

Capital-market yields (sovereign bonds) in percent

	Current**	Sept 2016 (F)
United States, 2-year	0.68 ↗	1.35
United States, 10-year	2.10 →	2.25
United States, 30-year	2.88 →	2.90
Germany, 2-year	-0.26 →	-0.20
Germany, 10-year	0.59 →	0.75
United Kingdom, 10-year	1.77 →	2.15
Japan, 2-year	0.01 →	0.00
Japan, 10-year	0.36 →	0.35

Germany, 10-year

0.59% → 0.75%

(Current***)

(September 2016F)



The ECB is likely to expand its quantitative-easing (QE) program due to low inflation. The 10-year German Bund yield should rise only modestly.

Commodities in U.S. dollars

	Current*	Sept 2016 (F)	Δ%**
Crude oil (WTI)	46 ↗	55	20
Gold	1,125 ↗	1,250	11
Silver	15 ↗	19	29
Copper (LME)	5,078 ↗	6,700	32
Aluminum (LME)	1,589 ↗	1,800	13

Crude oil (WTI)

46 ↗ 55

(Current*)

(Sept 2016F)



LME = London Metal Exchange, WTI = West Texas Intermediate

Shale-oil production and the oil-rig count in the United States have fallen due to low oil prices. At the same time, demand for oil is on the rise. The outcome: higher oil prices.

Past performance is not indicative of future returns.

It is not possible to invest directly in an index. No assurance can be given that any forecast or target will be reached. Forecasts are based on assumptions, estimates, opinions and hypothetical models or analyses that may prove to be incorrect. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time.

Benchmark rates in percent

	Current*	Sept 2016 (F)
United States (federal funds rate)	0-0.25 ↗	0.75-1.00
Eurozone (refi rate)	0.05 →	0.05
United Kingdom (repo rate)	0.50 ↗	0.75
Japan (overnight call rate)	0.10 →	0.10

United States (federal funds rate)

0 - 0.25% ↗ 0.75 - 1.00%

(Current*)

(Sept 2016F)



The Fed postponed its first rate hike due to decelerating growth in China and volatile capital markets. It might dare to take the first step in December.

Currencies

	Current***	Sept 2016 (F)	Δ%**
EUR vs. USD	1.12 ↘	1.00	-11
USD vs. JPY	120 ↗	130	9
EUR vs. CHF	1.09 →	1.13	3
GBP vs. USD	1.52 →	1.49	-2
USD vs. CNY	6.37 ↗	6.65	4

USD vs. JPY

120 ↗ 130

(Current***)

(Sept 2016F)



The inflation target of the Bank of Japan is still far off. QE should therefore be continued. The high rate differential between the United States and Japan is likely to further weaken the yen.

F refers to forecasts. Our forecasts are as of 9/21/15.

* Source: Bloomberg Finance L.P., as of 9/22/15

** Expected total return includes interest, dividends and capital gains where applicable

*** Source: Bloomberg Finance L.P., as of 9/28/15

¹ Total-return index (includes dividends)

² Our equity-market forecasts are as of 9/23/15

³ in U.S. dollars