AllianceBernstein

Global Economic Research

Global Macro Outlook

Fourth Quarter 2025

The Macro Picture

Contents

After an uncertain economic policy outlook dominated the first half of the year, the third quarter brought more clarity. The tariff regime in the United States appears largely set at this point, the passage of the One Big Beautiful Bill Act solidified fiscal policy for the time being, and the Federal Open Market Committee (FOMC) answered the question about when it would cut rates by doing so in September. To be clear, the environment remains somewhat uncertain—as is always the case—but the tail risks around our central scenario for the next few quarters have diminished meaningfully of late. Financial markets have responded to the reduction in uncertainty with a period of relatively low volatility, as one would expect. From a cyclical perspective, that seems likely to persist for the next few months.

That said, we are growing increasingly concerned about longer-term, structural fragilities in the system. On top of obvious fiscal vulnerabilities throughout the developed world and questions about the role of the dollar, the threat to central bank independence in the US is another issue with potentially massive long-term implications for the economy and financial markets. For now, markets appear content to ignore the long-term risks and to focus on the near term, but the fuel for future crises continues to accumulate. Investors should remember that when crises come, they tend to arrive suddenly and without advance warning.

In the meantime, however, the global economy continues to proceed along the lines we have described in past outlooks. Economic policy changes remain unlikely to trigger a disruptive global recession; Indeed, with the tariff regime now appearing largely settled, we anticipate some improvement in business sentiment as uncertainty fades. Still, even as uncertainty wanes, economic actors are now left to wrestle with the tangible impact of tariffs. Growth has already slowed throughout the developed world and will continue to do so, we expect, as businesses face the reality of higher input costs and consumers the reality of higher prices.

It has taken somewhat longer for the impact of tariffs to be felt in the US than we originally expected, primarily because the corporate sector was able to front-load its overseas purchases ahead of the policy changes. With those inventories now largely exhausted, we are seeing an impact on operations. Hiring has slowed sharply as businesses brace for a higher cost structure. At the same time, some price pressures are passing through to consumers, which has slowed final domestic demand. If slower hiring turns into layoffs in the coming months, the modest slowdown underway could spiral into something more pernicious.

That is not our base case, however. We expect that businesses will be able to slog through a few quarters of sluggish demand without having to cut their workforces meaningfully, and we believe that consumers in aggregate have the ability to withstand higher prices as long as they remain employed. While it's true that the rate of hiring has slowed, we believe that focusing only on hiring likely overstates the weakness in the labor market. Migration and deportation policy represent a negative supply shock to the workforce: there are simply fewer available workers. As a result, the number of new hires required every month to employ new entrants to the labor force has declined. The run rate of hiring, then, is simultaneously well below long-term averages and also likely sufficient to keep the labor market afloat.

While growth is slowing, prices are rising. Goods prices in the US have risen markedly since tariffs were announced in April and we expect more to come as businesses pass tariff costs through to consumers. To be clear, we do not expect inflation to reach the lofty heights of the post-pandemic period, and the stability of inflation expectations suggests that most others don't either. That's good news because it means that the Fed can continue to cut interest rates to prevent the labor market from weakening more seriously. That should limit the magnitude of the economic slowdown underway and pave the way for growth to pick back up over the course of 2026. We expect the Fed to cut rates somewhat more rapidly than the market is currently priced for and anticipate that the policy rate will fall below three percent this cycle.

Of course, the policy rate is not the most significant part of the interest-rate curve. Longer-dated rates are more relevant to the economy than short-term rates; it is long-term rates that affect everything from corporate borrowing to mortgage rates. And the behavior of long-term rates is uncertain, even if the Fed continues to cut the policy rate. If the market believes that cutting rates is cyclically appropriate, then long-term rates should be stable or somewhat lower. If, however, lower policy rates appear to be the result of political pressure or if they reflect a loss of central bank independence, then longer-date rates might rise as the Fed cuts. For now, we expect rates to remain contained, but with the Fed's independence clearly under attack from the executive branch, the risk of a breakdown in the bond market is rising. If the Fed does lose independence, an unwieldy rise in yields would become a matter of when, not if. Central bank independence is a key underpinning of the entire financial system, and threats to that independence risk broader chaos. While markets remain focused on the near term, the longer-term story is likely to be much more significant.

Away from the US, central banks are well advanced in their efforts to mitigate the impact of tariffs on the global economy. Policymakers have lowered rates throughout Europe and in most emerging markets. We noted last quarter that the combination of policy easing and a final tariff regime that was less onerous than the one initially announced in early April would likely make the global slowdown moderate rather than severe, and so far that seems to be the case. We have modestly upgraded our forecasts for European growth in 2025, albeit largely for reasons unrelated to domestic demand, and anticipate an inflection toward more rapid growth next year.

Emerging-market central banks have already cut rates significantly as well, and local currency strength against the dollar has kept the door open for more easing in many countries. A slow global economy, but one that avoids recession, seems likely to benefit emerging markets, which offer higher yields than most of the developed world. Trade policy remains a risk of course, and many countries find themselves caught in an uncomfortable bind in measuring their relationships with the US and China. Different countries are likely to approach the situation in different ways based on both geopolitics and economics.

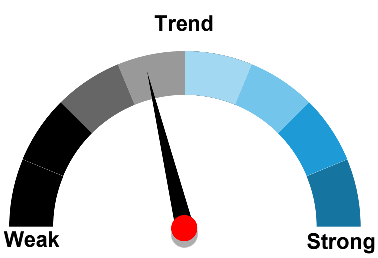
On the economic front, China's trajectory remains somewhat idiosyncratic. Deflation remains a real risk and policy measures taken to date have only stabilized growth and prices rather than pushing them higher. We expect Chinese authorities to remain cautious until they are confident in the path forward for the relationship between China's economy and that of the US, which means we do not expect a significant turn higher for Chinese growth in the near term. Housing markets remain a key pressure point, and relief there remains some distance in the future. For now, China's economy will have to be content with simply muddling through.

What are markets to make of the environment? The near term looks decent enough. Economic performance is unlikely to be exciting, but it is also unlikely to be catastrophic. There are good reasons to expect growth to pick up in a few quarters, albeit to a lower average rate than we have become accustomed to owing to diminished global trade. And recent market performance even in a volatile political environment has given investors comfort that markets can withstand political and policy turbulence. At the same time, however, longer-term fragilities and frictions are growing rapidly and have the potential to be very disruptive with little advance warning.

Meantime, markets appear content to focus on the short term and leave the long term for later. That is a reasonable position to take: as long as the music is playing, it is probably best to keep dancing. But history teaches us that when the music stops, it's often without warning. Complacency can be dangerous and even periods of strong market performance like that of the third quarter can give way very quickly to volatility. We cannot predict when that will happen, unfortunately, but investors should be prepared to act quickly when it does: under the market's calm surface, the potential causes of the next crisis are bubbling faster as time passes.

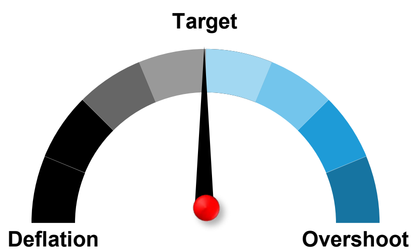
Global Macro Outlook: The Next Six Months

Economic Activity



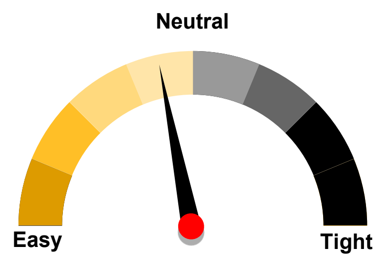
- Global growth will continue to slow for the time being, though green shoots may start to appear toward the end of the forecast horizon.

Inflation



- Tariffs will push US inflation higher for a time but should have a limited impact on global prices. Anchored inflation expectations are a key source of global stability.

Monetary Policy



- All major central banks, save the Bank of Japan, are easing monetary policy. Most seem likely to end this cycle with policy rates at or slightly below neutral.

Global Forecast

Forecast Overview

Key Assumptions

- **Financial:** We assume that financial conditions will not tighten in a way that disrupts the outlook.
- **Geopolitical:** We assume persistent geopolitical tension but also expect it will not meaningfully impact the global economy or markets.
- **Monetary Policy:** Global central banks are likely to continue cutting rates to one degree or another over the next few quarters.

Central Narrative

- **Global Growth:** While trade policy uncertainty has diminished, the direct impact of tariffs will slow growth.
- **Inflation:** Stable inflation expectations are an important anchor and should keep medium-term inflation contained.
- **Yields:** We generally expect stability in longer-term rates, after the decline earlier in the year.
- **USD:** We expect additional dollar weakness, though at a slower pace than has been the case this year so far.

Key Upside Risks

- Central bank easing could boost investment and growth.
- Renewed business investment, as uncertainty has faded, would be a positive indication of future growth.

Key Downside Risks

- The direct impact of tariffs has yet to be fully felt.
- Threats to Fed independence could prompt disorderly moves in the Treasury market.
- Market complacency suggests some vulnerability in the event of a shock.

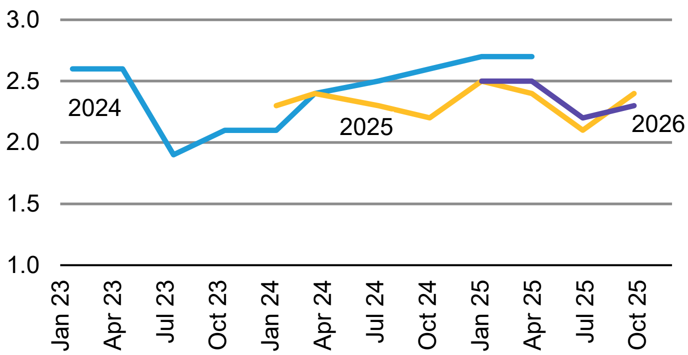
AB Growth and Inflation Forecasts (Percent)

	Real GDP Growth		CPI Inflation	
	2025	**2026**	**2025**	**2026**
US	1.2	1.4	3.3	2.6
Euro Area	1.1	1.0	2.1	1.8
Japan	1.0	1.0	2.8	2.0
China	4.5	4.3	0.5	1.0
Global	2.4	2.3	3.2	2.8
Industrial Countries	1.4	1.2	2.9	2.3
Emerging Countries	3.8	3.8	3.7	3.5
EM ex China/Russia	3.5	3.7	6.7	6.0

*US GDP forecasts presented as 4Q/4Q; others YoY; US CPI reflects core inflation; others are headline. As of January 2, 2024
Source: AllianceBernstein (AB)

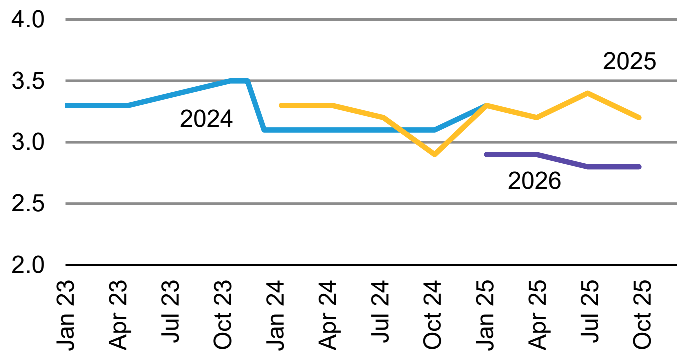
Forecasts Through Time

AB Global Growth Forecasts by Vintage



As of September 30, 2025
Source: AB

AB Global Inflation Forecasts by Vintage



As of September 30, 2025
Source: AB

US

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
US	1.2	1.4	3.3	2.6	3.63	2.63	4.00	3.75

- Growth has slowed over the course of the year and is on pace to be well below the growth rate of the last few years. Still, it's likely to remain positive—an environment that continues to look like a soft landing.
- The labor market is in flux. Demand for workers has deteriorated as growth has slowed, but migration and deportation policy has reduced labor supply almost in parallel. That has left the labor market in a curious equilibrium in which slow hiring by historical standards may be sufficient to absorb the much slower growth rate of the available workforce. If sustained, this equilibrium would lead to lower growth over time.
- Inflation is a mixed bag. Goods prices are clearly being impacted by tariffs and are moving higher, while shelter inflation continues to decelerate. Overall inflation is above the Fed's target and unlikely to fall to that level over a reasonable forecast horizon; how the Fed responds to that systematic miss will be a very interesting question in the years to come.

Risk Factors

- Markets have responded favorably to increased confidence in the policy regime. If policy volatility resurfaces, market complacency could be shaken.
- Inflation expectations have been stable. If they move higher as tariffs increasingly filter into the economy, that will limit the Fed's flexibility to cut rates and support a weaker labor market.
- The biggest risks are structural rather than cyclical. Attacks on the Fed's independence threaten its ability to foster a stable economy. History teaches that central banks without independence are ineffective at keeping inflation subdued.

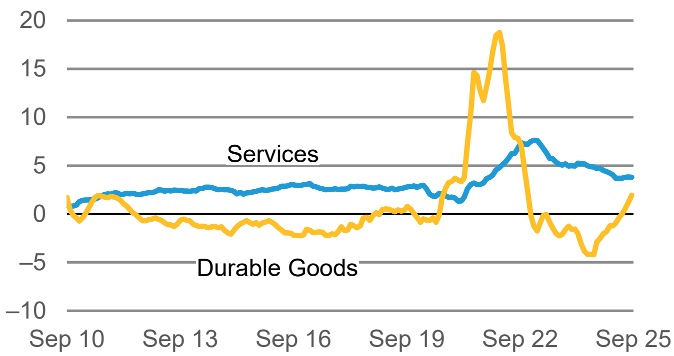
Overview

What one sees when assessing the US economic outlook depends almost entirely on the time horizon. From a cyclical perspective, the next few quarters seem likely to be somewhat stable—slow but positive growth, moderate price pressures and gradually lower interest rates. From a structural perspective, however, the longer-term outlook is deteriorating significantly. Imbalances are large and growing and policymakers' ability to respond appropriately to those imbalances is increasingly subject to doubt.

First the cyclical: resolution to trade negotiations has reduced uncertainty and should pave the way for business investment to bridge at least some of the economic gap created as consumers pull back in the face of tariff-induced inflation. That inflation should be short-lived, and our expectation is that growth will pick up in 2026 as prices pressures fade. The labor market is the key variable to monitor. Our assumption is that businesses will not pivot from slow hiring to significant layoffs; that should allow consumers to muddle through for the next few quarters. If we are wrong and layoffs mount, the situation will look very different, but that is not the base case. Instead, the labor market is in a strange equilibrium in which slower demand for workers is being met by less supply: immigration and deportation policy have reduced the workforce in a way that has kept the labor market more or less balanced even as hiring has slowed sharply. That equilibrium may prove temporary, but to the extent it is durable, it suggests that growth will be slower in the future than in the past (fewer workers = less growth). Still, less growth is not the same as no growth, and we continue to view a recession as unlikely.

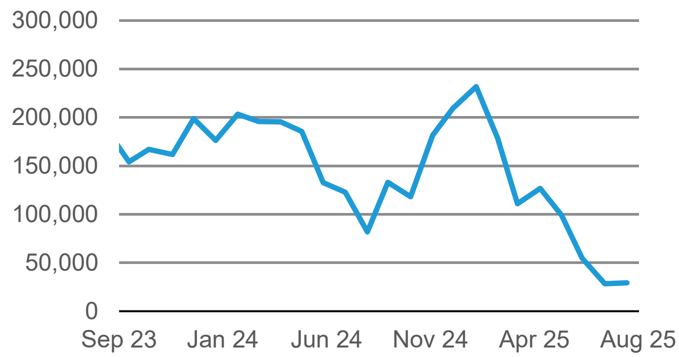
Even as the near-term outlook looks relatively stable, however, structural developments are alarming. The US has a large budget deficit and a rising debt load; there is nothing in the policy environment that suggests either is likely to change soon. The US dollar remains the reserve currency of the world, which allows the debt burden to be sustainable even as it grows. But part and parcel of that sustainability is the idea that policymakers will do what it takes to keep inflation under control and to protect the purchasing power of dollars and the value of Treasury coupon payments. With the executive branch now attacking the Fed's independence and threatening the production of unbiased economic data, risks to the long-term inflation outlook are rising sharply. Central banks that are not independent have a long and inglorious track record of generating inflation shocks. While we cannot know for sure when that will happen in the US, if the Fed loses its independence, it is all but certain that a shock eventually will occur. For now, markets have made clear that they are focused on the cyclical stability rather than the structural vulnerabilities. That will be true until it isn't, of course, and when that focus changes it is likely to result in a rapid, and painful, adjustment.

Goods and Services Inflation (YoY Percent Change)



As of September 30, 2025
Source: AB

Quarterly Average Change in Non-farm Payrolls



As of September 30, 2025
Source: AB

China

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
China	4.5	4.3	0.5	1.0	1.00	1.25	2.00	2.25	7.20	7.20

Outlook

- China's economy remains largely stagnant, with growth slow and deflation the largest near-term risk. Things didn't get worse in the third quarter, but neither did they change in any significant way.
- Policymakers appear unenthusiastic about making major changes, given the uncertain outcome of negotiations between China and the United States around trade and other issues.

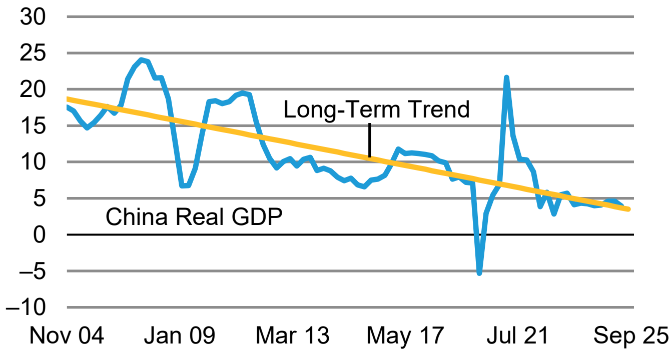
Risk Factors

- Trade negotiations remain a significant source of risk. While a return to prohibitive tariff levels seems unlikely, until a fuller resolution is reached some degree of uncertainty is likely to persist.
- The property sector remains distressed, impacting both investment and household sentiment. A further deterioration could prove destabilizing.

Overview

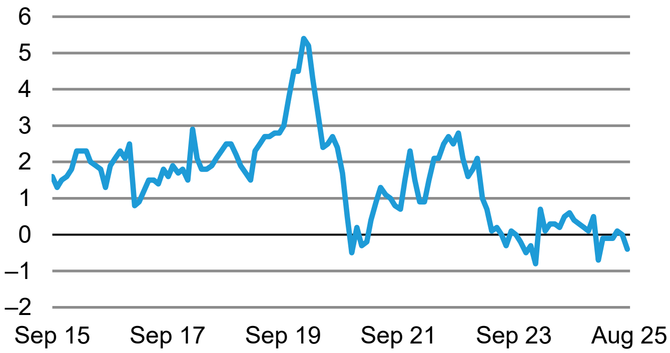
China's economy remains stuck in the mud. With the eventual nature of the relationship between China and the US unclear, uncertainty is higher in China than in other regions. The need to preserve the growth trajectory dictates that production must continue, but with domestic demand weak and access to US markets uncertain, Chinese producers may increasingly be forced to find other markets for their goods. Domestic demand shows little sign of picking up; macroeconomic stimulus has been limited and piecemeal rather than broad and comprehensive, and the result is that households remain cautious. The property sector may be the biggest headwind of all. With housing markets still in a downturn, residential investment activity is going to be limited. At the same time, with many households relying on property markets as a significant portion of their savings and investment, tepid housing markets reduce household wealth and optimism. Until the global situation is more completely sorted out, major stimulus measures appear unlikely, which suggests a few more quarters of muddling along rather than any meaningful change of direction. In the meantime, deflation remains a real risk: with prices in negative territory, a deflationary mindset could set in; if it does that would make a reacceleration even more difficult to achieve.

China Economic Growth (Percent)



As of September 30, 2025
Source: LSEG Datastream

China Inflation (Percent)



As of September 30, 2025
Source: LSEG Datastream

Euro Area

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Euro Area	1.1	1.0	2.1	1.8	1.75	1.75	2.60	2.75	1.17	1.18

Outlook

- Risks to growth remain tilted to the downside but lower uncertainty reduces recessionary risks.
- From 2026, the outlook for growth should brighten, mostly driven by Germany's fiscal expansion, which is more front-loaded than initially expected.
- Inflation has sustainably reached its target as of now. Undershooting risks in the medium term remain and could become more persistent.
- The European Central Bank (ECB) reached neutral territory but might not be done with easing. We think one more cut this year is warranted but the risks of no cuts are now higher than those of more.

Risk Factors

- A stronger euro and a possible rerouting of trade flows towards Europe pose a serious medium-term risk to inflation.
- Geopolitical events continue to represent a major risk. Notably, the inability to end the Russia-Ukraine war lengthens broader risks for the region.
- Front-loaded spending in Germany represents a clear upside risk to our medium-term outlook. However, the plan could disappoint if not implemented and allocated efficiently, in which case the boost to growth could be delayed.

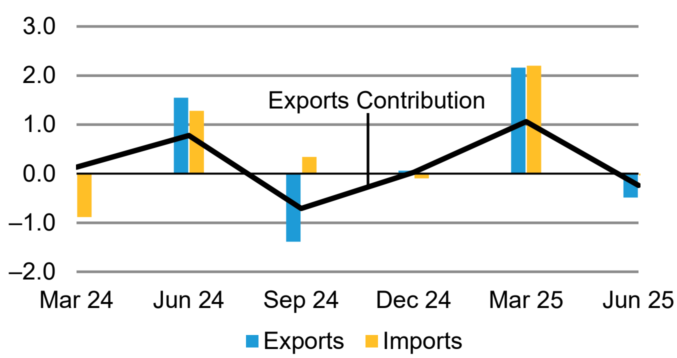
Overview

While the effective tariff rate is higher than announced last April, diminished tariff-related uncertainty alleviates some of the downside risks to growth. Activity should slow in the second half as export frontloading reverses and domestic growth drivers remain mild. However, risks of a severe recession have clearly lessened. That said, the direct impact of tariffs on growth has yet to fully materialize which keeps risks to growth skewed to the downside. The medium-term outlook should however improve, driven by a more front-loaded German fiscal impulse, and reduces the need for deeper monetary easing. Implementation could be slower than anticipated but even then, the fiscal shift is consequential for the growth outlook. Consequently, fiscal consolidation in the region will stall given a much larger fiscal deficit than planned by the previous German government. In addition, political instability in France will keep the countries' deficits at elevated levels.

Inflation is sustainably at target this year, but medium-term disinflationary risks cannot be ignored. While services disinflation has been the slowest, it is nevertheless ongoing and should continue in the coming months. Wage growth is also set to slow markedly by the end of the year, further strengthening the disinflationary process. In addition, a stronger euro and possible rerouting of trade flows to Europe could jeopardize the outlook in the medium term. While the ECB has so far minimized risks of undershoot, even as their forecast incorporates them, we think the picture could change by the end of the year.

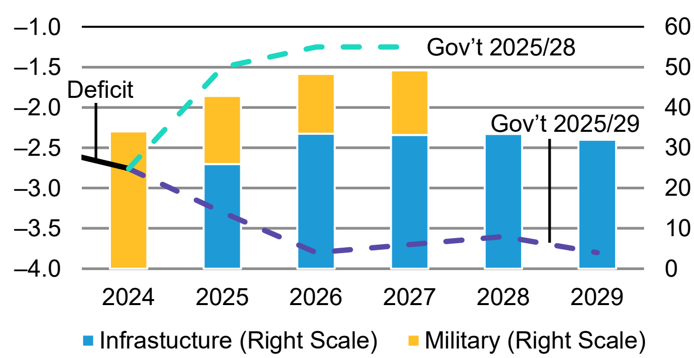
Policy rates have now been at a neutral stance since June and considered to be in "a good place" to navigate risks to the economy. The ECB has provided most of the easing already and additional cuts require more convincing evidence. We think risks to growth and inflation continue to be tilted to the downside, but we must acknowledge that the ECB's current reaction function raises the risk of no further cuts this year. That said, the ECB's own monetary policy strategy would call for action if larger and more sustained negative deviations of inflation from the target were to materialize in their December forecast.

Eurozone Trade Contribution to GDP (Percent)



As of September 30, 2025
Source: Eurostat and AB

Germany Fiscal Spending (€bn)



As of September 30, 2025
Source: Bundesbank and AB

UK

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
UK	1.2	1.0	3.5	2.6	3.75	3.25	4.70	4.10	1.35	1.35

Overview

Higher inflation and a challenging fiscal outlook are the main focus in the UK. CPI inflation will peak at 4% before gradually easing back to target. Cost push shocks and higher energy prices are the main drivers; therefore, second-round effects should be contained. Underlying price pressures continued to ease although momentum has recently slowed, and wage growth should markedly take a step down by the end of the year. Meanwhile, the labor market continues to show signs of weakness. The economy is losing jobs, but at a slower pace than previously suggested. Activity is clearly slowing, which should not help to improve the outlook for the labor market. Even then, the Bank of England's (BoE's) reaction function is ultra-sensitive to inflationary risks and the bar for another cut this year is high. We continue to think that a cut in the last quarter is possible, conditional on underlying inflationary pressure easing further. This would ensure that higher headline inflation is not translating into longer-lasting price pressures. The BoE also decided to slow the pace of quantitative tightening to £70 billion over the next 12 months, down from £100 billion. Importantly, as part of the gilt sales that amount to £21 billion for the upcoming year, the BoE decided to sell fewer long maturity gilts (20%) which should help ease tensions on the UK gilt market ahead of the autumn budget. The latter promises to be a headache for the chancellor. Public finances are running above the ORB's forecast while the headroom against fiscal targets is likely deep in negative territory. Given little political support for reducing spending, the chancellor will probably implement tax-related measures to restore finances, but such policies could hurt growth in the medium term.

Japan

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Japan	1.0	1.0	2.8	2.0	0.50	0.75	1.70	2.00	140	135

Overview

Political turbulence dominated the Japanese outlook in the third quarter, leaving the economy in something of a holding pattern. With new elections scheduled for early fourth quarter, the scope for economic policy to move back to the fore should increase. An additional rate hike remains possible but far from certain, with much depending on how the new government chooses to conduct fiscal policy, as well as how the new administration's relationship with the United States develops. In the meantime, domestic demand appears stable, and business sentiment has improved as tariff fears have ebbed. Growth looks set to be stable for the foreseeable future.

Emerging Markets

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
EM ex China/Russia	3.5	3.7	6.7	6.0	9.63	8.37	8.70	8.40	—	—
Asia	4.9	5.1	2.3	3.3	4.21	4.21	5.20	5.39	—	—
LATAM	1.7	2.0	7.4	5.6	13.17	10.92	10.04	9.30	—	—
EEMEA	2.0	2.2	13.4	10.4	17.31	14.48	9.36	8.71	—	—

Outlook

- An expanding emerging-markets/developing-markets (EM/DM) growth premium, generally competitively valued EM currencies, and looser global financial conditions might be sufficient to lure capital inflows as the uncertainty about trade tariffs dissipates
- Target-friendly inflation looks most secure in EM Asia, but inflation is also projected to be within central banks' tolerance bands in CEEMEA and LatAm in 2026

Risk Factors

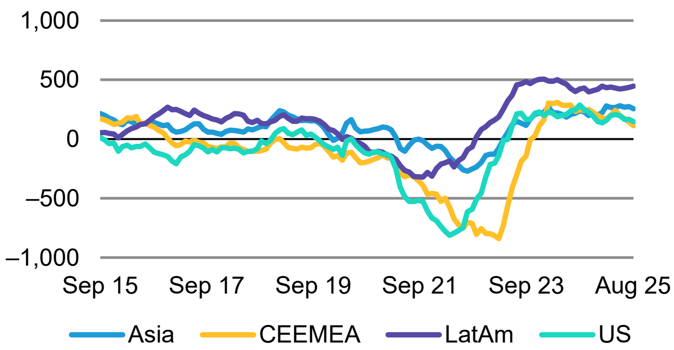
- The deepening of China's housing sector needs to be monitored closely
- EM local bond yields and credit spreads are already quite tight

Global economic growth has remained surprisingly resilient year to date, but the gradual infiltration of higher tariffs and trade normalization could still lead to a light stagflationary spell through the turn of the year. This backdrop would ordinarily be challenging for EM. But the Fed's resumption of its easing cycle and US dollar weakness provide more scope for EM central banks to normalize policy rates to counterbalance the projected soft patch in economic activity.

While the Fed is being swayed by the employment part of their mandate, EM central banks are mostly driven by the favorable inflation outlook. Target-friendly inflation looks most secure in EM Asia, supported by persistent disinflationary impulses in China. But inflation is also projected to be within central banks' tolerance bands in CEEMEA and LatAm in 2026. To be sure, structural stagflationary risks remain—fueled by higher tariffs and potential shifts in global trade—but China's disinflationary impulses, cyclically contained commodity prices, and stronger EM currencies are expected to dominate the EM inflation trajectory over the next few quarters.

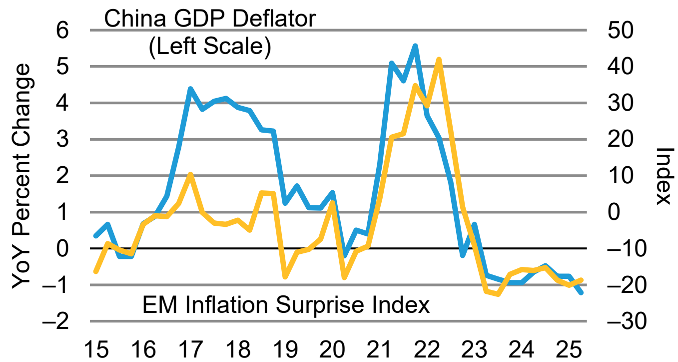
The favorable disinflationary dynamics in China seem to be partly driven by unfavorable property sector dynamics in the country. The deepening of China's housing sector needs to be monitored closely but we expect continued targeted policy tweaking to limit spillover to the real side of the economy over the forecast horizon. Our baseline expectation is for EM (excluding China and Russia) to broadly replicate last year's growth rate in 2025 (c.3.5%) and for economic growth to edge up and further outpace DM in 2026. An expanding EM/DM growth premium, generally competitively valued EM currencies, and looser global financial conditions might be sufficient to lure capital inflows as the uncertainty about trade tariffs dissipates. While EM currencies have ostensibly benefited from investors increasing hedge ratios on their US dollar holdings, EM portfolio flows also maintained positive momentum during the past two quarters. EM local bond yields and credit spreads are already quite tight, but there is, in our view, scope for selective outperformance if flows remain positive and volatility remains low. We think this could lead to a virtuous cycle where EM currency appreciation fuels yield and credit spread compression.

High Real Policy Rates (Basis Points)



As of September 30, 2025
Source: Bloomberg and AB

Disinflationary Impulses from China



As of September 30, 2025
Source: Bloomberg, Haver Analytics and AB

Forecast Table

	Real Growth (%)		Inflation (%)		Official Rates (%)		Long Rates (%)		FX Rates vs. USD	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Global	2.4	2.3	3.2	2.8	3.98	3.43	3.99	3.91	—	—
Global ex Russia	2.4	2.3	3.0	2.7	3.63	3.19	4.02	4.00	—	—
Industrial Countries	1.4	1.2	2.9	2.3	2.83	2.28	3.47	3.32	—	—
Emerging Countries	3.8	3.8	3.7	3.5	5.69	5.16	4.77	4.80	—	—
EM ex China	3.2	3.4	6.8	5.9	10.35	8.93	7.65	7.35	—	—
EM ex China/Russia	3.5	3.7	6.7	6.0	9.63	8.37	8.70	8.40	—	—
US	1.2	1.4	3.3	2.6	3.63	2.63	4.00	3.75	—	—
Percent of Year-over-Year Methodology	1.7	1.3								
Canada	1.2	1.3	2.1	2.2	2.25	2.00	3.00	2.50	1.42	1.47
Europe	1.1	1.0	2.4	1.9	2.14	2.03	3.02	3.00	1.22	1.21
Euro Area	1.1	1.0	2.1	1.8	1.75	1.75	2.60	2.75	1.17	1.18
UK	1.2	1.0	3.5	2.6	3.75	3.25	4.70	4.10	1.35	1.35
Japan	1.0	1.0	2.8	2.0	0.50	0.75	1.70	2.00	140	135
Australia	1.6	2.2	2.6	2.7	3.35	3.10	4.10	3.75	0.68	0.70
New Zealand	1.0	2.5	2.5	2.2	2.75	2.75	4.00	4.00	0.63	0.67
China	4.5	4.3	0.5	1.0	1.00	1.25	2.00	2.25	7.20	7.20
Asia ex Japan & China	4.9	5.1	2.3	3.3	4.21	4.21	5.20	5.39	—	—
India	7.1	6.7	3.0	4.5	5.50	5.50	6.50	6.75	88.0	90.0
Indonesia	4.9	5.1	1.7	2.5	4.50	4.50	6.45	6.70	16,750	17,000
Korea	1.0	1.8	1.9	1.8	2.25	2.00	2.75	2.50	1,370	1,330
Thailand	2.0	2.0	0.5	1.0	1.25	1.00	1.45	1.40	32.3	32.0
Latin America	1.7	2.0	7.4	5.6	13.17	10.92	10.04	9.30	—	—
Argentina	3.5	4.0	30.0	20.0	35.00	30.00	—	—	1,550.00	1,750.00
Brazil	2.0	1.7	5.3	4.3	15.00	12.00	12.50	11.85	5.40	5.20
Chile	2.2	2.4	4.4	3.5	4.50	4.50	5.45	5.00	900	875
Colombia	2.8	3.0	5.0	3.8	9.00	7.50	11.35	10.50	4,100	3,800
Mexico	0.2	1.3	3.8	3.8	7.00	6.50	8.30	8.10	18.8	18.5
EEMEA	2.0	2.2	13.4	10.4	17.31	14.48	9.36	8.71	—	—
Hungary	1.3	2.5	4.7	4.3	6.50	4.75	6.60	6.00	391	400
Poland	3.2	3.1	4.2	3.5	4.75	3.75	5.25	4.90	4.24	4.19
Russia	1.2	1.4	8.3	5.8	17.00	15.00	—	—	85.0	85.0
South Africa	1.0	1.4	3.2	3.9	6.75	6.50	9.00	9.50	17.0	18.0
Turkey	3.1	3.2	35.0	27.0	35.00	28.00	29.00	26.00	43.50	50.00

Growth and inflation forecasts are calendar-year averages except US GDP, which is forecast as 4Q/4Q. Interest-rate and FX rates are year-end forecasts.

Long rates are 10-year yields unless otherwise indicated.

The long rates aggregate excludes Argentina and Russia; Argentina is not forecast due to distortions in the local financial market; Russia is not forecast because the local market is inaccessible to foreign investors.

Real growth aggregates represent 29 country forecasts, not all of which are shown.

There is no guarantee that any estimates or forecasts will be realized.

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