

The J.P. Morgan View

What if we are in a 2% world?

- **Asset allocation** — We investigate the risk scenario that global growth stays with a 2% handle, instead of the rebound to 3% plus we project. Impact would make us favor income over growth assets and for the moment keep us OW EM.
- **Economics** — Further cuts in Q2 Euro area and Japan bring global growth to 1.9%, after already dismal 1.4% in Q1.
- **Fixed Income** — Despite weaker near-term data, our medium-term growth outlook for the Euro area improves, keeping us long periphery vs. core.
- **Equities** — Divergent macro and flow momentum keep us OW EM.
- **Credit** — The US HG sector that has lagged the broader HG market most is 30yr single A non-Financials.
- **FX** — We still expect the USD index to rise 1% in Q3, plus 1.5% in Q4.
- **Commodities** — Oil price to average \$115/bbl and \$120/bbl in 2015-16.
- [Click here for video.](#)

- **Risk assets are down** from the peaks reached only last week, and bonds rallied on little news beyond problems with a Portuguese bank. **EM outperformed DM** in equities and currencies. The move does underline that many investors expect a pullback in risk markets after the almost straight-line rally of the last few months if not years. But most of these same market participants also say they plan to buy on pullbacks.
- **We are less worried about near-term disturbances and flows and more about the medium-term outlook for economic growth.** Over the past three years, the world economy has grown only at a 2.5% pace, below potential and thus not able to make up for what we lost in the recession. Each year, we keep forecasting that growth will rise to a 3% handle, but have been steadily disappointed. Until last year, we had at least clear explanations for this, largely from fiscal tightening in Europe and the US and fading productivity growth in EM. This year, though, growth has collapsed even more, to a 1.6% pace in H1, with even fewer explanations aside from the Japanese tax hike.
- The forecast remains that growth rebounds to over 3% from this quarter on, but as investors, we need to investigate the **risk scenario that we may instead be in a, say, 2% growth world.** The trending behavior of forecast revisions, and thus surprises, would suggest there is more down than upside risk on growth assumptions (chart p. 2), even as surveys do not confirm this. This is not to say that we can eliminate upside risk of growth rising to a 4% handle, as the 1990s US experience similarly saw steady up grades in the second half of the cycle, after downgrades in the first (same chart).
- With the consensus steadily projecting 3% US and global growth, this view should be in the price and instead a 2% growth pace should thus be a surprise that requires asset repricing. We see two broad drivers of weak growth – **weak demand** and/or **weak supply** – and both have similar market implications: **they favor income over growth assets.**

See page 7 for analyst certification and important disclosures.



Global Asset Allocation

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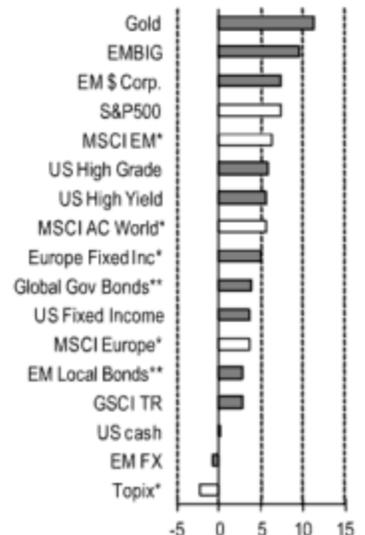
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YTD returns through Jul 10
%, equities are in lighter color.



Source: J.P. Morgan, Bloomberg.

Note: 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 EMCI in \$.

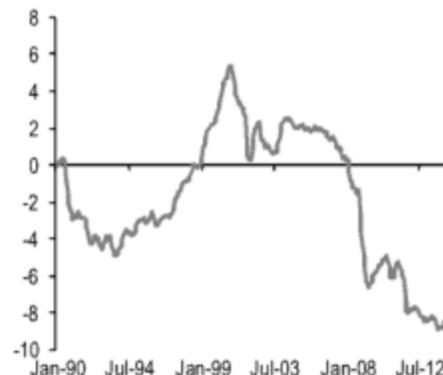


- **Weak demand** would essentially reflect **unfinished post-crisis balance sheet delevering** by households, banks and governments. The market impact would be relatively easy to judge as it is very close to, though not as bad as, what happened in Japan post its leverage boom and bust over twenty years ago. Economic growth in Japan fell to less than 1% above population growth, deflation set in, bond yields fell, credit spreads went to nothing, and equities saw no capital gains throughout. We have argued here that low growth keeps both volatility and policy rates low and is thus bullish for risk assets. But we also mentioned that growth can become so low as to depress earnings and to create deflation, inducing investors to prefer bonds, as happened in Japan.
- If indeed economic agents continue to delever balance sheets, then monetary policy has no further impact on growth, as we learned in Japan. Only fiscal policy, supply side reform, and/or time can redress growth. G4 central banks would indefinitely delay rate hikes; bond yields would fall again; the search for yield would intensify; equities would at best perform on par; Value and income stocks would outperform.
- **A weak supply side**, from low labor supply, a low supply of new capital, and low productivity growth, is an alternative driver of a 2% growth risk scenario. And indeed, we have seen these forces at work already in this cycle. Our economists have lowered their estimates of potential global growth by 0.5% since 2008. Taking out the effect of the growing share of EM, which has higher potential, the drop in global potential is over 1%. So far, this did not prevent global asset price inflation. If we continue to see lower growth than what we expect and it all seems due to a fall back in potential, then we create neither price deflation nor inflation. It will, though, significantly reduce the return on capital, and with that, equilibrium real interest rates. In the US, it would likely keep fed funds well below 2% for years.
- **What do we do about these risks?** Both weaker demand and supply have in common that they would boost income assets – better yielding fixed income and income stocks again growth assets, primarily cyclical stocks. In our mind, it should boost the currencies and assets issued by countries that pursue better supply side reform. For the moment, this analyst thinks it should still support an OW of EM assets, as they are better yielding and better valued, would escape the threat of fast Fed tightening, and at least this year have relatively better macro momentum.

Fixed Income

- **DM bonds rallied this week**, with 10yr yields 6-14bp lower in the US, Euro area and the UK, on weaker than expected macro data and negative headlines surrounding the parent company of a Portuguese bank. On the latter, we think a lot of bad news has been priced on this story, and do not see major negative implications on the Portuguese sovereign.
- The weaker than expected industrial production data in the Euro area this week led our economists to revise down their expectations for Euro area GDP growth for 2Q14 and 3Q14 by 0.75% and 0.5% respectively to 1.0% and 1.5%. However, while these growth revisions reflect a more moderate near term profile, medium-term we continue to see a broadening of Euro area growth across sectors and countries. Indeed, we revise our growth forecast for next year from 2Q15 to 4Q15 from 2.0% to 2.25% as drags from fiscal tightening, weak credit and a high exchange rate fade (*Taking stock of Euro area growth: 2014 down, 2015 up*, Greg Fuzesi et al, Jul 11).
- **US headline inflation has bottomed out** and has been rising over the first half of 2014, driven by rising core prices and a pickup in food and energy

Cumulative consensus US GDP forecast changes %. Blue line = cumulative sum of current and next full-year forecast changes. Grey bars are US recessions.



Source: Blue Chip Economics, J.P. Morgan.

More details in ...

Global Data Watch, Bruce Kasman, David Hensley and Joe Lupton
Global Markets Outlook and Strategy, Jan Loeys et al.
US Fixed Income Markets, Matt Jozoff, and Alex Roever
Global Fixed Income Markets, Fabio Bassi et al.
Emerging Markets Outlook and Strategy, Luis Oganés and Holly Huffman
Key trades and risk: Emerging Market Equity Strategy, Adrian Mowat et al.
European Equity Strategy, Mislav Matejka., et al.
Flows & Liquidity, Nikos Panigirtzoglou et al.

inflation. We expect US inflation to moderate over the second half, to around 2.4%, while our economists do not expect core inflation in the Euro area to pick up until 2015 at the earliest. We remain bullish on 10yr US TIPS, and **hold 10yr TIPS breakeven wideners**, on a view that both inflation expectations and risk premia priced in the TIPS curve should be higher (see *Monthly Inflation Outlook*, Francis Diamond et al, Jul 10).

- Taking together the outlook in the Euro area for weaker near-term growth, but stronger and broader medium-term growth, subdued inflation and support from the ECB's upcoming TLTROs, we retain our medium-term view for tighter periphery spreads and stay long 10yr Spanish government bonds vs. German Bunds, despite the near-term noise.

Equities

- EM equities were about flat this week, while DM equities were down 1.5%. Our **DM economic growth expectations** have been lowered significantly over the past two weeks. We have lowered Q2 US growth from 3% to 2.5%, Q2 Euro area growth from 1.75% to 1% on the slump in May IP and PMIs, and in Japan, weaker than expected consumption and capex made us revise down our Q2 GDP -6.5% from -4.5%.
- **In EM**, economic data have improved, especially relative to DM. **EM Asia** looks particularly constructive, supporting our OW in Asia within EM. We have revised up our Q2 GDP growth forecast for China from 6.8% to 7.2% given the positive momentum in PMIs. This lift is expected to build into the rest of EM Asia this quarter (*GDW*, July 3). Additionally, **flows into EM equities remain steady**. In the week to July 9, there were net inflows of \$1.3bn into EM equity funds, greater than \$0.7bn into US equity funds.
- **Euro area core and peripheral equities** fell this week, driven by bank stocks. Sentiment remains negative on banks given recent litigation and the events unfolding in Portugal. These developments support our recent exit from the peripheral equity and bank trades and our refocus on DAX within euro area equities.

Credit

- **Credit spreads are wider this week, with HY underperforming**, especially in Europe. HG spreads are about flat on the week. Comparing current spreads for different market segments to the trading range over the past 10 years, our US HG credit strategists identify opportunities within HG credit where spreads have not rallied as much as the broader market. Using this approach, the tenor/rating bucket that has lagged the most is 30yr single A non-Financials. Next cheapest is 30YR BBB non-Financials. 10YR non-Financials have also lagged, but less than 30YR. The short end in non-Financials is very tight, at or very close to 10YR tights (*CMOS*, Beinstein et al., Jul 7).
- As discussed in the commodity section below, our oil strategists have raised their price forecasts. **Higher oil prices are likely to be a net negative on EM corporates** as a whole due to the relatively low weight of oil companies as well as the high weight of net oil importing countries. The oil & gas sector accounts for 18.4% of the CEMBI Broad, but not all of the issuers in the sector are beneficiaries of higher oil prices. **Only about 22% of the CEMBI Broad is made up of issuers in countries that are net oil exporters and where the economy would benefit from higher oil prices** (*JPM EM Corporate Cross-Product Daily*, Hong and Beinstein, Jul 7).

Foreign Exchange

- Today we published the monthly *Key Currency Views* detailing our forecast

EM vs. DM relative equity performance and growth forecasts

Ratio of MSCI EM (MXEF) vs. MSCI DM (MXWO) on the left axis and the ratio of J.P. Morgan EM vs. DM 2014 GDP growth forecasts on the right axis



Source: J.P. Morgan

More details in ...

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

EM Corporate Weekly Monitor, Yang-Myung Hong et al.

High Yield Credit Markets Weekly, Peter Acciavatti et al.

European Credit Outlook & Strategy, Stephen Dulake et al.

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

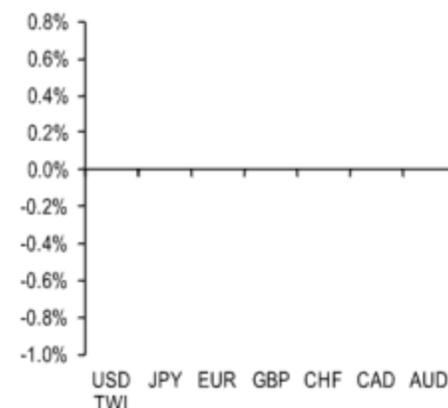
rationale across currencies. There are **no significant forecast changes** this month. **We still expect the USD index (JPMQUSD) to rise 1% in Q3 and another 1.5% in Q4**, with significant dispersion across pairs. Those currencies that should fall by year-end include (Q4 target in parenthesis) EUR (1.30), JPY (106), CAD (1.12), AUD (0.91), NZD (0.85), BRL (2.35), RUB (35.46), and IDR (12,100). Those that should rise include MXN (12.80), CNY (6.15), KRW (1000), and INR (57.5).

- Aside from **the bottoming out of global inflation** little has occurred at the systemic level over the past month to affect the baseline view. We have always held tame targets for the dollar index in 2014 given that Fed tightening was more than a year away, thus leaving the dollar in that awkward phase this year between the hope of being a high-yielder at some point and the reality of being a low yielder now. Relative to the historical norm over the past four Fed tightening cycles in 87, 94, 99 and 04, the current lead up to end of easy money is proving just as erratic. The precondition for that rate normalisation is consistent US economic growth each quarter and price pressures sufficient to shift Fed expectations. That story is unfolding, but at a tediously slow pace.
- On a pairwise basis, **dollar strength was and remains projected mainly against G10 currencies where central banks are easing (JPY, EUR, SEK) or likely to lag the Fed (AUD, CAD)**. For currencies whose central banks lead the Fed now (NZD) or will do so in early 2015 (GBP), forecasts show limited movement to convey a range. (The cable rate declines only because the EUR/USD forecast does; otherwise sterling outperforms most currencies). For the emerging markets, poor balance of payments positions were the core driver for most of our bearish forecasts, such as for ZAR, RUB and TRY.
- Importantly over the past two months, **inflation appears to have bottomed globally** and in the majority of countries. For currencies, inflation as a stand-alone variable isn't inherently good or bad. What matters is the real interest rate environment created by central bank policy as that inflation trend evolves. From this perspective, US real rates look low now since the Fed seems committed to another year of zero policy rates while inflation is turning up, but should firm later since the front end of the US bond market is so mispriced versus the Fed dots (about 75bp for December 16). We expect this repricing higher in real rates to occur by year end and support the dollar, but are less confident near-term while inflation ticks higher and the Fed talks dovish.

Commodities

- **This week, our commodity strategists raised their oil price forecasts** from \$105/bbl in Q3 and Q4 to \$115/bbl and \$112/bbl, respectively. Forecasts for the average price in 2015 and 2016 are \$115/bbl and \$120/bbl, respectively. **Oil price volatility is also expected to return to more normal levels over this period.** The move higher in price over the coming two years should be driven by higher global demand as the global economy expands at a faster growth rate as well as weaker supply growth, largely in Iraq and Libya.
- Recent reports of a peace agreement in **Libya** between the rebels and the government caused Brent to fall by around 5%. We think a quick and full recovery in production is unlikely and we also think overall production capacity is now lower due to damage to the oil fields. We also lower our expectation for Iraqi supply because increased operational risks to foreign oil companies mean investment in production will now likely be lower. In 2017, the oil team assumes a global recession arrives, and expects Brent to average between \$60/bbl and \$70/bbl depending on the severity of the recession (*Oil Market Monthly: Sweet 'Sixteen, Sour 'Seventeen*, Fenton et al., Jul 9).

Weekly FX returns
% vs. the USD.



Source: Bloomberg

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.

Natural Gas Weekly, Scott Speaker and Shikha Chaturvedi

Metals Monthly, Natasha Kaneva et al.

Agriculture Weekly, Conor O'Malley

Forecasts & Strategy

Interest rates		Current	Sep-14	Dec-14	Mar-15	Jun-15
United States	Fed funds rate	0.125	0.125	0.125	0.125	0.125
	10-year yields	2.52	2.90	3.00	3.10	3.20
Euro area	Refi rate	0.15	0.10	0.10	0.10	0.10
	10-year yields	1.20	1.35	1.50	1.60	1.70
United Kingdom	Repo rate	0.50	0.50	0.50	0.75	1.00
	10-year yields	2.60	2.80	3.05	3.20	3.35
Japan	Overnight call rate	0.05	0.05	0.05	0.05	0.05
	10-year yields	0.54	0.55	0.55	0.65	0.70
Emerging markets	GBI-EM - Yield	6.53		7.04		

Credit Markets

US high grade (bp over UST)	124		110		
Euro high grade (asset swap sprd)	89		75		
USD high yield (bp vs. UST)	412		375		
Euro high yield (bp over Bunds)	325		315		
EMBIG (bp vs. UST)	281		275		
EM Corporates (bp vs. UST)	331		300		

Foreign Exchange

EUR/USD	1.36	1.34	1.30	1.30	1.28
USD/JPY	101	102	106	107	107
GBP/USD	1.71	1.71	1.67	1.68	1.66
AUD/USD	0.94	0.92	0.91	0.90	0.91
USD/BRL	2.22	2.30	2.40	2.45	2.50
USD/CNY	6.15	6.20	6.15	6.15	6.15
USD/KRW	1021	1000	1000	995	985
USD/TRY	2.12	2.15	2.15	2.15	2.15

Quarterly Averages

Commodities	Current	14Q3	14Q4	15Q1	15Q2
Brent (\$/bbl)	106	115	112	105	110
Gold (\$/oz)	1337	1260	1285		
Copper (\$/metric ton)	7178	6750	6950		

YTD Equity Sector Performance*

	US	Europe	Japan	EM\$
Energy	12.2%	8.4% UW	6.0% UW	4.7% UW
Materials	8.5%	5.1% OW	-5.7% UW	2.2% UW
Industrials	3.5%	-1.6% OW	1.8% OW	5.5% OW
Discretionary	1.3%	0.9% N	-6.1% OW	8.6% N
Staples	6.6%	4.3% UW	6.7% OW	3.8% UW
Healthcare	11.8%	10.1% N	2.0% UW	11.2% N
Financials	4.6%	-0.7% OW	-13.7% OW	6.7% N
Information Tech.	9.8%	-3.7% OW	2.6% UW	17.6% OW
Telecommunications	6.7%	-1.2% UW	-5.7% OW	0.7% UW
Utilities	15.7%	14.7% N	-3.7% UW	15.5% N
Overall	7.5%	3.6%	-2.2%	7.8%

*Levels/returns as of Jul 10, 2014

Source: J.P. Morgan

Investment themes and impacts

Low growth means money stays easy

The current US recovery is the slowest since WWII. Global growth will barely exceed potential. Easy money stays for a long time.

Low macro vol drives carry trades

ZIRP and low macro vol make earning risk premia and carry very attractive

Rotate risk from over-owned and -valued

... to better valued and less owned risk assets. Credit OWs are now small, and exposure is moved to equity, EM and commodity roll.

OW EM across asset classes

Relative macro momentum is switching to EM. EM growth expectations are stabilizing while those in DM have come down badly. Investors seem UW EM, while it offers better value. OW EM across bonds, FX, credit and equities.

Avoid and hedge what is suspect

Our UWs are not just based on value and macro momentum but also on what seems uncertain, coming from event risk, such as the Middle East and China, or from the unexplained (fall in U-rate and Q1 GDP). Hedges include oil futures, UW US FI vs EU, UW US equity vs EM.

Past half-time in the global business cycle

June marks the 5th anniversary of the recovery. Working hypothesis is an 8-year recovery. That keeps equity rally on track, but makes the credit rally mature.

Source: J.P. Morgan, GMOS, Jul 2, 2014

Tactical overview

	Direction	Country	Sector
Asset allocation	Bullish risk	EM	OW Equities, HY vs bonds.
Equities	Long	EM, Dax	Semiconductors; J REITs; cycl's
Bonds	Flat	EU vs. US, DM; long in NZ, Spain; EM	UK. OW, AU, Brazil.
Credit	Small OW	EU	HY, FINs, EM.
FX	Long EM	Carry from: COP, CNY, PHP, NGN	Long SEK, NOK vs. EUR; short ZAR vs. USD.
Comd's	Small OW		Energy on carry; Copper on better demand from China.

Source: J.P. Morgan

Global Economic Outlook Summary

	Real GDP			Real GDP						Consumer prices			
	% over a year ago			% over previous period, saar						% over a year ago			
	2013	2014	2015	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	4Q13	2Q14	4Q14	4Q15
United States	1.9	1.4	2.9	2.6	-2.9	<u>2.5</u>	3.0	3.0	3.0	1.2	2.1	2.4	1.9
Canada	2.0	2.2	2.6	2.7	1.2	<u>2.2</u>	2.5	2.7	2.8	0.9	2.5 ↑	2.3	2.0 ↓
Latin America	2.5	1.6	2.9	1.5	<u>0.5</u>	1.4	2.1	2.8	3.1	4.5	5.0	5.1	4.7
Argentina	2.9	-1.5	3.0	-1.8	-3.2	<u>-0.8</u>	-4.6	-1.4	4.0	10.7	34.0	40.0	45.0
Brazil	2.5	1.1	1.8	1.8	0.7	<u>0.3</u>	1.6	2.7	2.2	5.8	6.3	6.3	6.3
Chile	4.1	2.5	3.5	-0.4	3.0	<u>1.7</u>	4.0	2.8	3.2	2.5	4.5	4.2 ↓	3.0
Colombia	4.7	5.0	4.5	3.7	9.7	<u>2.0</u>	4.0	4.0	5.0	1.8	2.8	3.2	3.0
Ecuador	4.5	3.3	4.0	4.7	<u>2.0</u>	1.5	2.0	2.5	3.5	2.3	3.4 ↑	3.5 ↑	4.0
Mexico	1.1	2.9	3.8	0.5	1.1	<u>4.0</u>	3.9	3.7	3.6	3.7	3.7	4.1	3.1
Peru	5.8	4.2	5.5	6.9	0.3	<u>3.5</u>	6.0	7.0	5.5	3.0	3.2	3.0	2.5
Uruguay	4.7	3.0	4.0	6.4	-1.8	4.5 ↑	6.0 ↑	4.0 ↑	3.0 ↓	8.6	8.1	7.8	7.3
Venezuela	1.3	-1.0	2.5	2.3	<u>-8.5</u>	0.0	2.5	2.0	2.5	52.9	57.2	58.2	35.0
Asia/Pacific	4.6	4.5 ↓	4.8	4.5	5.3	<u>2.2</u> ↓	5.3 ↑	5.0	4.8	3.2	3.3	2.9	3.3
Japan	1.5	1.3 ↓	1.4 ↓	0.3	6.7	<u>-6.5</u> ↓	3.0 ↑	2.0	2.0	1.4	3.8	3.1	2.5
Australia	2.4	3.0	3.2	3.2	4.5	<u>0.4</u>	3.1	4.3	2.9	2.7	2.9	2.0	2.6
New Zealand	2.8	3.2	2.8	4.1	4.0	<u>0.8</u>	1.9	4.7	4.8	1.6	1.8	1.6	2.0
EM Asia	6.2	6.1	6.4	6.4	4.8	<u>6.1</u> ↑	6.5	6.3 ↓	6.2	4.0	3.1	2.9	3.7
China	7.7	7.2	7.2	7.6	5.9	<u>7.2</u>	7.6	7.4	7.1	2.9	1.9	1.7	3.1
India	4.7	5.3	6.5	4.2	5.0	<u>6.0</u> ↑	5.5	5.0 ↓	6.0 ↓	10.6	8.6	8.6	7.0
EM Asia ex China/India	4.0	4.0	4.6	5.1	2.3	<u>4.0</u> ↑	4.7	4.6	4.4	3.3	3.2	3.0	3.5
Hong Kong	2.9	2.8	2.6	3.6	0.8	<u>3.0</u>	4.2	4.2	2.0	4.3	3.6	3.4	3.5
Indonesia	5.8	4.9	5.7	6.0	4.1	<u>5.0</u>	5.0	4.5	5.3	8.4	6.2	4.6	4.6
Korea	3.0	3.8	4.0	3.6	3.8	<u>2.8</u> ↑	4.7	4.0	4.0	1.1	1.6 ↑	2.3	2.9
Malaysia	4.7	5.5	5.1	7.6	3.3	<u>3.8</u>	5.5	5.5	5.0	3.0	3.3	3.5	5.2
Philippines	7.2	6.0	6.4	6.1	4.9	<u>7.8</u>	5.7	5.7	6.6	3.5	4.0	3.6	3.8
Singapore	3.9	4.4	5.0	6.9	2.3	<u>4.5</u>	4.9	6.6	4.9	2.0	3.0	2.3	2.3
Taiwan	2.1	3.5	3.8	7.6	1.9	<u>3.5</u>	4.0	4.2	3.8	0.6	1.2	1.6	1.9
Thailand	2.9	1.1	4.2	0.5	-8.2	<u>3.5</u>	4.0	4.0	4.2	1.7	2.6	2.9	3.8
Western Europe	0.1	1.4 ↓	2.2	1.6 ↑	1.2 ↑	<u>1.4</u> ↓	1.8 ↓	2.2	2.2	1.0	0.8	0.9	1.3
Euro area	-0.4	1.1 ↓	2.0	1.2 ↑	0.8 ↑	<u>1.0</u> ↓	1.5 ↓	2.0	2.0	0.8	0.6	0.8	1.1
Germany	0.5	2.0 ↓	2.3	1.5	3.3	<u>0.5</u> ↓	2.0 ↓	2.5	2.5 ↑	1.3	0.9	1.1	1.7
France	0.4	0.6 ↓	1.7 ↓	0.7	0.1	<u>0.5</u> ↓	1.0 ↓	1.5	2.0	0.8	0.8	0.7	1.1
Italy	-1.8	0.0 ↓	1.3 ↓	0.5	-0.5	<u>0.0</u> ↓	1.0 ↓	1.5	1.5	0.7	0.4	0.5	0.9
Spain	-1.2	1.3 ↑	2.2 ↑	0.7	1.5	<u>2.0</u> ↑	2.0	2.0	2.0	0.2	0.2	0.0	0.0
Norway	2.0	1.9	2.3	2.0	1.9	<u>2.0</u>	1.9	2.1	2.3	2.3	1.8	1.6	2.2
Sweden	1.6	2.2	2.5	6.5	-0.3	<u>2.3</u>	2.5	2.5	2.5	0.1	-0.1	0.2	1.5
United Kingdom	1.7	3.0	3.0	2.6	3.3	<u>3.0</u>	3.0 ↑	3.0	3.0 ↓	2.1	1.6	1.6	2.1
EMEA EM	2.0	1.8	2.7	3.2	0.6	<u>0.7</u>	2.4	2.3	2.9	5.1	5.6 ↓	5.1	4.2
Czech Republic	-0.9	2.8	2.8	6.1	3.2	<u>1.8</u>	2.0	2.3	4.2	1.1	0.2 ↓	1.6 ↓	1.5
Hungary	1.1	3.0	2.5	2.7	4.5	<u>2.3</u>	2.0	2.5	3.0	0.7	-0.1 ↓	0.6 ↓	2.9 ↑
Israel	3.4	3.3	3.8	3.2	2.7	<u>3.3</u>	3.6	4.5	3.2	1.9	1.0	1.3	1.9
Poland	1.6	3.2	3.2	2.8	4.5	<u>2.0</u>	3.0	3.5	3.5	0.7	-0.1	0.3	1.8 ↓
Romania	3.5	3.2	3.5	5.6 ↑	0.7 ↑	<u>3.0</u>	2.0	2.8 ↑	3.6 ↓	1.8	1.0 ↓	2.3 ↓	2.6 ↓
Russia	1.3	0.5	1.8	2.6	-3.4	<u>-0.5</u>	2.3	2.0	2.0	6.4	7.4	6.1	4.4
South Africa	1.9	1.8	3.2	3.8	-0.6	<u>0.9</u>	4.5	3.8	2.9	5.4	6.5	6.5 ↑	5.8 ↑
Turkey	4.0	3.0	4.1	3.5	7.0	<u>0.8</u>	1.2	0.8	4.1	7.5	9.1	8.1	6.3
Global	2.4	2.5 ↓	3.3	2.9	<u>1.4</u>	1.9 ↓	3.3	3.4	3.4	2.3	2.6	2.6	2.6
Developed markets	1.2	1.5 ↓	2.4	1.9	0.5	<u>0.7</u> ↓	2.5	2.6	2.5 ↓	1.2	1.9	1.9	1.8
Emerging markets	4.6	4.3	4.9	4.7	<u>3.0</u>	4.1 ↑	4.8	4.8	4.9	4.3	4.0	3.8	4.0

Source: J.P. Morgan

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