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MARKETING COMMUNICATION

PH

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Contents

Global outlook 2026: More stimulus, more growth, more risk…

Faced with a host of structural challenges, global performance in 2026E and 2027E is likely to hinge even more than usual on the actions of policymakers.

As our base case, we look for continued steady growth in major economies as governments deliver fiscal expansions and key central banks ease further, with inflationary pressures converging towards 2% targets.

While policy support underpins resilient growth, serious risks from rising public debt and geopolitical tensions remain. The interplay of geopolitics and the pace of AI adoption will likely shape financial market performance.

Steady growth and narrowing inflation gaps – We look for continued growth across major economies in 2026E and 2027E, supported by fiscal expansions, easing inflation and accommodative financial conditions. We expect the US to moderate to a still healthy headline pace and continue to benefit from the AI and tech revolution, and outperform a Eurozone and UK held back by structural challenges, even as growth picks up between 2026 and 2027. China looks set to slow somewhat as domestic challenges persist. We see Japan slowing, but still outpacing its anaemic potential rate. After wide gaps in 2025, we expect inflation rates to converge towards central banks' 2% targets in 2026E and 2027E.

A host of uncertainties – Despite our constructive base case, uncertainties and risks loom large. Elevated public debt levels combined with major fiscal expansions could trigger renewed bond market instability if inflation surprises to the upside. Geopolitical fragmentation and protectionism threaten global supply chains and growth in export-oriented economies. The rapid diffusion of AI technologies presents both upside potential for productivity and downside risk if labour markets weaken significantly and amplify political disenchantment.

Policymakers' high-wire act – Fiscal policy is expansionary across major economies. But effective stimulus will likely hinge on policymakers' ability to keep inflation in the safe zone, maintain credibility, and adjust to technological change as well as shocks from geopolitics. The US Federal Reserve (Fed) and Bank of England (BoE) are likely to continue rate cuts, in our view, while the European Central Bank (ECB) maintains an easy stance and the Bank of Japan (BoJ) normalises its policy cautiously.

Click here for our latest global economic projections.

Figure 1: Peel Hunt real GDP projections versus Bloomberg consensus

	2025		2026		2027		Potential
	PH	*BB*	*PH*	*BB*	*PH*	*BB*	*PH*
North America							
US	2.2	2.0	2.0	2.1	1.9	2.0	*1.8 - 2.0*
Canada	1.7	1.7	1.4	1.3	1.7	1.8	*1.6 - 1.8*
Asia and Oceania							
China	5.0	4.9	4.6	4.5	4.3	4.3	*3.5 - 4.0*
Japan	1.2	1.2	0.7	0.8	0.9	0.8	*0.4 - 0.6*
India	6.3	6.4	7.1	7.2	6.6	6.5	*6.5 - 7.5*
Australia	1.8	1.9	2.3	2.2	2.3	2.3	*2.0 - 2.2*
Europe							
UK	1.4	1.4	1.3	1.1	1.6	1.4	*1.5 - 1.7*
Eurozone	1.4	1.4	1.3	1.2	1.6	1.4	*1.2 - 1.4*
Germany	0.3	0.3	1.1	1.0	1.6	1.5	*1.0 - 1.2*
France	0.8	0.8	1.1	1.0	1.2	1.1	*1.2 - 1.4*

% YoY. Annual data. Source: Peel Hunt estimates (PH), Bloomberg consensus (BB) taken on 6 January 2026.

PH

Overview: Policymakers' high-wire act

Across major parts of the global economy, performance in 2026E and 2027E is likely to hinge even more than usual on the actions of governments and central banks. As our base case, we look for continued resilient growth as governments in Europe, the US and Asia deliver fiscal expansions, and, key central banks ease financial conditions as inflation rates converge towards 2% targets.

Global performance in 2026–27 will depend heavily on government and central bank actions

In the UK (pages 6-7), while the government begins to step up public investment, we expect the Bank of England (BoE) to turn its policy to a slightly easy setting. As long as Prime Minister Keir Starmer manages to survive likely losses for his Labour Party in local elections in May, falling inflation and interest rates, plus easing political uncertainty, can lift cyclical sectors and allow the UK to beat consensus growth expectations, which, in our view, remain too low.

UK growth could exceed expectations if political stability holds and the BoE eases policy

In the US (pages 10-11), after growth surprised to the upside in 2025, we look for another year of decent momentum as additional rate cuts from the Federal Reserve (Fed), plus significant fiscal support for consumers coming from President Donald Trump's 'One Big Beautiful Bill', drive gains in domestic demand and underpin a sustained AI investment cycle. In the Eurozone (page 13), while the European Central Bank (ECB) keeps its policy on hold in 2026 at an easy setting, Germany's (page 14) fiscal expansion should provide a shot in the arm for demand in the Eurozone and keep growth slightly above its subdued potential rate. Political instability in France poses risks, however (page 14).

US growth will be supported by further rate cuts and fiscal stimulus, boosting domestic demand and AI investment

Eurozone growth will benefit from German fiscal expansion, but faces risks from French political instability

In Asia, both China (page 16) and Japan (page 17) are conducting their own experiments with fiscal easing. China appears determined to try to meet its unsustainable official growth targets by backstopping domestic demand and with efforts to modernise industry, while Japan's new government wants to run a high-pressure economy to ensure it has fully escaped its decades-long disinflation. Although the Bank of Japan (BoJ) looks likely to lift its policy rate again this year, monetary policy will remain easy and the pace of any rate increases will be so well-flagged that markets and businesses will have time to adjust.

China and Japan pursue fiscal easing, as the BoJ remains cautious and Beijing strains to achieve ambitious growth targets

Despite a host of serious challenges stemming from worsening West-East geopolitical fragmentation, steady economic growth and policy support can underpin an expansion in global trade, production and investment that supports further gains in equities, with risk-taking further spreading out of the US into other advanced markets. Meanwhile, modest rates of inflation can help to contain already-strained nerves in bond markets over ever-rising levels of public debt.

Steady growth and modest inflation can support global trade and equities, despite geopolitical fragmentation

But our constructive outlook is not without risks. The old geopolitical order is breaking down – not least due to what we see as an erratic and heavy-handed approach by the US President, who seems to partly embrace efforts by China and Russia to shift the world into a more transactional rather than rules-based order. This leaves economies dependent on export demand and imports for energy and critical components vulnerable to sudden shocks and dislocations when regional geopolitical issues flare up.

Geopolitical instability and shifting alliances increase the risk of sudden economic shocks

The combined decision by major economies with already excessive levels of public debt to undertake fiscal expansions and borrowing on a scale usually reserved for recessions is both a gift and a curse. While fiscal expansions help promote growth and reduce the risk of a stock market correction, they amplify the risks associated with worsening long-term debt levels as populations age. Bond markets should stay calm as long as inflation remains under control. But if inflation returns in a major way, we could not rule out a genuine bond market crisis in which a surge in government borrowing costs triggers a tightening of financial conditions. In a worst-case scenario, governments may be forced to undertake painful fiscal resets even as economies and stock markets slump.

Large-scale fiscal expansions support growth, but heighten long-term debt risks from ageing populations

If inflation resurges, a bond market crisis could force painful fiscal adjustments amid economic downturns

Forecast summary

Note: All PH projections quoted in this report reflect our updated economic projections published on 8 January, which includes a number of forecast changes listed on page 19.

Real GDP outlook – policy easing backstops demand

As our base case (Figure 2), we anticipate a steady global expansion over the next two years as past tariff and inflation shocks fade and as fiscal and monetary policies turn accommodative across major economies. We look for slowing but still-healthy gains in the US, easing momentum in China and a slight pick-up in the UK and the Eurozone to still-subdued rates. We expect Japan to slow in 2026E before picking up in 2027E – with growth staying above its anaemic potential in both years.

We anticipate a steady expansion over the next two years as past tariff and inflation shocks fade and as policy easing backstops demand

Bloomberg consensus in brackets.

- For the **UK**, we forecast YoY real GDP growth of 1.3% (1.1%) in 2026E and 1.6% (1.4%) in 2027E.
- In the **Eurozone**, we project real GDP growth of 1.3% (1.2%) in 2026E followed by 1.6% (1.4%) in 2027E, with **Germany** at 1.1% (1.0%) and 1.6% (1.5%) and **France** at 1.1% (1.0%) and 1.2% (1.1%), respectively.
- In the **US**, we expect growth in real GDP of 2.0% (2.0%) and 1.9% (2.0%) in 2026E and 2027E, respectively.
- We look for real GDP growth in **China** of 4.6% (4.5%) in 2026E and 4.3% (4.3%) in 2027E.
- In **Japan,** we project a real GDP gain of 0.7% (0.7%) in 2026E followed by a rise of 0.9% (0.8%) in 2027E.

UK GDP – above consensus: *We project 1.3% in 2026E and 1.6% in 2027E*

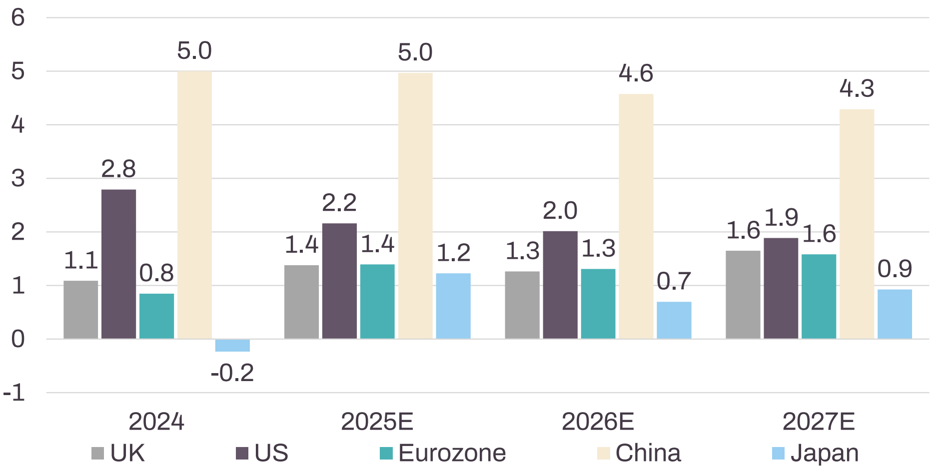
Eurozone GDP – above consensus: *We project 1.3% in 2026E and 1.6% in 2027E*

US GDP – near consensus: *We project 2.0% in 2026E and 1.9 % in 2027E*

China GDP – near consensus: *We project 4.6% in 2026E and 4.3% in 2027E*

Japan GDP – near consensus: *We project 0.7% in 2026E and 0.9% in 2027E*

Figure 2: Peel Hunt projections for real GDP



% YoY. Peel Hunt projections for 2025-27. Annual data. Sources: ONS, BEA, Eurostat, China National Bureau of Statistics, Cabinet Office of Japan

Easing inflation fears open the door for more Fed and BoE cuts

Inflation rates varied a lot across major economies last year after falling across the board in 2024 following the 2022/23 post-pandemic and Russian gas shock

We look for inflation gaps to narrow across major economies in 2026 and 2027 . . .

surge. Measured by the consumer price index, inflation moderated only slightly further in the US, from 2.9% in 2024 to 2.7% last year, and in the Eurozone from 2.4% to 2.1%. In the UK and Japan, inflation picked up from 2.5% to 3.4% and from 2.7% to 3.2%, respectively, between 2024 and 2025. In China, which remains a special case due to a domestic imbalance of excess supply and mediocre demand, prices remained unchanged for a third successive year.

Looking to 2026E and 2027E, we expect inflation gaps to narrow substantially – but with underlying price pressures remaining somewhat elevated in advanced economies due to long-term structural factors, including trade frictions and ageing populations.

. . . but structural shifts may continue to put upward pressure on underlying price momentum

- In the **UK,** we expect inflation to slow to 2.4% in 2026E and 2.0% in 2027E.
- In the **US,** we look for inflation to ease to 2.5% in 2026E before edging down slightly to 2.4% in 2027E.
- For the **Eurozone**, we project 2.0% inflation in both 2026E and 2027E.
- In **China**, we look for inflation to rise to 1.3% in both 2026E and 2027E.
- In **Japan**, we expect inflation to moderate to 2.2% in 2026E and to 2.1% in 2027E.

***UK inflation**: We project 2.4% in 2026E and 2.0% in 2027E*

***US inflation:** We forecast 2.5% in 2026E and 4.0% in 2027E*

***Eurozone inflation:** We expect 2.0% in both 2026E and 2027E*

***China inflation:** We predict 1.3% in both 2026E and 2027E*

***Japan inflation:** We look for 2.2% in 2026E and 2.1% in 2027E*

Inflation close to 2% targets in the Eurozone, Japan and the UK and staying in the safe zone in the US can allow central banks to support demand by easing policy (UK and US) or maintaining an accommodative stance (Eurozone) – Figure 3.

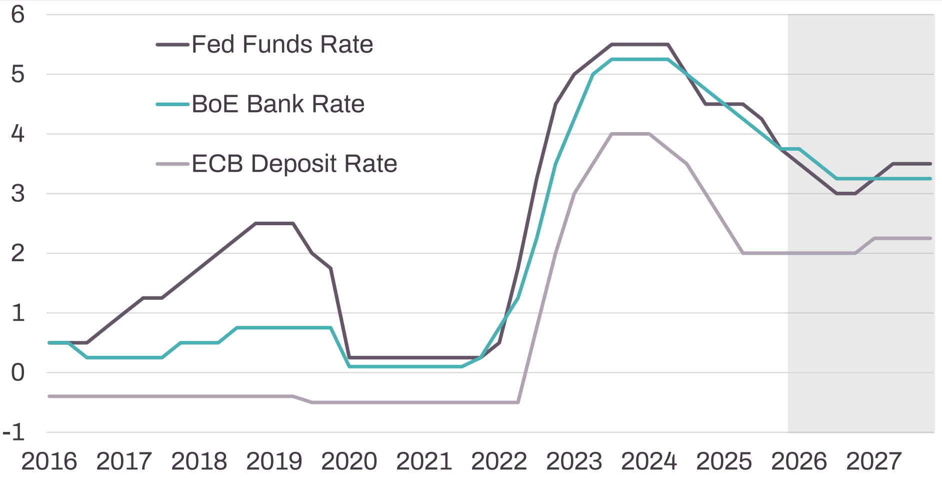
- In the UK, we look for the **BoE** to lower the bank rate twice a pace of one 25bp cut per quarter in 2Q and 3Q. This would reduce the bank rate from 3.75% to 3.25% by end-2026E. In 2027E, we expect the BoE to keep the bank rate unchanged.
- In the US, we project 75bp more of cuts in 2026E by the **Fed** at a pace of one 25bp cut per quarter in 1Q, 2Q and 3Q to take the upper limit of the funds rate corridor from 3.75% to 3.0% by year-end . In 2027E, we expect the Fed to lift the policy rate by 50bp to 3.5% by year-end.
- In the Eurozone, we expect the **ECB** to keep its deposit rate at 2.0% in 2026E before raising it by 25bp in 2027E to 2.25% by year-end.

We expect the BoE to lower the bank rate from 3.75% to 3.25% in 2026E, and stay on hold in 2027E

We look for the Fed to cut the funds rate from 3.75% to 3.0% in 2026E, before lifting it back to 3.5% in 2027E

We predict that the ECB will keep its deposit rate unchanged at 2.0% in 2026E, before lifting it to 2.25% in 2027E

Figure 3: Peel Hunt projections for central bank policy rates



In %. Shaded area shows projection. Quarterly data. Sources: Federal Reserve, ECB, BoE, Peel Hunt

Assumptions and risks

Our call for sustained global economic growth rests on three key assumptions:

1. **Inflation pressures continue to moderate in the US, Japan and the UK** towards central banks' 2% targets and remain on target in the Eurozone. This should enable further policy easing from the US Fed and the BoE, keep the BoJ in the slow lane with any further small rate hikes, and allow the ECB to keep policy on hold at its current easy setting.
2. **Global economies continue to adjust to protectionism and geopolitics.** Trade wars and elevated geopolitical tensions pose serious direct risks to production via disruptions to supply chains and commodity markets, as well as via exchange rates in case sudden shocks trigger jarring price adjustments. So far, major economies have remained mostly resilient to such shocks. And after last year's major jolt to trade from US tariffs, 2026E may prove a less turbulent – assuming any further US protectionism is on a smaller scale than before.
3. **No serious protracted bouts of financial instability.** We need to closely monitor the small but serious risk that fiscal excesses erupt into a genuine bond market panic that badly spills over into economic performance. Keeping inflation under control is critical if bond markets are to tolerate high levels of public debt and for economies to benefit from the fiscal tailwind to demand. In case of any sudden inflationary shocks from geopolitics or protectionism, we would need to monitor bond markets in the US, Japan, the UK and France and Italy closely.

__Assumption 1:__ Inflation moderates, allowing further policy easing in the US and UK

__Assumption 2:__ Global economies continue to adjust to protectionism and geopolitics

__Assumption 3:__ No serious, protracted bouts of financial instability

Two-sided macro risks

Beyond the serious tail risks (see final section below), we see core macro risks as roughly balanced:

- **On the upside**: So far, the diffusion of artificial intelligence (AI) technologies has boosted investment and profits, while triggering only modest losses in employment and weaker demand for young skilled workers. 2026E may be the first year in which AI begins to genuinely show up as stronger gains in productivity and living standards.
- **On the downside**: Major powers are increasingly projecting their regional strength – think Russia-Ukraine, China-Taiwan, and even US-Venezuela. We thus need to watch the risk of fresh supply shocks to energy and commodity markets coming from geopolitical fragmentation.

__Upside risk:__ AI could significantly boost productivity and living standards in 2026

__Downside risk:__ Geopolitical tensions could trigger new supply shocks to energy and commodities

Tail risks in the age of instability

In addition to the two-sided macro risks set out above, we need to keep a close eye on five tail risks:

1. The de facto US-China truce breaks down and the trade war restarts;
2. Labour markets deteriorate rapidly as AI spreads across industry;
3. The AI stock market bubble bursts and triggers a US recession;
4. Private demand stalls in China and financial imbalances resurface; and
5. Excessive public debt levels trigger a full-blown bond market crisis.

Tail risks in the age of instability:

1. *US-China trade war escalates*
2. *AI-led employment slump*
3. *AI bubble bursts*
4. *Domestic correction in China*
5. *Bond market crisis*

UK: Fading headwinds restart growth

After a strong burst of momentum in early 2025, the UK economy slowed to a complete stall in the second half of last year as households and businesses, fearful of further tax increases, turned cautious in the run-up to the 26 November budget. Monthly data show that real GDP likely declined slightly from summer onwards – with output falling to around 1% below the recovery trend which started in autumn 2023 (Figure 4).

UK growth stalled in late 2025 as worries over tax increases dampened activity

Looking ahead, we expect growth this year to slow a notch below its 2025 rate to 1.3%, before improving to 1.6% in 2027E. Our forecasts are about 0.2pps above Bloomberg consensus for 2026E (1.1%) and 2027E (1.4%).

We forecast UK growth above consensus for 2026E and 2027E

Our above-consensus calls are based on three factors: 1) despite a general sense across financial markets, businesses and households that the UK economy is in bad shape after a decade of policy failures, growth over this period has nevertheless consistently beaten overly pessimistic expectations – and it has paid to err on the optimistic side; 2) moderating inflation plus less tight financial conditions as the Bank of England (BoE) further eases its monetary policy should lift domestic demand, while a continued expansion in global trade should improve fortunes for industry; and 3) while last year's budget contained no pro-growth measures, Prime Minister Keir Starmer and Chancellor Rachel Reeves managed to avoid any immediate jarring tax increases – and 2026E should see the start of a multi-year expansion in public investment.

Optimism is based on resilient past growth, easing policy, fading inflation, and new public investment

But even if growth beats consensus expectations, it is likely to remain well below what is historically normal, and what the UK could achieve given its structural fundamentals. An advanced economy like the UK, with no major private sector imbalances and strong balance sheets, a growing population and labour force, catch-up potential in key sectors like energy, a shortage of housing and infrastructure capacity, and an opportunity for AI-led productivity gains, should be able to sustain growth comfortably above 2% over time.

UK growth remains below potential despite strong fundamentals and opportunities

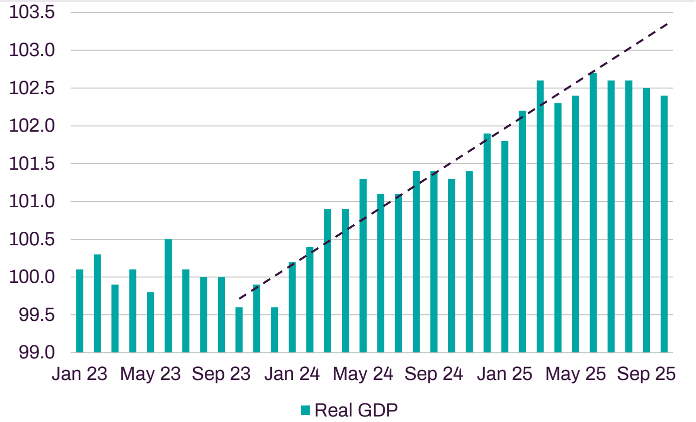
Although households and businesses have the balance sheet capacity to borrow aggressively and take on risks, they lack the conviction to do so. Forward-looking business surveys remain consistent with growth in the 1.0-1.5% range – see Figure 5 – and sentiment remains subdued. The risks to our above-consensus calls are thus tilted to the downside in 2026E.

Weak sentiment and risk aversion may limit UK growth in 2026

If growth does not restart in 2026, the danger to watch is that a majority of government MPs in the Labour Party become frustrated and oust Starmer and

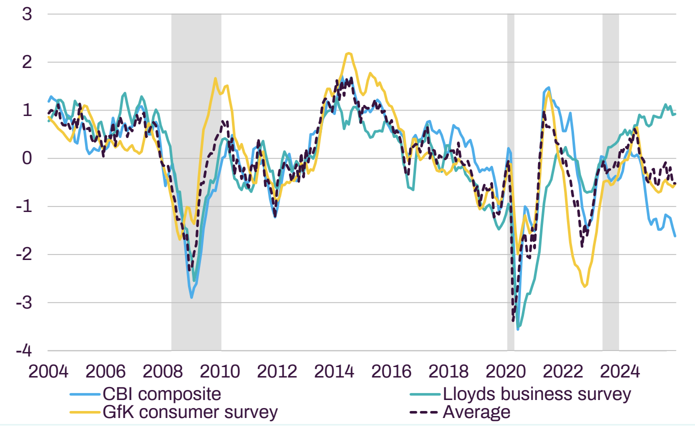
Political instability could rise if growth disappoints and Labour loses local elections

Figure 4: Monthly level of UK real GDP



2023 = 100. Monthly data. Source: ONS

Figure 5: Surveys of business and consumer expectations



Standard deviations from mean. Monthly data. Sources: CBI, Lloyds Bank, GfK, Peel Hunt

Reeves. The likelihood of serious losses for Labour in the May local elections poses an obvious flashpoint. If that happens, Starmer would probably be replaced with an even more economically left-leaning successor.

Further tax rises and increases in public spending could unsettle markets and weaken private sector confidence

Labour has already raised the tax share of GDP to a post-WW2 high, and having shown under Starmer no serious desire to restrain a bloated state or out-of-control welfare spending, the risk of further anti-growth tax increases and inflationary gains in public spending could badly unsettle markets and further hamper confidence in the private sector.

If growth returns, political tail risks can be avoided

However, assuming our call for better growth over the coming months turns out to be correct, that should be enough to keep Starmer and Reeves in office for the foreseeable future. While markets may wonder if the government will need to raise taxes next year, that looks unlikely as long as modest growth returns.

We look for the BoE to cut rates further as labour markets weaken and inflation moderates towards the 2% target

The BoE faces a difficult balancing act in 2026. Recent growth disappointments and a sharp slowdown in private wage growth as spare capacity opens up in the labour market – see Figure 6 – suggest the bank needs to turn its monetary policy to an actively easy setting. Over the medium term, we expect the unemployment rate to hover slightly above 5% while inflation returns to the BoE's 2% YoY target.

The BoE remains cautious, wary of sticky inflation despite falling inflation

At 3.75%, the Bank Rate is still above our 3.5% estimate of neutral – when policy is neither stimulative nor restrictive. However, BoE credibility has been hurt by the UK's outsized inflation over the past few years. With inflation still above 3% – but falling to 2% this year – policymakers are reluctant to turn aggressive too soon in case inflation remains sticky above 2% once last year's one-off inflation shocks from energy prices and the increase in employment taxes wash out.

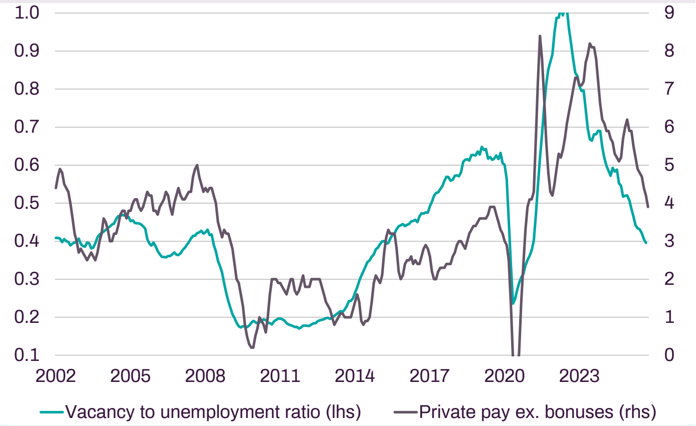
We expect two more BoE cuts in 2026E, but there is a risk that policymakers have already fallen behind the curve with cuts

As our base case, we look for the BoE to cut twice more in 2026E to 3.25% before keeping policy on hold through 2027E. The risk, however, is that the BoE has already moved too slowly with cuts.

If growth stays weak and inflation falls below target, the BoE may need to cut more aggressively – supporting consumption

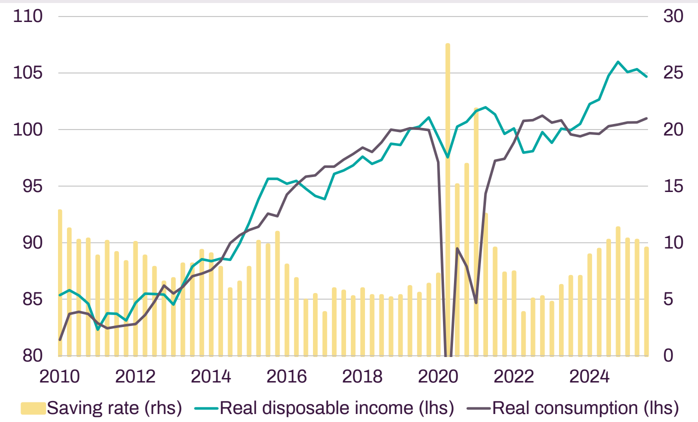
If growth remains soft in 2026 and inflation begins to undershoot the BoE's target, policymakers may need to play catch-up and lean against demand weakness with more aggressive rate cuts. If that happened, we would expect a much more rapid expansion in consumer spending as easier financial conditions lift asset prices and household net worth, and reverse some of the outsized saving which households have done over the past three years (Figure 7).

Figure 6: UK: Vacancy/unemployment ratio versus private pay



Pay in % YoY. Three-month moving averages. Monthly data. Source: ONS

Figure 7: UK household real incomes, consumption, and saving rate



Real income and consumption index at 2019 = 100. Savings rate in %. Quarterly data. Source: ONS

In focus: fiscal policy and bond yields

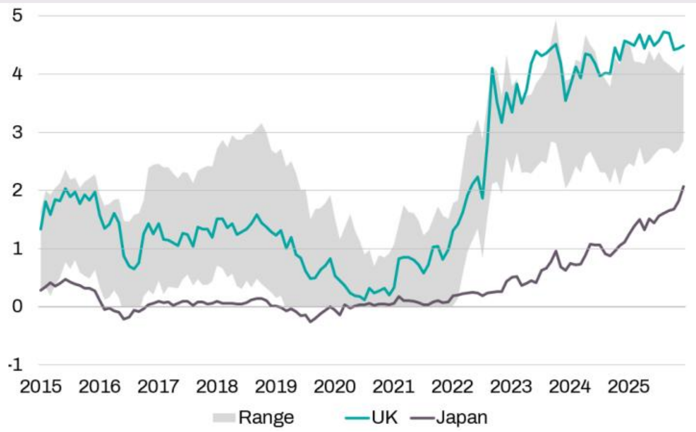
- As part of the trend across advanced economies, UK benchmark interest rates have risen sharply since 2021. However, since the September 2022 bond market crisis, the UK has faced the highest borrowing costs in the G7 (Figure 8). This has more to do with a lack of credibility after a period of policy-driven inflation rather than the UK being in a worse fiscal position. UK public debt remains at the lower end of the G7 range (Figure 9).
- The UK budget watchdog expects public borrowing to decline as a % of GDP over the coming years, while the current budget balance moves into a small surplus (Figure 10). As long as inflation remains near 2%, UK bond yields should fall back in line with the G7 average, hence removing some of the headwind to interest rate-sensitive sectors like housing and investment coming from restrictive benchmark interest rates.
- However, a second problem is likely to remain. An ever-growing tax burden and near-post-WW2 high public spending as a % of GDP (Figure 11) could continue to take scarce resources away from the private sector, where they might otherwise be used to grow productivity, profits, and real incomes.

The UK's outsized debt interest costs reflect the price of past policy mistakes

As long as inflation pressures remain under control, falling bond yields can support cyclical momentum

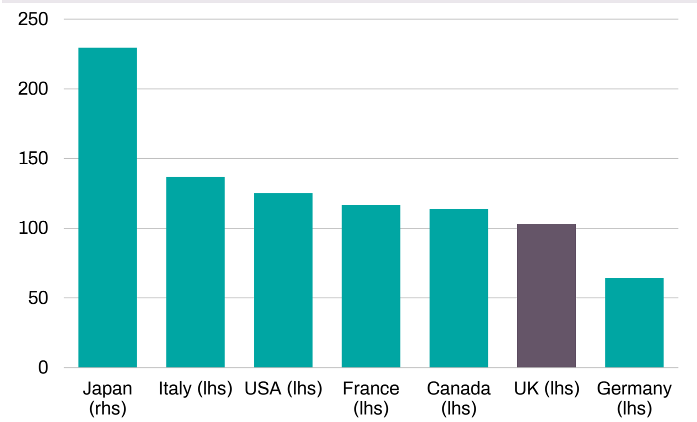
But the public sector share and the tax burden are both too high, and present headwinds to private activity

Figure 8: G7 10-year government bond yields



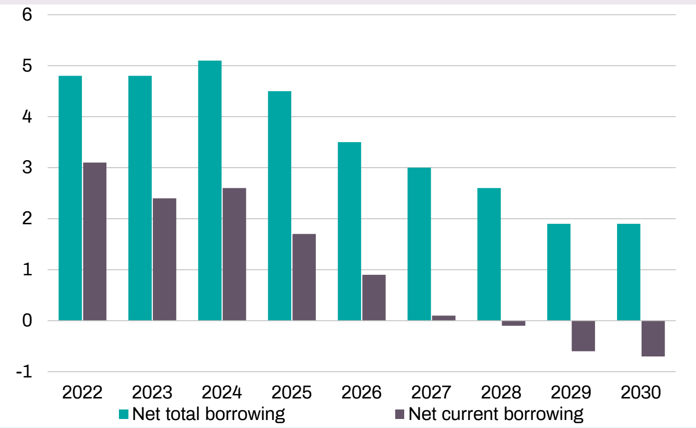
In %. Monthly data. Source: Bloomberg

Figure 9: Public sector debt



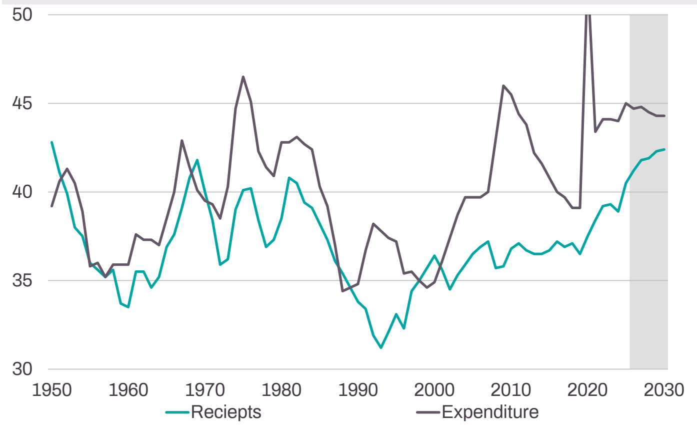
% of GDP. Source: IMF

Figure 10: OBR borrowing projections



As a % of GDP. Projections from 2026 onwards. Annual data. Source: OBR

Figure 11: UK public spending and taxes



As a % of GDP. OBR projections in shaded area. Annual data. Source: OBR

In focus: UK housing

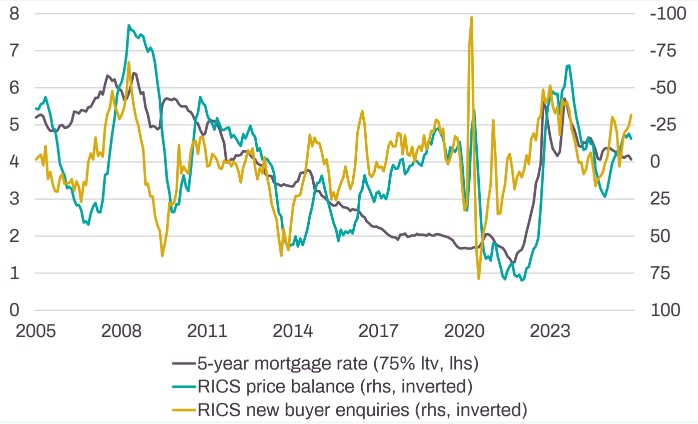
- After a disappointing 2025, in which housing demand, transactions and price momentum weakened as affordability remained challenged (Figures 12 and 13) and housebuilding continued its multi-year downtrend, the outlook for 2026E is somewhat more positive.
- Looking ahead, falling mortgage rates and further gains in real wages can improve affordability, confidence and demand. We look for UK house prices to rise by 3-4% YoY, with stronger gains in regions outside London where prices remain more attractive. We expect mortgage approvals and transactions to pick up from subdued levels (Figure 14).
- Although building costs remain elevated, housebuilding is likely to pick up in response to the recovery in demand. Although the government has taken serious steps to ease planning restrictions, the slow demand-side recovery suggests it may take years before housebuilding volumes can return to, or even exceed, pre-pandemic levels (Figure 15).

The UK housing outlook for 2026 is more positive after a weak 2025

Falling mortgage rates and rising wages should lift house prices and transactions

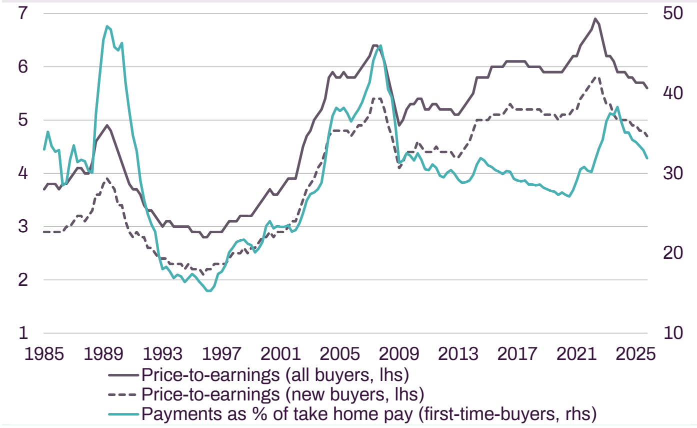
Housebuilding may recover slowly, with volumes taking years to reach pre-pandemic levels

Figure 12: UK mortgage rates restrain demand



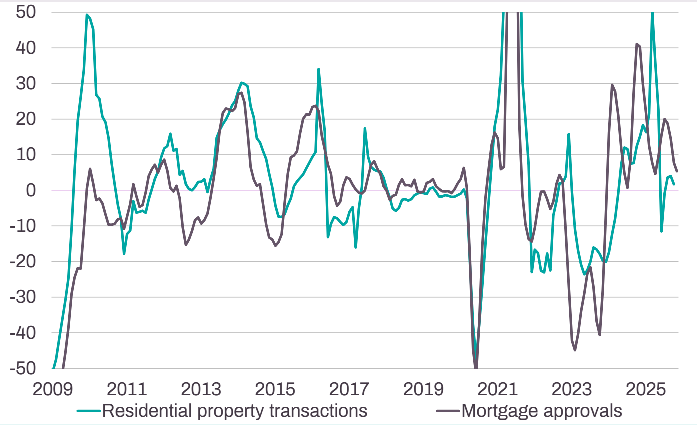
Mortgage rate in %. RICS as % balance. Monthly data. Source: Bank of England

Figure 13: UK housing market affordability



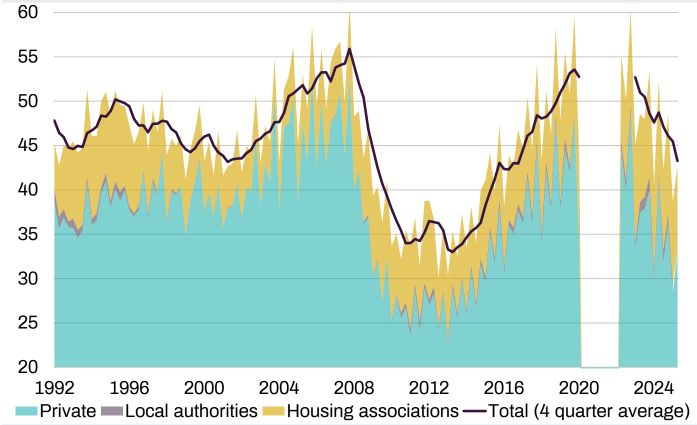
Monthly data. Source: Nationwide Building Society

Figure 14: UK transactions and mortgage approvals



% YoY. In thousands. Monthly data. Sources: BoE, HM Revenue and Customs

Figure 15: UK housing completions



In 1000s. Monthly data. Source: ONS

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US: Dual stimulus backstops demand

The US economy slowed last year as the massive investment-oriented fiscal expansion enacted by the Biden Administration – which helped to lift annual growth to almost 3% in 2023 and 2024 – faded (Figure 16). The US also faced fresh headwinds from what we see as President Donald Trump's heavy-handed and erratic approach to trade policy, which raised US import tariffs on goods to their highest level since the 1930s (Figure 29, page 15), sowing uncertainty, hampering confidence and squeezing real momentum.

US growth slowed to a still-solid 2.2% in 2025, even as fiscal stimulus faded and tariffs rose, creating uncertainty

Despite these challenges, the US economy remained resilient. Although the unemployment rate ticked up from 4.0% to a still-low 4.6% over the course of the year, and tariff-related cost pressures kept inflation above the Federal Reserve's (Fed) 2% YoY target in the 2.5-3.0% range, headline real GDP likely expanded by a still-solid 2.2%. Even as the transatlantic growth gap narrowed last year, as we had anticipated, the US managed to extend its growth lead over the UK and the Eurozone (Figure 17).

Even as the transatlantic growth gap narrowed last year, the US managed to extend its growth lead over Europe

Looking to 2026E and 2027E, US growth is likely to decelerate slightly towards rates of around 2%. Although tariffs will remain a headwind, and President Trump's haphazard approach to policymaking may continue to impair confidence, the US should benefit from a host of positive structural fundamentals as well as support from both fiscal and monetary policy.

Looking ahead, US growth will likely slow but remain healthy, supported by strong fundamentals and fresh stimulus

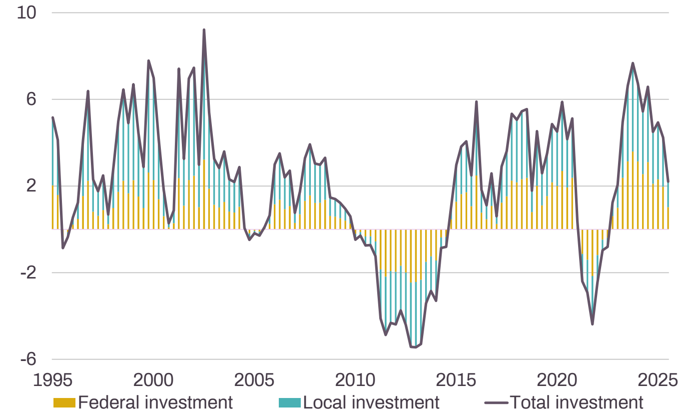
We expect businesses and households to contribute to gains in domestic demand. Businesses benefit from strong profits and low debt levels. Falling interest rates and buoyant stock markets help to reduce the effective cost of capital. Households benefit from healthy income growth and record levels of net worth (Figure 18), and many consumers will enjoy an outsized tax refund as the retroactive tax cuts in President Trump's 'One Big Beautiful Bill' kick in.

Strong profits, low debt, and tax cuts will likely support US domestic demand

However, while the private sector looks set for another year of decent gains in the aggregate, the two-speed economy will persist. Whereas major US companies (especially in tech and tech-connected industries), as well as wealthy households with exposure to the stock market boom, enjoy rapid gains in profits and incomes, the situation for small and mid-cap businesses and poorer household will remain difficult. As Figure 22 shows, whereas the NASDAQ stock index has surged to all-time highs, small and mid-cap indexes have largely moved sideways since 2022. Note, European mid-cap indexes outperformed their US counterparts in 2025.

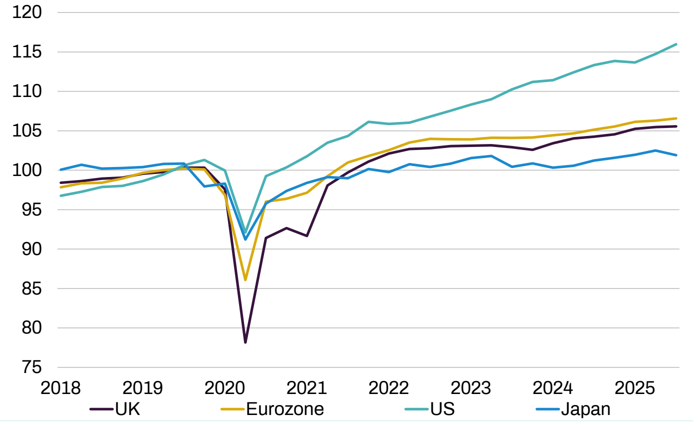
The US economy remains two-speed, with tech and wealthy households outperforming smaller firms and poorer households

Figure 16: US public investment



In % YoY. Bars show percentage point contribution to growth by type. Quarterly data. Source: BEA

Figure 17: Real GDP



Indexed at 2019 = 100. Quarterly data. Sources: COJ, ONS, Eurostat, BEA

The US expansion should also be well supported by both fiscal and monetary policies. While recession-level federal borrowing poses longer-run risks to US financial stability and could become a serious worry for markets in any future economic downturn, for now it acts as a boon to demand. While the story of 2025 was the fading of the stimulus enacted under the previous president, Joe Biden, the story for 2026E will be one of renewed stimulus coming from President Trump's tax cuts for households and businesses.

Recessionary levels of government borrowing carry serious risks, but support demand while they last

Alongside fiscal support, we look for the Fed to continue the easing path which started in September 2025 by delivering three more rate cuts in 2026E to take the upper limit of the Funds Rate to 3%. As Fed stimulus lifts credit and demand with a lag, it too should help to backstop private demand growth. While Fed Chair Jerome Powell remains circumspect about the pace and scale of further cuts while inflation rates remain elevated, a weakening jobs market (Figure 19) and the somewhat fading of inflationary pressures over the course of the year should keep open the door for further cuts.

We look for the Fed to cut rates further, supporting demand as inflation fades and the jobs market weakens

The risks to our Fed call are tilted towards even more cuts if President Trump manages to put an ultra-dove at the head of the Fed when Chair Powell's term ends in May. While Trump may struggle to fully capture the Fed, the likelihood that the Fed remains dovish in 2026 would be positive for markets and likely help contain the risk of a correction in the stock market – which poses the obvious near-term risk to the US economy.

A more dovish Fed could boost markets and limit the correction risk, especially if Trump influences appointments. . .

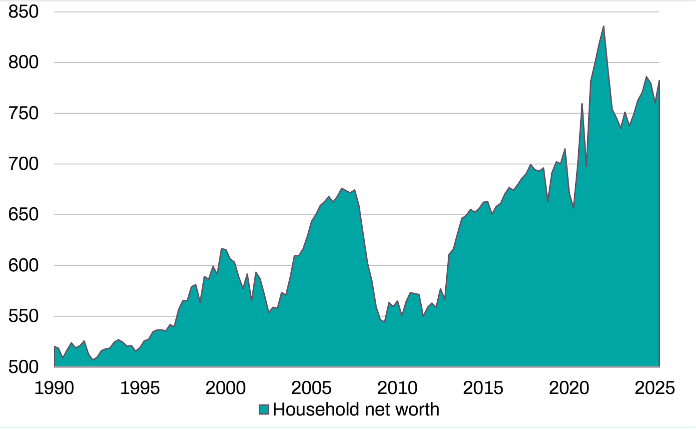
But if Trump succeeds in leaning on the Fed to deliver more cuts than are sustainable, and Fed credibility is impaired, renewed inflation worries could trigger a repeat of the April 2025 market panic over Liberation Day tariffs, when the dollar sold off sharply and Treasury yields spiked.

. . . Excessive rate cuts could undermine Fed credibility and reignite inflation and market instability

Trump's Republicans currently enjoy slim majorities in the House of Representatives and in the Senate. While a lot can still change before voting day, the midterm elections scheduled for 3 November look likely to follow the normal historical pattern, in which the party controlling the White House loses ground in Congress. Current polling suggests the Democrats may win the House while the Republicans keep their Senate majority. Typically, the legislative gridlock that results from a divided Congress tends to come with benefits and drawbacks. While major swings in policy become difficult – hence reducing policy uncertainty – the increased difficulty passing bills to raise the debt ceiling and the like increases the risk of disruptions.

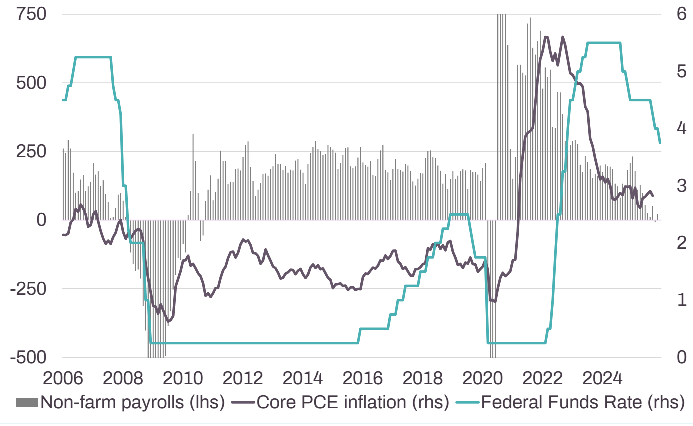
Likely congressional gridlock after midterms may reduce policy uncertainty but increase risks of fiscal disruptions

Figure 18: US household net worth



As a % of disposable personal income. Includes non-profit organisations. Quarterly data. Source: Federal Reserve

Figure 19: Employment, inflation and Fed policy rate



Non-farm payrolls in 1000s. Core personal consumption expenditures (PCE) inflation excludes food and energy, in % YoY. Upper limit of Federal Funds Rate corridor, in %. Monthly data. Source: Federal Reserve Board

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Risk watch – US downturn

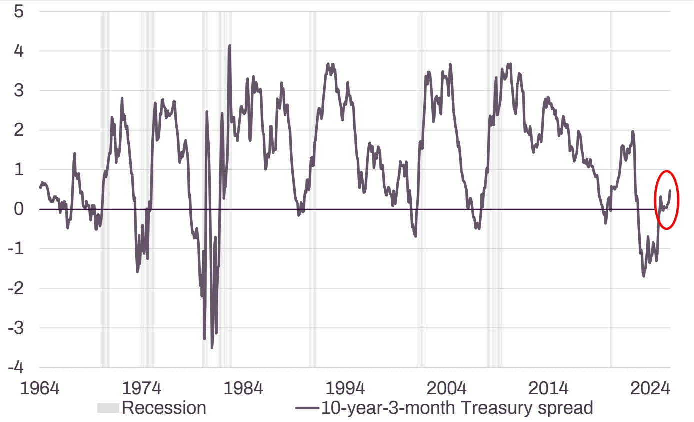
- Ever since the US yield curve inverted in 2022 (see Figure 20), financial markets have worried that a recession in the world's most important economy may be imminent.
- So far, however, the US has proved much more resilient than feared. This is down to two factors: 1) recession-level government borrowing to finance tax cuts and rapid public spending growth is backstopping demand (see Figure 21); and 2) a boom in US tech (Figure 22) has attracted massive inflows of capital into US markets and lifted household net worth to an all-time high – ever-richer households are saving little and instead expanding demand by spending nearly all of their income.
- The risk comes if this process goes into reverse. That is, if AI-related valuations correct sharply and households suffer losses to net wealth – turning precautionary and curtailing spending momentum. If the US economy falls into even a modest recession, already excessive public borrowing could surge even further, wobble skittish bond markets and trigger further sudden losses for the dollar (Figure 23).

Yield curve inversion since 2022 has sparked recurring US recession fears in financial markets

Resilience is due to high government borrowing and a tech boom boosting household wealth and spending. . .

. . . But a reversal — if an AI bubble bursts and wealth losses follow — could trigger recession, higher borrowing, and dollar instability

Figure 20: US yield curve spread (10-year versus three months)



Spread in percentage points. Shaded area shows recession periods. Monthly data.

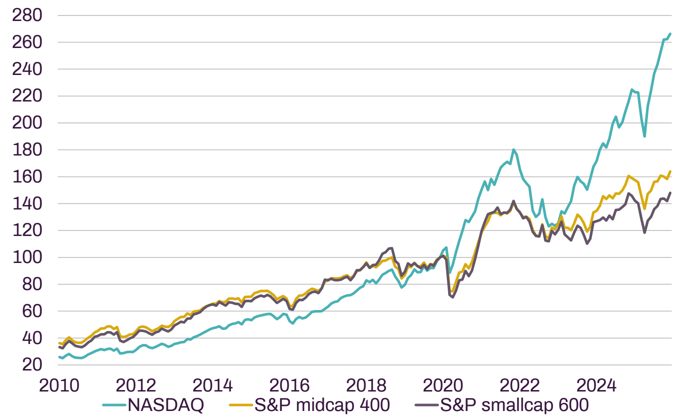
Source: Federal Reserve

Figure 21: US Federal borrowing versus unemployment

Federal budget balance as a % of GDP, four-quarter moving average.

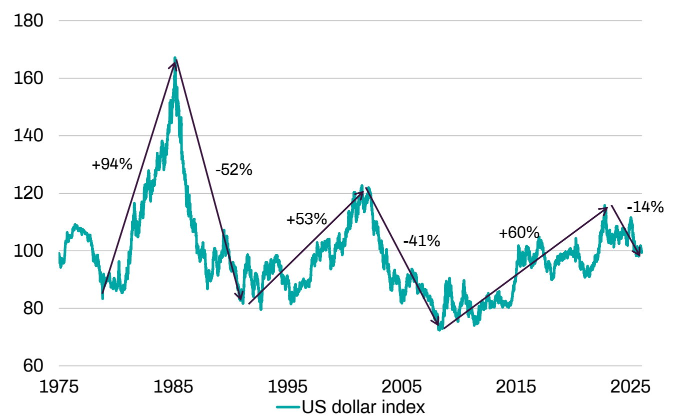
Unemployment rate in %. Quarterly data. Sources: US Treasury, BEA

Figure 22: US stock markets



Indexed at December 2019 = 100. Monthly data. Sources: Wall Street Journal, S&P

Figure 23: US dollar index



1975 = 100. Monthly data. Source: Bloomberg

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Eurozone: Multi-speed expansion

Eurozone expansion continues, aided by global demand, easing financial conditions, and German fiscal stimulus

The export-oriented Eurozone looks set for a modest improvement over the medium term, supported by a continued expansion in global demand, the fading of the 2025 US tariff shock, an easing of global financial conditions, and a major fiscal stimulus in Germany.

2025 GDP growth exceeded expectations, with periphery strength offsetting core weakness

In 2025, real GDP expanded by 1.4% – a notch above the Eurozone's subdued potential rate of around 1.3% and the 1.1% rate we had projected at the start of last year. The lagged impact of past European Central Bank (ECB) rate cuts and solid growth in peripheral economies offset weaker-than-expected growth in Germany (see page 14), as well as the jarring impact of US tariffs.

Excluding Germany, France, and Italy, Eurozone growth has nearly matched the US

Although Eurozone growth has been soft in the post-COVID era, this is mostly due to persistent weakness in Germany, France and Italy – all of which grew more slowly than the bloc overall in 2025. Excluding the big three from the aggregate paints a much better picture. As Figure 24 shows, Eurozone growth excluding the big three has almost kept pace with the US – led by healthy gains in Spain, the Netherlands and Ireland.

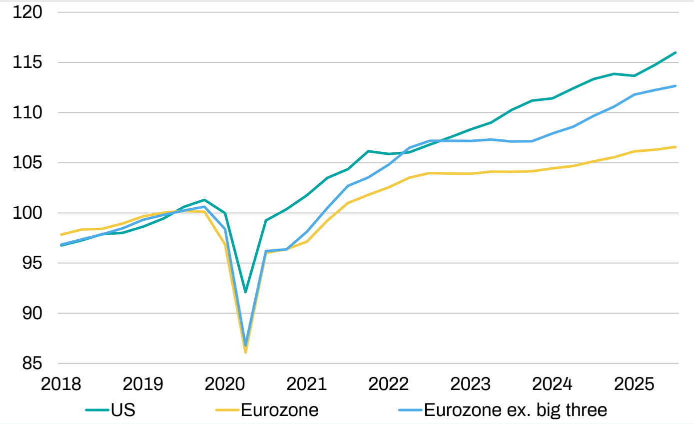
Growth should hold steady in 2025 and pick up in 2026, with upside risks if Germany delivers stimulus and France overcomes political challenges

Looking ahead, we expect growth to remain close to the 2025 rate in 2026E at 1.3% before picking up to 1.6% in 2027E. Growth looks likely to moderate somewhat in the periphery as the core gains some momentum. Risks to our calls are skewed to the upside, but hinge on no further major trade shocks emanating from the US, no political crisis in France, and Germany successfully stepping on the fiscal accelerator. If that happens, sentiment can finally start to pick up on trend after a long period of weakness in the wake of the early 2022 Russian invasion of Ukraine. The prospect of an end to the Russian war on Ukraine also presents a potential source of upside risk.

The ECB is likely to stay on hold in 2026 – keeping policy at an easy setting. Risks to ECB rates are two-sided

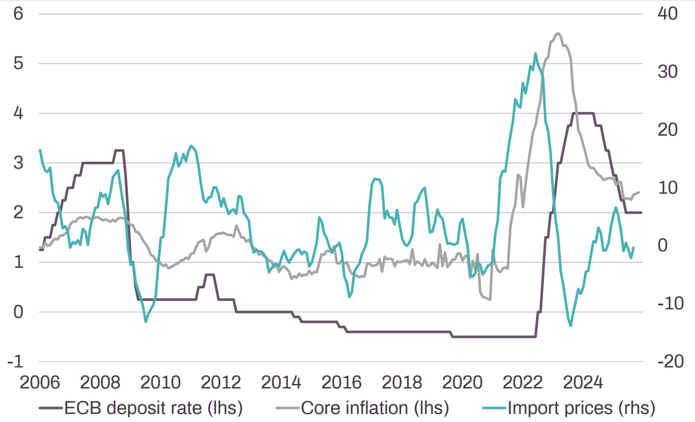
The ECB is likely to be the only one of the four major central banks which does not change its policy in 2026E. Inflation looks set to stabilise close to the ECB's 2% target and, with the deposit rate at 2%, the central bank has already managed to turn its policy slightly easy (Figure 25). In line with our call, money markets also expect the ECB to keep its policy unchanged in 2026. But the outlook is uncertain, and risks to our call are two-sided. If inflation falls further, the ECB may find room for additional cuts to support growth – as part of the broader easing trend underway across other major western economies. However, if growth surprises to the upside, and policymakers fear a resurgence of demand-pull inflation in 2027 and beyond, one or two hikes may come in 2026.

Figure 24: Real GDP – US, Eurozone and Eurozone ex. big three



Indexed at 2019 = 100. Quarterly data. Sources: BEA, Eurostat, Peel Hunt

Figure 25: Inflation, producer prices and ECB policy rate



ECB rate in %. Core inflation based on consumer price index excluding energy, food, alcohol and tobacco. Inflation and import prices in % YoY. Monthly data. Sources: ECB, Eurostat

Germany and France: Grinding higher

Germany on track for fiscal boost in 2026E

Germany was the biggest disappointment in Europe last year. Despite hopes that growth would finally return after a long stagnation and multi-year deindustrialisation (see Figure 26), real GDP grew just 0.3%. At the start 2025, we had pinned our hopes on Germany benefitting from Chancellor Friedrich Merz's historic €1tn fiscal expansion on infrastructure and defence over the next decade. Although the policy was planned and enacted in March 2025, the rollout has been slowed by implementation delays and bureaucratic hurdles.

German growth disappointed in 2025, with fiscal stimulus delayed by bureaucracy and slow implementation

While public spending looks likely to kick in during 2026, thereby finally lifting growth, the German economy is likely to remain stuck in the slow lane as it struggles to adjust to structural problems. These include: (1) rising costs of decarbonising production and the shift towards sustainable energy; (2) increasing global barriers to trade; (3) increased competition from China but softer demand growth; and (4) demographic-related labour shortages.

German growth should improve in 2026, but structural challenges will keep the economy sluggish. . .

We look for a improving recovery trend through 2026E (1.1%) and 2027E (1.6%). Risks to our calls are balanced. While further bureaucratic delays to the fiscal stimulus pose downside risks, expanding global trade and the fading of last year's US tariff shock may underpin production gains.

. . . but risks remain from possible delays to fiscal spending and challenging global trade conditions

France's fiscal mess poses downside risks to recovery

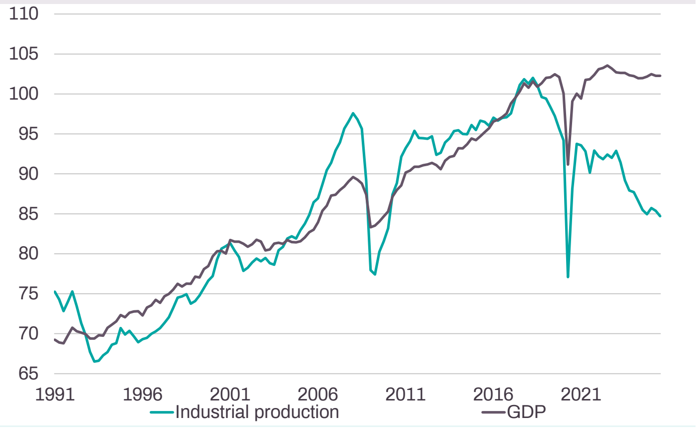
In France, we expect economic growth to pick up slightly, from 0.8% in 2025 to 1.1% in 2026E and 1.2% in 2027E. While better growth in neighbouring Germany as well as the fading of last year's US tariff shock support external demand, the expansion at home faces significant headwinds from serious fiscal challenges and a fragmented parliament – which so far has proven unable to pass a finance bill to bring government borrowing under control.

French growth will likely improve modestly, but fiscal challenges and political fragmentation pose major risks

Although inflation remains low, supporting real activity, and France is protected from the European energy shortage thanks to its large domestic energy sector, businesses and consumers remain cautious amid unsustainable fiscal policies and rising unemployment (see Figure 27). Fiscal policy will likely remain the key focus in 2026E. Given the lack of progress so far, risks appear tilted to the downside. However, if parliament finally manages to pass a sensible budget, confidence could return and growth could surprise to the upside.

Low inflation and energy security help France, but caution persists due to fiscal and unemployment concerns

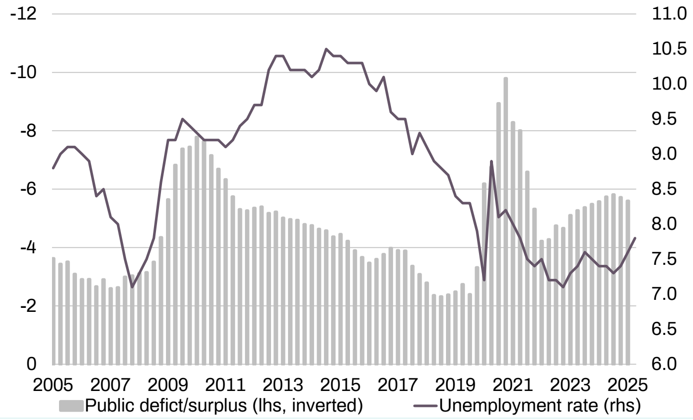
Figure 26: German GDP and industrial production



In real terms. 2017 = 100. Industrial production ex. construction. Quarterly data.

Sources: Federal Statistics Agency, Deutsche Bundesbank

Figure 27: France government borrowing and unemployment rate



Unemployment rate in %. Public deficit/surplus as a four-quarter moving average % of GDP. Quarterly data. Source: Eurostat

In focus: Global trade

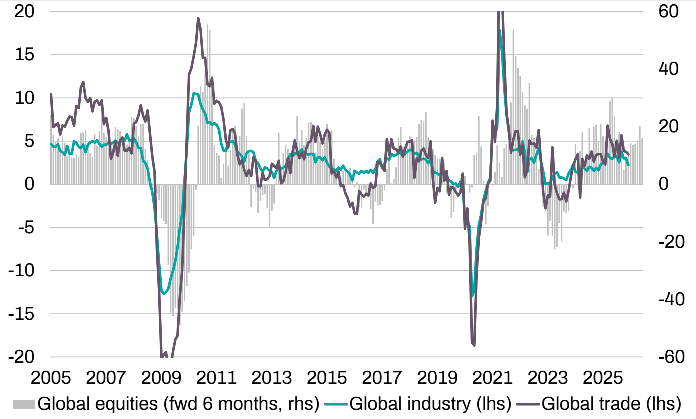
- Despite a succession of shocks over the past decade coming from radical changes to trade policy across major economies as well as disruptions from the pandemic, the Russian invasion of Ukraine, and troubles in the Middle East, global goods trade has remained resilient.
- Global trade continued to expand solidly in 2025 despite the US raising its tariffs to a near-century high, while rising global equities point to further healthy gains in 2026E (Figures 28 and 29).
- But gains are uneven. Major Asian economies and commodity-oriented emerging markets are outperforming western economies. China has managed to offset falling US exports by sending more goods elsewhere (Figure 30), while the UK remains a notable laggard (Figure 31).

Global goods trade has shown resilience despite major policy changes and geopolitical disruptions

Trade expanded in 2025 despite high US tariffs, with global equities signalling further gains in 2026

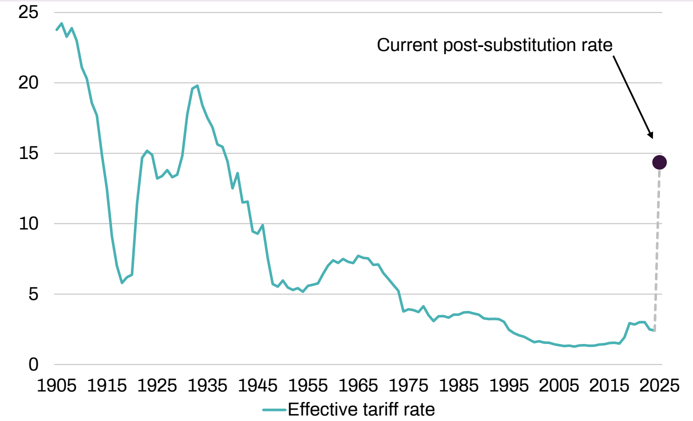
Asian and commodity-oriented economies are outperforming; China is diversifying exports, but the UK lags behind

Figure 28: Global equities, trade and production



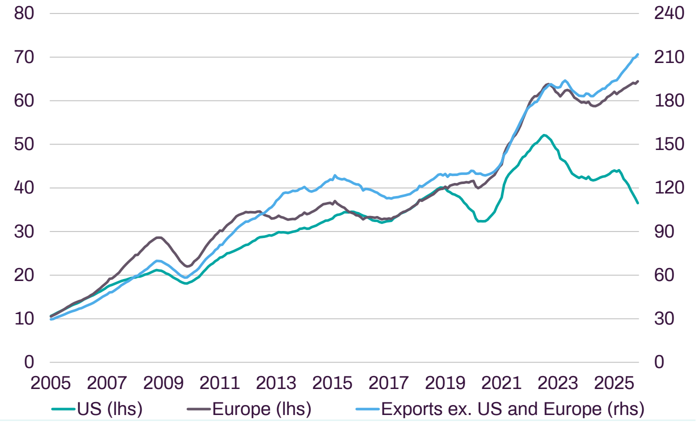
% YoY. Global trade based on world trade merchandise exports. Global equities based on Dow Jones Global Index. Monthly data. Sources: CPB NBEPA, Dow Jones

Figure 29: US average effective tariff rate



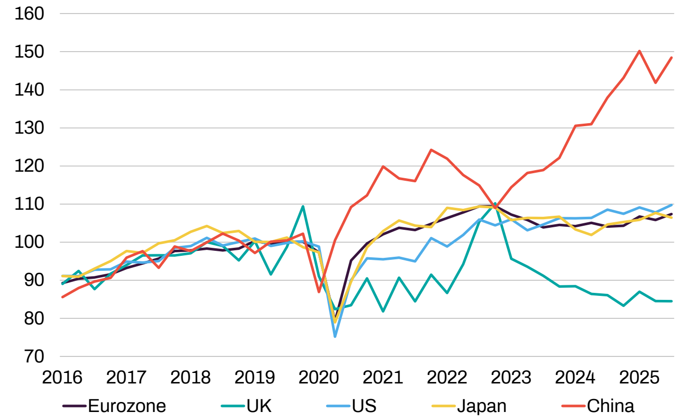
Customs duty revenue as a percentage of goods imports. The Budget Lab (TBL) estimates the effects of all US tariffs and foreign retaliation implemented in 2025 through 17 November. Annual data. Sources: Bureau of Economic Analysis, The Budget Lab analysis.

Figure 30: China goods exports



In USD. Goods. Europe includes UK but excludes Cyprus. 12-month moving average. Source: China General Administration of Customs

Figure 31: Real goods exports



Indexed at 2019 = 100. China exports deflated using China export price index. Quarterly data. Sources: Eurostat, ONS, BEA, COJ, GAC, SAFE, Haver, Peel Hunt

China: Growth targets and disinflation

China's economic performance surprised to the upside in 2025. Even as domestic momentum remained subdued and exporters faced a headwind from US tariffs, growth hit Beijing's official 5% target thanks to healthy gains in exports to emerging markets including India, Africa and Asia, and policymaker efforts to promote the modernisation of industry – especially in electric vehicles, batteries, semiconductors, defence and ships.

China's 2025 growth hit its official 5% target, driven by exports to emerging markets and industrial modernisation

However, after a strong start, the pace slowed across the board in the second half of the year. It raises the question of whether policymakers will keep the official growth target of 'around 5%' for a fourth successive year or lower it slightly to 4.5-5.0% – in line with the longer-run trend of steady reductions (see Figure 32). As China's economy matures, becomes more advanced and grows ever larger, and as headwinds from an ageing population and large internal debt imbalances persist, it will likely become ever harder to achieve breakneck speed growth.

But growth slowed in 2H25; China may lower its official target as structural headwinds persist

China seems to be exhibiting many of the traits of a liquidity trap. Efforts to ease credit and reduce borrowing costs are not lifting loan growth or inflation as policymakers intend (see Figure 33). Years of excess investment have led to overcapacity – which restrains investment growth in the aggregate even as policymakers support capital expansions in frontier industries.

China faces a liquidity trap, with credit easing failing to boost loans or inflation due to overcapacity

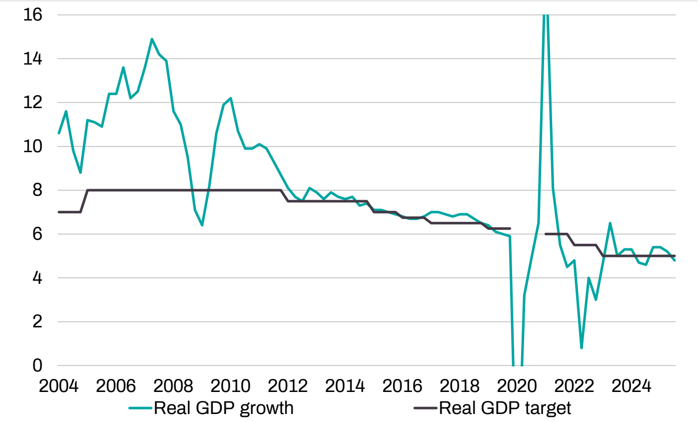
The resulting price wars between producers to retain market share amplify disinflationary trends. To compensate for weakening pricing power and the resulting profit squeeze, businesses have turned to wage cuts and layoffs. Consumer demand remains lacklustre and consumer confidence is still exceptionally weak in the wake of the real estate crash and associated losses in the banking system. Japan in the 1990s, as well as the US and Europe after 2008, all experienced long periods of disinflationary credit consolidation and sharply declining interest rates after their real estate bubbles burst. With Beijing's reluctance to tolerate a growth recession to cleanse excesses, the process of unwinding the credit imbalances may take much longer than it did in the past examples we refer to. China may thus be facing a decades-long disinflation.

Disinflation persists as price wars, wage cuts, and weak demand follow the real estate crash; unwinding may take decades

We look for Chinese GDP growth to moderate on trend, from 5.0% in 2025 to 4.6% in 2026E and to 4.3% in 2027E – amping up the pressure for Beijing to lower its official growth target. Risks to our calls are two-sided and hinge on the scale and effectiveness of further policy initiatives to stimulate domestic demand.

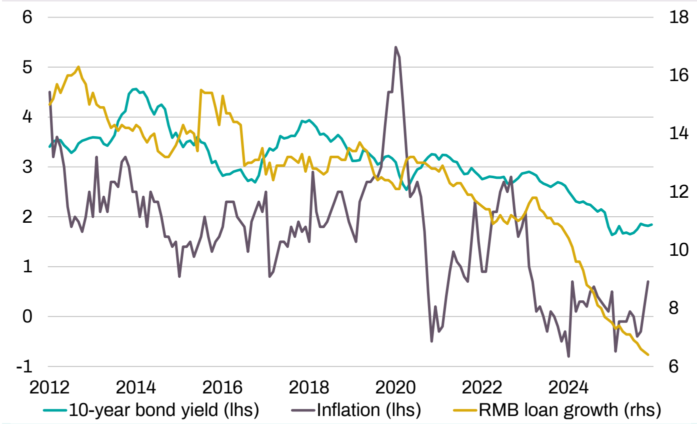
We expect China's growth to slow on trend, but medium-term risks are two-sided and hinge on policy success

Figure 32: China GDP growth versus official target



In % YoY. Quarterly data. Sources: CNBS, National People's Congress

Figure 33: China inflation, loan growth and bond yields



Bond yields in %. Inflation based on consumer price index % YoY. RMB loan growth 12-month percent change. Monthly data. Sources: PBOC, CNBS

Japan: New PM, news stimulus

After dipping 0.2% in 2024, Japanese real GDP expanded by 1.2% in 2025 – a solid result given its anaemic growth potential of around 0.5%. However, momentum was uneven (see Figure 34). After a strong first half, the economy contracted in the third quarter before returning to growth again in the fourth quarter.

Japan's GDP grew 1.2% in 2025, outperforming potential, but growth was uneven through the year

For the fourth successive year, headline inflation exceeded the Bank of Japan's (BoJ) 2% target – and even picked up slightly from 2.7% in 2024 to 3.2% in 2025. With decent growth and even more evidence that Japan had finally escaped its decades-long disinflation, the BoJ managed to raise its policy rate twice by a total of 50bp to 0.75% – the highest since 1995.

Inflation rose to 3.2% in 2025, prompting the BoJ to raise rates to the highest since 1995

Looking ahead, we expect growth to remain resilient while inflation moderates somewhat and the BoJ takes further steps to normalise policy.

Growth should stay resilient as inflation moderates and the BoJ remains cautious

We project real GDP growth of 0.7% in 2026E and 0.9% in 2027E. Helped by Prime Minister Sanae Takaichi's expansionary fiscal policies, which prioritise running a high-pressure economy to underpin demand and ensure Japan fully escapes the disinflation trap, growth is likely to remain above potential in 2026E before picking up slightly in 2027E. While accommodative fiscal policies support domestic demand, healthy growth in the US and China can support trade and production.

Expansionary fiscal policy should keep growth above potential, with external demand also providing support

Inflationary pressures have started to moderate and will likely do so further as pressures in key categories such as food ease after three years of outsized gains. The BoJ is likely to stay cautious with the pace of its policy normalisation – Figure 35. Money markets currently expect one additional 25bp hike in 2026, and a 60% chance of a further 25bp increase. We broadly agree with this view.

Inflation pressures have started to moderate, and we expect the BoJ to remain cautious with the pace of its policy normalisation

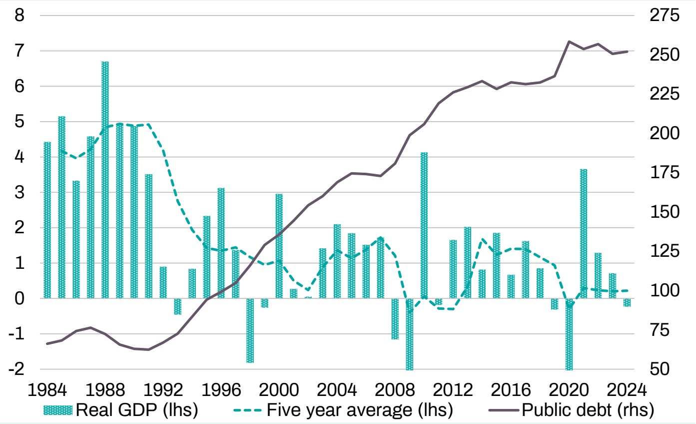
For the longest time, Japan has managed the challenges of slow growth and high public debt. By and large, this was down to its entrenched ultra-low rates of inflation. Despite slow growth and ever-rising debt, structural disinflation had allowed the BoJ to create massive excess liquidity in the market for government debt – investors could easily dump their unwanted bonds back onto the BoJ.

Japan's low inflation enabled the BoJ to manage high debt with excess market liquidity

But with inflation finally returning, and the BoJ stepping back somewhat, the risks associated with Japan's massive debt pile have grown appreciably. The risk of a genuine bond market panic now hangs over Japan's economy like a sword.

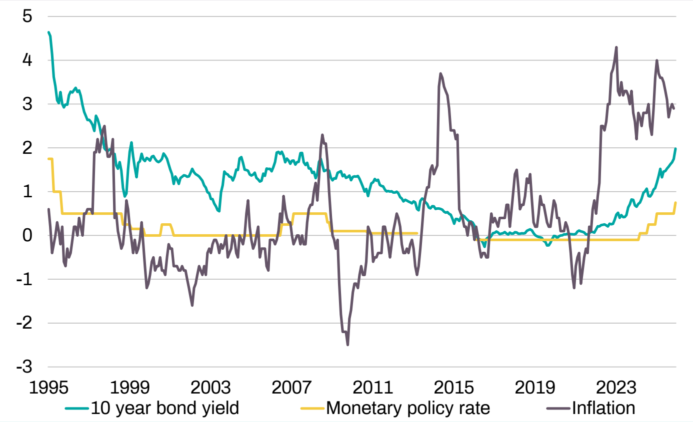
High public debt and a sustained return of inflation pose risks to bond markets

Figure 34: Japan real GDP growth and government debt



Real GDP in % YoY. Public debt to GDP. Annual data. Source: Japan Cabinet Office

Figure 35: Japan inflation and interest rates



Policy rate and bond yield in %. Inflation based on consumer price index in % YoY. Sources: BoJ, MIC, Ministry of Finance

Summary of projections

Figure 36: Peel Hunt economic projections

	GDP				Inflation				Unemployment				Industrial production			
	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
North America																
US	2.8	2.2	2.0	1.9	2.9	2.7	2.5	2.4	4.0	4.3	4.5	4.5	-0.6	1.2	1.5	1.8
Canada	1.6	1.7	1.4	1.7	2.4	2.1	2.1	2.1	6.4	6.8	6.5	6.4	n/a	n/a	n/a	n/a
Asia and Oceania																
China	5.0	5.0	4.6	4.3	0.1	0.0	1.3	1.3	5.1	5.2	5.1	5.1	5.6	5.8	4.9	4.4
Japan	-0.2	1.2	0.7	0.9	2.7	3.2	2.2	2.1	2.5	2.5	2.6	2.6	-2.9	1.2	1.0	1.2
India	8.2	6.3	7.1	6.6	5.0	4.6	2.2	4.1	n/a	n/a	n/a	n/a	4.4	4.1	3.6	4.7
Australia	1.1	1.8	2.3	2.3	3.2	2.8	3.2	2.6	4.0	4.1	4.2	4.3	n/a	n/a	n/a	n/a
Europe																
UK	1.1	1.4	1.3	1.6	2.5	3.4	2.4	2.0	4.4	4.8	5.1	5.1	-1.5	-0.5	1.0	1.5
Eurozone	0.8	1.4	1.3	1.6	2.4	2.1	2.0	2.0	6.4	6.4	6.2	6.0	-3.1	1.5	1.3	1.8
Germany	-0.5	0.3	1.1	1.6	2.5	2.3	2.2	2.2	3.4	3.7	3.6	3.6	-4.6	-1.0	1.3	2.0
France	1.1	0.8	1.1	1.2	2.3	0.9	1.5	1.7	7.4	7.6	7.6	7.5	-0.1	0.4	1.0	1.2

GDP, inflation (CPI basis) and industrial production data in % YoY. Unemployment rate in %

Peel Hunt projections for 2025-27. GDP, inflation (CPI basis) and industrial production data in % YoY. Unemployment rate in %

Figure 37: Peel Hunt financial projections

	Current	2Q26	4Q26	2Q27	4Q27	Change
Central banks						
BoE Bank Rate	3.75	3.50	3.25	3.25	3.25	-0.50
Fed Funds Rate (Upper)	3.75	3.25	3.00	3.50	3.50	-0.25
ECB Deposit Rate	2.00	2.00	2.00	2.25	2.25	0.25
10-year bond yields						
UK	4.53	4.00	3.90	3.90	3.90	-0.63
US	4.18	4.10	4.00	4.00	4.00	-0.18
Germany	2.88	2.60	2.60	2.60	2.60	-0.28
Japan	2.14	1.75	1.75	1.75	1.75	-0.39
Currencies						
GBPUSD	1.36	1.38	1.40	1.42	1.42	4.69
GBPEUR	1.16	1.18	1.18	1.18	1.18	2.08
EURUSD	1.17	*1.17*	*1.19*	*1.20*	*1.20*	2.55

Notes: 1. Current data taken on 6 January at 08:30 GMT; 2. Interest rates in %; 3. All estimates are for end of period; 4. Currency projections may not add up due to rounding; 5. Change in percentage points for interest rates and percent for currencies

Summary of forecast revisions

Click here for our latest global economic projections.

UK real GDP: We cut 2026E from 1.4% to 1.3%.

US real GDP: We lifted 2025E from 1.8% to 2.2%, 2026E from 1.8% to 2.0% and 2027E from 1.8% to 1.9%.

German real GDP: We lowered 2027E from 1.8% to 1.6%.

China real GDP: We raised 2026E from 4.2% to 4.6% and 2027E from 4.0% to 4.3%.

UK inflation: We lowered 2026E from 2.6% to 2.4% and 2027E from 2.1% to 2.0%.

US PCE inflation: We raised 2026E from 2.3% to 2.5% and 2027E from 2.1% to 2.3%.

Japan inflation: We reduced 2026E from 2.5% to 2.2%, but raised 2027E from 1.8% to 2.1%.

Financial projections

BoE: We shift our calls for two 25bp rate cuts from 1Q26 and 2Q26 to 2Q26 and 3Q26.

ECB: We shift our call for a 25bp hike from 4Q26 to 1Q27.

	Recommendation distribution at Today's Date					Recommendation distribution for publications in the last 90 days				
	Total	Investment Banking Clients		Other		Total	Investment Banking Clients		Other	
Structure	No.	No.	%	No.	%	No.	No.	%	No.	%
Buy	217	112	52	105	48	304	164	54	140	46
Add	41	4	10	37	90	52	4	8	48	92
Hold	52	1	2	51	98	51	2	4	49	96
Reduce	0	0	0	0	0	0	0	0	0	0
Sell	2	0	0	2	100	3	0	0	3	100
Under Review	0	3	100	0	0	6	3	50	3	50
Outperform	34	17	50	17	50	14	8	57	6	43
Neutral	14	1	7	13	93	0	0	0	0	0
Underperform	1	0	0	1	100	0	0	0	0	0

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Buy	> +15% expected absolute price performance over 12 months
Add	+5-15% range expected absolute price performance over 12 months
Hold	+/-5% range expected absolute price performance over 12 months
Reduce	5-15% range expected absolute price performance over 12 months
Sell	> -15% expected absolute price performance over 12 months
Outperform	Total shareholder return expected to outperform the peer group and/or benchmark over 12 months
Neutral	Total shareholder return expected to perform in line with the peer group and/or benchmark over 12 months
Underperform	Total shareholder return expected to underperform the peer group and/or benchmark over 12 months

Under Review (UR), Recommendation, Target Price and/or Forecasts suspended pending market events/regulation

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