



## Commerzbank Forecasts

### Growth and inflation

	Real GDP (%)			Inflation rate (%)		
	2025	2026	2027	2025	2026	2027
USA	2.3	<b>2.7</b>	2.0	2.7	<b>2.8</b>	2.5
China	4.9	4.0	4.0	0.1	<b>0.6</b>	<b>0.8</b>
Euro area	1.4	0.9	1.0	2.1	<b>1.8</b>	<b>2.0</b>
- Germany	0.2	<b>0.9</b>	<b>1.2</b>	2.2	2.0	2.3
- France	0.7	0.8	1.0	1.7	1.9	1.9
- Italy	0.5	0.5	0.4	1.7	1.9	1.7
- Spain	2.9	<b>2.1</b>	<b>1.3</b>	2.5	2.0	1.9
- Netherlands	1.5	1.2	1.5	3.0	2.2	2.3
- Austria	0.3	0.9	1.5	3.5	2.4	2.1
UK	1.4	1.2	1.2	3.4	<b>2.5</b>	<b>2.3</b>
Switzerland	1.2	1.3	1.6	0.3	0.7	0.8
Japan	1.2	0.7	0.6	3.2	<b>1.5</b>	<b>1.5</b>
World	3.2	<b>3.0</b>	3.0			

- Favorable financing conditions support US economic growth.
- In Germany, the extremely expansionary fiscal policy should boost growth in 2026.
- Because the central banks are not tackling inflation vigorously enough, it is likely to remain above 2% longer term.
- China's economy suffers from the property slump, the debt overhang, the shift to a more state-led economy and the technology decoupling with the West.

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

	15-Jan	Q1 26	Q2 26	Q3 26	Q4 26	Q1 27
<b>USA</b>						
Fed funds, upper bound	3.75	3.50	3.25	2.75	2.50	2.50
3-months OIS	3.62	3.40	2.95	2.45	2.40	2.40
2 years*	3.52	3.30	3.00	2.80	2.70	2.80
5 years*	3.72	3.40	3.20	3.00	3.00	3.10
10 years*	4.14	4.00	3.90	4.20	4.40	4.50
Spread 10-2 years	62	70	90	140	170	170
Swap-Spread 10 years	34	45	45	45	45	45
<b>Euro area</b>						
Depo rate	2.00	2.00	2.00	2.00	2.00	2.00
3-months Euribor	2.02	2.00	2.00	2.00	2.00	2.00
2 years*	2.09	1.95	2.00	2.00	2.10	2.10
5 years*	2.39	2.30	2.40	2.50	2.70	2.70
10 years*	2.83	2.70	2.70	2.85	3.00	3.10
Spread 10-2 years	74	75	70	85	90	100
Swap-Spread 10 years	-2	5	10	15	15	20
<b>UK</b>						
Bank rate	3.75	3.75	3.50	3.50	3.50	3.50
3-months OIS	3.71	3.55	3.45	3.45	3.45	3.45
2 years*	3.64	3.65	3.60	3.60	3.60	3.60
10 years*	4.35	4.30	4.30	4.35	4.40	4.45

- The ECB is probably done with rate cuts as the economy is likely to pick up and inflation should remain higher than expected by the policy makers.
- The Fed is under political pressure to cut rates. We therefore expect significantly lower key rates this year, also because of the upcoming change at the Fed's helm.
- Against the backdrop of stable ECB key rates, German Bund yields may stabilize around the current level for the time being.
- In the longer run, the governments' debt policy as well as persistent inflation are likely to result in higher bond yields.

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

	15-Jan	Q1 26	Q2 26	Q3 26	Q4 26	Q1 27
EUR-USD	1.16	1.19	1.20	1.22	1.22	1.21
USD-JPY	159	149	145	143	142	142
EUR-CHF	0.93	0.93	0.94	0.95	0.94	0.94
EUR-GBP	0.87	<b>0.88</b>	<b>0.88</b>	<b>0.87</b>	0.87	0.86
EUR-SEK	10.71	10.90	10.90	10.90	10.80	10.70
EUR-NOK	11.73	11.50	11.50	11.40	11.40	11.30
EUR-PLN	4.21	<b>4.20</b>	<b>4.25</b>	<b>4.25</b>	4.30	4.33
EUR-HUF	386	395	397	400	400	405
EUR-CZK	24.24	24.30	24.40	24.50	25.00	25.10
USD-CAD	1.39	1.38	1.37	1.36	1.35	1.35
USD-CNY	6.97	<b>6.95</b>	<b>6.90</b>	<b>6.85</b>	<b>6.80</b>	<b>6.75</b>

- The dollar is likely to remain under pressure in 2026 because of pronounced and ultimately excessive US interest rate cuts, which have a lot to do with the Federal Reserve's dwindling independence. Furthermore, the dollar is vulnerable because it is more than one standard deviation above purchasing power parity against the euro and is therefore significantly overvalued.

Source: Bloomberg, Commerzbank Research; bold: change on last week; Swap spreads calculated as government bond yield minus swap rate in basis points. \* Treasuries, Bunds, Gilts



## Research contacts (E-Mail: [firstname.surname@commerzbank.com](mailto:firstname.surname@commerzbank.com))

<b>Chief Economist</b> Dr J rg Kr mer +49 69 136 23650		
<b>Economic Research</b> Dr J rg Kr mer (Head) +49 69 136 23650	<b>Interest Rate &amp; Credit Research</b> Christoph Rieger (Head) +49 69 9353 45600	<b>FX &amp; Commodities Research</b> Ulrich Leuchtmann (Head) +49 69 9353 45700
Dr Ralph Solveen (Deputy Head; Germany) +49 69 9353 45622	Michael Leister (Head Rates) +49 69 9353 45610	Antje Praefcke (FX) +49 69 9353 45615
Dr Christoph Balz (USA. Fed) +49 69 9353 45592	Rainer Guntermann +49 69 9353 45629	Tatha Ghose (FX) +44 20 7475 8399
Dr Vincent Stamer (Euro area, World trade) +49 69 9353 45800	Hauke Siem en +49 69 9353 45619	Charlie Lay (FX) +65 63 110111
Dr Marco Wagner (ECB, Germany, Italy) +49 69 9353 45623	Ted Packmohr (Head Covered Bonds and Financials) +49 69 9353 45635	Michael Pfister (FX) +49 69 9353 45614
Bernd Weidensteiner (USA, Fed) +49 69 9353 45625	Marco Stoeckle (Head Corporate Credit) +49 69 9353 45620	Volkmar Baur (FX) +49 69 9353 26854
Tung On Tommy Wu (China) +65 6311 0166		Thu-Lan Nguyen (FX, Commodities) +49 69 9353 45617
		Carsten Fritsch (Commodities) +49 69 9353 45647
		Barbara Lambrecht (Commodities) +49 69 9353 45611
		Tung On Tommy Wu (China) +65 6311 0166

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# Analysts

**Dr. Jörg Krämer**  
Chief Economist  
+49 69 136 23650  
joerg.kraemer@commerzbank.com

**Bernd Weidensteiner**  
Senior Economist  
+49 69 9353 45625  
bernd.weidensteiner@commerzbank.com

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**Frankfurt**

Commerzbank AG  
DLZ - Gebäude 2, Händlerhaus  
Mainzer Landstraße 153  
60327 Frankfurt  
Tel: + 49 69 136 21200

**London**

Commerzbank AG  
PO BOX 52715  
30 Gresham Street  
London, EC2P 2XY  
Tel: + 44 207 623 8000

**New York**

Commerz Markets LLC  
225 Liberty Street, 32nd floor,  
New York,  
NY 10281-1050  
Tel: +1 212 703 4000

**Singapore**

Commerzbank AG  
128 Beach Road  
#17-01 Guoco Midtown  
Singapore 189773  
Tel: +65 631 10000