

Economic and Capital Market Forecasts

September/October 2015



GDP Growth in %	2015	2016
World	3.2%	3.5%
USA	2.3%	2.4%
Euroland	1.4%	1.6%
UK	2.5%	2.2%
Japan	0.8%	1.2%
China	6.8%	6.0%

Inflation in %	2015	2016
USA (core PCE)	1.4%	1.6%
Euroland	0.1%	1.4%
UK	0.5%	1.8%
Japan	0.7%	0.8%
China	1.5%	1.2%

Curr Acct Balance in % of GDP	2015	2016
USA	-2.8%	-3.0%
Euroland	3.0%	3.0%
UK	-3.7%	-3.2%
Japan	2.0%	2.0%
China	2.0%	1.6%

Fiscal Balance in % of GDP	2015	2016
USA	-2.5%	-2.3%
Euroland	-2.2%	-1.9%
UK	-4.5%	-3.8%
Japan	-6.5%	-6.5%
China	-2.4%	-2.4%

Key Interest Rates	Current ¹	12 Mo Forecast (Sept 2016)
USA (Fed funds)	0.25%	0.75-1.00%
Euroland (Refi rate)	0.05%	0.05%
UK (Repo rate)	0.50%	0.75%
Japan (Mnkt rate)	0.10%	0.10%

Currencies	Current ¹	Next 3% + Move	12 Month Forecast (Sept 2016)	12 Month Return (Sept 2016)
EUR vs. USD	1.12	↔	1.00	-10.8%
USD vs. JPY	119.89	↔	130.00	8.4%
EUR vs. CHF	1.09	↔	1.13	3.4%
GBP vs. USD	1.52	↔	1.49	-1.8%
USD vs. CNY*	6.37	↔	6.65	4.4%

Commodities	Current ¹	Next 3% + Move	12 Month Forecast (Sept 2016)	12 Month Return (Sept 2016)
Oil (WTI) in USD	44	↔	55	23.8%
Gold in USD	1132	↔	1250	10.5%

Equities	Current ¹	Dividend Yield	P/E (LTM) ²	NTM P/E Forecast ³	NTM EPS Forecast ⁴	Next 3% + Move	12 Month Forecast (Sept 2016)	12 Month Return (Sept 2016)
USA (S&P 500)	1882	2.1%	16.01	16.75	129	↔	2160	16.9%
Euroland (Euro Stoxx 50)	3039	3.5%	13.13	14.75	246	↔	3600	21.9%
Germany (DAX)	9484	2.8%	12.17	14.50	766	↓	11400	20.2%
UK (FTSE 100)	5959	4.1%	14.01	14.75	441	↔	6500	13.2%
MSCI Japan (JPY)	872	1.9%	14.97	16.25	63	↔	1020	18.9%
Asia ex Japan (MSCI in USD)	481	2.9%	11.41	12.00	43	↔	510	9.0%
Latin America (MSCI in USD)	1844	3.0%	12.39	13.75	123	↓	1700	-4.8%

Sovereign Rates	Current ¹	Next 3% + Yield Move ⁴	12 Month Forecast (Sept 2016)	12 Month Return (Sept 2016)
USA	2.09%	↔	2.25%	0.8%
Euroland (German Bund)	0.58%	↔	0.75%	-0.8%
UK	1.68%	↔	2.15%	-2.1%
Japan	0.35%	↔	0.35%	0.4%

Credit	Current Coupon ¹	Yield	Current Spread ⁵	Next 3% + Move ⁶	12-Month (Price Return Estimate)	12 Month Return
Barclays U.S. High Yield	6.76%	7.98%	659	↑	4.6%	11.4%
JPM GBI- EM Global Diversified (Local)		7.29%		↔		
JPM EMBIG (EM Broad Index) (Hard Currency)			418	↔		

Footnotes: Macro estimates are according to Deutsche Asset & Wealth Management and are as of September 2015. U.S. GDP is 4Q over 4Q. ¹ Current as of September 28, 2015. ² LTM stands for last twelve months. ³ P/E and EPS forecasts are according to Deutsche Asset & Wealth Management. ⁴ Direction in sovereign bonds is yield move. ⁵ High yield spread is high yield versus five year Treasury. ⁶ Next 3% move in credit is return move.

Source: FactSet, Deutsche Asset & Wealth Management.

Deutsche Asset
& Wealth Management