

Commerzbank Forecasts

Growth and inflation

	Real GDP (%)			Inflation rate (%)			
	2019	2020	2021	2019	2020	2021	
USA	2,2	-4,0	4,3	1,8	1,2	2,0	<ul style="list-style-type: none"> • The coronavirus places a massive burden on the global economy. • In the industrialized countries, the economic recovery is making good progress, although it is losing momentum over time. • A vaccine against Covid-19 is expected to give a new impetus to the economy from mid 2021 onwards. • In China, production has returned to pre-crisis levels. However, the pace of growth is now likely to slow down significantly. • Past globalisation and the digitalisation that is gathering momentum are keeping underlying inflation low.
Japan	0,7	-5,0	2,5	0,5	0,2	0,5	
Euro area	1,3	-6,5	5,5	1,2	0,4	0,9	
- Germany	0,5	-4,5	3,5	1,4	0,6	1,8	
- France	1,5	-8,5	7,5	1,1	0,6	1,0	
- Italy	0,3	-9,5	5,5	0,6	0,1	0,6	
- Spain	2,0	-12,0	8,5	0,7	-0,2	1,3	
- Netherlands	1,7	-3,5	3,5	2,6	1,4	1,7	
- Austria	1,5	-6,0	4,5	1,5	1,2	1,4	
UK	1,4	-11,0	7,0	1,8	1,1	1,6	
Switzerland	1,2	-4,5	3,5	0,4	-0,6	0,7	
China	6,2	1,7	8,0	2,8	2,5	2,3	
India	5,3	-4,4	7,1	3,7	6,0	4,0	
Brazil	1,1	-6,9	3,0	3,7	2,6	3,0	
Russia	1,3	-4,0	1,8	4,4	3,0	2,0	
Poland	4,1	-3,0	2,6	2,2	3,0	1,2	
World	3,0	-3,2	5,7				

Interest rates (end-of-quarter)

	17-Sep	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21		
USA								
Fed funds, upper bound	0.25	0.25	0.25	0.25	0.25	0.25	<ul style="list-style-type: none"> • The US Federal Reserve has effectively lowered its key interest rate to 0% due to the epidemic and is buying bonds again. This is unlikely to change for the time being. • The yield on ten-year US government bonds should tend to rise somewhat in parallel with the economic recovery. • Due to economic risks and persistently low core inflation, the ECB will stick to its negative interest rate policy and net bond purchases for a very long time. • The yield on ten-year Bunds is likely to remain negative for the foreseeable future even if the epidemic abates. 	
3-months Libor	0.25	0.30	0.30	0.30	0.25	0.25		
2 years*	0.13	0.20	0.20	0.25	0.25	0.25		
5 years*	0.27	0.30	0.35	0.40	0.45	0.50		
10 years*	0.69	0.75	0.80	0.80	0.85	0.90		
Spread 10-2 years	55	55	60	55	60	65		
Swap-Spread 10 years	0	0	0	0	0	0		
Euro area								
Depo rate	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50		
3-months Euribor	-0.49	-0.50	-0.44	-0.44	-0.43	-0.42		
2 years*	-0.69	-0.75	-0.70	-0.70	-0.70	-0.70		
5 years*	-0.67	-0.65	-0.60	-0.55	-0.50	-0.50		
10 years*	-0.47	-0.40	-0.40	-0.30	-0.30	-0.30		
Spread 10-2 years	22	35	30	40	40	40		
Swap-Spread 10 years	26	25	25	25	25	25		
UK								
Bank rate	0.10	0.10	0.10	0.10	0.10	0.10		
3-months Libor	0.06	0.25	0.25	0.25	0.25	0.25		
2 years*	-0.05	0.00	0.05	0.05	0.10	0.10		
10 years*	0.23	0.35	0.50	0.50	0.50	0.50		

Exchange rates (end-of-quarter)

	17-Sep	Q4 20	Q1 21	Q2 21	Q3 21	Q4 21	
EUR-USD	1.18	1.21	1.21	1.22	1.23	1.24	<ul style="list-style-type: none"> • As the Fed is resembling more and more the ECB, for example as regards interest rates, the dollar appears overvalued and EUR-USD should therefore continue to appreciate. • The Pound should remain volatile as long as the future trade relations between the UK and the EU are not clear. • Due to the economic soft patch in China and the trade conflict with the US, we continue to expect CNY to remain under pressure to depreciate.
USD-JPY	105	104	104	103	103	102	
EUR-CHF	1.08	1.07	1.07	1.08	1.09	1.10	
EUR-GBP	0.91	0.92	0.90	0.90	0.89	0.89	
EUR-SEK	10.42	10.30	10.25	10.30	10.35	10.35	
EUR-NOK	10.69	10.60	10.50	10.40	10.30	10.20	
EUR-PLN	4.45	4.30	4.35	4.40	4.45	4.50	
EUR-HUF	360	345	345	350	355	360	
EUR-CZK	26.74	26.20	26.10	26.00	25.90	25.80	
AUD-USD	0.73	0.73	0.74	0.74	0.75	0.75	
USD-CAD	1.32	1.30	1.29	1.28	1.27	1.26	
USD-CNY	6.77	6.93	6.96	7.00	7.03	7.05	

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

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Other publications (examples)

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Commodity Research:	Commodity Daily (up-to-date comment on commodities markets) Commodity Spotlight (weekly analysis of commodities markets and forecasts)
Interest Rate & Credit Research:	Ahead of the Curve (flagship publication with analysis and trading strategy for global bond markets) European Sunrise (daily comment and trading strategy for euro area bond markets) Rates Radar (ad-hoc topics and trading ideas for bond markets) Covered Bonds Weekly (weekly analysis of the covered bonds markets) Credit Note (trading recommendations for institutional investors)
FX Strategy:	Daily Currency Briefing (daily comment and forecasts for FX markets) FX Hot Spots (ad hoc analysis of FX market topics)
Equity Markets Strategy:	Monthly Equity Monitor (monthly outlook on earnings, valuation, and sentiment on equity markets) Digging in Deutschland (thematic research focusing on the German equity market)
Cross Asset:	Cross Asset Monitor (weekly market overview, incl. sentiment and risk indicators) Cross Asset Outlook (monthly analysis of global financial markets and tactical asset allocation) Cross Asset Feature (special reports on cross-asset themes)

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