# Macro Research
# Economic Forecasts

DekaBank



## Overview

- The financial rescue package introduced for Greece and other Euro zone countries threatened by sovereign debt calmed the markets only very briefly. The fear of one or more countries defaulting on their sovereign debt is too great, as are doubts with respect to the ability of willing governments to force through their austerity measures. Public budgets remain in a precarious situation. The measures implemented have gained time, which must now be used. However, in view of the poor growth prospects in crisis countries it is doubtful that this will prove successful.
- In May worldwide purchasing managers' indices fell somewhat from their previous high levels, signalling the lower growth we expected. First-quarter GDP figures in 2010 reflect the global economy's brilliant start to the new year. Growth will remain high in the second quarter before continuing at a more leisurely pace. Overall the global economy would appear to be resilient enough to withstand the sovereign debt crisis. The proposed budget consolidation in the public sector will constrain growth but will not lead to a second recession. All in all, we expect global economic growth of 4.5% this year and 4.0% in 2011.
- The financial markets have reverted to crisis mode and the central banks are therefore endeavouring by means of special measures such as the purchase of government bonds to protect the banking sector from further depreciations. There is consequently no longer any likelihood in the Euro zone of interest rate hikes or an exit from the ECB's exceptional monetary policy. Government austerity measures are weakening disposable incomes and as a result the risk of inflation remains very low in both the Euro zone and the USA. The more robust US economy will probably experience its first interest rate hike at the end of 2010, whereas the ECB will follow suit only in autumn 2011. This will underpin both Bunds and the US dollar.
- The most important forecast revisions this month are with respect to downward revision of the yields of German and US government bonds and the further depreciation of the Euro against the US dollar. We have also further delayed the ECB's first interest rate hike. Upward revisions of many countries' growth forecasts are merely adjustments to first-quarter data.

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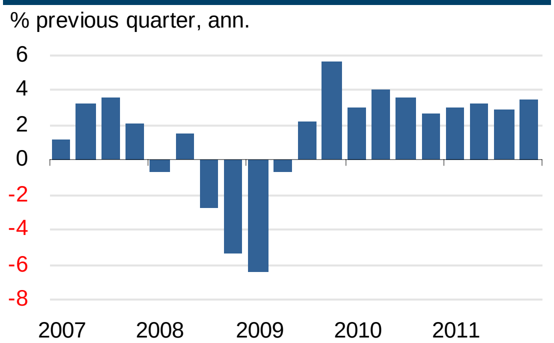
Editor: Chief Economist Dr. Ulrich Kater, +49 (0)69/7147-2381

## Regions

**USA:**

Economic stabilisation has continued in the USA. The brilliant month of March, which more than made up for the poor economic performance due to bad weather in preceding months, was followed by a somewhat weaker April. The ISM purchasing managers' index for the manufacturing sector also signals a more modest pace. However, monthly indicators of investment activity lead us to conclude that the basic rate of growth is still very high and interest rates, which have recently fallen substantially, could even spark a tiny upswing on the long-suffering housing market.

**USA: Gross domestic product**

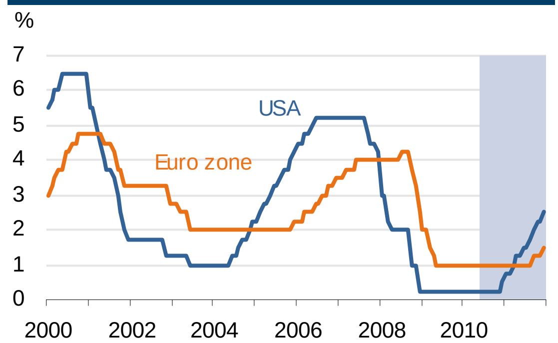



In recent months inflationary pressures have been weak and the overall inflation rate (excluding food and energy) should soon fall even further in the months to come thanks to recent falls in the price of oil. The members of the Federal Open Market Committee have also recently lowered their inflation forecast and a majority now expect a lengthy phase of below-average inflation. There is no sign, however, of any great concern on their part with respect to deflation.

In this area of tension between economic recovery and weak inflation the Fed can be expected to hold key rates at their current level and to undertake its first interest rate hike at the end of the year. However, the preconditions for such a move are that core inflation has by then bottomed out, that the unemployment rate is gradually falling and, moreover, that the troubles on Euro zone financial markets do not have any substantial negative impact on the US banking system.

*Revisions: We have lowered our inflation forecast for 2010 by two-tenths to 1.7%.*

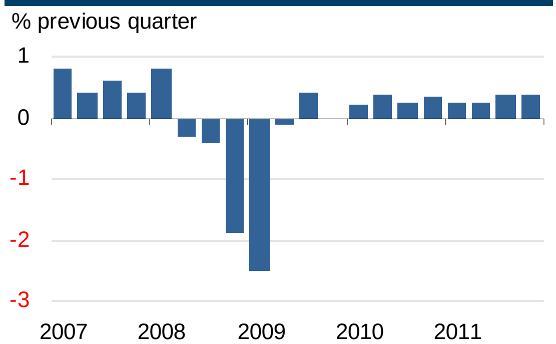
**Fed Funds Rate und ECB Refi Rate**




**Euro zone:**

The Euro zone registered slight growth in the first quarter and the second promises to be even better with strong inflows of manufacturing orders, production overhangs and pent-up demand in the construction sector driving the economy. On the debit side, however, we must take into consideration the consolidation efforts of the PIIGS countries, which will only begin to bite in the second half of the year but will then dampen Euro zone growth by about 0.5%:.

**Euro zone: Gross domestic product**

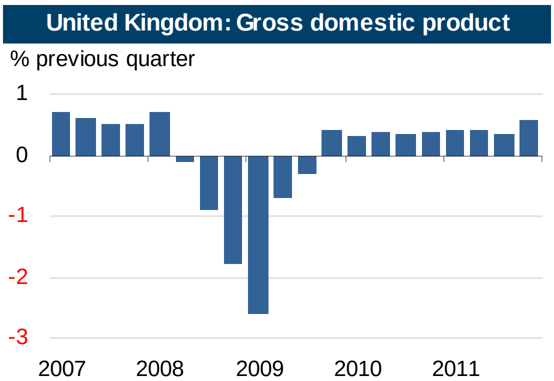



In the coming months price rises will be registered primarily in the case of goods with administered prices or as a result of increased taxes. Government consolidation efforts will first have a disinflationary impact in the medium term, but on the other hand could later lead to higher rates of inflation in the short term due to higher taxes on consumption. In view of the low risk of inflation there will be no need for the ECB to raise key rates until autumn 2011. Monetary policy will therefore focus more closely on financial market stability.

*Revisions: We have raised our 2010 GDP forecast for Germany from 1.8% to 2.0% and slightly lowered that for the Euro zone.*

**United Kingdom:**

As had been expected, first-quarter GDP was revised upwards to + 0.3 % qoq. Although all three purchasing managers' indices now lie above 55 points, the high levels of public and private household debt will dampen future growth. Employment has continued to fall. The consumption climate has deteriorated further, a weakening that was confirmed by the consumption indicators for May. In the retail sector the Confederation of British Industry's market sentiment indicators for realised and expected sales slumped unexpectedly by over 30 balance points. We continue to be wary with regard to the UK's economic prospects.




The UK inflation rate was 3.7 yoy % in April, which once again was well above the Bank of England's (BoE) inflation target. The new Conservative and Liberal-Democrat coalition government has not only found its feet in record time, but has already taken the first steps towards budget consolidation. Further austerity measures will be revealed on June 22nd. A restrictive financial policy will, of course, inevitably dampen growth. The Bank of England (BoE) will take this into consideration in its monetary policy and will tend to continue on its expansive course for longer than has been expected, especially as the Euro zone debt crisis will have a negative impact on British exports and thereby on the UK economy.

*Revisions: We have raised our GDP forecast for 2010 to 0.9%. The BoE is only likely to raise its key rates after March 2011 and will be in no hurry to raise them further thereafter.*

**Japan:**

So far in this upswing Japan has proved the fastest growing of the industrial countries. Initially Japan benefited from strong foreign demand but by the beginning of 2010 at the latest the spark set off domestic demand. Although first-quarter corporate investment did not fully confirm the growth signalled by leading indicators, there were an ever-increasing number of signs that the economic upswing would be sustainable.

The impact of the lowering of school fees ordered by the government was clearly visible in the consumer price data for April. Otherwise a further lowering of deflationary pressure would have been evident. The rise of wages is also reassuring in this respect. Nevertheless the Bank of Japan (BoJ) continues to regard deflation as the main challenge to be overcome and has therefore declared its intention to ensure that there is an extremely accommodating financial environment. Together with holding key rates at their current very low levels and an excessive supply of liquidity to the banking system, a series will be introduced of special measures agreed by the BoJ at its May meeting and designed to stimulate the granting of credit.

*Revisions: We have raised our GDP forecast for 2010 by 0.8% to 3.1%.*

**Emerging Markets:**

The prime source of danger threatening the development of the emerging markets remains the industrial countries' precarious situation. Europe's sovereign debt crisis has depressed market sentiment worldwide and is currently regarded by emerging-market governments as the as their major economic risk. In this environment the very good first-quarter GDP data published for Asia and Latin America have received only scant attention. Although the purchasing managers' index has signalled a slowing of growth in China, we do not regard this as a ground for concern, but rather as a welcome sign in view of the current danger of overheating. Inflationary pressure is low in most emerging markets, which in view of the uncertainty with regard to Europe has made it easier for the central banks to slacken their monetary reins for a little longer. Elections held in recent weeks have revealed a widespread desire for stability. In the presidential election in the Philippines the winner by a substantial majority was the Conservative candidate „Noynoy" Aquino, and in Colombia Juan Manuel Santos, a candidate standing for continuity, is almost certain to win the final run-off ballot. In parliamentary elections in the Czech Republic the conservative parties gained a surprisingly clear victory. Meanwhile in Hungary a conflict has developed between the new government and the central bank. There is also unwelcome news from Argentina, where the new debt rescheduling offer has so far received much less support than had been hoped for.

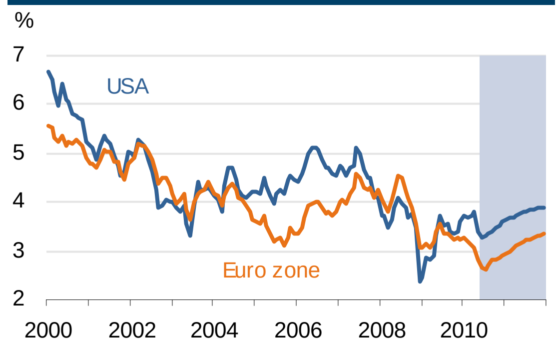
## Markets

**Equities:**
Stock exchanges have been torn between positive economic data and corporate reports on the one hand and concerns with respect to the Euro debt crisis on the other. Volatility is currently very high and is likely to remain so for some weeks to come. In spite of healthy rates of global growth uncertainty remains high. Again and again news comes from the Euro zone that sparks a flight into quality and out of risky investments. This is likely to remain a negative influence until such time as the situation becomes clearer and more favourable stimuli can establish themselves on the equity markets.

| Equity Markets | Actual June 10, 10 | 3 | 6 months | 12 |
|---|---|---|---|---|
| DAX | 6 019,06 | 5 750 | 6 250 | 6 750 |
| EuroStoxx50 | 2 579,61 | 2 450 | 2 700 | 2 900 |
| S&P 500 | 1 055,69 | 1 050 | 1 140 | 1 240 |
| Topix | 856,79 | 830 | 900 | 980 |

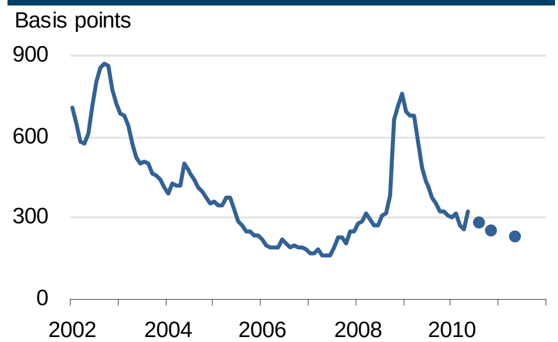
**Bonds:**
Demand has remained strong for US and German ***government bonds***, which are regarded as safe havens for investment. The spreads of the peripheral EU countries have widened again due to the insolvency of the small Spanish financial institute Caja Sur and Spain's downgrading by the rating agency Fitch. Germany's decision to go it alone with its limitations on trading has also contributed to uncertainty on the market. The ECB's purchase of government bonds has somewhat lowered risk premiums. Nevertheless, both market liquidity and turnover remain at very low levels. In view of current pressures on the financial market and the very low risk of inflation we do not expect the ECB to raise its key rates in the next 12 months and we expect only a slight rise in the interest rates on Bunds and US Treasuries.

**Yields on 10-year government bonds**



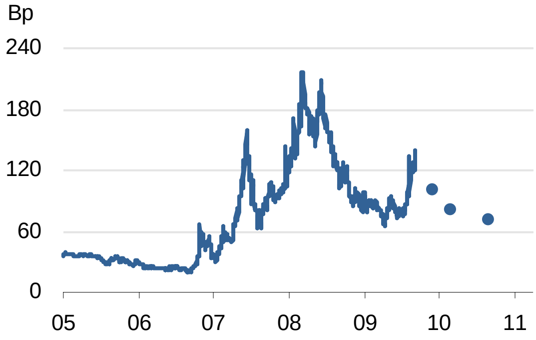

The spreads on ***emerging-market bonds*** were able to benefit only very briefly from the €750bn rescue package for the Euro countries. Market sentiment has now been suffering for weeks as a result of the public debt crisis and fundamental developments in the emerging markets have been pushed into the background. However, as we assume the Euro zone problems can be resolved, spreads should tend to fall in the coming months, even if there are still bound to be phases of uncertainty.

**Emerging market yield spreads**




Like their government bonds, the ***corporate and bank bonds*** of our neighbouring countries have suffered as a result of the troubles on the capital markets. Although they have in the meantime been able to recover somewhat from the substantial increase in risk premiums, growing uncertainty in this market segment has also led to a fall in market liquidity and turnover. The month of May will probably go down in history as the weakest month ever for new issues, as hardly any corporate bonds were launched. However, some covered bonds and bonds from solva-null issuers have been successfully placed recently. There is still a demand for the mortgage bonds of established German issuing houses as well as Länder bonds as low-risk investments, although even these bonds are currently suffering as a result of the substantial rise in Bund-swap spreads.

**iTraxx Europe (125)**




**Currencies:**

The Euro hardly derived any benefit at all from the EU and IMF's rescue package at the beginning of May. Quite the opposite: it now seems to be generally accepted that the debt crisis will impact the Euro zone economy more severely than hitherto expected. At the moment it is scarcely conceivable that the ECB might raise its key rates. In supplying the banks with money it has rather reverted to the unconventional measures it used in the crisis. Furthermore, it is now purchasing government bonds in order to ensure the orderly functioning of these markets and to keep the interest rate there low. At the same time the US recovery appears to be robust. As long as the ECB neither returns to its normal monetary policy nor seems likely to raise its key rates, the Euro will not appreciate.

*Revisions: Our 12-month forecast for the EUR-USD exchange rate is now EUR-USD 1.15.*

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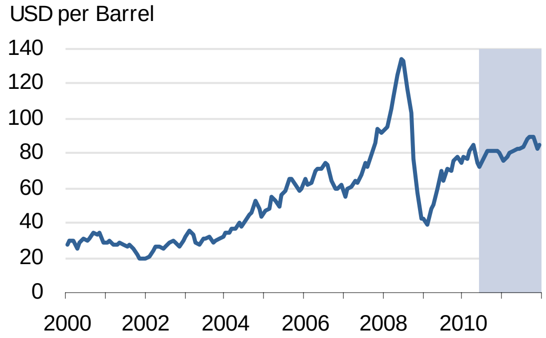
**Exchange rate EUR - USD**


**Commodities:**

In recent weeks the oil price has continued to be influenced by the general perception of current risk and there has been a clear link between rising risk aversion and falling oil prices. Driven by the emerging markets and increasingly by the USA the global economy continues to grow, as a result of which demand for oil will rise and thus underpin oil prices. The gold price on the other hand has benefited substantially from enhanced risk aversion.

*Revisions: –*

**Oil price (WTI)**




**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* | *79,0* |
| 2011 | *83,5* | *82,5* |

## 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 | | | | | |
| | | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 |
| Germany | 4,0 | -4,9 | 2,0 | 1,4 | 0,2 | 1,0 | 1,3 | 5,0 | 3,7 | 3,4 | -3,3 | -5,5 | -4,8 |
| France | 3,0 | -2,5 | 1,3 | 1,7 | 0,1 | 1,6 | 1,1 | -2,9 | -3,3 | -3,6 | -7,5 | -7,8 | -6,1 |
| Italy | 2,5 | -5,1 | 0,6 | 1,0 | 0,8 | 1,3 | 1,0 | -3,2 | -3,2 | -2,9 | -5,3 | -5,1 | -4,2 |
| Spain | 2,0 | -3,6 | -0,5 | 0,2 | -0,2 | 1,6 | 1,2 | -5,1 | -4,6 | -4,5 | -11,2 | -9,6 | -7,6 |
| Netherlands | 0,9 | -4,0 | 1,1 | 1,7 | 1,0 | 0,7 | 1,3 | 3,9 | 5,9 | 6,4 | -5,3 | -6,0 | -5,7 |
| **Euro zone** | **15,2** | **-4,1** | **1,0** | **1,3** | **0,3** | **1,3** | **1,2** | **-0,6** | **-0,9** | **-0,8** | **-6,3** | **-6,7** | **-5,7** |
| United Kingdom | 3,1 | -4,9 | 0,9 | 1,6 | 2,2 | 3,2 | 1,9 | -1,3 | -1,8 | -2,0 | -11,5 | -12,9 | -11,1 |
| Sweden | 0,5 | -5,1 | 3,1 | 2,4 | 1,9 | 2,4 | 2,1 | 7,1 | 6,1 | 6,1 | -0,5 | -3,3 | -2,7 |
| Denmark | 0,3 | -4,9 | 1,1 | 1,5 | 1,1 | 2,2 | 1,8 | 4,0 | 3,9 | 3,7 | -2,7 | -4,8 | -3,4 |
| Poland | 1,0 | 1,7 | 2,7 | 3,2 | 3,5 | 2,7 | 2,4 | -1,2 | -3,1 | -3,2 | -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 | -4,5 | -4,0 |
| Czech Republic | 0,4 | -4,2 | 1,7 | 2,5 | 1,0 | 1,6 | 2,0 | -1,1 | -2,1 | -2,5 | -5,9 | -5,7 | -4,7 |
| **EU-27** | **21,3** | **-4,2** | **1,0** | **1,4** | **1,0** | **1,8** | **1,5** | **-0,6** | **-1,0** | **-1,0** | **-6,8** | **-7,5** | **-6,4** |
| USA | 20,5 | -2,4 | 3,4 | 3,1 | -0,4 | 1,7 | 1,9 | -2,9 | -3,0 | -3,0 | -11,0 | -10,5 | -7,0 |
| Japan | 6,0 | -5,2 | 3,1 | 1,7 | -1,4 | -1,0 | -0,3 | 2,8 | 1,5 | 1,0 | -8,0 | -8,9 | -9,1 |
| Canada | 1,8 | -2,6 | 3,6 | 3,2 | 0,3 | 1,9 | 2,2 | -2,7 | -1,6 | -1,0 | -1,3 | -1,7 | -2,0 |
| Australia | 1,2 | 1,4 | 3,3 | 3,2 | 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 | -1,5 | 1,7 | 3,1 | 2,2 | 3,7 | 2,8 | 13,9 | 15,0 | 16,0 | 13,0 | 13,0 | 12,0 |
| **Developed Countries[4]** | **49,5** | **-3,3** | **2,4** | **2,2** | **0,0** | **1,4** | **1,4** | **-1,1** | **-1,4** | **-1,4** | **-8,2** | **-8,3** | **-6,5** |
| Russia | 3,0 | -7,9 | 5,4 | 4,2 | 11,7 | 6,4 | 6,5 | 4,0 | 4,4 | 3,6 | -5,9 | -4,0 | -2,4 |
| Turkey | 1,2 | -5,1 | 4,8 | 3,4 | 6,3 | 6,5 | 7,8 | -2,3 | -4,2 | -4,0 | -5,5 | -4,7 | -4,8 |
| Ukraine | 0,4 | -15,2 | 3,5 | 4,0 | 15,9 | 11,5 | 10,5 | -1,5 | 0,6 | 0,1 | -6,5 | -6,0 | -2,0 |
| **Emerging Europe[5]** | **7,3** | **-6,2** | **3,9** | **3,7** | **8,3** | **5,6** | **5,7** | **0,4** | **0,3** | **-0,1** | **X** | **X** | **X** |
| South Africa | 0,7 | -1,8 | 3,5 | 3,2 | 7,1 | 5,8 | 5,5 | -4,0 | -4,9 | -5,2 | -5,8 | -6,8 | -5,3 |
| **Middle East, Africa** | **2,7** | **2,9** | **5,6** | **4,9** | **7,4** | **7,4** | **6,5** | **0,1** | **2,0** | **3,1** | **X** | **X** | **X** |
| Brazil | 2,9 | -0,1 | 6,9 | 4,1 | 4,9 | 5,3 | 4,6 | -1,5 | -2,7 | -3,3 | -3,3 | -2,4 | -2,0 |
| Mexico | 2,1 | -6,6 | 4,3 | 3,6 | 5,3 | 5,7 | 4,8 | -0,6 | -1,4 | -2,3 | -2,3 | -1,0 | -1,4 |
| Argentina | 0,8 | -3,0 | 3,6 | 2,9 | 6,3 | 11,7 | 13,6 | 3,7 | 2,0 | 1,3 | -5,9 | -5,3 | -3,1 |
| Chile | 0,3 | -1,7 | 5,1 | 5,0 | 1,5 | 3,5 | 2,5 | 2,6 | 0,0 | -4,5 | -4,4 | -2,3 | -1,8 |
| **Latin America** | **7,8** | **-2,3** | **4,4** | **3,6** | **6,3** | **7,2** | **7,6** | **-0,2** | **-1,2** | **-2,1** | **X** | **X** | **X** |
| China | 12,5 | 8,7 | 10,2 | 8,9 | -0,7 | 3,5 | 3,2 | 5,8 | 4,3 | 3,6 | -2,2 | -3,0 | -2,8 |
| India | 5,1 | 6,7 | 8,9 | 9,1 | 10,9 | 12,0 | 5,7 | -2,0 | -1,6 | -2,0 | -6,7 | -6,0 | -5,4 |
| South Korea | 1,9 | 0,2 | 6,2 | 4,5 | 2,8 | 2,8 | 3,0 | 5,1 | 3,1 | 2,4 | -1,7 | -2,1 | -1,9 |
| Philippines | 0,5 | 0,9 | 3,8 | 4,8 | 3,3 | 4,8 | 4,9 | 5,3 | 4,4 | 4,1 | -3,9 | -3,6 | -2,8 |
| **Emerging Asia** | **24,4** | **5,9** | **8,8** | **7,8** | **2,4** | **5,2** | **3,8** | **5,1** | **3,8** | **3,2** | **X** | **X** | **X** |
| **Total[6]** | **91,8** | **-0,8** | **4,5** | **4,0** | **2,1** | **3,4** | **3,1** | **X** | **X** | **X** | **X** | **X** | **X** |

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 | | |
|---|---|---|---|---|---|
| | | June 10 2010 | 3 months | 6 months | 12 months |
| **Germany** | Monetary policy (Refi) | 1,00 | 1,00 | 1,00 | 1,00 |
| | 3 months (EURIBOR) | 0,71 | 0,70 | 0,80 | 1,20 |
| | 12 months (EURIBOR) | 1,27 | 1,30 | 1,40 | 1,60 |
| | 2 years | 0,47 | 0,70 | 0,90 | 1,20 |
| | 5 years | 1,43 | 1,70 | 1,80 | 2,00 |
| | 10 years | 2,56 | 2,80 | 2,90 | 3,20 |
| | 30 years | 3,30 | 3,50 | 3,60 | 3,90 |
| **USA** | Monetary policy (FFR) | 0,25 | 0,25 | 0,50 | 1,50 |
| | 3 months (LIBOR) | 0,54 | 0,50 | 0,70 | 1,70 |
| | 12 months (LIBOR) | 1,21 | 1,20 | 1,50 | 2,40 |
| | 2 years | 0,73 | 1,00 | 1,20 | 1,80 |
| | 5 years | 1,97 | 2,20 | 2,40 | 2,80 |
| | 10 years | 3,18 | 3,40 | 3,60 | 3,80 |
| | 30 years | 4,11 | 4,30 | 4,40 | 4,50 |
| **Japan** | Monetary policy (Call) | 0,09 | 0,10 | 0,10 | 0,10 |
| | 3 months (LIBOR) | 0,24 | 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 |
| | 5 years | 0,39 | 0,50 | 0,60 | 0,70 |
| | 10 years | 1,24 | 1,40 | 1,50 | 1,60 |
| | 30 years | 2,07 | 2,20 | 2,30 | 2,40 |
| **United Kingdom** | Monetary policy (Base) | 0,50 | 0,50 | 0,50 | 1,00 |
| | 3 months (LIBOR) | 0,73 | 0,70 | 0,75 | 1,15 |
| | 12 months (LIBOR) | 1,45 | 1,55 | 1,65 | 2,10 |
| | 2 years | 0,82 | 1,10 | 1,40 | 2,10 |
| | 5 years | 2,16 | 2,55 | 2,80 | 3,20 |
| | 10 years | 3,49 | 3,80 | 3,90 | 4,10 |
| | 30 years | 4,27 | 4,50 | 4,60 | 4,80 |
| **Sweden** | Monetary policy (Repo) | 0,25 | 0,50 | 0,75 | 1,00 |
| | 3 months (STIB) | 0,67 | 0,90 | 1,10 | 1,50 |
| | 5 years | 1,95 | 2,30 | 2,50 | 2,90 |
| | 10 years | 2,50 | 2,80 | 2,90 | 3,30 |
| **Denmark** | Monetary policy (Repo) | 1,05 | 1,05 | 1,05 | 1,15 |
| | 3 months (CIBOR) | 1,18 | 1,30 | 1,40 | 1,90 |
| | 5 years | 1,70 | 1,90 | 2,00 | 2,25 |
| | 10 years | 2,60 | 2,95 | 3,15 | 3,45 |
| **Norway** | Monetary policy (Deposit) | 2,00 | 2,00 | 2,00 | 2,50 |
| | 3 months (NIBOR) | 2,63 | 2,60 | 2,60 | 3,20 |
| | 5 years | 2,41 | 2,60 | 2,80 | 3,10 |
| | 10 years | 3,12 | 3,40 | 3,60 | 4,00 |
| **Switzerland** | Monetary policy (LIBOR) | 0,00 - 0,75 | 0,00 - 0,75 | 0,00 - 0,75 | 0,00 - 1,00 |
| | 3 months (LIBOR) | 0,08 | 0,15 | 0,25 | 0,50 |
| | 5 years | 0,85 | 1,00 | 1,20 | 1,50 |
| | 10 years | 1,47 | 1,60 | 1,70 | 1,90 |
| **Canada** | Monetary policy (O/N) | 0,50 | 1,00 | 1,50 | 2,50 |
| | 3 months (LIBOR) | 0,76 | 1,20 | 1,70 | 2,70 |
| | 12 months (LIBOR) | 1,72 | 2,10 | 2,50 | 3,20 |
| | 2 years | 1,64 | 2,00 | 2,30 | 2,70 |
| | 5 years | 2,57 | 2,90 | 3,00 | 3,20 |
| | 10 years | 3,30 | 3,50 | 3,60 | 3,80 |
| | 30 years | 3,72 | 3,80 | 4,00 | 4,20 |
| **Australia** | Monetary policy (Cash) | 4,50 | 4,75 | 5,00 | 5,50 |
| | 3 months (LIBOR) | 4,85 | 4,90 | 5,20 | 5,70 |
| | 5 years | 4,95 | 5,20 | 5,40 | 5,60 |
| | 10 years | 5,33 | 5,50 | 5,60 | 5,70 |

## Interest rates in EM countries

| | | | Actual June 10 2010 | Forecasts 3 months | 6 months | 12 months |
|---|---|---|---|---|---|---|
| Central- and Eastern Europe | Poland | Monetary policy (Repo) | 3,50 | 3,50 | 3,75 | 4,00 |
| | | 3 months (WIB) | 3,75 | 3,80 | 3,90 | 4,50 |
| | | 5 years | 5,38 | 4,80 | 4,90 | 5,00 |
| | | 10 years | 5,86 | 5,50 | 5,45 | 5,50 |
| | Czech Rep. | Monetary policy (Repo) | 0,75 | 0,75 | 0,75 | 1,25 |
| | | 3 months (PRIBOR) | 1,24 | 1,20 | 1,30 | 1,75 |
| | | 5 years | 2,95 | 2,50 | 2,70 | 2,80 |
| | | 10 years | 4,35 | 3,55 | 3,70 | 3,80 |
| | Hungary | Monetary policy (Deposit) | 5,25 | 5,00 | 5,00 | 5,25 |
| | | 3 months (BUBOR) | 5,24 | 5,10 | 5,10 | 5,50 |
| | | 5 years | 7,70 | 5,70 | 5,70 | 5,90 |
| | | 10 years | 8,11 | 6,40 | 6,40 | 6,50 |
| Latin America | Brazil | Monetary policy (Repo) | 9,50 | 10,00 | 11,00 | 11,50 |
| | | 3 months (ABG) | 10,40 | 10,20 | 11,20 | 11,50 |
| | | 5 years | 12,29 | 12,40 | 12,20 | 12,00 |
| | | 10 years | 12,41 | 12,70 | 12,40 | 12,30 |
| | Mexico | Monetary policy | 4,50 | 4,75 | 5,00 | 5,00 |
| | | 3 months (Mexibor) | 5,04 | 5,10 | 5,10 | 5,10 |
| | | 5 years | 6,18 | 6,70 | 6,90 | 7,30 |
| | | 10 years | 6,88 | 7,40 | 7,50 | 7,50 |
| Asia | Singapore | Monetary policy | 0,25 | 0,25 | 0,25 | 1,00 |
| | | 3 months | 0,55 | 0,75 | 0,75 | 1,25 |
| | | 5 years | 0,85 | 1,20 | 1,50 | 1,90 |
| | | 10 years | 2,65 | 2,90 | 3,10 | 3,30 |
| | South Korea | Monetary policy | 2,00 | 2,25 | 2,75 | 3,00 |
| | | 3 months | 2,07 | 2,30 | 2,75 | 3,25 |
| | | 5 years | 4,32 | 4,60 | 4,80 | 5,00 |
| | | 10 years | 4,90 | 5,10 | 5,20 | 5,30 |

## Yield spreads in basis points[1)]

| | | | | | | |
|---|---|---|---|---|---|---|
| Emerging Markets, EMBIG Spreads | Central- and Eastern Europe | Bulgaria | 352 | 265 | 235 | 220 |
| | | Poland | 210 | 160 | 140 | 130 |
| | | Russia | 294 | 230 | 210 | 190 |
| | | Turkey | 273 | 215 | 190 | 175 |
| | | Ukraine | 617 | 510 | 455 | 420 |
| | Africa | South Africa | 212 | 175 | 155 | 145 |
| | Latin America | Argentina | 842 | 660 | 590 | 550 |
| | | Brazil | 244 | 190 | 170 | 160 |
| | | Mexico | 216 | 170 | 150 | 140 |
| | | Venezuela | 1 306 | 1 000 | 925 | 840 |
| | Asia | China | 75 | 55 | 50 | 45 |
| | | Philippines | 248 | 200 | 180 | 160 |
| | **Total (EMBIG)** | | 356 | 280 | 250 | 230 |

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 June 10 2010 | Forecasts 3 months | Forecasts 6 months | Forecasts 12 months |
|---|---|---|---|---|---|
| Dollar-Bloc | EUR-USD | 1,20 | 1,21 | 1,18 | 1,15 |
| | EUR-CAD | 1,26 | 1,23 | 1,22 | 1,20 |
| | EUR-AUD | 1,46 | 1,41 | 1,33 | 1,26 |
| Japan | EUR-JPY | 109,9 | 115 | 116 | 117 |
| Euro-Outs | EUR-GBP | 0,82 | 0,85 | 0,82 | 0,78 |
| | EUR-DKK | 7,44 | 7,44 | 7,44 | 7,44 |
| | EUR-SEK | 9,63 | 9,40 | 9,10 | 8,70 |
| | EUR-CHF | 1,39 | 1,43 | 1,42 | 1,38 |
| | EUR-NOK | 7,95 | 7,80 | 7,60 | 7,40 |
| Central- and Eastern Europe | EUR-PLN | 4,14 | 4,00 | 3,90 | 3,80 |
| | EUR-HUF | 283,7 | 289 | 280 | 270 |
| | EUR-CZK | 25,99 | 26,00 | 25,80 | 25,60 |
| Africa | EUR-ZAR | 9,31 | 9,68 | 9,44 | 9,78 |
| Latin America | EUR-BRL | 2,25 | 2,18 | 2,12 | 2,19 |
| | EUR-MXN | 15,47 | 15,49 | 15,34 | 14,95 |
| Asia | EUR-SGD | 1,69 | 1,68 | 1,63 | 1,58 |
| | EUR-KRW | 1475,2 | 1392 | 1328 | 1265 |
| **US-DOLLAR** | | | | | |
| Dollar-Bloc | USD-CAD | 1,05 | 1,02 | 1,03 | 1,04 |
| | AUD-USD | 0,82 | 0,86 | 0,89 | 0,91 |
| Japan | USD-JPY | 91,8 | 95 | 98 | 102 |
| Euro-Outs | GBP-USD | 1,45 | 1,42 | 1,44 | 1,47 |
| | USD-DKK | 6,21 | 6,15 | 6,31 | 6,47 |
| | USD-SEK | 8,05 | 7,77 | 7,71 | 7,57 |
| | USD-CHF | 1,16 | 1,18 | 1,20 | 1,20 |
| | USD-NOK | 6,64 | 6,45 | 6,44 | 6,43 |
| Central- and Eastern Europe | USD-PLN | 3,46 | 3,31 | 3,31 | 3,30 |
| | USD-HUF | 236,9 | 238,8 | 237,3 | 234,8 |
| | USD-CZK | 21,73 | 21,49 | 21,86 | 22,26 |
| Africa | USD-ZAR | 7,78 | 8,0 | 8,0 | 8,5 |
| Latin America | USD-BRL | 1,88 | 1,80 | 1,80 | 1,90 |
| | USD-MXN | 12,93 | 12,8 | 13,0 | 13,0 |
| Asia | USD-SGD | 1,41 | 1,39 | 1,38 | 1,37 |
| | USD-KRW | 1232,5 | 1150 | 1125 | 1100 |

## Commodities

| Commodity | Ø 05 2010 | Forecasts 3 months | Forecasts 6 months | Forecasts 12 months |
|---|---|---|---|---|
| Gold (USD per troy ounce) | 1204,48 | 1150,0 | 1150,0 | 1000,0 |
| WTI crude (USD per Barrel) | 74,12 | 82,0 | 81,0 | 83,0 |
| Brent crude (USD per Barrel) | 77,00 | 81,0 | 80,0 | 82,0 |

**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 (UK, IE, SE, DK, FI, SI, NO, IS)
Dr. Andreas Scheuerle: -2736; e-mail: andreas.scheuerle@deka.de (DE, IT, AT, CH; Sector Analysis)

**International Economics/Commodities**

Rudolf Besch: -5468; e-mail: rudolf.besch@deka.de (USA, Canada, AUS, NZ)
Dr. Gabriele Widmann: -2559; e-mail: gabriele.widmann@deka.de (USA, Japan)

**Emerging Markets/Country Risk Analysis**

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

**Central Bank Watching and Capital Markets**

Carsten Lüdemann: -2625; e-mail: carsten.luedemann@deka.de (Bond market strategy; Norges Bank, DNB)
Kristian Tödtmann: -3760; e-mail: kristian.toedtmann@deka.de (Fed, Dollar-Bloc, BoJ)
Dr. Sebastian Wanke: -7272; e-mail: sebastian.wanke@deka.de (Currencies, BoE, SNB, SRB)

**Real Estate Research**

Dr. Claus Becher: -1137; e-mail: claus.becher@deka.de (All countries ex Europe)
Gunnar Meyke: -5802; e-mail: gunnar.meyke@deka.de (Cross-sectional assignment/analysis)
Andreas Wellstein: -3850; e-mail: andreas.wellstein@deka.de (Germany, Euro zone, USA, JP, South Korea)

**Research Support**

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

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