

Commerzbank Forecasts

Growth and inflation

	Real GDP (%)			Inflation rate (%)			
	2020	2021	2022	2020	2021	2022	
USA	-3.4	5.5	3.5	1.3	4.4	3.2	<ul style="list-style-type: none"> • The euro zone should enjoy a strong upswing. The new wave of infections and shortages in the supply of intermediate products should slow growth in the fall, however. • By the end of 2021, GDP in the euro area should have returned to its pre-crisis level, in the US this milestone has already been reached. • China's economy is about to significantly decelerate due to a renewed deleveraging campaign. • Past globalization and the digitalization that is gathering momentum are still keeping underlying inflation low. Long term, however, the demographic change, among other factors, is likely to push up inflation.
Japan	-4.7	2.3	2.3	0.0	-0.2	0.7	
Euro area	-6.4	4.5	4.5	0.3	2.3	1.8	
- Germany	-4.6	2.5	4.8	0.5	3.1	2.7	
- France	-8.0	6.0	3.5	0.5	1.5	1.1	
- Italy	-8.9	5.5	3.0	-0.1	1.4	1.0	
- Spain	-10.8	4.3	5.0	-0.3	2.8	2.3	
- Netherlands	-3.8	3.5	3.5	1.3	1.9	2.1	
- Austria	-6.8	4.3	3.9	1.4	1.7	1.6	
UK	-9.7	6.7	5.0	0.9	2.4	3.3	
Switzerland	-2.5	3.2	2.5	-0.7	0.5	0.9	
China	2.0	8.4	5.0	2.5	1.0	2.3	
India	-7.1	9.5	7.2	6.6	5.2	5.1	
Brazil	-4.1	5.0	2.3	3.2	7.5	4.5	
Russia	-2.9	3.9	3.1	3.4	6.1	3.5	
Poland	-2.6	5.6	4.6	3.4	4.9	4.5	
World	-3.2	6.0	4.3				

Interest rates (end-of-quarter)

	14-Oct	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	
USA							<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. The Fed is likely to decide to taper bond purchases in November. • US Treasury yields are likely to fall somewhat next year on lower inflation before moving up a bit as rate hikes loom in 2023. In all, yields should remain structurally low. • 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.
Fed funds, upper bound	0.25	0.25	0.25	0.25	0.25	0.25	
3-months Libor	0.13	0.10	0.10	0.10	0.15	0.15	
2 years*	0.35	0.30	0.30	0.25	0.35	0.45	
5 years*	1.07	1.00	1.00	0.80	0.75	0.80	
10 years*	1.55	1.60	1.65	1.40	1.50	1.60	
Spread 10-2 years	120	130	135	115	115	115	
Swap-Spread 10 years	2	0	0	0	0	0	
Euro area							
Depo rate	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	
3-months Euribor	-0.55	-0.53	-0.50	-0.47	-0.45	-0.43	
2 years*	-0.66	-0.70	-0.70	-0.70	-0.70	-0.70	
5 years*	-0.47	-0.60	-0.65	-0.65	-0.65	-0.65	
10 years*	-0.12	-0.20	-0.20	-0.30	-0.30	-0.25	
Spread 10-2 years	54	50	50	40	40	45	
Swap-Spread 10 years	38	40	40	40	40	40	
UK							
Bank rate	0.10	0.10	0.10	0.25	0.25	0.50	
3-months Libor	0.12	0.05	0.15	0.30	0.35	0.55	
2 years*	0.58	0.50	0.50	0.70	0.85	0.90	
10 years*	1.09	1.10	1.20	1.25	1.30	1.35	

Exchange rates (end-of-quarter)

	14-Oct	Q4 21	Q1 22	Q2 22	Q3 22	Q4 22	
EUR-USD	1.16	1.15	1.16	1.17	1.19	1.20	<ul style="list-style-type: none"> • Over the short-term, strong US growth should boost the dollar. Over the medium-term, however, the dollar appears overvalued versus the euro. • Brexit is likely to prove a drag on the UK economy, thus weighing on GBP. • Due to structural problems in China and the trade conflict with the US, we continue to expect CNY to be under pressure to depreciate.
USD-JPY	113	110	109	108	107	105	
EUR-CHF	1.07	1.08	1.09	1.10	1.11	1.12	
EUR-GBP	0.85	0.85	0.86	0.87	0.88	0.88	
EUR-SEK	10.06	10.05	10.05	10.00	10.00	9.90	
EUR-NOK	9.84	9.80	9.75	9.75	9.70	9.50	
EUR-PLN	4.58	4.55	4.50	4.50	4.60	4.60	
EUR-HUF	360	355	360	365	370	370	
EUR-CZK	25.38	25.30	25.20	25.10	25.00	25.00	
AUD-USD	0.74	0.73	0.74	0.75	0.76	0.77	
USD-CAD	1.24	1.23	1.22	1.21	1.20	1.20	
USD-CNY	6.44	6.60	6.62	6.65	6.68	6.70	

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

Research contacts (E-Mail: firstname.surname@commerzbank.com)

Chief Economist

Dr Jörg Krämer
+49 69 136 23650

Economic Research

Dr Jörg Krämer (Head)
+49 69 136 23650

Dr Ralph Solveen (Deputy Head; Germany)
+49 69 136 22322

Dr Christoph Balz (USA, Fed)
+49 69 136 24889

Dr Michael Schubert (ECB)
+49 69 136 23700

Dr Marco Wagner (Germany, Italy)
+49 69 136 84335

Bernd Weidensteiner (USA, Fed)
+49 69 136 24527

Christoph Weil (Euro area, France, Switzerland)
+49 69 136 24041

Hao Zhou (EM)
+65 6311 0166

Interest Rate & Credit Research

Christoph Rieger (Head)
+49 69 136 87664

Michael Leister (Head Rates)
+49 69 136 21264

Rainer Guntermann
+49 69 136 87506

Cem Keltek
+49 69 136 87685

Ted Packmohr
(Head Covered Bonds and Financials)
+49 69 136 87571

Marco Stoeckle
(Head Corporate Credit)
+49 69 136 82114

FX & EM Research

Ulrich Leuchtmann (Head)
+49 69 136 23393

Thu-Lan Nguyen (G10)
+49 69 136 82878

Antje Praefcke (G10)
+49 69 136 43834

Esther Reichelt (G10)
+49 69 136 41505

Lutz Karpowitz (EM)
+49 69 136 42152

Elisabeth Andreae (EM)
+49 69 136 24052

Alexandra Bechtel (EM)
+49 69 136 41250

Tatha Ghose (EM)
+44 20 7475 8399

Charlie Lay (EM)
+65 63 110111

You-Na Park (EM)
+49 69 136 42155

Melanie Fischinger (EM)
+496913623245

Commodity Research

Eugen Weinberg (Head)
+49 69 136 43417

Daniel Briesemann
+49 69 136 29158

Carsten Fritsch
+49 69 136 21006

Dr Michaela Kuhl
+49 69 136 29363

Barbara Lambrecht
+49 69 136 22295

Cross Asset Strategy

Alexander Krämer
+49 69 136 22982

Andreas Hürkamp (Equity Strategy)
+49 69 136 45925

Markus Wallner (Equity Strategy)
+49 69 136 21747

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Daily Currency Briefing (daily comment and forecasts for FX markets)
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Commerzbank Corporate Clients

Frankfurt	London	New York	Singapore	Hong Kong
Commerzbank AG	Commerzbank AG	Commerz Markets LLC	Commerzbank AG	Commerzbank AG
DLZ - Gebäude 2, Händlerhaus	PO BOX 52715	225 Liberty Street, 32nd floor,	71, Robinson Road, #12-01	15th Floor, Lee Garden One
Mainzer Landstraße 153	30 Gresham Street	New York,	Singapore 068895	33 Hysan Avenue,
60327 Frankfurt	London, EC2P 2XY	NY 10281-1050		Causeway Bay
				Hong Kong
Tel: + 49 69 136 21200	Tel: + 44 207 623 8000	Tel: + 1 212 703 4000	Tel: +65 631 10000	Tel: +852 3988 0988