MACRO HIGHLIGHTS

WEEK OF 27 MARCH 2017

KEY TAKEAWAYS OF THE WEEK

Economists' insight: Credit won't be a growth catalyst for US consumer spending (p. 1)

- Consumer lending growth in the US eased in January after banks tightened lending conditions in response to higher delinquency rates.
- Leading economic indicators for the Euro zone show that its economy is continuing to gain speed. The slowdown in lending to non-financial corporations should not last.

Focus on Indonesia: Making the most of demographic trends (p. 4)

- Demographic trends in Indonesia are highly attractive and similar to those seen in India.
- Domestic GDP growth appears firm, driven by consumer spending. For this to last, the country will have to broaden its tax base and make its labour market more flexible.
- Decisions of the US Federal Reserve affect Indonesian monetary policy, but the growth climate and the government's planned reforms could make domestic bonds appealing to investors. Its currency should remain stable or rise slightly.

ECONOMISTS' INSIGHT

LENDING WON'T BE A GROWTH CATALYST FOR US CONSUMER SPENDING

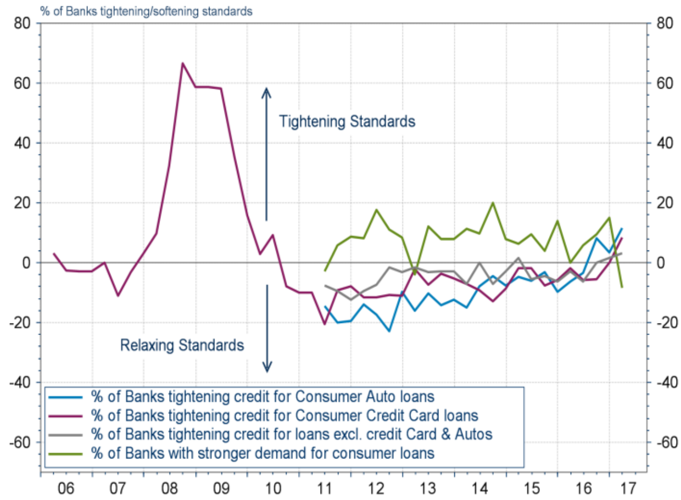
In the United States, household debt – which includes mortgage loans and consumer lending – surpassed pre-crisis levels in Q1 2016 and stood at USD 14.756 trillion in Q4 2016, or 78% of GDP. **But in January 2017, growth in consumer lending slowed to 6.3% year over year from 6.5% in December 2016.** At the same time, banks have been tightening their conditions for automobile and credit-card loans in H1 2017 (see left-hand chart on next page), although this has not been true for mortgages. The stricter lending terms come in response to an uptick in charge-offs and delinquency rates seen in late 2016 (see right-hand chart on the next page).

One reason for the higher delinquency rates could be an increase in the prime rate charged by banks, from 3.25% in November 2015 to 3.75% in

February 2017 (see left-hand chart on page 3). Over the same period, a rise in inflation – from 0.4% in November 2015 to 2.8% in February 2017 – pushed down real interest rates, but those rates should pick back up in the coming months as the consumer price index returns to around 2%. And those higher rates could further push up the number of delinquent loans. Consumer surveys indicate that households are expecting lending conditions to tighten, which means that consumer lending figures for February could show a further decline. **Today's higher interest rates support our forecast of flat consumer spending in the first half of 2017.**

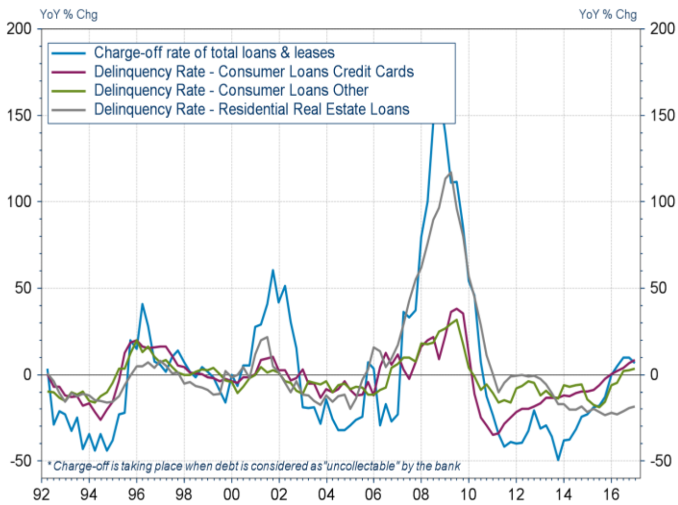
Treasury yield dropped from 2.42% to 2.35%. The Congressional Budget Office (CBO) estimated that Trump's bill would save just USD 150 billion between 2017 and 2026, since it would cut not only government spending, but also some of the income brought in by Obamacare. The CBO calculated that by 2026, 52 million people under the age of 65 would be without insurance under the AHCA, compared with 28 million under existing legislation. The Trump administration will now need to focus its efforts on personal and corporate income tax cuts so that it can submit an initial proposal by this summer.

Banks have tightened consumer lending conditions…



Source: Thomson Reuters Datastream / US Federal Reserve Survey / Edmond de Rothschild

…largely in response to higher delinquency rates



Source: Thomson Reuters Datastream / Edmond de Rothschild

On Friday, 17 March, the US House of Representatives refused to pass Donald Trump's healthcare reform bill, the American Health Care Act (AHCA). This failure to repeal and replace Obamacare disappointed investors, who took it as a sign the new administration would struggle to pull together enough votes in Congress to pass Trump's other campaign promises. The dollar weakened on the news, sliding from 1.08 against the euro Friday night to 1.09 at the time of writing, and the 10-year

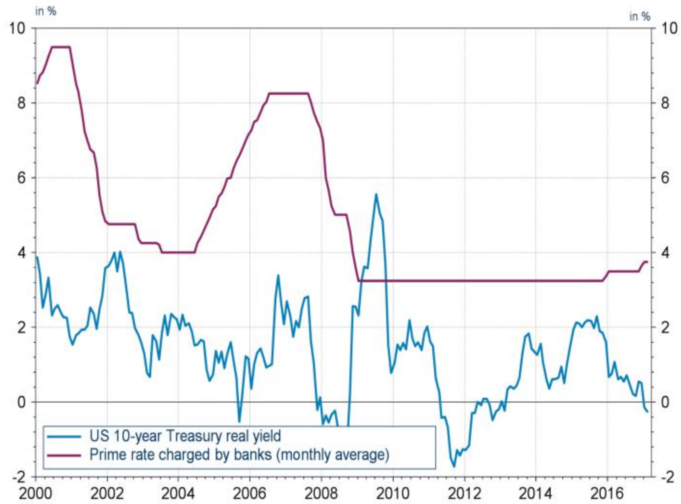
The latest economic data in the Euro zone point to a further pick-up in growth, continuing the trend started in late 2016. **The Purchasing Managers Index (PMI) once again surprised on the upside, outstripping even the most optimistic forecasts.** It rose from 56 in February to 56.7 in March – its highest level in nearly six years. And the upward trend was mirrored in the currency bloc's two biggest economies: in France the composite PMI shot up from 55.9 in February to 57.6 in March, lifted by an improvement in the services sector; and in Germany, the composite PMI edged up from 56.1 in February to 57 in March, buoyed by strong export demand for its manufactured goods.

Household debt in the Euro zone expanded further in February to 2.3%, driven by a 2.8% increase in mortgage lending – a sign of the ongoing recovery in that region's property markets. Growth in loans to non-financial corporations eased from 2.3% in January to 2% in February. But according to the ECB's Q1 2017 bank lending survey, this slowdown shouldn't last long. After tightening lending conditions slightly in the final quarter of last year, banks plan to loosen them in the first quarter of this one, and they expect demand for business loans to swell further.

These figures support our forecast of 0.6% quarter-on-quarter GDP growth in the Euro zone in Q1 2017. This would be the second-fastest expansion in output since 2011 (see right-hand chart below). That said, we still think the ECB will keep its asset purchase programme in place this year. The negative output gap is keeping a lid on core inflation, which currently stands at 0.9%.

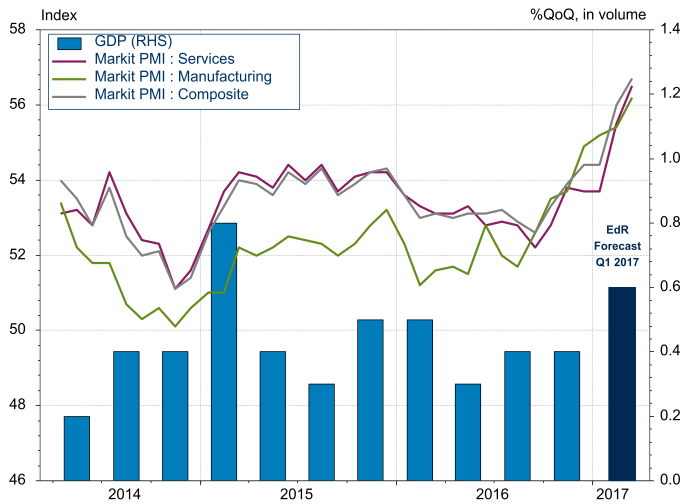
Economists,
Lisa Turk, Economist, United States, l.turk@edr.com
Matthias van den Heuvel, Economist, m.vandenheuvel@edr.com

Real interest rates could rise in the coming months if inflation falls back to 2%



Source: Thomson Reuters Datastream / Edmond de Rothschild

Output continues to expand in the Euro zone



Source: Thomson Reuters Datastream / Eurostat, Markit, Edmond de Rothschild

FOCUS ON INDONESIA

MAKING THE MOST OF DEMOGRAPHIC TRENDS

François Léonet, Economist, Emerging Markets, f.leonet@edr.com

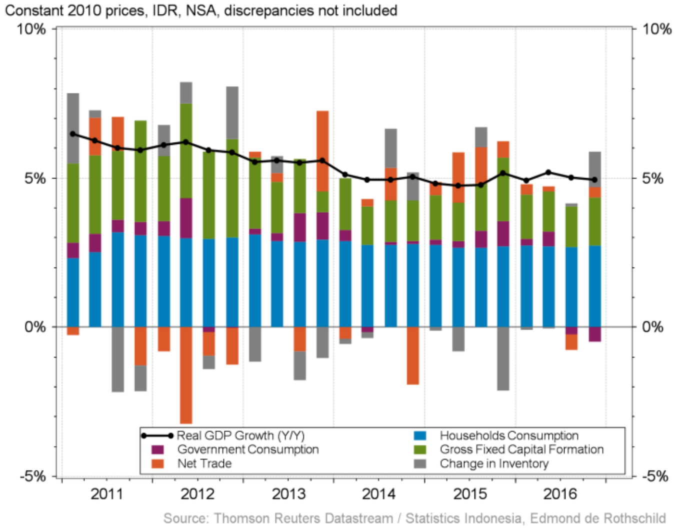
Indonesia offers the type of high growth potential typically associated with emerging Asian markets. It is the fourth most populous country in the world with nearly 260 million inhabitants – 189 million of whom are of working age. It is a member of the G20 and plays a leading role in the Association of Southeast Asian Nations (ASEAN). **The country also has a growing working population, comparable to that seen in India**. Annual population growth has been close to 1.5% over the past ten years. Indonesia's dependency ratio is currently 41%, and the proportion of people below the age of 15 should continue to decline, which means that the workforce will continue to grow in size relative to the total population in the coming years.[1] This demographic profile contrasts with the one in China, where the dependency ratio hit a low in 2011 – meaning that the non-working population was set to rise relative to the working population, especially in the seniors segment. In this article we will look at Indonesia's growth drivers and the risks and challenges that the country will have to overcome to make the most of its growth potential.

GDP growth has been remarkably resilient in Indonesia, at a time when the rest of the world is expanding at a moderate pace and geopolitical risk is on the rise. Real GDP growth reached 5.0% in 2016, versus 4.9% in 2015 and 5.0% in 2014. It is being underpinned by consumer spending, which accounts for 57% of the country's value added (see left-hand chart on next page). Consumer spending has in turn been spurred by a decline in inflation to 3.8%, which is in line with Bank Indonesia's target, and by a rupiah that has been stable since mid-2015 after falling for four years against the dollar. Leading indicators suggest consumer spending will remain firm (see right-hand chart on next page).

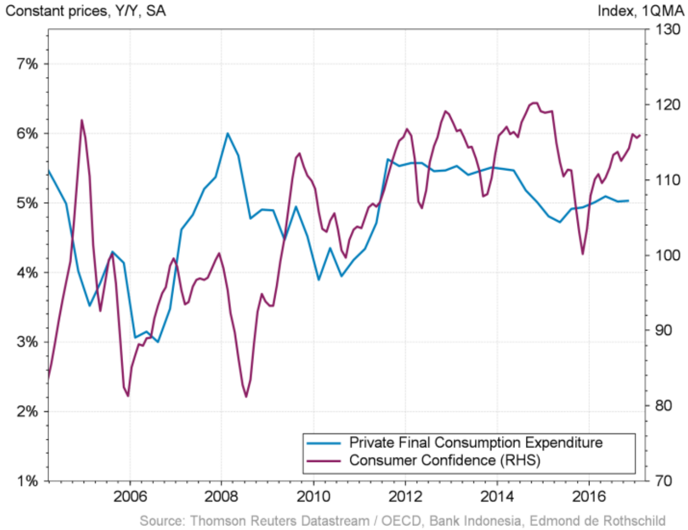
Public spending accounts for only 9% of GDP, versus 18% for OECD countries. **This is a symptom of a larger problem: the country's narrow tax base. Low tax revenues limit the size of the public purse, preventing the government from improving the country's infrastructure and social security systems**. Tax revenues are equal to only 12.5% of GDP, a figure that has fallen in recent years and that is far lower than comparable ASEAN countries such as Malaysia (14.8%), the Philippines (13.9%) and Thailand (16.4%). Tax evasion is rampant: in 2014, there were 27 million declared taxpayers out of a population of 260 million, and only 900,000 of them paid all they owed. The government has recently enacted a number of reforms aimed at expanding the tax base and boosting tax revenues, with some success. Two such measures are tax amnesty for the repatriation of assets kept abroad, and lower taxes for small and medium-sized businesses. **These measures need to be broadened, however, and the country's tax collection system requires streamlining**. On average, an Indonesian company must conduct 54 transactions per year to pay its taxes, versus only

[1] A given country's dependency ratio is the ratio of dependents (0-14 years old) and seniors (over 64 years old) to the working population (15-64 years old).

Indonesia's growth breakdown



Consumer confidence should buoy spending

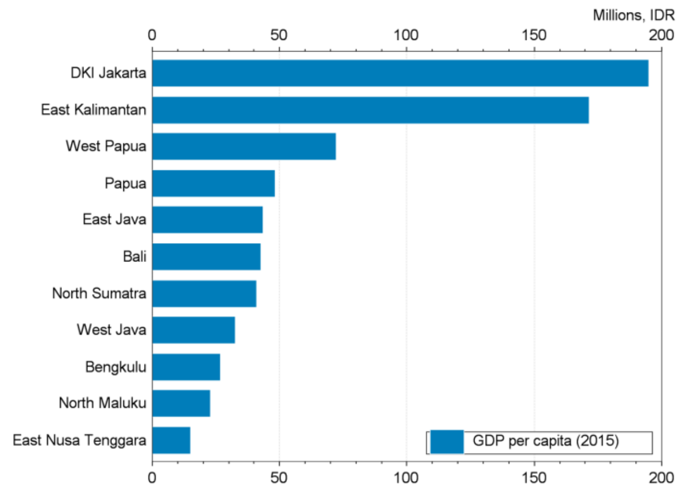


13 in Malaysia. The government is also legally bound to keep the budget deficit below 3% of GDP (it was 2.5% in 2016). This further limits its ability to stimulate the domestic economy through public spending.

These constraints restrict the government's scope for fiscal expansion. One impact has been a lack of investment in Indonesia's infrastructure, mainly in the transport and logistics sectors. The Chamber of Commerce and Industry has calculated that Indonesian companies devote 17% of spending to logistics, versus 10% elsewhere in the region. **These infrastructure shortcomings in turn feed a pattern of uneven growth rates – and persistent inequality – around the country. They also undermine the country's competitiveness and its appeal to foreign investors** (see left-hand chart on next page). Indonesia's job market is one of the most rigid among emerging markets. If it can be made more flexible, this will discourage the use of informal labour, which currently accounts for 58% of total employment. Formalising these jobs would make it possible to recognise the income from this work, improve worker security through expanded social security and pension systems, and broaden the country's tax base. **It would also boost customer deposits with banks, which could be turned into loans. The country's credit cycle could then move past the contraction phase it has experienced in recent years** (see right-hand chart on next page). Because the government is fiscally hamstrung, the private sector will have to step in with the capital investment that the country needs. But this will require greater lending, which has played only a small role in Indonesia's economy so far. The ratio of private-sector loans to GDP is only 39%, versus 48% for south Asia.

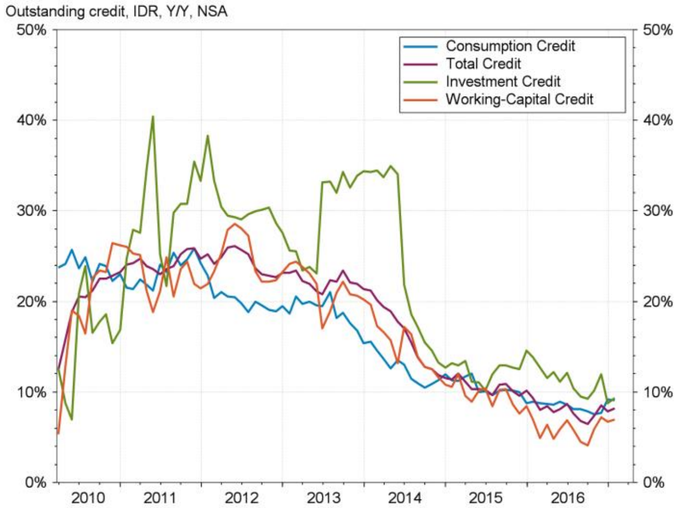
Capital spending currently amounts to 33% of GDP and is one of the country's main growth drivers. On this point, Indonesia resembles other Asian economies, including China, where high levels of capital investment underpinned job creation and income generation. When commodity prices fell, capital spending growth was cut in half. Given the year-on-year rise in commodity prices that began in late 2016, capital spending should now remain flat – or even rise slightly (see left-hand chart on page 7).

Regional disparities are entrenched



Source: Thomson Reuters Datastream / Statistics Indonesia, OECD, Edmond de Rothschild

Greater lending is needed to supplement public spending



Source: Thomson Reuters Datastream / Bank Indonesia, Edmond de Rothschild

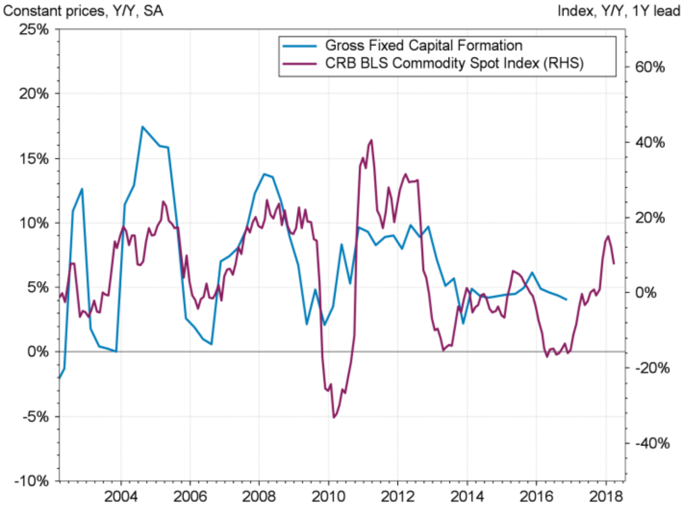
The country's domestic fundamentals appear to be solid overall, and current growth trends should remain intact. The government's challenge will be to move ahead in its structural reforms in order to lay the groundwork for long-term GDP growth. This is a tall order to fill, but recent efforts to improve business confidence are encouraging. In just two years, Indonesia rose from 120th to 91st place in the World Bank's ease of doing business index. President Joko Widodo's aim is to reach the top 40 of this ranking.

In terms of its balance of payments, Indonesia continues to rely on commodities. They account for over 50% of exports. The country is a net importer of petroleum, but it exports a large amount of palm oil, coal and coal products. This means that Indonesia is being directly affected by the slowdown in Chinese manufacturing: China buys 11% of Indonesian exports, one third of which is composed of energy-related commodities. China's shift to a more services-oriented economy will affect Indonesia's exports to that country, and Indonesia will have to consider ways of adapting to China's new economic model. If the United States adopts a highly protectionist stance, this would be a threat to all emerging markets – including Indonesia, even though it does not have a free trade agreement with the US.

The country's reliance on commodities is evident in its balance of payments. Rising commodity prices have reduced Indonesia's current account deficit, which in turn has limited the country's need for international financing. The high level of foreign direct investment (FDI) in the country, which is long term in nature, shows that investors find President Widodo's reform talk credible. FDI now covers the entire current account deficit, thus strengthening the country's balance of payments (see left-hand chart on next page). Indonesia's monetary policy is likely to move away from the dovish approach taken in 2016 – benchmark rates could even be raised this year. **Indonesian interest rates are affected by developments elsewhere in the world, especially at the Fed**. **This is because of the country's current account deficit and the fact that domestic financial markets are heavily reliant on foreign investors** (which hold 40% of its government bonds, for example). Monetary tightening in the United States will force Indonesia to act as well.

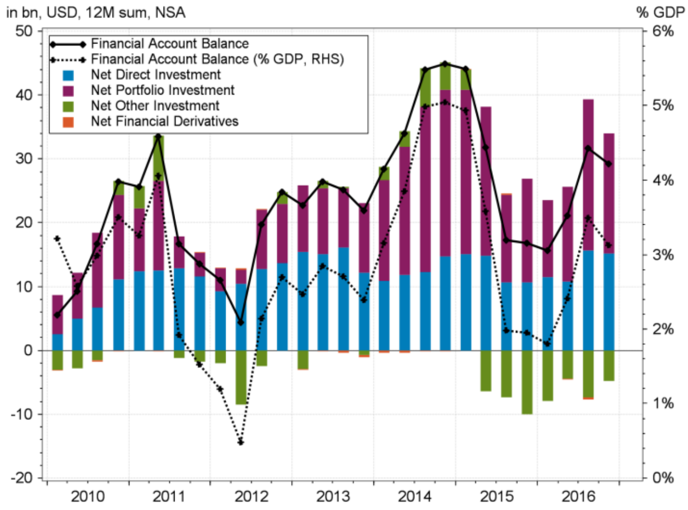
Monetary tightening should bolster the rupiah, which will likely also be lifted by resilient GDP growth. Our currency experts expect the rupiah to be stable in the coming months, possibly rising to 12,800-13,000 against the US dollar. This should increase capital inflows, especially since the country offers relatively attractive bond yields. 10-year government bonds, for example, are yielding 7.1%. The three main credit rating agencies all have a positive outlook on Indonesia.

Capital spending and commodity prices



Source: Thomson Reuters Datastream / OECD, CRB, Edmond de Rothschild

Indonesia is a net recipient of foreign capital



Source: Thomson Reuters Datastream / Bank Indonesia, Edmond de Rothschild

ANNEX 1 – LATEST CHANGES ON THE FINANCIAL MARKETS

PERFORMANCE IN LOCAL CURRENCY	LAST PRICE	WEEKLY RETURN	MONTHLY RETURN	YEAR-TO-DATE RETURN	1-YEAR RETURN
Equities					
World (MSCI)	447	-0.8%	0.7%	6.6%	13.9%
United States (S&P 500)	2'339	-1.3%	-1.1%	5.1%	14.8%
Euro Area (DJ EuroStoxx)	368	-0.1%	3.6%	5.0%	15.2%
United Kingdom (FTSE 100)	7'301	-1.8%	0.8%	3.2%	19.6%
Switzerland (SMI)	8'575	-1.1%	2.2%	5.9%	10.3%
Japan (Nikkei)	19'203	-2.7%	-0.6%	-0.6%	12.1%
Emerging Markets (MSCI)	966	-0.6%	2.8%	12.3%	18.8%
Sovereign Bonds					
United States (7-10 Yr)	2.36%	0.6%	0.1%	1.1%	-1.3%
Euro Area (7-10 Yr)	0.39%	1.1%	-0.8%	-2.2%	-2.0%
Germany (7-10 Yr)	0.39%	0.3%	-1.8%	-1.0%	-0.2%
United Kingdom (7-10 Yr)	1.19%	0.4%	-0.1%	1.2%	4.5%
Switzerland (7-10 Yr)	-0.06%	0.1%	-1.5%	-0.9%	-2.1%
Japan (7-10 Yr)	0.06%	0.2%	0.1%	0.1%	-1.2%
Emerging (5-10 Yr)	4.75%	0.4%	0.4%	2.9%	8.3%
Corporate Bonds					
United States (IG Corp.)	3.33%	0.7%	0.0%	1.3%	4.1%
Euro Area (IG Corp.)	0.81%	0.1%	-0.9%	-0.3%	1.8%
Emerging (IG Corp.)	3.92%	0.6%	0.3%	3.0%	6.8%
High-Yield Bonds					
United States (HY Corp.)	6.13%	-0.1%	-0.9%	2.1%	15.8%
Euro Area (HY Corp.)	3.04%	-0.1%	-0.3%	1.3%	8.2%
Emerging (HY Corp.)	6.37%	0.4%	0.0%	4.0%	18.6%
Convertible Bonds					
United States (Convert. Barclays)	48	-0.2%	-0.5%	4.8%	11.1%
Euro Area (Convert. Exane)	7'480	-0.7%	-0.7%	0.2%	4.4%
Commodities					
Commodities (CRB)	420	-0.8%	-1.0%	-0.3%	8.3%
Gold (Troy Ounce)	1'257	0.8%	0.1%	9.0%	3.2%
Oil (Brent, Barrel)	51	-1.6%	-9.4%	-9.2%	28.7%
Currencies					
Dollar Index	99.2	-0.6%	-1.9%	-3.0%	3.4%
EURUSD	1.09	0.5%	2.7%	3.3%	-2.9%
GBPUSD	1.26	0.6%	1.4%	1.7%	-12.0%
USDCHF	1.02	-1.0%	-2.2%	-3.4%	1.0%
USDJPY	110.3	-1.3%	-2.2%	-5.7%	-2.8%

Source : Bloomberg

ANNEX 2 – MAIN ECONOMIC INDICATORS

Main Economic Indicators - Released (20 - 24 March) and to be released (27 - 31 March)

US

Date	Indicator	Period	Consensus	Actual	Prior	Revised
22/03	**Existing Home Sales, month**	**Feb.**	**5.55m**	**5.48m**	**5.69m**	**-**
23/03	**New Home Sales, month**	**Feb.**	**565k**	**592k**	**555k**	**558k**
24/03	**Durable Goods Orders, MoM**	**Feb. P**	**1.4%**	**1.7%**	**2.0%**	**2.3%**
28/03	*Case-Shiller 20-City Home Price index, YoY*	*Jan*	*5.6%*	-	*5.6%*	-
30/03	*GDP, QoQ annualized*	*Q4 T*	*2.0%*	-	*1.9% (Q4 P)*	-
30/03	*GDP, YoY*	*Q4 T*	-	-	*1.9% (Q4 P)*	-
31/03	*Personal Income, MoM*	*Feb.*	*0.4%*	-	*0.4%*	-
31/03	*Personal Spending, MoM*	*Feb.*	*0.2%*	-	*0.2%*	-
31/03	*PCE index, YoY*	*Feb.*	*2.1%*	-	*1.9%*	-
31/03	*Core PCE index, Yoy*	*Feb.*	*1.7%*	-	*1.7%*	-

Euro zone

Date	Indicator	Period	Consensus	Actual	Prior	Revised
24/03	**Manufacturing PMI, month**	**Mar. P**	**55.3**	**56.2**	**55.4**	**-**
24/03	**Services PMI, month**	**Mar. P**	**55.3**	**56.5**	**55.5**	**-**
24/03	**Composite PMI, month**	**Mar. P**	**55.8**	**56.7**	**56.0**	**-**
27/03	*M3 Money Supply, YoY*	*Feb.*	*4.9%*	-	*4.9%*	-
27/03	*Loans to non-financial corporations, YoY*		-	-	*2.3%*	-
27/03	*Loans to households, YoY*		-	-	*2.2%*	-
30/03	*Business Climate Indicator, month*	*Mar.*	*0.9*	-	*0.8*	-
31/03	*HICP, YoY*	*Mar.*	*1.8%*	-	*2.0%*	-
31/03	*Core HICP, YoY*	*Mar. A*	*0.8%*	-	*0.9%*	-

Germany

Date	Indicator	Period	Consensus	Actual	Prior	Revised
24/03	**Manufacturing PMI, month**	**Mar. P**	**56.5**	**58.3**	**56.8**	**-**
24/03	**Services PMI, month**	**Mar. P**	**54.5**	**55.6**	**54.4**	**-**
24/03	**Composite PMI, month**	**Mar. P**	**56.0**	**57.0**	**56.1**	**-**
27/03	*IFO Business Climate, month*	*Mar.*	*111.1*	-	*111.0*	-
30/03	*HICP, YoY*	*Mar. P*	*1.9%*	-	*2.2%*	-

France

Date	Indicator	Period	Consensus	Actual	Prior	Revised
23/03	**INSEE Business Confidence, month**	**Mar.**	**104.0**	**104.0**	**104.0**	**105.0**
24/03	**GDP, QoQ**	**Q4 F**	**0.4%**	**0.4%**	**0.4%**	**-**
24/03	**GDP, YoY**	**Q4 F**	**1.2%**	**1.1%**	**1.2%**	**-**
24/03	**Manufacturing PMI, month**	**Mar. P**	**52.4**	**53.4**	**52.2**	**-**
24/03	**Services PMI, month**	**Mar. P**	**56.1**	**58.5**	**56.4**	**-**
24/03	**Composite PMI, month**	**Mar. P**	**55.8**	**57.6**	**55.9**	**-**
31/03	*HICP, YoY*	*Mar. P*	*1.4%*	-	*1.4%*	-

Switzerland

Date	Indicator	Period	Consensus	Actual	Prior	Revised
21/03	**Trade Balance, CHF B, month**	**Feb.**	**-**	**3.11b**	**4.73b**	**4.83b**
21/03	**Exports Real, MoM**	**Feb.**	**-**	**-2.2%**	**-4.0%**	**-3.6%**
21/03	**Imports Real, MoM**	**Feb.**	**-**	**2.9%**	**-5.3%**	**-3.9%**
21/03	**Money Supply M3, YoY**	**Feb.**	**-**	**3.1%**	**2.9%**	**-**
30/03	*KOF Leading Indicator, month*	*Mar.*	*105.8*	-	*107.2*	-

UK

Date	Indicator	Period	Consensus	Actual	Prior	Revised
20/03	**Rightmove House Price Index, MoM**	**Mar.**	**-**	**1.3%**	**2.0%**	**-**
20/03	**Rightmove House Price Index, YoY**	**Mar.**	**-**	**2.3%**	**2.3%**	**-**
21/03	**CPI, YoY**	**Feb.**	**2.1%**	**2.3%**	**1.8%**	**-**
21/03	**Core CPI, YoY**	**Feb.**	**1.7%**	**2.0%**	**1.6%**	**-**
23/03	**Retail Sales Inc. Auto Fuel, MoM**	**Feb.**	**0.4%**	**1.4%**	**-0.3%**	**-0.5%**
31/03	*Nationwide House Price Index, MoM*	*Mar.*	*0.3%*	-	*0.6%*	-
31/03	*Nationwide House Price Index, YoY*	*Mar.*	*4.0%*	-	*4.5%*	-
31/03	*GDP, QoQ*	*Q4 F*	*0.7%*	-	*0.7%*	-
31/03	*GDP, YoY*	*Q4 F*	*2.0%*	-	*2.0%*	-

Japan

Date	Indicator	Period	Consensus	Actual	Prior	Revised
24/03	**Manufacturing PMI, month**	**Mar. P**	**-**	**52.6**	**53.3**	**-**
31/03	*CPI, YoY*	*Feb.*	*0.2%*	-	*0.4%*	-

China

Date	Indicator	Period	Consensus	Actual	Prior	Revised
31/03	*Manufacturing PMI, month*	*Mar.*	*51.7*	-	*51.6*	-
31/03	*Non-manufacturing PMI, month*	*Mar.*	-	-	*54.2*	-

ANNEX 3 – OUR GDP GROWTH AND INFLATION FORECASTS

GDP GROWTH IN VOLUME (%)	2013	2014	2015	2016f	Consensus	2017f	Consensus	2018f	Consensus
United States	1.7	2.4	2.6	1.5	1.6	2.0	2.2	2.3	2.2
Japan	1.4	0.0	0.6	0.7	0.6	1.0	0.8	0.7	0.7
Eurozone	-0.2	1.2	1.9	1.6	1.6	1.6	1.3	1.5	1.5
Germany	0.4	1.6	1.5	1.8	1.8	1.6	1.4	1.6	1.5
France	0.6	0.7	1.2	1.3	1.2	1.4	1.2	1.3	1.3
Italy	-1.7	0.2	0.6	0.7	0.8	0.6	0.8	0.8	1.0
Spain	-1.7	1.4	3.2	3.2	3.3	2.5	2.3	2.3	2.1
Luxembourg	4.2	4.7	3.5	3.6	3.4	3.7	3.0	4.0	2.9
Europe ex-Eurozone									
United Kingdom	1.9	3.1	2.2	2.0	2.0	0.2	1.0	1.0	1.5
Switzerland	1.8	2.0	0.8	1.4	1.5	1.5	1.5	1.6	1.6
Israel	4.4	3.2	2.5	3.2	3.1	3.3	3.1	3.2	3.2
Emerging countries	5.1	4.7	3.7	3.8		4.7		4.5	
China	7.8	7.3	6.9	6.7	6.7	6.4	6.4	5.8	6.0
Brazil	3.0	0.1	-3.8	-3.4	-3.3	0.5	1.0	1.4	2.0
India	6.6	7.2	7.6	7.3	7.5	7.4	7.3	7.7	7.6

CONSUMER PRICE INDEX (%)	2013	2014	2015	2016f	Consensus	2017f	Consensus	2018f	Consensus
United States	1.5	1.6	0.1	1.3	1.3	2.0	2.3	2.2	2.4
Japan	0.4	2.7	0.8	-0.1	-0.2	0.5	0.5	1.0	1.0
Eurozone (HCPI)	1.3	0.4	0.0	0.2	0.2	1.4	1.3	1.5	1.5
Germany	1.6	0.8	0.1	0.4	0.4	1.4	1.5	1.4	1.5
France	1.0	0.6	0.1	0.2	0.3	1.0	1.3	1.2	1.4
Italy	1.2	0.2	0.1	0.0	0.0	1.2	1.2	1.4	1.4
Spain	1.5	-0.2	-0.6	-0.3	-0.4	1.5	1.6	1.7	1.6
Luxembourg	1.7	0.7	0.1	0.0	0.2	1.5	1.9	1.8	1.5
Europe ex-Eurozone									
United Kingdom	2.6	1.5	0.0	0.7	0.7	3.5	2.5	3.0	2.4
Switzerland	-0.2	0.0	-1.1	-0.4	-0.4	0.5	0.3	0.7	0.7
Israel	1.5	0.5	-0.6	-0.5	-0.5	1.1	-	1.7	-
Emerging countries	3.3	3.1	3.7	2.7		3.4		3.4	
China	2.6	2.0	1.4	2.0	2.0	2.3	2.2	2.2	2.1
Brazil	6.2	6.3	9.0	8.8	8.8	6.1	5.4	5.9	4.6
India	10.7	6.7	4.9	5.1	4.9	5.3	4.8	5.1	5.0

ANNEX 4 – OUR INTEREST-RATE AND CURRENCY FORECASTS

KEY INTEREST RATES (%)*	2013	2014	2015	2016f	Consensus	2017f	Consensus	2018f	Consensus
United States	0.25	0.25	0.50	0.75	0.75	1.25	1.30	1.75	-
Japan	0.10	0.10	0.10	-0.10	0.00	-0.10	-0.10	-0.10	-
Eurozone	0.25	0.05	0.05	0.00	0.00	0.00	0.00	0.00	-
Europe ex-Eurozone									
United Kingdom	0.50	0.50	0.50	0.25	0.25	0.25	0.25	0.25	-
Switzerland	0.00	-0.25	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-
Israel	1.00	0.25	0.10	0.10	0.10	0.25	-	0.50	-
Emerging countries									
China	6.00	5.60	4.35	4.35	4.35	4.05	4.35	3.80	-
Brazil	10.00	11.75	14.25	13.75	13.75	11.00	10.50	9.50	-
India	7.75	8.00	6.75	6.50	6.15	6.00	6.00	5.75	-

*data at end of period

EXCHANGE RATE**	2013	2014	2015	2016f	Consensus	2017f	Consensus	2018f	Consensus
Dollar									
EUR/USD	1.37	1.20	1.08	1.11	1.12	1.06	1.08	1.08	-
USD/JPY	105	120	120	109	108	113	109	118	-
GBP/USD	1.66	1.56	1.47	1.35	1.35	1.18	1.23	1.20	-
USD/CHF	0.89	0.99	1.00	0.98	0.98	1.02	1.02	1.02	-
USD/CNY	6.05	6.21	6.49	6.67	6.90	7.05	7.10	7.40	7.13
Euro									
EUR/JPY	144	144	130	121	120	120	117	127	-
EUR/GBP	0.83	0.77	0.73	0.83	0.82	0.90	0.88	0.90	-
EUR/CHF	1.23	1.20	1.09	1.09	1.09	1.08	1.09	1.10	-
EUR/SEK	8.85	9.44	9.17	9.47	9.49	9.58	9.45	9.45	-

**yearly average

DISCLAIMER

EDMOND DE ROTHSCHILD

EDMOND DE ROTHSCHILD (SUISSE) SA

Rue de Hesse 18 – 1204 Genève - T. +41 58 818 91 91
Rue de Morat 11 – 1700 Fribourg - T. +41 26 347 24 24
Avenue Agassiz 2 – 1003 Lausanne - T. +41 21 318 88 88
Via Ginevra 2 – 6900 Lugano - T. +41 91 913 45 00
Beethovenstrasse 9 – 8002 Zürich - T. +41 44 818 81 11

BANQUE PRIVÉE EDMOND DE ROTHSCHILD EUROPE S.A.

Boulevard Emmanuel Servais, 20 – 2535 Luxembourg - T. +352 24 88 1

EDMOND DE ROTHSCHILD (FRANCE)

47 Rue du Faubourg Saint-Honoré – 75401 Paris - T. +33 1 40 17 25 25

WWW.EDMOND-DE-ROTHSCHILD.COM