Deutsche Bank
Research

Global

Economics
Rates
Inflation

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Markus Heider
Strategist
(+44) 20 754-52167
markus.heider@db.com

Alex Li
Research Analyst
(+1) 212 250-5483
alex-g.li@db.com

DB Inflation Report

Weekly Inflation Update

Global
US economic data continue to impress, we would maintain a positive bias on USD B/Es, and see scope for 10y GBP/USD B/E spreads to tighten.

EUR inflation watch
With oil prices lower again and survey price indices weak, EUR HICP forecasts have remained under downward pressure over the past couple of weeks.

EUR
News of lower minimum credit requirements for inclusion in some IL bond indices have led to a convergence of BTPei/SPGei to OATei/DBRei inflation valuations. Scope for further RV gains would appear limited from here.

GBP
With economic data momentum slowing, survey price indicators weakening and oil prices down again, we are neutral on B/Es. With near-term RPI forecasts under pressure, the 5y10y B/E curve has steepened into the IL19 5y+ index exclusion. 50y UKTi have richened v swaps.

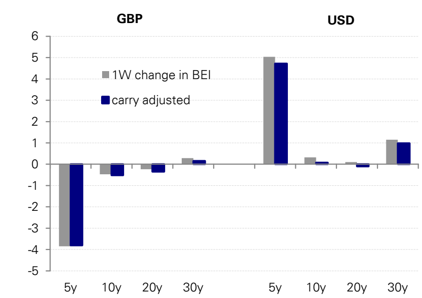
USD
We see value in front-end B/Es, e.g. 2y2y forward swaps which correlate less with energy prices than spot B/Es. With the spread between 5y5y swaps and 5y5y TIPS B/Es unusually wide, selling 5y5y swaps looks attractive.

Inflation Markets

Bond	Yld	BEI	1M fwd	ASW	ASW discnt	ZC	Rate	Sprd ZC-BEI	CPI/ RPI	fcst
US CPI										
TIIApr19	-0.12	1.62	1.65	7	18	5y	1.97	35	spot	1.7
TIIJan24	0.40	1.87	1.89	17	27	10y	2.28	41	Dec-14	1.4
TIIFeb44	0.94	2.11	2.12	41	38	30y	2.55	44	Jun-15	1.2
EA HICPxt										
OBLei18	-0.53	0.48	0.41	-21	10	5y	1.00	52	spot	0.3
DBRei23	-0.52	1.10	1.08	-14	10	10y	1.43	33	Dec-14	0.3
OATei40	0.49	1.65	1.65	104	49	30y	1.98	33	Jun-15	0.7
FR CPIxt										
OATi19	-0.66	0.83	0.90	14	34	5y	1.11	28	spot	0.2
OATi23	-0.33	1.28	1.32	41	30	10y	1.56	28	Dec-14	0.3
OATi29	0.09	1.57	1.60	91	47	20y	1.98	41	Jun-15	0.8
UK RPI										
UKTi19	-1.04	2.53	2.54	3	24	5y	2.88	34	spot	2.3
UKTi24	-0.62	2.81	2.82	17	23	10y	3.15	34	Dec-14	2.0
UKTi44	-0.42	3.35	3.36	47	23	30y	3.54	19	Jun-15	2.4

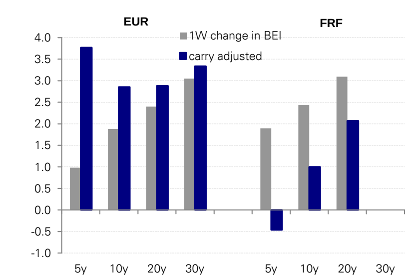
Source: Deutsche Bank

Change in breakevens, US & UK



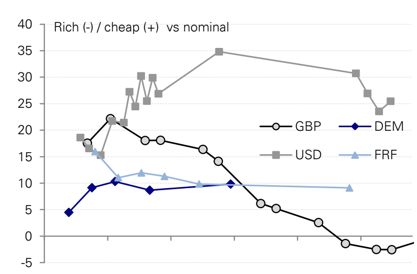
Source: Deutsche Bank

Change in breakevens, EUR & FRF



Source: Deutsche Bank

ILB rich/cheap v nominals



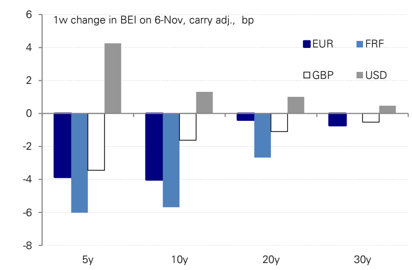
Source: Deutsche Bank

Global

Inflation market performance has been mixed over the past week, with TIPS B/Es higher and flatter (from 5y), and EUR and GBP B/Es lower and steeper (chart 1). After showing some signs of stabilization from mid-October, oil prices fell another 4%, which has weighed on the front-end (1y B/Es were down in USD as well). Weak October business survey price indices suggest that recent declines in commodity prices add to the subdued global inflation backdrop. This complicates the ECB's efforts to support inflation expectations, buys time for the Fed and BoE in considering the right timing for starting policy normalization and puts some focus on trends in domestic inflation. In the US, evidence remains consistent with the latter normalising gradually, with wage growth recovering broadly in line with leading indicators (Q3 ECI strong, Oct earnings data not released at the time of writing; chart 2). In the UK, measures of domestic inflation continue to be more mixed, and in EUR news have been on the negative side. Economic data was mostly positive, with surprise indicators showing timid signs of improvement in EUR, and staying at positive levels in USD (chart 3), where B/Es continue to look low against economic indicators (taking into account the decline in oil, chart 5); GBP data momentum on the other hand appears to have been slowing recently. In that context, we would maintain a positive bias on USD B/Es, and would see scope for 10y (and especially 5y5y cash) GBP/USD B/E spreads to tighten (charts 4 & 6).

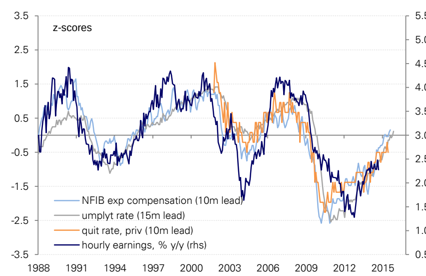
Markus Heider (+44) 20 754 52167

1. B/Es mixed



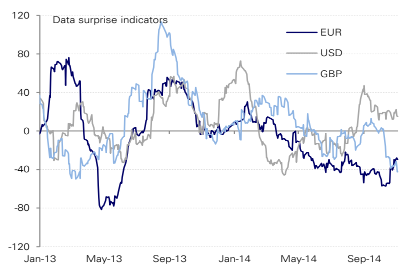
Source: Deutsche Bank

2. US wage growth recovering



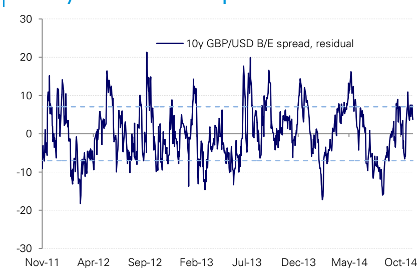
Source: Deutsche Bank

3. Data surprise indicators



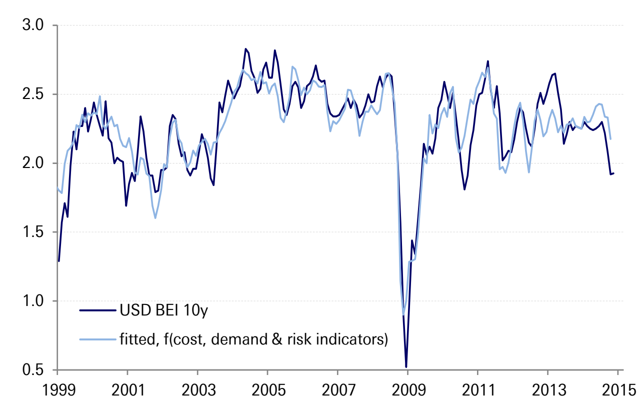
Source: Deutsche Bank

4. 10y UK/US B/E sprds v economics



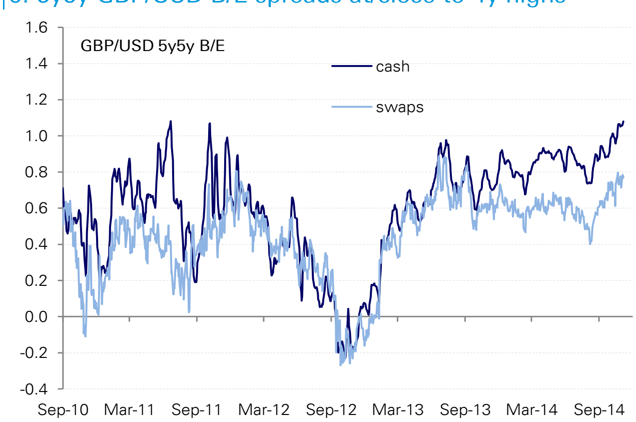
Source: Deutsche Bank

5. USD B/Es low v economic indicators



Source: Deutsche Bank

6. 5y5y GBP/USD B/E spreads at/close to 4y highs



Source: Deutsche Bank

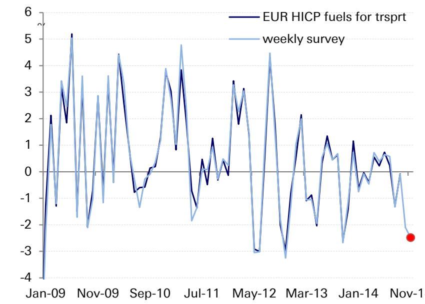
EUR inflation watch

Euro area inflation forecasts have remained under downward pressure over the past couple of weeks. On the positive side, after having tended to surprise to the downside since early 2013, the HICP flash estimate was in line with consensus forecasts for the third month in a row in October, which hints at some normalisation in inflation momentum (chart 5). This has occurred despite the strong declines in oil prices, and is likely to have been helped by some recovery in unprocessed food inflation and a weaker currency (chart 5). An end to monthly downside surprises would be an important step towards stabilization in cyclical inflation expectations. Similarly, economic data have been showing some signs of stabilization and data surprise indicators have risen somewhat (after trending lower through most of this year), which, if confirmed, should also provide some support for inflation expectations (see for example the PMI employment index in chart 3). Finally, the ECB's now-explicit balance sheet expansion objective may maintain downward pressure on the currency, which can be expected to put some upward pressure on prices of imported consumer goods, as well as on domestic production costs (chart 4).

Negative news has continued to dominate, however. First, after a couple of weeks of stabilization, oil prices resumed their decline, which has led to further downward revisions to near-term HICP forecasts; weekly retail petrol price surveys point to another strong monthly drop in HICP oil-energy in November (chart 1). Second, while September and October HICP were in line with consensus, core inflation has been marginally below expectations; it remains in a sideways trend, so far failing to show clear signs of an imminent pick-up. While this may be partly due to monthly volatility, knock-on effects from lower import costs as well as subdued demand trends may have kept the inflation trend below earlier projections. This is also the message conveyed by business survey price indices, which remained at subdued levels in October. The services PMI output price balance has declined more strongly than expected (see our last EUR inflation update), and the manufacturing PMI or EC price indices suggest that consumer goods output price inflation will be trending sideways at best in the coming months (chart 3); as mentioned above, a weaker currency may over time put some upward pressure on production costs (chart 4). Finally, after declining over the previous three months, the retail PMI price index increased marginally in October but remains low (chart 2). Interestingly, margins are reported to have remained broadly stable at slightly above average levels in recent months (chart 2), suggesting that easing input cost pressure may be the primary driver behind lower selling prices. In all, we expect headline HICP inflation at 0.4% y/y on average in Q4, and see it rising only gradually through 2015.

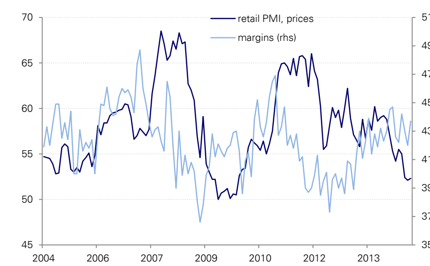
Markus Heider (+44) 20 754 52167

1. Petrol prices still falling



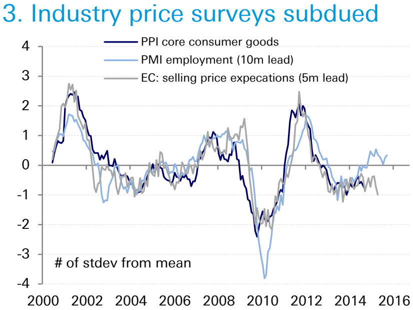
Source: Haver, Deutsche Bank

2. EUR retail PMI: prices & margins



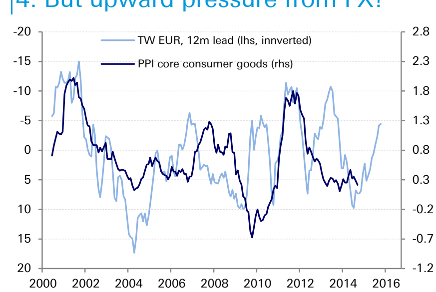
Source: Haver, Deutsche Bank

3. Industry price surveys subdued



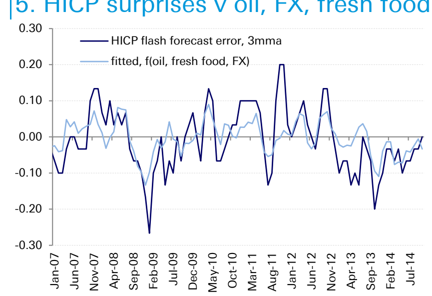
Source: Deutsche Bank

4. But upward pressure from FX?



Source: Deutsche Bank

5. HICP surprises v oil, FX, fresh food

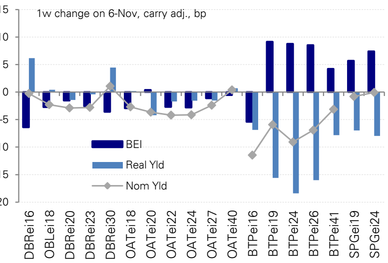


Source: Deutsche Bank

EUR

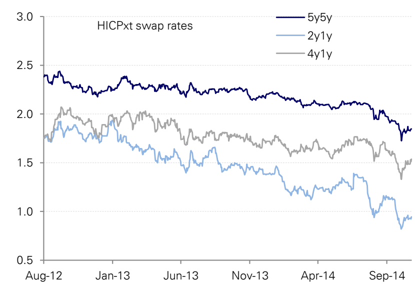
A stabilization in commodity prices and growth momentum, signs of a pick-up in spot inflation as well as some ECB support may be required for a meaningful recovery in EUR B/Es. The uncertainty about commodities remains high, with oil prices down strongly again this week, which has weighed on near-term HICP forecasts. Recent economic data trends have been mildly encouraging, raising hopes that growth conditions could turn more supportive again for inflation expectations. Data surprise indicators for example, which had been trending lower through this year, have risen somewhat since mid-October (chart 6). Inflation news on the other hand has been on the negative side. In particular, core inflation momentum has weakened again in September and October, and business survey price indices remained at subdued levels in October, suggesting the risks around next year's inflation forecasts remain to the downside. Some of this is however offset by a weakening exchange rate, which remains under pressure given the ECB's now explicit focus on balance sheet expansion. In all, the macro backdrop remains mixed, and without clearer signs of a pick-up in spot inflation we remain neutral on EUR B/Es, which have stabilized at low levels recently (chart 2). BTPei and SPGei B/Es have outperformed this week (chart 1), as the announcement of a lower minimum credit requirement for inclusion in some BarCap IL bond indices has raised expectations of some flow support. Under the new credit criteria, both SPGei and BTPei are expected to qualify for inclusion from 31-March 2015. Italy (Spain) accounts for about 7% (below 1%) of global IL benchmarks and for more than 30% (below 3%) of EUR indices. The exclusion (as well as expectations thereof) of BTPei from these benchmarks had been one of the main factors leading to a significant underperformance of BTPei in 2011/2012 (credit requirements for nominal indices have been less stringent). While some normalization had taken place since, BTPei had remained persistently cheaper than OATei on B/E or ASW differentials to nominals until very recently (charts 3 & 4). Most issues completely converged to OATei/DBRei valuations this week, with only BTPei24, -26 and -41 showing more than 5bp cheapness against neighboring OATei/DBRei; the SPGei24 is now the most expensive 10y EUR ILB (chart 5). Scope for further RV gains would appear limited from here.

1. BTPei & SPGei rally



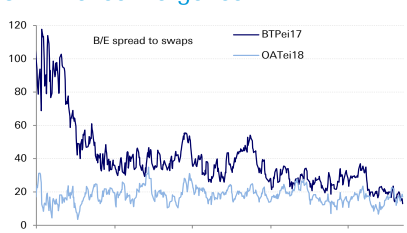
Source: Deutsche Bank

2. Some B/E stabilization at low level



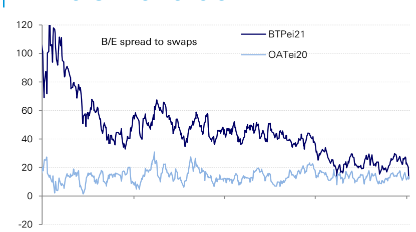
Source: Deutsche Bank

3. BTPei convergence…



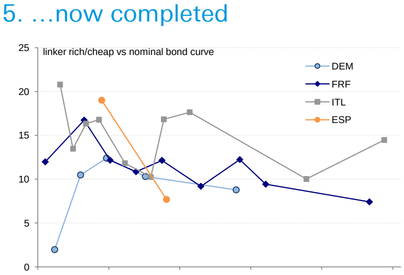
Source: Deutsche Bank

4. …to OATei levels…



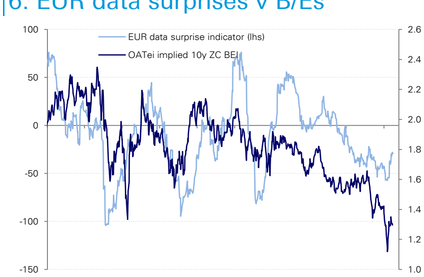
Source: Deutsche Bank

5. …now completed



Source: Deutsche Bank

6. EUR data surprises v B/Es

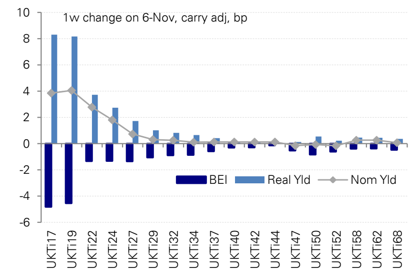


Source: Deutsche Bank

GBP

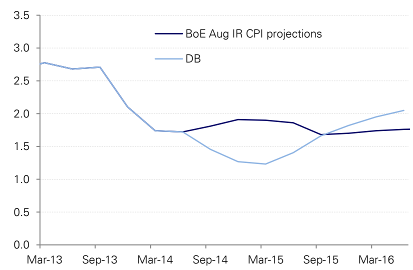
UKTi B/Es were unchanged to lower this week, with the front-end underperforming (chart 1). Inflation news were mostly negative, with oil prices falling, and business survey price indices on balance weaker. According to the PMI for example, the strong pick-up in services sector activity since last year has yet to translate into a pick-up in output inflation; on the contrary, in October the output price index has fallen below the 50 mark for the first time since May 2013 (chart 3). In the past, these levels would however still have been consistent with higher consumer services inflation (chart 4). Meanwhile, economic data have been losing some momentum as well recently, and data surprise indicators have fallen (see chart 3 in the global section above). Despite recent declines activity data remain however at levels which have tended to generate rising inflation (see for example chart 3). With core inflation running slightly below their August assumptions and oil and agricultural prices declining, the BoE CPI projections are likely to be revised significantly lower next week, at least in the near-term. Q4 2014 and Q1 2015, which were at 1.9% in August, could be revised towards 1.25% (chart 2). This should however not be a surprise and we would expect 2y ahead projections to remain broadly unchanged. Still, we are neutral on B/Es for now. Given recent downward revisions to shorter-term RPI expectations, the B/E curve has steepened markedly, and 5y10y RPI is close to the steepest levels in at least three years (chart 5). This may also have been driven by portfolio adjustment flows anticipating the UKTi19 exclusion from 5y+ benchmarks this month which should lead to a duration extension of about 0.38y. At the long-end, 50y B/Es in general and the UKTi62 in particular, have recently been richening v RPI swaps, with swap-cash spreads about two standard-deviations below 1y averages (chart 6).

1. UKTi B/Es stable to lower



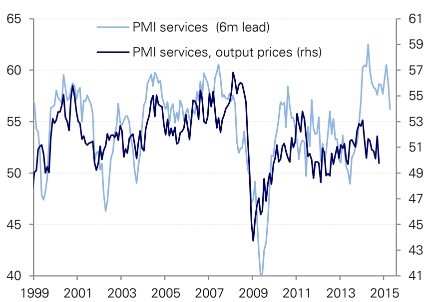
Source: Deutsche Bank

2. BoE near-term CPI forecasts to fall



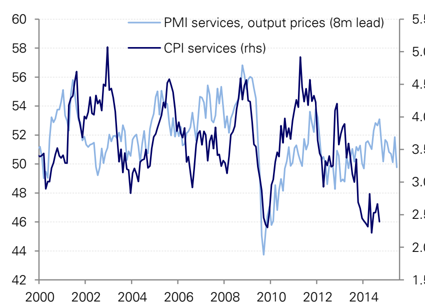
Source: Deutsche Bank

3. Services output prices and…



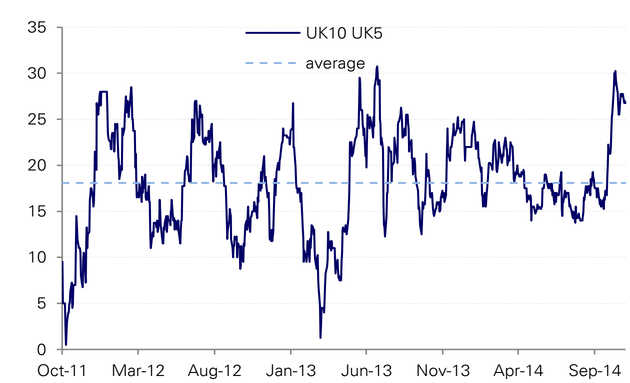
Source: Deutsche Bank

4. …CPI services inflation low



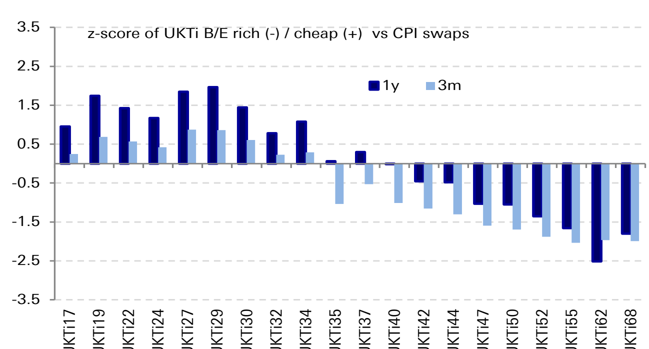
Source: Deutsche Bank

5. 5y10y RPI steepened amid downward revisions to RPI



Source: Deutsche Bank

6. 50y cash has richened against swaps



Source: Deutsche Bank

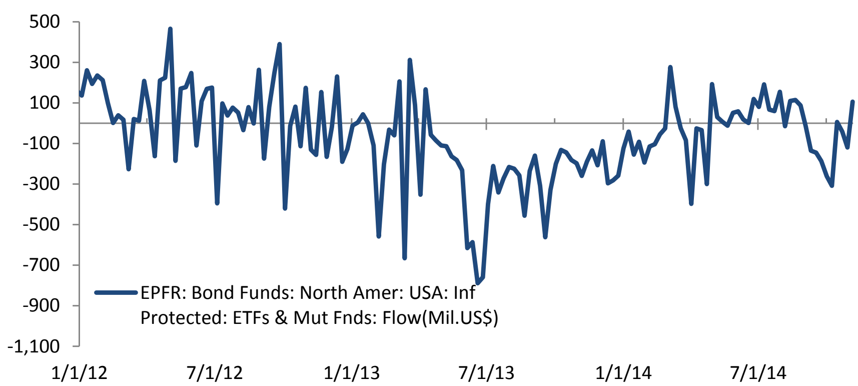
USD

- The tone in inflation markets has improved this week, with lower real yields and higher breakevens. The improvements are consistent with overall risk-on trades. We see value in the front end inflation breakevens, e.g., 2yr2yr forward inflation swaps offer value, and correlate less with energy prices than spot breakevens.
- We believe the ten-year sector still has room to cheapen ahead of supply. The spread between 5yr5yr inflation swaps and 5yr5yr TIPS breakevens is wide. Selling the 5yr5yr inflation swaps looks attractive.

Turning point?

The tone in inflation markets has improved this week, with lower real yields and higher breakevens. The improvements are consistent with overall risk-on trades. There have been some inflows to inflation mutual funds and ETFs, according to EPFR, which reported $106 million inflows last week, a reversal of the recent outflows.

Inflow to inflation mutual funds and ETFs

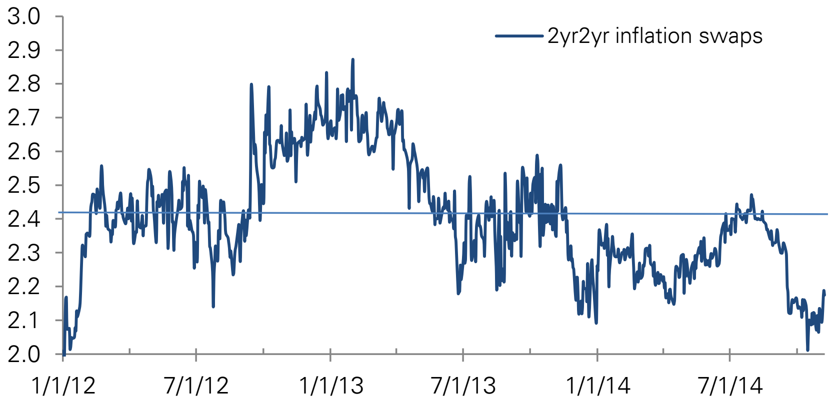


Source: EPFR

We see value in the front end inflation breakevens. For example, 2yr2yr forward inflation swaps offer value, and are less correlated with energy prices than spot breakevens. On the 2yry2r, the current spread around 2.18 is below the average of about 2.41 on the history from early 2012 to present. The forward level seems to have started to reverse this week, but still has room to go based on history.

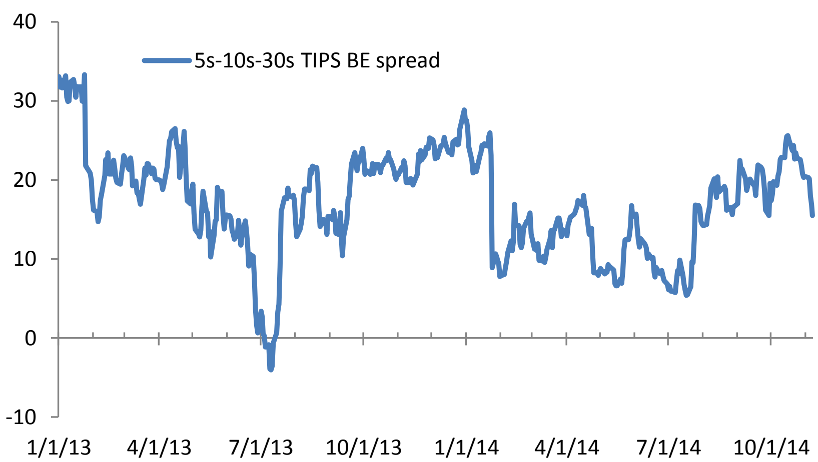
The ten-year sector is vulnerable given the upcoming ten-year TIPS auction during the third week of November. We expect a $13 billion second reopening of the July 2024 issue. The 5s-10s-30s breakeven spread has narrowed over the past three weeks, from a peak of about 26bp to about 16bp. There is probably more room for the spread to compress as the market has to digest the $13 billion supply.

2yr2yr inflation swaps look cheap



Source: Bloomberg Finance LP and Deutsche Bank

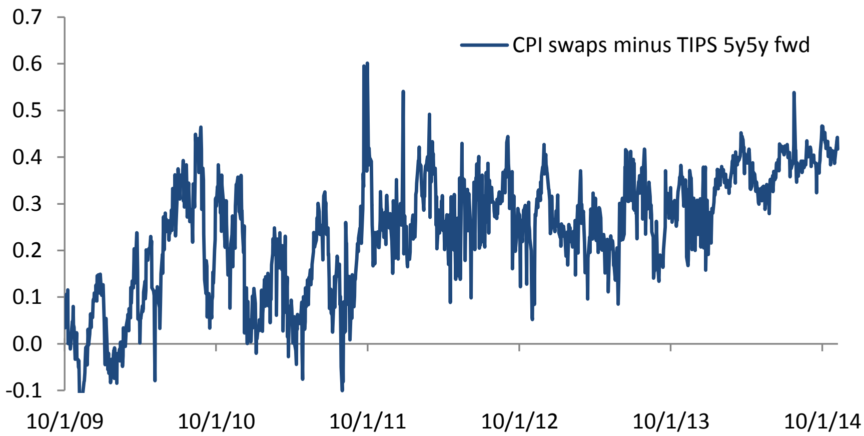
10s are likely to underperform on the breakeven curve ahead of supply



Source: Bloomberg Finance LP and Deutsche Bank

The spread between 5yr5yr inflation swaps and 5yr5yr TIPS breakevens is wide. The spread between the two series has correlated with forward inflation levels. The lower the forward breakevens, the wider the spread, perhaps as a result of market liquidity and balance sheet factors. Selling the 5yr5yr inflation swaps looks attractive.

The spread between 5yr5yr inflation swaps and 5yr5yr TIPS breakevens is wide



Source: Bloomberg Finance LP and Deutsche Bank

Alex Li (+1) 212 250-5483

DB Inflation Forecasts

	Euro area									France			UK		
	Headline HICP			HICP excl. tobacco			HICP xefat*			CPI excl. tobacco			RPI		
	Index	% m/m	% y/y	Index	% m/m	% y/y	Index	% m/m	% y/y	Index	% m/m	% y/y	Index	% m/m	% y/y
Jan-14	116.6	-1.1	0.78	115.93	-1.2	0.69	111.1	-1.7	0.8	125.04	-0.6	0.5	252.6	-0.3	2.8
Feb-14	116.9	0.3	0.71	116.28	0.3	0.63	111.6	0.5	1.0	125.71	0.5	0.8	254.2	0.6	2.7
Mar-14	118.0	0.9	0.47	117.39	1.0	0.38	113.2	1.5	0.7	126.29	0.5	0.5	254.8	0.2	2.5
Apr-14	118.2	0.2	0.72	117.57	0.2	0.63	113.5	0.3	1.0	126.24	0.0	0.6	255.7	0.4	2.5
May-14	118.1	-0.1	0.49	117.44	-0.1	0.42	113.4	-0.1	0.7	126.27	0.0	0.6	255.9	0.1	2.4
Jun-14	118.2	0.1	0.50	117.57	0.1	0.43	113.5	0.1	0.8	126.22	0.0	0.3	256.3	0.2	2.6
Jul-14	117.4	-0.7	0.38	116.78	-0.7	0.34	112.6	-0.8	0.8	125.81	-0.3	0.4	256.0	-0.1	2.5
Aug-14	117.6	0.1	0.37	116.91	0.1	0.33	112.9	0.3	0.9	126.38	0.5	0.4	257.0	0.4	2.4
Sep-14	118.1	0.4	0.31	117.43	0.4	0.27	113.5	0.5	0.8	125.88	-0.4	0.2	257.6	0.2	2.3
Oct-14	118.1	0.0	0.42	117.38	0.0	0.36	113.6	0.0	0.7	125.89	0.0	0.36	257.7	0.0	2.3
Nov-14	118.0	-0.1	0.41	117.28	-0.1	0.36	113.6	0.0	0.7	125.80	-0.1	0.3	257.8	0.0	2.3
Dec-14	118.3	0.3	0.34	117.60	0.3	0.27	113.9	0.3	0.8	126.21	0.3	0.3	258.5	0.3	2.0
Jan-15	117.0	-1.0	0.40	116.33	-1.1	0.35	112.0	-1.7	0.8	125.44	-0.6	0.3	257.6	-0.3	2.0
Feb-15	117.4	0.3	0.44	116.73	0.3	0.39	112.4	0.4	0.7	125.86	0.3	0.1	259.2	0.6	2.0
Mar-15	118.8	1.1	0.62	118.05	1.1	0.56	114.1	1.6	0.8	126.80	0.7	0.4	260.3	0.4	2.2
Apr-15	118.9	0.1	0.61	118.23	0.2	0.56	114.4	0.2	0.8	126.87	0.1	0.5	261.7	0.5	2.3
May-15	119.0	0.1	0.81	118.33	0.1	0.76	114.4	0.1	1.0	127.00	0.1	0.6	262.2	0.2	2.5
Q1 14	117.2	-0.4	0.7	116.5	-0.4	0.6	112.0	-0.8	0.8	125.7	0.1	0.6	253.9	0.6	2.6
Q2 14	118.2	0.8	0.6	117.5	0.9	0.5	113.5	1.3	0.8	126.2	0.4	0.5	256.0	0.8	2.5
Q3 14	117.7	-0.4	0.4	117.0	-0.4	0.3	113.0	-0.4	0.8	126.0	-0.2	0.3	256.9	0.4	2.4
Q4 14	118.1	0.3	0.4	117.4	0.3	0.3	113.7	0.6	0.8	126.0	0.0	0.3	258.0	0.4	2.2
Q1 15	117.7	-0.3	0.5	117.0	-0.3	0.4	112.8	-0.7	0.8	126.0	0.1	0.3	259.0	0.4	2.0
Q2 15	119.0	1.1	0.7	118.3	1.1	0.7	114.4	1.4	0.9	127.0	0.8	0.6	262.1	1.2	2.4
2012	115.6		2.5	115.2		2.4	110.9		1.5	124.5		1.9	242.7		3.2
2013	117.2		1.4	116.6		1.3	112.1		1.1	125.4		0.7	250.1		3.0
2014	117.8		0.5	117.1		0.4	113.0		0.8	126.0		0.4	256.2		2.4
2015	118.8		0.8	118.1		0.8	114.1		0.9	126.8		0.7	262.5		2.5
Next release	Oct: 14-Nov									Oct: 13-Nov			Oct: 18-Nov		

**HICP excluding energy, food, alcohol and tobacco*
Source: Deutsche Bank

DB Inflation Forecasts

	US			Japan			Sweden			Australia		
	CPI-U nsa			Core CPI			CPI			CPI		
	Index	% m/m	% y/y	Index	% m/m	% y/y	Index	% m/m	% y/y	Index	% m/m	% y/y
Jan-14	233.92	0.4	1.6	100.4	-0.2	1.3	311.4	-1.2	-0.2			
Feb-14	234.78	0.4	1.1	100.5	0.1	1.3	312.7	0.4	-0.2			
Mar-14	236.29	0.6	1.5	100.8	0.3	1.3	312.7	0.0	-0.6			
Apr-14	237.07	0.3	2.0	103.0	2.2	3.2	313.9	0.4	0.0			
May-14	237.90	0.3	2.1	103.4	0.4	3.4	314.1	0.1	-0.2			
Jun-14	238.34	0.2	2.1	103.4	0.0	3.4	314.7	0.2	0.2			
Jul-14	238.25	0.0	2.0	103.5	0.1	3.4	313.7	-0.3	0.0			
Aug-14	237.85	-0.2	1.7	103.5	0.0	3.1	313.4	-0.1	-0.2			
Sep-14	238.03	0.1	1.7	103.5	0.0	3.0	313.9	0.2	-0.4			
Oct-14	237.45	-0.2	1.7				313.6	-0.1	-0.3			
Nov-14	236.61	-0.4	1.5				313.2	-0.1	-0.3			
Dec-14	236.35	-0.1	1.4				313.8	0.2	-0.4			
Jan-15	237.08	0.3	1.4				310.8	-1.0	-0.2			
Feb-15	237.73	0.3	1.3				312.4	0.5	-0.1			
Mar-15	238.76	0.4	1.0				313.8	0.4	0.4			
Apr-15	239.80	0.4	1.2				314.6	0.3	0.2			
May-15	240.81	0.4	1.2				315.1	0.2	0.3			
Q1 14	235.0	0.8	1.4	100.6	-0.1	1.3	312.3	-0.7	-0.3	105.4	0.6	2.9
Q2 14	237.8	1.2	2.1	103.3	2.7	3.3	314.2	0.6	0.0	105.9	0.5	3.0
Q3 14	238.0	0.1	1.8	103.5	0.2	3.2	313.6	-0.2	-0.2	106.4	0.5	2.3
Q4 14	236.8	-0.5	1.5				313.5	0.0	-0.3			
Q1 15	237.9	0.4	1.2				312.3	-0.4	0.0			
Q2 15	240.6	1.1	1.2				315.0	0.9	0.3			
2012	229.6		2.1	99.7		0.0	314.2		0.9			
2013	233.0		1.5	100.1		0.4	314.1		0.0			
2014	236.9		1.7	102.4		2.4	313.4		-0.2			
2015	240.4		1.5				315.1		0.5			
Next release	Oct: 20-Nov			Oct: 27-Nov			Oct: 11-Nov					

Source: Deutsche Bank

DB Inflation Forecasts

	Hong Kong			Korea			Thailand		
	CPI			CPI			CPI		
	Index	% m/m	% y/y	Index	% m/m	% y/y	Index	% m/m	% y/y
Dec-13	117.7	0.5	4.3	107.9	0.1	1.1	106.0	0.1	1.7
Jan-14	118.3	0.5	4.6	108.5	0.5	1.1	106.5	0.4	1.9
Feb-14	118.8	0.4	3.9	108.8	0.3	1.0	106.7	0.2	2.0
Mar-14	118.5	-0.3	3.9	109.0	0.2	1.3	106.9	0.2	2.1
Apr-14	119.3	0.7	3.7	109.1	0.1	1.5	107.5	0.5	2.4
May-14	119.2	-0.1	3.7	109.2	0.2	1.7	107.9	0.4	2.6
Jun-14	119.3	0.1	3.6	109.1	-0.1	1.7	107.8	-0.1	2.4
Jul-14	120.5	1.0	4.0	109.3	0.1	1.6	107.7	-0.1	2.2
Aug-14	117.6	-2.4	3.9	109.5	0.2	1.4	107.6	-0.1	2.1
Sep-14	121.2	3.1	6.6	109.4	-0.1	1.1	107.4	-0.2	1.8
Oct-14	121.1	-0.1	3.7	109.1	-0.3	1.2	107.3	-0.1	1.5
Nov-14	121.4	0.3	3.7	109.0	-0.1	1.1	107.4	0.1	1.5
Dec-14	121.8	0.3	3.5	109.3	0.3	1.3	107.5	0.0	1.4
Jan-15	122.6	0.6	3.6	109.7	0.3	1.1	107.6	0.1	1.1
Feb-15	123.1	0.4	3.6	110.0	0.3	1.1	108.0	0.3	1.2
Mar-15	122.8	-0.3	3.6	110.5	0.5	1.4	108.3	0.3	1.3
Apr-15	123.6	0.7	3.6	110.5	0.0	1.3	108.9	0.5	1.3
Q1 14	118.5	1.1	4.2	108.8	0.9	1.1	106.7	0.8	2.0
Q2 14	119.3	0.6	3.6	109.1	0.3	1.6	107.7	1.0	2.5
Q3 14	119.8	0.4	4.8	109.4	0.2	1.4	107.6	-0.1	2.0
Q4 14	121.5	1.4	3.6	109.1	-0.2	1.2	107.4	-0.1	1.5
Q1 15	122.8	1.1	3.6	110.1	0.9	1.2	108.0	0.5	1.2
Q2 15	123.6	0.6	3.6	110.7	0.5	1.4	109.1	1.1	1.3
2012	110.3		4.1	106.3		2.2	103.0		3.0
2013	115.1		4.3	107.7		1.3	105.3		2.2
2014	119.8		4.1	109.1		1.3	107.4		2.0
2015	123.6		3.2	111.0		1.7	109.2		1.7
Next release	Oct: 20 -Nov			Nov: 2- Dec			Nov: 1- Dec		

Source: Deutsche Bank

CPI data calendar

Date	Time (GMT)	Country	Indicator	Forecast	Consensus	Previous
11-Nov	08:30	Sweden	CPI headline Oct, % mom	-0.1	0.0	0.2
			CPI headline Oct, % yoy	-0.3	-0.2	-0.4
13-Nov	07:00	Germany	HICP Oct % mom	-0.3	-0.3	0.0
			HICP Oct, % yoy	0.7	0.7	0.8
13-Nov	08:00	Spain	HICP Oct, % mom	0.1	0.1	1.0
			HICP Oct, % yoy	-0.2	-0.2	-0.3
13-Nov	09:00	Italy	HICP Oct, % mom	0.3		-0.1
			HICP Oct, % yoy	0.2		-0.1
14-Nov	10:00	Euro Area	HICP Oct, % mom	0.0	0.0	0.4
			HICP Oct, % yoy	0.4	0.4	0.3

Source: Deutsche Bank

Tue, 11
Riksbank to publish minutes of its October 27th MPC meeting – 08:30 GMT

Inflation linked bonds auction calendar

Date	Country	Bond	Volume
11-Nov-14	DE	DBRi - 04/30	EUR 1 bn
11-Nov-14	AU	ACGBi - 08/35	AUD 0.15 bn
20-Nov-14	FR	OATei/BTANi/OATi	
20-Nov-14	SE	SGBi	SEK 1 bn
20-Nov-14	UK	UKTI - 11/42	
20-Nov-14	US	10y TIPS	
25-Nov-14	IT	BTPSi	
04-Dec-14	SE	SGBi	SEK 1 bn
10-Dec-14	CA	30Y RRB	
11-Dec-14	UK	UKTI - 03/34	
18-Dec-14	US	5y TIPS	
07-Jan-15	UK	UKTI	
08-Jan-15	JP	10y JGBi	
22-Jan-15	US	10y TIPS	
27-Jan-15	IT	BTPSi	

Source: Deutsche Bank

Gross sovereign inflation supply

	US	UK	France	Germany	Italy	Japan	Spain	Sweden	Australia	Canada
	USD, bn	GBP, bn	EUR, bn	EUR, bn	EUR, bn	JPY, bn	EUR, bn	SEK, bn	AUD, bn	CAD, bn
2006	77.2	14.2	18.2	9	11.8	2530	-	6.7	0	1.6
2007	65	14.5	18	6	16.1	3040	-	5	0	2.2
2008	62	16.1	15.5	7	18	2095	-	2.6	0	2.2
2009	59.4	28.2	12.3	5	17.3	0	-	3	4.3	2.2
2010	87.8	30.7	20.4	11	16.3	0	-	7.7	3.9	2.2
2011	134.6	33	20	8	15.5	0	-	6	1.8	2.2
2012	135.8	27.2	17.1	9	9.9	0	-	6.5	0.50	1.5
2013	155	32.6	16.8	10.0	10.8	344	-	11.5	4.6	2.2
2014 ytd	126	27.5	16.2	10	14.5	1657.4	11	15	3.5	1.5
2014 fcst	160	37.0*	17.5	11	15.5				4-5*	2.2

*Source: Deutsche Bank * indicates respective fiscal year estimates. Figures are either official debt advisory or management agencies' estimates or DB forecasts. All figures indicate nominal amount issued.*

*Issuance amounts for Italy excludes BTP Italia issuance which amounts to EUR 28.1 bn in 2014 and EUR 39.3 bn in 2013.

USD inflation-linked bonds

	size	price		risk		real-yield			breakeven			ASW				
	Local bn	real clean	nom dirty	mod durat	dv01	spot %	1W bp	1M bp	spot %	1W bp	1M bp	Net-prcds	z sprd	z-sprd diff	Rich-ness	comparator
US CPI Urban NSA																
TIIJan 1.63 Jan-15	19.0	99.9	125.1	0.2	0.2	2.36	13	91	-2.31	-11	-88					T 4.00 Feb-15
TIIApr 0.50 Apr-15	21.2	99.8	109.6	0.4	0.5	0.95	5	63	-0.88	-4	-61					T 2.50 Apr-15
TIIJul 1.88 Jul-15	17.0	101.8	125.3	0.7	0.8	-0.77	-1	23	0.88	2	-21					T 4.25 Aug-15
TIIJan 2.00 Jan-16	17.0	103.3	124.5	1.2	1.5	-0.75	-4	4	0.96	3	-8					T 4.50 Feb-16
TIIApr 0.13 Apr-16	38.4	101.2	109.1	1.4	1.6	-0.69	-1	2	1.01	1	-2	-19	-19	-1	-2	T 2.00 Apr-16
TIIJul 2.50 Jul-16	20.0	106.0	125.8	1.7	2.1	-1.03	-3	-3	1.48	5	1	3	3	19	21	T 4.88 Aug-16
TIIJan 2.38 Jan-17	17.2	106.9	127.0	2.1	2.7	-0.74	-3	-7	1.38	4	1	-11	-11	8	7	T 4.63 Feb-17
TIIApr 0.13 Apr-17	44.4	101.7	106.5	2.4	2.6	-0.56	-5	-6	1.30	6	0	-1	-1	19	19	T 0.88 Apr-17
TIIJul 2.63 Jul-17	14.0	109.2	126.3	2.6	3.3	-0.76	-3	-7	1.64	5	3	6	6	20	24	T 4.75 Aug-17
TIIJan 1.63 Jan-18	16.4	106.6	121.7	3.1	3.8	-0.45	-5	-9	1.55	7	4	1	1	13	17	T 3.50 Feb-18
TIIApr 0.13 Apr-18	50.0	101.4	104.4	3.4	3.6	-0.29	-6	-9	1.47	6	2	8	8	22	22	T 0.63 Apr-18
TIIJul 1.38 Jul-18	15.0	106.8	118.3	3.6	4.3	-0.45	-5	-9	1.70	6	4	9	10	23	23	T 4.00 Aug-18
TIIJan 2.13 Jan-19	14.7	109.9	122.5	4.0	4.9	-0.22	-6	-9	1.68	5	6	4	4	14	15	T 2.75 Feb-19
TIIApr 0.13 Apr-19	34.0	101.1	102.6	4.4	4.5	-0.12	-5	-9	1.62	4	4	7	7	19	19	T 1.63 Apr-19
TIIJul 1.88 Jul-19	15.2	109.9	123.1	4.5	5.5	-0.22	-5	-9	1.79	4	6	10	11	21	23	T 3.63 Aug-19
TIIJan 1.38 Jan-20	19.0	107.2	118.4	5.0	5.9	-0.02	-6	-9	1.68	4	6	9	9	22	22	T 3.63 Feb-20
TIIJul 1.25 Jul-20	32.4	107.2	117.4	5.5	6.4	-0.01	-5	-9	1.83	3	6	15	15	24	26	T 2.63 Aug-20
TIIJan 1.13 Jan-21	36.7	106.0	115.7	6.0	6.9	0.15	-4	-8	1.75	2	6	13	13	21	21	T 3.63 Feb-21
TIIJul 0.63 Jul-21	35.8	103.2	109.1	6.5	7.1	0.14	-4	-8	1.85	3	5	18	18	26	27	T 2.13 Aug-21
TIIJan 0.13 Jan-22	41.3	99.0	104.2	7.1	7.4	0.26	-4	-8	1.78	2	3	14	13	25	24	T 2.00 Feb-22
TIIJul 0.13 Jul-22	41.0	99.0	102.5	7.6	7.8	0.25	-4	-8	1.86	2	4	20	18	30	30	T 1.63 Aug-22
TIIJan 0.13 Jan-23	41.0	98.3	101.3	8.1	8.2	0.34	-3	-7	1.84	1	4	15	14	25	25	T 2.00 Feb-23
TIIJul 0.38 Jul-23	41.0	100.4	102.8	8.5	8.8	0.32	-3	-7	1.90	1	4	20	19	29	30	T 2.50 Aug-23
TIIJan 0.63 Jan-24	41.0	102.0	104.2	8.9	9.3	0.40	-3	-6	1.87	0	3	17	16	27	27	T 2.75 Feb-24
TIIJul 0.13 Jul-24	28.0	97.6	97.9	9.6	9.4	0.37	-2	-5	1.95	0	3	20	18	30	28	T 2.38 Aug-24
TIIJan 2.38 Jan-25	28.0	119.0	151.1	9.1	13.8	0.46	-2	-6	1.83	1	5	20	21	30	29	T 7.63 Feb-25
TIIJan 2.00 Jan-26	20.0	116.0	139.8	10.1	14.1	0.53	-3	-6	1.89	1	6	22	22	29	29	T 6.00 Feb-26
TIIJan 2.38 Jan-27	16.5	120.9	143.6	10.7	15.4	0.59	-3	-7	1.88	1	6	26	25	32	34	T 6.63 Feb-27
TIIJan 1.75 Jan-28	15.6	114.1	130.2	11.8	15.4	0.63	-3	-7	1.90	0	5	26	25	31	34	T 6.13 Nov-27
TIIApr 3.63 Apr-28	16.8	138.7	204.5	11.2	22.8	0.62	-3	-7	1.97	0	6	23	24	30	34	T 5.50 Aug-28
TIIJan 2.50 Jan-29	14.2	125.1	139.5	12.2	17.0	0.65	-3	-7	1.94	0	5	25	25	32	34	T 5.25 Nov-28
TIIApr 3.88 Apr-29	19.5	144.3	209.3	11.8	24.6	0.65	-3	-7	1.96	0	5	24	25	32	35	T 5.25 Feb-29
TIIApr 3.38 Apr-32	5.0	142.7	191.6	14.0	26.9	0.76	-3	-6	1.91	0	3	28	28	37	38	T 5.38 Feb-31
TIIFeb 2.13 Feb-40	15.2	128.0	141.4	20.3	28.7	0.89	-3	-6	2.05	1	7	35	31	32	30	T 4.63 Feb-40
TIIFeb 2.13 Feb-41	24.0	128.8	140.5	20.9	29.4	0.89	-3	-6	2.05	1	7	35	31	33	31	T 4.75 Feb-41
TIIFeb 0.75 Feb-42	23.1	95.4	100.7	24.5	24.6	0.94	-3	-6	2.08	2	7	43	32	31	27	T 3.13 Feb-42
TIIFeb 0.63 Feb-43	23.0	92.2	95.6	25.7	24.5	0.94	-3	-6	2.11	1	7	43	32	28	24	T 3.13 Feb-43
TIIFeb 1.38 Feb-44	23.0	111.2	113.9	24.3	27.7	0.94	-3	-6	2.11	1	6	41	33	30	25	T 3.63 Feb-44
valuation date: 07-Nov-14																

**Net-prcds is the net proceeds ASW margin vs 3M Libor in bp; z-sprd is the z-spread of the linker vs 3M Libor in bp; z-sprd diff is the z-spread of the linker and that of its nominal comparator; richness is the 'CPI swap richness or the cheapness (+) or richness (-) of the linker relative to the underlying nominal government bond curve*
Source: Bloomberg Finance LP, Deutsche Bank

EUR inflation-linked bonds

	size	price		risk		real-yield			breakeven			ASW				
	Local bn	real clean	nom dirty	mod durat	dv01	spot %	1W bp	1M bp	spot %	1W bp	1M bp	Par/ par	z sprd	z-sprd diff	Rich- ness	comparator
euro-zone HICP ex-tob																
DBRei 1.50 Apr-16	15.0	102.2	119.7	1.4	1.7	-0.07	13	17	0.00	-13	-17	-19	-8	6	4	DBR 3.50 Jan-16
OBLei 0.75 Apr-18	15.0	104.4	111.3	3.4	3.8	-0.53	-2	-1	0.48	1	0	-21	-9	10	9	DBR 4.00 Jan-18
DBRei 1.75 Apr-20	15.0	113.3	125.1	5.2	6.5	-0.65	-4	-3	0.77	2	-2	-21	-8	11	10	DBR 3.25 Jan-20
DBRei 0.10 Apr-23	16.0	105.4	109.0	8.4	9.2	-0.52	-5	-7	1.10	2	-1	-14	-1	10	9	DBR 1.50 Feb-23
DBRei 0.50 Apr-30	3.0	109.4	110.8	14.9	16.5	-0.11	0	-9	1.36	0	-1	9	16	15	10	DBR 6.25 Jan-30
OATei 1.60 Jul-15	12.7	101.9	122.2	0.7	0.9	-1.05	13	31	1.02	-12	-31					OAT 3.50 Apr-15
OATei 0.25 Jul-18	10.1	103.7	107.7	3.7	4.0	-0.72	-1	1	0.77	1	-4	-4	7	18	16	OAT 4.00 Apr-18
OATei 2.25 Jul-20	20.0	117.0	143.4	5.4	7.8	-0.66	-3	-8	1.00	3	1	6	13	13	11	OAT 3.50 Apr-20
OATei 1.10 Jul-22	17.1	112.0	121.7	7.5	9.1	-0.43	0	-11	1.12	-1	2	20	27	14	12	OAT 3.00 Apr-22
OATei 0.25 Jul-24	8.6	104.3	105.9	9.6	10.2	-0.19	-2	-9	1.27	2	2	29	38	14	11	OAT 2.25 May-24
OATei 1.85 Jul-27	9.6	122.7	131.6	11.5	15.2	0.05	-2	-10	1.33	3	1	54	50	14	10	OAT 3.50 Apr-26
OATei 0.70 Jul-30	3.9	106.4	106.8	14.9	15.9	0.28	0	-6	1.53	3	0	61	62	16	13	OAT 2.50 May-30
OATei 3.15 Jul-32	9.6	149.1	185.2	14.5	26.9	0.30	0	-6	1.56	2	1	99	62	15	12	OAT 5.75 Oct-32
OATei 1.80 Jul-40	9.1	131.7	151.2	21.4	32.3	0.49	0	-7	1.65	3	3	104	69	15	9	OAT 4.00 Oct-38
BTPei 2.10 Sep-16	9.1	103.6	111.1	1.8	2.0	0.14	6	27	0.43	-12	-13	71	74	27	25	BTP 3.75 Aug-16
BTPei 2.10 Sep-17	13.8	105.5	122.8	2.8	3.4	0.16	-3	16	0.64	1	-4	86	81	15	16	BTP 3.50 Nov-17
BTPei 1.70 Sep-18	10.0	105.4	106.7	3.7	4.0	0.29	-8	10	0.68	8	3	91	98	20	18	BTP 4.50 Aug-18
BTPei 2.35 Sep-19	17.3	109.6	121.5	4.6	5.6	0.36	-10	-1	0.81	12	12	115	108	19	18	BTP 4.25 Sep-19
BTPei 2.10 Sep-21	16.4	109.0	118.3	6.4	7.5	0.75	-10	-5	0.98	13	12	154	143	19	13	BTP 3.75 Aug-21
BTPei 2.60 Sep-23	16.5	113.1	129.5	7.9	10.2	1.04	-9	-7	1.12	13	11	193	162	18	12	BTP 4.75 Aug-23
BTPei 2.35 Sep-24	8.2	110.8	111.6	8.8	9.8	1.19	-11	-6	1.18	14	9	178	171	21	17	BTP 3.75 Sep-24
BTPei 3.10 Sep-26	6.6	117.7	125.2	10.0	12.5	1.47	-9	-1	1.19	13	8	223	191	26	19	BTP 4.50 Mar-26
BTPei 2.35 Sep-35	13.1	108.2	129.6	16.4	21.3	1.88	-6	6	1.53	13	9	292	210	17	12	BTP 5.00 Aug-34
BTPei 2.55 Sep-41	6.9	106.8	116.3	19.4	22.5	2.23	-4	6	1.49	9	5	323	240	29	16	BTP 5.00 Sep-40
SPGei 0.55 Nov-19	5.0	101.2	101.8	5.0	5.0	0.30	2	9	0.75	4	5	92	103	26	23	SPG 4.30 Oct-19
SPGei 1.80 Nov-24	6.0	108.9	110.6	9.1	10.1	0.87	-2	-3	1.28	11	5	140	139	13	10	SPG 2.75 Oct-24
French CPI ex tob																
BTANi 0.45 Jul-16	12.1	101.8	107.2	1.7	1.8	-0.63	-1	17	0.62	1	-17	13	21	30	31	OAT 3.25 Apr-16
OATi 1.00 Jul-17	20.2	104.5	119.0	2.7	3.2	-0.66	-1	7	0.67	1	-8	8	16	26	27	OAT 3.75 Apr-17
OATi 1.30 Jul-19	10.8	109.4	117.3	4.6	5.4	-0.66	-2	1	0.83	2	-7	14	23	30	28	OAT 4.25 Apr-19
OATi 0.10 Jul-21	5.1	104.2	105.4	6.7	7.1	-0.51	-3	-7	1.02	2	-1	24	34	27	24	OAT 3.75 Apr-21
OATi 2.10 Jul-23	12.1	121.5	134.4	8.1	10.9	-0.33	-2	-11	1.28	2	3	41	41	21	23	OAT 4.25 Oct-23
OATi 3.40 Jul-29	8.0	148.4	187.4	12.3	23.1	0.09	-1	-11	1.57	3	5	91	58	15	12	OAT 5.50 Apr-29
CADESi 1.85 Jul-17	2.0	106.6	119.2	2.7	3.2	-0.56	-20	-13	0.61	20	13					CADES 4.13 Apr-17
CADESi 1.85 Jul-19	2.4	111.1	128.9	4.6	5.9	-0.48	-4	-1	0.78	4	-5					CADES 4.00 Oct-19
CADESi 1.50 Jul-21	3.3	112.3	118.6	6.4	7.6	-0.31	-3	-7	0.88	3	-1					CADES 3.38 Apr-21
valuation date: 07-Nov-14																

**Par/par is the par/par ASW margin vs 6M Libor in bp; z-sprd is the z-spread of the linker vs 3M Libor in bp; z-sprd diff is the z-spread of the linker and that of its nominal comparator; richness is the 'CPI swap richness or the cheapness (+) or richness (-) of the linker relative to the underlying nominal government bond curve*
Source: Bloomberg Finance LP, Deutsche Bank

GBP inflation-linked bonds

	size	price		risk		real-yield			breakeven			ASW				
	Local bn	real clean	nom dirty	mod durat	dv01	spot %	1W bp	1M bp	spot %	1W bp	1M bp	Net-prcds	z sprd	z-sprd diff	Rich-ness	comparator
UK RPI																
UKTi8 2.50 Jul-16	7.9	332.7	335.0	1.7	5.7	-1.60	7	17	2.24	-8	-28					UKT 4.00 Sep-16
UKTi8 2.50 Apr-20	6.6	364.8	365.3	5.2	18.9	-0.95	-1	-5	2.54	-2	-7	5	17	24	23	UKT 4.75 Mar-20
UKTi8 2.50 Jul-24	6.8	340.6	342.6	8.8	30.1	-0.61	-3	-5	2.81	-1	-4	17	31	22	21	UKT 5.00 Mar-25
UKTi8 4.13 Jul-30	4.8	329.7	332.1	12.8	42.4	-0.50	-5	-6	3.10	0	0	22	36	14	13	UKT 4.75 Dec-30
UKTi8 2.00 Jan-35	9.1	222.6	223.5	17.5	39.1	-0.47	-5	-8	3.28	0	4	31	38	8	5	UKT 4.25 Mar-36
UKTi 1.25 Nov-17	11.8	108.3	144.5	3.0	4.3	-1.41	3	4	2.40	-5	-20	-14	-4	19	18	UKT 1.00 Sep-17
UKTi 0.13 Nov-19	8.2	106.1	109.2	5.0	5.5	-1.04	1	-2	2.53	-4	-10	3	14	24	22	UKT 3.75 Sep-19
UKTi 1.88 Nov-22	15.7	122.3	154.0	7.5	11.6	-0.80	-3	-4	2.78	-1	-5	8	21	19	18	UKT 1.75 Sep-22
UKTi 0.13 Mar-24	13.1	107.2	113.7	9.3	10.6	-0.62	-4	-6	2.81	0	-3	17	28	19	18	UKT 5.00 Mar-25
UKTi 1.25 Nov-27	14.2	124.4	165.6	12.2	20.2	-0.55	-4	-6	2.97	-1	-2	23	34	19	16	UKT 4.25 Dec-27
UKTi 0.13 Mar-29	14.2	109.0	118.1	14.3	16.9	-0.48	-4	-7	3.08	0	1	29	36	14	14	UKT 4.75 Dec-30
UKTi 1.25 Nov-32	12.8	133.3	158.5	16.5	26.1	-0.51	-4	-6	3.19	0	1	28	35	11	6	UKT 4.25 Jun-32
UKTi 0.75 Mar-34	13.8	124.3	137.8	18.3	25.2	-0.45	-4	-6	3.21	0	1	34	38	10	5	UKT 4.50 Sep-34
UKTi 1.13 Nov-37	12.1	138.7	177.1	20.8	36.9	-0.47	-5	-5	3.30	0	1	36	39	8	3	UKT 4.75 Dec-38
UKTi 0.63 Mar-40	12.4	128.9	153.2	23.8	36.5	-0.45	-5	-5	3.33	0	1	39	38	4	-1	UKT 4.25 Dec-40
UKTi 0.63 Nov-42	10.9	132.9	161.2	26.1	42.1	-0.47	-6	-5	3.35	0	1	39	37	4	-3	UKT 4.50 Dec-42
UKTi 0.13 Mar-44	14.7	117.2	124.4	29.0	36.0	-0.42	-6	-5	3.35	0	1	47	39	4	-3	UKT 3.25 Jan-44
UKTi 0.75 Nov-47	11.7	142.6	177.0	30.1	53.2	-0.45	-6	-4	3.35	0	1	44	38	4	0	UKT 4.25 Dec-46
UKTi 0.50 Mar-50	12.2	135.7	163.6	33.0	54.0	-0.43	-5	-4	3.33	0	1	46	37	5	1	UKT 4.25 Dec-49
UKTi 0.25 Mar-52	12.0	127.2	135.2	36.0	48.7	-0.42	-6	-4	3.34	0	1	51	38	4	0	UKT 3.75 Jul-52
UKTi 1.25 Nov-55	10.2	176.7	237.3	34.7	82.4	-0.45	-5	-4	3.34	0	1	45	37	6	4	UKT 4.25 Dec-55
UKTi 0.13 Mar-58	5.0	126.2	126.9	42.5	53.9	-0.42	-5	-4	3.32	0	1	58	38	7	6	UKT 4.00 Jan-60
UKTi 0.38 Mar-62	12.5	143.2	156.2	44.3	69.2	-0.44	-5	-4	3.34	0	1	57	37	6	4	UKT 4.00 Jan-60
UKTi 0.13 Mar-68	9.8	133.7	137.8	52.0	71.7	-0.44	-5	-4	3.35	0	1	64	37	5	2	UKT 3.50 Jul-68
valuation date: 07-Nov-14																

**Net-prcds is the net proceeds ASW margin vs 6M Libor in bp; z-sprd is the z-spread of the linker vs 3M Libor in bp; z-sprd diff is the z-spread of the linker and that of its nominal comparator; richness is the 'CPI swap richness or the cheapness (+) or richness (-) of the linker relative to the underlying nominal government bond curve*
Source: Bloomberg Finance LP, Deutsche Bank

Other inflation-linked bonds

	size	price		risk		real-yield			breakeven			ASW				
	Local bn	real clean	nom dirty	mod durat	dv01	spot %	1W bp	1M bp	spot %	1W bp	1M bp	Net-prcds	z sprd	z-sprd diff	Rich-ness	comparator
JPY CPI																
JGBi 0.50 Dec-14	94.6	103.0	106.7	0.1	0.1											JGB 1.50 Dec-14
JGBi 0.50 Jun-15	54.8	104.1	108.7	0.6	0.6	-6.30	-18	-60	6.32	18	60					JGB 1.30 Jun-15
JGBi 0.80 Sep-15	61.6	105.0	109.1	0.8	0.9	-5.02	-10	-34	5.04	10	34					JGB 1.40 Sep-15
JGBi 0.80 Dec-15	95.1	105.7	109.7	1.1	1.2	-4.28	-7	-21	4.29	6	19					JGB 1.50 Dec-15
JGBi 0.80 Mar-16	58.7	107.1	111.0	1.3	1.5	-4.36	-6	-18	4.38	5	15					JGB 1.60 Mar-16
JGBi 1.00 Jun-16	204.7	108.2	112.7	1.6	1.8	-3.99	-4	-14	4.01	3	11					JGB 1.90 Jun-16
JGBi 1.10 Sep-16	141.4	109.2	112.9	1.8	2.1	-3.73	-4	-12	3.75	2	8					JGB 1.70 Sep-16
JGBi 1.10 Dec-16	249.7	110.0	113.8	2.1	2.4	-3.50	-3	-9	3.53	2	7					JGB 1.70 Dec-16
JGBi 1.20 Mar-17	128.3	111.7	115.6	2.3	2.7	-3.59	-3	-9	3.62	2	6					JGB 1.70 Mar-17
JGBi 1.20 Jun-17	280.8	111.6	116.4	2.6	3.0	-3.09	-2	-7	3.13	1	3					JGB 1.80 Jun-17
JGBi 1.30 Sep-17	116.1	112.6	116.5	2.8	3.3	-2.93	-2	-6	2.97	2	3					JGB 1.70 Sep-17
JGBi 1.20 Dec-17	382.5	112.7	116.7	3.1	3.6	-2.72	-2	-4	2.76	2	1					JGB 1.50 Dec-17
JGBi 1.40 Mar-18	135.4	114.2	117.2	3.3	3.9	-2.65	-2	-4	2.70	2	1					JGB 1.30 Mar-18
JGBi 1.40 Jun-18	433.4	114.2	117.8	3.5	4.2	-2.38	-1	-4	2.45	2	1					JGB 1.80 Jun-18
JGBi 0.10 Sep-23	646.7	108.9	112.7	8.8	9.9	-0.86	-13	-12	1.26	16	9					JGB 0.80 Sep-23
JGBi 0.10 Mar-24	821.7	109.0	112.1	9.3	10.4	-0.82	-13	-12	1.26	16	8					JGB 0.60 Mar-24
JGBi 0.10 Sep-24	532.7	109.3	109.4	9.8	10.7	-0.81	-13		1.29	16						JGB 0.50 Sep-24
SEK CPI																
SGBi 3.50 Dec-15	23.8	127.4	131.4	1.0	1.3	-0.38	5	21	0.37	-6	-34					SGB 4.50 Aug-15
SGBi 0.50 Jun-17	38.6	106.5	106.8	2.6	2.7	-0.64	2	15	0.71	-2	-36					SGB 3.75 Aug-17
SGBi 4.00 Dec-20	29.7	163.6	168.5	5.4	9.2	-0.52	1	-2	1.13	1	-23					SGB 5.00 Dec-20
SGBi 0.25 Jun-22	28.3	105.6	105.7	7.5	7.9	-0.39	0	-3	1.24	0	-20					SGB 3.50 Jun-22
SGBi 1.00 Jun-25	13.3	112.9	113.4	10.1	11.4	-0.23	0	-3	1.42	1	-20					SGB 2.50 May-25
SGBi 3.50 Dec-28	43.3	184.3	188.4	11.7	22.0	-0.08	-1	-2	1.71	1	-20					SGB 2.25 Jun-32
CAD CPI																
CANi 4.25 Dec-21	5.2	129.9	199.5	6.2	12.4	0.01	-3	2	1.63	1	0					CAN 9.75 Jun-21
CANi 4.25 Dec-26	5.3	146.0	211.8	9.9	21.0	0.35	-4	3	1.86	3	-1					CAN 8.00 Jun-27
CANi 4.00 Dec-31	5.8	157.6	219.3	13.4	29.3	0.48	1	9	1.99	0	-4					CAN 5.75 Jun-33
CANi 3.00 Dec-36	5.9	150.0	184.7	17.3	31.9	0.58	0	8	1.98	1	-3					CAN 5.00 Jun-37
CANi 2.00 Dec-41	6.6	132.8	151.2	21.7	32.9	0.67	0	6	1.92	0	-2					CAN 4.00 Jun-41
CANi 1.50 Dec-44	7.7	121.4	132.8	24.7	32.8	0.71	0	4	1.89	1	0					CAN 3.50 Dec-45
CANi 1.25 Dec-47	2.2	115.4	116.0	27.4	32.5	0.72	0	4	1.87	1	1					CAN 3.50 Dec-45
AUD CPI																
ACGBi 4.00 Aug-15	1.2	177.2	178.8	0.8	1.4	0.90	4	11	1.58	-1	-16					ACG 6.25 Apr-15
ACGBi 1.00 Nov-18	3.5	103.3	103.5	3.9	4.1	0.73	-2	-3	1.95	-1	-11					ACG 3.25 Oct-18
ACGBi 4.00 Aug-20	5.0	188.7	190.2	5.2	9.9	0.83	3	1	2.03	-4	-13					ACG 4.50 Apr-20
ACGBi 1.25 Feb-22	4.1	108.6	108.9	6.9	7.5	0.93	4	0	2.19	-5	-12					ACG 5.75 Jul-22
ACGBi 3.00 Sep-25	5.5	136.8	137.3	9.4	12.9	1.08	2	-2	2.27	-2	-9					ACG 3.25 Apr-25
ACGBi 2.50 Sep-30	3.3	130.3	130.7	13.3	17.4	1.32	2	-1	2.27	-2	-14					ACG 3.25 Apr-29
ACGBi 2.00 Aug-35	2.5	113.4	113.9	17.1	19.5	1.46	0	-4	2.13	0	-11					ACG 3.25 Apr-29

Source: Bloomberg Finance LP, Deutsche Bank

TIPS forwards

	Real yield								Breakeven							
	spot	carry (bp)							spot	B/E protection (bp)						
	(%)	01-Dec	1M	02-Jan	2M	3M	6M	9M	(%)	01-Dec	1M	02-Jan	2M	3M	6M	9M
US CPI-U NSA																
TIIJan15	2.36	147	167	330					-2.31	149	171	341				
TIIApr15	0.95	27	14	-30	-69				-0.88	28	16	-27	-66			
TIIJul15	-0.77	0	-15	-62	-93	-188			0.88	0	-15	-62	-92	-187		
TIIJan16	-0.75	0	-8	-32	-47	-87	-55	121	0.96	0	-9	-33	-48	-89	-62	122
TIIApr16	-0.69	0	-6	-25	-36	-67	-36	83	1.01	0	-7	-27	-39	-71	-47	73
TIIJul16	-1.03	-1	-7	-25	-35	-62	-44	33	1.48	-2	-9	-28	-38	-68	-58	15
TIIJan17	-0.74	0	-4	-17	-24	-42	-23	37	1.38	-1	-6	-20	-28	-49	-38	15
TIIApr17	-0.56	1	-3	-13	-19	-35	-14	40	1.30	-1	-5	-17	-24	-42	-30	17
TIIJul17	-0.75	0	-4	-13	-19	-34	-18	27	1.64	-2	-6	-18	-25	-42	-36	1
TIIJan18	-0.45	1	-2	-10	-14	-25	-8	31	1.55	-1	-5	-14	-20	-34	-27	4
TIIApr18	-0.29	1	-2	-8	-12	-22	-5	32	1.47	-1	-4	-13	-18	-30	-23	6
TIIJul18	-0.45	1	-2	-8	-12	-22	-7	26	1.70	-1	-5	-13	-18	-30	-26	-2
TIIJan19	-0.22	1	-1	-7	-10	-18	-3	28	1.68	-1	-4	-11	-16	-27	-22	0
TIIApr19	-0.11	1	-1	-6	-8	-15	-1	27	1.62	-1	-4	-10	-14	-24	-20	0
TIIJul19	-0.22	1	-1	-6	-9	-16	-3	24	1.79	-1	-4	-11	-15	-24	-21	-3
TIIJan20	-0.02	1	-1	-5	-7	-13	0	25	1.67	-1	-3	-9	-13	-21	-18	-1
TIIJul20	-0.01	1	-1	-4	-6	-12	0	22	1.83	-1	-3	-9	-12	-20	-17	-3
TIIJan21	0.15	1	0	-3	-5	-10	1	23	1.74	-1	-3	-8	-11	-18	-16	-3
TIIJul21	0.14	1	0	-3	-5	-9	1	20	1.86	-1	-3	-8	-10	-17	-15	-3
TIIJan22	0.26	1	0	-3	-4	-8	2	20	1.78	-1	-2	-7	-9	-15	-13	-3
TIIJul22	0.25	1	0	-2	-4	-7	2	18	1.86	-1	-2	-6	-9	-15	-13	-3
TIIJan23	0.34	1	0	-2	-4	-7	2	18	1.84	-1	-2	-6	-8	-14	-12	-3
TIIJul23	0.32	1	0	-2	-3	-6	2	17	1.90	-1	-2	-6	-8	-13	-12	-4
TIIJan24	0.40	1	0	-2	-3	-6	2	17	1.87	-1	-2	-6	-8	-13	-11	-4
TIIJul24	0.37	1	0	-2	-3	-6	2	15	1.94	-1	-2	-5	-7	-12	-11	-4
TIIJan25	0.46	1	0	-2	-3	-6	3	17	1.83	-1	-2	-6	-8	-13	-12	-5
TIIJan26	0.53	1	0	-1	-3	-5	3	16	1.89	-1	-2	-5	-7	-12	-11	-5
TIIJan27	0.59	1	0	-1	-2	-4	3	15	1.88	-1	-2	-5	-7	-11	-11	-5
TIIJan28	0.63	1	0	-1	-2	-4	3	14	1.90	-1	-2	-5	-6	-10	-10	-5
TIIApr28	0.62	1	0	-1	-2	-4	3	15	1.97	-1	-2	-5	-6	-10	-10	-4
TIIJan29	0.65	1	0	-1	-2	-4	3	14	1.94	-1	-2	-5	-6	-10	-10	-4
TIIApr29	0.65	1	0	-1	-2	-4	3	14	1.96	-1	-2	-4	-6	-10	-9	-4
TIIApr32	0.76	1	0	-1	-2	-3	3	12	1.91	-1	-2	-4	-5	-9	-8	-4
TIIFeb40	0.89	0	0	0	-1	-2	2	9	2.05	-1	-1	-3	-4	-6	-7	-4
TIIFeb41	0.89	0	0	0	-1	-2	2	9	2.05	-1	-1	-3	-4	-6	-7	-4
TIIFeb42	0.94	0	0	0	-1	-2	2	8	2.08	0	-1	-3	-3	-6	-6	-4
TIIFeb43	0.94	0	0	0	-1	-1	2	7	2.11	-1	-1	-3	-3	-5	-6	-5
TIIFeb44	0.93	0	0	0	-1	-2	2	8	2.11	0	-1	-3	-3	-6	-6	-4

Source: Bloomberg Finance LP, Deutsche Bank

EUR/FRF forwards

	Real yield								Breakeven							
	spot	carry (bp)							spot	B/E protection (bp)						
	(%)	01-Dec	1M	02-Jan	2M	3M	6M	9M	(%)	01-Dec	1M	02-Jan	2M	3M	6M	9M
euro-zone HICP ex-tob																
DBRei16	-0.07	21	20	18	16	22	8		0.00	21	20	19	17	23	8	
OBLei18	-0.53	8	7	5	4	4	-5	27	0.48	8	7	5	4	4	-5	27
DBRei20	-0.65	5	4	3	2	2	-5	14	0.77	5	4	2	1	1	-7	10
DBRei23	-0.52	3	3	2	2	2	-2	9	1.10	3	2	1	0	0	-6	3
DBRei30	-0.11	2	2	2	1	2	0	7	1.36	1	1	0	-1	-1	-6	-2
OATei15	-1.05	35	29	17	7	2			1.02	35	29	16	6	-2		
OATei18	-0.72	7	6	4	3	3	-8	20	0.77	7	6	4	2	2	-10	16
OATei20	-0.66	5	4	3	2	2	-4	13	1.00	4	3	2	1	0	-9	6
OATei22	-0.43	4	3	2	2	2	-1	12	1.12	3	2	1	0	-1	-7	3
OATei24	-0.19	3	3	2	2	2	0	11	1.27	2	2	0	0	-1	-7	0
OATei27	0.05	2	2	2	2	3	1	11	1.33	2	1	0	-1	-1	-7	-1
OATei30	0.28	2	2	2	2	2	2	9	1.53	1	1	0	-1	-1	-6	-2
OATei32	0.30	2	2	2	2	2	2	10	1.56	1	1	0	-1	-1	-6	-2
OATei40	0.49	1	1	1	1	2	2	7	1.65	1	0	0	-1	-1	-5	-3
BTPei16	0.14	17	16	16	15	20	14	115	0.43	15	13	10	8	9	-12	65
BTPei17	0.16	11	11	10	9	13	8	61	0.64	9	8	6	4	4	-10	31
BTPei18	0.29	8	8	8	7	10	8	45	0.68	7	6	4	2	2	-9	17
BTPei19	0.36	7	7	7	6	8	7	36	0.81	5	4	3	1	1	-8	11
BTPei21	0.75	5	5	6	6	8	8	30	0.98	4	3	1	0	0	-8	4
BTPei23	1.04	4	5	5	5	7	8	26	1.12	3	2	1	0	-1	-8	1
BTPei24	1.19	4	4	5	5	7	8	25	1.18	2	2	1	0	-1	-7	1
BTPei26	1.47	4	4	5	5	7	9	24	1.19	2	1	0	0	-1	-7	-1
BTPei35	1.88	2	3	3	3	5	6	16	1.53	1	0	-1	-1	-2	-7	-5
BTPei41	2.23	2	2	3	3	4	6	15	1.49	1	0	-1	-1	-2	-6	-4
SPGei19	0.30	6	6	6	6	7	6	32	0.75	5	4	2	1	1	-8	10
SPGei24	0.87	4	4	4	4	6	6	21	1.28	2	2	0	0	-1	-7	0
French CPI ex-tob																
BTANi16	-0.63	-17	-18	-21	-24	-23	-24	27	0.62	-17	-18	-21	-24	-24	-26	22
OATi17	-0.66	-11	-11	-13	-15	-14	-14	12	0.67	-11	-12	-13	-15	-15	-16	9
OATi19	-0.66	-6	-7	-7	-8	-8	-7	6	0.83	-6	-7	-8	-9	-9	-10	1
OATi21	-0.51	-4	-4	-5	-5	-5	-4	6	1.02	-5	-5	-6	-7	-7	-9	-3
OATi23	-0.33	-3	-3	-4	-4	-3	-2	7	1.28	-4	-4	-5	-6	-7	-9	-4
OATi29	0.09	-2	-2	-2	-2	-1	1	7	1.57	-3	-3	-4	-5	-5	-8	-6
CADESi17	-0.56	-11	-11	-13	-14	-13	-12	16	0.61	-11	-12	-13	-15	-14	-14	11
CADESi19	-0.48	-6	-6	-7	-8	-7	-5	10	0.78	-6	-7	-8	-9	-9	-9	3
CADESi21	-0.31	-4	-4	-4	-5	-4	-2	9	0.88	-5	-5	-6	-7	-7	-8	0

Source: Bloomberg Finance LP, Deutsche Bank

UKTi forwards

	Real yield								Breakeven							
	spot	carry (bp)							spot	B/E protection (bp)						
	(%)	01-Dec	1M	02-Jan	2M	3M	6M	9M	(%)	01-Dec	1M	02-Jan	2M	3M	6M	9M
UK RPI																
UKTi816	-1.60	-10	-8	-19	-17	-12	2	20	2.24	-10	-9	-20	-19	-15	-3	16
UKTi820	-0.95	-2	-2	-4	-3	0	7	15	2.54	-4	-4	-7	-7	-6	-5	-3
UKTi824	-0.61	-1	-1	-2	-1	1	6	12	2.81	-2	-2	-5	-5	-4	-4	-4
UKTi830	-0.50	-1	0	-1	-1	1	5	8	3.10	-2	-2	-4	-4	-4	-4	-5
UKTi835	-0.47	-1	0	-1	0	1	3	6	3.28	-1	-2	-3	-3	-3	-4	-6
UKTi17	-1.41	2	1	-3	-4	-6	-2	21	2.40	1	-1	-5	-7	-11	-12	6
UKTi19	-1.04	2	1	0	-1	-1	3	17	2.53	0	-1	-4	-5	-7	-9	-1
UKTi22	-0.80	1	1	0	0	0	4	14	2.78	0	-1	-3	-4	-5	-7	-2
UKTi24	-0.62	1	1	0	0	1	4	12	2.81	0	-1	-3	-3	-5	-7	-3
UKTi27	-0.55	1	1	0	0	1	3	10	2.97	0	-1	-2	-3	-4	-6	-4
UKTi29	-0.48	1	1	0	0	1	3	9	3.08	0	-1	-2	-3	-4	-6	-5
UKTi32	-0.51	1	1	0	0	0	2	7	3.19	0	-1	-2	-3	-4	-6	-5
UKTi34	-0.45	1	1	0	0	1	2	7	3.21	0	-1	-2	-3	-4	-6	-5
UKTi37	-0.47	1	0	0	0	0	2	6	3.30	0	-1	-2	-2	-3	-5	-5
UKTi40	-0.45	0	0	0	0	0	2	5	3.33	0	-1	-2	-2	-3	-5	-5
UKTi42	-0.47	0	0	0	0	0	2	5	3.35	0	-1	-2	-2	-3	-5	-6
UKTi44	-0.42	0	0	0	0	0	2	4	3.35	0	-1	-2	-2	-3	-5	-5
UKTi47	-0.45	0	0	0	0	0	1	4	3.35	0	-1	-2	-2	-3	-5	-5
UKTi50	-0.43	0	0	0	0	0	1	4	3.33	0	-1	-2	-2	-3	-5	-5
UKTi52	-0.42	0	0	0	0	0	1	3	3.34	0	-1	-1	-2	-3	-4	-5
UKTi55	-0.45	0	0	0	0	0	1	4	3.34	0	-1	-1	-2	-2	-4	-4
UKTi58	-0.42	0	0	0	0	0	1	3	3.32	0	-1	-1	-2	-2	-4	-5
UKTi68	-0.44	0	0	0	0	0	1	2	3.35	0	-1	-1	-1	-2	-4	-5

Source: Bloomberg Finance LP, Deutsche Bank

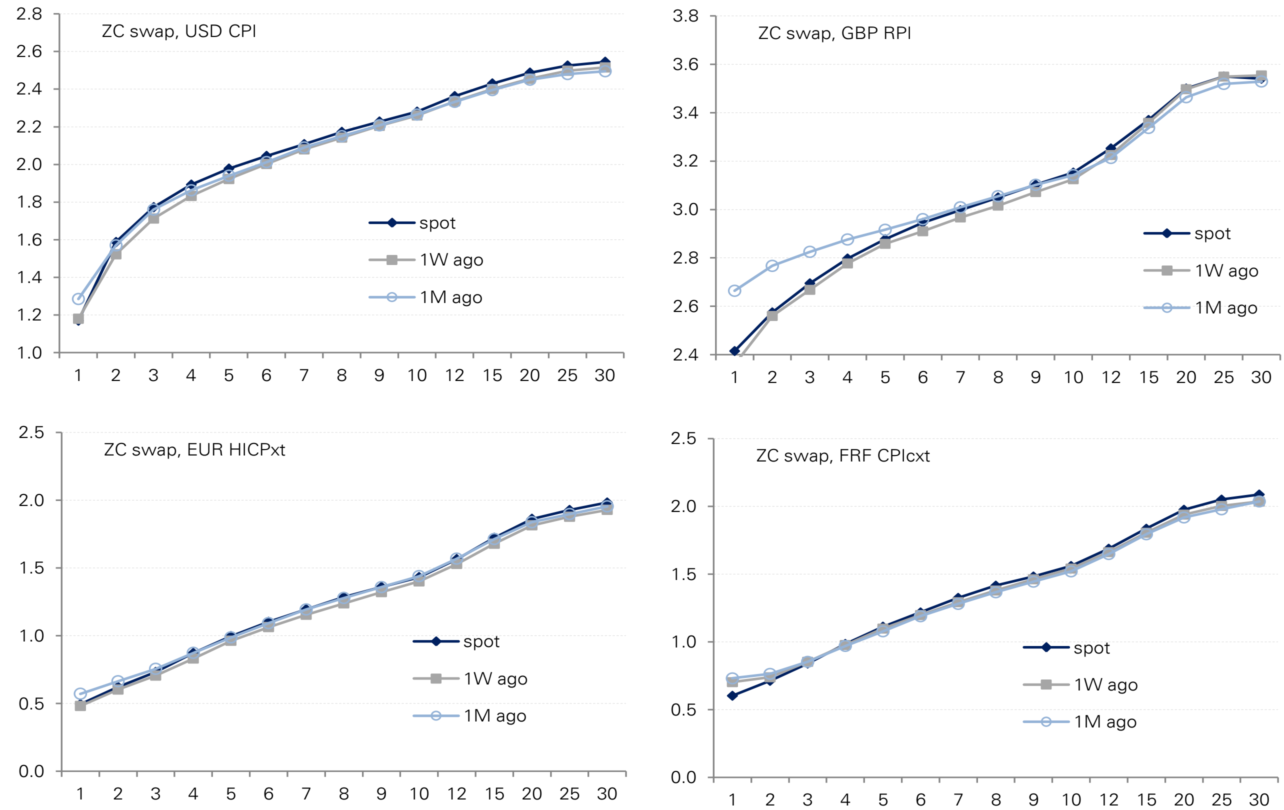
Zero-coupon swap B/Es

	US CPI				EUR HICPxt				FR CPIxt				UK RPI			
	spot	1D	1W	1M	spot	1D	1W	1M	spot	1D	1W	1M	spot	1D	1W	1M
					%	bp	bp	bp	%	bp	bp	bp	%	bp	bp	bp
level																
2	1.59		6	2	0.62		2	-4	0.71		-3	-5	2.58		2	-19
3	1.77		6	1	0.73		3	-2	0.84		-1	-1	2.70		3	-13
4	1.89		6	3	0.87		4	0	0.99		1	2	2.80		2	-8
5	1.98		5	4	1.00		3	1	1.11		1	3	2.88		2	-4
6	2.05		4	3	1.10		4	1	1.22		2	3	2.95		4	-1
7	2.11		3	2	1.20		4	0	1.33		3	5	3.00		3	-1
8	2.17		3	2	1.29		5	1	1.42		4	5	3.05		3	-1
9	2.23		2	2	1.36		4	0	1.48		2	4	3.10		3	0
10	2.28		2	1	1.43		3	-1	1.56		2	4	3.15		3	1
12	2.36		3	3	1.57		3	0	1.69		3	4	3.25		3	4
15	2.43		3	4	1.72		4	1	1.84		3	4	3.37		1	3
20	2.49		3	4	1.86		5	2	1.98		4	6	3.50		0	4
25	2.53		3	4	1.93		5	3	2.05		5	7	3.55		0	3
30	2.55		3	5	1.98		5	3	2.09		5	5	3.54		-1	1

valuation date: 07-Nov-14

Source: Bloomberg Finance LP, Deutsche Bank

Zero-coupon swap B/Es



Source: Bloomberg Finance LP, Deutsche Bank

Appendix 1

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David Folkerts-Landau
Group Chief Economist
Member of the Group Executive Committee

Guy Ashton
Global Chief Operating Officer
Research

Marcel Cassard
Global Head
FICC Research & Global Macro Economics

Richard Smith and Steve Pollard
Co-Global Heads
Equity Research

Michael Spencer
Regional Head
Asia Pacific Research

Ralf Hoffmann
Regional Head
Deutsche Bank Research, Germany

Andreas Neubauer
Regional Head
Equity Research, Germany

Steve Pollard
Regional Head
Americas Research

International Locations

Deutsche Bank AG
Deutsche Bank Place
Level 16
Corner of Hunter & Phillip Streets
Sydney, NSW 2000
Australia
Tel: (61) 2 8258 1234

Deutsche Bank AG
Große Gallusstraße 10-14
60272 Frankfurt am Main
Germany
Tel: (49) 69 910 00

Deutsche Bank AG
Filiale Hongkong
International Commerce Centre,
1 Austin Road West,Kowloon,
Hong Kong
Tel: (852) 2203 8888

Deutsche Securities Inc.
2-11-1 Nagatacho
Sanno Park Tower
Chiyoda-ku, Tokyo 100-6171
Japan
Tel: (81) 3 5156 6770

Deutsche Bank AG London
1 Great Winchester Street
London EC2N 2EQ
United Kingdom
Tel: (44) 20 7545 8000

Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005
United States of America
Tel: (1) 212 250 2500

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