

Global Macro Outlook

Bubbly Dynamics

Fidelity Multi Asset
Global Macro and Strategic Asset Allocation Team
October 2025



Glossary

AI	Artificial intelligence	FOMC	Federal Open Market Committee
APxJ	Asia-Pacific ex-Japan	FX	Foreign exchange
AT1	Additional Tier 1 bonds	GDP	Gross domestic product
B/S	Balance sheet	HICP	Harmonised Index of Consumer Prices
BOE	Bank of England	HY	High yield
BOJ	Bank of Japan	IG	Investment grade
CBO	Congressional Budget Office	IT	Information technology
CH-AI	China Activity Indicator	JCB	Japanese government bonds
CPI	Consumer Price Index	LATAM	Latin America
DM	Developed market	MENA	Middle East and North Africa
EA	Eurozone area	MOM	Month-on-month
EC	European Commission	OECD	The Organisation for Economic Co-operation and Development
ECB	European Central Bank	P/E	Price-to-earnings
EM	Emerging market	PBOC	People's Bank of China
EMD	Emerging market debt	PCE	Personal consumption expenditures
EMEA	Europe, the Middle East and Africa	PMI	Purchasing Managers' Index
EV	Electric vehicle	PPI	Purchase Price Index
FCI	Financial condition index	VIX	CBOE Volatility Index
Fed	US Federal Reserve	YCC	Yield curve control
FI	Fixed income	YOY	Year-on-year
FLI	Fidelity Leading Indicator		

Global Macro Outlook

Bubbly Dynamics

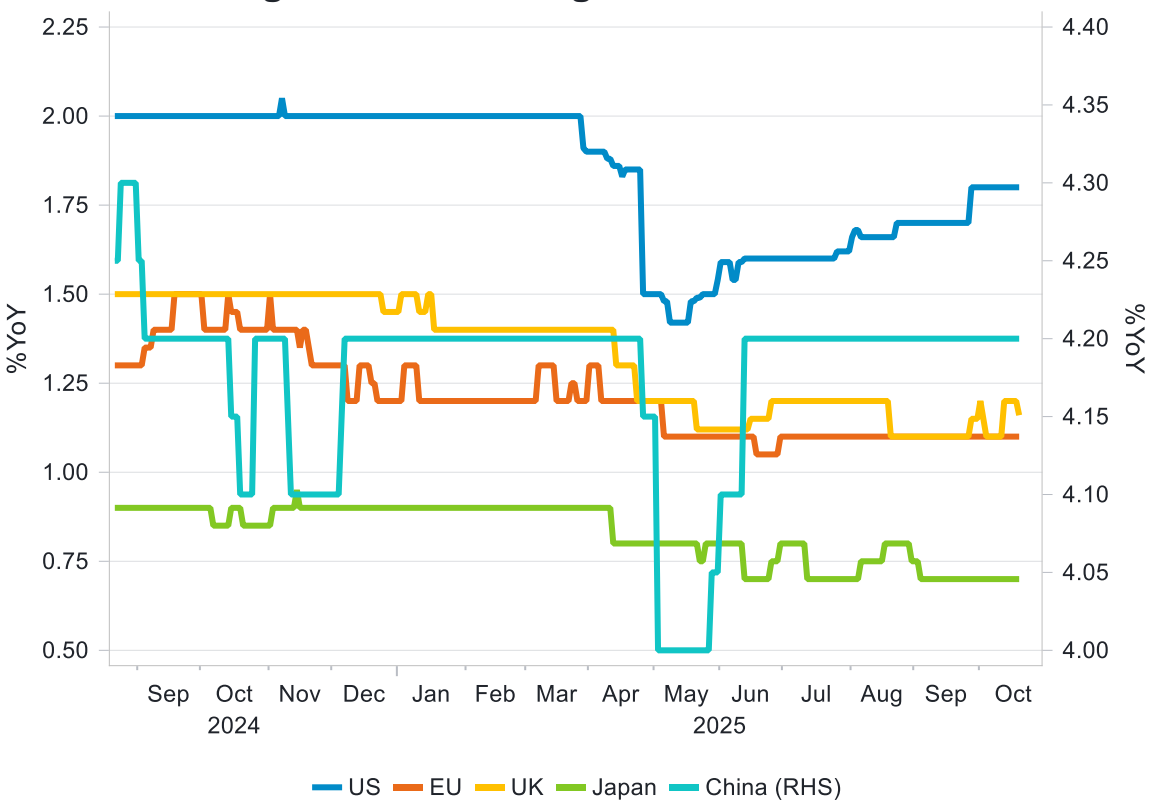
- **US economic dichotomy persists:** another upward revision to H1 GDP lifts the outlook on an already impressive tracking of third-quarter data. **A more balanced growth, flanked by both resilient consumer spending and strong investments reduce concerns around a sharp slowdown.** However, labour markets continue to tread along a fine balance with stall speed hiring in the economy, keeping **downside risks elevated**. With policy uncertainty still high and impending inflationary pressures from tariffs looming, **near-term growth risks remain tilted to the down-side**.
- **Fed to proceed with another ‘insurance cut’ in a no risk-free path:** the official data impasse due to the government shutdown builds the case for the Fed to **deliver another rate cut in October as risks remain skewed towards the labour market and policy is still ‘modestly restrictive’**. The evolution of data remains critical for the pace of future rate cuts, and we remain watchful for any hawkish surprises in the near-term as seven members see no further cuts this year. Over the next year, we expect a more dovish shift, under new Fed leadership, alongside a rotation of more dovish alternative voters.
- **US Equity Market Bubble Watch:** the parallels with the late-90s are increasingly striking as soaring Big Tech CAPEX, loose financial conditions and unprecedented market concentration propel valuations higher. On the other hand, healthier corporate balance sheets, persistent fiscal deficits that have pushed profit margins higher, and a genuine post-Covid productivity revival **reduce the risks of a balance sheet induced slow-down**.
- **ECB to cut once more this year:** Underlying growth in the Euro area **continues to chug along at a soft pace**, with downside risks despite recent resilience. While German fiscal efforts provide a boost to growth prospects, tariff headwinds are likely to weigh on the near-term growth outlook with French political uncertainty also having a negative effect. **Risks to inflation remain skewed to the downside** due to a stronger euro and excess goods from East Asia reorientating to the Single Market, with latest wage tracker data justifying our evaluation of the downside risks. **We maintain a more dovish view regarding ECB monetary policy than markets**, expecting that rates have not hit their trough and believe that the ECB will engage in further easing.
- **China growth stabilisation more credible post-deal:** The renewed US-China escalation may cloud the short-term outlook on external demand, but market still awaits the potential Trump-Xi meeting for guidance. Domestic growth improved after fiscal support while exports remain resilient. We maintain our view that the government targets **Controlled Stabilisation (growth ~4.5%) through reactive, incremental policy rather than aggressive support. Fiscal easing has pivoted into more targeted easing for households**. More fiscal easing could be forthcoming in Q4 if downside pressures mount.
- **TAA views:** Downside tail risks have reduced, but with much good news already priced in, selectivity remains important. **We are overweight equities, neutral government bonds, and cautious on credit**. We prefer emerging market equities as well as EM local currency government bonds, and high yield bonds.

Source: Fidelity International, October 2025.

Global growth and inflation consensus forecasts for 2026

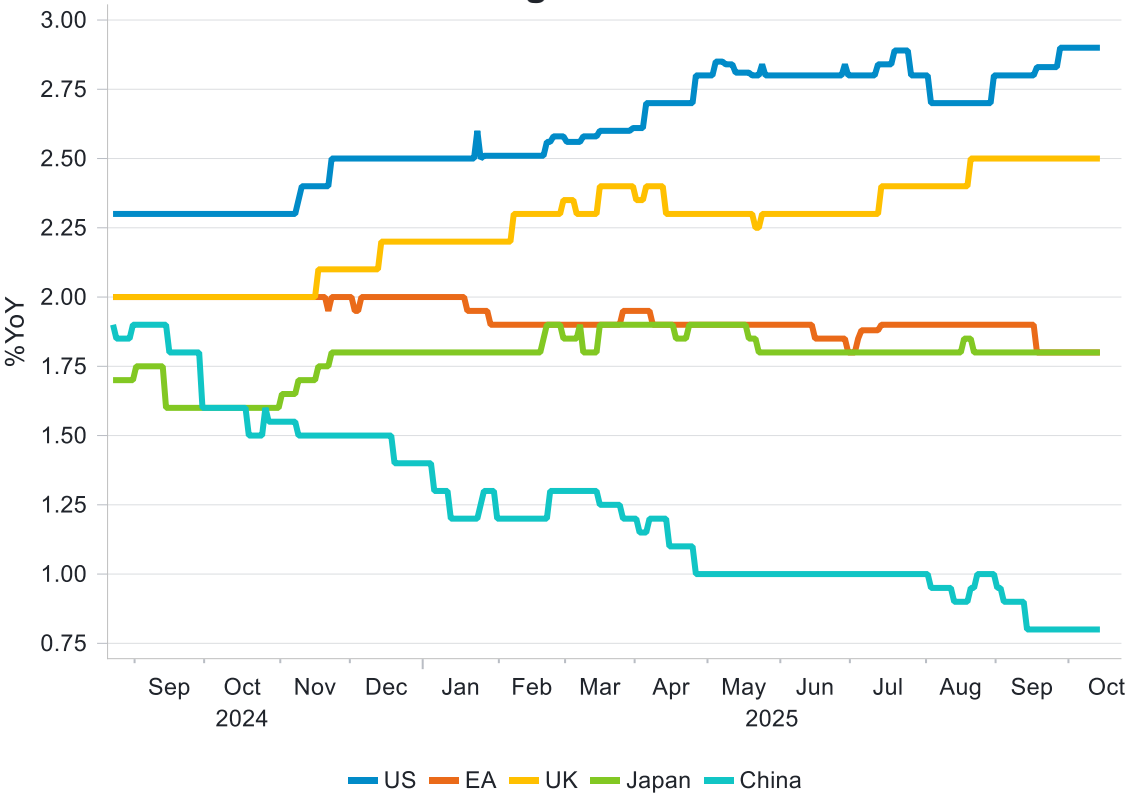
Consensus around global growth outlook for next year is looking more constructive on balance while inflation expectations remain divergent across regions

2026 real GDP growth Bloomberg consensus forecast



Source: Fidelity International, Macrobond, Bloomberg, October 2025.

2026 CPI inflation Bloomberg consensus forecast

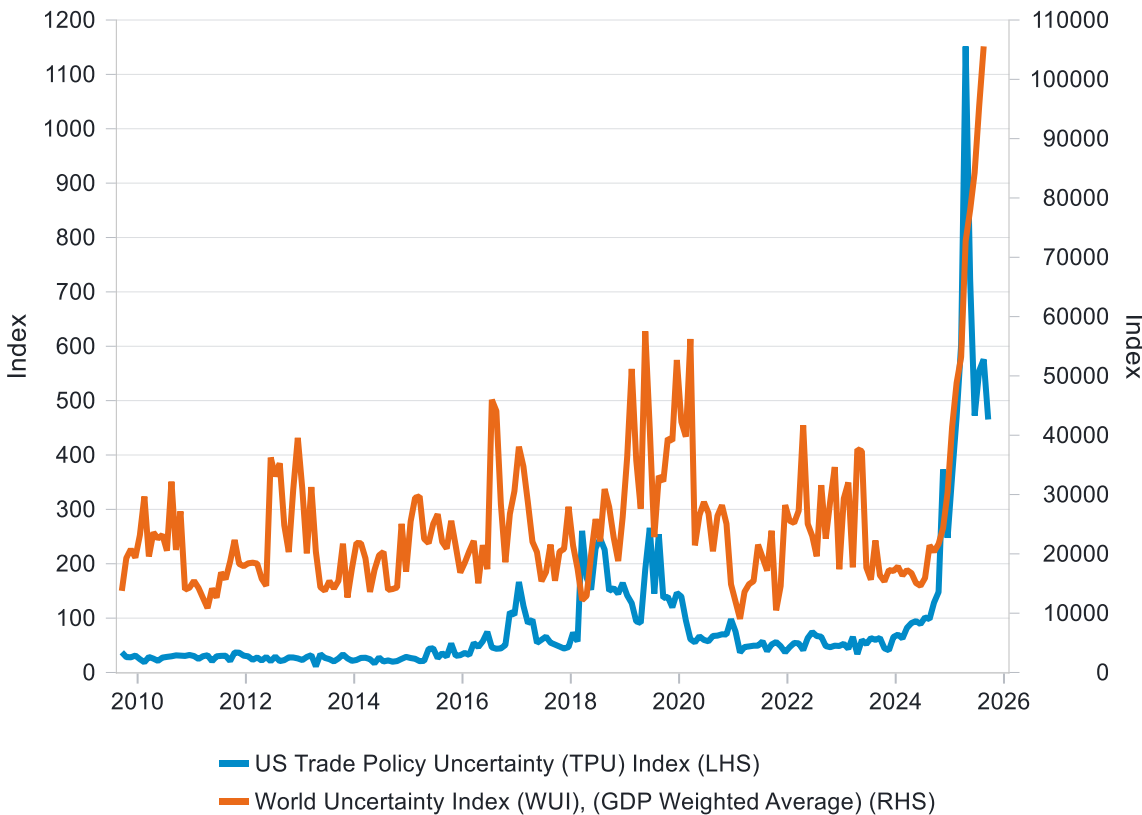


Source: Fidelity International, Macrobond, Bloomberg, October 2025.

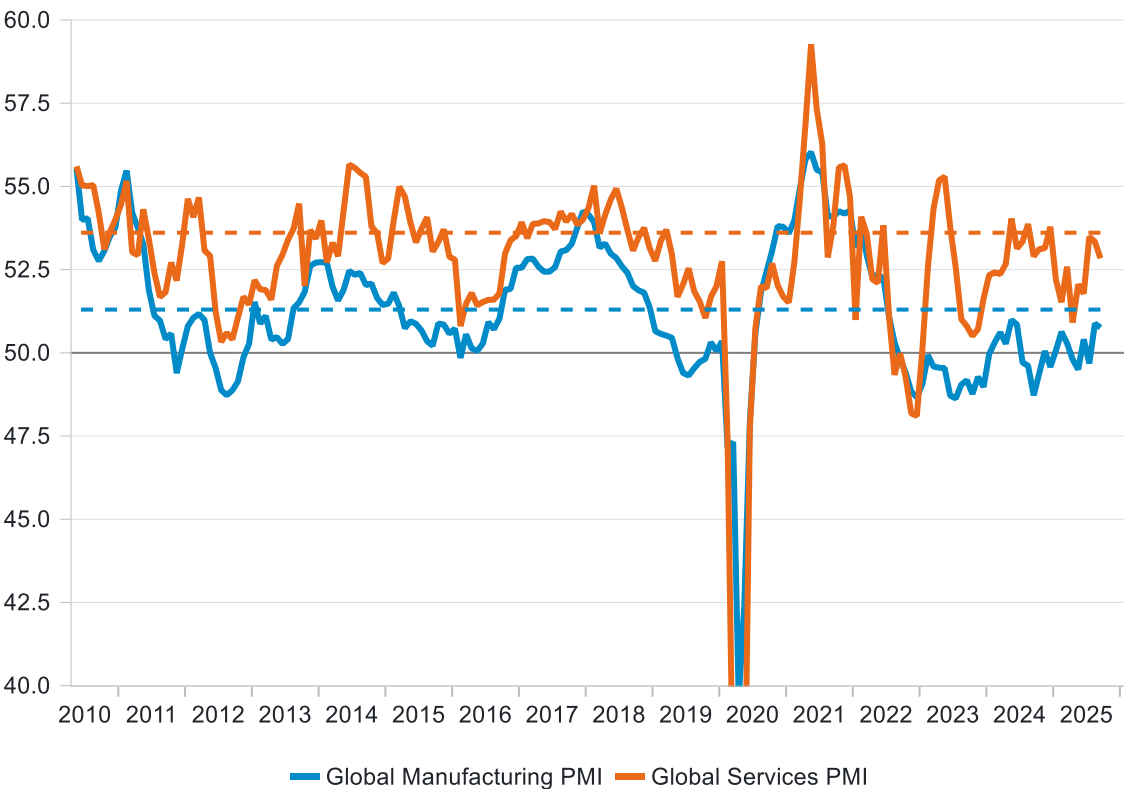
Global uncertainty remain elevated even as trade uncertainty has eased from peak

However, sentiments remains resilient with Global PMIs pointing towards trend growth

US and world trade uncertainty index



Global Manufacturing and Services PMI



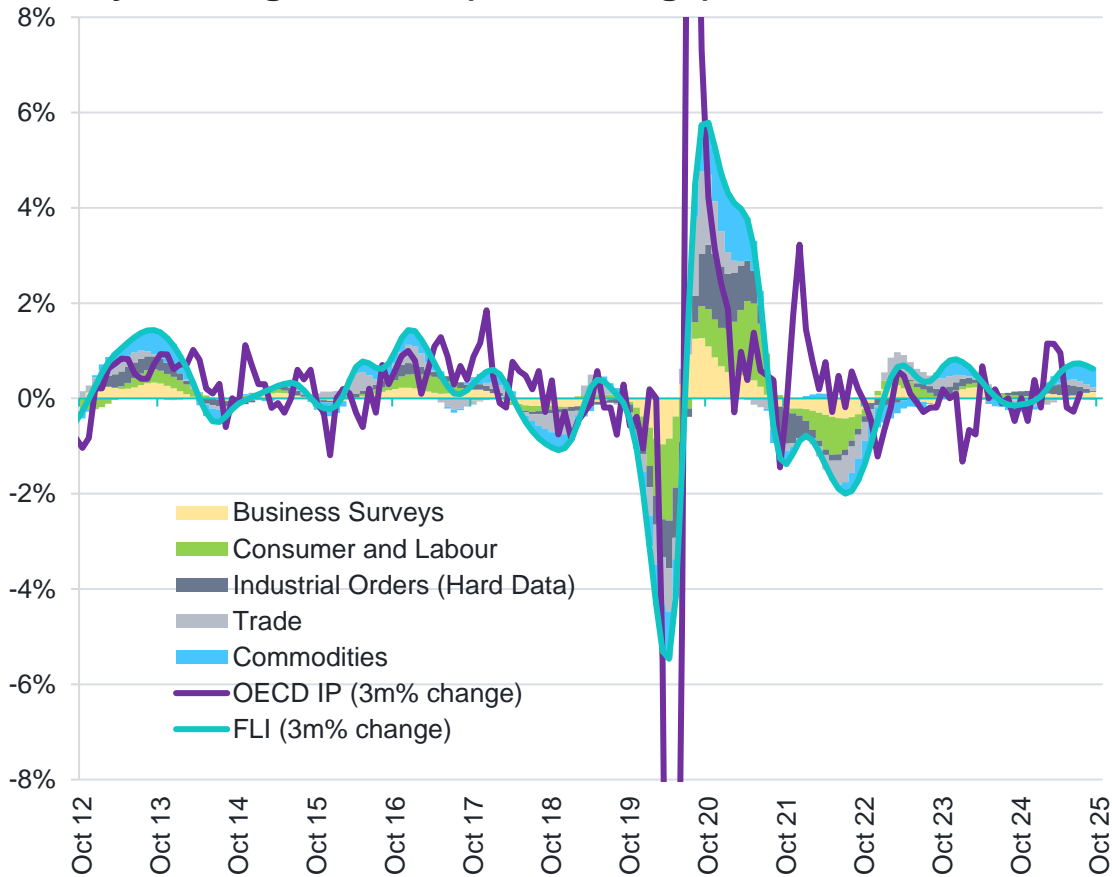
Source: Fidelity International, Macrobond, Matteo Iacoviello, Economic Policy Uncertainty, October 2025.

Note: dotted lines above indicate the respective long run averages for each of the series
Source: Fidelity International, Macrobond, S&P Global, October 2025.

Global leading indicators

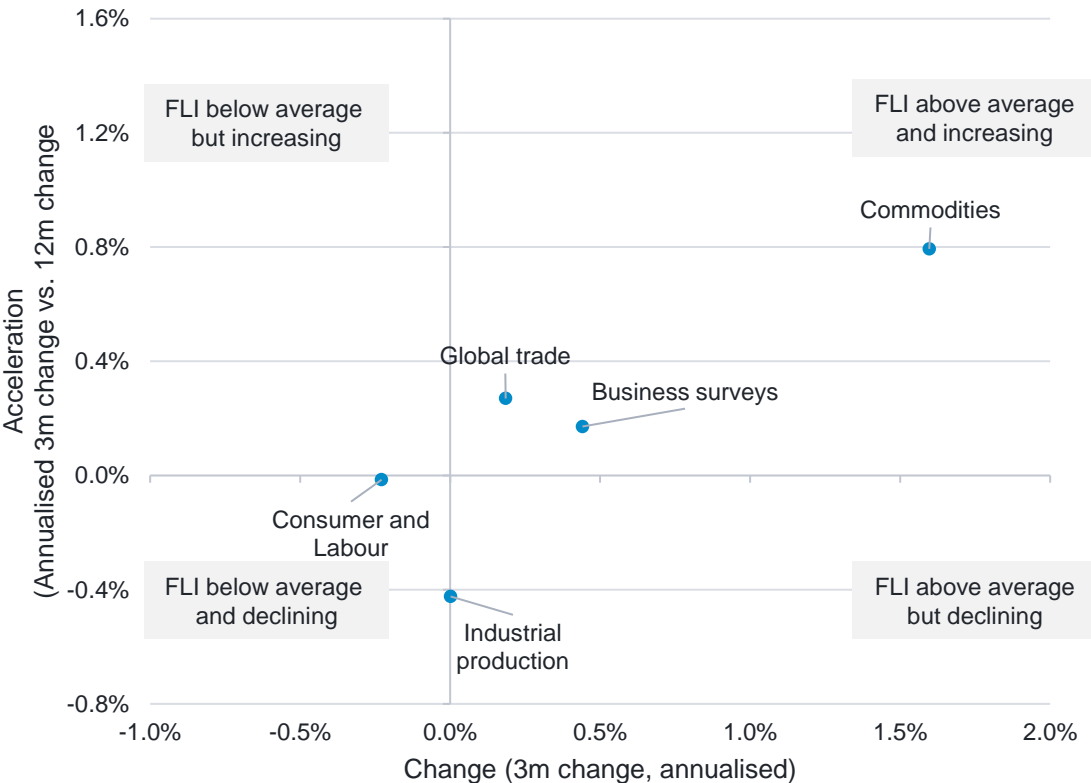
FLI continues to come off its cyclical peak but remains resilient in the ‘top-right’ quadrant

Fidelity Leading Indicator (3m% change) vs OECD IP



Source: Fidelity International, FIL Global Macro Team calculations, Haver Analytics, October 2025.

Fidelity Leading Indicator: Components split

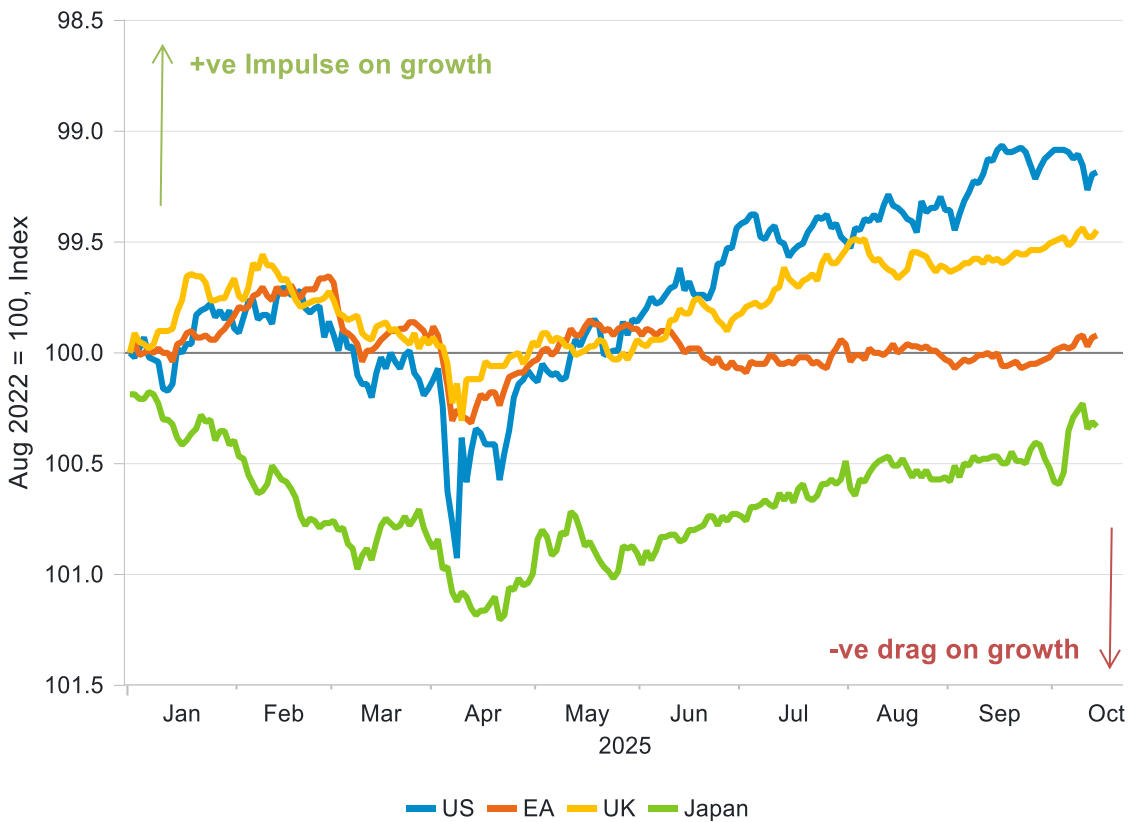


Source: Fidelity International, FIL Global Macro Team calculations, Haver Analytics, October 2025.

Financial conditions remain benign, particularly for the US...

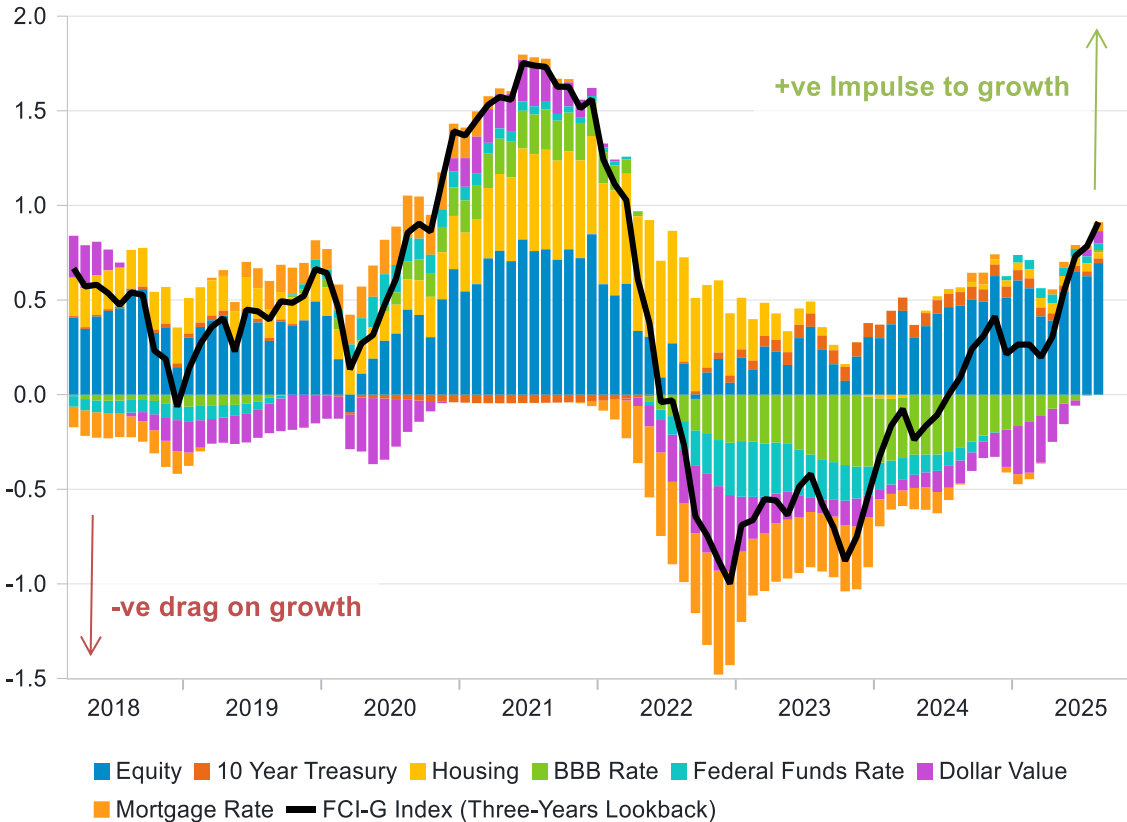
... with wealth effects from equity markets keeping sentiments lifted

GS financial conditions indices (FCI)



FCI – Financial Conditions Index
Source: Fidelity International, Macrobond, Bloomberg, GS, October 2025.

Federal Reserve's financial conditions index

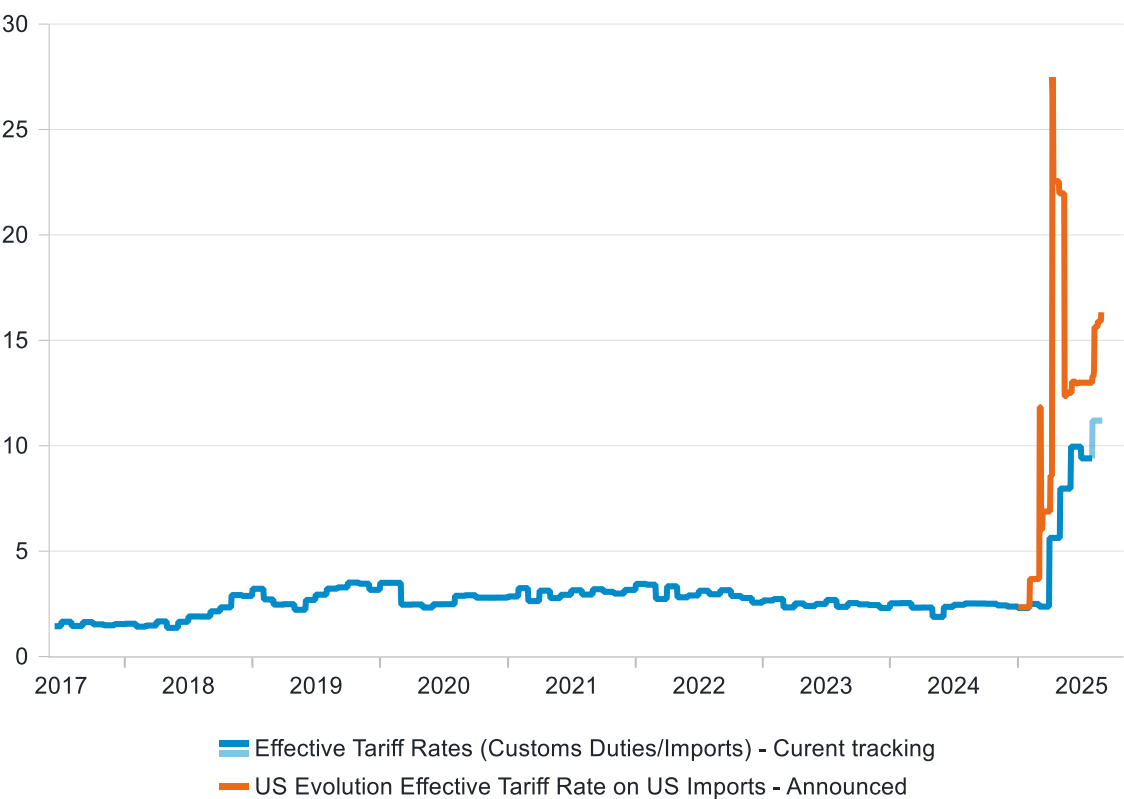


Source: Fidelity International, Macrobond, Fed, October 2025.

US effective tariff rates as announced remain around 16% levels, although...

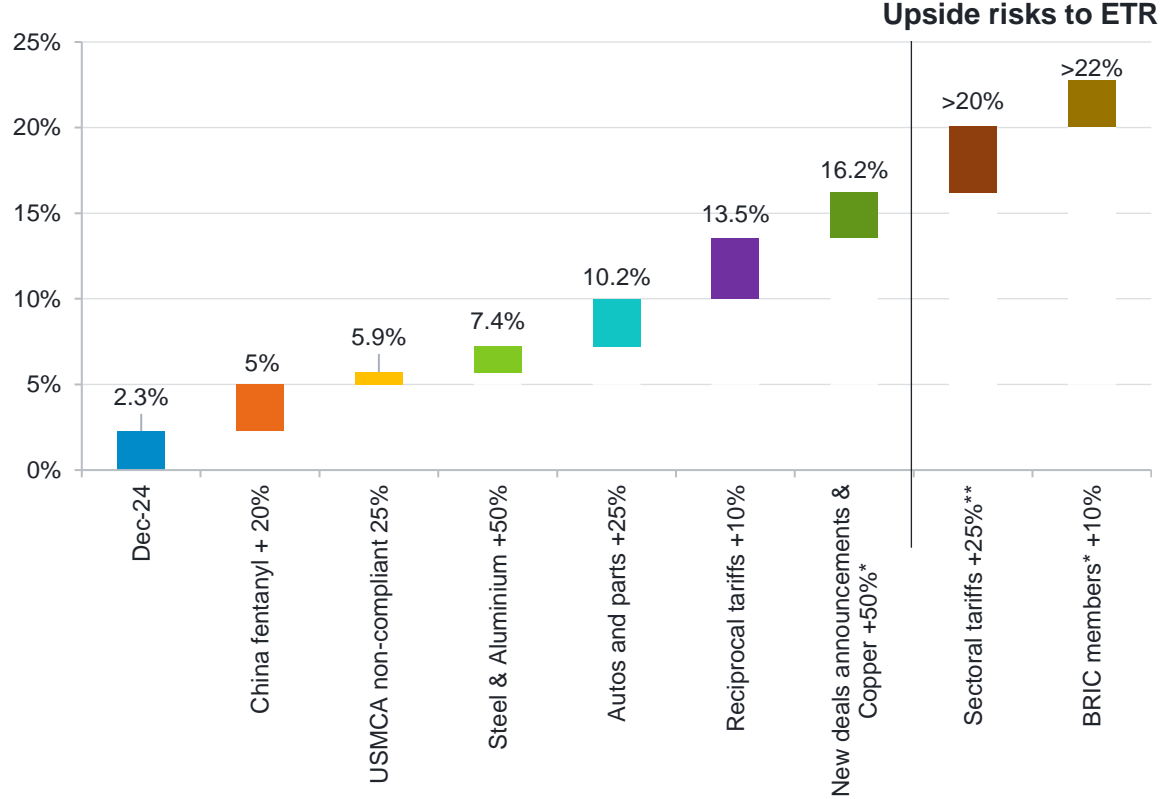
... current tracking is still at ~11% indicating more room for its effects to transmit into the global economy

US effective tariff rates



Note: Current tracking of ETR for August is based on import data from the advance trade report
Source: Fidelity International, Macrobond, Bloomberg, U.S. Treasury, USCB, October 2025.

US Effective tariff rates – as announced

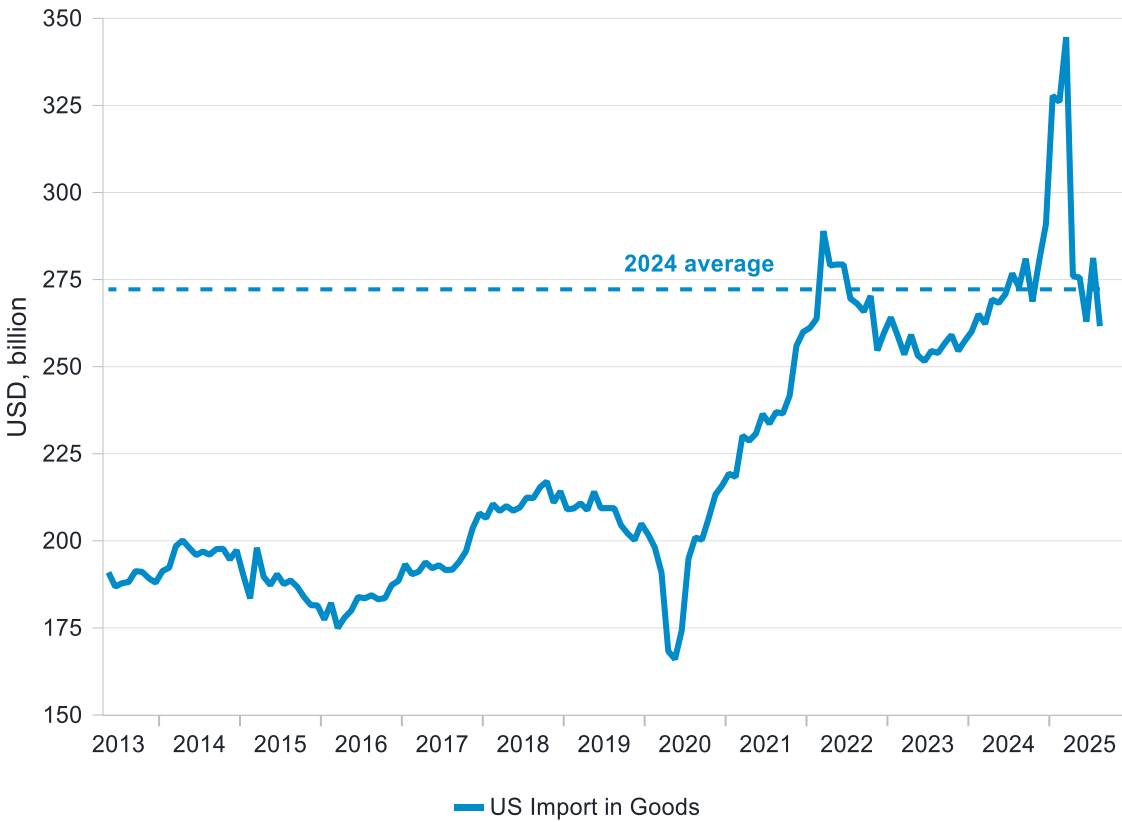


Note:*New deal announcements include 50% tariffs on India.** Sectoral tariff assumes 25% tariffs on pharmaceuticals, semiconductors/electronics, agriculture products, Timber and Lumber. BRIC members include Brasil, Russia, India, China, South Africa, Egypt, United Arab Emirates, Ethiopia, Indonesia, and Iran. BRIC partners include Belarus, Bolivia, Cuba, Kazakhstan, Malaysia, Nigeria, Thailand, Uganda, Uzbekistan and Vietnam.
Source: Fidelity International, USIT, October 2025.

Front-loading reversal could dent activity in the near term...

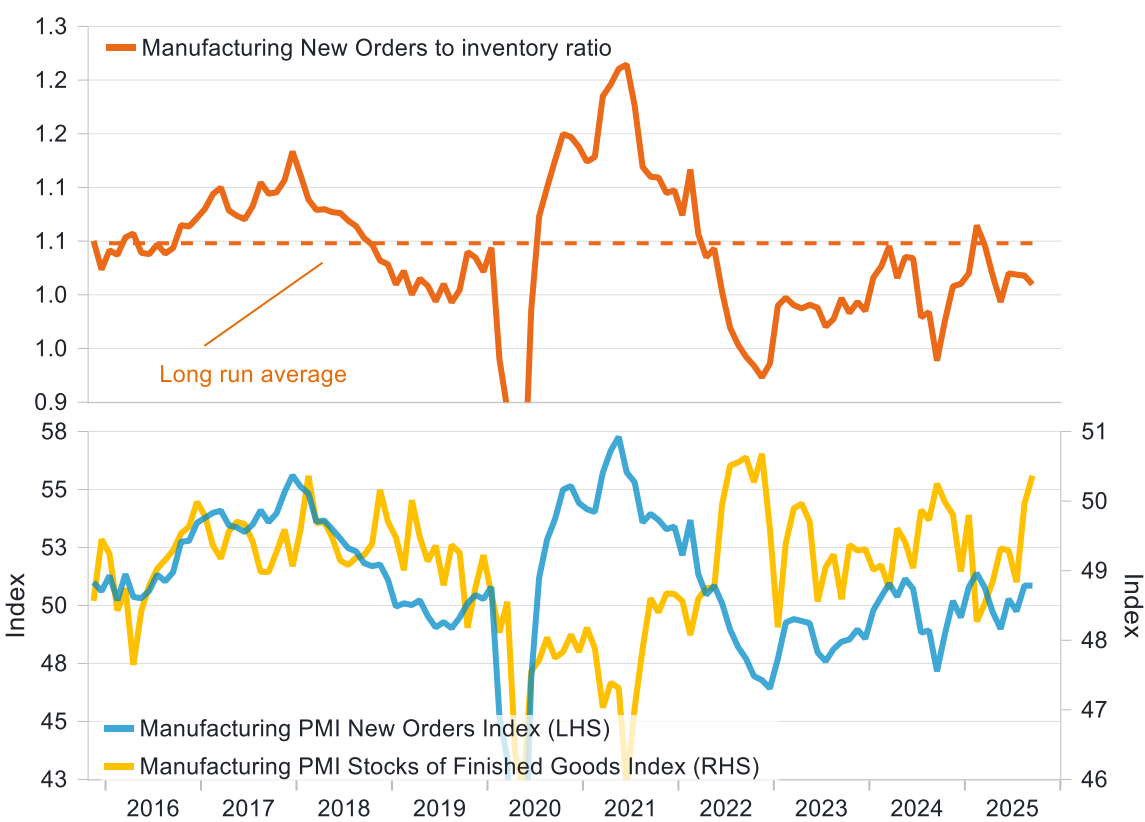
... with global inventory build up warranting caution

US advance trade - Imports



Source: Fidelity International, Macrobond, USCB, October 2025.

Global new orders to inventory ratio



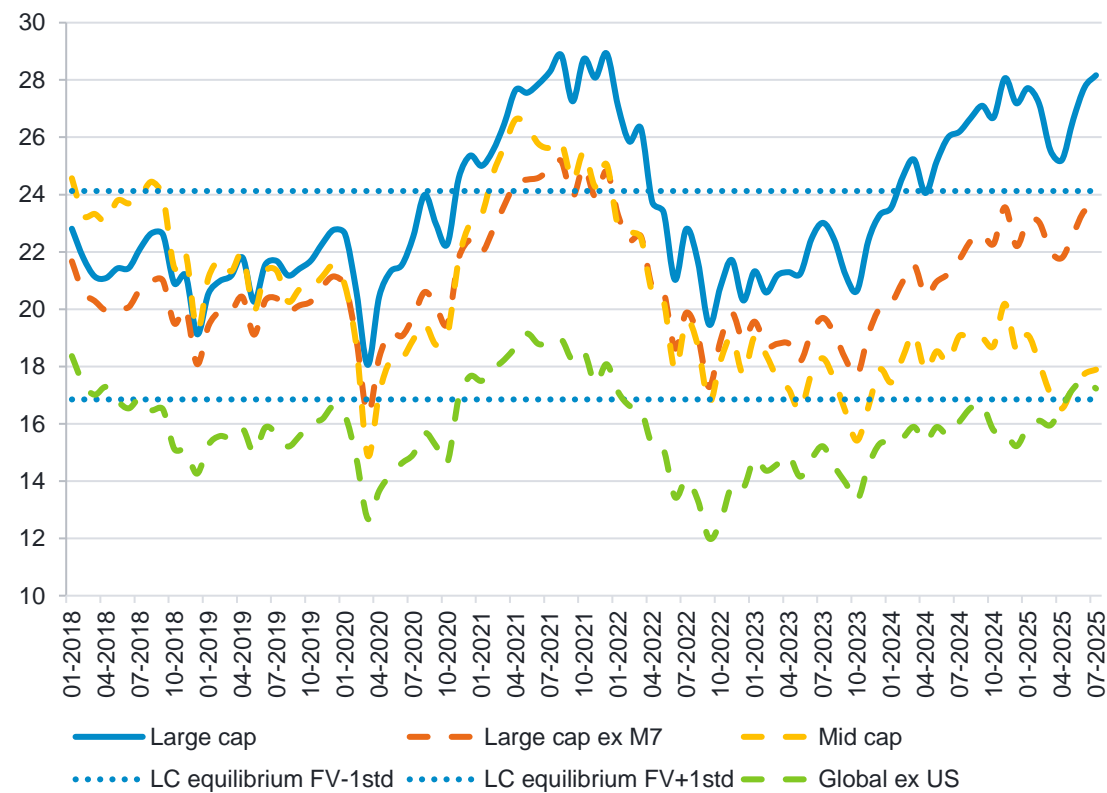
Source: Fidelity International, Macrobond, S&P Global, S&P Global, October 2025

Bubble Watch

US large-cap valuations are reaching levels of 2021

Other parts of the US market are more fairly priced

P/E5 of various US market segments



Macro-based scenarios of US large cap P/E5

		MVOL			
		0.67%	1.1%	1.68%	2.00%
R10Y		2019	Equilib.	GFC	1985
-1.11%	2019	28.5	23.3	17.2	14.6
1.15%	Equilib.	25.1	20.5	15.1	12.8
2.13%	GFC	23.7	19.4	14.2	12.1
4.00%	1985	21.3	17.4	12.8	10.9

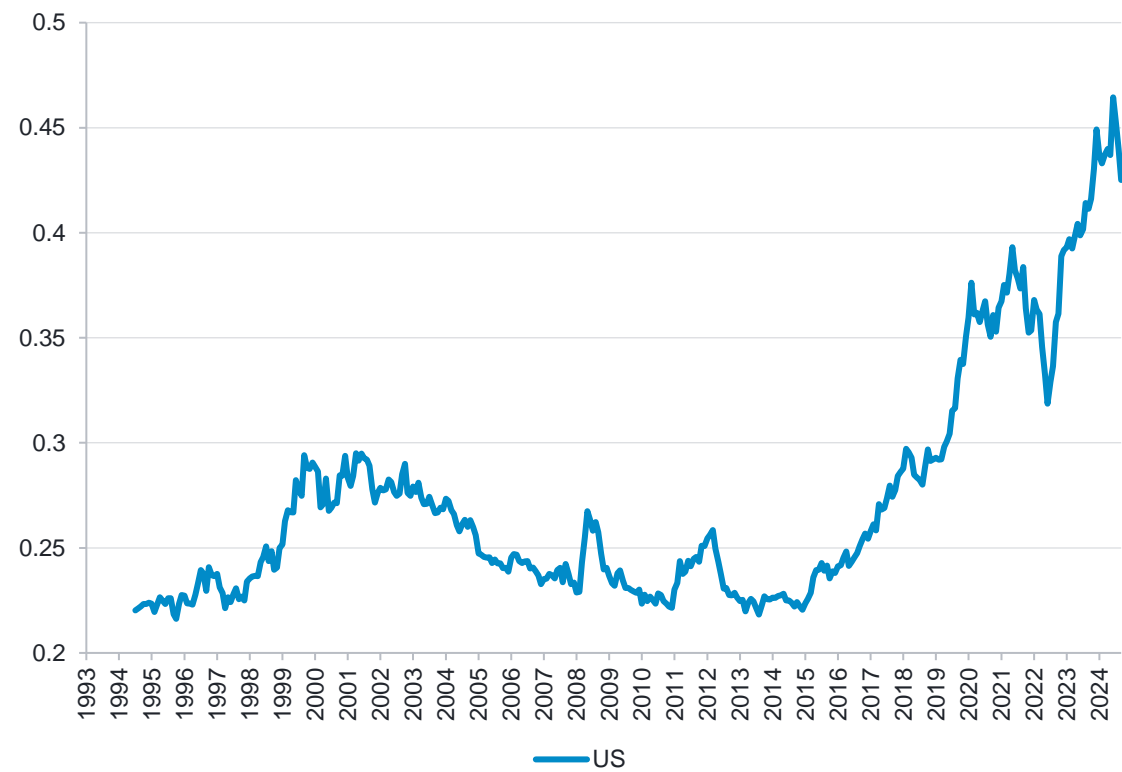
0.3%	-1.7%	-4.6%	-6.1%
-1.0%	-2.9%	-5.9%	-7.4%
-1.5%	-3.5%	-6.4%	-7.9%
-2.6%	-4.5%	-7.4%	-8.9%

Valuation change (10Y, annualised) from latest levels to macro fair-value

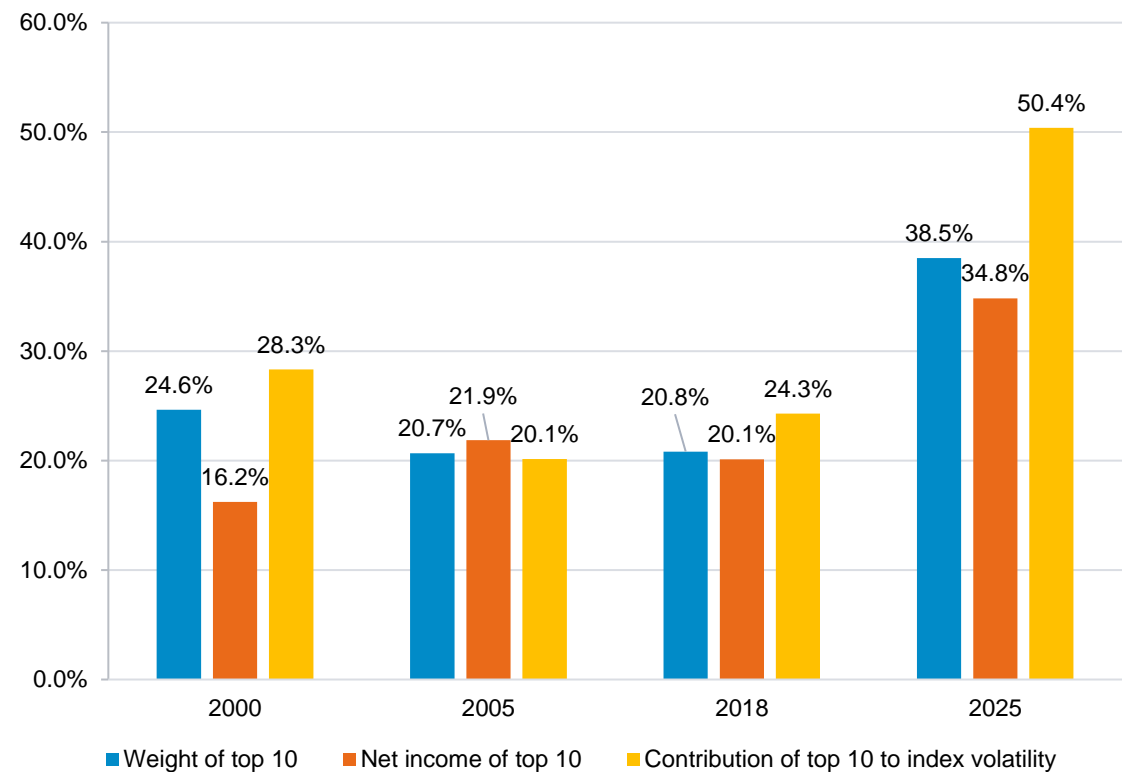
Note: For illustrative purposes only. Figures are based on proprietary models developed by investment professionals at Fidelity International.
Source: Fidelity International, Bloomberg, October 2025.

High US equity market concentration presents portfolio construction challenges to standard index strategies

Ratio of market cap of top 10 stocks to top 200 stocks



Top 10 stocks drive the market by weight, income, and volatility

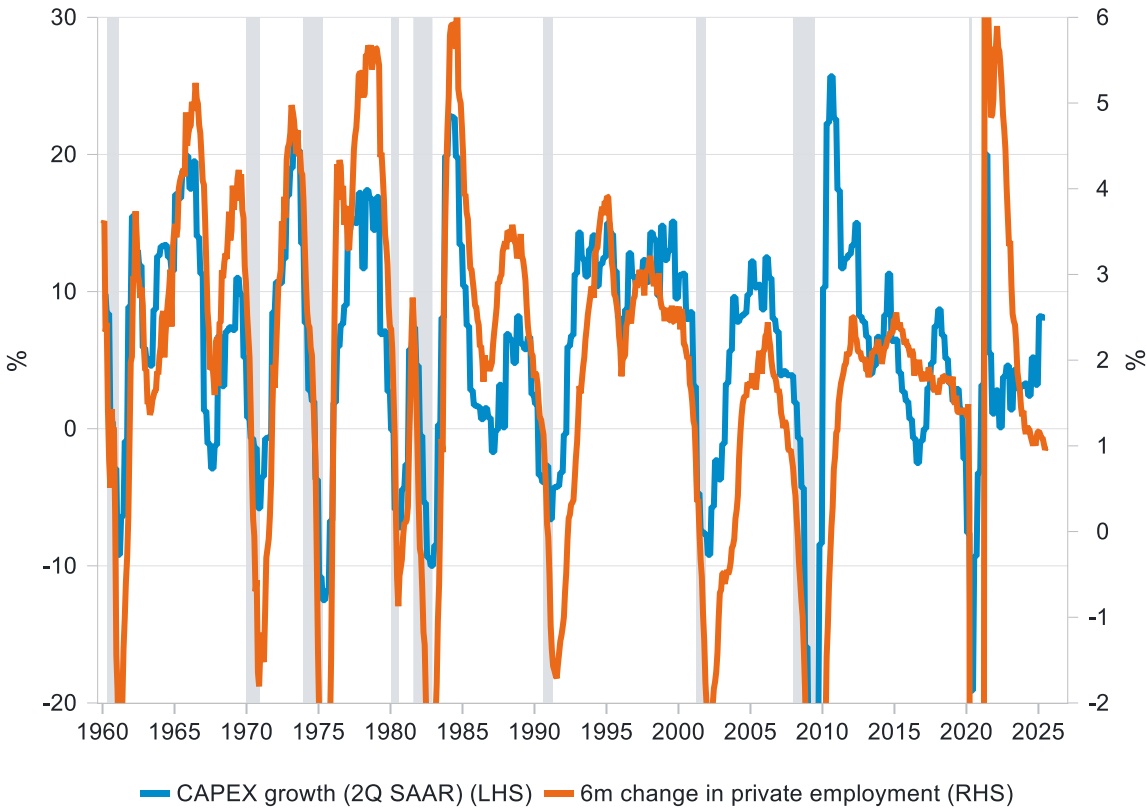


Indices used: US: RIY Index.
Source: Fidelity International,, Bloomberg, October 2025

Source: Fidelity International, FIL Global Macro & SAA team calculations, Bloomberg, July 2025.

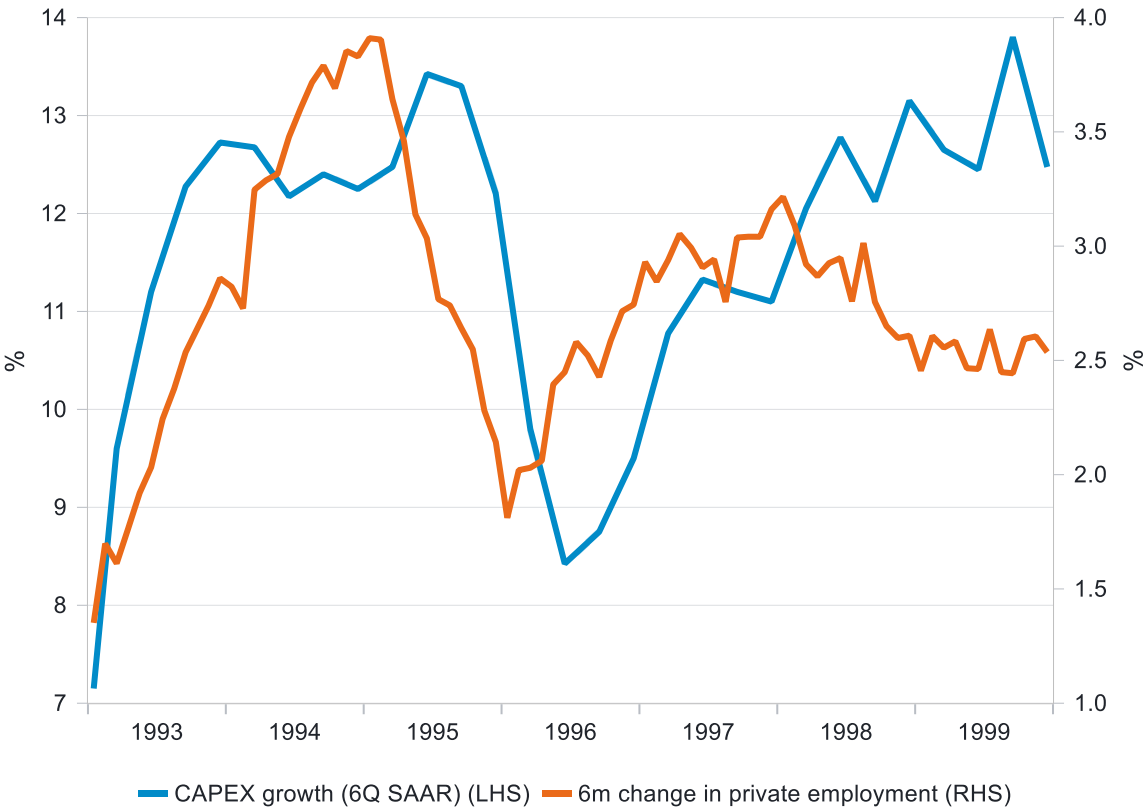
CAPEX spending has been breaking away from employment growth, much like in the run-up to the dot-com boom/bust

Firm investment in equipment picks up while hiring slows...



Source: Fidelity International, Bloomberg, Macrobond, BLS, October 2025.

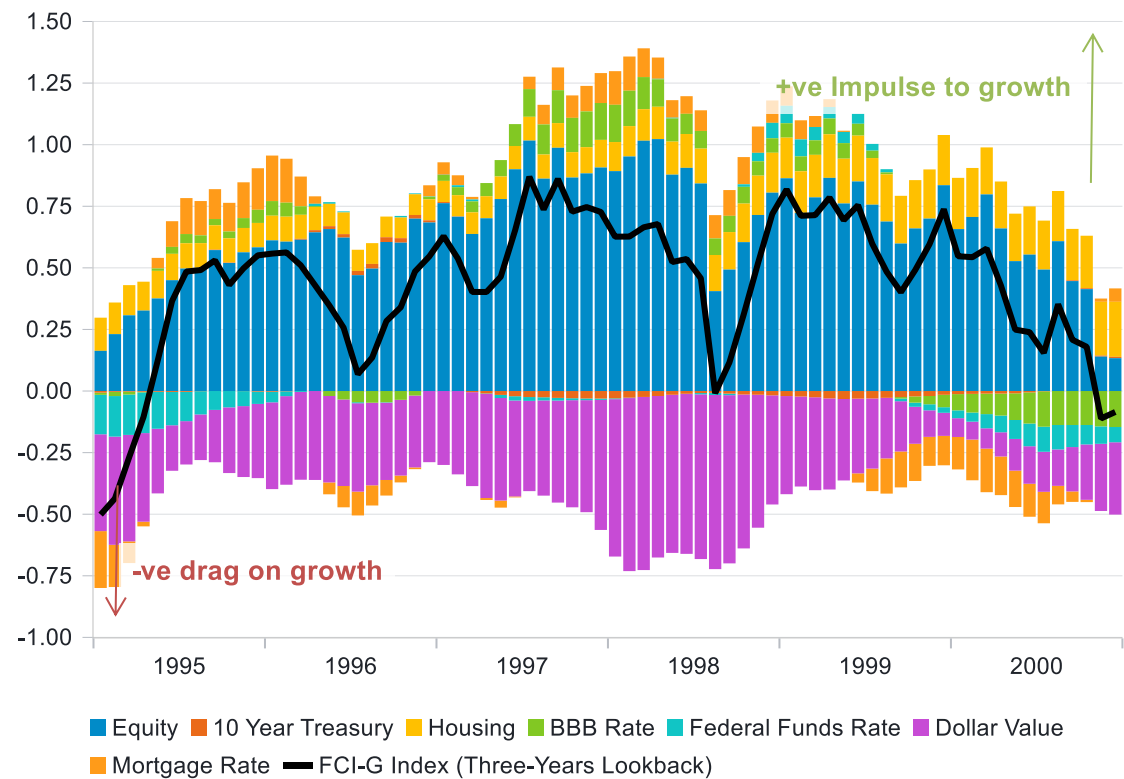
... a dynamic that also occurred in the runup to the dot-com bust



Source: Fidelity International, Bloomberg, Macrobond, BLS, October 2025.

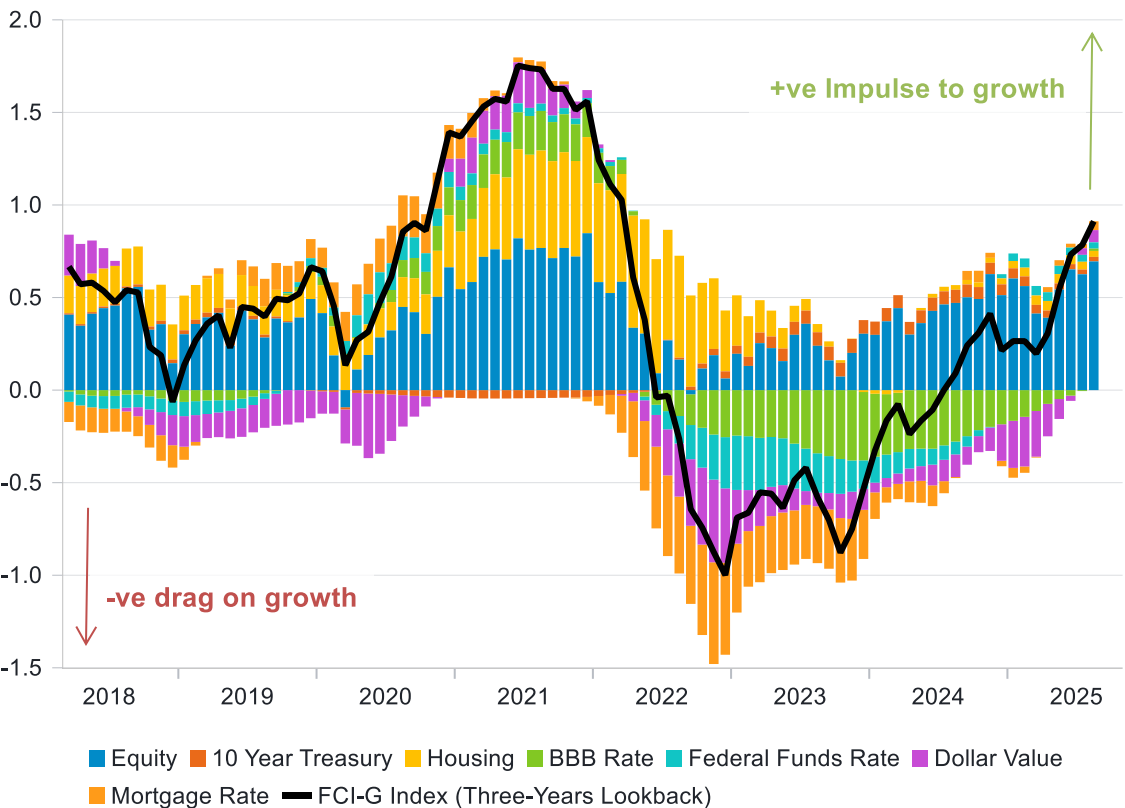
Like the late-90s boom, financial conditions are becoming loose as a result of the equity rally, with the Dollar potentially being an additional accelerant

Composition of financial conditions during late-90s boom



Source: Fidelity International, Macrobond, Federal Reserve, October 2025.

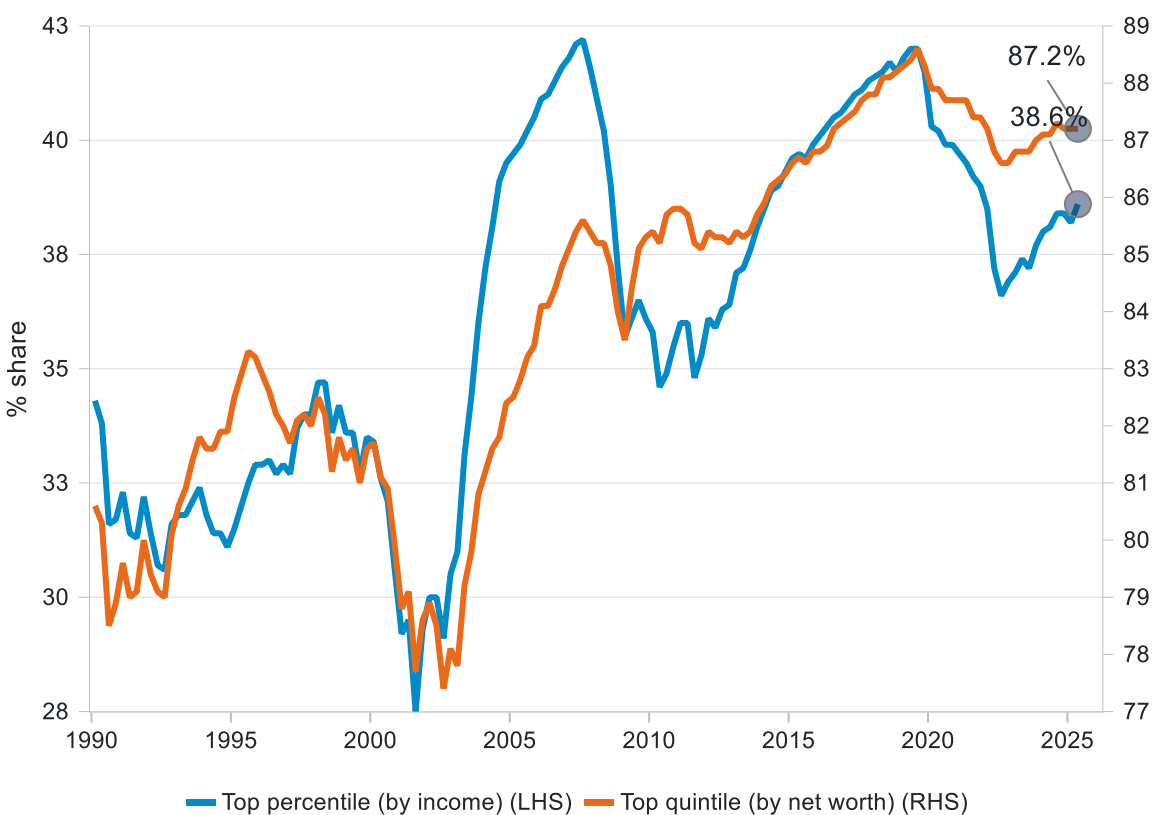
Composition of financial conditions today



Source: Fidelity International, Macrobond, Fed, October 2025.

Over the last 25 years, equity ownership and consumption has become much more skewed to the wealthiest households

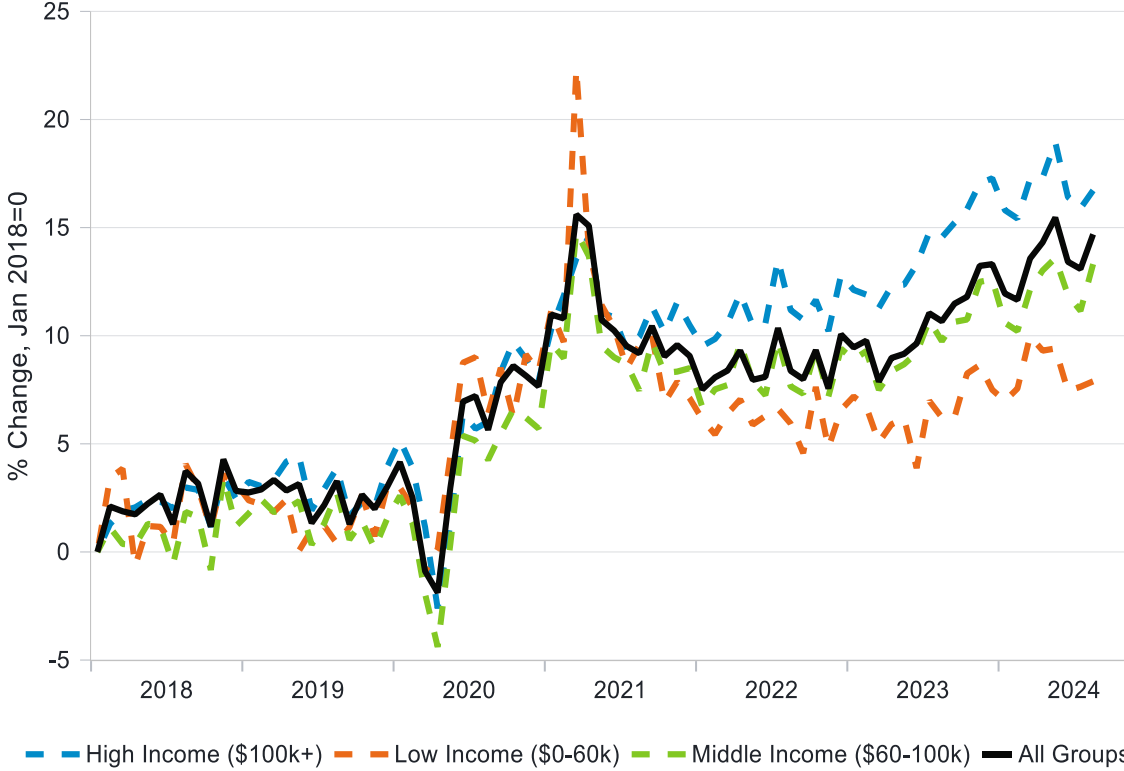
Equity ownership share among high-income households



Source: Fidelity International, Macrobond, Fed, October 2025.

US economy depends on consumption by the highest income

Growth of average retail spending overall and decomposed by household income (seasonally and inflation-adjusted)

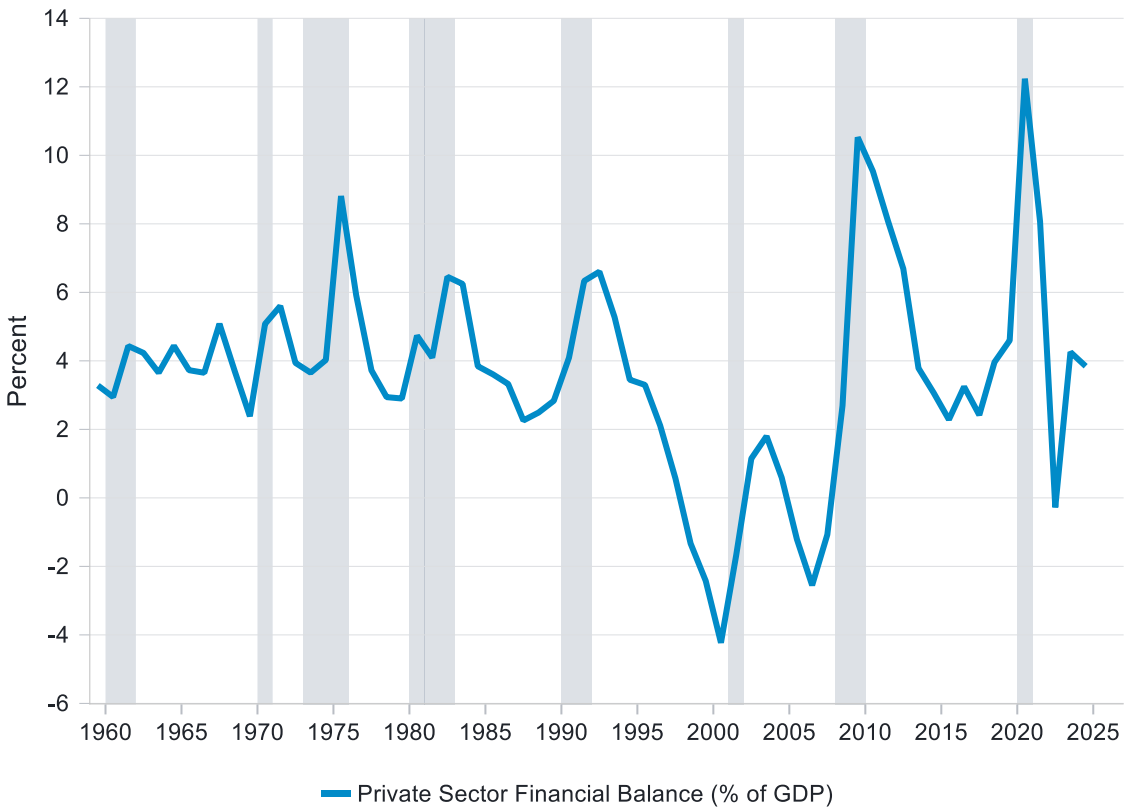


Notes: The data are monthly from January 2018 through August 2024. All series are adjusted for inflation using the chain indexed PCE deflator for goods and food services excluding motor vehicles and are shown as growth relative to January 2018. All series are seasonally adjusted using X13-ARIMA-SEATS.
Source: Fidelity International, Macrobond, Numerator, Federal Reserve, October 2025.

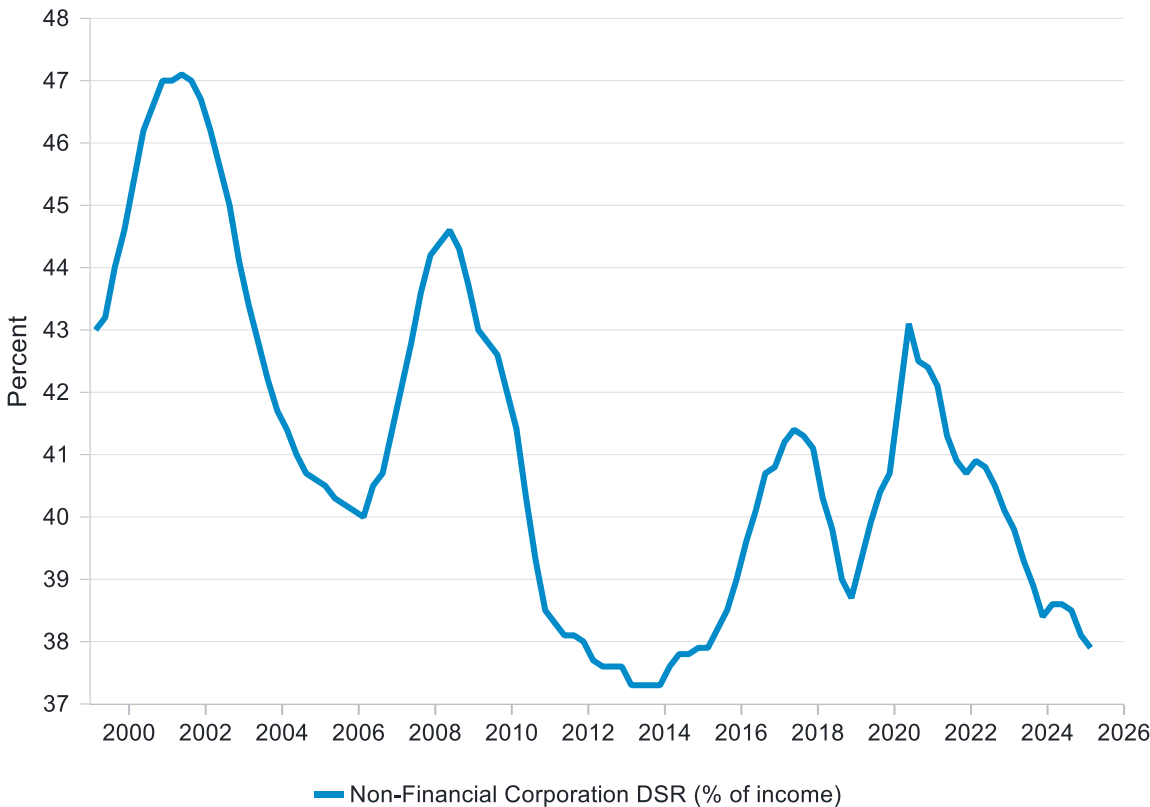
Today, the private sector financial balance looks healthy...

...in contrast to the dot-com boom, where it became extremely negative.

Private sector financial balance (%GDP)



Debt service ratios look much more resilient today versus 2000

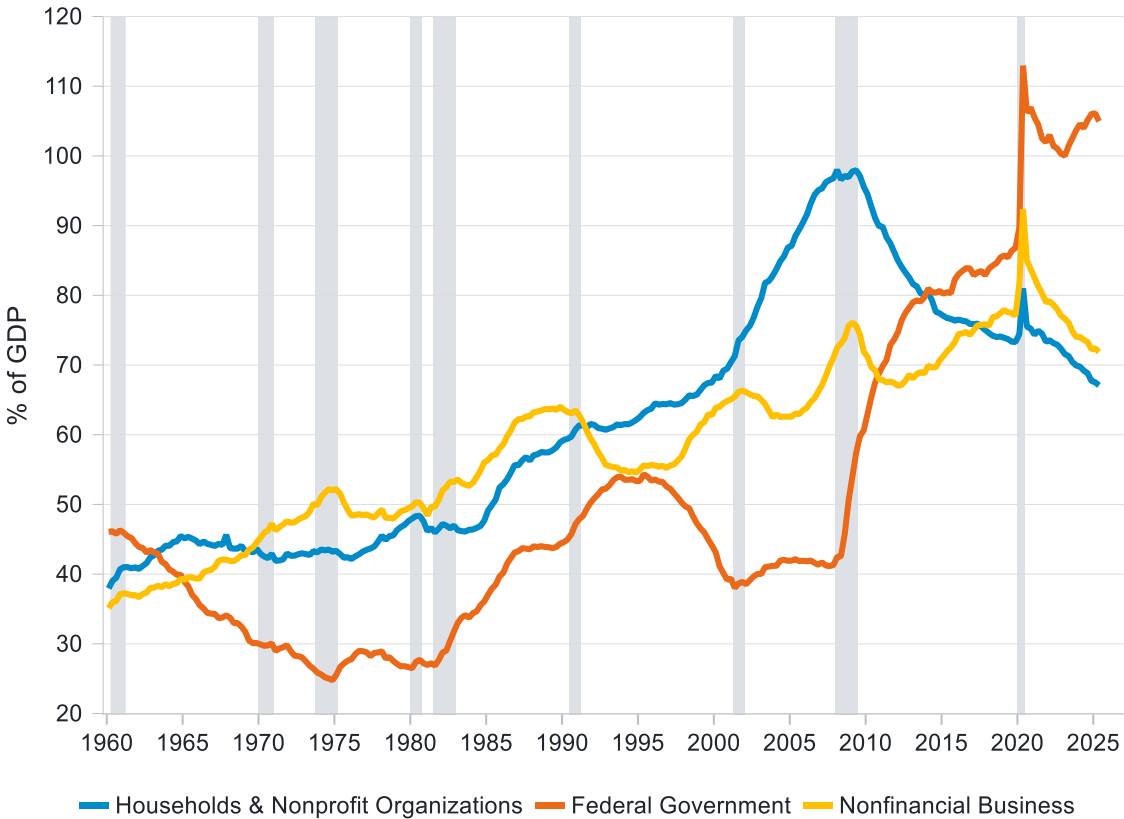


Note: Grey shades areas indicate NBER defined recessions in the US
Source: Fidelity International, Macrobond, Fed, October 2025.

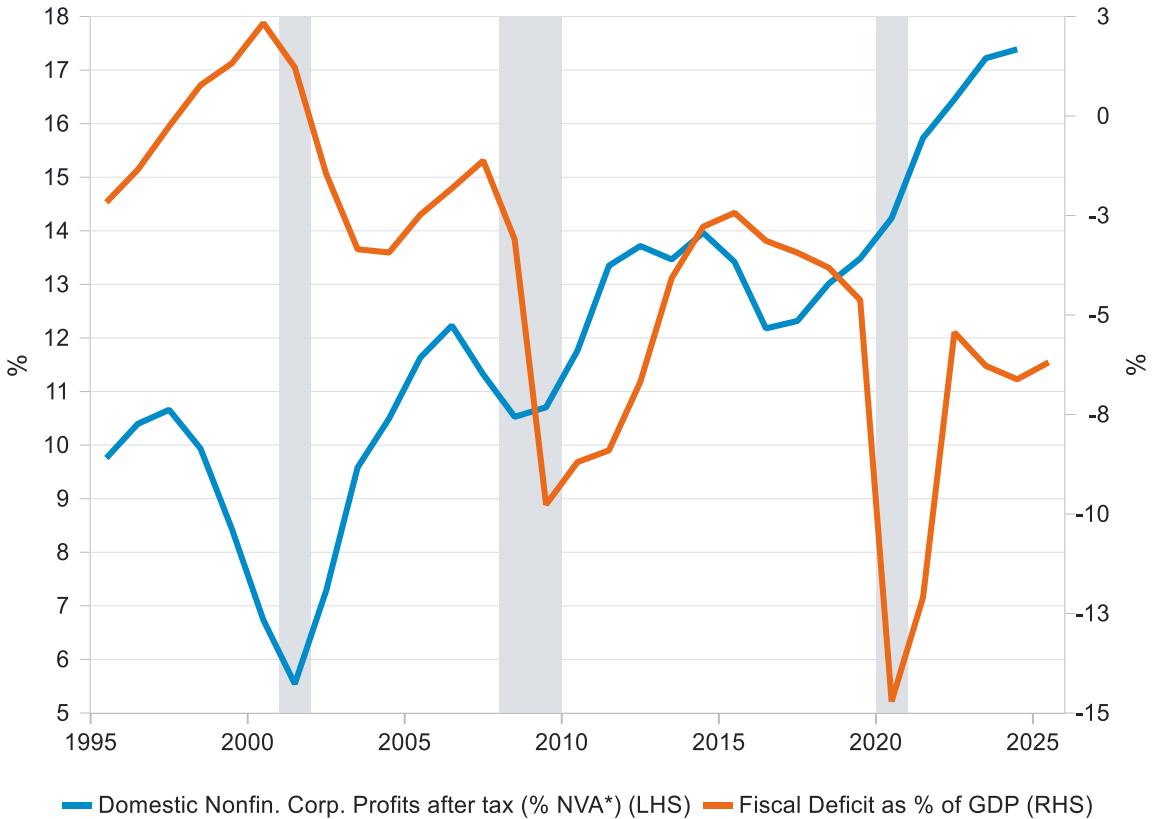
Source: Fidelity International, Macrobond, Fed, BIS, October 2025.

US corporate resilience a result of steady deleveraging since Covid and expanded profit margins

Debt of non-financial sectors



Corporate profit margins financed by widening fiscal deficits



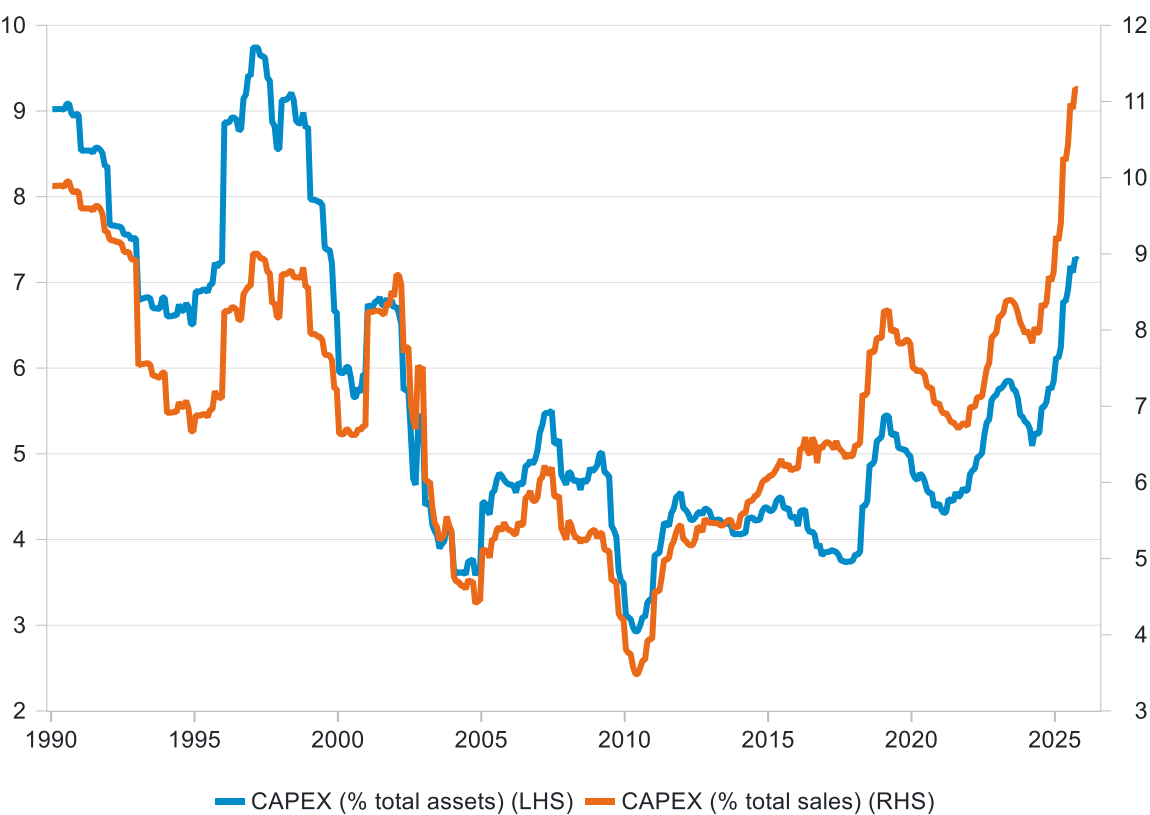
Source: Fidelity International, Macrobond, Fed, October 2025.

* NVA = net value added
Source: Fidelity International, Macrobond, BEA, CBO, U.S. Treasury, October 2025.

CAPEX growth in tech sector starting to mirror dot-com boom levels

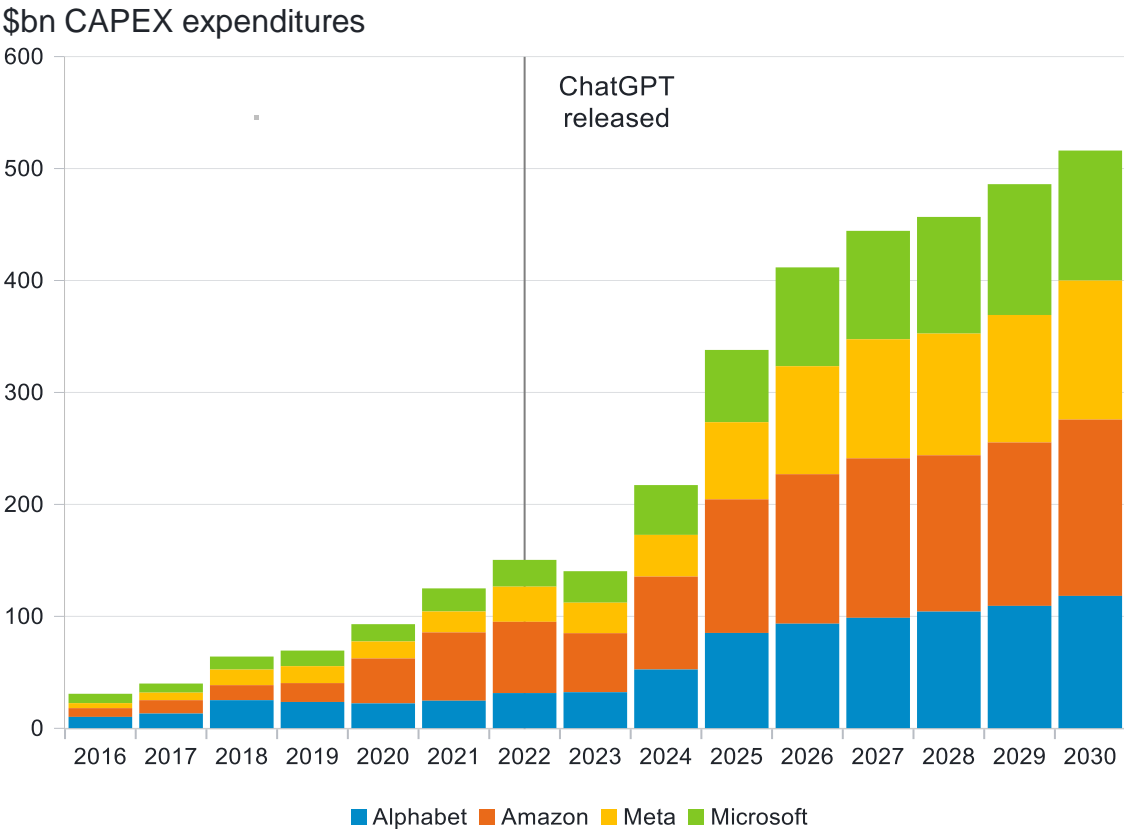
With forecasts from the big tech companies suggesting this will persist over the rest of the decade

US Technology CAPEX Ratios



Source: Fidelity International, Macrobond, LSEG Datastream Worldscope, October 2025.

Listed Big Tech CAPEX forecasts

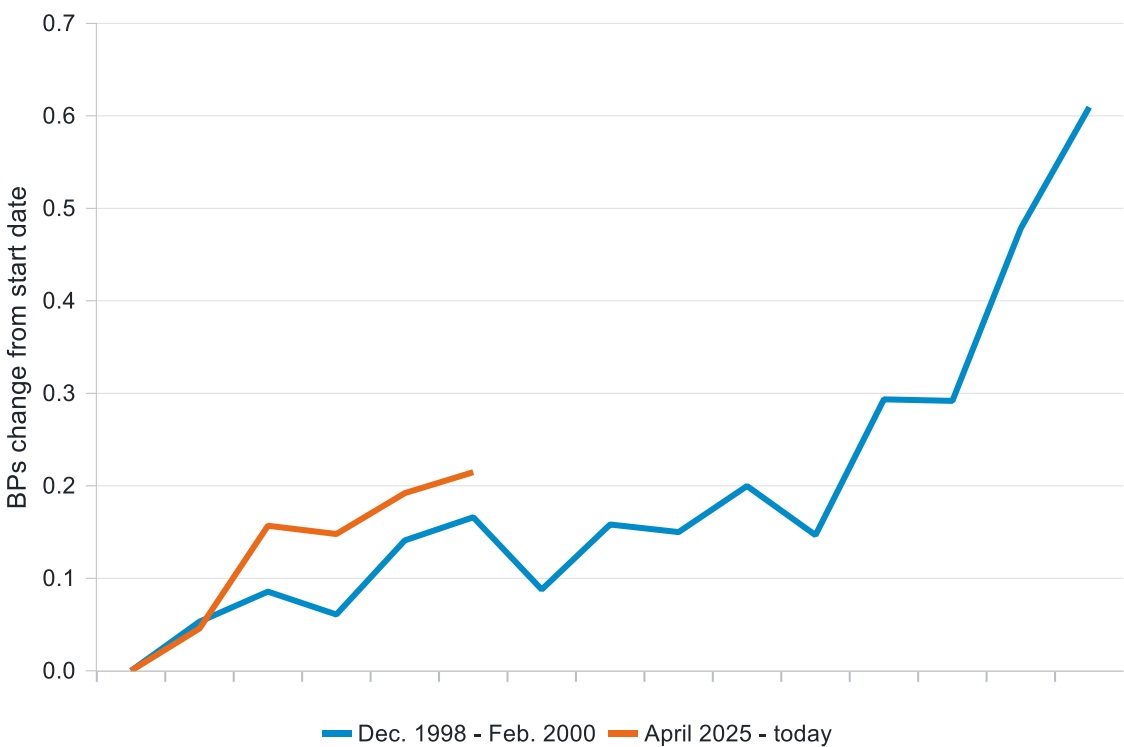


Source: Fidelity International, Macrobond, Bloomberg, company earnings reports, October 2025.

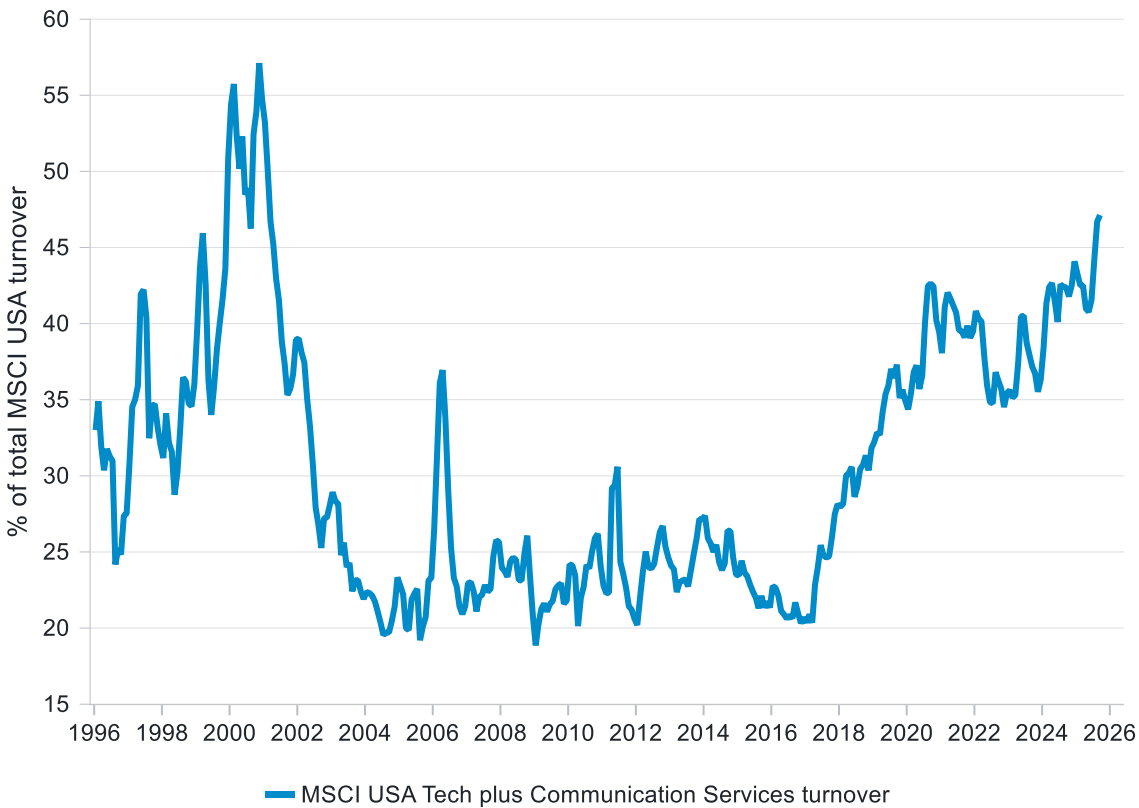
Looking at across the board market sentiment indicators does not show euphoric investor behaviour

Retail leverage growth hasn't become explosive

Rebased US margin debt (% total market cap)



Trading volume in wider tech reaching towards dot-com highs



Source: Fidelity International, Macrobond, FINRA, WFE, S&P Global, October 2025.

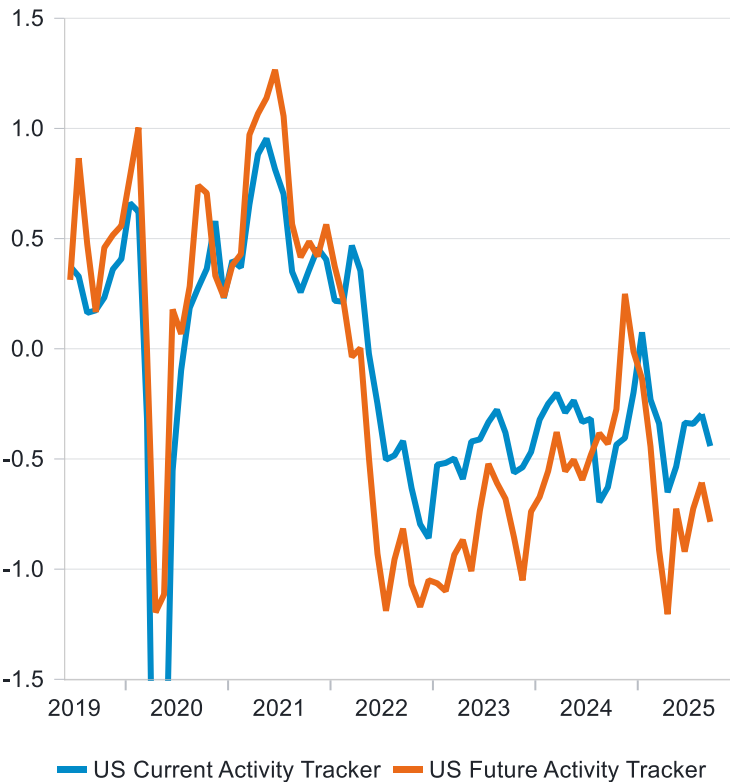
Source: Fidelity International, Macrobond, Bloomberg, MSCI, October 2025.

US Macro Outlook

US activity trackers show sentiments dip in September with mixed signals

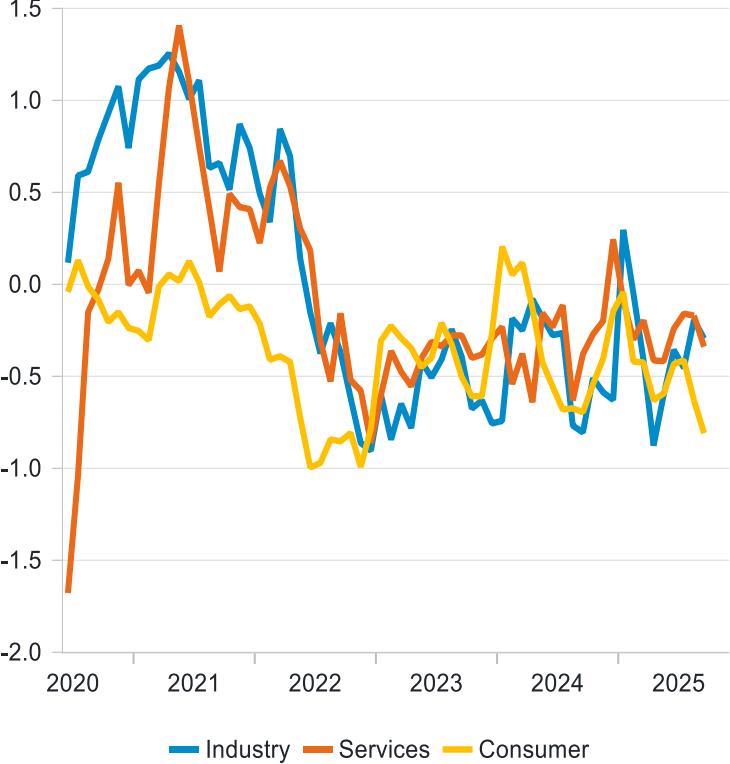
Consumer sentiments remain more strid amid a weaker labour market and inflationary pressures, while businesses fare relatively better due to productivity gains and Fed easing

US: CAT and FAT



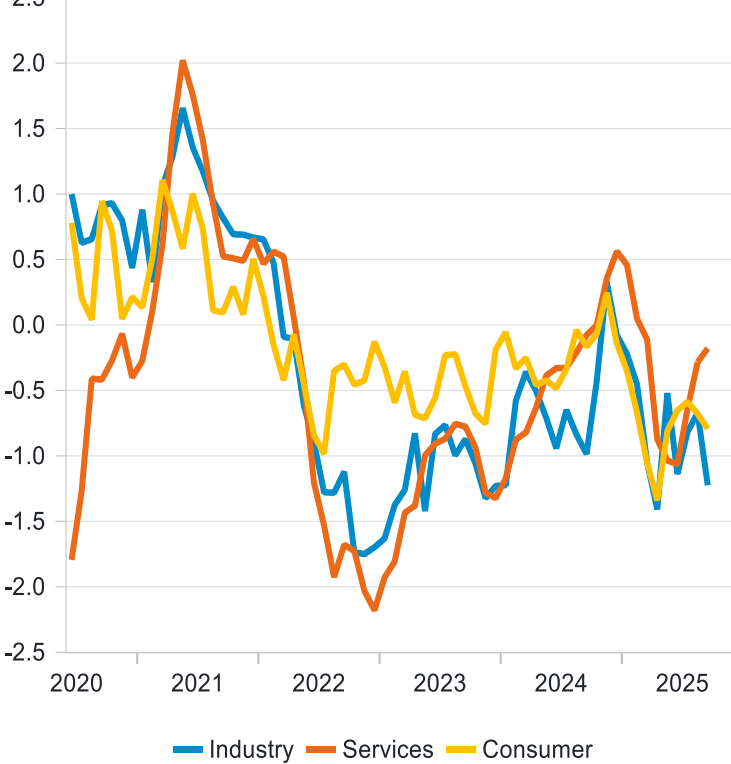
Source: Fidelity International, FIL Global Macro Team calculations, Macrobond, October 2025.

US Current Activity Trackers



Source: Fidelity International, FIL Global Macro Team calculations, Macrobond, October 2025.

US Future Activity Trackers

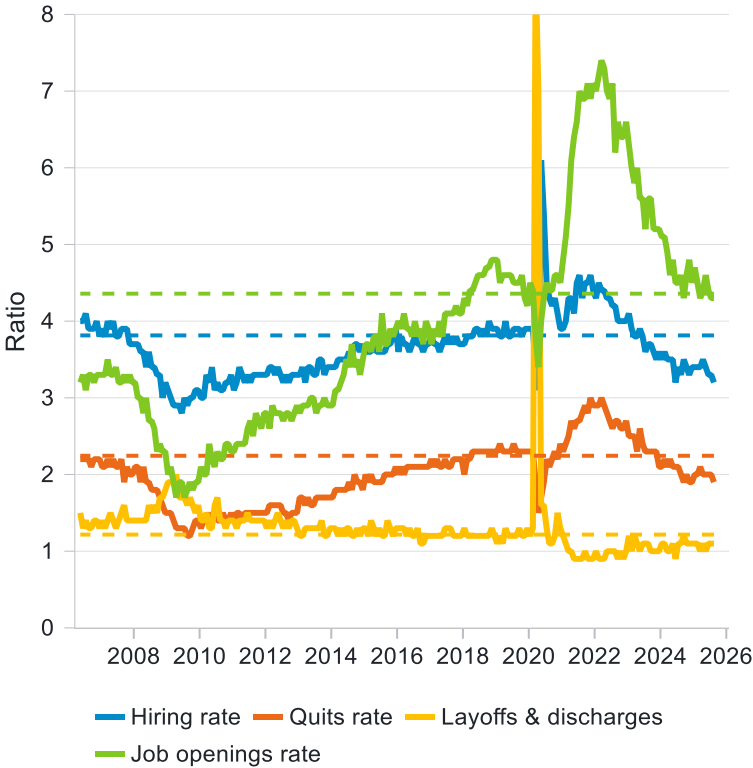


Source: Fidelity International, FIL Global Macro Team calculations, Macrobond, October 2025.

Labour market indicators continue to point to a ‘low-hire low-fire’ environment...

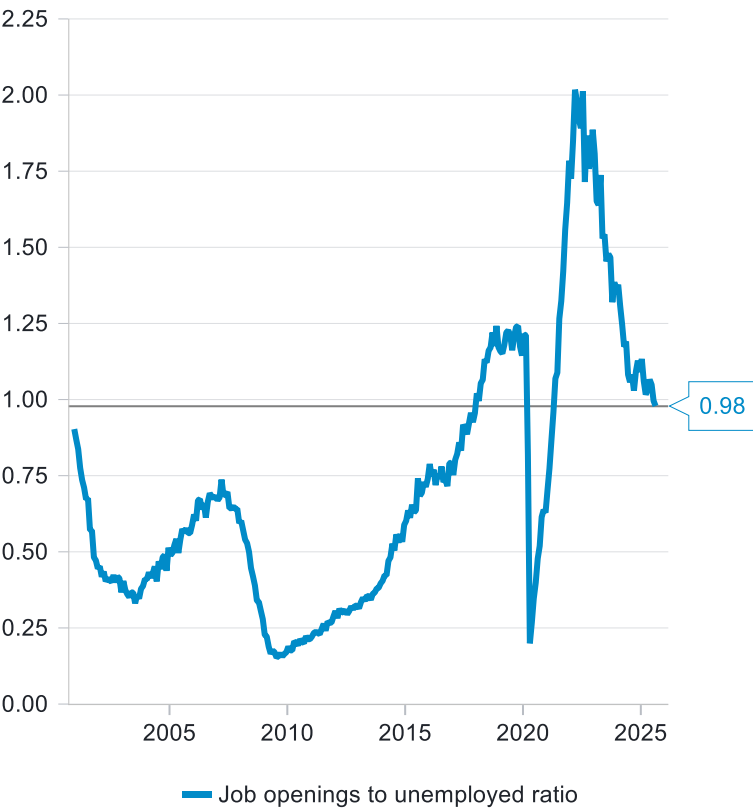
...with risks elevated to the downside.

US Jobs Openings and Labor Turnover (JOLTS) data



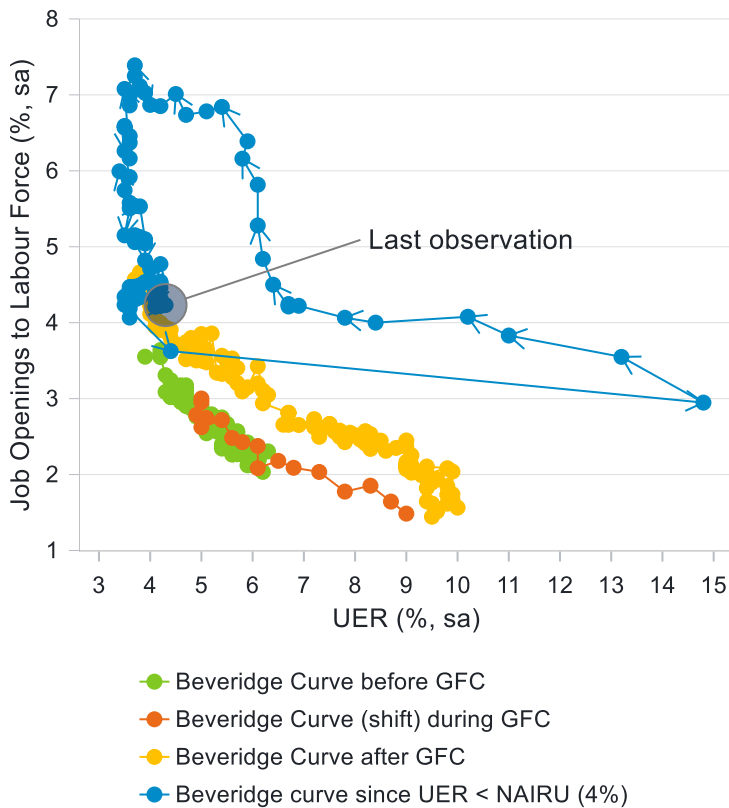
Note: dotted lines are pre-COVID averages between 2017-2019
Source: Fidelity International, Macrobond, BLS, October 2025.

US job openings to unemployed ratio



Source: Fidelity International, Macrobond, BLS, October 2025.

US Beveridge curve

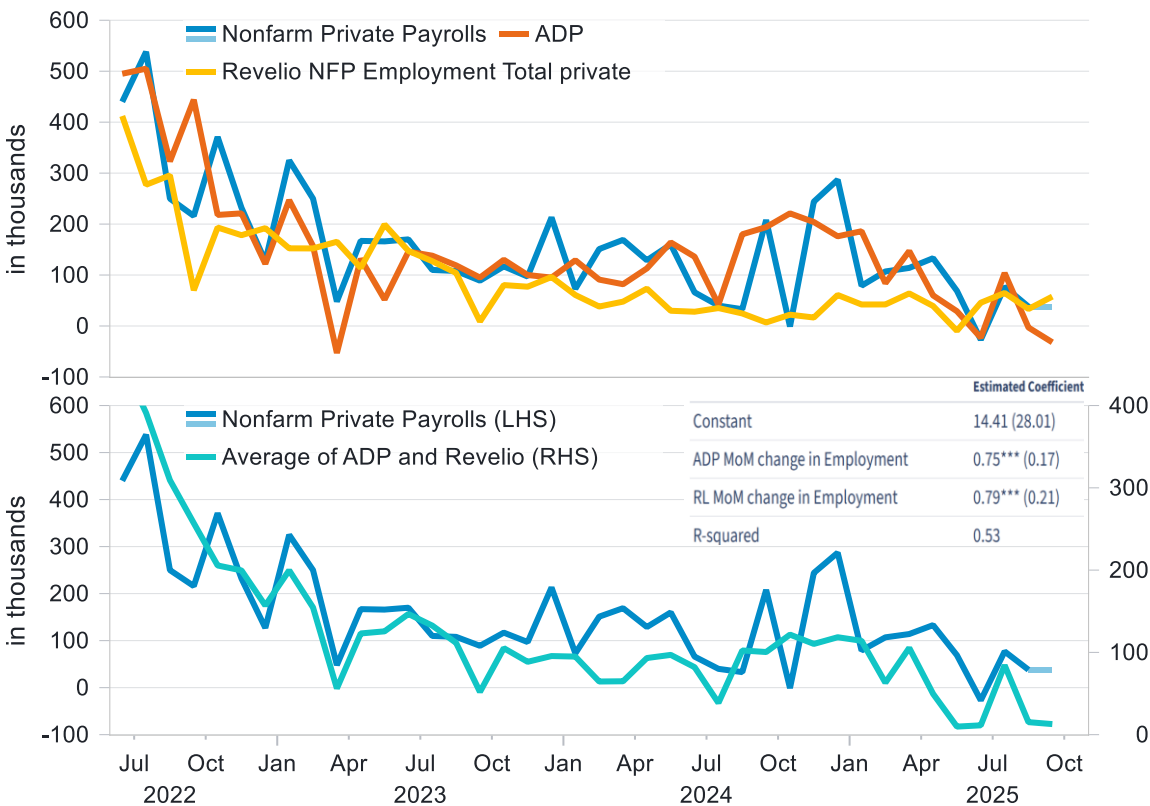


GFC – Global Financial Crisis
UER – Unemployment rate
Source: Fidelity International, Macrobond, BLS, October 2025.

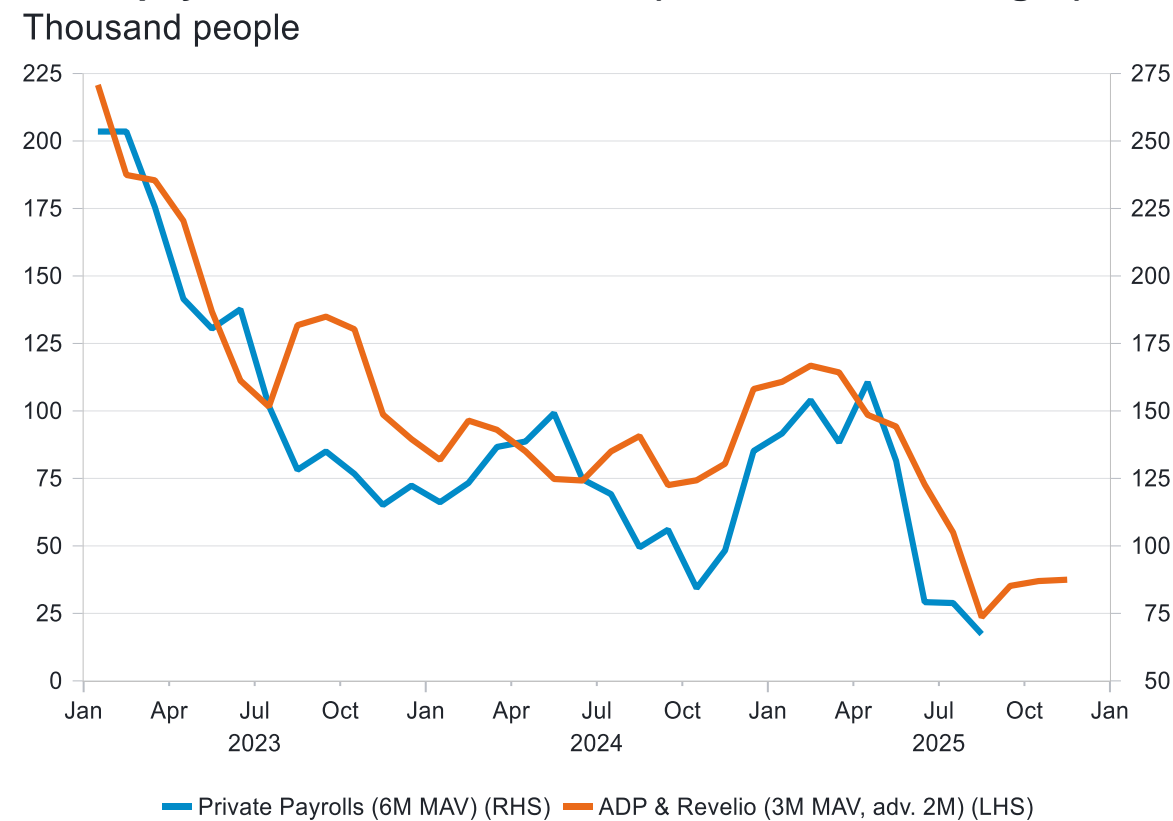
Alternative data sets for official BLS report indicate continued softness in payrolls

ADP and Revelio have been tracking the cumulative changes in payrolls since 2024 relatively well

ADP and Revelio vs Non-farm private payrolls



Private payrolls vs ADP and Revelio (6-month mov. averages)



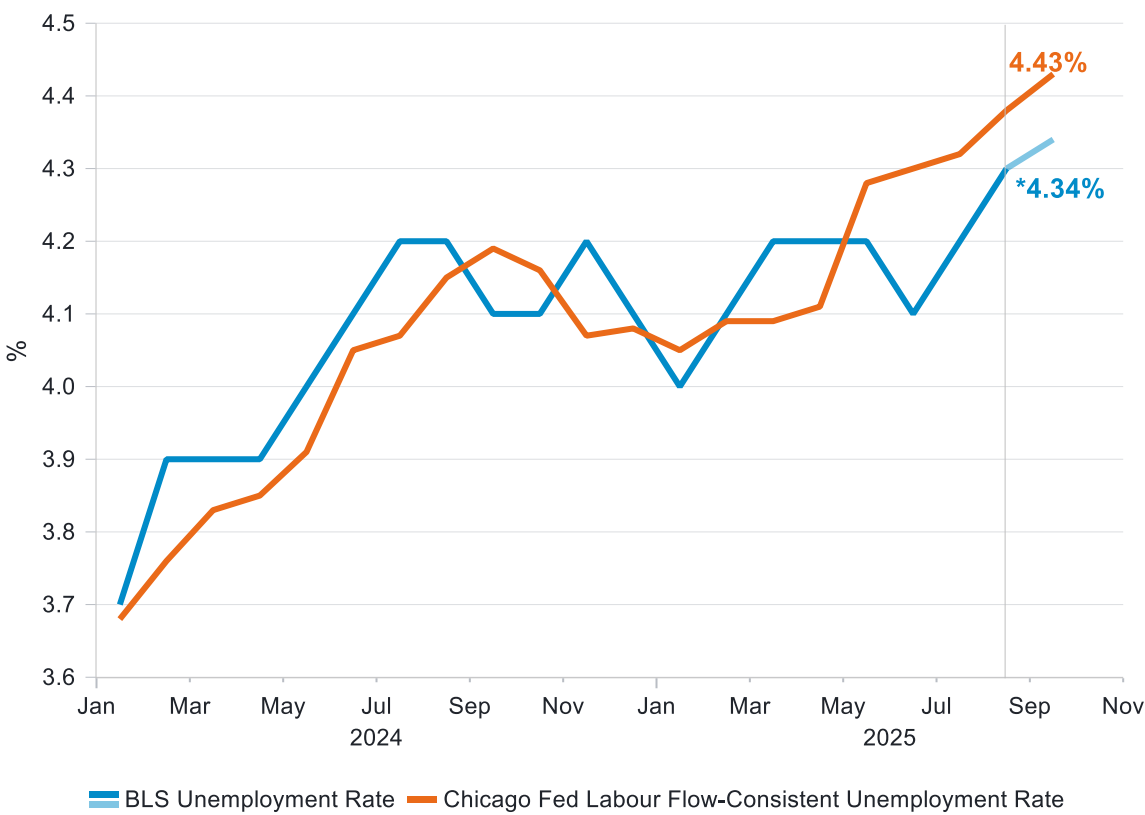
Source: Fidelity International, Bloomberg, Macrobond, BLS, Revelio, October 2025.

Source: Fidelity International, Bloomberg, Macrobond, BLS, October 2025.

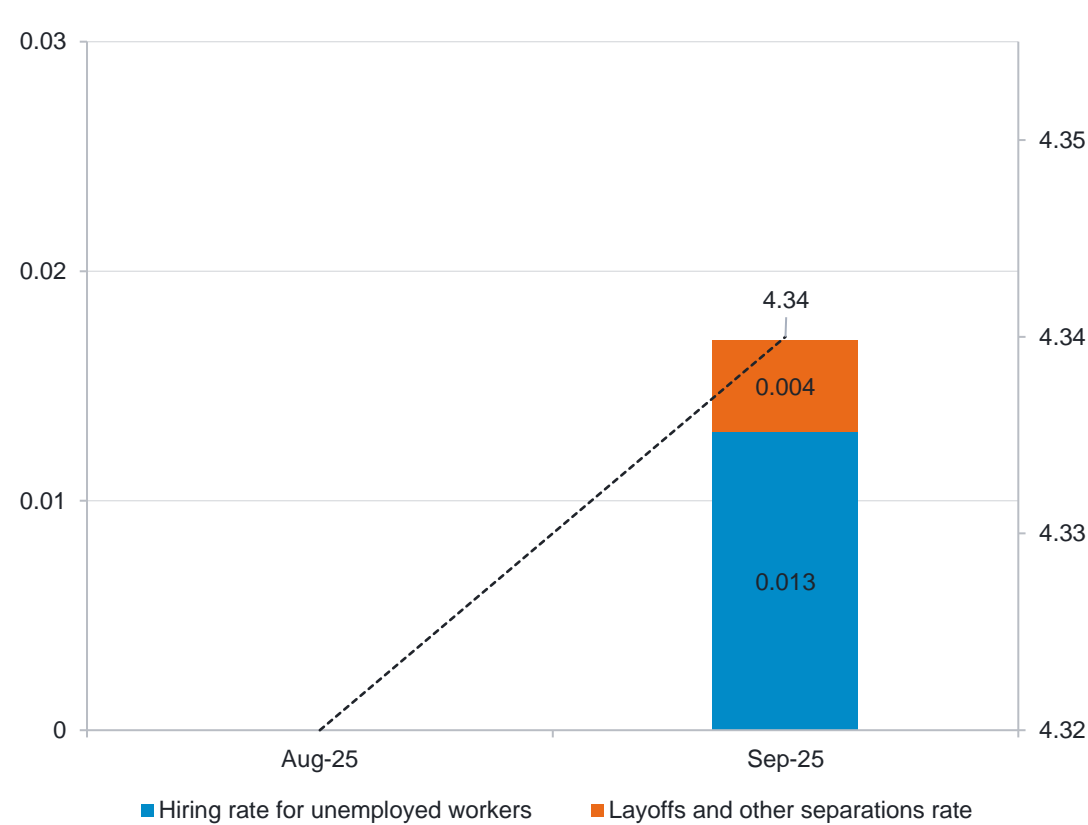
Chicago Fed Labour Market tracker points to slight increase in UER...

...driven primarily due to low hiring of workers from the unemployed pool.

BLS UR vs Chicago Fed Flow-consistent model



Contributions to the September Unemployment rate

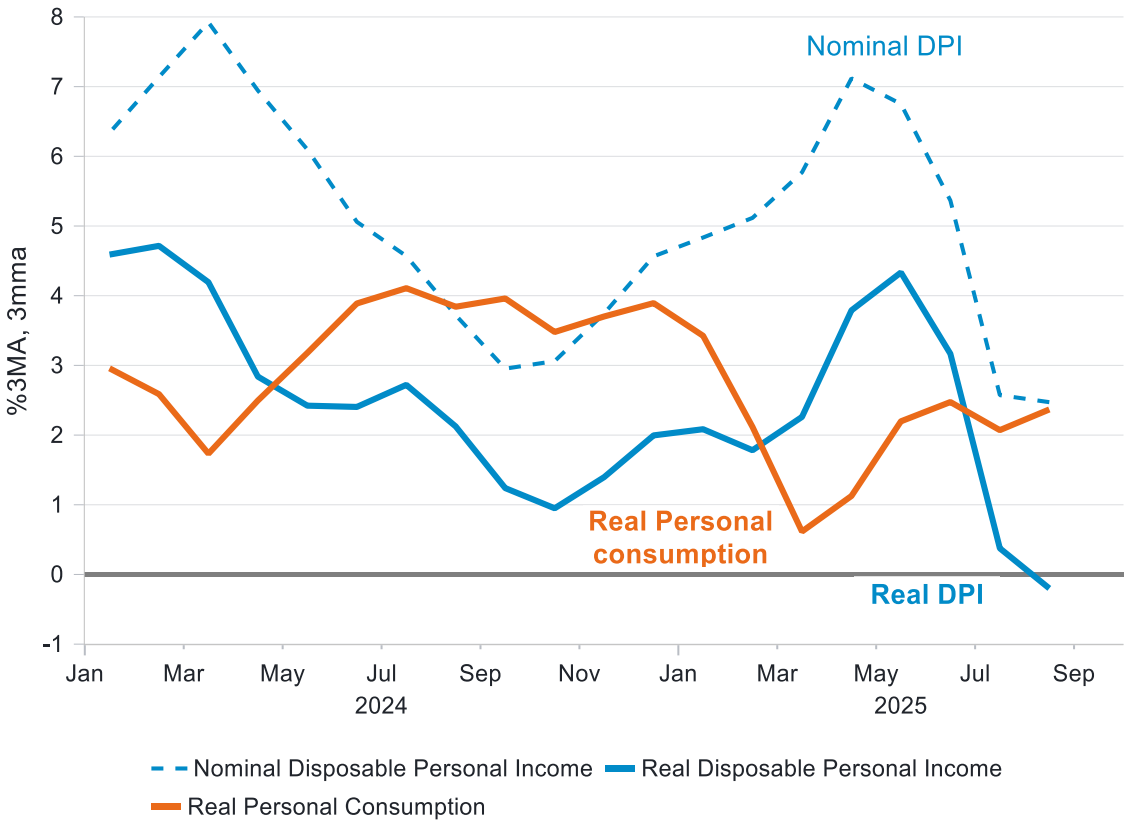


Source: Fidelity International, Macrobond, Bloomberg, BLS, Chicago Fed, October 2025.

Source: Fidelity International, BLS, Chicago Fed, October 2025.

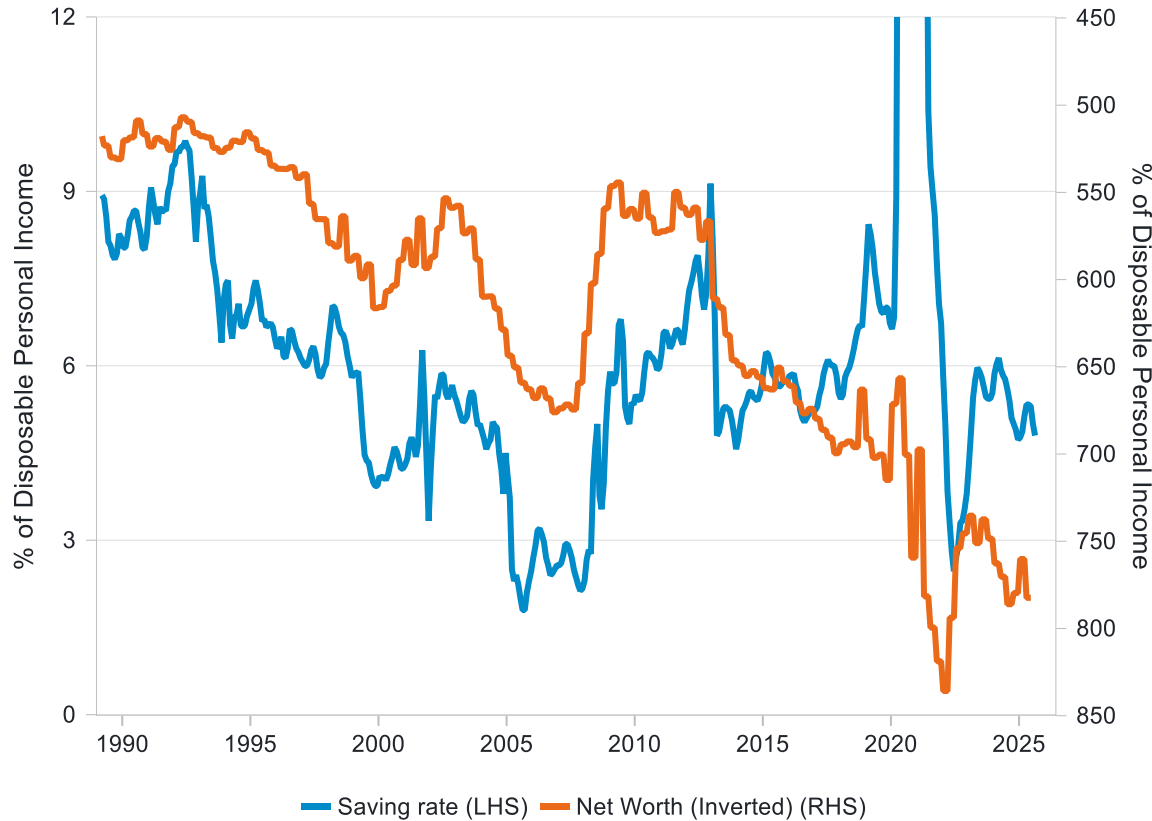
Income levels remain supported despite weaker labour markets but real incomes... ...are starting to contract as a result of inflation pressures.

Real disposable incomes have turned negative



Source: Fidelity International, Macrobond, BEA, October 2025.

Consumption is getting supported by strong wealth effects

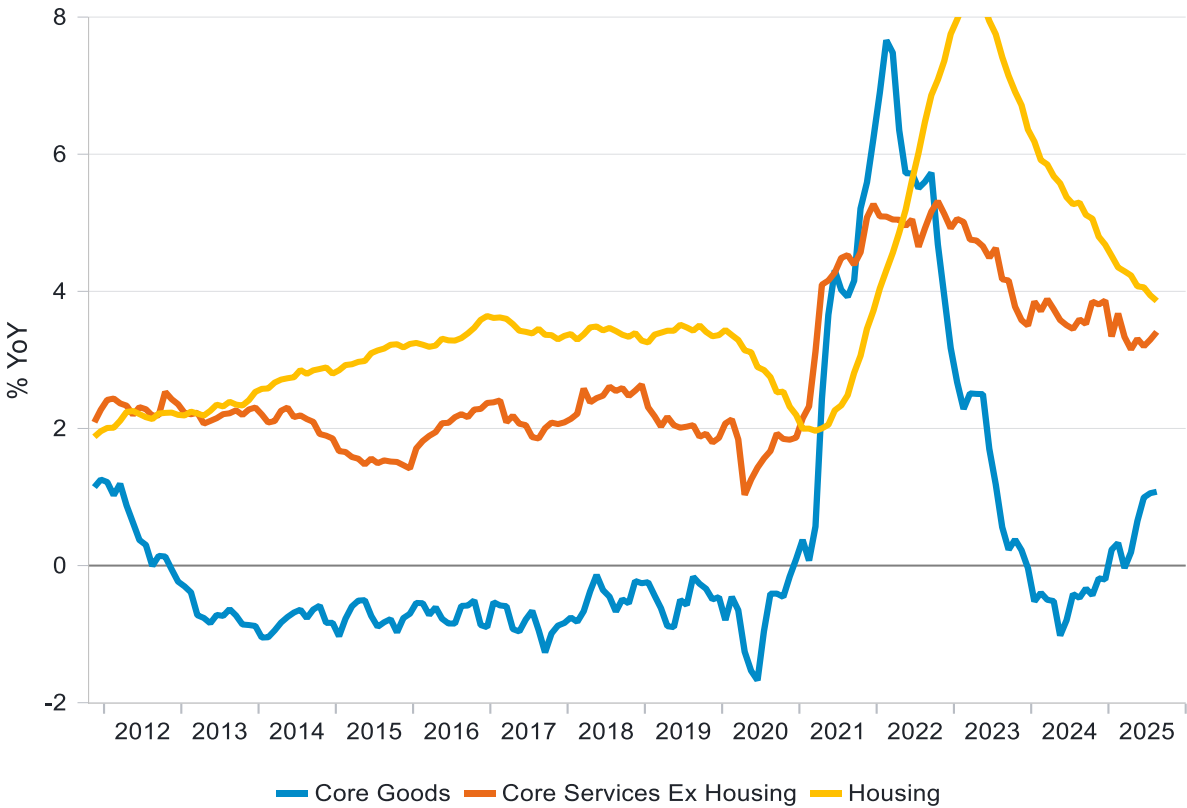


Source: Fidelity International, Macrobond, BEA, Fed, October 2025.

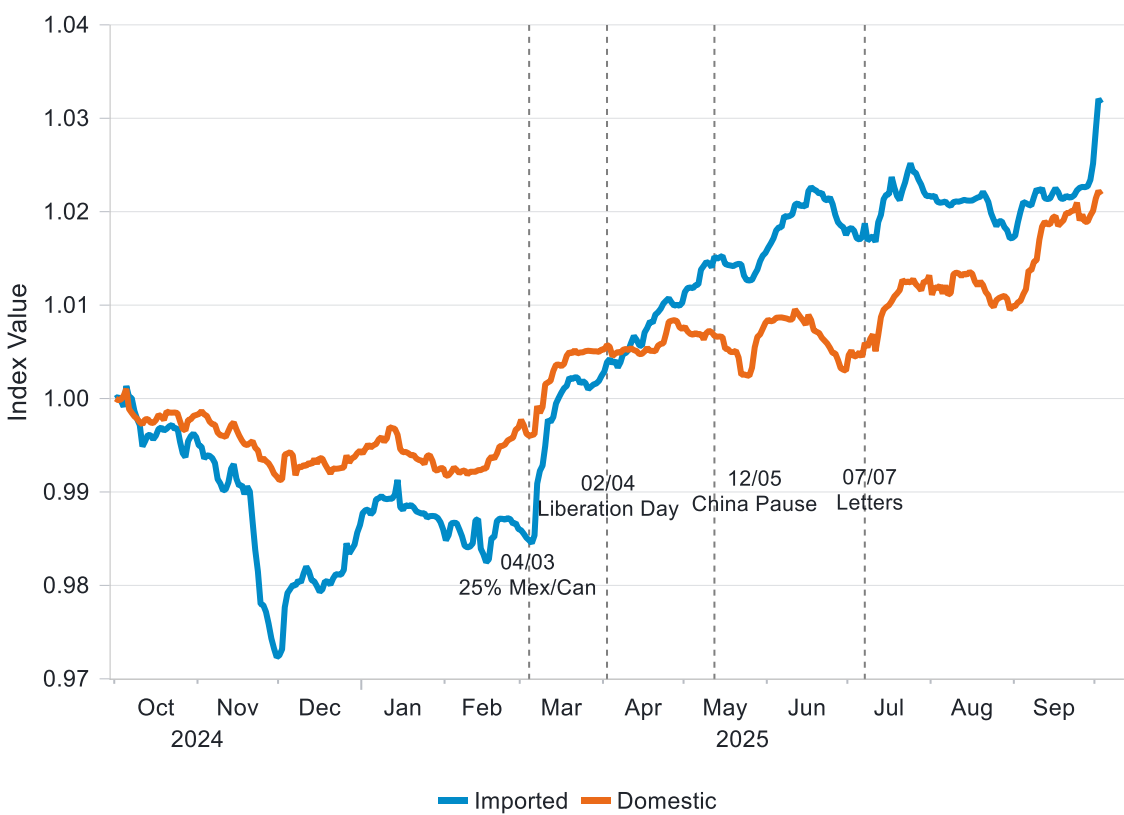
Inflation risks remain skewed to the upside with more good's inflation expected...

...from tariffs, while progress on core services inflation has stalled.

US Core PCE – components split



Final Price indices of goods sold by major US retailers



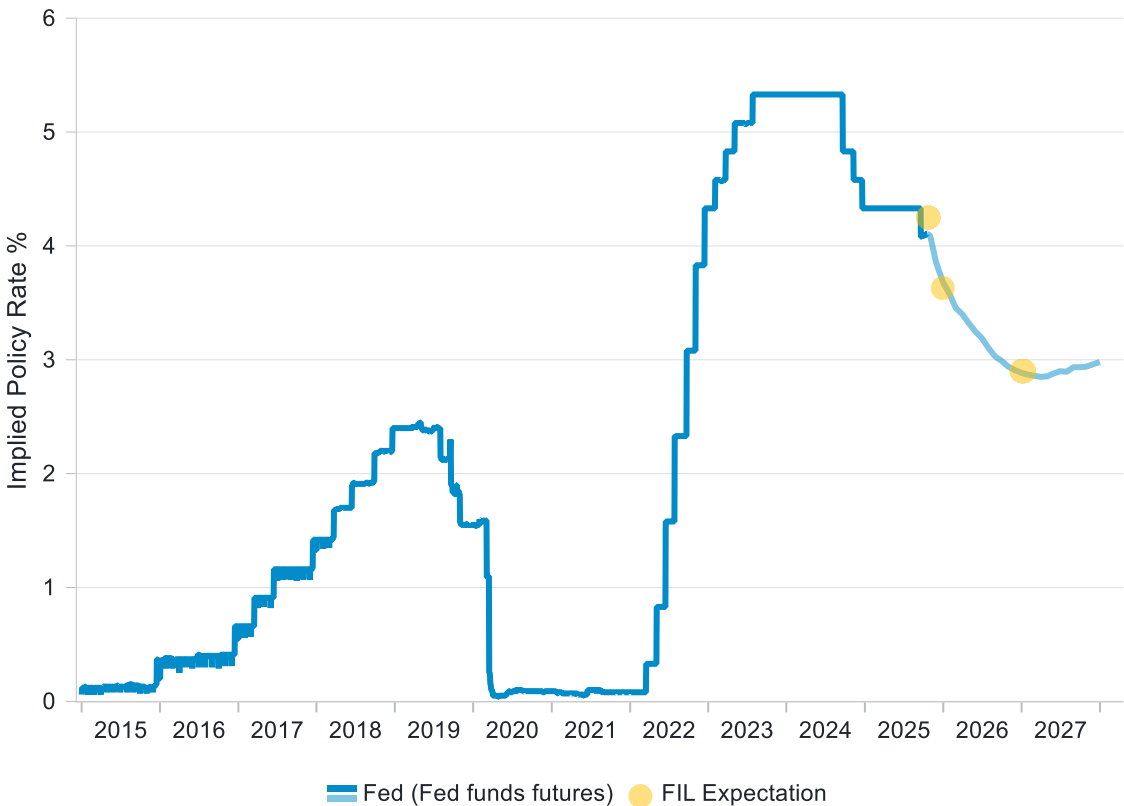
Source: Fidelity International, Macrobond, BEA, October 2025.

Source: Fidelity International, Macrobond, Cavallo, Llamas & Vazquez (2025), PriceStats/State Street, October 2025.

Fed likely to deliver another ‘insurance cut’ in October...

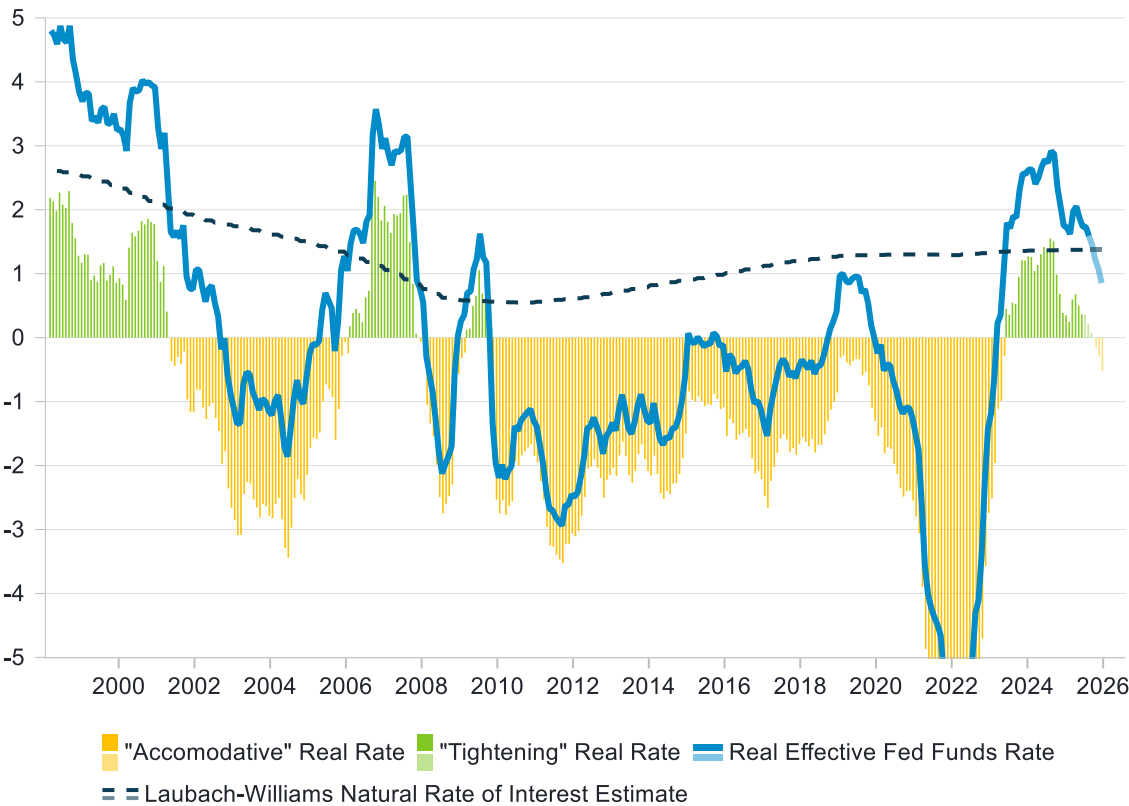
...as policy rates remain ‘modestly restrictive’ and balance of risks are skewed towards labour market.

Fed Market Pricing



Source: Fidelity International, Macrobond, CME, Federal Reserve, October 2025.

Real Effective Fed Funds rate vs R*



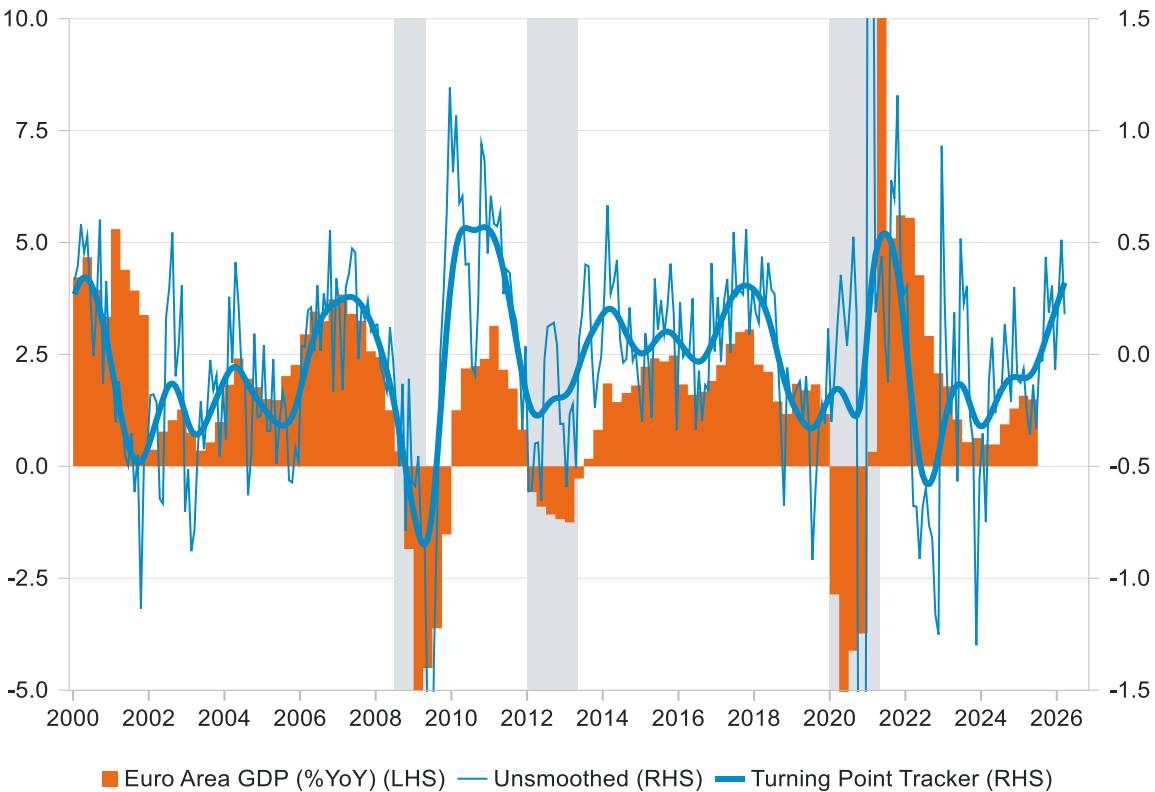
Note: Forecasts for Real EFR are based on current market pricing of FFR and the Fed's latest SEP for PCE inflation
Source: Fidelity International, Macrobond, Fed, BEA, New York Fed, October 2025.

Europe Macro Outlook

Euro Area: Growth in Q1 was robust led by front-loading, and is now reversing...

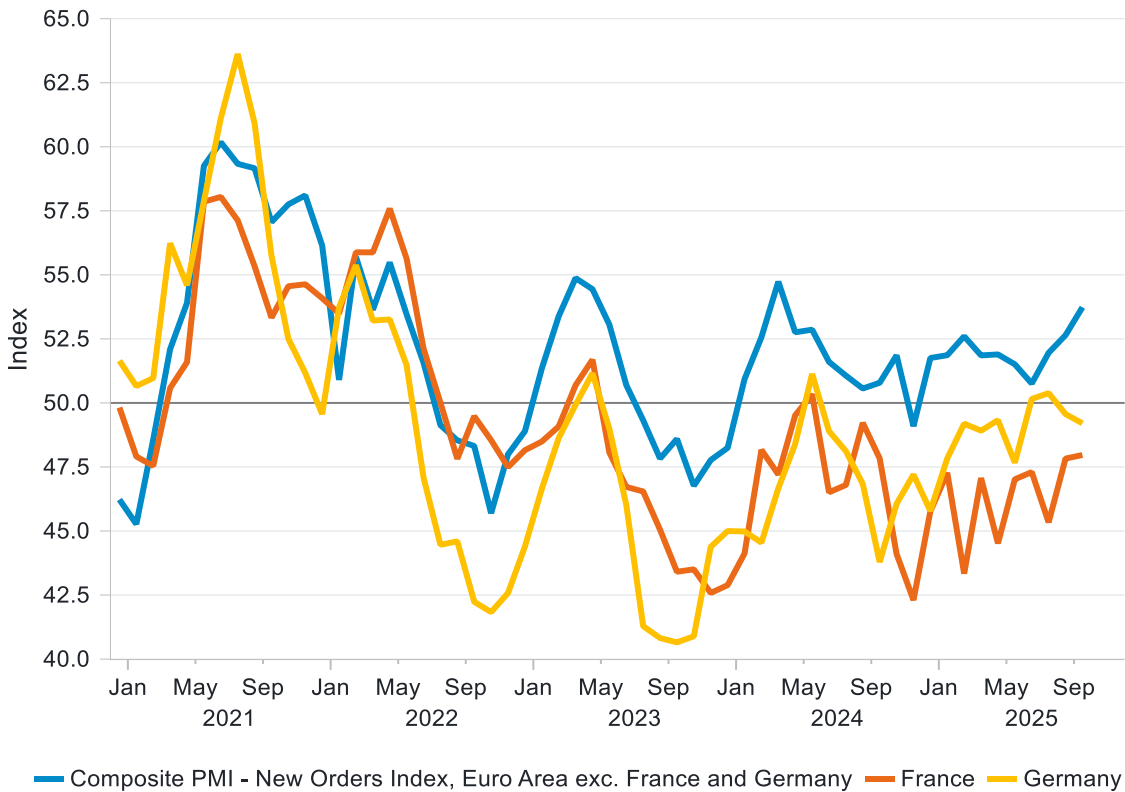
...but underlying growth remains at trend, even as pockets of risk can be seen in some countries

Turning point tracker continues to suggest robust growth



Source: Fidelity International, Macrobond, DG ECFIN, Eurostat, S&P Global, October 2025.

... but short-term indicators give forward looking caution in DE+FR

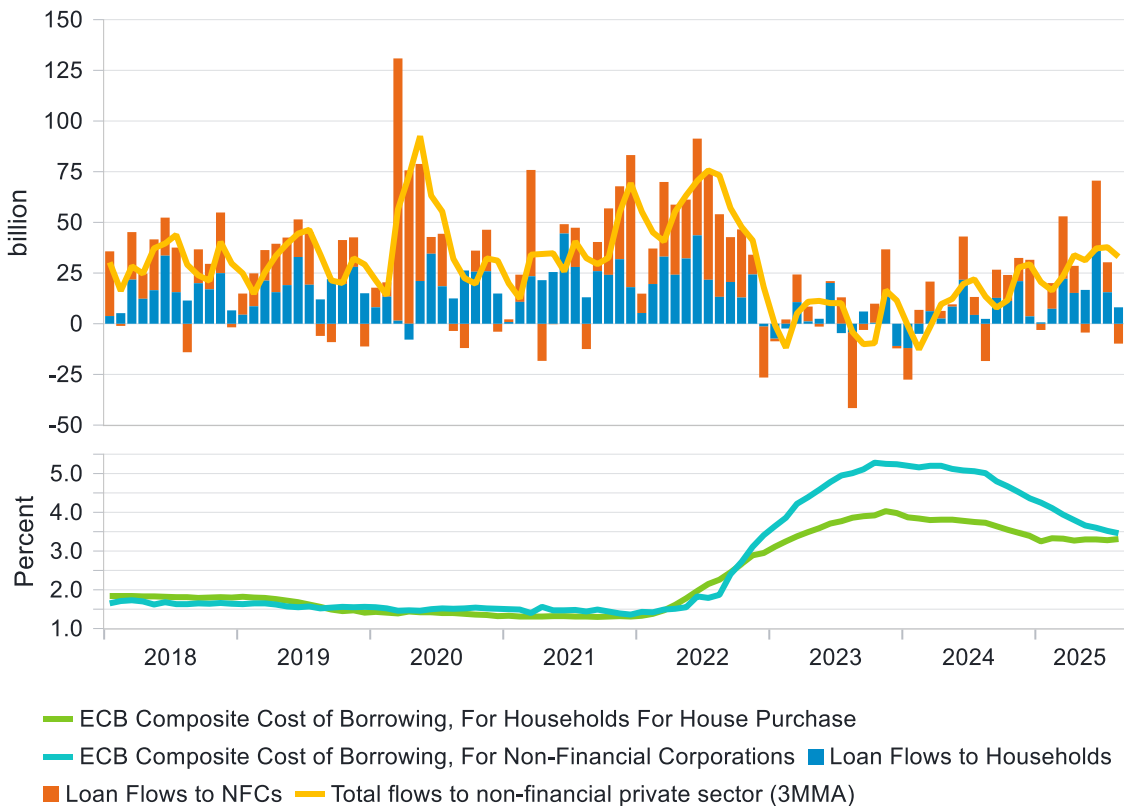


Source: Fidelity International, Macrobond, S&P Global, October 2025.

Monetary policy pass through can be seen as the credit cycle remains supported

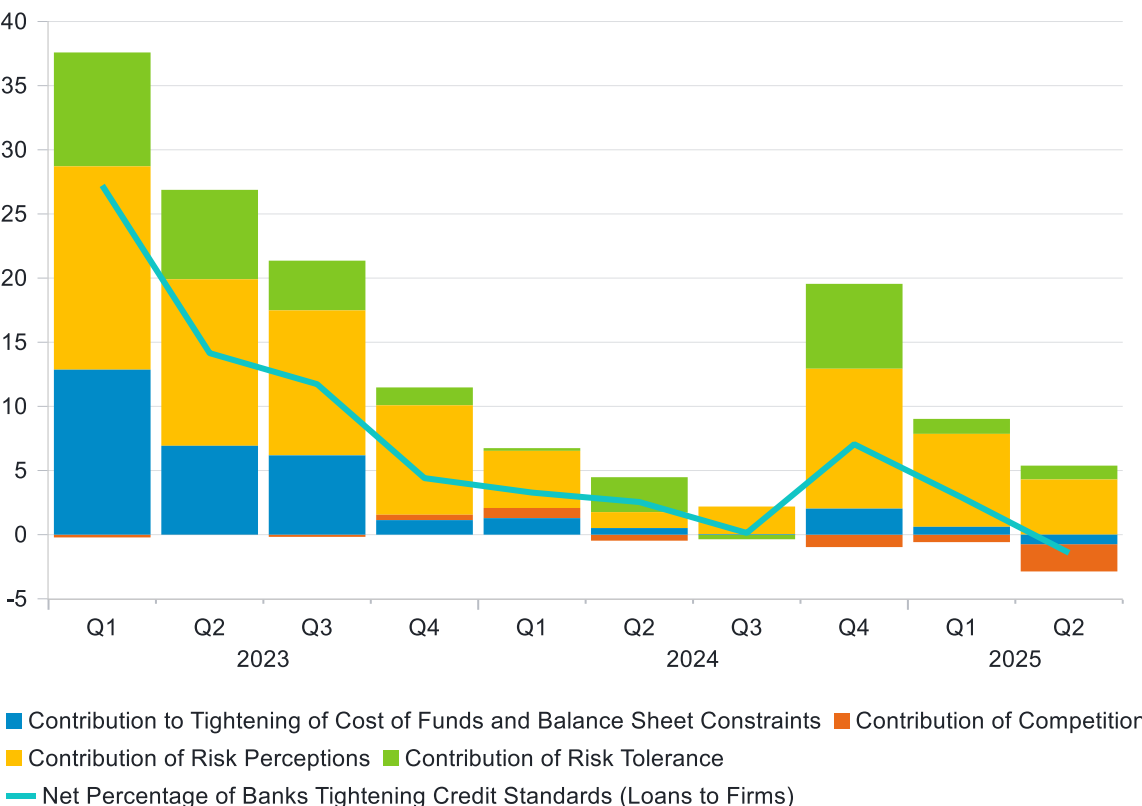
Credit flows have reactivated as banks pass through lower rates, though banks are remaining cautious

Credit flows are robust as lower policy rates pass through



Source: Fidelity International, Macrobond, ECB, October 2025.

... even as risk perceptions are keeping credit standards tight

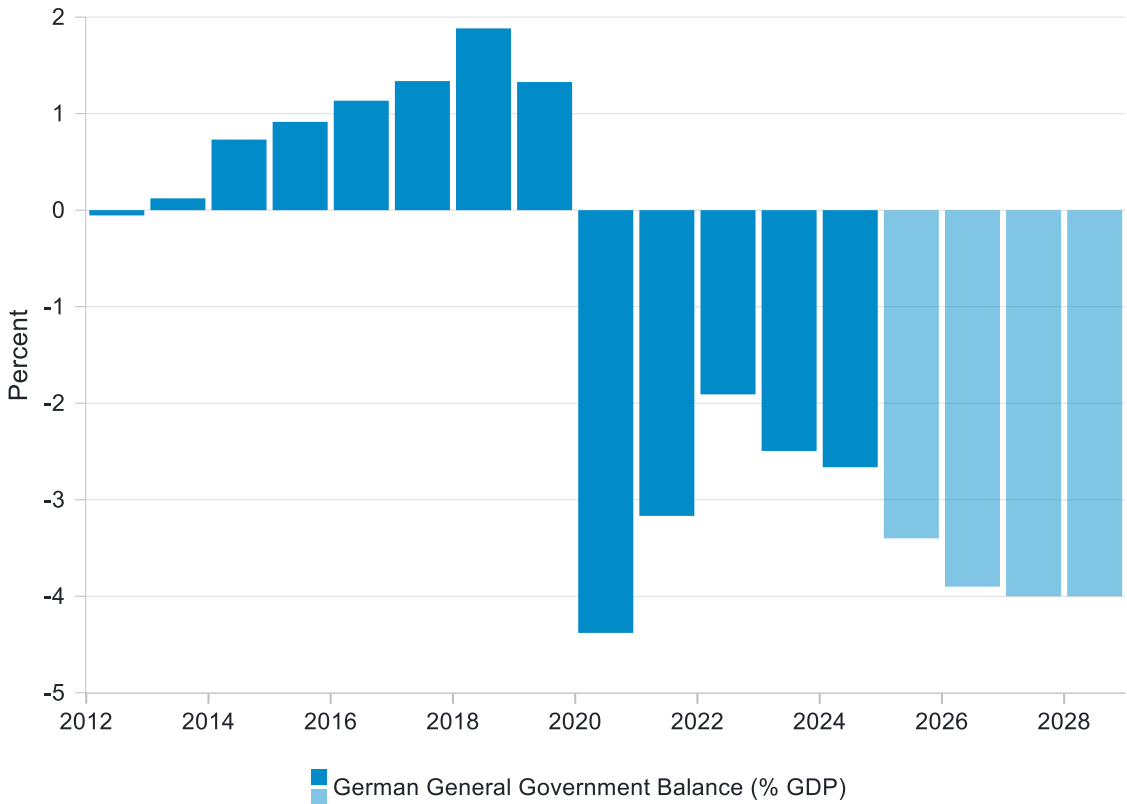


Source: Fidelity International, Macrobond, ECB (Bank Lending Survey), October 2025.

Euro Area (EA): German fiscal stimulus provides some upside risks to growth

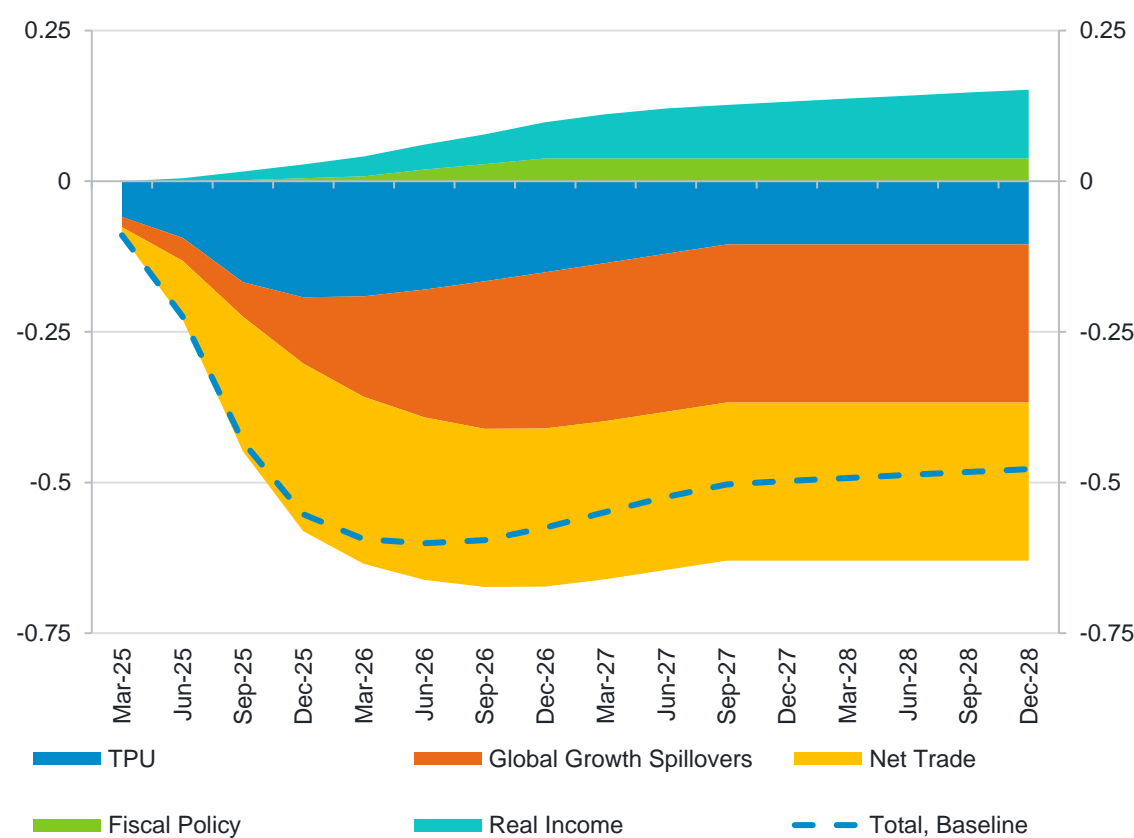
...with headwinds from tariffs still clear even as fiscal stimulus kicks off

Projected German fiscal deficit as % of GDP



Source: Fidelity International, Macrobond, DESTATIS, Goldman Sachs GIR, October 2025.

Estimated impact on EA real GDP level (% QoQ)

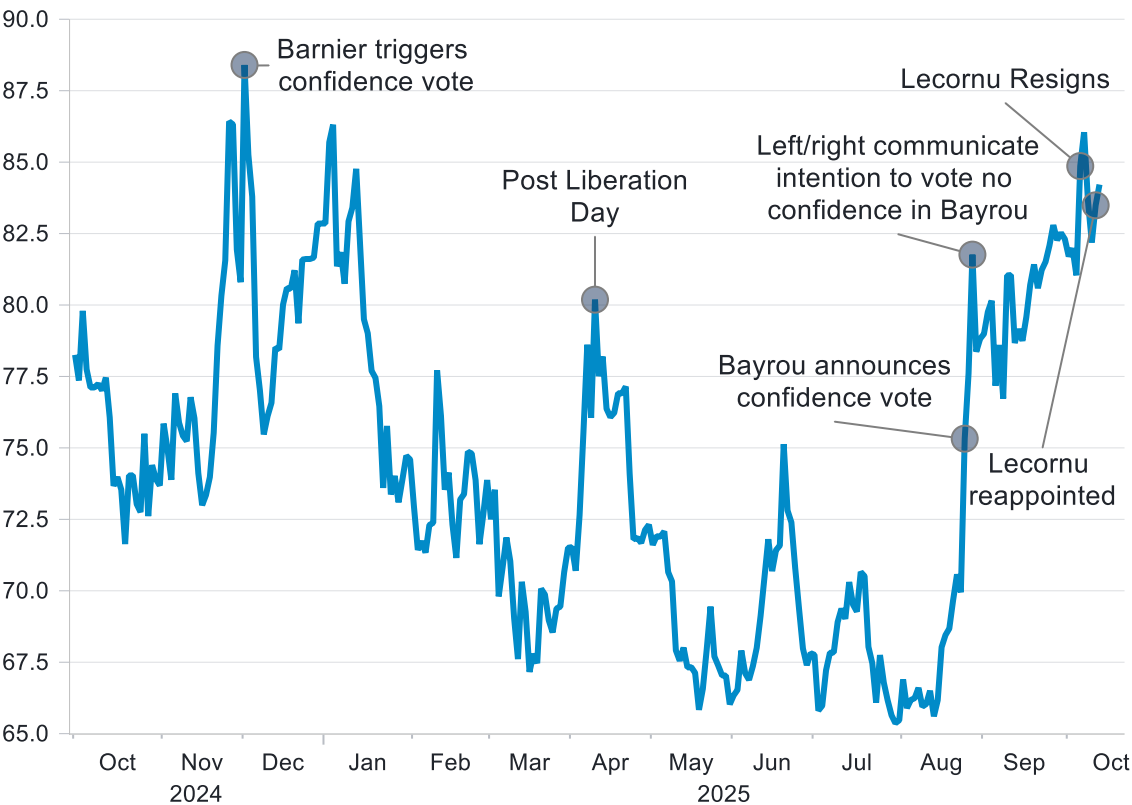


Source: Fidelity International, Goldman Sachs GIR, Haver Analytics, Census Bureau, August 2025

French political and fiscal uncertainty remains elevated

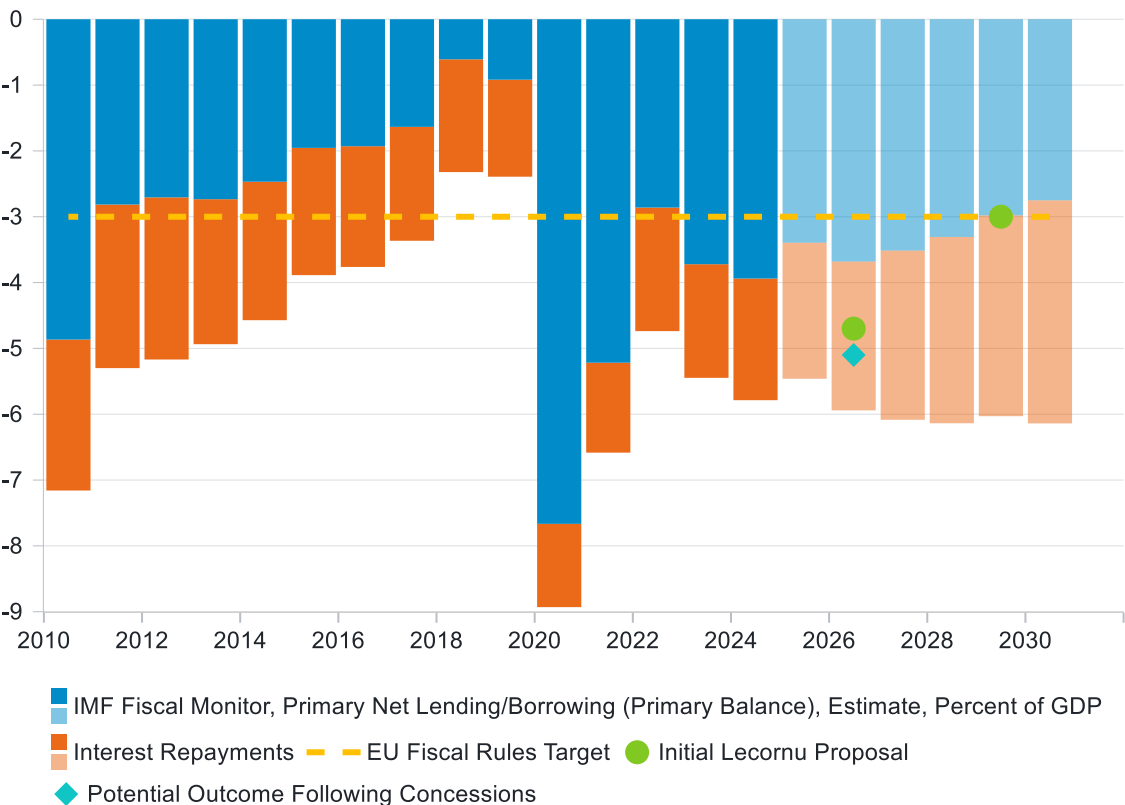
Scenarios point to either less fiscal consolidation than initially proposed or fresh elections

OAT-Bund 10Y Spreads remain wide



Source: Fidelity International, Bloomberg, Macrobond, October 2025.

French budget deficit, IMF projections and potential scenarios

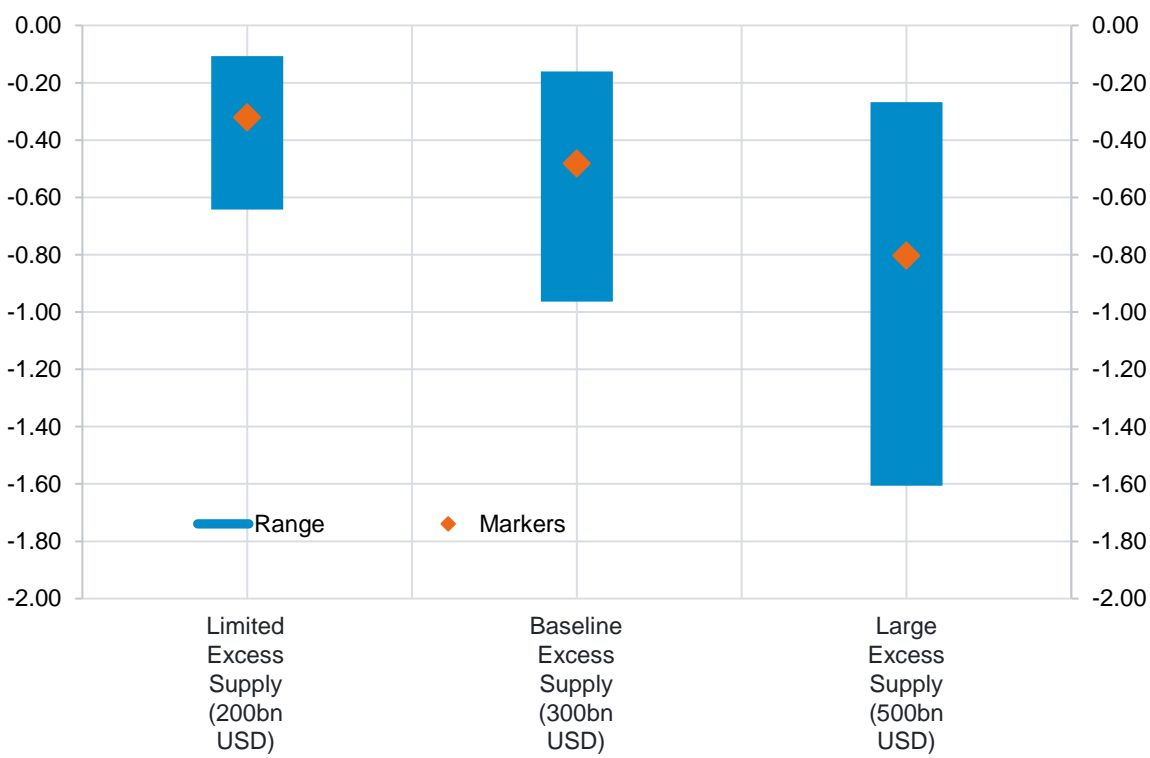


Source: Fidelity International, Macrobond, IMF, October 2025.

A number of factors suggest that there are downside risks to euro area inflation

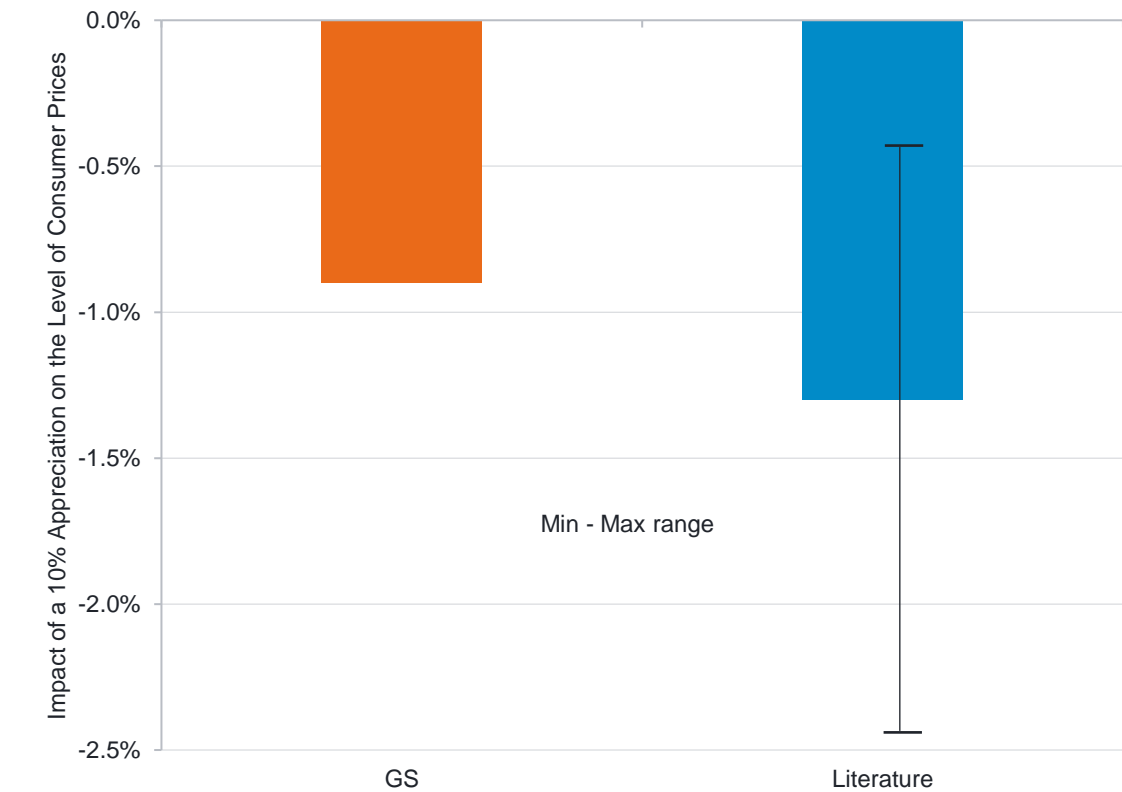
Excess supply and euro appreciation present downside risks

Effect of Goods Excess Supply on EA20 Core Prices: Scenarios



*Range based on possible elasticities of prices to low-wage country import share

ECB under-estimating disinflationary impulse from Euro appreciation



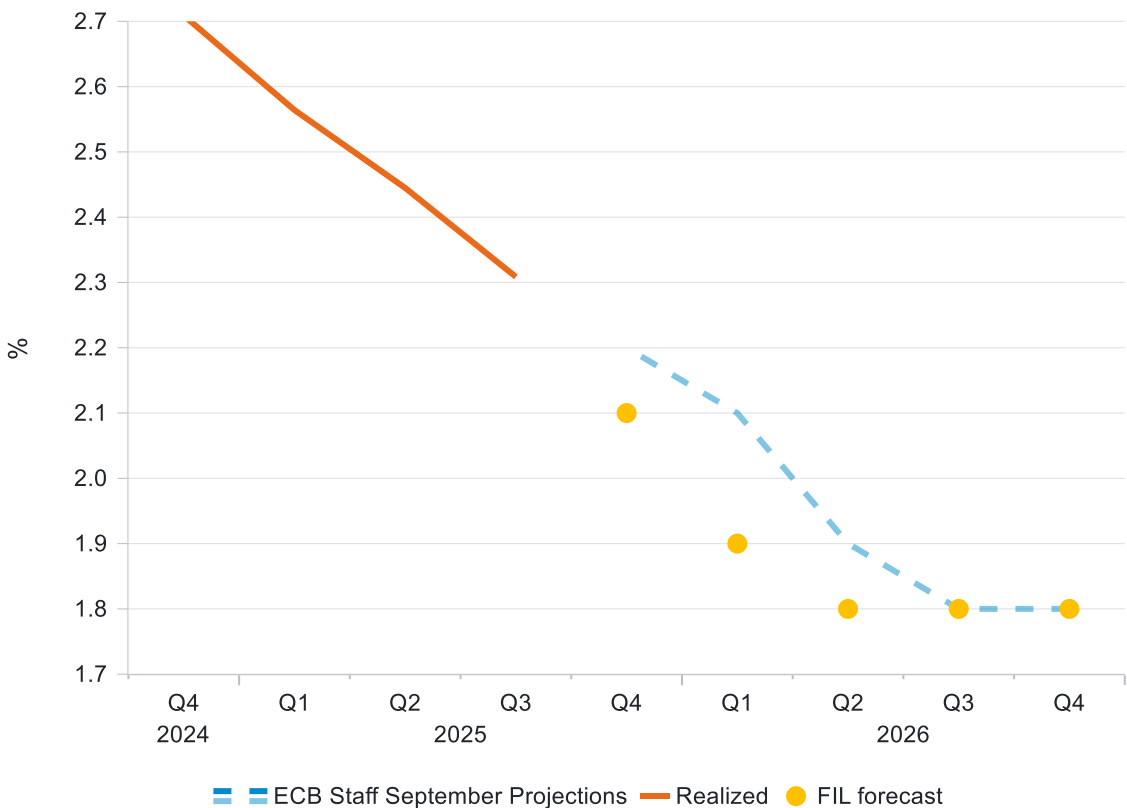
Source: Fidelity International, Goldman Sachs GIR, Haver Analytics, ECB, Bloomberg, June 2025.

Source: Fidelity International, Goldman Sachs GIR, Haver Analytics, ECB, Bloomberg, August 2025.

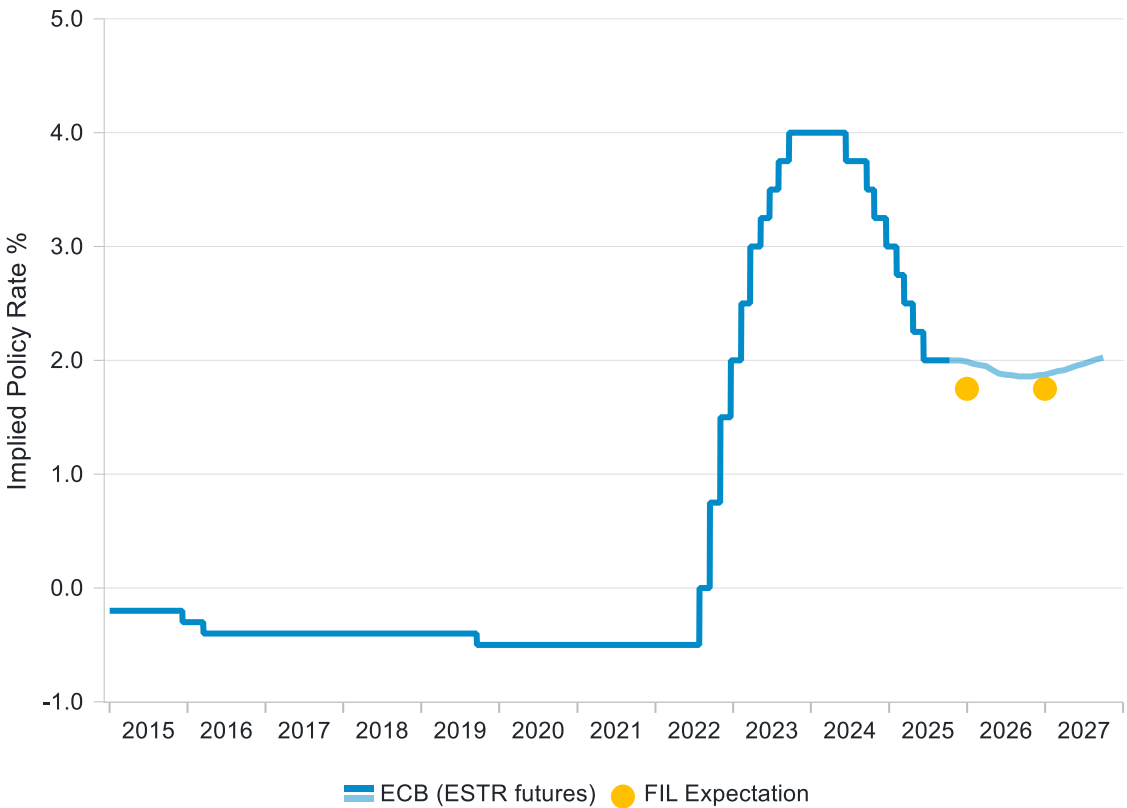
Disinflationary pressures will likely support further ECB easing

Disinflationary forces from excess supply, a stronger euro and falling wages will likely lead to further easing

Core inflation will likely fall faster than the ECB expects



Spurring on a further rate cut



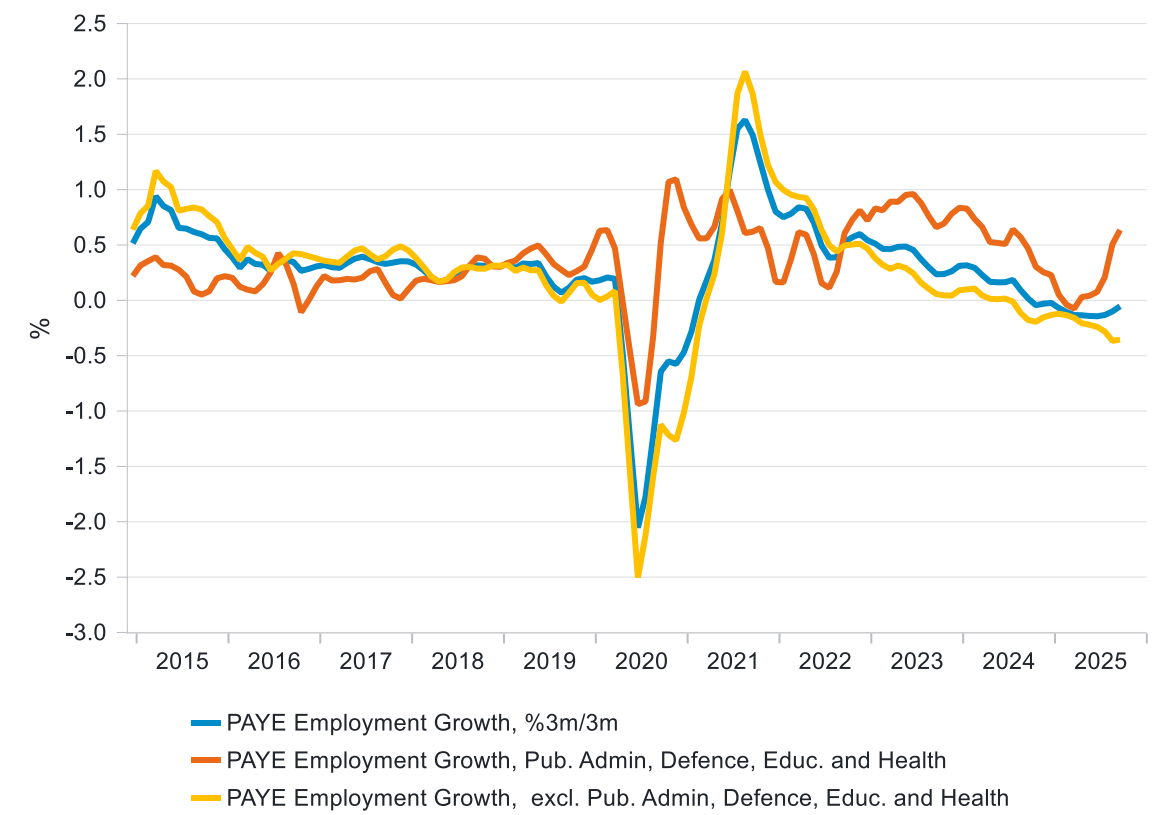
Source: Fidelity International, Macrobond, ECB, Eurostat, October 2025.

Source: Fidelity International, Macrobond, ECB, ICE Futures Europe, October 2025.

UK: While data quality is poor, the labour market is weakening...

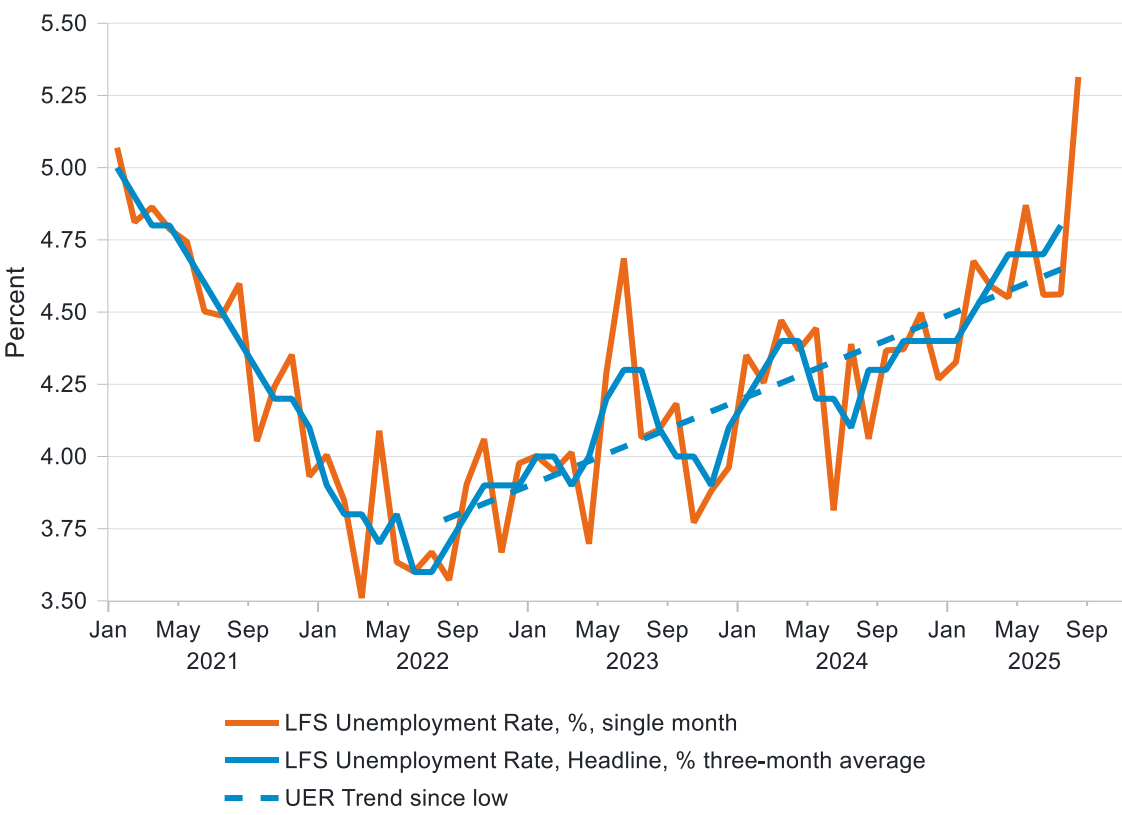
...with forward looking indicators not yet pointing to a clear improvement

Employment growth stabilisation driven by a limited no. of sectors



Source: Fidelity International, Macrobond, S&P Global, BoE, ONS, October 2025.

...while (noisy) unemployment still has upward momentum

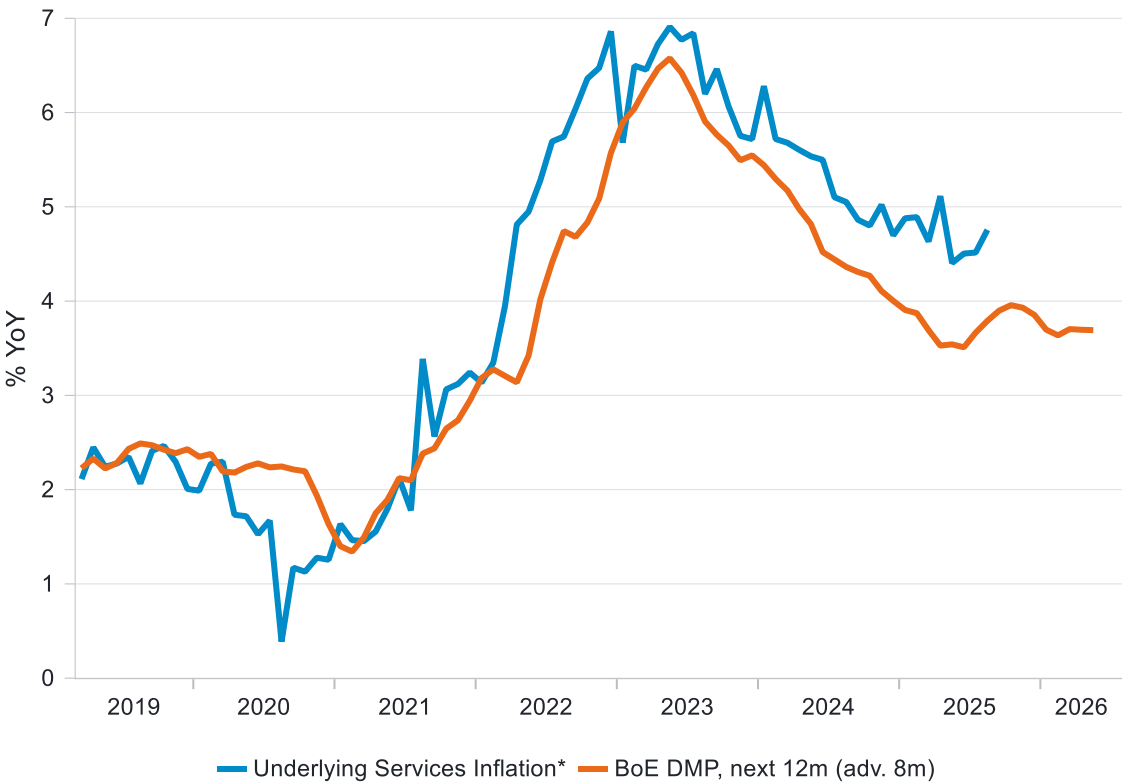


Source: Fidelity International, Macrobond, ONS, October 2025.

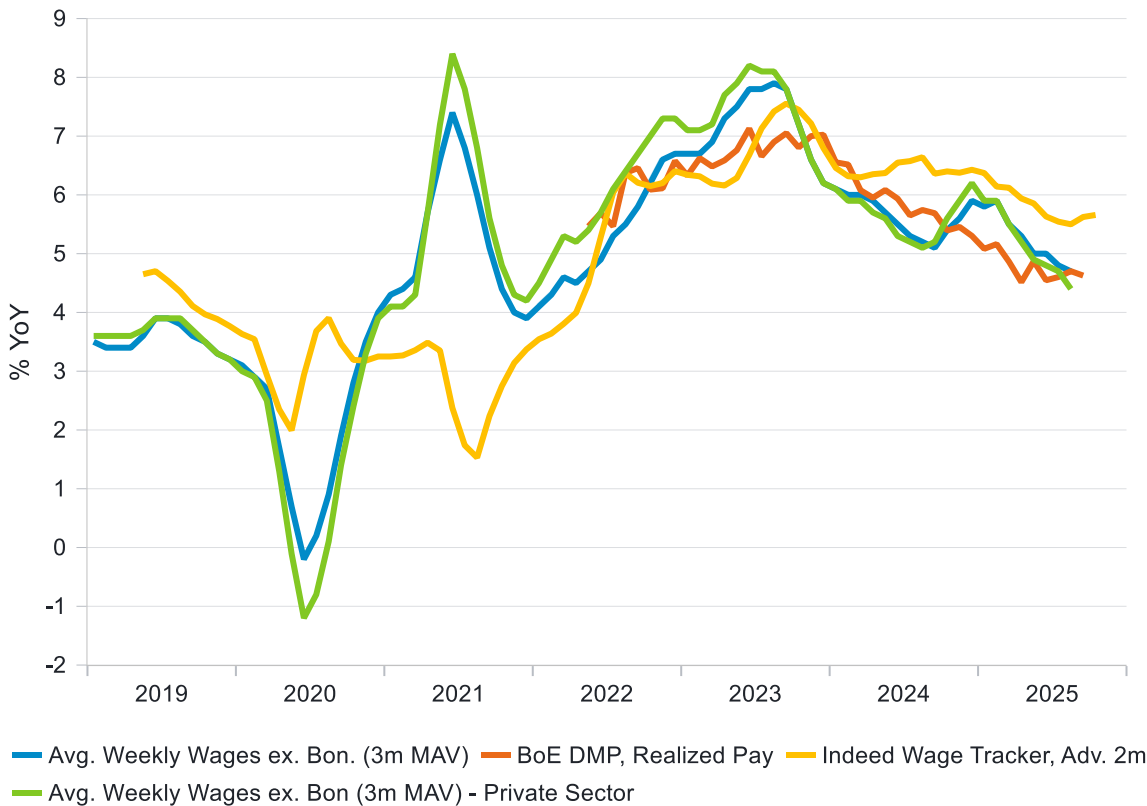
Underlying price pressures have shown some moderation but upside risks remain

Indications are that prices are being somewhat stubborn though wages are moderating

Services inflation has fallen but some stickiness persists



Wage pressures are however showing clear moderation

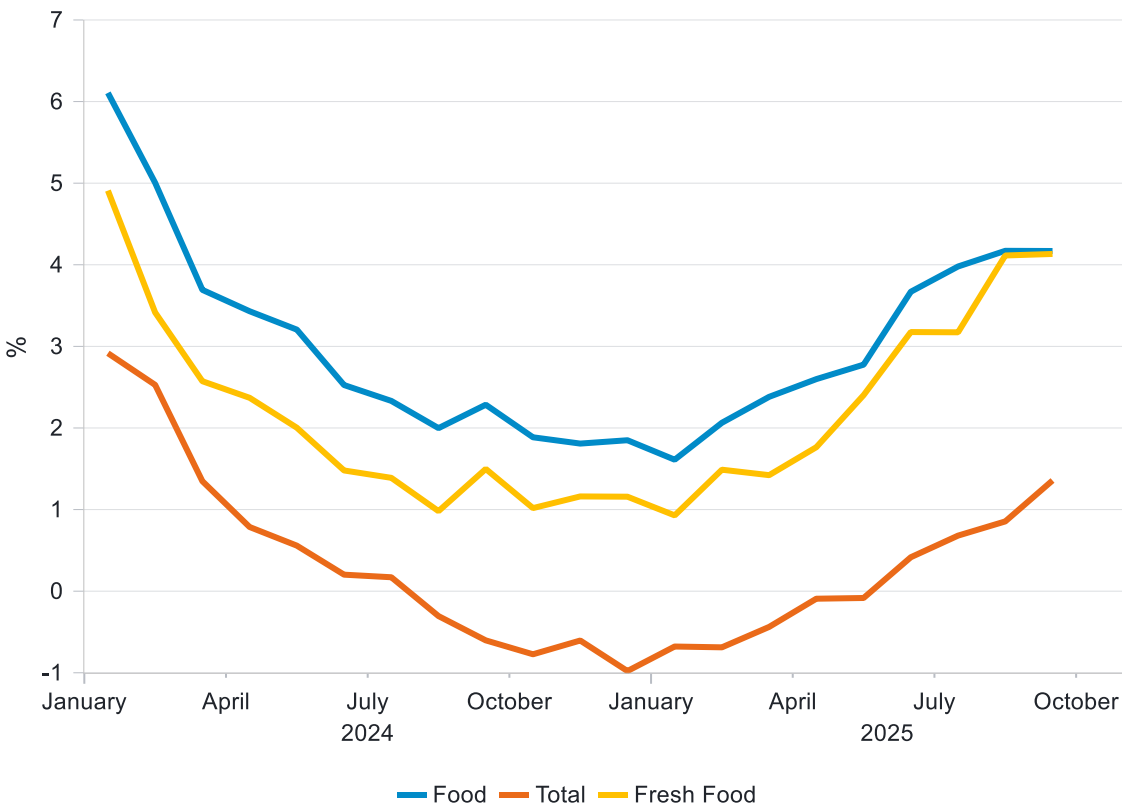


* ex Airfares, Education, and Package Holidays
Source: Fidelity International, Macrobond, ONS, BoE, October 2025

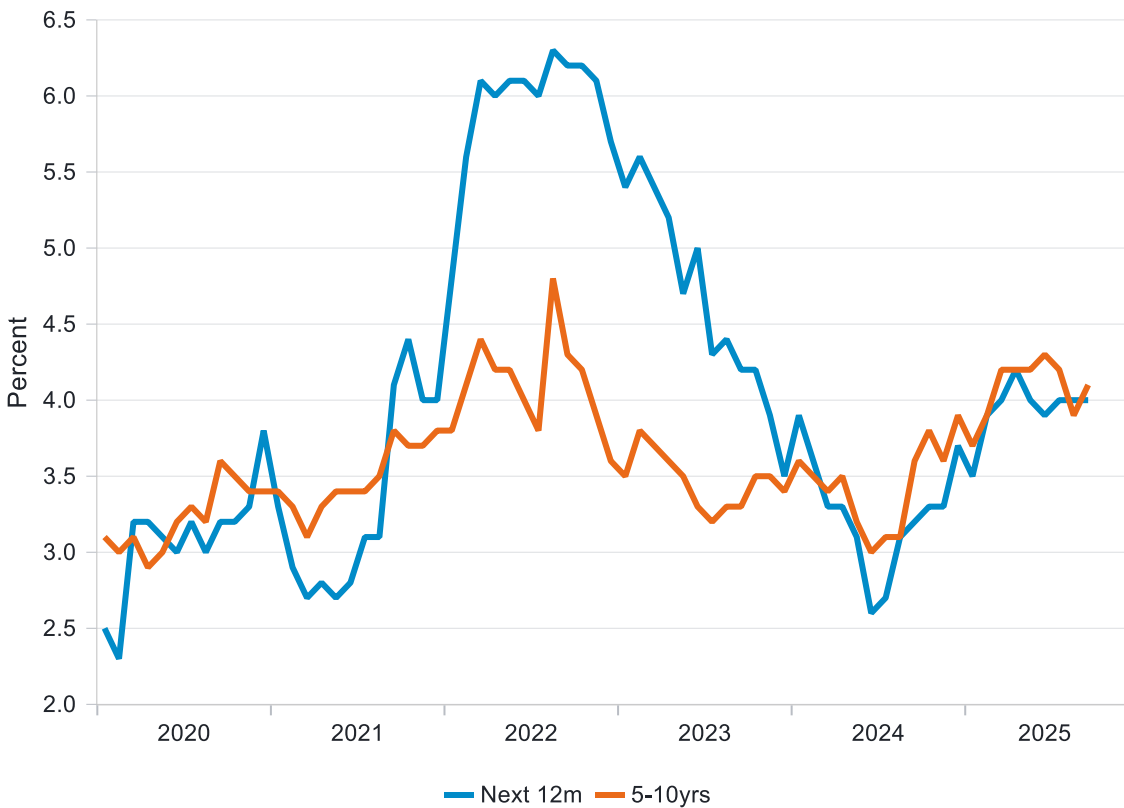
Source: Fidelity International, Macrobond, ONS, BoE, Indeed Hiring Lab, October 2025.

Incredibly weak potential growth combined with overexposure to volatile external prices has turned the UK into an inflationary ‘price taker’ economy

Timely shopping data shows food prices are high & accelerating



Which is likely to push inflation expectations higher as well



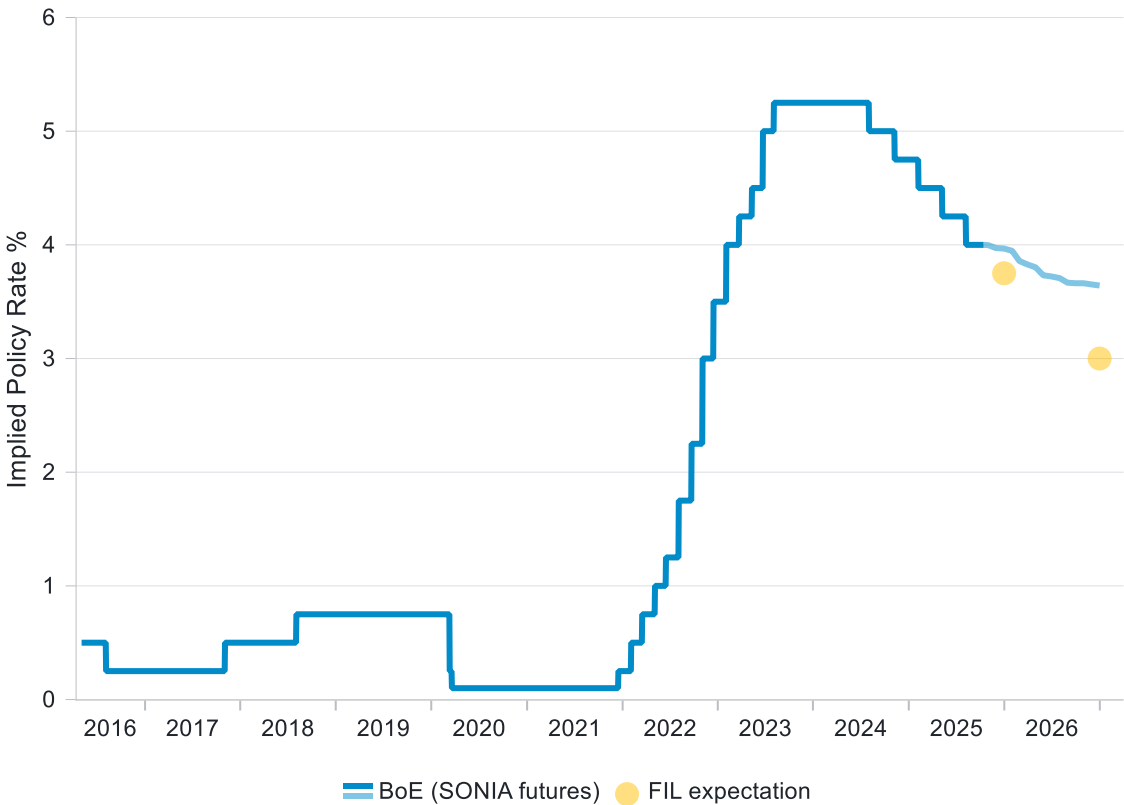
Source: Fidelity International, Macrobond, BRC, October 2025.

Source: Fidelity International, Macrobond, YouGov, October 2025.

BoE: Will cut once more this year to counterbalance a growing global fiscal shock

Whilst a strict focus on inflation would suggest no cuts, the weakening labour markets give them room to cut

BoE market pricing



Source: Fidelity International, Bank of England, October 2025.

Yields breaking from fundamentals and rising term premia suggests a global fiscal factor is keeping yields elevated



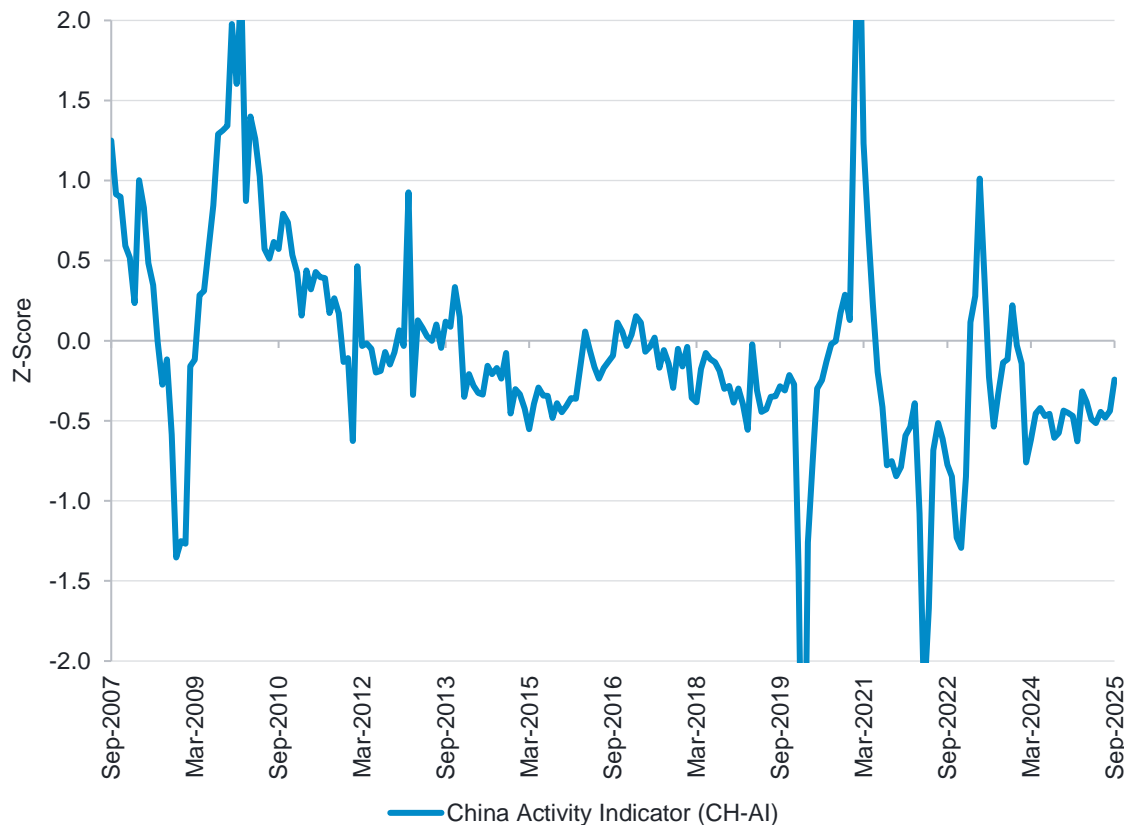
Source: Fidelity International, Macrobond, Bloomberg, October 2025

China Macro Outlook

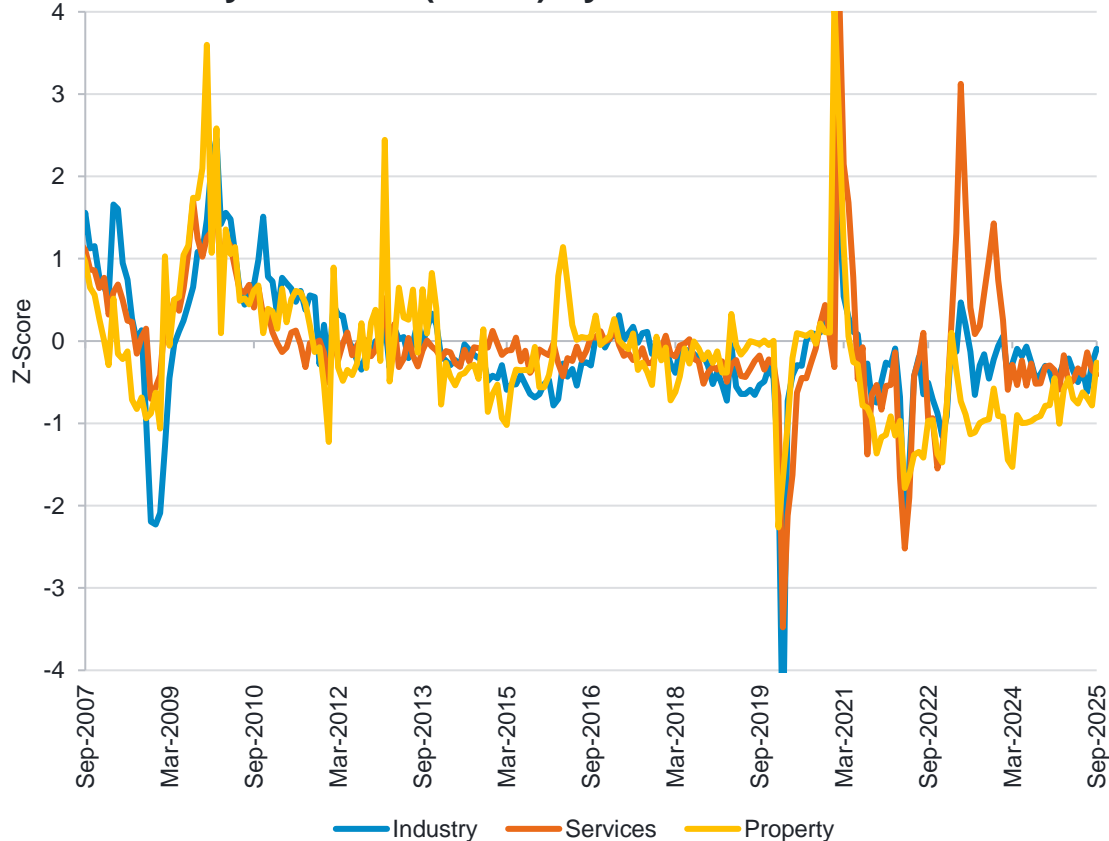
China activity indicator continues to tick up...

...as manufacturing and property sector improve, while service sector remains choppy.

China activity indicator (CH-AI)



China activity indicator (CH-AI) by sector

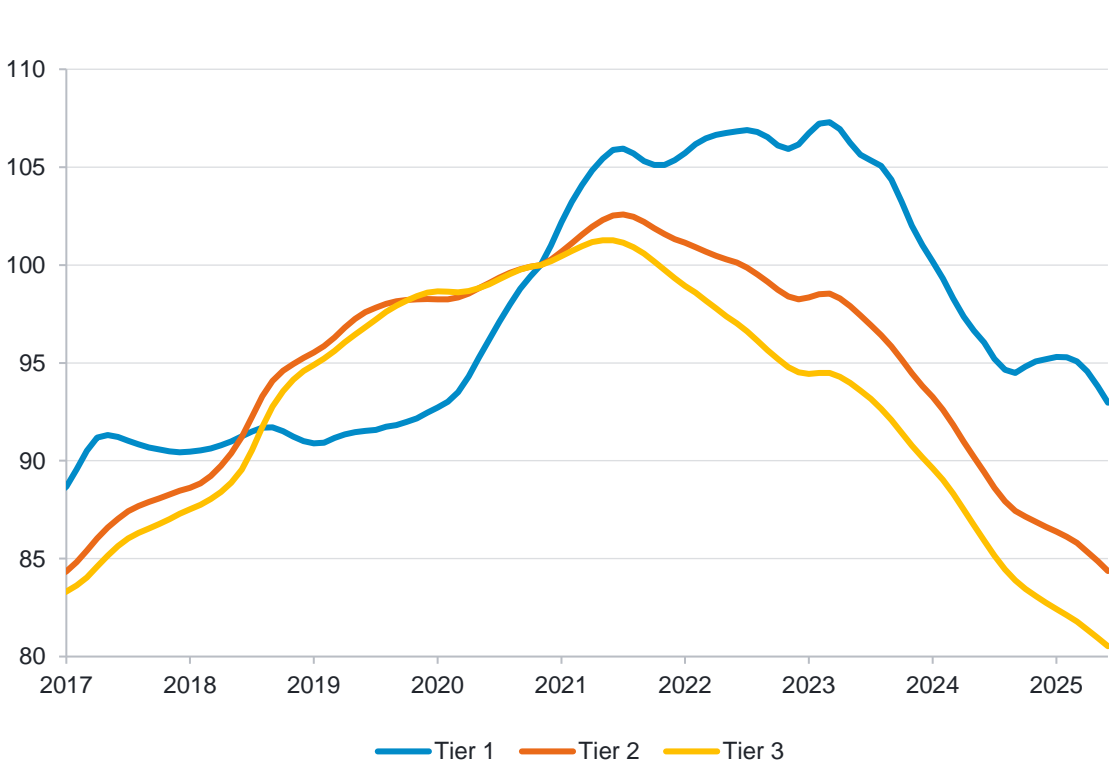


Note: the above estimate is our flash readings where we project some variables that have not been released as yet.
Source: Fidelity International, FIL Global Macro Team calculations, Bloomberg, Macrobond, Wind, October 2025.

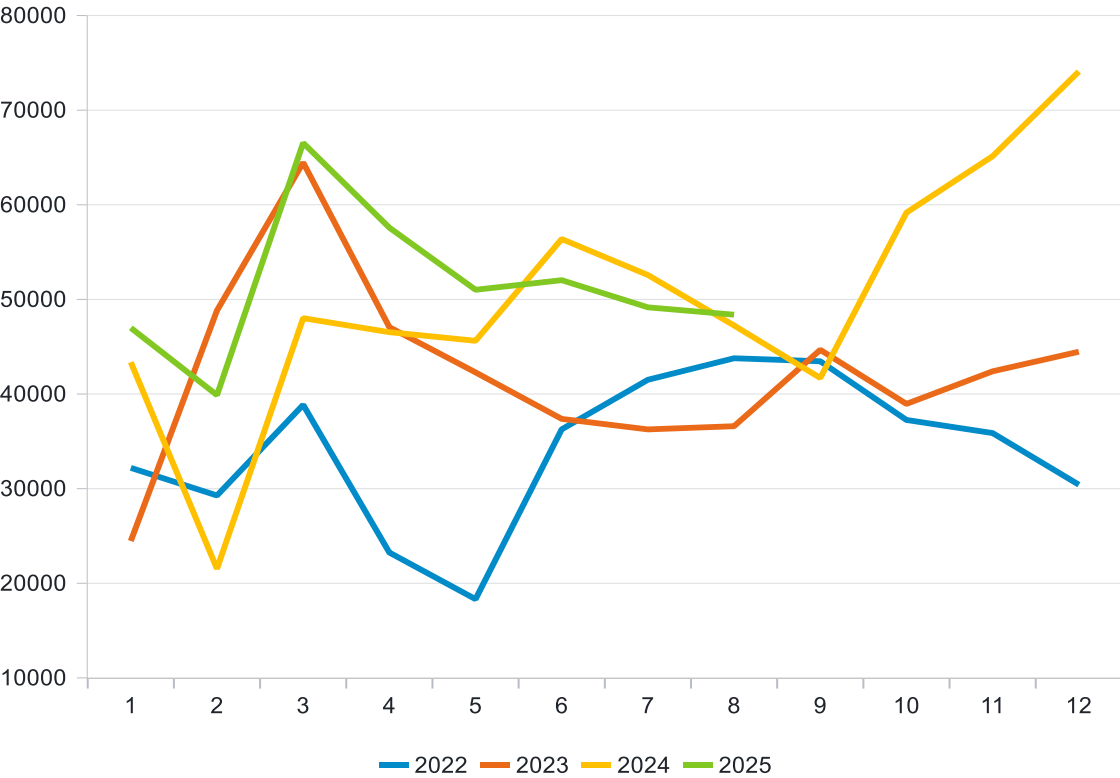
Property sector recovery is not gaining traction

There are signs of a renewed slowdown in the property sector

Property price (Resale, Jan 2021=100)



Property transaction volume in Tier 1 cities



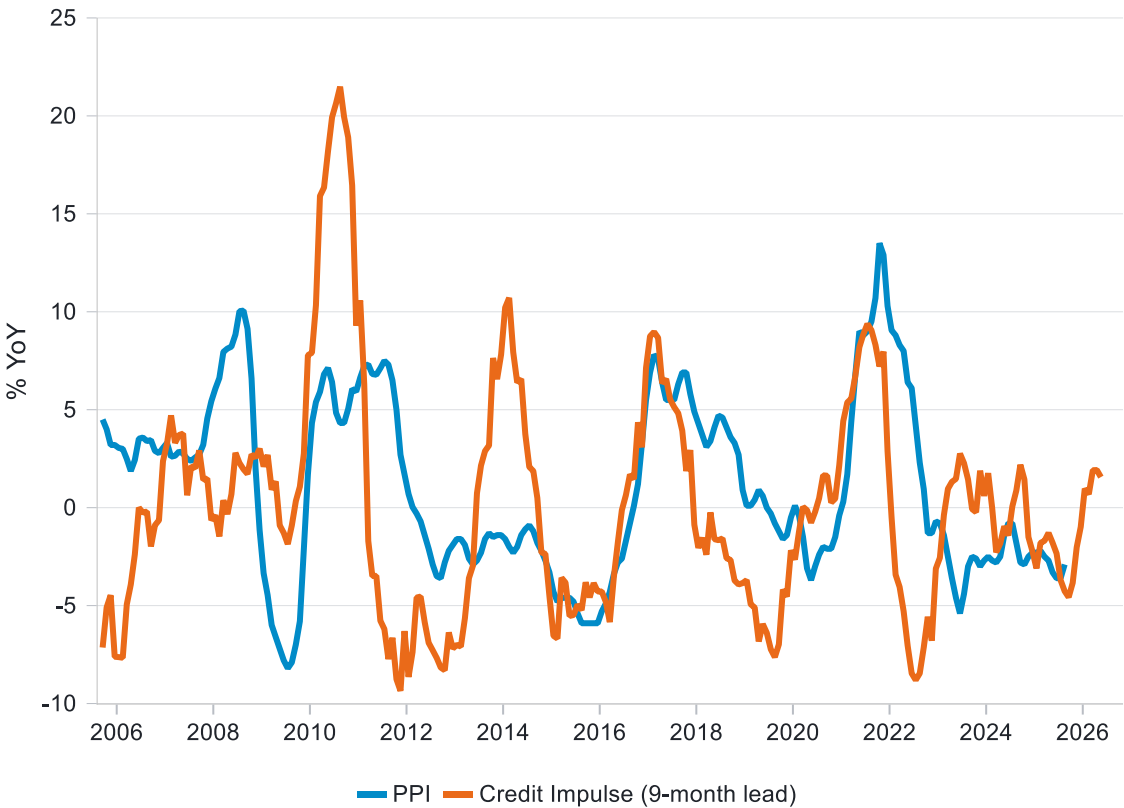
Source: Fidelity International, Bloomberg, October 2025

Source: Fidelity International, Macrobond, CREIS, October 2025.

“Anti-involution” campaign may lead to mild rebound in inflation

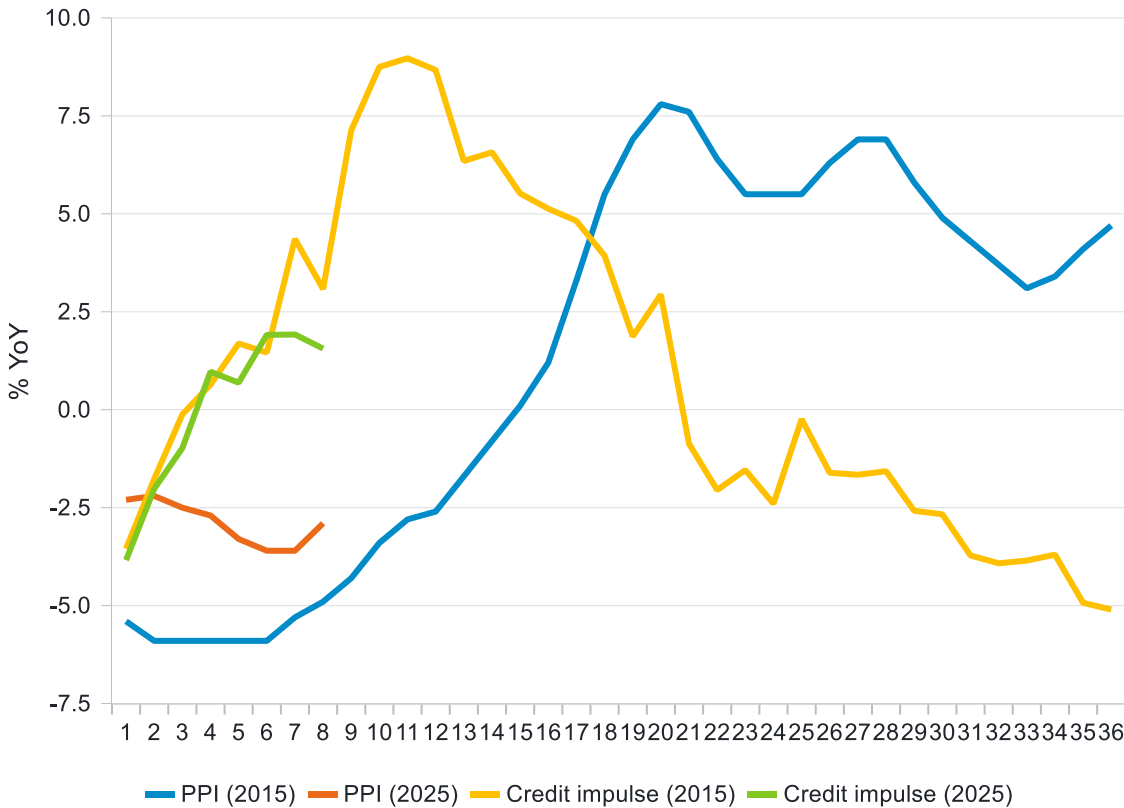
Leading indicators point to a rebound of PPI in coming months

Credit impulse and PPI



Source: Fidelity International, Macrobond, Bloomberg, NBS, October 2025.

PPI and Credit Impulse in 2015 vs. 2025



Source: Fidelity International, Macrobond, Bloomberg, NBS, October 2025.

Employment and wage growth have been stabilising without significant further improvements

The chart displays three data series over time from 2018 to 2025. The left Y-axis (LHS) represents the percentage of National Urban UR, Aged 16 to 24, ranging from 9 to 22. The right Y-axis (RHS) represents the percentage of National Urban UR, ranging from 4.75 to 6.25. The blue line shows the National Urban UR (RHS), which fluctuates between approximately 11% and 21.5%. The orange line shows the National Urban UR, Aged 16 to 24 (LHS), which fluctuates between approximately 10% and 21.5%. The yellow line shows the National Urban UR, Aged 16 to 24 (Ex-Students) (LHS), which is only visible from 2023 to 2025, fluctuating between approximately 5.25% and 5.75%.

Year	National Urban UR (RHS)	National Urban UR, Aged 16 to 24 (LHS)	National Urban UR, Aged 16 to 24 (Ex-Students) (LHS)
2018	11.5	11.5	-
2019	11.5	11.5	-
2020	11.5	11.5	-
2021	11.5	11.5	-
2022	11.5	11.5	-
2023	11.5	11.5	5.25
2024	11.5	11.5	5.50
2025	11.5	11.5	5.75

The chart displays the percentage change in four types of income from Q3 2014 to Q3 2025. The Y-axis represents the percentage change in income year-over-year (% YoY), ranging from -10% to 20%. The X-axis shows the time period in quarters and years. The four income types are: Disposable Income (blue line), Net Business Income (orange line), Property Income (yellow line), and Wages (green line). All four income types show a sharp decline in early 2020, followed by a recovery. Property Income shows the highest peak in early 2021, while Net Business Income shows the lowest trough in early 2020.

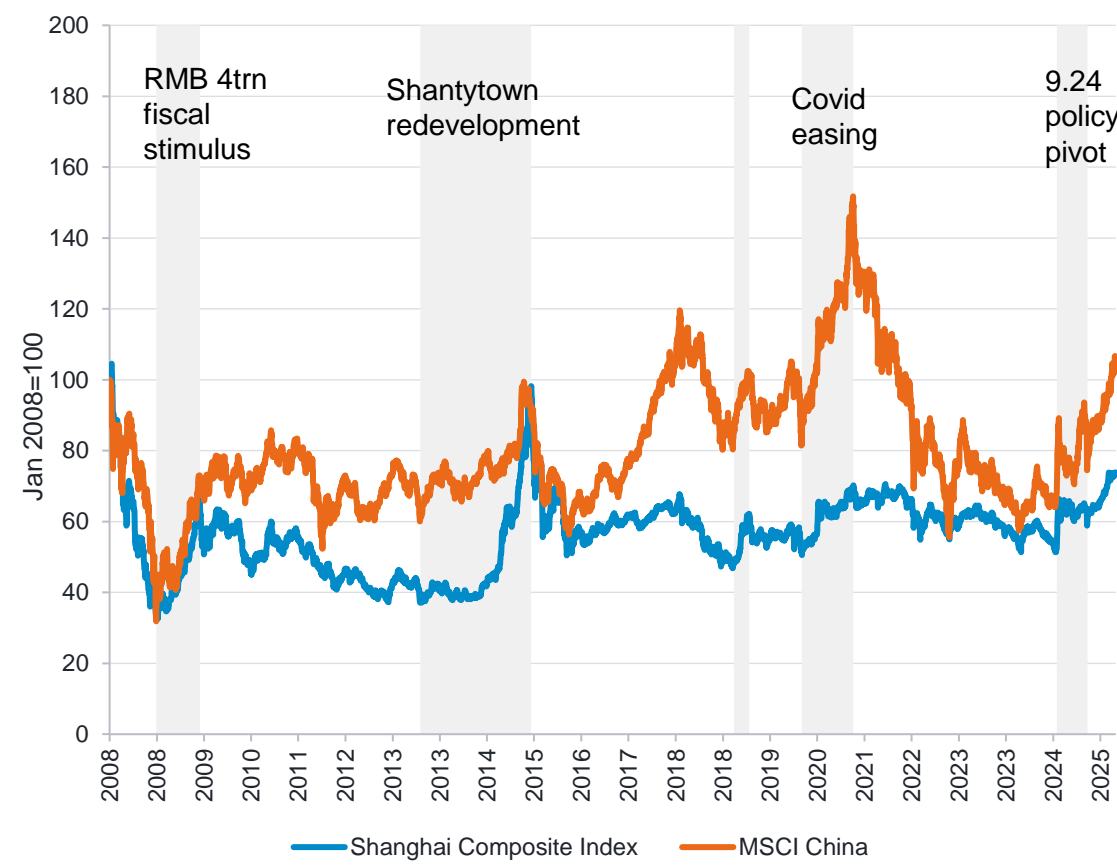
Quarter	Year	Disposable Income (% YoY)	Net Business Income (% YoY)	Property Income (% YoY)	Wages (% YoY)
Q3	2014	10.5	10.0	14.0	9.5
Q1	2015	9.5	7.5	8.5	9.0
Q3	2015	9.0	6.5	10.0	9.0
Q1	2016	8.5	6.0	13.5	8.5
Q3	2016	8.5	8.0	9.0	8.0
Q1	2017	8.5	6.5	7.5	8.5
Q3	2017	9.0	6.0	10.0	8.5
Q1	2018	9.0	7.0	11.5	8.5
Q3	2018	9.0	7.0	10.5	8.5
Q1	2019	9.0	8.0	12.5	8.5
Q3	2019	9.0	9.0	13.0	8.5
Q1	2020	1.0	-7.5	10.0	8.5
Q3	2020	4.0	-5.0	7.0	3.0
Q1	2021	13.5	1.0	17.0	12.5
Q3	2021	12.5	17.5	15.0	12.0
Q1	2022	9.0	5.0	11.0	10.0
Q3	2022	5.0	3.0	5.0	4.5
Q1	2023	5.0	5.0	4.0	5.0
Q3	2023	6.5	7.0	4.0	7.0
Q1	2024	6.0	6.5	4.0	7.0
Q3	2024	5.5	6.5	1.5	6.0
Q1	2025	5.5	5.5	2.5	6.0
Q3	2025	5.5	5.0	2.5	5.5



China's equity rally extended beyond the initial policy push

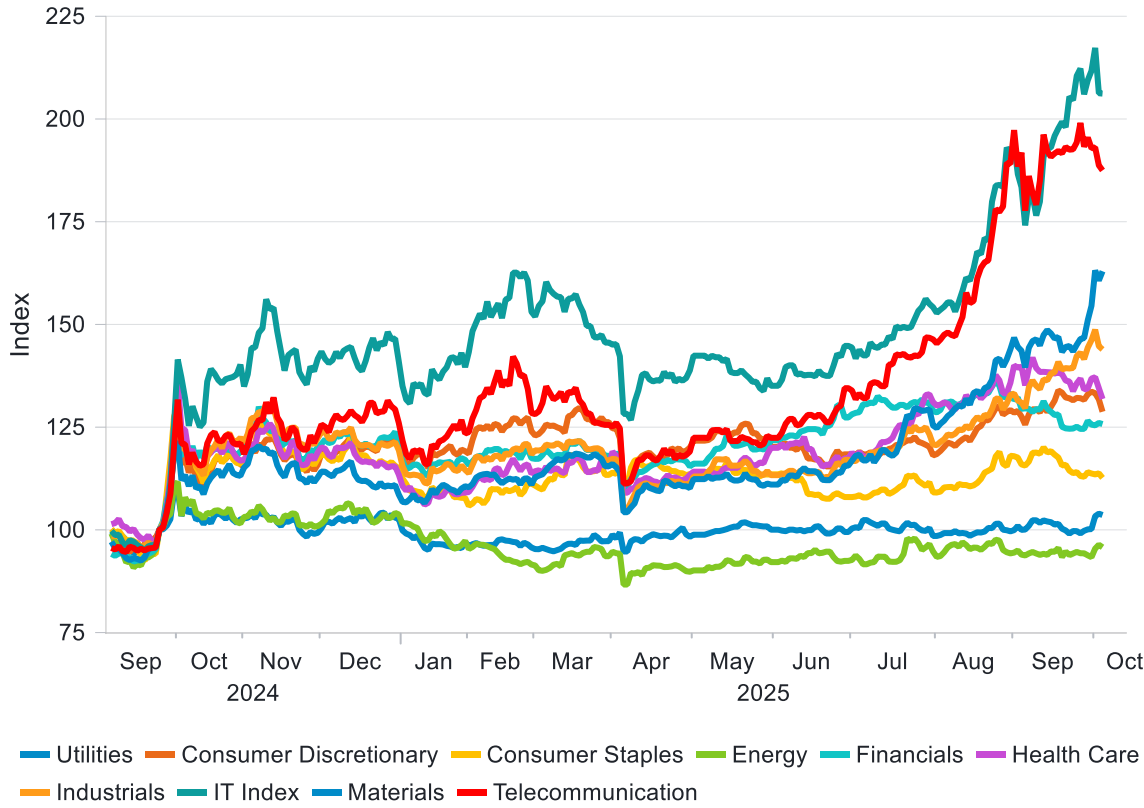
After September policy pivot in 2025, recent rally extended further despite limited stimulus follow through.

Chinese equity indices and key policy events



Source: Bloomberg, Macrobond, Fidelity International, October 2025

China CSI All share index by sectors (24 September 2024=100)

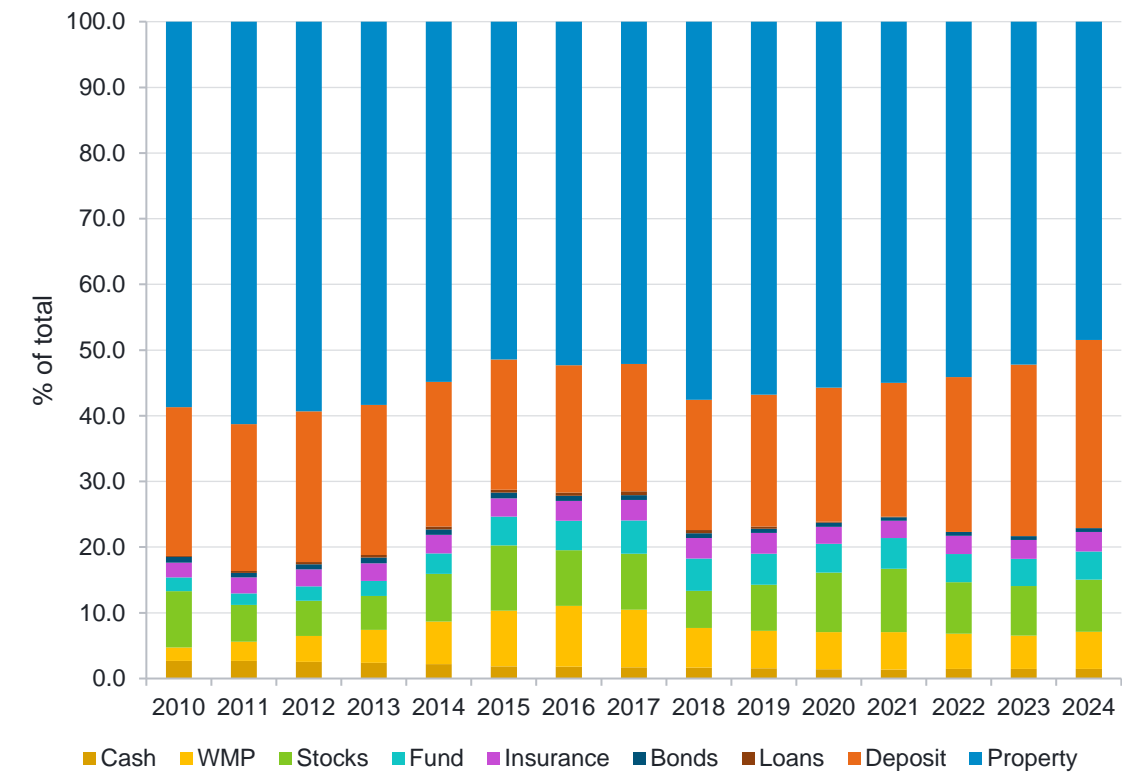


Source: Fidelity International, Macrobond, Macrobond, China Securities Index Company Limited, October 2025.

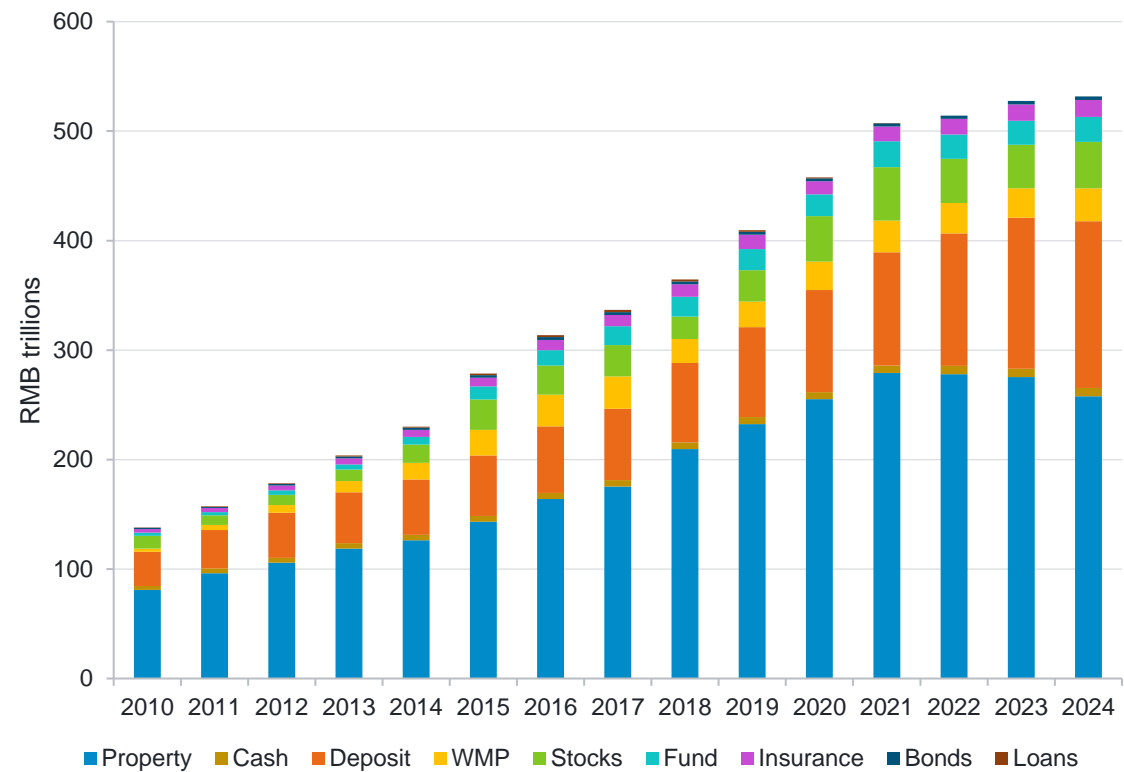
Household asset allocation suggests limited macro impact from the rally

Households have been shifting from property into deposits, stocks holding have been relatively stable

Household asset allocation overview



Household asset allocation in RMB

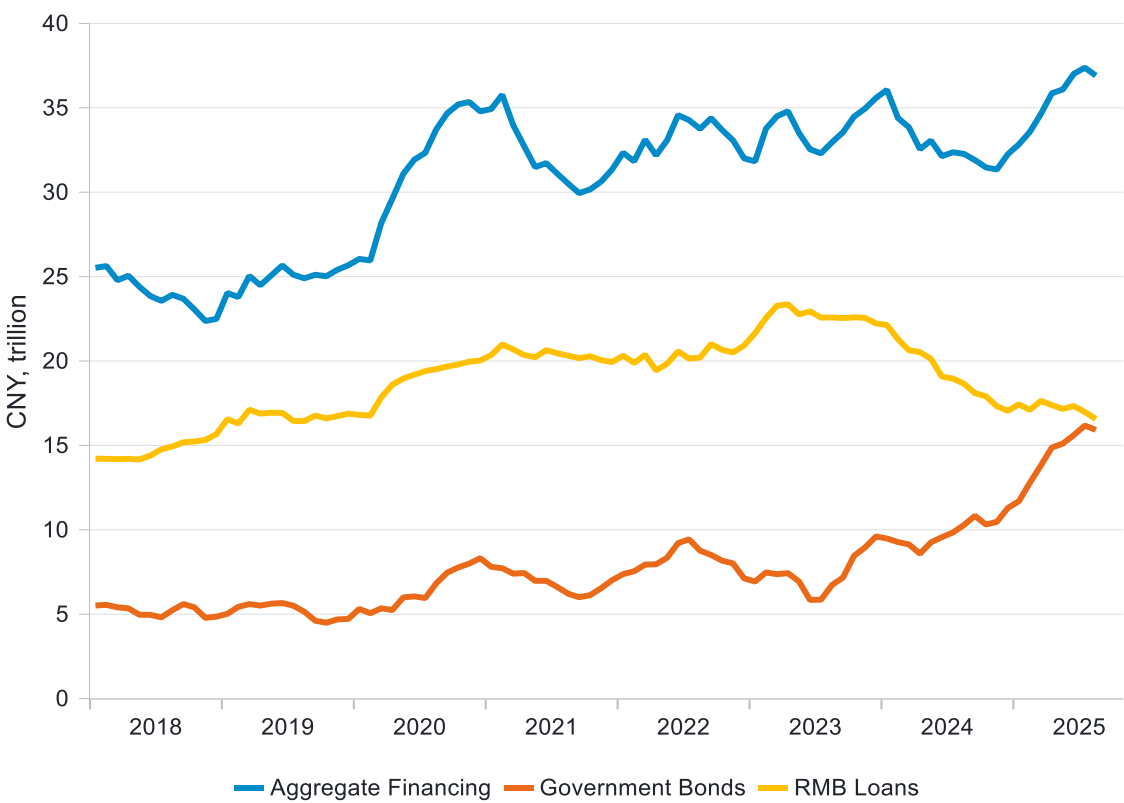


Source: Wind, JPM Research, Fidelity International, October 2025

Policy updates and key events

Incremental easing is supported by fiscal frontloading; trade negotiations remain key to the macro outlook

Aggregate financing (12-month rolling sum)



Source: Fidelity International, Macrobond, PBoC, October 2025.

Key events and timeline

Date	Event	Focus
14 October	End of 180-day pause on Section 301 port fees on Chinese vessels	Trade and tariff policy
31 October	APEC Summit in Korea	Geopolitics
10 November	End of another 90-day pause on US-China tariffs	Geopolitics, trade and tariffs policy
Q4-2025	Release 15 th Five Year Plan	Macro policies, medium term outlook
December	Central Economic Work Conference	Outlook and macro policy priorities for 2026

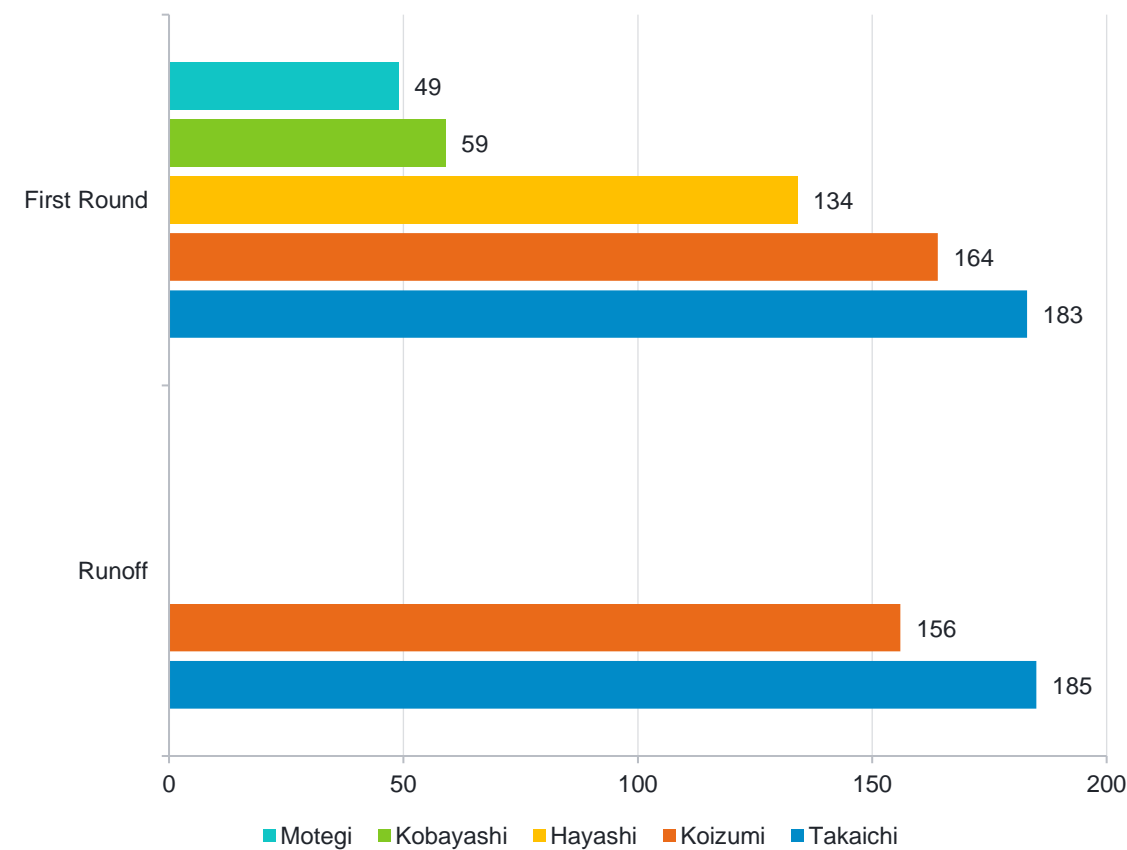
Source: Various media headlines, Gov.cn, Fidelity International, September 2025

Japan Macro Outlook

Japan election and fiscal implications

Political situation in Japan will likely fuel the expectations for fiscal expansion, but uncertainties remain.

Results of October LDP election



Source: Asahi Shimbun, Fidelity International, September 2025

Key events calendar

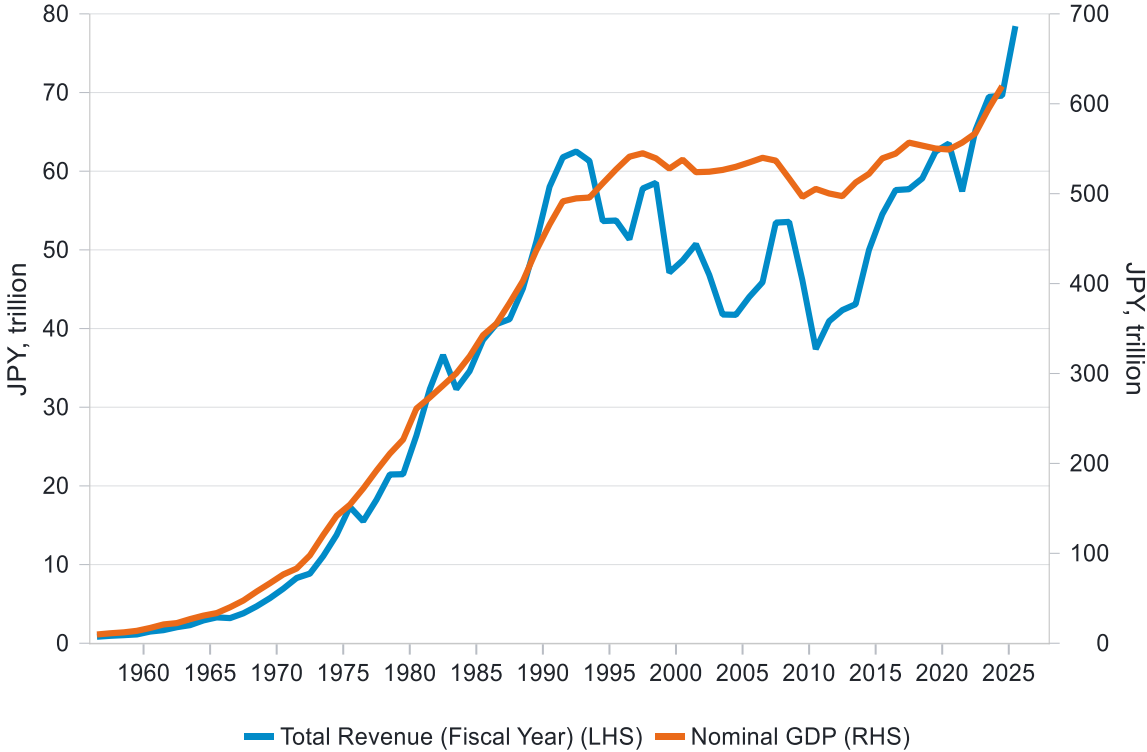
Date	Event
15 th October	Extraordinary Diet session to confirm Japan's next PM
20 th October	New PM's inaugural speech
26-28 th October	ASEAN Summit in Malaysia
Late October	Potential Trump visit to Japan
31 st Oct – 1 st Nov	APEC Summit in Korea
29-30 th Oct	BOJ monetary policy meeting
Late Oct	Rengo (trade union) to publish initial guide for Spring wage negotiations
November	Present budget plan

Source: Bank of Japan, various media sources, Fidelity International, September 2025

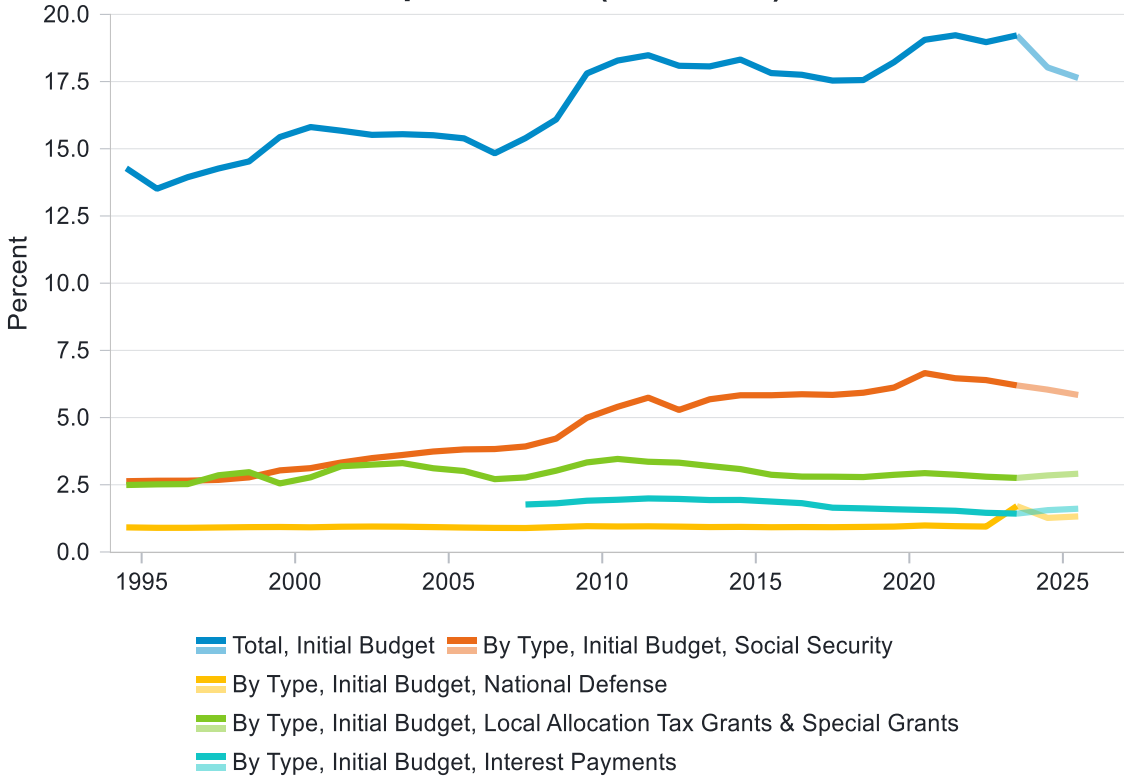
Fiscal situation in Japan has been improving with higher nominal growth

Fiscal expansion and monetary policy stabilization could be the key policy agenda

Nominal GDP and tax revenue



Central Government Expenditures (% of GDP), Fiscal Year



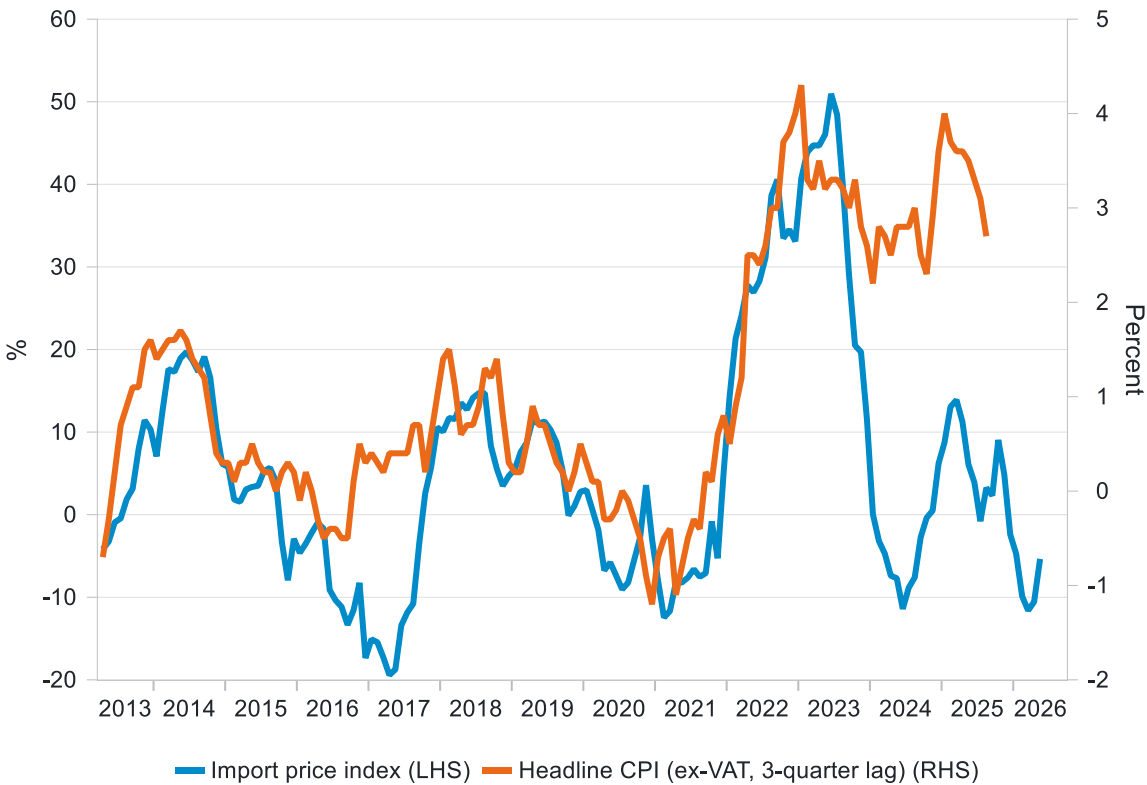
Source: Fidelity International, Macrobond, Macrobond, Japanese Ministry of Finance (MOF), Japanese Cabinet Office (CAO), October 2025.

Source: Fidelity International, Macrobond, , Japanese Ministry of Finance (MOF), October 2025.

JPY and inflation

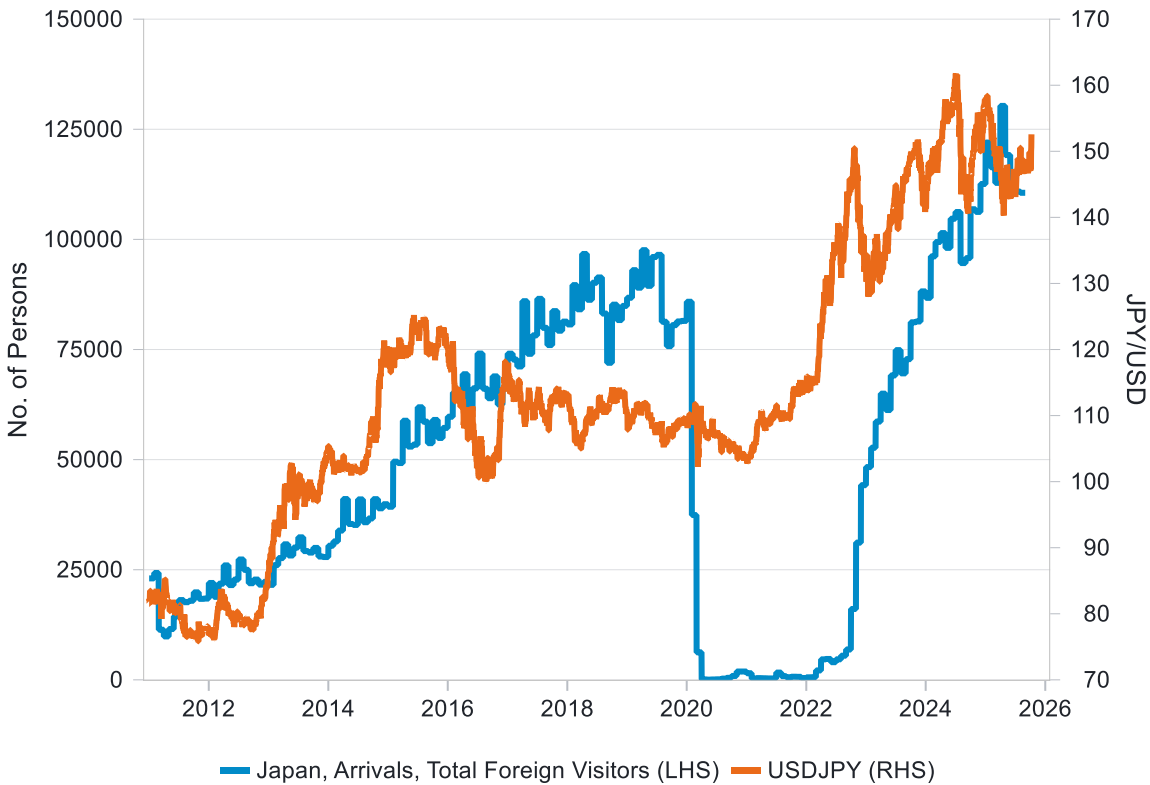
Focus will return on weaker JPY and its implication on (imported) inflation from both goods and services

Import prices and headline CPI



Source: Fidelity International, Macrobond, Macrobond, Japanese Ministry of Finance (MOF), Japanese Statistics Bureau, Ministry of Internal Affairs & Communications, October 2025.

USDJPY and tourist arrivals

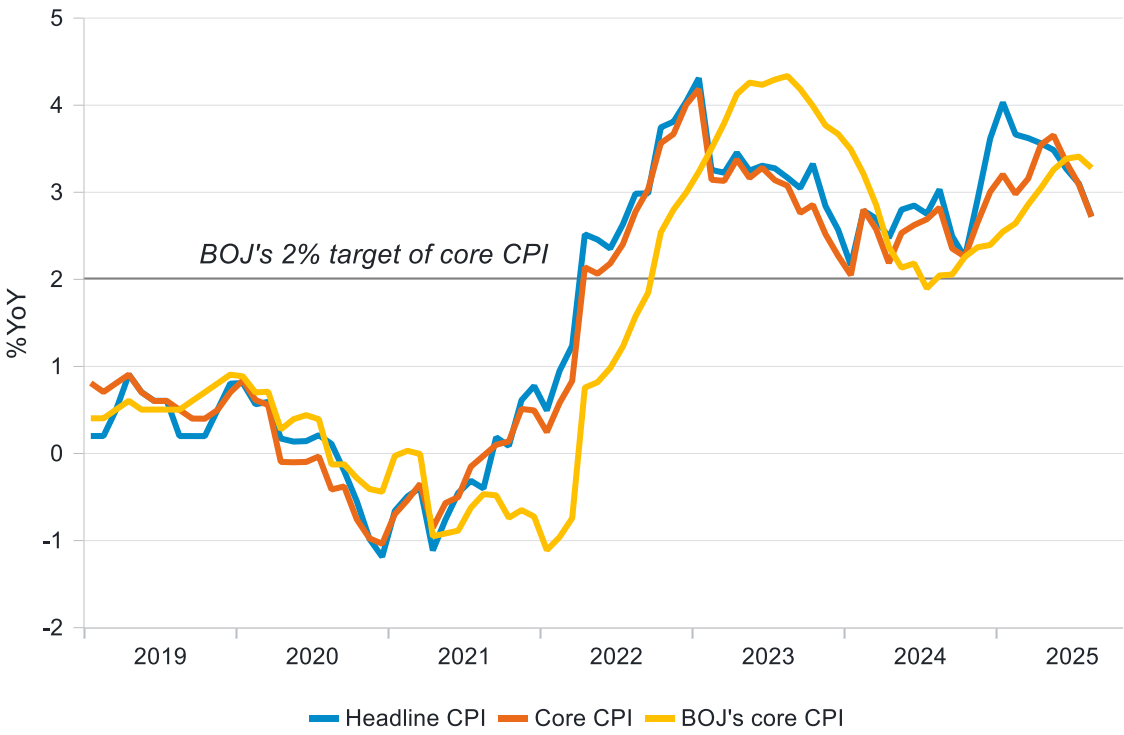


Source: Fidelity International, Macrobond, Macrobond, Japan National Tourism Organization, Bank of Japan (BOJ), October 2025.

Japan's underlying inflation and BOJ outlook

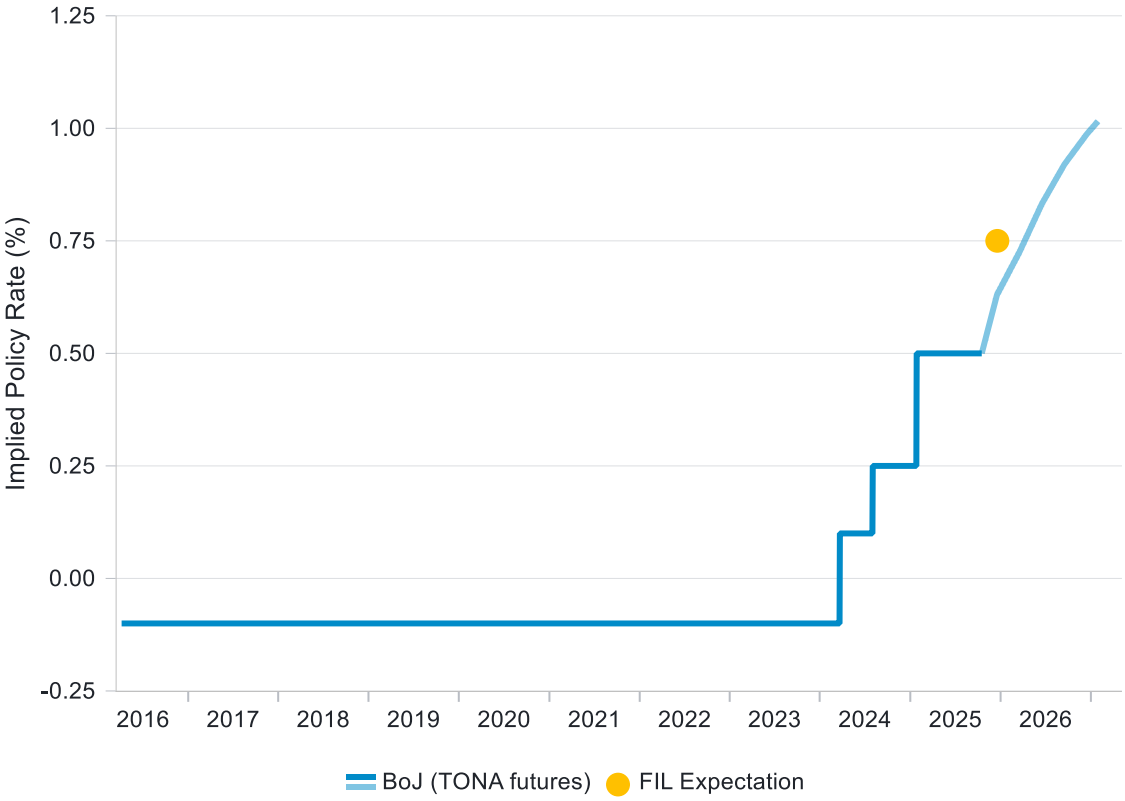
Inflation outlook has anchored around 2%. BOJ may continue with another hike to 75bps in 2025.

Japan's inflation



Note: Core CPI is headline CPI ex fresh food. BOJ's core CPI is core CPI ex energy
Source: Fidelity International, SBJ, Macrobond, October 2025.

BOJ pricing



Source: Fidelity International, Macrobond, BOJ, JPX, October 2025.

Investment implications

TAA views summary

		--	-	=	+	++	Snapshot of views
Equities	Equities			→	●		Move to overweight risk. The recent Fed cut with and a move to emphasis downside growth risk over inflation supports risk exposure.
	US				●		We are staying neutral on the US. Policy uncertainty remains elevated, and concerns over fiscal sustainability keeps yields high. As a result, US exceptionalism remains in question.
	Europe				●		Valuations are no longer cheap, and the strengthening euro could start weighing on large cap equity earnings.
	UK				●		Earnings revisions remain uninspiring, but the market remains at a discount and sterling weakness will support multinational large caps.
	Japan				●		Positive earnings momentum and rising dividend payouts balance out trade policy uncertainty and the chance of a hawkish BOJ surprise.
	Emerging markets					●	We stay overweight as a result of our higher conviction in China. We expect further consumption targeted stimulus to boost demand and involution policy to enhance industrial profitability.
	Asia Pacific ex. Japan		●				Australia's weak outlook keeps us cautious and Singapore equities are no longer attractively valued. This is our preferred funding source.
Credit	Credit		●				Remain underweight credit given the tight valuations especially in investment grade.
	Investment grade		●				Spreads in IG remain very tight and we prefer the risk-reward of other areas of credit.
	High yield				●		Fundamentals remain robust and all-in-yields still look attractive, especially as rates are coming down. We prefer short-dated HY.
	Emerging market debt			→	●		This is a good environment for carry and valuations are better here than in IG.
Government bonds	Government bonds				●	←	Duration in the US is likely to be risk additive given the still sticky inflation and the recent move in FOMC pricing. But outside the US, selective longs offer value and can be used to dampen risk.
	US Treasuries				●		USTs look fair value, but deficit worries persist. The Fed has begun cutting but inflation remains a concern and Treasuries have been less effective as a hedge recently.
	Euro core (Bund)				●		We stay neutral Bunds, preferring regions where central banks have more room to cut rates such as Australia and New Zealand.
	UK Gilts				●		Gilts offer decent value. We don't believe they should trade at a significant premium without US-style self-induced price risks from tariffs.
	Japanese gov. bonds				●		JGBs continue to be the funding source with a moderate level of conviction. However on a hedged basis, JGB yields are increasingly interesting and offer attractive carry and roll down.
	EM local currency gov. bonds					●	There are several markets in EM, especially LatAm, with attractive valuations and high real yields. A weakening dollar also helps.
	Inflation linked bonds (US TIPS)				●		Linkers are still a decent hedge against stagflation but are less attractive given budget deficit concerns in the US.
Cash / currencies	Cash				●		Neutral cash.
	US dollar		●				We stay bearish on USD given structural weaknesses and the Fed's more dovish stance.
	Euro					●	German fiscal easing and defence spending are euro positive. Also, the ECB is likely at the end of its easing cycle.
	Japanese yen				●		Fiscal stimulus and a BOJ pivot could be JPY positive in Q4.
	Sterling				●		Staying neutral – we are likely to see further fiscal tightening in the Autumn budget.
	Emerging markets FX					●	A weaker dollar and positive flows towards EM equities are positive for EM FX.

Source: Fidelity International, September 2025. Views reflect a typical time horizon of 12–18 months and provide a broad starting point for asset allocation decisions. However, they do not reflect current positions for investment strategies, which will be implemented according to specific objectives and parameters. Regional equity views use universes defined by MSCI indices.

Appendix

Mapping out the longer-term trade war scenarios

Changing the rules of the game carries risks and opportunities for the US

We started with “blanket tariffs” but are now moving towards “strategic fragmentation”

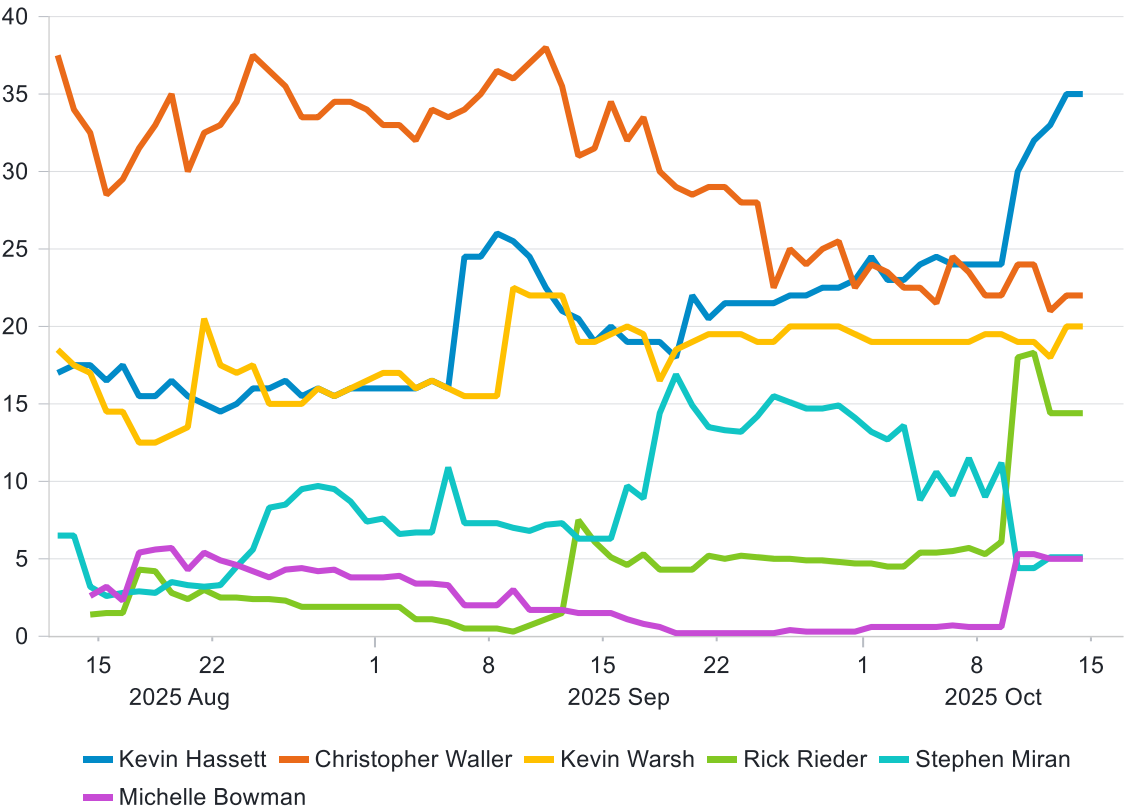
	China isolation	Blanket tariffs	US isolation	Fragmentation
Description	<ul style="list-style-type: none"> End point is to separate China from most of the world economy US succeeds in pulling most ‘allies’ and even some non-aligned (e.g. India) into imposing tariffs/trade barriers onto China in exchange for access to US market 	<ul style="list-style-type: none"> US doesn’t achieve global re-ordering, and so reverts to high ‘reciprocal’ tariffs on all/most countries Effectively US reverting to isolationism Potential variant could be ‘Fortress North America’ in which CA & MX mimic US tariffs 	<ul style="list-style-type: none"> World sees US actions as neo-imperialism, in particular pushing EU into China’s arms EU & China decide to integrate further to cushion their economies from US tariffs US blanket tariffs would remain, with US isolated 	<ul style="list-style-type: none"> Regional blocks are created with US, Europe and China being the main sphere of influence (CPTPP, RCEP, Euro bloc, USMCA) Bilateral trade increases within blocks but overall global trade volume reduces
Biggest loser and macro implications	China: severe negative growth shock through its high exports dependence and inability to re-route to the US	US & World: For US - durably raise inf. & hit TFP growth. For World – remove major market and supply chain link, without alts. created. Also, some China re-routing to US still possible.	US & Eurasian periphery: For US - strategic failure AND a stag. hit. For periphery – deflationary; lose access to multiple markets simultaneously, with China able to compete locally	World: the entire world loses out especially the more open and export dependent economies
Relative winners/losers	Winners: countries seeing increased China competition - e.g. Japan, SK, Taiwan, Germany, India Losers: countries that have got more integrated into China’s supply chain – e.g. Vietnam, Cambodia, Myanmar, etc	Winners: ‘Allies’ able to do deals with the US e.g. CA, MX, UK, JP Losers: All non-allies with US. China and other Asia EMs most impacted (EMAX exports 56% of GDP and 45% directed to US and China)	Winners: China, China integrated (e.g. Cambodia & MY) & EU Losers: US, peripheral DMs (e.g. UK, JP, SK).	Winners: Countries with large domestic markets/more closed economies Losers: open economies on the periphery of the blocks
Final US effective tariff rates	15-20% range: China (+60%), 25% sector tariffs and 10% on ROW with some exemptions	>40%: China +145% with no exemptions and reverting to reciprocal tariff on April 2 nd	(>40%) Same as Blanket tariffs scenario	Effective tariff rates are significantly lower (0-10%) within US blocs/allies and >40% for outside the blocks
Key proponents	Bessent & Greer	Navarro & Lutnick	N/A	N/A

Source: Fidelity International, FIL Global Macro team, September 2025.

Candidates for new Fed seat narrowed down to five...

...who along with Stephen Miran remain in the race for the new Fed chair

Polymarket bets for who will be the next Fed chair?



Source: Fidelity International, Bloomberg, Polymarket, October 2025.

Bios of key candidates

Christopher Waller, Fed Governor

A Fed governor and former academic, Waller has worked inside the Federal Reserve System for over a decade and is well respected there. His willingness to back a cut in July might appeal to Trump, but his support for a large cut ahead of the presidential election may be less fondly remembered.

Kevin Hassett, Chair of National Economic Council

Hassett has Fed and academic experience and has served in both Trump administrations. He is often seen on US television networks defending the administration's policies and is regarded as a close ally of the president – even though he supported a half-point cut ahead of the presidential election.

Kevin Warsh, Hoover Institution

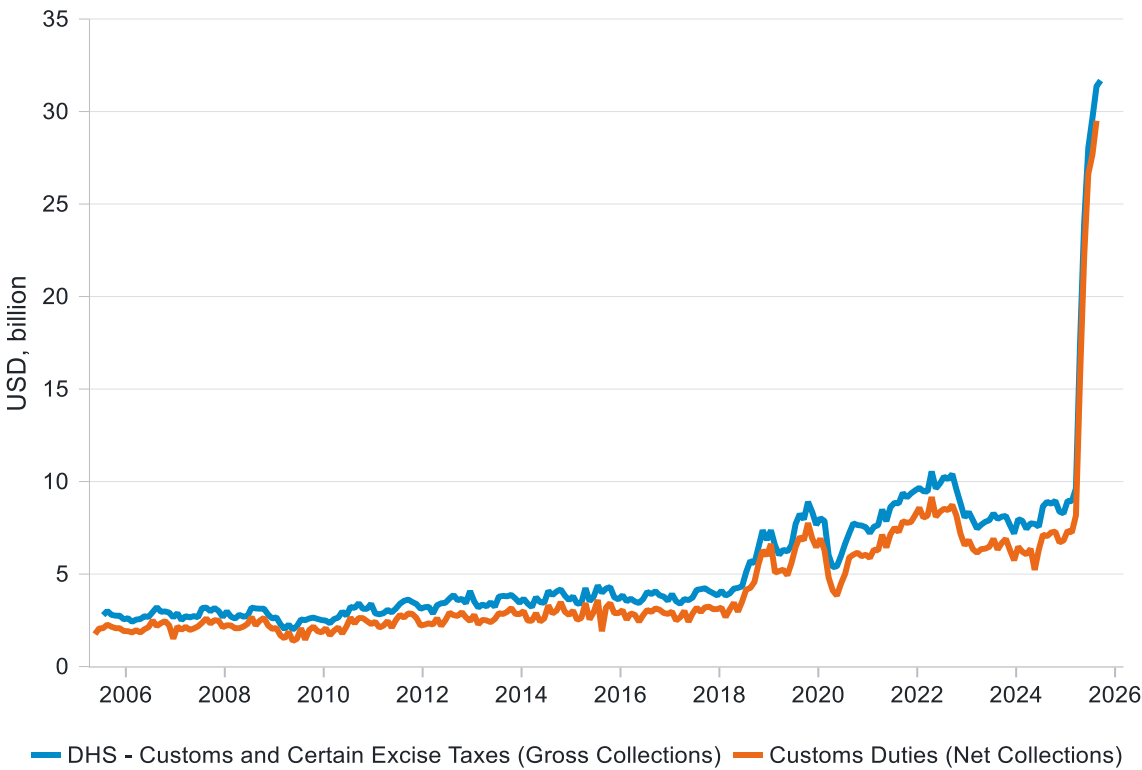
A former Fed governor with Wall Street roots, Warsh missed out to Powell in 2017 and is seen as a favourite this time. His credibility is enhanced by his role at Stanford University's Hoover Institution but his hawkishness – he has criticized the expansion of the Fed's balance sheet – counts against him.

Source: Fidelity International, FT research, October 2025.

Customs collections are currently tracking more than US\$30 bn per month...

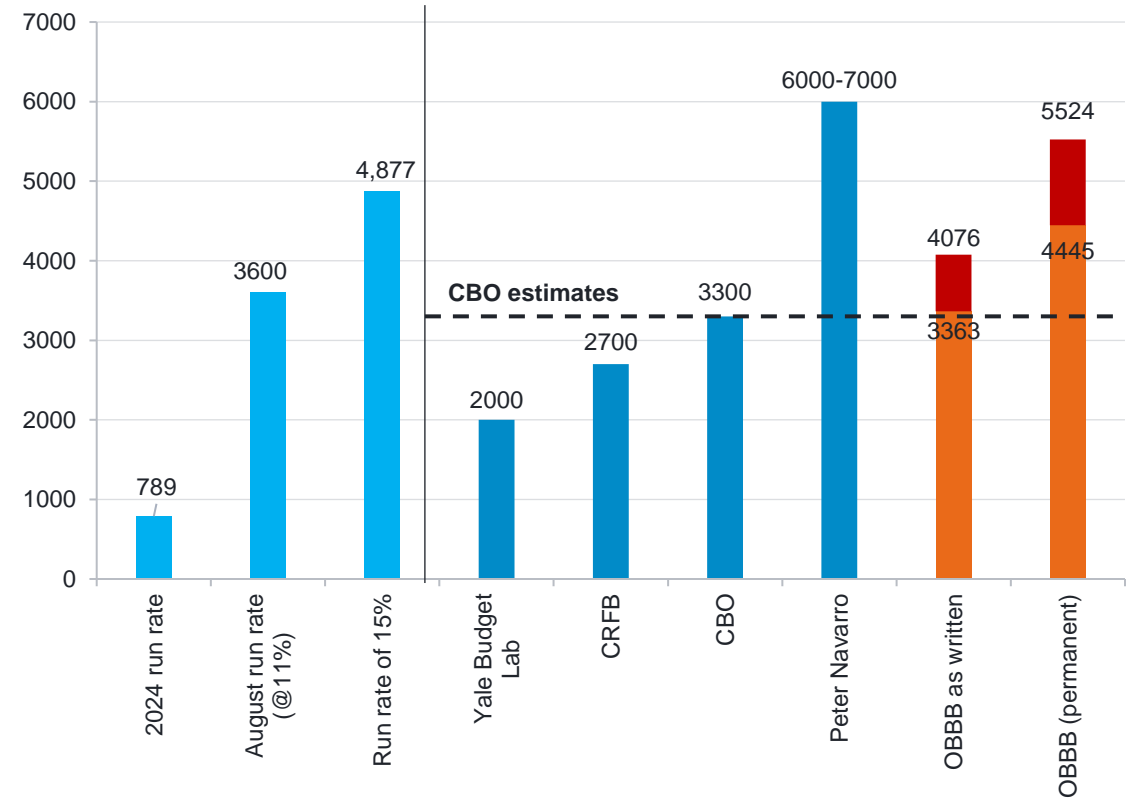
...which is ann. ~1% of GDP higher than last year. Observed ETR is ~11% leaving room for higher collections.

US custom collections



Note: dots indicate estimates for August 2025 collections that pertain to imports from the previous month
Source: Fidelity International, Macrobond, U.S. Treasury, October 2025.

Custom revenues estimate vs OBBB (over 10-years, in US\$ billion)



Note: latest CBO estimates are based on tariffs announced as of August 19^h
Source: Fidelity International, CRFB, Macrobond, CBO, Yale budget Lab, August 2025.



US Labour market Dashboard (in Z-scores)

Category	US Labour Market Indicators (Z-Scores)	1970 Recession	1973 Recession	1980 Recession	1981 Recession	1991 Recession	2001 Recession	2008 Recession	2020 Recession	Lowest level ex COVID	Avg Recession ex Covid	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Employment & related	Change in Non-farm Payrolls	-1.01	-1.03	-1.42	-1.50	-1.40	-1.62	-2.63	-53.44	-4.63	-1.52	-0.11	-0.16	-0.07	0.11	-0.56	-0.71	-0.27	-0.54	
	Change in Manufacturing Payrolls	-1.71	-1.54	-2.20	-1.66	-0.85	-1.80	-1.43	-9.33	-7.08	-1.60	0.06	0.24	0.15	0.13	-0.02	-0.10	0.10	-0.03	
	NFP - Diffusion Index (+3M)					-1.67	-1.63	-2.11	-2.84	-3.29	-1.80	0.08	0.07	0.00	-0.24	-0.68	-0.93	-0.90	-0.58	
	ADP Employment								-24.17	-4.82		0.13	-0.62	-0.16	-0.80	-1.03	-1.42	-0.48	-1.27	-1.48
	Labor Force Participation Rate	-1.99	-1.57	-0.33	-0.29	0.90	1.08	0.69	-1.52	-2.27	-0.22	-0.92	-1.02	-0.97	-0.92	-1.02	-1.06	-1.11	-1.06	
	Employment-to-population 25-54	-1.97	-1.73	-0.65	-0.80	0.68	1.02	0.41	-0.62	-2.21	-0.44	1.12	1.06	1.03	1.12	1.06	1.12	1.03	1.12	
Unemployment & related	Average weekly hours all private employees							-1.17	-1.08	-3.47	-1.17	-1.35	-0.81	-0.28	-0.28	-0.28	-0.81	-0.81	-0.81	
	U-3 Unemployment*	0.83	0.07	-0.54	-1.81	-0.01	0.87	-0.37	-2.13	-2.89	-0.14	1.38	1.32	1.26	1.26	1.26	1.32	1.26	1.20	
	U-6 Unemployment*						0.71	-0.68	-1.94	-2.41	0.02	0.99	0.81	0.85	0.88	0.88	0.92	0.85	0.78	
	Initial jobless claims*@	0.76	-0.29	-2.02	-2.41	-0.98	-0.72	-1.51	-37.56	-3.60	-1.03	1.73	1.59	1.63	1.60	1.50	1.41	1.65	1.55	1.45
	Continuing jobless claims*@	1.16	0.24	-0.75	-1.31	-0.23	-0.48	-1.79	-9.50	-4.72	-0.45	1.11	1.10	1.10	1.09	1.05	0.99	0.99	1.00	1.02
Wages/ Earnings	Insured unemployment rate*@		-1.23	-1.16	-1.61	-0.04	0.31	-0.39	-4.42	-4.18	-0.69	1.57	1.57	1.57	1.54	1.53	1.47	1.47	1.47	1.47
	Average Hourly earnings YoY							1.20	5.95	1.20	2.51	2.51	2.51	2.51	2.33	2.33	2.15	2.51	2.15	
	Average Hourly earnings MoM							0.24	16.74	-2.87	0.24	1.33	-0.07	0.63	-0.07	1.33	-0.07	0.63	0.63	
Job Openings/ Hiring/Quits/ Separations	Atlanta Fed wage growth tracker						1.49	0.19	-0.18	-1.93	0.84	0.50	0.69	0.69	0.69	0.69	0.60	0.50	0.50	0.50
	Job openings for every unemployed person#						0.61	0.36	0.51	0.15	0.48	1.1	1.1	1.0	1.0	1.1	1.0	1.0	1.0	
	JOLTS Quits Rate						0.52	-1.21	0.64	-1.93	-0.34	-0.53	-0.53	-0.06	-0.06	0.41	-0.06	-0.06	0.41	
	JOLTS Job Openings (yoy %)							-1.82	-1.98	-2.91	-1.82	-0.77	-0.96	-0.93	-0.43	-0.40	-0.30	-0.50	-0.59	
	JOLTS Job Hires (yoy %)							-2.09	-2.92	-3.53	-2.09	-0.60	-0.81	-0.28	-0.04	-0.38	0.35	-0.63	-0.38	
	JOLTS Job Separations (yoy %)*							1.02	-22.77	-2.02	1.02	0.53	0.54	0.33	0.30	-0.77	0.69	0.26		
	Atlanta Fed growth tracker job switches						1.33	-0.14	0.12	-2.18	0.59	0.15	0.15	0.15	0.23	0.08	0.00	0.00	0.31	0.31
	Challenger job cut announcement (yoy %)*						-3.77	-0.73	-10.60	-7.11	-2.25	0.66	-1.01	-2.20	-0.53	-0.35	0.22	-1.44	0.05	0.50
Surveys	Employment - ISM Manufacturing	-1.25	-0.48	-1.46	-2.30	-1.62	-1.72	-1.20	-2.05	-3.17	-1.43	0.16	-0.24	-0.67	-0.40	-0.36	-0.62	-0.86	-0.80	-0.58
	Employment - ISM Services						-1.35	-2.25	-3.03	-4.34	-1.80	0.07	0.41	-1.24	-0.64	-0.28	-1.03	-1.20	-1.18	-1.03
	Employment - Dallas Fed							-1.63	-2.26	-4.38	-1.63	-0.34	-0.56	-0.86	-0.81	-0.24	-0.07	0.14	0.17	-0.77
	Employment - Empire State Manufacturing						-2.34	-1.54	-2.65	-3.79	-1.94	-0.25	-0.66	-0.70	-0.58	-0.79	0.06	0.45	0.03	-0.45
	Employment - Kansas City Fed						-1.46	-1.27	-2.76	-3.54	-1.36	-0.59	-0.67	-0.34	-1.08	0.39	-0.67	-1.00	-0.26	0.15
	Employment - Richmond Fed						-2.10	-1.79	-1.48	-3.51	-1.94	-0.05	0.55	-0.24	-0.54	-0.54	-0.64	-1.63	-1.13	-1.53
	Jobs Plentiful - Conference Board	-0.34	-0.61	-0.50	-1.04	-0.48	0.88	-0.70	0.84	-1.40	-0.40	1.07	1.05	1.05	0.86	0.85	0.71	0.75	0.78	0.52
	Jobs hard to get - Conference Board*	0.22	-0.42	-0.58	-1.97	-0.09	1.14	-0.53	0.48	-2.91	-0.32	1.35	1.22	1.21	1.08	1.00	1.11	0.95	0.94	0.94
	Job loss probability next 5 years - Umich *						0.02	-0.45	0.26	-3.33	-0.21	-0.33	-0.50	-2.48	-1.35	-1.75	-1.18	-1.41	-1.12	-2.26
	NFIB Small business employment change					-0.72	-0.50	-2.34	-0.46	-4.35	-1.19	0.13	-0.65	-0.26	0.13	-0.46	-1.62	-0.46	-1.04	
	NFIB small business hiring plans		-1.72	-2.18	-1.26	-1.03	0.16	-1.53	-0.87	-3.00	-1.26	1.27	0.77	0.28	0.44	0.28	0.44	0.61	0.77	0.94
	Richmond Fed Non-employment*						0.49	-0.75	-3.50	-2.47	-0.13	1.35	1.18	1.11	1.14	1.09	1.14	1.07	1.10	
	Change employment (household survey)	-0.45	-0.65	-1.00	-0.74	-0.88	-1.04	-1.53	-40.99	-4.29	-0.90	6.67	-2.29	0.21	1.04	-2.64	-0.13	-1.25	0.49	
Labour Market averages	Capacity utilisation	0.41	0.94	0.25	-1.15	0.23	-1.11	-1.37	-2.66	-3.43	-0.26	-0.67	-0.50	-0.59	-0.60	-0.62	-0.54	-0.64	-0.65	
	Labour Market averages	-0.44	-0.72	-1.08	-1.46	-0.59	-0.43	-0.96	-6.16	-3.34	-0.76	0.72	0.52	0.60	0.58	0.64	0.43	0.53	0.52	0.19

* denotes that the negative of the z-score is displayed, as the indicator is a negative indicator in terms of sentiment

Ratio and not Z score

@ Averages of weekly scores are taken, and these are converted to monthly values

Z-scores use averages and standard deviations based on periods running from the later of January 1970 and the first year the indicator was published, up to December 2019.

Recession period z-scores are averages during the NBER-defined months of recession.

"Labour Market Index" is the average of the above 37 indicators.

"Lowest level ex COVID" refers to the lowest level up to December 2019.

Conditional formatting for current z-scores uses the Average Recession ex COVID, 0, and the 95th percentile of the whole period, for the minimum, mean and maximum respectively.

For the purposes of setting the minimum in our conditional formatting, where indicators only have 2 or 3 periods of historical recession data, we encompass a further data point by setting the minimum to be the average of the Lowest Level ex COVID and the Average Recession ex Covid

"95th percentile during whole period" is also based on the period running from the later of January 1970 and the first year the indicator was published, up to December 2019.

Source: Fidelity International, Bloomberg, October 2025

FOMC divided in three camps – see if we can get a scatter plot

Fed restarted its cutting cycle in September but remains divided with respect to the pace of future cuts



Voter in both years / Voter in 2025 Only / Voter in 2026 Only / Non-voter in both years

Resurrected Cutters



*Advocating for cuts as much to get the attention from the President: **quickly cut to neutral** ≥ 4 cuts*

- Waller
- Bowman
- Stephen Miran

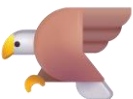
Classic Doves



More weight on the weakening labour market : ≥ 2 cuts

- Jefferson
- Barr
- Paulson
- Kashkari
- Logan
- Daly
- Bostic

Classic Hawks



Still cautious about inflation and proceed slowly: ≤ 1 cut

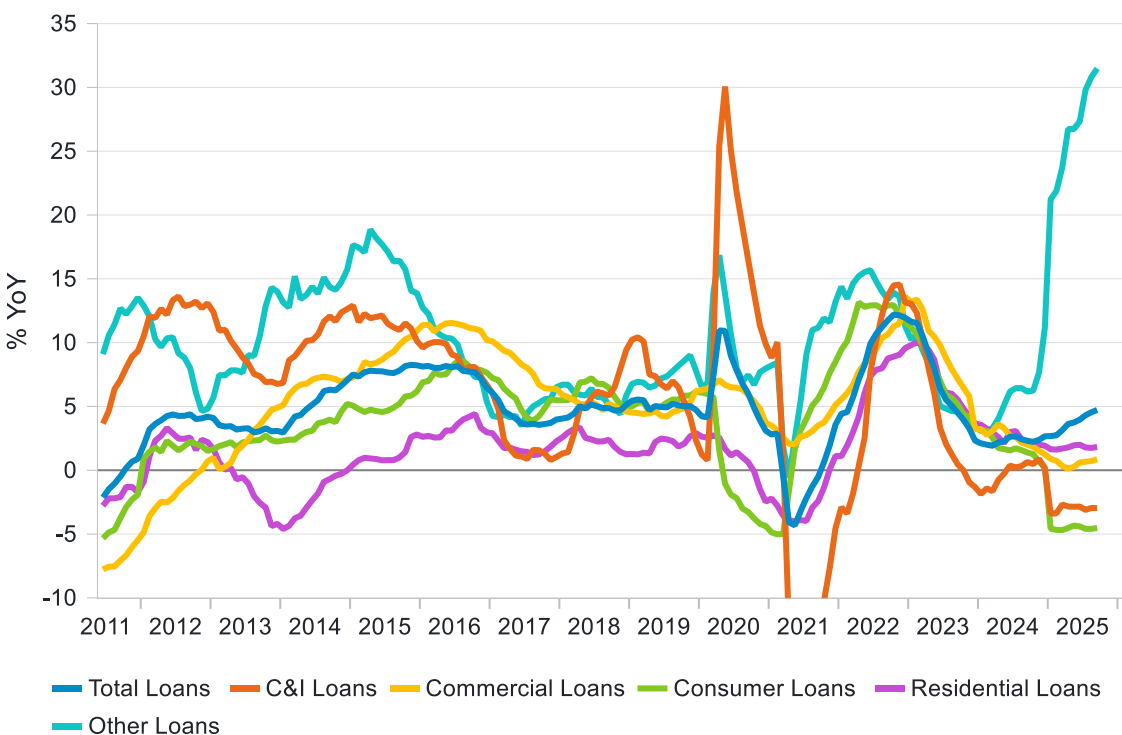
- Powell
- Williams
- Cook
- Collins
- Schmid
- Musalem
- Goolsbee
- Hammack
- Barkin

FOMC – Federal Open Market Committee
Source: Fidelity International, Federal Reserve, October 2025.

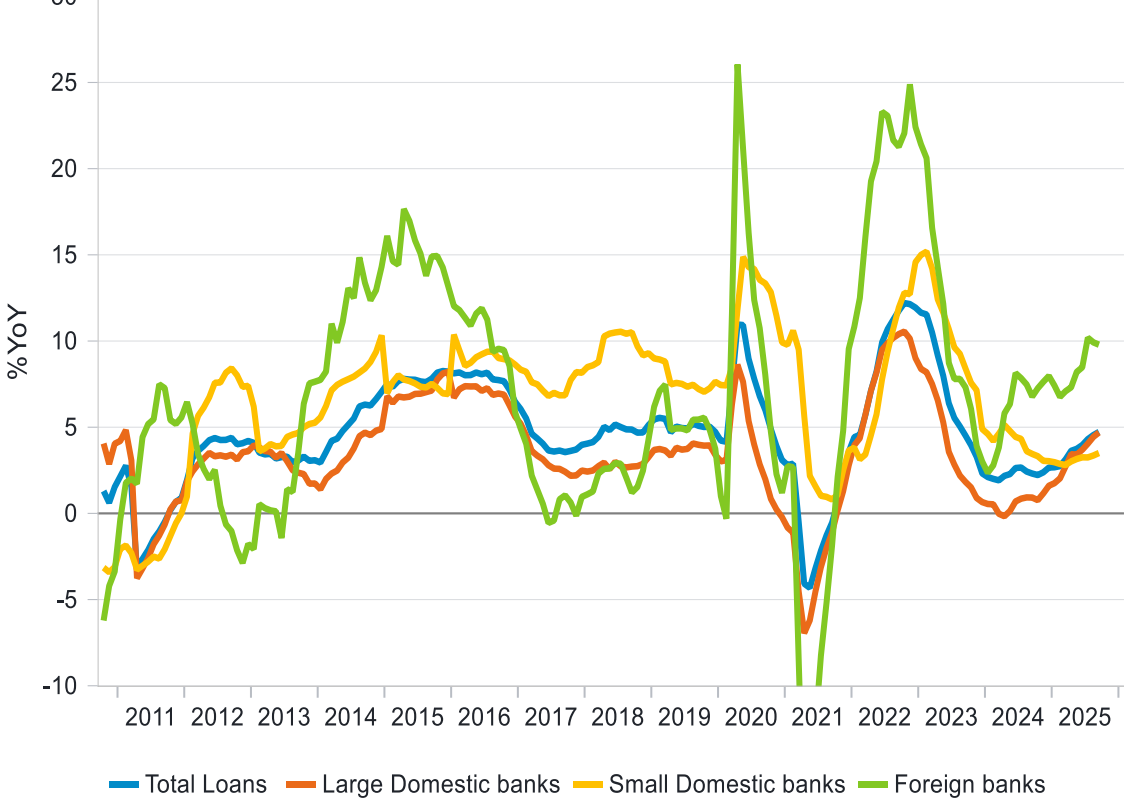
Fed easing by 125 bps since last year is reflecting in a pickup in lending activity...

...driven by large banks extending credit to other non-depository financial institutions

US outstanding bank credit (Loans & Leases) – sector break up



US outstanding bank credit - as per bank type

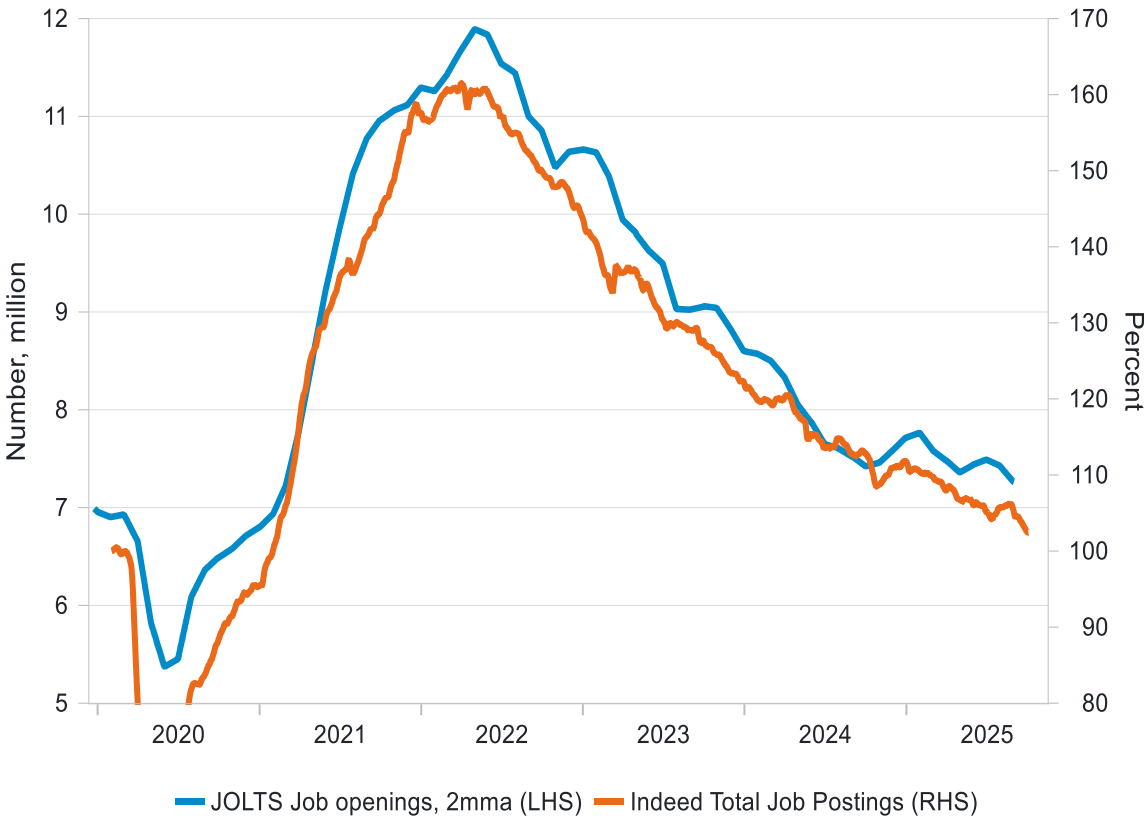


Note: Other loans includes loans to NDFIs (credit intermediaries, PE funds, insurance companies, private capital funds, hedge funds, etc), loans not elsewhere calssified (margin loans, agricultural production, foreign government and banks, etc.)
Source: Fidelity International, Macrobond, Fed, Federal Reserve, October 2025

Source: Fidelity International, Macrobond, Fed, Federal Reserve, October 2025

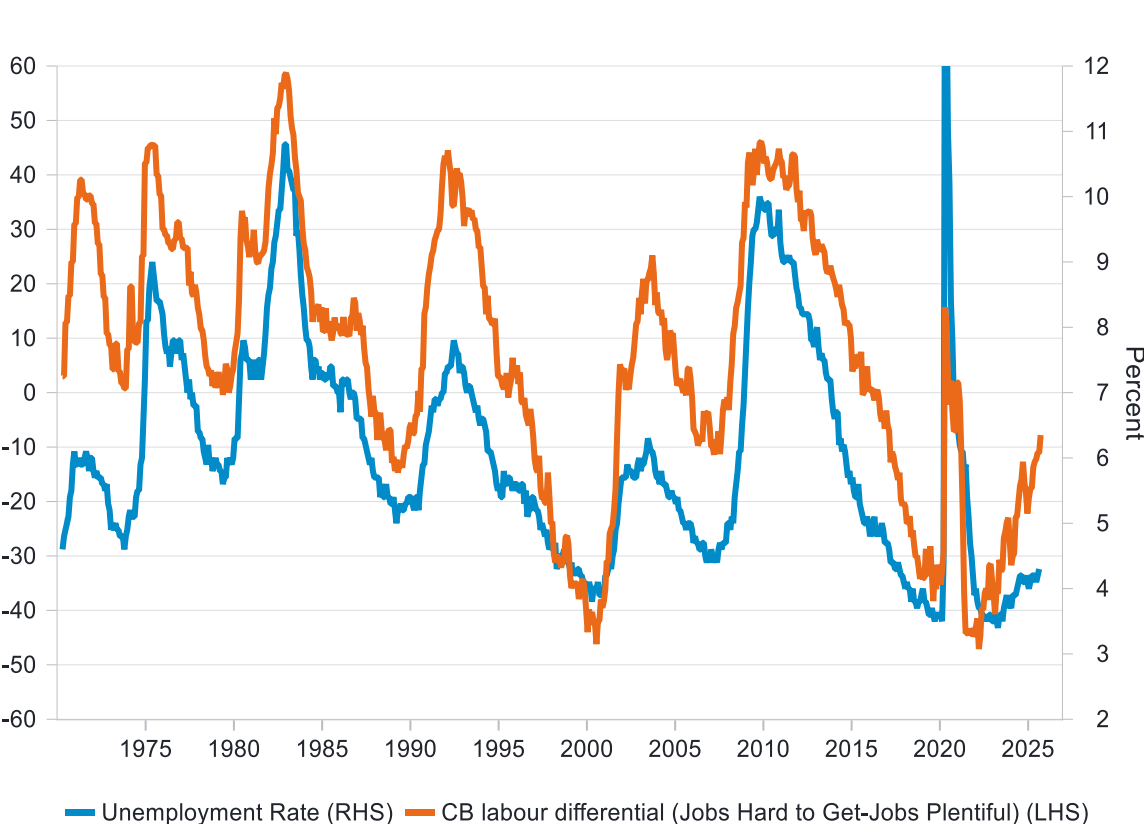
Forward looking indicators point to further deterioration in job market

Indeed Job Postings vs JOLTS



Source: Fidelity International, Macrobond, BLS, Indeed Hiring Lab, October 2025.

Conference Board LM differential vs UR

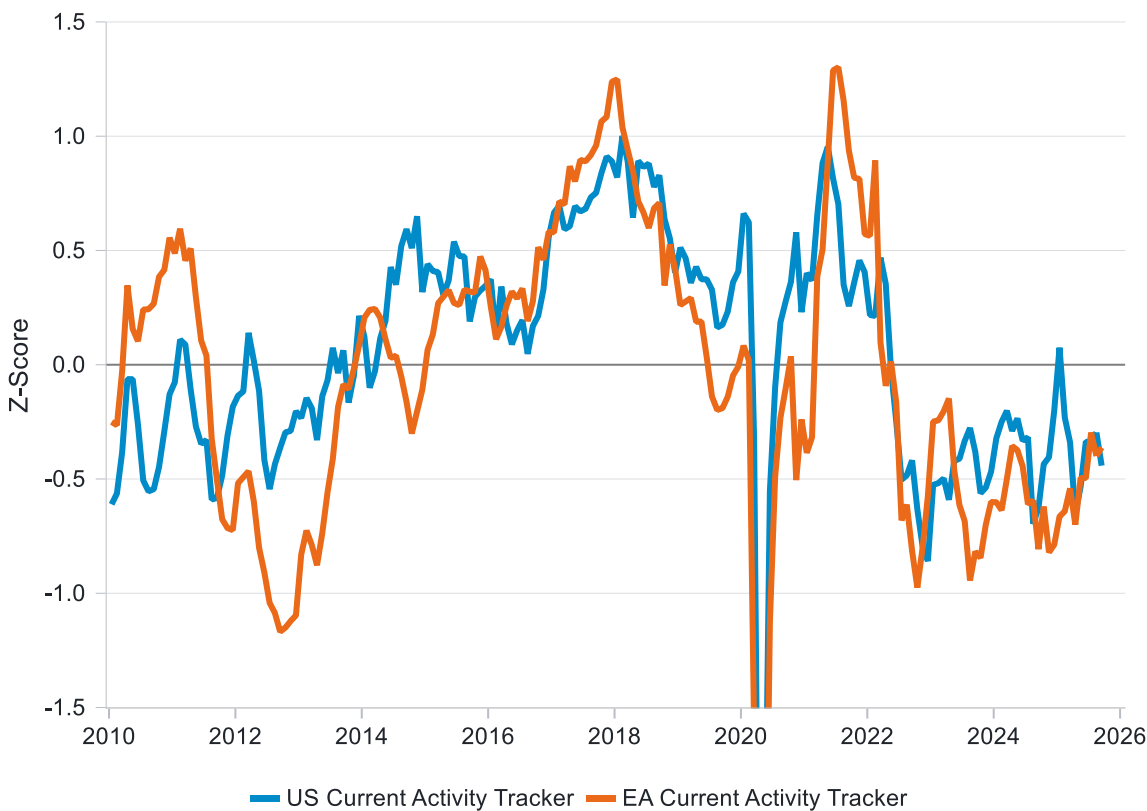


Source: Fidelity International, Macrobond, TCB, BLS, October 2025.

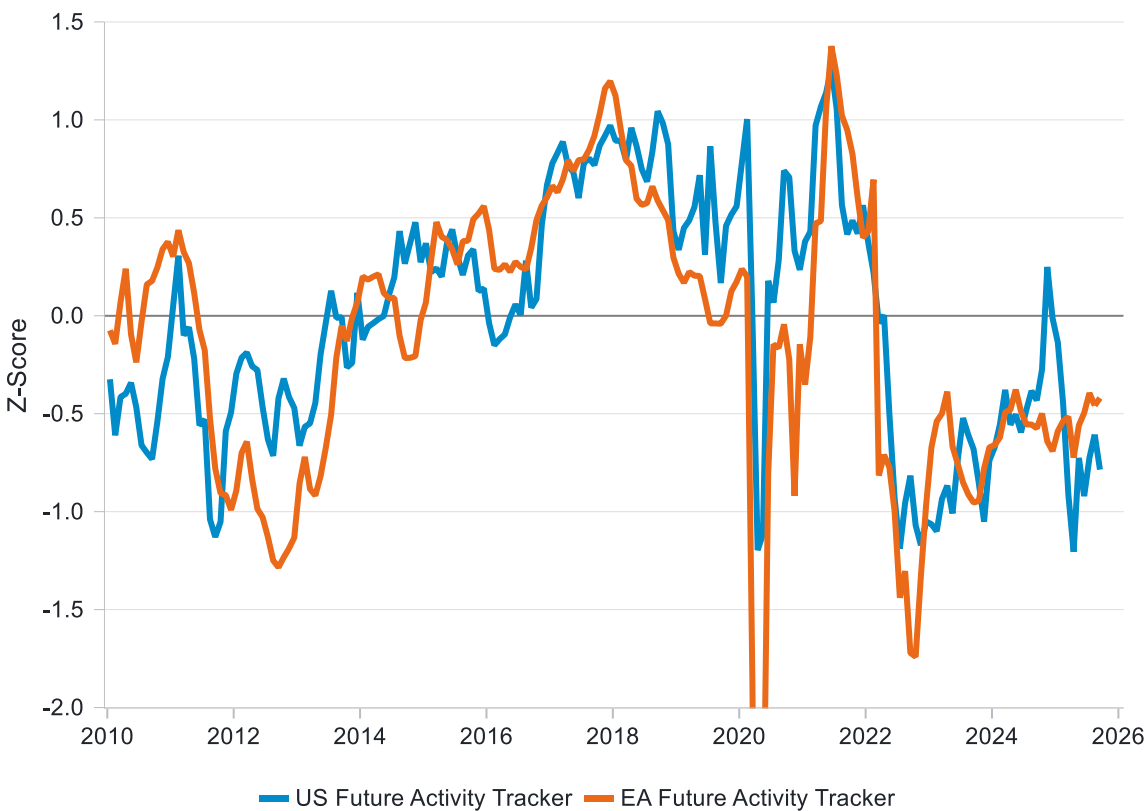
Our activity trackers have improved notably from their April lows...

...though sentiment remains weak compared to historical trends

Current activity trackers: US and euro area



Future activity trackers: US and euro area



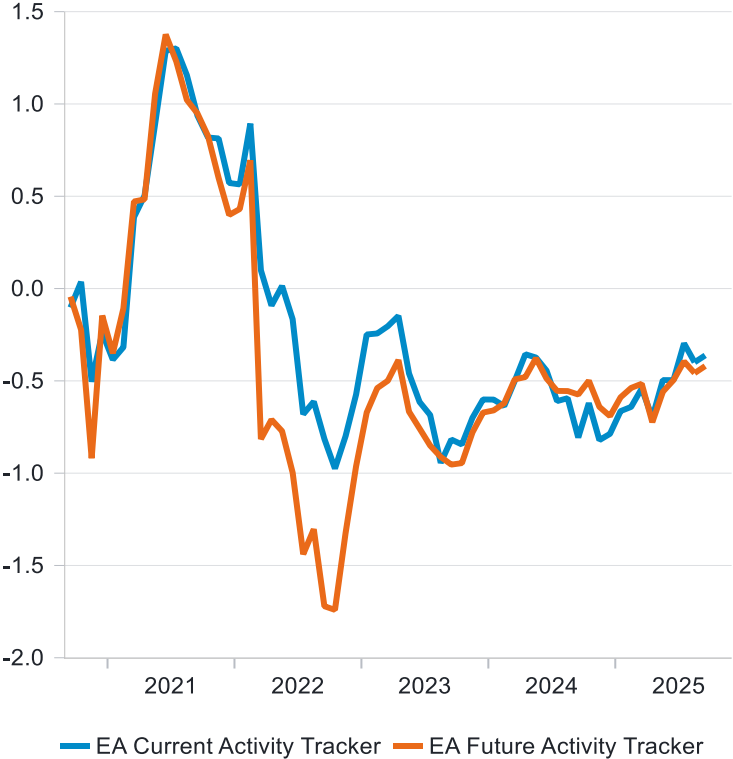
Source: Fidelity International, FIL Global Macro Team calculations, Macrobond, October 2025.

Source: Fidelity International, FIL Global Macro Team calculations, Macrobond, October 2025.

Euro area activity trackers show slightly weaker sentiment in August...

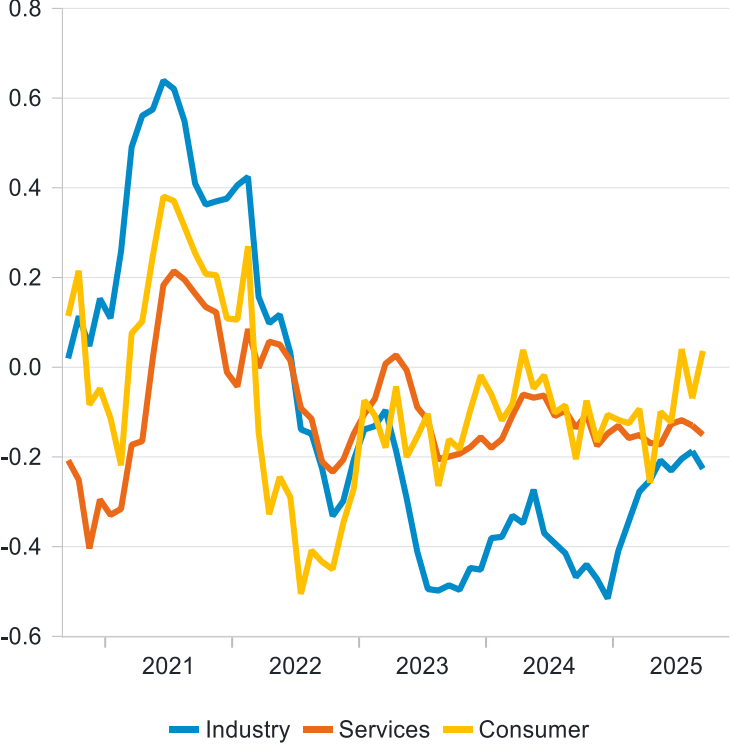
...as services and consumers get affected from tepid growth and political uncertainty. The manufacturing sector keeps chugging along on prospects of increased defence spending and Germany's infrastructure programme

Euro area: CAT and FAT



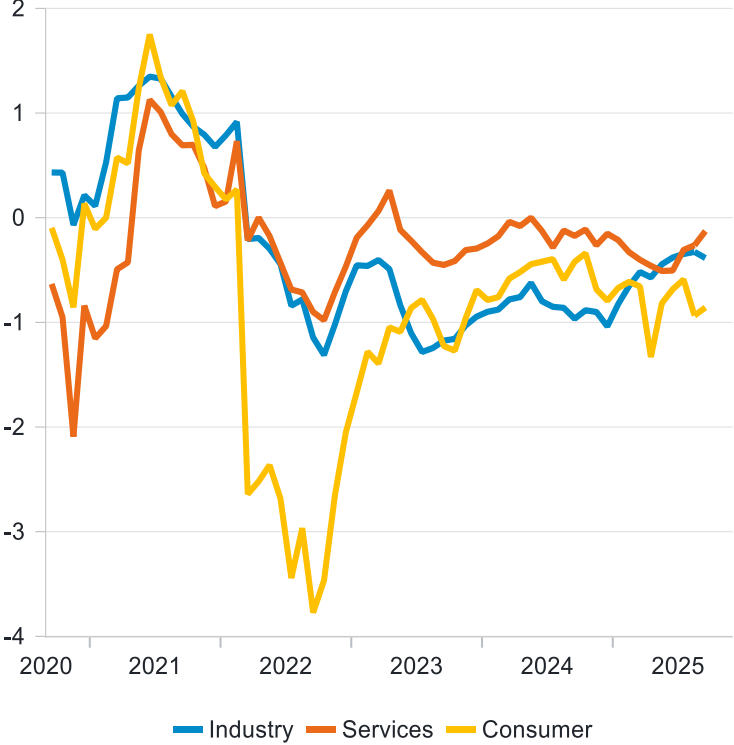
Source: Fidelity International, FIL Global Macro Team calculations, Macrobond, October 2025.

EA Current Activity Trackers



Source: Fidelity International, FIL Global Macro Team calculations, Macrobond, October 2025.

EA Future Activity Trackers



Source: Fidelity International, FIL Global Macro Team calculations, Macrobond, October 2025.

Indicators underlying our PCAs and Labour Market Tightness Indicator

Updated on a monthly basis

USA PCA Framework – Indicators used

US Current activity tracker
PMI Manufacturing - Production
PMI Manufacturing – Employment
NAHB Single Family Home Sales
Philly Fed Manufacturing Business Activity
Richmond Fed Manufacturing – Capacity Utilisation
PMI Non-Manufacturing - Business Activity
PMI Non-Manufacturing – Employment
Richmond Fed Service Sector - Revenue
Richmond Fed Service Sector – No of Employees (3mma)
UMICH Consumer Sentiment Current Conditions
Conference Board Consumer Confidence Present Situation
Mortgage Purchase Applications
US Future activity tracker
PMI Manufacturing - New Orders
NAHB Single Family Home Sales - In 6 months
Philly Fed Manufacturing - Future Business Activity
Empire State Manufacturing – New orders
Richmond Fed Manufacturing – Capacity Utilisation in 6 months (3mma)
PMI Services - New Orders
PMI Services - New Export Orders
Richmond Fed Service Sector Demand – 6 months ahead (3mma)
UMICH Consumer Sentiment Expectations
Conf. Board Consumer Confidence Expectations
Conf. Board Expectations of Buying New Home in 6M
Richmond Fed Manufacturing wages in 6 months (3mma)

Source: Fidelity International, 2025.

Eurozone PCA Framework – Indicators used

EA Current activity tracker
German Ifo Business Climate: Manufacturing
EC Industrial Confidence
EC Construction Confidence
PMI Manufacturing - Quantity of Purchase
PMI Manufacturing - Production
EC Service Confidence
PMI services
German Ifo - Business Climate: Services
German Ifo - Passenger car demand
EC Consumer Confidence
ZEW Economic Sentiment
EC Retail
EC Employment Expectation
EA Future activity tracker
German Ifo 6 Months ahead
EC Industrial Production expectations
PMI manufacturing New orders
PMI manufacturing New Export orders
PMI Construction New orders
EC Services expected demand over next 3 months
EC Retail trade expected business situation
PMI services New business
EC Consumption fin situation next 12 months
EC Consumption eco situation next 12 months
Sentix Future

Fidelity Labour Market Tightness Indicator

Dates in brackets show when indicator starts being used
NAIRU minus UR (31/3/1949)
Jobs minus workers (where JOLTS have been extrapolated prior to December 2000 using a composite Help Wanted Index) (31/1/1951)
Employment NFIB firms with positions not able to fill right now (31/10/1973)
NFIB single most important problem: percent reporting quality of labour (31/10/1973)
NFIB Businesses with few or no qualified applicants for job openings (30/04/1993)
JOLTS quits rate / hires rate (31/12/2000)
Full employment normal guesstimate minus part time work for economic reasons % employment (31/7/1955)
Conference board jobs plentiful minus jobs hard to get (31/1/1967)
Atlanta FED wage growth tracker: job switcher minus job stayer (31/3/1997)

Fidelity’s proprietary China Activity Indicator (CH-AI)

China Activity Indicator subcomponents

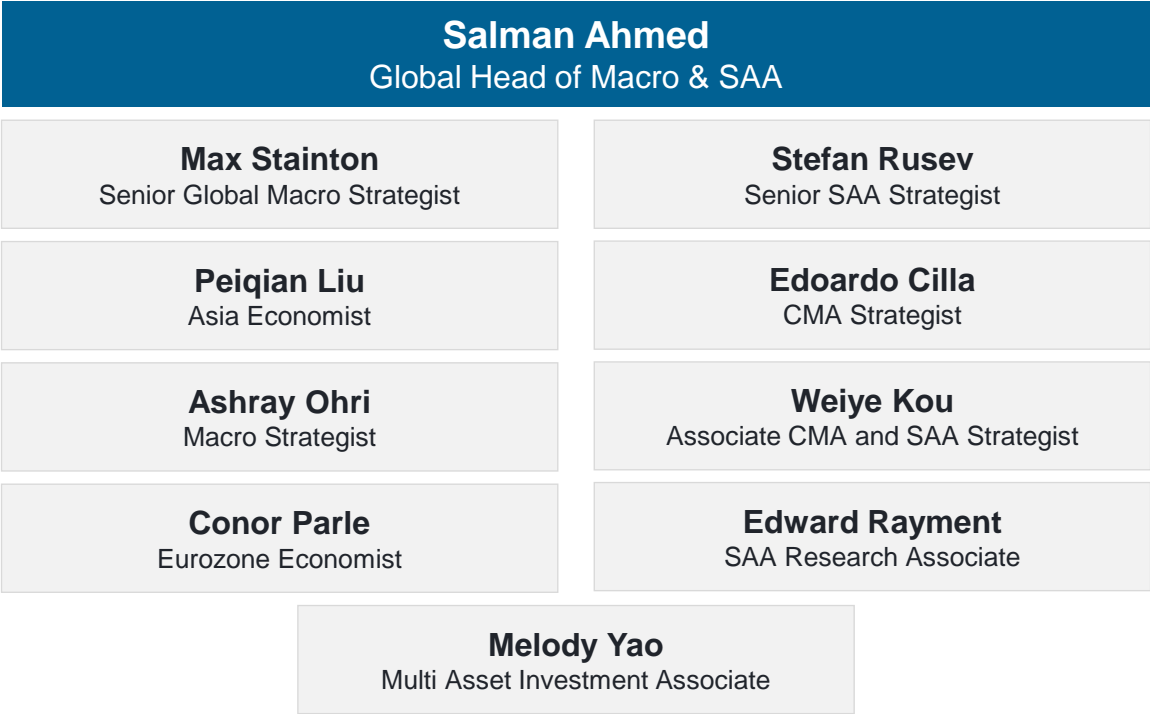
Sector	Indicator List	Weights
Industry	Major Ports Volumes	9.0%
	Caixin manufacturing PMI: Output	7.3%
	Manufacturing PMI: Production	7.3%
	Manufacturing PMI: Employment	6.5%
	Industrial Production	10.3%
	Total Industry	40.4%
Services	Caixin services PMI: Employees	6.5%
	Caixin services PMI: Business Activity	7.5%
	Auto sales	10.2%
	Domestic flight	8.5%
	Total Services	32.6%
Property	Residential property sales	9.7%
	Construction Starts	8.8%
	Cement Production	8.5%
	Total Property	27.0%

Source: Fidelity International, FIL Global Macro Team calculations, 2025.

Global Macro & SAA team

Powering asset allocation across Fidelity’s investment teams

Our team



Our role

- Part of Fidelity Solutions & Multi Asset, working across Fidelity’s investment teams to feed into asset allocation decision making
- Leading research into macroeconomic and market dynamics, supporting asset allocation decisions and establishing core investment views

Evolving Fidelity’s capabilities

- Building out Fidelity’s capabilities in macroeconomic research
- Creating and maintaining Fidelity’s capital market assumptions (CMAs)

Source: Fidelity International, 2025.

Important information

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