

Equity Strategy

Q3 Earnings Preview - earnings downgrades have been significant

- Q3 reporting season is heating up. Weekly **sellside EPS revisions in both US and in Eurozone are negative again**, and appear to be worsening - top chart. In general, the downgrades are concentrated in commodities and in Cyclical such as Industrials and Discretionary, with the exception of Financials, while Defensive sectors such as Utilities and Real Estate are holding up better.
- Given the persistent downgrades, **the hurdle rate is lower**, with S&P500 Q3 yoy% projection down to 4%, from 8% a few months back. There is not much spread between Cyclical and Defensives expectations, both of which are around 0-4% yoy rate. Mag-7 forecast is for 17% yoy growth, half of the 36% delivered in Q2 for the group. Ex Mag-7, the Q3 projection is for only 1% EPS growth, but the Mag-7 vs rest of market earnings delivery differential has been narrowing in past quarters. The question is whether the expectations are low enough entering the season, especially given that markets are hovering near highs, and positioning is elevated.
- Global composite PMI lost steam in Q3**, after 3 quarters of an acceleration. Both manufacturing and services activity is more mixed, with new orders/inventories ratio falling sharply, and China has softened further in Q3. Given this backdrop, the reduction in the hurdle rate that took place over the past weeks might not necessarily mean we get a positive reaction to results.
- Topline growth is likely to keep decelerating**. Brent is typically strongly positively correlated with sales growth - bottom chart, and is pointing to downside. Profit margins at index level are above past averages, in both the US and in Europe. They could stay so, barring some mix deterioration.
- Separately, NFIB uncertainty index is spiking. The question is will companies risk sounding bullish just ahead of the elections? Given that markets were to a good extent driven by multiple rerating, 2024 EPS projections are at a year low in both the US and in Europe, **EPS revisions really need to turn up in order to support P/E multiples**. The P/E vs EPS correlation was historically clearly positive, and the gap is opening up.
- Over 40 US and European companies have warned in the runup to the current reporting season. The average stock reaction on the day is -10% in Europe, and the key reasons behind these include weak demand and macro uncertainty.
- Regionally, US vs Europe PMI spread is increasing again, which correlates with relative EPS delivery. **We reiterated our cautious view on Eurozone**.
- At sector level, we **remain cautious on chemicals, luxury, industrials, autos, semis and mining**. The current weak earnings revisions picture and the potentially soft reporting season might suggest that the rebound in Cyclical seen in the past 5-6 weeks could lose steam, and that the sector leadership might revert to what transpired in the summer. We would **consider buying Cyclical after Q4 reporting season is done**. Q4 results, in Jan-Feb, are also set to be mixed, and will likely see resets to 2025 consensus expectations, which are too high as it stands. Fed cycle lead-lags would also align with this timing.



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

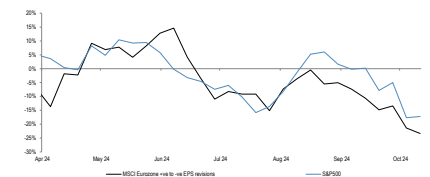
Nitya Saldanha, CFA

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

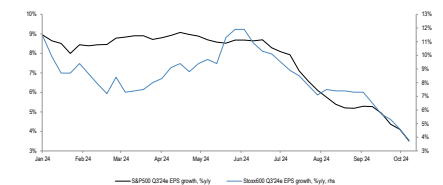
Karishma Manpuria, CFA

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

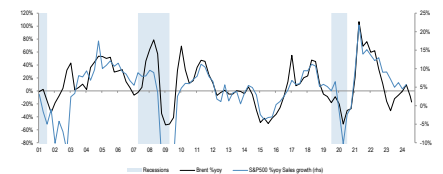
Weekly EPS revisions have turned negative again, in both the US and in Eurozone...



...given the persistent downgrades, the hurdle rate has come down for Q3, suggesting the bar for surprises is lower, which is helpful...



...the risk is that topline keeps decelerating, and could result in renewed earnings downgrades



Source: IBES, Thomson Reuters, Bloomberg Finance L.P.

See page 29 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.

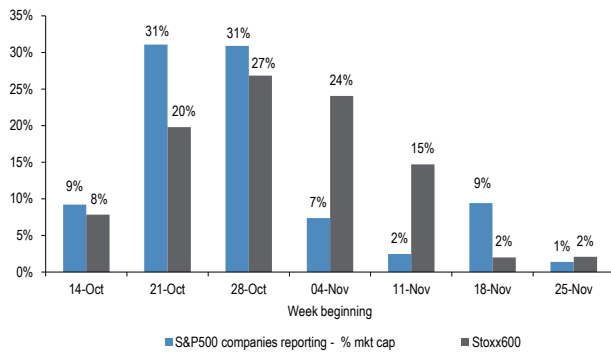
Table Of Contents

Q3 Earnings Preview - earnings downgrades have been significant.....	3
Equity Strategy Key Calls and Drivers	17
Top Picks	19
Equity Flows Snapshot.....	20
Technical Indicators.....	21
Performance	22
Earnings	23
Valuations.....	24
Economic, Interest Rate and Exchange Rate Outlook.....	26
Sector, Regional and Asset Class Allocations.....	27

Q3 Earnings Preview - earnings downgrades have been significant

Q3 earnings season is heating up

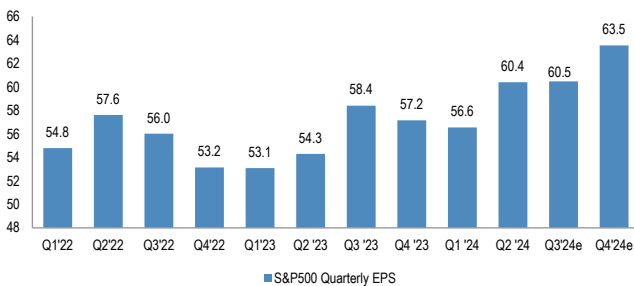
Figure 1: Q3 '24 Earnings calendar



Source: Bloomberg Finance L.P.

We are entering the busiest weeks of Q3 reporting season. Nearly 60% of S&P500 market cap is scheduled to report in the coming two weeks, while in Europe around 50% are expected to release earnings over the same period.

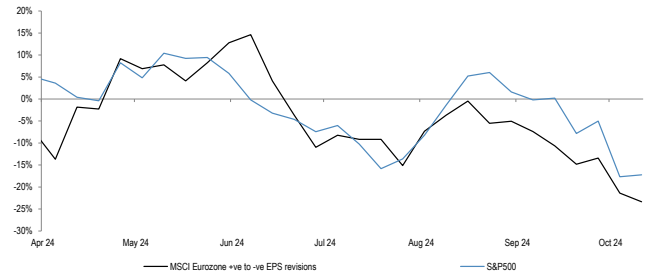
Figure 2: S&P500 Quarterly EPS projections



Source: Thomson Reuters

Consensus is not projecting any sequential improvement in earnings this quarter for S&P500, vs Q2.

Figure 3: Weekly EPS revisions for US and Eurozone



Source: IBES

EPS revisions have turned negative again in both US and Eurozone.

Table 1: Change in MSCI Eurozone sectors' 2024e EPS since the peak in June

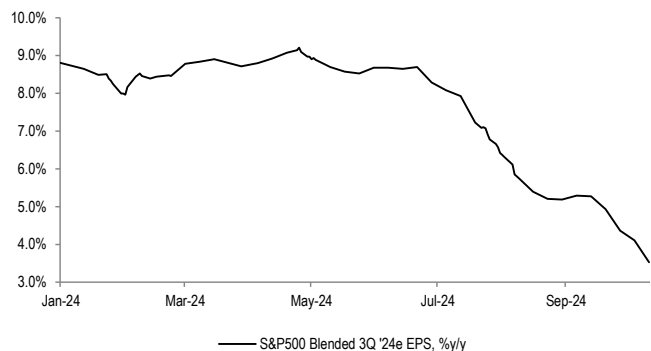
2024 EPS	Latest	As of 7th June	Change
MSCI Eurozone	20.7	21.5	-4%
Energy	22.8	25.6	-11%
Materials	14.5	16.0	-10%
Industrials	25.1	25.8	-3%
Discretionary	16.4	19.6	-16%
Staples	11.3	11.5	-2%
Healthcare	12.6	12.6	0%
Financials	8.3	8.2	2%
IT	7.9	8.1	-2%
Telecoms	3.6	3.6	-1%
Utilities	10.9	10.5	4%
Real Estate	44.1	43.7	1%

Source: IBES

The bulk of the recent earnings downgrades can be attributed to commodity and consumer sectors. Only Financials among Cyclical are in the green. Defensive sectors like Utilities and Real Estate are holding up better.

Given the persistent downgrades, the hurdle rate has come down

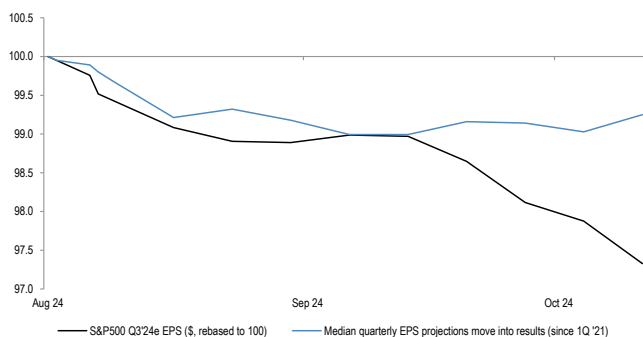
Figure 4: S&P500 Blended 3Q '24e EPS, %y/y



Source: Thomson Reuters

On the back of continue downgrades, Q3 EPS growth projections for S&P500 have been meaningfully downgraded in the last few months, from 8% y/y to 4% y/y growth rate currently.

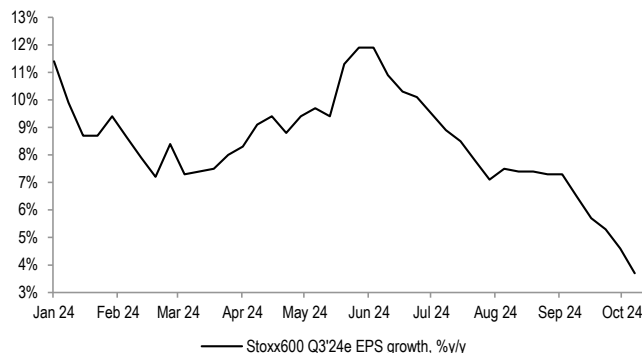
Figure 5: Quarterly EPS projection move into results - Current vs Median



Source: Thomson Reuters

The recent downgrades to EPS expectations are more aggressive than what is typically seen in the runup to past reporting seasons.

Figure 6: Stoxx600 3Q '24e EPS growth, %y/y



Source: Thomson Reuters

The hurdle rate is even lower for Europe, where Q3 EPS growth projections are at -2% y/y, down from 4% a few months ago.

Table 2: Q3 '24e EPS Growth projections for key regions - sector breakdown

	Q3 '24e EPS growth, %y/y			
	US	Europe	Eurozone	Japan
Energy	-24%	-33%	-28%	-30%
Materials	-5%	29%	34%	8%
Industrials	0%	10%	-1%	13%
Discretionary	4%	-28%	-31%	13%
Staples	-1%	-2%	0%	-2%
Financials	1%	12%	20%	13%
Health Care	10%	13%	5%	15%
IT	14%	-6%	-13%	17%
Com. Services	11%	-2%	-2%	-6%
Utilities	4%	-20%	-19%	-54%
Real Estate	6%	16%	2%	-8%
Market	4%	-2%	-2%	3%
Market Ex-Financials	5%	-8%	-14%	2%
Market Ex-Energy	6%	4%	2%	4%
Cyclicals	8%	-5%	-13%	13%
Defensives	7%	3%	-6%	-16%
Value	-6%	-2%	7%	6%
Growth	10%	8%	-2%	10%

Source: IBES, J.P.Morgan

Energy and Autos are weighing on overall growth in Europe. In the US, Cyclicals vs Defensives spread is small.

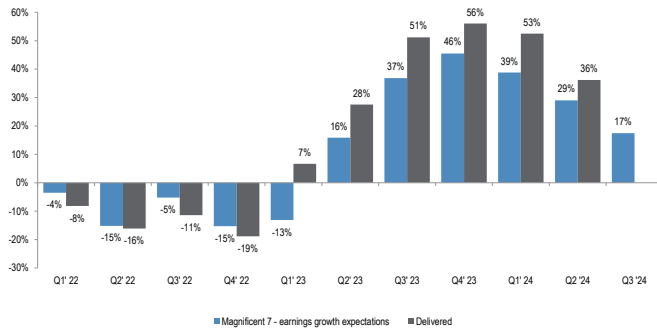
Table 3: Q3 '24e Median EPS growth projections

	Q3 '24e Median EPS growth, %/y			
	US	Europe	Eurozone	Japan
Energy	-16%	-26%	-29%	-15%
Materials	4%	7%	4%	20%
Industrials	3%	4%	0%	1%
Discretionary	0%	6%	1%	6%
Staples	1%	0%	-7%	0%
Financials	5%	5%	11%	14%
Health Care	1%	5%	7%	-1%
IT	5%	1%	-5%	13%
Com. Services	0%	5%	8%	1%
Utilities	6%	-18%	-22%	-45%
Real Estate	1%	13%	8%	0%
Market	3%	3%	3%	4%
Cyclicals	3%	4%	0%	7%
Defensives	2%	1%	3%	-2%

Source: IBES, J.P.Morgan

If we look at median earnings growth projections, they are low single digit in all regions, without much spread between Cyclicals' and Defensives' earnings growth expectations.

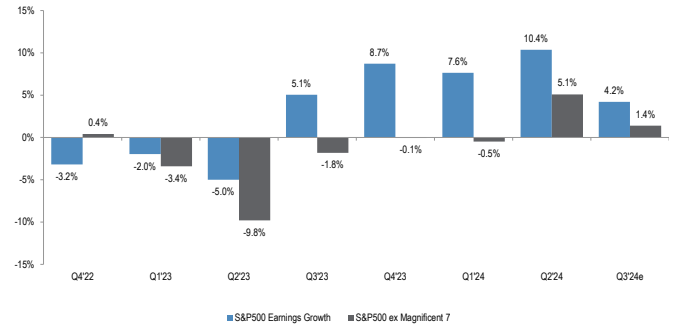
Figure 7: Magnificent 7: earnings growth expectations vs delivered



Source: Bloomberg Finance L.P.

The Mag-7 group has been a significant driver of S&P500 earnings in the past year, and is slowing. Their earnings are expected to grow by 17% y/y this quarter, half of what was delivered in Q2, and a third of Q4 '23 delivery.

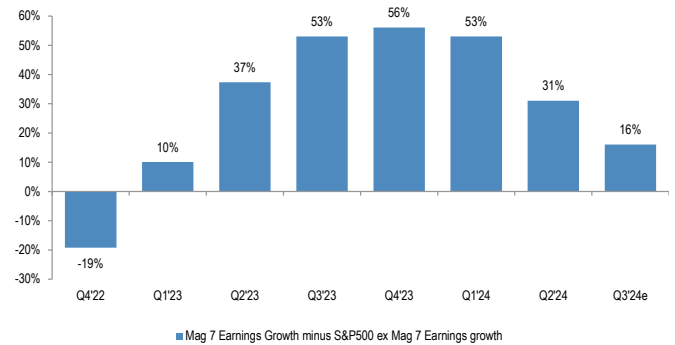
Figure 8: S&P500 vs S&P500 ex Mag 7 earnings growth



Source: Bloomberg Finance L.P.

Ex Mag-7, S&P500 EPS growth projection stands at 1.4%, positive, but a deceleration from 5% rate seen in Q2.

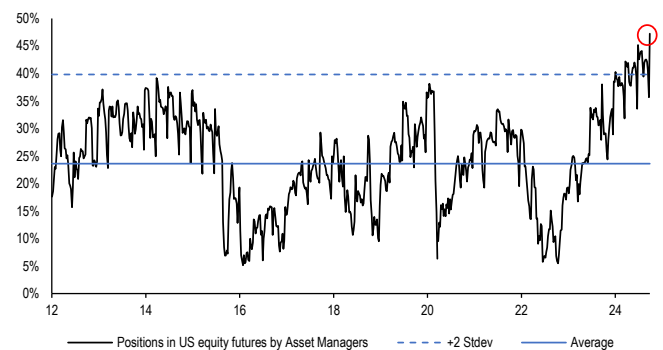
Figure 9: Mag-7 Earnings Growth minus S&P500 ex Mag-7 Earnings growth



Source: Bloomberg Finance L.P.

The differential between Mag-7 and the rest of S&P500 earnings growth is likely to continue narrowing.

Figure 10: Positions in US Equity futures by Asset Managers and Leveraged Funds



Source: J.P.Morgan Flows & Liquidity team

The question is whether the hurdle rate is low enough, given that the markets are hovering near the highs, and given the stretched investor positioning, as per above chart.

Activity in Q3 was mixed, with global PMIs moving lower

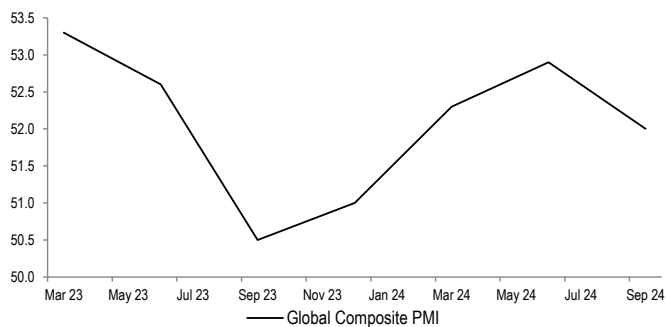
Table 4: Key macro indicators

	1Q '23	2Q '23	3Q '23	4Q '23	1Q'24	2Q'24	3Q'24
Real GDP, % oya							
US	2.3%	2.8%	3.2%	3.2%	2.9%	3.0%	2.6%
Euro Area	1.3%	0.5%	0.0%	0.2%	0.5%	0.6%	0.8%
Japan	2.5%	2.0%	1.3%	0.9%	-1.0%	-0.9%	0.7%
EM	3.5%	4.5%	4.3%	4.7%	4.5%	4.4%	3.7%
IP, %oya							
US	-0.1%	-0.7%	-0.8%	-0.4%	-0.7%	-0.3%	-0.2%
Euro Area	0.8%	-1.1%	-4.6%	-3.5%	-4.7%	-3.4%	-1.5%
Japan	-1.8%	0.8%	-3.6%	-0.9%	-4.3%	-2.9%	-1.5%
PMI Composite							
US	49.7	53.6	50.8	50.8	52.2	53.5	54.3
Euro Area	52.0	52.3	47.5	47.2	49.1	51.6	50.3
Japan	51.6	53.1	52.3	50.0	51.3	51.5	52.5
EM	53.5	54.6	52.5	52.1	53.5	53.7	51.9
German IFO	92.9	91.4	86.1	85.6	85.4	88.7	84.8
CPI, %oya							
US	5.7%	4.0%	3.6%	3.2%	3.2%	3.2%	2.6%
Euro Area	8.0%	6.2%	4.8%	2.7%	2.6%	2.5%	2.1%
Japan	3.6%	3.3%	3.2%	2.9%	2.6%	2.7%	2.9%
EM	5.4%	3.5%	3.8%	3.7%	3.7%	4.0%	3.6%
Consumer Sentiment							
US	64.6	62.3	69.6	64.9	78.4	71.5	68.1
Euro Area	-19.6	-17.0	-16.3	-16.7	-15.5	-14.3	-13.1
Japan	31.7	35.6	35.7	35.9	38.1	36.9	36.6
Unemployment rate, %							
US	3.5	3.6	3.7	3.8	3.8	4.0	4.2
Euro Area	6.6	6.5	6.6	6.5	6.5	6.5	6.4
Japan	2.6	2.6	2.6	2.5	2.5	2.6	2.6

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

The clear improvement in activity dataflow that was seen in Q2 globally has stalled in Q3, the dataflow has been more mixed of late.

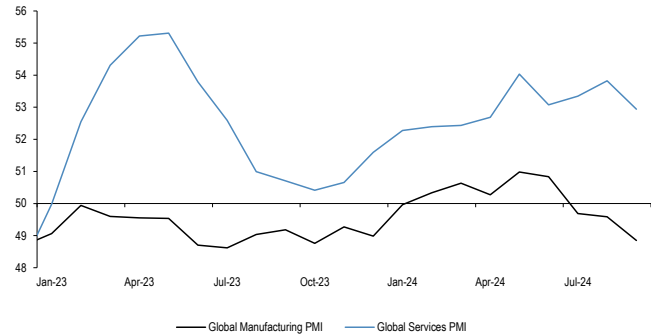
Figure 11: Global Composite PMI



Source: Bloomberg Finance L.P.

Global PMI slowed, after accelerating for 3 quarters.

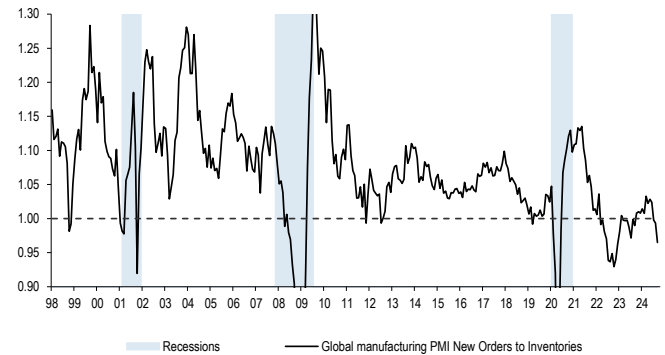
Figure 12: Global Manufacturing and Services PMI



Source: J.P. Morgan

Services PMI has held up better than manufacturing over the last year, but has also ticked down in the recent print.

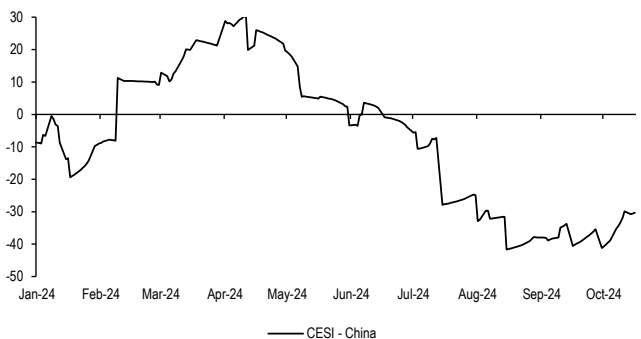
Figure 13: Global manufacturing PMI New Orders to Inventories ratio



Source: S&P Global

Lead indicators like the global manufacturing new orders to inventories ratio keep weakening.

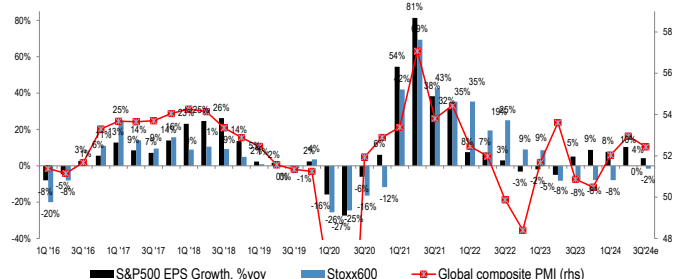
Figure 14: CESI - China



Source: Bloomberg Finance L.P.

China activity has been particularly soft up to and including Q3.

Figure 15: S&P500 and Stoxx600 EPS growth vs Global Composite PMI



Source: Bloomberg Finance L.P.

Given the sequentially softer PMI trends, it is right to expect muted earnings delivery, in our view.

Topline growth is likely to keep decelerating

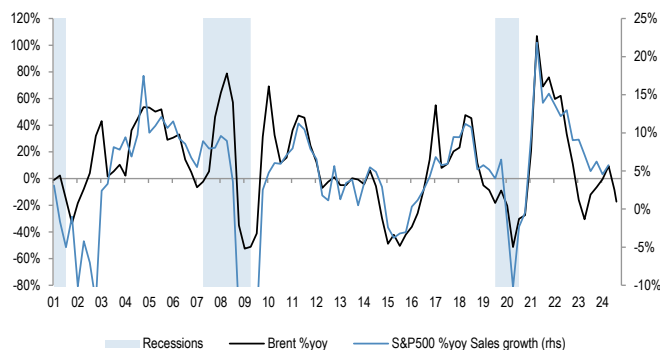
Table 5: Q3 '24e Sales Growth for key regions

	Q3 '24e Sales growth, %/y			
	US	Europe	Eurozone	Japan
Energy	-5%	-14%	-5%	4%
Materials	0%	-2%	-3%	4%
Industrials	-1%	3%	2%	5%
Discretionary	5%	-2%	-2%	3%
Staples	2%	0%	0%	7%
Financials	2%	3%	4%	-7%
Health Care	7%	6%	3%	5%
IT	12%	2%	3%	5%
Com. Services	8%	-1%	-2%	3%
Utilities	6%	2%	-3%	-5%
Real Estate	6%	8%	7%	2%
Market	4%	-1%	0%	4%
Market Ex-Financials	4%	-2%	-1%	4%
Market Ex-Energy	5%	1%	0%	4%
Cyclicals	5%	0%	-1%	4%
Defensives	6%	2%	-1%	3%
Value	-1%	-6%	1%	-1%
Growth	7%	3%	2%	6%

Source: IBES, J.P.Morgan

On topline, Q3 revenue growth expectations stand at +4% y/y in the US, and -1% y/y in Europe, a continued unwinding of the COVID-driven sales growth surge.

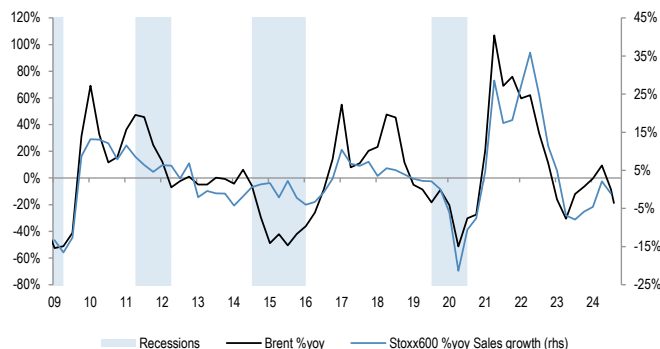
Figure 16: Brent vs S&P500 Sales growth



Source: Bloomberg Finance L.P., S&P Global

The chances are that corporate revenues keep decelerating, towards zero. Brent and US Sales growth are usually positively correlated, and continued oil price weakness points to further downside for topline growth.

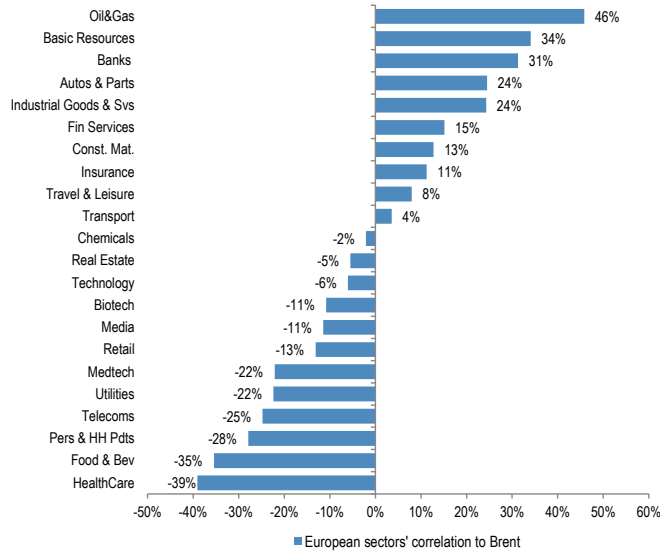
Figure 17: Brent vs Stoxx600 Sales growth



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

This is the case in Europe, as well.

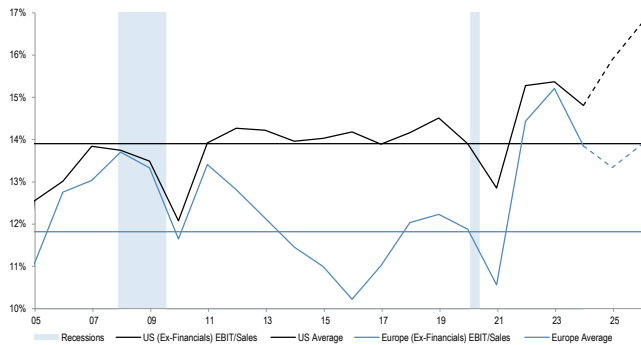
Figure 18: European sectors' correlation to Brent



Source: Bloomberg Finance L.P.>

Other than Energy, Cyclical sectors tend to display the highest positive correlation to oil price, and could see a further hit to their earnings from the falling Brent price.

Figure 19: US and European EBIT margins, with consensus projections

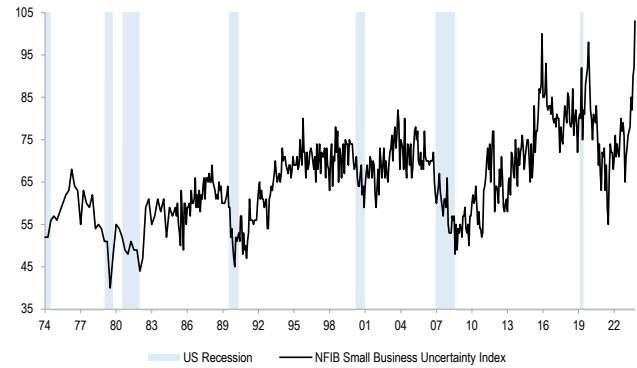


Source: IBES

Profit margins are above historical averages in both the US and Europe, and are expected by consensus to pick up further. While that might be too optimistic, margins could maintain their current levels.

Will companies dare to sound optimistic on outlook ahead of the US elections?

Figure 20: NFIB Small Business Uncertainty Index



Source: Bloomberg Finance L.P.

Small business owners are feeling more uncertain than ever, with election risks around the corner - the small business uncertainty component of the NFIB survey reached its highest recorded level in September. Given this, we do not think corporates are likely to sound very optimistic on their earnings calls.

Earnings improvement will be needed to justify multiple expansion

Table 6: Key regions - Current vs Jan'24 12m Fwd. P/E

Key regions	Current PE	Jan'24 PE	% change
UK	11.9	10.8	11%
China	10.1	9.1	11%
World	19.3	17.6	10%
US	22.1	20.1	10%
Europe	13.7	13.0	5%
Eurozone	13.0	12.4	5%
EM	12.2	11.9	2%
Japan	14.3	14.1	1%

Source: IBES

So far this year, equity markets enjoyed P/E rerating.

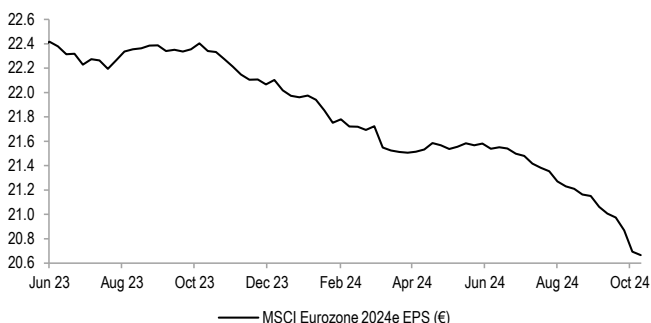
Figure 21: S&P500 2024e EPS



Source: IBES

2024 earnings estimates have been consistently downgraded this year in the US.

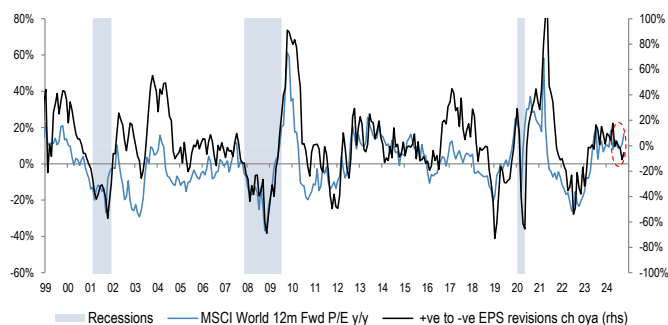
Figure 22: MSCI Eurozone 2024e EPS



Source: IBES

The fall is even more stark in Eurozone.

Figure 23: MSCI World 12m Fwd PE and EPS Revisions



Source: IBES

Historically, P/E has been closely aligned to the trajectory of earnings revisions. A gap has opened up recently, indicating that either earnings need to pickup or multiples need to derate, to return to equilibrium.

A rising number of companies are profit warning

Table 7: recent profit warnings in Europe

Company Name	Ticker	Commentary	Date	1Day Perf relative to market, %	Sector
MERCEDES-BENZ GROUP AG	MBG GY	Weak sales in key Chinese market	20 Sep	-5.4%	Discretionary
ALTEN SA	ATE FP	Project delays continue in Europe	20 Sep	-2.8%	IT
AURUBIS AG	NDA GR	Weaker price environment	23 Sep	-10.1%	Materials
ALPHAWAVE IP GROUP PLC	AWE LN	Negative impacts due to a merger of two clients in South Korea	23 Sep	-14.1%	IT
HENNES & MAURITZ AB-B SHS	HMB SS	Weak macro-economic environment	26 Sep	-5.9%	Discretionary
IG DESIGN GROUP PLC	IGR LN	Cautious customer orders and credit risk concerns in Americas segment	26 Sep	-25.3%	Discretionary
UBISOFT ENTERTAINMENT	UBI FP	Softer than expected launch for Star Wars Outlaws and lower net bookings	26 Sep	-14.6%	Comm Svcs
FLOWTECH FLUIDPOWER PLC	FLO LN	Delays in large OEM projects	26 Sep	-22.3%	Industrials
FORVIA	FRVIA FP	Market uncertainty and high car inventories	27 Sep	10.6%	Discretionary
STELLANTIS NV	STLA M IM	Rising industry supply and increased China Competition	30 Sep	-13.7%	Discretionary
ASTON MARTIN LAGONDA GLOBAL	AML LN	Supply Chain disruptions and weak demand in China	30 Sep	-23.5%	Discretionary
VOLKSWAGEN AG	VOW GY	Waning demand for cars and challenging market environment	30 Sep	-3.3%	Discretionary
GER-RESHEIMER AG	GXI GY	Weaker demand for Tubular Glass business	30 Sep	-17.0%	Health Care
BOUYGUES SA	EN FP	Higher competition and changing customer landscape	03 Oct	-3.8%	Industrials
VISTRY GROUP PLC	VTY LN	Stubbornly high interest rates and construction costs have limited the amount of homes built	08 Oct	-23.0%	Discretionary
SENIOR PLC	SNR LN	Supply chain issues and regulatory disruption have hobbled aircraft delivery at Boeing and Airbus	08 Oct	-11.4%	Industrials
AQUAPORIN A/S	AQP DC	Unexpected change in demand from key customer	09 Oct	-4.7%	Industrials
INDIVIOR PLC	INDV LN	Increasing competition to treat opioid addiction	10 Oct	-18.8%	Health Care
VESTAS WIND SYSTEMS A/S	VWS DC	Competition from China and weaker growth in US/Europe	10 Oct	-3.5%	Industrials
VALMET OYJ	VALM T FH	Services market developed slower in EMEA, China and Asia Pacific	11 Oct	-8.3%	Industrials
BP PLC	BP/ LN	Fall in oil trading and demand	14 Oct	-0.8%	Energy
LVMH MOET HENNESSY LOUIS VUI	MC FP	Pullback in spending by Chinese consumers	15 Oct	-1.1%	Discretionary
ASML HOLDING NV	ASML NA	Weak demand from chipmakers for its machinery	15 Oct	-14.8%	IT

Company Name	Ticker	Commentary	Date	1Day Perf relative to market, %	Sector
TECAN GROUP AG-REG	TECN SW	Customers with considerable exposure to Chinese market have deferred significant levels of demand into 2025	16 Oct	-14.4%	Health Care
REXEL SA	RXL FP	Difficult macro-economic environment in Germany, Austria and Benelux region	16 Oct	-2.9%	Industrials
UPM-KYMMENE OYJ	UPM FH	Demand for products has been weaker than expected	16 Oct	-3.1%	Materials
NESTLE SA-REG	NESN SW	Consumer demand has weakened	17 Oct	1.5%	Staples
Average				-9.5%	

Source: Bloomberg Finance L.P.

European companies that profit warned over the last month underperformed the market by nearly 10% on average on the day. Broadly, they are citing challenging macro-economic environment and weak demand, particularly from China, as the key reasons for adjusting their profit outlook.

Table 8: recent profit warnings in US

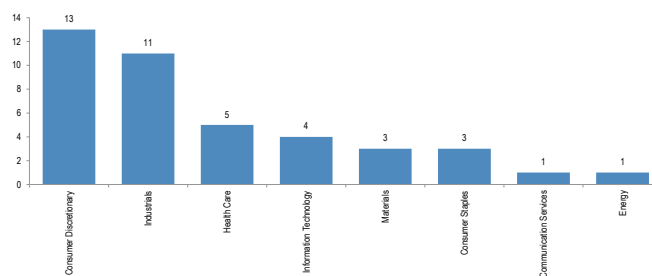
Company Name	Ticker	Commentary	Date	1Day Perf relative to market, %	Sector
FEDEX CORP	FDX US	Weaker than expected demand in US	20 Sep	-15.0%	Industrials
MATERION CORP	MTRN US	Lower than expected incoming order rates for second half	02 Oct	-11.7%	Materials
LAMB WESTON HOLDINGS INC	LW US	Shuttering of factory, and lower volumes	02 Oct	2.6%	Staples
NIKE INC -CL B	NKE US	CEO transition	02 Oct	-6.8%	Discretionary
ALBANY INTL CORP-CL A	AIN US	Increased cost assumptions and impact of suspended production at a key customer	03 Oct	-10.9%	Industrials
LEVI STRAUSS & CO- CLASS A	LEVI US	Weak performance in China business	03 Oct	-7.5%	Discretionary
RIVIAN AUTOMOTIVE INC-A	RIVN US	Production disruption from shortage of critical component	04 Oct	-4.1%	Discretionary
PEPSICO INC	PEP US	Weak demand and push back on higher prices	08 Oct	1.0%	Staples
INMODE LTD	INMD US	Relocation of production outside Israel	10 Oct	7.6%	Health Care
DOMINO'S PIZZA INC	DPZ US	Challenging macro-economic environment	10 Oct	-0.9%	Discretionary
E2OPEN PARENT HOLDINGS INC	ETWO US	Delays in closing large deals	10 Oct	-21.4%	IT
GIBRALTAR INDUSTRIES INC	ROCK US	Trade and regulatory uncertainties	11 Oct	-4.9%	Industrials

Company Name	Ticker	Commentary	Date	1Day Perf relative to market, %	Sector
BOEING CO/THE	BA US	Warns of deeper Q3 loss as strikes eat into reserves and work stoppage at its main production hub	12 Oct	-2.1%	Industrials
UNITED-HEALTH GROUP INC	UNH US	Higher medical expenses	16 Oct	2.2%	Health Care
Average				-5.1%	

Source: Bloomberg Finance L.P.

In the US, the average stock price reaction on the day of profit warnings is -5% relative to the market.

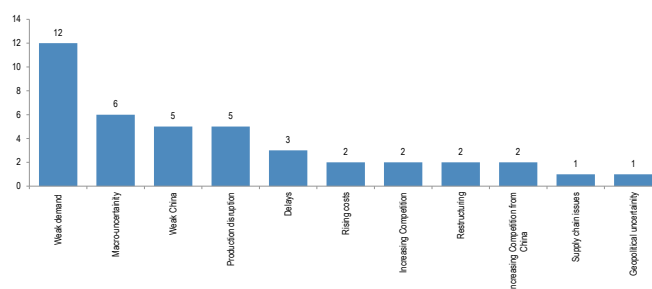
Figure 24: Sector wise breakup for profit warnings



Source: J.P. Morgan.

Consumer stocks are dominating the list of profit warnings so far.

Figure 25: Key reasons for profit warnings

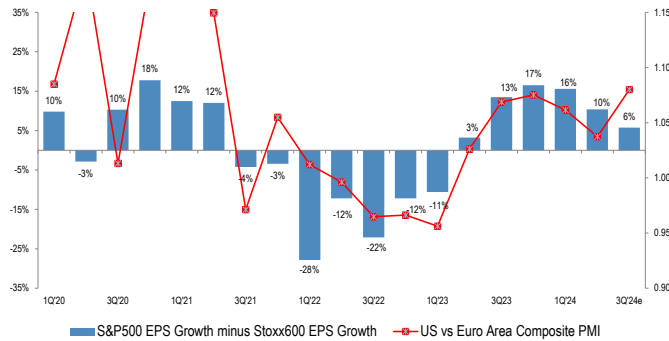


Source: J.P. Morgan.

Majority of stocks have cited weak demand as the reason for lowering guidance.

Regionally, US vs Europe PMI spread is increasing again

Figure 26: S&P500 EPS growth minus Stoxx 600 EPS growth and relative PMI



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

The spread between US and European PMIs has improved in Q3, after falling for 2 quarters, implying likely upside to current US vs European EPS estimates.

Figure 27: MSCI Eurozone vs US

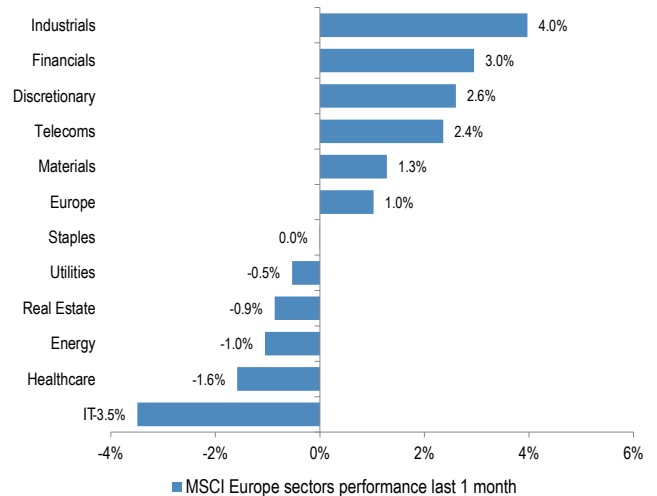


Source: Datastream

Eurozone equities will likely keep lagging the US, in our view, as growth and earnings continue to underwhelm.

At sector level, we believe the recent Cyclical leadership could fade...

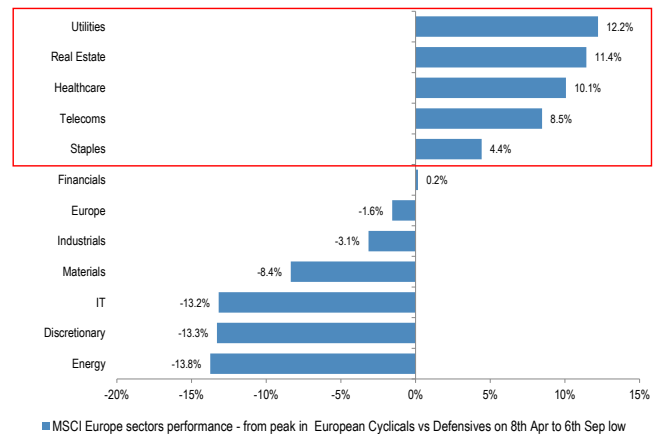
Figure 28: MSCI Europe sectors performance last 1 month



Source: Datastream

Cyclical sectors have performed better in the last weeks, driven by higher yields, China stimulus news and strong labour market data.

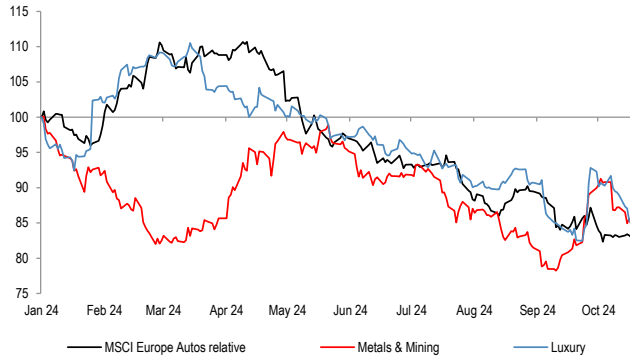
Figure 29: MSCI Europe sector performance in spring and summer



Source: Datastream

This follows a very Defensive sector leadership during the summer.

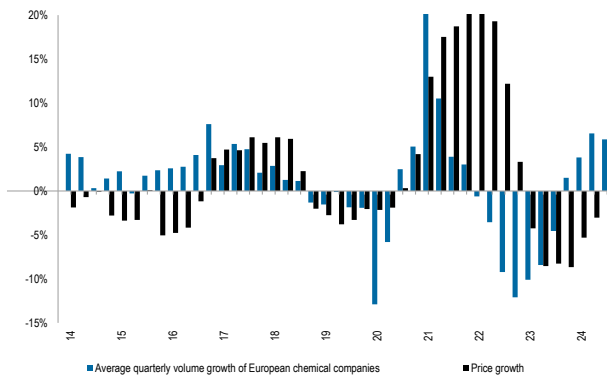
Figure 30: MSCI Europe Autos, Metals & Mining and Luxury relative



Source: Datastream

Cyclical sectors like Autos, Luxury and Mining are lagging again, and we stay cautious on the space.

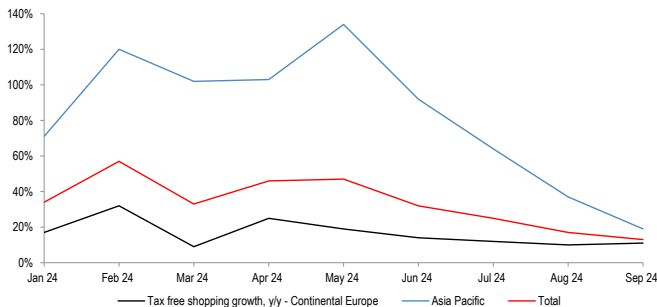
Figure 31: European Chemicals volume and price growth



Source: J.P. Morgan European Chemicals Research

The combination of subdued volume growth and weak pricing has weighed on Chemicals sector's topline.

Figure 32: Tax free shopping growth

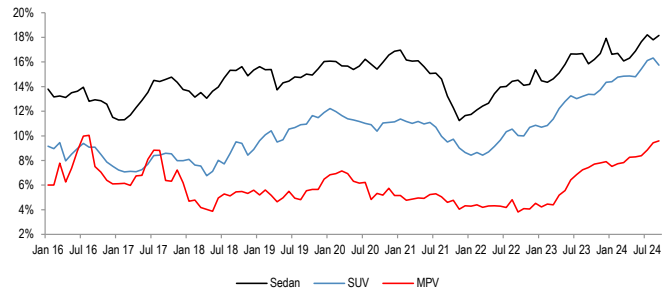


Source: J.P. Morgan European Luxury Research

Luxury shopping from China/Asia Pacific consumers has fallen materially, weighing on the sector's profit outlook, given its significant exposure to the region. Potential fiscal stimulus

announcements are unlikely to boost high-income consumer spend in a hurry.

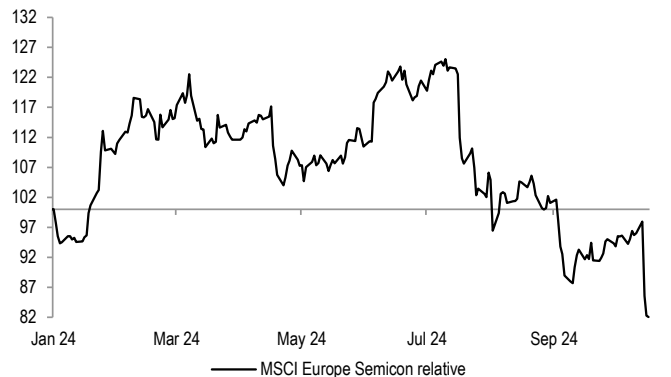
Figure 33: Average discount by vehicle type - China



Source: J.P. Morgan European Autos Research

Autos are having to increase discounts offered on all models.

Figure 34: MSCI Europe Semis relative



Source: Datastream

Semiconductors have unwound all their ytd gains, and are now underperforming by 15%. We stay bearish.

...Q4 reporting season is also likely to be weak, where corporates will need to adjust lower lofty 2025 projections; After that, there could be an opportunity for Cyclical sectors

Table 9: US and Europe 2024e and 2025e EPS growth

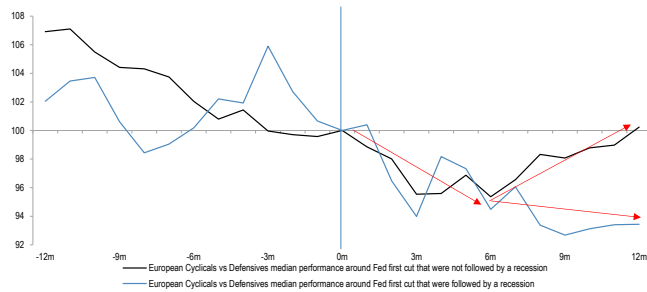
	2024e EPS Growth, %		2025e EPS Growth, %	
	Current	Jan '24	Current	Jan '24
S&P 500	9.5%	10.8%	14.9%	12.8%
Stoxx 600	2.2%	6.0%	9.4%	9.1%

Source: IBES

As the consensus EPS growth expectations for this year came down, the implied growth rate for next year increased. We think that Q4 reporting season will also be mixed, and companies will likely use it to lower 2025 growth projections.

After that, there could be an opportunity to add to Cyclical.

Figure 35: European Cyclical vs Defensives performance around Fed first cut



Source: Datastream

That would align with Fed framework, where Cyclical start to rally around 6 months post first ease, in the soft landing scenario.

Appendix

Table 10: Q3 Earnings Preview by Sector analysts

Sector	(+) / (-)	Comments
Energy	(+)	Macro is set to (continue to) trump micro into 3Q reporting centred on Middle East risk premium, demand resilience and OPEC+ policy into 1 Dec (tapering of voluntary cuts). With oil forward strips remaining in backwardation sector analysts MTM 2025/26 EPS to the \$70 Brent forward O&G scenario analyzed in September (LT \$80 unchanged). EU Oils 2025 FCF yield at that deck is a competitive 10.1% with, importantly, an upside sensitivity of ~200bps per \$10/bbl (13.8% at \$90/bbl). This underpins a fundamental preference for majors which best combine MT leverage and ST resilience - top OWs Shell, Eni, TotalEnergies, OMV. 3Q is characterised by weakened refining and moderated trading; 12M rolling CFFO \$160bn is top quartile vs. history but >35% below the 2022 peak. Amidst recent macro volatility, they expect sharp focus on any early perspectives on 2025+ TSR ahead of FYs.
Chemicals	(-)	<ul style="list-style-type: none"> The macro environment for industrial chemical companies has remained stubbornly difficult and the key top-down indicators have even worsened materially over 3Q24, meaning that the near-term earnings step-up is likely to remain difficult with more cuts likely especially to 2025 consensus (JPMe 2025e EBITDA is 4% below consensus on average). The timing and magnitude of earnings recovery, which could be substantial, from any material upside in the Chinese macro from the recent/future stimulus actions as well as demand recovery over 2025-26 from the ongoing interest rate cut cycles remains uncertain. EU chemical stocks valuation, on average, remains at a significant discount to global peers, even on depressed 2024 earnings, and this is prompting a step-up in potentially value-creative portfolio actions.
Metals & Mining	(-)	<p>Sector analysts recommended reducing European metals exposure at current levels to mitigate potential trade and tariff-related risks given the mixed near-term risk/reward balance. Similarly, their steel sector outlook remains cautious, with global steel prices likely to remain depressed by ~100Mt of China steel exports. JPM EMEA Metals & Mining proprietary supply and demand forecasts indicate steel oversupply; thus, they expect weak profitability for European steelmakers to persist into 2025. Consequently, they lower our steel price forecasts, driving downgrades to JPM 2025E EBITDA, and they sit ~10% below consensus.</p> <p>Building Materials - Overall for Q3, sector analysts see limited earnings momentum with risks likely skewed to the downside, driven by adverse weather conditions, and thus they could see some vulnerability on Q3 prints. They think a key focus during the season (beyond near term earnings) will be on preliminary 2025 expectations and if backlogs/Management commentary is supportive of positive volume development and thus capacity for the sector to absorb price increases next year. From a stock-level perspective, they continue to favour 1) Saint-Gobain over Sika and 2) Travis Perkins over Howdens, with the latter on Negative Catalyst Watch; and within Heavyside, they are comfortable with the pairing of CRH vs Buzzi, though they think expectations for Heidelberg are rather underwhelming, with +1% LFL EBITDA growth, versus +7% LFL EBIT growth expected at Holcim.</p>
Construction Materials	(+)/(-)	<p>Infrastructure - Heading into Q3, they see little risk of disappointment to expectations in the sector, noting performance has lagged the overall market YTD. Although not specific to Q3, they continue to find risk-reward more positive for French stocks, which have been heavily impacted by the French political turmoil and where our sensitivity analysis suggests the market reaction to tax rises has been overdone. In toll roads, into Q3 results, they are most positive on Vinci & Eiffage where they see traffic on French toll roads returning to growth, and expect continued robust momentum in contracting. They expect traffic at Ferrovial's major asset, the 407-ETR, to lag and remain 1% below the 2019 level, but robust trends at the US ML (albeit with continued impact from profit sharing at some assets). They continue to see more risk on traffic expectations in Q4/FY 25 at Fraport and remind that they have recently upgraded ADP to OW and downgraded Aena to N. Lastly on Getlink, it is too early to see an inflexion point in performance in Q3, although they reiterate their expectations that anti-social dumping law enforcement should help in the coming months.</p>
Capital Goods	(+)/(-)	<p>Top-down data-points, company commentary during the September conference season and catch-up calls all point to a backdrop where the majority of end markets are mostly flat/slow/slowing, an overall lacklustre backdrop and one consistent with the 'two-speed' world sector analysts described last quarter of 'electrification and then everything else'. On electrification, across the full electricity value chain and including datacenters, they expect another strong quarter, even though core construction markets remain mostly soft. Outside of that there seems almost nowhere where Q3 commentary has improved and a number of areas where it has declined; general industrial, consistent with PMIs, and automotive, underlined by a stream of profit warnings, stand-out as incrementally worse or at least worse than earlier expectations. The momentum in oil & gas and associated process markets has not reached the heights we expected; mining is solid enough, but really only flattish at present, while pharma and food & beverage remain mixed. The hopes for an improvement in 2025 - semis, rest construction amongst others - are not yet seeing the inflection. A number of markets seem to be being impacted by a slowing in decision-making, perhaps ahead of the US election. By region, Europe manufacturing PMIs remain weak, worryingly so in Germany, the US ISM remains at a low level and China PMIs are weaker than earlier in the year. In short, a lacklustre backdrop though not one outright 'bad' given they still expect ~3% organic sales growth in the quarter.</p>
Aerospace & Defense	(+)/(-)	<p>Civil Aerospace: AIR had weak deliveries in Q3 24 and sector analysts expect a fairly soft quarter. However, the aero engine companies continue to benefit from very strong aftermarket sales (up c20+% yoy in Q3). Indeed, MTU Aero Engine positively pre-announced its Q3 24 results on Oct 15th. Defence: They expect a fairly undramatic Q3 with companies generally on track to make their FY24 guidance. It is worth remembering that continental European Defence companies on average generate c50% of their FY24 EBITA in Q4 each year, so Q3 is not so important. The outlook for European Defence will be a lot clearer after the US presidential election.</p>
Luxury	(-)	<p>Q3 24 reporting season for the luxury industry already started last week, with soft trading updates from LVMH and Ferragamo. These updates failed to reassure investors on growing concerns around slowing Chinese consumers, while confirming that the other nationalities are still yet to inflect back to growth. Overall this early reporting confirmed sector analysts views that luxury fundamentals might remain challenged into year end and 2025, with very limited growth for the sector. Overall, they expect the rest of Q3 24 reporting to further confirm muted trends for the luxury sector, with growth broadly in line with Q2 despite easing comps. They think the main focus of this reporting will be comments from luxury executives regarding China stimulus measures and whether there has been any early evidence of a positive impact on luxury spend specifically. As the consumer environment is turning more volatile, they expect even more polarised performance in the industry with the turnaround stories in particular are likely to remain under most pressure. One of the questions they have received most in recent weeks is whether, following the de-rating, it is now time to step back into the sector. In the context of very muted profit growth, at best, and possibly still not being at the last estimates cut, they see no reason yet to turn more constructive on the sector overall.</p>
Retailing	(+)	<p>For calendar Q3, sector analysts expect top-line growth to have been helped by more favourable weather across regions, particularly given generally soft comparatives in Sep. Indeed, several retailers across their coverage have already disclosed very solid Sep trading. More broadly, in Europe across key regions they track, clothing sales averaged +2% yoy in Jul/Aug vs -2% yoy in Q2. Likewise in the UK, clothing retail sales across all data sources they track showed an acceleration in Q3 vs Q2. They would also note that a strong start to Autumn/ Winter selling should be generally supportive for gross margins in the quarter and bring less markdown risk into Q4. The big ticket category has not seen the same acceleration, although has been relatively steady (rather than showing any signs of weakening).</p>

Staples	(+)/(-)	<p>Into H2, sector analysts expect the focus to be on the balance of volumes recovery versus easing pricing and accelerated promo and marketing, as well as demand risks in US and China (both on volume and pricing), especially across Beauty and Spirits. They expect Staples adj. FY24 EPS growth to be led by Ingredients 17% and Beers 10%, whilst Food/HPC and Soft Drinks to see 7%, and Spirits remaining weak at -7%. Staples has returned to its long-term PE NTM of 19x and premium to the market of 45%, after underperforming the market YTD, which appears oversold and with the potential for bond proxy support from weakening interest rates. Convergence of multiples continues keeping them wary that high valued stocks are at risk of de-rating as top-line growth decelerates. They favour companies with building volumes momentum and cost tailwinds to margin with valuation support - Unilever/ Danone/ Kerry/Symrise/ABI/ Heineken/PUIG/ Beiersdorf all OW. They remain cautious on Spirits amid still deteriorating demand even though we acknowledged of the derating and earnings rebase YTD.</p>
Medtech	(-)	<p>Opportunities look limited and uncertainties still persist, all while expectations look full and the sector's valuation still relatively unattractive (at 22x FY25E PER). Despite near term drop-off/ annualization of several headwinds for the sector, sector analysts think near-term performances will be largely dependent on Management teams' ability to manage FY25 expectations at Q3 results. They have seen early indications on this from the Gerresheimer profit warning, where Management reset FY24 and FY25 outlook and shares were down 18% on the day of the announcement.</p>
		<p>Against the current backdrop, they continue to prefer names with compelling valuations. Stock-level convictions are for:</p> <ul style="list-style-type: none"> • Top long: S&N (OW, AFL) and Fresenius SE (OW) • Top short: Carl Zeiss (UW, Negative Catalyst Watch) and FME (UW)
Banks	(+)/(-)	<p>The Banks sector has outperformed the Market by c17% YTD total return, now trading on 7.4x PE, 1.0x P/NAV for a RoTE of 13.7% 2026E. Our sector analysts have taken a bottom up approach to stock selection where they see a) above average pre-provision operating profit growth, b) non-interest income gearing given the declining rate outlook, particularly through investment banking revenues, iii) cost discipline, iv) high payout potential especially in cash terms. Their Top Picks are DBK, BARC, UBS, UCG, ISP.</p> <p>Key topical areas include 3Q results as well as forward looking commentary across 2024 and the medium term: 1) The NII outlook/sensitivities considering Euro rate cuts, with a) volatile rate curves with the forward curve lower compared to 2Q and indicating ECB rate cuts towards 2% in the medium term, b) rising deposit betas and the deposit pricing actions following rate cuts, c) ongoing risks of deposit migration particularly with rates declining, d) higher wholesale funding costs with refinancing needs (e.g. TLTRO, TFSME), e) hedging actions. 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 rising equity markets in 3Q which could impact flows and AUM, IB performance with Global IBs 3Q forecasted at FICC Revenues -4% YoY, Equities Revenues +8% YoY and IBD +26% YoY led by DCM. 3) Inflationary impacts on the cost base which are lagging the decline in headline inflation including stickier wage inflation, as well as the outlook for investment/regulatory spend. 4) Asset quality trends which remain benign except in specific segments (e.g. US consumer, CRE). 5) Capital return for some banks in 3Q (e.g. ING, HSBC) and capital build progression across the sector, with Basel 4 implementation expected from year end.</p>
Diversified Financials	(+)/(-)	<ul style="list-style-type: none"> • Private markets asset managers: While sector analysts lowered their H2 24E carried interest and investment income estimates for most private markets managers following H1 results, they believe investor focus during this quarter will be on the message from management teams on realisations into next year, and they remain constructive on carried interest and investment income expectations for 2025E given improving transaction volumes seen in recent months. With EQT having already reported Q3 numbers, the focus now shifts to ICG which is reporting H1 25 results on 13th November and where they expect solid progress in terms of fundraising and deployment, but we are below consensus on balance sheet returns. Additionally, they have placed Bridgepoint on Positive Catalyst Watch going into their CMD on October 24th, as they believe it will be an opportunity for management to refresh the equity story for the first time since their 2021 IPO and provide some confidence in the growth outlook to investors (especially before Bridgepoint is relatively illiquid and only reports twice a year). • Traditional asset managers: Despite solid market performance continuing across public markets, they expect flows to continue to gravitate towards lower margin products such as passive and money market as well as active fixed income, which could prevent a material rerating of the shares in the short term. On the flipside, their European Flow Tracker for Q3 24 pointed to a notable improvement of open ended long-term net flows at Abdn (N) and good progress for Schroders' open ended fund flows (OW) as well. • Exchanges: They think Q3 will be dominated by the Euronext CMD where they expect Euronext will provide updated targets around revenue and EBITDA growth to 2027E. They also expect additional colour on key initiatives (e.g., fixed income trading, derivatives trading & clearing) as well as M&A and capital distribution. For LSEG, they expect all eyes to be on the development of ASV as well as on any updated on the Microsoft product rollout. On a similar note, they expect the focus to be on Investment Management Solutions for Deutsche Börse, with a focus on the growth momentum for SimCorp. • Wealth platforms: They are most cautious on the Nordics due to NII headwinds and have placed Avanza on Negative Catalyst Watch reflecting additional idiosyncratic downside risks in relation to increased competition in Sweden from Nordnet and potential hikes in OpEx/CAPEX to enable their cloud migration. Looking at the UK, Quilter has already reported a very strong set of numbers, including a material beat on net flows), while St. James's Place had a very reassuring Q3 24 print which highlighted the strong Q2 was not a one-off.
Insurance	(+)	<p>Sector analysts remain positive on the European Insurance sector into 3Q earnings given stronger life insurance growth trends over the year to date than in 2023, and their belief that concerns around negative experience variances impacting the CSM of life insurance names will likely settle. In non-life they expect continued positive margin developments as strong pricing trends in retail lines earlier in the year and in some commercial (re)insurance lines continue to earn through. Overall, they continue to believe that consensus earnings expectations for the sector are low and the sector could outperform these into FY24E results.</p> <p>There will be a lot of focus on recent nat cat losses, including early estimates and guidance from non-life (re)insurers on the impact of the Hurricanes Milton and Helene in the US, as well as other major weather events (e.g. in Canada). Their sense is that the likely industry losses from these events will probably be lower than initially feared in the days leading up to Storm Milton but it is still likely to be a substantial event. They expect a lot of focus on what this could mean for pricing, particularly reinsurance pricing. They expect property cat reinsurance pricing to still be slightly down in 2025 in spite of weather events leading to downgrades for reinsurers if claims are beyond Q4 loss budgets given very strong 1H underwriting performance from the reinsurers.</p>
General Healthcare	(+)/(-)	<p>Sector analysts anticipate a mixed 3Q'24 earnings season for EU Pharma where they are MSD below to in-line with Consensus for 3Q earnings, though Consensus FY24 forecasts should remain broadly unchanged, given they anticipate the majority of companies to either reiterate or modestly upgrade their LC 2024 guidance. They therefore overall don't see big FY24 revisions post 3Q, despite quarterly softness for Astra, GSK and Novo.</p>

Software	(+)	<p>Q3 cloud revenue growth could see a minor headwind from the discretionary/transactional business. That said, overall demand remains robust which should allow backlog growth to remain solid and SAP should continue to see upside to EBIT/FCF as restructuring benefits continue to flow through. Dassault Systemes – limited visibility into Q3 given recent volatility and potential headwinds/delays that could persist (automotive, aerospace, French election etc). That said, CFO comments at a recent conference suggest a degree of comfort around guidance and closing out any slipped deals from Q2 could also be supportive. Sector analysts base case is towards the lower end of current FY guidance, with upside from potentially closing a mega deal in Q4. Capgemini - They expect investor focus to centre on the pace of sequential growth improvement into Q3 (JPMe -1.2% yoy organic growth implying ~110bps sequential acceleration vs. Q2'24), any commentary around automotive and aerospace outlook (given recent profit warnings from European OEMs and labour strikes), growth developments across North America and Europe (particularly France), GenAI commentary, headcount evolution and any changes in discretionary spending. Sage – FY25 guidance unlikely to surprise positively given (1) growth moderation (whilst slowing) is still occurring, (2) management may want to lean conservative given challenging macro. They think growth guidance mid-point may fall slightly below current 2025 consensus growth, while on margins consensus already builds in the midpoint of the level that management would typically talk to (50-100bps). However, if guidance is deemed sufficiently de-risked they can see a path for investor conviction to begin building again.</p>
Telecoms	(+)	<p>Expect a robust quarter, with trends similar to Q2, in contrast to growing uncertainties elsewhere.</p>
Utilities	(+)	<p>Sector analysts expect European utilities to continue to report robust earnings in Q3, maintaining the trend of meeting or beating the run rate of 2024 guidances across the board and therefore (again) putting upside pressure on consensus earnings. Generation & Supply profits should be well supported by strong hydro conditions, volume growth thanks to the heat waves during the summer and the recovery in power prices feeding through into the achieved prices by the merchant portion of the portfolio. Besides, they expect the larger integrated utilities to have captured incremental margins thanks to the volatility in the gas and the power price and the optionality provided by their integrated portfolios and trading platforms. Results in the network operations should be less surprising and attention in this segment should be more focused on regulatory announcements due in December, particularly in the UK, Spain and Italy.</p>

Source: J.P. Morgan.

Equity Strategy Key Calls and Drivers

At the market level, we looked for consolidation in SX5E through summer, and stay with that call, for now. We are not out of the woods yet on the political front, both internally and with respect to US elections, and Eurozone PMIs keep weakening. China stimulus news is helpful, but it works with a lag - current soft China M1 points to a further rollover in Euro activity from here. The key driver of equity markets will remain the growth outlook. Here, the soft landing call is universally accepted, but it might not be getting a full confirmation for a while longer, global manufacturing PMI new orders to inventories ratio is sliding and certain labour market indicators are mixed. After the bounce back in bond yields in the past weeks, they could resume moving lower, on falling inflation, mixed activity, as well as given continued rate cuts. China stimulus is so far mostly monetary in nature, and even as it might aid direct equity exposure, it is likely not yet a game changer to counter structural growth headwinds, we remain bearish on Autos in particular. In terms of style positioning, we have in June reversed our longstanding preference for large over small caps, and believe small caps are attractive on a 1-2 year horizon, from here. Within Europe, we believe UK stays an OW.

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

Driver	Impact	Our Core Working Assumptions	Recent Developments
Global Growth	Neutral	Hard labour market data has been a bright spot, but that can change quickly	Global composite PMI is at 48.8
European Growth	Positive	Activity momentum is slowing	Eurozone Manufacturing PMI is at 45.0
Monetary Policy	Neutral	Fed started cutting, but likely in the backdrop of weakening growth, and not just due to more benign inflation prints	
Currency	Neutral	USD could strengthen again	
Earnings	Negative	Earnings resiliency to fade, profit margins are at risk	2024 EPS projections are continuing their downtrend
Valuations	Negative	At 22x, US forward P/E is still stretched, especially vs real yield	MSCI Europe on 13.7x Fwd P/E
Technicals	Negative	Sentiment and positioning are on the complacent side	Households' equity weight as a share of total assets is at record high

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 14: Open trades

Trade	Ticker	Date of inception	% change since inception
Long MSCI Europe Healthcare	MSRLHC Index	07/10/2024	2%
Long FTSE250 vs FTSE100	MCX Index vs UKX Index	07/10/2024	1%
Short MSCI Eurozone Banks vs MSCI Eurozone	MIULBANK Index vs MSDLEMU Index	07/10/2024	-1%
Long MSCI Europe Energy	MSRLNRG Index	07/10/2024	-4%
Long MSCI Europe Aerospace & Defence	MIRLAED Index	07/10/2024	6%
Long MSCI Japan Small Caps	MCLAJN Index	07/10/2024	-2%
Long Topix	TPX Index	07/10/2024	-2%
Short MSCI Europe Autos vs MSCI Europe Luxury	MSRLAUTO Index vs MSRLCDUR Index	07/10/2024	-7%

We are closing our Long MSCI Europe Aerospace Defense trade
 Source: J.P. Morgan, Bloomberg Finance L.P.

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

Sector	Recommendations	Key Drivers
Utilities	Overweight	Sector is low beta, has strong cash flow generation, resilient earnings, have strong pricing and less regulatory uncertainty
Healthcare	Overweight	Potential rebound in dollar will aid the sector, earnings are holding up
Staples	Overweight	Valuations have improved significantly, lower bond yields and better relative EPS momentum should help
Banks	Underweight	vulnerable to peaking earnings, NII likely peaking, falling central bank rates and rising deposit betas
Autos	Underweight	Cheap, but with structural concerns and vulnerable to potential slowing in consumer, pricing and volume could come under pressure
Chemicals	Underweight	The sector trades at 65% premium to the market, well above historical norm. pricing remains weak, 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 13: Index targets

	Dec '24 Target	17-Oct-24	% upside
MSCI Eurozone	256	295	-13%
FTSE 100	7,700	8,385	-8%
MSCI EUROPE	1,850	2,082	-11%
DJ EURO STOXX 50	4,250	4,947	-14%
DJ STOXX 600 E	460	524	-12%

Source: J.P. Morgan.

Table 15: Key Global sector calls

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

Source: J.P. Morgan

Table 17: J.P. Morgan Equity Strategy — Key regional calls

Region	Recommendations	J.P. Morgan Views
EM	Neutral	Trade uncertainty could pick up again, risk of stronger USD
DM	Neutral	
US	Neutral	Expensive with earnings risk
Japan	Overweight	Large rate differential, TSE reforms, consumer reflation, but JPY needs to show stability
Eurozone	Neutral	Eurozone growth differential bottoming, cheap, wait for a better entry point
UK	Overweight	Valuations still look very attractive, low beta with the highest regional dividend yield

Source: J.P. Morgan estimates.

Top Picks

Table 18: J.P. Morgan European Strategy: Top European picks

Name	Ticker	Sector	Rating	Price	Currency	Market Cap (€ Bn)	EPS Growth			Dividend Yield	12m Fwd P/E			Performance	
							23e	24e	25e	24e	Current	10Y Median	% Premium	-3m	-12m
ENI	ENI IM	Energy	OW	14	E	46.5	-35%	-26%	3%	6.5%	7.6	12.2	-38%	0%	-9%
TOTALENERGIES	TTE FP	Energy	OW	60	E	143.3	-33%	-12%	-1%	5.1%	7.9	10.6	-25%	-5%	-5%
SHELL	SHEL LN	Energy	OW	31	E	190.4	-23%	-3%	-5%	3.9%	8.7	11.0	-21%	-7%	-4%
CRH PUBLIC LIMITED	CRH LN	Materials	OW	94	US\$	58.7	-14%	27%	9%	1.4%	15.9	14.8	7%	16%	61%
NORSK HYDRO	NHY NO	Materials	OW	69	NK	11.7	-60%	21%	43%	3.6%	9.8	12.3	-20%	5%	11%
ANGLO AMERICAN	AAL LN	Materials	N	2338	£	37.6	-51%	-21%	11%	3.2%	14.7	9.5	54%	3%	3%
SCHNEIDER ELECTRIC	SU FP	Industrials	OW	247	E	142.4	2%	13%	14%	1.4%	27.3	16.8	63%	9%	63%
ASHTREAD GROUP	AHT LN	Industrials	OW	5898	£	31.0	26%	-	-	1.3%	18.3	14.1	29%	9%	19%
RYANAIR HOLDINGS	RYA ID	Industrials	OW	17	E	19.1	-	-	-	0.0%	11.1	12.6	-12%	3%	16%
AIRBUS	AIR FP	Industrials	OW	141	E	111.9	10%	-17%	35%	1.3%	21.3	18.7	14%	7%	11%
MTU AERO ENGINES HLDG.	MTX GR	Industrials	OW	312	E	16.8	24%	21%	13%	0.6%	21.2	18.5	15%	24%	87%
STELLANTIS	STLAM IM	Discretionary	OW	12	E	36.1	12%	-53%	18%	13.0%	3.7	4.5	-18%	-36%	-37%
BMW	BMW GR	Discretionary	OW	75	E	47.8	-35%	-23%	6%	8.0%	5.2	7.4	-30%	-16%	-
INDITEX	ITX SM	Discretionary	OW	55	E	170.1	27%	-	-	2.2%	26.6	24.0	11%	21%	56%
ADIDAS	ADS GR	Discretionary	OW	226	E	40.6	-154%	-	103%	0.3%	33.7	25.7	31%	-3%	28%
RICHEMONT N	CFR SW	Discretionary	OW	127	SF	79.7	78%	-	-	1.9%	19.4	20.8	-6%	-7%	20%
COMPASS GROUP	CPG LN	Discretionary	OW	2527	£	51.5	50%	14%	11%	1.6%	24.6	21.0	17%	16%	22%
COLRUYT GROUP	COLR BB	Staples	OW	41	E	5.3	-27%	-	-	1.9%	13.6	17.6	-23%	-9%	1%
ANHEUSER-BUSCH INBEV	ABI BB	Staples	OW	61	E	122.3	-5%	10%	12%	1.3%	17.9	19.1	-6%	8%	19%
NOVO NORDISK 'B'	NOVOB DC	Health Care	OW	817	DK	488.8	52%	23%	26%	1.2%	29.5	22.9	29%	-11%	15%
ASTRAZENECA	AZN LN	Health Care	OW	12024	£	223.9	9%	11%	15%	1.9%	17.4	17.8	-2%	-2%	7%
SMITH & NEPHEW	SN/ LN	Health Care	OW	1121	£	11.8	1%	11%	20%	2.6%	13.8	18.3	-24%	3%	18%
UBS GROUP	UBSG SW	Financials	OW	28	SF	103.9	-99%	5397%	31%	2.1%	15.7	10.4	51%	2%	25%
NATWEST GROUP	NWVG LN	Financials	OW	363	£	36.2	38%	-9%	3%	4.7%	7.4	9.8	-25%	10%	57%
ING GROEP	INGA NA	Financials	OW	16	E	52.8	106%	-6%	4%	6.9%	7.8	8.9	-12%	-6%	27%
INTESA SANPAOLO	ISP IM	Financials	OW	4	E	72.6	91%	15%	5%	7.5%	7.9	10.0	-21%	9%	64%
LONDON STOCK EXCHANGE GROUP	LSEG LN	Financials	OW	10490	£	66.9	2%	9%	12%	1.1%	26.9	23.1	16%	12%	28%
AMUNDI (WI)	AMUN FP	Financials	OW	70	E	14.4	4%	10%	7%	5.8%	10.2	12.5	-19%	7%	34%
DASSAULT SYSTEMES	DSY FP	IT	N	33	E	44.0	6%	7%	8%	0.6%	24.2	31.7	-24%	-4%	-7%
ASML HOLDING	ASML NA	IT	OW	634	E	253.4	41%	-5%	32%	1.0%	26.5	27.5	-4%	-27%	11%
ASM INTERNATIONAL	ASM NA	IT	OW	513	E	25.4	-8%	19%	32%	0.5%	29.6	17.0	74%	-24%	33%
DEUTSCHE TELEKOM	DTE GR	Telecoms	OW	28	E	140.3	-13%	14%	10%	2.7%	14.3	13.9	3%	17%	39%
BT GROUP	BT/A LN	Telecoms	OW	148	£	17.7	9%	-	-	5.2%	8.0	8.5	-6%	5%	26%
RELX	REL LN	Industrials	OW	3725	£	83.4	12%	6%	9%	1.6%	28.7	19.6	47%	7%	28%
HELLOFRESH	HFG GR	Staples	N	8	E	1.5	-49%	-99%	7314%	0.0%	22.2	18.4	21%	35%	-66%
RWE	RWE GR	Utilities	OW	32	E	23.4	30%	-54%	-26%	3.2%	14.0	13.1	7%	-4%	-7%
ENEL	ENEL IM	Utilities	OW	7	E	74.4	15%	10%	0%	5.9%	10.9	11.8	-8%	8%	27%
SEGRO	SGRO LN	Real Estate	OW	848	£	13.8	6%	6%	7%	3.3%	23.1	25.5	-9%	-9%	15%

Source: Datastream, MSCI, IBES, J.P. Morgan, Prices and Valuations as of COB 17th Oct, 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>

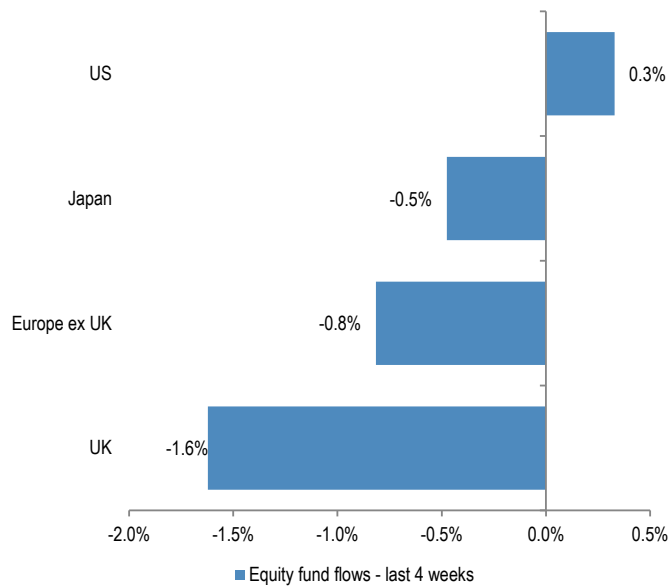
Equity Flows Snapshot

Table 19: DM Equity Fund Flows Summary

Regional equity fund flows										
	\$mn					% AUM				
	1w	1m	3m	ytd	12m	1w	1m	3m	ytd	12m
Europe ex UK	-51	-2,832	-3,846	-4,133	-5,989	0.0%	-0.8%	-1.1%	-1.3%	-2.1%
UK	-638	-4,646	-8,353	-23,018	-27,611	-0.2%	-1.6%	-3.0%	-8.4%	-11.0%
US	2,694	37,580	123,921	265,212	359,426	0.0%	0.3%	1.1%	2.7%	4.3%
Japan	-8,831	-3,895	204	10,173	5,792	-1.0%	-0.5%	0.0%	1.4%	0.9%

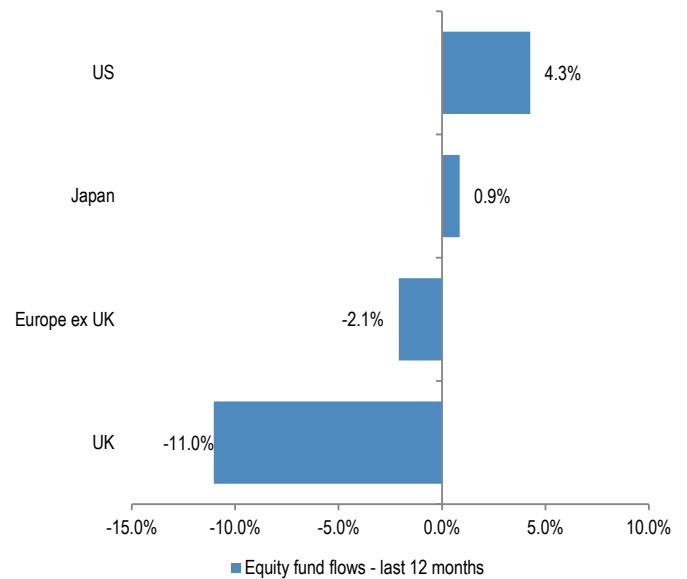
Source: EPFR, as of 09th Oct, 2024

Figure 36: DM Equity Fund flows – last month



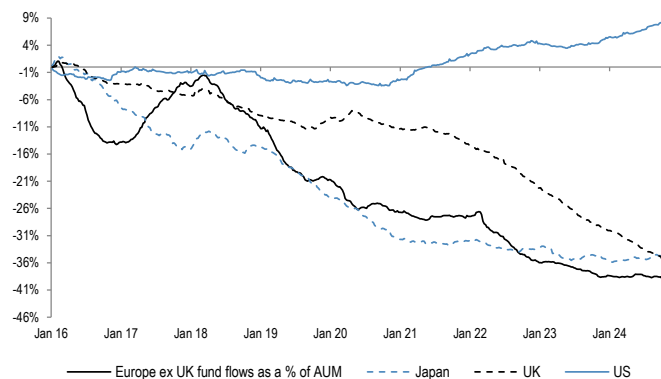
Source: EPFR, Japan includes BoJ purchases.

Figure 37: DM Equity Fund flows – last 12 months



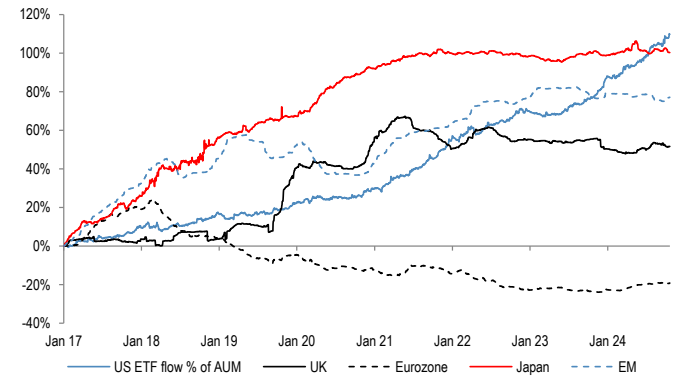
Source: EPFR, Japan includes BoJ purchases.

Figure 38: Cumulative fund flows into regional funds as a percentage of AUM



Source: EPFR, as of 09th Oct, 2024. Japan includes Non-ETF purchases only.

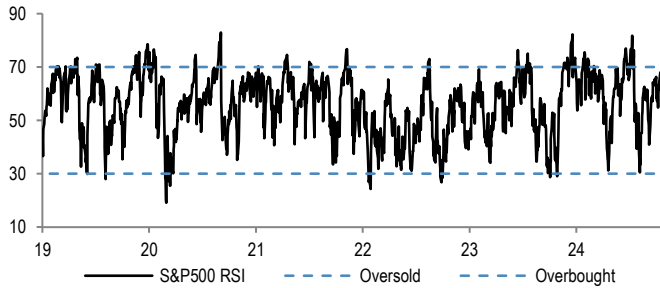
Figure 39: Cumulative fund flows into regional equity ETFs as a percentage of AUM



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.

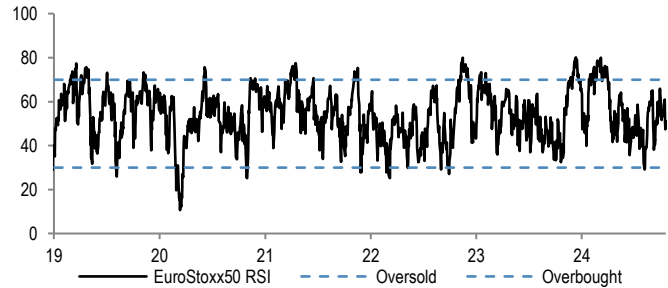
Technical Indicators

Figure 40: S&P500 RSI



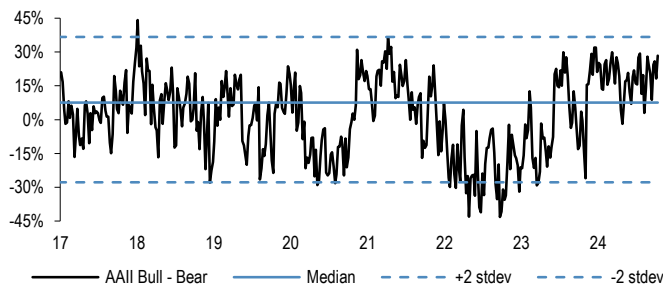
Source: Bloomberg Finance L.P.

Figure 41: EuroStoxx50 RSI



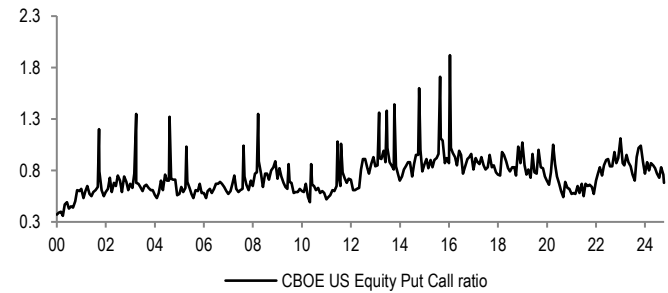
Source: Bloomberg Finance L.P.

Figure 42: AAll Bull-Bear



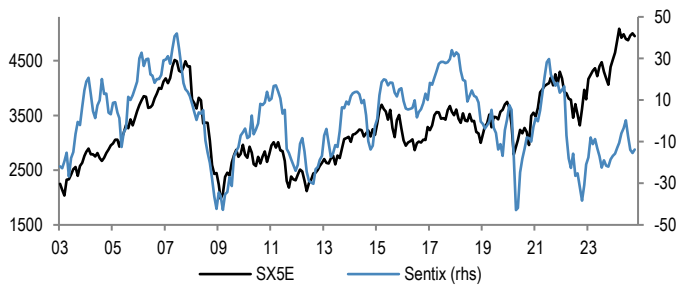
Source: Bloomberg Finance L.P.

Figure 43: Put-call ratio



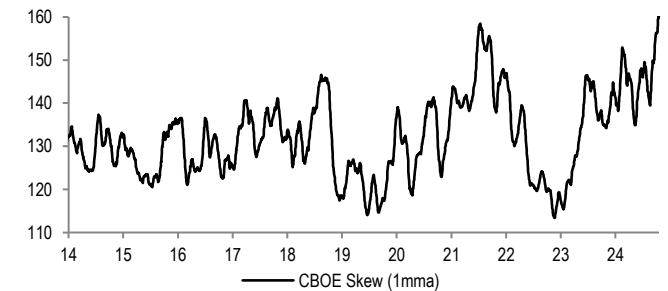
Source: Bloomberg Finance L.P.

Figure 44: Sentix Sentiment Index vs SX5E



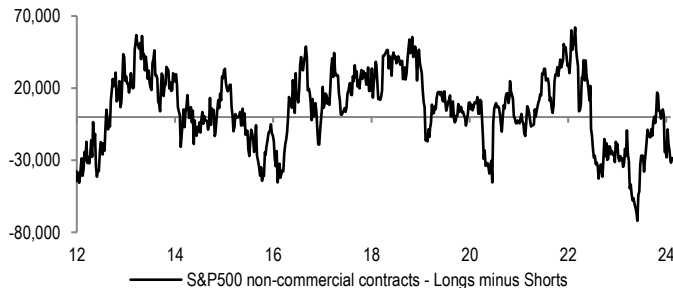
Source: Bloomberg Finance L.P.

Figure 45: Equity Skew



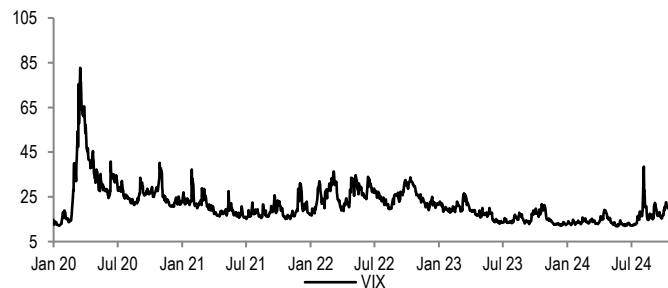
Source: Bloomberg Finance L.P.

Figure 46: Speculative positions in S&P500 futures contracts



Source: Bloomberg Finance L.P.

Figure 47: VIX



Source: Bloomberg Finance L.P.

Performance

Table 20: Sector Index Performances — MSCI Europe

(%change)		Local currency		
Industry Group		4week	12m	YTD
Europe		0.3	14.6	8.6
Energy		(2.5)	(13.5)	(6.5)
Materials		(0.2)	11.4	1.1
	Chemicals	(1.1)	18.4	3.7
	Construction Materials	(0.5)	39.2	23.3
	Metals & Mining	2.7	(3.4)	(8.0)
Industrials		2.2	30.1	14.9
	Capital Goods	2.3	34.5	16.6
	Transport	0.2	5.9	(2.3)
	Business Svs	2.2	21.0	15.7
Consumer Discretionary		1.2	6.5	(0.5)
	Automobile	(3.1)	(7.2)	(9.9)
	Consumer Durables	1.3	0.9	(7.6)
	Media	2.5	18.7	10.4
	Retailing	5.8	40.9	31.8
	Hotels, Restaurants & Leisure	2.7	18.6	10.0
Consumer Staples		0.6	0.5	0.2
	Food & Drug Retailing	(1.0)	9.3	6.0
	Food Beverage & Tobacco	1.0	(4.1)	(3.0)
	Household Products	0.2	8.3	5.3
Healthcare		(1.6)	11.1	14.3
Financials		1.9	25.3	18.0
	Banks	1.0	24.3	20.2
	Diversified Financials	3.3	29.5	12.9
	Insurance	2.3	23.8	18.9
Real Estate		(1.2)	24.6	1.7
Information Technology		(6.0)	22.6	4.3
	Software and Services	0.6	47.1	27.8
	Technology Hardware	3.3	26.8	9.8
	Semicon & Semicon Equip	(12.9)	6.3	(10.9)
Telecommunications Services		3.3	19.6	15.8
Utilities		2.3	16.5	5.1

Source: MSCI, Datastream, as at COB 17th Oct, 2024.

Table 21: Country and Region Index Performances

(%change)		Local Currency			US\$		
Country	Index	4week	12m	YTD	4week	12m	YTD
Austria	ATX	(1.1)	14.7	5.1	(3.8)	17.5	3.0
Belgium	BEL 20	1.9	23.2	16.9	(0.9)	26.1	14.6
Denmark	KFX	(7.0)	13.9	11.2	(9.5)	16.7	8.9
Finland	HEX 20	0.4	7.2	0.1	(2.3)	9.7	(1.9)
France	CAC 40	(0.4)	7.9	0.5	(3.1)	10.4	(1.5)
Germany	DAX	3.1	28.4	16.9	0.3	31.5	14.6
Greece	ASE General	0.7	23.0	11.3	(2.0)	25.9	9.0
Ireland	ISEQ	(1.5)	20.1	12.4	(4.2)	22.9	10.2
Italy	FTSE MIB	2.9	23.5	15.4	0.1	26.5	13.2
Japan	Topix	2.7	17.3	13.6	(2.1)	17.0	6.7
Netherlands	AEX	(1.1)	22.0	14.2	(3.8)	24.9	11.9
Norway	OBX	2.1	5.8	8.0	(1.8)	6.0	0.3
Portugal	BVL GEN	(0.9)	3.5	(6.7)	(3.6)	6.0	(8.6)
Spain	IBEX 35	1.1	28.0	17.8	(1.7)	31.1	15.5
Sweden	OMX	(0.3)	19.0	7.9	(3.6)	23.4	3.3
Switzerland	SMI	2.0	13.8	10.5	0.0	18.4	7.5
United States	S&P 500	2.2	33.6	22.5	2.2	33.6	22.5
United States	NASDAQ	2.0	35.8	22.4	2.0	35.8	22.4
United Kingdom	FTSE 100	0.7	9.2	8.4	(1.3)	16.6	10.6
EMU	MSCI EMU	0.3	18.0	8.5	(2.4)	20.8	6.4
Europe	MSCI Europe	0.3	14.6	8.6	(2.2)	18.7	7.1
Global	MSCI AC World	2.1	28.5	18.9	1.3	29.4	17.9

Source: MSCI, Datastream, as at COB 17th Oct, 2024.

Earnings

Table 22: IBES Consensus EPS Sector Forecasts — MSCI Europe

	EPS Growth (%yoy)			
	2023	2024E	2025E	2026E
Europe	(3.9)	2.3	9.0	10.1
Energy	(31.5)	(12.5)	(1.7)	5.2
Materials	(39.3)	2.2	15.1	10.7
Chemicals	(39.1)	26.0	16.3	14.1
Construction Materials	12.7	13.5	9.6	8.7
Metals & Mining	(46.8)	(15.9)	14.3	7.7
Industrials	(0.8)	9.7	11.8	12.4
Capital Goods	19.9	12.2	14.4	12.4
Transport	(55.3)	(4.3)	(7.7)	14.5
Business Svs	3.1	6.0	10.7	10.9
Discretionary	4.7	(12.5)	13.6	13.0
Automobile	1.7	(25.4)	11.7	11.7
Consumer Durables	(5.5)	(8.0)	14.2	13.9
Media	1.7	5.1	8.7	8.7
Retailing	39.7	25.5	14.0	13.4
Hotels,Restaurants&Leisure	61.7	32.5	20.3	16.6
Staples	2.2	1.2	6.9	7.6
Food & Drug Retailing	3.7	2.1	10.0	9.5
Food Beverage & Tobacco	1.9	(1.4)	6.1	7.6
Household Products	2.8	8.2	7.7	6.8
Healthcare	1.1	7.0	14.4	11.4
Financials	15.4	11.2	5.9	9.6
Banks	28.8	6.2	2.2	8.0
Diversified Financials	(19.8)	29.8	15.2	18.7
Insurance	11.3	13.8	9.0	7.4
Real Estate	5.6	4.9	2.2	3.5
IT	14.4	(11.7)	30.2	17.2
Software and Services	18.5	(6.8)	24.2	16.5
Technology Hardware	(19.1)	9.7	3.9	11.3
Semicon & Semicon Equip	28.0	(21.2)	45.6	19.3
Telecoms	(8.7)	9.7	9.8	10.3
Utilities	2.1	3.3	(1.2)	4.3

Source: IBES, MSCI, Datastream. As at COB 17th Oct, 2024.

Table 23: IBES Consensus EPS Country Forecasts

Country	Index	EPS growth (%change)			
		2023	2024E	2025E	2026E
Austria	ATX	(27.1)	7.2	1.7	5.4
Belgium	BEL 20	15.8	(4.5)	12.3	14.0
Denmark	Denmark KFX	(14.3)	31.4	16.3	17.4
Finland	MSCI Finland	(24.9)	(4.6)	12.4	13.9
France	CAC 40	(1.5)	(4.8)	8.8	9.8
Germany	DAX	0.2	(3.4)	12.6	11.4
Greece	MSCI Greece	45.3	11.4	(1.1)	5.2
Ireland	MSCI Ireland	59.9	5.4	(4.4)	6.8
Italy	MSCI Italy	9.2	(12.0)	6.5	7.6
Netherlands	AEX	(1.7)	0.1	11.1	10.2
Norway	MSCI Norway	(40.6)	2.5	5.1	1.3
Portugal	MSCI Portugal	16.9	14.5	(2.2)	8.5
Spain	IBEX 35	8.4	5.8	3.4	6.5
Sweden	OMX	31.4	1.2	6.6	8.3
Switzerland	SMI	(4.6)	13.6	9.5	10.4
United Kingdom	FTSE 100	(10.1)	(1.1)	7.4	9.2
EMU	MSCI EMU	3.1	0.5	10.0	10.2
Europe ex UK	MSCI Europe ex UK	(0.2)	3.7	9.8	10.4
Europe	MSCI Europe	(3.9)	2.3	9.0	10.1
United States	S&P 500	2.4	9.5	14.9	13.0
Japan	Topix	18.2	9.0	9.1	8.6
Emerging Market	MSCI EM	(5.6)	22.6	15.3	11.6
Global	MSCI AC World	0.3	9.1	13.0	11.8

Source: IBES, MSCI, Datastream. As at COB 17th Oct, 2024** Japan refers to the period from March in the year stated to March in the following year – EPS post-goodwill

Valuations

Table 24: 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	14.7	13.5	12.3	3.3%	3.4%	3.7%	8.5	8.1	7.5	2.0	1.9	1.8
Energy	7.8	7.9	7.5	6.0%	5.8%	6.0%	3.4	3.7	3.3	1.1	1.1	1.0
Materials	17.0	14.8	13.4	3.0%	3.3%	3.6%	8.1	7.2	6.7	1.7	1.6	1.5
Chemicals	25.0	21.5	18.8	2.4%	2.5%	2.7%	12.7	11.4	10.3	2.4	2.3	2.2
Construction Materials	14.3	13.0	12.0	3.4%	3.7%	4.1%	7.2	6.6	6.0	1.5	1.4	1.3
Metals & Mining	11.8	10.4	9.6	3.8%	4.4%	4.9%	5.3	4.6	4.5	1.2	1.2	1.1
Industrials	20.6	18.4	16.4	2.2%	2.4%	2.7%	10.5	9.7	8.9	3.4	3.3	3.0
Capital Goods	20.8	18.2	16.2	2.1%	2.3%	2.6%	11.4	10.1	9.1	3.5	3.4	3.1
Transport	15.0	16.2	14.1	3.1%	3.1%	3.3%	6.0	6.6	6.3	1.8	1.8	1.7
Business Svs	24.5	22.1	19.9	2.2%	2.3%	2.5%	13.6	13.0	11.9	6.9	6.3	5.7
Discretionary	14.4	12.7	11.2	2.5%	2.8%	3.1%	6.3	5.8	5.3	2.1	1.9	1.8
Automobile	6.6	5.9	5.3	4.9%	5.3%	5.9%	2.2	1.5	1.3	0.7	0.7	0.6
Consumer Durables	23.1	20.2	17.8	1.8%	2.0%	2.3%	14.0	13.1	11.6	4.3	4.0	3.6
Media & Entertainment	17.2	15.8	14.6	2.4%	2.6%	2.7%	12.1	9.7	9.1	2.0	2.1	2.0
Retailing	18.4	16.1	14.2	2.0%	2.2%	2.4%	8.8	11.6	10.2	4.4	3.7	3.4
Hotels, Restaurants & Leisure	24.1	20.0	17.2	2.3%	2.5%	2.8%	12.4	10.9	9.8	5.4	4.9	4.3
Staples	17.4	16.2	15.1	3.1%	3.3%	3.5%	10.8	10.1	9.4	2.9	2.8	2.6
Food & Drug Retailing	12.3	11.2	10.2	4.0%	4.3%	4.6%	5.8	5.7	5.4	1.7	1.6	1.6
Food Beverage & Tobacco	16.9	15.9	14.8	3.4%	3.6%	3.8%	10.6	10.0	9.3	2.6	2.5	2.3
Household Products	20.6	19.1	17.9	2.4%	2.5%	2.7%	13.9	13.0	12.1	4.3	4.0	3.6
Healthcare	19.0	16.6	14.9	2.2%	2.4%	2.7%	12.5	11.5	10.4	3.8	3.5	3.1
Financials	9.6	9.1	8.3	5.3%	5.3%	5.7%	-	-	-	1.2	1.1	1.1
Banks	7.2	7.0	6.5	7.0%	6.8%	7.3%	-	-	-	0.9	0.8	0.8
Diversified Financials	15.7	13.7	11.5	2.2%	2.5%	2.7%	-	-	-	1.4	1.6	1.5
Insurance	11.7	10.7	10.0	5.1%	5.5%	5.8%	-	-	-	1.9	1.8	1.7
Real Estate	15.2	14.9	14.4	3.9%	4.1%	4.3%	-	-	-	0.9	0.9	0.9
IT	28.7	22.0	18.8	1.2%	1.4%	1.5%	17.5	15.0	12.6	4.7	4.3	3.8
Software and Services	35.7	28.7	24.6	1.2%	1.3%	1.4%	20.4	17.4	15.0	5.0	4.5	4.1
Technology Hardware	16.8	16.2	14.5	2.3%	2.5%	2.7%	9.2	8.8	8.0	2.1	2.0	1.9
Semicon & Semicon Equip	28.8	19.8	16.6	1.0%	1.2%	1.4%	19.3	15.6	12.5	6.4	5.8	4.9
Communication Services	16.0	14.6	13.2	3.9%	3.9%	4.2%	6.9	6.5	6.1	1.6	1.6	1.5
Utilities	12.8	13.0	12.4	4.7%	4.7%	4.9%	8.2	8.4	8.2	1.7	1.6	1.5

Source: IBES, MSCI, Datastream. As at COB 17th Oct, 2024.

Table 25: IBES Consensus P/E and 12-Month Forward Dividend Yields — Country Forecasts

Country	Index	P/E				Dividend Yield
		12mth Fwd	2024E	2025E	2026E	12mth Fwd
Austria	ATX	7.9	8.0	7.9	7.5	5.8%
Denmark	Denmark KFX	23.6	26.8	23.1	19.6	1.9%
Finland	MSCI Finland	15.8	17.4	15.5	13.6	4.3%
France	CAC 40	13.2	14.2	13.0	11.9	3.5%
Germany	DAX	12.6	14.0	12.4	11.1	3.3%
Greece	MSCI Greece	21.9	21.7	21.9	20.9	2.2%
Ireland	MSCI Ireland	10.8	10.4	10.9	10.2	3.5%
Italy	MSCI Italy	10.2	10.8	10.1	9.4	5.4%
Netherlands	AEX	14.8	16.1	14.5	13.1	2.5%
Norway	MSCI Norway	10.7	11.1	10.6	10.5	6.1%
Portugal	MSCI Portugal	15.0	14.8	15.1	13.9	3.9%
Spain	IBEX 35	11.5	11.8	11.5	10.8	4.7%
Sweden	OMX	15.1	15.9	14.9	13.8	3.7%
Switzerland	SMI	17.1	18.4	16.8	15.2	3.2%
United Kingdom	FTSE 100	11.8	12.5	11.6	10.7	3.9%
EMU	MSCI EMU	13.2	14.3	13.0	11.8	3.4%
Europe ex UK	MSCI Europe ex UK	14.4	15.6	14.2	12.9	3.3%
Europe	MSCI Europe	13.7	14.7	13.5	12.3	3.5%
United States	S&P 500	21.9	24.8	21.6	19.1	1.4%
Japan	Topix	13.7	14.5	13.3	12.2	2.5%
Emerging Market	MSCI EM	12.4	13.9	11.8	10.8	2.8%
Global	MSCI AC World	18.1	20.1	17.9	15.9	2.0%

Source: IBES, MSCI, Datastream. As at COB 17th Oct, 2024; ** Japan refers to the period from March in the year stated to March in the following year – P/E post goodwill.

Economic, Interest Rate and Exchange Rate Outlook

Table 26: Economic Outlook in Summary

	Real GDP % oya			Real GDP % over previous period, saar						Consumer prices % oya			
	2023	2024E	2025E	1Q24	2Q24	3Q24	4Q24E	1Q25E	2Q25E	2Q24	4Q24	2Q25	4Q25
United States	2.9	2.7	1.9	1.6	3.0	2.7	1.3	1.7	1.7	3.2	2.7	2.1	2.3
Eurozone	0.5	0.7	1.0	1.3	0.8	1.0	1.0	1.0	1.0	2.6	2.1	1.9	1.8
United Kingdom	0.3	0.9	0.8	2.8	1.8	1.0	1.0	0.8	0.5	3.5	2.1	2.8	3.1
Japan	1.7	-0.1	1.1	-2.4	2.9	1.5	1.2	1.0	0.6	2.5	2.7	3.5	2.9
Emerging markets	4.2	4.0	3.6	6.0	1.7	3.0	4.0	3.6	3.7	4.0	3.5	3.2	3.0
Global	2.8	2.6	2.4	3.3	1.9	2.4	2.4	2.4	2.3	3.3	2.9	2.8	2.7

Source: J.P. Morgan economic research J.P. Morgan estimates, as of COB 17th Oct, 2024

Table 27: Official Rates Outlook

	Official interest rate	Current	Last change (bp)	Forecast next change (bp)	Forecast for			
					Dec 24	Mar 25	Jun 25	Sep 25
United States	Federal funds rate	5.00	18 Sep 24 (-50bp)	Nov 24 (-25bp)	4.50	4.00	3.50	3.00
Eurozone	Depo rate	3.50	17 Oct 24 (-25bp)	Dec 24(-25bp)	3.00	2.50	2.00	2.00
United Kingdom	Bank Rate	5.00	01 Aug 24 (-25bp)	Nov 24 (-25bp)	4.75	4.50	4.25	4.00
Japan	Pol rate IOER	0.25	31 Jul 24 (+15bp)	Dec 24 (+25bp)	0.50	0.50	0.75	0.75

Source: J.P. Morgan estimates, Datastream, as of COB 17th Oct, 2024

Table 28: 10-Year Government Bond Yield Forecasts

10 Yr Govt BY	18-Oct-24	Forecast for end of			
		Dec 24	Mar 25	Jun 25	Sep 25
US	4.09	3.90	3.65	3.50	3.40
Euro Area	2.21	2.10	2.00	1.95	1.90
United Kingdom	4.09	3.85	3.75	3.65	3.55
Japan	0.98	1.10	1.05	1.25	1.20

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

Table 29: Exchange Rate Forecasts vs. US Dollar

Exchange rates vs US\$	10-Oct-24	Forecast for end of			
		Dec 24	Mar 25	Jun 25	Sep 25
EUR	1.09	1.05	1.12	1.12	1.15
GBP	1.31	1.24	1.30	1.32	1.37
CHF	0.86	0.86	0.82	0.82	0.82
JPY	149	142	141	140	139
DXY	103.0	105.5	100.3	99.9	97.7

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

Sector, Regional and Asset Class Allocations

Table 30: 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
				UW
				N
				N
Industrials	15.8%	14.0%	-1.8%	N
				UW
				OW
				N
				N
Consumer Discretionary	9.1%	7.0%	-2.1%	UW
				UW
				N
				UW
				UW
				UW
Consumer Staples	11.7%	13.0%	1.3%	OW
				UW
				OW
				OW
				OW
Healthcare	16.0%	18.0%	2.0%	OW
Financials	18.1%	14.0%	-4.1%	UW
				UW
				N
Real Estate	0.9%	2.0%	1.1%	OW
Information Technology	7.1%	7.0%	-0.1%	N
				N
				N
Communication Services	4.5%	5.0%	0.5%	OW
				OW
				N
Utilities	4.4%	6.0%	1.6%	OW
				N
				OW
				Balanced
	100.0%	100.0%	0.0%	

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

Table 31: 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 32: 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 33: 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.

Companies Discussed in This Report (all prices in this report as of market close on 18 October 2024, unless otherwise indicated)

Aena(AENA.MC/€204.00/N), Aeroports de Paris (ADP)(ADP.PA/€113.10/OW), Anheuser Busch InBev(ABI.BR/€60.72/OW), Barclays(BARC.L/242p/OW), Buzzi(BZU.MI/€35.00/UW), CRH Plc(CRH/\$93.48/OW), Carl Zeiss Meditec AG(AFXG.DE/€64.45/UW), Danone(DANO.PA/€64.80/OW), Deutsche Bank(DBKGn.DE/€16.24/OW), ENI(ENI.MI/€14.10/OW), Fresenius Medical Care(FMEG.DE/€37.65/UW), Fresenius SE(FREG.DE/€33.46/OW), Getlink(GETP.PA/€16.08/OW), Heineken(HEIN.AS/€78.32/OW), Howden Joinery Group Plc(HWDN.L/905p/N), IntesaSanpaolo(ISP.MI/€4.00/OW), Kerry Group(KYGa.I/€94.55/OW), OMV(OMVV.VI/€38.76/OW), Puig Brands(PUIGb.MC/€19.02/OW), Saint-Gobain(SGOB.PA/€84.78/OW), Shell PLC(SHEL.L/2,537p/OW), Sika(SIKA.S/CHF255.00/N), Smith & Nephew(SN.L/1,128p/OW), Symrise(SY1G.F/€118.20/OW), TotalEnergies(TTEF.PA/€59.66/OW), Travis Perkins(TPK.L/930p/OW), UBS(UBSG.S/CHF28.36/OW), Unilever NV(ULVR.AS/€57.88/OW)

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 October 05, 2024

	Overweight (buy)	Neutral (hold)	Underweight (sell)
J.P. Morgan Global Equity Research Coverage*	49%	38%	13%
IB clients**	50%	46%	38%
JPMS Equity Research Coverage*	46%	41%	13%
IB clients**	71%	67%	54%

*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 (JPMS) [MDDI (P) 068/08/2024 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 JPMS 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](https://www.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 October 05, 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 21 Oct 2024 12:40 AM BST

Disseminated 21 Oct 2024 03:00 AM BST