

Capital-market yields (sovereign bonds) in percent

	Current***		Dec. 2016F
United States, 2-year	0.93	↗	1.50
United States, 10-year	2.24	→	2.40
United States, 30-year	3.00	→	3.10
Germany, 2-year	-0.38	→	-0.25
Germany, 10-year	0.52	→	0.75
United Kingdom, 10-year	1.87	→	2.20
Japan, 2-year	0.00	→	0.00
Japan, 10-year	0.32	→	0.35

United States, 30-year

3.00% → 3.10%

(Current***)

(Dec 2016F)



Long-term U.S. interest rates are not expected to rise quite as much and as quickly as short-term rates. Fed policy is likely to keep investors guessing about the timing of the initial and further hikes. Expect an uneasy ride for long-term interest rates.

Commodities in U.S. dollars

	Current*		Dec. 2016F	Δ%***
Crude oil (WTI)	49	↗	55	12
Gold	1,086	↘	1,000	-8
Silver	14	↗	19	33
Copper (LME)	4,943	↗	5,400	9
Aluminum (LME)	1,518	→	1,500	-1

Aluminum (LME)

1,518 → 1,500

(Current*)

(Dec 2016F)



LME = London Metal Exchange, WTI = West Texas Intermediate

Abundant supply and demand concerns continue to make us cautious on aluminum.

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*		Dec. 2016F
United States (federal funds rate)	0-0.25	↗	0.75-1.00
Eurozone (refi rate)	0.05	↘	0.00
United Kingdom (repo rate)	0.50	↗	1.00
Japan (overnight call rate)	0.10	→	0.10

Eurozone (refi rate)

0.05% ↘ 0.00%

(Current*)

(Dec 2016F)



The refi rate is the rate that banks pay to borrow funds from the ECB. In 2016, persistent downside risks to growth are likely to push this rate to zero, in line with further cuts in the already negative deposit rate.

Currencies

	Current***		Dec. 2016F	Δ%***
EUR vs. USD	1.06	↘	0.95	-11
USD vs. JPY	123	↗	130	6
EUR vs. CHF	1.08	↗	1.13	4
GBP vs. USD	1.51	→	1.52	1
USD vs. CNY	6.39	↗	6.60	3

EUR vs. USD

1.06 ↘ 0.95

(Current***)

(Dec 2016F)



Interest-rate divergence between Europe and the United States is likely to strengthen the U.S. dollar, pushing it beyond parity.

F refers to our forecasts. Our forecasts are as of 11/11/2015.

* Source: Bloomberg Finance L.P.; as of 11/11/2015

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

*** Source: Bloomberg Finance L.P.; as of 11/24/2015

† Total-return index (includes dividends)