AllianceBernstein

Global Macro Outlook

THIRD QUARTER 2024

Contents

The Macro Picture

The global economy proceeded largely along the lines we expected in the second quarter. While there is increasing evidence that growth is slowing, any slowdown still appears manageable and unlikely to result in a recession in the near term. Indeed, we view the slowing more as good news than bad: it's contributing to ongoing disinflation, which will bring the economy back into balance and allow central banks to cut interest rates significantly.

In fact, rate cuts started in emerging markets several months ago and the first developed-market central banks joined in last quarter, beginning with the European Central Bank (ECB), Swiss National Bank (SNB) and the Bank of Canada (BOC). We expect that the Federal Open Market Committee (FOMC) will follow suit, albeit not until later this year. The combination of decent, if unspectacular, economic growth and the prospect of lower interest rates to come is a constructive one for investors, reflected in the strong performance of many financial assets through June.

Fixed-income markets have not fared as well as equity markets, largely because the wait for rate cuts in the US has been longer than we and, or most investors, anticipated earlier in the year. Still, as long as investors remain confident and correct that the Fed's next move is a cut, its timing isn't particularly important to those looking beyond the very near term. Our best estimate is that the initial rate cut will come in the fourth quarter, to be followed by steady monetary policy easing through 2025. That expectation is contingent on additional progress toward disinflation, a view in which we remain confident, especially in light of data released late in the second quarter suggesting that price pressures are continuing to ease.

The other key variable for the US economy is the labor market. Large net migration flows have significantly boosted the supply of labor. This increases the odds that the labor market can rebalance and wages can return to normal rates of growth without the economy falling into a recession.

Most other major central banks will also likely move rates lower in the coming quarters. Growth has been slower in both the Euro Zone and the UK, along with stronger evidence of disinflation than in the US. That left the ECB to start cutting rates before the Fed, and we think the Bank of England (BoE) is likely to do so as well. Both are, as with the Fed, likely to cut rates several times in the coming quarters.

While economic developments didn't really move the macro needed in the second quarter, the same wasn't true of politics. We flagged political developments as a risk to the outlook coming into the year, but in truth we expected the most dramatic events to come in the second half of the year. That may yet be the case but last quarter at least set the stage with a few surprises of its own. Elections in emerging markets—most notably India and Mexico—surprised analysts and financial market participants alike. In developed markets, European elections resulted in unexpected gains for opposition parties, and the UK called elections for early in the third quarter.

Each election result, of course, is primarily a reflection of local developments. Still, we see a common thread in many of the outcomes that we think is meaningful for investors over a medium-term horizon, especially if first-half political results foreshadow what's coming in elections scheduled for the second half of the year. From our perspective, the election results this year are the latest step down a path toward populism on a global basis: an increasing number of voters around the world feel disconnected from and unrepresented by the established political order and are expressing their discontent at the ballot box.

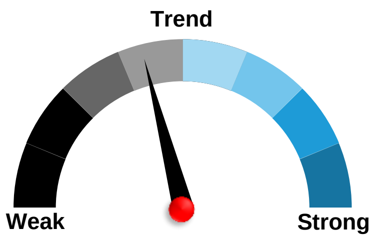
Our job as investors is not to take a stand on the desirability of a particular political perspective. Instead, it's to assess the impact of the prevailing political wind on financial markets. The heart of most populist economic policy is an emphasis on near-term growth rather than long-term fiscal prudence. Given that, we expect budget deficits globally to remain elevated for some time to come, continuing what has already been a large buildup of sovereign debt.

Beyond fiscal indiscipline, history suggests that an intensifying populist impulse leads a variety of policy outcomes that argue for less efficient growth. This includes restrictions on the flow of labor and capital across borders and increased trade barriers. Restrictions on the mobility of people, goods and money will could worsen the growth/inflation trade-off and make the job of central bankers more difficult. Just as globalization heralded an era of very low rates, the increasing momentum toward deglobalization suggests to us that interest rates may not fall as far this cycle as they have in the recent past. We certainly expect rate cuts but anticipate that the eventual level of interest rates in many economies will be higher than the prevailing level over the past few cycles.

To be sure, none of this is irreversible or necessarily catastrophic. Politics are hard to predict, after all. The possibility of a political realignment aside, the global economy remains in relatively good shape, and we expect that to continue for several quarters. But questions about the long-term outlook can impact near-term asset prices. We have seen this several times in recent months that concerns about the combination of debt, growth and inflation can move financial markets. That sort of volatility, too, is a hallmark of a populist environment, and it is likely to continue throughout the year, particularly in the run-up to the US November election. History suggests that elections tend not to matter as much to financial markets as investors might think; but history is an imperfect guide to the future and the possibility of policy changes in the wake of elections is something we'll need to continue to monitor.

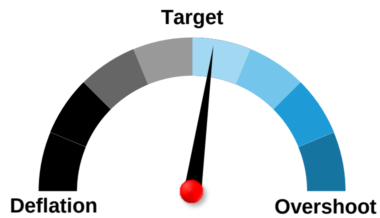
Global Macro Outlook: The Next Six Months

Economic Activity



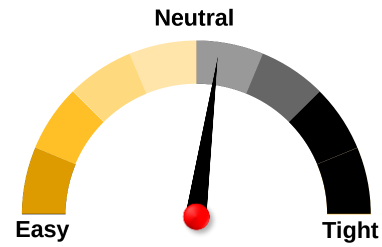
- Growth remains positive, though there are increasing signs that it has slowed relative to last year's pace. We expect below-trend growth to prevail throughout the second half of the year.

Inflation



- Disinflation remains critical to the forward outlook: should it stall, interest rates may not fall, which could pose a risk to the soft landing that is our base case. We remain confident that price pressures will ease and believe second-quarter data from supports that view.

Monetary Policy



- Rate cuts have begun in many economies, and we expect the Fed and the BOE to begin later this year as well. Even as rate cuts start, policy rates will remain above long-term neutral rates for several quarters.

Global Forecast

Forecast Overview

Key Assumptions

- **Financial:** We don't see evidence of financial system or financial market fragility that would disrupt the economy.
- **Geopolitical:** While political risks abound, history suggests that politics tend to be less meaningful to markets and the economy than many expect. For purposes of forecasting, we assume this will be the case this time as well.
- **Monetary policy:** Rate cuts have started, and we expect additional easing in most major economies.

Central Narrative

- **Global growth:** A soft landing remains our base case as global growth slows but does not collapse into recession.
- **Inflation:** Price pressures are easing and will continue to do so, though the path will not be identical across economies.
- **Yields:** Rate cuts should correlate with lower yields in interest-rate markets, though mounting government debt burdens may limit the magnitude of declines.
- **USD:** US exceptionalism is likely to fade in the coming months, leaving the dollar range bound.

Key Upside Risks

- More rapid disinflation could allow for more aggressive monetary policy easing, boosting growth.
- A smoother-than-expected political cycle could remove a potential economic headwind.

Key Downside Risks

- Geopolitics are the foremost downside risk to activity, though the global economy and markets have thus far been resilient.
- Waning commitment to free trade could slow global growth.

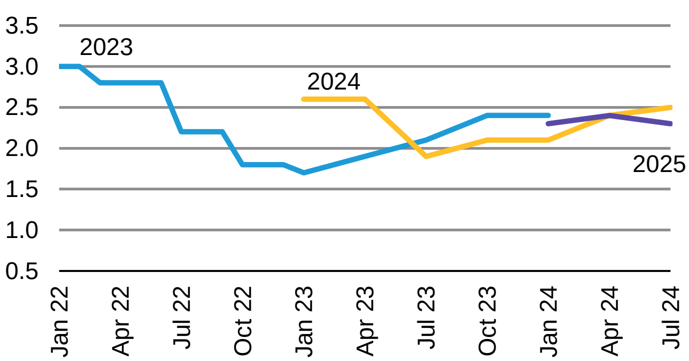
AB Growth and Inflation Forecasts (Percent)

	Real GDP Growth		CPI Inflation	
	2024	2025	2024	2025
US	1.5	1.2	2.8	2.3
Euro Area	0.4	0.8	2.3	1.9
Japan	0.5	1.3	2.4	1.8
China	4.7	4.5	0.7	1.5
Global	2.5	2.3	3.1	3.2
Industrial Countries	1.4	1.1	2.6	2.1
Emerging Countries	4.0	4.0	6.4	4.7
EM ex China/Russia	3.4	3.9	12.6	8.2

*US GDP forecasts presented as 4Q/4Q; others YoY; US CPI reflects core inflation; others are headline.
As of June 30, 2024
Source: AB

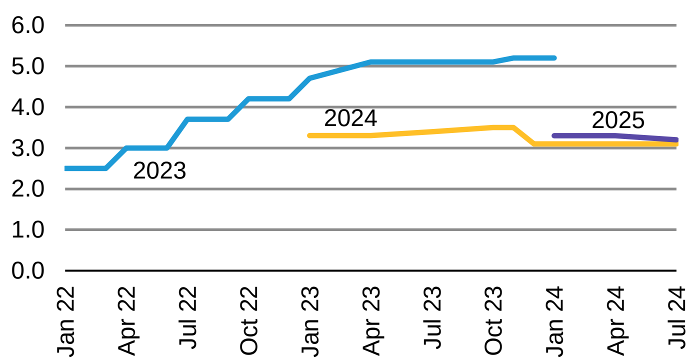
Forecasts Through Time

AB Global Growth Forecasts by Vintage



As of July 1, 2024
Source: AB

AB Global Inflation Forecasts by Vintage



As of July 1, 2024
Source: AB

US

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)	
	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F
US	1.5	1.2	2.8	2.3	5.13	4.13	4.00	4.00

- The expansion continued in the second quarter and seems set to extend still further. Growth has slowed from last year's heady pace and we expect additional slowing in the second half of the year as the impact of persistently tight monetary policy flows through.
- The labor market remains a notable source of strength. Strong inward migration flows have boosted labor supply and allowed hiring to remain robust even as wage growth has slowed. While we expect hiring to slow somewhat, we think that the jobs market is rebalancing rather than truly weakening at this stage.
- Disinflation has been slower this year than we initially anticipated, but it appeared to regain some momentum toward the end of the quarter. Goods prices are already falling in outright terms, and we expect services prices to slow their rate of gain as the year progresses. That should be sufficient for the FOMC to begin cutting rates later this year.

Risk Factors

- From an economic perspective, inflation remains the primary risk. If price pressures do not ease, monetary policy will not be able to support growth and the risk of a harder landing would rise.

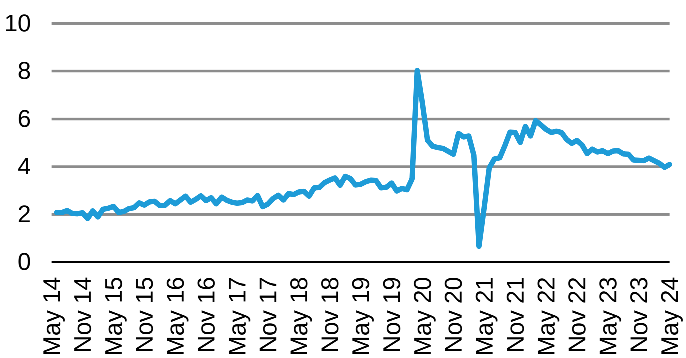
- Politics are moving to the fore as the election cycle progresses. While our base case posits that election results do not prove disruptive, that outcome is far from certain.

Overview

The second quarter was, by and large, quiet from a macroeconomic perspective, with established trends progressing. Growth continued to slow, though only modestly, and after a period in which disinflationary progress was hard to come by, price pressures eased late in the quarter. That combination was sufficient to reassure forecasters and investors that the FOMC remains on track to cut rates, though obviously not as quickly as was hoped earlier in the year. With little new information over the course of the quarter, attention has turned to the longer-term path for the economy. We believe that two variables that have contributed to the benign outcome we expect warrant attention. The first is the surge in net migration, which has boosted labor supply. That has eased labor shortages, allowing wage growth to move closer toward normal even as hiring has stayed strong. Immigration policy has become very political and developments on this front warrant close watching as the political environment evolves; lower migration flows could lead to a tighter labor market than is currently evident. The other variable is fiscal policy. In contrast to past cycles, fiscal policy did not retrench post pandemic—at least not to the extent that is typical following recessions. That has contributed to growth, but it comes with the consequence of a rising long-term federal debt burden. That may not have a significant impact on financial markets in the near term, but it's one reason we expect interest rates to remain higher in coming years.

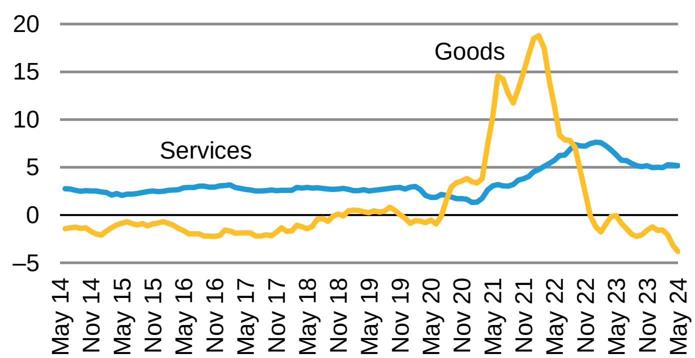
Still, while there are risks around the outlook based on fiscal policy and politics, the current situation is a benign one. Solid growth, falling inflation and the potential for rate cuts all support financial markets, and the strong performance seen in recent quarters is consistent with that fundamental backdrop. Our base case envisions the current environment persisting for some time to come. That said, the last few years have brought any number of unexpected developments; both known and unknown unknowns remain possible and will likely keep investors on their toes.

Average Hourly Earnings (Year-over-Year Percent Change)



As of May 15, 2024
Source: LSEG Datastream

Goods and Services Inflation (Percent)



As of May 15, 2024
Source: LSEG Datastream

China

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F
China	4.7	4.5	0.7	1.5	1.50	1.50	2.00	2.36	7.30	7.35

Outlook

- Growth stabilized in the second quarter, easing concerns that weak growth could spiral into something worse. In this case the absence of bad news was good news, and financial markets responded accordingly.
- Stability in growth and any potential improvement from here will rely on policy stimulus, and very low inflation leaves policymakers ample room to provide it. But it isn't really inflation that has constrained policy to date: it is concern about reinflating bubbles in the property sector, and that concern is likely to persist. We think that means that any "big bang" stimulus is improbable, and investors will simply have to accept that slow growth is the likely way forward for China.

Risk Factors

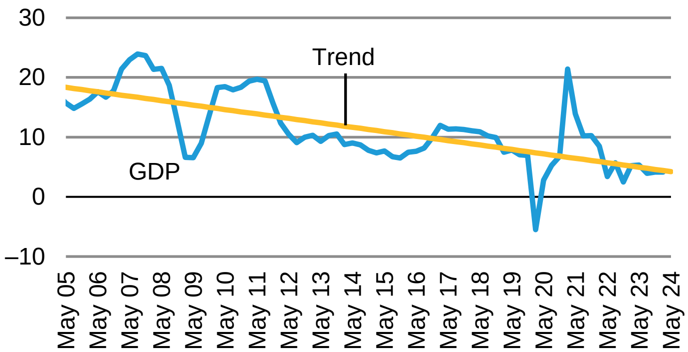
- The state-driven nature of China's economy means that the skill and adaptability of policymakers will be critical in ensuring stability for some time to come. So far so good, but past performance is no guarantee of future results.
- Geopolitical tensions could make it even more difficult for China to manage its economy. Trade is still a significant variable, and trade policy makes the US elections an important risk for China.

Overview

China's economy receded from the headlines, and from investor focus, in the second quarter, which is a good thing. A sense of stability, albeit at a relatively low level of growth, has replaced concern about a more profound slowdown. While that doesn't mean that the long-term trend toward slower growth has been reversed—it has not—it is consistent with our expectation that the slowdown remains manageable and unlikely to cause broader disruption for the time being. All is not well in China's system, of course, and the property sector in particular remains under pressure. That won't change in the near term, but for now the pressure appears manageable.

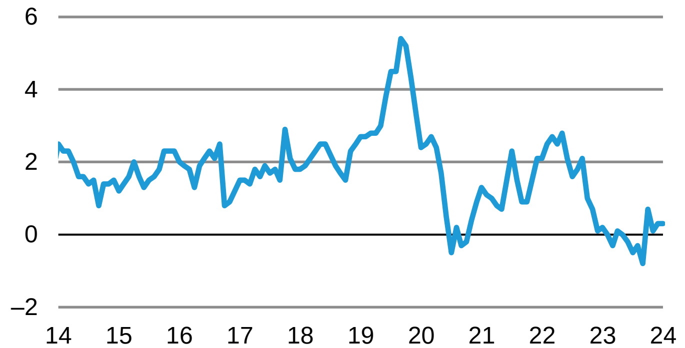
As ever with China, expectations around the economy necessarily rely on policymakers. The measures undertaken to support the economy thus far have served the desired purpose of stabilizing growth without overly inflating property prices, but the balancing act remains delicate. The US election is an additional potential source of instability and risk. The prospect of a renewed trade war and/or a sharp increase in tariffs is unwelcome for an economy already treading water.

China GDP and Long-Term Trend (Year-over-Year Percent Change)



As of May 15, 2024
Source: LSEG Datastream

China CPI (Year-over-Year Percent Change)



As of May 15, 2024
Source: LSEG Datastream

Euro Area

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F
Euro Area	0.4	0.8	2.3	1.9	3.25	2.00	2.20	2.10	1.05	1.09

Outlook

- Steady disinflation towards target in the euro area has enabled the ECB to provide its first cut and we expect the cycle to proceed later this year.
- While inflation is foreseen to sustainably reach target by the end of 2025, the latest data prints have shown the bumpy nature of that process in the short term.
- Services inflation remained essentially unchanged since the beginning of the year while energy prices are no longer as much of a drag. We are expecting underlying inflationary pressures to ease more substantially in the second half of the year, despite a pickup in growth.
- Activity in 2024 will remain subdued as private demand only slowly recovers. In that context, further rate cuts this year and next will be increasingly required.

Risk Factors

- Risks of core inflation remaining at levels inconsistent with the target will keep the ECB wary in the short term. We think however, that disinflation will proceed at a comfortable pace to allow for further cuts.
- We continue to oppose market pricing of policy rates in the medium term. There is no structural evidence that would justify higher neutral rates, which the market seems to assume currently. The ECB will be cutting by more than currently priced for the next two years, yields will also respond accordingly.
- While the upcoming elections in France should not have an impact on the inflation and rates outlook, the uncertainty surrounding the outcome and its consequences has already led to significant market volatility. The outcome could be disruptive beyond France, endangering European integration and pushing the ECB to act to contain market stress.

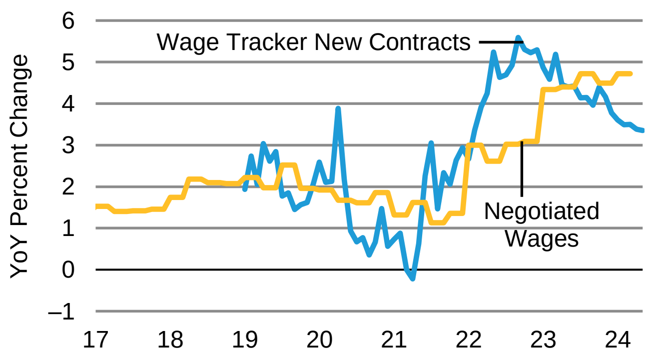
Overview

While the outlook continues to show inflation at target in 2025, short-term underlying persistence highlights the bumpy nature of the disinflationary process. The latter has stalled lately as energy deflation is less favorable and services inflation remained stubbornly sticky. This should be temporary as second-round effects continue to unwind. Forward-looking indicators point to further moderation in core goods and food inflation as well as in the services sector. In fact, measures of core inflation that remove the most volatile components of the basket are already below 2%. Meanwhile, wage growth in the first quarter remained elevated across the main indicators. We still hold the view that wage growth will trend down as it adapts to the new environment of significantly lower inflation. We attribute current persistence to the staggered nature of wage setting in the region, while already new contracts show a much slower pace in pay rise.

After a close-to-recession year in 2023, activity surprised on the upside in the first quarter of 2024. As expected, however, private demand remained weak and contributed only marginally. In fact, investment contracted while growth in consumption was unchanged, highlighting the ongoing restrictiveness of monetary policy and cumulative loss in purchasing power. Divergence between the periphery and core countries subsisted, with Spain markedly outperforming Germany. We continue to expect growth to rebound more substantially in the second half of the year, but to nevertheless remain subdued.

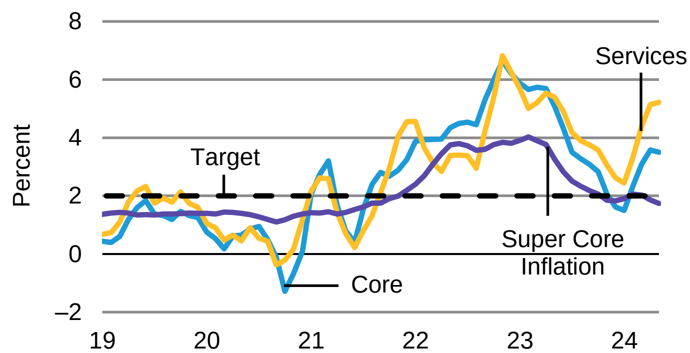
In light of these developments, the ECB has started its cutting cycle, and we expect more cuts this year and next. Arguably, given slower than anticipated disinflation in core prices and wages, the cutting cycle will be more cautious this year. However, the outlook for rates remains unchanged: as inflation converges to target, the ECB will ultimately reach a neutral level of interest rates, which, we think, have not moved higher relative to pre-pandemic estimates.

Euro Area Wage Levels



As of May 31, 2024
Source: AB

Three-Month Moving Average Annualized Rate



As of May 31, 2024
Source: AB

UK

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F
UK	0.5	0.7	2.5	1.9	4.50	3.25	3.90	3.50	1.15	1.20

Overview

In the UK, inflation continued to ease markedly and reached target in May. This was expected as the energy drag intensified, and food and core goods inflation has normalized to pre-pandemic levels. The Bank of England (BoE) expects Consumer Price Index (CPI) inflation to rebound above target in the second half of the year before sustainably reaching it in 2026. Aside from these factors, services inflation remains the main focus, as it has not eased as much as expected by the BoE. Second-round effects are unwinding, but simply not as fast as previously thought. However, a combination of sluggish growth in household consumption and ongoing rebalancing on the labor market should contribute to further easing in underlying price pressures. We think that CPI inflation could sustainably meet its target sooner than forecast by the BoE.

After a technical recession at the end of 2023, growth rebounded more than expected in the first quarter. As for the euro area, net trade, a volatile component, was the main contributor while household consumption remains subdued. Recently published indicators of activity suggest recovery should continue but nevertheless remain mild this year. Together with ongoing disinflation, this should allow the BoE to start cutting in the third quarter, with August the most likely month. The BoE retains a dovish bias despite elevated underlying price pressures and has lately been more explicit about its intentions to cut sooner rather than later.

Japan

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F
Japan	0.5	1.3	2.4	1.8	0.25	0.50	1.25	1.25	150	145

Overview

Japan's economic environment continues to change, albeit slowly. Inflation has perked up after years of running at or close to zero, and that has given the Bank of Japan sufficient confidence to begin normalizing monetary policy. What exactly constitutes normal policy in Japan, however, isn't yet clear. Part of the process is likely to involve positive interest rates, however, and we anticipate a rate hike later this year. Meantime, the slow pace at which policy is evolving has kept the yen extremely weak. While yen weakness should help to make the move upward in inflation sustainable it also causes political friction that may be doing as much to push the BOJ to act as any economic variable. Until such action is more forceful, however, the currency is likely to remain under pressure.

Emerging Markets

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F
EM ex China/Russia	3.4	3.9	12.6	8.2	12.78	8.85	7.55	7.25	—	—
Asia ex China	4.7	4.8	3.4	3.3	4.60	4.27	5.00	4.94	—	—
LATAM	1.4	2.3	22.7	11.7	22.84	13.12	9.50	8.60	—	—
EEMEA	2.3	2.3	16.8	11.2	18.94	12.34	7.24	6.44	—	—

Overview

The emerging-market (EM) growth outlook remains relatively rosy. The growth outlook in EM (excluding China and Russia) for 2025 reflects relatively steady growth in a few key countries (Brazil, India and Mexico) and acceleration in parts of Latin America (Argentina, Colombia, Peru) as well as in Central and Eastern Europe (CEE) countries and South Africa. China's economy expanded a little faster than expected in the first quarter of the year, but the combination of robust exports and sluggish domestic consumption implies steady, but not inspiring growth from a broader EM perspective. China's growth mix remains risky against the backdrop of sluggish global trade (Display 1) and the prospect of increased trade restrictions. Trade and external vulnerabilities vary significantly across EM (Display 2), but it appears that the balance of risks is tilted towards more trade restrictions because of potential political and geopolitical shifts. The outcome of the US election could be key in this regard. China (negative) and Mexico (positive) could be at the center of US-driven trade policy changes, while potential retaliation from China would throw more sand in the gears of global trade, with negative implications for EM in general.

The US election outcome could also shape geopolitical dynamics, including the conflict in the Middle East. Geopolitical tensions in the Middle East escalated in April when Iran launched a large missile and drone attack on Israel. This was a significant shift in hostilities because it represented the first-ever direct assault by the Iranian military against an Israeli military installation. In the past, Iran had only struck via proxies (Hamas, Hezbollah, Houthis, etc.) against Israel in the region. Iran's attack was deliberately well telegraphed in advance, which allowed Israel and its allies to prepare for defense. The Iranian government's likely main objective was a show of strength but the fact that it opted for a direct assault crossed a threshold that seemed extremely high just six months ago. The US and other Western allies managed to restrain Israel's counterresponse by exerting diplomatic pressure on Prime Minister Netanyahu's government, efforts that have managed to prevent an escalatory cycle, for now. It remains uncertain what a potential Trump reelection to US president would mean for the conflict in the Middle East. The concern is that continuation of the Trump Administration's "maximum pressure" strategy on Iran as seen during his first term could risk the emboldening of Iran hawks within the Israeli government who advocate a more aggressive military stance.

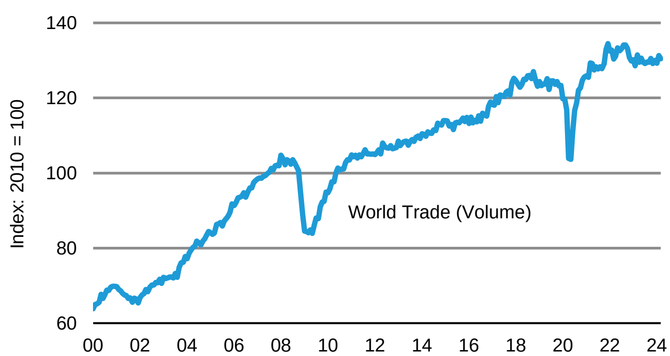
The US election will likely move to the center of investors' radars over the next few months, following market-moving political developments in EM during the first half of the year. While most of the larger EM elections are behind us, the implications are still trickling through financial markets and there are still more EM elections to navigate.

In Africa, South Africa's election surprised with support for the ANC plummeting from about 58% in 2019 to 40%. The real surprise was that the newly formed, radical, MK party (led by former president Jacob Zuma) received almost 15% of the votes. With no single-party majority and the swell in support for populist parties, risks related to the formation of coalitions rocketed immediately after the election. But the formation of a government of national unity (GNU)—which excludes the most radical/populist parties—turned market concern into cautious optimism about potential political stability and economic reform. Ghana's general election in December could also bring political change. It now seems that the country's debt restructuring will be completed before the election, but the next government will have its work cut out to regain bond market access and investors' trust.

In Asia, the focus over the past quarter has been on India's election where Prime Minister Narendra Modi's BJP somewhat surprisingly failed to secure a single-party majority. The BJP did, however, form a strong coalition government, with Modi retaining most of his ministers, including in key portfolios like finance. With coalition partners' influence generally expected to be limited to a state level, broader policy continuity seems likely. Another election in the region that is moving into focus is Sri Lanka's presidential elections that will be held late September / early October. With the elections approaching and the country's debt restructuring unresolved, bondholders face a confluence of potential risks.

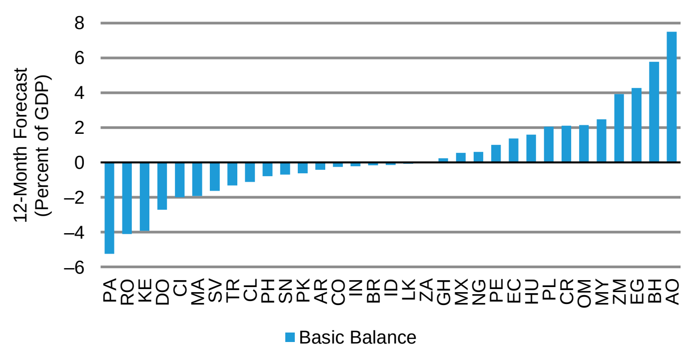
In Latin America, Mexico's elections caused a stir and Venezuela's upcoming elections might be market-moving too. Claudia Sheinbaum's election as Mexico's president for the 2024–2030 term was anticipated, but the near super-majority win by the incumbent party in the Congressional election was unexpected. This result caused market instability due to fears of potential judiciary and electoral constitutional reforms, which would reduce checks and balances and lower investor confidence. Despite this, Sheinbaum has pledged to uphold central bank independence, fiscal austerity, and respect for private property. Key future risks include the implementation of the judiciary reform and the stance of the new US administration on trade relations with Mexico. Ahead of the Venezuelan presidential election at the end of July, uncertainty remains high. Opposition candidate Edmundo Gonzalez is leading in the polls by a wide margin against President Maduro, but there are concerns about potential government interference or manipulation of results. Providing guarantees for regime members is a key unresolved issue that could potentially facilitate a political transition as radical actions to upend election results could be met with a domestic and international backlash, including the reimposition of sanctions.

Sluggish Global Trade Is a Risk for EM



As of March 31, 2024
Source: Haver Analytics

Trade and External Vulnerabilities Vary Significantly Across EM



As of May 31, 2024
Source: Haver Analytics and AB

Forecast Table

	Real Growth (%)		Inflation (%)		Official Rates (%)		Long Rates (%)		FX Rates vs. USD	
	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F
Global	2.5	2.3	3.1	3.2	5.43	4.01	3.68	3.67	—	—
Global ex Russia	2.5	2.3	4.1	3.1	5.20	3.89	3.77	3.76	—	—
Industrial Countries	1.4	1.1	2.6	2.1	4.06	3.14	3.22	3.20	—	—
Emerging Countries	4.0	4.0	6.4	4.7	7.36	5.25	4.35	4.36	—	—
EM ex China	3.3	3.5	11.9	7.6	13.02	8.68	6.69	6.27	—	—
EM ex China/Russia	3.4	3.9	12.6	8.2	12.78	8.85	7.55	7.25	—	—
US	1.5	1.2	2.8	2.3	5.13	4.13	4.00	4.00	—	—
Percent of Year-over-Year Methodology	2.3	1.1								
Canada	1.0	1.5	2.4	2.2	4.25	3.25	3.25	3.25	1.40	1.35
Europe	0.4	0.8	2.3	1.9	3.47	2.24	2.50	2.37	1.07	1.12
Euro Area	0.4	0.8	2.3	1.9	3.25	2.00	2.20	2.10	1.05	1.09
UK	0.5	0.7	2.5	1.9	4.50	3.25	3.90	3.50	1.15	1.20
Japan	0.5	1.3	2.4	1.8	0.25	0.50	1.25	1.25	150	145
Australia	1.5	2.2	3.1	2.5	4.10	3.35	4.00	4.00	0.66	0.66
New Zealand	1.2	2.0	2.9	2.3	5.25	4.25	4.50	4.25	0.60	0.60
China	4.7	4.5	0.7	1.5	1.50	1.50	2.00	2.36	7.30	7.35
Asia Ex Japan & China	4.7	4.8	3.4	3.3	4.60	4.27	5.00	4.94	—	—
Hong Kong	3.5	2.7	2.2	2.2	5.75	5.75	3.80	3.85	7.85	7.85
India	7.0	6.8	5.0	4.8	6.25	5.75	6.80	6.60	83.0	83.0
Indonesia	4.9	5.0	3.1	3.0	6.00	5.25	7.15	6.95	16,300	16,000
Korea	2.2	2.2	2.4	2.0	3.25	2.75	3.00	2.75	1,273	1,220
Thailand	2.8	3.4	1.1	1.8	2.25	1.85	3.00	2.40	35.4	33.5
Latin America	1.4	2.3	22.7	11.7	22.84	13.12	9.50	8.60	—	—
Argentina	–3.0	3.0	160.0	80.0	120.00	60.00	—	—	1,350.0	1,750.0
Brazil	2.0	2.0	3.8	3.4	10.25	7.50	9.75	8.75	5.20	5.00
Chile	2.0	2.5	3.5	3.3	5.50	5.00	6.00	5.50	950	1,000
Colombia	1.5	2.5	6.4	3.9	9.75	7.50	10.00	9.00	4,250	4,450
Mexico	2.1	2.0	4.3	3.7	10.50	8.00	10.25	8.25	18.5	19.0
EEMEA	2.3	2.3	16.8	11.2	18.94	12.34	7.24	6.44	—	—
Hungary	2.1	3.3	4.1	4.9	6.25	4.50	6.40	5.70	410	380
Poland	2.8	3.5	3.9	4.6	5.25	4.50	5.30	4.60	4.45	4.30
Russia	2.2	1.2	6.8	5.0	15.00	10.00	—	—	95.0	95.0
South Africa	1.0	1.7	5.0	4.6	7.75	7.25	11.00	10.80	18.2	17.7
Turkey	3.0	3.4	60.2	35.0	50.0	30.00	24.00	20.00	37.00	41.00

Growth and inflation forecasts are calendar year averages except US GDP, which is forecast as 4Q/4Q. Interest-rate and FX rates are year-end forecasts.
Long rates are 10-year yields unless otherwise indicated.
The long rates aggregate excludes Argentina and Russia; Argentina is not forecast due to distortions in the local financial market; Russia is not forecast because the local market is inaccessible to foreign investors.
Real growth aggregates represent 29 country forecasts, not all of which are shown.

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