

Overview

- On the second weekend in May the EU, IMF and ECB agreed a wide-ranging emergency funding facility aimed at calming market developments that were threatening the Euro zone. These measures were sufficient to put an end to speculation against the Euro zone on the capital markets and against individual countries on the bond markets. They have also prevented the much feared contagion of the banking system, which would have jeopardised economic recovery. However, the rescue package has done nothing to relieve the parlous state of public sector budgets in countries like Greece. These countries now have more time to consolidate their budgets, but in view of the continued recession and their poor growth prospects it is far from certain that they will succeed.
- European growth prospects remain modest in view of current consolidation requirements, whereas recovery in the rest of the world is proceeding at a surprisingly rapid rate. Global growth will slow somewhat in coming quarters as the effects of economic stimulus packages wear off. All in all, we expect global economic growth of 4.4% this year and 4.0% in 2011.
- The financial markets are obliging some countries in the Euro zone to take measures to correct their high current-account and budget deficits, with the result that personal incomes will fall or rise only slightly, unemployment will rise and both disposable income and domestic demand will tend to stagnate. This will reduce the risks of inflation, so that the ECB will only need to raise key rates in the middle of 2011, much later than the Fed. This has underpinned the development of both Bunds and the US dollar. Nevertheless, both the Fed and the ECB will continue to gradually withdraw their special measures.
- The most important forecast revisions this month are with respect to the yields of German government bonds and Asian growth. Following the debate over Greece, the former will probably register a more modest rise than we had expected. In view of strong current data we have raised our 2010 GDP growth forecasts for China, Japan and other Asian countries.

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

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Greece and the Monetary Union

■ On the second weekend in May the EU, IMF and ECB agreed a wide-ranging emergency rescue package aimed at stemming threatening market developments in the Euro zone. At a special summit on Friday evening EU heads of government undertook to watch over implementation of the Growth and Stability Pact more closely in future. In addition, they announced the establishment of a „European stabilisation mechanism“ designed to counteract the current vagaries of the financial markets. Details of the EU Commission’s proposal were not revealed until the meeting of finance ministers on Sunday, when a €750bn emergency funding facility was agreed to safeguard Euro-zone countries against sovereign default. The mechanism will be funded by the EU Commission (€60bn), the IMF (€250bn), as well as in the form of credits and loan guarantees issued by national governments (€440bn). Moreover, the ECB will intervene on government bond markets to maintain their liquidity and in its 3-month refinancing operations it will again undertake full allotments at a fixed interest rate of 1% , as well as a 6-month tender with full allotments at the average rate.

■ A massive policy response was called for because the markets considered that the parlous state of the public finances of some countries had rendered them vulnerable and they took advantage of the fact that the European Monetary Union had taken no precautions against such an eventuality. These decisions constitute a substantial change in the character of the monetary union. For the first time it has now been recognised that, in addition to aid under the EU Cohesion Fund, individual regions of the monetary union can expect support from other regions. Such support will be in the form of loans that must on the one hand be repaid with interest and on the other will entail the imposition of conditions that must be satisfied with respect to economic policy.

■ This rescue package has sufficed to put an end to speculation against the the Euro zone on the capital markets and against individual countries on the bond markets. It has also prevented the much feared contagion of the banking system, which would have jeopardised economic recovery. However, the package has done nothing to relieve the fragile state of public sector budgets in countries like Greece. These countries now have more time to consolidate their budgets, but in view of the continued recession and their poor growth prospects it is far from certain that they will succeed.

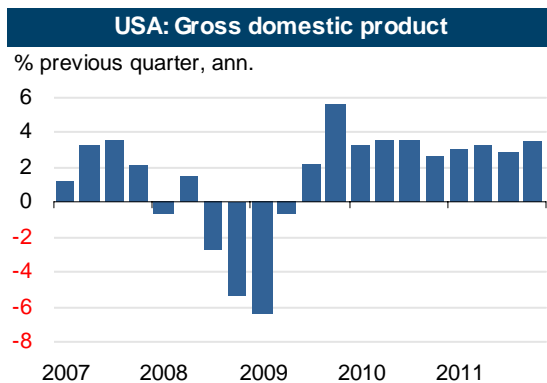
■ Even in the medium term these measures will fail to resolve the problem of unsound budget management, but will simply push it further into the future. The creation of „overflow valves“, i.e. credit to be granted in the case of markets refusing to provide funds, may buy more time but is no guarantee that countries will implement more effective and sustainable measures of consolidation. To date no details have been announced of the conditionality to which countries applying for credit will be subject. However, unlike previous IMF programmes, a member of the Euro zone will enjoy a strong bargaining position with a view to furthering its own interest, as it cannot be excluded from the Euro and this is bound to weaken its readiness to consolidate.

■ The ECB’s intention to support these measures with a programme for purchasing an as yet unknown quantity of government bonds has been interpreted by many commentators as the beginning of the road to inflation. On the markets, however, no change was registered in inflationary expectations in the immediate wake of this decision. This can be explained by the fact that in itself the purchase of government bonds has no inflationary consequences, as the quantity of additional money created by the purchase can be removed from the money market elsewhere by operations in the opposite direction. With its decision to purchase government bonds the ECB has now joined a group of central banks which, albeit at a much earlier stage, have applied quantitative easing in order to stabilise financial markets. This group includes the Fed, the Bank of England and the Swiss National Bank. Nevertheless, the ECB’s decision has undoubtedly undermined its credibility. It is not so much a question of the action it has now agreed to, but much more of the ECB’s future political relationship. Will it now always feel obliged to lend a helping hand in emergencies? There is a danger that it will be asked to pay up again next time on the grounds that the situation constitutes an emergency. At some point it will be unable to resist the demands of the politicians. The package agreed on May 9 will prove negative for both Bunds and the Euro and positive for equities and the government bonds of the weaker Euro zone countries.

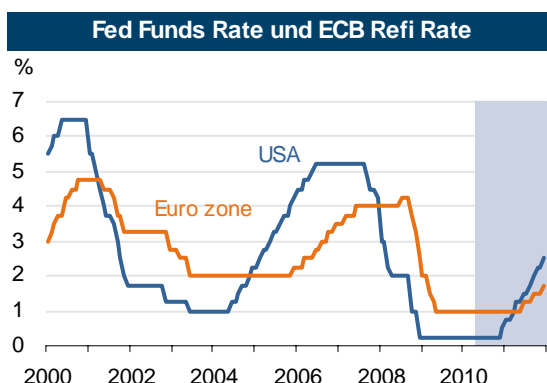
Regions

USA:

Economic activity has further stabilised at the beginning of 2010. GDP rose in the first quarter at an annualised rate of some 3 % against the previous quarter. Although this was lower than growth in the previous quarter, strong investment and consumption signal a stable upswing to come. Moreover, the latest surveys conducted by the Fed show that the conditions for granting corporate credit have now returned to normal and its expansive monetary policy will thus have a growing impact on the real economy.



In the first three months inflationary pressures were weak and the inflation rate should soon fall below 2%. This allows the Fed considerable discretionary power to decide when it should begin raising key rates. In its latest statement, however, there is no sign of any hurry to do so. It referred to an initial easing on the labour market, which in the past was usually followed, albeit with some delay, by a change of monetary policy. At the same time, however, it expects the economic recovery to be only modest and looks forward to an "extended period" of unusually low key rates.

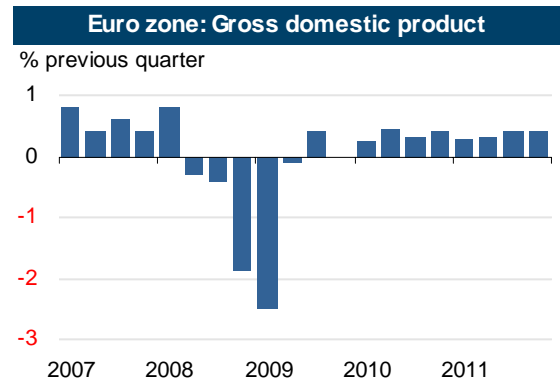


We assume that the Fed will delay tightening its monetary policy until unemployment falls substantially and core inflation is no longer falling. Under these conditions we do not expect the first interest rate hike until the end of the year at the earliest. Regardless of this, the Fed should begin to reduce surplus reserves in the banking system much earlier.

Revision: –

Euro zone:

As a result of state intervention economic development in the Euro zone has been very varied. Italy and Spain, for example, have benefited from pre-emptive effects. In Italy the car scrappage scheme expired in April and in Spain VAT will be raised in July. In France, on the other hand, the car scrappage payment was lowered in January and consumption has since been under pressure. In Germany economic problems were raised not by the state but by the harsh winter. Nevertheless, thanks to global demand the economic situation in the Euro zone is more robust than had been expected.

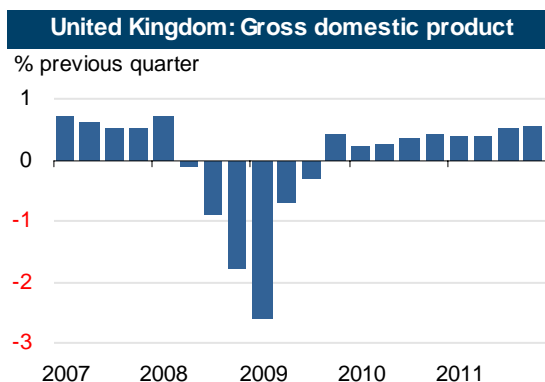


In some Euro zone countries austerity measures have led to increases in VAT, which in turn will raise the inflation rate temporarily. However, we regard the impact of falling wages as more important and sustained. In the medium term this will dampen domestic demand and lower both business costs and inflation rates. As in the core countries of the EMU inflationary pressures are not likely to increase strongly in the medium term, the rate of inflation in the Euro zone as a whole will remain below the ECB's target. Providing inflation expectations remain unchanged, key rates will not be raised before the middle of 2011.

Revisions: We have raised our 2010 GDP forecasts for Germany and the Euro zone from 1.4 % to 1.8 % and from 0.9 % to 1.1 % respectively.

United Kingdom:

The increase in VAT at the beginning of the year led to the expected shift in consumption and growth in the first quarter fell to 0.2 % qoq. This is in direct contradiction to the high values registered by the purchasing managers' indices for the manufacturing and service sectors, which have registered levels that before the crisis were associated with GDP growth of +0.7 % to +0.9 % qoq. On the labour market employment has been falling again for some months. All in all, the recovery seems still to be based on shaky foundations. We shall now see how the newly-elected government intends to put the UK public finances back on an even keel. The fiscal austerity that is called for will undoubtedly stifle growth in the years to come.



The UK inflation rate was almost 3 ½ % in March, which once again exceeded the Bank of England's (BoE) inflation target. Nevertheless, this level remains well within the expectations of the BoE, which believes it can be attributed to short-lived pressures associated with special effects (VAT increase, fluctuations in energy prices, the weak pound). In the months to come the new government will undertake consolidation of the public finances, which is now imperative. This will stifle economic growth and presumably be accompanied by an expansive monetary policy on the part of the Bank of England.

Revisions: –

Japan:

Expanding exports continue to underpin Japanese economic growth. At the same time, however, there have lately been increasing signs that economic development is now being driven by domestic stimuli. The growth of both private household consumption and corporate investment has proved stronger than we had expected. We have therefore raised our GDP forecasts for both 2010 and 2011.

The inflation figures for recent months would seem to indicate that the downward pressure on consumer prices is weakening at least. These indications are confirmed by rising wages and expanding retail sales. In its half-yearly economic outlook the Bank of Japan is optimistic with respect to the possibility of overcoming deflation in the course of the next two years. In order to achieve this, without going into detail it announced at its latest meeting a range of new measures designed to stimulate the granting of credit. Unlike previous measures, its policy will no longer focus on expanding the supply of liquidity to the banking system.

Revisions: We have raised our GDP forecast for 2010 by 0.2 % to 2.3 % and for 2011 by 0.3 percentage points to 1.7 %.

Emerging Markets:

China, South Korea and Singapore have already published their figures for the first quarter, which even exceeded our high expectations with China registering GDP growth of 11.9% yoy. Other countries in Asia and Latin America are also bound to present strong data. We regard this growth as sustainable and have therefore raised our GDP forecasts for some countries. Despite economic growth, most central banks have delayed interest rate hikes, as inflationary pressures are weak and they wish to avoid currency appreciation. The Brazilian central bank, on the other hand, has lived up to its reputation as a guarantor of price stability and raised key rates by 75 basis points to 9.5% as a reaction to increased inflationary expectations. Meanwhile, the Chinese central bank is endeavouring to stem speculation on the real estate market by tightening the conditions for credit. However, in view of increasing signs of inflationary risks, it will probably also raise key rates. The fact that eastern and central European economies are in a much weaker state has been made clear by the recent lowering of key rates in Hungary and Russia. Nevertheless, the purchasing managers' indices indicate that even here recovery is under way.

Markets

Equities:

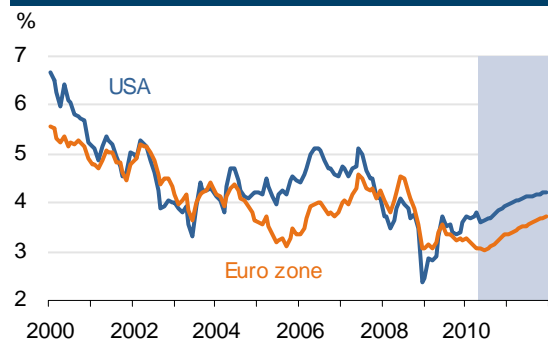
Whereas equity markets in the USA and Japan have continued to perform well and reflect the surprising strength of the global recovery and the latest welcome surprises with respect to corporate profits, European equity markets are currently reacting very sensitively to the problems raised by Greek sovereign debt. In view of the prospects for relatively robust global economic growth, it can be assumed that the equity markets will continue to prosper, providing the public debt problem is tackled energetically. Even then, however, the markets will remain susceptible to fluctuations, for the uncertainty following the financial crisis will last for some considerable time to come and cannot be attributed solely to shaky public finances in Europe.

	Equity Markets			
	Actual May 11, 10	3 months	6 months	12 months
DAX	5 960.25	5 500	6 000	6 500
EuroStoxx50	2 718.21	2 750	3 000	3 250
S&P 500	1 159.73	1 050	1 150	1 250
Topix	932.10	880	970	1 050

Bonds:

The performance of **government bonds** has been extremely varied. The agreement on a €110bn rescue package for Greece resulted in only a very short-lived recovery for the spreads of Euro-zone peripheral countries. Greece continues to suffer from the disconcerting knowledge that only the complete restructuring of its debt can bring lasting relief. Fear that the remaining PIIGS countries could also collapse under the burden of extremely high risk premiums also widened their spreads substantially. Bunds and US Treasuries, on the other hand, were much sought after as safe havens, as a result of which Bund yields have fallen to new lows. The latest welcome economic data from the Euro zone and the USA had no impact whatever. However, as the risk of inflation is very low, there is little likelihood from this side of key rates being raised. In the wake of the EU Commission's second massive rescue package and the ECB's purchasing measures the spreads of Euro-zone peripheral countries narrowed again dramatically and Bunds lost most of their recent gains. In the months to come we expect the interest on Bunds and US Treasuries to rise slightly.

Yields on 10-year government bonds



In recent weeks the spreads on **emerging-market bonds** have risen substantially in the wake of escalating concerns over Greece. The EMBIG spread had widened by mid-April by some 100 basis points to 340 basis points. However, last weekend's massive policy response by the EU and IMF has led to a recovery, which should now continue.

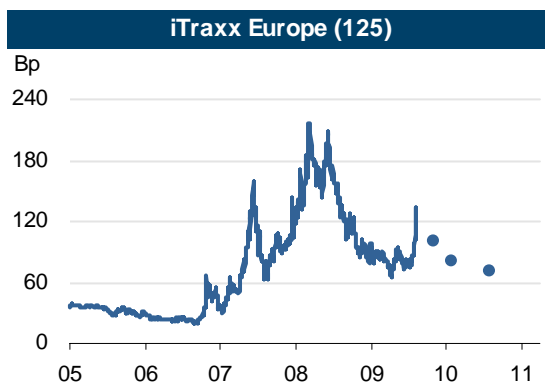
Emerging market yield spreads



The development of **Corporate and bank bonds** has also been extremely varied in recent weeks. Whereas the spreads of industrial companies have been very stable, underpinned as they were by surprisingly good quarterly reports, bank bonds have suffered as a result of their risks in Euro-zone peripheral countries. With the marked rise in the spreads of these countries corporate bonds, and financial securities in particular, have come under pressure. While attention has been focused primarily on the Greek crisis there have been very few new issues on the market although, in spite of investors' need for security, it has frequently proved possible to place junk bonds successfully.

German mortgage bonds have continued to perform very well, but liquidity has fallen substantially. Covered bonds from Euro-zone peripheral countries are now un-

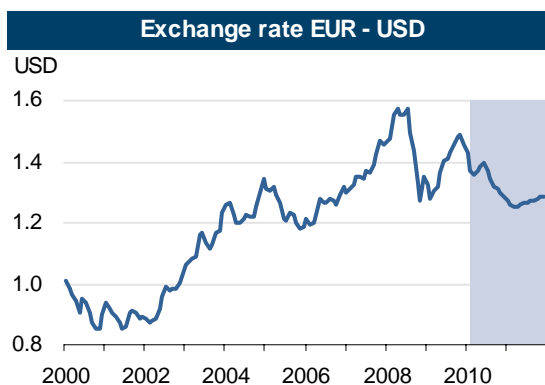
der sales pressure. The Bund swap spread has widened substantially as a result of the flight into quality.



Currencies:

The EUR-USD exchange rate has fallen further quite substantially as the Greek crisis has become more acute. Even the EU and IMF's two massive rescue packages have had no positive impact. Rather have doubts now been raised with respect to the ability of Portugal, Spain, Italy or Ireland to regain control over their public sector budgets without hurting substantially the Euro zone economy. Confidence is only likely to be restored when sustainable austerity measures have been successfully implemented. In current circumstances even a short-term recovery of the Euro is unlikely and in the medium-term we had already assumed a continuation of the downward trend we have witnessed since December 2009. However, the decline should prove more gentle than the slump at the beginning of May.

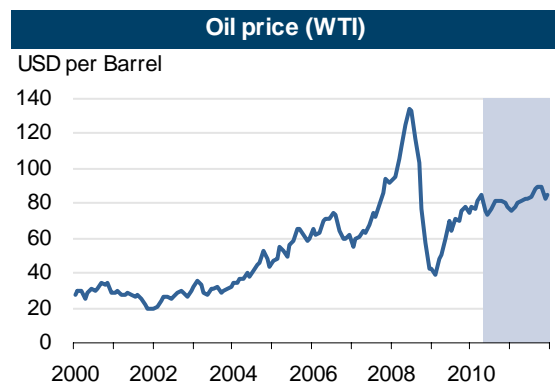
Revisions: Our 12-month forecast for the EUR-USD exchange rate is now EUR-USD 1.20.



Commodities:

Following widespread concern over the Euro-zone peripheral countries and the resulting appreciation of the US dollar the oil price has come under pressure. However, last weekend's massive policy response by the EU and IMF has calmed the market somewhat and allowed attention to be focused rather on the good fundamental data. Against this background the oil price can be expected to stabilise at its current level. Robust demand from the emerging markets should ensure that the trend towards higher prices is continued in the medium term. In the short term high US stocks of crude oil and the expected appreciation of the US dollar are both potential negative factors.

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 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	-5.0	1.8	1.4	0.2	1.0	1.3	5.0	3.7	3.4	-3.3	-5.5	-4.8
France	3.0	-2.2	1.5	1.7	0.1	1.7	1.1	-2.9	-3.3	-3.6	-7.5	-7.8	-6.1
Italy	2.5	-5.1	0.7	1.1	0.8	1.2	1.0	-3.2	-3.2	-2.9	-5.3	-5.1	-4.2
Spain	2.0	-3.6	-0.1	0.9	-0.3	1.6	1.4	-5.1	-4.6	-4.5	-11.2	-9.6	-7.6
Netherlands	0.9	-4.0	2.2	1.7	1.0	0.9	1.4	3.9	5.9	6.4	-5.3	-6.0	-5.7
Euro zone	15.2	-4.1	1.1	1.4	0.3	1.3	1.2	-0.6	-0.9	-0.8	-6.3	-6.7	-5.7
United Kingdom	3.1	-4.9	0.7	1.6	2.2	3.0	1.9	-1.3	-1.8	-2.0	-11.5	-12.9	-11.1
Sweden	0.5	-4.7	1.2	2.1	1.9	2.4	2.1	7.1	6.1	6.1	-0.5	-3.3	-2.7
Denmark	0.3	-4.9	0.5	1.3	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	2.6	2.4	-1.2	-3.0	-3.1	-7.1	-7.0	-6.0
Hungary	0.3	-6.3	-0.2	2.0	5.4	3.2	2.9	0.4	-0.8	-2.5	-4.0	-4.4	-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	-4.1	1.1	1.5	1.0	1.8	1.4	-0.6	-1.0	-1.0	-6.8	-7.5	-6.4
USA	20.5	-2.4	3.4	3.1	-0.4	1.9	1.9	-2.9	-3.0	-3.0	-11.0	-10.5	-7.0
Japan	6.0	-5.2	2.3	1.7	-1.4	-1.0	-0.4	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	1.9	-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	1.2	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 Countries⁴⁾	49.5	-3.3	2.3	2.3	0.0	1.5	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	6.6	6.7	3.9	4.4	3.5	-5.9	-4.0	-2.4
Turkey	1.2	-5.1	4.8	3.4	6.3	6.5	7.6	-2.3	-4.0	-4.3	-5.5	-5.3	-5.1
Ukraine	0.4	-15.0	3.0	4.0	15.9	11.5	10.5	-1.5	-0.1	-0.8	-6.0	-5.0	-2.0
Emerging Europe⁵⁾	7.3	-6.1	3.9	3.7	8.3	5.6	5.7	0.4	0.3	-0.2	X	X	X
South Africa	0.7	-1.8	2.9	3.2	7.1	5.8	5.5	-4.0	-5.1	-5.4	-5.7	-6.8	-5.3
Middle East, Africa	2.7	2.9	5.3	4.9	7.4	7.3	6.5	-0.2	2.0	3.2	X	X	X
Brazil	2.9	-0.1	6.1	4.1	4.9	5.2	4.4	-1.5	-2.8	-3.4	-3.3	-2.4	-2.0
Mexico	2.1	-6.6	4.3	3.5	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	12.0	13.1	3.7	1.9	1.2	-5.9	-5.3	-3.1
Chile	0.3	-1.7	5.1	5.0	1.5	3.5	2.9	2.6	-0.1	-4.6	-4.4	-2.4	-1.9
Latin America	7.8	-2.3	4.1	3.5	6.3	7.2	7.5	-0.2	-1.3	-2.2	X	X	X
China	12.5	8.7	10.2	8.9	-0.7	3.5	3.2	5.8	5.2	4.3	-2.1	-2.9	-2.6
India	5.1	6.5	8.6	8.2	10.9	12.0	5.5	-1.2	-1.0	-1.4	-6.7	-6.0	-5.4
South Korea	1.9	0.2	6.2	4.6	2.8	2.8	3.0	4.8	2.9	1.8	-4.0	-4.1	-2.3
Philippines	0.5	0.9	3.6	4.6	3.3	4.8	4.9	5.6	4.4	4.3	-3.9	-3.6	-2.7
Emerging Asia	24.4	5.8	8.6	7.6	2.4	5.2	3.8	5.1	4.1	3.4	X	X	X
Total⁶⁾	91.8	-0.8	4.4	4.0	2.1	3.5	3.0	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		
		May 11 2010	3 months	6 months	12 months
Germany	Monetary policy (Refi)	1.00	1.00	1.00	1.00
	3 months (EURIBOR)	0.68	0.70	0.80	1.20
	12 months (EURIBOR)	1.25	1.30	1.40	1.60
	2 years	0.57	0.90	1.00	1.30
	5 years	1.77	2.10	2.30	2.50
	10 years	2.93	3.10	3.30	3.50
USA	30 years	3.69	3.90	4.00	4.10
	Monetary policy (FFR)	0.25	0.25	0.25	1.25
	3 months (LIBOR)	0.42	0.40	0.40	1.40
	12 months (LIBOR)	1.10	1.10	1.40	2.30
	2 years	0.84	1.10	1.30	1.70
	5 years	2.22	2.50	2.80	3.10
Japan	10 years	3.49	3.70	3.90	4.10
	30 years	4.36	4.50	4.70	4.80
	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	0.18	0.20	0.30	0.30
United Kingdom	5 years	0.48	0.60	0.70	0.80
	10 years	1.33	1.40	1.50	1.60
	30 years	2.17	2.20	2.30	2.40
	Monetary policy (Base)	0.50	0.50	0.50	1.00
	3 months (LIBOR)	0.70	0.60	0.65	1.10
	12 months (LIBOR)	1.40	1.30	1.50	2.00
Sweden	2 years	1.14	1.25	1.60	2.30
	5 years	2.68	2.90	3.10	3.50
	10 years	3.97	4.20	4.20	4.40
	30 years	4.54	4.70	4.80	4.90
Denmark	Monetary policy (Repo)	0.25	0.25	0.50	1.00
	3 months (STIB)	0.58	0.70	0.90	1.30
	5 years	2.17	2.50	2.70	3.10
Norway	10 years	2.83	3.10	3.20	3.40
	Monetary policy (Repo)	1.05	1.05	1.05	1.15
	3 months (CIBOR)	1.28	1.40	1.50	1.90
Switzerland	5 years	2.20	2.30	2.50	2.75
	10 years	3.08	3.35	3.55	3.75
	Monetary policy (Deposit)	2.00	2.00	2.00	2.50
Canada	3 months (NIBOR)	2.42	2.50	2.60	2.70
	5 years	2.55	3.10	3.30	3.50
	10 years	3.35	3.80	4.00	4.20
	Monetary policy (LIBOR)	0,00 - 0,75	0,00 - 0,75	0,00 - 0,75	0,25 - 1,25
Australia	3 months (LIBOR)	0.23	0.25	0.45	0.90
	5 years	1.01	1.20	1.50	1.90
	10 years	1.71	1.90	2.00	2.40
	Monetary policy (O/N)	0.25	0.75	1.25	2.25
Australia	3 months (LIBOR)	0.50	0.90	1.40	2.40
	12 months (LIBOR)	1.58	2.00	2.40	3.00
	2 years	1.93	2.00	2.30	2.70
	5 years	2.91	3.00	3.30	3.50
	10 years	3.59	3.70	3.80	3.90
	30 years	3.94	4.00	4.20	4.20
Australia	Monetary policy (Cash)	4.50	4.75	5.00	5.50
	3 months (LIBOR)	4.71	4.90	5.20	5.70
	5 years	5.27	5.50	5.80	5.90
	10 years	5.49	5.70	5.90	5.90

Interest rates in EM countries

			Actual	Forecasts		
			May 11 2010	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	5.26	5.20	5.40	5.50
		10 years	5.66	5.80	5.85	5.80
	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	2.65	2.90	3.20	3.30
		10 years	3.81	3.85	4.10	4.10
	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	6.68	6.10	6.20	6.40
		10 years	6.85	6.70	6.80	6.80
Latin America	Brazil	Monetary policy (Repo)	9.50	10.00	11.00	11.50
		3 months (ABG)	10.05	10.20	11.20	11.10
		5 years	12.29	13.00	12.80	12.60
	Mexico	10 years	12.88	13.00	12.80	12.60
		Monetary policy	4.50	4.75	5.00	5.00
		3 months (Mexibor)	5.08	5.00	5.00	5.10
Asia	Singapore	5 years	6.69	7.00	7.30	7.60
		10 years	7.42	7.70	7.90	7.80
		Monetary policy	0.09	0.25	0.25	1.00
		3 months	0.53	0.75	0.75	1.25
	South Korea	5 years	1.07	1.50	1.80	2.10
		10 years	2.65	2.70	2.90	3.00
		Monetary policy	2.00	2.25	2.75	3.00
		3 months	2.05	2.30	2.75	3.25
		5 years	4.36	4.70	4.80	5.00
		10 years	4.90	5.10	5.20	5.30

Yield spreads in basis points¹⁾

Emerging Markets, EMBIG Spreads	Central- and Eastern Europe	Bulgaria	249	205	185	170	
		Poland	164	135	120	110	
		Russia	218	210	190	170	
		Turkey	248	235	210	190	
		Ukraine	560	510	460	420	
	Africa	South Africa	200	175	155	145	
	Latin America	Argentina	736	670	600	550	
		Brazil	215	200	180	165	
		Mexico	207	190	170	155	
		Venezuela	987	900	805	740	
	Asia	China	40	40	35	30	
		Philippines	226	210	190	175	
	Total (EMBIG)			306	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 May 11 2010	Forecasts		
			3 months	6 months	12 months
Dollar-Bloc	EUR-USD	1.27	1.28	1.25	1.20
	EUR-CAD	1.30	1.29	1.28	1.24
	EUR-AUD	1.42	1.39	1.34	1.28
Japan	EUR-JPY	117.9	123	124	122
Euro-Outs	EUR-GBP	0.86	0.88	0.86	0.84
	EUR-DKK	7.44	7.44	7.44	7.44
	EUR-SEK	9.64	9.40	9.10	8.80
	EUR-CHF	1.41	1.44	1.42	1.40
Central- and Eastern Europe	EUR-NOK	7.85	7.80	7.70	7.60
	EUR-PLN	4.04	3.95	3.90	3.80
	EUR-HUF	274.9	273	280	270
Africa	EUR-CZK	25.57	26.00	25.80	25.60
	EUR-ZAR	9.59	10.24	10.00	10.20
Latin America	EUR-BRL	2.25	2.30	2.25	2.28
	EUR-MXN	15.94	16.38	16.25	15.60
Asia	EUR-SGD	1.76	1.78	1.73	1.64
	EUR-KRW	1443.7	1472	1406	1320
US-DOLLAR					
Dollar-Bloc	USD-CAD	1.02	1.01	1.02	1.03
	AUD-USD	0.90	0.92	0.93	0.94
Japan	USD-JPY	92.7	96	99	102
Euro-Outs	GBP-USD	1.48	1.45	1.45	1.43
	USD-DKK	5.85	5.81	5.95	6.20
	USD-SEK	7.57	7.34	7.28	7.33
	USD-CHF	1.11	1.13	1.14	1.17
Central- and Eastern Europe	USD-NOK	6.17	6.09	6.16	6.33
	USD-PLN	3.18	3.09	3.12	3.17
	USD-HUF	216.0	213.3	224.0	225.0
Africa	USD-CZK	20.09	20.31	20.64	21.33
	USD-ZAR	7.53	8.0	8.0	8.5
Latin America	USD-BRL	1.77	1.80	1.80	1.90
	USD-MXN	12.52	12.8	13.0	13.0
Asia	USD-SGD	1.38	1.39	1.38	1.37
	USD-KRW	1134.0	1150	1125	1100

Commodities

Commodity	Ø 04 2010	Forecasts		
		3 months	6 months	12 months
Gold (USD per troy ounce)	1150.03	1180.0	1150.0	990.0
WTI crude (USD per Barrel)	84.58	77.0	82.0	83.0
Brent crude (USD per Barrel)	83.58	76.0	81.0	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

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

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

(DE, IT, AT, 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

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

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

(All countries ex Europe)

(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>