



Global Macro Outlook

Second Quarter 2026

The Macro Picture

Economics moved to the back burner in the first quarter, with geopolitical risks dominating the narrative. From Greenland to Venezuela and eventually to Iran, US foreign policy became the dominant variable for financial markets. Our paradigm in assessing the impact of geopolitical events on the economy is to look for a transmission mechanism: the economically meaningful price that moves in response. With the war in Iran, the answer is obvious: the price of oil is the most significant factor to consider in thinking about the economic outlook.

Oil price shocks are stagflationary: they push prices higher while slowing growth as businesses and households are forced to spend more on fuel and less on other goods and services. It's too early, however, to know the balance between those two impulses and the magnitude of each. Duration matters: if oil prices come down as quickly as they rose, the impact is likely to be quite small. But if they remain at a higher level for a protracted period, the impact could be rather large.

We are not experts at geopolitics, or at assessing oil production. But it seems to us that the damage to oil-related infrastructure in the Middle East means that oil prices are likely to settle at least somewhat higher than before the war. That assumption underpins our expectation that there will be a global economic impact. And, of course, should the conflict persist and/or intensify, that impact could be significant.

For the time being, however, developments to date seem unlikely to push the global economy either into an inflationary spiral or a recession. We do expect inflation to be somewhat higher and growth lower than previously forecast, but remember that the economy has weathered many storms in recent years. Indeed, at least thus far, the war in Iran has not pushed energy prices up as much as did the Russian invasion of Ukraine in 2022. The starting point matters as well, and the economy came into this shock in relatively good shape. That, too, should help to cushion the shock.

The impact of higher energy prices will not be evenly distributed across the global economy. Europe and Asia are more reliant on Middle East energy exports than is the United States, which is a net exporter of oil. That means that in addition to the price impact, Europe and Asia may also be forced to contend with limited supplies.

One of the major questions with which financial markets are wrestling is what the monetary policy response to the energy price shock will be. Here, the answer depends in part on the differing mandates of central banks, as well as the eventual economic impact of the war. In the US, where the Fed pursues both price stability and full employment, history suggests that it's likely to look through the short-term increase in headline inflation resulting from higher oil prices and instead work to preserve the labor market. That may not mean rate cuts, necessarily, but it certainly makes the central bank less likely to respond to an oil shock by raising interest rates. Of course, that would change if inflation expectations moved meaningfully higher; it's good news that so far they have not, even as oil and gasoline prices have risen sharply. At this stage we continue to expect the Fed to cut rates gradually over the next few quarters, though any forecast has to be held only lightly in such an uncertain environment.

In Europe, history teaches a different lesson, given that the European Central Bank (ECB) and the Bank of England (BoE) are mandated to target inflation exclusively. Consequently, they may not be as willing to ignore rising inflation even if it is due to a supply shock that monetary policy can do little to alleviate. The ECB has in the past raised rates into just that kind of a shock, and financial markets have raced to price similar behavior this time. We're skeptical, however, that the ECB will move as quickly or as aggressively as the market is currently pricing. In the UK, the first response to rising energy prices has been for the BoE to slow its easing cycle; time will tell if it halts altogether.

Asia is in many respects particularly vulnerable to an oil shock. Except for Malaysia, most emerging-market (EM) Asian countries import most of their energy. China has built up reserves of oil that will cushion the near-term blow, but sooner or later it too will be subject to the vicissitudes of global markets. With the Chinese economy still struggling with a shortage of domestic demand, the impact of a commodity price shock would be especially unwelcome. Chinese leaders released a first-ever growth target of below 5% for 2026, and we think it will take additional stimulus even to get to that.

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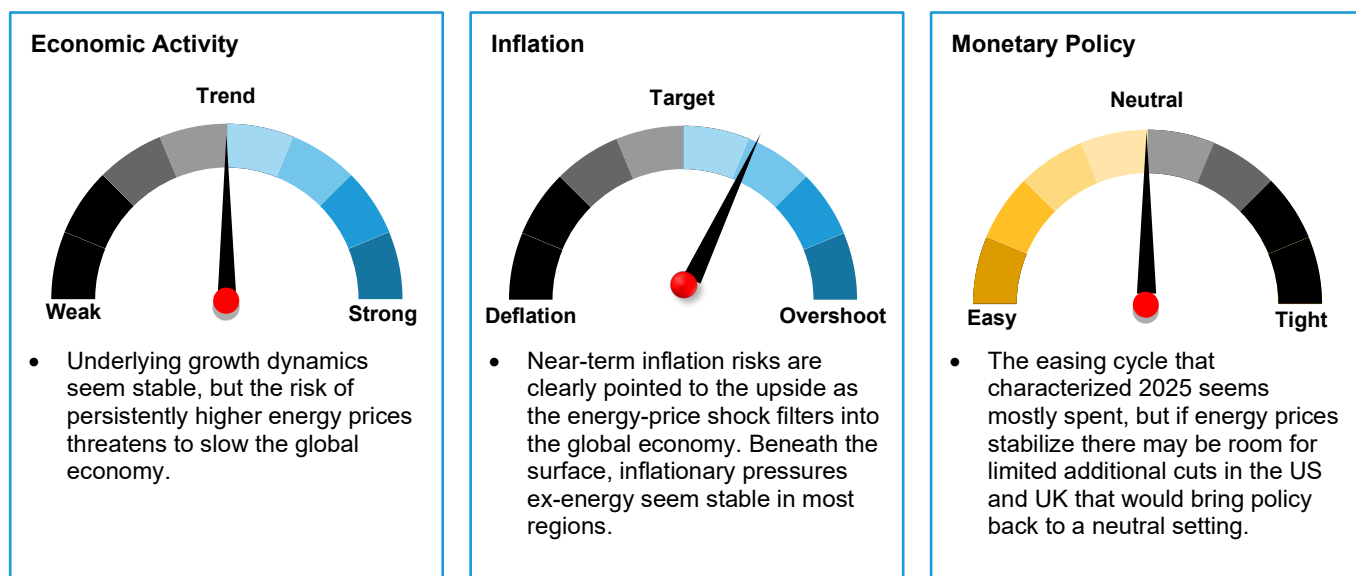
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EM economies are in a period of heightened uncertainty, with the outlook increasingly shaped by volatile commodity price dynamics. The surge in oil and gas prices is already transmitting into higher near-term headline inflation, complicating what had previously been a relatively constructive macroeconomic backdrop. While EM central banks may initially seek to look through the first-round effects of higher headline inflation, the scope for doing so is limited. Should inflation expectations become unanchored, or forecasts deviate materially from targets, policymakers may have little choice but to respond. In such a scenario, EM economies could be pushed toward a stagflationary environment.

While energy prices dominate the headlines, they're not the only factor in today's global economy. Artificial intelligence (AI) remains a focal point, with markets increasingly trying to sort companies and sectors into winners and losers as adoption increases. Private credit markets have also been in the spotlight, given their exposure to software companies. We share some of the concern in markets around the opacity of private markets, as well as potential excesses suggested by their explosive growth in recent years. Still, we think that any issues within private markets are unlikely to trigger a systemic crisis. This does not look like the 2008/2009 financial crisis to us.

Geopolitical risk is primarily what matters for the time being. We don't expect it to be a permanent state of affairs; economic actors and financial markets eventually acclimatize to the new normal, which we expect will happen here too. In the meantime, financial markets are likely to remain unusually volatile, trading on headlines rather than economic developments. For most investors, reacting to headlines will feel very much like chasing one's tail. We think it's better to maintain a broader perspective: it would take a very large shock to completely upend our understanding of the economy. No one can guarantee it won't happen, but our base case is that it will not and that the global economy will remain resilient to this shock as it has to the many others this cycle.

Global Macro Outlook: The Next Six Months



Global Forecast

Forecast Overview

Key Assumptions

- **Financial:** We expect financial conditions to remain somewhat tighter than prior to the war in Iran, but not to tighten enough to push the economy into recession.
- **Geopolitical:** The war in Iran is likely to settle into the background over time, as has the war in Ukraine, though persistent oil price volatility seems more likely in this conflict.
- **Monetary Policy:** Different reaction functions are likely as pure inflation targeting central banks may raise rates while those with a growth mandate are less likely to do so.

Central Narrative

- **Global Growth:** Underlying growth momentum is solid, but the oil price shock will reduce economic performance.
- **Inflation:** Headline inflation will rise with oil prices; second round effects on core inflation will depend on the persistence of the oil price shock.
- **Yields:** We believe markets are likely to price too much tightening based on rising oil prices, which should bring yields down over time.
- **USD:** The dollar is likely to benefit from safe-haven flows while the conflict remains intense. It's path thereafter is less clear.

Key Upside Risks

- A rapid resolution in Iran could bring oil prices down sharply.
- AI-related productivity gains could boost growth and offset the energy price shock.

Key Downside Risks

- Persistently higher oil prices could be very disruptive.
- Higher input costs could lead the corporate sector to lean more on technology and reduce headcount accordingly.
- Wealth concentration, especially in the US, could mean that financial market volatility has an unusually large impact on the economy.

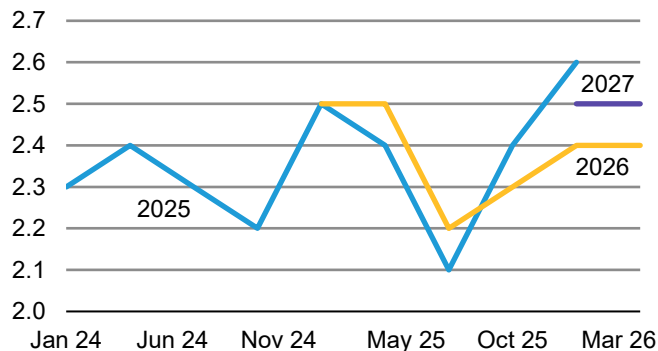
AB Growth and Inflation Forecasts (Percent)

	Real GDP Growth		CPI Inflation	
	2026	2027	2026	2027
US	2.0	2.0	3.3	2.4
Euro Area	0.8	1.0	2.5	1.8
Japan	1.0	1.0	2.8	2.0
China	4.5	4.5	1.0	1.2
Global	2.5	2.5	3.3	2.6
Industrial Countries	1.6	1.6	3.0	2.2
Emerging Countries	3.9	4.0	3.6	3.2
EM ex China/Russia	3.7	3.9	6.2	5.1

As of March 31, 2026.
Source: AllianceBernstein (AB)

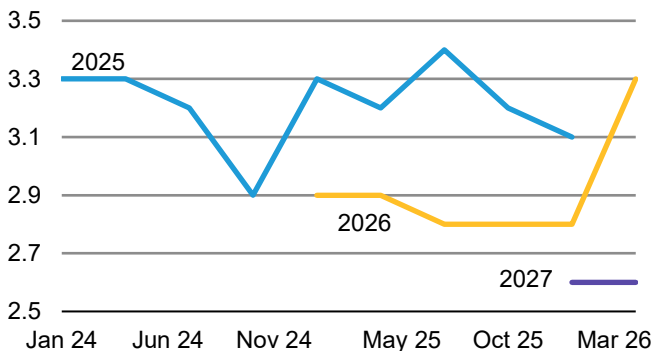
Forecasts Through Time

AB Global Growth Forecasts by Vintage



As of March 31, 2026
Source: AllianceBernstein (AB)

AB Global Inflation Forecasts by Vintage



As of March 31, 2026
Source: AllianceBernstein (AB)

US

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)	
	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
US	2.0	2.0	3.3	2.4	3.13	3.13	4.00	4.00

- The economic outlook prior to the Iran war was constructive: AI-related investment and resilient consumption set the stage for an acceleration in growth in 2026. That starting point is important because it suggests that the economy can withstand the oil price shock without undue disruption.
- The key variable is the labor market. Hiring has slowed sharply over the last year, with that decline offset by a drop in the working-age population due to a combination of migration policy and the aging of the native-born population. But if labor demand slows further, net job losses would become likely. It remains to be seen if businesses can withstand higher oil prices without shedding staff, particularly given increasing usage of AI for many functions.
- Inflation is sticky and above target, though not alarmingly so. The surge in energy prices poses clear upside risks, however, with the pass-through to headline inflation almost immediate and the pass-through to core inflation dependent on the persistence of the oil price shock.

Risk Factors

- The obvious risk is energy prices, which tend to push up inflation and drag down growth. Should the conflict in Iran persist or escalate such that oil prices continue to march higher, the disruption to the economy could be significant.
- AI appears to be boosting productivity. In the near term, it could be disruptive to the labor market, particularly if demand falls and businesses need to cut costs.
- The economy may be more sensitive to financial market performance than has been typical, given the concentration of consumption among the wealthy. Should markets perform poorly, it could have an outsized impact on growth.

Overview

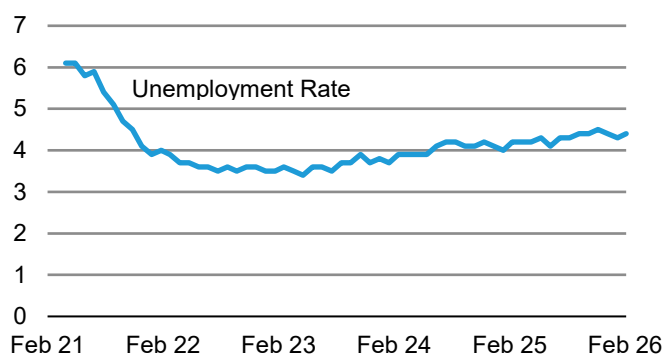
Once again the economic outlook is clouded by policy change. Last year it was tariffs, six months ago it was a protracted government shutdown; now it's war. If Washington could manage to stay out of the way of the economy, we expect that it would perform quite well; indeed, it has held up well despite last year's policy volatility. Will this time be different? It remains to be seen. In contrast to tariffs, where there was (and is) reasonable disagreement about the economic impact, oil supply shocks have a clear outcome: they are stagflationary. Energy prices go up and that forces a reallocation of consumption away from more productive areas and into the gas tank. That slows growth even as inflation moves higher. We do not have a tool kit that allows us to forecast how the war will play out or exactly what will happen with oil prices in the coming months. For now, we expect that prices will be, on average, notably higher this year as a result of infrastructure destruction and the likelihood of persistent tension in the Middle East. That means that growth will be lower and inflation higher than in our last set of forecasts.

The good news is that the US economy was in relatively good shape before the war, with a recent history of resilience in the face of shocks ranging from the war in Ukraine to tariffs to the government shutdown. We expect the same this time around and, while we have reduced our growth forecasts somewhat, we still expect reasonably solid performance. This expectation is held lightly, of

course; should the war escalate or persist, we could well be too optimistic. In the meantime, we expect that monetary policymakers will be similarly humble in the face of such a large unknown. The Fed is most likely on hold for the time being, and it will wait to assess the balance between growth destruction and rising price pressures before deciding on its next move. We continue to believe that over time the central bank will be able to look through the near-term inflationary impact of rising oil prices and that the next rate move will be a cut, but that cut is likely several months away.

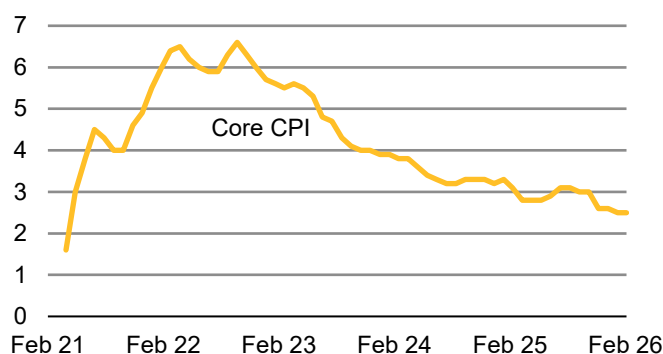
Away from the oil price surge, the economic outlook is little changed. Growth in AI-related investment remains a key driver of economic performance, with some signs that capital investment is broadening as the rate of change in tariff policy slows. The labor market remains in precarious balance, with businesses in aggregate neither hiring nor firing very many workers. That equilibrium has lasted for several quarters; it remains to be seen if the oil shock disrupts it.

US Unemployment



As of March 31, 2026
Source: AB

US Inflation



As of March 31, 2026
Source: AB

China

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
China	4.5	4.5	1.0	1.2	1.00	1.25	2.00	2.25	7.10	7.20

Outlook

- China's economy has started 2026 on a somewhat firmer footing, with export growth picking up as the global economy continues to adjust to the new tariff regime.
- The growth target for 2026 is 4.5% to 5.0%, somewhat lower than last year but consistent with the well-established trend. With inflation still low, however, nominal growth is likely to remain sluggish.
- The oil price shock is another headwind for the economy, though accumulated reserves should limit the near-term economic impact. We expect policymakers to be patient in adding additional stimulus and to focus on improving supply-side dynamics.

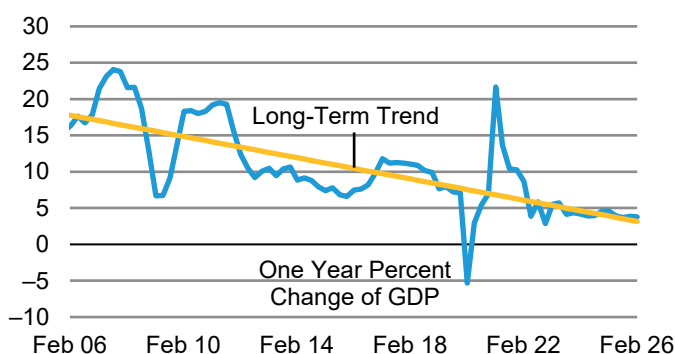
Risk Factors

- Much of China's oil and gas comes from—or moves through—the Persian Gulf, so a long-term supply shock could be disruptive.
- With monetary policy set to be patient, there is some risk that policymakers could fall behind the curve if the economic outlook were to deteriorate in the face of global shocks.

Overview

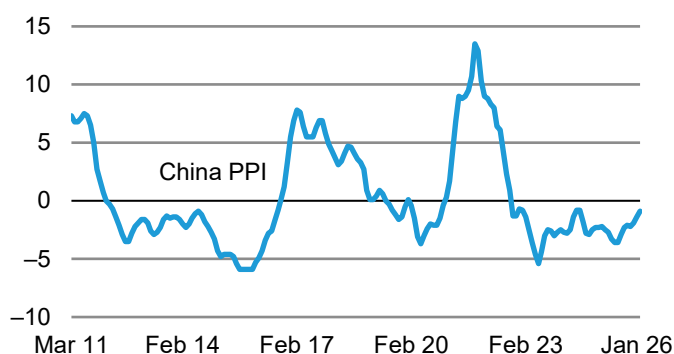
China's economy continues the process of adjusting to a new, less friendly, global trading regime, a process potentially complicated by the war in Iran. While we don't expect the war to be disruptive to the Chinese economy in the near term, a more durable supply shock would certainly be impactful. The war is also a timely reminder that geopolitics are a persistent threat to the region even if near-term tension seems unlikely. All that said, the economic outlook is not particularly different from that of last year. Growth is stable in real terms and sluggish in nominal terms as weak domestic demand keeps the risk of deflation very much front of mind. Policymakers seem focused on boosting the supply side of the economy to keep growth on track; that leaves less scope for rate cuts or other forms of easing, which would work primarily on the demand side of the economy. With a lower growth target this year than last, policymakers appear to recognize the long-term down trend in GDP growth rates and acknowledge that it's likely to continue. But the expectation of growth around 4.5% to 5.0% also makes clear that there is a floor below which authorities will not allow growth to fall.

China Economic Growth (Percent)



As of March 31, 2026
Source: Bloomberg and AB

China Inflation



As of March 31, 2026
Source: Bloomberg and AB

Euro Area

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
Euro Area	0.8	1.0	2.5	1.8	2.00	2.00	3.00	2.60	1.16	1.17

Outlook

- Headline inflation will overshoot the target in 2026 as higher energy prices exert pressure. So far, inflation is expected to fall back to target from 2027.
- Higher energy prices will inevitably drag on growth; the hit could annihilate the positive impact from Germany's fiscal expansion.
- The situation remains less dramatic than in 2022 as gas prices are much more contained and the macro backdrop better positioned.
- European Central Bank (ECB) policy is at neutral and remains on hold for now. Risks of hikes have increased but are conditional on the level of energy prices at their June meeting. For now, the ECB can afford to wait and assess the upcoming data as well as the geopolitical evolutions.

Risk Factors

- A lengthier and/or more severe war in Iran would have a more prolonged inflationary impact and prevent growth.
- The continuing Russia-Ukraine war remains a risk for the region, although more limited than it used to be. Still, an end to it doesn't seem to be on the table anytime soon.
- Germany's fiscal spending is currently running late against the targets set by the government. Now more than ever a stronger pickup is needed to compensate for the energy shock related to the war in Iran.
- Preemptive rate hikes from the ECB could prove to be yet another policy mistake that would worsen the negative impact on growth.

Overview

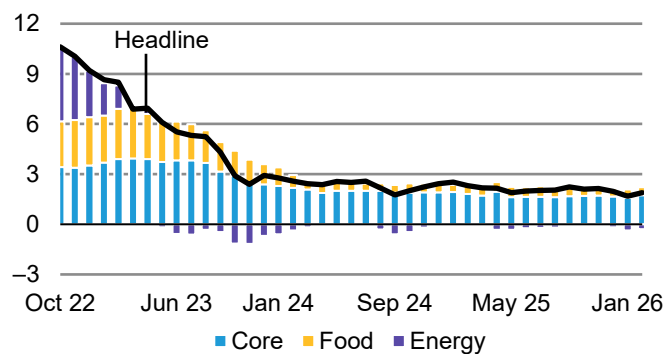
Before the war started, the macro backdrop in the eurozone required further monetary policy easing. Growth was resilient and expected to improve further on the back of German fiscal spending. Nevertheless, pockets of weakness remained as domestic demand failed to pick up more strongly, and the external environment remained frail. Meanwhile, headline inflation was slightly undershooting the target, and risks of a sustained and larger medium-term undershoot were piling up. The war in Iran has dramatically changed the backdrop and is clearly inflationary as well as negative for growth.

On inflation, the ECB's updated forecasts indicate an upward revision in headline inflation, now projected to average 2.6% in 2026, 2.0% in 2027, and 2.1% in 2028. Core inflation is expected to be slightly lower, with projections of 2.3% in 2026, 2.2% in 2027, and 2.1% in 2028. These estimates are based on market pricing for energy prices as of March 11, 2026, and are therefore sensitive to the evolution of those prices. Duration also matters: the longer prices stay elevated, the higher the risk of pass-through to other components of the CPI basket. Significantly higher prices, where oil and gas would reach US\$145 per barrel and €106 per megawatt hours, respectively, could push inflation above 4% this year but also spread more strongly to core and food prices. That said, the situation remains less catastrophic than in 2022. Inflation was already above 5% when Russia invaded Ukraine, which favored strong second-round effects. Headline inflation will surely overshoot the target in 2026 as implied by the ECB's forecast but pass-through might take longer to manifest, if at all, and could be limited in magnitude. In addition, medium-term inflation expectations are well anchored, and rates are at their neutral level. As ECB President Lagarde characterized it, this is a "3 times 2" environment: inflation at the 2% target, rates at 2% neutral, and inflation expectations anchored at 2%.

Higher energy prices represent a clear downside risk to growth through different channels. For consumers, this translates into lower purchasing power and a reallocation of their revenues to energy expenditures away from other goods and services. The cost of production for firms will increase and lower their margin, while the impact will be felt even more strongly by energy-intensive industries. More broadly, higher uncertainty is already taking a toll on the outlook and influencing investment decisions. The ECB revised its growth forecast down to 0.9% for the eurozone. Obviously, member countries are not equally exposed to the shock: Spain and the periphery, with stronger domestic drivers, will continue to outperform, albeit at lower growth rates. Germany on the other hand could see its fiscal efforts wiped out this year, especially as it is running behind implementation targets.

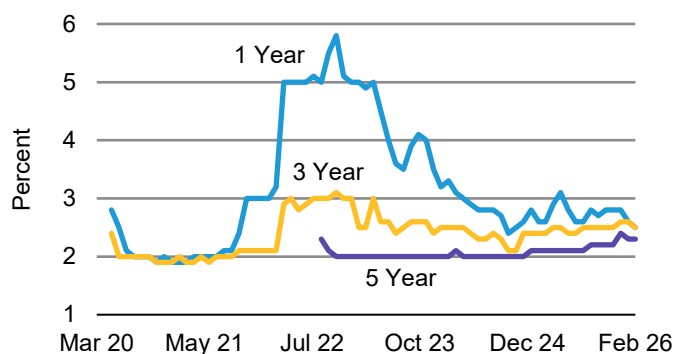
The ECB remained on hold in March and can afford to wait before acting. Lagarde emphasized that the ECB is calm, determined and focused and that it continues to be in a good place to react if need be. That said the probability of a hike clearly increased, and policymakers could start a rate-hiking cycle from June. Depending on the trajectory of energy prices, ECB members who want to preemptively act even without signs of second-round effects might win over those who favor patience. In case the ECB opted to tighten policy rates, the magnitude would be more limited than during the previous cycle when rates were raised by 450 basis points (bps). A cumulated 100 bps of rate hikes would be sufficiently restrictive in a severe scenario. Meanwhile, restrictiveness would have to be withdrawn from the second quarter of 2027, as inflation normalizes and growth is stifled. The ECB would therefore deliver rate cuts back to neutral or potentially below.

Inflation Contributions



As of February 28, 2026
Source: Eurostat and AB

ECB Inflation Expectations (Percent)



As of February 28, 2026
Source: ECB and AB

UK

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
UK	0.7	1.1	3.4	2.6	3.75	3.00	4.80	4.10	1.34	1.32

Overview

The Bank of England (BoE) unanimously remained on hold in March as the war in Iran put a sudden stop to the Monetary Policy Committee's (MPC's) cutting cycle. The latter stands ready to act to ensure CPI inflation remains on track to meet the MPC's target. While this suggests the BoE could opt for rate hikes, the bar remains high. CPI inflation in February was unchanged at 3% but will rise markedly in the upcoming months. While past data are almost irrelevant, they nevertheless continue to show underlying services inflation cooling only moderately. Pre-war slow services disinflation and higher energy prices will certainly keep the BoE on

hold for an extended period. Meanwhile, before the war in Iran, the unemployment rate had already ticked up to 5.2% and was forecast to stay above 5% until 2028. The labor market is weak as job vacancies stand below their 2019 average, the UK economy has lost 75,000 jobs since January 2025 and private wage growth has been heading to a target-consistent level. Lower business confidence and growth outlook could translate into heightened labour market weakness. It is hard to justify hikes unless inflation gets out of control again. The MPC will have a new set of forecasts in April and will reassess their forward guidance accordingly. The data until then will be scrutinized, especially March CPI, inflation expectations and any early signs of second-round effects. The current macro backdrop calls for an extended pause, but the BoE could resume cuts from the fourth quarter of 2026 if the war ends within a few weeks and energy prices normalize to some extent. The biggest risk to this scenario is the absence of cuts in 2026 rather than hikes. Bank rate is still in restrictive territory, and given the macro backdrop, raising bank rate would require a much larger energy shock.

Japan

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
Japan	1.0	1.0	2.8	2.0	1.00	1.25	2.25	2.25	155	145

Overview

The energy shock will weigh on the Japanese economy, given that the country has to import almost all of its oil. Still, it seems likely to us that expansive fiscal policy will offset the direct impact of the energy shock, which should allow domestic demand to continue expanding. Wage and inflation data are consistent with our view that the Bank of Japan (BOJ) will raise rates again in the coming months. As always, the political situation bears monitoring because it impacts the central bank's ability to raise rates and their timing. In the meantime, we expect the yen to remain weak until the policy framework shifts to include some combination of fiscal and monetary tightening.

Emerging Markets

	Real GDP (%)		Inflation (%)		Policy Rate (%)		10-Yr. Bond Yield (%)		FX Rates vs. USD	
	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
EM ex China/Russia	3.7	3.9	6.2	5.1	8.57	7.61	8.85	8.51	—	—
Asia	5.1	5.1	3.3	3.2	4.10	4.16	5.71	5.67	—	—
LATAM	2.1	2.2	6.0	4.8	10.63	9.34	9.90	9.76	—	—
EEMEA	2.3	2.5	10.6	8.1	15.04	11.62	9.14	8.17	—	—

Outlook

- Emerging market (EM) economies are in a period of heightened uncertainty, with their outlook increasingly shaped by volatile commodity price dynamics.
- If inflation expectations become unanchored, or inflation forecasts deviate materially from targets, policymakers may have little choice but to respond with interest rate hikes.

Risk Factors

- The shocks from the war in Iran could lead to stagflationary dynamics.
- EM currency depreciation, capital outflows, and higher external financing costs would all reinforce downside risks.

EM economies are in a period of heightened uncertainty, with their outlook increasingly shaped by volatile commodity price dynamics—most notably oil and gas prices as the war in Iran led to an unprecedented squeeze in supply. The surge in oil and gas prices is already transmitting into higher near-term headline inflation, complicating what had previously been a relatively constructive macroeconomic backdrop. While it's tempting to frame the implications through a binary lens of oil importers versus exporters, the reality is more nuanced. Oil-importing economies, particularly across Asia, are certainly exposed, even if many retain adequate foreign exchange reserves to buffer near-term shocks. But a broader set of vulnerabilities is emerging: economies reliant on remittance inflows from the Gulf Cooperation Council (GCC), tourism-dependent markets and those in closer geographic proximity to geopolitical tensions are all experiencing additional strain on fiscal and external balances.

Early policy responses underscore the severity of the shock. Several EM governments have already implemented measures such as fuel rationing, expanded subsidies and administrative interventions aimed at cushioning the immediate economic impact. However, the nature of the current shock—supply-driven, geopolitical in origin, and potentially nonlinear in its economic transmission—raises questions about the durability of EM countries' relatively strong starting position. Over the past year, many EM economies benefited from tailwinds, including a weaker US dollar, moderating inflation and monetary easing cycles that underpinned a recovery in growth—all now at risk of reversing.

Underlying growth momentum remains reasonably solid—supported in part by rate cuts and emerging productivity gains, including those associated with AI adoption. But the outlook is now contingent on the duration of the war in Iran and energy price dislocations, as well as the respective policy responses to the shock. Should inflation pressures prove more persistent, EM central banks may be forced to reconsider their current stance to maintain credibility. A renewed tightening cycle would risk undermining economic growth as external buffers thin out. While central banks may initially seek to look through the first-round effects of higher headline inflation, the scope for doing so is limited. Should inflation expectations become unanchored, or forecasts deviate materially from targets, policymakers may have little choice but to respond. In such a scenario, EM economies could be pushed toward a stagflationary environment.

Financial markets are already reflecting this shift in risk perception. Expectations for further monetary easing across EM economies have been largely priced out. At the same time, a stronger US dollar—driven by a classic “risk-off” dynamic—has tightened financial conditions, particularly for more externally vulnerable economies. EM currency depreciation, capital outflows and higher external financing costs would all reinforce downside risks.

Despite these near-term challenges, it is important to recognise that EM countries are not entering this period from a position of weakness. Inflation dynamics, while deteriorating, remain more contained than in previous cycles, and many countries have strengthened their policy frameworks and external balances. These factors may provide a degree of resilience—but they are unlikely to be sufficient if adverse shocks intensify or persist. Looking ahead, the range of potential outcomes remains unusually wide.

Forecast Table

	Real Growth (%)		Inflation (%)		Official Rates (%)		Long Rates (%)		FX Rates vs. USD	
	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
Global	2.5	2.5	3.3	2.6	3.66	3.42	4.15	4.02	—	—
Global ex Russia	2.6	2.6	3.2	2.5	3.43	3.28	4.23	4.11	—	—
Industrial Countries	1.6	1.6	3.0	2.2	2.68	2.63	3.63	3.43	—	—
Emerging Countries	3.9	4.0	3.6	3.2	5.12	4.61	4.93	4.91	—	—
EM ex China	3.4	3.6	6.1	5.1	9.04	7.75	7.81	7.47	—	—
EM ex China/Russia	3.7	3.9	6.2	5.1	8.57	7.61	8.85	8.51	—	—
US	2.0	2.0	3.3	2.4	3.13	3.13	4.00	4.00	—	—
Percent of Year-over-Year Methodology	2.2	2.0								
Canada	1.0	1.5	2.4	2.0	2.00	2.00	3.25	3.00	1.40	1.42
Europe	0.8	1.0	2.7	2.0	2.35	2.20	3.37	2.90	1.21	1.21
Euro Area	0.8	1.0	2.5	1.8	2.00	2.00	3.00	2.60	1.16	1.17
UK	0.7	1.1	3.4	2.6	3.75	3.00	4.80	4.10	1.34	1.32
Japan	1.0	1.0	2.8	2.0	1.00	1.25	2.25	2.25	155	145
Australia	2.2	2.2	3.5	2.7	4.35	4.10	4.75	4.25	0.75	0.77
New Zealand	2.2	2.5	2.7	2.3	2.75	2.75	4.25	4.25	0.63	0.67
China	4.5	4.5	1.0	1.2	1.00	1.25	2.00	2.25	7.10	7.20
Asia ex Japan & China	5.1	5.1	3.3	3.2	4.10	4.16	5.71	5.67	—	—
India	7.0	6.9	4.5	4.3	5.25	5.25	6.90	6.70	94.0	95.0
Indonesia	5.1	5.1	3.0	2.6	4.25	4.25	6.70	6.80	17,000	16,800
Korea	2.0	1.9	2.1	2.0	2.50	2.50	3.60	3.40	1,480	1,440
Thailand	1.9	2.2	0.4	1.0	1.25	1.25	1.80	1.70	32.0	31.0
Latin America	2.1	2.2	6.0	4.8	10.63	9.34	9.90	9.76	—	—
Argentina	3.8	3.5	21.0	15.0	25.00	20.00	—	—	1,550.0	1,750.00
Brazil	1.8	2.0	4.5	3.5	12.00	10.00	12.50	11.85	5.40	5.20
Chile	2.6	2.3	4.5	3.5	5.00	5.25	5.45	5.50	900	875
Colombia	2.7	2.5	5.6	4.5	11.75	10.75	11.50	11.00	3,800	3,600
Mexico	1.5	2.0	4.0	3.6	6.50	6.50	8.50	8.75	18.8	18.5
EEMEA	2.3	2.5	10.6	8.1	15.04	11.62	9.14	8.17	—	—
Hungary	2.0	2.5	3.2	3.5	5.75	5.00	6.30	5.80	315	310
Poland	3.7	3.1	2.8	2.5	3.50	3.50	5.10	5.00	3.50	3.50
Russia	0.9	1.3	5.7	4.5	12.50	9.00	—	—	82.0	82.0
South Africa	1.1	1.6	4.0	3.5	6.75	6.75	8.70	8.90	16.5	16.8
Turkey	3.5	4.0	28.0	21.0	32.00	25.50	27.30	24.20	50.00	58.00

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 owing 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.

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