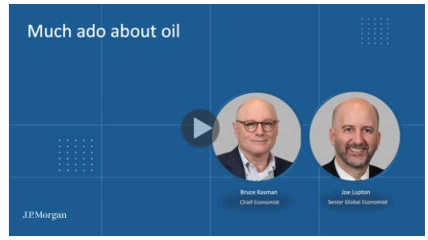
J.P.Morgan

Global Economic Research
17 April 2026

Global Data Watch

- **Confidence builds for the baseline scenario, which envisions …**
- **… resilience, a jobs rebound, and divergent core inflation**
- **ECB and BoJ looking more cautious; China 1Q booms**
- **Next week: Solid US ret sales; Warsh hearing; DM PMIs up**



Economic and Policy Research

Bruce Kasman
(1-212) 834-5515
bruce.c.kasman@jpmorgan.com
JPMorgan Chase Bank NA

Joseph Lupton
(1-212) 834-5735
joseph.p.lupton@jpmorgan.com
JPMorgan Chase Bank NA

Nora Szentivanyi
(44-20) 7134-7544
nora.szentivanyi@jpmorgan.com
J.P. Morgan Securities plc

Managing Editor

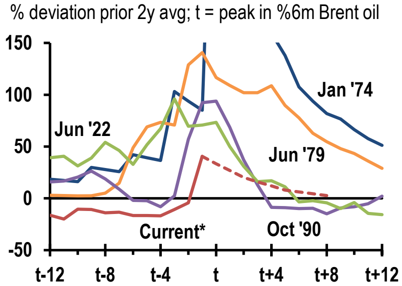
Malcolm Barr
(44-20) 7134-8326
malcolm.barr@jpmorgan.com
J.P. Morgan Securities plc

Is it safe?

Reports of the opening of the Strait of Hormuz and progress on a broader US-Iran agreement are constructive signals that should alleviate the building pressure on global energy supply. Although the conflict remains unresolved and disruptive tail risks linger, they are receding in a manner that shifts our focus to a baseline scenario which has incorporated a Strait opening sometime in the coming weeks. The central building blocks of this baseline are:

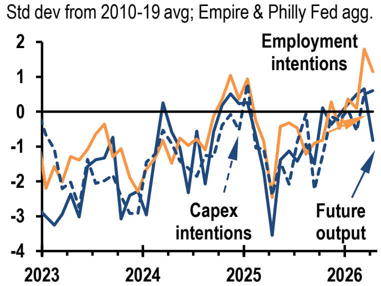
- **A modest energy drag with a lingering tail.** The closure of the Strait of Hormuz produced one of the sharpest contractions in energy supply on record, but the initial rise in energy prices was smaller than in 2022 and other geopolitical energy sector shocks (Figure 1). A smaller price spike will likely produce a more modest "stagflationary" tilt depressing growth and lifting inflation. At the same time, the March/April contraction in supply and damage to energy sector production should keep prices elevated. We look for a more modest shock to be followed by a far smaller unwind of price increases than in previous episodes, with Brent crude prices anticipated to remain at $80bbl in 4Q26.
- **Growth downshifts to a trend pace …** A near-term growth drag remains in the offing from a March/April squeeze on household purchasing power and a softening in business sentiment. However, all indications suggest this drag is slowing an economy that carried strong momentum into the new year. Rapid exports allowed China to post an estimated 6.7%ar rise in 1Q26 GDP growth this week, an outcome that aligns with our tracking of a robust 7%ar rise in global capex gains and 3% increase in global factory output last quarter. In the US, a divergent mix of softening consumption, accelerating business spending and a rebound from a government shutdown looks set to deliver a solid 2.5%ar GDP gain.
- **… without disrupting recoupling.** The energy sector drag is not expected to produce a lasting behavioral turn, short-circuiting the normalization in non-tech spending and job gains this year. In this regard, this week's early April Fed

Figure 1: Oil price around geopolitical shocks
% deviation prior 2y avg; t = peak in %6m Brent oil



Source: World Bank, JPM. *Assumes %6m peak in Apr '26.

Figure 2: US manufacturing sentiment
Std dev from 2010-19 avg; Empire & Philly Fed agg.



Source: FRB, J.P. Morgan

See page 83 for analyst certification and important disclosures.

Contents

Euro area: Energy pass-through varies across countries	13
China's fiscal policy: mild expansion, tougher tradeoffs	16
Global Economic Outlook Summary	4
Global Central Bank Watch	6
Economic Activity Tracking	7
Selected recent research from J.P. Morgan Economics	10
J.P. Morgan Market Watch	11
Data Watches	
United States	21
US Focus: NIPAs go to war	29
Euro area	30
Japan	34
Canada	37
Mexico	39
Brazil	41
Argentina	43
Andeans	45
United Kingdom	47
Central Europe	50
Türkiye	53
Israel	55
South Africa	58
Australia and New Zealand	60
China, Hong Kong, and Taiwan	62
Korea	66
ASEAN	68
India	71
Asia focus	73
Regional Data Calendars	74

Bruce Kasman (1-212) 834-5515
bruce.c.kasman@jpmorgan.com
JPMorgan Chase Bank NA
Joseph Lupton (1-212) 834-5735
joseph.p.lupton@jpmorgan.com

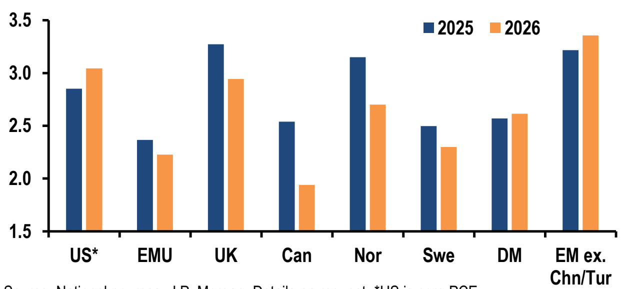
Nora Szentivanyi (44-20) 7134-7544
nora.szentivanyi@jpmorgan.com

Malcolm Barr (44-20) 7134-8326
malcolm.barr@jpmorgan.com

regional surveys send a constructive message as a dip in output expectations below its norm contrasted with a more upbeat signal from hiring and capex intentions (Figure 2). Next week's April flash PMIs are expected to deliver a further decline in output expectations, but we expect sentiment readings to rebound by midyear if there is more tangible evidence that the conflict is receding.

- **A synchronized rise in headline inflation** … Global inflation has remained close to an elevated 3%ar for the past three years and higher energy and other product prices look set to push CPI increases broadly higher this quarter. While future prices are currently below our forecast for a $100bbl 2Q26 average, CPI inflation is still set to move to at least a 4%ar across the globe this quarter.
- **… with a DM core divide.** While headline inflation moves broadly higher, we expect differentiation in core inflation outcomes (Figure 3). As US core PCE inflation firms above 3% this year, Canada and Continental Europe are expected to see inflation approach their 2% target. EM performance is expected to vary, with an overall projection of a sticky moderately elevated outcome.

Figure 3: Core inflation
%4Q/4Q; 2026 is JPM forecast



Source: National sources, J.P. Morgan. Details on request. *US is core PCE.

While the assessment of risk should become more responsive to incoming economic data, geopolitics and the broader healing of the energy sector remain important factors. Even with a quick re-opening, it will take weeks for the first ships to reach ports around the world—creating a potential air pocket of continued supply loss. Repairs to damaged infrastructure will take longer. The latest news of Asian and global airline industry shutdowns points to supply constraints remaining an issue for some time to come. But the biggest influence on our perception of growth risk is financial conditions. The absence of a material tightening in global financial conditions during a major energy supply shock is unprecedented. If the latest rally in risk assets is reinforced by further constructive geopolitical news, the risk profile for 2H26 growth will skew squarely in the direction of strength.

Watching Warsh waltz

We link supportive financial conditions to the Fed's signal of its willingness to maintain a patient policy hold through the initial phase of the crisis – a development which supports a similar stance from most EM central banks. But the realization of our baseline forecast will challenge the Fed as it moves through 2H26. With core PCE inflation holding close to 3% this year, we anticipate a rebound in US employment growth, which will combine with weak labor force gains to lower the US unemployment rate.

Next week's confirmation hearing for Kevin Warsh will likely give him a platform to reiterate his views that rates should be cut, in part, as he argues for a reduction in the Fed balance sheet. No vote is likely to be taken, and Warsh will probably not be confirmed when Chair Powell's term expires next month. We see no material policy change under a new chair who has only one vote and will need to mend fences and build credibility within the committee. It will be interesting to see how the tension between his need to move down this path and the administration's desire for a Fed chair to advocate for rate cuts is managed in his remarks.

ECB and BoJ look more cautious

Although Fed caution is the linchpin for supportive global financial markets, the signals of greater caution from the ECB and BoJ have promoted this week's rise in risk appetite. We have removed our forecast for an April ECB hike this week, based on commentary showing little urgency to act. With headline inflation likely to rise to 3% this year rate hikes are still a reasonable prospect. But the prospect of a modest growth drag and continued low core inflation skews the risks towards less action than our forecast for two hikes.

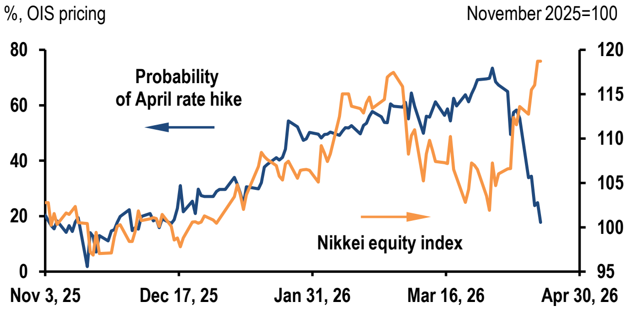
With Middle East risks fading, the BoJ should shift its focus to strong domestic activity in the lead up to its April 28 meeting. Although signs of weakness are seen in chemical and oil-related industries, manufacturers' sentiment in the services sector remains historically high and capex orders are surging. On balance, our nowcaster is tracking a 2.2%ar rise in GDP last quarter. Market pricing for a hike has plunged over the past week, and Governor Ueda refrained from signaling that a rate hike is still on the table — departing from prior hawkish guidance (Figure 4). The BoJ will not want to shock markets, and a signal will be needed next week to align with our view of an April hike.

Bruce Kasman (1-212) 834-5515
bruce.c.kasman@jpmorgan.com
JPMorgan Chase Bank NA
Joseph Lupton (1-212) 834-5735
joseph.p.lupton@jpmorgan.com

Nora Szentivanyi (44-20) 7134-7544
nora.szentivanyi@jpmorgan.com

Malcolm Barr (44-20) 7134-8326
malcolm.barr@jpmorgan.com

Figure 4: BoJ April meeting rate hike pricing and Nikkei-225



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

China booms in 1Q, but headwinds ahead

China continues to be buffeted by booming global goods demand and weak domestic demand. On balance, China's GDP jumped a strong 6.7%ar last quarter (5%oya) as soaring exports and government investment in strategically important industries more than offset ongoing weakness in consumer demand and real estate. Industrial production leapt 10%ar last quarter, powered by a 70%ar skyrocketing in exports. The strength in activity was front-loaded and, while IP posted a solid 0.6% gain in March, exports slumped last month and retail sales edged lower. Deflation has ended but GDP prices remain flat. The recovery is still leaning on policy-tilted, production-led, export-reliant growth, which we expect to fade and slow growth to below a 4%ar over the coming quarters.

EMAX treading lightly through shock

Our view of regional central banks being less hawkish than market pricing remains intact. The MAS this week tightened its FX policy slightly (i.e., a 50bp increase in its policy slope) and sounded dovish on the economic outlook. This is consistent with our view of an incremental approach rather than a more aggressive stance (i.e., a wider band, a re-centering, or a 100bp slope increase). Despite ongoing tech tailwinds, regional data suggest growth is softening, underpinning the more cautious approach by the MAS, and the similarly dovish tone in India and Korea last week. For Singapore, 1Q26 GDP growth undershot expectations, slowing sharply to -1.3%q/q, saar from 5.2%. Malaysia also reported a material slowdown in sequential growth, to a weaker-than-expected 1.4%q/q, saar. We have lowered our 2026 GDP growth forecasts to 3.1% from 4.1% for Singapore and to 4.6% from 5.3% for Malaysia.

Hungary for change

Hungary delivered a massive vote for change last Sunday, handing Peter Magyar's Tisza a two-thirds supermajority in a record-turnout election that ends PM Viktor Orban's long hold on power. A supermajority is critical as it clears the path for deep institutional reform that would defuse Hungary's dispute with the EU. The expected unlocking of frozen EU grants and loans is expected to catalyze investment and support forint appreciation. A strong mandate also gives the new government room to pursue fiscal consolidation and begin unwinding a web of price caps, subsidized lending, and state interventionism that has distorted the economy. In the near term, monetary policy will be constrained by the likely inflationary impact of unwinding domestic price suppression. Once inflation stabilizes, we see room for the NBH to cut rates in 2027 by 150bps.

Brazil: 1Q rebound is likely transitory

Following three quarters of tepid Brazil growth, fiscal stimulus and strong agricultural output is generating a 1Q26 pickup. This week's BCB February economic activity index is tracking a 4%ar gain, well above our forecast for a 2.8%ar gain. With the recovery in the credit channel losing momentum in February, and sentiment slipping in March, this lift is likely to be short-lived. High frequency indicators point to a March softening and we continue to project below-potential growth this quarter. Upside risks to this forecast relate to the government's policy of front-loading some of its budgeted spending while simultaneously rolling out a series of measures to cushion the impact of the oil shock on domestic prices, extend credit to exporters, and reduce household indebtedness.

Carlton Strong (1-212) 834-5612
carlton.m.strong@jpmorgan.com
JPMorgan Chase Bank NA

Joseph Lupton (1-212) 834-5735
joseph.p.lupton@jpmorgan.com

Global Economic Outlook Summary

	Real GDP % over a year ago			Real GDP % over previous period, saar						Consumer prices % over a year ago			
	2025	**2026**	**2027**	**4Q25**	**1Q26**	**2Q26**	**3Q26**	**4Q26**	**1Q27**	**4Q25**	**2Q26**	**4Q26**	**2Q27**
United States	2.1	2.1	1.9	0.5	2.5	1.5	1.5	1.8	2.3	2.7	3.7	3.5	**2.0** ↑
Canada	1.7	1.0	1.5	-0.6	1.7	1.0	1.4	1.4	1.7	2.2	**2.5** ↓	**2.1** ↓	**1.8** ↑
Latin America	2.1	1.8	1.9	2.0	1.7	2.7	1.9	1.9	1.8	3.9	4.4	4.4	3.3
Argentina	4.4	3.4	3.1	2.5	5.4	3.9	2.8	3.4	3.1	31.8	31.0	27.7	20.6
Brazil	2.3	1.3	1.6	0.6	2.8	1.6	1.2	1.2	1.6	4.5	4.5	4.4	3.0
Chile	2.5	2.4	2.7	2.3	0.0	4.5	5.0	3.5	1.0	3.4	4.4	3.8	2.8
Colombia	2.6	2.6	1.5	0.5	5.0	2.0	1.0	0.3	1.8	5.3	6.0	6.1	5.0
Ecuador	3.7	2.4	2.0	12.7	8.0	4.0	2.5	2.0	3.0	1.4	1.9	2.2	1.5
Mexico	0.6	1.3	1.7	3.5	-1.4	2.5	1.7	2.0	1.5	3.7	4.3	4.4	3.6
Peru	3.4	2.8	3.0	-0.7	-0.8	7.8	4.0	4.0	2.0	1.4	3.2	3.2	2.0
Uruguay	1.8	0.8	1.6	0.5	-0.6	2.0	3.2	1.0	1.3	4.0	3.1	4.3	5.1
Asia/Pacific	4.5	4.1	3.6	**5.0** ↑	**5.3** ↓	3.1	3.1	3.1	3.9	1.2	2.1	2.1	1.8
Japan	1.2	0.5	0.7	1.3	1.0	0.2	1.0	0.8	0.8	2.7	1.9	2.7	3.0
Australia	2.0	2.0	1.8	3.2	1.5	1.6	1.5	1.9	1.6	3.6	4.6	3.8	2.9
New Zealand	0.2	1.9	2.3	1.0	3.3	1.2	3.4	1.2	4.0	3.1	**3.7** ↑	**3.5** ↑	**2.5** ↓
EM Asia	5.1	4.7	4.1	5.6	**6.1** ↓	3.6	3.5	3.5	4.5	0.9	2.0	1.9	1.5
China	5.0	4.7	3.9	**5.2** ↑	**6.7** ↓	4.0	3.2	3.2	4.5	0.6	1.2	0.9	0.7
India	7.5	6.0	6.3	7.5	7.4	4.3	5.5	5.5	6.3	0.8	4.2	5.0	4.5
Ex China/India	4.0	**3.9** ↓	3.4	**5.9** ↓	**3.6** ↓	2.2	3.4	3.2	3.5	1.8	2.8	2.9	2.2
Hong Kong	3.5	3.3	2.9	4.0	3.2	3.0	2.8	2.8	3.0	1.3	1.6	1.7	1.6
Indonesia	5.1	4.7	4.9	5.6	4.5	4.1	4.2	4.3	5.3	2.8	3.4	3.2	2.3
Korea	1.0	2.2	1.9	-0.6	5.0	0.0	1.5	1.5	2.3	2.4	2.8	2.8	2.3
Malaysia	5.2	**4.6** ↓	4.1	6.2	**1.4** ↓	**5.0** ↑	4.5	4.0	4.0	1.4	1.9	2.0	1.8
Philippines	4.4	4.0	5.6	2.5	4.5	3.8	6.8	5.6	5.2	1.7	4.3	5.0	4.0
Singapore	5.0	**3.1** ↓	3.1	**5.2** ↓	**-1.3** ↓	2.5	3.5	3.0	3.0	1.2	1.9	2.1	1.9
Taiwan	8.7	8.3	3.7	23.6	5.8	2.2	3.6	3.6	4.0	1.3	2.3	2.2	1.6
Thailand	2.5	2.1	2.5	7.8	-0.8	0.8	4.1	4.1	2.0	-0.5	3.2	4.3	1.5
Western Europe	1.5	0.9	1.3	0.7	**0.8** ↓	0.8	0.9	1.2	1.3	2.3	3.0	**3.2** ↑	**2.1** ↑
Euro area	1.5	**0.9** ↓	1.3	0.8	**0.8** ↓	0.8	1.0	1.3	1.3	2.1	3.1	**3.2** ↑	**2.0** ↑
Germany	0.4	1.0	1.5	1.2	1.5	1.0	1.3	1.5	1.5	2.3	**2.9** ↓	2.7	**1.9** ↑
France	0.9	0.9	1.0	0.9	0.8	0.3	0.5	1.0	1.0	0.8	**2.4** ↑	**2.6** ↑	1.5
Italy	0.7	0.6	0.5	1.0	0.8	0.0	0.3	0.5	0.5	1.2	**2.5** ↑	**3.6** ↑	**1.8** ↑
Spain	2.8	**2.4** ↑	**1.7** ↑	3.3	2.3	**2.0** ↑	1.5	1.5	1.5	3.1	**3.2** ↓	**2.9** ↑	**2.5** ↑
Norway	1.8	1.5	1.7	1.7	1.3	2.0	1.8	1.8	1.8	3.1	**3.3** ↓	**3.4** ↓	**2.2** ↓
Sweden	1.8	1.9	2.0	2.0	-1.0	4.0	2.0	2.3	2.0	0.5	**0.4** ↓	1.1	**1.4** ↓
United Kingdom	1.4	0.5	1.0	0.2	1.0	0.5	0.0	1.0	1.2	3.4	2.9	3.7	2.8
EMEA EM	2.1	**2.3** ↓	**2.9** ↑	**2.1** ↓	-0.7	**5.0** ↑	**2.8** ↑	2.5	**2.6** ↓	10.6	10.2	9.1	7.8
Czech Republic	2.5	2.4	2.1	2.5	2.8	2.3	2.3	2.0	2.1	2.2	2.4	2.4	2.2
Hungary	0.4	1.4	1.3	0.9	2.5	1.5	1.5	1.5	1.3	3.8	2.9	3.6	3.7
Israel	2.9	**3.9** ↓	**4.1** ↑	**3.3** ↓	-2.0	10.5	4.0	3.5	3.3	2.5	2.4	2.3	1.8
Poland	3.6	3.5	2.8	4.1	3.5	3.3	3.3	3.0	2.8	2.6	3.2	3.3	3.3
Romania	0.7	0.5	3.0	-7.2	2.0	1.8	4.1	3.2	2.4	9.7	10.7	4.8	3.5
Russia	1.0	**0.9** ↓	2.0	**3.2** ↓	-6.0	**7.0** ↑	**2.0** ↑	1.8	**1.3** ↓	**6.6** ↓	5.5	5.2	4.3
South Africa	1.1	1.2	1.5	1.5	1.3	-0.2	1.0	1.8	1.6	3.6	4.2	4.1	2.9
Türkiye	3.6	4.0	4.6	1.5	3.0	4.5	4.0	3.0	5.0	31.6	30.8	27.9	24.0
Global	2.8	2.5	2.4	2.3	**2.8** ↓	2.2	2.0	2.2	2.6	2.7	3.4	3.3	**2.4** ↑
Developed markets	1.8	1.5	1.6	0.7	**1.7** ↓	1.2	1.2	1.5	1.8	2.6	**3.3** ↓	**3.3** ↑	**2.1** ↑
Emerging markets	4.2	3.9	3.6	**4.6** ↓	**4.4** ↓	**3.7** ↑	3.2	3.1	3.8	2.8	3.5	3.3	2.7
Emerging ex China	3.6	3.3	**3.4** ↑	**4.1** ↓	**2.5** ↓	**3.5** ↑	3.2	3.1	3.3	4.7	5.6	5.4	4.5
Global — PPP weighted	3.3	2.9	2.8	**3.1** ↓	**3.1** ↓	**2.7** ↑	2.4	2.5	**2.9** ↓	2.9	3.7	3.6	2.7

Source: Government agencies and J.P. Morgan Global Economics. Details on request. Note: For some emerging economies seasonally adjusted GDP data are estimated by J.P. Morgan. Bold denotes changes from last edition of *Global Data Watch*, with arrows showing the direction of changes. Underline indicates beginning of J.P. Morgan forecasts. Unless noted, concurrent nominal GDP weights calculated with current FX rates are used in computing our global and regional aggregates. Regional CPI aggregates exclude Argentina and Ecuador. Source: J.P. Morgan. Any long-form nomenclature for references to China; Hong Kong; and Taiwan within this research material is Mainland China; Hong Kong SAR (China) and Taiwan (China).

Carlton Strong (1-212) 834-5612
carlton.m.strong@jpmorgan.com
JPMorgan Chase Bank NA
Joseph Lupton (1-212) 834-5735
joseph.p.lupton@jpmorgan.com

G-3 economic outlook detail

				2025	2026				2027
	2025	2026	2027	4Q	1Q	2Q	3Q	4Q	1Q
United States									
Real GDP	2.1	2.1	1.9	0.5	2.5	1.5	1.5	1.8	2.3
Private consumption	2.6	1.8	1.7	1.9	1.1	1.5	1.4	1.5	2.0
Equipment investment	8.3	8.5	6.6	4.3	12.0	9.0	10.0	10.0	5.0
Non-residential construction	-5.3	-4.5	0.5	-6.5	-5.5	-2.0	-2.0	-2.0	2.0
Intellectual property products	5.6	6.7	5.5	5.4	6.0	7.0	7.0	7.0	5.0
Residential construction	-2.2	-2.6	3.1	-1.7	-5.5	1.0	1.0	1.0	4.0
Inventory change ($ bn saar)	28.5	20.8	4.9	-15.6	29.3	22.1	14.7	17.3	12.4
Government spending	1.1	1.3	1.5	-5.6	6.5	1.4	1.4	1.4	1.5
Exports of goods and services	1.6	4.2	1.0	-3.2	15.0	0.5	0.5	0.5	1.5
Imports of goods and services	2.7	2.6	2.9	-1.0	17.0	4.5	4.5	4.5	2.0
Domestic final sales contribution	2.4	2.1	2.2	0.6	2.6	2.3	2.3	2.4	2.5
Inventories contribution	-0.1	-0.1	-0.1	0.1	0.7	-0.1	-0.1	0.0	-0.1
Net trade contribution	-0.1	0.1	-0.2	-0.2	-0.8	-0.6	-0.6	-0.6	-0.1
Consumer prices (%oya)	2.7	3.4	2.3	2.7	2.7	3.7	3.6	3.5	3.0
Excluding food and energy (%oya)	2.9	2.7	2.6	2.7	2.5	2.8	2.7	2.9	2.7
Core PCE deflator (%oya)	2.8	3.2	2.4	2.9	3.1	3.3	3.2	3.1	2.6
Federal budget balance (% of GDP, FY)	-5.8	-5.8	-5.9						
Personal saving rate (%)	4.7	3.8	3.9	4.0	4.5	3.5	3.5	3.7	3.8
Unemployment rate (%)	4.3	4.3	4.1	4.5	4.3	4.3	4.3	4.2	4.1
Industrial production, manufacturing	0.9	1.0	1.0	-3.2	3.0	1.0	1.0	1.0	1.0
Euro area									
Real GDP	1.5	0.9	1.3	0.8	0.8	0.8	1.0	1.3	1.3
Private consumption	1.5	0.7	1.2	1.8	0.5	-0.5	0.8	1.3	1.5
Capital investment	3.1	2.3	2.6	2.5	2.0	2.5	3.5	3.5	2.5
Government consumption	1.6	1.7	0.9	2.2	1.3	1.8	1.0	1.0	0.8
Exports of goods and services	2.2	1.2	2.6	-1.7	2.0	1.5	2.5	2.8	2.8
Imports of goods and services	3.7	2.0	2.7	-0.7	1.5	2.0	2.8	2.8	2.8
Domestic final sales contribution	1.8	1.2	1.4	1.9	1.0	0.6	1.3	1.6	1.5
Inventories contribution	0.3	-0.1	-0.2	-0.6	-0.5	0.3	-0.3	-0.5	-0.3
Net trade contribution	-0.6	-0.3	0.1	-0.5	0.3	-0.2	0.0	0.1	0.1
Consumer prices (HICP, %oya)	2.1	2.9	2.1	2.1	2.1	3.1	3.2	3.2	2.8
ex food, alcohol and energy	2.4	2.2	2.2	2.4	2.3	2.2	2.2	2.2	2.3
General govt. budget balance (% of GDP, FY)	-2.7	-3.1	-2.8						
Unemployment rate (%)	6.3	6.2	6.0	6.3	6.2	6.2	6.2	6.1	6.1
Industrial production	1.2	1.2	2.6	5.0	1.0	2.0	2.5	3.0	3.0
Japan									
Real GDP	1.2	0.5	0.7	1.3	1.0	0.2	1.0	0.8	0.8
Private consumption	1.5	0.7	0.6	1.1	-0.5	1.2	0.6	0.6	0.6
Business investment	1.9	2.2	1.0	5.4	2.0	1.0	1.0	1.0	1.0
Residential construction	-2.4	-0.6	0.5	21.0	0.5	0.5	0.5	0.5	0.5
Public investment	-0.3	-0.4	1.0	-2.0	1.0	1.0	1.0	1.0	1.0
Government consumption	1.0	2.6	1.5	1.5	4.0	4.0	2.0	2.0	1.0
Exports of goods and services	2.9	-0.1	0.4	-1.4	6.0	-6.0	0.0	1.0	1.0
Imports of goods and services	4.0	1.8	1.1	-1.3	5.0	2.0	1.0	1.0	1.0
Domestic final sales contribution	1.2	1.3	0.9	2.5	1.0	1.7	1.0	1.0	0.8
Inventories contribution	0.1	-0.4	0.0	-1.1	-0.2	0.0	0.2	-0.2	0.0
Net trade contribution	-0.2	-0.3	-0.1	0.0	0.2	-1.4	-0.2	0.0	0.0
Consumer prices (%oya)	3.2	2.2	2.7	2.7	1.7	1.9	2.5	2.7	3.0
ex food and energy	1.5	2.1	2.5	1.5	1.4	2.1	2.4	2.5	2.3
General govt. net lending (% of GDP, CY)	-6.7	-6.9	-6.6						
Unemployment rate (%)	2.5	2.5	2.5	2.6	2.5	2.5	2.5	2.5	2.5
Industrial production	1.2	1.1	1.2	3.3	-0.5	1.2	1.2	1.2	1.2
Memo: Global industrial production	..	..	..	1.5	..	..	..	..	..
%oya				..	..	..	..	..	..

Source: Government agencies and J.P. Morgan Global Economics. Details on request.

Carlton Strong (1-212) 834-5612
carlton.m.strong@jpmorgan.com
JPMorgan Chase Bank NA
Joseph Lupton (1-212) 834-5735
joseph.p.lupton@jpmorgan.com

J.P.Morgan

Global Central Bank Watch

	Official	**Current**	4-qrtr change (bp)		Last change	Next mtg	Forecast	Forecast (%pa)				
	rate	**rate (%pa)**	Last	Next			next change	Jun 26	Sep 26	Dec 26	Mar 27	Jun 27
Global		3.92	-71	-29				3.97	3.91	3.83	3.73	3.64
excluding US		4.00	-66	-41				4.06	3.98	3.86	3.72	3.59
Developed		2.99	-55	21				3.10	3.17	3.19	3.19	3.19
Emerging		5.31	-96	-101				5.25	5.01	4.76	4.51	4.29
Latin America		10.27	-52	-204				9.81	9.38	8.95	8.53	8.22
EMEA EM		15.06	-436	-379				15.36	14.15	13.34	12.10	11.27
EM Asia		2.27	-29	-22				2.20	2.21	2.12	2.12	2.05
The Americas		4.56	-70	-28				4.50	4.44	4.38	4.32	4.28
United States	Fed funds	3.75	-75	0	10 Dec 25 (-25bp)	29 Apr 26	Sep 27 (+25bp)	3.75	3.75	3.75	3.75	3.75
Canada	O/N rate	2.25	-50	0	29 Oct 25 (-25bp)	29 Apr 26	On hold	2.25	2.25	2.25	2.25	2.25
Brazil	SELIC O/N	14.75	50	-475	18 Mar 26 (-25bp)	29 Apr 26	Apr 26 (-50bp)	13.75	12.75	11.75	10.75	10.00
Mexico	Repo rate	6.75	-225	-25	26 Mar 26 (-25bp)	7 May 26	25 Jun 26 (-25bp)	6.50	6.50	6.50	6.50	6.50
Chile	Disc rate	4.50	-50	25	16 Dec 25 (-25bp)	28 Apr 26	Apr 27 (+25bp)	4.50	4.50	4.50	4.50	4.75
Colombia	Repo rate	11.25	175	50	31 Mar 26 (+100bp)	30 Apr 26	Apr 26 (+50bp)	12.00	12.00	12.00	12.00	11.75
Peru	Reference	4.25	-50	50	11 Sep 25 (-25bp)	14 May 26	On hold	4.25	4.25	4.25	4.50	4.75
Europe/Africa		5.26	-127	-56				5.52	5.40	5.21	4.93	4.70
Euro area	Depo rate	2.00	-25	50	5 Jun 25 (-25bp)	30 Apr 26	**Jun 26 (+25bp)**	2.25	2.50	2.50	2.50	2.50
United Kingdom	Bank rate	3.75	-75	0	7 Aug 25 (-25bp)	30 Apr 26	Jun 26 (+25bp)	4.00	4.00	4.00	4.00	3.75
Norway	Dep rate	4.00	-50	25	18 Sep 25 (-25bp)	7 May 26	May 26 (+25bp)	4.25	4.50	4.50	4.50	4.25
Sweden	Repo rate	1.75	-50	25	23 Sep 25 (-25bp)	7 May 26	May 26 (+25bp)	2.00	2.00	2.00	2.00	2.00
Czech Republic	2-wk repo	3.50	-25	0	7 May 25 (-25bp)	7 May 26	On hold	3.50	3.50	3.50	3.50	3.50
Hungary	Base rate	6.25	-25	-100	24 Feb 26 (-25bp)	28 Apr 26	**Jan 27 (-25bp)**	6.25	6.25	6.25	**5.75**	**5.25**
Israel	Base rate	4.00	-50	-75	5 Jan 26 (-25bp)	25 May 26	**Jul 26 (-25bp)**	4.00	**3.75**	**3.50**	3.50	3.25
Poland	7-day interv	3.75	-200	0	4 Mar 26 (-25bp)	6 May 26	On hold	3.75	3.75	3.75	3.75	3.75
Romania	Base rate	6.50	0	-100	7 Aug 24 (-25bp)	15 May 26	Oct 26 (-25bp)	6.50	6.50	6.00	5.75	5.50
Russia	Key pol rate	15.00	-600	-500	20 Mar 26 (-50bp)	24 Apr 26	Apr 26 (-50bp)	14.00	13.00	12.00	11.00	10.00
South Africa	Repo rate	6.75	-75	-25	20 Nov 25 (-25bp)	28 May 26	**May 26 (+25bp)**	**7.00**	**7.00**	**7.00**	6.75	6.50
Türkiye	1-wk repo	37.00	-900	-900	22 Jan 26 (-100bp)	22 Apr 26	22 Apr 26 (+300bp)	40.00	36.00	34.00	30.00	28.00
Asia/Pacific		2.19	-21	-7				2.18	2.18	2.14	2.14	2.12
Australia	Cash rate	4.10	0	25	17 Mar 26 (+25bp)	5 May 26	May 26 (+25bp)	4.35	4.35	4.35	4.35	4.35
New Zealand	Cash rate	2.25	-125	100	26 Nov 25 (-25bp)	27 May 26	Sep 26 (+25bp)	2.25	2.50	2.75	3.00	3.25
Japan	O/N call rate	0.75	27	75	19 Dec 25 (+25bp)	28 Apr 26	Apr 26 (+25bp)	1.00	1.00	1.25	1.25	1.50
Hong Kong	Disc. wndw	4.00	-475	0	10 Dec 25 (-25bp)	-	Sep 27 (+25bp)	4.00	4.00	4.00	4.00	4.00
China	7-day rev repo	1.40	-10	-30	7 May 25 (-10bp)	-	2Q 26 (-10bp)	1.30	1.30	1.20	1.20	1.10
Korea	Base rate	2.50	-25	0	29 May 25 (-25bp)	28 May 26	On hold	2.50	2.50	2.50	2.50	2.50
Indonesia	BI RRR	4.75	-100	-50	17 Sep 25 (-25bp)	22 Apr 26	Oct 26 (-25bp)	4.75	4.75	4.25	4.25	4.25
India	Repo rate[2]	5.25	-75	0	5 Dec 25 (-25bp)	5 Jun 26	On hold	5.25	5.25	5.25	5.25	5.25
Malaysia	O/N rate	2.75	-300	0	9 Jul 25 (-25bp)	7 May 26	On hold	2.75	2.75	2.75	2.75	2.75
Philippines	Rev repo	4.25	-125	25	19 Feb 26 (-25bp)	23 Apr 26	Aug 26 (+25bp)	4.25	4.50	4.50	4.50	4.50
Thailand	1-day repo	1.00	-100	0	25 Feb 26 (-25bp)	29 Apr 26	On Hold	1.00	1.00	1.00	1.00	1.00
Taiwan	Official disc.	2.00	0	0	21 Mar 24 (+12.5bp)	18 Jun 26	On hold	2.00	2.00	2.00	2.00	2.00

Source: J.P. Morgan.

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

Any long-form nomenclature for references to China; Hong Kong; and Taiwan within this research material is Mainland China; Hong Kong SAR (China) and Taiwan (China).

Joseph Lupton (1-212) 834-5735
joseph.p.lupton@jpmorgan.com
JPMorgan Chase Bank NA
Maia Crook (1-212) 622-8435
maia.crook@jpmorgan.com

Alex Gallin (1-212) 270-5492
alex.gallin@jpmorgan.com

Economic Activity Tracking

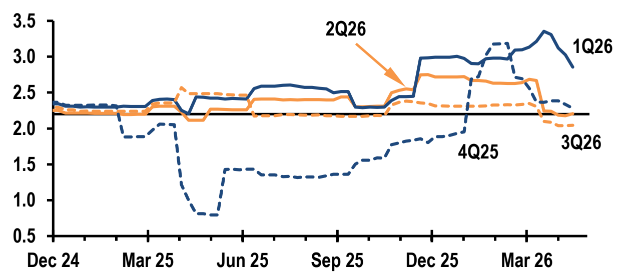
See here for a real-time snapshot and methodology reports.

JPM forecast evolution, GDP and CPI

Our 1Q26 tracking of global real GDP was revised down 0.1%-pt to 2.9%ar this week. We are looking for a deceleration to 2.2%ar this quarter (Figure 1). Our core CPI forecast for 2Q26 ticked down to 3.2%ar (Figure 2).

Figure 1: J.P. Morgan global GDP

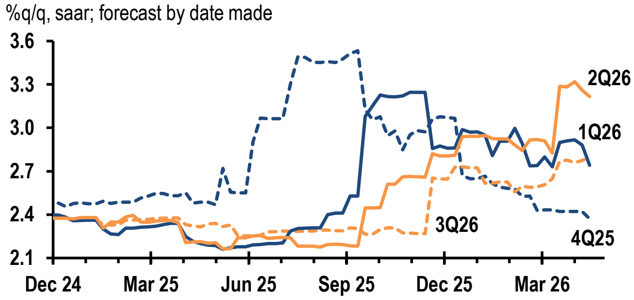
% change saar; forecast by date made, black line shows potential growth



Source: J.P. Morgan Global Economics

Figure 2: J.P. Morgan global core CPI forecast

%q/q, saar; forecast by date made



Source: J.P. Morgan Global Economics

Table 1: Change in forecast revision indexes

%-pt revision to rolling year-ahead outlook over 13 weeks

	GDP	Inflation	Core inflation	Policy rate
Global	-0.3	0.8	0.2	0.2
DM	-0.5	0.8	0.0	0.2
US	-0.5	0.4	-0.3	0.0
Euro area	-0.6	1.4	0.4	0.5
UK	-0.6	1.5	0.5	0.8
Japan	-0.4	0.5	0.0	0.0
EM	0.0	0.8	0.5	0.1
EM Asia	0.1	0.7	0.6	0.0
M. China	0.0	0.6	0.7	0.0
Korea	0.2	1.5	0.8	0.0
Taiwan	3.4	0.5	0.5	0.0
India	-0.4	0.3	0.0	0.0
LatAm	0.1	0.6	0.1	0.2
Brazil	0.1	0.9	0.4	0.3
Mexico	0.1	0.4	-0.1	0.0
EM EMEA	-0.2	1.2	0.1	0.5
CE4	-0.2	0.3	-0.2	0.2
Türkiye	-1.0	5.8	2.1	2.0
South Africa	-0.3	0.8	-0.1	0.5

Source: JPM Global Economics. Long-form nomenclature for China & Taiwan: Mainland China & Taiwan (China)

GDP nowcaster and recession probabilities

Our nowcaster estimates of 1Q and 2Q26 growth held steady at 2.8%ar and 2.4%ar, respectively (Table 2).

Table 2: Real GDP

%q/q, saar. Underline indicates J.P. Morgan forecast.

	1Q26		2Q26	
	Actual/Fcst	Nowcast	Forecast	Nowcast
Global	**2.9**	**2.8**	**2.2**	**2.4**
Weighted Avg*	**2.7**	**2.9**	**2.0**	**2.9**
Developed*	**1.7**	**1.7**	**1.1**	**1.6**
US	2.5	2.7	1.5	1.9
EMU	0.7	-0.2	0.7	0.9
UK	1.0	2.4	0.5	2.3
Canada	1.7	1.2	1.0	2.5
Japan	1.0	2.2	0.2	0.7
Emerging*	**4.3**	**4.8**	**3.6**	**5.1**
EM Asia*	**6.3**	**6.9**	**3.6**	**6.7**
China	6.7	7.0	4.0	6.7
Korea	5.0	6.1	0.0	6.0
Taiwan	5.8	8.3	2.2	5.4
Singapore	-1.3	3.6	2.5	8.7
Latam*	**1.5**	**0.6**	**2.7**	**2.2**
Brazil	2.8	3.3	1.6	3.1
Mexico	-1.4	-4.6	2.5	0.0
Argentina	5.4	2.8	3.9	2.5
Chile	0.0	0.1	4.5	2.8
Colombia	5.0	5.6	2.0	4.4
Peru	-0.8	1.5	7.8	4.3
EMEA EM*	**-0.5**	**1.0**	**4.5**	**2.1**
Poland	3.5	1.6	3.2	3.7
Hungary	2.5	1.9	1.5	0.9
Czech Rep.	2.7	2.3	2.2	2.9
Romania	2.0	-1.5	1.8	1.9
Russia	-6.0	-1.2	7.0	0.9
Türkiye	3.0	4.6	4.5	3.2
South Africa	1.3	0.4	-0.2	1.7

Source: J.P. Morgan Global Economics. * Aggregates are GDP weighted averages of constituents. The long-form nomenclature for references to China and Taiwan is Mainland China and Taiwan (China).

Global manufacturing output rose another 0.5% in February, bringing the three-month rate to 4.1%ar. Tech continues to outperform, but non-tech is also starting to show signs of life. Early March data suggest a solid global factory output gain for 1Q as a whole. This contrasts with a recent softening in consumer demand. Global auto sales — our timeliest measure of household spending — fell 11.4%ar last quarter, though March did rebound 6%m/m, and the early-year softness looks to have been partially driven by one-off disruptions. On household fundamentals, labor markets are tracking a welcome (if still modest) recovery in 1Q.

Joseph Lupton (1-212) 834-5735
joseph.p.lupton@jpmorgan.com
JPMorgan Chase Bank NA
Maia Crook (1-212) 622-8435
maia.crook@jpmorgan.com

Alex Gallin (1-212) 270-5492
alex.gallin@jpmorgan.com

Table 3: J.P. Morgan global aggregates

%ch, sa (ar for qrt). PMIs are levels. Confidence is std.dev from 2010-19 avg

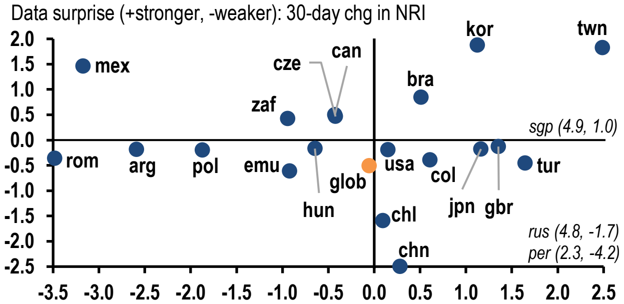
	1Q26	2Q26	Mar 26	Apr 26	May 26	Jun 26
PMI, mfg	52.1	51.5	51.4	51.6	51.4	51.6
PMI, serv	52.3	52.2	50.8	51.6	52.2	52.6
IP	3.2	1.0	-0.1	0.1	0.1	0.2
Retail sales	1.9	2.6	0.2	0.2	0.2	0.2
Auto sales	-11.4	11.3	6.0	0.2	-0.4	0.0
G-3 cap. ship.	5.9	0.3	-0.1	0.1	0.0	0.0
G-3 cap. orders	5.2	1.2	1.1	-0.5	0.1	0.4
Cap. exports	38.2	8.7	0.6	0.6	0.5	0.5
Mfg bus conf	-0.3	-0.2	-0.2	-0.2	-0.2	-0.2
Cons conf	-0.4	-0.5	-0.6	-0.6	-0.5	-0.5
Nowcast (ar)	2.8	2.4	2.2	2.3	2.4	2.5

Source: J.P. Morgan Global Economics, S&P Global, and national statistical agencies. Note. Shaded values show forecasts computed by the Kalman filter estimates from the dynamic factor model. Underlined values are our estimates based on available data and our judgment.

About a third of the economies we track have seen data surprise stronger over the past 30 days. The nowcaster implies upside risks to 1Q26 growth in around 60% of these economies (Figure 3).

Figure 3: GDP nowcaster: risk bias for 1Q26 vs data surprises

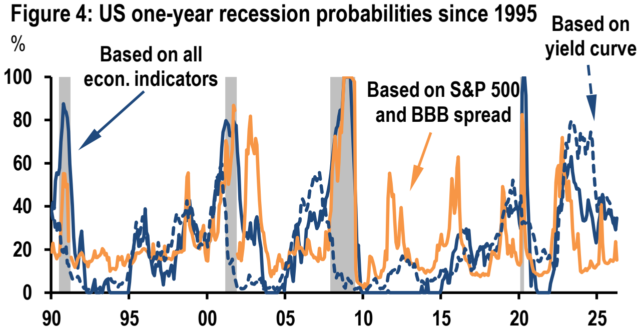
Data surprise (+stronger, -weaker): 30-day chg in NRI



Source: JPM Global Economics Risk bias (+upside, -downside): Nowcast less fcst

US recession probabilities based on all economic indicators rose to 35% this week (Figure 4).

Figure 4: US one-year recession probabilities since 1995



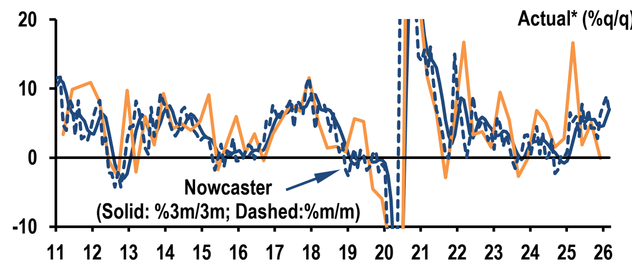
Source: J.P. Morgan

Capex Nowcaster

Our CapexNow model's 1Q26 tracking estimate held at 7.0%ar this week, rebounding from a 4Q25 stall (Figure 5).

Figure 5: Global capex, actual and nowcaster

%chg saar. Actual thru 4Q25; Nowcast thru 1Q26.



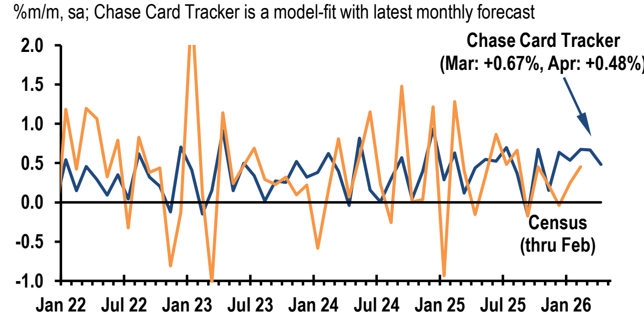
Source: J.P. Morgan Global Economics. Details on request. *Global ex China.

Global consumption tracking

Based on Chase Consumer Card data through April 8, our estimate of the US Census control measure of retail sales is 0.67% in March and 0.48% in April (Figure 6).

Figure 6: US retail sales control, Census and Chase Card Nowcaster

%m/m, sa; Chase Card Tracker is a model-fit with latest monthly forecast

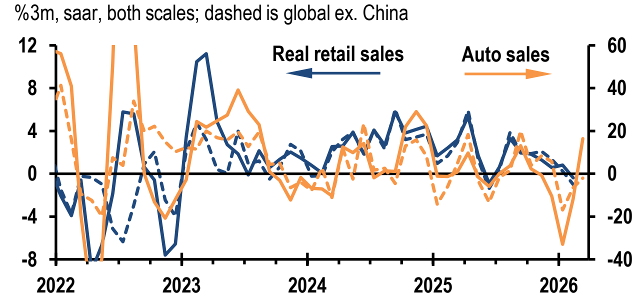


Source: JPMorgan Chase Bank, NA, JPMC Index File 2.0, select Chase credit and debit card transaction data. See here for disclaimers and methodology.

Global retail sales fell 0.4%ar in the three months through February. More timely global auto sales data rebounded to 16.4%3m, saar in March, led by a China recovery (Figure 7).

Figure 7: Global consumer spending

%3m, saar, both scales; dashed is global ex. China



Source: National sources, J.P. Morgan. Details on request.

Joseph Lupton (1-212) 834-5735
joseph.p.lupton@jpmorgan.com
JPMorgan Chase Bank NA
Maia Crook (1-212) 622-8435
maia.crook@jpmorgan.com

Alex Gallin (1-212) 270-5492
alex.gallin@jpmorgan.com

NLP of central bank speak

G-4 central bank communications this week include:

- ECB's Lagarde (HDS: +8, trailing 5-speech avg: +17)
- Fed's Waller (HDS: +8, trailing 5-speech avg: -25)

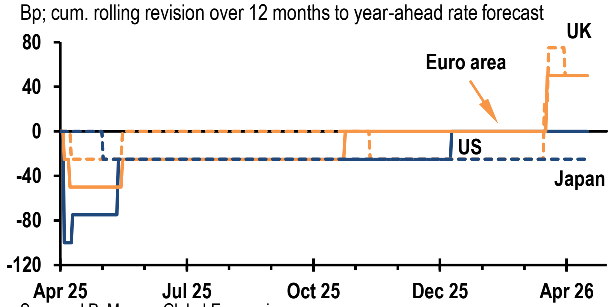
Table 4: Hawk-Dove Scores
3m mov avg: -100 (Dovish) to +100 (Hawkish)

		Change over period		
	Current	1m	3m	6m
United States	6.8	4.9	4.8	9.0
Euro area	12.4	4.1	7.2	7.2
United Kingdom	4.4	6.8	6.2	-12.4
Japan	3.3	-1.1	-6.4	0.4
Australia	28.8	-1.0	18.4	24.6
Canada	3.4	4.2	10.5	-0.2
Sweden	1.9	-4.0	-1.8	23.0
Korea	3.5	1.9	3.8	13.6
Indonesia*	-9.6	7.1	15.8	28.7
Czechia*	36.6	0.0	-5.5	-1.6
South Africa	2.3	0.0	-18.1	3.3
Brazil*	-5.9	0.0	-26.7	-31.8
Mexico*	-1.2	-9.1	8.5	14.5

Source: J.P. Morgan. * HDS based on CB statements and are not moving averages; rest reflect speeches.

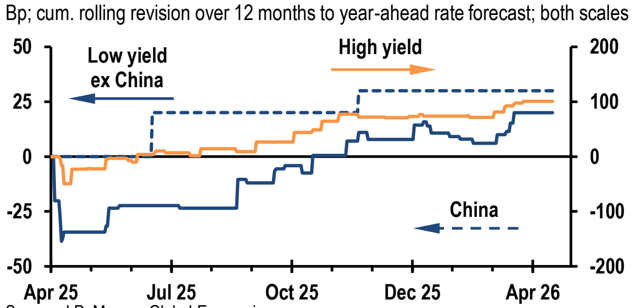
JPM forecast evolution, policy rates

Figure 8: J.P. Morgan policy rate forecast revision index, DM
Bp; cum. rolling revision over 12 months to year-ahead rate forecast



Source: J.P. Morgan Global Economics

Figure 9: J.P. Morgan policy rate forecast revision index, EM
Bp; cum. rolling revision over 12 months to year-ahead rate forecast; both scales



Source: J.P. Morgan Global Economics

J.P. Morgan forecasts vs. market

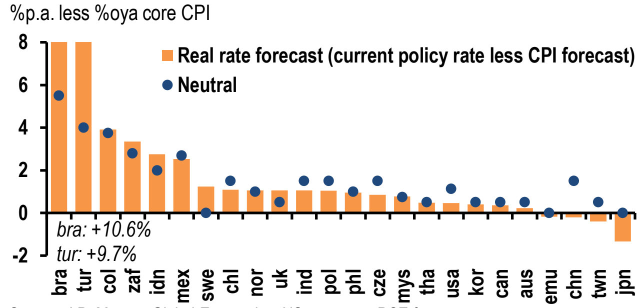
Table 5: Policy Rate: J.P. Morgan and Market

	Current	Basis point change from current							
		End 2Q26		End 3Q26		End 4Q26		End 4Q27	
	%pa	JPM	Mkt	JPM	Mkt	JPM	Mkt	JPM	Mkt
Global	3.90	2	5	-3	4	-12	1	-32	-33
Developed	2.99	11	11	18	18	20	21	26	12
US	3.75	0	0	0	-3	0	-8	25	-30
EMU	2.00	25	25	50	45	50	52	25	50
Japan	0.75	25	19	25	33	50	50	100	99
UK	3.75	25	16	25	33	25	36	-25	20
Norway	4.00	25	55	50	86	50	113	0	69
Sweden	1.75	25	13	25	34	25	43	25	55
Canada	2.25	0	6	0	18	0	38	0	67
Australia	4.10	25	25	25	49	25	57	25	41
New Zealand	2.25	0	17	25	42	50	74	100	146
Emerging	5.33	-8	7	-32	-5	-57	-12	-110	-70
EM Low Yield	1.95	-7	-15	-6	-13	-15	-12	-23	-1
EM High Yield	11.88	-11	86	-82	41	-138	20	-278	-58
EM HY Ex-RU	11.19	15	114	-50	80	-98	71	-208	-11
EM Asia	1.52	-8	1	-8	4	-17	5	-26	16
China	1.40	-9	0	-9	0	-19	0	-29	7
Hong Kong	4.00	0	--	0	--	0	--	25	--
India	5.25	0	24	0	32	0	57	0	104
Indonesia	4.75	0	--	0	--	-50	--	-50	--
Korea	2.50	0	16	0	43	0	49	0	97
Malaysia	2.75	0	-4	0	-6	0	-7	0	11
Philippines	4.25	0	--	25	--	25	--	25	--
Taiwan	2.00	0	2	0	12	0	14	0	45
Thailand	1.00	0	7	0	10	0	14	0	43
EMEA EM	16.29	14	86	-115	-6	-202	-64	-467	-214
Czechia	3.50	0	8	0	23	0	33	0	26
Israel	4.00	0	-35	0	-55	-25	-65	-75	-71
Poland	3.75	0	19	0	29	0	38	0	32
Romania	6.50	0	--	0	--	-50	--	-125	--
Russia	15.50	-150	-86	-250	-186	-350	-261	-650	-343
South Africa	6.75	25	28	25	48	25	55	-50	35
Turkey	37.00	300	186	-100	-45	-300	-168	-900	-628
LATAM	10.27	-45	15	-88	1	-131	-5	-211	-227
Brazil	14.75	-100	-52	-200	-96	-300	-127	-475	--
Chile	4.50	0	11	0	9	0	13	50	31
Colombia	11.25	75	64	75	132	75	138	-50	83
Mexico	6.75	-25	-10	-25	-8	-25	6	-25	88
Peru	4.25	0	--	0	--	0	--	50	--

-- indicates market-based policy rate forecast is unavailable. Market-based forecast data are lagged 1-2 days.
FRI is Forecast Revision Index, the bp cumulative revision to rolling year-ahead policy rate forecast
Real rate defined as policy rate less %oya core inflation.
Source: J.P. Morgan Global Economics. The long-form nomenclature for China, Hong Kong, and Taiwan is Mainland China, Hong Kong SAR (China), and Taiwan (China).

Real policy rates

Figure 10: Real policy rate and neutral: forecast for 2Q26
%p.a. less %oya core CPI



Source: J.P. Morgan Global Economics. US uses core PCE forecast.

See here for NLP methodology and a full set of central bank NLPs. For additional policy rate detail, see our full policy rate QED report.

Bruce Kasman (1-212) 834-5515
bruce.c.kasman@jpmorgan.com
JPMorgan Chase Bank NA
Joseph Lupton (1-212) 834-5735
joseph.p.lupton@jpmorgan.com

Selected Recent Research: J.P. Morgan Economics

Global

Context matters, 10Apr26
Profits add to buffers cushioning global oil shock, 10Apr26
Shock and pause: Iran and central banks, 13Mar26
Crude awakening: Macro thoughts on the Iran war, 6Mar26
Global capex upturn has a second gear, 6Mar26
The curious case of the 2025 global industry rebound, 27Feb26
Winners and losers of the tariff reshuffle, 27Feb26
EM: More space to ease than meets the eye, 20Feb26
Centers and sensibility, 13Feb26

United States and Canada

US: The Mideast conflict and food inflation, 10Apr26
Canada: Two shocks don't make a boost, 10Apr26
US: Some side effects of slow labor supply growth, 3Apr26
US: Will the gas price surge eat all the tax cuts? 27Mar26
US: Oil and the economy, 6Mar26
The industry nexus of college unemployment, 27Feb26
US: No quick fix for housing affordability, 13Feb26
US: Core CPI residual seasonality redux, 6Feb26

Western Europe

BoE: Expectations matter as the energy shock hits, 3Apr26
ECB: Higher rates needed to get through Hormuz, 27Mar26
Euro area: Adjusting HICP inflation higher, 13Mar26
Euro area household income still running softer than pay, 6Mar26
UK: Unemployment to rise further, bringing rates lower, 27Feb26
EU: A new sense of policy urgency, 20Feb26
Germany: Fiscal boost starting to gather pace, 13Feb26

Central Europe, Middle East, and Africa

EM capital flows: The resident bulwark, 10Apr26
Türkiye: CAD to widen on oil, but remain manageable, 27Mar26
GCC: The two sides of a trade shock, 27Mar26
EMEA EM: Understanding exposure to energy, 20Mar26
Israel: On war duration, 20Mar26
Türkiye: Dissecting the key drivers of disinflation, 27Feb26
Romania: CA is adjusting… but slowly, 20Feb26

Japan

Japan: Trading inflation risk for fiscal cost, 20Mar26
North Asia: Early insights into Gulf energy dependence, 20Mar26
China-Japan macro ties: There may be trouble ahead, 20Feb26

Non-Japan Asia and Pacific

EM Asia: Re-assessing energy vulnerability, 10Apr26
Bank of Korea: Stay calm and maintain balance, 10Apr26
Australian Wages: Smells like teen spirit, 10Apr26
India: Oil and fiscal policy, 3 Apr26
China Version 3.5, 27Mar26
Asian central bank dilemma: 2020 versus 2022, 27Mar26
Energy shock: China PPI deflation to pause, CPI soft, 27Mar26
North Asia: Early insights into Gulf energy dependence, 20Mar26
ASEAN: Stagflation risks and uneven policy trade-offs, 13Mar26
India: Parsing the macro impact of the Middle East conflict, 13Mar26
EMAX: Macro implications of the US-Iran conflict, 6Mar26
Thailand: Stage is set for investment-led recovery, 6Mar26
Australia CPI: Vigilance is the price of liberty, 27Feb26
EMAX: Growth but no cigar, 27Feb26
EM Asia: Implications of the rally in gold prices, 13Feb26
Australian inflation: High demand, 13Feb26

Latin America

Colombia: The price of undermining BanRep, 10Apr26
Mexico: Growth frustration redux, 3Apr26
Brazil: The warning from the profit cycle, 3Apr26
South America: The critical minerals frontier, 3Apr26
Argentina: The import substitution legacy, 27Mar26
Chile: Kast inherits three years of broken fiscal targets, 20Mar26
Brazil: Economic outlook after the oil shock, 20Mar26
Colombia: A difficult fiscal inheritance, 6Mar26
Brazil: (Un)knowns of the 6x1 workweek debate, 27Feb26
Argentina: The ups and downs of disinflation, 27Feb26
Chile: Unlocking the capex pipeline, 6Feb26

Special Reports and Global Issues

The Plastic Pulse: Tracking consumers with Chase card data, 8Apr26
Japan Special Report: No Market is an Island, 24Feb26
Ten questions about China in 2026, 19Jan26
ASEAN Economic Outlook 2026: Constructive, not complacent, 18Dec25
Canada Economic Outlook 2026, 15 Dec 25
EM Economic Outlook 2026: Domestic differences to dominate, 9Dec25
Korea 2026 Economic Outlook: Cautious optimism, 9Dec25
EM Edge 2026 Outlook: The story still has legs, 5Dec25
EM Asia 2026 Economic Outlook: Resilience through Rotation, 5Dec25
Mexico 2026 Outlook: Struggling amid uncertainty, 3Dec25
Scandinavia economic outlook 2026: Opening wallets, 1Dec25
Frontier Local Markets 2026 Outlook, 1Dec25
UK Economic Outlook 2026: Rolling with the punches, 28Nov25
Argentina 2026 Economic Outlook, 26Nov25
Japan Economic Outlook 2026: A delicate balance, 26Nov25
Colombia 2026: Economic Outlook, 26Nov25
EMEA EM 2026 Year Ahead, 26Nov25
Japan Economic Outlook 2026: A delicate balance, 26Nov25
2026 China Economic Outlook, 25Nov25
Brazil before the ballot: 2026 Economic Outlook, 25Nov25
Euro area 2026 Outlook: Faster growth, lower inflation, 25Nov25
Global Economic Outlook 2026: A conscious recoupling, 25Nov25
Australia 2026 Outlook: Still some room to run, 18Nov25
2026 US Economic Outlook: Through a glass, darkly, 17Nov25
Skirting recession, ending exceptionalism: 2025 Mid-Year Global Economic Outlook, 25Jun25
US: 2025 Midyear economic outlook, 12Jun25

Note: Research notes listed have been published in *GDW; Special Reports and Global Issues* are stand-alone features, but may also have appeared in some form in *GDW*.

Dubravko Lakos-Bujas (1-212) 622-3601
dubravko.lakos-bujas@jpmorgan.com
J.P. Morgan Securities LLC
Fabio Bassi (44-20) 7134-1989
fabio.bassi@jpmorgan.com

Nikolaos Panigirtzoglou (44-20) 7134-7815
nikolaos.panigirtzoglou@jpmorgan.com
Mika Inkinen (44-20) 7742 6565
mika.j.inkinen@jpmorgan.com

J.P. Morgan Market Watch

Bonds

Front-end yields have rallied across DM amid encouraging headlines over ongoing US-Iran negotiations, though DM rates have so far lagged energy and other markets. In the **US**, incoming data suggest ongoing resilience in labor markets, increasing the likelihood that the unemployment rate will remain below its recent peak, and early April manufacturing surveys point to a rebound after some softness in March. We keep shorts at the belly of the 2s/5s/10s UST fly on valuations.

In the **Euro area**, after increased optimism around ongoing negotiations over the conflict in the Middle East, euro rates markets are now priced between a 'sticky resolution' and 'prolonged conflict' scenarios. We do not find the risk reward attractive for tactical duration positions, and prefer to express bullish positions via options, such as 2s/10s conditional bull steepeners, and keep 1Y/2Yx1Y bear-flatteners as a hedge. In the **UK**, we keep conditional bear-flatteners in 1Y/2Yx1Y SONIA via options. In **Japan**, incoming data point to domestic demand resilience, but the BoJ is unlikely to raise rates without first guiding markets. We keep tactical 5s/20s steepeners (*GFIMS*, Apr 17th).

In **EM**, while uncertainty remains and ongoing negotiation noise is likely, we judge that tail risks are sufficiently contained to add some risk back and have moved OW in EM FX. For local duration, we lack directional conviction given uncertainty over the inflationary impact and remain neutral. We hold OWs in Hungary, Brazil and Mexico offset by UWs in Chile and Peru as well as a short duration overlay (*EM Fixed Income Strategy*, Apr 17th).

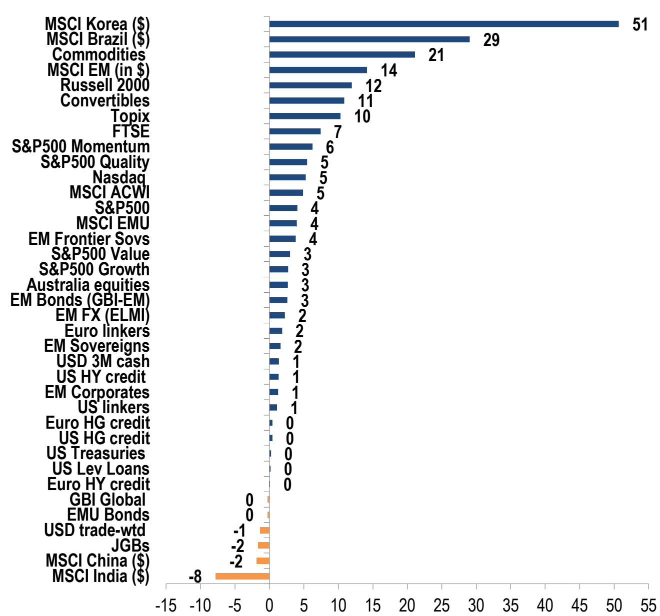
Credit

We expect IG spreads to keep grinding tighter on strong earnings and improving macro/technicals, but valuations are becoming a constraint as spreads near targets and supply/inventories build. JULI tightened another 2bp WTD to 89bp (tightest since Feb 11; 7bp from Jan tights), suggesting markets are close to pricing a definitive end to the conflict and bracing for a very strong earnings season. HY has already reversed March losses and equities are surging, while BBBs are newly outperforming MTD, with BBB–A compression narrowing 4bp to 35bp. Yields remain elevated at 5.39% (7bp above the 1yr average), but further yield retracement could pressure spreads. Supply is heavy ($97bn MTD) and dealer inventories—especially front-end—are rising, though new issues outperform and demand is solid with total HG flows at +$4.5bn (*Credit Market Outlook & Strategy*, Apr 17th).

Despite this week's euro credit rally, downside risks still dominate because markets are largely pricing a near-term US-Iran deal while the Strait of Hormuz remains effectively closed and oil inventories keep drawing, so buying iTraxx Main 75bp June payer hedges is still recommended. EUR IG and HY tightened by 3bp and 13bp as headlines pointed toward diplomacy (Israel–Hezbollah ceasefire, reports talks are near "deal signing"). The conflict is now 48 days old, tanker traffic is still constrained, and there's no clear timeline for normalizing Middle East oil flows. We have updated our framework to three outcomes for EUR spreads: All Clear (90/325), Diplomatic Limbo (160/450), and Round 2 (225/625) (*European Credit Weekly*, Apr 17th).

EM hard-currency credit supply hit a record $244bn in 1Q26. The surge was driven by $109bn in sovereign issuance (+21% y/y), largely front-loaded in the first two months. Corporate issuance was $135bn, (-12% YoY). As a result, corporates' share fell to 55%, near the low end of the 52–81% five-year quarterly range. 1Q issuance represents 35% of the $686bn full-year 2026 forecast: sovereigns are near half of the projected $226bn, while corporates are at 29% of the $460bn forecast. January was a record; issuance slowed in February ($61bn) and dropped in March ($22bn) amid Middle East conflict. Regionally, CEEMEA accounted for $114bn (~half), Asia $73bn (30%), Latam 23% (high historically). Net financing was +$60bn, mostly sovereigns (+$53bn), led by CEEMEA +$32bn and Latam +$22bn (*EM Credit Supply Technicals*, Apr 15th).

Figure 1: Year-to-date returns
%



Source: J.P. Morgan

Dubravko Lakos-Bujas (1-212) 622-3601
dubravko.lakos-bujas@jpmorgan.com
J.P. Morgan Securities LLC
Fabio Bassi (44-20) 7134-1989
fabio.bassi@jpmorgan.com

Nikolaos Panigirtzoglou (44-20) 7134-7815
nikolaos.panigirtzoglou@jpmorgan.com
Mika Inkinen (44-20) 7742 6565
mika.j.inkinen@jpmorgan.com

Currencies

In **DM** FX, we selectively re-enter USD shorts, refocusing on our medium-term bearish view. Keeping residual energy pressures in mind, we favor carry-efficient USD exposures on firmer inflation (*Key Currency Views*, Apr 17th).

In **EM** FX, we returned to an overall OW stance via OW LatAm and OW EMEA while maintaining MW EM Asia. In our view, EM FX's overall resilience over the past seven weeks points to strong underlying fundamentals (*EM Fixed Income Strategy*, Apr 14th).

Commodities

Physical oil prices are falling despite tighter supply and shrinking inventories because demand is weakening—especially in Europe—where refining margins have turned sharply negative, forcing refinery run cuts. Physical barrels have dropped from $144 (Apr 7) to ~ $116 even though fundamentals haven't improved. Supply has worsened: non-Iranian Gulf exports are steady while ~2 mbd of Iranian exports have collapsed, widening the deficit to ~15–16 mbd. Inventories have buffered the shock, with ~265 mb drawn (~6 mbd), likely more once less-visible product stocks are included. That leaves demand destruction as the only consistent explanation: European hydroskimming margins fell from ~ $9/bbl to below zero, reaching -$15.3/bbl (week ending Apr 12), and cracking margins also deteriorated, implying refiners can't pass crude costs through and may cut throughput. Forecast refinery cuts have risen to 2.9 mbd in April and 6 mbd in May, with SPR and product releases only partly offsetting a growing shortfall (*Oil Flash Note*, Apr 17th).

Qatar's LNG restart timing is pivotal: we expect a 2–3 month restart period after hostilities end, with a fastest-startup scenario adding up to 4 Bcm vs. base case in the first four months post-restart. In March, global LNG imports were 49.5 Bcm (-5% YoY, -13% MoM), with the sharpest declines in Japan/South Korea (-15% MoM); Qatar-origin deliveries were ~4.7 Bcm vs. a 12-month average of 9.1 Bcm. Global LNG exports fell 10% YoY and 15% MoM, driven by a ~300 Mcm/day drop from Qatar/UAE partly offset by new supply from the US/Canada/Africa. Supply is still set to rise ~50 Bcm in 2026, led by Plaquemines, Corpus Christi Stage 3, and LNG Canada; Golden Pass started up March 30. New supply may offset about half of lost Middle East volumes in summer 2026; the rest likely requires higher prices to curb demand (*Global LNG Analyzer*, Apr 13th).

Aluminum prices look skewed to the upside because a major Middle East supply shock hits a market with thin inventories outside China. Despite ongoing uncertainty, a 1.9 mmt primary aluminium deficit is now forecast for 2026, driven by a 2.4 mmt loss of Middle East supply—the largest deficit since 2000 adjusted for market size. Global visible inventory is only ~1.9 mmt (~9 days of demand), and about three-quarters sits in China, leaving ex-China coverage very lean. With confirmed damage likely to cause prolonged outages, price risks are asymmetric: renewed disruption through the Strait could further damage smelters and trigger alumina-related closures, tightening supply more; even lasting de-escalation could boost demand by easing macro tail risks while the supply hit remains. Baseline: spot upside to $4,000+/mt, 2Q26 avg $3,800/mt, easing to ~$3,500/mt in 2H26 amid demand/inflation risks (*Aluminum*, Apr 13th).

JPM Forecasts

Rates	Current	Jun-26	Sep-26	Dec-26	Mar-27
US (SOFR)	3.67	3.70	3.70	3.70	3.70
10-year yields	4.24	4.25	4.30	4.35	4.35
Euro area (depo)	2.00	2.25	2.50	2.50	2.50
10-year yields	2.96	2.95	2.90	2.85	2.75
Italy-Germany 10Y (bp)	72	80	80	80	80
Spain-Germany 10Y (bp)	43	50	50	50	50
United Kingdom (bank rate)	3.75	4.00	4.25	4.25	4.25
10-year yields	4.76	4.70	4.75	4.75	4.70
Japan (call rate)	0.75	1.00	1.00	1.25	1.25
10-year yields	2.42	2.20	2.30	2.40	2.40
EM Local (GBI-EM yield)	6.11			6.08	
Currencies	**Current**	**Jun-26**	**Sep-26**	**Dec-26**	**Mar-27**
JPM USD Index	106.6	107.1	106.4	106.5	106.5
EUR/USD	1.18	1.17	1.20	1.20	1.20
USD/JPY	158	158	160	164	164
GBP/USD	1.36	1.34	1.36	1.35	1.38
AUD/USD	0.72	0.73	0.71	0.69	0.69
USD/CNY	6.82	6.8	6.75	6.7	6.7
USD/KRW	1461	1440	1430	1430	1430
USD/MXN	17.22	17.40	17.35	17.30	17.30
USD/BRL	4.98	5.30	5.30	5.35	5.35
USD/TRY	44.85	46.00	47.50	49.50	51.00
USD/ZAR	16.21	16.40	16.40	16.00	15.70
Commodities	**Current**	**Jun-26**	**Sep-26**	**Dec-26**	**Mar-27**
Brent ($/bbl, qtr avg)	89	59	56	55	55
WTI ($/bbl, qtr avg)	83	55	52	51	51
Gold ($/oz, qtr avg)	4,874	5,530	5,900	6,300	6,440
Copper ($/metric tonne, qtr avg)	13,248	13,500	13,000	12,500	11,800
Aluminum ($/metric tonne, qtr avg)	3,675	3,800	3,600	3,400	3,200
Iron ore ($/metric tonne, qtr avg)	106	100	95	95	95
Wheat ($/bu, qtr avg)	5.9	5.6	5.6	5.8	5.7
Soybeans ($/bu, qtr avg)	11.62	11.00	10.50	11.00	11.00

Credit		Current	Dec-26
US High Grade (bp over UST)	JPM JULI	89	85
Euro High Grade (bp over Bunds)	iBoxx HG	91	90
US High Yield (bp vs. UST)	JPM HY	318	375
Euro High Yield (bp over Bunds)	iBoxx HY	329	300
EM Sovereigns (bp vs. UST)	JPM EMBIGD	244	280
EM Corporates (bp vs. UST)	JPM CEMBI	179	210

Source: J.P. Morgan

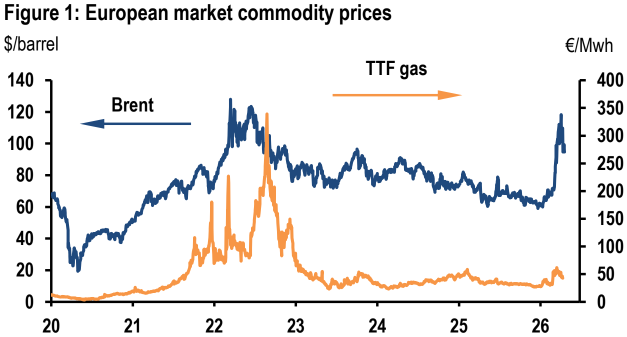
Raphael Brun-Aguerre AC (33-1) 8703 2409
raphael.x.brun-aguerre@jpmorgan.com
J.P. Morgan Securities plc
Mariana Monteiro AC (44 20) 3493-5147
mariana.reispaivamonteiro@jpmorgan.co
m

Euro area: Energy pass-through varies across countries

- **Brent pass-through to vehicle fuel HICP is similar across countries...**
- **...but gas and electricity price reactions are more heterogenous, reflecting local structure and regulation**
- **Policy responses to this energy shock are modest thus far, and uneven across countries**

The Middle East conflict is having a big impact on commodity prices, and on energy prices in particular (Figure 1). We have looked in detail at the pass-through of commodity prices into Euro area HICP prices. Here we focus on cross-country differences. The pass-through of Brent oil prices to consumer fuel prices is broadly similar across countries. Meanwhile, the pass-through of market energy prices to consumer gas and electricity prices varies greatly across countries, as wholesale and consumer market structures, regulations and policy interventions differ across countries. Policy responses to the current shock have largely focused on fuel prices and have created idiosyncratic consumer price dynamics at the country level. France stands out with a more muted policy response, due to significant fiscal constraints.

Figure 1: European market commodity prices

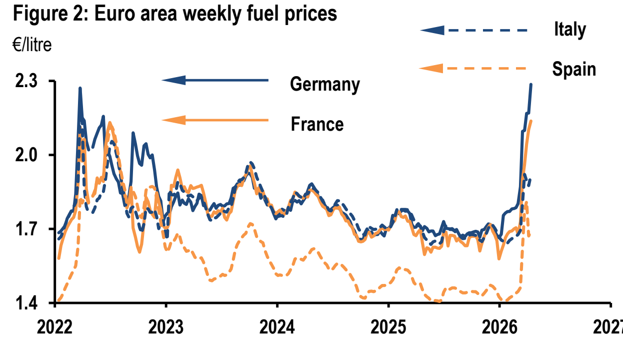


Source: Bloomberg, ICE, J.P. Morgan

Fuel pass-through: similar, with wrinkles

We estimate that a 10% increase in Brent prices lifts headline inflation by 0.11%-pt and that the pass-through to consumer fuel prices takes place quickly, within a few weeks. The pass-through of Brent prices to consumer fuel prices is normally very similar across the major Euro area economies (Figure 2). There have nonetheless been significant differences in recent weeks. EC's weekly fuel price data show that fuel prices last month jumped 16%m/m in Germany and Spain, 15%m/m in France and 10%m/m in Italy (Figure 2). Data so far for April suggest that fuel prices are up close to 10%m/m in Germany and France versus 4%m/m and 1%m/m in Italy and Spain, respectively. The lower readings in Italy (March and April) and Spain (April) are likely linked to the government's early response to lower fuel prices (see below). This week's announcement that the German government would offset some of the price increase in fuel prices will have an impact on German consumer prices in the coming weeks.

Figure 2: Euro area weekly fuel prices

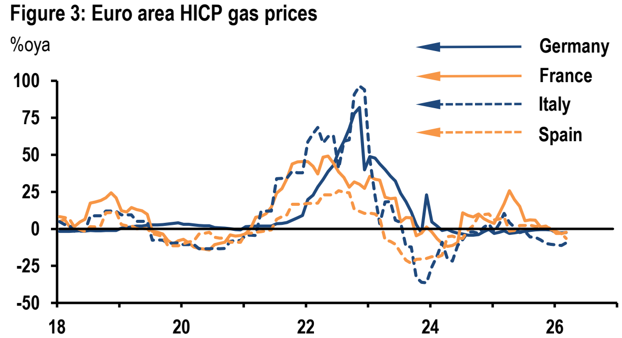


Source: European Commission, J.P. Morgan

Notable differences for gas and electricity

On gas and electricity, we estimate that a 10% increase in market gas and electricity prices would lift headline prices by 0.02%-pt and 0.03%-pt, respectively. But the pass-through of gas prices to consumer gas and electricity prices can be quite different across countries (Figures 3 and 4). For instance, Italian consumer prices have been particularly sensitive to higher gas prices in in 2022. Meanwhile, German HICP gas prices reacted with a longer lag to higher gas prices in 2021-22 and the response of German electricity prices at the time was modest. So far the response of gas and electricity prices to higher TTF prices since the start of the Middle East conflict has been modest when looking at HICP data through March.

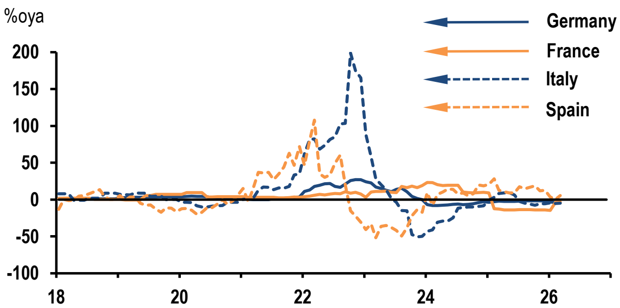
Figure 3: Euro area HICP gas prices



Source: Eurostat, J.P. Morgan

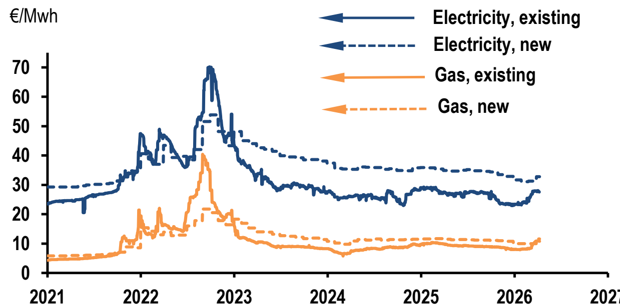
Raphael Brun-Aguerre AC (33-1) 8703 2409
raphael.x.brun-aguerre@jpmorgan.com
J.P. Morgan Securities plc
Mariana Monteiro AC (44 20) 3493-5147
mariana.reispaivamonteiro@jpmorgan.co
m

Figure 4: Euro area HICP electricity prices



Source: Eurostat, J.P. Morgan

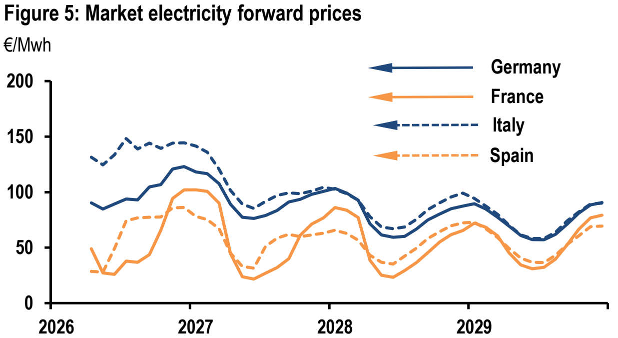
Figure 6: German electricity and gas contracts



Source: J.P. Morgan

Differences in pass-through reflect varying wholesale and retail market structures across countries. For a start, wholesale national prices can significantly diverge from TTF, Europe's benchmark. This reflects the different energy generation matrix and supply chains. Spain, for instance, has a greater reliance on LNG. Regarding electricity prices, gas-fired plants often set marginal prices, but to varying degrees across countries. Italy, for instance, is more dependent on gas for electricity production. These differences feed directly into wholesale power prices (Figure 5).

Figure 5: Market electricity forward prices



Source: J.P. Morgan

Consumer market structure also varies. France, for example, retained regulated electricity prices through the early part of the year (regulated gas prices ended in 2023). This mechanism meant that the government generally re-set consumer prices with a long lag. The public ownership of EDF, the main electricity production operator in France, also meant that France was able to limit increases in consumer prices during the 2022 gas supply shock episode. Consumer contracts can also vary significantly within a country. High-frequency data for Germany, for example, show that the price of gas and electricity for existing customers has changed modestly in recent weeks, while price changes have been more significant for new customers (Figure 6).

Uneven policy measures so far

While governments in the major euro area economies have begun rolling out relief measures to shield households and businesses from higher energy prices, the overall response remains modest—especially compared with 2022, when fiscal support across the region is estimated to have peaked at close to 2% of GDP. Measures have largely centred on containing the impact of higher fuel costs on households and providing targeted support to energy-intensive sectors (such as primary industries and haulage), where price increases tend to pass through more rapidly to end users.

The response to the current energy price shock has been uneven across countries (see Table 1). We have already provided a detailed analysis of these measures and their fiscal implications. In terms of HICP impact, Spain stands out with a relatively large package combining VAT and excise cuts, the suspension of certain energy taxes, fuel rebates, and targeted industry support. These measures are complemented by steps to protect vulnerable households and increase flexibility in energy contracts.

The package announced by the Italian and German governments will also impact near-term inflation significantly, by directly reducing fuel prices. Meanwhile, the French response will likely have a modest impact on HICP prices. France has announced targeted support for companies facing difficulties in the transport, fishing and agricultural sectors. The government is also working on measures aimed at controlling fuel distributors' margins. The French response contrasts with the 2022 episode. France at the time provided strong and direct support to consumers and producers by lowering gas and electricity prices, at a large fiscal cost. Current fiscal constraints (the deficit was 5.1% of GDP last year) mean that the government is unwilling to offset higher commodity prices this time. Pressure to do more across European countries is likely to build if the conflict persists and energy prices stay elevated. Nonetheless, European Commission President von der Leyen argued that fiscal measures need to be targeted and done with fiscal discipline in mind. She continues to rule out

Raphael Brun-Aguerre AC (33-1) 8703 2409
raphael.x.brun-aguerre@jpmorgan.com
J.P. Morgan Securities plc
Mariana Monteiro AC (44 20) 3493-5147
mariana.reispaivamonteiro@jpmorgan.com

suspending EU fiscal rules to manage the current shock.

Table 1: Fiscal measures with direct impact on headline HICP

	Measures	Impact (%-pt)
Germany	Lower fuel prices by €0.17 for 2 months	-0.3
France	Controlling fuel distributors' margins	<0.1
Italy	Lower fuel prices by €0.25 until mid-May	-0.6
Spain	10%-pt VAT cut for fuel, gas and electricity prices in 2Q	-0.8

Source: J.P.Morgan

Cross-country implications

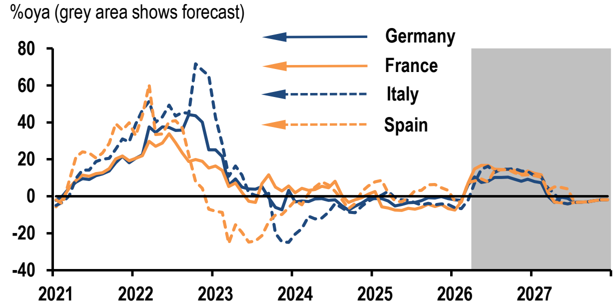
It remains unclear how the situation in the Middle East and hence energy prices will evolve over the coming months. We can nonetheless draw important conclusions from a near-term inflation point of view. The initial impact of the conflict on euro area inflation will be dominated by the price of Brent and its pass-through to fuel prices. Meanwhile, on the basis of current market energy prices, we expect the impact of domestic gas and electricity price changes on HICP will likely be moderate.

Since the pass-through of Brent prices to consumer fuel prices is similar across countries, cross-country differences will be dominated by national governments' responses to curb fuel price increases. All else equal, the measures announced so far would reduce German, Italian and Spanish headline inflation by 0.3%-pt, 0.6%-pt and 0.8%-pt, respectively, assuming a full pass-through and for as long as the measures stay in place (roughly until late 2Q). This will not fully offset commodity price increases, but is nonetheless significant as our modeling suggests that higher commodity prices would lift headline inflation by about 1.0%-pt in 2Q in the absence of offsetting measures. Our sense is that in Italy, where the government was quick to act, the response has already limited a rise in fuel prices in March, and close to half of the Spanish package is already visible through weekly fuel prices. The impact of the German measures should soon be visible — although there is still uncertainty around the start date (it is also notable that the weight of fuel in the HICP basket is less important in Germany than in the rest of the region). The impact of the announced measures in France will be modest.

With all that said, differences in energy price dynamics should be less heterogeneous at the country level than during 2022-23 (Figure 7), when the shock was concentrated on gas and electricity consumer prices, which generally have significant idiosyncratic dynamics at the country level.

Figure 7: Euro area energy price inflation

%oya (grey area shows forecast)



Source: Eurostat, J.P. Morgan

Table 2: Euro area HICP inflation by country

%oya, shaded area shows forecast

	Euro area	Germany	France	Italy	Spain
Quarterly readings					
26Q1	2.0	2.3	1.1	1.4	2.8
26Q2	3.1	2.9	2.4	2.5	3.2
26Q3	3.2	3.1	2.3	2.7	3.6
26Q4	3.1	2.7	2.6	3.6	2.9
27Q1	2.8	2.4	2.4	3.0	2.8
27Q2	2.0	1.9	1.5	1.8	2.5
27Q3	1.7	1.7	1.6	1.6	1.8
27Q4	1.8	1.8	1.7	1.7	1.9
Monthly readings					
Mar-26	2.6	2.8	2.0	1.6	3.4
Apr-26	2.9	3.2	2.3	1.9	3.1
May-26	3.1	2.8	2.5	2.8	3.3
Jun-26	3.2	2.9	2.3	2.8	3.2
Jul-26	3.2	3.0	2.2	2.5	3.6

Source: Eurostat, J.P.Morgan

Tingting Ge (852) 2800-0143
tingting.ge@jpmorgan.com
JPMorgan Chase Bank, N.A., Hong Kong Branch
Feng Zhu (852) 2800 1745
feng.zhu@jpmorgan.com
Jiayi Li (852) 2800-5229
jiayi.c.li@jpmorgan.com
Tongfang Yuan (852) 2800-0085
tongfang.yuan@jpmorgan.com

China's fiscal policy: mild expansion, tougher tradeoffs

- **Fiscal policy remains the key cyclical and structural lever, with focus on overall stance and spending mix**
- **Consumption support underwhelms: trade-in subsidies are smaller and narrower, services support absent**
- **Year-start FAI bounce was driven by front-loaded 15th FYP projects and expanded fiscal support**
- **Lower growth target adds policy flexibility and continuity; 2H fiscal top-up remains possible if needed**

Fiscal policy remains the centerpiece of this year's macro support as policymakers adopt a more pragmatic growth target that emphasizes quality and resilience over headline growth. Here, we assess the overall fiscal stance, the shift in spending between consumption support and investment, the composition and pace of bond issuance, and the planned use of fiscal resources for bank recapitalization and balance-sheet repair. We also examine the reaction function under the new targets—i.e., whether supplementary fiscal support in 2H 2026 may be triggered if momentum undershoots amid heightened tariff and energy-shock risks.

Another year of mild fiscal expansion

At the March NPC, the 2026 headline fiscal deficit was set at 5.89tr yuan (4% of GDP), broadly in line with our and market expectations. Bond quotas were slightly below what we had anticipated (Table 1). The CEWC emphasized tighter fiscal discipline and better spending efficiency, highlighting a challenging fiscal backdrop.

Table 1: China government bond issuance quota (RMB bn)

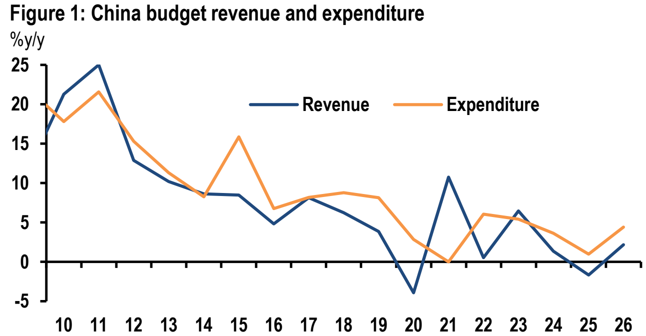
	General CGB& LGB	Special CGB	Special LGB	Swap LGB	Total
2021	3570	0	3650	0	7220
2022	3370	0	3650	0	7020
2023	3880	1000	3800	1389	10069
2024	4060	1000	4300	2000	11360
2025	5660	1300	4600	2300	13860
2026 (JPMe)	5960	1500	4500	2000	13960
2026 (GWR*)	5890	1300	4400	2000	13590

Source: MOF, J.P. Morgan. *GWR stands for Government Work Report.

The special central government bond quota is 1.8tr yuan. Major components include 1.3tr in ultra-long bonds (20/30/50Y) for the "two upgrades" (250bn consumer trade-ins; 200bn equipment upgrades) and the "two majors" (800bn, unchanged vs. 2025, for strategic investment such as high-tech manufacturing and key supply chains), plus 300bn yuan in shorter-tenor issuance for bank recapitalization (vs. 500bn in 2025) to replenish CET1 and support credit growth. The special local government bond quota is 4.4tr yuan, along with 2tr yuan for refinancing LGB, consistent with the multi-year debt-swap framework approved in late 2024. To ease local fiscal pressures, central transfers will rise further to a record 10.4tr yuan this year.

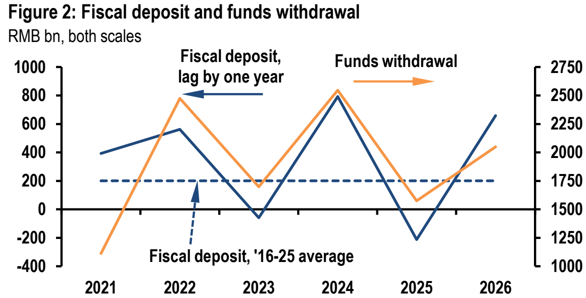
On-budget revenue growth is budgeted to rebound to 2.2% y/y from -1.7% in 2025, driven by firmer tax receipts and a smaller drag from non-tax revenue (Fig. 1). On-budget expenditure growth is targeted at 4.4% y/y (vs. 1.0% in 2025), implying the general on-budget deficit will widen to 8tr yuan (5.4% of GDP). The gap between official and general deficit—2tr yuan (1.4% of GDP)—is financed via fiscal deposit drawdowns and transfers from other fiscal accounts (Fig. 2). Despite the 500bn yuan supplementary package announced in 4Q (300bn for debt swaps/arrears and 200bn for projects) and a 1.7%pts revenue shortfall, the contraction in FAI deepened to 16%oya into year-end. Spending undershot the target by 3.2%pts (amid limited eligible items and project starts pushed into 2026), leaving a larger carryover of unused '25 proceeds.

Figure 1: China budget revenue and expenditure



Source: MOF, J.P. Morgan. 2026 is budget target

Figure 2: Fiscal deposit and funds withdrawal



Source: MOF, PBOC, J.P. Morgan

In the government-managed fund accounts, the MOF budgets revenue growth at 0.6% y/y and expenditure at 5.1%, but uncertainty is high given the reliance on land sales (about 72% of 2025 managed-fund revenue) amid a prolonged housing downturn and local-gov't purchases of idle land. Last year, managed-fund revenue fell 7%y/y versus a +7% budget

Tingting Ge (852) 2800-0143
tingting.ge@jpmorgan.com
JPMorgan Chase Bank, N.A., Hong Kong Branch
Feng Zhu (852) 2800 1745
feng.zhu@jpmorgan.com
Jiayi Li (852) 2800-5229
jiayi.c.li@jpmorgan.com
Tongfang Yuan (852) 2800-0085
tongfang.yuan@jpmorgan.com

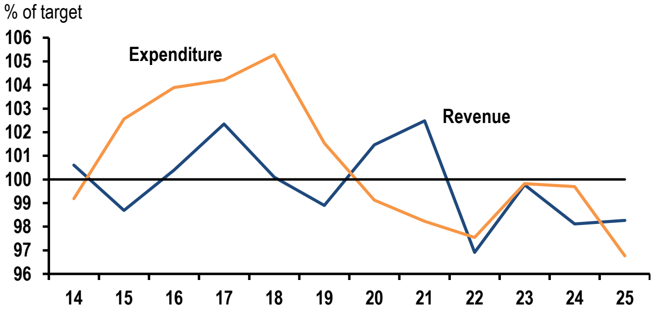
target, mainly as land sales underperformed. We expect land sales revenue to decline 10% this year given weak housing activity and tight developer liquidity. Even if revenues miss again, the hit to augmented deficit will be limited because much of the spending is mechanically tied to land transactions related costs (~80% of gross land sales proceeds).

Therefore, while the announced bond quota was slightly below expectations, a larger carryover of unspent 2025 proceeds and quasi-fiscal support (800bn yuan policy bank tool) lifts our estimated augmented fiscal deficit estimate to 11% of GDP. This implies a 0.3%pt fiscal thrust. Under our 4.7% baseline growth forecast, a supplementary budget looks unlikely given the lower growth target.

Impact of energy shock

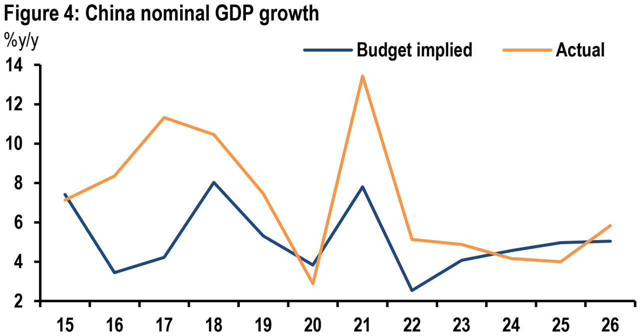
2025 on-budget revenue undershot the target by ~1.7%pts (Figure 3); tax receipts disappointed amid lingering deflation and soft domestic demand. Nominal GDP growth was 4%y/y, below the budget-implied 4.9%. For 2026, the official deficit level and deficit-to-GDP ratio forecasts are consistent with an assumed ~5% nominal GDP growth (Figure 4). Paired with the 4.5–5% real GDP target, this suggests the MOF effectively assumes a mildly positive GDP deflator. The recent energy price shock and earlier-than-expected pause in PPI deflation should help underpin that deflator assumption and support targeted revenue and spending improvement.

Figure 3: China fiscal revenue and expenditure vs. target



Source: MOF, J.P. Morgan

Figure 4: China nominal GDP growth



Source: MOF, J.P. Morgan. 2026 is a JPM forecast.

While many Asian economies (e.g., Japan and South Korea) have leaned on explicit fiscal subsidies to address the energy shock, China's approach has so far relied more on quasi-fiscal price smoothing. Under the NDRC mechanism, when crude is between US$80–130, SOE refiners' margins are progressively compressed until pricing is effectively zero-margin; and above US$130, authorities can invoke fiscal/tax tools to secure supply and, in principle, limit pass-through to gasoline/diesel prices. Reports indicate China has authorized SOE refiners to draw down commercial oil inventories to ease supply tightness as the Middle East conflict drags on and tightens global energy markets. If the conflict persists and oil prices stay elevated—especially above US$130/bbl—fiscal support becomes more likely, but it would probably be indirect and funded via budget reallocation rather than an incremental fiscal expansion, in our view.

Consumption support short of expectations

Fiscal expansion looks set to lean toward domestic-demand support, but the key question is composition—how much goes to consumption (e.g., trade-in subsidies) versus investment (e.g., infrastructure, equipment upgrades). "Consumption" has featured more prominently in recent economic-focused Politburo meetings (typically April/July/December), yet follow-through has remained modest.

Market enthusiasm around the 15th FYP's call for a "notable increase in consumption rate" has been tempered over time. Similar rebalancing language appeared in earlier plans (e.g., 12th FYP) after household consumption fell from 47% of GDP in 2000 to 35% in 2010, but the rebound was limited (~38%). The March release of the 15th FYP full plan still lacks concrete, high-impact measures, and China—like many Asian economies—continues to rely more on employment-led income growth than large-scale transfers or a welfare-state model. The 2026 budget's consumption tilt also underwhelmed (Table 2). The trade-in program remains largely goods-focused, and the anticipated expansion into service consumption (e.g., 100bn yuan in our prior forecast, for tourism, entertainment, healthcare, etc.) has not yet materialized.

With rapid aging and declining births, broader support for new births, childcare, and elderly care remains desirable but picked up only modestly. The main upside surprise was the launch of a 100bn fiscal-financial fund to subsidize interest costs on personal consumption, service-sector operating, and equipment-upgrade loans, among others. Assuming a 1% interest subsidy, 100bn yuan of dedicated fiscal funds could provide longer-term support for roughly 10tr yuan of household and private-sector financing demand. We estimate the 2026 budget's consumption support at 567bn yuan, slightly below 2025 and about 0.1% of GDP less than we had forecast.

Tingting Ge (852) 2800-0143
tingting.ge@jpmorgan.com
JPMorgan Chase Bank, N.A., Hong Kong Branch
Feng Zhu (852) 2800 1745
feng.zhu@jpmorgan.com

Jiayi Li (852) 2800-5229
jiayi.c.li@jpmorgan.com

Tongfang Yuan (852) 2800-0085
tongfang.yuan@jpmorgan.com

Table 2: Fiscal support for consumption (bn yuan)

Items	Official (2025)	JPMe (2026)	Official (2026)
Trade-in subsidies	300	400*	250
Basic pension	43	45	43
Basic Medicare	33	35	23
Minimum-living allowance	34	35	
Incentives for new births	100	100	100
Free preschool education	20	40	40
Elderly care	1.2		**10.9**
Interest subsidy loans	45	45	
Fiscal-financial tool			**100**
Total**	576 (0.4%)	700 (0.5%)	567 (0.4%)

Source: Government announcements, J.P. Morgan estimates. *incl. 100bn for services consumption; ** % of GDP in parentheses.

Gauging this year's trade-in subsidies

The trade-in subsidy quota came in smaller than expected at 250bn yuan and the program has shifted from broad, inclusive coverage to a more focused design. It concentrates resources on core categories, raises "green" eligibility thresholds, and strengthens nationally unified rules. The nationally defined subsidy scope is explicitly anchored to three main tracks: auto scrappage/upgrade and replacement, six major home appliances, and four categories of digital/smart products (Table 3).

Table 3: Consumer goods trade-in subsidies 2026 vs. 2025

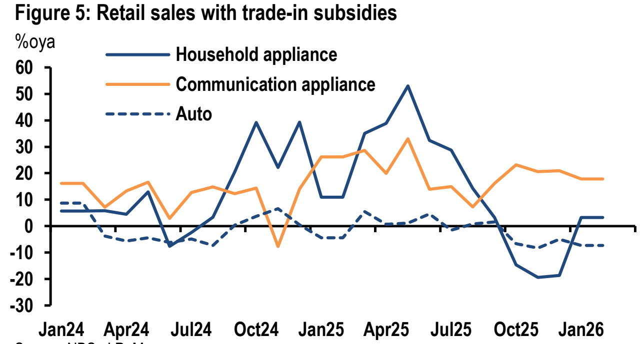
Category	2025	2026	Stance
Auto	Scrappage replacement: fixed amount: RMB 20k for NEV; RMB 15k for gasoline passenger car ≤ 2.0L.	Variable amount: NEV subsidy 12% (max. RMB 20k); gasoline ≤ 2.0L subsidy 10% (max. RMB 15k).	**Tighter**
	Trade-in: Capped amount up to RMB 15k for NEVs; up to RMB 13k for gasoline vehicles; implementation details set by local governments.	Variable amount: NEV subsidy 8% of vehicle price (max. RMB 15k); gasoline ≤ 2.0L subsidy 6% (max. RMB 13k).	
HH appliance	**12** categories: added microwave ovens, water purifiers, dishwashers and rice cookers.	**6** categories: refrigerator, washing machine, TV, AC, computer, water heater.	**Tighter**
	15% for Level-2 energy/water efficiency; 20% for Level-1.	15%: Level-1 energy/water efficiency only.	
	Max RMB 2k per item; 1 item per category per consumer (up to 3 air conditioners).	Max RMB 1.5k per item; 1 item per category per consumer.	
Electronics	3 categories: mobile phones, tablets, smart watches/wristbands.	4 categories: mobile phones, tablets, smart watches/wristbands, smart glasses.	**Slightly looser**
	Item price ≤ RMB 6k; 15% subsidy; 1 item/category/consumer; max RMB 0.5k per item.	Unchanged	

Source: NDRC, J.P. Morgan

For autos, subsidy caps are unchanged but the design has shifted from flat payouts to nationwide, price-linked percentages with caps, lowering effective support. For home appliances, coverage has narrowed and eligibility tightened to top-tier efficiency only, strengthening the green tilt while reducing generosity through tighter scope and caps. For digital and smart electronics, the program has expanded beyond traditional 3C to include more smart devices and a smart-home (incl. age-friendly) direction, while keeping subsidy intensity broadly stable. Outside these three core tracks, policy has shifted from national "encouragement" to greater local discretion to add categories and set rules within an overarching framework.

While the program could extend further, e.g.. into 2027, its marginal impact is fading as it pulls forward demand, implying a declining incremental fiscal multiplier over time. Near-term auto sales are under pressure (Fig. 5) as policy tailwinds fade. Tighter trade-in subsidies and less favorable EV purchase-tax treatment have created a demand "air pocket" after late-2025 pull-forward, keeping 1Q passenger-car retail sales in negative growth. A maturing market and higher penetration-driven competition are intensifying price pressure—especially in the 100–150k yuan segment—while high/misaligned inventories are forcing deeper discounting, which further drags down sales. We believe exports offer only a partial offset.

Figure 5: Retail sales with trade-in subsidies



Source: NBS, J.P. Morgan

President Xi's latest call to support services

At the National Conference on the Service Sector on April 7-8, President Xi noted that China's services sector has played a key role in supporting industrial upgrading, meeting livelihood needs and boosting employment since the 18th Party Congress. He called for developing services under the new development guidance with a focus on demand pull, deepened reform, technology enablement, and opening/cooperation, implementing actions to expand capacity and improve quality. Priorities include upgrading producer services toward greater specialization and higher value-chain positions, advancing consumer/livelihood services toward higher-quality, more diverse and convenient offerings, and building more "China services" brands, etc.

Tingting Ge (852) 2800-0143
tingting.ge@jpmorgan.com
JPMorgan Chase Bank, N.A., Hong Kong Branch
Feng Zhu (852) 2800 1745
feng.zhu@jpmorgan.com

Jiayi Li (852) 2800-5229
jiayi.c.li@jpmorgan.com

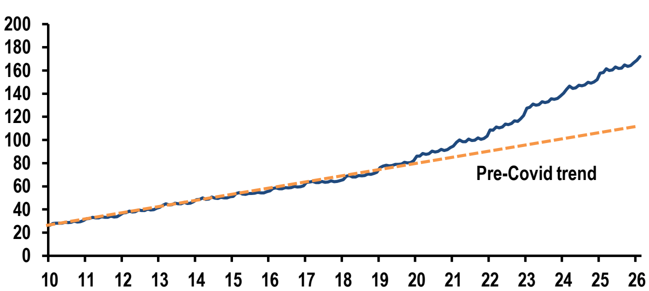
Tongfang Yuan (852) 2800-0085
tongfang.yuan@jpmorgan.com

Policy focus for services remains supply-centric: upgrading capacity and quality rather than rolling out broad demand-side subsidies. The underlying diagnosis is that insufficient, imbalanced, and low-quality service supply caps consumption upside. Even with better jobs and incomes, spending can still leak into savings, overseas consumption, or asset allocation. The approach is to use services as a breakthrough by channeling fiscal/financial resources toward providers that can deliver higher-quality offerings, reinforcing a better supply--> jobs-->income -->consumption loop and lifting the medium/long-term ceiling for household consumption. Expanding trade-in programs to cover select service-use scenarios—or earmarking a portion of existing funds to subsidize service consumption—remains plausible. However, any service-focused subsidies are likely to be immaterial, pilot-based, and tightly targeted, with smaller scale and intensity than goods subsidies. Accordingly, we remove the 100bn yuan services consumption support assumption from our forecast.

Reforms to encourage consumption

A broad consensus among policy advisors and researchers is that China needs to rebalance toward consumption and services, combining cyclical macro support with structural reforms. Our earlier work attributes weak consumption to muted income gains, negative housing-wealth effects, and precautionary saving (Figure 6) driven by job insecurity and a thin social safety net. Empirically, an IMF working paper (Xu et al., 2025) found that higher public spending on social security and healthcare lowers rural household saving rates (prefecture-level panel evidence), and that the 2014 new-urbanization push to grant urban hukou to rural migrants also reduced urban household saving.

Figure 6: China personal deposits
RMB tr



Source: PBOC, J.P. Morgan

A meaningfully higher consumption path requires a fiscal reallocation away from investment/manufacturing toward household-focused spending, alongside reforms that strengthen social protection. At the National Fiscal Work Conference late last year, Finance Minister Lan Fo'an highlighted stronger social protection and basic livelihoods. The most important near-term markers will be tangible measures that lift household income growth (e.g., minimum-wage dynamics and broader wage-support initiatives). Local pilots—such as nighttime tourism, neighborhood childcare facilities, and inbound "shop in China" programs—are encouraging at the margin, but progress toward a materially stronger safety net and healthcare system will be gradual, in our view.

Making sense of FAI's year-start rebound

FAI growth rebounded to +1.7%oya in 1Q from a 12.8% contraction in 4Q25. The pickup was driven by public FAI (+7.1%oya vs. private -2.2%) and a strong infrastructure rebound (+8.9%), with coverage expanded to include utilities alongside transport, water conservancy, and environment. We see the bounce as policy-driven—supported by the start of the 15th FYP and fiscal measures—after policymakers pledged at the CEWC to "stop the decline and stabilize FAI."

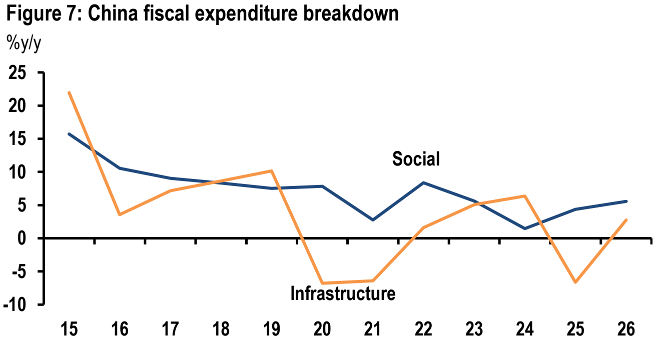
Reflecting typical front-loading—especially in the first year of a new FYP—the NDRC has flagged 109 major projects with planned investment of over 7tr yuan, spanning key national networks (water, power, computing capacity, next-generation communications, underground pipelines, logistics) and priorities such as integrated transport, consumption, AI+, and public services. On 31 December 2025, the NDRC said it had issued an advance first-batch of 2026 "two majors" projects and a central budget investment plan totaling 295bn yuan. This includes 220bn yuan for 281 "two majors" projects (e.g., pipeline networks, logistics, farmland) and over 75bn yuan for 673 central-budget projects (e.g., urban renewal, water conservancy, ecological restoration, pollution control, energy-saving and carbon reduction). This should enable earlier project starts.

On fiscal measures, we believe that the key levers include an expanded policy-bank capital tool (from 500bn to 800bn yuan) to provide equity-like funding for projects, alongside 755bn in on-budget funding (+20bn vs 2025) and 800bn in ultra-long special CGB financing. While the special LGB quota came in smaller than expected at 4.4tr yuan, the government work report signaled more project-linked quotas under separate management and greater allocation to regions with ready projects and strong execution—helping mitigate the drag from the hidden debt swap.

1Q special LGB issuance was also front-loaded, reaching 1.2tr yuan, 200bn higher than a year ago. More than 60% of the proceeds are allocated to infrastructure—mainly transport, industrial parks, and affordable housing—while the rest is earmarked for land reserves and debt repayment. On-budget infrastructure spending is also budgeted to return to growth (2.8% vs -6.6% in 2025), alongside incremental support for "investing in people" areas such as education, healthcare, and urban development (Figure 7). In Jan-Feb, budgeted infrastructure spending swung out of its 2025 contraction, while fund expenditure surged, likely on special LGB deployment.

Therefore, front-loaded project launches and an accelerated rollout of expanded fiscal funding supported the early-year rebound in FAI. While some payback could emerge later this year—potentially slowing investment growth sequential momentum, especially barring any additional government bond quota or other incremental funding sources, annual FAI growth could remain solid, given the low base in 2H.

Figure 7: China fiscal expenditure breakdown



Source: MOF, J.P. Morgan. 2026 is budget target

Will interim fiscal support happen again?

With this year's growth target lowered to a more pragmatic "4.5–5%", market participants are asking whether growth is becoming less of a priority—and whether that reduces the likelihood of additional policy support later this year. We view the lower target as a shift towards growth quality over a single headline number, while also giving policymakers more flexibility and greater continuity in macro responses. Last year's anti-involution campaign weighed on investment and production from 3Q onwards (though it could support medium-term supply–demand rebalancing) and was followed by additional fiscal support that leaned back toward investment—partly at odds with the earlier anti-involution stance.

Year-start growth has been strong—driven by exports and Lunar New Year–related seasonal consumption—but some of that momentum unwound in March. Looking into the rest of the year, we believe that uncertainties are rising. First, the Middle East conflict–related energy shock is likely to keep energy (and some commodity) prices elevated, adding to inflation pressure and weighing on activity. Second, a mix of policy and external headwinds—potential tariff increases following the IEEPA tariff ruling, the ongoing Section 301 review, the rollout of product-specific export tax rebate cuts, and energy-shock disruptions to external demand, trade flows, and supply chains—could cool export momentum. Under our 4.7% baseline full-year growth forecast, a supplementary budget appears unlikely considering the lower growth target. However, if downside risks to growth build and intensify in 2H, we wouldn't rule out an interim fiscal package—as has occurred repeatedly in recent years. The timing would depend on when the slowdown becomes clear, and its size on the extent of the loss in momentum—especially into 3Q.

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Michael S Hanson (1-212) 622-8603
michael.s.hanson@jpmchase.com

Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com

United States

- **Downside risks diminished at the end of the week with Iran reportedly declaring the Strait of Hormuz open**
- **But oil inventories are getting low, raising the urgency of a durable settlement to the Middle East conflict**
- **Latest business surveys, labor data constructive**
- **Next week: Warsh hearings, solid retail sales, watching if PMI services can recover**

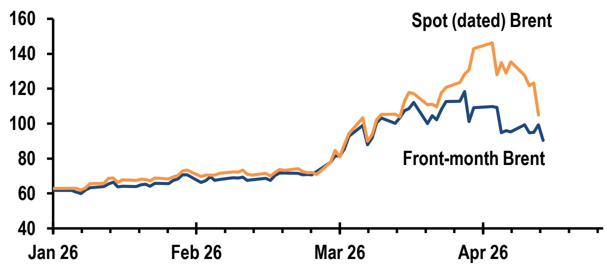
This week saw positive developments in the Middle East conflict that support our baseline view for continued US economic growth. On Friday, Iran's foreign minister reportedly said that, following the 10-day ceasefire between Israel and Lebanon, the Strait of Hormuz was "completely open" to commercial traffic. The front-month Brent contract, which is for June, promptly fell over $10 and is now back around $90 per barrel. Retail gasoline prices had already started to fall marginally.

President Trump noted that a blockade of Iranian ports would continue until a permanent peace deal could be reached, and suggested that further talks could happen this weekend. The temporary ceasefire between the US, Israel, and Iran is set to expire by the middle of next week, but that could get extended. Assuming the Strait can be re-opened, the question becomes how quickly oil could start flowing again. The last of the pre-war Persian Gulf cargoes have already reached their destinations and inventories are becoming low, with demand destruction in progress.

Earlier this month, our colleagues in Commodity Strategy outlined what would happen were the Strait to re-open, noting that financial prices would normalize far faster than physical flows. They estimated that about half of petroleum production could resume within the first three weeks, with most production back online within three to four months. Tanker traffic could remain low for a couple of weeks, then rapidly grow, exceeding 80% of prior levels within a month. Loaded cargoes can reach Asia in two weeks, and, assuming the Bab el-Mandeb is open, reach Europe in three weeks and the US East Coast/Gulf in just over four weeks.

Of course, there is no permanent peace deal yet in hand, so it's still worth noting the downside case. With Iranian oil now blockaded and other traffic still not recovered as of yesterday, the world economy is likely missing 15-16mbpd of supply. In a note earlier this week, our commodity strategists suggested that, even with meaningfully slower throughput by refiners, OECD commercial crude inventories could run down to operational minimums by early May. If that were to happen, petroleum prices would spike globally and more demand destruction would need to occur. Consequently, without a quick resolution, the outlook could turn decidedly more negative, although the US should be in a better position from a supply standpoint than Asia or Europe. One positive observation here is that spot prices for Brent, which had surged well above front-month futures prices, had already started to converge back to futures prices as of Thursday (Figure 1).

Figure 1: Spot Brent oil price vs. front-month Brent contract
$/bbl



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

Fed chairs: presumptive and pro tem

Turning from international to domestic political developments, the nomination hearing for Fed chair nominee Warsh has been set for next Tuesday. We expect support on the Senate Banking Committee to be split along party lines, but Republican Senator Tillis has pledged to block confirmation until the Department of Justice drops its investigation of Chair Powell. President Trump pushed back this week, saying the investigation should continue. If this impasse is not resolved by May 15, when Powell's chairmanship ends, we will enter an unprecedented period of uncertainty around Fed leadership. Powell has already indicated he would stay on as chair pro tempore, citing past precedent—although those prior instances did not face opposition from the president. This week Trump promised to fire Powell if he were to attempt to stay on as a governor after his term as chair ends.

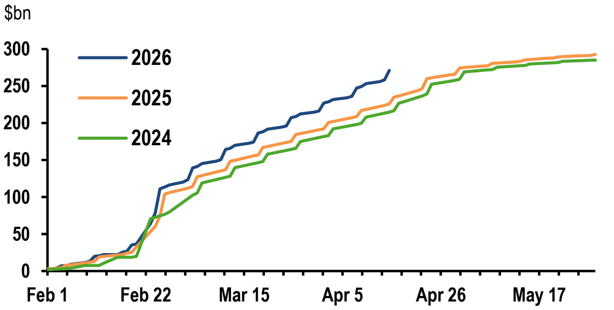
Even though a committee vote is not likely to happen this week, Warsh's hearing will be of interest to market participants. His strong advocacy for rate cuts is likely to run into questions about how he views the appropriate policy stance—especially as other more dovish Fed governors, including both Waller and Miran, this week indicated somewhat less support for easing given recent inflation data. Warsh also is likely to be quizzed on how he intends to maintain Fed independence. For his part, Warsh is likely to argue against "institutional bloat" and for a smaller balance sheet.

Beyond politics, next week's key data developments will be March retail sales and the April flash PMIs. Although gas prices spiked in March, our Chase card data has shown retail sales continuing to perform well, which could in part reflect the disbursement of tax refunds, which by mid-April were $36bn higher than the same time last year (Figure 2). On the

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Michael S Hanson (1-212) 622-8603
michael.s.hanson@jpmchase.com
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com

PMIs, the key thing to watch will be if PMI services can recover, after steadily falling since last July and dipping below 50 in March.

Figure 2: Cumulative individual income tax refunds



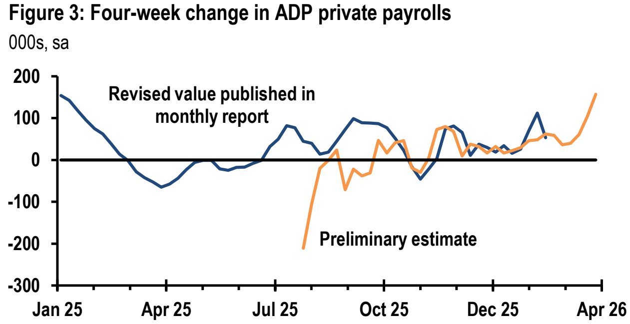
Source: Treasury Department, J.P. Morgan

Business sentiment steady amidst war

Beyond the risks from higher energy prices, one of the key near-term risks from the Middle East conflict is how that would translate into business confidence and hiring. Last month's business surveys didn't point to any significant change in confidence, which is positive. This week brought a few new data points, which were more mixed, though nothing that we would consider a game-changer.

On the business side, the Fed's Beige Book, which gathered responses through April 6, noted that "The conflict in the Middle East was cited as a major source of uncertainty that complicated decision-making around hiring, pricing, and capital investment, with many firms adopting a wait-and-see posture." On the other hand, the summary of labor markets said employment was "steady to up slightly" in almost all districts, reasonably close to other recent Beige Books. Moreover, high-frequency hard data on employment has been positive. Initial jobless claims were just 207k as of mid-month, continuing claims remain near two-year lows, and ADP's four-week average private payroll growth was accelerating through the end of March (Figure 3).

Figure 3: Four-week change in ADP private payrolls



Source: ADP, J.P. Morgan

The early April regional Fed surveys were also broadly constructive. Current activity measures in the Empire and Philadelphia Fed manufacturing surveys both improved, which suggests that IP will grow again after what may have been a temporary setback in March. Forward business confidence did weaken somewhat in the Empire and FRBNY services surveys, but held steady in the Philadelphia survey.

Price pressures remain a concern

The core PPI, like the core CPI the week before, surprised modestly to the downside, but the overall pattern of price developments still points to underlying inflation trends remaining firm. Naturally the spike in energy prices is making it harder to extract the signal on non-energy prices from the business surveys, but the Beige Book remarked that "Input cost pressures beyond energy-related increases were also widespread." Nonfuel import prices continue to rise at a brisk pace, and our estimate of core PCE inflation for March is 0.32%m/m, which could lift the over-year-ago rate from 3.0% to 3.2%, the highest since the start of 2024.

Oil shock adds to housing market woes

Before the outbreak of conflict in the Middle East, improving affordability metrics had provided a hopeful signal that lackluster housing activity would pick up into the spring buying season. In the event, mortgage rose 40bp from the first week of March to the first week of April. Additionally, consumer confidence slid against the backdrop of heightened uncertainties. Incoming activity data for March reflect this more challenging environment. Existing home sales fell 3.6% last month to a nine-month low, and the NAR's Housing Affordability Index posted its first decline since June 2025.

On the supply side, builder confidence in the NAHB's monthly housing market index dropped four points to a seven-month low in April, while expected sales over the next six months tumbled seven points to its lowest reading since last June. The press release noted the feed-through of higher fuel prices into building material costs. A potential reopening of the Strait of Hormuz would provide some relief, but the normalization of input costs and reversal of recent demand destruction may take time.

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Michael S Hanson (1-212) 622-8603
michael.s.hanson@jpmchase.com

Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com

Data releases and forecasts

Sources for all: ADP/Moody's Analytics, BEA, BLS, Census Bureau, Conference Board, Department of Labor, Federal Reserve Board, ISM, J.P. Morgan forecasts, NAHB, NAR, NFIB, NY Fed, Philadelphia Fed, S&P Global, Standard & Poor's, University of Michigan, US Treasury

Tue
Apr 21
8:30am

Retail sales
%m/m, sa

	Dec	Jan	Feb	Mar
Total	0.0	-0.1	0.6	1.6
Ex autos	0.0	0.0	0.5	1.6
Ex autos and gas	0.0	0.2	0.4	0.6
Building materials	1.1	0.6	0.4	0.3
Vehicle dealers and parts	0.0	-0.7	1.2	1.5
Gasoline stations	0.4	-1.9	0.9	12.9
Food services	-0.4	-0.2	0.4	1.0
Control group[1]	0.0	0.2	0.5	0.5
Ex. autos and building mat.	-0.1	0.0	0.5	1.7

1. Total ex. gasoline, automotive dealers, building materials, and food serv.

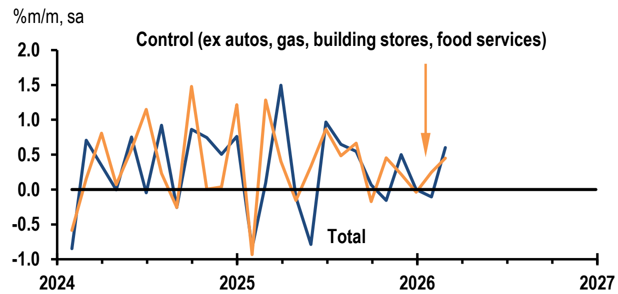
Rising gasoline prices should have caused a sizable increase in March retail sales, which we forecast rose 1.6%. But we also expect that non-gas sales were also quite strong. Unit auto sales rose 3.7% m/m, supported by a 4.3% m/m uptick in incentive spending by automakers coupled with continued normalization in temperatures, as noted by our auto equities team. They mention that demand for automobiles has not reflected a hit from the Middle East conflict, although there are some downside risks to the category from rising pass-through of tariff costs. We also look for a 13% m/m spike in sales at gasoline stations, as retail gasoline prices rose 25% m/m amid the surge in global energy prices arising from the Middle East conflict.

Even outside of autos and gasoline, we look for a firm 0.6% m/m uptick in sales. That includes a solid 1.0% m/m increase in food services, as informed by our Chase card data[1]. We look for slower growth in building material store sales, as earlier growth was possibly buoyed by demand for snow clearing and heating equipment amid unusually cold weather.

The control group (excluding food services, autos, gas, and building material stores) is expected to rise 0.5% m/m, with that forecast based on our Chase card data. We recently discussed the implications for the boost from OBBBA tax cuts amid rising energy prices, noting that total benefits could be concentrated in lower April payments, which should keep consumer spending on a strong trajectory in the coming months. The Chicago Fed CARTS indicator, which incorporates high-frequency data on retail transactions, foot traffic, gasoline sales, and consumer sentiment, points to a 1.3% m/m rise in retail and food services sales ex. autos for March.

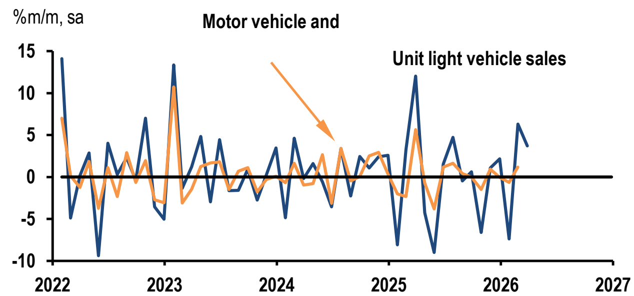
1. Source: JPMorgan Chase Bank, NA, JPMC Index File 2.0, select Chase credit and debit card transaction data. See here for disclaimers and methodology

Retail sales and food services sales: total and control



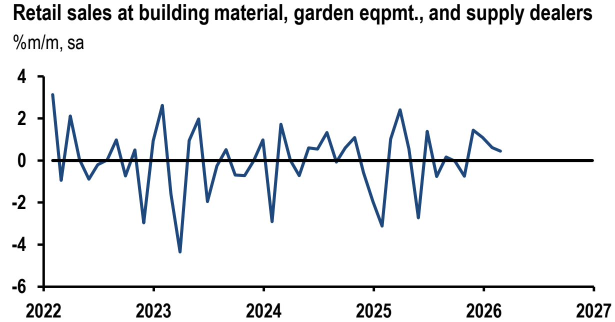
Source: Census Bureau, J.P. Morgan

Unit vehicle sales vs sales at motor vehicle and parts dealers



Source: BEA, Census Bureau, J.P. Morgan

Retail sales at building material, garden eqpmt., and supply dealers



Source: Census Bureau, J.P. Morgan

Tue
Apr 21
10:00am

Pending home sales
sa, unless noted

	Dec	Jan	Feb	Mar
Total (mn, ar)	71.5	70.8	72.1	73.2
%ch m/m	-7.4	-1.0	1.8	1.5
%oya (sa)	-3.4	-0.6	-0.8	-1.8

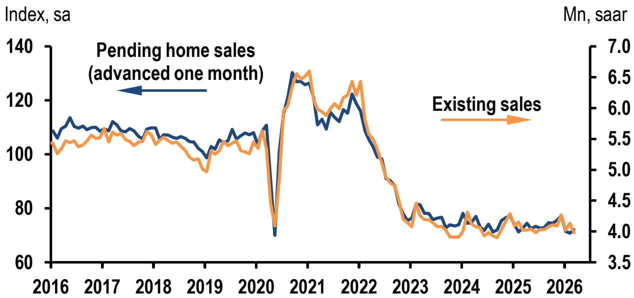
We project that pending home sales rose 1.5%m/m in March to 73.2. Inclement weather pushed sales sharply lower around the turn of the year, and February's partial rebound reflected some normalization from that distortion. Mortgage purchase applications rose 6.4% in March, only partially recovering from a weak February, and the improvement in applications has consistently outpaced realized sales in recent months. Looking ahead, a 40bp rise in mortgage rates in March—driven by higher Treasury yields amid an escalating Mideast conflict—is likely to weigh on sales in upcoming reports. The lock-in effect continues to keep many potential buyers and sellers on the sidelines.

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Michael S Hanson (1-212) 622-8603
michael.s.hanson@jpmchase.com

Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com

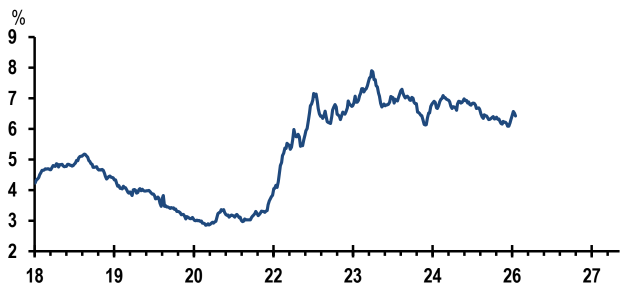
The February pending home sales report attributed a 1.8%m/m rise in sales to improving affordability conditions, but cautioned that "those conditions could reverse if higher oil prices lead to an uptick in mortgage rates." That warning has since proved prescient. Existing home sales, which lag pending home sales by one to two months, fell 3.6%m/m to a nine-month low in March.

Pending home sales and existing home sales



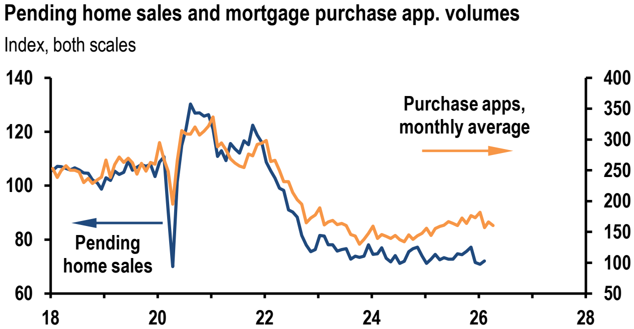
Source: NAR, J.P. Morgan

FRM 30-year contract interest rate



Source: MBA, J.P. Morgan

Pending home sales and mortgage purchase app. volumes



Source: NAR, MBA, J.P. Morgan

Thu
Apr 23
8:30am

Jobless claims
Thousands, sa

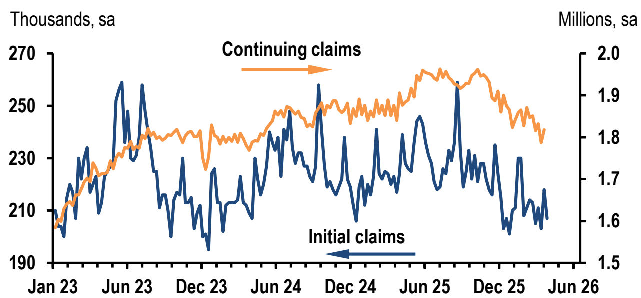
	New claims (wr.)		Continuing claims		Insured
	Wkly	4-wk avg	Wkly	4-wk avg	Jobless,%
Feb 7	230	220	1865	1847	1.2
Feb 14[1]	208	220	1827	1848	1.2
Feb 21	211	220	1871	1856	1.2
Feb 28	214	216	1847	1853	1.2
Mar 7	213	212	1851	1849	1.2
Mar 14[1]	205	211	1816	1846	1.2
Mar 21	211	211	1832	1837	1.2
Mar 28	203	208	1787	1822	1.2
Apr 4	218	209	1818	1813	1.2
Apr 11	207	210			
Apr 18[1]	215	211			

1. Payroll survey week

We project initial jobless claims to inch up to 215k in the week ending April 18, from 207k in the prior report. The series has been moving below recent years since the middle of March, apart from a brief spike at the beginning of April. Claims in the week prior to Easter Sunday have historically marked a weekly increase, although the 15k rise this year was a bit higher than in the past few years.

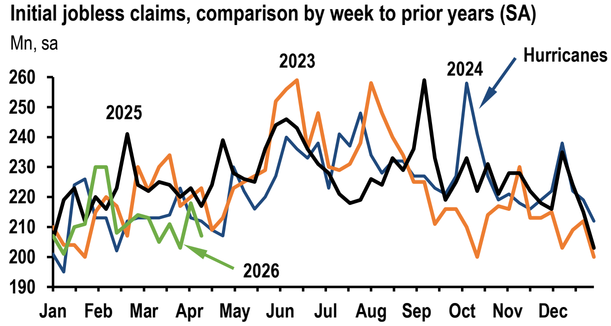
Continuing claims moved higher in the latest report to 1.818mn from 1.787mn in the last week of March, which had marked the lowest level in two years. The four-week average continues to mark cycle-low over-year-ago readings, moving to -2.9% in the week ending April 4. The downward drift in continuing claims suggests that the unemployment rate may have peaked or be about to peak soon.

Jobless claims



Source: Department of Labor, J.P. Morgan

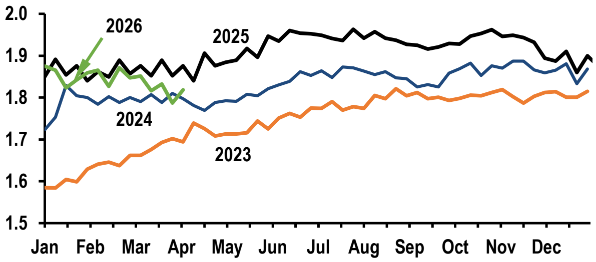
Initial jobless claims, comparison by week to prior years (SA)



Source: Department of Labor, J.P. Morgan

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Michael S Hanson (1-212) 622-8603
michael.s.hanson@jpmchase.com
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com

Continuing jobless claims, by week of the year (SA)
Mn, sa



Source: Department of Labor, J.P. Morgan

Thu
Apr 23
9:45am

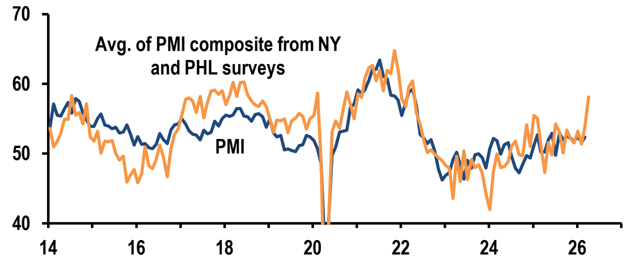
S&P Global manufacturing PMI (US flash)
Index, sa

	Mar 25	Mar 26	Apr 26
Composite	50.2	52.3	53.0
Output	48.6	53.2	
ISM-weighted composite	50.2	52.2	

We expect the flash manufacturing PMI to tick up to 53.0 in April from 52.3 in March, as the sector continues to grow at a steady pace despite mounting inflationary pressure. The Empire and Philadelphia Fed regional manufacturing surveys marked large increases through the month, with the average PMI-adjusted composite rising to 58.1 from 53.8. The measure of output in the PMI survey had reached one of the best levels in the current cycle in January at 55.2 before moving 2 points lower through the rest of the quarter. However, new orders have been on an upward trajectory since the year-low level in December, marking 52.2 in the recent March report. Stocks of finished goods have fallen to the lowest level since September 2023, which could boost production activity in the coming months as new orders remain stable.

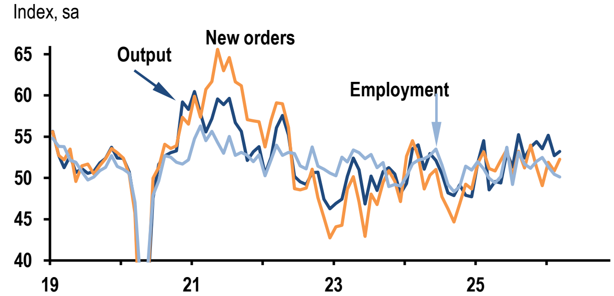
Price pressures intensified in the latest print, with a 3.7-point rise in input prices and a larger 4.7-point increase in output prices. The series could remain elevated as global energy prices persist at high levels due to the ongoing Middle East conflict. While the index for backlogs of work has risen in recent months to 52.7, the highest since the fall of 2022, the employment index has declined by 2.4 points since the end of last year.

Manufacturing PMI and regional survey PMI composites
Index, sa



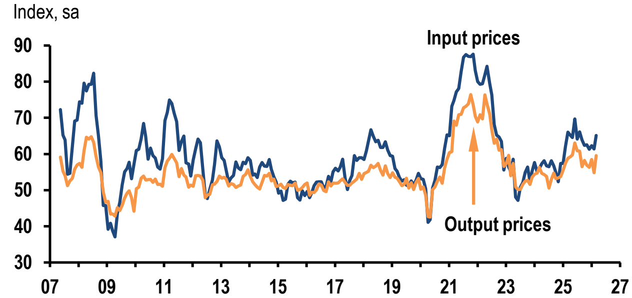
Source: S&P Global, New York Fed, Philadelphia Fed, J.P. Morgan

Manufacturing PMI: output, new orders, and employment
Index, sa



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

Manufacturing PMI: prices
Index, sa



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

Thu
Apr 23
9:45am

S&P Global services PMI (US flash)
Index, sa

	Mar 25	Mar 26	Apr 26
Business activity	54.4	49.8	51.0
New business	53.7	50.8	

We look for business activity in the flash services PMI in April to rise to 51.0 from 49.8 in March, which marked the lowest level in over three years. The series has been declining since July, well before the recent surge in global energy prices. The recent release noted that "Worst hit is consumer-facing service sectors where, barring the pandemic lockdowns, the downturn reported in March was among the steepest recorded since data were first available in 2009." While the PMI survey does not cover the retail sector, retail sales and payrolls have held up, and lower tax payments around mid-April could boost activity in the sector.

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Michael S Hanson (1-212) 622-8603
michael.s.hanson@jpmchase.com

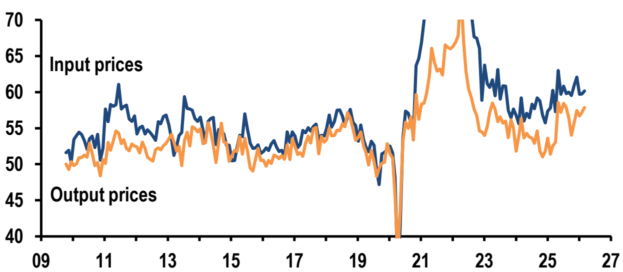
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com

The employment index also hit its lowest level in just over a year, despite payroll growth largely holding in. This was coupled with a 2.7-point drop in backlogs of work. The rise in input prices has been benign since the recent peak in December, despite rising energy prices. However, the output price index has risen close to levels seen in the middle of last year. Expectations of future activity moved to 61.5 from 63.4 in February, which could signal some downward pressure from the Middle East conflict.

Services PMI: business activity and components
Index, sa

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

Services PMI: prices
Index, sa



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

Services PMI: future business activity
Index, nsa

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

Fri
Apr 24
10:00am

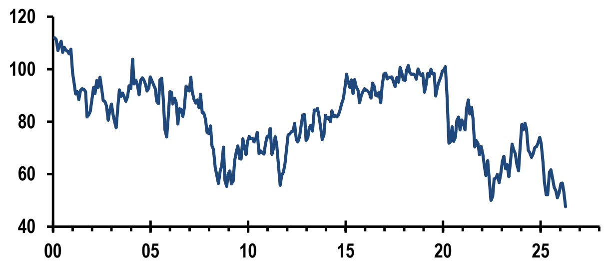
Consumer sentiment

	Feb	Mar	Pre Apr	Fin Apr
Univ. of Mich. Index (nsa)	56.6	53.3	47.6	49.0
Current conditions	56.6	55.8	50.1	
Expectations	56.6	51.7	46.1	
Inflation expectations				
Short term	3.4	3.8	4.8	
Long term	3.3	3.2	3.4	

We expect the University of Michigan consumer sentiment index to inch up to 49.0 in the final April print from 47.6 in the preliminary report. The press release attributed the recent drop to the the Middle East conflict, with the headline index falling to historically low levels. Much of the preliminary survey captured responses prior to the ceasefire announcement, and coupled with improving equity prices, the final report could mark a better reading.

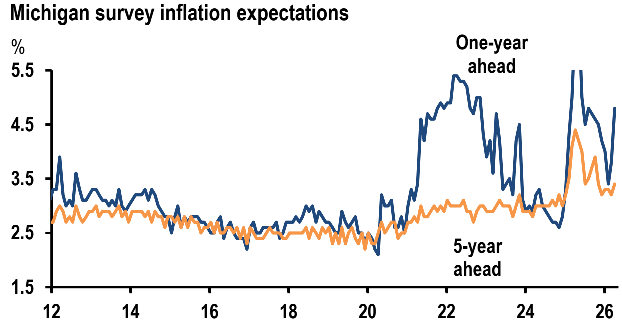
The recent decline was broad-based across both the current conditions and expectations indexes. Consumer expectations of inflation rose in response to the surge in gasoline prices, although they remain lower than the levels seen in 2025 when respondents were concerned about tariff-linked price hikes. One-year inflation expectations rose by 100bps between March and April to 4.8%, while 5-year ahead inflation expectations moved 20bps higher in the same period to 3.4%.

U. of Michigan consumer sentiment index
Index, nsa



Source: University of Michigan, J.P. Morgan

Michigan survey inflation expectations



Source: University of Michigan, J.P. Morgan

Review of past week's data

Sources for all: ADP/Moody's Analytics, BEA, BLS, Census Bureau, Conference Board, Department of Labor, Federal Reserve Board, ISM, J.P. Morgan forecasts, NAHB, NAR, NFIB, NY Fed, Philadelphia Fed, S&P Global, Standard & Poor's, University of Michigan, US Treasury

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Michael S Hanson (1-212) 622-8603
michael.s.hanson@jpmchase.com

Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com

Existing home sales (Apr 13)

	Jan	Feb	Mar	
Total (mn, saar)	4.02	4.09	~~4.05~~	*3.98*
%m/m	-5.85	1.74	~~-0.98~~	*-3.63*
%oya nsa	-5.00	0.00	~~0.75~~	*3.81*
Months' supply (nsa)	3.80	3.80		*4.10*
Median price (%oya)	0.41	0.30		*1.41*

Existing home sales slumped 3.6% in March to a nine-month low of 3.98mn. Sales are now down 2.5% over the last six months as a recent rise in Treasury yields has left mortgage rates higher than at any point over this period. Data on inventories point to still-sluggish growth, with homes for sale up just 2.3% on a year-ago basis in March compared to 7.3% in February. NAR Chief Economist Lawrence Yun described limited supply as "a major constraint on the market." The press release also noted that lower consumer confidence and softer job growth are weighing on transactions. Median price growth firmed, with prices rising 1.4%oya in March. Sales declined across all four regions on the month, with the Northeast falling to its lowest level on record.

PPI (Apr 14)
%m/m, sa, unless noted

	Jan		Feb		Mar	
Final demand	0.5		0.7		~~0.9~~	*0.5*
%oya (nsa)	2.9		3.4		~~4.4~~	*4.0*
Core	~~0.8~~	*0.8*	0.5		~~0.5~~	*0.1*
%oya (nsa)	3.5		~~3.9~~	*3.8*	~~4.2~~	*3.8*
Energy	-2.3		~~2.3~~	*2.1*	~~7.8~~	*8.5*
Food	-1.4		~~2.4~~	*2.4*	~~1.0~~	*-0.3*
Core goods	0.7		0.3		0.4	
Services	~~0.8~~	*0.8*	0.5		~~0.5~~	*0.0*
Construction	1.1		~~0.1~~	*0.1*	~~0.2~~	*0.1*
Intermed. processed goods		*0.1*		*1.6*		*2.6*
Core intermed. processed		*0.5*		*0.8*		*0.7*

The surge in energy prices caused the headline PPI to rise 0.5%m/m (4.0%oya) in March. The core was much more contained, rising just 0.1%, the lowest monthly print since August. While energy prices rose 8.5%m/m, food prices actually fell 0.3%. It may take some time for higher energy and fertilizer costs, if sustained, to feed into food prices. Grains, which are one area potentially subject to more immediate price pressures, rose 8%, the most in close to two years. The March slowdown in core inflation was reflected in both goods (0.2%m/m) and services (0.0%). Trade services, which capture wholesale and retail margins, can sometimes have a large impact on the core, but that was not the case in this report, as the core ex trade services rose 0.2%, similar to overall core. For goods, the moderation was in both consumer and capital goods. The price of output from the computer and electronics industry, which had surged in January and February along with strong AI demand, settled back down in March.

Import prices (Apr 15)
%m/m, nsa, unless noted

	Jan	Feb		Mar	
Import prices	-	~~1.3~~		~~2.0~~	
%oya	~~0.3~~	~~1.3~~	*1.0*	~~3.8~~	*2.1*
Ex-fuel import prices	-	~~1.1~~		~~0.4~~	
%oya	~~1.5~~	~~2.5~~	*2.2*	~~3.0~~	*2.8*

Import prices rose 0.8%m/m (2.1%oya) in March, less than expected (JPMC: 2.0%m/m, consensus: 2.3%), and non-petroleum prices rose only 0.1%, but ex-fuel prices rose 0.6%, which was another firm print. The increasing cost of computer components again provided a lift, albeit not as much as February's record jump, and there were also broad gains across other non-fuel segments. Like with the CPI and PPI, the surge in energy prices from the Mideast conflict lifted the headline, including a 9.4% rise in imported petroleum prices. Outside of petroleum, a record 71% drop in natural gas prices held down import prices. The BLS noted that with this release it was switching from directly collecting import natural gas prices to using Census trade records, and some industry resources for gaseous natural gas, which make up the vast majority of natural gas imports.

Away from energy, capital goods prices continued to rise at a brisk pace, driven by ongoing increases in computer-related prices. Computer prices rose 1.0%m/m, following the record 3.3% rise in February, as AI demand has pushed up component costs. But the increase in non-fuel prices was 0.6%, both with and without computers, reflecting the broad-based nature of the March price rise.

Empire State manufacturing (Apr 15)
Diffusion indices, sa

	Feb	Mar	Apr	
General bus. conditions	7.1	-0.2	~~4.0~~	*11.0*
New orders	5.8	6.4		*19.3*
Shipments	-1.0	-6.9		*20.2*
Employment	4.0	5.8		*9.8*
Delivery times	4.0	13.7		*12.1*
Inventories	7.1	6.9		*5.1*
Prices paid	49.1	36.6		*51.0*
Prices received	22.2	21.4		*21.8*
Composite	52.0	52.6		*56.7*

Empire State manufacturing survey marked a strong print for April, with the general business conditions index rising to 11.0 from -0.2 in the prior month. This pushed the ISM-adjusted index to a cycle-high print of 56.6, continuing the steady rise since December. The growth was broad-based across most components, apart from inventories, which ticked down slightly by 1.8 points.The impact of the Middle East conflict was evident in higher prices paid, and perhaps lower future business expectations. In the prior report, the gap between new orders and shipments had risen to the highest level in the current cycle, corresponding with a large 17.3-point jump in unfilled orders. While that gap has normalized to usual levels, unfilled orders remain elevated, moving down by just 1.7 points.

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA

Michael S Hanson (1-212) 622-8603
michael.s.hanson@jpmchase.com

Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com

Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com

Homebuilders survey (Apr 15)
Sa

	Feb	Mar		Apr	
Housing market	37	~~38~~	*38*	~~37~~	*34*
Present sales	41	42			*37*
Sales: next 6 months	47	~~49~~	*49*		*42*
Prospective buyer traffic	22	25			*22*

The NAHB housing market index fell 4 points to a seven-month low of 34 in April, as conflict in the Middle East has increased economic uncertainty and pushed up building material costs. The measure of builder confidence remains well below both historical norms and the breakeven level of 50, indicating that most builders view market conditions as unfavorable. After some stabilization earlier this year, the index has fallen back to its lowest level since September of last year. According to the NAHB, energy costs account for 4% of residential construction material input and service costs. 70% of builders reported difficulty pricing homes in April given uncertainty around material costs. Against this backdrop, builders appear to be pulling back slightly on incentives even as demand conditions remain weak.

Industrial production (Apr 16)
%m/m,sa,unless noted

	Jan		Feb		Mar	
Industrial production	~~0.7~~	*0.0*	0.2		~~0.0~~	*-0.5*
Manufacturing	~~0.8~~	*0.6*	~~0.2~~	*0.4*	~~0.1~~	*-0.1*
Motor vehicles & parts	~~2.4~~	*2.4*	~~1.7~~	*2.6*	~~-2.6~~	*-3.7*
High-tech	2.6			*-0.9*		*0.7*
Mfg ex motor vehicles	~~0.7~~	*0.5*	~~0.1~~	*0.2*	0.3	
Business equipment	~~0.9~~	*1.0*		*0.4*		*-0.3*
Mining	~~0.9~~	*-0.2*	~~0.8~~	*2.1*	~~0.6~~	*-1.2*
Utilities	~~0.1~~	*-3.5*	~~-0.6~~	*1.8*	~~-0.9~~	*-2.3*
Capacity utilization (%,sa)	~~76.3~~	*75.7*	~~76.3~~	*76.1*		*75.7*
Manufacturing	~~75.6~~	*75.3*	75.6			*75.3*

Mining and utilities were both a drag on headline IP in March, though the manufacturing sector also fell 0.1% m/m. For the full first quarter, manufacturing rose 3.0% q/q saar as output recovered from a lull in late 2025, with February and March readings similar to the recent highs of last summer. Despite a 3.7% m/m increase in auto sales in March, production fell by 2.3% m/m in the category. However, excluding autos, manufacturing IP rose 0.1% m/m to the highest level since October 2022, led by many types of non-auto durable manufacturing, as well as petroleum. Select high-tech industries have been contributing significantly to manufacturing, fueled by surging demand from data center buildouts. Despite the surge in oil prices, the mining index for oil and gas well drilling fell 2.4%, hitting the lowest level since the middle of last year. Utilities plunged 2.3% m/m, normalizing from elevated heating demand driven by the cold weather in February.

Philadelphia Fed manufacturing (Apr 16)
Diffusion indices, sa

	Feb	Mar	Apr	
General bus. Conditions	16.3	18.1	~~10.0~~	*26.7*
New orders	11.7	8.6		*33.0*
Shipments	0.3	22.2		*34.0*
Employment	-1.3	0.8		*-5.1*
Delivery times	-9.9	18.9		*1.7*
Inventories	-0.2	1.4		*-1.9*
Prices paid	38.9	44.7		*59.3*
Prices received	16.7	21.2		*33.5*
Composite	50.1	55.2		*56.2*

The general business activity index climbed from 18.1 to 26.7. Growth was broad-based across most components apart from employment and inventories, causing the ISM-weighted composite to increase from 55.2 to 56.2. Much of the detail in the survey mirrored the recent Empire print, apart from the employment index, which dropped to -5.1 from 0.8 in the prior month, continuing its decline since the beginning of the year. Price pressures intensified through the month, with the prices paid index jumping to 59.3 from 44.7 in March, and, contrary to the Empire report, the prices received index also increased materially to 33.5 from 21.2. Future expectations for general business were little impacted by the Mideast conflict, broadly moving sideways at a robust level. Capex expectations also improved by 9.4 points to one of the best levels in the current cycle.

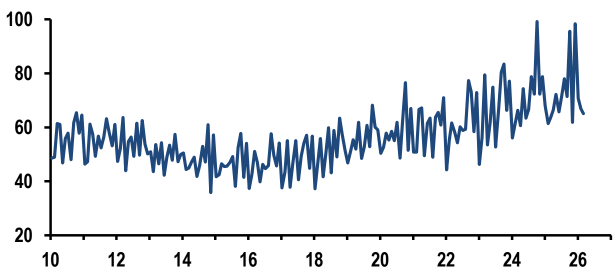
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
JPMorgan Chase Bank NA
Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com

US Focus: NIPAs go to war

Most US economic commentary on the Middle East conflict has focused on the impact of higher energy prices. In this piece, we focus on how the associated military outlays can affect economic data. The monthly Treasury statement for March, the first full month of the conflict, showed little evidence of clearly higher spending (Figure 1). The data are noisy and contain a lot of seasonality, but even after employing standard adjustment methods, there is still no impression of a noticeable impact of the conflict.

Figure 1: Monthly defense spending

$bn



Source: US Treasury

This contrasts with reports that the conflict could be costing the US$1-2 billion per day. If that were true, and that spending were to flow through to GDP, the impact on annualized GDP growth could be significant. But there are several reasons why one should map these cost estimates onto GDP.

The first reason is that the cost estimates that have been reported primarily reflect the consumption of goods that are in inventory, not new production. For instance, the DoD reportedly told Congress that the first six days of the war cost $11bn. While the government hasn't released a breakdown of that figure, the CSIS estimates that it can be entirely accounted for by the use of munitions, such as missile interceptors or bombs. Moreover, conflict intensity has waned, so the speed at which munitions are coming out of inventory has slowed. While depleting these inventories creates future demand, that won't show up in GDP until the government takes delivery of replacements. This idea also applies to costs associated with the loss of aircraft or other equipment.

The second point is that while the White House has proposed large increases in defense outlays, those are just proposals. Members of Congress have had little to say on the White House's proposed $500-600bn increase in the defense budget for FY27, of which $350bn would come via another reconciliation bill. While a reconciliation bill can be passed with a simple majority, deficit concerns are already high in Congress, so the final defense budget could be well below the proposed increase. As for the FY26 budget, enacted appropriations for selected DoD missile defense and munitions programs only totaled $35bn.

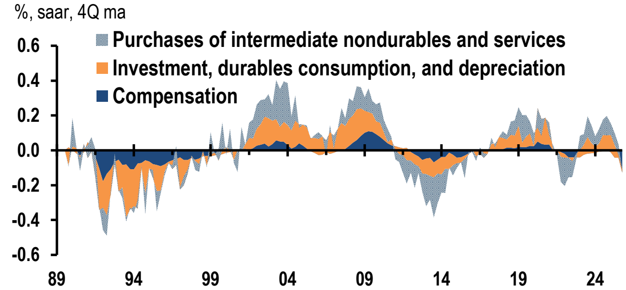
Finally, some forms of higher outlays don't show up as higher real spending. Higher troop pay for combat or extended deployments is recognized as a labor price increase, not as an increase in real output, although it could later spur higher consumer spending.

It's also helpful to consider historical examples of how conflicts have affected US GDP via defense expenditures. We break those expenditures into three buckets: (1) investment, purchases of durable intermediates, and depreciation, to capture spending on physical weapons systems along with R&D; (2) compensation of military and civilian employees, and (3) purchases of intermediate nondurable goods and services, of which the most important category is personnel support.

These different categories tend to move in concert, with non-compensation expenses driving most of the variation (Figure 2). During the 1990s, the end of the Cold War caused defense spending to be a drag on GDP, but the wars in Afghanistan and Iraq caused defense to contribute up to 0.4% to GDP on an annual basis.

Figure 2: Defense contributions to real GDP growth

%, saar, 4Q ma



Source: BEA, J.P. Morgan

The deployment of American military resources was considerably larger in those wars than the current Middle East conflict. Moreover, as noted above, the intensity of the current conflict has at least temporarily diminished. While the March MTS does not show much in military spending, those past conflicts do show that the defense contribution can grow quickly once a conflict gets going. There was a sizable jump in defense spending as early as 1Q02, and on a four-quarter basis spending didn't fall again until 2004.

Finally, while the current conflict may not map immediately onto higher government defense GDP, note the defense industry had been reporting strong sales before the conflict began. Shipments of defense capital goods, deflated by the government defense PPI, rose 21% in the year to February, which would add 0.1% to GDP.

Mariana Monteiro (44 20) 3493-5147
mariana.reispaivamonteiro@jpmorgan.com
J.P. Morgan Securities plc
Greg Fuzesi (44-20) 7134-8310
greg.x.fuzesi@jpmorgan.com
Raphael Brun-Aguerre (33-1) 8703 2409
raphael.x.brun-aguerre@jpmorgan.com

Euro area

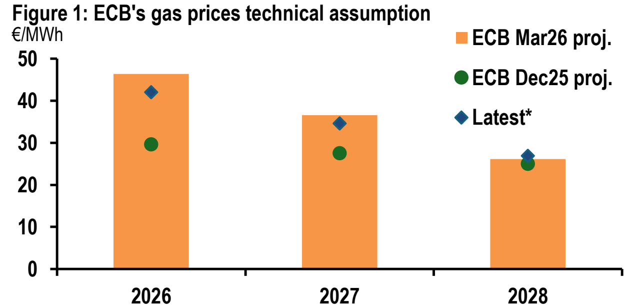
- **We push back our call for two ECB hikes from April and July to June and September**
- **March headline inflation increase driven by fuel; gas price impact modest so far; core 'well behaved'**
- **Marking down our 1Q GDP forecast to 0.75%q/q saar**

ECB Governing Council members have significantly dampened expectations of an April hike. There appears to be enough encouragement from ongoing ceasefire/peace talks in the Middle East to incline the ECB to wait for more information instead of acting in April. The possible reopening of the Strait of Hormuz would reinforce this further.

It is, however, worth noting that there has been a tension in the ECB's recent stance. Even with the current forward curves for oil and gas, headline inflation is still likely to move to around 3%oya and stay there for most of this year. A large move up was already shown by the March HICP report. The ECB staff has clearly indicated that some spill-over to core inflation and wages should also be expected over time, even if the ECB delivers on the roughly two hikes that are factored into the baseline projection via the technical assumptions. And, even more importantly, it will take time for energy markets to rebalance as the restart of production and shipping is likely to take a period of time after any lasting re-opening of the Strait. As Bundesbank President Nagel said this week, there is not enough information "as of today" to make a decision on interest rates, while the unfolding situation in Hormuz over the next two weeks will provide important information ahead of the April meeting. That puts the focus on whether today's announcement of a possible reopening of the Strait results in a meaningful and lasting pickup in shipping flows.

Despite this tension, we no longer expect the ECB to raise rates in April. Oil forward curves have recently been quite stable (and are lower today) and gas prices have surprised on the downside even as refilling storage ahead of next winter still looks challenging (Figure 1). Unless market pricing on energy increases significantly over the next two weeks, the ECB's current inclination to be patient will likely remain in place. Surprisingly, the fact that current energy prices (spot and forward) have recently been somewhere in between the ECB staff's baseline and adverse scenarios, has not materially raised the ECB's sense of urgency, despite the baseline already having roughly two hikes factored in. This, in particular, has made the communication hard to understand. As we have argued before, there has not been a coherent linkage between the staff's forecast scenarios and the rate response.

Figure 1: ECB's gas prices technical assumption



*Based on forward curve in the three days up to 16 April 2026;
Source: Bloomberg, J.P. Morgan

If energy prices fall further, even a decision in June could become closer, but elevated headline inflation will likely remain an issue. Beyond June, the focus would shift to whether second-round effects are materializing, especially via wages. Headline inflation is likely to remain elevated and some indirect spill-over to core prices and a temporary wage response are likely. As a result, we are inclined to think that the ECB would raise rates a second time, most likely in September.

We see risks to this call of two hikes in June and September skewed to the ECB ending up delivering only the first of these, and we would also not dismiss a no-hikes scenario. This reflects two considerations: first, our pre-war view that the inflation process in the euro area had been quite well behaved and that inflation was set to fall back to the ECB target. With that backdrop in mind, a temporary supply shock could lead to modest second-round effects. Second, the fact that the ECB appeared minded to pass on an April hike even before the announcement of a temporary reopening of the Strait of Hormuz and despite the tone of its staff's projections, reveals a willingness to attempt to look through the current energy shock.

Iran shock hits fuel, gas effect still muted

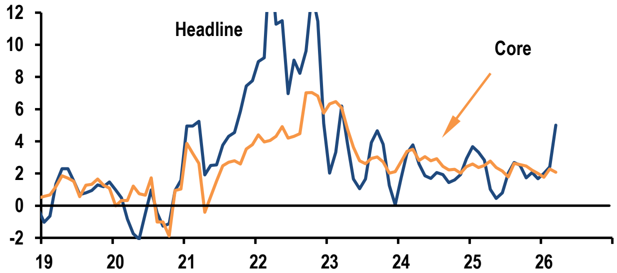
The final March Euro area HICP print was revised up marginally. The rounding means Euro area inflation is now 2.6%oya (2.5% previously), which represents a 0.7%-pt increase versus February. This increase was driven by energy price inflation, up 8.2%-pt to 5.1%oya. Meanwhile, core inflation inched down a tenth to 2.3%oya (unchanged), with core goods down 0.2%-pt to 0.5%oya and services inflation down a tenth to 3.2%oya. Food price inflation declined a tenth to 2.4%oya. In seasonally adjusted terms, headline prices were up 0.7%m/m (Figure 2) and core 0.1%m/m. The latter remain 'well-behaved' having average 2.1%ar in 1Q (goods: 0.9%ar; services: 2.8%ar pace).

Mariana Monteiro (44 20) 3493-5147
mariana.reispaivamonteiro@jpmorgan.com
J.P. Morgan Securities plc
Greg Fuzesi (44-20) 7134-8310
greg.x.fuzesi@jpmorgan.com

Raphael Brun-Aguerre (33-1) 8703 2409
raphael.x.brun-aguerre@jpmorgan.com

Figure 2: Euro area inflation

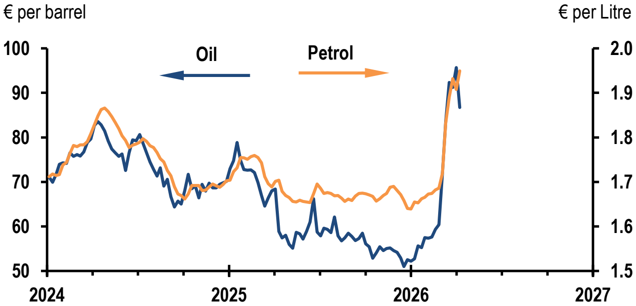
%3m, saar



Source: ECB, J.P. Morgan

So far, the impact from higher wholesale energy prices is more visible in fuel prices, which were up 13.5% in March — this has been a much stronger pass-through from Brent than we had anticipated (Figure 3). The increase has been concentrated in Germany, France and Spain, while Italy, where the government enacted fuel tax cuts early on, has been more shielded. The other three major economies have followed with measured announcements in April (though in Germany there is still some uncertainty around the start date). These are likely to have dampened price increases this month — some of that is already reflected in fuel prices in the first week of April. Gas prices, meanwhile, increased 1.9%m/m (a modest move by historical standards) and electricity prices declined 0.4%m/m.

Figure 3: Euro area Petrol prices and Brent

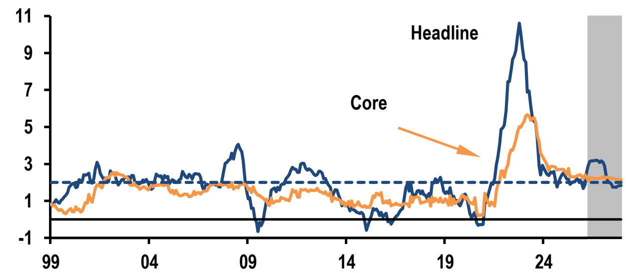


Source: ICE, EC, J.P. Morgan

Today's announcement that the US and Iran could be nearing an agreement and that the Strait of Hormuz could soon re-open has sent front-end Brent prices to close to below $90/barrel, with futures a bit below $80/barrel by year end. This still broadly aligns with our assumption ($100 in 2Q; $90 in 3Q; $80 in 4Q). But TTF prices are now trading at just under €40/MWh by year-end and it is possible that energy prices will fall further in general. We have lowered our TTF assumption to €50/MWh for the rest of the year. We also take on board the higher-than-anticipated fuel prices in early April and the short-term measures announced by various governments (largely a 2Q story). On net, this leaves our headline inflation forecast 0.2%-pt higher-than-previously by year end, due to energy, while our core inflation forecast is unchanged. We now see HICP hovering near 3.1%oya for the rest of the year before declining to 2.1%oya next year (Figure 4).

Figure 4: Euro area HICP inflation

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



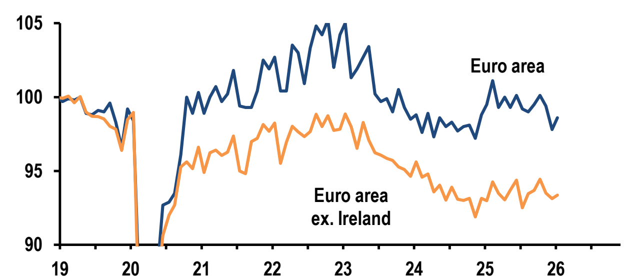
Source: Eurostat, J.P. Morgan

Softer-than-anticipated 1Q momentum

The PMI signal through 1Q26 has been largely consistent with the economy growing at a decent 1.2%ar pace. While this is broadly in line with our prior forecast (1.25%), Euro area hard activity data have been disappointing so far. In particular, there are signs of softness in household spending (nowcast: +0.2%ar), labour market (tracker: +0.5%ar) and industrial production (-4%ar through February, Figure 5). On the basis of our country-level tracking, we are marking down growth in Germany and France to 0.5%ar (from 1.5%ar and 0.8%ar respectively) and in Italy to 0.25%ar from (0.75%). Overall, this leaves the Euro area running at a slightly softer-than-anticipated pace ahead of the shock stemming from the Middle East conflict.

Figure 5: Euro area IP - manufacturing

Jan 2019 = 100



Source: Eurostat, J.P. Morgan

Despite Friday's news that the Strait of Hormuz could soon re-open, a permanent resolution remains uncertain and energy prices remain higher than at the start of the year. We therefore leave our 2Q26 forecast unchanged at 0.75%q/q saar and see next week's April composite PMI declining 0.5pt.

Mariana Monteiro (44 20) 3493-5147
mariana.reispaivamonteiro@jpmorgan.com
J.P. Morgan Securities plc
Greg Fuzesi (44-20) 7134-8310
greg.x.fuzesi@jpmorgan.com
Raphael Brun-Aguerre (33-1) 8703 2409
raphael.x.brun-aguerre@jpmorgan.com

Data releases and forecasts

Week of April 20-24

	Construction output				
		Nov	Dec	Jan	Feb
Mon	**Euro area**				
Apr 20	%m/m, sa	-1.4	0.7	-0.1	
11:00am	%oya, sa	1.2	2.1	-0.5	

	Consumer confidence (prelim)				
		Jan	Feb	Mar	Apr
Wed	**Euro area (European Commission survey)**				
Apr 22	% balance of responses				
4:00pm	Consumer confidence	-12.5	-12.3	-16.3	-16.3

Consumer sentiment fell by 4 points in March amid heightened uncertainty stemming from the conflict in the Middle East—far more than we had expected. With uncertainty persisting against a fragile backdrop and fuel prices still elevated, we expect consumers to have remained broadly downbeat into April, though we think sentiment is unlikely to have deteriorated further. This is partly because some governments are seeking to offset some of the inflation squeeze, mainly through cuts to fuel taxes. The March decline was driven by a combination of greater concern about the economic outlook, higher price expectations, and a modest increase in labour market worries. These details will not be available in the flash release next week, so we will look to the final release to monitor how these components are evolving.

	Purchasing managers index flash				
		Jan	Feb	Mar	Apr
Thu	**Euro area**				
Apr 23	Manufacturing - Headline	49.5	50.8	51.6	51.1
10:00am	Manufacturing - Output	50.5	51.9	52.0	51.5
	Services - Activity	51.6	51.9	50.2	49.7
	Composite - Output	51.3	51.9	50.7	50.2
	Composite - Employment	49.9	49.9	49.5	49.3
	Composite - New orders	50.4	51.0	49.2	48.7
	Composite - Future output	61.5	61.6	56.9	56.4
	Composite - Input prices	58.4	59.0	65.3	66.0
	Composite - Output prices	53.3	53.1	53.8	54.0

We expect the PMI to decline further in April. Higher energy prices, in our view, will continue to put pressure on input prices and, in turn, near-term corporate profitability as companies are unlikely to pass on higher costs quickly enough to consumers. Confidence should also be hit further, although recent developments pave the way for a more constructive near-term assessment of the conflict. The decline in the PMI we have penciled in is consistent with our 2Q GDP forecast of 0.75% ar. We then expect the pace of activity to gradually increase in the forthcoming quarters. At the country level, we have penciled in a more resilient PMI in Germany, where fiscal policy is strongly supportive.

		Jan	Feb	Mar	Apr
Thu	**Germany**				
Apr 23	Manufacturing - Headline	49.1	50.9	52.2	52.2
9:30am	Manufacturing - Output	51.4	52.5	54.0	54.0
	Services - Activity	52.4	53.5	50.9	50.6
	Composite - Output	52.1	53.2	51.9	51.7

		Jan	Feb	Mar	Apr
Thu	**France**				
Apr 23	Manufacturing - Headline	51.2	50.1	50.0	49.3
9:15am	Manufacturing - Output	52.1	51.6	48.6	47.9
	Services - Activity	48.4	49.6	48.8	48.1
	Composite - Output	49.1	49.9	48.8	48.1

	National business surveys				
		Jan	Feb	Mar	Apr
Fri	**German IFO survey**				
Apr 24	2000=100, sa				
11:00am	Business climate	87.6	88.4	86.4	86.4
	Business situation	85.7	86.7	86.7	86.7
	Business expectations	89.6	90.2	86.0	86.0

	National business surveys				
		Jan	Feb	Mar	Apr
Thu	**France INSEE survey**				
Apr 23	Index (LT average=100)				
8:45am	Composite	99.4	97.5	96.9	
	Manufacturing	105.4	101.7	98.7	
	Services	98.5	95.6	95.7	
	Construction	96.8	96.2	96.6	
	Retail	99.3	97.8	99.2	

	Producer prices				
		Dec	Jan	Feb	Mar
Mon	**Germany**				
Apr 20	%m/m, nsa	-0.2	-0.6	-0.5	
8:00am	%m/m, sa	-0.2	-0.9	-0.6	
	%oya, nsa	-2.5	-3.0	-3.3	

Source: European Commission, Eurostat, ECB, FSO, Bundesbank, IFO, INSEE, ISAE, Istat, INE, CBS, BNB, Markit, and J.P. Morgan forecasts

Mariana Monteiro (44 20) 3493-5147
mariana.reispaivamonteiro@jpmorgan.com
J.P. Morgan Securities plc
Greg Fuzesi (44-20) 7134-8310
greg.x.fuzesi@jpmorgan.com
Raphael Brun-Aguerre (33-1) 8703 2409
raphael.x.brun-aguerre@jpmorgan.com

Review of past week's data

Industrial production

	Dec		Jan		Feb	
Euro area						
Ind production (%m/m, sa)	~~-0.6~~	*-0.7*	~~-1.5~~	*-0.8*	*0.4*	
%oya, sa	~~2.0~~	*1.8*	~~-0.6~~	*-0.2*		*-0.7*
Manuf prod (%m/m, sa)	~~-0.6~~	*-0.7*	~~-2.3~~	*-1.6*	~~0.7~~	*0.8*
Euro area ex. Ireland						
Ind production (%m/m, sa)	~~-0.9~~	*-1.0*	~~-0.5~~	*0.2*	~~0.2~~	*-0.1*
Manuf prod (%m/m, sa)	~~-0.8~~	*-1.0*	~~-1.3~~	*-0.4*	*0.2*	

Excluding Ireland, where data is volatile due to the operation of multinational firms, Euro area IP was down 0.1%m/m sa and manufacturing output was up 0.3%m/m sa. Through the noise, manufacturing output ex. Ireland has broadly moved sideways and remained at low levels, implying continued resilience to last year's significant shocks, though still soft ahead of the conflict in the Middle East and despite Germany's fiscal easing having started. Softness is broad-based, with both energy and non-energy intensive sectors well below peak-levels ahead of the renewed energy shock.

Foreign trade

	Dec		Jan		Feb	
Euro area						
€ bn, values, sa						
Trade balance	~~10.3~~	*9.9*	~~12.1~~	*12.8*		*7.0*
year earlier	~~11.9~~	*11.6*	~~11.5~~	*11.0*		*19.2*
Exports	~~241.4~~	*241.5*	~~236.8~~	*236.9*		*239.0*
%m/m	~~0.8~~	*0.7*	~~-1.9~~			*0.9*
Imports	~~231.2~~	*231.6*	~~224.7~~	*224.0*		*232.0*
%m/m	~~-0.1~~	*0.0*	~~-2.8~~	*-3.3*		*3.5*

Consumer prices

	Feb	Flash Mar	Final Mar	
Euro area (final)				
HICP (%m/m, nsa)	0.6	1.2	~~1.2~~	*1.3*
HICP (%m/m, sa, ECB)	0.3	0.7	*0.7*	
HICP (%oya, nsa)	1.9	2.5	~~2.5~~	*2.6*
HICP core (%m/m, sa, ECB)	0.3	0.1	*0.1*	
HICP core (%oya, nsa)	2.4	2.3	*2.3*	
HICP (%m/m, ex-tob.)	0.6			*1.3*

	Feb	Flash Mar	Final Mar	
France (final)				
CPI (%m/m, nsa)	0.6	0.9	~~0.9~~	*1.0*
CPI ex tobacco (Index, nsa)	100.2			*101.18*
CPI (%oya, nsa)	0.9	1.7	*1.7*	
HICP (%oya)	1.1	1.9	~~1.9~~	*2.0*

	Feb	Flash Mar	Final Mar	
Italy (final)				
CPI (%m/m, nsa)	0.7	0.5	*0.5*	
CPI (%oya, nsa)	1.5	1.7	*1.7*	
HICP (%oya, nsa)	1.5	1.5	~~1.5~~	*1.6*

	Feb	Flash Mar	Final Mar	
Spain (final)				
CPI (%m/m, nsa)	0.4	1.0	~~1.0~~	*1.2*
CPI (%oya, nsa)	2.3	3.3	~~3.3~~	*3.4*
HICP (%oya, nsa)	2.5	3.3	~~3.3~~	*3.4*

Source: European Commission, Eurostat, ECB, FSO, Bundesbank, IFO, INSEE, ISAE, Istat, INE, CBS, BNB, Markit, and J.P. Morgan forecasts

Benjamin Shatil (81-3) 6736-1730
benjamin.shatil@jpmorgan.com
JPMorgan Securities Japan Co., Ltd.
Ayako Fujita (81-3) 6736-1172
ayako.fujita@jpmorgan.com

Takuho Morimoto (81-3) 6736-6682
takuho.morimoto@jpmorgan.com

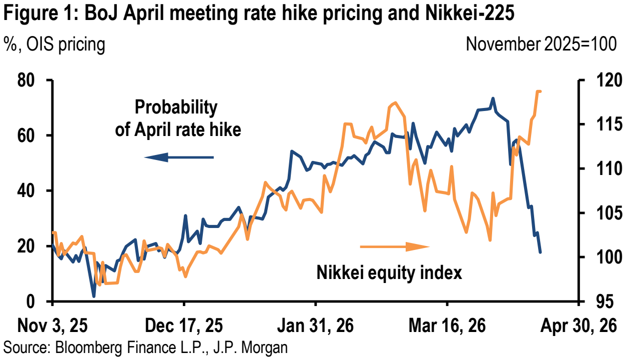
Japan

- **Incoming data continue to point to domestic demand resilience...**
- **...despite some softening in industry outlook**
- **BoJ to balance underlying economic strength against lingering outlook uncertainty**
- **Ueda refrains from sending clear signal on April rate rise this week**
- **Next week: PMI highlights softening outlook; CPI distorted by latest round of subsidies**

Tracking the business cycle has taken a back seat in recent weeks, with assessments of the Middle East conflict remaining front and center in guiding the timing of the BoJ's next rate rise. It would be a mistake, however, to ignore incoming signals that the economy remains on solid footing. This week's business surveys did point to another sharp slip in manufacturers' sentiment, largely on the back of chemical and oil-related industries—not surprising given their position at the front of potential supply-chain disruptions. But services sector indicators remain at historically high levels, reflecting firm domestic activity and boomy tourism demand.

While recent survey outlook indicators are all pointing to some softening ahead, starting points matter. The economy has been growing at an above-trend pace for several quarters, and even with a step down in GDP growth through 1Q, we think activity will remain firm relative to potential. The dual tailwinds of solid domestic demand—supported by ongoing wage gains—and an AI-related tech upcycle should combine to bolster growth through 2H26. This week's machine orders data reinforced this message of resilience. Momentum in capex orders is rising at its fastest pace in two decades.

Figure 1: BoJ April meeting rate hike pricing and Nikkei-225



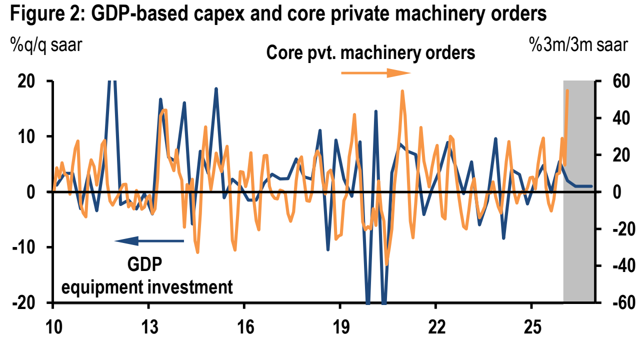
Source: Bloomberg Finance L.P., J.P. Morgan

How the BoJ balances these signals of underlying strength against continued uncertainty over the global energy outlook, and its implications for energy supply, remains key in the run up to the April meeting. Ueda refrained this week from signaling clearly that a rate hike is still on the table; Finance Minister Katayama noted the negative effects of rate hikes have left "many central bankers" in wait-and-see mode. As a result, market pricing for this month's meeting has plunged from a near-80% pre-Iran level to below 20% for the first time this year—despite a rapid recovery in risk sentiment this past week (Figure 1). The risk is rising that a "surprise" policy rate hike in ten days' time would trigger market volatility. In our view, the BoJ is unlikely to raise rates unless market pricing is first guided back up to give a rate hike higher probability.

Machine orders surge, likely temporarily

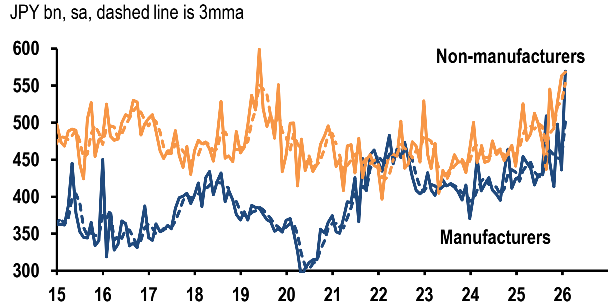
Core domestic private machinery orders rose an unexpectedly strong 13.6%m/m sa in February. Following a 16.1% surge in December, the three-month run rate accelerated to 54.8%3m/3m saar—the fastest pace in roughly two decades (Figure 2). February's jump was driven primarily by a 30.7% surge in orders from manufacturers, reflecting an unusual spike concentrated in a few industries (Figure 3). We are not changing our 1Q GDP forecast, as we expect this strength to prove largely one-off, with significant payback in March. That said, if March data remains solid, risks to our 1Q GDP capex forecast of a 2.0%q/q saar increase would be further skewed to the upside.

Figure 2: GDP-based capex and core private machinery orders



Source: CAO, J.P. Morgan. Shaded area is J.P. Morgan forecast.

Figure 3: Core machinery orders



Source: CAO, J.P. Morgan

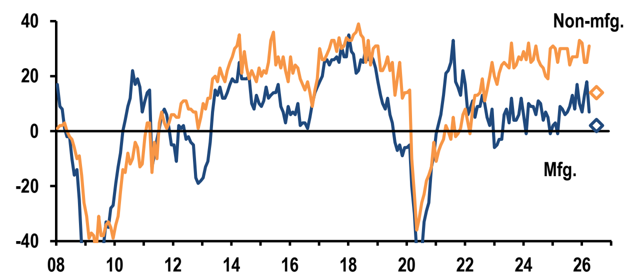
Benjamin Shatil (81-3) 6736-1730
benjamin.shatil@jpmorgan.com
JPMorgan Securities Japan Co., Ltd.
Ayako Fujita (81-3) 6736-1172
ayako.fujita@jpmorgan.com
Takuho Morimoto (81-3) 6736-6682
takuho.morimoto@jpmorgan.com

In the details, the standout was a sharp increase in orders from the non-ferrous metals sector, which rose 419.1%m/m sa in February and contributed 19.8%pts to the rise in total manufacturing orders. This likely reflects a temporary, large-scale order. Orders from the chemicals sector also rose sharply (+91.6%). These industries have benefited from the ongoing tech upcycle, pointing to continued momentum in AI-related demand. Orders from more externally oriented industries have also been firm in 1Q26. Orders from electronics rose 1.7%, while autos increased 20.9%. Meanwhile, core orders from non-manufacturers rose 0.9% in February, marking a third consecutive monthly gain. This points to resilient capex demand, consistent with structural labor shortages and healthy corporate profits.

Manufacturing sentiment dips amid caution

In the April Reuters Tankan survey, sentiment among large manufacturers fell 11 points to 7—far weaker than our expectation of a 6-pt decline (Figure 4). After peaking at a four-year high in March, manufacturing sentiment dropped back to the level seen in January, suggesting that higher oil prices and potential supply-chain disruptions stemming from the Middle East conflict are weighing on large manufacturers' confidence. By contrast, sentiment among large non-manufacturers rebounded 6pts to 31, defying our expectation of a sharp decline implied by the March PMI report. This suggests that the services sector remains supported by resilient demand.

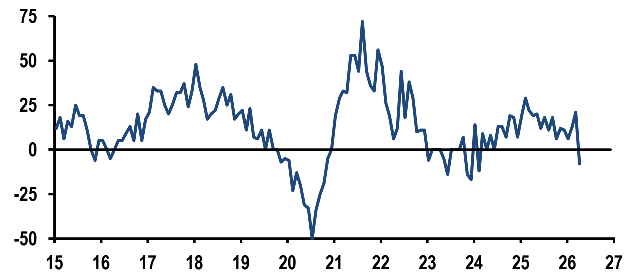
Figure 4: Reuters Tankan large firms' sentiment - Headline
DI, level of conditions, boxes denote 3-mo outlook



Source: Reuters, J.P. Morgan

The three-month outlook indices weakened sharply for both manufacturers and non-manufacturers in April, with manufacturers down 12pts to 2 and non-manufacturers down 7pts to 14. These declines point to rising business caution, particularly if the global energy shock proves to be prolonged. Heightened uncertainty around the global outlook and the risk of supply-chain disruption appear to be key concerns. Margin pressure from higher oil prices and yen depreciation may also be contributing.

Figure 5: Reuters Tankan, chemicals
DI, level of conditions



Source: Reuters, J.P. Morgan

At the sector level, supply-chain impacts appear mixed. Chemicals fell 29pts to -8, the lowest since February 2024, and survey commentary highlights concerns around procurement (Figure 5). The oil refinery sector was stable at 25. In tech, sentiment edged up 2pts to 12, likely supported by solid AI-related demand, although the outlook index fell to -6. The auto sector appears less affected by the oil shock for now; while sentiment declined 16pts to 20, the outlook index held broadly steady.

Within non-manufacturing, the improvement was driven mainly by transportation and miscellaneous services, which rose 11pts to 21 and 14pts to 38, respectively. This possibly reflects firm domestic and inbound tourism demand. Real estate increased 3pts to 41, with the release citing solid private-sector investment demand.

Data releases and forecasts

Week of April 20 - 24

Wed
Apr 22
8:50am

Customs-cleared international trade
%m/m sa

	Dec	Jan	Feb	Mar
Balance (JPY bn sa)	-112	499	-374	152
Exports	-0.6	10.0	-5.4	3.0
Imports	1.3	3.6	3.0	-2.2
Balance (JPY bn nsa)	95	-1166	44	1065
Exports (%oya)	5.1	16.8	4.0	14.1
Imports (%oya)	5.4	-2.6	10.3	9.1
BoJ real export index	-3.9	8.5	-5.8	1.9
BoJ real import index	1.0	-2.5	7.0	-3.2

Preliminary data suggest that the trade balance will turn to a surplus in March, driven by a recovery in exports.

Thu
Apr 23
9:30am

Markit manufacturing/ services PMI
Diffusion index, sa

	Jan	Feb	Mar	Apr
Manufacturing (headline)	51.5	53.0	51.6	49.5
Services (business activity)	53.7	53.8	53.4	52.7

Benjamin Shatil (81-3) 6736-1730
benjamin.shatil@jpmorgan.com
JPMorgan Securities Japan Co., Ltd.
Ayako Fujita (81-3) 6736-1172
ayako.fujita@jpmorgan.com

Takuho Morimoto (81-3) 6736-6682
takuho.morimoto@jpmorgan.com

We expect the April flash manufacturing PMI to decline sharply, reflecting heightened uncertainty about business outlook and potential supply-chain disruption amid the global oil price shock. The services PMI is likely to remain at elevated levels, but is also expected to soften amid higher input costs.

Fri	**Nationwide consumer prices**				
Apr 24	2020-based				
8:30am		**Dec**	**Jan**	**Feb**	**Mar**
	%oya				
	Overall	2.1	1.5	1.3	1.5
	Core (ex. fresh food)	2.4	2.0	1.6	1.5
	Core (ex. fresh food and energy)	2.9	2.6	2.5	2.3
	Core (ex. food and energy)	1.5	1.3	1.4	1.5
	%m/m, sa				
	Overall	-0.1	-0.2	-0.2	0.1
	Core (ex. fresh food)	-0.1	-0.1	-0.3	0.3
	Core (ex. fresh food and energy)	0.1	0.1	0.1	0.2
	Core (ex. food and energy)	0.1	0.0	0.1	0.2

In the March nationwide CPI, energy inflation will continue to weigh on core inflation (ex. fresh food), as electricity and gas subsidies are added to the renewed cap on retail gasoline prices. While some of this will likely be offset by a rise in goods inflation, core inflation (ex. fresh food) will still remain well below 2%.

Review of the past week's data

Reuters Tankan survey (Apr 15)
Diffusion index

	Feb	**Mar**	**Apr**	
Manufacturing	13	18	~~12~~	*7*
Nonmanufacturing	25	25	~~22~~	*31*

See main essay.

Machinery orders (Apr 15)
%m/m sa

	Dec	**Jan**	**Feb**	
Total	19.8	-2.0	__	*-5.0*
Core private domestic orders[1]	16.1	-5.5	~~-2.0~~	*13.6*
Manufacturing	20.6	-12.5	__	*30.7*
Core nonmanufacturing	6.5	6.8	__	*0.9*
Public	-4.7	-13.1	__	*-19.0*
Foreign	35.5	0.2	__	*-5.1*

1. Domestic private sector, ex for ships and from utilities

See main essay.

Sources for all data tables: ADA, BoJ, CAO, JCSA, JDSA, JFA, JLM, VMA, Markit, METI, MHLW, MILT, MoF, Reuters, Statistics Bureau, J.P. Morgan forecasts.

Michael S Hanson (1-212) 622-8603
michael.s.hanson@jpmchase.com
JPMorgan Chase Bank NA
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com

Canada

- **We see a new Liberal parliamentary majority as unlikely to materially change the fiscal outlook**
- **Oil price surge to push headline inflation to 2.6%oya in March; core measures to remain just above 2%**
- **Housing market buffeted by oil shock, weak demand, and growing inventory of unsold homes**

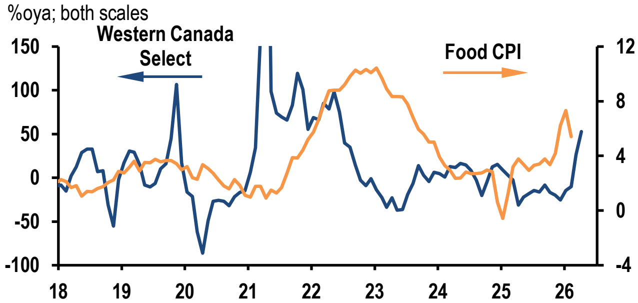
Prime Minister Carney's Liberals secured a parliamentary majority this week after sweeping three special elections. While a majority allows the government to pass legislation without opposition support, we view it as unlikely to materially change the fiscal outlook. The constraint on Carney has been less about a lack of votes in Parliament and more about perceptions of what financial markets are willing to tolerate. We see Carney governing as a technocrat (he quipped during his campaign that he would "govern in econometrics"), which was the main reason his budget showed restraint on spending last year, rather than his party being in the minority.

That said, Carney's first move with the new mandate was an arguably politically astute suspension of the federal fuel excise tax through Labor Day in response to gasoline prices that have risen roughly 45% this year. The measure will lower gas prices by C$0.10 per liter and diesel by C$0.04 per liter. The scale of the relief is consistent with Carney's approach to the budget: relatively small-bore measures to offset some of the energy price shock rather than broad fiscal stimulus.

Attention now turns to the March CPI report due out on Monday. March headline CPI should jump to 2.6%oya, reflecting a 14.2%m/m surge in energy prices. The conflict in the Middle East pushed the price of Brent crude oil up from an average of $69 per barrel in February to nearly $100 last month. Western Canadian Select also surged to an average of $75 per barrel in March, up from $49 in February (Figure 1).

Figure 1: Crude oil and food prices

%oya; both scales



Source: Statistics Canada, Bloomberg Finance LP, J.P. Morgan

Softer year-ago growth in food prices should provide a partial offset to higher gasoline prices. Upward pressure on food prices from higher input costs—energy is a key input cost for food in Canada, much of which is imported—will likely be offset by favorable base effects from the end of the GST/HST break in early 2025, which had distorted restaurant prices. Meanwhile, core prices will likely continue to run around 2%.

Core CPI to remain soft

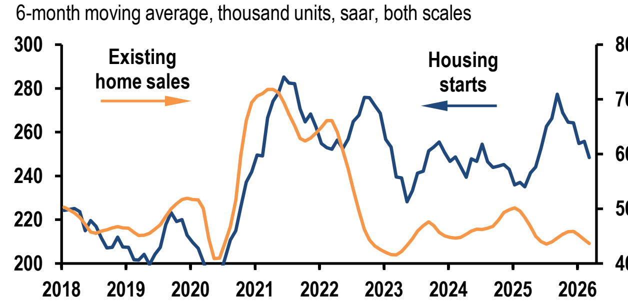
We forecast a 0.1% rise in the seasonally adjusted exclusionary core CPI (excluding food and energy), which would lift the year-ago pace by a tenth to 2.1%. The BoC's preferred core measures are likely to remain near the middle of the 1–3% target band in March, with the annualized three-month run rate for core inflation holding below 2% for a fourth straight month. The equivalent measure for the exclusionary core should fall back below 2%. Downward pressure on prices from soft demand should keep underlying inflation subdued, even as the spike in oil prices boosts headline prices.

Higher rates weigh on housing market

The oil supply shock is now adding fresh headwinds to an already fragile housing market (Figure 2). Existing home sales edged down 0.1%m/m (-2.3%oya) in March as home prices continued to decline, according to data from the Canadian Real Estate Association. The CREA downgraded its 2026 outlook for home sales this week, citing a mid-March jump in fixed mortgage rates.

Figure 2: Housing market indicators

6-month moving average, thousand units, saar, both scales



Source: CREA, CMHC, J.P. Morgan

Data on housing starts from the Canada Mortgage and Housing Corporation declined 6.0%m/m last month, led by weakness in the single-family segment. The trend continued to soften, moving down 2.1% on a six-month moving average. Through February, building permits also showed additional weakness in the single-family segment leading up to the oil shock. Residential permits fell 0.8% in February, with single-family permits slumping 2.8%. CMHC expects new-home construction to decline in coming years as developers face high costs, weaker demand, and a growing inventory of unsold homes.

Michael S Hanson (1-212) 622-8603
michael.s.hanson@jpmchase.com
JPMorgan Chase Bank NA
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com

Data releases and forecasts

Week of April 20 - 24

Mon
Apr 20
8:30am

Consumer price index
%m/m nsa, unless noted

	Dec	Jan	Feb	Mar
Total CPI	-0.2	0.0	0.5	1.2
%oya	2.4	2.3	1.8	2.6
CPI-common (%oya)	2.8	2.7	2.4	
CPI-median (%oya)*	2.6	2.5	2.3	
CPI-trim (%oya)*	2.7	2.4	2.3	
Ex food & energy	0.0	-0.2	0.5	0.3
%oya	2.5	2.4	2.0	2.1

*seasonally adjusted

We estimate that the core CPI firmed 0.1%m/m, sa (+0.3% nsa) in March, lifting the year-ago rate by one tenth to 2.1%. Year-ago growth in services prices cooled to 2.7% in February, while goods price growth eased to 0.5%. We project that headline inflation shot up to 2.6%oya in March. Gasoline prices jumped 21.2% on the month and have remained elevated through the first half of April. Favorable base effects from the end of the GST/HST break in early 2025 should lower the the year-ago rate for food prices.

Thu
Apr 23
8:30am

Industrial PPI
%m/m, nsa, unless noted

	Dec	Jan	Feb	Mar
Total	-0.7	2.8	0.4	2.0
%oya	4.3	5.6	5.4	7.3
Ex energy	0.1	2.9	-0.4	1.4
%oya	5.4	7.5	6.4	7.1

We estimate that the Industrial Product Price Index (IPPI) rose 2.0% in March, raising the year-ago rate to 7.3%. The year-ago rate moderated slightly to 5.4% in February on a subdued 0.4% monthly increase. We expect softer growth in prices away from energy products last month, with the year-ago rate rising to 7.1%.

Fri
Apr 24
8:30am

Retail sales
%m/m sa, unless noted

	Nov	Dec	Jan	Feb
Total	1.1	-0.4	1.1	0.9
%oya	1.8	1.9	1.8	3.1
Ex autos	1.6	0.0	0.8	0.8
%oya	5.1	1.9	2.6	2.9
Ex autos & gasoline	1.5	-0.4	0.9	0.8
%oya	6.0	2.6	3.9	4.1
Real retail sales	0.9	0.0	1.0	0.9
%oya	1.3	-0.8	1.4	2.7

We project that retail sales advanced a further 0.9% in February after perking up 1.1% in January. Our estimates suggest broad-based strength in sales across product groupings. With unit auto sales up 3.1% on the month, sales of motor vehicles and motor vehicle parts and accessories likely continued to post solid growth in February.

Review of past week's data

Manufacturing report
%m/m, sa, unless noted

	Dec		Jan		Feb	
Sales	~~0.4~~	*0.3*	~~-3.0~~	*-3.1*	~~3.8~~	*3.6*
New orders	0.0		~~-3.3~~	*-3.2*	~~2.0~~	*6.7*
Unfilled orders	~~0.4~~	*0.5*	~~0.2~~	*0.4*	~~0.2~~	*2.3*
Inventories	-1.5		~~0.9~~	*1.4*	~~0.3~~	*0.6*
Inventory-shipments ratio	~~1.69~~	*1.68*	1.76		~~1.70~~	*1.71*

Manufacturing sales snapped back from weakness at the start of the year with a 3.6% rise in February. The rebound in February was led by higher sales in the transportation equipment, machinery, and primary metal industries.

Wholesale sales*
sa

	Dec		Jan		Feb	
Total,%m/m*	~~1.8~~	*1.9*	~~-1.0~~	*-1.1*	~~2.3~~	*2.0*
%oya	~~2.2~~	2.3	~~0.0~~	*-0.1*	~~1.6~~	*1.2*

*ex petroleum products, oilseeds, grains

Wholesale sales perked up 2.0% in February, raising the year-ago rate to 1.2%. The strength in February was led by higher sales in the motor vehicle and motor vehicle parts and accessories and the food, beverage, and tobacco subsectors.

Housing starts
Saar

	Jan		Feb		Mar	
Total (000)	~~240.1~~	*237.0*	~~250.9~~	*251.0*	~~245.0~~	*235.9*
(%m/m)	~~-14.3~~	*-16.0*	~~4.5~~	*5.9*	~~-2.4~~	*-6.0*
(%oya)	~~2.7~~	*1.4*	12.8		~~14.2~~	*10.0*

Housing starts slipped back to 236k in March after rising to 251k in February. Building permits rebounded somewhat in December and January, but moved lower again in February. Activity continues to be restrained by affordability challenges, elevated construction costs, and labor shortages.

Sources: Statistics Canada, Ivey Business School, CMHC, S&P Global, Teranet/National Bank of Canada, CREA, CFIB, Bank of Canada, J.P. Morgan forecasts

Gabriel Lozano (52-55) 5540-9558
gabriel.lozano@jpmorgan.com
Banco J.P.Morgan, S.A., Institución de Banca Múltiple, J.P.Morgan Grupo Financiero

Mexico

- **Preliminary April inflation to deliver mixed news as non-core remains in front stage**
- **Muted growth in February to keep downside risks for 1Q GDP**
- **Fracking discussions and fiscal tweaks aim for investment revival**
- **Mexico-U.S. discussions tracking rules of origin and transshipment**

After a no-data week, the next few days will be quite important to fine-tune our growth story for 1Q and to understand the lingering inflation risks associated with the recent global shocks. In this context, with the stagflation narrative still on, the policy implications are significant. Both monetary and fiscal tools have limited room for action and the exchange rate response in the geopolitical context is not helping to ease monetary conditions. As such, microeconomic policies should take the lead, and the ongoing trade talks with the U.S. and Canada, plus the renewed approach to open certain energy sectors — notably shale gas — are encouraging.

The piece missing in the puzzle is the lingering narrative of limiting the role of autonomous entities, and the Electoral Reform that was approved in Congress this month is not helping. This tug of war has kept sentiment down, preventing a full-fledged recovery after the mediocre performance in the last couple of years.

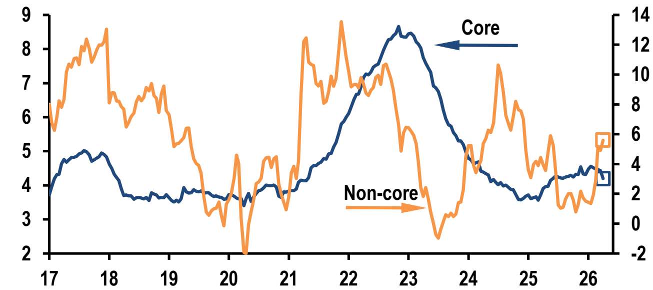
Inflation April 1H preview

Last month, surprises in raw food prices and energy gauges brought headline inflation up to 4.6%oya from 4% in February, prompting us to revise the inflation path for the full year. We now expect year-end inflation at 4.3%, with core relatively stable at 3.9%. Despite some relief in 2H March, the path ahead looks complex as evidenced in our 1H April forecast.

We expect headline inflation at 4.5%oya (0.09%2w/2w) evidencing the seasonal effect from electricity subsidies and the retrenchment in airfares and tourism packages after Easter. Yet, with fruit and vegetable prices showing some renewed upward pressure, and gasoline prices reflecting shocks from the Middle East crisis, the usual correction observed at this time of the year will be somewhat muted — even more so with some government tariffs on airports and roads being adjusted in 1H April (Figure 1).

Finally, the welcome dynamics on the FX front and cooling demand-side pressures should keep core goods well behaved. We expect an important correction in annual core inflation to 4.19% (0.11%2w/2w) from 4.46%. Base effects are in order, but we still see this underlying gauge continuing to correct to 4.2% in 2Q, from 4.5% 1Q, which will be an important anchor for monetary policy purposes. We continue to see Banxico cutting to 6.5% in June.

Figure 1: Core and non-core CPI
%oya, bi-weekly

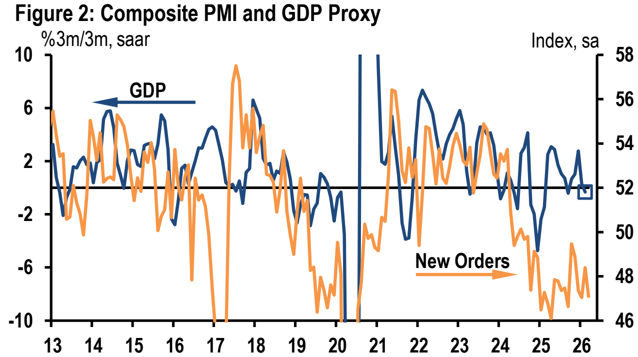


Source: INEGI and J.P. Morgan forecasts boxed

Growth to remain stuck in a rut in February

After a very disappointing start, with the GDP proxy at -0.9%samr in January, we expect only a marginal improvement in February. True, industrial production recovered 0.4% that month and retail sales are also expected to grow 0.4%, but with sentiment gauges still pointing south, formal employment struggling to recover and government spending lacking momentum (particularly investment as explained below), we only see a modest 0.2% sequential recovery in the monthly GDP gauge, which is consistent with -0.8%3m/3m saar (Figure 2). We are tracking growth at -2%saar for 1Q, below our -1.4% forecast.

Figure 2: Composite PMI and GDP Proxy

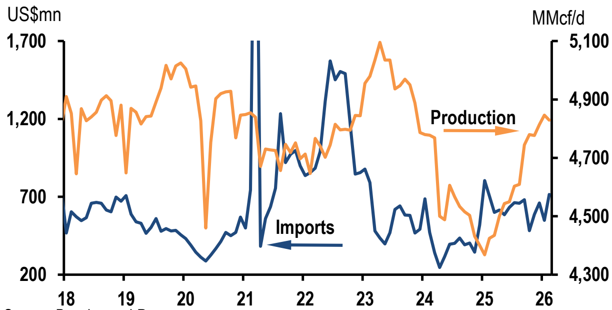


Source: IMEF, INEGI and J.P. Morgan forecast for February boxed

An attempt to unlock investment

Recent policy moves suggest President Sheinbaum is willing to move away from Morena's more doctrinaire wing in order to prioritize growth through energy policy changes that should revive private investment after years of being crowded out. The reopening of the fracking debate is the clearest signal yet that the administration has reframed a politically sensitive issue as part of a broader energy sovereignty strategy aimed at reducing Mexico's dependence on U.S. natural gas imports (Figure 3). While the move would be a means of reducing dependency amid the ongoing energy crisis in the Middle East, it also suggests a greater willingness to revisit ideological constraints where they are seen as limiting growth. The same bias is visible in the new infrastructure investment framework, which aims to support strategic projects in sectors such as energy and communications.

Figure 3: Natural gas



Source: Banxico and Pemex

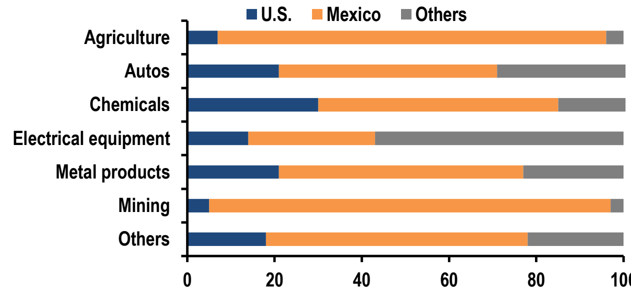
The related changes to the Fiscal Responsibility Law just approved fit that same objective of making projects more executable. The reform strengthens the framework for multi-year commitments and contingent risks. Taken together with potential changes to energy exploration and production, notably in gas, the bylaw changes on the fiscal front should accelerate the revival in investment. The main hurdles remain on the ideological front, which continues to contradict these welcome signs on investment intentions and add some sand to the wheels of the USMCA renegotiation.

Mexico-U.S. leg leads

The Mexico-U.S. track is becoming the lead channel in the 2026 USMCA review, positioning it into a more structured negotiation phase. Following the formal launch of the process on March 5, Economy Minister Ebrard mentioned this week that Mexico will host the second round of talks with the U.S. on April 20, suggesting a faster and more operational cadence than in the other two bilateral pairings.

U.S. Trade Representative Greer's remarks reinforce that point: talks with Mexico will focus on offshoring, stricter rules of origin and value added (Figure 4), and transshipment. By contrast, the U.S.-Canada leg appears somewhat less advanced, with Greer saying talks with Canada would likely begin only in May, similar to the Mexico timeline.

Figure 4: Value added in Mexican exports to the U.S. by country
% of total



Source: Banxico

In that sense, Mexico appears to be ahead in its engagement with Washington, although that also means it is likely to be the first venue for tougher U.S. demands on regional content and supply-chain discipline. Our base case remains that a trilateral agreement will be renewed but that the process will not be straightforward, even if on July 1, the three countries give reassurance of their intentions to keep the deal alive.

Data releases and forecasts

Week of April 20-24

Thu	**Consumer prices**				
Apr 23		**Feb 2H**	**Mar 1H**	**Mar 2H**	**Apr 1H**
8:00am	%2w/2w	0.34	0.62	0.14	0.09
	Core	0.17	0.22	0.15	0.11
	%oya	4.13	4.63	4.55	4.51
	Core	4.48	4.46	4.44	4.19
Thu	**Retail sales**				
Apr 23		**Nov**	**Dec**	**Jan**	**Feb**
8:00am	%oya	-1.9	4.3	5.0	7.0
	%m/m sa	-0.2	0.0	1.0	0.4
Fri	**Economic activity index (IGAE)**				
Apr 24	%oya, unless noted				
8:00am		**Nov**	**Dec**	**Jan**	**Feb**
	%oya	-0.1	3.3	-0.3	1.7
	%m/m sa	-0.2	0.2	-0.9	0.2

Review of past week's data

No data releases.

Sources: INEGI and J.P. Morgan forecasts

Cassiana Fernandez (55-11) 4950-3369
cassiana.fernandez@jpmorgan.com
Banco J.P. Morgan S.A.
Vinicius Moreira (55-11) 4950-3195
vinicius.moreira@jpmorgan.com
Mirella Mirandola Sampaio (55-11) 4950-3289
mirella.sampaio@jpmorgan.com

Brazil

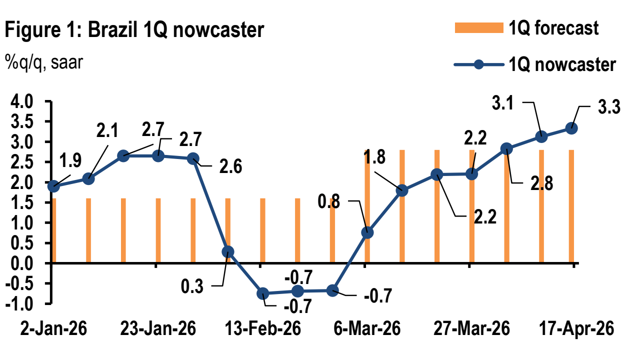
- **February economic activity data was strong, but less so than anticipated**
- **Still, the January-February results leave upside risks to our 1Q GDP estimate of 2.8%q/q saar**
- **We continue to expect a sharp deceleration thereafter**
- **Fiscal risks remain center stage despite aligned budget preview (PLDO)**

This week was expected to bring strong economic activity readings. It did — though to a lesser extent than we had anticipated, economic activity continued to grow at a solid pace in February. Cumulatively, industrial production expanded by 3%, retail sales by 2%, and services output by 0.2% over the first two months of the year. The softer services output was driven mostly by weak support services to businesses, but services to families — which carry a heavier weight in GDP than in the monthly services report — rose by close to 1% in January and February, having grown consistently since the trough at the end of the third quarter.

This service-to-families performance, combined with two months of strong retail sales, suggests that consumption recovered in the first quarter following three quarters of softness. The BCB's economic activity index, in turn, grew 0.6% m/m sa in February after rising 0.9% in January, and is tracking a growth rate above 4% in 1Q. This backdrop of firm activity readings points to upside risks to our 1Q GDP estimate of 2.8% (Figure 1).

Figure 1: Brazil 1Q nowcaster

%q/q, saar

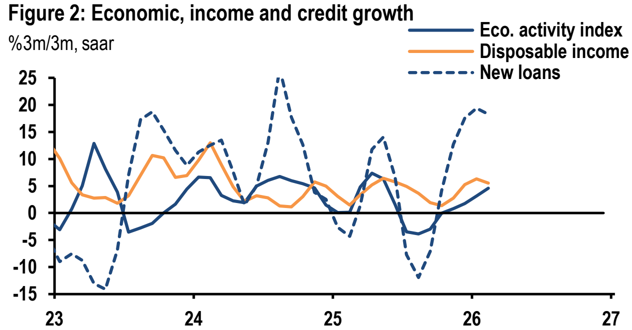


Source: J.P. Morgan

We view this first-quarter recovery as driven by two main factors. First, the fiscal stimulus initiated in the second half of last year appears to have finally gained traction; we had expected to see some of its effects in 4Q25, but growth was softer than anticipated at the end of last year. Second, following quarters of weakness, new loan originations accelerated at the turn of the year. The resilience of the labor market has also helped, but solid income growth alone was not enough to offset those other forces during most of last year, when the household savings rate rose to its highest level outside of the pandemic period (Figure 2).

Figure 2: Economic, income and credit growth

%3m/3m, saar



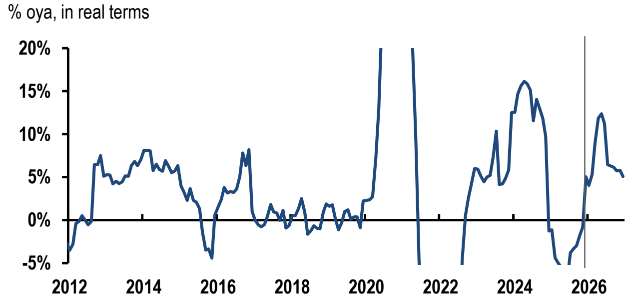
Source: IBGE, BCB and J.P. Morgan

Looking ahead, the recovery in the credit channel was interrupted by the February release, and sentiment indicators for March have softened. Based on coincident indicators, our preliminary estimates for the March readings suggest a decline across the board — in industrial production, headline retail sales, and services output alike. This aligns with our view that economic growth will return to a below-potential pace in the second quarter, weighed down by increasingly damaged corporate-sector margins.

There are, however, risks in both directions. On the downside, to the extent that the conflict in the Middle East raises input and borrowing costs — on top of heightened uncertainty and an erosion of real incomes — it could produce a soft patch in economic activity that is sharper than our baseline envisages. On the upside, the government is front-loading some of its budgeted spending while simultaneously rolling out a series of measures to cushion the impact of the oil shock on domestic prices, extend credit to exporters, and reduce household indebtedness (Figure 3). The net effect of the conflict and the policy stimulus on the economy may ultimately dictate the growth pace in the 2Q and 3Q. At this point, particularly considering the 1Q performance, the risk to our 2026 GDP projection of 1.3%y/y is asymmetrically tilted to the upside.

Figure 3: Federal government - Real spending growth

% oya, in real terms



Source: National Treasury and J.P. Morgan

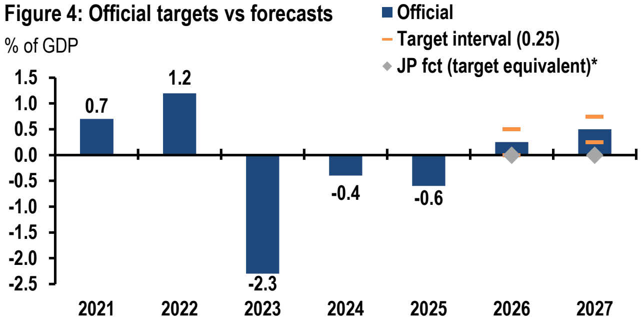
Cassiana Fernandez (55-11) 4950-3369
cassiana.fernandez@jpmorgan.com
Banco J.P. Morgan S.A.
Vinicius Moreira (55-11) 4950-3195
vinicius.moreira@jpmorgan.com
Mirella Mirandola Sampaio (55-11) 4950-3289
mirella.sampaio@jpmorgan.com

Fiscal difficulties to persist after elections

The fiscal scenario should remain challenging beyond the election, as indicated by the 2027 Budget Guidelines Bill (PLDO) presented on April 15. The difficulties in meeting the targets remain, with an ambitious 0.5% of GDP primary surplus target maintained in line with previous guidance, as in 2026. The PLDO confirmed that some disbursements will be excluded from the target calculation, most notably part of the court-ordered debt (*precatórios*). The government opted for a more aggressive partial incorporation of these payments into the primary balance concept, going beyond the minimum required by last year's constitutional amendment. The good news is that the required payments for 2027 are considerably lower than in previous years—likely reflecting a tighter judicial calendar and the new inflation-indexing rules now enshrined in the constitution.

All told, the primary result is set to remain in deficit even if revenue and spending assumptions align with official projections, which we judge to be overly optimistic—in terms of both macroeconomic parameters and the outlook for mandatory expenditures (Figure 4). While sustained higher oil prices could contribute to stronger revenues than in our base case, we remain skeptical that other assumptions underpinning the government's revenue scenario will materialize. Upside risks to our view would mainly come from a more robust pace of nominal GDP growth or a less pronounced deceleration in revenue collection—whether through a reduction in tax benefits (as formally approved in 2025) or a decrease in the use of tax credits, which has remained elevated in recent years.

Figure 4: Official targets vs forecasts



*Fiscal framework allows for selected extra-target disbursements.
Source: Planning Ministry and J.P.Morgan

Data releases and forecasts

Week of April 20 - 24

Fri Apr 24 7:30am — **Current account balance**

	Dec	Jan	Feb	Mar
Current account (CA)	-3.7	-8.4	-5.6	4.8
CA, 12-month sum	-69.0	-67.5	-63.4	-65.2
CA, 12-month sum, %GDP	-3.0	-2.9	-2.7	-2.8
Foreign direct investment	-5.2	8.2	6.7	7.0

Review of past week's data

Week of April 13 - 17

Services sector report

	Dec	Jan	Feb	
%m/m, sa	-0.3	0.4	~~0.6~~	*0.1*
%oya, nsa	3.4	3.4	~~1.8~~	*0.5*

Wholesale prices (IGP-10)

	Feb	Mar	Apr	
%m/m	-0.42	-0.24	~~1.79~~	*2.94*
%oya	-2.25	-2.53	~~-0.56~~	*0.56*

Retail sales

	Dec	Jan	Feb	
Core %m/m, sa	-0.4	0.4	~~0.9~~	*0.6*
Core %oya, nsa	2.3	2.8	~~0.9~~	*0.2*
Broad %m/m, sa	-1.2	0.9	~~1.9~~	*1.0*
Broad %oya, nsa	2.8	1.1	~~-0.9~~	*-2.2*

Economic activity

	Dec	Jan	Feb	
%m/m, sa	-0.2	0.8	~~0.9~~	*0.6*
%oya, nsa	3.1	1.0	~~0.1~~	*-1.3*

Source: BCB, FGV, IBGE and J.P. Morgan forecasts

Diego W. Pereira (1-212) 834-4321
diego.w.pereira@jpmorgan.com
J.P. Morgan Securities LLC
Lucila Barbeito (54-11) 4348-7229
lucila.barbeito@jpmorgan.com

Argentina

- **IMF's Staff-Level Agreement and other multilateral guarantees announced**
- **March headline CPI printed at 3.4% m/m, above our 3.0% forecast**
- **Core CPI stood at 3.2% m/m; core ex-food 2.7% and "core BCRA" at 2.4%**
- **We forecast headline inflation to average 2.2% m/m in 2Q26, decelerating further to 1.5% m/m in 2H26**

Over the past week, the IMF's Spring Meetings were held in Washington D.C., bringing several announcements of relevance for the Milei administration. The Fund reported that it had reached a Staff-Level Agreement with the Argentine authorities on the second review of the program under the Extended Fund Facility (EFF). Upon IMF Executive Board approval, the agreement would unlock a US$1.0bn disbursement.

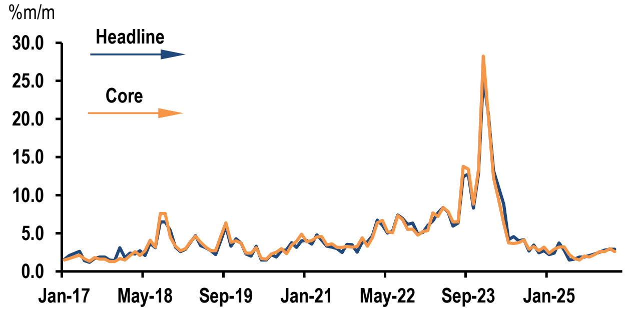
The IMF underscored the reform momentum that has gathered pace in recent months, pointing to the approval of the 2026 Budget—the first since President Milei took office—alongside initiatives such as the Fiscal Innocence Law, aimed at encouraging the formalization of "under-the-mattress" US dollar savings, as well as Labor Reform and the ratification of trade agreements. The institution also praised the authorities for remaining committed to the fiscal anchor, reaffirming it as the program's pillar.

On the financial front, it highlighted the adjustments to the monetary and FX framework, which have allowed the BCRA to accumulate nearly US$5.9bn since the program's start, strengthening reserve buffers. Net international reserves are projected to increase by at least US$10 billion in 2026, supported by efforts to mobilize FX financing and sustain central bank FX purchases of at least US$8.0 billion this year. Additionally, the World Bank and IDB announced plans to support Argentina through US$2.0bn and US$0.55bn guarantees, intended to secure cheaper financing than would be available via international markets to help address US$4.3bn in maturities due in July.

March inflation accelerated; easing ahead

March headline inflation reached 3.4% m/m, surpassing our forecast of 3.0%. This marks a further acceleration from the previous month, with the three-month average at 2.9% m/m (Figure 1). On a year-over-year basis, headline CPI stands at 32.6%, slightly down from 33% in the prior month due to base effects. Cumulative inflation for 1Q26 was 9.4%, compared to 8.5% in 1Q25.

Figure 1: Headline and core National-CPI

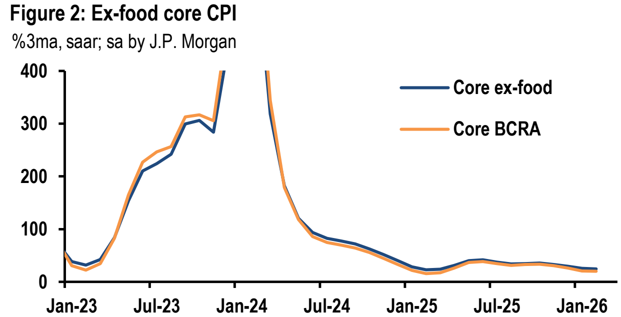


Source: INDEC and J.P. Morgan

Core CPI registered 3.2% m/m, contributing 2.2 percentage points, just above the prior month's 3.1% and the three-month average of 2.9%. Food CPI also came in at 3.4% m/m, with deflation in fresh fruits and vegetables (-2% m/m) offset by persistently high meat prices (+6.9% m/m), which have accumulated a 35.9% increase since November and contributed 3.4 percentage points during the same period.

Our preferred measure of underlying inflation, core ex-food, was 2.7% m/m, slightly above the prior three-month average of 2.5%. The BCRA's core CPI metric (excluding meat and rental prices) remained unchanged at 2.4% m/m, in line with the previous three-month average of 2.3%. Seasonally adjusted, both core ex-food and BCRA core metrics show further moderation in momentum, at 25.1% and 20.4% (three-month moving average, seasonally adjusted annual rate), respectively (Figure 2).

Figure 2: Ex-food core CPI



Source: INDEC and J.P. Morgan

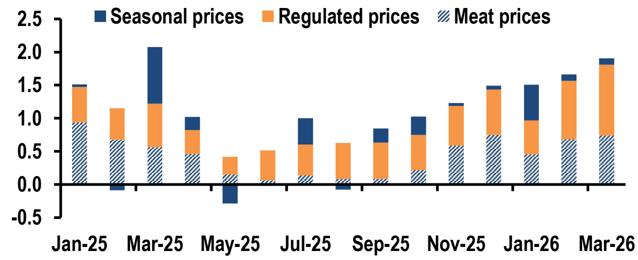
Regulated prices surged 5.1% m/m, contributing 1.1 percentage points to headline inflation. Year-to-date, regulated prices have contributed 2.5 percentage points—almost one-third of headline inflation—compared to 1.7 percentage points in the same period last year. The monthly acceleration was mainly driven by increases in utility tariffs, transportation, and education prices, with education rising 12.1% m/m (0.5 percentage point contribution) due to the start of the school year. Transportation saw a 7% rise in fuel prices in March, attributed to higher internal taxes and international oil prices, which in combination with an increase in public transportation tar-

Diego W. Pereira (1-212) 834-4321
diego.w.pereira@jpmorgan.com
J.P. Morgan Securities LLC
Lucila Barbeito (54-11) 4348-7229
lucila.barbeito@jpmorgan.com

iffs and airlines, added another 0.5 percentage points to the headline figure. Seasonal prices increased by 1.0% m/m, contributing another 0.1 percentage points (Figure 3).

Figure 3: National CPI

%-pt, contribution to headline CPI



Source: Indec and J.P. Morgan

Disinflation path to resume in 2Q26

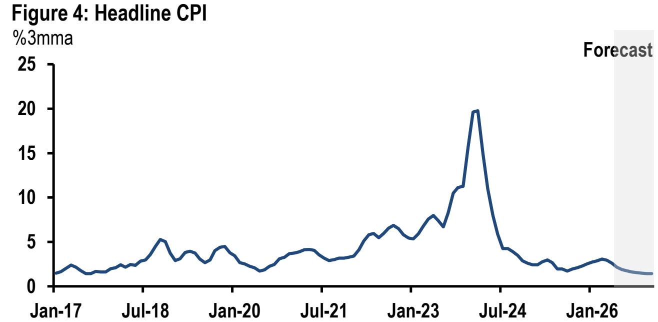
Overall, front-loaded regulated price hikes and high meat prices drove monthly headline inflation to a 3.1% m/m average in 1Q26. Looking ahead, we expect disinflation to resume, supported by lower fresh food prices and regulated price adjustments, despite continued upward pressure from global oil prices.

High-frequency inflation data for the first two weeks of April show headline CPI running at 2.3% m/m, with food prices slowing to 1.7% m/m, mainly due to meat, which helped to partially offset inertia in other sectors and the high statistical carryover from March.

As a result, we project headline inflation to average 2.2% m/m in 2Q26, decelerating to 1.5% m/m in the second half of 2026, consistent with a December 2026 headline inflation rate of 27.5%oya (Figure 4). Risks to inflation remain tilted to the upside, given uncertainty around the duration of the global terms of trade shock. If the conflict eases in the short term, the inflation impact from higher oil prices should remain contained at 0.9–1.2 percentage points, assuming partial pass-through and the announced freeze on fuel tax hikes.

Figure 4: Headline CPI

%3mma



Source: INDEC and J.P. Morgan

Looking ahead, a further reduction in inflation toward 10–15% would likely require dismantling lingering capital controls, an additional reform push focused on tax cuts at both federal and provincial levels, and completion of the relative-price adjustment process.

Data releases and forecasts

Week of April 20 - 24

Mon Apr 20	**Trade balance**				
		Dec	**Jan**	**Feb**	**Mar**
	US$bn	1.9	2.2	0.8	1.5
Wed Apr 22	**Economic activity**				
		Nov	**Dec**	**Jan**	**Feb**
	%oya	-0.2	3.3	1.9	-0.5

Review of past week's data

CPI

	Jan	Feb	Mar	
%m/m	2.9	2.9	~~3.0~~	3.4

Primary balance

	Jan	Feb	Mar	
ARS$bn	3126	1411	~~1000.0~~	930.3

Source: Ministerio de Hacienda, INDEC and J.P. Morgan forecasts

Diego W. Pereira (1-212) 834-4321
diego.w.pereira@jpmorgan.com
J.P. Morgan Securities LLC
Juan Goldin (57 601) 869 8746
juan.goldin@jpmchase.com

Andeans

- **Colombia: March's CPI surprised to the upside on food and regulated prices**
- **We are maintaining our year-end inflation forecast at 6.1% oya, though risks are shifting to the upside**
- **At the start of the year, the primary deficit has come in modestly below our earlier projections**
- **Our fiscal proxy indicates the primary deficit reached roughly 0.5% of GDP in 1Q26**

March's inflation print surprised to the upside, with headline CPI rising 0.78% m/m, exceeding both our forecast and market consensus. The deviation from our monthly projection was primarily due to stronger-than-expected food and regulated price inflation. Core inflation rose 0.74% m/m, also above our above-consensus forecast of 0.68%.When combining both February and March, the modest downside risk to our annual projection introduced by February's surprise has now been effectively erased by March's result. We maintain our year-end inflation forecast at 6.1% oya, though risks are shifting to the upside. Key upside risks include higher food inflation—amid rising fertilizer prices and the possibility of a strong El Niño in 2H—and a further acceleration in services inflation momentum driven by the unprecedented minimum wage increase.

As previously noted, pass-through from the administration's 23% minimum wage hike—particularly into services—has continued to ripple through the economy and is expected to persist in the months ahead. Core inflation momentum has strengthened further, now exceeding 7% on an annualized basis, with services inflation already in the double digits. Against this backdrop, we expect BanRep to remain steadfast in its commitment to price stability, under the assumption that central bank independence will be maintained. Our baseline forecast anticipates additional monetary tightening, with a 50bp rate hike in April followed by a 25bp increase in June, bringing the policy rate to 12% by midyear. This outlook, however, is contingent on several factors: most notably, the trajectory of inflation expectations as measured by BanRep surveys (which has been a focal point in the administration's critique of the Board's majority policy framework), the outcome of the upcoming election and its implications for fiscal policy, and the aforementioned risks to food inflation.

On the details, headline CPI rose 0.78% m/m in March, around 10bp above our forecast and consensus and annual headline inflation accelerated to 5.56%oya, the highest since September 2024. Seasonally adjusted, our preferred sequential metric—the three-month annualized pace—jumped to 6.8% ar. Underlying dynamics remain concerning with BanRep's core measure (excluding food and regulated items) rising 0.74% m/m, lifting the annual rate to 5.80%oya. Seasonally adjusted, core inflation also printed 0.58% m/m sa, and the three-month annualized momentum accelerated to 7.05%, the highest since August 2023. As long as fiscal policy remains expansionary, real wages rise, and household consumption stays above trend, we see limited scope for a meaningful deceleration in services inflation.

On the fiscal side, the underlying fiscal position remains on a deteriorating trend. The late-2025 minimum wage hike has worsened the 2026 outlook, as indexation channels, particularly pensions and public wages, add to spending pressures. At the same time, the net fiscal impact of higher oil prices is close to neutral, as incremental revenues are largely offset by higher fuel subsidy costs. At the start of the year, the primary deficit has come in modestly below our earlier projections. In January, the primary deficit printed at 0.1% of GDP, 0.3%-pt below January 2025, reflecting lower primary spending due to a smaller budget backlog alongside broadly flat revenues. Including interest payments, the headline deficit stood at 0.3% of GDP, 0.4%-pt below the same period last year. On a trailing 12-month basis, the primary deficit reached 3.2% of GDP, while the headline deficit stood at 6.0%.

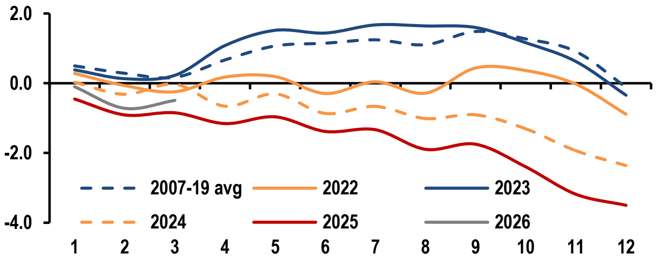
DIAN data through February show real gross tax revenues decelerating at the margin, rising just 0.5%oya (also broadly flat as a share of GDP). Seasonally adjusted, the three-month annualized growth momentum has turned negative again at -3.4%3m/3m, ar, down from 7.5% in 4Q25. We expect some improvement in revenue momentum in 2Q, supported by tax seasonality and collections linked to the economic emergency decree. Still, our base case remains that revenues as a share of GDP will be broadly unchanged this year. On the expenditure side, the smaller budget backlog helped contain spending in January, but the marginal execution data do not yet point to a meaningful shift toward restraint. Real primary spending fell 13.7%oya in January (-0.3% of GDP), largely due to the lower budget backlog carried over from 2025. However, budget execution through March suggests that spending pressures persist.

Our fiscal proxy indicates the primary deficit reached roughly 0.5% of GDP in 1Q, compared with 0.85% last year, mainly reflecting the smaller budget backlog pressures (Figure 1). We maintain our full-year primary deficit forecast at 3.5% of GDP, while noting modest downside risk given the better-than-expected start to the year. We now await the official 1Q fiscal data to reassess the near-term outlook.

Diego W. Pereira (1-212) 834-4321
diego.w.pereira@jpmorgan.com
J.P. Morgan Securities LLC
Juan Goldin (57 601) 869 8746
juan.goldin@jpmchase.com

Figure 1: Colombia GNC primary fiscal balance

% of GDP, accumulated



Source: Hacienda and J.P. Morgan   *February and March are J.P. Morgan proxy

Colombia

Data releases and forecasts

Week of April 20 - 24

		Nov	Dec	Jan	Feb
Mon Apr 20	**Economic activity**				
	%oya, sa	2.4	1.6	1.5	<u>1.6</u>
Tue Apr 21	**Trade balance**				
	$bn, fob-fob	-1.5	-1.2	-1.3	<u>-1.2</u>

Review of past week's data

Retail sales ex. Fuel

	Dec	Jan	Feb	
%oya	13.1	10.9	~~12.0~~	10.9

Manufacturing

	Dec	Jan	Feb	
%oya	-0.6	-0.5	~~2.7~~	1.4

Source: DANE, BanRep and J.P. Morgan

Chile

Data releases and forecasts

Week of April 20 - 24

No data releases.

Review of past week's data

No data releases.

Source: CBC, INE, and J.P. Morgan estimates

Peru

Data releases and forecasts

Week of April 20 - 24

No data releases.

Review of past week's data

Economic activity

	Dec	Jan	Feb	
%oya	3.8	3.5	~~3.1~~	3.7

Unemployment

	Jan	Feb	Mar	
%	6.30	6.40	~~6.70~~	6.80

Source: INEI, BCRP, and J.P. Morgan estimates

United Kingdom

- **February GDP was strong at 0.5% m/m, sa and January was revised up to 0.1%...**
- **...creating upside risk to our 1Q26 GDP growth forecast; focus on next week's flash PMI**
- **Looking for a pick-up in March inflation next week...**
- **...and for a stabilisation in the unemployment rate**

This week brought the report of strong GDP growth in February, before the start of the Iran war, with broad-based gains across services, industrial production and construction. This raises upside risk to our 1%q/q saar GDP forecast for 1Q26, with data possibly tracking a bit above 2%q/q saar. However, the monthly GDP data are noisy and prone to revision and therefore we will reassess our forecast next week after the PMI.

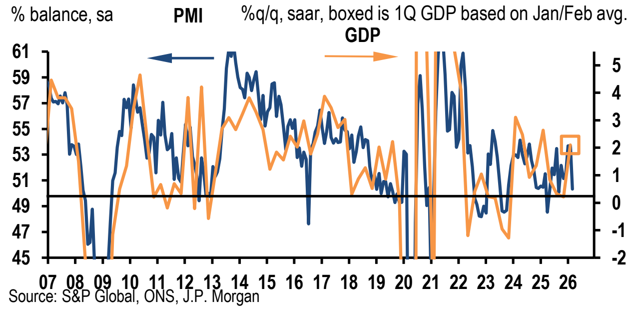
On the policy side, Bailey's commentary this week reinforced the cautious approach to handling the energy price shock. He argued in favour of waiting for "meaningful data" on how the shock will affect prices and activity. This creates real uncertainty around our call for a June hike and that is reinforced further by news of a potential temporary re-opening of the Strait of Hormuz. Markets are no longer pricing a real chance of a June hike and are also no longer pricing a full hike by year-end. Alongside the inflation and labour market data next week, we expect the PMI and consumer confidence to provide more clarity on the economic picture - we look for declines in both.

Monthly GDP rebounded in February

Monthly GDP grew 0.5%m/m, sa in February (JPMorgan 0.2%; Consensus 0.1%) and January was revised up from flat to 0.1%m/m, sa. The details show broad-based improvement across services and industrial production, which both grew 0.5%m/m, and in construction, which grew 1.0%m/m, sa. Given the revision to January and the large increase in February, the Jan/Feb average is currently up 2.1% (Figure 1), ar compared to 4Q. If we assume GDP is flat in March, this would leave growth even firmer at 2.4% q/q, saar in 1Q, posing significant upside risk to our 1% annualised forecast.

The monthly GDP data can be noisy and prone to revision, hence we await next week's PMI report to get a better sense of the underlying momentum in the economy. Unfortunately, the PMI may be somewhat distorted (via sentiment effects) in the second month of the Iran war. Hence, caution may be needed in assessing the data. We note, however, that at least through February, the pick-up in monthly GDP was matched by a firmer PMI and also by an improvement in the labour market data.

Figure 1: PMI composite output and reported GDP growth



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

Inflation to accelerate next week

We look for a three-tenths step higher in inflation in March to 3.3%oya (versus our prior forecast for a modest pick-up to 3.1%). This increase reflects the early impact of higher oil prices. We expect this to push liquid fuel prices higher. This will show up in headline inflation via higher petrol and diesel prices used predominantly for road transport. Transport services prices are also likely to rise, however, with jet fuel prices having also been pushed higher. This would push core inflation up by a tenth in our forecast to 3.3%oya. We expect broader second-round effects will take longer to appear. We also note that diesel prices have risen more than petrol. Taking this into account, our forecast for headline is close to rounding higher to a 3.4%. This would be close to the indication given by Bank staff at the March meeting.

Labour market preview

Payroll employment has shown tentative signs of a return to very modest growth in recent releases. We expect this will continue in March with a 10k gain. The ILO unemployment rate had been on a clear upward trajectory, but there was a large downside surprise to the single month data for January (4.9%). We interpret this as an outlier, and expect the February data to show a small increase from three months earlier (5.3%). In our forecast, this would cause the three-month moving average of the ILO to stabilise at 5.2% in February, with a trajectory that is still set to rise over time (but initially more slowly than previously assumed). This is one reason why our unemployment forecast for this year has not been revised up by more following the growth downgrade made due to higher energy prices.

We look for private sector regular pay to rebound by 0.4%m/m in February following its stall in the prior month. This would not be enough to prevent the annual rate from slowing to 3.2%oya however, on a three-month smoothed basis. It would leave pay tracking a little below the BoE's 3.5% forecast for 1Q, but will probably be more focused on forward-looking measures of pay as inflation starts to pick back up again.

Allan Monks (44-20) 7134-8309
allan.j.monks@jpmorgan.com
J.P. Morgan Securities plc

Data releases and forecasts

Week of April 20-24

Tue	Labor market statistics				
Apr 21	Average weekly earnings (3mma %oya sa)				
7:00am		**Nov**	**Dec**	**Jan**	**Feb**
	Headline	4.6	4.2	3.9	3.6
	Ex bonuses	4.4	4.1	3.8	3.6
	Private sector ex bonuses	3.6	3.4	3.3	3.2
	Labour force survey (all percentage rates, sa)				
	Three months to:	**Nov**	**Dec**	**Jan**	**Feb**
	Activity rate	64.0	64.0	64.0	-
	Employment rate	60.8	60.6	60.7	-
	Unemployment rate	5.1	5.2	5.2	5.2
	Single Month estimates	5.2	5.4	4.9	
	Change over three months to:	**Nov**	**Dec**	**Jan**	**Feb**
	Employment (000s)	82	52	84	-
		Dec	**Jan**	**Feb**	**Mar**
	PAYE employees (chg, 000s)	5	6	20	10

See main text.

Wed	Consumer prices				
Apr 22	%oya				
7:00am		**Dec**	**Jan**	**Feb**	**Mar**
	CPI	3.4	3.0	3.0	3.3
	Core CPI[1]	3.2	3.1	3.2	3.3
	Services CPI	4.5	4.4	4.3	4.5
	RPI (1987=100)	408.5	406.4	408.2	410.4
	RPI	4.2	3.8	3.6	3.8

1. CPI ex food, energy, alcohol, and tobacco.

See main text.

Thu	Public sector finances				
Apr 23	£ bn, nsa				
7:00am		**Dec**	**Jan**	**Feb**	**Mar**
	PSNCR	-17.1	59.4	-7.6	
	PSNB	13.7	-31.9	14.3	
	- ex. pub. banks	13.7	-31.9	14.3	10.4
	Current budget (ex. pub. banks)	-4.3	43.6	-0.8	
	Net debt to GDP (%)	95.1	93.1	93.1	
	- ex. pub. banks	95.1	93.1	93.1	

Thu	PMI survey flash				
Apr 23	% balance, sa				
9:30am		**Jan**	**Feb**	**Mar**	**Apr**
	Manufacturing				
	Overall index	51.8	51.7	51.0	
	Output	51.6	52.5	49.2	49.0
	Services business activity	54.0	53.9	50.5	50.2
	Composite				
	Output	53.7	53.7	50.3	50.0

We look for another step down in the output reading in April. We would have put in a larger decline, but the PMI is volatile on a monthly basis and setting aside geopolitics there may be statistical noise which creates some offsetting upward pressure in April. An overall decline in line with our forecast would take the PMI to a level that is consistent with growth a little below our 0.5% annualised GDP forecast for 2Q. However, we expect some partial recovery in May and June, assuming the cease-fire holds, such that the PMI for 2Q aligns with our forecast on average.

Fri	Retail sales				
Apr 24	Volumes, sa				
7:00am		**Dec**	**Jan**	**Feb**	**Mar**
	Including auto fuel (%m/m)	0.1	2.1	-0.5	-0.5
	Ex auto fuel				
	(%m/m)	0.1	2.2	-0.5	
	(%oya)	2.4	6.0	3.4	
	(%3m/3m saar)	-1.2	0.6	3.5	

We look for another decline in retail sales as the impact of rising fuel prices starts to affect consumer spending decisions.

Fri	GfK consumer confidence				
Apr 24	Nsa				
12:01am		**Jan**	**Feb**	**Mar**	**Apr**
	% balance	-16	-19	-21	-23

The rise in inflation is likely to impact consumer confidence again in April, although it will be important to assess how this is affecting real behaviour among households. In this regard, readings on price expectations, unemployment concerns and major purchases will help to reveal how the balance of growth versus inflation risks is evolving.

Thu	Decision maker panel survey				
Apr 24	%				
9:30am		**Jan**	**Feb**	**Mar**	**Apr**
	Expected 1-year CPI	2.9	3.0	3.5	
	Expected 3-year CPI	2.7	2.7	2.8	
	Business-owned expectations	3.4	3.4	3.7	

Allan Monks (44-20) 7134-8309
allan.j.monks@jpmorgan.com
J.P. Morgan Securities plc

Review of past week's data

Monthly GDP

%m/m, sa (unless stated otherwise)

	Dec		Jan		Feb	
GDP (%m/m, sa)	0.1		~~0.0~~	*0.1*	~~0.2~~	*0.5*
GDP (%3m/3m, sa)	~~0.1~~	*0.0*	~~0.2~~	*0.3*	~~0.2~~	*0.5*
GDP (%3m/3m, saar)	~~0.4~~	*0.0*	~~0.8~~	*1.2*	~~0.9~~	*2.0*
Breakdown (%m/m, sa)						
Industrial production	~~-0.9~~	*-0.4*	-0.1			*0.5*
Manufacturing	-0.5		~~0.1~~	0.2		*-0.1*
Construction	~~-0.5~~	*-1.3*	~~0.2~~	0.5		*1.0*
Services	~~0.2~~	*0.3*	~~0.0~~	0.1		*0.5*

Trade balance

£bn, sa

	Dec		Jan		Feb	
Total	~~-4.3~~	*-1.7*	~~3.9~~	*3.0*		*-0.7*
Goods	~~-22.7~~	*-19.7*	~~-14.4~~	*-15.1*		*-18.8*
Services	~~18.4~~	*18.1*	~~18.4~~	*18.1*		*18.1*

Source: Rightmove, CBI, BBA, BCC, GFK, BRC Markit, SMMT, RICS, Land Registry, ONS, BoE, and J.P.Morgan forecasts

Jose Cerveira (44-20) 7742-3556
jose.a.cerveira@jpmorgan.com
J.P. Morgan Securities plc

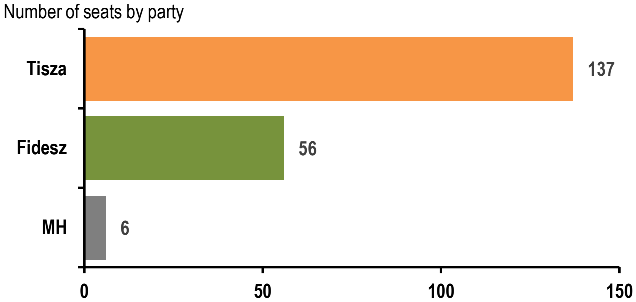
Nicolaie Alexandru-Chidesciuc (44 20) 7742-2466
nicolaie.alexandru@jpmorgan.com

Central Europe

- **Hungary: Opposition secures historic landslide victory...**
- **… which, in our view, will lead to an inflection in macro dynamics**
- **Czech Republic: Core inflation nears the upper end of the CNB target**

The Hungarian population voted in record numbers, delivering an unequivocal vote for regime change. With 98.94% of the votes counted (postal and foreign embassy votes are still being processed), Peter Magyar's Tisza has secured 52.1% of the vote, which is estimated to give it 137 seats in parliament (out of 199), four more than the required 133 for a two-thirds super-majority. PM Viktor Orban's Fidesz trailed 12.5%pts behind with 39.6%, and should get 56 seats. Finally, the far-right Mi Hazank (Our Homeland) is the only other party crossing the 5% representation threshold, with 5.72% and will get six seats. Turnout is estimated at around 80%, far above the post-transition average of 63% and the previous record of 2022 (73.51%).

Figure 1: Parliament seat distribution (98.94% of the vote counted)
Number of seats by party

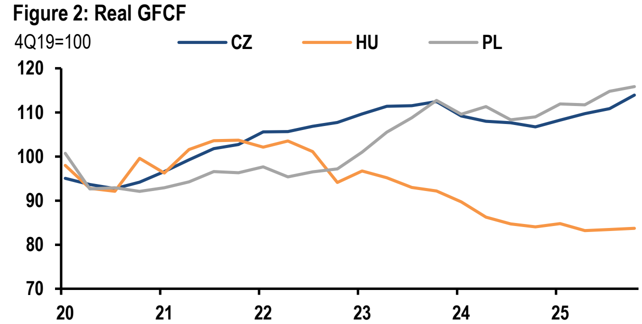


Source: National Electoral Office, J.P. Morgan

The base case for a simple majority Tisza victory was already a macro/market positive (on the back of better relations with the EU), but the upside was constrained by Fidesz's influence over several key institutions, such as the Constitutional Tribunal, the Prosecutor's Office, the Presidency or the State Audit Office, which would limit the incoming government's room to implement reforms. The landslide victory gives Tisza full control of the legislative process, ensuring that it can alter the constitution when needed. Aspects of the judicial or electoral law, public tendering and media control have been crucial areas of dispute with the EU. The necessary reforms can now be pushed through relatively easily, which should facilitate the disbursal of EU funds. It also removes risks of the government being paralysed and eventually falling into early elections. The clear mandate won by Tisza could also potentially wear down institutional loyalties and lead to a more permanent removal of the Fidesz-system.

We expect a re-set in relations with the EU to take place almost immediately after a new cabinet forms, with the (credible) commitment to reform likely to be sufficient to start unlocking frozen EU investment grants as well as SAFE loans, even before the reforms are delivered. Although RRF funds need to be absorbed by mid-year, and hence technically appear out of reach, we believe the extraordinary circumstances will call for exceptional flexibility on the criteria or even timelines, with old expenditure originally meant for RRF potentially being approved now. The lack of EU funds had curtailed investment in Hungary, sending it on a path of underperformance versus peers (Figure 2). We expect that the normalisation of flows will also trigger private sector investment, and an appreciation in the Forint.

Figure 2: Real GFCF
4Q19=100



Source: CSU, KSH, GUS, J.P. Morgan

The government will inherit an underperforming economy, with a complicated fiscal situation and an intricate web of incentive-distorting schemes, from credit and subsidies to caps and taxation. With a simple majority, Tisza would have to focus more on delivering growth and retaining its popularity, with the budget becoming an afterthought, but the strong mandate clearly gives the new government room to adopt a more measured fiscal policy and gradually unwind the degree of state intervention in the economy, beginning with retail price caps, agreements to prevent price changes in the services sectors and a plethora of subsidised loan programmes.

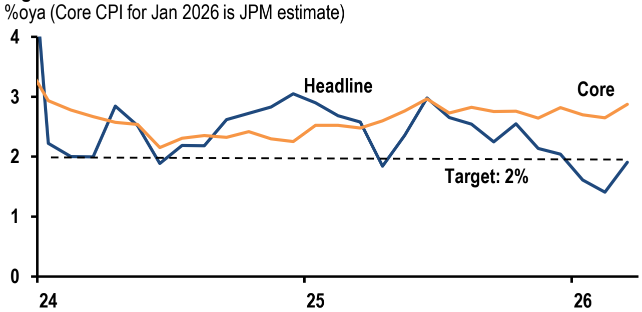
The expected strengthening in the Forint is supportive of the disinflation process in Hungary, and eventually under normal circumstances would allow for a more dovish NBH. However, we think there is no space for that change in stance right now. First, the current volatile geopolitical situation and the risks it entails for energy commodity prices places the central bank on the defensive. Second, if the government starts, as we expect, unwinding caps and other forms of price suppression (especially outside energy), inflation is likely to accelerate in 2H26. We think the NBH will stay vigilant on inflation risks and keep rates unchanged for the foreseeable future.

Jose Cerveira (44-20) 7742-3556
jose.a.cerveira@jpmorgan.com
J.P. Morgan Securities plc
Nicolaie Alexandru-Chidesciuc (44 20) 7742-2466
nicolaie.alexandru@jpmorgan.com

Czech Republic: CPI rise not just due to oil

The final release of March CPI confirmed inflation accelerating to 1.9%oya, from 1.4%, on the back of a massive (19.7%m/m) jump in fuel prices (Figure 3). As we had inferred from the flash details, core inflation also picked up to 2.9%oya (from 2.7%), just below the upper end of the CNB's tolerance band ("%oya +/- 1%-pt).

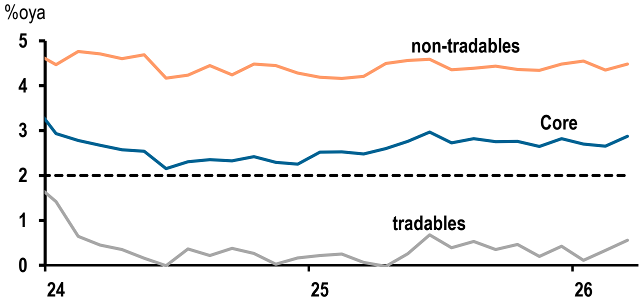
Figure 3: Czech headline and core CPI
%oya (Core CPI for Jan 2026 is JPM estimate)



Source: CSU, CNB, J.P. Morgan,

For the time being it is premature, in our view, to talk about second-round impacts, as the first shock on oil prices took place in March itself, and expectations remain relatively contained. Core inflation was a visible problem long before the war started and was only masked temporarily in 2024 when rents CPI was extremely subdued. This is why we thought pre-war that the market pricing of some easing was too optimistic. Looking at the breakdown, the move higher in core CPI was driven by both core goods and core services (Figure 4). Core services (non-tradables) moved higher to 4.5%oya, from 4.3%, including due to a rise in rent inflation from 5.1%oya to 5.4% (the highest since early 2023), on the back of strong price growth for new housing, but core goods moved even more, by three decimals to 0.6%oya.

Figure 4: Czech core CPI breakdown
%oya



Source: CSU, J.P. Morgan

Data releases and forecasts

Poland:

Tue Apr 21 10:00am — **Industrial output**, %oya

	Dec	Jan	Feb	Mar
Industry	7.3	-1.5	1.5	__
%oya, swda by GUS	5.5	0.2	1.7	__
%m/m, swda by GUS	3.2	-2.5	0.6	__
Manufacturing	8.0	-3.2	0.1	__
Construction	4.4	-12.8	-13.6	__

Tue Apr 21 10:00am — **Producer prices**, %oya

	Dec	Jan	Feb	Mar
Producer prices	-2.5	-2.6	-2.3	__
%m/m nsa	-0.4	-0.3	0.1	__

Tue Apr 21 10:00am — **Gross wages and employment**, %oya

	Dec	Jan	Feb	Mar
Gross wages, nominal	8.6	6.1	6.1	__
Real (CPI adj.)	6.2	4.0	4.0	__
Employment, 000s, nsa	6410	6401	6398	__
Employment, %oya	-0.7	-0.8	-0.8	__

Thu Apr 23 10:00am — **Retail sales**, %oya, unless otherwise stated

	Dec	Jan	Feb	Mar
Retail sales (nominal)	5.0	3.9	4.3	__
Real, CPI-adjusted	5.3	4.4	5.0	__
%m/m, sa	0.4	3.6	-3.3	__

Review of past week's data

Czech Republic:

Balance of payments
CZK bn

	Dec	Jan	Feb	
Current account	4.8	29.2	__	*17.4*
YTD	191.0	220.2	__	*237.6*
YTD-a year ago	128.4	165.1	__	*214.8*
Trade balance	28.7	33.5	__	*34.5*
Service balance	3.9	4.6	__	*3.6*
Primary income	-28.2	-14.2	__	*-13.1*
Secondary income	0.4	5.3	__	*-7.6*
Financial account	1.8	36.0	__	*26.6*
FDI, net	-4.2	-34.0	__	*-6.4*
Portfolio investments	-160.2	79.3	__	*-54.2*
Other investments	138.3	-27.0	__	*32.8*

Jose Cerveira (44-20) 7742-3556
jose.a.cerveira@jpmorgan.com
J.P. Morgan Securities plc
Nicolaie Alexandru-Chidesciuc (44 20) 7742-2466
nicolaie.alexandru@jpmorgan.com

Consumer prices
%oya

	Jan	Feb	Mar	
%oya	1.6	1.4	__	*1.9*
%m/m nsa	0.9	-0.1	__	*0.6*
Food	1.3	0.4	__	*-1.1*
Housing	0.8	0.8	__	*1.0*
Transport	-1.6	-1.5	__	*5.5*

Hungary:

Average gross wages
%oya

	Dec	Jan	Feb	
Gross wages, nominal	8.5	26.3	__	*9.7*
Industry	8.4	6.9	__	*9.7*
Public sector	7.3	99.0	__	*13.4*

Poland:

Consumer prices, final
%oya, unless otherwise stated

	Jan	Feb	Mar	
%oya	2.1	2.1	__	*3.0*
%m/m, nsa	0.7	0.3	__	*1.1*
Food	2.4	2.4	__	*2.1*
Fuel	-7.0	-7.9	__	*8.6*

Balance of payments
EUR mn

	Dec		Jan		Feb	
CA balance	~~-1698~~	-1975	~~1153~~	1053	__	*-990*
YTD (bn)	~~7.8~~	6.0	~~9.0~~	7.3	__	*6.3*
YTD-a year ago (bn)	14.2		~~14.1~~	14.2	__	*14.5*
Trade balance	~~-2298~~	-2306	~~378~~	254	__	*-1025*
Exports %oya	~~9.7~~	9	~~-1.8~~	-3.0	__	*1.9*
Imports %oya	~~10.1~~	10	~~-6.1~~		__	*3.3*
Service balance	~~3276~~	3215	~~3276~~	3254	__	*3029*
Primary income	~~-3114~~	-3328	~~-2417~~	-2380	__	*-2505*
Secondary income	~~438~~	444	~~-84~~	-75	__	*-489*
Fin + cap balance	~~-5324~~	-5613	~~1910~~	1918	__	*-224*
FDI, net	~~3028~~	2399	~~-4204~~	-4267	__	*-3234*

Core inflation
%oya

	Jan	Feb	Mar	
CPI-ex food and energy	2.7	2.5	__	*2.7*
CPI-ex admin. prices	1.6	1.6	__	*2.7*
CPI-15% trimmed mean	2.4	2.2	__	*2.9*
Avg of 4 NBP measures	2.3	2.2	__	*2.8*

Romania:

Consumer prices
%oya

	Jan		Feb		Mar	
%oya	~~9.7~~	*9.6*	~~9.6~~	*9.3*	__	*9.9*
%m/m nsa	~~0.2~~	*0.9*	~~0.9~~	*0.6*	__	*0.8*

Current account balance
EUR bn

	Dec	Jan	Feb	
Current account	-3.1	-0.9	__	*-2.3*
Ytd	-29.9	-0.9	__	*-3.2*
Ytd a year ago	-28.9	-1.1	__	*-3.6*

Industrial output
%oya

	Dec	Jan	Feb	
Industrial output, nsa	1.5	-4.0	__	*-1.8*
Industrial output, sa	1.7	-3.8	__	*-1.5*
%m/m sa	0.8	-3.3	__	*-0.3*

Fatih Akcelik (44 20) 3493 7285
fatih.akcelik@jpmorgan.com
J.P. Morgan Securities plc

Türkiye

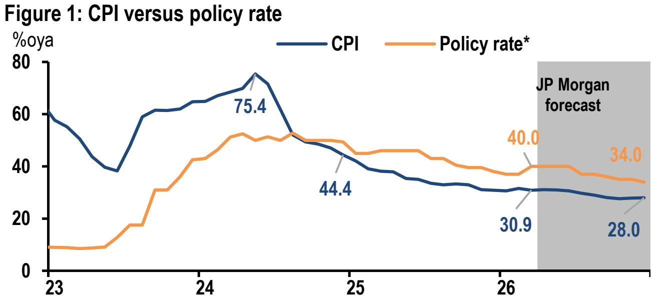
- **CBRT to hike one-week repo rate to 40% next week**
- **Current account deficit continued to widen even before the Middle East conflict**
- **Fiscal consolidation continues, but energy prices to cloud the outlook**

In response to the Middle East conflict, the CBRT suspended its one-week repo auctions on March 2. With the suspension of one-week repo auctions, the interbank lira rate increased from 37% to the overnight lending rate at 40%, while the official policy rate – the one-week repo rate – remained at 37%. We expect the CBRT to hike the one-week repo rate to 40% at the April 22 meeting, and to resume one-week repo auctions (Figure 1). This would not represent a further tightening, but rather an alignment of the official rate with where effective funding already is. Nonetheless, we view the signaling impact of this move as important, marking the CBRT's acknowledgment of the impact of the Middle East conflict on inflation.

With the potential de-escalation of the conflict and ceasefire hopes last week, FX reserves have begun to rise on foreign inflows (Figure 2). The CBRT has already purchased $20bn in the past two weeks, partially recovering the $50bn it sold during the height of the turmoil. Retail dollarization has also remained contained. Against this backdrop, we do not expect the CBRT to actively use the upper end of the interest rate corridor (the overnight lending rate) at 43% in the case of a rate hike, though the optionality remains should FX pressures re-emerge.

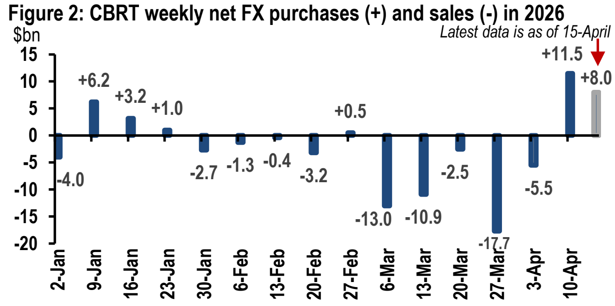
We expect rate cuts to resume at the July 23 meeting, with an initial move back to 37%, followed by 3×100bp cuts to 34% at end-26. We see upside risks to this forecast should the Middle East conflict persist, and view the ongoing situation as warranting a cautious approach to rate cuts for the rest of 2026.

Figure 1: CPI versus policy rate



Source: TurkStat, CBRT, J.P. Morgan *Weighted Average Cost of the CBRT Funding

Figure 2: CBRT weekly net FX purchases (+) and sales (-) in 2026

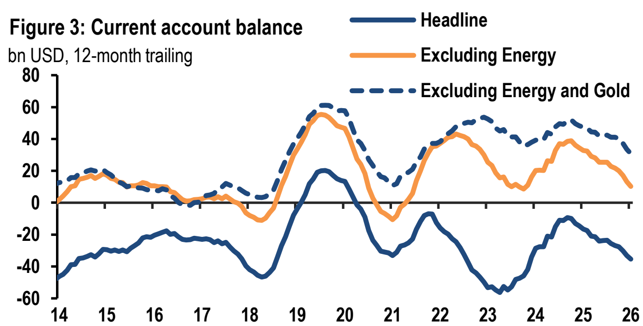


Source: CBRT, LBMA, J.P. Morgan

CA deficit widens even before the war

Current account recorded a deficit of $7.5bn in February, broadly in line with expectations. On a 12-month rolling basis, the current account deficit widened to $35.4bn (2.2% of GDP) in February 2025, up from $33.2bn in January. Current account deficit continued to widen even before the Middle East conflict due to the deterioration in the core trade deficit (Figure 3).

Figure 3: Current account balance



Source: CBRT, J.P. Morgan

Looking ahead, data from March onwards will begin reflecting the impact of the Middle East conflict on energy imports. Our estimates suggest that higher energy prices will widen the deficit by an additional $7.1bn in 2026, under our baseline scenario of Brent crude oil prices averaging $80 per barrel, up from $68.2 in 2025.

While the Middle East conflict has raised concerns about potential spillovers into tourism, recent data suggests that air traffic into Türkiye has seen no material impact since the onset of the conflict. This resilience is likely driven by Russian tourists diverting from the GCC region due to the war, as well as the removal of visa requirements and the start of direct flights for Chinese tourists.

Fatih Akcelik (44 20) 3493 7285
fatih.akcelik@jpmorgan.com
J.P. Morgan Securities plc

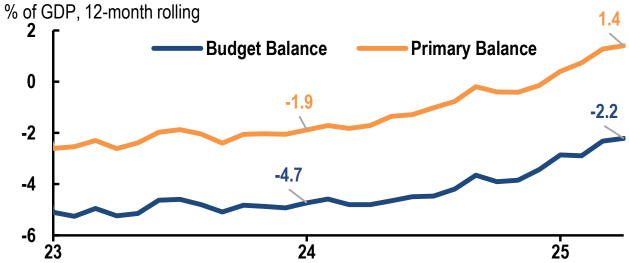
Fiscal consolidation continues, but energy prices cloud the outlook

Fiscal outperformance continued in March, with the trailing 12-month budget deficit narrowing by 0.1% to 2.2% of GDP, while the primary surplus increased to 1.4% of GDP from 1.3% previously. This improvement came despite fiscal costs from the fuel tax buffer mechanism, which has reduced motor fuel taxes to absorb 75% of fuel price increases, marking continued fiscal consolidation since April 2025. Strong tax revenues played an important role in this outperformance.

Looking ahead, however, the motor fuel tax buffer mechanism will weigh on the fiscal position. Forgone tax revenues have already reached $1.2bn (0.1% of GDP), and should motor fuel prices remain at current levels, this cost will persist at $1.2bn per month. Beyond motor fuel prices, natural gas and electricity subsidies will add further pressure on the government budget. We do not expect any electricity or natural gas price hikes for the rest of 2026. Because of energy subsidies, we revised up our budget deficit forecast last week to 4.0% of GDP, from 3.5% previously.

Figure 4: Accrual-based budget balance

% of GDP, 12-month rolling



Source: Ministry of Treasury and Finance, J.P. Morgan

Data releases and forecasts

Wed	**CBRT rate decision**				
Apr 22	%				
2:00pm		**Jan**	**Feb**	**Mar**	**Apr**
	CBRT 1-week repo rate	37.00	37.00	37.00	40.0

See main text.

Source: TurkStat

Review of past week's data

Balance of payments

US$ bn

	Dec	Jan	Feb	
Current account	-7.4	-7.0	~~-8.0~~	*-7.5*
Trade balance	-7.5	-6.9	__	*-7.5*
Exports	25.9	19.7	__	*20.7*
Imports	33.4	26.6	__	*28.1*
Official FX reserves change	-4.1	12.0	__	*-10.6*

See main text.

Source: CBRT

Central govt. budget (accrual basis)

TRY bn

	Jan	Feb	Mar	
Primary balance	242	208	__	*6.1*
Budget balance	-215	24	__	*-230*
Revenues	1421	1354	__	*1231*
Taxes	1181	1122	__	*1057*
Expenditures	1636	1329	__	*1460*
Interest	456	184	__	*236*
Non-interest	1179	1146	__	*1224*

See main text.

Source: Ministry of Treasury and Finance

Anatoliy A Shal (971) 4561-2005
anatoliy.a.shal@jpmorgan.com
J.P. Morgan Securities plc

Israel

- **Business survey points to a substantial hit to activity in March**
- **Budget deficit shrank to 4.2% on 12m trailing basis**
- **Inflation slowed to 1.9%oya in March**
- **USDILS crossed 3.0, putting pressure on the BoI to cut earlier; we bring our rate cut forecast forward to July**

This has been a data-heavy week in Israel. The messages of the March releases are the following. Business and consumer confidence took a bigger hit in this Iran war compared to last year's 12-day war. That said, supply constraints do not appear to be as binding – the security situation was a big obstacle, but labor, materials and equipment were not. The CPI report corroborates the message of a limited impact of supply disruptions on prices, as inflation momentum was low across a wide spectrum of goods and services. The impact of soft demand and of FX strength apparently dominated, at least so far. Encouragingly, the budget deficit has remained in check despite the war, narrowing to 4.2% of GDP in the 12 months to March – revenues got a boost from M&A activity, while defense expenditures (surprisingly) declined.

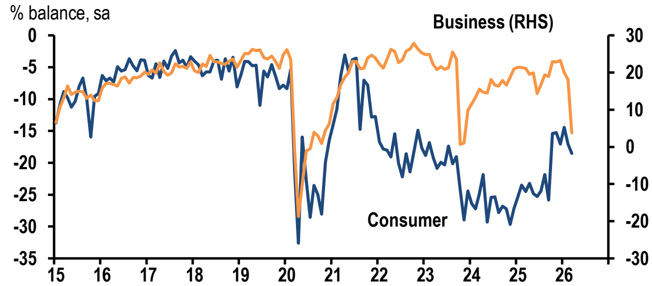
However, the main news of the week was the performance of the USDILS, which dropped below 3.0 mark for the first time in 30 years. Standard fair-value models are challenged; fundamentals can't explain the exceptional shekel strength in recent quarters. Yet, if the ILS holds onto recent gains, inflation will remain suppressed – we estimate the FX pass-through at 5-10% – and the BoI will be forced to consider bringing forward the expected rate cuts. We have moved our forecast for the next cut to July, from 4Q previously, and continue to expect 75bp by mid-2027.

Businesses on the defensive

Both business and consumer confidence took a hit in March amid the Iran war, a hit that was far deeper than in June last year (Figure 1). We tend to downplay the signal from consumer confidence – its capacity to forecast consumption has been limited in recent years – especially as the available card spending data points to (partial) recovery in recent weeks.

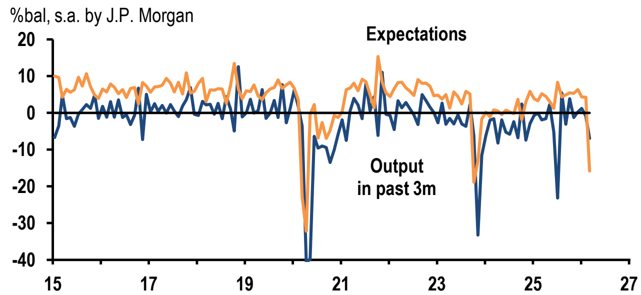
The signal from the business survey may arguably be more significant. Here, we note the following. First, the estimates of output losses did not deteriorate as dramatically, perhaps because the interruption to normal business operations was brief — the Home Front Command lightened the alert level relatively quickly in March. Yet, business expectations on employment, sales and output, deteriorated more visibly (Figures 2,3).

Figure 1: Consumer and business confidence



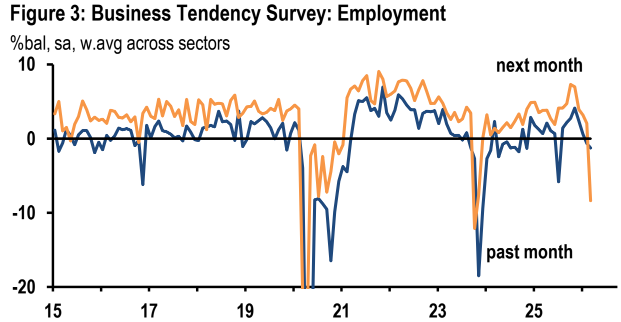
Source: Haver, CBS, J.P. Morgan

Figure 2: Output and output expectation, business tendency survey



Source: CBS BTS, J.P. Morgan

Figure 3: Business Tendency Survey: Employment



Source: Haver, CBS, J.P. Morgan

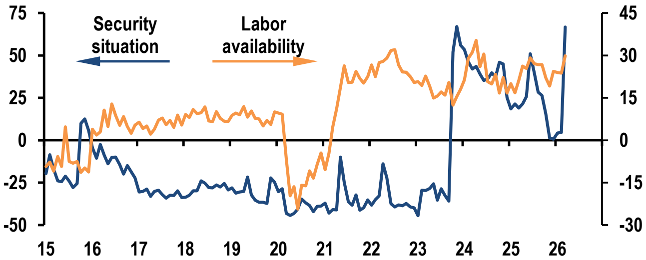
Business caution on spending and hiring, especially if it gets entrenched, will imply a poorer growth outlook and softer demand conditions. We expect a bounce in confidence and expectations components in April following the end of the hot phase of the conflict in Iran and Lebanon. Yet, we feel that risks to our 1H26 GDP growth forecast are skewed to the downside.

The second signal in the survey was about supply constraints. The increase in labor constraints was comparable to last year's episode and the increase in constraints related to availability of materials and equipment was somewhat more substantial. Yet, in both cases the shocks were far less significant than in the post-Covid or post-October 7 periods. The main binding constraint was the security situation, which should have only a very short-term impact on activity (Figure 4).

Anatoliy A Shal (971) 4561-2005
anatoliy.a.shal@jpmorgan.com
J.P. Morgan Securities plc

Figure 4: Constraints for firms' operatoins: security and labor

% bal, w.average across sectors, nsa



Source: CBS business tendency survey, J.P. Morgan

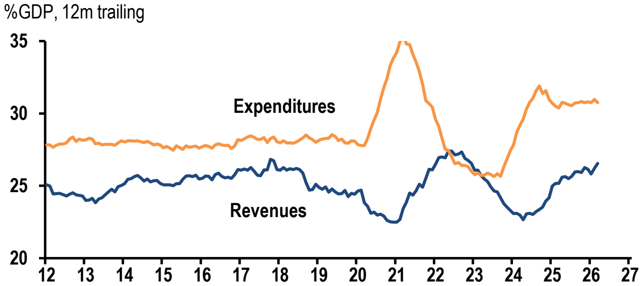
The fact that, outside of security concerns, supply constraints are apparently not as significant suggests that the inflationary repercussions of this shock may remain modest. Firms' own inflation expectations were contained through March (2.2% on a 12m horizon), supplementing the signal from the March CPI that the transmission of the global supply shock into local pricing behavior has been measured so far.

Budget's ridin' smooth

The state budget recorded a deficit of ILS1.6bn in March, which brought the 12-month trailing deficit to 4.2% of GDP, down from 4.8% in the previous month. The improvement owed equally to stronger revenues and contained expenditures (Figure 5). On the revenue side, income and property tax revenues rose a strong 50%oya in March; apparently, the receipts from the hefty tech sector exits have kicked in. In spending, civilian expenditures have remained little changed through 1Q – the absence of an approved budget was a constraint – but the main surprise in March was in defense spending, which came in at a modest ILS12.4bn despite the war. We continue to expect Israel's 2026 deficit to be a tad above 5%.

Figure 5: Budget revenues and expenditures - Israel

%GDP, 12m trailing



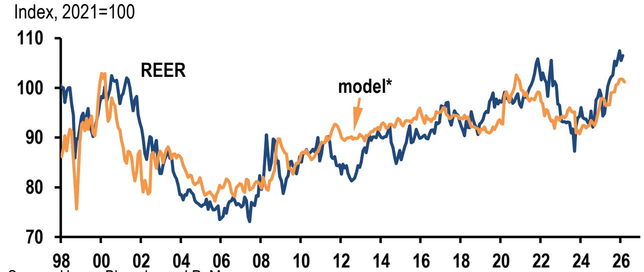
Source: MoF, Haver, J.P. Morgan

The shekel's miracle

We've been puzzled by the significant shekel appreciation, a sustained trend that has lasted for more than a year. Judging by the questions we receive, we are not alone. Indeed, fair value models with standard fundamental variables fail to match the recent currency gains (see here). Yet, even with the inclusion of financial variables that capture exposure to the tech cycle, this does not fully address the issue – the ILS still screens expensive (Figure 6, data through March). We leave the interpretation of the miraculous ILS performance to others and, instead, note the implications of this recent trend.

Figure 6: CPI-based REER vs. BEER model*

Index, 2021=100

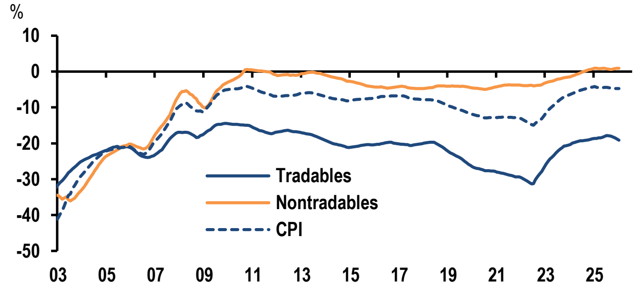


Source: Haver, Bloomberg, J.P. Morgan;
* ToT, productivity and real rate differentials, Nasdaq/SP500, global M&A / GDP

One obvious consequence of the currency's strength should be pressure on the competitiveness of Israel's tradable sectors (perhaps outside of tech). Yet, export and import data from recent quarters have not indicated any obvious issues on this front (yet). The implication that is more relevant for markets is the downward pressure on inflation which the ILS strength has created. Although we have found that the degree of FX pass-through in Israel has declined substantially in recent years, the extent of the shekel appreciation – over 20% in NEER terms over the past 12 months – means that the impact on the inflation process should be significant. We estimate that the exchange rate pass-through (ERPT) could be in the 5-10% range in Israel (Figure 7), which, other things equal, could be enough to push inflation 1-2%pt lower.

Figure 7: Time-varying estimates of ERPT on 1-year horizon

%



Source: J.P. Morgan; Estimates based on Kalman filter

Shekel rips, inflation slips

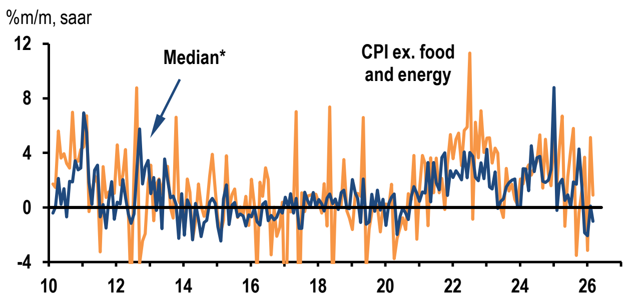
Inflation slowed to 1.9%oya in March, from 2.0% in February, surprising to the downside (JPMe 2.1, consensus 2.0). The statistics office had to impute prices for a wider-than-usual list of items and had to be creative in measuring others in the March CPI due to the war conditions. This, for

Anatoliy A Shal (971) 4561-2005
anatoliy.a.shal@jpmorgan.com
J.P. Morgan Securities plc

instance, led to unseasonably low prints in a few service components, like travel and entertainment. This suggests some room for payback in the coming months, but our sense from reading the data is that it is unlikely to be substantial.

The softness in CPI momentum was broad-based in March. Our estimates suggest that median m/m momentum was negative in March; our measure of core CPI was at a modest 0.9%m/m, saar (Figure 8). Relative to our expectations, food was a touch stronger, but all the other components were weaker. Among the main items, airfares were affected by a change in measurement approach and surprised to the downside, while housing services also lost some momentum. Continued declines in house prices suggest that rent inflation may moderate in the coming quarters. Energy inflation was slightly softer than we expected too, but should increase from April on the back of (regulated) gasoline price hikes.

Figure 8: CPI ex. food and energy vs. median inflation - Israel



Source: Haver, J.P. Morgan; * - based on 115 s.a. CPI components

The return to normal price measurement, petrol price increases, and the economy's re-opening – with some pent-up demand being released – should add to inflation momentum in the near term. Yet, the elephant in the inflation room has been the continued shekel appreciation. We have lowered our end-26 inflation forecast to 2.0%oya, from 2.3% previously.

A softer-than-anticipated March CPI should provide some comfort to the BoI, even as it does not provide enough clarity on the true scale of the inflationary repercussions of the war shock. April CPI may (partially) lift the fog, but we suspect that the BoI's natural preference will still be to err on the side of caution and remain in wait-and-see mode at the May policy meeting. However, pressure on the BoI continues to build due to the ILS strength. The BoI's position on FX interventions has been orthodox – they are appropriate in case of market malfunction, and should not be used to fight fundamental forces – hence, rates are a more natural channel to alleviate at least some of the pressures from the currency. We think that, by 3Q, market pressures will force the BoI's hand to restart the easing cycle. We bring forward the next cut in our forecasted profile to 3Q, provisionally July, and continue to expect a total of 75bp in cuts by mid-2027.

Data releases and forecasts

Thu	**International trade**				
Apr 23	US$ bn.				
1:00pm		**Dec**	**Jan**	**Feb**	**Mar**
	Trade balance	-3.2	-3.0	-4.4	-4.1
	Ytd	-38.6	-41.7	-46.0	__
	Ytd a year ago	-34.4	-2.8	-5.3	-8.1
	Exports %oya	10.6	12.7	-3.0	-16.5
	Imports %oya	-7.8	11.2	24.7	5.0

Thu	**Chain store sales**				
Apr 23	%oya				
9:00am		**Nov**	**Dec**	**Jan**	**Feb**
	%oya	3.4	4.8	10.2	6.5
	%m/m sa	0.2	0.9	2.4	-0.8

Sources: CBS, BoI, Local authorities, J.P. Morgan forecasts

Review of past week's data

Consumer confidence
%

	Jan	Feb	Mar	
% balance NSA	-16.2	-16.6	-19.0	*-18.9*

Real GDP, final
%oya, unless otherwise stated

	2Q25	3Q25	4Q25	
Real GDP	2.6	3.5	__	*3.3*
%q/q saar	-4.5	12.3	4.2	*3.3*

Consumer prices
%oya

	Jan	Feb	Mar	
%oya	1.8	2.0	2.1	*1.9*
%m/m nsa	-0.3	0.2	0.6	*0.4*

Sources: CBS, BoI, Local authorities, J.P. Morgan forecasts

Sonja Keller (27-11) 507-0376
sonja.c.keller@jpmorgan.com
JPMorgan Chase Bank, N.A., Johannesburg Branch
Irshaad Mayet (27-11) 507-0418
irshaad.mayet@jpmorgan.com

South Africa

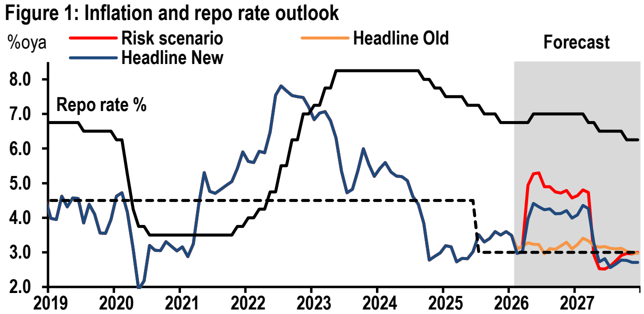
- **SARB comments shift our forecast: we now look for a May hike, from previously on hold**
- **Inflation likely remained flat at 3%oya in March, but with a jump to 4% in April and 4.4% in May**
- **Ramaphosa appoints Roelof Meyer as new ambassador to the US**

Recent comments by SARB governor Kganyago gave the clearest indication yet that the MPC is unlikely to hesitate in raising the policy rate in order to avert having to tighten more later. Drawing a comparison to a historic battle in SA, he cautioned that they did not have the luxury of "waiting until we see the whites of inflation's eyes" as by then it may be too late. Moreover, the lesson from the post-COVID period was that a late response could eventually require more aggressive tightening.

The comments were considerably more hawkish than the MPC statement at the end of March, when the SARB's comments were more dovish than expected by markets. We think that the further rise in oil prices since the last MPC meeting (with fuel prices at the pump poised for another significant increase in May) and risk of damage to inflation expectations, shifts the odds in favor of a 25bp May hike (Figure 1).

Additional hikes could be on the cards, in our view, if either oil prices fail to ease to below 100p/b by mid-year or food inflation pressures begin to emerge more significantly, adding to concerns of subsequent second round effects. Our projected terminal policy rate remains unchanged at 6% with three cuts next year (previously two) and the remainder in 2028.

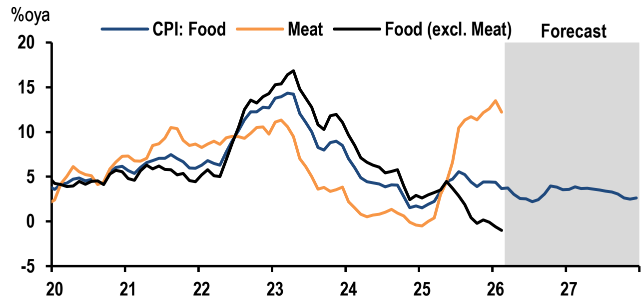
Figure 1: Inflation and repo rate outlook



Source: StatsSA, J.P. Morgan Forecast

Headline and core inflation probably remained flat at 3% in Marchn but the risks are to the upside. Focus is on housing costs and food inflation. We expect OER inflation to have risen 0.9%m/m nsa in the quarterly survey to be up 3.6%oya in March, from 3.5% in December and 3% in September. We have pencilled in a 0.3%m/m rise in food prices to keep food inflation steady at 3.7%oya. While there are downside risks to food inflation near-term, upside risks to current projections from 3Q26 are climbing. Rising input costs across the value chain and uncertainty around the agricultural outlook, driven by weather-related risks and cost pressures, point to a firmer trajectory.

Figure 2: Components of food inflation



Source: StatsSA, J.P. Morgan

New ambassador to the US spells optimism

Following a period of diplomatic friction with the US, President Ramaphosa announced the appointment of Roelf Meyer as ambassador to Washington. His credentials as a seasoned negotiator and his long-standing relationship with Ramaphosa are viewed as an asset that could help improve the country's messaging in Washington. On balance, we see the appointment as supportive for the near-term risk backdrop, reducing tail-risks around bilateral escalation and, at the margin, easing the macro headwinds of trade volatility.

Data releases and forecasts

Week of April 20-27

Wed	**Consumer prices**				
Apr 22	%oya, except as noted				
10:00am		**Dec**	**Jan**	**Feb**	**Mar**
	CPI	3.6	3.5	3.0	3.0
	%m/m, sa	0.2	0.2	0.4	0.5
	Core	3.3	3.4	3.0	3.0

See main text.

Wed	**Retail sales**				
Apr 22	%oya				
1:00pm		**Nov**	**Dec**	**Jan**	**Feb**
	Real	3.6	2.5	4.2	__
	Nominal	5.5	4.4	5.8	__

Sonja Keller (27-11) 507-0376
sonja.c.keller@jpmorgan.com
JPMorgan Chase Bank, N.A., Johannesburg Branch
Irshaad Mayet (27-11) 507-0418
irshaad.mayet@jpmorgan.com

Review of past week's data

Mining production

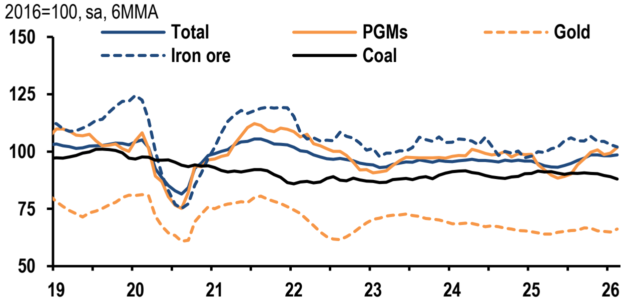
Volume output

	Dec	Jan	Feb	
Mining (%oya)	2.6	4.0	__	*7.5*
%m/m, sa	-2.1	3.7	__	*2.3*

Mining activity in February increased significantly ahead of consensus expectations. The increase was primarily driven by the material lift in PGM production, although this was largely due to base effects. Gold, manganese ore and chromium also contributed, offset in part by declines in iron ore and coal that point to ongoing softness in bulk commodities. On a 3m/3m basis, mining output fell 1.7%, suggesting that while near-term momentum has improved, the sector remains in recovery mode following underlying weakness at the end of last year.

Figure 3: South Africa mining output

2016=100, sa, 6MMA



Source: StatsSA, J.P. Morgan

Source: StatsSA ,SARB,Haver Analytics, J.P. Morgan

Ben K Jarman (61-2) 9003-7982
ben.k.jarman@jpmorgan.com
J.P. Morgan Securities Australia Limited
Tom Kennedy (61-2) 9003-7981
tom.kennedy@jpmorgan.com

Tom Ryan (61-2) 9003-7632
thomas.f.ryan@jpmorgan.com

Australia and New Zealand

- **Australia's unemployment rate holds at 4.3% sa, in line with expectations**
- **The impact of the Iran conflict lands in economic sentiment surveys**
- **New Zealand's CPI to rise 2.8%oya in 1Q26**

Australia's unemployment rate held at 4.3% sa in March, consistent with J.P. Morgan and consensus forecasts. Employment increased 18K, while the participation rate ticked one-tenth lower to 66.8% (Figure 1). Employment growth was concentrated in full-time appointments (+53K), while part-time job creation dipped 35K. This is a reversal of the prior month's composition and serves as a reminder that month-to-month FT/PT employment growth is volatile, often delivering more noise than signal.

Figure 1: Unemployment rate and employment growth

% labour force, sa %oya, sa

Source: ABS, J.P. Morgan

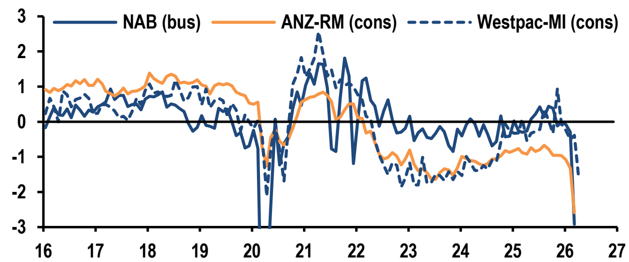
In separately released data, the Melbourne Institute consumer inflation expectations printed at 5.9%, up seven-tenths from the prior release and above levels implied from a simple regression of national fuel prices. [Consumers persistently overestimate inflation pressures] so an increase was anticipated; however, the size of the increase plays into the RBA's concerns around keeping inflation expectations anchored. Together with the fact that unemployment is still running in the 18-month range (albeit at the upper end), this keeps the RBA, in our view, on track to hike again in May, although this is a close call.

Confidence crunch

Australia's NAB business confidence collapsed in March, falling 29 points to -29. This is one of the lowest readings outside of COVID-19 in the series' history, reflecting heightened uncertainty and surging petrol prices. Despite the sharp drop in confidence, supply disruptions have yet to materially feed through into business activity, with the business conditions index holding steady at +6. The NAB survey data join a suite of business and consumer surveys signaling a sharp decline in economic sentiment (Figure 2). The volatile move across multiple surveys is an ominous sign for business conditions, which we expect to deteriorate from here if global commodity supply constraints persist.

Figure 2: Australian consumer and business confidence surveys

Z-score, sa

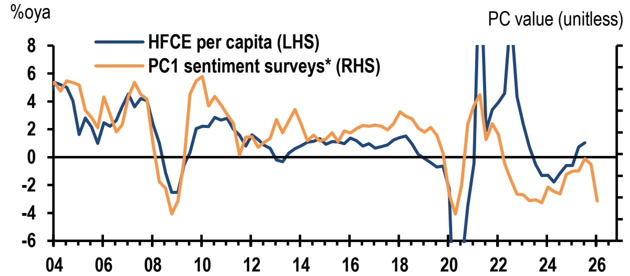


Source: NAB, ANZ, Roy Morgan, Westpac, Melbourne Institute, J.P. Morgan

Large, rapid declines in confidence imply that businesses and consumers perceive a looming shock, with a similar drop last occurring in 1Q20 during COVID-19 lockdowns , which was followed by a sharp fall in conditions. Survey data can be noisy month to month, but by taking steps to isolate the underlying signal we find that economic sentiment roughly tracks per capita consumption (Figure 3).

Figure 3: Economic sentiment and consumption

%oya PC value (unitless)

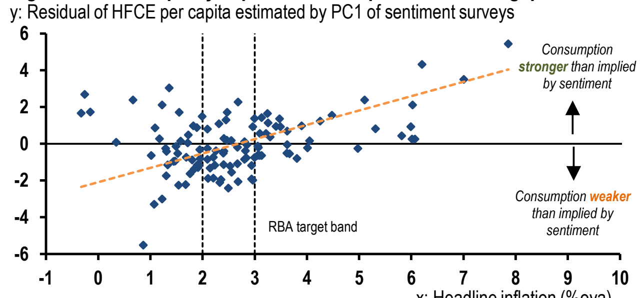


*Surveys include NAB business confidence, Westpac-MI and ANZ-RM consumer surveys

Source: ABS, J.P. Morgan

Figure 4: Inflation partly explains consumption-sentiment gap

y: Residual of HFCE per capita estimated by PC1 of sentiment surveys



Source: ABS, J.P. Morgan

This sentiment-consumption relationship is quite weak, with divergences clear over 2022-24 and 2016-19. This can, though, in part be explained by the rate of inflation. Estimating per capita consumption using the first principal component of the sentiment surveys, the residuals show a positive

Ben K Jarman (61-2) 9003-7982
ben.k.jarman@jpmorgan.com
J.P. Morgan Securities Australia Limited
Tom Kennedy (61-2) 9003-7981
tom.kennedy@jpmorgan.com

Tom Ryan (61-2) 9003-7632
thomas.f.ryan@jpmorgan.com

relationship to headline inflation (Figure 4). This is consistent with periods of high inflation coinciding with strong consumption growth, while the associated tightening in monetary policy and cost of living pressures weigh on sentiment, driving a wedge between the two.

Data releases and forecasts

Week of April 20 - 24

Wed	Melbourne Institute leading index				
Apr 22		Dec	Jan	Feb	Mar
10:30am	%m/m, sa	0.1	0.0	-0.1	

Review of past week's data

Westpac consumer sentiment

	Feb	Mar	Apr	
Index, sa	90.5	91.6		*80.1*

NAB business survey

	Jan	Feb	Mar	
Conditions (Index, sa)	7.1	6.4		*5.7*
Confidence (Index, sa)	2.0	-0.4		*-29.0*

Labor force survey

	Jan	Feb	Mar	
Unemployment rate (%, sa)	4.1	4.3	~~4.3~~	*4.3*
Employment change (k, sa)	26.0	48.9	~~20.0~~	*18.0*
Participation rate (%, sa)	66.7	66.9	~~66.9~~	*66.8*

See main text.

New Zealand

Data releases and forecasts

Week of April 20 - 24

Tue	Quarterly Survey of Business Opinion				
Apr 21		2Q25	3Q25	4Q25	1Q26
8:00am	Business situation (next 6m, sa)	18.3	9.8	22.8	
	Trading activity (next 3m, sa)	26.8	17.2	39.5	

Tue	Consumer price index				
Apr 21		2Q25	3Q25	4Q25	1Q26
8:45am	%q/q, nsa	0.7	0.7	0.8	0.7
	%oya	2.7	3.1	3.1	2.8

The RBNZ provided late guidance on its CPI forecasts at the April meeting, raising the 1Q estimate to 3.0%oya from 2.8%oya. However, subsequent monthly data covering food, fuel, rents, household energy and travel for March came out on the softer side, and in our view the February MPS forecast is still broadly tracking. We look for 0.7%q/q nsa on 1Q CPI, and 2.8%oya. In the monthly tracking data, fuel prices went vertical in March, up 18.6%m/m on petrol and over 40%m/m on diesel, but this follows sequential declines in January and February, so the impact on a quarterly basis will be largely delayed until 2Q. International travel prices were muted, down sharply on the quarter, as was accommodation. Domestic travel and accommodation were firmer as is normal over the southern summer (headline data are nsa), but this was offset by a deceleration in household energy (electricity/gas), after a strong run. Food price inflation peaked for the quarter in January, easing in February and March to leave the group down in seasonally adjusted terms for 1Q overall.

Rental inflation was particularly benign, near-flat on the monthly stock measure that aligns most closely with quarterly CPI treatment. This reflects the pass-through of previous weakness in rental flow rates from early 2025, whereas the run-rate on newer agreements has firmed substantially, in line with improving population inflows. This sets the stage for a recovery in the stock measure of rents and rental CPI later in the year. The RBNZ has argued that it has some time on its side in normalizing policy, given accumulated excess capacity. We tend to agree near-term as business survey readings on pricing behaviour are still fairly soft, so non-tradables inflation was likely muted in 1Q, at least relative to seasonal norms. We expect education will, as usual, be firm owing to calendar resets in university fees. Though this is shaping up to be a smaller impulse than usual, reflecting the government's changes to the free fees program (moving from first year free, to final year free). In 1Q25 the transition led to a stark jump in education prices as fewer students were immediately eligible, having already benefited from the previous scheme. This effect should be partially offset in 1Q26 as net coverage expands, with more students now on the latter scheme alone. There is also some uncertainty about the reweighting of domestic airfares (strong on the quarter), given changes in travel patterns. If our forecast is realized, we expect the RBNZ to stay relatively patient near-term, with the pace of policy normalization guided largely by progress in the labor market data.

Thu	Credit card spending				
Apr 23		Dec	Jan	Feb	Mar
1:00pm	%oya, sa	-1.7	-2.2	-0.5	

Review of past week's data

BusinessNZ services index

	Dec	Jan	Feb	
Index, sa	50.1	47.6		*46.0*

Sources: Westpac, Melbourne Institute, NAB, NZIER, Stats NZ, BNZ, ANZ, J.P. Morgan

Feng Zhu (852) 2800 1745
feng.zhu@jpmorgan.com
JPMorgan Chase Bank, N.A., Hong Kong Branch
Tingting Ge (852) 2800-0143
tingting.ge@jpmorgan.com
Jiayi Li (852) 2800-5229
jiayi.c.li@jpmorgan.com
Tongfang Yuan (852) 2800-0085
tongfang.yuan@jpmorgan.com

Greater China

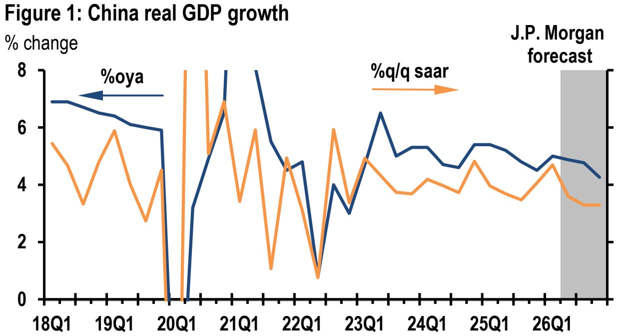
- **China: March activity data shows strong supply and softer demand; 1Q real GDP rose 6.7%q/q saar**
- **Exports slowed sharply, while imports surged**
- **Loan weakness remained the main drag on TSF**
- **An olive branch across the Taiwan Strait**
- **Next week: China LPR; Hong Kong CPI and labor; Taiwan export orders, IP and labor**

Interpreting 1Q activity is complicated by LNY volatility. Trend growth in production accelerated in March, outpacing domestic demand, while trend export growth remained strong despite March's pullback. With front-loaded fiscal/quasi-fiscal support propping up policy-tailwind investment and output, the recovery still looks more policy-tilted, production-led, and export-reliant. Ahead, the key swing factors are energy-shock and tariff/external-demand uncertainties. President Trump's rescheduled China visit (May 14-15) is a major event risk: it may ease near-term tariff uncertainty and – more indirectly and with high uncertainty – support Middle East de-escalation that lowers energy risks.

IP beat, domestic demand softened

China's 1Q GDP and March activity data came in mostly below expectations, with industrial production the key exception. Real GDP rose 5.0%oya or 6.7%q/q saar in 1Q (Figure 1). By expenditure, domestic contributed 84.7% to 1Q annual growth (vs 50.1% in 1Q25), in line with our expectation of a narrowing net export contribution following the March trade report. IP rose 5.7%oya and 0.5%m/m sa, lifting the trend pace to 11.6%3m/3m saar, the fastest in 14 quarters. High-tech and equipment manufacturing continued to outperform, with the strengthening in chemicals IP helping to ease concerns around petrochemical feedstock disruptions.

Figure 1: China real GDP growth



Source: NBS, J.P. Morgan

Domestic demand was mildly softer than expected. After an encouraging rebound in Jan-Feb FAI, FAI growth inched lower to 1.6%oya in March as infra-FAI slowed down. Manufacturing FAI picked up modestly, while real estate FAI remained the major drag. Retail sales softened to 1.7%oya on a 0.1%m/m sa downtick, dragged by weak auto sales (-11.8%oya or -1.9%m/m sa). Excluding autos, retail sales held up broadly fine with a 3.2%oya rise.

Interpreting 1Q activity is difficult due to Lunar New Year distortions, and the key question is whether March's slowdown signals a temporary pause or a more meaningful loss of momentum. Risks are tilted to the downside given the energy shock, softer external demand, and elevated tariff uncertainty. Even if IP momentum cools from 1Q's 0.8% monthly run rate, the trend should remain solid at near 4.5%3m/3m saar this quarter, consistent with 4%ar GDP growth forecast. However, supply-demand imbalances and margin pressure could worsen on firmer upstream prices. We leave the quarterly growth profile for the remaining three quarters unchanged (4.0%q/q saar for 2Q and 3.2%q/q saar for 2H), with full-year growth remaining at 4.7%.

Exports slowed sharply as imports surged

Headline exports fell more than expected by 19.5%m/m sa in March, unwinding the Jan-Feb surge, though trend momentum remains strong at 69.2%3m/3m saar (Figure 2). The pullback was broad-based across major destinations, led by low-end consumer goods and mechanical/electrical, partly offset by high-tech (ADP, IC, etc). March's larger-than-expected export pullback appears to reflect an unwind of the abnormal Jan–Feb surge, which was partly driven by export front-loading ahead of a later Lunar New Year and for items facing a reduced export tax rebate.

Figure 2: China merchandise trade growth

Source: China Customs, J.P. Morgan

Imports accelerated to 4.1%m/m sa, pushing annual growth to the fastest pace since late 2021 at 27.8%, partly on higher energy and commodity import bills. ADP import values hit a record, likely reflecting the regional AI tech supply chain and chip price gains. For 1Q as a whole, imports grew 22.7%oya, outpacing exports by near 8ppt for the first time in eight quarters, pointing to a smaller net export contribution to 1Q GDP growth.

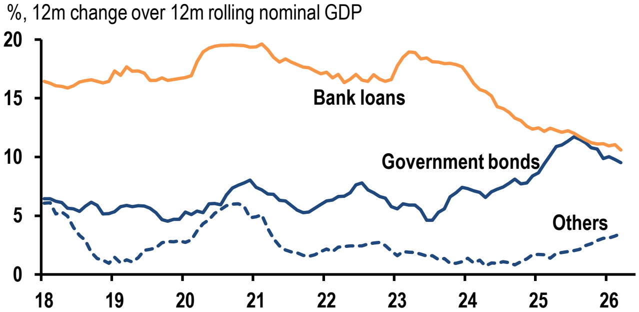
Feng Zhu (852) 2800 1745
feng.zhu@jpmorgan.com
JPMorgan Chase Bank, N.A., Hong Kong Branch
Jiayi Li (852) 2800-5229
jiayi.c.li@jpmorgan.com
Tingting Ge (852) 2800-0143
tingting.ge@jpmorgan.com
Tongfang Yuan (852) 2800-0085
tongfang.yuan@jpmorgan.com

The Middle East situation remains fluid. Even with the conditional ceasefire, a prolonged energy shock and spillovers to other commodities (e.g. helium/surfur/fertilizer) suggest ongoing trade-flow and supply-chain disruptions. If the conflict drags on, the hit to global growth and external demand is likely to build, weighing on China's exports later this year. The tech upcycle appears to be providing some cushion, supported by ongoing regional AI/tech supply-chain activity. With China's Section 301 investigations readily available, tariff uncertainties remain high, especially as the US mid-term elections draws near, adding another headwind for China's exports.

Loan growth remained a disappointment

Despite a seasonal pickup in March, new loans came in at 2990bn yuan, remaining the key disappointment (Figure 3). The deceleration in loan growth intensified to a new record low of 5.7%oya, reflecting softer borrowing from both corporates and households versus a year ago. TSF growth eased to 7.9%oya, close to the historical trough of 7.8% in late 2024. Government bond issuance moderated to 1.16tr yuan (vs 1.4tr in February), though year-to-date issuance remains front-loaded versus prior years. The recent pickup in other TSF components since mid-2025 is an encouraging development, with ytd corporate bond issuance reaching 1050bn yuan, the fastest pace since 2022 – helped by targeted support for tech bond issuance and an equity-market "policy put".

Figure 3: China credit impulse breakdown
%, 12m change over 12m rolling nominal GDP



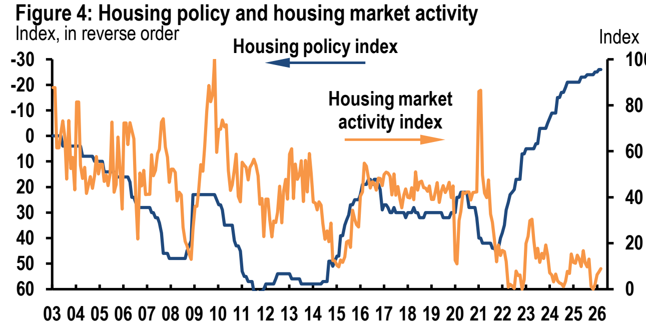
Source: PBOC, J.P. Morgan

1Q tracking flags downside risk to full-year loan growth. A durable recovery in loan growth ultimately requires a lift in private-sector confidence and an end to deflation pressures that are compressing corporate earnings. The recent PPI turn is mostly upstream imported inflation, instead of broad reflation, with downstream consumer-goods pricing remaining weak. Pricing power and pass-through are limited, potentially squeezing margins if energy costs stay high and weighing further on corporate borrowing. The creation of a 100bn fiscal-financial fund for interest-rate subsidies at March NPC exceeded expectations, which could provide some offsets and support household and private-sector financing demand.

Tier-1 city home prices rose modestly

JPM's housing activity index extended its modest recovery in March, reflecting narrower contractions in home sales, new starts, completions, and smaller sequential home price declines (Figure 4). NBS 70-city new-home prices and secondary home prices recorded a narrower sequential fall at 0.21%m/m nsa and 0.24%, respectively. Tier-1 cities saw price improvement in both new and secondary home prices, supported by recent easing measures in Beijing and Shanghai.

Figure 4: Housing policy and housing market activity



Source: NBS; J.P. Morgan; Note: Preliminary estimates for Mar '26 housing market activity index with tentative assumptions for land sales growth.

The spring bounce is encouraging, but it's not yet convincing. We would need several more months of broad-based improvement across volume + prices + inventory – extending beyond tier 1 to at least tier 2 – without fresh policy boosts to call the recovery sustainable. The April Politburo meeting is the next policy catalyst, but we see low likelihood of a housing policy turnaround, with easing staying city-led and housing-related fiscal support being front-loaded. Absent major changes, we expect the downturn to persist through 2026, with new-home sales, starts, completions, and prices still contracting – albeit at a slower pace.

An olive branch across the Taiwan Strait

Upon Chinese Communist Party (CCP) Secretary-General Xi Jinping's invitation, Taiwan's main opposition party (Chinese Nationalist Party, KMT) Chair Cheng Li-wen visited mainland China on April 7-12 in the first high-level cross-strait engagement since 2016. The summit has eased near-term concerns that the Taiwan Strait – a key global shipping lane – could become a new chokepoint, and is also viewed as an opening to Washington ahead of the planned Trump-Xi summit in mid-May. At the summit, Xi underscored national unity and cited the "Four Cannots" embodied in Law on Promoting Ethnic Unity and Progress, while Cheng proposed to establish institutionalized mechanisms to avoid armed conflicts and promised that Taiwan would not become a platform for foreign intervention.

Feng Zhu (852) 2800 1745
feng.zhu@jpmorgan.com
JPMorgan Chase Bank, N.A., Hong Kong Branch
Tingting Ge (852) 2800-0143
tingting.ge@jpmorgan.com
Jiayi Li (852) 2800-5229
jiayi.c.li@jpmorgan.com
Tongfang Yuan (852) 2800-0085
tongfang.yuan@jpmorgan.com

Beijing followed with 10 measures for Taiwan under the condition of upholding the CCP-KMT “1992 Consensus” of two sides belonging to one China and opposing Taiwan independence. In addition to moves aimed at enhancing communications and exchanges between the two parties, measures include expanded travel links, trade facilitation for Taiwanese agri/fishery/food products, and support for Taiwan SMEs operating in the mainland. Impact, however, hinges on the goodwill of the incumbent DPP. The KMT has successfully demonstrated its ability to communicate and engage with the CCP to achieve deals beneficial for the Taiwanese people. This may build some pressure on the DPP before the local elections on November 28, but is unlikely to affect the “presidential” and Legislative Yuan elections in January 2028.

China

Data releases and forecasts

Week of April 20-24

Mon	**Loan prime rate**				
Apr 20	%				
9:00am		**Jan**	**Feb**	**Mar**	**Apr**
	1-year LPR	3.0	3.0	3.0	3.0
	5-year LPR	3.5	3.5	3.5	3.5

Review of past week’s data

Monetary aggregates (13 Apr)
%oya, bn yuan

	Jan	Feb	Mar	
New loan creation	4710	900	~~3480~~	*2990*
%oya	6.1	6.0	~~5.9~~	*5.7*
TSF flow	7219	2386	~~5660~~	*5226*
%oya	8.2	8.2	~~8.1~~	*7.9*
M2	9.0	9.0	~~8.9~~	*8.5*

Merchandise trade (14 Apr)
US$bn

	Jan	Feb	Mar	
Balance	122.6	91.0	~~106.7~~	*51.1*
Exports	356.7	299.9	~~349.7~~	*321.0*
%oya	10.0	39.6	~~11.7~~	*2.5*
Imports	234.1	208.9	~~243.0~~	*269.9*
%oya	25.6	13.8	~~15.1~~	*27.8*

Housing prices (16 Apr)
% change

	Jan	Feb	Mar
New home, %m/m	-0.4	-0.3	*-0.2*
%oya	-3.3	-3.5	*-3.6*
Secondary home, %m/m	-0.5	-0.4	*-0.2*
%oya	-6.2	-6.3	*-6.3*

Real GDP (16 Apr)
% change

	25Q3	25Q4	26Q1	
%oya	4.8	4.5	~~5.2~~	*5.0*
%q/q saar	3.7	5.2	~~7.2~~	*6.7*

Fixed investment (16 Apr)
% change

	Dec	Jan-Feb	Mar	
%oya	-16.0	1.8	~~1.9~~	*1.6*
%oya, ytd	-3.8	1.8	~~1.9~~	*1.7*

Industrial production (16 Apr)
%

	Dec	Jan-Feb	Mar	
%oya	5.2	6.3	~~4.7~~	*5.7*
%m/m sa	1.1	1.2	~~-0.2~~	*0.5*

Retail sales (16 Apr)
% change

	Dec	Jan-Feb	Mar	
%oya	0.9	2.8	~~2.2~~	*1.7*
%m/m sa	0.1	0.5	~~0.1~~	*-0.1*

Hong Kong SAR

Data releases and forecasts

Week of April 20-24

Thu	**Consumer prices**				
Apr 23	% change				
4:30pm		**Dec**	**Jan**	**Feb**	**Mar**
	%oya	1.4	1.1	1.7	1.9
	%m/m sa	0.2	0.2	0.3	0.4
Thu	**Labor market survey**				
Apr 23	Sa, 3mma				
4:30pm		**Dec**	**Jan**	**Feb**	**Mar**
	Unemployment rate	3.8	3.9	3.8	3.8

Review of past week’s data

No data released.

Taiwan

Data releases and forecasts

Week of April 20-24

Tue	**Export orders**
Apr 21	% change
4:00pm	
	%oya
	%m/m, sa

Feng Zhu (852) 2800 1745
feng.zhu@jpmorgan.com
JPMorgan Chase Bank, N.A., Hong Kong Branch
Tingting Ge (852) 2800-0143
tingting.ge@jpmorgan.com
Jiayi Li (852) 2800-5229
jiayi.c.li@jpmorgan.com
Tongfang Yuan (852) 2800-0085
tongfang.yuan@jpmorgan.com

Thu	**Industrial production**				
Apr 23	% change				
4:00pm		**Dec**	**Jan**	**Feb**	**Mar**
	%oya	23.1	27.9	17.8	25.8
	%m/m sa	5.7	-0.8	2.5	2.1

Thu	**Labor market survey**				
Apr 23	%				
4:00pm		**Dec**	**Jan**	**Feb**	**Mar**
	Unemployment rate, sa	3.36	3.36	3.33	3.32
	Unemployment rate, nsa	3.30	3.29	3.32	3.33

Review of past week's data

No data released.

Source: NBS, China Customs, Hong Kong Census and Statistics Department, Taiwan Ministry of Economic Affairs, DGBAS, MoF, J.P. Morgan forecasts. The long-form nomenclature for references to China; Hong Kong; and Taiwan within this research material is Mainland China; Hong Kong SAR (China); and Taiwan (China).

Seok Gil Park (82-2) 758-5509
seok.g.park@jpmchase.com
JPMorgan Chase Bank, N.A., Seoul Branch
Jooeun Kim (82-2) 758-5512
jooeun.kim@jpmorgan.com

Korea

- **Energy prices directly lifted trade prices in March**
- **Early exports data hint at partial payback in April**

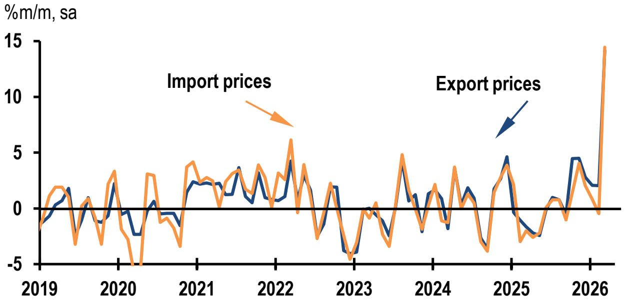
Since the onset of the Middle East conflict, we have emphasized the importance of balancing the tailwinds from the tech sector against the headwinds from higher energy prices, and have argued that, with respect to growth, current account and fiscal balances, the tailwinds are likely to outweigh the headwinds. This week's data indicate that the terms of trade have actually strengthened despite the energy price shock, and export data for the first 10 days of April show no significant signs of a slowdown in robust export growth. While the outlook will depend on the progression of the conflict, our tracking suggests there is upside risk to our conservative forecast of 0% growth for 2Q.

Energy drove jump in March trade prices

In March, trade prices surged by mid-10% m/m – the fastest since the Asian Financial Crisis – driven by a sharp rise in energy prices (Figure 1). Notably, the pass-through was more immediate on the export side, as seen in customs data. Import prices rose 14.5% m/m sa, with energy imports up 50%, reflecting an 89% jump in Dubai crude oil prices. Excluding energy, import prices firmed up 2.7% m/m sa. Meanwhile, the trade-weighted KRW weakened by 1.9% in March. In the near term, external pressures on import prices are likely to moderate, as oil prices have partially retraced the March spike as of early April, though volatility remains a concern.

Figure 1: Trade prices in local currency terms

%m/m, sa



Source: BoK, and J.P. Morgan

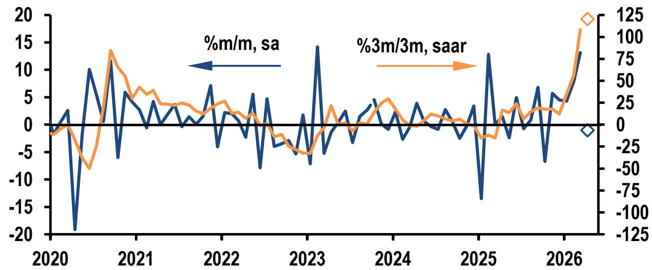
Export prices also climbed 14.2% m/m sa, led by oil products (+88%) and chemicals (+11.1%), indicating a spill-over effect of prices along the supply chain as we had highlighted. The tech sector continued its nine-month gains. while non-IT and non-oil export prices declined. Terms of trade improved to the highest since June 2009, while the contractual currency-based ratio paused. This gap likely reflects technical factors, as the BoK adjusts for the time lag between contract dates and customs clearance. Overall, tech strength and beneficiary petroleum export prices have helped offset energy price risks.

10-day exports signal technical pullback

Early April's customs data showed exports up 36.7% oya, with no working day difference from last year. However, seasonally adjusted 10-day exports fell 1.1% m/m, indicating a technical payback after an average 7% monthly gain over the prior five months. In US$ terms, export values are likely to have remained elevated in April rather than sharply reversing.

Figure 2: Korea customs exports

% change, both axes



Source: MoTIE, and J.P. Morgan * Markers denote estimates based on 10-day flash reports.

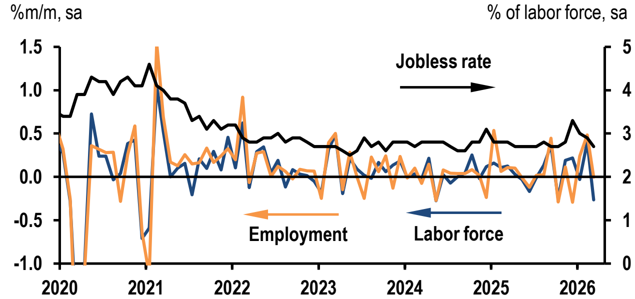
On a three-month basis, nominal export growth remains strong at triple-digits in April (Figure 2), while we remain mindful of the volatility in high frequency data. This is supported by solid gains in February and March, so the pace is expected to slow later this quarter. Meanwhile, 10-day imports rose 12.7% oya but declined 1.3% m/m sa, with non-energy imports softer than energy.

Employment recovered in 1Q

March employment was nearly unchanged after a 0.5% m/m sa in February, while the labor force declined by 0.3% as a pullback from February's gain. As a result, the seasonally adjusted unemployment rate continued to fall, reaching 2.7% in March, down from 3.3% in December (Figure 3). Sequentially, job growth posted 1.6% ar in 1Q, up from a pause in 4Q25.

Figure 3: Labor market indicators

%m/m, sa — % of labor force, sa



Source: NSO, and J.P. Morgan

Seok Gil Park (82-2) 758-5509
seok.g.park@jpmchase.com
JPMorgan Chase Bank, N.A., Seoul Branch
Jooeun Kim (82-2) 758-5512
jooeun.kim@jpmorgan.com

Data releases and forecasts

Week of April 20-24

Wed	**Producer prices**				
Apr 22	% change				
6am		**Dec**	**Jan**	**Feb**	**Mar**
	%oya	1.9	1.9	2.4	4.5

The government's cap measure has contained wholesale energy prices – including gasoline and diesel – since mid-March, with the cap level adjusted bi-weekly. We believe that this will help smooth potential shocks to energy PPI, which are expected to be milder than those seen in March's import prices.

Wed	**Stage of processing price index**				
Apr 22	% change				
6am		**Dec**	**Jan**	**Feb**	**Mar**
	%oya	1.3	1.0	1.3	4.1
Thu	**Consumer survey**				
Apr 23	100=long-term average, nsa				
6am		**Jan**	**Feb**	**Mar**	**Apr**
	Index	110.8	112.1	107.0	109.0

March's contained consumer prices, due to the energy wholesale price cap, along with expectations of fiscal support for the purchasing power, may provide a buffer against downward pressure on consumer sentiment.

Thu	**Real GDP 1st estimate**				
Apr 23	% change				**1st**
8am		**2Q25**	**3Q25**	**4Q25**	**1Q26**
	%q/q, sa	0.7	1.3	-0.2	1.2
	%q/q, saar	2.7	5.4	-0.6	5.0
	%oya	0.6	1.8	1.6	3.1

February's stronger-than-expected IP and related manufacturing/export indicators through March support a solid rebound in 1Q. This indicates that the impact of Middle East tensions will weigh more heavily on 2Q, but is expected to be buffered by fiscal support.

Fri	**FKI business survey**				
Apr 24	100=neutral reading, sa				
		Jan	**Feb**	**Mar**	**Apr**
	One-month outlook	98.7	100.0	85.1	88.0
	Current conditions	95.9	98.8	90.4	92.0

Review of past week's data

Import and export prices (Apr 15)

%oya, in local currency terms

	Jan	Feb		Mar	
Export prices	7.8	~~10.7~~	*11.1*	~~24.7~~	*28.7*
Import prices	-0.9	~~1.2~~	*1.6*	~~22.2~~	*18.4*

See main text.

Unemployment rate

% of labor force

	Jan	Feb		Mar	
Seasonally adjusted	3.0	2.9		~~2.8~~	2.7
Not seasonally adjusted	4.1	3.4		3.0	

See main text.

Monetary aggregates

%oya, monthly average

	Dec	Jan		Feb	
M2	4.7	~~4.6~~	*4.7*	~~4.6~~	*4.9*
Lf	6.6	6.6		~~6.0~~	*6.9*

Sources: BoK, NSO, FKI, and J.P. Morgan forecasts.

Charnon Boonnuch (65) 6807 5086
charnon.boonnuch@jpmorgan.com
JPMorgan Chase Bank, N.A., Singapore Branch
Jin Tik Ngai (65) 6807 5556
jintik.ngai@jpmorgan.com

Siddharth Jamad (65) 6807-5503
siddharth.jamad@jpmorgan.com

ASEAN

- **MAS tightened its FX policy, but sounded dovish amid rising growth concerns**
- **We expect BSP and BI to stay on hold next week, but with risks of hawkish outcomes**
- **Fiscal concerns are rising in Indonesia and the Philippines, but appear contained elsewhere**

GDP growth outturns of tech exporters appear to be softer than our expectations in 1Q26, ahead of the material slowdown that we expect in 2Q26, prompting downward revisions to our full-year forecasts. Given the stagflation concerns, central banks are treading carefully. In Singapore, the MAS tightened its FX policy, but struck a dovish tone. We expect both the BI and BSP to stay put next week.

We still expect a one-off BSP hike in August, but we flag a rising risk of an earlier hike in April, based on the BSP Governor's hawkish comments. We still expect two 25bp cuts by the BI in 4Q26. However, the tone should be incrementally hawkish in April amid rising FX risks, which are closely linked to fiscal vulnerability. Fiscal risks are also rising in the Philippines, but are contained in Malaysia and Thailand.

Forecast changes this week

We have lowered our 2026 GDP growth forecast to 3.1% from 4.1% for Singapore and to 4.6% from 5.3% for Malaysia. This reflects our concerns about the disruptions to energy supply and the softer-than-expected 1Q26 GDP growth outturn. For Singapore, the revision was due in part to a large downward revision to manufacturing sector growth in 2H25. For Malaysia, the sequential slowdown was broad-based, but the tech-related manufacturing sector proved to be resilient.

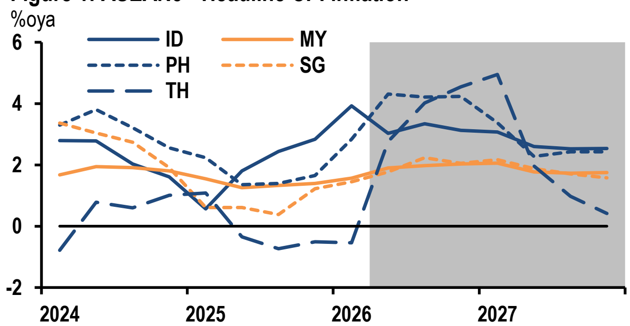
MAS: A dovish policy tightening

The MAS tightened its FX policy with a more incremental approach via a slight slope increase and sounded dovish on the economic outlook. The upward revision to the MAS 2026 headline and inflation forecast ranges was also moderate, at 0.5%pt, to 1.5-2.5% (J.P. Morgan: 1.8%). Further out, we expect an extended pause from the MAS, but see a risk of policy tightening in October from inflationary pressures if the positive output gap persists.

BSP preview: Rising risks of a hike

We expect the BSP to leave its policy rate unchanged at 4.25% next week, as it may want to reassess the second-round effects of rising energy prices on core inflation before hiking. As a result, we have pushed back our forecast for the one-off 25bp hike to August from April. However, we now assign a 40% likelihood to an April hike, up from 30% earlier (vs. 60% for a hold), taking into account BSP Governor Eli's hawkish remarks this week, citing that "there's room to tighten, especially because the concern about growth is not as big as before."[2] Headline inflation breached the BSP's 2-4% target in March, and we expect it to stay above the target in the the remainder of 2026 (Figure 1).

Figure 1: ASEAN5 - Headline CPI inflation



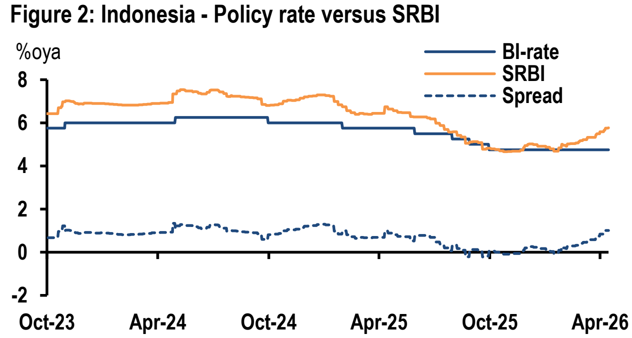
Source: CEIC, J.P. Morgan

BI preview: We expect a hawkish pause

We expect BI to leave its policy rate unchanged, at 4.75%, amid rising FX concerns. We expect the tone of the policy statement to sound incrementally hawkish, with the BI emphasizing the need to address FX risks, at a time when net FX reserves have been declining at a worrying pace in 1Q26.

We expect BI Governor Perry to reiterate his recent view that "the room for future cuts appears to be closing,"[3] which would be more consistent with the widening spread between the SRBI yield and the policy rate (Figure 2). As we highlighted last week, all these factors pose a risk of no further cuts in 2026 vs. our forecast for two more in 4Q26.

Figure 2: Indonesia - Policy rate versus SRBI



Source: Bloomberg, J.P. Morgan

2. "Philippines' BSP sees room for rate hike, BusinessWorld reports," *Bloomberg*, 16 April 2026.
3. "Bank Indonesia says room for rate cuts appears to be closing," *Bloomberg*, 8 April 2026.

Charnon Boonnuch (65) 6807 5086
charnon.boonnuch@jpmorgan.com
JPMorgan Chase Bank, N.A., Singapore Branch
Jin Tik Ngai (65) 6807 5556
jintik.ngai@jpmorgan.com

Siddharth Jamad (65) 6807-5503
siddharth.jamad@jpmorgan.com

Rising fiscal concerns in Indonesia...

S&P highlighted this week that Indonesia's credit quality is at risk if the conflict in the Middle East is prolonged. Higher subsidy costs and a wider current account deficit could lead to higher interest rates and borrowing costs. Combined with concerns about FX stability, these factors contribute to our more cautious 2026 GDP growth forecast for 4.7%, which was recently lowered from 5.0%, below the BI's forecast range of 4.9-5.7%.

…and the Philippines...

S&P downgraded the sovereign credit rating outlook for the Philippines to stable from positive last week. However, it left the rating unchanged, at BBB+, which is still a notch higher than BBB by Fitch and Moody's. The downgrade was driven by the impact of the conflict in the Middle East on the Philippines, which we have highlighted as the country most vulnerable to energy shocks in ASEAN, taking into account the weak starting points. However, we see the risk of a near-term credit rating downgrade as low, based on long-term fiscal and external debt sustainability and strong net reserve buffers.

…but contained elsewhere

On a more positive note, S&P flagged that Malaysia's deep capital markets and sound economic growth would limit the likelihood of a rating action. For Thailand, sound monetary and external settings will help the country withstand shocks, according to S&P.

This is consistent with our view that the likelihood of a credit rating downgrade is low, helped by improved political stability and higher credibility in macroeconomic policy. In our view, the policy shift from a blanket fuel subsidy to targeted fiscal support also reflects a better fiscal policy approach in Thailand.

Indonesia

Data releases and forecasts

Week of Apr 20-24

Wed	**BI monetary policy meeting**				
22-Apr	% pa				
		Jan	**Feb**	**Mar**	**Apr**
	BI rate	4.75	4.75	4.75	4.75

Review of past week's data

No data released.

Malaysia

Data releases and forecasts

Week of Apr 20-24

Mon	**Merchandise trade**				
20-Apr	US$ bn, nsa				
12:00pm		**Dec**	**Jan**	**Feb**	**Mar**
	Trade balance	5.4	5.5	4.3	5.5
	Exports	37.4	36.5	33.5	39.0
	%oya	20.2	32.6	25.8	25.9
	Imports	32.0	31.0	29.2	33.5
	%oya	19.4	16.2	22.8	31.9

Review of past week's data

Consumer prices (Apr 17)

% change

	Jan	Feb	Mar	
%oya	1.6	1.5	~~1.7~~	*1.7*
%m/m, sa	0.0	0.1	~~0.4~~	*0.4*

Real GDP (Apr 17)

% change

	3Q25	4Q25	1Q26	
%oya	5.4	6.3	~~6.2~~	*5.3*
%q/q, saar	7.6	6.2	~~5.0~~	*1.4*

Philippines

Data releases and forecasts

Week of Apr 20-24

Thu	**BSP monetary policy meeting**				
23-Apr	% pa				
		Jan	**Feb**	**Mar**	**Apr**
	Reverse repo rate	4.5	4.25	4.25	4.25

See main text.

Review of past week's data

No data released.

Singapore

Data releases and forecasts

Week of Apr 20-24

Thu	**Consumer prices**				
23-Apr	% change				
1:00pm		**Dec**	**Jan**	**Feb**	**Mar**
	Total, %oya	1.2	1.4	1.2	1.7
	%m/m, sa	0.3	0.1	-0.1	0.5

Charnon Boonnuch (65) 6807 5086
charnon.boonnuch@jpmorgan.com
JPMorgan Chase Bank, N.A., Singapore Branch
Jin Tik Ngai (65) 6807 5556
jintik.ngai@jpmorgan.com
Siddharth Jamad (65) 6807-5503
siddharth.jamad@jpmorgan.com

Review of past week's data

Flash real GDP (Apr 14)

% change

	3Q25	4Q25	1Q26	
%oya	4.5	5.7	~~6.3~~	*4.6*
%q/q, saar	7.8	5.2	~~-1.0~~	*-1.3*

Merchandise trade (Apr 17)
US$ bn, nsa

	Jan	Feb	Mar	
Trade balance	11.0	4.6	~~5.5~~	*7.8*
Exports	60.6	47.3	~~10.3~~	*64.4*
Non-oil domestic (NODX)	12.9	11.5	~~12.3~~	*13.2*
…%m/m, sa, US$ terms	1.5	5.0	~~-5.7~~	*1.9*
...%oya, US$ terms	16.1	10.6	~~12.0~~	*20.3*

See main text.

Thailand

Data releases and forecasts

Week of Apr 20-24

During the week	Merchandise trade				
	US$ bn, nsa				
2:30pm		Dec	Jan	Feb	Mar
	Trade balance	-0.4	-3.3	-2.8	<u>-0.6</u>
	Exports, %oya	16.8	24.4	9.9	<u>13.6</u>
	Imports, %oya	18.8	29.4	31.8	<u>20.6</u>

Review of past week's data

No data released.

Sources: Central Bureau of Statistics, Indonesia; Department of Statistics, Malaysia Coordination Board and National Statistics Office, Philippines, Singapore Statistics Department, Office for Industrial Economics, Thailand; Bank of Thailand; J.P. Morgan forecasts

Sajjid Z Chinoy (91-22) 6157-3386
sajjid.z.chinoy@jpmorgan.com
JPMorgan Chase Bank, N.A., Mumbai Branch
Divyanit Sood (91-22) 6157-3786
divyanit.sood@jpmchase.com
Toshi Jain (91-22) 6157-3387
toshi.jain@jpmorgan.com

India

- **IMD's low rainfall forecast raises upside risks to food inflation**
- **March CPI inflation shows limited impact of oil shock, but expected to rise in coming months**
- **WPI inflation rises to 38-month high on higher fuel costs**
- **Trade deficit narrows in March on one-offs; 2Q CAD to widen sharply**

An IMD forecast of deficient rainfall for the southwest monsoon raises upside risks to inflation, especially following an energy shock. While March CPI inflation has so far shown limited pass-through from higher energy costs – and core inflation remains particularly subdued – we expect inflation to pick up in coming months as higher oil prices feed through. Meanwhile, WPI inflation – which tracks global commodity and oil prices more closely – saw a sharp increase in March.

IMD forecasts rainfall at 92% of LPA

IMD's first-stage forecast pegs the 2026 southwest monsoon at 92% of the Long Period Average (LPA), with the shortfall expected to intensify in the second half of the season (August–September). Since 1950, India has experienced 16 El Niño years; in seven of those, monsoon rainfall has been below normal.

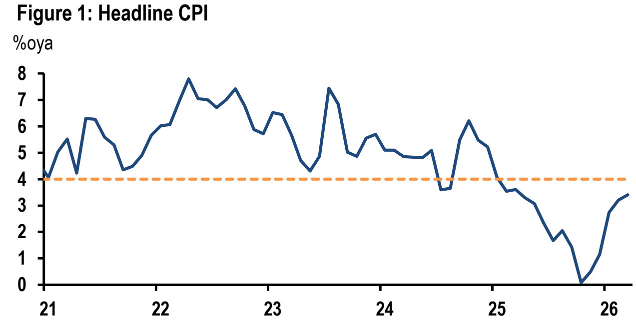
Monsoon rains matter because Indian agriculture remains highly rainfall-dependent. Rainfed farming covers nearly 51% of the country's net sown area and accounts for nearly 40% of total food production. While agriculture contributes about 15% of GDP, it supports livelihoods for nearly 46% of the workforce, underscoring the economy's sensitivity to agrarian incomes. A rainfall deficit therefore poses downside risks to rural growth, which has shown signs of revival in recent years. As a reference point, in 2023, when rainfall was 6% below LPA, agriculture GVA growth slowed from 4.5% oya in 2Q23 to 2.3% in 3Q23 and further to 1.4% in 4Q23.

Deficient rainfall also adds upside risk to the inflation outlook, mainly through higher food prices. Cereal inflation may remain relatively contained given ample buffer stocks, but pulses, edible oils, and vegetables are more vulnerable to weather-related supply disruptions. For edible oil and pulses, global food prices will also play an important role. These risks warrant close monitoring. In this context, IMD's second-stage forecast, due in the last week of May – when the monsoon is close and visibility is better – will be important.

March CPI: limited oil pass through

Headline CPI increased 0.4% m/m, sa in March. The pass-through from the oil and gas price shock to March CPI was limited and largely concentrated in fuel. Fuel prices rose 1.5% m/m (nsa) in March versus an average of -0.1% m/m over the prior two months, driven mainly by LPG and coal. By contrast, core-core inflation (core excluding petrol/diesel and precious metals) remained subdued at 0.2% m/m (sa) in March, unchanged from February. This suggests that firms have not yet passed through higher petroleum-related input costs to consumers. This is consistent with PMI data, which show only a modest increase in output prices despite sharply higher input prices across both manufacturing and services.

Figure 1: Headline CPI



Source: MoSPI

In the coming months, we expect core-core momentum to pick up as firms implement price increases to protect margins. Food prices also continued to firm, rising 0.5% m/m, sa in March. High-frequency food price indicators for April do not point to a sharp increase. We expect headline inflation to rise to 3.8%oya in April, driven by firmer food prices, higher fuel prices amid elevated energy costs, and a gradual pickup in core-core inflation from second-round effects.

Trade deficit narrows to 9-month low

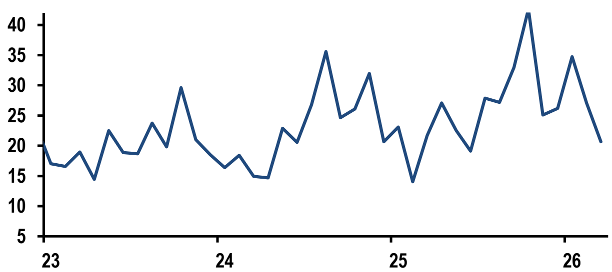
India's trade deficit surprised sharply to the downside, narrowing to a nine-month low of $20.7bn in March from $27.1bn in February, largely reflecting one-offs tied to Middle East-related trade disruptions and lags in the pass-through of higher energy prices (Figure 3). Net oil imports fell to $7bn from $9.5bn, likely due to weaker volumes and the typical near one-month lag before higher oil prices show up in import values, implying April data should capture more of the recent price rise.

Sajjid Z Chinoy (91-22) 6157-3386
sajjid.z.chinoy@jpmorgan.com
JPMorgan Chase Bank, N.A., Mumbai Branch
Divyanit Sood (91-22) 6157-3786
divyanit.sood@jpmchase.com

Toshi Jain (91-22) 6157-3387
toshi.jain@jpmorgan.com

Figure 3: Trade deficit

US$billion, nsa



Source: Ministry of Trade & Commerce

Gold imports also dropped to $3.7bn despite only a 3–5% decline in gold and silver prices, far below the $10.2bn monthly average over the past six months. On the exports side, non-oil exports contracted 7% m/m (sa), consistent with disruption effects given the Middle East represents 14% of the export basket and shipping/insurance costs have reportedly surged. Non-oil, non-gold imports rose 2.1% m/m (sa), suggesting relatively limited disruption overall, though some categories (e.g., fertilizers and petrochemicals) still showed weakness, falling to $630mn from $877mn despite higher prices. We expect the trade deficit to widen sharply in the coming months as these one-offs fade.

Service exports slow

Services exports fell sharply in March by 9% m/m, sa, following a 1% contraction in February. February services exports were also revised down materially: gross services exports were marked down to $35.2bn from $39.5bn. Services imports contracted 5% m/m, sa in March. More broadly, both services exports and imports have slowed meaningfully over the past couple of months, giving back much of the momentum seen over the prior six months. With the trade deficit likely to pick up sharply in coming months as underlying pressures reassert and energy price effects flow through, we expect the 2Q26 CAD to widen to 2.5% of GDP.

Data releases and forecasts

Week of April 20-24

No data releases.

Review of past week's data

Consumer prices (Mar 12)

		% oya			
	Dec	Jan	Feb	Mar	
CPI	1.5	2.7	3	~~3.5~~	3.4
Core-Core	2.3	2.1	2.1	~~2.3~~	2.1

Headline CPI edged up in March but came in marginally below expectations, rising to 3.4%oya (J.P. Morgan: 3.5%; consensus: 3.4%) from 3.2% in February. On a seasonally adjusted basis, headline CPI increased 0.4% m/m in March, following a 0.5% m/m gain in February. See main text.

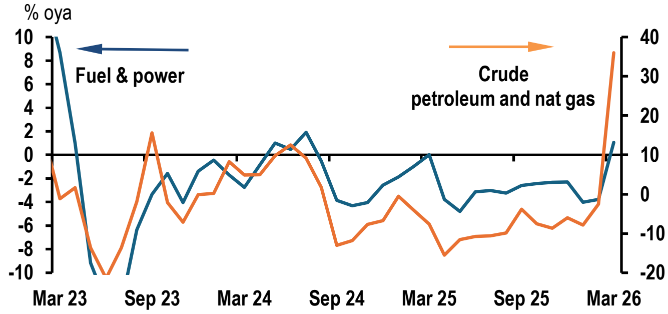
WPI

%oya

Dec	Jan	Feb	Mar	
0.8	1.8	2.1	~~4.2~~	3.9

WPI inflation rose from 2.1%oya to 3.9%oya in March, driven primarily by higher fuel prices. Petroleum crude and natural gas within primary articles jumped 32.5% m/m, sa, while fuel and power increased 3.9% m/m, sa up from averages of 2.5% and 0.1% m/m, sa, in the prior three months (Figure 3). This was partly offset by softer wholesale food prices, which fell 0.6% m/m, sa. Overall, WPI rose 1.3% m/m, sa in March, following a 0.5% increase in February. Historically, higher WPI inflation has been associated with weaker real growth because it was a significant component of the deflator, though this relationship is now less straightforward under the new GDP series. Looking ahead, WPI inflation is likely to edge higher as fuel prices remain elevated and food prices firm into the summer.

Figure 3: WPI : Fuel & power, and petrol and natural gas



Source: MoSPI

Trade balance

USD bn

	Dec	Jan	Feb	Mar	
Trade balance	-25.2	-34.7	-27.1	~~-34~~	-21

See main text.

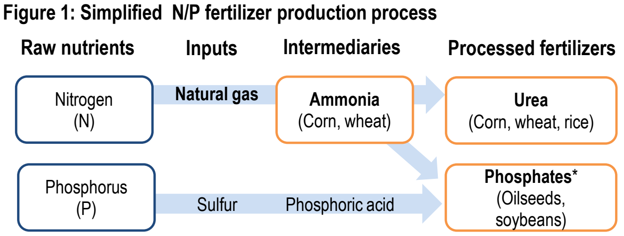
Sources: RBI, MoT&C, J. P. Morgan

Jooeun Kim (82-2) 758-5512
jooeun.kim@jpmorgan.com
JPMorgan Chase Bank, N.A., Seoul Branch
Tongfang Yuan (852) 2800-0085
tongfang.yuan@jpmorgan.com

Asia Focus: Assessing fertilizer vulnerability

The prolonged uncertainty from the Middle East (ME) conflict has extended concerns on supply disruptions broadly, from primary energy supply to petrochemical products. Fertilizers have come into the spotlight as another heavily disrupted market, with significant implications for food supply. The Gulf region is a major fertilizer producer globally due to its access to cheap natural gas, which is essential for producing nitrogen-based fertilizers such as ammonia and urea – key inputs for boosting the yields of major crops such as cereals and soybeans (Figure 1).

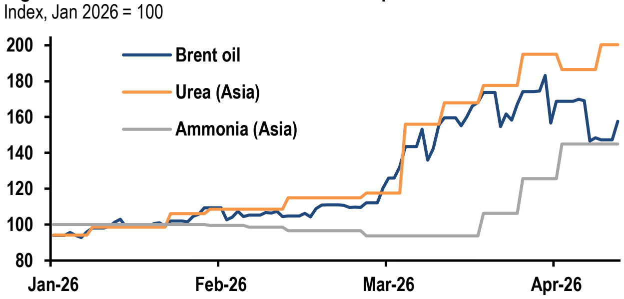
Figure 1: Simplified N/P fertilizer production process



Source: UN FAO, USDA, and J.P. Morgan * DAP and MAP.

About one third of the global volume for urea and one fifth for ammonia are exposed to disruption risk through the Strait of Hormuz (see IFA). Logistical disruptions have significantly tightened supply-demand balances, driving up prices for key Gulf products such as ammonia, urea, and phosphates as of early April (Figure 2).

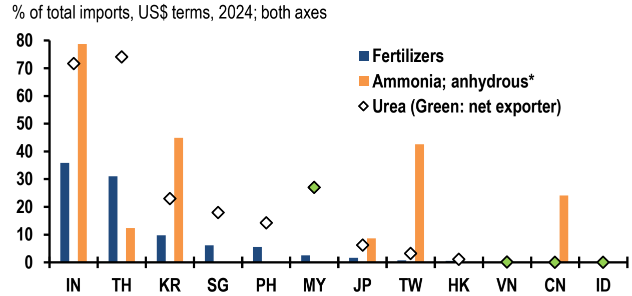
Figure 2: Oil and Asia fertilizers benchmark prices
Index, Jan 2026 = 100



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

India and Thailand (which are net cereal exporters) appear to be the most vulnerable to these disruptions. They rely on the Gulf for over 70% of their urea imports and over 30% of their total fertilizer imports (Figure 3). Vietnam and China import ammonia as an input for urea exports. China relies on the Gulf for a quarter of its ammonia imports, while Vietnam's direct exposure is negligible, buffered by regional sources – Malaysia and Indonesia are net exporters of both ammonia and urea. Meanwhile, Korea and Taiwan's exposure likely reflects mixed ammonia use for agriculture and manufacturing industry.

Figure 3: Asia's fertilizers import exposure to the Gulf
% of total imports, US$ terms, 2024; both axes

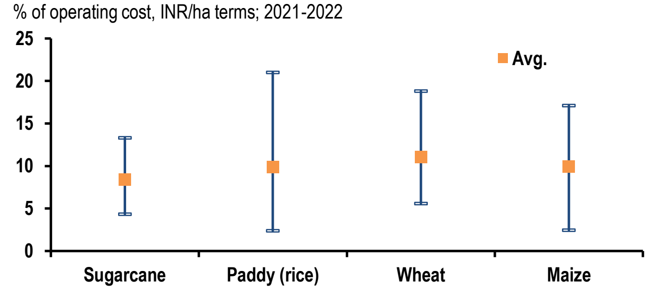


Source: UN Comtrade, ITC and J.P. Morgan * Ammonia's HS code is separate from fertilizers (HS 31).

The risk of an outright supply shortage appears to be limited for the main fertilizer importers. India's stocks are considered adequate, covering approximately half of the requirement for the Kharif season (June-October). The government has assured that the total Kharif fertilizer demand would be met by increasing domestic production and imports. Thailand's domestic stockpiles exceed 15% of annual use, with additional imports of a similar amount planned for May, when rice planting begins with fertilizers applied.

Fiscal policy will likely play a key role in mitigating the impact of surging fertilizer costs on affordability to protect small farmers' livelihoods and national food security. Fertilizer costs usually account for a significant portion of farm operating costs, often exceeding one third depending on the crop. In the case of India, fertilizer cost shares represent an average of about 10% (Figure 4), with substantial government subsidies in place. The Indian government has already increased fertilizer subsidies ahead of the summer crop season, and our India Economics team also highlighted that they expect a sharp increase in the subsidies in the FY27 bill due to the ongoing conflict. Accordingly, the actual impact on crop prices, if any, is likely to be delayed until the final consumption stage, given the timing gap between fertilizer purchases and actual planting.

Figure 4: India - Fertilizers share to farm operating cost
% of operating cost, INR/ha terms; 2021-2022



Source: CEIC, national source, and J.P. Morgan * Bar chart for min-max across states in India.

Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
JPMorgan Chase Bank NA

US economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
20 Apr	**21 Apr** **Retail sales**(8:30am) Mar 1.6% Ex. autos 1.6% **Business inventories**(10:00am) Feb **Pending home sales**(10:00am) Mar 1.5%	**22 Apr** Auction 20-year bond (r) $13bn	**23 Apr** **Initial claims**(8:30am) w/e Apr 18 215,000 **Manufacturing PMI**(9:45am) Apr flash 53.0 **Services PMI**(9:45am) Apr flash 51.0 **KC Fed survey**(11:00am) Apr Auction 5-year TIPS $26bn Announce 2-year note $69bn Announce 7-year note $44bn Announce 5-year note $70bn Announce 2-year FRN $30bn	**24 Apr** **Consumer sentiment**(10:00am) Apr final 49.0
27 Apr **Dallas Fed manufacturing**(10:30am) Apr Auction 2-year note $69bn Auction 5-year note $70bn	**28 Apr** **FHFA HPI**(9:00am) Feb **S&P/Case-Shiller HPI**(9:00am) Feb **Housing vacancies**(10:00am) 1Q **Consumer confidence**(10:00am) Apr **Richmond Fed survey**(10:00am) Apr Auction 7-year note $44bn Auction 2-year FRN $30bn	**29 Apr** **Wholesale trade prelim**(8:30am) Mar **Durable goods prelim**(8:30am) Mar **Housing starts**(8:30am) Mar **FOMC meeting**(2:00pm) Apr	**30 Apr** **Real GDP**(8:30am) 1Q advance **Initial claims**(8:30am) w/e Apr 25 **Personal income**(8:30am) Mar **Employment cost index**(8:30am) 1Q **Leading indicators**(10:00am) Mar	**1 May** **Manufacturing PMI**(9:45am) Apr final **ISM manufacturing**(10:00am) Apr **Light vehicle sales** Apr
4 May **Durable goods**(10:00am) Mar **Factory orders**(10:00am) Mar **Senior loan officer survey**(2:00pm) 2Q	**5 May** **International trade**(8:30am) Mar **Services PMI**(9:45am) Apr final **JOLTS**(10:00am) Mar **New home sales**(10:00am) Mar **ISM services**(10:00am) Apr	**6 May** **ADP employment**(8:15am) Apr Announce 3-year note $58bn Announce 10-year note $42bn Announce 30-year bond $25bn	**7 May** **Productivity and costs prelim**(8:30am) 1Q **Initial claims**(8:30am) w/e May 2 **Construction spending**(10:00am) Mar **Consumer credit**(3:00pm) Mar	**8 May** **Employment**(8:30am) Apr **Wholesale trade**(10:00am) Mar **Consumer sentiment**(10:00am) May preliminary
11 May **Existing home sales**(10:00am) Apr Auction 3-year note $58bn	**12 May** **NFIB survey**(6:00am) Apr **CPI**(8:30am) Apr **Federal budget**(2:00pm) Apr Auction 10-year note $42bn	**13 May** **PPI**(8:30am) Apr Auction 30-year bond $25bn	**14 May** **Import prices**(8:30am) Apr **Retail sales**(8:30am) Apr **Initial claims**(8:30am) w/e May 9 **Business inventories**(10:00am) Mar	**15 May** **Empire State survey**(8:30am) May **Industrial production**(9:15am) Apr

Source: Private and public agencies and J.P. Morgan. Further details available upon request.

Greg Fuzesi (44-20) 7134-8310
greg.x.fuzesi@jpmorgan.com
J.P. Morgan Securities plc

Euro area economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
20 Apr **Euro area** Construction output (11:00am) Feb **Germany** PPI (8:00am) Mar	**21 Apr** **Germany** ZEW bus. survey (11:00am) Apr	**22 Apr** **Euro area** EC cons. Conf prelim (4:00pm) Apr -16.3 **Belgium** BNB cons. conf. (11:00am) Apr	**23 Apr** **Euro area** New car regs (8:00am) Mar PMI Mfg Flash (10:00am) Apr Mfg Headline: 51.1 PMI Serv. & Cmp Flash (10:00am) Apr Cmp Output: 50.2 **Germany** PMI Serv. & Cmp Flash (9:30am) Apr Cmp Output: 51.7 PMI Mfg Flash (9:30am) Apr Mfg Headline: 52.2 **France** INSEE bus. conf. (8:45am) Apr PMI Mfg Flash (9:15am) Apr Mfg Headline: 49.3 PMI Serv. & Cmp Flash (9:15am) Apr Cmp Output: 48.1	**24 Apr** **Germany** IFO bus. survey (10:00am) Apr Business climate : 86.4 **France** INSEE cons. conf. (8:45am) Apr **Spain** PPI (9:00am) Mar **Belgium** BNB bus. conf. (3:00pm) Apr
27 Apr **Germany** GfK cons. conf. (8:00am) May	**28 Apr** **Euro area** Consumer Expectations Survey (10:00am) Mar **Italy** PPI (11:00am) Mar	**29 Apr** **Euro area** ECB bank lending Survey (10:00am) 1Q National balance sheet (10:00am) Mar Economic Sentiment survey (11:00am) Apr **Germany** HICP & CPI Flash (2:00pm) Apr GDP prelim (8:00am) 1Q **Italy** ISAE bus. conf. (10:00am) Apr ISAE cons. conf. (10:00am) Apr **Spain** HICP & CPI Flash (9:00am) Apr **Belgium** GDP prelim (11:00am) 1Q CPI (11:30am) Apr	**30 Apr** **Euro area** HICP flash prelim (11:00am) Apr GDP flash (11:00am) 1Q Unemployment (11:00am) Mar ECB rate meeting (2:15pm) Apr **Germany** Employment (9:55am) Apr Unemployment (9:55am) Apr Retail sales (8:00am) Mar Import prices (8:00am) Mar **France** GDP prelim (7:30am) 1Q Cons. of mfg goods (7:30am) Mar HICP & CPI Flash (8:45am) Apr PPI (8:45am) Mar **Italy** GDP prelim (10:00am) 1Q HICP & CPI Flash (11:00am) Apr **Spain** GDP prelim (9:00am) 1Q	**1 May**
4 May **Euro area** PMI Mfg Final (10:00am) Apr ECB survey of professional forecasters **Germany** PMI Mfg Final (9:55am) Apr **France** PMI Mfg Final (9:50am) Apr **Italy** PMI Mfg (9:45am) Apr **Spain** PMI Mfg (9:15am) Apr	**5 May** **France** Monthly budget situation (8:45am) Mar	**6 May** **Euro area** PMI Serv. & Cmp (10:00am) Apr MFI Interest rates (10:00am) Mar **Germany** PMI Serv. & Cmp (9:55am) Apr **France** Industrial production (8:45am) Mar PMI Serv. & Cmp (9:50am) Apr **Italy** PMI Serv. & Cmp (9:45am) Apr **Spain** PMI Serv. & Cmp (9:15am) Apr	**7 May** **Euro area** Retail sales (11:00am) Mar **Germany** Mfg orders (8:00am) Mar **France** Foreign trade (8:45am) Mar	**8 May** **Germany** Foreign trade (8:00am) Mar Industrial production (8:00am) Mar **Netherlands** CBS bus. conf. (6:30am) Apr
11 May	**12 May** **Germany** HICP & CPI Final (8:00am) Apr ZEW bus. survey (11:00am) May **Italy** Industrial production (10:00am) Mar	**13 May** **Euro area** Employment prelim (11:00am) 1Q GDP 2nd Est (11:00am) 1Q IP (11:00am) Mar **France** Unemployment (7:30am) 1Q ILO unemployment (7:30am) 1Q HICP & CPI Final (8:45am) Mar	**14 May** **Spain** HICP & CPI Final (9:00am) Apr	**15 May** **Italy** HICP & CPI Final (10:00am) Apr

Highlighted data are scheduled for release on or after the date shown. Times shown are local. Source: Private and public agencies and J.P. Morgan. Further details available upon request.

Ayako Fujita (81-3) 6736-1172
ayako.fujita@jpmorgan.com
JPMorgan Securities Japan Co., Ltd.
Benjamin Shatil (81-3) 6736-1730
benjamin.shatil@jpmorgan.com

Takuho Morimoto (81-3) 6736-6682
takuho.morimoto@jpmorgan.com

Japan economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
20 Apr **Tertiary sector activity index** (1:30pm) Feb	**21 Apr**	**22 Apr** **Trade balance** (8:50am) Mar Real exports 14.1 %m/m, sa Real imports 9.1 %m/m, sa	**23 Apr** **PMI manufacturing prelim** (9:30am) Apr 49.5 **PMI services prelim** (9:30am) Apr 52.7	**24 Apr** **Nationwide core CPI** (8:30am) Mar Ex. fresh food 1.5 %oya Ex. fresh food and energy 2.3 %oya **Corporate service prices** (8:50am) Mar **Nationwide department store sales** (2:30pm) Mar Auction 3-month bill
During the week: Coincident CI final (24-30 Apr)				
27 Apr BoJ Monetary Policy Meeting	**28 Apr** **Job offers to applicants ratio** (8:30am) Mar **Unemployment rate** (8:30am) Mar BoJ Monetary Policy Meeting BoJ outlook report BoJ governor Ueda's press conference	**29 Apr** *Holiday: Japan*	**30 Apr** **IP prelim** (8:50am) Mar **Total retail sales** (8:50am) Mar **Housing starts** (2:00pm) Mar **Consumer sentiment** (2:00pm) Apr Auction 2-year note	**1 May** **Tokyo core CPI** (8:30am) Apr **PMI manufacturing final** (9:30am) Apr Auction 3-month bill Auction 10-year note
4 May *Holiday: Japan*	**5 May** *Holiday: Japan*	**6 May** *Holiday: Japan*	**7 May** Minutes of Mar 18-19 BoJ Monetary Policy Meeting (8:50am) Auction 6-month bill	**8 May** **Employers' survey** (8:30am) Mar **PMI services final** (9:30am) Apr Auction 3-month bill
11 May	**12 May** **All household spending** (8:30am) Mar **Coincident CI prelim** (2:00pm) Mar **Consumption activity index** (2:00pm) Mar Auction 10-year note	**13 May** **Bank lending** (8:50am) Apr **Current account** (8:50am) Mar **Economy watchers survey** (2:00pm) Apr	**14 May** **M2** (8:50am) Apr Auction 30-year note	**15 May** **Corporate goods prices** (8:50am) Apr Auction 3-month bill

Note: Times shown are local. Source: Private and public agencies and J.P. Morgan. Further details available upon request.

Michael S Hanson (1-212) 622-8603
michael.s.hanson@jpmchase.com
JPMorgan Chase Bank NA
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com

Canada economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
20 Apr **CPI**(8:30am) Mar 1.2% 2.6%oya Core: 0.3% 2.1%oya **BoC Business Outlook Survey**(11:30am) 1Q	**1 Apr**	**22 Apr**	**23 Apr** **IPPI**(8:30am) Mar 2.0%	**24 Apr** **Retail sales**(8:30am) Feb 0.9% Ex autos: 0.8%
27 Apr	**28 Apr**	**29 Apr** **Bank of Canada Rate announcement**(9:45am) Apr	**30 Apr** **Monthly GDP**(8:30am) Feb	**1 May** **S&P Global manufacturing PMI**(9:30am) Apr
4 May	**5 May** **International trade**(8:30am) Mar **S&P Global composite PMI**(9:30am) Apr	**6 May** **Ivey PMI**(10:00am) Apr	**7 May**	**8 May** **Labor Force Survey**(8:30am) Apr
11 May	**12 May**	**13 May** Speech: External Deputy Governor Alexopoulos **Summary of Deliberations**(1:30pm) Apr	**14 May** **Wholesale sales**(8:30am) Mar	**15 May** **Housing starts**(8:15am) Apr **BoC Senior Loan Officer Survey**(8:15am) 1Q **International transactions in securities**(8:30am) Apr **Manufacturing sales**(8:30am) Mar

Source: Private and public agencies and J.P. Morgan. Further details available upon request. All existing home sales are tentative.

Gabriel Lozano (52-55) 5540-9558
gabriel.lozano@jpmorgan.com
Banco J.P.Morgan, S.A., Institución de Banca Múltiple, J.P.Morgan Grupo Financiero

J.P.Morgan

Latin America economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
20 Apr **Colombia** Economic Activity Feb 1.6%oya,sa **Argentina** Trade balance Mar US$1.5bn **Paraguay** BCP rate decision Apr	**21 Apr** **Uruguay** BCU rate decision Apr **Colombia** Trade balance Feb US$-1.2bn, fob-fob	**22 Apr** **Argentina** Economic activity Feb -0.5%oya	**23 Apr** **Mexico** Biweekly core CPI Apr 0.11%2w/2w; 4.19%oya Biweekly CPI Apr 0.09%2w/2w; 4.51%oya Retail sales Feb 0.4%m/m,sa; 7.0%oya	**24 Apr** **Brazil** FGV: consumer confidence Apr Current Account Mar US$-4.8bn FDI Mar US$7.0bn **Mexico** GDP monthly proxy Feb 0.2%m/m,sa; 1.7%oya Unemployment Mar
27 Apr **Mexico** Trade balance Mar	**28 Apr** **Brazil** IPCA-15 Apr **Chile** Overnight Rate target Apr	**29 Apr** **Brazil** Central government budget Mar IGP-M Apr **Chile** Unemployment Feb	**30 Apr** **Brazil** Primary budget balance Mar U-rate Mar **Chile** Industrial production Feb Retail sales Feb **Colombia** Unemployment Mar	**1 May** **Peru** CPI Apr
During the week: Brazil Tax collections Mar (27-30 Apr) Brazil BCB meeting Apr (29-3 May) Colombia Overnight lending rate Apr (30-4 May) Mexico Quarterly Public Finance Report (1 May)				
4 May **Argentina** Tax Collections Apr **Brazil** PMI Manufacturing Apr **Paraguay** CPI Apr **Mexico** Remittances Mar IMEF manufacturing index Apr IMEF nonmanuf index Apr	**5 May** **Brazil** FIPE CPI Apr **Colombia** Exports Mar **Uruguay** CPI Apr National Unemployment rate Mar	**6 May** **Argentina** Vehicle production Apr Vehicle sales Apr **Mexico** GFI Feb	**7 May** **Brazil** IP Mar Trade balance Apr **Mexico** Core CPI Apr CPI Apr Biweekly core CPI Biweekly CPI Banxico meeting May **Chile** Trade balance Apr **Argentina** Construction Mar Industrial Production Mar	**8 May** **Brazil** Auto production Apr IGP-DI Apr **Chile** CPI Apr **Colombia** CPI Apr
During the week: Brazil Vehicle sales Apr (8-12 May) Chile Vehicle Sales Total Apr (8-13 May)				
11 May **Mexico** Auto report Apr	**12 May** **Brazil** IPCA Apr **Mexico** IP Mar **Uruguay** Industrial production Mar	**13 May** **Brazil** Retail sales Mar	**14 May** **Argentina** CPI Apr **Peru** Reference rate May	**15 May** **Brazil** PMS Mar **Peru** Economic Activity Mar National Unemployment rate Apr **Colombia** Retail sales Mar IP Mar GDP 1Q Economic Activity Mar

Times shown are local. Source: Private and public agencies and J.P. Morgan. Further details available upon request.

Allan Monks (44-20) 7134-8309
allan.j.monks@jpmorgan.com
J.P. Morgan Securities plc
Fabio Tomasoni null
fabio.tomasoni@jpmorgan.com

UK and Scandinavia economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
20 Apr **United Kingdom** Rightmove HPI (12:01am) Apr	**21 Apr** **United Kingdom** Labour market report (7:00am) Mar Private sector ex bonus: 3.2 3mma %oya, PAYE payrolls: 10k, Unemployment rate: 5.2%	**22 Apr** **United Kingdom** CPI (7:00am) Mar Headline: 3.3%oya, Core: 3.3% oya, Services: 4.5%oya ONS HPI (9:30am) Feb **Sweden** Labour Force survey (9:30am) Mar	**23 Apr** **United Kingdom** Public sector finances (7:00am) Mar PSNB ex Banks:£10.4bn PMI Mfg Flash (9:30am) Apr Mfg Output:49.0 PMI Services Flash (9:30am) Apr Composite Output: 50.0 CBI industrial trends (11:00am) 1Q **Norway** Business tendency survey (8:00am) 1Q	**24 Apr** **United Kingdom** Gfk cons. conf. (12:01am) Apr -23 Retail sales (7:00am) Mar Headline-0.5% m/m, sa DMP survey (9:30am) Apr **Sweden** PPI (8:00am) Mar
27 Apr **United Kingdom** CBI distributive trades (11:00am) Apr **Norway** Credit indicator growth (8:00am) Mar	**28 Apr** **Sweden** Trade balance (8:00am) Mar	**29 Apr** **United Kingdom** CBI services sector survey (12:01am) Apr **Sweden** Wage stats (8:00am) Feb GDP monthly indicator (8:00am) Mar Real GDP Flash (8:00am) 1Q Retail sales (8:00am) Mar Household lending (8:00am) Mar Economic Tendency survey (9:00am) Apr Financial Markets Statistics (9:00am) Mar **Norway** Retail sales (8:00am) Mar	**30 Apr** **United Kingdom** Lloyds business barometer (12:01am) Apr MPC rate announcement and MPR (12:00pm) Apr **Norway** Labor directorate unemployment (8:00am) Apr	**1 May** **United Kingdom** PMI Mfg Final (9:30am) Apr M4 & M4 lending final (9:30am) Mar Net lending to individuals (9:30am) Mar
During the week: Nationwide HPI Apr (30-6 May)				
4 May **Sweden** PMI Mfg (8:30am) Apr	**5 May** **United Kingdom** New car regs (9:00am) Apr **Norway** IP Mfg (8:00am) Mar	**6 May** **United Kingdom** PMI Services Final (9:30am) Apr **Sweden** CPI Flash (8:00am) Apr Services PMI (8:30am) Apr	**7 May** **United Kingdom** PMI Construction (9:30am) Apr **Sweden** Riksbank rate announcement (9:30am) May **Norway** Norges Bank rate announcement (10:00am) May	**8 May** **United Kingdom** Halifax HPI (7:00am) Apr **Sweden** Budget Balance (8:00am) Apr Industrial production & orders (8:00am) Apr Production value Index (9:30am) Mar Household Consumption (9:30am) Mar
11 May **United Kingdom** S&P/REC Report (12:01am) Apr **Norway** CPI (8:00am) Apr PPI (8:00am) Apr	**12 May** **United Kingdom** BRC retail sales monitor (12:01am) Apr **Norway** Consumer confidence (6:30am) 2Q	**13 May** **Sweden** PES unemployment (6:00am) Apr CPI Final (8:00am) Apr **Norway** Building statistics (10:00am) Apr	**14 May** **United Kingdom** RICS HPI (12:01am) Apr Construction output (7:00am) Mar Monthly GDP (7:00am) Mar Real GDP (7:00am) 1Q Industrial production (7:00am) Mar Index of services (7:00am) Mar Trade balance (7:00am) Mar Business investment prelim (7:00am) 1Q	**15 May** **Norway** Trade balance (8:00am) Apr

Times shown are local. Source: Private and public agencies and J.P. Morgan. Further details available upon request

Nicolaie Alexandru-Chidesciuc (44 20) 7742-2466
nicolaie.alexandru@jpmorgan.com
J.P. Morgan Securities plc

Emerging Europe/Middle East/Africa economic calendar

Tuesday	Wednesday	Thursday	Friday
21 Apr **Turkey** Capacity utilization (10:00am) Apr **Poland** Industrial output (10:00am) Mar PPI (10:00am) Mar Average gross wages and Employment (10:00am) Mar	**22 Apr** **South Africa** CPI (10:00am) Mar Retail sales (1:00pm) Feb **Turkey** CBRT rate decision (2:00pm) Apr one-week repo rate:40.0% **Russia** PPI (7:00pm) Mar Industrial output (7:00pm) Mar **Kazakhstan** GDP final 4Q	**23 Apr** **Poland** Retail sales (10:00am) Mar **Israel** Trade balance (1:00pm) Mar -4.1$USD	**24 Apr** **Hungary** Unemployment (8:30am) Feb **Kazakhstan** NBK rate decision (12:00pm) Apr **Poland** Unemployment (10:00am) Mar **Russia** CBR rate decision (1:30pm) Apr
During the week: Israel Manufacturing production Mar (26 Apr) Qatar CPI Mar (20-27 Apr) Bahrain CPI Mar (23-27 Apr) Kazakhstan Current account prelim 1Q (24-29 Apr)			
28 Apr **Hungary** NBH rate decision (2:00pm) Apr	**29 Apr** **Turkey** Unemployment rate (10:00am) Jan **Russia** Retail sales, Unemployment & Investment (7:00pm) Mar	**30 Apr** **South Africa** Private sector credit (8:00am) Mar Budget (2:00pm) Mar Trade balance (2:00pm) Mar **Hungary** GDP prelim (8:30am) 1Q Trade balance (8:30am) Feb **Turkey** Foreign trade (10:00am) Mar **Czech Republic** GDP flash (9:00am) 1Q **Poland** CPI prelim (10:00am) Mar **Israel** Unemployment rate (1:00pm) Mar **Serbia** GDP prelim (12:00pm) 1Q **Ukraine** NBU rate decision (2:00pm) Apr Current account Mar	**1 May**
During the week: Israel Chain store sales Apr (1-6 May)			
5 May **Ukraine** GDP (2:00pm) 1Q GDP (2:00pm) 1Q	**6 May** **Hungary** Industrial output (8:30am) Mar **Czech Republic** CPI prelim (9:00am) Apr **Poland** NBP rate decision May	**7 May** **Romania** Retail sales (9:00am) Mar **Hungary** Retail sales (8:30am) Mar **Czech Republic** Industrial output (9:00am) Mar Trade balance (9:00am) Mar CNB rate decision (2:30pm) May	**8 May** **South Africa** Gross reserves (8:00am) Apr **Hungary** CPI (8:30am) Apr **Turkey** Industrial output (10:00am) Mar Cash budget balance (5:30pm) Apr
12 May **South Africa** Quarterly Labour Force Survey (11:30am) 1Q Manufacturing output (1:00pm) Mar **Serbia** CPI (12:00pm) Apr **Kazakhstan** Retail sales Apr	**13 May** **Romania** CPI (9:00am) Apr GDP flash (9:00am) 1Q Industrial output (9:00am) Mar **Turkey** Current account (10:00am) Mar **Czech Republic** CPI (9:00am) Apr **Israel** Trade balance (1:00pm) Apr	**14 May** **Poland** GDP prelim (10:00am) 1Q **Russia** Foreign trade (4:00pm) Mar **Saudi Arabia** CPI Apr	**15 May** **Czech Republic** Current account (10:00am) Mar **Turkey** Central govt budget balance (11:00am) Apr **Poland** CPI (10:00am) Apr Current account (2:00pm) Mar **Israel** CPI (2:30pm) Apr **Russia** CPI (7:00pm) Apr GDP flash (7:00pm) 1Q

Times shown are local. Source: Private and public agencies and J.P. Morgan. Further details available upon request.

Anusha Mital (91-22) 6157-4113
anusha.mital@jpmchase.com
J.P. Morgan India Private Limited

Non-Japan Asia economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
20 Apr **New Zealand** Trade balance (10:45am) Mar **Malaysia** Trade balance (12:00pm) Mar US$5.5bn	**21 Apr** **Taiwan** Export orders (4:00pm) Mar 43.8%oya **New Zealand** CPI 1Q 2.8%oya	**22 Apr** **South Korea** PPI (6:00am) Mar 4.5%oya **Indonesia** BI monetary policy meeting no change	**23 Apr** **South Korea** Consumer survey Apr 109 GDP flash (8:00am) 1Q 3.1%oya **Singapore** CPI (1:00pm) Mar 1.7%oya **India** PMI mfg. prelim (10:30am) Apr **Philippines** BSP monetary policy meeting no change **Taiwan** Unemployment rate (4:00pm) Mar 3.32%, sa IP (4:00pm) Mar 25.8%oya **Hong Kong** CPI (4:30pm) Mar 1.9%oya Unemployment rate (4:30pm) Mar 3.8%, 3mma, sa	**24 Apr**
During the week: Thailand Trade balance Mar (21- 26 Apr) US$-0.6bn				
27 Apr **Singapore** IP (1:00pm) Mar	**28 Apr** **Hong Kong** Trade balance (4:30pm) Mar **India** IP (4:00pm) Mar	**29 Apr** **Thailand** BOT monetary policy meeting	**30 Apr** **South Korea** IP (8:00am) Mar **Philippines** Trade balance (9:00am) Mar **New Zealand** NBNZ business confidence Apr **Australia** Pvt. sector credit (11:30am) Mar **China** PMI mfg. (NBS) (9:30am) Apr PMI Mfg. (9:45am) Apr **Thailand** PCI (2:30pm) Mar PII (2:30pm) Mar **Taiwan** GDP flash (4:00pm) 1Q	**1 May** **New Zealand** Building permits (10:45am) Apr **South Korea** Trade balance (9:00am) Apr **Australia** PPI (11:30am) 1Q *Holiday: China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, Taiwan, Thailand*
During the week: Singapore PMI Apr (2 May) Vietnam Exports Apr (3 May) Vietnam IP Apr (3 May) Vietnam CPI Apr (3 May) Thailand IP Mar (27-29 Apr)				
4 May **Taiwan** PMI mfg. (8:30am) Apr **South Korea** PMI mfg. (9:30am) Apr **Indonesia** Trade balance (11:00am) Mar CPI (11:00am) Apr *Holiday: China, Thailand*	**5 May** **Philippines** CPI (9:00am) Apr **Thailand** CPI (10:30am) Apr **Indonesia** GDP (11:00am) 1Q **Hong Kong** GDP flash (4:30pm) 1Q *Holiday: China, South Korea*	**6 May** **South Korea** CPI (8:00am) Apr **Hong Kong** Retail sales (4:30pm) Mar	**7 May** **Philippines** GDP (10:00am) 1Q **Malaysia** BNM monetary policy meeting **Taiwan** CPI (4:00pm) Apr **China** Foreign Exchange Reserves Apr	**8 May** **South Korea** Current account balance (8:00am) Apr **Taiwan** Trade balance (4:00pm) Apr
During the week: China Money supply/TSF Apr (9-15 May) China Trade balance Apr (9 May)				
11 May **China** PPI (9:30am) Apr CPI (9:30am) Apr	**12 May** **Australia** NAB business confidence (11:30am) Apr **India** CPI (4:00pm) Apr	**13 May** **South Korea** Unemployment rate (8:00am) Apr Money supply (12:00pm) Mar	**14 May** **India** WPI (12:00pm) Apr *Holiday: Indonesia*	**15 May** **South Korea** Export price index (6:00am) Apr Import price index (6:00am) Apr **Malaysia** GDP (12:00pm) 1Q **Hong Kong** GDP (4:30pm) 1Q *Holiday: Indonesia*

Times shown are local. Source: Private and public agencies and J.P. Morgan. Further details available upon request.

Alex Gallin (1-212) 270-5492
alex.gallin@jpmorgan.com
JPMorgan Chase Bank NA

Global Data Diary

Week / Weekend	Monday	Tuesday	Wednesday	Thursday	Friday
18 - 24 April	**20 April**	**21 April**	**22 April**	**23 April**	**24 April**
	●Canada CPI (Mar)	●Japan BoJ bank loan officers srvy (1Q) ●New Zealand CPI (1Q) ●Taiwan Export orders (Mar) ●United Kingdom Labor market report (Mar) ●United States Business inventories (Feb) Pending home sales (Mar) Philly Fed non-mfg (Apr) Retail sales (Mar)	●Euro area EC cons conf (Apr, prl) ●Indonesia **BI mtg: on hold** ●Japan Trade balance (Mar) ●South Africa CPI (Mar) ●Türkiye **CBRT mtg: +300bp** ●United Kingdom CPI (Mar)	●Euro area Flash PMI (Apr) New car regs (Mar) ●France INSEE bus conf (Apr) ●Japan Flash PMI (Apr) ●Korea GDP (1Q) ●Philippines **BSP mtg: on hold** ●Singapore CPI (Mar) ●Taiwan IP (Mar) ●United Kingdom Flash PMI (Apr) ●United States Flash PMI (Apr)	●Germany IFO bus srvy (Apr) ●Japan Core CPI (Mar) ●Mexico GDP monthly proxy (Feb) U-rate (Mar) ●Russia **CBR mtg: -50bp** ●United Kingdom Retail sales (Mar) ●United States UMich cons snt (Apr, fnl)
25 - 01 May	**27 April**	**28 April**	**29 April**	**30 April**	**01 May**
	●Mexico Trade balance (Mar) ●Singapore IP (Mar)	●Chile **CBC mtg: no chg** ●Hungary **NBH mtg: no chg** ●Japan **BoJ mtg: +25bp** U-rate (Mar) ●United States Case-Shiller HPI (Feb) CB cons conf (Apr) FHFA HPI (Feb) Housing vacancies (1Q)	●Brazil **COPOM mtg: -50bp** ●Canada **BoC mtg: no chg** ●Euro area EC conf (Apr, fnl) ECB bank lending srvy (1Q) ●Germany HICP (Apr, prl) ●Sweden GDP (1Q) ●Thailand **BOT mtg: no chg** ●United States **FOMC mtg: no chg** Adv econ ind (Mar) Durable goods (Mar) Housing starts (Feb/Mar)	●Canada Monthly GDP (Feb) ●Colombia **BanRep mtg: +50bp** ●Brazil U-rate (Mar) ●Euro area **ECB mtg: no chg** GDP (1Q, prl) HICP (Apr, prl) U-rate (Mar) ●China **NBS PMI (Apr)** ●Czechia GDP (1Q) ●Hungary GDP (1Q) ●Japan Consumer snt (Apr) IP (Mar) Retail sales Mar) ●Korea IP (Mar) ●Poland CPI (Apr) ●Taiwan GDP (1Q) ●United Kingdom **BoE mtg: no chg** ●United States ECI (1Q) GDP (1Q, adv) Leading indicators (Mar) Personal income (Mar)	●Japan Tokyo core CPI (Apr) ●United States ISM mfg (Apr) Light vehicle sales (Apr)

Source: Private and public agencies and J.P. Morgan. Further details available upon request. Any long-form nomenclature for references to China and Taiwan within this research material is Mainland China and Taiwan (China).

Bruce Kasman (1-212) 834-5515
bruce.c.kasman@jpmorgan.com
JPMorgan Chase Bank NA
Joseph Lupton (1-212) 834-5735
joseph.p.lupton@jpmorgan.com

Nora Szentivanyi (44-20) 7134-7544
nora.szentivanyi@jpmorgan.com

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of J.P. Morgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see https://www.jpmorgan.com/disclosures/cryptoasset-disclosure.

The author(s) of this research report may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Where more than one legal entity is listed under an analyst's name, the first legal entity is responsible for the production unless stated otherwise. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below in the legal entity disclosures, this material has been distributed by the legal entity responsible for production, or where more than one legal entity is listed under the analyst's name, the first legal entity will be responsible for distribution. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission - ALYC y AN Integral N°51).

Australia: J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market Participant of ASX Limited, a Clearing and Settlement Participant of ASX Clear Pty Limited and a Clearing Participant of ASX Clear (Futures) Pty Limited. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy.

Brazil: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman

Bruce Kasman (1-212) 834-5515
bruce.c.kasman@jpmorgan.com
JPMorgan Chase Bank NA
Joseph Lupton (1-212) 834-5735
joseph.p.lupton@jpmorgan.com

Nora Szentivanyi (44-20) 7134-7544
nora.szentivanyi@jpmorgan.com

J.P. Morgan: 0800-7700847 / 0800-7700810 (For Hearing Impaired) / ouvidoria.jp.morgan@jpmchase.com.

Canada: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Canadian Investment Regulatory Organization and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc.

Chile: Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile.

China: J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business.

Colombia: Banco J.P. Morgan Colombia S.A. is supervised by the Superintendencia Financiera de Colombia (SFC).

Dubai International Financial Centre (DIFC): JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules.

European Economic Area (EEA): Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is authorised as a credit institution by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB). JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons.

Hong Kong: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong Branch (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited.

India: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. Compliance Officer: Prasanna Bandal; prasanna.bandal@jpmchase.com; +912261575159. Grievance Officer: Ramprasadh K, jpmipl.research.feedback@jpmorgan.com; +912261573000. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. Please visit Terms and Conditions and Most Important Terms and Conditions (MITC). The annual Compliance audit report is available at http://www.jpmipl.com/#research.

Indonesia: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK).

Korea: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch.

Japan: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan.

Malaysia: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia.

Mexico: J.P. Morgan Casa de Bolsa, S.A. de C.V. and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission.

New Zealand: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008.

Philippines: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission.

Singapore: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MDDI (P) 057/08/2025 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of “accredited investors,” “expert investors” or “institutional investors,” as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material.

South Africa: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Conduct Authority (FSCA).

Taiwan: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. **To the extent that J.P. Morgan Securities (Taiwan) Limited produces research materials on securities not listed on the Taiwan Stock Exchange or Taipei Exchange (“Non-Taiwan Listed Securities”), these materials shall not constitute securities recommendations for the purpose of applicable Taiwan regulations, and, for the avoidance of doubt, J.P. Morgan Securities (Taiwan) Limited does not act as broker for Non-Taiwan Listed Securities.** According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the “Important Disclosures” in this material.

Thailand: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500.

UK: Research is produced in the UK by J.P. Morgan Securities plc (“JPMS plc”) which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority or J.P. Morgan Markets Limited (“JPMML Ltd”) which is authorised and regulated by the Financial Conduct Authority. Unless specified to the contrary, this material is distributed in the UK by JPMS plc and is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 (“the FPO”); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. A description of J.P. Morgan EMEA’s policy for prevention and avoidance of conflicts of interest related to the production of Research can be found at the following link: J.P. Morgan EMEA - Research Independence Policy.

U.S.: J.P. Morgan Securities LLC (“JPMS”) is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be certain discrepancies with data and/or limited content in this material as a result of calculations, adjustments, translations to different languages, and/or local regulatory restrictions, as applicable. These discrepancies should not impact the overall investment analysis, views and/or recommendations of the subject company(ies) that may be discussed in the material. Artificial intelligence tools may have been used in the preparation of this material, including assisting in data analysis, pattern recognition, and content drafting for research material. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results.

Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. This material may include views on structured securities, options, futures and other derivatives. These are complex instruments, may involve a high degree of risk and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

Confidentiality and Security Notice: This transmission may contain information that is privileged, confidential, legally privileged, and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by JPMorgan Chase & Co., its subsidiaries and affiliates, as applicable, for any loss or damage arising in any way from its use. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format. This message is subject to electronic monitoring: https://www.jpmorgan.com/disclosures/email

MSCI: Certain information herein ("Information") is reproduced by permission of MSCI Inc., its affiliates and information providers ("MSCI") ©2026. No reproduction or dissemination of the Information is permitted without an appropriate license. MSCI MAKES NO EXPRESS OR IMPLIED WARRANTIES (INCLUDING MERCHANTABILITY OR FITNESS) AS TO THE INFORMATION AND DISCLAIMS ALL LIABILITY TO THE EXTENT PERMITTED BY LAW. No Information constitutes investment advice, except for any applicable Information from MSCI ESG Research. Subject also to msci.com/disclaimer

Sustainalytics: Certain information, data, analyses and opinions contained herein are reproduced by permission of Sustainalytics and: (1) includes the proprietary information of Sustainalytics; (2) may not be copied or redistributed except as specifically authorized; (3) do not constitute investment advice nor an endorsement of any product or project; (4) are provided solely for informational purposes; and (5) are not warranted to be complete, accurate or timely. Sustainalytics is not responsible for any trading decisions, damages or other losses related to it or its use. The use of the data is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers. ©2026 Sustainalytics. All Rights Reserved.

"Other Disclosures" last revised April 04, 2026.

Completed 17 Apr 2026 08:54 PM EDT
Disseminated 17 Apr 2026 08:54 PM EDT