



Wealth Management

NextGen Summer Seminar

Markets Outlook 2H 2025

June 2025

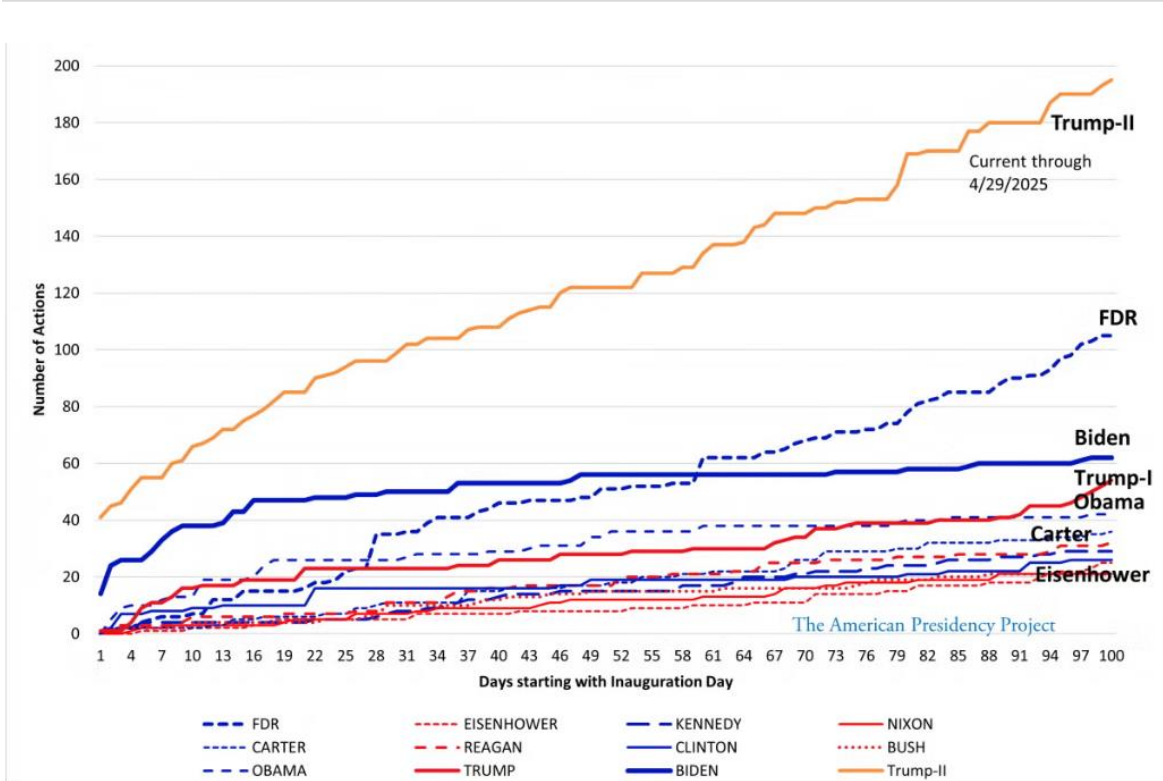
Deepak Puri, CFA®
Chief Investment Officer - Americas

Deutsche Bank

Elevated policy uncertainty here to stay

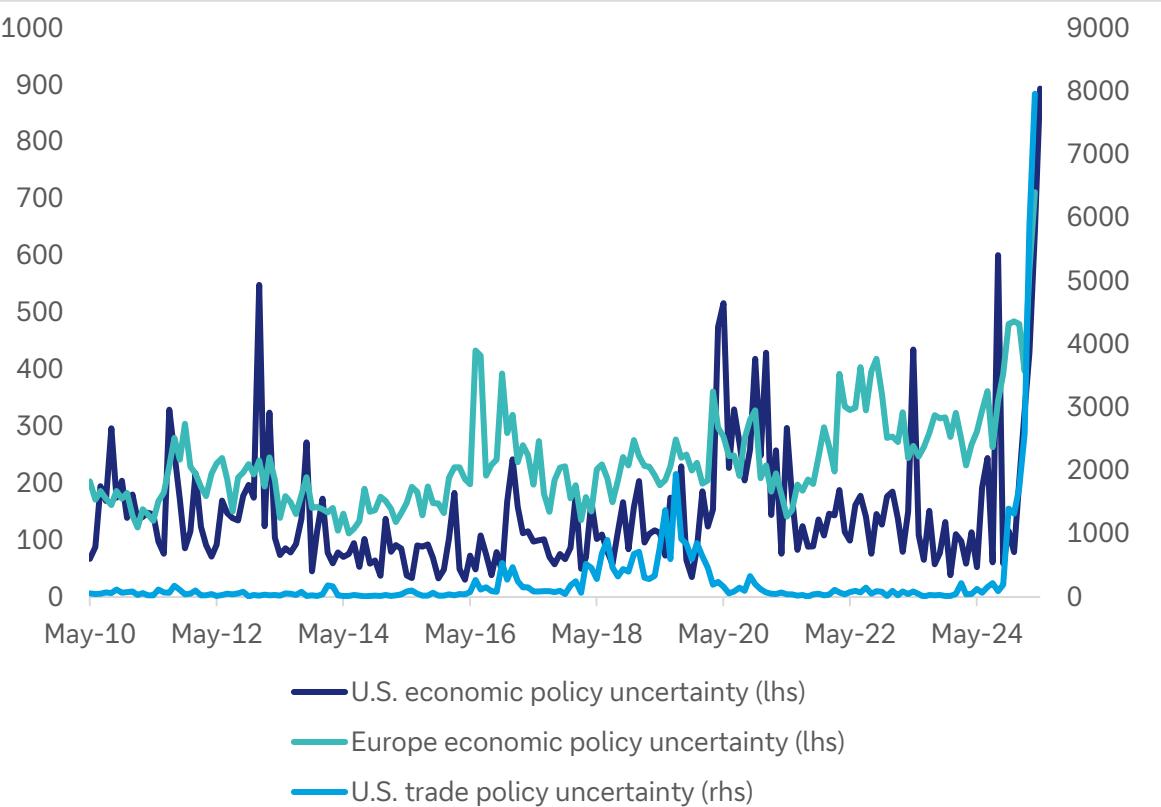


Executive orders – Most active POTUS in history



Source: The American Presidency Project, Deutsche Bank AG. Data as of May 30, 2025.

US policy uncertainty – Close to all-time high

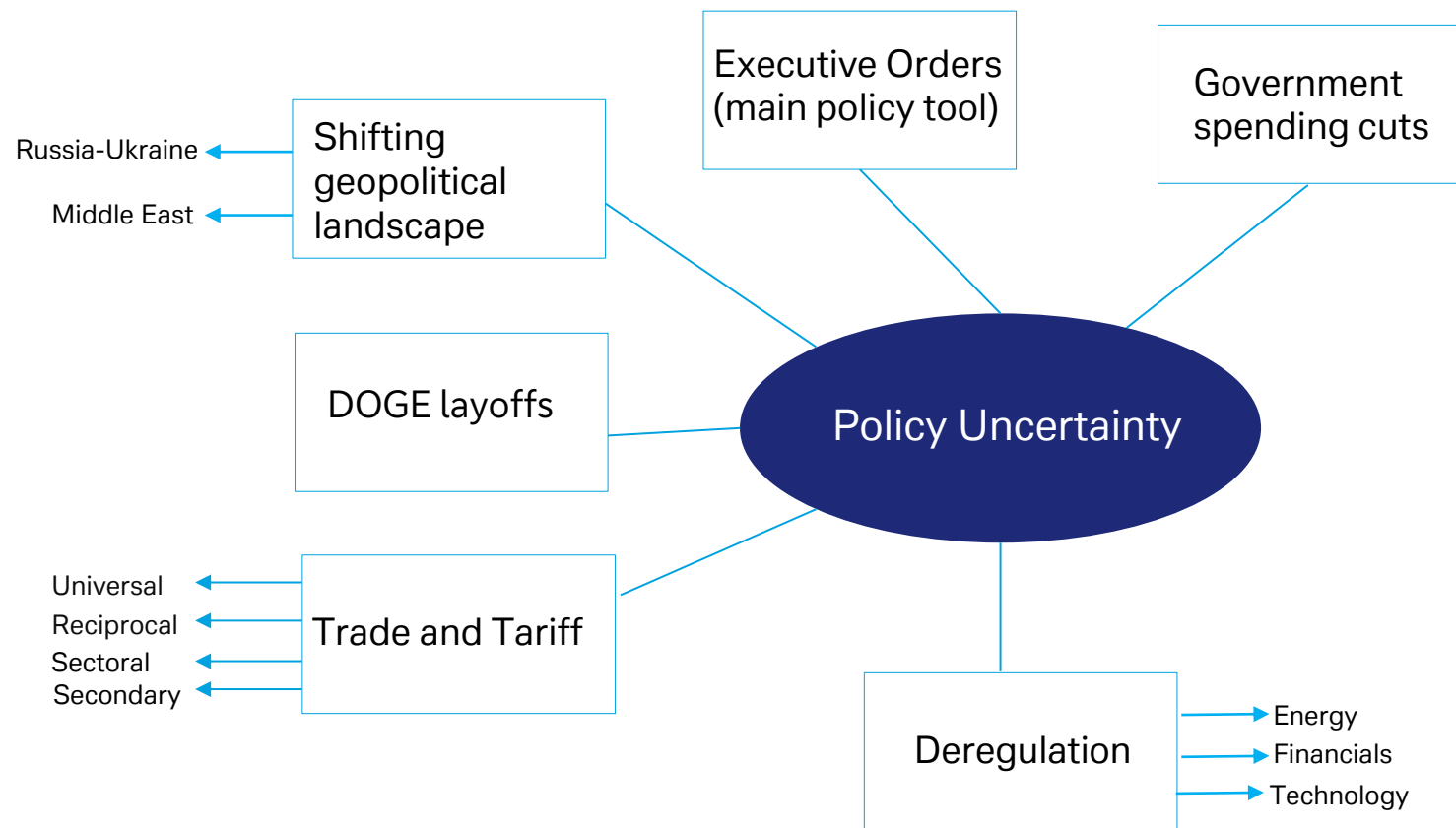


Source: LSEG Datastream, Deutsche Bank AG. Data as of May 30, 2025.

One challenging market environment



Softening economic data + President Trump 2.0 policy agenda + Changing geopolitical backdrop = volatile market environment



Economic soft patches

Decreasing consumer confidence

Unanchoring of inflation expectations

ISM Manufacturing contraction

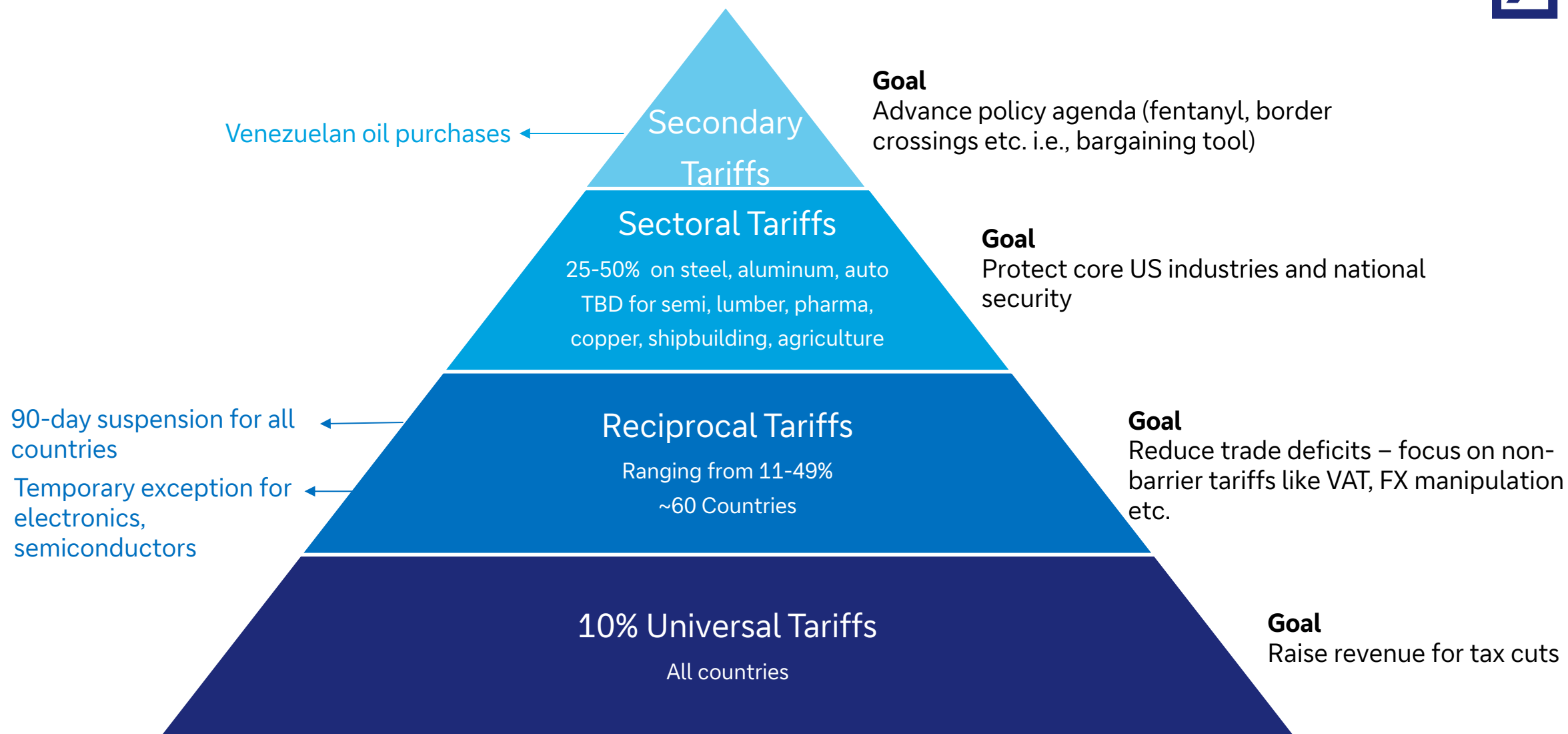
Mixed housing data

Small business optimism improving but still at multi-year lows

Dark beige book

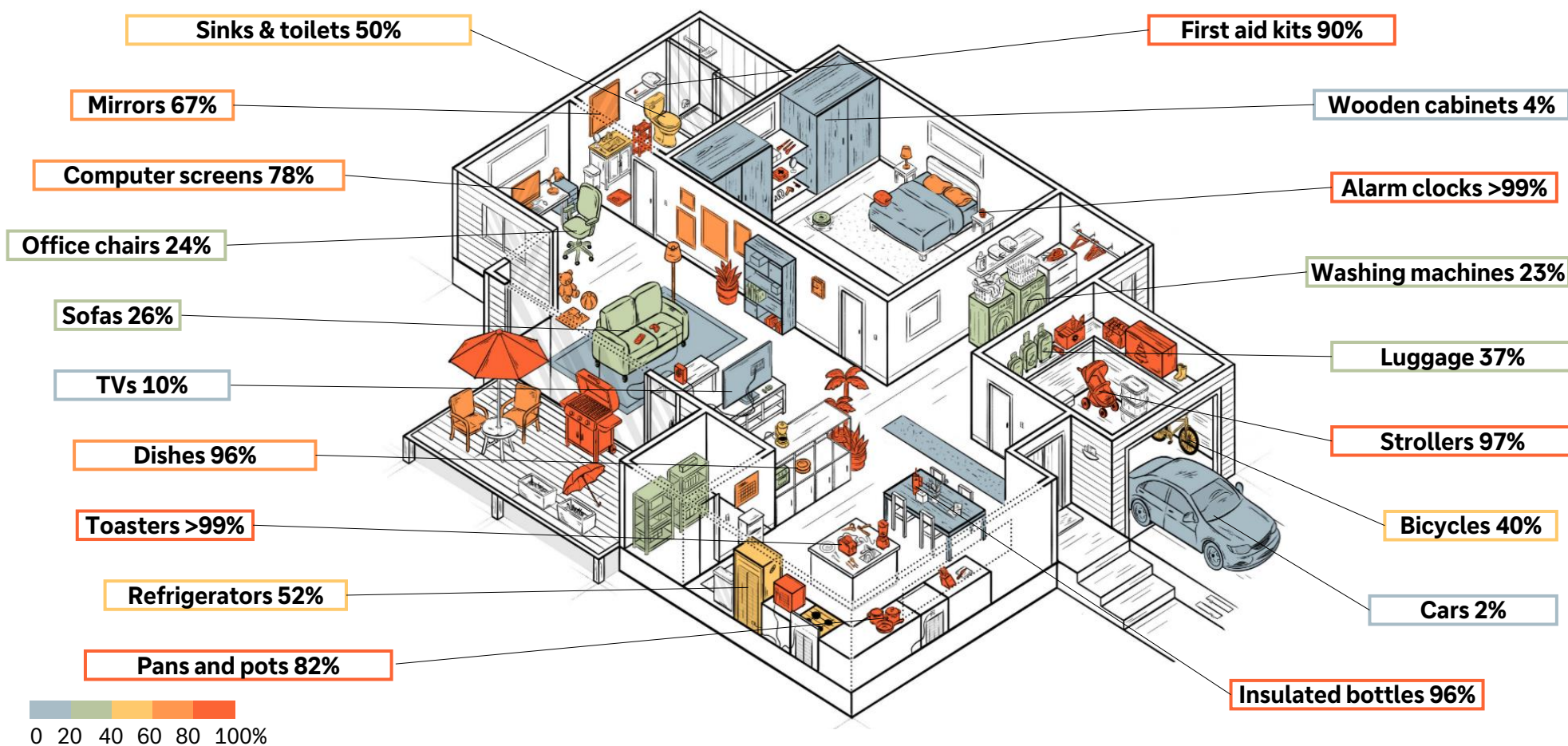
Source: Deutsche Bank AG. Data as of May 30, 2025.

Tariffs under Trump 2.0: A Multi-layered approach



Source: Deutsche Bank AG. Data as May 30, 2025.

Background – Your home without China

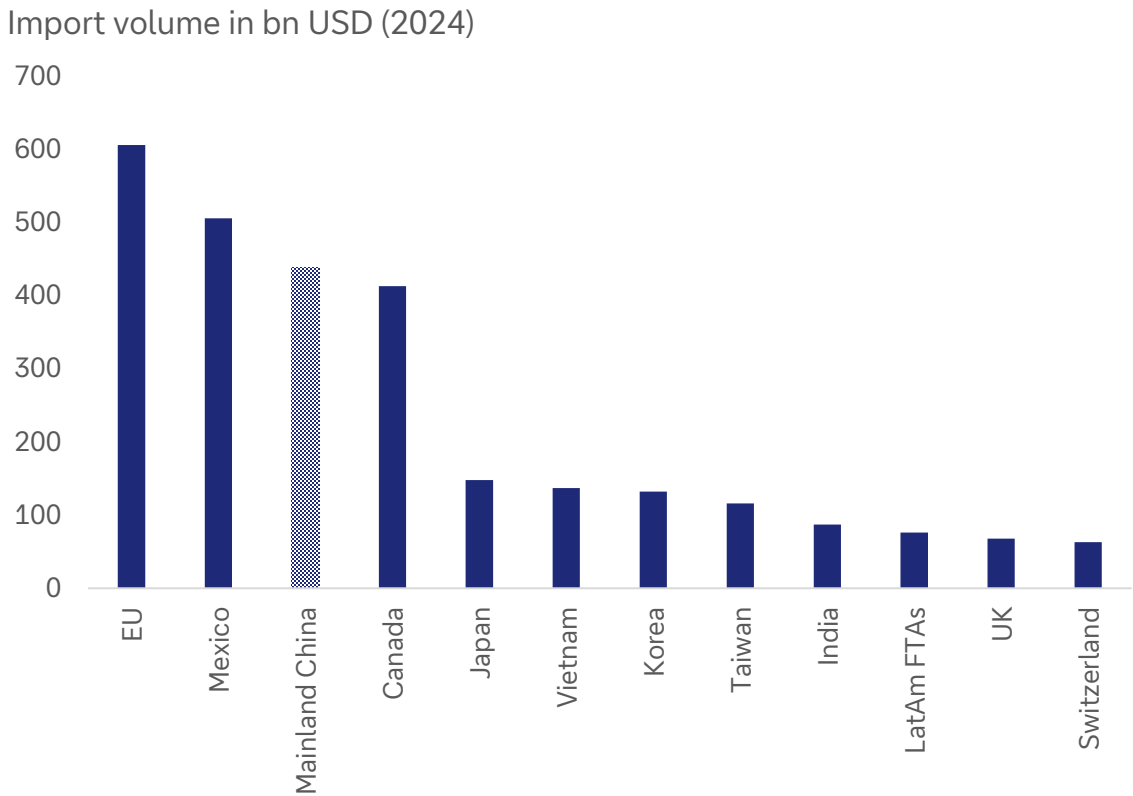


Source: LSEG Datastream, Deutsche Bank AG. Data as of May 30, 2025.

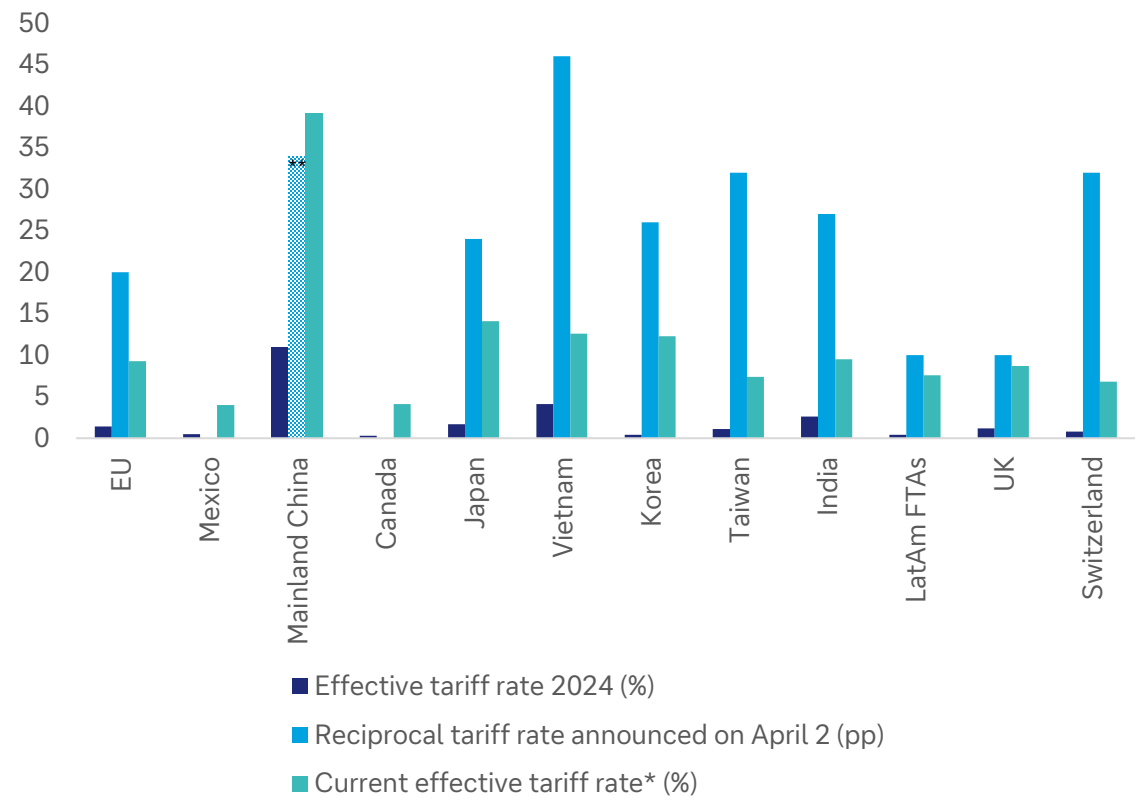
What will happen after “90 days”? Quite a few trade deals to go until July 8



Most important countries for US imports/tariff income



Tariff dynamics 2025 – Threaten & negotiate



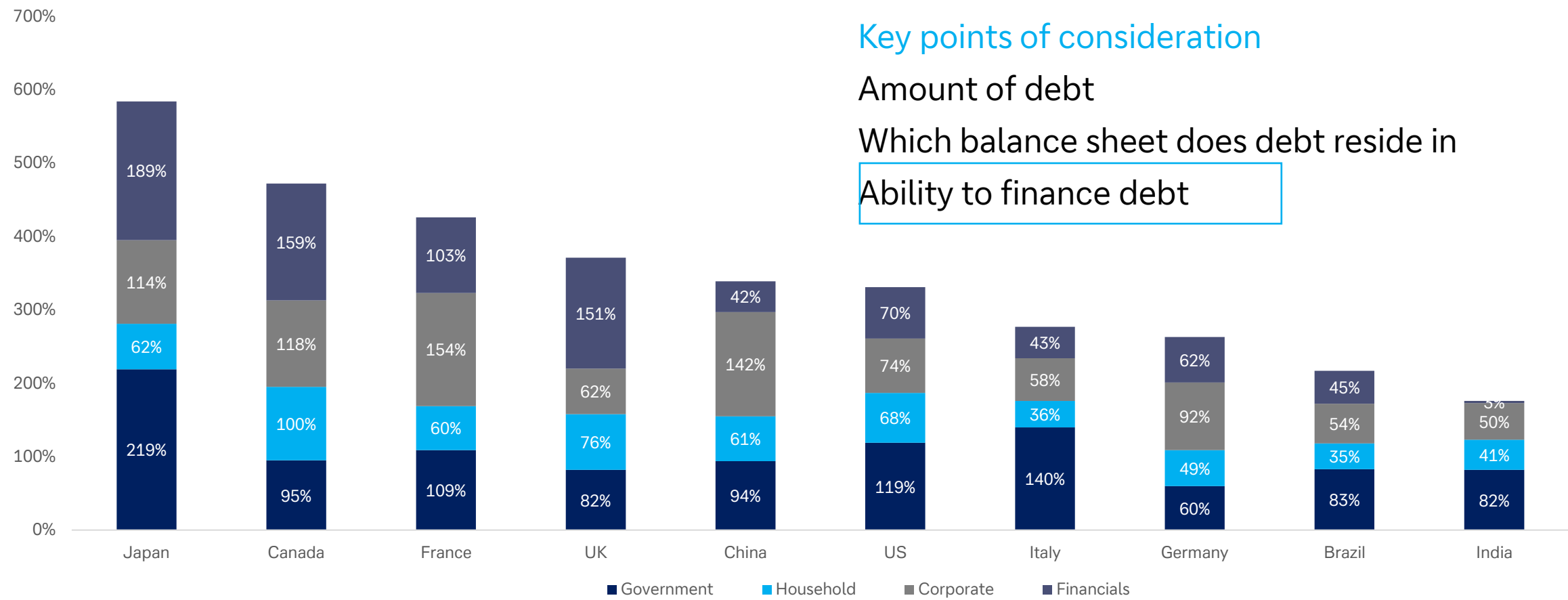
Source: Goldman Sachs, Deutsche Bank AG. Data as of May 30, 2025.

Note: *Includes all announced tariffs, sectoral exemptions, the pause on the reciprocal tariffs for China and the U.S.-UK deal. **Reciprocal tariff rate was increased to 125% later. Source: White House, Goldman Sachs, Deutsche Bank AG. Data as of May 30, 2025.

Critical Questions for Debt and Deficits



Debt to GDP by sector (2025)



Source: IIF Global Debt Monitor (Q1 2025), Deutsche Bank AG. Data as of May 30, 2025.

Deutsche Bank Chief Investment Office

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US Debt and Deficit

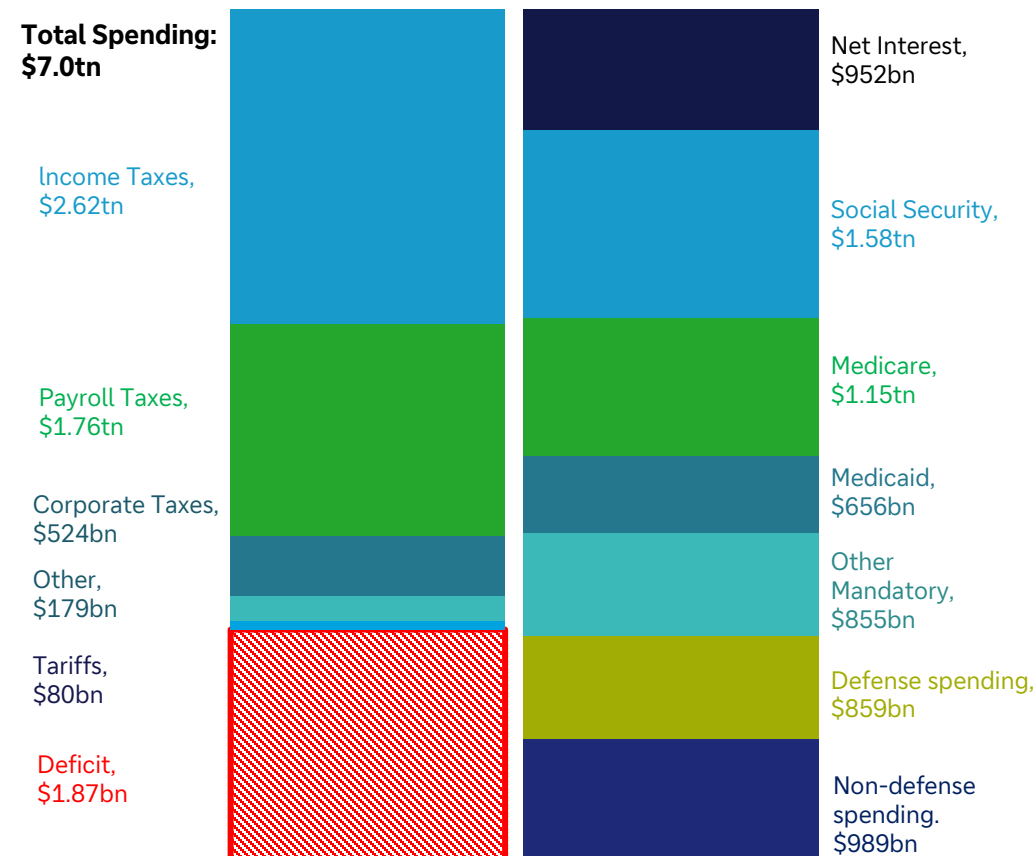


Time required to reach Total US Debt Levels

Time required to reach total US debt levels	
\$10 Trillion	232 Years
\$20 Trillion	9 Years
\$30 Trillion	4.5 Years
\$31 Trillion	8 Months
\$32 Trillion	8 Months
\$33 Trillion	3 Months
\$34 Trillion	3 Months
\$35 Trillion	7 Months
Latest level	\$36.85 Trillion

Averaging 6 months/each additional tn of debt from \$30 - \$35

US Government Income & Expenditures (FY 2025)



Source: The American Presidency Project, Deutsche Bank AG. Data as of May 30, 2025.

Source: LSEG Datastream, CBO. Deutsche Bank AG. Data as of May 30, 2025.

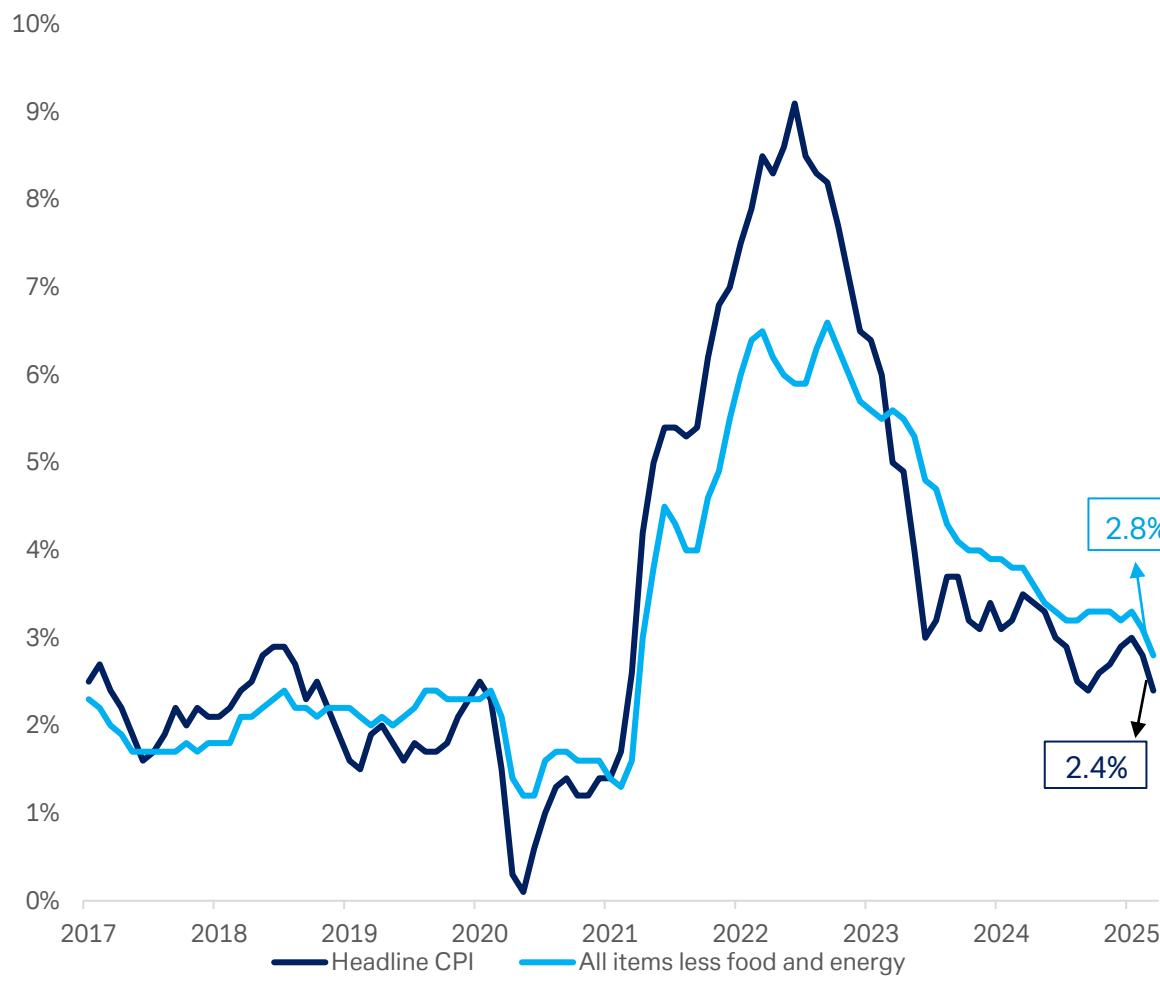
Recent US Economic Data –Stagflation Risk still remains



Atlanta Fed GDP Now forecast – rebound expected in 2Q



Some recent relief in headline inflation

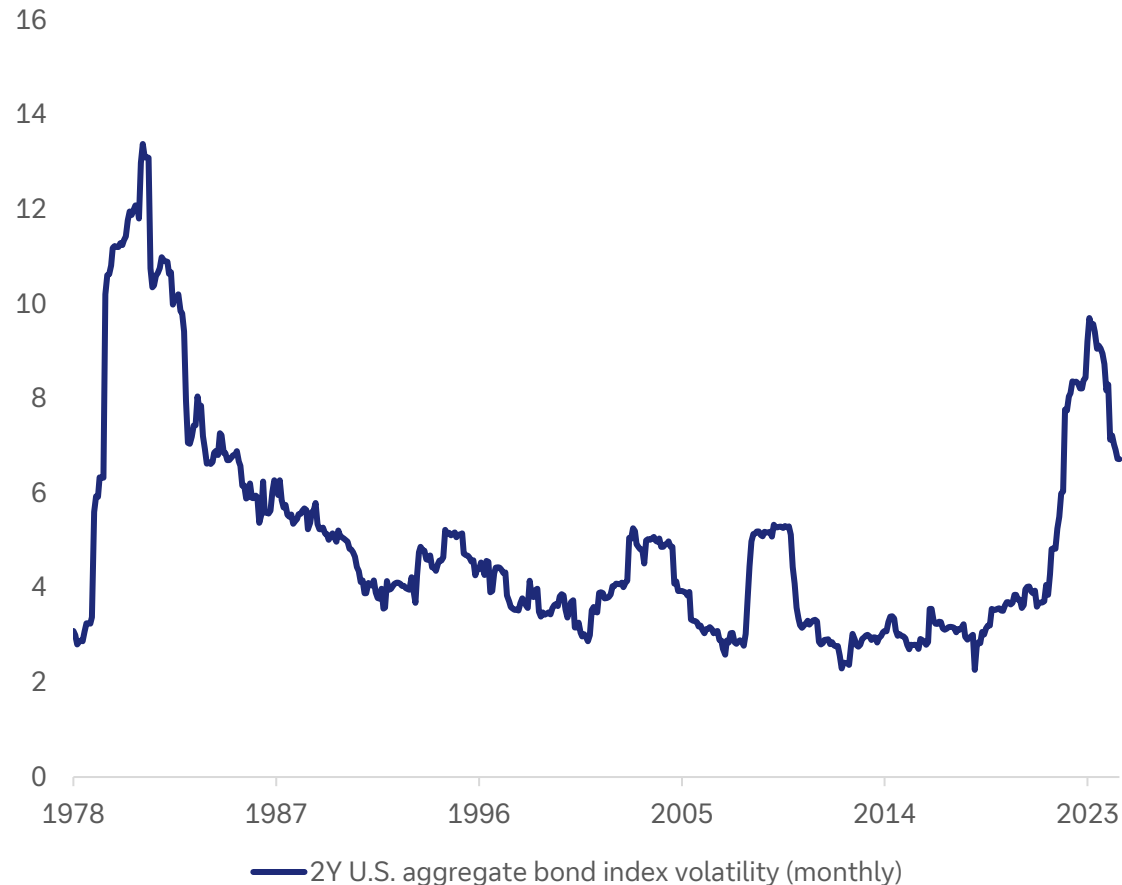


Source: Atlanta Fed, LSEG Datastream, Deutsche Bank AG. Data as of June 23, 2025

Bond volatility and trading treasuries in an (up to) 5% world

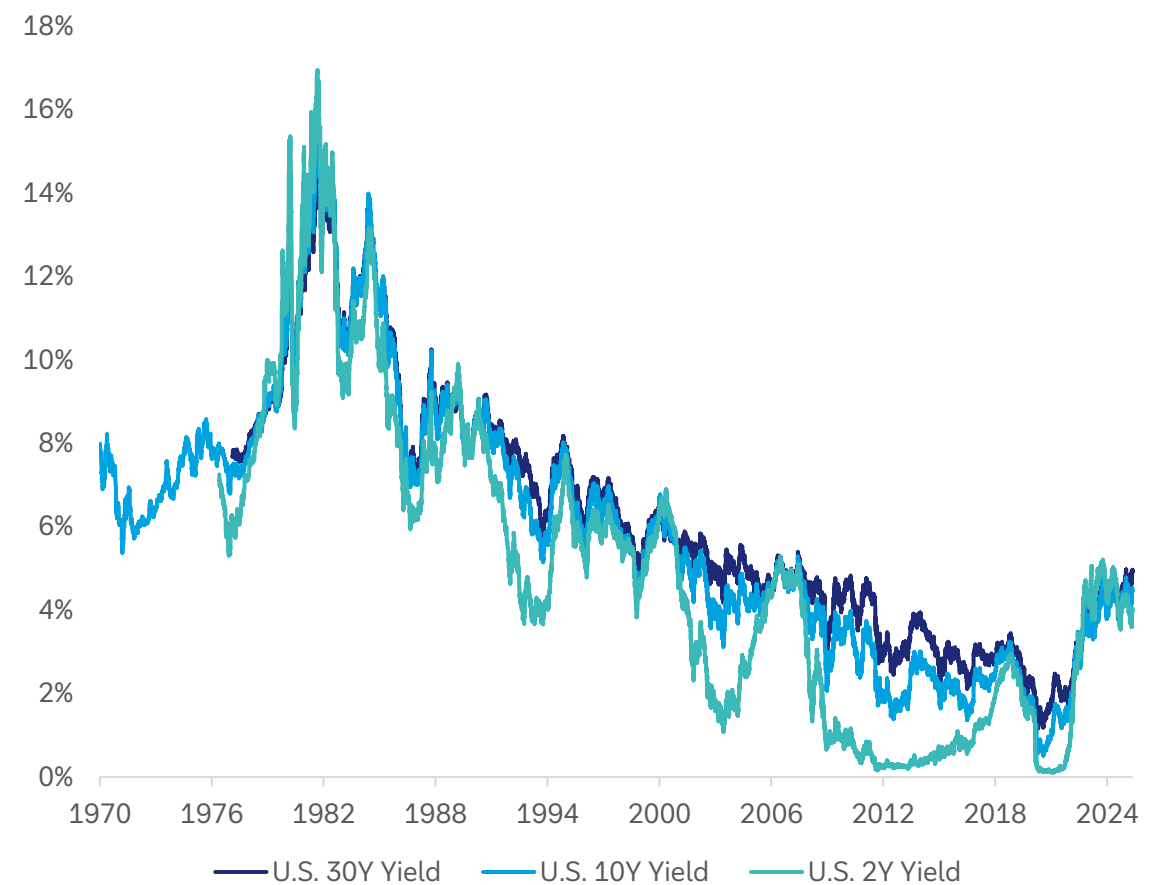


Bond volatility – Moderating, but not low



Source: LSEG Datastream, Deutsche Bank AG. Data as of May 30, 2025.

Only a 'modest' reversal of the 40-year bull market

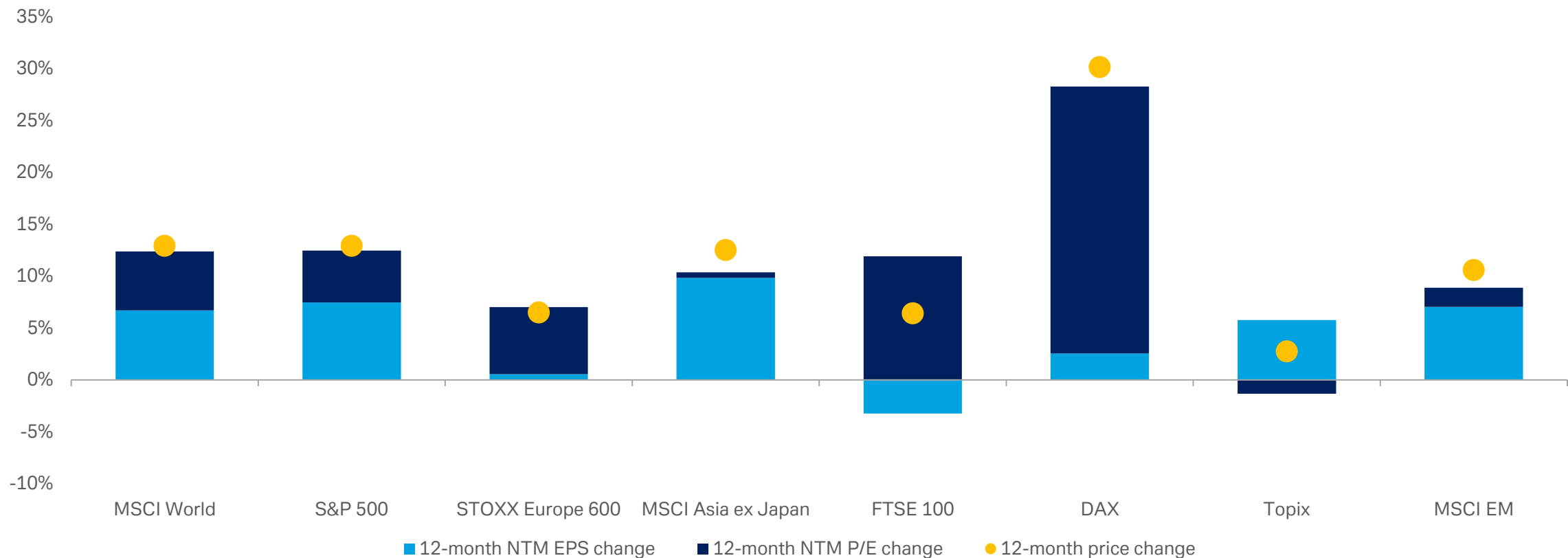


Source: LSEG Datastream, Deutsche Bank AG. Data as of May 30, 2025.

Valuation and earnings growth expectation developments



12-month NTM EPS, NTM P/E and price change

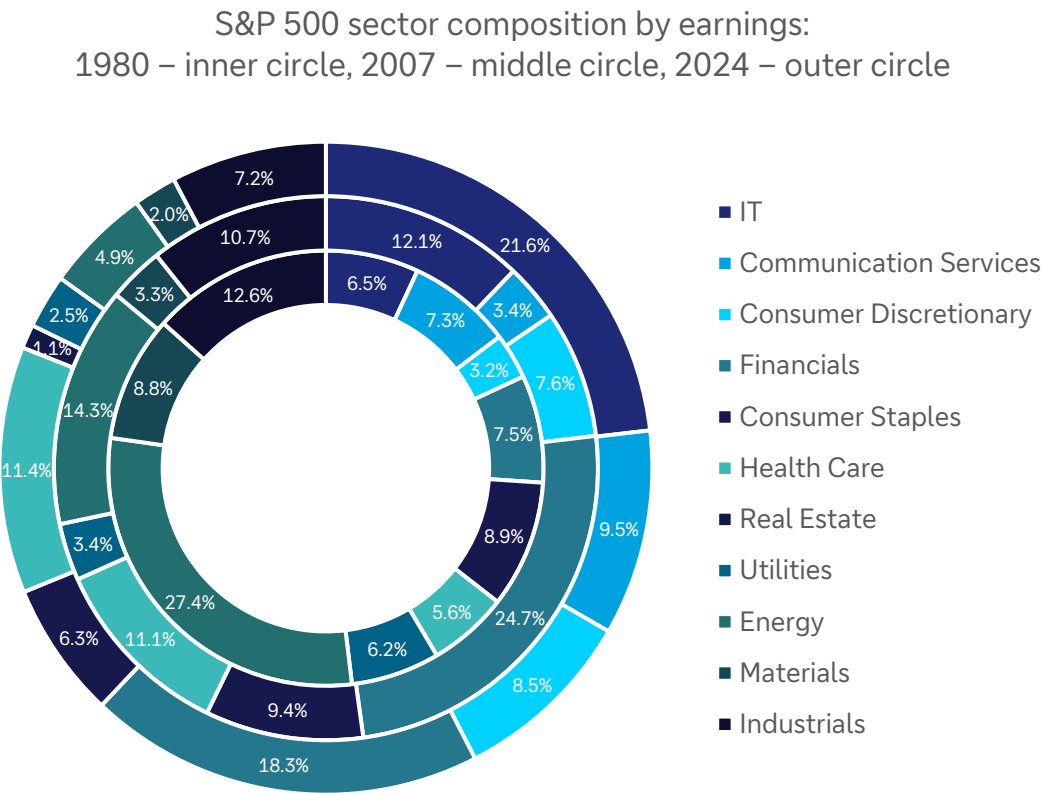


Source: LSEG Datastream, Deutsche Bank AG. Data as of May 30, 2025.

American exceptionalism reloaded – It’s all about digital earnings

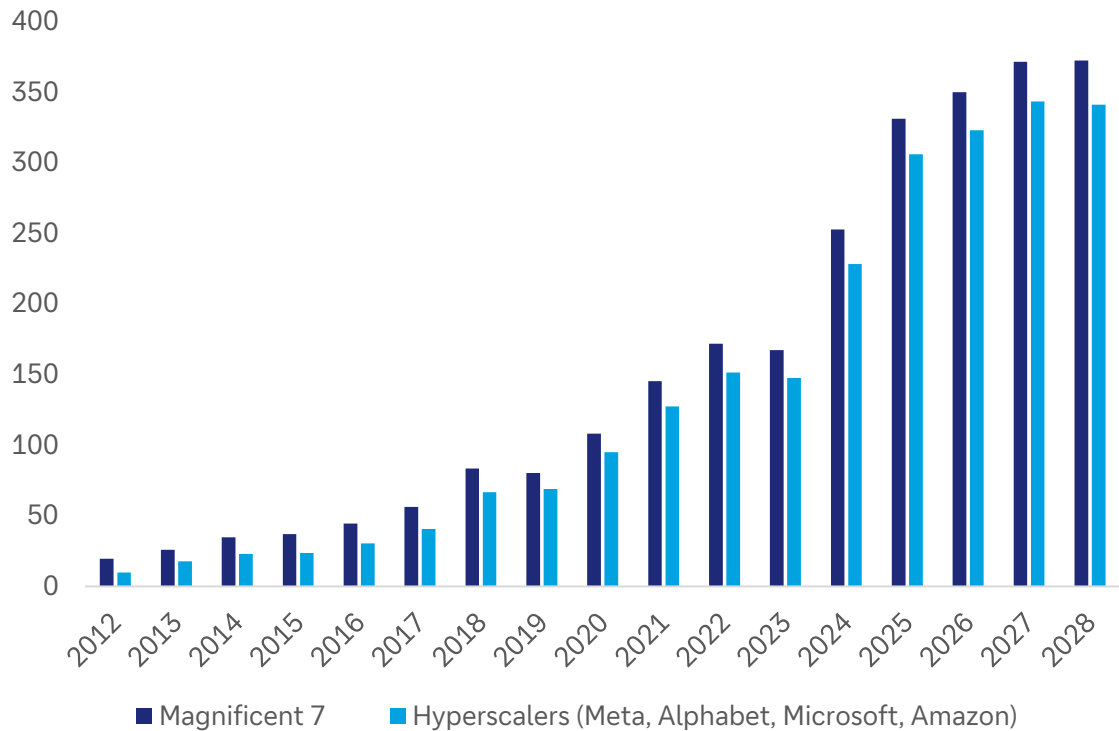


Digital earnings represent ~40% of earnings in the US



US tech companies are spending billions – especially into AI

Annual capex (bn USD, 2025-2028 consensus forecast)

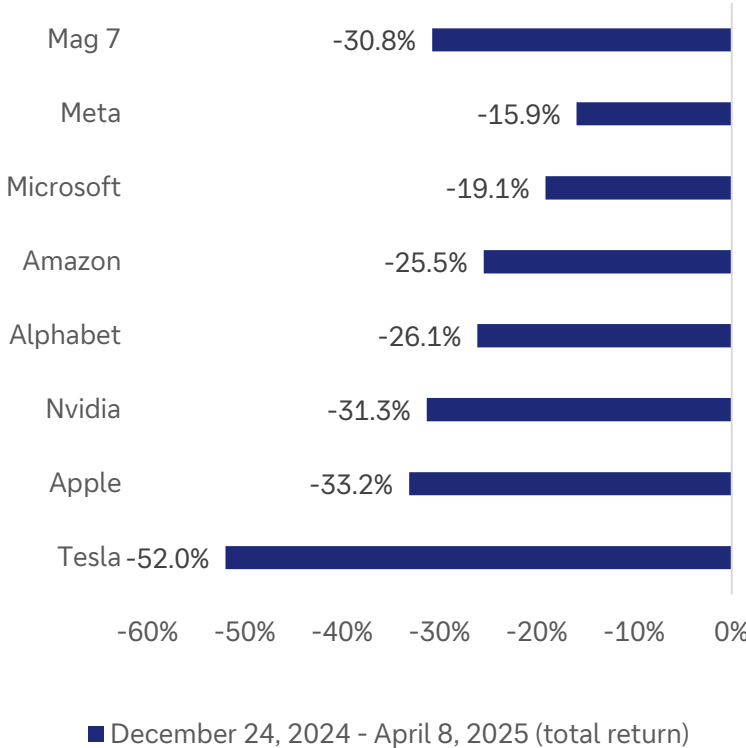


Source: Deutsche Bank AG. Data as of May 30, 2025. Note: NTM – Next 12 months

Magnificent 7 take center stage

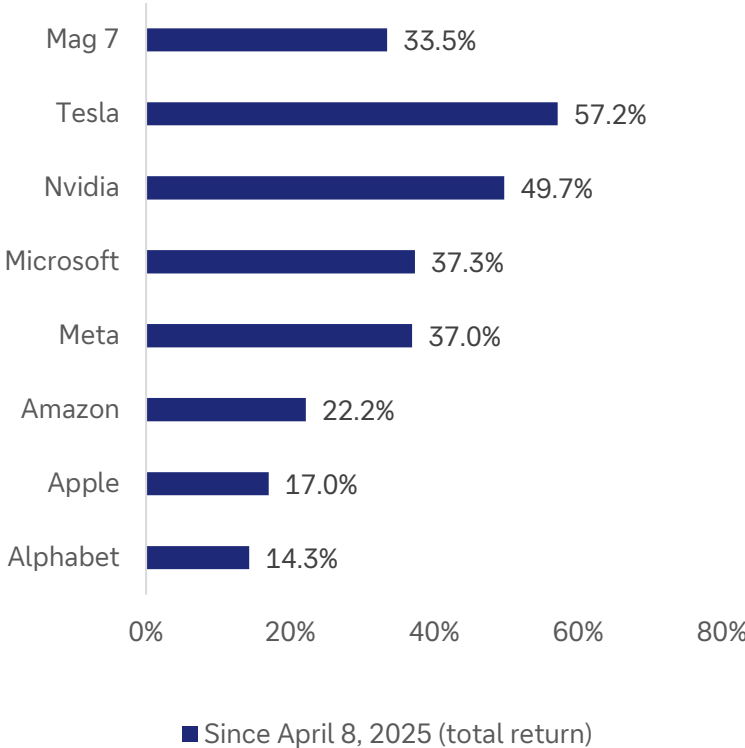


An opportunity presenting itself



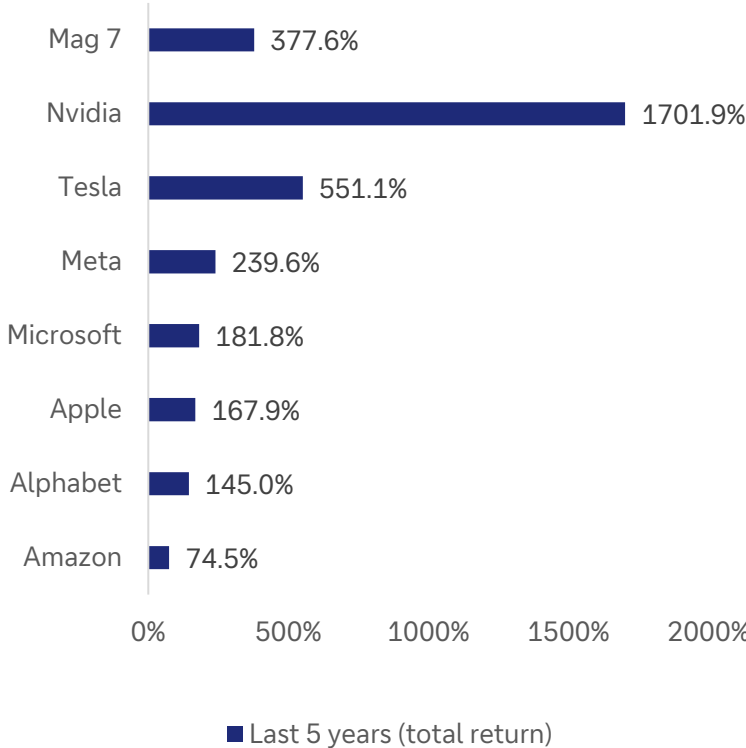
Source: LSEG Datastream, Deutsche Bank AG. Data as of June 23, 2025.

The opportunity, if availed



Source: LSEG Datastream, Deutsche Bank AG. Data as of June 23, 2025.

Only a small speed bump?



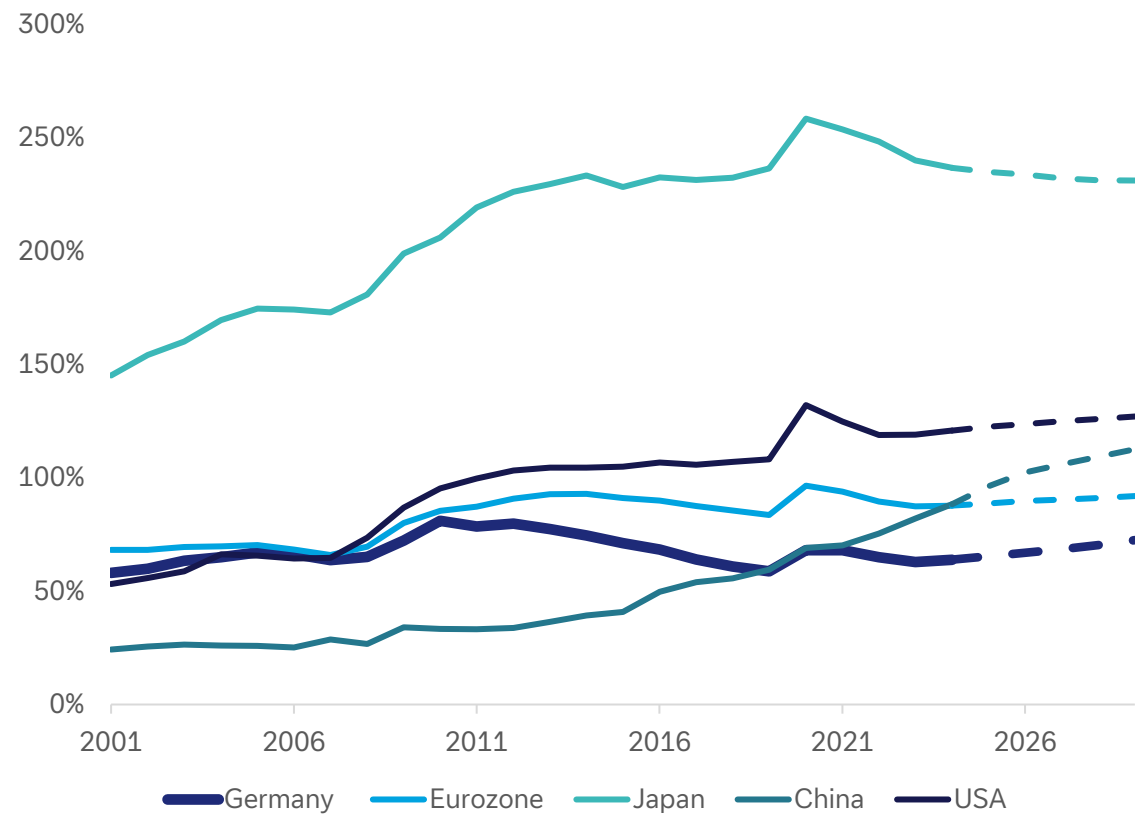
Source: LSEG Datastream, Deutsche Bank AG. Data as of June 23, 2025.

European economy - More fiscal stimulus expected



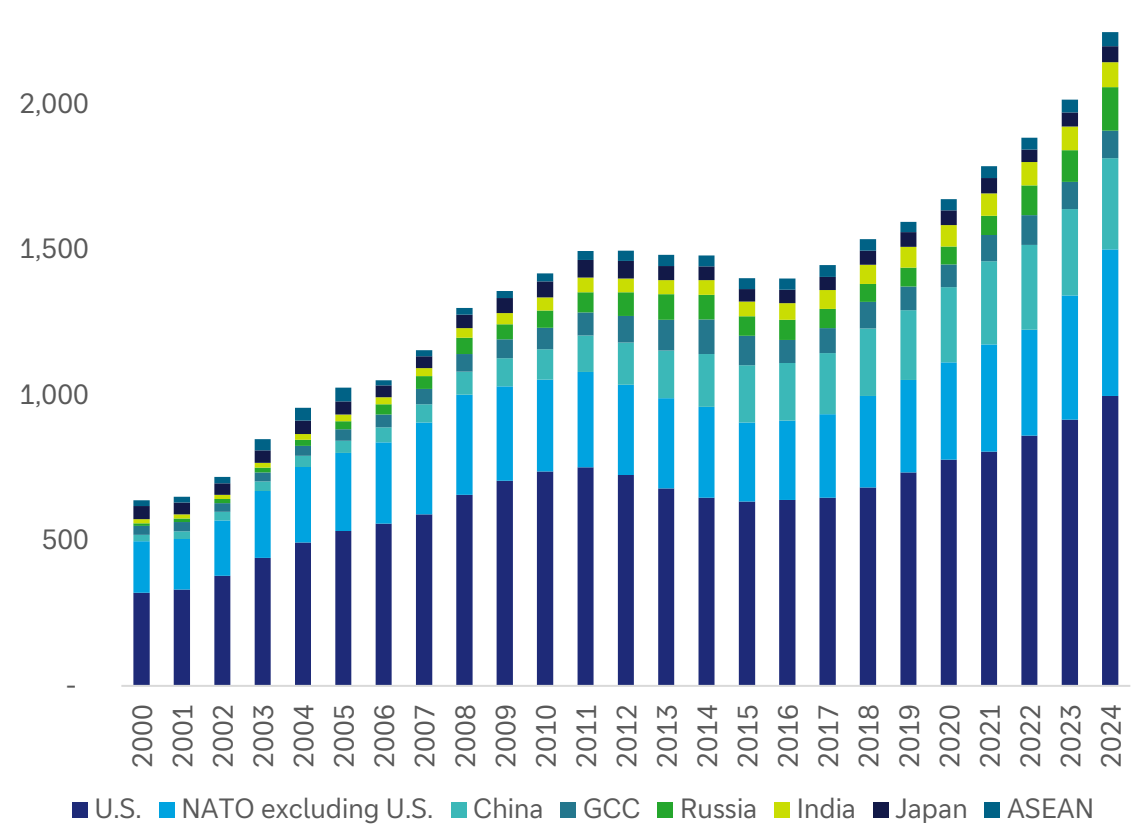
Debt – Germany has been saving for a rainy day

Gross debt/GDP, IMF forecast until 2029



Defense spending likely to go up in Europe

Top military expenditures (USD bn)

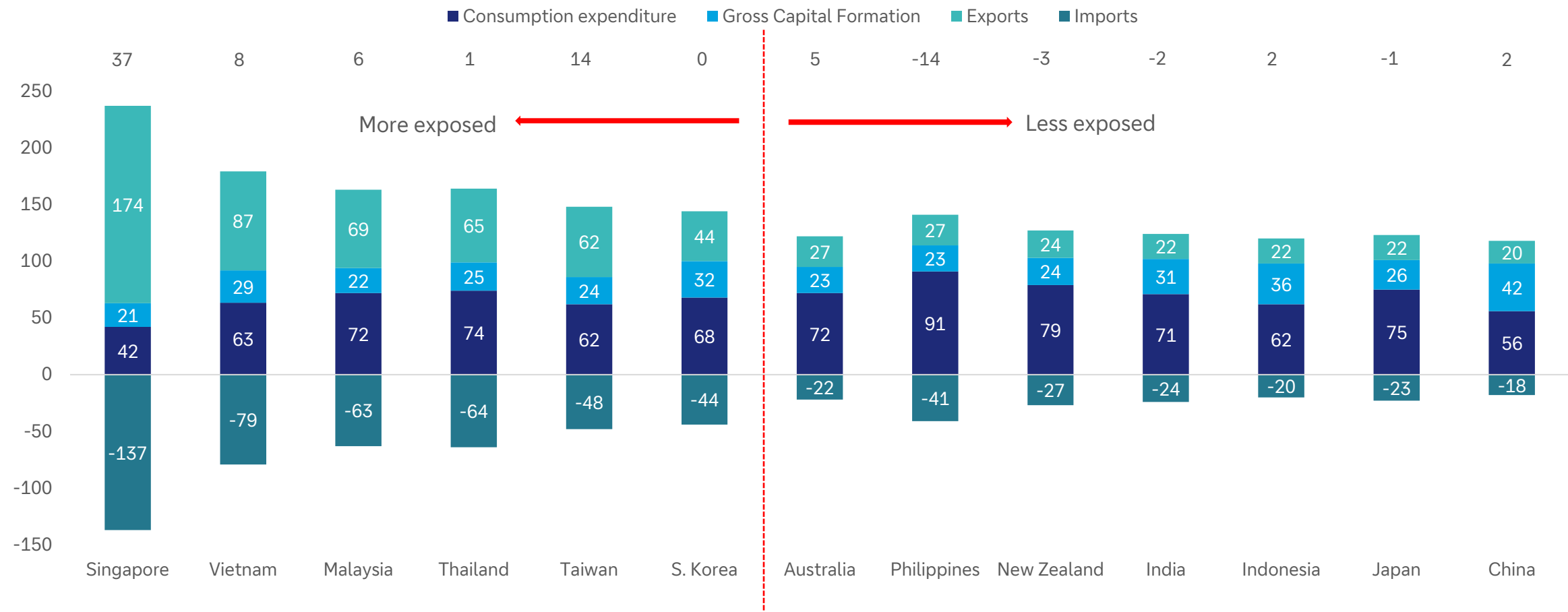


Source: SIPRI, Deutsche Bank AG. Data as of May 30, 2025.

Asian economies – which are more reliant on trade?



GDP breakdown by expenditure (2023, % of GDP)

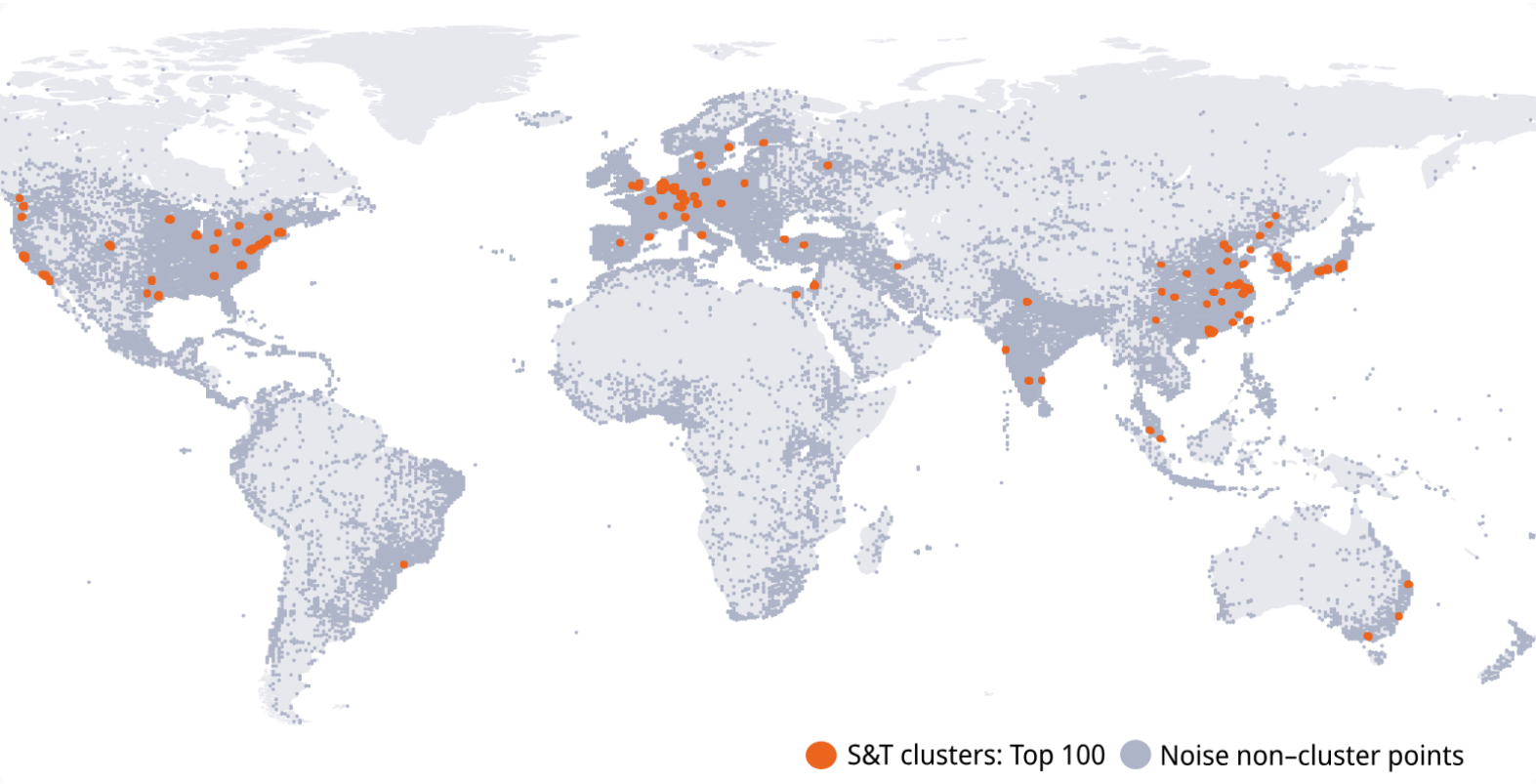


Source: World Bank, LSEG Datastream, Deutsche Bank AG. Data as of May 30, 2025.

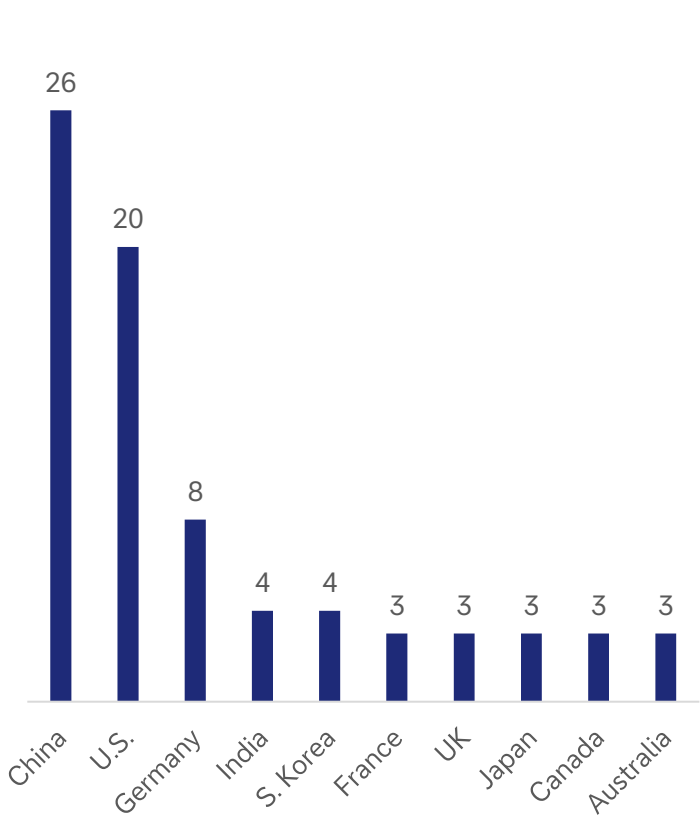
Rising technology innovations with more S&T clusters



Top 100 Science & Technology (S&T) Clusters Globally



Number of Science & Technology clusters in Top 100



Note: S&T or Science & Technology cluster refers to a geographical area with a high density of inventors and scientific authors. Noise refers to the science & technology places which are not in a cluster.
Source: World Intellectual Property Organization (WIPO), Deutsche Bank AG. Data as of May 30, 2025.

The outlook on Gold and Oil

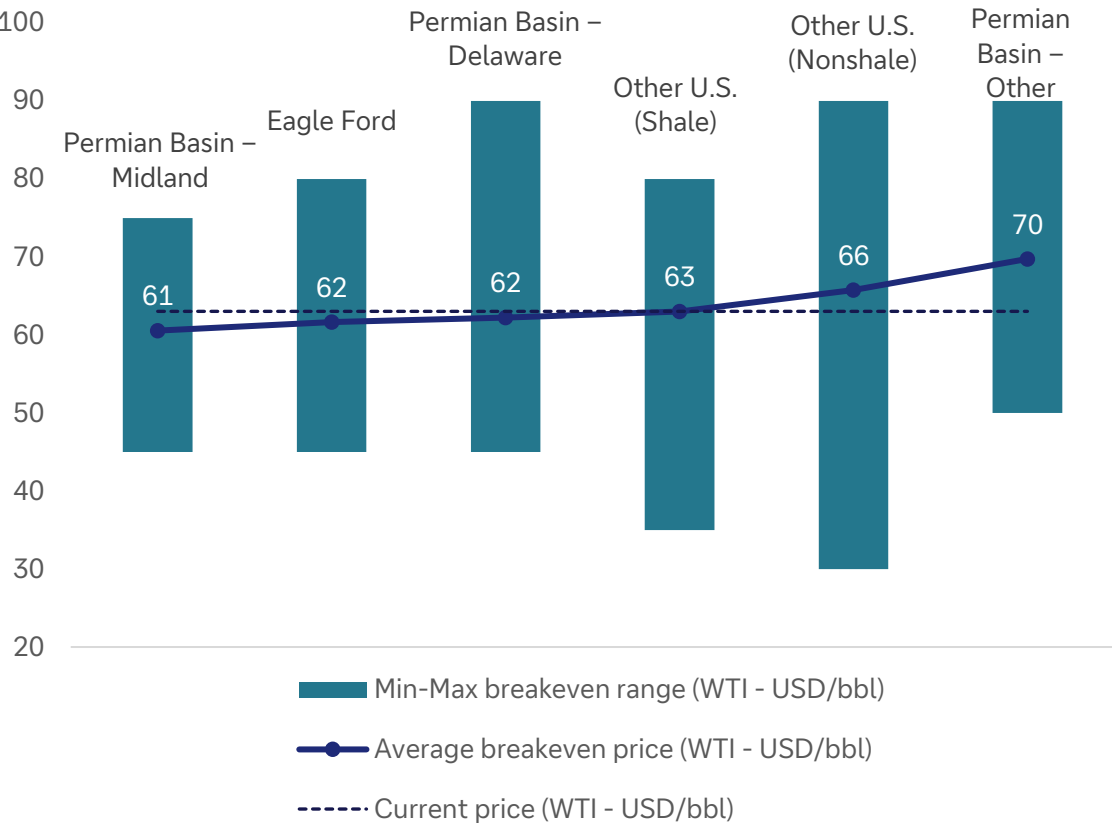


Unprecedented reserve rotation – Out of FX and into gold



Source: EIA, Deutsche Bank AG. Data as of May 30, 2025.

U.S. production costs provide a floor

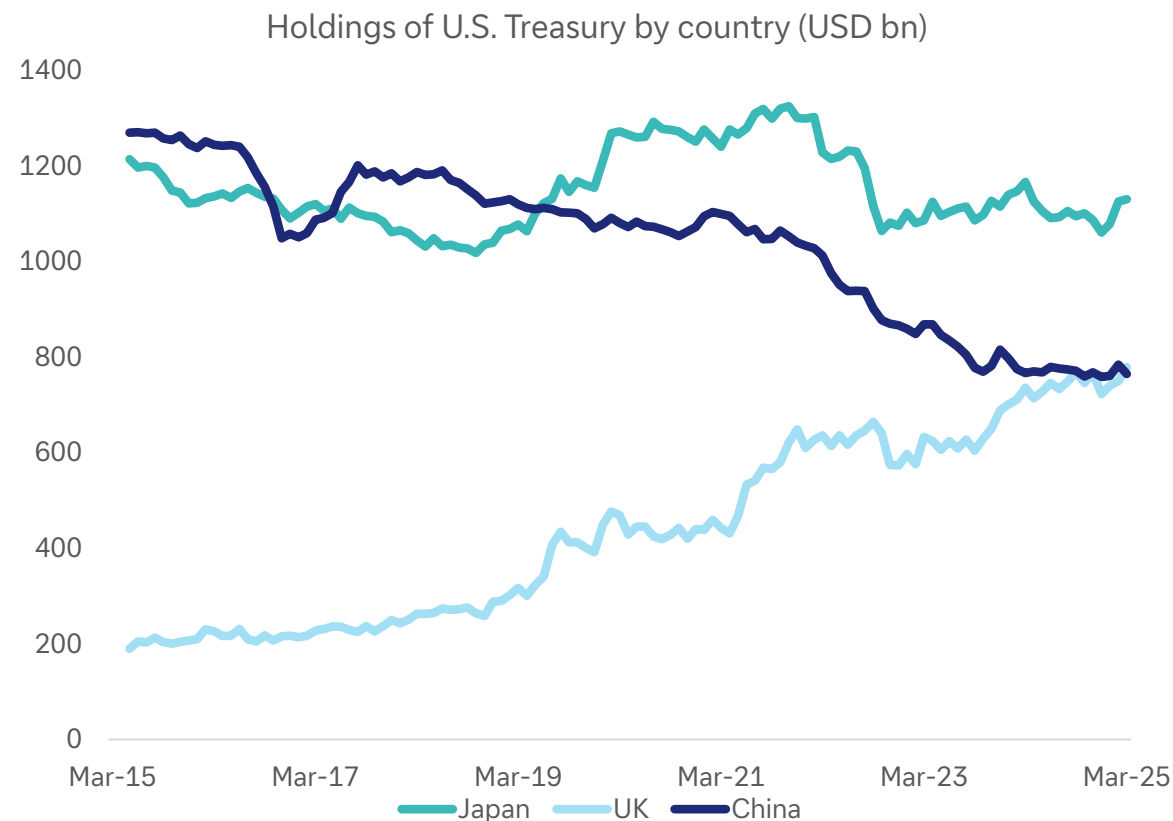


Source: Federal Reserve Bank of Dallas, Deutsche Bank AG. Data as of May 30, 2025.

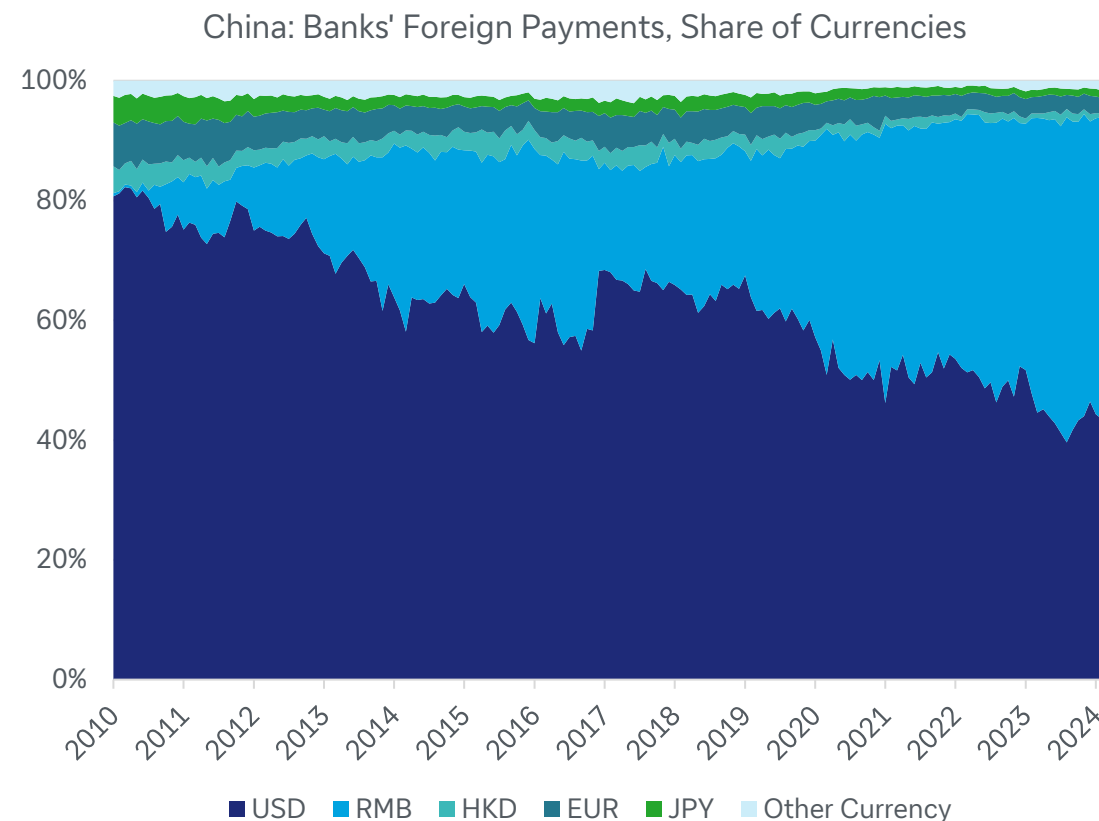
De-dollarisation – Diversify reserves and increase local currency payments



China is now the third largest foreign holder of US treasuries after Japan and UK



Increased share of RMB in China's bank settlements



Source: COFER IMF, Deutsche Bank AG. Data as of May 30, 2025.

Strategy – Focus themes still relevant



#1 Europe

European industrials, banks & small caps, DAX & MDAX, infrastructure



#2 Return of the premium (bonds & FX, manage duration)

EUR IG corporate bonds



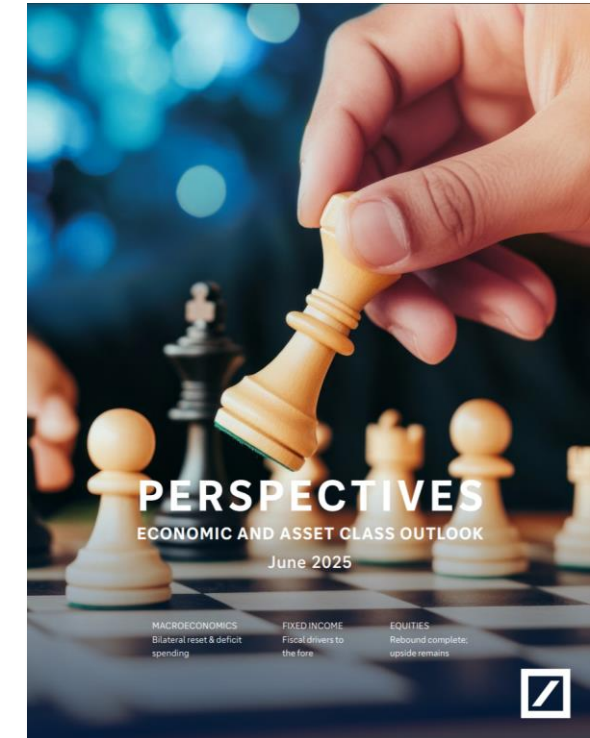
#3 Buy stocks (on weakness)

U.S. (growth) stocks amidst solid earnings outlook



Finally – Hedge your bets (political uncertainty & tariffs, mitigate risk in stocks, bonds & FX)

Diversification, active asset allocation, risk overlays, hedged solutions & gold





Appendix

Macroeconomic forecasts



GDP growth rate (%)

	2025 F	2026 F	Consensus 2025 (BBG*)
U.S. ¹	1.2	1.3	1.4
EUZ	1.1	1.4	0.8
GER	0.3	1.6	0.0
Japan	0.9	0.7	1.0
China	4.0	3.8	4.2
World	2.8	2.9	2.8

CPI inflation (%)

	2025 F	2026 F	Consensus 2025 (BBG*)
U.S.	3.3	3.2	3.2
EUZ	2.1	2.0	2.1
GER	2.3	2.1	2.2
Japan	3.0	2.0	2.7
China	0.0	1.0	0.4

Unemployment rate (%)

	2025 F	2026 F	Consensus 2025 (BBG*)
U.S.	4.4	4.7	4.4
EUZ	6.3	6.3	6.4
GER	6.1	5.8	6.3
Japan	2.4	2.4	2.5
China ²	5.3	5.1	5.1

Fiscal balance (% of GDP)

	2025 F	2026 F	Consensus 2025 (BBG*)
U.S.	-6.8	-6.8	-6.5
EUZ	-3.4	-4.0	-3.3
GER	-2.5	-3.2	-2.9
Japan	-3.5	-3.0	-3.6
China ³	-9.0	-8.0	-5.6

*Bloomberg consensus

(1) For the U.S., GDP growth Q4/Q4 % is 2.2% in 2025 and 1.7% in 2026, (2) Urban unemployment rate (end of period), not comparable to consensus data, (3) China fiscal deficit refers to IMF general public sector deficit, it's not comparable with the consensus. Source: Deutsche Bank AG, Bloomberg Finance L.P. Data as of May 27, 2025.

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Asset class forecasts



	Current level	vs. current level	Strategic forecast as of May 2025	Expected 12m total return
	May 28, 2025		Target June 2026*	
Capital market yields (sovereign bonds) in percent				
United States (2-year)	3.98	↘	3.75	4.09%
United States (10-year)	4.44	↗	4.50	4.82%
United States (30-year)	4.95	↘	4.70	9.29%
Germany (2-year)	1.79	↘	1.60	2.02%
Germany (10-year)	2.53	↘	2.50	3.58%
Germany (30-year)	3.00	→	3.00	3.49%
United Kingdom (10-year)	4.67	↘	4.20	8.10%
Japan (2-year)	0.74	↗	1.00	0.67%
Japan (10-year)	1.47	↗	1.80	-0.41%
Benchmark rates in percent				
United States (federal funds rate)	4.25-4.50	↘	3.25-3.50	
Eurozone (deposit rate)	2.25	↘	1.75	
United Kingdom (repo rate)	4.25	↘	3.50	
Japan (overnight call rate)	0.50	↗	1.00	
China (1 year lending rate)	3.00	↘	2.60	
Currencies				
EUR vs. USD	1.13	↗	1.18	
USD vs. JPY	144	↘	130	
EUR vs. JPY	164	↘	153	
EUR vs. CHF	0.94	↗	0.95	
EUR vs. GBP	0.84	→	0.84	
GBP vs. USD	1.35	↗	1.40	
USD vs. CNY	7.20	↗	7.30	

	Current level	vs. current level	Strategic forecast as of May 2025	Expected 12m total return
	May 28, 2025		Target June 2026*	
Equity indices				
United States (S&P 500)	5,922	↗	6,100	4.51%
Germany (DAX)	24,226	↗	25,600	5.67%
Eurozone (Eurostoxx 50)	5,415	↗	5,600	6.61%
Europe (Stoxx 600)	552	↗	570	6.70%
Japan (MSCI Japan)	1,694	↗	1,720	4.03%
Switzerland (SMI)	12,325	↗	12,500	4.62%
United Kingdom (FTSE 100)	8,778	↗	8,800	3.95%
Emerging Markets (MSCI EM)	1,164	↗	1,220	7.70%
Asia ex Japan (MSCI Asia ex Japan)	757	↗	790	7.10%
Australia (MSCI Australia)	1,673	↘	1,600	-0.75%
Commodities in USD				
Gold (per ounce)	3298	↗	3,700	12.19%
Crude Oil (Brent Spot)	64	↘	63	-1.70%
Copper (per tonne)	9597	↘	9,590	-0.07%
Carbon	71	↗	75	5.71%
Spreads (corporates & EM bonds) in bps				
EUR IG Corp	100	↘	90	4.44%
EUR HY	335	↗	360	4.24%
USD IG Corp	89	↗	90	5.62%
USD HY	316	↗	350	5.47%
Asia Credit	138	↗	150	5.92%
EM Sovereign	331	↗	360	5.85%

Source: Deutsche Bank AG, Bloomberg Finance L.P.; Data as of May 27, 2025.

Historical performance



Performance	9.6.2020 - 9.6.2021	9.6.2021 - 9.6.2022	9.6.2022 - 9.6.2023	9.6.2023 - 9.6.2024	9.6.2024 - 9.6.2025
S&P500	31,6%	-4,8%	7,0%	24,4%	12,3%
S&P500 Value	28,0%	-2,6%	7,0%	17,0%	4,7%
S&P500 Growth	33,0%	-7,6%	2,9%	30,9%	18,7%
DAX	23,5%	-8,9%	12,3%	16,3%	30,3%
EUROSTOXX50	23,4%	-9,1%	15,2%	17,8%	7,3%
STOXX 600	23,0%	-4,4%	5,9%	13,8%	5,7%
MSCI Japan	21,4%	1,3%	12,8%	24,6%	-0,2%
SMI index	15,7%	-4,0%	-0,6%	8,9%	0,9%
FTSE 100	11,8%	5,6%	1,2%	9,0%	7,1%
MSCI EM	36,0%	-22,3%	-6,1%	7,1%	11,2%
MSCI ex Japan	35,9%	-22,2%	-6,9%	7,9%	12,8%
MSCI Australien	18,9%	-3,0%	1,3%	11,7%	7,5%
Topix	20,2%	0,6%	13,0%	23,9%	1,1%
MOEX	29,4%	-20,3%	-8,1%	-6,8%	8,7%
CSI 300	29,2%	-7,6%	14,2%	27,6%	16,7%
FTSE MIB	18,1%	-4,9%	6,9%	22,5%	25,0%
IBEX	37,5%	-40,3%	18,0%	19,4%	-3,4%
Hang Seng	14,7%	-23,9%	-11,3%	-5,3%	31,7%
STI	12,9%	1,8%	-0,7%	4,5%	18,2%
Nifty 50	55,6%	5,4%	12,7%	25,5%	7,8%
IBOVESPA	34,3%	-17,6%	9,3%	3,2%	12,4%
MEXBOL	29,7%	-3,0%	10,6%	-2,8%	9,1%

Performance	9.6.2020 - 9.6.2021	9.6.2021 - 9.6.2022	9.6.2022 - 9.6.2023	9.6.2023 - 9.6.2024	9.6.2024 - 9.6.2025
JPM EMU 1-10	1,2%	-8,2%	-2,2%	2,5%	5,2%
iBoxx US Treasuries 1-10	-0,4%	-6,5%	-0,4%	2,4%	5,6%
iBoxx EUR Covered	0,3%	-9,6%	-3,6%	3,2%	5,4%
iBoxx EUR Corporates Overall	3,5%	-11,2%	-1,7%	5,6%	6,3%
iBoxx EUR Liquid High Yield	9,3%	-7,9%	3,6%	8,8%	7,3%
JPM EMBI Global	7,2%	-16,1%	1,6%	9,1%	8,1%
Bloomberg EM Local Currency Govt	6,6%	-20,6%	6,7%	1,8%	11,7%
Barclays US Corporate Inv. Grade	3,4%	-12,0%	-0,9%	5,2%	5,2%
Barclays US Corporate HY	12,2%	-7,4%	2,9%	10,4%	9,2%

Performance	9.6.2020 - 9.6.2021	9.6.2021 - 9.6.2022	9.6.2022 - 9.6.2023	9.6.2023 - 9.6.2024	9.6.2024 - 9.6.2025
Gold	10,1%	-2,2%	6,1%	17,0%	45,0%
Crude Oil WTI	79,7%	73,7%	-42,3%	7,6%	-13,6%
Crude Oil Brent	75,4%	70,4%	-39,2%	6,5%	-15,8%
Silver	57,8%	-21,8%	11,5%	21,0%	24,6%
Platinum	37,9%	-15,2%	3,5%	-4,2%	25,1%
Palladium	41,8%	-30,5%	-31,7%	-30,1%	17,1%
Aluminium	53,1%	12,3%	-17,9%	13,7%	-3,8%
Copper	72,8%	-3,6%	-12,9%	16,6%	0,3%
Nickel	40,4%	54,5%	-24,5%	-14,8%	-14,5%

Source: LSEG Datastream, Deutsche Bank AG. Data as of June 10, 2025.



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