



DB Inflation Report

Weekly Inflation Update

Global

Commodity prices remain the dominant driver of inflation market valuations and some stabilization in oil may be required for B/E's to rise from here. Not least because of their higher sensitivity to oil, USD B/E's look somewhat cheap relative to other markets.

EUR inflation watch

Inflation forecasts continue to be under downward pressure from lower oil and a weaker core inflation trend; the risk to the outlook remains to the downside.

EUR

The macro backdrop remains challenging and the risks for 5y5y B/E's are likely to remain to the downside. In RV, the SPGei24 looks rich, the OATei24 cheap.

GBP

Wage growth is showing signs of picking up and the currency seems to have stopped appreciating for now, but negative external factors as well as slowing data momentum argue for caution on B/E's.

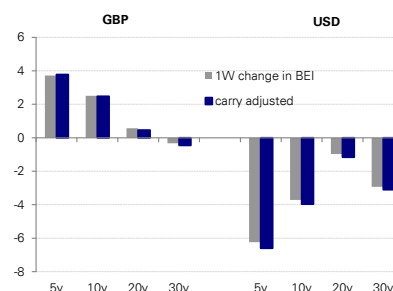
USD

Given the recent decline in valuations, investors should in our view look for a good entry level to be long breakevens around year-end.

PLN

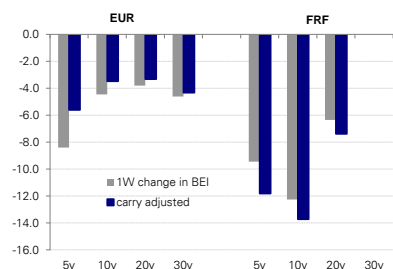
We stay long Polgp Aug-23 B/E's (target 2.0%) and would enter long 2y B/E's if valuations fall below 0.60%.

Change in breakevens, US & UK



Source: Deutsche Bank

Change in breakevens, EUR & FRF



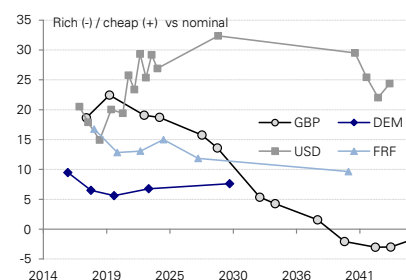
Source: Deutsche Bank

Inflation Markets

Bond	Yld	BEI	1M fwd	ASW	ASW discnt	ZC	Rate	Sprd ZC-BEI	CPI/ RPI	fcst
US CPI										
TIIApr19	-0.01	1.55	1.60	9	19	5y	1.89	34	spot	1.7
TIJJan24	0.48	1.81	1.85	18	27	10y	2.22	41	Dec-14	1.2
TIIFeb44	1.00	2.05	2.07	42	37	30y	2.48	43	Jun-15	1.0
EA HICPxt										
OBLei18	-0.43	0.39	0.36	-23	8	5y	0.91	52	spot	0.3
DBRei23	-0.50	1.05	1.04	-15	7	10y	1.38	33	Dec-14	0.2
OATei40	0.47	1.61	1.61	107	50	30y	1.96	35	Jun-15	0.6
FR CPIxt										
OATi19	-0.58	0.74	0.78	18	37	5y	1.04	30	spot	0.4
OATi23	-0.24	1.15	1.18	51	39	10y	1.51	36	Dec-14	0.3
OATi29	0.09	1.50	1.52	93	50	20y	1.93	43	Jun-15	0.7
UK RPI										
UKTi19	-1.17	2.57	2.59	4	24	5y	2.92	35	spot	2.3
UKTi24	-0.71	2.84	2.85	19	24	10y	3.19	35	Dec-14	2.0
UKTi44	-0.46	3.35	3.36	51	24	30y	3.55	19	Jun-15	2.4

Source: Deutsche Bank

ILB rich/cheap v nominals



Source: Deutsche Bank

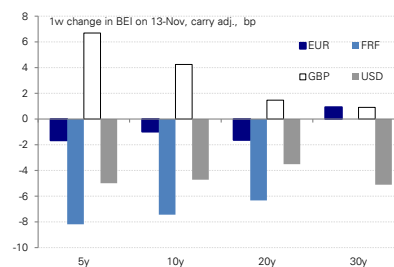


Global

Commodity prices remain the dominant driver of inflation market valuations, with Brent down another 6%+ this week (chart 2). The extent of the correction has been such that not only headline inflation rates globally can be expected at unusually low levels in Q1, but also that some spill-over effects into domestic inflation look likely, i.e. these trends are weighing on cyclical core inflation expectations as well. This remains a significant headwind for B/Es, despite encouraging economic news in the US, some data stabilization in EUR and signs of a pick-up in wage inflation in the UK. In this context, our momentum scores remain negative (chart 3), and B/Es were mostly lower again this week, although rising pay data provided some support in GBP (chart 1). Valuations are however relatively low against baseline CPI and economic projections, especially in USD, where our 'composite' score (combining momentum and valuation) is positive (chart 4). Still, some stabilization in oil may be required for B/Es to rise from here. Not least because of their higher sensitivity to oil, USD B/Es look somewhat cheap relative to other markets against recent averages (or relative economic trends), for example v 30y EUR B/Es (chart 6). Real yields continue to be above all driven by policy rate expectations (chart 5). Given recent labour market trends in particular, the risks would seem to be skewed towards higher USD real yields (which are currently somewhat too low against short rates; chart 5), especially against EUR.

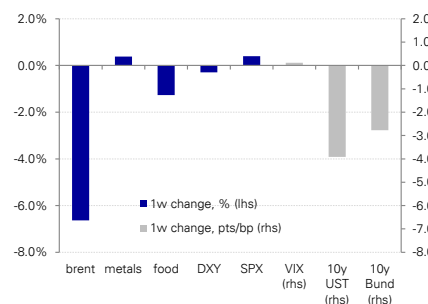
Markus Heider (+44) 20 754 52167

1. B/Es mixed



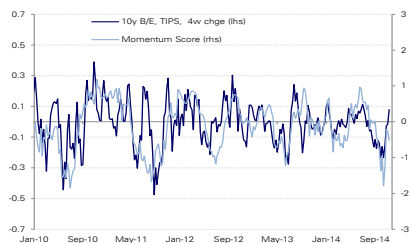
Source: Deutsche Bank

2. Oil still falling



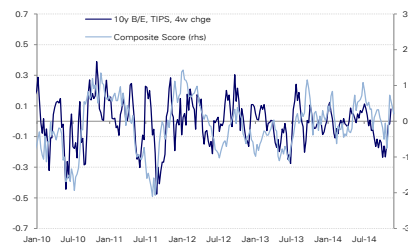
Source: Deutsche Bank

3. Momentum scores negative



Source: Deutsche Bank

4. Valuations more supportive



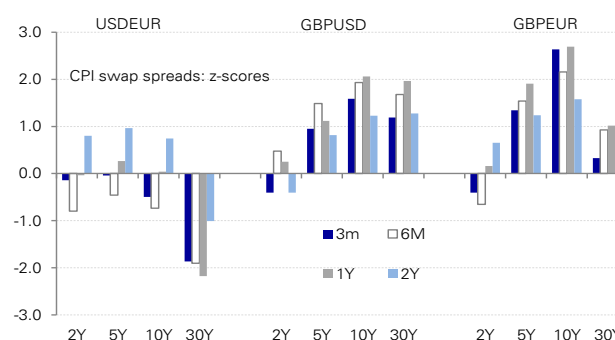
Source: Deutsche Bank

5. USD real yields mainly driven by policy expectations



Source: Deutsche Bank

6. Cross market B/E spreads



Source: Deutsche Bank



EUR inflation watch

Euro area inflation forecasts continue to be under downward pressure, and the risk to the outlook remains to the downside. This is because (i) recent core inflation prints have been somewhat lower than expected, (ii) commodity prices continue to fall (chart 1), and (iii) progress in domestic inflation drivers remains tepid. Looking at these trends in more detail, October HICP was in line with Eurostat's flash estimate, but core inflation has fallen back towards the lower end of the 0.7% - 1.0% range in place since Q4 last year. In m/m terms, core has been the lowest since the end of last year in September and October, and as a result, 3m/3m (core) inflation has slowed somewhat again (chart 3). Other measures of the underlying trend have also shown some renewed weakness; core inflation excluding volatile clothing and travel components has eased to 0.77% y/y, from the 0.85% trend in place since the start of the year (chart 3), the number of negative core components has increased again and the 'rising less falling' component count has declined as well (while still above the lows; chart 2). Some of this may be due to monthly volatility and underlying inflation appears to remain in a sideways trend, but recent outcomes have been somewhat weaker than expected.

Meanwhile, commodity markets remained weak (chart 1), and oil prices in particular have fallen sharply again this week; Brent is down 30% since the June peaks, and this is putting substantial downward pressure on inflation forecasts globally. For the December ECB staff projections for example, 2015 oil price assumptions will be around USD20 lower than in September (about USD85 compared to USD105), the direct effects of which alone can be expected to subtract close to 0.5pp from 2015 inflation forecasts. Moreover, given the extent of the price drop and limited pricing power, indirect effects via lower domestic production costs would seem likely, and some signs of this are already visible in business survey price indices. This will weigh on the expected core inflation profile. Finally, given the persistence of low inflation, second round effects remain a downside risk. This was reflected in the Q4 edition of the SPF released this week, which showed perceptions of the balance of risks to the 5y inflation outlook shifting further to the downside (chart 4). Some offset is coming from a weaker currency, but on balance, we now see average 2015 inflation at 0.7%, and would expect the ECB staff projections to be revised to around that level as well.

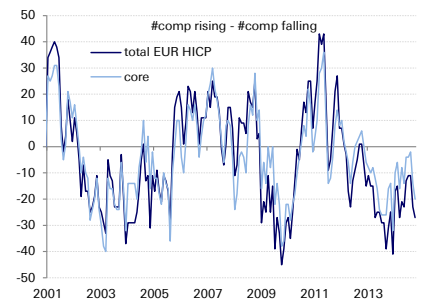
Markus Heider (+44) 20 754 52167

1. Commodity prices falling



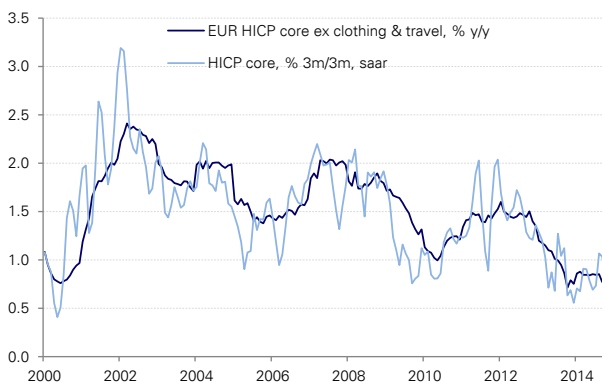
Source: Haver, Deutsche Bank

2. Item count lower again



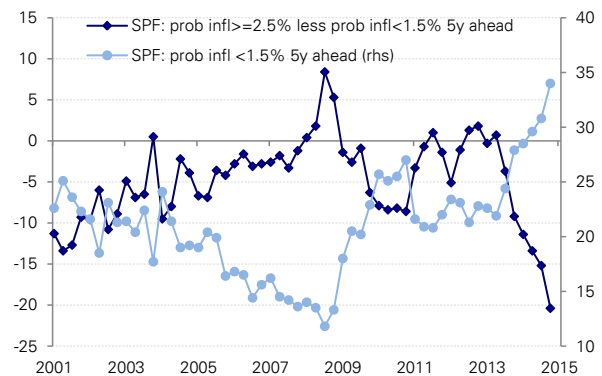
Source: Haver, Deutsche Bank

3. Recent core trend lower than expected



Source: Haver, Deutsche Bank

4. SPF risk perceptions shift to downside



Source: Haver, Deutsche Bank

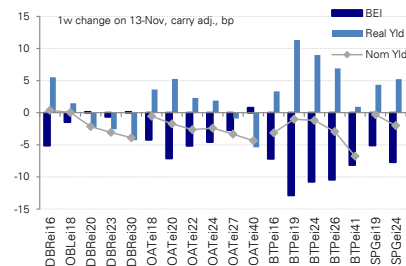


EUR

EUR B/Es mostly tightened this week, with curves steepening on the back of lower oil prices (chart 1). Given the fragility of the economy and subdued domestic inflation trends, the ongoing drop in commodity prices means that inflation could stay at very low levels for some time, which increases the risk of second round effects. These risks are likely to be among the reasons the ECB has agreed on an explicit balance sheet expansion policy and were also reflected in the Q4 SPF released this week. While near-term SPF HICP predictions remained relatively resilient (down, but above our forecasts and substantially above B/Es), the balance of risks to the long-term outlook is perceived to have shifted further to the downside, which is broadly in line with the trend in 5y5y forward B/Es (chart 5). The latter have recently recovered slightly, despite the ongoing fall in oil (charts 3 & 6), which may reflect the step-up in ECB support. In all, our momentum scores remain negative and risks for B/Es are likely to remain to the downside in the current context, especially in 5y5y where valuations remain relatively elevated. In RV, BTPEi have given back some of the gains recorded after the potential index inclusion news last week (chart 1), and trade on average some 5-10bp cheaper than OATei (chart 2). The SPGei24 remains relatively rich despite this week's reopening, while the OATei24 in our view offers some relative value on the French curve (as well as v SPGei24; chart 2). On the German curve, the DBRei30 has cheapened somewhat after recent supply, and is now the cheapest German ILB when compared to swaps (chart 2).

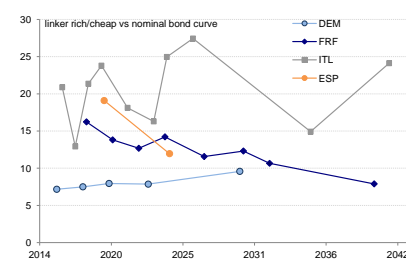
Markus Heider (+44) 20 754 52167

1. EUR B/Es tighten



Source: Deutsche Bank

2. BTPEi cheaper again



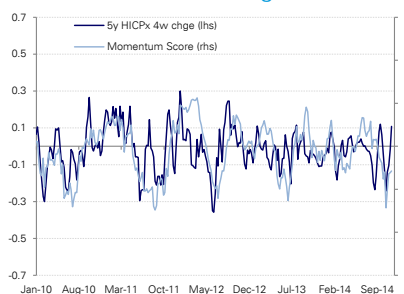
Source: Deutsche Bank

3. 5y5y B/E resilient v oil



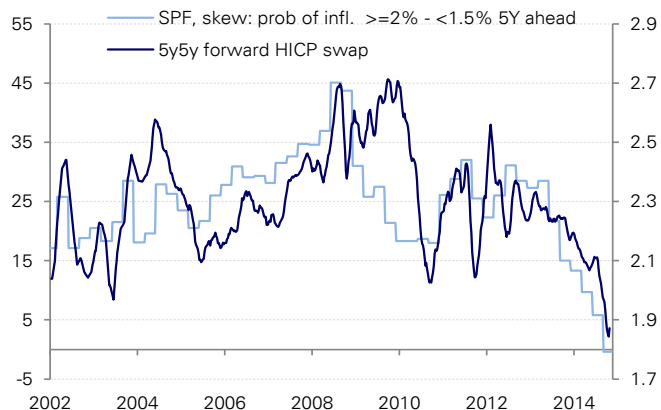
Source: Deutsche Bank

4. Momentum score negative



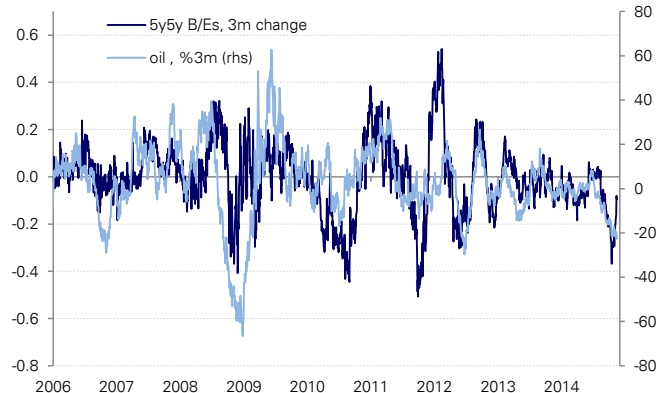
Source: Deutsche Bank

5. 5y5y B/Es v SPF balance of risks



Source: Deutsche Bank

6. 5y5y B/Es sensitive to changes in oil prices



Source: Deutsche Bank

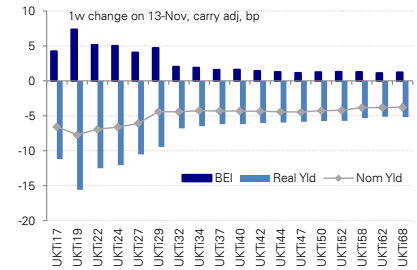


GBP

UKTi showed some resilience this week in an inflation unfriendly global market backdrop, with B/Es rising in flattening mode, and real yields rallying in steepening mode (chart 1). Support for inflation expectations has come from a weaker currency and above all from signs of a pick-up in wage inflation. After having remained much slower than suggested by leading indicators through much of this year, regular pay growth has risen by 4.5% (annualized) over the three months to September. In q/q terms wage inflation is now running about in line with leading indicators (around 3% annualized, chart 5). A sustained rise in labour cost growth is likely to be a necessary condition for a recovery in B/Es, but evidence so far may not be sufficient given the difficult external environment. Other news have indeed been on the B/E negative side recently, not only a weaker global inflation context and euro area economy, but also signs of a slowdown in domestic data momentum and a turn lower in data surprise indicators. Housing market surveys in particular have softened which if confirmed would signal some downside risks for the broader economy (chart 3) and B/Es (chart 6). We would stay neutral on B/Es. In RV, 10y RPI has been outperforming recently, and 5y5y has proved relatively resilient. 5y10y RPI remains relatively steep compared to past averages, while 10y30y is around average levels (chart 2), i.e. 10y is somewhat rich v 5y and 30y (charts 2 & 4).

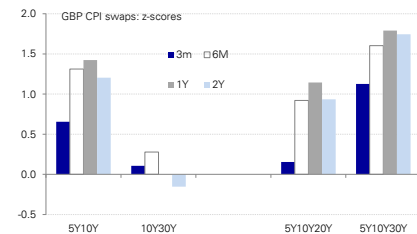
Markus Heider (+44) 20 754 52167

1. UKTi resilient



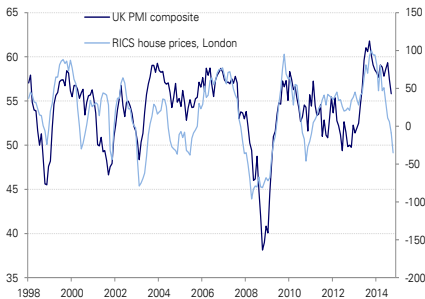
Source: Deutsche Bank

2. 10y somewhat rich on RPI curve



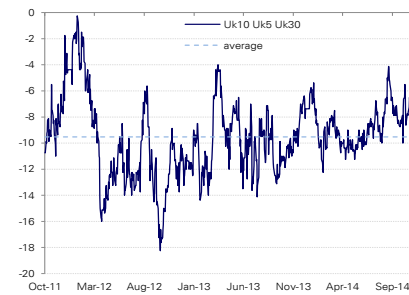
Source: Deutsche Bank

3. House price survey v PMI



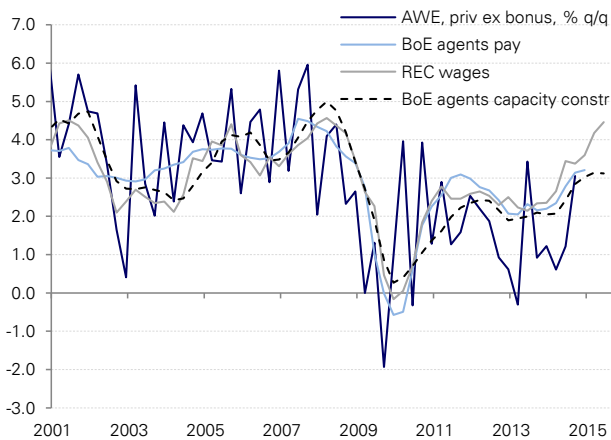
Source: Deutsche Bank

4. 5y10y30y RPI fly



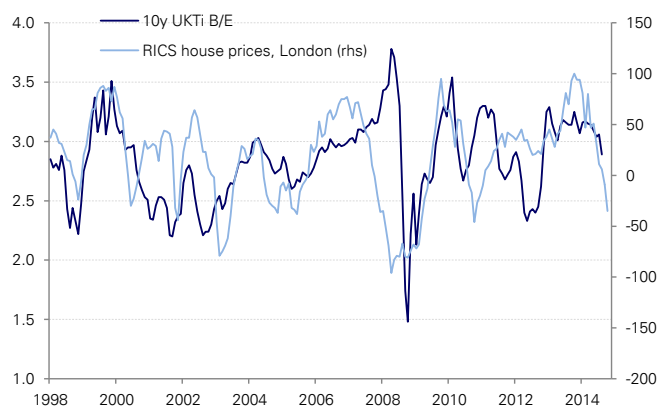
Source: Deutsche Bank

5. Wage growth picking up



Source: Deutsche Bank

6. Slowing house price inflation a risk for B/Es?



Source: Deutsche Bank



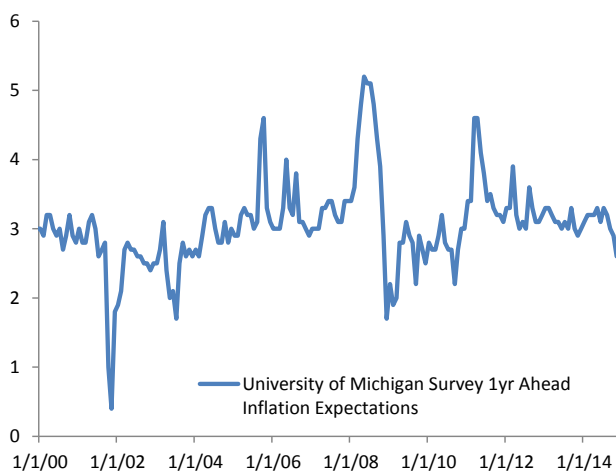
USD

- The recent weakness in inflation breakevens reflect concerns on seasonally weak carry, yearend liquidity, as well as the upcoming CPI data and the ten-year TIPS supply next week, in our view. Investors should look for a good entry level to be long breakevens around yearend. Both near- and long-term inflation expectations fell in survey data. The latter is now at the same low level as during the financial market crisis.
- The market needs to digest \$13 billion reopening of the July 2024 TIPS. The ten-year sector may require more concession to take down the supply.
- We expect the headline CPI index to decline 0.3% in October. If our forecast is correct, this would translate to a 1.6% year-on-year increase, the lowest since March. Base on our CPI forecast, the early 2015 TIPS appear fair valued to slightly rich.

Are we there yet?

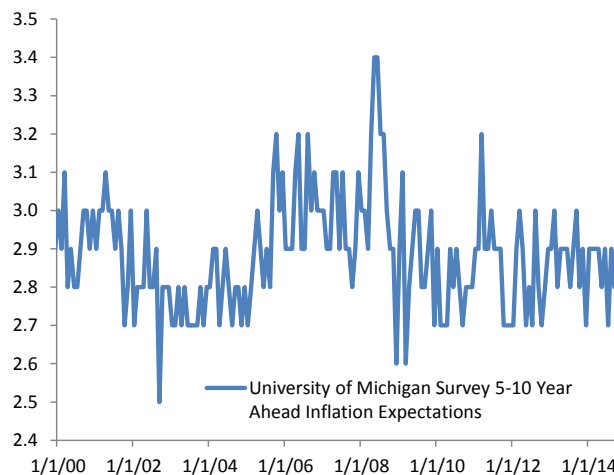
The recent weakness in inflation breakevens reflect concerns on seasonally weak carry, yearend liquidity, as well as the upcoming CPI data and the ten-year TIPS supply next week, in our view. Investors should look for a good entry level to be long breakevens around yearend. Both near- and long-term inflation expectations fell in survey data. The latter is now at the same low level as during the financial market crisis.

Near term inflation expectations fell in survey data



Source: Bloomberg Finance LP and Deutsche Bank

Long term inflation expectations fell in survey data



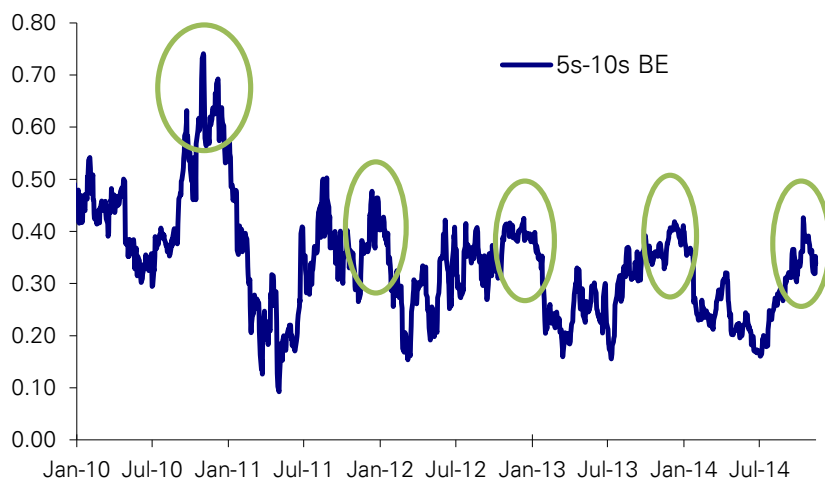
Source: Bloomberg Finance LP and Deutsche Bank

The market needs to digest \$13 billion reopening of the July 2024 TIPS. The ten-year sector may require more concession to take down the supply. The November auction results were mixed in the past. The ten-year TIPS auction in November 2013 went through about 4bp, while the auction in November 2012 had a 3.4bp tail.

The 5s-10s breakeven curve steepened this week; that curve tends to steepen around year end, perhaps to price in seasonally weaker carry in the front end of the TIPS curve than in the intermediate sector.



5s-10s breakeven curve tends to steepen around year end



Source: Bloomberg Finance LP and Deutsche Bank

Ten-year TIPS auction statistics

	Size (\$bn)	Primary Dealers	Direct Bidders	Indirect Bidders	Cover Ratio	Stop-out Yield	1PM WI Bid	BP Tail
<i>1yr Avg</i>	\$13.67	37.2%	10.0%	52.8%	2.50			0.0
Sep-14	\$13.00	41.7%	5.7%	52.7%	2.20	0.610	0.565	4.5
Jul-14	\$15.00	36.6%	10.3%	53.1%	2.49	0.249	0.252	-0.3
May-14	\$13.00	27.5%	6.3%	66.3%	2.91	0.339	0.360	-2.1
Mar-14	\$13.00	45.4%	7.9%	46.6%	2.48	0.659	0.650	0.9
Jan-14	\$15.00	39.9%	8.3%	51.8%	2.31	0.661	0.650	1.1
Nov-13	\$13.00	31.8%	21.5%	46.7%	2.59	0.560	0.600	-4.0
Sep-13	\$13.00	44.6%	1.6%	53.8%	2.38	0.500	0.470	3.0
Jul-13	\$15.00	35.4%	6.9%	57.7%	2.44	0.384	0.404	-2.0
May-13	\$13.00	30.9%	12.4%	56.8%	2.52	-0.225	-0.240	1.5
Mar-13	\$13.00	43.0%	5.7%	51.3%	2.74	-0.602	-0.600	-0.2
Jan-13	\$15.00	35.4%	11.3%	53.3%	2.71	-0.630	-0.620	-1.0
Nov-12	\$13.00	41.3%	10.4%	48.3%	2.52	-0.720	-0.754	3.4

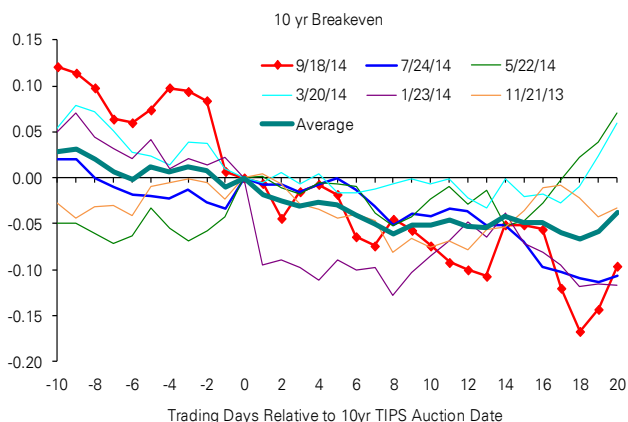
Source: US Treasury and Deutsche Bank

CPI preview: Headline likely to remain soft

We expect the headline CPI index to decline 0.3% in October, as the Bureau of Labor Statistics releases the CPI data on Thursday November 20. If materialized, this would translate to 1.6% annual increase, the lowest year-on-year change since March. Though food inflation seems to have stabilized over the last three months, gasoline prices continued to fall in October. Lower gas prices, coupled with the fact that October marks the beginning of seasonally low inflation months, are likely to put downward pressure on headline CPI in the upcoming months. The low seasonal factor in October alone accounted for 0.2% monthly decline in the last five years. The continued strengthening of dollar should keep commodities inflation subdued. However, we expect recent gains in the owner's equivalent rent (OER) price index to be resilient. Based on our CPI forecast, the early 2015 TIPS appear fair valued to slightly rich.

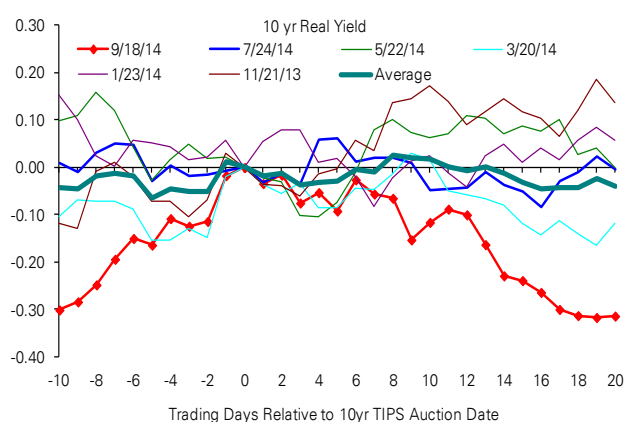


10yr breakeven around auctions



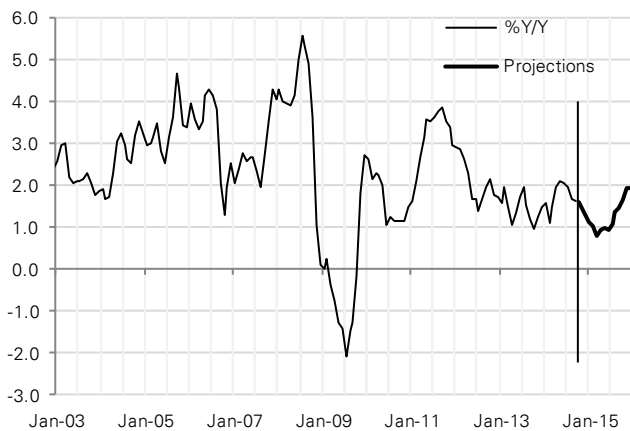
Source: Bloomberg Finance LP and Deutsche Bank

10yr real yield around auctions



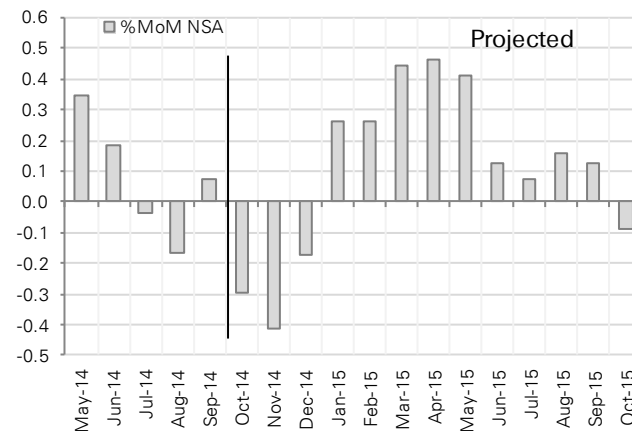
Source: Bloomberg Finance LP and Deutsche Bank

US CPI-U NSA y/y, actual and forecast



Source: Bureau of Labor Statistic, Deutsche Bank and Bloomberg Finance LP.

MoM CPI-U, actual and forecast (non-seasonally-adjusted)



Source: BEA and Deutsche Bank

Base on our CPI forecast, the early 2015 TIPS appear fair valued to slightly rich

Price date: 11/13/14				
TIPS	BE Inflation	Implied CPI	DB forecast CPI	Rich/ Cheap
TII 1.625% 1/15/2015	-2.56%	236.88	236.84	Rich: 1 ticks (-10bp)
TII 0.500% 4/15/2015	-1.04%	236.88	236.86	Rich: 0 ticks (-02bp)
TII 1.875% 7/15/2015	0.71%	239.06	239.82	Cheap: 10 ticks (47bp)
TII 2.000% 1/15/2016	0.85%	240.31	241.08	Cheap: 11 ticks (27bp)

Source: Deutsche Bank

Alex Li (+1) 212 250-5483



PLN

Waiting for the inflation turnaround... The Poland October CPI print this week was weaker than expected, printing at -0.6% YoY (vs. -0.4% expected). Food and fuel prices again were deep in deflationary territory (-2.2% and -4.1%, respectively), while clothing and footwear prices also declined by 4.6%. Despite the weak inflation print, the NBP is unlikely to cut rates in our view. The NBP has stated that growth and activity data are more important currently than inflation in determining whether we get more easing or not; the substantially better-than-expected Q3 GDP reading (3.3% YoY) should help reinforce the NBP's constructive view on the economy and likely deter further rate cuts.

Inflation Outlook: Food inflation is likely to remain subdued for longer than in other CEEs due to the strong harvest and the Russian ban on food imports likely having a larger downward impact on Poland as Russian imports of food from Poland are substantially larger compared to peers. As a result, the pickup in Polish CPI should also be more gradual. Further, there will be no major boost to inflation from base effects, unlike in Hungary and Czech Republic. We expect food inflation to remain in deflationary territory until Q1-15, though the magnitude of the deflation should decrease. As a result, we expect inflation to grow gradually over the coming months, mirroring gradually declining deflationary pressures from the food component. Expanding domestic demand (highlighted by the strong Q3 GDP print) and tightening labour market conditions will likely also put some upward pressure on the headline rate. Inflation should increase, but remain below 1.5% throughout 2015.

B/E overview B/Es stabilized somewhat over the recent weeks and increased by ~10bps from the historical lows in mid-Oct with 2Y B/Es trading at ~1.05% and 10Y B/Es at 1.30%. However, on the back of the shocking CPI print earlier this week short-end B/Es dropped once again below 1.0% while long end B/Es remained surprisingly well anchored at 1.29% - but still 110bp lower YTD.

B/E recommendations: Keep B/E wideners in Polgp Aug-23 (target 2.0% / stop 1.0%) and add 2Y B/Es wideners if B/Es falls below 0.80% **Rationale:** Despite the significant drop in short end B/Es and the fact that valuations are historically low, the inflation backdrop remains challenging: spot CPI is very low and in our base case inflation profile the current level in 2Y B/Es will not be reached until Q2-15 and in 10Y B/Es not until Q1-16. In fact, assuming an optimistic inflation profile for 2016 inflation until May-16 would average 0.9% YoY which compares to a similar level in short dated B/Es. Despite our view on a gradual turnaround in inflation over the next few months the risk remains high to further inflation disappointments in the near term which makes us cautious on short end B/E wideners as for now and we would wait valuations to fall below 0.8% to enter wideners. However, we still see B/E wideners in the long end as attractive given a) their relative resilience against near-term downside surprises in inflation, b) low valuations against (i) historical averages, (ii) the NBP's medium-term inflation target and (iii) core-Europe B/Es.

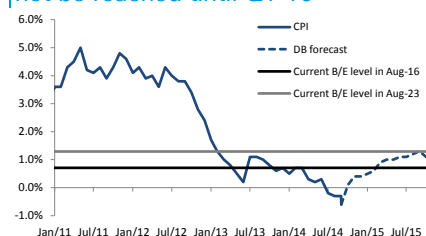
Christian Wietoska (+44) 20 754 52424
Gautam Kalani (+44) 20 754 57066

CPI details: Food, Transport and Clothing remains weak

	share	Latest	Previous	3m avg	YTD	2013	LT
Core CPI		0.2%	0.7%	0.5%	0.7%	1.2%	1.6%
CPI		-0.6%	-0.3%	-0.4%	0.1%	0.9%	2.6%
Food	24%	-2.2%	-2.0%	-2.1%	-0.5%	2.0%	3.5%
Housing	21%	0.6%	0.7%	0.7%	1.6%	1.9%	4.9%
Transport	9%	-3.0%	-3.2%	-2.6%	-1.8%	-1.8%	3.1%
Recreation&Culture	8%	0.1%	0.0%	0.3%	1.1%	2.8%	0.7%
Restaurants & Hotels	6%	1.3%	1.4%	1.3%	1.4%	2.2%	3.4%
Alcohol & Tobacco	6%	3.6%	3.6%	3.7%	3.8%	3.5%	4.2%
Misc Goods&Services	5%	-0.5%	-0.2%	-0.3%	-0.2%	0.7%	1.3%
CPI: Health	5%	0.7%	0.7%	0.5%	0.3%	1.8%	2.5%
Clothing & Footwear	5%	-4.6%	-4.7%	-4.8%	-4.7%	-4.9%	-5.2%

Source: Deutsche Bank, Haver

Current level in long end B/Es will not be reached until Q1-16



Source: Deutsche Bank

On back of weak CPI print short end B/Es fell below 1.0% again



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	237.33	-0.3	1.6				314.0	0.1	-0.1			
Nov-14	236.34	-0.4	1.4				313.5	-0.2	-0.2			
Dec-14	235.93	-0.2	1.2				314.2	0.2	-0.3			
Jan-15	236.55	0.3	1.1				311.1	-1.0	-0.1			
Feb-15	237.17	0.3	1.0				312.8	0.5	0.0			
Mar-15	238.22	0.4	0.8				314.1	0.4	0.5			
Apr-15	239.32	0.5	0.9				314.9	0.3	0.3			
May-15	240.31	0.4	1.0				315.4	0.2	0.4			
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	236.5	-0.6	1.4				313.9	0.1	-0.2			
Q1 15	237.3	0.3	1.0				312.7	-0.4	0.1			
Q2 15	240.1	1.2	1.0				315.3	0.9	0.4			
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	236.8		1.7	102.4		2.4	313.5		-0.2			
2015	239.9		1.3				315.4		0.6			
Next release	Oct: 20-Nov			Oct: 27-Nov			Nov: 11-Dec					

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
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
May-15	123.5	-0.1	3.6	110.8	0.3	1.4	109.2	0.3	1.2
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
18-Nov	09:30	UK	CPI Oct, % mom		0.1	0.0
			CPI Oct, % yoy		1.2	1.2
			RPI Oct, Index	257.7	257.8	257.6
18-Nov	13:30	US	PPI Oct, % mom			-0.1
			PPI Oct, % yoy			1.6
			PPI core Oct, % mom			0.0
			PPI core Oct, % yoy			1.6
20-Nov	13:30	US	CPI Oct, % mom			0.1
			CPI Oct, % yoy	1.6	1.6	1.7
			CPI core Oct, % mom		0.1	0.1
			CPI core Oct, % yoy		1.8	1.7
21-Nov	13:30	Canada	CPI Oct, % mom		-0.2	0.1
			CPI Oct, % yoy		2.0	2.0

Source: Deutsche Bank

Tue, 18

Reserve Bank of Australia to publish minutes of its November 2014 meeting – 00:30 GMT

Wed, 19

Bank of Japan to announce interest rate decision – 03.00 GMT

Bank of England to publish minutes of its Nov 05-06 Monetary Policy Committee meeting – 08.30 GMT

FOMC Minutes – 19:00 GMT



Inflation linked bonds auction calendar

Date	Country	Bond	Volume
20-Nov-14	FR	OATi - 07/23,OATei - 07/27 & 07/40	EUR 0.8 - 1.3 bn
20-Nov-14	SE	SGBi - 06/25	SEK 1 bn
20-Nov-14	UK	UKTI - 11/42	GBP 0.9 bn
20-Nov-14	US	TII - 07/24	USD 13 bn
25-Nov-14	AU	ACBGi	
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	
04-Feb-15	UK	UKTI	

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	11	14.5	1657.4	12.4	15	3.6	1.5
2014 fcst	160	37.0*	17.5	11	15.5	1200			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				comparator
	Local bn		real clean	nom dirty	mod durat	dv01	spot %	1W bp	1M bp	spot %	1W bp	1M bp	Net-prcnds	z sprd	z-sprd diff	Rich-ness	
US CPI Urban NSA																	
TIIJan 1.63 Jan-15	19.0		99.8	125.1	0.2	0.2	2.69	35	57	-2.62	-30	-50					T 4.00 Feb-15
TIIApr 0.50 Apr-15	21.2		99.7	109.5	0.4	0.4	1.18	16	47	-1.10	-15	-44					T 2.50 Apr-15
TIIJul 1.88 Jul-15	17.0		101.7	125.2	0.7	0.8	-0.65	10	9	0.76	-9	-6					T 4.25 Aug-15
TIIJan 2.00 Jan-16	17.0		103.1	124.4	1.1	1.4	-0.66	10	3	0.90	-7	2					T 4.50 Feb-16
TIIApr 0.13 Apr-16	38.4		101.0	108.9	1.4	1.5	-0.60	8	5	0.93	-6	4	-6	-6	12	12	T 2.00 Apr-16
TIIJul 2.50 Jul-16	20.0		105.8	125.7	1.6	2.1	-0.98	7	4	1.46	-3	9	7	7	23	26	T 4.88 Aug-16
TIIJan 2.38 Jan-17	17.2		106.6	126.8	2.1	2.7	-0.66	9	8	1.33	-6	5	-8	-9	10	10	T 4.63 Feb-17
TIIApr 0.13 Apr-17	44.4		101.5	106.3	2.4	2.6	-0.48	9	9	1.24	-5	4	1	1	20	21	T 0.88 Apr-17
TIIJul 2.63 Jul-17	14.0		108.9	126.0	2.6	3.2	-0.68	11	9	1.57	-8	6	7	8	23	26	T 4.75 Aug-17
TIIJan 1.63 Jan-18	16.4		106.3	121.4	3.1	3.7	-0.36	10	9	1.48	-7	6	2	2	15	18	T 3.50 Feb-18
TIIApr 0.13 Apr-18	50.0		101.1	104.1	3.4	3.5	-0.21	10	10	1.40	-6	4	9	9	23	23	T 0.63 Apr-18
TIIJul 1.38 Jul-18	15.0		106.4	117.9	3.6	4.2	-0.36	10	10	1.63	-6	5	10	10	24	24	T 4.00 Aug-18
TIIJan 2.13 Jan-19	14.7		109.4	122.0	4.0	4.9	-0.13	11	12	1.60	-6	5	4	5	14	15	T 2.75 Feb-19
TIIApr 0.13 Apr-19	34.0		100.6	102.2	4.4	4.5	-0.01	12	13	1.55	-7	3	9	9	19	19	T 1.63 Apr-19
TIIJul 1.88 Jul-19	15.2		109.3	122.5	4.5	5.5	-0.12	11	12	1.72	-6	6	12	12	21	24	T 3.63 Aug-19
TIIJan 1.38 Jan-20	19.0		106.7	118.0	5.0	5.9	0.07	10	12	1.62	-5	5	8	8	20	20	T 3.63 Feb-20
TIIJul 1.25 Jul-20	32.4		106.7	116.9	5.5	6.4	0.07	9	12	1.77	-5	5	14	14	22	25	T 2.63 Aug-20
TIIJan 1.13 Jan-21	36.7		105.5	115.2	5.9	6.8	0.23	8	13	1.69	-4	4	12	12	19	19	T 3.63 Feb-21
TIIJul 0.63 Jul-21	35.8		102.7	108.6	6.5	7.1	0.22	9	14	1.80	-4	3	18	17	24	26	T 2.13 Aug-21
TIIJan 0.13 Jan-22	41.3		98.5	103.6	7.1	7.4	0.34	8	14	1.73	-3	1	14	13	24	23	T 2.00 Feb-22
TIIJul 0.13 Jul-22	41.0		98.5	102.0	7.6	7.8	0.32	8	13	1.81	-3	1	20	19	30	29	T 1.63 Aug-22
TIIJan 0.13 Jan-23	41.0		97.7	100.7	8.1	8.2	0.42	8	14	1.78	-3	0	16	16	25	25	T 2.00 Feb-23
TIIJul 0.38 Jul-23	41.0		99.8	102.2	8.5	8.7	0.39	7	14	1.85	-3	1	21	19	29	29	T 2.50 Aug-23
TIIJan 0.63 Jan-24	41.0		101.3	103.5	8.9	9.2	0.48	8	16	1.81	-4	-2	18	17	27	27	T 2.75 Feb-24
TIIJul 0.13 Jul-24	28.0		96.9	97.2	9.6	9.3	0.45	8	16	1.89	-4	-2	21	19	29	28	T 2.38 Aug-24
TIIJan 2.38 Jan-25	28.0		118.2	150.2	9.1	13.7	0.53	7	14	1.78	-3	1	21	21	29	28	T 7.63 Feb-25
TIIJan 2.00 Jan-26	20.0		115.2	139.0	10.1	14.0	0.59	6	14	1.84	-2	1	22	22	29	28	T 6.00 Feb-26
TIIJan 2.38 Jan-27	16.5		120.2	142.8	10.7	15.3	0.64	6	12	1.85	-1	2	25	25	31	32	T 6.63 Feb-27
TIIJan 1.75 Jan-28	15.6		113.5	129.6	11.8	15.3	0.68	5	11	1.87	-1	1	25	24	29	32	T 6.13 Nov-27
TIIApr 3.63 Apr-28	16.8		138.0	203.5	11.1	22.7	0.66	5	11	1.94	0	2	22	23	28	31	T 5.50 Aug-28
TIIJan 2.50 Jan-29	14.2		124.4	138.8	12.2	16.9	0.69	5	11	1.92	0	1	24	23	29	32	T 5.25 Nov-28
TIIApr 3.88 Apr-29	19.5		143.6	208.3	11.7	24.4	0.69	5	11	1.93	-1	1	23	24	29	32	T 5.25 Feb-29
TIIApr 3.38 Apr-32	5.0		141.7	190.4	14.0	26.6	0.80	5	12	1.88	-1	-1	27	27	34	35	T 5.38 Feb-31
TIIFeb 2.13 Feb-40	15.2		126.4	139.8	20.2	28.3	0.95	6	11	2.00	-3	0	34	30	31	28	T 4.63 Feb-40
TIIFeb 2.13 Feb-41	24.0		127.2	138.8	20.9	29.0	0.95	6	11	2.00	-3	0	35	30	32	30	T 4.75 Feb-41
TIIFeb 0.75 Feb-42	23.1		94.1	99.2	24.4	24.2	1.00	6	11	2.04	-3	1	42	32	29	25	T 3.13 Feb-42
TIIFeb 0.63 Feb-43	23.0		90.8	94.1	25.6	24.1	1.00	6	11	2.06	-3	1	43	32	27	22	T 3.13 Feb-43
TIIFeb 1.38 Feb-44	23.0		109.5	112.2	24.3	27.2	1.00	7	12	2.05	-3	-1	42	33	29	24	T 3.63 Feb-44

valuation date: 14-Nov-14

*Net-prcnds 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				comparator
	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	
euro-zone HICP ex-tob																	
DBRei 1.50 Apr-16	15.0		102.0	119.5	1.4	1.7	0.11	17	22	-0.16	-16	-21	-13	-3	10	9	DBR 3.50 Jan-16
OBLLei 0.75 Apr-18	15.0		104.1	111.1	3.4	3.7	-0.43	9	-3	0.39	-8	3	-23	-11	8	7	DBR 4.00 Jan-18
DBRei 1.75 Apr-20	15.0		113.0	125.0	5.2	6.5	-0.62	3	-11	0.72	-5	6	-26	-11	6	6	DBR 3.25 Jan-20
DBRei 0.10 Apr-23	16.0		105.2	109.0	8.4	9.2	-0.50	2	-15	1.05	-4	10	-15	-3	7	7	DBR 1.50 Feb-23
DBRei 0.50 Apr-30	4.0		109.8	111.2	14.9	16.5	-0.13	-2	-18	1.33	-2	12	7	14	12	8	DBR 6.25 Jan-30
OATei 1.60 Jul-15	12.7		101.6	122.1	0.7	0.8	-0.77	26	41	0.76	-26	-39					OAT 3.50 Apr-15
OATei 0.25 Jul-18	10.1		103.2	107.4	3.7	4.0	-0.61	11	-2	0.65	-12	1	-3	8	19	17	OAT 4.00 Apr-18
OATei 2.25 Jul-20	20.0		116.3	142.7	5.4	7.7	-0.56	9	-8	0.88	-12	3	9	16	15	13	OAT 3.50 Apr-20
OATei 1.10 Jul-22	17.1		111.5	121.3	7.4	9.0	-0.37	6	-10	1.03	-10	4	21	29	16	13	OAT 3.00 Apr-22
OATei 0.25 Jul-24	8.6		103.7	105.4	9.6	10.1	-0.13	6	-10	1.17	-10	5	34	43	18	15	OAT 2.25 May-24
OATei 1.85 Jul-27	9.6		122.3	131.4	11.5	15.1	0.08	2	-15	1.25	-7	9	56	52	16	12	OAT 3.50 Apr-26
OATei 0.70 Jul-30	3.9		106.5	107.0	14.9	15.9	0.27	-1	-15	1.47	-6	10	60	61	17	14	OAT 2.50 May-30
OATei 3.15 Jul-32	9.6		149.5	186.0	14.5	27.0	0.28	-2	-13	1.52	-4	10	95	60	13	11	OAT 5.75 Oct-32
OATei 1.80 Jul-40	9.1		132.0	151.8	21.3	32.4	0.47	-1	-13	1.61	-5	10	107	71	15	10	OAT 4.00 Oct-38
French CPI ex tob																	
BTPei 2.10 Sep-16	9.1		103.4	111.1	1.8	2.0	0.21	8	21	0.32	-11	-13	61	65	21	19	BTP 3.75 Aug-16
BTPei 2.10 Sep-17	13.8		105.3	122.8	2.7	3.4	0.22	6	6	0.54	-10	2	76	73	11	12	BTP 3.50 Nov-17
BTPei 1.70 Sep-18	10.0		104.9	106.3	3.7	3.9	0.41	11	6	0.53	-14	3	91	99	22	20	BTP 4.50 Aug-18
BTPei 2.35 Sep-19	17.3		108.9	121.0	4.6	5.5	0.48	12	1	0.66	-14	10	118	111	23	21	BTP 4.25 Sep-19
BTPei 2.10 Sep-21	16.4		108.2	117.6	6.3	7.5	0.86	10	-1	0.84	-13	10	159	148	24	19	BTP 3.75 Aug-21
BTPei 2.60 Sep-23	16.5		112.3	128.7	7.9	10.1	1.13	9	-3	1.00	-12	9	199	168	23	17	BTP 4.75 Aug-23
BTPei 2.35 Sep-24	8.2		109.7	110.6	8.7	9.7	1.30	11	0	1.04	-14	4	186	180	28	24	BTP 3.75 Sep-24
BTPei 3.10 Sep-26	6.6		116.8	124.4	10.0	12.4	1.55	8	3	1.06	-12	3	230	197	32	26	BTP 4.50 Mar-26
BTPei 2.35 Sep-35	13.1		107.5	128.9	16.4	21.1	1.92	4	13	1.42	-10	-2	298	215	22	15	BTP 5.00 Aug-34
BTPei 2.55 Sep-41	6.9		106.0	115.7	19.3	22.3	2.26	4	12	1.40	-9	-6	329	246	34	21	BTP 5.00 Sep-40
SPGei 0.55 Nov-19	5.0		101.1	101.7	4.9	5.0	0.34	4	10	0.70	-5	8	87	98	20	17	SPG 4.30 Oct-19
SPGei 1.80 Nov-24	7.4		108.1	109.9	9.1	10.0	0.95	7	7	1.17	-10	1	146	145	17	14	SPG 2.75 Oct-24
BTANI 0.45 Jul-16																	
BTANI 0.45 Jul-16	12.1		101.7	107.0	1.7	1.8	-0.56	6	10	0.56	-6	-7	15	23	32	33	OAT 3.25 Apr-16
OATi 1.00 Jul-17	20.2		104.3	118.7	2.7	3.2	-0.60	8	-3	0.60	-9	2	10	18	29	30	OAT 3.75 Apr-17
OATi 1.30 Jul-19	10.8		109.0	116.7	4.6	5.4	-0.58	8	-4	0.74	-9	0	18	26	33	31	OAT 4.25 Apr-19
OATi 0.10 Jul-21	5.1		103.6	104.7	6.7	7.0	-0.43	8	-8	0.91	-11	3	30	41	33	31	OAT 3.75 Apr-21
OATi 2.10 Jul-23	12.1		120.6	133.3	8.1	10.8	-0.24	8	-11	1.15	-12	6	51	49	28	30	OAT 4.25 Oct-23
OATi 3.40 Jul-29	8.0		148.2	187.1	12.3	23.0	0.09	0	-15	1.50	-6	10	93	60	17	15	OAT 5.50 Apr-29
CADESi 1.85 Jul-17	2.0		106.3	118.9	2.6	3.1	-0.49	-11	-22	0.53	10	21					CADES 4.13 Apr-17
CADESi 1.85 Jul-19	2.4		110.6	128.3	4.5	5.8	-0.39	7	-5	0.67	-8	1					CADES 4.00 Oct-19
CADESi 1.50 Jul-21	3.3		111.7	117.9	6.4	7.6	-0.24	7	-9	0.77	-10	4					CADES 3.38 Apr-21

valuation date: 14-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				comparator
	Local bn		real clean	nom dirty	mod durat	dv01	spot %	1W bp	1M bp	spot %	1W bp	1M bp	Net- prcnds	z sprd	z-sprd diff	Rich- ness	
UK RPI																	
UKTi8 2.50 Jul-16	7.9		332.7	335.1	1.7	5.6	-1.60	1	11	2.18	-7	-15					UKT 4.00 Sep-16
UKTi8 2.50 Apr-20	6.6		366.9	367.6	5.1	18.9	-1.07	-11	-14	2.57	3	14	6	18	24	24	UKT 4.75 Mar-20
UKTi8 2.50 Jul-24	6.8		343.4	345.6	8.8	30.4	-0.71	-9	-11	2.83	3	11	19	33	22	21	UKT 5.00 Mar-25
UKTi8 4.13 Jul-30	4.8		332.4	334.9	12.8	42.7	-0.56	-6	-9	3.12	1	11	25	38	14	13	UKT 4.75 Dec-30
UKTi8 2.00 Jan-35	9.1		224.3	225.3	17.5	39.4	-0.51	-4	-7	3.28	0	10	35	42	8	5	UKT 4.25 Mar-36
UKTi 1.25 Nov-17	11.8		108.5	144.0	3.0	4.3	-1.48	-7	-4	2.40	0	0	-11	-1	19	19	UKT 1.00 Sep-17
UKTi 0.13 Nov-19	8.2		106.7	109.9	5.0	5.5	-1.17	-13	-11	2.57	4	11	4	15	25	22	UKT 3.75 Sep-19
UKTi 1.88 Nov-22	15.7		123.1	154.0	7.6	11.7	-0.90	-10	-11	2.80	2	12	10	23	20	19	UKT 1.75 Sep-22
UKTi 0.13 Mar-24	13.1		108.1	114.7	9.3	10.7	-0.71	-9	-12	2.84	3	12	19	30	20	19	UKT 5.00 Mar-25
UKTi 1.25 Nov-27	14.2		125.6	166.5	12.2	20.3	-0.63	-8	-10	3.00	2	11	25	35	18	16	UKT 4.25 Dec-27
UKTi 0.13 Mar-29	14.2		110.1	119.3	14.3	17.0	-0.55	-7	-9	3.10	2	11	31	38	13	14	UKT 4.75 Dec-30
UKTi 1.25 Nov-32	12.8		134.4	159.2	16.5	26.3	-0.56	-5	-6	3.19	1	8	31	38	11	5	UKT 4.25 Jun-32
UKTi 0.75 Mar-34	13.8		125.4	139.1	18.2	25.4	-0.50	-5	-5	3.22	1	8	37	41	9	4	UKT 4.50 Sep-34
UKTi 1.13 Nov-37	12.1		140.0	178.1	20.9	37.2	-0.51	-4	-4	3.30	0	7	40	42	7	2	UKT 4.75 Dec-38
UKTi 0.63 Mar-40	12.4		130.1	154.8	23.8	36.8	-0.49	-4	-4	3.33	0	6	43	41	4	-2	UKT 4.25 Dec-40
UKTi 0.63 Nov-42	10.9		134.1	162.4	26.2	42.5	-0.51	-4	-3	3.35	0	5	44	40	3	-3	UKT 4.50 Dec-42
UKTi 0.13 Mar-44	14.7		118.5	125.7	28.9	36.4	-0.46	-4	-2	3.35	0	5	51	42	3	-3	UKT 3.25 Jan-44
UKTi 0.75 Nov-47	11.7		144.1	178.5	30.1	53.8	-0.48	-4	-2	3.35	0	4	48	41	4	-1	UKT 4.25 Dec-46
UKTi 0.50 Mar-50	12.2		137.2	165.5	33.0	54.7	-0.47	-3	-2	3.33	0	4	51	40	4	0	UKT 4.25 Dec-49
UKTi 0.25 Mar-52	12.0		128.8	136.9	36.0	49.3	-0.46	-3	-2	3.34	0	5	56	41	4	-1	UKT 3.75 Jul-52
UKTi 1.25 Nov-55	10.2		178.6	239.0	34.9	83.4	-0.48	-3	-2	3.33	0	5	50	40	5	3	UKT 4.25 Dec-55
UKTi 0.13 Mar-58	5.0		127.7	128.4	42.5	54.5	-0.45	-3	-1	3.31	0	5	64	42	7	5	UKT 4.00 Jan-60
UKTi 0.38 Mar-62	12.5		144.8	158.1	44.3	70.1	-0.47	-3	-1	3.33	0	5	64	41	6	3	UKT 4.00 Jan-60
UKTi 0.13 Mar-68	9.8		135.6	139.7	52.0	72.7	-0.46	-3	-1	3.34	0	5	72	41	4	2	UKT 3.50 Jul-68

valuation date: 14-Nov-14

*Net-prcnds 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				comparator
	Local bn		real clean	nom dirty	mod durat	dv01	spot %	1W bp	1M bp	spot %	1W bp	1M bp	Net- prcbs	z sprd	z-sprd diff	Rich- ness	
JPY CPI																	
JGBi 0.50 Dec-14	94.6		103.0	106.8	0.1	0.1											JGB 1.50 Dec-14
JGBi 0.50 Jun-15	54.8		104.1	108.8	0.6	0.6	-6.63	-30	-82	6.64	29	81					JGB 1.30 Jun-15
JGBi 0.80 Sep-15	61.6		105.0	109.2	0.8	0.9	-5.21	-17	-47	5.23	17	46					JGB 1.40 Sep-15
JGBi 0.80 Dec-15	95.1		105.7	109.8	1.1	1.2	-4.42	-11	-30	4.43	11	29					JGB 1.50 Dec-15
JGBi 0.80 Mar-16	58.7		107.2	111.1	1.3	1.5	-4.47	-9	-25	4.49	9	23					JGB 1.60 Mar-16
JGBi 1.00 Jun-16	204.7		108.3	112.7	1.6	1.8	-4.08	-7	-20	4.10	7	18					JGB 1.90 Jun-16
JGBi 1.10 Sep-16	141.4		109.3	113.0	1.8	2.1	-3.81	-6	-17	3.82	6	15					JGB 1.70 Sep-16
JGBi 1.10 Dec-16	249.7		110.1	113.8	2.1	2.4	-3.57	-5	-14	3.58	4	11					JGB 1.70 Dec-16
JGBi 1.20 Mar-17	128.3		111.8	115.7	2.3	2.7	-3.64	-5	-13	3.67	4	10					JGB 1.70 Mar-17
JGBi 1.20 Jun-17	280.8		111.7	116.5	2.6	3.0	-3.14	-4	-10	3.17	3	7					JGB 1.80 Jun-17
JGBi 1.30 Sep-17	116.1		112.6	116.6	2.8	3.3	-2.98	-4	-9	3.01	3	6					JGB 1.70 Sep-17
JGBi 1.20 Dec-17	382.5		112.7	116.7	3.0	3.6	-2.76	-3	-7	2.80	3	5					JGB 1.50 Dec-17
JGBi 1.40 Mar-18	135.4		114.2	117.3	3.3	3.9	-2.68	-3	-7	2.74	4	5					JGB 1.30 Mar-18
JGBi 1.40 Jun-18	433.4		114.3	117.8	3.5	4.1	-2.41	-3	-6	2.49	3	4					JGB 1.80 Jun-18
JGBi 0.10 Sep-23	646.7		108.3	112.1	8.8	9.9	-0.81	6	-7	1.21	-5	6					JGB 0.80 Sep-23
JGBi 0.10 Mar-24	821.7		108.4	111.5	9.3	10.4	-0.77	5	-7	1.21	-5	6					JGB 0.60 Mar-24
JGBi 0.10 Sep-24	532.7		108.8	108.9	9.8	10.7	-0.76	5	-8	1.24	-5	7					JGB 0.50 Sep-24
SEK CPI																	
SGBi 3.50 Dec-15	23.8		127.4	131.6	1.0	1.3	-0.42	-5	2	0.43	5	-10					SGB 4.50 Aug-15
SGBi 0.50 Jun-17	38.6		106.7	106.9	2.5	2.7	-0.69	-5	-4	0.73	2	-8					SGB 3.75 Aug-17
SGBi 4.00 Dec-20	29.7		164.0	168.9	5.4	9.2	-0.57	-5	-9	1.14	1	-5					SGB 5.00 Dec-20
SGBi 0.25 Jun-22	28.3		106.2	106.3	7.5	8.0	-0.45	-6	-9	1.25	1	-5					SGB 3.50 Jun-22
SGBi 1.00 Jun-25	13.3		113.6	114.1	10.1	11.5	-0.29	-5	-10	1.41	0	-4					SGB 2.50 May-25
SGBi 3.50 Dec-28	43.3		185.4	189.6	11.7	22.1	-0.13	-4	-9	1.74	1	-1					SGB 2.25 Jun-32
CAD CPI																	
CANi 4.25 Dec-21	5.2		129.3	198.7	6.2	12.3	0.08	6	9	1.57	-6	0					CAN 9.75 Jun-21
CANi 4.25 Dec-26	5.3		144.9	210.3	9.9	20.8	0.42	7	12	1.80	-5	0					CAN 8.00 Jun-27
CANi 4.00 Dec-31	5.8		156.3	217.6	13.3	29.0	0.54	5	17	1.95	-2	-3					CAN 5.75 Jun-33
CANi 3.00 Dec-36	5.9		148.2	182.7	17.2	31.5	0.65	6	17	1.93	-3	-4					CAN 5.00 Jun-37
CANi 2.00 Dec-41	6.6		131.3	149.5	21.7	32.4	0.72	4	13	1.89	-2	-1					CAN 4.00 Jun-41
CANi 1.50 Dec-44	7.7		120.0	131.3	24.7	32.4	0.75	4	12	1.86	-2	1					CAN 3.50 Dec-45
CANi 1.25 Dec-47	2.2		114.0	114.6	27.4	32.0	0.77	4	11	1.84	-2	2					CAN 3.50 Dec-45
AUD CPI																	
ACGBi 4.00 Aug-15	1.2		177.1	177.1	0.7	1.3	0.90	0	10	1.60	-1	-12					ACG 6.25 Apr-15
ACGBi 1.00 Nov-18	3.5		103.3	103.3	3.9	4.1	0.73	0	4	1.99	-2	-2					ACG 3.25 Oct-18
ACGBi 4.00 Aug-20	5.0		188.8	188.8	5.2	9.8	0.82	-2	7	2.07	-1	-7					ACG 4.50 Apr-20
ACGBi 1.25 Feb-22	4.1		108.8	108.8	6.9	7.5	0.90	-4	6	2.25	0	-6					ACG 5.75 Jul-22
ACGBi 3.00 Sep-25	5.5		137.0	137.6	9.4	12.9	1.05	-2	5	2.33	-2	-5					ACG 3.25 Apr-25
ACGBi 2.50 Sep-30	3.3		130.8	131.3	13.3	17.4	1.29	-3	4	2.33	-1	-8					ACG 3.25 Apr-29
ACGBi 2.00 Aug-35	2.7		113.6	113.6	17.2	19.5	1.44	-1	3	2.17	-3	-7					ACG 3.25 Apr-29

Source: Bloomberg Finance LP, Deutsche Bank



TIPS forwards

	Real yield								Breakeven							
	spot		carry (bp)						9M	spot		B/E protection (bp)				
	(%)	01-Dec	1M	02-Jan	2M	3M	6M	(%)		01-Dec	1M	02-Jan	2M	3M	6M	9M
US CPI-U NSA																
TIIJan15	2.69	107	113						-2.62	109	117	130				
TIIApr15	1.18	20	-10	-51	-144				-1.10	21	-9	-48	-139			
TIIJul15	-0.65	1	-32	-70	-135	-239			0.76	1	-31	-69	-134			
TIIJan16	-0.66	0	-17	-37	-67	-108	-74	89	0.90	0	-18	-38	-69	-111	-81	91
TIIApr16	-0.60	0	-13	-29	-52	-83	-50	63	0.93	0	-15	-30	-55	-87	-60	54
TIIJul16	-0.98	-1	-14	-28	-49	-76	-57	13	1.46	-1	-15	-30	-53	-82	-71	-5
TIIJan17	-0.66	0	-9	-19	-34	-52	-30	26	1.33	-1	-11	-22	-38	-59	-46	4
TIIApr17	-0.48	0	-7	-15	-28	-43	-21	30	1.24	-1	-9	-19	-33	-51	-37	8
TIIJul17	-0.68	0	-7	-15	-27	-42	-24	19	1.57	-1	-10	-19	-33	-50	-42	-7
TIIJan18	-0.36	1	-5	-11	-21	-32	-13	25	1.48	-1	-8	-15	-27	-40	-32	-3
TIIApr18	-0.21	1	-4	-10	-18	-27	-9	27	1.40	-1	-7	-14	-24	-36	-27	0
TIIJul18	-0.36	0	-5	-10	-18	-27	-11	21	1.63	-1	-7	-14	-24	-36	-30	-7
TIIJan19	-0.13	1	-4	-8	-15	-23	-6	23	1.60	-1	-6	-12	-21	-31	-25	-5
TIIApr19	-0.01	1	-3	-7	-13	-20	-4	24	1.55	-1	-6	-11	-19	-28	-23	-4
TIIJul19	-0.12	1	-3	-7	-13	-20	-5	21	1.72	-1	-6	-11	-19	-29	-24	-7
TIIJan20	0.07	1	-3	-6	-11	-17	-3	21	1.62	-1	-5	-10	-17	-25	-21	-5
TIIJul20	0.07	1	-2	-5	-10	-15	-2	19	1.77	-1	-5	-9	-16	-24	-20	-7
TIIJan21	0.23	1	-2	-5	-9	-13	-1	20	1.69	-1	-4	-9	-14	-22	-18	-6
TIIJul21	0.22	1	-2	-4	-8	-12	-1	18	1.80	-1	-4	-8	-13	-20	-17	-6
TIIJan22	0.34	1	-1	-4	-7	-11	0	18	1.73	0	-4	-7	-12	-18	-15	-5
TIIJul22	0.32	1	-1	-3	-7	-10	0	16	1.81	-1	-4	-7	-11	-17	-15	-6
TIIJan23	0.42	1	-1	-3	-6	-9	1	16	1.78	0	-3	-6	-11	-16	-14	-5
TIIJul23	0.39	1	-1	-3	-6	-9	1	15	1.85	0	-3	-6	-10	-16	-14	-6
TIIJan24	0.48	1	-1	-3	-5	-8	1	15	1.81	0	-3	-6	-10	-15	-13	-6
TIIJul24	0.45	0	-1	-2	-5	-8	1	14	1.89	0	-3	-6	-9	-14	-13	-6
TIIJan25	0.53	1	-1	-3	-5	-8	1	15	1.78	-1	-3	-6	-10	-15	-14	-7
TIIJan26	0.59	1	-1	-2	-4	-7	1	14	1.84	0	-3	-6	-9	-14	-12	-7
TIIJan27	0.64	1	-1	-2	-4	-6	2	13	1.85	0	-3	-5	-9	-13	-12	-7
TIIJan28	0.68	0	-1	-2	-4	-6	2	12	1.87	0	-3	-5	-8	-12	-12	-7
TIIApr28	0.66	0	-1	-2	-4	-6	2	13	1.94	0	-3	-5	-8	-12	-11	-5
TIIJan29	0.69	0	-1	-2	-4	-5	2	12	1.92	0	-3	-5	-8	-11	-11	-6
TIIApr29	0.69	0	-1	-2	-4	-6	2	12	1.93	0	-3	-5	-8	-12	-10	-5
TIIApr32	0.80	0	0	-1	-3	-4	2	11	1.88	0	-2	-4	-7	-10	-9	-6
TIIFeb40	0.95	0	0	-1	-2	-3	2	8	2.00	0	-2	-3	-5	-7	-7	-5
TIIFeb41	0.95	0	0	-1	-2	-3	2	8	2.00	0	-2	-3	-5	-7	-7	-5
TIIFeb42	1.00	0	0	-1	-2	-2	1	7	2.04	0	-1	-3	-4	-6	-7	-5
TIIFeb43	1.00	0	0	-1	-1	-2	1	6	2.06	0	-1	-3	-4	-6	-7	-5
TIIFeb44	1.00	0	0	-1	-2	-2	1	7	2.05	0	-1	-3	-4	-6	-7	-5

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	0.11	13	12	10	6	18	21	151	-0.16	13	12	10	6	18	20	149
OBLei18	-0.43	5	3	2	-1	2	-3	22	0.39	5	3	2	0	2	-3	21
DBRei20	-0.62	3	2	1	-1	0	-4	10	0.72	3	2	0	-1	0	-5	7
DBRei23	-0.50	2	1	1	0	1	-1	7	1.05	2	1	0	-2	-1	-5	1
DBRei30	-0.13	1	1	1	0	1	1	6	1.33	1	0	-1	-2	-2	-5	-3
OATei15	-0.77	24	13	3	-14	-5			0.76	23	12	2	-16	-10		
OATei18	-0.61	4	3	1	-1	1	-5	16	0.65	4	2	1	-2	0	-7	12
OATei20	-0.56	3	2	1	-1	1	-3	11	0.88	3	1	0	-2	-1	-7	4
OATei22	-0.37	2	2	1	0	1	-1	10	1.03	2	1	0	-2	-2	-6	1
OATei24	-0.13	2	1	1	0	2	1	9	1.17	1	0	-1	-2	-2	-6	-1
OATei27	0.08	2	1	1	1	2	2	9	1.25	1	0	-1	-2	-2	-6	-3
OATei30	0.27	1	1	1	1	2	2	8	1.47	1	0	-1	-2	-2	-5	-3
OATei32	0.28	1	1	1	1	2	2	8	1.52	1	0	-1	-2	-2	-5	-3
OATei40	0.47	1	1	1	1	1	2	6	1.61	0	0	-1	-1	-2	-5	-4
BTPei																
BTPei16	0.21	11	9	8	6	15	19	102	0.32	9	6	4	-1	4	-6	54
BTPei17	0.22	7	6	5	4	9	11	54	0.54	6	4	2	-1	1	-6	24
BTPei18	0.41	5	5	4	4	8	11	41	0.53	4	2	1	-1	0	-6	14
BTPei19	0.48	4	4	4	3	7	9	33	0.66	3	2	0	-2	0	-6	8
BTPei21	0.86	3	3	3	3	6	10	27	0.84	2	1	0	-2	-1	-6	2
BTPei23	1.13	3	3	3	3	6	9	24	1.00	2	1	0	-2	-2	-6	-1
BTPei24	1.30	3	3	3	3	6	9	23	1.04	2	0	0	-2	-2	-6	0
BTPei26	1.55	2	3	3	3	6	10	22	1.06	1	0	-1	-2	-2	-6	-2
BTPei35	1.92	1	2	2	2	4	7	15	1.42	1	0	-1	-2	-3	-6	-5
BTPei41	2.26	1	2	2	2	4	7	14	1.40	1	0	-1	-2	-2	-6	-5
SPGei																
SPGei19	0.34	4	3	3	2	6	7	28	0.70	3	1	0	-2	-1	-6	6
SPGei24	0.95	2	2	3	2	5	7	19	1.17	2	0	-1	-2	-2	-6	-1
French CPI ex-tob																
BTANi16	-0.56	-11	-11	-12	-17	-10	-2	43	0.56	-11	-12	-13	-17	-11	-5	37
OATi17	-0.60	-7	-7	-8	-10	-6	-2	20	0.60	-7	-7	-8	-11	-7	-3	17
OATi19	-0.58	-4	-4	-4	-6	-3	-1	10	0.74	-4	-4	-5	-7	-5	-4	5
OATi21	-0.43	-3	-3	-3	-4	-2	1	8	0.91	-3	-3	-4	-5	-4	-4	1
OATi23	-0.24	-2	-2	-2	-3	-1	2	9	1.15	-2	-3	-3	-5	-4	-5	-2
OATi29	0.09	-1	-1	-1	-1	0	3	8	1.50	-2	-2	-3	-4	-4	-5	-4
CADESi17	-0.49	-7	-7	-7	-10	-5	1	24	0.53	-7	-7	-8	-10	-6	-2	20
CADESi19	-0.39	-4	-4	-4	-5	-2	1	14	0.67	-4	-4	-5	-6	-4	-3	7
CADESi21	-0.24	-3	-2	-2	-3	-1	2	11	0.77	-3	-3	-4	-5	-4	-3	3

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	-11	-21	-20	-16	-12	2	23	2.18	-11	-22	-20	-17	-14	0	21	
UKTi820	-1.07	-3	-6	-5	-3	-1	6	14	2.57	-4	-8	-7	-7	-6	-5	-4	
UKTi824	-0.71	-2	-3	-2	-1	1	6	11	2.83	-2	-5	-5	-4	-5	-4	-4	
UKTi830	-0.56	-1	-2	-1	0	1	4	8	3.12	-2	-3	-4	-4	-4	-4	-5	
UKTi835	-0.51	-1	-1	-1	0	1	3	6	3.28	-1	-3	-3	-3	-3	-4	-6	
UKTi17	-1.48	1	-1	-3	-6	-6	-2	19	2.40	0	-3	-6	-9	-10	-11	5	
UKTi19	-1.17	1	0	-1	-2	-2	3	15	2.57	0	-2	-4	-6	-7	-9	-2	
UKTi22	-0.90	1	0	0	-1	0	4	13	2.80	0	-1	-3	-4	-5	-7	-3	
UKTi24	-0.71	1	0	0	0	0	4	12	2.84	0	-1	-3	-4	-5	-6	-4	
UKTi27	-0.63	1	0	0	0	0	3	9	3.00	0	-1	-2	-3	-4	-6	-5	
UKTi29	-0.55	0	0	0	0	1	3	8	3.10	0	-1	-2	-3	-4	-6	-5	
UKTi32	-0.56	0	0	0	0	0	3	7	3.19	0	-1	-2	-3	-4	-6	-6	
UKTi34	-0.50	0	0	0	0	1	3	7	3.22	0	-1	-2	-3	-4	-6	-6	
UKTi37	-0.51	0	0	0	0	0	2	6	3.30	0	-1	-2	-3	-3	-5	-5	
UKTi40	-0.49	0	0	0	0	0	2	5	3.33	0	-1	-2	-2	-3	-5	-5	
UKTi42	-0.51	0	0	0	0	0	2	5	3.35	0	-1	-2	-2	-3	-5	-6	
UKTi44	-0.46	0	0	0	0	0	2	4	3.35	0	-1	-1	-2	-3	-5	-5	
UKTi47	-0.48	0	0	0	0	0	2	4	3.35	0	-1	-1	-2	-3	-5	-5	
UKTi50	-0.47	0	0	0	0	0	1	4	3.33	0	-1	-1	-2	-3	-4	-5	
UKTi52	-0.46	0	0	0	0	0	1	3	3.34	0	-1	-1	-2	-3	-4	-5	
UKTi55	-0.48	0	0	0	0	0	1	3	3.33	0	-1	-1	-2	-2	-4	-5	
UKTi58	-0.45	0	0	0	0	0	1	3	3.31	0	-1	-1	-2	-2	-4	-5	
UKTi68	-0.46	0	0	0	0	0	1	2	3.34	0	-1	-1	-2	-2	-4	-5	

Source: Bloomberg Finance LP, Deutsche Bank



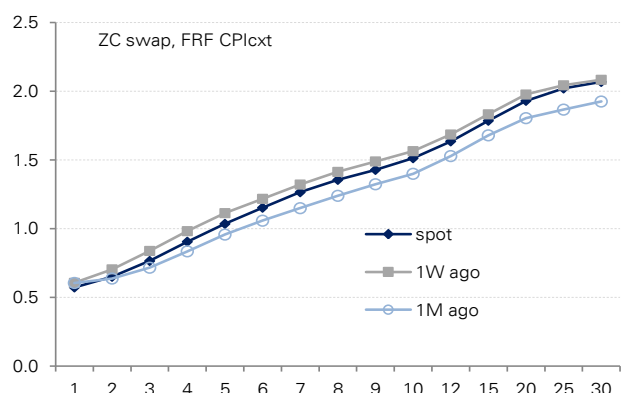
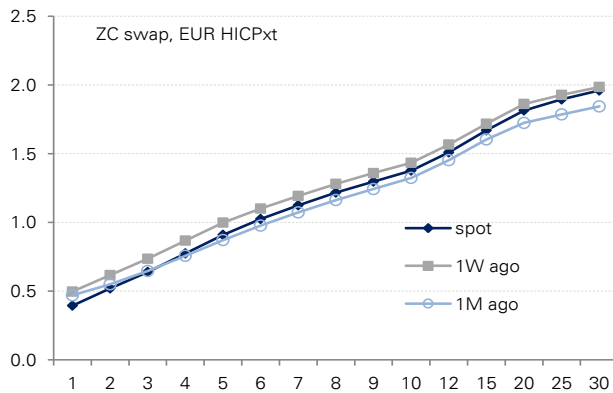
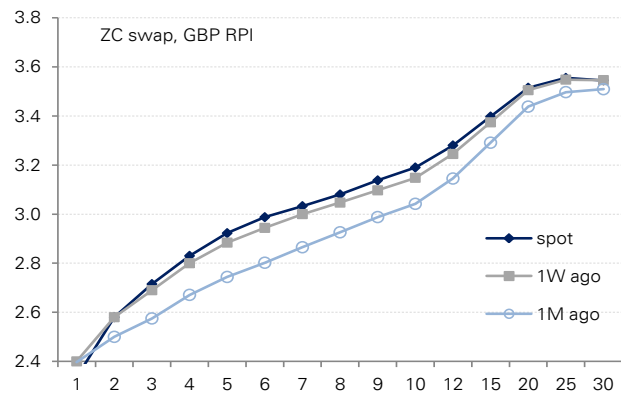
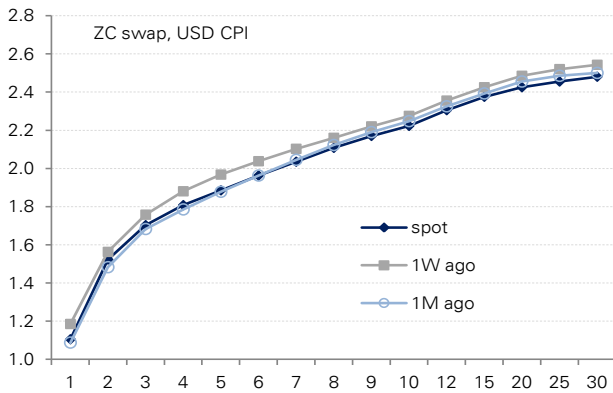
Zero-coupon swap B/Es

level	US CPI				EUR HICPxt				FR CPIxt				UK RPI			
	spot	1D	1W	1M	spot %	1D bp	1W bp	1M bp	spot %	1D bp	1W bp	1M bp	spot %	1D bp	1W bp	1M bp
2	1.52		-4	4	0.52		-10	-3	0.65		-6	1	2.58		0	8
3	1.70		-5	2	0.64		-10	-1	0.76		-8	4	2.72		2	14
4	1.81		-8	2	0.78		-9	2	0.90		-9	6	2.83		3	16
5	1.89		-8	1	0.91		-9	4	1.03		-9	7	2.92		4	18
6	1.96		-8	0	1.03		-8	5	1.15		-7	9	2.99		4	19
7	2.04		-7	-1	1.13		-7	5	1.26		-6	11	3.03		3	17
8	2.11		-5	-2	1.22		-6	5	1.36		-6	12	3.08		3	15
9	2.17		-5	-2	1.30		-6	5	1.43		-6	10	3.14		4	15
10	2.22		-5	-2	1.38		-6	5	1.51		-5	11	3.19		4	15
12	2.31		-5	-2	1.51		-6	6	1.64		-5	11	3.28		4	14
15	2.38		-5	-2	1.67		-5	7	1.79		-5	11	3.40		2	11
20	2.43		-6	-3	1.82		-5	9	1.93		-5	13	3.52		1	8
25	2.46		-6	-3	1.90		-3	11	2.02		-2	15	3.56		1	6
30	2.48		-6	-2	1.96		-3	12	2.07		-2	14	3.55		0	4

valuation date: 14-Nov-14

Source: Bloomberg Finance LP, Deutsche Bank

Zero-coupon swap B/Es



Source: Bloomberg Finance LP, Deutsche Bank



Appendix 1

Important Disclosures

Additional information available upon request

For disclosures pertaining to recommendations or estimates made on securities other than the primary subject of this research, please see the most recently published company report or visit our global disclosure look-up page on our website at <http://gm.db.com/ger/disclosure/DisclosureDirectory.eqsr>

Analyst Certification

The views expressed in this report accurately reflect the personal views of the undersigned lead analyst(s). In addition, the undersigned lead analyst(s) has not and will not receive any compensation for providing a specific recommendation or view in this report. Markus Heider/Alex Li



Regulatory Disclosures

1. Important Additional Conflict Disclosures

Aside from within this report, important conflict disclosures can also be found at <https://gm.db.com/equities> under the "Disclosures Lookup" and "Legal" tabs. Investors are strongly encouraged to review this information before investing.

2. Short-Term Trade Ideas

Deutsche Bank equity research analysts sometimes have shorter-term trade ideas (known as SOLAR ideas) that are consistent or inconsistent with Deutsche Bank's existing longer term ratings. These trade ideas can be found at the SOLAR link at <http://gm.db.com>.

3. Country-Specific Disclosures

Australia and New Zealand: This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act and New Zealand Financial Advisors Act respectively.

Brazil: The views expressed above accurately reflect personal views of the authors about the subject company(ies) and its(their) securities, including in relation to Deutsche Bank. The compensation of the equity research analyst(s) is indirectly affected by revenues deriving from the business and financial transactions of Deutsche Bank. In cases where at least one Brazil based analyst (identified by a phone number starting with +55 country code) has taken part in the preparation of this research report, the Brazil based analyst whose name appears first assumes primary responsibility for its content from a Brazilian regulatory perspective and for its compliance with CVM Instruction # 483.

EU countries: Disclosures relating to our obligations under MiFiD can be found at <http://www.globalmarkets.db.com/riskdisclosures>.

Japan: Disclosures under the Financial Instruments and Exchange Law: Company name - Deutsche Securities Inc. Registration number - Registered as a financial instruments dealer by the Head of the Kanto Local Finance Bureau (Kinsho) No. 117. Member of associations: JSDA, Type II Financial Instruments Firms Association, The Financial Futures Association of Japan, Japan Investment Advisers Association. This report is not meant to solicit the purchase of specific financial instruments or related services. We may charge commissions and fees for certain categories of investment advice, products and services. Recommended investment strategies, products and services carry the risk of losses to principal and other losses as a result of changes in market and/or economic trends, and/or fluctuations in market value. Before deciding on the purchase of financial products and/or services, customers should carefully read the relevant disclosures, prospectuses and other documentation. "Moody's", "Standard & Poor's", and "Fitch" mentioned in this report are not registered credit rating agencies in Japan unless "Japan" or "Nippon" is specifically designated in the name of the entity.

Malaysia: Deutsche Bank AG and/or its affiliate(s) may maintain positions in the securities referred to herein and may from time to time offer those securities for purchase or may have an interest to purchase such securities. Deutsche Bank may engage in transactions in a manner inconsistent with the views discussed herein.

Qatar: Deutsche Bank AG in the Qatar Financial Centre (registered no. 00032) is regulated by the Qatar Financial Centre Regulatory Authority. Deutsche Bank AG - QFC Branch may only undertake the financial services activities that fall within the scope of its existing QFCRA license. Principal place of business in the QFC: Qatar Financial Centre, Tower, West Bay, Level 5, PO Box 14928, Doha, Qatar. This information has been distributed by Deutsche Bank AG. Related financial products or services are only available to Business Customers, as defined by the Qatar Financial Centre Regulatory Authority.

Russia: This information, interpretation and opinions submitted herein are not in the context of, and do not constitute, any appraisal or evaluation activity requiring a license in the Russian Federation.

Kingdom of Saudi Arabia: Deutsche Securities Saudi Arabia LLC Company, (registered no. 07073-37) is regulated by the Capital Market Authority. Deutsche Securities Saudi Arabia may only undertake the financial services activities that fall within the scope of its existing CMA license. Principal place of business in Saudi Arabia: King Fahad Road, Al Olaya District, P.O. Box 301809, Faisaliah Tower - 17th Floor, 11372 Riyadh, Saudi Arabia.

United Arab Emirates: Deutsche Bank AG in the Dubai International Financial Centre (registered no. 00045) is regulated by the Dubai Financial Services Authority. Deutsche Bank AG - DIFC Branch may only undertake the financial services activities that fall within the scope of its existing DFSA license. Principal place of business in the DIFC: Dubai International Financial Centre, The Gate Village, Building 5, PO Box 504902, Dubai, U.A.E. This information has been distributed by Deutsche Bank AG. Related financial products or services are only available to Professional Clients, as defined by the Dubai Financial Services Authority.



Risks to Fixed Income Positions

Macroeconomic fluctuations often account for most of the risks associated with exposures to instruments that promise to pay fixed or variable interest rates. For an investor that is long fixed rate instruments (thus receiving these cash flows), increases in interest rates naturally lift the discount factors applied to the expected cash flows and thus cause a loss. The longer the maturity of a certain cash flow and the higher the move in the discount factor, the higher will be the loss. Upside surprises in inflation, fiscal funding needs, and FX depreciation rates are among the most common adverse macroeconomic shocks to receivers. But counterparty exposure, issuer creditworthiness, client segmentation, regulation (including changes in assets holding limits for different types of investors), changes in tax policies, currency convertibility (which may constrain currency conversion, repatriation of profits and/or the liquidation of positions), and settlement issues related to local clearing houses are also important risk factors to be considered. The sensitivity of fixed income instruments to macroeconomic shocks may be mitigated by indexing the contracted cash flows to inflation, to FX depreciation, or to specified interest rates - these are common in emerging markets. It is important to note that the index fixings may -- by construction -- lag or mis-measure the actual move in the underlying variables they are intended to track. The choice of the proper fixing (or metric) is particularly important in swaps markets, where floating coupon rates (i.e., coupons indexed to a typically short-dated interest rate reference index) are exchanged for fixed coupons. It is also important to acknowledge that funding in a currency that differs from the currency in which the coupons to be received are denominated carries FX risk. Naturally, options on swaps (swaptions) also bear the risks typical to options in addition to the risks related to rates movements.



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

Global Disclaimer

The information and opinions in this report were prepared by Deutsche Bank AG or one of its affiliates (collectively "Deutsche Bank"). The information herein is believed to be reliable and has been obtained from public sources believed to be reliable. Deutsche Bank makes no representation as to the accuracy or completeness of such information.

Deutsche Bank may engage in securities transactions, on a proprietary basis or otherwise, in a manner inconsistent with the view taken in this research report. In addition, others within Deutsche Bank, including strategists and sales staff, may take a view that is inconsistent with that taken in this research report.

Opinions, estimates and projections in this report constitute the current judgement of the author as of the date of this report. They do not necessarily reflect the opinions of Deutsche Bank and are subject to change without notice. Deutsche Bank has no obligation to update, modify or amend this report or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. Prices and availability of financial instruments are subject to change without notice. This report is provided for informational purposes only. It is not an offer or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy. Target prices are inherently imprecise and a product of the analyst judgement. The financial instruments discussed in this report may not be suitable for all investors and investors must make their own informed investment decisions. Stock transactions can lead to losses as a result of price fluctuations and other factors. If a financial instrument is denominated in a currency other than an investor's currency, a change in exchange rates may adversely affect the investment. Past performance is not necessarily indicative of future results. Deutsche Bank may with respect to securities covered by this report, sell to or buy from customers on a principal basis, and consider this report in deciding to trade on a proprietary basis. Prices are current as of the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via Reuters, Bloomberg and other vendors. Data is sourced from Deutsche Bank and subject companies.

Derivative transactions involve numerous risks including, among others, market, counterparty default and illiquidity risk. The appropriateness or otherwise of these products for use by investors is dependent on the investors' own circumstances including their tax position, their regulatory environment and the nature of their other assets and liabilities and as such investors should take expert legal and financial advice before entering into any transaction similar to or inspired by the contents of this publication. Trading in options involves risk and is not suitable for all investors. Prior to buying or selling an option investors must review the "Characteristics and Risks of Standardized Options," at <http://www.theocc.com/components/docs/riskstoc.pdf>. If you are unable to access the website please contact Deutsche Bank AG at +1 (212) 250-7994, for a copy of this important document.

The risk of loss in futures trading and options, foreign or domestic, can be substantial. As a result of the high degree of leverage obtainable in futures and options trading losses may be incurred that are greater than the amount of funds initially deposited.

Unless governing law provides otherwise, all transactions should be executed through the Deutsche Bank entity in the investor's home jurisdiction. In the U.S. this report is approved and/or distributed by Deutsche Bank Securities Inc., a member of the NYSE, the NASD, NFA and SIPC. In Germany this report is approved and/or communicated by Deutsche Bank AG Frankfurt authorized by the BaFin. In the United Kingdom this report is approved and/or communicated by Deutsche Bank AG London, a member of the London Stock Exchange and regulated by the Financial Conduct Authority for the conduct of investment business in the UK and authorized by the BaFin. This report is distributed in Hong Kong by Deutsche Bank AG, Hong Kong Branch, in Korea by Deutsche Securities Korea Co. This report is distributed in Singapore by Deutsche Bank AG, Singapore Branch or Deutsche Securities Asia Limited, Singapore Branch (One Raffles Quay #18-00 South Tower Singapore 048583, +65 6423 8001), and recipients in Singapore of this report are to contact Deutsche Bank AG, Singapore Branch or Deutsche Securities Asia Limited, Singapore Branch in respect of any matters arising from, or in connection with, this report. Where this report is issued or promulgated in Singapore to a person who is not an accredited investor, expert investor or institutional investor (as defined in the applicable Singapore laws and regulations), Deutsche Bank AG, Singapore Branch or Deutsche Securities Asia Limited, Singapore Branch accepts legal responsibility to such person for the contents of this report. In Japan this report is approved and/or distributed by Deutsche Securities Inc. The information contained in this report does not constitute the provision of investment advice. In Australia, retail clients should obtain a copy of a Product Disclosure Statement (PDS) relating to any financial product referred to in this report and consider the PDS before making any decision about whether to acquire the product. Deutsche Bank AG Johannesburg is incorporated in the Federal Republic of Germany (Branch Register Number in South Africa: 1998/003298/10). Additional information relative to securities, other financial products or issuers discussed in this report is available upon request. This report may not be reproduced, distributed or published by any person for any purpose without Deutsche Bank's prior written consent. Please cite source when quoting.

Copyright © 2014 Deutsche Bank AG