

The J.P. Morgan View

Who will win the race to recession?

- **Economics** — Europe is falling into recession, by our new forecast. Weaker PMI's suggest serious downside to Asian forecasts. US is tracking our already weak growth forecasts.
- **Portfolio strategy** — The market reversal signals of Value, Positions, Timing, Data and Policy remain in defensive mode. Stay underweight risky assets.
- **Fixed Income** — We think a more severe Greek restructuring than agreed in July is inevitable, and stay cautious on the Euro area.
- **Equities** — Worsening technicals and fundamentals and the lack of clear triggers justify a defensive stance.
- **Credit** — We stay defensive.
- **Foreign exchange** — Yen and dollar are the world's strongest currencies in the face of surging volatility.
- **Commodities** — The sharp fall in base metal prices implies a close to 50% chance of a US recession.

• The global risk-off trade moved into the **phase of cross hedging and indiscriminate selling**. Witness the 20% drop in the Mexican peso, and falls in EM local bonds and gold. Unfortunately, by itself this does not signal that we are near the end. But it does help clear the deck and creates relative value opportunities that investors will move to once volatility becomes less threatening. A squaring of aggressive positions and building of defensive postures are both required conditions to define a market bottom and coming reversal. What we need in addition is that most of the worst news is priced in, data and events no longer surprise on the downside, and policy actions are taken to reverse the negative fundamentals. And here the news remains broadly negative and keeps us in defensive mode.

• On **value**, risk markets have cheapened significantly, but most remain well off worst-news levels, which we equate to a US recession here. By our reckoning, we would need to see that S&P500 to have fallen by its average move of past recessions — to about 1,000 — to give comfort that the almost-worst is priced in. Similarly, we would need to see HY widen another 2% and base metals fall another 20% to price in a US recession. Two markets are much closer to pricing in a recession: US HG, and USTs. USHG spreads, now near 240bp over USTs, are already wider than all US recessions, with the exceptions of the 2008-09 crisis, when they peaked over 500bp. And 10-year USTs already saw near historic lows.

• However relevant the Value signal will be to signal a bottom, it needs to get support from **Timing**. We know that risk markets typically do not rebound until the light at the end of the recession tunnel is in sight — on average 3 months before the end. But any US and European fiscal tightening induced recession may not even have started yet. In the Euro area, we think this recession will start any moment (Q4). In the US, fiscal policy will only begin tightening seriously in January, and only if the Administration's Jobs Act is passed. The certifying analyst is indicated by an ^{AC}. See page 7 for analyst certification and important legal and regulatory disclosures.

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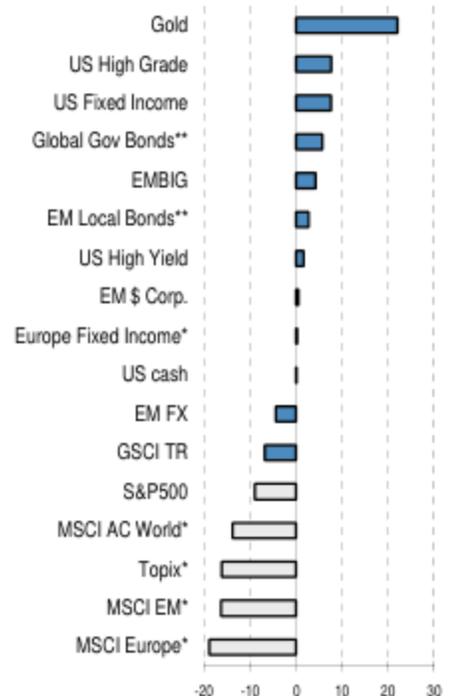


Matthew Lehmann



YTD returns through Sep 22

%, equities are in lighter colour.



Source: Morgan, Bloomberg. 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 ELM+ in \$.

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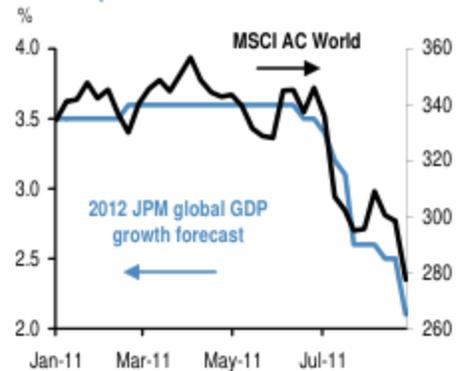
not passed. So the US is probably not yet in recession. Investors that consider buying equities should do so on a no-recession view rather than on a view that it is in the price.

- **An end to negative economic surprises** is also needed to reverse the sell off. The good news is that our US Economic Activity Surprise Index is no longer in the red. And Q3 US data are tracking a bit better than our 1% call for quarter. But elsewhere, we continue to see worse data. In the Euro area, the combination of weak PMIs, accelerated fiscal austerity and likely hard restructuring of Greece has induced our economists to project a 0.9% economic contraction starting next quarter (Q4). And in Asia, weaker trade and PMIs are all creating significant downside risks to our forecasts.
- Finally, **decisive policy action** is the last, but not least element of a market reversal. Here, we have raised the concern that US policy makers may be out of bullets, and that the Europeans ones are extremely reluctant to make the TALF-like move to fiscal federalism that markets demand. The negative reaction to this week's FOMC announcement to add duration to its SOMA portfolio underlines this fear. Our economists currently assume that very little of the Administration's fiscal plans will get through Congress. In the Euro area, we see little reason to change our view that conditions need to get a lot worse before EMU members accept and commit to the need for fiscal solidarity and discipline – an EFSF with both a bigger carrot and bigger stick. EM policy makers have a lot more ammunition, but the dramatic drop in their currencies will already prevent many from easing now.
- The quartet of our value, positions, date and policy signals remains bearish and keeps us defensively positioned on the risky asset world of equities, credit, commodities, and EM. Within each asset class, this implies overweighting lower-beta subclasses and securities.

Fixed income

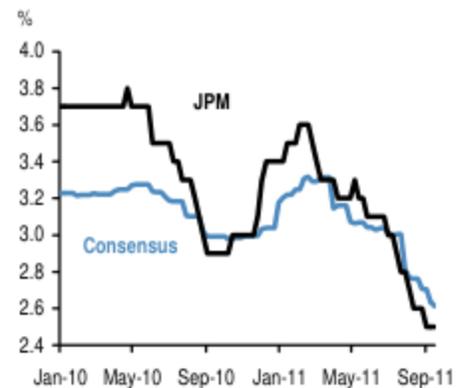
- **New yield lows in DM have become commonplace**, as concerns over the EMU crisis and the global economy mount. EM local yields are backing up sharply though, caught in the downdraft of a violent derisking in currencies.
- Investors are spooked in part because of worries about whether unconventional monetary policy, like the Fed's *Operation Twist*, can affect the wider economy much. It has certainly not lost its ability to impact the markets directly targeted, as evidenced by the near 50bp rally in 30yr Treasuries this week. The Fed's unexpected decision to reinvest MBS and Agency bullet maturities back into the mortgage market (instead of into Treasuries), has decisively shifted the supply-demand landscape in that market, and prompts us to **go long US MBS** (see Matt Jozoff, *MBS Market Commentary*, Sep 21).
- Euro area funding conditions continue to worsen, and surely demand a decisive policy response. Weak growth and slippage in fiscal targets mean we now think a **more severe Greek debt restructuring than that agreed in July is inevitable**. That means a deeper recession in Greece, and (via asset price contagion) recession in the Euro area as a whole. And that forecast assumes a very active policy response, with **ECB support for sovereign bond markets possibly reaching €1tr**. See David Mackie et al., *Directing the Greek tragedy: default, a regional recession and spillover risks*, for details. **We stay defen-**

2012 JPMorgan global GDP growth forecast vs. Global equities



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.

2011 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, Bruce Kasman, et al.

US Fixed Income Markets, Terry Belton and Srinivas Ramaswamy

Global Fixed Income Markets, Pavan Wadhwa and 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.

sive in the Euro area, with peripheral underweights and duration longs.

Equities

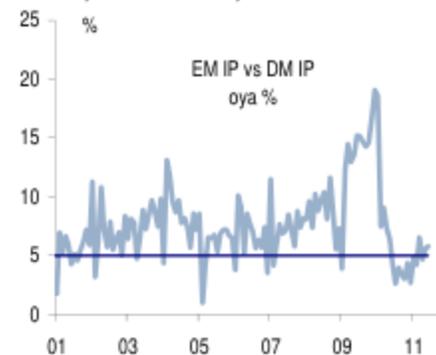
- Investors' derisking intensified this week, resulting in sharp underperformance by high beta sectors, i.e. cyclicals, small caps and EM equities. **While equities are now pricing more than 50% chance of recession, worsening technicals and fundamentals and the lack of clear triggers justify a defensive stance.** Earnings expectations are being cut and uncertainty, proxied by the standard deviation of 12-month ahead analysts EPS forecasts, is on the rise (top chart).
- We favour large-cap defensive stocks in the US. We are reluctant to recommend an overweight in EM vs. DM equities despite better overall fundamentals in EM economies. **EM equities are perceived as high beta during crises.** In addition, our EM vs. DM equity signals based on relative IP growth and 2-month return momentum is currently neutral in EM (*The EM vs Developed Markets equity allocation*, Apr 2009). Relative IP growth favours EM but 2-month return momentum favours DM. And the IP signal, although positive for EM, is rather weak. As the chart at the top shows, it is only marginally above its 5% threshold.
- **We favour less directional cross-country trading themes.** We remain overweight **DAX vs. Eurostoxx50**. The main motivation is German growth outperformance vs. the rest of the Euro area. Healthier balance sheets (both private and public) in Germany allow the country to escape the painful adjustments that other Euro area countries have to make. In contrast, austerity is pushing peripheral economies deeper into contraction.
- **Within EM, we continue to underweight BRICs** and focus our exposure on ASEAN countries. Investors remain sceptical about BRICs, concerned about overheating and corporate governance.
- Our model for allocating between the US and Euro area equities currently suggests a **long in S&P500 vs. MSCI EMU** currency hedged (Panigirtzoglou et al., *Trading the US vs Europe*, June 24). Of the three signals, the performance of global equities over the past 3 months and the change in the US-Euro PMI difference point to an UW of Euro area equities. They dominate the third signal, the change in the EURUSD over the past three months, which favours Euro area equities.

Credit

- **Spreads lurched wider** this week. German and French CDS hit new records (108bp and 203bp) and yet again headlines were focused on the EMU crisis. The **downgrade of Italy** comes amongst a larger wave of rating cuts. US and Italian banks saw downgrades on Wednesday, following French banks last week. In fact, this quarter, **downgrades outnumber upgrades by all three major rating agencies for the first time since Q1 2010.**
- Our European credit strategists believe the likelihood of banks holding, raising or taking more capital is gaining traction among policymakers. **They neutralise their underweight Financials vs. Corporates position** (see Stephen Dulake et al., *The Preferred Route: ECOS*, Sep 22).
- In the US, the JULI widened 16bp to 246bp and the US HY Cash Index widened

Industrial production growth

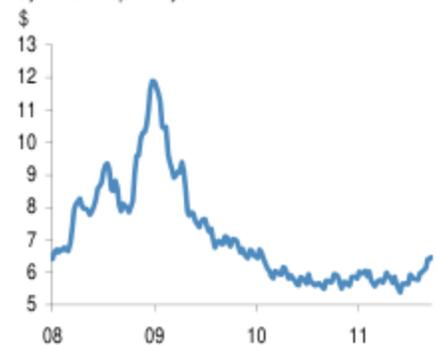
EM IP oya minus DM IP oya.



Source: J.P. Morgan

Dispersion of analysts' EPS forecasts

Std. Dev. of twelve month ahead S&P 500 forecasts by bottom up analysts.



Source: J.P. Morgan

CDX IG vs. iTraxx Main

Weekly spread levels since June 2010.



Source: Bloomberg

More details in ...

EM Corporate Outlook and Strategy, Warren Mar et al.
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.

36bp to 775bp. Likewise, CDS indices were wider although some of this likely related to the index rolls to series 17. The CDX.IG stands at 141bp and the CDX.HY at 728. Our US strategists **remain UW HG corporate credit**.

- Our **EM strategists are looking towards less developed “next generation” sovereigns** given the declining yield trends of core EM external debt as well as increased correlation with more traditional asset classes (see Joyce Chang et al., “Next Generation” Emerging Markets: Opportunities for Diversification and Higher Yields, Sep 20). **They are overweight Nigerian external debt** given a relatively low debt burden and recent fiscal improvement. On the week, EMBIG spreads were 72bp wider at 457bp and CEMBI spreads were 61bp wider at 496bp.

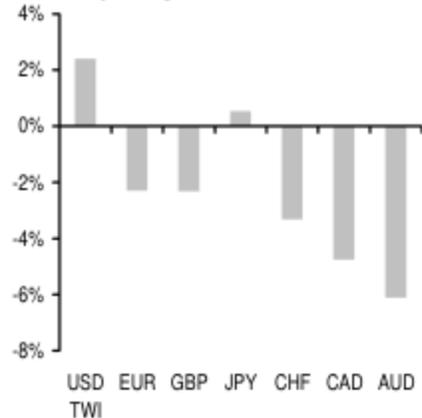
Foreign Exchange

- As the US Congress and European parliaments dither around decisions required to avoid joint recessions, references to a Lehman moment are becoming increasingly appropriate. Currencies reflect these exceptional times, with over 25 pairs posting moves in excess of two sigmas over the past week, mostly through deleveraging in emerging markets. As with Lehman, the **yen and dollar are the world’s strongest currencies in the face of surging volatility**, highlighting what determines safe-haven status. It is the low rates which tempt investors to fund in that currency during expansions, thus obliging them to repurchase the same unit during deleveraging. To a lesser degree the same phenomenon has driven the euro’s September rally versus the emerging markets and commodity currencies, since it has been used extensively to fund or hedge longs in those currencies. Hence the argument for avoiding the euro as a hedge for the sovereign crisis despite its European epicenter. The yen’s behavior remains more predictable.
- As precarious as the current environment appears, **there are few opportunities outside of the yen**. Currency managers are already very long dollars, and the underlying position risk is more in EM assets than G-10 ones. Thus we hedge further deleveraging selectively by keeping a USD/JPY put spread and buying USD/NOK today in cash. There is decent risk of Bank of Japan intervention before the fiscal half-year end on Sep 30, at which time we would probably re-enter the short EUR/JPY and GBP/JPY positions we took profits on last week.

Commodities

- **Commodities sold off heavily across the board this week**, down around 8% with the worst losses coming from base metals which fell almost 11%. Given base metals are the commodity most leveraged to global growth, this suggests **investors are pricing in a much higher risk of recession** than before. In our “How much of a US recession is priced in?”, Aug 11, we concluded that over the past five US recessions, base metals had fallen an average of 43% from peak to trough. Based on this, and given base metals have fallen around 21% since the recent peak at the end of July, this very simple analysis suggests **current prices imply around a 50% chance of a US recession**.
- Expanding the above analysis to other commodities we find that **over the past five recessions precious metals have fallen on average -5%, agriculture -8% and oil -19%**. We only use the past three recessions for oil because the contractions in the early 80s involved an oil supply shock which is not the case currently. Based on this, **if a serious recession were to materialise, we would expect energy and base metals to underperform other commodities**.

FX weekly change vs 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, Lawrence Eagles et al.

Metals Review and Outlook, Michael Jansen

Global Metals Quarterly, Michael Jansen

Interest rates		Current	Sep-11	Dec-11	Mar-12	Jun-12	YTD Return*
United States	Fed funds rate	0.125	0.125	0.125	0.125	0.125	
	10-year yields	1.79	2.05	2.60	2.80	3.00	10.0%
Euro area	Refi rate	1.50	1.50	1.50	1.50	1.50	
	10-year yields	1.75	2.10	2.05	2.00	2.00	8.9%
United Kingdom	Repo rate	0.50	0.50	0.50	0.50	0.50	
	10-year yields	2.37	2.45	2.55	2.55	2.55	11.1%
Japan	Overnight call rate	0.10	0.05	0.05	0.05	0.05	
	10-year yields	0.98	0.90	0.95	1.05	1.10	2.1%
GBI-EM hedged in \$	Yield - Global Diversified	6.78		6.90			2.8%

Credit Markets	Current	Index	YTD Return*
US high grade (bp over UST)	236	JPMorgan US Index (JULI) i-spread	7.5%
Euro high grade (bp over Euro gov)	314	iBoxx Euro Corporate Index	3.5%
USD high yield (bp vs. UST)	791	JPMorgan Global High Yield Index	1.7%
Euro high yield (bp over Euro gov)	936	iBoxx Euro HY Index	-6.2%
EMBIG (bp vs. UST)	455	EMBI Global	4.3%
EM Corporates (bp vs. UST)	499	JPM EM Corporates (CEMBI)	0.6%

Commodities	Current	Quarterly Averages				GSCI Index	YTD Return*
		11Q3	11Q4	12Q1	12Q2		
Brent (\$/bbl)	104.5	110.0	115.0	115.0	110.0	Energy	-5.5%
Gold (\$/oz)	1640	1650	1800	1800	1750	Precious Metals	22.0%
Copper (\$/metric ton)	7653	9750	10000	10250	9500	Industrial Metals	-18.4%
Corn (\$/Bu)	6.44	7.20	6.90	7.10	7.40	Agriculture	-12.1%

Foreign Exchange	Current	Sep-11	Dec-11	Mar-12	Jun-12	3m cash YTD Return*	
						index	in USD
EUR/USD	1.35	1.38	1.38	1.40	1.42	EUR	1.5%
USD/JPY	76.5	75	74	73	72	JPY	6.5%
GBP/USD	1.54	1.59	1.58	1.58	1.60	GBP	-1.2%
USD/BRL	1.85	1.70	1.70	1.70	1.70	BRL	-6.7%
USD/CNY	6.39	6.30	6.20	6.10	6.00	CNY	1.9%
USD/KRW	1167	1070	1050	1020	1010	KRW	-2.3%
USD/TRY	1.85	1.65	1.65	1.65	1.65	TRY	-12.8%

Equities	Current	YTD Return (local ccy)
S&P	1135	-8.5%
Nasdaq	2475	-6.4%
Topix	745	-16.1%
FTSE 100	5067	-11.7%
MSCI Eurozone*	117	-24.1%
MSCI Europe*	918	-18.8%
MSCI EM \$*	881	-21.7%
Brazil Bovespa	53166	-23.3%
Hang Seng	17669	-21.1%
Shanghai SE	2433	-13.4%

*Levels/returns as of Sep 22, 2011
Local currency except MSCI EM \$

Sector Allocation *	US	Europe	Japan	EM
	YTD	YTD	YTD	YTD (\$)
Energy	-11.2%	-13.1%	-7.8%	-23.2%
Materials	-19.0%	-29.5%	-17.1%	-24.4%
Industrials	-15.3%	-24.5%	-13.9%	-29.7%
Discretionary	-4.9%	-17.2%	-21.1%	-12.8%
Staples	2.8%	-6.8%	2.2%	-9.0%
Healthcare	1.6%	-2.3%	-5.1%	-22.4%
Financials	-26.8%	-31.9%	-25.7%	-26.5%
Information Tech.	-4.6%	-14.8%	-27.7%	-21.9%
Telecommunications	-4.0%	-10.4%	-4.6%	-7.2%
Utilities	8.9%	-17.6%	-43.2%	-20.8%
Overall	-8.5%	-18.8%	-16.1%	-21.7%

Source: Bloomberg, Datastream, IBES, Standard & Poor's Services, J.P. Morgan estimates

Global Economic Outlook Summary

	Real GDP			Real GDP						Consumer prices				
	% over a year ago			% over previous period, saar						% over a year ago				
	2010	2011	2012	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q10	2Q11	4Q11	2Q12
The Americas														
United States	3.0	1.4	1.2	0.4	1.0	<u>1.0</u>	1.0	0.5	1.5	2.5	1.2	3.3	3.2 ↓	1.4 ↓
Canada	3.2	2.2	2.2	3.6	-0.4	<u>1.8</u>	2.4	2.6	2.6	2.4	2.3	3.4	2.6	1.6
Latin America	6.0	4.3	3.5	5.6 ↓	4.1 ↑	3.4	3.1	2.6	4.3	4.4	6.7	6.7 ↓	7.2	7.2 ↓
Argentina	9.2	7.0	4.8	13.1 ↑	10.2 ↑	<u>6.0</u>	3.0	4.0	6.0	4.0	11.0	9.7 ↓	11.0	13.0
Brazil	7.5	3.4	3.8	5.0	3.1	<u>2.3</u>	3.9	4.3	4.1	3.5	5.6	6.6	6.7 ↑	5.3 ↓
Chile	5.2	6.5	4.5	6.4	5.7	<u>3.5</u>	2.5	5.0	4.5	4.3	2.5	3.3	4.0	3.6
Colombia	4.3	5.3	4.0	2.9 ↓	8.5 ↑	<u>3.5</u>	1.5	4.2	4.7	5.2	2.7	3.0	3.5	3.1
Ecuador	3.6	6.0	3.0	7.3	<u>3.0</u>	2.0	1.0	2.0	3.5	4.0	3.4	4.1	3.9	3.6
Mexico	5.4	4.0	2.5	2.4	4.5	<u>5.7</u>	2.6	-1.5	3.7	4.9	4.2	3.3	3.4	3.6
Peru	8.8	6.3	5.0	6.9	4.5	<u>2.5</u>	3.0	7.0	5.3	5.3	2.1	3.1	3.6	3.0
Venezuela	-1.5	3.5	3.0	14.7	-3.2	<u>-1.5</u>	3.0	3.0	5.0	6.5	27.3	24.6	29.0	33.6
Asia/Pacific														
Japan	4.0	-0.3	2.5	-3.7	-2.1	<u>7.0</u>	3.5	2.0	1.7	1.5	-0.3	-0.4	-0.2	-0.7
Australia	2.7	1.4	3.5	-3.4	4.8	<u>2.1</u>	2.2	4.1	3.4	4.8	2.7	3.6	3.8	3.2
New Zealand	1.7	2.0 ↓	3.8 ↓	3.5 ↑	0.4 ↓	2.8 ↓	4.1 ↑	3.9 ↑	3.9 ↓	5.6 ↑	4.0	5.3	3.2	2.4
Asia ex Japan	9.1	7.2	7.0	8.9	<u>5.3</u>	6.1	6.7	7.2	7.5	7.6	4.9	5.7	4.9	4.5
China	10.3	8.9	8.5	8.9	7.0	<u>7.5</u>	8.5	8.7	8.9	9.0	4.7	5.7	4.6	4.3
Hong Kong	7.0	5.2	4.0	13.0	-2.0	<u>1.5</u>	3.5	5.5	5.6	4.5	2.7	5.2	5.1	4.3
India	8.5	7.6	8.5	8.3	<u>7.6</u>	7.5	7.1	8.6	9.0	9.5	9.2	9.1	8.7	7.8
Indonesia	6.1	6.4	6.2	6.8	5.4	<u>6.5</u>	6.2	6.2	6.2	6.2	6.3	5.9	4.5	5.6
Korea	6.2	4.0	4.2	5.4	3.6	<u>4.8</u>	4.0	4.0	4.5	4.5	3.6	4.2	3.7	3.1
Malaysia	7.2	4.2	3.3	5.5	3.2	<u>1.0</u>	3.2	3.6	3.6	3.6	2.0	3.3	2.8	2.4
Philippines	7.6	4.3 ↓	4.8 ↓	7.8	2.4	4.1 ↓	5.3 ↓	4.9	4.9	5.3	3.5	5.0	4.6	3.3
Singapore	14.5	5.1	3.8	27.2	-6.5	<u>0.0</u>	3.2	4.5	6.1	7.0	4.0	4.7	4.6	3.0
Taiwan	10.9	5.0	3.8	14.6	0.9	<u>1.5</u>	3.8	4.2	4.7	4.8	1.1	1.6	2.2	2.0
Thailand	7.8	3.1	3.3	8.1	-0.8	<u>2.0</u>	3.5	4.0	3.8	3.8	2.9	4.1	3.7	3.6
Africa/Middle East														
Israel	4.8	4.3	2.9	4.7	3.5 ↑	<u>2.4</u>	1.2	0.8	3.2	6.1	2.5	4.1	2.8	2.3
South Africa	2.8	3.1 ↓	2.7	4.5	1.3	<u>1.0</u> ↓	4.8 ↑	2.3	2.6	2.9	3.5	4.6	5.8	5.1
Europe														
Euro area	1.7	1.6	-0.5 ↓	3.1	0.6	0.5 ↑	-0.5 ↓	-1.0 ↓	-1.5 ↓	0.0 ↓	2.0	2.8	2.7 ↑	1.6 ↑
Germany	3.6	2.8	0.2 ↓	5.5	0.5	1.5 ↑	-0.5 ↓	0.0 ↓	-0.5 ↓	0.5 ↓	1.6	2.5	2.4 ↑	1.4 ↑
France	1.4	1.6	-0.1 ↓	3.6	0.0	1.0 ↑	0.0 ↓	-0.5 ↓	-1.0 ↓	0.5 ↓	1.9	2.2	2.3 ↑	1.4 ↑
Italy	1.2	0.5 ↓	-1.2 ↓	0.5	1.2	-1.0 ↓	-1.5 ↓	-1.5 ↓	-2.5 ↓	-0.5 ↓	2.0	2.9	3.4 ↑	2.5 ↑
Norway	2.1	2.2 ↓	0.7 ↓	1.9	4.1	1.5 ↓	0.5 ↓	0.0 ↓	0.0 ↓	1.0 ↓	2.2	1.4	1.3 ↓	1.2 ↓
Sweden	5.4	4.1 ↓	0.4 ↓	3.1 ↓	3.6 ↓	2.0 ↑	0.0 ↓	-0.5 ↓	-0.5 ↓	0.5 ↓	1.9	2.9	2.6 ↓	1.3 ↓
United Kingdom	1.4	1.0	0.8 ↓	1.9	0.7	<u>1.5</u>	1.0	0.5 ↓	-1.0 ↓	2.5 ↓	3.4	4.4	4.9 ↑	2.8
Emerging Europe	4.5	3.8	2.9	3.6	1.2	<u>1.4</u>	2.2	4.0	3.8	3.8	6.6	7.1	6.0	5.2
Bulgaria	0.2	2.8	2.7	...	...	...	...	...	...	...	...	...	...	...
Czech Republic	2.3	2.0	1.6	3.5	0.3	<u>0.3</u>	0.8	1.3	1.8	2.0	2.1	1.8	2.1	2.8
Hungary	1.2	1.5	1.3	1.2	-0.2	<u>0.0</u>	1.0	1.0	1.5	1.8	4.4	4.0	3.8	3.1
Poland	3.8	3.8	3.0	4.5	4.5	<u>2.0</u>	2.5	2.8	2.8	3.0	2.9	4.6	4.0	2.5
Romania	-1.3	1.2	1.0	...	...	...	...	...	...	...	7.9	8.2	4.0	3.5
Russia	4.0	3.4	3.5	3.7	0.4	<u>1.1</u>	2.0	5.0	4.7	4.5	8.2	9.6	7.4	6.5
Turkey	9.0	6.3	2.7	...	...	...	...	...	...	...	7.4	5.9	6.7	6.0
Global	3.9	2.5	2.1 ↓	2.6	<u>1.5</u>	2.5 ↑	2.0 ↓	1.7 ↓	1.9 ↓	2.8 ↓	2.7	3.7	3.5	2.4
Developed markets	2.6	1.3	0.9 ↓	0.9	0.5 ↓	1.7 ↑	0.9 ↓	0.4 ↓	0.4 ↓	1.6 ↓	1.5	2.7	2.7	1.3
Emerging markets	7.3	5.7	5.2	7.1 ↓	4.3 ↑	4.5 ↓	5.0	5.3	5.9	6.1	5.6	6.2	5.7	5.3

Source: J.P. Morgan

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