

The J.P. Morgan View

Is this it in Europe?

- **Economics** — US growth upside due to ISM and a likely extension of the payroll tax cut is offset by greater weakness in Asia. We downgrade China and Japan growth.
- **Portfolio strategy** — The runup to the Dec 9 Summit will likely push risk assets up, and, as before, could then easily lead to some disappointment, as details will be lacking.
- **Fixed Income** — The repeated pattern of high pre-summit hopes followed by disappointment argues for some caution on intra-EMU spreads.
- **Equities** — EPS growth outperformance has supported US equities this year. This theme of US equities outperforming is likely to continue into 2012.
- **Credit** — A spike in default rates suggests to maintain a low risk profile heading into YE.
- **Foreign exchange** — Stay short EUR/JPY and USD/JPY as hedges.
- **Commodities** — Iran tensions creates the risk of an oil supply shock. Buy Brent calls and be long Brent vs. base metals.

- After a week of bad economic and policy news, we got a big reversal this week, with better US activity data and signs of impending compromises on fiscal policy on both sides of the Atlantic. Equities, credit, commodities, EM FX, and euro area bonds all jumped back up, fully undoing the damage of the previous week. The dollar and major bond markets went down.
- Notice how the **German bond market has joined the risky assets family** in recent weeks. Bunds now rally when stocks go up. US Treasuries and the US dollar, as the real safe assets left, sell off when stocks rally. This will remain the case as long as Euro policy makers insist that any government in the Euro area can default, and that quantitative easing by the ECB raises the risk of inflation, even in an economy that is in recession.
- **How good was this week's news, and will it last?** Starting with the US, the failure of last week's Super Committee, despite strong signals that this was a low-probability risk, had made us quite pessimistic about the massive fiscal tightening coming in January. But now Congressional leadership is signalling they will likely extend the payroll tax cut for another year. If they do, then we will have to raise our 2012 US growth forecast from 1.7% to 2.5%, above current consensus. But given how fast the Super Committee blew up, we want to see the law signed before changing forecasts. And even then, postponing fiscal tightening does not eliminate the need for it. Under current tax law, and assuming the payroll tax cut is extended one year, total fiscal drag for the following year, 2013, would exceed 3% of GDP. It would thus likely push the economy into recession. This could in turn lead to more extensions of tax cuts, but this can surely not continue forever.
- Stronger US data this week — especially ISM — create more confidence that

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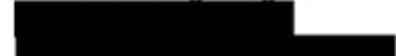
Jan Loeys^{AC}



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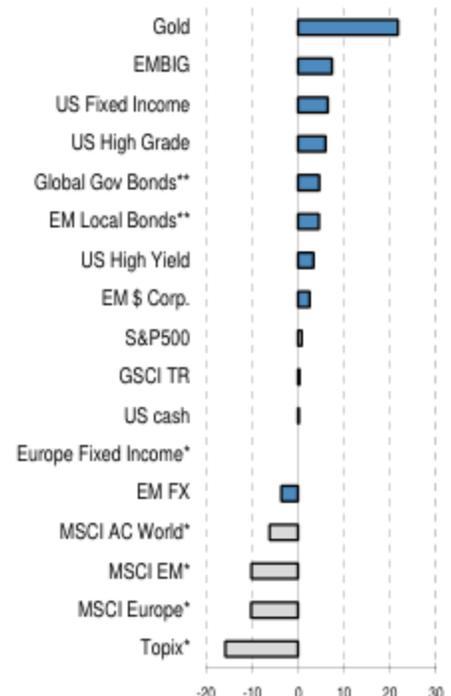


Leo Evans



YTD returns through Dec 1

% , equities are in lighter colour.



Source: J.P. 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 \$.

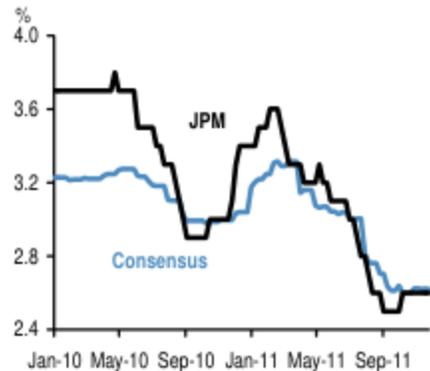
imminent recession risks are fading. The same cannot be said, though, for the rest of the world. **Upside surprises on ISM were more than offset by downside one in Europe and Asian, with our Global Manufacturing PMI falling to 49.6, a new low for the recovery** (if we can call it that). Both the US and Asian PMIs tend to lead the rest of the world, raising the question on which will be right. We are not sure, but need to recognise that Asia is weakening while the US is picking up. Some of the Asian weakness is due to the Thai flood, whose impact should be temporary. However, part is surely due to the sharp reversal in Chinese housing. We have lowered Chinese growth to 7.2% qoq for Q1. We raised H2 on an expectation of policy easing, but near-term risk remains clearly on the downside. Concerns about a Chinese hard landing are not going away and keep us from overweighting EM equities at the moment.

- In **Europe**, all eyes are on the Dec 9 Summit of EU Heads of State. Hopes are rising that EU policy makers are finally getting ahead of the market with the creation of a fiscal union that will allow the ECB to become the lender of last resort. But as with US policy makers, we have been burned before in expecting the final solution to emerge and want to see both words and actions, before joining the rally. At this point, our best guess is that policy makers will announce that the IMF will lend to Italy, using own funds, the ECB, EFSF, and possibly others. The total amount could be as big as €500bn.
- A big number would impress investors, until they start asking how this solves the structural problem in EMU, which is that there is no fiscal solidarity, no fiscal discipline, and no lender of last resort to sovereigns. It is quite possible the Summit throws terms around like a fiscal union, or a fiscal compact (the Draghi term), but by now, the market will want to know what this means concretely before buying bonds on it. We do not think the Summit will promise a Eurobond. **Call us more than twice bitten, and thus more than a bit shy.**

Fixed income

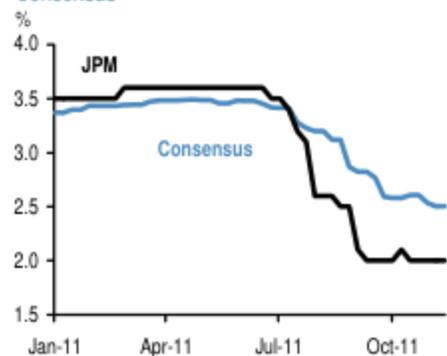
- Hopes are again building ahead of next week's EU summit, and intra-EMU spreads have ratcheted tighter. A modest move towards fiscal union appears set to provide a sufficient quid pro quo for increased ECB liquidity assistance for sovereigns, most likely in tandem with the IMF. But the **repeated pattern of high pre-summit hopes followed by disappointment** argues for caution.
- This week's coordinated reduction in the pricing of central bank dollar swap facilities brought down the cost of sourcing dollars from outside the US. Nonetheless, USD basis swaps are still sufficiently elevated to create opportunities: for example, 2-year Japanese government bonds, swapped into USD, yield a percentage point more than the equivalent US Treasuries.
- Further liquidity support for Euro area banks is on the cards next week. With the ECB's policy rate likely to be cut Thursday to 1%, the crisis low, President's Draghi's guidance on whether it can go lower will be keenly watched. Our call is for a rate of 50bp by mid-2012, supporting a **bullish euro money market view**.
- Euro area breakevens rebounded this week, having fallen sharply both on an outright and a cross-market basis in recent months, partly reflecting the lower liquidity that can see linkers underperform in period of market stress. We think

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.

2012 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.

EA breakevens offer value vs US TIPS breakevens, not least because inflation is set to fall sharply in the US in H1, and by more than in the Euro area.

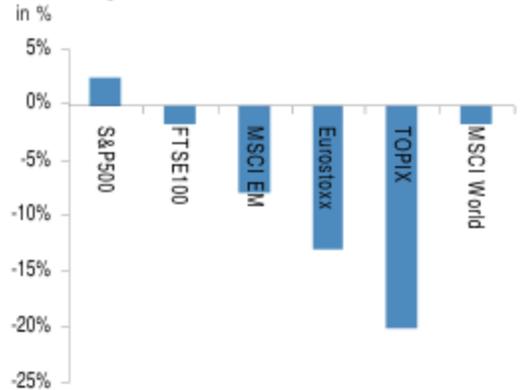
Equities

- We moved to a neutral stance last week as we saw **equity markets being caught up between opposing forces**. On the positive side there is more optimism about policy makers' actions in both the US (extension of payroll tax) and Europe (a fiscal pact and more ECB buying). In addition, seasonals have been positive for December over the past few years. On the negative side, the macro drop has deteriorated, as signalled by the drop in our Global PMI to a new year low for November. In addition, we see a high risk of disappointment after the Dec 9 EU summit, as happened after each of the critical EU summits over the past two years.
- **US equities are the clear winner this year** among regions, outperforming MSCI AC World by more than 7%. This was mostly built in July/August due to the slump in European equities and in September to the slump in EM. To a large extent this outperformance is a reflection of **growth and earnings outperformance in the US**. The global manufacturing PMI has dropped to below 50, but the US ISM is holding up well. **Bottom analysts have raised their 2011 S&P500 EPS forecast by 2.5% YTD, but have lowered their forecast for other major indices** (Chart p. 3).
- **US equities will likely continue to outperform in 2012**. The Euro debt crisis will likely linger creating more downside for European economies and equities. EM economies are also facing growth headwinds into 2012 and they have failed so far meaningfully to outperform their DM counterparts. EM growth has not been able to decouple with the gap in EM vs DM IP oya growth still below the 5% threshold, which we identified in our previous research as a useful signal for trading EM vs DM equities. The chart at the bottom of p. 3 shows that, while EM IP growth has meaningfully exceeded that 5% threshold for most of the past 10 years, this has not been the case since Oct 2010.

Credit

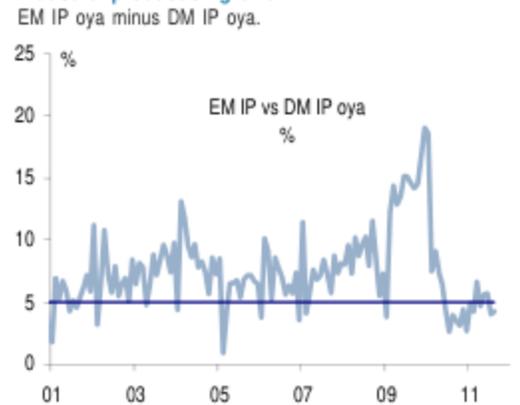
- The Fed's actions to support global financial markets **helped US HG snap a sixteen-day decline on Wednesday**, a run which saw spreads widen to our YE target of 250bp. Better US economic activity data should keep downward pressure on spreads near term. However, we remain cautious as sovereign stress and bank funding challenges in Europe continue to grow. The coordinated steps taken by central banks this week are far from a panacea.
- According to our US HY strategists, **six issuers and \$9.6bn in bonds and loans defaulting last month** was the eighth largest monthly volume on record and **the highest since November 2009** (Acciavatti et al., *High-Yield Market Monitor*). The 12-month HY bond default rate now stands at 1.7%, still well below its long-term average of 4.2%, but a telling sign of the times.
- In their 2012 outlook this week (Eric Beinstein et al., *High Grade bond and CDS 2012 Outlook*) our US HG strategists expect spreads to narrow next year to 175bp, down from 242bp today, on **strong credit fundamentals**, but remain underweight for now as the global outlook is more uncertain than at any time since 2008. Their report also highlights impending changes to the structure of the CDS market over the next year under the Dodd-Frank requirements.

YTD change in 2011 IBES EPS forecasts



Source: Datastream, J.P. Morgan

Industrial production growth



Source: J.P. Morgan

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

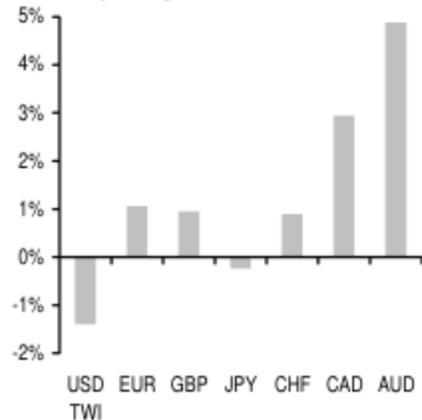
Foreign Exchange

- The dollar is falling across the board this week on suspicion of a global, coordinated policy response to prevent a replay of 2008. Suspicion is the operative word, as developments over the past week have been halfhearted by the standards of post-Lehman policy initiatives: China cut its required reserve ratio by 50bp; G-7 central banks cut the cost of USD swaps; and France and Germany have floated proposals for European fiscal union. Still, given the defensive positioning in currencies — USD longs are near all-time highs — this week's move is unsurprising. Note that **currencies have lost any link to country-specific events; systemic issues such as Europe drive all moves, as evidenced by the near all-time highs on correlations across pairs.**
- The next focus is the Dec 9 EU summit at which fiscal union will be the focus. Germany should be careful what it asks for. Full fiscal union would probably drive EUR/USD to 1.50, as it would eliminate fiscal imbalances in a currency zone which already lacks external imbalance. Reserve demand for such a currency, particularly if the US lacks a long-term deficit reduction plan, would be massive. But that is an issue for later this decade. At most, the Summit should announce agreement on the precursors to a eurobond, such as debt brakes, EU budget oversight and penalties, along with a timeline (perhaps mid-year for debt brakes and fall 2012 for the first budget surveillance). We continue to expect the reform and financing components to dovetail by the spring, which is why the forecasts show EUR/USD in a 1.30s range and also modest broad USD weakness in 2012. But given the slow progress on reform, the Q1 refinancing calendar and the funding questions, almost all trade recommendation are defensive. Stay short EUR/JPY and USD/JPY as hedges.

Commodities

- **Commodities rallied 4% this week** with all major commodity sectors posting strong gains. In our monthly *GMOS* published Wednesday, we opened a **long Brent vs. Base metals position** which we believe will perform well in the current environment. Oil markets appear much tighter than metals markets and we continue to expect OPEC to react to any material fall in oil prices, while metals have no such backstop. Any supply shock in oil markets due to political tensions in the Middle East, such as those discussed below, would also likely see oil rally while base metals sell off.
- With all the focus on developments in the Euro area, little notice has been paid to **the rise in tensions between Iran and the international community** over the past week. Sanctions are being discussed which could seriously limit Iran's ability to export its oil. Given how tight the market has been this year, these kind of measures could have resulted in a significant rise in oil prices had they been enacted earlier. However, with oil demand growth expected to slow in H1 2012 and supply returning in Libya, the oil market should have enough spare capacity to offset most of Iran's supply if necessary.
- There is a risk, though, that if Iran starts to see sanctions as inevitable, it could pre-emptively ban exports. If this were to take place before arrangements can be made to adjust supply elsewhere, we could see a **considerable supply shock**. For some time now, we have recommended investors **buy Dec-13 Brent \$125 calls to hedge this kind of risk**, and these latest developments in the Middle East make us reaffirm this view (see *Trade opportunities for long-term investors*, Panigirtzoglou et al, Sep 27 for details).

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	Mar-12	Jun-12	Sep-12	Dec-12	YTD Return*
United States	Fed funds rate	0.125	0.125	0.125	0.125	0.125	
	10-year yields	2.06	1.70	2.50	2.50	2.50	8.6%
Euro area	Refi rate	1.25	0.75	0.50	0.50	0.50	
	10-year yields	2.14	1.55	1.25	1.50	1.75	7.2%
United Kingdom	Repo rate	0.50	0.50	0.50	0.50	0.50	
	10-year yields	2.29	1.80	1.50	1.75	1.95	14.4%
Japan	Overnight call rate	0.05	0.05	0.05	0.05	0.05	
	10-year yields	1.08	0.90	0.95	1.10	1.15	1.6%
GBI-EM hedged in \$	Yield - Global Diversified	6.52	6.70				4.6%

Credit Markets	Current	Index	YTD Return*
US high grade (bp over UST)	250	JPMorgan JULI Portfolio Spread to Treasury	5.9%
Euro high grade (bp over Euro gov)	297	iBoxx Euro Corporate Index	0.9%
USD high yield (bp vs. UST)	747	JPMorgan Global High Yield Index STW	4.4%
Euro high yield (bp over Euro gov)	1001	iBoxx Euro HY Index	-5.5%
EMBIG (bp vs. UST)	405	EMBI Global	7.4%
EM Corporates (bp vs. UST)	457	JPM EM Corporates (CEMBI)	2.6%

Commodities	Current	Quarterly Averages				GSCI Index	YTD Return*
		12Q1	12Q2	12Q3	12Q4		
Brent (\$/bbl)	109.4	105.0	110.0	115.0	120.0	Energy	4.2%
Gold (\$/oz)	1744	1925	1875	1850	1825	Precious Metals	18.9%
Copper (\$/metric ton)	7763	8250	8850	9250	9000	Industrial Metals	-24.2%
Corn (\$/Bu)	6.01	6.70	7.00	6.80	6.30	Agriculture	-20.4%

Foreign Exchange	Current	Mar-12	Jun-12	Sep-12	Dec-12	3m cash	YTD Return*
						Index	in USD
EUR/USD	1.34	1.30	1.34	1.36	1.38	EUR	1.9%
USD/JPY	77.9	76	76	74	72	JPY	4.7%
GBP/USD	1.56	1.54	1.56	1.57	1.58	GBP	1.3%
USD/BRL	1.80	1.80	1.80	1.80	1.80	BRL	-1.2%
USD/CNY	6.36	6.20	6.10	6.00	6.05	CNY	2.3%
USD/KRW	1131	1120	1080	1060	1040	KRW	2.8%
USD/TRY	1.83	1.80	1.80	1.82	1.80	TRY	-11.3%

Equities	Current	YTD Return (local ccy)
S&P	1251	-5.4%
Nasdaq	2638	-6.2%
Topix	744	-19.2%
FTSE 100	5552	-9.0%
MSCI Eurozone*	131	-22.3%
MSCI Europe*	1012	-17.0%
MSCI EM \$*	959	-20.8%
Brazil Bovespa	58107	-20.3%
Hang Seng	19040	-15.0%
Shanghai SE	2361	-15.3%

*Levels/returns as of Dec 01, 2011

Local currency except MSCI EM \$

Sector Allocation *	US	Europe	Japan	EM
	YTD	YTD	YTD	YTD (\$)
Energy	-3.9%	-6.2%	-6.5%	-17.9%
Materials	-15.8%	-28.3%	-27.0%	-27.0%
Industrials	-9.4%	-24.6%	-17.3%	-31.3%
Discretionary	-1.4%	-17.7%	-25.7%	-10.2%
Staples	5.3%	-1.7%	0.8%	-5.1%
Healthcare	2.7%	-0.6%	-13.6%	-25.2%
Financials	-25.6%	-32.2%	-28.9%	-27.4%
Information Tech.	-2.7%	-12.7%	-28.5%	-20.0%
Telecommunications	-3.5%	-7.1%	-1.1%	-5.8%
Utilities	9.6%	-17.7%	-47.9%	-17.4%
Overall	-5.4%	-17.0%	-19.2%	-20.8%

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	2Q11	4Q11	2Q12	4Q12
The Americas														
United States	3.0	1.8	1.8	0.4	1.3	2.0	<u>3.0</u>	0.5	1.5	2.5	3.3	3.3	1.5	1.2
Canada	3.2	2.3	2.2 ↑	3.5 ↓	-0.5 ↓	3.5 ↑	<u>1.7</u>	2.1	2.6	2.3	3.4	2.6	1.6	1.7
Latin America	6.0	4.1	3.0	5.7	4.3	3.2 ↑	2.0	1.6	4.8	4.9	6.7	7.2	6.4	6.2
Argentina	9.2	7.0	1.0	13.1	10.2	<u>4.0</u>	2.0	0.0	6.0	4.0	9.7	11.0	10.0	9.0
Brazil	7.5	3.0	3.1	5.0	3.1	<u>0.4</u>	1.3	2.9	5.0	5.3	6.6	6.7	5.2	5.2
Chile	5.2	6.5	4.0	5.8	5.3	2.6	<u>2.5</u>	3.5	4.5	5.0	3.3	3.6	3.6	3.4
Colombia	4.3	5.3	3.7	2.9	8.5	<u>3.5</u>	1.5	3.0	4.0	5.0	3.0	3.9	3.0	2.9
Ecuador	3.6	6.5	3.0	7.1	9.1	<u>3.0</u>	1.0	2.0	3.0	3.0	4.1	5.5	5.3	4.6
Mexico	5.4	4.0	2.5	2.3	5.2	5.5	<u>2.6</u>	-1.7	4.1	4.8	3.3	3.2	3.5	3.5
Peru	8.8	6.7	4.5	7.3	4.6	6.5 ↑	<u>2.7</u>	4.5	5.0	6.2	3.1	4.0	3.6	2.7
Venezuela	-1.5	3.8	4.0	16.0	-4.1	6.8	<u>3.0</u>	6.0	6.0	4.0	24.6	28.6	26.7	25.3
Asia/Pacific														
Japan	4.1	-0.3 ↓	2.0 ↓	-2.7	-1.3	6.0	0.5 ↓	2.8 ↑	1.5	1.3	-0.4	-0.1	-0.5	-0.5
Australia	2.7	1.7	3.0	-3.4	4.8	<u>5.2</u>	0.9	2.5	2.7	3.8	3.6	3.8	3.2	3.3
New Zealand	1.7	2.3	2.8	3.5	0.4	<u>5.7</u>	2.4	-0.2	6.5	3.7	5.3	2.9	2.2	2.5
Asia ex Japan	9.1	7.1	6.4	8.8	<u>5.8</u>	5.9 ↓	5.0 ↓	6.1 ↓	7.1 ↑	7.4 ↑	5.7	4.9	3.9 ↓	3.9 ↓
China	10.4	9.0	8.2 ↓	9.0	7.9	7.9	<u>7.4</u> ↓	7.2 ↓	8.7 ↑	9.5 ↑	5.7	4.8	3.6	3.4
Hong Kong	7.0	5.0	3.0	13.0	-1.6	0.4	<u>1.5</u>	3.5	4.0	5.5	5.2	5.7	4.4	4.2
India	8.5	7.4	7.7	8.3	<u>7.7</u>	7.3	7.0	6.9	7.3	8.5	8.9	8.6	7.6	7.8
Indonesia	6.1	6.3	5.2	6.8	5.4	6.2	<u>5.5</u>	5.0	4.5	5.0	5.9	3.2	3.6	4.0
Korea	6.2	3.8	3.8	5.4	3.6	3.0	<u>4.2</u>	3.0	4.0	4.0	4.2	3.7	3.1	3.5
Malaysia	7.2	4.0	1.5	6.7	2.1	5.8	<u>0.0</u>	1.0	1.0	2.0	3.3	2.4	1.5	1.3
Philippines	7.6	3.7 ↓	3.8 ↓	8.0 ↑	2.0 ↓	1.3 ↓	4.5 ↑	2.8 ↑	4.9 ↓	5.7 ↑	5.0	4.9	3.9	4.0
Singapore	14.5	5.6	1.3	27.9	-6.4	1.9	<u>4.1</u>	-5.9	8.2	4.1	4.7	5.6	4.0	2.8
Taiwan	10.7	4.7	2.9	9.8	2.4	-0.6	<u>2.0</u>	3.5	4.3	4.6	1.6	0.9	0.4	1.8
Thailand	7.8	1.0	1.5	7.5	0.2	2.1	<u>-25.0</u>	20.0	12.0 ↑	0.5	4.1	3.5	2.8 ↓	1.4 ↓
Africa/Middle East														
Israel	4.8	4.3	2.9	4.7	3.5	3.4	<u>1.3</u>	0.8	3.2	6.1	4.1	2.8	2.3	2.5
South Africa	2.9 ↑	3.1	2.7	4.6 ↑	1.3	1.4 ↑	<u>3.9</u>	2.3	2.6	2.8	4.6	6.2	6.4	6.1
Europe														
Euro area	1.8	1.6	-0.7	3.1	0.7	0.8	<u>-1.0</u>	-1.5	-1.5	-0.3	2.8	2.9	1.9	1.5
Germany	3.6	3.0	0.2	5.5	1.1	2.0	<u>-0.5</u>	-0.3	-0.3	0.5	2.5	2.8 ↑	1.7	1.3
France	1.4	1.6	-0.2	3.8	-0.2	1.6	<u>-1.0</u>	-0.8	-0.8	0.5	2.2	2.5	1.7	1.3
Italy	1.2	0.5	-1.6	0.5	1.2	<u>-0.5</u>	-2.0	-2.5	-2.5	-1.0	2.9	3.6 ↓	2.4 ↓	1.5 ↓
Norway	1.8	2.5	1.1	1.5	5.4	3.4	<u>1.0</u>	0.0	0.0	1.0	1.4	1.1	1.2	1.3
Sweden	5.3 ↓	4.7 ↑	1.1 ↑	2.7 ↓	4.2 ↑	6.6 ↑	1.0 ↑	-0.5	-0.5	0.5	2.9	2.5	1.1	1.1
United Kingdom	1.8	0.9	0.5	1.6	0.4	2.0	<u>0.5</u>	0.0	-1.5	2.5	4.4	4.6	2.6	1.9
Emerging Europe	4.5	4.2	2.4	3.5 ↓	1.5 ↑	3.6 ↑	<u>2.8</u>	2.0	1.6	2.6	7.1	6.2	5.6	5.7
Bulgaria	0.2	2.2	2.5	...	...	...	...	...	...	...	...	...	...	...
Czech Republic	2.3	2.0	0.6	3.5	0.3	0.0	<u>-0.3</u>	0.0	0.8	2.0	1.8	1.8	2.5	2.8
Hungary	1.2	1.5	0.5	2.0	0.8	2.0	<u>-0.3</u>	-0.3	0.3	1.0	4.0	3.7	4.4	5.1
Poland	3.9 ↑	4.0	2.7	4.1 ↓	4.9 ↑	4.1 ↑	<u>2.0</u>	2.0	2.5	3.0	4.6	3.9	2.5	2.7
Romania	-1.3	2.7	0.8	2.8	0.8	7.8	<u>-0.5</u>	-1.2	-1.5	0.8	8.2	3.5	3.3	4.4
Russia	4.0	3.8	3.0	3.5	0.7	3.5	<u>4.2</u>	3.0	2.0	3.0	9.6	7.1	6.3	7.3
Turkey	9.0	7.0	2.2	...	...	...	...	...	...	...	5.9	8.3	7.8	6.0
Global	4.0	2.6	2.0	2.6 ↓	<u>1.8</u>	3.0 ↑	1.8 ↓	1.3	1.7	2.6	3.7	3.6	2.4	2.2
Developed markets	2.7	1.4	0.9	1.0 ↓	<u>0.8</u>	2.3	1.0 ↓	0.2 ↑	0.3	1.4	2.7	2.8	1.5	1.2
Emerging markets	7.3	5.7	4.7	7.0 ↓	<u>4.7</u>	4.8 ↑	3.8 ↓	4.2 ↓	5.5 ↑	5.9 ↑	6.1	5.7	4.9	4.8 ↓

Source: J.P. Morgan

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