J.P.Morgan

Global Asset Allocation
22 March 2013

The J.P. Morgan View

Watch the growth gaps

- **Asset allocation** — With little movement in global growth projections or tail risk perceptions, strategy has become more bottom up, focused on assets with best value (stocks), and countries with better growth momentum (US and Japan).
- **Economics** — Euro area recession exit is pushed back to mid-year. Combined with downgrades for UK and EM Europe, this lowers 2013 European growth to 0.1%, from 0.4% before.
- **Fixed Income** — Barring a Cypriot accident, yields will struggle to break the bottom of the range.
- **Equities** — The improvement in global PMIs for March is not large enough. Exit overweight in Cyclical vs. Defensive equity sectors. Within regions stay OW Japanese equities and UW Euro area equities
- **Credit** — We prefer EM corporates over sovereigns.
- **Currencies** — Dollar to gain further against GBP and JPY.
- **Commodities** — We buy Brent as it is now looks cheap to our price target.

- **Stock markets pulled back slightly** from the new cycle highs they reached at the end of last week, as negative economic and political news have been hitting the wires since last weekend. Commodities fell back also, and bonds rallied, but credit is largely unchanged.
- The rejection by the **Cyprus** parliament a week ago of the Troika bailout proposal brought EMU event risk back to markets, pushing risk prices down and bond prices up early this week. Since then, most investors and we have concluded that the numbers at hand are small enough relative to the risks to both sides that some form of a compromise is likely by Monday. Our guess is that Cyprus will decide it is better off (or less bad) staying in the Community rather than going alone. But it will likely be forced to bail-in large deposits, putting a damper on its off-shore banking business.
- But we cannot discount Cyprus exit risk and it is likely higher than it ever was for Greece. If Cyprus decides it is better off outside, risk assets would suffer badly, but the impact would be tampered by EU messaging that the country was an offshore banking system that never belonged in EMU, and that this event has no implication for other periphery members.
- But even if Cyprus does decide to stay in EMU, the **saga will not be over** and could have a nasty tail. It is quite possible Cyprus will have to instate capital control and/or deposit freezes after its banks open next week. And the sudden willingness of the EU to bail in private depositors risks broader capital flight from other EMU members, even those with more solid banks.
- Today's *Flows & Liquidity* reviews the potential impact on EMU capital flows. It estimates that large and uninsured deposits could make up about half of euro bank deposits. We will need to monitor closely bank borrowings from the ECB in coming weeks to gauge any capital flight, in particular by smaller countries with large banking sectors, such as Luxemburg and Malta.

See page 7 for analyst certification and important disclosures.

Global Asset Allocation

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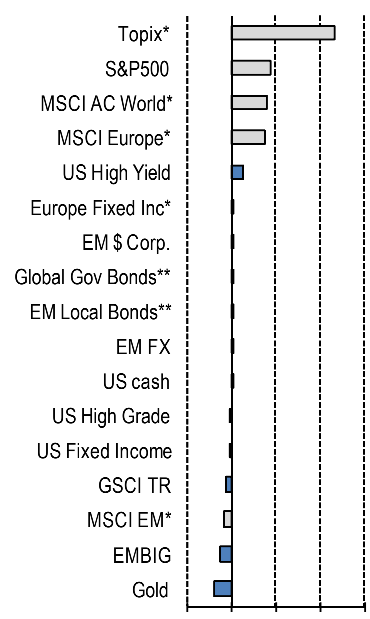
YTD returns through Mar 21
%, equities are in lighter color.



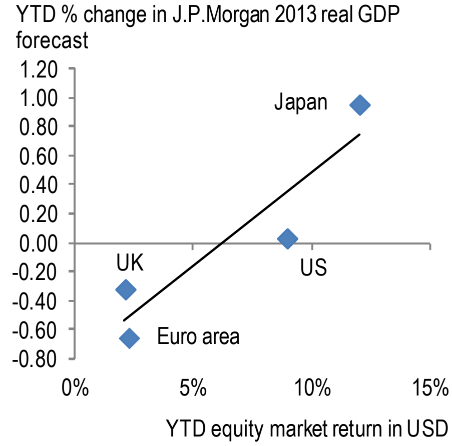
Source: J.P. Morgan, Bloomberg. See blue box on page 2 for description.

- We have argued here repeatedly that 2013 is so far not turning into a repeat of last year's risk-on asset reflation, driven by fading tail risk and easy money, and pushing up all positive yield asset classes versus cash. Neither are we so far seeing a growth story, as our global growth projections for 2013 are unchanged YTD, and growth-sensitive sectors and countries have not moved.
- Instead, our argument has been, and remains, that we are in **a more idiosyncratic world, without powerful global drivers, where local risk and value factors determine relative performance**. Wide differences in investor positions and risk premia across asset classes, with equities standing out as the main underpriced asset class, help explain why credit, commodities, and EM currencies have not followed the equity rally. And with investors no longer driven purely by downside fears, events in China, Europe and the US no longer have the same global impact they had last year, aside from short-term disturbances that do not last more than a week.
- One differentiating factor across markets we have not focused on yet is the diverging outlook **for growth and economic policies** across countries. This week alone, we received an upside surprise on US data and in China's PMI and a downside one for the Euro area. We raised US growth last week, but accept there remains upside risk here. We feel comfortable about our Chinese outlook, but were forced to cut 2013 growth for the Euro Area, UK and EM Europe, bringing full European 2013 growth down from 0.4% to 0.1% (p. 6).
- YTD changes in our G4 growth projections are lining up nicely with YTD returns in their respective equity markets (charts on right). The same is true for the BRICs, except that growth-upside countries have had poorer equity returns as investors are focusing on the implications of higher growth for higher inflation and tighter monetary policy.

Fixed Income

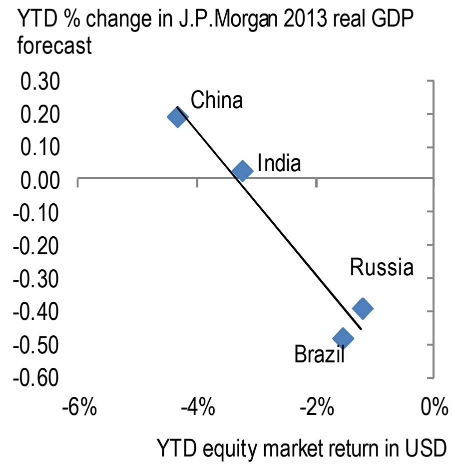
- **Bonds rallied on the Cypriot shock.** The initial decision to impose losses on insured depositors, even if ultimately reversed, sets a dangerous precedent for the Euro area. Attention will now focus on whether this sparks **renewed deposit outflows** elsewhere in the periphery, which will likely show up first in increased ECB borrowing. We take some comfort from the fact that Italian and Spanish banks have quite a low proportion of foreign and corporate deposits, which tend to be flightier than domestic and household deposits.
- Making predictions on a Friday about what will happen over the weekend has been a fraught business these past few years. Even so, our base case is for a **solution to emerge in Cyprus**, pushing up risk assets and government yields on Monday. Global gov't yields are near the lows for the year (see chart). We have been playing the range in Treasuries for a while, and would look to cover our long with yields around the bottom of the range. We also close our tactical long in German Bunds. We retain a medium-term positive view on Euro area peripherals, which held in quite well this week, and close our UW in Italy, with a resolution of the post-election standoff seemingly closer.
- We see a subtle shift in the prospects for **relative monetary policy**, opening the door to greater divergences in long-term yields over time. This week, we penciled in a June rate cut from the ECB, and more QE from the BoE, in the wake of very disappointing Euro area PMI data, while Japan remains on the cusp of its newly-aggressive monetary easing. On the other hand, the next move from the Fed is set to be a downward tapering in the pace of asset purchases, to be signaled around year end if our labor market forecast (monthly payroll growth around 175k) pans out, but earlier if growth and jobs surprise us on the upside.

YTD change in 2013 J.P. Morgan DM GDP growth forecasts vs. YTD equity market returns



Source: J.P. Morgan, Datastream

YTD change in 2013 J.P. Morgan EM GDP growth forecasts vs. YTD equity market returns



Source: J.P. Morgan, Datastream

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 Srini 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 ELMI+ in $.

Equities

- The equity rally paused due to the Cyprus crisis. Both consensus and we view Cyprus as a local problem which we address by **underweighting Euro stocks** in our global equity portfolio. This week's flash PMI reports reminded us of the economic challenges the euro area economy faces, which could get worse by the uncertainty arising from the Italian election and the Cyprus crisis.
- Looking at all three flash PMIs together – from the US, Euro area, and China – the overall message was more positive, due to increases in China and the US. On net, we look for the global manufacturing PMI to rise 0.4pts this month to 51.2 when the final figure is out Monday April 1st. However, such a rise is not big enough to keep our preferred signal, the 2-month change in the global manufacturing PMI, in positive territory. Mechanically this signal now suggests an underweight in Cyclical vs. Defensive sectors. We have the opposite trade in our model portfolio, i.e. we **overweight Cyclical vs. Defensive sectors which we now prefer to exit.**
- **Japan remains our preferred region**. Our overweight in Nikkei vs. Taiwan and Nikkei vs. Korea, FX hedged, is performing very strongly. Our objective is to capture growing optimism about Japan's economy and competiveness divergences within Asia. The optimism about the Japanese economy is likely to accelerate as the government unveils structural economic reforms in Q2.
- The long in **Russell 2000 vs. S&P500** is nicely adding beta to our equity portfolio. We like this trade also because we believe small caps are immune to modest market corrections, as equity investors tend to sell their more liquid large stocks first. Our **overweight in Value stocks** aims at capturing increasing focus on value by investors. Medium-term momentum favors this trade now. Value stocks have been outperforming significantly since last June, raising the chance that a 5-year old previous underperformance has ended.
- **The US housing recovery theme remains on track** despite a disappointing NAHB survey. The February report on housing starts and permits, including upward revisions, offsets the negative message from the NAHB survey. Stay long DJ US Home Construction index and BKX vs. S&P500.

Credit

- **US HG spreads widened some 3bp** this week**,** driven by UST yields, which declined about 6bp across the curve on the back of renewed European fears. However, spreads remain in the narrow range they have held YTD. We see few catalysts for spread tightening near term but demand for corporate bonds remains strong. This is evidenced by still **strong supply**, although we do expect this to weaken as the year progresses due to lower financial and EM issuance (see *CMOS*, Beinstein et al., 22 Mar).
- In **Europe**, lower growth expectations lead us to expect slightly wider HG than we previously thought. Our Euro growth forecast has declined from 1% to almost zero over the last few months, which means wider HG spreads by 20bp, according to our European credit strategy team. This is somewhat offset by lower expected Bund yields, giving us a marginally higher expected total return on European HG credit of 3% vs. the previous expectation of 2.4% for the year (see *Breaking out (of Recession) is Hard to Do,* Lamy et al., 22 Mar).
- Last week, we turned neutral on EMBIG, from OW as investors rotated out of EM $ sovereigns and into local markets and corporates. Since then EMBIG and CEMBI spreads have widened by 13bp and 10bp, respectively. We expect

Global 10-year government yield

Source: J.P. Morgan, Bloomberg. 10-year benchmarks weighted by GBI Global index weights.

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.

this recent outperformance by EM corporates to continue and **within CEMBI, we prefer HY issuers**.

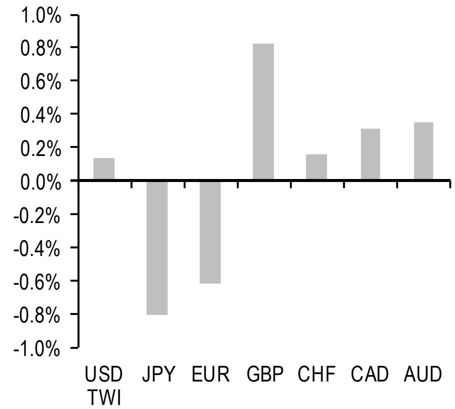
Foreign Exchange

- Today's **Key Currency Views** outlines our forecast rationales across markets. Q1 delivered broad USD strength. This trade-weighted trend should persist in early spring but not for all of Q2. Targets continue to reflect country-specific factors which have been dominating currency markets this year, rather than a top-down view on the dollar. Q2 forecasts are EUR/USD 1.32, USD/JPY 97, GBP/USD 1.47, AUD/USD 1.05, USD/CAD 1.01, USD/MXN 12.30, USD/BRL 1.90, USD/KRW 1060, USD/INR 55.5 and USD/ZAR 8.90.

- This year's **USD rally** has been extraordinary on some measures and ordinary on others. The currency has been positively correlated with equity performance, which is a rare occurrence. But this move has little to do with equity flows into the US. On a gross basis, foreign buying of US stocks is no stronger than foreign buying of European ones, and on a net basis, the US actually experienced a net equity outflow based on the most recent TIC data. Cross-border M&A has also been negligible (about $20bn) even though intra-US deals have revived. The US energy independence theme is also overstated: what the US has gained through a lower energy trade deficit it has given back through a wider non-energy deficit (see *American energy independence and the dollar*, Normand, Mar 14).

- Instead, this year has been mostly about the most ordinary of FX drivers: **falling interest rates in the rest of the world** versus the US, whether due to growth disappointment (EUR), expectations of more easing (JPY, GBP, RUB, HUF), dovish central banks (CAD, NOK) or yen contagion (KRW, TWD). From this perspective, Q2 should deliver further USD strength versus those currencies like JPY and GBP, where central bank balance sheets could expand the most (Japan and UK). Damage to the euro from ECB easing should be minor since eonia rates are already near zero and balance sheet expansion through an LTRO3 is very unlikely. The case for further easing from most other major and EM central banks is weak (just Hungary, Russia and Korea), so this rate influence on FX should diminish in Q2 and stabilize the trade-weighted dollar. Given the prevalence of local factors, risks are more pair-specific than around the trade-weighted dollar. On the major currencies, risks around the forecasts are balanced on USD/JPY, to the downside on EUR/USD and to the upside on GBP/USD.

FX weekly change in USD



Source: J.P. Morgan

Commodities

- **Commodities are down 1% this week** with all sectors but precious metals suffering losses. Energy led the way lower and Brent has now fallen to around $107/bbl. Our oil strategists believe supply and demand fundamentals imply Brent prices around $112/bbl and we think the 10% correction in Brent prices over the past few weeks has gone too far. Brent has been in a range from around $105/bbl to $120/bbl over the past year and our approach is to tactically position around this range. This means being short when prices are close to $120/bbl and long when prices get close to $105/bbl. **We thus open a tactical long in Brent**. This trade also has positive slide given the downward sloping forward curve, this is currently around 40bp per month.

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.

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Interest rates		Current	Jun-13	Sep-13	Dec-13	Mar-14	YTD Return*
United States	Fed funds rate	0.125	0.125	0.125	0.125	0.125	
	10-year yields	1.91	2.00	2.10	2.25	2.35	-0.5%
Euro area	Refi rate	0.75	0.50	0.50	0.50	0.50	
	10-year yields	1.38	1.55	1.70	1.80	1.90	0.0%
United Kingdom	Repo rate	0.50	0.50	0.50	0.50	0.50	
	10-year yields	1.85	2.40	2.50	2.55	2.60	-0.1%
Japan	Overnight call rate	0.05	0.05	0.05	0.05	0.05	
	10-year yields	0.56	0.65	0.65	0.70	0.80	2.0%
GBI-EM hedged in $	Yield - Global Diversified	5.59				5.70	0.1%

Credit Markets	Current	Index	YTD Return*
US high grade (bp over UST)	159	JPMorgan JULI Porfolio Spread to Treasury	-0.1%
Euro high grade (bp over Euro gov)	165	iBoxx Euro Corporate Index	0.6%
USD high yield (bp vs. UST)	496	JPMorgan Global High Yield Index STW	2.9%
Euro high yield (bp over Euro gov)	633	iBoxx Euro HY Index	1.6%
EMBIG (bp vs. UST)	299	EMBI Global	-2.3%
EM Corporates (bp vs. UST)	322	JPM EM Corporates (CEMBI)	0.5%

		Quarterly Averages					
Commodities	**Current**	**13Q1**	**13Q2**	**13Q3**	**13Q4**	**GSCI Index**	**YTD Return***
Brent ($/bbl)	107	112	108	120	120	Energy	-0.1%
Gold ($/oz)	1608	1750	1775	1800	1775	Precious Metals	-3.8%
Copper ($/metric ton)	7548	8500	8700	9000	9200	Industrial Metals	-6.1%
Corn ($/Bu)	7.26	7.75	8.00	6.50	6.00	Agriculture	0.0%

Foreign Exchange	Current	Mar-13	Jun-13	Sep-13	Dec-13	3m Cash	YTD Return* CCY vs. USD
EUR/USD	1.30	1.32	1.32	1.34	1.34	EUR	-1.9%
USD/JPY	94.4	94	97	97	96	JPY	-9.0%
GBP/USD	1.52	1.50	1.47	1.51	1.51	GBP	-6.5%
AUD/USD	1.05	1.04	1.05	1.06	1.07	AUD	1.3%
USD/BRL	2.01	1.92	1.90	1.92	1.95	BRL	3.7%
USD/CNY	6.2	6.28	6.25	6.2	6.15	CNY	0.7%
USD/KRW	1119	1070	1060	1040	1020	KRW	-3.6%
USD/TRY	1.8	1.8	1.8	1.75	1.75	TRY	-0.5%

Equities	Current	YTD Return (local ccy)
S&P	1546	8.9%
Nasdaq	3244	8.1%
Topix	1039	23.1%
FTSE 100	6389	9.4%
MSCI Eurozone*	158	4.3%
MSCI Europe*	1226	7.6%
MSCI EM $*	1022	-2.8%
Brazil Bovespa	55502	-9.7%
Hang Seng	22115	-2.2%
Shanghai SE	2328	4.7%

*Levels/returns as of Mar 21, 2013
Local currency except MSCI EM $
Source: J.P. Morgan

Sector Performance *	US YTD	Europe YTD	Japan YTD	EM YTD ($)
Energy	8.6%	3.6%	13.9%	-5.2%
Materials	4.2%	0.0%	19.5%	-10.2%
Industrials	**9.6%**	**9.3%**	19.1%	**-2.4%**
Discretionary	**10.0%**	5.9%	**26.4%**	-3.7%
Staples	**12.2%**	**13.3%**	**25.6%**	**0.2%**
Healthcare	**12.3%**	**13.6%**	**32.6%**	**1.6%**
Financials	**10.7%**	6.4%	**26.2%**	**0.2%**
Information Tech.	3.5%	**8.8%**	17.8%	**-1.2%**
Telecommunications	8.2%	**8.8%**	19.8%	-6.1%
Utilities	**10.1%**	1.4%	8.1%	**0.2%**
Overall	**8.9%**	**7.6%**	**23.1%**	**-2.8%**

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Global Economic Outlook Summary

	Real GDP % over a year ago				Real GDP % over previous period, saar							Consumer prices % over a year ago			
	2011	2012	2013	2014	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	3Q12	4Q12	2Q13	4Q13
The Americas															
United States	1.8	2.2	1.8	2.3	3.1	0.1	2.3	1.5	2.0	2.5	2.0	1.7	1.9	1.9	1.7
Canada	2.6	1.8	1.4	2.1	0.7	0.6	1.6	1.6	2.0	2.1	1.9	1.2	0.9	1.4	2.0
Latin America	4.2	2.6 ↑	3.4	3.8 ↓	2.0	3.4 ↑	3.0	4.0 ↓	4.2	3.7	3.9	4.7	4.7	4.9	4.6
Argentina	8.9	1.9	3.0	1.5	3.2 ↑	5.2 ↓	3.5	3.0	1.6	1.5	1.5	10.0	10.6 ↑	10.0	11.0
Brazil	2.7	0.9	3.0	4.0	1.5	2.2	2.7	3.7	4.4	3.9	4.2	5.2	5.6	6.2	5.8
Chile	5.9 ↓	5.6	5.5	4.5	5.0 ↓	6.1 ↑	7.0	6.5	4.5	4.0	4.7	2.6	2.2	2.2	3.1
Colombia	6.6 ↑	4.0 ↑	4.5 ↑	5.0	-2.9 ↓	7.4 ↑	4.2	5.5 ↓	5.5 ↓	5.1 ↓	4.5	3.1	2.8	2.0	2.4
Ecuador	8.0	5.0	4.0	4.5	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	3.6	1.5	3.1	3.9	4.5	4.6	4.0	3.5	4.6	4.1	4.0	3.4
Peru	6.9	6.3	6.0	6.5	6.9	2.5	5.0	7.0	7.5	6.0	6.5	3.5	2.9	2.3	2.5
Uruguay	5.7	3.5	3.7	4.0	7.8	2.3	4.0	3.0	5.0	5.0	4.0	8.0	8.9	8.4	7.7
Venezuela	4.2	5.6	2.0	3.0	5.2	5.7	-4.0	2.0	2.0	2.0	4.0	19.0	18.7	31.0	35.7
Asia/Pacific	4.7	4.8	4.8	4.8	2.9	5.1	5.3	5.5	5.3	5.4	5.4	2.1	2.2	2.6	3.0
Japan	-0.5	2.0	1.3	1.2	-3.7	0.2	3.0	3.2	2.5	2.9	3.4	-0.4	-0.2	0.0	0.5
Australia	2.4	3.6	2.7	3.2	2.6	2.4	2.4	2.7	3.7	2.6	4.3	2.0	2.2	2.8	2.7
New Zealand	1.4	2.5 ↑	2.5 ↓	2.9 ↑	0.7 ↓	6.1 ↑	2.1 ↓	3.5 ↓	-2.0 ↓	4.4 ↑	4.3 ↑	0.8	0.9 ↓	1.1 ↓	2.2 ↓
Asia ex Japan	7.4	6.2	6.7	6.7	5.9	7.7	6.7	6.9	6.9	6.9	7.0	3.2	3.4	3.7	4.2
China	9.3	7.8	8.2	8.0	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	3.6	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	6.5	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	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	3.9	0.2	1.5	3.1	4.0	4.5	4.5	4.0	1.6	1.7	1.8	2.6
Malaysia	5.1	5.6	5.1	5.4	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	5.3	7.0	6.1	4.5	4.9	5.3	5.3	5.3	3.5	3.0	3.1	3.4
Singapore	5.2	1.3	2.2	3.6	-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	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	4.5	6.1	15.0	4.5	4.5	5.0	5.0	4.5	2.9	3.2	4.2	4.0
Africa/Middle East															
Israel	4.6	3.1	3.1	3.3	2.7	2.4	3.2	2.8	3.6	3.6	3.2	1.8	1.6	1.9	2.2
South Africa	3.5	2.5	2.6 ↓	3.6 ↓	1.2	2.1	2.7 ↓	2.8 ↓	3.4 ↓	3.6 ↓	3.8	5.1	5.6	6.2 ↑	5.7 ↑
Europe	2.0 ↓	0.1	0.1 ↓	1.7 ↓	0.5	-1.6	-0.3 ↓	0.3 ↓	1.2 ↓	1.5 ↓	1.8 ↓	3.2	3.0	2.5	2.4
Euro area	1.5	-0.5	-0.6 ↓	1.2 ↓	-0.3	-2.3	-0.5 ↓	-0.5 ↓	0.5 ↓	1.0 ↓	1.5	2.5	2.3	1.6	1.5
Germany	3.1	0.9	0.6 ↓	2.1 ↓	0.9	-2.3	1.5 ↓	1.0 ↓	1.8 ↓	2.0 ↓	2.5	2.1	2.0	1.6	1.6
France	1.7	0.0	-0.7 ↓	1.0 ↓	0.6	-1.1	-1.3 ↓	-1.3 ↓	0.0 ↓	0.5 ↓	1.5	2.3	1.7	1.1	1.2
Italy	0.5	-2.4	-1.6 ↓	0.7 ↓	-0.8	-3.7	-1.5	-1.5 ↓	0.0 ↓	0.5 ↓	1.0	3.4	2.6	1.7	1.8
Spain	0.4	-1.4	-1.7 ↓	0.5 ↓	-1.3	-3.1	-1.8	-1.8 ↓	-0.8 ↓	-0.8 ↓	0.0 ↓	1.9	3.2	2.6	2.6
United Kingdom	0.9	0.2	0.8 ↓	1.9 ↓	3.9	-1.0	0.5 ↓	1.0 ↓	1.5 ↓	2.0	2.0	2.4	2.7	2.8	2.9
Emerging Europe	4.8	2.4	2.3 ↓	3.4 ↓	1.3	1.5 ↓	0.2 ↓	3.1 ↑	3.9 ↑	3.1	3.0 ↓	6.1	5.7	5.5 ↓	4.8 ↓
Bulgaria	1.8 ↑	0.8 ↑	1.2 ↓	1.7 ↓	...	...	...	...	...	...	...	...	...	...	...
Czech Republic	1.9	-1.3	-0.2 ↓	1.9 ↓	-1.8	-0.7	-0.1 ↓	0.5 ↓	1.0 ↓	1.0	2.0 ↑	3.3	2.8	2.2	2.4
Hungary	1.6	-1.7	-0.7 ↓	1.4 ↓	-1.4	-3.4	-0.3 ↓	0.3 ↓	1.2 ↓	1.5 ↓	1.5	6.1	5.4	2.9	2.8
Poland	4.3	2.0	1.3 ↓	2.6	1.2	0.8	1.1 ↓	1.6 ↓	2.3 ↓	2.8 ↓	2.8 ↓	3.9	2.9	1.0	1.8
Romania	2.2 ↓	0.3 ↑	1.9 ↑	2.3	-1.0 ↑	0.3 ↓	0.8	3.9 ↑	5.9 ↑	2.8 ↑	1.6 ↓	4.1	4.8	6.3	5.1
Russia	4.3	3.4	2.5 ↓	3.6 ↓	2.2	2.5	0.0 ↓	4.0 ↑	4.8 ↑	3.5	3.5 ↓	6.0	6.5	6.8 ↓	5.5 ↓
Turkey	8.5	2.6	3.7	4.5	...	...	...	...	...	...	...	9.0	6.8	6.7	6.3
Global	3.1	2.4	2.4 ↓	3.1	2.1	1.6	2.6 ↓	2.7 ↓	3.0 ↓	3.3 ↓	3.3 ↓	2.5	2.5	2.6	2.6
Developed markets	1.4	1.2	0.9 ↓	1.8	0.9	-0.6	1.4 ↓	1.1 ↓	1.6 ↓	2.0 ↓	2.1	1.7	1.7	1.6	1.6
Emerging markets	6.1	4.7 ↑	5.1	5.4	4.2	5.7 ↑	4.8 ↓	5.6 ↑	5.7	5.5	5.6	4.0	4.1	4.3	4.4

Source: J.P. Morgan

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