Commerzbank Forecasts

Growth and inflation

	Real GDP (%)			Inflation rate (%)		
	2026	2027	2028	2026	2027	2028
USA	2.4	2.3	1.9	3.5	**2.8**	2.2
China	4.5	**4.4**	4.3	1.0	**1.1**	1.4
Euro area	1.1	1.1	0.8	3.1	**3.1**	1.8
- Germany	1.3	**1.2**	0.6	2.7	**3.0**	1.9
- France	0.5	0.7	0.6	2.4	**2.5**	1.5
- Italy	0.9	0.5	0.5	3.1	**2.8**	1.8
- Spain	2.6	**1.8**	1.4	3.3	3.0	2.2
- Netherlands	1.2	1.2	1.2	3.0	**3.1**	1.9
- Austria	0.8	1.2	1.1	3.1	2.9	1.9
UK	1.6	**1.4**	1.3	3.2	**3.3**	2.0
Switzerland	2.2	**1.5**	1.6	0.8	**1.0**	0.6
Japan	0.9	0.9	0.8	1.8	**2.1**	1.8
World	3.2	3.3	3.2			

- We expect that the situation in the Gulf region will gradually de-escalate.
- The expected decline in oil prices should support economic activity in the United States and the euro area. In 2027, this will still offset the fading boost from monetary and fiscal policy.
- We then expect growth to slow in 2028, with a smaller contribution from AI investment also weighing on U.S. growth.
- Because the central banks are not tackling inflation vigorously enough, it is likely to remain above 2% longer term.

Interest rates (end-of-quarter)

	12-Nov	Q4 26	Q1 27	Q2 27	Q3 27	Q4 27
USA						
Fed funds, upper bound	4.00	4.25	**4.50**	**4.50**	**4.50**	**4.50**
3-months OIS	4.14	4.15	**4.40**	**4.40**	**4.40**	**4.40**
2 years*	4.77	4.50	**4.70**	**4.60**	**4.60**	**4.50**
5 years*	4.84	4.60	**4.80**	**4.70**	**4.60**	**4.40**
10 years*	4.99	4.90	**5.00**	**4.90**	4.80	**4.80**
Spread 10-2 years	23	30	30	30	**20**	**30**
Swap-Spread 10 years	40	45	**40**	**40**	45	45
Euro area						
Depo rate	2.50	2.75	**3.00**	**3.00**	**3.00**	**3.00**
3-months Euribor	2.75	2.75	**3.00**	**3.00**	**3.00**	**3.00**
2 years*	3.11	3.10	**3.30**	**3.20**	**3.10**	**3.00**
5 years*	3.15	3.20	**3.30**	**3.20**	**3.10**	**2.90**
10 years*	3.30	3.40	**3.40**	**3.50**	**3.40**	**3.40**
Spread 10-2 years	20	30	**10**	**30**	**30**	**40**
Swap-Spread 10 years	-6	0	**-10**	**-10**	**-5**	**0**
UK						
Bank rate	4.00	4.00	4.25	4.25	4.25	4.25
3-months OIS	4.13	4.05	4.20	4.20	**4.20**	**4.05**
2 years*	4.90	4.80	4.80	4.70	4.60	4.40
10 years*	5.22	5.40	**5.10**	**5.10**	**5.00**	**5.00**

- With inflation remaining high, we expect both the ECB and the Fed to raise interest rates at their respective next meetings in December, followed by one further hike each in the first quarter of 2027.
- Both central banks are likely to begin gradually cutting interest rates again during 2028, as inflation should be significantly lower by then.
- After the rise in bond yields in 2026, we expect them to level off next year. The factors pointing to higher yields (large government budget deficits and capital needs for AI) and those pointing to lower yields (falling inflation, an end to Fed and ECB rate hikes in early 2027, and slowing economic growth) are roughly balanced.

Exchange rates (end-of-quarter)

	12-Nov	Q4 26	Q1 27	Q2 27	Q3 27	Q4 27
EUR-USD	1.11	**1.12**	**1.11**	**1.10**	**1.09**	**1.08**
USD-JPY	160	158	**158**	**155**	**152**	**150**
EUR-CHF	0.92	**0.93**	0.93	0.92	**0.92**	0.91
EUR-GBP	0.84	0.84	**0.85**	**0.86**	0.86	0.87
EUR-SEK	11.05	11.00	11.00	10.90	10.80	10.80
EUR-NOK	10.60	**10.60**	**10.70**	**10.80**	**10.90**	**11.00**
EUR-PLN	4.40	4.35	**4.35**	4.35	4.37	4.40
EUR-HUF	364	365	**360**	360	370	375
EUR-CZK	24.36	**24.30**	24.30	24.25	24.30	**24.40**
USD-CAD	1.43	**1.41**	**1.40**	**1.38**	**1.37**	**1.37**
USD-CNY	6.67	6.68	6.63	6.60	6.55	6.55

- High public debt is undermining central bank independence in both the United States and the euro area. The problems are more serious in the euro area, however, given France's fiscal crisis and the monetary union's structural flaws (the lack of a political union). We therefore expect the euro to face modest downward pressure against the dollar.

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

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