JPMorgan

Australia and New Zealand - Weekly Prospects

Summary

- In **Australia**, we leave behind a very quiet week for economic data and enter one that is even quieter. The main message from last week's RBA Board minutes is that the focus of RBA officials remains clearly on inflation, which makes us feel comfortable about our call for a 25bp rate hike on May 6. Given the dire domestic inflation outlook, the only developments that could keep the RBA sidelined in May will be offshore—further dysfunction in credit markets or a sharp leg down in the data prints for Australia's major trading partner economies. This week's Aussie economic calendar is virtually barren, except for job vacancies data on Thursday, so investors' focus probably will remain on the stresses in the global banking system and the responses by central banks.

- While there was no major economic data in **New Zealand** to report last week, the week ahead sees the release of 4Q GDP and current account data, and the February trade report. The 4Q GDP print will be the highlight, and should show that economic growth accelerated to 0.6%q/q from 0.5% in 3Q, owing mainly to faster export growth. Export growth has picked up due to greater shipments of milk powder, butter and cheese, and petroleum products, mainly because of production from the new Tui oil field. Other data should show that the current account narrowed in 4Q, and the trade balance returned to a small surplus in February.

- The **Fed** has been moving on two related fronts since the start of the financial crisis. First, it has been calibrating its policy stance to offset tighter credit conditions as well as signs of weakening labour markets and consumer demand. Accordingly, indicators suggesting that the US economy slipped into recession at the start of the year have been accompanied by aggressive ease. Most recently, rates were cut 75bp, bringing the real fed funds rate to zero. The FOMC also provided guidance that it is likely to ease again in April. Together with the fiscal stimulus that is in the pipeline—roughly US$100 billion in rebate checks will be mailed during May and June—the case for a rebound in 2H growth is getting stronger. Key to the realization of this forecast will be more effective transmission of stimulative policy to financial conditions. In this regard, USD's steady decline is supportive, particularly alongside recent news that US conforming mortgage rates have moved lower and that equity prices are rising.

- JPMorgan's economic forecast calls for **global GDP growth** to downshift sharply to just 1.7%q/q, saar this quarter. Although the slowdown is expected to be widespread, it is the weakness in the developed economies, and especially the US, that stands out. While the broad contours of this story appear to be playing to script, in tracking this forecast, the available data suggest that global growth is doing a bit better than anticipated. In the US, our real-time estimate of current-quarter GDP growth is running close to 1% point above our forecast of a flat quarter. Our expectation is that momentum will slow through the quarter, a view that can be gauged with this week's February releases for durable goods and personal income.

This week's highlight

With the Australian statistician vacating the field this week, New Zealand's data will take centre stage. The 4Q GDP data on Friday should show the Kiwi economy having expanded 2.4%saar.

Contents

JPMorgan Australia Ltd., Sydney
www.morganmarkets.com

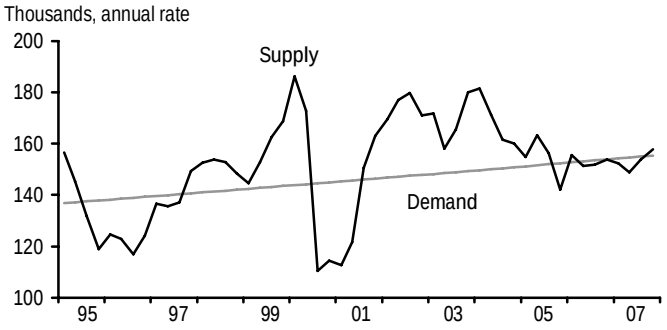
Stephen Walters
(61-2) 9220-1599
stephen.b.walters@jpmorgan.com

Helen Kevans
(61-2) 9220-3250
helen.e.kevans@jpmorgan.com

JPMorgan Chase Bank, Sydney
Stephen Walters (61-2) 9220-1599
stephen.b.walters@jpmorgan.com
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com

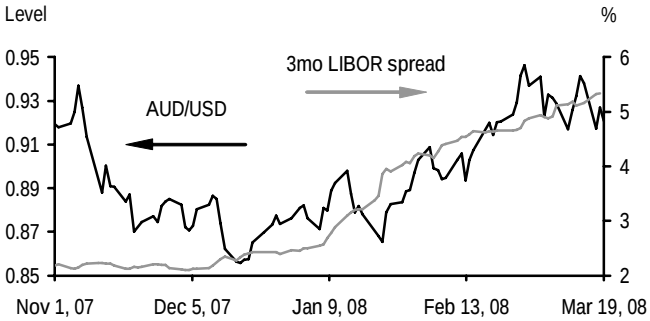
This week's feature charts

Australia: dwelling commencements and demand for housing



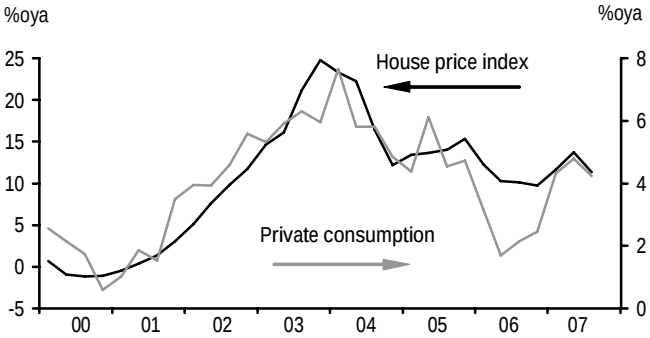
Demand for housing in Australia currently is around 155,000 dwelling units per year, based on our assumptions of population growth, the rate of household formation, real interest rates and house prices. Housing supply since the end of the construction boom in 2004 has averaged just 151,000 dwellings, so we have been under-building homes for some time. This explains the big rises in residential rents and rising house prices in all capital cities except Perth.

AUD rides on yield advantage over US



The spread between US and Australian 3-month LIBOR fixings has widened 2.87% points since the end of 2007. The shift is primarily owing to a 2.16% decline in the US 3-month LIBOR fixing, as the Aussie equivalent has risen 72bp. The result has been a significant appreciation of the Australian dollar, which is up 5% against the greenback this year. The Australian dollar currently buys around 91 US cents.

Turning Kiwi housing market to deter spending



The deterioration in the Kiwi housing market has emerged amid record high interest rates and reduced net-permanent migration flows. The slowdown has also been acknowledged by the RBNZ who, in its recent monetary policy statement, incorporated a 5% decline in house prices into its 2008 forecasts. The turning housing market will weigh on private consumption, especially given that local banks are passing on higher funding costs from credit market tightening.

JPMorgan Australia Ltd., Sydney
Stephen Walters (61-2) 9220-1599
stephen.b.walters@jpmorgan.com

Economic research note

Australia's GDP growth now likely to be sub-3% in 2009

- **The forecast of weaker global growth has triggered downgrades to our Australian GDP growth forecasts**
- **We now expect Australia's economy to expand 3.1% in 2008 as export volumes are constrained**
- **Growth is likely to slow to 2.7% in 2009 as the headwinds for consumers strengthen**

Several weeks ago, we lowered our forecasts for Australian GDP growth for 2008 and 2009, owing to two main developments: first, the assertive interest rate rises by the Reserve Bank (and the related, but disproportionately large, rises in market interest rates) and, second, the spike in energy prices. Both developments will leave dents in household disposable income and result in weaker consumer spending, which accounts for 60% of the economy. Also, we lowered expected growth in export volumes, which has been unexpectedly slow to improve, despite booming mining investment. The downgrade was owing partly to the deterioration in conditions in Australia's export markets, and capacity constraints in ports, rail, power generation and labour markets. Indeed, net exports again will subtract from GDP growth in 2008.

In the wake of recent downgrades to JPMorgan's forecasts for global economic growth, however, we have further downgraded our forecast for Australia's GDP growth for 2008 to 3.1%, from 3.4%. This time, the main transmission mechanism will be softer export volume growth, owing mainly to the downgrades recently made to JPMorgan's growth forecasts for the economies in Asia, which receive nearly 60% of Australia's exports. The additional and simultaneous pain being inflicted on households by rising interest rates, plunging equity markets, declining confidence and high energy prices, however, means we now look for Aussie GDP growth of just 2.7% in 2009, down from 3.2%.

Export volumes have been disappointing

Previously, we had expected Australia's export volumes to rise 4.7% in 2008, and a further 7.1% in 2009. With weaker growth now expected in Australia's major trading partners, we have trimmed these export growth forecasts to 3.8% and 6.3%, respectively. That is, we still expect decent export volume growth as the capacity constraints are ironed out by the extension of the mining investment boom, but the upswing is less impressive than before. Partly offsetting this weaker export growth profile, though, is our expectation of firmer growth in private investment—the mining investment pipeline has become even more swollen by the entanglement of bureaucratic red tape and the lack of available skills and equipment. More capex spending, therefore, relative to our earlier forecasts, will take place in 2008; the most recent survey of firms' investment intentions showed a 24% rise in planned spending for the year ended June 2009.

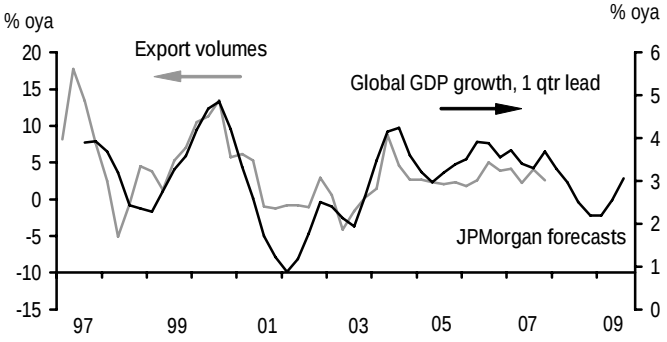
Australian GDP - components of growth

% change from previous year

	2007	2008 (f)	2009 (f)
Household spending	4.5	3.5	2.0
Government spending	3.0	3.7	2.8
Business investment	11.4	3.6	-0.7
Dwelling investment	3.5	2.9	3.6
Change in inventories (cont.)	2.3	-1.4	-0.4
Exports	3.3	3.8	6.3
Imports	10.7	5.1	2.5
Net exports (cont.)	-1.7	-0.4	0.7
GDP	3.9	3.1	2.7

Source: ABS, JPMorgan.

Australian export volumes and global GDP growth



Also, we have become more pessimistic about the outlook for Australian households which, until now, have rarely had it so good. Indeed, the key supports for Australian households remain in place. First, the job market is extremely tight, owing partly to the investment boom (chart), which has helped drive the jobless rate down to a 33-year low. Second, the soaring terms of trade is providing a massive boost to national income, mainly as the government recycles booming corporate tax receipts back to households via the personal tax system. The government remains committed to paying another round of personal tax relief from July, even though this is likely to aggravate RBA officials trying to slow growth in domestic demand to curb inflation.

Headwinds for households strengthening

On the flipside for households, though, key headwinds are becoming stronger. Record high crude oil prices will translate into higher petrol prices in coming months, and the RBA's assertive rate hikes are starting to bite, particularly for households in outer suburban areas of the big cities, where house prices are falling. Also, plunging equity prices will leave a dent in household wealth, the unemployment rate will start to rise in the latter part of 2008 as the investment backlog is worked off, and there now is talk of credit rationing by the major banks. Consumer confidence has plunged precipitously to the lowest level in 15 years, partly owing to these strengthening headwinds.

New government to slash spending

Finally, the newly elected Rudd Labor government intends to slash public spending. According to a recent report by the Treasury, recent growth in public spending was the fastest since the aftermath of the last recession in the early 1990s. Therefore, we have trimmed our forecast for growth in public spending to 3.7% in 2008, down from 4.8%, and 2.8% in 2009 (down from 3.5%). Of the other components of GDP growth, we still expect dwelling investment to rise as the housing shortfall is made up, but there probably will be a larger inventory correction as firms attempt to boost working capital and lower costs by carrying less stock.

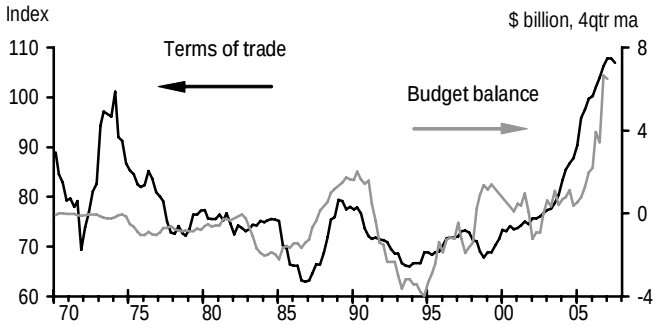
For the RBA, despite the growth downgrades and our forecast of more aggressive easing by other central banks, we are sticking with our forecast for another 25bp RBA rate hike in early May, on the assumption that the 1Q CPI print (in late April) will show inflation well above the RBA's 2-3% target range, with headline inflation running close to 4%. That said, with the dysfunction in global money and credit markets getting worse (market interest rates again have spiked well above cash) and, according to our US macro team, the US economy now in recession, the chances of an RBA tightening in May have diminished. Even if the tightening cycle is over, the RBA probably will leave the cash rate at the current 7.25% for an extended period to squeeze inflation from the economy. Rate cuts are out of the question given the dire inflation outlook.

Asymmetric risks to growth outlook

The risks to our Australian growth forecasts are not symmetric. Unexpected strength in the global economy, relative to our new forecasts, would deliver even firmer growth in Aussie exports and fuel further investment. On the flipside, however, if we are overestimating the strength of global growth, the

Private investment and the unemployment rate

Terms of trade and central government budget balance



negative impact on Australia will be acute, given that most of the stimulus to growth in the real economy, employment, and national income is coming from the export-oriented resource sector. Unexpectedly weak growth in Australia's export markets, relative to our already downgraded forecasts, could mean that our forecast growth in Aussie export volumes will fail to materialize. Also, investment in mining and infrastructure would be delayed or cancelled, which would be an anchor on employment growth, and the terms of trade could reverse as commodity prices fell.

A sustained terms of trade correction would be a substantial drag on national income growth. In particular, it would squeeze the government's corporate tax collections and, therefore, imperil the government's ability to fund its promised personal income tax cuts. In all likelihood, under this scenario, AUD would fall even faster than forecast as commodity prices declined. This would exacerbate Australia's already chronic inflation problem, and could trigger more RBA rate hikes. This would be a dead weight on consumers. After many years in which booming domestic demand more than offset a disappointing export performance, under the "perfect storm" described above, Australia's external and domestic economies simultaneously would deteriorate and GDP growth in 2009 probably would be well south of 2%.

JPMorgan Australia Ltd., Sydney
Stephen Walters (61-2) 9220-1599
stephen.b.walters@jpmorgan.com
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com

Australia

- **RBA Board minutes show inflation was main concern**
- **Cash rate to rise another 25bp in May**
- **Dwelling commencements surged in Australia in 4Q**

In a week without top-tier economic data releases, market pundits in Australia last week directed their attention to the release of minutes from the RBA Board meeting held in early March. The minutes signalled clearly that RBA officials' concerns remained centred on the deteriorating domestic inflation outlook. In fact, the RBA upgraded the near-term inflation forecasts, while trimming the medium-term numbers. JPMorgan forecasts that the RBA will hike the cash rate a further 25bp to 7.5% in May, following the release of the 1Q CPI data in late April. Annual headline inflation probably will print at 4.0%oya in the March quarter, well above the RBA's 2-3% target range.

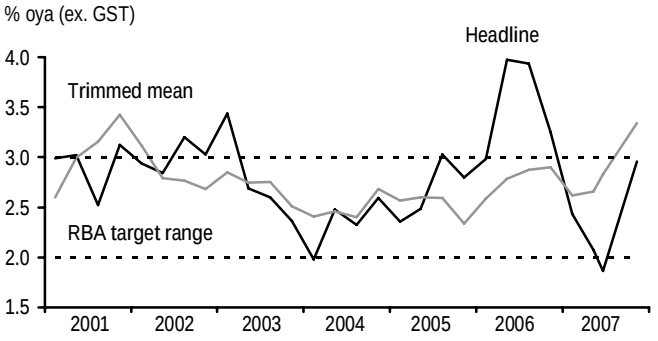
RBA still anxious about inflation

The RBA last week released minutes from the March 5 Board meeting, at which the Board raised the cash rate 25bp to 7.25%. The usefulness of these minutes was diminished by the fact that an unusually large amount of murky water has flowed under the RBA's policy bridge since early March. The perspective of RBA officials, therefore, probably has changed since their last meeting. That said, RBA Governor Glenn Stevens' speech just over a week ago conspicuously failed to mention worsening credit market dysfunction, renewed signs of weakness in the US economy, and increased volatility in financial markets. Indeed, the Governor's comments showed clearly that the RBA's main focus remained Australia's dire inflation outlook.

Similarly, the minutes hinted that RBA officials in early March appeared more concerned about Australia's capacity constraints and the poor inflation outlook than the problems in credit markets. In particular, the minutes revealed that the RBA upgraded its commodity price forecasts for 2008, which means that the boost to national income from the rising terms of trade, a recurring theme in recent RBA commentary, will be even larger. While the minutes indicated that there were tentative signs of slowing growth in domestic demand, Board members remained concerned about the inflationary impact of skill shortages, healthy demand for credit, particularly by business, and building wage pressure owing to the tight labour market.

Also, the minutes revealed lingering anxiety about the risk that persistent high inflation readings could move inflation expectations higher. At the margin, officials believe that the near-term inflation outlook has deteriorated—the minutes indicated that Board members believe the 1Q inflation reading will be "above" 4%, compared to "around" 4% in the February minutes. On the flipside, though, Board members acknowledged that there already was a "substantial" amount of tightening in the pipeline, thanks partly to the disproportionately large rises in market interest rates (relative to cash) by domestic commercial banks. The RBA's longer term inflation forecasts were lowered slightly, with inflation expected to fall below 3% by mid-2010.

Australia: headline and core CPI



Australia: labor price index and unemployment

On the global economy, while RBA officials believe that global growth will be below trend in 2008, as was indicated in the February quarterly statement, they expect growth in Australia's trading partners to improve in 2009. Also, all of the slowdown is in the developed markets; the minutes emphasized the strength of the Asian economies, which receive the lion's share of Australia's exports. This may explain the RBA's upgrade to near-term commodity price expectations. The RBA's comments on the US economy were unexpectedly upbeat, although more recent data for the US economy has

printed almost uniformly on the weaker side of market expectations.

RBA to hike interest rates again in May

JPMorgan forecasts that the RBA will raise the cash rate again in May. We do, however, acknowledge that recent events offshore have reduced the probability of a May move. The domestic case for a higher cash rate remains compelling. Annual core inflation at 3.4% in 4Q already is well above the RBA's 2-3% target range and is very likely to stay there for an extended period. Also, business rates of capacity utilization are near recent record highs, and the soaring terms of trade, conspicuously mentioned in the RBA Governor's recent speech, remains a key source of stimulus for the Aussie consumer.

With all this in mind, only more significant adverse developments offshore could keep the RBA sidelined on May 6. Domestically, the key landmark prior to the May RBA meeting is the 1Q CPI data (April 23), which almost certainly will show inflation running a full percentage point above the upper band of the RBA's target range. In the absence of further adverse developments overseas, and with RBA officials forecasting inflation above target until 2010, it will take some particularly creative thinking for an inflation-targeting central bank to explain why it was ignoring such a clear signal that the inflation genie had escaped from the bottle.

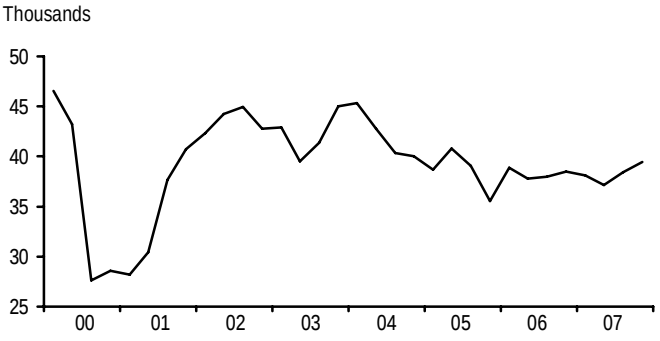
Dwelling commencements surge in 4Q

Dwelling starts surged 2.6%q/q in 4Q, after spiking 3.4% in 3Q. The rise was driven solely by commencements of new private sector houses (+6.3%), while new private sector "other" residential building starts fell (-8.4%).

As usual, there was a massive disparity in the performance across the nation. Dwelling commencements slumped in NSW (-12.4%) and South Australia (-9.7%). In other states, commencements rose in 4Q—Victoria (+8.4%), Queensland (+9.6%), and Tasmania (+8.9%). Housing starts in the Northern Territory and ACT fell 3.4% and 26.4%, respectively, although the ABS advises using the seasonally adjusted data for the two territories with caution.

As of December, dwelling starts had risen for two consecutive quarters. The trend estimate for the total number of dwelling units commenced in 4Q rose 2.0%q/q, following a milder 1.2%

Australia: dwelling commencements



rise 3Q. Still, given that the RBA hiked interest rates twice in the opening quarter of 2008, dwelling starts will likely trend south in the near term before recovering during the remainder of 2008.

JPMorgan forecasts dwelling commencements to total 165,000 in 2008, up from 158,000 in 2007. Our calculation of underlying demand, based on population growth, the rate of household formation, house prices, and real interest rates, is for 155,000-160,000 building commencements per year.

Data releases and forecasts

Week of March 24 - 28

No data releases expected.

Review of past week's data

WMI leading index
Seasonally adjusted

	Nov	Dec	Jan	
(%m/m)	0.9	-0.2	__	*0.0*

Dwelling starts
Seasonally adjusted

	2Q		3Q		4Q	
(%q/q)	~~-2.5~~	*-2.4*	~~1.3~~	*3.5*	~~1.5~~	*2.6*

Sales of new motor vehicles
Units, seasonally adjusted

	Dec	Jan		Feb	
(%m/m)	1.6	~~0.6~~	*0.2*	__	*-2.3*
(%oya)	11.7	7.2		__	*3.1*

JPMorgan Australia Ltd., Sydney
Stephen Walters (61-2) 9220-1599
stephen.b.walters@jpmorgan.com
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com

New Zealand

- **Fourth quarter GDP to have grown 0.6%q/q**
- **Current account deficit to narrow on stronger exports**
- **February trade balance to return to surplus**

The economic calendar in New Zealand was empty of key data last week. This week, though, GDP data should show that economic growth accelerated to 0.6%q/q in 4Q, owing mainly to faster export growth. Solid exports—driven by shipments of milk powder, butter and cheese, and petroleum products, mainly because of production from the new Tui oil field—also will have narrowed the current account gap in 4Q. Similarly, the February trade balance, also to be reported this week, should post a mild surplus after a deficit in January.

New Zealand economy to slow in 4Q

The Kiwi economy should have grown 0.6%q/q in the December quarter, accelerating from 0.5% in 3Q, owing mainly to stronger export growth. Annual economic growth will probably have slowed, however, from 3.3% to 3.2% in 4Q.

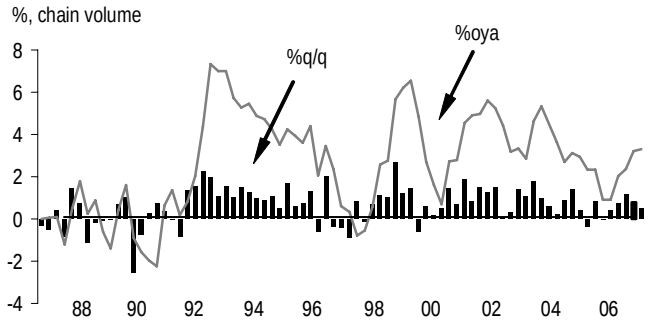
Higher export volumes should have contributed significantly to GDP in the December quarter, since the dairy industry, New Zealand's largest export sector, is experiencing a massive windfall of income thanks to milk solids prices, which more than doubled in the past year. Export volumes recently hit a record high on the back of dairy exports, as well as rising oil sales from the recently commissioned Tui field.

Government spending also should have remained solid in 4Q. The government is running large surpluses and has embarked on what officials hope will be a vote-winning spending spree ahead of the election (expected to be held in late 2008). Spending on education and safety services, among other things, picked up considerably in recent quarters. Private consumption should remain relatively strong, but will likely weaken throughout 2008 as rising borrowing costs continue eating into households' disposable income. Reflecting the sharp downturn in the housing market, residential investment will likely have slowed in 4Q, and ongoing credit market jitters will ensure that business investment remains a drag on economic growth.

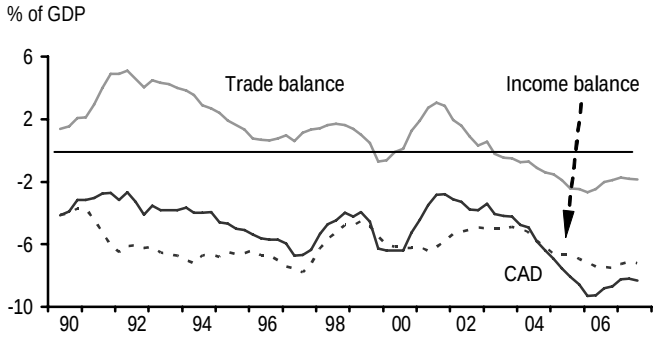
Kiwi current account gap to narrow

The current account deficit blew out in the third quarter, widening to NZ$5.2 billion from NZ$3.0 billion, although it likely narrowed in 4Q. A deficit of NZ$4.3 billion is expected for the

New Zealand: GDP growth



New Zealand: current account



December quarter, which will account for around 8.5% of GDP, up from 8.3% previously.

The key driver of the narrowing quarterly deficit is expected to have been an improvement in the goods and services balance. The trade deficit of NZ$1.6 billion in 3Q is expected to have more than halved in 4Q as exports increased more than imports. The trade gap is expected to narrow further in 2008 as NZD depreciates, boosting the competitiveness of Kiwi exporters, and as domestic demand slows, reducing imports. The income balance, however, will likely remain in deficit. The current account deficit is expected to narrow toward 8.0% of GDP in 2008.

NZ trade balance to return to surplus

In February, the trade balance is forecast to return to a favourable position of NZ$209 million, after falling below expectations in January. A nonseasonally adjusted monthly deficit of NZ$320 million was recorded in January, following a small surplus of NZ$33 million in the previous month.

The trade position is expected to have improved in February

JPMorgan Australia Ltd., Sydney
Stephen Walters (61-2) 9220-1599
stephen.b.walters@jpmorgan.com
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com

owing to stronger exports, which are expected to have risen from NZ$3.1 billion in January; this was the highest ever recorded for a January month and the first recording of over NZ$3.0 billion. Exports are again expected to have been driven by shipments of milk powder, butter and cheese, and petroleum products. Growth in imports likely slowed from NZ$3.4 billion in January as the RBNZ's four interest rate rises last year curbed domestic demand.

The impact of the recent drought on dairy output remains a key downside risk to the export outlook. The drought is hitting the key agriculture region, pushing up feed prices significantly—from NZ$55 a bale of silage to over NZ$140 (and there is a global shortage) which affects both the dairy and meat industries. The meat industry will be hit the hardest as meat prices have already fallen on the back of Australia's severe drought, which induced culling—leading to increased supply and lower prices.

The dairy industry, meanwhile, has lost more than NZ$500 million in production according to Fonterra, the world's largest producer, although a record high dairy payout to farmers will cushion the blow. Fonterra is forecasting a NZ$6.90 kg/MS payout—probably a conservative estimate. Dairy production is still likely to be up this year, but only marginally. Farmers will simply dry out their herds earlier than hoped for and production won't be as good as earlier estimates.

Data releases and forecasts

Week of March 24 - 28

Wed Mar 25 03:00pm — **Credit card spending**
Seasonally adjusted

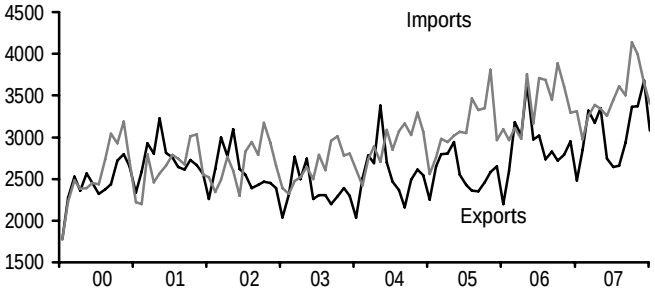
	Nov	Dec	Jan	Feb
(%oya)	9.5	7.6	8.6	__

Thu Mar 27 10:45am — **Balance of payments**
NZ$ mn, nsa

	1Q07	2Q07	3Q07	4Q07
Current account	-2205	-2999	-5174	-4362

New Zealand: exports and imports

NZ$ million, nsa



Thu Mar 27 10:45am — **Trade balance**
Not seasonally adjusted

	Nov	Dec	Jan	Feb
Exports ($NZ mn)	3375	3680	3080	3520
Imports ($NZ mn)	3997	3647	3400	3310
Trade balance ($NZ mn)	-621	33	-320	209

Fri Mar 28 10:45am — **Real GDP**
Seasonally adjusted, production-based

	1Q07	2Q07	3Q07	4Q07
(%q/q)	1.2	0.8	0.5	0.6
(%oya)	2.4	3.2	3.3	3.1

Review of past week's data

Visitor arrivals
Not seasonally adjusted

	Dec	Jan		Feb	
Total (%m/m)	-1.2	~~0.0~~	*0.8*	__	*5.3*

Net permanent immigration

	Dec	Jan	Feb	
Monthly	20	70	__	*170*
12 month sum (000s)	5.5	4.8	__	*4.6*

JPMorgan Chase Bank, New York
Bruce Kasman (1-212) 834-5515
bruce.c.kasman@jpmorgan.com
David Hensley (1-212) 834-5516
david.hensley@jpmorgan.com

Global essay

- **With last week's actions, Fed may be starting to get traction in markets, bolstering case for 2H growth pickup**
- **Global and US GDP growth tracking above (subdued) 1Q forecasts**
- **BoE April rate cut remains close call**
- **Divergent policy paths in EM Asia's biggest economies**

Living in exigent times

The Fed has been moving on two related fronts since the start of the financial crisis. First, it has been calibrating its policy stance to offset tighter credit conditions as well as signs of weakening labour markets and consumer demand. Accordingly, indicators suggesting that the US economy slipped into recession at the start of the year have been accompanied by aggressive ease. In the latest installment, rates were lowered 75bp, bringing the real fed funds rate to zero. The FOMC also provided guidance that it is likely to ease again in April. Together with the fiscal stimulus that is in the pipeline—roughly US$100 billion in rebate checks will be mailed during May and June—the case for a rebound in second-half growth is getting stronger. Key to the realization of this forecast will be more effective transmission of stimulative policy to financial conditions. In this regard, the dollar's steady decline is supportive, particularly alongside recent news that US conforming mortgage rates have moved lower and that equity prices are rising.

The Fed has also moved actively to relieve financial market stress. To this end, it has improved the terms of its lending facilities and created new instruments that restructure its balance sheet to take on out-of-favour assets in return for Treasury securities. This alphabet soup of aggressive innovation (TAF, TSLF), however, remained within the normal scope of Fed activity.

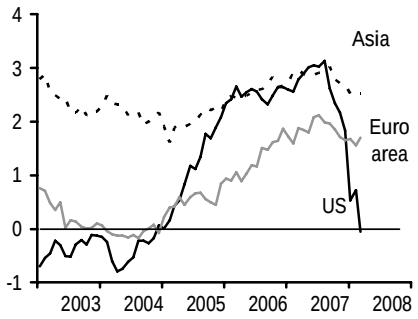
In creating the Primary Dealer Credit Facility (PDCF), by contrast, the Fed is breaking new ground by lending directly to nonbanks. In taking this step, it made a judgment that the "quasi-run" on broker-dealers presented a threat to the financial system at large. This action can also be seen as a necessary response to the changes in US financial structure over the past decade. The reliance of broker-dealers on short-term funding and their thin layer of capitalization have always left them vulnerable in times of stress. But they have grown rapidly, and become heavily involved in areas that blur their distinction from banks. As a result of their increased size and integration, the risk that a broker-dealer failure could disrupt the functioning of the financial markets has markedly risen.

It is traditional that a crisis serves as a catalyst for regulatory change; this episode is likely to reinforce this point. It is reasonable for a PDCF-like facility to become a permanent part of the Fed toolbox to ensure that broker-dealers can fall back on a lender of last resort. Access to the Fed's safety net will come at a price, however. It is likely that last week's events will set in motion developments whereby broker-dealers are placed under the Fed's regulatory authority (see "US broker-dealers fall into the Fed's net," page 11).

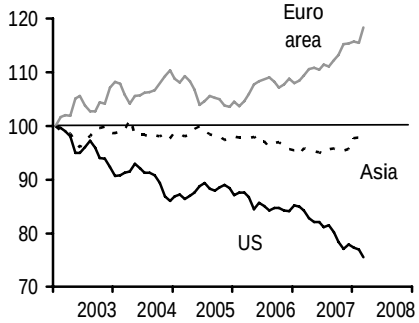
Close call for BoE rate cut in April

Although European central banks are not faced with large broker-dealers standing outside their safety net, they face continued funding stress on banks, as evidenced in the wide spread between their policy rates and LIBOR fixings. There is little immediate appetite for easing from the ECB, where inflation remains a concern. One tool still available to the ECB—

Real policy interest rates
% p.a., nominal rate deflated by core CPI



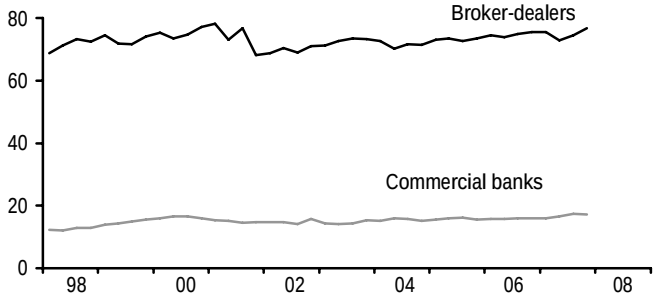
Real broad effective exchange rates
Jan 2003 = 100



JPMorgan Chase Bank, New York
Bruce Kasman (1-212) 834-5515
bruce.c.kasman@jpmorgan.com
David Hensley (1-212) 834-5516
david.hensley@jpmorgan.com

US financial sector: short-term funding

Repos and security credit as % of liabilities



and other Western European central banks—is cutting marginal lending facility rates, which stand at a spread of 100bp over policy rates compared with only 25bp in the US.

In the UK, an April ease is expected, but recent economic data releases make this a close call. The inflation news is mixed, as a rise in headline inflation to 2.5%oya was accompanied by an ongoing slowing in core inflation—raising downside risks to our forecast for a breach of 3% this summer. Solid employment growth and falling unemployment have been part of the picture for some time. February's retail sales data showed sales at food stores leading a significant upside surprise.

With financial market conditions fragile, the minutes of the February meeting suggest that a majority MPC vote to cut rates is likely as early as April. However, the MPC is reviewing the data on a month by month basis, and there will be some temptation to delay a cut until the compilation of the May inflation report. Conditions in financial markets and the releases in the week prior to the meeting, notably the April PMI releases, the February lending and mortgage approvals data, and the US employment report, will sway the decision.

Global growth tracking above forecast

JPMorgan's economic forecast calls for global GDP growth to downshift sharply to just 1.7%q/q, saar this quarter. Although the slowdown is expected to be widespread, it is the weakness in the developed economies, and especially the US, that stands out. While the broad contours of this story appear to be playing to script, in tracking this forecast, the available data suggest that global growth is doing a bit better than anticipated. In the US, our real-time estimate of current-quarter GDP growth is running close to 1% point above our forecast of a flat quarter. Our expectation is that momentum will slow through the quarter, a view that can be gauged with this week's February releases for durable goods and personal income. In Canada, we boosted our 1Q growth estimate from 0.5% to 1.0% last week.

The story is similar in Asia. The fast start for some of the key indicators in Japan, including consumer spending and exports, suggest upside risk to our 0.5% GDP growth forecast. In EM Asia, exports posted solid gains in January/February versus 4Q07 in the dominant economies of China, Taiwan, and Korea. The evidence is more mixed in Europe. The available data, including the March PMI survey, suggest that Euro area growth is tracking our 1.5% forecast. The UK economy may be running ahead of expectations, however, especially after last week's robust retail sales report.

Japan: not BoJ politics as usual

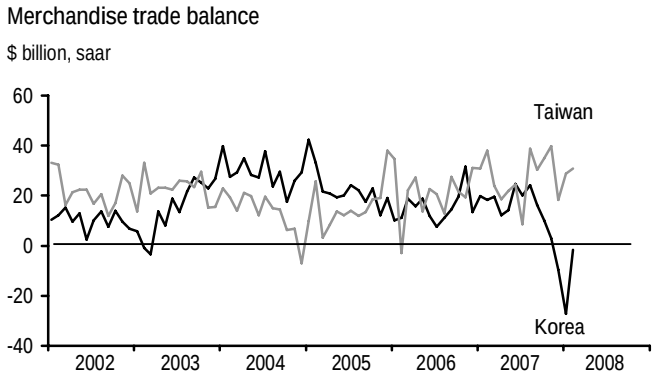
Last week in Japan, the Upper House—led by the DPJ and other opposition parties—rejected the Fukuda government's second candidate to become BoJ governor, creating a vacancy that will be filled temporarily by new Board member Masaaki Shirakawa. Although this may have little impact on monetary policy decisions and daily operations, the perception of political paralysis adds to the prevailing mood of uncertainty about the Japanese economy. As noted, the key January activity data suggest that the economy is growing a bit faster than our 0.5% estimate (which follows on the heels of a 3.5% gain in 4Q).

This week's releases will help to gauge current growth momentum, including February export volume and consumer spending, and the March small business survey. Exports and consumer spending should roll over after surprising gains in January. The small business survey is expected to continue its recent uptrend, however.

North Asia's policy cross-currents

Taiwan held its presidential election on Saturday, March 22. Ma Ying-jeou from the mainland-friendly KMT, who consistently led in opinion polls, claimed election victory, paving the way for closer cross-strait economic links. This will boost the overall efficiency and productivity of the Greater China manufacturing supply chain, benefiting Taiwan's economy in particular and providing a potential medium-term lift to domestic demand. Another near-term event to watch in Taiwan is Thursday's quarterly central bank meeting. In the face of ris-

JPMorgan Chase Bank, New York
Bruce Kasman (1-212) 834-5515
bruce.c.kasman@jpmorgan.com
David Hensley (1-212) 834-5516
david.hensley@jpmorgan.com



ing commodity prices, which are gradually feeding into domestic pipeline inflation pressure, the central bank has allowed TWD to move from chronic underperformer in the region, to being one of the fastest year-to-date gainers in Emerging Asia. In addition to a consistently strong current account surplus, the earlier dynamic of severe capital outflows from Taiwan has been attenuated. Such is the positive momentum in Taiwan that the central bank is likely to stand alone in the region by raising rates again this week.

Meanwhile, the chance of a near-term interest rate move on the mainland does not look good. At the closing of China's National People's Congress last week, Premier Wen emphasized the need to lower inflation and contain inflation expectations. But, at the same time, he highlighted the need to support growth amid a darker global outlook. The immediate policy action was that the PBoC stayed in gradualist mode, and again raised the RRR 50bp, which suggests a lower risk of a near-term interest rate hike. We anticipate that China will raise interest rates, but not until after midyear.

Korea provides a stark contrast, almost a mirror image, to the dynamic in Taiwan. The current account surplus has evaporated, leaving no buffer as foreign funds flow out of the equity market. Meanwhile, the old mentality to hedge against persistent currency appreciation, built from years of KRW outperformance, is coming back to bite exporters and investors who are now scrambling to unwind those hedges. USD/KRW has shot through the 1000 mark, thus depreciating 7.2% ytd and becoming a serious outlier to the broad weak dollar trend. The forward-looking BoK has taken the currency move in stride, anticipating that seasonal pressure on the current account will soon ease and, more prospectively, that slowing growth will cap incipient demand-side inflation pressures. For that reason, we expect the BoK to cut rates 50bp in 3Q.

JPMorgan Securities Ltd., London
Jan Loeys (44-20) 7325-5473
jan.loeys@jpmorgan.com
John Normand (44-20) 7325-5222
john.normand@jpmorgan.com

JPMorgan View - Global Markets

Reduce underweighting of risk, starting in equities

- It's an understatement that equities, and especially credit, are cheap against historical measures, while government bonds remain very expensive. The medium-term strategy should be to favour risky assets over safe ones. But there is the **tricky issue of timing** and the risk that investors with rational medium-term views and positions could be bankrupt by the time they are right. In a time of fear, value counts for little, while perceptions of downside risks and asset dumping rule the day.

- The prudent strategy is thus to use risk perceptions and positions rather than value to decide when to reenter equity and credit markets. The **good news** is that although there remains a lot of uncertainty, this last week's actions by the Fed should **lessen our sense of downside risk.** The Fed and other parts of the US Government, are implicitly telling investors they will **do whatever is needed** to prevent a meltdown of financial markets. This does not protect anybody against volatility or individual losses, but should alleviate fears of a broader systemic collapse. This should induce investors who are underweight riskier asset classes to start reducing their underweight.

- **The case for being outright long risk at this moment remains problematic.** In credit markets, asset disposals are not finished. Economic activity data and earnings releases are set to weaken further. However, those **investors eager to jump the gun should start in equities (financials) rather than credit,** even as there is more value in credit, as technical conditions are much cleaner in stocks. Our sense is that equity investors are short stocks and long cash, while we continue to see uncomfortable longs in credit. **We are long equity risk, hedged through credit shorts.**

- **The hyperactivity of US policymakers** contrasts with "calmer" policymaking in Europe and Asia. It reflects both greater problems in US markets and a can-do attitude by US policymakers. The latter has allowed US equities to outperform, in local-currency terms, and helped USD rebound. Still, we remain bearish USD as hyperactive US policymaking will bring rates lower and turn the USD into a funding currency.

Fixed income

- Bond markets are extremely volatile and full of distortions and bizarre pricing that makes rational position taking impossible. Our top recommendation is to have very little risk on.

- The Fed's injection of liquidity helped bond markets, but for just a few days. We see further position dumping into markets that are unwilling to take risk. One-month T-bill rates are just a shade above zero and some repos and real TIP yields gave gone negative. Curves have flattened massively for no other reason than that everybody is unwinding steepeners. **Steepeners nevertheless remain our main medium-term strategy,** even as the position is going against us at the moment.

10-yr government bond yields

	Current	Jun 08	Sep 08	Dec 08	Mar 09
United States	3.34	3.80	4.05	4.10	4.15
Euro area	3.75	3.65	3.65	3.80	3.95
United Kingdom	4.29	4.40	4.60	4.70	4.80
Japan	1.27	1.20	1.30	1.45	1.60

Equities

	Current	YTD return (local currency)
S&P	1326	-11.1%
Topix	1196	-18.9%
FTSE 100	5495	-13.0%
MSCI Eurozone	196	-18.8%
MSCI Europe	1271	-16.6%

Credit markets

	Current	Jun 08	Dec 08
US high grade (bp over UST)	284	250	
US high grade (bp over swaps)	205	175	
Euro HG corp (bp over swaps)	102		65
USD high yield (bp vs. UST)	819	800	650
EMBIG (bp vs. UST)	327	275	250

Foreign exchange

	Current	Jun 08	Sep 08	Dec 08	Mar 09
EUR/USD	1.54	1.55	1.52	1.48	1.45
USD/JPY	99	101	103	105	108
GBP/USD	1.98	2.01	1.97	1.95	1.91

Commodities

		Quarterly average			
	Current	Mar 08	Jun 08	Sep 08	Dec 08
WTI oil $/bbl	102	98	94	88	82
Gold ($/oz)	914	920	920	915	900
Copper($/m ton)	8103	8000	7300	6500	6000
Corn ($/Bu)	5.08	4.90	4.70	4.30	4.80

Source: JPMorgan, Bloomberg, Datastream.

Equities

- **Financials drove the equity rally** last week, triggered by the Fed's unprecedented move to lend directly to primary dealers as well as another big reduction in the Fed funds rate. In contrast, **energy and materials were the worst** performing sectors, declining 4%, as a collapse in commodity prices put pressure on commodity-exposed sectors.

- Last week's dramatic actions by **US policymakers** to eliminate an imminent threat to global financial markets and thus

JPMorgan Securities Ltd., London
Jan Loeys (44-20) 7325-5473
jan.loeys@jpmorgan.com
John Normand (44-20) 7325-5222
john.normand@jpmorgan.com

reduce the risk that the economy falls into a deep recession are significant and increase our confidence that a recovery will take place later this year. This should allow **equity markets to finish the year significantly higher than current levels**.

- Near term, though, high uncertainty about the duration of the recession and its impact on earnings is balancing the positive forces stemming from recent US policy actions, attractive valuations, and overall underweight positions by equity investors. We thus see equities fluctuating within the **wide ranges** of the past two months, but with continued elevated daily volatility.

- Our long-standing overweight of growth vs value suffered last week as financials rallied. But ytd this trade is still in positive territory. We are staying with this trade, as a recession trade that has further to go, but recent Fed actions coupled with last week's positive earnings reports by investment banks are inducing us to take part profits.

- The factors that caused the sharp decline in commodity prices—investors' deleveraging, growth concerns, declining inflation premia—will likely continue putting pressure on commodity prices near-term, especially energy and base metals. **Tactically close overweights in energy and materials.**

- Our overweight in **EM** vs developed markets is also suffering from the decline in commodity prices. We remain medium-term positive, but recognize that in the near-term, this trade is not attractive given our expectation of continued pressure on commodity prices and commodity currencies. Within EM, start rotating from commodity exporters in Latam and Russia to commodity importers in EM Asia.

Credit

- **CDS indices rallied** last week 20-30bp in HG and 40-50bp in HY, as the Fed induced market participants to cover their shorts in CDS indices. In contrast, credit spreads were **little changed in cash indices,** partly reflecting low trading volumes in the cash market, and the lack of buying interest from long-only investors.

- **Does this Fed action change the outlook for credit and financials in particular?** We have been bearish on credit over the past few months, focused on HG and financials on the grounds that a backdrop of unwanted positions and an inventory of unsold loans, with funding restrictions and mark-to-market losses, elevated issuance needs by financials, and rating downgrade risk will continue to cause credit unwinds. The Fed action is supportive for financials as it eases funding pressures and reduces the risk of failure. It permits broker-dealers to exchange quality mortgages for Treasuries, but does not eliminate the broader issue of subprime assets and structured products unwinds. We stay bearish credit and underweight financials, but given last week's momentum we **recommend reducing underweight positions.**

Foreign exchange

- USD was the conspicuous beneficiary of the generalized position unwinding that dominated last week. Despite the size of the move, we do not believe that USD has turned and expect weakness to resume once deleveraging settles down. Following the Fed's ease, the US has the dubious distinction of being the world's biggest borrower and with the second lowest yields (ahead of only Japan), a combination typically lethal for a currency. **We stay short** versus a basket of EUR, CHF, and AUD. Intervention is still unlikely.

- The **yen** has been the strongest currency this year—up 12% trade-weighted ytd—highlighting the scale of deleveraging that is forcing an unwinding of the yen carry trade in its multiple forms. One of the more diehard segments has been Japanese retail, which only began covering yen shorts last Monday, according to our data. We estimate these accounts still hold roughly $10bn of yen shorts, which implies **further yen gains in coming weeks.**

- **Emerging markets currencies** have failed to respond to the rally in equities, likely because of the deleveraging process undermining commodities. A few currencies—ZAR, KRW, HUF—have cheapened significantly this year, but local fundamentals argue against buying. We are **neutral outright on EM** and favour relative value trades instead (TRY vs ZAR, BRL vs MXN).

Commodities

- Commodity prices collapsed last week, with agriculture down 10%, energy down 5%, and precious metals off 7%. **Deleveraging** has as much to do with the moves as macro factors—growth concerns, declining inflation premia—and in that respect the move will probably run further. We believe that these declines will deliver buying opportunities more in precious metals and agriculture than other sectors, given tighter balance sheets. Energy is still the least preferred sector, as inventories continue to build in crude.

JPMorgan Chase Bank, Sydney
Stephen Walters (61-2) 9220-1599
stephen.b.walters@jpmorgan.com
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com

Markets - Australia and New Zealand

- **RBA March Board meeting minutes revealed members' focus on inflation**
- **Very light economic calendar in Australia and NZ this week**
- **Next week's NZ 4Q GDP data release the highlight**

Market commentary

Australia

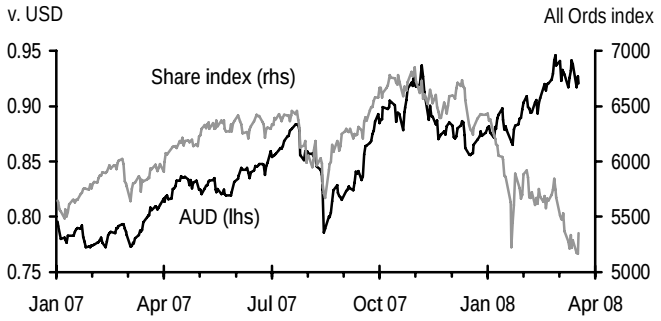
The Aussie economic calendar was thin in the latest week, with just dwelling starts and vehicle sales data released. Neither had a material impact on markets—dwelling starts in 4Q were unexpectedly firm but vehicle sales fell in February. Of considerably more interest was the release last Tuesday of the minutes from the RBA Board meeting held earlier this month. The usefulness of the minutes was reduced, however, by the huge developments in credit markets and the assertive action of the Fed since the RBA meeting. The minutes, nevertheless, revealed that RBA officials still are focusing on Australia's inflation problem, while also keeping a watchful eye on global market developments.

In fact, officials ticked all the boxes that previously signalled RBA officials anxiety about the strength of the economy and the deteriorating inflation outlook—a lack of skilled labour, capacity constraints, healthy demand for credit and, the soaring terms of trade. On the latter, the RBA has upgraded its near-term assessment of commodity price gains, which indicates that the boost to national income now will be even larger. The boost from the terms of trade has been a recurring theme in RBA commentary for some time.

We are sticking with our call for a 25bp rate hike in May on the basis of the poor inflation outlook. In fact, in last week's minutes, RBA officials endorsed the earlier official forecasts showing that core inflation will be above target until 2010. Only more significant adverse developments offshore could keep the RBA sidelined on May 6 and, clearly, given what has gone before, these cannot be ruled out.

Domestically, the key landmark on the road to the RBA's May Board meeting is the 1Q CPI data, due for release on 23 April, which almost certainly will show inflation running a full percentage point above the upper band of the RBA's target range. In the absence of further adverse developments overseas, and with RBA officials forecasting inflation above target until 2010, it will take some particularly creative thinking for an inflation-targeting central bank to explain why it was ignoring such a clear signal that the inflation genie had escaped from the bottle.

Aussie dollar and equity market



The Aussie 3s 10s curve steepened about 10bp last week on the back of developments offshore. The curve ended the week at -4.5bp, having initially flattened to reach -15bp earlier in the week. The volatility in global bond markets extended into Australia's market despite the lack of local news, with the 10-year yields dropping below 6% for the first time since January. The local equity market had a wild ride, bouncing after the Fed's assertive action but dropping sharply in line with offshore markets. AUD broadly tracked trends in equity markets, but ended the week sharply lower against the greenback and the yen.

New Zealand

In a shortened week, markets in New Zealand lacked direction in the absence of top-tier economic data. The Kiwi dollar hovered around 80 US cents for most of the week, slightly down on last week's close just above US$0.81. The stock market weakened only slightly, but fell below the 3,500 level for the first time since August 2006, while yields on 90-day bank bills held steady at 9.1%.

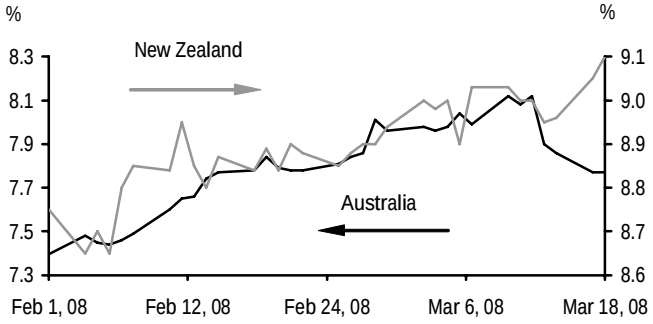
Market punters will have more economic data to chew on next week, however, with 4Q GDP and current account data scheduled for release, alongside February trade numbers.

JPMorgan Chase Bank, Sydney
Stephen Walters (61-2) 9220-1599
stephen.b.walters@jpmorgan.com
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com

Trade recommendations

- Establish Aussie 3s 10s curve flattener at -10, targeting -30 with a stop loss at 0. The curve steepened dramatically in recent weeks, but has run too far, particularly given the increased stress in credit markets. Currently at -6.5.
- Keep Aussie May-June interbank spread established last GFIMs at 0bp, but increase the target to 5bp. Stop out at -0.5bp. The position has moved our way, but has further to run. Currently trading at evens.
- NZ 1yr 1yr vs 1yr filled at -75, now at -83. Hold position and take positive roll up curve based on expectations of market recovery and easing credit jitters. Still a good rates 'on hold' play given little chance of RBNZ policy easing near term.

Yields on 3-month bank bills



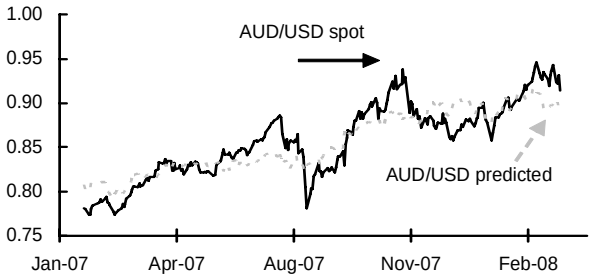
AUD and NZD Commentary

- **AUD and NZD sell-off as commodities tumble, USD bounces**
- **Domestic data flow remains secondary**
- **Technicals: Increased risk for additional AUD and NZD underperformance**

Strategy comments

- AUD and NZD were again underperformers over the past two weeks. In particular, AUD was the second worst performer among advanced economies' currencies since March 7 (-2.7%). While NZD/USD was virtually steady over the period, it too came under pressure last week, shedding 2.6% (while AUD lost 3.7%). Three main factors account for the adverse price action. First, FX vol increased further amid persistent financial distress (G10 VXY rose to its highest since Jan. 1999). Secondly, commodities tumbled (gold was down 6% over the period and 11% from its Mar. 17 peak). Lastly, while marginally weaker over the balance of the period on a trade-weighted basis, the US dollar bounced sharply after marking a new all-time low on March 17, with the DXY gaining 1.7% over the past week.
- In Australia and NZ, the domestic data calendar was barren over the past fortnight. The macroeconomic picture remains unaltered in both countries, with further labour market strength and a hawkish central bank squarely focused on inflation in Australia, and confirmation of continuing deterioration in the housing market in NZ. Domestic data will be again of secondary importance in Australia in the two weeks ahead; the RBA's rate decision (March 31), while clearly the key focus, is expected to be a non-event as we remain confident the Bank will postpone its next move (we forecast a 25bps hike) to its May meeting. In NZ, the 4Q GDP report will be the key release this week: we expect a marginal acceleration in growth owing to improvements in NZ's external balances; this should be evident in the 4Q C/A figures and the February trade balance, also out this week.
- The past two weeks saw momentuous developments in financial markets, with the liquidity crisis reaching a new climax and the Fed announcing unprecedented measures to avoid systemic collapse in funding markets, and slashing Fed Funds by a further 75bps. We had highlighted the risks that a volatile financial backdrop constitute for the Antipodeans and positioned more conservatively in our model portfolio (we were stopped out of our remaining long AUD/USD last week).
- We emphasize further risks near-term for AUD and NZD. Of the three main drivers of AUD and NZD weakness last week, we believe the USD-strength aspect will fade: we view the sharp rally late last week as mainly the result of risk-reduction trades. Also, low rates and a further deterioration in the US data flow are likely to reignite USD-selling. But two considerations suggest caution for high-yielders. First, nothing indicates that G10 FX vol is likely to come off sensibly over the short-term. Secondly, AUD's sell-off so far has been more contained than what a simple regression framework would have predicted (chart). We are likely to remain on the sidelines over the short-term as risks remain skewed to the downside.

AUD held up better than drivers would have predicted
Actual vs predicted based on 3Mx1Y rates differentials and S&P500



Technical analysis

- Another week of bearish action for AUD and NZD given the backdrop of sharp weakness in commodity prices and a strong reversal in the USD. In turn, the risks for additional underperformance are increasing.
- For AUD/USD, the break of the key 0.9130/.9100 support zone argues for additional weakness. The 0.8955 area will now define a test of the critical 0.8875/60 support zone. This area represents the 61.8% retracement from the January low, as well as the important uptrendline from the August '07 low. Breaks here would set the stage for a retest of the January low. Strength above the 0.9130 area allows a better tone.
- NZD/USD continues to trade within a well-defined range following the reversal from the critical 0.8200/10 resistance area. However, with last week's test of the 0.7875 area and range lows, the bearish risks are increasing. Breaks here suggest a test of the 0.7800/.7755 zone, while strength above the 0.8045 area allows a better short term setup.

AUD/USD - Daily technical chart

JPMorgan Chase Bank, New York
David Hensley (1-212) 834-5516
david.hensley@jpmorgan.com
Carlton Strong (1-212) 834-5612
carlton.m.strong@jpmorgan.com

Global Economic Outlook Summary

	Real GDP			Real GDP							Consumer prices			
	% over a year ago			% over previous period, saar							% over a year ago			
	2007	2008	2009	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	2Q09	4Q07	2Q08	4Q08	2Q09
The Americas														
United States	2.2	1.2	2.4	0.6	0.0	-1.0	3.0	1.5	2.5	3.0	4.0	3.4	2.5	2.2
Canada	2.7	1.1 ↓	2.3 ↓	0.8	1.0 ↑	-1.5 ↓	2.0 ↓	2.5 ↓	3.0	2.8	2.4	1.0	1.6	1.7
Latin America	5.3	4.1	4.4	5.4	3.5	2.9	3.3	4.2	4.8	4.7	5.6	6.6	6.5	6.0
Argentina	8.7	6.5	5.0	8.0	6.1	4.1	2.0	4.1	7.0	6.1	8.5	8.6	9.7	11.0
Brazil	5.4	4.4	4.0	6.6	4.9	4.3	3.7	4.2	4.1	3.8	4.3	4.7	4.8	4.3
Chile	5.2	3.5	5.0	4.5	4.0	3.0	5.0	6.0	5.0	5.0	7.2	8.5	5.2	3.1
Colombia	7.1	5.0	5.0	1.5	6.0	5.5	5.5	4.5	4.5	5.0	5.4	5.5	5.0	4.0
Ecuador	2.0	2.5	2.5	5.0	2.0	1.5	1.0	1.0	2.5	3.5	2.8	6.1	5.6	3.9
Mexico	3.3	2.6	4.5	3.0	1.0	1.0	3.2	4.1	4.9	4.9	3.8	3.9	3.4	3.1
Peru	9.0	7.0	6.0	10.5	6.5	3.5	2.0	5.5	6.5	7.0	3.5	5.2	4.3	2.8
Venezuela	8.4	6.0	3.5	11.0	3.0	3.5	2.0	3.0	4.0	4.0	20.2	31.5	33.0	30.7
Asia/Pacific														
Japan	2.0	1.3	1.9	3.5	0.5	1.3	1.3	1.8	2.0	2.0	0.5	1.0	0.8	0.7
Australia	3.9	3.1	2.7	2.4	2.4	3.9	2.5	3.4	2.9	1.6	3.0	3.6	3.4	2.7
New Zealand	3.0	2.3	2.7	2.4	2.3	2.1	2.2	2.5	2.5	3.2	3.2	3.1	2.9	2.8
Asia ex. Japan	8.5	7.3	7.3	6.9	7.2 ↓	6.1 ↓	7.5 ↓	7.6	7.9 ↓	7.6	5.3	5.2 ↑	4.0 ↑	4.0
China	11.4	10.3	9.5	9.1	10.8	9.7	10.9	10.4	10.8	9.5	6.6	5.7 ↑	3.2 ↓	4.0 ↓
Hong Kong	6.3	4.6	5.0	7.1	2.6	1.5	5.0	4.5	5.3	5.9	3.5	3.4	2.7	3.8
India	8.7	7.0	8.0	4.8	8.2	7.0	7.0	7.4	7.8	8.7	5.5	5.8	6.3	5.3
Indonesia	6.3	5.0	5.2	6.9	4.0 ↓	5.0 ↓	5.0 ↓	5.0 ↓	5.0	5.0	6.7	7.6 ↑	7.7 ↑	6.8 ↓
Korea	4.9	4.5	5.0	6.3	4.0	2.5	3.5	4.5	5.5	5.5	3.4	3.7	3.3	3.2
Malaysia	6.3	4.7	5.3	7.4	3.0	1.0	4.0	5.5	6.1	6.1	2.2	3.2	2.4	1.8
Philippines	7.1	4.0	4.5	7.4	3.0 ↑	2.0 ↑	3.0	4.0	4.0 ↓	5.9	3.3	6.0 ↑	5.6 ↑	4.3 ↑
Singapore	7.7	4.0	6.0	-4.8	6.6	2.5	7.5	7.5	5.7	5.7	4.1	6.5	5.2	2.5
Taiwan	5.7	3.5	4.5	2.6	0.8	0.2	4.5	4.5	4.8	4.8	4.5	4.0	1.7	2.4
Thailand	4.8	4.6	5.0 ↑	7.3	3.0 ↓	3.0 ↓	5.0 ↓	6.0 ↑	4.5	4.5	2.9	5.5 ↑	5.4 ↑	3.2 ↑
Africa														
South Africa	5.1	3.8	4.0	5.3	2.9	3.3	3.4	3.5	4.3	4.3	8.4	9.3	7.3	5.3
Europe														
Euro area	2.6	1.6	1.8	1.5	1.5	1.2	1.2	1.5	2.0	2.0	2.9	2.7	2.3	2.3
Germany	2.6	1.6	2.0	1.1	2.0	1.3	1.5	1.8	2.2	2.2	3.1	2.0	1.4	1.5
France	1.9	1.7	1.8	1.4	1.5	1.3	1.5	1.7	2.0	2.0	2.5	2.4	1.8	2.0
Italy	1.7	0.4	1.2	-0.8	0.5	0.5	0.5	1.0	1.5	1.5	2.6	2.6	2.2	2.3
Norway	6.0	3.8	2.9	3.8	2.7	2.5	2.2	3.0	3.0	3.0	1.4	2.9	2.0	3.0
Sweden	2.8	2.2	2.5	3.1	2.0	1.8	1.5	2.5	2.7	2.7	3.1	3.0	2.4	2.5
Switzerland	3.1	2.3	1.6	4.2	1.8	1.0	1.0	1.3	1.8	2.0	1.7	1.9	1.5	1.2
United Kingdom	3.1	1.9	2.3	2.3	1.6	1.2	1.2	2.0	2.5	2.8	2.1	2.7	3.0	2.1
Emerging Europe[1]	6.6	5.6	5.6	9.9	0.6 ↑	7.5	5.4 ↓	8.3	1.2 ↑	7.3 ↑	8.1	8.7	7.0 ↓	5.8
Bulgaria	6.2 ↑	5.2	5.5	...	...	...	...	...	...	...	...	...	...	...
Czech Republic	6.5	5.0	4.8	7.0	3.5	4.5	3.5	4.5	5.5	5.0	4.8	7.1	5.5	3.0
Hungary	1.3	2.0	2.8	0.5	2.8	2.8	3.0	2.8	2.8	2.8	7.1	6.4 ↓	4.9 ↓	3.8
Poland	6.5	5.6	5.3	8.2	5.5 ↑	4.8	4.0 ↓	5.2 ↓	5.8 ↑	5.5 ↑	3.5	4.2 ↓	3.7 ↓	3.4 ↑
Slovak Republic	10.4	7.0	5.5	11.4	-2.0	6.0	7.0	7.0	4.0	5.0	3.3	4.3	3.6	4.0
Romania	6.0	5.6	4.0	...	...	...	...	...	...	...	6.7	6.5	5.5	5.3
Russia	8.1	6.8	6.3	13.0	-2.5	10.5	6.5	12.0	-2.5	10.0	11.5	12.6	10.1	8.8
Turkey	5.0	4.4	6.0	...	...	...	...	...	...	...	8.2	7.6	6.3	4.0
Global	3.4	2.4	2.9	2.7	1.7	1.4	2.8 ↓	2.7	3.1	3.4	3.5	3.4	2.8	2.6
Developed markets	2.4	1.5	2.1	1.6	0.8	0.3	2.0	1.7	2.3	2.5	2.9	2.7	2.2	2.0
Emerging markets	7.0	5.8	6.0 ↑	7.0	5.0 ↓	5.5 ↓	6.0 ↓	6.8	5.9	6.7	5.9	6.3 ↑	5.2	4.8

Note: For some emerging economies, 2006-2008 quarterly forecasts are not available and/or seasonally adjusted GDP data are estimated by JPMorgan.
Bold denotes changes from last edition of *Global Data Watch*, with arrows showing the direction of changes.

JPMorgan Chase Bank, New York
David Hensley (1-212) 834-5516
david.hensley@jpmorgan.com
Donald Martis (1-212) 834-5667
donald.j.martis@jpmorgan.com

Global Central Bank Watch

	Official interest rate	Current	Change from Jun 04 (bp)	Last change	Forecast next change	Mar 08	Jun 08	Sep 08	Dec 08	Mar 09
Global	GDP-weighted average	3.73	119			3.73	3.47	3.38	3.39	3.38
excluding US	GDP-weighted average	4.43	128			4.43	4.29	4.15	4.18	4.16
Developed	GDP-weighted average	2.90	129			2.90	2.57	2.47	2.47	2.47
Emerging	GDP-weighted average	7.10	80			7.12	7.13	7.07	7.15	7.10
The Americas	GDP-weighted average	3.07	80			3.07	2.61	2.56	2.56	2.56
United States	Federal funds rate	**2.25**	100	**18 Mar 08 (-75bp)**	**30 Apr 08 (-50bp)**	2.25	1.75	1.75	1.75	1.75
Canada	Overnight funding rate	3.50	150	4 Mar 08 (-50bp)	22 Apr 08 (-50bp)	3.50	2.75	2.50	2.50	2.50
Brazil	SELIC overnight rate	11.25	-475	5 Sep 07 (-25bp)	2Q 09 (-25bp)	11.25	11.25	11.25	11.25	11.25
Mexico	Repo rate	7.50	100	26 Oct 07 (+25bp)	18 Jul 08 (-25bp)	7.50	7.50	7.00	7.00	7.00
Chile	Discount rate	6.25	450	10 Jan 08 (+25bp)	10 Jul 08 (-25bp)	6.25	6.25	6.00	5.75	5.75
Colombia	Repo rate	9.75	300	22 Feb 08 (+25bp)	28 Mar 08 (+25bp)	10.00	10.00	10.00	10.00	9.75
Peru	Reference rate	5.25	275	10 Jan 08 (+25bp)	on hold	5.25	5.25	5.25	5.25	5.25
Europe/Africa	GDP-weighted average	4.54	166			4.55	4.31	4.09	4.09	4.07
Euro area	Refi rate	4.00	200	6 Jun 07 (+25bp)	5 Jun 08 (-25bp)	4.00	3.75	3.50	3.50	3.50
United Kingdom	Repo rate	5.25	75	7 Feb 08 (-25bp)	10 Apr 08 (-25bp)	5.25	4.75	4.50	4.50	4.50
Sweden	Repo rate	4.25	225	13 Feb 08 (+25bp)	on hold	4.25	4.25	4.25	4.25	4.25
Norway	Deposit rate	5.25	350	12 Dec 07 (+25bp)	23 Apr 08 (+25bp)	5.25	5.50	5.50	5.75	5.75
Czech Republic	2-week repo rate	3.75	150	7 Feb 08 (+25bp)	26 Mar 08 (+25bp)	4.00	4.00	4.00	3.75	3.50
Hungary	2-week deposit rate	7.50	-400	24 Sep 07 (-25bp)	31 Mar 08 (+25bp)	7.75	8.00	8.00	8.00	7.75
Poland	7-day intervention rate	5.50	25	27 Feb 08 (+25bp)	26 Mar 08 (+25bp)	5.75	6.25	6.25	6.25	6.00
Russia	1-week deposit rate	3.50	250	4 Feb 08 (+25bp)	1Q 09 (+25bp)	3.50	3.50	3.50	3.50	3.75
Slovak Republic	2-week repo rate	4.25	-75	27 Apr 07 (-25bp)	2Q 08 (-50bp)	4.25	3.75	3.50	3.50	3.50
South Africa	Repo rate	11.00	300	6 Dec 07 (+50bp)	Feb 09 (-50bp)	11.00	11.00	11.00	11.00	10.50
Switzerland	3-month Swiss Libor	2.75	225	13 Sep 07 (+25bp)	Jun 08 (-25bp)	2.75	2.50	2.25	2.25	2.25
Turkey	Overnight borrowing rate	15.25	-675	14 Feb 08 (-25bp)	3Q 08 (-25bp)	15.25	15.25	15.00	14.50	14.00
Asia/Pacific	GDP-weighted average	3.61	114			3.62	3.62	3.62	3.71	3.69
Australia	Cash rate	7.25	200	4 Mar 08 (+25bp)	7 May 08 (+25bp)	7.25	7.50	7.50	7.50	7.50
New Zealand	Cash rate	8.25	250	26 July 07 (+25bp)	1Q 09 (-25bp)	8.25	8.25	8.25	8.25	8.00
Japan	Overnight call rate	0.50	50	21 Feb 07 (+25bp)	Jun 09 (+25bp)	0.50	0.50	0.50	0.50	0.50
Hong Kong	Discount window base	**3.75**	125	**19 Mar 08 (-75bp)**	**1 May 08 (-50bp)**	3.75	3.25	3.25	3.25	3.25
China	1-year working capital	7.47	216	20 Dec 07 (+18bp)	**3Q 08 (+27bp)**	7.47	7.47	7.74	8.19	8.19
Korea	Base rate	5.00	125	9 Aug 07 (+25bp)	3Q 08 (-50bp)	5.00	5.00	4.50	4.50	4.50
Indonesia	BI rate	8.00	66	6 Dec 07 (-25bp)	on hold	8.00	8.00	8.00	8.00	8.00
India	Repo rate	7.75	175	30 Mar 07 (+25bp)	Jul 08 (-25bp)	7.75	7.75	7.50	7.50	7.25
Malaysia	Overnight policy rate	3.50	80	26 Apr 06 (+25bp)	on hold	3.50	3.50	3.50	3.50	3.50
Philippines	Reverse repo rate	5.00	-175	31 Jan 08 (-25bp)	on hold	5.00	5.00	5.00	5.00	5.00
Thailand	1-day repo rate	3.25	200	18 July 07 (-25bp)	on hold	3.25	3.25	3.25	3.25	3.25
Taiwan	Official discount rate	3.375	200	20 Dec 07 (+12.5bp)	27 Mar 08 (+12.5bp)	3.50	3.50	3.50	3.50	3.50

Bold denotes move this week and forecast changes

JPMorgan Chase Bank, Sydney
Stephen Walters (61-2) 9220-1599
stephen.b.walters@jpmorgan.com
Jarrod Kerr (61-2) 9220-1669
jarrod.w.kerr@jpmorgan.com
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com

Forecasts - Australia and New Zealand

Australia: economic projections *percentage change over previous period, seasonally adjusted annual rates, un*

				2007			2008				2009			
	2007	2008	2009	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Chain volume GDP	3.9	3.1	2.7	3.5	4.3	2.4	2.4	3.9	2.5	3.4	2.9	1.6	2.5	2.3
Private consumption	4.5	3.5	2.0	2.4	5.3	6.7	2.8	2.4	1.6	2.0	2.4	1.6	2.0	1.6
Construction investment	9.2	1.7	3.7	3.6	2.8	-3.0	1.6	1.8	6.1	3.0	5.1	2.0	1.9	5.9
Equipment investment	7.5	5.8	-1.8	19.6	-9.9	15.9	8.7	8.6	-4.1	0.0	-2.1	-4.1	-8.1	8.7
Public investment	5.1	10.3	6.0	88.3	-6.7	23.8	4.4	5.0	5.2	5.6	6.0	6.4	6.8	7.2
Government consumption	3.0	3.7	2.8	1.4	3.7	7.0	2.9	3.0	2.9	3.0	3.5	2.2	1.8	2.2
Exports of goods & services	3.3	3.8	6.3	3.6	6.1	-2.6	4.1	5.1	7.2	7.8	4.1	6.1	7.2	8.2
Imports of goods & services	10.7	5.1	2.5	5.7	9.4	15.0	2.0	0.0	2.0	3.2	3.2	2.4	1.8	3.2
Contributions to GDP growth:														
Domestic final sales	4.9	3.9	2.3	6.2	3.7	6.7	3.3	3.1	2.3	2.4	2.9	1.6	1.4	3.2
Inventories	0.8	-0.4	-0.3	-2.0	1.5	-0.2	-1.2	-0.2	-0.7	0.2	-0.1	-0.6	0.0	-1.8
Net trade	-1.7	-0.4	0.7	-0.6	-0.9	-3.8	0.3	1.0	0.9	0.8	0.1	0.7	1.0	0.9
GDP deflator (%oya)	3.9	3.1	2.6	4.3	3.4	3.4	3.3	3.4	3.2	2.7	2.6	2.6	2.6	2.5
Consumer prices (%oya)	2.3	3.7	2.7	2.1	1.9	3.0	4.0	3.6	3.7	3.4	3.0	2.7	2.6	2.5
Producer prices (%oya)	2.3	3.3	2.5	1.5	0.8	3.4	4.4	2.6	3.6	2.6	2.5	2.5	2.5	2.5
Trade balance (A$ bil, sa)	-20.9	-25.5	-15.1	-4.4	-5.3	-7.2	-7.2	-6.6	-6.2	-5.5	-5.0	-4.3	-3.1	-2.8
Current account (A$ bil, sa)	-67.0	-79.5	-78.2	15.8	16.4	19.3	-19.8	-20.1	-19.7	-19.9	-20.0	-20.1	-19.6	-18.6
as % of GDP	-6.2	-6.9	-6.4	5.9	6.0	7.0	-7.0	-7.0	-6.8	-6.7	-6.7	-6.7	-6.4	-6.0
3m eurodeposit rate (%)*	6.0	7.3	6.8	5.8	7.1	7.2	7.3	7.3	7.3	7.1	6.9	6.8	6.8	6.7
10-year bond yield (%)*	5.6	6.4	6.3	5.6	5.7	6.4	6.5	6.5	6.5	6.3	6.3	6.3	6.3	6.3
US$/A$*	0.75	0.95	0.84	0.74	0.77	0.91	0.96	0.97	0.95	0.93	0.88	0.85	0.82	0.79
Commonwealth budget (FY, A$ bil)	13.6	15.5	10.0											
as % of GDP	1.3	1.3	0.8											
Unemployment rate	4.4	4.5	5.3	4.3	4.3	4.4	4.2	4.4	4.6	4.9	5.1	5.2	5.3	5.4
Industrial production	3.3	1.9	0.8	1.4	-0.1	5.6	0.0	1.0	3.0	4.0	-1.0	-2.0	-3.0	0.0

*All financial variables are period averages

New Zealand: economic projections *percentage change over previous period, seasonally adjusted annual rates, unless stated*

				2007			2008				2009			
	2007	2008	2009	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Real GDP (1995-96 prices)	3.0	2.3	2.7	3.3	2.1	2.1	2.1	2.4	2.2	2.5	2.6	3.0	3.1	3.0
Private consumption	4.3	1.8	1.8	1.8	1.3	3.2	1.5	1.3	1.6	1.8	1.6	2.1	1.9	2.0
Fixed Investment	3.1	0.4	2.3	-2.9	-0.9	1.6	0.6	0.4	0.5	1.7	2.9	2.9	3.2	4.0
Residential construction	4.9	-0.8	-1.5	14.8	7.9	1.6	-3.2	-4.0	-8.0	-4.0	-1.6	1.6	3.2	4.0
Other fixed investment	2.6	0.7	3.3	-6.9	-3	1.6	1.6	1.6	2.8	3.2	4.0	3.2	3.2	4.0
Inventory change (NZ$ bil, saar)	0.9	0.4	0.5	0.4	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Government spending	4.1	5.9	3.8	4.2	8.8	3.6	6.0	7.0	5.9	4.8	2.4	3.2	2.9	2.5
Exports of goods & services	2.4	3.2	4.4	-3.2	-2.3	7.0	4.0	3.6	4.0	4.2	4.5	4.8	5.0	4.5
Imports of goods & services	7.7	3.4	3.0	10.8	0.9	4.5	3.1	2.4	3.0	3.0	3.5	3.0	2.5	3.0
Contributions to GDP growth:														
Domestic final sales	4.3	2.9	2.3	3.5	4.4	4.4	2.0	1.9	2.5	2.6	2.0	2.4	2.3	2.7
Inventories	0.6	-0.4	0.1	4.7	-1.1	-2.7	0.0	0.2	-0.5	-0.2	0.5	0.2	0.1	0.0
Net trade	-2.0	-0.2	0.3	-4.8	-1.1	0.5	0.1	0.2	0.1	0.2	0.1	0.4	0.7	0.3
GDP deflator (%oya)	3.7	3.3	2.8	4.1	3.8	3.8	3.8	3.2	3.0	3.0	2.9	2.8	2.7	2.7
Consumer prices	2.4	3.2	2.7	4.0	2.0	4.8	3.0	2.7	3.1	2.8	2.7	2.6	2.7	2.5
%oya	2.4	3.2	2.7	2.0	1.8	3.2	3.4	3.1	3.4	2.9	2.8	2.8	2.7	2.6
Trade balance (NZ$ bil, sa)	-3.7	-5.3	-4.1	-0.8	-0.8	-1.3	-1.3	-1.3	-1.3	-1.3	-1.3	-1.1	-1.0	-0.8
Current account (NZ$ bil, sa)	-14.5	-14.8	-13.5	-3.5	-3.6	-3.8	-3.7	-3.7	-3.6	-3.7	-3.7	-3.5	-3.3	-3.0
as % of GDP	-8.5	-8.2	-7.1	-8.3	-8.5	-8.7	-8.4	-8.2	-8.1	-8.2	-8.0	-7.5	-6.8	-6.2
Yield on 90-day bank bill (%)*	8.4	8.4	7.8	8.2	8.7	8.8	8.4	8.4	8.4	8.4	8.0	7.9	7.6	7.5
10-year bond yield (%)*	6.3	6.6	7.0	6.4	6.4	6.4	6.5	6.6	6.7	6.8	7.0	7.1	7.0	7.0
US$/NZ$*	0.74	0.81	0.68	0.74	0.74	0.76	0.83	0.83	0.80	0.78	0.72	0.66	0.67	0.68
Commonwealth budget (NZ$ bil)	6.4	5.3	5.0											
as % of GDP	3.8	2.9	2.6											
Unemployment rate	3.6	4.0	4.5	3.6	3.5	3.7	3.8	3.9	4.1	4.2	4.3	4.5	4.6	4.7

*All financial variables are period averages

JPMorgan Chase Bank, Sydney
Stephen Walters (61-2) 9220-1599
stephen.b.walters@jpmorgan.com
Jarrod Kerr (61-2) 9220-1669
jarrod.w.kerr@jpmorgan.com
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com

Australia and New Zealand economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
24 Mar *Holiday Australia, Hong Kong, New Zealand*	25 Mar New Zealand: Credit card spending (03:00pm) Feb	26 Mar	27 Mar New Zealand: Current account (10:45am) 4Q -4362 NZ$ mn Trade balance (10:45am) Feb 209 NZ$ mn	28 Mar New Zealand: GDP (10:45am) 4Q 3.1 %oya Money supply (03:00pm) Feb
31 Mar Australia: Private sector credit (11:30am) Feb New homes sales Feb New Zealand: Building permits (10:45am) Feb NBNZ bus. conf. (03:00pm) Mar	1 Apr Australia: RBA cash target (02:30pm) Apr	2 Apr	3 Apr New Zealand: ANZ commodity price (03:00pm) Mar	4 Apr Australia: Retail sales (11:30am) Feb
7 Apr Australia: Trade balance (11:30am) Feb Building approvals (11:30am) Feb ANZ job ads (11:30am) Mar	8 Apr Australia: NAB business conf. (11:30am) Mar Foreign reserves (04:30pm) Mar	9 Apr Australia: Westpac consumer confidence (10:30am) Apr	10 Apr Australia: Consumer inflation expectation (10:30am) Apr Unemployment rate (11:30am) Mar New Zealand: NZIER bus. opinion survey (10:00am) 1Q PMI (12:00pm) Mar	11 Apr
14 Apr Australia: Housing finance (11:30am) Feb New Zealand: Retail sales (10:45am) Feb QV house prices Mar	15 Apr New Zealand: CPI (10:45am) 1Q	16 Apr Australia: Westpac leading index (10:30am) Feb	17 Apr	18 Apr Australia: Import price index (11:30am) 1Q Export price index (11:30am) 1Q

Highlighted data are scheduled for release on or after the date shown. Times shown are local.

JPMorgan Chase Bank, New York
Sam Conway (1-212) 834-9123
samuel.e.conway@jpmorgan.com

Global Data Diary

Week / Weekend	Monday	Tuesday	Wednesday	Thursday	Friday
24 - 28 Mar	24 Mar	25 Mar	26 Mar	27 Mar	28 Mar
United Kingdom • Nationwide HPI (Mar)	Japan • MoF business outlook survey (1Q) Mexico • CPI (Mar) Taiwan • Export orders (Feb) • IP (Feb) United States • Existing home sales (Feb)	Germany • CPI 6 states and prelim (Mar) Slovak Republic • NBS meeting United States • OFHEO HPI (Jan) • S&P/Case-Shiller HPI (Jan)	Czech Republic • CNB meeting Euro area • Industrial orders (Jan) Japan • Trade balance (Feb) Poland • NBP meeting Euro area bus surveys • Belgium BNB, France INSEE, Germany IFO, Italy ISAE (Mar) United States • Durable goods (Feb) • New home sales (Feb)	Japan • Shoko Chukin small business sentiment (Mar) Taiwan • CBRC meeting United States • Real GDP final (4Q) • Fed TSLF auction	Colombia • BanRep meeting France • GDP final (4Q) Japan • Core CPI (Feb) • Household spending (Feb) • Retail sales (Feb) • Unemployment rate (Feb) United Kingdom • GDP final (4Q) United States • Consumer sent (Mar) • Personal income (Feb)
31 Mar - 4 Apr	31 Mar	1 Apr	2 Apr	3 Apr	4 Apr
Japan • Cabinet Office private consumption index (Feb) United Kingdom • Halifax HPI (Mar)	Canada • Payrolls (Jan) Euro area • EC bus surv (Mar) • HICP flash (Mar) • M3 (Feb) Germany • Retail sales (Feb) Hungary • NBH meeting Japan • Housing starts (Feb) • IP prelim (Feb) • Nominal wages (Feb) • PMI mfg (Mar) Korea • IP (Feb) United States • Chicago Fed bus surv (Mar)	Australia • RBA meeting Brazil: IP (Feb) Euro area • Unemployment (Feb) Germany • Employment (Feb) • Unemployment (Mar) Japan • BoJ Tankan surv (1Q) Korea • CPI, trade balance (Mar) United States • Construction spend (Feb) • Light vehicle sales (Mar) Manufacturing PMIs • China (Mar) • Euro area final (Mar) • United Kingdom (Mar) • United States (Mar)	Singapore • PMI mfg (Mar) United States • ADP employment (Mar) • Factory orders (Feb) • Bernanke testifies before Congress	Euro area • PMI services final (Mar) • Retail sales (Feb) Indonesia • BoI meeting United Kingdom • PMI services (Mar) United States • ISM nonmfg (Mar)	Canada • Ivey PMI (Mar) Germany • Mfg orders (Feb) United States • Employment report (Mar)

Economic Research and Global Currency Strategy at JPMorgan

Global Economics

Chief Economist
Bruce Kasman, New York (1-212) 834-5515

Economics: Global

David Hensley (1-212) 834-5516
Joseph Lupton (1-212) 834-5735
Sam Conway (1-212) 834-9123

Data and Forecast Systems

Carlton Strong (1-212) 834-5612
Donald Martis (1-212) 834-5667
Silvana Dimino (1-212) 834-5684

Economics: United States and Canada

United States

Robert Mellman, New York (1-212) 834-5517
Haseeb Ahmed (1-212) 834-5221
Michael Feroli (1-212) 834-5523
Abiel Reinhart (1-212) 834-5614

Canada

Ted Carmichael, Toronto (1-416) 981-9115

Economics: Latin America

Brazil

Fabio Hashizume, São Paulo (55-11) 3048-3634
Julio Callegari, São Paulo (55-11) 3048-3369

Colombia, Ecuador, Venezuela, Peru

Luis Oganes, New York (1-212) 834-4326
Andres Ortiz, New York (1-212) 834-7351
Benjamin Ramsey, New York (1-212) 834-4308

Argentina, Chile

Vladimir Werning, New York (1-212) 834-8144
Florencia Vazquez, Buenos Aires (54-11) 4348-3405

Mexico

Alfredo Thorne, Mexico City (525) 540-9558
David Franco, Mexico City (525) 540-9339

Economics: Asia/Pacific

Head of Japan

Masaaki Kanno, Tokyo (81-3) 6736-1166

Japan

Masamichi Adachi, Tokyo (81-3) 6736-1172
Miwako Nakamura, Tokyo (81-3) 6736-1167

Head of Emerging Asia Economic Research

David G. Fernandez, Singapore, (65) 6882-2461

Greater China

Frank Gong, Hong Kong (852) 2800-7006
Grace Ng, Hong Kong (852) 2800-7002
Qian Wang, Hong Kong (852) 2800-7009
Peng Chen, Hong Kong (852) 2800-7005

Korea

Jiwon Lim, Seoul (822) 758-5509

India

Rajeev Malik, Singapore (65) 6882-237

Indonesia, Malaysia, Philippines, Singapore, Thailand

Sin Beng Ong (65) 6882-7143
Matthew Hildebrandt (65) 6882-2253

Australia, New Zealand

Stephen Walters, Sydney (61-2) 9220 -1599
Jarrod Kerr (61-2) 9220-1669
Helen Kevans (61-2) 9220-3250

Economics: Europe/Africa

Head of Western Europe
David Mackie, London (44-20) 7325-5040

United Kingdom, Switzerland

Malcolm Barr, London (44-20) 7777-1080
Allan Monks, London (44-20) 7777-1188

Euro area

Silvia Pepino, London (44-20) 7325-4250
Maryse Pogodzinski, Paris (33-1) 4015-4225
Marta Bastoni, London (44-20) 7325-9114

Scandinavia

Nicola Mai, London (44-20) 7777-3467

Czech Republic, Hungary, Poland, Slovakia

Nora Szentivanyi, London (44-20) 7777-3981
Ryszard Jakubowski, London (44-20) 7777-4504

CEEMEA

Michael Marrese, New York (1-212) 834-4876
Eva Sanchez, New York (1-212) 834-8217

Turkey, Bulgaria, the Baltics

Yarkin Cebeci, Istanbul (90-212) 326-8590

Russia, Ukraine, Bulgaria, Kazakhstan

Nina Chebotareva, Moscow (7-095) 937-7321

Africa

Graham Stock (44-20) 7777-3430

FX Strategy Management

Global Head of Emerging Markets and FX Strategy Research
Joyce Chang (1-212) 834-4203

FX Strategy: United States

Global FX Strategists
Kenneth Landon (1-212) 834-2391
Rebecca Patterson (1-212) 834-4254
Karim Pakravan (1-312) 325-3164

FX Analysts

Holly Huffman (1-212) 834-4953
Arindam Sarndilya (1-212) 834-2304

FX Strategy: Europe

Global FX Strategist
Paul Meggyesi (44-20) 7859-6714

Global FX and Fixed Income Strategist
John Normand (44-20) 7325-5222

Emerging Markets FX Strategist
Nandita Singh (44-20) 7777-3413

FX Analysts
Frida Gjorstrup (44-20) 7777-1503

FX Strategy: Asia

Global FX Strategists
Claudio Piron (65) 6882-2218
Tohru Sasaki (81-3) 5570-7717
Junya Tanase (81-3) 5570-7718

FX Analysts
Yen Ping Ho (65) 6882-2216

FX/Commodities

Technical Strategists
Robin Wilkin (44-20) 7777-1345
Niall O'Connor (1-212) 834-5108

Global Energy Strategists
Katherine Spector (1-212) 834-2031
Scott Speaker (1-212) 834-3878

Global Metals Strategist
Jon Bergtheil (44-20) 7325-6433
Michael Jansen (44-20) 7325-5882

Agricultural Commodity Strategist
Lewis Hagedorn (1-312) 325-6409