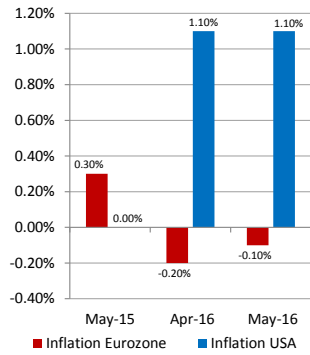
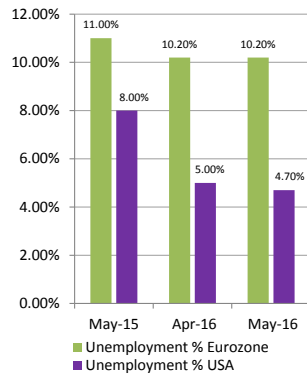


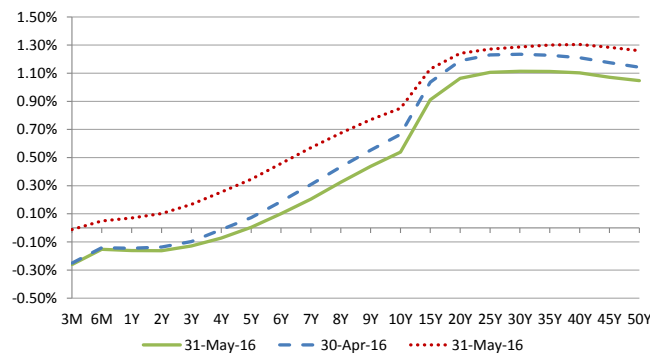
## Inflation Eurozone & USA



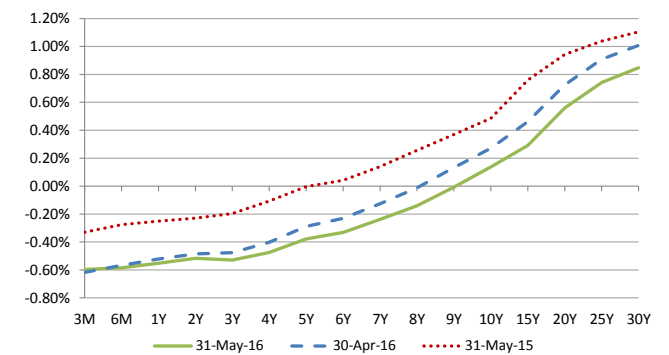
## Unempl. rate Eurozone & USA



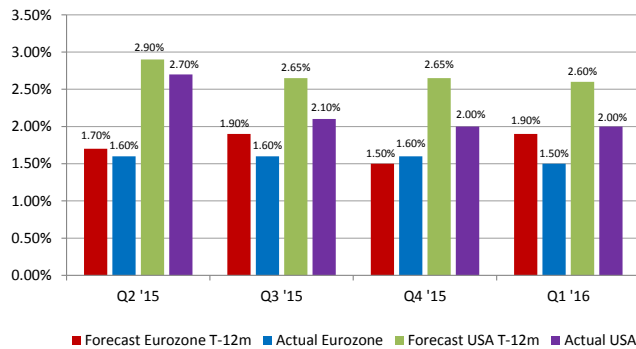
## Euro Swaps Curve



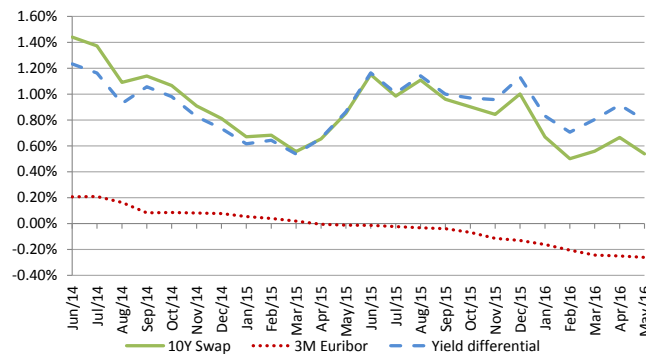
## German Government Bond Curve



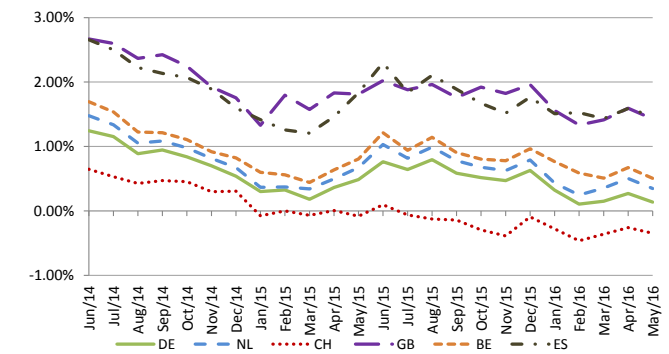
## Forecast vs actual GDP growth Eurozone & USA



## 10Y swap -/- 3M Euribor



## Yields 10Y Government Bonds



## Macro-economic Development

- Please note that the information below does not refer to the graphs above.
- New figures show that the economy of the United States grew with 0.8% in the first quarter of 2016 compared to Q1 of 2015. In contrast, the outlook for economic growth in the Eurozone and the EU have been revised downwards to 1.6% and 1.9%.
- In May the European Commission (EC) warned Spain and Portugal to take structural measures in order to reduce their large budget deficits this year and coming year.
- Greece implemented new measures to reduce its national debt. As a result, the Euro-countries have decided to extend the financial aid package to support Greece. Because of the new deal, the interest rate on 10-year Greek government bonds decreased to 6.9%.

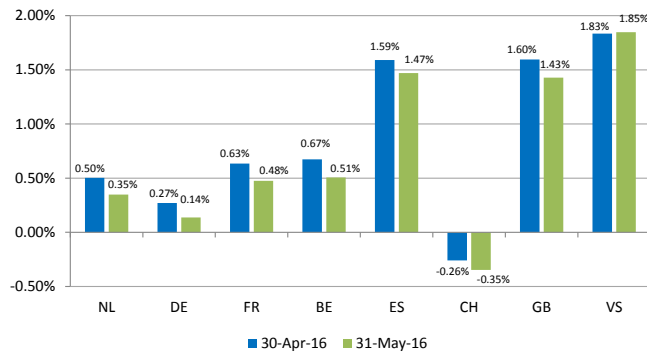
## Interest Rates

- The Euro swap curve decreased in May compared to April. The swap rates for tenors up to 5 years are currently below 0.00%.
- The 10Y swap decreased to 0.54% in May. This is a decrease of 13 basis points compared to April, when the 10Y swap closed at 0.67%.
- The 3M Euribor closed at -0.26%. This is a decrease of 1 basis point compared to last month (-0.25%).
- Please note that the interest rates shown in the graphs above do not include liquidity and credit spreads which are applicable on loans.

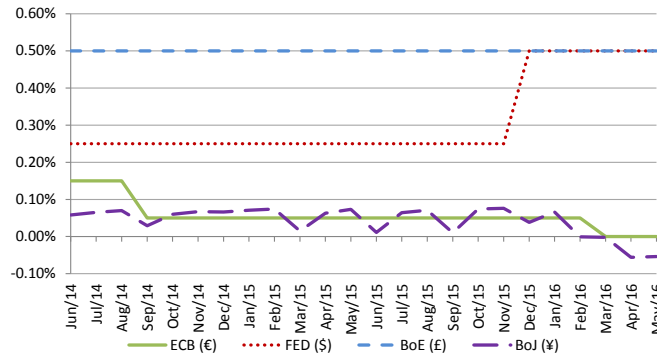
## Government Yields

- The curve for Dutch government bond yields is lower in May for all tenors compared to April.
- The yield on a 10-year Dutch government bond decreased with 15 basis points to 0.35% last month.
- At the end of May, all bonds with a tenor up to and including 7 years hold a negative yield. At the end of April, bonds with a tenor up to and including 6 years held a negative yield.
- The 10-year government bond yield curves of Germany, England, Belgium and Spain all decreased in May compared to a month before. The 10-year German government bond yield is 0.14% at the end of May.

## Yields 10Y Government Bonds



## Official Policy Rates



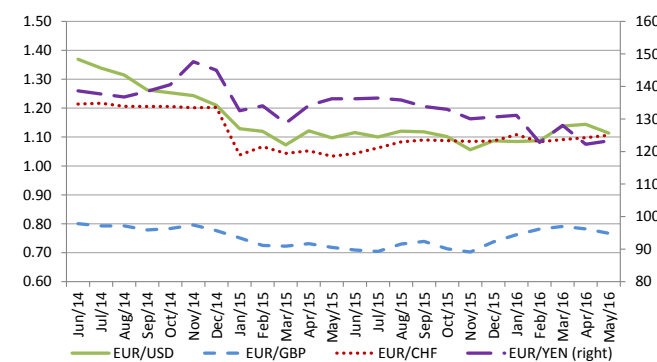
## Credit Ratings Banks

Long term Foreign Currency Rating	S&P	Moody's	Fitch
Deutsche Bank	BBB+	Baa2	A-
BNP Paribas	A	A1	A+
RBS plc.	BBB+	A3	BBB+
HSBC Bank plc.	A	A1	AA-
UBS AG	A	Aa3	A
CitiGroup Inc.	BBB+	Baa1	A
ING Bank	A	A1	A+
UniCredit SpA	BBB-	Baa1	BBB+

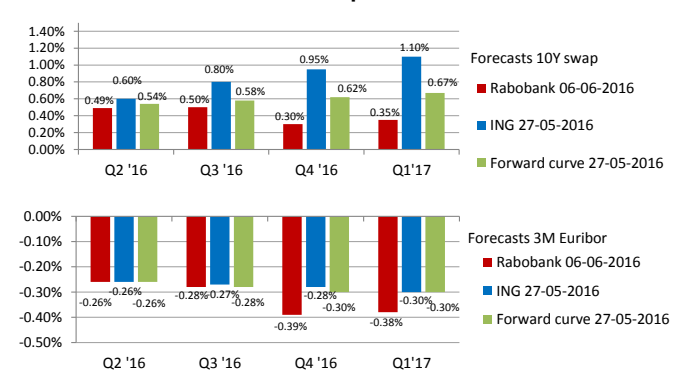
## Credit Ratings Sovereigns

Long Term Foreign Currency Rating	S&P	Moody's	Fitch
The Netherlands	AAA	Aaa	AAA
Germany	AAA	Aaa	AAA
France	AA	Aa2	AA
Belgium	AA	Aa3	AA
Spain	BBB+	Baa2	BBB+
Switzerland	AAA	Aaa	AAA
Great Britain	AAA	Aa1	AA+
United States	AA+	Aaa	AAA

## Currencies



## Interest Rate Forecasts 10Y Swap and 3M Euribor



## Yields 10Y Government Bonds

- The yields on almost all of the 10-year bonds mentioned above decreased compared to the previous month. Only the yield on a 10-year American government bond increased slightly.
- The 10-year yield on a Swiss government bond is negative since July 2015. In May, the yield decreased with 9 basis points to 0.35%.

## Credit Rating Sovereigns

- Rating agencies Standard & Poor's, Moody's and Fitch haven't changed the credit ratings of the countries mentioned in the table above.
- Rating agency Fitch confirmed the AAA-status for Dutch government bonds. The agency reports that the outlook for The Netherlands is stable and estimates a growth rate of 1.80%

## Official Policy Rates

- In April, the European Central Bank(€) left its policy interest rate unchanged as well as the Federal reserve (\$) and Bank of England (£). The Bank of Japan (¥) changed their policy interest rates in April from 0.06% to -0.05%. In May, no policy rate decisions were taken.
- After the latest Federal Reserve meeting in April, policy-makers seemed unsure to increase the policy interest any further. Because of disappointing economic figures that were published early June, an increase of the policy rates in June seems highly unlikely.  
*Note that the BoJ interest rate fluctuates within a bandwidth.*

## Currencies

- At the end of May, the EUR/USD exchange rate closed at EUR/USD = 1.1139, a decrease of 0.0301 dollar compared to the end of last month, when the EUR/USD exchange rate closed at EUR/USD = 1.1440.

## Credit Ratings Banks

- Rating agency Moody's has lowered the credit rating of Deutsche Bank from Baa1 to Baa2.

## Interest Rate Forecasts Banks

- Both Rabobank and ING expect that the 3-month Euribor will decrease at the end of the year. Rabobank even predicts a decrease to -0.39% at the end of this year.
- ING expects a further increase of 50 basis points of the 10-year swap to a level of 1.10% in the first quarter of 2017. Rabobank expects an increase of 30 basis points to a level of 0.35%.
- Please note that the forecasts shown in the graphs above do not include liquidity and credit spreads (as are applicable on loans).*