

QUO VADIS DECEMBER 2020



11 DECEMBER 2020

MACROECONOMIC OUTLOOK

LOCKDOWN VERSION 2.0

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SOCIETE
GENERALE
GROUP

LOCKDOWN VERSION 2.0



Source: iStock

1



EXTERNAL ENVIRONMENT

A SHOT IN THE ARM FOR THE RECOVERY

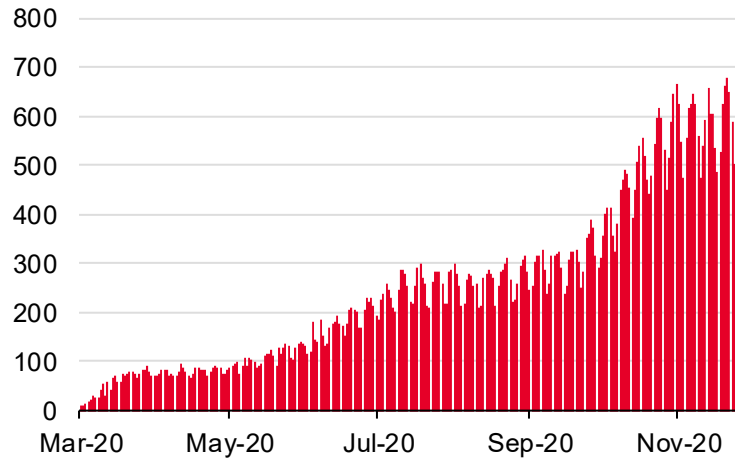
A SHOT IN THE ARM FOR THE RECOVERY



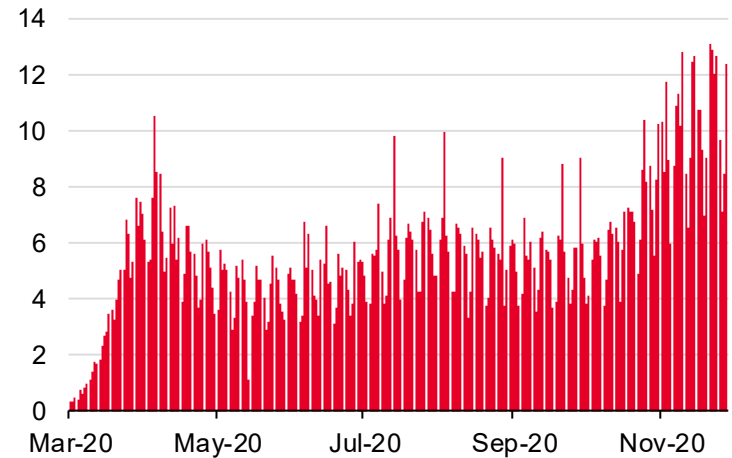
Source: iStock

SARS-COV-2 DOES NOT GIVE UP

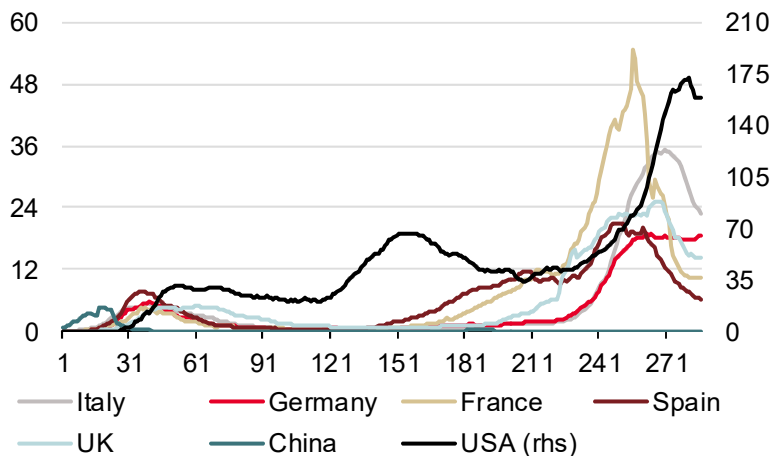
The daily increase of those infected is accelerating (ths) ...



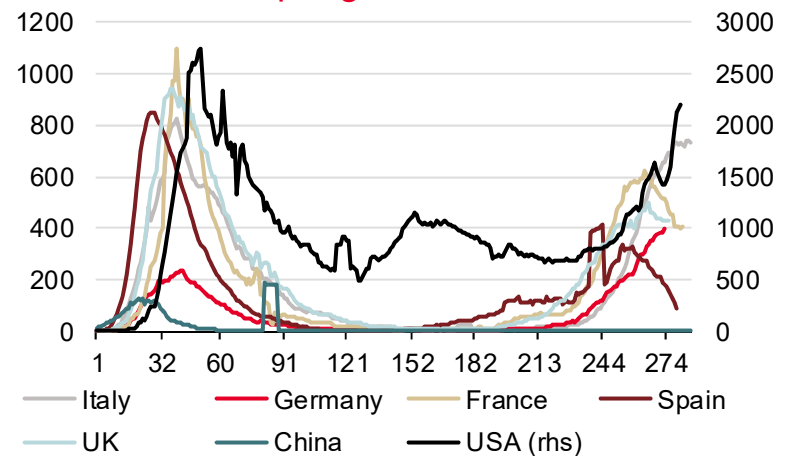
... but fortunately the daily number of deaths not so much!



Newly infected (ths) overcome the first wave



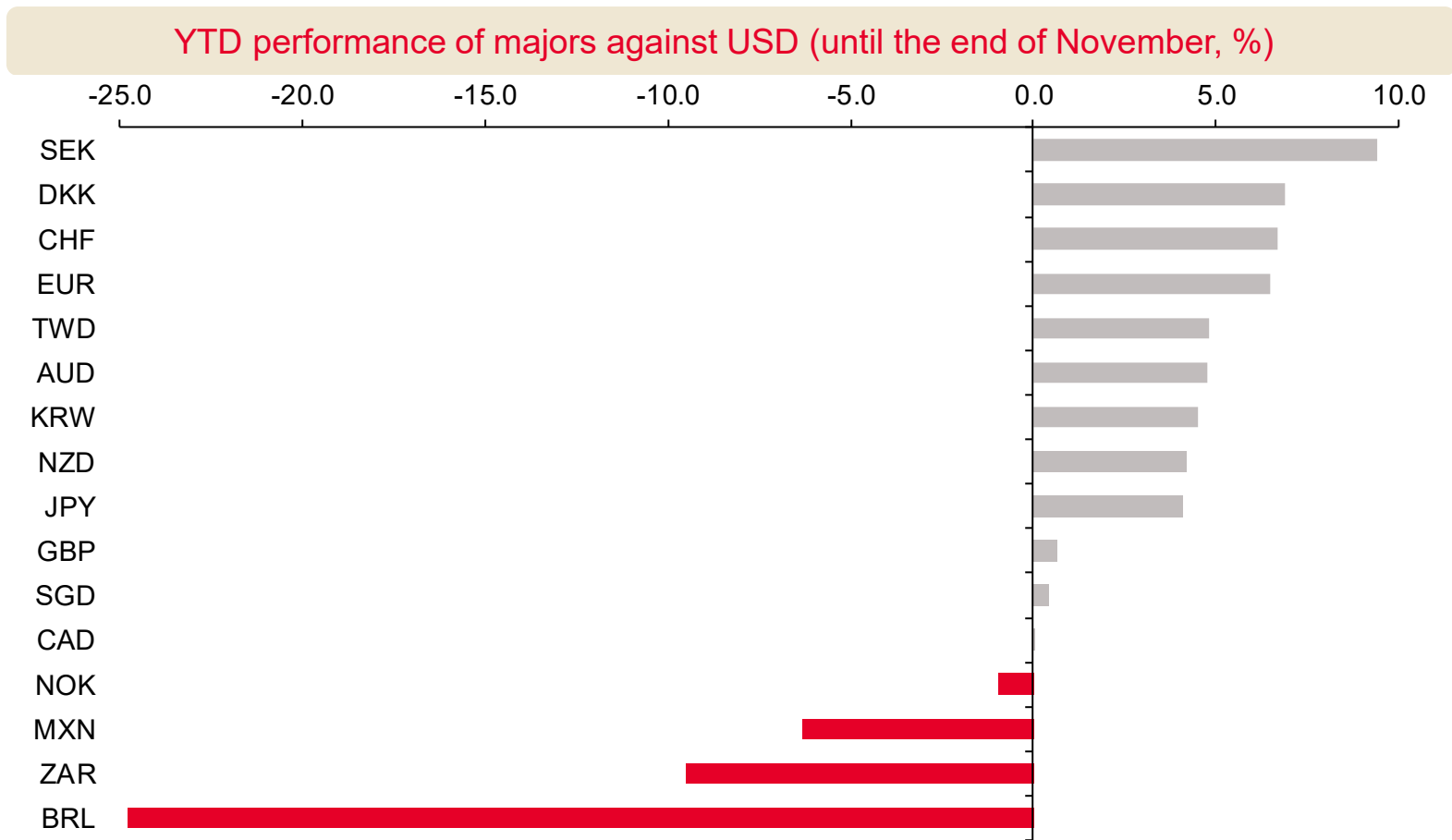
The daily number of deaths is well below the spring numbers



Source: Economic & Strategy Research, Komerční banka, Macrobond

Note. The x-axis of both lower graphs represents the number of days since the beginning of the epidemic in a given country, resp. the day the first dead was reported

FEARING COVID-19, INVESTORS PREFER SAFE HAVEN CURRENCIES

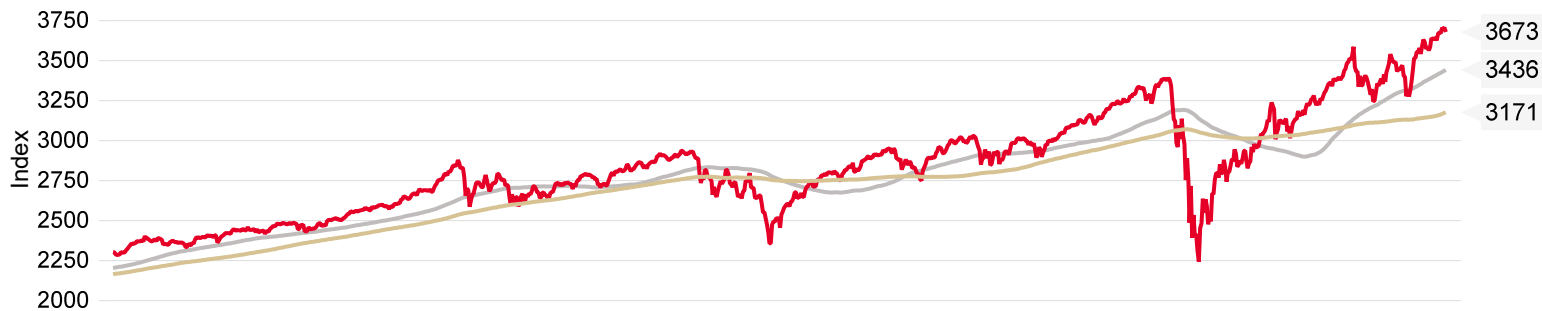


Source: Economic & Strategy Research, Komerční banka, Bloomberg

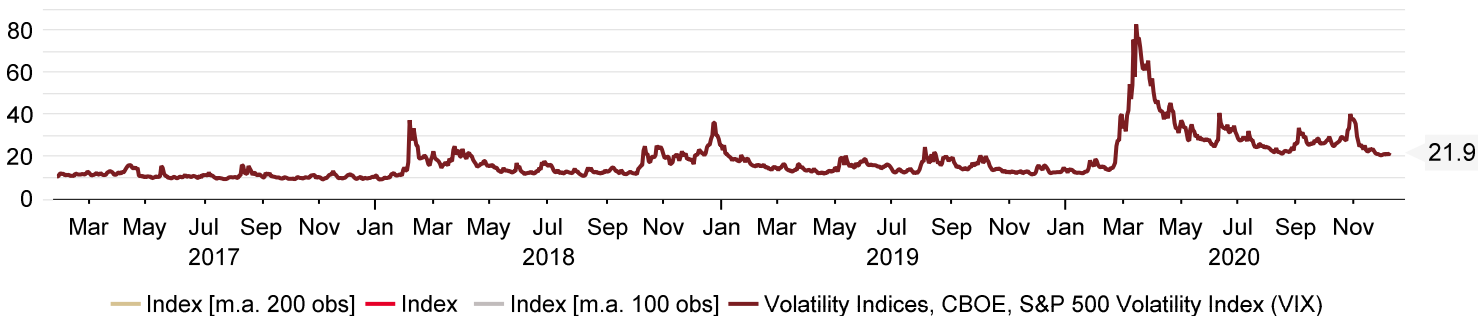
THE FIRST PANDEMIC WAVE HIT STOCKS IN PARTICULAR

Stock markets shook rapidly from the first pandemic wave

S&P 500, 100 & 200 day moving average



VIX

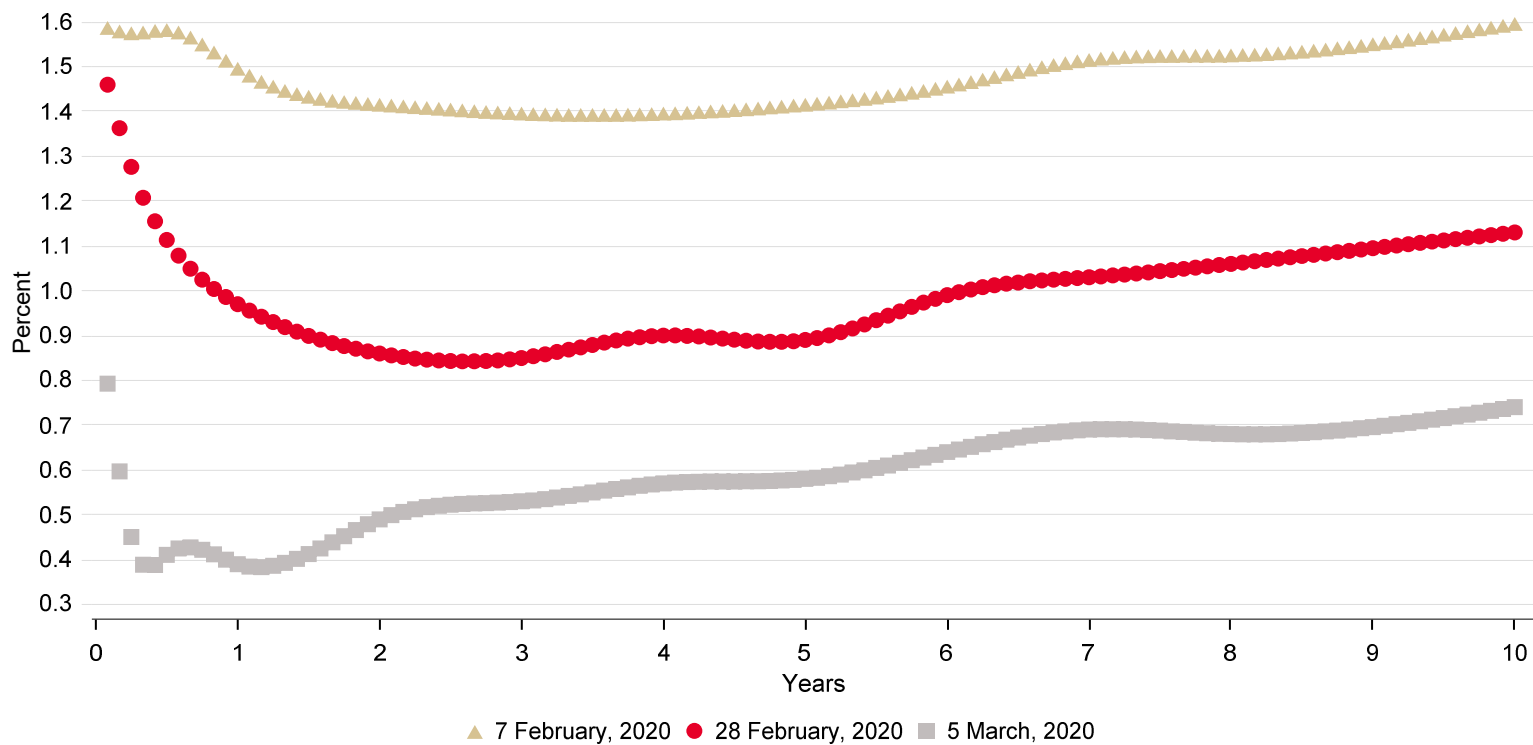


Source: Economic & Strategy Research, Komerční banka, Macrobond

FLEEING TOWARD SAFE HAVEN ASSETS

The USD yield curve fell dramatically

US yield curve



OIL UNDER STRONG SELL-OFF PRESSURE

Oil is affected not only by the coronavirus but also by OPEC's inability

WTI (USD/barrel)



Source: Economic & Strategy Research, Komerční banka, Macrobond

DIVERSIFICATION HAS STARTED TO MAKE SENSE AGAIN THIS YEAR

Annual performance of individual asset classes

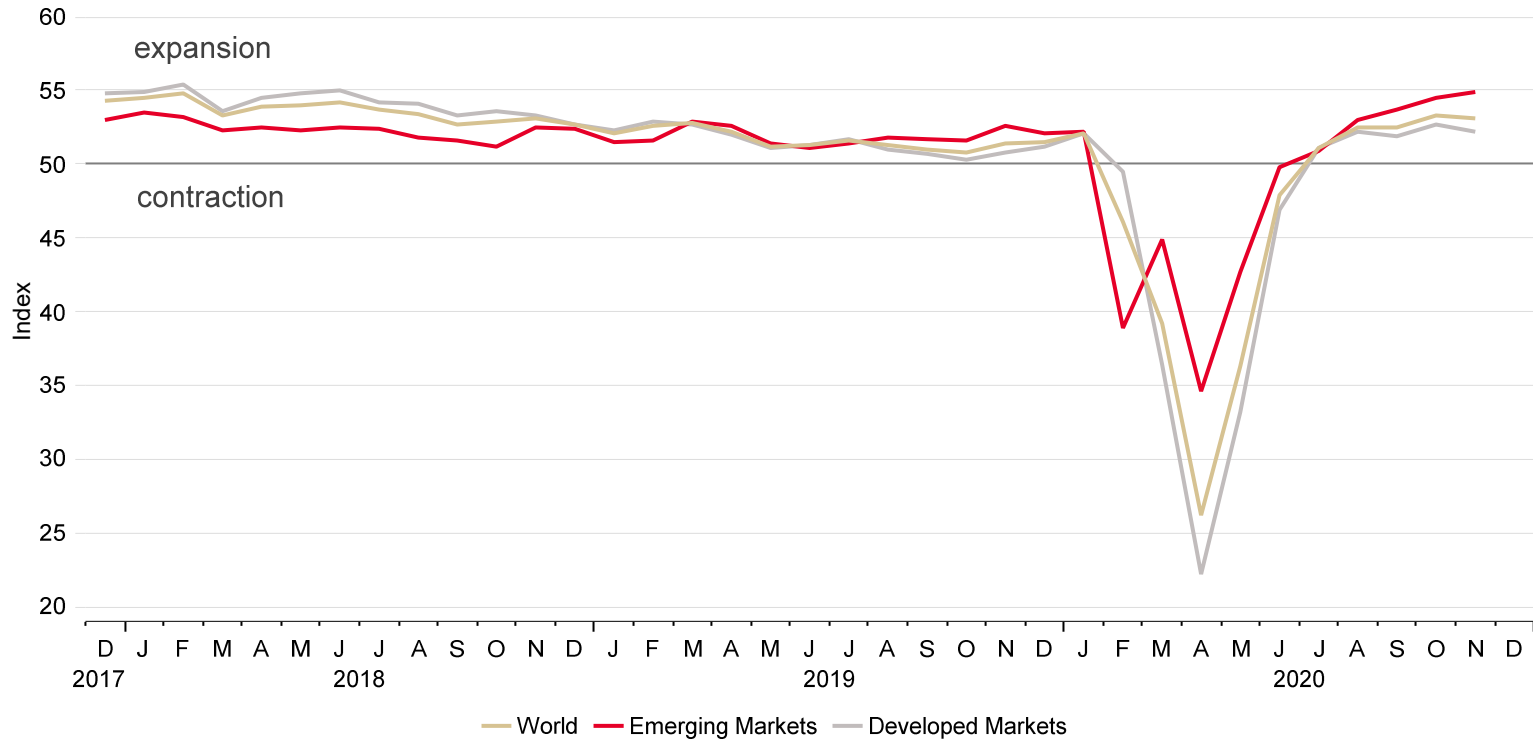
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Equities	Emerging	-6.1%	54.0%	27.9%	35.1%	33.1%	39.7%	-52.9%	82.6%	19.8%	-19.0%	17.9%	-3.5%	1.6%	-15.2%	13.5%	32.5%	-13.0%	20.6%	8.8%
	Global	-18.9%	34.4%	16.1%	11.7%	22.2%	12.7%	-41.8%	36.2%	13.2%	-7.3%	17.1%	23.3%	4.8%	-1.7%	8.6%	24.6%	-9.1%	27.2%	11.4%
	Nasdaq	-31.5%	50.0%	8.6%	1.4%	9.5%	9.8%	-40.5%	43.9%	16.9%	-1.8%	15.9%	38.3%	13.4%	5.7%	7.5%	28.2%	-3.9%	35.2%	36.0%
	S&P	-23.4%	26.4%	9.0%	3.0%	13.6%	3.5%	-38.5%	23.5%	12.8%	0.0%	13.4%	29.6%	11.4%	-0.7%	9.5%	19.4%	-6.2%	28.9%	12.1%
	EuroStoxx	-37.0%	15.1%	6.9%	21.3%	15.1%	6.8%	-44.4%	21.1%	-5.8%	-17.1%	13.8%	17.9%	1.2%	3.8%	0.7%	6.5%	-14.3%	24.8%	-6.7%
	Nikkei	-18.6%	24.5%	7.6%	40.2%	6.9%	-11.1%	-42.1%	19.0%	-3.0%	-17.3%	22.9%	56.7%	7.1%	9.1%	0.4%	19.1%	-12.1%	18.2%	11.7%
Commodities	Commodity Index	31.4%	22.9%	16.6%	19.1%	-7.4%	16.7%	-36.0%	23.5%	17.4%	-8.3%	-3.4%	-5.0%	-17.9%	-23.4%	9.3%	0.7%	-12.4%	9.4%	-13.8%
	Oil	57.3%	4.2%	33.6%	40.5%	0.0%	57.2%	-53.5%	77.9%	15.1%	8.2%	-7.1%	7.2%	-45.9%	-30.5%	45.0%	12.5%	-24.8%	34.5%	-25.7%
	Gold	24.7%	19.3%	5.5%	18.0%	23.0%	31.0%	5.1%	25.5%	29.1%	11.1%	6.3%	-28.1%	-1.4%	-10.6%	8.6%	13.3%	-1.9%	18.8%	16.8%
Fixed Income	CZGB	11.0%	1.6%	7.7%	6.1%	2.8%	-0.7%	8.2%	5.4%	3.3%	4.9%	13.5%	0.1%	10.4%	1.7%	1.7%	-4.9%	-1.0%	4.1%	4.9%
	US Treasury	11.8%	2.2%	3.5%	2.8%	3.1%	9.0%	13.7%	-3.6%	5.9%	9.8%	2.0%	-2.7%	5.1%	0.8%	1.0%	2.3%	0.9%	6.9%	8.3%
	US Corp	10.1%	8.2%	5.4%	1.7%	4.3%	4.6%	-4.9%	18.7%	9.0%	8.1%	9.8%	-1.5%	7.5%	-0.7%	6.1%	6.4%	-2.5%	14.5%	9.4%
	US HY	-1.4%	29.0%	11.1%	2.7%	11.8%	1.9%	-26.2%	58.2%	15.1%	5.0%	15.8%	7.4%	2.5%	-4.5%	17.1%	7.5%	-2.1%	14.3%	5.1%
	EUR HY	-3.3%	28.5%	14.0%	6.7%	11.7%	-3.0%	-34.9%	86.7%	16.2%	-2.4%	28.5%	9.9%	7.0%	2.9%	6.5%	6.2%	-3.6%	12.3%	1.0%
	EUR Corp	8.5%	6.8%	7.5%	4.0%	0.5%	0.0%	-3.8%	15.7%	4.7%	1.5%	13.6%	2.4%	8.4%	-0.6%	4.7%	2.4%	-1.3%	6.2%	2.6%

Source: Private Banking, Komerční banka, Bloomberg (as of 31. 10. 2020)

IT STARTED IN CHINA THE IMPACT ON DEVELOPED ECONOMIES WAS DEVASTATING

The biggest drop in confidence in the global economy is behind us

Composite PMI, SA

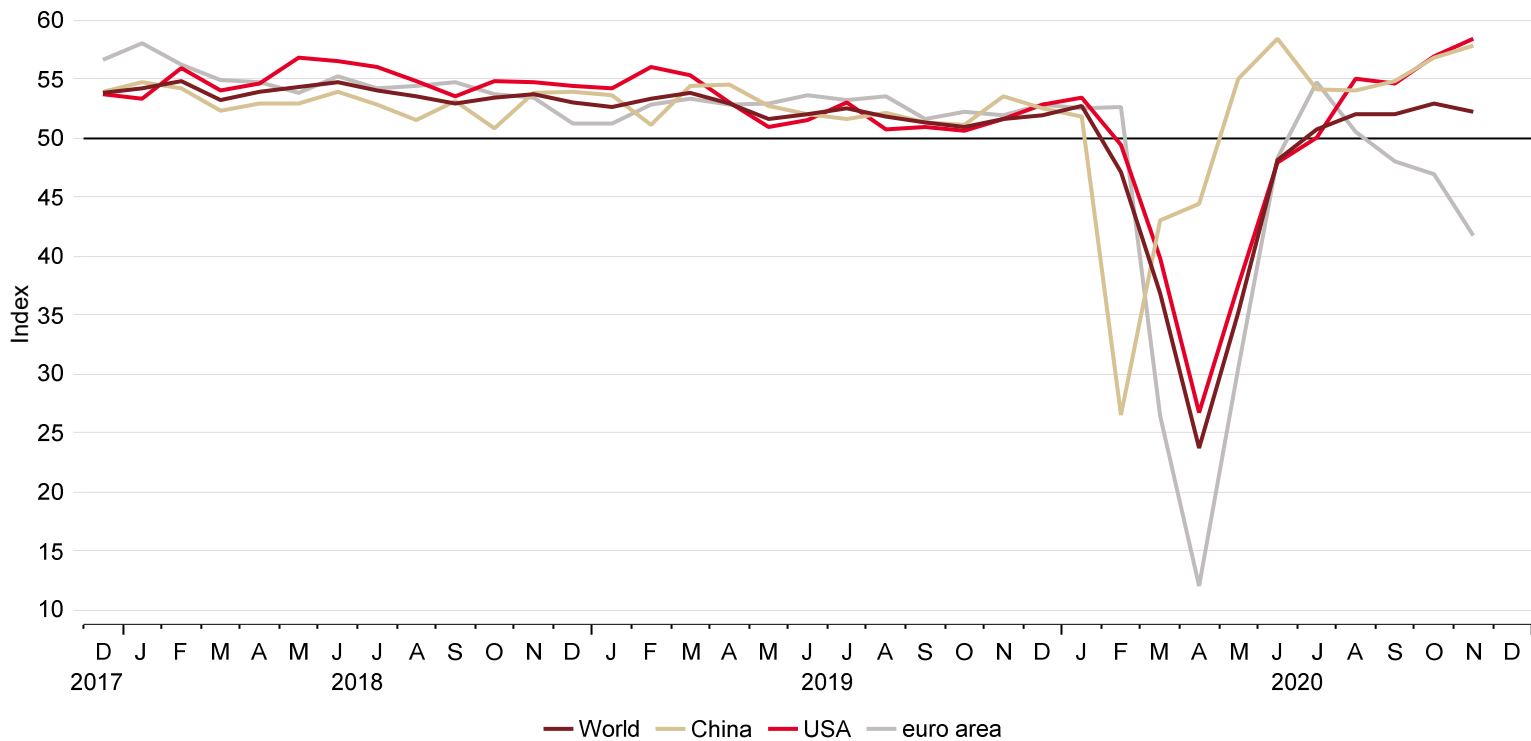


Source: Economic & Strategy Research, Komerční banka, Macrobond

GOVERNMENT MEASURES MAINLY AFFECTED SERVICES

Restrictive measures have crippled the tourism sector in particular

PMI in services, SA

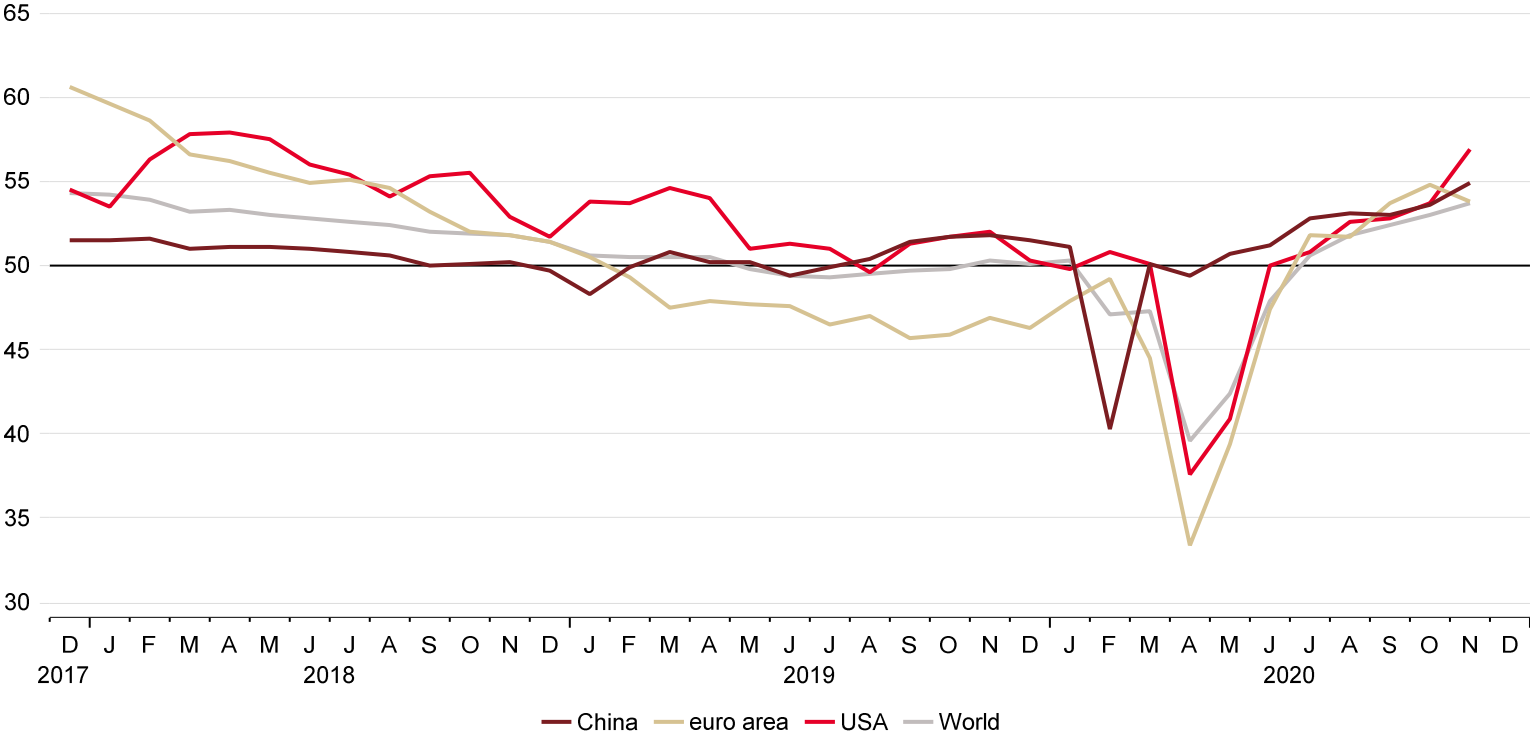


Source: Economic & Strategy Research, Komerční banka, Macrobond

INDUSTRY WAS FIRST PARALYSED BY BROKEN PRODUCTION CHAINS

Industry now faces particular concerns about the strength of global demand

Industrial PMI, SA

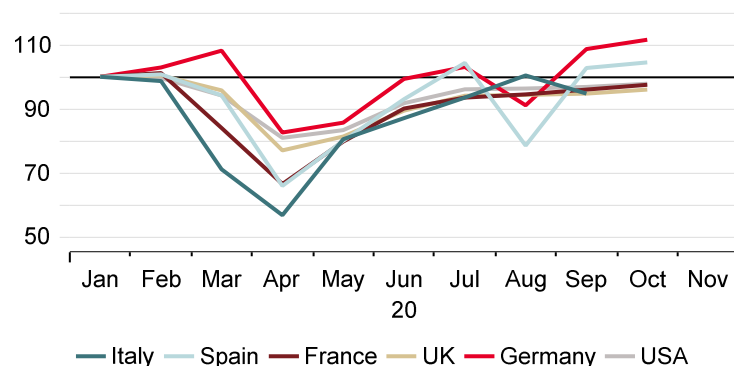


Source: Economic & Strategy Research, Komerční banka, Macrobond

THE PRODUCTION SIDE LAGS BEHIND; CONSUMER DEMAND IS ROBUST

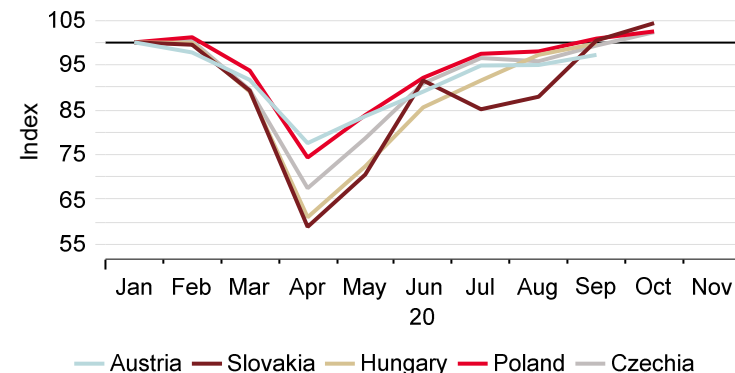
Industry finally close to the pre-crisis level, ...

Industrial Production, index, January 2020 = 100



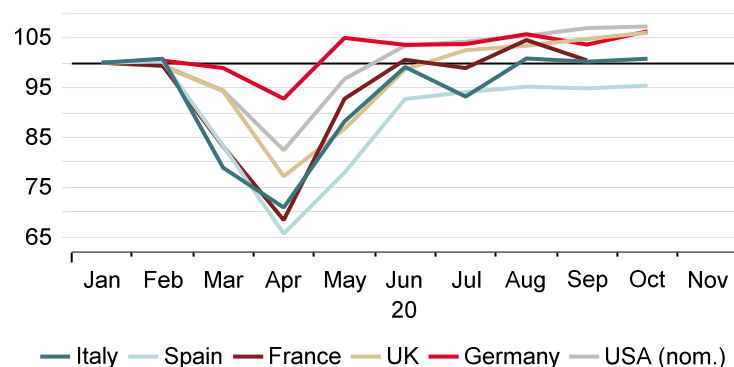
... even in the Central European region

Industrial Production, index, January 2020 = 100



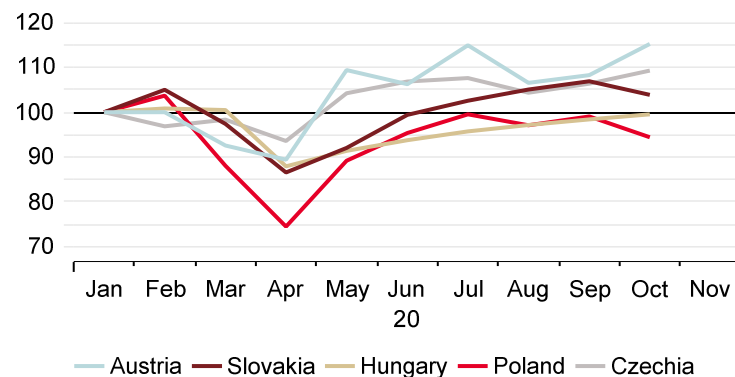
Consumers hold the economy ...

Retail sales, index, January 2020 = 100



... including Central Europeans

Retail sales, index, January 2020 = 100



Source: Economic & Strategy Research, Komerční banka, Macrobond

THE EURO IS GAINING AGAINST THE DOLLAR THIS YEAR

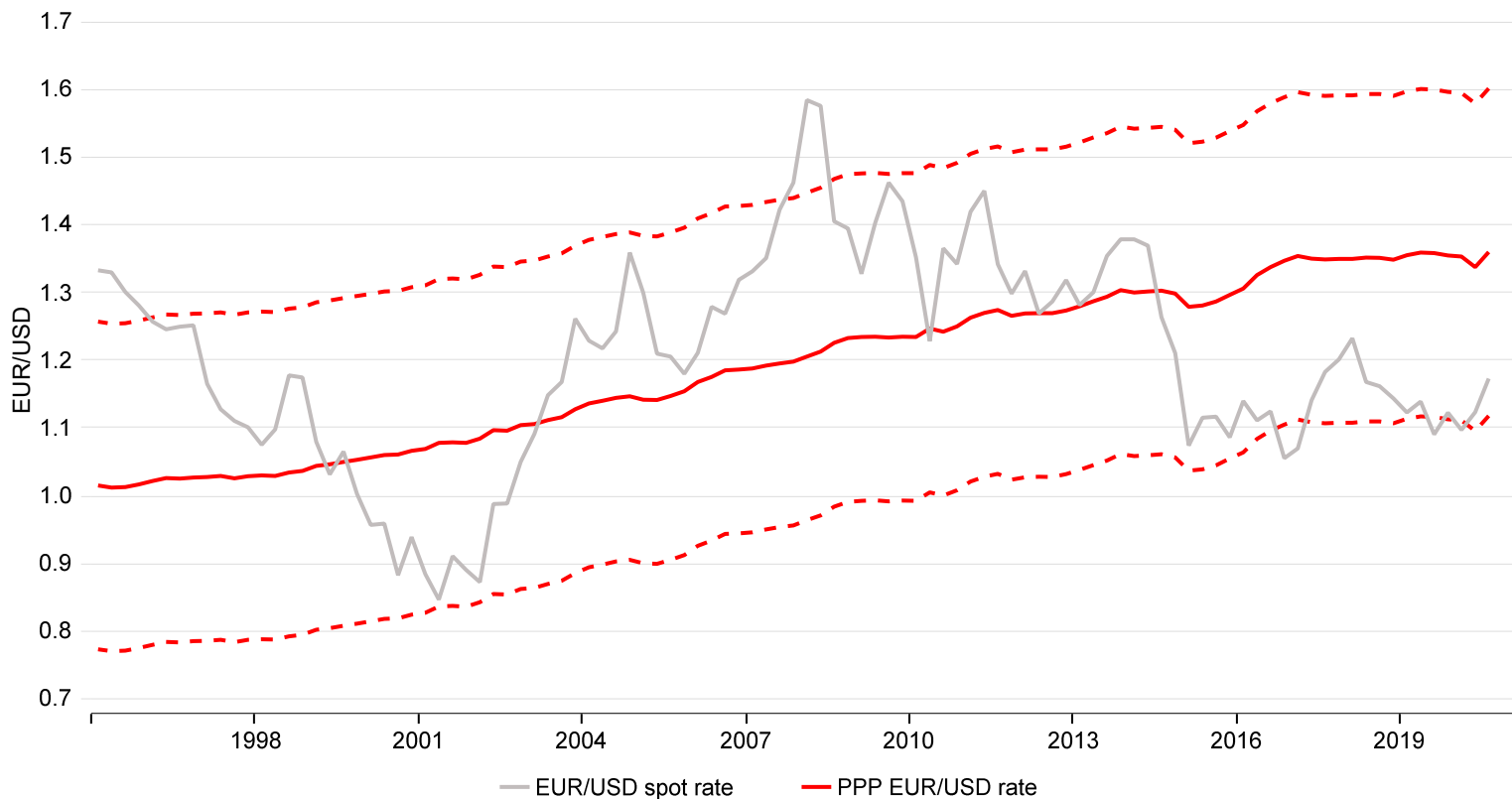
The dollar's status as a safe-haven currency is being rolled by falling dollar rates



Source: Economic & Strategy Research, Komerční banka, Bloomberg

THE EURO IS UNDERVALUED AGAINST THE DOLLAR ACCORDING TO PPP

According to purchasing power parity, the exchange rate should be EURUSD1.30

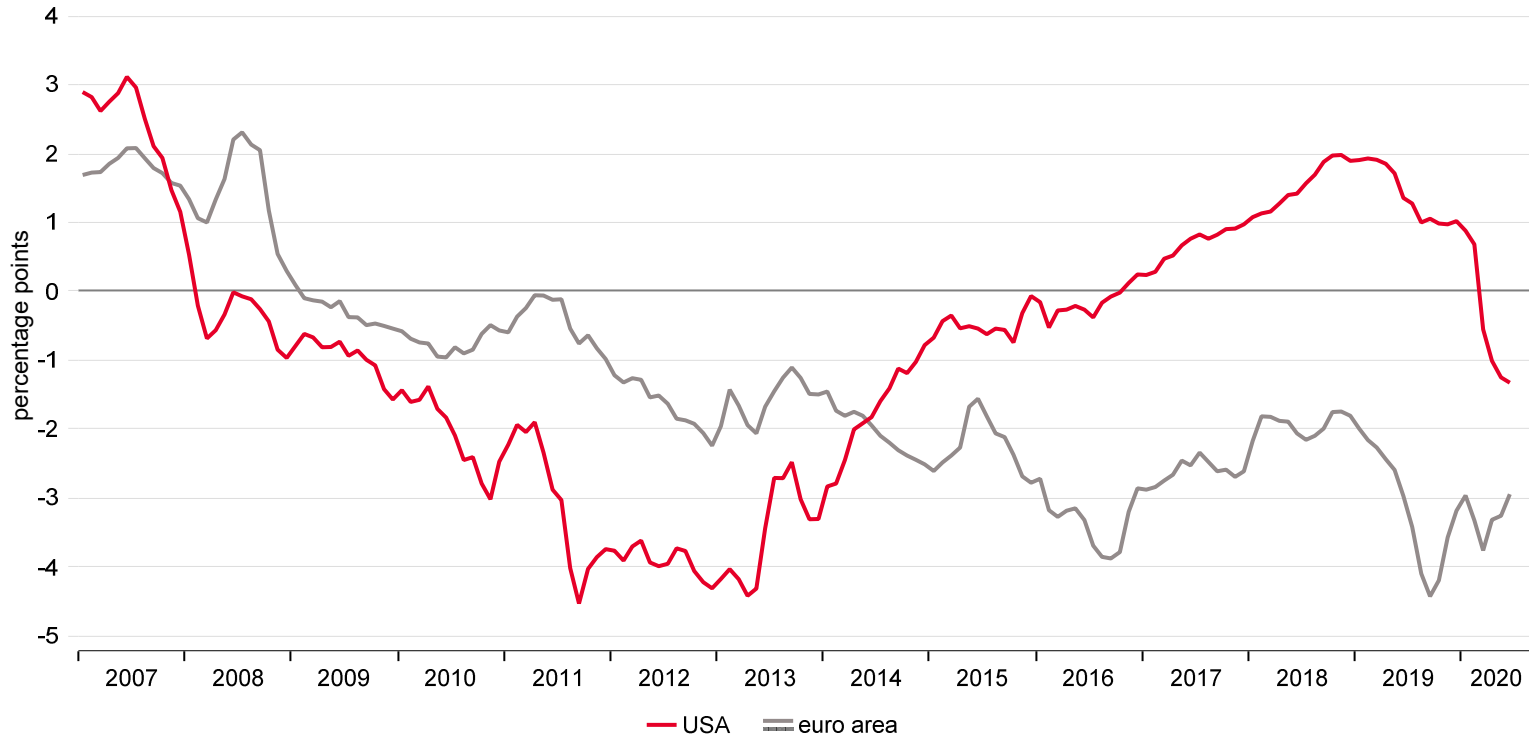


Source: Economic & Strategy Research, Komerční banka, Macrobond

THE INTEREST RATE DIFFERENTIAL HAS BEEN PLAYING FOR THE DOLLAR IN THE LONG RUN

The euro suffers from the ECB's long-loose monetary policy

Monetary policy interest rates gaps (actual versus equilibrium)

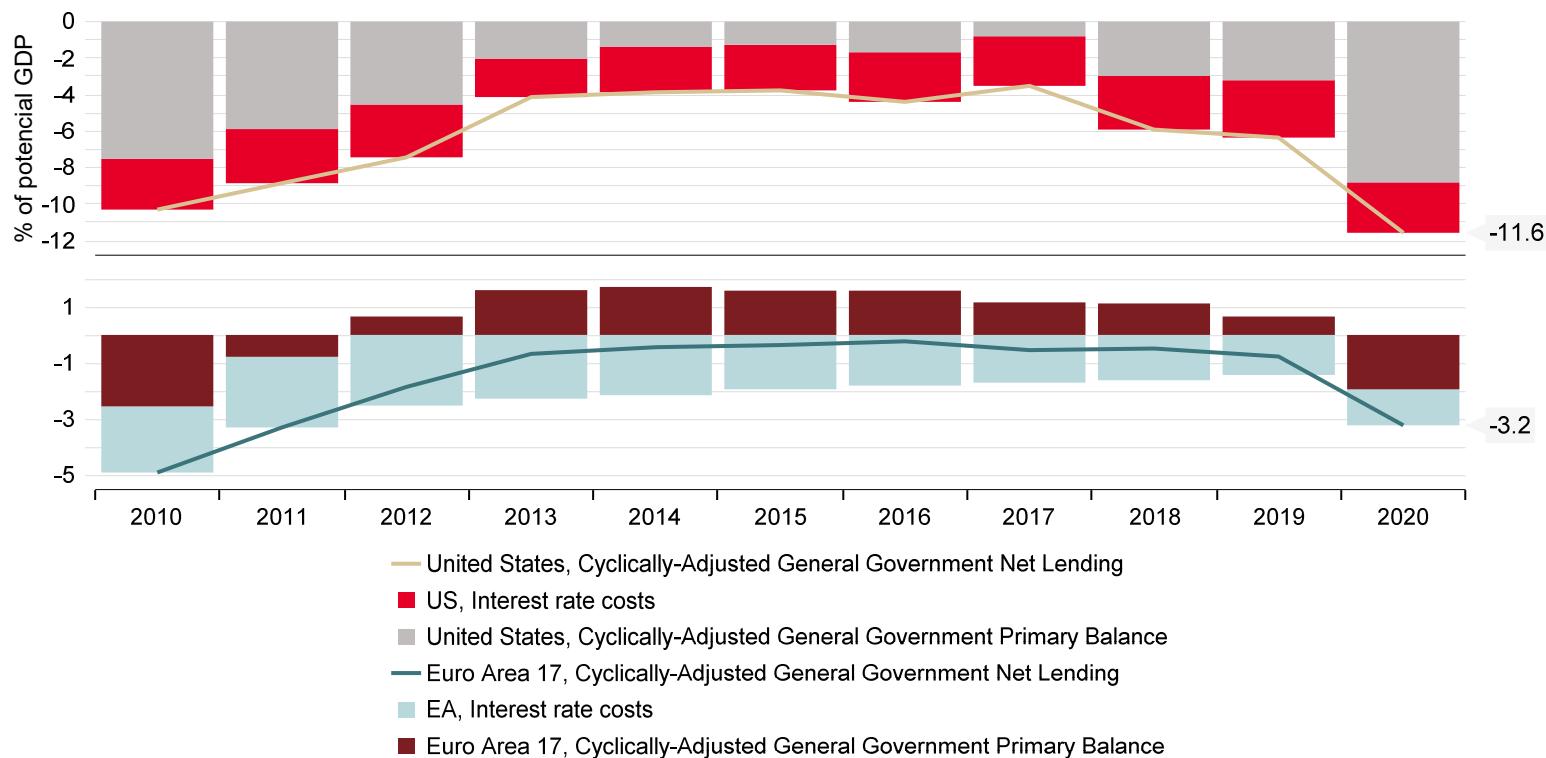


Source: Economic & Strategy Research, Komerční banka, Macrobond

FISCAL POLICY MAKES THE DOLLAR VULNERABLE

The US federal budget is chronically in deficit

US fiscal position versus euro area

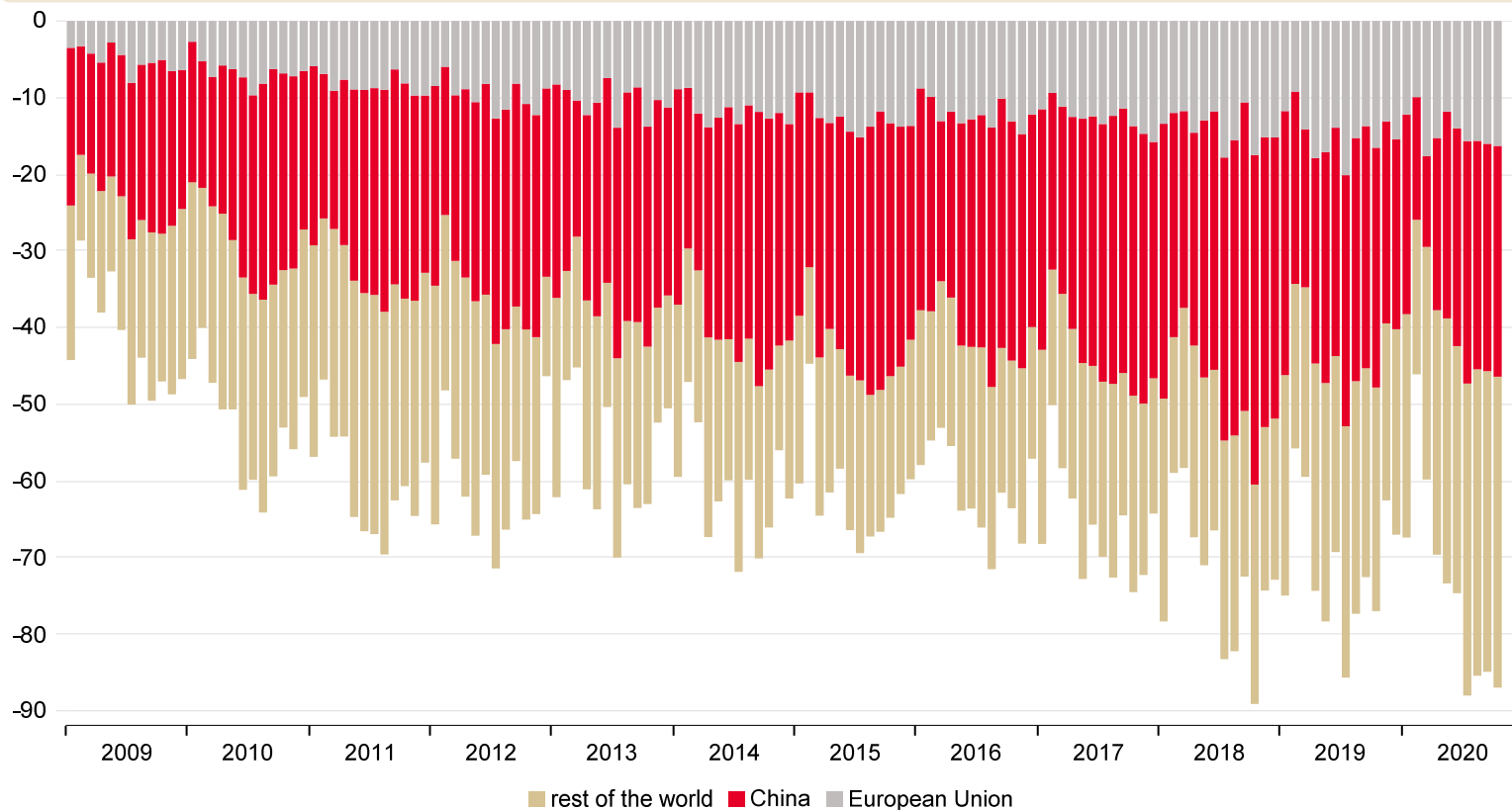


Source: Economic & Strategy Research, Komerční banka, Macrobond

THE US FOREIGN TRADE DEFICIT IS CHRONIC

- Despite the trade wars unleashed by the United States, the foreign trade deficit has not declined significantly.

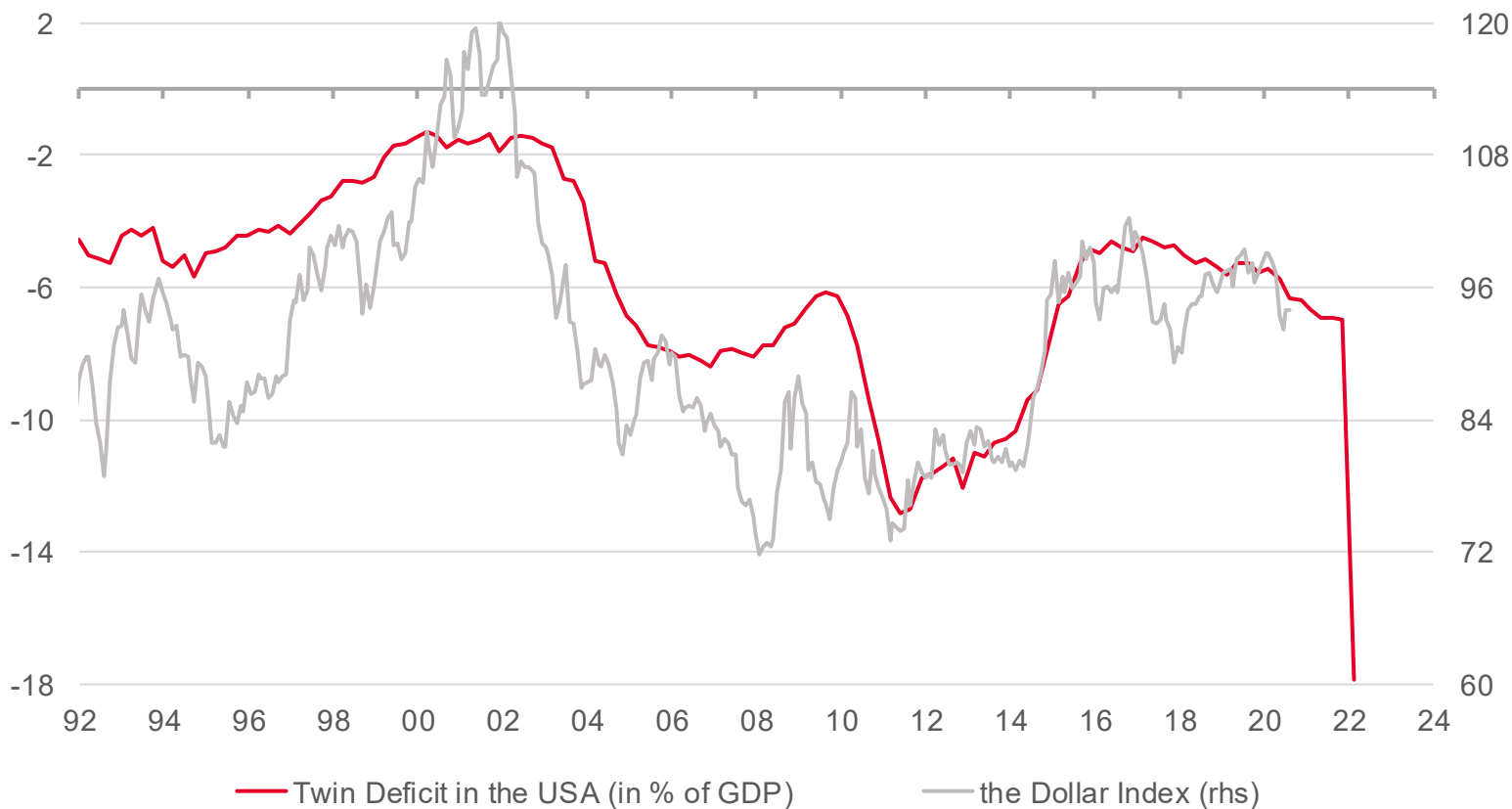
The US trade balance shows a long-term deficit (USDbn)



Source: Economic & Strategy Research, Komerční banka, Macrobond

IN TERMS OF MACROECONOMIC IMBALANCES, THE DOLLAR HAS PEAKED

The twin deficit threatens the position of the dollar in the long run



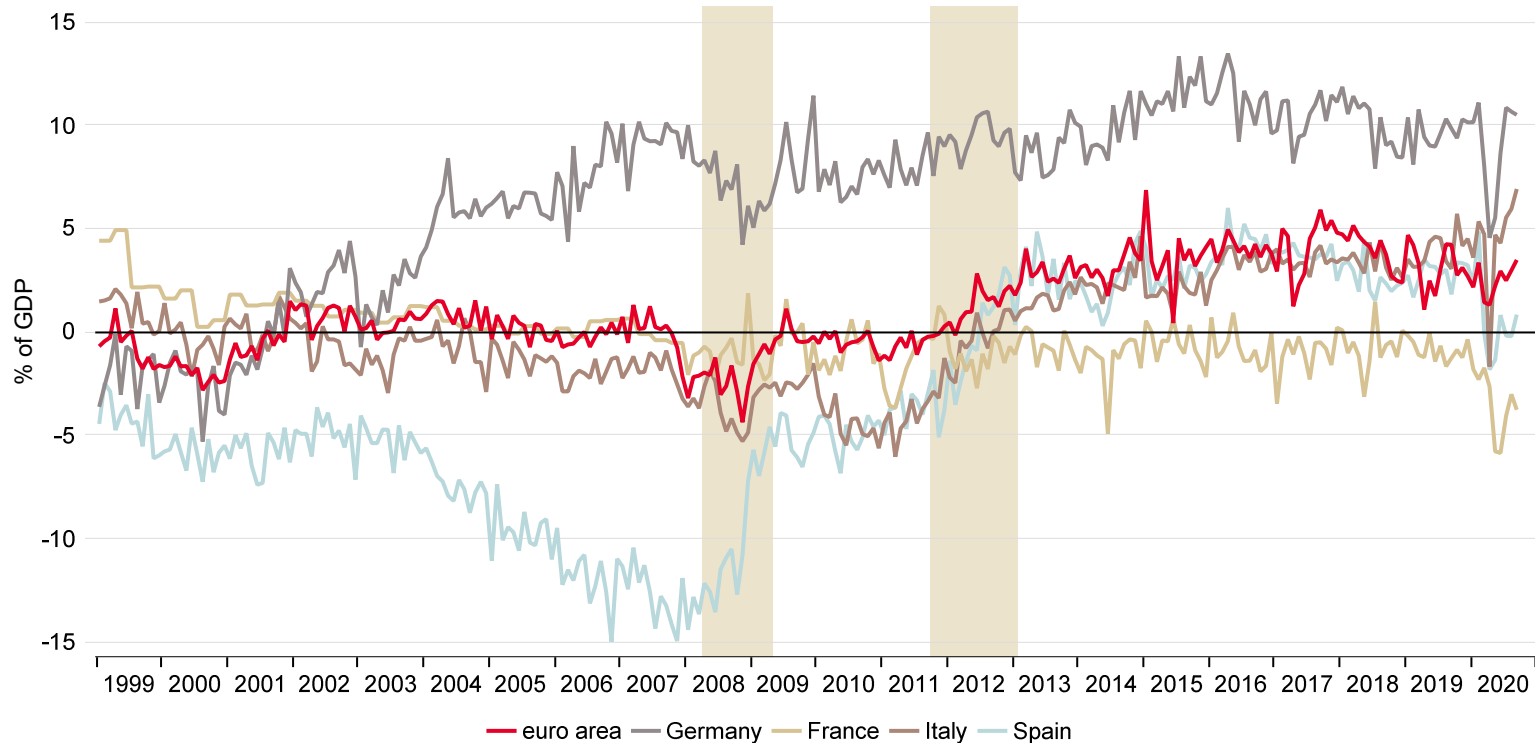
Source: Economic & Strategy Research, Komerční banka, Macrobond, Bloomberg

Note: The twin deficit is the sum of the current account deficit of the balance of payments and the federal budget, the time series of the twin deficit is moved forward by 2 years

THE EXTERNAL POSITION OF THE EURO AREA HAS IMPROVED

The euro area as a whole has a current account surplus

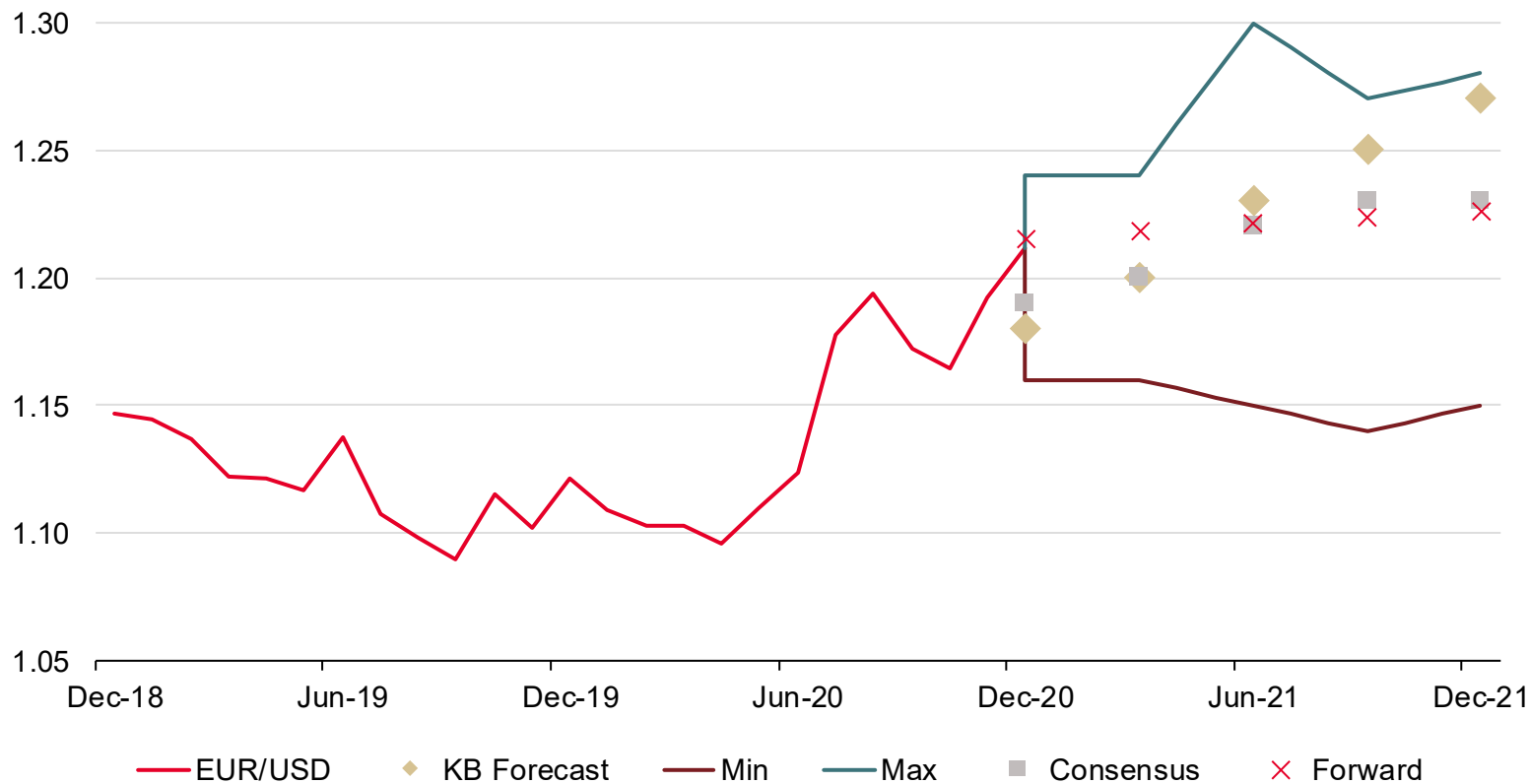
Current account of the balance of payments (% of GDP)



Source: Economic & Strategy Research, Komerční banka, Macrobond

THE EUR/USD EXCHANGE RATE IS DIFFICULT TO PREDICT

The consensual view is rather for the euro



Source: Economic & Strategy Research, Komerční banka, Bloomberg (as of 7 December 2020)

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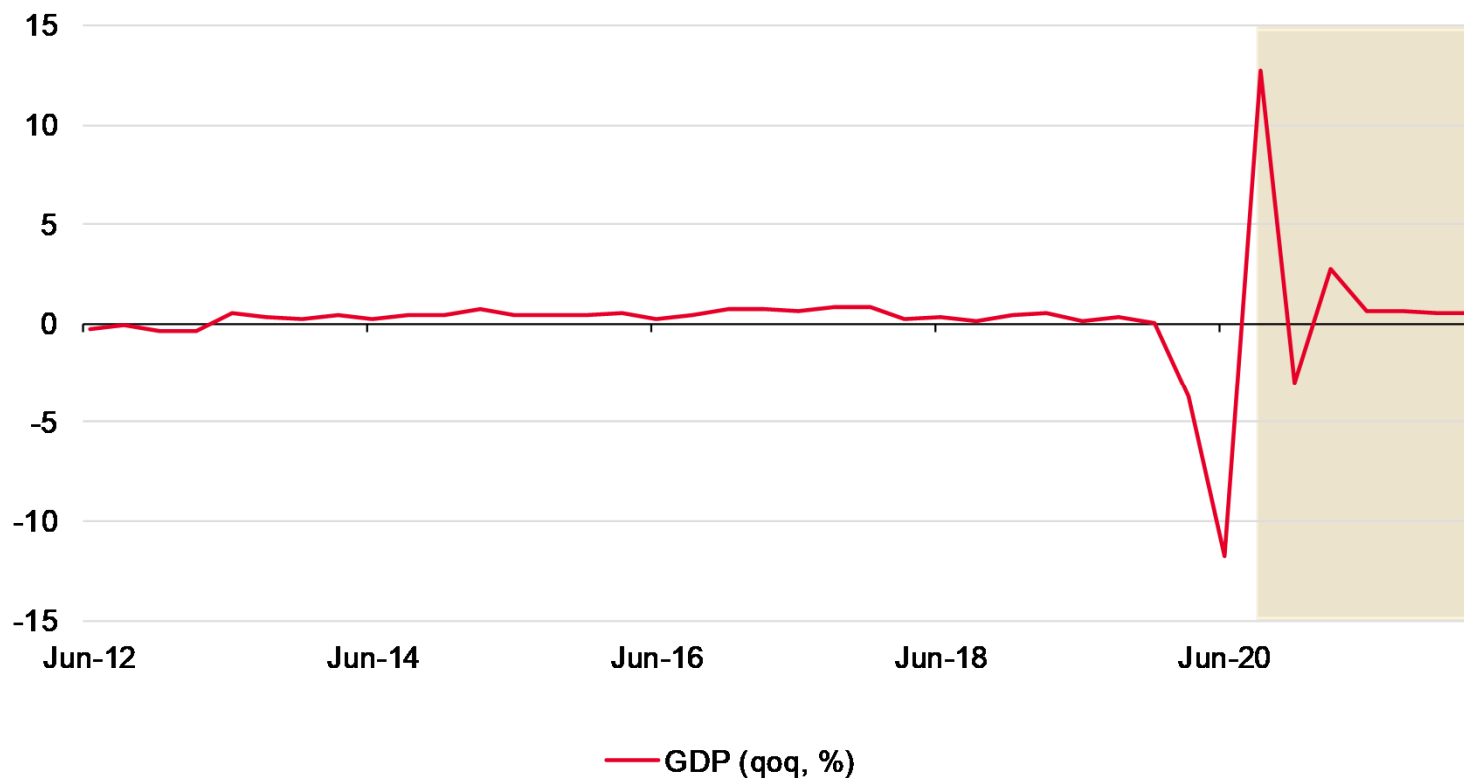


EU AND SLOVAK MACROECONOMIC OUTLOOK

BETWEEN PANDEMIC SCARS AND VACCINE HOPES

EU:GDP BELOW PRE-CRISIS LEVEL UNTIL 2023

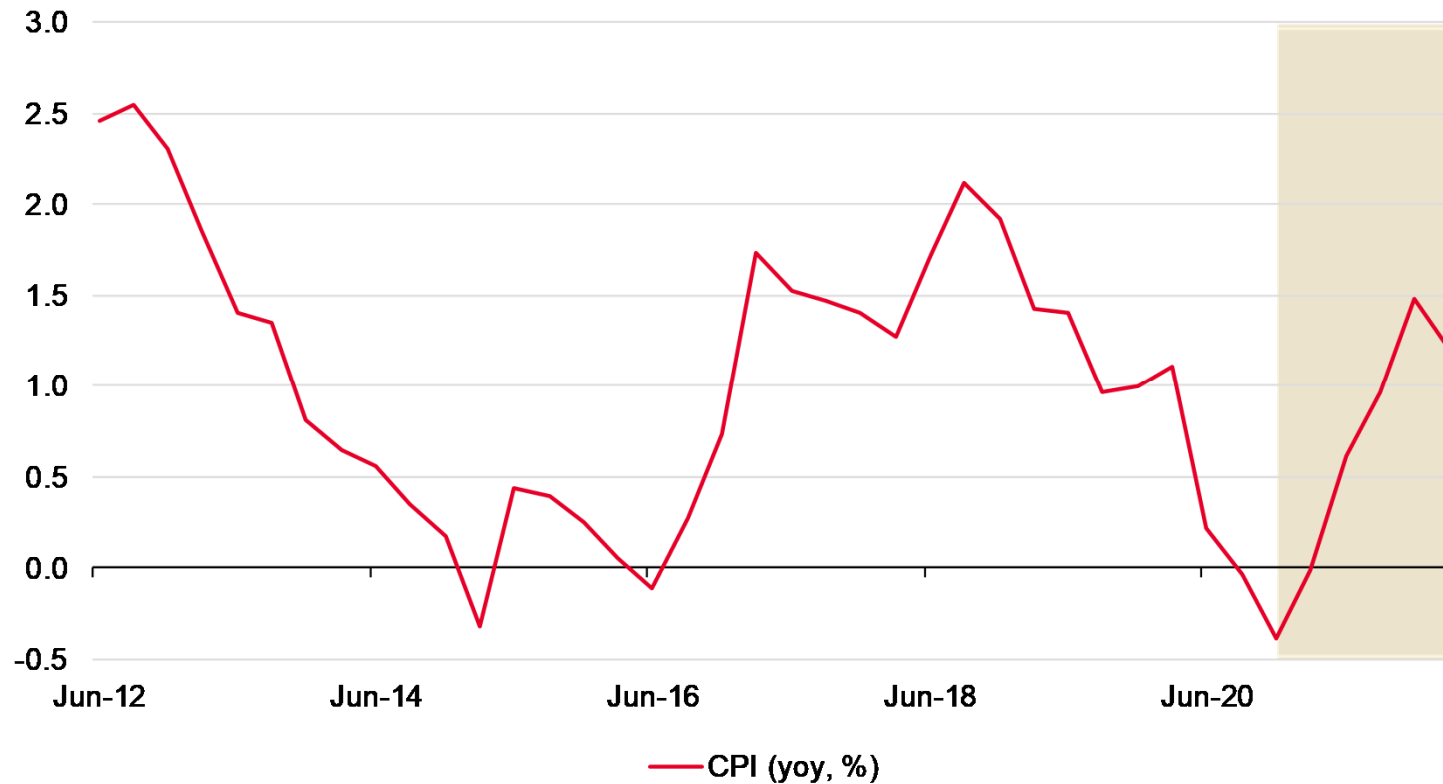
Vaccine is a game changer (% , yoy)



Source: Economic & Strategy Research, Komerční banka, Macrobond

EU: FEARS OF DEFLATION MAY RETURN

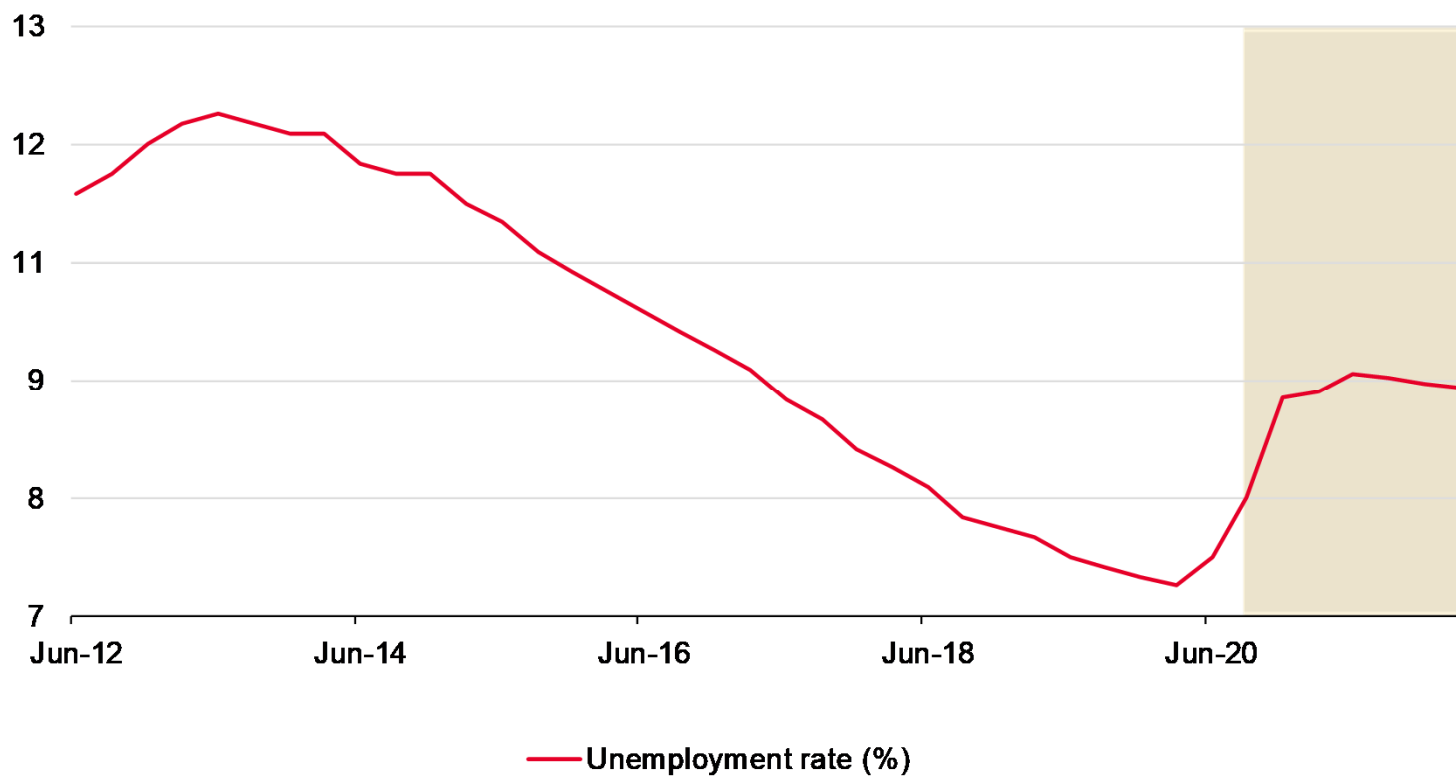
Inflation will be dominated by negative energy price inflation (% , yoy)



Source: Economic & Strategy Research, Komerční banka, Macrobond

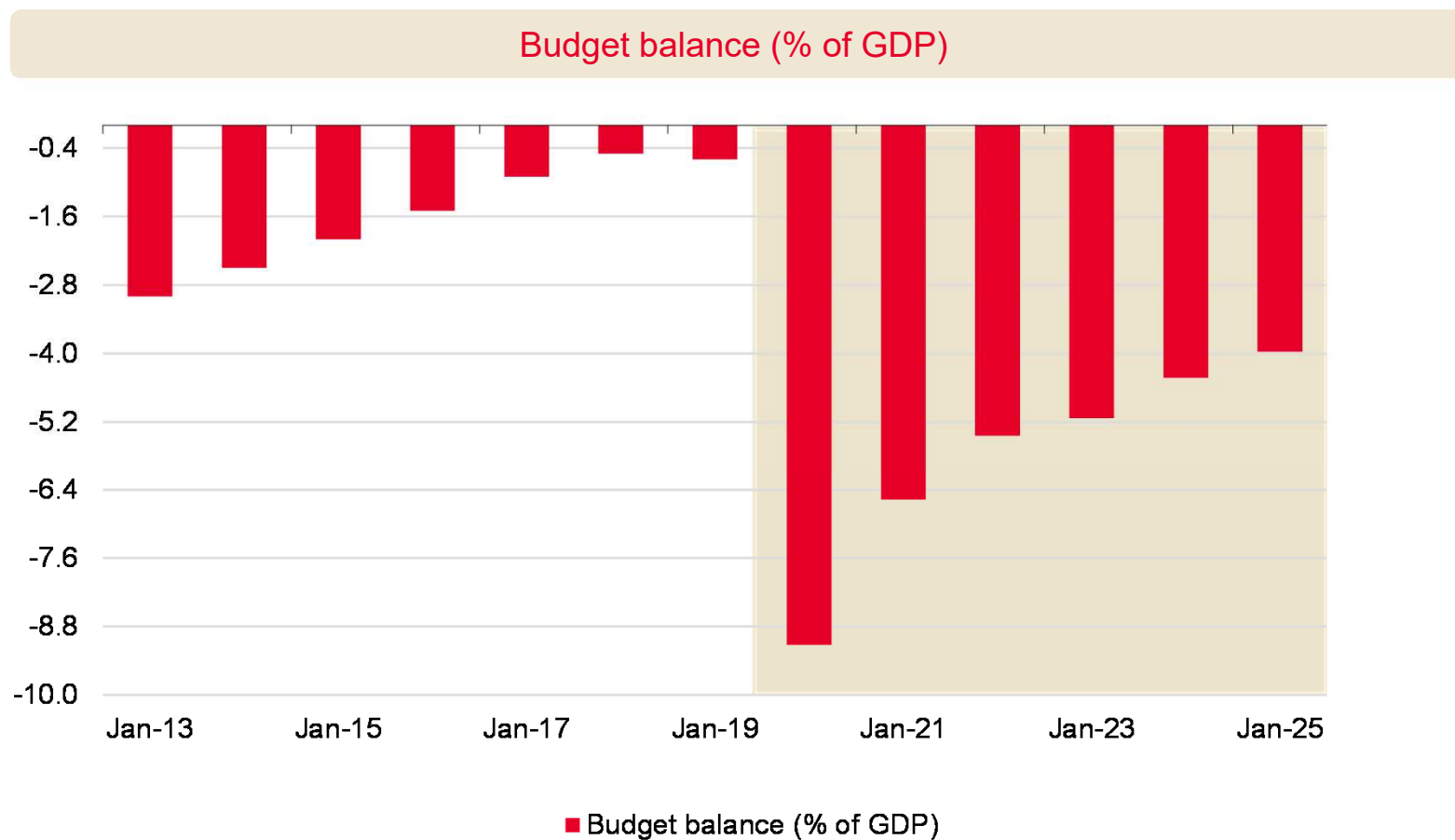
EU: SIGNIFICANT DETERIORATION ON THE LABOUR MARKET BEGINS

Unemployment rate is set to rise (% , yoy)



Source: Economic & Strategy Research, Komerční banka, Macrobond

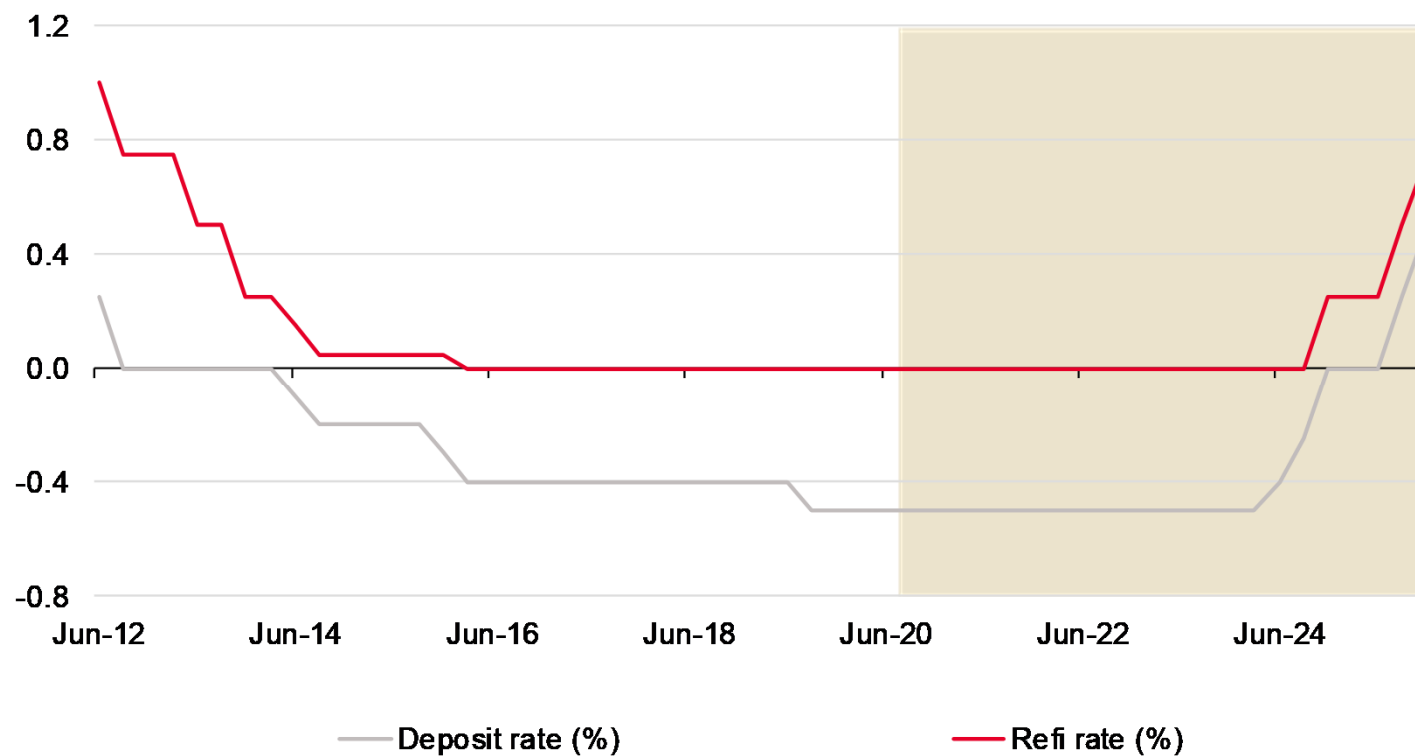
EU: FISCAL PACKAGES ARE HUGE



Source: Economic & Strategy Research, Komerční banka, Macrobond

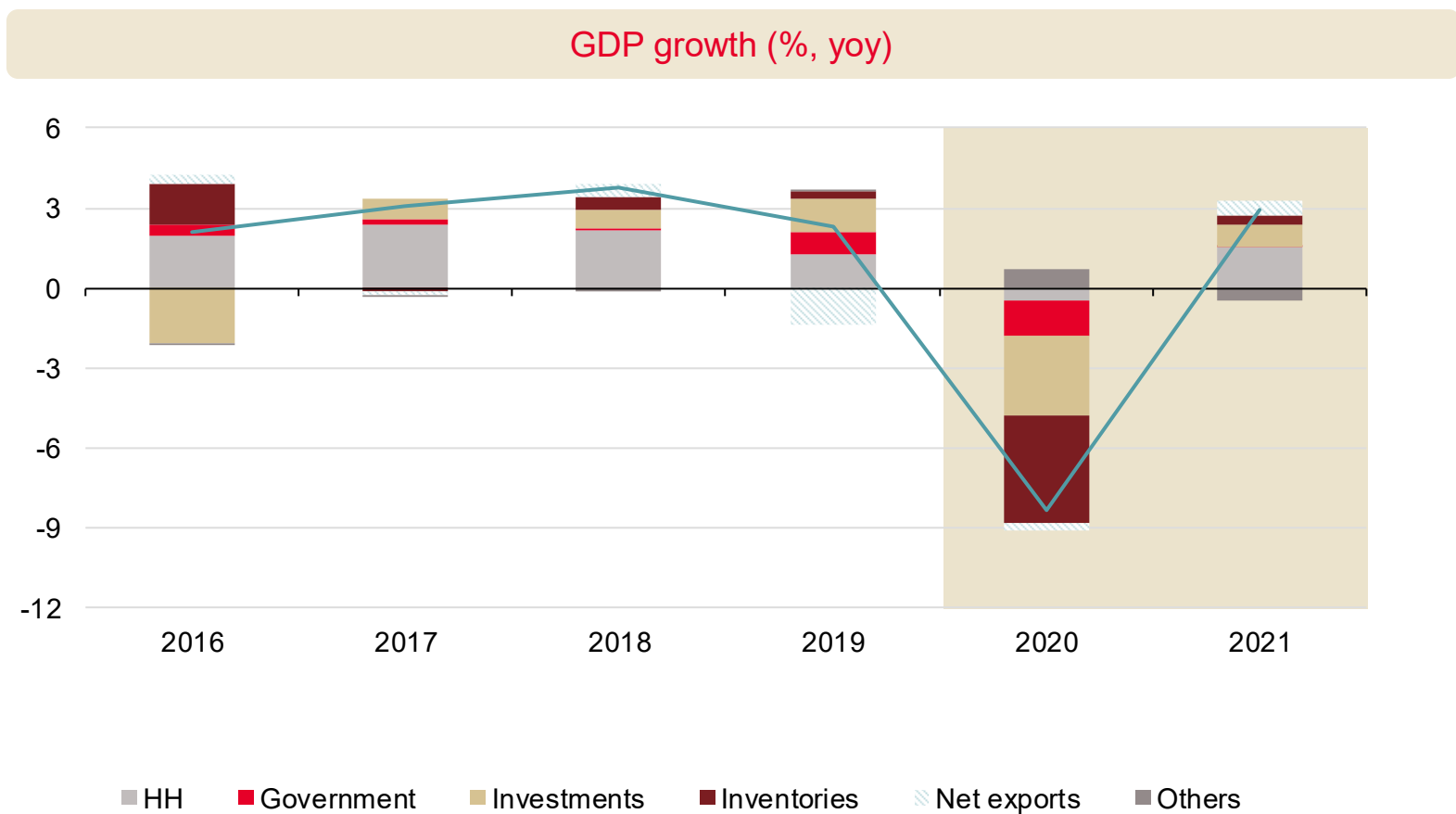
ECB: THE FIRST RATE HIKE IN 2024

Key interest rates (% , yoy)



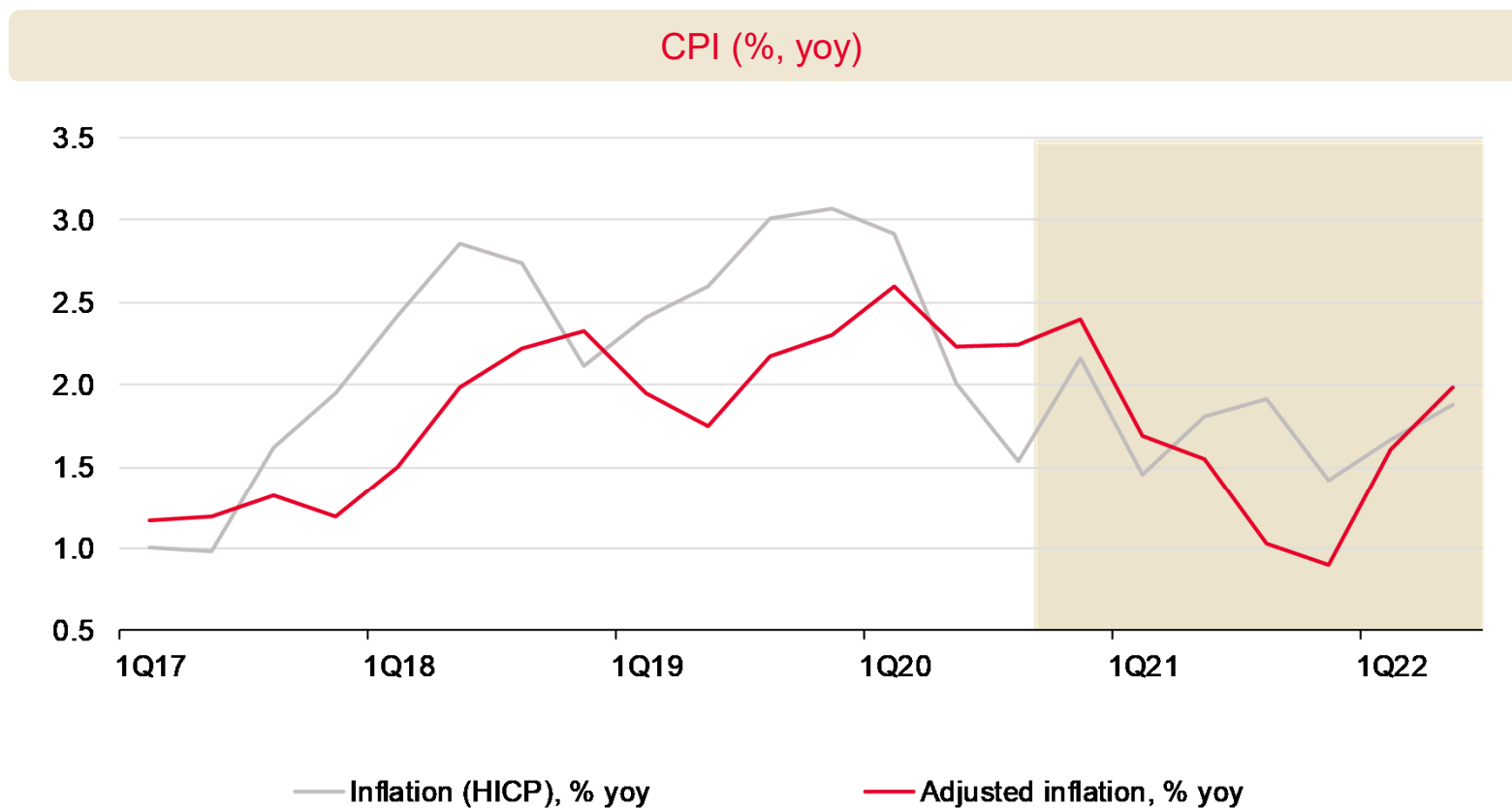
Source: Economic & Strategy Research, Komerční banka, Macrobond

SLOVAKIA: STRONG REBOUND IN 3Q, FOLLOWED BY A DECLINE



Source: Economic & Strategy Research, Komerční banka, Macrobond

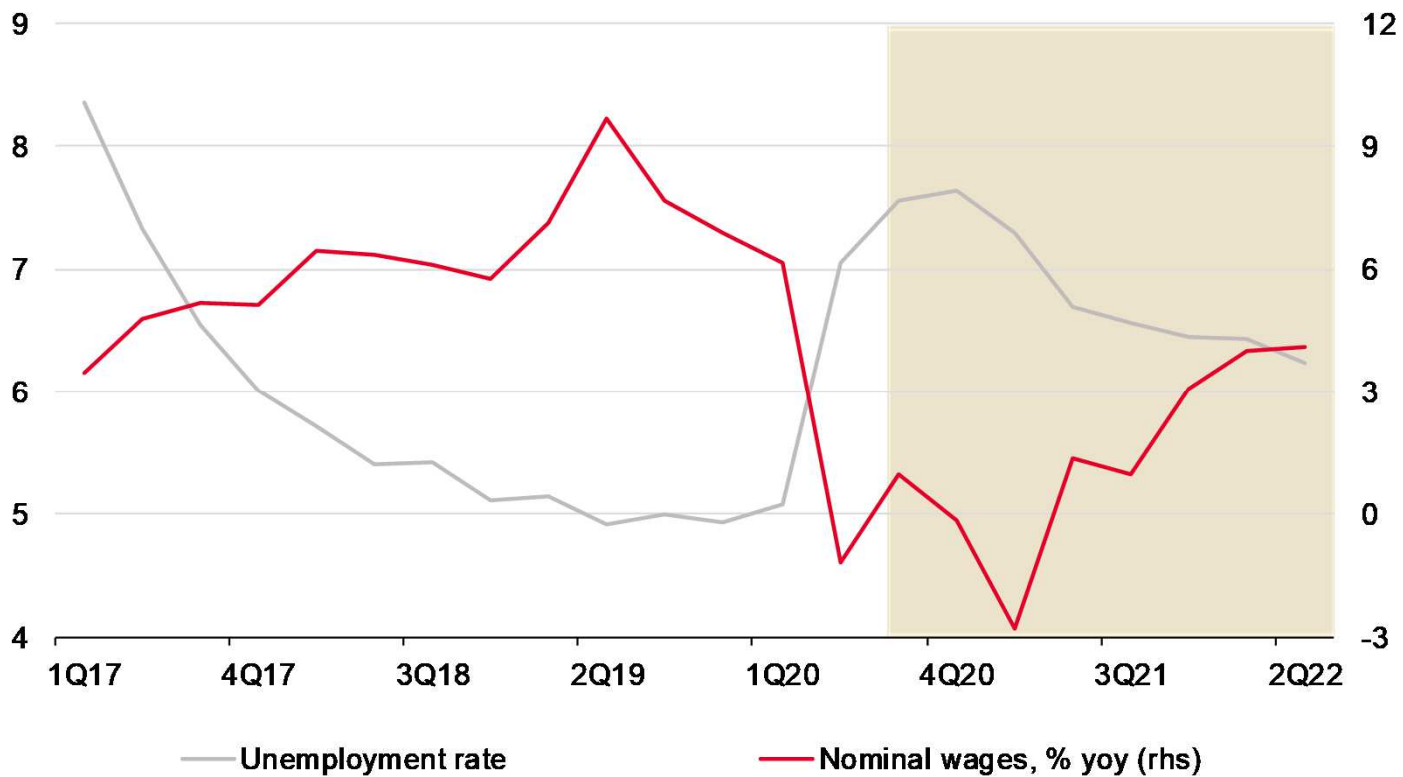
SLOVAKIA: CORE INFLATION TO DECELERATE



Source: Economic & Strategy Research, Komerční banka, Macrobond

SLOVAKIA: UNEMPLOYMENT CLOSE TO ITS PEAK

Wages and unemployment (% , yoy)



Source: Economic & Strategy Research, Komerční banka, Macrobond

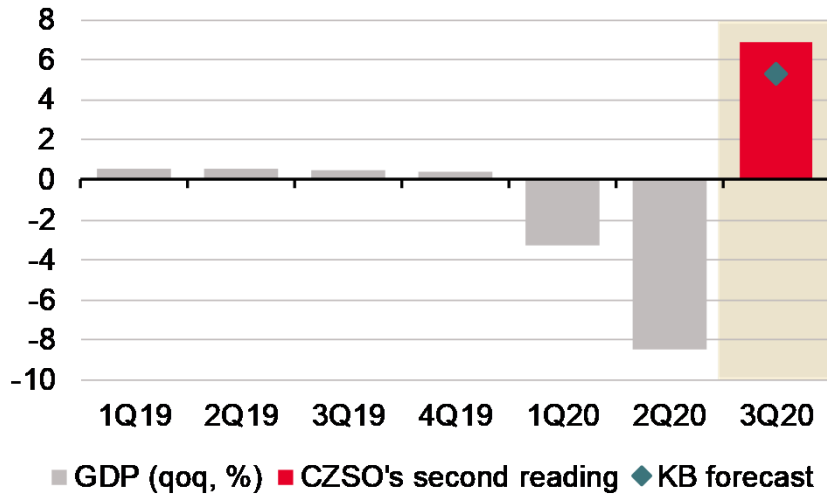
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CZECH MACROECONOMIC OUTLOOK

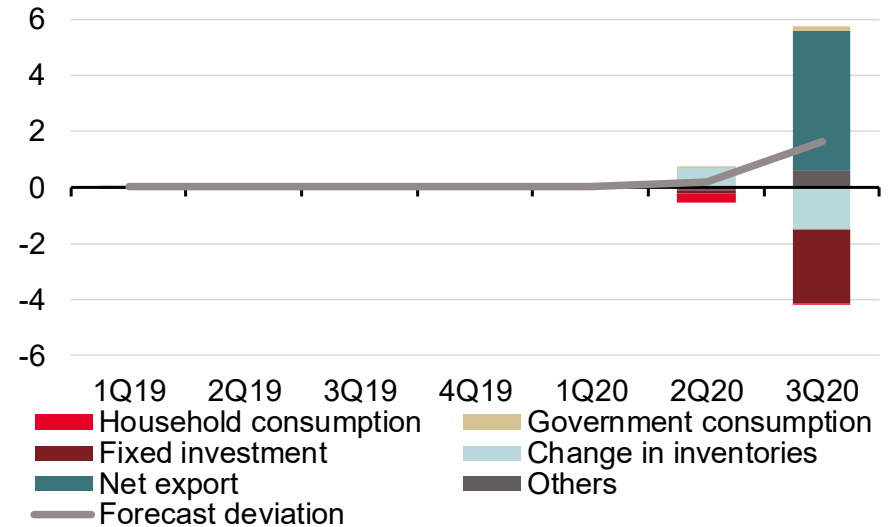
AFTER A STRONG REBOUND IN 3Q, ECONOMY IS LIKELY TO
DECLINE AGAIN AT THE END OF THE YEAR

CZECH ECONOMY BOUNCED BACK MORE THAN EXPECTED IN 3Q

According to the CZSO, Czech economy increased 6.9% qoq in 3Q (we forecast 5.3%)



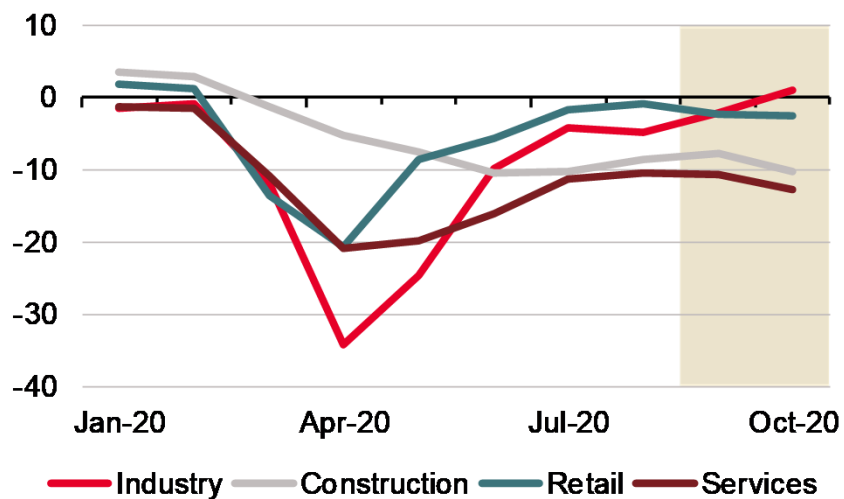
In particular, foreign trade surprised on the upside, while investment on the downside



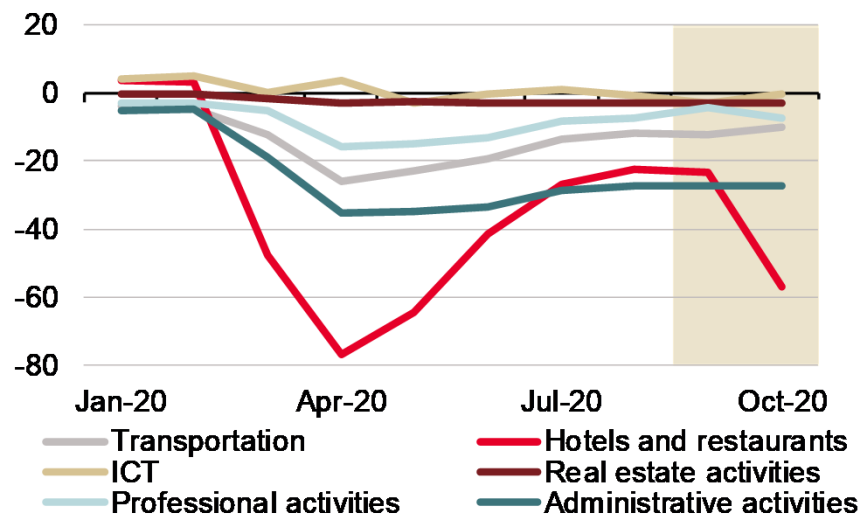
Source: CZSO, Economic & Strategy Research, Komerční banka

WHILE CONSTRUCTION AND SERVICES REMAIN DEPRESSED, INDUSTRY AND RETAIL QUICKLY RECOVERED – THE OVERALL OUTLOOK FOR 4Q IS HOWEVER NEGATIVE

Industry started to grow again in October, but the rest of the economy declined (% , yoy)



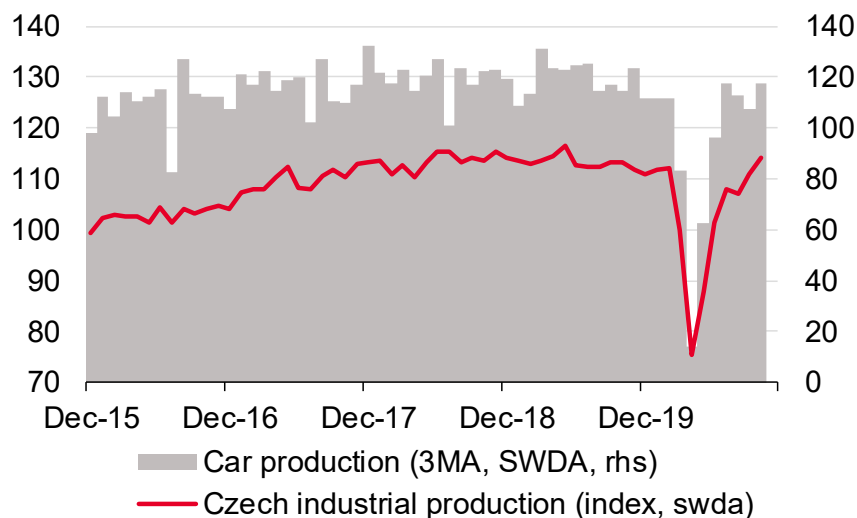
Hotels and restaurants have been the most affected by the COVID pandemic (% , yoy)



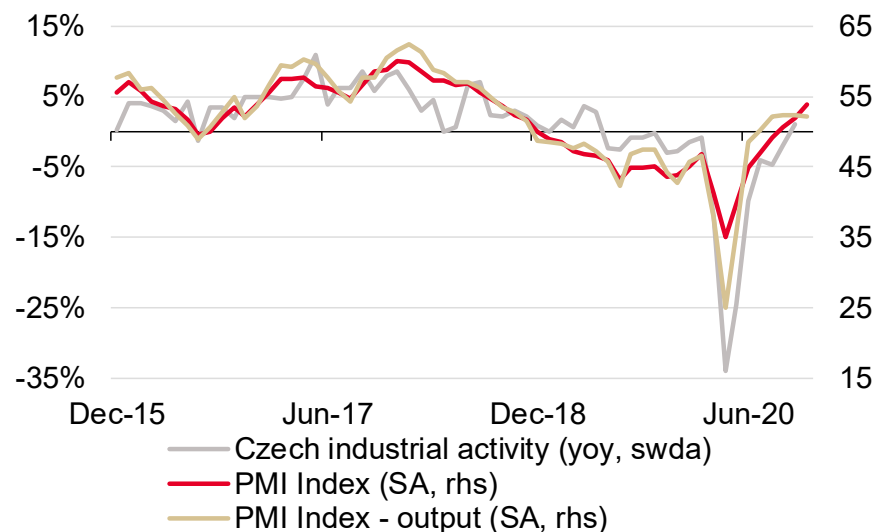
Source: CZSO, Economic & Strategy Research, Komerční banka

INDUSTRY CAN PARTLY OFFSET THE ECONOMIC DOWNTURN IN 4Q

In October, car production returned back to growth after more than half a year



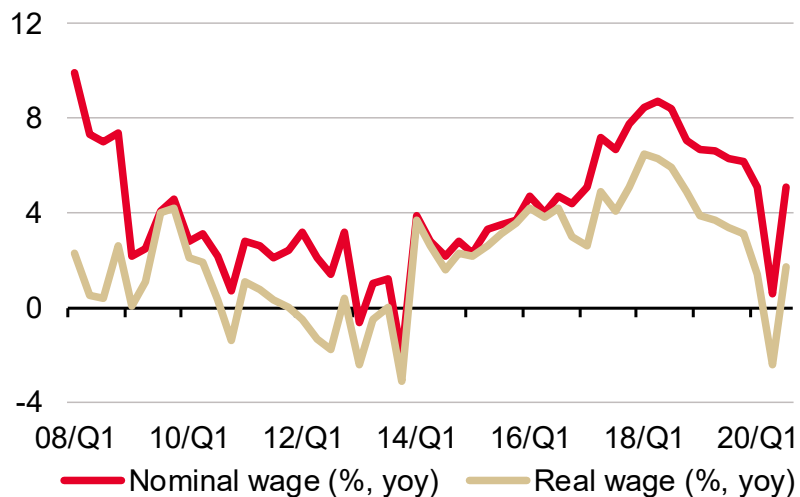
Leading indicators point to a further rise in industrial production in November



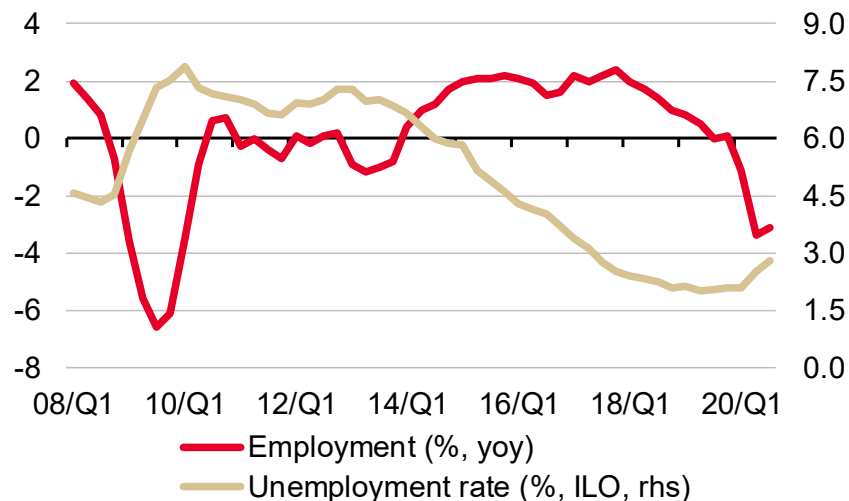
Source: CZSO, Macrobond, Reuters, Economic & Strategy Research, Komerční banka

LABOUR MARKET IS STILL IN A RELATIVELY GOOD CONDITION AND THE PANDEMIC HAS HAD ONLY LIMITED IMPACT ON HOUSEHOLD INCOME

Average wage surprised on the upside in 3Q



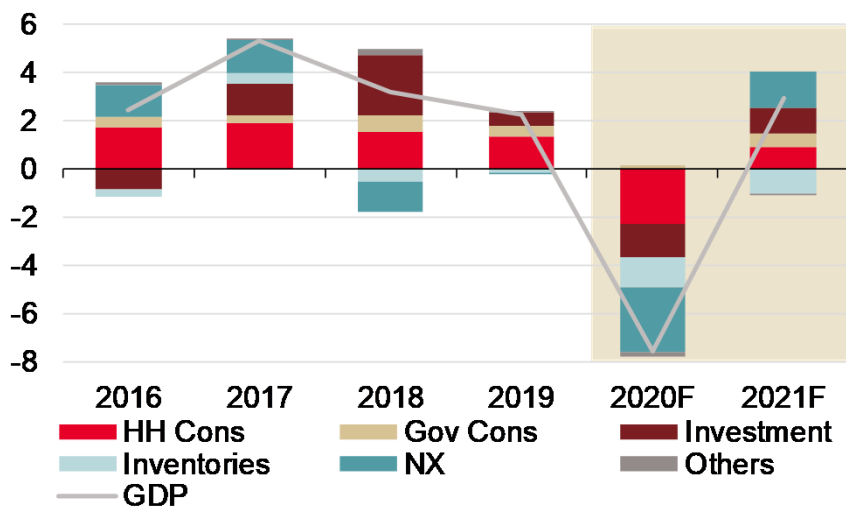
Unemployment remains low



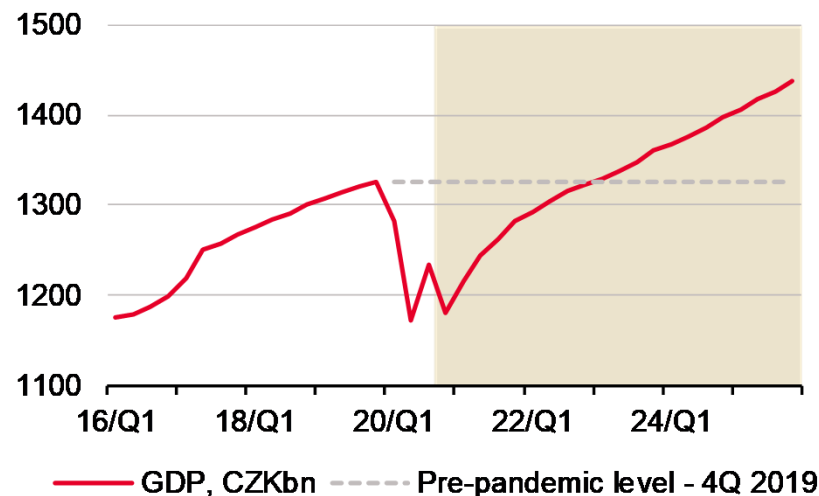
Source: CZSO, Economic & Strategy Research, Komerční banka

RECOVERY TO PRE-PANDEMIC LEVELS WILL TAKE A LONG TIME

We forecast GDP to decrease 7.6% this year and increase 3.0% the next



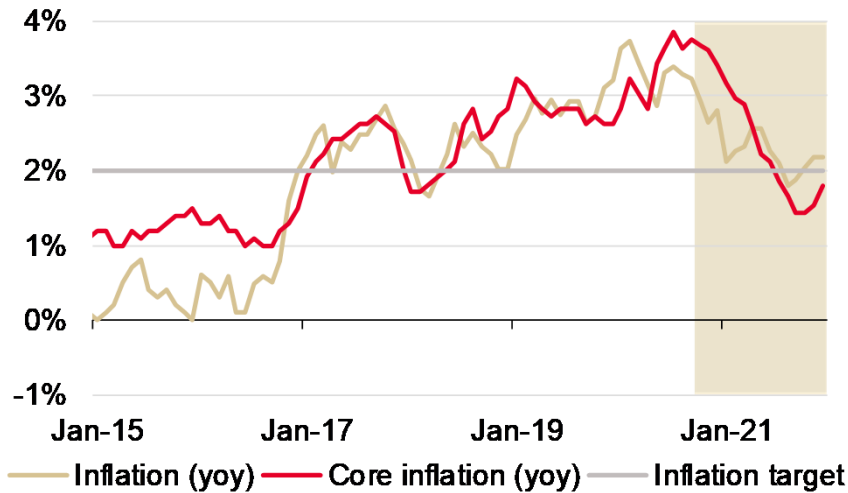
Pre-pandemic levels of economic output will not be reached until the start-2023



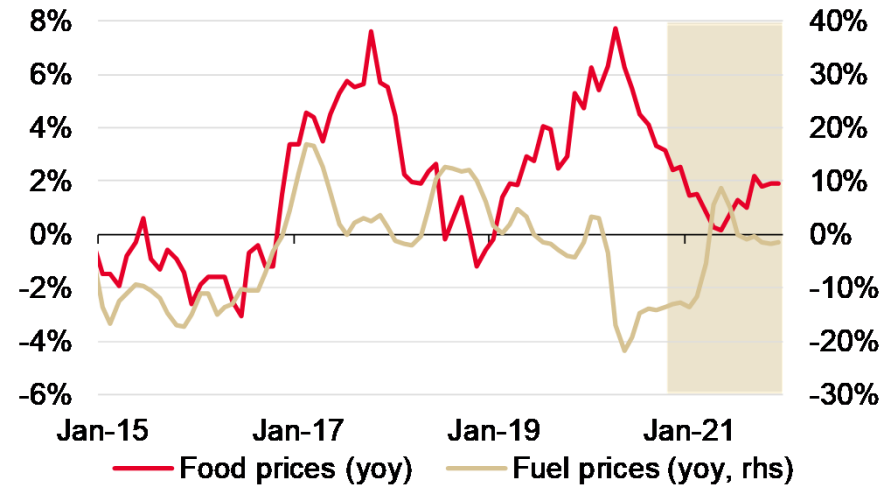
Source: CZSO, Economic & Strategy Research, Komerční banka

TOTAL INFLATION WILL CONTINUE TO DECELERATE, BUT CORE INFLATION IS LIKELY TO STAY ABOVE 3% FOR SOME MONTHS

Inflation will gradually go back to the 2% target of the central bank

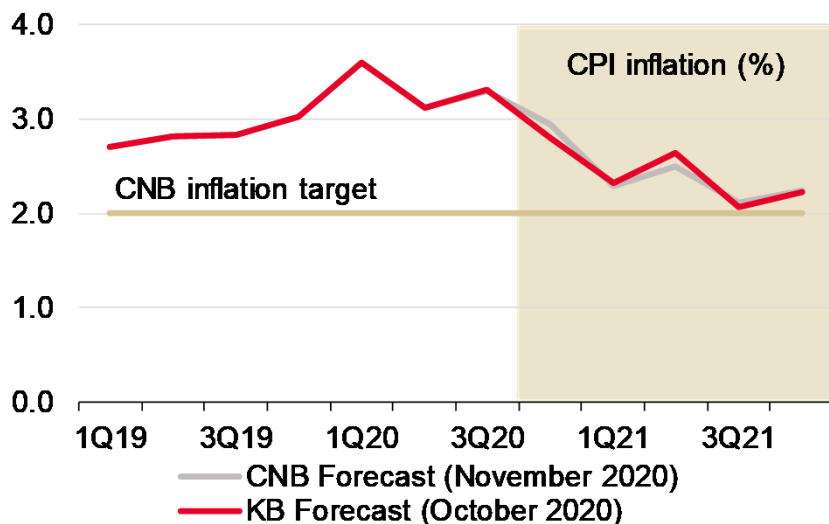


Rapid growth in food prices has been slowing and fuel prices only partly recovered

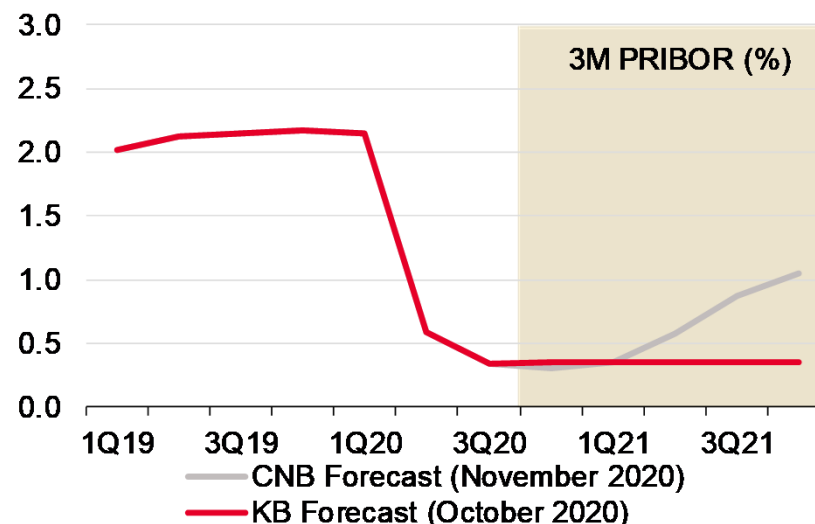


CNB IS LIKELY TO KEEP RATES AT THE CURRENT LOW LEVELS UNTIL THE END-2021, DESPITE ITS HAWKISH STAFF FORECAST

CNB's outlook for inflation is almost the same



Ongoing uncertainty around the pandemic will prevent the CNB from rising the rates



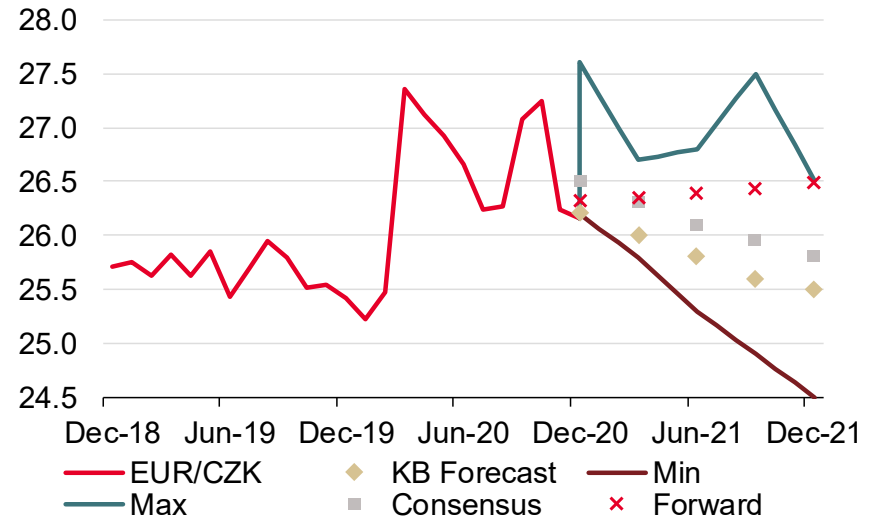
Source: CNB, Economic & Strategy Research, Komerční banka

OPTIMISM ON THE FINANCIAL MARKETS AND INCREASING INTEREST RATE DIFFERENTIAL SUPPORT THE KORUNA

Despite a larger volatility in recent weeks, koruna remains stronger (compared to the spring)



We expect the koruna to gradually strengthen



Source: Bloomberg, Economic & Strategy Research, Komerční banka

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SUMMARY

SG GROWTH & INFLATION OUTLOOK

	Real GDP							Potential growth per annum	CPI						
	2019	2020f	2021f	2022f	2023f	2024f	2025f		2019	2020f	2021f	2022f	2023f	2024f	2025f
World (Mkt FX weights)	2.6	-3.9	5.0	3.4	3.2	3.0	2.9		2.8	2.2	2.1	2.3	2.5	2.5	2.7
World (PPP weights)	2.9	-3.9	5.1	3.6	3.5	3.4	3.5		3.6	3.2	2.8	2.9	3.0	2.9	3.1
Developed countries (PPP)	1.6	-5.3	4.2	2.7	2.3	2.1	1.6		1.4	0.7	1.2	1.6	1.8	1.8	1.9
Emerging countries (PPP)	3.8	-2.8	5.7	4.3	4.4	4.2	4.7		5.3	5.0	3.9	3.8	3.8	3.7	3.9
North America															
US	2.2	-3.5	3.9	2.6	2.7	2.6	2.5	1.7	1.8	1.2	1.8	1.9	2.3	2.2	2.2
Europe															
Euro area	1.3	-7.4	4.1	2.1	1.9	1.8	1.8	1.3	1.2	0.2	0.8	1.2	1.3	1.5	1.5
Germany (nsa)	0.6	-5.5	3.0	3.3	1.8	1.6	1.3	1.2	-	-	-	-	-	-	-
Germany	0.6	-5.8	3.0	3.4	2.0	1.6	1.4		1.3	0.4	1.2	1.1	1.4	1.6	1.6
France	1.5	-9.4	6.7	1.3	1.8	1.9	1.9	1.2	1.3	0.4	0.6	1.1	1.4	1.4	1.5
Italy	0.3	-8.9	4.8	1.5	1.3	1.1	1.1	0.7	0.7	-0.2	0.3	1.0	1.0	1.2	1.3
Spain	2.0	-11.7	4.8	2.1	1.7	1.8	1.9	1.1	0.8	-0.4	0.3	1.0	1.1	1.4	1.5
Slovakia	2.3	-8.3	2.9	5.9	4.4	3.4	3.1	2.5	2.8	2.2	1.7	1.9	2.2	2.1	2.1
UK	1.3	-11.4	5.1	3.8	1.9	2.3	2.9	1.5	1.8	0.9	1.3	2.1	1.7	1.4	1.4
Switzerland	1.1	-4.0	2.7	2.6	1.9	1.9	1.9	1.9	0.4	-0.7	-0.1	0.4	0.7	0.9	0.9
Asia															
China	6.1	2.0	7.8	5.0	4.7	4.5	4.4	5.5	2.9	2.6	0.8	1.7	2.2	1.8	1.8
Japan	0.7	-4.9	4.4	1.9	1.6	1.2	1.3	1.0	0.5	0.1	0.4	1.4	1.7	2.0	1.9
Australia	1.8	-3.5	3.5	4.0	3.0	2.8	2.8	2.8	1.6	0.9	1.5	1.6	2.0	2.2	2.2
South Korea	2.0	-1.0	2.9	2.7	2.3	2.0	2.0	2.3	0.4	0.5	1.1	1.3	1.4	1.5	1.5
Taiwan	2.7	1.8	3.3	2.8	3.0	2.8	2.6	2.5	0.8	-0.3	0.9	1.4	1.5	1.6	1.5
India	4.9	-7.9	7.1	4.2	6.2	5.8	6.4	5.5	3.7	6.3	4.5	4.1	4.4	4.3	4.4
Indonesia	5.0	-2.1	5.4	4.8	5.3	5.3	5.4	5.4	2.8	2.0	2.3	2.8	3.0	3.0	3.3
Latin America															
Brazil	1.1	-4.7	3.7	1.8	1.6	1.5	1.4	1.0	3.7	3.1	4.1	3.2	3.3	3.3	3.3
Mexico	-0.3	-9.1	4.8	2.5	1.9	2.2	2.2	1.7	3.6	3.5	3.6	3.4	3.4	3.4	3.4
Chile	1.1	-6.2	5.0	2.7	2.4	2.3	2.3	2.0	2.3	2.9	2.5	2.5	2.6	2.8	3.0
Colombia	3.3	-7.7	5.2	3.1	2.2	2.6	2.9	2.3	3.5	2.7	2.8	2.9	2.8	2.9	3.0
Russia & Eastern Europe															
Russia	1.3	-4.3	2.7	2.0	2.1	2.3	2.5	1.5	4.2	3.5	4.0	3.9	4.0	4.0	3.8
Czech Republic	2.3	-7.6	3.0	4.6	2.7	2.8	2.9	2.5	2.8	3.2	2.3	1.9	2.3	1.9	2.0

Source: SG Cross Asset Research

CZECH REPUBLIC: ECONOMIC FORECASTS

Key economic indicators

	2019	2020	2021
GDP (real, yoy)	2.3	-7.6	3.0
Household consumption (real, yoy)	2.9	-4.8	1.9
Fixed investments (real, yoy)	2.1	-5.1	3.9
Foreign trade (CZK bn) (*)	143.0	75.6	154.0
Industrial production (real, yoy)	-0.1	-10.2	9.6
Retail sales ex auto (real, yoy)	4.9	-1.7	0.8
Wages (nominal, yoy)	6.4	1.1	3.0
Unemployment rate (MLSA)	2.8	3.6	4.4
Inflation (yoy)	2.8	3.2	2.3
Taxes (contribution to yoy inflation)	0.0	0.0	0.4
Core inflation (yoy) (**)	2.8	3.4	2.1
Food prices (yoy) (**)	2.8	4.7	1.2
Fuel prices (yoy) (**)	-0.4	-11.6	-0.9
Regulated prices (yoy) (**)	4.5	3.4	1.6
3M PRIBOR (average)	2.1	0.9	0.4
2W Repo (average)	1.9	0.8	0.3
EUR/CZK (average)	25.7	26.6	26.3

Source: Economic & Strategy Research, Komerční banka

Note: (*) foreign trade according to national methodology (SA);

(**) other parts of inflation are adjusted for primary effect of indirect tax changes.

GLOBAL ECONOMY: ALTERNATIVE SCENARIOS

SG ESTIMATES OF SCENARIO PROBABILITIES (%)

	Base Case	Upside	Downside
World	60	25	15
North America			
US	60	25	15
Europe			
Euro area	55	25	20
UK	55	25	20
Asia			
China	65	25	10
Japan	55	25	20
Australia	60	25	15
South Korea	60	25	15
Taiwan	70	25	5
India	65	25	10
Indonesia	65	25	10
Latin America			
Brazil	60	25	15
Mexico	60	25	15
Eastern Europe			
Czech Republic	60	25	20
Average	61	25	14
Maximum	70	25	20
Minimum	55	25	5

Source: SG Cross Asset Research/Economics

GLOBAL ECONOMY: ALTERNATIVE SCENARIOS

GDP SCENARIOS

	2020			2021			2022		
	Baseline	Upside	Downside	Baseline	Upside	Downside	Baseline	Upside	Downside
World (PPP weights)	-3.5	-3.1	-3.6	5.4	6.1	4.1	3.4	3.8	3.0
World (Fx weights)	-3.6	-3.3	-3.7	5.1	5.9	3.8	3.2	3.7	2.9
North America									
US	-3.5	-3.4	-3.7	3.9	4.5	3.0	2.6	2.9	2.5
Europe									
Euro area	-7.4	-7.3	-7.8	4.1	5.9	1.5	2.1	2.6	1.5
Germany	-5.8	-5.7	-5.9	3.0	3.6	1.9	3.4	3.7	2.2
France	-9.4	-9.3	-9.8	6.7	7.8	3.6	1.3	3.0	2.2
Italy	-8.9	-8.9	-8.9	4.8	7.8	1.6	1.5	1.7	0.7
Spain	-11.7	-11.7	-11.7	4.8	7.8	2.0	2.1	2.9	1.5
Slovakia	-8.3	-8.1	-8.7	2.9	4.0	1.8	5.9	6.2	3.6
UK	-11.4	-11.4	-11.4	5.1	5.9	2.6	3.5	5.6	3.4
Asia									
China	2.0	2.2	1.8	7.8	8.5	7.4	5.0	5.3	4.6
Japan	-4.9	-4.5	-5.8	4.4	5.3	1.3	1.9	2.0	1.8
Australia	-3.5	-3.2	-4.0	3.5	5.0	2.0	4.0	5.0	3.5
South Korea	-1.0	-0.7	-1.4	2.9	4.5	1.8	2.7	3.5	2.4
Taiwan	1.8	2.0	1.6	3.3	3.7	2.9	2.8	3.4	2.2
India	-7.9	-7.6	-8.6	7.1	7.3	6.5	4.2	4.5	4.0
Indonesia	-2.1	-2.0	-2.1	5.4	5.6	4.8	4.8	5.1	4.6
Latin America									
Brazil	-4.7	-4.3	-5.1	3.7	5.2	1.7	1.8	3.0	1.5
Mexico	-9.1	-8.5	-9.7	4.8	7.5	2.2	2.5	3.5	1.7
Chile	-6.2	-5.5	-6.5	5.0	7.2	3.2	2.7	3.5	1.7
Colombia	-7.7	-7.0	-8.5	5.2	7.5	3.0	3.1	4.0	2.0
Eastern Europe									
Czech Republic	-7.6	-7.1	-8.0	3.0	4.5	1.1	4.6	5.0	3.5

Source: SG Cross Asset Research/Economics

GLOBAL ECONOMY: ALTERNATIVE SCENARIOS

MONETARY SCENARIOS

		2020			2021			2022		
		Baseline	Upside	Downside	Baseline	Upside	Downside	Baseline	Upside	Downside
North America										
US		0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Europe										
Euro area	Deposit rate	-0.50	-0.50	-0.60	-0.50	-0.40	-0.70	-0.50	-0.30	-0.80
	QE	1146.0	1100.0	1200.0	921.0	721.0	1271.0	240.0	0.0	740.0
UK	Bank Rate	0.10	0.10	0.10	0.10	0.10	-0.50	0.10	0.25	-0.50
	QE	450.0	450.0	450.0	100.0	0.0	150.0	0.0	-100.0	0.0
Asia										
China	Repo rate	2.23	2.23	2.23	2.27	2.35	2.20	2.25	2.50	2.20
	RRR	12.5	12.5	12.5	12.5	12.8	12.5	11.7	13.0	11.4
Japan		-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Australia		0.10	0.10	0.10	0.10	0.10	0.00	0.10	0.25	-0.10
South Korea		0.50	0.50	0.50	0.50	0.75	0.25	1.50	2.00	0.25
Taiwan		1.15	1.15	1.15	1.13	1.16	1.13	1.32	1.38	1.13
India		4.00	4.00	3.75	3.50	3.75	3.25	3.75	3.50	4.00
Indonesia		3.75	4.00	3.75	3.75	4.00	3.50	4.00	4.25	4.00
Latin America										
Brazil		2.00	2.00	2.00	2.00	3.00	2.00	3.00	4.50	2.50
Mexico		4.00	4.25	3.75	3.00	3.50	2.00	3.00	5.00	2.00
Chile		0.50	0.50	0.50	0.50	1.50	0.50	1.25	3.25	0.50
Colombia		1.50	1.75	1.50	1.50	2.75	1.50	2.25	4.25	1.50
Eastern Europe										
Czech Republic		0.80	0.80	0.79	0.25	0.70	0.05	0.32	1.25	0.25

Source: SG Cross Asset Research/Economics

GLOBAL ECONOMY: ALTERNATIVE SCENARIOS

FISCAL SCENARIOS

	2020			2021			2022		
	Baseline	Upside	Downside	Baseline	Upside	Downside	Baseline	Upside	Downside
North America									
US	-14.0	-11.0	-16.0	-9.0	-7.0	-11.0	-7.0	-6.5	-7.5
Europe									
Euro area	-9.1	-8.9	-9.6	-6.6	-5.4	-7.9	-5.4	-4.5	-6.1
Germany	-6.5	-6.0	-7.0	-3.1	-2.4	-3.7	-1.1	-0.7	-2.4
France	-10.6	-10.5	-11.0	-8.0	-7.4	-9.5	-6.4	-5.5	-6.9
Italy	-11.0	-11.0	-11.0	-7.7	-6.0	-8.2	-6.1	-4.0	-6.5
Spain	-12.0	-12.0	-12.0	-8.4	-6.7	-8.9	-6.8	-3.8	-7.5
Slovakia	-7.6	-7.3	-8.0	-5.4	-3.9	-6.2	-3.6	-1.1	-4.4
UK	-16.9	-16.9	-17.0	-12.4	-12.0	-14.2	-10.2	-8.8	-12.8
Asia									
China	-3.6	-3.6	-3.6	-3.0	-2.8	-3.3	-2.8	-2.5	-3.2
Japan	-12.1	-10.1	-13.6	-6.5	-6.0	-8.5	-2.8	-2.6	-3.8
Australia	-10.1	-9.5	-11.0	-10.3	-9.0	-12.0	-6.1	-5.0	-7.0
South Korea	-4.4	-4.0	-5.0	-4.0	-3.0	-5.0	-4.0	-2.5	-5.0
Taiwan	-2.9	-2.9	-2.9	-2.2	-1.7	-2.7	-1.6	-1.1	-2.1
India	-7.2	-6.8	-7.6	-5.5	-5.2	-6.0	-4.5	-4.2	-5.0
Indonesia	-7.2	-6.9	-7.5	-5.5	-5.3	-6.5	-4.5	-4.3	-4.8
Latin America									
Brazil	-16.3	-15.9	-17.0	-7.3	-6.0	-9.0	-6.2	-5.2	-7.5
Mexico	-4.6	-4.2	-5.3	-3.9	-3.5	-5.0	-3.2	-2.5	-4.3
Chile	-10.7	-9.8	-11.9	-5.8	-5.0	-7.5	-4.0	-3.0	-6.0
Colombia	-8.4	-7.6	-9.0	-4.6	-4.0	-6.7	-4.1	-3.5	-5.6
Eastern Europe									
Czech Republic	-7.8	-7.5	-8.1	-5.8	-4.0	-6.5	-3.2	-0.9	-4.7

Source: SG Cross Asset Research/Economics

MONETARY POLICY RATES OUTLOOK

	Nov 20	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Neutral rate	2020	2021	2022	2023	2024	2025
North America												
US	0.13	0.13	0.13	0.13	0.13	2.50	0.25	0.13	0.13	0.67	1.56	2.37
Europe												
Euro area	0.00	0.00	0.00	0.00	0.00	1.50	0.00	0.00	0.00	0.00	0.04	0.40
UK	0.10	0.10	0.10	0.10	0.10	2.50	0.15	0.10	0.10	0.10	0.10	0.55
Switzerland	-0.75	-0.74	-0.74	-0.74	-0.74	1.75	-0.67	-0.74	-0.74	-0.74	-0.61	-0.27
Asia												
China	2.20	2.20	2.30	2.30	2.30	3.00	2.23	2.27	2.25	2.26	2.49	2.50
Japan	-0.10	-0.10	-0.10	-0.10	-0.10	1.00	-0.10	-0.10	-0.10	-0.10	-0.04	0.34
Australia	0.10	0.10	0.10	0.10	0.10	2.50	0.27	0.10	0.10	0.10	0.55	1.54
South Korea	0.50	0.50	0.50	0.50	0.50	2.00	0.63	0.50	1.04	1.90	2.00	2.00
Taiwan	1.13	1.13	1.13	1.13	1.13	2.50	1.15	1.13	1.32	1.54	1.74	1.75
India	4.00	4.00	3.50	3.50	3.50	5.50	4.20	3.67	3.83	4.10	4.35	4.50
Indonesia	3.75	3.50	3.50	3.50	3.50	5.00	4.23	3.52	3.54	3.92	4.23	4.25
Latin America												
Brazil	2.00	2.00	2.00	2.00	2.00	7.50	2.71	2.00	2.54	3.54	4.54	5.54
Mexico	4.25	3.75	3.50	3.00	3.00	5.75	5.21	3.40	3.00	3.15	4.04	5.04
Chile	0.50	0.50	0.50	0.50	0.50	4.00	0.73	0.50	0.81	1.79	2.79	3.79
Colombia	1.75	1.50	1.50	1.50	1.50	5.50	2.60	1.50	1.81	2.79	3.79	4.79
Eastern Europe												
Russia	4.25	4.25	4.25	4.25	4.50	6.50	4.92	4.29	4.50	4.50	4.50	4.50
Czech Republic	0.25	0.25	0.25	0.25	0.25	2.50	1.02	0.25	0.42	0.77	1.44	1.92

Source: SG Cross Asset Research/Economics and Rates & FX Strategy

FX OUTLOOK

	Nov 20	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Neutral rate	2020	2021	2022	2023	2024	2025
North America												
EURUSD	1.19	1.20	1.23	1.25	1.27	1.35	1.14	1.23	1.31	1.34	1.36	1.37
Europe												
EURGBP	0.89	0.86	0.85	0.85	0.86	0.85	0.89	0.86	0.87	0.88	0.89	0.90
GBPUSD	1.32	1.40	1.45	1.47	1.48	1.60	1.28	1.43	1.51	1.52	1.53	1.52
EURCHF	1.08	1.07	1.09	1.10	1.11	1.25	1.07	1.09	1.11	1.12	1.14	1.15
Asia												
USDCNY	6.56	6.60	6.65	6.70	6.75	6.50	6.98	6.94	6.68	6.50	6.50	6.50
USDJPY	103.8	100.0	104.0	104.0	102.0	115.0	106.7	103.6	115.4	120.0	118.3	111.9
AUDUSD	0.73	0.71	0.75	0.78	0.80	0.78	0.68	0.75	0.82	0.84	0.86	0.84
USDKRW	1114	1120	1125	1130	1140	1100	1186	1128	1118	1083	1069	1098
USDTWD	28.53	28.50	28.60	28.70	28.90	29.00	30.02	30.63	29.54	29.04	28.67	28.04
USDINR	74.16	74.75	75.00	75.50	76.00	71.00	74.02	75.12	76.16	77.15	78.16	79.17
USDIDR	14165	14300	14400	14500	14700	14000	14614	14431	14900	15201	15506	15818
Latin America												
USDBRL	5.37	5.70	5.60	5.70	5.80	4.90	4.90	5.67	5.78	5.76	5.82	6.01
USDMXN	20.12	22.00	22.40	22.50	23.10	23.00	21.57	22.29	22.85	22.53	22.89	23.35
USDCLP	764.1	755.0	765.0	770.0	790.0	785.0	795.7	767.3	792.0	798.2	804.6	811.1
USDCOP	3633.0	3750.0	3800.0	3850.0	3900.0	3700.0	3669.9	3803.0	3916.9	3948.4	3980.0	4012.0
Eastern Europe												
USDRUB	76.12	72.00	69.50	68.50	68.00	68.00	73.18	70.17	68.21	68.50	69.42	69.96

Source: SG Cross Asset Research/Economics and Rates & FX Strategy

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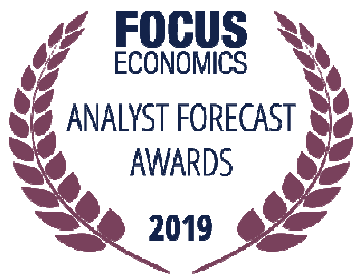
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#3 BEST OVERALL FORECASTER - CZECH REPUBLIC

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