

- *Focus Europe* – Chief Economist Mark Wall dives into the risks of a slowdown in euro-area growth, primarily driven by an external demand shock and a deflationary shock.
- *Weekly Highlights* – Larry Adam, our US WM CIO & Chief Investment Strategist, gives an overview of major global asset classes and touches on the unlikelihood of a US recession.
- *US Equity Insights* – Head of US Equity, David Bianco, discusses his decision to cut 2016E S&P EPS almost entirely from Financials based on the impact of Fed hikes.
- *China's Evolving FX Policy* – Our chief economists discuss unanticipated recent events in China foreign exchange policy. Managing the value of the RMB will restrain monetary policy independence, which will eventually have to evolve through true currency flexibility.
- *Crude Oil Outlook* – Our crude oil analyst puts oil on negative watch because of rising US inventories, high US crude imports, and the possibility of lower US demand growth.

From: Stewart Oldfield

Sent: Monday, February 08, 2016 3:30 PM

To: Melinda Roy; Paul Morris

Subject: RE: COMPLIANCE COMMENT: Deutsche AM CIO View Special: "Beyond the oil bust: Are markets right to worry?" (client-ready english versions - german version will follow soon) [I]

Classification: **For internal use only**

Is there a replay of Larry's Ten Themes call? Maybe we can include that and the presentation

From: Melinda Roy

Sent: Monday, February 08, 2016 2:44 PM

To: Paul Morris; Stewart Oldfield

Subject: RE: COMPLIANCE COMMENT: Deutsche AM CIO View Special: "Beyond the oil bust: Are markets right to worry?" (client-ready english versions - german version will follow soon) [I]

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Let me know what you think

Please find attached our most recent thoughts on the 2016 global outlook. Despite recent market volatility, we remain constructive on both the markets and economic growth overall:

- Recent market volatility, combined with further oil price declines, has raised fears that global growth could slow this year.
- We believe that the markets' fears are overdone. Our global 2016 growth forecast remains constructive at now 3.4% (reduced from 3.5% due to weakness in single emerging markets). This is based on an-already conservative Chinese GDP growth forecast (6%) and broadly-unchanged views on the U.S. economy.
- We continue to believe that a low oil price will have a positive net effect on consumption of oil importing countries but remain concerned about its impact on inflation and central banks' responses to this.
- We also acknowledge that, were volatility to prove prolonged or get worse, then the global economy would be vulnerable.

We have included supplementary research pieces that more specifically address the sources of volatility in the market. If you wish to discuss where we see opportunity in current markets, we will be happy to schedule a call. Additional pieces include:

- *FX Outlook* – Our global FX research team outlines their expectations for major currencies around the world, which centers on their thesis of ongoing USD strength.
- *Focus Europe* – Chief Economist Mark Wall dives into the risks of a slowdown in euro-area growth, primarily driven by an external demand shock and a deflationary shock.
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