Commerzbank Forecasts

Growth and inflation

	Real GDP (%)			Inflation rate (%)		
	2025	2026	2027	2025	2026	2027
USA	2.1	2.4	2.3	2.7	3.4	2.6
China	5.0	4.5	4.5	0.1	1.1	1.3
Euro area	1.4	1.0	1.1	2.1	2.9	2.8
- Germany	0.2	1.2	1.0	2.2	2.7	2.9
- France	0.7	0.5	0.7	1.0	2.3	2.0
- Italy	0.7	0.9	0.5	1.7	2.9	2.4
- Spain	2.9	2.6	1.6	3.1	3.3	3.0
- Netherlands	1.5	1.2	1.2	3.0	3.2	2.9
- Austria	0.3	0.8	1.2	3.5	3.1	2.9
UK	1.3	1.1	1.1	3.4	3.0	2.7
Switzerland	1.2	2.0	1.6	0.3	0.8	0.6
Japan	1.2	0.9	0.9	3.2	1.8	2.0
World	3.6	3.1	3.3			

- We expect that the situation in the Gulf region will gradually deescalate.
- The U.S. economy should weather the crisis fairly well, not least because of its relatively high trend growth.
- The eurozone economy is hit by high energy prices and the increased uncertainty.
- Because the central banks are not tackling inflation vigorously enough, it is likely to remain above 2% longer term.

Interest rates (end-of-quarter)

	17-Sep	Q4 26	Q1 27	Q2 27	Q3 27	Q4 27
USA						
Fed funds, upper bound	4.00	**4.25**	**4.25**	**4.25**	**4.25**	**4.00**
3-months OIS	4.00	**4.15**	**4.15**	**4.15**	**4.15**	**3.90**
2 years*	4.69	**4.50**	**4.50**	**4.40**	**4.20**	**4.00**
5 years*	4.80	**4.60**	**4.50**	**4.40**	**4.30**	**4.20**
10 years*	4.95	**4.90**	**4.90**	**4.80**	**4.80**	**4.70**
Spread 10-2 years	27	**30**	**30**	**30**	**40**	**60**
Swap-Spread 10 years	39	45	45	45	45	45
Euro area						
Depo rate	2.50	2.75	2.75	2.75	2.75	2.75
3-months Euribor	2.63	2.75	2.75	2.75	2.75	2.75
2 years*	3.23	3.10	3.00	2.90	2.80	2.80
5 years*	3.31	3.20	3.10	3.00	3.00	3.00
10 years*	3.49	3.40	3.50	3.60	3.70	3.80
Spread 10-2 years	26	30	50	70	90	100
Swap-Spread 10 years	-4	0	5	5	10	10
UK						
Bank rate	3.75	3.75	3.75	3.75	3.50	3.25
3-months OIS	3.87	3.70	3.70	3.55	3.20	3.20
2 years*	4.73	4.50	4.20	4.00	3.80	3.60
10 years*	5.23	5.10	5.00	5.10	5.20	5.20

- Given the persistently high inflation in the eurozone, we expect the ECB to raise interest rates once again in December and to keep them unchanged in 2027.
- Inflation risks are also emerging in the US, which is why the Fed is likely to raise interest rates again in December despite significant political pressure. We do not expect an interest rate cut until late 2027.
- Upward risks dominate bond yields in the eurozone. This is because budget deficits in many countries are far too high, with no prospect of the necessary fiscal consolidation. This problem also exists in the US, although the prospect of interest rate cuts—which could begin in December 2027—prevails there.

Exchange rates (end-of-quarter)

	17-Sep	Q4 26	Q1 27	Q2 27	Q3 27	Q4 27
EUR-USD	1.15	**1.15**	**1.16**	**1.16**	**1.17**	**1.18**
USD-JPY	156	155	152	150	148	145
EUR-CHF	0.95	**0.94**	**0.93**	0.92	0.91	0.91
EUR-GBP	0.86	0.88	0.88	0.87	0.87	0.86
EUR-SEK	11.27	11.00	11.00	10.90	10.80	10.80
EUR-NOK	10.82	10.80	10.90	11.00	11.00	10.90
EUR-PLN	4.36	4.25	4.30	4.35	4.37	4.40
EUR-HUF	363	355	355	360	370	375
EUR-CZK	24.31	24.20	24.25	24.25	24.30	24.50
USD-CAD	1.40	1.38	1.37	1.36	1.35	1.35
USD-CNY	6.71	6.70	6.68	6.65	6.60	6.60

- The EUR/USD exchange rate is likely to continue drifting higher in the coming quarters because the dollar is suffering as a result of Trump curtailing the Fed's independence and taking aggressive action against many countries, prompting them to seek alternatives to the dollar.

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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