

## The J.P. Morgan View

Worse is needed to reverse the risk rally.

- **Asset allocation** — Rising risk factors in last year's trio of the US, China and Euro Area stopped the risk rally in its tracks last month but did not reverse it. Worse than we currently forecast is needed to reverse the rally, in our view. We stay long equities and credit on a medium-term value view.
- **Economics** — Hard activity data for January are confirming the world economy has started to lift from the lows of Q4. But the drop in the Global PMI and extra US fiscal tightening appear to be limiting upside to forecasts. We again raise Japanese 2013 growth, from 0.5% to 1.0%.
- **Fixed Income** — Impact of Italian election to remain relatively localized.
- **Equities** — We prefer to express our EM equity OW against Euro rather than US equities. Open a short in MSCI EMU\$ vs. MSCI EM\$.
- **Credit** — Spread moves suggest Italian risks are contained within Europe.
- **Currencies** — Sell GBP/USD and GBP/SEK, buy USD/THB (sequester hedge), and stay long EUR/GBP, USD/JPY and EUR/JPY in options.
- **Commodities** — Stay short Brent.
- **If you like the video, push on the picture in the upper right in the pdf.**
- **The second month of the year is now in the bag**, inducing us again to check how the strategy and views are working. Markets were effectively in a holding pattern with virtually no change in global equities and credit spreads, a slight rally in bonds (3bp fall in our GBI), but a 4% drop in global equities, and the decent rally in the US dollar against both DM and EM currencies. US assets outperformed the world, while EM assets broadly underperformed. Our 2013 global growth forecasts remain unchanged. After a strong start in January, our model portfolios eked out only a small gain in February.
- The past month's data overall confirmed the view that **economic activity** is rebounding. We keep a projection of a 2.4% global growth pace for both Q1 and calendar 2013, virtually unchanged from what we had a month ago (see chart p. 2 and table p. 6). But the upside risk bias we signaled then still has to be acted upon as we have since seen a slight drop in the Global Manufacturing PMI (out this morning), a renewed US fiscal policy move to the dark side with full sequestration spending cuts starting today, and Euro area data that disappointed. At the same time, the Japanese reflation trade appears to be gathering strength, with government proposing three reflationists – Kuroda, Iwata, and Nakaso – for the leadership of the BoJ, and activity data surprising nicely on the upside. We raise 2013 GDP growth from 0.5% to 1.0% for Japan.
- Our **bullish views and strategies on credit and equities** have for long been based on the positive gap between high risk premia on these assets over safer ones, and the expected fading of tail risk perceptions on global economies and markets. This view was challenged this past month by renewed polarization in Washington, an anti-austerity vote in Italy and renewed Chinese tightening measures to contain house price inflation. In the event, these risk factors only stopped the global rally, and did not reverse it. We believe worse is needed to stop the rally and this is not currently in our forecasts.

[Click here to view video](#)



### Global Asset Allocation

**Jan Loeys** <sup>AC</sup>

(1-212) 834-5874

jan.loeys@jpmorgan.com

JPMorgan Chase Bank NA

**John Normand**

(44-20) 7134-1816

john.normand@jpmorgan.com

J.P. Morgan Securities plc

**Nikolaos Panigirtzoglou**

(44-20) 7134-7815

nikolaos.panigirtzoglou@jpmorgan.com

J.P. Morgan Securities plc

**Seamus Mac Gorain**

(44-20) 7134-7761

seamus.macgorain@jpmorgan.com

J.P. Morgan Securities plc

**Matthew Lehmann**

(44-20) 7134-7813

matthew.m.lehmann@jpmorgan.com

J.P. Morgan Securities plc

**Leo Evans**

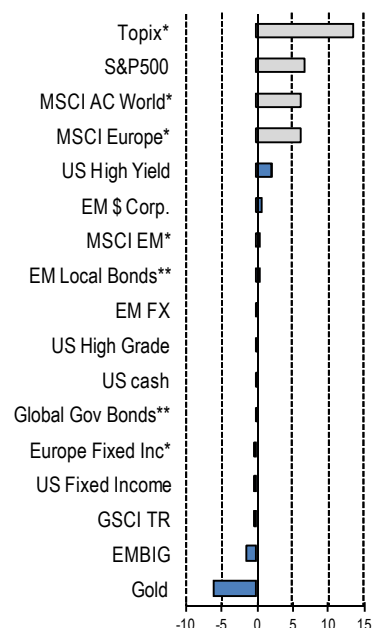
(44-20) 7742-2537

leonard.a.evans@jpmorgan.com

J.P. Morgan Securities plc

### YTD returns through Feb 28

%, equities are in lighter color.



Source: J.P. Morgan, Bloomberg. See blue box on page 2 for description.

- **A deepening of risks is not inconceivable, but likely requires a significant worsening in policy decisions and economic data than what we have seen so far and than we have reason to expect.** Full US sequestration spending cuts are now a reality and should be in the price. We think a Congressional refusal to renew its Continuing Resolution expiring March 27, or to further lift or suspend the debt limit in May to July are very unlikely. The Italian elections should create more instability in Italy but are not sufficient to scupper the relative euro peace (see below under *FX*), in our view. And Chinese measures to contain real estate are more a local than global issue.
- Risk has not disappeared from the world, but many of these events have stopped having a sustained global impact. We keep a long risk on global equities and credit, and position on local risk through country allocations, in discussed below and next week's GMOS.

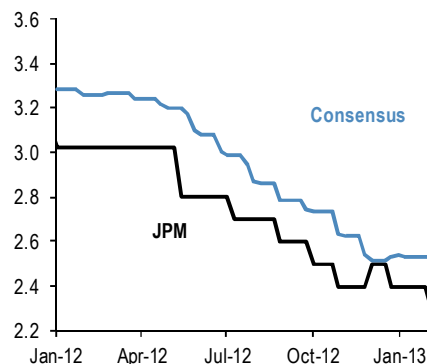
## Fixed Income

- **Most bond markets rallied strongly on the Italian election surprise.** Even so, the inconclusive result does not appear to have shaken investors' conviction that the euro crisis remains in a chronic rather than an acute and contagious phase. The clearest sign of the **relatively localized impact** is that Spanish yields edged down this week, even as Italian yields have spiked higher. We look for higher Italian yields ahead, both outright and against Spain, as uncertainty about the formation of a new government persists.
- UK gilts are the best-performing core market this week, while Japan is the best-performing this year. Both countries have seen **reflationary (Japan) or inflationary (UK) central bank rhetoric**. But whereas for currencies the impact of this has been clear, for bonds the picture is more nuanced, as the support of central bank bond buying vies with the potential for higher inflation ahead. More weak data in the **UK** have fuelled expectations of another bout of QE next week. The decision is a close call, but on balance we do not expect more easing, and think there is room for gilts to underperform cross-market.
- In the **US**, bonds have rallied after Fed comments it remains committed to provide stimulus until there and beyond the time there is enough evidence of much stronger growth. With this view in the price, we take profit on our long duration view. We continue to trade US fixed income tactically around a medium-term neutral duration view.
- In **Japan**, the new government surprised by nominating Kikuo Iwata, a supporter of **radical reflation policies**, as one of the two new deputy governors of the Bank of Japan. Elevated expectations of what the new BoJ leadership will deliver have pushed 10-year JGB yields to their lowest in a decade. We think a further rally, to as low as 60bp in 10-year yields, is possible, though that level is unlikely to be sustained.

## Equities

- Global equities were again under pressure this week, following a problematic Italian election result. It is the fourth week in a row that MSCI AC world declined in USD terms, but this is mostly due to the steady rise in the dollar. **In local terms, global equities are trading a range and are flat this month.**
- The slide of equity markets in USD terms over the past weeks is miniscule compared to the 5% correction during the US Presidential election or the 15% correction following the first Greek election a year ago. But we believe that

2013 Global GDP growth forecasts: JPMorgan and Consensus



Source: J.P. Morgan, Consensus Economics. Consensus Economics forecasts are for regions and countries that we averaged using the same 5-year rolling USD GDP weights that we use for our own global growth forecast.

### More details in ...

*Global Data Watch*, Bruce Kasman and David Hensley  
*Global Markets Outlook and Strategy*, Jan Loeys et al.

*US Fixed Income Markets*, Pavan Wadhwa, Matthew Jozoff, and Srinivas Ramaswamy

*Global Fixed Income Markets*, Fabio Bassi

*Emerging Markets Outlook and Strategy*, Joyce Chang

*Key trades and risk: Emerging Market Equity Strategy*, Adrian Mowat et al.

*Flows and Liquidity*, Nikos Panigirtzoglou et al.

Description of YTD Chart on p. 1: Returns in USD. \*Local currency. \*\*Hedged into USD. Euro Fixed Income is iBoxx Overall Index. US HG, HY, EMBIG and EM \$ Corp are JPM indices. EM FX is ELMF+ in \$.

the Italian election result is not insignificant in that it may raise tail risks for the Euro area once again. At the same time it likely increases the risk that investors will resort to the “safety” of US equities as happened for most of the previous 2-3 years during the escalation of the Euro debt crisis.

- **To address this new risk we express our EM equity overweight against Euro area equities rather than US equities.** US equities had outperformed for most of the previous 2-3 years up until August 2012. Following the OMT program and a decision to keep Greece in the Euro area last August, US equities started underperforming against both European and EM equities. This underperformance was exacerbated by US fiscal cliff fears. But this year investors flocked to US equities again. And it is not retail investors, who favored EM equities YTD, but rather institutional investors who supported US equities this year. A rise in US share buyback and M&A activity in February also helped. **Open a short in MSCI EMUS vs. MSCI EMS.**
- The final reading for the global manufacturing PMI was 50.8 for Feb, 0.6pts below Jan’s level. As discussed last week, this is the first monthly fall since the index started rebounding last September. Our PMI signal for trading Cyclical vs Defensive equity sectors is based on a two-month change in the global manufacturing PMI though, and this two-month change remains positive at 0.7pts. As a result we are reluctant to completely abandon our OW in Cyclical vs Defensive equity sectors but cut the position in half last week.

## Credit

- **Spreads edged wider this week** and Europe underperformed the US on political uncertainty in Italy. US spreads were actually unchanged, which suggests that credit investors view the risks posed by the Italian anti-austerity vote as being more localized than comparable events in Greece last year. US HY outperformed in spread terms as the only market that tightened, and yesterday’s *Default Monitor* showed that realized default rates continued to come down in February for a sixth consecutive month. The par-weighted US HY default rate is now just 1.2%, its lowest since June 2012.
- However, high-yield funds continue to see outflow. Short interest in the largest US HY ETF ticked up to a record 13% of outstandings. Clearly there is still some concern about overpricing among investors. However, we show in *F&L* this week that high short interest in ETFs is better viewed as a contrarian signal and this has historically indicated potential buying opportunities.

## Foreign Exchange

- **As European flare-ups go, the market reaction this week was tame** compared to those from the past four years. Admittedly, it is unfair to call this week’s Italian electoral shock a Greek-like event. The only similarity is the surge in voter support for an upstart party (Five Star) as occurred with Syriza last year. But Five Star’s platform is less menacing than Syriza, isn’t so relevant if traditional parties of the center-left and center-right broker a grand coalition. Thus the Italian experience bears some similarity to other European ones in terms of broad market direction, but departs markedly on a number of levels: 1) On average EUR/USD has fallen more than 8% and the trade-weighted dollar climbed 5% during European flare-ups, but moves in the current episode have been far smaller, amounting to less than 1/3<sup>rd</sup> of the usual amount; 2) The euro’s decline in this episode has been pre-emptive ahead of elections; 3) Cyclical G10 currencies weakened this month alongside equities,

### More details in ...

*US Credit Markets Outlook and Strategy, Eric Beinstein et al.*

*High Yield Credit Markets Weekly, Peter Acciavatti et al.*  
*European Credit Outlook & Strategy, Steven Dulake et al.*

*Emerging Markets Cross Product Strategy Weekly, Eric Beinstein et al.*

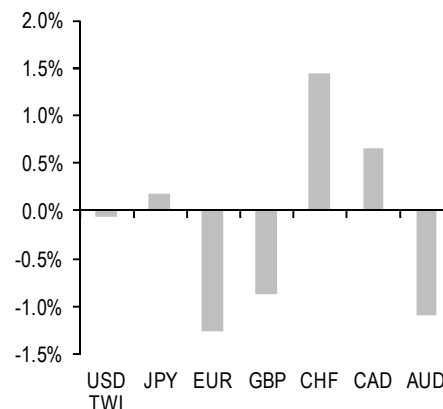
but many EM currencies decoupled; 4) FX vols have been significantly better behaved this month than might have been expected ex-ante.

- This pattern shows a **decent disregard for political risk** in one of the world's most indebted and consistently stagnant economies, but for good reason we believe: Italy's fiscal performance is much less at risk than its structural reform agenda, and the ECB's next move (a 25bp rate cut) is trivial easing compared to central bank balance sheet expansions in the US, Japan and eventually the UK. Italy's fiscal performance is already solid -- a primary surplus of 3% of GDP -- and endorsed by center-right and center-left. So as an acute credit stress issue which delivers capital flight which weakens the euro or higher volatility which weakens high-yield currencies, Italy doesn't qualify. The currency angle is more through monetary policy, since policy paralysis in Italy can prolong the country's recession, and since prolonged recession can motivate ECB easing. But here too the case for much of a euro decline looks fairly weak since Eonia rates are already close to zero. A negative deposit rate would be more impactful but also still unlikely, since the ECB still thinks this policy entails unpredictable consequences for bank behavior (like potentially charging higher rates on loans to recoup losses from a negative deposit rate).
- Hence the **unchanged EUR/USD forecast of 1.32 for mid-year**: that trendless projection reflected expectations of an Italian election pothole and the possibility that money market rates would linger near zero until the periphery were closer to exiting recession. In terms of strategy, the euro seems more a sell versus stronger economy currencies in the region (SEK) or elsewhere where rates are rising (BRL). In the macro portfolio, sell GBP/USD and GBP/SEK in cash, buy USD/THB in cash (sequester hedge), and stay long EUR/GBP, USD/JPY and EUR/JPY in options. Also stay short NZD/USD and GBP/SEK in options.

## Commodities

- Commodities sold off sharply this week, down over 2%, with the oil market the worst hit. **We went short Brent** two weeks ago given Brent's outperformance versus other risk assets and versus other grades of crude oil, in spite of no meaningful change in supply conditions (*J.P. Morgan View* 15 Feb). Since then Brent is down 6% compared to a 2% fall over the same period for commodities overall (DJ UBS index). **We stay short Brent for now** as we think this correction will likely continue in the near term.
- **Commodities overall have been underperforming equities for almost two years now.** Equities have managed to rally in spite of weak global growth and falling growth expectations. As discussed before, we see the fading tail risks on Europe, China and to some extent the US fiscal situation as the main driver of the rally in assets with high risk premia over safe assets. Commodities, in contrast, are much more directly related to global growth, and offer no excess yield versus safe asset classes. In our view, only very tight supply conditions in many markets have kept commodities from falling in response to the weaker demand outlook. The Italian election result and the US sequester are not systemic threats in our view but they do add to the uncertainty around global growth and thus are a further headwind to commodity outperformance. **Our strategy thus remains focused on relative value trades within commodities based on relative supply conditions.**

FX weekly change in USD



Source: J.P. Morgan

### More details in ...

FX Markets Weekly, John Normand et al.  
Commodity Markets Outlook & Strategy,  
Colin Fenton et al.  
Oil Markets Monthly, Colin Fenton et al.  
Daily Metals Note, Colin Fenton et al.  
Agriculture Weekly, Dietz et al.

Interest rates		Current	Mar-13	Jun-13	Sep-13	Dec-13	YTD Return*
United States	Fed funds rate	0.125	0.125	0.125	0.125	0.125	
	10-year yields	1.85	1.80	1.90	2.00	2.00	-0.3%
Euro area	Refi rate	0.75	0.50	0.50	0.50	0.50	
	10-year yields	1.41	1.40	1.55	1.70	1.80	-0.6%
United Kingdom	Repo rate	0.50	0.50	0.50	0.50	0.50	
	10-year yields	1.87	2.35	2.45	2.55	2.60	-1.1%
Japan	Overnight call rate	0.05	0.05	0.05	0.05	0.05	
	10-year yields	0.65	0.75	0.75	0.80	0.90	1.2%
GBI-EM hedged in \$	Yield - Global Diversified	5.48				5.70	0.3%

Credit Markets	Current	Index	YTD Return*
US high grade (bp over UST)	158	JPMorgan JULI Portfolio Spread to Treasury	0.0%
Euro high grade (bp over Euro gov)	167	iBoxx Euro Corporate Index	-0.1%
USD high yield (bp vs. UST)	515	JPMorgan Global High Yield Index STW	1.9%
Euro high yield (bp over Euro gov)	633	iBoxx Euro HY Index	0.7%
EMBIG (bp vs. UST)	289	EMBI Global	-1.6%
EM Corporates (bp vs. UST)	318	JPM EM Corporates (CEMBI)	0.7%

Commodities	Current	Quarterly Averages				GSCI Index	YTD Return*
		13Q1	13Q2	13Q3	13Q4		
Brent (\$/bbl)	110	112	108	120	120	Energy	1.1%
Gold (\$/oz)	1575	1750	1775	1800	1775	Precious Metals	-5.9%
Copper (\$/metric ton)	7784	8500	8700	9000	9200	Industrial Metals	-2.8%
Corn (\$/Bu)	7.07	7.75	8.00	6.50	6.00	Agriculture	-1.7%

Foreign Exchange	Current	Mar-13	Jun-13	Sep-13	Dec-13	3m	YTD Return*
						Cash	CCY vs. USD
EUR/USD	1.30	1.32	1.32	1.34	1.34	EUR	-0.8%
USD/JPY	93.6	94	97	97	96	JPY	-6.2%
GBP/USD	1.50	1.50	1.47	1.51	1.51	GBP	-6.5%
AUD/USD	1.05	1.04	1.05	1.06	1.07	AUD	-0.8%
USD/BRL	1.98	1.92	1.90	1.92	1.95	BRL	4.3%
USD/CNY	6.2	6.28	6.25	6.2	6.15	CNY	0.5%
USD/KRW	1085	1070	1060	1040	1020	KRW	-0.7%
USD/TRY	1.8	1.8	1.8	1.75	1.75	TRY	0.0%

Equities	Current	YTD Return (local ccy)
S&P	1515	6.6%
Nasdaq	3169	5.4%
Topix	984	13.5%
FTSE 100	6361	8.4%
MSCI Eurozone*	155	2.2%
MSCI Europe*	1212	6.1%
MSCI EM \$*	1055	0.1%
Brazil Bovespa	56868	-6.5%
Hang Seng	22880	3.0%
Shanghai SE	2360	6.3%

\*Levels/returns as of Feb 28, 2013

Local currency except MSCI EM \$

Source: J.P. Morgan

Sector Allocation *	US	Europe	Japan	EM
	YTD	YTD	YTD	YTD (\$)
Energy	8.1%	2.7%	13.3%	-4.4%
Materials	2.3%	2.1%	13.3%	-5.1%
Industrials	8.3%	7.5%	9.8%	1.8%
Discretionary	6.9%	5.4%	17.0%	0.0%
Staples	9.2%	9.8%	17.6%	1.6%
Healthcare	8.9%	9.4%	22.9%	0.4%
Financials	7.3%	7.0%	14.5%	3.1%
Information Tech.	2.0%	7.7%	8.6%	3.0%
Telecommunications	5.9%	1.5%	13.8%	-3.4%
Utilities	7.2%	-1.3%	2.6%	1.9%
Overall	6.6%	6.1%	13.5%	0.1%



## Global Economic Outlook Summary

	Real GDP			Real GDP							Consumer prices			
	% over a year ago			% over previous period, saar							% over a year ago			
	2011	2012	2013	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	3Q12	4Q12	2Q13	4Q13
<b>The Americas</b>														
United States	1.8	2.2	1.5	3.1	0.1 ↑	1.5	1.5	2.0	2.5	2.0	1.7	1.9	1.8 ↓	1.6 ↓
Canada	2.6	1.8 ↓	1.6 ↑	0.7 ↑	0.6	1.7	2.0	2.2	2.5	2.0	1.2	0.9 ↓	1.4	2.0
Latin America	4.2	2.5	3.5 ↑	2.0 ↓	3.2 ↑	2.9	3.9	4.2	3.8	4.0	4.7	4.7	4.8	4.6
Argentina	8.9	1.9	3.0	2.5	6.0	3.5	3.0	1.6	1.5	1.5	10.0	10.0	10.0	11.0
Brazil	2.7	0.9	3.6 ↑	1.5 ↓	2.2 ↓	2.7	3.7	4.4	3.9	4.2	5.2	5.6	6.2	5.8
Chile	6.0	5.6	5.0	5.7	2.8	5.5	6.5	3.5	3.0	6.0	2.6	2.2	2.2	3.1
Colombia	5.9	3.3	4.0	-2.6	3.7	4.2	6.1	6.1	5.3	4.5	3.1	2.8	2.1	2.5
Ecuador	8.0	5.0	4.0	6.3	5.5	5.0	3.0	3.0	4.0	5.0	5.1	4.6	5.4	4.7
Mexico	3.9	3.9	3.6	1.5	3.1	3.9	4.5	4.6	4.0	3.5	4.6	4.1	3.4	3.2
Peru	6.9	6.3	6.0	6.9	4.0	5.0	7.0	7.5	6.0	6.5	3.5	2.8	2.2	2.5
Uruguay	5.7	3.5	4.0	7.8	2.3	6.0	4.3	4.0	4.0	4.0	8.0	8.9	8.1	7.6
Venezuela	4.2	5.6 ↑	0.0	5.2 ↑	5.7 ↑	-4.0	0.0	3.0	4.0	4.0	19.0	18.7	31.0	35.7
<b>Asia/Pacific</b>														
Japan	-0.5	1.9	1.0 ↑	-3.8	-0.4	2.0 ↑	3.2 ↑	2.5 ↑	2.9	3.4	-0.4	-0.2	0.1	0.3
Australia	2.4	3.5	2.5	1.9	1.8 ↑	2.4 ↓	2.7 ↓	3.7 ↑	2.6 ↑	4.3	2.0	2.3 ↓	2.9 ↓	2.7
New Zealand	1.4	2.3	2.8	0.8	2.5	3.8	4.3	1.6	3.1	3.7	0.8	1.4	1.5	2.3
Asia ex Japan	7.4	6.2 ↓	6.7	5.9 ↓	7.7	6.7	6.9 ↑	6.9	6.9 ↓	7.0 ↑	3.2	3.4 ↑	3.8	4.2
China	9.3	7.8	8.2	8.0	9.4	8.0	8.2	8.2	8.2	8.0	1.9	2.1	3.0	3.6
Hong Kong	4.9	1.4 ↑	3.8 ↑	3.2 ↑	4.9 ↑	3.5	3.5	5.0	5.0	2.0	3.1	3.8 ↑	3.5	3.7
India	6.2	5.0 ↓	5.8	3.5 ↓	4.7 ↓	6.4 ↑	6.5 ↑	5.3 ↓	5.6 ↓	7.6 ↑	9.8	10.1 ↑	9.0	8.5
Indonesia	6.5	6.2	5.7	5.3	6.9	5.0	6.0	6.0	5.5	5.5	4.5	4.4	3.9	4.6
Korea	3.6	2.0	2.8	0.2	1.5	3.1	4.0	4.5	4.5	4.0	1.6	1.7	2.4	3.0
Malaysia	5.1	5.6	5.1	5.2	7.9	5.0	4.5	4.5	5.0	6.3	1.4	1.3	2.3	2.6
Philippines	3.9	6.6	5.3	7.0	6.1	4.5 ↓	4.9	5.3 ↑	5.3	5.3	3.5	3.0	3.0 ↑	3.3 ↑
Singapore	5.2	1.3	2.2 ↓	-4.6	3.3	4.5 ↓	2.0 ↑	3.6 ↓	4.1 ↓	6.1 ↑	4.2	4.0	3.5 ↓	3.8 ↓
Taiwan	4.1	1.3	4.2	3.9	7.3	4.0	4.0	4.2	4.3	3.4	2.9	1.8	1.3	2.3
Thailand	0.1	6.4	5.4	6.1	15.0	4.5	4.5	5.0	5.0	4.5	2.9	3.2	4.2	4.0
<b>Africa/Middle East</b>														
Israel	4.6	3.0	3.1	2.9	2.8	3.2	2.8	3.6	3.6	3.2	1.8	1.9	1.9	2.2
South Africa	3.5	2.5	2.7	1.2	2.1 ↑	3.4	3.6	3.9	3.8	3.8	5.1	5.6	5.6	5.0
<b>Europe</b>														
Euro area	1.5	-0.5	-0.2	-0.3	-2.3	-0.3	0.5	1.3	1.5	1.5	2.5	2.3	1.7 ↓	1.6
Germany	3.1	0.9	1.0	0.9	-2.3	1.8	2.0	2.5	2.5	2.5	2.1	2.0	1.9 ↑	2.0 ↑
France	1.7	0.0	-0.2	0.6	-1.1	-1.0	0.0	1.0	1.0	1.5	2.3	1.7	1.3 ↓	1.3 ↓
Italy	0.6	-2.2	-1.2	-0.8	-3.7	-1.5	0.0	1.0	1.0	1.0	3.4	2.6	1.7	2.1
Spain	0.4	-1.4	-1.4	-1.1	-2.8	-1.8	-1.0	0.0	0.0	0.0	1.9	3.2	2.5 ↑	2.5 ↑
United Kingdom	0.9	0.2 ↑	1.0	3.9 ↑	-1.0 ↑	0.8	1.5	2.0	2.0	2.0	2.4	2.7	2.8	2.9
Emerging Europe	4.8	2.4	2.4	1.3 ↓	1.5 ↑	2.2 ↑	2.6 ↓	3.6 ↓	2.6 ↓	3.3	6.1	5.7	5.6	5.0
Bulgaria	1.7	0.7	1.5	...	...	...	...	...	...	...	...	...	...	...
Czech Republic	1.9	-1.1	0.0	-1.3	-0.9 ↓	0.0	1.1 ↓	1.6 ↓	1.0 ↓	1.8 ↓	3.3	2.7 ↓	2.2	2.4
Hungary	1.6	-1.7	-0.5	-1.6	-3.6	0.0	0.5	2.0	2.0	1.5	6.1	5.4	2.9	2.9
Poland	4.3	2.0	1.5	1.2 ↓	0.8 ↑	1.3	2.3	3.0	2.3	2.3	3.9	2.9	1.4	2.2
Romania	2.5	0.2	1.5 ↑	-1.8	0.8	0.8 ↑	3.4 ↑	4.3 ↑	2.4	2.0	4.1	4.8	6.3	5.1
Russia	4.3	3.4	2.8	2.2	2.5	3.0	3.0	4.0	3.0	4.0	6.0	6.5	6.9	5.7
Turkey	8.5	2.6	3.7	...	...	...	...	...	...	...	9.0	6.8	6.7	6.3
<b>Global</b>														
Developed markets	3.1	2.4	2.4 ↑	2.0 ↓	1.5 ↑	2.4	2.9 ↑	3.2	3.4	3.4 ↑	2.5	2.6	2.6	2.6
Emerging markets	1.4	1.2	0.9 ↑	0.9	-0.7 ↑	1.0 ↑	1.5 ↑	1.9 ↑	2.2	2.1	1.7	1.7 ↓	1.6 ↓	1.6
Emerging markets	6.1	4.6	5.1	4.2 ↓	5.6 ↑	5.1	5.5 ↑	5.7	5.5	5.6 ↑	4.0	4.1 ↑	4.3	4.4

Source: J.P. Morgan

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