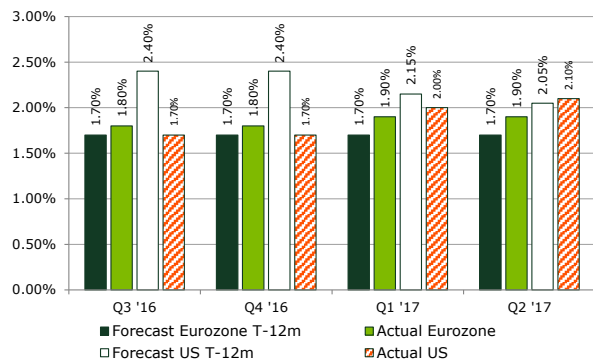
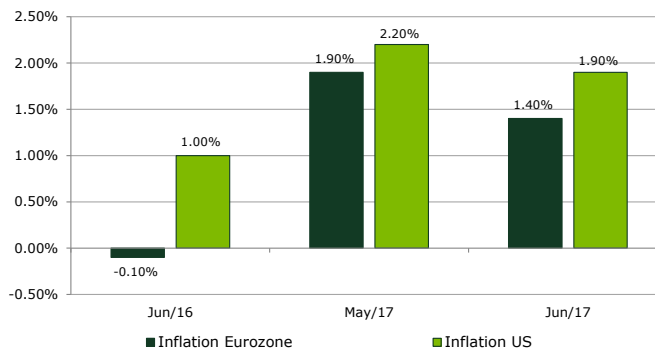


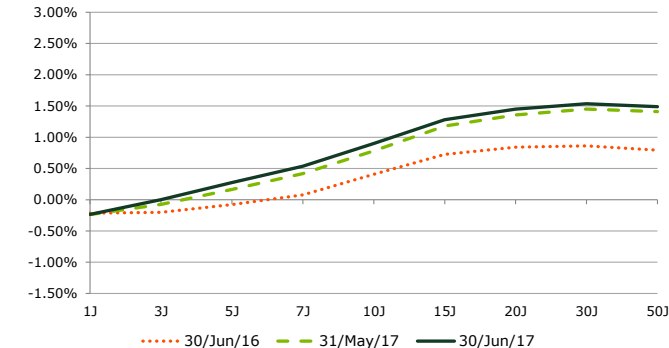
## Forecast vs Actual GDP Growth Eurozone & US



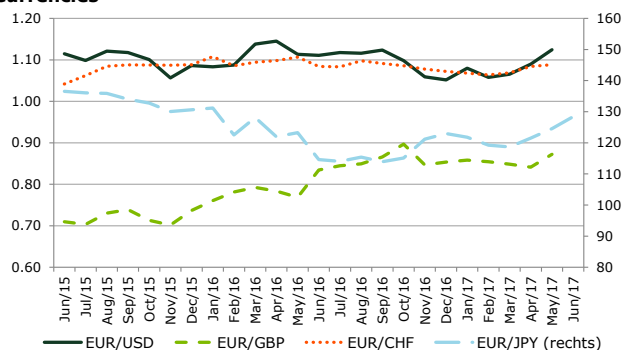
## Inflation Rates Eurozone & US



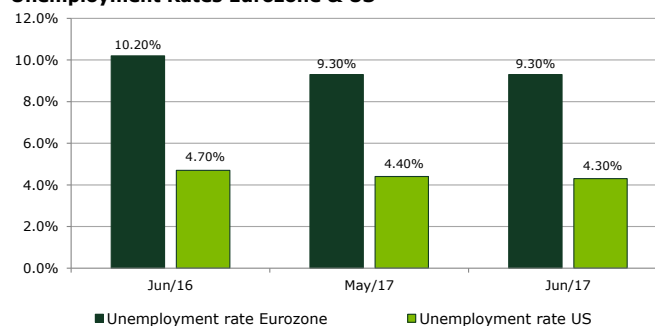
## Euro Swap Curve



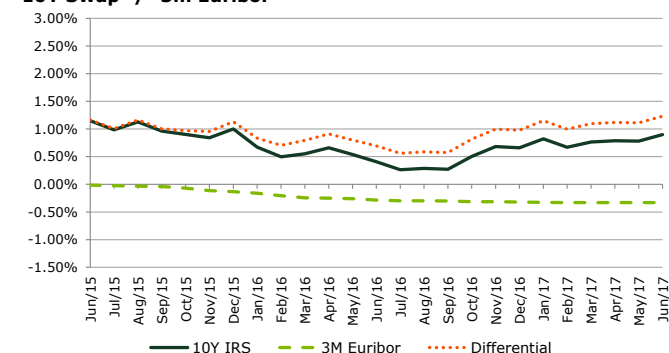
## Currencies



## Unemployment Rates Eurozone & US



## 10Y Swap -/- 3m Euribor



## Macroeconomic Developments

- Credit rating agency Standard & Poor's (S&P) announced that it has adjusted its economic growth forecast for the eurozone upwards to 2.00% in 2017. In March 2017 S&P reported an economic growth forecast of 1.60%. According to S&P, the economic recovery of the eurozone is better than anticipated. The European Central Bank also announced that the economic recovery of the eurozone is stronger than in previous years.
- The annual report of the Bank of International Settlements (BIS) shows that world economic growth increased strongly in 2016. BIS reports the highest levels of growth since the global financial crisis. BIS did encourage countries to implement reforms, because inflation, high debt levels, lower consumption and protectionism could threaten the growth of the world economy.
- In the past month, Brexit negotiations have officially started. It is expected that talks until November 2017 will focus on the future relations between the EU and the UK. Until then, the parties will be negotiating about civil rights and the Brexit procedure itself.

## Inflation

- Initial estimates show that the eurozone inflation rate has decreased to 1.30% in June 2017, a decrease of 0.10 pp compared to May 2017. The decrease is mostly the result of reductions in the prices of food, alcohol and tobacco.
- The United States inflation rate has decreased in May 2017. Official figures show that the inflation rate was 1.90% in May, compared to 2.20% in April 2017.
- The inflation rate in the United Kingdom has increased in May 2017 to a level of 2.90%, the highest rate in 4 years.

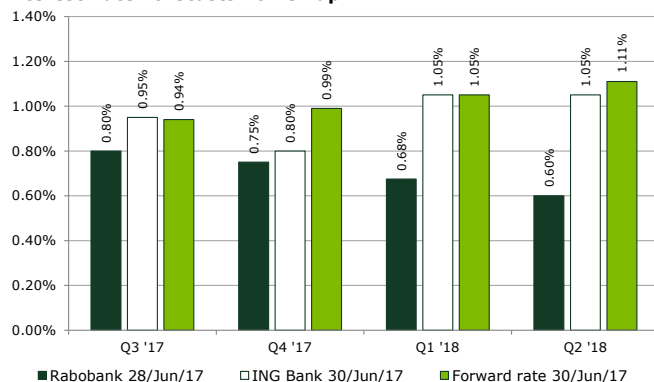
## Unemployment Rates

- Estimates show that the eurozone unemployment rate for June 2017 remained stable at the May 2017 level. The unemployment rate was 9.30% of the labor force, the lowest point since March 2009. This corresponds to approximately 15 million unemployed residents.
- The unemployment rate in the United States has been decreasing since the start of the year. In January 2017 the unemployment rate was 4.80%, while in May 2017 unemployment was 4.30% of the labor force.

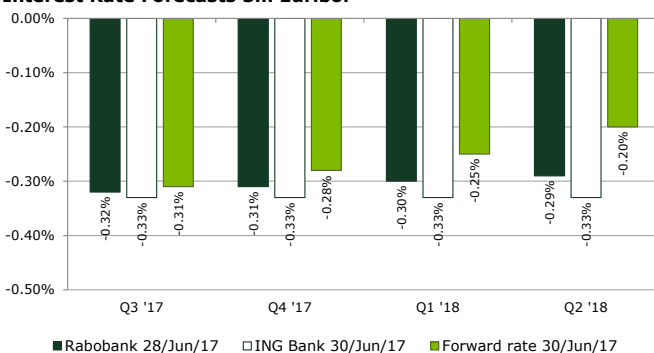
## Interest Rates

- The euro swap curve has increased in June 2017 compared to May 2017. Swap rates for tenors of 1 and 2 years are below zero on 30 June 2017.
- The 10-year interest rate swap was 0.90% at the end of June 2017. The swap rate has increased by 12 basis points compared to May 2017, when the rate was 0.78%. The increase was caused by remarks of ECB president Mario Draghi, who implied that the quantitative easing program of the ECB might be phased out if inflation increases.
- The 3-month Euribor closed at -0.33% in June 2017, the same level as the end of May 2017.
- The spread between the 3-month Euribor and the 10-year interest rate swap has increased by 12 basis points during June 2017 and closed at 123 basis points.
- Please note: The interest rates presented above do not take into account any liquidity and credit spreads charged by banks.*

## Interest Rate Forecasts 10Y Swap



## Interest Rate Forecasts 3m Euribor



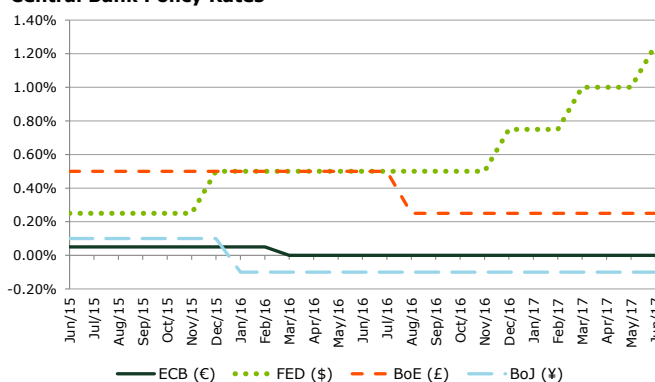
## Interest Rate Forecasts

- ING Bank expects the 10-year swap rate to increase to 1.05% in Q1 2018 and to remain at that level until at least the end of Q2 2018. Rabobank expects a decrease of the 10-year swap rate to 0.60% in Q2 2018.
- ING Bank expects the 3-month Euribor to stay at the current level of -0.33% until Q2 2018. Rabobank expects an increase of 3 basis points from -0.32% in Q3 2017 to a level of -0.29% in Q2 2018.
- The forward rates are higher than the expectations of ING Bank and Rabobank as of Q4 2017. The Q2 2018 forward rate for the 10-year interest rate swap is 1.11% and the 3-month Euribor forward rate for the same quarter is -0.20%.
- Please note: The predictive power of the interest rate forecasts of the banks is limited. Acting on these forecasts may be considered speculative trading in certain (semi) public institutions.*

## Bank Ratings

	S&P	Moody's	Fitch
Rabobank	A+	Aa2	AA-
ING Bank	A	A1	A+
ABN AMRO	A	A1	A+
BNG Bank	AAA	Aaa	AA+
NWB Bank	AAA	Aaa	
Deutsche Bank	A-	Baa2	A-
BNP Paribas	A	A1	A+
Barclays	A-	A1	A

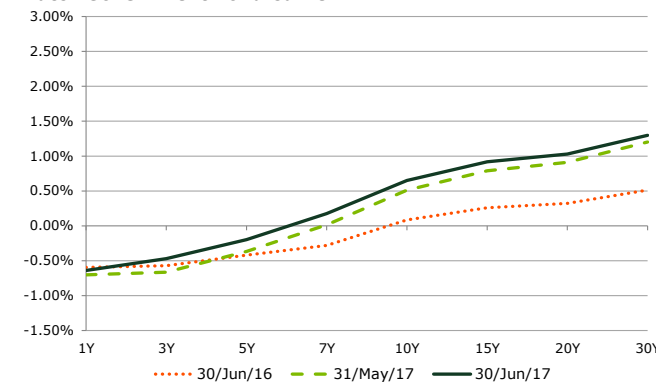
## Central Bank Policy Rates



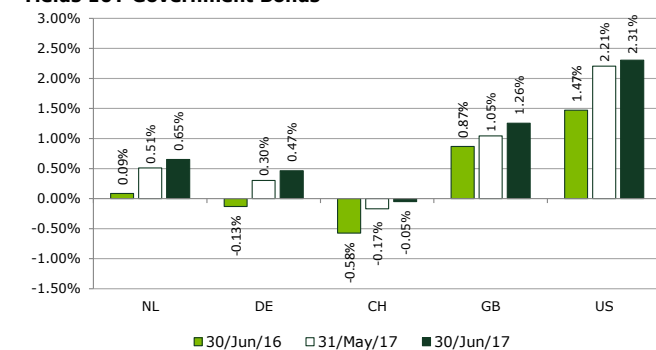
## Central Bank Policy Rates

- In June 2017, the Federal Reserve (Fed) decided to increase its benchmark interest rate by 25 basis points to a level of 1.00% to 1.25%. The Fed cited achieved and expected future employment growth and an inflation rate around its long-term target of 2.00% as the main reasons for the rate hike.
- The European Central Bank (ECB) did not change its policy rates in June 2017. The ECB indicated not to expect any rate increases in the near future. The EUR 60 billion quantitative easing program of the ECB will remain in effect until at least December 2017 or until the ECB sees a sustained inflation rate of around its inflation aim.
- While the Bank of Japan did not change its benchmark rates, the central bank did report sustained economic growth, which is mainly caused by strong consumer spending.
- Please note: The interest rate as set by the Bank of Japan fluctuates between 0.00% and -0.10%. In the graph, the lower bound is shown. Furthermore, the graph displays the upper bound of the federal funds rate bandwidth of 1.00% to 1.25%.*

## Dutch Government Bond Curve



## Yields 10Y Government Bonds



## Dutch Government Bond Curve

- Compared to May 2017, the yield on Dutch government bonds has increased in June for all tenors up to and including 30 years. Compared to June 2016 yields have increased for all tenors except for tenors of 1 year, for which the return has decreased by 4 basis points to -0.64%. The curve is below zero for tenors up to and including 5 years.

## Government Bond Yields

- In June 2017 the yields on 10-year government bonds of the countries listed above have increased compared to May 2017.
- The yield on 10-year German government bonds has increased the most in June 2017 and closed at 0.47% on 30 June 2017.
- The yields on the listed government bonds are higher in June 2017 compared to June 2016.
- The yield on 10-year Swiss government bonds remained below zero in June 2017.