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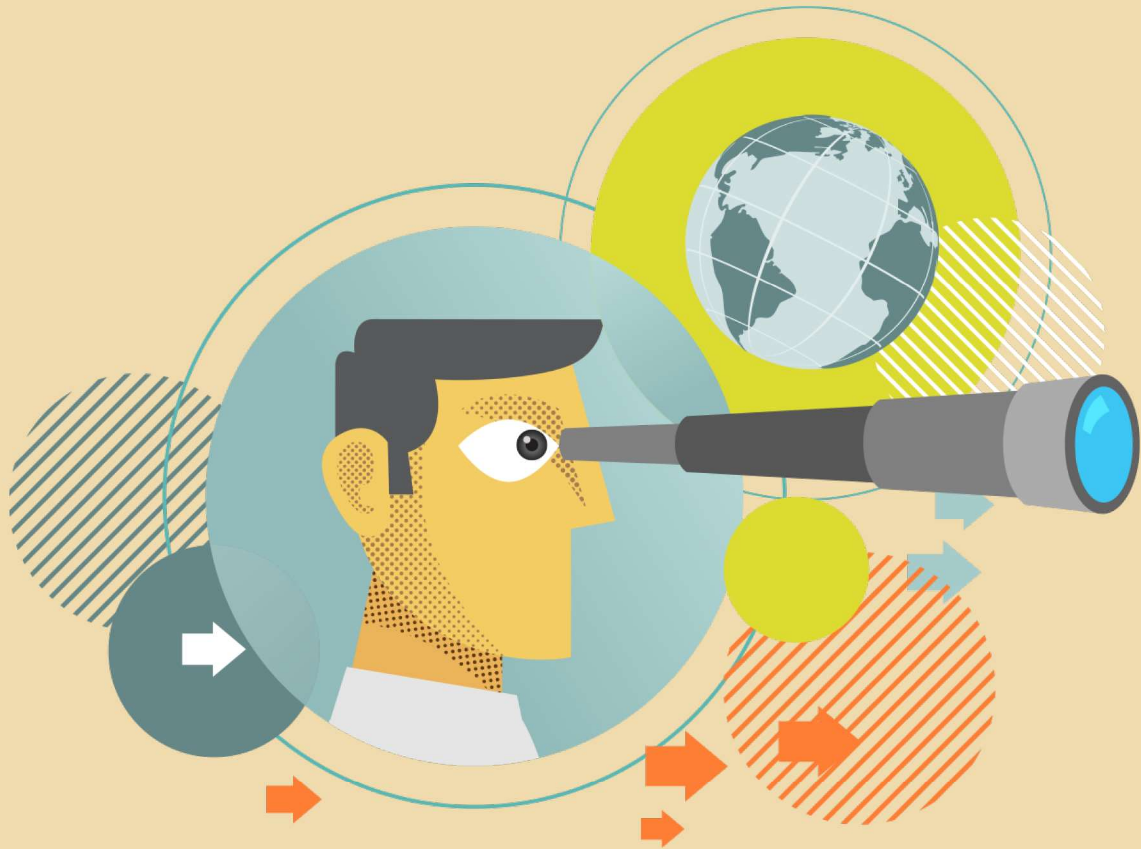

# Economic Adviser

## Macro Research

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# Contents

Special: Global supply chains under constant stress ... 3
Houthi attacks on merchant shipping pose threat to global supply chains ... 3
Merchant shipping is the aorta of world trade ... 3

USA: The FOMC will be looking to bide a bit more time ... 6
US economic data surprise again and again ... 6
Sentiment in the real estate industry appears to be improving ... 6
The FOMC will be looking to bide more time ... 6

Euroland: Stagnation into the summer ... 8
No trend reversal in the short term – things are better in the South ... 8
Bottom reached – expectations signal an end to stagnation ... 8
Inflation on the right track – ECB with an eye on wage developments ... 9
Weak economy clears the way for interest rate cuts ... 9

Germany: Disinflation amid a weak economy ... 10
An ever-longer list of stress factors forces GDP into negative territory ... 10
Inflation down in January as expected – disinflation trend appears to be consistent ... 10
ifo Business Climate Index: Better – but not good! ... 11

Switzerland: SNB with more leeway – for interest rate cuts ... 12
Industry with ongoing difficulties, services take it easier ... 12
The year starts with inflation falling well below the SNB's target level of 2.0 percent ... 12

Japan: Unexpectedly weak GDP figures ... 13
Unexpectedly weak GDP figures ... 13
Caution the order of the day – better safe than sorry! ... 13
Yen not helped by current developments ... 13

China: Beijing contending with weak momentum ... 14
Industry sentiment with initial signs of stabilization ... 14
Downtrend in the stock markets halted for now – brief respite or onset of stabilization? ... 14
Renminbi ought to benefit from Beijing's interventions and rate cuts in the USA ... 14

Britain: Of recession and movement in the MPC ... 15
Gradually emerging leeway for the easing cycle ... 15
UK in a technical recession ... 15
Purchasing managers in disagreement about the future ... 15

Portfolio strategies ........ 16

Yield curve, Euroland ........ 16

Portfolio strategies ........ 17

International yield curve: 3-month & 12-month horizons ........ 17

Portfolio strategies ........ 18

Stock market strategy; 3-month, 6-month & 12-month horizons ........ 18

Overview of forecasts ........ 19

# Special: Global supply chains under constant stress

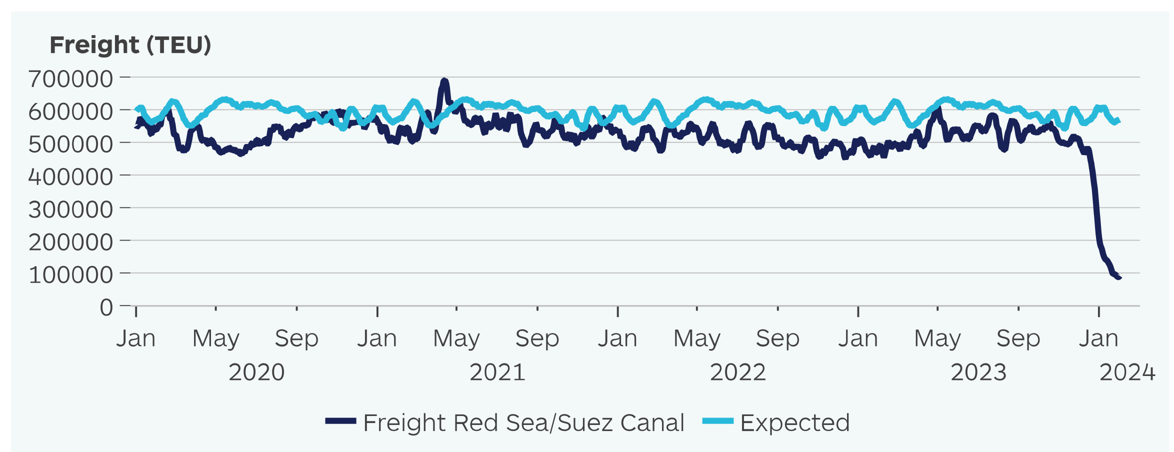
Analysts: Constantin Lüer // Valentin Jansen

**Houthi attacks on merchant shipping pose threat to global supply chains**

The smouldering conflict hotspot in the Red Sea, marked by the numerous attacks by the Yemeni Houthi militia on merchant shipping in the Bab el-Mandeb Strait, has been subjecting global supply chains to a renewed stress test for weeks now. The militia is acting in solidarity with the terrorist organization Hamas, directing its attacks off the Yemeni coast at freighters initially suspected of having ties with Israel. However, because of the US-led military operation "Prosperity Guardian" – which serves to protect the freighters and strait and which has already launched counter-attacks together with coalition partners on the rebels – vessels with connections to the USA and the United Kingdom are also being targetedly attacked. More than 20 countries are involved in this coalition, including several European countries, such as Great Britain, Norway and the Netherlands. Singapore, Australia and Canada also number among the countries lending their support to the military operation. The EU recently launched its own complementary operation under the name "Aspides". Germany has already sent a frigate to the Red Sea, where it will wait outside the conflict zone until the German Bundestag has passed a resolution authorizing its deployment.

A Houthi spokesman said in mid-January that the militia intended to continue the actions in the southern Red Sea and the Gulf of Aden for as long as Israel continues to pursue its military interests in the Gaza Strip. Mainly merchant ships have suffered damage so far, as a result of which international shipping companies are increasingly seeing themselves forced to reroute their freighters. Indeed, the crew of a British freighter ("Rubymar") was recently forced to abandon ship due to concerns of sinking after being heavily damaged by attacks. In the meantime, these concerns have become reality.

Massive collapse in Red Sea goods traffic




Sources: IfW Kiel, NORD/LB Research

**Merchant shipping is the aorta of world trade**

Maritime goods transport is considered the backbone of international trade, as more than 80 percent of global freight traffic takes place by sea. One of the most important shipping routes for world trade runs along the Yemeni coast, via which freighters reach the Mediterranean from the Indian Ocean via the Suez Canal in Egypt. About 15 percent of world trade or approximately one third of global container traffic is handled via the Suez Canal. It forms the shortest sea connection between Europe and Asia. For merchant shipping, the next best alternative route involves skirting the Cape of Good Hope, which takes up to 20 days longer and is thus far more costly. Along with rising ship operating expenses, elevated insurance premiums, for example, are also a contributing factor to the increased freight rates.

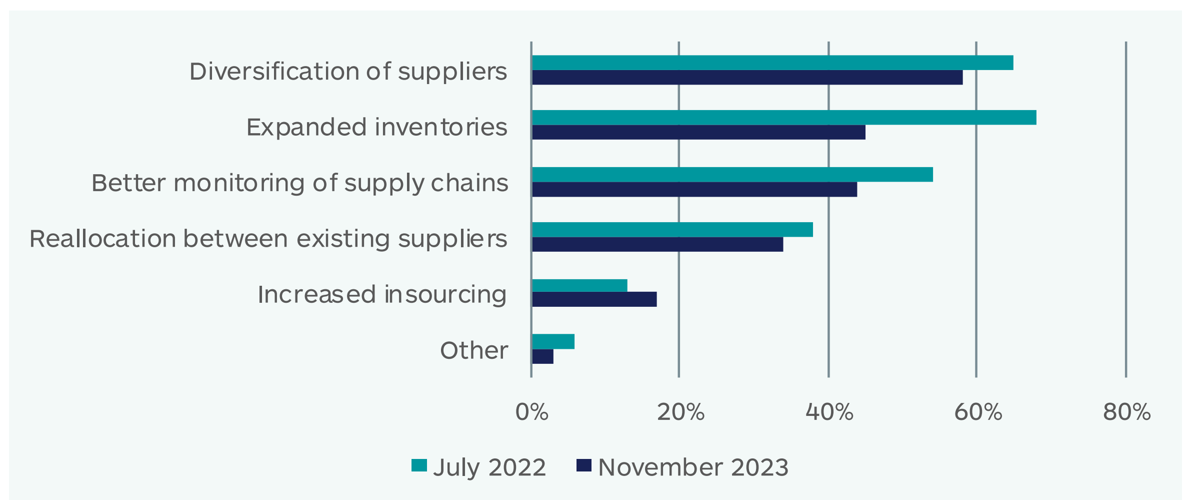
The goods traffic in the Red Sea and the Suez Canal has collapsed massively since the beginning of the year, and is currently showing hardly any signs of recovery despite the US-led Prosperity Guardian military operation.
Furthermore, prospects for de-escalation or indeed a ceasefire in the Gaza war don't appear to be in sight at the moment, meaning the Houthi militia will likely maintain their current stance and activities. The tense situation on the most direct sea connection between Europe and Asia once again illustrates the vulnerability of world trade to geopolitical tensions. In blocking the Suez Canal completely and for "just" six days, the container ship "Ever Given" demonstrated as far back as 2021 the extent to which a total disruption of crucial trade passages can impact trade and logistics worldwide. At times, around 400 ships were waiting in queue, and estimates put the economic damage at up to EUR 10 billion per week or up to 0.4 percentage points of world trade growth in 2021 as a whole.

**List of current obstacles to maritime trade routes is getting longer**
At the present time, there are three key trade routes on the list of disrupted maritime traffic nodes. In addition to access to the Suez Canal, trade routes in the Black Sea are also affected as a result of Russia's ongoing war of aggression against Ukraine. These serve as crucial transport routes for energy carriers such as crude oil and gas, but also for grain from the surrounding region on its way into the global trade arena. The situation in terms of the navigability of key waterways is also worsening due to extreme climatic conditions. For example, the water level in the Panama Canal is at its lowest in decades due to a period of severe drought. Almost six percent of world trade or around 14,000 ship transits per year are handled there. Indeed, the Panama Canal handles around 40 percent of all U.S. container traffic. Due to the low water levels, successive transit restrictions on the number and size of vessels have been extended, which local authorities say could last through to 2025.

**Impact on global consumer price development has been relatively limited so far**
These and other experiences in the recent past have already led to companies making their supply chains less susceptible to disruptions. It appears as though changes have been made to former just-in-time supply chains and a hardier buffer has been incorporated into the planning in order to avoid being caught off guard by so-called black swan events. Going hand in hand with this is the trend back to increased inventory levels in order to enable continued production in the event of sourcing problems. Moreover, surveys among purchasing managers have not revealed any widespread extension of delivery times.
Overall, the impact on global consumer price developments appears to be remaining within reasonable bounds for the time being. The spot prices for container freight have risen markedly, but are still well short of the highs seen, for example, during the COVID pandemic. Moreover, freight capacities are usually booked via longer-term contracts, which ought for the time being to serve as a buffer for the container freight transport costs. Compared to the end prices charged to consumers, the transport costs for goods are relatively low. All the same, it would be premature to give an all-clear as there are potential risks of inflation impacting the global consumer price trajectory. While the longer sea routes alone may not make for major inflationary effects in the short term, the underlying crises could still lead to significant upward movement in prices. After all, the impacts of the heated conflicts ultimately extend to key fossil fuel-producing countries. Should these conflicts continue to expand or even involve other countries, global oil and gas prices could drive up consumer price inflation significantly and lastingly jeopardize the further disinflation process.

**Supply chain restructuring in German industry ongoing in full swing**
German companies, too, learned valuable lessons in respect of their supply chains from the massive supply chain stress brought on by the COVID crisis and the Russian war of aggression against Ukraine, and they are already reaping the benefits of this in the current situation. The most recently published ifo Institute survey results show that three quarters of the surveyed German companies – in total, more than 4,000 businesses from the production, wholesale and retail sectors – have strengthened the resilience of their supply chains in 2023. 58 percent of them put high priority on expanding their supplier base, and every third company plans to continue doing this within a year as well 45 percent have intentions to expand their inventories, also influenced by their experiences with bottlenecks not so long ago during the COVID pandemic. Compared to the survey results in July 2022, these figures indicate a decrease in the proportion of companies that have increased their inventories, but this is attributable to adaptation measures already taken at an early stage. Study co-author Andreas Baur draws the following overall conclusion: "Despite the significant decline in supply chain disruptions and material bottlenecks last year, the supply chain restructuring in German industry is still in full swing."
While most of the recent supply shortages have eased, the ongoing attacks by the Houthi militia show that the tense situation in global supply chains is by no means defused. The list of current stressors for world trade is unlikely to get any shorter in the near term – and a close eye therefore needs to be kept on the upside risks that have not yet been eliminated.

ifo survey results: Measures to minimize supply chain disruptions




Sources: ifo Institute, NORD/LB Research

# USA: The FOMC will be looking to bide a bit more time

Analysts: Tobias Basse // Constantin Lüer

**US economic data surprise again and again**

The latest data on the US economy are again and again a source of surprise for interested observers. Indeed, the reports are proving to be a veritable mixed bag; along with a lot of amazingly positive news there have also been some downside surprises as well of late. A good example of pleasing news undoubtedly lies in the truly impressive preliminary figures on employment growth in the non-farming sectors, with an additional 353,000 jobs created. Although there may still be downward revisions to this indicator, those adjustments will probably not change the basic picture. The US labour market appears to be booming right now. On the other hand, the recently reported figures on the trend in retail sales have clearly surprised on the downside. The expected rebound effect was much stronger than originally expected, though accounting for just one single data point so far. Based on a positive employment situation, the economy of the United States is currently tending towards an almost remarkable degree of strength. This can be expected to gradually change, however. Indeed, clouds are now clearly starting to appear on the economic horizon in the USA! A close eye needs to be kept on this development.

Chart: Interest rates in the USA

Sources: Macrobond, NORD/LB Macro Research

**Sentiment in the real estate industry appears to be improving**

While the mood in the US real estate sector appears to be slowly improving, the assessment of the economic environment remains characterized by a great deal of caution. The NAHB Housing Market Index, for example, rose to 48 points in February, meaning that this important sentiment indicator naturally remains below the "magical" mark of 50 points. Consequently, there is no indication of any major recovery either in February as month under review. The demand situation in particular is still a clear problem – the "Prospective Buyers Traffic" component still stands at a very weak level of 33 points! However, many companies active in the construction industry now appear to be hoping that falling mortgage rates in the future will help in this regard. All eyes in the sector are thus on US monetary policy.

**The FOMC will be looking to bide more time**

The latest reported figures on US consumer prices have clearly provided the FOMC with no reason for near-term rate cuts. Given the extremely high degree of uncertainty as to the further economic developments in the USA – both with regard to price data and in respect of the employment situation – the central bankers in Washington are currently more likely to want to pursue a wait-and-see strategy.

There should first be more clarity regarding future macroeconomic trends before the FOMC can consider a key-rate cut, against which background the central bankers in Washington will probably not want to show any signs of hectic actionism. Ultimately, however, 2024 will likely then become a year governed by monetary policy doves in the USA as well! Only major problems at US regional banks might currently be able to trigger a swift reduction of the Fed funds target rate; accordingly, the monetary policymakers in Washington will now need to keep a very close eye on the share prices of the relevant institutions. The international financial markets had in the meantime certainly hoped for more activity from the FOMC. Meanwhile, however, there has been a certain shift in mindset. On the whole, the US currency ought to benefit from a rather hesitant Fed, especially in the second quarter of the year. In this context the FX market must not lose sight of the ECB's monetary policy. Especially in mid-2024, exaggerations do indeed seem possible, which may strengthen the greenback more significantly for a while. In the medium term, however, the mark of USD 1.08 per EUR should eventually come back into the investors' focus.

Fundamental forecasts, USA

| | 2023 | 2024 | 2025 |
|---|---|---|---|
| GDP | 2.5 | 1.8 | 1.9 |
| Private consumption | 2.2 | 1.6 | 1.5 |
| Govt. consumption | 2.8 | 1.9 | 1.1 |
| Fixed investment | 1.9 | 1.8 | 2.6 |
| Exports | 2.7 | 1.6 | 2.6 |
| Imports | -1.7 | 1.2 | 2.2 |
| Inflation | 4.1 | 2.7 | 2.2 |
| Unemployment rate[1] | 3.6 | 4.2 | 4.2 |
| Budget balance[2] | -6.5 | -6.0 | -6.1 |
| Current acct. balance[2] | -3.1 | -3.1 | -3.1 |

Change vs previous year as percentage; [1] as percentage of the labour force; [2] as percentage of GDP

Sources: Feri, NORD/LB Macro Research

Quarterly forecasts, USA

| | I/23 | II/23 | III/23 | IV/23 | I/24 |
|---|---|---|---|---|---|
| GDP qoq ann. | 7.0 | 4.9 | 3.3 | 0.8 | 0.0 |
| GDP yoy | 2.4 | 2.9 | 3.1 | 2.2 | 1.0 |
| Inflation yoy | 4.0 | 3.5 | 3.2 | 0.0 | 3.0 |

Change as percentage

Sources: Feri, NORD/LB Macro Research

Interest and exchange rates, USA

| | 22.02. | 3M | 6M | 12M |
|---|---|---|---|---|
| Fed funds target rate | 5.50 | 5.50 | 5.25 | 5.00 |
| 3M rate | 5.32 | 5.20 | 5.00 | 4.70 |
| 10Y Treasuries | 4.32 | 3.90 | 3.70 | 3.50 |
| Spread 10Y Bund | 188 | 170 | 160 | 140 |
| EUR in USD | 1.08 | 1.06 | 1.07 | 1.08 |

Sources: Bloomberg, NORD/LB Macro Research

# Euroland: Stagnation into the summer

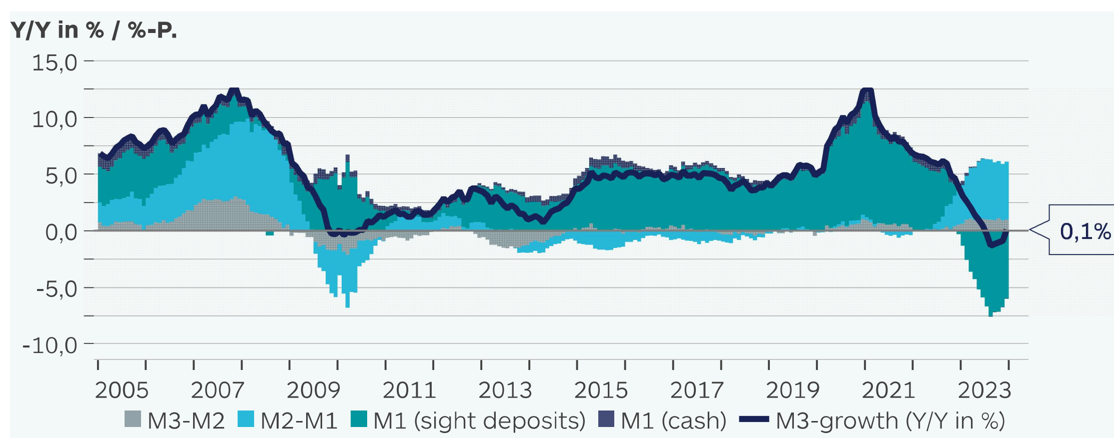
Analysts: Christian Lips, Chief Economist // Christian Reuter

**No trend reversal in the short term – things are better in the South**

Q4/2023 saw the eurozone economy again unable to break free of stagnation. Preliminary figures indicate that real GDP grew by just 0.1 percent year-on-year in the closing quarter of the year. For the time being, quarterly growth has fluctuated around the 0-percent mark for five quarters, and there is still no sign of any positive momentum. Germany and France continue to slow the eurozone's economic growth, while the economies in the southern member states register a far more positive trend. The latter are not only less affected by the structurally ailing industrial sector but continue to benefit from catch-up effects in tourism. There are initial positive signs to be seen, however. For example the M3 money supply, which is a crucial factor for lending in the real economy, registered – albeit mini – growth of 0.1 percent yoy in December; the ECB's monetary policy tightening had led to a historic record decline of -1.3 percent yoy in August last year.

Sentiment indicators in the eurozone reverted to downward mode in February, however, thus interrupting the mild uptrend seen in November and December. Germany was once again a leading culprit in this context. With 89.8 points in the EU Commission's sentiment indicator, Euroland's biggest economy currently foots the table, so to speak. The economic mood is far better in countries such as Spain and Italy, where the sentiment indicators in each case climbed above their medium-term historical averages. The economic actors in France were likewise more positively minded, albeit at a low level. There was little movement between the individual sectors, however. The mood in industry is making merely slow upward progress, while sentiment in the other sectors (construction, consumers and retail) slipped back slightly again from what were already low levels. It was only in the service sector that some degree of satisfaction was to be seen.

Chart: Money supply growth back in positive territory




Sources: Eurostat, Macrobond, NORD/LB Macro Research

**Bottom reached – expectations signal an end to stagnation**

There is no pick-up in growth momentum to be expected in the short term, though some leading indicators indicate the possibility of a more dynamic trend developing again in the further course of the year. For example, a larger number of the surveyed purchasing managers switched camps, joining those who see an improvement rather than vice versa – with the upshot that the PMI for the eurozone unexpectedly rose by one point to 48.9 in February. Encouraging in this context is the fact that the index for the services sector climbed back to the 50-point expansion threshold for the first time in seven months.

There was also unexpectedly positive feedback from the purchasing managers in France, both from the service providers and from industry, though all still below the 50-point mark. There was – once again – a surprise on the downside from German's industrial sector, with the Industry PMI nosediving from 45.5 to 42.3 points.

**Inflation on the right track – ECB with an eye on wage developments**
Inflation in the eurozone remains in downward trend, falling to 2.8 percent yoy in February as measured by the HICP. This was to be expected after the rebound in December caused primarily by administrative effects. The core rate fell too, by 0.1 percentage points to 3.3 percent yoy. The disinflation was again driven by energy prices and base effects. However, prices in services remained sticky at 4.0 percent yoy for three months now. It is not only in the labour-intensive services sector that wage increases have gathered momentum – a trend not likely to please the ECB. Against this background the central bankers recently presented a new set of instruments with which they monitor wage agreements and developments in the euro area. Although the "wage tracker" is still in the trial phase, it is nevertheless clear what the ECB is currently keeping a closer eye on.

**Weak economy clears the way for interest rate cuts**
In our view, the eurozone economy is developing along weaker lines than reckoned with by the ECB, and inflation is declining somewhat faster than projected. Basically, this clears the way for interest rate cuts, against which background the voices in favour of a downward rate adjustment before the summer are currently getting a bit louder again. In our opinion, however, the central bankers will wait for the next few months to see if the relevant data continue moving in the right direction.

Fundamental forecasts, Euroland

| | 2023 | 2024 | 2025 |
|---|---|---|---|
| GDP | 0.5 | 0.5 | 1.4 |
| Private consumption | 0.5 | 1.3 | 1.6 |
| Govt. consumption | 0.2 | 0.9 | 0.7 |
| Fixed investment | 0.6 | -0.1 | 2.6 |
| Net exports[1] | 0.2 | -0.3 | -0.1 |
| Inflation | 5.4 | 2.3 | 2.1 |
| Unemployment rate[2] | 6.5 | 6.6 | 6.6 |
| Budget balance[3] | -3.2 | -2.8 | -2.6 |
| Current account balance[3] | 1.8 | 1.8 | 1.7 |

Change vs previous year as percentage, [1] as contribution to GDP growth; [2] as percentage of the labour force; [3] as percentage of GDP

Sources: Feri, NORD/LB Macro Research

Quarterly forecasts, Euroland

| | I/23 | II/23 | III/23 | IV/23 | I/24 |
|---|---|---|---|---|---|
| GDP sa qoq | 0.1 | -0.1 | 0.0 | 0.1 | 0.2 |
| GDP sa yoy | 0.6 | 0.0 | 0.1 | 0.1 | 0.2 |
| Inflation yoy | 6.2 | 5.0 | 2.7 | 2.6 | 2.4 |

Change as percentage

Sources: Feri, NORD/LB Macro Research

Interest rates, Euroland

| | 22.02. | 3M | 6M | 12M |
|---|---|---|---|---|
| Repo rate ECB | 4.50 | 4.50 | 4.00 | 3.25 |
| 3M rate | 3.95 | 3.70 | 3.40 | 2.50 |
| 10Y Bund | 2.44 | 2.20 | 2.10 | 2.10 |

Sources: Bloomberg, NORD/LB Macro Research

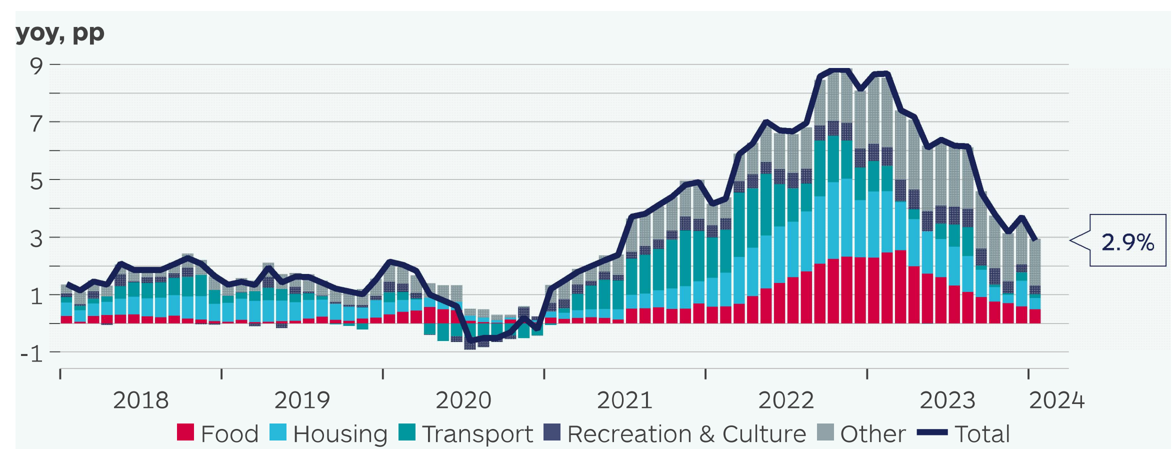
# Germany: Disinflation amid a weak economy

Analysts: Christian Lips, Chief Economist // Valentin Jansen

**An ever-longer list of stress factors forces GDP into negative territory**
The German economy is in danger of sliding into recession after a long phase of stagnation. The closing quarter of 2023 saw real gross domestic product contract by 0.3 percent qoq, with the year-on-year rate standing at -0.2 percent. Weak investment activity in buildings and equipment was the main factor slowing the economy. However, the tightened financing conditions, too, are continuing to dampen investments and thus domestic demand for, among other things, industrial goods and construction services. Moreover, the industrial sector is being hit by persistently weak foreign demand. The already long list of economic and political stress factors (monetary policy, geopolitics, Red Sea, fiscal policy) has been lengthened of late by cold weather, floods, high sickness rates and strikes resulting from difficult wage negotiations. This barrage of bad news has not only dampened the mood in the German economy but also threatens to make for a further setback in terms of GDP in Q1. Positive stimuli are urgently needed, especially considering the restrictive monetary and fiscal policy where there is room for maneuver. The flood of bad news was evidently too much, and the Germany economy perceptibly ran out of steam around the turn of the year. The risk of at least a technical recession in this winter half-year has grown considerably.

**Inflation down in January as expected – disinflation trend appears to be consistent**
Urgently sought good news continues to emerge on the inflation front, on the other hand. As expected, inflation slowed again in January after the uptick in December resulting from a base effect. The year-on-year rate of the national consumer price index (CPI) fell to 2.9 percent, its lowest level since mid-2021. The January figures appear to confirm that the previous rise in inflation was a temporary phenomenon, but the disinflationary trend remains fundamentally intact. The removal of the price brakes on energy products and the $CO_2$ emission charge increase were significantly overcompensated by the lapse of the base effect, with the annual rate for energy falling from 4.1 to -2.8 percent yoy. A further important factor was the continued slowing of inflation in food prices (down to +3.8 percent yoy) in January. On the other hand, the pressure in the service sector will likely ease significantly more slowly in the coming months, due in part to the ongoingly strong wage growth. Hopes continue to rest on private consumption, which ought to benefit from the rise in real incomes resulting from the downward trend in inflation. That said, the poor economic sentiment prevailing at present is also weighing on consumer confidence, making not for a cancellation but at least for a postponement of the anticipated recovery.

Chart: Disinflation trend basically intact




Sources: Destatis, Macrobond, NORD/LB Macro Research

**ifo Business Climate Index: Better – but not good!**

The ifo Business Climate Index is known to be the most important sentiment indicator for the EU's biggest economy. This time series has risen to a current level of 85.5 points. After the somewhat unexpected decline in January, the expectations component has since advanced to 84.1 points. This subcomponent is thus back at exactly the same level as in December 2023. The ZEW survey's economic expectations component has naturally shown a more dynamic upward movement over the past three months. The current euphoria surrounding the DAX could certainly be playing a role in this context. The German blue-chip stock index had recently quite markedly surpassed the psychologically important mark of 17,000 points. Data from the ifo Institute indicate that the assessment of the current situation remains unchanged from the previous month's – albeit slightly downwardly revised – of 86.9 points. All told, the new data on the trend in the ifo Business Climate Index have at any rate not come as any lasting surprise on the downside for the markets. It goes without saying that interested observers of the German economy have become far less demanding in their expectations in the recent past, but the current news from the EU's biggest economy certainly cannot be described as really positive. According to the ifo Institute, February saw a further deterioration in the mood among companies in the various sectors of the German economy. This would indicate that the survey's respondents literally disregarded the slight recovery tendencies that were to be seen in January. That said, the recent downturn in the corresponding German PMI had already given quite clear indication of such negative news. The Industry PMI for the month under review registered an unexpectedly sharp decline from 45.5 to just 42.3 points, thus ending the upward trend that had been in progress since July 2023. Against this background we can for now expect an acceleration of the downward trend in the manufacturing sector. There has also been a certain deterioration in sentiment in the trade sector of late, so a detailed look at the latest data from the ifo Business Climate Index is rather sobering.

Fundamental forecasts, Germany

| | 2023 | 2024 | 2025 |
|---|---|---|---|
| GDP | -0.3 | 0.0 | 1.2 |
| Private consumption | -0.8 | 1.3 | 1.6 |
| Govt. consumption | -1.9 | 0.5 | 1.2 |
| Fixed investment | -0.3 | -0.5 | 2.7 |
| Exports | -1.8 | 0.0 | 3.6 |
| Imports | -3.0 | 1.0 | 4.8 |
| Net exports[1] | 0.6 | -0.4 | -0.3 |
| Inflation[2] | 6.0 | 2.4 | 2.2 |
| Unemployment rate[3] | 5.7 | 5.9 | 5.7 |
| Budget balance[4] | -2.0 | -1.7 | -1.0 |
| Current account balance[4] | 6.7 | 6.7 | 6.1 |

Change vs previous year as percentage, [1]as contribution to GDP growth; [2]HICP; [3]as percentage of the civil labour force (Federal Employment Office definition); [4] as percentage of GDP

Sources: Feri, NORD/LB Macro Research

Quarterly forecasts, Germany

| | I/23 | II/23 | III/23 | IV/23 | I/24 |
|---|---|---|---|---|---|
| GDP sa qoq | 0.0 | 0.0 | -0.3 | -0.2 | 0.3 |
| GDP nsa yoy | -0.4 | -0.7 | -0.4 | -1.2 | 0.3 |
| Inflation yoy | 6.9 | 5.7 | 3.0 | 2.7 | 2.4 |

Change as percentage

Sources: Feri, NORD/LB Macro Research

# Switzerland: SNB with more leeway – for interest rate cuts

Analyst: Christian Reuter

**Industry with ongoing difficulties, services take it easier**

January saw the Swiss economy continue its downward trend. Industrial output contracted by 0.4 percent yoy in the closing quarter of 2023, and the chemical, metal and electrical industries registered particularly marked shrinkage in output. Consumers showed greater reticence in spending again towards year-end, with retail sales down by 0.8 percent yoy in December. Consumer sentiment, too, deteriorated further in January: while having improved since October 2023, the Seco consumer sentiment index nevertheless still stands at a historical low level, now at -41 points.

That said, there are now signs of a bottoming out. The Manufacturing PMI shifted further upwards again, though there was also upward movement in finished products inventories. The repercussions of the Houthi attacks in the Red Sea are making themselves felt; delivery times have increased, though not dramatically. Business continues to run well among the service providers, though growth in incoming orders and orders on hand was not as strong in January as in the previous month.

The results of the KOF business survey are also consistent with this picture. The widely followed economic barometer has been in continuous upward mode since October, and in January topped its medium-term average of 100 with a level of 101.5 points. Overall, the companies were somewhat more optimistic again as regards business development in the coming six months. The prospects for the hospitality industry and other services have brightened further. Positive signals also came from the manufacturing industry (manufacturing and construction). There were downsides in the wholesale and retail sectors, however, but the companies there are hoping that sales will not contract further. An important factor in terms of price developments is that the companies are reckoning with lower wage increases, a trend that has been ongoing since early 2023.

**The year starts with inflation falling well below the SNB's target level of 2.0 percent**

Inflation receeded to 1.3 percent yoy in January, thus falling to its lowest level since early 2022 and significantly more sharply than projected by the SNB in December. Fears that administrative price adjustment could make for a rebound towards 2 percent have proven unfounded. The core rate has developed along pleasing lines, having fallen to 1.2 percent yoy. This will likely make it increasingly difficult for the SNB to maintain its tight monetary policy until the summer. The SNB reportedly acted as a seller on the FX market; the central bankers are therefore no longer so nervous about importing inflation. As the month progressed, the Swiss franc surrendered its gains from January, and is in the meantime as weak as in mid-December. Unsurprisingly, there was speculation in the markets about a possible key rate cut as early as March – a measure that therefore no longer looks completely out of the question when the SNB's monetary policy committee next meets in March. This is a difficult decision for those concerned, also since they only meet every three months.

Fundamental forecasts*, Switzerland

| | 2023 | 2024 | 2025 |
|---|---|---|---|
| GDP | 1.2 | 1.0 | 1.8 |
| Inflation (CPI) | 2.1 | 1.6 | 1.4 |
| Unemployment rate[1] | 2.0 | 2.2 | 2.1 |
| Budget balance[2] | -0.2 | -0.1 | -0.3 |
| Current account balance[2] | 9.6 | 8.4 | 8.2 |

Interest and exchange rates, Switzerland

| | 22.02. | 3M | 6M | 12M |
|---|---|---|---|---|
| SNB policy rate | 1.75 | 1.75 | 1.50 | 1.00 |
| 3M rate | 1.60 | 1.60 | 1.20 | 0.90 |
| 10Y | 0.82 | 0.85 | 0.80 | 0.80 |
| Spread 10Y Bund | -162 | -135 | -130 | -130 |
| EUR in CHF | 0.95 | 0.96 | 0.97 | 0.97 |

* Change vs previous year as percentage; [1] as percentage of the labour force, [2] as percentage of GDP

Sources: Feri, Bloomberg, NORD/LB Macro Research

# Japan: Unexpectedly weak GDP figures

Analyst: Tobias Basse

**Unexpectedly weak GDP figures**

What had in any case been quite a turbulent year closed on a truly dismal note, with unexpectedly weak GDP figures for Q4/2023. After the Japanese economy's very bleak development in Q3, the closing quarter had actually been expected to register a certain counter-movement – an expectation that has proven overoptimistic, however. The figures released showed a rate of change in GDP of -0.1 mom: by classical definition, this means that after two consecutive months of real negative growth the Japanese economy has actually fallen into a technical recession. This is unpleasant news!

**Caution the order of the day – better safe than sorry!**

This economic weakness likely confirms the view of the monetary policymakers in Tokyo that they are right in maintaining their stance of very hesitantly progressing the still upcoming reorientation of their own strategy. In addition to the collective fear of deflationary tendencies that undoubtedly exists in the country, there is, as is well known, in Japanese society a fundamental aspiration to arrive at decisions as consensually as possible. The Bank of Japan will therefore try to act with extreme caution. The monetary policymakers in Tokyo will probably see the weaker figures recently reported on the development of real economic growth primarily as an indication that even greater sensitivity will be called for when it comes to upping interest rates. Nonetheless, the key interest rate level will likely have to be slowly raised in the summer. That said, the central bank will not be looking to make any aggressive hikes – caution is, after all, the order of the day under the motto 'better safe than sorry'.

**Yen not helped by current developments**

It goes without saying that these current developments are of no help to the yen. Some observers appear to have been hoping for more (or probably rather for faster) action in the realignment of Japan's monetary policy. Against this background the Japanese currency has come under marked pressure again in the FX segment, with the psychologically important exchange rate mark of JPY 150.00 per USD coming back into focus. This current chart image will likely remain a kind of "snapshot", however. In principle, we can continue reckoning with a stronger yen in the future. However, it would probably be wrong to pin too many hopes on the realignment of monetary policy in the land of the rising sun making for any great tailwind. As already indicated, the Bank of Japan will only wish to act very cautiously when it comes to raising the traditional policy rate level!

Fundamental forecasts*, Japan

| | 2023 | 2024 | 2025 |
|---|---|---|---|
| GDP | 1.9 | 0.5 | 1.1 |
| Inflation | 3.3 | 2.2 | 1.8 |
| Unemployment rate[1] | 2.6 | 2.5 | 2.4 |
| Budget balance[2] | -5.2 | -4.2 | -3.7 |
| Current account balance[2] | 3.5 | 3.5 | 3.5 |

* Change vs previous year as percentage;

[1] as percentage of the labour force; [2] as percentage of GDP

Sources: Feri, Bloomberg, NORD/LB Macro Research

Interest and exchange rates, Japan

| | 22.02. | 3M | 6M | 12M |
|---|---|---|---|---|
| Key rate | -0.10 | -0.10 | 0.00 | 0.10 |
| 3M rate | 0.10 | 0.10 | 0.15 | 0.20 |
| 10Y | 0.66 | 0.80 | 1.00 | 1.10 |
| Spread 10Y Bund | -178 | -140 | -110 | -100 |
| EUR in JPY | 163 | 156 | 152 | 146 |
| USD in JPY | 151 | 147 | 142 | 135 |

# China: Beijing contending with weak momentum

Analyst: Valentin Jansen

**Industry sentiment with initial signs of stabilization**
With the Chinese New Year festivities having ended, 2024 now proceeds under the zodiac sign of the dragon – a mythical creature symbolizing, among other things, growth and determination. Given the economic situation in the Middle Kingdom, both these characteristics would be desirable, since the veritable barrage of bad news has markedly dampened economic sentiment and the situation on the stock markets. Besides the smouldering problems in the real estate sector, with sporadic flare-ups mostly triggered by building contractors facing or indeed doomed to liquidation, there is also the weak trend in domestic consumption – a sector of the economy on whose economic impetus much hope is pinned in the Year of the Dragon. Given the seasonally typical lack of certain market-relevant economic data until mid-March, the sentiment indicators provide particularly important indications in this phase. Having followed an erratically fluctuating course around the crucial threshold of 50 points, notably in 2023, the Caixin Manufacturing PMI is now showing signs of stabilization, remaining for the third month in a row marginally within what can be interpreted as the growth zone, with a level of 50.8 points. While registering a slight uptick in January, the semi-official CFLP Manufacturing PMI nevertheless remained in contraction territory for the fourth consecutive month, and thus behind the expectations of economists surveyed beforehand. Differences between the signals from the two closely related indices have become more frequent, especially in 2023, but the overall trend, namely erratic fluctuation around the expansion threshold, remains the same. Beijing's recent stimulus measures at least appear to be showing initial effects – with a significant upturn in investment in infrastructure of late.

**Downtrend in the stock markets halted for now – brief respite or onset of stabilization?**
After hitting new local lows in recent times, China's stock markets now appear to be acknowledging to a certain extent Beijing's gradually expanded "support offensive". However, the downtrend's respite could be brief, as the coordinated interventions of the so-called "National Team" – consisting of sovereign wealth funds, state-owned companies and financial institutions – do not really focus on fundamentals and the economic outlook by bolstering securities prices. Disappointing economic data could therefore quickly shrink the recent halting gains in confidence in the stock market.

**Renminbi ought to benefit from Beijing's interventions and rate cuts in the USA**
The weak economic dynamics have been making for increasing deflationary tendencies since as far back as September (CPI level in January: -0.8 percent yoy), with the upshot that the Chinese economy will likely be supported by an expansionary fiscal and monetary policy over the entire year. With the Chinese New Year festivities having ended, Beijing, as expected, has pulled out further stops in the form of a renewed lowering of the five-year key interest rate by the PBOC. The prospects of near-term rate cuts in the USA and Europe can be expected to keep the gradually stabilizing renminbi above the level of 7.00 against EUR & USD.

Fundamental forecasts*, China

| | 2023 | 2024 | 2025 |
|---|---|---|---|
| GDP | 5.2 | 4.6 | 4.5 |
| Inflation | 0.3 | 1.1 | 1.7 |
| Unemployment rate[1] | 5.2 | 5.2 | 5.2 |
| Budget balance[2] | -6.0 | -5.0 | -5.0 |
| Current account bal.[2] | 1.5 | 1.2 | 1.1 |

* Change vs previous year as percentage

[1] as percentage of the labour force; [2] as percentage of GDP

Sources: Feri, Bloomberg, NORD/LB Macro Research

Interest and exchange rates, China

| | 22.02. | 3M | 6M | 12M |
|---|---|---|---|---|
| Deposit rate | 1.50 | 1.50 | 1.50 | 1.50 |
| 3M SHIBOR | 2.22 | 2.25 | 2.25 | 2.25 |
| 10Y | 2.41 | 2.60 | 2.60 | 2.60 |
| Spread 10Y Bund | -3 | 40 | 50 | 50 |
| EUR in CNY | 7.79 | 7.58 | 7.60 | 7.61 |
| USD in CNY | 7.19 | 7.15 | 7.10 | 7.05 |

# Britain: Of recession and movement in the MPC

Analyst: Constantin Lüer

**Gradually emerging leeway for the easing cycle**

At its last meeting the Bank of England's Monetary Policy Committee (MPC) resolved to hold the Bank Rate unchanged – a decision that was initially also to be expected. The voting of the individual members was in any case more intriguing; although there were once again three dissenting votes, there was one case of a switching of camps. While Megan Greene no longer advocated a rate hike and joined the "neutral" faction, Swati Dhingra actually voted for a rate cut. In the past, she has often voted somewhat countercyclically in the committee and advocated lower key rates. Dhingra has currently a strong focus on the producer prices. Since changes in key interest rates take time to kick in through the various channels of monetary policy, and since inflation in producer prices is already much lower than with consumer prices, she expressed concern that a certain overcompensation could take place and that high interest rates would stifle the economy more than necessary.

**UK in a technical recession**

The latest data appear to substantiate this consideration. The figures on GDP recently released by the Office for National Statistics indicated negative growth for Q4/23 as well, with a figure of -0.3 percent qoq showing a further downturn compared to the previous quarter's -0.1 percent qoq. Those very same restrictive financing conditions are to a considerable extent – but not exclusively – responsible for this state of affairs. Be that as it may, the inflation data at any rate provide reason for cautious optimism, with January's CPI at -0.6% mom, thus exceeding expectations – or maybe hopes? There remains a downside, however, namely no change in year-on-year inflation, remaining at 4.0 percent. Producer prices have fallen steadily of late, which can undoubtedly be interpreted as positive for the further development of inflation.

**Purchasing managers in disagreement about the future**

The February PMI indicates ongoing disagreement among the surveyed purchasing managers regarding their expectations for the future in their respective sectors. The producers are maintaining their pessimistic outlook in this context. While having improved by 0.1 points, the index nevertheless remains in the contraction zone, with a level of 47.1 points. Good news definitely looks different – and, unfortunately, is hardly to be found among the service providers either. It can at least be said, however, that the Services PMI did not reflect weakening market expectations and remained at 54.3 points, which in fact corresponds to January's 8-month high. The verbal feedback suggests that falling interest rates have to some extent already boosted confidence in the survey respondents' own service sector, besides which they expect to see the economic engine pick up speed again. This optimism is certainly good for the UK's GDP!

Fundamental forecasts*, Britain

| | 2023 | 2024 | 2025 |
|---|---|---|---|
| GDP | 0.1 | 0.5 | 1.2 |
| Inflation (CPI) | 7.3 | 2.9 | 2.2 |
| Unemployment rate[1] | 4.0 | 4.7 | 4.7 |
| Budget balance[2] | -5.0 | -3.6 | -3.0 |
| Current account bal.[2] | -2.8 | -2.5 | -2.4 |

* Change vs previous year as percentage

[1] as percentage of the labour force as per ILO concept

[2] as percentage of GDP

Interest and exchange rates, Britain

| | 22.02. | 3M | 6M | 12M |
|---|---|---|---|---|
| Repo rate | 5.25 | 5.25 | 5.00 | 4.75 |
| 3M rate | #NV | 5.20 | 4.95 | 4.50 |
| 10Y | 4.11 | 3.90 | 3.85 | 3.65 |
| Spread 10Y Bund | 167 | 170 | 175 | 155 |
| EUR in GBP | 0.85 | 0.87 | 0.88 | 0.87 |
| GBP in USD | 1.27 | 1.22 | 1.22 | 1.24 |

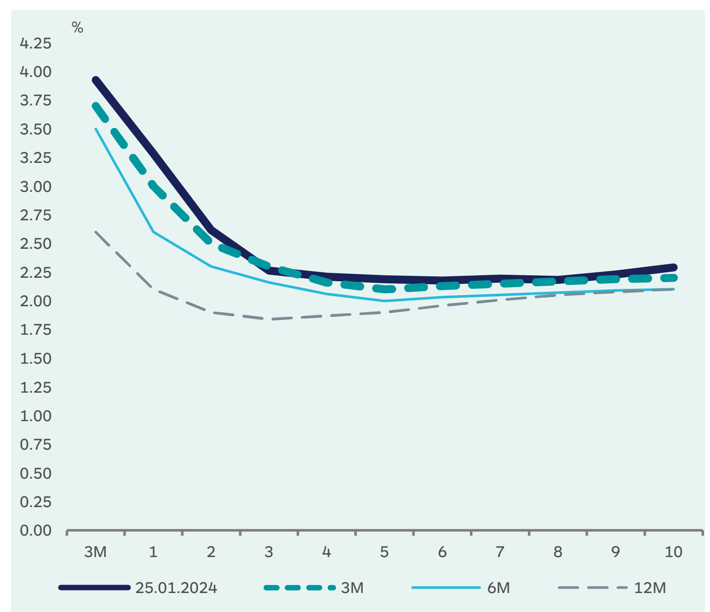
# Portfolio strategies
# Yield curve, Euroland

## Yields and forecasts (Bunds/Swap)

| Yields (in %) | | NORD/LB forecasts for horizons | | |
|---|---|---|---|---|
| | **22.02.2024** | **3M** | **6M** | **12M** |
| 3M | 3.95 | 3.70 | 3.40 | 2.50 |
| 1Y | 3.44 | 2.80 | 2.30 | 2.00 |
| 2Y | 2.91 | 2.40 | 2.10 | 1.80 |
| 3Y | 2.62 | 2.16 | 1.94 | 1.80 |
| 4Y | 2.52 | 2.06 | 1.90 | 1.84 |
| 5Y | 2.45 | 2.00 | 1.90 | 1.90 |
| 6Y | 2.43 | 2.03 | 1.93 | 1.95 |
| 7Y | 2.41 | 2.05 | 1.95 | 1.99 |
| 8Y | 2.37 | 2.07 | 1.97 | 2.03 |
| 9Y | 2.39 | 2.09 | 1.99 | 2.07 |
| 10Y | 2.44 | 2.10 | 2.00 | 2.10 |
| 2Y (Swap) | 3.26 | 2.80 | 2.50 | 2.20 |
| 5Y (Swap) | 2.84 | 2.45 | 2.30 | 2.30 |
| 10Y (Swap) | 2.78 | 2.50 | 2.40 | 2.50 |

Sources: Bloomberg, NORD/LB Macro Research

## Yield curve forecasts (Bunds)



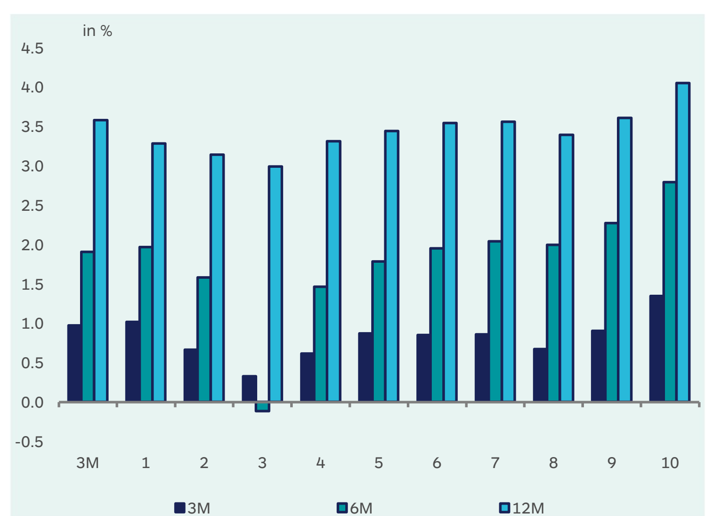

Sources: Bloomberg, NORD/LB Macro Research

## Forecasts and total returns

| | Total returns (in %) for horizons... | | |
|---|---|---|---|
| | **3M** | **6M** | **12M** |
| 3M | 0.98 | 1.92 | 3.54 |
| 1Y | 1.32 | 2.27 | 3.44 |
| 2Y | 1.43 | 2.50 | 3.81 |
| 3Y | 1.73 | 1.58 | 4.28 |
| 4Y | 2.21 | 3.32 | 4.66 |
| 5Y | 2.58 | 3.62 | 4.85 |
| 6Y | 2.83 | 3.95 | 5.03 |
| 7Y | 2.90 | 4.10 | 5.08 |
| 8Y | 2.91 | 4.24 | 5.04 |
| 9Y | 3.13 | 4.52 | 5.22 |
| 10Y | 3.67 | 5.14 | 5.61 |

Sources: Bloomberg, NORD/LB Macro Research

## Expected total returns




Sources: Bloomberg, NORD/LB Macro Research

A total return is the absolute profit from an investment in the time period under consideration, with account being taken of the pro-rata yields plus the price gains or losses to be anticipated on the basis of the forecast yield curve change.

# Portfolio strategies International yield curve: 3-month & 12-month horizons

## 3-month horizon

**Expected total returns (as percentage) in euro**

| | EUR | USD | GBP | JPY | CHF |
|---|---|---|---|---|---|
| 1Y | 1.3 | 3.2 | -0.7 | 4.5 | -0.4 |
| 2Y | 1.4 | 2.7 | -1.3 | 4.7 | -0.1 |
| 3Y | 1.7 | 3.0 | -2.3 | 4.7 | 0.0 |
| 4Y | 2.2 | 3.1 | -3.2 | 4.7 | -0.1 |
| 5Y | 2.6 | 3.0 | -3.1 | 5.0 | -0.4 |
| 6Y | 2.8 | 4.2 | -3.9 | 4.5 | -0.4 |
| 7Y | 2.9 | 2.8 | -4.2 | 4.5 | -0.4 |
| 8Y | 2.9 | 2.7 | -3.2 | 4.3 | -0.5 |
| 9Y | 3.1 | 2.8 | -2.7 | 4.1 | -0.4 |
| 10Y | 3.7 | 2.8 | -0.4 | 4.0 | -0.8 |

Sources: Bloomberg, NORD/LB Macro Research

**Expected total returns (as percentage) in national currencies**

| | USD | GBP | JPY | CHF |
|---|---|---|---|---|
| 1Y | 1.1 | 1.1 | 0.0 | 0.4 |
| 2Y | 0.6 | 0.5 | 0.2 | 0.8 |
| 3Y | 0.9 | -0.5 | 0.2 | 0.8 |
| 4Y | 1.0 | -1.5 | 0.3 | 0.7 |
| 5Y | 0.9 | -1.4 | 0.5 | 0.4 |
| 6Y | 2.1 | -2.2 | 0.1 | 0.4 |
| 7Y | 0.7 | -2.5 | 0.0 | 0.4 |
| 8Y | 0.6 | -1.5 | -0.1 | 0.3 |
| 9Y | 0.7 | -0.9 | -0.3 | 0.4 |
| 10Y | 0.7 | 1.3 | -0.4 | 0.0 |

Sources: Bloomberg, NORD/LB Macro Research

## 12-month horizon

**Expected total returns (as percentage) in euro**

| | EUR | USD | GBP | JPY | CHF |
|---|---|---|---|---|---|
| 1Y | 3.4 | 5.0 | 3.0 | 11.6 | -0.7 |
| 2Y | 3.8 | 4.1 | 2.8 | 11.9 | -0.6 |
| 3Y | 4.3 | 4.8 | 2.3 | 11.9 | -0.4 |
| 4Y | 4.7 | 5.2 | 1.6 | 12.2 | -0.4 |
| 5Y | 4.8 | 5.4 | 1.9 | 12.3 | -0.5 |
| 6Y | 5.0 | 6.9 | 1.3 | 11.9 | -0.4 |
| 7Y | 5.1 | 5.5 | 0.9 | 11.2 | -0.3 |
| 8Y | 5.0 | 5.6 | 1.7 | 11.3 | -0.3 |
| 9Y | 5.2 | 6.0 | 1.9 | 11.2 | -0.8 |
| 10Y | 5.6 | 6.5 | 3.4 | 10.6 | -0.9 |

Sources: Bloomberg, NORD/LB Macro Research

**Expected total returns (as percentage) in national currencies**

| | USD | GBP | JPY | CHF |
|---|---|---|---|---|
| 1Y | 4.8 | 4.8 | 0.0 | 1.1 |
| 2Y | 3.9 | 4.6 | 0.2 | 1.2 |
| 3Y | 4.6 | 4.1 | 0.3 | 1.4 |
| 4Y | 4.9 | 3.4 | 0.5 | 1.4 |
| 5Y | 5.1 | 3.7 | 0.6 | 1.3 |
| 6Y | 6.7 | 3.1 | 0.2 | 1.4 |
| 7Y | 5.3 | 2.7 | -0.3 | 1.5 |
| 8Y | 5.4 | 3.5 | -0.2 | 1.6 |
| 9Y | 5.8 | 3.7 | -0.4 | 1.0 |
| 10Y | 6.3 | 5.2 | -0.9 | 0.9 |

Sources: Bloomberg, NORD/LB Macro Research

A total return is the absolute profit from an investment in the time period under consideration, with account being taken of the pro-rata yields plus the price gains or losses to be anticipated on the basis of the forecast yield curve and exchange rate change.

# Portfolio strategies
# Stock market strategy; 3-month, 6-month & 12-month horizons

Levels and performance

| Index | Level as at 22.02.2024 | Status Prev. month | Status Start of year | Performance since Prev. month | Performance since Start of year |
|---|---|---|---|---|---|
| DAX | 17,370.45 | 16,903.76 | 16,751.64 | 2.76% | 3.69% |
| MDAX | 26,099.76 | 25,959.00 | 27,137.30 | 0.54% | -3.82% |
| EuroSTOXX50 | 4,855.36 | 4,648.40 | 4,521.44 | 4.45% | 7.39% |
| STOXX50 | 4,288.88 | 4,212.81 | 4,093.37 | 1.81% | 4.78% |
| STOXX600 | 495.10 | 485.67 | 478.99 | 1.94% | 3.36% |
| Dow Jones | 39,069.11 | 38,150.30 | 37,689.54 | 1.21% | 2.45% |
| S&P 500 | 5,087.03 | 4,845.65 | 4,769.83 | 2.81% | 4.44% |
| Nikkei | 38,262.16 | 36,286.71 | 33,464.17 | 5.44% | 14.34% |

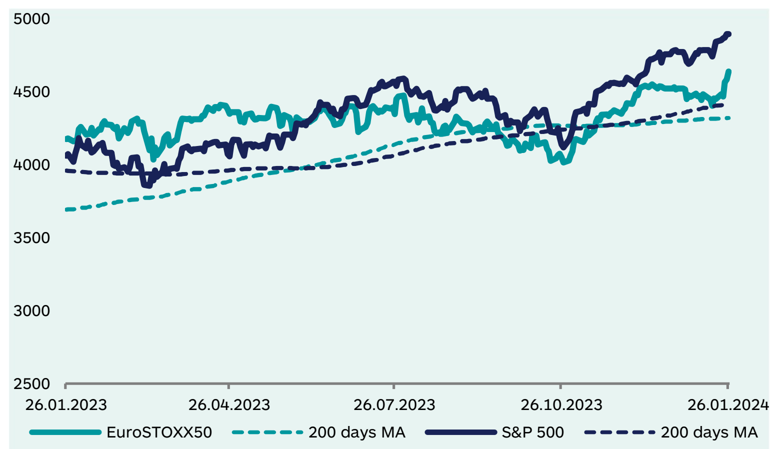
Sources: Bloomberg, NORD/LB Macro Research

Index forecasts

| Index | NORD/LB forecast for horizons ... 3M | 6M | 12M |
|---|---|---|---|
| DAX | 17,200 | 16,800 | 17,500 |
| MDAX | 26,100 | 25,500 | 26,800 |
| EuroSTOXX50 | 4,800 | 4,650 | 4,850 |
| STOXX50 | 4,300 | 4,100 | 4,300 |
| STOXX600 | 490 | 480 | 490 |
| Dow Jones | 38,500 | 37,000 | 37,500 |
| S&P 500 | 4,950 | 4,750 | 4,850 |
| Nikkei | 38,000 | 36,500 | 37,000 |

Sources: Bloomberg, NORD/LB Macro Research

EuroSTOXX50 and S&P500




Sources: Bloomberg, NORD/LB Macro Research

**Date of going to press** for data, forecasts and texts was **Friday, 23 February 2024.**
The next English issue of Economic Adviser will be appearing on **25 March 2024**.

# Overview of forecasts

## Fundamental forecasts

| in % | GDP growth | | | Rate of inflation | | | Unemployment rate[1] | | | Budgetary balance[2] | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2023 | 2024 | 2025 | 2023 | 2024 | 2025 | 2023 | 2024 | 2025 |
| USA | 2.5 | 1.8 | 1.9 | 4.1 | 2.7 | 2.2 | 3.6 | 4.2 | 4.2 | -6.5 | -6.0 | -6.1 |
| Euroland | 0.5 | 0.5 | 1.4 | 5.4 | 2.3 | 2.1 | 6.5 | 6.6 | 6.6 | -3.2 | -2.8 | -2.6 |
| Germany | -0.3 | 0.0 | 1.2 | 6.0 | 2.4 | 2.2 | 5.7 | 5.9 | 5.7 | -2.0 | -1.7 | -1.0 |
| Japan | 1.9 | 0.5 | 1.1 | 3.3 | 2.2 | 1.8 | 2.6 | 2.5 | 2.4 | -5.2 | -4.2 | -3.7 |
| Britain | 0.1 | 0.5 | 1.2 | 7.3 | 2.9 | 2.2 | 4.0 | 4.7 | 4.7 | -5.0 | -3.6 | -3.0 |
| Switzerland | 1.2 | 1.0 | 1.8 | 2.1 | 1.6 | 1.4 | 2.0 | 2.2 | 2.1 | -0.2 | -0.1 | -0.3 |
| China | 5.2 | 4.6 | 4.5 | 0.3 | 1.1 | 1.7 | 5.2 | 5.2 | 5.2 | -6.0 | -5.0 | -5.0 |

Change vs previous year as percentage; [1] as percentage of the labour force (Germany: as per Federal Employment Office definition); [2] as percentage of GDP
Sources: Feri. NORD/LB Macro Research

## Key interest rates

| In % | 22.02.24 | 3M | 6M | 12M |
|---|---|---|---|---|
| USD | 5.50 | 5.50 | 5.25 | 5.00 |
| EUR | 4.50 | 4.50 | 4.00 | 3.25 |
| JPY | -0.10 | -0.10 | 0.00 | 0.10 |
| GBP | 5.25 | 5.25 | 5.00 | 4.75 |
| CHF | 1.75 | 1.75 | 1.50 | 1.00 |
| CNY | 1.50 | 1.50 | 1.50 | 1.50 |

Sources: Bloomberg, NORD/LB Macro Research

## Exchange rates

| EUR in... | 22.02.24 | 3M | 6M | 12M |
|---|---|---|---|---|
| USD | 1.08 | 1.06 | 1.07 | 1.08 |
| JPY | 163 | 156 | 152 | 146 |
| GBP | 0.85 | 0.87 | 0.88 | 0.87 |
| CHF | 0.95 | 0.96 | 0.97 | 0.97 |
| CNY | 7.79 | 7.58 | 7.60 | 7.61 |

## Interest rates (government bonds)

| | 3M rates | | | | Yields 2Y | | | | Yields 5Y | | | | Yields 10Y | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 22.02. | 3M | 6M | 12M | 22.02. | 3M | 6M | 12M | 22.02. | 3M | 6M | 12M | 22.02. | 3M | 6M | 12M |
| USD | 5.32 | 5.20 | 5.00 | 4.70 | 4.71 | 4.25 | 3.90 | 3.60 | 4.33 | 3.85 | 3.60 | 3.50 | 4.32 | 3.90 | 3.70 | 3.50 |
| EUR | 3.95 | 3.70 | 3.40 | 2.50 | 2.91 | 2.40 | 2.10 | 1.80 | 2.45 | 2.00 | 1.90 | 1.90 | 2.44 | 2.20 | 2.10 | 2.10 |
| JPY | 0.10 | 0.10 | 0.15 | 0.20 | 0.06 | 0.05 | 0.07 | 0.10 | 0.26 | 0.30 | 0.38 | 0.40 | 0.66 | 0.80 | 1.00 | 1.10 |
| GBP | #NV | 5.20 | 4.95 | 4.50 | 4.60 | 4.98 | 4.89 | 4.38 | 4.15 | 4.70 | 4.70 | 4.22 | 4.11 | 3.90 | 3.85 | 3.65 |
| CHF | 1.60 | 1.60 | 1.20 | 0.90 | 1.01 | 0.70 | 0.70 | 0.70 | 0.84 | 0.80 | 0.70 | 0.70 | 0.82 | 0.85 | 0.80 | 0.80 |

Sources: Bloomberg, NORD/LB Macro Research

## Spreads (bp)

| | 3M EURIBOR | | | | 2Y Bunds | | | | 5Y Bunds | | | | 10Y Bunds | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 22.02. | 3M | 6M | 12M | 22.02. | 3M | 6M | 12M | 22.02. | 3M | 6M | 12M | 22.02. | 3M | 6M | 12M |
| USD | 138 | 150 | 160 | 220 | 181 | 185 | 180 | 180 | 188 | 185 | 170 | 160 | 188 | 170 | 160 | 140 |
| JPY | -384 | -360 | -325 | -230 | -285 | -235 | -203 | -170 | -219 | -170 | -153 | -150 | -178 | -140 | -110 | -100 |
| GBP | #NV | 150 | 155 | 200 | 170 | 258 | 279 | 258 | 171 | 270 | 280 | 232 | 167 | 170 | 175 | 155 |
| CHF | 131 | 155 | 160 | 225 | -291 | -240 | -210 | -180 | -245 | -200 | -190 | -190 | -244 | -220 | -210 | -210 |

Sources: Bloomberg, NORD/LB Macro Research

# Annex

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Sales Europe
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Sales Asia
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### Origination & Syndicate

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Origination Corporates
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### Treasury

Liquidity Management
+49 511 9818-9620
+49 511 9818-9650

### Trading

Covereds/SSA
+49 511 9818-8040

Financials
+49 511 9818-9490

Governments
+49 511 9818-9660

Federal States/Regions
+49 511 9818-9550

Frequent Issuers
+49 511 9818-9640

### Sales Wholesale Customers

Corporate Customers
+49 511 361-4003

Asset Finance
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# Important legal framework conditions

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