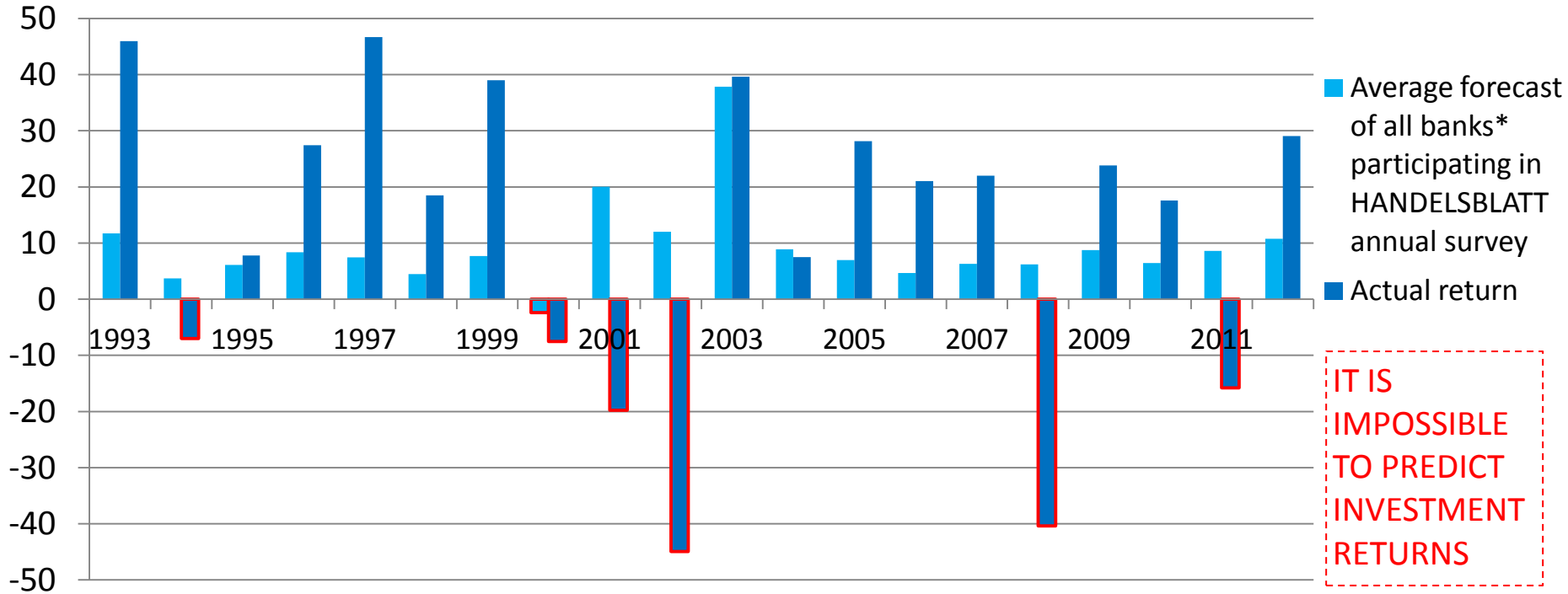


# German bankers cannot predict the return of German stocks

## AVERAGE FORECAST VS. ACTUAL ANNUAL RETURN OF GERMAN STOCKS

Change of DAX index in %



Right direction?	✓	✗	✓	✓	✓	✓	✓	✓	✗	✗	✗	✓	✓	✓	✓	✓	✗	✓	✓	✗	✓
Right magnitude? (+/- 10%)	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗

Only 1 out of 6 negative returns predicted

Only 4 out of 20 returns predicted with <10% error

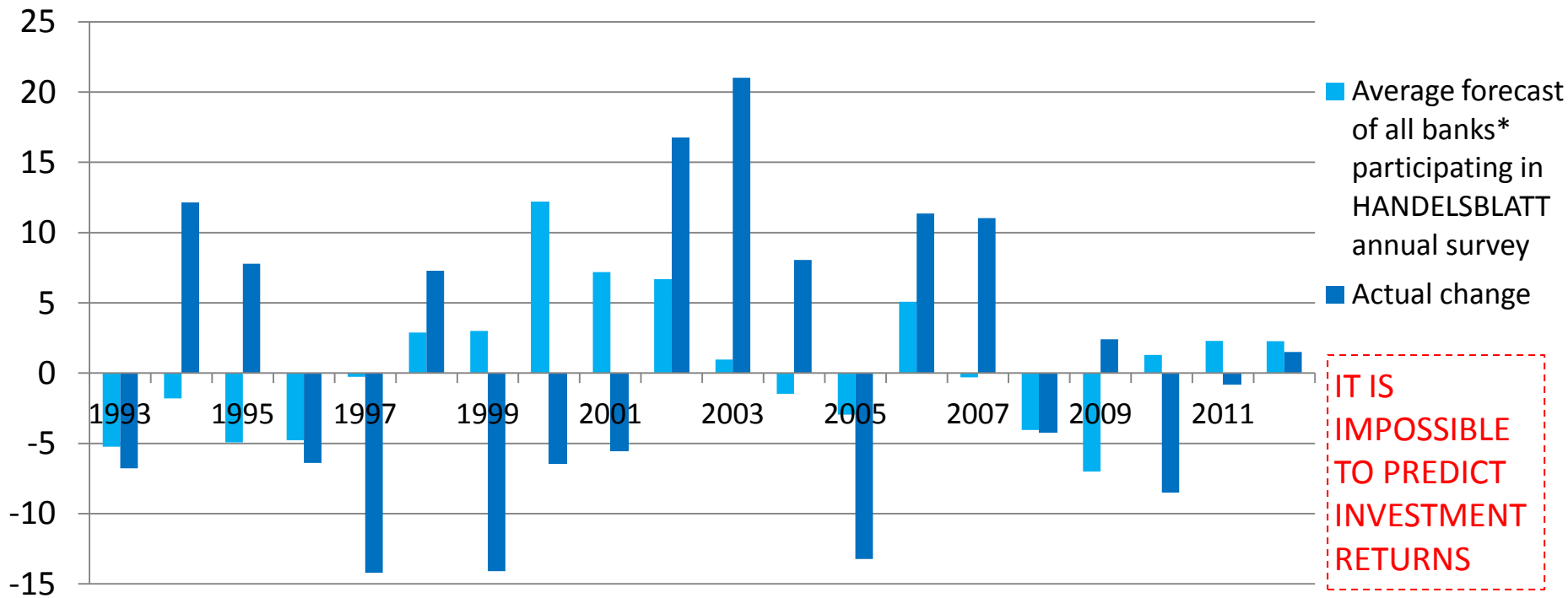
Source: Handelsblatt; own calculations

\* About 40 banks operating in Germany, including Bank of America, BNP Paribas, Citigroup, Commerzbank, Credit Suisse, Deutsche Bank, Goldman Sachs, JP Morgan, Morgan Stanley, Société Générale, UBS, Unicredit

# They cannot predict the US dollar exchange rate either

## AVERAGE FORECAST VS. ACTUAL ANNUAL CHANGE IN DM/EURO-USD EXCHANGE RATE

In %



**IT IS IMPOSSIBLE TO PREDICT INVESTMENT RETURNS**

Right direction?	(✓)	X	X	(✓)	(✓)	(✓)	X	X	X	(✓)	(✓)	X	(✓)	(✓)	X	(✓)	X	X	X	(✓)
Right magnitude? (+/- 5%)	(✓)	X	X	(✓)	X	(✓)	X	X	X	X	X	X	X	X	X	(✓)	X	X	(✓)	(✓)

**10 out of 20** directions correct (same as coin)  
**Only 6 out of 20** changes predicted with <5% error

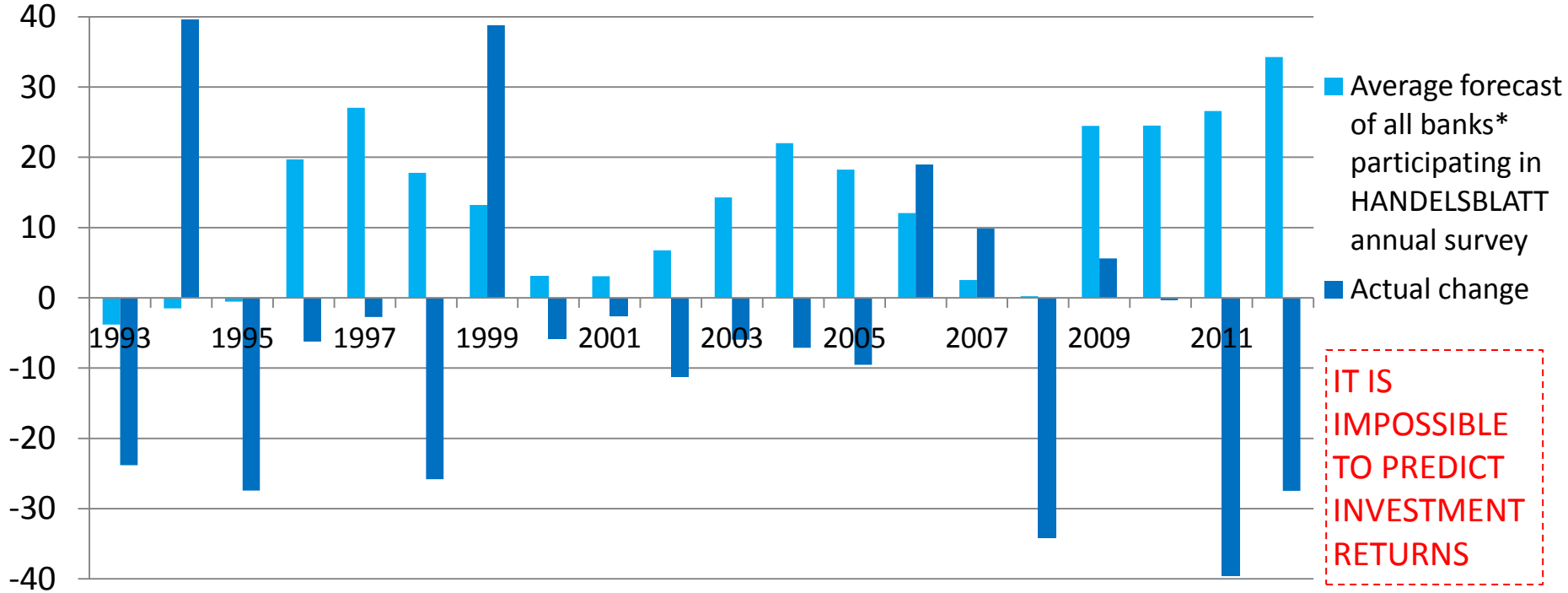
Source: Handelsblatt; own calculations

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# German bankers cannot predict the yield of German government bonds

## AVERAGE FORECAST VS. ACTUAL ANNUAL CHANGE IN TEN-YEAR BUND YIELDS

In %



IT IS IMPOSSIBLE TO PREDICT INVESTMENT RETURNS

Right direction?	(✓)	X	(✓)	X	X	X	(✓)	X	X	X	X	X	(✓)	(✓)	X	(✓)	X	X	X
Right magnitude? (+/- 10%)	X	X	X	X	X	X	(✓)	(✓)	X	X	X	X	(✓)	(✓)	X	X	X	X	X

6 out of 20 directions correct (worse than coin)  
 Only 4 out of 20 changes predicted with <10% error

Source: Handelsblatt; own calculations

\* About 40 banks operating in Germany, including Bank of America, BNP Paribas, Citigroup, Commerzbank, Credit Suisse, Deutsche Bank, Goldman Sachs, JP Morgan, Morgan Stanley, Société Générale, UBS, Unicredit