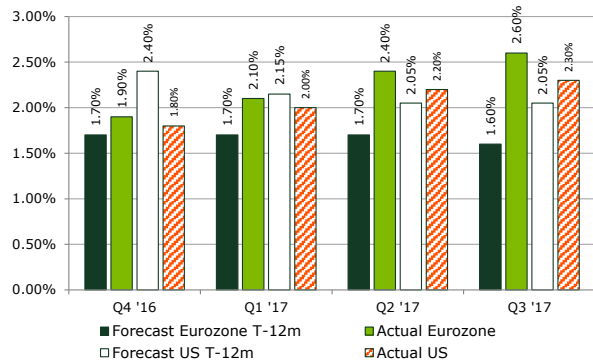
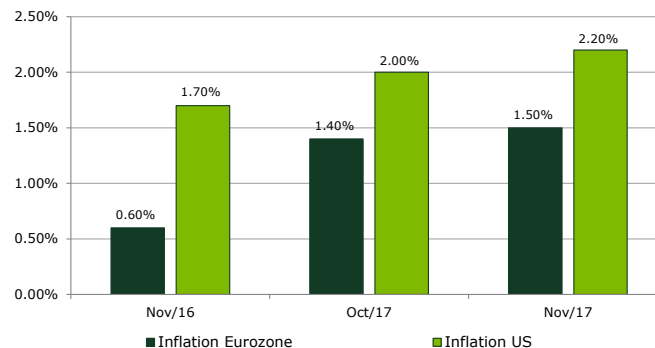


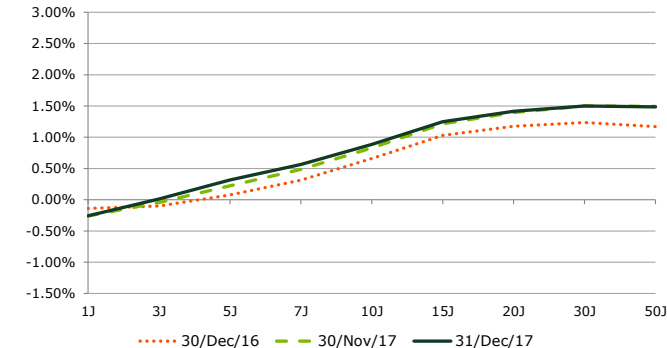
## Forecast vs Actual GDP Growth Eurozone & US (YoY)



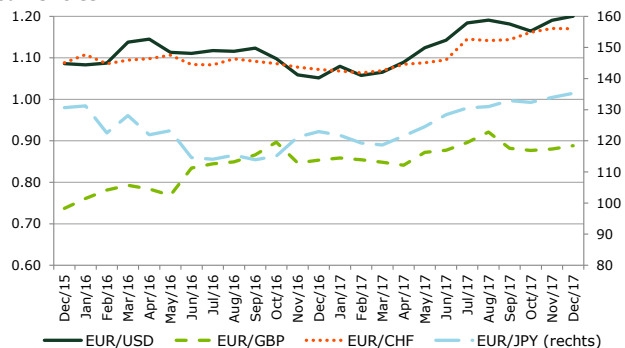
## Inflation Rates Eurozone & US



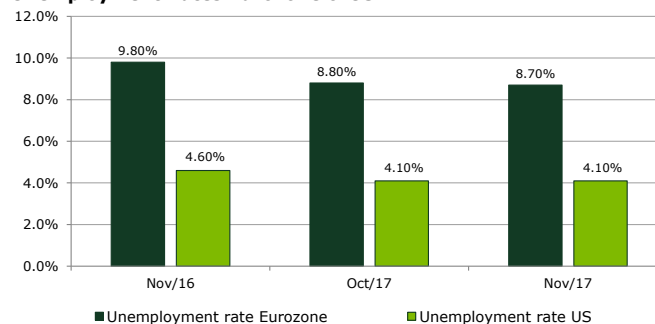
## Euro Swap Curve



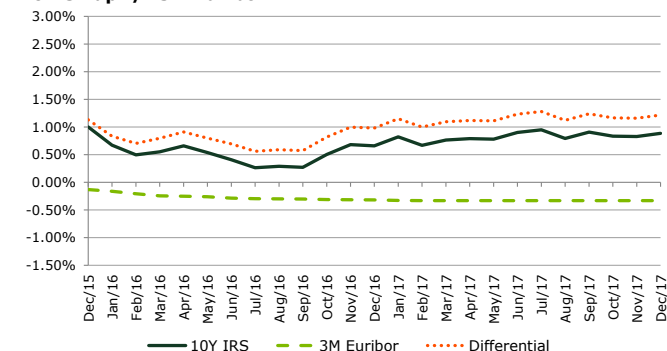
## Currencies



## Unemployment Rates Eurozone & US



## 10Y Swap -/- 3M Euribor



## Macroeconomic Developments

- The Financial Times stated in December 2017 that worldwide mergers and acquisitions volume in 2017 summed up to USD 3.5 trillion, which is 1.0% lower than in 2016. Most transactions occurred in the United States, with a total volume of USD 1.4 trillion. Economists expect the number of mergers and acquisitions to grow in 2018, as many companies want to strengthen their market position.
- The European Central Bank expects that the world economy will continue to grow in the coming years. The ECB estimates that in 2017 the global economic growth will total 3.7%. The ECB expects a continued annual growth of 3.9% in 2018, after which they expect a gradual decline towards 3.8% in 2019 and 3.7% in 2020.
- The Netherlands Bureau for Economic Policy Analysis (CPB) announced that in October 2017 world trade decreased by 1.2%, while in September 2017 world trade remained stable. In October, trade decreased in China, India and the Middle East, while trade increased in the United States, Japan and South America.
- Eurostat stated that in October 2017 exports of the euro countries to the rest of the world increased to EUR 187.88 billion, an increase of 8.8% compared to October 2016. Imports increased by 10.1% to EUR 168.93 billion in October 2017. The trade surplus of the euro area decreased from EUR 19.2 billion in September to EUR 18.9 billion in October.

## Inflation

- Eurostat stated that inflation in the eurozone in November 2017 increased to 1.5%. This is below economists' expectations, who had forecast an inflation of 1.6%.
- In the European Union, inflation increased from 1.7% in October 2017 to 1.8% in November 2018.
- Inflation in the United States increased in November to 2.2%. In October 2017, the price increase was 2.0% compared to October 2016. The inflation increase is primarily caused by volatile energy and food prices. Core inflation, excluding food and energy prices, decreased in November 2017 from 1.8% to 1.7%.

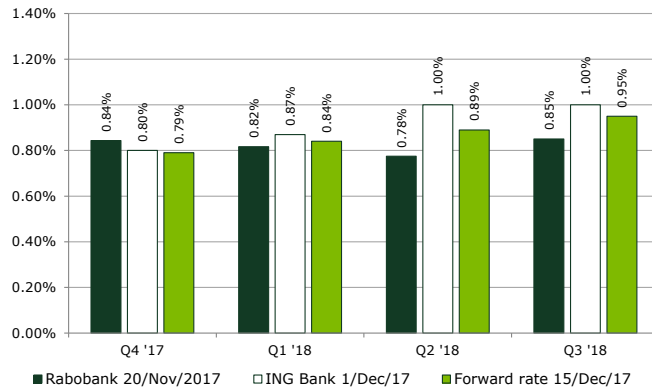
## Unemployment Rates

- Unemployment in the eurozone decreased in November 2017 to 8.7%. This is the lowest rate since January 2009. Approximately 14.2 million citizens within the eurozone were unemployed at the end of November 2017.
- Unemployment in the United States remained stable at 4.1% in November 2017. Economists expected unemployment to decrease to 4.0%. In December, unemployment is expected to fall to 4.0% again.

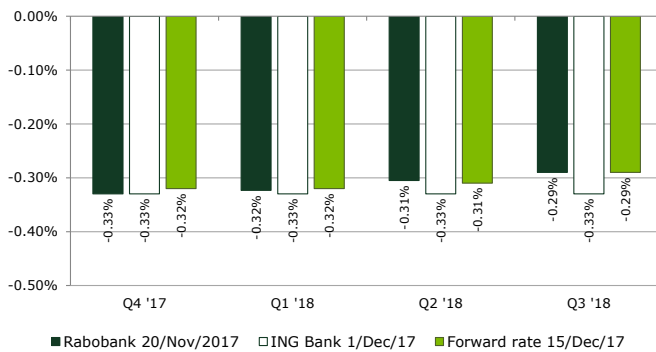
## Interest Rates

- The euro swap curve increased moderately for all tenors up to 50 years in December 2017 compared to November 2017. For the tenor of 50 years, the swap curve marginally decreased compared to the previous month. The swap curve was above zero for tenors of 3 years and upwards as of the end of December.
- Compared to November 2017, the 10-year euro swap rate increased by 6 basis points to 0.89% at the end of December 2017.
- The 3-month Euribor remained unchanged at -0.33% at the end of December 2017.
- The increase in the 10-year interest rate swap and the stable 3-month Euribor rate resulted in a 6 basis point increase in the spread between the 3-month Euribor and the 10-year interest rate swap. The spread was 122 basis points at the end of December.
- 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 the 10-year swap rate to increase to 0.85% in Q3 2018, after having decreased in the first half year of 2018.
- ING Bank expects the 3-month Euribor to remain stable at -0.33% until Q3 2018. Rabobank expects that the 3-month Euribor will increase by 4 basis points to -0.29%.
- The Q3 2018 forward rate for the 10-year interest rate swap is 0.95% and the 3-month Euribor forward rate for the same quarter is -0.29%.
- 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.*

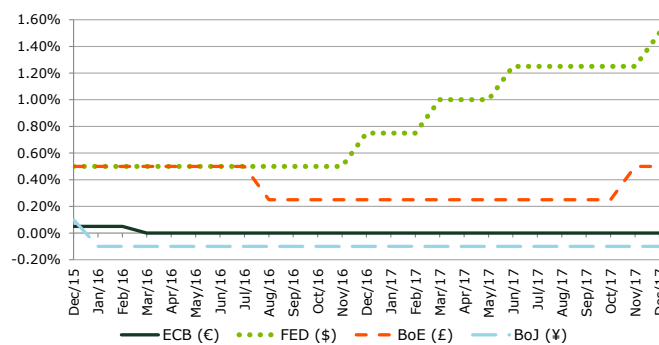
## Ratings

- In December 2017, the credit ratings of the banks listed in the table above remained unchanged.

## 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 Bank	A	A1	A
Credit Suisse Int.	A	A1	A-

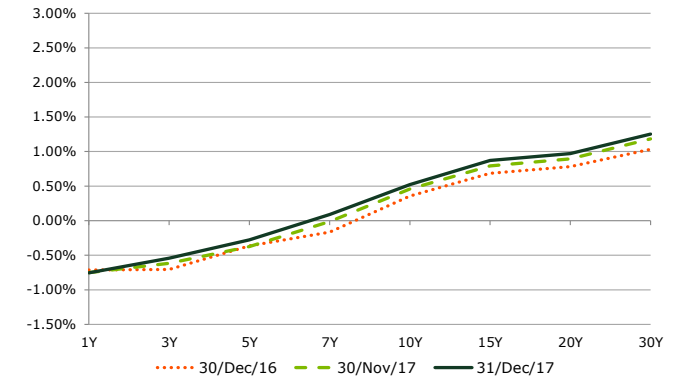
## Central Bank Policy Rates



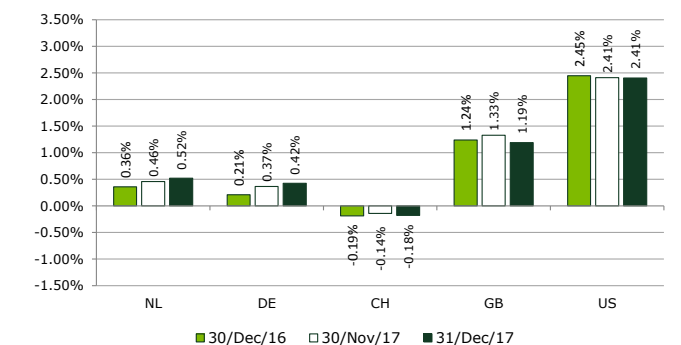
## Central Bank Policy Rates

- The 13th of December 2017 the Federal Reserve (Fed) increased its benchmark policy rate (the Federal Funds Rate) with 25 basis points to 1.50%. This was in line with previous expectations. Moreover, the Fed confirmed its intention to increase the Federal Funds rate three times in 2018.
- The European Central Bank, the Bank of Japan and the Bank of England decided in their respective policy meetings in December 2017 to leave their benchmark policy rates unchanged.
- 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 November 2017, yields on Dutch government bonds have decreased in December 2017 up to the 1-year point. Yields increased for tenors of 3 years and higher. The curve is below zero for tenors up to and including 6 years on 31 December 2017.

## Government Bond Yields

- Yields on British and Swiss 10-year government bonds decreased in December 2017 compared to November 2017.
- The yield on 10-year Dutch and German government bonds increased in December 2017 compared to November 2017.
- The yields on Dutch, German and Swiss government bonds increased in December 2017 compared to December 2016. The yields on 10-year British and American government bonds decreased compared to the previous year.