

The J.P. Morgan View

Q&A on Greek exit risk

- **Asset Allocation** — With little policy support before June 17 Greek elections, there is little supporting current risk prices. Cover remaining longs in risk.
- **Economics** — Data are tracking Q2 forecasts, but the recent fall in equities offsets the impact of lower oil prices. This pushes growth risk to the downside.
- **Fixed Income** — Stay flat duration, and hold EMU hedges.
- **Equities** — Take profit on Dax OW in Europe as risk of shorting bans is rising.
- **Credit** — We move underweight credit, and cover our remaining longs in the GMOS portfolio. Near-term, we look for relative value in CDS vs. equity.
- **Foreign exchange** — We use a 1.22 EUR/USD fair value for June on 50/50 odds of pro vs anti EMU results in the June 17 Greek elections.
- **Commodities** — This week's start-up of the Seaway pipeline between the US Midwest and Gulf Coast should help narrow the Brent-WTI Spread.

- **Risk markets all lurched down as one this week, and safe government bonds and the dollar all rose as one**, as markets positioned for Lehman-like contagion risk emanating from Greek election risks. Unfortunately, the June 17 date of these elections is still a month away, and Euro policy makers do not want to give the shop away even before the elections, for fear of strengthening the hands of those who are calling for a hard renegotiation with the Troika. That means little upside news over the month and markets being driven by positioning on different post election scenarios. With this outlook, and equities now flat on the all-important 6-month lookback, we need to neutralise remaining equity and credit longs.
- **Economic news remains broadly neutral** and are tracking our Q2 forecasts. Q1 GDP for both Japan and the Euro area came in better than expected at 0% and 4.1%, respectively. Forward looking indicators, including the last set of PMIs, and recent falls in global equity prices, give us no reason to raise the rest of the year, but with high Q1, the 2012 projections automatically move up. Over the past month, both oil and global equities are down about 10%. Further Greek turmoil would push down again. The equity fall, however, has a higher impact on economic activity than the same %fall in oil prices. Hence, we must now accept a negative risk bias on the economic outlook.
- Given the almost exclusive focus of global markets on the evolving Greek drama, we provide below a concise Q&A on Greek EMU exit risk. The box on p. 2 lists a number of recent reports from JPMorgan analysts on this topic.
- **Why do we care?** Greek elections are having many times the impact that the recent slowing in Chinese growth is having, despite China's economy being 30 times larger than the Greek one. The higher impact of local shocks depends on how they affect the world's two main "contagion conductors" — banks and oil. China has little negative on either, and thus the impact of its growth

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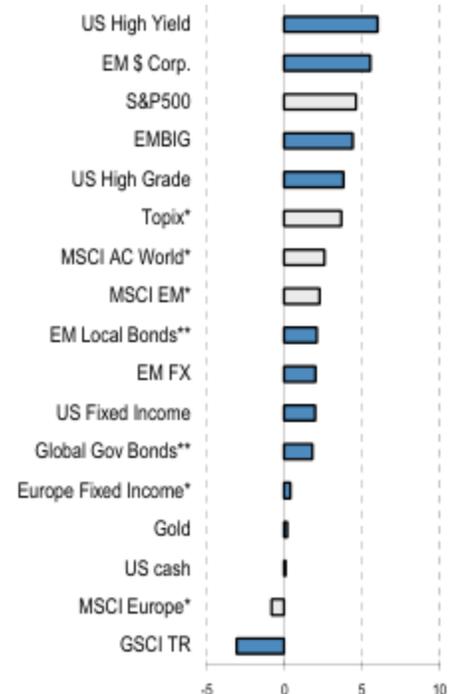
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YTD returns through May 17

%, 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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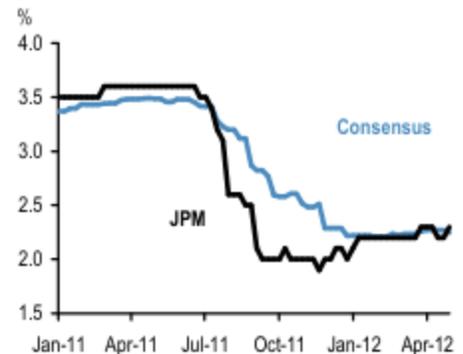
fluctuations are largely local, and on relative pricing. Greek exit risk threatens the integrity of the euro financial system, and could thus initiate a Lehman-like world crisis.

- Why have policy makers not neutralised this risk yet? Euro policy makers have consistently **underestimated the macro impact** of what have been really micro economic decisions. Telling countries they need to reduce debt through austerity and should not depend on others (and surely not the ECB) to repay debt, and telling banks they need to rebuild capital all makes eminent sense, but has the reverse, unintended impact of destroying markets and economies — a colossal inability to understand the paradox of thrift. A divided leadership does not help. Only the ECB has more concentrated leadership, but has the problem that the ultimate solution is fiscal, not monetary.
- **What should policy makers do?** Aside from the ultimate need to create fiscal and political federalism, one can read the post-Lehman script, where slower austerity and monetary financing of forced capital injections in all banks prevented the onset of depression. Call it Euro-TARP. This does not constitute core EMU throwing good money after bad, but, to this analyst, is investing at a great entry price. In addition, why does the ECB not intervene to push the euro down? The world would likely applaud an ECB that focuses on growth instead of reducing moral hazard.
- **What are policy makers likely to do?** Very little before June 17, not to tip their hand to Greek voters. A new government that is willing to work to remain an EMU member, will likely receive some leniency and assistance. A new gov't that instead unilaterally abrogates previous agreements to repair Greece's creditworthiness would face stubborn Euro leaders, who would be forced to circle the wagons to protect the rest of EMU against capital flight. Initially policy makers would be reactive, providing funding to banks and countries where markets have closed. At some point, it will dawn on them that a massive euro-TARP provides the best defence per buck.
- **How?** A Greek exit is in neither side's true interest. It would thus probably not be a clean, surgical decision, but more the result of an escalation of acrimonious actions and counteractions that bring both sides to a point neither really wanted to be. One can imagine a scenario where a leftist government unilaterally stops austerity and debt payments could easily see the rest of EMU stopping payments. A Greek government running out of cash would instead write IOUs, which would soon end up as a new currency running alongside old EMU bills.
- **What impact?** Our economists judge that Greek exit would push Euro GDP down a further 2%. Market consensus is converging on 50/50 odds of exit, but we do not sense full capitulation yet on long risk exposures, nor a dominance of risk underweights. There would be significant further downside on equities and credit if a chaotic Greek exit were to unfold, likely double digit in the case of equities. Still, given the memory of the Lehman aftermath, global policy makers would likely react more decisively, and thus limit the downside. The euro would approach parity versus the dollar.

Fixed income

- **Bonds rallied for the fourth week in a row**, with German Bunds and UK gilts

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.

Research on a Greek exit from EMU

More thoughts on a Greek exit: process and timing, David Mackie, May 18, 2012

The macro consequences of a Greek exit, David Mackie, May 18, 2012

The gory details of Greek EMU exit, Target2 and the ECB, Malcom Barr, May 17, 2012

Global implications from a Greek exit from EMU, Conference call, replay +1 203 369 0254, passcode 7972

FX Markets Weekly - A roadmap and roadblocks to EMU exit, John Normand, May 11, 2012

Global Fixed Income Markets Weekly, Pavan Wadhwa, Kedran Panageas et al., May 11, 2012

Flows and Liquidity: Greek Contagion, Nikos Panigirtzoglou et al., May 11, 2012

Alternate States: EMU Breakup, Seamus Mac Gorain, Sep 8, 2011

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.

hitting new yield lows, the latter boosted by a relatively dovish BoE *Inflation Report*. We remain **flat duration** overall, reluctant both to chase yields at these lows, and to take bearish positions with the Greek political outlook still so uncertain. Nor is the economic data providing a clear steer either way.

- With the Greek election looming, investors are likely to remain cautious unless the polls swing clearly towards the mainstream parties. Given the likely catastrophic impact of a Greek EMU exit, we still see merit in **EMU hedges**, including swap spread wideners, German curve flatteners, and modest intra-EMU spread wideners. The possibility of a reactivation of the ECB's bond purchases is one factor keeping spreads in check, though the ECB's halfhearted approach to this programme in the past suggests it would provide only a temporary balm.
- EM local yields have backed up in the past few weeks, even as DM yields made new lows. EM is now about flat to DM for the year. EM local bond funds are still seeing modest inflows, though hard currency EM bonds continue to be more favoured. **While remaining broadly neutral duration in EM, we add an underweight in Indonesia**, where the central bank, the main bond buyer over the past nine months, has signalled a less supportive stance.

Equities

- **Country trades constitute the core of our equity portfolio. OW US vs. Euro equities** and OW MSCI EM Asia vs. MSCI AC World are our preferred calls. The first is justified by the escalation of the euro debt crisis and the impact it will have on the euro area economy. Last year, the euro debt crisis caused a dramatic decline in euro area economic activity in H2, and unless the Greek issue is resolved quickly, this year's second half will look more like last year's.
- **OW EM Asia** equities is predicated on an expectation that Chinese policy makers will announce more stimulus via a FAI program in the summer, ahead of autumn's leadership change. Last week's disappointing data in China have raised the probability of that happening.
- **We tactically exit our OW in DAX vs. Eurostoxx50.** The economic divergence between Germany and the rest of the Euro area is still in place and perhaps it is widening as financial conditions get tighter for periphery. But we see a high risk that a short sale ban will be introduced in Spain or Italy given sharp declines in bank stocks. When that happened last August, investors were forced to use DAX futures to reduce their exposure to Euro area equities, causing sharp DAX under performance.

Credit

- The sell-off continues and **credit, which had been outperforming, has now joined in** with Greece again driving prices. Against this uncertain backdrop, we close our remaining directional trades in the GMOS portfolio.
- Our colleagues in US credit moved to underweight US HG with a spread target of 235bp for JULI and 125bp for CDX.IG given the potential fallout from impending events. They also recommend CDX.IG vs. the S&P500, given the sharp sell-off in the former (see Eric Beinstein, *CMOS*) a call shared by our European team for iTraxx Main vs. EuroStoxx (see Tina Zhang, *The State of Play*).

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.

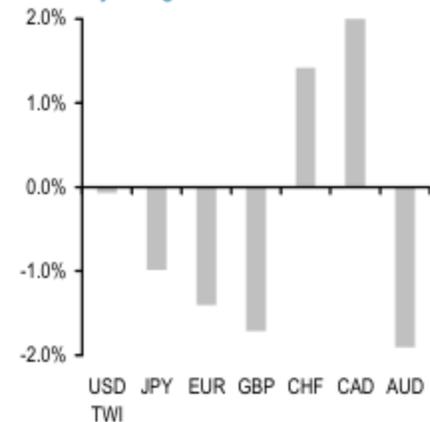
Foreign Exchange

- For the second time in six months, Greece's EMU exit seems imminent.** Although we always expected the next Greek government to renegotiate the troika accord and for such tensions to create volatility this summer, Syriza's agenda is much more extreme than in our previous base case. If the Radical Left obtains an outright majority on June 17 and implements its agenda, it could initiate a chain of events resulting in its withdrawal or de facto ejection from EMU. Significant influence in a coalition government could also deliver this outcome. Given these risks, we are revising down EUR/USD forecasts to reflect intensification of the current crisis. New targets for all currencies will be released on Monday, May 21 in our monthly *Key Currency Views*.
- For EUR/USD, 1.22 is fair target for June.** This forecast reflects the probability-weighted outcome of various scenarios outlined last week. Following fresh elections in June, the **benign scenario** envisions an outright victory by or coalition of centrist parties, minor renegotiation of the troika program, and orderly restructuring of official debt if Greece achieves its fiscal targets. EUR/USD would revert to its earlier range in the low 1.30s in such an environment, since Europe has a stronger balance of payments position than the US and investors are very short the currency. The **adverse scenario** envisions an outright victory by the Radical Left or significant influence in a coalition and declaration of a debt moratorium, which the troika would respond to by ending the financing program and denying Greece access to ECB borrowing. If Greece then introduced the drachma, EUR/USD would probably decline to 1.10 due to widespread capital flight from the region. If instead the government backtracked and re-engaged the troika given that 80% of the electorate favours retaining the euro, the currency would stabilise around 1.20. For a fuller discussion of EMU break-up issues, see also *Answers to 10 common questions on EMU break-up*, Normand and Sandilya, Dec 7, 2011.
- Taking 50/50 odds to a centrist versus leftist government and 50/50 odds to the drachma (chaos scenario) versus backtracking (epiphany scenario) yields a baseline 1.22 forecast for Q2. We remain short EUR, GBP, CAD and AUD in anticipation of further deleveraging.

Commodities

- Commodities continued to drift lower this week, down another 2%.** Oil and base metals fell most, offsetting strong gains for agriculture. Oil and metals are suffering as the Euro crisis has escalated. Greece is not a significant consumer of commodities, but the possibility of a material contraction in Europe and high uncertainty raise the risk of a more systemic event threatening commodity demand globally. For example, Europe is China's largest export market and China is the most important country for commodity demand growth globally.
- Yesterday the Seaway pipeline between Cushing in the US Midwest and the US Gulf Coast started up. This was one of the short term events we had expected to help narrow **the spread between Brent and WTI** as it will alleviate some of the bottleneck of oil that has built up at Cushing. **We continue to be short this spread as we think it will narrow further to around \$7/bbl in Q3.** However, there remains a risk that US Midwest and Canadian production, which flows into Cushing, increases more rapidly than expected which would somewhat offset the impact of the Seaway pipeline.

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	1.72	2.40	2.50	2.50	2.50	1.4%
Euro area	Refi rate	1.00	1.00	1.00	1.00	1.00	
	10-year yields	1.43	1.80	2.00	2.00	2.00	2.9%
United Kingdom	Repo rate	0.50	0.50	0.50	0.50	0.50	
	10-year yields	1.83	2.55	2.55	2.40	2.40	0.5%
Japan	Overnight call rate	0.05	0.05	0.05	0.05	0.05	
	10-year yields	0.83	1.15	1.05	1.05	1.15	1.3%
GBI-EM hedged in \$	Yield - Global Diversified	6.44			6.30		2.1%

Credit Markets	Current	Index	YTD Return*
US high grade (bp over UST)	218	JPMorgan JULI Portfolio Spread to Treasury	3.9%
Euro high grade (bp over Euro gov)	280	iBoxx Euro Corporate Index	4.1%
USD high yield (bp vs. UST)	666	JPMorgan Global High Yield Index STW	5.8%
Euro high yield (bp over Euro gov)	925	iBoxx Euro HY Index	10.0%
EMBIG (bp vs. UST)	404	EMBI Global	4.4%
EM Corporates (bp vs. UST)	432	JPM EM Corporates (CEMBI)	5.6%

Commodities	Current	Quarterly Averages				GSCI Index	YTD Return*
		12Q2	12Q3	12Q4	13Q1		
Brent (\$/bbl)	107	112	120	125	125	Energy	0.6%
Gold (\$/oz)	1589	1750	1850	1875		Precious Metals	1.5%
Copper (\$/metric ton)	7695	8150	8575	9000		Industrial Metals	2.7%
Corn (\$/Bu)	6.35	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	1.27	1.34	1.36	1.36	1.36	EUR	-1.4%
USD/JPY	79.1	78	80	78	80	JPY	3.2%
GBP/USD	1.58	1.61	1.62	1.62	1.62	GBP	2.4%
USD/BRL	2.02	1.90	1.90	1.90	1.90	BRL	-4.1%
USD/CNY	6.33	6.20	6.20	6.10	6.10	CNY	0.3%
USD/KRW	1173	1120	1100	1090	1090	KRW	0.1%
USD/TRY	1.84	1.75	1.75	1.70	1.70	TRY	6.6%

Equities	Current	YTD Return (local ccy)
S&P	1306	4.6%
Nasdaq	2817	7.7%
Topix	726	3.7%
FTSE 100	5268	-3.8%
MSCI Eurozone*	126	-1.8%
MSCI Europe*	994	-0.8%
MSCI EM \$*	921	1.5%
Brazil Bovespa	54513	-3.9%
Hang Seng	18952	3.3%
Shanghai SE	2345	8.2%

*Levels/returns as of May 17, 2012
Local currency except MSCI EM \$

Sector Allocation *	US	Europe	Japan	EM
	YTD	YTD	YTD	YTD (\$)
Energy	-6.3%	-9.9%	-6.6%	-5.5%
Materials	-1.2%	-0.9%	0.1%	-5.2%
Industrials	2.3%	2.2%	2.6%	3.5%
Discretionary	8.9%	11.4%	10.4%	2.7%
Staples	4.6%	3.9%	6.6%	5.2%
Healthcare	5.6%	1.6%	-0.3%	9.1%
Financials	7.5%	-2.6%	11.3%	1.5%
Information Tech.	9.5%	0.5%	3.7%	10.9%
Telecommunications	8.1%	-8.9%	-4.5%	2.2%
Utilities	-0.4%	-5.3%	-4.6%	0.9%
Overall	4.6%	-0.8%	3.7%	1.5%

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
The Americas														
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	3.7	4.0	2.9 ↑	4.5 ↑	4.0	4.5	4.3	4.4	3.8	7.2	6.4	6.2	6.9
Argentina	8.9	4.0	3.9	3.2	<u>4.8</u>	-2.0	8.0	8.0	3.0	4.0	9.6	10.0	10.0	11.0
Brazil	2.9	2.9	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	5.7 ↑	<u>4.9</u>	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	2.9 ↑	5.3 ↑	<u>3.9</u>	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	5.2 ↑	10.9 ↑	<u>6.0</u>	4.0	-3.0	0.0	0.0	28.5	23.9	23.4	31.7
Asia/Pacific														
Japan	-0.7	2.5 ↑	1.3	0.1 ↑	4.1 ↑	<u>2.0</u>	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	6.3	7.0	4.5	<u>8.0</u>	6.3	7.0	7.1	7.0	7.0	4.9	3.8	4.3	4.8
China	9.2	8.0	8.9	8.8	6.8	<u>7.0</u>	9.1	9.5	9.1	8.7	4.6	3.2	3.6	4.5
Hong Kong	5.0	2.4	4.2	1.6	1.6	<u>3.0</u>	6.0	6.5	3.0	3.0	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	8.8	4.8	<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	10.0 ↑	<u>4.9 ↓</u>	4.5 ↑	3.2 ↑	3.2 ↓	4.5	5.5	4.9 ↑	3.7 ↑	3.0 ↑
Taiwan	4.0	2.4	5.0	-0.6	1.0	<u>4.8</u>	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
Africa/Middle East														
Israel	4.8	2.9	4.4	3.2	3.0 ↑	<u>3.2</u>	6.1	7.4	4.5	2.8	2.5	2.3	2.5	2.1
South Africa	3.1	2.5 ↓	3.6	3.2	2.0 ↓	2.4 ↓	3.5 ↑	4.5 ↑	3.7 ↓	3.2 ↓	6.1	6.1 ↑	6.0 ↓	5.8 ↓
Europe														
Euro area	1.5	-0.3 ↑	0.4	-1.2	0.1 ↑	<u>-0.8</u>	-0.5	0.3	0.5	0.5	2.9	2.6	2.4 ↑	1.8
Germany	3.1	1.1 ↑	1.4	-0.7	2.1 ↑	<u>1.0</u>	0.8	1.3	1.5	1.5	2.6	2.3	2.1	1.8
France	1.7	0.3	0.7	0.3 ↓	0.2 ↑	<u>0.0</u>	0.3	0.5	0.8	1.0	2.6	2.6	2.3	1.9
Italy	0.5	-2.0 ↓	-0.7	-2.6	-3.2 ↓	<u>-2.5</u>	-1.5	-1.0	-0.5	-0.5	3.7	3.8	4.2	3.8
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	-0.8	<u>-1.0</u>	2.5	1.5	2.0	2.0	4.6	3.0	2.7	2.4
Emerging Europe	4.8	2.7	3.4	4.2 ↓	2.4 ↑	-1.0 ↓	2.6 ↓	3.3 ↑	3.6 ↑	3.1	6.4	4.9 ↓	5.5	6.0 ↓
Bulgaria	1.7	1.0 ↓	2.5	...	...	...	...	...	...	...	...	...	...	...
Czech Republic	1.7	-0.2	0.9	-0.5	-3.9 ↓	<u>-1.0</u>	1.0	2.2	1.1	-1.7	2.4	2.7	2.9	2.5
Hungary	1.7	-1.2 ↓	1.0 ↓	0.0 ↓	-5.1 ↓	<u>-0.5</u>	0.0	0.8	1.0 ↓	1.5	4.1	5.8	5.9	3.8
Poland	4.3	3.0 ↓	3.0	4.5	2.3 ↓	2.0	2.3 ↓	3.0	3.0	3.0	4.6	3.9	3.5	2.8
Romania	2.5	0.8	2.7	-0.8	-0.4 ↑	<u>-1.5</u>	0.8	2.4	2.5	3.0	3.4	3.3	4.4	4.0
Russia	4.3	3.7	3.7	5.9 ↓	4.6 ↑	-2.0 ↓	3.5 ↓	4.0 ↑	4.5 ↑	4.0	6.8	3.7 ↓	6.0 ↓	6.6 ↓
Turkey	8.5	2.5	4.5	...	...	...	...	...	...	...	9.2	9.0	6.8	8.8
Global	2.6	2.3 ↑	2.6	1.6 ↑	2.7 ↑	2.0 ↓	2.6	2.5	2.5 ↑	2.6	3.6	2.7	2.7	2.7
Developed markets	1.3	1.3 ↑	1.5	0.8 ↑	1.5 ↑	1.0	1.5	1.3	1.3	1.5	2.8	2.0	1.9 ↑	1.6
Emerging markets	5.8	4.9	5.5	4.0	6.1 ↑	4.4 ↓	5.6 ↓	5.8 ↑	5.7	5.5	5.7	4.7	5.0	5.5

Source: J.P. Morgan

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