



Growth marked down broadly this year and next

Compared to our previous global update in June, growth has once again been marked down broadly for 2015 and 2016. Sharper-than-expected contractions in emerging market economies were the main downside surprise to our growth forecast for 2015. Projected growth in Russia has been marked down by 0.5 percentage points – after downward revisions earlier this year, while the forecast for Brazil has been reduced 2.3 percentage points since June. On the other hand, growth expectations for advanced economies were upgraded modestly, as upside surprises to growth in the US and the euro area more than offset disappointing growth in Japan.

Figure 3: Global growth projections revised down for 2015 and 2016

GDP forecast & revision (% yoy)

	Forecast level			Forecast change since		
	Current			June 15 WO Update		
	2015F	2016F	2017F	2015F	2016F	2017F
G7	1.9	1.9	1.8	0.1	-0.5	n.a
US	2.4	2.1	2.1	0.3	-0.9	-0.7
Japan	0.7	1.5	0.8	-0.4	-0.3	-0.2
Euro area	1.5	1.6	1.5	0.1	0.0	-0.1
Asia (ex-Japan)	6.1	6.1	6.3	-0.2	-0.2	n.a
China	7.0	6.7	6.7	0.0	0.0	0.0
India	7.3	7.5	7.8	-0.2	0.0	-0.2
EEMEA	1.0	1.9	2.5	-0.2	-0.3	n.a
Russia	-3.7	-0.7	0.5	-0.5	-0.3	-0.8
Latin America	-0.8	-0.1	2.2	-1.0	-2.0	n.a
Brazil	-3.7	-2.4	1.0	-2.3	-3.0	-1.1
Advanced economies	1.9	1.9	1.8	0.1	-0.4	n.a
EM economies	4.0	4.4	4.9	-0.3	-0.5	n.a
Global	3.1	3.3	3.6	-0.2	-0.4	n.a

Note: June 15 World Outlook update forecasts have been recalculated using IMF WEO October -15 PPP weights
Source: Deutsche Bank Research

The downward revision to expected global growth is more significant and broad-based for 2016. This growth is now expected to be 0.4 percentage points slower next year compared to our June forecasts, as advanced and emerging market economies were downgraded by similar amounts. Within advanced economies, the downward revision to US growth (-0.9 percentage points) is most severe. This downgrade is due mostly to the increased drag on net exports from greater-than-expected dollar appreciation, while reduced estimates of potential growth have also contributed. Expected growth in Japan was also revised down, though by a more modest 0.3 percentage points, while the growth outlook in the euro area is unchanged. Once again, Russia and Brazil represent the main downgrades to growth within emerging markets, while our outlook for a slight slowdown in China and pickup in India is unchanged.

DB's top-line global growth forecast roughly consistent with alternative projections

Our downgraded global growth forecast is about in line with outside alternatives from the IMF and Bloomberg through 2017. However, this consistency masks significant regional differences. In particular, while our US growth forecasts are nearly one-half of a percentage point below alternative