ORLANDO MAY 5-8, 2024

2024 BAFT Global Annual Meeting

BUILDING BRIDGES AMID A CHANGING GLOBAL LANDSCAPE

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Top Areas of the Global Market to Watch in 2024

Joyce Chang
Managing Director and Chair, Global Research
JP Morgan

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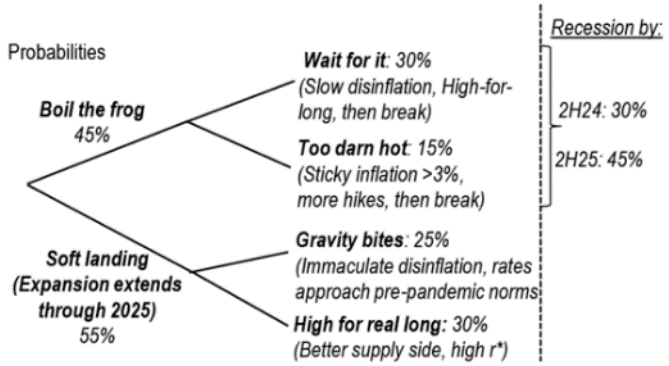
Resilient growth and sticky inflation point to US exceptionalism and higher for longer

Global real GDP

% change, Q4/Q4; Potential in parentheses.

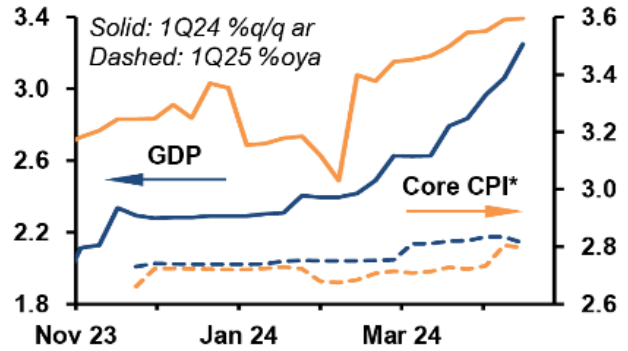
	Annual		Quarterly				
	2023	2024	4Q23	1Q24	2Q24	3Q24	4Q24
Global	**2.7**	**2.6**	**2.6**	**3.1**	**2.5**	**2.2**	**2.1**
DM	**1.7**	**1.5**	**1.6**	**1.3**	**1.8**	**1.0**	**1.1**
United States	2.5	2.4	3.4	1.6	2.5	1.0	1.0
Euro Area	0.5	0.5	-0.2	0.5	1.0	1.0	1.0
EM	**4.2**	**4.2**	**3.9**	**5.6**	**3.3**	**3.7**	**3.6**
EMX	3.2	3.2	2.2	4.0	2.7	2.9	3.1
EMXTR	3.3	3.5	2.1	4.5	3.3	3.5	3.5
EM Asia	5.0	5.0	5.5	6.7	3.8	4.4	4.2
EMAX	3.1	3.3	3.1	3.7	2.3	2.9	3.1
China	5.2	5.2	5.8	7.4	4.0	4.5	4.1
India	7.7	6.4	8.0	8.0	5.5	6.2	6.3
EMEA EM	2.5	2.7	0.5	5.3	1.5	1.4	1.8
CE4	0.3	2.5	0.2	3.6	3.1	3.1	3.5
South Africa	0.6	1.2	0.2	1.8	1.7	1.5	1.4
Türkiye	4.5	2.7	3.9	4.5	-1.0	-1.0	1.0
Latam	1.9	1.4	-0.9	0.3	2.4	2.3	2.3
Brazil	2.9	2.2	-0.1	2.4	2.2	2.0	2.0
Mexico	3.2	1.9	0.3	-0.2	4.3	2.0	1.0

Global outlook scenarios now place high for long at 75% but high for soft landing at just 30%



J.P. Morgan Global Forecast Evolution

% change saar; forecast by date made



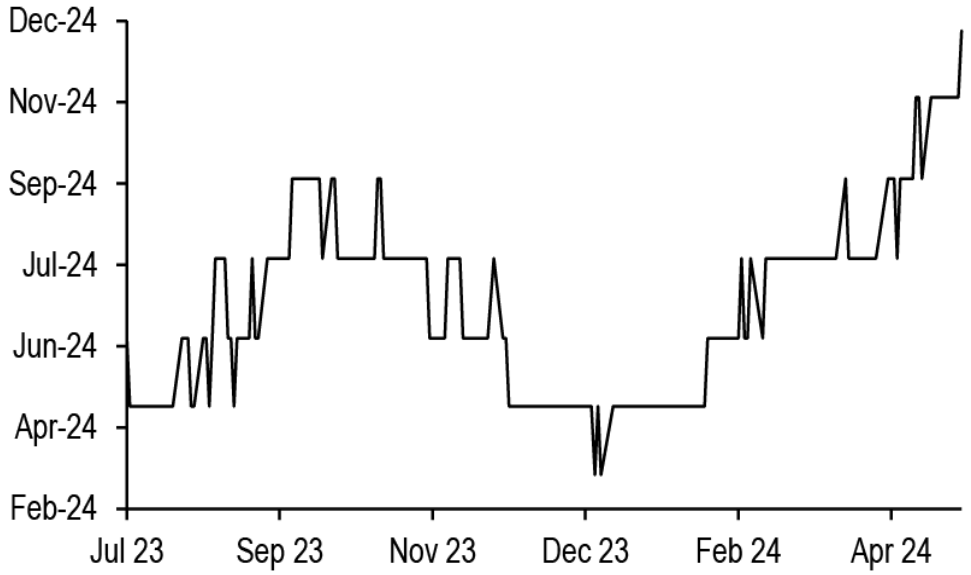
* Core CPI excluding China and Turkey

Source for all charts: J.P. Morgan Global Economics.

Market expectations for Fed easing have shifted to a much shallower trough

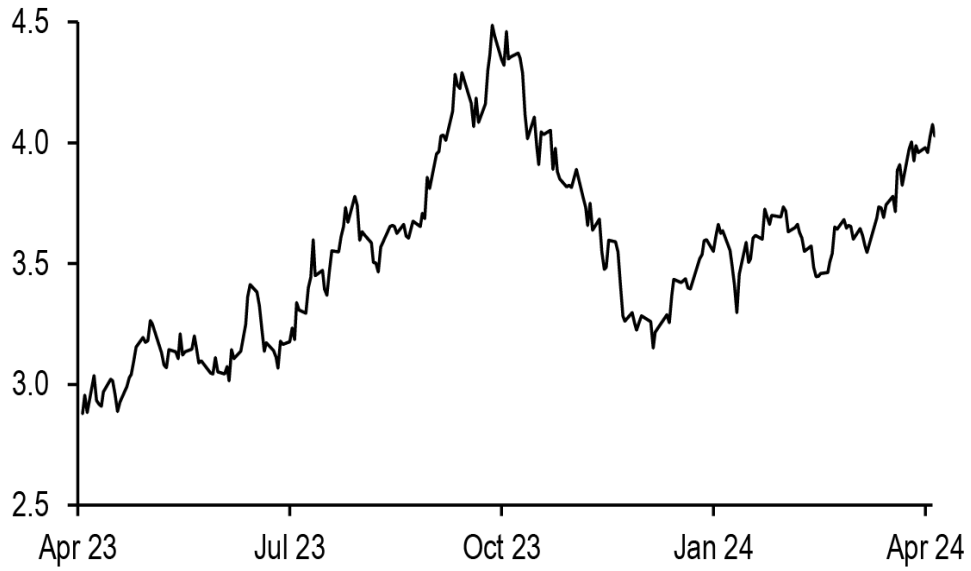
Markets are not pricing a full 25bp ease until December…

Date of first expected Fed ease as derived from FOMC meeting date OIS forwards;



...and only pricing in about 125bp of easing over the next 5 years

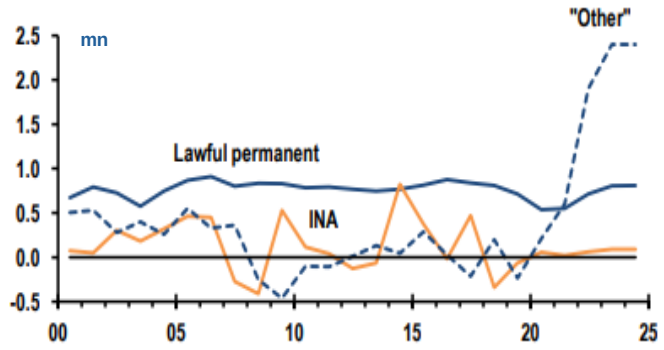
5y1y OIS rate; %



Source for all charts: J.P. Morgan

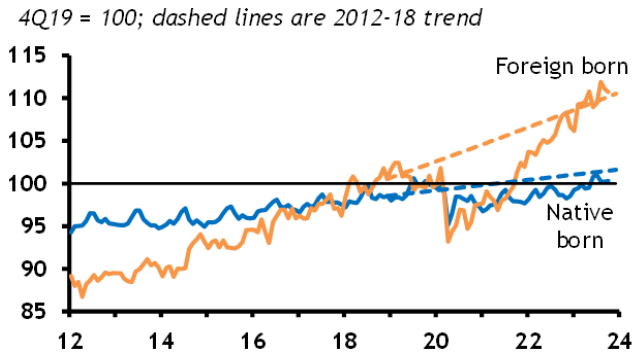
Strength of immigration flows was unexpected and has boosted the US economy

CBO Immigration Estimates, By Category



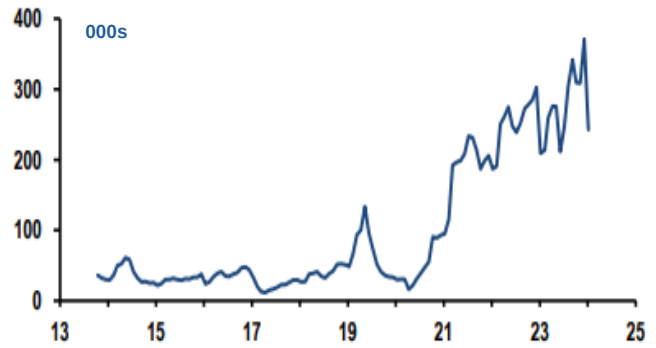
Source: CBO, J.P. Morgan

US Labor Force



Source: BLS, J.P. Morgan

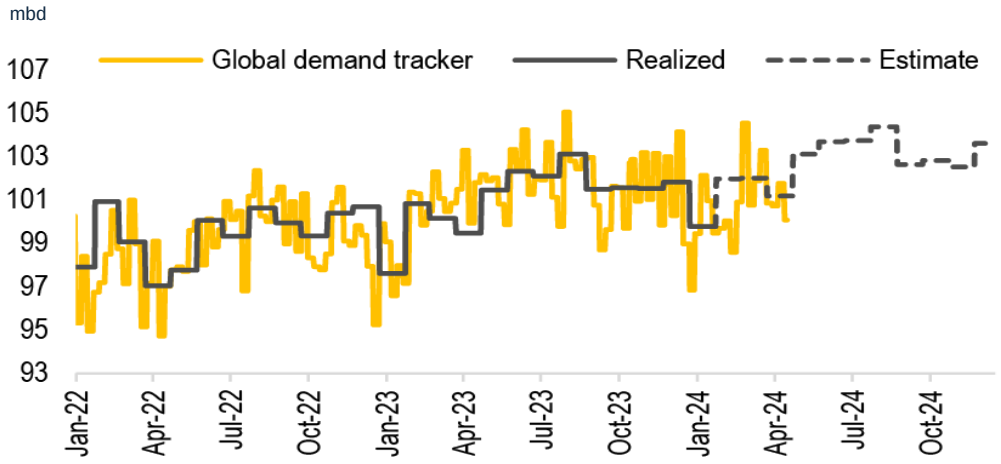
US Border Patrol Monthly Nationwide Encounters



Source: CBP, J.P. Morgan. Beginning March, 2020 includes Title 42 expulsions

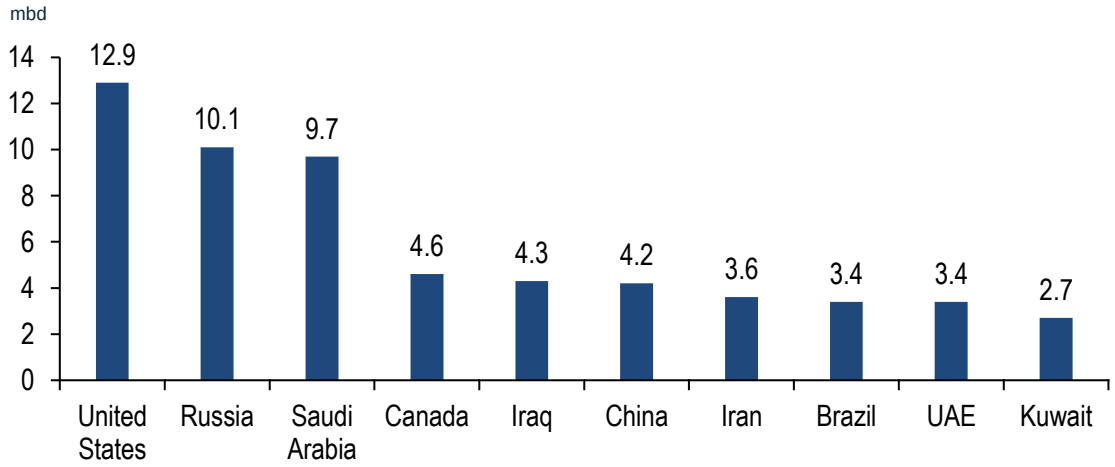
US energy independence is a source of resilience, as the US now produces more oil than Saudi Arabia and Russia

Global oil consumption so far in April averaged 101 mbd, 200 kbd below our published estimates



Source: Woodmac, EIA, IEA, Rystad, Kpler, IIR, S&P Global, J.P. Morgan Commodities Research

Global crude oil and condensate production 2023, selected countries

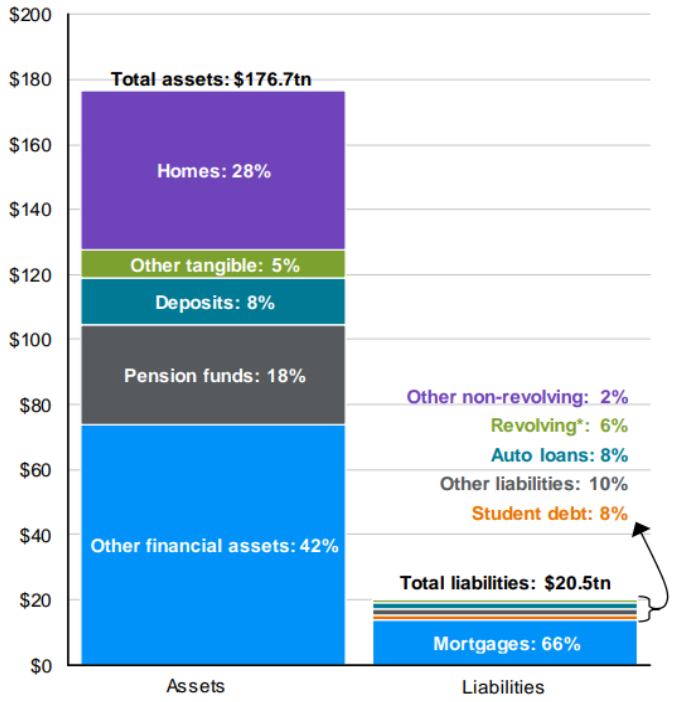


Source: U.S. Energy Information Administration, International Energy Statistics
Note: rest of the world produces 22.8 mbd

Wealth effect points to a resilient US consumer, and household debt service is still below historical levels

Consumer balance sheet

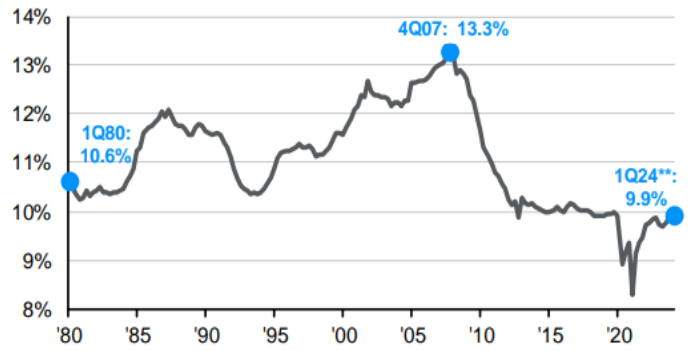
4Q23, USD trillions, not seasonally adjusted



Source: FactSet, FRB, J.P. Morgan Asset Management, BEA.
Data include households and nonprofit organizations. SA seasonally adjusted.
*Revolving includes credit cards Values may not sum to 100 due to rounding.

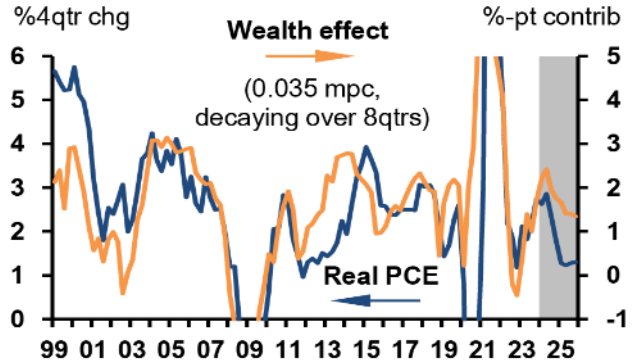
Household debt service ratio

Debt payments as % of disposable personal income, SA



Source: FactSet, FRB, J.P. Morgan Asset Management, BEA.
**4Q23 and 1Q24 figures for debt service ratio are J.P. Morgan Asset Management estimates

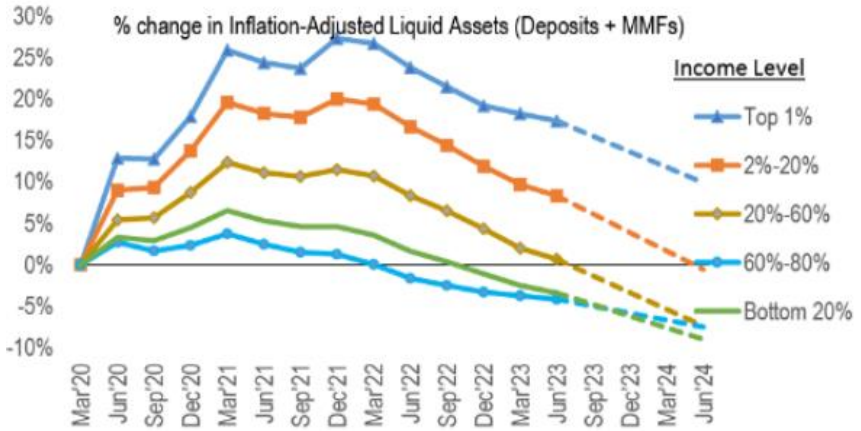
US spending and wealth effects



Source: J.P. Morgan Global Economics

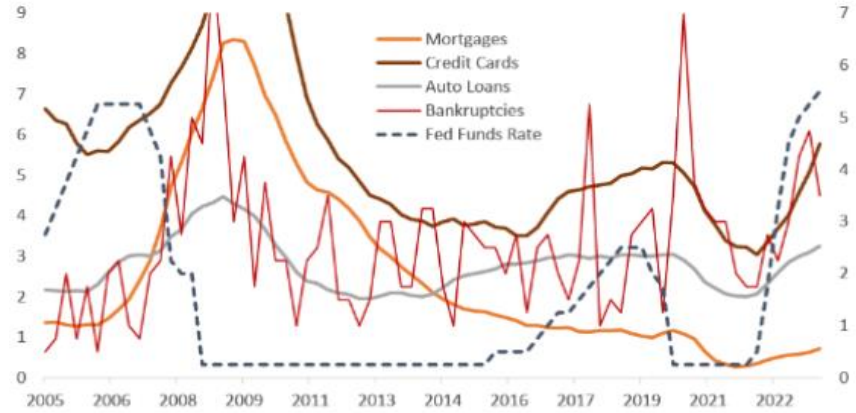
Warning signs for lower income segments, as consumer debt delinquencies on the rise as excess savings drop

All but the top 1% of consumers will likely be worse off than pre-pandemic by mid-2024



Source: J.P. Morgan Equity Macro Research, Haver Analytics

Delinquencies in consumer loans and Chapter 11 bankruptcy filings are rising



Source: J.P. Morgan, Federal Reserve Bank of NY, Bloomberg Finance L.P.

Consumers are increasingly feeling concerned about rising costs and are choosing to use credit to pay for essential living expenses

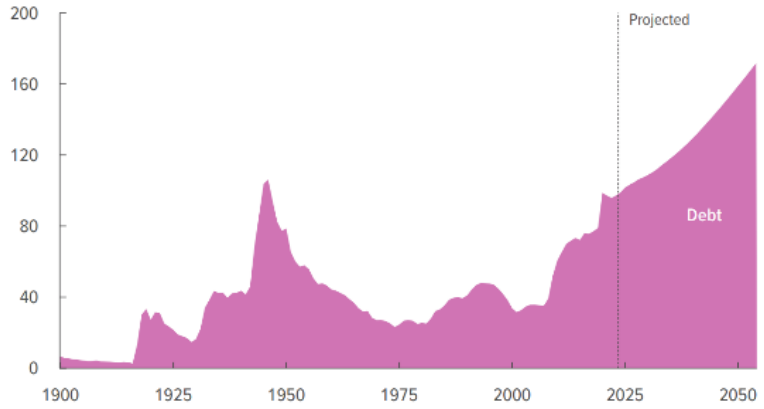
$1.13 Trillion	in American credit card debt, up $917B since the pandemic
48%	of Americans depend on credit card for essential living expenses
2X	as many delinquent low-income credit card users than high income
Cash is relevant	~20% of in-person payments, #2 preferred payment method for card users

Lending Tree, Yahoo Finance, AP News, New York and San Francisco Federal Reserve, Deloitte, MIT, PYMNTS, FDIC National Survey 2021

US fiscal debt is most predictable crisis in history but not imminent

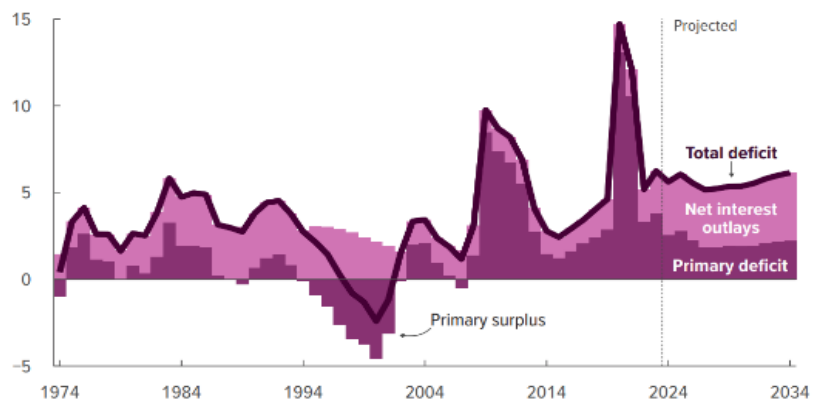
Federal debt held by the public as a share of GDP

%, 1900-2054, annual



Total deficit, net interest expenses and primary deficit

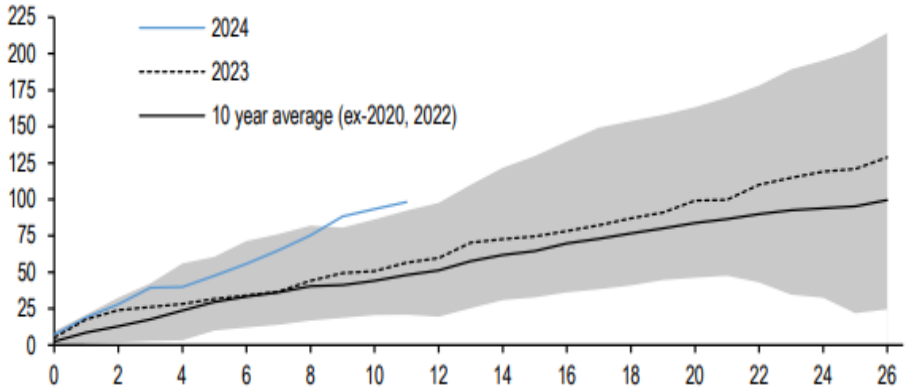
%, 1974-2034, annual



Easy financial conditions have contributed to most robust bond fund inflows over past decade, but China's net sale of US Treasuries is largest since March 2022

Bond fund inflows currently tracking their most robust pace in over the past decade

Cumulative weekly inflows into US bond funds for 2024, 2023, and prior decade average and range (ex-2020, 2022), shown by weeks around the start of the new year; $bn



Source: J.P. Morgan, EPFR

Euro-area investors have remained an important foreign pillar for US fixed income demand in recent months

Net sales by U.S. residents of long-term (>1Y to maturity) US securities to foreigners by key foreign domicile by sector and by month, as well as 3-month and 6-month moving averages; $bn

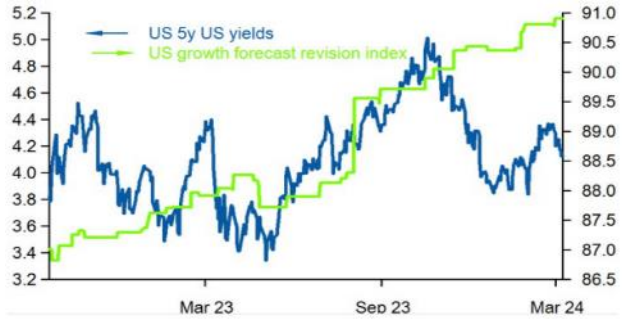
Source: Treasury International Capital System
* Euro Area includes Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain
** Emerging Markets (ex-China) includes Argentina, Brazil, India, Indonesia, Korea, Malaysia, Mexico, Russia, Saudi Arabia, Taiwan, Thailand, UAE, and African countries

	Jan 24	Dec 23	Nov 23	3M avg	6M avg
JAPAN					
Treasuries	12.4	-16.6	0.1	-4.1	9.7
Agencies/MBS	-1.8	-2.7	-0.2	-4.7	-1.4
Corporates	-2.1	4.5	0.5	2.9	12.6
TOTAL	**8.6**	**-14.8**	**0.4**	**-5.8**	**21.0**
EURO AREA*					
Treasuries	33.6	-13.5	32.5	52.7	53.8
Agencies/MBS	0.2	-1.7	-0.9	-2.4	7.9
Corporates	9.4	5.1	6.9	21.4	43.7
TOTAL	**43.2**	**-10.1**	**38.5**	**71.7**	**105.4**
CAYMAN ISLANDS					
Treasuries	17.5	-3.7	5.5	19.3	19.2
Agencies/MBS	1.4	-0.4	-0.5	0.6	8.8
Corporates	4.0	0.8	4.5	9.3	19.8
TOTAL	**22.9**	**-3.2**	**9.5**	**29.2**	**47.7**
UNITED KINGDOM					
Treasuries	11.8	5.1	-1.6	15.2	32.7
Agencies/MBS	-1.0	9.3	2.0	10.3	33.8
Corporates	1.6	-0.3	6.6	7.9	13.8
TOTAL	**12.3**	**14.1**	**7.0**	**33.4**	**80.4**
CHINA					
Treasuries	-21.7	-2.6	-15.0	-39.4	-53.4
Agencies/MBS	-2.6	-2.0	-3.0	-7.6	-5.6
Corporates	0.6	0.0	0.2	0.8	1.3
TOTAL	**-23.8**	**-4.6**	**-17.9**	**-46.2**	**-57.7**
EMERGING MARKETS (ex-CHINA)**					
Treasuries	5.5	14.7	-3.7	16.5	22.3
Agencies/MBS	-1.5	-0.6	-0.6	-2.7	1.4
Corporates	1.1	3.8	3.5	8.3	11.4
TOTAL	**5.1**	**17.8**	**-0.8**	**22.2**	**35.1**

US resilience points to strengthening risks to the dollar

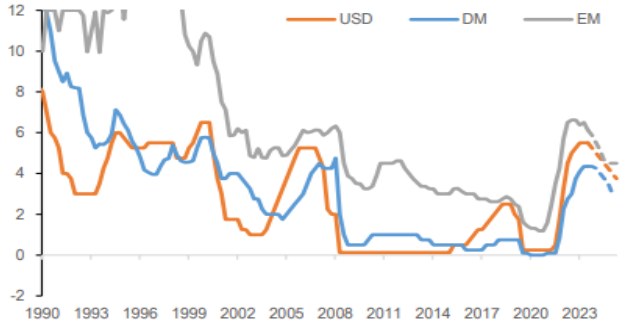
Signs of US resilience continue to prevail with US growth forecasts continuing to get upgraded

US yields vs. J.P. Morgan economics US growth forecast revisions index



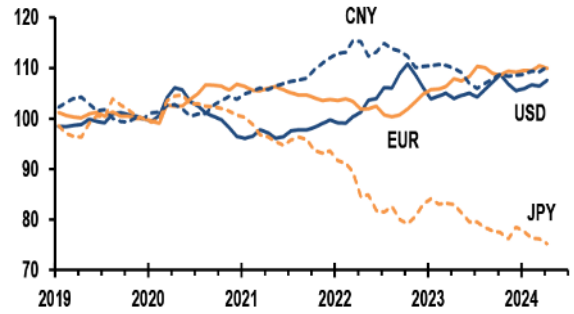
The dollar's yield advantage isn't fading soon

US policy rates vs. median for EM and DM; dotted are J.P. Morgan Economics projections



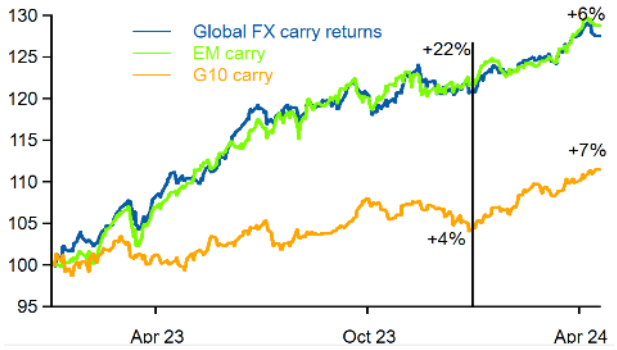
JPY depreciation approaching 10% over past year

Index: Dec 2019 = 100



G10 carry outperforming EM carry baskets

Total return indices of vol-adjusted FX carry baskets

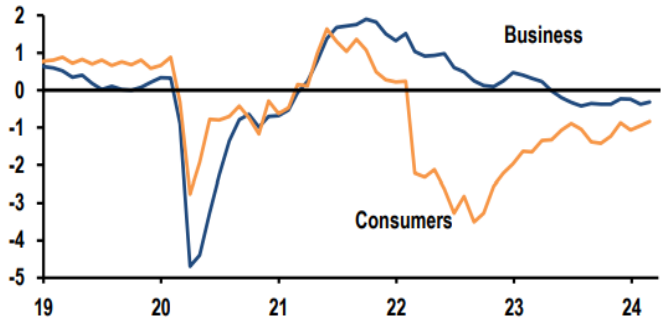


Source for all charts: J.P. Morgan

Global expansion broadening with more survey signals of Euro-area improving and stronger performance from China

Euro area business and consumer ESI

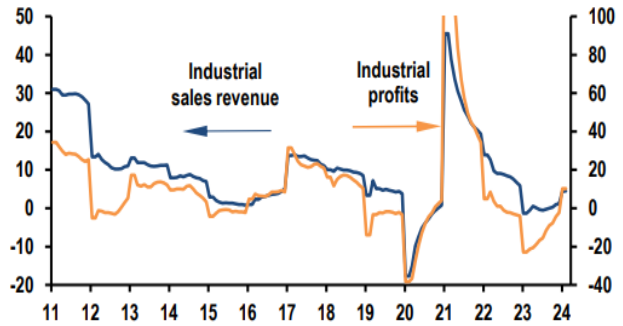
Standard deviations from 1999-2019 avg



Source: European Commission and J.P. Morgan

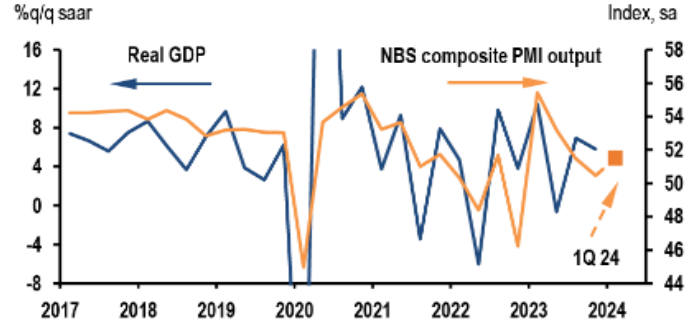
China industrial enterprises' profits and sales revenue

%oya, ytd, both scales



Source: NBS, J.P. Morgan

China NBS composite PMI output and GDP growth

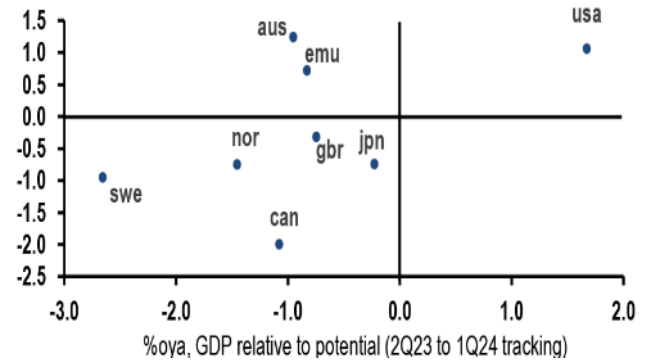


Source: NBS, J.P. Morgan

Global core inflation is settling closer to 3%

Growth and inflation in the DM

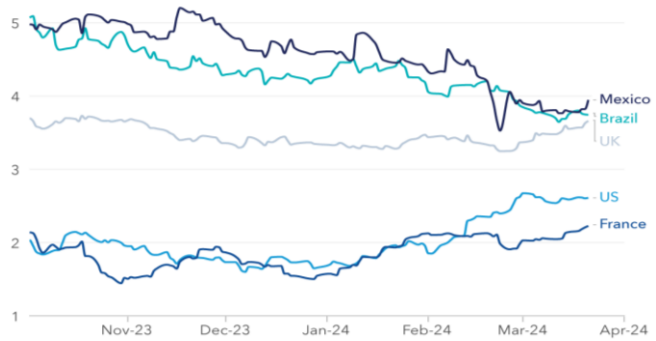
%-pt, change in core CPI inflation 2H23 to 1Q24



Source: J.P. Morgan Global Economics

Inflation expectations derived from bond yields

%



Source: Bloomberg Finance L.P.; and IMF staff calculations
Note: Expected inflation corresponds to breakeven inflation rates, derived from subtracting the two-year inflation-linked government bond yield from nominal yield.

Global CPI

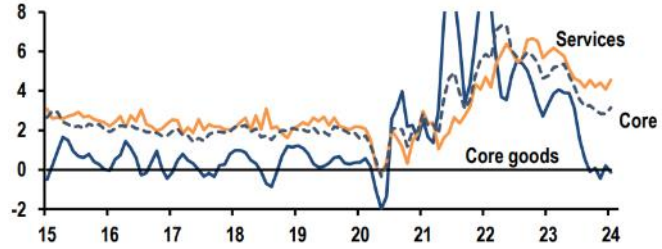
%ar

	2017-19	2021	2022	1H23	2H23	1H24
Headline	1.8	5.2	7.9	3.8	3.4	2.9
Energy	1.3	23.9	17.9	-9.4	1.8	0.0
Food	2.3	4.4	11.2	6.2	4.2	3.0
Core	1.8	3.6	6.0	5.0	3.2	3.1
Goods	0.6	5.4	5.5	3.7	0.4	0.4
Services	1.9	2.6	5.7	5.6	4.3	4.0

Source: National sources, J.P. Morgan. Excludes China and Türkiye. Different country subsets for core, goods and services.

Global core CPI – ex China and Turkey

%3m saar

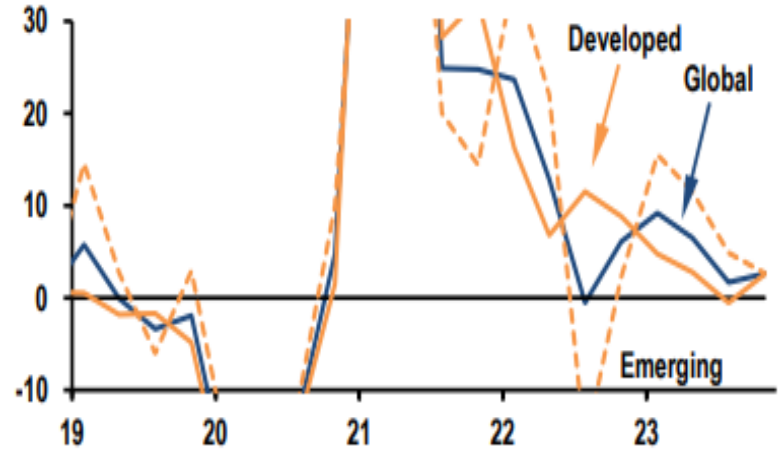


Source: J.P. Morgan Global Economics

Corporate profits are still growing but below the pace of inflation

Corporate profits, by region

%oya (4-qtr chg; through 4Q23)



Source: J.P. Morgan, MSCI earnings, Bloomberg Finance, L.P.

Global corporate profits, by sector

% change, 4-quarter annual reported earnings

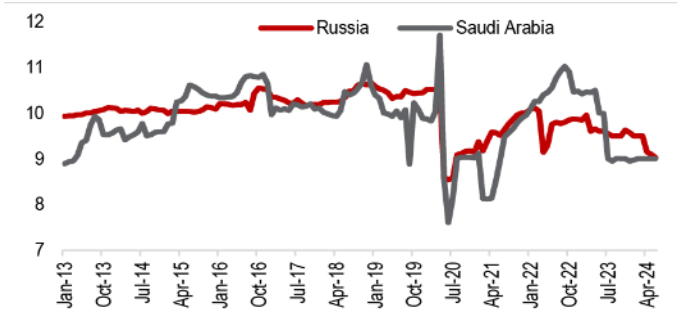
	Growth rate (non-annualized)				4Q23
	Pandemic 1Q20-3Q20	Recovery 3Q20-2Q21	Shocks 2Q21-4Q22	Latest 4Q22-4Q23	relative to 4Q19
Total	-21.4	39.5	23.1	2.6	41.6
Energy	-50.0	17.6	249.0	-4.4	54.2
Materials	-27.4	84.4	23.1	-9.5	-4.8
Industrials	-30.1	18.5	52.2	8.1	27.3
Cons. Disc.	-30.9	56.9	9.1	15.4	43.7
Cons. Stap.	1.3	14.0	7.0	1.0	28.6
Health care	-6.7	11.6	3.8	8.4	0.2
Financials	-19.0	37.1	4.6	3.9	30.5
IT	-3.6	14.6	16.0	-3.5	24.4
Telecom	6.4	28.7	-20.6	33.1	28.2
Utilities	-6.9	12.2	-12.1	24.9	25.0
Real Estate	-7.6	-3.7	-3.1	-5.0	-30.1

Source: Bloomberg Finance, L.P., MSCI, J.P. Morgan; Global aggregates GDP-weighted

Rising risks of Brent oil to reach $100 as Russia's output declined to match Saudi Arabia's and gas at pump is up 15% since December

Russia and Saudi Arabia crude oil production

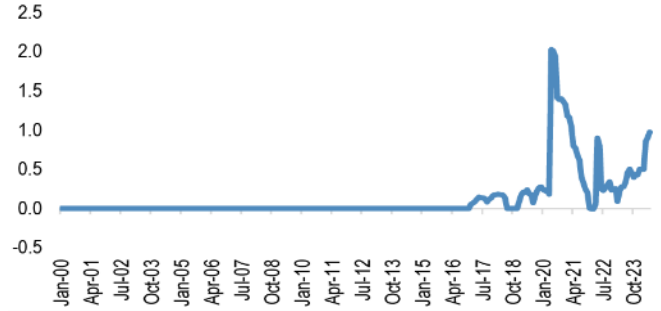
Mbd



Source: Platts, Rystad, Russian Ministry of Energy, J.P. Morgan Commodities Research

Russia crude oil spare capacity

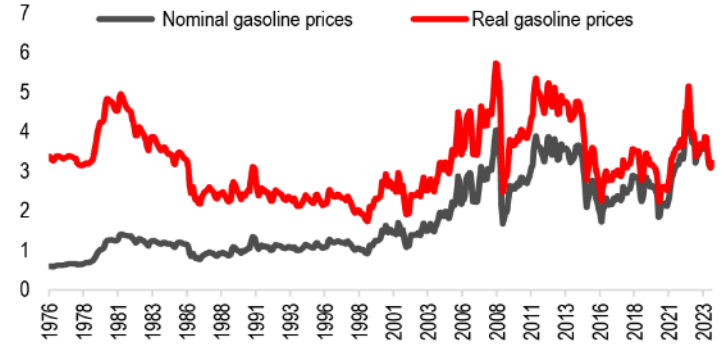
Mbd, forecast through June 2024



Source: Platts, J.P. Morgan Commodities Research

US gasoline prices in real and nominal terms

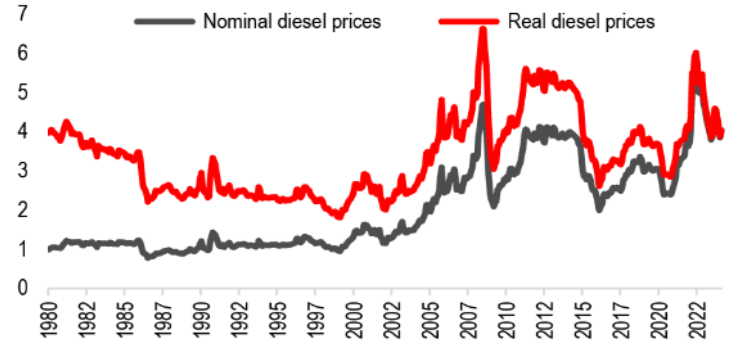
US dollars per gallon



Source: EIA. Bureau of Labor Statistics. Note: Real (inflation-adjusted) prices are calculated with February 2024 Consumer Price Index data

US diesel prices in real and nominal terms

US dollars per gallon

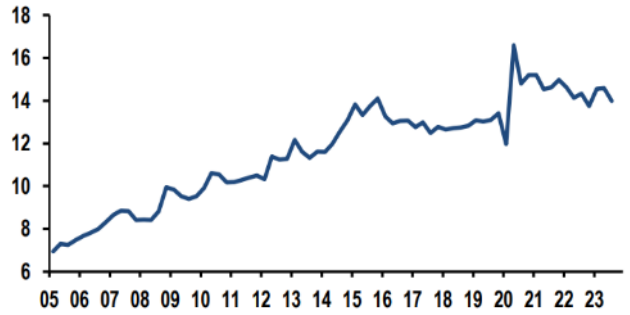


Source: EIA. Bureau of Labor Statistics. Note: Real (inflation-adjusted) prices are calculated with February 2024 Consumer Price Index data

Deglobalization is not yet a reality, and China still dominates the global supply chain, but trade patterns are shifting

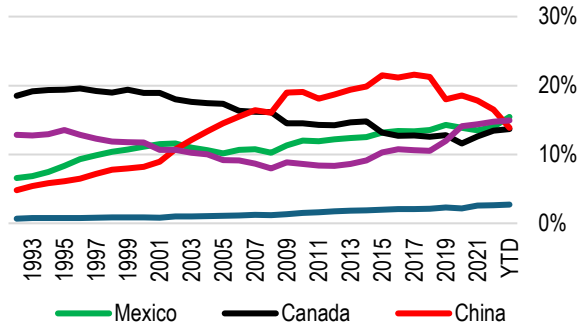
China's share of global exports remained elevated

%, sa



Source: WTO, J.P Morgan

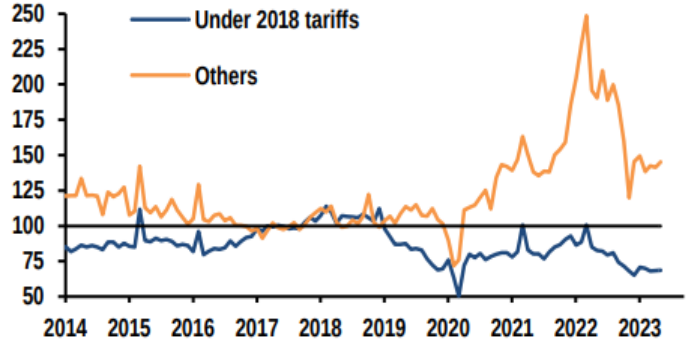
US imports from China and Mexico have converged



Source: U.S. Census and J.P. Morgan. YTD data is latest available and as of November 2023.

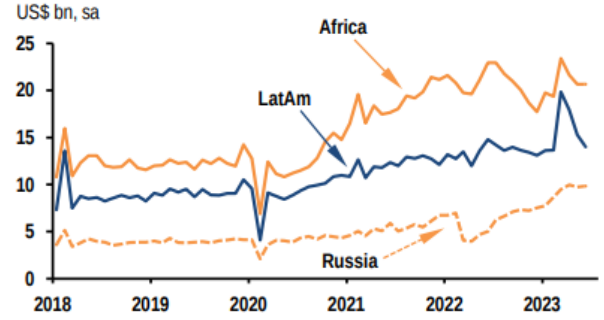
US imports from China since introduction of tariffs

Indexed based on nominal value, 2017=100, sa



Source: Census Bureau, J.P. Morgan

China's increasing exports to LatAm, Africa and Russia



Source: Haver, J.P. Morgan

China's slowdown has much lower impact on global growth outlook post-pandemic

Impulse response comparison

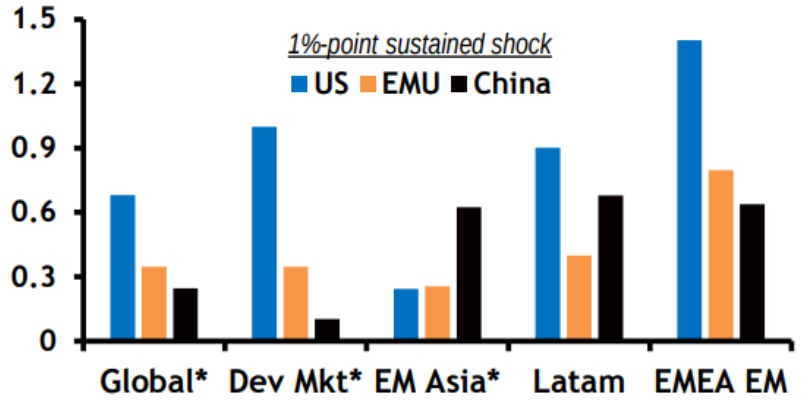
%pt cumulative impact after 1 year from 1%pt sustained impulse

	US shock			EMU shock			China shock		
	GDP	NRI	FRI	GDP	NRI	FRI	GDP	NRI	FRI
Global	0.8	0.6	0.8	0.5	0.2	0.4	0.4	0.2	0.4
Spillover	**0.7**	**0.4**	**0.7**	**0.3**	**0.1**	**0.2**	**0.2**	**0.0**	**0.3**
Developed	0.9	0.4	0.7	0.3	0.1	0.2	0.1	-0.1	0.2
US	…	…	…	0.2	0.2	0.0	0.0	-0.2	0.2
EMU	0.8	0.5	0.6	…	…	…	0.2	-0.3	0.1
Japan	1.1	0.1	0.9	0.7	-0.1	0.3	0.2	0.3	0.5
Emerging	0.5	0.4	0.7	0.3	0.0	0.3	0.6	0.7	0.5
Asia	0.2	0.3	0.7	0.3	-0.1	0.2	0.6	0.8	0.4
Latam	0.9	0.2	0.5	0.4	0.0	0.4	0.7	1.4	0.6
EMEA	1.4	1.0	0.6	0.8	0.4	0.6	0.6	-0.2	0.5

Source: J.P. Morgan Global Economics; Sample: GDP 1Q00-4Q19, NRI Apr 2010-Dec 2019, FRI Jan 2003 to Dec 2019. The spillover impact is the effect on GDP growth (q/q), NRI (1m chg), or FRI (1m chg) in the group excluding the impulse country. The global impact includes the direct impact of the country experiencing the shock (equal to its GDP-wgt multiplied by the cumulative 12-month impact plus the spillover effect multiplied by its wgt).

Impulse response of GDP shock to rest of world

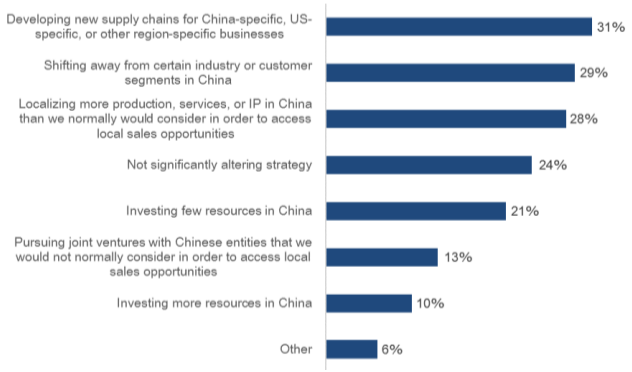
%pt impact after 4-quarters



Source: J.P. Morgan Global Economics; *Region excludes the country being shocked

More than 20% of European businesses and 25% of US businesses are shifting or considering shifting supply chains away from China

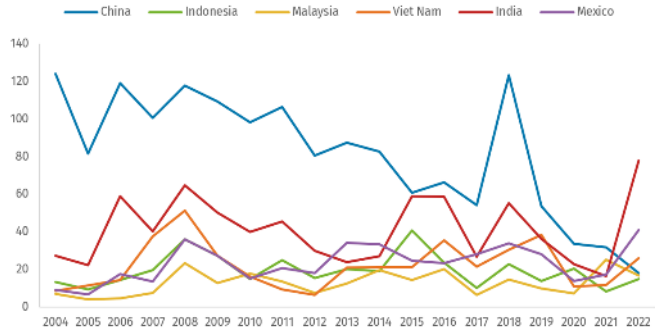
Tensions have altered companies' strategies by…



Source: The US-China Business Council, 2023 Member Survey

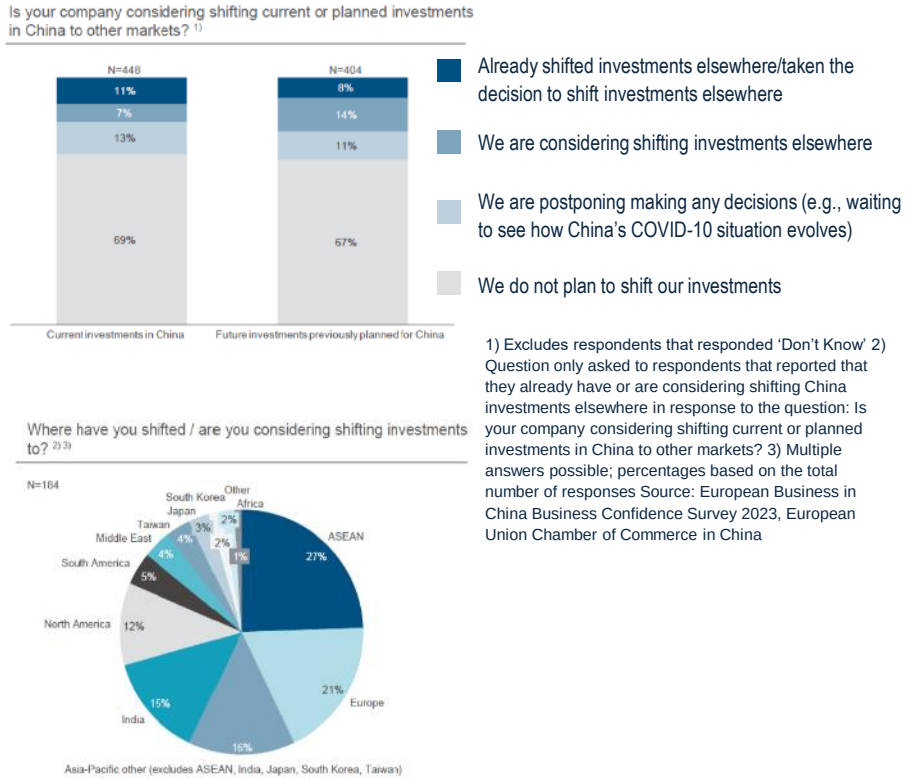
Value of announced greenfield FDI projects by destination

USD billions; 2003-2022



Source: UNCTAD world investment report 2023, based on data from FDIMarkets

One in 10 European business shifted current investments elsewhere, with ASEAN their top choice, followed by elsewhere in Europe

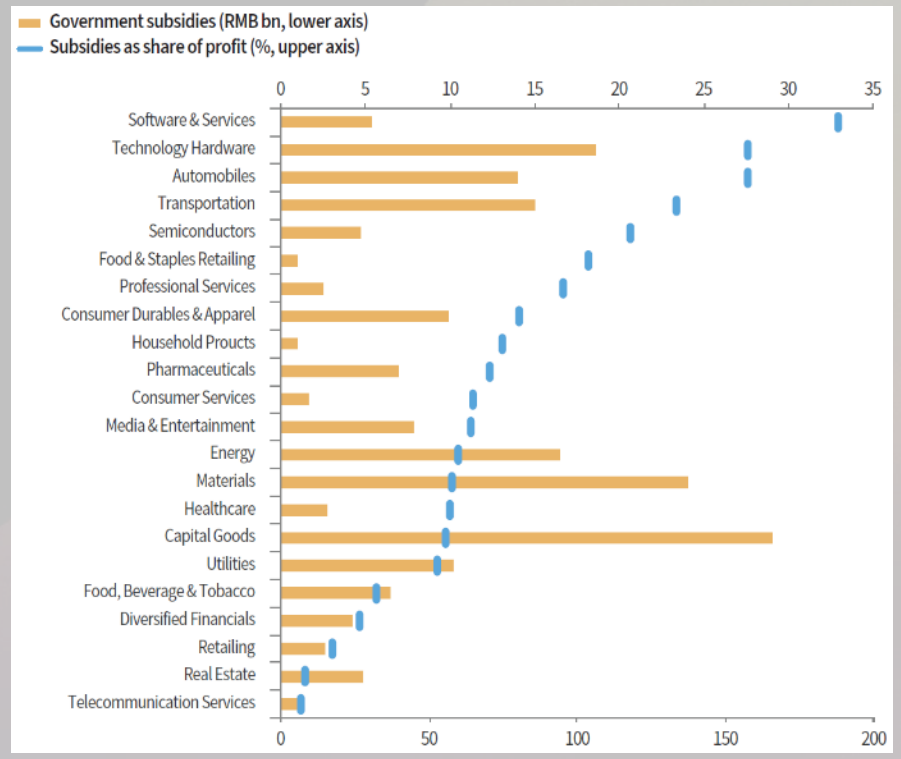


1) Excludes respondents that responded 'Don't Know' 2) Question only asked to respondents that reported that they already have or are considering shifting China investments elsewhere in response to the question: Is your company considering shifting current or planned investments in China to other markets? 3) Multiple answers possible; percentages based on the total number of responses Source: European Business in China Business Confidence Survey 2023, European Union Chamber of Commerce in China

American economics statecraft driving investment flows since passage of IRA and FDI in the US semiconductor industry has spiked

China's direct subsidies for listed firms per sub-sector

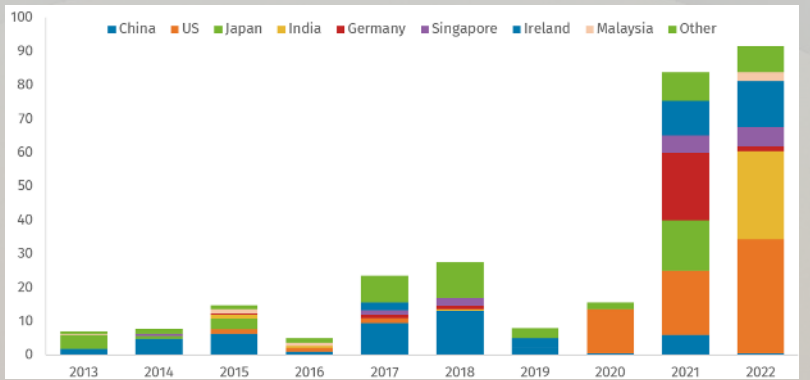
Share of industrial policy in trade policies; 2017–2020



Note: Listed firms in both onshore and offshore markets included.
Source: Alicia García-Herrero and Gary Ng, "China's State-Owned Enterprises and Competitive Neutrality," Policy Contribution 5, no. 21 (February 2021)

FDI in the semiconductor industry by destination

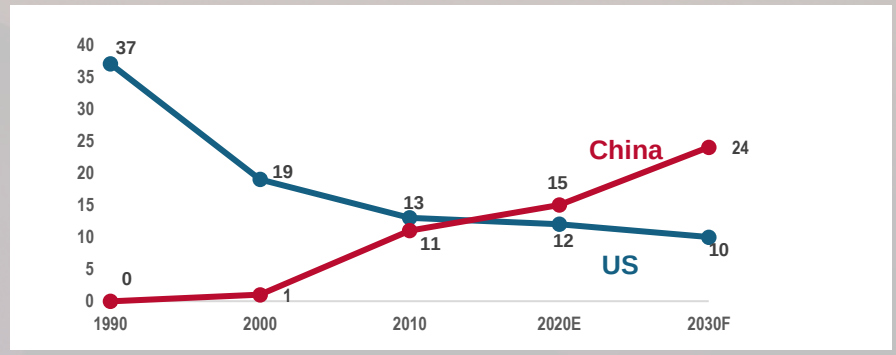
USD billion; 2013-2022



Source: fDi Markets

US share of chip manufacturing eroding while China's is growing

Semiconductor manufacturing capacity, %

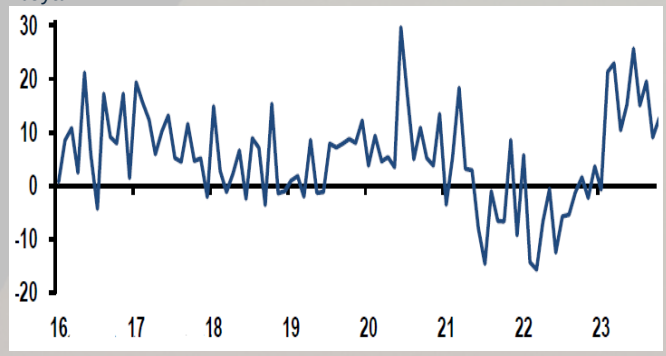


Source: Semiconductor Industry Association and the Boston Consulting Group, J.P. Morgan Strategic Research

China dominates EV supply chain, raising concerns about potential for commodities weaponization amid stockpiling

China commodity import volumes

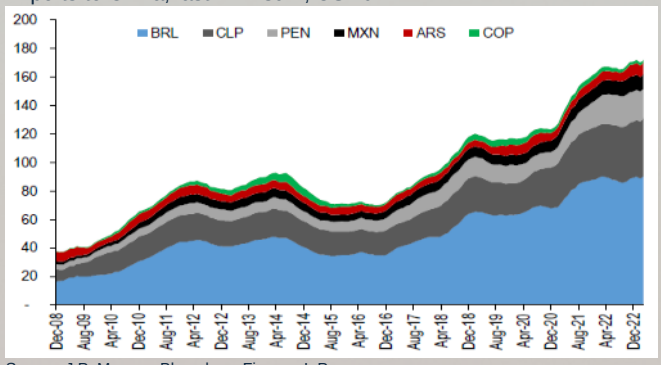
%oya



Source: China Customs, J.P. Morgan
Note: It includes HS1-27, 39-40, 44-49, 72-83; Oct 2023 is an estimate.

Exports to China from LatAm are around all-time highs

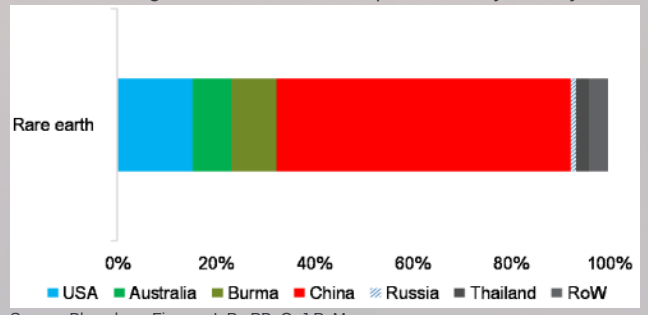
Exports to China; last 12M sum; USDbn



Source: J.P. Morgan, Bloomberg Finance L.P.

China has spent the last 30 years building a monopoly over the rare earth sector

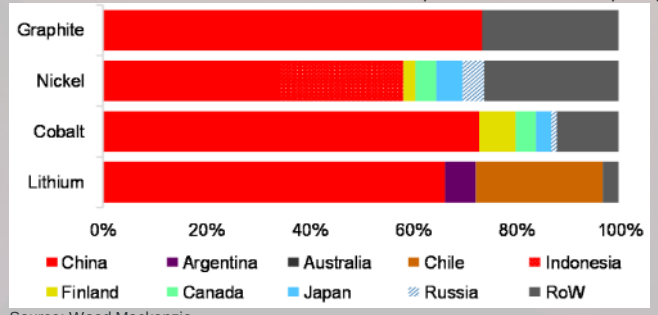
2021 share of global rare earth mined production by country



Source: Bloomberg Finance L.P., PBoC, J.P. Morgan

Share of global refining of battery metals by country

Percent; China controls 97% of Indonesian processed nickel capacity

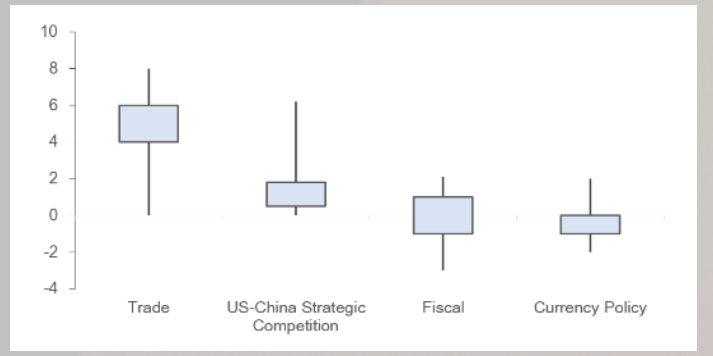


Source: Wood Mackenzie

Risks are skewed bullishly for USD from electoral process next year if certain policies come into play, led by tariffs

Risks skewed bullishly for USD from the US electoral process next year if certain policies come into play, led by tariffs

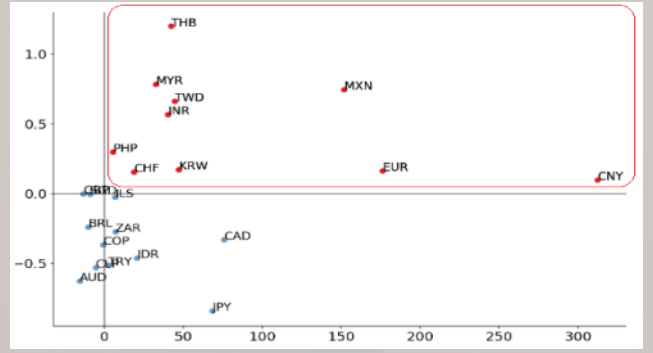
Best estimates of impact on USD across policies. Base-case range if implemented, with max/min scenarios. %



Source: J.P. Morgan

Blanket tariffs would broaden the pain for FX; CNY, EUR, MXN, select Asia vulnerable

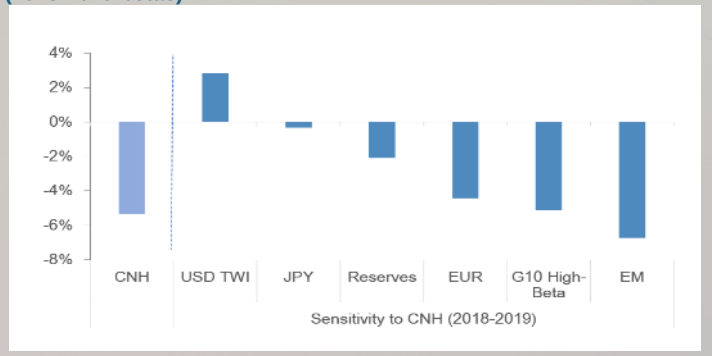
Heuristic for FX vulnerability to tariffs. (X): Nominal trade surplus with US; $b (Y): currency risk (z-score of positioning, valuation, trade balance).



Source: J.P. Morgan

There was a direct impact on CNY FX from tariffs, which spilled over to global FX via betas to USD/CNY and global growth

Left: CNY sensitivity of FX to a 10% increase in the effective tariff rate from 2018-2019. Right: FX sensitivity to CNY if tariff raised 10% (2018-2019 betas).



Source: J.P. Morgan

Global Commodities Price Forecasts

Quarterly and annual averages

		4Q23A	1Q24A	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	2023	2024	2025
Energy													
WTI Crude	US$/bbl	79	77	80	80	81	78	73	69	65	76	79	71
Brent Crude	US$/bbl	83	82	84	84	85	82	77	73	69	81	84	75
US Natural Gas (Henry Hub)	US$/MMBtu	2.97	2.45	2.05	3.00	4.00	4.75	4.50	4.75	5.00	2.99	2.88	4.75
European Natural Gas (TTF)	Eur/MWh	45	30	23	20	30	35	25	20	35	41.96	25.75	28.75
Base Metals													
Aluminum	US$/mt	2,194	2,200	2,350	2,470	2,560	2,650	2,750	2,800	2,750	2,254	2,395	2,738
Copper	US$/mt	8,166	8,441	9,400	9,800	10,400	10,700	11,000	11,500	11,000	8,484	9,510	11,050
Nickel	US$/mt	17,288	16,604	17,200	18,000	18,500	19,000	19,700	20,500	20,000	21,483	17,576	19,800
Zinc	US$/mt	2,498	2,446	2,700	2,750	2,900	2,900	2,950	3,000	3,100	2,648	2,699	2,988
Precious Metals													
Gold	US$/t oz	1,978	2,074	2,250	2,425	2,500	2,550	2,570	2,500	2,600	1,945	2,312	2,555
Silver	US$/t oz	23.30	23.42	27.11	30.31	32.05	33.12	33.82	32.47	34.21	23.44	28.22	33.40
Platinum	US$/t oz	916	911	950	1,000	1,050	1,100	1,150	1,200	1,190	968	978	1,160
Palladium	US$/t oz	1,096	978	1,000	1,120	1,100	1,100	1,100	1,000	1,000	1,332	1,049	1,050
Agriculture													
Wheat	USc/bu	582	576	630	650	650	630	650	670	670	644	627	655
Corn	USc/bu	476	435	540	520	540	540	550	540	550	564	509	545
Soybeans	USc/bu	1,313	1,194	1,420	1,380	1,350	1,350	1,360	1,330	1,350	1,415	1,336	1,348
Sugar (ICE #11)	Usc/lb	26	23	26	26	25	26	26	26	26	24.1	25	26
Cotton (ICE #2)	Usc/lb	81	90	85	83	85	88	88	90	95	83	86	90
MDE-Bursa Palm Oil	MYR/tonne	3,675	3,998	4,100	4,000	4,100	4,300	4,400	4,200	4,400	3,814	4,049	4,325

Source: J.P. Morgan Commodities Research

Growth and inflation outlook and forecasts

	Real GDP % over a year ago			Real GDP % over previous period, saar						Consumer prices % over a year ago			
	2023	2024	2025	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	4Q23	2Q24	4Q24	2Q25
United States	2.5	2.4	1.7	3.4	1.6 ↓	2.5 ↑	1.0	1.0	2.0	3.2	3.5	3.3	2.4
Canada	1.1	1.0	1.7	1.0	2.0	0.8	1.0	1.5	2.0	3.2	2.5	2.1	2.1
Latin America	1.9	1.4	2.3	-0.9	0.3 ↑	2.4 ↓	2.3	2.3 ↑	2.3 ↑	5.0	4.2	3.9	3.3
Argentina	-1.6	-3.6	5.2	-7.3	-13.0 ↑	0.0 ↓	3.5 ↑	6.0 ↑	6.5 ↑	172.6	297.5	219.8	76.8
Brazil	2.9	2.2	1.9	-0.1	2.4	2.2	2.0	2.0	2.0	4.7	3.6	3.7	3.3
Chile	0.2	2.7	2.3	0.4	8.0	0.5	3.0	2.0	2.5	4.6	3.7	3.7	3.9
Colombia	0.6	1.6	2.7	0.1	4.0	1.4	2.8	3.0	2.5	10.0	8.4	5.2	2.7
Ecuador	2.4	0.6	2.0	-9.3	3.0	2.5	2.0	1.5	2.0	1.6	2.6	2.1	2.6
Mexico	3.2	1.9	1.4	0.3	-0.2 ↑	4.3 ↓	2.0	1.0	0.6	4.4	4.5	4.0	3.5
Peru	-0.6	2.8	3.0	2.1	4.3	2.8	2.2	2.6	3.2	3.7	2.8	2.8	2.5
Uruguay	0.4	2.7	2.2	1.6	5.0	4.0	3.2	2.0	1.5	4.8	4.3	5.7	6.1
Asia/Pacific	4.4	4.3 ↑	3.6	4.6	5.7 ↑	3.4 ↓	3.8	3.6	3.4	1.5	1.8	2.1	2.3
Japan	1.9	0.7	0.8	0.4	1.0	1.7	1.0	0.8	0.6	2.9	3.2	3.1	2.6
Australia	2.0	1.8	2.1	1.0	2.2	2.0	2.4	2.5	2.0	4.1	3.5	3.0	2.7
New Zealand	0.6	1.2	2.4	-0.4	2.5	1.5	2.6	1.7	2.6	4.7	3.6	2.6	2.0
EM Asia	5.0	5.0	4.1	5.5	6.7 ↑	3.8 ↓	4.4	4.2	4.0	1.1	1.5	1.9	2.2
China	5.2	5.2	4.0	5.8	7.4	4.0	4.5	4.1	3.7	-0.3	0.4	1.2	1.7
India	7.7	6.4	6.0	8.0	8.0	5.5	6.2	6.3	6.5	5.4	5.1	4.7	5.3
Ex China/India	2.5	3.4 ↑	3.5	3.1	3.7 ↑	2.3 ↓	2.9	3.1	3.4	2.8	2.6	2.3	2.1
Hong Kong	3.2	2.9 ↓	3.0	1.8	4.3 ↓	4.7	4.1	4.1	2.4	2.6	2.4	1.7	2.1
Indonesia	4.0	4.1	5.3	3.5	4.0	3.5	3.5	5.0	5.0	2.8	2.4	2.4	2.6
Korea	1.4	2.8 ↑	2.1 ↓	2.5	5.2 ↑	0.5 ↓	1.8	2.5	2.3	3.4	3.0	2.2	1.9
Malaysia	3.7	3.2	4.6	-8.1	3.0	3.0	3.5	3.5	4.0	1.6	3.6	3.8	1.8
Philippines	5.3	5.3	5.6	8.7	4.1	3.2	2.0	2.0	6.1	4.3	3.8	3.5	3.2
Singapore	1.1	2.0	2.1	4.8	1.0	1.0	1.0	0.0	2.5	4.0	2.9	2.1	1.7
Taiwan	1.3	4.3	2.7	9.7	2.0	2.3	2.6	2.6	2.7	2.9	2.3	1.6	1.8
Thailand	1.9	2.8	3.6	-2.3	3.1	3.0	7.2	3.9	2.9	-0.5	0.8	1.6	1.5
Western Europe	0.5	0.5 ↑	1.0 ↑	-0.3	0.7	1.1 ↑	1.0 ↑	1.0 ↑	1.0 ↑	3.1	2.5	2.2	1.9
Euro area	0.5	0.5 ↑	1.0	-0.2	0.5	1.0 ↑	1.0 ↑	1.0 ↑	1.0	2.7	2.6	2.2	1.7
Germany	-0.1	0.1	0.8	-1.1	0.3	0.8 ↑	0.8 ↑	0.8	0.8	3.0	2.1	1.4	1.6
France	0.9	0.7 ↑	1.0	0.2	0.5	1.0 ↑	1.0 ↑	1.0 ↑	1.0	4.2	2.2	1.9	1.9
Italy	1.0	0.5	0.8	0.7	0.5	0.5	0.8	0.8	0.8	1.0	0.9	1.4	1.5
Spain	2.5	1.8 ↑	1.5 ↑	2.4	2.0 ↑	1.5 ↑	1.5 ↑	1.5 ↑	1.5 ↑	3.3	4.0	2.8	1.9
Norway	1.1	0.6	1.1	0.8	0.5	0.7	0.8	0.8	1.3	4.5	2.5	2.5	2.4
Sweden	0.0	0.2	1.3	-0.2	0.5	1.3	0.8	1.0	1.3	5.6	3.3	1.6	0.8
United Kingdom	0.1	0.5 ↑	0.8 ↑	-1.2	1.5	1.5 ↑	1.0 ↑	1.0 ↑	0.8 ↑	4.2	1.8 ↓	2.4	2.7 ↑
EMEA EM	2.5	2.7	2.4 ↑	0.5	5.3	1.5 ↑	1.4	1.8 ↑	2.6	15.8	17.1 ↑	11.6	8.4
Czech Republic	-0.3	1.4 ↑	1.9	2.5	3.3 ↑	1.5 ↓	2.0	1.8	1.8	7.6	2.5 ↑	2.8 ↑	3.0
Hungary	-0.9	1.7	2.4	0.0	2.8 ↑	1.8 ↓	2.3	2.0	2.5	7.7	4.2 ↑	4.2 ↑	4.5 ↑
Israel	2.0	1.8	4.6	-21.0	15.5	6.8	6.0	4.5	4.5	3.3	2.6	2.4	2.7
Poland	0.2	2.8	3.3 ↑	0.0	3.5	3.8 ↑	3.3 ↑	3.5 ↑	3.5 ↑	6.5	2.8 ↑	4.4 ↓	4.4 ↓
Romania	2.0	3.5	3.5	-1.4	4.9	4.1	4.5	6.1	-2.0	7.1	6.1	5.1	4.7
Russia	3.6	3.3	1.2	4.5	5.0	0.3	0.3	0.5	1.5	7.2	8.0 ↓	5.6 ↓	4.3
South Africa	0.6	1.2	1.4	0.2	1.8	1.7	1.5	1.4	1.5	5.5	5.3	4.9	4.8
Turkey	4.5	2.7	3.5	3.9	4.5	-1.0	-1.0	1.0	6.0	62.7	74.4	46.3	30.1
Global	2.7	2.6	2.3	2.6	3.1 ↓	2.5 ↑	2.2 ↑	2.1 ↑	2.4 ↑	3.4	3.5	3.1	2.7
Developed markets	1.7	1.5	1.4 ↑	1.6	1.3 ↓	1.8 ↑	1.0 ↑	1.1 ↑	1.5	3.2	3.1	2.9	2.2
Emerging markets	4.2	4.2	3.6	3.9	5.6 ↑	3.3 ↓	3.7	3.6 ↑	3.6 ↑	3.7	4.1	3.5 ↓	3.3
Emerging ex China	3.2	3.2	3.3	2.2	4.0 ↑	2.7 ↓	2.9	3.1 ↑	3.4	7.5	7.6	5.8	4.8
Global — PPP weighted	3.1	3.0	2.7	2.9	3.6 ↓	2.7 ↑	2.6 ↑	2.5 ↑	2.7 ↑	4.4	4.6	3.8 ↓	3.2

Source: J.P. Morgan as of April 26, 2024. Note: Any long-form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material is Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

US Treasury Yields Forecasts

J.P. Morgan interest rate forecast; %

	Actual 26-Apr	1m ahead 26-May	2Q24 30-Jun	3Q24 30-Sep	4Q24 31-Dec	1Q25 31-Mar
Rates (%)						
Effective funds rate	5.33	5.35	5.35	4.85	4.60	4.35
SOFR	5.31	5.30	5.30	4.85	4.60	4.35
2-yr Treasury	5.00	5.00	4.50	4.35	4.15	3.90
3-yr Treasury	4.84	4.80	4.30	4.15	3.95	3.75
5-yr Treasury	4.69	4.70	4.15	4.00	3.85	3.65
7-yr Treasury	4.69	4.70	4.20	4.05	3.90	3.70
10-yr Treasury	4.67	4.65	4.15	4.05	4.00	3.90
20-yr Treasury	4.90	4.90	4.40	4.30	4.25	4.15
30-yr Treasury	4.78	4.80	4.35	4.30	4.30	4.25
Spreads (bp)						
Fed funds/2yr	-33	-35	-85	-50	-45	-45
2s/10s	-33	-35	-35	-30	-15	0
2s/5s	-31	-30	-35	-35	-30	-25
5s/10s	-2	-5	0	5	15	25
5s/30s	9	10	20	30	45	60
10s/30s	11	15	20	25	30	35

Source: J.P. Morgan as of April 26, 2024

TIPS breakeven targets, and real yield and curve levels based on those targets*; units as indicated

	Actual 26-Apr-24	3Q24 30-Sep-24	4Q24 31-Dec-24	1Q25 31-Mar-25
Breakevens (bp)				
5Y	245	225	230	230
10Y	242	225	230	225
30Y	240	225	225	220
Real yields (%)				
5Y	2.24	1.75	1.55	1.35
10Y	2.24	1.80	1.70	1.65
30Y	2.39	2.05	2.05	2.05
Curves (bp)				
5s/10s BE	-3	0	0	-5
10s/30s BE	-3	0	-5	-5
5s/10s yld	0	5	15	30
10s/30s yld	14	25	35	40

* Targets for real yields are based on our nominal yield forecasts and breakeven targets
Source: J.P. Morgan as of April 26, 2024

FX Forecasts

Exchange rates vs. U.S dollar		Current					JPM forecast gain/loss vs March 25*			Actual change in local FX vs USD			
Majors		26-Apr	Jun 24	Sep 24	Dec 24	Mar 25	Spot	Forwards	Consensus**	Past 1mo	Past 3mo	YTD	Past 12mos
	EUR	1.07	1.05	1.05	1.09	1.12	4.4%	2.7%	1.8%	1.4%	1.4%	1.4%	-2.7%
	JPY	157	155	154	153	152	3.1%	-1.8%	-7.2%	-4.5%	-4.5%	-4.5%	-14.5%
	GBP	1.25	1.22	1.22	1.25	1.29	2.9%	2.6%	1.4%	3.0%	3.0%	3.0%	0.1%
	AUD	0.65	0.67	0.69	0.68	0.68	4.0%	3.3%	0.0%	2.8%	2.8%	2.8%	-1.4%
	CAD	1.37	1.36	1.36	1.35	1.34	1.9%	1.2%	0.0%	1.4%	1.4%	1.4%	-0.4%
	NZD	0.60	0.61	0.61	0.61	0.61	2.5%	2.5%	-3.2%	2.0%	2.0%	2.0%	-3.2%
JPM USD index		132.9	133.7	134.0	132.2	130.5	-1.8%	-1.7%	0.6%	-0.8%	-0.8%	-0.8%	3.9%
DXY		105.7	107.2	107.1	104.0	101.5	-3.9%	2.2%	-0.6%	-0.7%	-0.7%	-0.7%	4.1%
Europe, Middle East & Africa													
	CHF	0.91	0.95	0.96	0.94	0.92	-0.9%	-4.6%	-2.1%	-1.1%	-1.1%	-1.1%	-1.9%
	ILS	3.81	3.60	3.50	3.50	3.45	10.4%	8.6%	2.9%	6.6%	6.6%	6.6%	-4.6%
	SEK	10.89	10.57	10.57	10.00	9.20	18.5%	16.5%	10.9%	2.4%	2.4%	2.4%	-5.5%
	NOK	10.99	10.95	10.95	10.37	9.64	14.0%	13.2%	4.8%	1.8%	1.8%	1.8%	-3.4%
	CZK	23.44	24.52	24.76	24.08	23.66	-0.9%	-1.8%	-3.9%	-0.6%	-0.6%	-0.6%	-9.2%
	PLN	4.03	4.10	4.10	3.94	3.84	4.9%	5.5%	1.8%	4.7%	4.7%	4.7%	3.0%
	HUF	366	373	376	367	362	1.1%	2.5%	0.1%	-1.1%	-1.1%	-1.1%	-7.5%
	TRY	32.54	33.00	34.50	36.00	38.00	-14.4%	21.5%	-3.1%	-13.4%	-13.4%	-13.4%	-40.3%
	ZAR	18.85	19.00	18.50	18.35	18.25	3.3%	6.2%	2.7%	-0.3%	-0.3%	-0.3%	-2.9%
Americas	ARS	874	912	1400	1500	1600	-45.4%	-13.8%	1.5%	-59.9%	-59.9%	-59.9%	-74.6%
	BRL	5.16	5.00	5.05	5.10	5.05	2.2%	5.5%	-1.0%	-4.1%	-4.1%	-4.1%	-3.4%
	CLP	950	960	970	970	950	-0.1%	0.3%	0.0%	-1.7%	4.0%	-1.7%	-15.5%
	COP	3956	4000	4100	4150	4150	-4.7%	0.2%	-2.5%	4.0%	4.0%	4.0%	17.6%
	MXN	17.23	17.25	17.50	17.50	17.25	-0.1%	5.2%	0.1%	4.7%	4.7%	4.7%	4.7%
	PEN	3.75	3.65	3.70	3.70	3.60	4.3%	4.6%	2.8%	3.0%	3.0%	3.0%	-0.9%
Asia	CNY	7.25	7.30	7.30	7.25	7.20	0.6%	0.1%	-0.7%	1.0%	1.0%	1.0%	-4.5%
	HKD	7.83	7.81	7.80	7.79	7.78	0.6%	-0.1%	0.0%	-0.1%	-0.1%	-0.1%	0.3%
	IDR	16210	16100	16000	15700	15600	3.9%	5.2%	-1.6%	-1.7%	-1.7%	-1.7%	-9.3%
	INR	83.35	83.70	83.80	83.90	84.00	-0.8%	0.7%	-1.7%	-0.1%	-0.1%	-0.1%	-1.8%
	KRW	1375	1400	1385	1345	1310	5.0%	3.0%	-2.3%	-1.4%	-1.4%	-1.4%	-2.7%
	MYR	4.77	4.80	4.80	4.70	4.70	1.4%	-0.2%	-2.1%	0.2%	0.2%	0.2%	-6.4%
	PHP	57.69	57.00	56.80	55.70	55.30	4.3%	4.9%	0.0%	-1.3%	-1.3%	-1.3%	-3.4%
	SGD	1.36	1.37	1.36	1.33	1.31	3.9%	2.2%	1.5%	0.6%	0.6%	0.6%	-1.9%
	TWD	32.58	32.70	32.40	31.90	31.50	3.4%	0.5%	-1.1%	-0.4%	-0.4%	-0.4%	-5.7%
	THB	36.96	37.50	37.40	36.00	35.00	5.6%	3.0%	0.0%	-2.0%	-2.0%	-2.0%	-7.6%
EMCI		46.2	45.1	44.9	45.0	45.2	-2.2%	3.0%	-1.6%	-1.0%	-1.0%	-1.0%	-8.6%
Exchange rates vs Euro										Actual change in local FX vs EUR			
	JPY	168	163	162	167	170	-1.2%	-4.4%	-8.9%	-5.8%	-5.8%	-5.8%	-12.2%
	GBP	0.86	0.86	0.86	0.87	0.87	-1.4%	-0.1%	-0.4%	1.6%	1.6%	1.6%	2.9%
	CHF	0.98	1.00	1.01	1.02	1.03	-5.0%	-7.1%	-3.9%	-2.5%	-2.5%	-2.5%	0.8%
	SEK	11.69	11.10	11.10	10.90	10.30	13.5%	7.3%	2.9%	0.9%	0.9%	0.9%	-2.9%
	NOK	11.80	11.50	11.50	11.30	10.80	9.2%	5.4%	-1.6%	0.4%	0.4%	0.4%	-0.8%
	CZK	25.16	25.75	26.00	26.25	26.50	-5.1%	-4.3%	-5.7%	-2.0%	-2.0%	-2.0%	-6.6%
	PLN	4.32	4.30	4.30	4.30	4.30	0.5%	2.7%	0.0%	3.3%	3.3%	3.3%	5.9%
	HUF	392	392	395	400	405	-3.1%	-0.2%	-1.7%	-2.5%	-2.5%	-2.5%	-4.9%
	RON	4.98	5.00	5.00	5.00	5.00	-0.5%	1.5%	0.4%	-0.2%	-0.2%	-0.2%	-0.8%
	TRY	34.96	34.65	36.23	39.24	42.56	-17.9%	18.4%	-4.9%	-14.6%	-14.6%	-14.6%	-38.6%
	BRL	5.54	5.25	5.30	5.56	5.66	-2.1%	2.8%	-2.8%	-5.5%	-5.5%	-5.5%	-0.9%
	MXN	18.49	18.11	18.38	19.08	19.32	-4.3%	2.5%	-1.7%	3.3%	3.3%	3.3%	7.6%

↑ indicates a revision resulting in a stronger currency forecast,

↓ indicates a revision resulting in a weaker currency forecast. Source: J.P. Morgan. Data as of April 26, 2024

* Positive indicates JPM more bullish on local currency than spot, consensus or forward rates.

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