



Media Release

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Deutsche Bank Capital Markets Outlook 2026:

Artificial Intelligence as a growth engine in a world of risks

Deutsche Bank today presented its Capital Markets Outlook for 2026, in which it forecasts an overall robust development of the global economy, though it will remain shaped by geopolitical risks and political uncertainties. The structural transformation driven by Artificial Intelligence (AI) is likely to establish itself as a central growth engine, offering investors a wide range of investment opportunities. In a complex environment, the bank's experts believe that active risk management and targeted investing beyond traditional asset classes will be crucial for a stable and robust asset allocation.

Active risk management in a complex world

Christian Nolting, Global Chief Investment Officer at Deutsche Bank, maintains a fundamentally constructive view of the markets for 2026, but emphasises the increasing risks. "For 2026, we expect an overall robust development of the global economy. Nevertheless, the multitude of existing and potential crises and conflicts remains a challenge for investors," says Nolting.

Regarding international politics, he hopes for cooperation rather than confrontation. "Clientelism and an unwillingness to compromise threaten the stability of international relations," Nolting warns. Persistent risk factors –such as the situation in the Middle East, the war in Ukraine, and tensions between China and Taiwan – remain as pressing as concerns about elevated inflation rates and high government debt.

The trade conflict between the United States and China remains the most significant on a global scale. While the recently agreed "tariff truce" provides temporary relief, strategic differences regarding semiconductors and rare earth elements persist. "Additional disruptions to global trade relations could negatively impact the economy and capital markets, as tariffs act as indirect taxes on international supply chains," Nolting explains.

Artificial Intelligence (AI) remains a central growth driver, with massive investments primarily in the United States and China. "AI is a game-changer and will remain a structural growth theme in 2026," Nolting explains. At the same time, he urges caution: "Overinvestment and electricity shortages could dampen expectations." In parallel, economic policy is increasingly characterised by state intervention. While a positive fiscal impulse supports growth, subsidies and export restrictions pose long-term risks. "Not every state intervention leads to success. Misallocations can weaken competitiveness," Nolting warns.

Therefore, according to Nolting, a broadly diversified strategy is crucial for investors. "Long-term investment success is based on discipline, active risk management and the willingness to seize opportunities across different asset classes," he summarises.

German recovery shifts to 2026

Robin Winkler, Chief German Economist at Deutsche Bank Research, sees a turning point for the German economy. After years of stagnation, he says that recovery is in sight for 2026. "Although the German economy has weathered the recession this year, the real upturn is expected to shift to next year. For 2026, we forecast a noticeable economic recovery and GDP growth of up to 1.5 percent. At the same time, the labour market is likely to at least stabilise," Winkler says.

The strongest growth stimulus will come from a significant increase in government spending, while private consumers and investors are likely to provide only minor impulses for growth for now. "One encouraging development, however, is the substantial corporate investment in intellectual property, which is increasingly compensating for weak equipment investment," says Winkler. In addition to fresh government demand stimulus in civil engineering, he expects an initial, tentative recovery in residential construction. Foreign trade, however, will continue to slow growth due to ongoing competitive weakness.

The German government's economic policy plays a key role. "The ECB's interest rate cuts are complete, and monetary policy will no longer provide additional expansionary impulses. The special fund for infrastructure and climate neutrality must be used in a targeted manner to achieve long-term growth effects," Winkler says. Furthermore, the government must address overdue structural reforms, such as the reduction of bureaucracy, he says.

Investment focus for 2026

Ulrich Stephan, Chief Investment Officer Germany in Deutsche Bank's Private Bank, sees an expansion of investment opportunities for 2026, but advises a disciplined approach: "The investment year 2026 will be characterised by a

broader distribution of opportunities. While AI remains a central growth driver, other sectors and regions are also catching up. A successful long-term strategy is not about avoiding risks, but about actively seeking, evaluating and consciously taking them. For investors, this means remaining disciplined, actively managing risks and deliberately looking beyond established favourites and benchmarks."

Equities: the investment universe expands

Equity markets are likely to become more broadly diversified in 2026, according to Stephan. While "Big Tech" will continue to gain strength due to the AI boom, other regions and sectors should also continue their catch-up. "We expect solid double-digit earnings growth for most regions, spread across more sectors than in previous years," Stephan explains.

In addition to technology companies, industries such as the construction industry (data centers), energy suppliers (rising electricity demand) and industrial companies along the supply chain are likely to benefit from the AI boom. "Banks should also perform well due to high capital market activity and a stable interest rate environment," says Stephan.

As interesting additions beyond core investments, sectors such as pharmaceuticals and luxury consumption could come back into focus, likely benefitting from diminishing trade policy headwinds and recovering demand. Small and mid-cap stocks could also become attractive for investors; they especially benefit from lower interest rates and strong domestic market orientation.

Bonds: back to normal with positive real yields

According to Stephan, a stable regime has been established in bond markets. "Yield curves have normalised and investors are once again rewarded for longer maturity. Positive real yields are again possible with government bonds in the United States and Europe," says Stephan. The focus in 2026 will clearly be on interest income and less on capital gains.

For corporate bonds with good credit ratings (Investment Grade) risk premiums (spreads) are historically tight, which increases the risk of negative surprises. Quality and the selection of solid issuers are therefore crucial, Stephan says. "While yields in the high-yield segment appear attractive, we would generally prefer investment-grade securities due to higher expected default rates," Stephan advises.

Alternative Investments: portfolio building block for diversification and resilience

"For a robust portfolio, alternative investments are no longer just an option, but a necessity," says Ulrich Stephan. They offer private investors the opportunity to diversify their portfolio beyond traditional markets such as equities or bonds. Experts see interesting opportunities for 2026 particularly in private equity, infrastructure and private credit.

Private equity invests in unlisted companies and allows participation in their value development, which is associated with higher equity risk. Investments in infrastructure such as energy or data centers, however, promise stable returns, supported by long-term contracts and a high global investment need.

The private credit sector, i.e., direct lending to companies, has grown strongly due to increased interest rates and can offer inflation protection through variable interest rates, but also carries default risks.

Investors should note that these investment forms carry higher and often less predictable risks. Ulrich Stephan emphasises: "Alternative investments are less about maximising returns and more about intelligently managing overall risk." That means their main purpose is to diversify and stabilise the overall investment strategy.

Commodities: strategic metals and gold in focus

In the commodity sector, Stephan highlights the immense strategic importance of rare earth elements, which are indispensable for key technologies such as AI and electromobility. "The race for access to these critical minerals and the search for substitutes will intensify. This offers long-term opportunities for specialised companies," says the Chief Investment Officer.

In the oil market, he expects prices to remain at low levels due to an anticipated global oversupply. In contrast, he sees further upside potential for gold, saying: "Strong demand from central banks and from investors seeking a hedge for their technology investments is likely to support the gold price in 2026."

Currencies: stable US dollar despite headwinds

After a sharp depreciation at the beginning of 2025, Stephan expects the US dollar to stabilise in the coming year. "A strong US equity market, driven by AI investments and fiscal stimulus, is likely to ensure corresponding capital inflows into the dollar," he explains. While headwinds will come from expected Fed interest rate cuts and high US government debt, he says, overall, the driving and dampening factors appear to balance each other out, which points to a stable development against the euro.

Forecasts for year-end 2026:

Market	Forecast
DAX	26,100 points
Eurostoxx 50	5,950 points
S&P 500	7,500 points
Oil (Brent)	60 US dollars/barrel
Gold	4,500 dollars/troy ounce
German 10-year government bonds	2.70 percent
US 10-year government bonds	4.15 percent
EUR/USD	1.15 US dollars

Past performance and forecasts are not reliable indicators of future performance.

Source: Deutsche Bank Chief Investment Office

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Forward-looking statements

This release contains forward-looking statements. Forward-looking statements are statements that are not historical facts; they include statements about our beliefs and expectations and the assumptions underlying them. These statements are based on plans, estimates and projections as they are currently available to the management of Deutsche Bank. Forward-looking statements therefore speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

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Such factors include the conditions in the financial markets in Germany, in Europe, in the United States and elsewhere from which we derive a substantial portion of our revenues and in which we hold a substantial portion of our assets, the development of asset prices and market volatility, potential defaults of borrowers or trading counterparties, the implementation of our strategic initiatives, the reliability of our risk management policies, procedures and methods, and other risks referenced in our filings with the U.S. Securities and Exchange Commission.

Such factors are described in detail in our SEC Form 20-F of 13 March 2025 under the heading "Risk Factors". Copies of this document are readily available upon request or can be downloaded from www.db.com/ir.