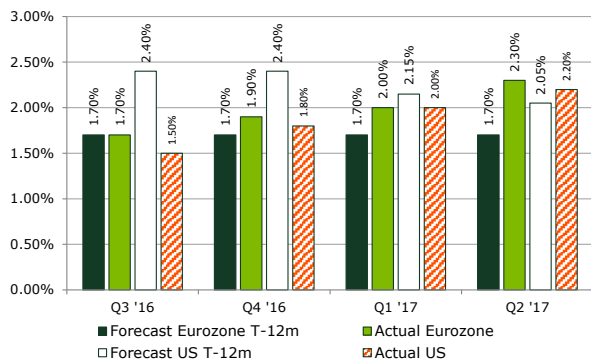
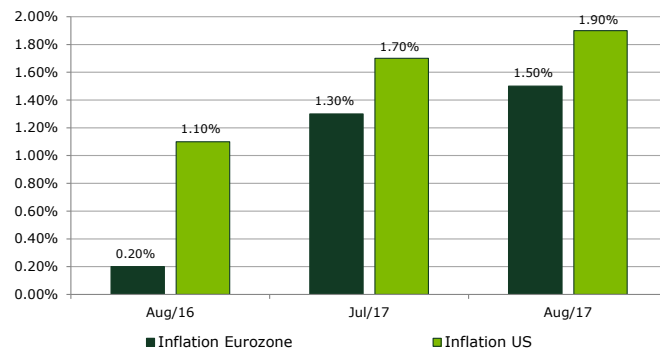


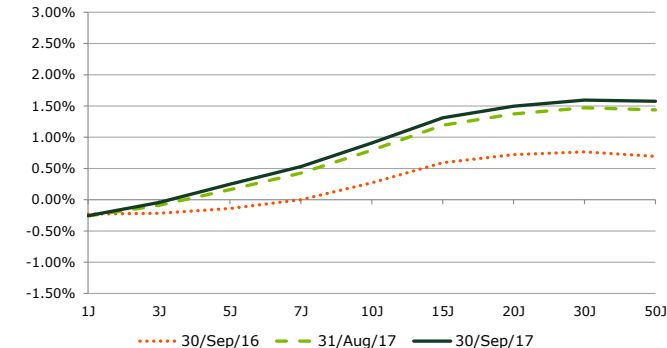
## Forecast vs Actual GDP Growth Eurozone & US (YoY)



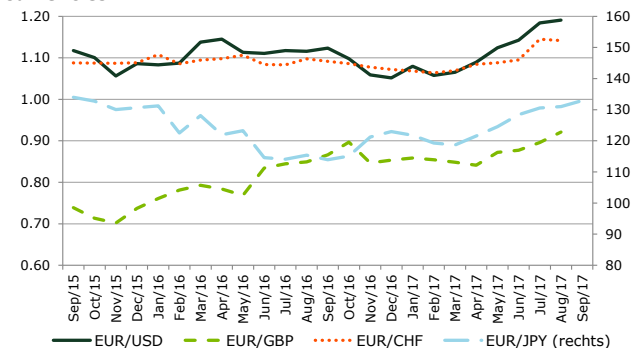
## Inflation Rates Eurozone & US



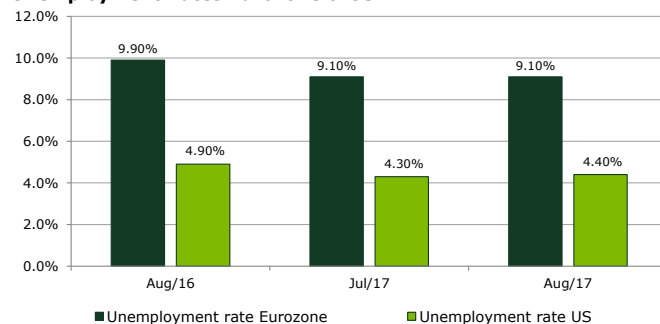
## Euro Swap Curve



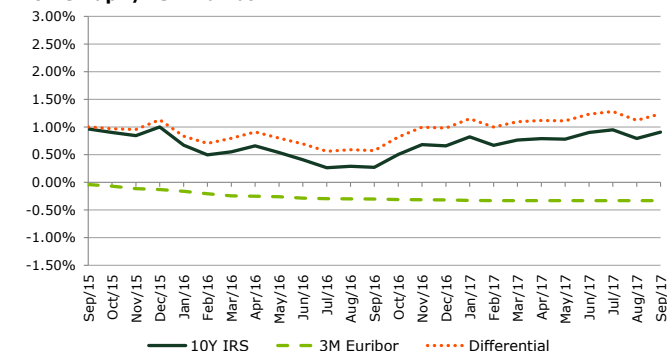
## Currencies



## Unemployment Rates Eurozone & US



## 10Y Swap -/- 3M Euribor



## Macroeconomic Developments

- Final figures published by Statistics Netherlands show that the Dutch economy has grown by 1.5% in the second quarter of 2017, compared to the first quarter of 2017. Economic growth is mainly boosted by household consumption and exports.
- The OECD reports that economic growth of the euro countries is increasing. For 2017, the OECD predicts economic growth in the eurozone of 2.1%. According to the OECD, consumer spending, propensity to invest and export contribute to increased economic growth. The growth rate for 2018 is expected to be 1.9%.
- The monthly World Trade Monitor, published by the Netherlands Bureau for Economic Policy Analysis, shows that the volume of world trade decreased by 0.4% in July 2017 compared to June 2017. Worldwide industrial production decreased by 0.4% in July 2017 compared to June 2017.

## Macroeconomic Developments

- Moody's has lowered its credit rating on the UK from Aa1 to Aa2, as the UK debt burden is expected to rise. Moreover, the UK is facing lower medium-term growth prospects.
- In September, S&P decided to lower the credit rating of China from AA- to A+. According to S&P, China is facing higher economic and financial risks, due to its increasing debt position.

## Inflation

- In August, the Eurozone annual inflation rate (HICP) increased by 0.20% to 1.50% compared to July 2017. Initial Eurostat estimates show that inflation will remain stable at a rate of 1.50% in September. This is below the ECB long-term target rate of 2.00%.
- The United States inflation rate (CPI) increased by 0.20% in August 2017 to an annualized rate of 1.90% compared to July 2017. The increase followed the rise of gasoline prices and rents.
- The annual inflation rate of the United Kingdom (CPIH) increased by 0.10% to 2.70% in August compared to July 2017. The growth of prices is mainly boosted by the increased costs of clothing and fuel.

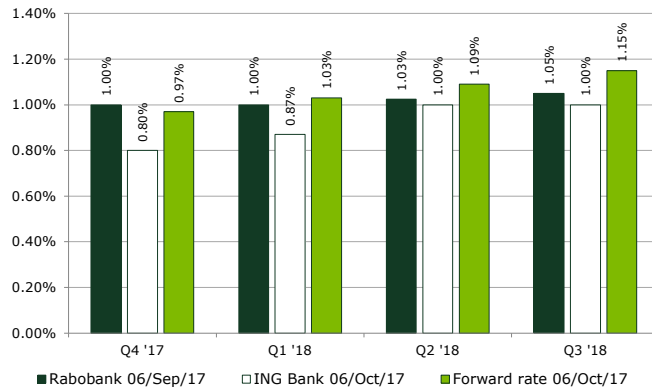
## Unemployment Rates

- The Eurozone unemployment rate remained stable in August 2017 compared to July 2017 at 9.10% of the labor force. This is the lowest point since February 2009 and corresponds to approximately 15 million unemployed residents.
- In August 2017, the unemployment rate in the United States increased slightly by 0.10% to 4.40% of the labor force. Initial estimates by the US Department of Labor show that the unemployment rate for September will decrease to 4.20%, the lowest rate since February 2001.

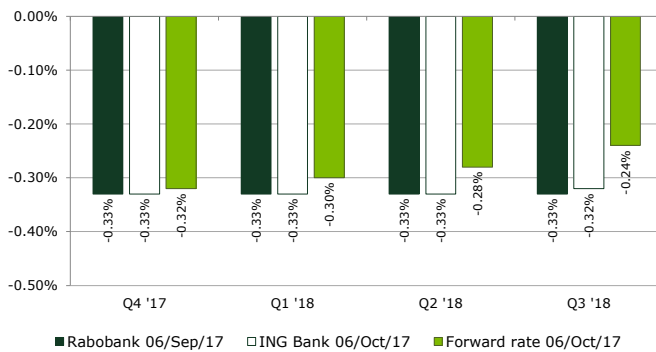
## Interest Rates

- The euro swap curve increased in September 2017 compared to August 2017 for all tenors. Swap rates for tenors of 1, 2 and 3 years are below zero at the end of September 2017.
- The 10-year interest rate swap rate increased by 12 basis points to 0.91% at the end of September 2017 compared to August 2017.
- The 3-month Euribor remained at -0.33% at the end of September 2017 compared to the end of August 2017.
- The increase in the 10-year interest swap and the stable 3-month Euribor rate resulted in 12 basis points increase of the spread between the 3-month Euribor and the 10-year interest rate swap. The spread was 124 basis points at the end of September.
- Please note: The interest rates presented above do not take into account any liquidity and credit spreads charged by banks and other lenders.*

## Interest Rate Forecasts 10Y Swap



## Interest Rate Forecasts 3M Euribor



## Interest Rate Forecasts

- ING Bank expects the 10-year swap rate to increase to 1.00% in Q3 2018. Rabobank expects an increase of the 10-year swap rate to 1.05% in Q3 2018.
- ING Bank expects the 3-month Euribor to increase to -0.32% in Q3 2018. Rabobank expects the 3-month Euribor to stay at the current level of -0.33%.
- The Q3 2018 forward rate for the 10-year interest rate swap is 1.15% and the 3-month Euribor forward rate for the same quarter is -0.24%.
- Please note that these interest rate forecasts are based on predictions and are therefore uncertain. Taking financial actions based on the forecasts above may be considered speculative trading.

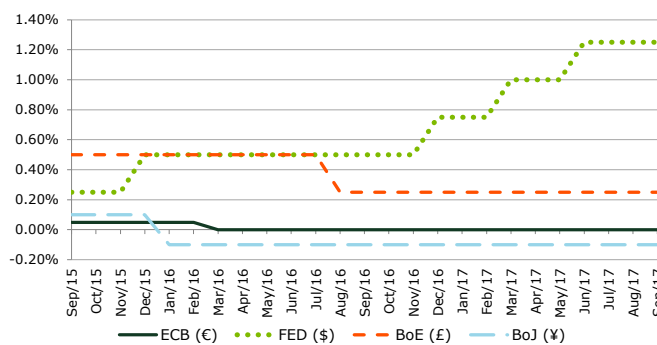
## Ratings

- Moody's upgraded the credit ratings of both ING Bank and BNP Paribas from A1 to Aa3.
- Fitch downgraded the credit rating of Deutsche Bank from A- to BBB+. The downgrade reflects the continued pressure on Deutsche Bank's earnings, Fitch stated in its latest rating report.

## Bank Ratings

	S&P	Moody's	Fitch
Rabobank	A+	Aa2	AA-
ING Bank	A+	Aa3	A+
ABN AMRO	A	A1	A+
BNG Bank	AAA	Aaa	AA+
NWB Bank	AAA	Aaa	N.a.
Deutsche Bank	A-	Baa2	BBB+
BNP Paribas	A	Aa3	A+
Barclays	A-	A1	A
Credit Suisse Int.	A	A1	A-

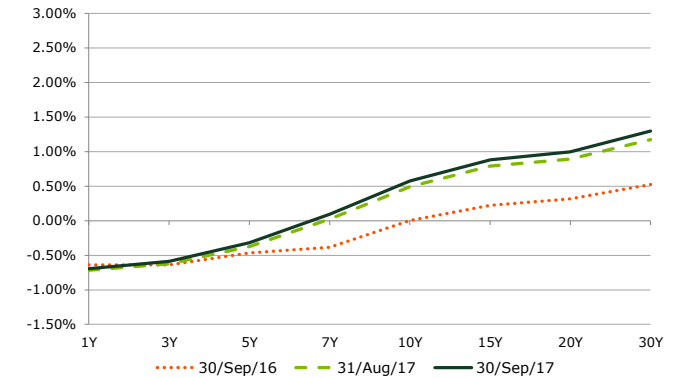
## Central Bank Policy Rates



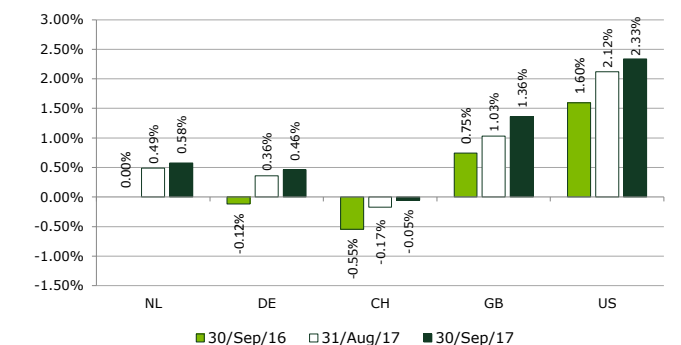
## Central Bank Policy Rates

- In September 2017, the Bank of England (BoE) decided to maintain its policy rate at 0.25%. However, support is growing to decrease the size and volume of its current monetary easing program and to increase the policy rate.
- The Federal Reserve and the Bank of Japan did not change their policy rates in September 2017.
- The ECB has decided to leave its monetary policy unchanged. The ECB did not yet announce when it will start to decrease the volume of its asset purchasing program. Analysts now expect the ECB to make the announcement at its next policy meeting in October.
- 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 August 2017, the yields on Dutch government bonds have increased in September for all tenors. Compared to September 2016, yields have increased for tenors of 2 years and longer. The curve is below zero for tenors up to and including 6 years.

## Government Bond Yields

- Yields on 10-year government bonds for all the countries listed in the chart have increased in September compared to August.
- The yield on 10-year UK government bonds increased by 33 basis points to 1.36% on 30 September 2017, compared to the end of August 2017.
- The yield on 10-year US government bonds increased by 22 basis points in September 2017 compared to the end of August 2017. Compared to September 2016, yields increased by 74 basis points. At the end of September, the 10-year government bond yield was 2.33%.
- The yields on all listed government bonds were higher at the end of September 2017 compared to the end of September 2016.