

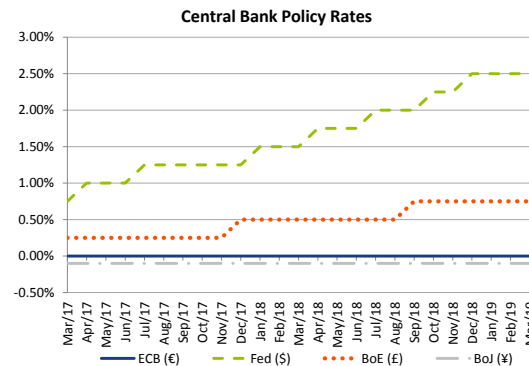
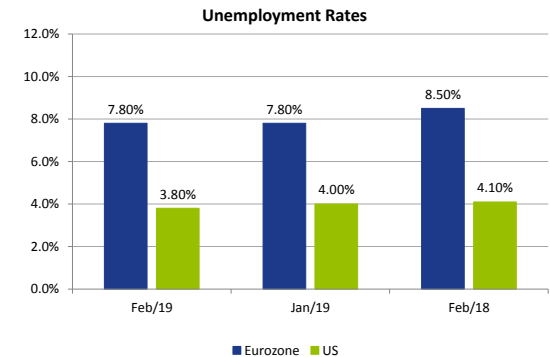
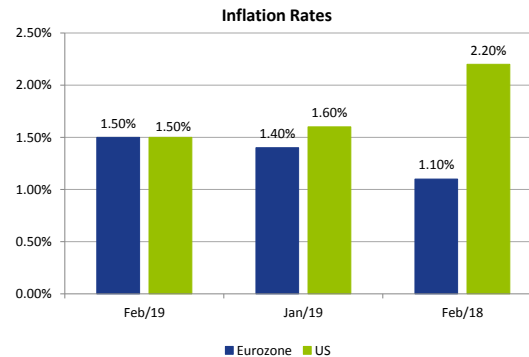
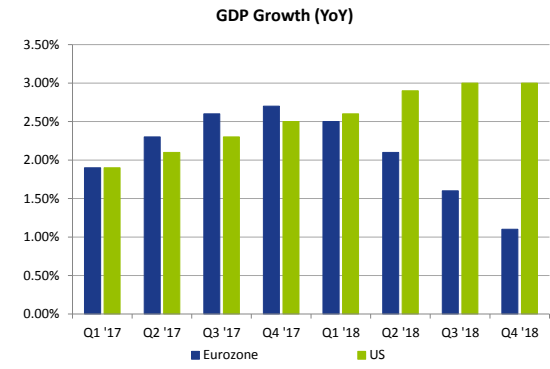
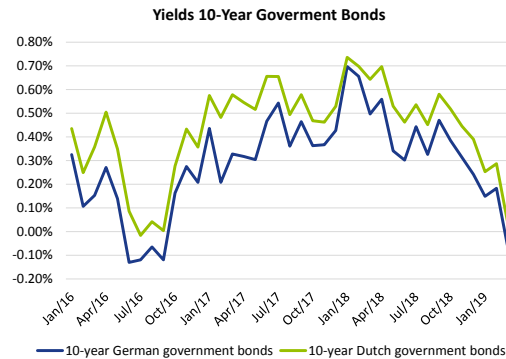
Focus

At the end of March, the interest rate on 10-year German government bonds has fallen to below 0.0% for the first time in three years. In tandem, the interest rate of 10-year Dutch government bonds, which closely follows the German interest rate, has decreased to 0.02%. This is the lowest point for both the German and the Dutch 10-year bonds since 2016, when a record low was reached, see the graph. These developments are quite unexpected after interest rates increased at the end of 2018. What has caused this unexpected decline and what are the forecasts?

The main reasons can be found in the disorderly Brexit, the trade war between the United States (US) and China and the recession in Italy. This unrest shows in the main macro-economic indicators. For example, in Germany and France a decline in producer confidence has been observed. In addition, the European and the American purchasing managers index has decreased. Investors react to these unfavorable developments by purchasing safe government bonds, like those of Germany and the Netherlands. The increased demand for these bonds causes almost historically low interest rates.

The central banks also play a major role. Due to the disappointing economic figures, the Federal Reserve has come back on its intention of three interest rate hikes in 2019. In the meantime, the European Central Bank has stated that the planned interest rate hikes have been postponed until 2020 or beyond. These policy changes were seen as detrimental, which causes the financial market to take on a more reserved stance.

Interest rate developments are unpredictable. If the interest rates will increase in the long term and when this will happen is therefore impossible to say. What is known is that factors like economic growth, decreases of political and economic unrest, and the policy of the central banks play a major part.



Country Ratings	S&P	Moody's	Fitch
Netherlands	AAA	Aaa	AAA
Germany	AAA	Aaa	AAA
France	AA	Aa2	AA
United Kingdom	AA	Aa2	AA
Russia	BBB-	Baa3	BBB-
United States	AA+	Aaa	AAA
Japan	A+	A1	A
China	A+	A1	A+
Australia	AAA	Aaa	AAA

Review

The European Commission (EC) stated that consumer confidence in the eurozone has increased in March compared to February. The indicator, used by the EC to measure confidence in the economy by consumers, rose from minus 7.4 to minus 7.2 this month. Economist expected a level of minus 7.1.

The European Union (EU) is willing to delay the Brexit until 22 May, on the condition that the House of Commons votes to agree with the current withdrawal deal. If the members of parliament do not approve the withdrawal deal, the EU will agree to a shorter delay until 12 April. This will also be the last chance to decide whether the British will participate in the European elections.

According to the Dutch Chamber of Commerce, more Dutch entrepreneurs have prepared themselves properly for the Brexit. The percentage of companies that is not properly prepared decreased to 17% in the first quarter of 2019, compared to 29% in the quarter before. Most entrepreneurs responded by creating additional stocks.

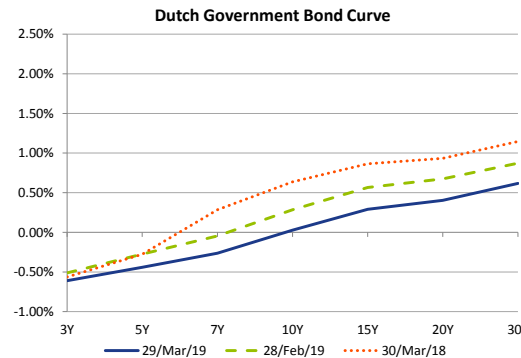
Preview

In their Central Economic Plan, the Dutch Central Planning Bureau updates its estimate for the year 2019 and its forecast for 2020. The Dutch economy is expected to return to a growth figure of 1.5%. Especially the uncertainties concerning the trade policy of the US, the Brexit and the state of the Chinese economy inhibit the growth of the inflation.

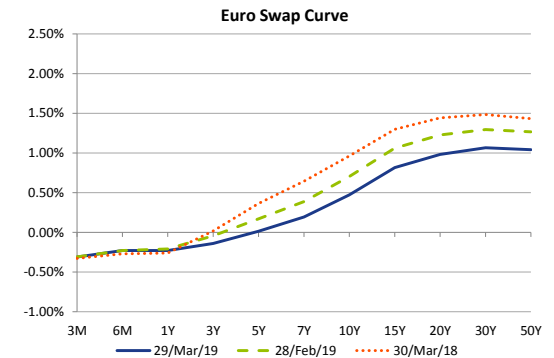
In addition, the growth figure for the demand for labour has been adjusted downwards. Unemployment is expected to rise slightly to 4.0% in 2020. Because of the low supply of labour and the high inflation figure (2.3%) in 2019, wages are expected to increase more than in previous years.

Timeline macroeconomic indicators:

- 05 April 2019: Unemployment figures US
- 10 April 2019: interest rate decision EU
- 10 April 2019: Industrial Manufacturing UK
- 12 April 2019: Industrial production Eurozone
- 23 April 2019: Purchasing managers index (PMI) Eurozone
- 25 April 2019: Interest rate decision Japan
- 26 April 2019: Gross domestic product (GDP) US



Bank Ratings	S&P	Moody's	Fitch
Rabobank	A+	Aa3	AA-
ING Bank	A+	Aa3	AA-
ABN AMRO	A	A1	A+
BNG Bank	AAA	Aaa	AAA
NWB Bank	AAA	Aaa	n.a.
Deutsche Bank	BBB+	A3	BBB+
BNP Paribas	A	Aa3	A+
Barclays Bank	A	A2	A+
Credit Suisse Int.	A	A1	A-



Currencies	29/Mar/19	28/Feb/19	30/Mar/18
EUR/USD	1.122	1.137	1.232
EUR/GBP	0.861	0.857	0.879
EUR/CHF	1.116	1.135	1.175
EUR/JPY	124.350	126.665	130.970
EUR/DKK	7.465	7.461	7.454
EUR/SEK	10.424	10.506	10.280
EUR/CAD	1.497	1.498	1.590
EUR/AUD	1.581	1.603	1.604
EUR/CNY	7.530	7.611	7.753

