

## The J.P. Morgan View

### Will Europe be able to circle the wagons?

- **Asset Allocation** — Greater political risk in Europe force us to reduce equity longs, while staying in credit, in our asset allocation portfolio.
- **Economics** — Weaker data for April delay the expected bounce back in the Chinese economy. Global growth forecasts unchanged from January.
- **Fixed Income** — We add to Euro area hedges.
- **Equities** — Stay long US vs. Euro area equities.
- **Credit** — We continue to favour US credit and hold NEXGEM markets in EM.
- **Foreign exchange** — Add to USD longs, as adverse Greek news should push the euro down much more than upside created by positive Greek news.
- **Commodities** — Higher oil prices in H2, but with elevated two-sided risks.

- **Equity and commodity markets are down this week, and bonds and the dollar are up on political paralysis in Greece and weaker Chinese economic data.** Credit, in contrast, performed better than other risk markets with spreads only a few basis points wider, largely offset by lower underlying bond yields.
- Over the past month, equities are now down some 7%, though still up on the year (chart on right). This is close to the limit of what one can call a profit-taking correction, and now risks turning into a broader and deeper downside move. Relative to where we were a few weeks ago, there is now a near-term downside risk, but signals for 3-6 months out still sound positive to us. This suggests retaining upside exposure to equities and credit, while flat on commodities and bonds, focusing on the US market where there is least downside risk, adding some near-term downside protection, and keeping overall tactical risk below average. In our own GMOS asset allocation model portfolio, we cut the equity long position in half, while keeping net long exposures in credit.
- How does one gauge the various forces driving risk markets? Starting with the **economy**, our 2012 and 2013 growth forecasts, at 2.2% and 2.6%, remain UNCH-ed since late January. Consensus is similarly not moving. The message on the world economy remains “low but stable”. For the US, unchanged weekly claims and a pop in Michigan consumer confidence are neutralising downside risks from recent weakness in job growth. We are comfortable with our 2.5% call for Q2. Less encouraging were the April data from China that forced us to lower our Q2 forecast from 7.8% to 7.0% saar. IP and retail sales growth are slowing into Q2. Our own and consensus projections on a rebound in H2 depend on monetary and fiscal easing measures. The next reserve requirement cut should come next month, followed by fiscal stimulus in the summer.
- **Price momentum** is now slightly positive for risk assets, down from strongly so. That is because short-term momentum — the last month — is negative, but the more reliable 6-month momentum, that is the basis of our rule-based

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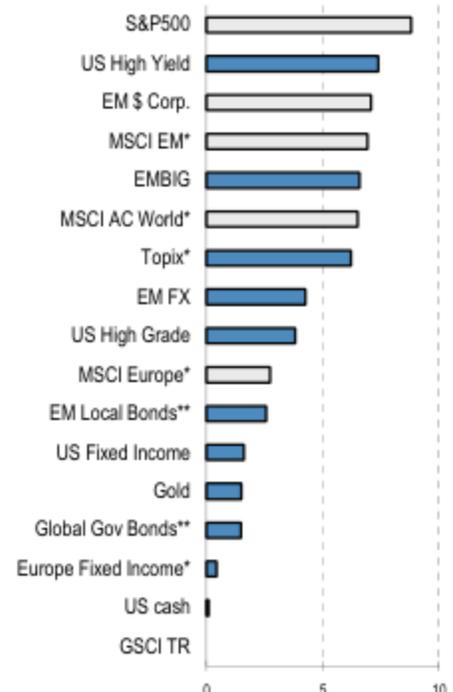
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### YTD returns through May 10

%, 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 EUMH in \$.

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The certifying analyst is indicated by an <sup>AC</sup>. See page 7 for analyst certification and important legal and regulatory disclosures.

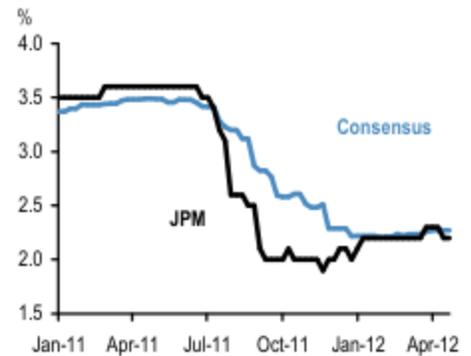
asset allocation models, remains in positive territory. Buying or selling assets on just the last month's price movement is a dangerous game.

- **Value** in risk markets — risk premia versus cash and safe gov't debt — has improved, but was already attractive to start with, in our view, and is unfortunately not a good timing signal. The Asset Reflation force — central bank liquidity supply — is also still in place. It is both a medium-term force, and a short-term put as growth shortfalls would likely induce renewed liquidity injections and or quantitative easing. **Positions** are now quite neutral as we find that tactical positions among short-term investors are now quite flat, even as they remain moderately long among more medium-term market participants.
- That leaves the main near-term negative for markets, **tail risk perceptions**, and one that has significantly worsened this past week, with Europe and Greece against the focus of global concerns. The failure of last week's Greek elections to produce a pro-EMU coalition has raised the risk of eventual EMU exit and massive contagion to the rest of the Euro area, with our strategists raising exit odds to 30-50%. **The fear scenario is as follows:** a new Greek government refuses the Troika conditions; Troika does not budge and stop new funding; massive capital flight in anticipation of exit force capital controls in Greece, and new IOUs to pay public workers, which starts the process to a new currency; capital flight from rest of periphery. If periphery countries then impose capital controls, the monetary union is effectively dead, as one country's euros are then not the same as another country's euros. To prevent this, the Euro area then needs to circle the wagons and accelerate moves to the joint funding of member governments and capital injections into banks. The cycle of crisis, midnight decision making, relief, quiet, gradual spread widening, and renewed crisis remains in place. We choose to protect against this cycle by underweighting Europe, rather than being short risk on a global basis.

## Fixed income

- **Bonds are higher on the week**, except in the Euro area periphery, where worries about Spanish banks and especially the **inconclusive Greek election** pushed spreads wider. One of the factors making it so difficult to call market direction in the past few years has been the increasing impact of political uncertainty, which investors have found much harder to predict than, say, the swings in the economic cycle.
- Greek politics, of course, have been harder to predict than most. If the likelihood that the electoral process leads to a breakdown of relations with the Troika, and a **Greek exit from EMU**, is anything close to 50%, then intra-EMU spreads would have significantly further to widen. Europe is surely unprepared for the scale of the consequent hedging flows from investors, corporates and depositors seeking protection against potential currency risk between EMU members, in our view.
- **What to do in the face of a risk which is so difficult to forecast?** Many investors have pared back positions, as shown by our *European Client Survey* (Aditya Chordia, May 11). And indeed, we remain **flat duration** in the face of such a binary outlook. We do see merit in adding to hedges where prices have not yet moved too far, including underweighting short-dated Italian bonds vs Germany, and positioning for wider German Bund swap spreads (see today's *GFIMS* for details).

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 Srin 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.

## Equities

- **The Greek political crisis is added to Spanish woes and weak economic data, creating a negative mix for equity markets.** It is worth hedging against this mix via longs in equity volatility. The problem with simple long VIX strategies is that they have a negative carry which over time becomes problematic. A way to avoid this negative carry is to hedge via the J.P. Morgan Macro Hedge Index (JPMZMHUS Index). This index picks up premium through its short exposure to the 1st month along the VIX futures curve, yet allows for tail risk protection through its long position in the 2nd month. It takes off the short leg opportunistically and systematically.
- **OW US vs. Euro area equities** is another obvious trade to hedge against a potential escalation of the Greek issue. But beyond its usefulness as a hedge, this trade is supported by a growing divergence of the profit margin picture in the US vs. Europe.
- Unconvincing economic data justify a neutral stance on high beta exposures such as Cyclical vs. non-Cyclical sectors and EM vs. DM equities. But within EM, we still like **overweighting MSCI EM Asia\$ vs MSCI EM\$**. This trade suffered this week due to weak economic data releases in China. As we explained last week, this is not a trade that will necessarily perform immediately. There is perhaps more upside in the summer as we expect that around July/August, two to three months before leadership change in China, a large FAI spending program will be announced. Frank Li, our Chinese equity strategist, stresses that monetary policy alone is not enough to engineer an economic pick up. Investors should keep a close eye on China's pace of the approval of new investment projects and on the timing of China's nomination of the standing committee of the politburo. Should there be delay in the nomination of the above standing committee, the timing of kicking off FAI projects could also be delayed.

## Credit

- Uncertainty around the results of the Greek elections capped a torrid few weeks for equities. **Yet credit has been significantly outperforming.** Whilst spreads were wider across the board, US HG yields hit 3.96% on Wednesday, a **new record low**, EM \$ sovereigns and corporates are approaching their record lows of 2010 and US HY isn't too far off the record lows of 2011. The negatives feeding into the Treasury rally have not led to a serious deterioration in credit spreads as **strong technicals and credit metrics put downward pressure on secondary market levels.** We continue to **favour US credit** and hold **NEXGEM markets within EM** (which have returned over 5% since the end of February).
- Our colleagues gave some interesting colour on ESMA's proposed technical details around EU short selling restrictions yesterday (see *Sovereign CDS Regulatory Update*, Saul Doctor et al. Note that this is their interpretation of the text, not a legal opinion.). The European Commission has three months to endorse them. Highlights include: 1) Restrictions on uncovered CDS, such that an exposure that is sufficiently correlated with the sovereign's debt must be being hedged, **which may threaten the future of SovX in its current format.** 2) Bans on cross border hedging with CDS, i.e. exposure in Country X using CDS on Country Y (subject to some exemptions). 3) Increased power for regulators to suspend trading for a day if bond yields rises by a certain amount (7 %/1% for Sovereign bonds and 10%/1% for Corporate bonds).

### 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.

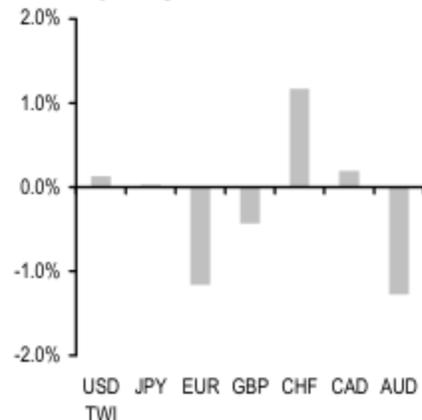
## Foreign Exchange

- **Greece's bombshell** election results last Sunday have given the world a lot to mull, none of which is comforting. For political pundits, it's the demise of mainstream parties; for the historians, it's Weimar Germany in the making; and for investors and corporates, it's Greece's EMU exit. This is the second time in six months Greece has found (or put) itself in this position. This occurrence is much more worrisome since the Left is in ascendance and some of its demands (debt moratorium, bank nationalization) could set off a chain of events resulting in Greece's withdrawal or de facto ejection from EMU.
- As disturbing as EMU exit is, it cannot occur automatically, accidentally or impulsively. Europe and Greece need to make several deliberate policy decisions to deliver the worst-case **scenario**, as traced in today's *FX Markets Weekly*. A centrist government would re-engage the troika and restore EUR/USD to its previous range in the low 1.30s all else equal. A leftist government which declares a debt moratorium risks its EMU membership and will prompt speculation about reintroducing the drachma, an event which would push the euro well below 1.20 and cause vols to spike to at least 15%.
- Attaching odds to these scenarios entails considerable guesswork given how coalition-dependent the outcomes are. But if we accept the simple arithmetic that a centrist coalition is as likely as a leftist one, but EUR/USD downside is so much larger with leftists than euro upside with centrists, the euro should decline this summer. For now we **increase long USD hedges**; forecasts will be revised in next Friday's *Key Currency Views*.
- Having positioned over the past two months for ranges on the dollar indices – roughly 78 - 81 on DXY and 80 – 82 on JPMQUSD – we add dollar longs given the direction in which Greek policy is lurching. To an existing cash short in GBP/USD, add a 12-mo EUR/CHF put spread (1.19 – 1.10 strikes); a 2-mo EUR/USD put spread (1.25 – 1.20 strikes); and a 2-mo USD/CAD at-expiry digital (1.0450 strike).

## Commodities

- **Another week of broad-based commodity declines.** Both the EMU crisis escalation and the weak data out of China contributed. The steep fall for gold means that it is now only just up on the year. **Our overall commodity allocation remains neutral** for the near term, and focused instead on spread trades, favouring **natural gas, crude oil and corn, against gasoline, wheat, and cattle.**
- The downdraft in oil in the past two weeks has been striking. We had expected softer prices in Q2, partly due to refinery maintenance, and continue to anticipate stronger demand and higher prices in the second half of the year. The risks around this path are material, however. Our forecast calls for a pick-up in GDP growth, but recent economic momentum and the EMU crisis pose some downside risks here. Meanwhile, geopolitical uncertainty remains high in the Middle East, with either an escalation of tensions, or a diplomatic solution that brings Iranian oil back to the market, both possible. Thus **the risk of a move of over \$20/bbl in either direction appears elevated**, and underpins the rise in oil implied volatility to around normal levels, having been unusually low. See today's *Oil Market Monthly* (Eagles et al.) 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	Jun-12	Sep-12	Dec-12	Mar-13	YTD Return*
United States	Fed funds rate	0.125	0.125	0.125	0.125	0.125	
	10-year yields	1.84	2.40	2.50	2.50	2.50	0.5%
Euro area	Refi rate	1.00	1.00	1.00	1.00	1.00	
	10-year yields	1.52	1.80	2.00	2.00	2.00	2.2%
United Kingdom	Repo rate	0.50	0.50	0.50	0.50	0.50	
	10-year yields	1.96	2.55	2.55	2.40	2.40	-0.6%
Japan	Overnight call rate	0.05	0.05	0.05	0.05	0.05	
	10-year yields	0.85	1.15	1.05	1.05	1.15	1.1%
GBI-EM hedged in \$	Yield - Global Diversified	6.33			6.30		2.6%

Credit Markets	Current	Index	YTD Return*
US high grade (bp over UST)	203	JPMorgan JULI Porfolio Spread to Treasury	3.8%
Euro high grade (bp over Euro gov)	265	iBoxx Euro Corporate Index	4.5%
USD high yield (bp vs. UST)	628	JPMorgan Global High Yield Index STW	7.0%
Euro high yield (bp over Euro gov)	870	iBoxx Euro HY Index	11.8%
EMBIG (bp vs. UST)	360	EMBI Global	6.6%
EM Corporates (bp vs. UST)	396	JPM EM Corporates (CEMBI)	7.1%

Commodities	Current	Quarterly Averages				GSCI Index	YTD Return*
		12Q2	12Q3	12Q4	13Q1		
Brent (\$/bbl)	112	112	120	125	125	Energy	0.6%
Gold (\$/oz)	1586	1750	1850	1875		Precious Metals	1.5%
Copper (\$/metric ton)	8207	8150	8575	9000		Industrial Metals	2.7%
Corn (\$/Bu)	5.78	6.35	5.85	5.65		Agriculture	-5.3%

Foreign Exchange	Current	Jun-12	Sep-12	Dec-12	Mar-13	3m cash YTD Return*	
						index	in USD
EUR/USD	1.29	1.34	1.36	1.36	1.36	EUR	0.6%
USD/JPY	79.9	78	80	78	80	JPY	3.7%
GBP/USD	1.61	1.61	1.62	1.62	1.62	GBP	4.6%
USD/BRL	1.95	1.90	1.90	1.90	1.90	BRL	-1.4%
USD/CNY	6.31	6.20	6.20	6.10	6.10	CNY	0.6%
USD/KRW	1147	1120	1100	1090	1090	KRW	1.9%
USD/TRY	1.78	1.75	1.75	1.70	1.70	TRY	9.0%

Equities	Current	YTD Return (local ccy)
S&P	1360	8.7%
Nasdaq	2948	12.9%
Topix	758	6.2%
FTSE 100	5576	1.7%
MSCI Eurozone*	132	2.5%
MSCI Europe*	1031	2.7%
MSCI EM \$*	981	7.9%
Brazil Bovespa	59800	5.4%
Hang Seng	19965	8.3%
Shanghai SE	2395	9.6%

Sector Allocation *	US	Europe	Japan	EM
	YTD	YTD	YTD	YTD (\$)
Energy	-1.7%	-6.4%	-3.3%	2.1%
Materials	5.5%	4.8%	2.9%	2.2%
Industrials	6.5%	6.0%	3.5%	9.1%
Discretionary	14.1%	13.1%	12.3%	8.8%
Staples	5.7%	4.5%	9.7%	10.3%
Healthcare	7.5%	2.5%	2.9%	11.8%
Financials	15.8%	4.7%	13.0%	8.3%
Information Tech.	14.0%	4.1%	5.4%	16.6%
Telecommunications	7.8%	-5.3%	-3.4%	7.6%
Utilities	0.9%	-2.1%	-0.7%	6.9%
<b>Overall</b>	<b>8.7%</b>	<b>2.7%</b>	<b>6.2%</b>	<b>7.9%</b>

\*Levels/returns as of May 10, 2012  
Local currency except MSCI EM \$

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			
	2011	2012	2013	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	4Q11	2Q12	4Q12	2Q13
<b>The Americas</b>														
United States	1.7	2.4	2.2	3.0	2.2	<u>2.5</u>	3.0	2.0	1.5	2.3	3.3	2.0	1.8	1.6
Canada	2.5	2.3	2.5	1.8	<u>2.1</u>	2.6	2.3	2.4	2.7	2.4	2.7	1.7	1.7	2.0
Latin America	4.3	<b>3.7 ↓</b>	4.0	2.4	<b>4.1 ↑</b>	<b>4.0 ↓</b>	<b>4.5 ↑</b>	<b>4.3 ↑</b>	4.4	3.8	7.2	6.4	6.2	6.9
Argentina	8.9	<b>4.0 ↓</b>	<b>3.9 ↓</b>	3.2	<b>4.8 ↑</b>	<b>-2.0 ↓</b>	<b>8.0 ↑</b>	<b>8.0 ↑</b>	3.0	4.0	9.6	10.0	10.0	11.0
Brazil	2.9	<b>2.9 ↓</b>	4.5	1.3	<u>2.6</u>	4.5	5.7	5.7	4.5	4.5	6.7	5.0	5.0	5.3
Chile	6.0	5.0	4.5	8.2	<u>5.1</u>	4.9	4.6	4.7	4.5	4.4	4.0	4.2	3.9	3.4
Colombia	5.9	5.0	5.0	5.4	<u>4.5</u>	4.9	4.1	3.0	5.7	6.0	3.9	3.6	3.3	3.0
Ecuador	7.8	4.0	4.0	4.1	<u>2.0</u>	3.5	4.0	4.0	4.0	4.0	5.5	5.3	4.7	4.7
Mexico	3.9	3.8	3.5	1.7	<u>5.1</u>	3.9	2.0	3.2	4.9	2.8	3.5	4.2	4.0	3.8
Peru	6.9	5.5	7.0	2.8	<u>5.2</u>	5.8	6.2	7.3	8.0	8.0	4.5	3.9	3.1	3.0
Venezuela	4.2	4.0	1.0	3.5	<u>6.0</u>	6.0	4.0	-3.0	0.0	0.0	28.5	23.9	23.4	31.7
<b>Asia/Pacific</b>														
Japan	-0.7	2.0	1.3	-0.7	<u>2.8</u>	2.0	1.4	1.2	1.0	1.2	-0.3	0.1	0.1	-0.1
Australia	2.0	3.0	3.3	1.7	<u>3.1</u>	1.9	3.7	4.1	4.5	2.0	3.1	2.5	3.3	3.0
New Zealand	1.4	2.9	2.7	1.4	<u>5.1</u>	2.1	3.7	3.0	0.9	3.4	1.8	1.2	2.5	2.7
Asia ex Japan	7.0	<b>6.3 ↓</b>	<b>7.0 ↓</b>	<b>4.5 ↓</b>	<u>8.0</u>	<b>6.3 ↓</b>	<b>7.0 ↓</b>	<b>7.1 ↓</b>	7.0	7.0	4.9	<b>3.8 ↓</b>	4.3	4.8
China	9.2	<b>8.0 ↓</b>	<b>8.9 ↓</b>	8.8	6.8	<b>7.0 ↓</b>	<b>9.1 ↓</b>	<b>9.5 ↓</b>	9.1	8.7	4.6	<b>3.2 ↓</b>	3.6	<b>4.5 ↓</b>
Hong Kong	5.0	<b>2.4 ↓</b>	4.2	<b>1.6 ↑</b>	<b>1.6 ↓</b>	<b>3.0 ↓</b>	<b>6.0 ↑</b>	<b>6.5 ↑</b>	3.0	<b>3.0 ↓</b>	5.7	4.4	3.5	3.4
India	7.0	7.1	7.3	3.8	<u>13.0</u>	5.5	6.3	6.5	6.7	7.5	8.4	7.8	8.2	8.5
Indonesia	6.5	5.3	5.5	<b>8.8 ↓</b>	<b>4.8 ↓</b>	<u>5.0</u>	4.5	5.0	5.5	5.5	4.1	3.9	7.4	7.3
Korea	3.6	3.3	4.0	1.3	3.7	<u>4.0</u>	4.5	4.0	4.0	4.0	4.0	2.6	2.9	3.5
Malaysia	5.1	3.9	3.2	4.8	<u>5.0</u>	2.0	2.0	2.5	4.0	4.5	3.2	2.6	2.2	1.8
Philippines	3.7	4.3	4.8	3.5	<u>4.3</u>	4.9	5.7	4.9	4.5	4.5	4.7	3.9	4.0	4.0
Singapore	4.9	3.7	4.0	-2.5	<u>9.9</u>	6.6	3.2	2.0	4.5	4.5	5.5	4.6	3.4	2.8
Taiwan	4.0	2.4	5.0	-0.6	<u>1.0</u>	4.8	6.5	5.8	4.5	4.6	1.4	1.3	1.7	1.2
Thailand	0.1	5.1	3.5	-36.4	<u>45.0</u>	20.0	2.0	0.5	5.0	6.5	4.0	3.7	3.5	3.2
<b>Africa/Middle East</b>														
Israel	4.8	2.9	4.4	3.2	<u>0.8</u>	3.2	6.1	7.4	4.5	2.8	2.5	2.3	2.5	2.1
South Africa	3.1	2.7	3.6	3.2	<u>2.3</u>	2.6	2.8	3.2	3.8	3.5	6.1	6.0	6.2	5.9
<b>Europe</b>														
Euro area	1.5	-0.4	0.4	-1.2	<u>-0.5</u>	-0.8	-0.5	0.3	0.5	0.5	2.9	<b>2.6 ↑</b>	<b>2.3 ↑</b>	<b>1.8 ↑</b>
Germany	3.1	0.6	1.4	-0.7	<u>0.3</u>	1.0	0.8	1.3	1.5	1.5	2.6	2.3	2.1	<b>1.8 ↑</b>
France	1.7	0.3	0.7	0.6	<u>0.0</u>	0.0	0.3	0.5	0.8	1.0	2.6	2.6	2.3	1.9
Italy	0.5	-1.9	-0.7	-2.6	<u>-2.5</u>	-2.5	-1.5	-1.0	-0.5	-0.5	3.7	<b>3.8 ↑</b>	<b>4.2 ↑</b>	<b>3.8 ↑</b>
Norway	2.7	1.4	1.8	2.5	<u>0.0</u>	0.0	1.0	1.0	2.0	2.5	0.9	0.9	1.4	1.7
Sweden	4.0	-0.3	1.7	-4.4	<u>-0.5</u>	-0.5	0.5	1.0	2.0	2.3	2.3	1.1	1.1	1.5
United Kingdom	0.7	0.1	1.9	-1.2	<u>-0.8</u>	<u>-1.0</u>	2.5	1.5	2.0	2.0	4.6	3.0	<b>2.7 ↓</b>	<b>2.4 ↓</b>
Emerging Europe	4.8	<b>2.7 ↓</b>	3.4	4.6	<u>1.1 ↓</u>	<u>1.3 ↓</u>	3.0	<b>3.0 ↓</b>	3.3	3.1	6.4	5.0	5.5	6.1
Bulgaria	1.7	1.5	2.5	...	...	...	...	...	...	...	...	...	...	...
Czech Republic	1.7	-0.2	0.9	-0.5	<u>-0.8</u>	-1.0	1.0	2.2	1.1	-1.7	2.4	2.7	2.9	2.5
Hungary	1.7	<b>0.0 ↓</b>	<b>1.2 ↓</b>	1.2	<u>-1.5 ↓</u>	<u>-0.5 ↓</u>	<b>0.0 ↓</b>	<b>0.8 ↓</b>	<b>1.2 ↓</b>	<b>1.5 ↓</b>	4.1	5.8	5.9	3.8
Poland	4.3	3.2	3.0	4.5	<u>2.5 ↓</u>	2.0	2.5	3.0	3.0	3.0	4.6	3.9	3.5	2.8
Romania	2.5	0.8	2.7	-0.8	<u>-1.2</u>	-1.5	0.8	2.4	2.5	3.0	3.4	3.3	4.4	4.0
Russia	4.3	3.7	3.7	6.4	<u>1.5</u>	2.0	4.0	3.5	4.0	4.0	6.8	3.9	6.1	6.8
Turkey	8.5	2.5	4.5	...	...	...	...	...	...	...	9.2	9.0	6.8	8.8
<b>Global</b>	2.6	2.2	2.6	1.5	2.4	<b>2.1 ↓</b>	<b>2.6 ↓</b>	2.5	2.4	2.6	3.6	2.7	2.7	2.7
Developed markets	1.3	1.2	1.5	0.6	<u>1.2</u>	1.0	1.5	1.3	1.3	1.5	2.8	2.0	1.8	1.6
Emerging markets	5.8	<b>4.9 ↓</b>	<b>5.5 ↓</b>	4.0	<u>5.7</u>	<b>4.8 ↓</b>	5.7	<b>5.7 ↓</b>	5.7	5.5	5.7	4.7	5.0	<b>5.5 ↓</b>

Source: J.P. Morgan

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