



**Nomura Asset Management**  
**Investment Outlook**  
Spring 2025

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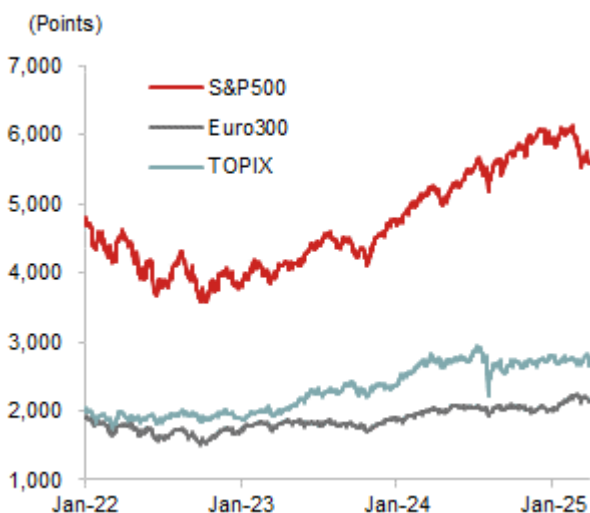
Note: In Nomura Asset Management (NAM) Investment Outlook Spring 2025, NAM's senior investment professionals offer their views of the investment strategy and market prospects – commentaries are as of middle to late March 2025, and reflect each professional's personal views, and do not entirely match NAM's house view, except for Investment Environment Outlook and Global Financial Market Forecast that are based on NAM's house view.

## Quarterly Financial Market Recap

The financial markets during the January-March 2025 period became focused on assessing the trade policies of the new Trump administration. At the beginning of the year, there was an expectation that the new administration's policies would lead to a 'strong America' economic state, resulting in a rise in US share prices and an appreciation of the US dollar. However, as the Trump administration imposed additional tariffs on key trading partners like Canada, Mexico, and China, uncertainty over the US economy increased. The S&P 500 fell approximately 10% from its highs, and long-term interest rates turned downward. Furthermore, when Germany reversed its debt restraint policies and announced significant fiscal expansion, both European long-term interest rates and share prices rose, leading to a shift toward a stronger euro in the currency market, illustrating a pullback from a 'strong America' scenario. In Japan, as the Bank of Japan implemented additional interest rate hikes, long-term interest rates rose, leading to an appreciation of the yen.

### Major Equity Markets

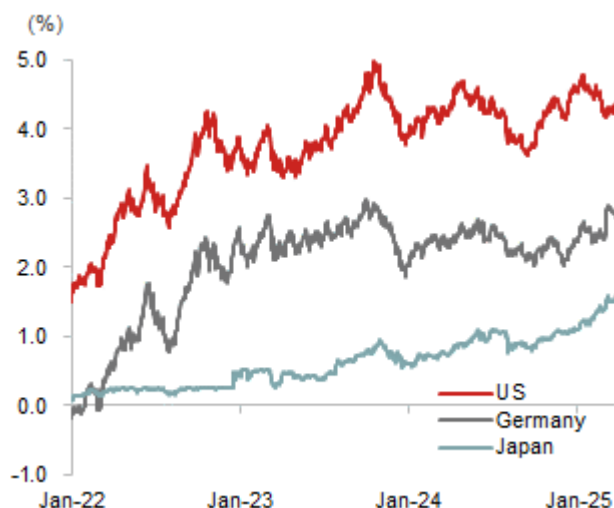
(January 3, 2022 – March 31, 2025, daily)



Source: Nomura Asset Management based on Bloomberg data

### 10 Year Bond Yields in Major Countries

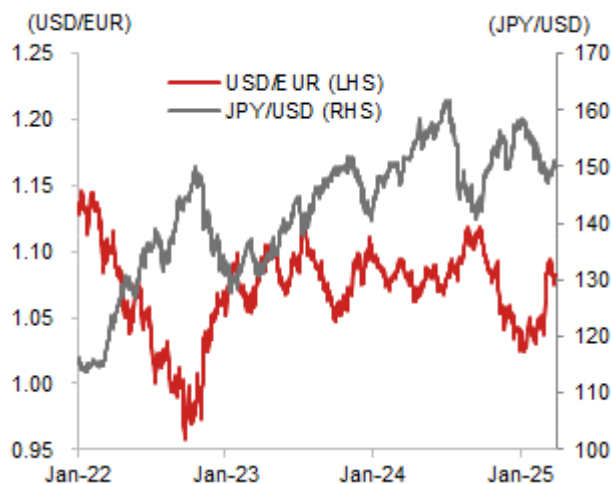
(January 3, 2022 – March 31, 2025, daily)



Source: Nomura Asset Management based on Bloomberg data

### Yen and Euro against the US dollar

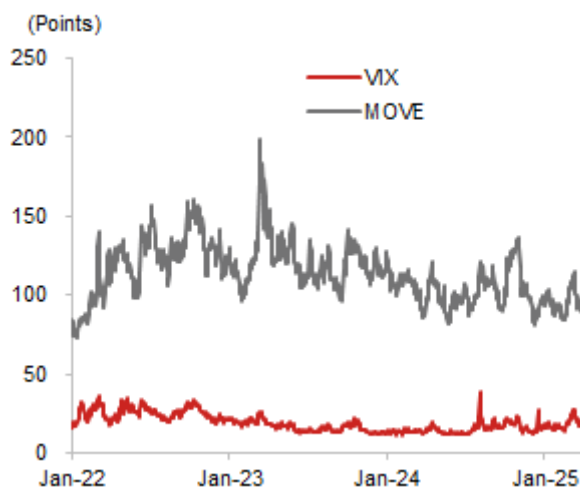
(January 3, 2022 – March 31, 2025, daily)



Source: Nomura Asset Management based on Bloomberg data

### Trends in VIX and MOVE

(January 3, 2022 – March 31, 2025, daily)



Note: The VIX and the MOVE are indexes that show the risk of future volatilities of US stocks and US bonds, respectively.

Source: Nomura Asset Management based on Bloomberg data

## Investment Environment Outlook

Amid high uncertainty over US economic policy, the Fed should be wary of upside inflation expectations as well as downside risks.



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Chief Economist



Yuichi Murao  
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### Investment Environment in 2025: Trade policy uncertainty

Since January 20, 2025 when Donald Trump took office as US President, his administration has shown determination to promote a revival of US manufacturing through measures including the imposition of trade tariffs. While some observers remain skeptical, seeing tariff increases simply as a negotiating tactic to secure favorable concessions from trading partners, the US has already imposed tariffs on China, Canada and Mexico, as well as on sectors such as steel and aluminum-related products. There is a significant risk that the scope of these tariffs could expand even further.

Given the considerable uncertainty surrounding the Trump administration's trade and other economic policies, we have established certain assumptions to guide our economic outlook:

1. The impact of US tariff increases on the US economy will peak in the second and third quarters of 2025 and diminish thereafter.

2. Fiscal expansion via tax cuts will contribute to a recovery in the US economy in 2026.
3. The pace of undocumented migration into the US will continue to decelerate.

Under these assumptions, we anticipate that inflationary and downward growth pressures in the US will peak and begin to subside around the second and third quarters of 2025.

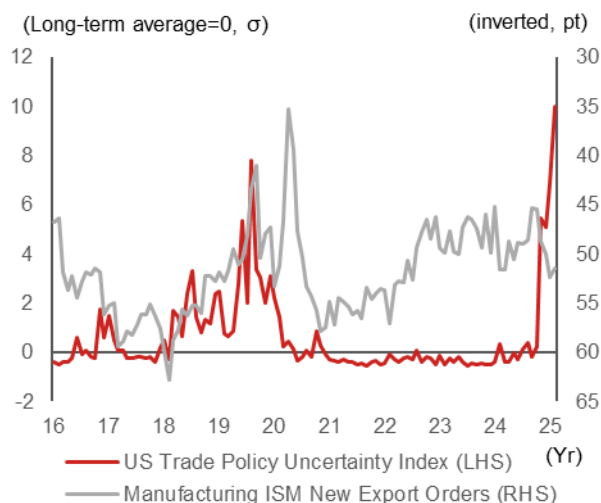
When considering financial market trends, it is important to assess whether policy decisions are influenced by market conditions as well as economic fundamentals. We must determine whether the so-called "Trump put" or "Federal Reserve (Fed) put" are simply expressions of optimistic sentiment or if they can prove effective in situations where risk sentiment declines significantly.

### Macroeconomic Outlook: Growth expected to decelerate in mid- 2025

Data has shown that higher US tariffs, and the risk of retaliatory measures from some trading partners, may have triggered a surge in international trade prior to their imposition, with a likely subsequent decline. However, this initial reaction does not necessarily imply a short-term restructuring of supply chains.

Higher US tariffs is likely to inflict greater economic uncertainty, which poses some risk to household and corporate sentiment, possibly causing delayed spending and investment decisions. In the US economy, this could also result in a drop in real income due to rising prices. While we anticipate a slowdown in the US economy and labor demand, we also believe that restrictions on irregular immigration will slow labor supply, limiting any rise in the unemployment rate. As expectations for fiscal expansion in 2026 grow, this is likely to contribute to improved sentiment.

Figure 1. US Trade Policy Uncertainty Index and Manufacturing ISM  
(Jan. 2016 to Feb. 2025, monthly)



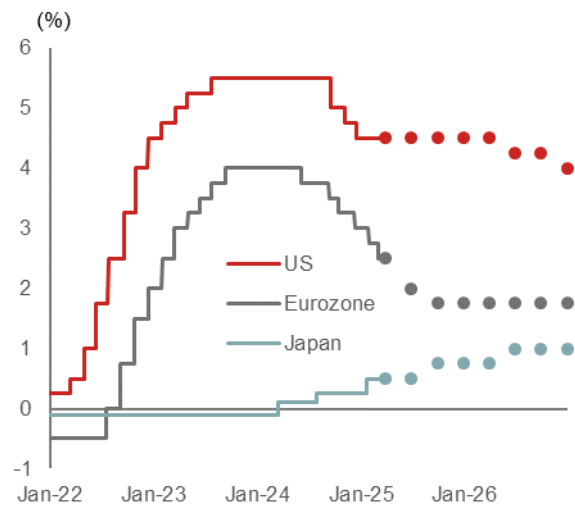
Source: Prepared by Nomura Asset Management based on "Measuring Economic Policy Uncertainty" by Scott Baker, Nicholas Bloom and Steven J. Davis at [www.PolicyUncertainty.com](http://www.PolicyUncertainty.com) and CEIC data.

**Monetary Policy Outlook: Fed likely to remain cautious about rate cuts for a while longer**

Central bank policy moves are expected to involve interest rate cuts in the US and Europe, while Japan may see another interest rate hike. The Fed is likely to remain cautious regarding immediate rate cuts, as it monitors the risk that tariffs might boost inflation expectations, despite concerns about the risk of an economic downturn. If economic momentum weakens in the US, but the unemployment rate remains steady, there is a chance that the Fed might forego any further rate cuts in 2025 and resume the path towards the neutral interest rate in mid-2026, once it is able to confirm a significant decline in inflation.

The European Central Bank (ECB) is expected to lower rates slightly below the neutral rate (around 2%) within the year. Meanwhile, the Bank of Japan (BOJ) is expected to decide on an additional rate hike around mid-year, confirming that wages and prices are in line with its forecasts.

Figure 2. Policy Interest Rates in Japan, the US, and Eurozone, and NAM Forecasts (Actual values from Jan 3, 2022, to Mar. 24, 2025, daily)



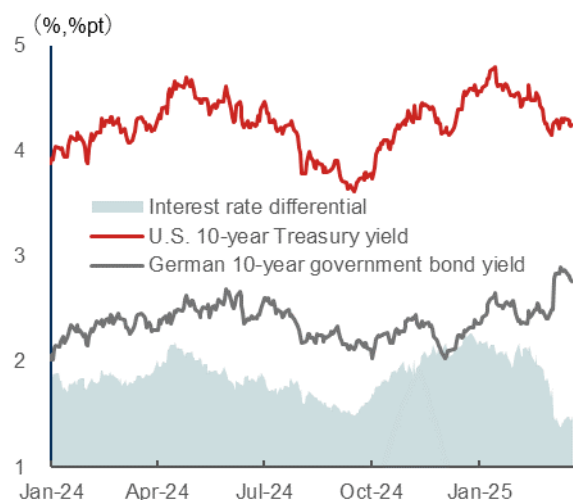
Note: Dots after Mar 2025 represent our forecasts as of the end of each quarter. Source: Nomura Asset Management based on the Bloomberg data.

**Interest Rate Outlook: Declining trend expected as rate cuts in 2026 come into view**

According to the Federal Open Market Committee (FOMC) members’ median policy interest rate forecasts in March, a reduction of 0.50 percentage points, equivalent to two rate cuts, is anticipated within 2025. However, deepening uncertainty suggests that changes to this outlook may be delayed, reducing the probability of their being realized. If our economic and inflation forecasts are accurate, we believe these rate cut expectations by FOMC members will be revised. This could lead to a slight initial increase in bond yields, followed by anticipation subsequently of a policy rate cut, which should then result in a gradual decline in yields.

Regarding German government bond yields, we believe that the term premium, which has increased under expectations of fiscal expansion, will become more persistent. Even if the ECB proceeds with rate cuts, we expect US-German bond spreads to remain within a confined range.

Figure 3. US and Germany 10 Year Government Bond Yield (Jan. 1, 2024 to Mar. 21, 2025, daily)



Note: The U.S.-Germany interest rate spread is calculated by subtracting the yield on German 10-year government bonds from the yield on U.S. 10-year government bonds. Source: Nomura Asset Management based on Bloomberg data.

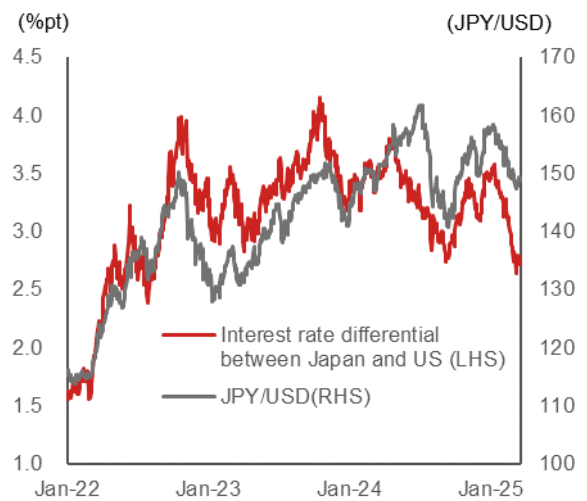
**Currency Outlook: US dollar weakness possible given interest rate differentials**

The direction of monetary policy and developments in long-term interest rates are expected to influence fluctuations in the three major currencies: the yen, the US dollar, and the euro.

The euro is likely to remain range-bound against the US dollar for the time being, strengthening again in 2026. Even if the ECB cuts interest rates within this year, any decline in German government bond yields is likely to be modest following the loosening of fiscal policy. In 2026, while the Fed is forecast to resume interest rate cuts, the ECB will maintain its current position, and the euro is expected to strengthen.

In this scenario, the yen could appreciate moderately against the US dollar. Despite structural factors underlying the yen's depreciation, differences in the direction of monetary policy are likely to cause the yen to strengthen.

Figure 4. Japan-US interest rate differentials and yen/US dollar exchange rate (Jan 3, 2022 to Mar. 21, 2025, daily)



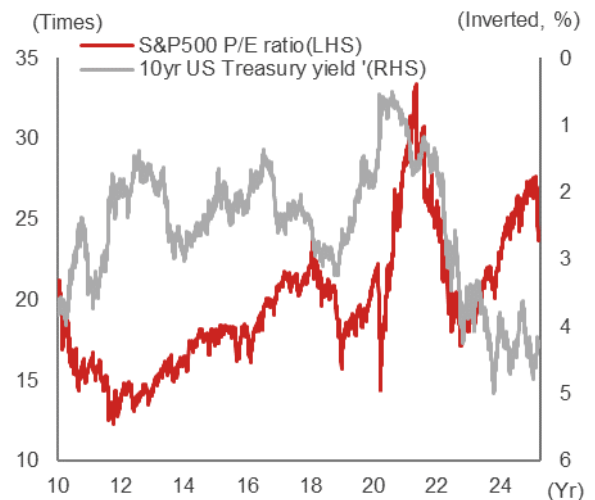
Note: The Japan-US interest rate differentials are calculated by subtracting the yield on Japanese 10 year bonds from the yield on US 10 year bonds. Source: Nomura Asset Management based on the data from Bloomberg.

**Equity Market Outlook: Equity market gains are possible, but lower than in 2024**

Uncertainty surrounding US trade policy suggests that a sustained and significant recovery in risk sentiment in the financial markets could be difficult. There is a growing skepticism about whether the so-called "Trump put," whereby the Trump administration might ease tariffs in response to falling stock prices, actually exists. In the meantime, these uncertainties, along with the risk of a slowdown in the US economy, will likely weigh on risk assets.

However, we believe the US economy can avoid a recession accompanied by rising unemployment rates, and that expectations for fiscal expansion in 2026 will increase after the autumn of 2025. While stock prices may fluctuate, we anticipate a very gradual rise over the course of 2025.

Figure 5. PER and Long Term Interest Rates in the US (Jan. 1, 2010 to Mar. 21, 2025, daily)



Source: Nomura Asset Management based on the data from Bloomberg.

**Upside Risk Scenario: Fiscal policy implementation will support the global growth**

Despite strong concerns about the impact of US tariff hikes, the risk of a global economic slowdown could be ameliorated by other policy measures. The Trump administration is pressuring other NATO member countries to expand their defense spending. The European Commission has announced a defense investment plan worth €800 billion. In an unexpected move, the incoming German government announced that it expected to ease its fiscal rules and expand investment in defense and infrastructure.

If China perceives that the US tariff increases will be prolonged, it may attempt to support growth through fiscal measures. Such fiscal expansion could have a positive impact on the economy. This presents some potential upside risk, whereby the adverse economic impact of US trade policy could be offset by domestic policies.

Figure 6. Defense spending of NATO member countries (2014, 2024 (estimate))



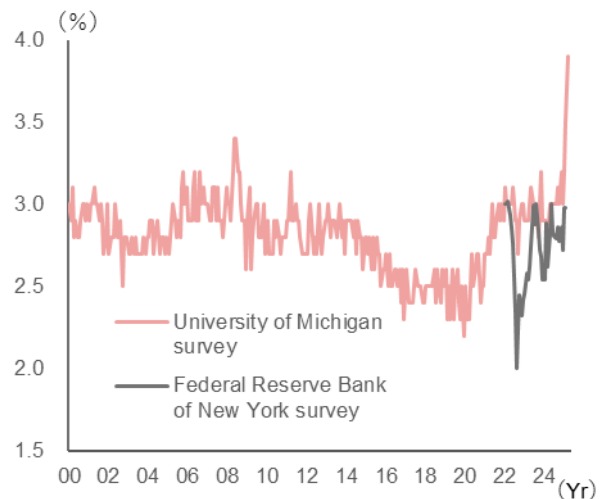
Note: 2024 estimate is based on data from NATO.  
Source: Nomura Asset Management based on data from NATO.

**Downside Risk Scenario: Greater caution against rising stagflation**

Higher US tariffs could feed through into a rise in inflation rates, which poses a risk of upward pressure on medium- to long-term inflation expectations for households. After experiencing rising prices during the COVID-19 pandemic, inflation expectations may be more prone to instability. If inflation expectations become unstable, even if the economic slowdown occurs more rapidly than anticipated, it could raise the threshold for the Federal Reserve to reduce interest rates.

Concerns about stagflation could therefore lead to downward pressure on risk asset prices, in turn creating a reverse wealth effect that reduces consumption, potentially causing a significant worsening of the unemployment rate. Such downside risks should also be considered.

Figure 7. Five-Year Inflation Expectations of US Households (Michigan University Survey: Jan. 2000 – Mar. 2025, Monthly) (New York Fed Survey: Jan. 2022 – Feb. 2025, Monthly)



Source: Nomura Asset Management based on CEIC data

# US High Yield Bond Market Outlook

NCRAM maintains a constructive outlook for the asset class based on expectations for resilient fundamentals, supportive supply-demand dynamics and attractive yields.



Brett Collins, CFA  
Executive Director &  
Client Portfolio Manager.  
NCRAM\*

## Prudent yet optimistic outlook

After a turbulent year in 2024 across markets and economies, high yield's competitive interest carry has helped the asset class to deliver a strong annual return. The ICE BofA US High Yield Constrained Index (HUC0) gained 8.2% for the year. US 10-year Treasury yields jumped 69 bps compared to the level on January 1, ending 2024 at 4.57%, with the yield closing as high as 4.70% in April and as low as 3.62% in September. Treasury volatility was driven by a combination of evolving expectations for growth, inflation, and Federal Reserve policy.

NCRAM expects to see a moderate slowdown in US economic activity in 2025, from near 3% real GDP growth in both 2023 and 2024, to the low to mid-2% range in this year, with some risk to the upside. The cumulative dampening effect of tighter monetary policy since 2022 and soft growth overseas is having an impact on consumer balance sheets and increasing

volatility in payroll data. Mixed stimulus efforts in China and political challenges stretching from Brazil to Canada, through France and Germany, and east to South Korea, further cloud the global growth outlook. However, in our view, a US recession is highly unlikely – indeed, strong pockets of growth persist, including utility output, energy production, and demand for IT equipment and artificial intelligence capabilities. Business confidence indicators also remain buoyant. One example is Teneo's survey of 300 public company CEOs, which reported that 77% of respondents expect the global economy to improve in 1H2025.

## Anticipated policy developments under the Trump administration

The most pressing of the “known unknowns” facing the economy are the policy priorities of the Trump administration. Deregulation, extending the 2017 tax cuts, and further initiatives to reduce the tax burden on companies and individuals could foster stronger growth and higher profits. Lighter touch regulation would also create a more favorable environment for mergers and acquisitions, supporting asset prices. If successful, efforts to trim federal spending through the US Department of Government Efficiency (DOGE), led by Elon Musk, could help to offset the budget deficits and bolster private sector activity. Conversely, DOGE activities could constrain sectors like defense and healthcare that are buoyed by government

expenditures. More pessimistically, Trump's mooted agenda also generates economic risk. President Trump has already threatened tariff wars with Canada, Mexico, and China, and is exploring broad and far-reaching reciprocal tariffs with trading partners around the world. He has repeatedly challenged diplomatic norms with both allies and rivals.

\* NCRAM: Nomura Corporate Research & Asset Management Inc.



Protectionist trade policy and amplified diplomatic tensions are anti-growth and inflationary. For better or worse, the Trump administration must act expeditiously. He enters office a second term president, and thus effectively has two years to

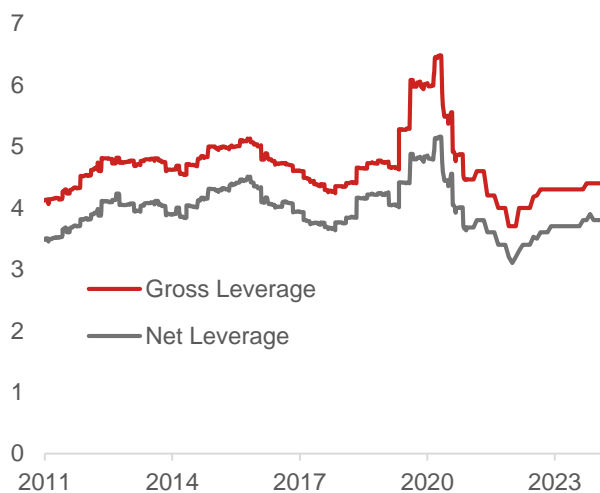
execute priorities before his influence wanes after the 2026 midterm elections, which will mark the beginning of his “lame duck” period (the final two years of a second presidential term).

### Resilient issuer fundamentals

NCRAM expects a modest slowdown in US economic growth in 2025. This is a positive environment for high yield issuers, as most companies would continue to generate earnings and cash flow, while slightly weaker activity can be expected to constrain inflation and enable the Fed to incrementally ease monetary conditions, even if rate cuts do not approach the frequency and extent that the market anticipated as recently as 3Q24. Third quarter reported earnings surprised to the upside, with high yield issuers’

operating earnings rising 3.0% (qoq) and 1.2% (yoy) (JP Morgan data), and fourth quarter earnings results to date have topped expectations. Leverage and interest coverage remain favorable relative to their historical ranges, and the 12-month default rate slid to 0.39% in January. While more issuers are undertaking distressed exchanges such as debt restructuring, the default rate including such exchanges is just 1.53%, still a moderate level.

Figure 1. US High Yield Leverage Ratio (Dec. 2011 to Jan. 2025)



Note: Weekly from the end of Dec. 2011 to the end of Dec. 21. Monthly thereafter. Leverage = Debt/EBITDA. Gross means total debt, Net means net debt. Source: Nomura Corporate Research and Asset Management (NCRAM) based on BofA Global Research . Data as of Jan, 2025.

Figure 2. US High Yield Interest Coverage (Dec. 2011 to Jan, 2025)

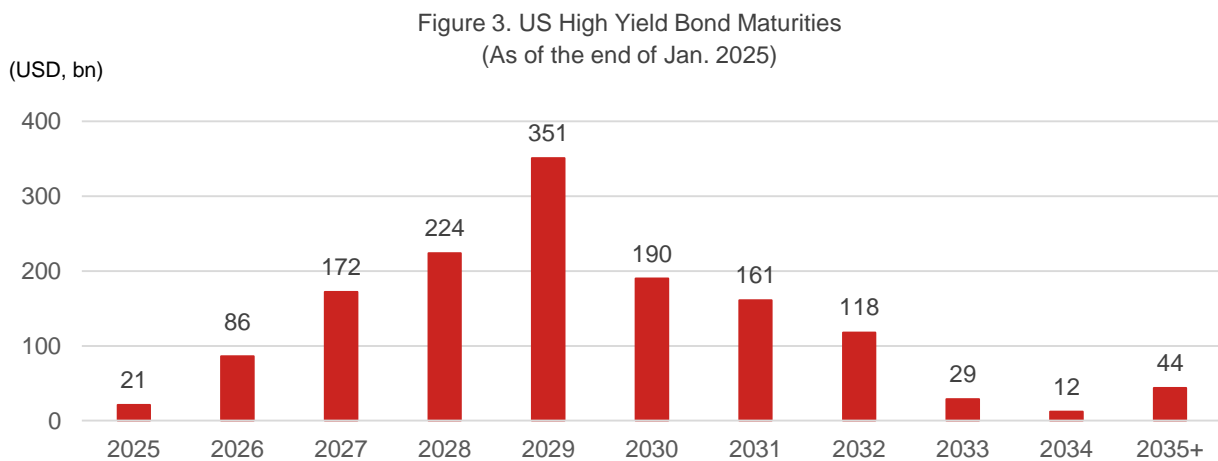


Note: Weekly from the end of Dec. 2011 to the end of Dec. 21. Monthly thereafter. Source: NCRAM based on BofA Global Research . Data as of Jan, 2025.

## Supportive supply/demand dynamics

The high yield market's par value expanded modestly in 2024, but increased supply was easily absorbed by solid demand from both dedicated and crossover investors. US high yield mutual funds and ETFs saw full-year net inflows greater than 5% of NAV. New issues and secondary trading were further supported by interest from yield-seeking buyers beyond dedicated high yield investors, including flexible fixed income portfolios, pension funds, insurance

companies, sovereign wealth funds, and semi-liquid private credit offerings using high yield bonds as a liquidity buffer. Technical conditions remain solid for 2025 in terms of the supply-demand balance. Net new issuance this year through the end of February has been light, while investor demand for high yield bonds shows few signs of slowing. Heavy refinancing activity in the last two years has left the market with relatively few bonds maturing in the next three years.



Source: NCRAM based on BofA Global Research . Data as of Jan, 2025.

## Attractive entry point

High yield spreads around 300 bps are historically tight, but NCRAM believes the market's yield of more than 7% offers a sound entry point. We do not expect to see much spread tightening from current levels in the near term. Interest rate risk is more or less symmetrical, given the mixed outlook for growth and persistent inflation above the Fed's 2% target

according to most price change metrics. Therefore, capital gains are unlikely to drive high yield performance in 2025. However, we believe the asset class can deliver attractive risk-adjusted returns over the next 12 months thanks to the market's favorable yield and low default rate expectations.

\* This material contains personal views and does not necessarily reflect Nomura Asset Management house view.

# EM Local Currency Debt Outlook



Dr. Recai Günesdogdu  
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EM local currency bond markets are expected to remain resilient amid further central bank rate cuts, US policy uncertainty, and tariffs.

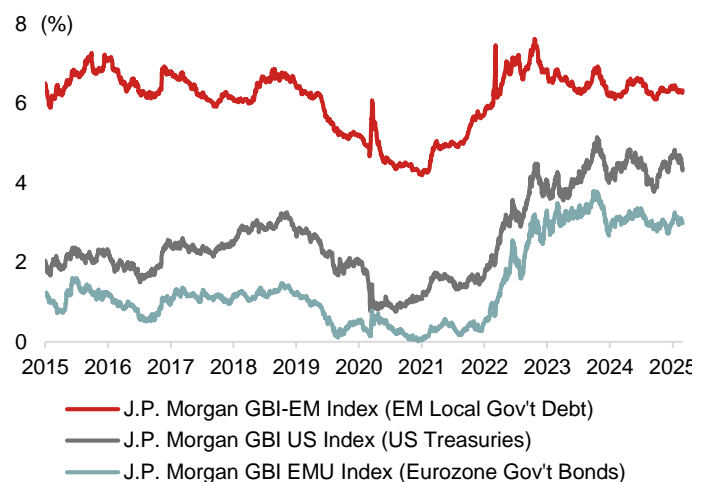
## Dollar strength and elections drove EM volatility in 2024

In 2024, Emerging market (EM) debt faced significant headwinds, including broad US dollar appreciation and heightened idiosyncratic risks, such as elections and fiscal uncertainty. Volatility intensified in the last quarter following Donald Trump's election victory, which raised expectations of persistent US inflationary pressure through policies such as tariffs and tighter immigration. This dynamic eroded EM local currency bond returns, mainly through currency weakness vs the dollar. Nevertheless, EM local currency bonds outperformed developed market government bonds in USD and EUR terms.

At the country level, Brazil grappled with a crisis of confidence around the government's commitment to fiscal consolidation. The Mexican peso depreciated after the ruling party unexpectedly secured a supermajority in Congress, raising fears of institutional erosion. In contrast, South African bond yields performed strongly as the ruling party formed a coalition with a pro-business party, which signaled potential for structural reforms. In Asia, India remained a bright spot, with strong growth and moderating

inflation. China faced macro headwinds from a prolonged property market downturn and subdued consumer confidence, although accommodative monetary policy helped to mitigate the downside risks.

Figure 1. EM and DM Sovereign Bond Yields  
(Jan. 2, 2015 to Feb 28, 2025, daily)



Source: Nomura Asset Management based on Bloomberg data.

## Towards moderating EM growth with some easing of inflation in 2025

Emerging economies are set for a year of moderate growth in 2025, with some notable divergence across regions and countries. Aggressive US trade policy under the new US administration is a key risk to global economic growth.

In Asia, despite a slowdown from 2024, India is expected to remain the fastest-growing major economy, driven by public infrastructure spending and services exports. However, the threat of reciprocal tariffs from the US poses a risk to India's growth in sectors ranging from autos to agriculture. Indonesia is expected to maintain steady growth, supported by commodity exports and fiscal expansion under the new government. In Latin America, Mexico faces headwinds from cooling US demand and the threat of tariffs. The US accounts for 83% of Mexico's exports (2024), representing around 30% of GDP, so a 25% tariff could plunge Mexico into recession.

Meanwhile, Brazil risks a steeper economic slowdown due to its highly restrictive monetary policy. South Africa, on the other hand, could benefit from investment gains and ongoing reforms in an improved policy environment.

We expect EM inflation to ease further in 2025, although a return to central bank targets is uncertain in some regions. In Latin America, Mexico's inflation could fall towards the target amid weak growth, while Brazil's inflation is likely to remain above target due to loose fiscal policy. In South Africa, inflation should remain within its target range, although currency volatility poses risks. In Central and Eastern Europe, the phasing out of energy subsidies, combined with robust wage growth, should keep price pressures elevated in 2025. Whereas in Asia, China still faces the risk of deflation without stronger stimulus, and India's inflation is likely to remain above the 4% target, driven by recovering demand and volatile food prices.

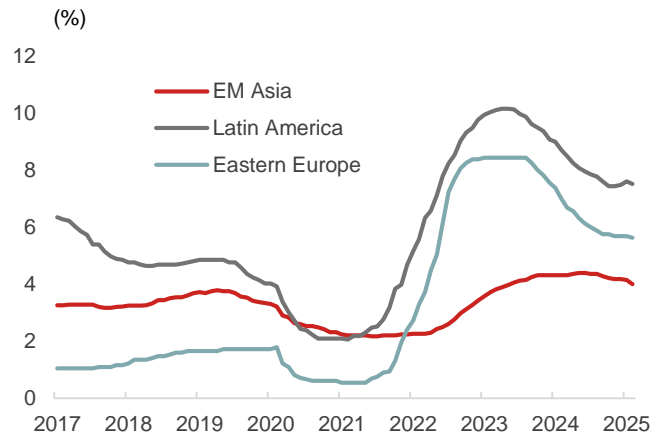
## US rate outlook keeps EM central bankers on guard

EM central banks face a delicate balancing act between supporting growth and anchoring inflation in 2025, with monetary policies following divergent paths.

Countries where we can expect further rate cuts this year include Mexico, Indonesia, India and Czechia. Brazil, on the other hand, may have to tighten policy further as inflation expectations remain unanchored. We expect most EMs to be cautious on rate cuts as a delay in the Federal Reserve’s policy easing – owing to sticky US inflation – limits the scope for aggressive moves. US trade policy, in particular tariff risks, threaten to fuel imported inflation, adding complexity for trade dependent economies.

EM local currency bonds can offer opportunities in markets such as Mexico, India, Indonesia, and South Africa, where real yields are attractive and currency risks are contained. Despite attractive nominal and real yields, Brazil warrants caution, as risk premiums could remain high amid political and fiscal noise.

Figure 2. Central bank policy rates by region (Jan. 2017 to Feb. 2025, monthly, average)



Note: Simple averages of GBI-EM constituent countries for each region. Source: Nomura Asset Management based on Bloomberg data.

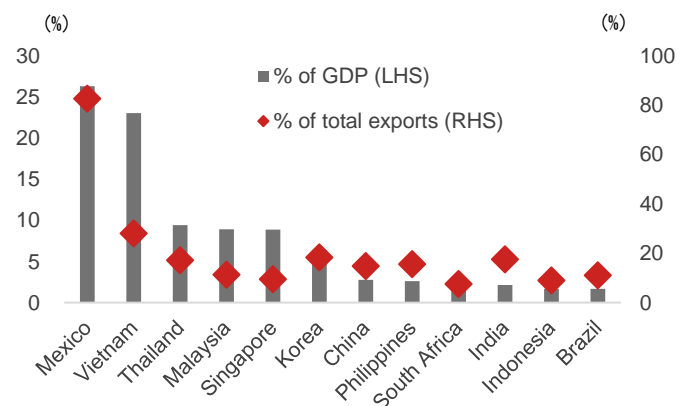
## EM currencies vulnerable to US tariffs, but some EMs expected to remain resilient

Looking ahead to 2025, positive global risk sentiment and a decline in US yields have helped EM currencies weather the threat of US tariffs. Following the imposition of additional tariffs on China, the focus has shifted to Mexico and some open economies in Asia and Europe, which are vulnerable to reciprocal and/or sectoral tariffs (on autos, semiconductors, pharmaceuticals) later on. So far, China’s preference for a broadly stable yuan has helped to anchor EM currencies, but this could change if the Trump administration escalates further.

That said, differentiation remains key as some major EMs should be less exposed to US protectionism. These include India and Indonesia, which are more domestically driven and benefit from generally friendly US relations. Moreover, as trade policy uncertainty has already risen, US tariffs may be partly priced in, which should limit the downside risks for EM currencies. Given mostly inexpensive valuations and

some signs of fading US dollar strength, local currencies offer recovery potential if the US ultimately engages in trade diplomacy and tariffs remain more targeted.

Figure 3. US imports as % of source economy’s GDP and exports (2023)



Source: Nomura Asset Management based on Bloomberg data.

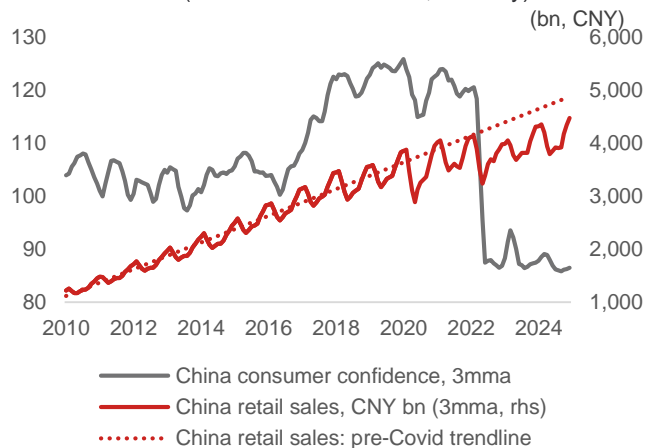
## China's growth likely to remain sluggish amid structural challenges and trade tensions

China's economic woes continue to weigh on investor sentiment towards EM. Although activity picked up towards the end of 2024, it could soon run out of steam as the boost from export front-loading (ahead of tariffs) and consumption stimulus fades. The impact of the additional 20% US tariffs on China imposed so far should be manageable, but US tariffs on Mexico could also hamper efforts to re-route Chinese exports, while other regions such as Europe are also raising barriers for Chinese goods.

Beyond the external headwinds, the ongoing downturn in the property sector continues to weigh on private sector confidence. New policy stimulus measures were unveiled at the National People's Congress, but a broader reflation of the economy requires more

decisive fiscal efforts and structural reforms, which we do not expect in the near term.

Figure 4. China: Retail Sales and Consumer Confidence (Jan. 2010 to Dec2024, monthly)



Source: Nomura Asset Management based on Bloomberg data

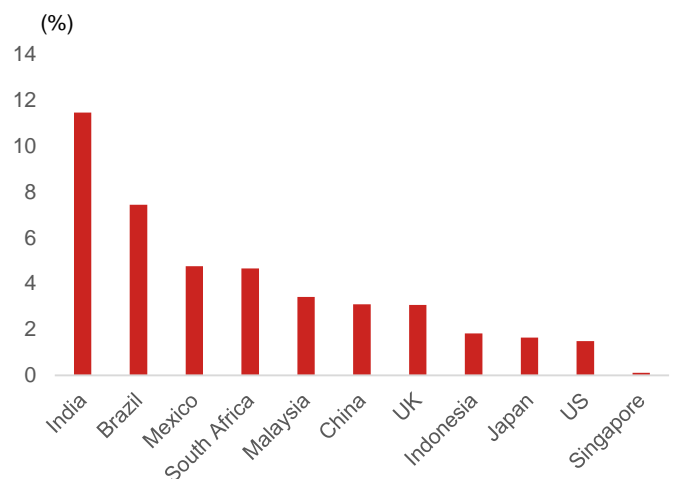
## Positive long-term outlook as EM offers sound fundamentals and positive structural trends

Looking beyond the political noise from the US, EM bonds should benefit from sound macroeconomic fundamentals and moderate political risks. External balances in EM economies are generally solid, with most Asian and Eastern European countries running current account surpluses. While fiscal risks have increased post-pandemic, public debt appears more sustainable than in advanced economies, which should keep bond market volatility contained. Political risk also looks manageable, especially in comparison to many advanced economies, with Asia benefiting from institutional improvements.

Overall, several major EMs offer solid macroeconomic fundamentals, limited exposure to global factors and positive structural trends. Despite protectionist US policies, India and the ASEAN economies are well-positioned to benefit from the rebalancing of global production chains away from China, while the region also has a growing role as a global services provider. Deeper reforms across EM to improve productivity

growth, including import tariff cuts in countries such as India and Brazil, could support the fundamental strength of EM economies. One potential upside of US tariff policies is that they could become a catalyst for such reforms.

Figure 5. Tariff Rate Applied Weighted Mean All Product (2022)



Source: Nomura Asset Management based on Bloomberg data.

\* This material contains personal views and does not necessarily reflect Nomura Asset Management house view.

# Global Financial Market Forecast

## Major Economic and Market Forecast

		2025				2026		2023	2024	2025	2026	
		Q1	Q2	Q3	Q4	Q1	Q2					
		F	F	F	F	F	F			F	F	
Real GDP (qoq, ann, %)	World	*1,*4	2.9	2.7	2.3	2.1	2.0	2.0	2.9	2.8	2.5	2.1
	Developed	*2	1.6	1.3	1.0	1.1	1.3	1.5	1.9	1.8	1.6	1.4
	Emerging	*1,*3	4.3	4.0	3.6	3.3	3.3	3.2	4.6	4.4	3.8	3.2
	United States		2.0	1.6	1.3	1.5	1.5	1.8	2.9	2.8	2.1	1.6
	Eurozone		1.0	1.0	1.0	1.0	1.2	1.2	0.5	0.8	1.1	1.1
	Japan		0.7	0.6	-1.5	1.0	1.0	0.9	1.5	0.1	1.0	0.7
	China	*1	5.2	4.7	3.8	3.5	3.7	3.7	5.4	5.0	4.2	3.8
CPI (yoy, %)	World	*4	2.8	2.9	2.9	3.0	2.7	2.3	4.2	3.0	2.9	2.3
	Developed	*2	2.7	2.6	2.7	2.7	2.5	2.3	4.6	2.7	2.6	2.3
	Emerging	*3	3.1	3.4	3.3	3.4	2.9	2.3	3.6	3.5	3.3	2.2
	United States		2.8	2.7	3.1	3.1	2.9	2.7	4.1	3.0	2.9	2.6
	Eurozone		2.4	2.2	1.9	1.9	1.7	1.6	5.4	2.4	2.1	1.7
	Japan	*5	2.9	2.6	2.4	2.2	2.0	1.8	3.1	2.5	2.5	1.8
	China		0.1	0.7	0.7	1.2	0.5	-0.1	0.2	0.2	0.7	-0.3
Policy Interest Rate (%)	United States	*6	4.50	4.50	4.50	4.50	4.50	4.25	5.50	4.50	4.50	4.00
	Eurozone	*6	2.50	2.00	1.75	1.75	1.75	1.75	4.00	3.00	1.75	1.75
	Japan	*6	0.50	0.50	0.75	0.75	0.75	1.00	-0.10	0.25	0.75	1.00
	China	*6	3.10	3.10	2.90	2.90	2.90	2.90	3.45	3.10	2.90	2.90
10-Year GB Yield (End of Period, %)	United States		4.21	4.50	4.50	4.40	4.40	4.30	3.88	4.57	4.40	4.20
	Germany		2.74	2.90	2.80	2.70	2.70	2.70	2.02	2.37	2.70	2.60
	Japan		1.49	1.60	1.70	1.70	1.80	1.80	0.61	1.10	1.70	1.80
Equity Index (End of Period, Point)	S&P500		5,612	5,750	5,830	5,920	6,040	6,160	4,770	5,882	5,920	6,440
	EURO300		2,126	2,210	2,210	2,230	2,260	2,290	1,889	2,016	2,230	2,350
	TOPIX		2,659	2,830	2,830	2,860	2,890	2,910	2,366	2,785	2,860	3,010
	MSCI EM (\$)		1,101	1,140	1,140	1,150	1,160	1,170	1,024	1,075	1,150	1,210
Currency (End of Period)	USD/EUR		1.08	1.10	1.10	1.10	1.10	1.11	1.10	1.04	1.10	1.12
	JPY/USD		149.5	150.0	148.0	147.0	146.0	144.0	141.0	157.2	147.0	143.0
	JPY/EUR		161.5	165.0	163.0	162.0	161.0	160.0	155.7	162.7	162.0	160.0
	RMB/USD		7.25	7.30	7.40	7.50	7.50	7.40	7.09	7.30	7.50	7.40

## Emerging FX and Policy Interest Rate Forecast

		2023	2024	2025	2026
				F	F
Currency (Per USD, End of Period)	INR	83.2	85.6	85.0	84.5
	IDR	15,397	16,095	16,200	15,600
	BRL	4.9	6.2	5.6	5.4
	MXP	16.9	20.8	22.5	23.5
	ZAR	18.3	18.9	17.8	17.8
	TUR	29.5	35.4	44.0	52.0
Policy Interest Rate (%)	India	6.50	6.50	5.75	5.50
	Indonesia	6.00	6.00	5.00	5.00
	Brazil	11.75	12.25	15.00	12.00
	Mexico	11.25	10.00	9.00	8.00
	S. Africa	8.25	7.75	7.00	7.00
	Turkey *6	42.50	48.13	35.00	30.00

Note: Forecast as of March 24, 2025 (economic indicators are based on values available as of the previous date). 1) Year-on-year comparison, 2) The GDP weighted average for the United States, Eurozone, Japan, the United Kingdom, Canada, and Australia, 3) The GDP weighted average for China, India, Brazil, South Korea, Taiwan, Indonesia, Thailand, Malaysia, the Philippines, Hungary, Poland, Russia, Turkey, Mexico, and South Africa, 4) The GDP weighted average of 2) and 3), 5) Consumer price core, 6) Japan's uncollateralized call rate (overnight) target, (note that the policy interest rate is applied for the balances at the end of 2023), the upper limit of the Federal Funds target range for the United States, the central bank deposit rate for the Eurozone, the one-year loan prime rate for China, and Turkey's weighted average funding rate from the central bank.

\* For the values indicated as forecasts, actual values are displayed preferentially when available.

Source: Oxford Economics, Bloomberg, and Nomura Asset Management

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