Click here for our weekly podcast

Equity Strategy

Q1 Preview: beats on paper, but the market might not reward them; Eurozone turning up vs the US

- Q1 reporting season is upon us. As is typical, **consensus projections have been moving materially lower over the past several months** - see top chart. For S&P500, IBES is now calling for 3% yoy EPS growth rate, which is down from 10-12% projections seen last summer. For Europe, the Q1 y/y growth rate is at -11%; however, the median number moves up to -1% y/y, given some significant outliers. Ex- Magnificent 7, S&P500 EPS growth expectation is outright negative for the 5th quarter in a row, at -2.6% y/y.
- In a break from recent norms, though, the **activity momentum firmed up during the quarter**, as seen in rising global PMIs - middle chart. This improvement, combined with the reduced earnings hurdle rate on the back of lowered expectations, is suggesting that we will get earnings beats.
- **The likely earnings beats do not necessarily mean that equities will advance during the reporting season, though**. This is because the market has already strongly rerated during Q1, and the big gap has opened up ytd between Fed projections and equity index levels. The **risks of interest rates spiking for the "wrong reasons", Fed pivot getting fully reversed and inflation staying too hot are all elevated**. At the same time, geopolitical uncertainty could quickly spike further, and any de-escalation prove fleeting. Given these concerns, earnings beats will be crucial to try to support the market which has already seen a significantly squeezed risk premia.
- In addition, consensus expectations are for a very steep climb in earnings over the next few quarters, from Q1 S&P500 projection of 55$ to Q4 forecast of 65$, **amounting to an almost 20% increase**. **This is at a risk of disappointment**, and we note that 2024 EPS projections keep moving lower in most regions.
- In terms of earnings themes, **pricing is likely to soften,** with topline growth coming back to earth. Our Smartbuzz analysis of corporate transcripts and news is showing that sentiment on pricing is stretched, and will likely fall from here. Guidances could be underwhelming and companies might start to talk more about cost cutting.
- At sector level, the pickup in commodity prices could help the respective sectors performance. **Cyclicals are already trading expensive and ahead of what is implied by PMIs**, and so might not benefit from any prospective earnings beats. We recently advised for Utilities to perform better, irrespective of bond yields move, and believe that Banks earnings results could end up underwhelming.
- Regionally, **we believe that the period of US earnings outperformance vs Eurozone might be ending**. The relative US-Eurozone PMI momentum is likely peaking, which suggests relative EPS delivery might be turning too - bottom chart. In addition, topline beats for the US vs Eurozone might also be ending, as FX is becoming less of a drag. **These support our recent upgrade of Eurozone equities vs the US**, after a phase since last May where US equities outperformed Eurozone by 15%.

Equity Strategy

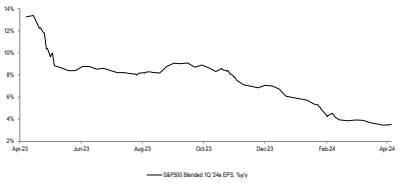
Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com
J.P. Morgan Securities plc

Prabhav Bhadani, CFA
(44-20) 7742-4404
prabhav.bhadani@jpmorgan.com
J.P. Morgan Securities plc

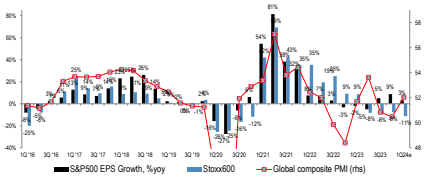
Nitya Saldanha, CFA
(44 20) 7742 9986
nitya.saldanha@jpmchase.com
J.P. Morgan Securities plc

Karishma Manpuria, CFA
(91-22) 6157-4115
karishma.manpuria@jpmchase.com
J.P. Morgan India Private Limited

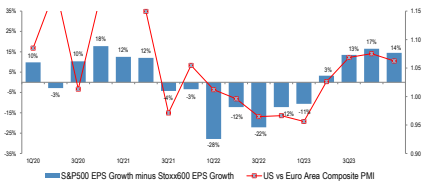
The consensus EPS growth projections for Q1 have come down materially....



...at the same time, activity has firmed up during the quarter, pointing to beats... this might not be the market focus, though...



...regionally, the 4 quarters phase of US earnings beating Eurozone might be ending



Source: Datastream, IBES, J.P. Morgan. S&PGlobal

See page 28 for analyst certification and important disclosures, including non-US analyst disclosures.
J.P. Morgan does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

Mislav Matejka, CFA [AC]
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

J.P.Morgan

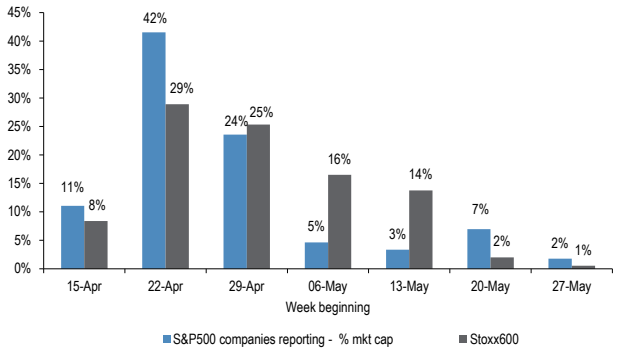
Table Of Contents

Q1 Preview: beats on paper, but the market might not reward them; Eurozone turning up vs the US 3
Appendix 15
Equity Strategy Key Calls and Drivers 17
Top Picks 18
Equity Flows Snapshot 19
Technical Indicators 20
Performance 21
Earnings 22
Valuations 23
Economic, Interest Rate and Exchange Rate Outlook 25
Sector, Regional and Asset Class Allocations 26

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

Q1 Preview: beats on paper, but the market might not reward them; Eurozone turning up vs the US

Figure 1: Q1'24 Earnings calendar

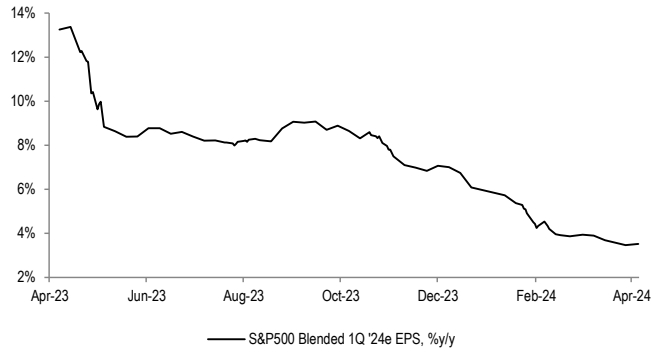


Source: Bloomberg Finance L.P.

We are entering the busiest period of the Q1 reporting season, with more than half of the S&P500 market cap scheduled to report over the coming two weeks. In Europe, nearly 40% of the companies expected to release Q1 numbers will report over this week and the next.

Hurdle rate is low...

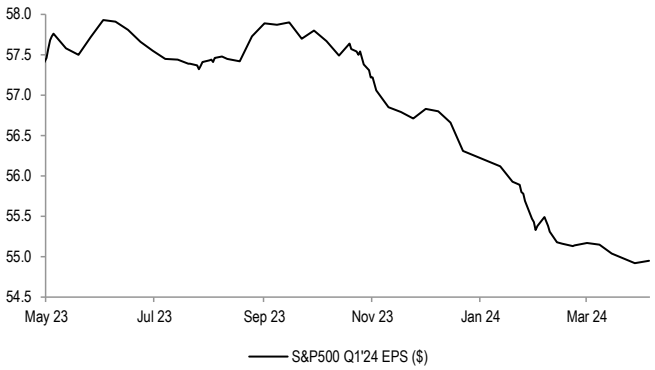
Figure 2: S&P500 blended 1Q24e EPS Growth



Source: Thomson Reuters

Consensus projections for Q1 '24 have come down meaningfully in the past months, from 8% in October last year, to 3% currently.

Figure 3: S&P500 1Q'24e EPS levels



Source: Thomson Reuters

In level terms, S&P500 EPS for Q1 is down by $3 since last summer.

Table 1: Q1'24e EPS Growth for key regions

	Q1 '24e EPS growth, %y/y			
	US	**Europe**	**Eurozone**	**Japan**
Energy	-25%	-32%	-25%	287%
Materials	-24%	-34%	-33%	35%
Industrials	-1%	-6%	1%	0%
Discretionary	14%	-16%	-11%	24%
Staples	0%	1%	2%	1%
Financials	1%	-4%	8%	36%
Health Care	-8%	-1%	-13%	13%
IT	18%	-6%	-7%	10%
Com. Services	25%	2%	-4%	13%
Utilities	20%	-13%	-15%	-101%
Real Estate	2%	0%	-5%	-13%
Market	**3%**	**-11%**	**-7%**	**8%**
Market Ex-Financials	**4%**	**-15%**	**-14%**	**6%**
Market Ex-Energy	**6%**	**-7%**	**-4%**	**8%**
Cyclicals	**10%**	**-14%**	**-11%**	**13%**
Defensives	**5%**	**-3%**	**-11%**	**-17%**
Value	**-7%**	**-14%**	**-3%**	**40%**
Growth	**6%**	**-1%**	**-9%**	**8%**

Source: J.P.Morgan, Datastream

The hurdle rate is low for Europe too, where Q1 EPS growth projections are at -11% y/y, with Commodity sectors and Discretionary weighing on overall growth.

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

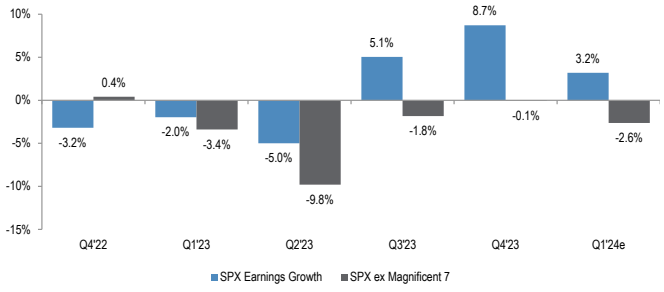
Table 2: Q1'24e Median EPS growth

	Q1 '24e Median EPS growth, %y/y			
	US	Europe	Eurozone	Japan
Energy	-18%	-29%	-31%	288%
Materials	-20%	-32%	-24%	24%
Industrials	2%	2%	5%	5%
Discretionary	2%	5%	-5%	17%
Staples	0%	5%	2%	4%
Financials	6%	1%	7%	21%
Health Care	-1%	5%	-2%	9%
IT	4%	6%	4%	3%
Com. Services	9%	0%	1%	10%
Utilities	8%	-5%	-11%	-111%
Real Estate	0%	0%	-7%	6%
Market	**2%**	**-1%**	**1%**	**8%**

Source: J.P.Morgan, Datastream

Median EPS projections are much higher for Europe, at -1% y/y, and slightly lower than aggregate projections in the US, at 2% y/y.

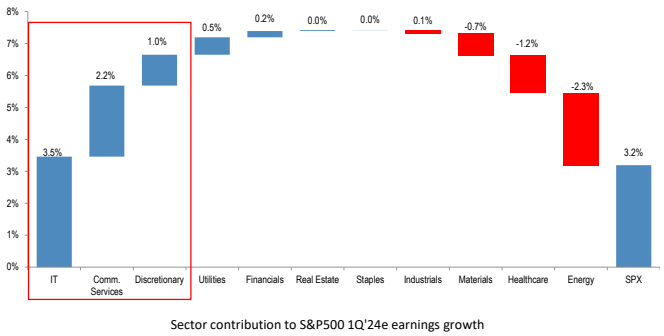
Figure 4: SPX and SPX ex Magnificent 7 earnings growth



Source: Bloomberg Finance L.P., J.P.Morgan

Earnings delivery is likely to be very concentrated once again; excluding Mag-7 stocks, S&P500 EPS growth is projected to be down 2.6% in Q1, on a yoy basis.

Figure 5: Sector contribution to S&P500 1Q'24e earnings growth



Source: Datastream, J.P.Morgan

Tech, Communication Services and Discretionary are set to be the biggest drivers of US Q1 EPS growth.

Table 3: Q1'24e Sales Growth for key regions

	Q1 '24e Sales growth, %y/y			
	US	Europe	Eurozone	Japan
Energy	-4%	-2%	1%	-3%
Materials	-5%	-8%	-9%	4%
Industrials	3%	1%	3%	1%
Discretionary	6%	0%	-1%	8%
Staples	1%	0%	2%	3%
Financials	2%	4%	3%	-18%
Health Care	6%	-3%	-7%	4%
IT	7%	-5%	-4%	2%
Com. Services	8%	1%	-4%	1%
Utilities	-2%	-21%	-25%	-10%
Real Estate	7%	8%	13%	0%
Market	**3%**	**-2%**	**-4%**	**1%**
Market Ex-Financials	**3%**	**-3%**	**-5%**	**3%**
Market Ex-Energy	**4%**	**-2%**	**-5%**	**1%**
Cyclicals	**4%**	**-2%**	**-1%**	**4%**
Defensives	**4%**	**-7%**	**-13%**	**1%**

Source: J.P.Morgan, IBES

Topline growth is also projected to be +3% y/y in the US, and -2% y/y in Europe.

...at the same time, activity momentum was fairly strong in Q1...

Table 4: Key activity indicators

	1Q '23	2Q '23	3Q '23	4Q '23	1Q'24
Real GDP, % oya					
US	1.7%	2.4%	2.9%	3.1%	3.1%
Euro Area	1.3%	0.6%	0.1%	0.1%	0.1%
Japan	2.4%	2.3%	1.6%	1.3%	0.4%
EM	3.4%	4.5%	4.3%	4.5%	4.0%
IP, %oya					
US	-0.2%	-0.8%	-0.9%	-0.3%	-0.1%
Euro Area	0.1%	-1.4%	-4.6%	-3.4%	-2.8%
Japan	-2.0%	0.9%	-3.4%	-0.3%	-3.5%
PMI Composite					
US	49.7	53.6	50.8	50.8	52.2
Euro Area	48.1	52.0	52.3	47.5	47.2
Japan	51.6	53.1	52.3	50.0	51.3
EM	49.6	53.5	54.6	52.5	52.1
German IFO	92.8	91.4	86.1	85.6	85.3
CPI, %oya					
US	5.7%	4.0%	3.6%	3.2%	3.0%
Euro Area	8.0%	6.2%	4.8%	2.7%	2.6%
Japan	3.6%	3.3%	3.2%	2.9%	3.0%
EM	5.4%	3.5%	3.8%	3.7%	3.7%
Consumer Sentiment					
US	64.6	62.3	69.6	64.9	78.4
Euro Area	-19.6	-17.0	-16.3	-16.6	-15.5
Japan	31.7	35.6	35.7	35.9	38.1
Unemployment rate, %					
US	3.5	3.6	3.7	3.8	3.8
Euro Area	6.6	6.5	6.5	6.5	6.5
Japan	2.6	2.6	2.6	2.5	2.5

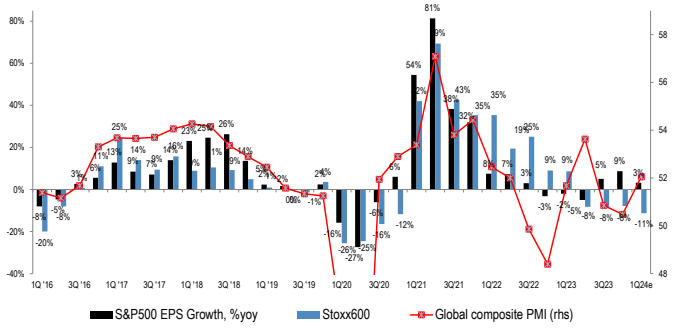
Source: Bloomberg Finance L.P., S&PGlobal, J.P.Morgan

Economic dataflow was fairly resilient in Q1. Global composite PMI and US ISM both picked up over the quarter, lending to the growing optimism on the equity market outlook.

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

...pointing to beats

Figure 6: US and European quarterly EPS growth and PMI

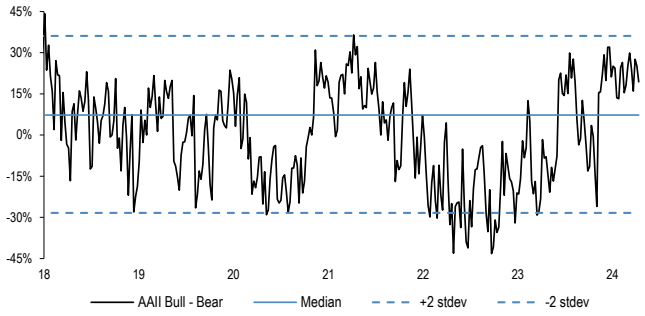


Source: Bloomberg Finance L.P., J.P.Morgan, S&PGlobal

The combination of the sequentially stronger activity prints, along with the unassuming hurdle rate, points to positive surprises.

The positive results might not translate into stock price upside, though, as the market is already very stretched

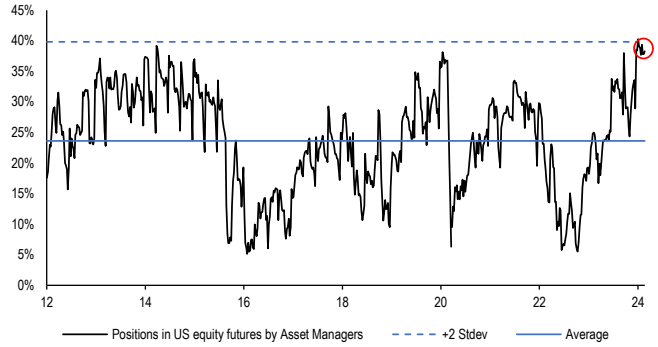
Figure 7: AAII Bull - Bear



Source: Bloomberg Finance L.P.

While we are likely to see another quarter of earnings beats, this might not translate into strong market performance. Equities have already had a good run into the results, suggesting that investors are more optimistic than the downbeat earnings projections by sell-side analysts convey. Sentiment indicators like the Bull-Bear spread are elevated.

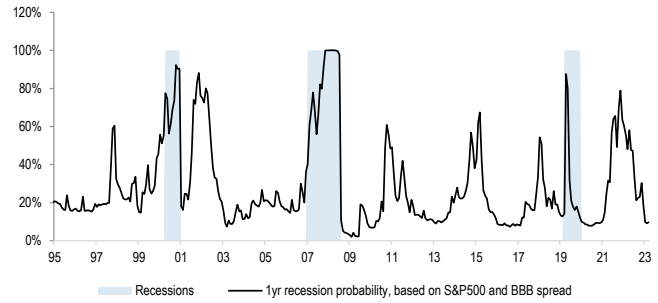
Figure 8: Positions in US Equity futures by Asset Managers



Source: J.P. Morgan Flows and Liquidity Team

Positioning is also very stretched. The bulk of the upcoming earnings beats are likely already priced in.

Figure 9: Recession probability indicator



Source: J.P.Morgan

There are clear signs of complacency with respect to the economic and market outlook, where implied recession odds are at record lows.

Table 5: 1Q'24 US Earnings so far

			EPS		Sales		1Day performance relative to SPX
Ticker	Name	Sector	Growth	Surprise	Growth	Surprise	
PAYX US	PAYCHEX INC	Industrials	7.0%	0.8%	4.2%	-1.2%	-1.6%
CAG US	CONAGRA BRANDS I	Staples	-9.2%	6.9%	-1.7%	0.7%	0.4%
LW US	LAMB WESTON	Staples	-16.1%	-16.0%	16.3%	-11.7%	-3.3%
DAL US	DELTA AIR LI	Industrials	80.0%	23.7%	6.1%	0.5%	2.3%
FAST US	FASTENAL CO	Industrials	0.0%	-2.0%	1.9%	-1.0%	2.3%
STZ US	CONSTELLATION-A	Staples	14.1%	7.5%	7.1%	2.0%	-0.8%
KMX US	CARMAX INC	Discretionary	-27.3%	-29.2%	-1.7%	-3.3%	0.7%
JPM US	JPMORGAN CHASE	Financials	12.9%	11.1%	8.2%	2.2%	-5.0%
C US	CITIGROUP INC	Financials	-6.3%	41.9%	-1.6%	3.5%	-0.2%
WFC US	WELLS FARGO & CO	Financials	2.4%	17.2%	0.7%	3.2%	1.1%
STT US	STATE ST CORP	Financials	11.2%	13.0%	1.2%	2.5%	4.0%
BLK US	BLACKROCK INC	Financials	23.7%	5.0%	11.4%	1.1%	-1.4%

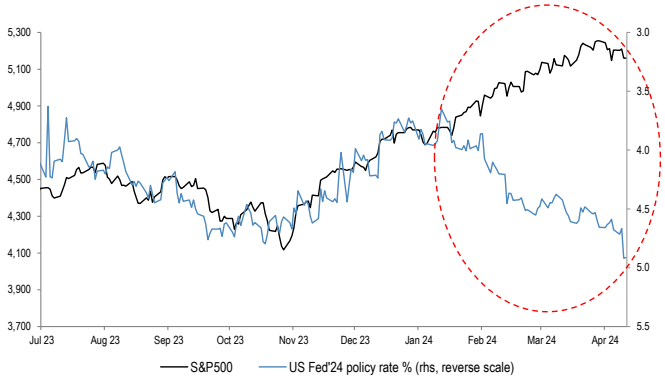
Source: Bloomberg Finance L.P.

Half of the companies that have reported so far underperformed the market on the day of reporting.

The gap between equity market and Fed pricing has widened

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

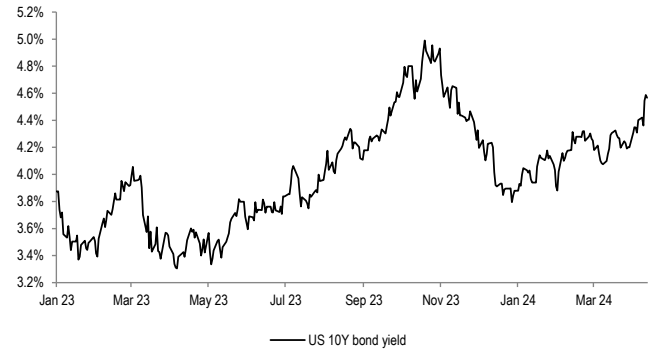
Figure 10: SPX vs Fed policy rate



Source: Bloomberg Finance L.P.

Investors appear to be focused on the Goldilocks set-up, of a no-landing scenario for the economy, while central banks stay accommodative. Despite market pricing of Fed cuts fully unwinding, with 4 consecutive months of hotter than expected CPI prints, equities are so far ignoring this move.

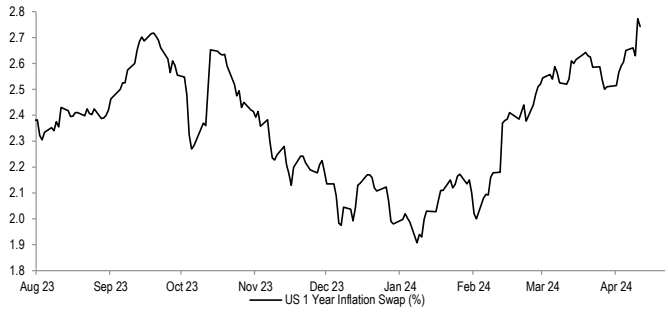
Figure 11: US 10Y bond yield



Source: Bloomberg Finance L.P.

US bond yields have been rising steadily, as Fed cut projections were priced out.

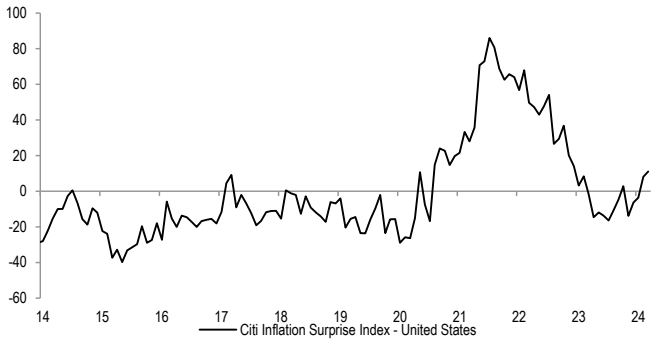
Figure 12: US 1 Year Inflation Swap



Source: J.P. Morgan.

While some of the move in yields was likely due to more the optimistic growth outlook, we believe most of it was driven by sticky inflation. US 1 year inflation swap rate has risen back to October '23 highs.

Figure 13: Citi Inflation Surprise Index - US



Source: Bloomberg Finance L.P.

The inflation surprise index has moved into positive territory.

Earnings beats are essential to support the market, which has already seen a significantly squeezed risk premia

Table 6: Current vs Oct'22 PE and EPS change - key regions

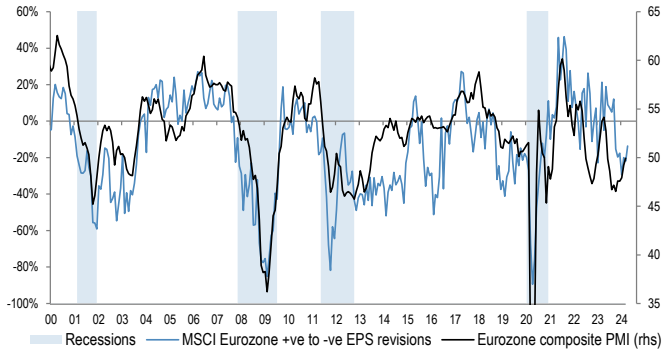
Key regions	Current PE	Oct'22 PE	% change	% change in 12m Fwd EPS
World	18.8	14.6	29%	5%
US	21.2	16.5	29%	7%
Japan	15.5	12.1	28%	12%
UK	11.3	9.0	25%	-11%
Eurozone	13.4	10.7	25%	18%
Europe	13.8	11.1	24%	9%
EM	12.1	10.5	16%	1%
China	9.0	9.5	-6%	3%

Source: IBES

Most of the equity performance this year, and in the last 18 months, was driven by multiple expansion. We need to see clear earnings acceleration in order to justify current equity valuations, which we fear might not come through.

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

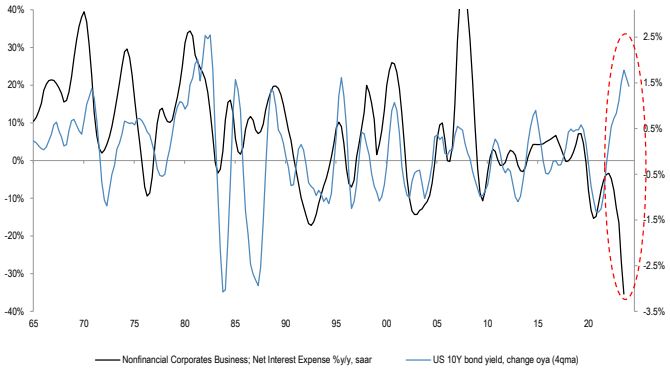
Figure 14: Eurozone EPS revisions and composite PMI



Source: Datastream, J.P. Morgan

Strong macro outlook is key for the earnings delivery. While PMIs were better this quarter, several other macro indicators, like Retail sales, continued to underwhelm.

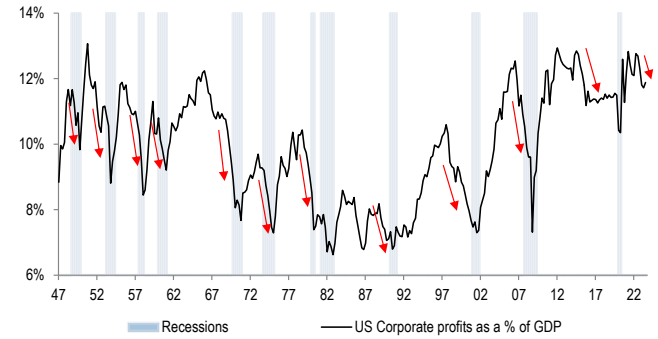
Figure 15: Nonfinancial corporates business: Net Interest Expense versus US 10Y bond yield



Source: J.P. Morgan, Bloomberg Finance L.P.

Companies have benefitted from the falling net interest expense in the last few years, and are now likely to see some pressure on their bottom-line as this trend normalizes.

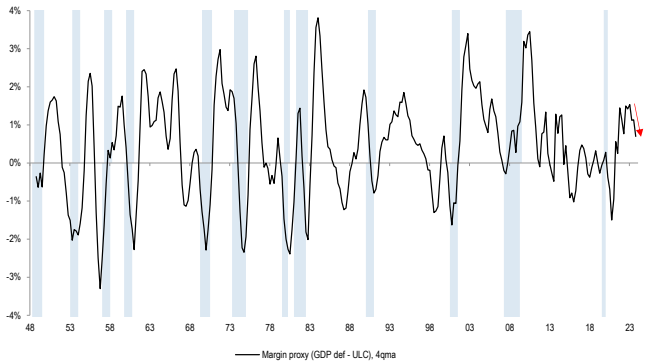
Figure 16: US Corporate profits % of GDP



Source: BEA

US profit margins are softening from peak levels. We note that the rollover in margins always historically preceded the next downturn.

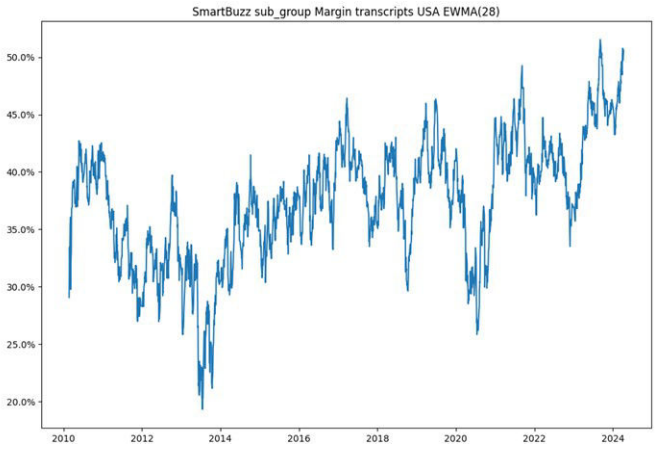
Figure 17: US GDP deflator minus ULC



Source: J.P. Morgan.

The strong improvement in productivity was a big factor behind the resilience in margins. Despite the tight labour market, strong output kept unit labour costs in check. This might be changing.

Figure 18: US Corporate sentiment on Margins

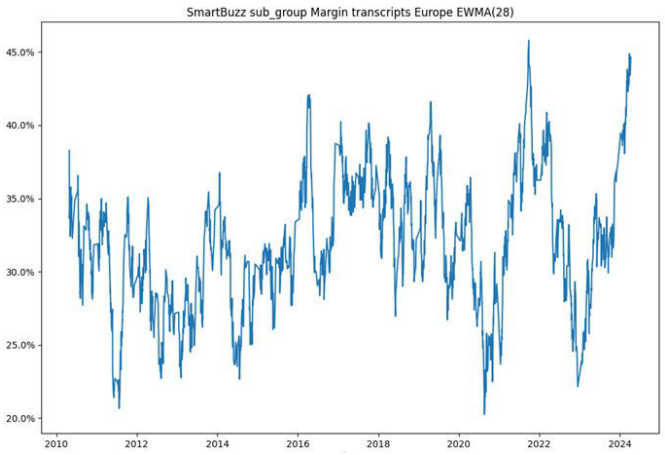


Source: J.P.Morgan Smartbuzz

The JPM Smartbuzz tool that uses an NLP framework to track market themes from earnings call transcripts shows US corporate sentiment on margins are at highs. This is likely to roll over through the upcoming earnings season, in our view.

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

Figure 19: European Corporate Sentiment on Margins

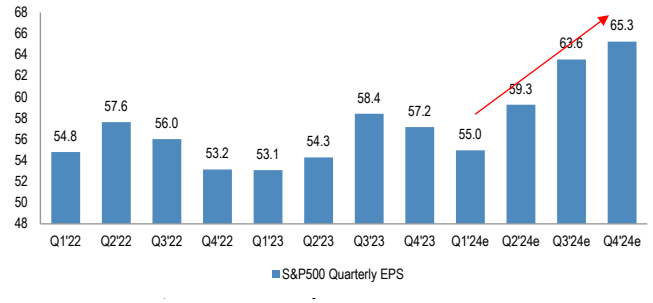


Source: J.P.Morgan Smartbuzz

This is true for European corporate sentiment on margins, as well.

Annual EPS projections are at risk of disappointment, too

Figure 20: S&P500 quarterly EPS levels



Source: Thomson Reuters

EPS is projected to increase by $10 over this year, from $55 in Q1 to $65 in Q4. This is too aggressive, in our view, particularly if growth indicators begin to falter.

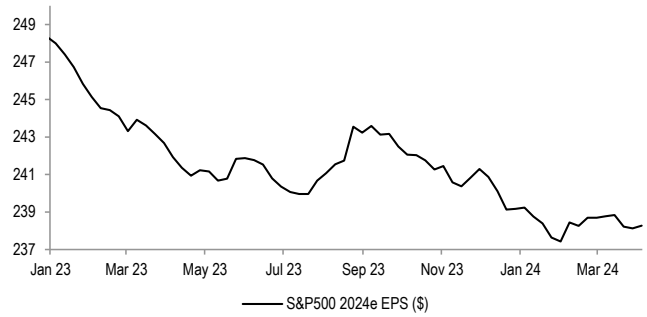
Table 7: Key indices 2024e and 2025e EPS Growth

	MSCI World		US		Europe		Eurozone	
	2024e	2025e	2024e	2025e	2024e	2025e	2024e	2025e
Market	**7.7%**	**12.3%**	**9.7%**	**13.9%**	**3.5%**	**10.3%**	**3.1%**	**10.2%**
Energy	-7.5%	8.4%	-10.2%	10.1%	-5.1%	4.3%	-10.8%	1.7%
Materials	2.8%	11.8%	-2.2%	16.1%	7.9%	12.0%	14.4%	19.7%
Industrials	6.9%	12.5%	7.0%	13.9%	7.3%	13.7%	15.2%	13.1%
Discretionary	8.9%	13.2%	12.7%	16.6%	2.5%	10.6%	1.7%	9.3%
Staples	4.3%	8.8%	3.9%	8.4%	2.6%	8.8%	3.7%	10.8%
Healthcare	12.7%	13.4%	14.9%	12.9%	6.2%	14.2%	4.2%	15.9%
Financials	6.4%	9.7%	7.5%	12.1%	5.3%	8.1%	4.9%	6.8%
IT	15.3%	19.3%	16.6%	18.7%	-5.3%	29.7%	-6.9%	32.0%
Telecoms	17.7%	13.8%	18.5%	14.0%	11.1%	10.8%	12.9%	11.1%
Utilities	5.7%	5.1%	12.1%	7.7%	0.0%	1.1%	-6.3%	-0.6%
Real Estate	-0.2%	8.7%	-1.5%	10.7%	2.8%	3.5%	3.9%	1.3%

Source: IBES

Consensus is projecting 10% y/y and 14% y/y EPS growth in the US, and 3% y/y and 10% y/y growth in Europe, for 2024 and 2025.

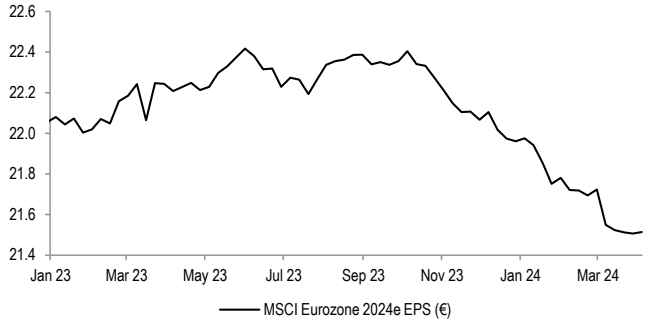
Figure 21: S&P500 2024e EPS level



Source: IBES

Notably, at an integer level, S&P500 EPS is already being revised lower.

Figure 22: MSCI Eurozone 2024e EPS level

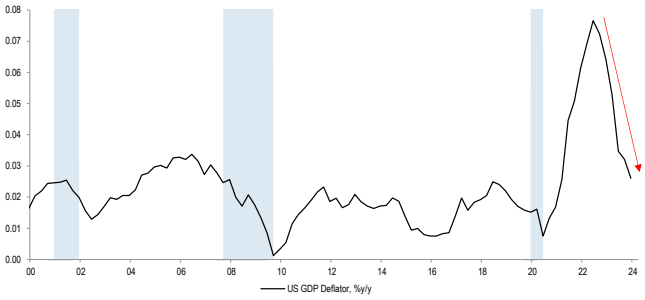


Source: IBES

This is true in Europe, too.

Pricing is likely to be an important theme this year...

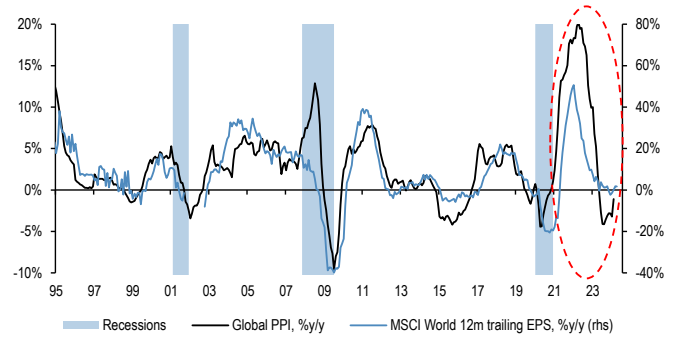
Figure 23: US GDP Deflator



Source: J.P. Morgan

The continued normalization of COVID distortions will likely mean weaker topline and pricing power. Other tailwinds of topline growth, like the unwind of pent-up demand, excess liquidity, and aggressive government spending are also likely now behind us.

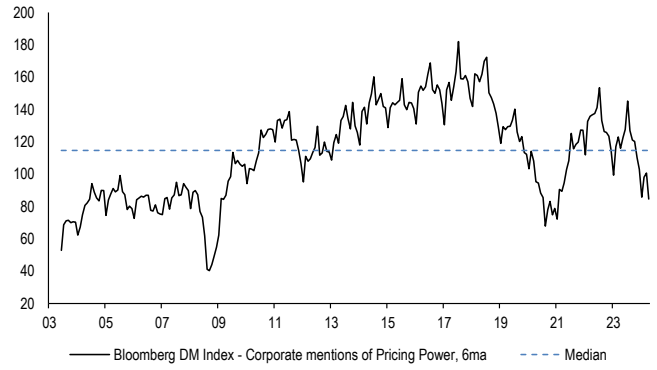
Figure 24: MSCI World EPS vs PPI



Source: Datastream J.P. Morgan

Earnings are likely to follow PPIs lower.

Figure 25: Bloomberg DM Index - Corporate mentions of Pricing Power



Source: Bloomberg Finance. L.P.

We note that the number of mentions of 'pricing power' in company transcripts has been falling, and is now well below average.

Table 8: Key European stocks flagging pricing as an issue

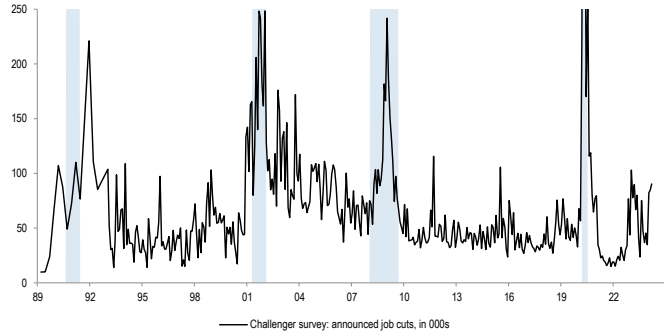
Tickers	Name	Market Cap (in $bn)	Comments on Pricing
MC FP	LVMH MOET HENNESSY LOUIS VUI	414.4	The company has cancelled price increases, but will not introduce discounts
AZN LN	ASTRAZENECA PLC	214.0	Performance in the quarter was partially offset by continued impact from the June 2023 mandatory price reduction in Japan, as well as expected impact from hospital ordering dynamics in China, and a rebate reclassification in Australia. An additional mandatory price reduction in Japan is anticipated later this year, based on recent fixed-dosing approvals.
AIR FP	AIRBUS SE	137.1	Pricing pressure on widebodies remains intense, though pricing on A320 family is holding up. Airbus is taking a long-term view on pricing, booking planes now for the next decade.
SU FP	SCHNEIDER ELECTRIC SE	127.1	Pricing actions were taken in 2022 to counter the inflation that adversely impacted gross margin last year. Pricing is expected to normalize in 2024, but with possibilities for the company to drive it forward.
STLA US	STELLANTIS NV	81.6	Market conditions leave less room for price increases next year after the full year pricing improvements of 4%, allowed the company to offset significant FX headwinds.
LXS GR	LANXESS AG	2.4	In Q4, the company adjusted product prices for the declining energy prices, which was the reason for the bigger price reduction. This is expected to continue in 2024.

Source: Bloomberg Finance L.P.

A few companies in Europe have already started flagging more mixed views on pricing.

...cost cutting could be another key theme

Figure 26: US Challenger survey - announced job cuts

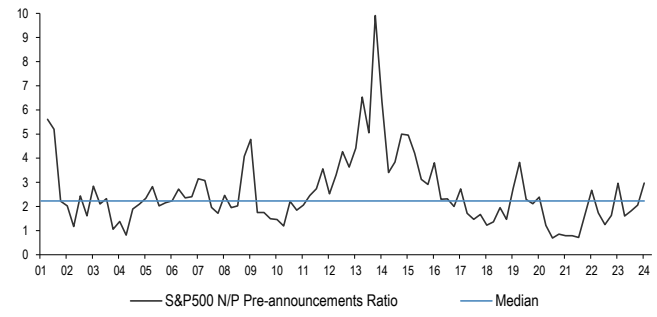


Source: Bloomberg Finance L.P.

Several companies have started cost-cutting measures to defend their margins as topline weakens. This is likely to lead to increased lay-offs, and one could start to see a turn in the labour market.

Companies could start guiding weaker… negative pre-announcements have risen above long term median

Figure 27: S&P500 N/P pre-announcements ratio

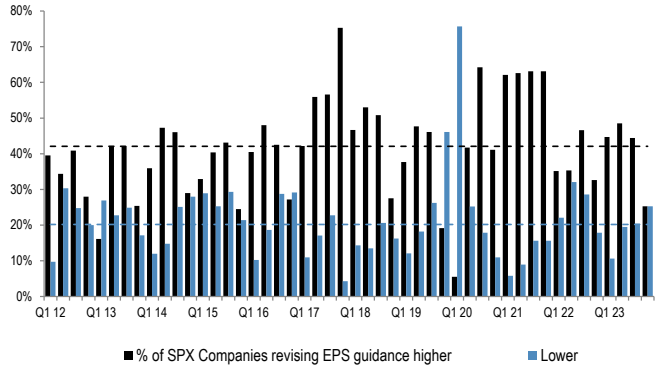


Source: Thomson Reuters

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

The negative to positive pre-announcement ratio in the US has picked up this quarter.

Figure 28: % of SPX companies revising EPS guidance

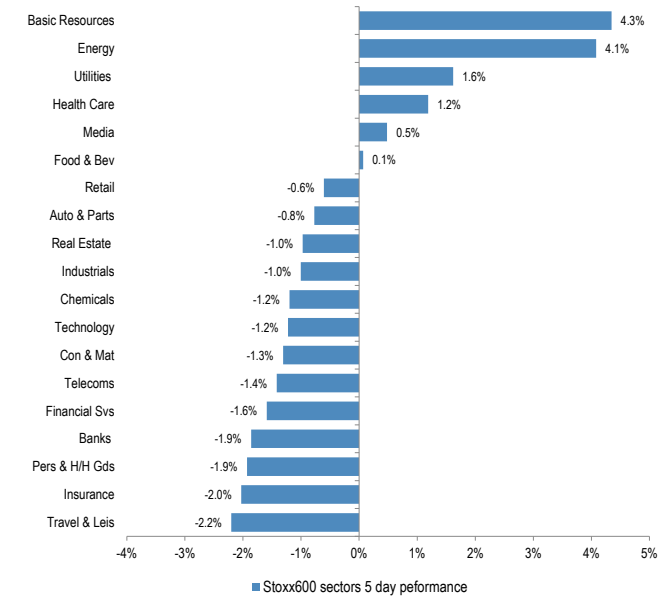


Source: Bloomberg Finance L.P.

As we enter a more uncertain election year, and as many key tailwinds for earnings fully unwind, an increasing proportion of companies could revise their full-year guidance down.

At a sector level, we recently advised that Utilities should perform better…

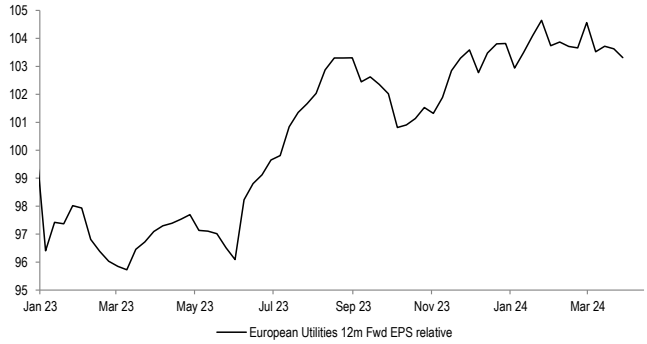
Figure 29: Stoxx 600 sectors 5 day performance



Source: Bloomberg Finance L.P.

Commodity sectors, Utilities and Healthcare ranked on top in terms of performance last week.

Figure 30: MSCI Europe Utilities 12m Fwd EPS relative

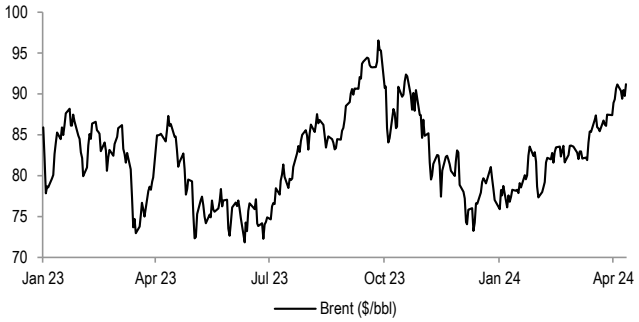


Source: IBES

We have recently reiterated our view to buy Utilities stocks, given their strong earnings and cash flow, cheap valuations, and support from still elevated power prices in a historical context.

...Commodities are likely to catch a bid too...

Figure 31: Brent

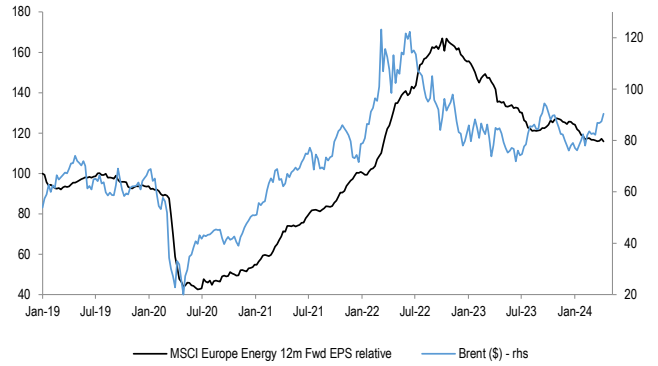


Source: Bloomberg Finance L.P.

Oil and Commodity prices rallied as geopolitical tensions escalated, as well as on risks of more restricted supply. Commodity sectors like Energy and Mining are typically a good hedge against risks around wars.

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

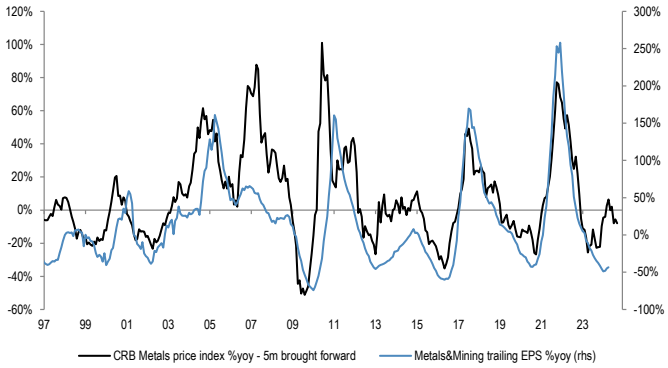
Figure 32: MSCI Europe Energy 12m Fwd EPS relative and Brent



Source: IBES, Bloomberg Finance L.P.

Energy sector earnings are supported by higher oil price.

Figure 33: MSCI Europe Metals & Mining EPS vs Metals price

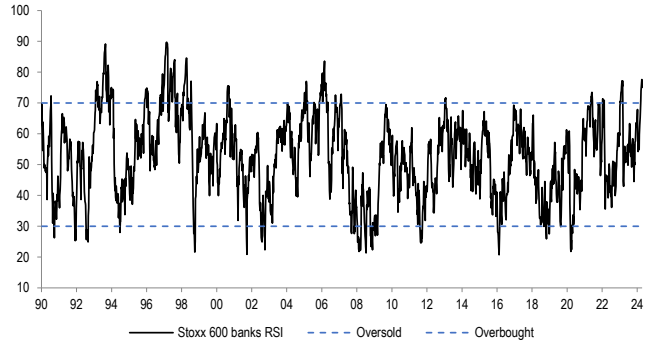


Source: IBES, Bloomberg Finance L.P.

Similarly, Mining EPS is likely to accelerate, to catch-up with the Metals price index.

...Banks and Cyclicals, though, appear stretched...

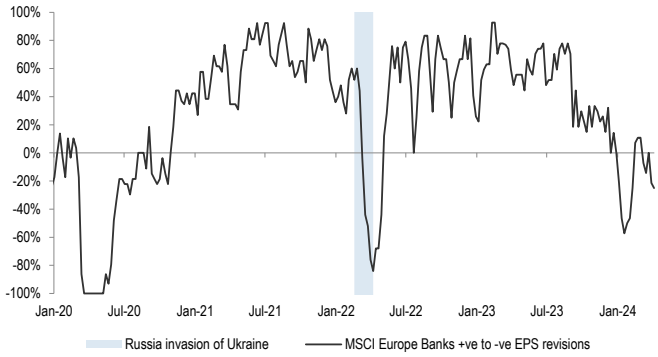
Figure 34: Stoxx 600 banks RSI



Source: Bloomberg Finance L.P.

Banks have had a strong run, and appear extremely stretched at present. European Banks RSI is at overbought levels.

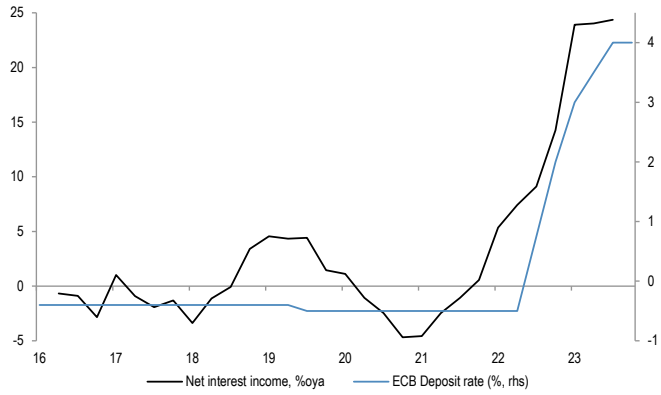
Figure 35: Banks EPS Revisions



Source: IBES

At the same time, Banks' relative EPS revisions have turned negative again. Barring a brief period in early '22 when the Russian invasion of Ukraine created risks of credit defaults for Banks exposed to Russia, Banks EPS revisions have not been deeply negative since 2020.

Figure 36: Euro area Banks NII and ECB Deposit rate

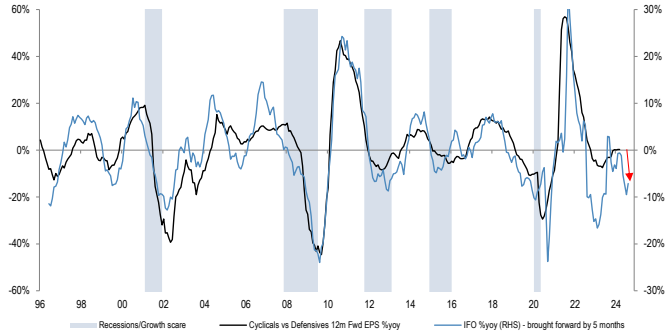


Source: J.P. Morgan.

Odds of an impending rate cut by the ECB are rising, particularly post last week's meeting, where Lagarde highlighted that the ECB is on track for a June cut, assuming conditions are met. This has clear negative implications for Banks' NII. Notably, Banks that have reported in the US, including JP Morgan and Wells Fargo, fell last week on NII miss.

...Cyclical sector earnings could disappoint

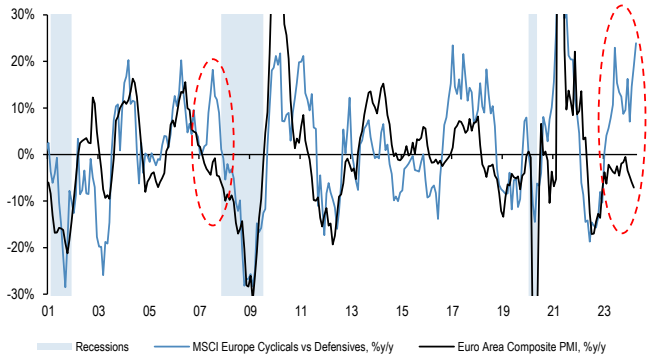
Figure 37: 'Cyclicals EPS relative to Defensives vs IFO



Source: Datastream

Despite the recent uptick in IFO, earnings for Cyclical sectors are set to be down from here.

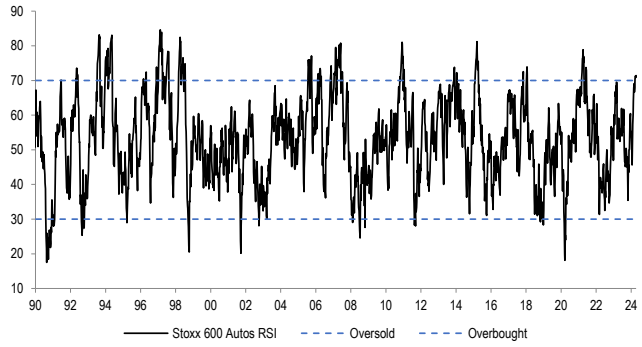
Figure 38: European Cyclicals vs Defensives and Composite PMI



Source: Datastream, J.P. Morgan

The concern here is amplified by the fact that the group seems to be already discounting a strong rebound in activity, and therefore in earnings growth. There is not much cushion for earnings disappointments.

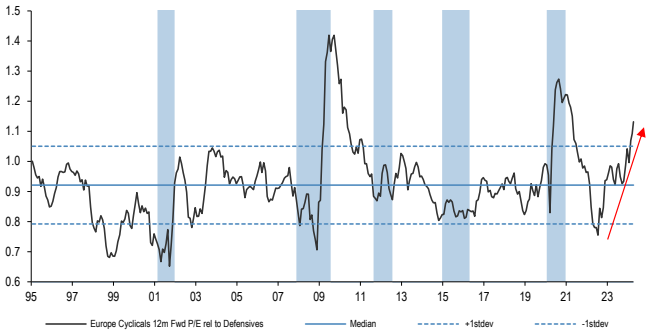
Figure 39: Stoxx 600 Autos RSI



Source: Bloomberg Finance L.P.

Several key Cyclical sectors, like Autos, appear stretched.

Figure 40: European Cyclicals 12m Fwd P/E relative to Defensives



Source: IBES

Cyclicals have moved from outright cheap vs Defensives at end '22 , to outright expensive at present.

Table 9: MSCI Europe L2 sectors 2024e EPS and price change ytd

	2024e EPS change, ytd	2024 price change, ytd
Europe	-5%	6%
Energy	-10%	9%
Chemicals	-10%	4%
Cons Mat	3%	21%
Met&Min	-6%	-2%
Cap Goods	-2%	10%
Prof. Services	-4%	4%
Transport	-5%	-10%
Automobile	0%	17%
Cons Durables	-9%	7%
Media	-1%	8%
Retailing	2%	8%
Hotels,Rest&Leis	-2%	3%
Food Drug Ret	-5%	-6%
Food Bev&Tob	-6%	-3%
HPC	-5%	-5%
Healthcare	-6%	7%
Banks	-2%	12%
Div Fin	-7%	5%
Insurance	-4%	7%
Real Estate	-3%	-7%
Software	-13%	14%
Tech Hardware	-5%	-1%
Semicon	-11%	22%
Com Services	-2%	1%
Utilities	-3%	-9%

Source: IBES

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

While the divergence between price and EPS moves this year is most apparent for Cyclical sectors, we note that for almost all sectors in Europe, the ytd price rally has not been supported by earnings upgrades.

At a regional level, the period of US earnings outperformance vs Eurozone might be ending

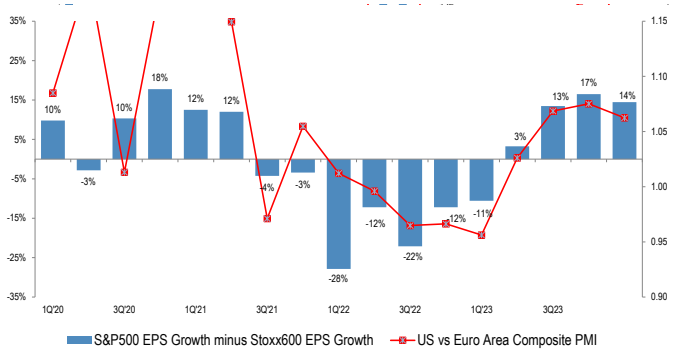
Figure 41: MSCI Eurozone vs MSCI US



Source: Datastream

We recently closed the Eurozone vs US UW call, after the region meaningfully underperformed the US, since May last year.

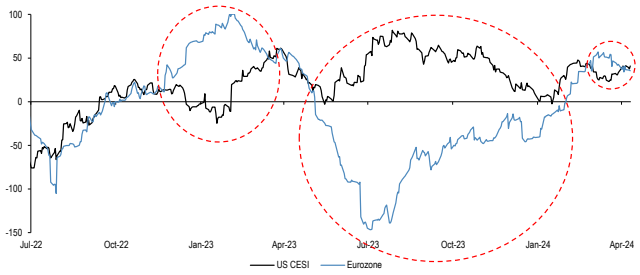
Figure 42: US vs Europe EPS Growth vs PMI



Source: Bloomberg Finance, J.P.Morgan, S&PGlobal

Better activity momentum in the US, supported by the meaningful fiscal boost, has contributed to the region's stronger earnings delivery so far. This could now be turning, particularly if the lofty Mag-7 earnings do not sustain.

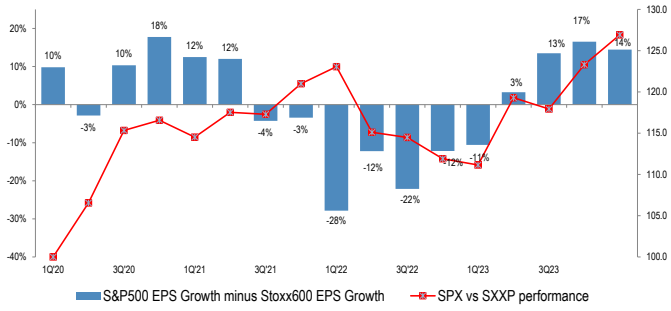
Figure 43: US and Europe CESI



Source: Bloomberg Finance L.P.

Economic surprise index in Eurozone has caught up with the US.

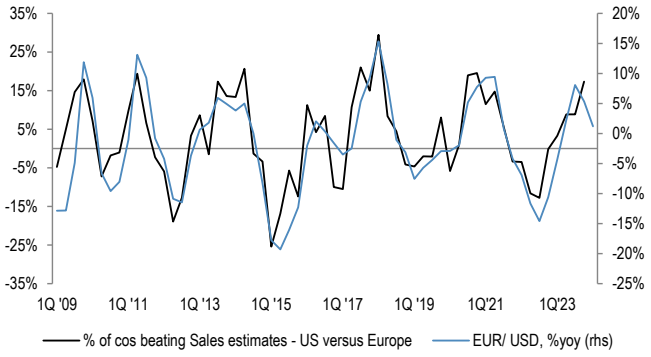
Figure 44: US vs Europe EPS Growth vs Performance



Source: Bloomberg Finance L.P., J.P.Morgan

Better earnings delivery could in turn drive better relative market performance.

Figure 45: % of cos beating Sales estimates - US vs Europe and EUR/ USD

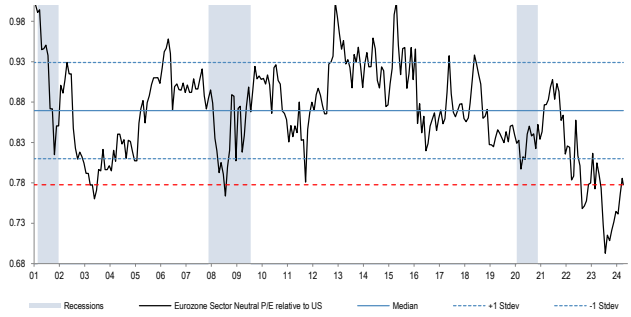


Source: J.P.Morgan, Bloomberg Finance L.P.

Latest FX moves point to a reversal in the US vs Europe sales beats trend. This is likely to be further supported if the ECB starts cutting rates before the Fed, as is currently widely expected.

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

Figure 46: Eurozone vs US sector neutral PE



Source: IBES

Finally, Eurozone screens outright cheap, even adjusting for sector biases.

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

J.P.Morgan

Appendix

Table 10: Q1 Earnings Preview Comments by Sector analysts

Sector	(+)/ (-)	Comments
Energy	(+)	Sector analysts have advocated a 'buy on dips' approach YTD, energy's outlook is trending positively as oil rises toward $90/bbl, demand indicators remain robust and cash metrics leverage a ~$50/bbl committed breakeven (capex/div) start point. FCF yields appear attractive at 10.9% 2024/25e $80/bbl ratcheting to 13.5% $100. Their recent Global ET Tour indicated a slowing transition as headwinds cause the industry to refocus on value/returns. That keeps leverage to a medium-term Supercycle and premium hydrocarbon inclusive cash conversion (CFFO, return) at the centre point of a constructive sector thesis. This leaves 1Q earnings screening somewhat backward-looking and suggests headline O&G macro leverage will be as important to near term performance. 1Q comes hot-on-the-heels of an extensive CMD season and we provide first cut MTM forecasts to grade upcoming trading statements against. The quarter is characterised by robust liquids realisations/ margins versus weakened gas and we reiterate a preference for oil over (spot) gas exposure across equities. Lower prices and volatility make gas trading a potential 1Q blind spot and we assume a moderated contribution vs. stronger liquids optimisation. They therefore expect a degree of mean reversion at Shell and exert caution around UW's BP, EQNR which have seen gas trading offer greater relative EPS tailwinds in recent quarters. Tactically, they. favour longs on OW Eni on scope for a top quartile oil gearing led catch-up after last month's CMD reset and OW Repsol as premium 1Q refining upside reinforces a sustained 14% cash yield proposition.
Chemicals	(+)/(-)	After depressed trends seen across the EU Chemicals sector from 2H22 till the end of 2023, sector analysts believe the sector has finally turned the corner and the customer destocking cycle, which has been the most prominent in recent history, is largely behind us. In addition, multiple chemical companies have indicated an improvement in demand and orders in 1Q24 vs depressed levels of 2023 at our J.P. Morgan EU Chemicals Forum in Mar 2024. Overall, this points to decent Q1 for earlier-cycle companies – that said, the path to improvement from here is expected to be gradual, and as indicated by the management teams on the conference, the order lead times remain shorter than normal for now.
Capital Goods	(+)/(-)	Sector analysts expect a reporting season that largely confirms the trading trends outlined with the full-year results. This means a divergent set of end markets with strength continuing in the electricity value chain, datacenters and aerospace but still soft resi and consumer-linked demand. They do not expect changes to guidance at this early stage of the year but look for commentary on China and the confidence on a H2 pick-up given a number of companies have explicitly embedded this in their guides. Valuations across the space remain at the high end of the range and they continue to be selective, focusing on stock-picking.
Aerospace & Defense	(+)	Civil Aerospace: Airbus deliveries in Q1 24 are tracking well vs. FY targets but its EBITA margins are likely to be down yoy as it hires staff ahead of the coming production ramp; it needs to train these staff so this is a near term headwind for EBITA (but not worrying). Turning to the civil aero aftermarket sector analysts expect very mixed results. They expect Safran to report aftermarket sales up c25% yoy. However, MTU Aero Engines expects its after sales to be down LSD you due to "broad based supply chain issues." Defence: They expect strong yoy organic growth from two bell weather stocks: Thales and Rheinmetall.
Luxury	(-)	• Sector analysts expect Q1 24 to confirm in a way what they had already seen in Q4 23: the solid brand momentum continuing to deliver, and the softer stories remaining further behind. • Q1 24 should also confirm the ongoing normalization of sector trends, with ongoing muted growth at most nationalities, and Chinese consumers no longer on easy comps. Their understanding from Chinese New Year data is that mobility during festivities was very elevated, and travel spend accelerated. However, they do wonder whether trends in March might show a deceleration, digesting the CNY spend a month later yoy, against a tough comp base from last year (with full reopening in China between March and April). • Following the recent sector re-rating, and still no real upside risk to estimates for most companies at this stage, they see little catalysts for the sector to outperform in the short term and rather wonder whether potentially cautious comments on exit rates might trigger some further profit taking, shorter term. • By brands, they remain generally more cautious on repositioning and elevation stories, i.e. Ferragamo (Underweight), Burberry (on Negative Catalyst Watch into FY24 results) and Kering (already profit warned but with a chance possibly, in their view, to flag further margin risk in the short term at the time of Q1 trading update). • They still see the most attractive risk/reward in luxury at Richemont, where they continue to observe some of the best brand momentum dynamics at Cartier and Van Cleef as shown in their latest Brand Heatmap (notably on website data), remain positive on the structural drivers of the jewellery category in 2024 (for more see our note Bejeweled), and see the short-term risk on margins (largely related to FX) priced in at these levels and partly reset given some recent earnings cuts. • Outside of core Luxury, we remain OW EssilorLuxottica, the most defensive name under our coverage universe.
Retailing	(-)	• Formal top line guidance is fairly limited, although UK clothing bellwether Next has guided to +5% Brand sales growth in Q1, albeit of soft comparatives. Primark (ABF) management has also guided for moderate LFL growth. More broadly across Europe, management teams have already signaled an uptick in March (with both H&M and Zalando witnessing positive current trading), although it remains to be seen if this has been driven by an early start to spring, or a more sustained improvement in consumer confidence. In other categories there has been more caution, with big ticket home spend weak in both the UK and France. • Below top line, improvement in gross margin continues as a theme as a retailers recover from the impacts of elevated freight and cotton prices, and also FX drags. Lower factory gate costs for clothing may also be providing a tailwind. • However, opex pressure remains from a combination of higher than expected inflation in minimum wage and also business rates, particularly so in the UK.
Medtech	(-)	Following mostly strong performance YTD, the outlook for shares through Q1 reporting season looks more balanced, particularly given the quarter is unlikely to be stellar given: • Tough comps • Ongoing headwinds in China (anti-corruption and slower consumer) • Easter timing/trading days impact

Banks	**(-)**	The Banks sector has outperformed the Market by c9% YTD, now trading on 7.5x PE, 0.9x PTNAV for a RoTE of 12.5% 2026E. Our sector analysts have taken a bottom up approach to stock selection where they see a) less risk on earnings cuts (e.g. rates driven) with more market/AM exposure than NII (UBS, DBK, Intesa) and b) less Euro NII exposure considering low relative betas which are at risk of rising (BBVA, NWG). Key topical areas include 1Q results as well as forward looking commentary across 2024 and the medium term: 1) The NII outlook/sensitivities considering NII peaking with a) volatile rate curves with the forward curve now higher compared to Feb '24 (when 4Q results were reported and 2024 targets were set), b) rising deposit betas as well as expectations on the reaction of deposit rates from rate cuts, c) ongoing risks of deposit migration and deposit outflows particularly with rates peaking, d) higher wholesale funding costs with refinancing needs (e.g. TLTRO, TFSME). Commentary around the outlook for loan growth and potential impact of lower rates on loan demand, asset pricing and margins will also be in focus. 2) The outlook for Fees given a continued economic recovery with rising equity markets in 1Q which could impact flows and AUM. 3) Inflationary impacts on the cost base which are reducing (following a decline in headline inflation) against the outlook for investment and regulatory costs. 4) IFRS9 provisioning given risks of elevated rates across a longer period of time, alongside inflationary and funding cost pressures risking a deterioration in Credit in some segments (e.g. CRE). 5) Capital return for some banks (e.g. ING) in 1Q and capital build progression across the sector. 6) IB performance with Global IBs 1Q forecasted at FICC Revenues -5% YoY, Equities Revenues -3% YoY and IBD +12% YoY led by DCM.
Diversified Financials	**(+)/(-)**	• Traditional asset managers: Sector analysts have marked to market their models for Amundi and DWS and they expect Q1 24 net flows to be positive but predominantly driven by lower margin passive and money market funds, similar to the trend they observed in Q4 23. Active flows are expected to remain weak. They have also marked to market their estimates for Ashmore, decreasing our AuM estimate on the back of lower than previously expected market performance. They note that EM fixed income outflows have accelerated in March at sector level, while EM equity flows have been positive but driven by ETFs where Ashmore isn't present. • Private markets asset managers: They expect to see a pick-up in transaction activity during the Q1 24 trading updates of private markets managers, with deal announcements (both investments and exits) showing signs of acceleration year to date, in particular for EQT. However, they believe that the effect of deal exits will not come through in H1 carry as it generally takes 6-9 months for the announced deals to get completed and be visible on revenues. • Exchanges: Volumes in both Cash and Derivatives increased QoQ in 1Q24, which should be particularly supportive for Euronext (OW), and Deutsche Börse (N) trading revenues. Cash equity volumes and well as Tradeweb volumes were also higher at LSEG on a QoQ basis; however, results will be greatly driven by the Data & Analytics division, as it represents the majority of LSEG revenues. LSEG indicated that D&A revenues in 2024 should be modestly impacted by the loss of the Credit Suisse revenues (i.e. for less than 1% of the total D&A revenues). Whilst they expect this to be reflected in the ASV metric, which might decline modestly vs. 4Q23, they also think that it should be already reflected in expectations. Instead, they think that greater focus will be placed on the updates on the transformational partnership with Microsoft and the momentum in Data & Analytics revenue growth. • Platforms: In the UK they note that 1Q is the most important quarter of the year for flows, as it typically captures the majority of flows related to the end of the ISA season. A particularly weak print on flows therefore could lead to a major negative share price reaction, in their view. Within this backdrop, they are cautious on St. James's Place (Neutral), given the still unknown impact that the new pricing structure and the recent provision booked on client servicing will have on flows and overall investors' confidence. Similarly they expect that flows at Hargreaves Lansdown might have remained subdued in relative terms, given its uncompetitive pricing structure. For Nordic platforms (Nordnet and Avanza), they don't expect major surprises, as monthly brokerage volumes have already been reported, and interest rates stabilised over the quarter, which should also lead to broadly flat NII QoQ. For Fineco, which they recently upgrade to overweight, they expect that the focus will be on the progresses done within the investment division and in particular on the additional colour that the company might provide on the new product launches targeted for 2024.
Tech Hardware & Semis	**(+)**	1. Semi device companies (STM and Infineon) likely to report in line results. The market is expecting a reset in automotive semis, but the companies say they haven't seen the weakness yet. On the other hand, MCU's and power semis pricing continues to decline. On 3mma basis, MCU and power semis pricing declined 1.7% YoY and 17.5% YoY, respectively, in Feb'24. Moderating pricing will impact margin of auto exposed semi companies. Inventory levels have been high too. 2. For broader semis, Fab utilization rate has started to improve driven by strong AI demand, but demand from key markets including consumer and industrial is yet to recover. Overall inventory level is ~9% above 3-year average seasonality. The new fab built outs globally as well as the indicated pull forward of 2nm mass production timing would mean SPE names such as ASML see healthy order momentum. 3. Memory market has started to improve in the year and has the leanest inventories compared to other semis segments (inventory has declined below 3-year seasonality). Sector analysts expect new equipment orders to accelerate in 2024 especially as investments in expanding HBM capacity are made
Software	**(+)/(-)**	Although sector analysts continue to see the Software sector as well placed on a multi-year view and see factors such as the potential for lower interest rates, expanding margins, increasing recurring revenues and still unfolding themes such as GenAI as driving interest in the sector, they note that recent US Software peer reporting would suggest continued macro pressures and a slight downward trend in enterprise software spending trends which may create a more challenging setup into Q1. That said, they see European Software companies as driven by several idiosyncratic factors. On the positive side, they believe SAP current cloud backlog growth should prove durable (having accelerated to ~27% yoy cc in Q4 from ~25% prior run-rate for most of 2023) as the S/4HANA migration cycle continues to power growth. They see a more challenged backdrop for Amadeus where signs of macro softening in air travel and industry disruption are surfacing concerns, as well as for Dassault where the main focus is likely to be on license development (Q1'24 guide quite a broad range at -3% to 2% vs -4% in Q4'23) and Medidata growth (could be negative given the tougher comp in Q1). For IT Services, we also see a more challenging demand environment, particularly within discretionary spending and smaller project (as highlighted by US peer Accenture in its recent results). They expect investor focus around Capgemini to centre mainly on the pace of sequential organic growth deceleration into Q1 (JPMe -3.9% organic growth implying ~300bps sequential deceleration vs. Q423) and any incremental indications around the shape of the growth recovery Q2'24-Q4'24.
Telecoms	**(+)**	As a whole, we expect Q1 to be an in-line quarter as most companies have just set guidance last quarter (FY23) and there has been no indication of anything to significantly derail them in Q1. We note BT (OW) and VOD (NR), being March year end, will report its FY results this quarter and we preview our expectations here and here.
Utilities	**(+)**	In Northern Europe, sector analysts expect Q1 results to show resilience in outright power generation (given companies will have sold forward when prices were higher), with a normalisation of trading profits to reflect a less volatile environment than they have seen in recent quarters. They expect a solid set of results in Southern Europe, with capital gains boosting some reported earnings and with the supply businesses providing support to underlying earnings. Networks should be strong in Italy, but weak in Spain due to the different profile of regulated returns. Pure renewable plays are the ones that should suffer from lower wholesale power prices, as they do not enjoy the offset from supply. In the UK, most regulated companies are reporting their full year results – they expect that earnings will come broadly in line with market expectations, with the focus to be on guidance for future investment opportunities and sources of funding.

Source: J.P. Morgan.

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

J.P.Morgan

Equity Strategy Key Calls and Drivers

In terms of leadership, US and Japan are ahead of other markets ytd, Growth is outperforming Value and large caps are again beating small, in all key regions. We continue to believe that this style of leadership will broadly stay the case for a while longer, until there is a break, or a rest, in the cycle. For Value, low Quality, small caps or EM stocks to begin leading more sustainable one needs to see a reflationary backdrop, in our view, but we could have the opposite. Within this, we have recently taken profits on US vs Eurozone OW, as the Eurozone risk-reward has improved, in our view. Among other, Eurozone valuations appear very attractive, relative growth momentum could be bottoming out and ECB could start moving ahead of the Fed, which would be very atypical. We also have a tactical buy on China given extreme cheapness and UW positioning by most investors. Broadly, JPM Fixed Income's call is that bond yields are fundamentally set to move lower in 2H, but we note a pickup in inflation swaps as well as the outright negative term premia for bonds again, which suggest that there is a lot of complacency in the bond market with respect to the inflation risk. Consequently, the gap that has opened up ytd between Fed futures and the equity market is getting wider. Equities rallied almost 30% from last October lows, driven in Nov-Dec by the expectation of a Fed pivot, but these projections have fully reversed back to October low levels. Equities are ignoring the most recent pivot of a pivot, which might be a mistake. The assumption that the market is likely making here is one of growth acceleration coming to the rescue in 2H. in this regard, we note that earnings projections for 2024 are still not moving up. Regionally, Japan is staying our top pick, continuing our 2023 preference.

Table 11: J.P. Morgan Equity Strategy — Factors driving our medium-term views

Driver	Impact	Our Core Working Assumptions	Recent Developments
Global Growth	Neutral	At risk of weakening as consumer strength wanes	Global composite PMI is at 52.3
European Growth	Negative	Manufacturing and services are converging on the downside; industry data stays weak	
Monetary Policy	Neutral	Fed pivot could be accompanied by activity weakness	
Currency	Neutral	USD could strengthen again	
Earnings	Negative	Corporate pricing power is likely to weaken from here	2024 EPS projections are continuing their downtrend
Valuations	Negative	At 21x, US forward P/E is still stretched, especially vs real yield	MSCI Europe on 13.5x Fwd P/E
Technicals	Negative	Sentiment and positioning are stretched post the Nov-Dec rally	RSIs are in overbought territory

Source: J.P. Morgan estimates

Table 12: : Base Case and Risk

Scenario	Assumption
Upside scenario	No further hawkish tilt by the Fed. No landing
Base-case scenario	Inflation to fall further, risk of downturn still elevated. Earnings downside from here
Downside scenario	Further Fed tightening and global recession to become a base case again

Source: J.P. Morgan estimates.

Table 13: Index targets

	Dec '24 Target	11-Apr-24	% upside
MSCI Eurozone	**256**	293	-13%
FTSE 100	**7,700**	7,924	-3%
MSCI EUROPE	**1,850**	2,031	-9%
DJ EURO STOXX 50	**4,250**	4,967	-14%
DJ STOXX 600 E	**460**	505	-9%

Source: J.P. Morgan.

Table 14: Key Global sector calls

Overweight	Neutral	Underweight
Healthcare	Technology	Capital Goods ex A&D
Telecoms	Discretionary	Food& Drug Retail
Food, Beverage & Tobacco	Mining	Autos
Real Estate	Transportation	Banks
Utilities		

Source: J.P. Morgan

Table 15: J.P. Morgan Equity Strategy — Key sector calls*

Sector	Recommendations	Key Drivers
Healthcare	Overweight	Potential for lower yields and stronger dollar remain near term support, earnings are also holding up
Staples	Overweight	Sector is one of the best performers around the last Fed hike in the cycle, lower bond yields and better relative EPS momentum should further support
Banks	Underweight	Downgraded to UW in October after 3 years of strong performance. Bond yields and PMIs direction is the key for the potential P/E re-rating of the sector, we think both will move lower
Chemicals	Underweight	The sector trades at 70% premium to the market, well above historical norm. pricing continues to deteriorate, downside risks to current earnings and margin projections

Source: J.P. Morgan estimates. * Please see the last page for the full list of our calls and sector allocation.

Table 16: J.P. Morgan Equity Strategy — Key regional calls

Region	Recommendations	J.P. Morgan Views
EM	Neutral	China tactical chance for a bounce, but structural bearish call remains
DM	Neutral	
US	Neutral	Expensive, with earnings risk. Growth style at a risk of reversal
Japan	Overweight	Japan is attractively priced; diverging policy path and TSE reforms are tailwinds
Eurozone	Neutral	Eurozone trading at a record discount vs the US; Growth differential to improve
UK	Overweight	Valuations still look very attractive, low beta with the highest regional dividend yield

Source: J.P. Morgan estimates.

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

J.P.Morgan

Top Picks

Table 17: J.P. Morgan European Strategy: Top European picks

						Market Cap	EPS Growth			Dividend Yield	12m Fwd P/E			Performance	
Name	Ticker	Sector	Rating	Price	Currency	(€ Bn)	23e	24e	25e	24e	Current	10Y Median	% Premium	-3m	-12m
ENI	ENI IM	Energy	OW	15	E	50.3	-35%	-14%	1%	6.0%	7.2	12.7	-43%	3%	11%
TOTALENERGIES	TTE FP	Energy	OW	68	E	161.6	-33%	-4%	2%	4.7%	8.0	10.6	-25%	14%	16%
SHELL	SHEL LN	Energy	OW	34	E	214.8	-23%	-1%	1%	3.6%	8.7	11.2	-22%	17%	20%
CRH PUBLIC LIMITED	CRH LN	Materials	OW	83	U$	53.5	-14%	24%	8%	1.6%	15.2	15.0	1%	21%	78%
RIO TINTO	RIO LN	Materials	OW	5230	£	105.7	-11%	3%	-6%	6.6%	9.0	10.3	-13%	-4%	-6%
NORSK HYDRO	NHY NO	Materials	OW	68	NK	12.0	-60%	15%	38%	3.7%	12.7	12.9	-1%	4%	-13%
ANGLO AMERICAN	AAL LN	Materials	OW	2124	£	30.5	-51%	-11%	11%	3.6%	12.2	9.5	27%	15%	-22%
SCHNEIDER ELECTRIC	SU FP	Industrials	OW	209	E	119.7	2%	14%	12%	1.7%	24.4	16.5	48%	20%	43%
ASHTEAD GROUP	AHT LN	Industrials	OW	5772	£	29.6	26%	0%	6%	1.4%	17.8	14.1	26%	18%	28%
RYANAIR HOLDINGS	RYA ID	Industrials	OW	21	E	23.8	-	32%	35%	0.0%	9.4	13.0	-28%	13%	44%
AIRBUS	AIR FP	Industrials	OW	162	E	128.6	10%	5%	24%	1.1%	23.0	18.4	25%	13%	29%
MTU AERO ENGINES HLDG.	MTX GR	Industrials	OW	213	E	11.6	24%	13%	11%	0.9%	16.8	18.1	-7%	5%	-8%
STELLANTIS	STLAM IM	Discretionary	OW	25	E	80.1	12%	-6%	1%	6.1%	4.5	4.8	-6%	22%	51%
BMW	BMW GR	Discretionary	OW	112	E	71.4	-35%	-6%	2%	5.4%	6.7	7.7	-12%	13%	-
INDITEX	ITX SM	Discretionary	OW	43	E	135.4	27%	-	-	-	22.6	24.3	-7%	14%	42%
ADIDAS	ADS GR	Discretionary	OW	200	E	36.1	-154%	-	145%	0.4%	53.4	24.6	117%	13%	20%
RICHEMONT N	CFR SW	Discretionary	OW	132	SF	80.1	78%	-3%	11%	1.8%	19.0	20.4	-7%	20%	-7%
COMPASS GROUP	CPG LN	Discretionary	OW	2177	£	43.5	50%	14%	12%	1.9%	21.5	20.8	3%	0%	7%
COLRUYT GROUP	COLR BB	Staples	OW	40	E	5.1	-27%	62%	10%	2.0%	14.3	17.6	-19%	-4%	55%
ANHEUSER-BUSCH INBEV	ABI BB	Staples	OW	56	E	112.1	-5%	9%	15%	1.4%	17.2	19.5	-12%	-6%	-8%
NOVO NORDISK 'B'	NOVOB DC	Health Care	OW	869	DK	525.5	52%	26%	22%	1.1%	35.2	22.7	55%	19%	61%
ASTRAZENECA	AZN LN	Health Care	OW	10962	£	199.1	9%	12%	14%	2.1%	16.3	17.8	-8%	1%	-6%
SMITH & NEPHEW	SN/ LN	Health Care	OW	980	£	10.0	1%	12%	18%	3.1%	12.6	18.4	-31%	-8%	-17%
UBS GROUP	UBSG SW	Financials	OW	26	SF	93.7	-99%	3510%	104%	2.4%	21.2	10.4	105%	5%	39%
NATWEST GROUP	NWG LN	Financials	OW	273	£	27.9	38%	-24%	9%	6.2%	6.8	10.2	-33%	29%	2%
ING GROEP	INGA NA	Financials	OW	15	E	54.1	106%	-12%	8%	7.2%	8.2	9.1	-10%	21%	34%
INTESA SANPAOLO	ISP IM	Financials	OW	3	E	60.0	79%	15%	2%	9.0%	7.2	10.1	-29%	20%	38%
LONDON STOCK EXCHANGE GROUP	LSEG LN	Financials	OW	9306	£	58.4	2%	11%	14%	1.2%	25.1	22.9	9%	2%	17%
AMUNDI (WI)	AMUN FP	Financials	OW	64	E	13.1	4%	6%	6%	6.4%	9.9	12.7	-22%	3%	10%
DASSAULT SYSTEMES	DSY FP	IT	OW	40	E	53.2	6%	8%	11%	0.7%	30.0	31.5	-5%	-8%	6%
ASML HOLDING	ASML NA	IT	OW	909	E	363.3	41%	-5%	54%	0.7%	42.4	26.9	58%	40%	49%
ASM INTERNATIONAL	ASM NA	IT	OW	583	E	28.8	-8%	6%	40%	0.5%	42.6	16.3	162%	29%	61%
DEUTSCHE TELEKOM	DTE GR	Telecoms	OW	21	E	106.5	-13%	12%	12%	3.6%	11.5	14.2	-19%	-5%	-5%
BT GROUP	BT/A LN	Telecoms	OW	106	£	12.3	9%	-12%	-1%	7.3%	5.7	8.8	-35%	-9%	-31%
RELX	REL LN	Industrials	OW	3319	£	73.0	12%	7%	9%	1.8%	26.5	19.4	37%	5%	26%
HELLOFRESH	HFG GR	Staples	OW	6	E	1.1	-49%	-34%	67%	0.0%	13.2	19.0	-30%	-51%	-72%
RWE	RWE GR	Utilities	OW	32	E	23.6	30%	-56%	-20%	3.2%	12.2	13.0	-6%	-20%	-23%
ENEL	ENEL IM	Utilities	OW	6	E	58.0	15%	9%	1%	7.5%	8.5	12.0	-29%	-14%	-3%
SEGRO	SGRO LN	Real Estate	OW	862	£	13.5	6%	7%	7%	3.2%	24.3	25.3	-4%	-1%	11%

Source: Datastream, MSCI, IBES, J.P. Morgan, Prices and Valuations as of COB 11th Apr, 2024. Past performance is not indicative of future returns.

Please see the most recent company-specific research published by J.P. Morgan for an analysis of valuation methodology and risks on companies recommended in this report. Research is available at http://www.jpmorganmarkets.com, or you can contact the cover

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

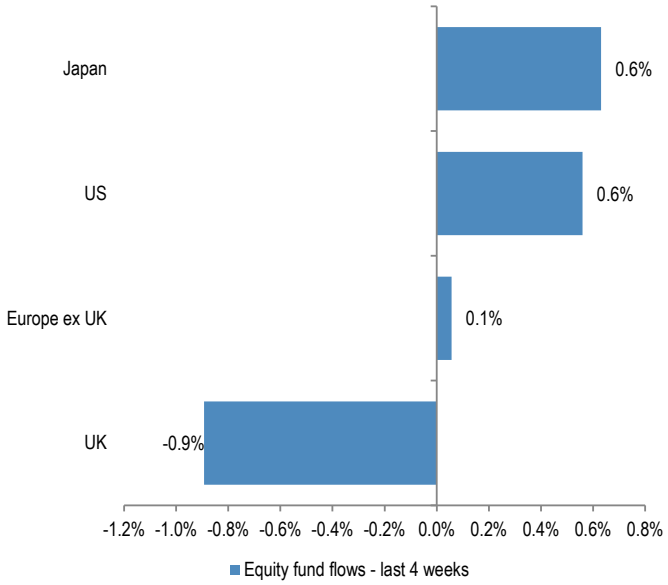
Equity Flows Snapshot

Table 18: DM Equity Fund Flows Summary

Regional equity fund flows										
	$mn					% AUM				
	1w	1m	3m	ytd	12m	1w	1m	3m	ytd	12m
Europe ex UK	273	193	-480	-780	-11,721	0.1%	0.1%	-0.1%	-0.2%	-3.9%
UK	-316	-2,407	-6,510	-6,555	-28,583	-0.1%	-0.9%	-2.4%	-2.4%	-10.6%
US	7,072	58,147	78,359	82,276	231,371	0.1%	0.6%	0.8%	0.9%	2.9%
Japan	1,232	5,276	13,520	13,604	24,571	0.1%	0.6%	1.8%	1.8%	3.7%

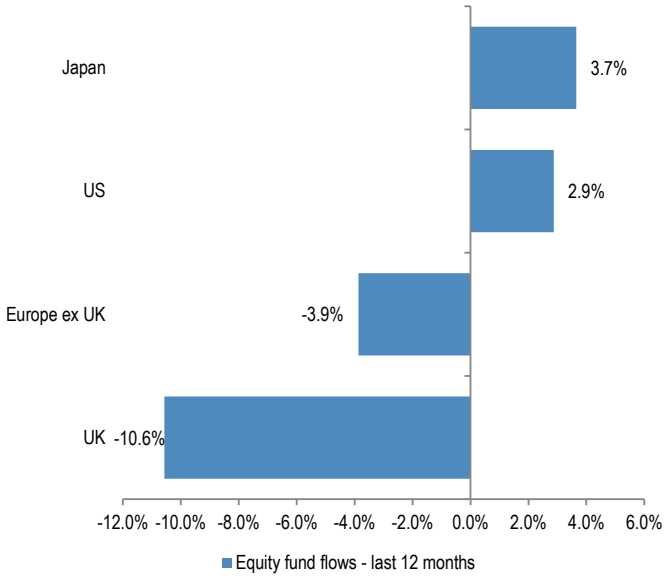
Source: EPFR, as of 03rd Apr, 2024

Figure 47: DM Equity Fund flows – last month



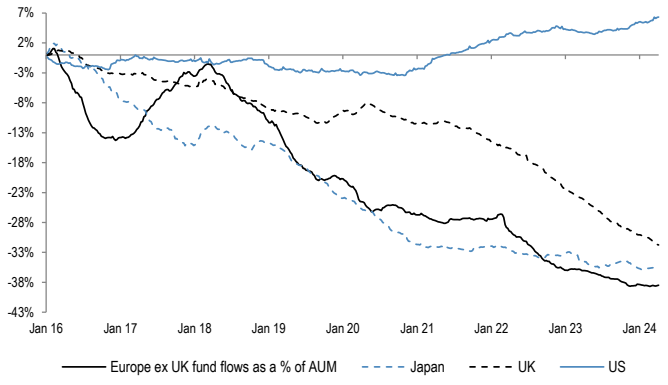
Source: EPFR, Japan includes BoJ purchases.

Figure 48: DM Equity Fund flows – last 12 months



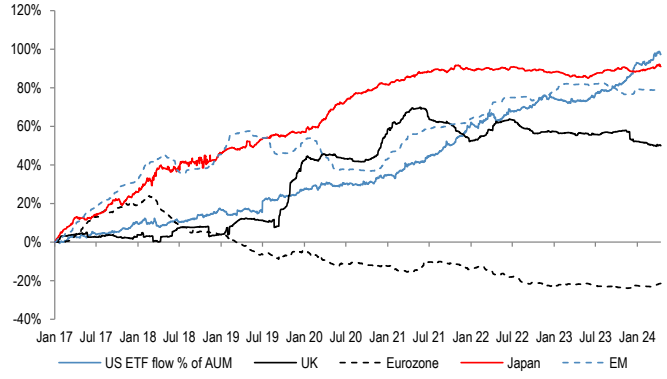
Source: EPFR, Japan includes BoJ purchases.

Figure 49: Cumulative fund flows into regional funds as a percentage of AUM



Source: EPFR, as of 03rd Apr, 2024. Japan includes Non-ETF purchases only.

Figure 50: Cumulative fund flows into regional equity ETFs as a percentage of AUM

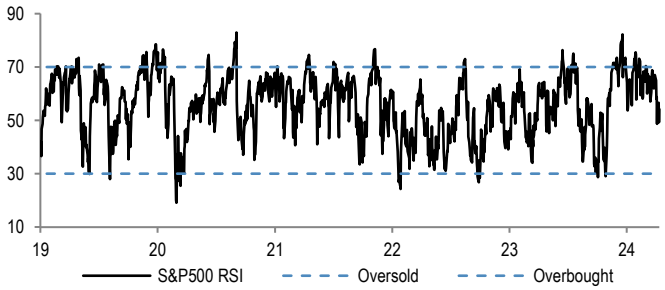


Source: Bloomberg Finance L.P. *Based on the 25 biggest ETF's with a mandate to invest in that particular region. Japan includes BoJ purchases.

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

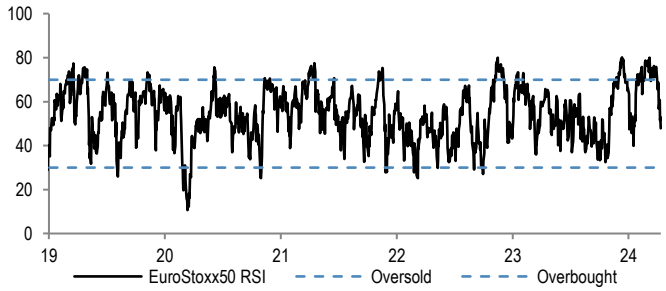
Technical Indicators

Figure 51: S&P500 RSI



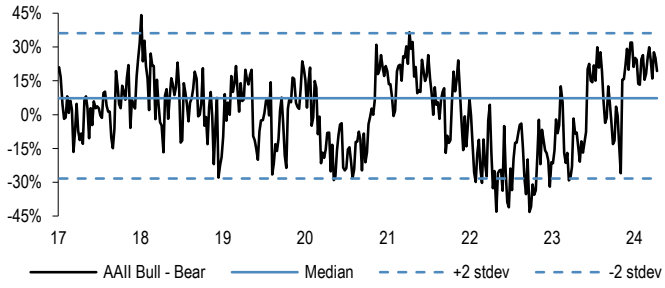
Source: Bloomberg Finance L.P.

Figure 52: EuroStoxx50 RSI



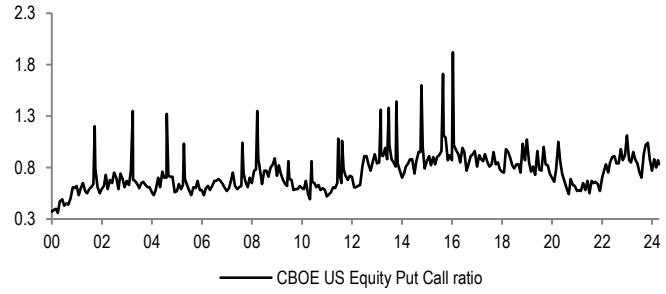
Source: Bloomberg Finance L.P.

Figure 53: AAII Bull-Bear



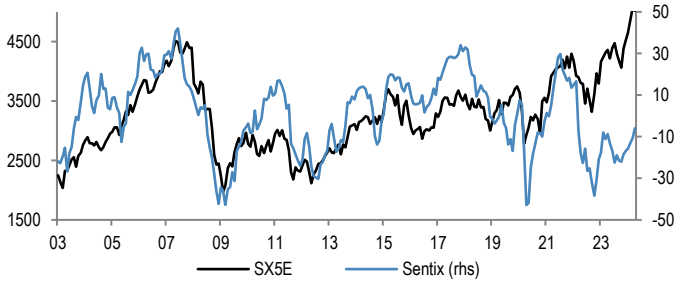
Source: Bloomberg Finance L.P

Figure 54: Put-call ratio



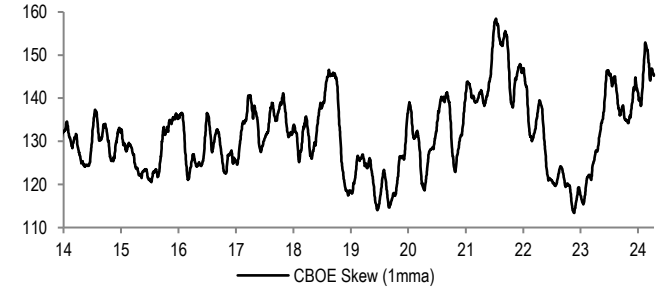
Source: Bloomberg Finance L.P.

Figure 55: Sentix Sentiment Index vs SX5E



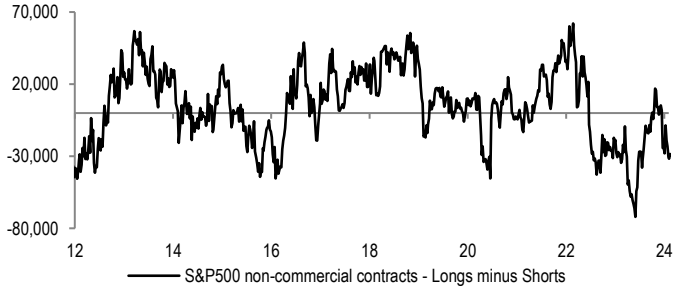
Source: Bloomberg Finance L.P.

Figure 56: Equity Skew



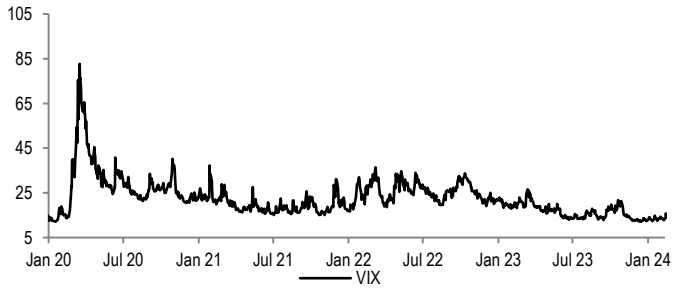
Source: Bloomberg Finance L.P.

Figure 57: Speculative positions in S&P500 futures contracts



Source: Bloomberg Finance L.P.

Figure 58: VIX



Source: Bloomberg Finance L.P.

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

J.P.Morgan

Performance

Table 19: Sector Index Performances — MSCI Europe

(%change)		Local currency		
Industry Group		**4week**	**12m**	**YTD**
Europe		**(0.1)**	**8.2**	**6.0**
Energy		**9.0**	**9.9**	**8.9**
Materials		**3.8**	**8.2**	**4.1**
	Chemicals	0.4	8.3	3.9
	Construction Materials	1.2	56.4	20.9
	Metals & Mining	11.0	(7.6)	(2.1)
Industrials		**(0.4)**	**20.6**	**7.8**
	Capital Goods	(0.3)	26.0	10.2
	Transport	1.9	(7.8)	(9.6)
	Business Svs	(2.1)	9.6	4.5
Consumer Discretionary		**(2.9)**	**4.1**	**9.2**
	Automobile	4.0	19.0	17.3
	Consumer Durables	(8.4)	(3.7)	7.5
	Media	1.4	19.3	8.4
	Retailing	4.6	9.5	7.9
	Hotels,Restaurants&Leisure	(3.2)	2.4	2.9
Consumer Staples		**(3.2)**	**(13.6)**	**(3.8)**
	Food & Drug Retailing	(1.8)	(11.6)	(6.3)
	Food Beverage & Tobacco	(2.1)	(15.5)	(2.7)
	Household Products	(5.8)	(9.7)	(5.3)
Healthcare		**(2.0)**	**4.4**	**6.6**
Financials		**1.4**	**17.6**	**8.4**
	Banks	5.2	24.5	11.7
	Diversified Financials	(0.6)	15.8	4.7
	Insurance	(2.8)	9.0	6.5
Real Estate		**2.4**	**8.1**	**(4.2)**
Information Technology		**(0.3)**	**31.5**	**17.1**
	Software and Services	(3.1)	37.6	14.3
	Technology Hardware	(3.5)	(3.6)	(1.4)
	Semicon & Semicon Equip	1.9	35.9	22.5
Telecommunications Services		**0.1**	**(3.8)**	**1.4**
Utilities		**(1.0)**	**(9.7)**	**(8.6)**

Source: MSCI, Datastream, as at COB 11th Apr, 2024.

Table 20: Country and Region Index Performances

(%change)		Local Currency			US$		
Country	**Index**	**4week**	**12m**	**YTD**	**4week**	**12m**	**YTD**
Austria	ATX	4.4	9.7	3.2	2.7	7.6	0.0
Belgium	BEL 20	3.9	0.5	3.5	2.2	(1.4)	0.3
Denmark	KFX	(4.4)	31.6	15.2	(6.0)	29.0	11.6
Finland	HEX 20	1.6	(8.3)	(1.7)	(0.1)	(10.1)	(4.8)
France	CAC 40	(1.7)	8.6	6.4	(3.3)	6.5	3.1
Germany	DAX	0.1	14.7	7.2	(1.6)	12.5	3.9
Greece	ASE General	(0.1)	29.6	9.5	(1.8)	27.2	6.2
Ireland	ISEQ	3.2	20.8	14.0	1.5	18.5	10.4
Italy	FTSE MIB	(0.2)	22.5	11.1	(1.9)	20.2	7.6
Japan	Topix	3.2	37.9	16.1	(0.2)	20.1	6.7
Netherlands	AEX	2.9	15.8	12.3	1.2	13.6	8.9
Norway	OBX	5.6	7.6	5.0	2.6	4.8	(2.0)
Portugal	BVL GEN	1.4	(12.1)	(11.4)	(0.3)	(13.8)	(14.2)
Spain	IBEX 35	1.5	15.3	5.4	(0.2)	13.1	2.2
Sweden	OMX	(1.1)	13.0	4.3	(5.2)	9.6	(2.5)
Switzerland	SMI	(2.2)	1.8	2.9	(5.2)	0.9	(4.9)
United States	S&P 500	0.9	26.5	9.0	0.9	26.5	9.0
United States	NASDAQ	1.9	36.7	9.5	1.9	36.7	9.5
United Kingdom	FTSE 100	2.3	1.8	2.5	0.5	2.5	0.6
EMU	MSCI EMU	(0.0)	11.1	7.7	(1.7)	9.0	4.4
Europe	**MSCI Europe**	**(0.1)**	**8.2**	**6.0**	**(2.2)**	**6.9**	**2.0**
Global	MSCI AC World	0.9	22.7	8.5	0.3	21.2	7.0

Source: MSCI, Datastream, as at COB 11th Apr, 2024.

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

Earnings

Table 21: IBES Consensus EPS Sector Forecasts — MSCI Europe

	EPS Growth (%yoy)			
	2023	2024E	2025E	2026E
Europe	**(3.6)**	**3.5**	**10.3**	**8.8**
Energy	**(31.6)**	**(5.1)**	**4.3**	**2.3**
Materials	**(39.9)**	**7.9**	**12.0**	**7.0**
Chemicals	(38.9)	24.3	19.2	11.8
Construction Materials	11.9	12.1	9.6	7.1
Metals & Mining	(46.2)	(6.6)	4.6	2.2
Industrials	**1.0**	**7.3**	**13.7**	**11.7**
Capital Goods	22.3	11.5	13.4	11.7
Transport	(54.8)	(23.9)	21.1	14.1
Business Svs	3.2	9.0	10.8	10.7
Discretionary	**7.9**	**2.5**	**10.6**	**9.5**
Automobile	3.3	(3.1)	5.3	6.4
Consumer Durables	(5.8)	5.1	15.0	13.3
Media	1.2	7.3	10.0	11.3
Retailing	52.2	13.4	17.2	8.3
Hotels,Restaurants&Leisure	85.2	21.4	21.2	16.4
Staples	**2.5**	**2.6**	**8.8**	**7.6**
Food & Drug Retailing	5.4	3.9	11.8	7.1
Food Beverage & Tobacco	2.0	1.6	8.8	7.7
Household Products	2.9	5.0	7.7	7.5
Healthcare	**1.1**	**6.2**	**14.2**	**10.2**
Financials	**15.5**	**5.3**	**8.1**	**9.8**
Banks	28.5	0.5	4.7	6.7
Diversified Financials	(19.8)	16.2	22.4	24.6
Insurance	11.8	12.2	8.3	8.2
Real Estate	**5.8**	**2.8**	**3.5**	**2.5**
IT	**14.0**	**(5.3)**	**29.7**	**15.4**
Software and Services	18.5	0.2	20.7	13.8
Technology Hardware	(20.6)	9.1	9.3	8.9
Semicon & Semicon Equip	28.0	(12.9)	43.4	18.2
Telecoms	**(9.0)**	**11.1**	**10.8**	**8.8**
Utilities	**(0.2)**	**(0.0)**	**1.1**	**1.9**

Source: IBES, MSCI, Datastream. As at COB 11th Apr, 2024.

Table 22: IBES Consensus EPS Country Forecasts

		EPS growth (%change)			
Country	Index	2023	2024E	2025E	2026E
Austria	ATX	(20.7)	(0.6)	5.0	4.3
Belgium	BEL 20	13.3	(6.2)	12.0	13.3
Denmark	Denmark KFX	(14.6)	26.4	22.4	17.5
Finland	MSCI Finland	(25.1)	3.3	12.6	8.0
France	CAC 40	(2.3)	2.4	8.8	7.9
Germany	DAX	0.2	1.8	12.1	10.6
Greece	MSCI Greece	4.2	2.8	3.4	18.8
Ireland	MSCI Ireland	32.5	(1.8)	3.0	6.1
Italy	MSCI Italy	8.6	1.5	2.7	4.0
Netherlands	AEX	(1.5)	0.4	13.9	7.5
Norway	MSCI Norway	(40.3)	2.6	6.4	1.4
Portugal	MSCI Portugal	16.9	14.1	4.8	4.9
Spain	IBEX 35	8.3	1.9	4.3	6.5
Sweden	OMX	31.6	0.9	8.2	6.5
Switzerland	SMI	(4.6)	9.7	13.8	10.4
United Kingdom	FTSE 100	(11.0)	1.2	8.3	7.7
EMU	MSCI EMU	3.6	3.1	10.2	8.8
Europe ex UK	MSCI Europe ex UK	0.5	4.3	11.1	9.2
Europe	MSCI Europe	(3.6)	3.5	10.3	8.8
United States	S&P 500	2.3	9.9	13.6	11.8
Japan	Topix	2.8	15.4	9.6	9.2
Emerging Market	MSCI EM	(7.5)	19.8	15.5	10.9
Global	MSCI AC World	(0.2)	9.3	12.7	10.8

Source: IBES, MSCI, Datastream. As at COB 11th Apr, 2024** Japan refers to the period from March in the year stated to March in the following year – EPS post-goodwill

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

Valuations

Table 23: IBES Consensus European Sector Valuations

	P/E			Dividend Yield			EV/EBITDA			Price to Book		
	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e	2024e	2025e	2026e
Europe	**14.0**	**12.7**	**11.7**	**3.4%**	**3.6%**	**3.9%**	**8.2**	**7.6**	**7.0**	**1.9**	**1.8**	**1.7**
Energy	**8.2**	**7.8**	**7.7**	**5.2%**	**5.1%**	**5.4%**	**3.4**	**3.4**	**3.3**	**1.3**	**1.2**	**1.1**
Materials	**16.1**	**14.4**	**13.5**	**3.1%**	**3.3%**	**3.5%**	**7.7**	**6.9**	**6.7**	**1.7**	**1.6**	**1.5**
Chemicals	24.0	20.1	18.0	2.7%	2.8%	3.0%	11.6	10.5	9.7	2.4	2.3	2.1
Construction Materials	13.7	12.5	11.6	2.8%	2.9%	3.1%	7.6	7.2	6.5	1.7	1.6	1.5
Metals & Mining	10.8	10.3	10.1	3.9%	4.2%	4.5%	5.0	4.5	4.6	1.3	1.2	1.1
Industrials	**19.4**	**17.1**	**15.3**	**2.4%**	**2.6%**	**2.8%**	**10.3**	**9.2**	**8.4**	**3.2**	**3.0**	**2.7**
Capital Goods	19.3	17.0	15.2	2.2%	2.5%	2.7%	10.7	9.5	8.7	3.4	3.2	2.8
Transport	17.4	14.4	12.6	3.4%	3.6%	3.6%	7.3	6.7	5.9	1.6	1.6	1.5
Business Svs	21.4	19.3	17.5	2.4%	2.6%	2.8%	12.9	11.8	10.9	6.0	5.5	4.9
Discretionary	**13.4**	**12.1**	**11.1**	**2.7%**	**3.0%**	**3.2%**	**5.6**	**5.2**	**4.9**	**1.9**	**1.8**	**1.5**
Automobile	6.5	6.2	5.8	4.8%	5.0%	5.3%	1.9	1.8	1.7	0.8	0.7	0.7
Consumer Durables	23.6	20.5	18.1	1.8%	2.0%	2.3%	14.6	13.1	11.6	4.2	3.8	3.4
Media & Entertainment	16.9	15.4	13.8	2.2%	2.4%	2.6%	11.9	9.8	9.1	1.8	1.9	2.0
Retailing	15.5	13.2	12.2	2.4%	2.6%	2.9%	10.6	9.7	8.5	2.9	2.8	2.1
Hotels,Restaurants&Leisure	22.7	18.7	16.1	2.2%	2.5%	2.8%	12.6	10.6	9.8	4.1	3.7	3.5
Staples	**16.4**	**15.1**	**14.0**	**3.2%**	**3.4%**	**3.7%**	**10.7**	**10.0**	**9.2**	**2.8**	**2.6**	**2.5**
Food & Drug Retailing	11.7	10.4	9.8	4.3%	4.6%	4.9%	6.0	5.7	5.6	1.5	1.4	1.4
Food Beverage & Tobacco	16.2	14.8	13.8	3.5%	3.8%	4.0%	10.6	9.9	9.0	2.5	2.4	2.3
Household Products	19.0	17.7	16.4	2.5%	2.7%	2.9%	13.6	12.6	11.9	4.0	3.8	3.7
Healthcare	**17.6**	**15.4**	**14.0**	**2.4%**	**2.6%**	**2.9%**	**12.4**	**10.9**	**9.6**	**3.4**	**3.2**	**2.9**
Financials	**9.1**	**8.4**	**7.6**	**5.6%**	**5.7%**	**6.2%**	**-**	**-**	**-**	**1.1**	**1.0**	**0.9**
Banks	7.1	6.8	6.4	7.2%	7.2%	7.6%	-	-	-	0.8	0.7	0.7
Diversified Financials	14.7	12.0	9.9	2.4%	2.6%	3.0%	-	-	-	1.4	1.5	1.4
Insurance	10.5	9.7	9.0	5.7%	6.1%	6.5%	-	-	-	1.6	1.5	1.5
Real Estate	**13.7**	**13.2**	**12.9**	**4.3%**	**4.5%**	**4.7%**	**-**	**-**	**-**	**0.8**	**0.8**	**0.8**
IT	**30.2**	**23.3**	**20.2**	**1.2%**	**1.3%**	**1.4%**	**18.9**	**14.9**	**13.0**	**5.1**	**4.6**	**4.1**
Software and Services	29.9	24.7	21.7	1.3%	1.4%	1.5%	19.8	16.0	14.0	4.5	4.1	3.7
Technology Hardware	15.3	14.0	12.9	2.7%	2.7%	3.0%	8.9	8.1	7.0	1.9	1.8	1.6
Semicon & Semicon Equip	36.1	25.2	21.3	0.8%	0.9%	1.1%	22.8	16.7	14.3	8.6	7.2	6.0
Communication Services	**13.8**	**12.5**	**11.5**	**4.4%**	**4.5%**	**4.7%**	**6.6**	**6.1**	**5.8**	**1.4**	**1.3**	**1.3**
Utilities	**11.8**	**11.6**	**11.4**	**5.4%**	**5.6%**	**5.7%**	**8.0**	**8.1**	**8.2**	**1.5**	**1.4**	**1.3**

Source: IBES, MSCI, Datastream. As at COB 11th Apr, 2024.

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

J.P.Morgan

Table 24: IBES Consensus P/E and 12-Month Forward Dividend Yields — Country Forecasts

		P/E				Dividend Yield
Country	Index	12mth Fwd	2024E	2025E	2026E	12mth Fwd
Austria	ATX	7.8	7.9	7.6	7.1	7.8%
Belgium	BEL 20	15.1	15.7	14.0	12.4	4.1%
Denmark	Denmark KFX	26.9	29.0	23.7	20.1	2.3%
Finland	MSCI Finland	14.6	15.2	13.5	12.5	6.1%
France	CAC 40	13.2	13.6	12.5	11.5	4.4%
Germany	DAX	12.0	12.6	11.2	10.1	4.4%
Greece	MSCI Greece	30.7	31.1	30.1	24.2	2.4%
Ireland	MSCI Ireland	11.1	11.3	10.9	10.3	4.7%
Italy	MSCI Italy	9.0	9.1	8.9	8.5	7.3%
Netherlands	AEX	15.6	16.2	14.2	13.5	3.3%
Norway	MSCI Norway	10.9	11.1	10.4	10.3	8.5%
Portugal	MSCI Portugal	13.8	14.0	13.4	12.7	5.7%
Spain	IBEX 35	10.7	10.9	10.4	9.8	6.3%
Sweden	OMX	15.1	15.5	14.3	13.5	5.0%
Switzerland	SMI	16.6	17.4	15.3	13.8	4.5%
United Kingdom	FTSE 100	11.2	11.4	10.6	9.8	5.5%
EMU	MSCI EMU	13.2	13.6	12.4	11.4	4.5%
Europe ex UK	MSCI Europe ex UK	14.4	14.9	13.4	12.3	4.3%
Europe	**MSCI Europe**	**13.5**	14.0	12.7	11.7	**4.6%**
United States	S&P 500	20.7	21.8	19.2	17.2	2.0%
Japan	Topix	15.0	16.6	15.1	13.9	3.0%
Emerging Market	MSCI EM	12.2	12.8	11.1	9.8	4.0%
Global	MSCI AC World	17.6	18.3	16.2	14.7	2.8%

Source: IBES, MSCI, Datastream. As at COB 11th Apr, 2024; ** Japan refers to the period from March in the year stated to March in the following year – P/E post goodwill.

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

Economic, Interest Rate and Exchange Rate Outlook

Table 25: Economic Outlook in Summary

	Real GDP % oya			Real GDP % over previous period, saar						Consumer prices % oya			
	2023E	2024E	2025E	3Q23	4Q23	1Q24E	2Q24E	3Q24E	4Q24E	4Q23	2Q24E	4Q24E	2Q25E
United States	2.5	2.4	1.7	4.9	3.4	2.3	1.5	1.0	1.0	3.2	3.5	3.3	2.4
Eurozone	0.5	0.4	1.0	-0.2	-0.2	0.5	0.7	0.7	0.7	5.0	2.6	2.2	2.0
United Kingdom	0.1	0.1	0.1	-0.5	-1.2	1.0	0.8	0.0	-0.5	6.7	3.6	1.7	2.3
Japan	1.9	0.6	0.8	-3.2	0.4	0.6	1.7	1.0	0.8	3.1	2.8	3.6	2.8
Emerging markets	4.2	4.1	3.6	5.8	3.9	5.0	3.7	3.6	3.6	3.7	4.0	3.4	3.3
Global	2.7	2.6	2.3	3.6	2.6	3.0	2.3	2.1	2.0	4.0	3.3	3.1	2.9

Source: J.P. Morgan economic research J.P. Morgan estimates, as of COB 04th Apr, 2024

Table 26: Official Rates Outlook

					Forecast for			
	Official interest rate	Current	Last change (bp)	Forecast next change (bp)	Jun 24	Sep 24	Dec 24	Mar 25
United States	Federal funds rate	5.50	26 Jul 23 (+25bp)	Jun 24 (-25bp)	5.25	5.00	4.75	4.50
Eurozone	Depo rate	4.00	14 Sep 23 (+25bp)	Jun 24 (-25bp)	3.75	3.50	3.00	2.50
United Kingdom	Bank Rate	5.25	03 Aug 23 (+25bp)	Aug 24 (-25bp)	5.25	5.00	4.50	4.00
Japan	Pol rate IOER	0.10	19 Mar 24 (+20bp)	3Q24 (+15bp)	0.10	0.25	0.50	0.50

Source: J.P. Morgan estimates, Datastream, as of COB 04th Apr, 2024

Table 27: 10-Year Government Bond Yield Forecasts

10 Yr Govt BY		Forecast for end of			
	12-Apr-24	Jun 24	Sep 24	Dec 24	Mar 25
US	4.55	4.15	4.05	4.00	3.90
Euro Area	2.41	2.20	2.05	1.90	1.80
United Kingdom	4.16	4.05	3.95	3.80	3.65
Japan	0.86	0.85	1.05	1.30	1.30

Source: J.P. Morgan estimates, Datastream, forecasts as of COB 04th Apr, 2024

Table 28: Exchange Rate Forecasts vs. US Dollar

Exchange rates vs US$		Forecast for end of			
	11-Apr-24	Jun 24	Sep 24	Dec 24	Mar 25
EUR	1.07	1.05	1.05	1.09	1.12
GBP	1.25	1.22	1.22	1.25	1.29
CHF	0.91	0.92	0.91	0.89	0.87
JPY	153	148	146	144	142
DXY	105.3	106.4	106.1	102.9	100.3

Source: J.P. Morgan estimates, Datastream, forecasts as of COB 04th Apr, 2024

Mislav Matejka, CFA AC
(44-20) 7134-9741
mislav.matejka@jpmorgan.com

J.P.Morgan

Sector, Regional and Asset Class Allocations

Table 29: J.P. Morgan Equity Strategy — European Sector Allocation

		MSCI Europe Weights	Allocation	Deviation	Recommendation
Energy		**5.6%**	8.0%	2.4%	**OW**
Materials		**7.0%**	6.0%	-1.0%	**N**
	Chemicals				UW
	Construction Materials				N
	Metals & Mining				N
Industrials		**15.8%**	14.0%	-1.8%	**N**
	Capital Goods ex Aerospace & Defence				UW
	Aerospace & Defence				OW
	Transport				N
	Business Services				N
Consumer Discretionary		**9.1%**	7.0%	-2.1%	**UW**
	Automobile				UW
	Consumer Durables				N
	Consumer Srvcs				UW
	Speciality Retail				UW
	Internet Retail				UW
Consumer Staples		**11.7%**	13.0%	1.3%	**OW**
	Food & Drug Retailing				UW
	Beverages				OW
	Food & Tobacco				OW
	Household Products				OW
Healthcare		**16.0%**	18.0%	2.0%	**OW**
Financials		**18.1%**	14.0%	-4.1%	**UW**
	Banks				UW
	Insurance				N
Real Estate		**0.9%**	2.0%	1.1%	**OW**
Information Technology		**7.1%**	7.0%	-0.1%	**N**
	Software and Services				N
	Technology Hardware				N
	Semicon & Semicon Equip				UW
Communication Services		**4.5%**	5.0%	0.5%	**OW**
	Telecommunication Services				OW
	Media				N
Utilities		**4.4%**	6.0%	1.6%	**OW**
		100.0%	**100.0%**	**0.0%**	**Balanced**

Source: MSCI, Datastream, J.P. Morgan.

Table 30: J.P. Morgan Equity Strategy — Global Regional Allocation

	MSCI Weight	Allocation	Deviation	Recommendation
EM	10.0%	10.0%	0.0%	Neutral
DM	90.0%	90.0%	0.0%	Neutral
US	70.9%	68.0%	-2.9%	Neutral
Japan	6.2%	8.0%	1.8%	Overweight
Eurozone	8.6%	8.0%	-0.6%	Neutral
UK	3.8%	6.0%	2.2%	Overweight
Others*	10.5%	10.0%	-0.5%	Neutral
	100.0%	**100.0%**	**0.0%**	**Balanced**

Source: MSCI, J.P. Morgan *Other includes Denmark, Switzerland, Australia, Canada, Hong Kong SAR, Sweden, Singapore, New Zealand, Israel and Norway

Table 31: J.P. Morgan Equity Strategy — European Regional Allocation

	MSCI Weight	Allocation	Deviation	Recommendation
Eurozone	51.0%	48.0%	-3.0%	Neutral
United Kingdom	22.6%	25.0%	2.4%	Overweight
Others**	26.5%	27.0%	0.5%	Overweight
	100.0%	**100.0%**		**Balanced**

Source: MSCI, J.P. Morgan **Other includes Denmark, Switzerland, Sweden and Norway

Table 32: J.P. Morgan Equity Strategy — Asset Class Allocation

	Benchmark weighting	Allocation	Deviation	Recommendation
Equities	60%	55%	-5%	Underweight
Bonds	30%	35%	5%	Overweight
Cash	10%	10%	0%	Neutral
	100%	**100%**	0%	**Balanced**

Source: MSCI, J.P. Morgan



Click here for our weekly podcast

Anamil Kochar (anamil.kochar@jpmchase.com) of J.P. Morgan India Private Limited is a co-author of this report.

Parts of this report use data drawn from SmartBuzz which is available on Morgan Markets. SmartBuzz is an NLP processing framework that tracks market themes using a taxonomy curated to capture market relevant topics with the help of JPM's experts and AI. We combine sentiment analysis with the theme exposure of stocks which can be rolled up to sectors and countries. The news feed is curated from LexisNexis and we use Earnings Call Transcripts from S&P/CapIQ. Please contact us for more information.

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts who produce independent research unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight (over the duration of the price target indicated in this report, we expect this stock will outperform the average total return of the stocks in the Research Analyst's, or the Research Analyst's team's, coverage universe); Neutral (over the duration of the price target indicated in this report, we expect this stock will perform in line with the average total return of the stocks in the Research Analyst's, or the Research Analyst's team's, coverage universe); and Underweight (over the duration of the price target indicated in this report, we expect this stock will underperform the average total return of the stocks in the Research Analyst's, or the Research Analyst's team's, coverage universe. NR is Not Rated. In this case, J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap Equity Research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those Research Analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying Research Analyst's coverage universe can be found on J.P. Morgan's Research website, https://www.jpmorganmarkets.com.

J.P. Morgan Equity Research Ratings Distribution, as of April 06, 2024

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	48%	39%	14%
IB clients**	49%	45%	35%
JPMS Equity Research Coverage*	46%	42%	12%
IB clients**	70%	66%	52%

***Please note that the percentages may not add to 100% because of rounding.**
****Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.**
For purposes of FINRA ratings distribution rules only, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Registration of non-US Analysts: Unless otherwise noted, the non-US analysts listed on the front of this report are employees of non-US affiliates of J.P. Morgan Securities LLC, may not be registered as research analysts under FINRA rules, may not be associated persons of J.P. Morgan Securities LLC, and may not be subject to FINRA Rule 2241 or 2242 restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of J.P. Morgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Any digital or crypto assets discussed in this research report are subject to a rapidly changing regulatory landscape. For relevant regulatory advisories on crypto assets, including bitcoin and ether, please see https://www.jpmorgan.com/disclosures/cryptoasset-disclosure.

The author(s) of this research report may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so.

Exchange-Traded Funds (ETFs): J.P. Morgan Securities LLC ("JPMS") acts as authorized participant for substantially all U.S.-listed ETFs. To the extent that any ETFs are mentioned in this report, JPMS may earn commissions and transaction-based compensation in connection with the distribution of those ETF shares and may earn fees for performing other trade-related services, such as securities lending to short sellers of the ETF shares. JPMS may also perform services for the ETFs themselves, including acting as a broker or dealer to the ETFs. In addition, affiliates of JPMS may perform services for the ETFs, including trust, custodial, administration, lending, index calculation and/or maintenance and other services.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market Participant of ASX Limited, a Clearing and Settlement Participant of ASX Clear Pty Limited and a Clearing Participant of ASX Clear (Futures) Pty Limited. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations,

etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / 0800-7700810 (For Hearing Impaired) / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Canadian Investment Regulatory Organization and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is authorised as a credit institution by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin) and jointly supervised by the BaFin, the German Central Bank (Deutsche Bundesbank) and the European Central Bank (ECB). JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong Branch (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. Where the distribution of this material is a regulated activity in Hong Kong, the material is distributed in Hong Kong by or through J.P. Morgan Securities (Asia Pacific) Limited and/or J.P. Morgan Broking (Hong Kong) Limited. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. Compliance Officer: Spurthi Gadamsetty; spurthi.gadamsetty@jpmchase.com; +912261573225. Grievance Officer: Ramprasadh K, jpmipl.research.feedback@jpmorgan.com; +912261573000.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Indonesia: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is registered and supervised by the Otoritas Jasa Keuangan (OJK). **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V. and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 030/08/2023 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of "accredited investors," "expert investors" or "institutional investors," as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Conduct Authority (FSCA). **Taiwan**: J.P. Morgan Securities

(Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the "Important Disclosures" in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc ("JPMS plc") which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 ("the FPO"); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC ("JPMS") is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. There may be certain discrepancies with data and/or limited content in this material as a result of calculations, adjustments, translations to different languages, and/or local regulatory restrictions, as applicable. These discrepancies should not impact the overall investment analysis, views and/or recommendations of the subject company(ies) that may be discussed in the material. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. This material may include views on structured securities, options, futures and other derivatives. These are complex instruments, may involve a high degree of risk and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

Confidentiality and Security Notice: This transmission may contain information that is privileged, confidential, legally privileged, and/or exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or use of the information contained herein (including any reliance thereon) is STRICTLY PROHIBITED. Although this transmission and any attachments are believed to be free of any virus or other defect that might affect any computer system into which it is received and opened, it is the responsibility of the recipient to ensure that it is virus free and no responsibility is accepted by JPMorgan Chase & Co., its subsidiaries and affiliates, as applicable, for any loss or damage arising in any way from its use. If you received this transmission in error, please immediately contact the sender and destroy the material in its entirety, whether in electronic or hard copy format. This message is

subject to electronic monitoring: https://www.jpmorgan.com/disclosures/email

MSCI: Certain information herein ("Information") is reproduced by permission of MSCI Inc., its affiliates and information providers ("MSCI") ©2024. No reproduction or dissemination of the Information is permitted without an appropriate license. MSCI MAKES NO EXPRESS OR IMPLIED WARRANTIES (INCLUDING MERCHANTABILITY OR FITNESS) AS TO THE INFORMATION AND DISCLAIMS ALL LIABILITY TO THE EXTENT PERMITTED BY LAW. No Information constitutes investment advice, except for any applicable Information from MSCI ESG Research. Subject also to msci.com/disclaimer

Sustainalytics: Certain information, data, analyses and opinions contained herein are reproduced by permission of Sustainalytics and: (1) includes the proprietary information of Sustainalytics; (2) may not be copied or redistributed except as specifically authorized; (3) do not constitute investment advice nor an endorsement of any product or project; (4) are provided solely for informational purposes; and (5) are not warranted to be complete, accurate or timely. Sustainalytics is not responsible for any trading decisions, damages or other losses related to it or its use. The use of the data is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers. ©2024 Sustainalytics. All Rights Reserved.

"Other Disclosures" last revised April 06, 2024.

Copyright 2024 JPMorgan Chase & Co. All rights reserved. This material or any portion hereof may not be reprinted, sold or redistributed without the written consent of J.P. Morgan. It is strictly prohibited to use or share without prior written consent from J.P. Morgan any research material received from J.P. Morgan or an authorized third-party ("J.P. Morgan Data") in any third-party artificial intelligence ("AI") systems or models when such J.P. Morgan Data is accessible by a third-party. It is permissible to use J.P. Morgan Data for internal business purposes only in an AI system or model that protects the confidentiality of J.P. Morgan Data so as to prevent any and all access to or use of such J.P. Morgan Data by any third-party.

Completed 15 Apr 2024 01:47 AM BST

Disseminated 15 Apr 2024 03:00 AM BST