

Economic and Capital Market Forecasts

March/April 2016



GDP Growth in %	2016	2017
World	3.2%	3.6%
USA	1.9%	2.0%
Euroland	1.5%	1.5%
UK	2.0%	2.1%
Japan	1.0%	0.8%
China	6.0%	6.0%

Inflation in %	2016	2017
USA (core PCE)	1.6%	1.7%
Euroland	0.3%	1.5%
UK	0.6%	1.8%
Japan	0.8%	1.8%
China	1.2%	1.2%

Curr Acct Balance in % of GDP	2016	2017
USA	-2.7%	-2.9%
Euroland	2.9%	2.8%
UK	-3.9%	-3.5%
Japan	2.8%	2.5%
China	2.5%	2.5%

Fiscal Balance in % of GDP	2016	2017
USA	-2.8%	-2.9%
Euroland	-1.9%	-1.9%
UK	-3.3%	-2.5%
Japan	-6.0%	-5.2%
China	-2.4%	-2.5%

Key Interest Rates	Current ¹	12 Mo Forecast (Mar 2017)
USA (Fed funds)	0.25%	0.75-1.00%
Euroland (Refi rate)	0.00%	0.00%
UK (Repo rate)	0.50%	0.50%
Japan (Mmkt rate)	0.00%	0.00%

Currencies	Current ¹
EUR vs. USD	1.12
USD vs. JPY	113.25
EUR vs. CHF	1.09
GBP vs. USD	1.43
USD vs. CNY*	6.52

Commodities	Current ¹
Oil (WTI) in USD	39
Gold in USD	1220

Equities	Current ¹	Dividend Yield	P/E (LTM) ²	NTM P/E Forecast ³	NTM EPS Forecast ³
USA (S&P 500)	2037	2.1%	17.38	16.75	123
Euroland (Euro Stoxx 50)	2987	4.0%	13.20	13.75	233
Germany (DAX)	9851	2.9%	12.32	13.25	818
UK (FTSE 100)	6106	4.1%	15.38	14.50	400
MSCI Japan (JPY)	833	2.3%	14.42	15.00	60
Asia ex Japan (MSCI in USD)	495	3.0%	12.63	13.00	39
Latin America (MSCI in USD)	2125	3.1%	18.86	17.00	112

Sovereign Rates	Current ¹
USA	1.89%
Euroland (German Bund)	0.18%
UK	1.45%
Japan	-0.10%

Credit	Current Coupon ¹	Yield	Current Spread ⁵
Barclays U.S. High Yield	6.60%	8.35%	700
JPM GBI- EM Global Diversified (Local)		6.55%	
JPM EMBIG (EM Broad Index) (Hard Currency)			405

Next 3%+ Move	12 Month Forecast (March 2017)	12 Month Return (March 2017)
↓	1.05	-6.4%
↔	120.00	6.0%
↔	1.12	2.6%
↔	1.50	5.2%
↔	6.90	5.9%

Next 3%+ Move	12 Month Forecast (March 2017)	12 Month Return (March 2017)
↔	50	26.9%
↔	1100	-9.8%

Next 3%+ Move	12 Month Forecast (March 2017)	12 Month Return (March 2017)
↔	2060	3.3%
↔	3200	11.1%
↔	10800	9.6%
↔	5800	-0.9%
↔	890	9.2%
↔	500	4.0%
↓	1900	-7.5%

Next 3%+ Yield Move ⁴	12 Month Forecast (March 2017)	12 Month Return (March 2017)
↔	2.00%	1.0%
↔	0.35%	-1.3%
↔	1.90%	-2.0%
↔	-0.10%	-0.1%

Next 3%+ Move ⁴	12-Month (Price Return Estimate)	12 Month Return
↔	-3.2%	3.4%
↔		
↔		

Footnotes: Macro estimates are according to Deutsche Asset & Wealth Management and are as of March 2016. U.S. GDP is 4Q over 4Q. ¹ Current as of March 28, 2016. 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 Bank Wealth Management.