

## Global Outlook: soft landing or not?

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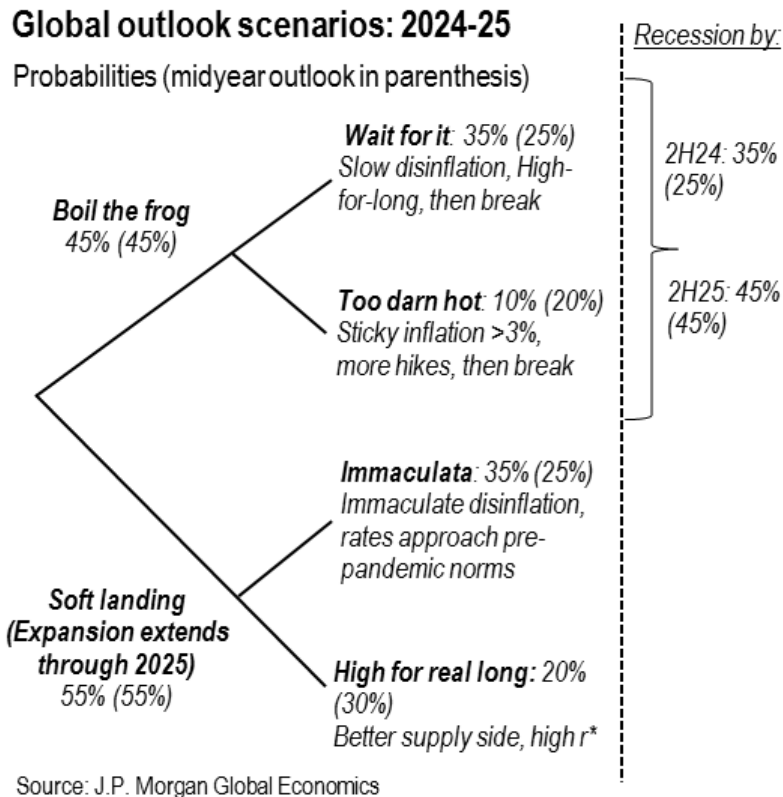
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*See the end pages of this presentation for important disclosures*



# Soft landing and boil the frog outcomes are hard to distinguish at this stage



- Consensus narrative of immaculate disinflation and return to low rates is given a decent (35%) chance of success (Immaculata).
- We have become more open to a (High-for-real-long, 20%) soft-landing outcome in which the US and global expansion are sustained in a sticky inflation high-for-long rate backdrop
- “Boil the frog” outcomes—in which high rates erode private sector health, raising recession vulnerabilities—was the base case at start of year (Wait for it, 35%, Too darn hot, 10%). Near-term risk have abated but high rates remain a threat.
- US election outcome matters.

# The US is probably a 2% economy

## US GDP growth

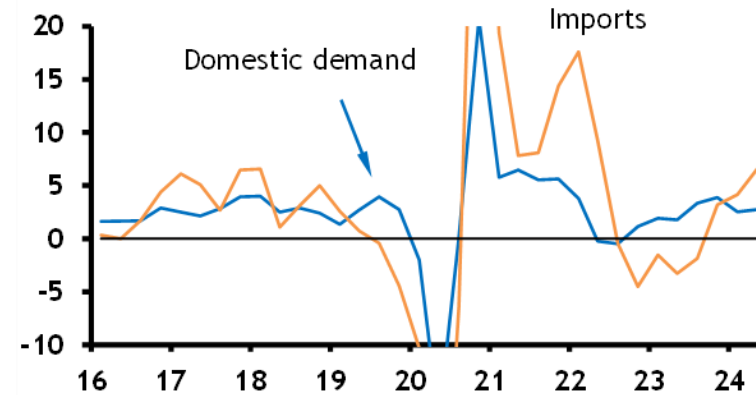
% change, annualized rate

	1H23	2H23	1H24	Next 4qtrs
GDP	2.2	4.1	2.2	1.5
Consumption	2.3	3.2	2.2	1.7
Business investment	6.6	2.6	4.5	3.6
Government	4.1	5.2	2.2	1.3
Housing	-3.8	4.8	7.0	-2.3
Domestic demand (%-pt)	1.8	4.0	2.9	1.9
Imports (%-pt)	-3.2	3.2	6.6	4.0
Net export contrib. (%-pt)	0.3	0.1	-0.7	-0.4
memo:				
Employment (000s, sa)	289	244	218	141

Source: BEA, J.P. Morgan

## US domestic demand and import growth

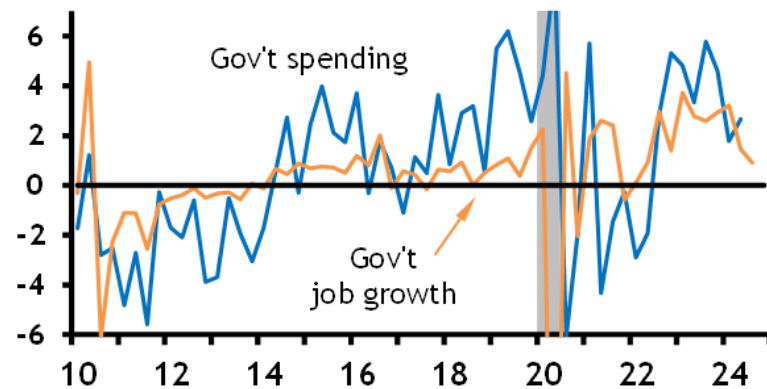
% change over 2Q, saar



Source: BEA, J.P. Morgan

## US gov't spending and job growth

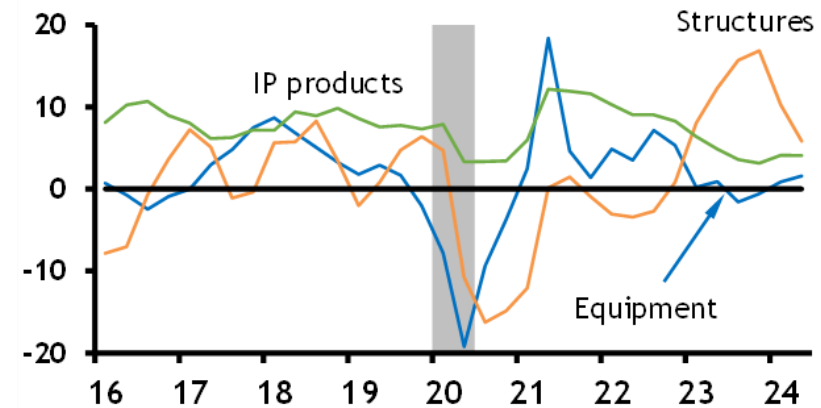
%q/q, saar; incl. 3Q job growth tracking est.



Source: BLS, J.P. Morgan

## US fixed investment

%oya

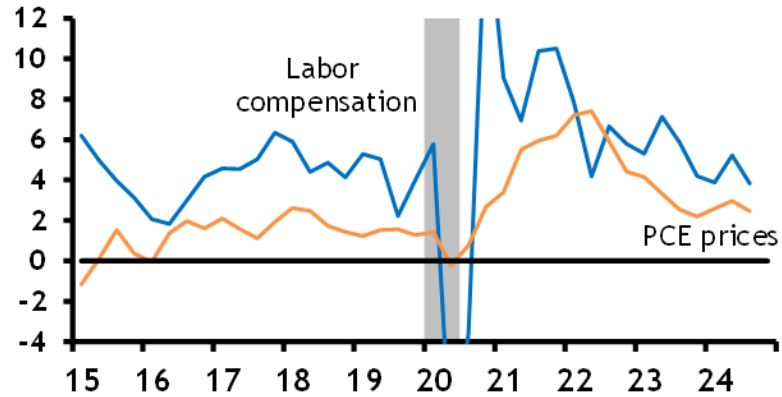


Source: BEA, J.P. Morgan

# US consumer: Give them jobs, they will spend

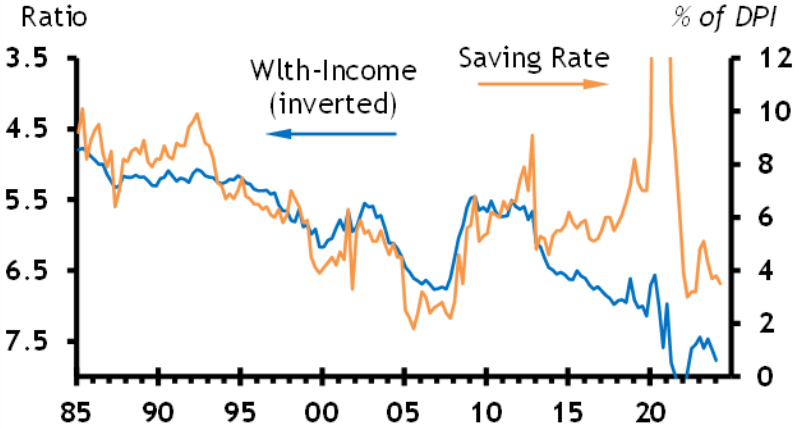
## US labor income and PCE prices

% change over 2 qtrs, saar



Source: BEA, BLS, J.P. Morgan

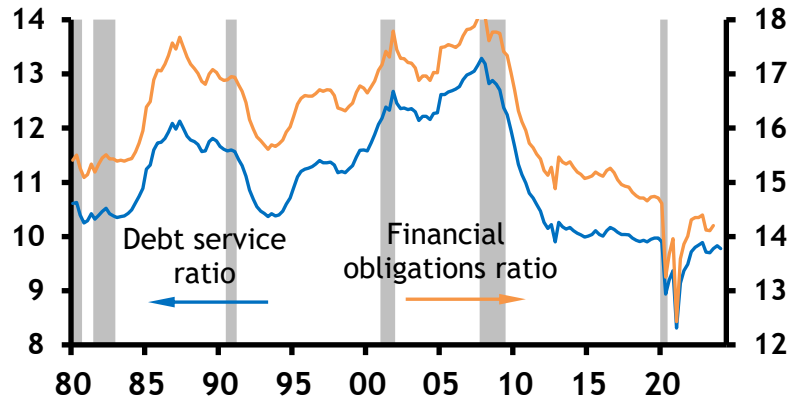
## US household wealth and saving rate



Source: BEA, FRB, J.P. Morgan

## US household financial obligations

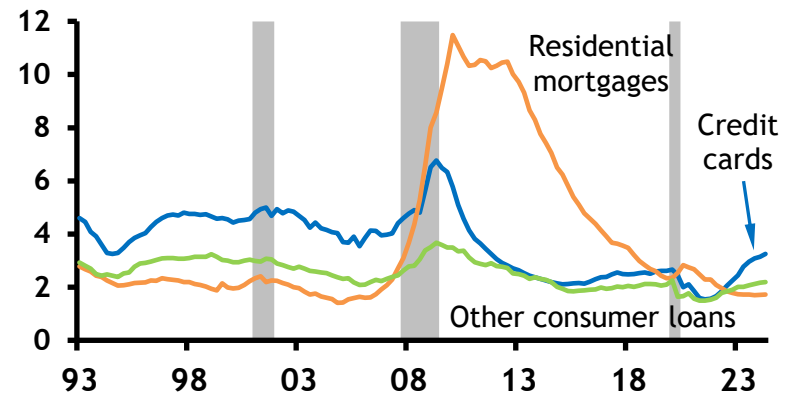
%, sa; both scales



Source: FRB, J.P. Morgan

## Consumer delinquency rates, bank loans

% of outstanding more than 30-days past due

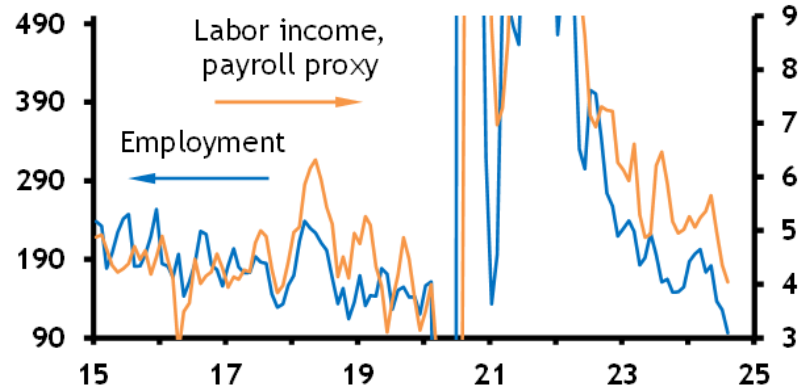


Source: FRB, J.P. Morgan

# US labor market momentum slide a concern

## US private employment and income

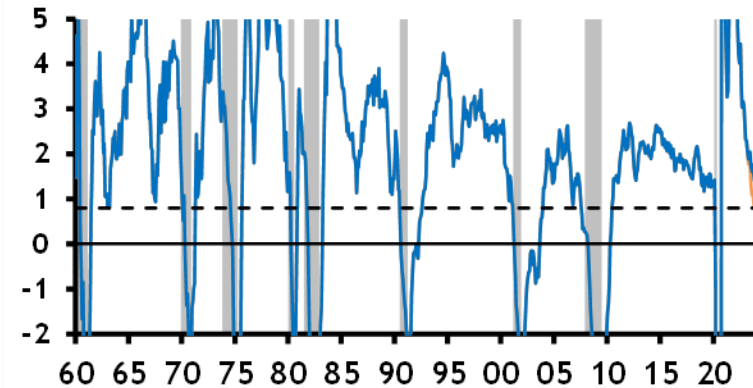
3m avg. of monthly chg., thous, sa      %3m/3m, saar



Source: BLS, J.P. Morgan

## US employment growth, private payrolls

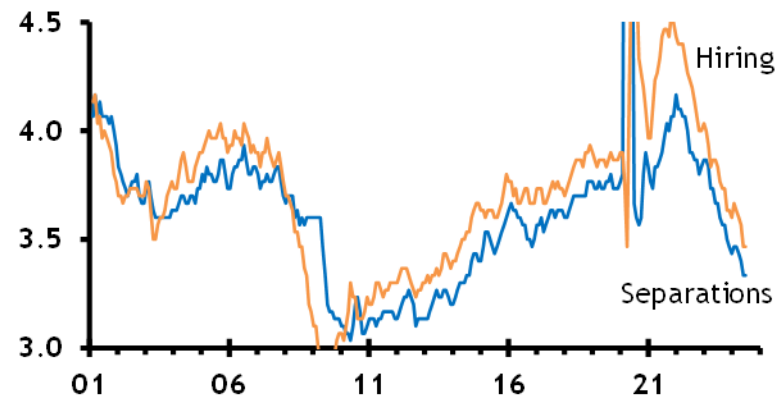
%6m, saar; orange line incl. benchmark revisions



Source: BLS, J.P. Morgan

## US total nonfarm hiring and separation rates

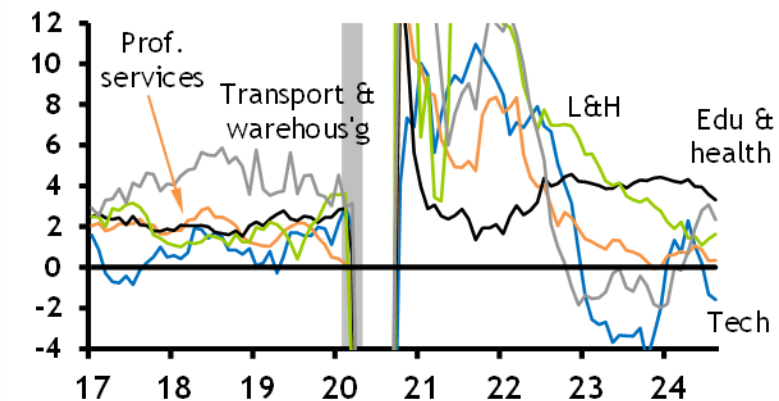
%; data are 3-month moving averages



Source: BLS, J.P. Morgan

## US service sector employment

% change over 6 mos. saar

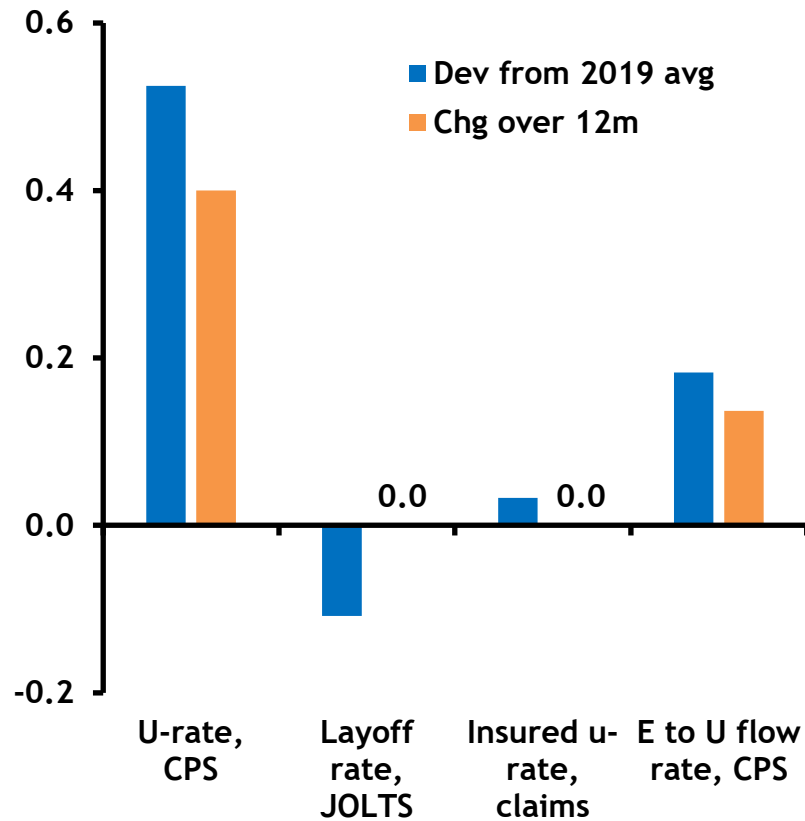


Source: BLS, J.P. Morgan

# So far, Sahm rule not looking like recession signal

## US labor market conditions

%-pt; JOLTS thru July, rest thru Aug



Source: BLS, Dept. of Labor, J.P. Morgan

## US trend-adjusted labor market conditions around Sahm rule trigger

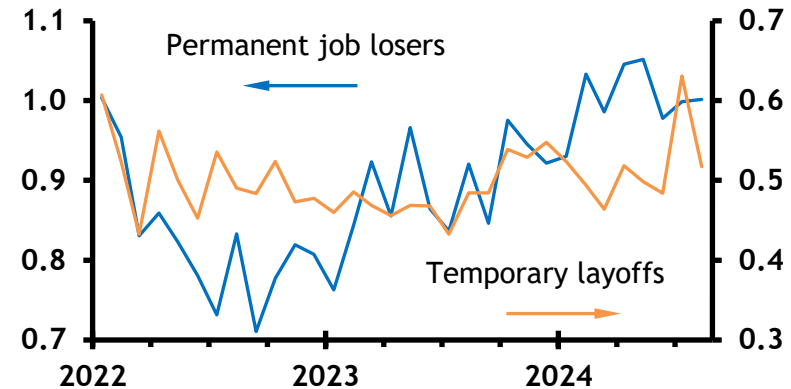
Emp. and labor force show % chg over periods when Sahm rule\* triggered

Sahm rule trigger	U-rate (% level)	Labor force less trend (% chg)	Employment less trend (HH, % chg)	Employment less trend (Estab., % chg)
Oct. 1960	6.1	0.6	-0.1	-1.0
Feb. 1970	4.2	0.6	0.1	0.4
Jul. 1974	5.5	0.3	-0.4	-0.4
Feb. 1980	6.3	0.3	-0.2	-0.7
Nov. 1981	8.3	-0.7	-1.4	-0.8
Oct. 1990	5.9	0.0	-0.5	-0.5
Jun. 2001	4.5	-0.1	-0.6	-0.6
Jul. 2003	6.2	-0.1	-0.6	-0.8
Apr. 2020	14.8	-1.7	-5.6	-4.7
Jul. 2024	4.3	-0.2	-0.8	0.6

Source: BLS, NBER, J.P. Morgan. Trend defined as HP-filtered labor force change over prior year. Population adjusted household survey data used post-1990. \*Uses current (revised) data.

## US reason for unemployment

% of labor force; both scales



Source: BLS, J.P. Morgan

# US election wild-card; Immediate risk is a trade war

## A range of issues in assessing US election risks

- *Status quo baseline vs Trump change*
- *Sweep vs divided govt*
- *Executive control vs legislative counterweight*
- *Four areas of policy risks*
  - *Trade*
  - *Immigration*
  - *Fiscal (tax/spend)*
  - *Regulatory*
- *Supply shocks bias toward less growth, more inflation*
- *Fiscal policy constrained: Bias for higher yields*

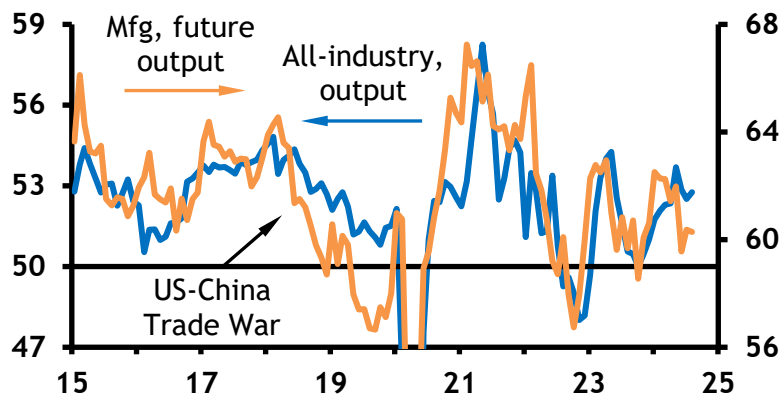
## Costs to buyers of imports from Trump tariff waves

Tariff wave	Targeted imports as a share of GDP	Average import price increase	Total cost as a share of GDP
US China trade war (2018-2019)	1.8%	20%	0.4%
10 percent across-the-board tariff	9.8%	10%	1.0%
60 percent China tariff on trade war goods	1.0%	44%	0.4%
60 percent China tariff on other Chinese goods	0.6%	60%	0.4%
<b>New tariffs, total</b>			<b>1.8%</b>

Sources: Peterson Institute for International Economics, J.P. Morgan

## Global PMI

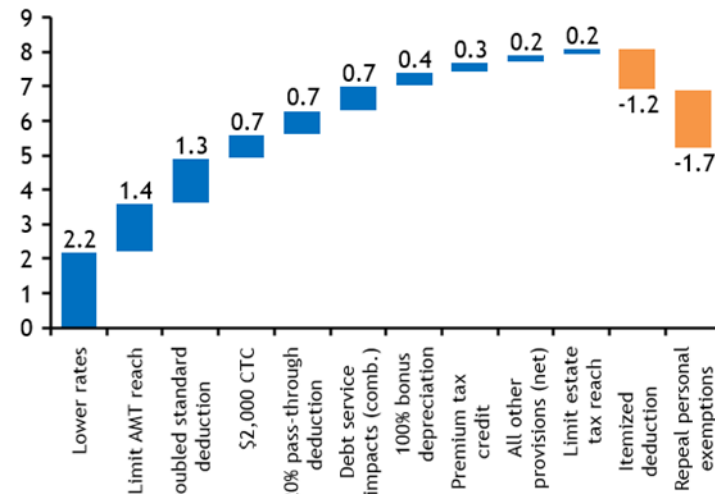
DI, sa; both scales



Source: S&P Global, J.P. Morgan

## Cost/savings from extending expiring tax provisions

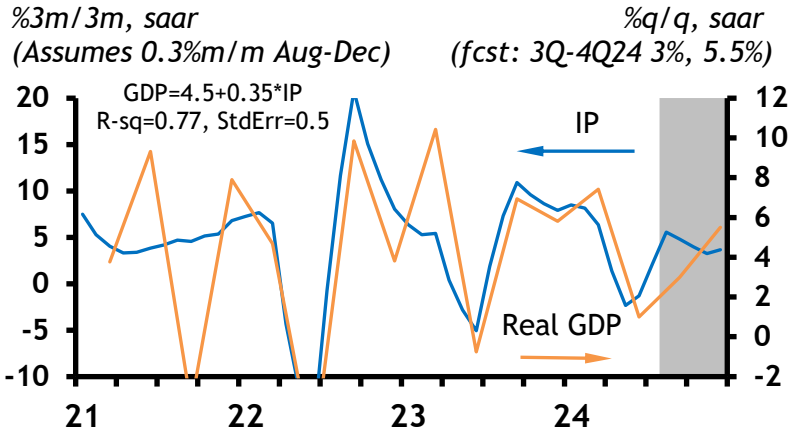
Trillions of dollars; FY 2024-2034



Source: Bipartisan Policy Center, CBO, J.P. Morgan

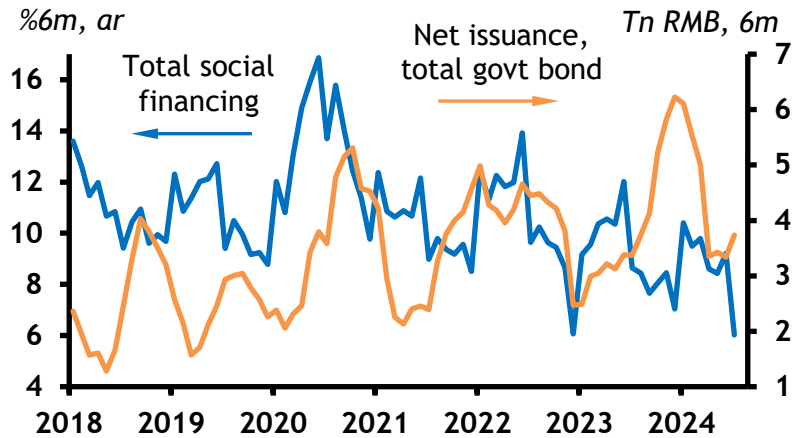
# China is sluggish amidst widely divergent impulses

## China IP and real GDP



Source: NBS, Seasonal adj done by J.P. Morgan

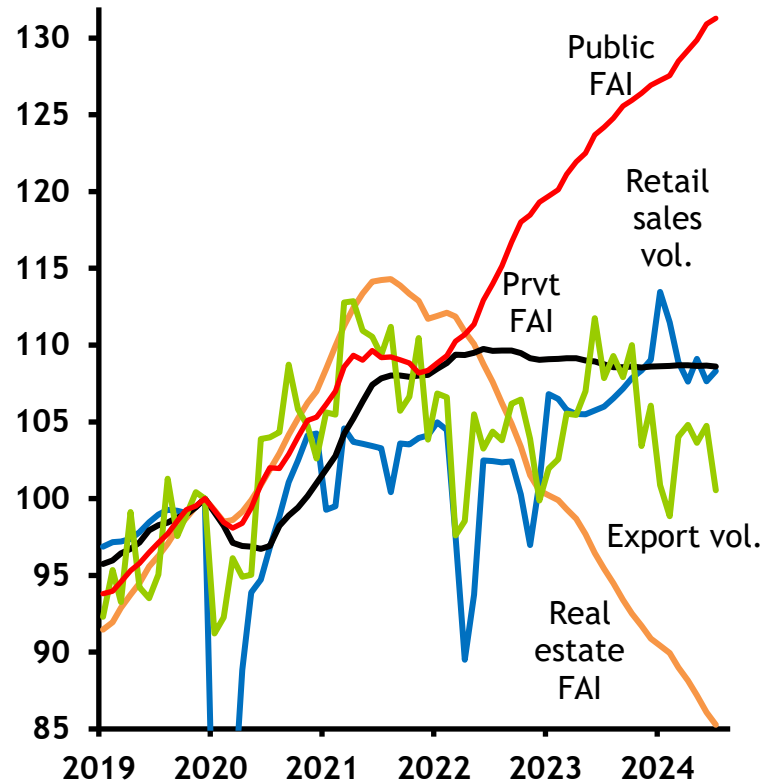
## China credit growth



Source: J.P. Morgan Global Economics

## China demand indicators

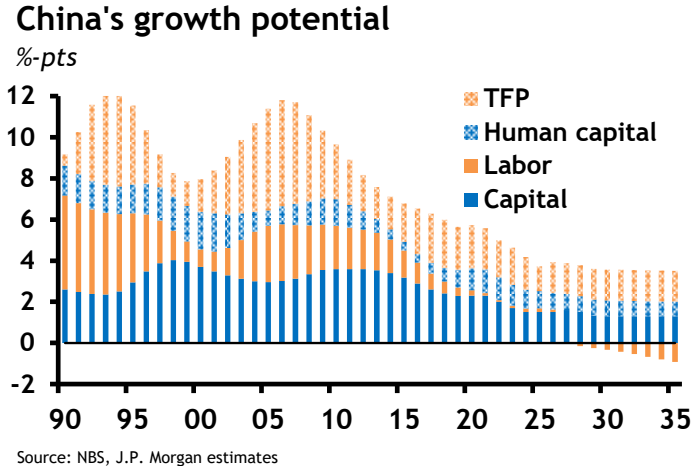
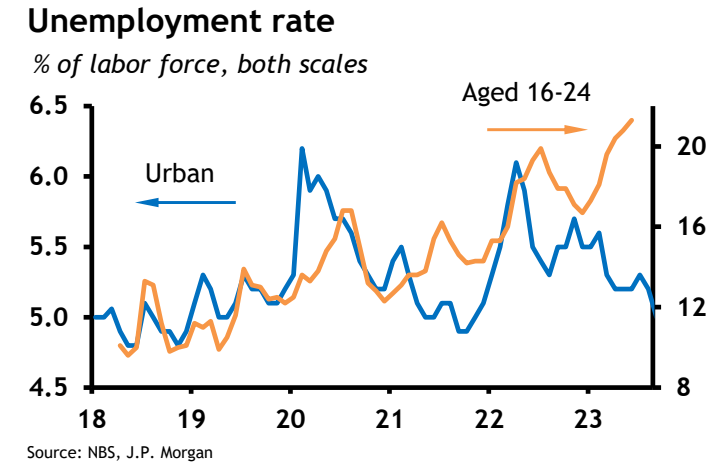
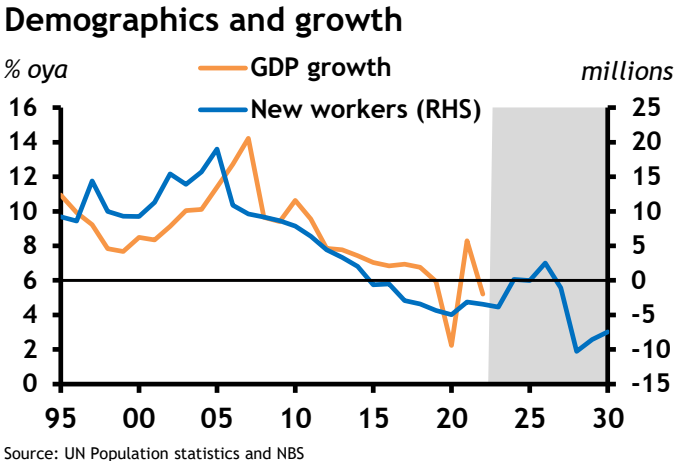
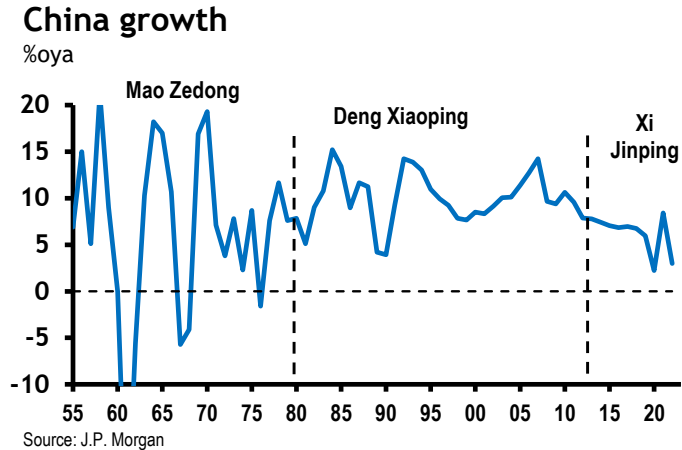
Index, Dec 2019=100



Source: NBS, J.P. Morgan



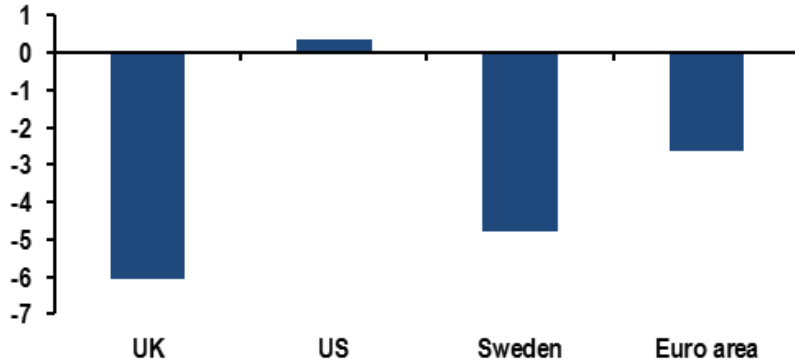
# China 3.0 can tolerate lower growth, but pressures are building



# Western Europe: Being left behind by the US?

## Difference in current output from pre-pandemic trend

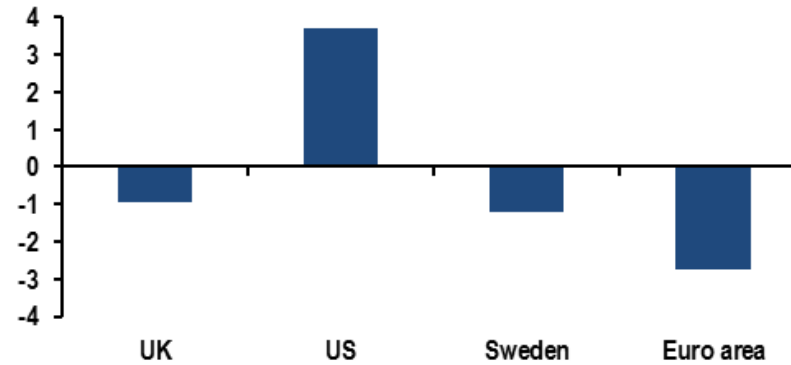
% change, from 24Q2, pre-pandemic trend is 2012-19



Source: ONS, SCB, BLS, Eurostat, J.P. Morgan

## Labour productivity change from pre-pandemic trend

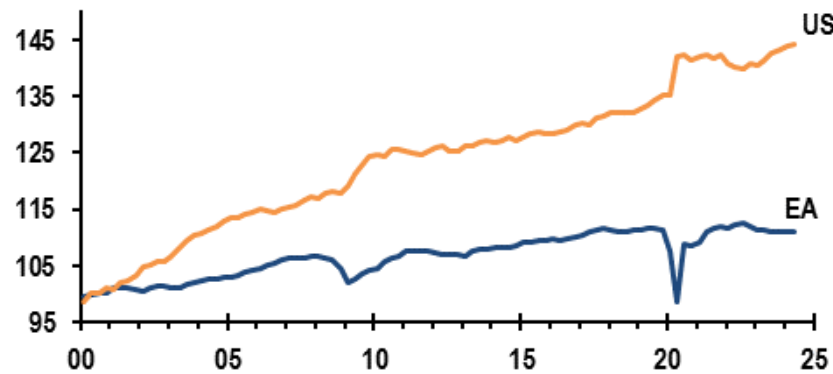
% change from 24Q2, output per hour, pre-pandemic trend is 2012-19



Source: ONS, BLS, SCB, Eurostat, J.P. Morgan

## Output per hour worked

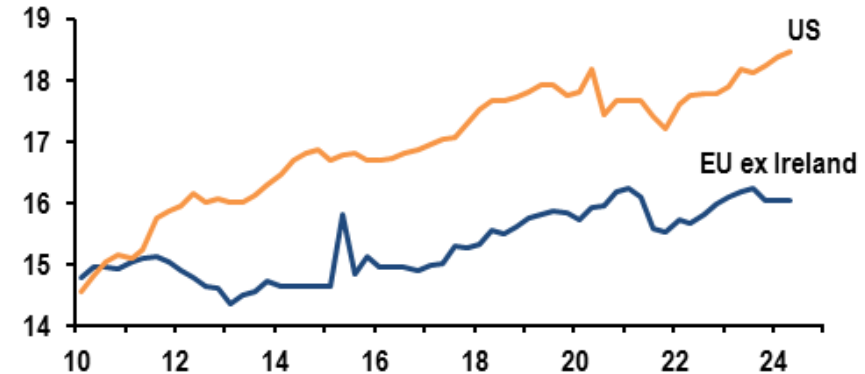
Index 2000=100



Source: ECB, BLS, J.P. Morgan

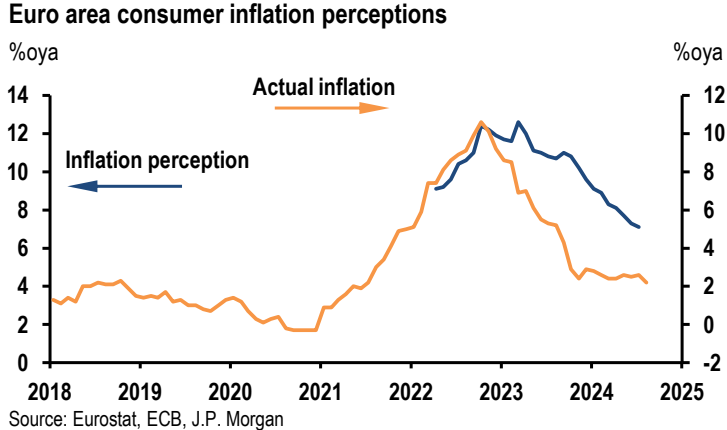
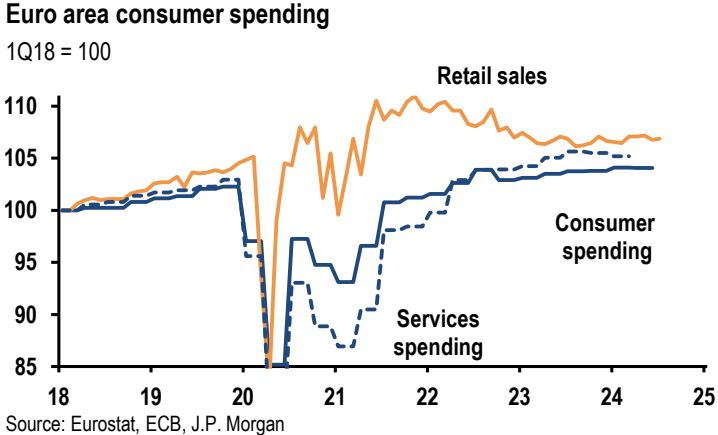
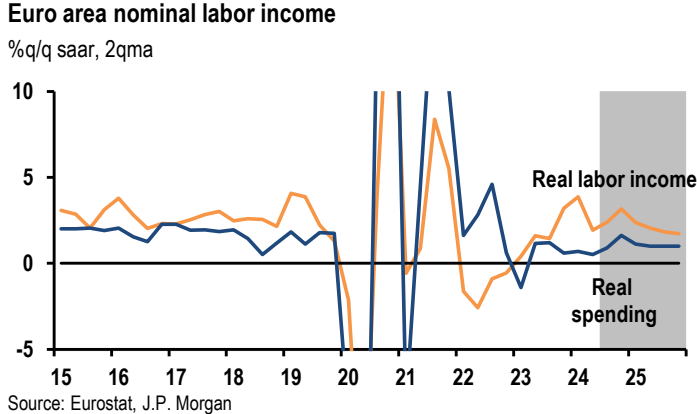
## Gross fixed capital formation as a % of GDP

% GDP, \*excludes dwellings



Source: BLS, Eurostat, J.P. Morgan

# Euro area: households are yet to step up



# Euro area: Monetary transmission starting to fade?

**Euro area bank lending to the real economy**

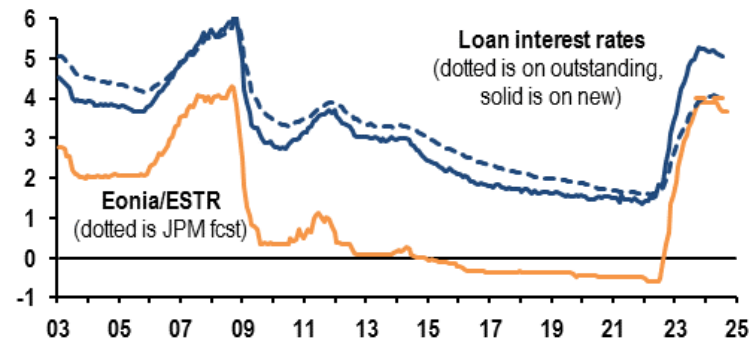
€bn, monthly flows, adj. for loan sales/securitizations



Source: ECB, J.P. Morgan

**Euro area interest rates on corporate loans**

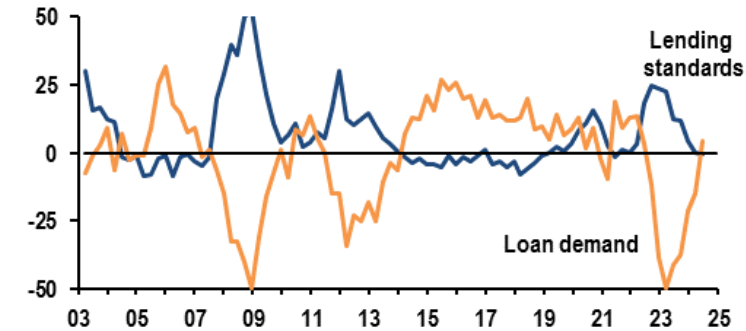
%



Source: ECB, J.P. Morgan

**ECB bank lending survey: NFCs and households**

Net %, higher values indicate tighter loan supply and higher loan demand

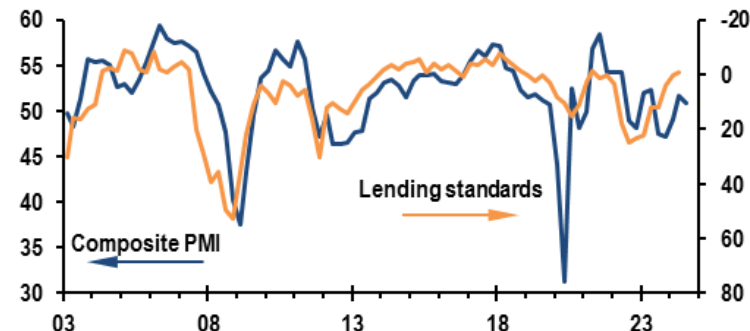


Source: ECB, J.P. Morgan

**ECB lending standards (households and NFCs) and composite PMI**

DI, sa

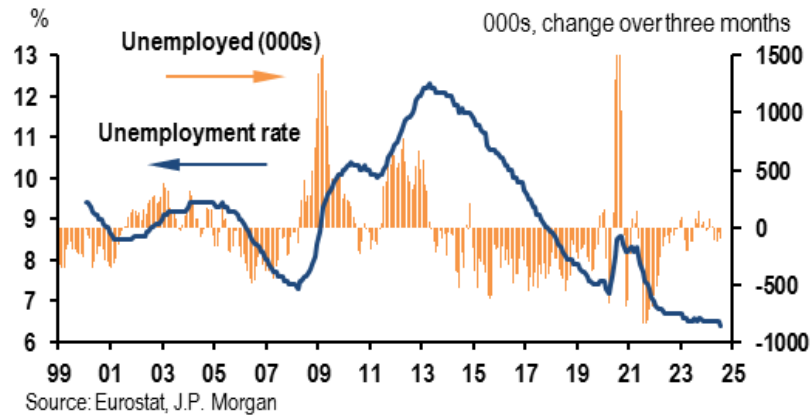
% net balance



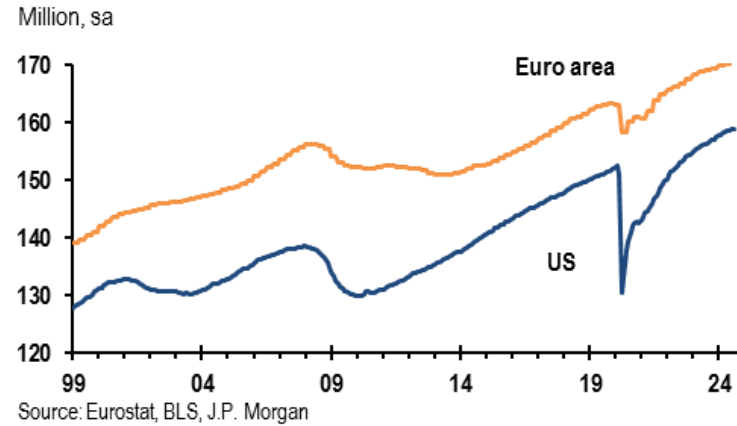
Source: Markit, ECB, J.P. Morgan

# Euro area: Labour market looks tight

**Euro area unemployment**

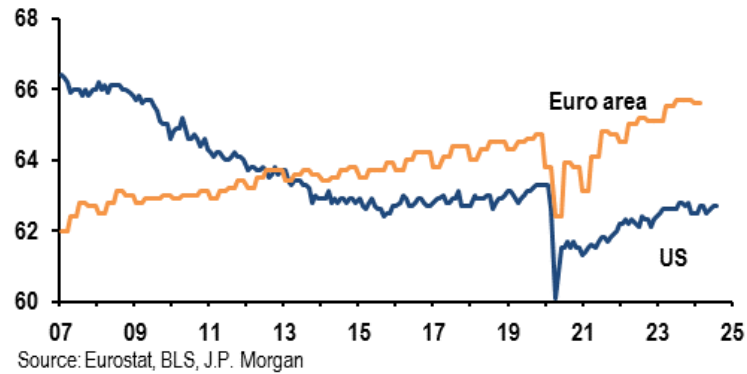


**Employment**

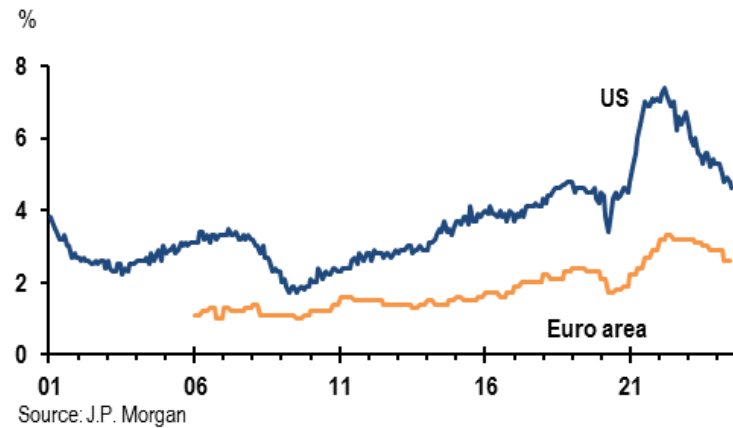


**Labor force participation rates**

%, Civilian for US, 15-74yrs for Euro area



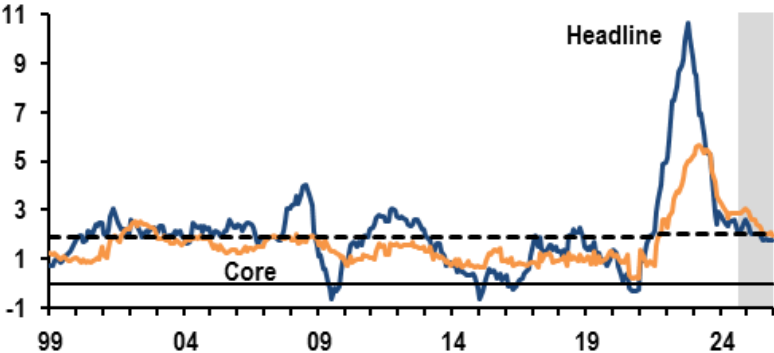
**Job vacancy rate**



# Euro area: But a lot of disinflation even with tight labour markets

## Euro area inflation

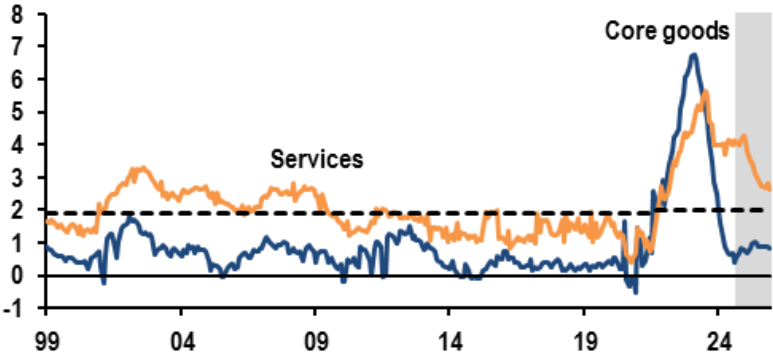
%oya, dotted line shows ECB inflation target, shaded is J.P. Morgan fcst



Source: Eurostat, ECB, J.P. Morgan

## Euro area core inflation

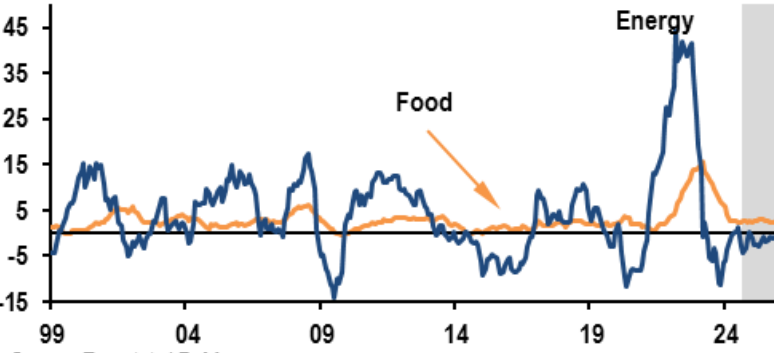
%oya, dotted line shows ECB inflation target, shaded is J.P. Morgan fcst



Source: Eurostat, J.P. Morgan

## Euro area food and energy inflation

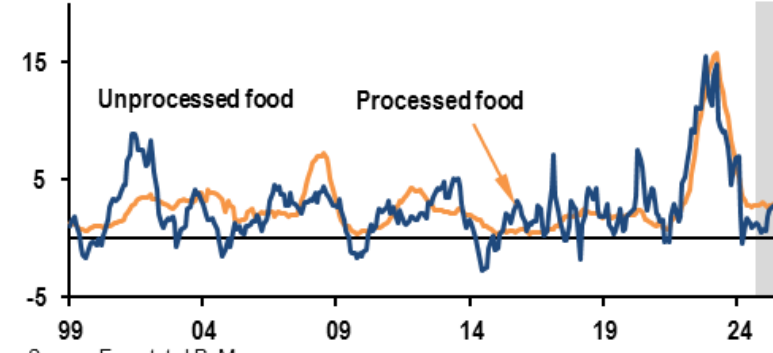
%oya, shaded is J.P. Morgan fcst



Source: Eurostat, J.P. Morgan

## Euro area food inflation

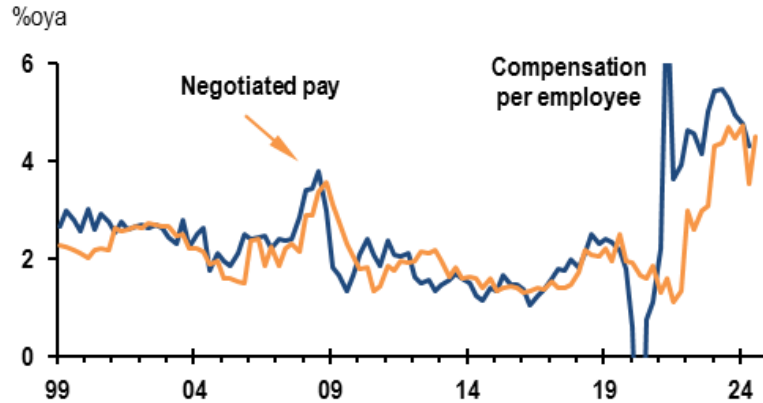
%oya, shaded is J.P. Morgan fcst



Source: Eurostat, J.P. Morgan

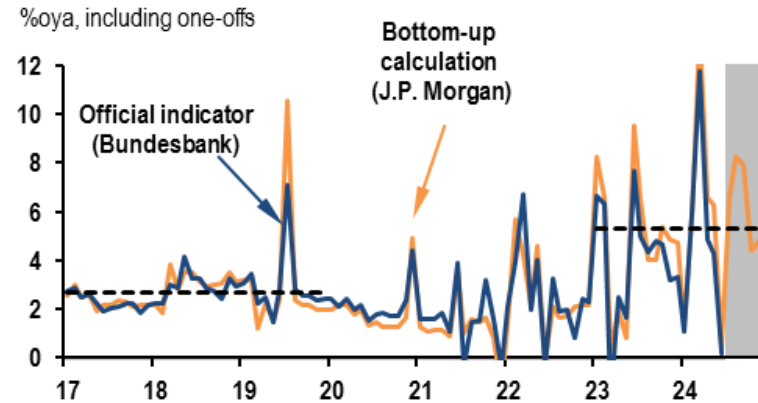
# Euro area: The 'last mile': wage growth remains high

**Euro area wage growth**



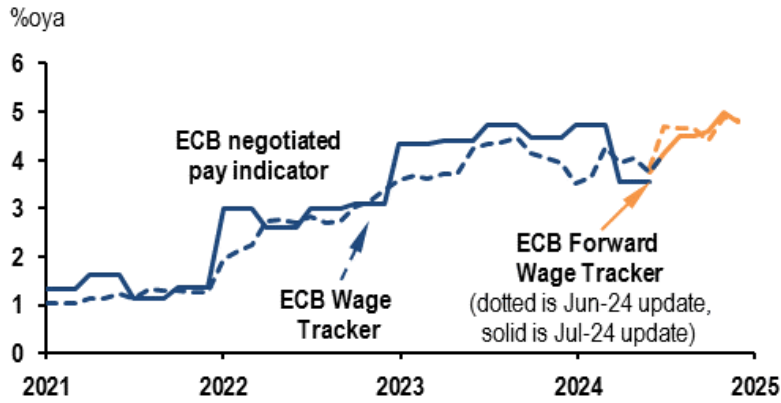
Source: Eurostat, ECB, J.P. Morgan

**German pay settlements**



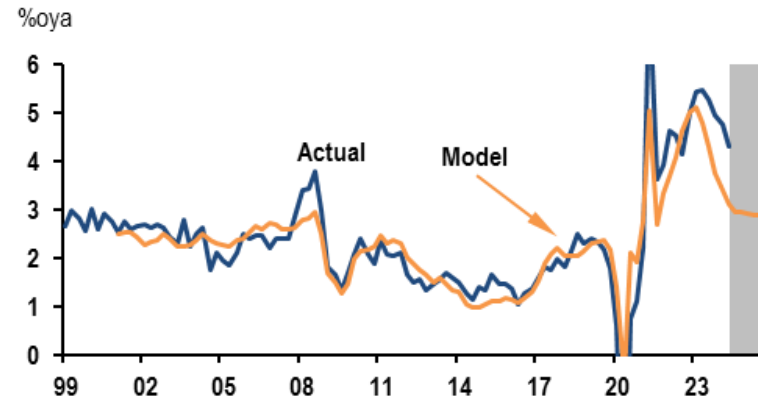
Source: WSI-Tarifarchiv, Bundesbank, J.P. Morgan

**Euro area wage growth**



Source: ECB, J.P. Morgan

**Euro area compensation per employee**



Source: Eurostat, J.P. Morgan

# Euro area: CRE problems unlikely to impact growth

## US exposure to commercial real estate

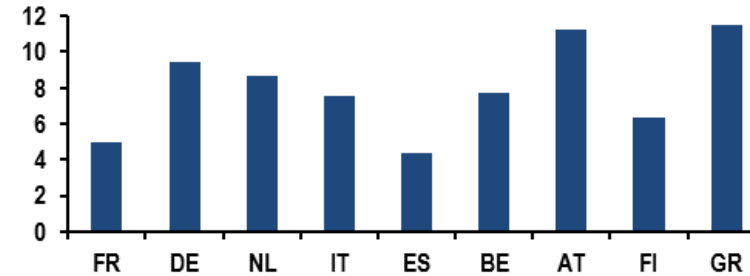
\$tn, %, 24Q1

	US (All)	US (Small)
Commercial real estate loans	3.0	2.0
Total loans	12.3	4.5
Total assets	23.3	6.6
CRE % Loans	24.2	44.4
CRE % Assets	12.8	30.2

Source: Federal Reserve, J.P. Morgan

## CRE loans by country

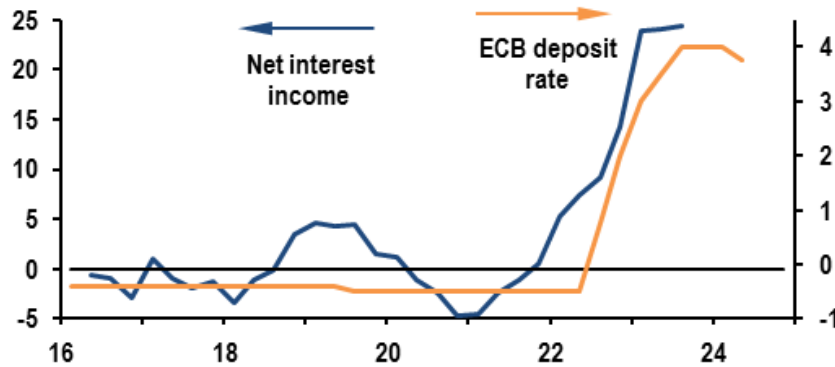
% of total loans, 23Q4



Source: EBA, J.P. Morgan

## Euro area banks NII

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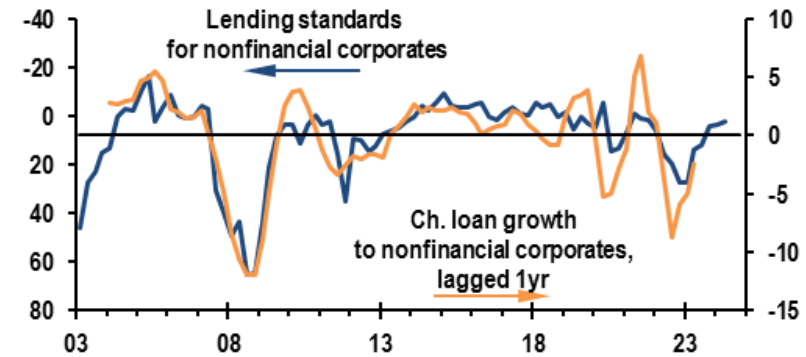


Source: ECB, J.P. Morgan

## Euro area credit impulse and lending standards

Net % of bank tightening their lending standards

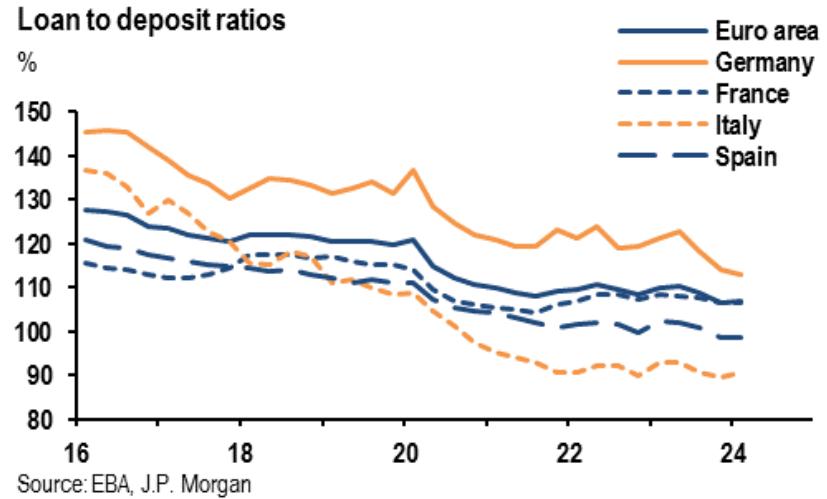
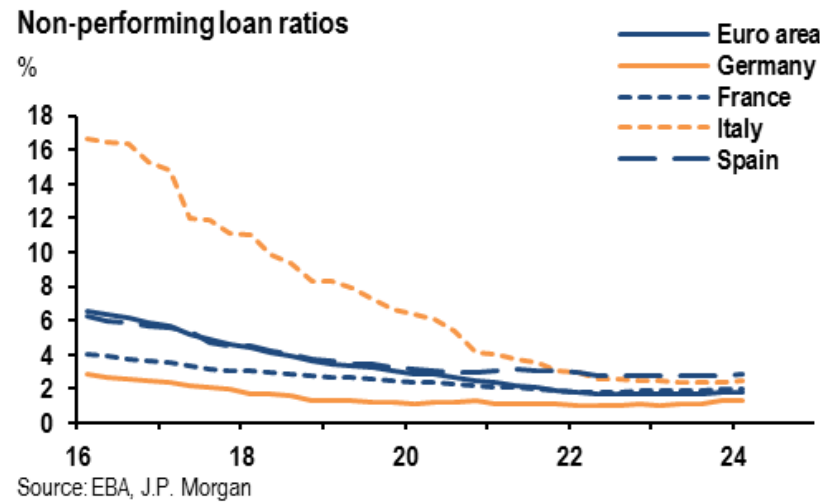
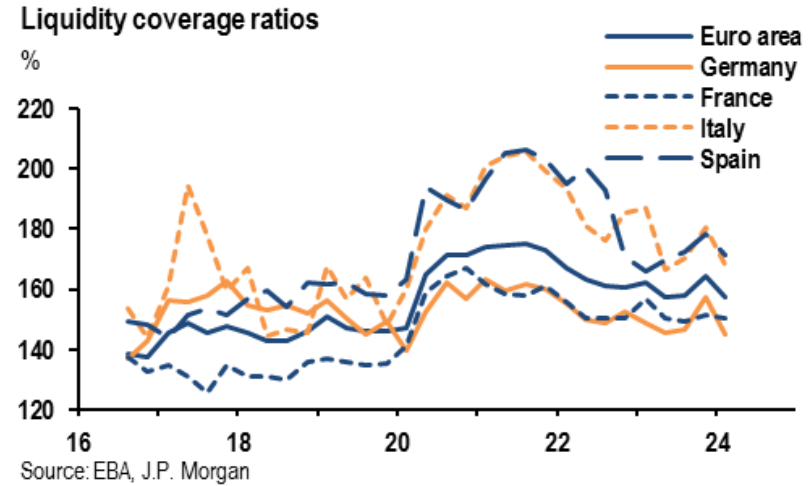
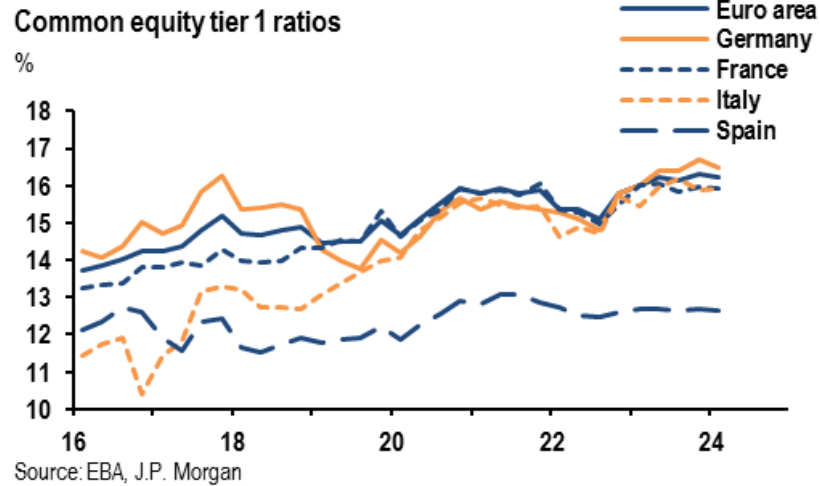
Ch. %oya



Source: ECB, J.P. Morgan

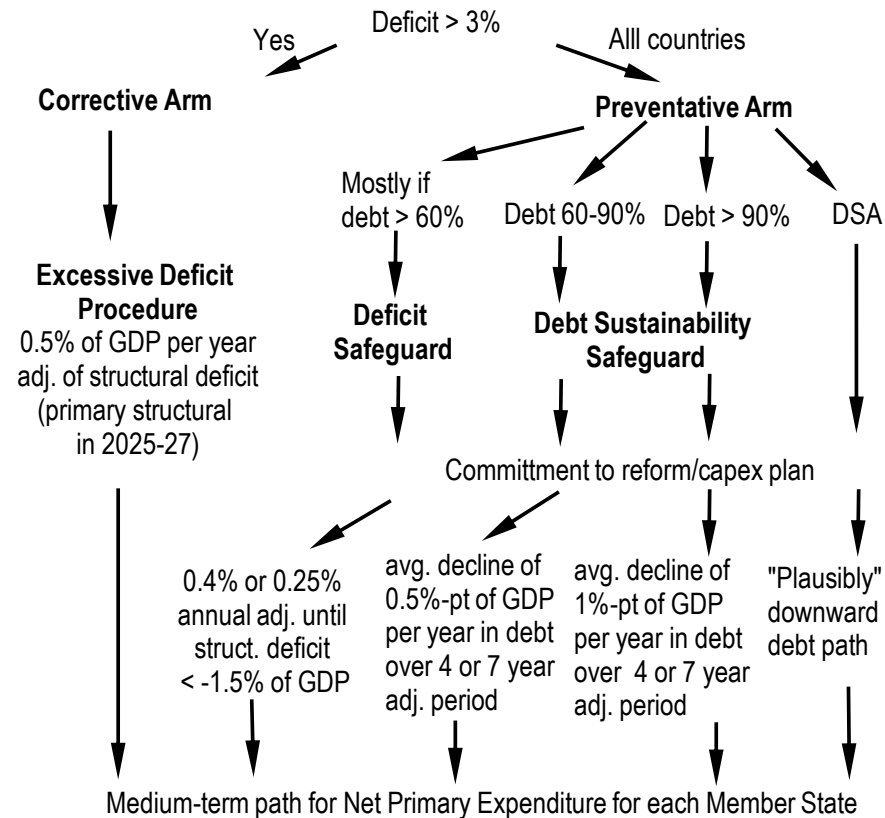


# Euro area: Banks look healthy



# Reformed EU fiscal rules

## Corrective and preventative arms of new EU Fiscal Rules



Source: European Commission, J.P. Morgan

## Euro area fiscal policy

% of GDP, positive changes in the deficit and structural primary are a "tightening"

	Deficit		Struct. Primary		Debt	
	2024	Ch. 25	2024	Ch.25	2024	Ch. 25
<b>In EDP</b>						
Italy	-4.4	-0.3	-1.1	-0.1	138.6	3.1
France	-5.3	0.3	-3.0	0.4	112.4	1.4
Belgium	-4.4	-0.3	-1.9	-0.2	105.0	1.5
Slovakia	-5.9	0.5	-4.3	0.5	58.5	1.4
Malta	-4.3	0.4	-2.9	0.8	52.0	0.6
<b>Debt &gt;90%</b>						
Greece	-1.2	0.4	1.7	-0.4	153.9	-4.5
Spain	-3.0	0.2	-0.8	0.1	105.5	-0.7
Portugal	0.4	0.1	2.2	0.2	95.6	-4.2
<b>60% &lt; Debt &lt; 60%</b>						
Finland	-3.4	0.6	-0.5	0.4	80.5	1.9
Austria	-3.1	0.2	-1.1	-0.2	77.7	0.1
Cyprus	2.9	0.0	3.5	0.2	70.6	-5.1
Slovenia	-2.8	0.6	-1.2	0.5	68.1	-1.6
Germany	-1.6	0.4	0.0	0.2	62.9	-0.7
<b>Debt &lt; 60%</b>						
Croatia	-2.6	0.0	-2.0	0.1	59.5	-0.5
Netherlands	-2.0	-0.2	-0.6	0.0	47.1	1.3
Latvia	-2.8	-0.1	-1.4	-0.2	44.5	1.8
Ireland	1.3	-0.1	2.5	-0.3	42.5	-1.2
Lithuania	-1.8	-0.3	0.0	-0.5	38.9	2.7
Luxembourg	-1.7	-0.2	0.1	-0.4	27.1	1.4
Estonia	-3.4	-0.9	-0.3	-1.7	21.4	3.2

Source: AMECO, J.P. Morgan

## Euro area: A bumpy path to lower inflation

- *Euro area avoided an energy recession, but had sluggish growth in 2023*
- *Economy has recovered since then but still some fragility*
- *Core inflation has slowed to 3%ar, “final mile” requires slower profit and wage growth*
- *Further ECB cuts expected this year and next*

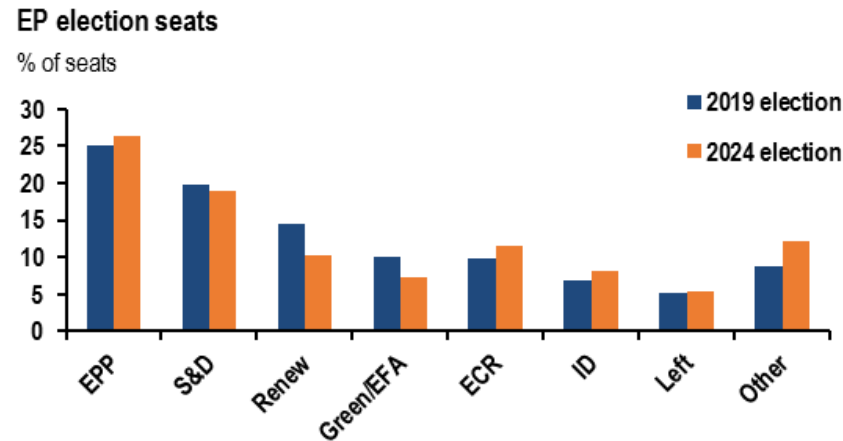
### Euro area forecasts

%oy a, except where stated, annuals are %oy a except year-end for deposit rate

	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	2023	2024	2025
GDP (%q/q ar)	0.2	0.3	1.3	0.8	1.0	1.0	1.0	1.0	1.3	1.3	0.5	0.7	1.0
Germany	0.8	-1.5	0.9	-0.3	0.5	0.8	0.8	0.8	1.0	1.0	-0.1	0.1	0.7
France	0.4	1.8	1.0	0.7	2.0	0.3	1.0	1.0	1.3	1.3	1.1	1.2	1.0
Italy	1.3	0.3	1.3	0.6	0.5	0.8	0.8	1.0	1.0	1.0	1.0	0.7	0.8
Spain	2.0	2.9	3.4	3.2	2.0	1.5	1.5	1.5	1.5	1.5	2.5	2.7	1.7
U-rate (%)	6.6	6.5	6.5	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.6	6.4	6.4
Inflation													
Headline	5.0	2.7	2.6	2.5	2.3	2.4	2.2	2.0	1.8	1.8	5.5	2.4	2.0
Core	5.1	3.7	3.1	2.8	2.8	3.0	2.8	2.5	2.1	2.0	5.0	2.9	2.3
ECB depo. Rate	4.00	4.00	4.00	3.75	3.50	3.25	3.00	2.50	2.00	2.00	4.00	3.25	2.00

Source: Eurostat, ECB, J.P.Morgan

## EU: Elections unlikely to have moved the needle except in France



Source: EC, J.P. Morgan. \*Outgoing parliament (as of June 2024)

Political right increased vote share in June European Parliamentary elections

Likely decreased focus on green agenda and more on competitiveness

Leveraging private capital and enhancing capital markets union becoming a key political imperative

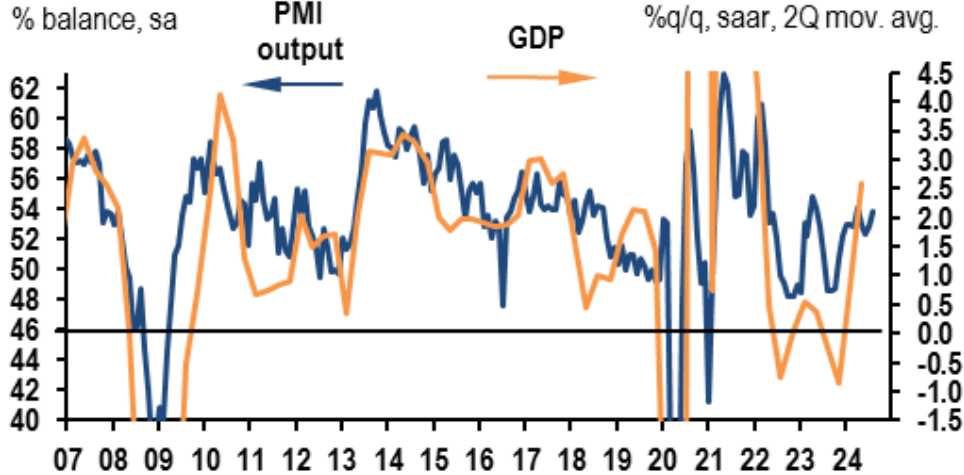
Already had an impact on France with the lower house elections

But broader EU level macro impact likely dependent on US election

Commission likely to be fully operational only by end-2024

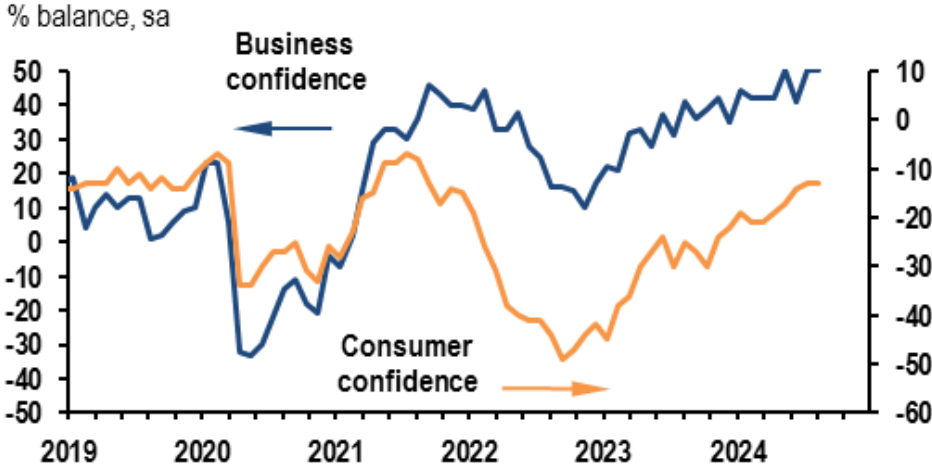
# UK: Growth turning up in early 2024, confidence rising

### PMI composite output and reported GDP growth



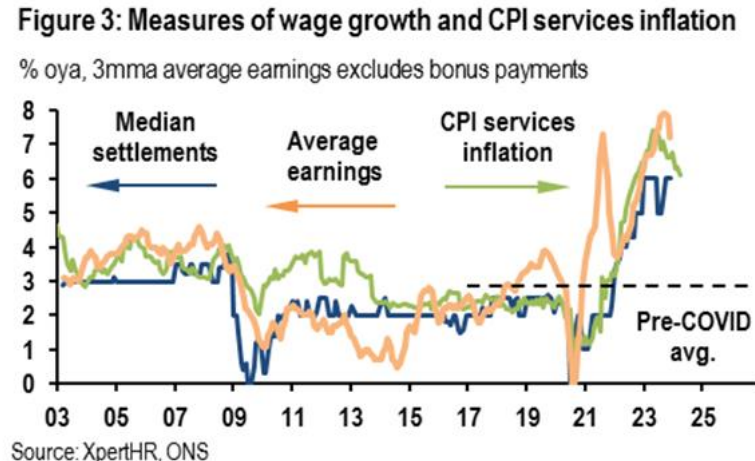
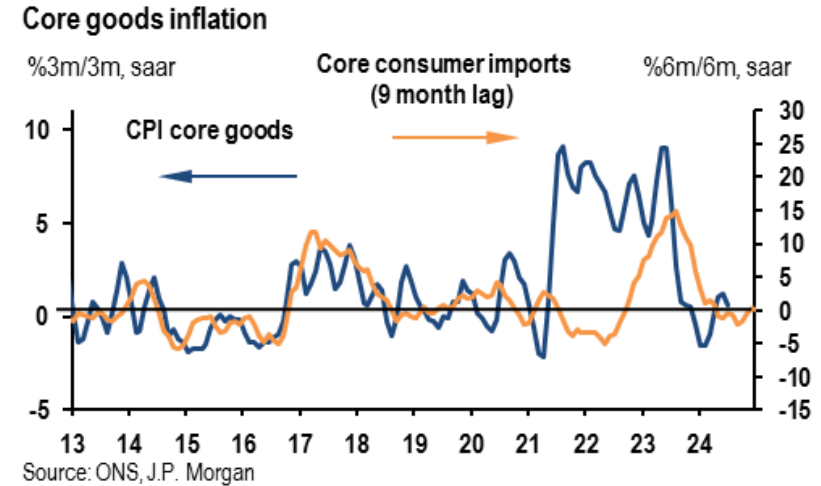
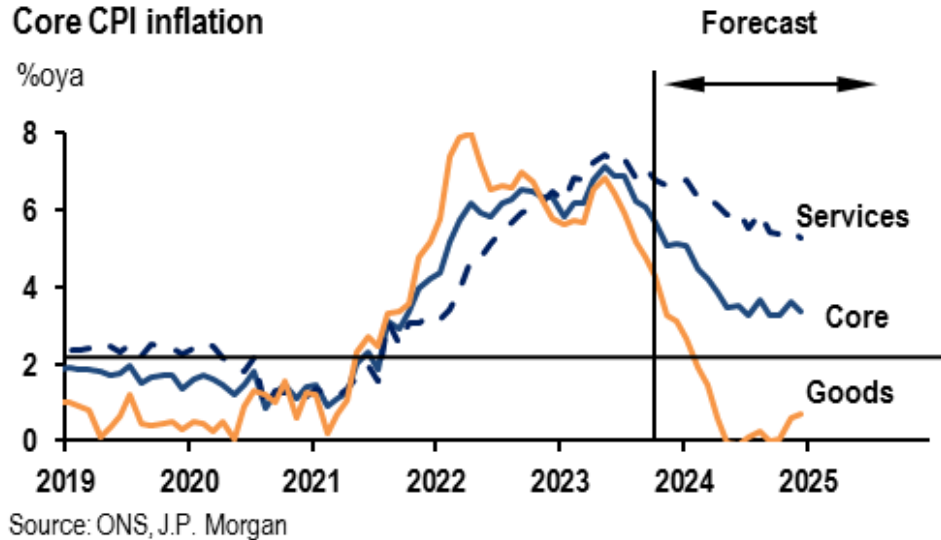
Source: S&P Global, ONS, J.P. Morgan

### Business and consumer confidence



Source: Gfk, Lloyds

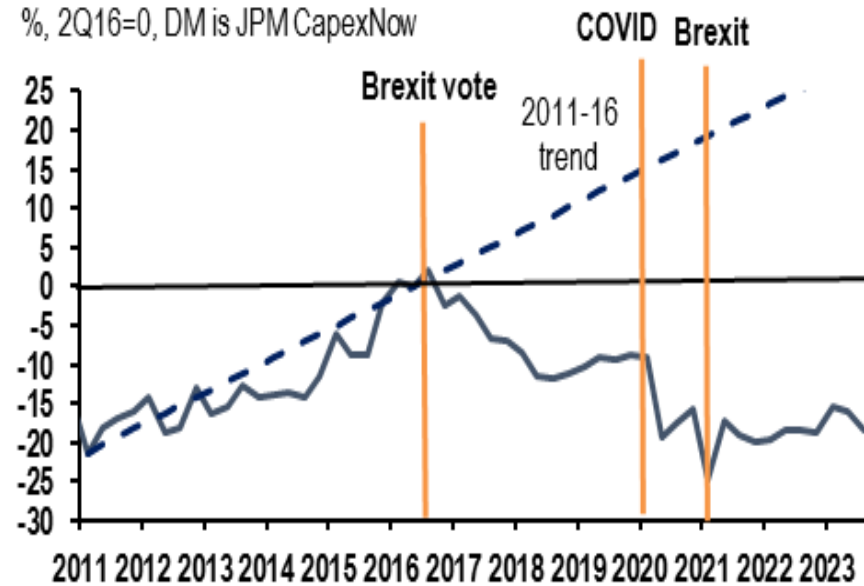
# UK: Underlying inflation remains sticky



## UK Supply side woes: Brexit bites

### UK business investment vs. developed markets

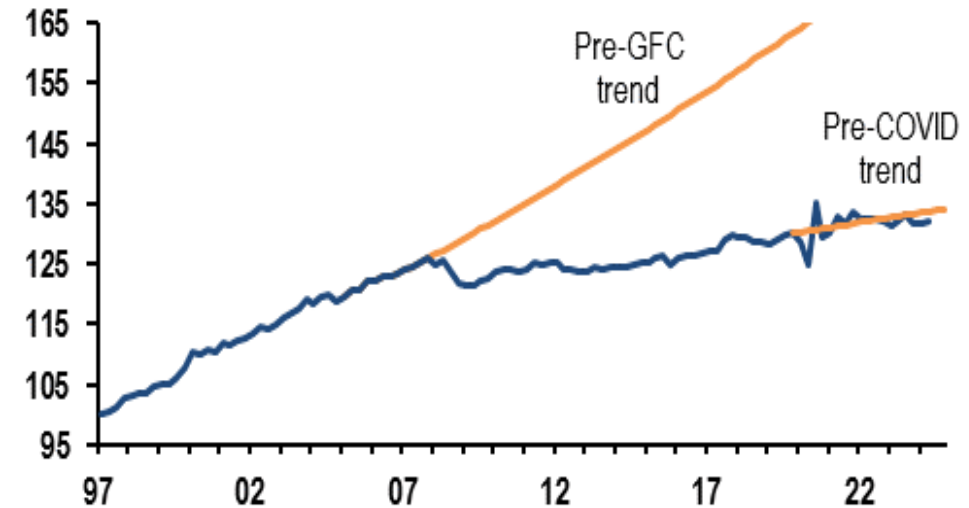
%, 2Q16=0, DM is JPM CapexNow



Source: J.P. Morgan

### UK labour productivity

100=1997



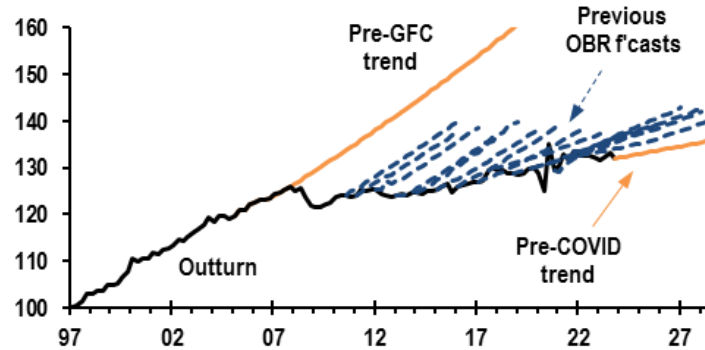
Source: ONS

# Boosting trend growth with reforms isn't easy

- Perpetual OBR growth optimism limits fiscal upside from better growth
- Productivity trends are mostly global
- Restoring residential investment to its 2013-2019 trend (5% pa) would boost annual GDP growth by 0.2-0.3%

## UK labour productivity

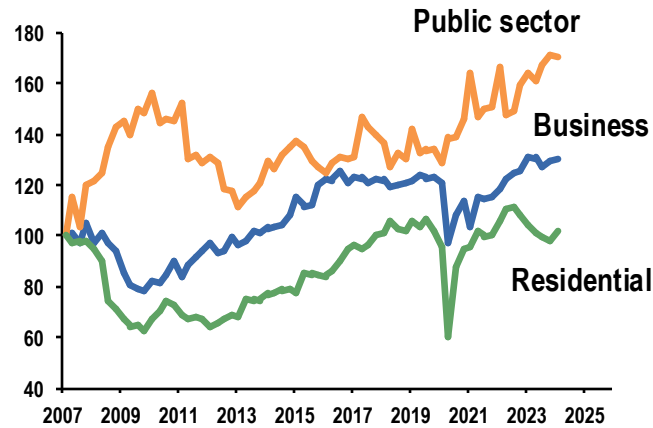
Idx, 1997Q1=100; OBR forecasts 2010-2024



Source: OBR, ONS, J.P. Morgan

## Gross fixed capital formation

2007=100



Source: ONS

## Productivity trends

% annualized, GDP per hour, average. Excludes GFC and pandemic years

	UK	US	Gap
1997-2007	2.2	2.8	-0.7
2010-2019	0.6	1.2	-0.7
2022-2023	-0.4	0.4	-0.8

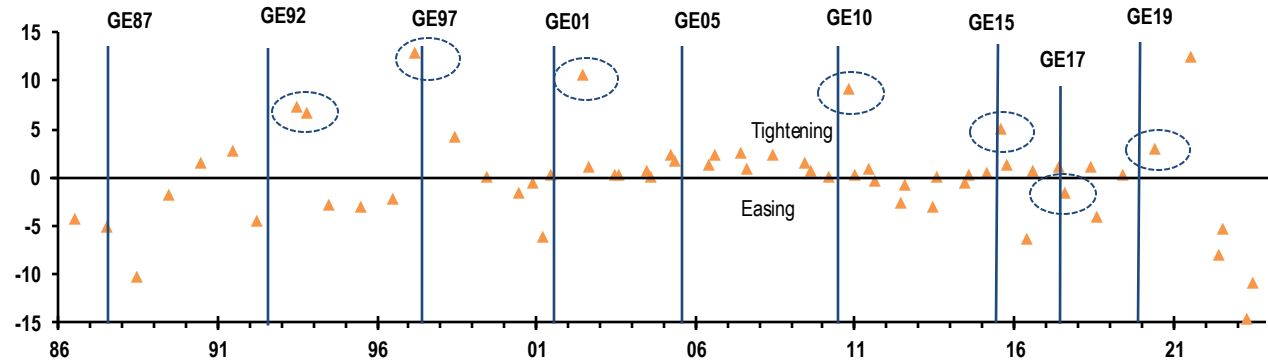
Source: J.P. Morgan



# Fiscal tightening to continue after the election

## Fiscal policy changes and UK elections

£bn, combined policy changes for subsequent two years at various Budgets



Source: OBR, J.P. Morgan

## OBR fiscal projections: March 2024

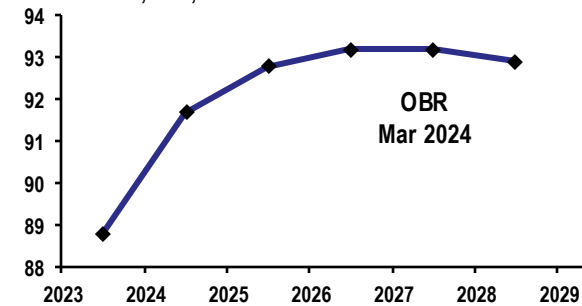
% of GDP, unless stated

	23/24	24/25	25/26	26/27	27/28	28/29
<b>Deficit (£bn)</b>	114.1	87.2	77.5	68.7	50.6	39.4
<b>Deficit (%)</b>	4.2	3.1	2.7	2.3	1.6	1.2
Structural primary	1.3	0.4	-0.2	-0.6	-1.2	-1.6
Change	-0.7	-0.9	-0.6	-0.4	-0.6	-0.4
<b>Net Debt</b>						
Headline	97.6	98.8	96.4	95.5	95.1	94.3
Ex. BoE impact	88.8	91.7	92.8	93.2	93.2	92.9
<b>Growth (Full Year)</b>	0.3	0.8	1.9	2.0	1.8	1.7

Source: OBR

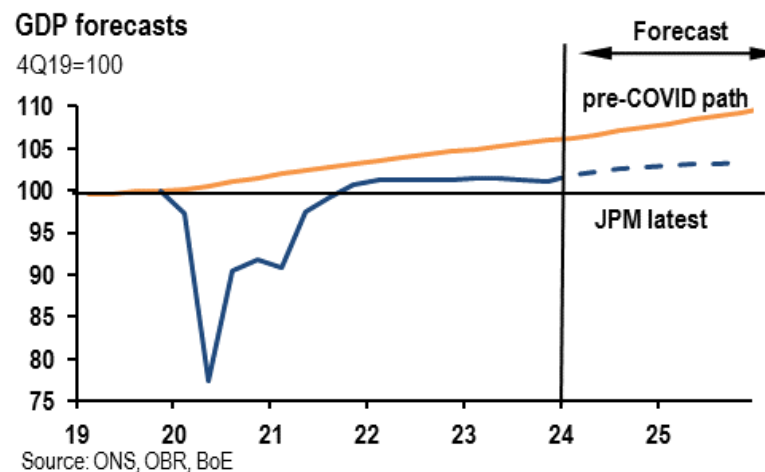
## Government debt to GDP

% of GDP, net, ex. BoE



Source: OBR

## UK outlook: Constrained by the tragedy of weak supply



### UK economic forecasts

%, GDP is annualized change from previous period

	FY23	FY24	FY25	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25
<b>GDP</b>	0.1	1.1	0.9	-0.5	-1.2	2.9	2.3	1.3	1.1	0.8	0.5	0.5	0.5
<b>CPI (oya)</b>	7.4	2.6	2.9	6.7	4.2	3.5	2.1	2.2	2.6	2.7	2.9	3.1	2.7
Core	6.2	3.8	3.2	6.4	5.3	4.6	3.6	3.4	3.4	3.6	3.2	3.0	2.9
<b>U. rate (EOP, %)</b>	3.8	4.1	4.3	4.1	3.8	4.3	4.3	4.2	4.1	4.1	4.2	4.2	4.3
<b>BoE rate (EOP, %)</b>	5.25	4.75	3.75	5.25	5.25	5.25	5.25	5.00	4.75	4.50	4.25	4.00	3.75

Source: J.P. Morgan

# Global Economic Outlook Summary

	Real GDP			Real GDP						Consumer prices			
	% over a year ago			% over previous period, saar						% over a year ago			
	2023	2024	2025	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	4Q23	2Q24	4Q24	2Q25
United States	2.5	2.5	1.7	1.4	3.0	<u>1.5</u>	1.0	1.8	1.8	3.2	3.2	2.3	1.8
Canada	1.2	1.1	1.8	1.8	2.1	<u>1.0</u>	1.5	2.0	2.0	3.2	2.7	2.1	2.1
Latin America	1.9	1.7	2.1	1.8	<u>1.7</u>	<u>2.2</u>	1.8	2.1	2.1	5.0	4.4	4.4	3.8
Argentina	-1.6	-3.4	4.6	-9.9	<u>-6.5</u>	4.0	4.0	5.0	4.0	172.6	278.7	<b>161.5</b> ↓	<b>56.1</b> ↓
Brazil	2.9	3.2	1.9	4.2	<u>5.9</u>	<u>2.0</u>	1.5	2.0	2.0	4.7	3.9	4.4	3.8
Chile	0.2	2.6	2.3	8.5	-2.5	<u>4.5</u>	2.0	2.5	2.3	4.6	4.1	4.5	4.5
Colombia	0.6	2.0	2.7	4.9	0.4	<u>2.0</u>	2.7	3.0	2.8	10.0	7.2	5.4	4.2
Ecuador	2.4	0.6	2.0	14.8	<u>-7.0</u>	<u>3.3</u>	2.0	3.0	2.5	1.6	2.6	2.1	2.6
Mexico	3.2	1.3	1.0	0.4	0.6	<u>1.0</u>	0.5	0.6	1.0	4.4	4.8	4.5	3.8
Peru	-0.6	3.0	3.0	1.9	7.4	<u>1.8</u>	3.6	2.0	2.5	3.7	2.2	2.6	2.6
Uruguay	0.4	2.7	2.2	3.8	<u>4.5</u>	3.8	2.5	1.5	2.3	4.8	4.3	5.7	6.1
<b>Asia/Pacific</b>	4.4	<b>3.8</b> ↓	3.6	<b>5.5</b> ↓	<u>1.8</u>	3.1	<b>4.3</b> ↑	3.7	3.5	1.5	1.6	1.8	2.1
Japan	1.7	<b>-0.1</b> ↓	<b>1.1</b> ↓	<b>-2.4</b> ↓	<u>2.9</u> ↓	<u>2.2</u>	1.2	1.0	0.6	2.9	2.7	2.6	3.3
Australia	2.0	1.3	2.0	0.7	0.9	<u>2.4</u>	2.5	2.0	2.0	4.1	3.8	3.3	2.7
New Zealand	0.6	<b>0.4</b> ↑	2.2	0.7	<b>-0.5</b> ↑	1.8	<b>3.2</b> ↓	2.5	1.6	4.7	3.3	2.5	2.3
EM Asia	5.0	4.6	4.1	7.1	1.7	<b>3.4</b> ↑	<b>4.9</b> ↑	4.2	4.0	1.1	1.3	1.6	1.9
China	5.2	4.6	4.0	7.4	1.0	<u>3.0</u>	5.5	4.3	3.7	-0.3	0.3	0.8	1.3
India	7.9	6.5	6.0	10.0	4.0	<u>5.0</u>	5.0	5.0	6.5	5.4	4.9	4.7	4.8
Ex China/India	2.5	3.7	3.3	4.6	2.4	<b>3.5</b> ↑	<b>2.9</b> ↑	3.5	<b>3.5</b> ↓	2.8	2.4	<b>2.2</b> ↓	<b>2.1</b> ↓
Hong Kong	3.3	3.0	2.7	10.3	1.4	<u>0.8</u>	0.0	4.1	4.1	2.6	1.2	1.5	2.9
Indonesia	4.0	5.0	4.8	5.1	5.0	<u>4.5</u>	4.5	5.0	5.0	2.8	2.8	2.4	2.6
Korea	1.4	2.7	2.3	5.3	-0.9	<u>4.0</u>	2.5	2.3	2.3	3.4	2.7	2.1	2.1
Malaysia	3.4	5.0	4.6	6.0	12.1	<u>3.5</u>	3.5	4.0	5.0	1.6	1.9	3.8	1.8
Philippines	5.5	5.4	<b>5.9</b> ↑	4.5	2.0	<b>6.1</b> ↑	<b>6.1</b> ↑	6.1	<b>6.1</b> ↓	4.3	3.8	<b>2.8</b> ↓	<b>2.2</b> ↓
Singapore	1.1	2.0	2.1	1.5	1.6	<u>1.0</u>	0.0	2.5	2.5	4.0	2.8	2.1	1.7
Taiwan	1.3	4.2	2.5	0.4	1.2	<u>2.6</u>	2.6	2.7	2.7	2.9	2.2	1.7	2.0
Thailand	1.9	2.4	2.7	4.9	3.1	<u>2.4</u>	2.7	2.6	2.6	-0.5	0.8	1.3	1.1
<b>Western Europe</b>	0.4	0.8	1.0	1.6	<u>1.0</u>	1.1	1.0	1.0	0.9	3.1	2.5	2.3	2.0
Euro area	0.5	0.7	1.0	1.3	0.8	<u>1.0</u>	1.0	1.0	1.0	2.7	2.5	2.2	1.9
Germany	-0.1	0.1	0.7	0.9	-0.3	<u>0.5</u>	0.8	0.8	0.8	3.0	2.6	2.4	2.1
France	1.1	1.2	1.0	1.0	0.7	<u>2.0</u>	0.3	1.0	1.0	4.2	2.5	2.4	2.1
Italy	1.0	0.8	0.8	1.3	0.7	<u>0.5</u>	0.8	0.8	1.0	1.0	0.9	2.2	2.3
Spain	2.5	2.7	1.7	3.4	3.2	<u>2.0</u>	1.5	1.5	1.5	3.3	3.6	2.3	1.8
Norway	1.1	0.6	1.0	0.4	<u>0.5</u>	0.8	0.8	1.3	1.3	4.5	3.1	2.6	2.3
Sweden	-0.1	0.7	1.2	3.2	-1.0	<u>1.0</u>	1.0	1.3	1.5	5.6	3.4	1.4	0.9
United Kingdom	0.1	1.1	0.9	2.9	2.3	<u>1.5</u>	1.0	0.8	0.5	4.2	2.1	2.7	3.0
<b>EMEA EM</b>	2.6	2.7	2.3	4.6	1.5	<u>1.6</u>	1.8	2.3	2.9	15.8	16.7	11.8	9.0
Czech Republic	-0.1	1.0	2.0	1.5	1.3	<u>2.0</u>	2.3	2.0	2.0	7.6	2.5	2.4	2.1
Hungary	-0.9	1.4	2.3	2.9	-0.6	<u>2.3</u>	2.0	2.5	2.8	7.7	3.8	3.9	4.3
Israel	2.0	1.4	4.4	17.3	1.2	<u>7.0</u>	5.0	4.5	4.0	3.3	2.8	2.8	3.0
Poland	0.2	3.1	3.6	3.2	6.1	<u>3.5</u>	3.5	3.5	3.5	6.5	2.5	4.5	4.9
Romania	2.1	2.0	3.2	1.9	0.5	<u>5.7</u>	6.1	-0.8	6.6	7.1	5.3	4.6	4.4
Russia	3.6	3.4	1.2	3.3	0.7	<u>1.0</u>	1.0	1.0	1.5	7.2	8.2	7.3	6.1
South Africa	0.7	1.0	1.4	-0.2	2.1	<u>1.7</u>	3.1	0.8	1.5	5.5	5.2	3.7	3.9
Turkey	5.1	3.0	3.0	5.6	0.3	<u>-3.0</u>	-1.5	5.0	5.0	62.7	72.3	44.2	29.7
<b>Global</b>	2.7	2.6	2.3	3.2	<u>1.9</u>	<b>2.1</b> ↑	2.3	2.4	2.3	3.4	3.3	2.8	2.5
Developed markets	1.7	1.6	1.4	1.1	<u>2.1</u> ↓	1.4	1.1	1.4	1.4	3.2	2.9	2.4	2.0
Emerging markets	4.2	4.0	3.6	6.0	<u>1.7</u>	2.9	4.0	3.6	3.6	3.7	4.0	3.4	3.2
Emerging ex China	3.3	3.4	3.2	4.8	<u>2.3</u>	<b>2.9</b> ↑	<b>2.7</b> ↑	3.0	3.5	7.5	7.4	5.9	5.0
Global — PPP weighted	3.2	3.0	2.7	3.8	2.0	2.4	<b>2.8</b> ↑	2.6	2.7	4.4	4.4	3.6	3.1

Source: J.P. Morgan Global Economics \*Underline indicates beginning of J.P. Morgan forecast.

The long-form nomenclature for China, Hong Kong, and Taiwan is: Mainland China; Hong Kong SAR (China), and Taiwan (China).

# Global Central Bank Watch

	Official rate	Current rate (%pa)	4-qrtr change (bp)		Last change	Next mtg	Forecast next change	Forecast (% pa)				
			Last	Next				Sep 24	Dec 24	Mar 25	Jun 25	Sep 25
<b>Global</b>		5.02	15	-91				4.87	4.49	4.12	3.73	3.44
excluding US		4.83	32	-57				4.82	4.59	4.26	3.92	3.62
<b>Developed</b>		4.38	-23	-107				4.13	3.68	3.31	2.91	2.62
<b>Emerging</b>		5.94	66	-67				5.92	5.65	5.26	4.89	4.61
Latin America		9.97	-202	-32				9.94	9.88	9.65	9.21	8.51
EMEA EM		18.02	611	-259				17.98	17.12	15.44	13.70	12.40
EM Asia		2.81	-3	-34				2.80	2.61	2.47	2.39	2.39
<b>The Americas</b>		6.02	-32	-151				5.61	4.97	4.51	4.03	3.74
United States	Fed funds	5.50	0	-175	26 Jul 23 (+25bp)	18 Sep 24	Sep 24 (-50bp)	5.00	4.25	3.75	3.25	3.00
Canada	O/N rate	4.25	-75	-100	4 Sep 24 (-25bp)	23 Oct 24	Oct 24 (-25bp)	4.25	3.75	3.25	3.00	3.00
Brazil	SELIC O/N	10.50	-275	100	8 May 24 (-25bp)	18 Sep 24	Sep 25 (+25bp)	10.75	11.25	11.50	11.50	10.50
Mexico	Repo rate	10.75	-50	-100	8 Aug 24 (-25bp)	26 Sep 24	26 Sep 24 (-25bp)	10.50	10.25	9.75	8.75	8.00
Chile	Disc rate	5.50	-400	-100	18 Jun 24 (-25bp)	17 Oct 24	17 Oct 24 (-25bp)	5.50	5.00	4.50	4.50	4.50
Colombia	Repo rate	10.75	-250	-350	31 Jul 24 (-50bp)	30 Sep 24	30 Sep 24 (-50bp)	<b>10.25</b>	<b>8.75</b>	<b>7.25</b>	6.25	6.25
Peru	Reference	5.50	-225	-125	8 Aug 24 (-25bp)	<u>12 Sep 24</u>	9 Sep 24 (-25bp)	5.25	4.50	4.25	4.00	4.00
<b>Europe/Africa</b>		7.10	125	-100				7.08	6.69	6.10	5.35	4.71
Euro area	Depo rate	<b>3.50</b>	-25	-50	12 Sep 24 (-25bp)	17 Oct 24	<b>Dec 24 (-25bp)</b>	3.50	3.25	3.00	2.50	2.00
United Kingdom	Bank rate	5.00	-25	-50	1 Aug 24 (-25bp)	19 Sep 24	Nov 24 (-25bp)	5.00	4.75	4.50	4.25	4.00
Norway	Dep rate	4.50	50	-50	14 Dec 23 (+25bp)	19 Sep 24	19 Dec 24 (-25bp)	4.50	4.25	4.00	3.50	3.25
Sweden	Repo rate	3.50	-25	-125	20 Aug 24 (-25bp)	25 Sep 24	25 Sep 24 (-25bp)	3.25	2.75	2.25	2.00	2.00
Czech Republic	2-wk repo	4.50	-250	-50	1 Aug 24 (-25bp)	25 Sep 24	Sep 24 (-25bp)	4.25	4.00	4.00	4.00	4.00
Hungary	Base rate	6.75	-625	-75	23 Jul 24 (-25bp)	24 Sep 24	Sep 24 (-25bp)	6.50	6.25	6.00	5.50	5.00
Israel	Base rate	4.50	-25	0	1 Jan 24 (-25bp)	10 Sep 24	Apr 25 (-25bp)	4.50	4.50	4.50	4.00	3.75
Poland	7-day interv	5.75	-25	0	6 Sep 23 (-75bp)	2 Oct 24	May 25 (-25bp)	5.75	5.75	5.75	5.50	5.25
Romania	Base rate	6.50	-50	-25	7 Aug 24 (-25bp)	4 Oct 24	14 Feb 25 (-25bp)	6.50	6.50	6.25	6.00	6.00
Russia	Key pol rate	18.00	600	-200	26 Jul 24 (+200bp)	<u>13 Sep 24</u>	1Q 25 (-100bp)	18.00	18.00	16.00	14.00	13.00
South Africa	Repo rate	8.25	0	-100	25 May 23 (+50bp)	19 Sep 24	Sep 24 (-25bp)	8.00	7.75	7.25	7.25	7.25
Turkey	1-wk repo	50.00	2500	-1000	21 Mar 24 (+500bp)	19 Sep 24	21 Nov 24 (-250bp)	50.00	45.00	40.00	35.00	30.00
<b>Asia/Pacific</b>		2.58	2	-26				2.57	2.45	2.32	2.27	2.25
Australia	Cash rate	4.35	25	-25	7 Nov 23 (+25bp)	24 Sep 24	Feb 25 (-25bp)	4.35	4.35	4.10	3.85	3.60
New Zealand	Cash rate	5.25	-25	-75	14 Aug 24 (-25bp)	9 Oct 24	Oct 24 (-25bp)	5.25	4.75	4.50	4.00	3.75
Japan	O/N call rate	0.25	32	25	31 Jul 24 (+15bp)	19 Sep 24	Dec 24 (+25bp)	0.25	0.50	0.50	0.75	0.75
Hong Kong	Disc. wndw	5.75	-575	-175	26 Jul 23 (+25bp)	-	Sep 24 (-50bp)	5.25	4.50	4.00	3.50	3.25
China	7-day rev repo	1.70	-10	-20	22 Jul 24 (-10bp)	-	4Q 24 (-10bp)	1.70	1.60	1.50	1.50	1.50
Korea	Base rate	3.50	0	-50	13 Jan 23 (+25bp)	11 Oct 24	4Q 24 (-25bp)	3.50	3.25	3.00	2.75	2.75
Indonesia	BI RRR	6.25	50	-75	24 Apr 24 (+25bp)	18 Sep 24	Oct 24 (-25bp)	6.25	5.75	5.50	5.25	5.25
India	Repo rate <sup>2</sup>	6.50	0	-75	8 Feb 23 (+25bp)	9 Oct 24	Oct 24 (-25bp)	6.50	6.00	5.75	5.50	5.50
Malaysia	O/N rate	3.00	-300	0	3 May 23 (+25bp)	6 Nov 24	On hold	3.00	3.00	3.00	3.00	3.00
Philippines	Rev repo	6.25	0	-50	15 Aug 24 (-25bp)	17 Oct 24	Dec 24 (-25bp)	6.25	6.00	5.75	5.00	4.75
Thailand	1-day repo	2.50	25	-50	27 Sep 23 (+25bp)	16 Oct 24	4Q 24 (-25bp)	2.50	2.25	2.00	2.00	2.00
Taiwan	Official disc.	2.00	13	0	21 Mar 24 (+12.5bp)	19 Sep 24	On hold	2.00	2.00	2.00	2.00	2.00

Source: J.P. Morgan. <sup>1</sup> BoJ sets the policy rate on IOER (O/N) and targets 10-year JGB yields as policy guidance

Bold denotes move since last GDW and forecast changes. Underline denotes policy meeting during upcoming week. Aggregates are GDP-weighted averages.

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# Global FX Forecasts

Exchange rates vs. U.S dollar

Majors	Current						JPM forecast gain/loss vs June 25*			Actual change in local FX vs USD			
	6-Sep	Sep 24	Dec 24	Mar 25	Jun 25		Spot	Forwards	Consensus**	Past 1mo	Past 3mo	YTD	Past 12mos
EUR	1.11	1.05	1.09	1.12	1.12		0.8%	-0.3%	0.0%	3.7%	2.8%	0.6%	3.8%
JPY	143	147	146	145	144		-0.8%	-4.1%	-2.1%	12.3%	9.7%	-1.4%	3.1%
GBP	1.32	1.24	1.30	1.35	1.35		2.4%	2.6%	3.0%	4.1%	3.6%	3.5%	5.6%
AUD	0.67	0.68	0.67	0.68	0.68		1.0%	0.9%	-2.9%	1.2%	2.3%	-1.1%	5.6%
CAD	1.35	1.36	1.35	1.34	1.33		1.5%	0.8%	0.8%	1.5%	2.0%	-1.9%	1.4%
NZD	0.62	0.60	0.61	0.61	0.61		-2.0%	-2.0%	-3.2%	2.4%	1.9%	-1.6%	6.0%
JPM USD index	132.0	134.5	↑ 132.2	↑ 130.5	↑ 129.7	↑	-1.7%	-1.3%	-0.4%	-1.9%	-1.3%	2.9%	0.0%
DXY	101.0	106.0	102.6	100.2	99.9		-1.1%	-0.2%	-0.5%	-4.6%	-3.7%	-0.3%	-3.9%
<b>Europe, Middle East &amp; Africa</b>													
CHF	0.84	0.89	0.85	0.84	0.84		0.4%	-2.5%	4.3%	6.8%	6.4%	-0.2%	6.0%
ILS	3.71	3.60	3.55	3.50	3.50		6.0%	4.9%	2.9%	1.2%	1.3%	-2.2%	3.9%
SEK	10.23	10.67	10.18	9.73	9.55		7.1%	5.5%	5.0%	3.7%	3.1%	-1.5%	9.0%
NOK	10.62	10.86	10.37	9.91	9.73		9.1%	9.0%	2.8%	0.2%	0.9%	-4.2%	0.8%
CZK	22.54	24.29	23.62	23.21	23.44		-3.8%	-4.5%	-5.9%	3.6%	1.2%	-0.8%	1.1%
PLN	3.85	4.14	4.04	3.97	4.02		-4.1%	-3.0%	-4.4%	4.4%	3.6%	2.1%	12.3%
HUF	355	376	362	353	353		0.8%	1.9%	0.1%	3.8%	1.9%	-2.3%	1.8%
TRY	33.99	34.00	35.50	37.50	38.50		-11.7%	19.6%	-3.9%	-3.3%	-4.8%	-13.1%	-21.0%
ZAR	17.72	17.90	17.65	17.40	17.25		2.7%	5.4%	2.9%	2.7%	6.7%	3.6%	8.2%
<b>Asia</b>													
CNY	7.08	7.15	7.15	7.10	7.05		0.5%	-1.9%	0.7%	2.5%	2.3%	0.2%	3.5%
HKD	7.79	7.80	7.79	7.78	7.77		0.3%	-0.3%	0.1%	0.2%	0.2%	0.2%	0.6%
IDR	15365	15700	15600	15300	15300		0.4%	2.0%	1.4%	6.6%	5.4%	0.2%	-0.3%
INR	83.95	83.80	83.90	83.10	82.50		1.8%	3.4%	0.7%	-0.7%	-0.7%	-0.9%	-0.9%
KRW	1330	1360	1350	1320	1290		3.1%	1.6%	0.8%	3.5%	2.7%	-3.1%	0.4%
MYR	4.33	4.55	4.45	4.35	4.30		0.7%	-0.9%	3.5%	8.9%	8.4%	6.1%	8.0%
PHP	55.92	57.30	56.30	55.30	55.30		1.1%	1.3%	0.9%	4.8%	4.7%	-0.9%	1.6%
SGD	1.30	1.33	1.32	1.30	1.29		0.7%	-0.6%	0.8%	4.4%	4.1%	1.7%	5.2%
TWD	31.94	32.10	31.80	31.30	30.80		3.7%	-0.1%	1.3%	1.6%	1.0%	-3.8%	0.2%
THB	33.52	35.50	34.90	34.30	34.30		-2.3%	-3.9%	1.5%	9.5%	8.9%	1.8%	6.2%
EMCI	45.7	44.4	↓ 44.8	↓ 45.0	↓ 45.2	↓	-1.0%	3.8%	-1.3%	-0.1%	-1.4%	-5.3%	-3.2%

↑ indicates a revision resulting in a stronger currency forecast, ↓ indicates a revision resulting in a weaker currency forecast. Source: J.P.Morgan

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

# Commodities Price Forecasts

Quarterly and annual averages

		1Q24A	2Q24A	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	2024	2025
<b>Energy</b>											
<b>WTI Crude</b>	US\$/bbl	77	81	80	76	78	73	69	65	78	71
<b>Brent Crude</b>	US\$/bbl	82	85	84	80	82	77	73	69	83	75
<b>US Natural Gas (Henry Hub)</b>	US\$/MMBtu	2.39	1.97	2.20	3.25	3.75	3.30	3.75	4.00	2.45	3.70
<b>European Natural Gas (TTF)</b>	Eur/MWh	28	32	35	45	50	35	30	40	35	39
<b>Base Metals</b>											
<b>Aluminum</b>	US\$/mt	2,200	2,525	2,470	2,560	2,650	2,750	2,800	2,750	2,439	2,738
<b>Copper</b>	US\$/mt	8,441	9,756	9,800	10,400	10,700	11,000	11,500	11,000	9,599	11,050
<b>Nickel</b>	US\$/mt	16,604	18,444	16,750	18,500	19,000	19,700	20,500	20,000	17,574	19,800
<b>Zinc</b>	US\$/mt	2,446	2,836	2,750	2,900	2,900	2,950	3,000	3,100	2,733	2,988
<b>Precious Metals</b>											
<b>Gold</b>	US\$/t oz	2,074	2,339	2,530	2,650	2,700	2,750	2,800	2,850	2,398	2,775
<b>Silver</b>	US\$/t oz	23.4	28.8	31.6	34.0	35.1	35.7	36.4	37.0	29.5	36.0
<b>Platinum</b>	US\$/t oz	911	985	1,000	1,050	1,100	1,150	1,200	1,190	986	1,160
<b>Palladium</b>	US\$/t oz	978	973	1,120	1,100	1,100	1,100	1,000	1,000	1,043	1,050
<b>Agriculture</b>											
<b>Wheat</b>	USc/bu	576	607	730	730	700	680	670	670	661	680
<b>Corn</b>	USc/bu	435	443	470	470	470	450	450	450	455	455
<b>Soybeans</b>	USc/bu	1,194	1,185	1,250	1,200	1,200	1,250	1,250	1,250	1,207	1,238
<b>Sugar (ICE #11)</b>	Usc/lb	23	20	21	24	26	26	26	26	22.0	26.0
<b>Cotton (ICE #2)</b>	Usc/lb	90	78	86	86	88	89	90	95	85	91
<b>MDE-Bursa Palm Oil</b>	MYR/tonne	3,998	4,031	4,000	4,100	4,300	4,400	4,200	4,400	4,032	4,325

Source: J.P. Morgan ↑ indicates a revision resulting in a stronger commodity forecast, ↓ indicates a revision resulting in a weaker commodity forecast.

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