JPMorgan

Australia and New Zealand - Weekly Prospects

Summary

- The **RBA** hiked interest rates 25bp as expected last Tuesday and maintained a clear bias to tighten policy, even though the commentary was less hawkish than expected. The rapidly deteriorating inflation outlook means that we are still forecasting another rate hike in May, following the release of 1Q CPI data in late April. A barrage of top-tier economic data was released last week. Annual GDP growth remained above potential in 4Q, while the current account deficit widened significantly. January data—including retail sales, trade, and building approvals—fell on the downside of market expectations. This week, February employment data should show that job growth remains solid, while consumer confidence has weakened, and home loans probably rose 1.0%.

- In **New Zealand**, the RBNZ left the official cash rate (OCR) steady at 8.25% last week, and offered a neutral commentary acknowledging increased downside risks to growth and persistent inflation pressure. Housing market data in the week ahead (from REINZ) will likely show further deterioration in the housing market. QVNZ house price data, out this morning, showed a further deceleration in house price appreciation to the lowest level in three years. Retail trade data will remain soft in January owing to rising petrol prices, falling stock prices, the shaky housing market, and rising interest rates. JPMorgan forecasts retail spending to rise just 0.3%m/m in January.

- The **US** February payroll report showed a much sharper deterioration in private sector hiring than had been anticipated and has convinced us that the US economy slipped into recession in early 2008. Combining the February drop in private payrolls with revisions to the previous two months, the report posted a cumulative loss of 196,000 private sector jobs. Even outside of housing-related sectors, hiring has ground to a halt. With household purchasing power being squeezed by rising inflation and household wealth contracting, consumer spending now looks set to stagnate during the first half of the year, a message likely to be reinforced by this week's February retail sales report. Adding in an intensification of the construction downturn, we now forecast a modest contraction in GDP growth in 1H08 of 0.5% (annual rate).

- With the US payroll report pointing to a slide into recession, the **Fed** is likely to push the real fed funds rate into negative territory quickly. We now expect a 75bp ease at the March 18 meeting, with a significant possibility of an earlier inter-meeting move, and a fall to 1.75% by the end of April.

- In addition to the US, we have cut 2008 growth forecasts for **Western Europe and Japan**. Although recent data have prompted an upward revision to our current-quarter GDP estimate for Western Europe, the slide into recession in the US is a significant event for the region. With financial conditions worsening, and US demand softer, growth in Western Europe is set to be lower than previously expected. We have revised growth down noticeably. On average across the region, GDP is likely to be running at a 1.0-1.5% pace (ar) by the summer.

This week's highlight

In Australia, labour force data on Thursday is forecast to show another 20,000 jobs were added in February, keeping labour market conditions tight and putting upside pressure on wages.

Contents

JPMorgan Australia Ltd., Sydney
www.morganmarkets.com

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

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

This week's feature charts

RBA output and inflation forecasts
%oya

	GDP	Consumer price index	Underlying inflation
Sep-07	4.30	1.90	3.00
Dec-07	3.50	3.00	3.60
Jun-08	3.25	3.50	3.75
Dec-08	3.25	3.50	3.50
Jun-09	3.00	3.25	3.25
Dec-09	3.00	3.25	3.25
Jun-10	3.00	3.00	3.00

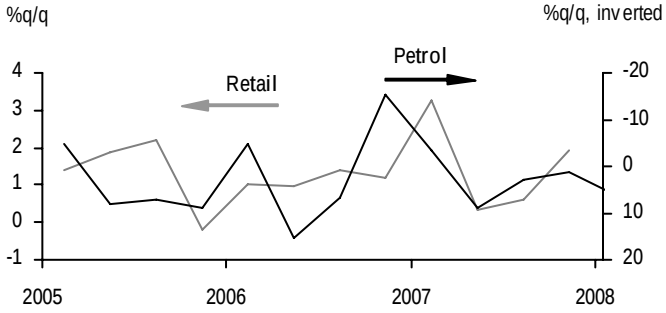
Source: RBA, ABS

The RBA hiked interest rates 25bp to 7.25% last week, and highlighted that inflation is likely to remain relatively high in the short term, and above it's 2-3% target range until 2010 (table). Although the RBA noted that there were "tentative" signs that some moderation in household demand is starting to occur, we believe that the RBA will tighten policy again in May, primarily owing to the rapidly deteriorating inflation outlook.

Australia: labor price index and unemployment

Employment data on Thursday should show that the unemployment rate continues to hold close to 4%. Since the start of 2007, the economy has added nearly 290,000 jobs and the labour market has continued to tighten. Adding to the deteriorating inflation outlook, upward pressure on wages continues to build, especially given that skill shortages remain widespread and corporate pricing power remains healthy.

New Zealand: petrol price and retail trade



Rising petrol prices, higher interest rates, a falling stock market, and depressed sentiment toward the housing market outlook, make an awful cocktail for consumers to stomach. Fourth quarter sales were subdued, and this is likely to have continued into 2008, with retail spending this week likely to print at 0.3%m/m, 5.9%oya, in January.

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 hiked cash rate 25bp to 7.25% as expected**
- **Australian current account deficit ballooned in 4Q**
- **Fourth quarter annual GDP growth above potential**

The RBA hiked interest rates 25bp as expected last week amid a barrage of top-tier economic data. Data for 4Q showed that annual GDP growth remained above potential, while the current account deficit widened significantly. January data—including retail sales, trade, and building approvals—fell on the downside of market expectations. February employment data this week is forecast to show that job growth remains solid, while consumer confidence and demand for home loans have weakened.

Healthy job growth expected in February

Australia is forecast to add 20,000 jobs in February, after adding 26,800 jobs in January. The participation rate will likely remain steady at 65.2%, and the unemployment rate will rise to 4.2% from 4.1%, the lowest level since 1974.

Strong employment growth of late has been largely attributed to gains in part-time jobs; this, we believe, is partly because of the introduction of the Welfare to Work scheme in mid-2007, which aims to help more than 200,000 people on welfare return to work. Still, the near 170,000 jobs added since mid-2007 have tightened the labour market and, combined with widespread skill shortages and firm corporate pricing power, continue to put upward pressure on wages, adding to building inflation pressures.

Demand for home loans to rise in January

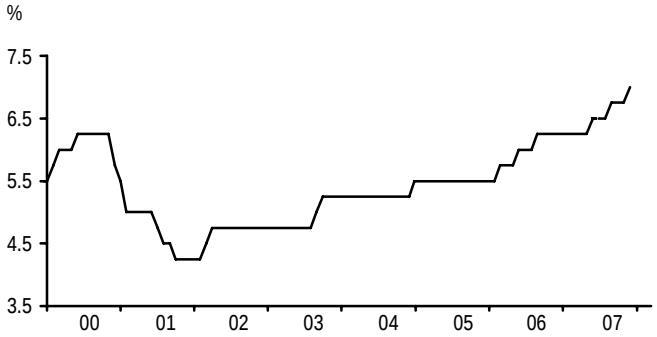
After rising 0.1%m/m in December, the number of home loans is expected to rise 1.0% in January. Despite the sharp 50bp rise in interest rates since August, which added about A$100 to monthly repayments on the average A$250,000 mortgage, borrowers likely rushed in to secure home loans amid speculation that the RBA would raise interest rates again in February, which it did.

Demand for fixed rate loans will likely increase in January amid widespread speculation that interest rates would rise further. Investors will continue to underpin demand for housing finance, as they are primarily existing property owners eligible for tax benefits from buying investment property. In contrast, record low levels of housing affordability will mean that first home buyers will demand significantly less housing finance in January.

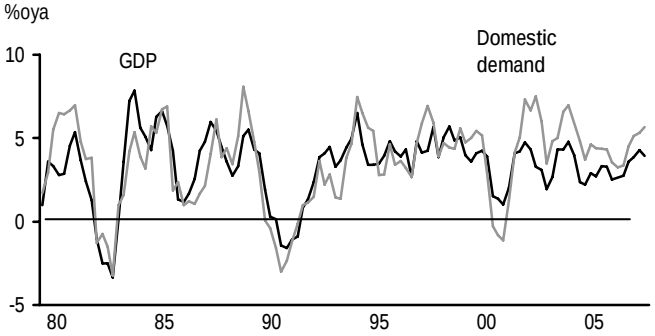
RBA hiked interest rates as expected

The RBA hiked the cash rate 25bp to 7.25% as anticipated last

Australia: RBA cash target rate



Australia: growth in GDP and domestic demand



Tuesday, though the accompanying commentary was less hawkish than expected. RBA officials toned down the reference to the strength of domestic demand and described the degree of tightening in financial conditions since mid-2007 as "substantial."

The RBA retained a firm tightening bias, however. Officials again highlighted solid domestic demand, skill shortages, capacity constraints, and the ongoing stimulus to national income from the terms of trade. The RBA believes there needs to be a "significant slowing" in domestic demand growth to bring inflation back within it's 2-3% target range. The RBA forecasts that inflation will remain high near term before moderating in 2009 as demand growth slows, although forecasts inflation to remain above target until mid-2010.

Owing to the rapidly deteriorating inflation outlook, we still expect another 25bp rate hike in May, following the release of the 1Q CPI data. The RBA, however, cited two key factors that lower the risk of one more RBA cash rate hike: conditions in financial markets, which the RBA says are fragile; and the deteriorating global economic outlook. Developments in these areas seem to be assuming more importance, and probably will play a bigger role in determining how aggressively the RBA moves from here, relative to domestic developments.

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

Consumption fuels GDP growth in 4Q

GDP growth slowed to 0.6%q/q in 4Q (JPMorgan 0.5%, consensus 0.6%) from 1.1% in 3Q, leading annual growth to moderate from 4.3% to a still-healthy, and above-potential, 3.9%.

While the soaring terms of trade and rising real gross domestic income made significant contributions to growth on the income side of the accounts (each rising 0.7%), of the expenditure components, household final consumption was a key driver, rising 1.6%. Private business investment also was a key growth source, up 0.4%; this investment was presumably directed into alleviating capacity constraints and infrastructure bottlenecks, particularly in mining, that have restrained export growth. Net exports in 4Q again were a primary laggard on growth, subtracting 1.0% point from 4Q GDP growth as import volumes surged, owing to solid domestic demand and strong AUD.

Price pressure rose in 4Q, with the implicit price deflator for GDP rising to 1.1% from 0.8% in 3Q. The significant gap between actual and potential GDP growth means, though, that inflation pressures will continue to build, reaffirming our view that further RBA tightening is likely. This tightening will curb domestic demand in 2008, although not severely, as households remain supported by firm income growth.

Company profits surge, inventories slow

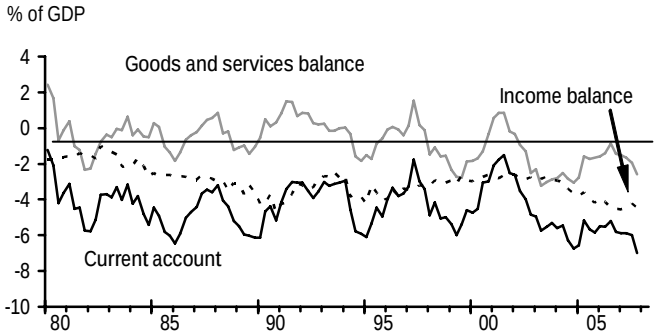
Company gross operating profits surged 3.9%q/q in 4Q (JPMorgan 1.2%, consensus 2.0%) after a 1.4% fall in 3Q. Profits were bolstered by the property and business service sectors, although they were dragged lower by the mining sector, which is battling against ongoing capacity constraints.

The favourable domestic economic backdrop will continue to provide underlying support for Australian corporates, although a sharp slowdown in global demand could dent profits near term. On the downside, though, firms have accumulated inventories for the past four quarters, meaning that working capital is being tied up. Business inventories rose 0.7%q/q in 4Q (JPMorgan 0.4%, consensus 1.0%) after spiking 1.3% in 3Q.

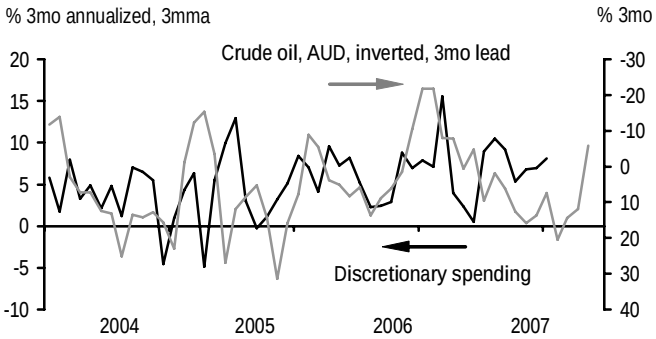
Current account deficit blows out in 4Q

The current account deficit deteriorated significantly in 4Q, mainly owing to a sharp widening of the goods and services balance. The current gap blew out to -A$19.3bn (JPMorgan -A$17.6bn, consensus -$18.0bn) from -A$16.4bn in 3Q, widening to a record 7.0% of GDP from 6.0%. The trade gap widened to -A$6.9bn from -A$4.8bn as imports surged (+3%) and exports

Australia: current account deficit



Australia: crude oil and discretionary spending



fell (-1%), mainly owing to fewer non-rural exports. The net service surplus also declined, albeit marginally.

The net income deficit rose 8% in 4Q as income credits fell, mainly because of falling profits accruing to Australian direct investors (owing to falling commodity prices and divestment of nonresident subsidiaries), and a fall in interest payments on other investment assets, according to the ABS. As a percentage of GDP, the net income deficit rose to 4.5% from 4.2%, indicative of an economy still heavily reliant on imported capital. The international investment position, meanwhile, rose 8%—net foreign debt rose 4%, while net foreign equity was up 30%—due to prices changes resulting from falls in global equity markets, net transactions, and exchange rate changes.

Retail sales growth moderated in January

Growth in retail sales values was flat in January (JPMorgan 0.4%, consensus 0.5%) after rising 0.4%m/m in December. The moderation in sales emerged as consumer confidence plummeted as domestic banks hiked their standard variable loan rates, and speculation rose that the RBA would hike interest rates further. Increased equity market volatility and still-elevated petrol prices also curbed spending, although better

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

weather conditions, solid job growth, and rising incomes would have cushioned the downside for retailers.

The retail sales print was not all bad news, however. Discretionary spending remained strong (+0.2%) relative to nondiscretionary spending, which subsided (-0.1%). Also, although the largest component of the retail sales index, the food category, showed that the value of food sales fell 0.4%, this was due to increased supplies of fruit and vegetables owing to improved conditions in most growing areas, which reduced prices. Excluding the food component, retail sales grew 0.3%.

Trade balance continued to deteriorate

The trade gap worsened in January, widening to -A$2.7bn (JPMorgan -A$3.3bn, consensus -A$2.6bn) from -A$1.9bn in December. As expected, the seemingly ever expanding trade gap stemmed mainly from faster import growth, fuelled by robust domestic demand and strong AUD.

The trade gap will probably deteriorate further near term as imports bode favourably from firm domestic demand. As rising interest rates curb domestic demand during 2008, however, the trade deficit will start to narrow. Exports will rise as solid business investment, particularly in mining, continues to alleviate the capacity constraints and infrastructure bottlenecks that have restrained export volumes.

Data releases and forecasts

Week of March 10 - 14

Tue Mar 11 11:30am — **ANZ job advertisements**
Seasonally adjusted

	Nov	Dec	Jan	Feb
(%m/m)	1.2	4.9	1.8	—

Tue Mar 11 11:30am — **Housing finance approvals: owner occupiers**
Number of loans, seasonally adjusted

	Oct	Nov	Dec	Jan
(%m/m)	-0.2	3.3	0.1	1.0
(%oya)	-0.6	3.3	2.9	4.5

Wed Mar 13 10:30am — **WMI consumer sentiment index**
100=neutral, seasonally adjusted

	Dec	Jan	Feb	Mar
(%m/m)	1.8	-8.4	-5.5	-2.0

Consumer confidence is forecast to fall again in March, slipping 2%m/m. Sentiment likely weakened as the RBA hiked interest rates, domestic banks lifted their variable mortgage rates, petrol prices rose, and the stockmarket declined.

Thu Mar 13 11:30am — **Labour force**
Seasonally adjusted

	Nov	Dec	Jan	Feb
Unemployment rate (%)	4.5	4.3	4.1	4.2
Employed (000 m/m)	45	25	27	20
Participation rate (%)	65.3	65.2	65.2	65.2

Review of past week's data

Inventories
Seasonally adjusted

	2Q07		3Q07		4Q07	
(%q/q)	0.5		1.3		~~0.4~~	*0.7*

Company operating profits (business indicators)
Nominal, gross operating, seasonally adjusted

	2Q07		3Q07		4Q07	
(%q/q)	~~1.7~~	*2.0*	~~-2.1~~	*-1.4*	~~1.2~~	*3.9*

Current account balance
A$ billion, seasonally adjusted

	2Q07		3Q07		4Q07	
Current account (A$ bn)	~~-15.6~~	*-15.8*	~~-15.6~~	*-16.4*	~~-17.6~~	*-19.4*
As a % of GDP	-5.8		~~-5.7~~	*-6.0*	~~-6.4~~	*-7.0*

Retail trade
Seasonally adjusted

	Nov		Dec		Jan	
(%m/m)	0.8		~~0.5~~	*0.4*	~~0.4~~	*0.0*
(%oya)	8.1		8.4		~~7.8~~	*7.1*

RBA cash rate announcement

See main essay.

Real GDP
Chain volume, seasonally adjusted

	2Q07		3Q07		4Q07	
(%q/q)	0.7		~~1.0~~	*1.1*	~~0.8~~	*0.6*
(%oya)	3.7		4.3		3.9	

Trade balance
Seasonally adjusted

	Nov		Dec		Jan	
Exports (A$ bn)	18.4		~~18.6~~	*18.7*	~~18.0~~	*19.0*
Imports (A$ bn)	~~20.5~~	*20.6*	~~20.5~~	*20.6*	~~21.3~~	*21.7*
Trade balance (A$ mn)	~~-2162~~	*2173*	~~-1935~~	*-1937*	~~-3300~~	*-2723*

Building approvals
Seasonally adjusted

	Nov		Dec		Jan	
(%m/m)	~~8.2~~	*7.8*	~~-16.0~~	*-11.3*	~~-3.0~~	*1.9*
(%oya)	~~14.1~~	*14.2*	~~-0.9~~	*4.9*	~~-2.7~~	*5.1*

Building approvals rose 1.9%m/m in January, although there are downside risks for this series. Building and material costs in the residential construction sector remain high, excessive red tape is deterring new development, and rising interest rates are weighing on new home building.

JPMorgan Australia Ltd., Sydney
Jarrod Kerr (61-2) 9220-1669
jarrod.w.kerr@jpmorgan.com

New Zealand

- **RBNZ held OCR steady at 8.25% as anticipated**
- **Housing market to show further signs of deterioration**
- **Retail sales to remain soft in January**

In New Zealand, the RBNZ left the official cash rate (OCR) steady at 8.25% last week, and offered a relatively neutral commentary acknowledging increasing downside risks to growth and persistent inflation pressure. This week, data will likely show further deterioration in the housing market and soft retail trade, owing to rising petrol prices, falling stock prices, the shaky housing market, and rising interest rates.

RBNZ acknowledged increasing risks

The RBNZ left the OCR steady at 8.25% as expected last week. The accompanying commentary was neutral, acknowledging the deteriorating growth outlook and maintaining a hard line on upside inflation risks. Inflation risks remain at large, particularly price pressures emerging from the new emissions trading scheme, fiscal policy largesse, and rising commodity prices.

The RBNZ noted downside growth risks from a crumbling housing market—falling house prices and weaker construction activity—the drought in New Zealand's major dairy producing region, and tightening credit conditions. Still, despite the acknowledgment of significant downside risks to growth, there is little chance of the RBNZ easing policy anytime soon. JPMorgan forecasts that the RBNZ will remain on hold in 2008.

Housing data to show further weakness

There are three key pieces of economic data out this week. The first two will be the housing market data series from QVNZ and REINZ. The QVNZ house price data, out this morning, showed a further deceleration in house price appreciation to the lowest level in three years. The QVNZ series is a three-month moving-average, and as a result is a much smoother, but slower turning, house price series. The data is also based on settlement dated information, making it more lagged than the REINZ equivalent. More importantly, though, is the REINZ's days to sell and volumes sold series—out later in the week—both have recently fallen sharply and point to continued declines in house prices. The REINZ's series, though more volatile, is a more timely indicator of turns in the housing market.

Retail trade to remain soft in January

The third key data point is retail trade out Thursday. Retail trade for January is likely to be subdued due to rising petrol prices, a falling stockmarket, the shaky housing market and

New Zealand: days to sell vs. house prices

rising interest rates. This potent cocktail is proving hard for consumers to stomach, and retail spending is unlikely to bounce back strongly January. JPMorgan forecasts retail spending to rise just 0.3%m/m in January.

Data releases and forecasts

Week of March 10 - 14

Mon Mar 10	QVNZ house prices %, median				
		Nov	Dec	Jan	Feb
	(%oya)	11.4	10.0	8.9	__
Tue Mar 11 10:45am	Terms of trade Seasonally adjusted				
		1Q07	2Q07	3Q07	4Q07
	(%q/q)	1.6	0.5	3.6	__
Thu Mar 13 10:45am	Retail trade Seasonally adjusted				
		Oct	Nov	Dec	Jan
	(%m/m)	-0.4	1.7	0.1	0.3
Thu Mar 13 12:00pm	Business PMI Seasonally adjusted				
		Nov	Dec	Jan	Feb
	Index	56.6	53.6	53.3	__
	(%oya)	1.8	-1.0	-2.8	__

Review of past week's data

ANZ commodity price series

Not seasonally adjusted

	Dec	Jan	Feb
Index - NZD (%m/m)	-0.9	-1.8	__ *-2.2*
Index - world prices (%m/m)	0.0	-1.4	__ *0.9*

RBNZ cash rate announcement

See main essay.

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

- **Sharp fall in US private payrolls suggests that the economy has slipped into recession**
- **With firms yet to engage in wholesale cutbacks, the recession should be mild**
- **Risks that credit stress could intensify weakness will prompt aggressive Fed action; funds rate expected to be lowered to 1.75% by end of April**
- **Lowering growth forecasts in Europe and Japan**

Slouching toward recession

The US February payroll report showed a much sharper deterioration in private sector hiring than had been anticipated and has convinced us that the US economy slipped into recession in early 2008. Combining the February drop in private payrolls with revisions to the previous two months, the report posted a cumulative loss of 196,000 private sector jobs. Even outside of housing-related sectors, hiring has ground to a halt. As a result of this downshift, the payroll proxy of labour income is tracking an annualized gain of 1.8% for 1Q08, sharply off the nearly 5% pace during 2007. With household purchasing power being squeezed by rising inflation and household wealth contracting, consumer spending now looks set to stagnate during the first half of the year, a message likely to be reinforced by this week's February retail sales report. Adding in an intensification of the construction downturn, we now forecast a modest contraction in GDP growth in 1H08 of 0.5% (annual rate).

For some time now, we have noted that US recessions have always represented business retrenchment that tends to magnify itself and generate long-lasting consequences. Indeed, every US recession during the post-WWII era has led to a rise in the unemployment rate of at least two percentage points from its cyclical low. In this regard, it is striking to observe that the slide in labour demand has not produced the accompanying move toward cutbacks in human and physical capital investment. While this month's fall in the unemployment rate can be attributed to a fall in the labour force participation rate, there are numerous indications—from jobless claims, JOLTS, the Challenger survey, and the household employment survey—that weakness in hiring has not been accompanied by the spike in layoffs of full-time employees that heralds the start of a recession. Firms also appear to be making only modest adjustments to capital spending and inventory plans. If we are right, this unusual behaviour represents the sustained cautious attitude of nonfinancial firms and their continued healthy balance sheet position. The judgment that firms will not accelerate their cost-cutting efforts in the coming months lies behind our view that the economy will be in a position to recover around midyear, as the drag from rising energy prices fades and as supports from fiscal and monetary stimulus build.

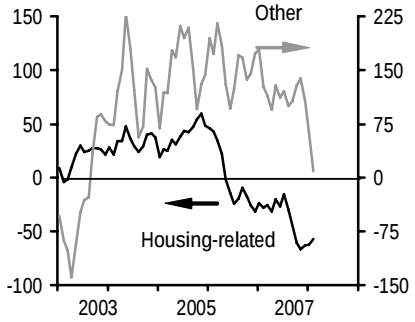
The Fed is very busy

An optimist is sometimes described as a person falling from a window who cries out halfway to the ground "so far, so good." Any discussion of the US and global economic outlook that does not recognize the risks emanating from financial market stress can be characterized this way.

Until now, the turmoil in credit markets has significantly impaired US mortgage finance but has had a limited impact on access to credit for households and firms across North America and Western Europe. This point was made by ECB President Trichet last week as he pointed to the continued strong growth in Euro area credit. Last week's release of the

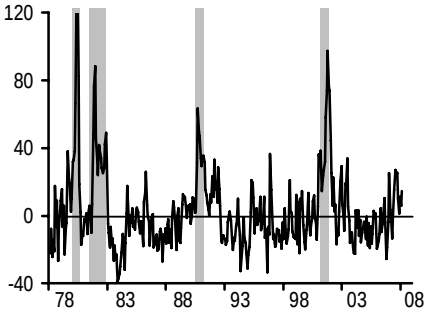
US private payrolls

000s, avg monthly ch over 3 mos., both scales

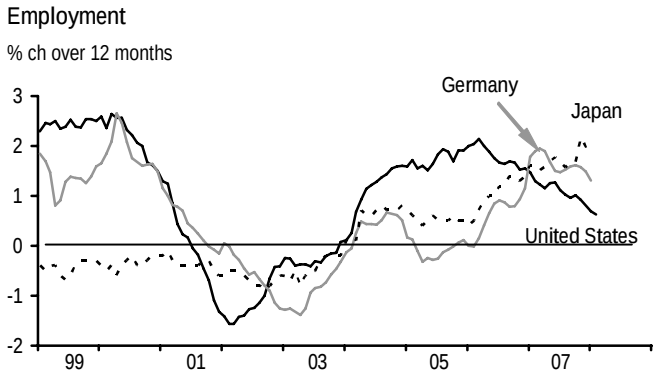


US unemployment: full-time workers

%ch at annual rate over 3 months



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 flow of funds provides detailed supporting evidence. Debt in the US nonfinancial sector grew at a 7.7% annualized pace in the final three months of 2007. Even as banks tighten standards and nonbank sources of financing dry up, banks have served as an automatic stabilizer as existing lines for C&I loans, home equity, and credit cards have been tapped. Behind the scenes, Fed easing and a significant expansion of GSE balance sheets have been critical in keeping intermediation channels open (see "4Q US Flow of Funds: tranquil on top, a tsunami below," p. 9).

However, there are limits to this expansion, as bank losses mount and a weakening economy worsens credit fundamentals. For our forecast of a short and mild recession to be realized, the stress in credit markets will need to be alleviated. Recognizing these risks, the Fed continues to move on two related fronts. It took action today to try and lessen liquidity strains by announcing an increase in the size of its TAF auctions and lengthening the maturity of its open market operations. The accompanying statement also noted ongoing consultation with foreign central banks in a signal that further coordinated action may be announced this week.

The second front is accelerated monetary policy easing. With last week's employment report pointing to a slide into recession, the Fed is likely to push the real fed funds rate into negative territory quickly. We now expect a 75bp ease at the March 18 meeting, with a significant possibility of an earlier inter-meeting move, and a fall to 1.75% by the end of April.

Trimming growth in W. Europe and Japan

In addition to the United States, we have cut 2008 growth forecasts for Western Europe and Japan. Although recent data have prompted an upward revision to our current-quarter GDP estimate for Western Europe, the slide into recession in the US is a significant event for the region. European exporters will be facing a contraction in US imports that is likely to be compounded by additional gains in their currency. But the bigger concern is the continued reverberation of credit market tightening in both regions. With financial conditions worsening, and US demand softer, growth in Western Europe is set to be lower than previously expected. We have revised growth down noticeably. On average across the region, GDP is likely to be running at a 1.0-1.5% pace (ar) by the summer.

The prospect of weaker growth in the US and Europe will damp growth in Japan. But the more immediate issue is the squeeze on corporate profits, highlighted by last week's MoF corporate survey. A combination of surging commodity prices and weak domestic sales resulted in a second, consecutive quarterly decline in earnings in 4Q, and much weaker growth in capex than previously thought. The stronger yen—which has appreciated 6% year to date and 14% since the credit turmoil erupted last July—also is hurting profits. With little prospect of any near-term improvement, we have lowered our outlook for capital spending in coming quarters, resulting in a downward revision in GDP growth to an average of 1.4% over the balance of this year.

One thing to watch is whether the slower pace of business spending extends to the labour market. There is no sign of this yet. Last week's employer survey was surprisingly upbeat, showing that employment rose 1.9%oya in January, while wages accelerated to be up 0.6%. This lifted the labour income proxy to 2.5%oya. Inflation also has picked up pace, but with real income growth running near 2%, the latest labour market data confirm that the business sector is providing adequate support for growth in real consumer spending. Indeed, the Cabinet Office's index shows that consumer spending advanced solidly in January.

China's inflation probably has peaked

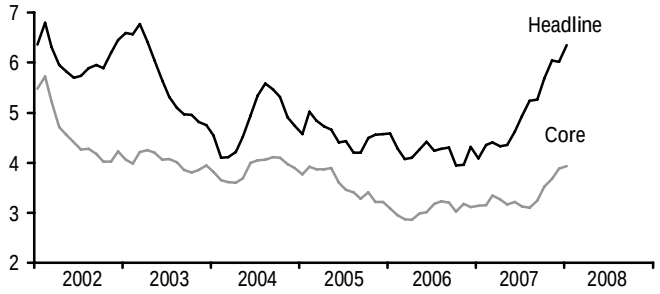
This week's February data from China will help clear the fog from lunar new year distortions. The data are expected to reveal the contrast between a slowing external sector and still-robust domestic demand. China's exports should give ground after the holiday-induced pop in January while fixed asset investment and retail sales are forecast to show sustained strength. Industrial output should be flat on a %m/m basis in response to these countervailing influences.

In addition to growth dynamics, the focus will be on inflation.

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

Emerging economy consumer prices

% ch over 12 months



We expect this week's February CPI to move below 7%oya as the price-boosting effects of the holidays and the snowstorms pass. However, risks are on the upside as the weekly food inflation numbers show food prices falling less than expected. In any case, we believe that the PBoC will continue to hold its fire, as almost all of the move up comes from food prices, which the central bank thinks will roll off soon. Indeed, Governor Zhou said during last week's National People's Congress that further rate hikes could hurt domestic consumption and capital market development. In our view, rate hikes will be postponed, with accelerated CNY appreciation remaining China's best tightening tool.

Inflation still main concern in Latin America

Even as storm clouds gather over the global economy, last week's high inflation prints in Peru, Colombia, and Chile underscore that inflation remains the dominant economic concern in Latin America. With global commodity, food, and energy prices still climbing, the risks are that these shocks will continue to filter into domestic prices. A drought in Chile and the political dispute between Ecuador, Colombia, and Venezuela reinforce this view. The region's economies are not uniformly subject to these pressures. For example, policymakers in Peru, Colombia and Brazil have let their currencies strengthen against the US dollar by about 6% this year and Chile's peso has strengthened twice that much. This development will contain tradable goods price inflation.

The different degree of risk that each economy faces from the second-round effects of commodity price increases should also be considered. In economies where growth is above potential, including Colombia, Peru, Argentina, and Venezuela, suppliers are better able to transfer costs to consumers and wages are more subject to acceleration. In contrast, our forecast of below-potential growth in Mexico and Chile suggests that their central banks are likely to cut policy rates by the second half of this year after maintaining a wait-and-see attitude for the near term. Brazil's business cycle dynamics are more murky; the authorities there may opt to keep the policy rate unchanged throughout 2008. Domestic demand remains solid and inventory levels are low. However, industrial production growth has slowed to a crawl in recent months, and while this was focused mostly in the auto sector, the stronger currency and weakening external demand do point to weaker export growth in coming quarters.

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

Recession

- For many market participants, the fall in US Payrolls was a **relief**, at least **settling in their mind the issue of whether the US economy is in recession** or not. The earlier it starts, the earlier it should be over and the quicker the mist on the direction of markets will disappear. The attempted rebound in equities following Payrolls supports this notion, although it more likely reflected profit-taking (sell the rumour, buy the fact).

- Our economists warn us to be **careful for what we wish though, as recessions are not fun**. Economic contractions are gut-wrenching experiences with massive job cuts, investor losses, and company failures. The initial stages of the recession still leave a lot of uncertainty about what it will look like. Hence we hold back from going into risky assets here, expecting **further declines in equity and credit markets over coming months** as the dynamics of a recession take hold. Overall, we **stay in recession trades**. We keep more **optimistic forecasts by year end** (though set to be reviewed) as riskier markets tend to rally before the end of a recession, once they see the light at the end of the tunnel.

- **We do see equities rebounding earlier than credit,** not because of better value, but because of better relative positions. A lot of investors are overweight cash against equities, while we still see a lot of hedge funds, banks, and investment vehicles with excess inventory that needs to be unwound.

10-yr Government bond yields

	Current	Mar 08	Jun 08	Sep 08	Dec 08
United States	3.55	3.80	4.00	4.20	4.20
Euro area	3.78	3.80	3.70	3.70	3.85
United Kingdom	4.32	4.30	4.40	4.60	4.70
Japan	1.34	1.30	1.20	1.30	1.45

Equities

	Current	YTD Return (local currency)
S&P	1297	-10.8%
Topix	1248	-12.7%
FTSE 100	5699	-9.8%
MSCI Eurozone	204	-16.0%
MSCI Europe	1327	-13.6%

Credit markets

	Current	Jun-08	Dec 08
US high grade (bp over UST)	261	250	
US high grade (bp over swaps)	155	175	
Euro HG corp (bp over swaps)	87		65
USD high yield (bp vs. UST)	779	800	650
EMBIG (bp vs. UST)	307	275	250

Foreign exchange

	Current	Mar 08	Jun 08	Sep 08	Dec 08
EUR/USD	1.53	1.54	1.55	1.52	1.48
USD/JPY	103	98	101	103	105
GBP/USD	2.01	2.03	2.01	1.97	1.95

Commodities

		Quarterly Average			
	Current	Mar 08	Jun 08	Sep 08	Dec 08
WTI oil $/bbl	105.6	86.0	72.0	72.0	76.0
Gold ($/oz)	973	920	920	915	900
Copper($/m ton)	8648	8000	7300	6500	6000
Corn ($/Bu)	5.47	4.90	4.70	4.30	4.80

Source: JPMorgan, Bloomberg, Datastream

Fixed income

- **Government bonds rallied across major markets as a massive flight to quality took hold.** Swap rates actually rose during last week, as markets repriced all financials.

- **Liquidity collapsed** in interest rate markets. Prices are driven by flight to quality and asset dumping rather than a rational assessment of value or the economic outlook. Many spreads are at historic highs. This strongly dictates **keeping tactical risk to a minimum.** To paraphrase *Hotel California*, you can check into cheap paper anytime you like, but you may never leave. The extremely wide spreads are attractive, but at this moment, only investors who do not require funding and can warehouse paper for some time should buy. We plan to go long oversold spread product, such as the peripherals in the Euro area, once we see some improvement in market functioning.

- The **short end of the US** curve rallied and now prices in our new forecast of a 1.75% fed funds rate this year. Given how much the short ends have rallied in both North America and Europe, we advise **taking profit on being long.** However, we stay with steepeners given tremendous supply pressure in the US intermediate and long end.

- **Inflation-linked** bonds continue to outperform as global inflation reaches new highs. We stay **long** breakevens in the US (overweight TIPS vs nominals) but will take profit if it rallies another 10bp or so.

Equities

- With evidence that the US economy has slipped into a **recession**, investors are focusing on its **contours and impact on earnings.** The earnings cycle tends to be more protracted than the economic cycle, with corporate profits falling before the beginning of a recession and bottoming only after the recession ends. Typically, the 4-quarter rolling EPS for the S&P500 peaks 2 quarters before the start of the recession and bottoms 2 quarters after the end. The peak in

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

the S&P500 EPS of $91.5 in 2Q is thus consistent with a start for the US recession earlier this year. Assuming that the recession does not last more than two quarters, the bottom of the 4-quarter rolling EPS for the S&P500 should take place in 4Q of this year.

- The average decline in the S&P500 EPS from its peak to its trough is 16%, suggesting a $77 bottom in 4Q. During the 1990 recession, which was also accompanied by a housing and banking crisis, S&P500 earnings fell a larger 24%. The US PE ratio tends to rise marginally by around 1.5 points during a recession, suggesting a PE ratio of around 17.5 at year-end vs 16 in 1Q. Multiplying this with an assumed EPS of $77 for 4Q, would suggest a year-end price for S&P500 of 1350. Our US strategist is currently reviewing our EPS and price forecasts and will release them early next week.

- **US equities tend to peak around three months before the start of a recession and bottom around three months before the end**. The October peak in the S&P500 is consistent with a start in US recession in Jan/Feb. Assuming that the recession does not last more than two quarters, the US equity market should bottom sometime in 2Q. The S&P500 declined on average by 24% from peak to trough over the past 9 recessions, suggesting a bottom for the S&P500 of 1200.

- **We remain cautious overall, focusing risk on growth vs value. We also stay long EM vs MSCI World.** EM equities outperformed developed markets during the 1990 and 2001 US recessions. They underperformed only when problems arose from within; i.e., during past EM crises. With problems emanating from the US this time, our forecast is that EM equities will fare better this year.

Credit

- Our guess is that the **negative momentum has further to run** as mark-to-market losses, rating downgrade risk and headline risk will continue to cause investors to unwind positions in synthetic structured credit products. The synthetic structured credit market is large—we estimate the rated market size at $450-700bn—so even limited unwinds would have a negative impact on credit spreads. Synthetic CDOs are the largest market component. Rating agency downgrades of individual transactions and changes to their methodologies are likely to be critical drivers of unwind trends.

- We thus **stay bearish on credit focusing this view on HG**. HG credit is more susceptible to potential synthetic CDO unwinds as they affect primarily A and BBB rated credits. Admittedly high-rated credit and senior tranches of CDOs appear cheap now, as they will likely mature at par even if corporate default rates return to the worst levels of the past 25 yrs. However, a large outstanding asset base, sensitivity to rating agency decisions, significant mark-to-market losses for many holders and restricted access to leverage, are preventing investors from taking advantage of these value opportunities.

Foreign exchange

- The **USD slide** intensified last week, although in a change many EM currencies succumbed to heavy profit-taking. The fx market remains yield-centric and USD's fall to record lows against many European currencies coincided with the widening in short-dated US-European yield spreads to 15-yr wides. **USD is now a funding currency**, a status which is incompatible with the hefty external financing requirement of the US.

- The divergence in monetary policy that is driving USD's fall was reinforced by the ECB meeting. In addition, Trichet failed to protest the euro's rise, confirming that there is very little prospect of intervention to stabilize USD. The simple truth is that a stronger EUR/USD suits the pro-growth policy bias of the US as well as the anti-inflation bias of the ECB. US growth priorities also make it very difficult for the BoJ to support USD/JPY, despite this hitting a 9-year low.

- The outperformance of JPY and CHF was no surprise in view of heightened asset market tensions. Surplus currencies should continue to do well from heightened volatility. A little less obvious was the renaissance of GBP, which vied with CHF for top slot, despite still near universally bearish sentiment. A lack of long positioning and more stable UK data flow are helping GBP.

- We stay **short USD**—we do not yet regard these moves as overshoots—but diversify exposure away from AUD towards more defensive currencies including EUR and CHF. We took profits last month on our EM trades. There is **no incentive to reestablish EM** exposure yet.

Commodities

- **Crude** remains bid with the rest of the commodity complex but has lagged other sectors year to date due to relatively looser supply conditions. Crude stocks are at average levels and gasoline inventories well above average. **Oil is still our least favourite commodity** based on physical market conditions, but prices will stay high given the currency backdrop. The divergence between weak physical demand and metal prices continues, but supply side fundamentals remain supportive with rising input costs and concerns around infrastructure.

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

Markets - Australia and New Zealand

- **RBA hiked interest rates 25bp to 7.25% as expected**
- **Market pricing shows 27% chance of rate hike in May**
- **RBNZ delivers neutral commentary as anticipated**

Market commentary

Australia

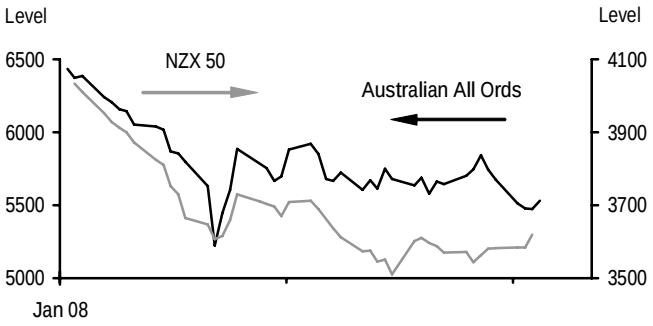
The RBA decision to hike the cash rate 25bp last week surprised few market pundits, although the accompanying commentary was less hawkish than expected. Despite that a firm tightening bias was maintained by RBA officials, market pricing following the RBA commentary suggested just a 27% chance of another 25bp hike in May, compared to 50% just prior to the statement.

The RBA again highlighted solid domestic demand, which it believes needs to slow "significantly" to bring inflation back within it's 2-3% target range. The RBA forecasts that inflation will remain above target until mid-2010. Owing to the rapidly deteriorating inflation outlook, we still expect another 25bp rate hike in May, following the release of 1Q CPI data. That said, there are risks to our rate call. The RBA is becoming increasingly concerned about conditions in financial markets and the deteriorating global economic outlook. These two areas seem to be assuming more importance at the RBA, and probably will play a bigger role in determining how aggressively the RBA moves from here, relative to domestic developments.

Other data last week showed that annual GDP growth (3.9% in 4Q) continues to run above potential. The significant gap between actual and potential GDP growth means that inflation pressures will continue to build, reaffirming our view that further RBA tightening is likely. Furthermore, with news that the current account deficit blew out to 7% of GDP in 4Q, there will likely be increasing headwinds for AUD, which will reduce a key buffer to imported inflation.

AUD ended the week near 93 US cents, largely unchanged from the previous week's close. The Australian dollar remains well-supported, however, by elevated commodity prices and ongoing USD weakness. The local equity market finished lower on the week, slipping nearly 2%, while the Aussie 3s 10s curve steepened to -9.5.

Stock markets continue to decline



New Zealand

This week in New Zealand brings housing market data from QVNZ and REINZ. Both series are likely to report a further deterioration in the housing market. The QVNZ series, which is a three-month moving-average, is a smoother, but slower turning, house price series and is also likely to show a slight decline in house prices. More importantly, though, watch the REINZ's days to sell and volume sold series, as both measures have fallen sharply in recent months and point to continued declines in house prices.

The shaky housing market will continue to weigh on consumer sentiment and, in turn, retail trade. This week's retail trade print will likely show consumer spending remains subdued, not only due to the weakening housing market, but also owing to rising petrol prices, the falling stockmarket (down 10% since the start of the year), and rising interest rates. The RBNZ did, however, leave the OCR steady at 8.25% last week, acknowledging intensifying downside risks to growth, but a continued inflation problem. On the back of the neutral RBNZ commentary, the curve steepened nearly 20bp, while NZD continued to hover around the 80 US cent mark.

Trade recommendations

- Take loss on long Aussie Mar08 bank bills vs. short Jun08 bills in futures. Established at 1bp (with target of 10 and a stop loss at -4). Now at -12bp.
- Buy Aussie May-June interbank spread at 0bp, targeting 2.5bp. Stop out at -0.5bp.
- Pay NZ 1yr 1yr vs 1yr (toward -75bp) and take positive roll up curve. A good rates 'on hold' play given neutral RBNZ commentary, which signalled little chance of policy easing in near term.

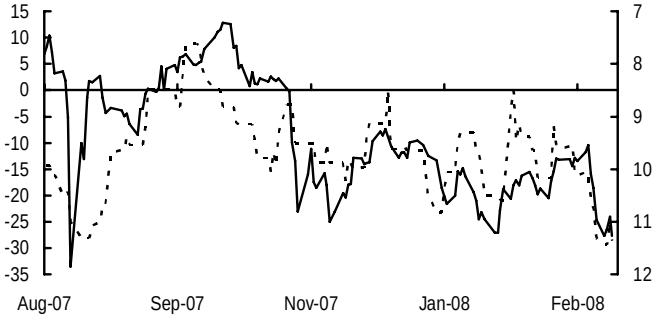
AUD and NZD Commentary

- **AUD and NZD sell off as volatility takes its toll**
- **RBA and RBNZ as expected; domestic data flow expected to take back-seat while risk-appetite becomes key driver.**
- **Technicals: Short term corrections below the February highs continue to develop for AUD/USD and NZD/USD**

Strategy comments

- AUD and NZD uderperformed in the past two weeks. NZD was the worst performer among advanced economies' currencies since the Feb. 22 closing, losing 1.9% against USD, while AUD/USD was only 0.3% higher over the two weeks. Further deterioration in US data and persistently elevated volatility in FX markets (G7 VXY stayed in double-digit territory over the past 2 weeks) exerted more pressure on AUD and NZD than we had envisaged, more than offsetting support from rallying commodities.
- In Australia, domestic data and events were a mixed bag. The 25bps hike by the RBA was virtually fully priced in, thereby triggering only a knee-jerk bounce in AUD/USD. The RBA's statement confirmed its tightening bias, although was less hawkish than expected, weighing on AUD. Furthermore, top-tier January data—including retail sales—disappointed, though 4Q GDP indicated growth outperformance. In New Zealand, the RBNZ left the OCR steady at 8.25% as widely expected, with its statement acknowledging a widening area of uncertainty given heightened growth risks on one hand and persistent inflation pressures on the other.
- Looking ahead, the RBA minutes (Mar. 18) will be a key date in an otherwise light calendar. Our forecast for the labour report this Thursday is for more job-creation and a less relevant up-tick in the unemployment rate, and should not as such rock the boat for AUD. Important data on housing and retail sales in NZ will likely show further weakness, thereby exacerbating NZD's vulnerability in risk-avert markets.
- The high-yielding AUD and NZD are still vulnerable to rising volatility, regardless of strong domestic fundamentals. While the macro outperformance story for Australia remains compelling, we highlight two reasons for expressing AUD strength through more conservative positions (we stay long AUD/USD but add short USD/long funding currencies to our portfolio to reduce leverage on short-USD trades, and shift from AUD/CAD to a CAD/JPY short). Firstly, G10 currency volatility is elevated, and will remain so given the likely worsening of the US data flow. Secondly, while more moderate than at their peak in late January, long AUD spec positions remain 2x their 1 yr average and significantly higher than in early August—when a spike in vol sent AUD (and other high-yielders) tumbling.

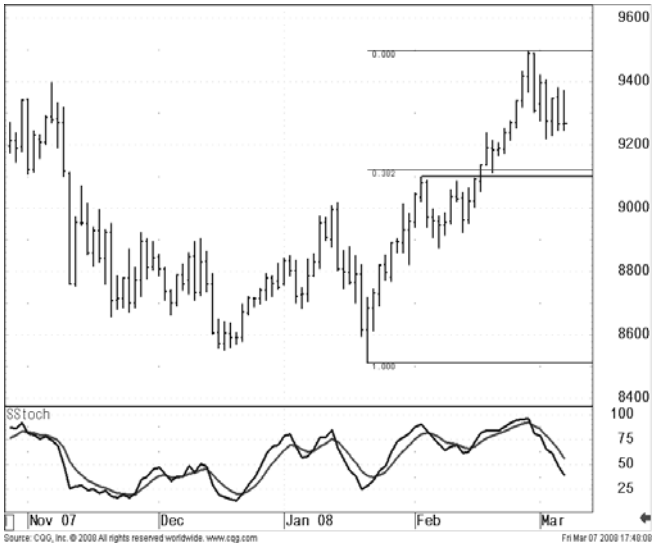
Weak US data likely to keep vol sustained
EASI and G7 VXY (rhs, inverted), levels



Technical analysis

- A poor performance for both NZD and AUD last week, as increased risk aversion led to a break of several key support levels against the USD and on the crosses. With the short term corrective phase below the 0.95 high intact, AUD/USD stays vulnerable to additional weakness. The 0.9215/00 zone will act as key initial support as violations should allow for a test of important support in the 0.91 support area. This area includes the mid-February breakout level and the 38.2% retracement of the Jan-Feb advance. Importantly, strength above the 0.9370/85 zone would reassert the upside bias.
- For NZD/USD, we see a similar setup as the short term bias argues for additional downside and break of the key 0.7920/00 support zone. This should allow for a better test of the 0.7825/00 area, which includes the early February lows and 50% retracement from the January bottom. The ability to extend back above the 0.8050/85 area would suggest the interim rally phase is back on track and new highs on the way.

NZD/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			
	2006	2007	2008	3Q07	4Q07	1Q08	2Q08	3Q08	4Q08	1Q09	4Q07	2Q08	4Q08	2Q09
The Americas														
United States	2.9	2.2	1.2 ↓	4.9	0.6	0.0	-1.0 ↓	3.0 ↓	1.5 ↓	2.0 ↓	4.0	3.5	2.7	2.3
Canada	2.8	2.7 ↑	1.3	3.0 ↑	0.8	-1.0	1.5	2.8	2.8	3.0	2.4	1.0	1.6	1.7
Latin America	5.3	5.2	4.3	7.0	5.5 ↓	3.2 ↑	2.9 ↓	3.4 ↓	4.2	4.7 ↑	5.6	6.6	6.4	6.0 ↑
Argentina	8.5	8.7	6.5	11.8	10.4	4.9 ↑	4.1 ↓	2.0 ↓	4.1	6.1 ↑	8.5	8.6	9.7	11.0
Brazil	3.8	5.4	4.9	6.9	5.3	4.9	4.3	3.7	4.2	4.1	4.3	4.7	4.8	4.3
Chile	4.0	5.2	4.0	-2.5	8.0	5.0	3.0	3.0	5.0	5.0	7.2	8.2	4.8	3.1
Colombia	6.8	6.8	5.5	6.9	5.0	5.0	5.5	6.5	6.5	4.5	5.4	5.5	5.0	4.0
Ecuador	3.9	2.0	2.5	4.4	5.0	2.0	1.5	1.0	1.0	2.5	2.8	6.1	5.6	3.9
Mexico	4.8	3.3	2.6 ↓	5.3	3.0	1.0	1.0 ↓	3.2 ↓	4.1	4.9	3.8	3.9 ↓	3.4	3.1 ↑
Peru	7.6	9.0	7.5	14.5 ↓	10.5 ↓	2.0	4.0	5.0	4.5	6.5	3.5	4.3	3.1	2.5
Venezuela	10.3	8.4	6.0	14.2	11.0	3.0	3.5	2.0	3.0	4.0	20.2	31.5	33.0	30.7
Asia/Pacific														
Japan	2.4	2.1	1.4 ↓	1.3	3.7	0.5	1.3 ↓	1.3 ↓	1.8 ↓	2.0 ↓	0.5	1.0 ↑	0.8 ↑	0.7 ↑
Australia	2.8	3.9 ↑	3.4 ↓	4.3 ↑	2.4 ↓	3.2	4.4	2.5	4.1	3.6	3.0	2.8 ↓	2.4	2.6
New Zealand	1.5	3.0	2.5	2.1	2.9	2.5	2.7	1.8	2.2	2.9	3.2	3.1	2.9	2.8
Asia ex. Japan	8.5	8.6	7.7	8.0	6.9	7.5 ↑	7.6 ↓	7.7 ↓	8.0 ↓	8.0	5.3	5.1 ↑	4.0 ↑	4.0
China	11.1	11.4	10.5	8.9	9.1	10.8	11.2	10.4	10.4	10.8	6.6	5.6	3.5	4.1
Hong Kong	7.0	6.3	5.1	8.3	7.1	2.5	4.0	5.0	4.5	5.5	3.5	3.4	2.7	3.8
India	9.6	8.7	7.5	7.1	4.8	8.2	8.2	7.5	8.2	8.2	5.5	5.8	6.3	5.3
Indonesia	5.5	6.3	6.2	7.8	6.9	6.0	6.0	6.0	6.0	5.0	6.7	6.9	7.4	7.8
Korea	5.0	4.9	4.8	5.4	6.3	4.0 ↑	3.0 ↓	4.5 ↓	5.5 ↓	5.0	3.4	3.7 ↑	3.3 ↑	3.2
Malaysia	5.9	6.3	5.4	11.1	7.4	3.0	4.1	4.9	6.6	6.1	2.2	4.0	3.3	1.9
Philippines	5.4	7.1	6.1	4.0	7.4	6.0	5.0	5.5	6.0	5.8	3.3	3.2	2.4	2.4
Singapore	8.2	7.7	4.6	5.1	-4.8	6.6	4.1	8.7	9.5	5.7	4.1	6.5	5.2	2.5
Taiwan	4.9	5.7	4.0	12.0	2.6	0.8	2.5	4.5	5.0	4.8	4.5	4.0	1.7	2.4
Thailand	5.1	4.8	5.2	6.1	7.3	6.0	6.0	6.0	5.0	4.5	2.9	4.4	3.8	3.0
Africa														
South Africa	5.4	5.1	3.7	4.8	5.3	2.8	3.8	4.1	4.0	3.7	8.4	9.0	7.0	5.4
Europe														
Euro area	2.9	2.6 ↓	1.6 ↓	3.0 ↓	1.5 ↓	1.5 ↑	1.2	1.2 ↓	1.5 ↓	2.0 ↓	2.9	2.7	2.3	2.3
Germany	3.1	2.6	1.6	2.7	1.1	2.0 ↑	1.3	1.5 ↓	1.8 ↓	2.2 ↓	3.1	2.0	1.4	1.5
France	2.2	1.9	1.7 ↓	3.2	1.4	1.5	1.3	1.5 ↓	1.7 ↓	2.0 ↓	2.5	2.4	1.8	2.0
Italy	1.9	1.7	0.4 ↓	1.7	-0.8	0.5	0.5	0.5 ↓	1.0 ↓	1.5 ↓	2.6	2.6	2.2	2.3
Norway	4.8	6.0	3.9	7.9	3.8	3.0	2.5	3.0	3.0	3.5	1.4	5.0	3.4	2.2
Sweden	4.5	2.8	2.5	2.4	3.1	2.0	2.0	3.0	3.0	3.5	3.1	3.6	3.0	2.5
Switzerland	3.2	3.1 ↑	2.3 ↑	3.7 ↑	4.2 ↑	1.8 ↑	1.0 ↓	1.0 ↓	1.3 ↓	1.8 ↓	1.7	1.9 ↑	1.5	1.2 ↓
United Kingdom	2.9	3.1	1.9 ↓	3.0	2.3	1.6 ↑	1.2 ↓	1.2 ↓	2.0 ↓	2.5	2.1	2.7 ↑	3.0 ↑	2.1
Emerging Europe[1]	6.6	6.6	5.7	6.3 ↓	9.9 ↓	0.4	7.5	5.7	8.4	1.2	8.1	8.7 ↑	7.1 ↑	5.8
Bulgaria	6.1	6.1	5.2	…	…	…	…	…	…	…	…	…	…	…
Czech Republic	6.4	6.5 ↓	5.0	6.4 ↑	7.0 ↓	3.5	4.5	3.5	4.5	5.5	4.8	7.1	5.5	3.0
Hungary	3.9	1.3	2.0	1.0 ↑	0.5 ↑	2.8	2.8	3.0	3.0	3.0	7.1	6.5 ↑	5.2 ↑	4.0 ↑
Poland	6.2	6.5	5.6 ↓	4.9 ↓	8.2	4.5	4.8	5.3	5.5	5.8	3.5	4.4 ↑	3.9 ↑	3.3
Slovak Republic	8.5	10.4 ↑	7.0	10.4 ↑	11.4 ↓	-2.0	6.0	7.0	7.0	4.0	3.3	4.3	3.6	4.0
Romania	7.7	6.0	5.6	…	…	…	…	…	…	…	6.7	6.5	5.5	5.3
Russia	7.4	8.1	6.8	7.4	13.0	-2.5	10.5	6.5	12.0	-2.5	11.5	12.6	10.1	8.8
Turkey	6.1	5.0	5.0	…	…	…	…	…	…	…	8.2	7.4	6.2	4.1
Global	3.7	3.4	2.5 ↓	4.4	2.7 ↓	1.6 ↑	1.7 ↓	2.9 ↓	2.8 ↓	2.9 ↓	3.5	3.5 ↑	2.9 ↑	2.6
Developed markets	2.8	2.4 ↓	1.5 ↓	3.6	1.6	0.7 ↑	0.4 ↓	2.0 ↓	1.7 ↓	2.1 ↓	2.9	2.7	2.3 ↑	2.0
Emerging markets	7.0	7.0	6.1	7.4 ↓	7.0 ↓	5.1 ↑	6.4 ↓	6.2 ↓	7.1	5.9	5.9	6.2 ↑	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	3.97	144			3.73	3.47	3.40	3.41	3.41
excluding US	GDP-weighted average	4.43	129			4.43	4.29	4.18	4.19	4.20
Developed	GDP-weighted average	3.20	159			2.90	2.57	2.48	2.48	2.49
Emerging	GDP-weighted average	7.12	82			7.11	7.16	7.13	7.18	7.17
The Americas	GDP-weighted average	3.68	142			3.07	2.60	2.58	2.58	2.59
United States	Federal funds rate	3.00	175	30 Jan 08 (-50bp)	**18 Mar 08 (-75bp)**	**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	2.75	2.75	3.00
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)	1Q 09 (-25bp)	9.75	9.75	9.75	9.75	9.50
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			4.54	4.29	4.08	4.08	4.08
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)	17 Dec 08 (+25bp)	4.25	4.25	4.25	4.50	4.75
Norway	Deposit rate	5.25	350	12 Dec 07 (+25bp)	3Q 08 (+25bp)	5.25	5.25	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 (-75bp)	4.25	3.50	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)	19 Mar 08 (-25bp)	15.00	14.50	14.50	14.00	14.00
Asia/Pacific	GDP-weighted average	3.63	116			3.62	3.67	3.69	3.74	3.74
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	4.50	200	23 Jan 08 (-75bp)	**19 Mar 08 (-75bp)**	**3.75**	**3.25**	**3.25**	**3.25**	**3.25**
China	1-year working capital	7.47	216	20 Dec 07 (+18bp)	2Q 08 (+27bp)	7.47	7.74	7.92	8.19	8.19
Korea	Base rate	5.00	125	9 Aug 07 (+25bp)	1Q 09 (+25bp)	5.00	5.00	5.00	5.00	5.25
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	3.4	3.2	3.5	4.3	2.4	3.2	4.4	2.5	4.1	3.6	2.8	3.1	0.6
Private consumption	4.5	4.2	2.6	2.4	5.3	6.7	4.1	3.2	2.8	2.8	2.4	2.8	2.0	1.6
Construction investment	9.2	1.7	1.3	3.6	2.8	-3.0	2.8	4.2	0.5	3.1	2.1	-1.2	0.4	1.4
Equipment investment	7.5	4.2	-2.3	19.6	-9.9	15.9	2.1	8.6	-4.1	0.0	-2.1	-4.1	-8.1	0.0
Public investment	5.1	10.4	6.2	88.3	-6.7	23.8	4.7	5.2	5.4	5.8	6.2	6.6	7.0	7.5
Government consumption	3.0	4.2	2.8	1.4	3.7	7.0	4.4	3.7	3.3	2.9	3.5	2.2	1.8	2.2
Exports of goods & services	3.3	4.2	7.6	3.6	6.1	-2.6	6.1	6.1	4.1	8.2	8.2	8.2	10.4	4.1
Imports of goods & services	10.7	6.5	2.6	5.7	9.4	15.0	6.1	2.0	1.6	3.2	3.2	2.4	1.8	3.2
Contributions to GDP growth:														
Domestic final sales	4.9	4.3	2.3	6.2	3.7	6.7	4.0	4.1	2.2	2.9	2.5	1.8	1.2	1.9
Inventories	0.8	-0.2	0.0	-2.0	1.5	-0.2	-0.5	-0.4	-0.1	0.3	0.3	-0.1	0.2	-1.3
Net trade	-1.7	-0.7	0.9	-0.6	-0.9	-3.8	-0.3	0.7	0.4	0.9	0.9	1.1	1.7	0.1
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	2.9	2.6	2.1	1.9	3.0	3.4	2.8	2.7	2.4	2.6	2.6	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	-27.7	-20.2	-4.4	-5.3	-7.2	-7.4	-7.1	-6.9	-6.2	-5.9	-5.3	-4.6	-4.5
Current account (A$ bil, sa)	67.0	-78.7	-74.2	15.8	16.4	19.3	-19.9	-20.1	-19.9	-18.7	-19.4	-19.3	-18.1	-17.5
as % of GDP	6.2	-6.8	-6.1	5.9	6.0	7.0	-7.1	-7.0	-6.8	-6.3	-6.4	-6.3	-5.9	-5.6
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	8.5	6.0											
as % of GDP	1.3	0.7	0.5											
Unemployment rate	4.4	4.7	5.5	4.3	4.3	4.4	4.5	4.6	4.8	5.0	5.3	5.4	5.6	5.7
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	2.4	2.8	3.3	2.1	2.4	2.4	2.7	1.8	2.2	2.9	3.5	3.3	2.6
Private consumption	4.1	1.3	1.6	1.8	1.3	1.2	1.1	1.2	1.4	1.5	1.6	1.8	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	4.0	4.2	8.8	4.4	5.6	6.9	5.8	4.7	2.4	4.4	2.9	2.4
Exports of goods & services	2.3	2.7	4.4	-3.2	-2.3	4.0	4.0	3.6	4.0	4.2	4.5	4.8	5.0	4.5
Imports of goods & services	7.5	2.7	3.0	10.8	0.9	2.2	2.4	2.2	3.0	3.0	3.5	3.0	2.5	3.0
Contributions to GDP growth:														
Domestic final sales	4.3	3.0	2.4	3.5	4.4	4.8	2.0	2.1	2.1	2.3	2.3	2.9	2.5	2.3
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	0.4	0.3	0.3	0.1	0.2	0.1	0.4	0.6	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	-6.1
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
10 Mar New Zealand: QV house prices Feb	11 Mar Australia: ANZ job advertisements (11:30am) Feb Housing finance (11:30am) Jan 1.0 %m/m, sa New Zealand: Terms of trade (10:45am) 4Q	12 Mar Australia: Westpac consumer confidence (10:30am) Mar -2.0 %m/m, sa	13 Mar Australia: Consumer inflation expectation (10:30am) Mar Unemployment rate (11:30am) Feb 4.2 %, sa New Zealand: Retail sales (10:45am) Jan 0.3 %m/m, sa PMI (12:00pm) Feb	14 Mar New Zealand: Mfg. activity (10:45am) 4Q
17 Mar	18 Mar	19 Mar Australia: Westpac leading index (10:30am) Jan New Zealand: Credit card spending (03:00pm) Feb	20 Mar Australia: Motor vehicles sales (11:30am)Feb New Zealand: Visitor arrivals (10:45am) Feb	21 Mar *Holiday Australia, New Zealand*
24 Mar *Holiday Australia, New Zealand*	25 Mar	26 Mar	27 Mar New Zealand: Current account (10:45am) 4Q Trade balance (10:45am) Feb	28 Mar New Zealand: GDP (10:45am) 4Q Money supply (03:00pm) Feb
31 Mar Australia: Pvt. sector credit (11:30am) 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

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
10 - 14 Mar	10 Mar	11 Mar	12 Mar	13 Mar	14 Mar
China • Money supply (Feb) • Trade balance (Feb)	Germany • Trade balance (Jan) Japan • Economy watcher survey (Feb) • Private machinery orders (Jan) Norway • CPI (Feb) United States • Wholesale trade (Jan)	Brazil • IPCA (Feb) Canada • Trade balance (Jan) China • CPI (Feb) Germany • ZEW survey (Mar) Sweden • CPI (Feb) United States • Manpower survey (2Q) • Trade balance (Jan)	China • Retail sales (Feb) Euro area • IP (Jan) • Trichet speech Japan • Consumer sent (Feb) • GDP 2nd est (4Q) • BoJ minutes (Feb 14-15) United Kingdom • Trade balance (Jan)	China • IP (Feb) Japan • IP final (Jan) United States • Business inventories (Jan) • Retail sales (Feb) Central bank meetings • Chile • Norway • Peru • Philippines • Switzerland	China • FAI (Feb) Euro area • HICP final (Feb) • Labor costs (4Q) Mexico • Banxico meeting Poland • CPI (Feb) United States • CPI (Feb) • Consumer sent (Mar)
17 - 21 Mar	17 Mar	18 Mar	19 Mar	20 Mar	21 Mar
Korea • GDP final (4Q) Taiwan • CBRC meeting	Japan • Tertiary sector activity index (Jan) United States • IP (Feb) • NAHB survey (Mar) • NY Fed bus survey (Mar)	Canada • CPI (Feb) Japan • Nationwide dept store sales (Feb) United Kingdom • CPI (Feb) United States • Housing starts (Feb) • PPI (Feb) • FOMC meeting	Euro area • Trade balance (Jan) Mexico • IP (Jan) United Kingdom • BoE minutes	Euro area • PMI flash (Mar) United Kingdom • Retail sales (Feb) United States • Philly Fed bus survey (Mar)	Japan • Flow of funds (4Q)

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