



## Commerzbank Forecasts

### Growth and inflation

	Real GDP (%)			Inflation rate (%)			
	2023	2024	2025	2023	2024	2025	
USA	2.5	<b>2.5</b>	<b>1.5</b>	4.1	<b>3.0</b>	3.0	<ul style="list-style-type: none"> <li>The interest rate hikes suggest that the economy in the US is likely to slow while the euro area should experience a mild recession.</li> <li>China's economy suffers from the slump in the property sector and the debt overhang. Longer term, the shift to a more state-led economy and the technology decoupling with the West should slow growth.</li> <li>Because the central banks are not tackling inflation vigorously enough, it is likely to remain well above 2% in the eurozone and the USA in the longer term.</li> </ul>
China	5.2	4.0	4.0	0.2	<b>0.5</b>	<b>1.5</b>	
Euro area	0.5	0.1	0.9	5.4	2.5	3.0	
- Germany	-0.3	-0.3	0.5	5.9	<b>2.7</b>	<b>2.8</b>	
- France	0.9	<b>0.2</b>	0.9	4.9	2.2	2.8	
- Italy	0.8	<b>0.2</b>	0.7	6.3	2.6	3.0	
- Spain	2.5	<b>1.7</b>	<b>1.6</b>	3.7	2.8	2.7	
- Netherlands	0.1	0.3	1.3	4.5	2.9	2.6	
- Austria	-0.7	<b>0.0</b>	0.8	7.9	3.2	2.9	
UK	0.1	0.2	1.2	7.3	2.8	2.8	
Switzerland	0.7	0.7	1.4	2.1	<b>1.2</b>	<b>0.8</b>	
Japan	1.9	<b>0.5</b>	0.8	3.3	1.8	1.2	
World	3.1	<b>3.0</b>	3.0				

### Interest rates (end-of-quarter)

	22-Feb	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25		
<b>USA</b>								
Fed funds, upper bound	5.50	5.50	<b>5.25</b>	<b>5.00</b>	<b>4.75</b>	<b>4.50</b>	<ul style="list-style-type: none"> <li>ECB and the Fed are likely to cut rates slowly as of June as inflation falls.</li> <li>However, we expect fewer rate cuts than the market which apparently assumes that the inflation problem will be solved this year.</li> <li>The fundamentals such as rate cuts and cooling inflation suggest that bond yields should fall this year. However, the market has already anticipated much of this backdrop.</li> <li>We expect yields to rise again as of this fall because of higher inflation.</li> </ul>	
3-months OIS	5.34	<b>5.45</b>	<b>5.20</b>	<b>4.90</b>	<b>4.65</b>	<b>4.40</b>		
2 years*	4.67	<b>4.50</b>	<b>4.20</b>	<b>4.00</b>	<b>3.80</b>	<b>3.70</b>		
5 years*	4.31	<b>4.20</b>	<b>3.90</b>	<b>3.90</b>	3.90	<b>3.90</b>		
10 years*	4.32	<b>4.20</b>	<b>4.00</b>	<b>4.10</b>	<b>4.20</b>	<b>4.30</b>		
Spread 10-2 years	-35	-30	<b>-20</b>	<b>10</b>	<b>40</b>	<b>60</b>		
Swap-Spread 10 years	-37	<b>-30</b>	<b>-30</b>	<b>-30</b>	<b>-30</b>	<b>-30</b>		
<b>Euro area</b>								
Depo rate	4.00	4.00	3.75	3.50	3.25	3.00		
3-months Euribor	3.95	4.00	3.75	3.50	3.25	3.00		
2 years*	2.89	<b>2.80</b>	2.60	<b>2.30</b>	<b>2.20</b>	<b>2.10</b>		
5 years*	2.46	<b>2.30</b>	<b>2.20</b>	<b>2.10</b>	<b>2.00</b>	<b>2.00</b>		
10 years*	2.48	<b>2.30</b>	<b>2.20</b>	<b>2.10</b>	<b>2.20</b>	<b>2.30</b>		
Spread 10-2 years	-42	-50	<b>-40</b>	<b>-20</b>	<b>0</b>	<b>20</b>		
Swap-Spread 10 years	33	30	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>		
<b>UK</b>								
Bank rate	5.25	5.25	5.25	4.75	4.25	3.75		
3-months OIS	5.21	5.25	5.15	4.65	<b>4.10</b>	<b>3.65</b>		
2 years*	4.65	<b>4.50</b>	<b>4.40</b>	<b>4.10</b>	<b>3.90</b>	<b>3.70</b>		
10 years*	4.14	<b>4.00</b>	<b>3.90</b>	<b>4.00</b>	<b>4.00</b>	<b>4.10</b>		

### Exchange rates (end-of-quarter)

	22-Feb	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	
EUR-USD	1.09	<b>1.08</b>	<b>1.09</b>	<b>1.11</b>	<b>1.10</b>	<b>1.09</b>	<ul style="list-style-type: none"> <li>The euro should initially benefit from the fact that the ECB is likely to cut interest rates less aggressively than the market is pricing in. However, the euro is likely to lose ground again as of this fall. This is because it should then become clear that the ECB has not solved the inflation problem, while at the same time the better long-term growth prospects of the US versus the euro area become apparent once again.</li> </ul>
USD-JPY	150	150	<b>144</b>	<b>143</b>	<b>142</b>	<b>143</b>	
EUR-CHF	0.95	<b>0.95</b>	<b>0.96</b>	<b>0.97</b>	0.98	<b>0.97</b>	
EUR-GBP	0.86	<b>0.86</b>	<b>0.87</b>	<b>0.88</b>	<b>0.88</b>	<b>0.87</b>	
EUR-SEK	11.15	11.20	11.10	<b>11.10</b>	<b>11.10</b>	<b>11.00</b>	
EUR-NOK	11.32	11.20	10.90	10.70	10.60	10.50	
EUR-PLN	4.32	<b>4.30</b>	<b>4.40</b>	<b>4.45</b>	<b>4.50</b>	<b>4.60</b>	
EUR-HUF	387	385	<b>385</b>	390	410	410	
EUR-CZK	25.32	<b>25.50</b>	<b>25.40</b>	<b>25.00</b>	<b>24.85</b>	<b>24.75</b>	
USD-CAD	1.35	<b>1.34</b>	<b>1.33</b>	<b>1.32</b>	<b>1.30</b>	<b>1.30</b>	
USD-CNY	7.19	7.20	<b>7.20</b>	<b>7.10</b>	<b>7.10</b>	<b>7.10</b>	

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

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