Economics
28 October 2014

Turkey: Monthly Local Focus

Lower oil prices to support disinflation and rebalancing

Oil prices continued downward in October, bringing the drop since June to over 20%. A sharp drop in oil prices that is not entirely demand-related but more fundamental, with upside supply surprises, should create divergence in EM macro performance. This is particularly true for Turkey on two fronts: it narrows the current account deficit and helps the inflation outlook.

On the inflation front, with oil prices having c.5% weight in the CPI basket, this might cut the headline CPI by as much as 1%, although stickiness in the pricing mechanism should be kept in mind. Expected improvement in inflation in the first half of 2015, with base effects and lower oil prices, should support this outlook. Regarding external balances, Turkey's current account deficit problem is mostly structural, due to low savings, a high dependence of production on imported inputs and energy, and each USD10 drop in oil prices reducing the deficit relative to GDP by c.0.5-0.6%. This should sustain the rebalancing that has been happening since the beginning of this year, with a mild improvement trend in the coming period, and improve the risk outlook for Turkey. Weaker commodity prices, coupled with what we expect to be contained US yields over the weeks and months ahead, should ease the recent pressure in local markets.

FX market (page 2). Weaker commodity prices provide relief for the TRY, likely outperforming peer currencies going forward with the potential to lead the CBT to reduce money market rates. For the rest of the year, changes in capital inflows to be impacted by expectations on global central bank actions, ongoing geopolitical risks and the direction of oil prices will be the main factors that determine the course of the TRY. While we remain constructive on the TRY, we still pencil in some TRY softness for early next year.

USD:TRY support: 2.2000-2.2150 **Resistance:** 2.2360-2.2650

Bond market (page 4). The CBT remains cautious, noting elevated inflation, with prospects of further increases in October due to a utility price adjustment, unanchored inflation expectations and ongoing volatility in the currency despite recent strength. We do not expect any change in the policy rate in the near-term, given vulnerability to adverse changes in global liquidity conditions. We do not see any strong drivers in the short term to facilitate a further drop in benchmark yields to below 8.5%.

About the latest data (page 6).

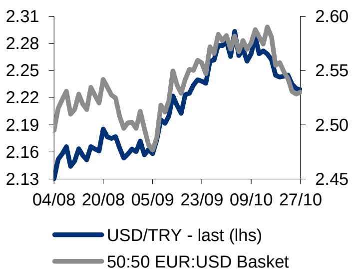
Reference charts (page 7-8).

Calendar

Date	Time (GMT)	Data/event	Forecast	Cons	Prev
30-Oct	0800	Oct Consumer Confidence	-	-	73.96
31-Oct	0800	Sep Trade Balance (USDbn)	-	-	-8.04
31-Oct	0800	Inflation Report	-	-	-
3-Nov	0800	Oct CPI, DPPI (MoM,%)	-	-	0.14/0.85
10-Nov	0800	Sep Industrial Production Index (%)	-	-	5.23
13-Nov	0800	Sep Current Account Balance (USDbn)	-	-	-2.77
17-Nov	0900	Oct Central Gov't Budget Balance (TRYbn)	-	-	-9.21
17-Nov	0800	Aug Unemployment Rate (%)	-	-	9.80

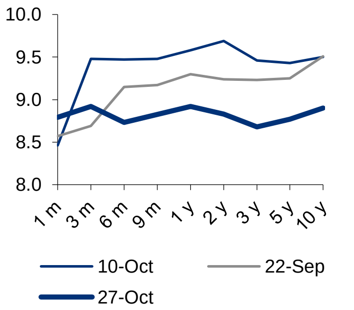
Source: TurkStat, Turkish Treasury, Ministry of Finance, CBT

USD/TRY, 50:50 EUR:USD basket



Source: Thomson Reuters

Bond yield curve (% cmp)



Source: ISE

Bird's eye view

As of 27 Oct 2014 vs 22 Sep 2014	Level	Chg (%)
USD/TRY	2.2287	-0.5
EUR/TRY	2.8316	-1.6
EUR/USD	1.2697	-1.2
5yr CDS Turkey	182.47	-2.2
USD/TRY 1m vola.(%)	8.1%	-15.5
BIST-100	79,235	3.1
Dow Jones Ind.	16,818	-2.1
NIKKEI 225	15,389	-5.0
Bmk local bond (%)	**Smp**	**Cmp**
27 Oct (cls)	8.56	8.74
22 Sep (cls)	9.11	9.32
Bmk Eurobond-2030 (27 Oct cls)		173.621
CBT one week repo rate (%)		8.25
CBT borrowing rate (%)		7.50
CBT lending rate (%)		11.25
CBT cost of avg. funding (%)		8.29
CBT sterilisation (TRYbn)		0.43
CBT repo funding + Interbank (TRYbn)		33.5
O/N trading band (%)		10.50 - 10.96

Source: Reuters, Bloomberg, CBT, OTC

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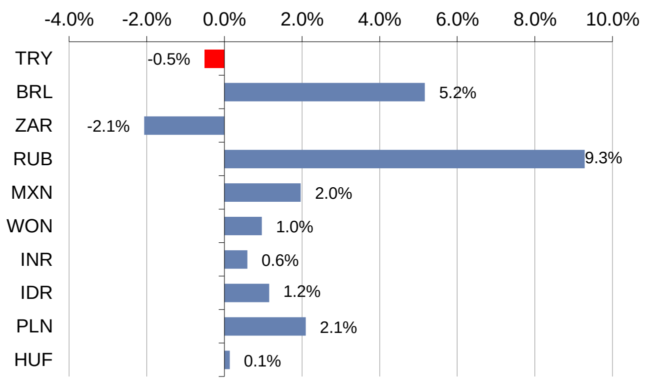
FX and bond markets

FX market

Shift in world growth view and inflation expectations created volatility in the markets

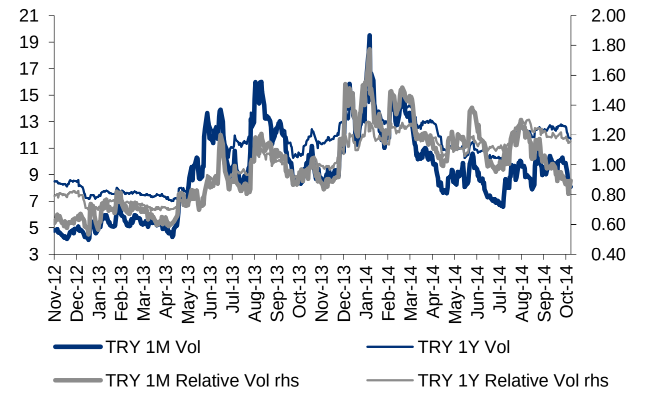
The focus in FX markets has quickly moved on from Fed normalisation in September to the prospect of slower world growth and what that may mean for commodity markets in October. The shift in the market's growth view is also reinforced by downside revisions to global growth forecasts by the IMF and growing risks stemming from a worsening of geopolitical tensions in the short term, as well as possible stagnation in some advanced economies and a decline in potential growth in emerging countries in the medium term. Brent crude, which was close to USD115 a barrel in mid-June now trades close to USD85, marking the lowest level since late 2010 and translating into a decline of more than 20% in a few months on what appear to be both supply and demand factors. Consequently, slower global demand growth and lower commodity prices have caused inflation expectations to move significantly lower. The VIX Index, a good indicator of uncertainty and volatility, has risen and exceeded 26 in mid-October.

Fig 1 USD:TRY % change (22 Sep-27 Oct)



Source: Thomson Reuters

Fig 2 TRY volatility*



*TRY volatility as a percentage of average of BRL, MXN, CLP, COP, RON, PLN, IDR and ZAR volatilities

Source: Thomson Reuters, ING Bank

Recovery in risk outlook in the second half of October with gradually reduced US growth worries

In the second half of October, worries on US growth have gradually improved and the VIX dropped again to 16-17 levels, but lower oil prices, if sustained around these levels, should drag headline US inflation down. Consequently, the financial markets may postpone estimates about the timing regarding the start of the Fed's tightening cycle quite meaningfully, which would be good news for EM assets. All in all, EUR/USD, which witnessed heavy losses in the last month, has remained in the 1.26-1.28 range recently.

Large oil importers that performed poorly in September have done better recently, while we have seen oil-exporting currencies suffer

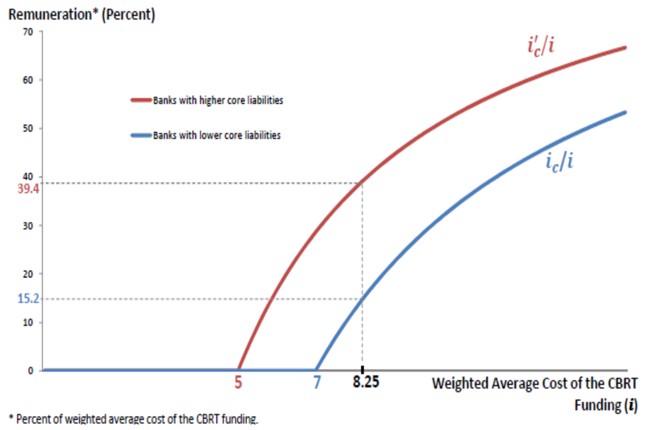
In the FX market, the large oil importers that performed poorly in September have done better recently, while we have seen oil-exporting currencies suffer. Between 22 September and 27 October, major EM currencies changed against the USD by -2-+9%, with the RUB impacted by sanctions and falling oil prices. On the flip side, the ZAR and TRY, which did not resist the USD surge in September, have stood out as the best performers in October given the sharp drop in oil prices as well as the lower US rates and in turn benign risk environment. The TRY's recent strength is also attributable to the tightening in liquidity management by the CBT since end-September.

The CBT first signalled in the May financial stability report that it had decided to use the remuneration of required reserves as a tool to bring loan-to-deposit ratios to desired levels given the importance of a reasonable share of core liabilities in overall funding for the resilience of the banking system in case of volatility in domestic and international markets. The mechanism should enable financial institutions whose core liability ratios (defined as

Remuneration seems to be an attempt to strengthen the automatic stabiliser feature of the reserve option mechanism

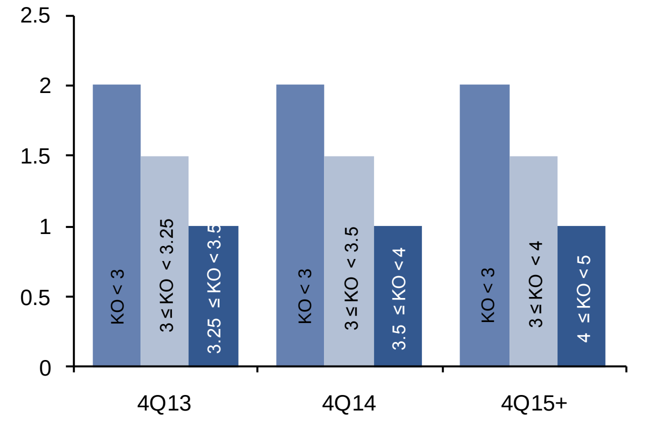
the ratio of deposits and equity to loans) are higher than the sector average to be remunerated at a higher rate. The move will increase TRY liquidity by a modest TRY200-300m. The remuneration of TRY liabilities should support core liability expansion, while helping to ease TRY lending rates, given the improvement in intermediation costs of financial institutions. The mechanism may also facilitate a switch to TRY RRs to some extent for banks actively using the reserve option mechanism, and thus release some FX liquidity into the system. According to a CBT study, the utilisation of the reserve option mechanism that is designed to reduce the adverse effects of capital flow volatility is not driven by the level of FX liquidity in the system but rather by short-term domestic interest rates, hinting that the automatic stabiliser feature of the mechanism is not functioning well. The CBT's decision to remunerate RRs seems to be an attempt to strengthen the automatic stabiliser feature of the reserve option mechanism. Previously, the CBT had introduced a leverage ratio as part of its reserve requirement framework, adding another structural tool to achieve price stability and financial stability.

Fig 3 Interest rate for core liabilities



Source: CBT, ING Bank

Fig 4 Additional RRs at given leverage levels (TRYbn)



Source: CBT, ING Bank

We remain constructive on TRY in the short term

Despite the expected improvement in the inflation outlook in the first half of 2015 with the support of base effects and lower oil prices, we think the CBT could maintain its cautious stance and not touch the policy rate given the sensitivity of Turkish assets to the prospect of a rate hike by the Fed. Turkey appears at the wrong end of the FX reserve coverage matrix, suggesting TRY vulnerability at times of slowing portfolio flows. Operating through its interest rate corridor, the first response of the CBT, in our view, will be to ease short-term rates (currently close to 11%) by increasing funding via one-week repo auctions. Overall, changes in capital inflows (largely driven by market expectations about global central bank actions), ongoing geopolitical risks and the direction of oil prices will be the main factors determining the course of the TRY. While we remain constructive in the short term, we still pencil in some TRY softness for early next year.

Fig 5 ING forecasts

	1Q14	2Q14F	3Q14F	4Q14F	1Q15F	2Q15F	3Q14F	4Q15F
USD:TRY	2.19	2.12	2.28	2.26	2.31	2.33	2.29	2.25
EUR:TRY	3.01	2.89	2.89	2.89	2.89	2.91	2.75	2.66
EUR:USD	1.37	1.36	1.27	1.28	1.25	1.25	1.20	1.18

Source: ING estimates

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Bond market

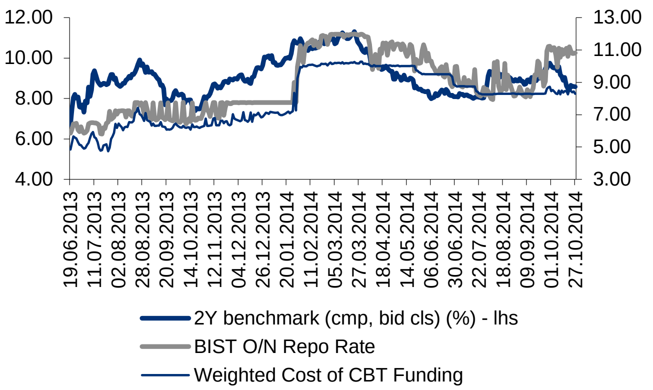
The CBT sees declining oil prices contributing to disinflation, expected next year

In October the CBT refrained from changing key rates, given the continuing deterioration in inflation expectations. We saw the forecast for end-2014 inflation jump to 9.16%, from 8.30% in July. 12M inflation expectations, on the other hand, deteriorated further to 7.54%, the highest in more than four years, despite 24M expectations remaining flat at 6.80% over the last three months. However, its view for the course of inflation is positive, as the bank expects current levels of commodity prices to contribute to the disinflation foreseen next year. The CBT, which stated declining oil prices would limit upside risks on inflation in September, places more emphasis on the downtrend this month and has become more optimistic on the contribution from this front. The bank also sees that macro prudential measures introduced by the BRSA at the beginning of this year, and the tight monetary policy stance, have begun to have a favourable impact on the core inflation trend, although pressure on food prices is still a negative factor, hurting inflation dynamics.

Weaker commodity prices, coupled with a drop in US yields

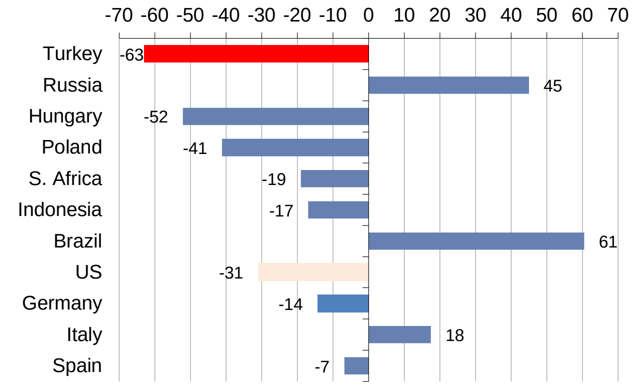
In September, especially in the second half, bond yields increased to double-digit levels on concerns about earlier-than-expected normalisation in US rates and a stronger USD. The significant drop in oil prices should create divergence in EM macro performance, especially on two fronts for Turkey: improving the c/a balance and helping the inflation outlook. Weaker commodity prices, coupled with what we expect to be contained US yields over the weeks and months ahead, lifted upward pressure from the rate market. On a positive note, despite expectations that Fitch Ratings would move the outlook to negative, it confirmed Turkey's BBB- rating with a stable outlook earlier this month. Accordingly, 2Y benchmark bond yields fell, hitting 8.6% towards the end of October. The average 2YR yield rose to 9.25% in August from 8.26% in July. It remained around these levels in September and October, hinting at volatility in bond rates. On the longer end of the curve, 10YR bond rates for the same periods were 9.36% (August), 9.33% (September) and 9.21% (October so far).

Fig 6 CBT still keeps O/N repo rate elevated



Source: Thomson Reuters, ING Bank

Fig 7 10YR benchmark bonds (bp chg, 22 Sep-27 Oct)



Source: Thomson Reuters

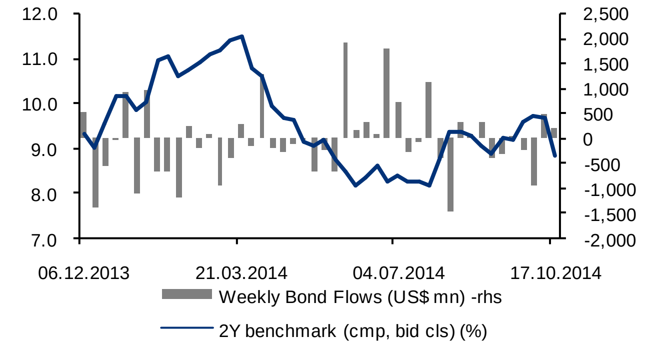
The CBT might ease short-term rates by increasing the funding via one-week repo auctions given the improvement in risk appetite

The CBT underlines that it will continue to implement tight monetary policy by keeping the yield curve flat until there is a sustainable recovery in the inflation outlook, an indicator of the bank's caution on inflation. Market data shows that the 10YR-2YR spread, which even turned negative at the beginning of October, turned positive in the second half of the month, with a sharp drop in the lower end of the curve. This also follows expectations that the first response of the CBT might be to ease short-term rates by increasing the funding via one-week repo auctions, given an improvement in risk appetite for EM assets. Since end-September the CBT has kept liquidity tight, more by providing funds via one-week repo auctions rather than by redemptions and so directing banks to the upper band of the rate corridor and primary dealer rate. This pushed O/N interbank rates sharply towards the upper band, now close to 11%, from below 8.5% in mid-September.

YTD flows to the bond market slightly negative as of mid-September

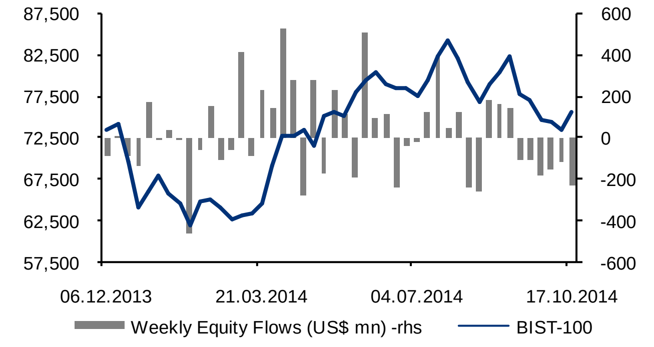
Regarding foreign appetite for TRY bonds, flows so far in 2014 have remained slightly negative, at a mere USD0.2bn (without repo: -USD0.1bn). On the other hand, flows to the equity market, which have been relatively strong since the beginning of 2014, changed direction, with outflows for the six weeks since 12 September amounting to USD0.9bn. Nevertheless, cumulative purchases in the equity market so far stand at USD1.3bn. The share of non-residents in the domestic debt stock stood at 25.4% as of October 17 with USD52.1bn (USD38.8bn without repo) worth of bonds.

Fig 8 Non-residents' weekly bond flows



Source: Thomson Reuters, CBT, ING Bank

Fig 9 Non-residents' weekly equity flows



Source: Thomson Reuters, CBT, ING Bank

In October, the Turkish Treasury borrowed TRY9.4bn (of which, TRY9.2bn was from the markets and TRY0.2bn from the public sector) via five auctions, and TRY1.8bn via a sukuk issue. Given the significant drop in gross issuance in November and December to TRY5.3bn and TRY0.8bn, the Treasury plans to hold three auctions in November and one in December. Bond yields might be supported for a while given the limited bond supply the rest of the year.

Fig 10 Domestic borrowing programme for November and December 2014

Term	Security type	Auction date	Value date	Maturity date
5 years (1694 days)	TRY denominated fixed coupon G.Bond-6M couponed (r-o)	17.11.2014	19.11.2014	10.07.2019
2 years (728 days)	TRY denominated fixed coupon G.Bond-6M couponed	18.11.2014	19.11.2014	16.11.2016
10 years (3535 days)	TRY denominated fixed coupon G.Bond-6M couponed (r-o)	18.11.2014	19.11.2014	24.07.2024
12 months (364 days)	TRY denominated zero coupon G.Bond	16.12.2014	17.12.2014	16.12.2015

Source: Turkish Treasury

Global market backdrop will be the main determinant of the CBT's behaviour

Overall, we have seen a significant change in market sentiment, from worries about the expected policy shift by the Fed to renewed concerns on growth and the disinflation process. Going forward, the global market backdrop is likely to be the main determinant of CBT behaviour, although the bank is now more optimistic about the inflation outlook given the silver lining of dropping oil prices. The third inflation report of 2014 to be released this week should provide evidence of the CBT's view and reaction mechanism as well as its underlying assumption, particularly for oil prices. We do not see any strong drivers in the short term to facilitate a further drop in benchmark yields to below 8.5%.

Fig 11 Rate forecasts (%)

	1Q14	2Q14	3Q14F	4Q14F	1Q15F	2Q15F	3Q14F	4Q15F
CBT key rate	10.00	8.75	8.25	8.25	8.25	8.25	8.25	8.25
2Y benchmark	10.69	8.15	9.99	9.04	9.55	10.31	10.54	10.00
10Y benchmark	10.26	8.90	9.98	9.12	9.66	10.45	10.77	10.32

Source: ING estimates

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About the latest data

Trade balance

30 September. The trade balance, worse than market consensus in August, stood at USD8.0bn, pulling the 12M rolling deficit up to USD86.3bn for the first time in 2014. Better Eurozone demand still supports exports with a significant contribution from the UK and Germany, while the recent escalation in geopolitical risks continues to weigh on trade with Iraq.

Inflation

3 October. CPI increased by 0.14% in September, markedly better than market consensus at 0.45%, registering the lowest September reading since the start of the index due to a relatively mild price change in the food group after significant pressure in previous months as well as price drops in alcoholic beverage & tobacco and clothing groups. Despite the sharp drop in annual inflation in September, we expect upward pressure again in October, as utility prices, practically frozen for a long time, are adjusted by 9%.

Industrial production

10 October. August IP grew 5.2% YoY, lower than the market consensus of 6.0%, and translating into a 1.4% MoM drop in volatile seasonally adjusted (SA) indicators. With improving political risk anticipation following the local elections and the CBT's relative easing stance that already reflected on lending rates (a c.3.5ppt fall in commercial loans and 3.8ppt in consumer loans), 3Q growth should witness a better contribution from domestic demand.

Balance of payments

15 October. The current account posted a deficit of USD2.8 in August, better than consensus of USD3.2bn due to tourism revenues, though the contraction trend in the annual deficit ceased, with a slight increase to USD48.9bn. In the rest of 2014, we expect a mild improvement in the external balance to remain.

Budget

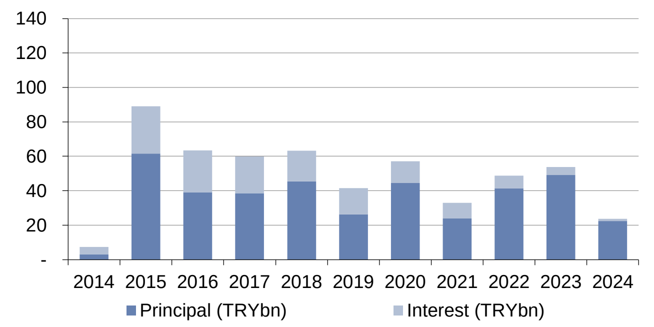
15 October. Budget balance posted a deficit in September of TRY9.2bn, markedly up from TRY4.7bn in the same month of the previous year. Primary balance also turned into deficit on the back of a jump in non-interest expenditures and lacklustre revenue performance. The government anticipates relatively ambitious fiscal performance from 2014 onwards, with a significant decline in the central administration budget balance to a mere 0.3% in 2017 by especially controlling the expenditures. This will be challenging work given the ongoing election cycle that ends with general elections in June 2015, while the government's success on the fiscal side so far mainly stems from revenue-boosting measures compared to to faster growth in primary expenditures.

Unemployment

15 October. The unemployment rate in July continued its journey up, rising to 9.8% from 8.6% a year ago. The seasonally adjusted (SA) figure also showed a strong uptick to 10.4% from 10.0% in June due to a decline in employment. Given the better average IP performance in 3Q over 2Q, the stabilising real sector and consumer confidence, as well as a recovery in the PMI to above the 50 threshold, we might see a stabilisation in employment indicators.

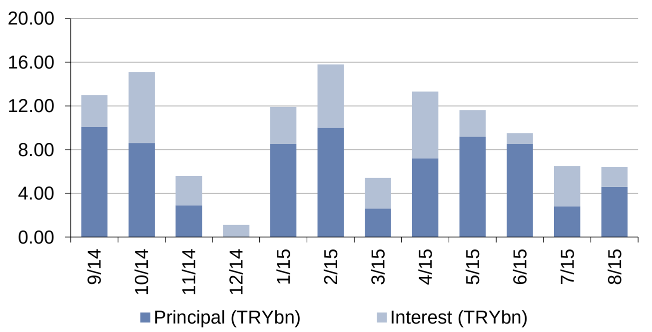
Reference charts

Fig 12 Government domestic bond payment schedule



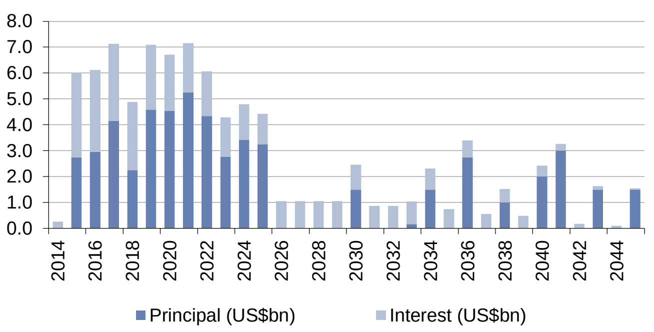
Source: Bloomberg

Fig 13 Government domestic bond payment schedule



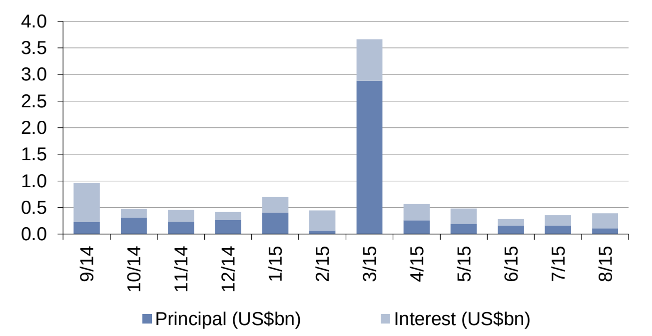
Source: Turkish Treasury

Fig 14 Government external bond payment schedule



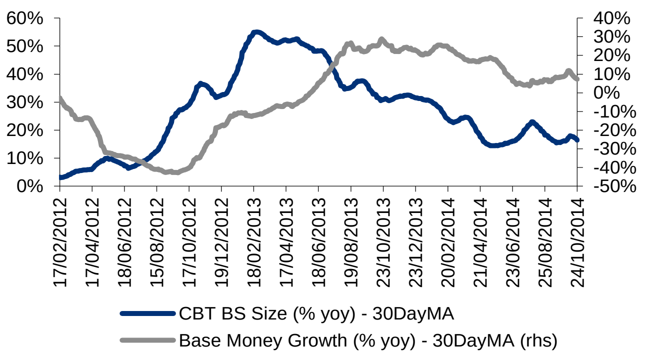
Source: Bloomberg

Fig 15 Central govt external debt payment schedule



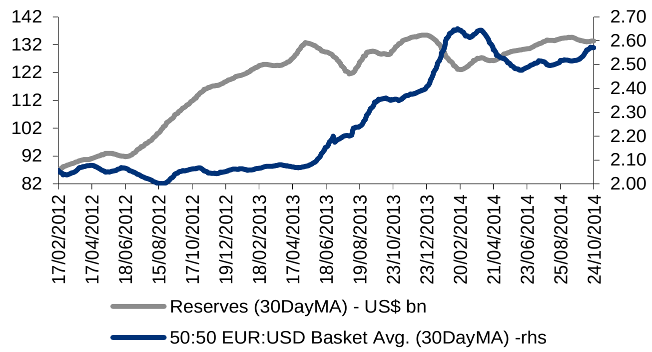
Source: Turkish Treasury

Fig 16 YoY changes (TRY, 30-day ma)



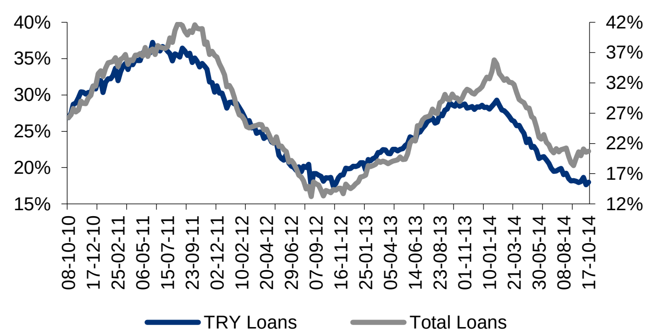
Source: CBT, ING

Fig 17 FX reserves and 50:50 EUR:USD basket (30-day ma)



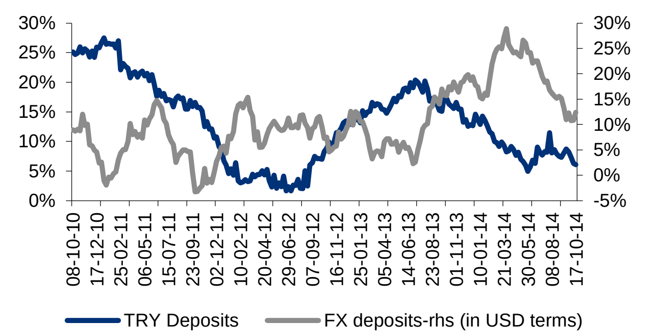
Source: CBT

Fig 18 Loan growth (% in TRY terms, YoY)



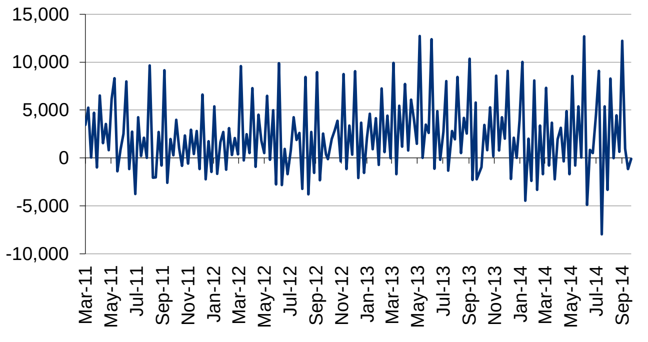
Source: BRSA

Fig 19 Deposit growth (% YoY)



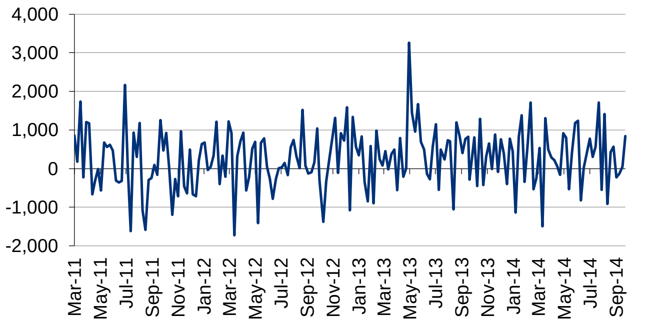
Source: BRSA

Fig 20 Weekly change in TRY Loans (TRYm)



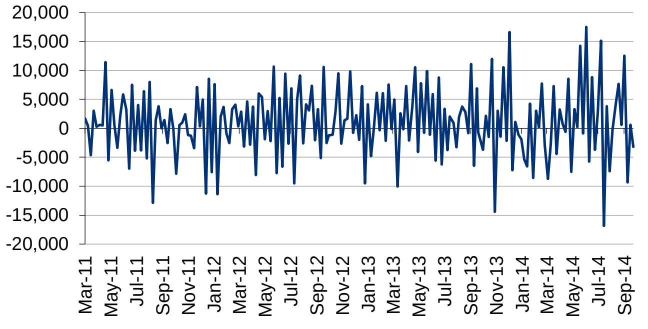
Source: BRSA

Fig 21 Weekly change in FX loans (USDm)



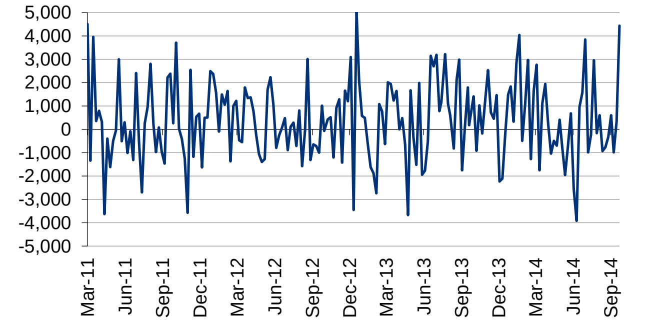
Source: BRSA

Fig 22 Weekly change in TRY deposits (TRYm)



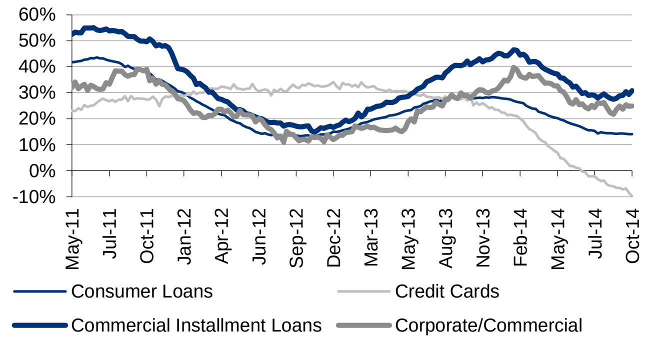
Source: BRSA

Fig 23 Weekly change in FX deposits (USDm)



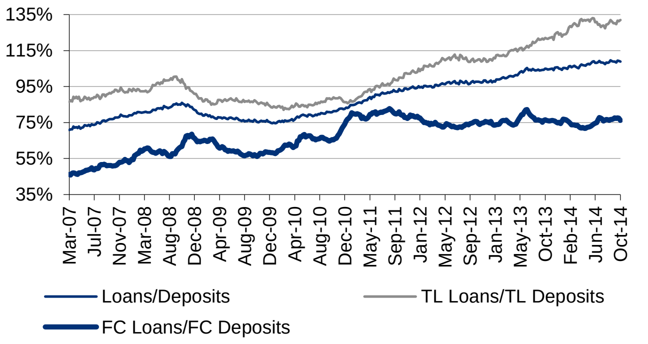
Source: BRSA

Fig 24 YOY loan growth by category



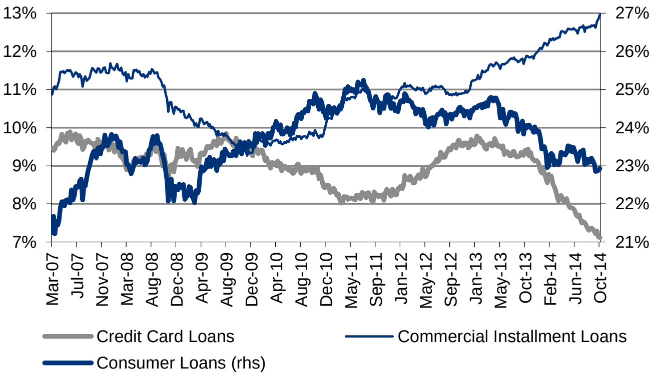
Source: BRSA

Fig 25 Loans/Deposits



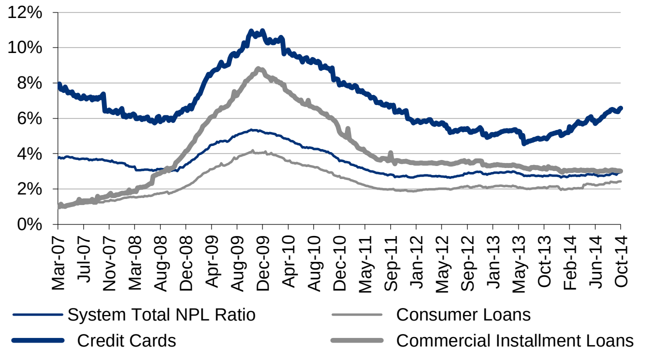
Source: BRSA

Fig 26 Share in total loans



Source: BRSA

Fig 27 NPL ratios



Source: BRSA

Fig 28 Key economic forecasts

	2007	2008	2009	2010	2011	2012	2013F	2014F	2015F	2016F
Activity										
Real GDP (%YoY)	4.7	0.7	-4.8	9.2	8.8	2.1	4.1	3.1	3.9	4.3
Private consumption (%YoY)	5.5	-0.3	-2.3	6.7	7.7	-0.5	5.1	2.5	3.7	4.8
Government consumption (%YoY)	6.5	1.7	7.8	2.0	4.7	6.1	6.2	3.9	3.9	2.4
Investment (%YoY)	3.1	-6.2	-19.0	30.5	18.0	-2.7	4.2	-1.5	4.6	7.5
Industrial production (%YoY)	6.9	-0.9	-10.4	12.4	9.7	2.5	3.4	3.9	4.8	5.3
Unemployment rate (%)	9.2	10.0	13.1	11.1	9.1	8.4	9.0	9.7	9.6	9.4
Nominal GDP (TRYbn)	843	951	953	1,099	1,297	1,417	1,565	1,762	1,960	2,161
Nominal GDP (€bn)	474	501	442	552	558	615	610	605	694	829
Nominal GDP (USDbn)	649	742	617	732	774	786	820	805	853	948
GDP per capita (USD)	9,240	10,438	8,559	10,022	10,466	10,504	10,722	10,410	10,915	12,005
Prices										
CPI (average %YoY)	8.8	10.4	6.3	8.6	6.5	8.9	7.5	9.0	7.5	6.2
CPI (end-year %YoY)	8.39	10.06	6.5	6.4	10.4	6.2	7.4	9.4	6.9	6.1
D-PPI (average %YoY)	6.3	12.7	1.2	8.5	11.1	6.1	4.5	10.6	7.2	6.3
Fiscal balance (% of GDP)										
Consolidated government balance	-1.6	-1.8	-5.5	-3.6	-1.4	-2.1	-1.2	-1.6	-2.0	-1.8
Primary balance	4.1	3.5	0.1	0.8	1.9	1.3	2.0	1.1	0.7	1.0
Total public debt	39.9	40.0	46.0	42.3	39.2	36.2	36.2	35.0	34.3	33.3
External balance										
Exports (USDbn)	115.4	140.8	109.6	120.9	143.4	163.2	163.4	174.4	189.0	207.4
Imports (USDbn)	162.2	193.8	134.5	177.3	232.5	228.6	243.4	239.8	260.1	288.8
Trade balance (USDbn)	-46.9	-53.0	-24.9	-56.4	-89.1	-65.3	-80.0	-65.4	-71.1	-81.4
Trade balance (% of GDP)	-7.2	-7.1	-4.0	-7.7	-11.5	-8.3	-9.8	-8.1	-8.3	-8.6
Current account balance (USDbn)	-37.8	-40.4	-12.2	-45.4	-75.1	-48.5	-65.1	-46.2	-50.8	-59.1
Current account balance (% of GDP)	-5.8	-5.4	-2.0	-6.2	-9.7	-6.2	-7.9	-5.7	-6.0	-6.2
Net FDI (USDbn)	19.9	17.2	7.1	7.6	13.7	9.2	9.8	8.5	10.3	12.3
Net FDI (% of GDP)	3.1	2.3	1.2	1.0	1.8	1.2	1.2	1.1	1.2	1.3
Current account balance plus FDI (% of GDP)	-2.7	-3.1	-0.8	-5.2	-7.9	-5.0	-6.7	-4.7	-4.8	-4.9
Export volume (%YoY)	12	7	-8	11	6	16	-1	5	4	7
Import volume (%YoY)	13	-1	-13	18	13	1	8	-3	6	9
Foreign exchange reserves (ex gold, USDbn)	73.3	71.0	70.7	80.7	78.5	101.7	110.3	116.9	125.2	138.3
Import cover (months of merchandise imports)	5.4	4.4	6.3	5.5	4.0	5.3	5.4	5.9	5.8	5.7
Debt indicators										
Gross external debt (USDbn)	250	281	269	292	304	339	389	411	430	455
Gross external debt (% of GDP)	39	38	44	40	39	43	47	51	50	48
Gross external debt (% of exports)	217	200	245	241	212	208	238	235	227	219
Total debt service (USDbn)	48.7	53.9	59.0	55.9	50.9	52.7	55.3	46.6	71.2	54.8
Total debt service (% of GDP)	8	7	10	8	7	7	7	6	8	6
Total debt service (% of exports)	42	38	54	46	36	32	34	27	38	26
Interest & exchange rates										
Central bank key rate (%) year-end	15.75	15.00	6.50	6.50	5.75	5.50	4.50	8.25	8.25	7.50
Broad money supply (%YoY)	15.4	27.5	12.9	19.0	11.5	12.9	22.8	13.5	12.3	11.2
3-mth interest rate (%) average	17.3	17.6	10.2	7.4	8.5	8.7	6.9	10.0	10.1	9.3
Exchange rate (TRY/USD) year-end	1.16	1.51	1.51	1.55	1.91	1.78	2.13	2.26	2.25	2.30
Exchange rate (TRY/USD) annual average	1.30	1.29	1.55	1.50	1.67	1.79	1.93	2.19	2.30	2.28
Exchange rate (TRY/€) year-end	1.71	2.14	2.16	2.05	2.46	2.35	2.94	2.89	2.66	2.53
Exchange rate (TRY/€) annual average	1.78	1.90	2.15	1.99	2.32	2.30	2.57	2.91	2.82	2.61
3M USDLIBOR (eop)	4.70	1.43	0.25	0.30	0.58	0.30	0.30	0.20	0.70	1.70
US Dollar per euro (yr-end)	*1.46*	*1.40*	*1.43*	*1.34*	*1.29*	*1.32*	*1.38*	*1.28*	*1.18*	*1.10*

Note: Please refer to previous pages for interest rate and FX forecasts

Source: National sources, ING forecasts (last update 14 October 2014)

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