

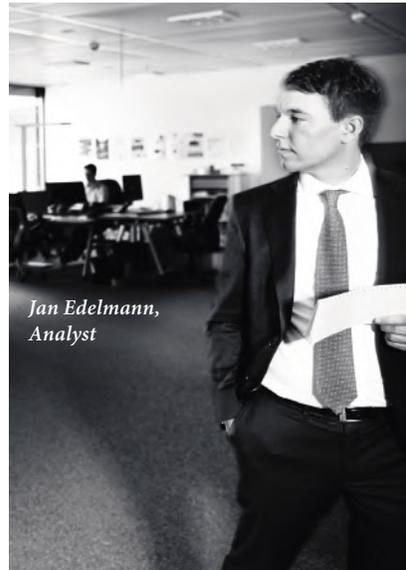
ECONOMICS

The oil price is up, copper is climbing to a four-year high, palladium reaches previously unseen price levels – the metal is used as a component in catalytic converters in vehicles and is therefore particularly sought-after. On the international commodities markets there is always a lot of movement; most recently, prices have risen sharply, in some cases with huge consequences for companies who suddenly have to calculate with substantially higher costs. Anyone able to guess in early 2017 that the price of a barrel of crude oil would rise by more than 20 percent within the space of twelve months would probably have got themselves some hedging. But hardly anyone did. “With our analyses and forecasts about the commodities markets we are attempting to give practical help to

ANYONE SEEKING RAW MATERIALS MUST D ANYONE WANTING

our clients,” says Jan Edelmann, commodities analyst at HSH Nordbank. He deals with the markets on a daily basis and gets to look behind the scenes. Jan Edelmann knows the strategies of US shale oil producers, he observes how the Chinese government manages its economy and keeps an eye on the consequences which the establishment of new technologies has. “Copper, aluminium, nickel and zinc are used in the building of electric vehicles,” he says. “Demand and thus prices remain high.” But if prices are high, cannot a new producer simply come along? “It’s not quite as simple as that,” says the economist, whose knowledge is regularly sought out by a variety of newspapers. “Ten years go by until a new copper mine is established, such a project costs a few

billion euros.” Good to know. So, will commodity prices remain high? “If the global economy remains robust, it is likely they will,” Edelmann thinks. His advice: “Always keep an eye on all factors.” Good idea, but that’s really his job.



Jan Edelmann,
Analyst



The world is becoming more complex, connectivity is on the rise. Has it become more difficult to make economic forecasts?

Dr. Cyrus de la Rubia: Predicting the performance of the economy has never been easy. Nothing has changed in this respect. But it has become increasingly difficult to understand the present because we note that some patterns and principles which once used to apply no longer do so.

Can you give me an example?

Dr. Cyrus de la Rubia: If the economy does well and unemployment falls, the rate of inflation normally rises – that's what the textbooks say. For the past few years it is not only the German economy which has been buzzing, we are even getting close to full employment – and yet inflation remains low. It would seem that some of the old teachings no longer apply.

Why does the correlation between full employment and inflation no longer apply?

Sintje Boie: One important point is technological progress, for example as a result of digitalisation. It leads to lower production costs, in some cases products are being offered at lower prices thanks to new commercial structures such as e-commerce. This pushes down inflation. But we are

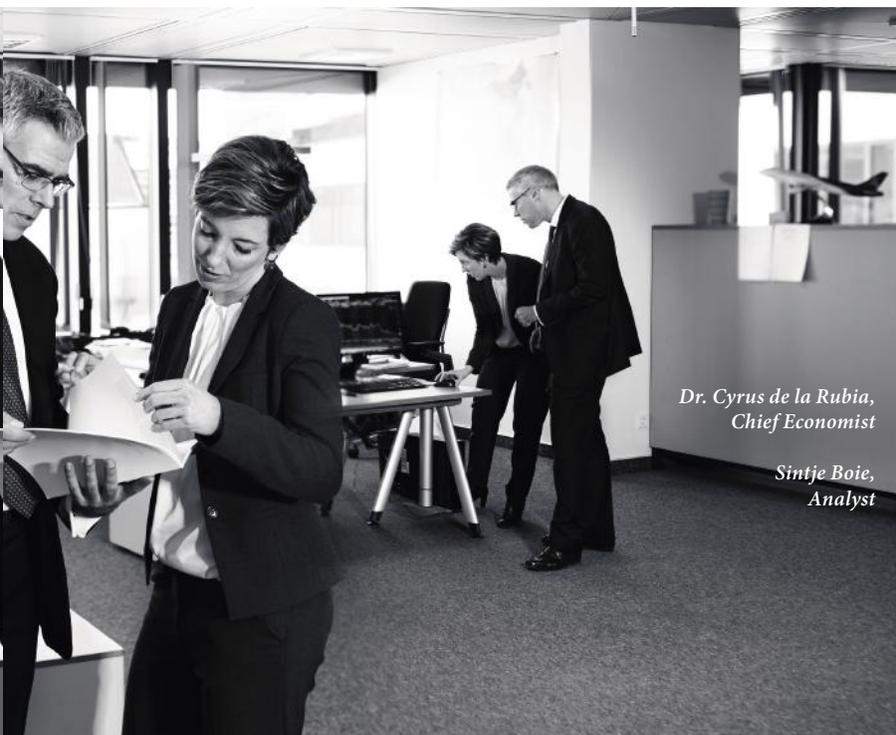
remain low. This trend could be reversed once the baby-boomers actually enter retirement age. Then savings will be used up, which should lead to higher interest rates.

How can the Bank's clients benefit from the findings of your macroeconomic analysis?

Sintje Boie: We are engaged in a constant exchange with our clients and pay them regular visits together with our sales colleagues. Many clients are well-informed, but they look for someone with whom they can discuss their views;



IG DEEP. TO UNDERSTAND THE MARKET MUST DO SO, TOO.



*Dr. Cyrus de la Rubia,
Chief Economist*

*Sintje Boie,
Analyst*

also preoccupied by the fact that interest rates have remained low for so long. Here, the ageing population probably plays a major role.

What does the ageing population have to do with interest rates?

Dr. Cyrus de la Rubia: At present, the baby-boomer generation is gradually approaching retirement age, a phase in life when savings build up. The savings/investment ratio has a big effect on interest rates. If savings rise while investments stay steady, there is an excess supply of cash – interest rates

events such as our “Zinsfrühstück” (interest-rate breakfast), for example, provide a forum for them. In addition, we pick up on current issues in our traditional publications, we express our views in comments and provide information in modern formats such as webinars.

An important topic at the moment is that of exchange rates. Will the euro strengthen further against the dollar in 2018?

Dr. Cyrus de la Rubia: We remain positive on the euro. We also stick with our position because it is being strengthened by political initiatives in Europe.





HOW IS WHO AND WHAT WHERE BY CONNECTED OUR STUDIES PRO

*Thomas Glahe,
Client Relationship Manager, Healthcare*

*Christian Strauch,
Director of Distribution at apo-rot*

*Tom Miller,
Analyst*

ECONOMICS, STUDIES

Close to the markets, close to trends, close to its clients – the analysts of HSH Nordbank translate models and theoretical knowledge into practical benefits for companies. “We want to highlight what is important and provide relevant information,” says Tom Miller. Like his colleagues, he regularly visits clients to share his knowledge.

that is, a fine-grain analysis of the sector, but also on many interviews with specialists. One example: the discussions held by Tom Miller and client relationship manager Thomas Glahe with Christian Strauch, CEO of apo-rot, one of Germany’s leading online mail-order pharmacies, which found their way into the “Healthcare Industry 2017” study.

Tom Miller’s study on the healthcare industry caused a stir in the sector. “It is important for us to work through data and facts in such a way that clients are able to use them specifically for strategic decisions,” says Miller. “We are guided by two questions: What concerns our clients? What helps them move forward?”



WHEN AND WHY? VIDE ANSWERS THAT HELP OUR CLIENTS MOVE FORWARD. T

If you want to shape the future you have to understand the present and recognise emerging developments. This is exactly what our studies help achieve: healthcare sector, nutrition, infrastructure, renewable energies, rail, wind, fashion – the list of studies on current topics is a long one. The studies are based not only on thorough research,

The Hamburg-based company has built up a mail-order pharmacy around its branches – and it is extremely successful. “We are breaking new ground,” says Christian Strauch. “Here it is important to maintain a close exchange of ideas with other specialists. Discussions such as those with HSH Nordbank help us advance in our thinking.”

Research equals science in the ivory tower? No, we have a very different outlook. Our motto is, make as much knowledge as possible as usable as possible – for the benefit of clients.

