



THE

# Global Investment Strategy View

The views expressed herein may differ from other JPMorgan Chase & Co. affiliates and employees. This constitutes our judgment based on current market conditions and is subject to change without notice. This has not been prepared with any particular investor in mind, and it may not be suitable for all investors. Investors should speak to their financial representatives before engaging in any investment product or strategy. This material should not be regarded as research or as a J.P. Morgan Research Report. Outlooks and past performance are not reliable indicators of future results. **Please read additional regulatory status, disclosures, disclaimers, risks and other important information at the end of this material.**

**INVESTMENT AND INSURANCE PRODUCTS ARE:**

• NOT FDIC INSURED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • NOT A DEPOSIT OR  
OTHER OBLIGATION OF, OR GUARANTEED BY, JPMORGAN CHASE BANK, N.A. OR ANY OF ITS AFFILIATES •  
SUBJECT TO INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED



## TABLE OF CONTENTS

Key Takeaways	2
Our mission	3
The GIS Snapshot	4
The View	5
2025 Outlook Numbers	14
Macro Views	15
Equity Views	18
Rates Views	22
Credit Views	23
FX Views	27
Commodity Views	32
Alternatives Views	35
Volatility Views	39
Definitions of Indices and Terms	40
Key risks	43

## KEY TAKEAWAYS

**Trade is now the dominant source of U.S. economic policy uncertainty.** We expect higher import duties on China and a limited number of other countries and products in an effort to secure supply chains in critical industries. However, the risk of a more broad-based application of tariffs is underappreciated and arguably underpriced. Consider uncorrelated assets such as gold, hedge funds, and derivatives including structured products and put/call-writing strategies.

**Chair Powell, there's no need to rush.** Given slower progress in bringing down inflation (and a quicker pace of tariff implementation), we revise our year-end core PCE outlook 10bps higher. Consequently, we also pencil in two cuts from the Federal Reserve (Fed) by end of year (vs. three in our prior forecast). Still, we believe with high conviction that the Fed's next move is more likely to be a cut than a hike. Focus on the income component in fixed income. We increase our conviction in the securitized space as a way to enhance yield without taking increased duration risk. In core fixed income, we continue to like munis.

**No cracks in Corporate America.** U.S. equities are lower year-to-date, but corporate fundamentals remain solid. Under the hood, it's a stock picker's market. We look for opportunities in industrials and utilities and prefer software to hardware in the information technology sector. Financials continue to attract capital. Stay invested; be selective.

**Just a pause in U.S. market outperformance.** In our 2025 Outlook, we anticipated that U.S. stock markets would outperform. We still hold this view from current levels through year-end and see recent moves as a slight correction of previously stretched relative valuations. We revise higher our European and Chinese equity outlooks to reflect reduced downside risks but do not see significant upside from current levels. Our bottoms-up analysis suggests that the U.S. and Japan are expected to deliver the highest total returns through year-end.

### OUR HIGH-CONVICTION TACTICAL INVESTMENT IDEAS INCLUDE:

#### EQUITIES

**United States over the rest of the world,** but more important is selectivity in sectors and securities. Focus within industrials, utilities, technology and financials.

**Put/call writing** strategies to monetize elevated volatility and enhance income.

Diversified **private equity exposure across new investment rounds and secondaries.**

#### FIXED INCOME, CURRENCIES & COMMODITIES

**Go-anywhere fixed income funds** that can take advantage of opportunities across the globe and risk profile like in the securitized space.

**Core fixed income.** For U.S. taxpayers, municipal bonds may offer the best relative value. We advocate a neutral duration stance.

**Gold.** Our preferred diversifier for U.S. deficit concerns and geopolitical tensions.

#### BUILDING RESILIENT PORTFOLIOS

**Structured notes** to either get invested or stay invested during a potentially volatile Trump 2.0.

**Hedge Funds.** Multi-manager and multi-strategy solutions, especially uncorrelated strategies, can offer portfolio diversification and risk mitigation.

#### OPPORTUNISTIC TRENDS

**Artificial intelligence. Global security. Dealmaking/regulatory relief.** Powerful forces will likely drive potential returns over short-term and long-term investment horizons.

*Our Global Investment Strategy View integrates the knowledge and analysis of our economists, investment strategists and asset class strategists. The View takes shape at a monthly Forum where the team debates and hones its views and outlooks.*

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## THIS DOCUMENT

We explore the outlook for economies and markets and provide year-ahead views across asset classes.

## OUR MISSION

The Global Investment Strategy Group provides industry-leading insights and investment advice to help our clients achieve their long-term goals. They draw on the extensive knowledge and experience of the Group's economists, investment strategists and asset-class strategists to provide a unique perspective across the global financial markets.

## THE TEAM

### Executive Sponsor

**Clay Erwin**

Global Head of Investments  
Sales & Trading

### Global Investment Strategy Group

**Samuel Zief**

Global Macro Strategist & Head of Global FX Strategy

**Elyse Aussenbaugh**

Global Investment Strategist

**Russell Budnick**

Global Head of Market Strategy and Trading

**Christopher Baggini**

Global Head of Equity Strategy

**Nur Cristiani**

Head of LATAM Investment Strategy

**Stephen Jury**

Global Commodity Strategist

**Kristin Kallergis Rowland**

Global Head of Alternative Investments

**Jacob Manoukian**

Head of U.S. Investment Strategy

**Grace Peters**

Global Head of Investment Strategy

**Joe Seydl**

Senior Markets Economist

**Xavier Vegas**

Global Head of Credit Strategy

**Alex Wolf**

Head of Asia Investment Strategy

**Erik Wytenus**

Head of EMEA Investment Strategy

There can be no assurance that any or all of the members will remain with the firm or that past performance or success of any such professional serves as an indicator of future success.

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## THE GIS SNAPSHOT

A summary of high conviction views

March 2025



This snapshot summarizes conviction across key GIS views. It is not meant to constitute portfolio management or to be used as a portfolio construction tool.

Note: MoM = Month over month

\*This snapshot summarizes conviction across key GIS views. It is not meant to constitute portfolio management or to be used as a portfolio construction tool.

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## THE VIEW

**Six weeks into the new U.S. administration, trade is now the dominant source of U.S. economic policy uncertainty.** U.S. news articles citing trade uncertainty are at their second highest level in 40 years and far more frequent than articles on any other policy area (Figure 1).

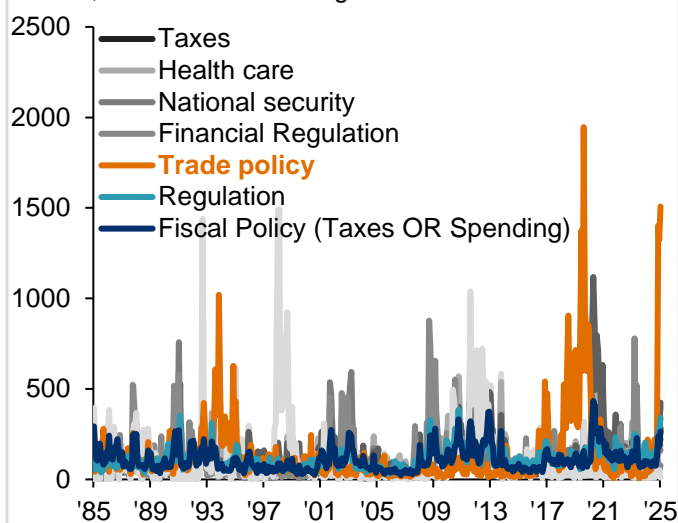
**Why it matters:** In our base case, we expect higher import duties on China and a limited number of other countries and products, in an effort to secure supply chains in critical industries (Figure 2). However, the risk of a more broad-based increase in tariffs is underappreciated and arguably underpriced.

- 1) **Markets have become largely numb to trade-related headlines.** The S&P 500 moved an average of 2.6% across major tariff announcements – both escalatory and de-escalatory – in 2019. Since the delay of Mexican and Canadian tariffs in early February, this has fallen to only 30bps, despite the size of tariffs being discussed growing (Figure 3).
- 2) **Deal or bust.** As of writing, 25% tariffs on Canada and Mexico are due to be implemented March 4<sup>th</sup>, before broad-based reciprocal tariffs on the world are due to be unveiled April 2<sup>nd</sup>. These are the next dates to watch for potential volatility.

**Go deeper** on our base case view on U.S. tariffs [here](#).

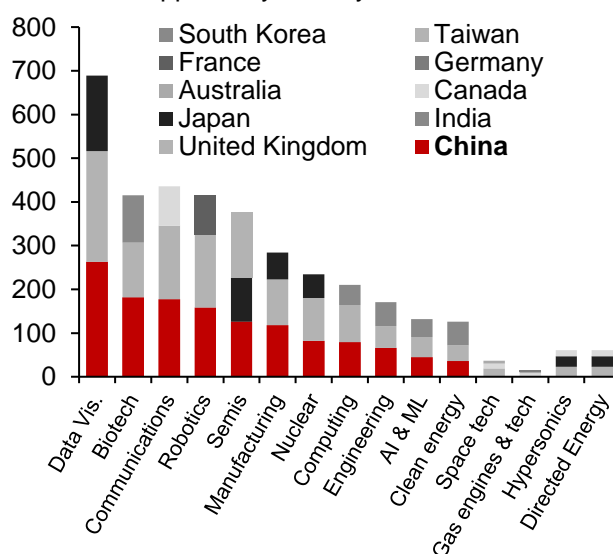
**Bottom line:** Our base case is unchanged, but risks look large and underpriced. Consider uncorrelated assets such as gold and hedge funds, which have rallied this year and shown little sensitivity to trade-related announcements (Figure 4). Derivatives including structured products and put/call-writing strategies can monetize volatility, limit potential downside, and increase certainty of returns (Figure 5).

**Figure 1: Sources of economic policy uncertainty**  
Index, news article coverage



Sources: Bloomberg Finance L.P.; Baker, Bloom & Davis. Data as of January 31, 2025.

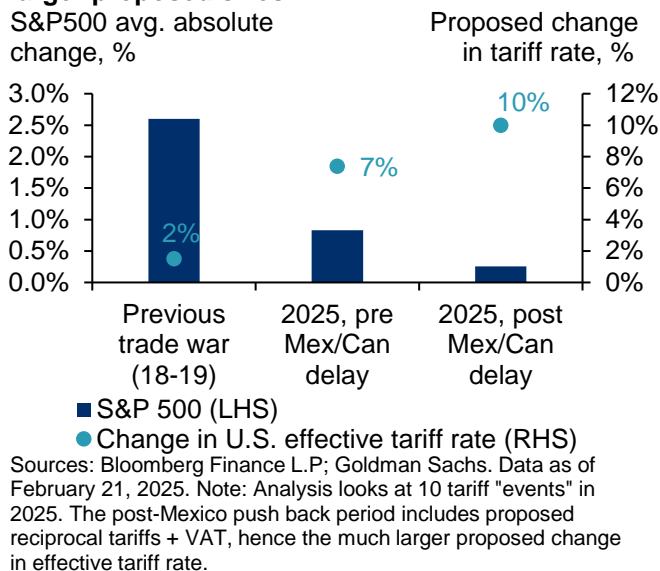
**Figure 2: U.S. defense supply chain**  
Number of suppliers by country



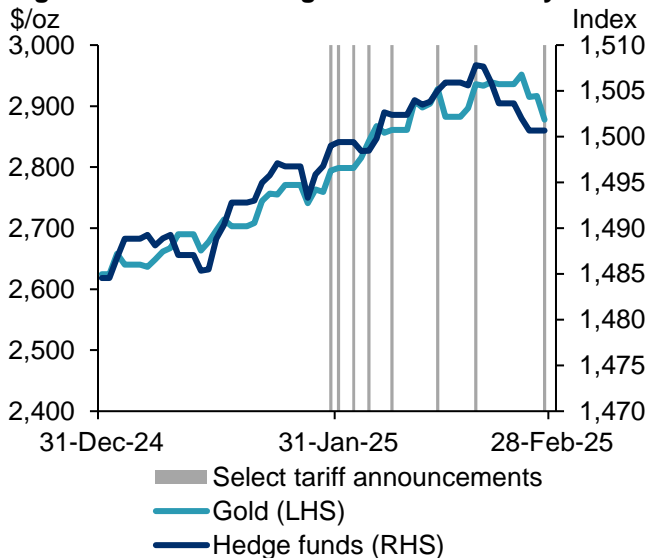
Source: Govini. Ark.ai. Data as of 2024.

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to “Definition of Indices and Terms” for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

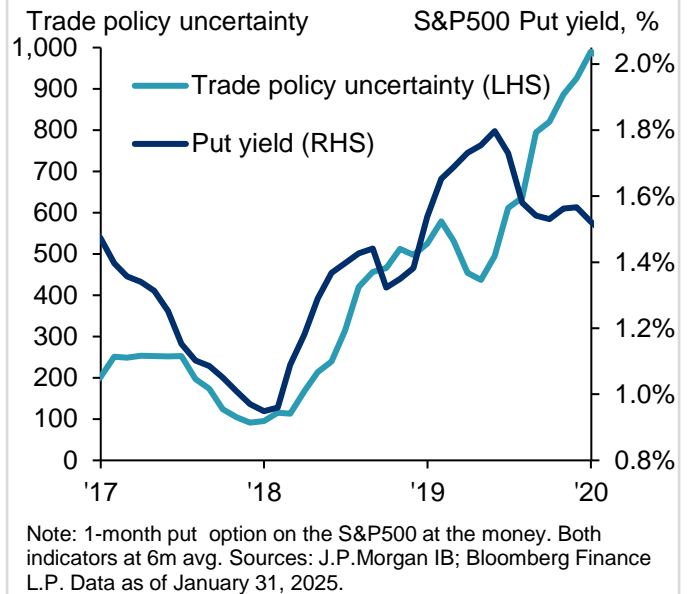
**Figure 3: Markets less reactive to tariffs despite larger proposed sizes**



**Figure 4: Gold and hedge funds unfazed by trade**



**Figure 5: It paid to sell volatility during prior trade war**



**Chair Powell, there's no need to rush.** The Fed's preferred inflation measure, year-over-year core PCE, has been stuck between 2.6% and 2.9% for ten straight months.

**Why it matters:** We still see inflation falling closer to 2% by the end of 2026. In the face of slower progress in bringing down inflation (and a quicker pace of tariff implementation) we revise our year-end 2025 core PCE outlook 10bps higher to 2.4-2.6%. A slower decline in inflation likely means a slower decline in policy rates. We also pencil in two cuts from the Fed in 2025 (vs. three in our prior forecast). Crucially, we believe - with high conviction - that the Committee has an asymmetric easing bias. If the economy remains strong and inflation does not move toward 2 percent, policy rates will be held at current levels; but policy rates will be reduced (swiftly) from an unexpected weakening in growth or inflation. The rationale:

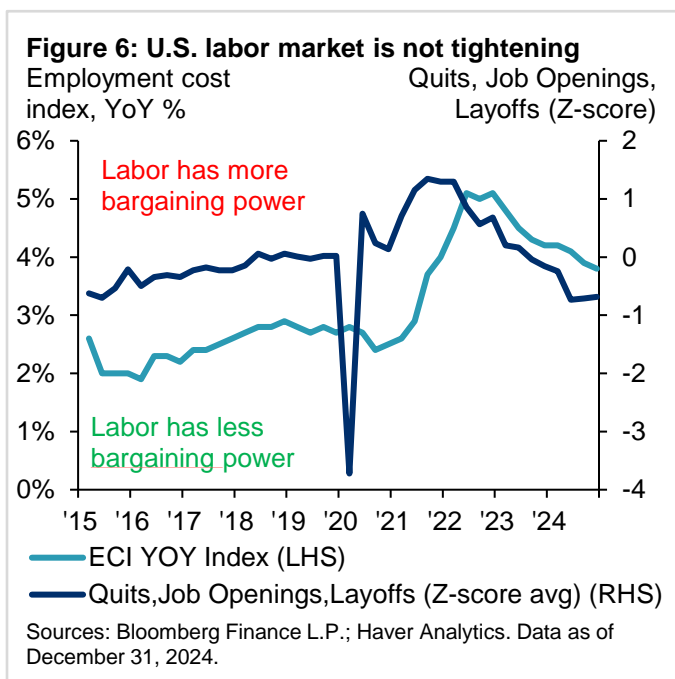
- 1) **The labor market isn't re-tightening.** Our preferred indicators (quits, openings and layoffs) continue to show a labor market in balance (Figure 6). Forward-looking indicators like company mentions of "labor shortages" remain subdued (Figure 7).
- 2) **Realized inflation isn't re-accelerating.** Core PCE inflation on a three-month and six-month annualized basis is in line with or lower than the twelve-month change, suggesting the highly watched year-over-year measure should continue a slight downward path over time (Figure 8).

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

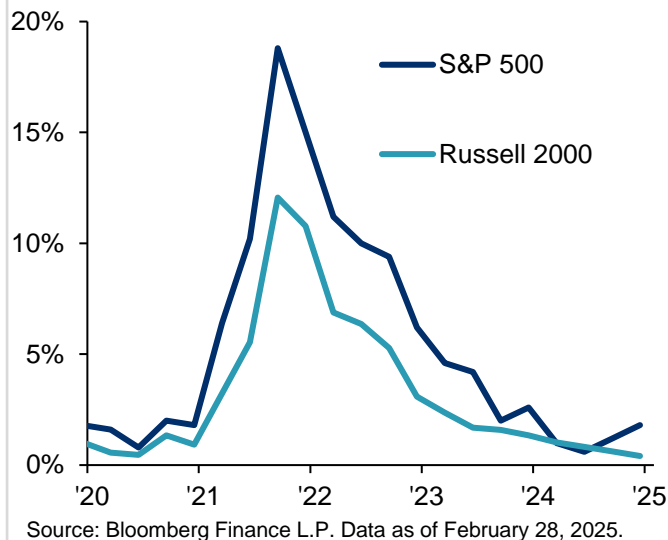


- 3) **Inflation expectations (mostly) stable.** University of Michigan's survey of long-term inflation expectations is at its highest level since 1995<sup>1</sup>. However, a broader measure (based on one the Fed itself created) that includes surveys of both consumers and professionals, and expectations derived from financial instruments, shows inflation expectations remain below the levels seen in 2022-2023, albeit with some recent upward pressure (Figure 9).

**Bottom line:** So long as the Fed's asymmetric easing bias exists, we expect U.S. fixed income to deliver the yield that's written on the tin (Figure 10). Focus on the income component in fixed income. This month, we increase our conviction in the securitized space as a way to enhance yield without taking increased duration risk. In core fixed income, we continue to like munis.

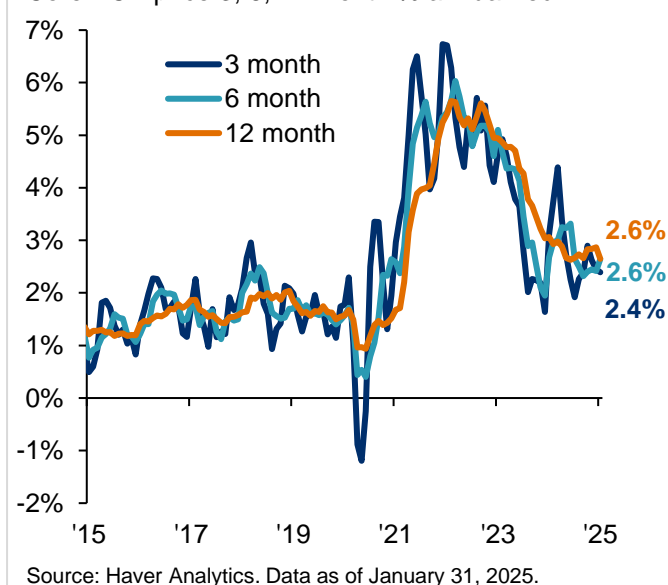


**Figure 7: Percentage of companies citing "labor shortages" in earnings calls**  
%



**Figure 8: 3 cuts of Core PCE**

Core PCE price 3, 6, 12 month % annualized



<sup>1</sup> Source: University of Michigan. Data as of February 21, 2025.

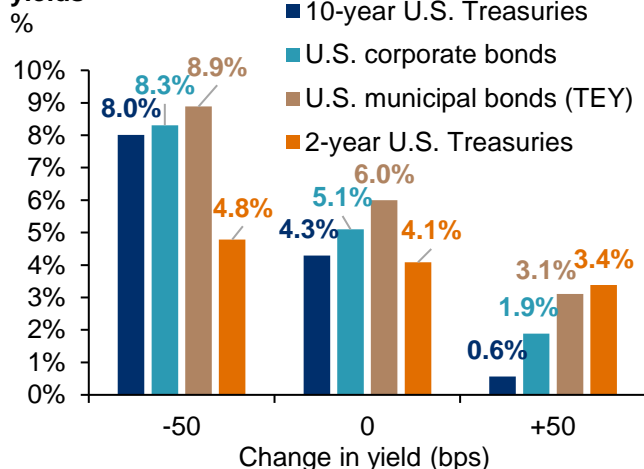
All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.



**Figure 9: Long-term inflation expectations remain (mostly) stable**



**Figure 10: Expected 12m return given a change in yields**



Note: Assumes parallel shift in yield curve. Indices used: Bloomberg US Agg Corporate, Bloomberg Municipal Bond Index Total Return. TEY = Tax-equivalent yield. Source: Bloomberg Finance L.P. Data as of February 27, 2025.

**No cracks in Corporate America.** Over 97% of S&P500 companies have reported earnings and corporates have never been more profitable (Figure 11).

**Why it matters:** Despite historic profitability, U.S. equities are lower year-to-date, driven by an 8% decline in the magnificent 7. But, the remaining 493 have gained 3%; the broadening is happening. Under the hood, it's a stock picker's market; single-stock outcomes are expected to be the most disperse and uncorrelated in the last 10 years (Figure 12). Here's where we find opportunity:

- 1) **Corporates accelerate AI Capex** - DeepSeek's power-efficiency has not stalled the need for AI infrastructure. The big four AI hyperscalers are now expected to spend ~\$290B on capital in the next 12 months, up 17% from last quarter, a positive for AI adopters (Figure 13).
- 2) **Financials rebound intact** - S&P500 financials grew earnings 56% year-over-year in Q4. Capital market activity continues to rebound, and we see 2025 bank margins exceeding expectations (Figure 14). The regulatory backdrop has eased; the Fed's stress tests for 2025 showed healthier banks across 13 of the 16 variables scored compared to 2024<sup>2</sup>. Finalization and implementation of Basel 3 Endgame guidelines remains a catalyst in the coming months.
- 3) **Buy the dip in software** - S&P500 software companies are down ~6% year to date. But, capital-light business models insulate them from trade uncertainty and allow them to leverage expanding AI infrastructure. ~96% of enterprise software is private, an alternative opportunity<sup>3</sup>.
- 4) **Funding these opportunities** - Medical device companies have rallied on strong growth and low exposure to government reform concerns and potential tariff costs. With many of the largest names significantly outperforming through valuation expansion, consider utilizing these "pops" as a funding source.

**Bottom line:** We are buyers of the current dip in U.S. equity markets. Industrials and utilities are often beneficiaries of accelerating AI capital expenditures. Software is preferred to hardware in the information

<sup>2</sup> Source: Federal Reserve Comprehensive Capital Analysis Review (CCAR) on large U.S. banks and foreign banks with significant U.S. operations. Data as of February 5, 2025.

<sup>3</sup> Sources: VistaOne; Bain & Company. Data as of Q1 2024.

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

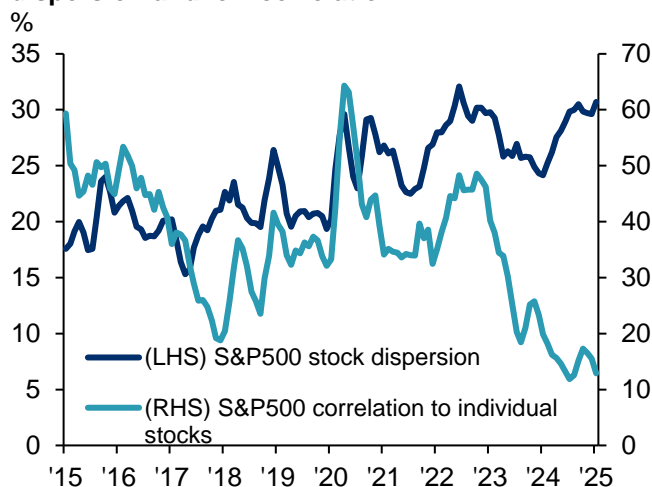
technology sector. Financials continue to attract capital. Stay invested; be selective.

**Figure 11: U.S. corporates are more profitable than ever**  
S&P500 12m forward profit margin, %



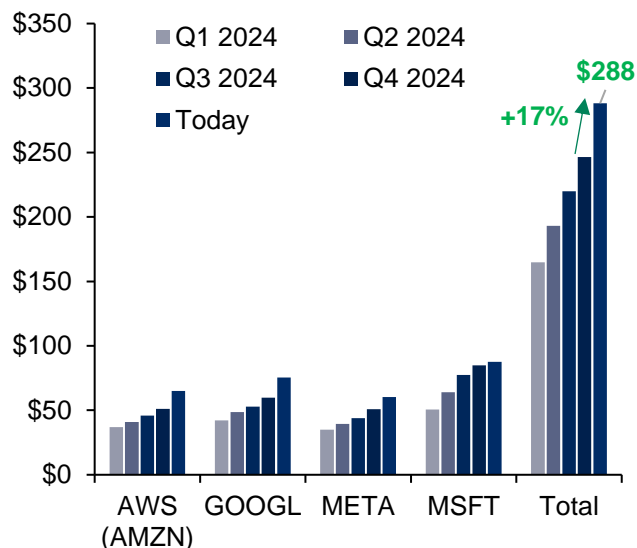
Source: Bloomberg Finance L.P. Data as of 27 February, 2025.

**Figure 12: A stock pickers market, high dispersion and low correlation**



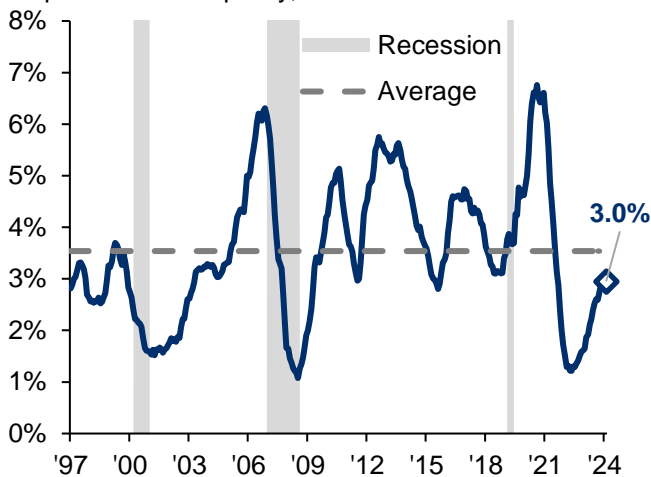
Note: 3-month average. Dispersion priced from options over next 30 days. Implied correlation over the next 3 months. Sources: CBOE; Bloomberg Finance L.P. Data as of January 31, 2025.

**Figure 13: Hyperscalers accelerate AI CapEx**  
12m forward capital expenditures, \$Bn



Source: Bloomberg Finance L.P. Data as of February 26, 2025.

**Figure 14: Capital markets rebound continues**  
Capital markets liquidity, % of U.S. GDP



Note: Capital markets is IPO, HY, bond and leverage loan issuance. Source: J.P. Morgan; Bank of America; Bloomberg Finance L.P. Haver Analytics. January 31, 2025.

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to “Definition of Indices and Terms” for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

### Just a pause in U.S. market outperformance.

European equities have outperformed the U.S. by ~16 percentage points the past 3 months, the 2<sup>nd</sup> largest outperformance in the last 20 years (Figure 15).

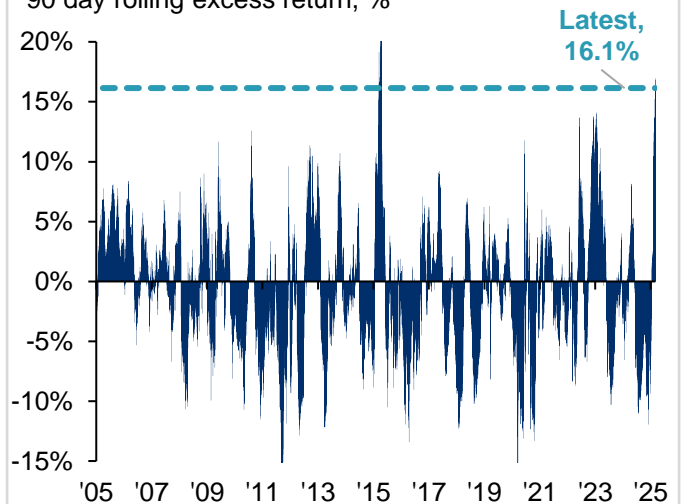
**Why it matters:** In our 2025 Outlook, we anticipated that the U.S. market and economy would outperform. We still expect it to through year-end. Performance year-to-date represents a slight correction of previously very stretched relative valuations, in our view (Figure 16). Post-election economic enthusiasm in the U.S. has waned year-to-date while downside risks in international markets have lessened (Figure 17). Here is how we view the major ex-US markets at present:

- 1) **Europe:** Progress toward a Russia/Ukraine ceasefire and likely increased defense spending by the historically frugal German government after its recent election reduced some downside risks to the region's growth trajectory. However, that improvement looks fully priced, given a multiple in excess of its 5-year average and our expectation for only mid-single digit earnings growth in 2025-2026. A more bullish case for Europe would require clearer signs of a cyclical acceleration in the region, which we see little sign of, particularly with tariff risks remaining. While European equities have increased sharply, the Euro is weaker against its major trading partners (Figure 18).
- 2) **China:** The year-to-date rally in China follows DeepSeek's AI application deployment in January. DeepSeek in less than two months has already surpassed 30 million daily active users (compared to a reported 123.5 million daily users of ChatGPT) and has ignited interest in the China tech ecosystem. The rally is narrow and AI-driven, similar to the US after ChatGPT's launch in November 2022, rather than a reflection of an improving macro backdrop. After the valuation catch-up and given continued sluggish economic growth as the housing bubble deleveraging presses on, we prefer to focus on AI beneficiaries rather than index level exposure (Figure 19).
- 3) **Japan:** Japan is our preferred developed market outside the U.S. December quarterly earnings are tracking +26% (excl. Softbank) vs 7% consensus expectations. Meanwhile, valuation screens inexpensive given the 8-9% earnings growth we expect in 2025/2026, particularly vs. Europe (Figure 20).

**Go deeper** on our views on Europe and Japan [here](#) and [here](#).

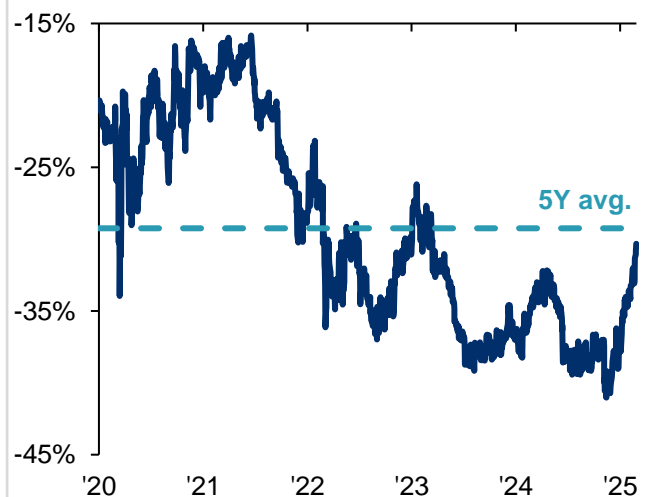
**Bottom line:** We revise higher our European and Chinese equity outlooks to reflect reduced downside risks to the economy in Europe and market in China but do not see significant upside from current levels (low single-digit total returns through year-end). Instead, embrace selective exposure to the defense theme in Europe and AI beneficiaries in China. Our bottoms-up analysis suggests that the US and Japan are expected to deliver the highest total returns through year-end. (Figure 21).

**Figure 15: Europe is experiencing the 2nd largest rally relative to the U.S. in the last 20 years**  
90 day rolling excess return, %



Note: Both in local currency. Europe = Stoxx Europe 50. Source: Bloomberg Finance L.P. Data as of February 28, 2025.

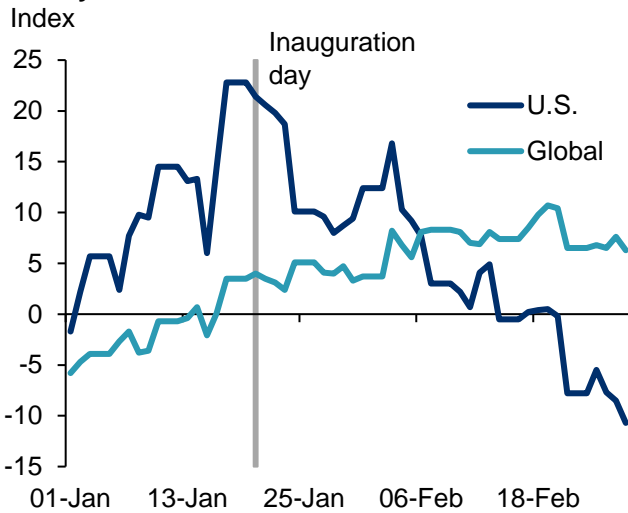
**Figure 16: European discount narrows to U.S.**  
European equities valuation discount to U.S., %



Note: 12m forward P/E Source: Bloomberg Finance L.P. Data as of February 26, 2025.

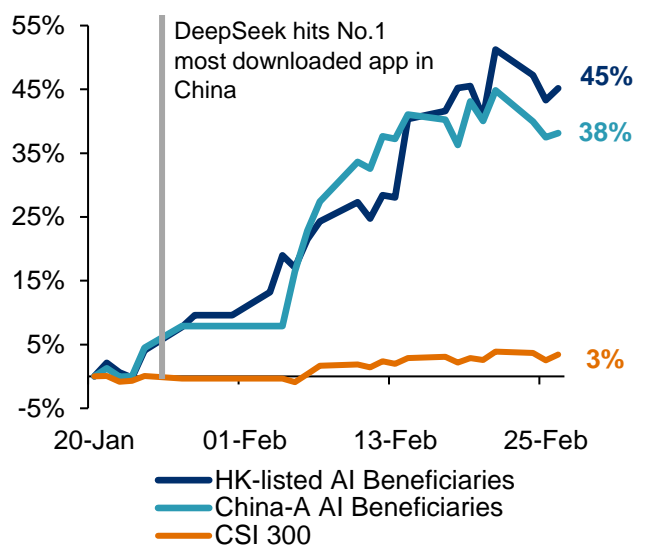
All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

**Figure 17: U.S. economic surprises waning vs. RoW year-to-date**



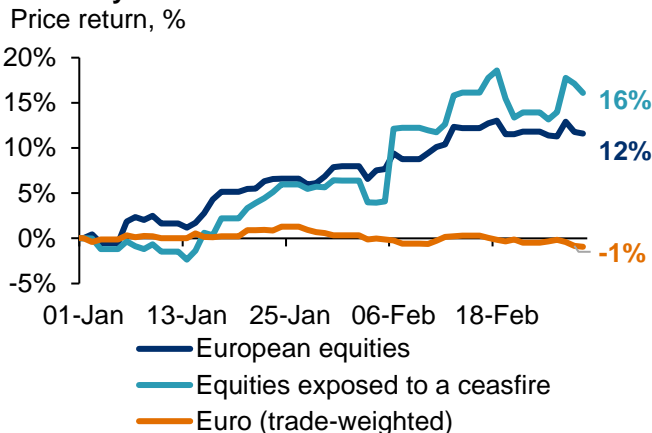
Note: Citi Economic Surprise Indices. Source: Bloomberg Finance L.P. Data as of December 31, 2024.

**Figure 19: China rally concentrated in AI beneficiaries**



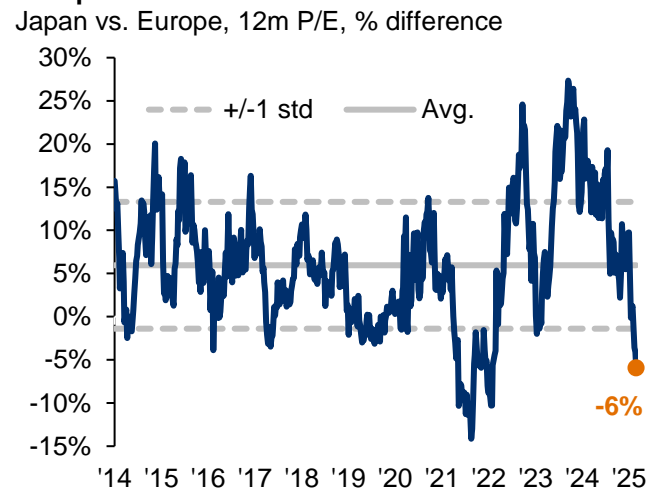
Source: Bloomberg Finance L.P. Data as of February 20, 2025.

**Figure 18: Potential ceasefire supported select sectors, weak Euro points to still-lackluster economy**



Note: European companies exposed to ceasefire primarily include construction, banks and infrastructure. EU equities = Stoxx Euro 50. EUR performance. Sources: J.P.Morgan IB; Bloomberg Finance L.P. Data as of February 26, 2025.

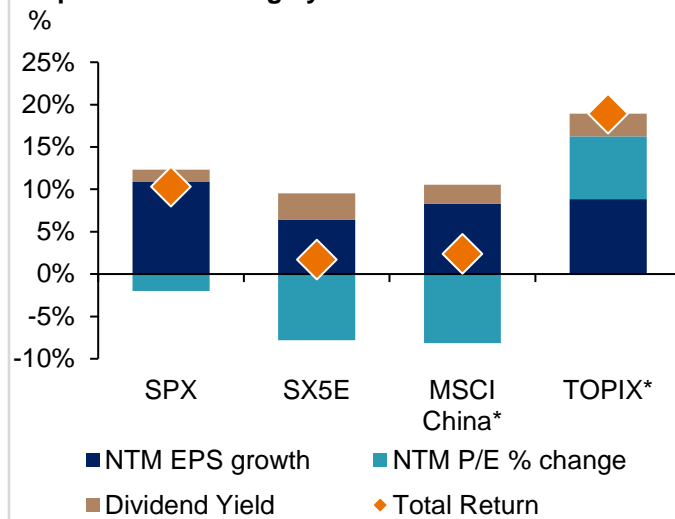
**Figure 20: Japan now trades at a 6% discount to Europe**



Note: 12m blended forward P/E. Europe = Stoxx Europe 50. Japan = Topix. Source: Bloomberg Finance L.P. Data as of February 28, 2025.

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

**Figure 21: Composition of JPM WM total return expectations through year-end '25**



Source: Bloomberg Finance L.P., JPM WM Solutions. Data as of February 28, 2025. \*Note we have used JPWM NTM P/E 2024.

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to “Definition of Indices and Terms” for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

Here's a summary of Wall Street views for 2025.

Street Outlook Year-End 2025					
	Fed Funds	Real GDP	Core PCE	10Y	SPX \$
	Q4 '25	Q4 '25	Q4 '25	Q4 '25	YE 2025
JPM WM	4.00	2.00	2.50	4.45	6,400
JPM IB	4.00	2.20	2.40	4.55	6,500
Bank of America	4.50	2.20	2.70	4.75	6,666
Morgan Stanley	4.25	1.90	2.50	4.00	6,500
Goldman Sachs	4.00	2.40	2.50	4.35	6,500
Wells Fargo	4.00	1.85	2.73	4.25	7,007
UBS	4.00	1.80	2.38	4.25	6,400
Average (ex-JPM WM)	4.13	2.06	2.54	4.36	6,596
FOMC	4.00	2.10	2.50	-	-

Sources: JPM; BoA; MS; GS; WF; UBS; Federal Reserve. Data as of February 28, 2025.

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to “Definition of Indices and Terms” for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## 2025 OUTLOOK NUMBERS

March 2025

Macro <sup>^</sup>				
Inflation	2025 YE	Old 2025 YE	2026 YE	Old 2026 YE
U.S.	2.40-2.60%	2.30-2.50%	2.10-2.30%	2.20-2.40%
Eurozone	2.10-2.30%		1.80-2.00%	
China	0.50-0.70%		1.30-1.50%	
Real GDP Growth				
U.S.	1.75%-2.25%		1.75%-2.25%	
Eurozone	0.00-0.50%		0.50-1.00%	
China	4.20-4.70%		4.20-4.70%	
Equities				
S&P 500	2025 YE	Old 2025 YE		
Price			6,350-6,450	
P/E forward multiple			21x	
Stoxx Europe 50				
Price			5,300-5,400	4,900-5,000
P/E forward multiple			14x	13x
TOPIX				
Price			3,075-3,175	
P/E forward multiple			15x	
MSCI Asia ex-Japan				
Price			770-800	
P/E forward multiple			13x	
MSCI China				
Price			73-77	65-68
P/E forward multiple			11.5x	11

Currencies		
	2025 YE	Old 2025 YE
U.S. Dollar Index (DXY)	107 (105-109)	
EUR/USD	1.04 (1.02-1.06)	
USD/JPY	155 (152-158)	
GBP/USD	1.25 (1.23-1.27)	
USD/CNY	7.40 (7.30-7.50)	

Rates & Credit Spreads		
U.S.	2025 YE	Old 2025 YE
Eff. Fed Funds rate	3.75-4.00%	3.50-3.75%
ON SOFR	3.85%	3.60%
2-year UST	3.95%	
5-year UST	4.15%	
10-year UST	4.45%	
30-year UST	4.70%	
2s/10s spread	0.50%	
JPM U.S. Investment Grade	100	
JPM U.S. High Yield	330	
Europe		
ECB deposit rate	1.75%	
5-year German Yield	1.90%	
10-year German Yield	2.00%	
BoE Bank Rate	3.75%	
10-year UK Gilt	4.00%	
EUR IG	115	
EUR HY	350	
EM		
EM Sovereign Index (EMBI)	325	
EM Corporate Index (CEMBI)	235	
JPM Asia IG (JACI IG)	90	
JPM Asia HY (JACI HY)	675	

Commodities		
	2025 YE	Old 2025 YE
Gold (\$ / oz)	\$3,100-\$3,200	
Brent (\$ / barrel)	\$63-\$68	
Commodity Index (BCOM)	97-99	
Natural gas (\$/MMBtu)	\$4.00-\$5.00	

<sup>^</sup>GDP and core inflation estimates represent Q4 year over year growth rates. Core inflation in the US is core PCE.

Indices are not investment products and may not be considered for investments.

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to “Definition of Indices and Terms” for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.



## MACRO VIEWS

### U.S. Growth

Recent US economic sentiment data has turned decisively lower. This is observed in the consumer confidence data (both UMich & Conference Board) and in the latest S&P PMI data measuring business sentiment. Commentary attached to the weakening in sentiment has cited fiscal and trade policy uncertainty, with an emphasis on the potential inflationary impacts from tariffs. The start of this year brought the question of which sentiment force would win out: rising small business optimism associated with renewed animal spirits and deregulation hopes, or rising trade policy uncertainty? The latest data suggests the latter is dominating, which is a decisive contrast to how the first year of Trump 1.0 played out.

Yet we would emphasize that the sentiment deterioration has occurred amid still apparent strength in the hard economic data. High frequency data on job openings, layoffs and retail sales continues to point to stable US domestic demand. On this basis, it does not look like the US is yet experiencing another 'growth scare' comparable to last summer/fall when the Sahm rule was triggered. Our expectation is that we will not see another growth scare in the first half of this year, and we expect the hard data to continue to advance steadily consistent with ~2% real GDP growth. That said, if sentiment were to continue to weaken for another 2-3 months, then there would likely be a more apparent negative translation to the hard data.

**What we're watching:** Consumer & business sentiment, high frequency data on retail sales and job openings, policy details on tariffs/taxes/regulations, overall financial conditions

**Our view:** 1.75-2.25% (Q4 YoY) in 2025, 1.75-2.25% in 2026



### U.S. Inflation

Recent US inflation data has been highly volatile beginning with the January CPI, which came in well hotter than consensus expectations, but then followed by the January PPI, which showed a much tamer translation to PCE inflation for the month of January. The broader US inflation picture appears unchanged: on the one hand there continues to be areas of troublesome supply-driven inflation (egg prices, motor vehicle insurance, renewed car inflation), but at the same time the big line items typically associated with demand-driven inflation continue to normalize approaching the Fed's 2% target (wage inflation, shelter inflation, services inflation excluding transportation services).

We are making a minor tweak to our inflation outlook this month, specifically raising 2025 core PCE by 10bps (to 2.4%) but also lowering the 2026 outlook by 10bps (to 2.2%). This change is primarily driven by the fact that tariffs have ramped up faster than we initially expected, especially the 10pp tariff increase on imports from China. We still estimate that tariffs will have only a minor impact (+40bps) on US inflation in 2025 and 2026. So, the change to our inflation outlook this month should be seen as essentially a timing tweak as it pertains to the tariff impact, rather than a re-think of the overall size of tariff driven inflation this year and next.

**What we're watching:** Wage growth, shelter inflation, JOLTS data, tariff changes from the Trump Administration, commodity prices, home prices.

**Our view:** 2.40-2.60% (Q4 YoY) in 2025, 2.10-2.30% in 2026



All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## Eurozone Growth

After GDP flatlined in the fourth quarter of 2024, European growth data has stabilized at weak levels to start this year. The continent has been grappling with a lot of moving parts. The sentiment overhang from tariff uncertainty has continued to weigh on activity in the region, but recent positive developments on Russia-Ukraine ceasefire talks and hopes of increased government spending could be reasons to feel incrementally more positive on the region.

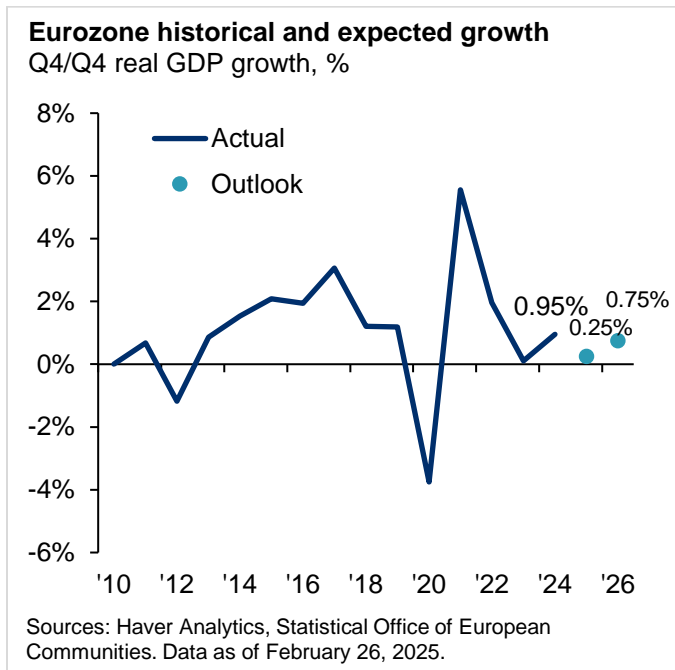
Estimates suggest that a potential ceasefire in Ukraine could lift real GDP growth by 0.25-0.50% this year. That potential boost, opposed with the well-documented hit from potential tariffs, introduces two-sided risks to our outlook. The German election outcome looks to be modestly positive for growth too.

Europe is also still contending with structural headwinds highlighted in the Draghi Report on EU competitiveness. Although policymakers are becoming increasingly conscious of these challenges, the continent lacks the required fiscal room and political cohesion to reverse Europe's fortunes any time soon. We therefore continue to see modestly positive growth in 2025 and 2026.

**What we're watching:** Real wage growth, trade policy.

**Our view:** 0.0-0.5% (Q4 YoY) real GDP growth in 2025

0.5-1.0% (Q4 YoY) in 2026



## Eurozone Inflation

Inflation has cooled meaningfully from its highs, and ECB officials have reiterated their confidence that disinflation is on track. Softening demand has played an important role in easing some of those price pressures, and we expect that to continue into 2025.

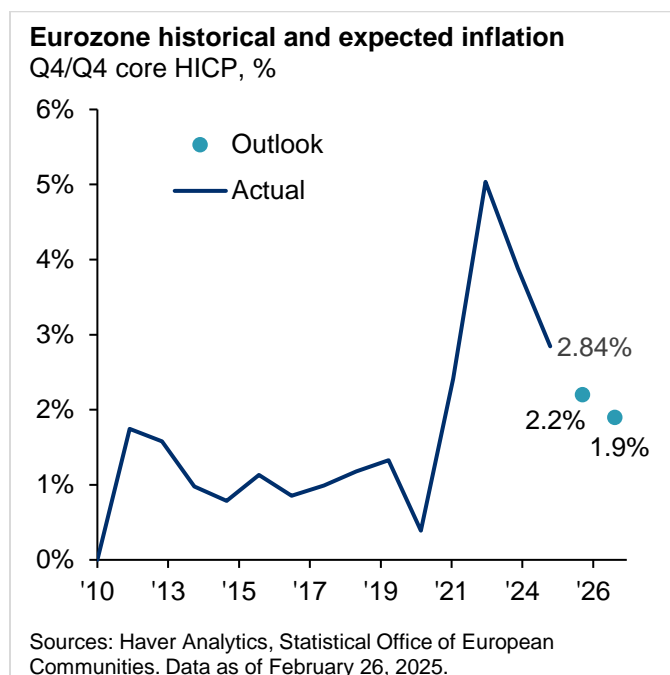
We had been tracking the sharp rise in gas prices since mid-December as an upside risk to inflation, but the reversal of those moves in February gives us comfort. More importantly for core inflation in our view, the ECB's estimate for pay growth in Q4 2024 fell sharply to 4.1% YoY and is expected to fall further in 2025. That should help to slow to roll on services prices, which have been consistently sticky at elevated levels since the end of 2023. Therefore, conviction in our Eurozone core inflation outlook has increased over the last month.

Services prices have similarly been on a cooling path in the UK recently. This is good news for the Bank of England given their emphasis on sticky services inflation for much of 2024, but an uptick in goods inflation in January will be important to monitor going forward.

**What we're watching:** Wage growth, energy prices, services inflation, business surveys.

**Our view:** 2.1-2.3% (Q4 YoY) core HICP in 2025

1.8-2.0% (Q4 YoY) in 2026



All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## China Growth

When examining China's economy, two key questions arise: Is confidence rebounding following President Xi Jinping's meeting with tech entrepreneurs and the release of Deepseek? And what insights will the National People's Congress (NPC) in early March provide? China does not release much economic data at the beginning of the year due to distortions from the long New Year holiday, leaving investors waiting until March for a clearer economic picture. On the first question, it is uncertain how much sentiment will improve as a result of the market rally and policy signals. The ongoing housing downturn continues to heavily influence consumer sentiment. Weak consumption has been a major factor contributing to economic sluggishness. With policy becoming more supportive and an equity rally potentially creating a wealth effect, consumption will be a key factor to monitor.

The upcoming NPC meeting is expected to continue the policy shift towards accommodative fiscal and monetary policies, with a focus on boosting consumption and social welfare. Key numeric policy targets include maintaining an annual growth target of around 5%, increasing the budget fiscal deficit to around 4% of GDP, and setting a new record high for government bond issuance. The State Council work report will prioritize boosting domestic demand, promoting innovation and productivity, and stabilizing the housing market. Despite tariff increases from the US, no major revisions are anticipated, though future policy adjustments may occur if US-China relations worsen significantly.

Recent data reveals some encouraging signs of recovery. Consumer prices have shown signs of revival, with CPI rising in January. Additionally, credit data indicates improvement, as January witnessed a surprising rebound in lending activity. Although bank lending demand has steadily declined over the past two years, with some months last year recording historically low credit flows, the recent uptick suggests a potential turnaround. In the housing market, while prices continue to trend downward, there are emerging positive signs in sales data. Sales volumes have increased year-on-year, indicating that the prolonged sales downturn may be reaching a bottom.

**What we're watching:** March data; the NPC; trade policy

**Our view:** 4.2-4.7% in 2025 (Q4/Q4), 4.2-4.7% in 2026

## China Inflation

China's January inflation data met expectations, with CPI inflation rising to 0.5% year-on-year, largely due to the Lunar New Year (LNY) effect. Despite this uptick, underlying deflationary pressures persist, as evidenced by a fifth consecutive monthly decline in seasonally adjusted CPI. Food prices showed modest increases, while non-food CPI and service prices experienced LNY-related spikes. PPI deflation continued at -2.3% year-on-year, reflecting easing in industrial metals and construction materials prices. Looking ahead, deflationary pressures are expected to persist, with CPI inflation expected to average 0.2% in 2025. Policy measures to boost consumption, including trade-in subsidies and support for low-income households, are anticipated to mitigate these challenges, though the scale may fall short of investor expectations.

**What we're watching:** the NPC; demand-side stimulus.

**Our view:** 0.5%-0.7% (Q4 Y/Y) Core CPI in 2025, 1.3%-1.5% in 2026.



All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## EQUITY VIEWS

### U.S. Equities

**Several micro and macro concerns in February have led to risk-off trading behavior in U.S. equities.** After ending January on a sour note due to the DeepSeek revelations, markets took on a more defensive tone amid comments from Microsoft, a decline in U.S. consumer confidence and dip in ISM Services surveys. Policy uncertainty and a dip in bond yields propelled a “growth scare” narrative that has overwhelmed the very positive results and commentary coming out of Q4 earnings reports. While now backward looking, the significant Q4 growth of ~18% for the S&P 500 was dramatically higher than the 11.5% estimate coming into the year. Growth was broad across sectors, even though Financials were the star. While 2025 estimates have remained stable, we remain confident that a further 12% growth in earnings is in store for calendar 2025. With earnings as our “north star”, when we filter out the noise, we remain optimistic that U.S. exceptionalism can continue.

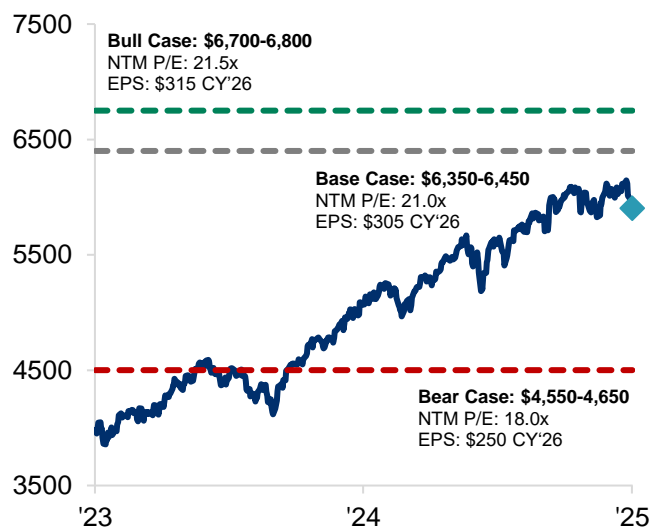
**How would we invest now?** Our optimistic view on the broad U.S. markets is maintained as we reiterate our end of 2025 base case outlook of \$6,400. The target is driven by a 21x P/E on CY2026 EPS estimates of \$305. We factor in an ~5% compression in valuation that is more than offset by the 12% earnings growth we expect in 2025 and 10% growth in 2026. Earnings are supported by our bottom-up research of companies and the pro-business environment we anticipate. We remain positive on buying the dips in the broader market while searching for alpha in sectors and individual securities.

Given the weakness in the Technology sector the last few weeks and the high-teens EPS growth we expect, we reiterate our positive stance. Secular growth from AI is evolving as costs for using the technology comes down. We believe the prior leaders will do ok, but users and use cases will expand, helping create some new winners beyond the Mega cap names. We see cyclical growth as remaining slow, even though inventories have finished bleeding down. This sets the reasonably-priced, predictable growth cohort for success. This includes the Industrial sector, where recent data has been slightly more positive across automation, factory orders and general “short cycle” segments. The sector outperformed in January, languished in February, and looks good for incremental investments again. Utilities offer some defensiveness in the current environment where investors have taken a “glass half empty view”. Being almost exclusively domestic, with rising growth rates, stable and high dividend yields, and low valuation should help the sector continue to

outperform. Lastly, we reiterate our positive stance on Financials into conference season starting in early March. While early year M&A growth has been modest, lending and credit metrics have surprised to the upside. De-regulation and capital return strategies are forthcoming keeping us interested in this sector. While we remain neutral on Healthcare, we’d take profits in Medical Devices, reflecting the much higher valuations accorded to that segment’s largest cap names. This group’s valuation has expanded too far, reflecting the segment’s low exposure to tariff and RFK policy concerns.

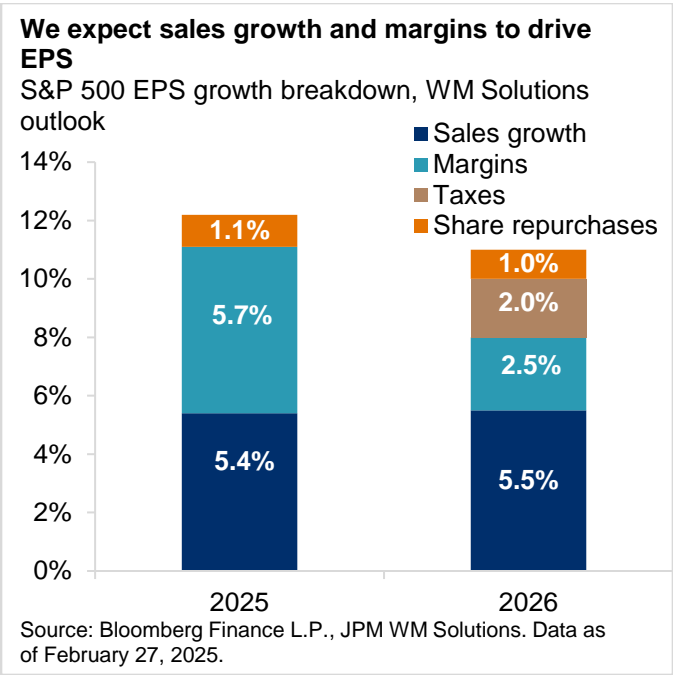
**Our view:** S&P 500 base case targets \$6,350-\$6,450 by year end 2025.

#### **We see the S&P 500 reaching \$6,400 by YE 2025** S&P 500 vs JPM WM Solutions Base, Bull and Bear



Source: Bloomberg Finance L.P., JPM WM Solutions. Data as of February 27, 2025.

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to “Definition of Indices and Terms” for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.



All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to “Definition of Indices and Terms” for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.



## Europe Equities

The Euro Stoxx 50 is up over 10% year-to-date, marking a very strong start to the year. The majority of this movement is valuation-driven. At the end of last year, the Euro Stoxx 50 was trading around 13.5x NTM P/E and has re-rated to 15x this year. Importantly, the discount to the S&P was as high as 40% at the end of last year, which is higher than the 30% 5-year average. The discount has somewhat normalized now, as Europe trades at a 30% discount. Several factors have impacted the European market this year: softer communication on tariffs from the US administration (so far), a better-than-expected earnings season, and a potential ceasefire in Ukraine.

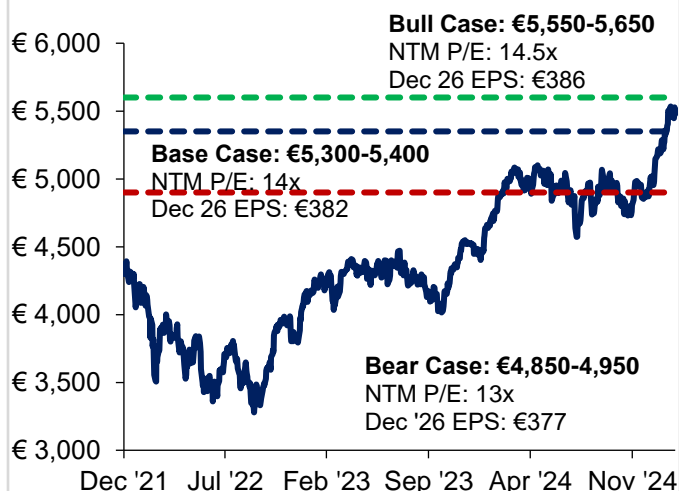
We are increasing our Euro Stoxx 50 outlook to EUR 5,300-5,400 this month, but note that we don't see any upside at the index level, which is currently trading above EUR 5,400. We are increasing the multiple to 14x from the previous 13x, as we were quite conservative before and now bring the multiple closer to the 10-year average. We anticipate mid-single-digit earnings growth in '25 and '26.

We remain selective in Europe. Three sectors that we continue to favor are industrials, technology, and luxury. We believe that European defense spending will continue to rise, addressing years of underspending. Following the recent German election, Germany is considering approving EUR 200 billion in defense spending. The UK also aims to increase defense spending to 2.5% of GDP by 2027. We think that European countries will discuss increasing defense spending to 2.5%-3% over the next few years. We also continue to recommend industrials due to their exposure to electrification and data center spending. We are optimistic about providers of information and analytics, given their recurring revenue streams and their exposure to the growing AI trend. We continue to favor the technology sector, focusing on software and semiconductor equipment companies that are benefiting from AI innovation and integration. We retain a preference for luxury goods names, given their focus on the high-income consumer group where demand is likely to recover. We focus on luxury companies with leading market positions and strong brands in both soft and hard luxury.

**Our view:** Base case €5,300-5,400 by end 2025, bull case €5,550-5,650 and bear case €4,850-4,950.

### We see the Euro Stoxx 50 reaching €5,300-5,400 by YE-2025

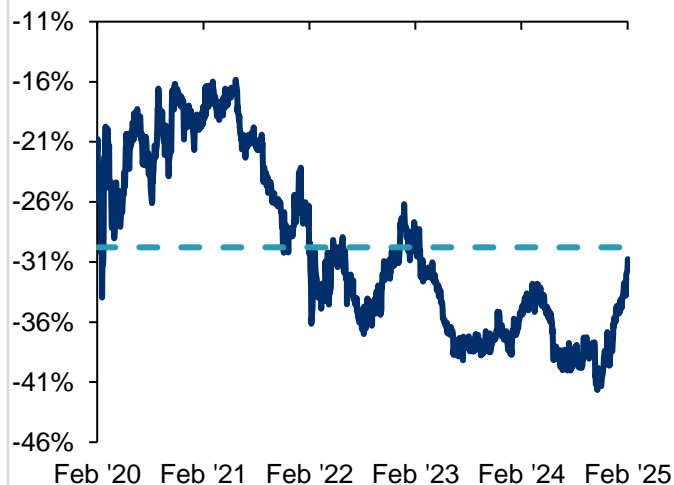
JPM PB Base, Bull and Bear cases



Source: Bloomberg Finance L.P. Data as of February 27, 2025.

### European equities have traded at a considerable discount to U.S. equities at the end of '24

Euro Stoxx vs S&P 500 NTM P/E discount, %



Source: Bloomberg Finance L.P., J.P. Morgan WM Solutions. Data as of February 21, 2025.

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## Asia Equities

Asian equities had a strong month, driven by Chinese tech companies that are perceived as key beneficiaries and enablers of artificial intelligence in China. This surge follows the successful release of DeepSeek's-R1 model, which has become the fastest application to surpass 30 million daily users in China's history. This milestone appears to be accelerating AI adoption in China, with Alibaba notably announcing capital expenditures for fiscal year 2026 that are estimated to be four times greater than those in fiscal year 2025. Although Chinese economic growth remains modest, the rapid adoption of AI could spur new earnings opportunities for select companies. We recognize a plausible divergence between certain segments of the Chinese equity market and the broader macroeconomic landscape. However, Chinese tech companies are currently technically overbought, and we anticipate a market pullback. Consequently, we have revised our MSCI China trading range upward to 67-77.

Japanese equities remain our top preference in the region. The earnings season has been notably strong, with earnings growing by 26% compared to the expected 7% in the December quarter, and fiscal year 2025 (ending in March) guidance has been revised upward by 4-5%. The breadth of earnings revisions is also decidedly positive, supporting our expectations for earnings growth of 9% in 2025 and 8.5% in 2026. The market remains attractively priced. Reflation is ongoing, and another year of 4-5% wage increases seems likely. As the fiscal year concludes in March, it is traditionally a time for companies to announce additional capital returns to shareholders and implement further governance changes ahead of the annual general meeting season in June.

In India, while some macroeconomic indicators related to government expenditure have turned more positive and the Reserve Bank of India began cutting rates in February, corporate earnings remain subdued. For the December quarter, earnings grew by 10% year-over-year, falling short of the 11% expectations, with downgrades significantly outweighing upgrades. We anticipate a further 2-3% correction in earnings on the downside. Although monetary policy is becoming more accommodative, fiscal policy remains prudent. It is expected that there will be slight reductions in public capital expenditure to facilitate tax cuts

for the middle class and support consumption. In the medium term, we remain optimistic about Indian equities but foresee a more favorable entry point in the coming months.

**What we're watching:** China Two Sessions/NPC in March 2025, earnings announcements across HK/China. Further AI developments in China.

### Our view:

**MSCI AxJ:** YE 2025: 770-800 (P/E 13.0x)

**Topix:** YE 2025: 3,075-3,175 (P/E 14.75-15.25x)

**MSCI China:** YE 2025: 73-77 (11.5x)

**CSI 300:** YE 2025: 3,900-4,100 (P/E 12.5x)

**MSCI India:** YE 2025: 3,180-3,260 (P/E 22.0x)

**MSCI ASEAN:** YE 2025: 685-705 (P/E 13.5x)



All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.



## RATES VIEWS

### U.S. Rates

We now pencil in two cuts from the Fed by the end of 2025 (vs. three in our prior publication) as we now see it taking slightly longer for inflation to move closer to 2%. Nevertheless, we continue to believe with high conviction that the FOMC has an asymmetric reaction function. If the economy remains strong and inflation sticky, policy rates will be held at current levels for longer; whereas policy rates will be reduced (swiftly) if the economy were to weaken unexpectedly.

When it comes to the Treasury curve, we expect 20-30bps of steepening over the next year, led by a decline in short-dated yields as Fed policy continues to normalize. We do not see significant value in the long-end of the curve at current levels, but would become more constructive on duration should the 10-year yield approaches 4.75-5.00%.

**What we're watching:** Fiscal, immigration and trade policy, labor market indicators, consumer spending.

**Our view:** 10Y: 4.45% by year-end 2025



### Europe Rates

Faced with a backdrop of subdued growth and easing price pressures, markets continue to position for the European Central Bank to cut rates below 2% in 2025. That is aligned with our outlook for a terminal rate of 1.75%, which is on the low end of the ECB's "neutral" rate estimate at 1.75-2.25%. Despite seemingly greater confidence over the path for policy rates, European bond yields have lagged the recent sharp drop in U.S. yields. That keeps us confident that this seems to be an attractive entry point for core European duration. Non-core government debt could also provide a yield pick-up amid stronger domestic conditions.

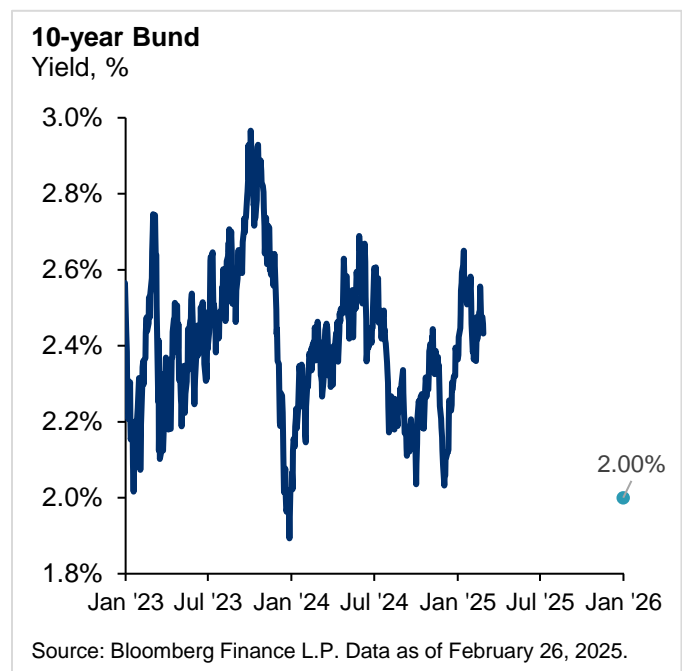
The Bank of England meeting in February also seemed to tilt more dovish. Two of the nine MPC members voted in favor of a 50bps cut (rather than the 25bps delivered), and the statement was more balanced. We continue to see quarterly cuts towards 3.75% by the end of 2025. Gilt yields are notably higher than their historical relationship U.S. yields and BoE pricing would imply.

**What we're watching:** U.S. trade policy, wage growth, incoming activity data, and Budget plans.

**Our view:**

10Y Bund: 2.00% by year-end 2025

10Y Gilt: 4.00% by year-end 2025



All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## CREDIT VIEWS

**U.S. Credit:** Since the middle of February, as sentiment indicators have softened a touch, 10-year treasuries have been on a quick rally to the 4.3% range. The market remains between the tug and pull of potential for pro-growth (de-regulation/pro-business) and inflationary policy (tariffs) and the potential fiscal drag from a fiscal adjustment (DOGE) with overall valuations in almost any asset class (credit or equities) near historical highs. Hence, the swift move in rates seems quite rational in light of a few weaker data points. Overall, we remain of the view that the economy is fairly balanced and growth will remain healthy with a structurally higher inflation rate than pre-pandemic.

The rate rally is juxtaposed with heightened risks of a backup, given concerns about inflation reigniting following intensified tariff talk on Wednesday. Tariffs are currently expected to be 25% on Canada and Mexico, potentially 25% on the EU, and 10% on China. Interest rate uncertainty is heightened (MOVE index +15% over the last week). The curveball will be if we go fast in either direction.

**Given the appreciation in the long end, we view this as a potential opportunity to trim duration and position portfolios more defensively in the event of a backup,** focusing on the 3-7 year part of the curve. We expect a strong economy in 2025, and we anticipate that investors will be able to earn their carry and U.S. spreads should hold in relatively well this year. Regardless, shorter duration also positions us well against potential spread widening (we have seen some incremental +20bps widening in high yield over the last month), though we are still very close to historic highs. A good active manager can help you select credit investments that will perform well in the current environment and avoid those exposed to key risks and uncertainties. There are still some idiosyncratic opportunities across the junior subordinated space (preferreds and hybrids) as well as some US HY issuers. **Overall, we remain neutral across most credit segments, but see attractive yields in municipals. We still see Preferreds and Hybrids as our preferred choice in extended credit, but some idiosyncratic HY opportunities exist.**

We are also seeing some opportunity in the MBS space with securitized products offering spreads closer to their historical medians. While CMBS spreads are one of the wider segments of the markets given still depressed CRE valuations, spreads in MBS are also closer to their historical median versus core fixed income asset classes, which may present an opportunity in the space.

### What we're watching:

- **Core Fixed Income:** We favor Investment Grade and Municipal bonds in the credit space. We see some opportunity in securitized products (MBS).

- **Extended Credit:** We expect carry-like returns of ~7% going forward.
- **Duration:** We prefer shorter duration (3-7 years) in IG but find value in Municipals across the curve.

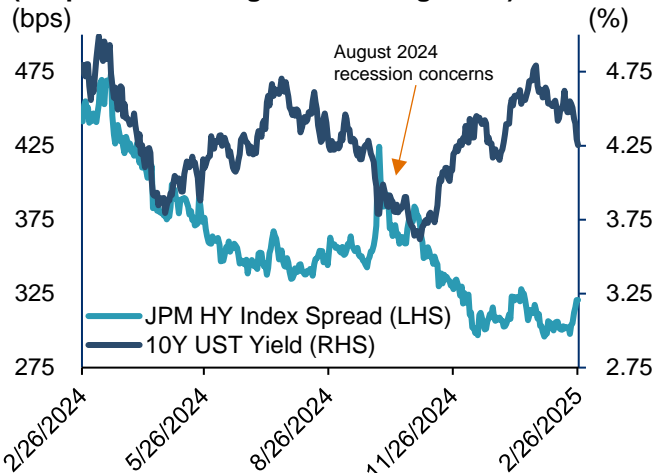
### Our view:

US IG (Spread): Base 100bps, Recession 250bps, Stronger for longer 150bps +/- 25bps by 12/30/2025.

US HY (Spread): Base 330bps, Recession 700bps, Stronger for longer 525bps +/- 25bps by 12/30/2025.

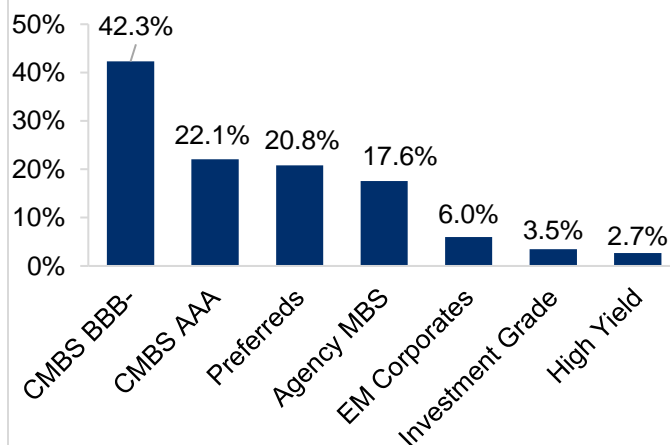
Municipal (Ratio): Base 75bps, Recession 115bps, Stronger for longer 85bps +/- 25bps by 12/30/2025.

### Rates Rally, spreads still near all time highs (despite some marginal widening in HY)



Source: Bloomberg Finance L.P., Data as of February 26, 2025

### Spread Percentile Today vs 10Y history

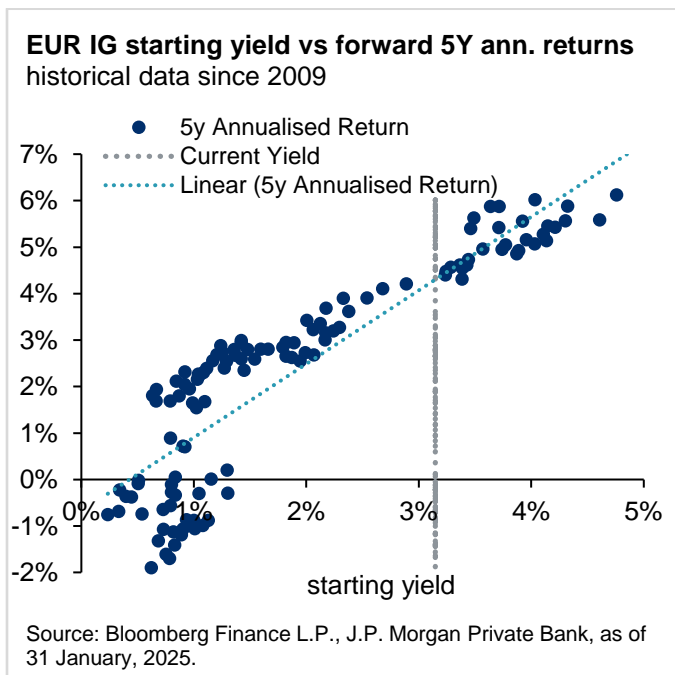


Source: Bloomberg Finance L.P. and JP Morgan Data Query. Data as of December 2024

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

**European Credit:** European Credit markets have experienced further credit spread tightening – both for Investment Grade and High Yield – with ~15 and ~30 bps YTD spread compression at the respective index levels. EUR IG index credit spread is just a few bps away from the all-time historical tight, EUR HY, at its tightest level since 2018.

Although we are more positive on the European macroeconomic outlook than we were in December in light of the expected stabilization of the geopolitical backdrop, we still expect modest spread widening from these recent historical tight for both EUR IG and HY spreads – on the sentiment of continued economic growth uncertainties and the potential impact of trade agreement negotiations on supply chains. **We expect carry-like net returns for 2025**, driven by our views on EUR rates declining faster than priced in to support the already relatively more challenged EUR area economies. **European issuers' fundamentals remain healthy** as demonstrated by FY'24 results, and technicals remain supportive given the all-in yield levels. Starting yield is often the best predictor of returns, and EUR IG yields over 3% handle provide good carry:



**What we're watching:** We are monitoring the developments for the European Automotive space in light of weaker global demand, low capacity utilization, tighter CO2 regulations, and increased Chinese BEVs competition. We remain comfortable with select Investment Grade national champions, given the negative net leverage they are

operating with and significant amounts of liquidity held on their balance sheets.

**European Corporate Hybrids: High-Yield-Like Returns from Investment Grade Issuers, >4% yields in EUR** Corporate Hybrids are favored for locking BB-like yields without increasing credit risk, staying within solid Investment Grade companies. Dominated by strong IG-rated national champions, these issuers use hybrid capital to support credit ratings and improve their overall cost of capital. EUR Corporate Hybrids currently offer on average a spread pick-up of ~90bps compared to senior curves. We remain selective, focusing on robust credit metrics and strong operating results, favoring structures with lower extension risk to comfortably take on subordination risk for yield pick-up.

**Subordinated European Insurance: very high credit quality even at subordination, high-3% yields in EUR** Insurance companies issue limited amounts of Senior debt given their "self-funded" business models (policy premiums), most of their publicly traded debt is comprised of Tier 2, which enables them to comply with capital requirements. Solvency metrics are expected to remain strong despite significant upticks in losses from LA wildfires (20-40% of FY2025 catastrophe budgets for European Reinsurers, according to Fitch) – driven by effective underwriting and increased investment income. We particularly favor AA-rated insurers at the Senior level, whose Tier 2 papers fall within the single-A credit quality segment and trade ~70-80bps wider to the broader A-rated Senior EUR Index.

**European Banks: we see best value across Senior curves, and can lock in mid-3% yields in EUR.** FY'24 European Banks' earnings demonstrate continuous solid operational performance (stable NII, strong commissions & fees performance, low cost of risk), robust capital ratios, and improving health of the loan books with declining NPL ratios – thus we continue to be comfortable with European Banks across the capital structure. Given tighter spread pick-ups from Senior Bail-In to Tier 2 – down to 40bps on average now – on a relative value basis we broadly favor Senior Unsecured/Non-Preferred bank paper for any additional exposure, but remain comfortable holding existing Tier 2 allocations given the robust credit health of European Banks.

#### Our View:

EUR IG (spread): 115bps (+/- 25bps) by YE'2025

EUR HY (spread): 350bps (+/- 25bps) by YE'2025

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

**Emerging Markets (EM) Credit:** At a knife's edge, EM remains at the mercy of US trade policy, and it remains to be seen what the administration will ultimately decide as we write this view. Despite one's particular views on whether the Trump administration imposes reciprocal tariffs, light tariffs, or excessively punitive tariffs, absent a few idiosyncratic situations, much like the rest of credit markets, the EM complex remains expensive on a spread basis.

Venezuela had been in the news as the expectation of some form of negotiation was being touted by pundits, which would enable a debt restructuring and a recognition of the current administration. Such hopes were quickly dashed as the Trump administration revoked the Biden administration's order granting a concession to Chevron for oil production in the country. This is relevant to the region as it confirms the current administration will likely remain hard-nosed with left-leaning governments that prevail around the region.

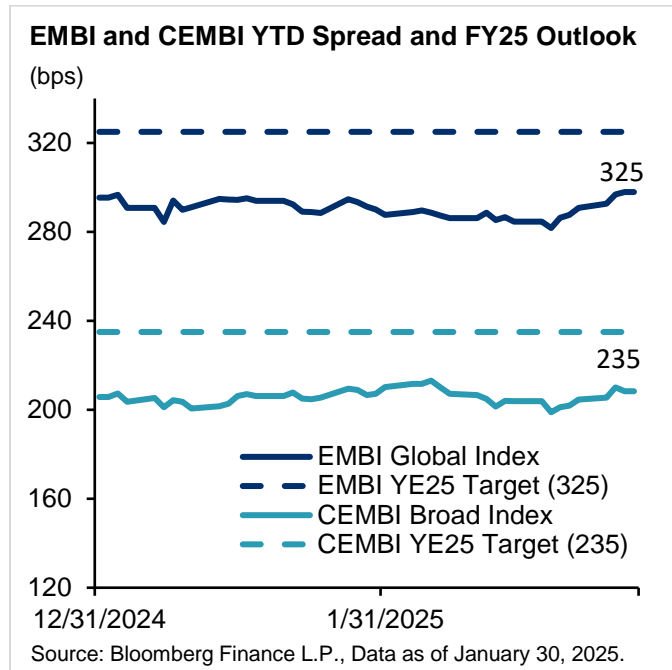
The new issue market has picked up, providing plenty of space for refinance activity for all emerging markets issuers, which sets up the space to be able to weather a bad environment in the future fairly well. Turkey remains one of the countries where we still see value in corporate credits as spreads remain relatively attractive and the overall fundamentals of the issuer are superb.



Overall, we maintain a neutral stance on the complex. While the U.S. interest rate environment and the ongoing commercial tensions between China and the U.S. pose

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

risks, the growth potential within these markets remains supportive. As U.S. long-end interest peaks, we will see opportunities arise in the space.



#### What we're watching:

**Energy credits:** EM continues to have some of the best spread pickup in energy, given the overall aversion to the region in a financial conditions tightening cycle. The challenge is that sovereign control of energy producers limits upside; however, we still see spreads as compensating for these risks.

**Corporate hybrids:** As with the developed world, some of the corporate hybrids in EM from investment-grade issuers offer HY-like yields with less cyclical fundamental risk and solid balance sheets.

**Contrarian trades:** Sometimes buying the best house in a bad neighborhood can often give above-expected returns. We see opportunities in certain Turkish corporates that can potentially offer outsized returns for the quality of the business and strength of the balance sheets.

#### Our view:

**EMBI (Spread):** Base 325bps, Recession 570bps, Stronger for longer 470bps +/- 25bps by 12/30/2025.

**CEMBI (Spread):** Base 235bps, Recession 470bps, Stronger for longer 400bps +/- 25bps by 12/30/2025.



**Asia Credit:** In February 2025, Asia credits performed well, with Asia Investment Grade (IG) delivering +1.46% and Asia High Yield (HY) delivering +2.39% return, respectively. The Year-to-Date (YTD) return is now at +1.85%/+2.36% for IG/HY, respectively. Improved sentiment in February was driven by eased liquidity concerns in the real estate sector in China and Hong Kong, India's loosening lending standards (positive for Non-Banking Financial Companies), and strong earnings by Asian banks, which eased concerns about asset quality risk. Our strategic preference leans towards Investment Grade over High Yield credits in the Asia market, driven by concerns over potential tariff risks and the persistent defaults impacting the high-yield sector. Our key focus is Japan lifers, G-SIBs in Asia, and India Growth.

**Asia Investment Grade (IG):** While we anticipate a modest widening of spreads attributable to tight valuations and potential tariff risks, an absolute yield of 5.11% coupled with a duration of 4.69 is expected to deliver a decent carry return. The technical landscape remains robust, underpinned by Chinese investors' preference for higher yield in USD compared to lower onshore yields, in addition to issuers' refinancing onshore maturities due to the lower local yield environment, creating a supply-demand imbalance.

Our top picks in Asia IG include Japanese life insurers, Asia Global Systemically Important Banks (G-SIBs), and China TMT. We maintain a neutral stance on Hong Kong, India, and Indonesia IG due to balanced risk-reward dynamics. We view valuations for Chinese State-Owned Enterprises (SOEs) and Korean credits as tight.

**Asia High Yield (HY):** We anticipate a modest widening of spreads; however, the risk-reward profile in Asia's high-yield (HY) market is becoming more balanced following record defaults in recent years. The index's exposure to Chinese property has significantly decreased from over 40% pre-2020 to 8.9% currently, leaving a higher quality cohort of issuers. Consequently, we expect the default rate in Asia HY to decline further in 2025, with carry being the primary source of returns.

Our top picks in Asia HY include Indian HY credits across the commodity, financial, and renewables sectors due to their long-term growth potential. Additionally, we favor Macau gaming, given its stable credit profile. We also see select opportunities across Indonesia and Japan High Yield. In contrast, we anticipate continued volatility in Hong Kong's real estate sector, driven by elevated spreads and ongoing

headlines. However, potential interest rate cuts by the Federal Reserve and Chinese stimulus could provide support. We remain selective in Chinese property, as this sector is likely to experience the majority of defaults.

### What we're watching:

**Japan Lifers Hybrids:** With an average rating of A, an approximate yield of 5.76%, attractive valuation, relatively low volatility, and a strong call history, these continue to be a focal point.

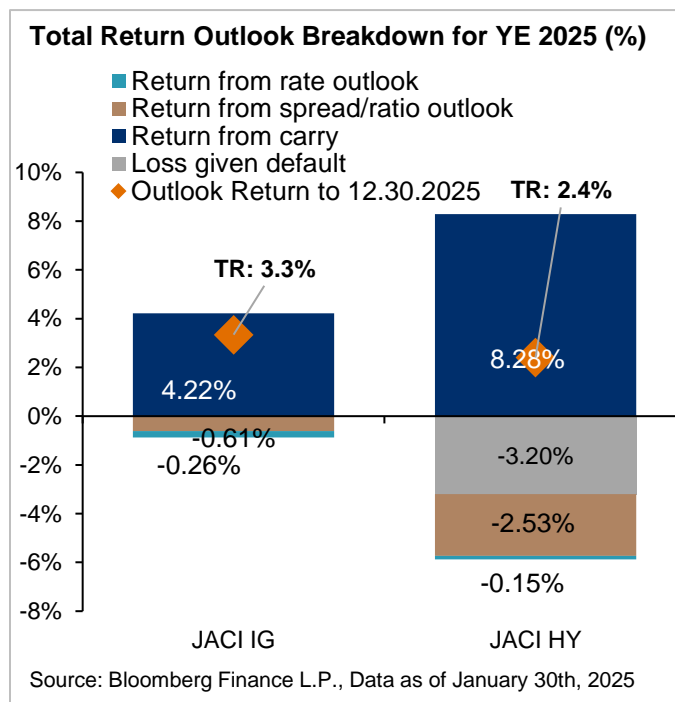
**G-SIBs in Asia:** Solid IG credit with global business, minimal US commercial real estate exposure, wide range of selection across tenor and capital structure.

**India Growth:** Long-term growth prospects, supportive infrastructure policy, and strong technical support make this a key area of interest.

### Our View:

Asia IG (Spread): Base 90bps, Recession 275bps, Stronger-for-longer 200bps +/- 25bps by 12/30/2025.

Asia HY (Spread): Base 675bps, Recession 1000bps, Stronger-for-longer 900bps +/- 25bps by 12/30/2025.



All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## FX VIEWS

### US Dollar

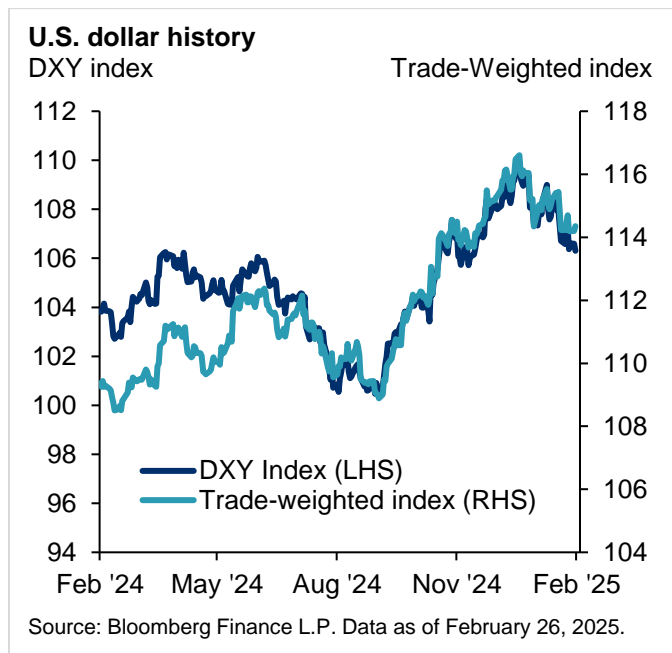
We stay bullish USD in 2025. Concrete action on tariffs has been slow, but so long as that uncertainty is out there, we expect it to weigh on global manufacturing, business investment and growth. That, along with more accommodative U.S. fiscal and regulatory policies and a shallower Fed cutting cycle, all point to a prolonged period of U.S. growth and rates exceptionalism that should support the greenback well through the year.

In particular, tariffs may disproportionately drag on growth in China, Europe, Canada, Mexico, and other economies with high exposure to US imports, relative to the U.S. economy. As such we continue to favor the dollar over tariff sensitive FX like EUR and CNH.

Recent rotations from concentrated global positions in U.S. tech to international markets, in part due to concerns the advent of Deepseek may lower U.S. capex and long-run interest rates, have led to a pullback in the dollar. However, as core pillars of U.S. exceptionalism remains intact, we expect further downside to be limited.

**What we're watching:** U.S. growth momentum vs. rest of world, Fed policy expectations, risk sentiment.

**Our view:** DXY: 107 (105-109) by year-end 2025



### Euro

The Euro outlook remains fraught. A weak growth backdrop, dovish central bank, and heightened trade and political uncertainty are not a recipe for currency strength.

Talks over a Ukraine peace deal and increased fiscal spending in Europe may lead to a temporary sentiment relief. However, we would need to see a clear deterioration in U.S. growth expectations or a pick-up in European growth momentum, to turn more bullish on the currency. That could start to come through in the second half of 2025 but so far there has been little evidence of the two regions reconverging. We think EURUSD continues to trade within our 1.02 – 1.06 outlook range with risks skewed to the downside.

EUR remains a preferred short and funder within the G10 space. We would look to express that view against USD, GBP (high beta, high carry), and currencies with more hawkish central banks like JPY and AUD.

**What we're watching:** Eurozone vs. U.S. growth momentum. Fed vs. ECB policy. Trade tensions.

**Our view:** 1.04 (1.02-1.06) by year-end 2025



All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to “Definition of Indices and Terms” for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

### British Pound

Sterling was amongst the top performing G10 currencies in February after a sharp drop on fiscal concerns to start the year. Recent strength has been supported by a stabilization in UK growth data and the rally in international stocks.

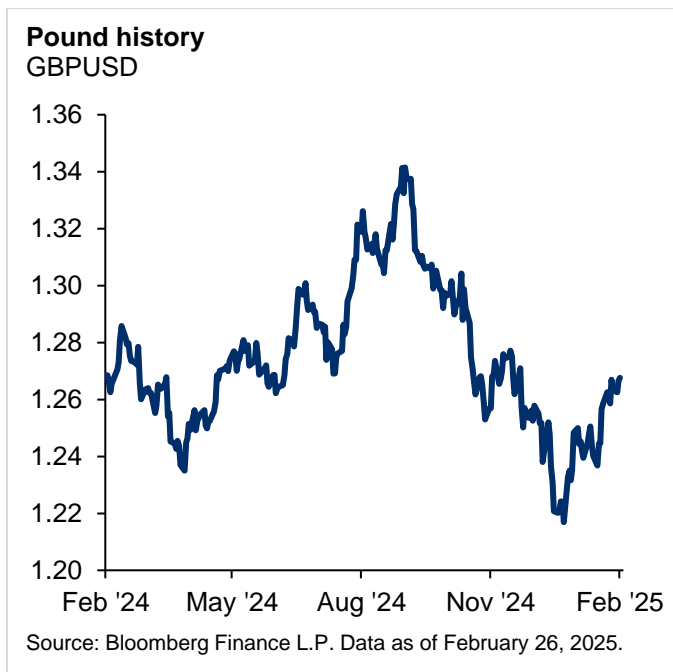
From here, GBP is likely to remain one of the highest yielding currencies within G10. However, the “quality” of that carry has been deteriorating as growth indicators have turned less constructive. The Bank of England also hinted at its February meeting that rate cuts could come sooner than the market expected. That paints a slightly bearish picture relative to USD at current levels.

We expect GBPUSD to trade in the mid-1.20s for much of the year. We have a preference for converting GBP into USD above 1.26 for those with needs in dollars.

Short EURGBP had been a preferred position, and we maintain that view over a 6-12 month time frame. However, the 0.82 level may act as a technical support over the near-term after the recent sell-off in the pair.

**What we’re watching:** UK PMIs, BOE trajectory, global risk sentiment, Gilt yields, fiscal concerns.

**Our view:** 1.25 (1.23-1.27) by year-end 2025



### Swiss Franc

We expect the Franc to trade in a range of 0.86 – 0.92 against the dollar for much of the year. A US terminal rate near 4% vs. near-zero rates in Switzerland creates a high bar for CHF strength vs. USD. That said, domestic growth momentum recently stabilized albeit at low levels. With policy rates at 0.5%, space for the Swiss National Bank to cut rates further is also limited. We prefer to use CHF as a tactical funder for USD or GBP based investors with entry levels around 0.86-0.88.

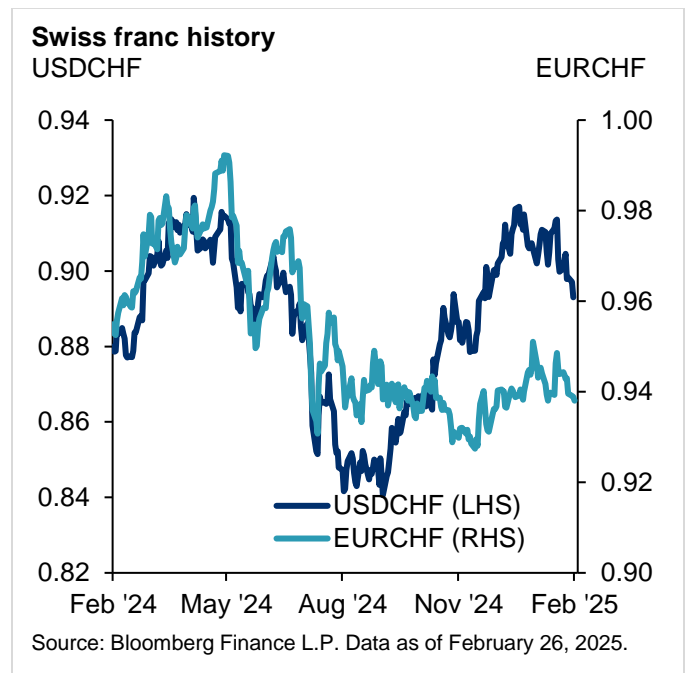
Over the medium term, the franc could see more support, especially against EUR, given weak growth momentum on the continent and as ECB rates fall nearer to those in Switzerland.

**What we’re watching:** European growth, broader risk sentiment, Fed policy expectations.

**Our view:**

USDCHF: 0.89 (0.87-0.91) by year-end 2025

EURCHF: 0.93 (0.91-0.95) by year-end 2025



All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to “Definition of Indices and Terms” for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.



## Japanese Yen

The yen had an idiosyncratically strong month as long-end JGB yields reached new highs. Repatriation flows started to emerge on the back of increased attractiveness of JPY denominated bonds.

We maintain a neutral outlook on the yen. Historically, the spread in interest rates between Japan and the US explains 80-90% of the movement in USDJPY. That correlation has been inconsistent over the past two years due to carry trade related pressure. But with JGB yields on the rise and carry trades becoming less appealing, the correlation will likely re-establish. Since we expect the Bank of Japan to maintain a gradual approach to policy normalization after January's well-telegraphed hike, and long-end U.S. yields to trade relatively sideways, USDJPY will likely continue to trade rangebound for now.

Long JPY positions vs. tariff sensitive FX like EUR and CNH could serve as effective hedges against risk-off outcomes, however. We are also increasingly comfortable with investing in Japan equities without an FX hedge.

**What we're watching:** USD yields, Japan inflation, BoJ policy guidance.

**Our view:** 155 (152-158) by year-end 2025



## Chinese Yuan

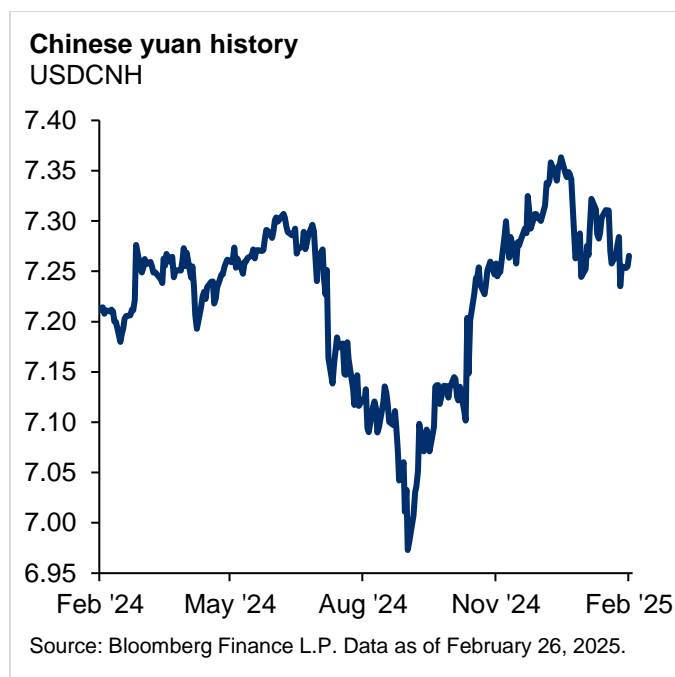
The Yuan strengthened on the month given positive spillover from equities and USD pullback. The strength may be short-lived, as inflows into China equity are expected to focus on AI beneficiaries in the offshore market. What matters for the Yuan is the potential for inflows into the onshore market, which we expect to be limited.

We expect a weaker CNH with higher volatility from here. Geopolitical risk premium will likely dominate over the next 6-12 months, with a high degree of uncertainty over levels and scope of tariffs implemented. During the 2018-2020 trade war, CNH weakened by as much as 15% against the USD from peak to trough, about one-for-one with the increase in effective tariff rates that the U.S. imposed on China. While Beijing will likely respond with a step-up in policy stimulus, implications could be mixed on the currency as more aggressive monetary easing means a wider carry disadvantage for the yuan.

We encourage investors with long CNH exposure to hedge. It could also be used as a funding currency to participate in opportunities elsewhere.

**What we're watching:** US-China trade tensions, China policy moves, capital flows.

**Our view:** 7.40 (7.30-7.50) year-end 2025



All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## G10 Commodity FX

The commodity bloc came under pressure into 2025 given USD strength and central bank divergence.

**CAD:** Bearish. Weak domestic conditions and significant tariff risks to keep CAD under pressure in the near-term. 1.45 remains a key resistance level to watch for a potential break-out higher in USDCAD.

**AUD:** Constructive. Reserve Bank of Australia started rate cuts but tones remained hawkish, and the easing cycle could be one of the shallowest in G10. That said correlation to China and spillover effect of potential universal tariffs on commodities could weigh on AUD.

**NZD:** Bearish. RBNZ has stepped up the pace of easing. Labor market weakness and continued disinflationary trends should keep policymakers firmly in easing mode.

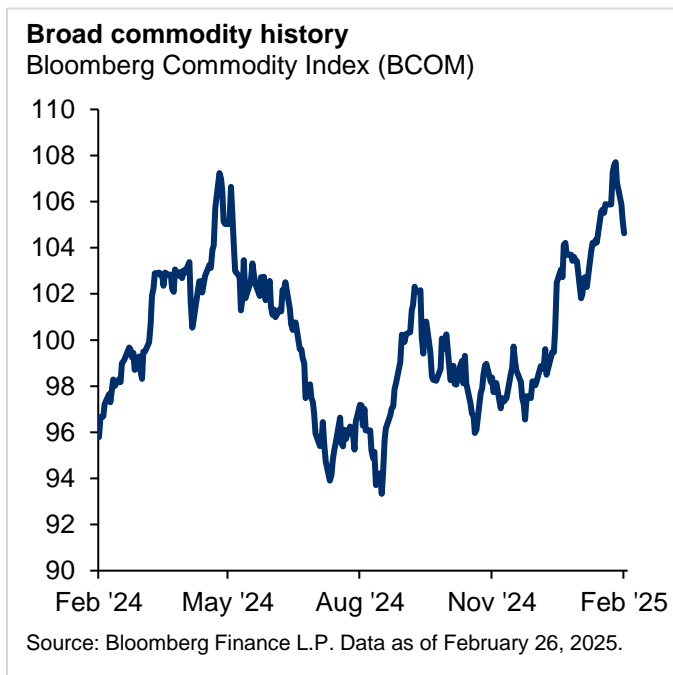
**What we're watching:** Commodity prices, global growth outlook, central bank divergence

### Our view:

CAD: 1.38 (1.36-1.40) by year-end 2025\*

AUD: 0.65 (0.63-0.67) by year-end 2025

NZD: 0.60 (0.58–0.62) by year-end 2025\*



## Scandi FX

Scandis have been among the best performers in G10 versus the dollar year-to-date. That has been supported by improving domestic conditions and ample fiscal room, despite falling energy prices. Those pillars remain in place, but SEK in particular could face tactical headwinds on further rallies towards 11.00 in EURSEK:

**NOK:** Neutral. NOK remains supported by strong domestic conditions, Norges Bank's hawkish tone, and overall risk sentiment. Expect more strength, but risks arise from our view that oil trades lower. Fade moves in EURNOK towards 12.

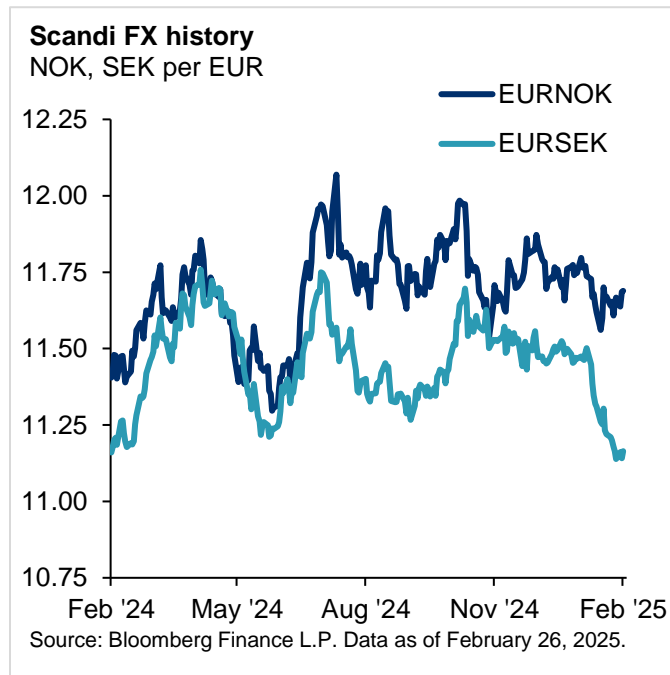
**SEK:** Neutral/Bullish. Riksbank's earlier and larger cuts, along with Sweden's fiscal space, paint a constructive picture on SEK via the growth channel. Potential for tactical headwinds after a near-3% rally in February, but we maintain a positive view over the measure of 2025.

**What we're watching:** Commodity prices, European growth, domestic growth, and central bank developments.

### Our view:\*

EURNOK: 11.00 (10.80–11.20) by mid-2025

EURSEK: 11.10 (10.90–11.30) by mid-2025



\* JPM Investment Bank Outlook

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## Emerging Market FX

Heightened political and tariff risks amid a prolonged strong dollar environment puts further pressure on EM FX.

**Latam:** Pressure could be prolonged as tariff and political risks flare up in the region causing a high degree of volatility.

**BRL:** The sharp devaluation due to fiscal concerns partially reversed. We remain cautious until we see clarity over commitment to fiscal remedy. **MXN:** Cautious for now given tariff risks and domestic political turmoil. Volatility will likely remain elevated until we see further clarity on trade.

**EMEA:** We are neutral on this part of the complex. **ILS:** The shekel has unwound all of the sell-off seen at the outbreak of the Israel-Hamas war. We expect near-term noise around geopolitical risk to remain in the driver's seat for now. However, provided that there isn't further escalation in conflict, the removal of key tail risks (including Hezbollah risk, Iran risk, judicial reform risk) and local institutional investor positioning (extreme long USD) make us moderately constructive on the currency. Still, you should consider hedging a portion of ILS exposure at levels below 3.60 to protect against tail risks.

**Asia:** We see tariff sensitive as well as low yielding currencies under pressure. **INR:** Constructive from current levels as RBI took actions to support the currency. Carry advantage, healthy growth outlook and isolated tariff risks still lend support. **TWD:** Cautious on correlation with CNH and carry disadvantage. **SGD:** Remain on the weak side of the long term range as inflation eased faster than expected and MAS moved to easing.

**What we're watching:** Overall risk sentiment, global trade outlook, central bank divergence.

## Our view:\*

BRL: 5.80 (5.70–5.90) by end-2025

MXN: 20.15 (19.95–20.35) by end-2025

ILS: 3.40 (3.30–3.50) by end-2025

INR: 89.50 (88.50 – 90.50) by end-2025

TWD: 32.80 (31.80–33.80) by end-2025

SGD: 1.36 (1.34–1.38) by end-2025

### EM currency history

J.P. Morgan EM Currency Index



Source: Bloomberg Finance L.P. Data as of February 26, 2025.

\*JPM Investment Bank Outlook

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

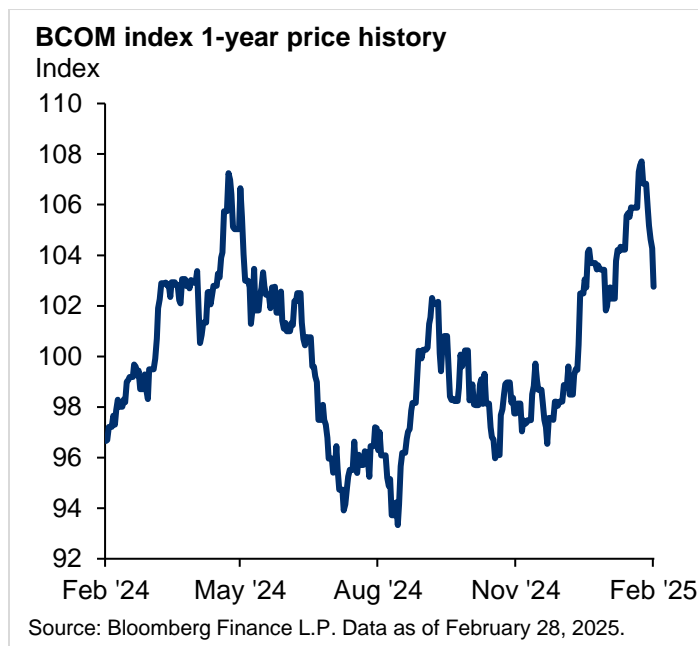
## COMMODITY VIEWS

### BCOM Index

Commodities continued their advance this year, rising +1.33% in February, although well below their highs seen on Feb 20<sup>th</sup> +5.1%. By far the biggest mover was Nat Gas which jumped +27.7% on continued cold weather and expanding LNG capacity. Copper climbed +3.3% and Nickel +2.6%. On the losing side, Diesel -4.6%, Crude oil -4.4% and Corn -3% dragged on index performance.

**What we're watching:** The situation remains very uncertain as tariff announcements come fast.

**Our view:** No change to our outlook. We look for 97-99 at year end as tariffs start to take effect. Look for revisions as tariffed trade flows begin to roll out.



### Gold

Gold rose +1.75% in February, after being +5.6% higher at one point. The price action in February was driven by a jump in demand for metal in NY which caused an arbitrage to develop between prices in NY and London. The differential at one point widened to \$60 but is now flat after record amounts of metal was flown to NY to meet the physical demand. The buying was tariff related as investors feared gold may not be exempt from a universal tariff. As of writing, there is no tariff on gold, but the market is watching closely, and future price movements will depend on policy. We feel the 9% advance YTD is a little excessive and would welcome a pullback. Central Banks continue to be active buyers. We would be buyers at \$2800 – \$2775.

**What we're watching:** We continue to advocate buying gold on dips and look for clues on policy moving forward. Sanctions will likely increase dollar diversification themes.

**Our view:** Gold is likely to further appreciate in 2025. We see \$3,100-\$3,200 by year-end 2025.



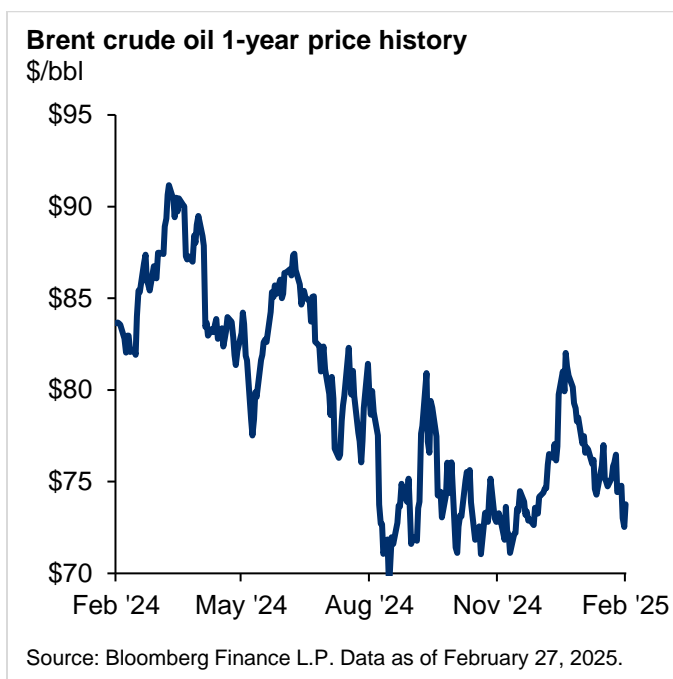
All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## Crude Oil

Crude oil lost -4.3% across the two benchmarks in February. The losses are on concerns that a slowdown in economic activity in the US on tariff chaos, a new coronavirus discovery and general uncertainty, could spill into the wider global economy. Further, the looming increases in offshore supply are beginning to impact sentiment. Demand growth is strong at 1.6mbd, although this number is below the expected 1.8mbd annual supply increase we are expecting. As of writing, Canadian, and Mexican tariffs will be implemented on March 4<sup>th</sup>, with a 10% tariff on Canadian oil. With no immediate export alternatives, we expect that Canadian producers will lower prices to offset this tariff. OPEC appears split on increasing production in April and as prices decline we would expect the increase to again be delayed.

**What we're watching:** How much will US supply increase as costs decrease under less regulation and speedier permitting? Will OPEC help with more supply?

**Our view:** We maintain our outlook for WTI \$59-\$64 by year end 2025. Brent \$63-\$68 by year end 2025.

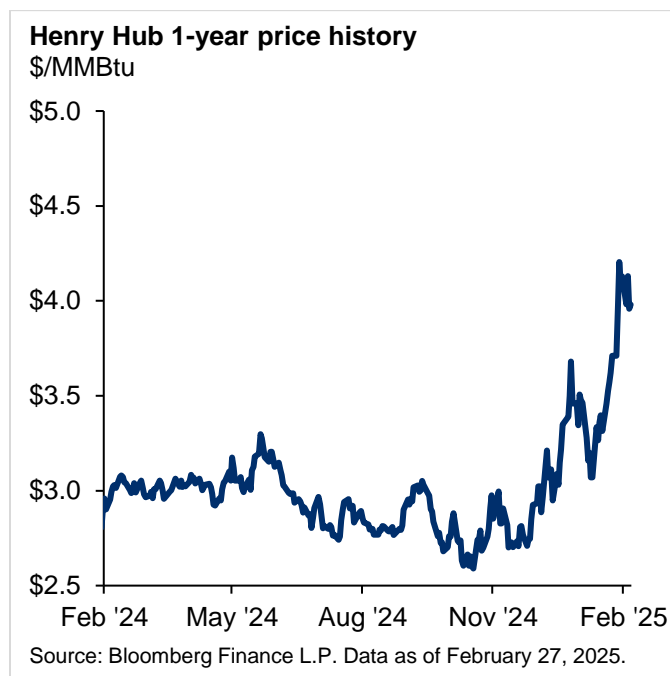


## Natural gas

Natural Gas continues its incredible volatility, rising +27.75% in February. The rally has been driven by much colder weather in the US that has impacted demand and in an unexpected twist, caused a round of wellhead freezes that cut production by almost 5%. This has now returned to normal, but demand is also being impacted by the Plaquemines LNG facility increasing flows by almost 100% to 1.6Bcf/day. With US production currently at 105.2Bcf/day, this increase is material and likely to continue higher, which is outpacing market expectations. We think the rally is unlikely to be sustained and look for prices to moderate as warmer weather returns, although so far producers are not reacting to the call for an increase in rigs. Year-end pricing is now already at the high end of our outlook. No change for now.

**What we're watching:** LNG demand, AI electricity demand and as always, the weather.

**Our view:** Our outlook is maintained at \$4 - \$5 at year-end 2025.



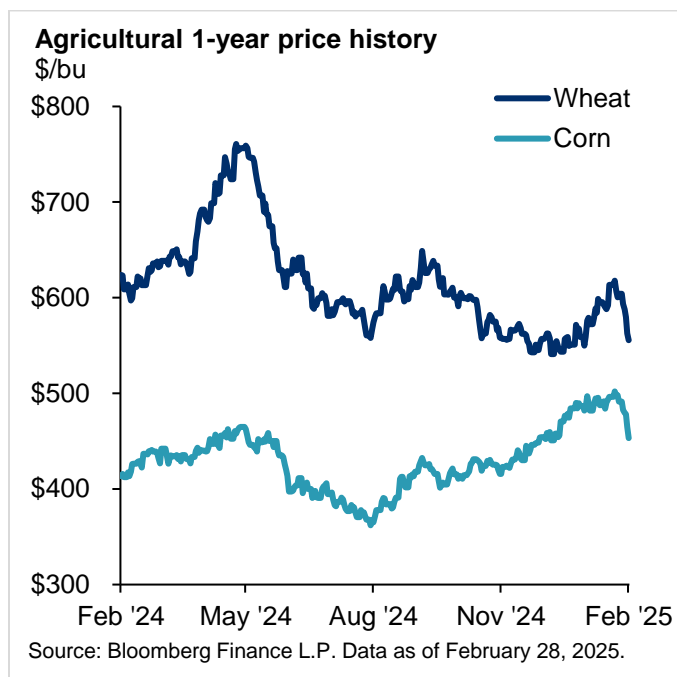
All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

### Agricultural commodities

Corn and Wheat declined in February, losing -4.7% and -2.3% respectively. Wheat had a volatile month, rising on fears of a winter kill as unusually cold weather hit the US Western Plains and then dropping as the worst fears were not realized. Both grains have settled at lower prices on growing hopes for a Ukraine ceasefire. The awful reality is that mined land will take many years, if not decades to clear and so the fall in prices may need to be reassessed. We watch to see how peace negotiations evolve.

**What we're watching:** Tariffs and Ukraine peace negotiations.

**Our view:** We expect a range of 500-600 for Corn and 650-750 for Wheat by year end 2025.



### Copper

Copper rose again in February, gaining +3.3%. As with gold, prices are rising as an arbitrage has emerged between NY and London prices on tariff fears. Although not as extreme as the gold arbitrage it has some associated volatility and the demand for metal has been noticeable. In addition, a wave of short covering has been seen, although our expectation is that we should now begin looking at the longer term impact to demand. With tariffs on China set to rise again on March 4<sup>th</sup>, some forecasts are predicting a 50% drop in Chinese exports to the US. If realized, copper prices should begin moving lower again towards our year-end targets.

**What we're watching:** Tariffs and AI news.

**Our view:** We maintain our Copper view that prices will head lower to \$8700-8800 year end.



All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.



## ALTERNATIVES VIEWS

### Private Credit

We continue to see opportunities in direct lending, though we expect yields to continue moving lower as base rates decline. We've seen this in recent quarters as yields on new direct lending deals have declined and the yield differential between private and public markets has narrowed. Specifically, recent direct loan deals are yielding less than 300 basis points wider than public markets, down from ~400 basis points in the middle of 2023.

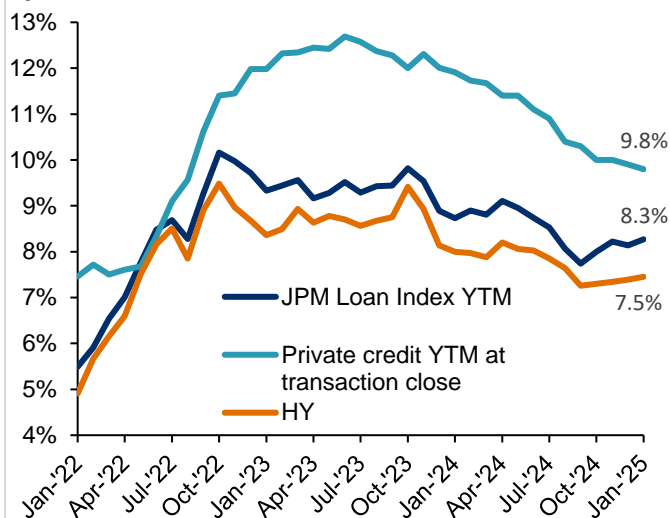
Approximately 50% of all private credit lending to asset managers is facilitated by JPMorgan's Investment Bank. When JPMorgan lends to these asset managers, we gain visibility into the individual loans being issued (which serve as collateral). Here is what direct lending individual loan fundamentals look like as of January 2025: 1) Newly originated direct loans seem to be finding an equilibrium. New issue spreads were 500bps; down from 675bps at the start of 2023, but unchanged compared to summer 2024. 2) Contrary to 2023 narrative that private credit lenders were indiscriminately issuing loans, 2023 saw wide spreads and declining net leverage, indicating prudent risk-taking. Over the last 3 months, newly issued direct loans were to companies with a debt to EBITDA ratio of 4.8x., roughly unchanged over the last year. 3) The tech/software sector was the most active, accounting for 35% of deals. 4) 29% of deals were covenant-lite, a slight increase from the percentage of covenant-lite deals in Q1 2024. Recall, most broadly syndicated loans are covenant-lite.

While default rates in extended credit markets have remained relatively muted, elevated interest rates are straining liquidity and making refinancings more difficult in some segments, particularly for companies with floating rate debt. Distressed exchanges have reached their highest levels since the Great Financial Crisis, and there's been a notable uptick in payment-in-kind coupons in direct lending. We anticipate that stress in extended credit markets should remain relatively constrained but will present a broader opportunity for flexible capital providers (junior debt, preferred & structured equity) and for special situations and distressed managers.

**What we're watching:** the macro-economic cycle to gauge the default outlook (including payment-in-kind), base rate expectations in the Fed's *No Guidance* phase, shifts in market equilibrium, and the relative yields in public vs. private credit, sector-specific activity, and the ongoing evolution of lending standards.

**Our view:** private credit remains one of our preferred ways to add extended credit exposure.

**Recent direct loan deals yield <300bps wide of public markets**



Source: J.P. Morgan. Data as of January 31, 2025. \*Note: YTM includes OID.

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

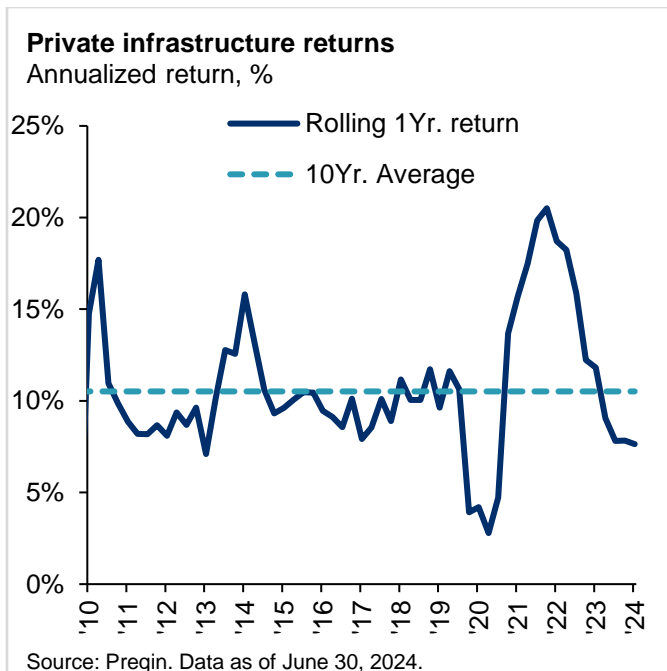
## Private Infrastructure

In recent months, the infrastructure sector has garnered substantial attention as the need for significantly more power has become more widely recognized. Integral to this transformation are infrastructure assets across the power spectrum – from power users (data centers) to power generation (renewables and traditional energy) to power distribution and storage (utilities, midstream assets, transportation, and battery storage).

The rise of data centers and AI technologies is reshaping the global infrastructure landscape. Data centers currently consume about 4.5% of total U.S. energy, and some Wall Street analysts project that this demand could soar to as much as 21% by 2030. DeepSeek and the notion that AI models can be trained with less energy demand reduces the need for energy demand somewhat, but even the most pessimistic analysts see energy demand increasing by 16% over the next 4 years. This underscores the critical need for grid modernization, as the U.S. power grid, with 70% of its transmission lines over 25 years old, struggles to keep pace with escalating demand.

The decade from 2011-2021 saw a 64% increase in major power outages compared to the previous decade, highlighting the grid's vulnerability. Significant investments in AI and data centers are being driven by large, profitable companies with substantial free cash flow, ensuring that these projects are well-funded and sustainable. This influx of capital is expected to accelerate the modernization of power infrastructure including traditional and renewable energy sources, data centers, fiber optic cables and cell tower. Despite Fed cuts, interest rates are expected to remain elevated compared to pre-COVID – making financing more expensive for infrastructure projects and pressuring valuations. Our focus remains on sectors with strong growth and supply/demand fundamentals, and assets with consistent, contracted cash flows – particularly those with step-ups tied to inflation.

**Our view:** For private investors, infrastructure presents a unique opportunity, particularly given the attractive valuations compared to public investments. The deal premium on private infrastructure, currently at approximately 1x, is substantially below the historic average of around 1.4x, making private infrastructure investments particularly compelling. Furthermore, the very consistent historical returns from contractual, often inflation adjusted cash flows makes them even more attractive today given the elevated volatility in markets, particularly fixed income.



All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to “Definition of Indices and Terms” for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## Private Real Estate

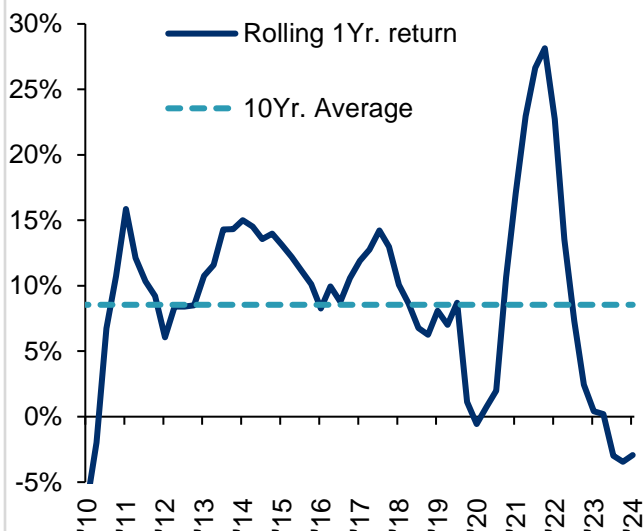
Real estate prices have already bottomed and the next bull market for real estate is underway. Since their peak in 2022 to trough in May of 2024, aggregate property valuations have declined by almost 15%, marking the third correction in U.S. CRE property prices in the last 30 years. Despite this, cash flows across most property sectors have remained resilient, with net operating income (NOI) now in line with prior cycle peaks, double that of previous troughs. The private real estate market is diverse, with significant variation across property types, regions, and asset quality. For instance, industrial properties experienced 9% NOI growth in the past year with vacancies below 3%, while office NOI growth has been -1% with vacancies around 18%. This dispersion offers investment opportunities.

Current market dynamics present a unique environment. Cap rates, a key metric for assessing value, have increased in recent years, as property values have declined. However, the U.S. economy remains strong, with unemployment near 4%, supporting demand for housing and commercial spaces. As interest rates decline, financing challenges are expected to ease, supporting property values. Sectors with strong NOI growth potential, such as industrial and logistics, data centers, and supply-constrained housing, are particularly attractive and we expect NOI growth to be the dominant driver of total returns going forward.

Even the most hated sector, office, is seeing green shoots. Net absorption of office space turned positive last year for the first time in years. Return to office activity is catalyzing activity with big names like JP Morgan, Amazon, and Federal U.S. workers being called back to office. Commuter traffic in New York City's Long Island Railroad is already back to pre-Covid levels.

**Our view:** Our preferred implementation includes targeting strategies focused on property sectors with strong fundamental, minimal legacy assets and ample dry powder to capitalize on current market conditions. A significant focus will also be on strategies that help address the housing shortage in the U.S., where undersupply of new homes has led to an estimated shortage of ~3 million homes. Additionally, strategies with long-term contractual leases or real estate debt can provide stable income and cushion against potential losses.

**Private real estate returns**  
Annualized return, %



Source: Preqin. Data as of June 30, 2024.

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to “Definition of Indices and Terms” for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

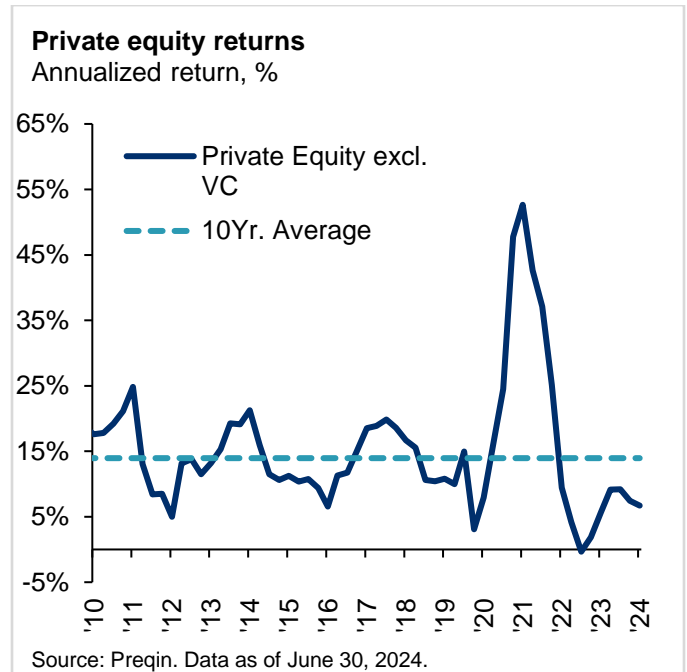
## Private Equity

Higher interest rates have been tough for the private equity industry. Debt has been more expensive, making leveraged buyouts more difficult, and capital markets (IPOs and bond and loan issuance) have been more muted – so transaction volumes and exit volumes have been low.

That's set to change. 1) **Private equity is the last major private market valuation still trading at a discount.** The constant struggle with private markets is the slow valuation process. Listed markets give a perspective on private market valuations – net asset values (NAV) of listed private credit and private REITs are *above* book value suggesting that private market valuations may be too low. Meanwhile, NAV on listed PE remains ~20% *below* book value. This suggests book values still have not been marked down enough on legacy PE vintages. 2) **Higher quality businesses, with less leverage, in recent vintages.** In response to higher rates, PE sponsors have reduced the median debt to enterprise value in new investment rounds. Less levered companies are better positioned for the higher interest rate environment. 3) **Distributions are still suppressed, but we expect improvement.** Global liquidity as a percent of GDP, as proxied by high yield and leverage loan issuance and IPOs, has been picking up (though still below historic averages). President Trump's deregulation agenda is a tactical tailwind and secondary activity is already picking up suggesting confidence in valuations is building.

**Our view:** We're focused on managers who drive most of their returns through operational improvements – revenue growth and margin expansion – rather than leverage or higher multiples. We also seek a balance of sector exposures with good fundamentals and opportunities – including tech, industrials, financials, and defense. Finally, secondary private equity investment should continue to see

above-average activity, as the industry continues to work through a liquidity backlog.



All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to “Definition of Indices and Terms” for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

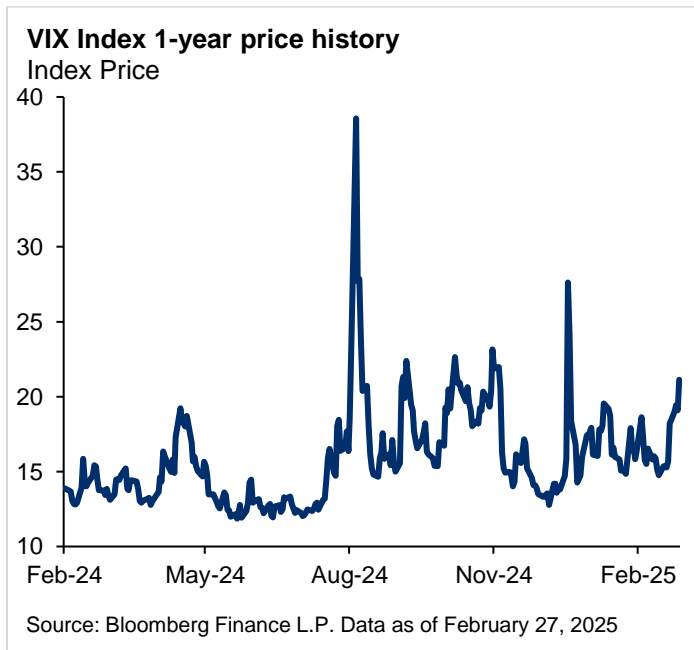
## VOLATILITY VIEWS

### Equities

Volatility in US equity markets was higher in February as an evolving narrative around US exceptionalism caused market participants to adjust stock portfolios. As investors diversified away from the same sectors and themes that had outperformed over the past year, the Momentum investment style was challenged. Momentum investing is believing that stocks that have shown strong performance in recent history will continue to perform well going forward. The “unwind” of well-owned, high Momentum names, was one of the drivers of higher levels of volatility seen not only in the single stock and sector level, but also S&P 500 index level.

We continue to watch the relationship between equity and interest rate volatility. Last month we highlighted the breakout of the market’s expectation for equity volatility relative to rates volatility. We saw this gap widen further in February. This relationship can tell us which asset class investors may perceive to have more uncertainty.

**Our view:** We anticipate that short-term volatility in the S&P 500 will remain elevated into the spring, due to investors navigating a potentially challenging macro environment. We believe this will also provide opportunities to sell volatility. Focus on building portfolio resiliency using investment tools such as structured investments and yield enhancement strategies that may take advantage of a potentially more volatile market environment.



### Interest Rates

Market expectation for rates volatility continued to move lower, as the Fed’s messaging remains patient with respect to rate cuts. Notably, implied volatility in short dated swaption markets fell to levels unseen since before the Fed hiked rates in early 2022.

While US yields were rangebound for most of February, the volatility exhibited in the US equity market toward the end of the month prompted investors to move into safer haven assets, like Treasuries. This flight to quality bid, combined with softer economic data and developments out of Washington around federal spending cuts, pushed yields lower. Even though market participants had come to accept rangebound yields, as evident by the continued move lower in implied volatility, recent developments may question this view.

**Our view:** We expect interest rate volatility to stabilize at historically elevated levels. We see further pressure on short-dated maturities which are more impacted by monetary policy expectations. That said, we acknowledge the extent of the move in shorter term volatility and potential for macro developments, like tariff implementation, to provide more of a floor to volatility going forward. We continue to see opportunities to sell interest rate volatility and potentially earn higher yields through callable bonds or swaps, or lower interest cost for those looking to fix out floating-rate debt with puttable swaps.

**Go deeper:** Understand how derivatives can be an important tool for managing your investment portfolio [here](#).

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to “Definition of Indices and Terms” for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## DEFINITIONS OF INDICIES AND TERMS

### Currencies and Central Banks

- USD – US dollar
- DXY – U.S. Dollar Index indicates the general initial value of the USD. The index measures this by averaging the exchange rates between the USD and major world currencies.
- EUR – Euro
- JPY – Japanese yen
- GBP – British pound
- CHF – Swiss franc
- CAD – Canadian dollar
- AUD – Australian dollar
- NOK – Norwegian krone
- MXN – Mexican peso
- BRL – Brazilian real
- CNH – Offshore deliverable renminbi
- CNY – Onshore non-deliverable renminbi
- RMB – Chinese renminbi
- KRW – Korean won
- INR – Indian rupee
- SGD – Singapore dollar
- SEK – Swedish krona
- XAU – Gold
- RUB – Russian ruble
- TRY – Turkish lira
- BCB – Central Bank of Brazil
- BoC – Bank of Canada
- BoE – Bank of England
- BOJ – Bank of Japan
- CBR – Central Bank of Russia
- CBRT – Central Bank of the Republic of Turkey
- CBRA – Central Bank of the Republic of Argentina
- ECB – European Central Bank
- Fed – Federal Reserve
- SNB – Swiss National Bank

### Additional abbreviations

- Bbl – Barrel
- Bps – Basis points
- Bcf – Billion cubic feet
- BoP – Balance of Payments
- BTP – Italian government bonds
- Bund – German government bonds
- CFTC – Commodity Futures Trading Commission
- COVID-19 – Coronavirus disease 2019
- DM – Developed Markets
- EM – Emerging Markets
- EMEA – Europe, Middle East and Africa
- FDI – Foreign Direct Investment
- FX – Foreign Exchange
- G10 – The Group of Ten is made up of 11 industrial countries that consult and cooperate on economic, monetary and financial matters
- GDP – Gross Domestic Product
- HY – High yield
- IG – Investment grade
- JGB – Japan government bond
- LATAM – Latin America
- OPEC – Organisation of the Petroleum Exporting Countries
- Oz. – Ounce
- REER – Real Effective Exchange Rate
- SPX – S&P 500
- UK – United Kingdom
- UST – U.S. Treasury note
- WTI – Western Texas Intermediate
- YTD – Year-to-date

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to “Definition of Indices and Terms” for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.



Note: Indices are for illustrative purposes only, are not investment products, and may not be considered for direct investment. Indices are an inherently weak predictive or comparative tool.

All indices denominated in U.S. dollars unless noted otherwise.

All data sourced from Bloomberg Finance L.P. as of February 28, 2025, unless noted otherwise.

The **Bloomberg Commodity Index (BCOM)** is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

The **Bloomberg US Agg Index** is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

The **JPM Corporate Emerging Market Bond Index (CEMBI)** series was launched in 2007 and was the first comprehensive USD corporate emerging markets bond index. There are two root versions of the CEMBI with a Diversified overlay for each version: the CEMBI and the CEMBI Broad. The CEMBI Broad Diversified version is the most popular among the four versions largely due to its issuer coverage and diversification weighting scheme.

The **CSI 300 Index** is a free-float weighted index that consists of 300 A-share stocks listed on the Shanghai or Shenzhen Stock Exchanges. Index has a base level of 1000 on 12/31/2004. \* Due to our agreement with CSI, shares in the index are restricted, please visit [SSIS<go>](#) for more information and access. This ticker holds prices fed from Shenzhen Stock Exchange.

The Citi **Economic Surprise Indices** measure data surprises relative to market expectations. A positive reading means that data releases have been stronger than expected and a negative reading means that data releases have been worse than expected.

The **Emerging Market Bond Index Global (EMBI Global)** was the first comprehensive EM sovereign index in the market, after the EMBI+. It provides full coverage of the EM asset class with representative countries, investable instruments (sovereign and quasi-sovereign), and transparent rules. The EMBI Global includes only USD-denominated emerging markets sovereign bonds and uses

a traditional, market capitalization weighted method for country allocation.

The **J.P. Morgan Asia Credit Index (JACI)** aids in evaluating investment opportunities in fixed rate USD denominated bonds issued in Asia ex Japan region. It follows a traditional market capitalization technique similar to the EMBI and the CEMBI Index series.

The **MSCI All World Index** is a free-float weighted equity index. It was developed with a base value of 100 as of December 31, 1987. MXWD includes both emerging and developed world markets.

The **MSCI AC Asia ex Japan Index** captures large and mid-cap representation across two of three Developed Markets countries (excluding Japan) and eight Emerging Markets countries in Asia. With 609 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Developed Markets countries in the index include: Hong Kong and Singapore. Emerging Markets countries include: China, India, Indonesia, Korea, Malaysia, the Philippines, Taiwan and Thailand.

The **MSCI China Index** is a free-float weighted equity index. It was developed with a base value of 100 as of December 31, 1992. This index is priced in HKD. Please refer to M3CN Index for USD.

**MSCI AC ASEAN Index** (former: MSCI South East Asia Index) captures large and mid-cap representation across 4 Emerging Markets countries and 1 Developed Market country.

The **MSCI India Index** is a free-float weighted equity index. It was developed with a base value of 100 as of December 31 1992.

The **MSCI World Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The index consists of 23 developed market country indexes.

The **Nikkei-225 Stock Average** is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The Nikkei Stock Average was first published on May 16, 1949, where the average price was ¥176.21 with a divisor of 225. \*We are using official divisor for this index

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

The **Russell 2000 Index** is comprised of the smallest 2000 companies in the Russell 3000 Index, representing approximately 8% of the Russell 3000 total market capitalization. The real-time value is calculated with a base value of 135.00 as of December 31, 1986. The end-of-day value is calculated with a base value of 100.00 as of December 29, 1978.

**Standard and Poor's Midcap 400 Index** is a capitalization-weighted index which measures the performance of the mid-range sector of the U.S. stock market. The index was developed with a base level of 100 as of December 31, 1990. See MDY US Equity <GO> for the tradeable equivalent.

The **Standard and Poor's 500 Index** is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The index was developed with a base level of 10 for the 1941–43 base period.

The **EURO STOXX 50 Index**, Europe's leading blue-chip index for the Eurozone, provides a blue-chip representation of supersector leaders in the region. The index covers 50 stocks from 11 Eurozone countries. The index is licensed to financial institutions to serve as an underlying for a wide range of investment products such as exchange-traded funds (ETFs), futures, options and structured products.

The **STOXX Europe 600 Index (SXXP Index)**: An index tracking 600 publicly traded companies based in one of 18 EU countries. The index includes small cap, medium cap, and large cap companies. The countries represented in the index are Austria, Belgium, Denmark, Finland, France, Germany, Greece, Holland, Iceland, Ireland, Italy, Luxembourg, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

**TOPIX**, also known as the Tokyo Stock Price Index, is a capitalization-weighted index of all companies listed on the First Section of the Tokyo Stock Exchange.

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to “Definition of Indices and Terms” for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

## KEY RISKS

- Small capitalization companies typically carry more risk than well-established "blue-chip" companies since smaller companies can carry a higher degree of market volatility than most large cap and/or blue-chip companies.
- Investments in commodities may have greater volatility than investments in traditional securities. The value of commodities may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Investing in commodities creates an opportunity for increased return but, at the same time, creates the possibility for greater loss.
- Investing in alternative assets involves higher risks than traditional investments and is suitable only for sophisticated investors. Alternative investments involve greater risks than traditional investments and should not be deemed a complete investment program. They are not tax efficient and an investor should consult with his/her tax advisor prior to investing. Alternative investments have higher fees than traditional investments and they may also be highly leveraged and engage in speculative investment techniques, which can magnify the potential for investment loss or gain. The value of the investment may fall as well as rise and investors may get back less than they invested.
- The price of equity securities may rise or fall due to the changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. Equity securities are subject to "stock market risk" meaning that stock prices in general may decline over short or extended periods of time.
- Investing in fixed income products is subject to certain risks, including interest rate, credit, inflation, call, prepayment and reinvestment risk. Any fixed income security sold or redeemed prior to maturity may be subject to substantial gain or loss.
- Preferred securities are typically long dated securities with call protection that fall in between debt and equity in the capital structure. Preferred securities carry various risks and considerations which include: concentration risk; interest rate risk; lower credit ratings than individual bonds; a lower claim to assets than a firm's individual bonds; higher yields due to these risk characteristics; and "callable" implications meaning the issuing company may redeem the stock at a certain price after a certain date.
- Investors should understand the potential tax liabilities surrounding a municipal bond purchase. Certain municipal bonds are federally taxed if the holder is subject to alternative minimum tax. Capital gains, if any, are federally taxable. The investor should note that the income from tax-free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax (AMT).
- Holders of foreign securities can be subject to foreign exchange risk, exchange-rate risk and currency risk, as exchange rates fluctuate between an investment's foreign currency and the investment holder's domestic currency. Conversely, it is possible to benefit from favorable foreign exchange fluctuations.
- International investments may not be suitable for all investors. International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Some overseas markets may not be as politically and economically stable as the United States and other nations. International investing can be more volatile.
- Investments in emerging markets may not be suitable for all investors. Emerging markets involve a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Some overseas markets may not be as politically and economically stable as the United States and other nations. Investments in emerging markets can be more volatile.
- Not all option strategies are suitable for all investors. Certain strategies may expose investors to significant potential risks and losses. For additional risk information, please request a copy of "Characteristics and Risks of Standardized Options." We advise investors to consult their tax advisors and legal counsel about the tax implications of these strategies. Investors are urged to carefully consider whether options or option-related products or strategies are suitable for their needs. In discussion of options and other strategies, results and risks are based solely on hypothetical examples cited; actual results and risks will vary depending on specific circumstances. Investors

All outlook estimates represent the midpoint of our range. Rates have a +/-25bps range, and all other outlooks are within the range that is provided. **Estimates, forecasts and comparisons are for illustrative purposes and are as of the dates stated in the material.** Please refer to "Definition of Indices and Terms" for important information. **Outlooks and past performance are no guarantee of future results and investors may get back less than the amount invested.** It is not possible to invest directly in an index.

are urged to consider carefully whether option or option-related products in general, as well as the products or strategies discussed herein are suitable to their needs. In actual transactions, the client's counterparty for OTC derivatives applications is JPMorgan Chase Bank, N.A. and its affiliates. For a copy of the "Characteristics and Risks of Standardized Options" booklet, please contact your J.P. Morgan Advisor.

- Structured products involve derivatives and risks that may not be suitable for all investors. The most common risks include, but are not limited to, risk of adverse or unanticipated market developments, issuer credit quality risk, risk of lack of uniform standard pricing, risk of adverse events involving any underlying reference obligations, risk of high volatility, risk of illiquidity/little to no secondary market, and conflicts of interest. Before investing in a structured product, investors should review the accompanying offering document, prospectus or prospectus supplement to understand the actual terms and key risks associated with each individual structured product. Any payments on a structured product are subject to the credit risk of the issuer and/or guarantor. Investors may lose their entire investment, i.e., incur an unlimited loss. The risks listed above are not complete. For a more comprehensive list of the risks involved with this particular product, please speak to your J.P. Morgan team. If you are in any doubt about the risks involved in the product, you may clarify with the intermediary or seek independent professional advice.
- Derivatives may be riskier than other types of investments because they may be more sensitive to changes in economic or market conditions than other types of investments and could result in losses that significantly exceed the original investment. The use of derivatives may not be successful, resulting in investment losses, and the cost of such strategies may reduce investment returns.
- High Yield Bonds - High Yield Bonds (with ratings at or below BB+/Ba1) carry higher risk since they are rated below investment grade, or could be unrated, which implies a higher risk of Issuer default. Further, the risk of rating downgrades is higher for High Yield Bonds in comparison to investment grade bonds.
- The risks listed above are not complete. For a more comprehensive list of the risks involved with this particular product, please speak to your J.P. Morgan team.

All companies referenced are shown for illustrative purposes only, and are not intended as a recommendation or endorsement by J.P. Morgan in this context.

This material is for information purposes only, and may inform you of certain products and services offered by J.P. Morgan's wealth management businesses, part of JPMorgan Chase & Co. ("JPM"). The views and strategies described in the material may not be suitable for all investors and are subject to investment risks. Please read all Important Information.

#### GENERAL RISKS & CONSIDERATIONS.

Any views, strategies or products discussed in this material may not be appropriate for all individuals and are subject to risks. Investors may get back less than they invested, and past performance is not a reliable indicator of future results. Asset allocation/diversification does not guarantee a profit or protect against loss. Nothing in this material should be relied upon in isolation for the purpose of making an investment decision. You are urged to consider carefully whether the services, products, asset classes (e.g. equities, fixed income, alternative investments, commodities, etc.) or strategies discussed are suitable to your needs. You must also consider the objectives, risks, charges, and expenses associated with an investment service, product or strategy prior to making an investment decision. For this and more complete information, including discussion of your goals/situation, contact your J.P. Morgan representative.

#### NON-RELIANCE.

Certain information contained in this material is believed to be reliable; however, JPM does not represent or warrant its accuracy, reliability or completeness, or accept any liability for any loss or damage (whether direct or indirect) arising out of the use of all or any part of this material. No representation or warranty should be made with regard to any computations, graphs, tables, diagrams or commentary in this material, which are provided for illustration/reference purposes only. The views, opinions, estimates and strategies expressed in this material constitute our judgment based on current market conditions and are subject to change without notice. JPM assumes no duty to update any information in this material in the event that such information changes. Views, opinions, estimates and strategies expressed herein may differ from those expressed by other areas of JPM, views expressed for other purposes or in other contexts, and this material should not be regarded as a research report. Any projected results and risks are based solely on hypothetical examples cited, and actual results and risks will vary depending on specific



circumstances. Forward-looking statements should not be considered as guarantees or predictions of future events.

Nothing in this document shall be construed as giving rise to any duty of care owed to, or advisory relationship with, you or any third party. Nothing in this document shall be regarded as an offer, solicitation, recommendation or advice (whether financial, accounting, legal, tax or other) given by J.P. Morgan and/or its officers or employees, irrespective of whether or not such communication was given at your request. J.P. Morgan and its affiliates and employees do not provide tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any financial transactions.

#### LEGAL ENTITY AND REGULATORY INFORMATION.

In the United States, bank deposit accounts and related services, such as checking, savings and bank lending, are offered by **JPMorgan Chase Bank, N.A.** Member FDIC.

**JPMorgan Chase Bank, N.A.** and its affiliates (collectively “**JPMCB**”) offer investment products, which may include bank managed investment accounts and custody, as part of its trust and fiduciary services. Other investment products and services, such as brokerage and advisory accounts, are offered through **J.P. Morgan Securities LLC (“JPMS”)**, a member of **FINRA** and **SIPC**. Insurance products are made available through Chase Insurance Agency, Inc. (CIA), a licensed insurance agency, doing business as Chase Insurance Agency Services, Inc. in Florida. JPMCB, JPMS and CIA are affiliated companies under the common control of JPM. Products not available in all states.

In **Germany**, this material is issued by **J.P. Morgan SE**, with its registered office at Taunustor 1 (TaunusTurm), 60310 Frankfurt am Main, Germany, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB). In **Luxembourg**, this material is issued by **J.P. Morgan SE – Luxembourg Branch**, with registered office at European Bank and Business Centre, 6 route de Treves, L-2633, Senningerberg, Luxembourg, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE – Luxembourg Branch is also supervised by the Commission de Surveillance du Secteur Financier (CSSF); registered under R.C.S Luxembourg B255938. In the **United Kingdom**, this material is issued by **J.P. Morgan SE – London Branch**, registered office at 25 Bank Street, Canary Wharf, London E14 5JP, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central

Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE – London Branch is also supervised by the Financial Conduct Authority and Prudential Regulation Authority. In **Spain**, this material is distributed by **J.P. Morgan SE, Sucursal en España**, with registered office at Paseo de la Castellana, 31, 28046 Madrid, Spain, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE, Sucursal en España is also supervised by the Spanish Securities Market Commission (CNMV); registered with Bank of Spain as a branch of J.P. Morgan SE under code 1567. In **Italy**, this material is distributed by **J.P. Morgan SE – Milan Branch**, with its registered office at Via Cordusio, n.3, Milan 20123, Italy, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE – Milan Branch is also supervised by Bank of Italy and the Commissione Nazionale per le Società e la Borsa (CONSOB); registered with Bank of Italy as a branch of J.P. Morgan SE under code 8076; Milan Chamber of Commerce Registered Number: REA MI 2536325. In the **Netherlands**, this material is distributed by **J.P. Morgan SE – Amsterdam Branch**, with registered office at World Trade Centre, Tower B, Strawinskylaan 1135, 1077 XX, Amsterdam, The Netherlands, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE – Amsterdam Branch is also supervised by De Nederlandsche Bank (DNB) and the Autoriteit Financiële Markten (AFM) in the Netherlands. Registered with the Kamer van Koophandel as a branch of J.P. Morgan SE under registration number 72610220. In **Denmark**, this material is distributed by **J.P. Morgan SE – Copenhagen Branch, filial af J.P. Morgan SE, Tyskland**, with registered office at Kalvebod Brygge 39-41, 1560 København V, Denmark, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE – Copenhagen Branch, filial af J.P. Morgan SE, Tyskland is also supervised by Finanstilsynet (Danish FSA) and is registered with Finanstilsynet as a branch of J.P. Morgan SE under code 29010. In **Sweden**, this material is distributed by **J.P. Morgan SE – Stockholm Bankfilial**, with registered office at Hamngatan 15, Stockholm, 11147, Sweden, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank

(Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE – Stockholm Bankfilial is also supervised by Finansinspektionen (Swedish FSA); registered with Finansinspektionen as a branch of J.P. Morgan SE. In **Belgium**, this material is distributed by **J.P. Morgan SE – Brussels Branch** with registered office at 35 Boulevard du Régent, 1000, Brussels, Belgium, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE Brussels Branch is also supervised by the National Bank of Belgium (NBB) and the Financial Services and Markets Authority (FSMA) in Belgium; registered with the NBB under registration number 0715.622.844. In **Greece**, this material is distributed by **J.P. Morgan SE – Athens Branch**, with its registered office at 3 Haritos Street, Athens, 10675, Greece, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB); J.P. Morgan SE – Athens Branch is also supervised by Bank of Greece; registered with Bank of Greece as a branch of J.P. Morgan SE under code 124; Athens Chamber of Commerce Registered Number 158683760001; VAT Number 99676577. In **France**, this material is distributed by J.P. Morgan SE – Paris Branch, with its registered office at 14, Place Vendôme 75001 Paris, France, authorized by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB) under code 842 422 972; J.P. Morgan SE – Paris Branch is also supervised by the French banking authorities the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and the Autorité des Marchés Financiers (AMF). In **Switzerland**, this material is distributed by **J.P. Morgan (Suisse) SA**, with registered address at rue du Rhône, 35, 1204, Geneva, Switzerland, which is authorised and supervised by the Swiss Financial Market Supervisory Authority (FINMA) as a bank and a securities dealer in Switzerland.

In **Hong Kong**, this material is distributed by **JPMCB, Hong Kong branch**. JPMCB, Hong Kong branch is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission of Hong Kong. In Hong Kong, we will cease to use your personal data for our marketing purposes without charge if you so request. In **Singapore**, this material is distributed by **JPMCB, Singapore branch**. JPMCB, Singapore branch is regulated by the Monetary Authority of Singapore. Dealing and advisory services and discretionary investment management services are provided to you by JPMCB, Hong Kong/Singapore branch (as notified to you). Banking and custody services are provided to you by JPMCB

Singapore Branch. The contents of this document have not been reviewed by any regulatory authority in Hong Kong, Singapore or any other jurisdictions. You are advised to exercise caution in relation to this document. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. For materials which constitute product advertisement under the Securities and Futures Act and the Financial Advisers Act, this advertisement has not been reviewed by the Monetary Authority of Singapore. JPMorgan Chase Bank, N.A., a national banking association chartered under the laws of the United States, and as a body corporate, its shareholder's liability is limited.

With respect to countries in **Latin America**, the distribution of this material may be restricted in certain jurisdictions. We may offer and/or sell to you securities or other financial instruments which may not be registered under, and are not the subject of a public offering under, the securities or other financial regulatory laws of your home country. Such securities or instruments are offered and/or sold to you on a private basis only. Any communication by us to you regarding such securities or instruments, including without limitation the delivery of a prospectus, term sheet or other offering document, is not intended by us as an offer to sell or a solicitation of an offer to buy any securities or instruments in any jurisdiction in which such an offer or a solicitation is unlawful. Furthermore, such securities or instruments may be subject to certain regulatory and/or contractual restrictions on subsequent transfer by you, and you are solely responsible for ascertaining and complying with such restrictions. To the extent this content makes reference to a fund, the Fund may not be publicly offered in any Latin American country, without previous registration of such fund's securities in compliance with the laws of the corresponding jurisdiction.

References to "J.P. Morgan" are to JPM, its subsidiaries and affiliates worldwide. "J.P. Morgan Private Bank" is the brand name for the private banking business conducted by JPM. This material is intended for your personal use and should not be circulated to or used by any other person, or duplicated for non-personal use, without our permission. If you have any questions or no longer wish to receive these communications, please contact your J.P. Morgan team.

© 2025 JPMorgan Chase & Co. All rights reserved.

JPMorgan Chase Bank, N.A. (JPMCBNA) (ABN 43 074 112 011/AFS Licence No: 238367) is regulated by the Australian Securities and Investment Commission and the Australian Prudential Regulation Authority. Material provided by JPMCBNA in Australia is to "wholesale clients" only. For the purposes of this paragraph the term "wholesale client" has the meaning given in section 761G of the Corporations Act 2001 (Cth). Please inform us if you are not a Wholesale Client now or if you cease to be a Wholesale Client at any time in the future.



JPMS is a registered foreign company (overseas) (ARBN 109293610) incorporated in Delaware, U.S.A. Under Australian financial services licensing requirements, carrying on a financial services business in Australia requires a financial service provider, such as J.P. Morgan Securities LLC (JPMS), to hold an Australian Financial Services Licence (AFSL), unless an exemption applies. **JPMS is exempt from the requirement to hold an AFSL under the Corporations Act 2001 (Cth) (Act) in respect of financial services it provides to you, and is regulated by the SEC, FINRA and CFTC under US laws, which differ from Australian laws.** Material provided by JPMS in Australia is to “wholesale clients” only. The information provided in this material is not intended to be, and must not be, distributed or passed on, directly or indirectly, to any other class of persons in Australia. For the purposes of this paragraph the term “wholesale client” has the meaning given in section 761G of the Act. Please inform us immediately if you are not a Wholesale Client now or if you cease to be a Wholesale Client at any time in the future.

This material has not been prepared specifically for Australian investors. It:

- may contain references to dollar amounts which are not Australian dollars;
- may contain financial information which is not prepared in accordance with Australian law or practices;
- may not address risks associated with investment in foreign currency denominated investments; and
- does not address Australian tax issues.