Australia and New Zealand - Weekly Prospects

Summary

- The key event in **Australia** this week is the RBA decision on Tuesday; our forecast calls for a 50bp cut to the cash rate. We acknowledge that the decision is a close call, just as it was at the last Board meeting in March. Indeed, we would not be that surprised if officials left the cash rate unchanged this week or, for that matter, if they decided only on a 25bp rate cut. With uncertainty high, the latter would be a neat compromise between the all (-50bp) and nothing alternatives. The case for a rate cut hinges on whether RBA officials determine they already have delivered sufficient monetary support to counterbalance the impact of the avalanche of bad news on the domestic and offshore economies; our view is they have not. The main counter argument is that RBA officials want to preserve as much of their policy ammunition as possible for use at a later date. In particular, RBA officials will want room to move as unemployment soars. On this, data this week will show a 30,000 plunge in employment and another sharp rise in the jobless rate. The consumer confidence and home loans data, though, should show improvements.

- In **New Zealand**, ahead of a quiet week on the economic front, data last week showed that firms' own activity expectations worsened in March to a near record low, pointing to sharply weaker economic growth in coming quarters. Midweek, RBNZ Governor Alan Bollard, in an rare statement, voiced his concern about the recent rise in long-term interest rates, which he believes has been unwarranted as the cash rate is likely to remain low for an extended period. The OCR will likely fall further, although not beyond a level that is unattractive to offshore investors given the country needs to continue funding its burgeoning current account gap.

- Economic reports for March show a broad based rise in business surveys and auto sales, bolstering confidence in our view that the **global economy** is on track to begin a recovery in 2H09. However, the latest news does not indicate that the grip of a deep contraction has yet to ease. In the quarter just completed, global GDP and IP are tracking annualized declines of 6% and 30%, respectively. Job shedding is intensifying and cutbacks in inventories and capital spending remain a prime focus of corporations.

- Some indicators finally have begun to point to some marginal improvement in the **Japanese economy**. In particular, the monthly Shoko Chukin small business sentiment survey and the manufacturing and services PMIs each posted significant gains in March. In addition, the February IP report, while it delivered another extremely large drop in output, indicated that manufacturers plan to raise output in March and April. Together, these signs raise the possibility of a significantly reduced rate of contraction in manufacturing and GDP in the current quarter. So does the government's fiscal package, which will support consumption via the distribution of JPY2.0tn to households. The government is expected to announce another large supplementary budget in a couple of weeks. The details have not yet been disclosed, but the size of the package is expected to be significant, at least ¥10tn (2% of GDP) spread over 2 years.

This week's highlight

The RBA's official interest rate announcement on Tuesday afternoon, which will be a very close call. We favour a 50bp cut but without our usual high level of conviction.

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
Ben Jarman (61-2) 9220-1669
ben.k.jarman@jpmorgan.com

Data and event previews - Australia and New Zealand

Date	Time [(a)]	Data/event	Forecast JPMorgan	Forecast Consensus [(b)]	Previous
Monday, April 6	9.30am	Aust. TD Securities Inflation Gauge (%m/m, Mar.)	**na**	na	0.7
Monday, April 6	11.30am	Aust. ANZ job advertisements (%m/m, Mar.)	**na**	na	*-10.4*
Tuesday, April 7	8.00am	NZ NZIER Business Opinion Survey (Index, 1Q)	**na**	na	*-64*
Tuesday, April 7	2.30pm	Aust. RBA cash rate announcement (%)	**2.75**	3.25	*3.25*
Wednesday, April 8	10.30am	Aust. WMI Consumer Confidence Index (%m/m, Apr.)	**na**	na	*-0.2*
Wednesday, April 8	11.30am	Aust. housing finance (%m/m, Feb.)	**3.5**	2.0	*3.5*
Thursday, April 9	11.00am	Aust. MI consumer inflation expectations (%m/m, Apr.)	**na**	na	*2.2*
Thursday, April 9	11.30am	Aust. employment change (000s, Mar.)	**-30**	-25	*1.8*

(a) Australian Eastern Standard Time.
(b) Consensus based on Bloomberg survey.

Australia

ANZ job advertisements (%m/m, Mar.) - The number of jobs advertised in newspapers and on the internet tumbled 10.4%m/m in February, marking the 10th straight monthly fall. The sharp deterioration in this leading indicator supports our view that the unemployment rate will rise rapidly in coming months.

RBA cash rate announcement (%) - Our forecast is that the RBA will lower the cash rate target 50bp, although we acknowledge that the decision is a very close call. The case for a rate cut hinges on whether RBA officials determine they already have delivered sufficient monetary support to counterbalance the impact of the avalanche of bad news on the domestic and offshore economies; our view is they have not.

WMI consumer confidence index (%m/m, Apr.) - Consumer confidence should improved on the back of rallying equity prices, rising AUD, and the delivery of some of the government's bonus payments to low- and middle-income earners. The number of pessimists will continue to outweigh optimists, however, with the index rising to 88.2 in April, below the neutral level of 100.

Housing finance (%m/m, Feb.) - The number of home loans issued should rise again in February thanks to falling mortgage rates and a sharp rise in first home buyer (FHB) demand. First home buyers accounted for a record amount of all loans issued in January following the boost to the FHB grant and improved housing affordability stemming from lower interest rates and falling house prices.

Employment change (000s, Mar.) - The avalanche of anecdotal job losses announced recently, combined with leading indicators

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
Ben Jarman (61-2) 9220-1669
ben.k.jarman@jpmorgan.com

such as the employment component of the NAB business survey and the ANZ job advertisements series, suggest that the pace of job shedding is accelerating. We expect that 30,000 jobs were shed in March, which will help to push the unemployment rate up to 5.4%.

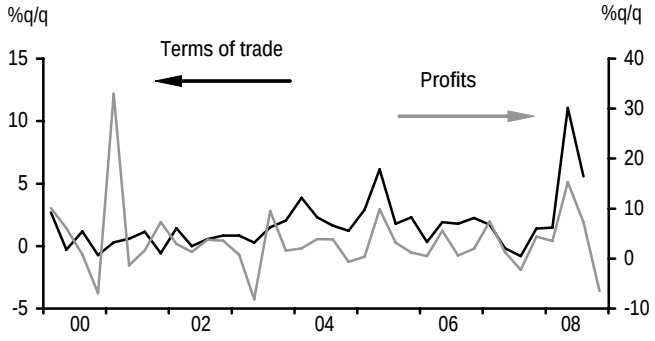
New Zealand

NZIER Business Opinion Survey (Index, 1Q) - The survey will continue to point to a weakening domestic economy, particularly in the labour market, and easing price pressures. General business confidence should have been very pessimistic in 1Q as the recession intensified.

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
Ben Jarman (61-2) 9220-1669
ben.k.jarman@jpmorgan.com

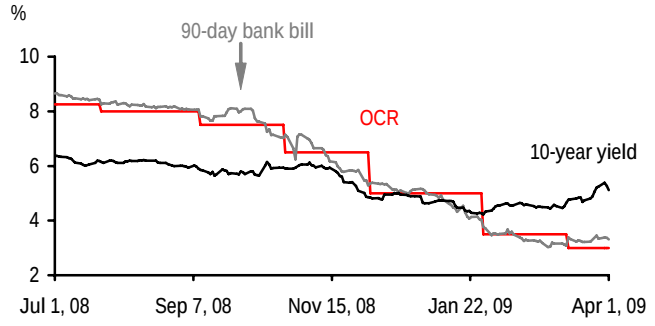
Feature charts

Australia: Terms of trade and company profits



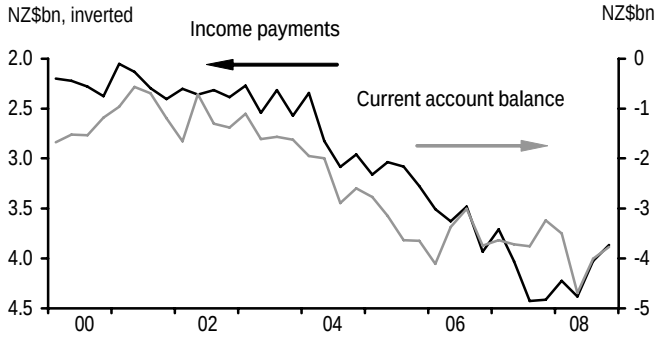
The boom in Australia's national income had its foundation in a large increase in the terms of trade, which fed through to corporate profits. Since mid-2008, though, the terms of trade has been falling, yet GDP only began to contract in 4Q08. Gross national income recorded a much larger fall, however, which points to further downward adjustments in economic growth in 2009 as income and expenditure realign.

New Zealand: longer-terms rates have risen



RBNZ Governor Alan Bollard last week voiced his concern about the recent rise in long-term interest rates. The Governor clearly is worried that the recent tightening in monetary conditions will stifle economic growth. Dr. Bollard said the rise was "unwarranted" and "inconsistent with the monetary policy outlook." The OCR would likely fall further, although future rate cuts would be smaller than those recently delivered.

New Zealand: BOP income payments and the current account



Trends in external income payments, a structural feature of an economy, are difficult to influence with changes in policy. The long-run increase in New Zealand's investment income payments owes to significant capital inflows. The economy now has the dual dependencies of foreign capital for investment, and exports to prop up demand. However, the contraction in global demand and funds make this reliance unsustainable.

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 to cut cash rate 50bp Tuesday**
- **Employment probably dropped 30,000 in March**
- **Retail sales collapsed in February**

The key event in Australia this week is the RBA decision Tuesday; our forecast calls for a 50bp cut to the cash rate. We acknowledge, however, that the decision is a close call, just as it was at the last Board meeting in early March. Officials could leave the cash rate unchanged or decide on a modest 25bp rate cut; the probabilities of these three outcomes are broadly similar.

RBA decision a very close call

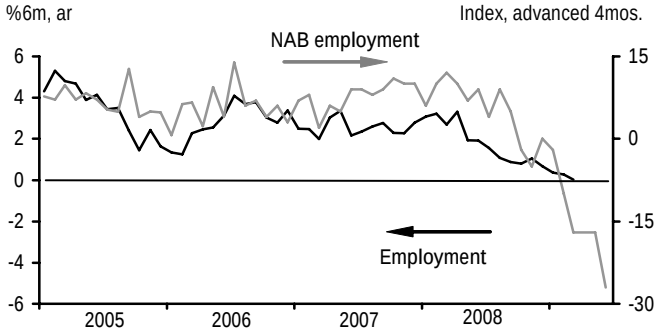
The case for a rate cut hinges on whether RBA officials determine they already have delivered sufficient monetary support to counterbalance the impact of the avalanche of bad news on the domestic and offshore economies; our view is they have not. The main counter argument is that RBA officials want to preserve as much of their policy ammunition as possible for use at a later date. In particular, RBA officials will want room to move as unemployment soars.

If the RBA Board is inactive for the second straight month Tuesday, officials will raise the threshold for its tolerance of bad news even higher than they did in early March. Since the last Board meeting on March 3, for example, when we believed that the case to cut the cash rate was strong, data releases have shown that Australia's economy contracted in 4Q08, the unemployment rate spiked above 5%, and discretionary retail sales collapsed in February when the fiscal stimulus waned. Also, growth in Japan, by far Australia's largest export market, dived.

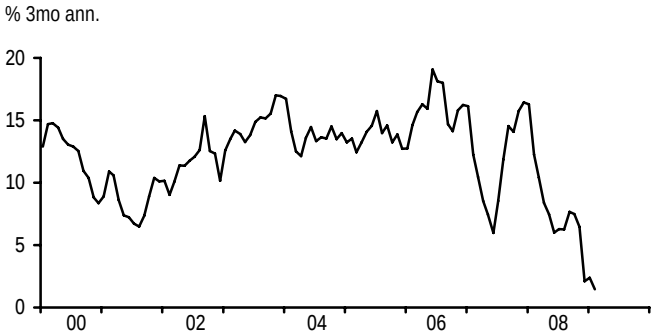
Our forecast is that the RBA will lower the cash rate target 50bp Tuesday to 2.75%. This will provide a decent amount of bang for policymakers' buck by triggering lower market interest rates, although the Aussie banks probably will pass on only some of the drop in the cash rate. In particular, it would provide the banks with an excuse to lower borrowing costs for businesses, which remain elevated relative to home loan rates. Last week's credit data showed a surprising drop in credit outstanding to corporates, which does not augur well for the outlook for capital spending.

If the Board instead decides not to lower the cash rate despite a mountain of dismal economic data, counterbalanced by the

Australia: NAB survey and employment growth



Australia: private sector credit aggregates



occasional gem of upbeat data, the main reason will be officials' desire to keep some policy ammunition in reserve for use when economic conditions get even tougher. This seems the main reason officials did not lower the cash rate in March. They also wanted to see the impact of the monetary and fiscal stimulus already delivered.

A compromise position between the "all" (-50bp) and nothing camps would be for the RBA to cut only 25bp. This would deliver a drop in market interest rates, even if commercial banks do not pass on all of the cut, and help underpin business and consumer sentiment, both of which are fragile. Importantly, though, it would preserve more policy ammunition for use later. In a speech last week, RBA Deputy Governor Ric Battellino delivered the RBA's first official admission that Australia will suffer recession in coming quarters, which means that joblessness will rise sharply.

Australian employment to fall

The March labour force report should show that 30,000 jobs were lost in Australia last month, after a difficult to believe 1,800 rise in employment in February, given extensive anecdotal evidence to the contrary. Employment growth should slow to 0.4%oya from 0.7%, down sharply from 2.9% a year

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

earlier. With our forecast calling for the participation rate to edge down a notch to 65.4%, the jobless rate probably will rise from 5.2% to 5.4%. We maintain our view that the jobless rate provides the best reading on underlying labour market trends, given the recent volatility in the full-time/part-time breakdown of employment.

Our forecast calls for the jobless rate will to soar to 9% by the end of 2010. The risks to this forecast are to the upside, however. During the last two recessions in the early 1980s and early 1990s, the jobless rate ventured into double-digit territory. The avalanche of anecdotal job losses announced recently, combined with leading indicators such as the employment component of the NAB business survey, suggest that the pace of job shedding is accelerating.

First home buyers to dominate market

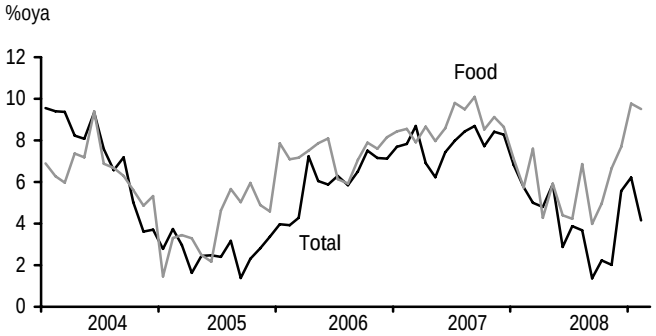
We expect that the number of home loans issued in Australia rose 3.5%m/m in February, the same growth rate as in January. This will mark the fifth straight monthly rise. The recent strength in this series stems from significant policy easing by the RBA and the resulting drop in mortgage rates, and a sharp rise in first home buyer (FHB) demand. We expect, though, that the massive wealth destruction under way in the highly-leveraged household sector, tighter lending standards, and rising unemployment, will dent demand for housing finance further down the track.

In February, FHBs again will have underpinned demand for home loans. They accounted for a record high 26.5% of all loans issued in January following the boost to the FHB grant and improved housing affordability stemming from lower interest rates and falling house prices. In October last year, the government tripled the FHB grant to A$21,000 for those purchasing newly constructed homes and doubled to A$14,000 for those buying established dwellings.

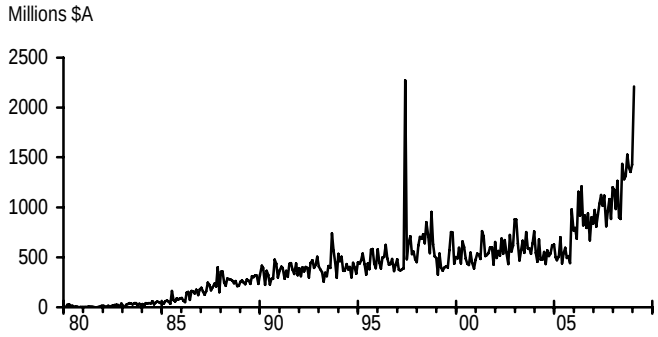
Uptick in Aussie confidence anticipated

The Westpac-Melbourne Institute consumer confidence index should rise 4%m/m in April, after slipping 0.2% in March. Even though the RBA left the cash rate unchanged in early March, rallying equity prices, rising AUD, and the delivery of some of the government's bonus payments to low- and middle-income earners will have boosted consumer sentiment. The number of pessimists will continue to outweigh optimists,

Australia: retail sales



Australia: non-monetary gold exports



however, with the index rising to 88.2 in April, below the neutral level of 100.

Credit growth stagnated in February

The RBA's measure of private sector credit outstanding was unexpectedly flat in February (J.P.Morgan and consensus 0.5%), owing mainly to a sizeable contraction in business lending (-0.6%m/m). The February result followed a 0.6%m/m increase in credit aggregates in January, the largest gain since September 2008. Annual credit growth slowed to just 5.4%oya, the slowest rate since 1994, and well below the 16%-plus rates recorded just a year ago.

We had anticipated that growth in business lending would slow significantly in February, but not contract. That said, we do believe that the pool of outstanding credit to business will shrink further, given anecdotal evidence that investment plans are being scaled back, postponed, and cancelled amid deteriorating global conditions. The credit data also showed that housing credit grew (+0.6%m/m) and personal credit slumped (-0.8%) 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

Retail sales collapsed without fiscal boost

Retail sales values dived 2.0%m/m in February (J.P.Morgan 0.1%, consensus -0.5%), the largest drop in nine years, after a 0.5% rise in January. The huge drop in sales owed much to a collapse in spending on discretionary goods. It seems that when the government's December fiscal stimulus ran out, consumers closed their purses. This was despite another huge cut in official interest rates early in the month. It seems that low consumer confidence and rising anxiety about dwindling job security swamped any lingering boost from the cash handouts and the rate cut.

Only a modest fall in sales of food, by far the largest retail category, prevented an even deeper slide in total sales. Sales excluding food plunged 3.1% over the month. The biggest drop in sales in February was in department stores, which dived 9.8%. Department stores were at the pointy-end of the fiscal boost—they soared 8.3% in December, but have more than given that back over the last two months.

Trade surplus widened: gold!

Australia's trade balance rose to a huge surplus of A$2.1bn in February (J.P.Morgan A$100mn, consensus A$700mn), more than double the A$926mn surplus recorded in January. A surge in exports of nonmonetary gold drove exports 4%m/m higher. Exports had fallen for the last three months, but were lifted in February by a 55%m/m spike in shipments of non-monetary gold, the nation's fourth largest export commodity. This spike may be an indication of a flight to safety from riskier assets, something we last witnessed around the onset of the Asian Financial Crisis in 1997. That said, the gold story also reflects higher prices, with average spot prices up 10% in February. On the other side of the ledger, imports fell just 0.5%m/m, in line with expectations.

Data releases and forecasts

Week of April 6 -10

Mon Apr 6 11:30am	ANZ job advertisements Seasonally adjusted	Dec	Jan	Feb	Mar
	(%m/m)	-9.7	-6.3	-10.4	__
Tue Apr 7 02:30pm	RBA cash rate announcement 50bp cut expected.				
Wed Apr 8 10:30am	WMI consumer sentiment index 100=neutral, seasonally adjusted	Jan	Feb	Mar	Apr
	(%m/m)	-2.3	-4.6	-0.2	4.0
Wed Apr 11 11:30am	Housing finance approvals: owner occupiers Number of loans, seasonally adjusted	Nov	Dec	Jan	Feb
	(%m/m)	2.0	6.7	3.5	3.5
	(%oya)	-23.5	-17.0	-15.8	-8.8
Thu Apr 9 11:30am	Labour force Seasonally adjusted	Dec	Jan	Feb	Mar
	Unemployment rate (%)	4.5	4.8	5.2	5.4
	Employed (000 m/m)	0	1	2	-30

Review of past week's data

Private-sector credit
Seasonally adjusted

	Dec		Jan		Feb	
(%m/m)	-0.2		0.6		~~0.5~~	*0.0*
(%oya)	6.5		6.1		~~5.9~~	*5.4*

Building approvals
Seasonally adjusted

	Dec		Jan		Feb	
(%m/m)	~~-1.9~~	*-0.7*	~~-3.7~~	*-4.0*	~~-0.5~~	*7.8*
(%oya)	~~-31.6~~	*-26.3*	~~-33.5~~	*-33.9*	~~-31.4~~	*-25.5*

Retail trade
Seasonally adjusted

	Dec		Jan		Feb	
(%m/m)	3.8		~~0.2~~	*0.5*	~~0.1~~	*-2.0*
(%oya)	5.6		5.9		~~6.1~~	*4.1*

Trade balance
Seasonally adjusted

	Dec		Jan		Feb	
Trade balance (A$ mn)	~~417~~	*137*	~~970~~	*926*	~~100~~	*2109*

JPMorgan Australia Ltd., Sydney
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com

New Zealand

- **RBNZ's Bollard verbally intervenes**
- **Firms expect business conditions to deteriorate**
- **Unemployment to rise further**

In New Zealand, data last week showed that firms' own activity expectations worsened in March, pointing to sharply weaker economic growth in coming quarters. Midweek, RBNZ Governor Alan Bollard, in an rare statement, voiced his concern about the recent rise in long-term interest rates, which he believes has been unwarranted as the cash rate is likely to remain low for an extended period.

NZ firms' activity expectations worsened

The NBNZ business confidence survey improved marginally in March to a reading of -39.3 (J.P.Morgan -40) from -41.2 in February. The headline suggested that 39.3% of respondents expect business conditions to deteriorate in the coming year. The more important reading of firms' own activity expectations worsened, falling to -21.2 from -20.1, just shy of the record low -21.5 recorded in December; this result points to sharply weaker economic growth (chart).

Confidence deteriorated significantly in the construction sector from extremely low levels. Nearly a third of those surveyed in the commercial and residential construction sectors expect that conditions will worsen over the next 12 months. In addition, the survey showed that 19% of respondents expect their investments to fall and 41% expect profits to decline—these results, though, were similar to those in the prior month's survey.

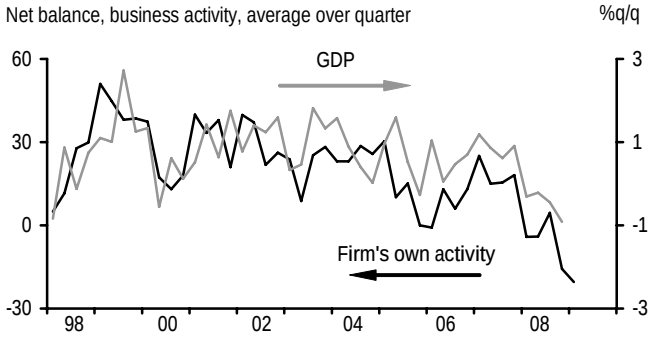
Reaffirming our expectation that unemployment will rise further, 86% of respondents expect the jobless rate to rise and 28% expect to shed workers. Weaker NZD failed to provide much support to those surveyed in export-orientated sectors, with fewer firms optimistic about the export outlook, with just 2% expecting exports to rise. Recent RBNZ verbiage appeared to lead some respondents to rein in expectations of further OCR cuts. Only 55% of those surveyed expect that the OCR will fall over the coming year, down from 69% in February.

Musings of the RBNZ Governor

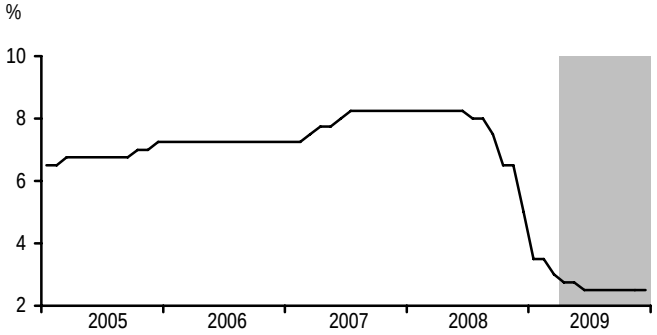
RBNZ Governor Alan Bollard voiced his concern in a rare statement last week about the recent rise in long-term interest rates, saying that it was "unwarranted" and "inconsistent with the monetary policy outlook." On March 12, the RBNZ, in its *Monetary Policy Statement (MPS)*, said that the risks to the banks' economic recovery forecasts were skewed to the downside, and that the OCR would likely fall further. That said, the Governor also signaled that the OCR needed to be kept at levels attractive to offshore investors so that the country could continue funding its burgeoning current account gap; this prompted the market, surprisingly, to factor in a near-term end to the easing cycle. In fact, the market began pricing in rate *hikes* before year end.

The distortion that has emerged in rates markets of late, if it continued, would create further pressure on firms and households attempting to borrow. While wholesale rates have been rising since March 12, domestic retail banks last week began lifting mortgage rates, providing even more incentive for customers to flood into fixed rate loans, or risk "missing the boat." Bollard last week attempted to clarify, though, that there is no need to panic and no need to lock in rates now, because interest rates are going to remain low for an extended period. The rapid pace of monetary easing—525bp of easing has been delivered since June 2008—will undoubtedly slow.

New Zealand: NBNZ business outlook survey and GDP growth



New Zealand: RBNZ official cash rate



JPMorgan Australia Ltd., Sydney
Helen Kevans (61-2) 9220-3250
helen.e.kevans@jpmorgan.com

Given the significant amount of stimulus already delivered (including personal tax cuts which took affect April 1), the need to maintain competitiveness in capital markets, and the expectation that market lending rates will fall, we maintain our forecast for a 25bp rate cut in April.

New Zealand:
Data releases and forecasts

Week of April 6 - 10

During the week	Business PMI Seasonally adjusted				
		Dec	Jan	Feb	Mar
	Index	42.4	41.8	38.6	__
	(%oya)	-20.2	-20.6	-25.9	__
Tue Apr 7 10:00am	NZIER QSBO % balance of respondents				
		2Q08	3Q08	4Q08	1Q09
	Headline index	-64.0	-19.0	-64.0	__
Wed Apr 8	QVNZ house prices %, median				
		Dec	Jan	Feb	Mar
	(%oya)	-7.4	-8.3	-8.9	__

Review of past week's data

Building consents

Not seasonally adjusted

	Dec	Jan	Feb	
(%m/m)	-3.5	-28.0	__	*30.4*
(%oya)	-35.2	-53.4	__	*-43.5*

NBNZ business confidence

	Dec	Jan	Feb	
% balance of respondents	-35.0	-41.2	__	*-39.3*

ANZ commodity price series

Not seasonally adjusted

	Jan	Feb	Mar	
Index - world prices (%m/m)	-4.3	-4.6	__	*1.0*
Index - NZD (%m/m)	-4.3	1.9	__	*-3.4*

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

- **Although the global economy continues to contract, the conditions for expected 2H09 recovery are falling into place**
- **Business confidence rises broadly as firms make progress lowering costs and inventories**
- **Car sales are rising across the globe, helped by incentives**
- **ECB disappointed but is expected to deliver more easing**
- **Some green shoots in Japan alongside indications that more fiscal stimulus is coming**

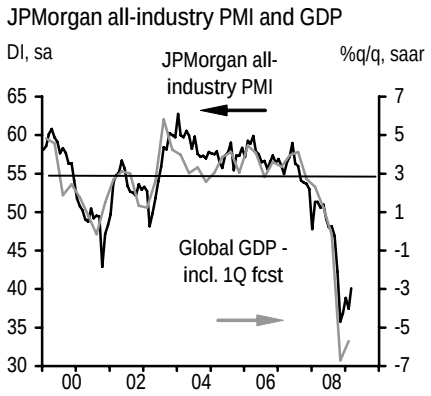
Been down so long it looks like up to me

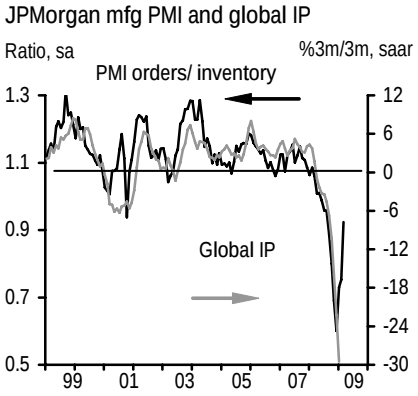
Economic reports for March show a broad based rise in business surveys and auto sales, bolstering confidence in our view that the global economy is on track to begin a recovery in the second half of this year. However, the latest news does not indicate that the grip of a deep contraction has yet to ease. In the quarter just completed, global GDP and IP are tracking annualized declines of 6% and 30%, respectively. Job shedding is intensifying and cutbacks in inventories and capital spending remain a prime focus of corporations across the world.

Our forecast that this adjustment fades around mid-year is based on the judgement that global household demand stabilizes during 1H09, even in the face of aggressive business retrenchment. Stability is expected to be supported by a purchasing power lift delivered to global households by lower inflation. The end of a sharp rise in the US household saving rate over 2008 is also expected to help. The convulsion by US consumers represents a behavioural adjustment to changing fundamentals that had been magnified temporarily by fear and tighter credit conditions. If realized, the stabilization in household demand enables firms that are sharply contracting to make rapid progress in their adjustments. A firming in business confidence into mid-year along with signs that global fiscal policy stimulus is working—it is expected to add more than one percentage point to global growth this year—are expected to signal that the stage is being set for a return to growth next quarter.

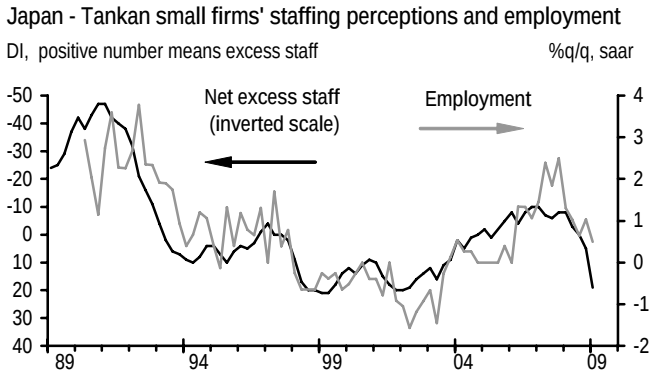
After a rocky start to the year, the conditions necessary for recovery are falling into place. Global consumption looks to have risen in 1Q09 despite a significant fall in labour income. Global consumer confidence is stabilizing (albeit at depressed levels) and the spike up in the US saving rate appears to be ending. Auto sales have lifted materially in the first three months of the year, boosted in part by fiscal incentives. Against this backdrop, production declines are gaining traction as expected, with inventories falling sharply across the US and Asia.

Perhaps most important, these developments are validated by an improvement in the business surveys. J.P.Morgan's all-industry PMI posted its third gain in the last four months in March and has moved ahead of our forecast schedule. The manufacturing index details show an uptrend in the new orders index alongside a slide in inventories. If sustained, the opposing trends in these indicators send a reliable leading signal of a turn in the production cycle. In assessing the strength of this signal, the breadth of the improvement across countries should be noted. Eighteen of the twenty-two countries reporting in March show higher levels of orders since the start of this year.





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



Japan's Tankan tanks

After a period of unremittingly gloomy data, some indicators finally have begun to point to some marginal improvement in the Japanese economy. In particular, the monthly Shoko Chukin small business sentiment survey and the manufacturing and services PMIs each posted significant gains in March. In addition, the February IP report, while it delivered another extremely large drop in output, indicated that manufacturers plan to raise output in March and April. Together, these signs raise the possibility of a significantly reduced rate of contraction in manufacturing and GDP in the current quarter. So does the government's fiscal package, which will support consumption via the distribution of JPY2.0tn to households. The government is expected to announce another large supplementary budget in a couple of weeks. The details have not yet been disclosed, but the size of the package is expected to be significant, at least ¥10 trillion (2% of GDP) spread over two years.

These positive developments notwithstanding, the economy is in a deep hole after having contracted at double-digit annualized pace in both 4Q08 and 1Q09. This was illustrated by the March Tankan survey: The business sentiment indexes plumbed 30-year lows, accompanied by a collapse in profits, a sharp fall in resource utilization, and extremely weak capex plans (this should be corroborated by yet another drop in core machinery orders in this week's February report). The Tankan does not survey hiring intensions, but the deterioration in corporate performance leaves little doubt that companies will move belatedly to shed employees. This will pose a significant headwind for consumption in coming quarters.

The indicator flow also is improving across EM Asia. China's economy is showing clear signs of acceleration, led by consumption and a pickup in investment spending. This pickup in domestic demand is supporting output and exports in the rest of Asia, which may also be registering early signs of some stabilization in rest of world demand. The shifting timing and duration of the lunar new year holidays always creates problems in analyzing early-year data from the region. That said, the combined January/February data depict a pattern of firming exports and IP, including in the tech sector. This supports our view that GDP declines across the region were much smaller in 1Q09 compared with 4Q08.

ECB slouches towards QE

The ECB delivered less than expected last week, both on the size of the cut in the main policy rate and in the extension of nonstandard policy measures. However, President Trichet announced a rendezvous at next month's meeting for an announcement of what further nonstandard measures the ECB will implement. As a result, it looks like there is more on the way from the ECB. We now expect the ECB to cut its main policy rate to a terminal level of 0.5% by September, implemented in three steps of 25bp at the May, June, and September meetings. In addition, we now expect the extension of the maximum maturity of the ECB's refinancing operations from six to twelve months to come at the May meeting, together with an announcement of further nonstandard measures. This is likely to include a modest program of outright purchases of corporate debt. As the ECB is unlikely to cut the interest rate at the deposit facility any further, our new forecast implies a narrowing of the interest rate corridor from +/-100bp currently to +/-25bp.

Last week, the ECB pondered a 50bp cut of its main policy rate in order to provide more stimulus to the economy, but it also wanted to maintain the width of its interest rate corridor. Doing both would have pushed the deposit rate to zero, which almost all governing council members strongly oppose. Faced with this tension, it opted for a smaller cut in the main policy rate and postponed the decision to narrow the rate corridor.

The data flow in the coming months will force the ECB to move further in the direction of providing policy support, both conventional and unconventional. The Euro area economy will continue to contract significantly as business adjustments gather steam. After contracting at a 5% annualized pace in the first quarter, we anticipate that GDP will

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

EM Asian IP and exports
%m/m, sa

	Manufacturing output		Exports	
	Oct-Dec avg	Jan-Feb avg	Oct-Dec avg	Jan-Feb avg
China	-0.5	1.8	-5.6	-7.9
India	-1.0	na	-3.3	-0.8
Korea	-7.8	4.6	-8.1	4.8
Taiwan	-10.7	8.6	-13.6	10.3
Malaysia	-4.8	na	-8.8	2.0
Singapore	-3.9	-3.9	-8.4	-0.2
Thailand	-6.5	1.4	-7.6	2.2
Philippines	-4.4	na	-13.0	na

contract at a 4% pace in the second. Adjustments by firms and weakness in the household sector are expected to lag those now underway in the US and Asia, leaving the region as a laggard in the global upturn.

G20 funding pledges will support EM

The G20 summit that took place in London brought little in terms of credible commitments for more fiscal stimulus, which the US has been advocating as a way to revive global growth. That said, it did deliver a substantial package of other measures to help contain the global downturn. These included an announced increase in IMF resources by $500bn (some of which has already been allocated), new issuance of $250bn of special drawing rights by the IMF to boost international liquidity, and the provision of $250bn in trade finance to prevent a further collapse in global trade due to a crunch in financing lines. This triples the existing funding sources of the IMF.

The main beneficiaries of these unexpectedly large pledges are the EM countries, which have increasingly been feeling the heat from the fallout of the financial crisis and recession in the DM. Many EM governments and corporates are facing growing challenges to meet external borrowing requirements or roll over external maturities, so the easier availability of financing through multilaterals comes as timely relief. Beyond giving the IMF more ammunition to provide BoP support through its traditional adjustment programs, this recapitalization would also expand its ability to provide short term financing to creditworthy countries that are being hurt by the global credit crunch through the new Flexible Credit Line (FCL), which does not carry the usual conditionality.

Mexico shields its balance of payments

Mexico confirmed that it would be the first country to tap the FCL for up to US$47bn or 1,000% of its IMF quota, which should help to remove the stigma that many countries feel about knocking on the IMF's door after having graduated years back. Other countries that are expected to tap the FCL are Bulgaria, Colombia, Lithuania, Peru, and Poland. Mexico's nearly US$50bn in IMF borrowing will complement Banxico's US$79bn international reserves. The central bank plans to keep them as a precautionary buffer in case risk aversion resumes and unexpected capital outflows take place. In addition, the central bank announced the start of dollar credit auctions to assist corporates in rolling over their debt amortizations, financed by activating the US$30bn US Fed swap facility. Total corporate rollovers amount to about US$17.7bn and have been a major risk in the BoP.

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

Looking better

- **Portfolio strategy:** Long equity and credit on mid-year end to recession and long bonds on QE.
- **Economics:** Seeds of H2 recovery are in place, even as job losses define the downside.
- **Fixed Income:** Shift duration out along the curve as central bank buying should dominate inflation fears near term.
- **Equities:** Turning more positive by adding to Cyclical stocks, Financials, and Emerging Markets.
- **Credit:** Outright long credit risk by overweighting US HG, Consumer ABS, super senior CMBS, and European Financials.
- **FX:** Long commodity FX (NZD) and EM (BRL and TRY).
- **Alternatives:** HF regulation is now a certainty and will escalate.

The economic news is not good, as global industry continues to shed jobs at an awful pace. But within the ashes, the **seeds of a recovery are starting to sprout.** The global consumer has not been pushing up its savings rate in recent months, thus rapidly absorbing excess inventories. This should now induce producers to stop destocking, and by the summer to start restocking. We thus retain our view that both the **US and world economy will stop contracting by the middle of the year.** Most market participants are not expecting a recovery until year end, and will thus likely be forced to cover steadily their defensive positions. Hence our **overweight positions in equities and credit.**

The dramatic policy actions of the past month, from QE to fiscal easing, are good news for an earlier end to recession, but scaring many over who will pay for all this. Massive public borrowing will ultimately have to be repaid through higher taxes, or higher inflation. Investors are worried that governments will in the end choose the **inflation** road as the easier way to heal the world's debt overhang. Inflation is simply a transfer to borrowers from savers, who are now frantically trying to assure they are not taking part in this wealth transfer.

There are many ways to protect against inflation, but the main problem facing investors is that **the world is more likely to see first 1-2 years of deflationary pressures**, before any inflation shows up. The world's output gap is massive. Debt monetization under QE will massively increase base money supply, but banks are unlikely to increase lending a lot, while the private sector is in debt reduction mode. Inflation requires a huge rise in demand, which we do not expect to reach trend output until the end of next year. It is in theory possible that inflation expectations could lead the consumer to "buy now before prices go up," but if they do, then we will get ample warning in the data. Rising inflation is relevant for the long-term risk manager, but not yet to the tactical investor. This is how we can rationalize being outright long bonds along the curve, even if we accept that in a few years, inflation is set to go up dramatically.

10-yr Government bond yields

	Current	Jun 09	Sep 09	Dec 09	Mar 10
United States	2.89	2.30	2.20	2.10	2.00
Euro area	3.22	3.05	2.90	3.00	3.05
United Kingdom	3.42	2.35	2.30	2.45	2.55
Japan	1.42	1.10	1.20	1.40	1.30

Foreign exchange

	Current	Jun 09	Sep 09	Dec 09	Mar 10
EUR/USD	1.34	1.30	1.32	1.34	1.35
USD/JPY	100.0	92	95	99	102
GBP/USD	1.48	1.37	1.38	1.43	1.47

Commodities - quarterly average

	Current	09Q2	09Q3	09Q4
WTI ($/bbl)	52	50	50	55
Gold ($/oz)	896	950	975	1000
Copper($/m ton)	4120	3200	3250	3400
Corn ($/Bu)	4.03	5.00	4.90	4.70

Source: J.P. Morgan, Bloomberg, Datastream. *Under revision.

Fixed income

Both US and UK central banks have switched to an **aggressive form of QE** where they plan to buy some 15% of outstanding bonds this year. This initially boosted bonds, but the rally faded as investors became nervous about debt monetization. Our view is that the bullish impact of central bank buying will dominate this year, while rising inflation expectations are more an issue for the next 2-3 years. We thus **shift duration risk out along the curve**.

EM local government bonds have rallied as signs of economic stabilization are reversing fears that EM central banks will have to limit rate cuts to defend currencies. We stay long at the short end in countries where inflation pressures and currency concerns will not prevent rates from going lower: **Brazil, Chile, Mexico, Turkey, and South Africa local markets.**

We see value in being **short inflation-linked vs nominal bonds at the short end in the Euro area**. The ECB has not yet

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

announced QE, and even if it does, it would likely not have a major impact on short-term inflation expectations. Our view is that weak economic data and low capacity utilization rates will lead short-term inflation lower. In the UK, we reverse our trade and are now **long linkers vs nominals in 30s**. The 30-yr sector is the best place to express this trade, both on valuation—some 20bp cheap by our model—and on technicals, since the BoE will not be purchasing 30-yr nominals.

Equities

Equities continued to rally for a fourth straight week driven by better economic data, easing of marking-to-market rules for banks, and a positive G20 meeting. With better support from policy and economic data, and global PMIs rebounding, **we turn more positive tactically by increasing our exposure to Cyclical stocks, Financials, and Emerging Markets.**

EM equities are up 8% YTD in dollar terms vs -6% for DM. This was the first time since the 1988 launch of the MSCI EM index that EM had a positive return while MSCI World was down. Further signs of improvement in Chinese activity data and strong stimulus measures are pulling investors into EM stocks. EM equity funds have seen four straight weeks of inflows with the pace intensifying over the past two weeks, compared with outflows from DM equity funds. **Stay overweight EM** vs developed markets, focusing on Asia. Our key trades within EM are **overweight China, Taiwan, and Korea**, beneficiaries of lower interest rates, i.e. financials and domestic consumer discretionary and direct beneficiaries of fiscal spending.

Credit

Credit rallied last week in both the US and Europe, with US Industrials rallying the most, 20bp over swaps. We are **outright long credit risk** by overweighting US HG, Consumer ABS, super senior CMBS, and European Financials.

Better economic data and strong technicals support credit. With $357bn of new issues, **US** companies have likely been front-loading their borrowing needs into Q1, and are thus likely to issue less in coming quarter. US investors continue to put money into credit funds—another $2bn last week, and $43bn YTD. This is a sharp reversal to the outflow of $19bn seen during Q4 08.

Overweight Consumer ABS and move to neutral in subprime RMBS, in anticipation of PPIP and an expanded TALF for legacy securities. The inclusion of legacy assets weight super senior CMBS. In **US HY**, a record $75bn defaulted in Q1, compared to $49bn in 2008, bringing the 12-mth rolling dollar-weighted default rate to 5.9% for bonds and a record high 7.3% for loans. Rapidly rising defaults should continue to push HY CDS spreads wider relative to HG. Stay overweight CDX.IG vs HY.

In **Europe**, we overweight Financials across the capital structure. We like in particular upper tier 2 debt as European Banks have started to buy these back on discount, boosting their core tier 1 capital ratios.

Foreign Exchange

Aside from jobs, macro data are turning up globally, adding **support to cyclical currencies** previously propped up by massive policy initiatives. Implementation risk with Washington remains a wild card, and with the market no longer short most risky currencies, near-term upside is more limited. We keep a **core long in commodity currencies (NZD)**. It is **too early for the inflation trade in FX,** but commodity currencies are still cheap enough to own.

EUR/USD is settling into a 1.30-1.40 range, supported by ECB reluctance to embrace QE, but constrained by a fear the ECB may eventually follow the Fed's lead. We hold no position, as policy announcements which move the currency within its range are too hard to forecast.

Alternatives

The G-20 declaration makes clear that **hedge funds** and other alternative managers will be closely watched from now on, but this regulatory trend is just in its beginning. Under the agreement, authorities should impose registration and disclosure requirements and conditions to guarantee the safety of assets. Additionally, alternative managers are likely to be subject to tougher indirect regulation, as we expect their counterparties will be forced to report their risk and possibly face trading limits. Direct restrictions on positions and leverage are not consensus yet but not unlikely either, as the final objective is to reduce the risk of financial crises. The discussion now is on the scope and extent of hedge fund regulation and not anymore on its necessity.

We are still bullish **gold**, despite poor final demand, given that investors will remain concerned that QE will drive global inflation higher.

Holly Huffman (1-212) 834-4953
Niall O'Connor (1-212) 834-5108

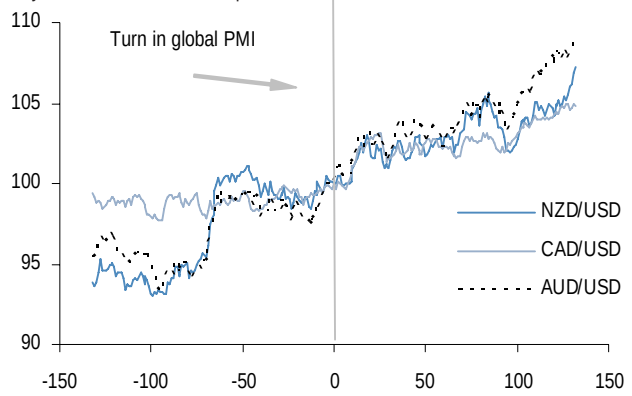
AUD and NZD commentary

- **Last week we moved to add risk, and recent news adds to the case that a bottom is forming; tactically take profits on long AUD, NZD cash but stay long via options.**
- **Looking at commodity currencies around turns in global activity, historical data suggests trend outperformance outright and relative to the moves in rate differentials in the months following a cyclical bottom in global PMIs.**

- Despite a disappointing start to the week, the March resurgence in risk has persisted into early April. Equities and pro-cyclical currencies rose another few percentage points on the back of further signs in the global PMI reports that activity data are bottoming and further positive news from policymakers, in the form of a commitment of close to a trillion dollars in new aid from the G-20. There was differentiation among the risk currencies, with AUD, GBP, and SEK outperforming on positive domestic developments and gains in NZD limited by more forceful rhetoric from the RBNZ regarding long-term interest rates. However, the rally was broad, with the dollar only outperforming versus JPY.
- The major question for markets remains whether the improvement in asset markets is indeed a cyclical turning point or just another false start driven by short covering. While implementation hurdles are still high for Washington and global stabilization plans, last week highlighted the increasing evidence that activity data are stabilizing. The global PMI reports were encouraging and details indicate that firms are both working off inventories and increasing new orders.
- If this is the turn of the cycle, there clearly is upside in risk FX, and especially in the commodity currencies given their exports' immediate tie to global activity. The spotlight on commodity currencies has been especially bright given it is unlikely their central banks will board the G-10 QE train, which itself is an additional factor supporting higher prices of their commodity exports given potential concerns regarding longer-term inflation prospects. Last week, we increased our exposure to AUD and NZD for these reasons.
- A continued rally in asset prices supported by a jump in global activity surely is positive for commodity currencies, but how positive? Chart 1 shows the performance of AUD, NZD, and CAD around turns in the JPM Global PMI index (a broad, timely indicator of activity data) since 1998. It is clear that the commodity currencies have begun to trend positively in such scenarios historically, by as much as 10% in the several months after the data turns. Historical patterns have been fairly consistent among the dollar block, regardless of the price action heading into the economic turn.
- Perhaps more interesting is not just that the commodity currencies rise as economic news improves, but that they rise by more than ties with other fundamental drivers would have suggested. From levels either fair or low relative to interest rates in the months before the turn in the data, AUD, NZD, and CAD historically have tended to stay high relative to rates in firsts months of improved data. At the extreme, the currencies have reached as much as 6-8% too high relative to the level suggested by interest rates. This is consistent with the idea that currencies tend to overshoot fundamental drivers at turning points, as was the case in 2008 across many G-10 USD pairs.

Chart 1: AUD, NZD, and CAD tend to trend higher after global activity data establishes a cyclical bottom…

AUD/USD, NZD/USD, and CAD/USD indexed around the first month following a cyclical bottom of JPMorgan's Global PMI index since Jan. 1998; business days before and after first positive month in PMI index



- To a certain extent, this suggests that the relative interest rate outlook for the domestic economies has not been a significant factor for the commodity currencies at recent turning points in global activity. That said, there now is certainly more scrutiny on global central bank policy in light of its unprecedented nature, and clearly the week-to-week trade at least remains focused on central bank policy. Though the RBA will be in focus in the week ahead, we see the greatest hurdles to outperformance for CAD, in part because the BoC is likely to initiate QE in the coming months.
- While we believe that QE is only a distant possibility for the RBA and the RBNZ, there does remain a high degree of uncertainty regarding upcoming rate decisions. AUD last week was boosted by speculation that the RBA may pause, but conflicting reports suggest officials see scope for further cuts; our official call is for a 50bp ease. With regard to the RBNZ, despite the aggressive rhetoric from the RBNZ's Bollard last week regarding the level of long-term rates, we anticipate just a 25bp ease at the next meeting, which is more than priced. In light of the uncertainty regarding the near-term rate decisions, especially for the RBA in the week ahead, we recommend holding long commodity currency exposure through AUD and NZD option structures.

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			
	2008	2009	2010	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	4Q08	2Q09	4Q09	4Q10
The Americas														
United States	1.1	-2.6	1.9	-0.5	-6.3	-5.0	-2.0	1.0	1.0	2.0	1.5	-0.9	0.4	0.7
Canada	0.5	-3.0 ↓	2.1 ↓	0.9	-3.4	-7.5 ↓	-4.0 ↓	0.0 ↓	2.0	3.0	1.9	0.1	1.4	2.2
Latin America	3.8	-2.2	3.0	3.8 ↓	-8.7 ↓	-6.1 ↓	-0.7	1.6	2.7	3.8	8.3	7.5	6.4 ↓	6.0
Argentina	7.0	-3.0	2.0	6.3	-1.2	-10.0	-6.0	0.0	-4.0	6.0	7.8	7.0	6.0	10.2
Brazil	5.1	-1.4	3.0	6.9	-13.6	-4.1	3.8	2.4	4.0	2.5	6.2	5.2	4.3	4.5
Chile	3.2	-1.5	3.2	-3.0	-8.3	-4.0	0.0	0.0	0.0	8.0	8.2	4.0	2.0	3.2
Colombia	2.5 ↓	0.5	3.0	1.2 ↓	-4.1 ↓	-3.0 ↓	0.5	1.0	1.0	3.5	7.8	5.5 ↓	5.0 ↓	4.5
Ecuador	6.9	-1.0	0.5	4.8	-1.0	-3.5	-3.5	-5.0	0.0	1.5	9.3	6.0	5.3	4.0
Mexico	1.3	-4.0	3.4	1.6	-10.3	-8.5	-3.0	2.0	4.1	4.1	6.2	5.6	4.0	3.4
Peru	9.8	3.5	4.7	8.8	0.7	2.4	3.8	3.0	3.2	4.8	6.6	4.0	2.7	2.0
Venezuela	4.8	-0.5	1.5	0.6	3.8	-5.0	-5.0	0.0	1.0	2.0	33.4	37.9	40.8	29.9
Asia/Pacific														
Japan	-0.7	-7.7	0.9	-1.4	-12.1	-15.0	-4.5	-2.0	1.0	1.5	1.0	-0.3 ↑	-0.8 ↑	-0.2 ↑
Australia	2.1	-1.2	1.5	0.3	-2.1	-4.2	-1.0	2.6	0.9	1.2	3.7	1.6	1.7	2.8
New Zealand	0.3	-2.1	1.6	-1.8	-3.6	-3.6	-1.7	0.3	1.6	2.2	3.4	0.4	-0.4	2.7
Asia ex. Japan	5.8	2.8	6.5	3.4	-5.5	-0.3	5.8	7.7	8.4	6.0	4.7	1.0	1.4	2.8
China	9.0	7.2	8.5	6.7	1.5	5.1	10.0	11.7	12.6	7.0	2.5	-1.9	0.3	2.0
Hong Kong	2.5	-3.0	3.5	-2.8	-7.8	-7.0	0.5	3.3	5.3	3.0	2.3	0.8	1.6	1.1
India	6.0	5.2	7.0	6.5	0.0	-1.8	-2.8	3.2	6.0	9.3	10.2	7.5	3.8	4.1
Indonesia	6.1	3.5	5.0	5.4	0.9	3.0	3.0	5.0	5.0	5.0	11.5	5.6	3.5	6.2
Korea	2.2	-3.6	4.2	1.0	-18.8	-7.8	5.0	6.5	5.0	4.0	4.5	2.2	2.5	3.4
Malaysia	4.6	0.3	4.6	0.7	-6.9	-3.2	6.6	5.3	5.3	4.1	5.9	1.0	-0.2	1.6
Philippines	4.6	3.0	4.0	4.8	4.1	1.5	2.0	2.0	3.0	4.5	9.7	4.7	3.0	3.7
Singapore	1.1	-4.5	4.0	-2.1	-16.4	-9.0	6.6	3.3	3.3	4.1	5.4	0.8	0.4	3.6
Taiwan	0.1	-5.0	4.8	-11.4	-22.5	-5.0	5.7	6.8	6.9	4.0	1.9	-1.1	-0.7	1.5
Thailand	2.6	-3.0	4.0	1.7	-22.2	-5.9	9.1	4.5	4.5	3.2	2.1	-2.9	1.3	2.5
Africa														
South Africa	3.1	-0.7 ↓	2.3 ↓	0.2	-1.8	-1.5	0.0	1.8	3.0	2.9	9.8	7.3	5.9	4.1
Europe														
Euro area	0.7	-3.5 ↓	0.2 ↓	-1.0	-5.7	-5.0	-4.0 ↓	-2.0 ↓	0.0	1.0	2.3	0.4	0.8	1.1
Germany	1.0	-4.2 ↓	0.2 ↓	-2.2	-8.2	-5.0	-4.0 ↓	-2.0 ↓	0.0	1.0	1.7	0.1	0.3	0.3
France	0.7	-2.8 ↓	0.4 ↓	0.6	-4.4	-4.5	-3.5 ↓	-1.5 ↓	0.5	1.0	2.0	-0.1	0.6	0.7
Italy	-1.0	-4.2 ↓	0.2 ↓	-2.7	-7.5	-5.0	-4.0 ↓	-2.0 ↓	0.0	1.0	2.9	1.0	1.0	1.0
Norway	2.4	-1.2	0.6	1.2	-0.7	-3.0	-2.5	-1.0	0.0	1.0	3.6	2.4	0.7	1.3
Sweden	-0.5	-4.9	0.4	-3.9	-9.3	-7.0	-3.0	-1.0	0.0	1.0	2.4	-0.7	-0.7	0.9
Switzerland	1.6	-2.4	0.6	-0.3	-1.2	-6.0	-3.0	-0.5	0.5	1.0	1.6	-0.6	0.3	0.3
United Kingdom	0.7	-3.7	0.5	-2.8	-6.1	-6.0	-2.5	-1.0	-0.5	1.0	3.9	0.7	0.2	2.3
Emerging Europe	4.1 ↓	-2.7 ↑	1.4	2.1 ↓	-2.0 ↑	-5.6	-2.6	-1.7	-0.7	1.5	9.5	7.7	7.2	6.3
Bulgaria	6.1	-1.5	2.0	…	…	…	…	…	…	…	…	…	…	…
Czech Republic	3.2	-3.0	0.0	1.4	-3.7	-7.0	-5.0	-3.0	-2.0	0.0	4.7	0.5	1.3	3.0
Hungary	0.5	-4.5	-0.5	-2.3	-4.6	-6.0	-5.0	-4.5	-4.0	1.0	4.3	2.6	4.5	2.8
Poland	4.8	-1.0	2.2	3.2	1.2	-3.5	-2.9	-2.0	0.5	2.0	3.8	2.8	2.6	2.1
Romania	7.1	-4.0	-1.0	…	…	…	…	…	…	…	6.8	7.0	9.0	8.0
Russia	5.6	-3.5	1.5	2.3 ↓	-2.3 ↑	-6.5	-1.5	-0.5	0.0	2.0	13.8	12.7	11.2	9.9
Turkey	1.1 ↓	-2.0	2.2	…	…	…	…	…	…	…	10.9	6.9	6.1	5.0
Global	1.6	-2.8 ↓	1.9	-0.1 ↓	-6.6 ↑	-5.8 ↓	-1.8 ↓	0.6 ↓	1.6	2.2	2.9	0.7 ↑	1.1 ↑	1.6 ↑
Developed markets	0.7	-3.7 ↓	1.1 ↓	-0.9	-6.8	-6.7 ↓	-3.1 ↓	-0.5 ↓	0.6	1.5	1.9	-0.2 ↑	0.4 ↑	0.9 ↑
Emerging markets	4.9 ↓	0.5 ↓	4.6 ↓	3.2 ↓	-5.7 ↑	-2.5	2.9	4.7	5.6	4.8	6.5	3.9	3.7	4.2

J.P. Morgan Chase Bank, New York
David Hensley (1-212) 834-5516
david.hensley@jpmorgan.com
Sam Conway (1-212) 834-9123
samuel.e.conway@jpmorgan.com

Global Central Bank Watch

	Official interest rate	Current	Change from Aug '07 (bp)	Last change	Next meeting	Forecast next change	Jun 09	Sep 09	Dec 09	Mar 10	Jun 10
Global	GDP-weighted average	1.60	-311				1.33	1.23	1.23	1.22	1.24
excluding US	GDP-weighted average	2.29	-216				1.90	1.75	1.75	1.74	1.77
Developed	GDP-weighted average	0.58	-355				0.41	0.33	0.33	0.33	0.33
Emerging	GDP-weighted average	5.64	-136				5.00	4.80	4.80	4.78	4.88
Latin America	GDP-weighted average	8.22	-59				6.38	6.37	6.37	6.42	6.51
CEEMEA	GDP-weighted average	7.09	8				6.67	6.26	6.25	6.03	6.13
EM Asia	GDP-weighted average	4.12	-220				3.85	3.65	3.67	3.68	3.78
The Americas	GDP-weighted average	1.04	-455				0.84	0.84	0.84	0.84	0.85
United States	Federal funds rate	0.125	-512.5	16 Dec 08 (-87.5bp)	29 Apr 09	on hold	0.125	0.125	0.125	0.125	0.125
Canada	Overnight funding rate	0.50	-400	3 Mar 09 (-50bp)	21 Apr 09	on hold	0.50	0.50	0.50	0.50	0.50
Brazil	SELIC overnight rate	11.25	-25	11 Mar 09 (-150bp)	29 Apr 09	29 Apr 09 (-150bp)	9.25	9.25	9.25	9.25	9.25
Mexico	Repo rate	6.75	-50	20 Mar 09 (-75bp)	17 Apr 09	**17 Apr 09 (-75bp)**	4.75	4.75	4.75	4.75	4.75
Chile	Discount rate	2.25	-325	12 Mar 09 (-250bp)	9 Apr 09	9 Apr 09 (-50bp)	1.00	1.00	1.00	2.00	3.50
Colombia	Repo rate	7.00	-225	20 Mar 09 (-100bp)	24 Apr 09	24 Apr 09 (-50bp)	6.00	6.00	6.00	6.00	6.00
Peru	Reference rate	6.00	125	5 Mar 09 (-25bp)	8 Apr 09	8 Apr 09 (-25bp)	5.25	5.00	5.00	5.00	5.00
Europe/Africa	GDP-weighted average	1.84	-275				1.43	1.21	1.20	1.18	1.19
Euro area	Refi rate	**1.25**	-275	**2 Apr 09 (-25bp)**	7 May 09	**7 May 09 (-25bp)**	0.75	0.50	0.50	0.50	0.50
United Kingdom	Repo rate	0.50	-525	5 Mar 09 (-50bp)	9 Apr 09	on hold	0.50	0.50	0.50	0.50	0.50
Sweden	Repo rate	1.00	-250	11 Feb 08 (-100bp)	21 Apr 09	21 Apr 09 (-75bp)	0.25	0.25	0.25	0.25	0.25
Norway	Deposit rate	2.00	-275	25 Mar 09 (-50bp)	6 May 09	6 May 09 (-50bp)	1.50	1.00	1.00	1.00	1.00
Czech Republic	2-week repo rate	1.75	-150	5 Feb 09 (-50bp)	7 May 09	7 May 09 (-25bp)	1.50	1.50	1.50	2.00	2.50
Hungary	2-week deposit rate	9.50	175	19 Jan 09 (-50bp)	20 Apr 09	3Q 09 (-25bp)	9.50	9.25	8.50	8.00	7.50
Israel	Base rate	0.50	-350	23 Mar 09 (-25bp)	27 Apr 09	4Q 09 (+50bp)	0.50	0.50	1.00	2.00	3.00
Poland	7-day intervention rate	3.75	-100	25 Mar 09 (-25bp)	29 Apr 09	29 Apr 09 (-25bp)	3.25	3.00	3.00	3.00	3.00
Romania	Base rate	10.00	300	4 Feb 09 (-25bp)	6 May 09	**6 May 09 (-25bp)**	9.50	10.00	11.00	10.50	10.00
Russia	1-week deposit rate	8.25	500	10 Feb 09 (+100bp)	2Q 09	3Q 09 (-100bp)	8.25	7.25	7.25	6.25	6.25
South Africa	Repo rate	9.50	-50	24 Mar 09 (-100bp)	30 Apr 09	30 Apr 09 (-100bp)	8.00	7.50	7.00	7.00	7.00
Switzerland	3-month Swiss Libor	0.25	-225	12 Mar 09 (-25bp)	18 Jun 09	on hold	0.25	0.25	0.25	0.25	0.25
Turkey	Overnight borrowing rate	10.50	-700	19 Mar 09 (-100bp)	16 Apr 09	16 Apr 09 (-50bp)	10.00	10.00	10.00	10.25	10.50
Asia/Pacific	GDP-weighted average	2.12	-143				1.95	1.86	1.87	1.87	1.92
Australia	Cash rate	3.25	-325	3 Feb 09 (-100bp)	7 Apr 09	7 Apr 09 (-50bp)	2.50	2.50	2.50	2.50	2.50
New Zealand	Cash rate	3.00	-525	12 Mar 09 (-50bp)	30 Apr 09	30 Apr 09 (-25bp)	2.50	2.50	2.50	2.50	2.50
Japan	Overnight call rate	0.10	-40	19 Dec 08 (-20bp)	7 Apr 09	on hold	0.10	0.10	0.10	0.10	0.10
Hong Kong	Discount window base	0.50	-625	17 Dec 08 (-100bp)	30 Apr 09	on hold	0.50	0.50	0.50	0.50	0.50
China	1-year working capital	5.31	-171	22 Dec 08 (-27bp)	2Q 09	2Q 09 (-27bp)	5.04	4.77	4.77	4.77	4.77
Korea	Base rate	2.00	-300	12 Feb 09 (-50bp)	9 Apr 09	on hold	2.00	2.00	2.00	2.00	2.00
Indonesia	BI rate	7.50	-75	**3 Apr 09 (-25bp)**	5 May 09	**5 May 09 (-25bp)**	7.00	7.00	7.25	7.50	8.00
India	Repo rate	5.00	-275	4 Mar 09 (-50bp)	21 Apr 09	**2Q 09 (-50bp)**	4.50	4.00	4.00	4.00	4.50
Malaysia	Overnight policy rate	2.00	-150	24 Feb 09 (-50bp)	29 Apr 09	29 Apr 09 (-25bp)	1.50	1.50	1.50	1.50	1.50
Philippines	Reverse repo rate	4.75	-125	5 Mar 09 (-25bp)	16 Apr 09	16 Apr 09 (-25bp)	4.50	4.25	4.25	4.25	4.25
Thailand	1-day repo rate	1.50	-175	25 Feb 09 (-50bp)	8 Apr 09	8 Apr 09 (-50bp)	0.75	0.75	0.75	0.75	0.75
Taiwan	Official discount rate	1.25	-188	18 Feb 09 (-25bp)	2Q 09	on hold	1.25	1.25	1.25	1.25	1.25

Bold denotes move since last GDW and forecast changes. Underline denotes policy meeting during upcoming week.

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

Forecasts - Australia and New Zealand

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

				2008			2009				2010			
	2008	2009	2010	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Chain volume GDP	2.1	-1.2	1.5	1.1	0.3	-2.1	-4.2	-1.0	2.6	0.9	1.2	2.2	1.9	2.3
Private consumption	2.1	-0.5	1.7	-0.5	0.4	0.3	-2.8	-0.4	0.8	1.6	1.6	2.4	2.4	2.8
Construction investment	4.5	-2.3	-2.3	4.1	1.9	1.5	-7.7	-2.5	-4.8	-0.5	-3.1	-2.8	-2.1	1.5
Equipment investment	15.7	-8.6	-9.9	39.8	0.7	1.3	-28.4	-11.5	-3.9	-3.9	-18.5	-11.5	-7.8	0.0
Public investment	10.6	4.3	9.9	8.5	7.3	-6.0	6.6	6.3	6.7	7.3	9.5	11.8	14.1	15.1
Government consumption	3.6	4.0	5.3	4.4	2.3	0.1	5.1	6.2	5.6	5.4	5.6	4.6	5.0	4.7
Exports of goods & services	4.7	-13.1	-3.1	13.5	-2.0	-3.3	-18.5	-25.2	-20.3	-11.5	6.1	8.2	6.1	4.1
Imports of goods & services	10.6	-8.5	-2.4	15.4	5.6	-24.5	-9.6	-7.8	-5.9	-5.9	-3.9	0.0	4.1	8.2
Contributions to GDP growth:														
Domestic final sales	4.1	-0.3	1.3	4.3	1.4	-1.7	-2.5	-0.2	0.7	1.9	0.3	1.5	2.1	3.5
Inventories	-0.6	-0.1	0.3	-2.2	0.7	-6.4	0.1	3.1	4.8	-0.2	-1.0	-0.7	-0.4	-0.2
Net trade	-1.4	-0.7	0.0	-0.9	-1.8	6.3	-1.8	-3.8	-2.8	-0.8	1.9	1.4	0.2	-1.0
GDP deflator (%oya)	6.7	3.5	1.8	6.7	8.6	7.5	6.6	4.0	1.7	1.9	1.8	1.7	1.7	2.0
Consumer prices (%oya)	4.4	1.7	2.4	4.5	5.0	3.7	2.7	1.6	0.9	1.7	2.1	2.3	2.6	2.8
Producer prices (%oya)	8.3	1.6	0.7	8.7	10.9	6.7	4.2	0.6	-0.5	2.3	1.1	0.5	0.4	1.0
Trade balance (A$ bil, sa)	-3.7	-0.2	-12.1	-1.7	1.4	4.5	2.6	0.6	-1.8	-1.6	-2.6	-3.0	-3.2	-3.3
Current account (A$ bil, sa)	-67.0	-49.3	-66.6	-14.1	-9.5	-6.5	-9.4	-11.6	-14.1	-14.1	-15.1	-17.0	-18.2	-16.3
as % of GDP	-6.2	-4.1	-5.3	-4.8	-3.1	-2.2	-3.2	-3.9	-4.7	-4.6	-4.9	-5.5	-5.8	-5.1
3m eurodeposit rate (%)*	6.0	5.9	3.3	5.8	7.1	7.2	7.6	6.7	5.9	3.6	3.3	3.3	3.4	3.4
10-year bond yield (%)*	5.6	5.6	3.7	5.6	5.7	6.4	6.1	6.2	5.8	4.4	4.3	3.5	3.5	3.7
US$/A$*	0.75	0.68	0.79	0.74	0.77	0.65	0.60	0.64	0.70	0.76	0.76	0.78	0.80	0.82
Commonwealth budget (FY, A$ bil)	13.5	-54.5	-70.0											
as % of GDP	1.1	-4.5	-5.6											
Unemployment rate	4.2	5.8	8.0	4.3	4.3	4.5	5.1	5.5	6.0	6.4	7.0	7.7	8.3	8.9
Industrial production	1.9	-4.9	3.5	1.8	-3.3	-17.5	-4.0	-2.0	1.0	3.0	6.0	4.0	2.0	0.0

*All financial variables are period averages

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

				2008			2009				2010			
	2008	2009	2010	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Real GDP (1995-96 prices)	0.3	-2.1	1.6	-0.9	-1.8	-3.6	-2.9	-2.5	0.3	0.6	2.9	2.4	2.6	1.9
Private consumption	0.2	-1.2	0.5	-0.8	-0.2	0.0	-3.8	-1.4	0.4	0.5	0.2	0.4	1.1	2.8
Fixed Investment	-6.7	-10.4	6.3	10.1	-40.5	6.0	-14.8	-9.3	-2.8	2.9	10.3	11.1	12.6	10.0
Residential construction	-17.3	-25.0	8.8	-28.5	-28.5	-45.3	-28.0	-16.0	4.0	8.0	12.0	12.8	16.0	10.0
Other fixed investment	-3.9	-7.0	5.9	22.3	-43	22.4	-12.0	-8.0	-4.0	2.0	10.0	10.8	12.0	10.0
Inventory change (NZ$ bil, saar)	1.4	0.9	0.9	0.3	0.5	0.1	0.3	0.3	0.2	0.1	0.2	0.2	0.2	0.3
Government spending	4.0	7.6	-0.4	1.5	2.8	7.1	11.3	11.2	6.3	2.3	-4.1	-2.4	-1.3	-9.2
Exports of goods & services	-1.7	-5.1	2.0	-1.3	-12.0	-12.6	-3.5	-1.8	0.8	1.7	2.5	3.0	2.0	4.0
Imports of goods & services	2.6	-7.0	2.2	13.9	-24.3	-22.3	0.1	0.4	0.6	1.2	0.9	4.0	5.0	5.0
Contributions to GDP growth:														
Domestic final sales	1.4	-2.8	1.8	5.6	-10.7	-4.1	-3.9	-1.0	0.9	1.5	1.7	2.5	3.6	2.4
Inventories	0.4	-0.4	0.0	-0.8	2.5	-4.6	2.1	-0.8	-0.6	-1.0	0.7	0.5	0.2	0.1
Net trade	-1.5	1.1	-0.2	-5.5	7.1	5.3	-1.1	-0.7	0.0	0.1	0.4	-0.5	-1.2	-0.6
GDP deflator (%oya)	3.7	3.3	3.0	3.7	2.3	2.7	2.0	3.7	4.9	2.7	2.8	3.0	3.1	3.1
Consumer prices	4.0	-0.4	1.6	6.7	6.2	-1.8	-1.6	-0.8	0.0	0.8	1.6	2.4	3.2	3.7
%oya	4.0	0.3	1.6	4.0	5.1	3.4	2.3	0.4	-1.1	-0.4	0.4	1.2	2.0	2.7
Trade balance (NZ$ bil, sa)	-2.2	-4.5	-5.0	-1.1	-0.9	0.0	-0.4	-0.5	-1.3	-2.3	-2.5	-1.7	-1.1	0.3
Current account (NZ$ bil, sa)	-16.2	-13.1	-13.0	-4.7	-4.0	-4.0	-4.1	-3.4	-2.8	-2.8	-3.3	-5.2	-4.3	-0.2
as % of GDP	-9.0	-6.8	-1.5	-10.5	-9.1	-8.8	-7.6	-6.1	-6.2	-7.2	-9.2	-0.5	0.7	2.7
Yield on 90-day bank bill (%)*	7.9	2.4	2.7	8.8	8.2	6.0	2.8	2.3	2.3	2.3	2.4	2.6	2.8	3.0
10-year bond yield (%)*	6.0	3.6	4.0	6.5	5.9	5.3	4.1	3.8	3.4	3.3	3.5	3.8	4.0	4.5
US$/NZ$*	0.71	0.56	0.64	0.78	0.71	0.58	0.51	0.55	0.57	0.61	0.62	0.63	0.64	0.67
Commonwealth budget (NZ$ bil)	-1.8	-7.2	-8.6											
as % of GDP	-1.0	-4.0	-4.5											
Unemployment rate	4.1	6.1	7.4	3.9	4.2	4.6	5.2	5.8	6.5	7.0	7.2	7.4	7.5	7.5

*All financial variables are period averages

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

Australia and New Zealand economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
9 Feb Australia : ANZ job ads (11:30 am) Jan New Zealand : QV house prices Jan Taiwan : Trade balance (4:00 pm) Jan 1.4 US$bn	10 Feb Australia : NAB business confidence (11:30 am) Jan	11 Feb Australia : Westpac consumer confidence (10:30 am) Feb Housing finance (11:30 am) Dec	12 Feb Australia : Unemployment rate (11:30 am) Jan	13 Feb New Zealand : Retail sales (10:45 am) Dec
16 Feb New Zealand : PPI (10:45 am) 4Q	17 Feb	18 Feb Australia : Wage cost index (11:30 am) 4Q Westpac leading index (10:30 am) Dec	19 Feb Australia : New motor vehicles sales (11:30 am) Jan	20 Feb
23 Feb New Zealand : Credit card spending (3:00 pm) Jan	24 Feb	25 Feb Australia : Construction work done (11:30 am) 4Q New Zealand : RBNZ inflation expectation (10:45 am) 1Q	26 Feb Australia : Private capital expenditure (11:30 am) 4Q New Zealand : Trade balance (10:45 am) Jan NBNZ business conf. (3:00 pm) Feb	27 Feb Australia : Priv sector credit (11:30 am) Jan New Zealand : Visitor arrivals (10:45 am) Jan Building permits (10:45 am) Jan
2 Mar Australia : Inventories (11:30 am) 4Q Company profits (11:30 am) 4Q	3 Mar Australia : Retail sales (11:30 am) Jan Current account (11:30 am) 4Q RBA cash target (2:30 pm) Mar	4 Mar Australia : GDP (11:30 am) 4Q New Zealand : ANZ commodity price (3:00 pm) Feb	5 Mar Australia : Building approvals (11:30 am) Jan Trade balance (11:30 am) Jan	6 Mar

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
6 Apr - 10 Apr	6 April	7 April	8 April	9 April	10 April
China • Money supply (Mar) Japan • Cabinet Office private consumption index (Feb) Russia • GDP (4Q)	Brazil • Auto sales (Mar) • Auto production (Mar) Canada • Ivey PMI (Mar) Euro area • Retail sales (Feb) Taiwan • CPI (Mar) United Kingdom • New car regs (Mar)	Australia • RBA meeting Euro area • GDP final (4Q) Japan • BoJ meeting Mexico • CPI (Mar) Russia • CPI (Mar) Taiwan • Trade balance (Mar) United States • Consumer credit (Feb)	Brazil: IPCA (Mar) Germany • Foreign trade (Feb) • Mfg orders (Feb) Japan • Econ watch surv (Mar) Norway: CPI (Mar) Peru • BCRP meeting South Africa • Mfg production (Feb) Thailand • BoT meeting United States • FOMC minutes	Canada • Employment (Mar) Chile • BCCh meeting Germany • CPI final (Mar) • IP (Feb) Japan • Machinery orders (Feb) Korea • BoK meeting United Kingdom • MPC meeting United States • Import prices (Mar) • Trade balance (Feb)	France • CPI (Mar) Japan • BoJ minutes: Mar mtg
13 Apr - 17 Apr	13 April	14 April	15 April	16 April	17 April
Japan • Department store sales (Mar)	Canada • Business outlook survey and Senior loan officer survey (1Q) China • Trade balance (Mar) Mexico • Auto sector (Mar)	Russia • IP (Mar) Sweden • CPI (Mar) United States • Business inventories (Feb) • Retail sales (Mar) • PPI (Mar)	Japan • IP final (Feb) Poland • CPI (Mar) United States • Beige book • CPI (Mar) • IP (Mar) • NAHB survey (Apr) • NY Fed bus survey (Apr)	Brazil • Retail sales (Feb) China • CPI (Mar) • FAI (Mar) • GDP (1Q) • IP (Mar) • Retail sales (Mar) Euro area • HICP final (Mar) • IP (Feb) Japan • Reuters Tankan (Apr) Philippines • BSP meeting United States • Housing starts (Mar) • Philly Fed bus survey (Apr)	Canada • CPI (Mar) Euro area • Foreign trade (Feb) Japan • Consumer sent (Mar) • Tertiary sector activity index (Feb) • Shirakawa speech Mexico • IP (Feb) • Banxico meeting United States • Consumer sent (Apr)

Economic Research, Emerging Markets Research and Global FX 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
Michael Feroli (1-212) 834-5523
Abiel Reinhart (1-212) 834-5614

Canada

Sandy Batten, New York (1-212) 834-9645

Economics: Latin America

Brazil

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

Colombia, Ecuador, Venezuela, Peru

Luis Oganes, New York (1-212) 834-4326
Benjamin Ramsey, New York (1-212) 834-4308
Julio Callegari, São Paulo (55-11) 3048-3369
Bruno Hampshire, São Paulo (55-11) 3048-3369

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

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

Australia, New Zealand

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

Emerging Markets Research

Head of Emerging Markets Research
Joyce Chang (1-212) 834-4203

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
James Lee, Seoul (822) 758-5512

India
Gunjan Gulati, Mumbai (91-22) 6639-3125

Indonesia, Malaysia, Philippines, Singapore, Thailand

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

Emerging Markets FX Strategy
Claudio Piron (65) 6882-2218
Yen Ping Ho (65) 6882-2216

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

Maryse Pogodzinski, Paris (33-1) 4015-4225
Marta Bastoni, London (44-20) 7325-9114
Greg Fuzesi London (44-20) 7777-4792

Scandinavia

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

Czech Republic, Hungary, Poland, Slovakia

Nora Szentivanyi, London (44-20) 7777-3981
Miroslav Plohjar, London (44-20) 7325-0745

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
Anatoliy Shal (7-495) 937-7321

Africa
Graham Stock (44-20) 7777-3430
Tebogo Dintwe (27-11) 507-0777
Sonja Keller (27-11) 507-0376

Global FX Strategy

Global Head
John Normand (44-20) 7325-5222

Global FX Strategy, New York

Gabriel De Kock (1-212) 834-4254
Kenneth Landon (1-212) 834-2391
Holly Huffman (1-212) 834-4953
Arindam Sandilya (1-212) 834-2304
Talis Bauer (1-212) 834-9618

FX & Commodity Technical Strategy
Niall O'Connor (1-212) 834-5108

Global FX Strategy, London

Paul Meggyesi (44-20) 7859-6714
Kamal Sharma (44-20) 7777-1729
Kartikeya Ghia (44-20) 7325-3985

FX & Commodity Technical Strategy
Robin Wilkin (44-20) 7777-1345

Emerging Markets FX Strategy
Robert Beange (44-20) 7777-3246
Nandita Singh (44-20) 7777-3413

Global FX Strategy: Asia

Tohru Sasaki (81-3) 5570-7717
Junya Tanase (81-3) 5570-7718

Commodity Strategy

Head of Commodites Research
Lawrence Eagles (1-212) 834-8107

Global Energy Strategy
Scott Speaker (1-212) 834-3878
Mark Gravener (1-212) 834-3089
Benjamin Feldman (1-212) 834-3038
Sung Yoo (1-212) 834-7045
Kristi Jones (1-212) 834-2835

Global Metals Strategy
Michael Jansen (44-20) 7325-5882

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

Commodity Index Research
Jennie Byun (44-20) 7777-0070
Santiago Tavolaro (44-20) 7777-0363