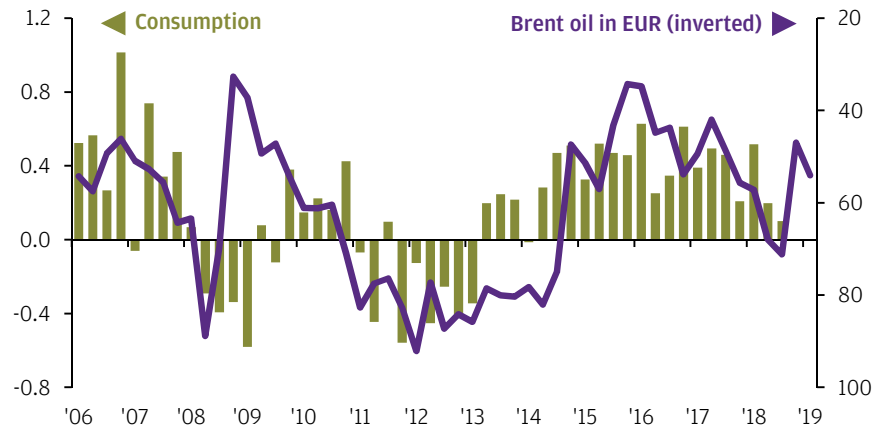


## Thought of the week

The data in Europe continues to be weak. Eurozone GDP for the fourth quarter grew by just 0.2% over the previous quarter. The weakness is pretty broad based across the region. Italian growth contracted for the second consecutive quarter and Germany saw no growth in the fourth quarter. The uncertainty around the global economic outlook is causing the domestic economy in Europe to slow. It's not all bad news though. The fall in the oil price should help European businesses by easing cost pressures. Historically, there has been a close inverse relationship between the oil price and consumption in the region, suggesting that the recent move in oil could help to boost consumption. It is also worth remembering that 25% of eurozone exports go to the emerging world, so stimulus in China could provide a welcome boost for the European economy.

### The lower oil price should help consumption in Europe

% change quarter on quarter (LHS), oil price in euros (RHS inverted)



Source: Bloomberg, Eurostat, Thomson Reuters Datastream, J.P. Morgan Asset Management. Data as of 31 January 2019.

## The week ahead

Days	Country	Event	Period	Survey	Prior
Tue	UK	Unemployment rate	Dec	4.0%	4.0%
	UK	Average weekly earnings (y/y)	Dec	-	3.4%
Wed	Euro	Consumer confidence	Feb	-	-7.9
Thu	US	Conference Board leading indicator (m/m)	Jan	0.2%	-0.1%
	US	Philadelphia Fed business outlook	Feb	14.5	17.0
	US	PMI Manufacturing	Feb	55.0	54.9
	Euro	PMI Manufacturing	Feb	50.5	50.5
	Japan	PMI Manufacturing	Feb	-	50.3
Fri	Japan	CPI (y/y)	Jan	0.3%	0.3%
	Euro	CPI (y/y)	Jan	1.4%	1.6%

## Market statistics

Equities	Change (%)		
	Week ago	YTD	Year ago
MSCI Europe	3.1	9.0	1.4
DAX	3.6	7.0	-8.5
CAC 40	3.9	9.0	2.0
IBEX	3.0	7.4	-2.1
FTSE MIB	4.4	10.8	-6.9
FTSE 100	2.6	7.9	4.3
S&P 500	2.6	11.0	3.7
TOPIX	2.5	5.6	-6.2
MSCI EM	-0.1	6.4	-6.5
MSCI China	-0.5	10.5	-15.4
MSCI Brazil	2.2	10.9	16.7
MSCI AC World	2.2	9.7	1.5
Energy	3.6	12.4	6.7
Materials	2.8	7.8	-4.5
Industrials	3.4	13.1	-0.8
Cons discr.	2.2	9.4	-1.2
Cons staples	1.6	7.0	3.4
Healthcare	2.9	7.9	11.1
Financials	1.9	8.7	-6.9
Technology	2.6	12.8	2.5
Telecom svc	0.8	8.3	5.2
Utilities	0.4	5.8	17.3
Value	2.1	8.6	0.5
Growth	2.3	10.8	2.3

Fund flows (\$bn)	w/e 08/02	w/e 01/02	4-week moving avg.
Equity	-0.2	0.2	1.9
Fixed income	9.0	4.7	5.9
Money market	25.1	-13.5	-0.8

Bond spreads	Change (bps)			
	Level	15/02	Week ago	YTD
Global IG	132	-2	-23	41
EMBIG (USD)	378	-1	-57	64
Global High Yld	440	-8	-105	101

### Bond yields (10 yr)

	Level	Week ago	YTD	Year ago
UK	1.16	1	-11	-49
Germany	0.10	2	-14	-66
USA	2.67	3	-2	-22
Japan	-0.02	2	-1	-8
EMD* (local fx)	6.29	5	-16	19

### Commodities

	Level	Change (%)		
Brent \$/bbl	66	6.7	23.1	3.0
Gold \$/oz	1,317	0.1	2.9	-2.7
Copper \$/lb	2.80	-0.3	6.6	-13.5

### Currency

	Level			
\$ per €	1.13	1.13	1.14	1.25
£ per €	0.88	0.88	0.90	0.89
\$ per £	1.28	1.29	1.27	1.41
¥ per €	125	124	125	133
¥ per \$	111	110	110	106
CHF per €	1.13	1.13	1.13	1.15

### Volatility (%)

	Level	Week ago	YTD	Year ago
VIX	15	16	25	19

Macro	GDP (%)†	CPI (%)	Valuation	Fwd P/E
Eurozone	0.8	1.4	MSCI Europe	13.0
UK	0.7	1.8	FTSE 100	12.4
US	3.4	1.6	S&P 500	16.0
Japan	1.4	0.3	MSCI EM	11.8
China	6.1	1.7	MSCI World	14.8

Note: All index returns are total returns in local currency. Fund flows are for US-domiciled funds only, excluding ETFs. \*Term = index duration. †GDP q/q seasonally adjusted annual rate.

# The Weekly Brief

The Market Insights program provides comprehensive data and commentary on global markets without reference to products. Designed as a tool to help clients understand the markets and support investment decision-making, the program explores the implications of current economic data and changing market conditions. For the purposes of MiFID II, the JPM Market Insights and Portfolio Insights programs are marketing communications and are not in scope for any MiFID II / MiFIR requirements specifically related to investment research. Furthermore, the J.P. Morgan Asset Management Market Insights and Portfolio Insights programs, as non-independent research, have not been prepared in accordance with legal requirements designed to promote the independence of investment research, nor are they subject to any prohibition on dealing ahead of the dissemination of investment research.

This document is a general communication being provided for informational purposes only. It is educational in nature and not designed to be taken as advice or a recommendation for any specific investment product, strategy, plan feature or other purpose in any jurisdiction, nor is it a commitment from J.P. Morgan Asset Management or any of its subsidiaries to participate in any of the transactions mentioned herein. Any examples used are generic, hypothetical and for illustration purposes only. This material does not contain sufficient information to support an investment decision and it should not be relied upon by you in evaluating the merits of investing in any securities or products. In addition, users should make an independent assessment of the legal, regulatory, tax, credit, and accounting implications and determine, together with their own professional advisers, if any investment mentioned herein is believed to be suitable to their personal goals. Investors should ensure that they obtain all available relevant information before making any investment. Any forecasts, figures, opinions or investment techniques and strategies set out are for information purposes only, based on certain assumptions and current market conditions and are subject to change without prior notice. All information presented herein is considered to be accurate at the time of production, but no warranty of accuracy is given and no liability in respect of any error or omission is accepted. It should be noted that investment involves risks, the value of investments and the income from them may fluctuate in accordance with market conditions and taxation agreements and investors may not get back the full amount invested. Both past performance and yields are not a reliable indicator of current and future results. J.P. Morgan Asset Management is the brand for the asset management business of JPMorgan Chase & Co. and its affiliates worldwide. To the extent permitted by applicable law, we may record telephone calls and monitor electronic communications to comply with our legal and regulatory obligations and internal policies. Personal data will be collected, stored and processed by J.P. Morgan Asset Management in accordance with our Company's Privacy Policy (<https://www.jpmorgan.com/global/privacy>). For further information regarding our local privacy policies, please follow the respective links: Australia (<https://www.jpmorgan.com.au/wps/portal/au/PrivacyPolicy>), EMEA ([www.jpmorgan.com/emea-privacy-policy](http://www.jpmorgan.com/emea-privacy-policy)), Hong Kong (<https://www.jpmorgan.com.hk/jpm/am/en/privacy-statement>), Japan (<https://www.jpmorganasset.co.jp/wps/portal/Policy/Privacy>), Singapore (<http://www.jpmorgan.com.sg/privacy>) and Taiwan (<https://www.jpmorgan.com/country/GB/en/privacy/taiwan>).

This communication is issued by the following entities: in the United Kingdom by JPMorgan Asset Management (UK) Limited, which is authorized and regulated by the Financial Conduct Authority; in other European jurisdictions by JPMorgan Asset Management (Europe) S.à r.l.; in Hong Kong by JF Asset Management Limited, or JPMorgan Funds (Asia) Limited, or JPMorgan Asset Management Real Assets (Asia) Limited; in Singapore by JPMorgan Asset Management (Singapore) Limited (Co. Reg. No. 197601586K), or JPMorgan Asset Management Real Assets (Singapore) Pte Ltd (Co. Reg. No. 201120355E); in Taiwan by JPMorgan Asset Management (Taiwan) Limited; in Japan by JPMorgan Asset Management (Japan) Limited which is a member of the Investment Trusts Association, Japan, the Japan Investment Advisers Association, Type II Financial Instruments Firms Association and the Japan Securities Dealers Association and is regulated by the Financial Services Agency (registration number "Kanto Local Finance Bureau (Financial Instruments Firm) No. 330"); in Australia to wholesale clients only as defined in section 761A and 761G of the Corporations Act 2001 (Cth) by JPMorgan Asset Management (Australia) Limited (ABN 55143832080) (AFSL 376919); in Brazil by Banco J.P. Morgan S.A.; in Canada for institutional clients' use only by JPMorgan Asset Management (Canada) Inc., and in the United States by JPMorgan Distribution Services Inc. and J.P. Morgan Institutional Investments, Inc., both members of FINRA; and J.P. Morgan Investment Management Inc.

In APAC, distribution is for Hong Kong, Taiwan, Japan and Singapore. For all other countries in APAC, to intended recipients only.

Copyright 2019 JPMorgan Chase & Co. All rights reserved.

0903c02a81fb9234

Unless otherwise stated, all data is as of 15/02/2019. Economic releases: Bloomberg.

Equities: All data represents total returns for the stated period.

Fund flows: ICI.

Bond Yields: JPMorgan EMBIG OAS over Treasuries ; Barclays Global Aggregate Corporate OAS; Barclays Global High Yield OAS; Government bond yields: Source: Tullett Prebon Information, UK Government Bonds 10 Year Note Generic Bid Yield; German Government Bonds 10 Year Debencher; Japan 10 Year Bond Benchmark; US Generic Government 10 Year Yield.

Commodities: WTI and Brent are the crude oil price in \$ per barrel, gold is \$ per troy ounce, copper is \$ per pound.

Rates: Bank of England Official Bank Rate; ECB Minimum Bid Refinancing Rate 1 Week; Federal Funds Target Rate; Bank of Japan Target Rate of Unsecured Overnight Call Rate; Bank of China 1 Year Best Lending Rate.

Macro: Headline CPI year on year percentage change; GDP growth quarter on quarter seasonally adjusted annualised rate.