

## Currency and Interest-Rate Forecasts

### Currency Forecasts

Currency	Ex-change Rate	Latest Spot Rate	Forecast Horizon		
			3-Mo.	6-Mo.	12-Mo.
U.S. Dollar	FRB Index	99.66	101.51	103.58	105.03
		-	-	-	-
Euro	US\$/Euro	1.0847	1.07	1.06	1.06
		-	-	-	-
Japanese Yen	¥/US\$	120.25	130.0	145.0	160.0
	¥/Euro	130.44	139.1	153.7	169.6
British Pound	US\$/£	1.6135	1.60	1.58	1.55
	£/Euro	0.6723	0.67	0.67	0.68
Canadian Dollar	C\$/US\$	1.4922	1.48	1.46	1.44
	¥/C\$	80.59	87.8	99.3	111.1
Aust. Dollar	US\$/A\$	0.6355	0.65	0.66	0.67
	¥/A\$	76.42	84.5	95.7	107.2
N.Z. Dollar	US\$/NZ\$	0.5425	0.540	0.550	0.560
	A\$/NZ\$	0.8537	0.831	0.833	0.836
German Mark	DM/US\$	1.8089	1.83	1.85	1.85
	DM/Euro	1.95583	-	-	-
French Franc	FF/US\$	6.0669	6.13	6.19	6.19
	FF/Euro	6.55957	-	-	-
Swiss Franc	SF/US\$	1.4855	1.51	1.53	1.55
	SF/Euro	1.5925	1.62	1.62	1.64
Dutch Guilder	Dfl/US\$	2.0382	2.06	2.08	2.08
	Dfl/Euro	2.20371	-	-	-
Belgian Franc	Bfr/US\$	37.46	37.70	38.06	38.06
	Bfr/Euro	40.3399	-	-	-
Irish Punt	US\$/Punt	1.3672	1.36	1.35	1.35
	Punt/Euro	0.7876	-	-	-
Italian Lira	Lira/US\$	1798.17	1810	1827	1827
	Lira/Euro	1936.27	-	-	-
Spanish Peseta	Pta/US\$	154.52	155.50	156.97	156.97
	Pta/Euro	166.386	-	-	-
Port. Escudo	Esc/US\$	186.18	187.37	189.13	189.13
	Esc/Euro	200.482	-	-	-
Danish Krone	Dkr/US\$	6.9005	6.96	7.03	7.03
	Dkr/Euro	7.4343	7.45	7.45	7.45
Swedish Krona	Skr/US\$	8.3118	8.04	7.92	7.74
	Skr/Euro	8.9779	8.60	8.40	8.20
Norwegian Krone	Nkr/US\$	7.7778	7.48	7.45	7.36
	Nkr/Euro	8.3500	8.00	7.90	7.80
Finnish Markka	FM/US\$	5.5217	5.56	5.61	5.61
	FM/Euro	5.94573	-	-	-

### Interest-Rate Forecasts (Market Convention Yields)

Market	Maturity	Latest Yield(%)	Forecast Horizon		
			3-Mo.	6-Mo.	12-Mo.
U.S.	3-Month	4.96	5.00	5.25	5.25
	10-Year	5.05	5.35	5.40	5.45
Germany	3-Month	2.57	2.60	2.70	2.80
	10-Year	3.79	4.00	4.10	4.25
Japan	3-Month	0.06	0.25	0.25	0.25
	10-Year	1.48	2.00	2.00	2.00
U.K.	3-Month	5.20	5.10	4.80	4.80
	10-Year	4.39	4.70	4.70	4.75
Canada	3-Month	4.52	4.85	5.10	5.10
	10-Year	4.91	5.40	5.45	5.50
Australia	3-Month	4.62	4.60	4.60	4.60
	10-Year	5.17	5.65	5.65	5.65
New Zealand	3-Month	4.43	4.00	4.25	4.25
	10-Year	5.64	6.10	6.15	6.20
Euro	3-Month	2.57	2.60	2.70	2.80
	10-Year	3.89	4.10	4.20	4.35
France	3-Month	2.62	2.60	2.70	2.80
	10-Year	3.89	4.00	4.10	4.25
Switzerland	3-Month	0.82	0.80	0.90	1.10
	10-Year	2.32	2.60	2.70	2.80
Netherlands	3-Month	3.30	2.60	2.70	2.80
	10-Year	3.94	4.05	4.15	4.30
Belgium	3-Month	2.60	2.60	2.70	2.80
	10-Year	4.05	4.15	4.25	4.40
Ireland	3-Month	2.61	2.60	2.70	2.80
	10-Year	3.86	4.15	4.25	4.40
Italy	3-Month	2.94	2.60	2.70	2.80
	10-Year	4.06	4.20	4.30	4.45
Spain	3-Month	2.64	2.60	2.70	2.80
	10-Year	4.20	4.15	4.25	4.40
Portugal	3-Month	2.62	2.60	2.70	2.80
	10-Year	4.05	4.20	4.30	4.45
Denmark	3-Month	2.99	2.85	2.95	2.90
	10-Year	4.19	4.30	4.35	4.40
Sweden	3-Month	2.99	2.70	2.90	3.00
	10-Year	4.18	4.25	4.35	4.50
Norway	3-Month	6.25	5.60	5.20	4.80
	10-Year	4.76	4.70	4.70	4.85
Finland	3-Month	2.64	2.60	2.70	2.80
	10-Year	4.02	4.15	4.20	4.35

**Yield Curve Forecasts**

Currency	Maturity	Latest Spread (Basis Points)	Forecast Horizon		
			3-Mo.	6-Mo.	12-Mo.
U.S.	2-Yr/3-Mo	-6	15	-5	0
	10-Yr/2-Yr	15	20	20	20
Germany	2-Yr/3-Mo	15	20	20	20
	10-Yr/2-Yr	107	120	120	125
Japan	2-Yr/3-Mo	14	45	40	25
	10-Yr/2-Yr	128	130	135	150
U.K.	2-Yr/3-Mo	-31	-30	0	-10
	10-Yr/2-Yr	-50	-10	-10	5
Canada	2-Yr/3-Mo	10	40	15	20
	10-Yr/2-Yr	29	15	20	20
Australia	2-Yr/3-Mo	-2	60	55	50
	10-Yr/2-Yr	57	45	50	55
New Zealand	2-Yr/3-Mo	39	125	95	90
	10-Yr/2-Yr	82	85	95	105
ECU	2-Yr/3-Mo	22	25	25	25
	10-Yr/2-Yr	110	125	125	130
France	2-Yr/3-Mo	9	20	20	20
	10-Yr/2-Yr	118	120	120	125
Switzerland	2-Yr/3-Mo	38	50	50	40
	10-Yr/2-Yr	112	130	130	130
Netherlands	2-Yr/3-Mo	-50	30	25	25
	10-Yr/2-Yr	114	115	120	125
Belgium	2-Yr/3-Mo	23	25	25	25
	10-Yr/2-Yr	122	130	130	135
Ireland	2-Yr/3-Mo	-261	35	35	35
	10-Yr/2-Yr	386	120	120	125
Italy	2-Yr/3-Mo	-10	30	30	30
	10-Yr/2-Yr	122	130	130	135
Spain	2-Yr/3-Mo	8	25	25	25
	10-Yr/2-Yr	149	130	130	135
Portugal	2-Yr/3-Mo	23	30	30	30
	10-Yr/2-Yr	120	130	130	135
Denmark	2-Yr/3-Mo	16	25	20	30
	10-Yr/2-Yr	104	120	120	120
Sweden	2-Yr/3-Mo	-1	35	20	30
	10-Yr/2-Yr	120	120	125	120
Norway	2-Yr/3-Mo	-158	-105	-80	-65
	10-Yr/2-Yr	9	15	30	70
Finland	2-Yr/3-Mo	36	100	110	110
	10-Yr/2-Yr	102	55	40	45

**Yield Spread Forecasts** (Market Convention Yields)

Market	Maturity	Latest Spread (Basis Points)	Forecast Horizon		
			3-Mo.	6-Mo.	12-Mo.
U.S.	3-Month	-	-	-	-
	10-Year	-	-	-	-
Germany vs. U.S.	3-Month	-239	-240	-255	-245
	10-Year	-133	-142	-137	-127
Japan vs. U.S.	3-Month	-490	-475	-500	-500
	10-Year	-357	-335	-340	-345
U.K.	3-Month	263	250	210	200
	10-Year	65	76	66	56
Canada vs. U.S.	3-Month	-44	-15	-15	-15
	10-Year	-14	5	5	5
Australia vs. U.S.	3-Month	-34	-40	-65	-65
	10-Year	12	30	25	20
N.Z. vs. U.S.	3-Month	-53	-100	-100	-100
	10-Year	59	75	75	75
ECU	3-Month	0	0	0	0
	10-Year	10	10	10	10
France	3-Month	5	0	0	0
	10-Year	10	0	0	0
Switzerland	3-Month	-175	-180	-180	-170
	10-Year	-146	-140	-140	-145
Netherlands	3-Month	73	0	0	0
	10-Year	15	5	5	5
Belgium	3-Month	3	0	0	0
	10-Year	27	15	15	15
Ireland	3-Month	4	0	0	0
	10-Year	7	15	15	15
Italy	3-Month	37	0	0	0
	10-Year	28	20	20	20
Spain	3-Month	7	0	0	0
	10-Year	42	15	15	15
Portugal	3-Month	5	0	0	0
	10-Year	26	20	20	20
Denmark	3-Month	42	25	25	10
	10-Year	41	30	25	15
Sweden	3-Month	42	10	20	20
	10-Year	40	25	25	25
Norway	3-Month	368	300	250	200
	10-Year	97	70	60	60
Finland	3-Month	7	0	0	0
	10-Year	23	15	10	10

Spreads of 10-year bonds versus U.S. are on semi-annual yield basis except for Germany, which is on an annual-yield basis. All other yield spreads are on an annual-yield basis. European yields spreads are versus Germany.