

Multi Asset Investment Committee Forecasts

January 2016



| GDP Growth in % | 2015 | 2016 |
|--------------------|------|------|
| World | 3.2% | 3.4% |
| USA | 2.2% | 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% | 1.2% |
| UK | 0.2% | 1.6% |
| 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% | 1.8% |

| 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 (Dec 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 (Mmkt rate) | 0.10% | 0.10% |

| Currencies | Current ¹ | Next 3%+ Move | 12 Month Forecast (Dec 2016) | 12 Month Return (Dec 2016) |
|--------------|----------------------|---------------|---------------------------------|-------------------------------|
| EUR vs. USD | 1.08 | ↓ | 0.95 | -12.2% |
| USD vs. JPY | 118.51 | ↔ | 130.00 | 9.7% |
| EUR vs. CHF | 1.10 | ↔ | 1.13 | 2.9% |
| GBP vs. USD | 1.43 | ↔ | 1.52 | 6.0% |
| USD vs. CNY* | 6.58 | ↔ | 6.90 | 4.9% |

| Commodities | Current ¹ | Next 3%+ Move | 12 Month Forecast (Dec 2016) | 12 Month Return (Dec 2016) |
|------------------|----------------------|---------------|---------------------------------|-------------------------------|
| Oil (WTI) in USD | 32 | ↔ | 50 | 55.3% |
| Gold in USD | 1096 | ↔ | 1000 | -8.8% |

| Equities | Current ¹ | Dividend Yield | P/E (LTM) ² | NTM P/E Forecast ³ | NTM EPS Forecast ³ | Next 3%+ Move | 12 Month Forecast (Dec 2016) | 12 Month Return (Dec 2016) |
|-----------------------------|----------------------|-------------------|------------------------|----------------------------------|----------------------------------|---------------|---------------------------------|-------------------------------|
| USA (S&P 500) | 1907 | 2.2% | 16.27 | 16.75 | 124 | ↔ | 2080 | 11.3% |
| Euroland (Euro Stoxx 50) | 3023 | 3.5% | 13.26 | 14.50 | 236 | ↔ | 3400 | 16.0% |
| Germany (DAX) | 9785 | 2.8% | 12.30 | 13.75 | 819 | ↔ | 11300 | 15.7% |
| UK (FTSE 100) | 5900 | 4.2% | 14.97 | 14.75 | 400 | ↔ | 5900 | 4.2% |
| MSCI Japan (JPY) | 832 | 1.9% | 13.71 | 16.00 | 62 | ↔ | 1000 | 22.1% |
| Asia ex Japan (MSCI in USD) | 448 | 2.7% | 11.27 | 12.00 | 39 | ↓ | 470 | 7.6% |
| Latin America (MSCI in USD) | 1621 | 3.1% | 13.36 | 14.00 | 104 | ↓ | 1500 | -4.3% |

| Sovereign Rates | Current ¹ | Next 3%+ Yield Move ⁴ | 12 Month Forecast (Dec 2016) | 12 Month Return (Dec 2016) |
|------------------------|----------------------|----------------------------------|---------------------------------|-------------------------------|
| USA | 2.05% | ↔ | 2.40% | -0.9% |
| Euroland (German Bund) | 0.41% | ↔ | 0.75% | -2.7% |
| UK | 1.71% | ↔ | 2.20% | -2.3% |
| Japan | 0.23% | ↔ | 0.35% | -0.9% |

| Credit | Current Coupon ¹ | Yield | Current Spread ⁵ | Next 3%+ Move ⁵ | 12-Month (Price Return Estimate) | 12 Month Return |
|--|--------------------------------|-------|--------------------------------|----------------------------|-------------------------------------|-----------------|
| Barclays U.S. High Yield | 6.70% | 9.47% | 799 | ↔ | -2.3% | 4.4% |
| JPM GBI- EM Global Diversified (Local) | | 7.08% | | ↔ | | |
| JPM EMBIG (EM Broad Index) (Hard Currency) | | | 457 | ↔ | | |

Footnotes: Macro estimates are according to Deutsche Asset & Wealth Management and are as of November 2015. U.S. GDP is 4Q over 4Q. ¹ Current as of January 22, 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.

Deutsche Bank
Wealth Management