

Quarterly CIO View | Forecasts

In light of the very dynamic market environment these forecasts are subject to change at any time.

Macro / Still waiting for U.S. slowdown

GDP growth (in %, year-on-year)

	2024F		2025F
United States	2.4	↘	1.7
Eurozone	0.7	↗	1.0
United Kingdom	1.0	↗	1.2
Japan	0.0	↗	1.2
China	4.8	↘	4.4
World	3.1	↗	3.2

Fiscal deficit (in % of GDP)

	2024F		2025F
United States	6.0	↘	5.9
Eurozone	2.8	↘	2.7
United Kingdom	4.0	↘	3.7
Japan	4.5	↘	3.0
China	13.3	↘	13

Consumer price inflation (in %, year-on-year)

	2024F		2025F
United States ¹	2.9	↘	2.3
Eurozone	2.5	↘	2.3
United Kingdom	2.6	↘	2.4
Japan	2.5	↘	2.0
China	0.5	↗	1.7

Unemployment Rate (annual average)

	2024F		2025F
United States	4.3	↘	4.1
Eurozone	6.6	→	6.6
United Kingdom	4.4	↗	4.5
Japan	2.5	↘	2.4
China	5.0	→	5.0

Benchmark rates (in %)

	Current*		Sep 25F
United States	5.25-5.50	↘	3.50-3.75
Eurozone	3.75	↘	2.25
United Kingdom	5.00	↘	3.75
Japan	0.25	↗	0.75
China	3.35	↘	3.10

Commodities (in dollars)

	Current*		Sep 25F
Crude oil (Brent)	73.0	↗	80
Gold	2,484	↗	2,810
Copper (LME)	9,000	↗	10,000
Carbon	67	↗	80

* Source: Bloomberg Finance L.P. as of 9/5/24

¹ core rate, personal consumption expenditure as end of Dec 2024/Dec 2025 in % (no average as for the other figures in the table)

F refers to our forecasts as of 9/5/24 | LME = London Metal Exchange

Legend (applies to this and the following page)

- Macro data, exchange rates and alternative investments: The arrows signal whether we expect to see an upward trend ↗, a sideways trend → or a downward trend ↘.
- The signals' colors illustrate the return opportunities for long-only investors: ● positive return potential for long-only investors, ● limited return opportunity as well as downside risk, ● negative return potential for long-only investors.

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Equities / No recession no correction?

	Current*		Sep 2025F		Forecast	Total return (expected) ¹	Expected earnings growth	P/E impact	Dividend yield
United States (S&P 500)	5,503	●	5,800		6.1%	10.7%	-6.0%	1.5%	
Europe (Stoxx Europe 600)	512	●	540		8.6%	4.9%	0.2%	3.5%	
Eurozone (Euro Stoxx 50)	4,815	●	5,100		9.0%	4.1%	1.5%	3.5%	
Germany (Dax) ²	18,577	●	20,000		7.3%	7.8%	-3.7%	3.2%	
United Kingdom (FTSE 100)	8,242	●	8,350		4.8%	2.4%	-1.5%	3.8%	
Switzerland (Swiss Market Index)	12,031	●	12,350		5.3%	9.7%	-7.5%	3.1%	
Japan (MSCI Japan Index)	1,608	●	1,760		11.8%	8.4%	1.0%	2.4%	
MSCI Emerging Markets Index (USD)	1,076	●	1,140		8.8%	13.0%	-7.1%	2.9%	
MSCI AC Asia ex Japan Index (USD)	687	●	740		10.2%	12.7%	-5.2%	2.7%	

* Sources: Bloomberg Finance L.P., FactSet Research Systems Inc. as of 9/5/24

¹ Expected total return includes interest, dividends and capital gains where applicable

² Total-return index (includes dividends)

F refers to our forecasts as of 9/5/24

Fixed Income / 6 cuts in next 12 months

United States

	Current*		Sep 2025F
U.S. Treasuries (10-year)	3.73%	●	4.05%
U.S. municipal bonds ¹	71 bp	●	75 bp
U.S. investment-grade corporates ¹	92 bp	●	85 bp
U.S. high-yield corporates ¹	315 bp	●	375 bp
Securitized: mortgage-backed securities ¹	132 bp	●	120 bp

Europe

	Current*		Sep 2025F
German Bunds (10-year)	2.21%	●	2.25%
UK Gilts (10-year)	3.92%	●	4.00%
Euro investment-grade corporates ²	115 bp	●	95 bp
Euro high-yield corporates ²	365 bp	●	400 bp
Securitized: covered bonds ²	62 bp	●	50 bp
Italy (10-year) ²	143 bp	●	180 bp

* Source: Bloomberg Finance L.P. as of 9/5/24

¹ Spread over U.S. Treasuries

² Spread over German Bunds

Asia-Pacific

	Current*		Sep 2025F
Japanese government bonds (10-year)	0.88%	●	1.40%
Asia credit	224 bp	●	125 bp

Global

	Current*		Sep 2025F
Emerging-market sovereigns	388 bp	●	390 bp

Currencies

	Current*		Sep 2025F
EUR vs. USD	1.11	↘	1.08
USD vs. JPY	143	↘	140
EUR vs. GBP	0.84	→	0.84
GBP vs. USD	1.32	↘	1.29
USD vs. CNY	7.09	↗	7.15

F refers to our forecasts as of 9/5/24

bp = basis points

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Glossary

One **basis point** equals 1/100 of a percentage point.

A **benchmark** is an index or other value against which an investment's performance is measured.

Brent crude is a grade of crude oil dominant in the European market.

Bunds is a commonly used term for bonds issued by the German federal government with a maturity of 10 years.

Carbon price refers to the EU emissions trading systems (ETS) market, which caps the total level of greenhouse gas emissions. By creating supply and demand for emissions allowances, EU ETS establishes a market price for greenhouse gas emissions.

The **Chinese yuan (CNY)** is legal tender on the Chinese mainland and the unit of account of the currency, Renminbi (RMB).

Covered bonds are securities similar to asset-backed securities (ABS) which are covered with public-sector or mortgage loans and remain on the issuer's balance sheet.

The **current account** includes trade in goods and services, a net-factor-income balance (e.g. earnings on foreign investments and cash transfers from individuals working abroad) and transfers (e.g. foreign aid). It is a part of the balance of payments.

The **Dax** is a blue-chip stock-market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange.

The **dividend yield** is the dividend that a company pays out each year divided by its share price.

Emerging markets (EM) are economies not yet fully developed in terms of, amongst others, market efficiency and liquidity.

The **euro (EUR)** is the common currency of states participating in the Economic and Monetary Union and is the second most held reserve currency in the world after the dollar.

The **Euro Stoxx 50** is an index that tracks the performance of blue-chip stocks in the Eurozone.

The **Eurozone** is formed of 19 European Union member states that have adopted the euro as their common currency and sole legal tender.

Fiscal policy describes government spending policies that influence macroeconomic conditions. Through fiscal policy, the government attempts to improve unemployment rates, control inflation, stabilize business cycles and influence interest rates in an effort to control the economy.

The **FTSE 100** is an index that tracks the performance of the 100 major companies trading on the London Stock Exchange.

Gilts are bonds that are issued by the British Government.

Gross national product (GNP) is economic statistic that measures what a country's citizens produced. It includes gross domestic product (GDP) plus any income earned by residents from overseas investments, but excludes income earned within the domestic economy by overseas residents.

High-yield bonds are issued by below-investment-grade-rated issuers and usually offer a relatively high yield.

Inflation is the rate at which the general level of prices for goods and services is rising and, subsequently, purchasing power is falling.

Investment grade (IG) refers to a credit rating from a rating agency that indicates that a bond has a relatively low risk of default.

The **Japanese yen (JPY)** is the official currency of Japan.

A **mortgage-backed security (MBS)** is a special type of asset-backed security where the holder receives interest and redemption payments from pooled mortgage debtors, secured by the underlying mortgages.

The **MSCI AC Asia ex Japan Index** captures large- and mid-cap representation across 2 of 3 developed-market countries (excluding Japan) and 8 emerging-market countries in Asia.

The **MSCI Emerging Markets Index** captures large- and mid-cap representation across 23 emerging-market countries.

The **MSCI Japan Index** is designed to measure the performance of the large- and mid-cap segments of the Japanese market.

Municipal bonds (Munis) are debt securities issued by a state, municipality or country.

The **pound sterling (GBP)**, or simply the pound, is the official currency of the United Kingdom and its territories.

The **price-to-earnings (P/E) ratio** compares a company's current share price to its earnings per share.

The **S&P 500** is an index that includes 500 leading U.S. companies capturing approximately 80% coverage of available U.S. market capitalization.

Sovereign bonds are bonds issued by governments.

The **spread** is the difference between the quoted rates of return on two different investments, usually of different credit quality.

The **Stoxx Europe 600** is an index representing the performance of 600 listed companies across 18 European countries.

The **Swiss Market Index (SMI)** is Switzerland's most important equity index, consisting of the 20 largest and most liquid large- and mid-cap stocks.

The **total return** is a performance measure of an investment. It measures the earned income of an investment over a specific time period.

Treasuries are fixed-interest U.S. government debt securities with different maturities: Treasury bills (1 year maximum), Treasury notes (2 to 10 years), Treasury bonds (20 to 30 years) and Treasury Inflation Protected Securities (TIPS) (5, 10 and 30 years).

The **U.S. dollar (USD)** is the official currency of the United States and its overseas territories.

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