

# Global Forecasts

---

Contents	Page
Economic Growth and Inflation	2
Target Rates Overview	4
Interest Rates	5
Currencies	6
Commodities	8
Equity Markets	9
Real Estate Markets	10
Political Calendar	11
Appendix: How to interpret the currency page	12
Appendix: How to interpret the commodity page	13
Appendix: Contact Persons	14
Appendix: Disclaimer	15

*CIO Forecast Tables reflect UBS CIO's view on growth, inflation, interest rates, and currencies for key countries and markets, real estate, as well as commodities. The publication is updated every Tuesday, unless developments require an intra-week forecast change, resulting in a mid-week update.*

*This list is not a template for the construction of your personal portfolio and you should discuss investment decisions with your client advisor. Current prices are indicative.*


## Economic Growth & Inflation

Economic Growth Forecasts (Real GDP; % change yoy)					
Europe	2010	2011	2012	2013F	2014F
Eurozone	1.9	1.5	-0.5	-0.7	0.8
France	1.6	2.0	0.0	-0.3	0.7
Germany	4.0	3.1	0.9	0.4	1.5
Italy	1.7	0.5	-2.4	-1.8	0.4
Spain	-0.3	0.4	-1.4	-1.6	0.2
Sweden	6.3	3.8	1.1	0.9	1.7
Norway	1.5	2.6	3.3	2.3	2.8
Switzerland	3.0	1.9	1.0	0.9	1.3
UK	1.7	1.1	0.2	1.1	1.8
Americas	2010	2011	2012	2013F	2014F
Brazil	7.5	2.7	0.9	2.3	3.2
Canada	3.2	2.6	2.0	2.0	2.9
Mexico	5.3	3.9	3.9	2.5	3.8
US	2.5	1.8	2.8	1.6	3.0
EMEA	2010	2011	2012	2013F	2014F
Czech Republic	2.5	1.9	-1.3	-1.0	2.0
Hungary	1.3	1.6	-1.7	0.0	1.5
Poland	3.9	4.5	1.9	1.3	3.0
Russia	4.5	4.3	3.4	2.5	3.6
South Africa	2.8	3.1	2.5	2.0	2.7
Turkey	9.2	8.8	2.2	3.5	4.3

Sources: Thomson Reuters, UBS

F = Forecasts

For Asia and Multinational please see next page.

 Indicates decrease in forecasts from previous week

 Indicates increase in forecasts from previous week

Inflation Forecasts (CPI; % change yoy)					
Europe	2010	2011	2012	2013F	2014F
Eurozone	1.6	2.7	2.5	1.5	1.5
France	1.5	2.1	2.0	0.9	1.0
Germany	1.2	2.5	2.1	1.8	1.6
Italy	1.6	2.9	3.3	1.8	1.8
Spain	2.0	3.1	2.4	1.8	1.7
Sweden	1.3	2.6	0.9	0.1	1.2
Norway	2.4	1.3	0.7	1.9	1.6
Switzerland	0.7	0.2	-0.7	-0.3	0.7
UK	3.3	4.5	2.8	2.8	2.9
Americas	2010	2011	2012	2013F	2014F
Brazil	5.9	6.5	5.8	6.2	6.5
Canada	1.8	2.9	1.6	1.9	2.5
Mexico	4.4	3.8	3.6	3.9	3.3
US	1.6	3.1	2.1	1.5	1.8
EMEA	2010	2011	2012	2013F	2014F
Czech Republic	1.5	1.9	3.3	1.6	1.5
Hungary	4.9	3.9	5.6	1.6	2.0
Poland	2.6	4.3	3.9	0.9	2.2
Russia	6.8	8.5	5.1	6.6	5.5
South Africa	4.3	5.2	5.7	5.9	6.1
Turkey	8.6	6.5	8.9	7.3	6.4

Sources: Thomson Reuters, UBS

**Past performance is no indication of future performance. The market prices provided are closing prices on the respective principal exchange.**

This applies to all performance charts and tables in this publication.


In developing the Chief Investment Office economic forecasts, CIO economists worked in collaboration with economists employed by UBS Investment Research. Forecasts and estimates are current only as of the date of this publication and may change without notice.


## Economic Growth &amp; Inflation

Economic Growth Forecasts (Real GDP; % change yoy)					
Asia	2010	2011	2012	2013F	2014F
Australia	2.6	2.4	3.6	2.6	3.5
New Zealand	1.9	1.4	2.7	2.9	3.4
China	10.4	9.3	7.8	7.5	7.8
Hong Kong	6.8	4.9	1.5	3.0	4.0
India	9.3	6.2	5.0	4.7	5.7
Indonesia	6.2	6.5	6.2	5.6	5.2
Japan	4.7	-0.6	1.9	1.6	1.6
Malaysia	7.4	5.1	5.6	4.3	5.0
Philippines	7.6	3.6	6.8	7.0	6.0
Singapore	14.8	5.2	1.3	3.0	4.5
South Korea	5.8	3.7	2.1	2.5	3.0
Taiwan	10.8	4.1	1.3	3.0	4.2
Thailand	7.8	0.1	6.5	2.8	4.5
Asia*	8.8	6.7	5.8	5.5	6.1
	2010	2011	2012	2013F	2014F
World	4.4	3.3	2.8	2.5	3.3

Sources: Thomson Reuters, UBS

F = Forecasts

 Indicates decrease in forecasts from previous week

 Indicates increase in forecasts from previous week

\* Excluding Japan, including Australia &amp; NZ

In developing the Chief Investment Office economic forecasts, CIO economists worked in collaboration with economists employed by UBS Investment Research. Forecasts and estimates are current only as of the date of this publication and may change without notice.



Inflation Forecasts (CPI; % change yoy)					
Asia	2010	2011	2012	2013F	2014F
Australia	2.9	3.3	1.8	2.3	2.3
New Zealand	2.3	4.0	1.1	1.0	2.4
China	3.3	5.4	2.6	2.7	3.5
Hong Kong	2.3	5.3	4.1	3.9	4.1
India	10.6	9.7	10.2	8.7	7.3
Indonesia	5.1	5.4	4.3	7.3	7.1
Japan	-0.7	-0.3	0.0	0.0	1.9
Malaysia	1.7	3.2	1.7	2.6	3.8
Philippines	3.8	4.7	3.2	2.8	3.8
Singapore	2.8	5.3	4.6	3.6	2.8
South Korea	2.9	4.0	2.2	1.4	2.4
Taiwan	1.0	1.4	1.9	1.0	1.6
Thailand	3.3	3.8	3.0	2.4	2.7
Asia*	4.6	5.7	4.1	3.9	4.2
	2010	2011	2012	2013F	2014F
World	2.9	4.0	3.0	2.7	2.9

Sources: Thomson Reuters, UBS

## Target Rates Overview

Central Banks: Target Rates Overview							
end of:	tdy	2013		2014			
		Q3	Q4	Q1	Q2	Q3	Q4
Fed	0.13	0.13	0.13	0.13	0.13	0.13	0.13
ECB	0.50	0.50	0.50	0.50	0.50	0.50	0.50
SNB	0.02	0.00	0.00	0.00	0.00	0.00	0.00
BoE	0.50	0.50	0.50	0.50	0.50	0.50	0.50
BoC	1.00	1.00	1.25	1.50	1.75	2.00	2.00
Norges Bank	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Riksbank	1.00	1.00	1.00	1.00	1.00	1.00	1.00
RBA	2.50	2.50	2.50	2.50	2.50	2.75	3.00
RBNZ	2.50	2.50	2.75	3.00	3.25	3.50	3.75
BoJ	0.05	0.05	0.05	0.05	0.05	0.05	0.05
PBoC	3.00	3.00	3.00	3.00	3.00	3.00	3.00

Sources: Bloomberg, UBS

-  Indicates decrease in forecasts from previous week
-  Indicates increase in forecasts from previous week

## Interest Rates

Major Markets					
Europe	27-Aug-13	3mths	6 mths	12 mths	End 13
EUR 3M Libor	0.2	0.2	0.2	0.2	0.2
EUR 2Y Bund	0.3	0.2	0.4	0.6	0.3
EUR 5Y Bund	0.8	0.9	1.0	1.2	0.9
EUR 10Y Bund	1.9	1.7	2.0	2.4	1.8
CHF 3M Libor	0.0	0.0	0.0	0.0	0.0
CHF 2Y Eidg.	-0.1	0.1	0.2	0.3	0.1
CHF 5Y Eidg.	0.3	0.4	0.5	0.8	0.4
CHF 10Y Eidg.	1.1	1.0	1.1	1.5	1.0
GBP 3M Libor	0.5	0.5	0.5	0.5	0.5
GBP 2Y Gilt	0.4	0.5	0.8	1.0	0.6
GBP 5Y Gilt	1.6	1.5	1.6	1.8	1.5
GBP 10Y Gilt	2.6	2.5	2.6	2.9	2.5
Americas	27-Aug-13	3mths	6 mths	12 mths	End 13
USD 3M Libor	0.3	0.3	0.3	0.5	0.3
USD 2Y Treas.	0.4	0.3	0.6	0.8	0.4
USD 5Y Treas.	1.6	1.4	1.5	1.7	1.4
USD 10Y Treas.	2.8	2.6	2.8	3.0	2.7
USD 30Y Treas.	3.8	3.7	3.9	4.1	3.8
Asia	27-Aug-13	3mths	6 mths	12 mths	End 13
JPY 3M Libor	0.2	0.2	0.3	0.3	0.2
JPY 2Y JGB	0.1	0.2	0.3	0.5	0.2
JPY 5Y JGB	0.3	0.5	0.6	0.8	0.5
JPY 10Y JGB	0.7	1.0	1.2	1.5	1.1



Sources: Thomson Reuters, UBS

Diversification Markets					
Europe	27-Aug-13	3mths	6 mths	12 mths	End 13
SEK 3M Stibor	1.2	1.3	1.3	1.4	1.3
SEK 10Y Gov	2.5	2.0	2.4	2.5	2.3
NOK 3M Nibor	1.7	1.5	1.5	1.5	1.5
NOK 10Y Gov	2.9	2.3	2.8	2.9	2.7
HUF 3M Bubor	4.0	3.8	3.5	3.5	3.5
HUF 10Y Gov	6.5	6.6	6.9	7.1	6.9
PLN 3M Wibor	2.7	2.6	2.6	2.6	2.6
PLN 10Y Gov	4.4	4.8	4.9	5.0	4.9
RUB 1-day fixed repo rate	5.5	5.3	5.0	5.0	5.0

Sources: Thomson Reuters, UBS

Diversification Markets				
Americas	27-Aug-13	6 mths	12 mths	End 13
CAD 3M Libor	1.3	1.3	1.7	1.1
CAD 10Y Gov	2.6	2.6	2.9	2.7
MXN 3M Libor	3.9	4.0	4.3	4.0
MXN 10Y Bono	6.3	6.3	6.6	6.2
BRL 3M Libor	8.9	9.8	9.5	9.3
BRL 5Y Treasury note	11.6	11.8	12.2	11.7
Asia	27-Aug-13	6 mths	12 mths	End 13
AUD 3M Libor	2.6	2.8	2.6	2.8
AUD 10Y Gov	3.9	3.7	3.8	3.7
NZD 3M Libor	2.6	3.3	3.6	3.3
NZD 10Y Gov	4.6	4.6	4.9	4.6
CNY 7-day Repo	4.3	4.0	4.0	4.0
CNY 10Y Gov	4.0	3.7	3.7	3.7
HKD 3M Hibor	0.4	0.4	0.4	0.4
HKD 10Y Gov	2.5	2.4	2.5	2.4
INR 3M T Bill	10.8	7.4	7.4	7.4
INR 10Y Gov	8.5	8.2	8.5	8.2
IDR 3M JIBOR	6.2	6.1	6.1	6.1
IDR 10Y Gov	8.5	8.0	8.2	8.0
MYR 3M Klibor	3.2	3.1	3.4	3.1
MYR 10Y Gov	4.0	4.0	4.0	4.0
PHP 3M Phibor	2.2	3.0	3.0	3.0
PHP 10Y Gov	3.8	4.5	5.0	4.5
SGD 3M Sibor	0.4	0.4	0.4	0.4
SGD 10Y Gov	2.7	2.4	2.7	2.4
KRW 3M CD	2.7	2.6	3.2	2.6
KRW 5Y Gov	3.6	3.0	3.1	3.0
TWD 3M CP	0.9	0.8	0.9	0.8
TWD 10Y Gov	1.7	1.4	1.5	1.4
THB 3M Bibor	2.6	2.8	2.8	2.8
THB 10Y Gov	4.4	3.8	3.8	3.8

Sources: Thomson Reuters, UBS

-  Indicates decrease in forecasts from previous week  
 Indicates increase in forecasts from previous week

## Major Currencies

USD					
	27-Aug-13	3 mths	6 mths	12 mths	equil.*
EURUSD	1.33	1.28	1.30	1.34	1.30
USDJPY	98	98	98	105	78
GBPUSD	1.55	1.56	1.60	1.65	1.69
USDCHF	0.92	0.96	0.95	0.92	0.98
USDCAD	1.05	1.02	1.02	1.00	0.97
AUDUSD	0.89	0.85	0.88	0.88	0.75
NZDUSD	0.78	0.75	0.75	0.75	0.60
USDSEK	6.52	6.72	6.46	6.12	6.58
USDNOK	6.05	6.09	6.00	5.82	6.47

CHF					
	27-Aug-13	3 mths	6 mths	12 mths	equil.*
USDCHF	0.92	0.96	0.95	0.92	0.98
EURCHF	1.23	1.23	1.23	1.23	1.27
JPYCHF	0.94	0.98	0.97	0.87	1.26
GPBCHF	1.43	1.50	1.51	1.51	1.66
CADCHF	0.88	0.94	0.93	0.92	1.01
AUDCHF	0.82	0.82	0.83	0.81	0.74
NZDCHF	0.72	0.72	0.71	0.69	0.59
CHFSEK	7.07	6.99	6.83	6.67	6.72
CHFNOK	6.56	6.34	6.34	6.34	6.60

EUR					
	27-Aug-13	3 mths	6 mths	12 mths	equil.*
EURUSD	1.33	1.28	1.30	1.34	1.30
EURJPY	131	125	127	141	101
EURGBP	0.86	0.82	0.81	0.81	0.77
EURCHF	1.23	1.23	1.23	1.23	1.27
EURCAD	1.40	1.31	1.33	1.34	1.26
EURAUD	1.49	1.51	1.48	1.52	1.72
EURNZD	1.71	1.71	1.73	1.79	2.15
EURSEK	8.69	8.60	8.40	8.20	8.56
EURNOK	8.07	7.80	7.80	7.80	8.42

GBP					
	27-Aug-13	3 mths	6 mths	12 mths	equil.*
GBPUSD	1.55	1.56	1.60	1.65	1.69
GBPEUR	1.16	1.22	1.23	1.23	1.30
GPBCHF	1.43	1.50	1.51	1.51	1.66
GBPJPY	152	153	157	173	132
GBPCAD	1.63	1.59	1.63	1.65	1.65
GBPAUD	1.74	1.84	1.82	1.88	2.25
GBPNZD	2.00	2.08	2.13	2.20	2.80
GBPSEK	10.11	10.48	10.34	10.10	11.16
GBPNOK	9.39	9.51	9.60	9.60	10.97

Sources: Thomson Reuters, UBS

\* Estimates of equilibrium exchange rates based on Purchasing Power Parity (PPP) calculations

 Indicates decrease in forecasts from previous week

 Indicates increase in forecasts from previous week

## Emerging Market Currencies

Asia				
	27-Aug-13	3 mths	6 mths	12 mths
USDCNY	6.12	6.17	6.13	6.05
USDHKD*	7.76	7.75	7.75	7.75
USDINR	65.94	65.00	65.00	65.00
USDIDR	10,900	10,800	10,800	10,800
USDKRW	1,116	1,100	1,100	1,100
USDMYR	3.33	3.40	3.30	3.30
USDPHP	44.56	42.60	42.40	42.20
USDSGD	1.28	1.25	1.24	1.23
USDTWD	29.98	29.60	29.40	29.20
USDTHB	32.15	30.60	30.60	30.60


EMEA				
	27-Aug-13	3 mths	6 mths	12 mths
EURPLN	4.24	4.20	4.10	4.10
EURHUF	299.5	295.0	300.0	305.0
EURCZK	25.68	26.00	25.50	25.50
USDTRY	2.02	1.92	1.92	1.95
USDZAR	10.42	9.70	9.60	10.00
USDRUB	33.21	32.00	32.50	33.50

\* HKD is pegged to the USD

Americas				
	27-Aug-13	3 mths	6 mths	12 mths
USDMXN	13.26	12.30	12.20	12.00
USDBRL	2.38	2.18	2.20	2.28

Sources: Thomson Reuters, UBS

 Indicates decrease in forecasts from previous week

 Indicates increase in forecasts from previous week

## Commodities

Market Data					
Energy	Units	Imp. Vol.	YoY%	YTD%	Spot
Crude Oil (WTI)	US\$/bbl	21.9%	10.8	15.7	106.6
Crude Oil (Brent)	US\$/bbl	20.6%	-3.0	-0.2	111.6
US Natural Gas	US\$/mmbtu	38.6%	24.6	1.7	3.50

Precious Metals	Units	Imp. Vol.	YoY%	YTD%	Spot
Gold	US\$/oz	20.4%	-16.4	-16.7	1,397
Silver	US\$/oz	29.9%	-21.1	-19.9	24.2
Platinum	US\$/oz	20.7%	-0.9	0.2	1,539
Palladium	US\$/oz	23.2%	14.6	6.4	748

Base Metals	Units	Imp. Vol.	YoY%	YTD%	Spot
Copper	US\$/mt	18.2%	-4.5	-7.3	7,333
Aluminum	US\$/mt	18.7%	-1.6	-9.5	1,847
Nickel	US\$/mt	22.4%	-12.0	-15.0	14,455
Zinc	US\$/mt	17.2%	5.8	-4.9	1,950
Lead	US\$/mt	21.8%	13.1	-5.1	2,197
Tin	US\$/mt	20.5%	9.4	-6.9	21,775

Agriculture	Units	Imp. Vol.	YoY%	YTD%	Active F.
Corn	US\$/bu	33.7%	-36.5	-27.1	5.09
Soybeans	US\$/bu	30.8%	-18.0	0.4	14.25
Wheat	US\$/bu	22.4%	-25.6	-17.0	6.46
Sugar	US\$/lb	17.3%	-15.4	-15.1	0.166
Cotton	US\$/lb	22.3%	14.5	13.5	0.85
Coffee	US\$/lb	26.1%	-29.2	-19.9	1.15
Cocoa	US\$/mt	25.6%	0.2	9.2	2,441

Sources: Bloomberg, UBS

**CIO View:** Bullish = we target the upper range, Sideways = we expect a sideways move, Bearish = we target the lower range**Abbreviations:** Imp. Vol. = Implied Volatility, YoY% = Year over year in %, YTD% = Year to date in %, Active F. = Active Future, Lower R. = Lower range, Upper R. = Upper range
 Indicates decrease in forecasts from previous week

 Indicates increase in forecasts from previous week

3 months view		
View	Lower R.	Upper R.
Sideways	90.0	110.0
Sideways	98.0	115.0
Sideways	3.25	4.75

View	Lower R.	Upper R.
Bearish	1,150	1,425
Bearish	18.2	26.2
Sideways	1,375	1,600
Sideways	630	800

View	Lower R.	Upper R.
Sideways	6,600	7,800
Sideways	1,700	2,000
Sideways	13,800	16,500
Bullish	1,750	2,100
Bullish	2,000	2,400
Sideways	19,500	24,800

View	Lower R.	Upper R.
Sideways	4.20	5.75
Sideways	11.80	15.00
Sideways	5.95	7.50
Sideways	0.160	0.190
Bearish	0.71	0.87
Sideways	1.05	1.35
Sideways	2,200	2,700

12 months view	
View	Target
Sideways	100.0
Sideways	105.0
Bullish	4.40

View	Target
Bearish	1,050
Bearish	19.0
Bullish	1,650
Sideways	750

View	Target
Bearish	6,300
Sideways	1,900
Sideways	16,000
Bullish	2,200
Sideways	2,300
Sideways	23,000

View	Target
Sideways	5.50
Bearish	12.00
Sideways	6.65
Sideways	0.17
Sideways	0.88
Sideways	1.30
Sideways	2,600

Yearly Average		
2012	2013E	2014E
94.1	99.0	95.0
112.8	109.0	100.0
2.76	3.70	4.40

2012	2013E	2014E
1,669	1,350	1,150
31.2	23.0	18.0
1,552	1,550	1,675
645	760	775

2012	2013E	2014E
7,954	7,300	6,500
2,021	1,900	1,950
17,522	15,500	15,500
1,948	1,975	2,100
2,062	2,200	2,250
21,100	22,000	22,500

2012	2013E	2014E
6.94	5.95	5.25
14.64	13.75	12.50
7.50	6.70	6.70
0.216	0.170	0.179
0.80	0.83	0.88
1.75	1.30	1.30
2,346	2,350	2,450




## Equity Markets

Past Equity Market Performance (%) and 12 Month Return Forecasts							
Americas	2008	2009	2010	2011	2012	YTD	12 mths F
MSCI USA*	-37.1	27.1	15.4	2.0	16.1	17.9	7.5
S&P 500**	-38.5	23.5	12.8	0.0	13.4	16.2	5.0
Dow Jones Industrial**	-33.8	18.8	11.0	5.5	7.3	14.2	5.0
Nasdaq**	-40.5	43.9	16.9	-1.8	15.9	20.5	7.0
Europe	2008	2009	2010	2011	2012	YTD	12 mths F
MSCI EMU*	-44.3	28.7	3.3	-14.1	20.6	12.5	6.0
Euro Stoxx 50**	-44.4	21.1	-5.8	-17.1	13.8	6.7	3.0
MSCI Germany*	-42.7	22.6	16.9	-14.7	30.1	11.4	6.0
Dax 30*	-40.4	23.8	16.1	-14.7	29.1	10.3	6.0
MSCI France*	-39.7	29.1	3.5	-13.2	20.9	14.5	6.0
CAC 40**	-42.7	22.3	-3.3	-17.0	15.2	11.5	3.0
MSCI UK*	-28.5	27.7	12.2	-1.8	10.2	12.4	6.0
FTSE 100**	-31.3	22.1	9.0	-5.6	5.8	9.3	2.5
MSCI Switzerland*	-34.1	23.0	1.8	-5.7	18.9	20.2	6.0
SMI**	-34.8	18.3	-1.7	-7.8	14.9	17.1	3.0
Asia	2008	2009	2010	2011	2012	YTD	12 mths F
MSCI Japan*	-42.5	9.3	0.7	-18.6	21.8	31.6	10.0
Nikkei 225**	-42.1	19.0	-3.0	-17.3	22.9	28.6	9.0
Hang Seng**	-48.3	52.0	5.3	-20.0	22.9	-3.4	6.0
Emerging Markets	2008	2009	2010	2011	2012	YTD	12 mths F
MSCI Em Markets*	-53.2	79.0	19.2	-18.2	18.6	-10.7	6.0

Sources: Thomson Reuters, UBS

\*Total return indices (incl. dividends), \*\* capital gain (change in price index), F = Forecasts

 Indicates decrease in forecasts from previous week


 Indicates increase in forecasts from previous week


## Real Estate Markets

Benchmark income returns for direct real estate investments portfolios, all properties										
Americas	Volatility*	Expected return *	2006	2007	2008	2009	2010	2011	2012	2013 F
US	0.7	6.0	6.3	5.5	5.2	6.5	6.9	6.1	5.7	5.6
Canada	0.2	6.6	7.5	6.8	6.3	6.4	6.9	6.6	6.2	5.8
Europe & Africa	Volatility*	Expected return*	2006	2007	2008	2009	2010	2011	2012	2013 F
UK	1.0	6.0	4.9	4.6	5.6	7.4	6.4	5.8	5.8	5.7
Ireland	2.6	6.7	4.4	3.9	4.2	7.0	8.8	9.5	9.8	9.5
France	0.3	5.6	5.7	5.4	5.4	6.1	5.8	5.6	-	5.5
Germany	0.2	5.1	4.6	4.7	5.0	5.2	5.1	5.3	5.2	5.0
Switzerland	0.1	4.7	4.9	4.8	4.9	4.8	4.6	4.6	4.4	4.3
Netherlands	0.1	5.3	5.6	5.2	5.1	5.3	5.4	5.4	5.4	5.5
Spain	0.7	5.1	5.0	4.8	4.4	4.6	6.2	5.6	5.7	5.6
Denmark	0.2	5.0	5.1	4.8	5.2	5.3	5.0	4.9	4.8	4.8
South Africa	0.2	8.7	9.1	8.6	8.5	8.5	8.9	8.7	8.9	8.9
Asia	Volatility*	Expected return*	2006	2007	2008	2009	2010	2011	2012	2013 F
Australia	0.5	6.9	7.2	6.6	6.4	6.8	7.4	7.5	7.4	7.0
Japan	0.2	5.1	5.4	5.1	4.8	5.2	5.2	5.3	5.3	5.0
South Korea	0.8	5.8	7.1	6.5	4.5	5.7	5.9	6.5	6.0	5.8
Dividend yields for listed real estate***										
Global	Volatility*	Expected return*	2006	2007	2008	2009	2010	2011	2012	2013 F
Global real estate equities	1.3	4.2	3.0	3.2	6.4	3.7	3.5	4.2	3.6	3.1

Sources: Bloomberg, IPD, NAREIT, UBS IB, UBS

\*5y average 2007-2011; \*\* Annualized; \*\*\* End of year.

 Indicates decrease in forecasts from previous week

 Indicates increase in forecasts from previous week

## Political calendar

### Selected political dates a year ahead

#### 2013-Q3


2H-2013	EU	Lithuania assumes Presidency of European Council
5-6 Sep-13	G-20	Summit
07-Sep-13	Australia	Parliamentary elections
22-Sep-13	Germany	Parliamentary elections (Bundestag)
29-Sep-13	Austria	Parliamentary elections


#### 2013-Q4

10-11 Oct-13	G-20	Finance ministers' meeting
24-25 Oct-13	EU	European Council
27-Oct-13	Argentina	Parliamentary elections
17-Nov-13	Chile	Presidential Election (1st round)
3-6 Dec-13	WTO	Ministerial Conference in Bali, Indonesia
13-Dec-13	Chile	Presidential Election (2nd round)
17-Dec-13	Tunisia	Presidential and parliamentary elections (prov.)
19-20 Dec-13	EU	European Council

Sources: Official government sites, media reports

UBS AG

 Indicates new dates from previous week

 Indicates amendments of dates from previous week

### (continued)

#### 2014-Q1

Jan-14	Egypt	Parliamentary elections (early elections) (prov.)
Mar-14	Colombia	Parliamentary elections
Mar-14	Iraq	Parliamentary elections
Mar-14	North Korea	Parliamentary elections
Mar-14	Thailand	Parliamentary elections

#### 2014-Q2

09-Apr-14	Indonesia	Parliamentary elections
Apr-14	Algeria	Presidential Election
Apr-14	Hungary	Parliamentary elections
Apr-14	South Africa	Parliamentary elections (prov.)
Apr-14	Turkey	Presidential elections (est.)
22-25 May 14	EU	Parliamentary elections
25-May-14	Belgium	Parliamentary elections (Chamber of Representatives)
May-14	Colombia	Presidential elections
May-14	Syria	Presidential elections
May-14	India	Parliamentary elections (Lok Sabha)
Jun-14	Israel	Presidential elections (est.)

#### 2014-Q3

09-Jul-14	Indonesia	Presidential elections (2nd round: Sep 14)
-----------	-----------	--

#### 2014-Q4

05-Oct-14	Brazil	Parliamentary and presidential elections
04-Nov-14	US	Parliamentary elections (midterm)
Nov-14	Lebanon	Parliamentary elections

## Appendix: How to interpret the currency pages

Two currency conventions are used in the foreign exchange markets.

- **The European convention**, also called the direct quotation or price quotation, expresses a foreign currency in units of the home currency, i.e., 0.80 Euro for one US-Dollar or 120 Japanese Yen for one US-Dollar. This is the most widely used currency convention in the world and also the one usually used in the US.
- **The British convention**, also called the indirect quotation or quantity quotation, expresses the home currency in units of a foreign currency, i.e., 1.25 US-Dollars for one Euro or 0.83 US-Dollar for 100 Japanese Yen. This convention is usually used in the UK and is also common in Australia, Canada and New Zealand.

In the foreign exchange markets, some currencies have become "pairs". When a trader or an analyst refers to these pairs, it is almost always in the same convention. From a US-centric perspective:

- The US-Dollar exchange rate with the Australian Dollar (the "Aussie"), the New Zealand Dollar (the "Kiwi"), the British Pound (the "Cable", when related to the US-Dollar, because the US-Dollar/British Pound exchange rate was the first traded through the transatlantic cable) and the Euro is expressed in the British convention, i.e., 1.20 US-Dollars for one Euro.
- All other exchange rates of the US-Dollar with a major currency—the Japanese Yen, Swiss Franc, Canadian Dollar (the "Loonie", named after the Canadian bird on the one dollar coin) and the Scandinavian currencies—are expressed in the European convention, i.e., 1.25 Swiss Francs for one US-Dollar.

Currencies are usually referred to by acronyms or special signs, i.e., \$ for US-Dollar, £ for British Pound (the "L" comes from the French translation of the British Pound or Pound Sterling, "Livre Sterling"), SFr. for Swiss Franc, etc. To avoid confusion about which dollar, franc or krona we are referring to in today's globalized economy, currencies are defined by an acronym of three capital letters, a system developed by the International Organization for Standardization and called ISO 4217. In general, the first two letters refer to the country and the third, to the name of the currency.

**USD** = US-Dollar, **AUD** = Australian Dollar, **BRL** = Brazilian Real, **CAD** = Canadian Dollar, **CHF** = Swiss Franc (the CH is based on the Latin translation of Swiss Confederation, "Confederatio Helvetica"), **CNY** = Chinese Yuan Renminbi (this currency is sometimes abbreviated RMB, which is not an ISO standard), **COP** = Colombian Peso, **CZK** = Czech Koruna, **DKK** = Danish Krona, **EUR** = Euro, **GBP** = British Pound or Pound Sterling, **HKD** = Hong Kong Dollar, **HUF** = Hungarian Forint, **IDR** = Indonesian Rupiah, **INR** = Indian Rupee, **JPY** = Japanese Yen, **MXN** = Mexican Peso, **MYR** = Malaysian Ringgit, **NOK** = Norwegian Krona, **NZD** = New Zealand Dollar, **PHP** = Philippines Peso, **PLN** = Polish Zloty, **RUB** = Russian Ruble, **SEK** = Swedish Krona, **SGD** = Singapore Dollar, **SKK** = Slovak Koruna, **KRW** = South Korean Won, **THB** = Thai Bath, **TWD** = Taiwan Dollar, **TRY** = Turkish Lira, and **ZAR** = South African Rand (the ZA refers to Zuid-Afrika, i.e., South Africa in Dutch).

The format used to show currency pairs or exchange rates is either XXX/YYY or, the even simpler, XXXYYY, where XXX stands for the base currency and YYY for the counter currency. The format reads "units of YYY for one unit of XXX". For example, EUR/USD or EURUSD at 1.20 means that you have to pay 1.20 US-Dollars for one Euro, while USD/EUR or USDEUR at 1.20 means that you have to pay 1.20 Euros for one US-Dollar.

---

## Appendix: How to interpret the commodity page

The commodity page is split into two major sections:

- **Market Data:** This section gives the reader an overview of key figures for individual commodities. We believe these figures are important when analyzing our forecasts.

In the market data section, we give an indication of the units that the commodity price refers to. Through the implied volatility figures we like investors to consider the volatility of the commodity. This can vary significantly across different commodities. Looking at the historical performance of the spot market provides a reference point and allows a comparison to be made. The last two columns highlight the spot and futures market. Since transactions involving the physical exchange of commodities are rare, the futures markets are the most relevant for most of our clients.

- **UBS CIO View:** This section is split into a short-term and a long-term view. The shorter term view is for active investors with a target horizon of 1-3 months. The long-term view is for strategic investments with a time horizon of 12 months and more.

## Contact Persons

### Economics and Central Banks

**Andreas Höfert**

andreas.hoefert@ubs.com  
Chief Economist

**Daniel Kalt**

daniel.kalt@ubs.com  
Chief Economist Switzerland

**Thomas Berner**

thomas.berner@ubs.com  
Economist US

**Ricardo Garcia**

ricardo-za.garcia@ubs.com  
Economist Eurozone

**Gary Tsang**

gary.tsang@ubs.com  
Economist Asia

**Costa Vayenas**

costa.vayenas@ubs.com  
Economist Emerging Markets Global

### Fixed Income

**Daniela Steinbrink Mattei**

daniela.steinbrinkmattei@ubs.com  
Fixed Income Global

### Forex

**Thomas Flury**

thomas.flury@ubs.com  
Forex Global

**Katherine Klingensmith**

katherine.klingensmith@ubs.com  
Forex Global

**Constantin Bolz**

constantin.bolz@ubs.com  
Forex Global

**Tan Teck Leng**

teck-leng.tan@ubs.com  
Forex Global

### Commodities

**Dominic Schnider**

dominic.schnider@ubs.com  
Commodity Global

**Giovanni Staunovo**

giovanni.staunovo@ubs.com  
Commodity Global

### Equities

**Carsten Schlufte**

carsten.schlufte@ubs.com  
Equity Analyst

### Global Real Estate

**Thomas Veraguth**

thomas.veraguth@ubs.com  
Economist Real Estate

### Politics

**Jürg de Spindler**

juerg.de-spindler@ubs.com  
Political Analyst

## Disclaimer

UBS CIO WM Research is published by Wealth Management and Retail & Corporate and Wealth Management Americas, Business Divisions of UBS AG (UBS) or an affiliate thereof. In certain countries UBS AG is referred to as UBS SA. This publication is for your information only and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or other specific product. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. Certain services and products are subject to legal restrictions and cannot be offered worldwide on an unrestricted basis and/or may not be eligible for sale to all investors. All information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to its accuracy or completeness (other than disclosures relating to UBS and its affiliates). All information and opinions as well as any prices indicated are current as of the date of this report, and are subject to change without notice. Opinions expressed herein may differ or be contrary to those expressed by other business areas or divisions of UBS as a result of using different assumptions and/or criteria. At any time UBS AG and other companies in the UBS group (or employees thereof) may have a long or short position, or deal as principal or agent, in relevant securities or provide advisory or other services to the issuer of relevant securities or to a company connected with an issuer. Some investments may not be readily realizable since the market in the securities is illiquid and therefore valuing the investment and identifying the risk to which you are exposed may be difficult to quantify. UBS relies on information barriers to control the flow of information contained in one or more areas within UBS, into other areas, units, divisions or affiliates of UBS. Futures and options trading is considered risky. Past performance of an investment is no guarantee for its future performance. Some investments may be subject to sudden and large falls in value and on realization you may receive back less than you invested or may be required to pay more. Changes in FX rates may have an adverse effect on the price, value or income of an investment. We are of necessity unable to take into account the particular investment objectives, financial situation and needs of our individual clients and we would recommend that you take financial and/or tax advice as to the implications (including tax) of investing in any of the products mentioned herein. This document may not be reproduced or copies circulated without prior authority of UBS or a subsidiary of UBS. UBS expressly prohibits the distribution and transfer of this document to third parties for any reason. UBS will not be liable for any claims or lawsuits from any third parties arising from the use or distribution of this document. This report is for distribution only under such circumstances as may be permitted by applicable law. In developing the Chief Investment Office economic forecasts, CIO economists worked in collaboration with economists employed by UBS Investment Research. Forecasts and estimates are current only as of the date of this publication and may change without notice.

**External Asset Managers / External Financial Consultants:** In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, UBS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties. **Australia:** 1) **Clients of UBS Wealth Management Australia Ltd:** This notice is distributed to clients of UBS Wealth Management Australia Ltd ABN 50 005 311 937 (Holder of Australian Financial Services Licence No. 231127), Chifley Tower, 2 Chifley Square, Sydney, New South Wales, NSW 2000, by UBS Wealth Management Australia Ltd.: This Document contains general information and/or general advice only and does not constitute personal financial product advice. As such the content of the Document was prepared without taking into account the objectives, financial situation or needs of any specific recipient. Prior to making any investment decision, a recipient should obtain personal financial product advice from an independent adviser and consider any relevant offer documents (including any product disclosure statement) where the acquisition of financial products is being considered. 2) **Clients of UBS AG:** This notice is issued by UBS AG ABN 47 088 129 613 (Holder of Australian Financial Services Licence No 231087): This Document is issued and distributed by UBS AG. This is the case despite anything to the contrary in the Document. The Document is intended for use only by "Wholesale Clients" as defined in section 761G ("Wholesale Clients") of the Corporations Act 2001 (Cth) ("Corporations Act"). In no circumstances may the Document be made available by UBS AG to a "Retail Client" as defined in section 761G of the Corporations Act. UBS AG's research services are only available to Wholesale Clients. The Document is general information only and does not take into account any person's investment objectives, financial and taxation situation or particular needs. **Austria:** This publication is not intended to constitute a public offer or a comparable solicitation under Austrian law and will only be used under circumstances which will not be equivalent to a public offering of securities in Austria. The document may only be used by the direct recipient of this information and may under no circumstances be passed on to any other investor. **Bahamas:** This publication is distributed to private clients of UBS (Bahamas) Ltd and is not intended for distribution to persons designated as a Bahamian citizen or resident under the Bahamas Exchange Control Regulations. **Bahrain:** UBS AG is a Swiss bank not licensed, supervised or regulated in Bahrain by the Central Bank of Bahrain and does not undertake banking or investment business activities in Bahrain. Therefore, Clients have no protection under local banking and investment services laws and regulations. **Belgium:** This publication is not intended to constitute a public offering or a comparable solicitation under Belgian law, but might be made available for information purposes to clients of UBS Belgium NV/SA, a regulated bank under the "Commission Bancaire, Financière et des Assurances", to which this publication has not been submitted for approval. **Canada:** In Canada, this publication is distributed to clients of UBS Wealth Management Canada by UBS Investment Management Canada Inc.. **Dubai:** Research is issued by UBS AG Dubai Branch within the DIFC, is intended for professional clients only and is not for onward distribution within the United Arab Emirates. **France:** This publication is distributed by UBS (France) S.A., French "société anonyme" with share capital of € 125.726.944, 69, boulevard Haussmann F-75008 Paris, R.C.S. Paris B 421 255 670, to its clients and prospects. UBS (France) S.A. is a provider of investment services duly authorized according to the terms of the "Code Monétaire et Financier", regulated by French banking and financial authorities as the "Banque de France" and the "Autorité des Marchés Financiers". **Germany:** The issuer under German Law is UBS Deutschland AG, Bockenheimer Landstrasse 2-4, 60306 Frankfurt am Main. UBS Deutschland AG is authorized and regulated by the "Bundesanstalt für Finanzdienstleistungsaufsicht". **Hong Kong:** This publication is distributed to clients of UBS AG Hong Kong Branch by UBS AG Hong Kong Branch, a licensed bank under the Hong Kong Banking Ordinance and a registered institution under the Securities and Futures Ordinance. **India:** Distributed by UBS Securities India Private Ltd. 2/F, 2 North Avenue, Maker Maxity, Bandra Kurla Complex, Bandra (East), Mumbai (India) 400051. Phone: +912261556000. SEBI Registration Numbers: NSE (Capital Market Segment): INB230951431, NSE (F&O Segment) INF230951431, BSE (Capital Market Segment) INB010951437. **Indonesia:** This research or publication is not intended and not prepared for purposes of public offering of securities under the Indonesian Capital Market Law and its implementing regulations. Securities mentioned in this material have not been, and will not be, registered under the Indonesian Capital Market Law and Regulations. **Italy:** This publication is distributed to the clients of UBS (Italia) S.p.A., via del vecchio politecnico 3, Milano, an Italian bank duly authorized by Bank of Italy to the provision of financial services and supervised by "Consob" and Bank of Italy. UBS Italia has not participated in the production of the publication and of the research on investments and financial analysis herein contained. **Jersey:** UBS AG, Jersey Branch, is regulated and authorized by the Jersey Financial Services Commission for the conduct of banking, funds and investment business. **Luxembourg:** This publication is not intended to constitute a public offer under Luxembourg law, but might be made available for information purposes to clients of UBS (Luxembourg) S.A., a regulated bank under the supervision of the "Commission de Surveillance du Secteur Financier" (CSSF), to which this publication has not been submitted for approval. **Mexico:** This document has been distributed by UBS Asesores México, S.A. de C.V., a company which is not subject to supervision by the National Banking and Securities Commission of Mexico and is not part of UBS Grupo Financiero, S.A. de C.V. or of any other Mexican financial group and whose obligations are not guaranteed by any third party. UBS Asesores México, S.A. de C.V. does not guarantee any yield whatsoever. **Singapore:** Please contact UBS AG Singapore branch, an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110) and a wholesale bank licensed under the Singapore Banking Act (Cap. 19) regulated by the Monetary Authority of Singapore, in respect of any matters arising from, or in connection with, the analysis or report. **Spain:** This publication is distributed to clients of UBS Bank, S.A. by UBS Bank, S.A., a bank registered with the Bank of Spain. **UAE:** This research report is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates (UAE). The contents of this report have not been and will not be approved by any authority in the United Arab Emirates including the UAE Central Bank or Dubai Financial Authorities, the Emirates Securities and Commodities Authority, the Dubai Financial Market, the Abu Dhabi Securities market or any other UAE exchange. **UK:** Approved by UBS AG, authorised and regulated by the Financial Market Supervisory Authority in Switzerland. In the United Kingdom, UBS AG is authorised by the Prudential Regulation Authority and subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. A member of the London Stock Exchange. This publication is distributed to private clients of UBS London in the UK. Where products or services are provided from outside the UK, they will not be covered by the UK regulatory regime or the Financial Services Compensation Scheme. **USA:** This document is not intended for distribution into the US and /or to US persons. UBS Securities LLC is a subsidiary of UBS AG and an affiliate of UBS Financial Services Inc., UBS Financial Services Inc. is a subsidiary of UBS AG. Version 07/2013.

© UBS 2013. The key symbol and UBS are among the registered and unregistered trademarks of UBS. All rights reserved.