J.P.Morgan

Global Economic Research
30 October 2026

Global Data Watch

- **Strong 3Q growth still in need of more balanced labor driver**
- **Major DM central banks pause but emphasize hikes on deck**
- **Surprise Brazil election leaves narrow path to maintain mkt confidence**
- **Up next: US NFP (75k); Global PMI; BoE, RBA, Riks, BCB, Banxico**

Breadth but not balance

Incoming 3Q26 GDP reports show 3Q global growth tracking 3.1%ar, aligning with our expectation for growth that is nearly a percentage point above our estimate of potential. As impressive as the expansion has been this year in the face of the large energy shock, growth continues to be somewhat imbalanced. The strength in activity is most visible across Asia: Taiwan 3Q GDP surged past expectations with a 13.5%ar jump, and September IP jumped back in Korea and Japan. Whereas previous manufacturing strength in Asia was driven by export demand for select tech goods, the current lift from the AI capex cycle is increasingly spilling over to a broader set of industries, and domestic investment is increasingly complementing relentless external demand. We revised up Korea 4Q GDP to 4.5%ar, and continue to expect above-trend growth in Taiwan and Japan this quarter.

Notwithstanding the constructive signs from Asia, strong global growth and broad-based business spending have not yet produced the balance in demand and income generation that we have been anticipating. Expected returns on AI investments are reflected in equity markets, which in turn are supporting consumers via wealth effects. However, we maintain that a more sustainable expansion will require a firming in real incomes, which continue to lag as the lift in labor markets has been slow and now a new energy shock is looming.

The US stands out with a boomy 3.4%ar gain last quarter, adding to its strong 2.3%ar gain in 1H26. Last quarter also saw a broader upturn in US business spending (Table 1). Investments have expanded beyond data centers as companies apply new technologies, generating strong software and other intellectual property spending gains. Last quarter also saw a positive turn in stock-building. With the public sector and consumption also posting strong gains, US domestic demand surged to a 6.6%ar gain last quarter, its fastest increase in a quarter century outside the post COVID bounce.

As the US leads the way, we continue to see two key imbalances. Specifically,

- **Demand surge not yet boosting labor income.** We have linked reduced business caution and stronger profit gains to our expectation for both faster spending and labor income gains. While a modest pickup in hours has

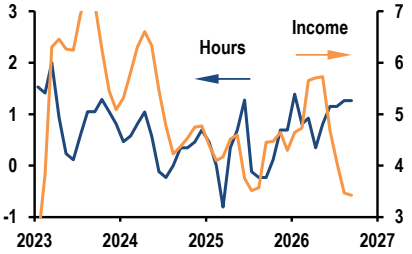
Table 1: US GDP components

	1Q26 (%oya)	2Q26 (%q/q, saar)	3Q26 (%q/q, saar)
Real GDP	2.6	2.2	3.4
Domestic demand	1.3	3.3	6.6
Consumption	2.1	3.8	3.8
Tech capex	27.0	7.6	37.4
Non-tech capex	-1.1	18.0	8.8
Software	14.5	14.0	9.6
Non-residential structures	-8.1	0.1	5.4
Inventories*	0.2	-0.5	1.6
Net trade*	0.0	-1.1	-3.3
Services	1.8	2.2	4.4

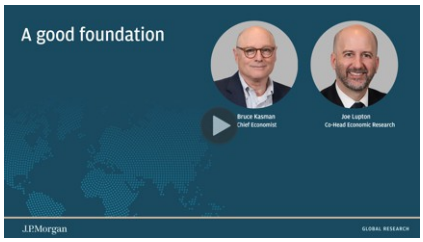
Source: BEA, J.P. Morgan. *Contributions to real GDP growth.

Figure 1: US hours worked and labor income

%3m/3m, saar; both scales



Source: BEA, J.P. Morgan



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

Contents

US: A piece of the puzzle - wages, slack and inflation	13
Japan: Financial conditions remain easy post great reflation	17
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	20
US Focus: AI capex is all you need	*32*
Euro area	33
Japan	41
Canada	45
Mexico	47
Brazil	49
Brazil Focus: Fiscal consequences of the electoral cycle	*51*
Argentina	53
Andeans	55
United Kingdom	57
Sweden and Norway	60
Central Europe	63
Türkiye	67
Israel	69
South Africa	70
Australia and New Zealand	72
China, Hong Kong, and Taiwan	74
Korea	77
ASEAN	79
India	83
Regional Data Calendars	85

See page 94 for analyst certification and important disclosures.

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

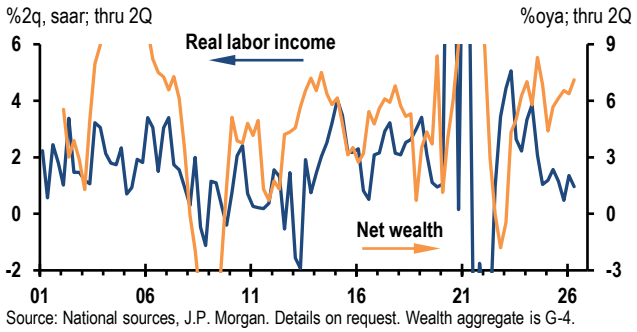
accompanied the recent acceleration in demand, labor income gains have slowed to a 3.4%ar last quarter (Figure 1). Against the backdrop of an estimated 5.6%ar rise in nominal global GDP, profit margins appear to have expanded amidst a further slide in labor's share of value last quarter

- **US remains a dominant global demand engine.** Offsetting last quarter's robust US domestic demand growth was a larger-than-expected 3.3%pt net trade drag. Our estimates suggest that US demand may have contributed as much as a full percentage point to growth elsewhere last quarter, an outcome that points to elevated dependence on a US growth engine.

The vulnerabilities associated with these imbalances are linked, and the latest news sends conflicting signals about the path ahead. US consumption growth appears to be downshifting with a flat September real consumption reading and a soft signal coming from October Chase card spending. At the same time, news on business spending remains upbeat, as signaled by the September US durables report and our global capex nowcaster. Constructive readings also came from Asian industry as September production rebounded sharply. Amid resilience, our forecast envisions two key rotations this quarter that keep the global expansion on sound footing:

- **Labor income takes the baton.** The central call for our outlook this year has been that fading business caution would spark a reacceleration in hiring, promoting a rotation from unsustainable wealth effect-driven spending to more sustainable labor income-driven spending (Figure 2). Employment growth has improved this year, but less than anticipated. With profits booming and demand resilient, surveys point to a sharp pick-up in hiring. Next week's US payrolls report for October (fcst: 75k) will be an important checkup on this.

Figure 2: DM real labor income and household net wealth



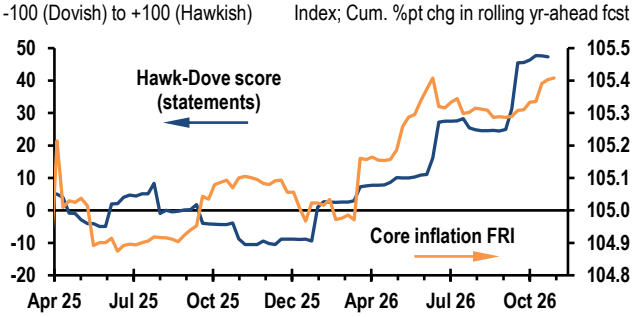
Source: National sources, J.P. Morgan. Details on request. Wealth aggregate is G-4.

- **US lets RoW catch up.** Even with labor income firming, some cooling in US consumer spending growth is anticipated and we look for US GDP to decelerate to a trend-like pace (1.8%ar). By contrast, growth accelerates elsewhere as a range of idiosyncratic drags fade in EMU and Japan, and fiscal supports kick in for China.

A measured path to higher rates

The major central banks showed patience this week by not hiking, but also signaled a need for more tightening in the near future. This hawkish pivot that began in 2Q has continued alongside the reassessment higher of underlying inflation (Figure 3). The Fed paused at 4% in a 10-2 vote, with Cook and Hammack preferring another 25bp hike. The statement upgraded activity from "solid" to "strong" and retained a clear concern about above-target inflation. Chair Warsh was unsurprisingly less explicit about the next move, emphasizing the value of accumulating more information and noting that September's hike and tighter financial conditions are already having some effect. The ECB similarly paused, but Lagarde revealed that a hike was actively debated and said that, barring surprises, the direction of travel is clear. We continue to expect hikes in December and March, with underlying inflation, energy prices, and financial conditions key to the timing.

Figure 3: Global central bank speak and forecast revisions



Source: J.P. Morgan Global Economics. *Global ex. China, based on central bank statements.

The BoJ also delivered a hawkish hold, keeping its policy rate at 1.25%, with Takata dissenting in favor of a hike. Importantly, the Bank for the first time judged underlying inflation to be broadly consistent with its 2% target while also maintaining upside risks. The Bank also accelerated planned ETF sales. Ueda stressed that financial conditions remain accommodative and that policy needs to adjust in an "appropriate and timely" manner. His reference to deciding at every meeting "including the next one" reinforces our view that a December hike is now quite likely, with the broader normalization process expected to continue thereafter.

The BoC was the lone DM hiking this week. The BoC raised rates 25bp to 2.50%, its first hike since 2023, framing the move as risk management against persistent energy pressures spilling into broader inflation. Its new forecasts show materially higher inflation, but underlying inflation remains com-

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

paratively benign and excess supply persists. We expect the BoC to pause in December before hiking again in January. The RBNZ surprised us and consensus by holding at 2.75% in a narrow 4-3 vote, reflecting greater concern about fragile global growth and the domestic recovery. It retained a hawkish bias and we expect 25bp hikes in December and February, taking the cash rate to 3.25%.

Next week, we look for hikes from the BoE and Riksbank. The BoE has been cautious because of weak growth and a soft labor market, but growth has materially exceeded expectations, averaging close to 2.5% annualized over the first three quarters. Elsewhere, strong 3Q inflation and increasingly hawkish commentary have made another RBA hike next week likely, despite signs that policy is already weighing on Australia's labor market and housing.

Domestic pressures at work on EM CBs

Even as EM Asia faces hawkish pressures, central banks are moving at different speeds, reflecting differential exposure to the tech cycle, domestic demand dynamics, energy pass through, and financial stability risks. A subtle hawkish pivot from the BOT this week amidst macro-financial stability concerns supports our forecast for three 25bp hikes to start in 1Q27. Bank Indonesia also held this week, but we expect hiking in the coming months to stave off currency pressures. In Taiwan, the CBC's 3Q minutes reinforced our view that the current inflation backdrop does not yet warrant tightening, but the combination of possible spillovers from a longer AI up-cycle and fiscal expansion raises risks for hikes in 2027. Next week, Malaysia's BNM should stay on hold but continue to emphasize improving growth and rising inflation risks, leaving the door open for a one-off 25bp hike in 1Q27.

In the CEE, the CNB and NBP will set rates next week after receiving flash October CPI releases. In Poland, a downside surprise in headline and core this week reinforces our sense that Poland currently lacks the same degree of domestically generated price pressures and reinforces our call for the NBP to stay put next week. By contrast, we expect CNB to hike amidst decent growth and inflation that recently breached 3%, though we think communication should once again push back against an overly hawkish market.

In Latam, there are increasing risks that Banxico will go against the tide (and its own macro backdrop) and surprise with a cut next week. Last meeting's minutes showed that several board members (three out of five) entertained the idea of reopening the door for a one off cut, arguing cyclical differences between Mexico and the US, no demand-side pressures on inflation, and a well-behaved currency. We think they will remain on hold amidst rising inflation and above-trend growth. The risk of expectations de-anchoring and a sharp depreciation of the currency as the rate spread compresses further should deter the board, but at any rate, the door is open ahead.

Brazil election resets policy outlook

President Lula's surprising victory in Brazil's presidential election prompted a sharp negative market reaction. Economic policy now faces a narrow window to anchor expectations, with risks that debt dynamics deteriorate further. Combined with intensifying inflation pressures, the post-election repricing raises the bar for further easing and should lead the BCB to keep rates unchanged next week, after a series of 25bp cuts. Alongside adding downside risks to growth, there is also potential spillover to Argentina, where a strong currency will damp exports while political misalignment could complicate the broader trade relationship.

New political realities take shape

Israel's Knesset elections surprised with a stronger performance of the government coalition and of Arab parties, but neither Netanyahu's bloc nor the Change bloc reached an outright majority. Two main scenarios are now a re-run of the election in spring 2027 (negative for risk assets) or a unity government (somewhat positive). In both, Prime Minister Netanyahu is likely to stick around. For our BoI call, increased market optimism and currency strength would imply wider room for the BoI to ease. There is less space for such an outcome now, and we see a substantial risk that the last 25bp cut of the cycle, which we expect in November, will never be delivered.

In Venezuela, the return of Maria Corina Machado and the US laying out a clearer roadmap to elections are two impactful signals that the efforts towards a democratic transition are close. In separate addresses on Thursday, Machado and Interim President Delcy Rodriguez each endorsed a three-stage process set out by the US State Department. That said, as the roadmap would need to happen in parallel to (and perhaps competing with) priorities on the economic front (oil, debt, stabilization), we are putting a higher probability of elections happening in 2028.

In Serbia, last Sunday's election delivered a major political reset, with the Student List securing an outright parliamentary majority and ending 14 years of SNS dominance. Despite the scale of the political change, we see this primarily as an institutional rather than macro-policy regime shift, given the relatively strong fiscal and external buffers alongside the existing IMF framework. The Student List's limited governing experience raises questions over the effectiveness of policymaking during the transition, but over the medium term, the election could accelerate EU convergence.

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

J.P.Morgan

Global Economic Outlook Summary

	Real GDP			Real GDP						Consumer prices			
	% over a year ago			% over previous period, saar						% over a year ago			
	2025	2026	2027	1Q26	2Q26	3Q26	4Q26	1Q27	2Q27	2Q26	4Q26	2Q27	4Q27
United States	2.3	**2.3** ↓	2.2	2.5	2.2	**3.4** ↓	1.8	2.3	2.3	3.8	4.0	2.4	1.9
Canada	1.9	1.0	**1.9** ↑	0.3	3.3	**1.5** ↓	**1.2** ↓	**2.2** ↑	**1.9** ↑	2.9	**3.4** ↑	**2.9** ↑	**2.4** ↑
Latin America	2.1	1.8	2.0	1.8	2.5	**0.8** ↓	2.2	1.8	2.1	4.3	4.5	4.1	4.1
Argentina	4.4	1.5	2.5	2.7	-2.3	-4.0	7.0	3.0	4.0	33.0	30.7	21.6	22.2
Brazil	2.3	1.7	1.3	4.4	1.9	0.0	0.8	2.4	0.4	4.6	4.9	4.5	4.4
Chile	2.5	0.4	3.2	-1.0	-0.1	-2.5	8.0	2.5	4.0	4.3	4.2	3.7	3.7
Colombia	2.6	2.3	1.7	2.6	5.2	-1.5	1.5	1.5	1.5	5.9	6.7	6.6	5.6
Ecuador	3.7	2.7	1.1	4.5	-5.1	0.3	-1.5	-0.5	4.0	1.9	2.2	1.5	1.3
Mexico	0.5	2.0	2.3	-1.4	5.8	**3.7** ↓	2.0	**1.6** ↑	2.3	3.9	3.6	3.3	3.9
Peru	3.4	2.8	2.8	1.8	-0.4	5.6	0.3	-3.2	7.9	4.0	4.5	3.5	3.0
Uruguay	1.8	1.1	1.4	3.0	-3.1	0.0	1.0	1.3	0.0	3.1	4.3	5.1	4.7
Asia/Pacific	4.5	4.4	4.0	5.6	3.0	4.2	**4.5** ↑	4.2	4.1	2.0	2.0	1.6	1.6
Japan	1.2	0.9	1.0	1.9	1.4	0.5	1.3	1.0	1.2	1.5	**2.8** ↑	**2.5** ↑	**1.6** ↑
Australia	2.0	2.0	1.8	1.1	1.7	1.3	1.7	1.8	2.0	3.9	**4.2** ↑	**3.6** ↑	2.7
New Zealand	0.3	2.1	2.2	3.7	1.0	2.4	**0.8** ↓	4.0	1.1	4.1	3.8	2.5	2.3
EM Asia	5.2	5.0	**4.6** ↑	6.4	3.3	**5.0** ↑	**5.1** ↑	4.7	4.7	1.9	**1.7** ↓	1.4	1.5
China	5.0	4.5	4.3	6.1	2.6	4.6	5.3	4.8	4.5	1.1	0.4	0.2	0.8
India	7.7	6.8	6.5	8.1	6.3	6.5	5.8	5.6	6.7	3.9	6.0	5.5	4.8
Ex China/India	4.0	**5.4** ↑	**4.3** ↑	6.5	3.7	**5.2** ↑	**4.2** ↑	4.2	4.2	2.9	**3.1** ↓	**2.3** ↓	1.8
Hong Kong	3.6	**4.6** ↓	2.9	12.1	-2.5	**3.2** ↓	3.6	**3.2** ↑	2.8	1.9	2.0	1.6	1.4
Indonesia	5.1	5.0	4.9	5.6	5.2	3.1	2.7	5.8	5.7	2.9	3.5	2.9	1.6
Korea	1.1	**3.9** ↓	**3.6** ↑	7.5	2.6	**3.9** ↓	**4.5** ↑	3.5	3.5	3.0	**2.8** ↓	**1.8** ↓	**1.6** ↑
Malaysia	5.2	5.5	4.5	1.6	9.3	4.7	4.5	4.0	4.0	2.0	2.1	1.8	1.7
Philippines	4.4	3.5	5.3	3.7	2.3	6.5	7.0	4.1	5.5	6.8	7.3	4.8	4.0
Singapore	5.0	5.8	4.2	5.6	6.2	4.4	4.5	4.0	4.0	1.8	2.1	1.8	1.4
Taiwan	8.8	**12.7** ↑	**6.1** ↑	10.2	5.7	**13.5** ↑	6.0	5.0	5.0	2.2	2.4	2.0	1.8
Thailand	2.4	2.5	2.5	2.3	-0.7	4.1	2.4	2.8	2.4	2.7	3.3	1.9	1.8
Western Europe	1.3	1.2	**1.6** ↑	0.4	2.6	**1.9** ↑	1.4	1.5	1.5	2.9	3.8	2.9	1.8
Euro area	1.3	**1.1** ↑	1.5	**0.0** ↑	2.6	**1.7** ↑	1.5	1.5	1.5	3.0	**4.0** ↑	2.6	1.5
Germany	0.3	**1.1** ↑	**1.5** ↑	**1.7** ↓	1.3	**0.9** ↑	1.8	1.8	1.8	2.6	3.0	2.3	1.5
France	0.9	**0.3** ↓	**0.9** ↓	-0.7	**0.0** ↓	**-0.5** ↓	1.0	1.5	1.0	2.4	3.9	2.6	1.4
Italy	0.7	**0.8** ↓	0.5	**1.2** ↓	0.7	**0.1** ↓	0.3	0.8	0.5	3.0	5.1	2.8	1.3
Spain	2.6	**2.6** ↓	**2.1** ↓	2.5	**2.7** ↓	**2.6** ↓	2.5	2.0	1.8	3.6	4.8	3.8	1.6
Norway	1.7	1.0	1.6	0.4	1.3	1.8	1.8	1.8	1.5	3.1	3.3	2.8	2.2
Sweden	1.6	**2.7** ↑	**2.1** ↑	-0.3	6.4	**1.6** ↑	2.3	2.0	1.8	0.5	2.0	2.7	1.9
United Kingdom	1.2	1.6	1.5	2.6	2.1	3.0	1.0	1.6	1.2	2.8	3.7	4.6	3.1
EMEA EM	2.2	**2.0** ↑	2.6	**-0.1** ↑	4.1	**2.1** ↓	2.1	2.9	**2.4** ↓	10.4	10.3	9.1	8.5
Czech Republic	2.5	**1.7** ↓	**2.2** ↓	0.4	1.1	**2.1** ↑	2.3	2.3	**2.3** ↓	2.0	2.8	2.6	1.9
Hungary	0.4	**1.8** ↓	**2.1** ↓	3.4	2.0	**0.4** ↓	2.5	2.5	2.3	1.9	2.2	3.2	2.9
Israel	3.5	5.0	4.3	-1.5	15.4	4.5	3.5	3.5	3.5	1.8	1.7	1.6	1.7
Poland	3.6	**3.7** ↑	3.0	2.4	4.5	3.5	3.3	2.8	2.8	2.9	**3.7** ↑	4.2	**3.6** ↓
Romania	0.7	-0.5	2.5	-0.6	0.1	3.6	3.2	2.8	2.4	10.7	6.8	5.8	4.4
Russia	1.0	0.8	1.5	-2.5	3.2	1.0	1.0	1.5	1.5	5.6	7.2	6.5	4.8
South Africa	1.1	1.1	1.4	**2.1** ↑	**-1.1** ↓	0.5	1.0	1.8	1.8	4.5	5.3	**4.4** ↑	**3.2** ↑
Türkiye	3.6	2.5	4.2	1.2	4.6	2.4	2.6	5.5	3.6	32.4	29.6	25.0	26.3
Global	2.8	2.7	2.7	2.9	2.7	**3.1** ↑	2.7	2.8	2.7	3.4	3.7	**2.8** ↑	2.3
Developed markets	1.8	1.8	**1.9** ↑	1.6	2.3	**2.5** ↑	1.6	1.9	1.9	3.3	**3.9** ↑	**2.7** ↑	**1.9** ↑
Emerging markets	4.3	4.1	3.9	4.8	3.3	3.9	**4.3** ↑	4.0	4.0	3.5	**3.4** ↓	**2.9** ↓	3.0
Emerging ex China	3.6	3.7	**3.6** ↑	3.7	3.9	**3.4** ↑	**3.4** ↑	3.4	3.6	5.6	**6.0** ↓	**5.2** ↓	4.8
Global — PPP weighted	3.3	3.1	3.1	3.3	3.0	**3.3** ↑	3.1	3.1	3.1	3.7	4.0	**3.2** ↑	**2.8** ↑

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).

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

G-3 economic outlook detail

				2026				2027	
	2025	2026	2027	1Q	2Q	3Q	4Q	1Q	2Q
United States									
Real GDP	2.3	2.3	2.2	2.5	2.2	3.4	1.8	2.3	2.3
Private consumption	2.6	2.4	2.1	0.7	3.8	3.8	1.5	2.0	2.0
Equipment investment	8.8	12.5	8.0	15.5	13.4	20.9	10.0	5.0	5.0
Non-residential construction	-2.2	-4.7	2.9	-9.4	0.1	5.4	5.0	2.0	2.0
Intellectual property products	6.8	9.6	5.8	15.6	9.2	8.4	7.0	5.0	5.0
Residential construction	-2.7	-3.3	2.4	-7.6	2.8	-3.3	0.0	4.0	6.0
Inventory change ($ bn saar)	6.7	-8.9	45.8	-34.7	-63.4	20.3	42.1	46.6	47.3
Government spending	1.6	1.1	1.8	4.7	-0.1	5.3	1.4	1.5	1.5
Exports of goods and services	2.1	3.9	0.9	13.9	5.0	-5.7	2.5	1.5	1.5
Imports of goods and services	3.6	5.6	6.4	11.5	12.6	19.7	9.0	3.0	3.0
Domestic final sales contribution	2.6	2.7	2.7	2.4	3.9	5.1	2.6	2.5	2.6
Inventories contribution	-0.1	-0.1	0.2	0.2	-0.5	1.6	0.4	0.1	0.0
Net trade contribution	-0.2	-0.3	-0.8	0.0	-1.1	-3.3	-1.2	-0.3	-0.3
Consumer prices (%oya)	2.7	3.5	2.6	2.7	3.8	3.5	4.0	3.6	2.4
Excluding food and energy (%oya)	2.9	2.6	2.7	2.5	2.7	2.5	2.8	2.7	2.7
Core PCE deflator (%oya)	2.8	3.1	2.8	3.0	3.1	3.1	3.2	2.9	2.8
Federal budget balance (% of GDP, FY)	-5.8	-6.3	-5.8						
Personal saving rate (%)	5.4	4.4	3.5	5.3	4.4	4.1	3.7	3.6	3.5
Unemployment rate (%)	4.3	4.2	4.0	4.3	4.3	4.1	4.1	4.0	4.0
Industrial production, manufacturing	0.8	1.4	1.2	1.7	5.6	0.7	1.0	1.0	1.0
Euro area									
Real GDP	1.3	1.1	1.5	0.0	2.6	1.7	1.5	1.5	1.5
Private consumption	1.4	1.0	1.3	0.0	1.7	1.0	0.5	1.3	2.0
Capital investment	2.9	1.1	2.4	-0.2	-0.2	3.5	3.5	2.5	2.0
Government consumption	1.5	1.8	0.9	2.2	1.0	1.3	1.0	0.8	0.8
Exports of goods and services	1.8	3.1	3.4	-1.8	14.7	2.5	2.8	2.8	2.8
Imports of goods and services	3.5	3.1	3.0	2.2	7.2	2.3	2.8	2.8	2.8
Domestic final sales contribution	1.7	1.2	1.4	0.4	1.0	1.5	1.2	1.4	1.6
Inventories contribution	0.3	-0.2	-0.2	1.5	-2.2	-0.1	0.2	0.0	-0.3
Net trade contribution	-0.7	0.1	0.4	-1.9	3.8	0.2	0.1	0.1	0.1
Consumer prices (HICP, %oya)	2.1	3.1	2.4	2.0	3.0	3.3	4.0	3.4	2.6
ex food, alcohol and energy	2.4	2.4	2.5	2.3	2.4	2.5	2.6	2.7	2.6
General govt. budget balance (% of GDP, FY)	-2.7	-3.0	-2.8						
Unemployment rate (%)	6.3	6.3	6.1	6.3	6.3	6.2	6.2	6.2	6.1
Industrial production	1.7	-0.7	2.1	-4.0	3.3	-2.1	3.0	3.0	2.5
Japan									
Real GDP	1.2	0.9	1.0	1.9	1.4	0.5	1.3	1.0	1.2
Private consumption	1.3	0.9	0.6	1.8	0.0	0.2	0.6	0.6	0.8
Business investment	2.5	-0.3	0.9	-3.9	-3.7	1.0	1.5	1.5	1.0
Residential construction	-1.8	0.1	0.3	3.8	-2.3	0.0	0.5	0.5	0.5
Public investment	-0.3	0.4	0.6	5.5	-1.8	0.5	0.5	0.5	1.0
Government consumption	0.9	2.4	1.4	1.5	6.9	1.0	1.0	1.0	1.0
Exports of goods and services	2.5	2.0	1.0	7.0	1.6	0.5	1.0	1.0	1.0
Imports of goods and services	3.8	-0.4	1.1	1.0	-6.5	4.0	2.0	1.0	1.0
Domestic final sales contribution	1.2	0.9	0.8	0.9	0.5	0.5	0.8	0.8	0.9
Inventories contribution	0.2	-0.4	0.2	0.0	-0.5	0.6	0.6	0.2	0.3
Net trade contribution	-0.2	0.4	0.0	1.0	1.4	-0.6	-0.2	0.0	0.0
Consumer prices (%oya)	3.2	1.9	2.5	1.4	1.5	1.9	2.8	3.8	2.5
ex food and energy	1.2	1.7	2.8	1.5	1.1	1.8	2.4	3.0	2.9
General govt. net lending (% of GDP, CY)	-5.3	-4.8	-5.5						
Unemployment rate (%)	2.5	2.5	2.5	2.7	2.5	2.5	2.5	2.5	2.5
Industrial production	0.1	2.4	1.3	10.3	1.0	0.9	1.2	1.5	1.5
Memo: Global industrial production	..	..	..	3.1	3.5	1.8	2.9	2.7	2.2
%oya	2.3	2.1	2.4	1.7	2.1	2.0	2.6	2.5	2.2

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

Alex Gallin (1-212) 270-5492
alex.gallin@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 rate	Current rate (%pa)	4-qrtr change (bp) Last	Next	Last change	Next mtg	Forecast next change	Forecast (%pa) Dec 26	Mar 27	Jun 27	Sep 27	Dec 27
Global		4.10	-2	9				4.23	4.26	4.25	4.21	4.19
excluding US		4.14	1	2				4.23	4.27	4.24	4.19	4.16
Developed		3.32	17	38				3.55	3.65	3.67	3.68	3.69
Emerging		5.26	-31	-34				5.24	5.16	5.09	4.99	4.92
Latin America		9.83	-68	-68				9.86	9.87	9.65	9.43	9.15
EMEA EM		14.46	-182	-161				14.23	13.63	13.23	13.05	12.84
EM Asia		2.41	8	1				2.43	2.45	2.48	2.41	2.41
The Americas		4.72	-8	12				4.92	4.94	4.91	4.88	4.84
United States	Fed funds	4.00	0	25	16 Sep 26 (+25bp)	9 Dec 26	Dec 26 (+25bp)	4.25	4.25	4.25	4.25	4.25
Canada	O/N rate	**2.50**	25	25	28 Oct 26 (+25bp)	9 Dec 26	Oct 26 (+25bp)	2.50	2.75	2.75	2.75	2.75
Brazil	SELIC O/N	13.75	-125	-150	16 Sep 26 (-25bp)	4 Nov 26	Apr 27 (-25bp)	13.75	13.75	13.25	12.75	12.25
Mexico	Repo rate	6.50	-102	0	7 May 26 (-25bp)	5 Nov 26	On hold	6.50	6.50	6.50	6.50	6.50
Chile	Disc rate	4.50	-25	75	16 Dec 25 (-25bp)	15 Dec 26	**15 Dec 26 (+25bp)**	**4.75**	**5.00**	5.00	**5.25**	**5.25**
Colombia	Repo rate	12.25	300	-150	30 Sep 26 (+25bp)	18 Dec 26	**2Q27 (-25bp)**	**12.25**	**12.25**	**12.00**	**11.50**	10.75
Peru	Reference	4.25	0	75	11 Sep 25 (-25bp)	12 Nov 26	12 Nov 26 (+25bp)	4.50	4.50	4.75	5.00	5.00
Europe/Africa		5.43	-14	2				5.57	5.62	5.54	5.49	5.45
Euro area	Depo rate	2.50	50	50	10 Sep 26 (+25bp)	12 Dec 26	Dec 26 (+25bp)	2.75	3.00	3.00	3.00	3.00
United Kingdom	Bank rate	3.75	-25	50	18 Dec 25 (-25bp)	5 Nov 26	Nov 26 (+25bp)	4.00	4.25	4.25	4.25	4.25
Norway	Dep rate	4.50	50	25	24 Sep 26 (+25bp)	5 Nov 26	Mar 27 (+25bp)	4.50	4.75	4.75	4.75	4.75
Sweden	Repo rate	1.75	0	75	23 Sep 25 (-25bp)	4 Nov 26	Nov 26 (+25bp)	2.00	2.25	2.50	2.50	2.50
Czech Republic	2-wk repo	3.75	25	0	18 Jun 26 (+25bp)	5 Nov 26	Nov 26 (+25bp)	4.00	4.00	4.00	4.00	3.75
Hungary	Base rate	5.50	-100	-50	25 Aug 26 (-25bp)	17 Nov 26	Dec 26 (-25bp)	5.25	5.00	5.00	5.00	5.00
Israel	Base rate	3.25	-125	-25	1 Sep 26 (-25bp)	23 Nov 26	Nov 26 (-25bp)	3.00	3.00	3.00	3.00	3.00
Poland	7-day interv	3.75	-75	0	4 Mar 26 (-25bp)	4 Nov 26	On hold	3.75	3.75	3.75	3.75	3.75
Romania	Base rate	6.50	0	-50	7 Aug 24 (-25bp)	12 Nov 26	May 27 (-25bp)	6.50	6.50	6.25	6.00	6.00
Russia	Key pol rate	14.00	-250	-200	24 Jul 26 (-25bp)	18 Dec 26	Feb 27 (-25bp)	14.00	13.50	13.00	12.50	12.00
South Africa	Repo rate	7.25	25	-25	24 Sep 26 (+25bp)	19 Nov 26	Nov 27 (-25bp)	7.25	7.25	7.25	7.25	7.00
Türkiye	1-wk repo	36.00	-350	-400	22 Oct 26 (-100bp)	10 Dec 26	10 Dec 26 (-100bp)	35.00	33.00	32.00	32.00	32.00
Asia/Pacific		2.39	21	11				2.45	2.47	2.52	2.49	2.50
Australia	Cash rate	4.60	100	-25	29 Sep 26 (+25bp)	3 Nov 26	**Nov 26 (+25bp)**	**4.85**	**4.85**	**4.85**	**4.60**	**4.35**
New Zealand	Cash rate	2.75	25	50	2 Sep 26 (+25bp)	9 Dec 26	**Dec '26 (+25bp)**	**3.00**	**3.25**	**3.25**	**3.25**	**3.25**
Japan	O/N call rate	1.25	77	100	18 Sep 26 (+25bp)	18 Dec 26	Dec 26 (+25bp)	1.50	1.50	1.75	2.00	2.25
Hong Kong	Disc. wndw	4.25	0	25	16 Sep 26 (+25bp)	-	Dec 26 (+25bp)	4.50	4.50	4.50	4.50	4.50
China	7-day rev repo	1.40	0	-20	7 May 25 (-10bp)	-	4Q 26 (-10bp)	1.30	1.30	1.30	1.20	1.20
Korea	Base rate	3.00	50	75	27 Aug 26 (+25bp)	26 Nov 26	Nov 26 (+25bp)	3.25	3.50	3.75	3.75	3.75
Indonesia	BI RRR	5.75	100	50	18 Jun 26 (+25bp)	18 Nov 26	Nov-26 (+25bp)	6.25	6.25	6.25	6.25	6.25
India	Repo rate[2]	5.50	0	25	7 Oct 26 (+25bp)	4 Dec 26	Dec-26 (+25bp)	5.75	5.75	5.75	5.75	5.75
Malaysia	O/N rate	2.75	0	25	9 Jul 25 (-25bp)	5 Nov 26	1Q27 (+25bp)	2.75	3.00	3.00	3.00	3.00
Philippines	Rev repo	5.50	75	50	22 Oct 26 (+50bp)	17 Dec 26	Dec 26 (+25bp)	5.75	6.00	6.00	6.00	6.00
Thailand	1-day repo	1.00	-50	75	25 Feb 26 (-25bp)	23 Dec 26	Mar-27 (+25bp)	1.00	1.25	1.50	1.75	1.75
Taiwan	Official disc.	2.00	0	0	21 Mar 24 (+12.5bp)	17 Dec 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
Alex Gallin (1-212) 270-5492
alex.gallin@jpmorgan.com

Maia Crook (1-212) 622-8435
maia.crook@jpmorgan.com

Economic Activity Tracking

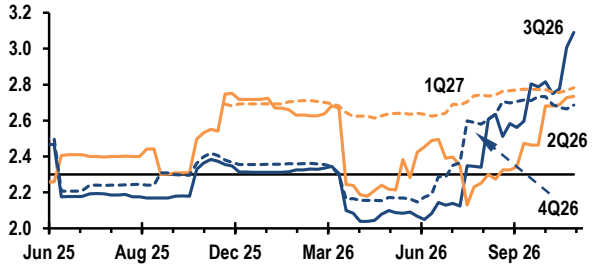
See here for real-time snapshots and methodology reports.

JPM forecast evolution, GDP and CPI

Our forecast for 3Q growth rose 0.1%-pt to 3.1%ar this week (Figure 1). Our forecast for 4Q core inflation moved sideways at 3.0%ar (Figure 2).

Figure 1: J.P. Morgan global GDP

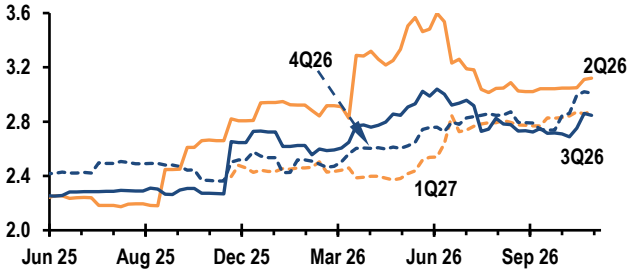
% change saar; forecast by date made, black line shows potential growth



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	0.2	0.1	0.3
DM	0.4	0.4	0.1	0.4
US	0.5	0.4	0.1	0.3
Euro area	0.4	0.6	0.3	0.5
UK	0.7	1.8	0.4	0.5
Japan	-0.1	-1.4	-0.4	0.3
EM	0.2	-0.1	0.1	0.2
EM Asia	0.4	-0.3	0.0	0.1
M. China	0.2	-0.5	0.0	0.0
Korea	0.4	0.0	0.2	0.0
Taiwan	2.7	0.3	0.2	0.0
India	0.4	0.0	-0.3	0.5
LatAm	-0.1	0.2	0.1	0.0
Brazil	-0.4	0.6	0.5	0.0
Mexico	1.3	-0.2	-0.2	0.0
EM EMEA	-0.2	0.7	0.2	0.7
CE4	-0.3	0.8	0.0	0.0
Türkiye	-0.9	1.1	-0.5	1.0
South Africa	-0.5	1.1	0.3	0.0

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

GDP nowcaster and recession probabilities

Our nowcaster estimates of global GDP held steady at 2.7% for 3Q and ticked up to 2.8% for 4Q, about in line with our 2.9% 2H forecast (Table 2).

Table 2: Real GDP

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

	3Q26		4Q26	
	Actual/Fcst	Nowcast	Forecast	Nowcast
Global	**3.1**	**2.7**	**2.7**	**2.8**
Weighted Avg*	**3.0**	**2.7**	**2.6**	**3.3**
Developed*	**2.6**	**1.7**	**1.6**	**1.9**
US	3.4	2.1	1.7	2.2
EMU	1.7	0.6	1.5	1.1
UK	3.0	2.7	1.0	2.4
Canada	1.5	1.7	1.2	2.1
Japan	0.5	1.9	1.3	1.5
Emerging*	**3.6**	**4.5**	**4.2**	**5.7**
EM Asia*	**4.8**	**6.7**	**5.2**	**7.5**
China	4.6	6.7	5.3	7.7
Korea	3.9	6.7	4.5	5.2
Taiwan	13.5	7.1	6.0	5.4
Singapore	4.4	7.3	4.5	10.0
Latam*	**0.8**	**-0.3**	**2.3**	**1.9**
Brazil	0.0	-1.5	0.8	0.8
Mexico	3.7	2.0	2.0	1.7
Argentina	-4.0	-5.9	7.0	2.5
Chile	-2.5	-3.2	8.0	4.2
Colombia	-1.5	3.1	1.5	4.2
Peru	5.6	5.4	0.3	3.4
EMEA EM*	**1.9**	**1.0**	**2.0**	**2.6**
Poland	3.5	2.5	3.2	3.6
Hungary	0.4	2.4	2.5	2.4
Czech Rep.	2.1	2.5	2.2	2.8
Romania	3.6	1.5	3.2	2.6
Russia	1.0	-0.4	1.0	1.2
Türkiye	2.4	1.7	2.6	4.4
South Africa	0.5	0.8	1.0	1.4

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).

The October flash PMIs point to DM GDP growth of 2.3%ar, down slightly from September's high. Business investment is contributing to the expansion, with the global capex nowcaster pointing to a 10.3%ar gain in 3Q as strength spreads outside tech. However, the second inflation squeeze has broadened beyond energy, as global three-month headline inflation rose to 4.8%ar in September. Near-term inflation expectations have moved higher in some measures, though longer-term expectations remain broadly anchored.

Joseph Lupton (1-212) 834-5735
joseph.p.lupton@jpmorgan.com
JPMorgan Chase Bank NA
Alex Gallin (1-212) 270-5492
alex.gallin@jpmorgan.com

Maia Crook (1-212) 622-8435
maia.crook@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

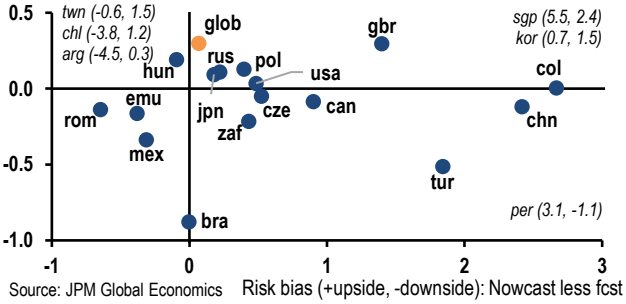
	3Q26	4Q26	Sep 26	Oct 26	Nov 26	Dec 26
PMI, mfg	53.2	53.0	53.8	53.4	53.0	52.6
PMI, serv	53.6	53.9	54.5	54.0	53.8	53.7
IP	1.5	1.6	0.2	0.1	0.2	0.1
Retail sales	1.2	2.1	-0.1	0.2	0.2	0.2
Auto sales	-2.4	-2.5	-0.7	0.2	0.4	0.3
G-3 cap. ship.	15.6	2.7	0.3	0.1	0.1	0.1
G-3 cap. orders	8.8	1.2	0.4	0.3	-0.1	0.3
Cap. exports	24.9	15.0	6.3	-1.4	0.5	1.3
Mfg bus conf	-0.5	-0.3	-0.4	-0.3	-0.3	-0.3
Cons conf	-0.7	-0.6	-0.8	-0.6	-0.6	-0.5
Nowcast (ar)	2.7	2.8	3.3	2.5	2.7	2.8

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 55% of the economies we track have seen data surprise stronger over the past 30 days. The nowcaster implies upside risks to 4Q26 growth in two-thirds of these economies (Figure 3).

Figure 3: GDP nowcaster: risk bias for 4Q26 vs data surprises

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



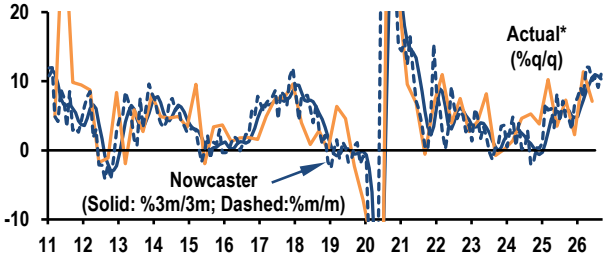
Source: JPM Global Economics Risk bias (+upside, -downside): Nowcast less fcst

Capex Nowcaster

Our CapexNow model's 3Q26 tracking estimate ticked up to 10.3%ar this week (Figure 4).

Figure 4: Global capex, actual and nowcaster

%chg saar. Actual thru 2Q26; Nowcast thru 3Q26.



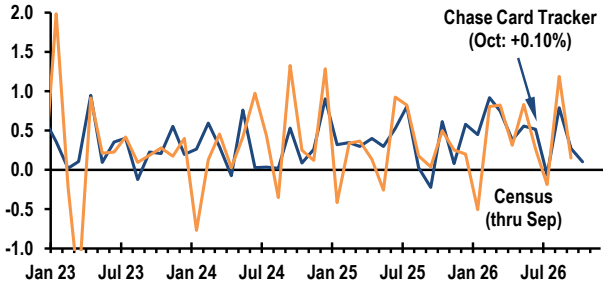
Source: J.P. Morgan Global Economics. Details on request. *Global ex China.

Global consumption tracking

Based on Chase Consumer Card data through October 21, our estimate of the US Census control measure of October retail sales is 0.10% (Figure 5).

Figure 5: US retail sales control, Census and Chase Card Nowcaster

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

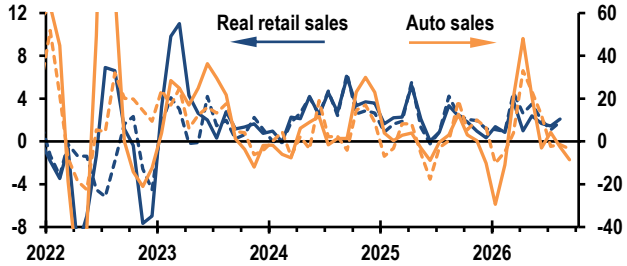


Source: JPMorgan Chase Bank, NA, JPMC Index File 2.0, select Chase credit and debit card transaction data. See here for disclaimers and methodology.

Global retail sales rose 2.1%ar in the three months through August. Ex-China auto sales fell 3.5%ar in the three months through September (Figure 6).

Figure 6: 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
Alex Gallin (1-212) 270-5492
alex.gallin@jpmorgan.com

Maia Crook (1-212) 622-8435
maia.crook@jpmorgan.com

NLP of central bank speak

G-4 central bank communications this week include:

- Fed's Logan (HDS: +39, prior 5-doc avg: +42)
- Fed's Musalem (HDS: +36, prior 5-doc avg: +12)
- BoJ statement (HDS: +23, prior 5-doc avg: +27)
- ECB's Lagarde Q&A (HDS: +33, prior 5-doc avg: +16)
- ECB's Lagarde (HDS: +8, prior 5-doc avg: +16)
- ECB statement (HDS: +4, prior 5-doc avg: +30)
- Fed's Warsh Q&A (HDS: +31, prior 5-doc avg: +44)
- Fed's Warsh (HDS: +47, prior 5-doc avg: +45)
- Fed statement (HDS: +54, prior-5 doc avg: +25)

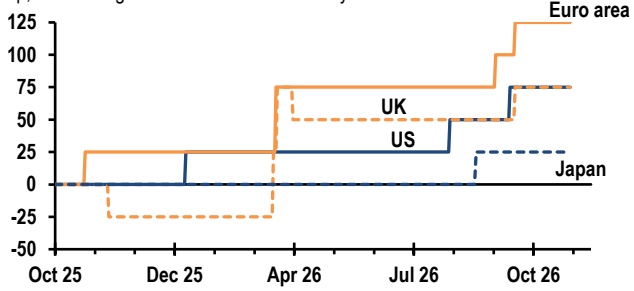
Table 4: Hawk-Dove Scores
3m mov avg: -100 (Dovish) to +100 (Hawkish)

	Current	Change over period 1m	3m	6m
United States	32.5	1.0	6.3	22.4
Euro area	17.3	2.4	2.5	10.4
United Kingdom	27.6	0.3	6.0	28.1
Japan	21.6	0.7	-0.9	15.4
Australia	22.6	2.2	0.7	-2.7
Canada	9.9	5.8	17.0	18.5
Sweden	32.5	3.1	21.9	26.3
Korea	41.6	-12.4	-3.6	40.5
Indonesia*	8.1	-16.7	-9.9	-1.7
Czechia*	36.1	0.0	-6.3	6.7
South Africa	1.4	-7.0	-21.1	-9.0
Brazil*	3.7	0.0	-0.6	8.8
Mexico*	-0.6	0.0	2.7	7.4

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

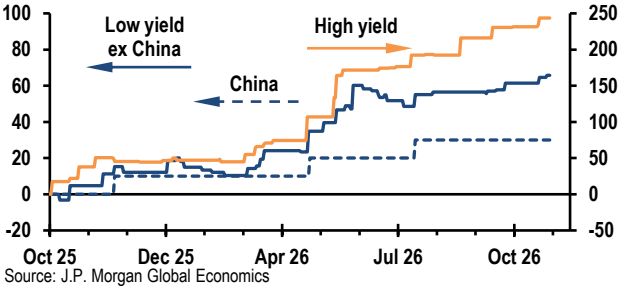
JPM forecast evolution, policy rates

Figure 7: 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 8: 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

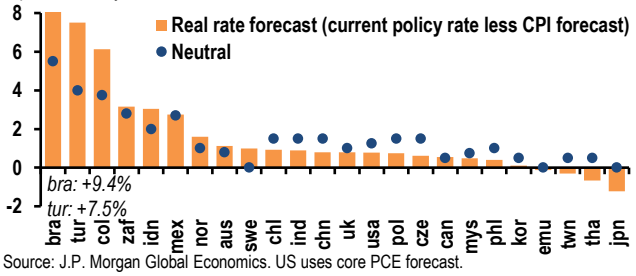
Table 5: Policy Rate: J.P. Morgan and Market

	Current	Basis point change from current: End 4Q26		End 1Q27		End 2Q27		End 4Q27	
	%pa	JPM	Mkt	JPM	Mkt	JPM	Mkt	JPM	Mkt
Global	4.04	12	14	15	26	12	36	6	16
Global Ex-China	4.76	18	19	21	35	18	47	14	25
Developed	3.32	23	22	33	45	35	62	37	68
US	4.00	25	20	25	43	25	59	25	61
EMU	2.50	25	25	50	47	50	62	50	72
Japan	1.25	25	18	25	36	50	56	100	78
UK	3.75	25	35	50	70	50	96	50	112
Norway	4.50	0	15	25	24	25	24	25	18
Sweden	1.75	25	34	50	73	75	102	75	113
Canada	2.50	0	18	25	44	25	67	25	93
Australia	4.60	25	24	25	31	25	29	-25	12
New Zealand	2.75	25	19	50	50	50	78	50	105
Emerging	5.26	-1	5	-8	3	-16	0	-33	-51
Emerging Ex-China	8.68	5	65	-8	64	-22	59	-45	2
EM Low Yield	1.99	-4	-17	-1	-14	1	-13	-5	-9
EM High Yield	11.57	3	81	-24	71	-50	59	-88	19
EM HY Ex-RU	11.11	3	85	-19	106	-41	106	-66	51
EM Asia	1.56	-6	1	-4	2	-2	1	-10	3
EM Asia Ex-China	2.70	17	14	35	29	52	34	52	57
China	1.40	-9	0	-9	-1	-9	-3	-19	-4
Hong Kong	4.25	25	--	25	--	25	--	25	--
India	5.50	25	36	25	85	25	83	25	98
Indonesia	5.75	50	--	50	--	50	--	50	--
Korea	3.00	25	17	50	33	75	38	75	61
Malaysia	2.75	0	4	25	7	25	7	25	16
Philippines	5.50	25	--	50	--	50	--	50	--
Taiwan	2.00	0	5	0	19	0	24	0	49
Thailand	1.00	0	7	25	14	50	21	75	37
EMEA EM	15.51	-22	74	-88	1	-131	-34	-174	-36
Czechia	3.75	25	34	25	67	25	91	0	113
Hungary	5.50	-25	--	-50	--	-50	--	-50	--
Israel	3.25	-25	-50	-25	-46	-25	-41	-25	-24
Poland	3.75	0	33	0	68	0	94	0	117
Romania	6.50	0	--	0	--	-25	--	-50	--
Russia	14.00	0	32	-50	-121	-100	-189	-200	-175
South Africa	7.25	0	22	0	42	0	51	-25	54
Turkey	36.00	-100	-50	-300	-133	-400	-198	-400	-251
LATAM	9.83	5	40	6	66	-15	87	-67	-193
Brazil	13.75	0	18	0	62	-50	82	-150	--
Chile	4.50	25	16	50	30	50	51	75	64
Colombia	12.25	25	23	25	38	0	43	-150	19
Mexico	6.50	0	-15	0	-4	0	21	0	85
Peru	4.25	25	--	25	--	50	--	75	--

-- 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 9: Real policy rate and neutral: forecast for 4Q26
%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

J.P.Morgan

Selected Recent Research: J.P. Morgan Economics

Global

Updating the J.P. Morgan Effective Exchange Rates, 2Oct26
The return of the common, 24Sep26
Vibecession does little to dent spending, 23Sep26
How still my heart, how high the moon, 16Sep26
Profits soar and capex booms, hiring up next, 18Sep26
The "new" silk road goes through the EM Edge, 11Sep26
Androids dream of higher prices: The tech boost to CPI, 10Sep26
Recoupling remains reasonable, 26Aug26
Living on wealth and hope, waiting on jobs, 13Aug26
CNY valuation: where angels fear to tread, 11Aug26

United States and Canada

Anatomy of a fall: Balance sheet view of US saving rate, 9Oct26
US: The saving rate: not waving but drowning? 23Sep26
US: Shelter from the storm, 25Sep26
US: You can't spell depreciation without AI, 9Sept26
US: Little room for improvement, 28Aug26
US: CPI-PCE core gap will narrow but not normalize, 6Aug26
US: AI and the labor share, 4Aug26
US: The return of Tariff Man, 24Jul26
US: About the money, 24Jul26

Western Europe

French protests: Impact on activity and fiscal likely modest, 23Oct26
Euro area: The (r - g) part of the debt problem, 16Oct26
French fiscal: Announcements, political noise and a path, 16Oct26
Euro area: Spreads widen, a crisis is less likely, 7Oct26
Euro area consumers: Not buoyant, but still resilient, 8Oct26
UK: Fiscal headwinds continue to thwart progress, 8Oct26
France: Labor market weakness to continue through year end, 9Oct26
Will the ECB ride to the rescue? 2Oct26

Central Europe, Middle East, and Africa

Türkiye: Implications of the investment fund turmoil, 12Oct26
South Africa: Gauging key inflation risks, 18Sep26
South Africa: SARB remains faithful, 10Sep26
Hungary: Energy vulnerabilities resurface, 13Aug26
Türkiye: Dissecting FX supply-demand dynamics, 31Jul26

Japan

Japan: Reflation redefined? From monetary to fiscal, 6Oct26
Japan: Copernicus makes a U-turn, 5Aug26

Non-Japan Asia and Pacific

Australian Credit: Mind your business, 21Oct26
Australian construction: Part and parcel, 13Oct26
Malaysia: Wait, it's not what it looks like, 8Oct26
Trump-Xi summit: Low bar, high stakes, 18Sep26
Time-inconsistency issue of China's housing reform, 15Sep26
Australia: Chips on the table, 16Sep26
Australia: The ins and outs of building costs, 26Aug26
Australia: Not too steep a price, 20Aug26
Philippines: Fragile grain, 6Aug26
Australian CPI: Pin the tail, 5Aug26
The many gaps in China, 3Aug26
East Asia: Terms of trade amid tech and oil volatility, 31Jul26
Australia: Migration mechanics, 24Jul26
All That Glitters Is Gold, 24Jul26
Indonesia: Navigating tighter fiscal space, 17Jul26
Taiwan: Tech-led tax windfall creates fiscal headroom, 10Jul26

Latin America

Latin America: Lessons from past and current elections, 20Oct26
Colombia: The costs of outrunning productivity, 21Oct26
The rise of tech in Brazil's investment, 23Sep26
Brazil: Telling the tales of the CPI tails, 3Sep26
Brazil: The forecast problem at the monetary policy horizon, 19Aug26
Brazil: Sticky trend inflation; sticky policy, 12Aug26
South America: Reform-driven capex and growth, 31Jul26
Mexico midyear outlook: Winding road is still uphill, 24Jul26
It's gonna take time: 2026 Mid-Year Brazil Economic Outlook, 13Jul26
Brazil and El Niño: Jackie, I can't control the weather, 10Jul26
Colombia: Remittances as a consumption anchor, 10Jul26
Mexico: El Niño - Wild mood swings in the making, 2Jul26
Argentina 2H26: Bolstering shields for the 2027 test, 2Jul26
Andeans 2H26: Political reset meets constraints, 2Jul26
Brazil: Potential effects of a shorter workweek on the CPI, 18Jun26

Special Reports and Global Issues

From DC to Brussels: Trade imbalance China Shock 2.0, 25Sep26
You can observe a lot just by watching, 16Jul26
China: Soft Growth Amid Mounting Structural Challenges, 3Jul26
High-pressure winds on a delicate balance: 2026 Mid-Year Japan Outlook, 1Jul26
A cyclical state of mind: 2026 Mid-Year Global Economic Outlook, 25Jun26
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, 15Dec25
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

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

Over the past week, DM rates were mixed with USTs and gilts broadly outperforming Bunds and JGBs. In the **US**, the FOMC held rates (10-2 vote, with Hammack and Cook dissenting hawkishly), but markets reversed to a dovish interpretation during Chair Warsh's press conference, pushing front-end yields and the dollar lower while steepening the curve and lifting breakevens. We maintain our 10s/30s steepeners and long 1Yx1Y inflation swap positions given this dovish reaction and ongoing Fed credibility concerns.

In the **Euro area**, the ECB held rates as expected but signaled a clear hiking bias, keeping a December hike very likely and our call for December and March hikes intact. We see neutral-rate pricing as too high and but stay neutral duration withan OW Germany vs. US bias. We hold short volatility/front-end option positions (Euribor spreads and short 3Mx(1Yx1Y) straddle) given rangebound yield expectations. In the **UK**, the 2027 budget delivered no major surprises for rates. We stay received Dec26 MPC OIS and keep 10s/30s gilt curve steepeners. In **Japan**, the BoJ kept rates on hold and JGB yields ended roughly unchanged on the week as early bear-steepening reversed into renewed declines on growth/risk-off concerns. We maintain longs in the 5y sector as a medium- to longer-term trade theme.

In **EM**, we moved MW Brazil local rates (from OW) after Lula's surprise victory over the weekend which caused the GBI-EM Brazil sub-index to move 250bp higher on Monday. Overall, we stay MW rates, with OWs in idiosyncratic themes and a bias toward HY vs LY spread compression.

Credit

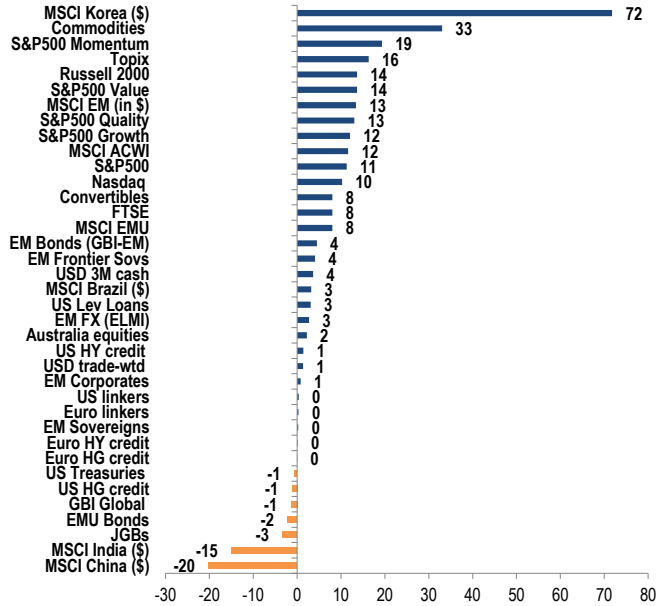
Month-end credit trading is likely to be quieter than usual, as record-low duration extension, lighter secondary volumes, and a surge in passive inflows reduce the need for active repositioning. Duration extension is just +0.03 years (a record low), with long-end issuance share falling to 6% (the lowest since Jul '25) despite yields dropping 22bp MTD. The index is expanding by $52bn, similar to September, as fewer bonds are exiting (lowest since Dec '23) even though gross issuance fell by half; October supply ($87bn) is tracking below the 4-year average for the first time this year. Meanwhile, HG fund inflows rose to $4.7bn/week (+14% MoM), with passive inflows hitting 78% of the total (the highest since Nov '23) while secondary volumes lag the YTD daily average (*US HG Month-Ender*, Oct 28th).

Spread widening in AI/data-center credit is now visibly curbing new supply, though equity issuance is emerging as a more durable offset. HY HPC spreads have widened 244bp to 503bp and IG Tech 37bp to 127bp since June, slowing public bond issuance (leveraged loans less so). The bond universe has barely grown since Aug, with lending instead concentrated in private GPU financings using subordination/vendor backstops to achieve IG ratings and blurring public/private lines via 144a placements. Hyperscaler bond spreads have widened despite no new unsecured issuance, likely due to the large, privately-negotiated GPU financing wave ($103bn across two deals) raising relative-value concerns. Rising all-in yields (12% for data centers, 15–18%+ for GPU leases) should push structural tweaks toward IG solutions (*AI Capex Funding*, Oct 29th).

Euro credit curves have flattened unusually sharply; we recommend cutting duration and adding a 3-5y/1-3y single-A steepener. IG and HY credit tightened this week (2bp and 12bp respectively) as sovereign spreads improved after Moody's held France's rating steady, though French Q3 GDP contracted 0.1%, clouding the picture. The ECB and Fed both held rates, with Lagarde signaling a likely December hike; ECB left QT unchanged, which will shrink its corporate bond portfolio to €195bn by end-2027. Hyperscaler earnings drove equity volatility (Alphabet -12.6%) but euro hyperscaler spreads held in, even as 2026 euro issuance (€23.5bn) lags targets, risking a miss versus the already-cut €50bn forecast absent a Meta deal (*European Credit Weekly*, Oct 30th).

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

J.P.Morgan

Currencies

In **DM** FX, as we look to next week's midterm elections, a Democratic sweep would be mildly dollar-bearish while a Republican Senate hold would be dollar-positive, though overall policy implications are seen as limited, with persistent US equity exceptionalism ultimately USD-supportive in either scenario. Despite extended carry drawdowns that may prompt some year-end PnL-driven de-risking, the medium-term outlook for high yielders like AUD, NOK, and USD remains constructive given wide yield gaps, provided a vol or growth shock is avoided.

In **EM** FX, we remain OW but keep our preferred expressions narrow across EMEA EM, LatAm and Asia. We have reduced longs to focus on highest-carry FX amid higher global growth uncertainty. We have also moved MW BRL (from OW) considering higher fiscal uncertainty after the election surprise. (*FX Markets Weekly*, Oct 30th)

Commodities

Global growth has remained strong in 2026 even as oil consumption has fallen sharply across major economies, breaking the historical link between GDP and oil demand. Economies like South Korea, Taiwan, and European nations show robust growth alongside double-digit declines in fuel use, while electricity demand keeps rising, pointing to growth driven by energy-intensive but oil-light activities like AI, semiconductors, and data centers. National statistics confirm this isn't a modeling artifact; it's a genuine, broad contraction in oil demand. The open question is whether this reflects a temporary response to high prices and supply disruptions (with demand rebounding later) or an accelerated structural shift toward electrification and efficiency, which would leave oil demand permanently weaker relative to economic growth going forward (*Oil Markets Weekly*, Oct 30th).

Crude flows have rebounded faster than LNG, but Qatar's shift toward "dark" LNG transits and ship-to-ship transfers suggests LNG exports could also recover meaningfully. LNG and refined products depend on scarce specialized ships and face tighter insurance constraints given higher vessel values. From September, Qatar appears to have accelerated Hormuz crossings using older vessels, dark mode, and STS, creating a growing gap between signal-based tracking and totals including dark activity. The UAE adopted similar tactics earlier and is near full utilization. If conflict persists, Qatar and the UAE could sustain or increase LNG exports, potentially adding up to 12 Bcm YoY in Mar–Oct 2027, on top of sizable project-driven supply growth (*Global LNG Supply & Shipping Tracker*, Oct 27th).

Base metals sentiment is supportive near-term in spots but increasingly defined by policy uncertainty (copper, nickel) and looming 2027 oversupply (aluminum), with zinc the standout on supply risk. Copper discussions turned cautiously bearish with low conviction: elevated prices reflect a US-driven dislocation premium that could unwind if US tariff follow-through/incentives fade and flows rebalance back toward Asia, restoring China's pricing power. Aluminum has a strong bearish medium-term consensus because prices likely must fall to curb expected surpluses, though the market remains tight now and timing is tricky. Zinc sentiment improved as another year of mine supply under-delivery could keep concentrates tight, sustaining a high price floor (and adding upside if copper rallies). Nickel may see policy-driven spikes, but most expect rallies to be sold as persistent oversupply pushes prices back into the cost curve next year (*Metals Weekly*, Oct 28th).

JPM Forecasts

Rates	Current	Dec-26	Mar-27	Jun-27	Sep-27
US (SOFR)	3.94	4.15	4.15	4.15	4.15
10-year yields	4.92	5.05	5.10	5.05	5.00
Euro area (depo)	2.50	2.75	3.00	3.00	3.00
10-year yields	3.31	3.15	3.10	3.00	2.95
Italy-Germany 10Y (bp)	121	100	95	85	90
Spain-Germany 10Y (bp)	64	55	50	45	45
United Kingdom (bank rate)	3.75	4.00	4.25	4.25	4.25
10-year yields	5.26	5.10	4.95	4.75	4.65
Japan (call rate)	1.25	1.50	1.50	1.75	2.00
10-year yields	2.76	2.80	2.80	2.95	3.05
EM Local (GBI-EM yield)	6.55	6.29			
Currencies	**Current**	**Dec-26**	**Mar-27**	**Jun-27**	**Sep-27**
JPM USD Index	109.0	109.0	107.6	108.4	108.6
EUR/USD	1.11	1.13	1.12	1.10	1.10
USD/JPY	157	164	164	164	164
GBP/USD	1.34	1.3	1.3	1.29	1.29
AUD/USD	0.70	0.71	0.69	0.69	0.69
USD/CNY	6.65	6.60	6.60	6.70	6.75
USD/KRW	1336	1360	1320	1310	1310
USD/MXN	18.85	17.30	17.30	17.35	17.35
USD/BRL	5.44	5.00	4.90	4.95	5
USD/TRY	49.95	51.75	54.45	57.10	59.90
USD/ZAR	16.72	16.30	16.00	15.90	15.75
Commodities	**Current**	**Dec-26**	**Mar-27**	**Jun-27**	**Sep-27**
Brent ($/bbl, qtr avg)	118	80	71	67	60
WTI ($/bbl, qtr avg)	105	74	67	63	56
Gold ($/oz, qtr avg)	3,914	4,500	4,600	4,700	4,800
Copper ($/metric tonne, qtr avg)	14,449	14,800	15,200	15,000	14,500
Aluminum ($/metric tonne, qtr avg)	3,118	3,000	2,950	2,800	2,750
Iron ore 62% Fe ($/metric tonne, qtr avg)	91	100	100	100	100
Wheat ($/bu, qtr avg)	6.0	5.8	5.7	5.7	5.6
Soybeans ($/bu, qtr avg)	12.25	11.00	11.00	11.30	11.00

Credit		Current	Dec-26
US High Grade (bp over UST)	JPM JULI	104	85
Euro High Grade (bp over Bunds)	iBoxx HG	117	110
US High Yield (bp vs. UST)	JPM HY	363	315
Euro High Yield (bp over Bunds)	iBoxx HY	407	375
EM Sovereigns (bp vs. UST)	JPM EMBIGD	236	250
EM Corporates (bp vs. UST)	JPM CEMBI	164	180

Source: J.P. Morgan

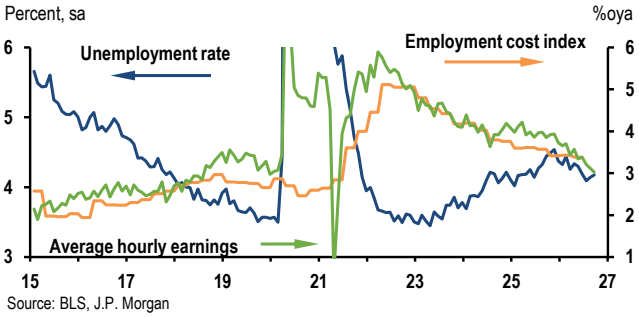
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
JPMorgan Chase Bank NA
Harry Downie [AC] (1-212) 270-9500
harry.j.downie@jpmorgan.com

US: A piece of the puzzle - wages, slack and inflation

- **A tightening labor market and end to wage disinflation will pressure already elevated inflation**
- **The effects should be small, likely no more than a couple tenths on core inflation relative to a scenario where slack remains constant and wage disinflation continues, with effects most evident in supercore**
- **We continue to look for core inflation to moderate later next year, assuming recent shocks to goods pricing fade, but remain above the Fed's 2% target**
- **Low unit labor costs should support that process, as should the assumption that pricing power only goes so much further given already high profit margins and weak real wage growth**
- **In the near term, business surveys point to elevated inflation, and we still see core PCE inflation rising more than 2.5% Q4/Q4 in 2027**

Labor market weakness and slowing wage inflation moved together in 2H25. This year, labor market conditions have strengthened while wage growth has continued to moderate (Figure 1). The divergence is unlikely to last. Stability in compensation growth after a period of gradual slowing could remove a disinflationary impulse, as could a further drop in unemployment, a topic our global colleagues recently touched on for the US and other major DM economies. None of the expected changes in compensation growth or unemployment in our forecast are large, and consequently neither are the implied inflation effects. But any firming in inflation pressures is noteworthy when core PCE inflation has struggled to return to the Fed's 2% target.

Figure 1: Unemployment and compensation growth



Source: BLS, J.P. Morgan

Even if labor markets raise inflation pressures relative to recent quarters, we still expect the overall level of inflation to fall later next year, assuming that energy prices pull back from recent levels, supply chains improve, and higher tech prices finish passing through. Beyond shocks to goods prices, low unit labor costs still provide one avenue toward lower inflation over time, even if they are in practice less useful than wages in near-term inflation forecasts. Real income growth is likewise mild, which could limit the ability of firms to pass through higher prices over time. In the near-term, though, business surveys still point to firm pricing in coming months, and we continue to expect that core PCE inflation will exceed 2.5% on a Q4/Q4 basis next year.

The role of slack and wages in the inflation outlook

Limited inflation pressure from declining slack, though everything is meaningful at these starting levels of inflation. Our forecast calls for the unemployment rate to fall to 4.0% next year, a minor change from the current 4.2% rate or last year's 4.5% peak. Given low continuing claims, a decline below 4.0% is also a possibility. Consequently, we contemplate a decline of anywhere from 0.5% to 1.0% relative to last year's short-lived 4.5% peak. The standard mechanism to link slack to inflation is the Phillips curve, whose empirical estimates we discuss later in this piece, although as economist Greg Mankiw recently remarked, it's "not a very useful practical tool." Under a Phillips curve slope of -0.15, core inflation would be pushed up by 7–15bp depending on how much unemployment falls, while under a slope of -0.4 inflation would rise by 20–40bp.

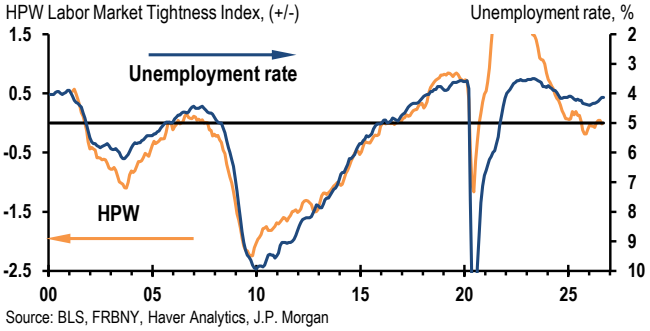
We lean toward the lower end of this range given the low inflation experience in 2019 and the post-COVID normalization of the labor market, which suggests a return to a flatter Phillips curve. On the other hand, household and business inflation expectations could have become less anchored after COVID, and tough immigration enforcement could create additional price pressures, such as in construction. More importantly, even if we assume at most a couple tenths of a percent impulse to core inflation, that is meaningful given the already-high starting level of inflation. Conversely, if our forecast is incorrect and unemployment rises, say 0.5%, then it could create another 10-20bp of disinflation.

Wage disinflation abates, leaving services sticky. Various compensation measures are still decelerating even as unemployment has come off its peak (Figure 2). Short-term divergence is not unusual. Other predictive measures of compensation, such as the FRBNY's HPW index, which blends quit rates and vacancies per effective searcher, have also improved a bit, even if the index remains worse than unemployment relative to its own history.

Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
JPMorgan Chase Bank NA
Harry Downie AC (1-212) 270-9500
harry.j.downie@jpmorgan.com

J.P.Morgan

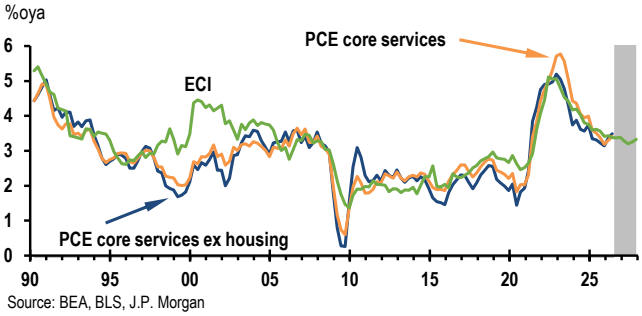
Figure 2: Stable alternative measures of slack



Source: BLS, FRBNY, Haver Analytics, J.P. Morgan

Given this, we expect the annual change in the ECI will stop the disinflation it has been on since COVID by next year. In the last year the 12-month change in the ECI has dropped by 20bp, to 3.4%, and we expect a similar moderation over the coming year followed by an acceleration of a couple tenths of a percent into the end of 2027 (Figure 3). Given pass-through estimates discussed below, moves up and down in compensation growth of a couple tenths of a percent wouldn't have that much impact on total core PCE. **But we see our forecast here as consistent with continued stickiness in core services inflation, especially excluding housing. That puts more of the onus on goods and shelter to drive inflation back toward 2%.** For shelter, new market rents have begun to re-accelerate, though in the near-term we still think CPI/PCE shelter inflation should moderate. Goods inflation pressures, meanwhile, remain elevated in the near-term.

Figure 3: PCE core services and core serv. ex housing vs. ECI



Source: BEA, BLS, J.P. Morgan

But is today's slack already deflationary?

Even if changes in slack and wages were to create additional pressure on inflation, there are other parts of that story that could support ongoing disinflation, in particular unit labor costs (ULC) and uncertainty about the NAIRU.

Theoretically, unit labor costs should have a more direct link to inflation than wages, since they adjust for time-varying worker productivity. A 2% inflation target should thus be achievable with ULC around 2% or lower. In fact, ULC is lower, rising 1.4% over the last year and 1.9% annualized over three years. But ULC are much more volatile than wages, and in practice are not as correlated to inflation. For example, Table 1 reports the R2 from four-quarter log changes in prices against four-quarter log changes in either the ECI or ULC. ECI growth is almost always much more useful in explaining inflation than is ULC; similar results hold if we include one-year lagged changes in ECI or ULC. And for core services ex housing in particular, averaged annualized growth since 1990 has differed from ECI by just 0.3%-pt.

Table 1: Inflation moves explained by ECI vs. ULC

R2 from regression of 4Q log difference in prices against 4Q log difference in ECI/ULC

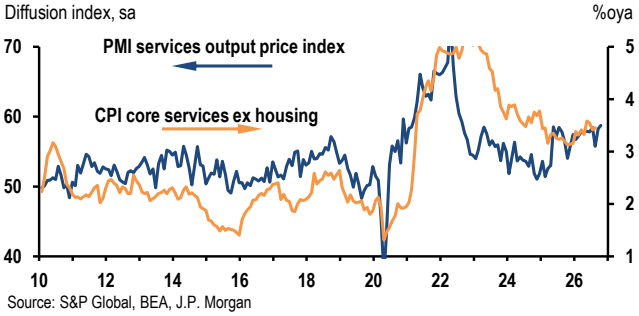
		Core	Core goods	Core services	Supercore
CPI	ECI	0.3	0.0	0.6	0.5
	ULC	0.0	0.0	0.0	0.0
PCE	ECI	0.3	0.0	0.6	0.5
	ULC	0.1	0.1	0.1	0.1

Source: BLS, BEA, J.P. Morgan. Supercore = core services ex housing. Regression uses the MM robust regression estimator, and data 1990-2019

Another consideration is whether today's 4.2% unemployment rate, and potentially rates even lower than that, could be above NAIRU and thus disinflationary, given how imprecise NAIRU estimates are. Unemployment over the past few years has almost always been below CBO's NAIRU estimate of 4.4%, even as wage growth decelerated and price inflation held in a narrow range. We see this as a possibility, but precisely because the NAIRU is hard to measure, it is not the most useful to near-term forecasting.

Even if ULC and the unemployment rate allow for the possibility of further disinflation—which again we do expect some of—the near-term signal from business surveys points to ongoing firmness. To some extent, the business surveys reflect energy prices, which could quickly reverse in the future. But output prices in the PMI services survey are also at a cycle high (Figure 4). While including the energy-linked transportation sector, exclude the goods-related wholesale/retail industries, and are broadly within the elevated range they were in before energy prices spiked.

Figure 4: PMI services output prices vs. supercore inflation



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

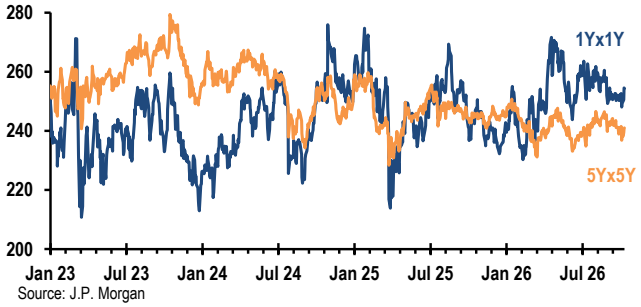
One other consideration is what inflation markets imply for the outlook. Our preferred gauge of long-run expectations,

Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
JPMorgan Chase Bank NA
Harry Downie AC (1-212) 270-9500
harry.j.downie@jpmorgan.com

5Yx5Y inflation pricing, remains subdued ~10bp below its 3- and 5-year averages. Near-term pricing tells a different story: 1Yx1Y sits at ~250bp, above its 3-year average. This is notable because the energy strip is backwardated and prices disinflation over the same window, implying the core component embedded in front-end pricing is firmer still (Figure 5). We read this as higher near-term inflation risk premia rather than any de-anchoring of expectations and note that on a contemporaneous basis we still see 1Yx1Y as too narrow at these levels. Inflation pricing has been well behaved historically given Fed credibility, which may have muted the response to the recent move in energy; that stability could be tested if the Fed is perceived as increasingly patient. On balance, the level of 1Yx1Y implies a marginally firmer core pass-through, consistent with the signals from business surveys.

Figure 5: Front-end inflation markets elevated but 5Yx5Y anchored

1Yx1Y and 5Yx5Y zero-coupon inflation swap; bp



Source: J.P. Morgan

Pass-through of wages into inflation

In this section we provide more details on how we link wages to inflation. Compensation growth moves closely with core inflation, particularly core services, which have a higher labor cost share than goods and are less subject to international trade competition (Table 2). This relationship holds whether CPI or PCE is used as the price measure. At a minimum, internal consistency requires that if wage disinflation abates in our forecast, services inflation should remain sticky too.

Table 2: Inflation and wage correlation

Regression of 4Q log difference in prices against 4Q log difference in ECI

		Core	Core goods	Core services	Supercore
CPI	1990-2019	0.4	0.4	0.8	0.8
	1990-2026	0.8	0.3	0.9	0.9
PCE	1990-2019	0.4	-0.2	0.6	0.7
	1990-2026	0.6	0.3	0.8	0.8

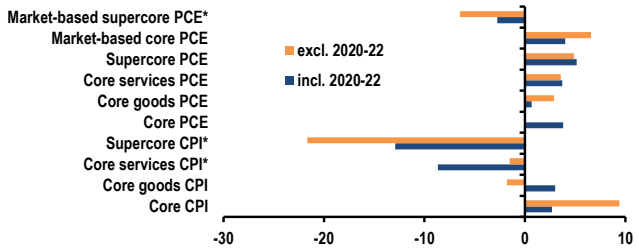
Source: BLS, BEA, J.P. Morgan. Supercore = core services ex housing.
Regression uses the MM robust regression estimator

The strong co-movement between inflation and compensation raises a further question: whether compensation predicts future inflation after controlling for current inflation and other cyclical factors. Wages may respond to prices instead of the reverse. Even if prices respond to wages, firms may adjust prices today in response to anticipated future wage pressures, making it hard to forecast inflation with wages. Indeed, past studies have often found a limited role for wages or unit labor costs in inflation forecasts, with examples including Peneva and Rudd (2017), Shapiro (2023), Barlevy and Hu (2023), and Bernanke and Blanchard (2023).

Some of these studies have nevertheless identified partial pass-through from wages into services inflation, especially labor-intensive nonhousing services. Our results confirm this. Adding ECI compensation growth to a regression of inflation on its own past lags improves out-of-sample inflation forecasts for core services ex-housing.[1] (Figure 6). These gains in forecast accuracy remain when excluding the pandemic period and when controlling for broader demand conditions through measures such as the ISM manufacturing composite (which moves closely with its services counterpart but is available over a longer history). In contrast, ECI usually doesn't improve forecast accuracy for other subsets of inflation, and using other compensation concepts like average hourly earnings and ULC also do less well.

Figure 6: Change to forecast errors from adding wage growth

Percent change in RMSE of forecast on inflation oya from including ECI total



*Significant Clark-West one sided P < 0.05. Source: J.P. Morgan, BLS, BEA, Haver Analytics

Although the drop in out-of-sample forecasting error is somewhat small, the estimated magnitude of pass-through from wages to non-housing services inflation is meaningful. Excluding the pandemic years and using a quarterly model to estimate an impulse response, a sustained 1%-pt increase in ECI growth raises over-year-ago CPI core services ex-housing inflation rate by roughly 0.30%-pts over the subsequent four quarters.[2] (Figure 7). The pandemic period appears to

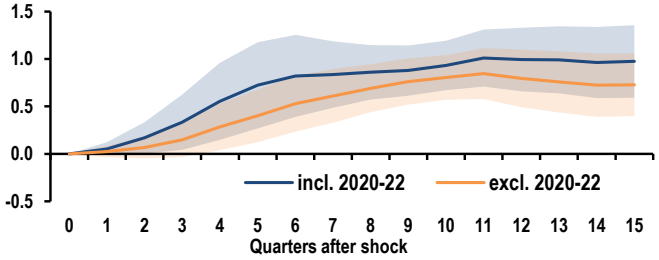
1. The base model uses OLS to predict the next 4 quarters of inflation from lagged 4-quarter inflation at times t, t−4, t−8. The base model is then augmented by adding the three matching lags of ECI growth. RMSE is calculated from an expanding window re-estimated each quarter. Bars are the change in out-of-sample RMSE from adding the ECI, over forecasts from 2006Q2; common sample 1990Q1–2025Q2, forecasting until 2026Q2.
2. Model uses supercore CPI, q/q annualized, on 12 of its own lags and 12 lags of ECI total compensation q/q. Shock is a permanent +1%-pt to ECI growth

Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
JPMorgan Chase Bank NA
Harry Downie [AC] (1-212) 270-9500
harry.j.downie@jpmorgan.com

have strengthened this transmission mechanism, though the COVID period may not be as good a guide to the future. Including the 2020-22 experience increases the four-quarter pass-through estimate by almost double to 0.55%-pt.

Figure 7: Estimated impact on supercore CPI

Effect of a sustained 1%-pt rise in ECI on oya supercore CPI rate; %-pts



Note: Shaded area denotes 95% confidence interval. Source: J.P. Morgan, BLS, Haver Analytics

Although ECI growth actually raised the out-of-sample forecast error for supercore PCE, our models, fitted excluding 2020-22, show a similar pass-through of roughly 0.35%-pts to the oya rate over the subsequent four quarters. Given supercore makes up 25% of core CPI and 58% of core PCE, they imply 4-quarter impacts of 7bp and 20bp respectively from a sustained 1%-pt rise in ECI growth.

In some cases these estimates are larger than those in the literature. For example, Shapiro (2023)'s replication package shows the response of core non-housing services inflation to a 1%-pt ECI shock is just 2bp over the following year. Shapiro includes a range of controls, including unemployment, industrial production, import prices, credit spreads, and oil supply shocks, which may absorb some of the explanatory effect we attribute to wages. Peneva and Rudd also write that "We find little evidence that changes in labor costs have had a material effect on price inflation in recent years." But using their impulse response charts, we estimate that a 1%-pt rise in ECI as of 2012 would have implied a roughly 20bp rise in market-based core PCE, similar to what our supercore model above implies for total core PCE given an ECI shock.

Pass-through of slack into inflation

We've previously estimated Phillips curve models. One typical specification linked quarterly core PCE inflation to lagged core PCE inflation, inflation expectations from the Survey of Professional Forecasters, an unemployment gap measured as unemployment less the CBO's NAIRU estimate, PPI fuel prices, and non-oil import prices. The coefficient on the unemployment gap is the slope of the Phillips curve.

Estimated on pre-COVID data from 1975 to 2019, this model delivers a Phillips curve slope of -0.14, so a 1%-pt increase in the unemployment rate gap lowers annualized core PCE inflation by 0.14%-pt (Table 3). Alternatively, close to a 7%-pt increase in unemployment would be required to lower core inflation by a percentage point.[3] This flat slope is consistent with inflation that is relatively insensitive to slack, perhaps reflecting stable inflation expectations.

Table 3: Phillips curve model of quarterly core PCE inflation

	Sum of coefficients
Lagged core PCE	0.38
PPI energy goods / core PCE	0.01
Unemployment-NAIRU	-0.14
Import prices ex energy / core PCE	0.06
10Y SPF inflation expectations	0.83

Source: J.P. Morgan. All terms are lagged and can include multiple lags, see footnote. Estimate is 1975-2019

It did not take such a large increase in unemployment to lower core inflation in the post-COVID period. This has spurred interest in kinked Phillips curves that become steeper at lower levels of unemployment. However, unemployment alone did not fully capture post-COVID labor market tightness. Core inflation posted its first major decline in 2022–23 while unemployment was effectively stable. Indeed, re-running our model with data up to 2026 pushes the Phillips curve slope to about zero. The pre-COVID period is also sensitive to the exact time range used: choosing 1990-2019 instead of 1975-2019 also pushes the slope near zero.

With unemployment already low, though, steeper Phillips curve estimates do warrant consideration. For example, Smith, Timmermann, and Wright (2024) used MSA-level CPI data and unemployment rates to estimate a kinked Phillips curve. Using data from 1980-2022, they find that the magnitude of the Phillips curve slope increases to about -0.4 from -0.2 when the unemployment rate falls below 5%.

One downside of these Phillips curve estimates is that they blend together episodes in which the unemployment rate is rising for different reasons, which can then affect inflation differently. Ahn and Rudd (2024) estimate slopes that depend on the reason for a change in unemployment. A rise in unemployment driven by sector-specific job losses likely lowers inflation, while a rise driven by workers choosing to increase their quit rates raises inflation. Falling unemployment in the current moment is likely closest to their aggregate demand scenario, which has a slope of -0.15 for the 12-month change in inflation, similar to our pre-COVID estimate above.

3. We regress quarterly annualized log changes in core PCE inflation against an Almon lag polynomial of core PCE, four lags of the unemployment-NAIRU gap, four lags of the log difference in finished energy goods PPI relative to core PCE, four lags of the log difference in non-petroleum import prices relative to core PCE, and one lag of SPF 10-year core inflation expectations.

Takuho Morimoto (81-3) 6736-6682
takuho.morimoto@jpmorgan.com
JPMorgan Securities Japan Co., Ltd.

Japan: Financial conditions remain easy post great reflation

- **In the current inflation environment, real interest rates remain low versus the early 1990s**
- **Prolonged negative real rates are keeping credit standards easy and supporting bank lending**
- **… and highly elevated asset prices**
- **Accommodative financial conditions leave room for further BoJ tightening, with risks of a higher terminal rate**

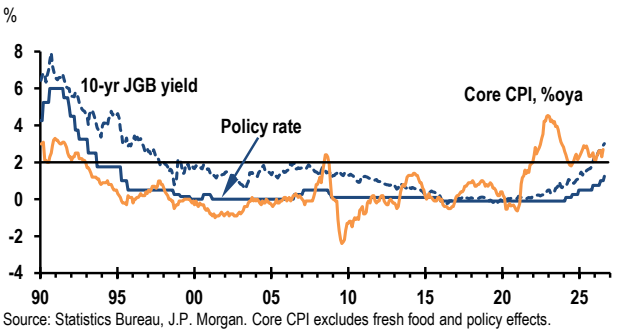
As previously noted, the BoJ's criteria for deciding whether to raise rates appear to be shifting—from a primary focus on underlying inflation to a greater focus on the degree of monetary accommodation embedded in overall financial conditions. With underlying inflation having reached the 2% target and the likelihood of further upside remaining high, the BoJ's next "goalpost" is to raise the policy rate to a level at which financial conditions can be regarded as neutral. Governor Ueda has indicated that, in assessing financial conditions, the BoJ will judge mainly on three pillars: (1) interest rates, (2) bank lending, and (3) asset prices, while emphasizing that the latter two remain accommodative. The Fed constructs a Financial Conditions Index (FCI) using asset prices and interest-rate indicators; in Japan's case, however, bank lending has a particularly large impact on corporate activity. This means that developments in the indirect financing channel also need to be monitored closely. That approach is consistent with the BoJ's longstanding emphasis on real-economy transmission.

In the current hiking cycle, many interest-rate indicators have risen materially. However, compared with the early 1990s—when core CPI was above 2%—interest rates remain lower, especially in real terms. At the same time, the other transmission channels still look accommodative: business survey measures of credit standards remain supportive, consistent with accelerating real bank lending growth, while higher asset prices are likely adding to accommodation. Against this backdrop, the BoJ is likely to conclude that further rate hikes are necessary to move financial conditions closer to neutral.

This is real

In the current hiking cycle, many interest-rate indicators have moved higher, with nominal rates reaching their highest levels in decades (Figure 1). However, because inflation has returned, real interest rates have not increased by a comparable magnitude. Compared with the early 1990s, when core inflation was above 2% and the BoJ's policy rate was around 5%, today's interest-rate structure looks lower, especially in real terms (Figure 2). While the real long-term rate has turned positive this year, the short-term real rate remains deeply negative. The early-1990s tightening reflected the asset-price bubble, so it is not a like-for-like benchmark; nevertheless, it provides a useful reference point for what "restrictive" financial conditions have historically looked like in Japan. By that yardstick, it is highly likely that the current stance remains accommodative.

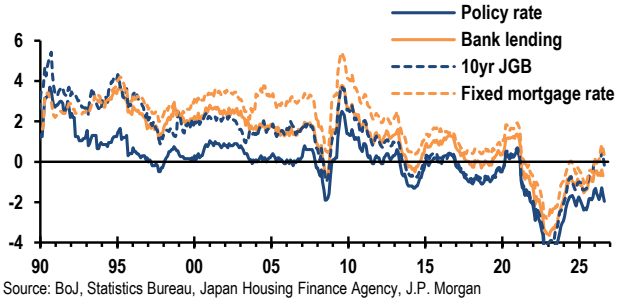
Figure 1: Interest rates and core CPI



Source: Statistics Bureau, J.P. Morgan. Core CPI excludes fresh food and policy effects.

Figure 2: Real interest rates

%, deflated by core CPI (ex. fresh food and policy effects)



Source: BoJ, Statistics Bureau, Japan Housing Finance Agency, J.P. Morgan

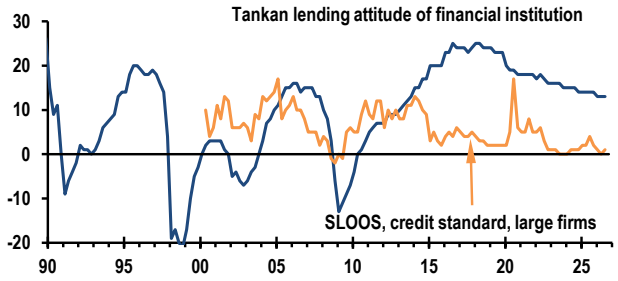
Persistently low real interest rates continue to support robust bank-lending growth and, in turn, corporate activity. Bank lending remains a core funding channel for Japanese firms, and the BoJ monitors money and credit conditions closely in both the Outlook Report and the Financial System Report. Lending conditions have been broadly accommodative for most of the past two decades outside the GFC period, reflecting the prolonged era of monetary easing—dynamics that were reinforced further by government lending-support programs during the pandemic.

Takuho Morimoto (81-3) 6736-6682
takuho.morimoto@jpmorgan.com
JPMorgan Securities Japan Co., Ltd.

J.P.Morgan

Figure 3: Credit Standard

DI

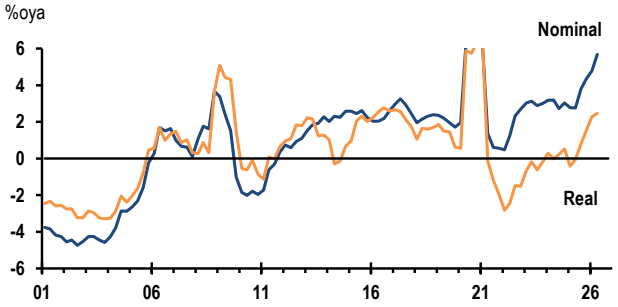


Source: BoJ, J.P. Morgan

Survey evidence also points to continued accommodation (Figure 3). The BoJ Tankan suggests financial institutions' lending stance has remained resilient despite the current hiking cycle. The lending-attitudes index has been positive outside recession periods, and the strength of readings over the past 15 years likely reflects policy support measures such as the BoJ's loan-support program and special pandemic-era lending facilities. Even as those supports have faded, the softening in lending attitudes has been modest. The Senior Loan Officer Opinion Survey likewise indicates that credit standards remain supportive. Against this backdrop, outstanding loan balances continue to rise even in real terms, reaching a post-COVID high—consistent with strengthening corporate capex demand supported by solid profitability (Figure 4).

Figure 4: Japan real[1] and nominal bank lending

%oya

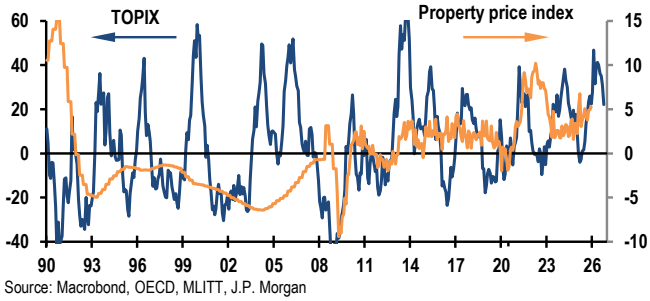


Source: BoJ, J.P. Morgan. 1. Nominal loan growth deflated by GDP deflator.

Beyond credit, asset prices are also contributing to accommodative financial conditions in this cycle. Asset prices have risen markedly (Figure 5), with the upswing intensifying in the post-COVID period amid a reflationary backdrop, ultra-low funding costs, abundant liquidity, and the pandemic-era build-up of household savings. Equity prices have posted average growth of about 35%oya so far this year, supported by the global equity rally and yen depreciation. Property prices have also increased steadily, rising at an average annual pace of roughly 4.9%oya over 2021–2025.

Figure 5: Asset prices

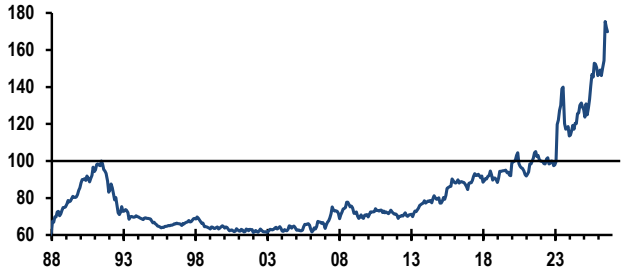
%oya, both scales



Source: Macrobond, OECD, MLITT, J.P. Morgan

Figure 6: Tokyo metropolitan condominium prices

Pre-bubble peak=100, 6mma



Source: REEI, J.P. Morgan

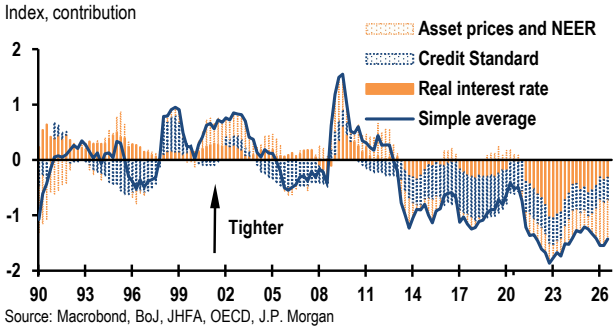
Property-price gains have been particularly pronounced in metropolitan areas. Tokyo condominium prices have risen sharply since 2023, with some measures showing nominal prices well above their prior bubble-era peak (Figure 6). The sustained pace of appreciation is consistent with the continued impulse from negative real interest rates in an environment of higher inflation.

Where is the neutral

To summarize the degree of accommodation across these three dimensions, we construct a simple standardized indicator. For interest rates, we compute z-scores for each real interest-rate measure in the Figure 4 and take their simple average as a descriptive gauge of the real-rate environment. For asset prices, we compute a composite measure by taking the simple average of the z-scored values of the TOPIX (%oya), the property price index (%oya), and the Nominal Effective Exchange Rate (NEER) index. For credit standards, we treat 0 as neutral and rescale the Tankan DI by its standard deviation.

Takuho Morimoto (81-3) 6736-6682
takuho.morimoto@jpmorgan.com
JPMorgan Securities Japan Co., Ltd.

Figure 7: Summary of financial indicators

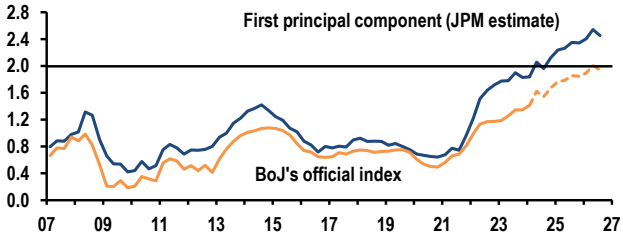


Source: Macrobond, BoJ, JHFA, OECD, J.P. Morgan

A simple average of the three standardized components (Figure 7) suggests there is still no clear sign of broad-based tightening comparable to the pre-GFC period across all channels. Rate hikes have contributed to a partial reversal of accommodation via real interest rates, but the overall real-rate setting remains accommodative relative to the pre–unconventional monetary policy era. At the same time, credit standards have not shifted materially despite rate hikes, and higher asset prices—alongside persistent yen weakness—continue to add accommodation via the asset-price channel. This composite picture aligns with the BoJ's own assessment that financial conditions remain accommodative, supporting the case for additional tightening to move conditions toward neutrality.

Figure 8: Composite index of 5-year inflation expectations

%oya, dashed line shows estimates based on JPM model



Source: BoJ, Nakajima (2023), QUICK, J.P. Morgan. Using households' quantitative survey, Tankan inflation expectations and 10-year QUICK forecasts.

At the same time, the risk is increasing that underlying inflation will continue to overshoot the 2% target, which would in turn raise the likelihood of a higher terminal rate. The BoJ appears to assess underlying inflation at around 2%, while our estimates place it in the mid-2% range (Figure 8). As in our prior note, we believe the BoJ's underlying inflation measure may understate actual inflation expectations, in part because it assumes household inflation expectations should not exceed 5% and because it standardizes the index using the average expectations of market experts, which may embed a downward bias.

These considerations also matter for the debate over the neutral rate. The BoJ estimates r* at roughly −0.9% to 0.5%. If the BoJ's 2% inflation target is achieved, that range implies a neutral nominal policy rate of approximately 1.1% to 2.5%. If, however, underlying inflation persistently exceeds 2%—as we expect—the nominal neutral rate would likely be higher, raising the risk that the eventual terminal policy rate also ends up higher than currently assumed.

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com
Tushar Komali (91 22) 6157-3153
tushar.komali@jpmorgan.com

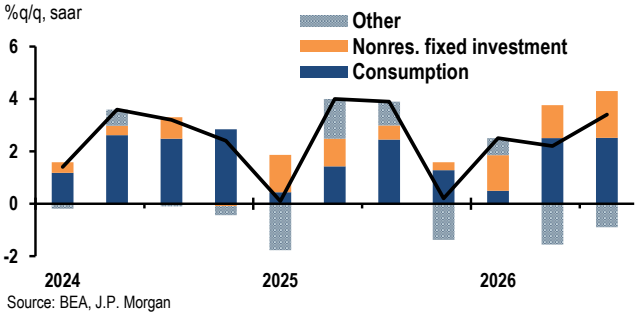
J.P.Morgan

United States

- **The Fed was on hold this week, but the meeting statement still points to a likely December hike**
- **Real GDP expanded at a brisk 3.4% pace in 3Q, supported by robust gains in private demand**
- **Consumer price inflation remained firm in September, but wage inflation was modest in 3Q**
- **The midterm elections will be in focus next week, though we don't see big macroeconomic implications**

The FOMC met this week and, as expected, left the funds rate unchanged at 3.75-4.0%. There were two dissents, from the reliably hawkish Hammack, and from the surprisingly hawkish Cook. They had good reason to dissent—inflation remains above target at a time when the labor market appears healthy. That said, the decision to leave rates on hold was defensible, as various Fed speakers gave arguments as to why there was no urgency to hike in the period leading up to the meeting. However, Chair Warsh did not fully explain why they opted not to hike this week, and the market read this as mildly dovish. The post-meeting statement indicated that the broader Committee is focused on potentially acting again to bring inflation lower. As Fed speakers come out of the blackout period, we expect they will reinforce this message, confirming the consensus and our expectations that the FOMC will hike at its next meeting in December.

Figure 1: Real GDP growth and key contributions



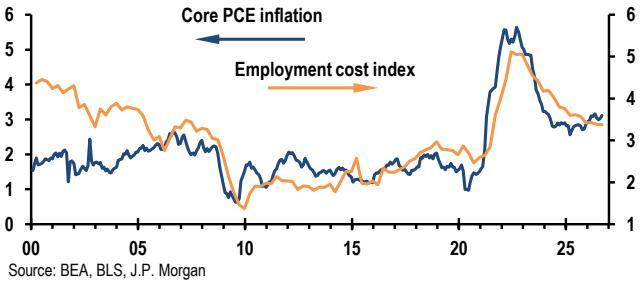
Source: BEA, J.P. Morgan

The two major themes of the Fed's communications this week were: growth is strong but inflation is high. This was also apparent in the data released this week. The first look at 3Q GDP indicated that real output expanded at an impressive 3.4% annual rate last quarter. Both private investment and consumption expanded at a brisk pace (Figure 1). The 12.7% annualized increase in real business fixed investment spending was underpinned by rapid growth in spending related to the AI buildout. For the second straight quarter, real consumption grew at a rapid 3.8% annual rate. Since real income growth was tepid, this growth was arithmetically the result of a falling saving rate. Economic theory suggests that this decline in the saving rate was a result of the rise in household wealth. Wealth has been boosted by rising equity prices for tech stocks, underscoring the importance of the AI cycle for the broader economy.

We continue to look for GDP growth to step down to a 1.75% pace in the current quarter. Momentum in consumer spending slowed towards the end of last quarter, and real consumption was unchanged in September. Moreover, Chase card spending data suggest that retail spending growth was subdued in October and our equity analysts think auto sales fell. Unlike consumer spending growth, labor market indicators point to stability, and next week we expect to see nonfarm employment increase by 75,000 and the unemployment rate edge down to 4.1%.

The inflation news continues to come in hotter than desired. Following the already-reported fast increase in the September core CPI report, this week's October core PCE figure increased 0.32%, lifting the year-ago increase from 3.0% to 3.1%. The three-month annualized increase rose from 2.2% to 2.9%. Wage inflation remains moderate, however, as the Employment Cost Index (ECI) increased 0.8% in 3Q, or 3.4% over a year ago (Figure 2).

Figure 2: Core PCE inflation and compensation growth



Source: BEA, BLS, J.P. Morgan

High inflation and lackluster wage growth will be on voters' minds as they head to the polls for the midterm elections next Tuesday. Polling and prediction markets point to Democrats retaking the House of Representatives from the Republicans. The fate of the currently Republican-controlled Senate is more in question. We don't expect these elections to have first-order implications for the macro outlook. The currently Republican-controlled Congress has no major remaining tax or spending priorities, while any Democratic gains on Capitol Hill seem unlikely to get major changes in policy past the White House.

Fed still pointing to December hike

The broad contours of this week's FOMC decision largely played out according to expectations: the Committee left rates on hold with a few hawkish dissents. And the insertion of the

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com
Tushar Komali (91 22) 6157-3153
tushar.komali@jpmorgan.com

sentence "The accumulation of more information will help the Committee determine the policy stance appropriate to ensure a timely return of inflation to the Committee's 2 percent goal," conveyed a clear bias to tighten, leaving most's expectations for a December hike unchanged.

However, there were a few twists. In an eye-opening development, one of the hawkish dissents came from Governor Cook. In the September dot plot, four participants expected a hike at every remaining meeting this year. Most observers believe those four were easily accounted for by the hawkish reserve bank presidents. Few would have placed Cook in that group. The administration, which has been vocal in wanting lower rates, has been trying to remove Cook from office for over a year. In December, she is scheduled to go to the White House for an administrative hearing on her alleged mortgage fraud case. This week's dissent is unlikely to make that hearing any less contentious.

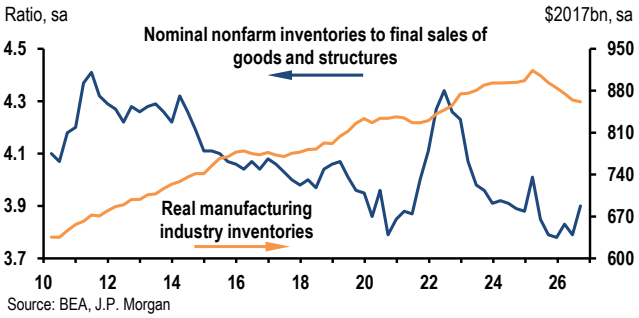
The post-meeting press conference left many Fed observers, including ourselves, scratching their heads. The first question at that press conference, and the most obvious question, was to ask about the rationale for pausing when there had been no progress on inflation since the last meeting. Warsh gave a reply that lasted over three minutes, but that didn't directly answer the question. We know the Fed chair "looks out the window" and "interrogates reality," but to get a better sense of the direction of monetary policy we will likely need to focus more on the speeches of the other 18 participants on the FOMC. In the last inter-meeting period, those other Fed speakers gave an accurate sense of the outcome of this week's meeting and will be particularly important in understanding the Fed's evolving reaction function.

A punchy growth quarter

Since the late summer it has been apparent that 3Q was shaping up to be a solid quarter for GDP growth, and this week's release didn't disappoint those expectations. The booming 12.7% annualized increase in real business investment spending was led by a 20.9% increase in equipment spending, though there was also good growth in the other two major subcategories of business capex, structures (5.4%) and intellectual property products (8.4%). Across all three major subcategories of business capex, there is evidence in the underlying details that this capex cycle is firing on one very important cylinder: the AI buildout, something we discuss in this week's focus. Unfortunately, non-AI spending growth wasn't much in evidence, unlike 2Q when it was an important contributor to equipment gains.

Inventory building also returned after five straight quarters of falling inventories, which contributed 1.6%-pt to growth. The ratio of nonfarm inventories to final sales of goods and structures is already back to where it was at the end of 2024, which could argue that inventories won't make much of a contribution to growth in coming quarters. However, the manufacturing sector, which drove much of the drop in stocks since last year, kept reducing inventories last quarter. That could argue for a more extended recovery in inventory accumulation (Figure 3).

Figure 3: NIPA inventory/sales ratio; real mfg inventories

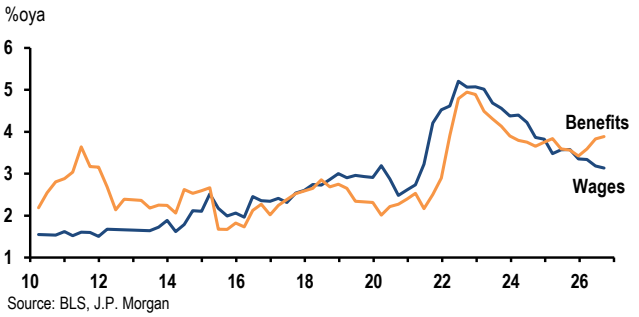


Source: BEA, J.P. Morgan

Different trends for benefits and wages

The over-year-ago pace of compensation as measured by the ECI has now held at 3.4% in each of the last four quarters, a sign that compensation growth is stabilizing. This reflects two offsetting trends in the components of compensation. Wage growth has continued to gradually moderate, and the over-year-ago rate hit a new cycle low of 3.1%. Monthly average hourly earnings have exhibited the same behavior. In contrast, benefit cost inflation has accelerated (Figure 4).

Figure 4: ECI for wages vs. benefits



Source: BLS, J.P. Morgan

Health care costs (6.4%oya) are one reason that benefit cost inflation is accelerating. Note that while this tends to move with PCE prices for health care, it is not necessarily a leading indicator.

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com
Tushar Komali (91 22) 6157-3153
tushar.komali@jpmorgan.com

J.P.Morgan

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

Mon Nov 2 9:45am — **S&P Global manufacturing PMI (US final)**
Index, sa

	Sep 25	Sep 26	Flash Oct 26	Final Oct 26
Composite	52.0	55.9	56.0	55.5
Output	52.4	56.2	55.8	
ISM-weighted composite	52.0	55.6	56.1	

Mon Nov 2 10:00am — **ISM manufacturing**
Sa

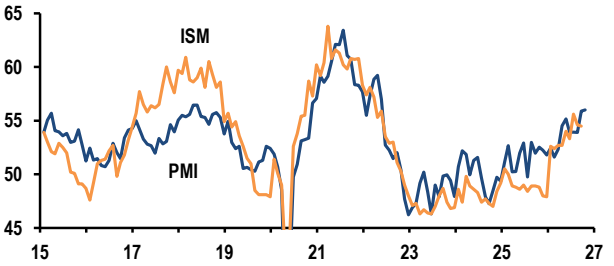
	Jul	Aug	Sep	Oct
Overall index	55.6	54.6	54.5	54.5
New orders	56.7	53.7	55.3	
Production	58.5	58.3	56.7	
Employment	52.8	51.2	52.7	
Supplier deliveries	58.9	59.3	59.0	
Inventories	51.2	50.6	48.6	
Export orders	53.0	53.2	50.9	
Imports	55.7	52.5	51.0	
Prices	71.1	71.1	77.9	

We look for the October ISM manufacturing composite to remain unchanged from its September print of 54.5. The index reached a recent peak of 55.6 in July, its highest reading since May 2022. We also expect the final manufacturing PMI to inch down slightly to 55.5 from 56.0 in the October flash reading. The weighted composite of the regional Empire, Philadelphia, Richmond, Dallas, and Kansas City Fed manufacturing surveys edged lower from 55.6 to 53.9 in October. Backlogs of work in the preliminary manufacturing PMI report increased from 52.2 to 52.7, marking the second best level since mid-2022.

The headline manufacturing PMI stands at multi-year high, with both new orders and output metrics at historically elevated levels despite inching down on the month. The October flash report attributed the strength to some precautionary inventory accumulation by firms, consistent with a gradual increase in the stocks of purchases. The measure of employment in the PMI has risen rapidly since reaching a recent cycle low of 47.0 in June. The employment gauge jumped to 56.5 in the last report. Its ISM counterpart has also climbed from a recent trough of 46.4 in April to 52.7 in September.

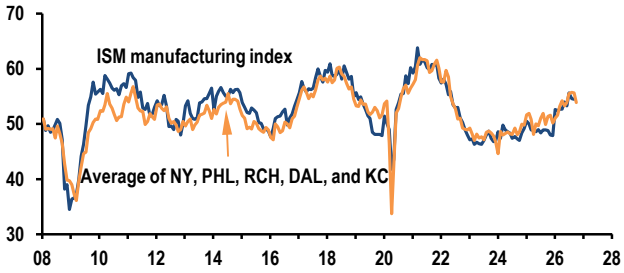
Signs of persistent inflation pressures remain a concerning feature of both surveys. The flash PMI report showed input prices climbing to 74.0 from 65.6 in September and output prices rising to 66.1 from 59.0. The latter of which marked the highest reading since the summer of 2022.

PMI and ISM manufacturing composites
Diffusion index, sa



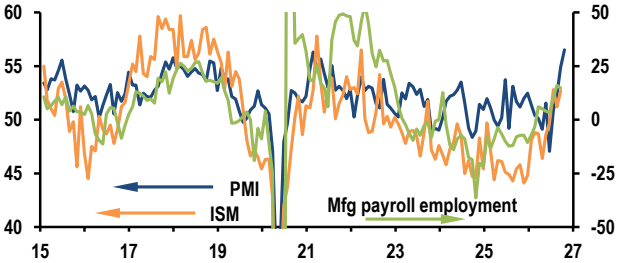
Source: S&P Global, ISM, J.P. Morgan

ISM manufacturing index and regional ISM-weighted composites
Index, sa



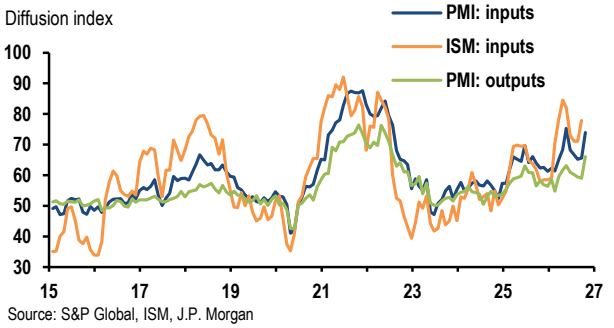
Source: ISM, NY Fed, Philadelphia Fed, Richmond Fed, KC Fed, Dallas Fed, J.P. Morgan

PMI and ISM manufacturing employment and payroll employment
Diffusion index, sa — ch in 000s, 3mma



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

PMI and ISM manufacturing prices
Diffusion index



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

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com
Tushar Komali (91 22) 6157-3153
tushar.komali@jpmorgan.com

Mon
Nov 2
10:00am

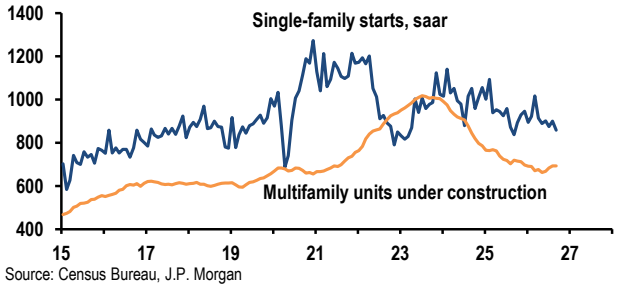
Construction spending
%m/m, sa

	Jun	Jul	Aug	Sep
Nominal	0.9	-0.1	0.9	0.2
Private	1.0	-0.2	1.1	0.1
Residential	0.8	-1.1	1.1	-0.7
New residential	0.4	-1.6	0.2	-1.3
Improvements	1.5	-0.3	2.5	
Nonresidential	1.3	0.8	1.0	1.1
Public	0.4	0.1	0.2	0.3

We project that total construction spending grew 0.2%m/m in September after a strong 0.9% rise in August. Much of this strength is likely to be driven by nonresidential spending, while growth in the new residential category should remain muted as builders remain hesitant to begin new construction. Mortgage rates remain elevated, curtailing demand amidst affordability challenges, which has forced homebuilders to offer incentives and price cuts to work through existing inventories. This has been evident in stagnant single-family housing starts and permits over much of the year.

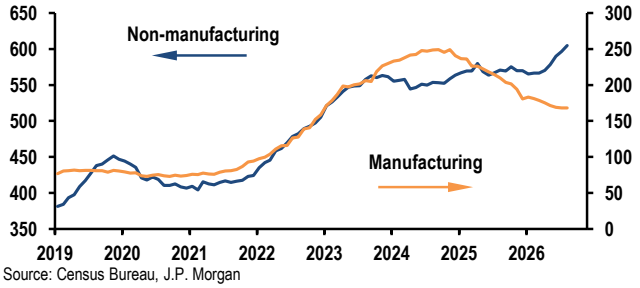
At the same time, the nonresidential segment is benefiting from the ongoing surge in AI-related investment, as data center construction spending continues to rise. Power-related construction has also been increasing, likely to keep up with increased electrification demand for data center buildouts. Manufacturing construction, which for most of the year had been a drag on headline readings due to the waning of an earlier boost from semiconductor facilities supported by the CHIPS Act, has begun to plateau. That could provide a further boost to private nonresidential spending.

Leading indicators of residential construction spending
Mn units, sa



Source: Census Bureau, J.P. Morgan

Private nonresidential construction
$bn, sa; both scales



Source: Census Bureau, J.P. Morgan

Tue
Nov 3
10:00am

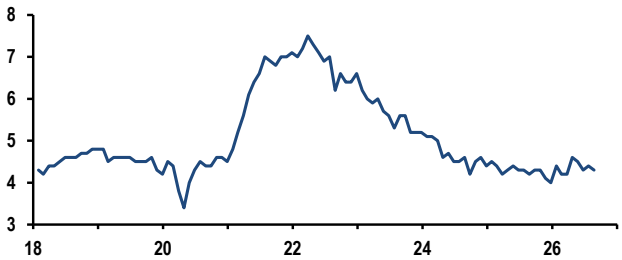
JOLTS
Thousands, sa, unless noted

	Jun	Jul	Aug	Sep
Job openings	7182	7335	7079	7100
Job openings rate (%)	4.3	4.4	4.3	4.3
Hires	5332	5146	5192	
Hires rate (%)	3.4	3.2	3.3	
Separations	5337	5128	5070	
Separations rate (%)	3.4	3.2	3.2	
Quits	3213	3089	3066	
Quits rate (%)	2.0	1.9	1.9	
Layoffs	1785	1702	1641	
Layoffs rate (%)	1.1	1.1	1.0	

We project job openings in September as reported by the JOLTS to rise slightly to 7110mn from 7079mn in the prior month, leaving the openings rate stable at 4.3%. The September employment report showed a 29k rise in payrolls and the unemployment rate rounding up to 4.2%. The message from other hiring indicators has been mixed. The Indeed index of new job openings was broadly flat in the middle of the year before improving in recent months to an average of 103.8 in September from 101.9 in August.

However, the labor market differential, which has been sending a concerning message for hiring activity, fell close to cycle lows, down to 2.9% from 4.2% in August. Meanwhile, the NFIB survey's share of firms planning to increase employment remained flat at 17%. The layoff and discharge rate inched down in the last JOLTS print to 1.0% from 1.1%, and layoffs in the information sector have receded from an earlier spike.

Job openings rate
Percent, sa



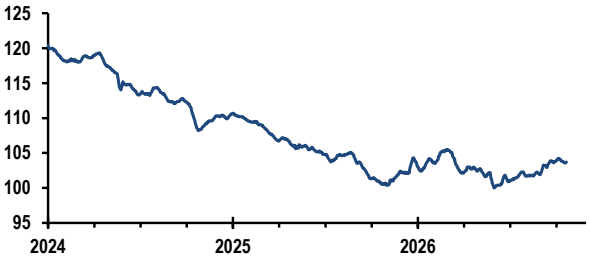
Source: BLS, J.P. Morgan

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com
Tushar Komali (91 22) 6157-3153
tushar.komali@jpmorgan.com

J.P.Morgan

Daily Indeed job postings

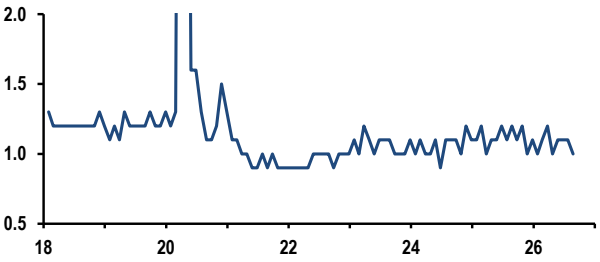
Index, sa



Source: Indeed, J.P. Morgan

Layoff and discharges rate

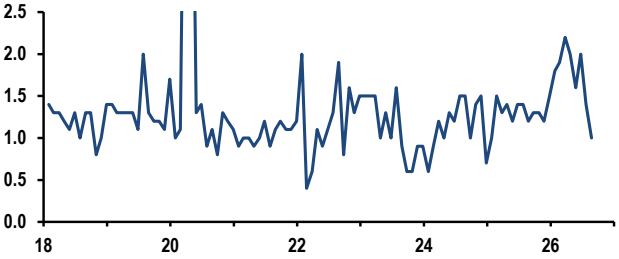
Percent, sa



Source: BLS, J.P. Morgan

Layoff and discharge rate, information

Percent, sa



Source: BLS, J.P. Morgan

Tue Nov 3 — **Light vehicle sales**

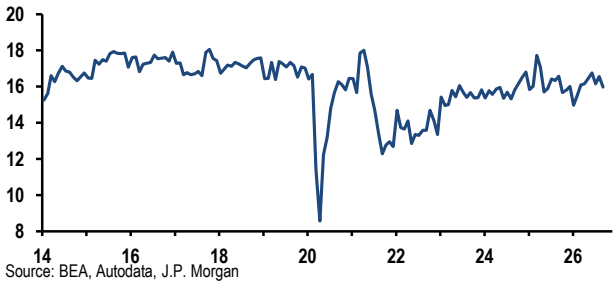
Millions, saar

	Jul	Aug	Sep	Oct
Light trucks and autos	16.2	16.6	16.0	15.6
Domestics	12.3	12.7	12.1	
Autos	1.8	1.8	1.6	
Light trucks	10.5	10.9	10.5	
Imports	3.8	3.9	3.9	

Our auto equities team expects light vehicle sales to step down further to 15.6mn in October from 16.0mn in September and 16.6mn in the prior month. They note steady demand from consumers, but some drag from the recent weakness in capital markets.

Light vehicle sales

Mn units, saar



Source: BEA, Autodata, J.P. Morgan

Wed Nov 4 8:30am — **International trade**

$billion, samr

	Jun	Jul	Aug	Sep
Balance(BOP basis)	-71.2	-92.8	-105.6	-108.3
Services	30.8	31.0	31.0	31.2
Goods	-102.0	-123.8	-136.6	-139.4
Exports (%m/m)	-0.8	-2.1	1.4	1.8
Services	1.1	-0.6	0.0	0.3
Goods	-1.8	-2.9	2.2	2.6
Imports (%m/m)	-1.8	3.9	4.3	2.0
Services	1.1	-1.0	0.0	0.2
Goods	-2.6	5.1	5.3	2.4

We expect the trade deficit to widen to $108.3bn in September from $105.6bn in the prior month. Much of this reflects the already released advance goods trade report, which saw goods exports rise by 2.6%m/m and imports grow 2.4%m/m. Much of this reflected the increase in capital and non-auto consumer goods trade.

Wed Nov 4 9:45am — **S&P Global services PMI (US final)**

Index, sa

	Sep 25	Sep 26	Flash Oct 26	Final Oct 26
Business activity	54.2	58.8	57.9	58.0
New business	53.5	58.5	58.9	

Wed Nov 4 10:00am — **ISM services**

Sa

	Jul	Aug	Sep	Oct
Headline composite	54.1	55.4	54.9	55.5
Business activity	59.1	61.7	56.5	
New orders	57.2	60.9	59.8	
Employment	47.4	47.8	50.1	
Prices	70.3	72.6	74.0	

We expect the ISM series composite to improve to 55.5 in October from 54.9 in the prior month. The September ISM report saw new orders decline 1.1-pt from the peak in August, while business activity was down 5.2-pt. That widened the wedge between the two series to one of the largest levels in the current cycle. We look for business activity in the October PMI series report to remain steady at 58.0.

Services demand has been strong since the middle of the year, as new orders in both surveys reached cycle high levels in recent months, running ahead of operating capacity. This is evident in the surge in backlogs of work in the PMI that have

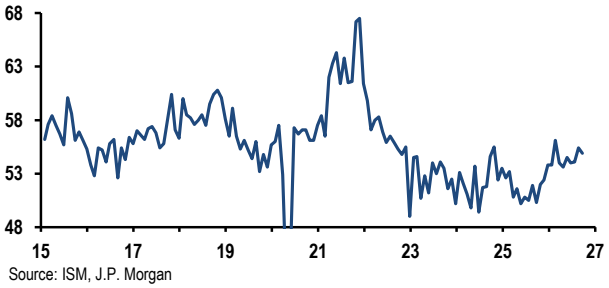
Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com
Tushar Komali (91 22) 6157-3153
tushar.komali@jpmorgan.com

climbed to 55.9 in the early October print, close to levels seen during the post-pandemic demand surge. The employment PMI has also surged in recent months, reaching 55.2 in September before falling slightly to 53.8 in October. Improvement in the PMI employment gauge has far outpaced its ISM counterpart, which has remained rangebound at a more subdued level for much of this year.

Price pressures also remain a worrying theme in the services surveys. The ISM prices index reached a cycle high of 74.0 in September, higher than the spike in March following the beginning of the Middle East conflict. The early October PMI report displayed mixed signals for any moderation, as input prices edged down to a still elevated level of 63.4 from 65.9 in September, while output prices rose further to 58.7 from 58.2.

ISM services composite

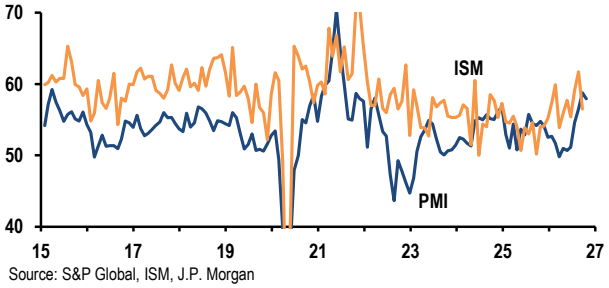
Diffusion index, sa



Source: ISM, J.P. Morgan

PMI and ISM services business activity

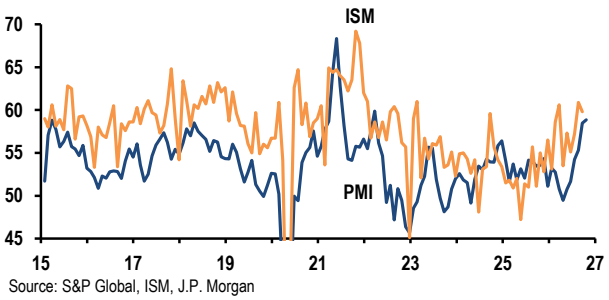
Diffusion index, sa



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

PMI and ISM services new orders

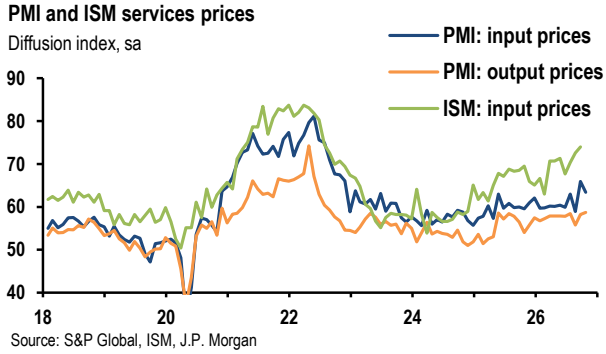
Diffusion index, sa



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

PMI and ISM services prices

Diffusion index, sa



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

Thu
Nov 5
8:30am

Productivity and costs

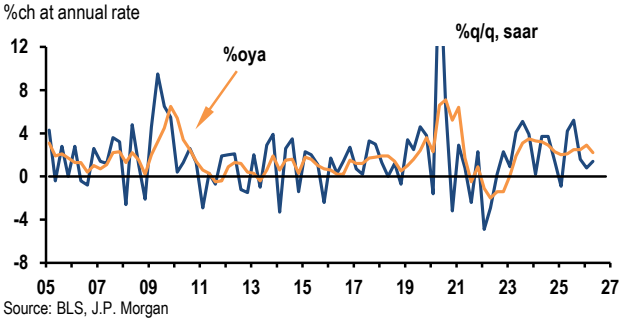
Nonfarm business sector, %q/q, saar, unless noted

	4Q25	1Q26	2Q26	Prel 3Q26
Productivity	1.6	0.8	1.4	3.0
%oya	2.5	2.9	2.2	1.7
Output	1.3	1.5	1.7	3.7
%oya	2.7	3.3	2.5	2.1
Hours	-0.2	0.7	0.3	0.7
%oya	0.2	0.4	0.2	0.4
Hourly compensation	3.7	2.1	2.6	2.5
%oya	4.3	3.3	3.7	2.7
Unit labor costs	2.1	1.3	1.2	-0.5
%oya	1.8	0.4	1.4	1.0

We expect nonfarm business productivity to have risen 3.0%q/q saar in 3Q. While quarterly readings of productivity are generally volatile, the resulting 1.7%oya rise would mark the lowest in three years. We also look for unit labor costs to fall 0.5%q/q saar, which could point to a lack of wage pressure for inflation. We expect hours worked to grow 0.7%q/q saar, a pickup from the soft 0.3%q/q print in 2Q. Payroll hours worked rose 1.3%, but we look for some offsetting decline in self-employed hours worked.

Nonfarm business productivity

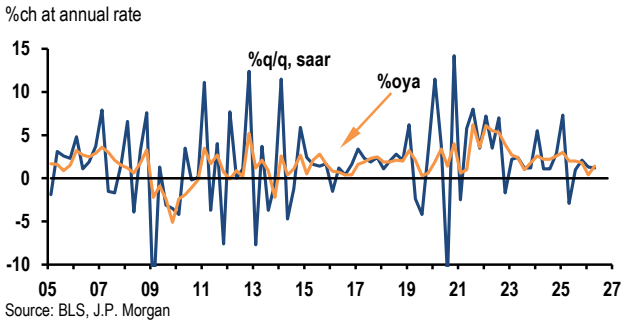
%ch at annual rate



Source: BLS, J.P. Morgan

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com
Tushar Komali (91 22) 6157-3153
tushar.komali@jpmorgan.com

Nonfarm business unit labor costs



Source: BLS, J.P. Morgan

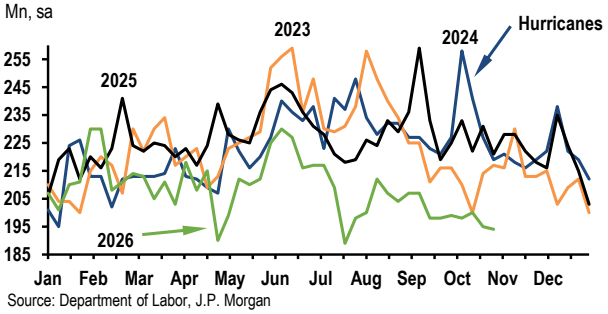
Thu Nov 5 8:30am **Jobless claims**
Thousands, sa

	New claims (wr.)		Continuing claims		Insured
	Wkly	4-wk avg	Wkly	4-wk avg	Jobless,%
Aug 22	204	206	1775	1781	1.2
Aug 29	207	208	1765	1777	1.1
Sep 5	207	206	1717	1757	1.1
Sep 12[1]	198	204	1712	1742	1.1
Sep 19	198	203	1699	1723	1.1
Sep 26	199	201	1714	1711	1.1
Oct 3	198	198	1703	1707	1.1
Oct 10	200	199	1722	1710	1.1
Oct 17[1]	195	198	1701	1710	1.1
Oct 24	194	197			
Oct 31	195	196			

1. Payroll survey week

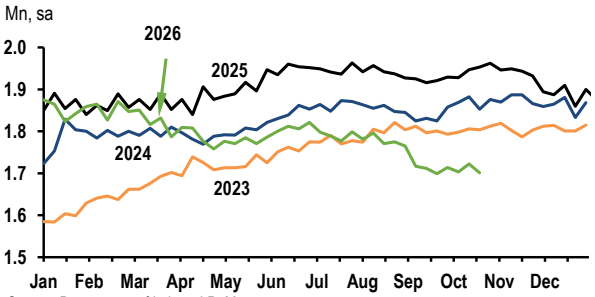
We expect initial jobless claims to remain stable, coming in at 195k in the week ending October 31 from 194k in the prior week. The series remains below levels seen in prior years, lowering the four-week average to 197k, the lowest in almost four years. Residual seasonality is likely to push jobless claims lower into the end of the year. Continuing claims in the household survey reference week fell 21k to 1.701mn from the prior week, leaving the four-week average at 1.710mn, signaling easing pressure on the unemployment rate.

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



Source: Department of Labor, J.P. Morgan

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



Source: Department of Labor, J.P. Morgan

Fri Nov 6 8:30am **Labor-market report**
Sa

	Jul	Aug	Sep	Oct
Payroll employment (ch, m/m, 000s)	-10	133	29	75
Private payrolls	28	89	46	75
Goods-producing	35	34	18	25
Construction	18	16	11	10
Manufacturing	20	15	9	15
Service-providing	-45	99	11	50
Private service-providing	-7	55	28	50
Wholesale trade	6	8	5	
Retail trade	6	-5	6	
Professional services	-6	-5	-9	
Temporary help	-10	0	-11	
Education/health	14	38	20	
Leisure and hospitality	-38	37	10	
Government	-38	44	-17	0
Average weekly hours	34.3	34.4	34.4	34.4
Index, hrs worked (%m/m)	0.0	0.4	0.0	0.1
Hourly earnings (%m/m)	0.1	0.3	0.1	0.20
(%oya)	3.2	3.1	3.0	2.8
Unemployment rate (%)	4.1	4.1	4.2	4.1
Participation rate (%)	61.4	61.6	61.8	61.9

We forecast that nonfarm payrolls rose 75k in October, slightly faster than the recent trend, and that the unemployment rate fell from 4.2% to 4.1%. We also expect average hourly earnings to rise 0.2%m/m, dropping the over-year-ago pace to a new cycle-low of 2.8%, and for the workweek to hold at 34.4.

Establishment survey

Employment growth continues to average just over 50k per month in recent months, so our 75k forecast is a marginal rise over the trend. Total jobs rose just 29k in September and we expect some bounceback, as high-frequency employment signals have remained encouraging.

NFP growth, average over recent months (000s)

	12 months	6 months	3 months
Total	41	66	51
Private	59	67	54
Federal govt	-19	0	-1
S&L govt	1	-1	-3
Total ex federal govt	61	66	52

Source: BLS, J.P. Morgan

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com
Tushar Komali (91 22) 6157-3153
tushar.komali@jpmorgan.com

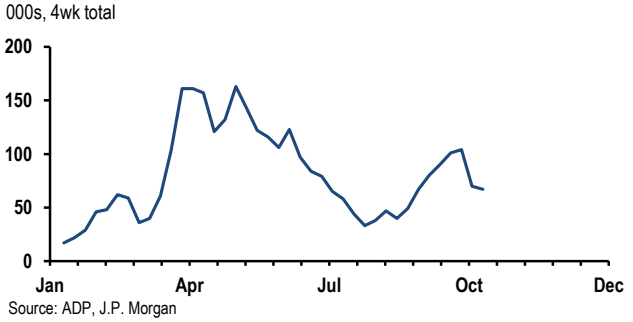
Labor market indicators

	Oct 25	May 26	Jun 26	Jul 26	Aug 26	Sep 26	Oct 26
Nonfarm payroll employment (m/m ch, 000s)	-140	63	31	-10	133	29	
Ex federal government	26	59	31	-11	136	30	
Private	13	61	26	28	89	46	
Initial jobless claims (payroll reference week)	231	210	227	189	207	198	195
Four-week average	228	203	224	208	204	204	198
Continuing jobless claims (payroll reference week)	1.953	1.785	1.812	1.777	1.771	1.712	1.701
Four-week average	1.939	1.773	1.792	1.796	1.787	1.742	1.710
CB labor market differential	10.3	5.0	3.8	2.7	4.2	2.9	5.3
PMI all-industry employment	51.3	47.9	49.1	50.8	53.3	55.2	54.2
ISM all-industry employment	47.9	48.0	51.1	47.8	48.1	50.3	
Fed surveys all-industry employment	49.4	51.5	51.7	51.8	51.0	51.2	52.1
Chicago Fed CFSEC current hiring	-16.6	-3.6	-2.6	2.6	-14.7	-5.1	-12.8
NFIB: net % percent planning to increase employment	15	9	11	20	17	17	
NFIB: % of firms with open positions	32	29	32	36	35	32	
Indeed job openings index (average)	101.0	101.9	100.8	101.6	101.9	103.3	103.9
FRB Cleveland WARN factor (layoff indicator, nsa)	0.27	-0.16	-0.52	-0.35	-0.26	-0.38	
Challenger announced job cuts (000s, nsa)	153	97	46	33	53	43	
Ex government	145	93	44	30	51	43	
Census BTOS employee index (average, nsa)	47.9	48.4	48.7	48.6	48.2	47.8	47.8
ADP private employment (m/m ch, 000s)	20	122	95	44	36	90	
Revelio private employment (m/m ch, 000s)	8	-44	-15	-10	21	40	
Revelio government employment (m/m ch, 000s)	-135	-7	-7	6	20	17	
Intuit small business employment (%m/m)	0.35	-0.05	-0.08	-0.09	-0.08	-0.05	

Source: BLS, DoL, S&P Global, ISM, Federal Reserve system, NFIB, Indeed, Challenger, ADP, Revelio, Inuit, J.P. Morgan

Both weekly jobless claims and ADP have been solid, at least by the standards of recent times. ADP's four-week sum of private payrolls was 67k in the week ending October 10, the week ahead of the payroll survey week. That is down from 90k in the September survey week, so there is actually slowing in this measure, but the BLS figure (46k private) underperformed ADP in September and so has some room to accelerate. Jobless claims, meanwhile, have remained very low, both for initial and continuing claims.

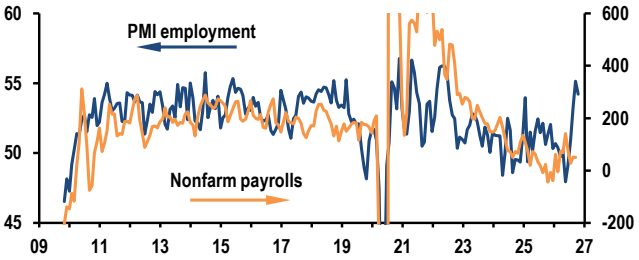
ADP estimate of private payroll growth



Source: ADP, J.P. Morgan

Perhaps the most upbeat survey has been the PMI. It's having its best couple months this cycle, after hitting a cycle low in May, though the connection to payrolls is quite loose outside of recessions. Taking out 2010 and 2020, the R2 in a regression of three-month payroll changes against three-month average PMI employment is 16%. The estimated model looks for an increase in payrolls of 267k. That is very strong by current standards. While that number probably won't be achieved, the PMI does suggest a small amount of upside risk.

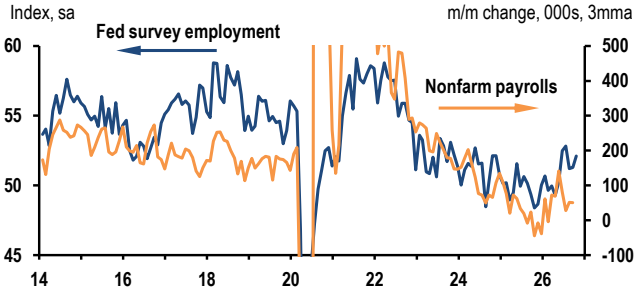
PMI all-industry employment vs. nonfarm payrolls



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

The Fed regional surveys have also been decent if not as strong as the PMI. A weighted composite of all 10 manufacturing and services surveys is back near recent summer highs, which had been the best reading in a couple years.

All-industry employment from regional Fed surveys, payroll changes



Source: NY, Phil, Dallas, Richmond, and KC Federal Reserve Banks, BLS, J.P. Morgan

Among other metrics, the Conference Board labor market differential has shown signs of finally leveling off and made a slight improvement in October. Indeed job openings also continued to edge up.

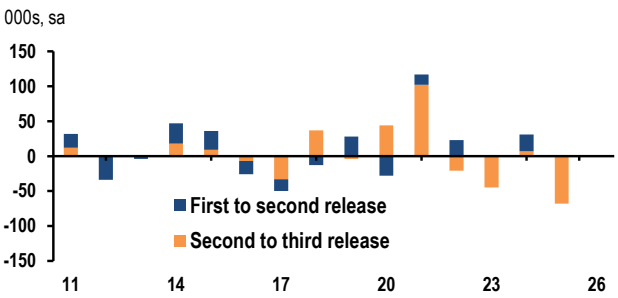
Hurricane Isaias is one weather event that hit around the November payroll period, but we suspect it won't affect the payroll figures much, if at all. It made landfall as a Category 2 hurricane in Florida on October 9, so the timing is right to be disruptive. But Florida state jobless claims don't show any unusual changes around that period.

Revisions

There isn't a clear revision pattern for October data. For prior months, August has had a tendency to be revised down in its last update. September used to be routinely revised up before the pandemic, but after the pandemic there isn't a clear directional bias.

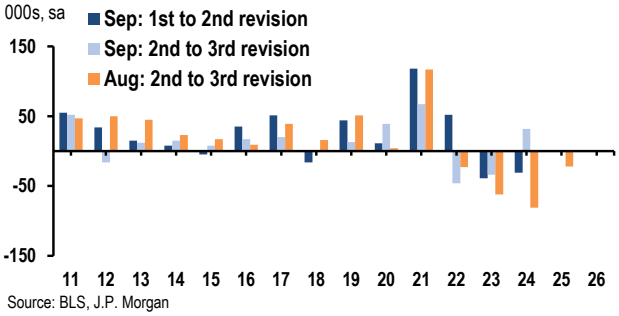
Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com
Tushar Komali (91 22) 6157-3153
tushar.komali@jpmorgan.com

Revisions to October nonfarm payrolls



Source: BLS, J.P. Morgan

Revision pattern for August and September payrolls

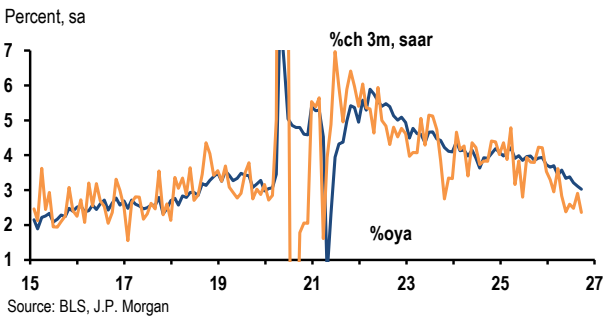


Source: BLS, J.P. Morgan

Earnings and hours

There may be a slight downward calendar bias to average hourly earnings this October, though with September already so low (0.13%m/m) we are comfortable with a 0.2% forecast, right in line with the three month average. October can have 21-23 weekdays, with this year having 22, and more weekdays typically causing lower earnings growth across months. Over the last 20 years, 4 out of 5 years with 22 weekdays have had hourly earnings growth below the trailing 3-month average. If our 0.2%m/m forecast is realized, the over-year-ago pace would fall to 2.8%, a new cycle low.

Average hourly earnings growth



Source: BLS, J.P. Morgan

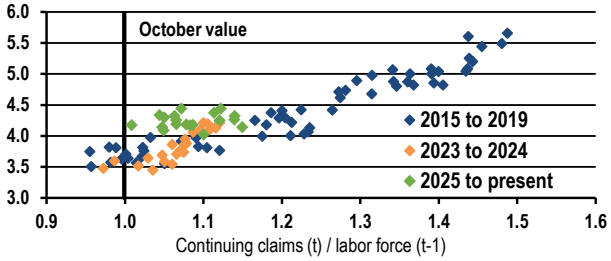
We forecast the workweek will hold at 34.4, the same as the prior couple months. The workweek hit that level for the first time in August, a sign of cyclical improvement.

Household survey

The unrounded unemployment rate has risen in each of the last two months, but we look for a return to the prior downward trend in October. We forecast the rounded rate drops to 4.1% from 4.2%, which would only return a 3bp decline in the unrounded rate, which was 4.175% in September.

Early indicators of unemployment have been encouraging. The most optimistic continues to be continuing claims, which are down 11k between the September and October household survey reference weeks, despite a seasonal tendency to increase in October. In the latest week claims fell 12.9%oya, the fastest rate of decline so far this year. The number of unemployed who are job losers or who completed temporary jobs has been falling even as the unemployment rate has increased, which aligns with the message from claims. In September, unemployment rose among new entrants and re-entrants, though dropped sharply among job leavers.

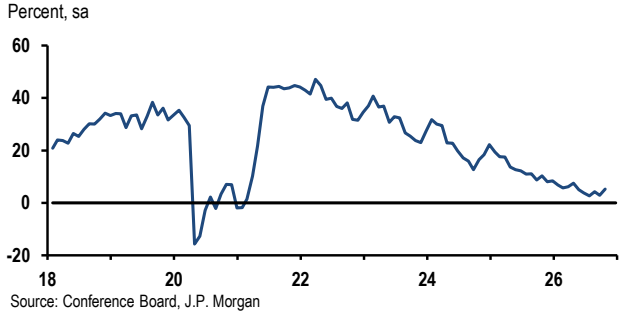
Unemployment rate vs. continuing claims to labor force ratio



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

The Conference Board labor market differential has been slow to pick up on the drop in the unemployment rate since last November's peak, but it may finally be stabilizing, and in October it posted a small improvement. Still, the level remains below where it was since the start of the year. We are currently more focused on the change, given that the level would still imply unemployment materially higher than current levels, which appears at odds with the signal from jobless claims.

Conference Board labor market differential



Source: Conference Board, J.P. Morgan

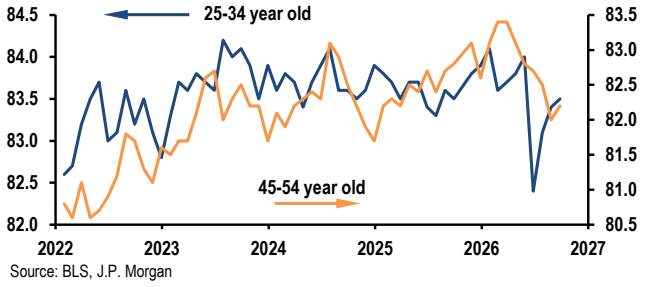
Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com
Tushar Komali (91 22) 6157-3153
tushar.komali@jpmorgan.com

Another factor that could be relevant for the unemployment rate forecast is the flow-consistent unemployment rate (FCR), defined as s/(s+f), where s = separate rate into unemployment and f = job-finding rate out of unemployment. See the technical notes of this Chicago Fed piece on how these are calculated from monthly household survey data. This captures the idea that if inflows to unemployment exceed outflows, then the unemployment stock will increase until these flows equalize, or vice versa. The FCR was 4.26% in September, so points to some upside risk. The FCR is one input to the Chicago Fed's unemployment rate tracker, whose 50th percentile forecast for October is 4.19% (note this forecast also includes the Bloomberg consensus figure).

We expect the participation rate will increase from 61.8% to 61.9%, which would be the highest since March. The 16-24 year old rate has some residual seasonality but has already increased sharply since July and may not have far to run. However, the 25-34 year old rate is still slightly low following an unusual plunge in June, and the 45-54 year old rate rate could keep recovering after a large decline between March and August.

Participation rate by age

Percent, sa, both scales



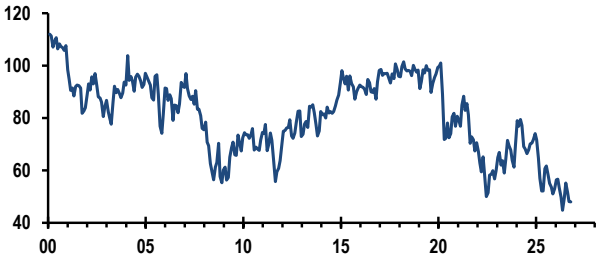
Source: BLS, J.P. Morgan

Fri Nov 6 10:00am	Consumer sentiment Michigan preliminary	Aug	Sep	Oct	Nov
	Univ. of Mich. Index (nsa)	51.7	48.1	48.0	48.0
	Current conditions	51.9	50.9	46.7	
	Expectations	51.5	46.3	48.8	
	Inflation expectations				
	Short term	4.0	4.6	4.7	
	Long term	3.3	3.4	3.5	

We expect the preliminary November University of Michigan consumer sentiment index to remain flat from its October print of 48.0. The series has been losing altitude in the last few months after reaching a recent high of 55.2 in July, but could stabilize in the coming report as consumers react to some relief in gasoline prices. In October, the current conditions index dropped to 46.7 from 50.9 in September, while the expectations series inched up to 48.8 from 46.3. Inflation expectations have been rising, with the one-year ahead metric now at 4.7% from 4.6% in September and 4.0% in August, and the long-term measure coming in at 3.5%, up from 3.4% in the prior month.

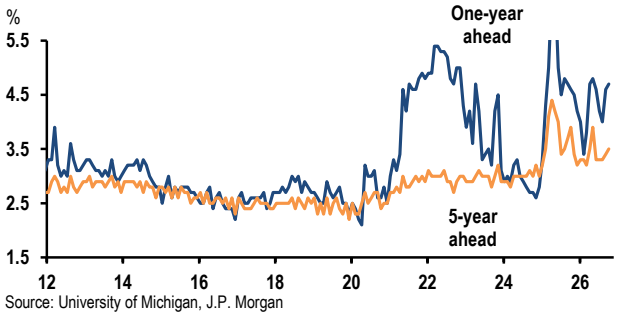
U. of Michigan consumer sentiment index

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

Durable goods (Oct 27)

%m/m, sa

	Jul	Aug	Sep	
New orders	0.9	-0.1	~~1.0~~	*1.8*
Ex transportation	0.7	0.2	~~0.5~~	*0.5*
Nondef cap. gds ex air	0.6	1.6	~~0.2~~	*0.5*
Shipments	0.9	-0.3	~~0.4~~	*0.9*
Ex transportation	0.8	0.5	~~0.5~~	*0.7*
Nondef cap. gds ex air	1.4	0.5	~~0.4~~	*1.2*
Inventories	0.4	0.5		*0.3*

The September durable goods report marked a strong end to the third quarter, as total orders jumped 1.8% m/m and shipments grew 0.9%. Core capital goods (nondefense ex aircraft) orders rose 0.5% and shipments were up 1.2%. Although nominal non-defense transportation shipments were flat on the quarter, they did provide a boost to September, especially from aircraft, where shipments increased 3% and orders 28%. Details outside of transport remained strong, with machinery orders growing 1.2% and shipments higher by 1.7%. Orders for computers and electronic products grew 0.8%, while the electrical equipment category, which could have been benefit-

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com
Tushar Komali (91 22) 6157-3153
tushar.komali@jpmorgan.com

ing from increased electrification demand from data center buildouts, inched down by 0.3%.

New home sales (Oct 27)

	Jul		Aug		Sep	
Total (000s,saar)	~~643~~	*647*	~~684~~	*680*	~~660~~	*676*
%m/m	~~-4.3~~	*-4.9*	~~6.4~~	*5.1*	~~-3.5~~	*-0.6*
%oya nsa	~~0.0~~	*0.0*	~~0.0~~	*0.0*	~~-7.6~~	*-3.4*
Months' supply	9.0			*8.5*		*8.4*
Median price (%oya)	~~-1.3~~	*-0.8*				*-3.9*

New home sales remained stable into the end of 3Q, falling by 0.6%m/m in September to 676k saar from a slightly downwardly revised level of 680k in August. Sales have gradually improved through much of the year, with sales over the last three months (668k) and in September close to last year's average pace. Inventories have been falling at a slow pace of a little over 2%oya since the middle of this year, while months' supply remains steady at close to 8.5.

Consumer confidence (Oct 27)

Sa

	Aug	Sep		Oct	
Conference Bd index	88.6	~~81.9~~	*84.2*	~~81.0~~	*91.7*
Present situation	117.2	~~109.3~~	*111.8*		*120.4*
Jobs plentiful	24.5	~~23.6~~	*24.3*		*26.7*
Jobs hard to get	20.3	~~21.9~~	*21.4*		*21.4*
Labor mkt diff	4.2	1.7			*5.3*
Expectations	69.5	~~63.6~~	*65.7*		*72.6*

The Conference Board consumer confidence survey improved in October, rising from 84.2 in the prior month to 91.7, the highest since June. This was attributed to a marginal easing in gasoline prices. The labor market differential—the share of respondents saying jobs were plentiful less the share saying they were hard to get—was revised from 1.7% to 2.9% for September, which then rose further to 5.3% in October, the best level since April.

International trade (adv.) (Oct 28)

$bn, samr, unless noted

	Jul		Aug		Sep	
Balance of goods, Cen. Basis	~~-118.9~~	*-118.9*	~~-132.1~~	*-132.1*	~~-130.0~~	*-134.9*
Exports (%samr)	~~-2.8~~	*-2.8*	~~2.1~~	*2.1*	~~1.5~~	*2.6*
Imports (%samr)	~~3.9~~	*3.9*	~~5.4~~	*5.4*	~~0.3~~	*2.4*

Business inventories (adv.) (Oct 28)

%m/m, sa, unless noted

	Jul	Aug		Sep	
Wholesale	1.4	~~0.5~~	*0.5*	~~0.7~~	*0.6*
Retail inventories	0.9	~~0.2~~	*0.3*	~~0.1~~	*0.3*
Ex autos	0.8	0.0		~~0.1~~	*0.4*
Autos	1.0	~~0.8~~	*0.7*	0.2	

The trade deficit stayed wide in September, helped by a widening deficit in capital goods linked to the ongoing surge in AI capex. Total nominal exports rose 2.6%m/m and imports increased 2.4%. Exports and imports of both industrial supplies and autos pulled back, but capital goods trade in both directions kept rising, as did non-auto consumer goods. While trade will be a drag on growth, that is being partially offset by rising inventory accumulation.

Personal income (Oct 29)

%m/m, sa, unless noted

	Jul		Aug		Sep	
Personal income	0.3		~~0.2~~	*0.3*	~~0.2~~	*0.2*
Wages & salaries	~~0.2~~	*0.2*	0.3		~~0.2~~	*0.2*
Disposable personal income	~~0.4~~	*0.4*	~~0.3~~	*0.3*	~~0.2~~	*0.2*
Real disposable personal incor	~~0.3~~	*0.3*	~~0.0~~	*0.0*	~~-0.3~~	*-0.3*
Consumption	~~0.1~~	*0.2*	~~0.9~~	*0.9*	~~0.6~~	*0.5*
Real consumption	0.1		~~0.6~~	*0.5*	~~0.1~~	*0.0*
PCE price index	0.1		0.3		~~0.48~~	*0.49*
PCE price index (%oya)	3.4		3.4		~~3.61~~	*3.65*
Core price index	0.1		0.2		~~0.30~~	*0.32*
Core price index (%oya)	3.0		3.0		~~3.08~~	*3.12*
Mkt-Based Core	0.1		0.3			*0.3*
Mkt-Based Core (%oya)	2.9		3.0			*3.1*
Saving rate	~~4.6~~	*4.5*	~~4.1~~	*4.0*	~~3.7~~	*3.8*

Real GDP rose at a brisk 3.4%q/q saar pace in 3Q, the fastest gain in a year. Private domestic final sales rose even quicker, 4.9%, and over two quarters the average 4.8% pace in this category is the best in more than a decade (ex-COVID). The contours of GDP saw large gains in final demand outside of residential investment, a return to inventory building after five straight quarterly declines, and an offsetting net trade drag (-3.3%) as the trade deficit widened to support the domestic investment boom.

Robust consumer spending was paired with even stronger nonresidential business fixed investment, which increased 12.7%. Goods spending (3.0%) in the GDP report slowed from 4.5% the prior quarter as durables slowed down, whereas services (4.1%) was at the high side of recent years. Real income growth hasn't kept up with spending, as real DPI rose 2.3% and real compensation just 1.3%. Consequently, the savings rate has continued to decline, falling to 3.8% in September, down 1.3%-pt from a year earlier.

The September core PCE deflator rose 0.32%m/m and the over-year-ago rate rose from 3.0% back to 3.1%, with the three-month pace accelerating from 2.2% to 2.9%. The market-based core also rose 0.34%m/m and like the regular core is up 3.1%oya and 2.9% over three months. Super-core inflation increased 0.37%m/m, with an over-year-ago pace that matched recent highs of 3.6%.

Employment cost index (Oct 30)

	1Q26	2Q26	3Q26	
Total(%q/q, sa)	0.9	0.9	~~0.8~~	*0.8*
Wages and salaries	0.8	0.9	~~0.7~~	*0.7*
Benefits	1.2	1.0	~~1.0~~	*0.9*
Total(%oya,nsa)	3.4	3.4	~~3.4~~	*3.4*
Wages and salaries	3.3	3.2	3.1	
Benefits	3.6	3.8	~~4.0~~	*3.9*

Michael Feroli (1-212) 834-5523
michael.e.feroli@jpmorgan.com
JPMorgan Chase Bank NA
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com
Tushar Komali (91 22) 6157-3153
tushar.komali@jpmorgan.com

The 3Q ECI rose 0.8%q/q (not annualized), as expected, with wages also up 0.8% and benefits 0.9%. As in recent quarters, the over-year-ago pace of total compensation held stable at 3.4%, whereas wages continued to decelerate, falling from 3.2% in the prior quarter to 3.1%, a new cycle low. That slowdown in wage growth echoes the signal from average hourly earnings in the monthly employment report. In contrast, benefits are up 3.9%oya, the most in almost three years, as health benefit inflation stayed hot, rising 6.4%oya.

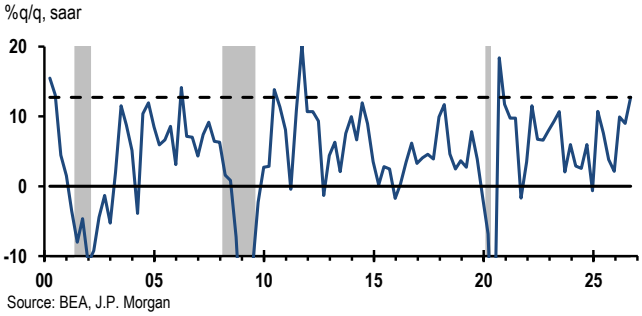
Abiel Reinhart (1-617) 712 9122
abiel.reinhart@jpmchase.com
JPMorgan Chase Bank NA

J.P.Morgan

US Focus: AI capex is all you need

AI-related capex continued to soar in 3Q, driving 13%q/q saar growth in total nonresidential business fixed investment. Excluding the recovery periods after recessions, that's the fastest gain in 20 years (Figure 1). The only downside here is that growth was more narrowly concentrated in technology investment in 3Q than it was in 2Q, creating almost all the net growth in equipment and buildings. Much of the related equipment is manufactured abroad, and some of it is produced in a very capital-intensive manner, so the immediate employment impact is probably more limited than the dollar figures might suggest. It also means investment is that much more dependent on the trajectory of a single industry.

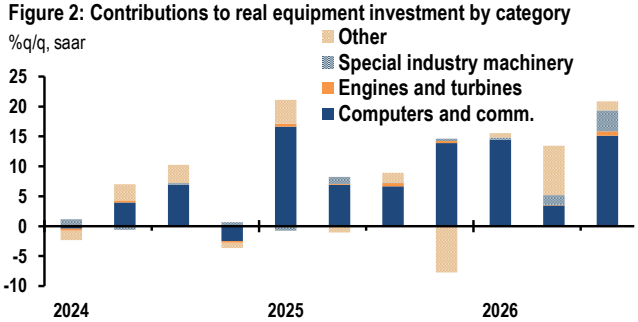
Figure 1: Real nonresidential business fixed investment growth



Source: BEA, J.P. Morgan

Figure 2 shows the contribution to growth in real equipment investment from key tech and tech-adjacent segments. This includes computers and communications equipment, engines and turbines which are linked to data center power demand, and special industry machinery, which includes semiconductor manufacturing equipment. Overall equipment investment rose 21%, but non-technology investment contributed only 1.6%-pt of that, compared to 8.2% in the prior quarter. Looking across the last couple years, the broadening into non-tech investment in 2Q now looks to be somewhat of an aberration. The "other" non-tech group in Figure 2 rose 1.1%oya in 3Q, the same as in 3Q25 and down from 1.8% in 3Q24.

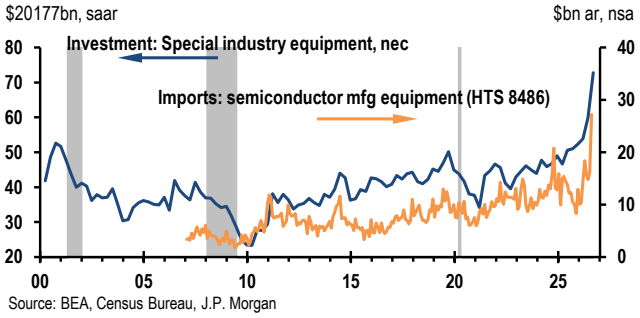
Figure 2: Contributions to real equipment investment by category



Source: BEA, J.P. Morgan. Engines exclude transportation

Semiconductor manufacturing equipment is not broken out in the quarterly GDP data, so what basis is there to think it's driving growth in the wider special industry machinery category? First, after decades of holding within a narrow range, the level of real total expenditure has suddenly surged 43% in just the last year (Figure 3), a hockey stick pattern that shows up in other tech series. That follows on the back of the huge surge in domestic semiconductor manufacturing construction that began back in 2022; for example, TSMC's second Arizona fab was started at the end of 2022, but they are only now installing tooling. Second, imports of semiconductor manufacturing equipment through August have surged.

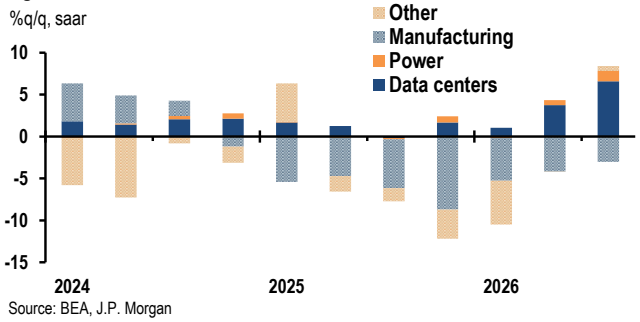
Figure 3: Investment in special industry eqpt, semi eqpt mfg imports



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

Turning to nonresidential structures, data centers contributed 6.6%-pt to growth, more than accounting for the 5.4% increase in total structures (Figure 4). Power, which is now data center-adjacent, also contributed 1.2%-pt. Manufacturing structures, which includes semiconductor manufacturing, is still a drag, though data through August shows nominal spending on computer, electronic, and electrical manufacturing facilities has stabilized in the last couple of months following a very steady decline since 2024. CHIPS Act funding drove an earlier surge that has been unwinding.

Figure 4: Contributions to real nonresidential structures investment



Source: BEA, J.P. Morgan

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

- **ECB policy rate unchanged but tightening bias in place**
- **0.8% ar GDP gain in 3Q is decent given drags**
- **Real income resilience a support for consumers**
- **Labor market weakness skewed towards France and Germany**

The ECB left its policy rate unchanged this week, as was expected. Lagarde said, however, that there was a debate about hiking this week and that "the direction of travel" was clear for the governing council. A hike in December therefore remains very likely and we continue to expect at least one further hike after that, most likely in March.

What held the ECB back from hiking this week was that the uncertainties facing the region could accumulate over time, presumably acting as a drag on growth, while underlying inflation data so far have remained quite stable. The ECB is also not yet seeing any material signs of second-round effects via wages, including in its wage tracker which now extends to 3Q27. Lagarde went through a long list of data points that will become available by the December meeting, including new staff forecasts, two more HICP prints, one more PMI, 3Q GDP details, etc... Of these, Lagarde singled out underlying inflation data as being a particular focus.

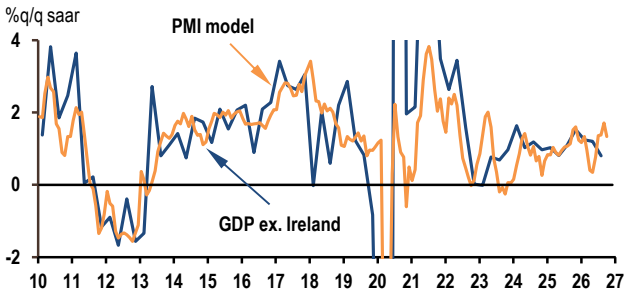
The policy statement also highlighted the tightening in financial conditions via an increase in long-term interest rates and sovereign spreads. Lagarde noted that this would weigh on growth and inflation, and that it could substitute for some rate increases. However, the fact that a hike was seriously considered today suggests that this only dampens the effect of another large increase in energy prices. The latter reduces growth, but past ECB staff projections nevertheless show that the upward effect on inflation from higher energy prices are large and persistent enough to warrant a monetary policy response. Overall, this leaves the ECB firmly on a hiking path unless it sees a larger-than-expected growth hit, falling energy prices or a sharp tightening in financial conditions.

On the sovereign side, Lagarde's message put the onus on higher-debt countries to respond to the widening in spreads by sticking to their fiscal plans. She said some plans may need to be adjusted to incorporate a likelihood of interest rates remaining higher than previously thought. The only opening is that the ECB is sensitive to unwarranted and disorderly market moves, for which it has tools. Such interventions, however, come with conditions attached. There was no discussion today on slowing or ending QT either.

3Q GDP gain decent despite drags

According to the flash release, Euro area GDP jumped 1.7% ar in 3Q. But this strong gain to a large extent is linked to Ireland, where GDP can be volatile due to the ownership of production facilities abroad and the impact of patents. On an ex. Ireland basis, the Euro area gain is 0.8% ar, a touch below our 1.0% ar forecast (Figure 1).

Figure 1: Euro area real GDP



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

The Euro area 0.8% ar gain is decent as a number of drags have been at play. Price pressures on households have been significant since the start of the US-Iran conflict, and geopolitical tensions have made the outlook more uncertain. Financing conditions have tightened for households and corporates, and the hot weather and low rainfall this summer have weighed on agricultural output and some manufacturing sectors.

The Euro area flash GDP does not come with any detail, but the limited country-level information at hand hints at consumer resiliency despite the price shock, while investment was weak in 3Q. At the country level, German GDP posted a 0.9% ar gain, a stronger increase than we expected, while the French (-0.5% ar), Italian (0.1% ar) and Spanish (2.6% ar) prints disappointed relative to our forecasts.

Activity in Spain continues to outperform the rest of the region, although we expect some deceleration as the tailwind from immigration fades, the NGEU lift expires and fiscal consolidation gains traction. In Germany, the statistical office reported a modest rise in household spending but noted that a contraction in fixed investment took place last quarter. Activity in the country is being lifted by fiscal easing, which we can see through industrial orders and the pickup in surveys in recent months. Details were not available for Italy, but the statistics office noted a drag from net trade and a contraction in manufacturing output. In France, household consumption remained strong but fixed investment and net trade were significant drags.

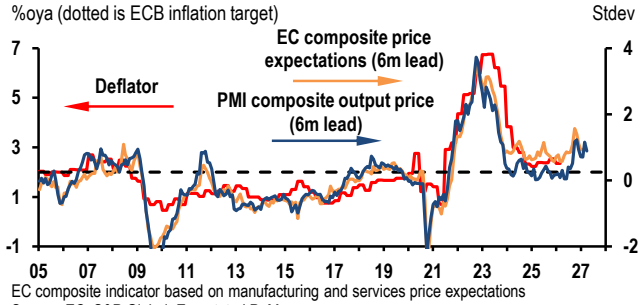
Mariana Monteiro (44 20) 3493-5147
mariana.reispaivamonteiro@jpmorgan.com
J.P. Morgan Securities plc
Greg Fuzesi (44-20) 7134-8310
greg.x.fuzesi@jpmorgan.com
Raphael Brun-Aguerre (33-1) 8703 2409
raphael.x.brun-aguerre@jpmorgan.com

Surveys hint at stronger growth in 4Q

The full GDP details will become available over the coming weeks. For now, the data suggest that the consumer has been resilient despite the purchasing power drag coming from higher energy prices. Despite a decline in October, the PMI and ESI surveys overall remain consistent with our 1.5% ar Euro area 4Q26 GDP growth forecast. The pressure from energy prices remains strong and continues to weigh on the consumer. Protests and unrest in France also had a large impact on consumer sentiment. We keep our 4Q26 Euro area forecast unchanged but acknowledge some downside risks as the pressure on the consumer remains strong.

On the pricing side, pressures firmed across all sectors in October, although the increase appears relatively modest. The data overall are consistent with GDP deflator inflation of around 3.5%, still below its peak signal seen earlier this year (Figure 2).

Figure 2: Euro area GDP deflator and price surveys

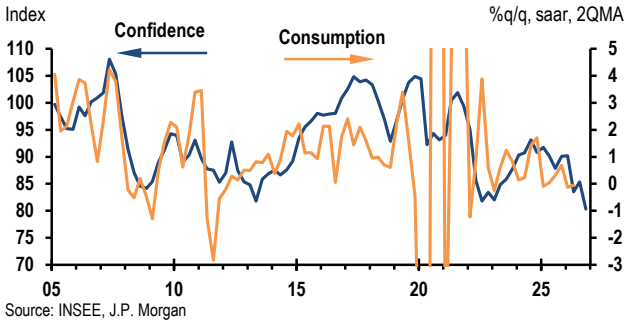


EC composite indicator based on manufacturing and services price expectations
Source: EC, S&P Global, Eurostat, J.P. Morgan

French confidence took a hit

Protests and unrest in France rarely dent business sentiment much, but they can hit households. The October data showed this clearly, with business confidence rising while consumer confidence fell sharply. Household confidence dropped 4.8pts to 80.3 in October, a historical low, as consumers grew more concerned about inflation, purchasing power and the weak labor market (Figure 3). While consumer confidence is not a tight predictor of spending, such low readings could still weigh on near-term consumption. Meanwhile, the government response has so far emphasized reforms with limited new spending and reiterated its intention to stick to a 5% deficit target next year amid market scrutiny — against this backdrop, we maintain our forecast for some moderation, albeit to a 5.2% of GDP.

Figure 3: French household confidence and real consumption

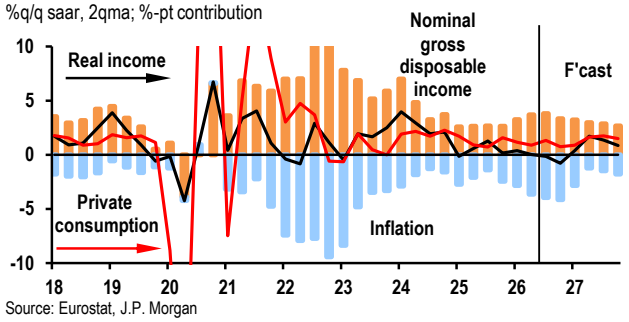


Source: INSEE, J.P. Morgan

Nominal income pick-up alleviates squeeze

Detailed 2Q sectoral accounts broadly confirm that euro area household incomes have been more resilient to the energy shock than we initially expected. Nominal disposable income growth picked up to 4.4%ar in 2Q and averaged 3.7%ar in 1H, broadly matching consumer-price inflation and leaving real incomes roughly flat rather than falling as we had feared (Figure 4). The upside came increasingly from financial and transfer income, while the savings rate declined only marginally, by 0.1%-pt from 4Q25. The main caveat is the persistent discrepancy in consumption growth between the sectoral and national accounts, which leaves some uncertainty over the precise role of saving in supporting spending. But the broader message remains intact: household resilience has so far reflected a smaller-than-expected real-income squeeze, with only limited support from lower saving. We continue to expect a gradual normalisation in the saving rate in 2H26 to help consumption remain resilient despite the ongoing purchasing-power squeeze.

Figure 4: Euro area private consumption and real income



Source: Eurostat, J.P. Morgan

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 November 2 - 6

	Purchasing managers index final - manufacturing				
		Aug	Sep	Flash Oct	Final Oct
Mon	**Euro area**				
Nov 2	Manufacturing - Headline	52.7	52.9	52.4	52.4
10:00am	Manufacturing - Output	53.3	53.6	52.4	52.4

	Purchasing managers index final				
		Aug	Sep	Flash Oct	Final Oct
Mon	**Germany**				
Nov 2	Manufacturing - Headline	54.3	53.9	54.2	54.2
9:55am	Manufacturing - Output	56.6	56.0	55.1	55.1

	Purchasing managers index final				
		Aug	Sep	Flash Oct	Final Oct
Mon	**France**				
Nov 2	Manufacturing - Headline	51.1	50.6	49.3	49.3
9:50am	Manufacturing - Output	50.7	50.3	48.5	48.5

	Purchasing managers index final				
		Jul	Aug	Sep	Oct
Mon	**Italy**				
Nov 2	Manufacturing - Headline	51.3	49.6	50.4	
9:45am	Manufacturing - Output	52.3	49.0	49.1	

	Purchasing managers index final				
		Jul	Aug	Sep	Oct
Mon	**Spain**				
Nov 2	Manufacturing - Headline	50.2	49.5	51.0	
9:15am	Manufacturing - Output	49.1	47.1	50.3	

	Purchasing managers index final - services & composite				
		Aug	Sep	Flash Oct	Final Oct
Wed	**Euro area**				
Nov 4	Services - Activity	51.6	53.0	51.7	51.7
10:00am	Composite - Output	52.0	53.1	51.9	51.9
	Composite- Employment	50.8	50.5	50.1	50.1
	Composite - New Orders	52.0	52.4	50.7	50.7
	Composite - Future Output	58.6	58.5	57.4	57.4
	Composite - Input Prices	62.8	67.0	67.3	67.3
	Composite - Output Prices	54.7	56.7	55.5	55.5

We expect the final PMI to come in line with the flash release. The October decline fully offsets the September gain and leaves activity in the region running at a 1.4% ar pace, broadly in line with our 1.5% ar 4Q26 GDP growth forecast (and up relative to our 1.0% ar 3Q forecast). We took comfort from the October print. The region continues to run at an above-trend pace (which we estimate at 1% ar) despite higher energy prices and tighter financial conditions. The signal from the composite reading should nonetheless be taken with a pinch of salt, as the details are generally weaker. The employment (-0.4pt to 50.1), new orders (-1.7pts to 50.7) and sentiment (-1.1pt to 57.4) indices all fell, and now stand below their August levels. The survey leaves employment growth at 0.6% ar, a touch higher than the 0.4% ar average pace in 1H26, and overall consistent with our employment forecast.

	Purchasing managers index final				
		Aug	Sep	Flash Oct	Final Oct
Wed	**Germany**				
Nov 4	Services - Activity	49.7	52.9	51.7	51.7
9:55am	Composite - Output	51.8	53.8	52.8	52.8

	Purchasing managers index final				
		Aug	Sep	Flash Oct	Final Oct
Wed	**France**				
Nov 4	Services - Activity	48.0	51.2	48.4	48.4
9:50am	Composite - Output	48.5	51.1	48.4	48.4

	Purchasing managers index final				
		Jul	Aug	Sep	Oct
Wed	**Italy**				
Nov 4	Services - Activity	52.5	55.2	51.7	
9:45am	Composite - Output	52.5	53.6	51.0	

	Purchasing managers index final				
		Jul	Aug	Sep	Oct
Wed	**Spain**				
Nov 4	Services - Activity	58.3	57.8	58.3	
9:15am	Composite - Output	56.5	55.8	56.8	

	Manufacturing orders				
		Jun	Jul	Aug	Sep
Thu	**Germany**				
Nov 5	Volumes, sa				
8:00am	Total (%m/m)	3.8	3.2	-10.6	
	%oya	7.4	14.0	3.0	
	Total ex. bulk orders (%m/m)	-0.5	-1.0	-0.1	0.3
	%oya	3.6	2.0	5.7	
	Domestic (%m/m)	9.0	8.8	-17.3	
	%oya	14.8	27.1	1.2	
	Foreign (%m/m)	0.4	-0.7	-5.4	
	%oya	2.7	5.5	4.2	

German industrial orders fell sharply in September, but this decline represented some payback in bulk orders (aircraft, ships, trains, military vehicles). Orders in the the weapons and ammunition component also fell sharply. On an ex. bulk basis, German orders were broadly flat last month. Looking

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

through the noise, the upward trend in domestic orders looks encouraging. The country's strong fiscal boost is contributing to boost domestic industrial demand. We expect some continuation of this trend in October.

Industrial production

		Jun	Jul	Aug	Sep
Fri	**Germany**				
Nov 6	Industry incl constr (%m/m, sa)	0.0	-1.2	2.0	0.0
8:00am	%oya, sa	-0.4	-1.7	2.3	
	Industry ex constr (%m/m, sa)	0.3	-1.7	0.4	0.5
	Manufacturing (%m/m, sa)	0.1	-2.3	0.6	0.5
	Construction (%m/m, sa)	-1.3	1.1	9.3	
	Energy (%m/m, sa)	2.7	3.4	-0.3	

German manufacturing output rebounded partially in August after a significant fall in July. The volatility this summer was driven by various sectors (chemicals and pharma, metals, machinery and auto production), with the timing of holidays playing a role. Survey data and orders point to a further rebound in manufacturing output this September. We separately expect some offset from construction after a large increase in August.

Industrial production

		Jun	Jul	Aug	Sep
Thu	**France**				
Nov 5	Ind production (%m/m, sa)	0.0	-0.6	-0.3	0.0
8:45am	%oya, sa	-0.1	-0.6	0.3	
	Manuf prod (%m/m, sa)	-0.9	-0.8	0.3	

French IP has been noisy of late. The August decline was driven by a lower level of electricity production from a very high level the prior month (due to the hot weather and need for air-conditioning). Manufacturing output, meanwhile, increased as energy-intensive output rebounded after some declines in prior months, and car production continued to decline. Looking through the monthly noise, French manufacturing output has moved sideways in recent quarters on an ex. transport items basis. We expect this weak trend to continue with surveys overall remaining weak through the noise.

Retail sales

		Jun	Jul	Aug	Sep
Fri	**Euro area**				
Nov 6	Sales ex. autos and petroleum, volumes, sa				
11:00am	%m/m	0.3	-0.6	0.1	0.0
	%oya	1.4	0.4	0.8	

With the energy shock worsening through September, we see little scope for a further recovery in retail sales. Instead, spending on goods has likely remained concentrated on durables, as car sales continued to perk higher as consumers switch to EVs and hybrids.

Retail sales

		Jun	Jul	Aug	Sep
Mon	**Germany**				
Nov 2	Sales ex. autos, volumes, sa				
8:00am	%m/m	0.2	-3.2	1.3	0.0
	%oya	0.7	-2.2	-0.4	

With energy prices rising further through September and the labour market remaining weak, we see little scope for a further recovery in German retail sales. Instead, spending could regain some momentum from October, as the government's renewed measures to cushion the energy-price shock provide some relief to household budgets.

Consumer prices

		Jul	Aug	Sep	Oct
Wed	**Euro area (flash)**				
Nov 4	%oya, unless otherwise stated				
11:00am					
	HICP	2.9	3.2	3.8	4.0
	Core	2.5	2.4	2.5	2.6
	Core goods	0.9	1.2	1.1	1.3
	Services	3.3	3.0	3.2	3.2
	Energy	10.3	14.3	18.9	20.3
	Food	1.2	1.1	1.3	1.8
	HICP (%m/m, sa ECB)	0.5	0.5	0.6	0.3
	Core	0.3	0.2	0.2	0.3
	Core goods	0.3	0.2	0.0	0.2
	Services	0.3	0.2	0.3	0.3
	Energy, nsa	2.7	2.9	4.0	1.0
	Food	0.1	0.1	0.3	0.4

A number of countries have released information ahead of the Euro area flash HICP. Looking at the data at hand, headline HICP inflation declined in Germany (-0.5%-pt to 2.8%oya) and Spain (-0.1%-pt to 4.9%oya), while it increased in France (+0.4-pt to 3.8%oya), Italy (+1.4%-pts to 5.6%oya) and Belgium (+0.7%pt to 5.2%oya).

The large heterogeneity in October first reflects various energy price dynamics. In Germany, taxes on fuel were cut. Energy tax cuts also took place in Spain. In Italy, the statistics office mentioned a jump in regulated energy prices (i.e. gas and/or electricity prices).

For core inflation, heterogeneity is also visible in October. Core inflation declined in Germany (-0.3%-pt to 2.1%oya), a move driven by both services and core goods price inflation. The services inflation decline may have been driven by the volatile transport category. Belgium core inflation (which includes processed food) also declined 0.3%-pt to 3.3%oya,

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

due to services. In the other countries, core inflation increased: +0.2%-pt to 1.7%oya in France, +0.3%-pt to 2.2%oya in Italy and +0.1%-pt to 3.5%oya in Spain.

Overall, these data point to a further increase in Euro area headline inflation to 4.0%oya (a tenth higher than our prior forecast). We kept our forecast unchaged at 2.55%oya for core inflation (0.25%m/m sa), which represents a 5bp increase relative to September. The data overall would continue to suggest that the pass-through of energy prices to core inflation overall would remain modest.

Producer prices

		Jun	Jul	Aug	Sep
Thu	**Euro area**				
Nov 5	%m/m, nsa	-0.3	1.6	1.9	
11:00am	%oya, nsa	4.6	5.8	8.2	

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

Review of past week's data

National business surveys

	Aug	Sep	Oct	
German IFO survey				
2015=100, sa				
Business climate	88.8	89.9	~~88.9~~	*90.2*
Business situation	88.5	89.5	~~88.5~~	*88.8*
Business expectations	89.0	90.4	~~89.0~~	*91.6*

Following the decline in the October German flash PMI last week (-1.0pt to 52.8), the German IFO index increased 0.3pt to 90.2, which is still weak. Looking at the details at hand, the expectations index increased (+1.2pts to 91.6), suggesting companies are willing to look past the recent drags, while the current conditions index declined (-0.7pt to 88.8). In recent years, the PMI has been a better signal of growth than the IFO survey, and the October PMI reading is currently pointing to 1.5% ar growth at the start of 4Q26. This represents a significant step up compared to 1H26, when the PMI was pointing to 0.8% ar growth. Higher energy price pressures and tighter financial conditions are a drag, but fiscal easing and the global growth backdrop are leaving the economy on a firmer footing. Relative to our 1.75% ar 4Q26 GDP forecast, the PMI currently signals a bit of downside risk.

Economic Sentiment Survey

	Aug		Sep		Oct	
Euro area						
% balance of responses, sa						
Economic confidence	~~98.4~~	*98.2*	~~97.9~~	*97.5*	~~97.5~~	*96.9*
Industrial confidence	~~-5.0~~	*-5.1*	~~-3.8~~	*-3.9*	~~-3.8~~	*-3.4*
Construction confidence	~~-5.0~~	*-5.1*	~~-5.0~~	*-5.3*	~~-5.4~~	*-5.9*
Retail confidence	-6.3		~~-6.4~~	*-6.5*	~~-6.7~~	*-8.0*
Service confidence	~~5.6~~	*5.5*	~~6.1~~	*5.9*	~~5.8~~	*5.3*
Consumer confidence	~~-15.5~~	*-15.6*	~~-16.5~~	*-16.8*		*-17.9*

See main essay.

National business surveys

	Aug	Sep	Oct	
Italy (ISAE survey)				
2015=100, sa				
Producer confidence	90.2	91.9		*91.9*

Real GDP

	1Q26	2Q26	3Q26	
Euro area (flash estimate)				
%q/q, sa	0.0	0.6		*0.4*
%q/q, saar	0.0	2.6	~~1.0~~	*1.7*
%oya	0.6	1.2		*1.3*
ex. Ireland				
%q/q, sa	0.3	0.3		*0.2*
%q/q, saar	1.2	1.2	~~1.0~~	*0.8*
%oya	1.2	~~1.2~~ *1.3*		*1.2*

See main essay.

Real GDP

	1Q26	2Q26	3Q26	
Germany (flash estimate)				
%q/q, sa	0.4	0.3	~~0.1~~	*0.2*
%q/q, saar	~~1.8~~ *1.7*	1.3	~~0.3~~	*0.9*
%oya	~~0.7~~ *0.6*	1.0	~~1.1~~	*1.2*

The German statistical office reported a modest rise in household spending but noted that a contraction in fixed investment took place last quarter. Activity in the country is being lifted by fiscal easing, which we can see through industrial orders and the pickup in surveys in recent months.

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

Real GDP

	1Q26		2Q26		3Q26	
France (1st estimate)						
%q/q, sa	-0.2		0.0			*-0.1*
%q/q, saar	-0.7		~~0.1~~	*0.0*	~~0.5~~	*-0.5*
%oya	~~0.7~~	*0.8*	0.5			*-0.1*
GDP components (%q/q, saar):						
Private consumption	-1.1		~~1.2~~	*0.8*		*1.5*
Government consumption	1.1		~~1.6~~	*1.5*		*1.1*
Fixed investment	~~-3.1~~	*-3.3*	~~-1.0~~	*-1.9*		*-2.3*
Exports	~~-11.5~~	*-11.0*	~~11.9~~	*11.8*		*-6.7*
Imports	~~-2.2~~	*-1.7*	~~4.5~~	*3.6*		*0.5*
Contribution to GDP growth (%q/q, saar):						
Domestic final sales	-1.0		~~0.8~~	*0.4*		*0.5*
Inventories	~~3.6~~	*3.7*	-2.9			*1.4*
Net trade	-3.3		~~2.3~~	*2.6*		*-2.4*

French GDP declined 0.5% ar in 3Q after a 0.7% ar contraction the prior quarter. The details point to a weak domestic final sales contribution of 0.5%-pt. Within this, household consumption was strong (1.5% ar), despite the energy price shock, although monthly goods consumption data point to some weakness late in the quarter. Government spending also increased (1.1% ar). However, fixed investment contracted again (-2.3% ar), a move skewed towards households, as uncertainty was high and financial conditions tightened. The net contribution from net exports was a significant drag (2.4%-pts), partly offset by inventory changes (+1.4%-pts). Looking at the sector data, agricultural production fell 5.5%q/q ar (the hot weather and low rain in 3Q was a drag) and manufacturing output contracted 4.8% ar after some gains in 1H. Only services posted a modest 0.2% ar gain last quarter.

Real GDP

	1Q26		2Q26		3Q26	
Italy (flash estimate)						
%q/q, sa	0.3		0.2		~~0.1~~	*0.0*
%q/q, saar	~~1.3~~	*1.2*	~~0.6~~	*0.7*	~~0.50~~	*0.1*
%oya	~~0.8~~	*0.9*	1.0		~~0.9~~	*0.8*

Real GDP

	1Q26		2Q26		3Q26	
Spain (flash estimate)						
%q/q, sa	0.6		0.7		~~0.7~~	*0.6*
%q/q, saar	2.5		~~2.8~~	*2.7*	~~3.00~~	*2.6*
%oya	2.6		2.6		~~2.8~~	*2.7*
GDP components (%q/q saar)						
Private consumption	~~1.4~~	*1.5*	~~4.9~~	*4.5*		*2.5*
Government consumption	~~2.0~~	*1.7*	~~2.1~~	*2.3*		*3.5*
Fixed capital formation	~~4.0~~	*4.4*	~~5.8~~	*4.1*		*2.9*
Exports	~~3.6~~	*3.7*	~~4.2~~	*4.6*		*5.2*
Imports	~~0.2~~	*0.6*	~~10.8~~	*9.1*		*4.4*

Spain's economy continued to shrug off global headwinds, expanding at a solid and steady pace in 3Q, with GDP rising 2.6%ar — largely in line with our potential estimate. This was only a touch below our 3% forecast, though more significantly below the PMI signal of 3.5%ar, which we had rightly opted to fade. This outturn confirms that Spain continued to outperform the rest of the region, with the composition remaining relatively healthy, though arguably corroborating our view for a gradual deceleration in coming quarters, as tailwinds from immigration continue to fade, NGEU expires and fiscal consolidation gains traction — even as the energy shock is expected to fade in 2027.

Unemployment

Harmonized measure, sa (Eurostat)

	Jul	Aug	Sep	
Euro area				
Unemployment rate (%)	6.4	6.4	~~6.4~~	*6.5*
Unemployment (ch m/m, 000s)	13.0	26.0		*122.0*

Employment growth increased a little, from 0.4% ar in 1H to 0.6% ar in October according to the PMI, but remains weak. The unemployment data for September today point to a further rise in the number of unemployed (+122,000), skewed towards France, where we expect some further weakness. This overall left the Euro area unemployment rate at 6.5% (which includes a 0.1%-pt upward revision to the data since July), with labor market weakness in recent quarters overall skewed towards Germany and France.

Labour market

	Aug		Sep		Oct	
Germany						
Unemployment						
Registered (ch m/m, 000s, sa)	5		12		~~5~~	*4*
000s, nsa	3061.4		2994.4			*2954.6*
%, sa	6.4		6.4		~~6.4~~	
IAB baramoter (110=very good, nsa)	99.5		~~99.9~~	*100.0*	~~100.5~~	*100.1*
	Aug		**Sep**		**Oct**	
Vacancies						
Change m/m, 000s, sa	~~-1.0~~	*0.0*	2.0		~~3.0~~	*-1.0*
Employment						
IAB baramoter (110=very good, nsa)	~~99.4~~	*99.5*	~~99.3~~	*99.5*		*100.1*
	Jul		**Aug**		**Sep**	
Change m/m, 000s, sa	~~-14~~	*-25.0*	~~-36~~	*-16.0*	~~0~~	*-3.0*

Domestic consumption

	Jul		Aug		Sep	
France						
Consumption of goods, volumes, swda						
%m/m	~~0.4~~	*0.3*	-0.5		~~0.0~~	*-0.5*
%oya	~~1.3~~	*1.2*	~~0.8~~	*0.6*		*-0.4*

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

According to the national aconts data, household consumption was strong in 3Q (1.5% ar), despite the energy price shock. Monthly goods consumption data, however, point to some weakness late in the quarter.

Producer prices

	Jul	Aug	Sep	
Italy				
%m/m, nsa	2.3	2.4		*2.9*
%oya, nsa	7.7	10.9		*13.8*

Consumer prices
Germany (prelim)
%oya, unless otherwise stated

	Aug	Sep	Oct	
HICP	2.9	3.3	~~3.1~~	*2.8*
CPI	2.9	3.3	~~3.1~~	*2.8*
%m/m, nsa	0.2	0.6	~~0.2~~	*-0.2*
Core CPI	2.4	2.4	~~2.3~~	*2.1*
%m/m, nsa	0.1	0.2	~~0.3~~	*0.1*
Baden Wuerttemberg	2.6	2.9	~~2.7~~	*2.6*
Bavaria	2.9	3.2	~~2.9~~	*2.8*
Brandenburg	3.1	3.6	~~3.3~~	*2.9*
Hesse	3.0	3.4	~~3.2~~	*2.9*
North-Rhine West	2.9	3.3	~~2.9~~	*2.6*
Saxony	2.9	3.4	~~3.1~~	*2.8*

Consumer prices
France (flash)
%oya, unless otherwise stated

	Aug	Sep	Oct
HICP	2.6	3.4	*3.8*
CPI	2.4	3.1	*3.4*
%m/m, nsa	0.7	-0.3	*0.4*

Consumer prices
Italy (prelim)
%oya, unless otherwise stated

	Aug	Sep	Oct	
HICP	3.2	4.2	~~4.9~~	*5.6*
CPI	3.3	4.2	~~4.8~~	*5.4*
%m/m, nsa	0.5	0.7	~~0.3~~	*0.9*

Consumer prices
Spain (flash)
%oya, unless otherwise stated

	Aug	Sep	Oct
HICP	4.5	5.0	*4.9*
CPI	4.3	4.9	*4.9*
%m/m, nsa	0.7	0.3	~~0.7~~ *0.6*

Euro area bank lending survey
Net % balances

	2Q26	3Q26	4Q26
Change in credit standards to NFCs for business loans:			
Past 3 months	10.1	7.3	*8.6*
Next 3 months	18.7	5.3	*7.2*
Change in credit standards to households for house purchase:			
Past 3 months	2.0	8.8	*-0.3*
Next 3 months	7.6	2.4	*10.2*
Change in credit standards of consumer credit:			
Past 3 months	14.9	12.3	*14.0*
Next 3 months	12.9	11.4	*16.3*
Change in demand of business loans to NFCs:			
Past 3 months	-1.9	2.6	*-6.4*
Next 3 months	-10.3	4.2	*-1.4*
Change in household demand for housing loans:			
Past 3 months	0.3	-15.3	*-26.9*
Next 3 months	-19.7	-12.2	*-35.6*
Change in household demand for consumer credit:			
Past 3 months	-10.8	-2.1	*-2.4*
Next 3 months	-9.1	-0.4	*-14.0*

The ECB BLS survey points to a further tightening in financial conditions and weakening loan demand across firms and households, albeit at a more gradual pace than in 2022. On the supply side, credit standards tightened further for firms and consumer credit but were unchanged for housing loans, while terms and conditions tightened across all three categories, including through higher borrowing costs. Heightened risk perceptions and lower risk tolerance, amid ongoing geopolitical uncertainty and energy developments, have contributed to tighter credit standards, with further tightening expected this quarter. Among the four largest euro-area economies, the tightening in corporate credit standards was concentrated in France and Germany.

Meanwhile, higher borrowing costs and lower confidence have weighed on demand for credit for both households and firms. For firms, the BLS also suggests weaker demand for fixed-investment financing among small and medium-sized enterprises (SMEs), a shift towards alternative sources of finance (we note that SAFE also reported half of firms citing sufficient internal funds as a reason for not applying for loans), and the continued importance of working capital and inventories in supporting borrowing needs.

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

M3 Money Supply

	Jul	Aug		Sep
Euro area				
M3 (%m/m sa)	0.0	0.2		*0.4*
M3 (%oya)	3.4	3.5		*3.5*
Loans (%oya)1.	4.1	4.3		*4.3*
Loans (m/m, €bn)1.	48.8	~~43.3~~	*44.2*	*27.3*
Of which				
To households	17.1	~~18.7~~	*19.0*	*15.1*
To nonfinancial corporates	22.2	~~11.4~~	*11.5*	*13.2*

1. Loans to nonbank private sector, adjusted for securitization

The annual growth rate of bank lending to households and firms was unchanged at 3.1%oya and 4.2%oya, respectively. This stability nevertheless masks a moderation in the bank-based credit impulse — which measures the annual change in the annual growth rate of bank lending — particularly for households across both consumer credit and housing. This points to continued weakness in dwellings investment and some softening in consumption, in line with our forecast. By contrast, the credit impulse for firms has held up, albeit at modest levels, remaining consistent with some positive annual growth in machinery and equipment investment.

European Central Bank rate announcement

%

	Aug	Sep	Oct
Deposit rate	2.25	2.50	*2.50*
Main refinancing rate	2.40	2.65	*2.65*
Marginal lending rate	2.65	2.90	*2.90*

See main essay.

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

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

Japan

- **BoJ on hold as expected, while deciding to accelerate the pace of its ETF sales**
- **BoJ judged that underlying inflation reached 2% target, while upside inflation risks remain**
- **Ueda's remarks on accommodative financial conditions support a near-term hike, likely in December**
- **CPI likely to accelerate despite winter subsidies; Sep. production rebounds with solid 4Q projections**

As widely expected, the BoJ kept the policy rate unchanged at 1.25%. The dissenting vote came from Takata, who called for a rate hike. Although the policy rate was left unchanged, the BoJ unanimously decided to accelerate the pace of its ETF sales, increasing the pace from the current book-value-based annual rate of JPY330 billion to JPY860 billion, effective from January 2027. As a result, the number of years required to complete the sales will be shortened from the previously expected approximately 112 years to approximately 43 years. The changes to the Outlook Report forecasts were also largely in line with prior expectations, with the BoJ making small upward revisions to its FY26 growth outlook and its FY27 and FY28 inflation outlooks.

The focus of attention was the BoJ's judgment on underlying inflation. The BoJ judged, for the first time, that "Underlying CPI inflation is at a level that is generally consistent with the price stability target of 2%," while maintaining that near-term inflation risks remain skewed to the upside. Amid this, the BoJ continues to hold the view that financial conditions remain accommodative. The views expressed in the Outlook Report imply that the current inflation environment justifies a neutralization of the policy rate, and that the 1.25% policy rate is likely not yet at a neutral level. This is consistent with our view that the BoJ will continue to raise rates at a roughly quarterly pace for the time being.

Governor Ueda said it was too early to confirm that the price target is being achieved sustainably, but stressed that "appropriate and timely adjustment" will be needed given upside inflation risks, and that policy will keep adjusting alongside inflation dynamics rather than waiting for full confirmation. He indicated policy hasn't reached the stage of tightening, since financial conditions remain accommodative with room to close the gap, suggesting near-term hikes would just reduce easing rather than start a new tightening cycle. He justified skipping this hike by citing the need to confirm the cumulative effects of past hikes, but his use of the phrase "a decision will be made at every meeting, including the next one"—previously used to signal an imminent move—points to a fairly likely December rate hike.

Amid concerns over the ambitious spending plan in next fiscal year's budget and the funding source for the consumption tax cut, PM Takaichi decided this week to gradually scale back the gasoline subsidy starting from December. The government had been using the subsidy to keep domestic gasoline prices at or below JPY170 per liter in response to the rise in crude oil prices driven by the Middle East conflict, but the fiscal burden had been growing heavier as crude oil prices remained elevated. The winter electricity subsidy, decided at the same time, is expected to sufficiently offset the impact of this energy inflation in 1Q27. Even so, as the pass-through of petroleum product prices to consumer prices has begun to progress, and with core inflation (ex. food and energy) having started to rise above the BoJ's target, this decision will likely broaden the underlying price increases toward the end of the fiscal year. We expect core (ex. food and energy) inflation to rise toward 3% in 1Q27.

Incoming data suggest that activity held up in September despite headwinds. Retail sales fell due to temporary factors and unfavorable weather, leaving 3Q consumption expected to remain weak, though some recovery is likely in the current quarter as these drags fade. Production, meanwhile, rose sharply, rebounding from earlier disruptions and supported by firm AI- and capex-related demand across machinery and materials. Ongoing inventory restocking and manufacturers' projections both point to sustained momentum this quarter, suggesting another strong quarter of manufacturing production.

Target achieved, neutral in sight

At the press conference, Governor Ueda emphasized that the views in the Outlook Report were agreed upon unanimously by all Board members. This reflects a shift by Asada and Sato, who had opposed the rate hike at the previous meeting. Governor Ueda fielded many questions on the judgment regarding underlying inflation, from both dovish and hawkish angles. The Governor stated that it is not yet possible to judge whether the price target is being achieved in a "sustainable and stable" manner, but that this does not mean the BoJ intends to maintain its current policy stance until this is confirmed. Going forward, the BoJ intends to judge the degree of entrenchment of inflation while also making policy adjustments, taking into account the inflation dynamics and the behavior of medium- to long-term inflation expectations. Indeed, he also stated that, given the current upside risks to inflation, "appropriate and timely adjustment of monetary policy" will be important for inflation to become anchored at 2% going forward.

Several questions also focused on the possibility of future policy tightening, given that underlying inflation has reached the target. When asked about the possibility of a proactive

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

policy response to upside inflation risks, Governor Ueda, while leaving open the possibility of future policy tightening, indicated that policy adjustment has not yet reached that stage at this point, stating that "with financial conditions still accommodative, there remains room to close this gap." This suggests his view that near-term rate hikes would still merely represent an adjustment to the degree of monetary easing.

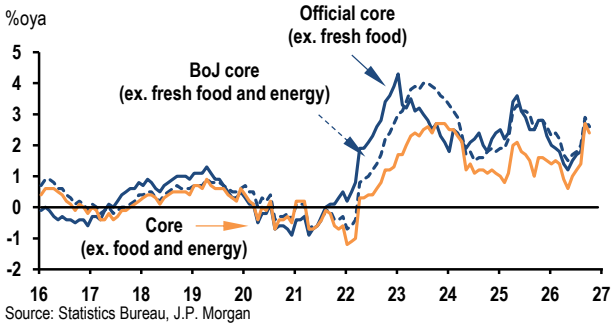
Governor Ueda was also asked about the timing of rate hikes, along with the background behind the decision to forgo a hike this time. The Governor explained the decision to skip a hike this time by reiterating his previous argument that "the BoJ needs to confirm the cumulative effects of the rate hikes implemented so far." At the same time, in response to a question, he deliberately used the phrase "a decision will be made at every meeting, including the next one," an expression the BoJ has previously used to signal a rate hike at the next meeting. We interpret this as the BoJ having a December rate hike in view with a fair degree of likelihood.

Despite being the only policy decision made this time, the ETF sales drew relatively few questions. Governor Ueda responded that "we judged that the impact on the market would be limited at this pace," but given that even at the revised pace it would take around 43 years to complete the sales, the limited interest may not be entirely surprising.

Tokyo CPI confirms strong price momentum

The October Tokyo CPI demonstrated that rising petroleum product prices are spreading into broader inflation. Global core inflation (ex. food and energy) rose 0.2%m/m sa to 2.4%oya (Figure 1). This was down from September's 2.7%, which had been boosted by special factors, but core goods remained strong at 9.5%3m/3m saar and services at 4.1%, continuing to show strong momentum. Food inflation ex. fresh food also rose 0.5%m/m sa to 3.0%oya, despite rice prices falling by more than 30%oya due to the government's release of reserve rice. Despite broad-based government subsidies continuing to suppress the inflation rate, key inflation indicators are likely to remain above the BoJ's target toward the end of FY2026.

Figure 1: Tokyo core CPI



Source: Statistics Bureau, J.P. Morgan

Recent developments suggest that the renewed inflation upturn since September is likely to continue for the time being. As in September, the notable rise in October was led by core goods prices—particularly household consumables (furniture and household utensils: +5.9%oya)—reflecting higher prices for petroleum-related products. This trend is also starting to spread to service prices (culture and recreation : +4.3%), but due to the effects of energy subsidies and free childcare fees (Tokyo only), inflation in the categories affected by these measures—private transportation (2.8%oya) and miscellaneous (-1.9%)—has remained subdued. However, the planned removal of gasoline subsidies starting in December would lead to renewed broad-based inflation in goods and services going forward, via higher transportation costs and other channels. Separately, fresh food prices rose 6.9%m/m sa to 8.6%oya, significantly boosting the headline index—largely a reflection of the extended rainy weather throughout September.

We continue to hold the view that rising core goods prices, triggered by increases in petroleum product prices, will lead to broader-based price increases across goods and services towards the end of the fiscal year. In addition, the effects of the abolition of the provisional gasoline tax rates and energy subsidies—which have technically suppressed the inflation rate since the end of last year—will begin to fade from December onward. We believe underlying inflation is already above the BoJ's 2% target, and we expect this view to be supported as the effects of these policy measures fade toward the fiscal year-end.

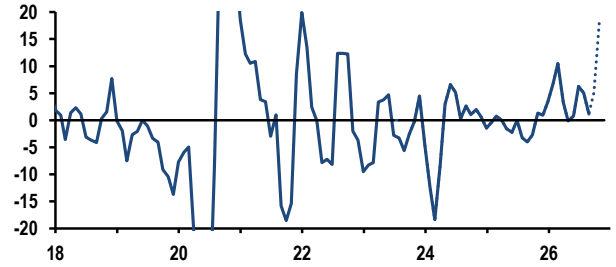
Production rebounds with higher projections

Japan's September industrial production rose 2.2%m/m sa, beating both our forecast (0.9%) and consensus (1.3%). This followed a 2.4% decline in August, suggesting that activity rebounded last month after temporary production suspensions caused by natural disasters. Through 3Q, manufacturing production increased 1.2% q/q saar (Figure 2) — the fourth consecutive quarterly gain — driven largely by global AI-

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

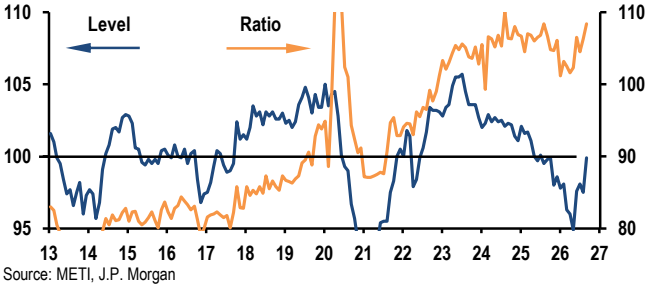
and capex-related demand, which supported output in machinery and materials.

Figure 2: Manufacturing output
%3m/3m saar, dashed line is manufacturers' projection



Source: METI, J.P. Morgan

Figure 3: Inventories and inventory to shipment ratio
2020=100, sa



Source: METI, J.P. Morgan

Manufacturers' own production forecasts point to continued near-term strength: output is projected to rise 5.1% m/m sa in October, followed by a further 0.8% gain in November, suggesting the current momentum should be sustained. This production strength is consistent with the ongoing inventory recovery, with inventories up 2.5% m/m sa in September, bringing levels back in line with October 2025 (Figure 3). Petrochemical inventories (e.g., plastics) have also gradually rebuilt following the earlier drawdown tied to Middle East-related supply disruptions. With energy prices still elevated and supply constraints only partially eased, restocking demand is likely to remain firm.

By sector, auto production rebounded 5.5%m/m sa after a 6.8% decline in August, consistent with the resumption of activity following temporary stoppages. Electronics and tech output rose 3.4%m/m sa in September, though it remains down 8.0%q/q saar for 3Q. Production machinery output rose for a fourth consecutive month, up 3.4%m/m sa, consistent with core capital goods shipments, which surged 40.3% q/q saar through 3Q — underscoring continued strength in AI-related capex demand.

Data releases and forecasts

Week of November 2 -6

Fri Nov 6 8:30am **Employers' survey – preliminary**
%oya

	Jun	Jul	Aug	Sep
Monthly wages per employee	4.0	4.3	3.9	3.7
Scheduled payments	3.5	3.8	3.8	
Full-timers monthly	3.7	3.7	4.0	
Part-timers hourly	4.4	5.4	4.7	
Overtime payments	3.4	4.5	4.9	
Special payments	4.7	5.3	1.8	
Real wages (total)	2.4	2.4	2.0	

*Real wages deflated by headline CPI

We expect the Employers' Survey to remain firm, reflecting sustained solid growth in underlying wages.

Review of the past week's data

Services producer prices (Oct 27)

	Jul	Aug		Sep	
%oya	3.6	~~3.7~~	3.5	___	3.7
Ex. international transportation	3.1	~~3.1~~	2.9		2.9

Both goods and services PPI point to persistently strong input cost pressures, reinforcing our view that the current inflation acceleration reflects broad-based, underlying price dynamics rather than a one-off or transitory shock. This breadth across goods and services raises the risk that inflation proves sticky.

Consumer sentiment (Oct 29)
DI, sa

	Aug	Sep	Oct	
Consumer sentiment	35.5	35.4	35.0	
Standard of living	34.1	33.8	___	*33.2*
Income growth	40.4	40.5	___	*40.4*
Labor market conditions	39.9	40.0	___	*39.4*
Durables purchases	27.5	27.3	___	*26.8*
% of respondents, "Rise" minus "fall"				
Inflation expectations in next 12 months				
Nsa	84.4	87.3	___	*87.3*
Sa	84.2	86.5	___	*86.4*

1. The DI asks whether a respondent thinks that now is a good time to purchase durables

Consumer confidence declines for the second consecutive month, possibly suggesting that households are increasingly concerned about the ongoing acceleration in inflation. While a decline in rice prices appears to have supported sentiment, alongside a moderation in inflation expectations, this was offset by continued strength in other goods inflation. Households' 12-month-ahead inflation expectations DI remained modest in October, but the share of households expecting

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

J.P.Morgan

inflation above 2% rose by 0.5 points to 79.8%. These inflation concerns are reflected in the standard-of-living DI and the timing-to-buy-durable-goods DI.

We expect inflation to continue rising, which poses risks of a further drag on consumer sentiment. Strong income growth has provided a buffer against inflation, with the income growth DI in the survey declining by only a tenth to 40.4 in October. This supports our view that resilience in domestic demand will be sustained in the near term. That said, rising inflation raises the risk of a purchasing-power squeeze.

Tokyo consumer prices (Oct 30)
2025-based

	Aug	Sep		Oct	
%oya					
Overall	1.9	2.7		~~2.5~~	*2.8*
Core (ex fresh food)	1.8	2.7		~~2.4~~	*2.6*
Ex fresh food and energy	2.0	3.0		*2.6*	
Ex food and energy	1.4	2.7		~~2.5~~	*2.4*
%m/m, sa					
Overall	0.2	0.6		~~0.6~~	*0.5*
Core (ex fresh food)	0.1	0.9		~~0.4~~	*0.3*
Ex fresh food and energy	0.3	0.7		~~0.5~~	*0.2*
Ex food and energy	0.3	~~0.8~~	*0.7*	~~0.5~~	*0.2*

See main essay.

Labor force survey (Oct 30)
Sa

	Jul	Aug	Sep	
Unemployment rate (% sa)	2.4	2.5	~~2.5~~	*2.4*
Job offers ratio (% sa)	1.18	1.18	1.19	

Commercial sales (Oct 30)
%m/m, sa

	Jul	Aug	Sep	
Total retail sales	2.1	-0.9	~~-0.5~~	*-0.7*
%oya	3.7	2.9	~~2.5~~	*2.3*

September retail sales fell 0.7%m/m sa, slightly below our expectation of a 0.5% decline. As in August, unfavorable weather, particularly an extended rainy season, weighed on goods spending by discouraging households from going out. Through 3Q26, nominal goods consumption declined 3.6%q/q saar, largely reflecting payback from prior strength in durable goods consumption. This is consistent with our expectation of soft consumption growth through 3Q. If our forecast is correct and the 3Q weakness is driven by temporary factors, we expect some recovery this quarter as the durable goods payback and weather-related drag fade.

In the details, home appliance sales fell 2.3%m/m sa, and 19.2%q/q saar through 3Q, likely reflecting payback from prior strength in air conditioner sales tied to special replacement demand ahead of new regulations taking effect next fiscal year. Auto sales rose 0.1% m/m sa, but 3Q sales were also weak, down 16.3% q/q saar following a 51.8% surge in 2Q, partly reflecting the fading boost from the government's auto tax reduction. Other non-durable goods categories were mixed. Food (-0.2% m/m sa) and miscellaneous sales (-2.1%) declined, while apparel (4.2%) and general merchandise (2.1%) sales recovered in September. This recovery likely reflects the extended holiday period this year, which boosted holiday-related demand. If so, this holiday demand may also have supported services consumption in September.

Industrial production – preliminary (Oct 30)
%m/m, sa

	Jul	Aug	Sep	
Production	-0.2	-2.4	~~0.9~~	*2.2*
Shipments	2.1	-2.9	__	*0.6*
Inventories	0.5	-0.6	__	*2.5*
Inventory/shipments ratio	-1.9	1.7	__	*2.0*

See main essay.

Housing starts (Oct 30)

	Jul	Aug	Sep	
Housing units %oya	8.2	6.1	~~1.4~~	*-2.7*
%m/m, sa	-1.6	-2.7	~~-1.0~~	*-5.2*
Mn units, saar	0.77	0.75		*0.71*
Floor space, 6mma (%m/m, sa)	0.4	0.0		*-1.2*

Housing starts declined through 3Q26, posing downside risks to GDP residential investment. This weakness likely reflects higher construction and labor costs. On the demand side, rising property prices and elevated interest rates could present further headwinds.

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.

Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com
JPMorgan Chase Bank NA

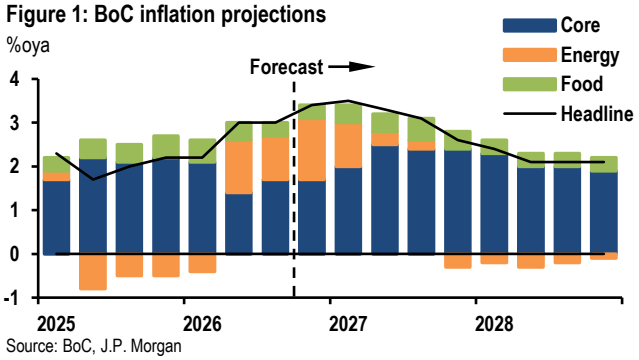
Canada

- **The BoC hiked the policy rate by 25bp this week...**
- **...future decisions will be taken one meeting at a time**
- **August GDP provided support for BoC caution**
- **Oct LFS: 10k employment, u-rate holds at 6.5%**

The Bank of Canada raised its policy rate 25bp to 2.50% this week, its first hike since July 2023. The move did not come as a surprise to us given the recent shift in the Bank's assessment of inflation risks. While core inflation remains near 2% and the economy continues to operate with some excess supply, persistent energy price pressures and a more resilient growth backdrop have increased the risk that inflation remains elevated for longer and eventually spreads more broadly if left unchecked. The Bank therefore framed the hike as a preemptive move to limit future inflation risks.

The Bank's updated Monetary Policy Report reflected its reassessment of those risks. The BoC expects headline inflation to rise to 3.4% (Q4/Q4) in 2026 and remain above 3% through 3Q27 (Figure 1), with average inflation in 2027 revised up substantially to 3.1% from 2.0% in July. Higher production and transportation costs are expected to pass gradually through supply chains, while the Bank's quarterly surveys suggest that businesses plan to pass a greater share of recent cost increases on to customers over the coming year. At the same time, stronger-than-expected growth through the middle of 2026 appears to have given the Governing Council greater confidence that modest tightening will not derail the expansion.

Figure 1: BoC inflation projections



Source: BoC, J.P. Morgan

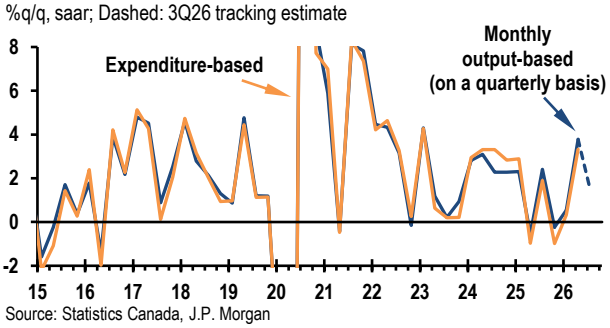
Like the Fed and many other central banks, the BoC has shown an increasing willingness to address rising inflation pressures while signaling an intent to proceed cautiously from here. In the press conference, Governor Macklem left the door open to further tightening but said future decisions would be taken one meeting at a time. This week's weak monthly GDP data reinforce our expectation that enough moderation in activity into year-end, alongside continued benign underlying inflation readings, will allow the BoC to pause in December before delivering a second 25bp hike in January. Still, the risks are tilted toward an earlier follow-up, as there is no recent precedent for the BoC beginning a hiking cycle without raising rates again at the next meeting.

GDP growth moderated in 3Q

Friday's monthly GDP report provided some support for the BoC to proceed cautiously with further rate increases. Real GDP was unchanged in August, weaker than the 0.2% increase indicated by Statistics Canada's previous advance estimate. Statistics Canada's advance estimate points to a 0.1% decline in September. The softer August result and September estimate suggest some loss of momentum late in the quarter. We have therefore trimmed our tracking estimate for 3Q real GDP growth to 1.5%q/q, saar, from 2.0% previously (Figure 2). That would come in below the 2% projection the BoC published this week.

Figure 2: Canada: Real GDP

%q/q, saar; Dashed: 3Q26 tracking estimate



Source: Statistics Canada, J.P. Morgan

The downward revision does not overturn the broader message that the economy has weathered recent shocks better than expected. Consumer spending has held up reasonably well and higher energy prices continue to support exports, income, and investment. Even so, the Bank continues to see some excess supply, which its baseline projections suggest will not be fully absorbed until 2028. That should allow the BoC to proceed cautiously with any further tightening.

Labor market slack to persist in October

The labor market entered October on a relatively weak footing after shedding a cumulative 110k jobs over the prior two months. While those losses partly reversed unusually strong gains earlier in the summer, they still point to softer hiring conditions. The weakness has been concentrated in the public sector, where employment stood 2.6% below its year-ago level in September. We expect employment to rebound by a modest 10k in October, leaving the three-month average change at -33k, and look for the unemployment rate to remain at 6.5%. Another soft report would reinforce the view that excess supply persists in the labor market.

Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com
JPMorgan Chase Bank NA

J.P.Morgan

Data releases and forecasts

Week of November 2 - 6

Wed	**International trade**				
Nov 4	Sa				
8:30am		**Jun**	**Jul**	**Aug**	**Sep**
	Balance (C$ bn)	3.95	0.79	4.20	5.80
	Exports (%m/m)	0.9	-2.6	2.5	3.0
	Imports (%m/m)	0.3	1.5	-2.0	1.0
	Real balance	-2.08	-4.11	-2.68	

We project that Canada's nominal merchandise trade surplus widened to C$5.8bn in September from C$4.2bn in August. We think nominal exports expanded 3.0% in September, while imports firmed 1.0% on the month. Strength in energy exports continues to provide an offset to weakness elsewhere.

Fri	**Labor force survey**				
Nov 6	Sa				
8:30am		**Jul**	**Aug**	**Sep**	**Oct**
	Employment (mn)	21.21	21.17	21.10	21.11
	(ch, m/m, 000s)	75.1	-41.7	-68.3	10.0
	(%m/m)	0.4	-0.2	-0.3	0.0
	(%oya)	0.9	1.0	0.5	0.1
	Labor force (mn)	22.67	22.63	22.58	22.58
	(%m/m)	0.3	-0.2	-0.2	0.0
	(%oya)	0.4	0.4	-0.1	-0.2
	Unemployment rate (%)	6.4	6.4	6.5	6.5
	Avg hrly earnings (%oya)	3.0	2.0	2.3	2.1
	Hours worked (%m/m)	0.6	0.6	-1.5	0.5

We project that employment rose by 10k workers in October. We expect growth in the labor force to flatline, keeping the unemployment rate unchanged at 6.5%. Average hourly earnings for permanent workers remained subdued at 2.3%oya in September. We expect wage growth to remain subdued for the rest of the year, consistent with a labor market operating under conditions of excess supply. We think hiring conditions will remain soft in the months ahead as the impact of new tariffs and the drag from less generous immigration policies weigh on labor supply.

Review of past week's data

Monthly GDP

sa

	Jun	**Jul**	**Aug**	
Total,%m/m	0.4	0.0	~~0.2~~	*0.0*
%oya	2.1	1.4	~~1.7~~	*1.5*

Monthly GDP flatlined in August, nudging growth on a year-ago basis up to 1.5%. Strength in retail trade was offset by weakness in the wholesale trade and public administration sectors. StatCan's advance estimate suggests that real GDP declined 0.1% in September. In response, we have trimmed our 3Q GDP forecast to 1.5%q/q, saar.

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
Santiago Homberg Saury (52-55) 5540-9499
santiago.hombergsaury@jpmchase.com

Mexico

- **Divided Banxico board to keep the risk of a cut alive**
- **Flash GDP for 3Q confirms strong momentum**
- **Usual start of the month releases to add more color on growth expectations in 4Q**
- **Encouraging details within the September trade balance report**

This week's firm 3.7% increase in the flash 3Q26 GDP print and the September trade underlying details were evidence of the recent shift in economic dynamics in Mexico. In this context, and to our surprise, Banxico reopened the easing door last month. While we continue to believe that recent growth and market dynamics will prevent Banxico from lowering rates at next week's meeting, the odds of a cut, given an emboldened dovish board, are non-negligible.

Banxico flirting with complacency

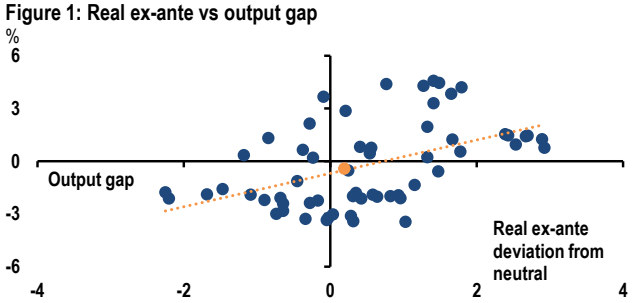
After the monetary policy committee (COPOM) explicitly concluded the two-year long easing cycle in May, at 6.5%, the board entered an on-hold phase that could prove to be short-lived. We had flagged before the September decision the possibility that the discussion would turn increasingly hawkish as the economy regained traction, inflation resumed its upward trend, and the Fed was poised to hike rates. In turn, the guidance from the board changed significantly at the last meeting—right after the Fed hike—switching, in our view, to a more open, flexible stance that suggested the board would consider several scenarios ahead.

To us, keeping options open meant either holding or hiking. Yet, to our surprise, the minutes to the September decision evidenced something more complex given that several board members (three out of five) entertained the idea of reopening the door for a cut (singular), arguing cyclical differences between Mexico and the US, no demand side pressures on inflation, and a well-behaved currency, among other reasons.

To be fair, the September statement did tweak the guidance by stressing that the board "will take its decisions by considering the disinflationary process and the behavior of its determinants … and that monetary policy should not react mechanically to expected adjustments in the Fed funds", but we did not expect a bank leaning against the Fed winds.

With the bias now confirmed to be south, the main question is whether conditions are there for Banxico to deliver the cut or not, and whether this could happen as soon as next week. We don't think so, but it is expected to be a divided decision. For starters, both inflation and growth are again gaining traction, with consumer prices expected to bounce back to 3.7% by year-end after briefly touching 3.1% in July, and growth registering back-to-back solid readings in 2Q and 3Q that are now consistent with above-trend growth. In our view, economic slack is virtually zero (Figure 1).

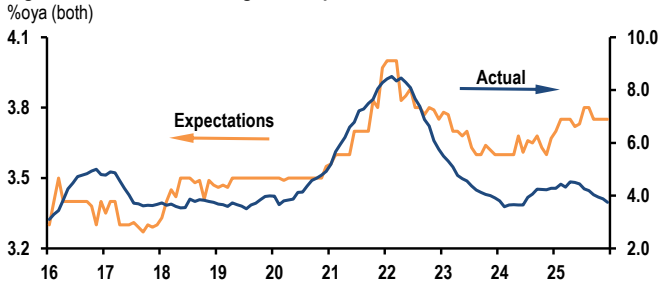
Figure 1: Real ex-ante vs output gap



Source: J.P. Morgan with data from Banxico and INEGI. Excluding 2Q and 3Q 2020. Neutral rate estimated by Banxico

Furthermore, local assets are already reacting to the possibility of such a move, with the peso losing nearly 9% since the September Fed hike, and long-term interest rates creeping higher. The latter response is consistent with weaker credibility, as was also evidenced back in 1Q26 when expectations (Figure 2) suffered another dent (they are due to be updated at next week's Banxico survey). Other impending questions are: Why flirt with a one-off cut now, amid market cross-currents and unresolved geopolitical conflicts? Will a 25bps cut make a difference? In the end, the ex-ante policy rate will remain within the neutral corridor regardless of whether there is a single cut or not.

Figure 2: Core inflation: long-term expectations vs actual inflation
%oya (both)



Source: J.P. Morgan with data from Banxico September expectations survey

We expect a divided 4-1 decision that will keep the policy rate at 6.5% and we believe the dovish stance will prevail. While we think the window of opportunity will reappear by March next year when inflation is expected to be near target, the sense of urgency seen in the minutes could result in an earlier cut for sure.

Flash 3Q26 GDP shows continued strength

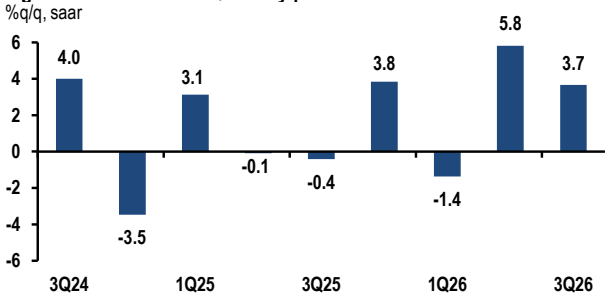
The flash 3Q26 GDP print showed that the positive momentum seen last quarter extended into 2H26, with the economy

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
Santiago Homberg Saury (52-55) 5540-9499
santiago.hombergsaury@jpmchase.com

delivering a strong 3.7%saar increase in 3Q26. Growth was concentrated in the industrial and services sectors, which delivered strong expansions of 3.3%saar (Figure 3) and 4.6%, respectively. While further details are unavailable at this time, GDP proxy data for the first two months of the quarter suggest that the increase in the industrial sector was driven by manufacturing and construction. On the services front, growth likely came from commerce, as consumption remains an important driver of growth.

Next week, the October PMIs and survey data will tell us whether the positive momentum in 3Q extended into the current 4Q. We expect the IMEF manufacturing index to rise 0.2pts to 50.2 and the non-manufacturing index to rise 0.9pts to 50.1. Meanwhile, INEGI consumer confidence should rise by one tenth, to 45.2. While the important 6% currency depreciation in September could dent consumer confidence, it will support the ongoing recovery in remittances, which we expect to increase 3.0%oya.

Figure 3: Mexico GDP - Quarterly profile
%q/q, saar



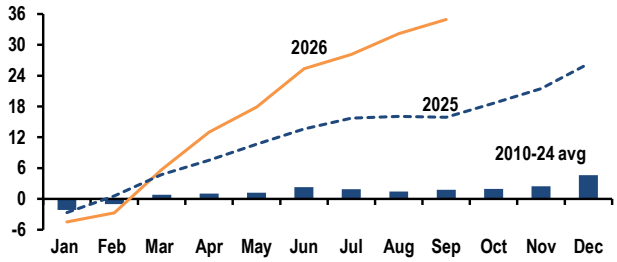
Source: J.P. Morgan with data from INEGI

An upbeat September trade deficit

Mexico's September US$606m trade deficit doesn't signal a shift from recent momentum (Figure 4). Exports fell 2.4%samr on the back of a 4.7% drop in non-auto manufacturing—likely tech exports taking a breather—while all other export subcategories strengthened. Imports rose 1.3%samr, driven by domestic-demand underlying forces that drove non-oil consumer and capital imports up by 1.9% and 5.2%, each.

Improving dynamics in consumption and investment are expected to gain traction on employment and credit recovery as government mid-term plans on construction and energy spearhead investment. To this point, next week's August consumption and investment are expected to confirm a healthy momentum delivering strong prints of 0.6%samr and 0.5%, respectively. The ongoing correction in the currency could further boost manufacturing production and investment, boosting further an already healthy trade balance.

Figure 4: Year-to-date non-oil trade balance
US$ billion



Source: J.P. Morgan with data from INEGI

Data releases and forecasts

Week of November 2-6

Tue	**Remittances**				
Nov 3		**Jun**	**Jul**	**Aug**	**Sep**
8:00am	Total (US$ bn)	5.5	5.6	5.5	5.4
Tue	**IMEF PMI survey**				
Nov 3	Index, sa				
01:00pm		**Jul**	**Aug**	**Sep**	**Oct**
	Manufacturing	49.8	49.9	50.0	50.2
	Non-manufacturing	49.7	49.0	49.2	50.1
Thu	**Domestic demand**				
Nov 5	%oya				
7:00am		**May**	**Jun**	**Jul**	**Aug**
	Investment	1.0	7.4	6.6	9.1
	Consumption	1.4	2.8	1.1	1.1
Thu	**Consumer confidence**				
Nov 5	Index, sa				
7:00am		**Jul**	**Aug**	**Sep**	**Oct**
	Composite, sa	45.0	46.3	45.1	45.2
Thu	**Policy Rate**				
Nov 05		**Jun**	**Aug**	**Sep**	**Nov**
2:00pm	%	6.50	6.50	6.50	6.50

Review of past week's data

Trade balance

	Jul	**Aug**	**Sep**
Balance (US$ bn)	-0.8	0.6	-0.6
Exports (US$ bn)	81.4	78.0	77.8
%oya	43.7	40.4	37.9
Imports (US$ bn)	82.3	77.4	78.4
%oya	45.0	34.2	33.1

Real GDP (flash estimate)

	1Q26	**2Q26**	**3Q26**
%oya	0.5	1.9	~~3.1~~ 3.2
%q/q, saar	-1.4	5.8	~~4.2~~ 3.7

Sources: Banxico, IMEF, INEGI and J.P. Morgan

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

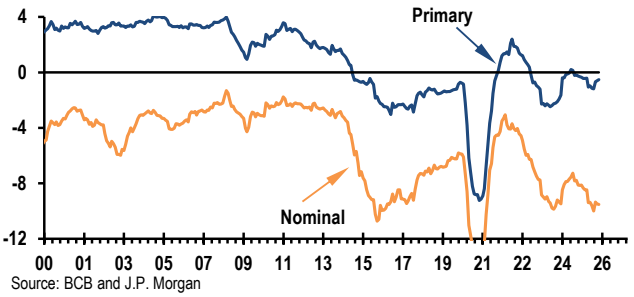
Gustavo Ribeiro (55-11) 4950-4059
gustavo.ribeiro@jpmorgan.com

Brazil

- **With the election behind us, focus turns to the economic team and the policy agenda**
- **We do not expect significant departures from the policies of the past four years**
- **The COPOM meets next week, and we expect the calibration cycle to be interrupted—for now**
- **Inflation has re-accelerated even as recent data reinforce the view of an economic slowdown**

President Lula won the 2026 presidential election, extending his mandate. While we do not anticipate meaningful changes to economic policy, attention now shifts to the decisions that will signal the policy direction. The most closely watched is the economic team—a choice that could take some time to become official. Several names have been discussed in local media, particularly Piaui's re-elected Governor Rafael Fonteles and Vice President Geraldo Alckmin. The central challenge for the next minister will be to address the nominal fiscal deficit, which reached 9.5% of GDP in September (Figure 1).

Figure 1: Fiscal balance
12-month trailing, as % of GDP.



Source: BCB and J.P. Morgan

A set of measures could be implemented to signal some compensation for the additional fiscal slippage seen during the campaign. One option, consistent with remarks made before the campaign by the economic team, would involve revising the parameters of the fiscal framework—lowering the upper (2.5%) and/or lower bound (0.6%) of the real spending-growth band. This would ease some of the pressures on mandatory spending, particularly the minimum wage. Another, suggested this week by Minister Durigan, would be a legal change to formally target the mid-point of the fiscal goal, tightening budget execution. In our view, however, promising tighter constraints is insufficient on its own; a credible signal would require revisiting broader spending rules—especially indexation and mandatory outlays—rather than adjusting framework parameters alone.

A second focus will be next week's COPOM decision and the eventual appointments to the BCB in the coming months.

Two directorships have been vacant since early this year—previously the Deputy Governor for Economic Policy and the Deputy Governor for Supervision of the Financial System—and two additional mandates expire in February, those of Deputy Governors Nilton David and Ailton Santos. Both could be reappointed for a second and final term if they and the government choose to renew their mandates. These decisions will help clarify how the BCB's reaction function might evolve, and whether it will differ from recent behavior.

With the 2027 budget process underway, the BCB vacancies to be decided amid rising inflation pressures, and a congressional transition at the turn of the year, markets are waiting for signals. Economic policy faces a narrow window to anchor expectations and avoid repeating past disappointments. Without a clear adjustment strategy—and the political will to deliver it—the risk is that debt dynamics deteriorate further, leaving Brazil exposed to higher rates, persistent volatility in asset prices (notably the exchange rate), and a more challenging macro environment heading into the new mandate.

The end of the calibration cycle

Even with growth decelerating, we expect the BCB to keep the policy rate unchanged at 13.75% at next week's meeting. The statement should justify the interruption of the calibration cycle by emphasizing inflation persistence, heightened uncertainty in the global and domestic outlook, and the continued deterioration in inflation expectations. Consistent with recent communications, the Committee should reiterate data dependence and avoid explicit guidance on the next policy steps. We still recognize a non-trivial risk of another cut next week—an outcome that would likely be poorly received by markets—but the balance of risks around our policy-rate forecast has shifted.

If the slowdown in activity is confirmed and begins to translate more clearly into lower inflation and better-anchored expectations, the BCB could resume the calibration cycle at some point in 2027. Stronger coordination between fiscal and monetary policy would be key to sustaining the rate-reduction process. Conversely—and increasingly plausible, in our view—a sharper deterioration in expectations and the exchange rate could eventually require higher interest rates.

Data round-up

A range of data were released this week, spanning external, fiscal, labor-market, and credit indicators for last month. New loan origination contracted 0.8% m/m, with household flows down 1.8% and corporate flows up 1.4%. The pattern in new lending reflects the impact of higher interest rates, elevated indebtedness, and tighter credit standards, with a shift toward higher-risk, higher-cost products. Although supported partly by strong growth at the turn of 2Q into 3Q, the declines in new lending over August and September reinforce the broad-

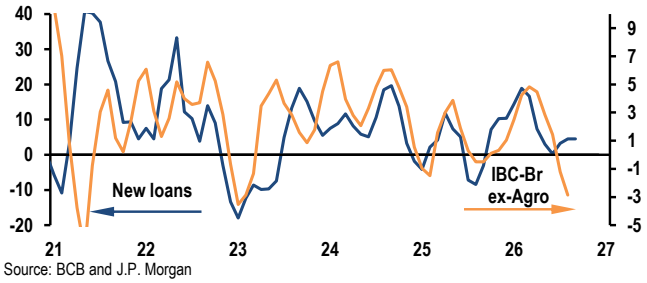
Vinicius Moreira (55-11) 4950-3195
vinicius.moreira@jpmorgan.com
Banco J.P. Morgan S.A.
Mirella Sampaio (55-11) 4950-3289
mirella.sampaio@jpmorgan.com

Gustavo Ribeiro (55-11) 4950-4059
gustavo.ribeiro@jpmorgan.com

er deceleration in activity (Figure 3).

Figure 2: IBC-Br ex-agro and credit growth

%3m/3m, saar, both scales

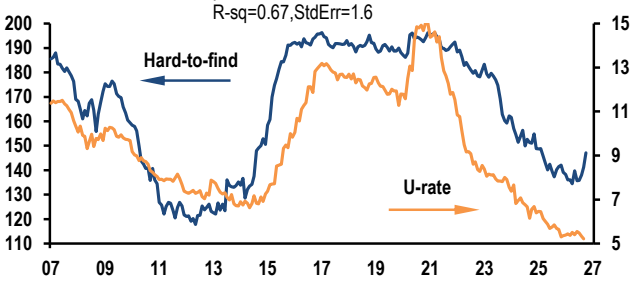


Source: BCB and J.P. Morgan

While there has been some deceleration in job generation and in real wage growth, which is in line with the expectations of an economic deceleration, the labor market conditions continue to be tight. The unemployment rate is estimated to be at multi-decade lows in September, despite the recent increase in consumers' perception of the easiness to find jobs (Figure 3).

Figure 3: Unemployment rate and hard-to-find jobs

Diffusion index, sa — y=-2.53 + 0.07*x, R-sq=0.67,StdErr=1.6 — %, sa, pandemic omitted

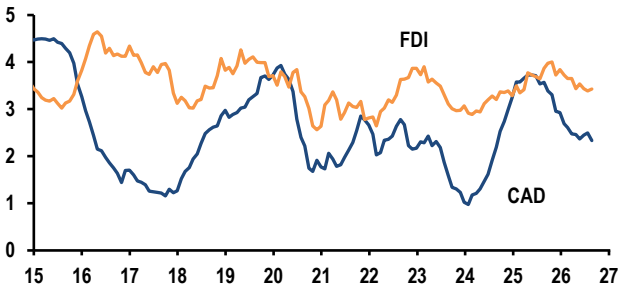


Source: IBGE, FGV and J.P. Morgan

Finally, the current account deficit (CAD) narrowed to 2.3% of GDP, the lowest since 2024, although recent readings suggest the pace of improvement is easing. FDI inflows were strong in September, lifting FDI to 3.4% of GDP over the trailing 12 months (Figure 4). Portfolio flows recorded another outflow, and we anticipate a further round of portfolio outflows in October given recent market dynamics.

Figure 4: CAD and FDI

% of GDP



Source: BCB

Data releases and forecasts

Week of November 02 - 06

Wed Nov 04 11:30am	**Formal job creation**	**Jun**	**Jul**	**Aug**	**Sep**
	Net, in thousands (nsa)	145.2	58.5	165.8	200.0
Wed Nov 04	**COPOM meeting**	**Jun**	**Aug**	**Sep**	**Nov**
	Selic rate	14.25	14.00	13.75	13.75
Thu Nov 05 7:00am	**Industrial production**	**Jun**	**Jul**	**Aug**	**Sep**
	%m/m sa	-1.6	0.2	-0.6	-0.6
	%oya	1.7	-0.5	-1.2	-2.2

Week of October 26 - 30

Current account balance

	Jul	**Aug**	**Sep**	
Current account (CA)	-9.5	-5.5	~~-6.3~~	*-5.1*
CA, 12-month sum	-61.9	-63.7	~~-60.5~~	*-60.0*
CA, 12-month sum, %GDP	-2.5	-2.5	-2.3	
Foreign direct investment	6.9	7.4	~~7.5~~	*11.3*

Wholesale prices (IGP-M)

	Aug	**Sep**	**Oct**	
%m/m	-0.22	1.57	~~1.29~~	*1.47*
%oya	2.16	3.34	~~5.05~~	*5.24*

Fiscal sector

	Jul	**Aug**	**Sep**	
BRL bn				
Primary	-1.4	10.0	~~0.0~~	*5.5*
12-month sum, as % of GDP				
Primary	0.7	0.6	~~0.6~~	*0.5*
Nominal	9.3	9.5	~~9.4~~	*9.5*
Net debt, % of GDP	69.1	69.3	~~69.5~~	*70.0*

National unemployment rate

	Jul	**Aug**	**Sep**
Rate, 3-month average (nsa)	5.3	5.3	*5.2*

Source: BCB, FGV, IBGE, Ministry of Labor and J.P. Morgan

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

Gustavo Ribeiro (55-11) 4950-4059
gustavo.ribeiro@jpmorgan.com

Brazil Focus: Fiscal consequences of the electoral cycle

- Lula won Sunday's runoff with a narrative and late-campaign policies that reinforce fiscal challenges for 2027
- Incoming team may propose changes to the fiscal framework, but low-hanging fruit is limited
- New economic, political, and social team announcements will be important near-term signals to watch
- Higher financing costs amid activity slowdown suggest upside risk to our debt forecasts

Fiscal policy—particularly through the lens of debt stabilization—remains the primary driver of asset prices and economic expectations in Brazil. With the continuity under President Lula now confirmed, we take stock of the measures implemented and commitments made during the campaign, and outline policy options that could alleviate spending pressures going forward.

The starting point has deteriorated markedly over the course of the campaign, reflecting recent measures and commitments that were made on both sides of the aisle as the race unfolded (Table 1). On the expenditure side, the government announced an expansion of cash transfers, including Bolsa Família and Pé-de-Meia. Measures affecting small companies (MEI) included increased tax benefits and debt forgiveness, with financial relief of up to BRL 5,000 per company. The new debt renegotiation program also raised fiscal costs, and the reduction in the workweek—now enacted—could have knock-on fiscal effects for local governments, in addition to private sector costs.

Table 1: Summary of recent proposals

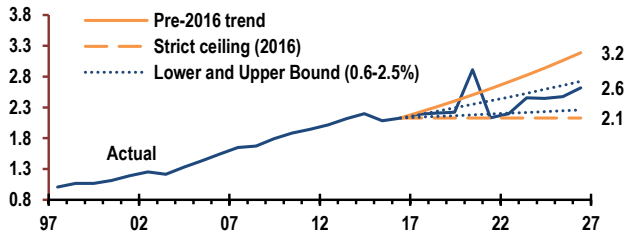
Theme	Flávio Bolsonaro (PL)	Lula (PT)
Debt renegotiation / Desenrola	Government to buy debts from banks, with between 6 and 12 months' grace refinanced via Caixa. No estimate given.	Treasury buys bank portfolios at a discount (up to R$150 bn eligible). Cost capped at R$15 bn per year.
Micro-entrepreneurs / small business	Novo Perse (tax breaks for tourism and events, created under Jair Bolsonaro and ended in 2025). No estimate given.	Increase in tax benefits, debt forgiveness and up to R$5k for investment. Renewed support for Perse as well. No estimate given.
Bolsa Familia and transfers	Maintenance of existing benefits ("no cuts"), with controversy over two-year transition rule for beneficiaries moving into jobs.	+15% readjustment was rolled over between October 19 and 21st, estimated cost over R$20 bn from 2027 onwards.
Tarifa zero (free bus fares)	-	Free public transport on weekends, funded via parliamentary amendments. Cost estimated at R$12 bn per year.
Tax and cost of living	Pix cashback: part of spending on bills returned via Pix. No estimate given.	-

Source: Bloomberg Finance L.P, Globo, Band, Electoral Court (TSE) and J.P. Morgan

Beyond measures already implemented, the administration has proposed additional initiatives with potential fiscal implications. The government formally submitted to Congress last week a constitutional amendment proposing free bus fares on weekends, to be financed by existing lawmakers' amendments, and signaled a proposal for debt forgiveness for the entertainment sector. On the revenue side, the proposed prohibition of betting and, in particular, the renewal of fuel subsidies and fuel-tax reductions would put downward pressure on revenue growth.

The electoral narrative makes major departures from the current fiscal policy framework—one that has been consistent with a marked increase in expenditures—unlikely at this stage. While changes in policies under a rigid budget have small effects in the short-term, their impact on the medium-term fiscal outlook can be meaningful, as recent history has shown, with consequences to market prices and economic agents' expectations (Figure 1).

Figure 1: Primary expenditures (federal government)
in Aug-26 BRL trillion



Counterfactual proxies based on alternative rules, details available upon request.
Source: National Treasury and J.P. Morgan

Potential measures to alleviate fiscal pressures

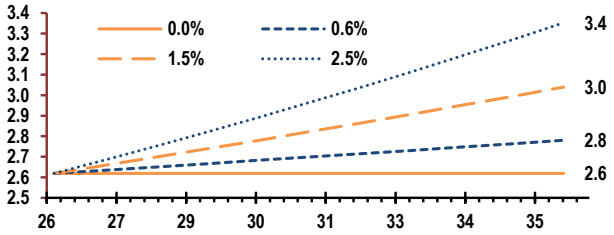
A set of measures could be implemented to signal compensation for additional fiscal slippage, though the likelihood of adoption varies. One alternative, consistent with recent speeches by the economic team, involves a review of key parameters of the existing fiscal framework—reducing the upper and/or lower bound (0.6% to 2.5%).[4] By enacting these changes via law, the government could signal a commitment to tighter execution than the budget sent in August, addressing pressures on mandatory spending, especially the minimum wage. Law 14.663/2023 capped real gains to fiscal framework parameters, linking wage policy to fiscal discipline (Article 4 of Law 15.077/2024). Another potential constraint to delivering a tight budget execution, as suggested by Finance Minister Durigan this week, would be to somehow change the law to formally pursue the government's mid-point of the fiscal target.

4. Ministro da Fazenda fala em 'apertar' o arcabouço fiscal para ajudar política monetária, Globo, August 21

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

Gustavo Ribeiro (55-11) 4950-4059
gustavo.ribeiro@jpmorgan.com

Figure 2: Primary expenditures under different rules
in Aug-26 BRL trillion



Counterfactual proxies based on alternative rules, details available upon request.
Source: National Treasury and J.P. Morgan

Promising more constraints alone is insufficient, in our view. The administration's focus on marginal primary results and rising debt has not been able to anchor prices or expectations. We believe delivering better fiscal results will require reforms to tackle rising pressures on mandatory expenditures beyond the minimum wage, including, though not limited to, reviewing the constitutional linkage between revenues and spending, and reassessing the rules for social benefits and tax and credit subsidies (Table 2).

Table 2: List of reforms

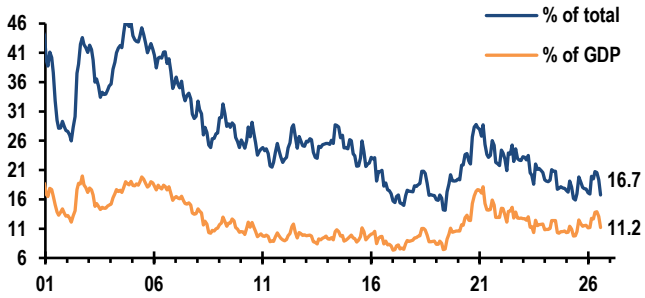
Potential initiatives	Legislation	Impact
Changes to indexation mechamisms (healthcare, education and other spending)	Constitutional Amendment	High
Reviewing the minimum wage rule to establish only inflation	Provisional measure or Law	High
Social security reform	Constitutional Amendment and/or Law	High
Change in revenue items accounting as Net Current Revenue	Complementary Law	Medium to High
Reducing the fiscal framework parameters (0.6-2.5% real growth)	Complementary Law	Medium
Review of credit and tax subsidies	Law and/or Constitutional Amendment	Medium
Review of Fundeb financing rules (transfer for education)	Constitutional Amendment	Medium
Change in elegibility parameters for social transfers	Ordinary Law	Low to Medium
Cut in parliamentary amendments (Emendas)	Constitutional Amendment and Laws	Low to Medium
End of salary bonus (Abono Salarial)	Constitutional Amendment	Low to Medium
Reviewing and bundling programs to optimize use of resources	Ordinary and Complementary Law	Low to Medium
Administrative reform	Constitutional Amendment and Laws	Low
Combating fraud in transfer programs	Ordinary Law	Low
Enforcement of cap on 'supersalaries'	Ordinary Law	Low
Military pension reform	Ordinary Law	Low

Source: J.P. Morgan.

All such options have been discussed in the past. Their approval would require significant political negotiation, a committed economic team and a well-coordinated cabinet. While immediate stringent measures would likely be welcomed by markets, we reckon that there are important hurdles. The first is the appointment or confirmation of a Finance Minister who would endorse such policies. Second, but more critical, would be presidential approval.

Postponing announcements in a more fiscally prudent direction will likely come at a steep cost, adding pressure to the National Treasury's financing costs (Figure 3). There appears to be an opportunity to reduce the dissonance between the campaign narrative and the market's angle by making adjustments to the 2027 budget and fiscal framework ahead of the December vote. The risk, however, seems to match the December 2024 experience—when the government opted for an unambitious package that did not match the concerns of the market. At the time, the consequences included higher rates and a more depreciated BRL. In the absence of a response, a similar fate may follow, reinforcing a negative balance of risks to our economic outlook.

Figure 3: Share of debt maturing in 12 month
%



Source: National Treasury and J.P. Morgan

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 and Argentina have reached a staff-level agreement on third program review, unlocking US$900mn disbursement upon Board approval**
- **Sentiment indicators rebounded in October**
- **Formal job creation remained flat in August while construction bounced**

The IMF and Argentina reached a staff-level agreement on the third review of the country's 48-month Extended Fund Facility (EFF), unlocking a US$900mn disbursement upon Executive Board approval, expected in early December. The Fund highlighted continued disinflation and a stronger external position, with net international reserves exceeding the end-June program target by around US$4bn and BCRA FX purchases approaching US$16bn year-to-date. Policy commitments include maintaining a primary fiscal surplus of 1.4% of GDP in 2026 and a similar fiscal effort in 2027, calibrating monetary policy to support disinflation and reserve accumulation while preserving exchange-rate flexibility, and sustaining the FX financing strategy to strengthen buffers and extend debt maturities. The agreement also prioritizes domestic capital-market development, strategic investment under the RIGI framework, and infrastructure concessions to support medium-term growth and employment. In addition, the authorities agreed to preserve readiness to access international capital markets when conditions permit and activate contingent credit lines as needed.

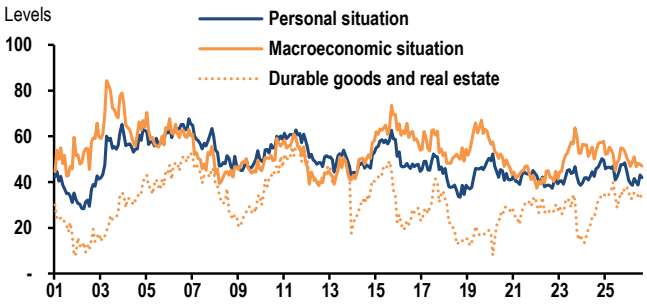
Sentiment indicators rebounded in October

As the start of the 2027 presidential cycle comes closer, tracking sentiment indicators gains relevance as a possible prelude not only for economic activity but also for popular support for the Milei administration. This time, both indexes surveyed by Universidad Di Tella (UTDT) as the consumer and government confidence index (ICC and ICG, respectively) experienced monthly gains in October, though still showing a wide regional dispersion as noted below.

Since year-end 2025, both indices have declined—ICC by 8.8% and ICG by 20.7%. Since April, however, they have largely oscillated within a similar range: strong monthly gains have tended to be followed by pullbacks (and vice versa), with most month-to-month moves remaining within the sampling error. Even so, both indices have averaged around 40%, which is relatively high compared with levels typically observed by the third year of a presidential term.

On the consumer side, the ICC replicated the dynamic seen in the prior month and rose 0.8% m/m to 41.5%, chaining two months of growth but still remaining below end-2025 levels—it declined 8.8% YTD. On a regional basis, the ICC jumped 6.8% m/m in the City of Buenos Aires where it stood at 39.7%, while it declined marginally in both Greater Buenos Aires and the Interior—0.2% m/m in both, moving to 39.5% and 46%, respectively. Broken down by component, whereas the personal and macroeconomic situation of those surveyed worsened by -2.6% and -1.6% m/m, the 'consumption of durable goods' category climbed 8.8% and recorded its highest level since March (Figure 1).

Figure 1: Consumer confidence index breakdown



Source: UTDT and J.P. Morgan

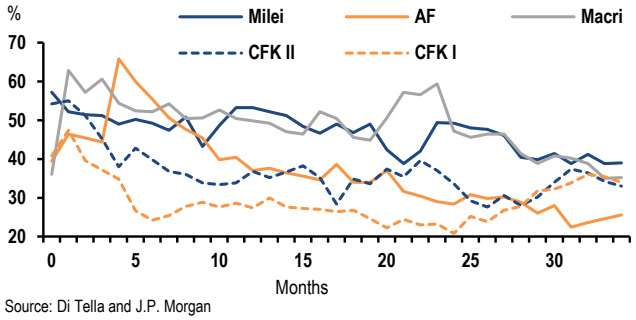
Turning to the government index, it posted a 0.5% m/m increase and stood at 39%, following the sharp contraction seen the prior month (-5.8% m/m nsa). By region, the index plunged in Greater Buenos Aires (-5.8% m/m, 32.4%), after it stayed flat in the prior month and reversed the gain registered in August. On the other hand, CABA and the interior of the country showed monthly hikes (+2.2% and +3.4% m/m, respectively), and stand at 37.6% and 42.6%.

Relative to past administrations, ICG remains above comparable readings at the same point in the presidential cycle: +16.5% versus Cristina Fernández de Kirchner's terms, +10.8% versus the Macri administration, and more than 50% above the last Peronist mandate (Figure 2).

Note that the uptick in the government confidence index follows two consecutive months of real wages gains in the formal sector, though levels remain 2.6% below (sa) year-end 2025 levels and 6% below 1Q26, the most recent peak.

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

Figure 2: Government Confidence Index - Comparison



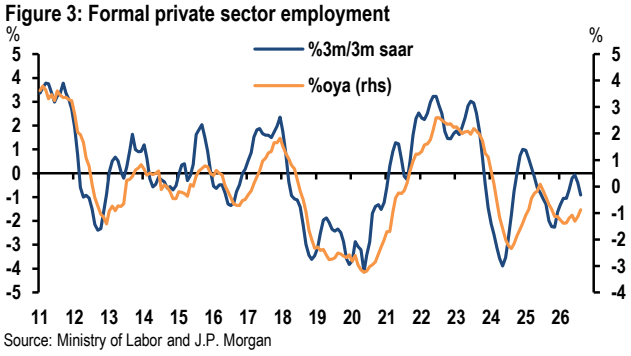
Source: Di Tella and J.P. Morgan

Formal job creation flat; construction bounced

In addition to sentiment indicators, tracking labor market dynamics has become increasingly relevant to assess the impact on government approval.

Labor-market data for August indicated that registered wage employment edged down 0.9%oya, improving marginally versus July (-1.1%oya) though not reversing the downward trend seen over the past 30 months (Figure 3). On a sequential basis, adjusting for seasonality (J.P. Morgan Chase's methodology) formal jobs remained stagnant at -0.02% m/m sa in August, compared to a -0.09% monthly average in the prior three months.

Figure 3: Formal private sector employment



Source: Ministry of Labor and J.P. Morgan

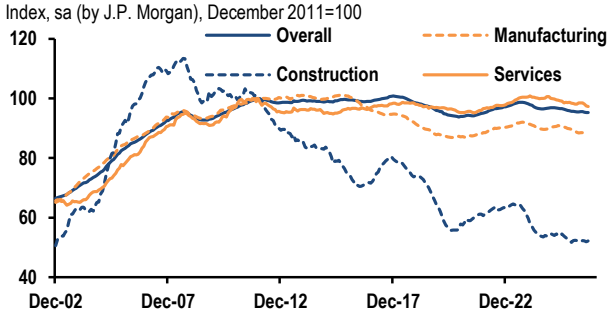
By sector, the encouraging news is that construction jobs rebounded on the month by 0.5% m/m sa, interrupting two months of sequential losses, while commerce came in flat following three months of negative prints. Manufacturing also posted a sequential gain of 0.2%m/m, sa, offset by further declines in 'Transport and Communications' and financial services (-0.35%m/m, sa and -0.16%m/m, sa respectively).

In level terms, formal employment stands 2% above the post-2003 average, but remains 3.9% below the 2016–2019 average—reflecting sizable shortfalls in manufacturing (-5.7%) and construction (-29.5%).

But these dynamics are not new, since formal job creation has been broadly flat on average over the past 15 years, while manufacturing and construction employment have been on a downtrend for roughly a decade (Figure 4). The counterpart has been a gradual shift toward lower-quality self-account employment, which has grown at an average 3% per year since 2013, as well as an increase in informality.

Figure 4: Formal private sector employment

Index, sa (by J.P. Morgan), December 2011=100



Source: Ministry of Labor and J.P. Morgan

Data releases and forecasts

Week of November 2 - 6

Mon Nov 2	**Tax revenues**				
		Jul	**Aug**	**Sep**	**Oct**
	%oya, real terms	1.0	0.0	3.7	—

Review of past week's data

No data releases.

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

- **Chile: As expected, the BCCh Board kept the policy rate unchanged at 4.5% in a unanimous decision**
- **The more hawkish tone adopted, though, prompts us to move up our call for the first 25bp hike to December**
- **The labor market remains weak: employment contraction, higher unemployment rate**

Chile: Hawkish hold points to December hike

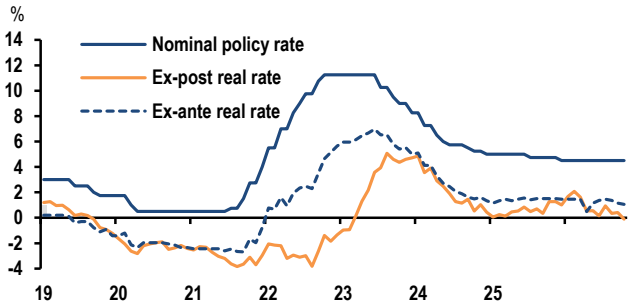
As expected, the BCCh Board kept the policy rate unchanged at 4.5% in a unanimous decision and retained its meeting-by-meeting guidance, but adopted a distinctly more hawkish tone amid mounting inflation concerns.

The key shift relative to September is not in recent inflation dynamics, which remain broadly in line with the September Monetary Policy Report (MPR), but in the assessment that inflation risks have increased materially, consistent with the upside risks we have recently highlighted. The Board noted that inflation projections for the coming months have risen significantly and now stand above the MPR's central scenario, reflecting the energy shock, El Niño-related food-price pressures, and broader global cost pressures, alongside a significant increase in short-term inflation expectations.

At the same time, the near-term activity outlook has weakened, mainly reflecting supply-side factors related to mining and the climate shock, while the possibility of more persistent economic weakness cannot be ruled out. Still, the medium-term investment outlook remains favorable, supported by investment surveys, elevated copper prices, the expected boost from the Reconstruction Law, and higher planned public investment. Against this backdrop, the Board emphasized that it will be particularly attentive to signs of greater pass-through and/or persistence of the inflationary shocks.

In all, while the meeting-by-meeting guidance was retained, the balance of risks has clearly shifted toward keeping policy restrictive for longer rather than responding to near-term weakness in activity. We had already seen the risk of a 25bp rate hike increasing, and this week's communication marks a clear break from the Board's previous balancing act between a negative output gap and upside inflation risks. We now expect the BCCh to hike 25bp at its December 15 meeting, taking the policy rate to 4.75%, followed by another 25bp hike in 1Q27 (Figure 1).

Figure 1: BCCh monetary policy rate



Source: BanRep, DANE and J.P. Morgan

Soft labor market

Labor market indicators remain soft, particularly when viewed through the unemployment rate and, increasingly, employment creation, consistent with the weak domestic demand performance observed year-to-date. The number of unemployed continued to increase in 3Q, both in over-year-ago and sequential terms, while the unemployment rate edged higher to its highest level outside the pandemic years and stands around 1.0/1.5%-pt above the upward-revised NAIRU estimates. Importantly, the increase in unemployment has been driven almost entirely by weaker employment, as labor force participation has remained broadly stable.

In September, employment creation momentum weakened further, contracting at a 2.85%3m/3m, annualized rate, while year-to-date employment has contracted at a 1.2% ar pace and the over-year-ago comparison has also turned negative. Overall, the weakening in employment dynamics remains consistent with the soft domestic demand performance observed year-to-date. The decline in total hours worked (-2.2%oya) reinforces the weak employment signal, pointing to continued softness in labor demand. Part of that decline reflects the cut in the statutory workweek to 42 hours in April, so hours are a less clean cyclical signal than headcount this year.

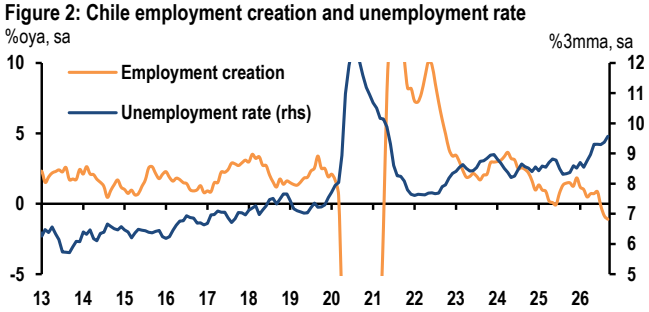
The sectoral breakdown suggests that job losses have been concentrated in manufacturing, financial and other services, and commerce, partially offset by stronger employment in construction, education, and real estate. By employment type, the quarterly contraction has been driven by formal salaried employment in both the private and public sectors, partially offset by an increase in self-employment as wage jobs disappear.

Unemployment dynamics remain concerning. Momentum in the number of unemployed remains strongly positive at 9.45%3m/3m, annualized, following a 30.1% surge in 2Q. Year-to-date, the number of unemployed has increased at a 17.2% ar pace, while the over-year-ago comparison also shows a double-digit increase (Figure 2). The rise in unemployment has been driven mainly by weaker employment, with the labor force remaining broadly flat year-to-date.

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

J.P.Morgan

Figure 2: Chile employment creation and unemployment rate



Source: INE and J.P.Morgan

Against this backdrop, the seasonally adjusted unemployment rate increased 20bp to 9.6%, its highest level outside the extraordinary pandemic years. The rate now stands around 2.7%-pt above its 2010-19 average and well above the 2025 average. Structural factors, including the cumulative increase in the real minimum wage, the phased implementation of the 40-hour workweek, higher unit labor costs, skills mismatches, and lower potential growth, have altered firms' hiring conditions and labor demand, contributing to the structural increase in unemployment. However, there is also a cyclical component to the weakness: the unemployment rate currently stands around 1.0/1.5%-pt above upward-revised estimates of the NAIRU. However, in our view, the gradual reduction of the statutory workweek has also taken a toll on employment, making the cyclical slack likely lower than what the unemployment rate deviation from NAIRU suggests.

Employment ratios contracted again, falling slightly below 56% for the first time since 2023 and standing around 1.7%-pt below their 2010-19 average. The more encouraging signal is that labor market weakness has not yet translated into lower participation, with the participation rate remaining broadly stable at around 62%, in line with its historical norm.

Colombia

Data releases and forecasts

Week of November 2 - 6

Wed Nov 4	**Exports**				
		Jun	**Jul**	**Aug**	**Sep**
	$bn	4.2	4.6	4.5	

Review of past week's data

National Unemployment

	Jul	**Aug**	**Sep**	
%, sa	8.30	9.70	~~9.00~~	8.70

Policy rate

	Aug	**Sep**	**Oct**	
%	12.00	12.25	~~12.50~~	12.25

Source: DANE, BanRep and J.P. Morgan estimates

Chile

Data releases and forecasts

Week of November 2 - 6

Mon Nov 2	**Economic activity**				
		Jun	**Jul**	**Aug**	**Sep**
	%oya	2.0	-1.5	-1.0	-0.2
Fri Nov 6	**CPI**				
		Jul	**Aug**	**Sep**	**Oct**
	%oya	3.5	4.1	4.1	4.61
	%m/m	0.1	0.6	0.4	0.56

Review of past week's data

Policy rate

	Aug	**Sep**	**Oct**	
%	4.50	4.50	4.50	

Unemployment

	Jul	**Aug**	**Sep**	
%	9.29	9.37	~~9.50~~	9.57

Retail sales

	Jul	**Aug**	**Sep**	
%oya	2.6	3.4	~~3.3~~	4.4

Manufacturing

	Jul	**Aug**	**Sep**	
%oya	-5.0	-2.6	~~-0.2~~	2.0

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

Peru

Data releases and forecasts

Week of November 2 - 6

No data releases.

Review of past week's data

No data releases.

Source: BCRP and J.P. Morgan estimates

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

United Kingdom

- **Budget delivers modest policy changes, deferring big decisions until next year**
- **BoE set to hike next week in a 7-2 vote...**
- **...sounding open to further tightening but without pushing December**
- **DMP inflation expectations rose further in October, but evidence of second-round effects remains absent**

The Budget this week featured mostly small policy announcements. Near-term giveaways were slightly larger than expected, adding £8bn (0.2% of GDP) to borrowing for this fiscal year and £4bn (0.1% of GDP) in 2027/28. But the overall macro impact is limited since support measures are generally temporary, with policy then tightening in the outer forecast years.

Giveaways included a £100 winter energy payment for around 20 million households, an extended VAT cut on electricity and a freeze in petrol duty through July. There were a raft of other smaller measures, but the impact on inflation is a modest -0.1% in 2026/27. An extra £1.8bn per year was allocated for defence, while business rates were lowered for high street firms. The giveaways were funded by targeted tax rises: a 3% increase in the Bank corporation tax surcharge (£2.2bn), higher gambling machine taxes (20% to 25%), increased taxes on property and savings income (£1bn), and administrative tax collection changes expected to raise £3.6bn by 2031/32.

Many tough decisions were deferred until next year's spending review, including how to fund a rise in defence to 3% of GDP and whether to proceed with planned real terms cuts to non-protected departmental spending in this parliament. Some reasons for the delay might include the current challenging market environment and hopes that lower borrowing costs next year will ease some of the constraints. But it is also possible that this Budget was designed to avoid tougher decisions to keep open the option of a potential early election. Burnham continues to push back on this but the case for it, in our view, is building.

The biggest surprise was the OBR's growth forecast: only a modest upgrade for 2026 (1.1% to 1.2%) alongside a downgrade for 2027 (1.6% to 1.0%). This looks notably pessimistic compared to our own forecast. Part of the discrepancy stems from the OBR's earlier data cut-off point, but the forecast is nevertheless too weak and suggests borrowing could undershoot the OBR's forecasts in the near term.

Borrowing was revised up from £116bn to £133bn for this fiscal year (from 3.6% to 4.2% of GDP). Future-year borrowing revisions were more contained as temporary supports unwind and policy tightens. Headroom was left at £15bn, but on our estimates this would have been closer to £20bn if a more recent growth forecast had have been used. The structural primary deficit is still projected to fall at an average 0.6% a year pace from 2026/27 to 2030/31 - broadly unchanged from before. But there are doubts about whether Labour will deliver this closer to the next election.

BoE set to hike next week

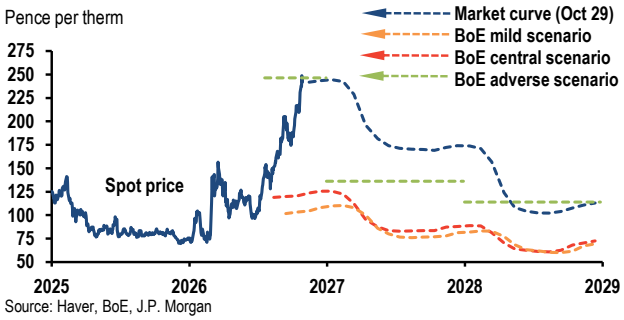
The BoE is expected to raise rates by 25bps to 4% next week, a long-overdue response to accumulating pressures that go beyond just inflation. Growth has been running well above the BoE's prior projections - 1.3% above its immediate post-war scenario - which should push the BoE's 2026 growth forecast up from 1.1% to 1.4%.

This growth strength is now being matched by a re-accelerating labour market. Our job nowcast points to a 0.7% annualized pace, the strongest since late 2024. Together with mixed signs about slack from the business surveys, this challenges the BoE's narrative that there is ample slack to control inflation. Alternative pay indicators are also running at a 3.5-4.0% pace and send a similar message. We expect the BoE to revise down its unemployment rate forecast for 2026 from 5.3% to 5.0%.

Oil prices are near the BoE's adverse scenario, while gas is running higher still (Figure 1). The risks of second-round effects are hence rising. This week, the BoE's DMP survey for October showed a further rise in year-ahead inflation expectations for both CPI (from 3.3%oya to 3.4%) and businesses' own pricing (from 3.9% to 4.0%). The BoE's separate monthly Agents' summary of business conditions reported that more firms are starting to provide estimates for their pay settlements for 2027, and most expect these to be broadly unchanged from 2026, at around 3.6%. This remains higher than the 3.25% estimate the Bank believes is broadly consistent with its 2% inflation target in the medium-term. But Agents noted that they are yet to see evidence of a late-year inflation premium being priced into 2027 pay settlements.

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

Figure 1: BoE July 2026 MPR natural gas price scenarios



Source: Haver, BoE, J.P. Morgan

In the absence of second-round effects crystallizing clearly in the official pay and inflation data, we expect the BoE will want to begin hiking at a moderate quarterly pace on the grounds of risk management. We hence don't expect the BoE to raise expectations for a December hike, and think the BoE will push back on the extent of market tightening assumed currently. We expect the BoE will show inflation peaking near 4.5% early next year, averaging 3.9% for the year, before easing to around 1.8% by the end of the forecast horizon—implying less tightening than the ~100bps currently priced by markets.

On the vote, we expect a 7-2 split with Alan Taylor and Swati Dhingra dissenting for a hold given their dovish leanings. The BoE's forward guidance has been largely unchanged since March ("stands ready to act as necessary"). But we expect this will be updated to say something like "will continue to act based on its assessment of inflation risks". That would be slightly hawkish, suggesting more tightening is to come, but without pushing December. We expect paragraphs from the committee's central ground members to echo this.

Data releases and forecasts

Week of November 2-6

Mon	**PMI survey final, manufacturing**				
Nov 2	% balance, sa				
9:30am				Flash	Final
		Aug	Sep	Oct	Oct
	Overall index	51.7	51.9	52.8	52.8
	Output	52.1	51.5	53.1	53.1
Wed	**PMI survey final, services & composite**				
Nov 4	% balance, sa				
9:30am				Flash	Final
		Aug	Sep	Oct	Oct
	Services business activity	52.5	52.1	53.1	53.1
	Composite				
	Output	52.5	52.0	53.1	53.1
	New orders	50.7	50.4	53.1	53.1
	Employment	48.9	48.9	50.5	50.5

Thu	**New car registrations**				
Nov 5	%3m/12m nsa				
9:00am		Jul	Aug	Sep	Oct
	Total	10.1	12.0	12.2	
	Private (ex. bus. and fleet)	14.0	13.9	14.3	
Thu	**PMI survey final, construction**				
Nov 5	% balance, sa				
9:30am		Jul	Aug	Sep	Oct
	Overall index	44.7	44.3	46.1	
Thu	**Bank of England MPC Decision**				
Nov 5	%				
12:00pm		Jul	Aug	Sep	Oct
	Policy rate	3.75	3.75	3.75	4.00

7-2 vote expected, see main text.

Fri	**Lloyd's house price index**				
Nov 6	sa				
7:00am		Jul	Aug	Sep	Oct
	%m/m	-8.1	-25.3	1.5	
	%oya	10.9	-39.2	-4.3	
	%3m/3m saar	-1.1	-0.3	-0.7	

Review of past week's data

CBI survey of distributive trades

% balance

	Aug	Sep	Oct	
Volume of retailer sales	-48	-55		*-10*

Money supply

Sa

	Jul		Aug		Sep	
M4 ex IOFCs (%m/m)	-0.3		~~0.5~~	*0.6*		*0.1*
M4 ex IOFCs (%3m/3m, ar)	~~2.2~~	*2.3*	~~2.8~~	*3.1*		*1.6*
M4 (%m/m)	~~-0.3~~	*-0.2*	0.4			*0.1*
M4 (%oya)	~~4.5~~	*4.6*	~~4.4~~	*4.5*		*3.9*
M4 lending (%m/m)1	0.0		~~-0.1~~	*0.0*		*0.4*
M4 lending (%oya)1	7.2		~~6.5~~	*6.7*		*6.2*

1. Excludes the effect of securitization.

Net lending to individuals (BoE release)

£ bn, average

	Jul		Aug		Sep	
Consumer credit (ch, m/m)	~~2.1~~	*2.3*	~~2.5~~	*2.7*		*1.9*
Mortgage approvals (000s, sa)	55.9		~~54.9~~	*54.8*		*53.4*
Secured lending (ch, m/m)	4.1		~~4.4~~	*4.2*		*3.9*

The slide in mortgage demand continued in September, with approvals for new house purchases edging down again to 53,443 from 54,814 in August. Activity in the housing market remains very sensitive to changes in quoted mortgage rates, and borrowing costs on two- and five-year fixed rate deals (with 75% LTV ratios) rose around 20bps in September. Swap

rates of the same maturity have risen a further 12-13bps during October, so further weakness in approvals over the next couple of months is likely. This could be exacerbated by policy measures relating to taxes on landlords announced during the Budget earlier this week.

Net new secured lending also softened to £3.9bn in September, down from £4.2bn a month earlier. This was the weakest month for lending since May, and well below the year's average flow of £4.8bn. This reflects the lagged impact of the slowdown in approvals seen through the summer. On the unsecured side, net consumer credit declined to £1.9bn in September, from £2.7bn in August. The weakness was broad-based across credit card lending and other forms of consumer credit, including car dealership finance and personal loans.

Nationwide house price index

Sa

	Aug		Sep		Oct	
%m/m	~~0.2~~	*0.1*	~~-0.2~~	*-0.3*		*0.0*
%oya	1.7		0.9			*0.6*
%3m/3m saar	-1.9		-1.7			*-0.7*

Decision maker panel survey

%

	Aug	Sep	Oct
Expected 1-year CPI	3.1	3.3	*3.4*
Expected 3-year CPI	2.7	2.9	*2.7*
Business-owned expectations	3.6	3.9	*4.0*

The BoE's DMP for October reported a further rise in firms' short-term inflation expectations. Businesses' own price expectations for the year ahead rose a tenth to 4.0%oya, while expectations of CPI inflation also climbed a tenth to 3.4%. But further out, there were signs of a moderation in medium-term expectations, with three-year ahead expectations for CPI inflation falling 0.3%-pts to 2.7%. After increases in August and September, the DMP showed wage expectations moderated back down to July's level of 3.3%.

Since the start of the Middle East conflict, the BoE added an extra question to the DMP survey asking firms how they expect higher energy prices to affect their business. October's edition showed a greater proportion of corporates now expect to lift prices in response (from 57% of firms in September to 68% of businesses in October). Slightly more firms now anticipate some margin compression (71% from 70%), while the proportion that expect to lift wages fell slightly (from 25% to 22%).

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

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

J.P.Morgan

Sweden and Norway

- **Riksbank next week to deliver its first hike this year, signalling more is to follow**
- **Core CPIF inflation for October to stay low next week**
- **Norges Bank to hold next week, but with clearer hints that further tightening may be required**

Central banks in Sweden and Norway have taken very different approaches to managing this year's inflation risks. The Norges Bank has been on the front foot, hiking twice ahead of expectations due in part to strong pre-existing inflation pressures. In contrast, the Riksbank held fire reflecting a low starting point for inflation and weak commodity price pass-through.

Since September, however, the case for tighter policy has strengthened in both economies, with higher energy prices, resilient Swedish growth and firmer Norwegian core inflation all pointing in the same direction. Next week, we look for a hike from the Riksbank alongside a signal that more is likely to come early next year. Meanwhile the Norges Bank is set to stay on hold following its decision to hike last month, but signal an openness to hiking again if strong external price pressures persist.

Sweden: Riksbank playing catch-up

The Riksbank was the first central bank this year to set out analysis showing that prolonged disruption to energy flows would likely call for tighter policy. Yet it has still to deliver a rate hike. We think that changes next week, with a 25bp increase to 2.0%.

Activity data continue to make a strong case for higher rates. Since September's meeting, GDP growth has slowed to 1.6%q/q saar in 3Q, a much smaller pullback than we or the Riksbank had pencilled in after 2Q's 6.4% surge. This means that, across the first three quarters of the year, the economy expanded at a 2.5% annualized pace and hence broadly in line with the signal from the PMI.

While some further moderation in momentum in 4Q is certainly plausible, not least given tentative signs that higher energy prices are starting to weigh more heavily on consumer confidence, growth is clearly running ahead of most estimates of trend (typically between 1.5-2.0% annualized in Sweden). This raises the question of whether Swedish policy is perhaps looser than previously assumed.

Inflation looks benign on the surface. Core CPIF inflation came in a bit softer than the Riksbank had expected in September, and at 0.5%oya, remains very low by advanced economy standards. However, underlying pressures are firmer. The Riksbank estimates that fiscal measures are subtracting around 1.1%-pts from core and 1.5%-pts from headline CPIF inflation. Higher fuel and energy prices, together with an unwinding in temporary fuel taxes, should lift headline well-above the 2.0% target in 4Q, and we expect core to firm through the winter towards 2.5% by April 2027.

September's communication pointed clearly to a hike before year-end, but not to a specific meeting. The minutes suggested that two members favoured a November hike, while the other three were undecided on November or December. September's rate path implied a 64% chance of a November move, and the meeting's minutes showed the Governor preferred November. His commentary since then has been assertive, and the Board has not overruled a Governor in over a decade. Therefore, we feel confident with our call for a hike at next week's meeting.

A December move cannot be ruled out completely, particularly given recent downside surprises on core and the fact that next week is not a forecast meeting. But the Riksbank skipped September when a hike was probably warranted. Growth has turned out strong and inflation risks have risen over the past month. We hence see little reason for delay. Nevertheless, a split vote is a likely outcome.

We expect guidance to replace references to hikes beginning this year, with something along the lines of "some further tightening is likely to be required over time". This would imply that more is to come, but without any urgency for hikes at consecutive meetings. The September policy path put an 80% chance on a second hike by March; we forecast one in 1Q27 and a third in 2Q.

Sweden: Core CPIF undershoot next week

Next week will also see the flash release of inflation data for October, although this will be published after the Riksbank's vote. We expect core CPIF inflation to remain steady at 0.5%oya (0.2%m/m nsa), slightly below the Riksbank's forecast of 0.6%oya. There are a lot of moving parts beneath the surface, but October is typically a tame month for core inflation and we think this will prove to be the case again next week. Overall, we anticipate a normal seasonal monthly increase.

Food and communication equipment prices are potential wild cards to watch out for. Monthly food price momentum has remained relatively soft of late. A large promotional campaign from a significant food retailer means we anticipate very limited upward pressure in October (+0.1%m/m nsa). However, we are mindful that other developed markets (including Norway) are showing early warning signs that a

widely expected upturn in food prices may be starting to materialise. Information and communication equipment prices have been very volatile in recent months, partly due to seasonal factors during the summer months. We have baked into our forecast the potential for some price hikes ahead of the Black Friday sales period, but large price rises (perhaps linked to AI-related demand for electronic parts) mean we see upside risks that could swing October's overall core outturn.

We look for headline CPIF inflation to edge down by a tenth to 1.4%oya (0.3%m/m nsa) in October (Riksbank: 1.5%), with energy prices broadly stable on the month. However, this reflects two offsetting factors. Fuel prices almost certainly picked up on the back of higher oil prices and the expiry of the first temporary fuel tax cut on October 1 (the second will come in December). In contrast, nationwide electricity prices appear to have moved modestly lower during October. This masks significant variation at the regional level with zones SE1, SE2 and SE3 seeing slight declines, while zone SE4 (southern Sweden) has pushed up against the SEK 1.50/kWh price ceiling. We look for CPI inflation of 0.3%m/m in October, which would bring the annual rate to 1.2%.

Norway: Norges Bank on hold

When the Norges Bank hiked in September, it suggested it could hold rates at an elevated level for some time to manage inflation. But it also warned that "if external price impulses prove stronger than currently assumed, a higher policy rate may be needed". We don't think that condition has been met just yet. Core CPI-ATE inflation was steady at 3.0%oya in September, just a tenth above the Bank's forecast. Next week is also not a forecast meeting, and the Bank has shown little appetite for an immediate follow-up hike. We hence expect rates to remain at 4.5% next week.

Our estimate of the technical policy path has moved up a bit since September, mostly on higher oil prices and to a lesser degree due to core inflation. However, stronger krone has provided a powerful offsetting force in recent weeks, while early signs of a moderation in pay growth and lower policy rate expectations abroad also serve as a counterweight. Mechanically, this would suggest that a 4Q hike is more likely than not, but we think the Board's judgement would pull the path lower to only slightly above September's projection.

Without a forecast update, forward guidance will hence carry the signal next week. Inflation risks have increased, and we expect the Bank to now sound more open to the need for a further tightening at some point. We expect a modest hawkish tweak in its language, for example by stating that "external inflationary pressures are intensifying, and the policy rate may have to raised again over the coming months". That would push the idea that further tightening might now be part of the Norges Bank's plans, but without necessarily advocating a move as soon as December. Our forecast is for one further hike in 1Q, although risks are probably skewed to an earlier move.

Sweden

Data releases and forecasts

Weeks of November 2 - November 13

Mon	**Purchasing managers' index (manufacturing)**				
Nov 2	% bal, sa				
8:30am		**Jul**	**Aug**	**Sep**	**Oct**
	Total manufacturing	56.0	56.3	58.1	_
Wed	**Purchasing managers' index (services)**				
Nov 4	% bal, sa				
8:30am		**Jul**	**Aug**	**Sep**	**Oct**
	Total services	54.6	56.0	57.4	_
Wed	**Riksbank Decision**				
Nov 4	%				
8:00am		**Jul**	**Aug**	**Sep**	**Nov**
	Policy Rate	1.75	1.75	1.75	2.00

See main text for our preview of next week's meeting.

Thu	**Consumer prices (flash)**				
Nov 5	Nsa				
8:00am		**Jul**	**Aug**	**Sep**	**Oct**
	CPI (%m/m)	-0.3	-0.3	0.9	0.3
	CPI (%oya)	0.2	0.3	1.1	1.2
	CPIF (%m/m)	-0.3	-0.3	0.9	0.3
	CPIF (%oya)	0.8	0.7	1.5	1.4
	CPIF ex. energy (%m/m)	0.4	-0.6	0.1	0.2
	CPIF ex. energy (%oya)	0.6	0.5	0.5	0.5

See main text for our preview of next week's flash release.

Review of past weeks' data

Weeks of October 19- 30

Producer Price Index

nsa

	Jul	**Aug**	**Sep**	
%m/m	0.1	0.9	_	*3.4*
%oya	6.4	6.8	_	*11.2*

Consumer Confidence Indicator

nsa

	Aug		**Sep**		**Oct**	
Total index	~~98.4~~	*97.9*	~~102.2~~	*102.3*	_	*94.3*

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

Consumer confidence plunged 8pts in October, entering negative territory as households' became more downbeat on the outlook for their own financial position and that of the broader Swedish economy. These moves were accompanied by evidence that households would respond to these concerns by saving more over the next 12 months. That said, the survey's measure of unemployment expectations also ticked up in October but remains very low by historic norms and well shy of levels seen before the Middle East conflict began.

Economic Tendency Indicator
nsa

	Aug	Sep		Oct	
Total index	105.1	~~107.1~~	*107.2*		*108.1*

The NIER's Economic Tendency Indicator continued its strong upward march in October, climbing 0.9pts to 108.1.

GDP indicator
%m/m, sa

	Jul		Aug		Sep	
Total index	~~-0.7~~	*-0.4*	~~1.1~~	*1.2*		*-0.8*

The GDP indicator contracted 0.7%m/m in September. This was materially weaker than our model prediction and various other indicators, so we scope for the reading to be revised higher at a later stage. The release also contained upward revisions to the outturns for June, August, and July. The revisions meant that the level of output in August was left 0.5% higher than in last month's release, thus mitigating the impact of September's disappointing outturn.

Retail sales
Sa

	Jul		Aug		Sep	
%m/m (ex. petrol)	~~-0.1~~	*0.0*	~~0.8~~	*0.9*		*-0.4*
%oya (ex. petrol)	6.7		~~6.7~~	*6.9*		*5.6*

Real GDP (flash)
Cal. adj. and sa

	1Q26	2Q26	3Q26	
GDP (%q/q, saar)	-0.3	6.4	~~0.5~~	*1.6*
GDP (%oya)	2.3	3.2	~~2.7~~	*3.0*

The quarterly GDP indicator reported another healthy gain in 3Q, with output rising 1.6%q/q saar. We had feared a larger downward correction after a 6.4% surge in 2Q, but growth came in above both our forecast and the Riksbank's. Compared to 3Q25, output was up 3.0%oya.

No breakdown of the flash quarterly GDP indicator is available. However, the monthly consumption data for July-August, as well as weekly consumption data for September, point to private consumption making a strong positive contribution. The net export of goods also looks to have played a supportive role in 3Q's expansion. The details and final GDP for 3Q will be published on November 27.

Source: SCB, Swedbank, Silf, AMS and J.P. Morgan forecasts

Norway

Data releases and forecasts

Weeks of November 2 - 13

Thu	**Norges Bank Policy Rate Decision**				
Nov 5	%				
8:00am		**Jul**	**Aug**	**Sep**	**Nov**
	Policy Rate	4.25	4.25	4.50	4.50

See main text for our preview of next week's meeting.

Thu	**Industrial production**				
Nov 6	Sa				
8:00am		**Jun**	**Jul**	**Aug**	**Sep**
	%m/m	7.5	-7.1	1.0	
	%oya	8.1	-0.8	-0.7	

Review of past weeks' data

Weeks of October 19- 30

Retail sales
Sa

	Jul		Aug		Sep	
%m/m (ex. petrol)	-0.2		~~0.6~~	*0.7*		*-0.5*
%oya (ex. petrol)	~~0.0~~	*-0.1*	~~0.7~~	*0.8*		*0.1*

Unemployment rate (Norwegian Welfare and Labour Org.)
%, sa

	Aug		Sep	Oct	
% of labor force	~~2.0~~	*2.1*	2.0		*2.0*

Source: Statistics Norway, LFS and NAV and J.P. Morgan forecasts

Next publication: November 6

The author wishes to thank Edward Allenby of J.P. Morgan's Western Europe Economics team for his valuable contribution to this note.

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

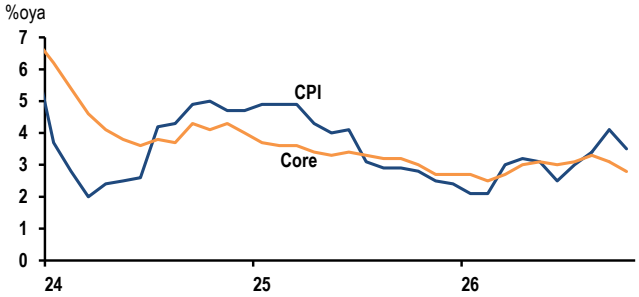
Central Europe

- **Poland: Core inflation pace softened further in October**
- **Poland: The NBP will likely stay on hold next week, reassured by lack of domestic inflationary pressures**
- **Czech Republic: CNB to hike rates as core CPI lingers above 3%**
- **CEE: Mixed fortunes in 3Q26 GDP**
- **Hungary: Trade resilient in the face of weather and energy shocks**

Poland: Core CPI comes in soft again

Polish CPI fell to 3.5%oya in October from 4.1%oya (Figure 1), below expectations (Consensus: 3.7%oya; J.P. Morgan: 3.6%oya). While a sizeable decline was expected following the temporary cut in fuel VAT, energy was stronger than anticipated: fuel prices fell 9.7%m/m versus our forecast of -12.4%, while other energy prices rose 1.6%m/m. Food prices increased 0.3%m/m, confirming the recent turn in momentum, although food inflation remains slightly negative in annual terms.

Figure 1: Poland inflation

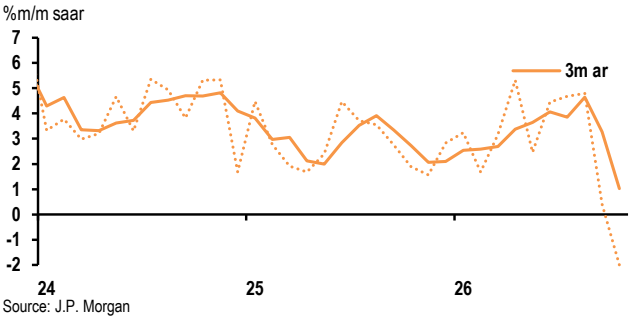


Source: GUS, J.P. Morgan

Core CPI has not yet been published, but from the available information, we estimate that it likely fell by 0.2-0.25%m/m, considerably softer than the +0.1%m/m we had expected. If confirmed by the final data, it would imply core CPI falling from 3.1%oya to around 2.8%oya, compared with our baseline for an unchanged 3.1% reading. This marks a second consecutive month of core deceleration and a second consecutive downside surprise.

On a seasonally adjusted basis, we estimate that core fell by around 0.17%m/m sa, equivalent to roughly -2% annualized. Combined with the softer September print, this implies a collapse in the three-month saar pace to around 1% (Figure 2). We do not think this pace is representative of the underlying inflation trend. We will need to wait for the detailed release to understand exactly what is driving the weakness, but we suspect one or two outlier items may be behaving erratically and distorting the overall basket. If so, we would expect some upward correction in core inflation momentum over the coming months.

Figure 2: Poland Core CPI momentum



Source: J.P. Morgan

Poland: NBP to stay on hold next week

Despite the energy shock, domestic inflation pressures remain contained: consumption is slowing, wage growth is moderating and core inflation is moderate, with limited evidence of second-round effects. Uncertainty over energy tariffs and the future of government shielding measures also argues for patience. We therefore expect the NBP to emphasize the absence of meaningful domestic inflation pressures next week and retain a wait-and-see stance, effectively pushing the next policy decision into 1Q27. There is also a good chance that the new projections will present two scenarios: a baseline incorporating only measures already legislated, implying a rebound in energy inflation in January, and an alternative assuming an extension of the energy shields.

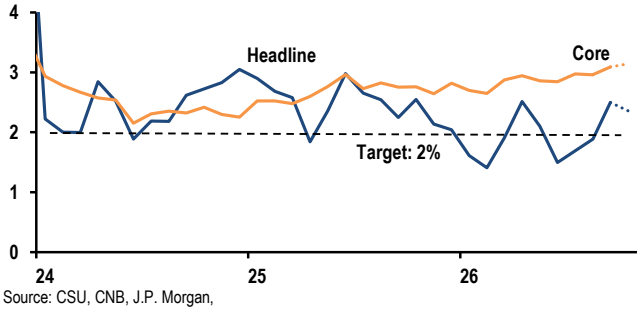
For now, our inclination is that the NBP will remain on hold through 2027. The risk to this view is clear, however: the longer energy prices remain elevated, the greater the likelihood that second-round effects eventually emerge and force the NBP to respond. For now, however, we appear to remain some distance from that point.

Czech Republic: Two and done?

In addition to the NBP, the CNB also has a rate-setting meeting next week, preceded by the October flash CPI release a day earlier. We do not expect the print to materially change the inflation outlook. Headline CPI likely moderated marginally from 2.5%oya to 2.4% (Figure 3), helped by favourable base effects in food.

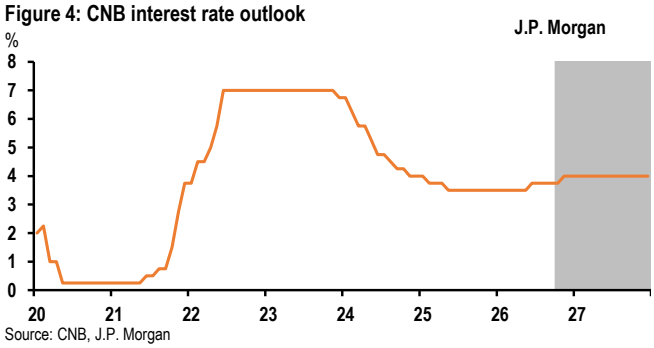
Jose Cerveira (44-20) 7742-3556
jose.a.cerveira@jpmorgan.com
J.P. Morgan Securities plc
Nicolaie Alexandru-Chidesciuc (44 20) 7742-2466
nicolaie.alexandru@jpmorgan.com

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



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

Figure 4: CNB interest rate outlook
%



Source: CNB, J.P. Morgan

Although food prices remain lower than a year ago, recent dynamics suggest they may be approaching a turning point, making food one of the key areas to watch in next week's release. We expect a 0.4%m/m increase following four consecutive monthly declines, although base effects would still push the over-year-ago rate down to -4.2%oya from -3.5%. Fuel prices were broadly unchanged this month according to surveys, but low base effects likely lifted the annual rate sharply to 37.7%oya from 27.8%. For the CNB, however, the more important signal will come from core inflation.

We expect it to remain broadly stable at 3.1%oya, with some risk of a 3.2% reading. Rental inflation has moderated, while core goods inflation has been relatively strong over the past couple of months, and we expect some respite there in October. Core services inflation likely remained firm.

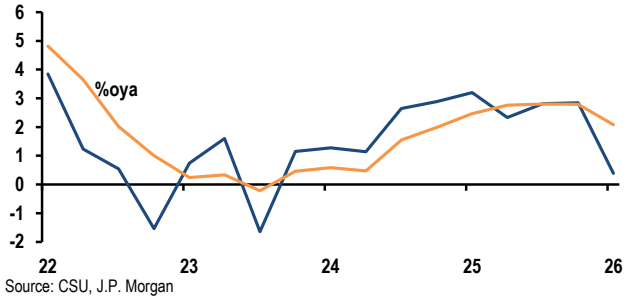
For the CNB, the stars have increasingly aligned for the hawkish rhetoric to translate into action. Energy risks have risen, wage growth remains elevated, credit expansion has been strong and, crucially, core inflation has remained firm, crossing the symbolically important 3% threshold in September. The new macro projections will likely show a higher near-term peak in core inflation, while higher Brent and EURIBOR assumptions should also translate into a higher PRIBOR path.

We expect, however, some mean reversion in the rate path further out, allowing the Board to use the forecast to justify a November hike without signalling the start of a more sustained tightening cycle. In recent communication, Board members have been keen to portray the November decision as still open and, more importantly, to push back against market pricing of nearly four additional hikes. We think that push-back is genuine: the Board appears uncomfortable with such an aggressive tightening profile and is trying to guide expectations lower. Still, the recent rise in oil and TTF prices skews the risks towards another 25-50bp of tightening in 1H27.

CEE: Mixed fortunes in 3Q26 GDP

The Czech and Hungarian economies delivered sharply different GDP outcomes in 3Q26. Czech growth accelerated to 0.5%q/q (Figure 5), exactly in line with expectations, as stronger services and consumption helped offset continued weakness in industry and investment. The latter is consistent with the softness seen in manufacturing data over the summer, particularly in automotive production. The weakness in capex is more disappointing, however, given our expectation that the final stages of RRF implementation would continue to support investment.

Figure 5: Czech Real GDP growth
%q/q saar

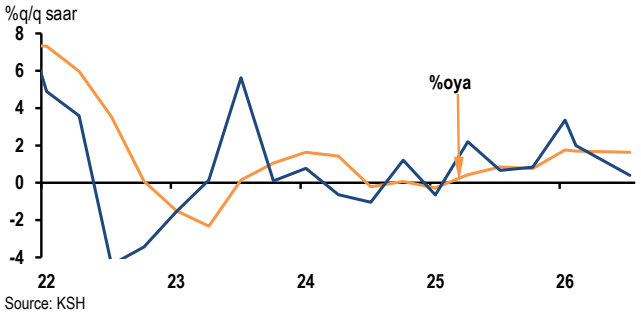


Source: CSU, J.P. Morgan

Hungary, by contrast, slowed sharply to just 0.1%q/q (Figure 6), significantly undershooting expectations and losing momentum relative to a strong first half of the year. The headline disappointment likely owes largely to agriculture, where the severe drought appears to have caused an even larger contraction than we had anticipated. Excluding agriculture, we estimate the economy may have expanded by around 0.8%q/q, with industry in particular benefiting from newly added automotive capacity and the ramp-up of the BMW plant. In that sense, the underlying Hungarian growth picture may be considerably stronger than the headline GDP numbers suggest.

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

Figure 6: Hungary Real GDP growth

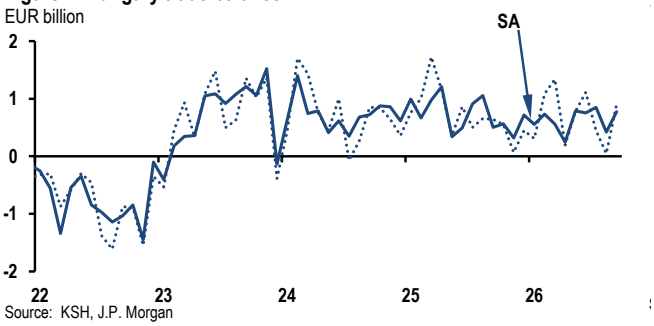


Source: KSH

Hungary: Trade resilient in the face of weather and energy shocks

The trade balance quickly recovered from the summer energy shock, rebounding to a EUR0.91bn surplus in September (Figure 7). August itself was revised to near balance from an initially reported EUR0.5bn deficit. The fact that the balance avoided a monthly deficit altogether over the summer and rapidly returned towards trend suggests the economy was much more resilient to the early-August weather shock than initially feared. Low water levels had temporarily forced a partial shutdown at the Paks nuclear plant, increasing Hungary's energy import needs.

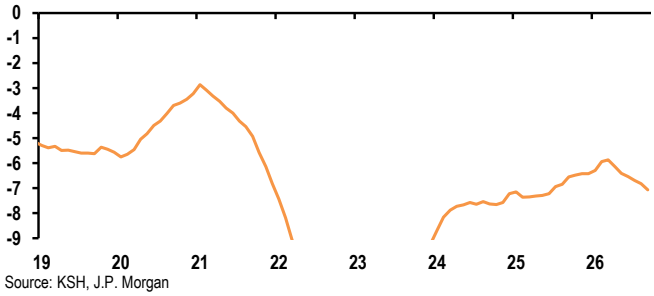
Figure 7: Hungary trade balance



Source: KSH, J.P. Morgan

Indeed, the recent deterioration in the energy balance appears to reflect higher commodity prices more than the temporary supply disruptions. Trailing 12-month net energy imports rose to EUR7.1bn in September, around EUR1.2bn above their pre-war lows, still a relatively modest deterioration given the increase in oil and natural gas prices.

Figure 8: Hungary net energy imports



Source: KSH, J.P. Morgan

Importantly, the higher energy bill is increasingly being offset by a recovery in non-energy trade. Export momentum has outpaced import growth over the past three months, led by a sharp rebound in the automotive sector. After several years of stagnation, newly installed capacity is finally moving into the production and export phase, providing a growing tailwind to the trade balance.

Data releases and forecasts

Czech Republic:

Mon	**PMI**				
Nov 2	Index				
9:00am		**Jul**	**Aug**	**Sep**	**Oct**
	PMI, Manufacturing	52.2	54.1	53.5	__
Wed	**Consumer prices**				
Nov 4	%oya				
9:00am		**Jul**	**Aug**	**Sep**	**Oct**
	%oya	1.7	1.9	2.5	2.4
	%m/m nsa	0.6	0.3	0.0	__
Thu	**CNB rate decision**				
Nov 5	%				

We expect a 25bp hike to 4%, see main text.

Fri	**Industrial output**				
Nov 6	%oya				
9:00am		**Jun**	**Jul**	**Aug**	**Sep**
	Production, nsa	7.0	0.0	2.8	__
	Production, wda	3.9	3.1	2.6	__
	%m/m sa	1.3	-1.1	0.3	__
Fri	**External trade**				
Nov 6	CZK bn				
9:00am		**Jun**	**Jul**	**Aug**	**Sep**
	Trade balance	12.7	-9.7	-5.3	__
	Ytd	98.7	89.0	83.7	__
	Ytd a year ago	129.8	126.3	126.6	153.6
	Exports %oya	9.9	4.4	8.5	__
	Imports %oya	14.1	6.0	10.2	__

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

J.P.Morgan

Hungary:

Wed	**Industrial output**				
Nov 4	%oya				
9:00am		**Jun**	**Jul**	**Aug**	**Sep**
	Production, wda	4.1	4.7	8.7	__
	Production, nsa	10.0	4.7	8.8	__
	%m/m swda	-1.3	1.8	1.0	__
Fri	**Retail trade**				
Nov 6	% change				
9:00am		**Jun**	**Jul**	**Aug**	**Sep**
	%oya wda	3.0	4.9	2.4	__
	%m/m swda	-0.4	0.9	-0.7	__

Poland:

Mon	**PMI**				
Nov 2	Index				
9:00am		**Jul**	**Aug**	**Sep**	**Oct**
	PMI, Manufacturing	49.0	48.3	49.0	__
Wed	**NBP rate decision**				
Nov 4	%				

On hold, see main text.

Romania:

Fri	**Retail sales**				
Nov 6	%oya				
9:00am		**Jun**	**Jul**	**Aug**	**Sep**
	Retail sales, sa	-7.4	-6.1	0.1	__
	%m/m, nsa	-1.3	0.7	2.3	__

Review of past week's data

Czech Republic:

Real GDP, preliminary

%oya, unless otherwise stated

	1Q26	**2Q26**	**3Q26**	
Real GDP, nsa	2.1	1.8	__	*1.6*
%q/q saar	0.4	1.1	__	*2.0*

Hungary:

Producer prices

%oya

	Jul	**Aug**	**Sep**	
Producer prices	1.0	4.8	___	*6.9*
Domestic	2.5	5.0	__	*7.2*
Export	0.3	4.7	__	*6.7*

External trade

EUR mn

	Jun		**Jul**		**Aug**	
Trade balance	1109		449		__	*46*
Ytd	~~4809~~	*4501*	~~5258~~	*4950*	__	*4996*
Ytd a year ago	~~5858~~	*5101*	~~6361~~	*5604*	__	*6262*
Exports, %oya	20.2		13.8		__	*19.8*
Imports, %oya	19.5		14.8		__	*27.4*

Real GDP, preliminary

%oya, unless otherwise stated

	1Q26	**2Q26**	**3Q26**	
Real GDP	1.7	1.7	__	*1.5*
%q/q saar	3.4	2.0	__	*0.4*

Poland:

Consumer prices, preliminary

%oya, unless otherwise stated

	Aug	**Sep**	**Oct**	
%oya	3.4	4.1	__	*3.5*
%m/m, nsa	0.3	0.7	__	*-0.4*

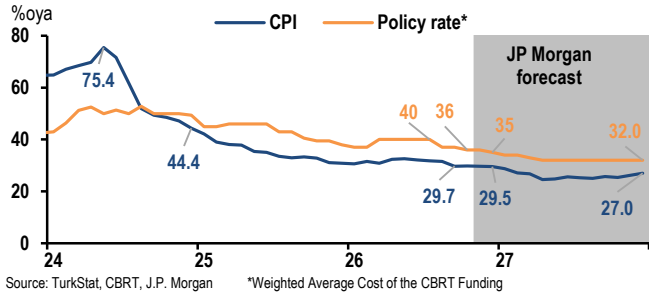
Fatih Akcelik (44 20) 3493 7285
fatih.akcelik@jpmorgan.com
J.P. Morgan Securities plc

Türkiye

- **October CPI to be elevated on fuel, food and seasonal clothing**
- **Underlying inflation remains benign amid slowing economic activity**
- **Labor market data point to increasing slack, consistent with weaker activity**

We expect October CPI (due November 3) to rise 2.6% m/m, leaving annual inflation broadly unchanged at 29.8% oya from 29.7% in September (Figure 1). The monthly inflation is likely to be driven by energy, food and seasonal clothing prices. Our nowcasting model points to a significant increase in fresh fruit and vegetable prices following two months of favorable readings. Meanwhile, elevated Brent prices continue to push energy prices higher, while the arrival of winter clothing adds further to the monthly inflation. Underlying inflation, by contrast, looks benign, as slowing economic activity continues to contain price pressures across services and core goods.

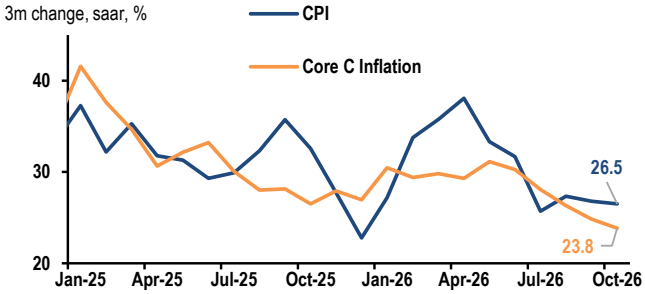
Figure 1: CPI inflation vs policy rate



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

We expect food prices to rise 3.1% m/m, led by a sharp 10% m/m increase in fresh fruit and vegetable prices. With Brent oil prices elevated at $113 per barrel, we are tracking a 4.2% m/m rise in energy prices. Meanwhile, clothing prices are expected to rise 12.3% m/m, reflecting the seasonal introduction of winter clothing. Core inflation remains subdued. We expect services inflation of 1.5% m/m, with rents as the main contributor at 2.3% m/m, although rent inflation continues to gradually lose momentum. Similarly, core goods prices excluding clothing are expected to increase by just 0.7% m/m, consistent with the ongoing slowdown in economic activity (Figure 2).

Figure 2: Inflation momentum indicators



Source: TurkStat, J.P. Morgan *October data is J.P. Morgan forecast

Looking ahead, we expect headline CPI inflation to be at 0.8% m/m in November, with food and energy remaining the main drivers of monthly inflation, as in October. Food inflation is likely to remain elevated, partly reflecting a mechanical carry-over from price developments in October. As CPI is calculated using average prices over the month, the steady increase in fresh fruit and vegetable prices during October is likely to be only partially reflected in the October print. With prices ending the month well above their October average, this creates a positive carry-over into November even if prices remain broadly unchanged during the month. Unless fresh fruit and vegetable prices reverse, this effect should keep food inflation elevated in November.

Energy prices are expected to rise 0.9% m/m in November due to fuel price hikes. This mainly reflects the gradual reinstatement of fuel taxes. After cutting the special consumption tax (SCT) on fuel to shield consumers from the oil price surge, the Turkish government is now restoring it in fixed monthly increments rather than in a single step. Since each monthly tax increase passes directly through to retail fuel prices regardless of oil price movements, they should continue to exert upward pressure on energy inflation.

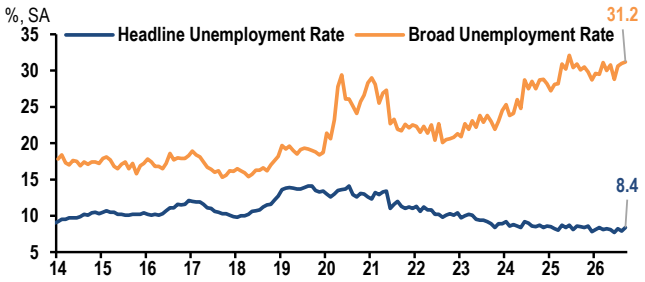
As a result, while core inflation remains benign, renewed pressures from food and energy prices pose upside risks to our end-26 inflation forecast of 29.5%.

Labor data confirm slowdown

This week's labor market data confirmed that the weakening trend continued in September. The seasonally adjusted headline unemployment rate increased by 0.5%-pt to 8.4% in September, alongside a 49k monthly decline in employment. Broad unemployment rate, which also captures underemployed workers and the potential labor force, rose by 0.2%-pt to 31.2% sa in September (Figure 3). Together, these indicators point to increasing slack in the labor market. The deterioration in both measures fits our expectation that economic growth slowed in 3Q26. Early leading indicators for 4Q26 activity remain weak, suggesting that the employment is likely to decline further in the near-term.

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

Figure 3: Unemployment rate



Source: TurkStat, J.P. Morgan

Data releases and forecasts

Tue	**Consumer prices**				
Nov 3	% change				
10:00am		**Jul**	**Aug**	**Sep**	**Oct**
	Consumer prices				
	%oya	31.8	31.5	29.7	29.8
	%m/m	1.8	1.8	1.8	2.6
	Core CPI (C)				
	%oya	29.9	30.1	28.7	28.7
	%m/m	1.8	1.8	2.1	2.4

See main text

Source: TurkStat

Fri	**Central govt. budget (cash basis)**				
Nov 6	TRY bn				
11:00am		**Jul**	**Aug**	**Sep**	**Oct**
	Budget balance	-396	50	-467	__
	Revenues	1394	1677	1331	__
	Expenditures	1791	1627	1798	__

Source: Ministry of Treasury and Finance

Review of past week's data

Labor market data

%, SA

	Jul	**Aug**	**Sep**	
Unemployment	8.2	7.9	__	*8.4*
Broad unemployment	30.6	31.0	__	*31.2*

See main text

Source: TurkStat

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

Israel

- **Elections: Higher bar for change**
- **Service exports moderate in 3Q**
- **Manufacturing growth remains strong**

Knesset elections surprised with a stronger (relative to polls) performance of the government coalition and a very high turnout of Arab Israeli voters, hence the results of Arab parties. According to preliminary results, Netanyahu's bloc is projected to win 53 seats, the Change bloc 48 seats and Arab parties 19 seats. Neither side appears able to gather 61 seats to form a government without the support of Arab parties. The probe into possible foreign meddling to boost Arab participation will likely make cooperation with Arab parties (even) costlier, further reducing the chances for a minority government. As such, the odds of an Eisenkot-led government now appear slim, a sharp change vs. pre-election poll signals. Two main scenarios are now a re-run of the election in spring 2027 (negative for risk assets) or a unity government (somewhat positive). See our note here.

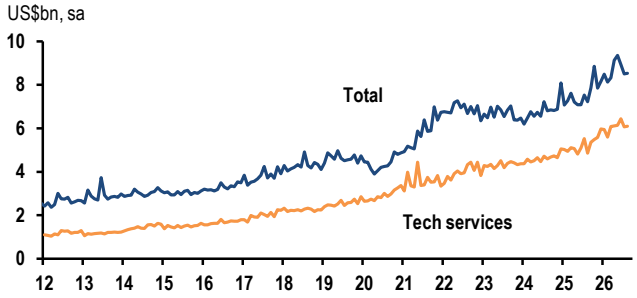
As previously flagged, we don't anticipate major changes in economic policies irrespective of the political dynamics in the coming months. And the impact of political developments on our BoI call is largely mechanical – increased market optimism and currency strength would imply wider room for the BoI to ease policy. There is less space for such an outcome following the vote this week – we see a substantial risk that the last 25bp cut of the cycle, which we have penciled in for November, will never be delivered.

Services exports lose momentum

Services exports rose 0.4%m/m, sa, to $8.5bn in August. However, this follows two months of substantial declines and services exports are tracking around -6.5%q/q for 3Q (Figure 1). High-tech services were up 0.4%m/m, and tracking about -2.0% for the quarter. Both software and (especially) R&D services declined through 3Q. The Shekel strength might have contributed to the weaker dynamics, but the global cycle has likely been the main driver (Figure 2).

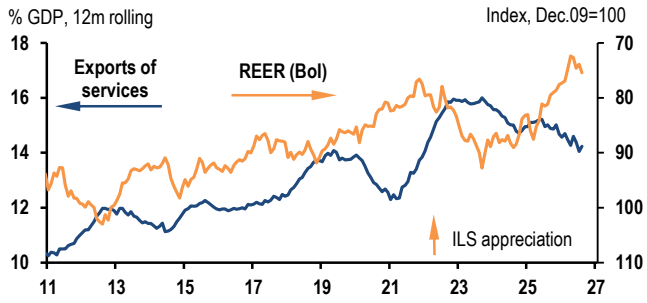
On a separate note, the expansion in the manufacturing sector has continued unabated. Manufacturing output rose 4.7%m/m, sa, in August and is tracking about 1.1%q/q in 3Q. High-tech output remains the main driver of growth (Figure 3).

Figure 1: Exports of services



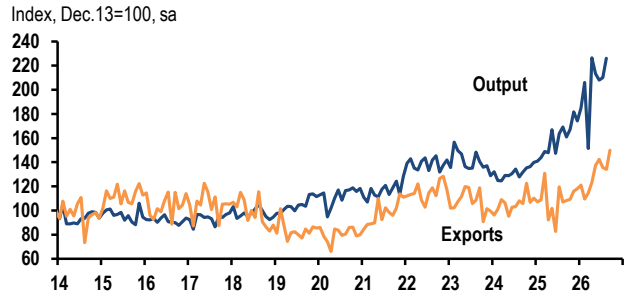
Source: Haver, CBS

Figure 2: Israeli exports of services



Source: Haver, CBS, J.P. Morgan

Figure 3: High-tech manufacturing output and exports - Israel



Source: CBS, Haver, J.P. Morgan

Data releases and forecasts

Sun	**Chain store sales**				
Nov 1	%oya				
9:00am		**Jun**	**Jul**	**Aug**	**Sep**
	%oya	16.8	2.0	6.6	5.0
	%m/m sa	0.3	-1.3	2.0	—

Review of past week's data

Manufacturing production

%oya

	Jun		**Jul**		**Aug**	
%oya	~~28.5~~	*28.9*	~~16.9~~	*17.3*	~~11.2~~	*22.4*
%m/m sa	~~0.1~~	*-0.3*	~~-0.2~~	*0.1*	—	*4.7*

Source: CBS, BoI, J.P. Morgan

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

J.P.Morgan

South Africa

- **Local elections expected to show downshift in ANC support in metros, especially Johannesburg and eThekwini**
- **Despite the DA being notably ahead in Johannesburg, it remains a possibility that the DA will be excluded from the coalition**
- **Nominal GDP shifted up 5%, reducing the FY26 debt ratio 3.9%pts and the fiscal deficit by 0.2%pts of GDP**

Municipal elections on November 4 could reflect a significant downshift in ANC support in urban areas, based on survey poll results. Considering the key survey polls, the DA would obtain an average of 33% of votes across the eight metropolitan areas against 26% for the ANC. This compares to 39.5% for the ANC in 2021, when it was the largest party in six out of eight metros. With a tight race expected in several metros, it is unclear whether the ANC will obtain the largest voter share in more than two or three of the metros. Based on survey polls, the DA appears to be ahead in four metros and the MKP in one metro. Johannesburg remains in focus where the former DA chairperson Helen Zille is the DA candidate for mayor.

Even though the DA is probably the largest party in Johannesburg with an average of 33% of the votes in survey polls, coalition negotiations are likely to be complicated and there is some risk that the DA will be left out of the coalition in Johannesburg (Table 1). That said, a DA-ANC coalition enjoys the support of local voters, based on polls on the topic, and remains the more likely outcome. If so, it is not clear that Helen Zille will be the appointed mayor as a third-party candidate could be the required compromise. The DA is unlikely to be willing to work with the MK, EFF and PA, while tensions are elevated with ActionSA, reducing the scope for a coalition that side-steps the ANC. Apart from Johannesburg, the rise in support for MKP in eThekwini, at the expense of the ANC, is set to be striking.

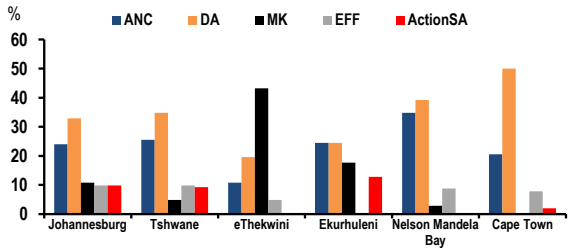
Table 1: Johannesburg voting intentions (%) by polls

Party		Polls				
	2021	eNCA/Mark Data	News24/SA BI	SRF	Ipsos	DA poll
DA	26.5	35.0	29.2	36.0	30.0	39.0
ANC	33.6	21.8	22.6	22.0	27.0	20.0
MK	-	12.5	12.3	11.0	5.0	10.0
EFF	10.6	11.9	11.0	6.0	12.0	6.0
ActionSA	16.1	10.3	7.0	9.0	11.0	12.0
FF+	1.2	0.9	3.0	-	-	2.0
IFP	1	0.7	1.9	-	-	3.0
PA	0.9	3.7	3.7	-	1.0	2.0

Source: Various sources, J.P. Morgan, eNCA and Ipsos adjusted for intention to vote, while News24 and SRF adjusted for voter turnout.

We expect the GNU framework at the national level to be maintained. In the event of a DA-ANC tie up at the local government level that excludes the EFF, markets may see greater scope for the reform agenda on infrastructure investment and service delivery to be implemented at the municipal level. At the same time, a significant loss in ANC support compared to 2021 could impact ANC succession dynamics next year, favouring the addition of further ANC candidates to the succession race. Despite the ANC no longer in the clear lead in most metros, we expect the party to form part of the coalition in the majority of metros (Figure 1).

Figure 1: Total share of the vote across metros (2026)



Source: J.P. Morgan, Reuters, Ipsos, News24, eNCA-MarkData, The Common Sense/Social Research Foundation

GDP revision positive for fiscal balance

The latest GDP benchmarking exercise shifted the base year to 2022 (from 2015), made methodological improvements and used enhanced data sources. Consequently, there is a level shift higher in the estimated size of the economy since 2015, raising nominal GDP by 4.9% for the 2022 base year and 5.3% in 2025 (Table 2). On the production side, most sectors were marked up by at least 3%-pts, with the main revisions to mining (12.5%), finance (9.1%) and trade (7.4%).

The changes were largely due to improved coverage of mining, especially illegal mining, as well as improved methodology for owner-occupied housing. Measurement of own-generation of electricity and e-hailing services also improved. On the expenditure side, revisions were largely benefiting household consumption, food and recreation (reflecting updated data as well as methodological changes).

The real GDP growth rate since 2020 was only minimally impacted as revisions were largely a level-shift higher of the size of the real economy. Indeed, GDP growth for 2025 has now been marked down to 0.9% (from 1.1%) on marginally soft growth in mining and business & real estate (possibly due to owner-occupied housing). For 2024, the growth estimate was unchanged at 0.5%y/y, while for the period since 2020, the downward revision in growth averaged 0.2%pts. For 1H26, the real GDP growth rate is one-tenth higher than previously estimated.

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

Table 2: South Africa GDP revisions

	2024		2025		*1H26	
Metric	Prev.	Rev.	Prev.	Rev.	Prev.	Rev.
Nominal GDP (Rbn)	7352	7704	7642	8044	3931	4142
Nominal GDP ($bn)	443	464	460	485	237	250
Real GDP (%oya)	0.5	0.5	1.1	0.9	0.4	0.5
Debt ratio (%GDP)	77.0	73.6	78.4	74.8	78.2	74.3
Fiscal deficit (%GDP)	-4.5	-4.3	-4.3	-4.1	-3.7	-3.5
Current account (%GDP)	-0.7	-0.6	-0.5	-0.4	-0.9	-0.8

Source: StatsSA, J.P. Morgan forecasts, *1H26 q/q saar avg. Fiscal ratios and current account calc. are for FY 26/27

The main macro implication is a mechanically more favourable fiscal picture, rather than a stronger underlying growth trajectory. The higher nominal GDP denominator lowers the government debt ratio by around 3.9%-pts and the fiscal deficit ratio by roughly 0.2%-pts. On our estimates, the FY26/27 deficit is now on track to be 3.5% of GDP, versus 3.7% previously, while FY25/26 remains the peak in the debt ratio followed by a modest decline.

Data releases and forecasts

Week of Nov 2-6

Mon	**New vehicle sales**				
Nov 2	%oya, except as noted				
12:00 am		**Jul**	**Aug**	**Sep**	**Oct**
	Total vehicle sales	12.1	11.6	12.7	__
	%m/m nsa	6.1	0.0	6.7	__
Mon	**Barclays BER PMI**				
Nov 2	Index				
11:00am		**Jul**	**Aug**	**Sep**	**Oct**
	PMI (% weights)	46.8	45.8	50.7	__
	Business activity (25)	48.8	40.2	49.3	__
	New sales orders (30)	44.1	40.3	50.8	__
	Suppliers' performance (15)	55.5	58.6	58.4	__
	Inventories (10)	43.2	43.6	52.2	__
	Employment (20)	42.2	46.2	43.1	__
	Memo: prices paid	67.2	67.2	71.1	__
	Business expectations	49.3	54.7	55.3	__
	PMI nsa	45.0	46.4	52.0	__

Review of past week's data

Monetary and credit aggregates

%oya, except as noted

	Jul	**Aug**	**Sep**	
M3	8.6	8.9	__	*7.9*
M0	14.5	15.0	__	*13.7*
Private sector credit	7.4	7.5	__	*6.2*
%m/m nsa	-0.1	1.5	__	*0.2*
Credit to households	5.1	5.3	__	*5.4*
Total domestic credit	7.8	8.9	__	*5.8*

Fiscal revenue and expenditure

Rand bn, sa

	Jul	**Aug**	**Sep**	
Balance	-161.6	18.9	__	*-22.1*
Revenue	109.4	245.3	__	*176.1*
Expenditure	270.9	226.5	__	*198.2*

Trade balance

R bn, except as noted

	Jul	**Aug**	**Sep**	
Trade balance	14.0	27.6	__	*19.1*
Exports	185.7	180.7	__	*184.3*
%m/m	-2.3	-2.7	__	*2.2*
Imports	171.7	153.1	__	*165.1*
%m/m	~~-4.6~~ *-4.9*	~~-10.8~~ *-10.0*	__	*7.2*

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

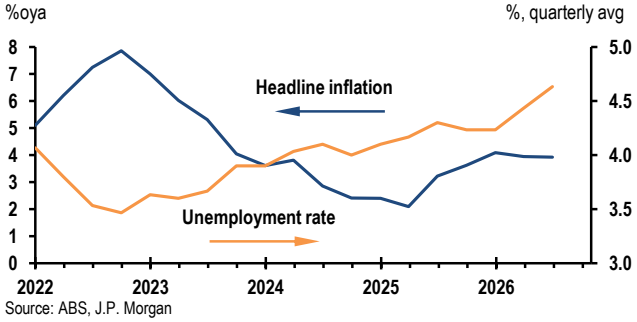
J.P.Morgan

Australia and New Zealand

- **Australia's 3Q inflation data were stronger than forecast**
- **We now expect the RBA to hike 25bp next week**
- **RBNZ surprised by holding rates steady; NZ u-rate to fall to 5.4%**

Following the 3Q CPI data and recent RBA commentary, we now expect the bank to tighten policy by a further 25bp at next week's meeting. Recent speeches from RBA officials reversed the message from September's press conference, suggesting inflation is not yet under control and there is still work to do. The 3Q CPI data were consistent with this shift, pushing market pricing towards a ~90% chance of a hike. We think further rate hikes beyond the November meeting are unlikely given the weakness in the activity data (GDP and unemployment, Figure 1), but with inflation still too high, the RBA will retain its hawkish bias and reiterate that "the Board will continue to do what it considers necessary to bring inflation sustainably back to target, including increasing the cash rate target further if needed."

Figure 1: RBA mandate variables



Source: ABS, J.P. Morgan

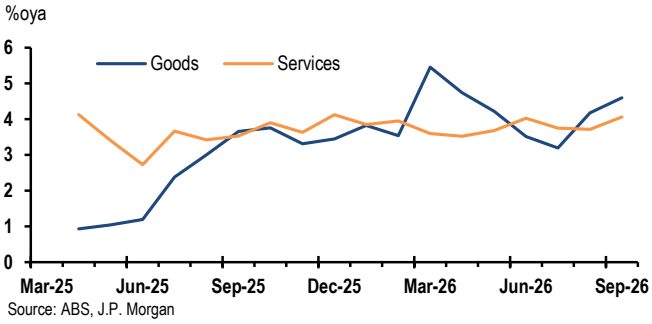
Turning to the updated forecast set, it has looked likely since the August SoMP that near-term inflation would be more acute than the staff expected given rebounding oil prices, which warrants a mark-to-market upgrade. That said, the Brent futures curve is still downward-sloping so the RBA's assumptions will continue to flag energy disinflation, albeit less so than in the prior update. The Bank's Dec 2026 headline inflation forecast is likely to be upgraded into the low 4s, while the return to the target band on headline is potentially pushed into 2H27 (currently 1H27). We don't expect the trimmed mean forecast for Dec-27 to change greatly.

The activity forecasts are likely to be downgraded across the board. The Bank's GDP numbers have already been marked lower earlier in the year and are broadly aligned with our view, though risks are skewed further to the downside given energy dynamics, and cash rate assumptions are now more of a headwind. The unemployment rate will likely be marked higher, reflecting the recent deterioration, and it's possible the 2H27 numbers are pushed into the low 5s. This combination, along with a relatively stable assumption for core inflation 12-18 months forward, would help represent the leadership's evolving view that the economy has inherently less flexibility than previously thought, and that the board is not squeamish in pursuing the inflation target regardless.

Fuel drives inflation higher

Australia's 3Q CPI report was stronger than expected on headline (1.3%q/q, consensus: 1.1%) and to a lesser extent trimmed mean (1.0%q/q, in line). Services inflation has been bouncing around the high 3s/low 4s since 2H25 and returned to the upper end of that range (4.1%oya), while goods inflation accelerated to an unusual position above services, at 4.6%oya (Figure 2). Annual inflation is high relative to what labor market indicators would suggest, which can be read either as evidence that the structural parameters (pricing behaviour, U*, etc.) have shifted, or as just what happens during a global supply shock.

Figure 2: Australian inflation components



Source: ABS, J.P. Morgan

Not surprisingly, transportation was the strongest mover on the quarter (+3.3%q/q), as fuel prices (+7.8%q/q) followed crude higher. The September quarter's seasonal strength on headline (data are nsa) usually owes to the housing group, though utilities contributed less than usual (electricity -1.2%q/q, offsetting gas +3.5%q/q). Rent was also relatively stable at 1%q/q and decelerated through the quarter in monthly terms, while dwelling purchase costs (+1%q/q) slowed from 2Q (+1.8%q/q) and are showing a less persistent impact from Middle East materials supply issues than feared.

RBNZ holding on

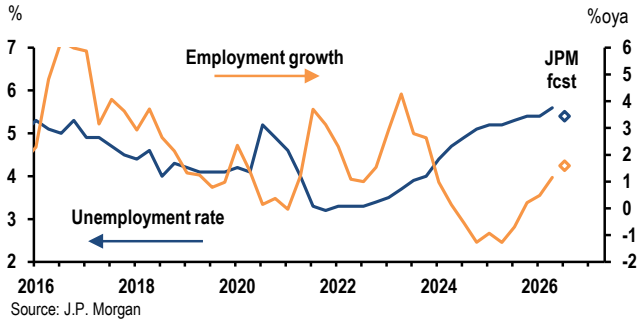
The RBNZ surprised this week and left the cash rate on hold at 2.75%, in contrast to J.P. Morgan/consensus expectations and market pricing (+24bp). The decision to hold came down to a split vote (4–3), with risks to "increasingly fragile" global growth seemingly skewing the narrow majority toward stability. The Committee maintains a hawkish bias and "agreed

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

that tighter monetary policy is likely to be required but remains conditional on the economic outlook." The decision to pause despite markets seemingly green-lighting further tightening (reinforced by Chief Economist Conway's lack of pushback) is surprising in a global context. In contrast to the RBA, the RBNZ is taking a gradualist path while policy remains accommodative and below the central bank's estimate of neutral (RBNZ long-term estimate: 3%).

Figure 3: New Zealand unemployment rate and employment



Source: J.P. Morgan

The next data print of note is the 3Q labor report, which we think will be solid based on the filled jobs data and business surveys. We expect the unemployment rate to fall two tenths to 5.4% with a further lift in employment growth (Figure 3). With the domestic recovery expected to gather momentum, we maintain our view for the RBNZ to tighten policy a further 25bp at the December and February meetings. We had added October largely based on the resilience of the data and the RBNZ's apparent tolerance of market pricing, so we are back to our prior terminal rate forecast of 3.25%, but see a little upside risk to this.

Australia

Data releases and forecasts

Week of Nov 2 - 6

Mon	**Residential building approvals**				
Nov 2nd		**Jun**	**July**	**Aug**	**Sep**
11:30am	%m/m	6.9	-1.9	-6.1	2.0
Tue	**RBA cash rate**				
Nov 3rd		**Jun**	**Aug**	**Sep**	**Nov**
2:30pm	%	4.35	4.35	4.60	4.85
Thu	**Goods trade balance**				
Nov 5th		**Jun**	**July**	**Aug**	**Sep**
11:30am	AUD bn	1.96	1.35	0.50	

Review of past week's data

Monthly headline CPI

	July	**Aug**		**Sep**	
%m/m	1.0	0.4		~~0.3~~	*0.8*
%oya	3.5	4.0		~~3.8~~	*4.3*

Monthly trimmed mean CPI

	July	**Aug**		**Sep**	
%m/m, sa	0.5	0.2			*0.3*
%oya	3.6	~~3.6~~	*3.5*		*3.6*

Quarterly headline CPI

	1Q26	**2Q26**		**3Q26**	
%q/q	1.4	0.6		~~1.1~~	*1.3*
%oya	4.1	3.9		~~3.7~~	*3.9*

Quarterly trimmed mean CPI

	1Q26	**2Q26**		**3Q26**	
%q/q, sa	0.8	0.8		~~0.9~~	*1.0*
%oya	3.5	3.6		~~3.5~~	*3.7*

Producer price index

	1Q26	**2Q26**		**3Q26**	
%q/q	0.4	1.3			1.1

Private sector credit

	Jul	**Aug**		**Sep**	
%m/m	0.6	0.6		*0.6*	

New Zealand

Data releases and forecasts

Week of Nov 2 - 6

Wed	**Labor force survey**				
Nov 4th		**4Q25**	**1Q26**	**2Q26**	**3Q26**
8:45am	Unemployment rate (%, sa)	5.4	5.4	5.6	5.4
	Employment chg. (%q/q, sa)	0.5	0.2	0.5	0.4
	Participation rate (%, sa)	70.5	70.4	70.7	70.7

Review of past week's data

RBNZ cash rate decision

	Jul	**Sep**		**Oct**	
%	2.50	2.75		~~3.0~~	*2.75*

ANZ business confidence

	Aug	**Sep**		**Oct**	
Index, sa	53.7	51.9			

Sources: ABS, RBA, Stats NZ, RBNZ, 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

J.P.Morgan

Greater China

- **China: Fifth Plenum signals tighter party discipline; ndustrial profits rebound in September**
- **Hong Kong SAR: Revise down 3Q GDP growth forecast on weaker consumption and destocking**
- **Taiwan: 3Q GDP beats again on capex strength, while AI and fiscal tailwinds could lift growth further**
- **CBC minutes reinforce our on-hold view, albeit with a more active debate on inflation**
- **Next week: China PMIs; Hong Kong GDP, retail sales, and PMI; Taiwan PMI and CPI**

The main focus of the week was the Fifth Plenum of the 20th Party Congress. The meeting put emphasis on strict Party governance and discipline, stressing stricter governance of government officials and a continued anti-graft campaign. This could further impact the incentives of local officials, already cautious with new initiatives. We do not expect the meeting outcome to materially impact growth momentum in 4Q26 and 1Q27, as this de-risking was already embedded in the "laying flat" behavior and our growth outlook. The Plenum decided that the 21st National Congress of the CPC will be held in 2H27, a major event that could shape China's growth dynamics in years to come.

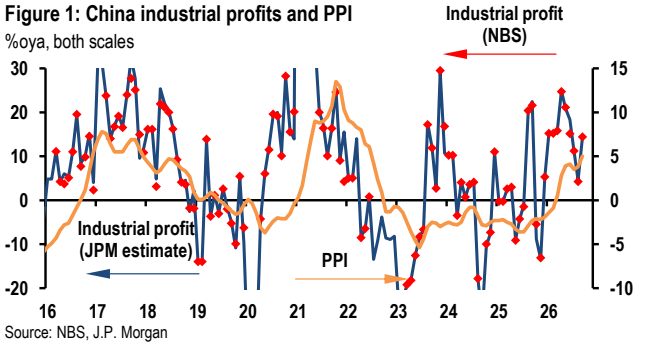
While the Plenum offered no new policy impetus, we expect the PMIs to remain relatively firm, supported by resilient trade, continued fiscal delivery and the boost from policy measures announced following the 28 September State Council meeting. We expect the NBS manufacturing PMI to hold at 50.1 and the RatingDog PMI to edge down to 51.8 as concerns linger over trade disputes and energy costs.

Energy and tech support industrial profits

China's headline industrial profit growth accelerated to 14.4%oya in September from 4.2% in August (Figure 1), while year-to-date growth remained broadly stable, at 15.5%. The K-shaped recovery continued, with tech and mining benefiting from strong AI-related demand and higher commodity prices, while domestically oriented manufacturing remained weak. The September acceleration was driven by a one-off jump in beverage profits, stronger mining profits, continued growth in tech and energy-related manufacturing, and a narrower drag from utilities. In contrast, auto manufacturing became a notable drag after providing a modest lift in August.

We expect October industrial profit growth to remain broadly stable, as stronger upstream energy and raw material profits offset continued softness elsewhere. The further rise in commodity prices amid the Middle East conflict should lift profits in upstream mining and related manufacturing industries, although higher input costs will continue to squeeze downstream margins. Meanwhile, sustained AI demand and the tech inflation cycle should continue to support profits in electronics and other tech manufacturing. Domestic consumer-related industries are unlikely to improve materially, suggesting that the profit recovery will remain strong, but narrowly concentrated.

Figure 1: China industrial profits and PPI

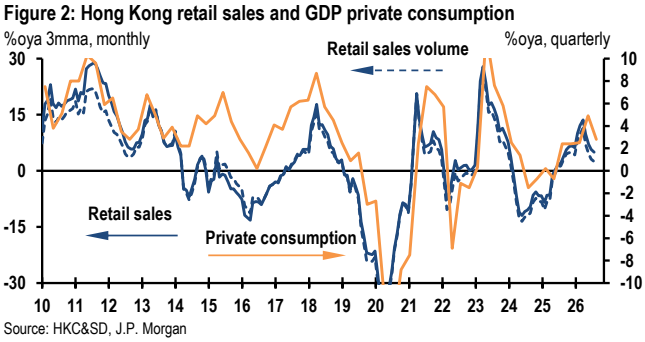


Source: NBS, J.P. Morgan

Hong Kong: Revise down 3Q GDP forecast

September trade data surprised to the upside, with exports rising 7.7%m/m sa and outpacing imports, stabilizing the trade deficit and suggesting a narrow drag from net exports on 3Q GDP. Domestic demand, however, appears softer than expected. We estimate that retail sales volume growth slowed to around 3.2%oya in 3Q from 4.5% in 2Q (Figure 2), despite robust visitor arrivals and likely support from an earlier Mid-Autumn Festival and new electronics launches in September. Meanwhile, the September equity market correction, more modest housing price gains and lingering interest rate pressures could temper household confidence and wealth effects.

Figure 2: Hong Kong retail sales and GDP private consumption



Source: HKC&SD, J.P. Morgan

Inventory dynamics are expected to weigh on growth, as exports have increasingly outpaced imports since 2Q, suggesting continued destocking following the sharp inventory accumulation in 1Q. While government initiatives to develop new growth engines should support investment over the medium term, their near-term GDP impact remains uncertain.

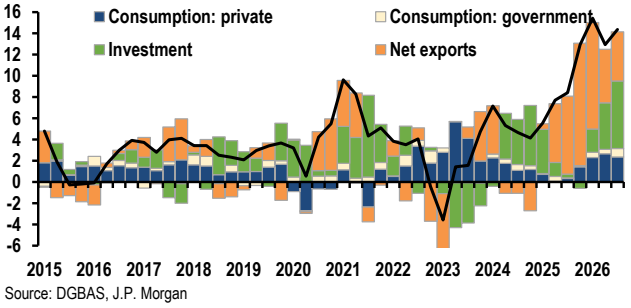
Feng Zhu (852) 2800 1745
feng.zhu@jpmorgan.com
JPMorgan Chase Bank, N.A., Hong Kong Branch
Jiayi Li (852) 2800-5229
jiayi.c.li@jpmorgan.com
Tingting Ge (852) 2800-0143
tingting.ge@jpmorgan.com
Tongfang Yuan (852) 2800-0085
tongfang.yuan@jpmorgan.com

Given weaker consumption and a potential drag from destocking, we lower our 3Q GDP growth forecast to 4.2%oya (3.2%q/q saar) from 4.4%oya (4.3%q/q saar). We maintain our 4Q forecast at 3.6%q/q saar and now expect full-year growth of 4.6%y/y, which would still mark the fastest annual growth in five years.

Taiwan: 3Q GDP beats on capex strength

Taiwan's 3Q GDP delivered another major upside surprise, expanding 14.4%oya (13.5%q/q saar), above expectations. Growth broadened toward domestic demand, which contributed 9.4%pts to headline growth, nearly twice the contribution from net exports (Figure 3). The key driver was capital formation, which surged 38.6%q/q saar amid continued investment in advanced semiconductor capacity and AI infrastructure. Private and government consumption also provided support, while external demand remained exceptionally strong despite a smaller net export contribution, as imports surged alongside the AI investment boom.

Figure 3: Taiwan GDP growth breakdown
%pt-contri. to %oya growth



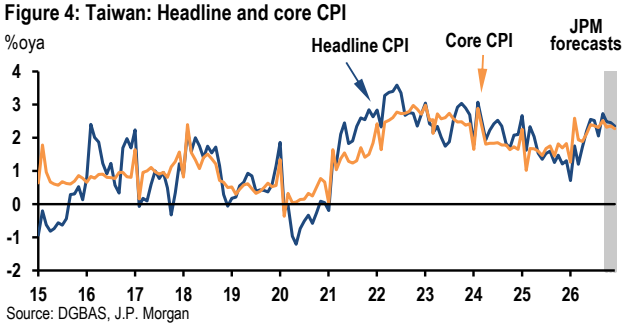
Source: DGBAS, J.P. Morgan

The strong 3Q outturn reinforces our constructive outlook, with two channels supporting further growth into 2027: a stronger and more durable AI upcycle, and prospective fiscal expansion. Robust hyperscaler demand and continued investment by TSMC and other tech firms should sustain semiconductor production, exports and domestic capex, while prospective fiscal expansion could help broaden the AI-driven gains to households and non-tech sectors. Following the upside surprise in 3Q GDP, our full-year 2026 and 2027 growth forecasts have been lifted by around 1%pt, to 12.7%y/y and 6.1%y/y, respectively, with risks to the 2027 outlook still tilted to the upside.

CBC minutes reinforce on-hold view

Taiwan central bank's 3Q minutes reinforced our view that the inflation backdrop does not yet warrant additional monetary tightening. The CBC raised its 2026 CPI and core CPI (Figure 4) forecasts to 2.03% and 2.16%, respectively, at the September meeting, but continues to expect both to fall below 2% in 2027. The key debate centered on how import costs would pass through from PPI to CPI and generate broader second-round inflation. The CBC argued that higher semiconductor/electronics import costs largely feed into export, rather than consumer, prices. Meanwhile, AI/ICT activity is relatively rate-insensitive, and tighter policy would weigh disproportionately on weaker SMEs and non-tech sectors.

Figure 4: Taiwan: Headline and core CPI



Source: DGBAS, J.P. Morgan

Moreover, we believe fiscal policy cuts both ways for inflation: Energy subsidies and SOE support contain near-term energy pass-through, while redistribution of the AI windfall could strengthen domestic demand and second-round core inflation. The former channel appeared to be more emphasized by the CBC. Nevertheless, the combination of a longer AI upcycle and fiscal expansion raises the 2027 hawkish tail risk: If AI-driven income gains and fiscal transfers broaden household demand and push services/core inflation persistently above 2%, alongside weaker energy subsidies, the case for 2027 CBC hikes will strengthen.

China

Data releases and forecasts

Week of November 2-6

Sat	**Purchasing managers index**					
Oct 31	Index					
9:30am		**Jul**	**Aug**	**Sep**	**Oct**	
	Overall (RatingDog)	50.9	51.5	52.1	51.8	
	Output	51.5	53.1	53.6		
	Overall (NBS)	49.2	49.8	50.1	50.1	
	Output	49.9	50.4	51.7		

Review of past week's data

Industrial profits (27 Oct)
% change

	Jul	**Aug**	**Sep**
%oya	11.2	4.2	14.4
%oya, ytd	17.6	15.7	15.5

Hong Kong SAR

Data releases and forecasts

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

Week of November 2-6

Tue	**Real GDP**				
Nov 3	% change				
4:30pm		**25Q4**	**26Q1**	**26Q2**	**26Q3**
	%oya	4.0	5.9	4.3	4.2
	%q/q saar	4.5	12.1	-2.4	3.2
Tue	**Retail sales value**				
Nov 3	% change				
4:30pm		**Jun**	**Jul**	**Aug**	**Sep**
	%oya	4.6	4.6	5.6	6.6
	%m/m sa	-2.6	0.1	2.0	2.3
Wed	**S&P Global Hong Kong PMI**				
Nov 4	Index, sa				
8:30am		**Jul**	**Aug**	**Sep**	**Oct**
	Overall	51.0	49.5	49.2	50.1
	Output	52.8	49.2	49.4	

Review of past week's data

Merchandise trade (28 Oct)

US$bn

	Jul	**Aug**	**Sep**	
Balance	-4.9	-71.2	~~-69.5~~	*-46.3*
Exports	672.5	667.9	~~696.1~~	*762.6*
%oya	50.7	53.0	~~50.6~~	*64.9*
Imports	677.4	739.1	~~765.6~~	*808.9*
%oya	41.0	60.0	~~49.4~~	*57.8*

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).

Taiwan

Data releases and forecasts

Week of November 2-6

Mon	**S&P Global Taiwan PMI Mfg**				
Nov 2	Index, sa				
8:30am		**Jul**	**Aug**	**Sep**	**Oct**
	Overall	55.1	54.7	56.7	56.3
	Output	55.1	54.8	57.4	
Thu	**Consumer prices**				
Nov 5	% change				
4:00pm		**Jul**	**Aug**	**Sep**	**Oct**
	%oya	2.5	2.1	2.7	2.6
	%m/m sa	0.2	0.0	0.3	0.2

Review of past week's data

Real GDP (30 Oct)

% change

	26Q1	**26Q2**	**26Q3**	
%oya	15.4	12.9	~~12.1~~	*14.4*
%q/q saar	10.2	5.7	~~5.5~~	*13.5*

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

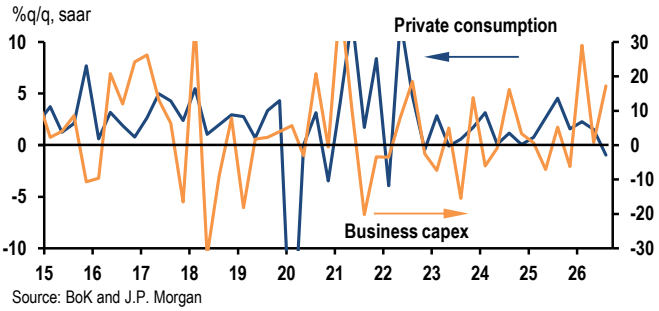
- **3Q GDP growth beat consensus and the BoK's baseline; 4Q growth forecast raised to 4.5%q/q, saar**
- **September IP surged to its fastest pace since Feb 2009, confirming the upgraded 4Q outlook**

Korea's latest data releases paint a consistent picture: the growth cycle did not lose momentum over the summer, but was instead temporarily masked by one-off disruptions, primarily in autos. 3Q GDP beat both consensus and the BoK's baseline, led by exports and capex, even as private consumption contracted on transitory factors. September's IP data delivered the sharpest monthly rebound since 2009, confirming that the underlying manufacturing trend remains intact and broadening beyond tech into machinery and petrochemicals. Domestic demand indicators—retail sales, facility investment, and construction—also firmed into quarter-end, reinforcing the view that 4Q growth should re-accelerate rather than moderate. Taken together, we raise our 4Q growth forecast to 4.5% q/q saar (from 3.0%), consistent with our broader narrative that Korea's tech-led terms-of-trade boom continues to diffuse gradually through the economy.

3Q GDP beat consensus; 4Q revised higher

Korea's 3Q GDP print beat both market expectations and the BoK's own August baseline, reinforcing the view that the underlying growth cycle remains firmer than the central bank had assumed. The composition told a consistent story: growth was led by business capex and exports, with manufacturing strength confirming that the AI-driven tech upcycle is feeding through into real investment and output—not just corporate profits on the surface (Figure 1).

Figure 1: Private consumption and capex



Source: BoK and J.P. Morgan

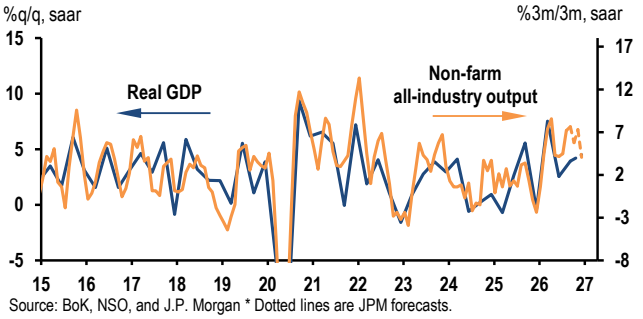
The main disappointment was private consumption, which contracted outright. However, the contraction is likely due to transitory factors—labor-related disruptions to auto shipments and softer financial-sector spending tied to the equity pullback—rather than a genuine loss of underlying momentum. If so, this sets up a mechanical rebound rather than a structural stall. Combined with October high-frequency data still pointing to an intact exports/capex cycle, we now expect 4Q growth to re-accelerate, consistent with our broader view that the tech-led windfall will gradually diffuse—first via capex and exports, later via consumption—even as the timing of that final leg remains uncertain.

September IP surges to confirm 4Q strength

September's IP print suggests the summer slowdown was largely a temporary distortion rather than a loss of momentum. The scale of the rebound points to pent-up production normalizing quickly once one-off disruptions faded, with the sharp snapback in auto output validating our earlier view that July–August weakness was tied to labor-related disruptions rather than weaker underlying demand.

The details also reinforce a broadening story: while semiconductor and tech output remained strong—reaffirming the AI-led export cycle—the standout this month was strength outside tech, particularly machinery and petrochemicals. Machinery strength fits naturally with the capex narrative, as firms reinvest stronger export earnings into equipment, while petrochemical strength likely reflects both normalizing supply chains and higher domestic utilization. Non-manufacturing activity improved as well, suggesting broader momentum beyond export-facing manufacturing. Overall, the breadth of the rebound increases our confidence that the summer softness was the aberration, supporting a stronger 4Q growth profile (Figure 2).

Figure 2: Real GDP and non-farm all-industry output



Source: BoK, NSO, and J.P. Morgan * Dotted lines are JPM forecasts.

Data releases and forecasts

Week of November 2-6

Sun	**Customs trade**				
Nov 1	US$ bn, nsa				
9am		**Jul**	**Aug**	**Sep**	**Oct**
	Trade balance	30.7	34.9	50.0	45.0
	Exports	99.2	98.4	121.1	115.0
	Imports	68.5	63.5	71.1	70.0

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

Mon	**Purchasing Managers Index**				
Nov 2	Index, sa				
9.30am		**Jul**	**Aug**	**Sep**	**Oct**
	PMI - Manufacturing	53.1	52.3	53.9	54.5

Tue	**Consumer prices**				
Nov 3	% change				
8am		**Jul**	**Aug**	**Sep**	**Oct**
	%oya	2.8	3.1	2.9	2.9
	%m/m, nsa	-0.2	0.2	0.3	0.3

With gradually rising demand-side pressures but mixed effects from FX and indirect energy spillovers, we expect headline inflation to be around 3% and core inflation to remain in the high-2% range.

Thu	**Current account**				
Nov 5	US$ bn, nsa				
8am		**Jun**	**Jul**	**Aug**	**Sep**
	Balance	49.7	42.1	46.1	59.0

September's strong customs exports point to a wider current account surplus, led by the goods balance. Separately, transport-services receipts may have been supported by higher container freight fares, although the benefit to the services balance could be partly offset by the travel deficit.

Review of past week's data

Real GDP 1st estimate (Oct 27)

% change			1st	
	1Q26	**2Q26**	**3Q26**	
%q/q, sa	1.8	0.6	~~1.3~~	*1.0*
%q/q, saar	7.5	2.6	~~5.5~~	*3.9*
%oya	3.8	3.7	~~3.7~~	*3.4*

See main text.

Consumer survey

100=long-term average, nsa

	Aug	**Sep**	**Oct**	
Index	104.5	106.6	~~104.0~~	*105.4*

The six-month ahead outlook indices for household income and spending plans contributed the most (-0.4 pts each) to the headline loss, while current indices showed a mixed picture across perceptions of the economy and households' own living standards.

FKI business survey (Oct 28)

100=neutral reading, sa

	Aug	**Sep**	**Oct**	
One-month outlook	101.0	96.6	~~98.0~~	*96.8*
Current conditions	97.2	97.4	~~98.0~~	*97.1*

Industrial production (Oct 30)

% change

	Jul		**Aug**		**Sep**	
%oya	~~4.0~~	*4.3*	~~-2.2~~	*-1.7*	~~-0.2~~	*1.2*
%m/m, sa	~~0.5~~	*0.7*	~~-4.8~~	*-4.6*	~~7.3~~	*9.0*

See main text.

Shipments and inventories

%oya

	Jul		**Aug**		**Sep**	
Shipments	~~2.4~~	*2.6*	~~-2.8~~	*-2.6*	~~-3.2~~	*-1.3*
Inventories	6.3		~~6.1~~	*7.0*	~~3.4~~	*7.0*

Composite leading indicator

2020=100

	Jul	**Aug**	**Sep**	
Index	131.3	131.7	~~132.8~~	*132.0*

Service activity

% change

	Jul		**Aug**		**Sep**	
%oya	~~3.4~~	*3.5*	~~4.6~~	*5.0*	~~1.5~~	*1.8*

Consumption goods sales

% change

	Jul		**Aug**		**Sep**	
%oya	~~-1.0~~	*-0.9*	~~-0.3~~	*-0.1*	~~0.7~~	*-0.4*
%m/m, sa	~~-2.6~~	-2.5	-1.8		~~4.1~~	*3.6*

The main driver was auto sales, which jumped 18.3% m/m sa. By product type, the monthly gains were broad-based except for non-auto durable goods sales, which fell 4.1% m/m sa. Non-durable goods sales also rebounded by 4.2% m/m sa, while semi-durable goods rose 0.6%. As a result, the September retail sales trend has narrowed to -3.5% 3m/3m saar, up from June's low. That said, the sequential contraction reaffirmed the weakness in 3Q GDP private consumption, especially when combined with the moderation in services activity growth.

Sources: BoK, NSO, FKI, Customs Office, Markit, 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

- **BOT left the policy rate unchanged at 1.0% but delivered a hawkish pivot amid macro-financial concerns**
- **Thailand's customs-cleared goods trade deficit widened substantially in September**
- **We expect another hawkish hold by BNM and an out-of-consensus trade deficit in Indonesia**

The BOT held its policy rate but surprised us with a unanimous vote and lower inflation forecasts. However, the hawkish tone in the policy statement and BOT Governor's post-meeting remarks left the door open to eventual normalization, in our view. We reiterate our 1.75% terminal rate forecast.

Next week, we expect BNM to remain on hold with a hawkish tone, setting the stage for the one-off 25bp hike we forecast in 1Q27. We also highlight our out-of-consensus call for an Indonesian trade deficit, alongside FX reserves, a potential breach of the inflation target in Thailand, and accelerating inflation in the Philippines as key data points to monitor.

Thailand: BOT's subtle hawkish pivot

The BOT left its policy rate unchanged at 1.0%, as widely expected, but its guidance turned slightly hawkish, in our view, with the policy statement flagging the potential macro-financial stability effects of low rates. Unlike its recent dovish tone, the BOT's pivot keeps eventual policy normalization on the table. Despite higher 2026-27 GDP growth forecasts, the BOT unexpectedly lowered its inflation forecasts (Table 1). However, the BOT governor also said the BOT could hike if inflation surprises to the upside. [5]

Table 1: Thailand - BOT's macroeconomic projections

%oya (unless stated otherwise)	2025	2026		2027	
		Jun-26	Oct-26	Jun-26	Oct-26
GDP growth	**2.4**	**2.3**	**2.4**	**1.8**	**2.1**
Domestic demand	**2.8**	**2.8**	**3.8**	**1.8**	**2.6**
- Private consumption	2.7	2.6	2.3	1.4	1.7
- Private investment	3.5	6.0	13.0	3.6	7.6
- Government consumption	0.6	0.2	0.8	0.3	0.2
- Public investment	8.9	3.1	2.1	3.9	2.3
Exports of goods and services	9.3	10.2	15.8	3.9	10.4
Imports of goods and services	6.8	11.2	16.6	2.1	8.8
Current account (USD, bn)	**29**	**0.0**	**0.0**	**8.0**	**18.0**
- Goods exports	12.8	14.0	22.0	4.6	15.0
- Goods imports	13.4	20.2	33.0	2.2	10.0
No of foreign tourists (million persons)	33.0	33.0	32.0	35.5	34.5
Tourism receipts (THB, trn)	1.4	1.5	1.5	1.6	1.6
Dubai (USD/bbl)	69.4	90	93	80	76
Headline inflation	**-0.1**	**2.8**	**2.1**	**1.4**	**1.3**
Core inflation	**0.8**	**1.5**	**1.2**	**1.4**	**1.3**

Source: BOT, J.P. Morgan

5. "BOT to Raise Rate if GDP Heats Up, Inflation Tops Forecast", *Bloomberg*, 29 October 2026.

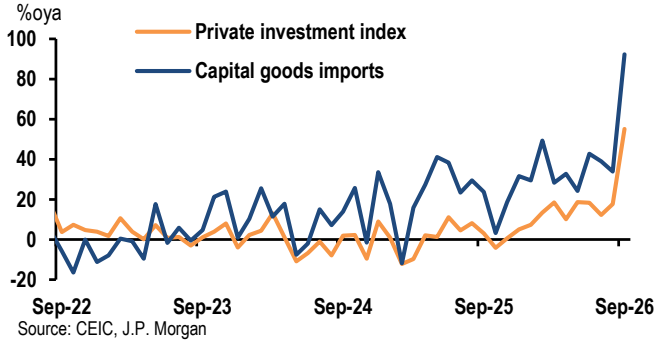
We therefore reiterate our forecast for three 25bp hikes in February, June and August 2027, taking the policy rate to 1.75% (Consensus: 1.00%), as we expect a brighter growth outlook to reduce the need for accommodative policy. Our 2027 headline inflation forecast of 2.5% is also well above the BOT's 1.3%. We continue to see two-way risks, with 1.5-2.0% a plausible range for the terminal rate, consistent with the BOT's indicated range for the normal rate.

Thailand: Investment-driven trade deficit

The customs-cleared goods trade deficit widened sharply to USD5.9bn in September (Consensus: USD2.0bn; J.P. Morgan: USD3.5bn) from USD2.5bn in August. The downside surprise to our forecast was driven by surging capital goods imports (Figure 1), further reinforcing our view of investment-led growth. Private Investment Index (PII) growth also rose to 55.1% from 17.6%.

Large upward current-account data revisions last month point to a smaller current account deficit than our forecast of 2.2% of GDP (Consensus: 1.0%). However, stronger investment demand, rising energy prices, and weaker foreign tourist arrivals should partly offset the impact of these revisions. The current account swung to a deficit of USD1.6bn in September from a USD2.4bn surplus in August and we expect the deficit to persist into 4Q26.

Figure 1: Thailand - Capital goods imports and private investment



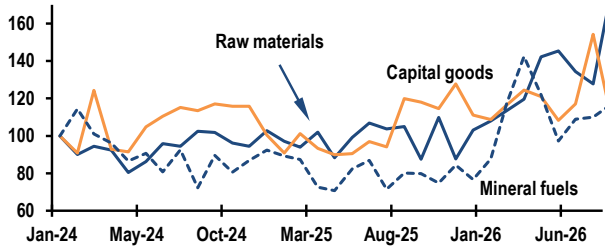
Source: CEIC, J.P. Morgan

Philippines: External balance pressure

The trade deficit widened to USD5.1bn in September from USD4.3bn in August, posting a modest downside surprise (JPM and consensus: USD5.0bn). Exports accelerated on tech gains, but non-tech shipments have slipped in recent months, suggesting that spillovers from the AI tech cycle to the broader manufacturing sector are limited. Imports increased, mostly due to a renewed spike in semiconductor costs, while energy import costs continue to climb. We maintain our 2026/27 current account deficit forecast at 4.7/3.5% of GDP amid the ongoing negative terms-of-trade shock (Figure 2), with downside risks if global energy prices continue to rise.

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

Figure 2: Philippines import price
2024=100

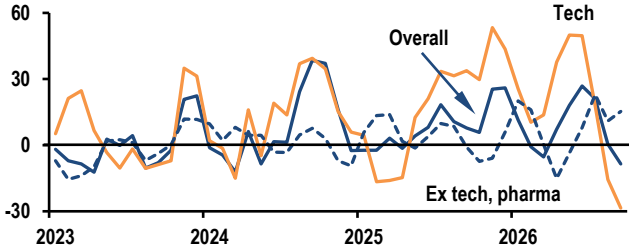


Source: CEIC, J.P. Morgan

Singapore: IP slips further in September

Industrial production (IP) fell 3.9%m/m, sa last month, adding to the 1% drop in August and pushing down IP's 3m/3m momentum into negative territory (-8.6%ar). Tech output accounted for the bulk of the September and overall 3Q contraction in manufacturing, declining 12.8%m/m, sa and 28.5%3m/3m, saar. But non-tech production provided a partial offset, reflecting a recovery in the conflict-hit chemicals cluster and also strong gains in the transport and tech-adjacent precision engineering segments (Figure 3).

Figure 3: Singapore IP
%3m/3m, saar



Source: DOS, J.P. Morgan

Despite the miss, the September IP report still leaves year-ago 3Q manufacturing growth running around 1%-pt faster than the advance estimate of 3Q manufacturing GVA growth. This points to a 0.2%-pts upside revision risk for the 5.4%oya flash 3Q growth estimate, all else equal. That said, the sharper-than-expected loss in tech manufacturing momentum also biases risks around our 4Q growth forecast (4.5%ar and 5.1%oya) to the downside. For now, we maintain our 2026 growth forecast at 5.8%y/y.

BNM preview: Another hawkish pause

We expect the BNM to leave its policy rate unchanged at 2.75% and retain its September hawkish bias, with a risk of a slightly more hawkish signal. We expect the BNM to reinforce its constructive assessment on growth while remaining cautious about inflation risks. In September, the BNM sounded more upbeat on growth but underscored its vigilance to inflation risks. The statement had accordingly dropped the word "appropriate" from its characterization of the policy stance, thus opening the door to a rate hike.

Subsequent data have broadly reinforced that assessment: 3Q growth surprised to the upside, with full year 2026 growth on track to exceed BNM's projection of "around 5%" (JPMf: 5.5%y/y). Meanwhile, headline and core inflation have remained contained, helped in part by expanded electricity subsidies. However, input cost pressures (i.e., the PPI) have continued to build since the last meeting, keeping inflation risks skewed to the upside.

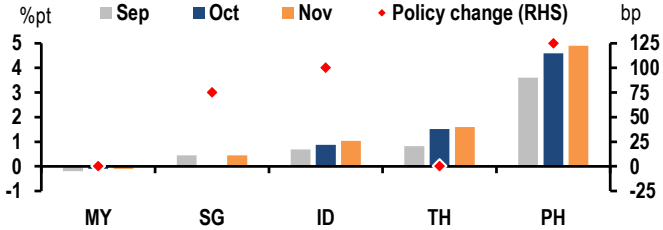
While the 3Q data leave room for a continued upbeat growth assessment, they offer little reason to ease vigilance over inflation, in our view. However, given the highly uncertain global backdrop, we only see a modest risk (around 20%) of BNM delivering a hike next week. Instead, we expect the central bank to remain patient at this juncture before it normalizes policy via a 25bp hike in 1Q27.

Data preview: Indonesia's trade in focus

In Indonesia, we expect a swing to a goods trade deficit of USD0.3bn deficit in September (Consensus: USD1.8bn surplus), from a USD3.6bn surplus in August, as the improvement in August was likely unsustainable amid rising oil prices. Inflation pressures should also build, with headline CPI to 3.4% from 3.3% (Figure 4), close to the upper bound of BI's 1.5-3.5% target range, as food prices accelerate. Core inflation, however, should ease to 2.6% from 2.8% as gold prices fall. FX reserves will be another key release to watch.

Inflation pressures should intensify elsewhere. In Thailand, we expect headline CPI to surge to 3.5%oya in October from 2.8%, breaching the target range, on rising fuel and food prices, while core inflation will edge up to 1.6% from 1.5%, amid rising pipeline pressures. In the Philippines, we expect headline CPI to rise to 7.6% from 7.2%, driven by higher fuel prices and land transport fare hikes, with core inflation accelerating to 5.3% from 4.7%.

Figure 4: ASEAN5 - CPI versus target mid-point and policy change



Note: Oct-Nov CPI figures are based on our forecasts. For SG, the policy change is based on our estimate of the FX policy slope adjustment. Policy change refers to after the ME conflict. MY and SG CPI targets are the mid-point of official 2026 forecast ranges.
Source: CEIC, J.P. Morgan

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

Indonesia

Data releases and forecasts

Week of Nov 2-6

Mon	Consumer prices				
2-Nov	% change				
11:00am		Jul	Aug	Sep	Oct
	Total, %oya	2.9	3.2	3.3	3.4
	%m/m, sa	0.0	0.4	0.4	0.4

Mon	Merchandise trade				
2-Nov	US$ bn, nsa				
11:00 AM		Jun	Jul	Aug	Sep
	Trade balance	-0.5	0.1	3.6	-0.3
	Exports, %oya	8.8	6.0	6.7	6.1
	Imports, %oya	34.3	27.0	19.1	29.2

Thu	Real GDP				
5-Nov	% change				
11:00am		4Q25	1Q26	2Q26	3Q26
	%oya	5.4	5.6	5.3	5.2
	%q/q, saar	6.5	5.6	5.2	3.4

Review of past week's data

No data released.

Malaysia

Data releases and forecasts

Week of Nov 2-6

Thu	BNM monetary policy meeting				
5-Nov	% pa				
3:00pm		Aug	Sep	Oct	Nov
	Overnight policy rate	2.75	2.75	2.75	2.75

Review of past week's data

No data released.

Philippines

Data releases and forecasts

Week of Nov 2-6

Thu	Consumer prices				
5-Nov	% change				
9:00am		Jul	Aug	Sep	Oct
	Total, %oya	6.2	6.1	7.2	7.6
	%m/m, sa	0	0.5	1.1	0.6

Review of past week's data

Merchandise trade

US$ bn, nsa

	Jul	Aug	Sep	
Trade balance	-6.3	-3.8	~~-5.0~~	*-5.1*
Exports, %oya	10.9	27.8	~~25.7~~	*35.6*
Imports, %oya	23.0	16.1	~~18.5~~	*25.7*

Singapore

Data releases and forecasts

Week of Nov 2-6

Mon	Purchasing managers index				
2-Nov	Index				
9:00pm		Jul	Aug	Sep	Oct
	PMI	51.4	51.5	51.7	51.8
	PMI—electronics	52.4	52.6	52.9	53.1

Review of past week's data

Industrial production

% change

	Jul		Aug		Sep	
%oya	~~6.9~~	*7.5*	~~15.4~~	*15.4*	~~8.0~~	*3.4*
%m/m, sa	~~2.3~~	*2.2*	~~-0.5~~	*-1.0*	~~1.0~~	*-3.9*

Thailand

Data releases and forecasts

Week of Nov 2-6

Thu	Consumer prices				
5-Nov	% change				
10:30am		Jun	Jul	Aug	Sep
	Total, %oya	1.9	2.5	2.8	3.5
	%m/m, sa	-0.6	0.5	0.3	0.7

Review of past week's data

Merchandise trade

% change

	Jul	Aug	Sep	
Trade balance	-3.6	-2.5	~~-3.5~~	*-5.9*
Exports, %oya	21.6	24.3	~~17.2~~	*24.0*
Imports, %oya	36.7	25.1	~~35.1~~	*50.4*

BoT monetary policy meeting

% pa

	Aug	Sep	Oct	
1-day repo	1.00	1.00	~~1.00~~	1.00

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

Manufacturing production

% change

	Jul	Aug	Sep	
%oya	4.0	4.4	~~1.7~~	*2.1*
%m/m, sa	2.5	0.5	~~-0.3~~	*0.0*

Sources: Central Bureau of Statistics, Indonesia; Department of Statistics, Malaysia; Coordination Board and National Statistics Office, Philippines; Department of Statistics, Singapore; 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
Toshi Jain (91-22) 6157-3387
toshi.jain@jpmorgan.com
Anusha Mital (91-22) 6157-4113
anusha.mital@jpmchase.com

India

- **Industrial activity robust in September**
- **Credit growth also buoyant**
- **Low reservoir levels to weigh on winter crop**

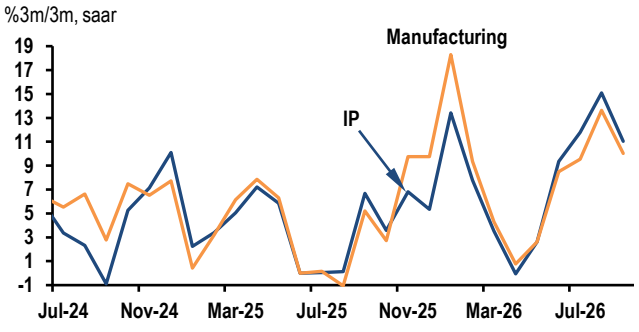
This week, both industrial and services activity data continued to show robust growth. While momentum in IP and manufacturing eased from earlier elevated levels, it remains strong. Bank credit growth was also robust, growing 19%oya in September. Looking ahead, however, elevated oil prices, tighter monetary and fiscal conditions, and a strong El Niño are emerging as risks to this growth momentum. Indeed, low reservoir levels — driven by subdued monsoon rains and elevated temperatures — could have a meaningful impact on winter (rabi) crop output.

IP growth robust in September

Industrial activity remained strong in September, although it undershot expectations, rising 6.7%oya (J.P. Morgan and consensus: 7.2%). On a sequential basis, IP increased 0.3% m/m, sa in September, which translated into a strong 11% increase on a 3m/3m, saar basis.

Manufacturing — a better gauge of underlying industrial momentum — rose 0.8% m/m, sa in September, translating into 10% on 3m/3m, saar. While momentum in IP and manufacturing has eased from earlier elevated levels, it remains robust (Figure 1). By sector, strength in manufacturing was driven by autos, electricals and refined petroleum products.

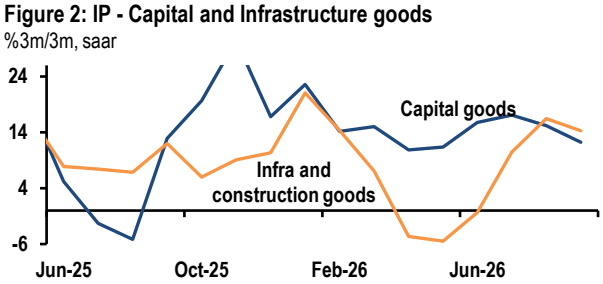
Figure 1: IP and Manufacturing



Source: MoSPI, J.P. Morgan

On the investment side, both capital goods and infrastructure & construction goods were strong, growing 12% and 14%, respectively, on 3m/3m, saar (Figure 2). On the consumption side, consumer durables output remained solid, but is showing some loss of momentum, while consumer non-durables remain subdued. Looking ahead, elevated oil prices, tighter monetary and fiscal conditions, and a strong El Niño are emerging as risks to growth momentum.

Figure 2: IP - Capital and Infrastructure goods



Source: MoSPI, J.P. Morgan

Services production strong in August

The composite Index of Services Production (ISP) continued to grow strongly, rising 14.0%oya in August, up from 13.5% in July. On a sequential basis, however, the composite ISP contracted 3.0% m/m, nsa, in August. Given the trial nature of the series and data limitations — which preclude seasonal adjustment — the readings remain volatile and hence the sequential growth momentum needs to be interpreted cautiously. Several sectors continued to post strong growth, including retail trade, banking, insurance, real estate, and IT and computer services, while administrative and support services, which had posted strong growth in July, eased in August.

The Statistics Office recently introduced the Index of Services Production (ISP). The series is currently on a trial basis and covers 19 subsector indices, representing about 60% of the overall services basket. We compute a composite index using the weights proposed by the technical advisory body.

Table 1: Index of Services Production
%oya

Broad Sub -Sector	Apr-26	May-26	Jun-26	Jul-26	Aug-26	FY26	Weight
Retail Trade	30.8	13.3	17.9	18.4	19.9	30.5	18.5
Banking	12.2	12.1	11.4	12.2	14.9	12.0	10.7
Insurance	15.6	2.7	9.6	8.9	16.5	9.6	2.4
Real estate activities	27.7	17.8	24.7	14.3	17.7	7.8	1.6
IT and computer related services	15.2	10.3	13.4	10.7	13.8	13.8	21.9
Administrative and support services	28.6	4.9	14.4	20.8	13.1	13.3	14.4
Weighted avg.	20.8	9.8	13.2	13.5	14.0	18.4	

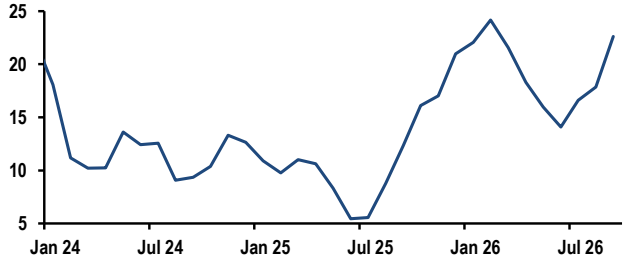
Source: MoSPI, J.P. Morgan

Bank credit picks up pace

Non-food bank credit remained strong in September, rising to 19.1% oya from 18.8% oya in August. On a 3m/3m, saar basis growth was 22.6%, accelerating from 17.9% (Figure 3). The pickup in September was helped by FCNR deposit accretion. Industry credit growth was robust, driven by both large industry and MSMEs. Loans to NBFCs continued to accelerate, growing 41.8%oya. Personal loan growth edged higher, to 17.3%oya from 16.9%, with unsecured loans growing at 16.7%oya and secured loans at 17.6%oya.

Sajjid Z Chinoy (91-22) 6157-3386
sajjid.z.chinoy@jpmorgan.com
JPMorgan Chase Bank, N.A., Mumbai Branch
Toshi Jain (91-22) 6157-3387
toshi.jain@jpmorgan.com
Anusha Mital (91-22) 6157-4113
anusha.mital@jpmchase.com

Figure 3: Non-Food Bank Credit
%3m/3m, saar



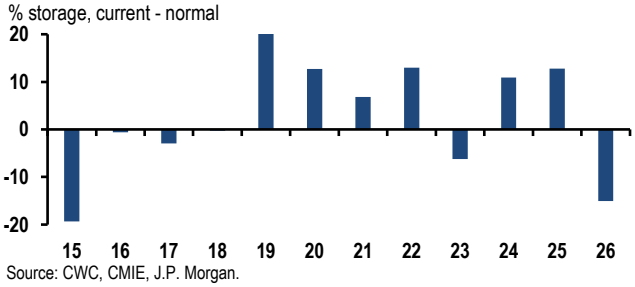
Source: RBI, J.P. Morgan.

Low reservoir levels to weigh on winter crop

With the strengthening of El Niño, concerns have continued to rise. The southwest monsoon has already disappointed, finishing 12.6% below normal. This has resulted in reservoir levels running low — currently at 66% of storage capacity, well below the long-term average of 81%. This is the lowest level since 2015, which was also a very strong El Niño year (Figure 4). Despite low reservoir levels that year, winter (rabi) crop production rose 2% in 2015, though this was against a very favorable base, as production had fallen 9% oya in 2014. Using 2013 as the base instead, rabi production in fact fell ~7% in 2015.

Low reservoir levels could weigh on the winter (rabi) crop output. Winter sowing has started slowly, down 36%oya, though it is still early in the season. Summer (kharif) sowing was down just 1%oya. Meanwhile, fertilizer sales over April-September were weak, down 7.6%, suggesting that output yields could come in lower. To be sure, the decline in fertilizer sales reflects not just demand, but also supply-side constraints.

Figure 4: Reservoir levels - deviation from normal (October)
% storage, current - normal



Source: CWC, CMIE, J.P. Morgan.

Data releases and forecasts

Week of Nov 2-6

No data releases.

Review of past week's data

Industrial production (Oct 28)
% change

	Jul	Aug	Sep	
%oya	7.4	7.8	~~7.2~~	6.7

Sources: MoSPI, RBI, J.P. Morgan

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

J.P.Morgan

US economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
2 Nov **Manufacturing PMI**(9:45am) Oct final 55.5 **ISM manufacturing**(10:00am) Oct 54.5 **Construction spending**(10:00am) Sep 0.2% **Senior loan officer survey**(2:00pm) 4Q Chicago Fed President Goolsbee speaks(11:15am)	**3 Nov** **Durable goods**(10:00am) Sep **JOLTS**(10:00am) Sep 7.1mm **Factory orders**(10:00am) Sep **Light vehicle sales** Oct 15.6mm	**4 Nov** **ADP employment**(8:15am) Oct **International trade**(8:30am) Sep -$108.3bn **Services PMI**(9:45am) Oct final 58.0 **ISM services**(10:00am) Oct 55.5 Announce 3-year note $58bn Announce 10-year note $42bn Announce 30-year bond $25bn	**5 Nov** **Productivity and costs prelim**(8:30am) 3Q 3.0% Unit labor costs -0.5% **Initial claims**(8:30am) w/e Oct 31 195,000 Cleveland Fed President Hammack speaks(8:50am) Richmond Fed President Barkin speaks(9:10am) Dallas Fed President Logan speaks(7:00pm)	**6 Nov** **Employment**(8:30am) Oct 75,000 Unemployment rate 4.1% Average weekly hours 34.4 Average hourly earnings 0.2% **Consumer sentiment**(10:00am) Nov prelim 48.0 **Consumer credit**(3:00pm) Sep New York Fed President Williams speaks(4:30am) St. Louis Fed President Musalem speaks(9:10am) Fed Vice Chair Bowman speaks(12:15pm)
9 Nov **Wholesale trade final**(10:00am) Sep Auction 3-year note $58bn Chicago Fed President Goolsbee speaks(10:00am)	**10 Nov** **NFIB survey**(6:00am) Oct **CPI**(8:30am) Oct Auction 10-year note $42bn	**11 Nov** **Veterans Day, Bond market closed**	**12 Nov** **Initial claims**(8:30am) w/e Nov 7 **Existing home sales**(10:00am) Oct **Federal budget**(2:00pm) Oct Auction 30-year bond $25bn Announce 10-year TIPS (r) $19bn Announce 20-year bond $16bn Cleveland Fed President Hammack speaks(9:00am) Chicago Fed President Goolsbee speaks(11:30am) San Francisco Fed President Daly speaks(1:10pm) New York Fed President Williams speaks(6:30pm)	**13 Nov** **PPI**(8:30am) Oct San Francisco Fed President Daly speaks(12:00pm) Fed Vice Chair Jefferson speaks(7:00pm)
16 Nov **Empire State survey**(8:30am) Nov	**17 Nov** **Import prices**(8:30am) Oct **Retail sales**(8:30am) Oct **Business leaders survey**(8:30am) Nov **Industrial production**(9:15am) Oct **NAHB survey**(10:00am) Nov **Business inventories**(10:00am) Sep Cleveland Fed President Hammack speaks(9:30am)	**18 Nov** **Housing starts**(8:30am) Oct **Pending home sales**(10:00am) Oct **TIC data**(4:00pm) Sep Auction 20-year bond $16bn **FOMC minutes**(2:00pm)	**19 Nov** **Initial claims**(8:30am) w/e Nov 14 **Philadelphia Fed manufacturing**(8:30am) Nov **QSS**(10:00am) 3Q adv **Leading indicators**(10:00am) Oct **KC Fed survey**(11:00am) Nov Auction 10-year TIPS (r) $19bn Announce 2-year FRN (r) $28bn Announce 7-year note $44bn Announce 2-year note $69bn Announce 5-year note $70bn Cleveland Fed President Hammack speaks(8:50am) Chicago Fed President Goolsbee speaks(12:30pm)	**20 Nov** **Consumer sentiment**(10:00am) Nov final
23 Nov **Services PMI**(9:45am) Nov flash Auction 2-year note $69bn	**24 Nov** **FHFA HPI**(9:00am) Sep, 3Q **S&P/Case-Shiller HPI**(9:00am) Sep, 3Q **Consumer confidence**(10:00am) Nov **Richmond Fed survey**(10:00am) Nov Auction 5-year note $70bn Auction 2-year FRN (r) $28bn	**25 Nov** **Durable goods**(8:30am) **Real GDP**(8:30am) 3Q second **Initial claims**(8:30am) w/e Nov 21 **Personal income**(8:30am) Oct **New home sales**(10:00am) Oct **Beige book**(2:00pm) Auction 7-year note $44bn	**26 Nov** **Thanksgiving Day, Markets closed**	**27 Nov** **Wholesale trade**(8:30am) Sep

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

J.P.Morgan

Euro area economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
2 Nov **Euro area** PMI Mfg Final (10:00am) Oct Headline 52.4 MFI interest rates (10:00am) Sep **Germany** Retail sales (8:00am) Sep 0.0% m/m ex. autos, sa PMI Mfg Final (9:55am) Oct Headline: 54.2 **France** PMI Mfg Final (9:50am) Oct Headline: 49.3 **Italy** PMI Mfg (9:45am) Oct **Spain** PMI Mfg (9:15am) Oct	**3 Nov** **France** Monthly budget situation (8:45am) Sep	**4 Nov** **Euro area** PMI S&C Final (10:00am) Oct Composite Output: 51.9 HICP Flash (11:00am) Oct HICP: 4.0% oya **Germany** PMI S&C Final (9:55am) Oct Composite Output: 52.8 **France** PMI S&C Final (9:50am) Oct Composite Output: 48.4 **Italy** PMI S&C (9:45am) Oct **Spain** PMI S&C (9:15am) Oct	**5 Nov** **Euro area** PPI (11:00am) Sep **Germany** Mfg orders (8:00am) Sep 0.3% m/m ex. bulk, sa **France** Industrial production (8:45am) Sep 0.0% m/m sa	**6 Nov** **Euro area** Retail sales (11:00am) Sep 0.0% m/m ex. autos and petroleum, sa **Germany** Industrial production (8:00am) Sep 0.5% m/m ex. constr., sa **France** Foreign trade (8:45am) Sep
9 Nov **Germany** Foreign trade (8:00am) Sep	**10 Nov** **Netherlands** CPI Final (6:30am) Oct	**11 Nov** **Germany** HICP & CPI Final (8:00am) Oct **Italy** Industrial production (10:00am) Sep	**12 Nov**	**13 Nov** **Euro area** Employment prelim (11:00am) 3Q GDP Final (11:00am) 3Q Foreign trade (11:00am) Sep **France** HICP & CPI Final (8:45am) Oct **Spain** HICP & CPI Final (9:00am) Oct
16 Nov **Euro area** Industrial production (11:00am) Sep	**17 Nov** **Germany** ZEW bus. survey (11:00am) Nov **Italy** HICP & CPI Final (10:00am) Oct	**18 Nov** **Euro area** HICP Final (11:00am) Oct	**19 Nov** **Euro area** BoP (10:00am) Sep Construction output (11:00am) Sep Labour costs prelim (11:00am) 3Q Negotiated pay settlements (11:00am) 3Q	**20 Nov** **Euro area** EC cons. conf. prelim (4:00pm) Nov **Germany** PPI (8:00am) Oct **France** INSEE bus. conf. (8:45am) Nov
23 Nov **Euro area** PMI Mfg Flash (10:00am) Nov PMI S&C Flash (10:00am) Nov **Germany** PMI Mfg Flash (9:30am) Nov PMI S&C Flash (9:30am) Nov **France** PMI Mfg Flash (9:15am) Nov PMI S&C Flash (9:15am) Nov	**24 Nov** **Euro area** New car registrations (8:00am) Oct **Germany** IFO bus. survey (10:00am) Nov **Spain** PPI (9:00am) Oct **Belgium** BNB bus. conf. (3:00pm) Nov	**25 Nov** **Germany** GDP Final (8:00am) 3Q **France** INSEE cons. conf. (8:45am) Nov	**26 Nov** **Euro area** M3 money supply (10:00am) Oct **Germany** GfK cons. conf. (8:00am) Nov **France** PPI (8:45am) Oct	**27 Nov** **Euro area** Consumer Expectations Survey (10:00am) Oct EC sentiment (11:00am) Nov **Germany** Unemployment (9:55am) Oct **France** HICP & CPI Flash (8:45am) Nov GDP Final (8:45am) 3Q Cons. of mfg goods (8:45am) Oct **Spain** HICP & CPI Flash (9:00am) Nov

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

Japan economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
2 Nov **PMI manufacturing final** (9:30am) Oct Auction 5-year note	**3 Nov** *Holiday: Japan*	**4 Nov**	**5 Nov** **PMI services final** (9:30am) Oct Minutes of Sep 17-18 BoJ Monetary Policy Meeting (8:50am) Auction 10-year note	**6 Nov** **Employers' survey** (8:30am) Sep 3.7 %oya Auction 3-month bill
9 Nov **Consumption activity index** (2:00pm) Sep **Coincident CI prelim** (2:00pm) Sep Auction 6-month bill	**10 Nov** **All household spending** (8:30am) Sep **Bank lending** (8:50am) Oct **Current account** (8:50am) Sep **Economy watchers survey** (2:00pm) Oct Summary of Opinions of Oct 29-30 BoJ Monetary Policy Meeting (8:50am) Auction 30-year note	**11 Nov** **Reuters Tankan** (8:00am) Nov **M2** (8:50am) Oct	**12 Nov** **Corporate goods prices** (8:50am) Oct Speech by Board Member ASADA at a meeting with local leaders in Nagasaki (10:30am) Auction 5-year note	**13 Nov** Auction 3-month bill
16 Nov **GDP prelim** (8:50am) 3Q **IP final** (1:30pm) Sep Speech by Board Member TAKATA at a Meeting Held by the Tokushima Association of Corporate Executives (1:00pm) Auction 10-year note	**17 Nov** **Tertiary sector activity index** (1:30pm) Sep	**18 Nov** **Trade balance** (8:50am) Oct Auction 1-year note Auction 20-year note	**19 Nov** **Private machinery orders** (8:50am) Sep	**20 Nov** **Nationwide core CPI** (8:30am) Oct Auction 3-month bill
During the week: Nationwide department store sales (16-24 Nov)				
23 Nov *Holiday: Japan*	**24 Nov** **PMI manufacturing prelim** (9:30am) Nov **PMI services prelim** (9:30am) Nov	**25 Nov** **Corporate service prices** (8:50am) Oct Auction 40-year note	**26 Nov** **Coincident CI final** (2:00pm) Sep	**27 Nov** **Tokyo core CPI** (8:30am) Nov Auction 3-month bill

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

Bennett Parrish (1-212) 622-9003
bennett.parrish@jpmchase.com
JPMorgan Chase Bank NA

J.P.Morgan

Canada economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
2 Nov **S&P Global manufacturing PMI**(9:30am) Oct	**3 Nov**	**4 Nov** **International trade**(8:30am) Sep C$5.8bn **S&P Global composite PMI**(9:30am) Oct	**5 Nov**	**6 Nov** **Labor Force Survey**(8:30am) Oct +10k U-rate: 6.5% **Ivey PMI**(10:00am) Oct
9 Nov	**10 Nov** **BoC Summary of Deliberations**(1:30pm) Oct	**11 Nov**	**12 Nov** **Building permits**(8:30am) Sep	**13 Nov** **Manufacturing sales**(8:30am) Sep **Wholesale sales**(8:30am) Sep
16 Nov **CPI**(8:30am) Oct	**17 Nov** **Housing starts**(8:15am) Oct **BoC Senior Loan Officer Survey**(8:15am) 3Q **International transactions in securities**(8:30am) Oct	**18 Nov**	**19 Nov** **IPPI**(8:30am) Oct	**20 Nov** **Retail sales**(8:30am) Sep
23 Nov	**24 Nov** **Speech: Governor Macklem**	**25 Nov**	**26 Nov**	**27 Nov** **Current account**(8:30am) 3Q

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

Latin America economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
2 Nov **Argentina** Tax Collections Oct **Chile** Economic Activity Sep -0.2%oya	**3 Nov** **Brazil** PMI Manufacturing Oct **Paraguay** CPI Oct **Mexico** Remittances Sep US$5.4bn IMEF manufacturing index Oct 50.2 IMEF non-manuf index Oct 50.1	**4 Nov** **Argentina** Vehicle production Oct Vehicle sales Oct **Brazil** FIPE CPI Oct Formal job creation Sep 200.0 Net, in thousands (nsa) **Colombia** Exports Sep	**5 Nov** **Brazil** IP Sep -2.2%oya; -0.6%m/m,sa **Mexico** GFI Aug 9.1%oya; 0.5%m/m, sa Consumption Aug 1.1%oya; 0.6%m/m, sa Banxico meeting Nov 6.50% (hold) Consumer Confidence 45.2 Composite, sa **Uruguay** CPI Oct	**6 Nov** **Chile** CPI Oct 4.61%oya; 0.56%m/m **Brazil** Trade balance Oct
During the week: Brazil BCB meeting Nov (4-8 Nov) 13.75% Chile Vehicle Sales Total Oct (6-11 Nov)				
9 Nov **Brazil** IGP-DI Oct **Chile** Trade balance Oct **Mexico** Core CPI Oct CPI Oct Auto report Oct Biweekly core CPI Oct Biweekly CPI Oct **Argentina** Construction Sep Industrial Production Sep **Colombia** CPI Oct	**10 Nov** **Brazil** Auto production Oct	**11 Nov** **Brazil** PMS Sep **Mexico** IP Sep **Uruguay** Industrial production Sep	**12 Nov** **Brazil** IPCA Oct **Argentina** CPI Oct **Peru** Reference rate Nov	**13 Nov** **Brazil** Retail sales Sep **Colombia** Retail sales Sep IP Sep
During the week: Brazil Vehicle sales Oct (10-14 Nov) Peru Economic Activity Sep (15 Nov) Peru National Unemployment rate Oct (15 Nov)				
16 Nov **Argentina** Budget balance Oct **Brazil** IGP-10 Nov Economic Activity Sep	**17 Nov** **Colombia** Economic Activity Sep GDP 3Q	**18 Nov** **Chile** Current Account Balance 3Q GDP 3Q **Colombia** Trade balance Sep	**19 Nov** **Uruguay** BCU rate decision Nov **Argentina** Trade balance Oct	**20 Nov** **Paraguay** BCP rate decision Nov **Mexico** Retail sales Sep
During the week: Peru GDP 3Q (16-27 Nov) Mexico ANTAD same-store sales Oct (17-23 Nov)				
23 Nov **Mexico** GDP monthly proxy Sep **Uruguay** National Unemployment rate Sep	**24 Nov** **Brazil** FGV: consumer confidence Nov **Mexico** Biweekly core CPI Biweekly CPI **Argentina** Economic activity Sep	**25 Nov**	**26 Nov** **Brazil** Current Account Oct FDI Oct IPCA-15 Nov **Mexico** Unemployment Oct	**27 Nov** **Brazil** Central government budget Oct IGP-M Nov U-rate **Chile** Unemployment Sep **Mexico** Trade balance Oct
During the week: Brazil Tax collections Oct (27-30 Nov)				

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

J.P.Morgan

UK and Scandinavia economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
2 Nov **United Kingdom** PMI Mfg Final (9:30am) Overall: 52.8 **Sweden** PMI Mfg (8:30am) Oct	**3 Nov**	**4 Nov** **United Kingdom** PMI Services Final (9:30am) Oct Composite Output: 53.1 **Sweden** PMI Services (8:30am) Oct Riksbank rate announcement (9:30am) Nov Policy rate: 2.00% (25bps hike)	**5 Nov** **United Kingdom** New car regs (9:00am) Oct PMI Construction (9:30am) Oct BoE rate announcement (12:00pm) Nov Policy rate: 4.00% (25bps hike) **Sweden** CPI Flash (8:00am) Oct 1.2% oya **Norway** Norges Bank rate announcement (10:00am) Nov Policy rate: 4.50% (hold)	**6 Nov** **United Kingdom** Lloyd's HPI (7:00am) Oct **Sweden** Budget Balance (8:00am) Oct **Norway** IP Mfg (8:00am) Sep
9 Nov **United Kingdom** S&P/REC jobs report (12:01am) Oct **Norway** PPI (8:00am) Oct	**10 Nov** **United Kingdom** BRC retail sales monitor (12:01am) Oct **Sweden** Industrial PVI (8:00am) Sep **Norway** Consumer confidence (6:30am) 4Q CPI (8:00am) Oct	**11 Nov** **Sweden** Household consumption (9:30am) Oct	**12 Nov** **United Kingdom** RICS HPI (12:01am) Oct Construction output (7:00am) Sep Monthly GDP (7:00am) Sep Industrial production (7:00am) Sep Index of services (7:00am) Sep Trade balance (7:00am) Sep Quarterly GDP Prelim (7:00am) 3Q Business investment final (7:00am) 3Q **Sweden** PES unemployment (6:00am) Oct CPI Final (8:00am) Oct **Norway** Building statistics (10:00am) Oct Investments in oil and gas (10:00am) 4Q	**13 Nov**
16 Nov **United Kingdom** Rightmove HPI (12:01am) Nov **Norway** Trade balance (8:00am) Oct	**17 Nov** **United Kingdom** Labor market report (7:00am) Oct	**18 Nov** **United Kingdom** CPI (7:00am) Oct ONS HPI (9:30am) Oct	**19 Nov**	**20 Nov** **United Kingdom** Gfk cons. conf. (12:01am) Nov Public sector finances (7:00am) Nov Retail sales (7:00am) Oct **Sweden** LFS unemployment (9:30am) Oct **Norway** Quarterly GDP (8:00am) 3Q
During the week: CBI industrial trends Nov (18-24 Nov) CBI distributive trades Nov (21-27 Nov)				
23 Nov **United Kingdom** PMI Mfg Flash (9:30am) Nov PMI Services Flash (9:30am) Nov	**24 Nov** **Norway** Credit indicator growth (8:00am) Oct	**25 Nov** **Sweden** PPI (8:00am) Oct	**26 Nov** **United Kingdom** FPC statement (9:30am) Nov **Sweden** Household lending (8:00am) Oct Financial market statistics (9:00am) Oct	**27 Nov** **United Kingdom** Car manufacturing (12:01am) Oct **Sweden** Economic Tendency Indicator (8:00am) Nov GDP Final (8:00am) 3Q Trade balance (8:00am) Oct **Norway** Retail sales (8:00am) Oct Labor directorate unemployment (8:00am) Nov

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

Monday	Tuesday	Wednesday	Thursday	Friday
2 Nov **Russia** Manufacturing PMI (9:00am) Oct **Turkey** PMI (10:00am) Oct **Poland** PMI (9:00am) Oct **Hungary** PMI (9:00am) Oct **Czech Republic** PMI (9:30am) Oct **Nigeria** PMI (9:45am) Sep **South Africa** Barclays PMI (11:00am) Oct Vehicle sales Oct **Serbia** GDP prelim (12:00pm) 3Q 3.4%oya **Kazakhstan** CPI Oct 9.3%oya	**3 Nov** **Turkey** CPI (10:00am) Oct 29.8%oya	**4 Nov** **Hungary** Industrial output (8:30am) Sep **Czech Republic** CPI prelim (9:00am) Oct 2.4%oya **Ukraine** GDP prelim (2:00pm) 3Q GDP (2:00pm) 3Q 2.1%oya **Poland** NBP rate decision Nov 3.75% **Ghana** CPI Oct 5.3%oya **South Africa** Local elections	**5 Nov** **Czech Republic** CNB rate decision (2:30pm) Nov 4.00%	**6 Nov** **Romania** Retail sales (9:00am) Sep **Hungary** Retail sales (8:30am) Sep **Czech Republic** Industrial output (9:00am) Sep Trade balance (9:00am) Sep **Turkey** Cash budget balance (5:30pm) Oct **Ukraine** FX reserves Oct
During the week: Qatar CPI (2-6 Nov) Kuwait CPI (5-10 Nov) Qatar International reserves Oct (6-9 Nov) Angola CPI Oct (6-13 Nov) Ghana FX reserves Oct (7-18 Nov) Egypt FX reserves Oct (8 Nov)				
9 Nov **South Africa** Gross reserves (8:00am) Oct **Romania** Trade balance (9:00am) Sep **Kazakhstan** FX reserves Oct	**10 Nov** **Turkey** Industrial output (10:00am) Sep **Hungary** CPI (8:30am) Oct **Czech Republic** CPI (9:00am) Oct **South Africa** Quarterly Labour Force Survey (11:30am) 3Q **Israel** Consumer confidence (1:00pm) Oct **Egypt** CPI Oct	**11 Nov** **Russia** Foreign trade (4:00pm) Sep	**12 Nov** **Romania** CPI (9:00am) Oct NBR rate decision Nov **Israel** Trade balance (1:00pm) Oct **Serbia** CPI (12:00pm) Oct NBS rate decision (12:00pm) Nov **Kazakhstan** Retail sales Oct **Uganda** BOU rate decision Nov	**13 Nov** **Romania** Industrial output (9:00am) Sep GDP flash (9:00am) 3Q **Turkey** Current account (10:00am) Sep **Czech Republic** Current account (10:00am) Sep **Poland** CPI (10:00am) Oct GDP prelim (10:00am) 3Q Current account (2:00pm) Sep **Russia** GDP flash (7:00pm) 3Q CPI (7:00pm) Oct
During the week: Israel CPI Oct (15 Nov) Oman CPI Oct (9-20 Nov) Qatar CPI (14-22 Nov) Saudi Arabia CPI Oct (15 Nov)				
16 Nov **Czech Republic** PPI (9:00am) Oct **Israel** GDP flash (1:00pm) 3Q Unemployment rate (1:00pm) Oct **Poland** Core inflation (2:00pm) Oct **Romania** Current Account Sep	**17 Nov** **Hungary** NBH rate decision (2:00pm) Nov	**18 Nov** **South Africa** CPI (10:00am) Oct Retail sales (1:00pm) Sep **Russia** PPI (7:00pm) Oct **Serbia** Current account Oct **Ghana** BOG rate decision Nov	**19 Nov** **South Africa** SARB rate decision (3:00pm) Nov	**20 Nov** **Turkey** Capacity utilization (10:00am) Nov **Poland** Industrial output (10:00am) Oct
During the week: Poland Budget balance Oct (16-30 Nov)				
23 Nov **Israel** BoI rate decision (4:00pm) Nov	**24 Nov** **Poland** Retail sales (10:00am) Oct **Nigeria** CBN rate decision (2:00pm) Nov	**25 Nov** **Poland** Unemployment (10:00am) Oct **Russia** Industrial output (7:00pm) Oct	**26 Nov** **Hungary** Unemployment (8:30am) Sep	**27 Nov** **Zambia** BOZ rate decision (12:00pm) Nov **South Africa** S&P and Moody's rating reviews
During the week: Bahrain CPI Oct (23-27 Nov) Kenya CPI Oct (27-30 Nov)				

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

J.P.Morgan

Non-Japan Asia economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
2 Nov **Australia** Building approvals (11:30am) Sep 2.0%m/m ANZ job advertisements (11:30am) Oct **Taiwan** PMI mfg. (8:30am) Oct 56.3 **South Korea** PMI mfg. (9:30am) Oct 54.5 **China** PMI mfg. (RatingDog) (9:45am) Oct 51.8 **Indonesia** Trade balance (11:00am) Sep US$-0.3bn CPI (11:00am) Oct 3.4%oya **India** PMI mfg. final (10:30am) Oct **Singapore** PMI (9:00pm) Oct 51.8 *Holiday: Philippines*	**3 Nov** **New Zealand** Building permits (10:45am) Oct **South Korea** CPI (8:00am) Oct 2.9%oya **Vietnam** Exports (9:05am) Oct Industrial output (9:05am) Oct CPI (9:05am) Oct **Australia** RBA official rate announcement 25bp hike **Hong Kong** Retail sales (4:30pm) Sep 6.6%oya GDP flash (4:30pm) 3Q 4.2%oya	**4 Nov** **New Zealand** ANZ commodity price (1:00pm) Oct	**5 Nov** **South Korea** Current account balance (8:00am) Oct US$59bn **Australia** Trade balance (11:30am) Sep **Philippines** CPI (9:00am) Oct 7.6%oya **Thailand** CPI (10:30am) Oct 3.5%oya **Indonesia** GDP (11:00am) 3Q 5.2%oya **Malaysia** BNM monetary policy meeting no change **Taiwan** CPI (4:00pm) Oct 2.6%oya	**6 Nov**
During the week: South Korea Trade balance Oct (1 Nov) US$45bn China PMI mfg (NBS) Oct (31 Oct) 50.1 China Foreign Exchange Reserves Oct (7 Nov)				
9 Nov **China** PPI (9:30am) Oct CPI (9:30am) Oct **Philippines** GDP (10:00am) 3Q **Taiwan** Trade balance (4:00pm) Oct *Holiday: Malaysia*	**10 Nov** **Australia** NAB business confidence (11:30am) Oct **China** Trade balance Oct *Holiday: India*	**11 Nov** **South Korea** Unemployment rate (8:00am) Oct	**12 Nov** **India** CPI (4:00pm) Oct	**13 Nov** **South Korea** Export price index (6:00am) Oct Import price index (6:00am) Oct Money supply (12:00pm) Sep **New Zealand** Business NZ PMI (10:30am) Oct **Hong Kong** GDP (4:30pm) 3Q
During the week: China Money supply/TSF Oct (9-14 Nov) India Trade balance Oct (13-16 Nov)				
16 Nov **China** IP (10:00am) Oct FAI (10:00am) Oct Retail sales (10:00am) Oct **Thailand** GDP (9:30am) 3Q **India** WPI (12:00pm) Oct	**17 Nov** **Singapore** NODX (8:30am) Oct **Hong Kong** Unemployment rate (4:30pm) Oct	**18 Nov** **Malaysia** Current acct. Balance (12:00pm) 3Q GDP final (12:00pm) 3Q **Indonesia** BI monetary policy meeting	**19 Nov** **New Zealand** Trade balance (10:45am) Oct **Australia** Unemployment rate (11:30am) Oct **Malaysia** CPI (12:00pm) Oct	**20 Nov** **South Korea** PPI (6:00am) Oct **Indonesia** Current acct. Balance 3Q **Malaysia** Trade balance (12:00pm) Oct **Taiwan** Export orders (4:00pm) Oct **Hong Kong** CPI (4:30pm) Oct
During the week: Singapore GDP final 3Q (21-25 Nov) Thailand Trade balance Oct (21-26 Nov)				
23 Nov **New Zealand** Retail sales (10:45am) 3Q **Singapore** CPI (1:00pm) Oct **India** PMI mfg. (10:30am) **Taiwan** Unemployment rate (4:00pm) Oct	**24 Nov** **South Korea** Consumer survey (6:00am) Nov **Taiwan** IP (4:00pm) Oct *Holiday: India*	**25 Nov**	**26 Nov** **Singapore** IP (1:00pm) Oct **Hong Kong** Trade balance (4:30pm) Oct **South Korea** BOK monetary policy meeting	**27 Nov** **Philippines** Trade balance (9:00am)
During the week: Thailand Mfg. Production Oct (28-29 Nov)				

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
31 - 06 November	**02 November**	**03 November**	**04 November**	**05 November**	**06 November**
●China NBS PMI (Oct)	●Indonesia CPI (Oct) ●United States Construction spending (Sep) ISM mfg (Oct) SLOOS (3Q) ●Global Mfg PMI (Oct)	●Australia **RBA mtg: +25bp** ●Korea CPI (Oct) ●Türkiye CPI (Oct) ●United States Factory orders (Sep) JOLTS (Sep) Light vehicle sales (Oct)	●Brazil **COPOM mtg: no chg** ●Czechia CPI (Oct) ●Euro area HICP (Oct, prl) ●Poland **NBP mtg: no chg** ●Sweden **Riksbank mtg: +25bp** ●United States ADP employment (Oct) ISM services (Oct) Trade balance (Sep) ●Global Composite PMI (Oct)	●Brazil IP (Sep) ●Czechia **CNB mtg: +25bp** ●Germany Mfg orders (Sep) ●Indonesia GDP (3Q) ●Malaysia **BNM mtg: no chg** ●Mexico **Banxico mtg: no chg** ●Norway **Norges Bank mtg: no chg** ●Philippines CPI (Oct) ●Sweden CPI (Oct) ●Taiwan CPI (Oct) ●Thailand CPI (Oct) ●United Kingdom **BoE mtg: +25bp** New car regs (Oct) ●United States Prod and costs (3Q, prl)	●Brazil Trade balance (Oct) ●Canada Labor force srvy (Oct) ●Chile CPI (Oct) ●Euro area Retail sales (Sep) ●Germany IP (Sep) ●Japan Employers' survey (Sep) ●United States Cons credit (Sep) Employment (Oct) UMich cons snt (Nov, prl)
07 - 13 November	**09 November**	**10 November**	**11 November**	**12 November**	**13 November**
●China FX reserves (Oct) Money supply/TSF (Oct, released 9-14 Nov)	●China CPI (Oct) ●Colombia CPI (Oct) ●Japan CAI (Sep) ●Mexico CPI (Oct) ●Philippines GDP (3Q) ●Taiwan Trade balance (Oct) ●United States Wholesale trade (Sep, fnl)	●China Trade balance (Oct) ●Czechia CPI (Oct) ●Hungary CPI (Oct) ●Norway CPI (Oct) ●Türkiye IP (Sep) ●United States CPI (Oct) NFIB srvy (Oct)	●Germany HICP (Oct, fnl) ●Japan Reuters Tankan (Nov) ●Mexico IP (Sep)	●Argentina CPI (Oct) ●Brazil IPCA (Oct) ●India CPI (Oct) ●Peru **BCRP mtg: +25bp** ●Romania **NBR mtg: no chg** CPI (Oct) ●United Kingdom GDP (3Q, prl) IP (Sep) Trade balance (Sep) ●United States Existing home sales (Oct)	●Brazil Retail sales (Sep) ●Euro area Employment (3Q, prl) GDP (3Q, 2nd) Trade balance (Sep) ●Poland GDP (3Q) ●Romania GDP (3Q) ●Russia CPI (Oct) GDP (3Q) ●United States PPI (Oct)

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.

Digital assets, which may also be referred to as virtual or crypto assets or crypto currencies (e.g. bitcoin), discussed in this research report are subject to a rapidly changing regulatory landscape. The application of relevant laws in respect of such assets may be unsettled, and the legality of any digital asset investment may be unclear. Prior to making any investment decision regarding any digital asset, investors should seek their own legal advice and be aware of any legal considerations regarding the purchase, holding or selling of such an investment. For relevant regulatory advisories on digital assets, including bitcoin and ethereum, 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 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). Any reference in this material to products or services offered abroad by entities other than the Bank in Colombia is included exclusively for descriptive purposes. Such references do not constitute, and should not be construed as, promotional activity or the provision of financial products or services within Colombian territory, as defined under applicable Colombian regulation.

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: Ashutosh Sharma; ashutosh.j.sharma@jpmchase.com; +912261575002. 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., J.P. Morgan Grupo Financiero is member of the Mexican Stock Exchange ("Bolsa Mexicana de Valores") and the Institutional Stock Exchange ("Bolsa Institucional de Valores"), and it is authorized to act as a broker dealer by the National Banking and Securities Exchange Commission ("Comisión Nacional Bancaria y de Valores").

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.

Nigeria: J.P. Morgan Chase Representative Office (Nigeria) Limited is regulated by the Central Bank of Nigeria.

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) 070/08/2026 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. The registered address is 548 One City Center Building, 50th Floor, Ploenchit Road, Lumphini, Pathum Wan, Bangkok 10330.

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

Any mentions of third-party trademarks, brand names, products, and services are for referential purposes only and any mention thereof is not meant to imply any sponsorship, endorsement, or affiliation.

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 October 17, 2026.

Copyright 2026 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan. Without prior written consent from J.P. Morgan, it is prohibited to (A) use or share any material, commentary, information or other data received from J.P. Morgan or an authorized third-party ("J.P. Morgan Data") in any artificial intelligence ("AI") systems or models, or (B) use automated means, including robots, crawlers, web-scrapers or other automated tools or scripts, to access, collect, extract or harvest any J.P. Morgan Data, including scraping of user data, content, metadata, pricing information or other information.

Completed 30 Oct 2026 07:43 PM EDT

Disseminated 30 Oct 2026 07:43 PM EDT