

Monthly Market Review

January 2023

Author



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Santa on strike

There was no Santa rally this year as cautious investors had to content with the faster-than-expected re-opening of the Chinese economy, central banks which continued to tighten monetary policy and a surprise from the Bank of Japan (BoJ). The result was developed market equities which were 5% lower over the month and global bonds which were 0.5% higher (total returns, local currency).

The hawkishness of the U.S. Federal Reserve has its December meeting set the tone for markets in December, even as there is clear evidence that inflationary pressures are easing across large swaths of the developed world. Still there are no signs of a pivot from any of the world's major central banks.

Government bond yield resumed their rise as the hawkishness of central banks overshadowed falling inflation figures. The U.S. 10-year Treasury yield rose 27bps to 3.87%. Japanese government bond yields also moved higher after the BoJ took a surprising first step towards normalisation.

The BoJ delivered a market shock by expanding the target band for its yield curve control policy. The move was small as the band increased by 25bps but the interpretation from the market was that even the BoJ was preparing to normalise its long standing and extremely accommodative monetary policy settings.

However, China engineered a pivot of its own as the country undertook a series of swift policy changes towards re-opening, downgrading the status of the COVID virus and easing many of the restrictions on the local population, as well as international arrivals.

As has been the experience of other countries in lifting pandemic induced restrictions, COVID case numbers surged, and the market reaction was largely negative as investors speculated whether officials could maintain the pace of re-opening with clear strains on the hospital system and the deterioration in economic data. The wider MSCI Asia ex-Japan index was down 0.8% for the month, compared to the 15.5% gain in November.

The faster re-opening of the Chinese economy when combined with support for the ailing property sector should see a rebound in Chinese growth in the coming quarters. The positive sentiment and positive externalities should extend to the rest of a region and perhaps outperformance of Chinese and Asian markets versus their developed market comparators in 2023.

Overall, the fourth quarter of 2022 offered some relief to a year which will be remembered for the unpleasant consequences of higher inflation and rates.

Economy:

- The Australian unemployment rate is steady at 3.4% and the participation rate moved higher to 66.8% matching the earlier peak. The better supply of labour in Australia compared to other economies has given the Reserve Bank of Australia (RBA) more flexibility and supported the growth outlook. However, a combination of slowing domestic demand and higher borrowing costs should put weight on labour demand and result in a rising unemployment rate in the coming quarters. (GTM AUS page 8)
- The RBA hiked interest rates by 25bps to 3.1% as widely expected at their December meeting. While there had been some pricing of a pause in the cycle in December, the current inflation outlook made this very difficult. However, a change in language in the statement has opened the door to a pause in the coming meetings. Inflation is likely to peak in the fourth quarter, but the RBA will likely hike again in February before pausing. (GTM AUS page 56)
- The Australian economy expanded by 0.6% quarter-over-quarter in the third quarter. There were no big surprises in the release and the detail illustrated the slowing in economic momentum as the consumer impulse from the re-opening fades.
- The savings rate dropped from 8.3% to 6.9% in the third quarter, but is above longer-run average and still has scope to decline to support the consumer in the face of higher living costs in the near term.
- The monthly Australian CPI print increased 6.9% year-over-year for October, but dropped to 0.2% month-over-month (m/m) compared to the 0.6% m/m in September. The younger data series means that seasonality could still be a factor with November and December figures potentially rising.

Equities:

- December was not kind to equity investors. The S&P 500 fell 5.8% over the month, more than twice the decline in European markets (-2.7%), and well beyond the 1.9% drop in emerging market equities. The ASX 200 was middling with a 3.2% decline in December. However, the December weakness was not able to reverse the gains from October and November and all markets delivered positive returns for the quarter. (GTM AUS page 36)

- All sectors in the ASX 200 declined in December. The largest fall was the consumer discretionary sector (-7.0%), but technology (-5.4%), industrials (-4.9%), healthcare (-4.4%) and energy (-4.1%) also had notable declines.
- Valuations on equity markets sit close to long-run averages and at 14.2x, the ASX 200 is almost exactly inline with its 20-year average. Japan and European equity markets are trading below long-run price-to-earnings ratios. (GTM AUS page 37)
- Earning expectations continue to fall and U.S. earnings growth for 2023 has fallen from close to 10% earlier in the year to 4%. The downward trend is evident in other markets where earnings are expected to contract for the 2023 calendar year. Earnings revisions have also rolled over and are likely to continue to fall heading into the fourth quarter earnings season. (GTM AUS page 38)

Fixed income:

- Government bond yields rose over the month and the U.S. 10-year bond yield was 27bps higher at 3.87%. The Australian 10-year bond yield was 52bps higher at 4.05%. (GTM AUS page 51)
- The rise in bond yields meant that nearly every fixed income sector was in the red for the month of December. Global investment grade bonds were the exception with a 0.2% gain. U.S. high yield bonds fell by 0.8%. For the full quarter, emerging market debt was the best performing sector with a 7.4% return in local currency terms. (GTM AUS page 50)

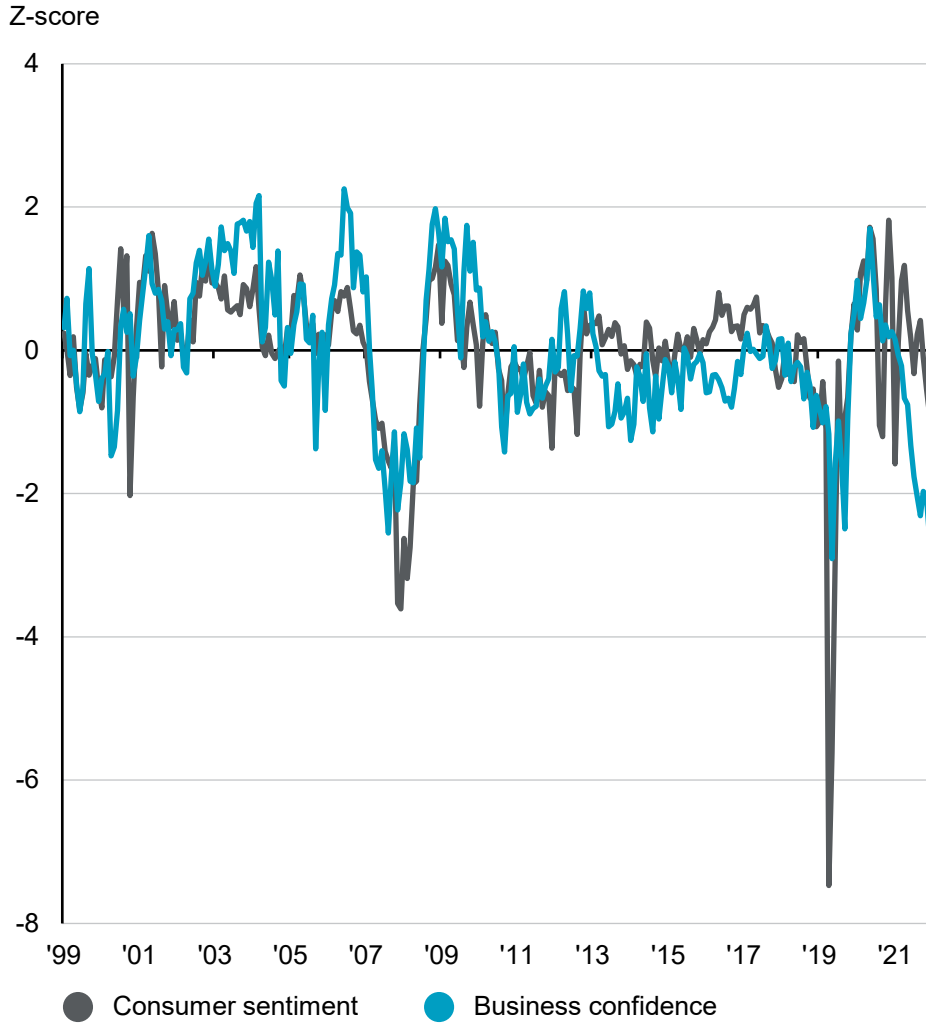
Other assets:

- The surprising move by the Bank of Japan saw the Japanese yen spike and the currency appreciated by 5.8% against the U.S. dollar over the month. The yen gained by a more moderate 4.4% against the Australian dollar. For the full year, the U.S. dollar index rose close to 7% and the AUD index was roughly flat, a much better outcome than the 6% decline in the Australian dollar against the greenback. (GTM AUS page 69)
- The price of a barrel of Brent crude oil ended the year at USD 82, unwinding nearly all of the surge in pricing from the Ukraine-Russia conflict. (GTM AUS page 64)
- The recent decline in the U.S. dollar has lent weight to commodity prices in the face of recession induced weakness. The higher inflation may also be helping the gold price which has risen even as real yield have also moved higher. (GTM AUS page 67)

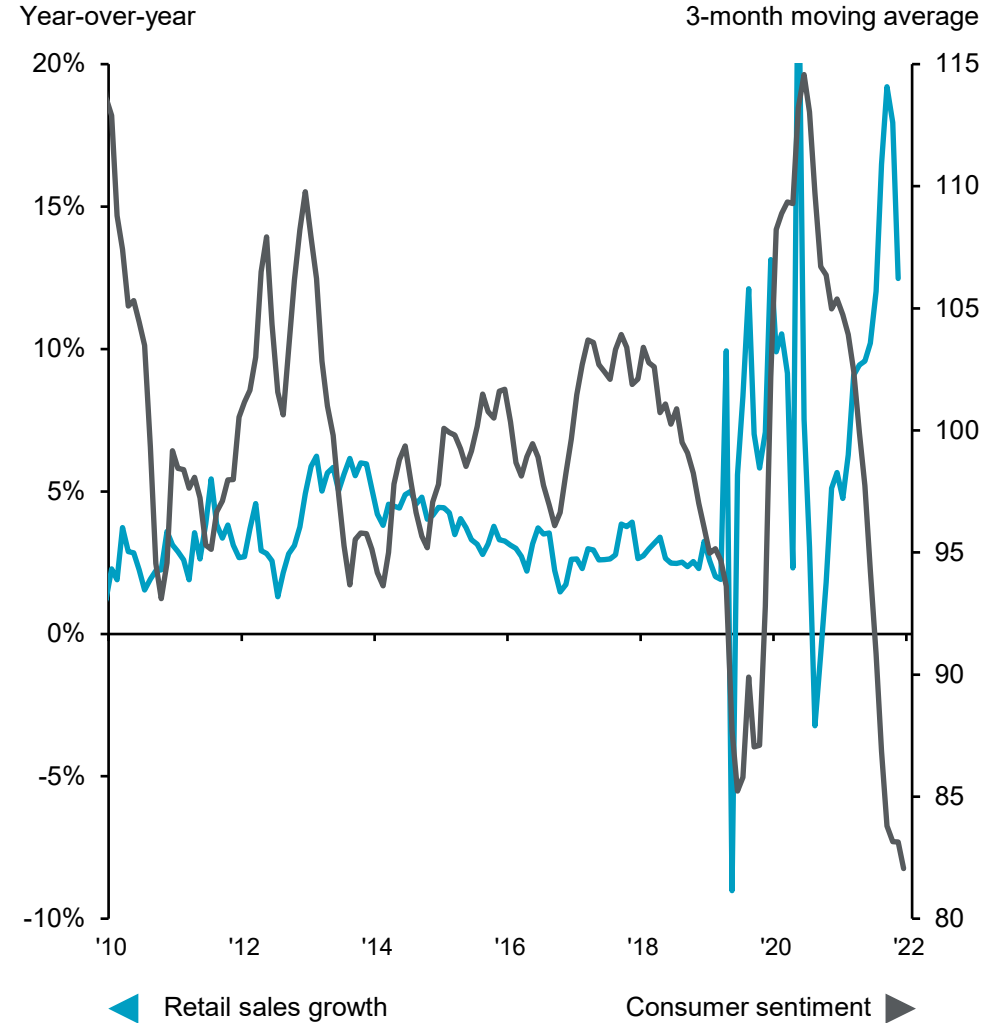


Consumer and business confidence

Consumer sentiment and business confidence



Consumer sentiment and retail sales



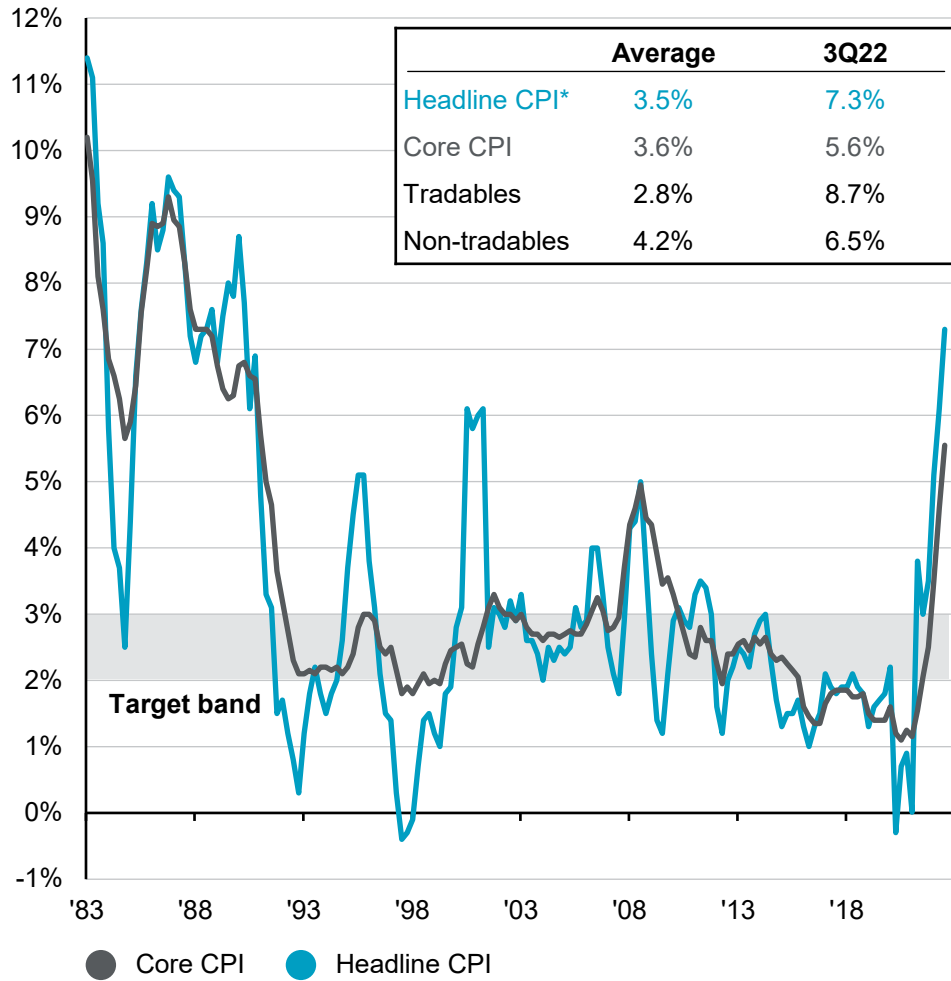
Source: FactSet, Westpac, J.P. Morgan Asset Management; (Left) National Australia Bank; (Right) Australian Bureau of Statistics. Retail sales growth figures have been truncated, April 2021 retail sales growth was 25%. Guide to the Markets – Australia. Data as of 31 December 2022.



Inflation

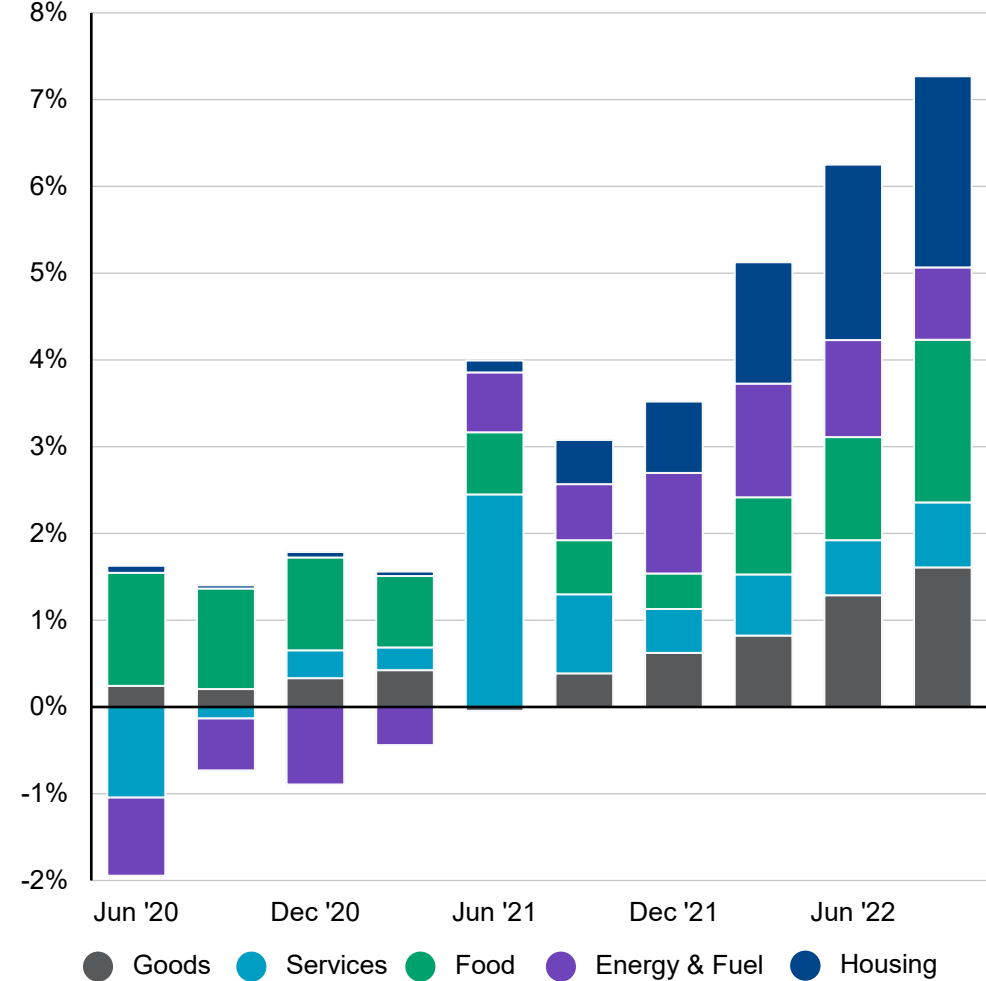
CPI and core CPI inflation

Year-over-year



Inflation components contribution

Year-over-year



Source: Australian Bureau of Statistics, FactSet, J.P. Morgan Asset Management. *CPI is the Consumer Price Index, core CPI is the average of the trimmed mean and weighted median measures of inflation. Tradables represent approximately 35% of the CPI basket and non-tradables 65%. Core goods CPI is goods CPI excluding volatile items.
 Guide to the Markets – Australia. Data as of 31 December 2022.

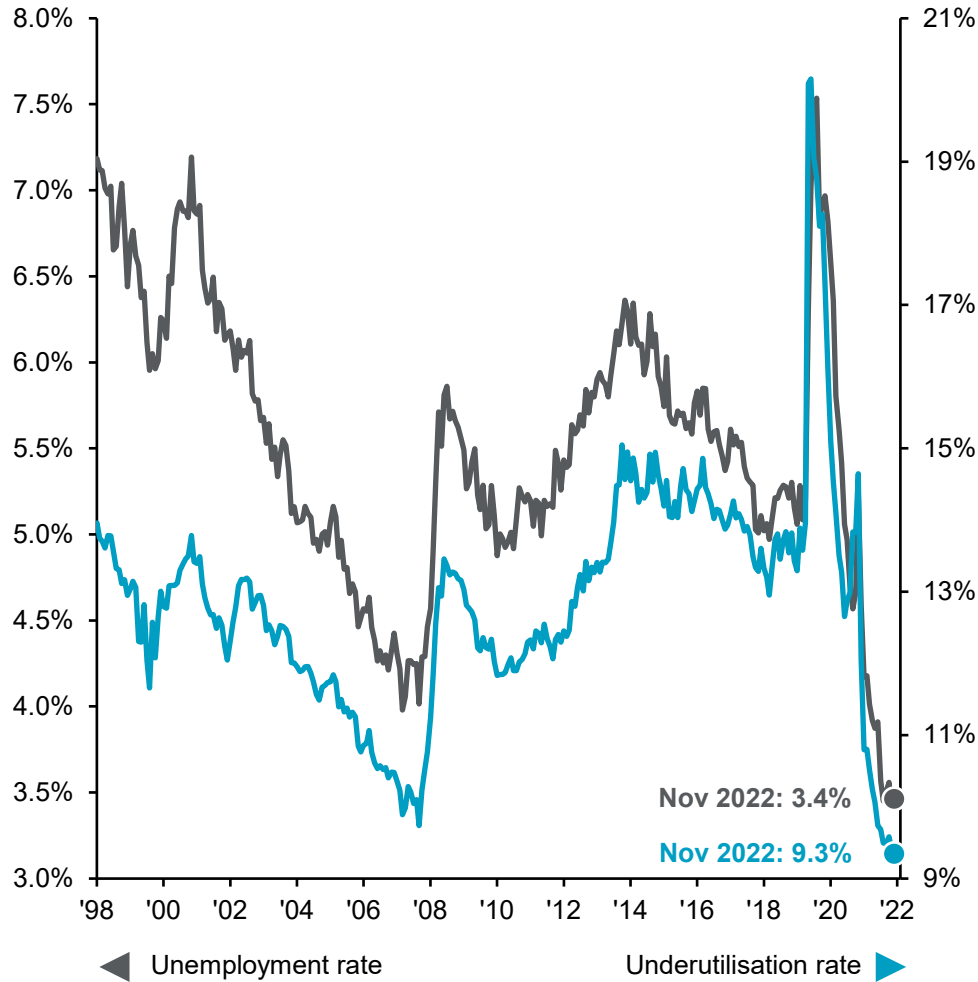


Unemployment and wages

Localeconomy

Unemployment and underutilisation rates

Seasonally adjusted



Wage growth and labour availability

Year-over-year



Source: Australian Bureau of Statistics, FactSet, J.P. Morgan Asset Management; (Right) NAB. Guide to the Markets – Australia. Data as of 31 December 2022.



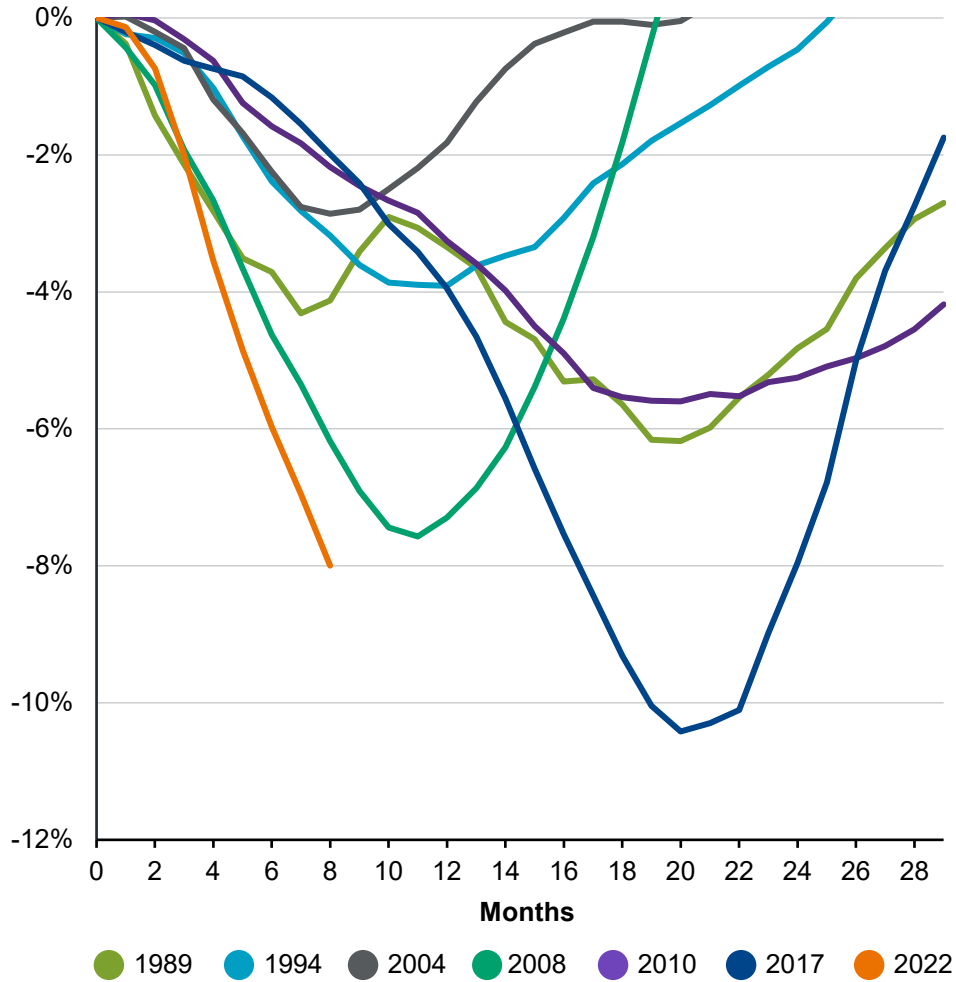
Residential real estate prices

GTM AUS 10

Localeconomy

House price cycles

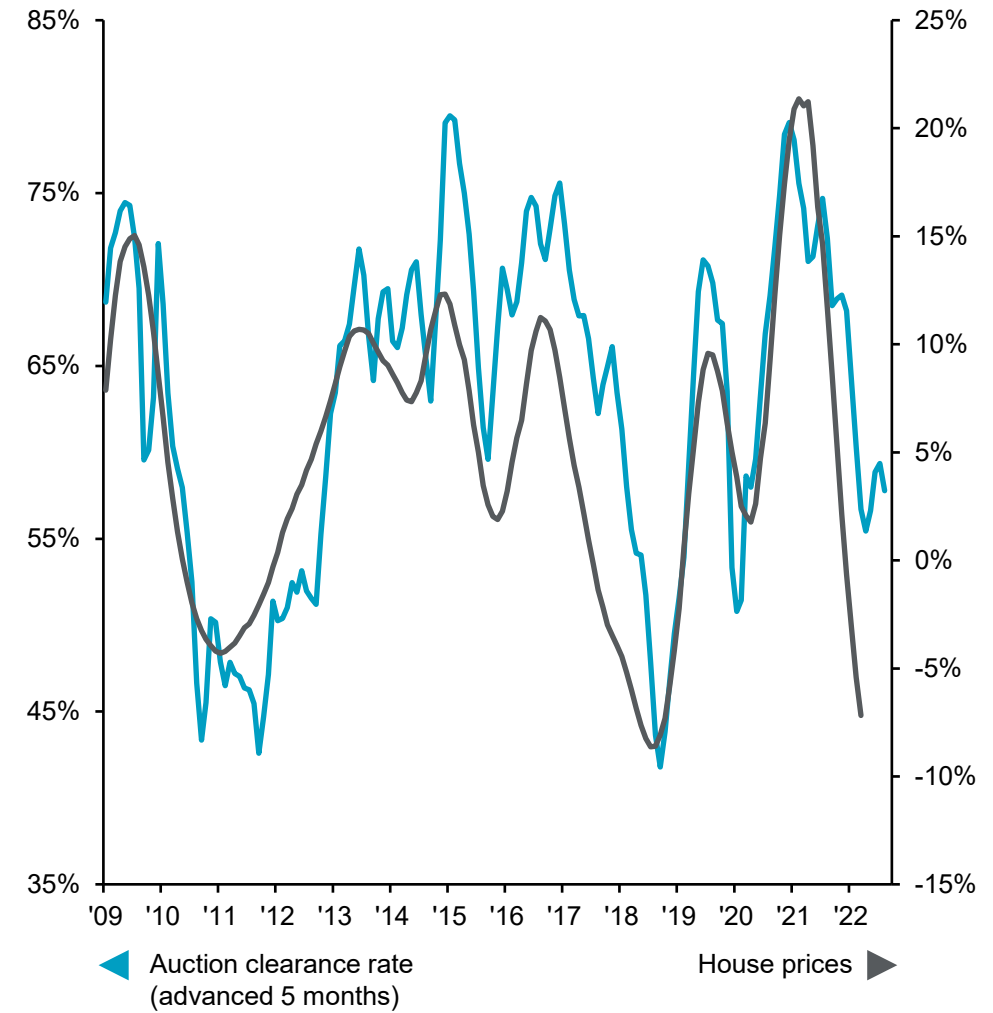
Drawdown from prior peak



Auction clearance rate and house prices

3-month moving average

Year-over-year



Source: RPD CoreLogic, J.P. Morgan Asset Management. Guide to the Markets – Australia. Data as of 31 December 2022.

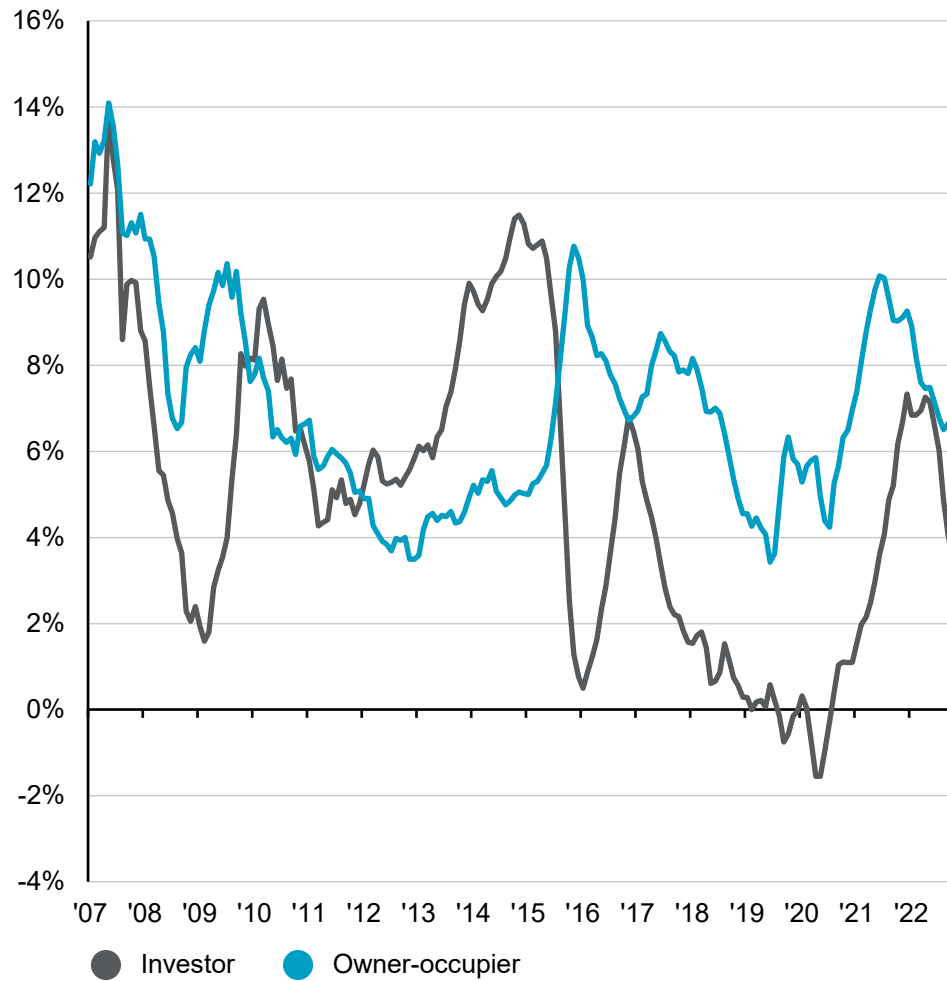


Residential real estate financing

Local economy

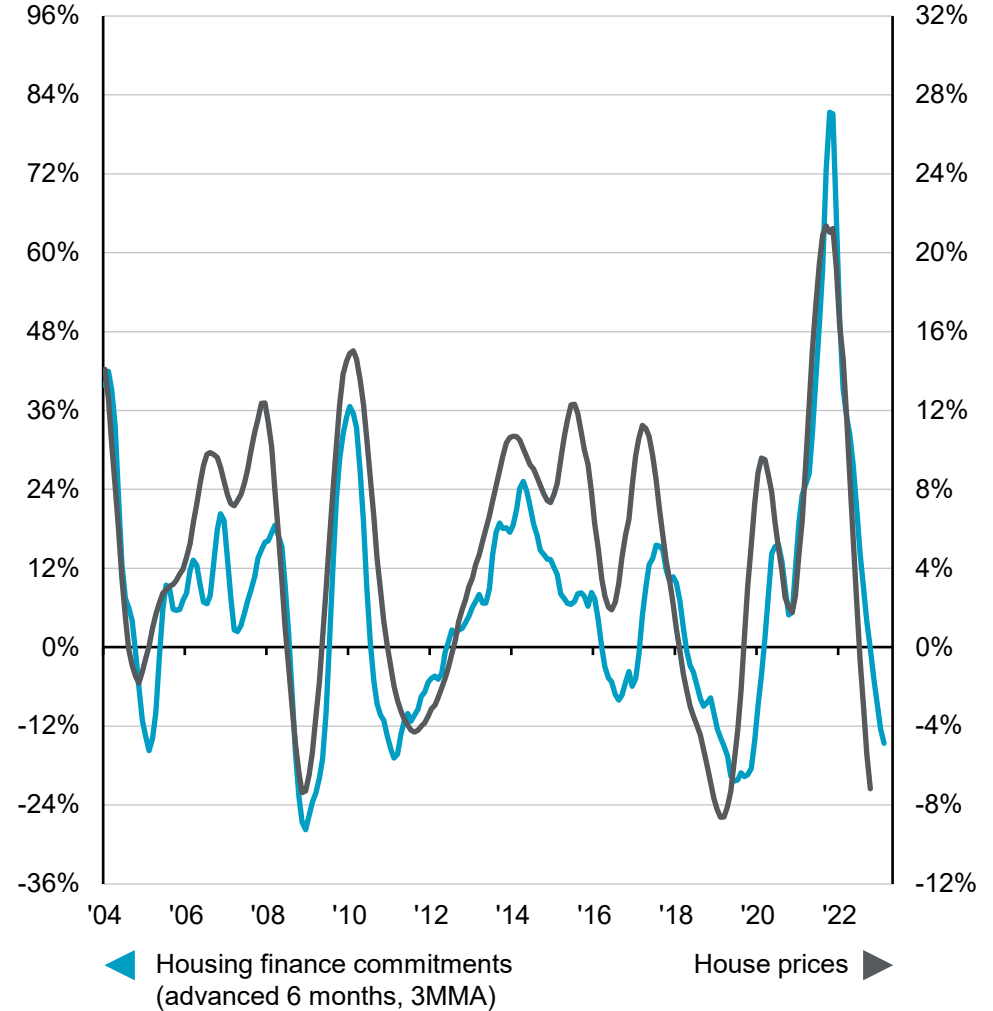
Mortgage lending

3-month annualised growth rate



Housing finance and house prices

Year-over-year

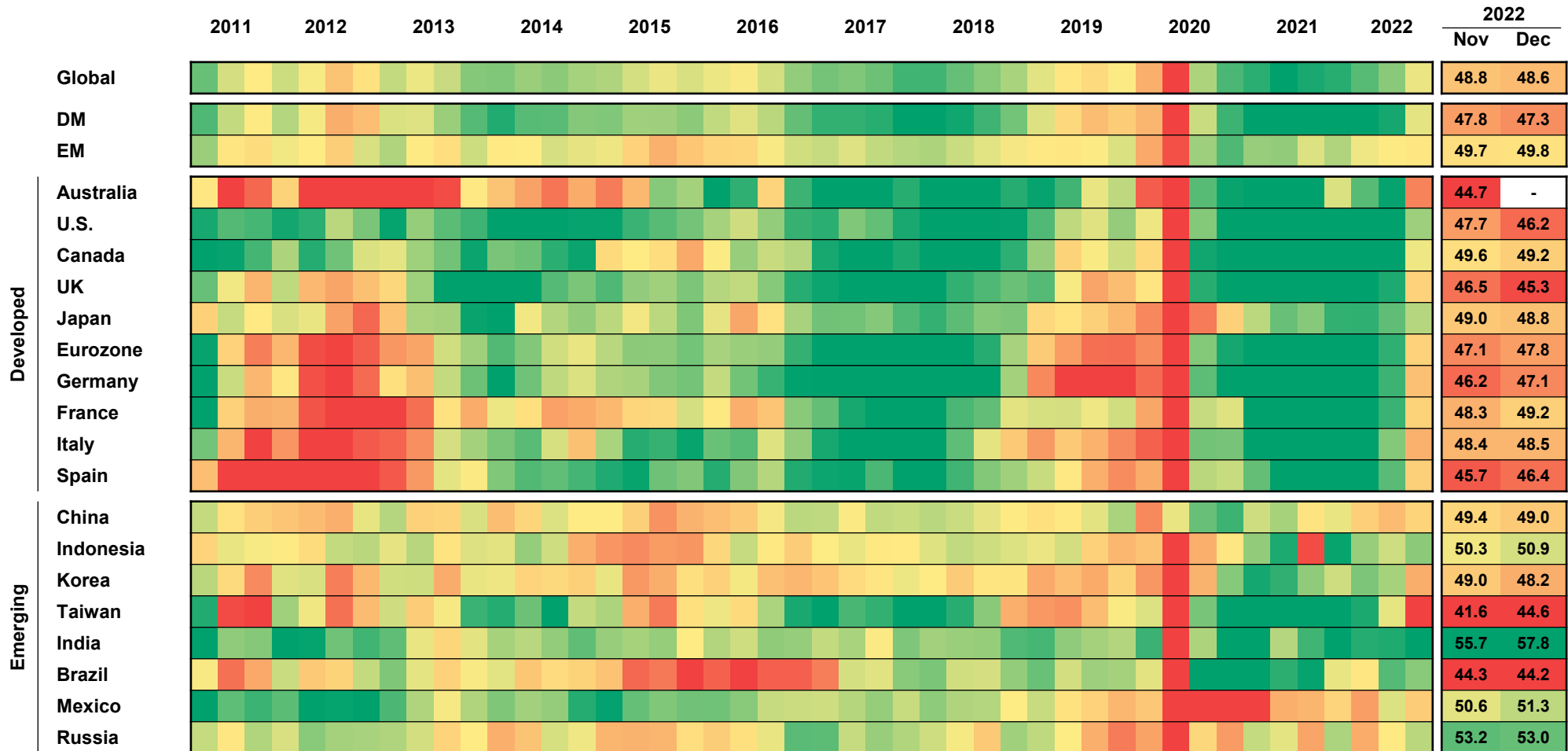


Source: Australian Bureau of Statistics, J.P. Morgan Asset Management; (Right) RPD CoreLogic.
 House price is the year-over-year change in the hedonic index for national dwelling prices. Past performance is not a reliable indicator of current and future results.
 Guide to the Markets – Australia. Data as of 31 December 2022.



Global manufacturing momentum

Global composite Purchasing Managers' Index, quarterly



Source: AIG, FactSet, Markit, J.P. Morgan Asset Management. Heatmap colours are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the time period shown. Heatmap is based on quarterly averages, with the exception of the two most recent figures, which are single month readings. Data for Canada, Indonesia and Mexico are back-tested and filled in from December 2008 to November 2010 for Canada and May 2011 for Indonesia and Mexico due to lack of existing PMI figures for these countries. DM and EM represent developed markets and emerging markets, respectively. *Guide to the Markets – Australia*. Data as of 31 December 2022.



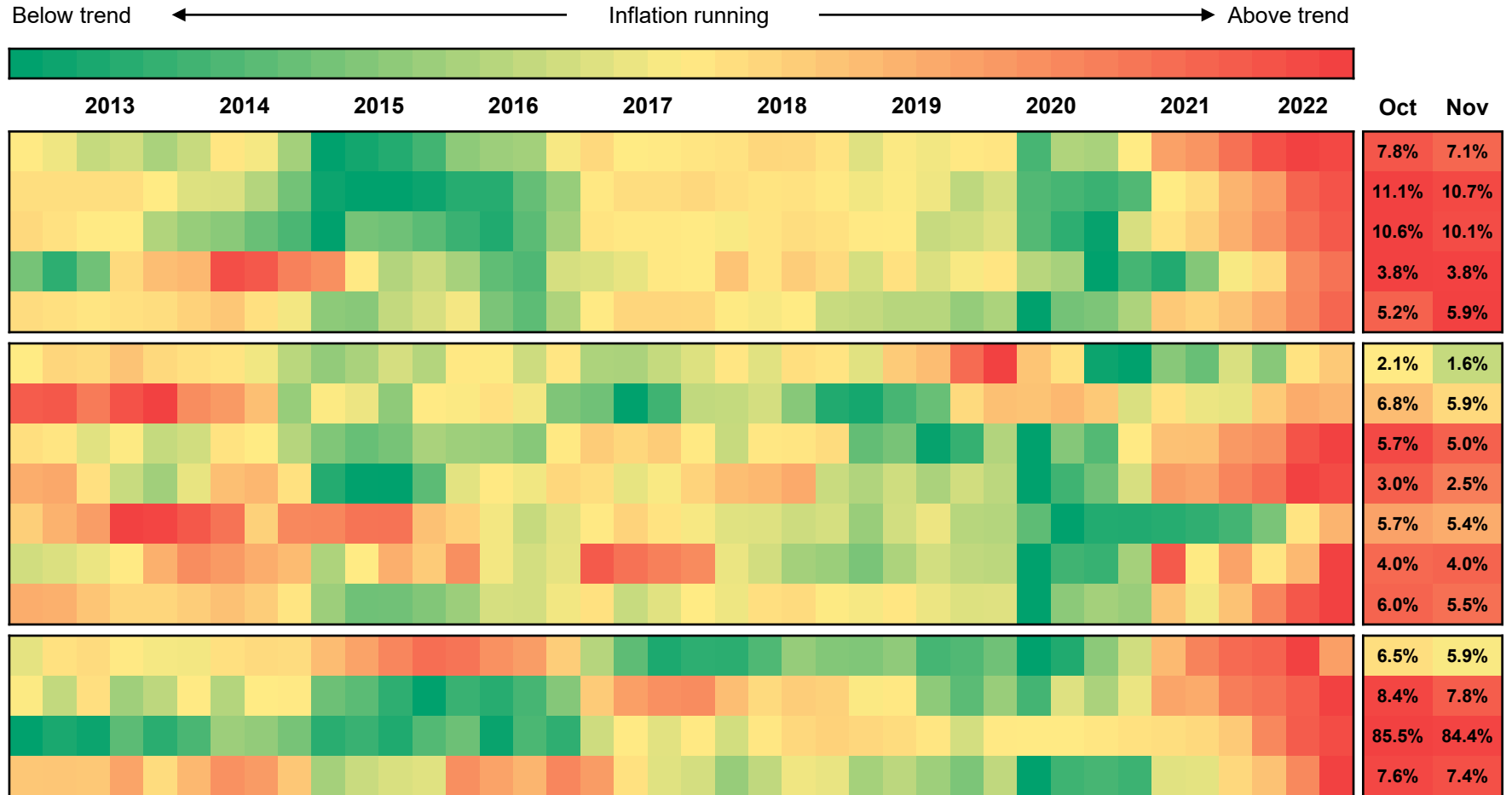
Global inflation heatmap

GTM AUS 18

Global economy

Headline consumer prices

Year-over-year, quarterly



Source: Department of Statistics Malaysia, DGBAS, Eurostat, FactSet, Goskomstat of Russia, IBGE, India Ministry of Statistics & Programme Implementation, INEGI, J.P. Morgan Economic Research, Korean National Statistical Office, Melbourne Institute, Ministry of Commerce Thailand, Ministry of Internal Affairs & Communications Japan, National Bureau of Statistics China, Office for National Statistics UK, Statistics Indonesia, Statistics Institute Turkey, Statistics South Africa, U.S. Department of Labor, J.P. Morgan Asset Management. Quarterly averages, with the exception of the two most recent figures, which are single month readings, are shown. Colours are based on z-score of year-over-year inflation rate relative to each country's own 10-year history where red (green) indicates inflation above (below) long-run trend. EM represents emerging markets.

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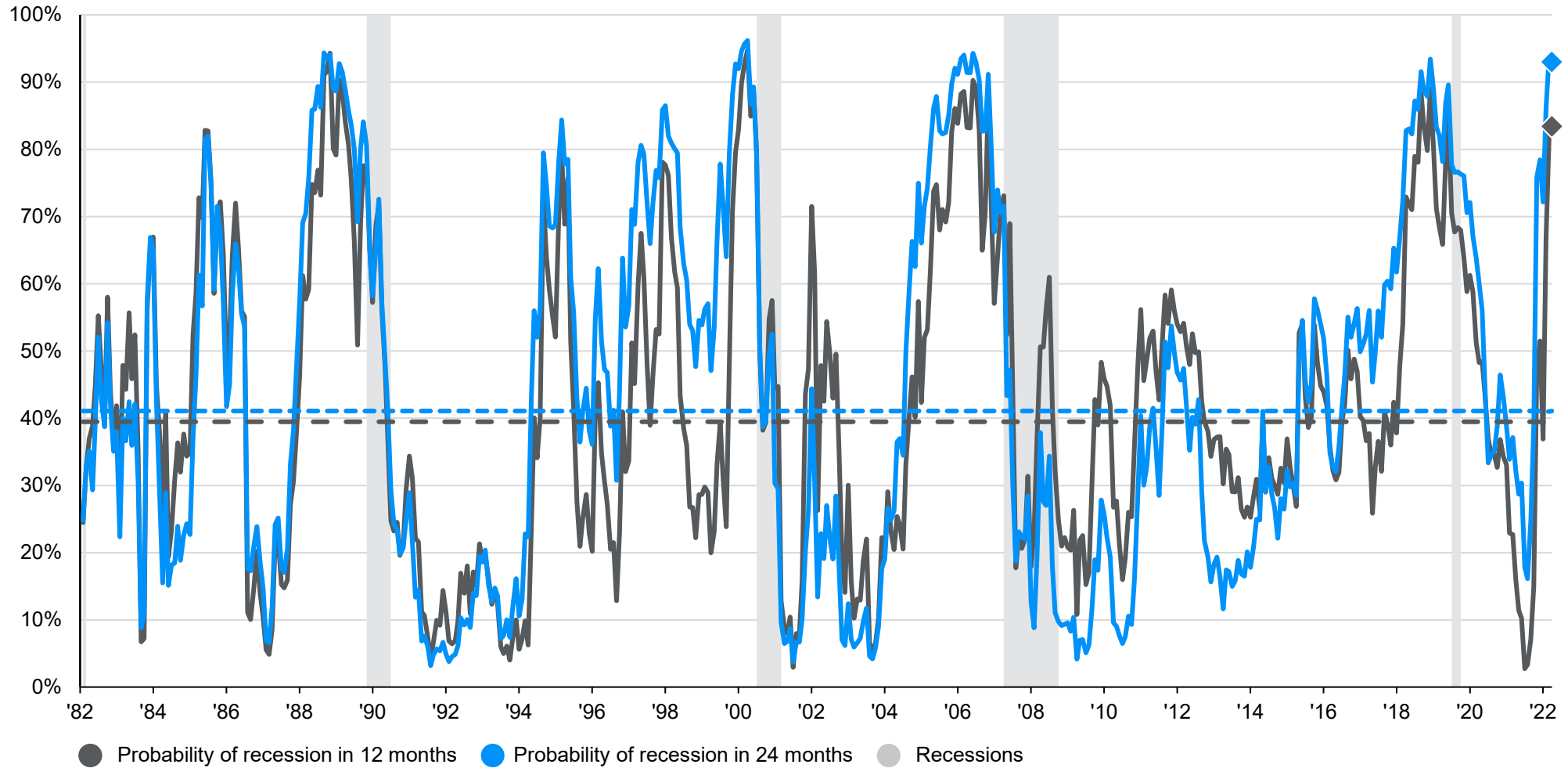


U.S.: Recession probability

GTM AUS 25

Global economy

Market implied probability of recession



Source: Bloomberg L.P., National Bureau of Economic Research (NBER), J.P. Morgan Asset Management. Recession probabilities derived from a logistic regression model with the U.S. 10 year – U.S. 2 year spread, U.S. 10 year – U.S. 3 month spread and Goldman Sachs Financial Conditions Index deviation from average as inputs. Dependent variable is the binary classification of whether there is a recession in the next 12 to 24 months using NBER's classification of U.S. recessions. *Guide to the Markets – Australia*. Data as of 31 December 2022.

J.P.Morgan
ASSET MANAGEMENT



World equity market returns

GTM AUS 36

Equities

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	4Q '22	10-years '13 - '22	
														Ann.	Vol.
AUD Local	Asia ex JP	21.2%	53.6%	24.3%	25.6%	13.2%	31.5%	6.2%	31.7%	14.2%	36.6%	-1.1%	13.2%	17.5%	Small Cap
	U.S.	19.7%	32.4%	13.7%	12.1%	13.2%	35.9%	-4.4%	31.5%	22.7%	28.7%	-1.1%	10.5%	12.6%	17.3%
	Australia	20.3%	47.4%	14.9%	14.0%	12.5%	27.5%	-2.3%	24.8%	9.2%	24.1%	-8.4%	9.4%	10.7%	Japan
	Japan	20.3%	54.4%	7.7%	1.4%	12.0%	31.0%	-7.3%	24.6%	9.2%	23.3%	-8.0%	9.4%	10.6%	15.6%
	Europe	18.4%	46.2%	8.7%	10.2%	12.1%	20.0%	-2.8%	24.0%	8.1%	19.0%	-8.7%	7.5%	10.4%	U.S.
	Portfolio	16.4%	22.3%	6.8%	10.2%	10.1%	20.0%	-2.8%	23.7%	19.5%	17.2%	-2.5%	7.5%	8.8%	14.8%
	EM	17.1%	30.7%	7.3%	9.8%	11.8%	17.2%	-4.2%	23.4%	7.9%	17.2%	-8.8%	7.4%	9.8%	Portfolio
	Portfolio	17.4%	21.9%	5.6%	5.4%	11.8%	22.2%	-16.0%	23.4%	18.4%	17.2%	-9.5%	3.3%	7.6%	14.4%
Portfolio	15.8%	20.2%	5.7%	8.4%	9.4%	16.9%	-4.6%	21.4%	4.2%	16.9%	-12.2%	7.4%	8.7%	Asia ex JP	
U.S.	14.6%	19.9%	5.6%	2.6%	6.3%	16.7%	-4.7%	19.4%	3.0%	7.3%	-13.5%	5.6%	8.4%	Australia	
U.S.	16.0%	6.2%	5.6%	2.6%	6.4%	19.1%	-9.7%	18.1%	7.4%	12.7%	-15.1%	8.3%	5.1%	14.0%	
Small Cap	6.6%	13.4%	3.1%	2.5%	4.0%	12.8%	-4.8%	19.1%	1.4%	3.8%	-13.9%	4.1%	6.2%	Europe	
Small Cap	6.6%	3.8%	5.2%	-5.3%	0.3%	21.8%	-10.0%	18.5%	1.4%	0.1%	-15.2%	6.7%	5.0%	13.1%	
Japan	6.2%	-0.8%	-3.8%	-3.9%	0.7%	11.8%	-8.7%	18.7%	-3.5%	1.4%	-18.4%	2.0%	5.1%	EM	
Small Cap	20.9%	-0.8%	-3.8%	-5.4%	7.9%	11.8%	-8.7%	18.2%	-1.7%	-2.8%	-18.4%	7.6%	5.1%	13.1%	

Source: FactSet, MSCI, Standard & Poor's, TOPIX, J.P. Morgan Asset Management. Annualised return (Ann.) and volatility (Vol.) covers the period 2012 to 2021. Volatility is based on local currency returns. Small Cap: S&P ASX Small Ordinaries; Asia ex JP: MSCI AC Asia ex Japan; EM: MSCI EM Index; Europe: MSCI Europe Index; Japan: TOPIX first section; Australia: ASX 200 Index; U.S.: S&P 500 Index. Hypothetical portfolio (for illustrative purposes only and should not be taken as a recommendation): 20% U.S.; 30% Australia; 15% EM; 15% Europe; 10% Japan; 10% small cap. All indices are total returns. Past performance is not a reliable indicator of current and future results.

Guide to the Markets – Australia. Data as of 31 December 2022.

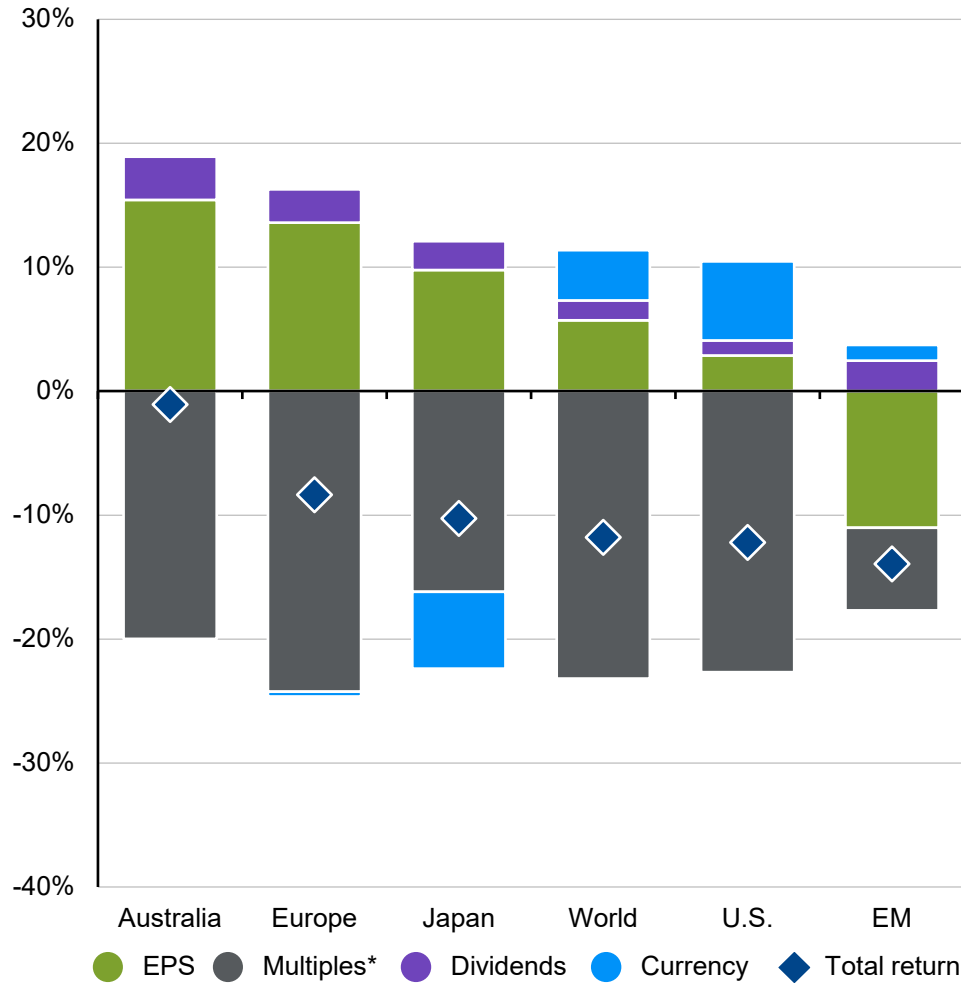


Global equities: Source of return and valuations

Equities

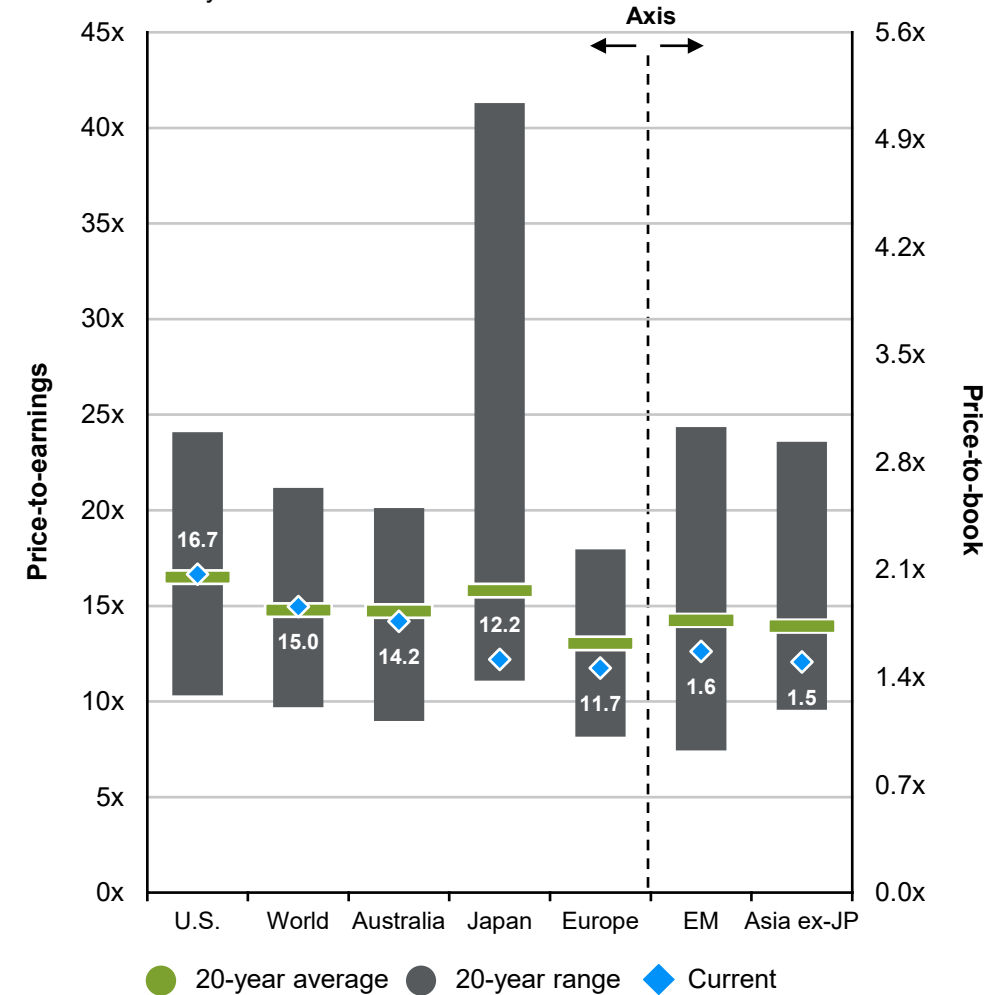
Source of return

2022, AUD



Global valuations

Current and 20-year historical valuations*



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.
 All return values are MSCI indices except the U.S. and Australia, which are the S&P 500 and ASX 200, respectively. *Multiple expansion is based on the forward P/E ratio and EPS growth outlook is based on NTMA earnings estimates. Chart is for illustrative purposes only. Past performance is not indicative of future results.
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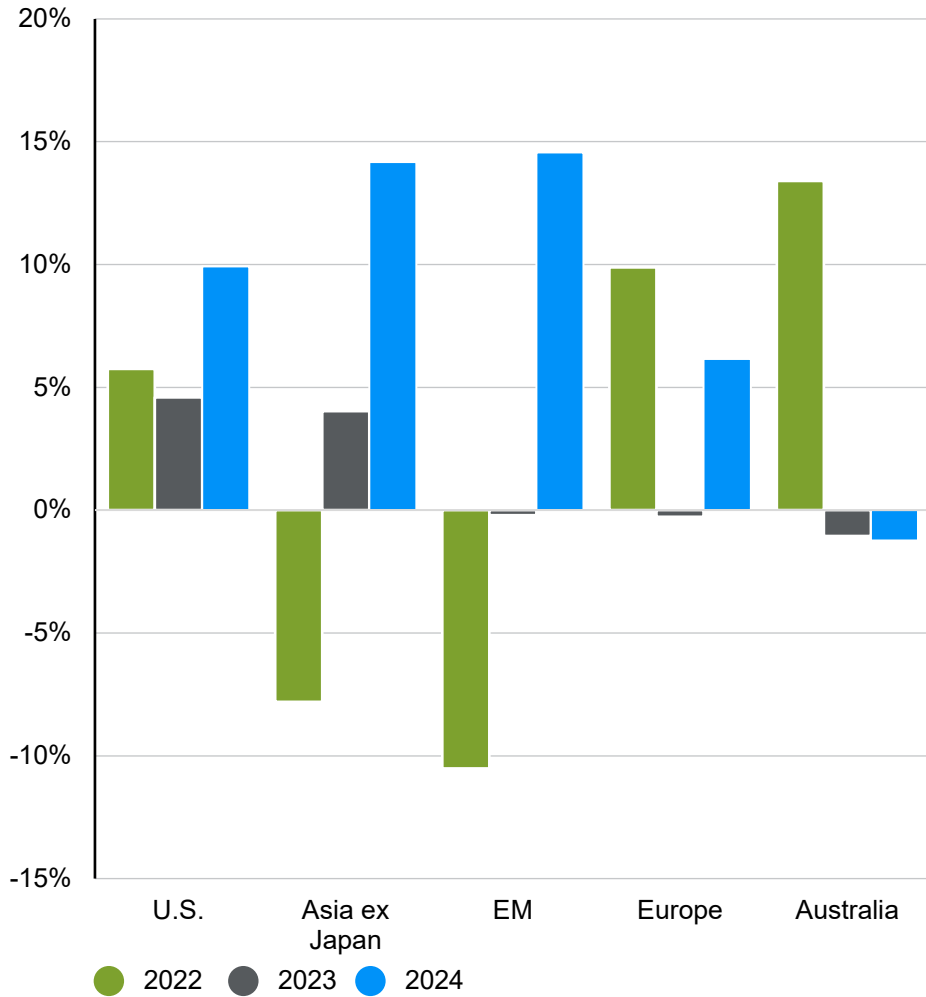


Global equities: Earnings and revisions

Equities

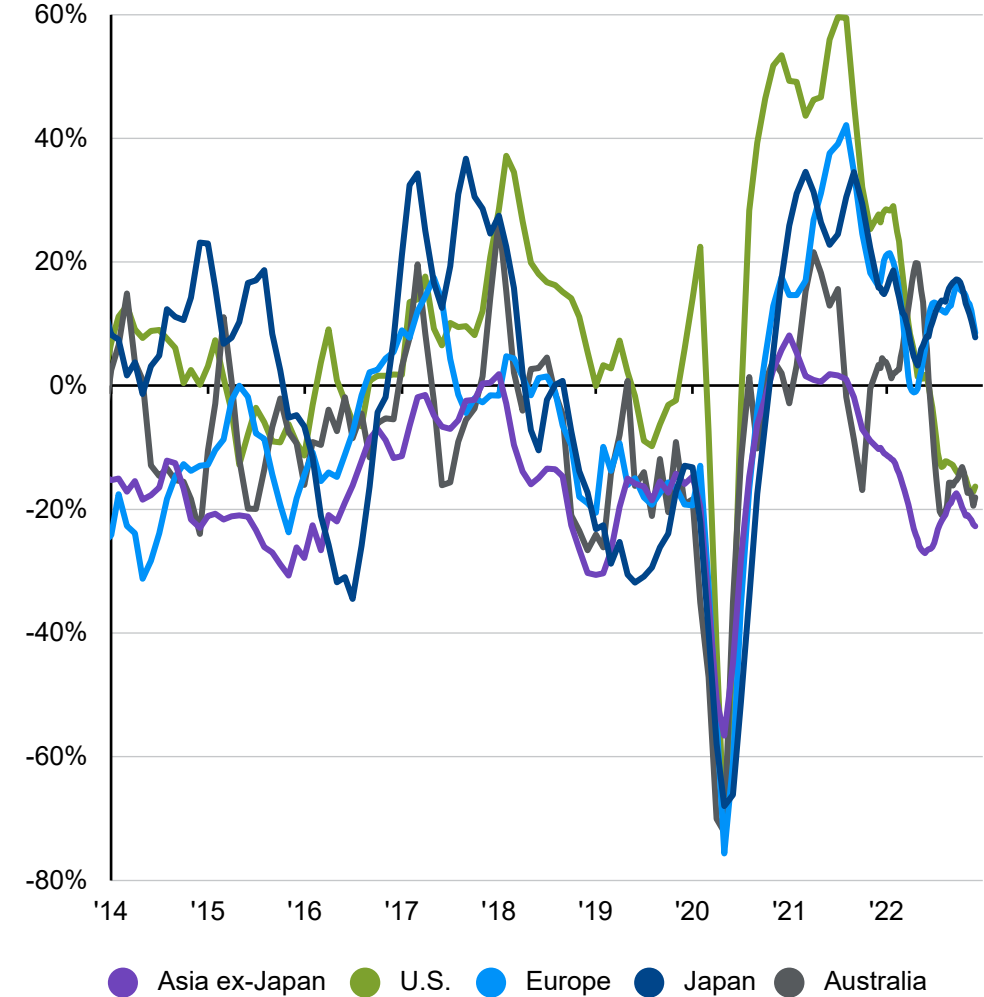
Earnings growth

Earnings per share, year-over-year



Earnings revision ratios

12-week moving average



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. Guide to the Markets – Australia. Data as of 31 December 2022.



Fixed income sector returns

GTM | AUS | 50

Fixed income

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	4Q '22	Ten-yr Ann.
AUD	13.5%	17.8%	25.3%	16.0%	14.2%	15.3%	5.1%	12.2%	14.6%	5.3%	12.5%	-3.6%	1.9%	7.7%
Local	U.S. TIPS 13.6%	Global HY 18.8%	Global HY 7.1%	U.S. MBS 6.1%	U.S. MBS 1.5%	Global HY 15.9%	Aus IG 5.1%	U.S. MBS 1.0%	EM Debt 14.4%	Aus IG 5.3%	U.S. TIPS 6.0%	U.S. TIPS -11.8%	EM Debt 7.4%	Global HY 3.7%
	13.4%	17.1%	16.4%	15.4%	13.9%	10.7%	3.5%	12.1%	13.9%	4.1%	7.6%	-5.5%	1.4%	5.8%
	Aus Gov 13.4%	EM Debt 18.5%	Global IG 0.3%	EM Debt 5.5%	EM Debt 1.2%	EM Debt 10.2%	Aus Gov 3.5%	U.S. Treas. 0.9%	Global HY 14.0%	Aus Gov 4.1%	Global HY 2.9%	U.S. MBS -11.8%	Global HY 5.0%	EM Debt 1.3%
	9.8%	9.9%	14.4%	14.8%	13.4%	5.6%	2.0%	9.7%	11.7%	1.1%	5.0%	-6.2%	1.1%	5.7%
	U.S. Treas. 9.8%	Aus IG 9.9%	U.S. MBS -1.4%	U.S. Treas. 5.1%	U.S. Treas. 0.8%	Portfolio 5.4%	Global HY 7.6%	U.S. TIPS -1.3%	Global IG 11.5%	U.S. TIPS 11.0%	U.S. MBS -1.0%	U.S. Treas. -12.5%	Aus IG 1.1%	U.S. TIPS 1.1%
	9.1%	9.8%	12.9%	13.3%	10.9%	5.2%	1.2%	7.4%	9.5%	0.8%	4.5%	-6.7%	0.2%	5.3%
	Aus IG 9.1%	Global IG 11.2%	U.S. Treas. -2.7%	U.S. TIPS 3.6%	U.S. TIPS -1.4%	U.S. TIPS 4.7%	EM Debt 9.3%	Global HY -2.4%	Portfolio 9.2%	Portfolio 6.1%	EM Debt -1.5%	Aus IG -6.7%	Aus Gov 0.2%	Global IG 0.9%
	8.9%	8.7%	9.9%	12.8%	8.5%	4.8%	1.0%	7.2%	8.6%	0.5%	3.7%	-7.0%	-0.1%	5.1%
	Portfolio 8.6%	Portfolio 9.3%	Portfolio 0.3%	Global IG 3.1%	Global IG -3.6%	Global IG 4.3%	Global IG 9.1%	Portfolio 0.7%	U.S. TIPS 8.4%	Global IG 10.4%	U.S. Treas. -2.3%	Global HY -11.8%	Global IG 5.4%	U.S. MBS 0.7%
	8.4%	5.6%	8.4%	11.7%	7.8%	3.8%	0.9%	7.1%	7.8%	-1.6%	3.1%	-8.1%	-0.4%	5.0%
	EM Debt 8.5%	U.S. TIPS 7.0%	EM Debt -6.6%	Portfolio 6.0%	Global HY -2.1%	Aus IG 3.8%	Portfolio 5.1%	Global IG -3.6%	Aus Gov 7.8%	Global HY 6.3%	Global IG -2.9%	Portfolio -11.1%	Portfolio 2.5%	U.S. Treas. 0.6%
	6.2%	5.5%	6.1%	10.3%	7.7%	2.5%	-4.6%	6.0%	7.1%	-1.6%	2.3%	-10.2%	-3.2%	4.6%
	U.S. MBS 6.2%	Aus Gov 5.5%	U.S. TIPS -8.6%	Aus Gov 10.3%	Portfolio 0.5%	Aus Gov 2.5%	U.S. TIPS 3.0%	EM Debt -4.6%	Aus IG 7.1%	U.S. Treas. 8.0%	Portfolio -1.1%	Aus Gov -10.2%	U.S. MBS 2.1%	Portfolio 2.0%
	4.3%	1.3%	4.3%	9.2%	3.0%	2.2%	-5.1%	5.1%	7.0%	-3.5%	-1.6%	-10.4%	-3.3%	3.1%
	Global IG 4.3%	U.S. MBS 2.6%	Aus IG 4.3%	Global HY 2.5%	Aus IG 3.0%	U.S. MBS 1.7%	U.S. MBS 2.5%	Aus Gov 5.1%	U.S. Treas. 6.9%	EM Debt 5.9%	Aus IG -1.6%	EM Debt -16.5%	U.S. TIPS 2.0%	Aus IG 3.1%
	2.6%	0.7%	0.3%	8.1%	2.3%	1.5%	-5.3%	3.9%	6.5%	-5.4%	-3.1%	-10.7%	-4.5%	2.1%
	Global HY 3.1%	U.S. Treas. 2.0%	Aus Gov 0.3%	Aus IG 8.1%	Aus Gov 2.3%	U.S. Treas. 1.0%	U.S. Treas. 2.3%	Aus IG 3.9%	U.S. MBS 6.4%	U.S. MBS 3.9%	Aus Gov -3.1%	Global IG -16.7%	U.S. Treas. 0.7%	Aus Gov 2.1%

Source: Barclays, Bloomberg Finance L.P., FactSet, ICE BofA, J.P. Morgan Asset Management. Aus Gov: AusBond Treasury (0+Y); U.S. Treas.: Barclays U.S. Aggregate Government – Treasury; Global IG: Barclays Global Aggregate – Corporate – Investment Grade; Aus IG: Bloomberg AusBond Credit (0+Y); Global HY: BoA/ML Global High Yield; EM Debt: J.P. Morgan EMBI Global; U.S. TIPS: Bloomberg Barclays U.S. Treasury Inflation-Protected Securities (TIPS); U.S. MBS: Bloomberg Barclays U.S. Aggregate Securitised – MBS. Hypothetical portfolio (for illustrative purposes only and should not be taken as a recommendation): 25% Aus Gov, 15% Aus IG, 10% Global IG, 15% Global HY, 10% EM Debt, 15% U.S. Treas., 5% U.S. TIPS, 5% U.S. MBS. Past performance is not a reliable indicator of current and future results. Guide to the Markets – Australia. Data as of 31 December 2022.

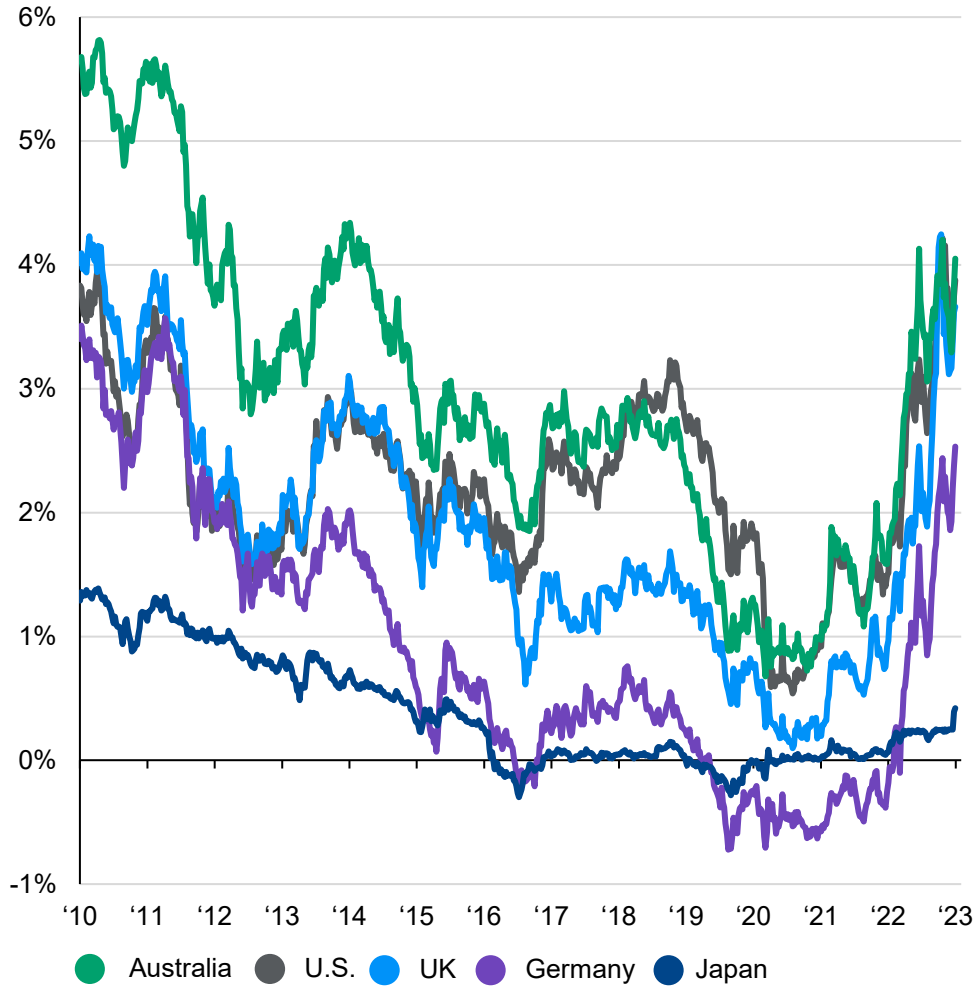


Government bond yields and inflation expectations

Fixed income

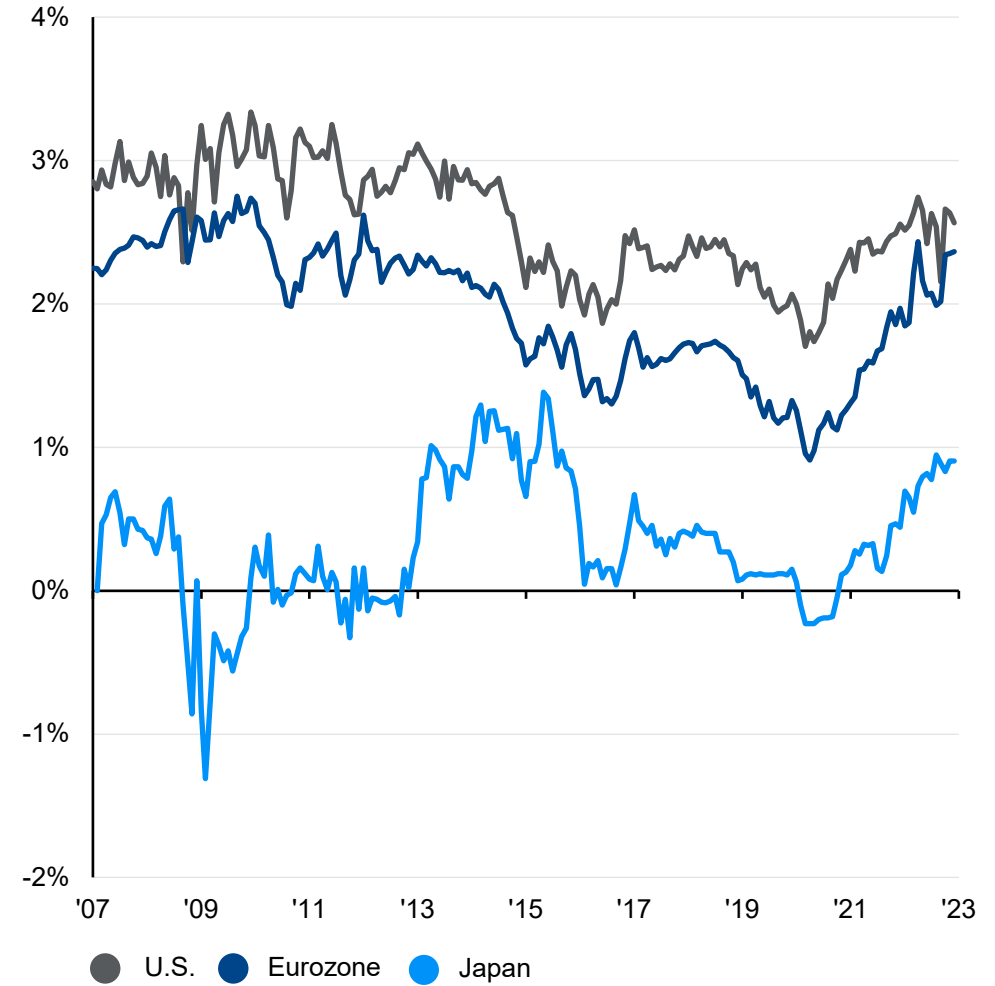
Government bond yields

10-year bond yield



Inflation expectations

5-year 5-year inflation swap rate



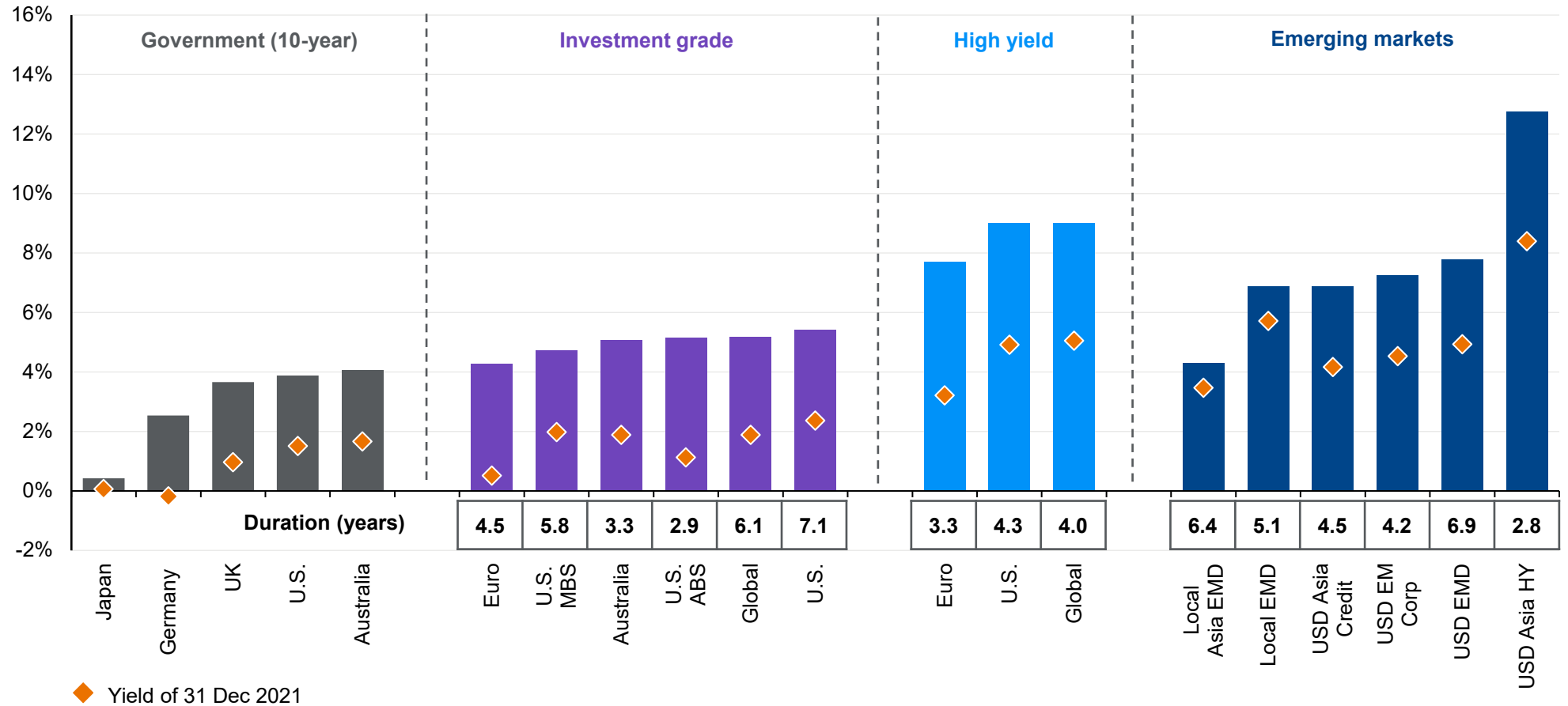
Source: J.P. Morgan Asset Management; (Left) FactSet, Tullett Prebon; (Right) Bloomberg Finance LP. Guide to the Markets – Australia. Data as of 31 December 2022.



Fixed income yields

Fixed income

Nominal yields



Source: Barclays, Bloomberg Finance L.P., FactSet, ICE BofA, J.P. Morgan Asset Management. Euro IG: Bloomberg Barclays Euro-Aggregate – Corporate; Global IG: Bloomberg Barclays Global Aggregate – Corporate; Aus IG: Bloomberg AusBond Credit (0+Y); U.S. IG: Bloomberg Barclays U.S. Aggregate Corporate. Euro HY: ICE BofA Euro Developed Markets Non-Financial High Yield Constrained Index; Global HY: ICE BofA Global High Yield; U.S. HY: ICE BofA U.S. High Yield Constrained Index; USD EM Corp: CEMBI Broad Diversified; Local EMD: GBI-EM Global Diversified; USD EMD EMBI Global; USD Asia Credit: JPM Asia Credit; Local Asia EMD: JPM JADE; USD Asia HY: JPM Asia HY. Past performance is not a reliable indicator of current and future results. *Guide to the Markets – Australia*. Data as of 31 December 2022.

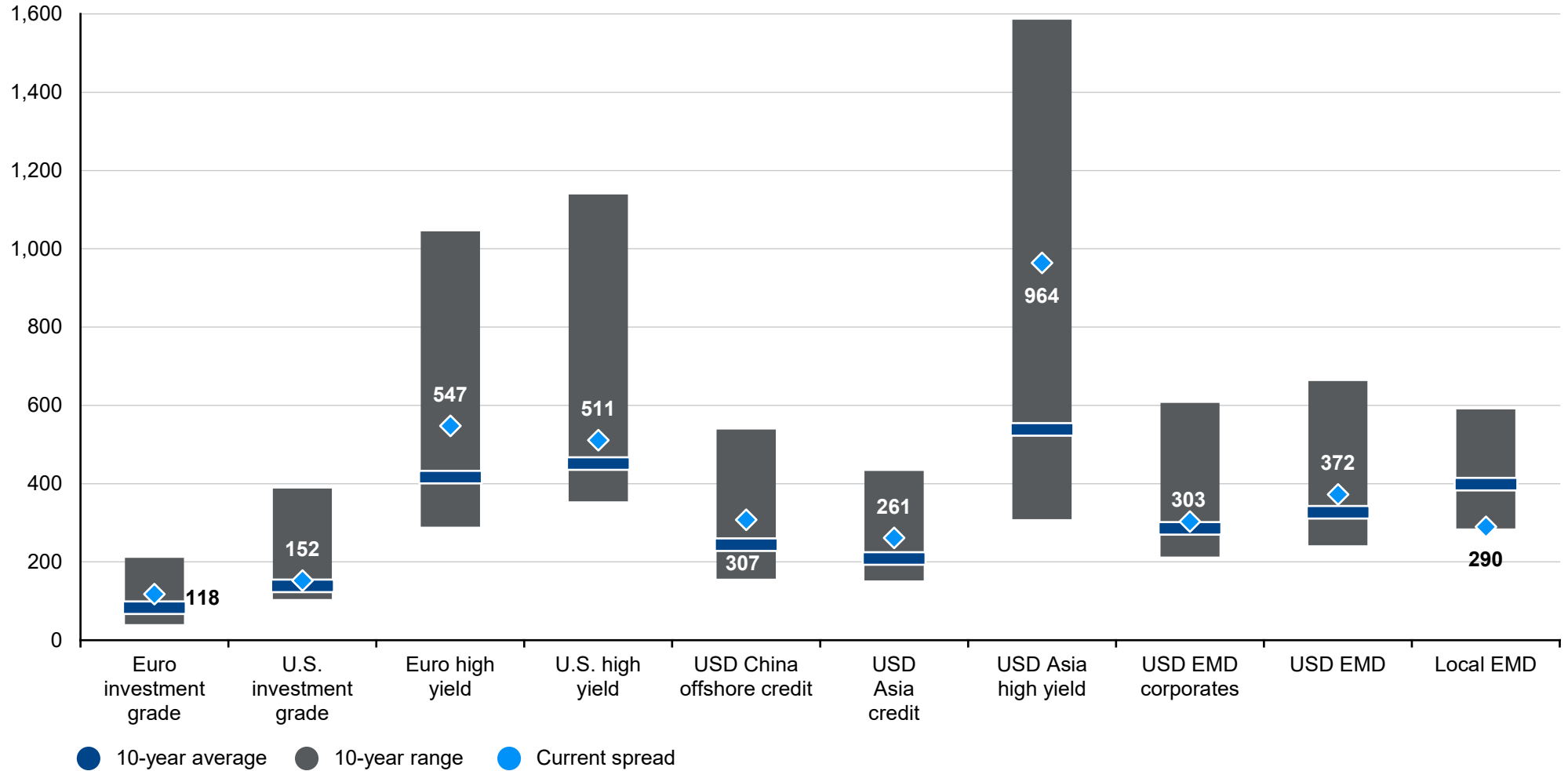


Fixed income valuations

Fixed income

Spreads across fixed income sub-sectors

Basis points



Source: iBoxx, ICE BofA, J.P. Morgan Economics Research, J.P. Morgan Asset Management. J.P. Morgan Domestic High Yield Index (*U.S. high yield*), J.P. Morgan U.S. Liquid Index (JULI) (*U.S. investment grade*), J.P. Morgan Euro High Yield Index (*Euro high yield*), iBoxx EUR corporates (*Euro investment grade*), J.P. Morgan Asia Credit Index (JACI) (*USD Asia credit*), J.P. Morgan Asia Credit China Index (*USD China offshore credit*), J.P. Morgan Asia Credit High Yield Index (*USD Asia high yield*), J.P. Morgan EMBI Global (*EMD USD*), J.P. Morgan Corporate Emerging Markets Bond Index – CEMBI (*USD EMD corporates*), J.P. Morgan GBI-EM Global (*Local EMD*). Positive yield does not imply positive return. Past performance is not a reliable indicator of current and future results. *Guide to the Markets – Australia*. Data as of 31 December 2022.

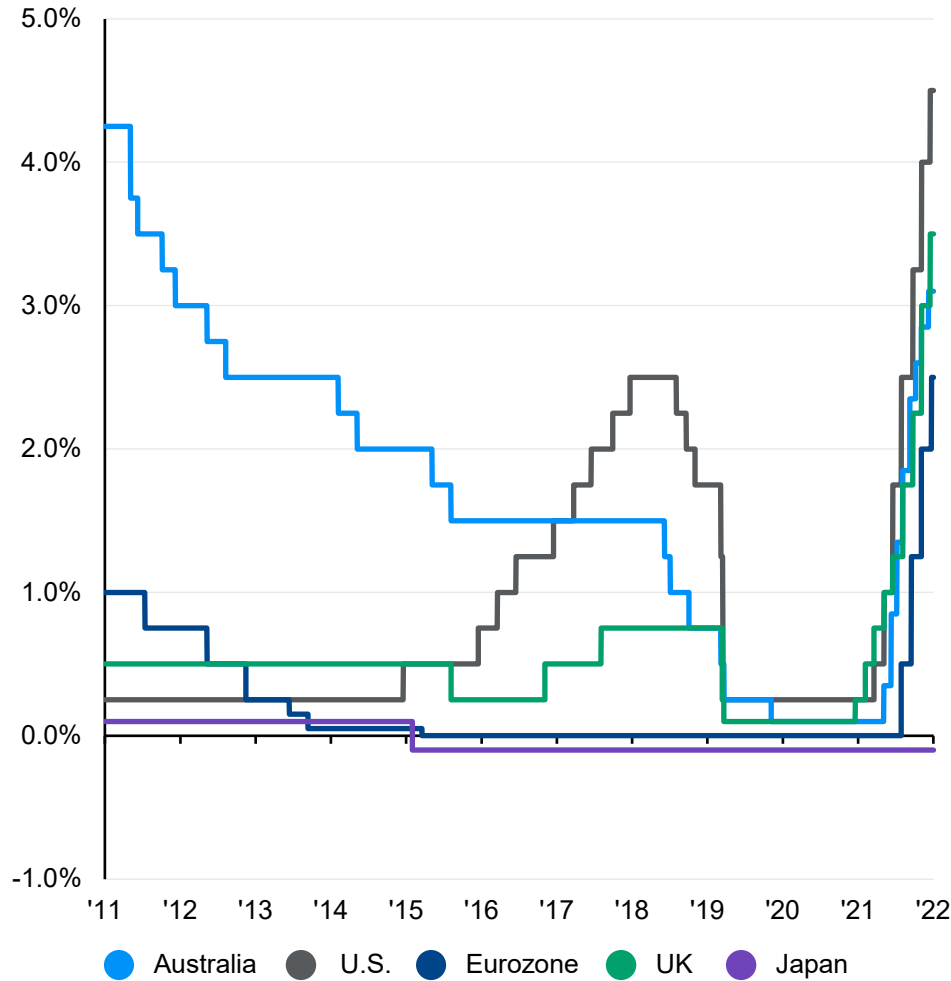


Central bank policy rates

Fixed income

Central bank key policy rates

Target rates



Market expectations for central bank policy rates

Expected rate by 31 March 2023



Source: J.P. Morgan Asset Management; (Left) Bank of Japan, European Central Bank, FactSet, Reserve Bank of Australia, U.S. Federal Reserve; (Right) Bloomberg L.P.
 Past performance is not a reliable indicator of current and future results.
 Guide to the Markets – Australia. Data as of 31 December 2022.



Energy prices

Other asset classes

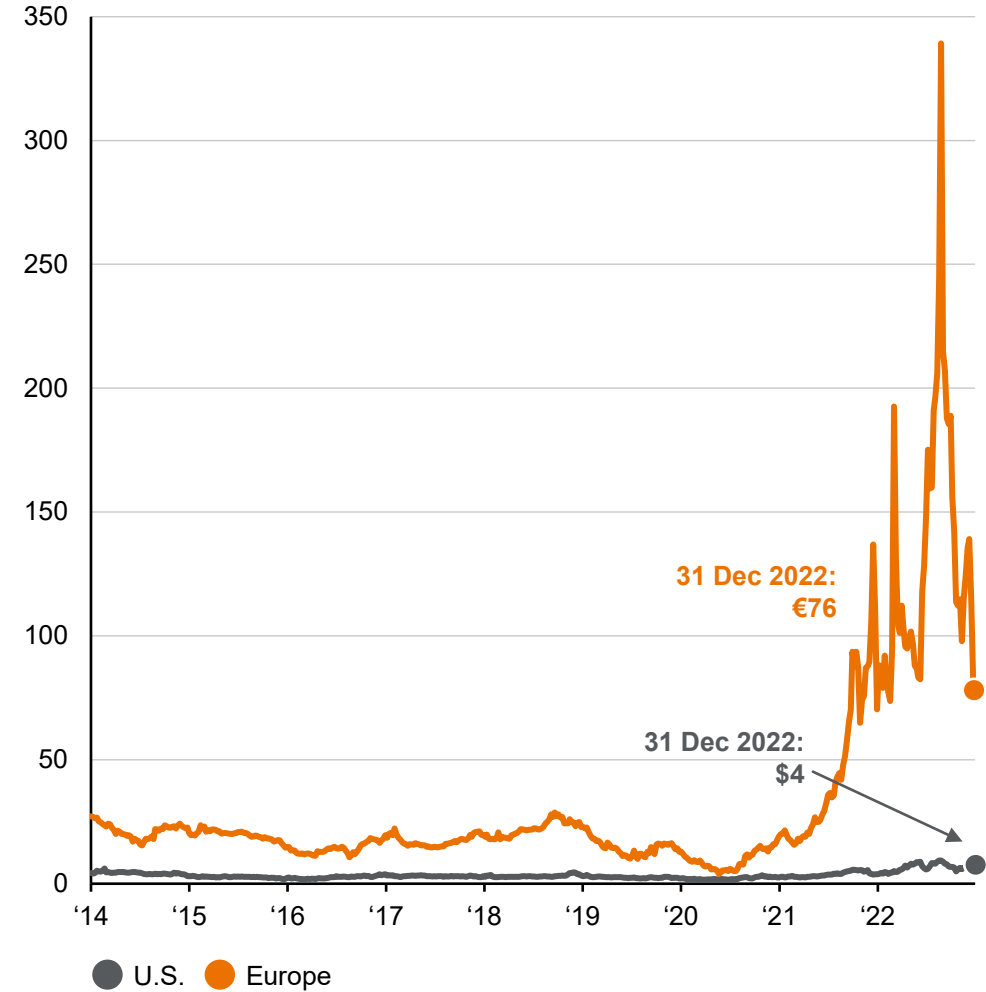
Price of oil

Brent crude, USD/barrel



Natural gas prices

EUR per MWh / USD per Mmbtu



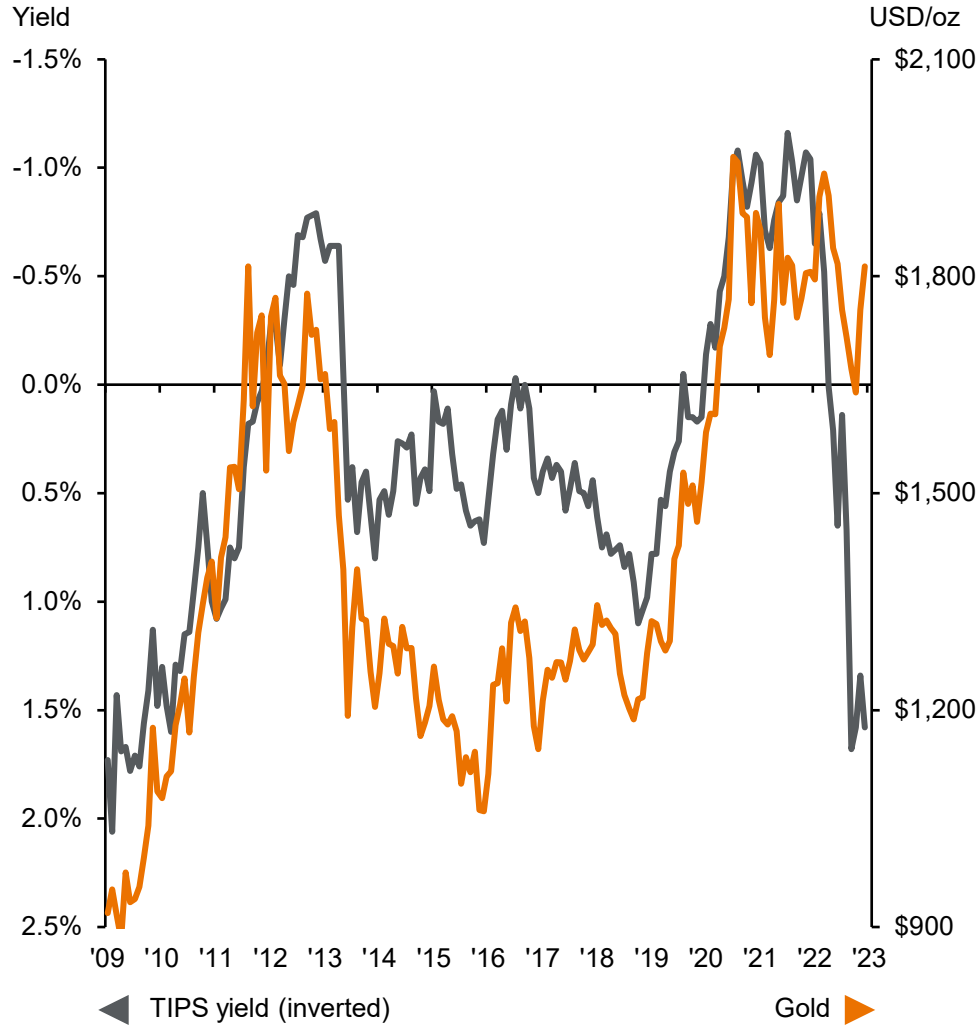
Source: FactSet, ICE, Nymex, J.P. Morgan Asset Management. Past performance is not a reliable indicator of current and future results. Guide to the Markets – Australia. Data as of 31 December 2022.



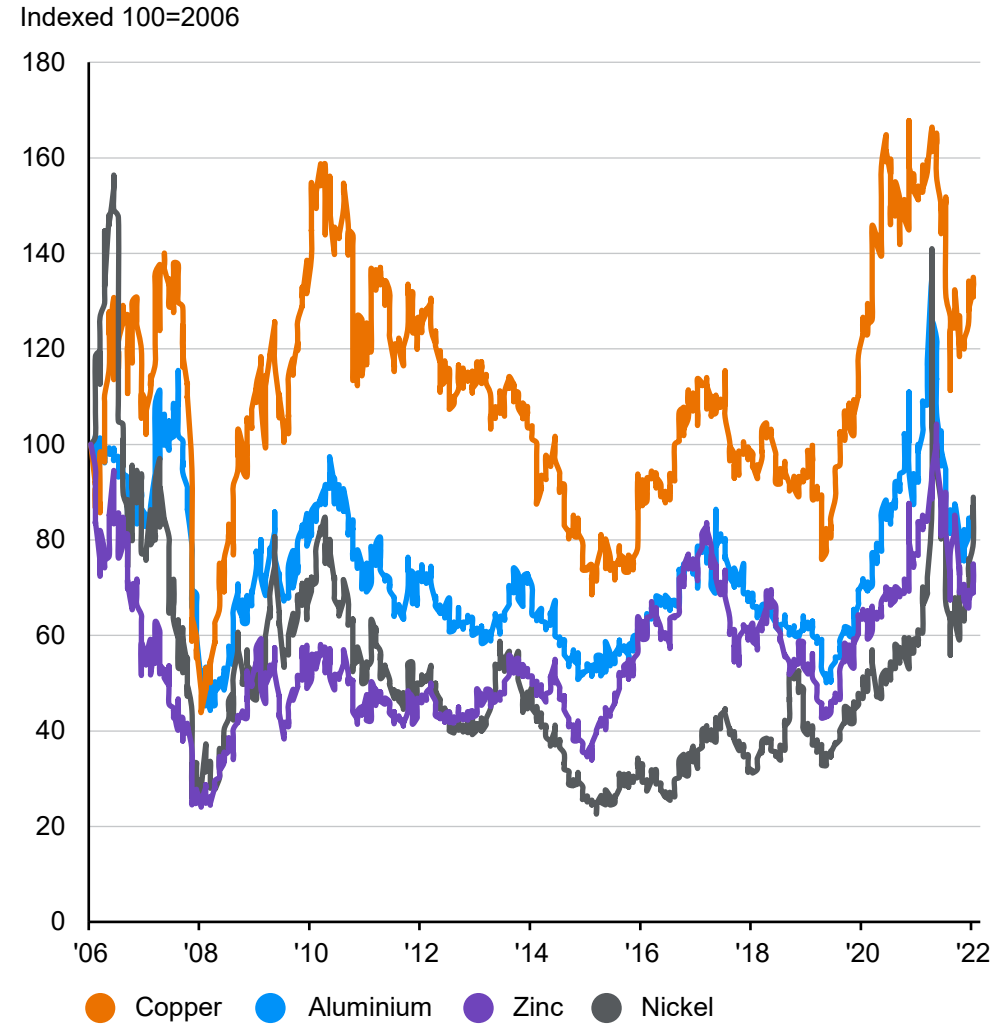
Metals

Other asset classes

Gold and real rates



Metals prices



Source: FactSet, J.P. Morgan Asset Management; (Left) U.S. Federal Reserve; (Right) London Metals Exchange. Past performance is not a reliable indicator of current and future results.
 Guide to the Markets – Australia. Data as of 31 December 2022.

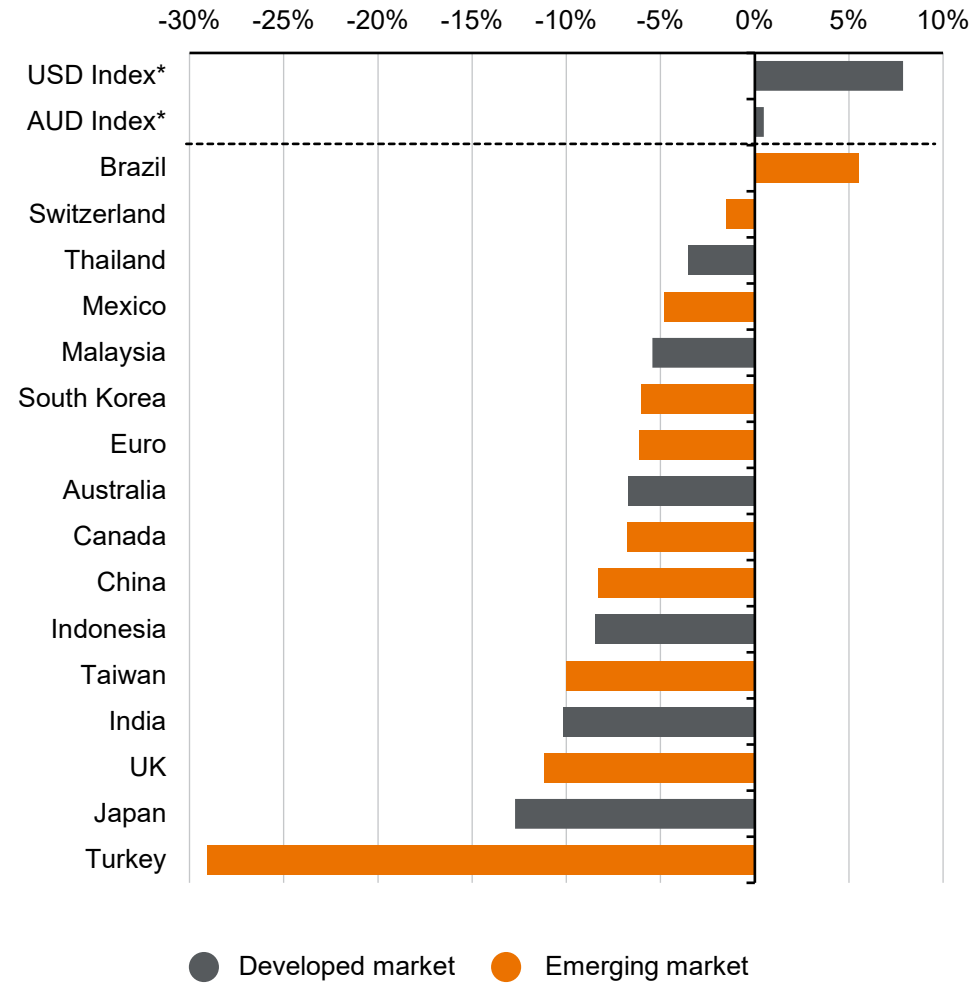


Global currencies

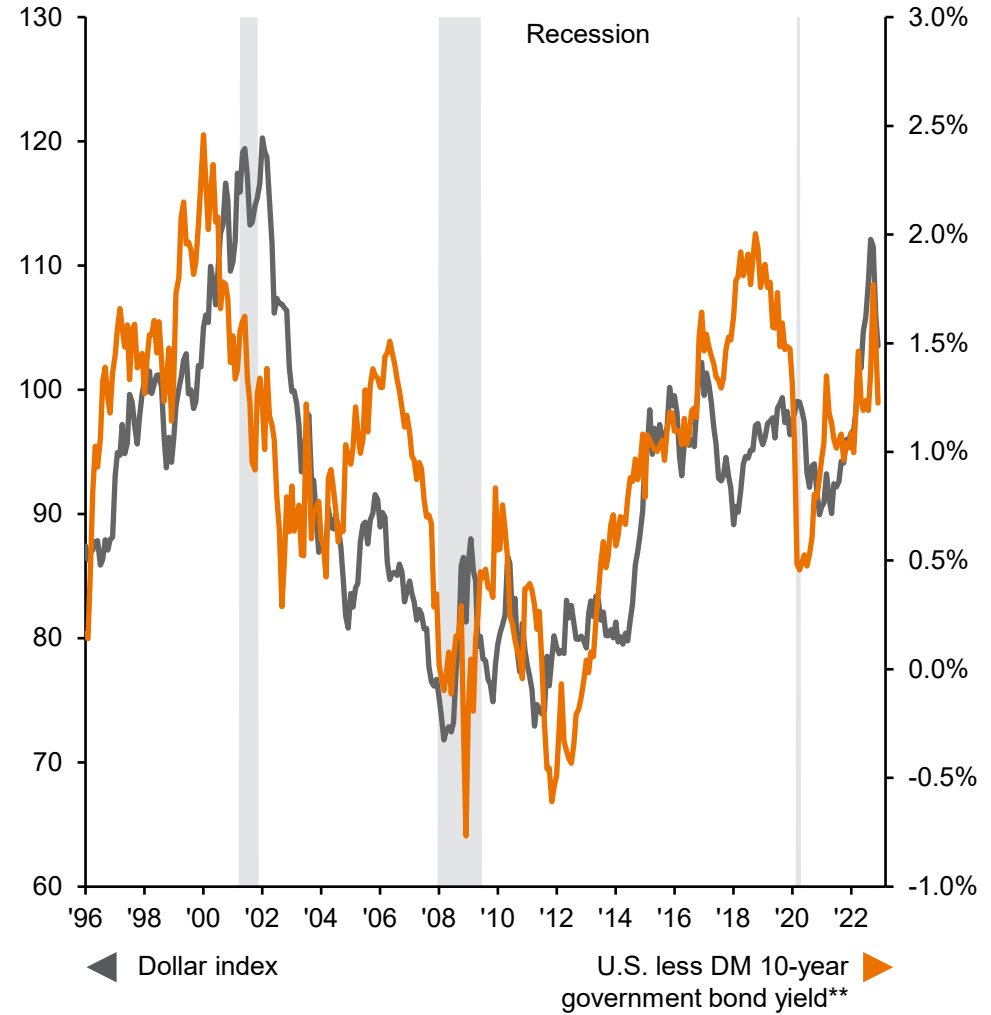
Other asset classes

Currency movements

2022, vs USD



U.S. dollar index and interest rates differential



Source: FactSet, WM/Reuters, J.P. Morgan Asset Management; (Left) Reserve Bank of Australia; (Right) OECD.

*USD and AUD Index shows performance vs a basket of trading partners. **DM is developed markets and the yield is a GDP-weighted average of the 10-year government bond yields of Australia, Canada, France, Germany, Italy, Japan, Switzerland and the UK. Past performance is not a reliable indicator of current and future results.

Guide to the Markets – Australia. Data as of 31 December 2022.



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Material ID: 0903c02a82674e7f