



Commerzbank Forecasts

Growth and inflation

	Real GDP (%)			Inflation rate (%)			
	2025	2026	2027	2025	2026	2027	
USA	2.1	2.4	2.3	2.7	3.3	2.5	<ul style="list-style-type: none"> In our base case, the war in the Middle East ends very soon. Afterwards, the oil price should fall again but remain higher than before the war. The U.S. economy should weather the crisis fairly well, not least because of its relatively high trend growth. The eurozone economy is likely to continue expanding, but we can no longer speak of a genuine recovery. Because the central banks are not tackling inflation vigorously enough, it is likely to remain above 2% longer term.
China	5.0	4.6	4.5	0.1	1.3	1.0	
Euro area	1.4	0.6	1.2	2.1	2.7	2.2	
- Germany	0.2	0.6	1.2	2.2	2.7	2.4	
- France	0.7	0.7	0.9	1.0	2.6	1.9	
- Italy	0.5	0.2	0.5	1.7	2.8	1.7	
- Spain	2.9	1.8	1.3	3.1	2.4	1.9	
- Netherlands	1.5	0.8	1.0	3.0	3.2	2.3	
- Austria	0.3	0.6	1.2	3.5	2.9	2.1	
UK	1.3	0.8	1.2	3.4	3.3	2.5	
Switzerland	1.2	1.1	1.4	0.3	1.0	0.8	
Japan	1.2	0.6	0.8	3.2	2.0	1.5	
World	3.4	3.1	3.2				

Interest rates (end-of-quarter)

	13-May	Q2 26	Q3 26	Q4 26	Q1 27	Q2 27	
USA							<ul style="list-style-type: none"> The ECB is likely to raise interest rates slightly due to inflation risks. However, there is unlikely to be more than one rate hike, as oil prices are expected to fall again once the war ends and doves dominate the ECB Governing Council. The Fed is under considerable political pressure to cut interest rates further. We expect it to resume rate cuts toward the end of the year, as inflation should have eased somewhat by then. Yields on German government bonds should decline slightly again if an end to the war in Iran comes into view and it becomes clear that the ECB will raise interest rates only marginally. In the longer run, the governments' debt policy as well as persistent inflation are likely to result in higher bond yields.
Fed funds, upper bound	3.75	3.75	3.75	3.50	3.25	3.00	
3-months OIS	3.64	3.65	3.65	3.40	3.15	2.90	
2 years*	3.98	3.75	3.65	3.50	3.30	3.10	
5 years*	4.11	3.85	3.80	3.70	3.50	3.30	
10 years*	4.46	4.20	4.20	4.30	4.30	4.30	
Spread 10-2 years	48	45	55	80	100	120	
Swap-Spread 10 years	42	45	45	45	45	45	
Euro area							
Depo rate	2.00	2.25	2.25	2.25	2.25	2.25	
3-months Euribor	2.25	2.25	2.25	2.25	2.25	2.25	
2 years*	2.69	2.35	2.35	2.30	2.30	2.30	
5 years*	2.81	2.60	2.60	2.75	2.75	2.75	
10 years*	3.09	2.80	2.90	3.00	3.10	3.10	
Spread 10-2 years	40	45	55	70	80	80	
Swap-Spread 10 years	-3	0	5	5	10	15	
UK							
Bank rate	3.75	3.75	3.75	3.75	3.50	3.25	
3-months OIS	3.84	3.70	3.70	3.70	3.30	3.25	
2 years*	4.50	3.90	3.80	3.60	3.40	3.30	
10 years*	5.07	4.60	4.60	4.50	4.50	4.50	

Exchange rates (end-of-quarter)

	13-May	Q2 26	Q3 26	Q4 26	Q1 27	Q2 27	
EUR-USD	1.17	1.18	1.19	1.20	1.20	1.21	<ul style="list-style-type: none"> The dollar is likely to be under pressure again after the end of the war with Iran 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.
USD-JPY	158	158	153	150	145	142	
EUR-CHF	0.92	0.93	0.94	0.93	0.92	0.92	
EUR-GBP	0.87	0.89	0.88	0.88	0.87	0.87	
EUR-SEK	10.90	10.60	10.60	10.50	10.50	10.50	
EUR-NOK	10.77	11.30	11.20	11.20	11.10	11.00	
EUR-PLN	4.25	4.25	4.25	4.30	4.33	4.35	
EUR-HUF	359	360	365	370	370	375	
EUR-CZK	24.35	24.25	24.50	25.00	25.10	25.25	
USD-CAD	1.37	1.37	1.36	1.35	1.35	1.34	
USD-CNY	6.79	6.80	6.75	6.70	6.70	6.65	

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



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