

Commerzbank Forecasts

Growth and inflation

	Real GDP (%)			Inflation rate (%)			
	2019	2020	2021	2019	2020	2021	
USA	2.2	-4.0	4.3	1.8	1.2	2.0	<ul style="list-style-type: none"> • The coronavirus places a massive burden on the global economy. • In the industrialized countries, the economic recovery is making good progress, although it is losing momentum over time. • A vaccine against Covid-19 is expected to give a new impetus to the economy from mid 2021 onwards. • In China, production has returned to pre-crisis levels. However, the pace of growth is now likely to slow down significantly. • Past globalisation and the digitalisation that is gathering momentum are keeping underlying inflation low.
Japan	0.7	-5.0	2.5	0.5	0.2	0.5	
Euro area	1.3	-6.5	5.5	1.2	0.3	0.9	
- Germany	0.5	-4.5	3.5	1.4	0.6	1.8	
- France	1.5	-8.5	7.5	1.1	0.6	1.0	
- Italy	0.3	-9.5	5.5	0.6	0.1	0.6	
- Spain	2.0	-12.0	8.5	0.7	-0.2	1.3	
- Netherlands	1.7	-3.5	3.5	2.6	1.4	1.7	
- Austria	1.5	-6.0	4.5	1.5	1.2	1.4	
UK	1.2	-10.0	5.5	1.8	0.9	1.4	
Switzerland	1.2	-4.5	3.5	0.4	-0.6	0.7	
China	6.2	1.7	8.0	2.8	2.5	2.3	
India	5.3	-4.4	7.1	3.7	6.0	4.0	
Brazil	1.1	-5.5	3.5	3.7	2.7	3.1	
Russia	1.3	-4.0	1.4	4.4	3.1	2.0	
Poland	4.1	-3.3	2.3	2.2	3.3	1.2	
World	3.0	-3.2	5.7				

Interest rates (end-of-quarter)

	15-Oct	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21		
USA								
Fed funds, upper bound	0,25	0,25	0,25	0,25	0,25	0,25	<ul style="list-style-type: none"> • The US Federal Reserve has effectively lowered its key interest rate to 0% due to the epidemic and is buying bonds again. This is unlikely to change for the time being. • The yield on ten-year US government bonds should tend to rise somewhat in parallel with the economic recovery. • Due to economic risks and persistently low core inflation, the ECB will stick to its negative interest rate policy and net bond purchases for a very long time. • The yield on ten-year Bunds is likely to remain negative for the foreseeable future even if the epidemic abates. 	
3-months Libor	0,24	0,30	0,30	0,30	0,25	0,25		
2 years*	0,14	0,20	0,20	0,25	0,25	0,25		
5 years*	0,29	0,30	0,35	0,40	0,45	0,50		
10 years*	0,70	0,75	0,80	0,80	0,85	0,90		
Spread 10-2 years	56	55	60	55	60	65		
Swap-Spread 10 years	4	0	0	0	0	0		
Euro area								
Depo rate	-0,50	-0,50	-0,50	-0,50	-0,50	-0,50		
3-months Euribor	-0,51	-0,50	-0,44	-0,44	-0,43	-0,42		
2 years*	-0,77	-0,75	-0,70	-0,70	-0,70	-0,70		
5 years*	-0,80	-0,65	-0,60	-0,55	-0,50	-0,50		
10 years*	-0,62	-0,40	-0,40	-0,30	-0,30	-0,30		
Spread 10-2 years	15	35	30	40	40	40		
Swap-Spread 10 years	32	25	25	25	25	25		
UK								
Bank rate	0,10	0,10	0,10	0,10	0,10	0,10		
3-months Libor	0,05	0,25	0,25	0,25	0,25	0,25		
2 years*	-0,05	0,00	0,05	0,05	0,10	0,10		
10 years*	0,19	0,35	0,50	0,50	0,50	0,50		

Exchange rates (end-of-quarter)

	15-Oct	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	
EUR-USD	1,17	1,21	1,21	1,22	1,23	1,24	<ul style="list-style-type: none"> • As the Fed is resembling more and more the ECB, for example as regards interest rates, the dollar appears overvalued and EUR-USD should therefore continue to appreciate. • The Pound should remain volatile as long as the future trade relations between the UK and the EU are not clear. • Due to the economic soft patch in China and the trade conflict with the US, we continue to expect CNY to be under pressure to depreciate.
USD-JPY	105	104	104	103	103	102	
EUR-CHF	1,07	1,07	1,07	1,08	1,09	1,10	
EUR-GBP	0,90	0,92	0,90	0,90	0,89	0,89	
EUR-SEK	10,41	10,30	10,25	10,30	10,35	10,35	
EUR-NOK	10,96	10,60	10,50	10,40	10,30	10,20	
EUR-PLN	4,56	4,50	4,55	4,55	4,60	4,60	
EUR-HUF	365	360	365	365	370	370	
EUR-CZK	27,36	26,80	26,60	26,40	26,30	26,20	
AUD-USD	0,71	0,73	0,74	0,74	0,75	0,75	
USD-CAD	1,32	1,30	1,29	1,28	1,27	1,26	
USD-CNY	6,73	6,93	6,96	7,00	7,03	7,05	

Source: Bloomberg, Commerzbank Research; bold: change on last week; * Treasuries, Bunds, Gilts

Research contacts (E-Mail: firstname.surname@commerzbank.com)

Chief Economist

Dr Jörg Krämer
+49 69 136 23650

Economic Research

Dr Jörg Krämer (Head)
+49 69 136 23650

Dr Ralph Solveen (Deputy Head; Germany)
+49 69 136 22322

Dr Christoph Balz (USA, Fed)
+49 69 136 24889

Peter Dixon (UK, BoE), London
+44 20 7475 4806

Dr Michael Schubert (ECB)
+49 69 136 23700

Eckart Tuchtfield (German economic policy)
+49 69 136 23888

Dr Marco Wagner (Germany, Italy)
+49 69 136 84335

Bernd Weidensteiner (USA, Fed)
+49 69 136 24527

Christoph Weil (Euro area, France, Switzerland)
+49 69 136 24041

Hao Zhou (EM)
+65 6311 0166

Interest Rate & Credit Research

Christoph Rieger (Head)
+49 69 136 87664

Michael Leister (Head Rates)
+49 69 136 21264

Rainer Guntermann
+49 69 136 87506

Cem Keltek
+49 69 136 87685

Ted Packmohr (Head Covered Bonds and Financials)
+49 69 136 87571

Marco Stoeckle (Head Corporate Credit)
+49 69 136 82114

FX & EM Research

Ulrich Leuchtmann (Head)
+49 69 136 23393

Thu-Lan Nguyen (G10)
+49 69 136 82878

Antje Praefcke (G10)
+49 69 136 43834

Lutz Karpowitz (EM)
+49 69 136 42152

Elisabeth Andreae (EM)
+49 69 136 24052

Alexandra Bechtel (EM)
+49 69 136 41250

Tatha Ghose (EM)
+44 20 7475 8399

Charlie Lay (EM)
+65 63 110111

You-Na Park (EM)
+49 69 136 42155

Melanie Fischinger (EM)
+496913623245

Commodity Research

Eugen Weinberg (Head)
+49 69 136 43417

Daniel Briesemann
+49 69 136 29158

Carsten Fritsch
+49 69 136 21006

Dr Michaela Kuhl
+49 69 136 29363

Barbara Lambrecht
+49 69 136 22295

Cross Asset Strategy

Alexander Krämer
+49 69 136 22982

Andreas Hürkamp (Equity Strategy)
+49 69 136 45925

Markus Wallner (Equity Strategy)
+49 69 136 21747

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Digging in Deutschland (thematic research focusing on the German equity market)

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Commerzbank Corporate Clients

Frankfurt	London	New York	Singapore	Hong Kong
Commerzbank AG	Commerzbank AG	Commerz Markets LLC	Commerzbank AG	Commerzbank AG
DLZ - Gebäude 2, Händlerhaus	PO BOX 52715	225 Liberty Street, 32nd floor,	71, Robinson Road, #12-01	15th Floor, Lee Garden One
Mainzer Landstraße 153	30 Gresham Street	New York,	Singapore 068895	33 Hysan Avenue,
60327 Frankfurt	London, EC2P 2XY	NY 10281-1050		Causeway Bay
				Hong Kong
Tel: + 49 69 136 21200	Tel: + 44 207 623 8000	Tel: + 1 212 703 4000	Tel: +65 631 10000	Tel: +852 3988 0988