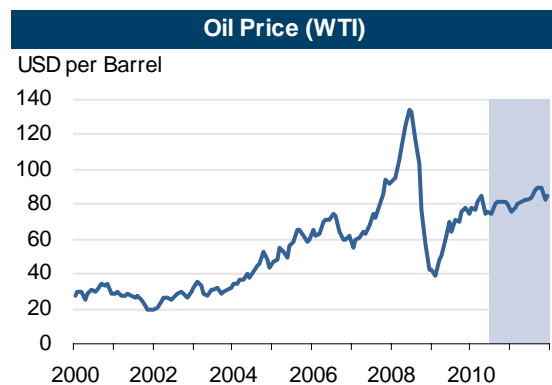
Revisions: –



### ■ Commodities:

Concerns over the European sovereign debt crisis have also impacted the oil price, which has so far failed to rise above the USD 80 level. Weaker US economic data and signs of faltering growth in China are additional aggravating factors. However, the growth of global demand for crude oil remains robust and should ensure that the price of oil stabilises in the months to come.

Revisions: –



### Annual average oil price

USD per Barrel

Year	WTI	Brent Blend
2000	30.2	28.4
2001	25.9	24.9
2002	26.1	25.0
2003	31.0	28.8
2004	41.4	38.3
2005	56.6	55.1
2006	66.2	66.1
2007	72.3	72.7
2008	99.6	98.4
2009	61.8	62.5
2010	79.0	78.5
2011	83.5	82.5

Global economic developments

Country/ Country Group	GDP- Weights <sup>1)</sup>	GDP			Consumer Prices <sup>2)</sup>			Current Account			General Government Balance <sup>3)</sup>		
		percentage change on previous year						as a percentage of nominal GDP					
		2009	2010	2011	2009	2010	2011	2009	2010	2011	2009	2010	2011
Germany	4.0	-4.9	2.0	1.4	0.2	0.8	1.3	5.0	3.7	3.4	-3.3	-5.5	-4.8
France	3.0	-2.5	1.4	1.6	0.1	1.5	1.0	-2.9	-3.3	-3.6	-7.5	-7.8	-5.9
Italy	2.5	-5.1	1.1	1.1	0.8	1.2	1.0	-3.2	-3.2	-2.9	-5.3	-5.1	-4.0
Spain	2.0	-3.6	-0.5	0.2	-0.2	1.5	1.2	-5.1	-4.6	-4.5	-11.2	-9.6	-7.6
Netherlands	0.9	-3.9	1.3	1.5	1.0	0.7	1.2	3.9	5.9	6.4	-5.3	-6.8	-5.7
<b>Euro zone</b>	<b>15.2</b>	<b>-4.1</b>	<b>1.0</b>	<b>1.3</b>	<b>0.3</b>	<b>1.3</b>	<b>1.1</b>	<b>-0.6</b>	<b>-0.9</b>	<b>-0.8</b>	<b>-6.3</b>	<b>-6.8</b>	<b>-5.6</b>
United Kingdom	3.1	-4.9	0.9	1.6	2.2	3.3	1.9	-1.3	-1.8	-2.0	-11.5	-10.0	-8.0
Sweden	0.5	-5.1	3.1	2.4	1.9	2.4	2.1	7.1	6.1	6.1	-0.5	-1.2	-0.9
Denmark	0.3	-4.9	1.4	1.7	1.1	2.2	1.8	4.0	3.9	3.7	-2.7	-5.5	-4.9
Poland	1.0	1.7	2.7	3.2	3.5	2.7	2.4	-1.2	-3.0	-3.4	-7.1	-7.0	-6.0
Hungary	0.3	-6.3	0.5	2.0	5.4	3.2	2.9	0.4	-0.8	-2.5	-4.0	-5.0	-4.0
Czech Republic	0.4	-4.1	1.7	2.0	1.0	1.6	2.0	-1.1	-3.3	-3.7	-5.9	-5.7	-4.4
<b>EU-27</b>	<b>21.3</b>	<b>-4.2</b>	<b>1.1</b>	<b>1.4</b>	<b>1.0</b>	<b>1.8</b>	<b>1.5</b>	<b>-0.5</b>	<b>-1.0</b>	<b>-1.0</b>	<b>-6.8</b>	<b>-7.0</b>	<b>-5.8</b>
USA	20.5	-2.4	3.3	3.1	-0.4	1.8	1.9	-2.9	-3.0	-3.0	-11.0	-10.5	-7.0
Japan	6.0	-5.3	3.2	1.7	-1.4	-0.8	-0.2	2.8	1.5	1.0	-8.0	-8.9	-9.1
Canada	1.8	-2.6	3.6	3.2	0.3	1.7	2.1	-2.7	-1.6	-1.0	-1.3	-1.7	-2.0
Australia	1.2	1.4	3.0	3.4	1.8	3.0	2.7	-4.1	-5.6	-4.0	0.6	0.3	0.1
Switzerland	0.5	-1.5	1.9	1.7	-0.5	1.1	1.6	7.3	10.1	9.1	-0.5	-1.0	-0.5
Norway	0.4	-1.6	1.0	3.0	2.2	3.7	2.8	13.9	15.0	16.0	13.0	13.0	12.0
<b>Developed Countries<sup>4)</sup></b>	<b>49.5</b>	<b>-3.4</b>	<b>2.4</b>	<b>2.2</b>	<b>0.0</b>	<b>1.5</b>	<b>1.4</b>	<b>-1.1</b>	<b>-1.4</b>	<b>-1.4</b>	<b>-8.2</b>	<b>-8.2</b>	<b>-6.3</b>
Russia	3.0	-7.9	5.4	4.5	11.7	6.4	6.5	4.0	5.1	3.8	-5.9	-3.9	-2.4
Turkey	1.2	-5.1	6.8	3.4	6.3	6.5	7.9	-2.3	-4.8	-4.8	-5.5	-4.5	-4.7
Ukraine	0.4	-15.2	3.5	4.0	15.9	10.6	10.0	-1.5	0.3	-1.5	-6.5	-6.0	-2.0
<b>Emerging Europe<sup>5)</sup></b>	<b>7.3</b>	<b>-6.1</b>	<b>4.1</b>	<b>3.7</b>	<b>8.3</b>	<b>5.6</b>	<b>5.8</b>	<b>0.4</b>	<b>0.5</b>	<b>-0.1</b>	<b>X</b>	<b>X</b>	<b>X</b>
South Africa	0.7	-1.8	3.5	3.2	7.1	5.8	5.5	-3.9	-5.0	-5.3	-5.8	-6.3	-5.3
<b>Middle East, Africa</b>	<b>2.7</b>	<b>3.1</b>	<b>5.4</b>	<b>4.8</b>	<b>7.4</b>	<b>7.6</b>	<b>6.8</b>	<b>-0.4</b>	<b>2.0</b>	<b>3.5</b>	<b>X</b>	<b>X</b>	<b>X</b>
Brazil	2.9	-0.0	7.1	4.1	4.9	5.5	4.7	-1.5	-2.8	-3.2	-3.3	-1.9	-1.7
Mexico	2.1	-6.6	4.3	3.6	5.3	4.9	4.5	-0.6	-1.3	-2.1	-2.3	-1.0	-1.4
Argentina	0.8	-3.0	3.6	2.9	6.3	11.2	13.4	3.7	2.7	1.7	-5.9	-5.5	-3.4
Chile	0.3	-1.7	5.1	5.0	1.5	3.5	2.3	2.6	-0.1	-3.8	-4.4	-2.2	-1.4
<b>Latin America</b>	<b>7.8</b>	<b>-2.2</b>	<b>4.5</b>	<b>3.4</b>	<b>6.3</b>	<b>7.2</b>	<b>7.6</b>	<b>-0.2</b>	<b>-1.0</b>	<b>-1.8</b>	<b>X</b>	<b>X</b>	<b>X</b>
China	12.5	8.7	10.2	8.9	-0.7	3.1	3.3	6.1	4.1	3.6	-2.2	-2.6	-2.4
India	5.1	6.7	8.9	9.1	10.9	12.0	5.8	-2.5	-1.7	-1.7	-6.7	-5.5	-5.2
South Korea	1.9	0.2	6.2	4.5	2.8	2.8	3.0	5.1	3.5	2.3	-1.7	-2.1	-1.9
Philippines	0.5	0.9	3.8	4.8	3.3	4.6	4.9	5.3	4.4	4.2	-3.9	-3.6	-3.1
<b>Emerging Asia</b>	<b>24.4</b>	<b>5.9</b>	<b>8.8</b>	<b>7.8</b>	<b>2.4</b>	<b>5.0</b>	<b>3.9</b>	<b>5.2</b>	<b>3.7</b>	<b>3.3</b>	<b>X</b>	<b>X</b>	<b>X</b>
<b>Total<sup>6)</sup></b>	<b>91.8</b>	<b>-0.8</b>	<b>4.5</b>	<b>4.0</b>	<b>2.1</b>	<b>3.4</b>	<b>3.1</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>

1) Of 2009, recalculated with purchasing power parities. Source: IMF. - 2) Euro zone, United Kingdom, Sweden and Denmark = Harmonized Index of Consumer Prices. - 3) According to National Accounting Standards. - 4) Without Bulgaria, Czech Republic, Estonia, Latvia, Hungary, Lithuania, Poland, Romania. - 5) Including the eight member countries of the EU named before and Turkey. - 6) 66 national economies covered by DekaBank.

Interest rates in industrialised countries

		Actual	Forecasts		
		July 14 2010	3 months	6 months	12 months
<b>Germany</b>	Monetary policy (Refi)	1.00	1.00	1.00	1.00
	3 months (EURIBOR)	0.84	0.80	0.80	1.10
	12 months (EURIBOR)	1.36	1.20	1.20	1.60
	2 years	0.73	0.70	0.80	1.20
	5 years	1.57	1.60	1.70	2.00
	10 years	2.64	2.70	2.80	3.10
<b>USA</b>	30 years	3.31	3.40	3.50	3.70
	Monetary policy (FFR)	0.25	0.25	0.25	0.50
	3 months (LIBOR)	0.53	0.50	0.50	1.00
	12 months (LIBOR)	1.14	1.10	1.20	2.00
	2 years	0.64	0.70	0.90	1.40
	5 years	1.87	2.00	2.20	2.50
<b>Japan</b>	10 years	3.10	3.20	3.40	3.50
	30 years	4.09	4.20	4.30	4.40
	Monetary policy (Call)	0.09	0.10	0.10	0.10
	3 months (LIBOR)	0.25	0.30	0.30	0.30
	12 months (LIBOR)	0.67	0.70	0.70	0.70
	2 years	0.15	0.20	0.30	0.30
<b>United Kingdom</b>	5 years	0.38	0.50	0.60	0.70
	10 years	1.15	1.30	1.40	1.50
	30 years	1.92	2.10	2.20	2.30
	Monetary policy (Base)	0.50	0.50	0.50	1.00
	3 months (LIBOR)	0.73	0.80	0.90	1.20
	12 months (LIBOR)	1.46	1.60	1.80	2.20
<b>Sweden</b>	2 years	0.78	0.95	1.20	2.00
	5 years	2.07	2.25	2.40	2.90
	10 years	3.38	3.50	3.70	3.90
	30 years	4.19	4.50	4.60	4.80
<b>Denmark</b>	Monetary policy (Repo)	0.50	0.50	0.75	1.25
	3 months (STIB)	0.86	0.90	1.10	1.50
	5 years	2.13	2.30	2.50	2.90
<b>Norway</b>	10 years	2.70	2.80	2.90	3.30
	Monetary policy (Repo)	1.05	1.05	1.15	1.15
	3 months (CIBOR)	1.13	1.20	1.20	1.60
<b>Switzerland</b>	5 years	1.75	1.80	1.90	2.25
	10 years	2.73	2.85	3.05	3.35
	Monetary policy (Deposit)	2.00	2.00	2.25	2.50
<b>Canada</b>	3 months (NIBOR)	2.67	2.70	2.80	3.10
	5 years	2.70	2.60	2.70	3.10
	10 years	3.50	3.50	3.70	3.90
<b>Australia</b>	Monetary policy (LIBOR)	0,00 - 0,75	0,00 - 0,75	0,00 - 0,75	0,00 - 1,00
	3 months (LIBOR)	0.12	0.15	0.25	0.50
	5 years	0.82	1.00	1.20	1.50
	10 years	1.43	1.60	1.70	1.90
<b>Australia</b>	Monetary policy (O/N)	0.50	1.25	1.75	2.00
	3 months (LIBOR)	0.87	1.40	1.90	2.30
	12 months (LIBOR)	1.81	2.20	2.40	2.80
	2 years	1.71	1.80	2.20	2.50
	5 years	2.55	2.60	2.80	3.00
	10 years	3.27	3.30	3.50	3.60
<b>Australia</b>	30 years	3.78	3.80	3.90	4.00
	Monetary policy (Cash)	4.50	4.75	5.00	5.50
	3 months (LIBOR)	4.94	5.00	5.20	5.70
	5 years	4.81	5.00	5.20	5.50
	10 years	5.18	5.30	5.50	5.60

Interest rates in EM countries

			Actual	Forecasts		
			July 14 2010	3 months	6 months	12 months
Central- and Eastern Europe	Poland	Monetary policy (Repo)	3.50	3.50	3.50	4.00
		3 months (WIB)	3.74	3.80	3.90	4.50
		5 years	5.43	5.50	5.70	5.80
		10 years	5.86	6.00	6.00	6.05
	Czech Rep.	Monetary policy (Repo)	0.75	0.75	0.75	1.25
		3 months (PRIBOR)	1.23	1.20	1.30	1.75
		5 years	2.79	2.60	2.70	3.00
		10 years	4.13	4.10	4.10	4.00
	Hungary	Monetary policy (Deposit)	5.25	5.00	5.00	5.25
		3 months (BUBOR)	5.27	5.10	5.10	5.50
		5 years	7.25	7.10	7.25	7.35
		10 years	7.37	7.40	7.30	7.30
Latin America	Brazil	Monetary policy (Repo)	10.25	11.00	11.50	12.00
		3 months (ABG)	10.98	11.20	11.70	12.00
		5 years	12.29	12.70	12.40	12.20
		10 years	12.22	13.00	12.80	12.40
	Mexico	Monetary policy	4.50	4.50	4.50	4.75
		3 months (Mexibor)	4.99	5.10	5.10	5.10
		5 years	6.09	6.50	6.70	7.00
		10 years	6.77	7.20	7.30	7.20
Asia	Singapore	Monetary policy	0.02	0.25	0.25	0.50
		3 months	0.56	0.50	0.50	1.00
		5 years	0.79	1.10	1.50	2.00
		10 years	2.38	2.70	2.90	3.10
	South Korea	Monetary policy	2.25	2.25	2.75	3.25
		3 months	2.23	2.40	2.90	3.40
		5 years	4.53	4.60	4.80	5.00
		10 years	4.94	5.10	5.20	5.30

Yield spreads in basis points<sup>1)</sup>

Emerging Markets, EMBIG Spreads	Central- and Eastern Europe	Bulgaria	278	320	285	265	
		Poland	186	210	185	175	
		Russia	254	275	250	230	
		Turkey	242	270	240	225	
		Ukraine	606	600	530	490	
	Africa	South Africa	178	200	180	165	
	Latin America	Argentina	757	770	680	635	
		Brazil	211	240	210	195	
		Mexico	196	210	180	170	
		Venezuela	1 191	1 200	1 050	970	
	Asia	China	80	70	60	55	
		Philippines	228	255	225	210	
	<b>Total (EMBIG)</b>			323	340	300	280

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 (EMBUG) is relevant.

**Currencies**

EURO		Actual July 14 2010	Forecasts		
			3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.27	1.21	1.18	1.15
	EUR-CAD	1.31	1.25	1.19	1.17
	EUR-AUD	1.44	1.38	1.31	1.26
Japan	EUR-JPY	112.6	111	112	113
Euro-Outs	EUR-GBP	0.83	0.83	0.81	0.78
	EUR-DKK	7.45	7.44	7.44	7.44
	EUR-SEK	9.42	9.30	9.00	8.60
	EUR-CHF	1.34	1.28	1.32	1.35
Central- and Eastern Europe	EUR-NOK	7.93	7.75	7.60	7.40
	EUR-PLN	4.06	4.00	3.85	3.70
	EUR-HUF	277.5	285	280	270
Africa	EUR-CZK	25.42	25.70	25.60	25.30
	EUR-ZAR	9.60	9.68	9.44	9.78
Latin America	EUR-BRL	2.23	2.12	2.12	2.19
	EUR-MXN	16.12	15.61	15.34	14.95
Asia	EUR-SGD	1.75	1.68	1.63	1.58
	EUR-KRW	1525.8	1392	1328	1265
<b>US-DOLLAR</b>					
Dollar-Bloc	USD-CAD	1.03	1.03	1.01	1.02
	AUD-USD	0.88	0.88	0.90	0.91
Japan	USD-JPY	88.6	92	95	98
Euro-Outs	GBP-USD	1.53	1.46	1.46	1.47
	USD-DKK	5.86	6.15	6.31	6.47
	USD-SEK	7.40	7.69	7.63	7.48
	USD-CHF	1.06	1.06	1.12	1.17
Central- and Eastern Europe	USD-NOK	6.24	6.40	6.44	6.43
	USD-PLN	3.19	3.31	3.26	3.22
	USD-HUF	218.2	235.5	237.3	234.8
Africa	USD-CZK	20.00	21.24	21.69	22.00
	USD-ZAR	7.55	8.0	8.0	8.5
Latin America	USD-BRL	1.75	1.75	1.80	1.90
	USD-MXN	12.68	12.9	13.0	13.0
Asia	USD-SGD	1.37	1.39	1.38	1.37
	USD-KRW	1199.9	1150	1125	1100

**Commodities**

Commodity	Ø 06 2010	Forecasts		
		3 months	6 months	12 months
Gold (USD per troy ounce)	1235.03	1300.0	1200.0	1000.0
WTI crude (USD per Barrel)	75.40	81.0	80.0	84.0
Brent crude (USD per Barrel)	75.66	80.0	79.0	83.0

**Your contacts at Deka:**

**Chief Economist:** Dr. Ulrich Kater: +49 (0) 69/7147-2381; e-mail: ulrich.kater@deka.de

**Head of Economics:** Dr. Holger Bahr: -2846; e-mail: holger.bahr@deka.de

**Head of Capital Markets and Real Estate Research:** Dr. Karsten Junius: -2786; e-mail: karsten.junius@deka.de

**European Economics/Sector Analysis**

Klaus-Ulrich Braun: -2427; e-mail: klaus-ulrich.braun@deka.de

Dr. Andreas Scheuerle: -2736; e-mail: andreas.scheuerle@deka.de

(UK, IE, SE, DK, FI, SI, NO, IS)

(Euro zone, CH; Sector Analysis)

**International Economics/Commodities**

Rudolf Besch: -5468; e-mail: rudolf.besch@deka.de

Dr. Gabriele Widmann: -2559; e-mail: gabriele.widmann@deka.de

(USA, Canada, AUS, NZ)

(USA, Japan)

**Emerging Markets/Country Risk Analysis**

Janis Hübner: -2543; e-mail: janis.huebner@deka.de

Daria Orlova: -3891; e-mail: daria.orlova@deka.de

Mauro Toldo: -3556; e-mail: mauro.toldo@deka.de

(Asia ex Japan, Central and Eastern Europe)

(Central and Eastern Europe, Commodities)

(Latin America, Middle East, Africa)

**Central Bank Watching and Capital Markets**

Carsten Lüdemann: -2625; e-mail: carsten.luedemann@deka.de

Kristian Tödtmann: -3760; e-mail: kristian.toedtmann@deka.de

Dr. Sebastian Wanke: -7272; e-mail: sebastian.wanke@deka.de

(Bond market strategy; Norges Bank, DNB)

(Fed, Dollar-Bloc, BoJ)

(Currencies, BoE, SNB, SRB)

**Real Estate Research**

Dr. Claus Becher: -1137; e-mail: claus.becher@deka.de

Jael Miriam Dumm: -3595; e-mail: jael-miriam.dumm@deka.de

Gunnar Meyke: -5802; e-mail: gunnar.meyke@deka.de

Andreas Wellstein: -3850; e-mail: andreas.wellstein@deka.de

(All countries ex Europe)

(Germany, Euro zone)

(Cross-sectional assignment/analysis)

(Germany, Euro zone, USA, JP, South Korea)

**Research Support**

Peter Leonhardt: -2842; e-mail: peter.leonhardt@deka.de

**Internet:** <http://www.deka.de/economics>