Global Macro Outlook

Messy Resolution

Fidelity Multi Asset
Global Macro and Strategic Asset Allocation Team

April 2026

Global Macro Outlook

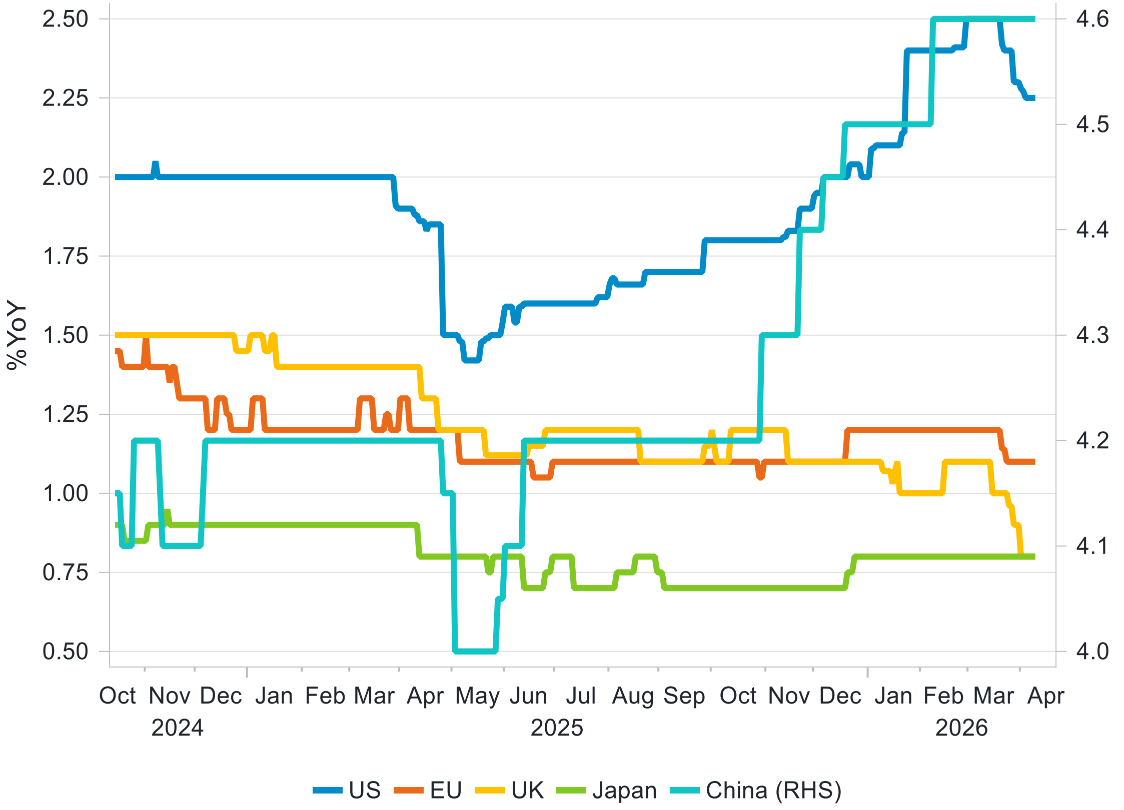
Messy Resolution

- **A messy resolution and lingering economic effects is our base case for the Middle East conflict:** China (behind the scenes) and Pakistan will be important players in bringing us towards an agreement, but we do not expect a clean resolution in which Iran fully comes back to the fold given structurally different positions of the players. Europe joining the peace initiative would further help this process, and we see developments here taking hold. The Strait of Hormuz is likely to remain contested with noise and volatility in energy markets. A return to pre-war flows in the near-term is unlikely, though we expect flows to improve from the current near-zero levels. Sustained disruption of the Strait transmits as a supply-side shock with higher headline inflation via higher energy/commodity prices and negative growth via real income compression, tighter financial conditions and margin pressure - especially for import-dependent regions suffering a negative terms-of-trade shock. We see Asia as most exposed to this shock followed by Europe with the US relatively insulated. The 'day after' is not a clean revert with Brent oil likely to carry a geopolitical premium and trade around an average of $85 for the rest of the year following a messy resolution. **We see these developments as being in line with our medium-term scenario framework of 'strategic fragmentation'. We think the medium-term theme of diversification in a fragmented world will come through as a messy resolution beds in. Additional equity market thematics we are focused on are defence and renewables/energy resilience.**
- **US:** early signals indicate the US economy is absorbing the energy shock well, helped by the reduced energy dependence over the past decade. Consumption demand remains firm with tax refunds from the 'OBBB' helping to offset rising cost pressures from higher oil prices. Labour market indicators have also been resilient, shifting the balance of risks towards higher inflation, which eventually could weigh on growth. The Fed remains anchored with rates within the 'range of neutral' and is likely to remain on hold near-term as it passes through the fallout from the war. We continue **to expect a more dovish Fed than current market pricing with one cut this year** in our base case, though cuts could get priced out if the war re-escalates. We also continue to **monitor risks in the private credit space** as early signs of distress are emerging. If these risks persist, we expect a swift policy response with an affordability focus ahead of mid-terms.
- **Europe**: **Incoming data have shown the stagflationary nature of the current shock for European countries as price indicators spike and business confidence retreats.** While direct exposures to Middle East commodities are lower than Russian exposures in 2022, the price mechanism presents clear upside risks to inflation, with negative spillovers to economic growth. Expect the ECB to be ready to hike if second round effects become more obvious. The BoE will likely hold, as monetary policy remains restrictive and the labour market is weak leaving limited room for hikes as the Bank enters a "wait and see phase". Governments are likely to react through expansionary fiscal policy to insulate the economy somewhat from the direct impacts of higher inflation.
- **Asia: Higher energy prices have had initial impacts on input prices** as Asian economies intensify the policy response, led by fiscal easing to partially offset the headwinds in near term. The war duration will have significant implications on growth outlook as the region is more exposed to both Middle East commodities and global demand. China's growth has been better than expected in Q1, leaving more buffers for policy support later this year. The BoJ has turned more hawkish owing to higher inflation expectations, led by higher wages and energy prices. BOJ will likely maintain its pace of hikes at semi-annual pace with two rate hikes in 2026.

Global growth and inflation consensus forecasts for 2026

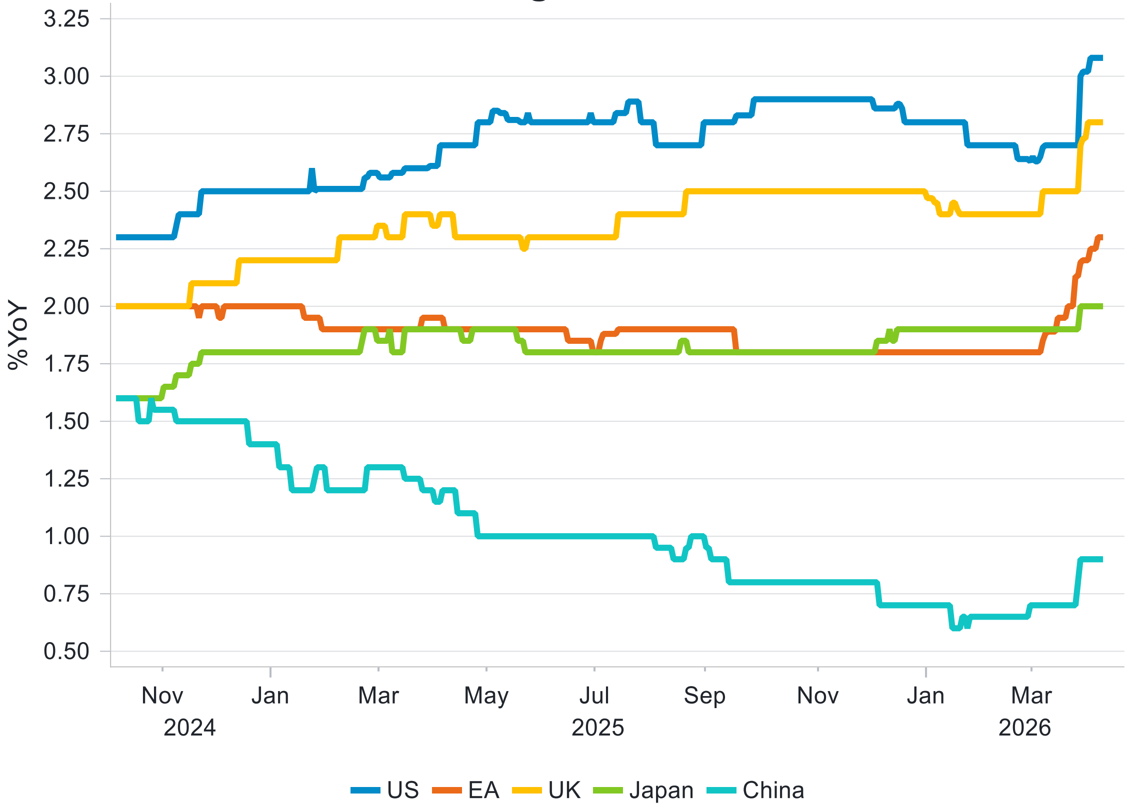
Forecasts highly uncertain, stagflationary signals growing

2026 real GDP growth Bloomberg consensus forecast



Source: Fidelity International, Macrobond, Bloomberg, April 2026.

2026 CPI inflation Bloomberg consensus forecast

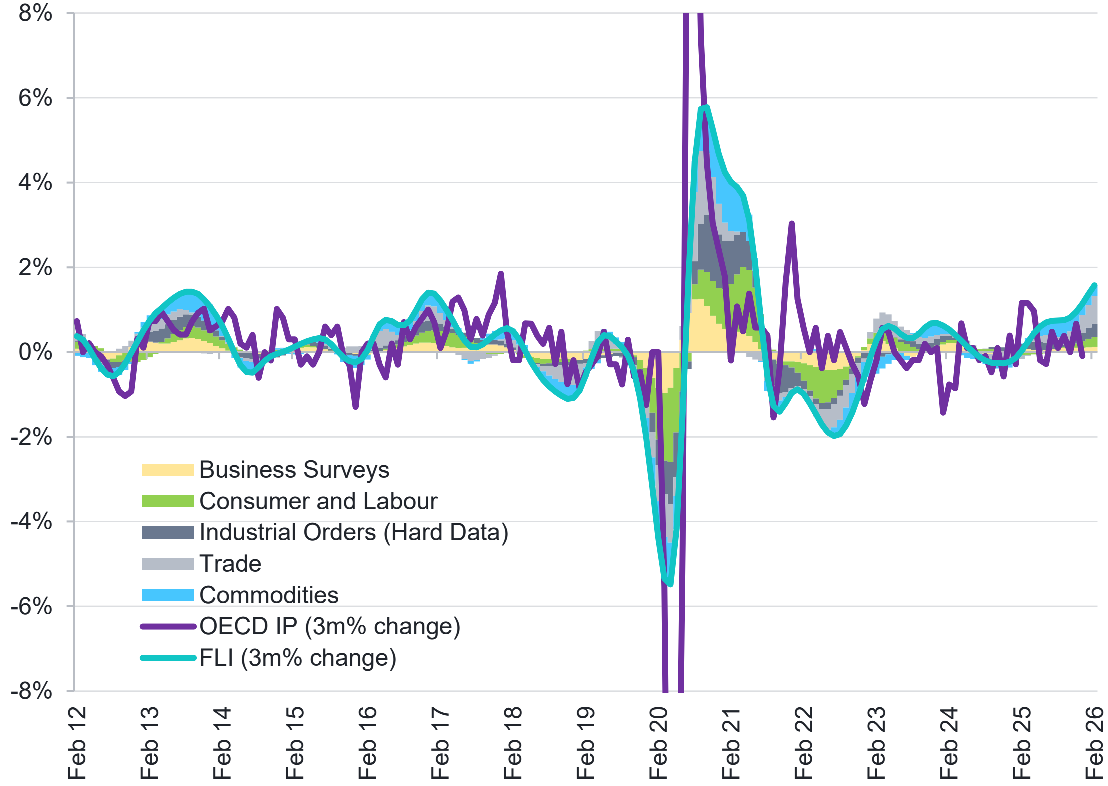


Source: Fidelity International, Macrobond, Bloomberg, April 2026.

Global leading indicators

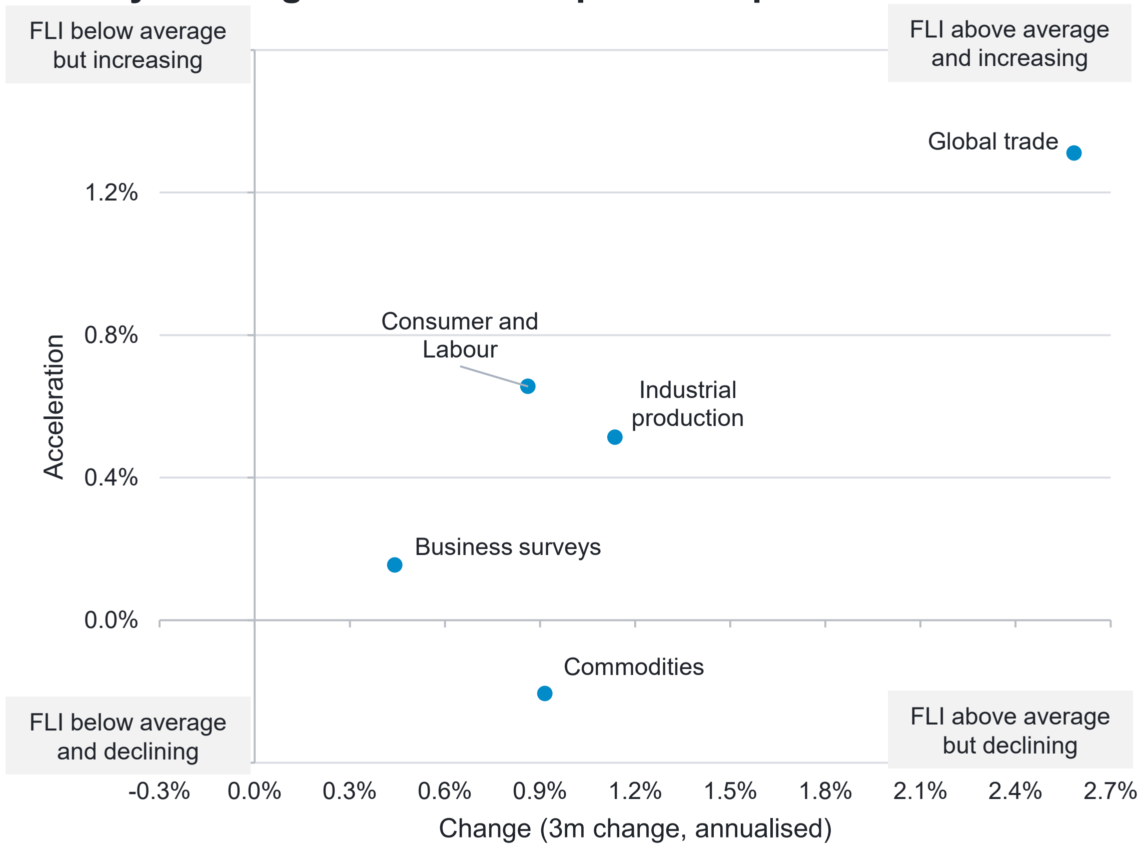
Global economy has been coming from a strong footing prior to the oil price shock

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



Source: Fidelity International, FIL Global Macro Team calculations, Haver Analytics, April 2026.

Fidelity Leading Indicator: Components split

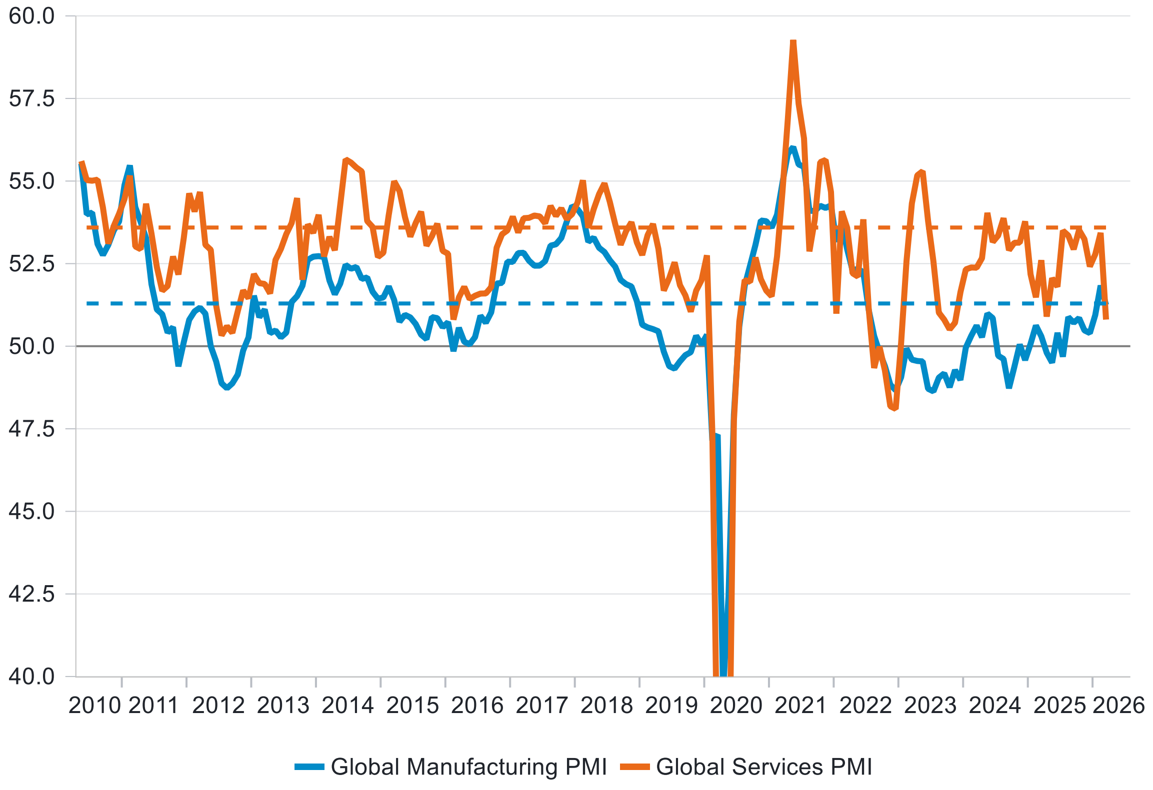


Acceleration = (Annualised 3m change vs. 12m change
Source: Fidelity International, FIL Global Macro Team calculations, Haver Analytics, April 2026.

Global business sentiments recovered before this shock but…

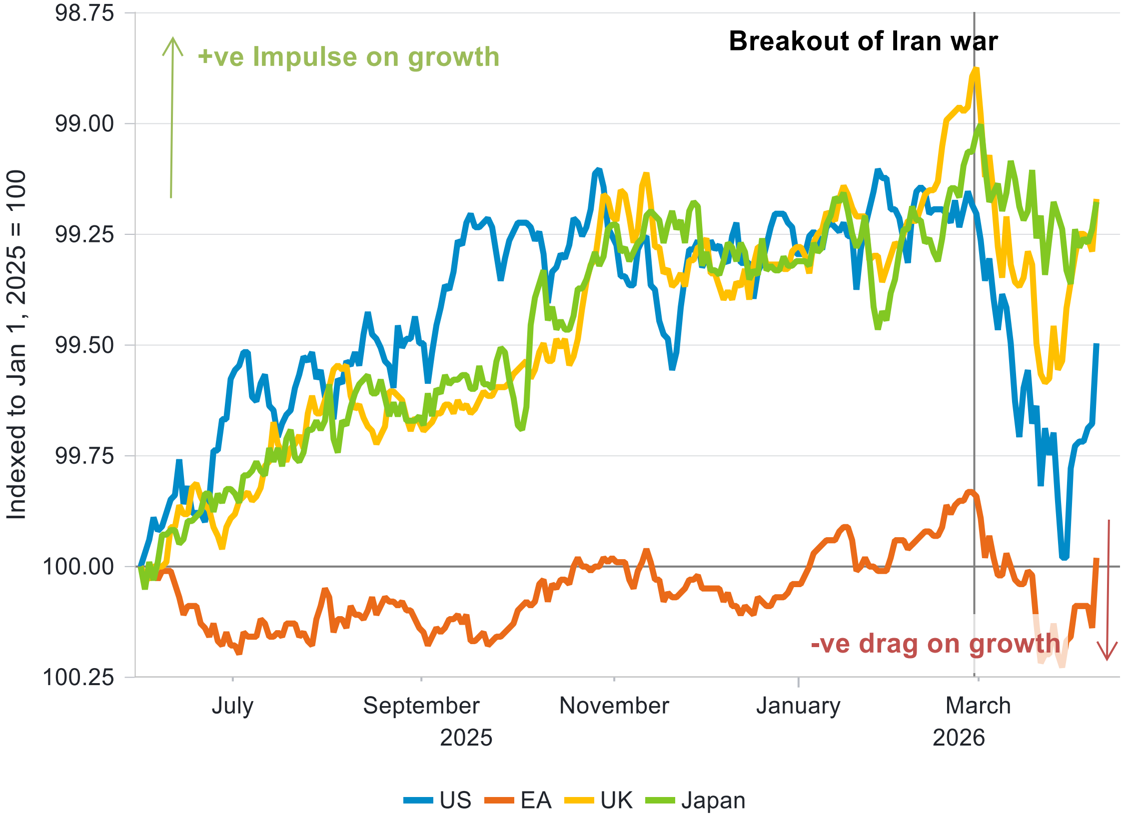
…signs of weakness are emerging alongside a tightening of financial conditions

S&P Purchasing Manager Index (PMI)



Note: dotted lines above indicate the respective long run averages for each of the series
Source: Fidelity International, Macrobond, S&P Global, April 2026.

GS financial conditions indices (FCI)



Source: Fidelity International, Macrobond, Bloomberg, GS, April 2026.

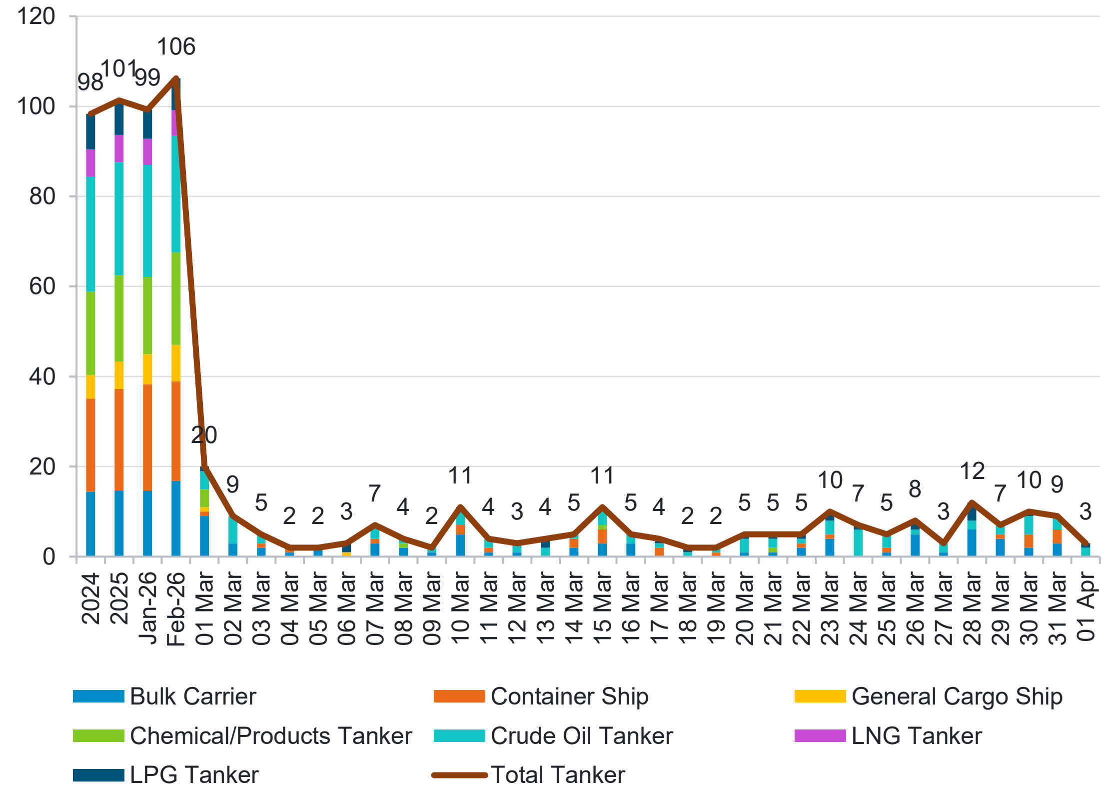
Looking ahead – macro implications of the US-Iran war

Strait of Hormuz traffic is down to ~5-10% of its normal flows…

…impacting ~11% of global seaborne trade with particularly high exposure to energy and chemical products.

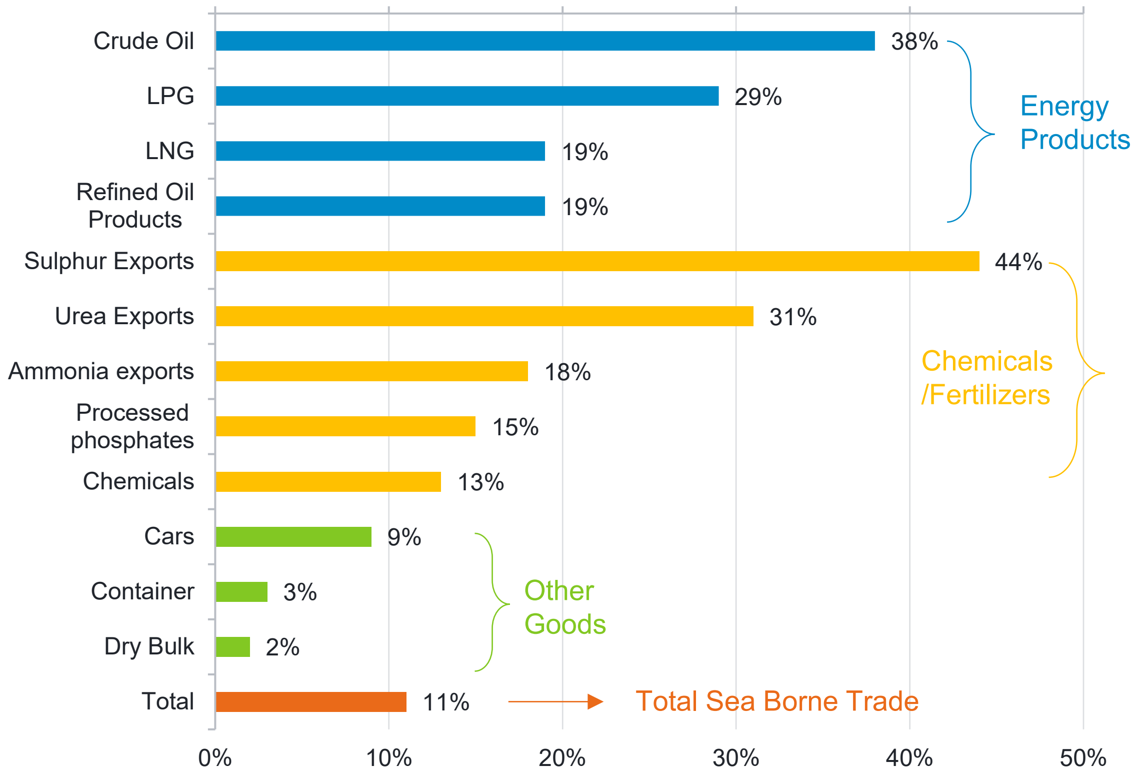
SOH Commercial Cargo Ship Crossings by vessel type

(daily average, bi-directional)



Source: Fidelity International, Bloomberg, April 2026

% Share of Global Seaborne Trade Passing Through SoH

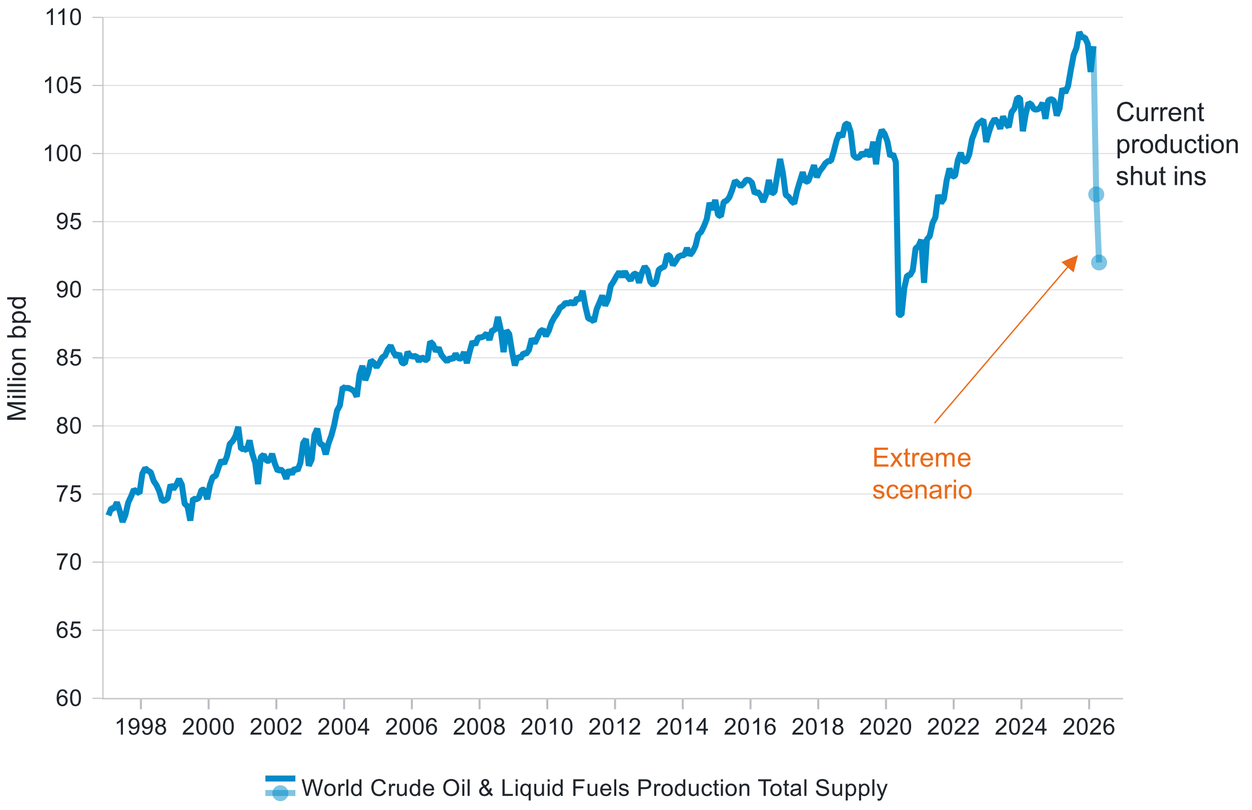


Source: Fidelity International, Clarksons Research, UNCTAD, EIA, CRU, Kpler, bne IntelliNews, April 2026

The war has led to production shut ins of more than 10mbpd already…

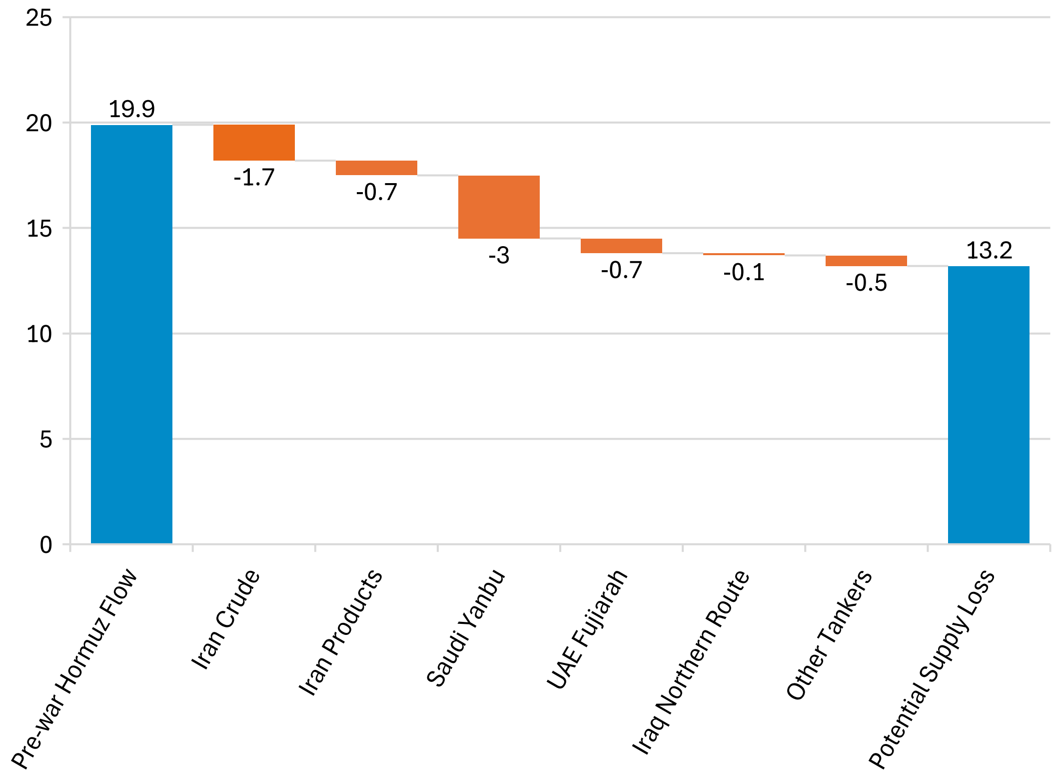
…with these effects likely to still be felt going forward even in the event of a messy resolution.

World Crude Oil and Liquid Fuels Supply



Source: Fidelity International, Bloomberg, EIA, April 2026.

Potential supply loss from SOH (mb/d)

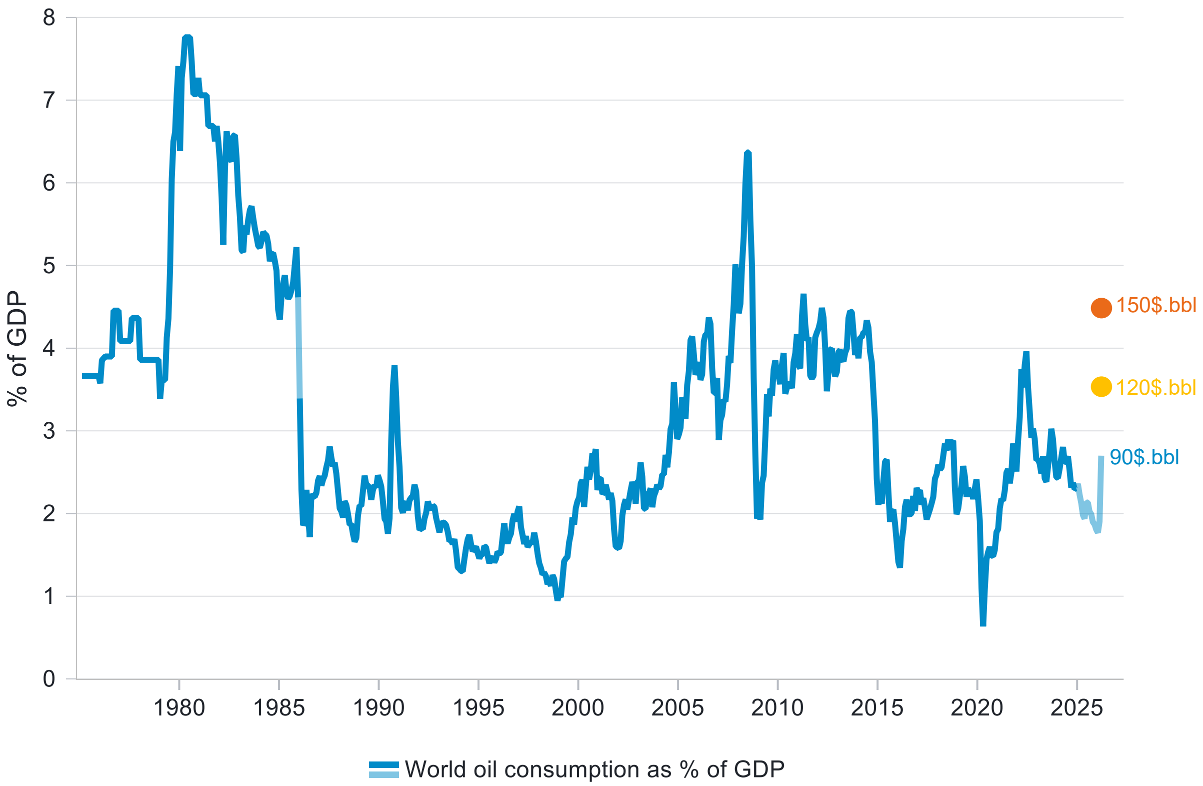


Source: Fidelity International, FIL analysts, April 2026

World dependence on oil has reduced sharply…

…with the amount of oil used to produce goods and services we consume falling drastically.

World Oil Consumption as % of GDP



Latest consummption data is as of 2024, which is assumed as estimates for 2025 and 2026.
Source: Fidelity International, Fred Database, Energy Institute, EIA, IMF, World Bank, April 2026.

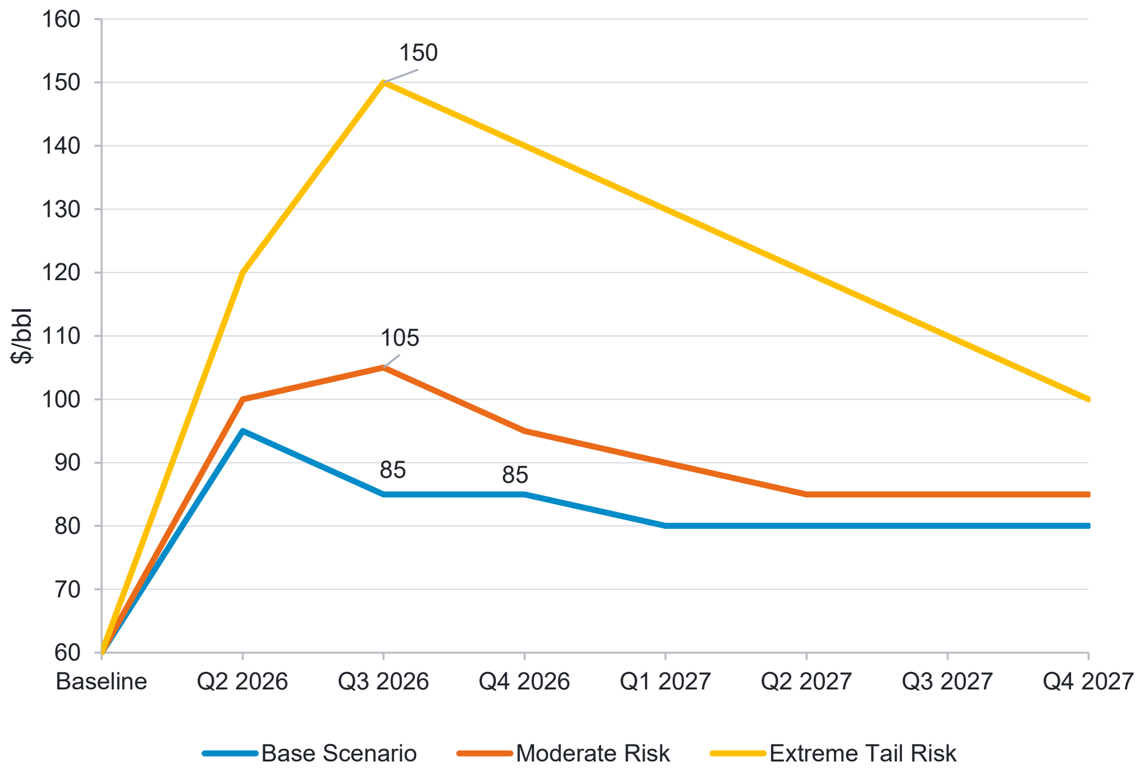
Crude would need to hit $190 to feel like $100 in 2011

Source: Fidelity International, Bloomberg, BNEF, April 2026

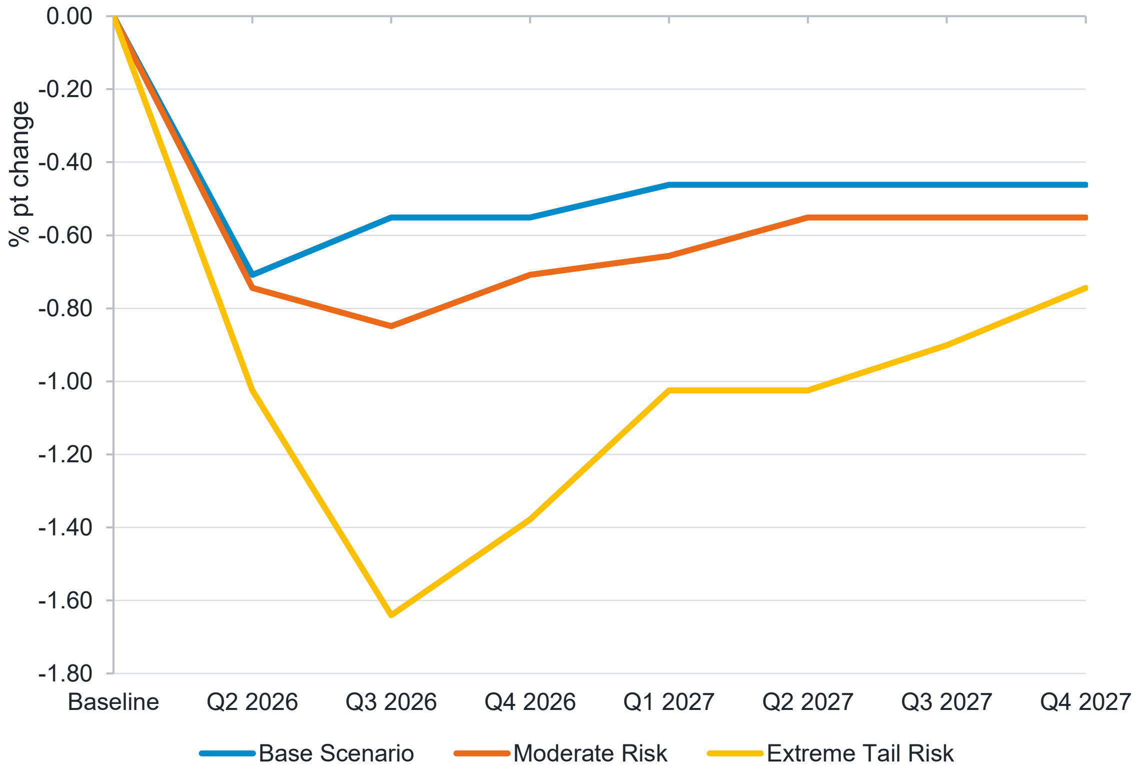
Impact of the oil price shock on global GDP

Base scenario still exhibits a clear drag on economic growth

Oil Price Shock Scenarios



Impact of oil price shock on Global GDP



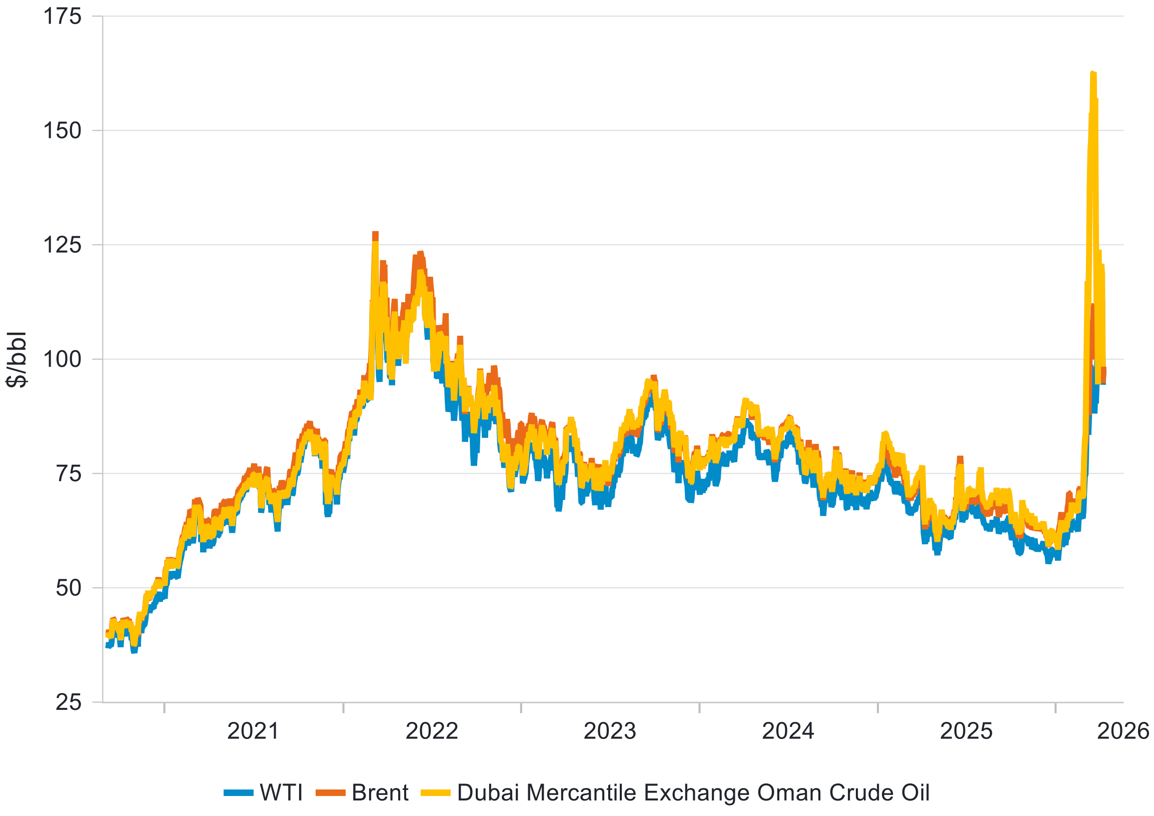
Note: We use a recent Dallas Fed study that models how geopolitical oil supply shortfalls affect oil prices and global activity and apply our own oil price shock assumptions across three scenarios to estimate the impact on global GDP. Baseline of oil price is WTI average as of Q4 2025 which was ~60$/bbl. We assume Iran war starts from Q2 2026 for the purpose of above calculations (instead of end Feb 2026).

Source: Fidelity International, Dallas Fed, April 2026

Countries to see differentiated impact of from oil and gas price shocks….

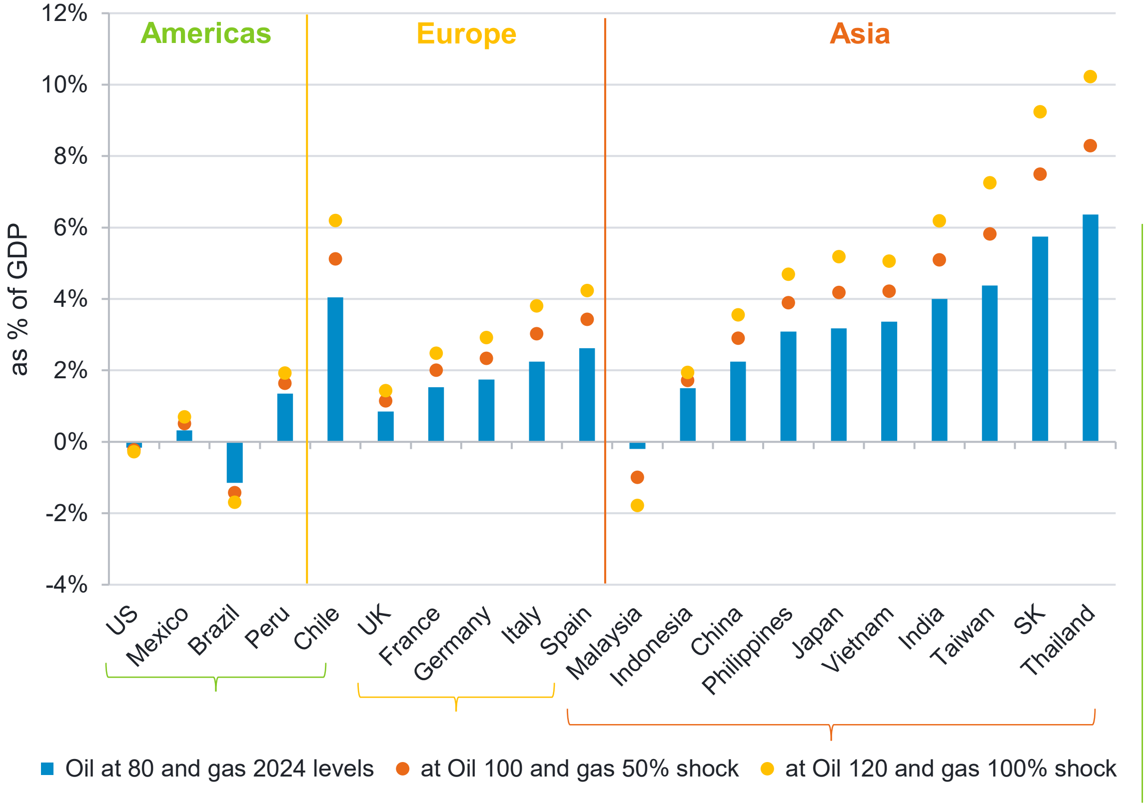
…with Europe and Asia more vulnerable.

Crude oil prices across benchmarks



Source: Fidelity International, Bloomberg, April 2026.

Impact of oil and gas shock on net consumption as % of GDP



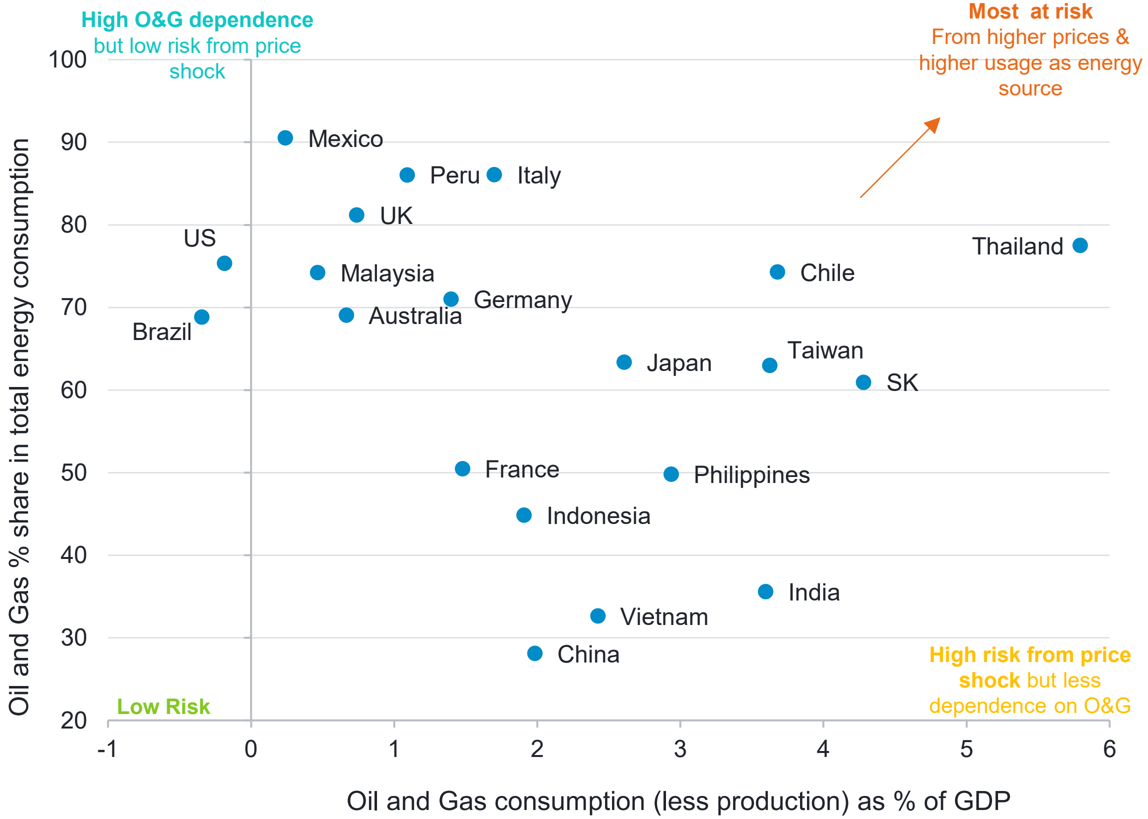
Note: Net consumption is calculated as total consumption of oil and gas less oil and gas production. Net consumption is as of 2024. We do not assume any change to net consumption levels across our price shock scenarios. We use Brent for oil prices across countries. We use different gas prices across regions; For Americas we use Natural Gas prices at NYMEX, Europe we use TTF prices and for Asia we use the Japan Korea Marker.

Source: Fidelity International, Bloomberg, EIA, BP 2025 EI Statistical Review of World Energy, April 2026

Composition of energy mix and alternative sources of consumption

Those most insulated from the shock have high usage of alternative sources

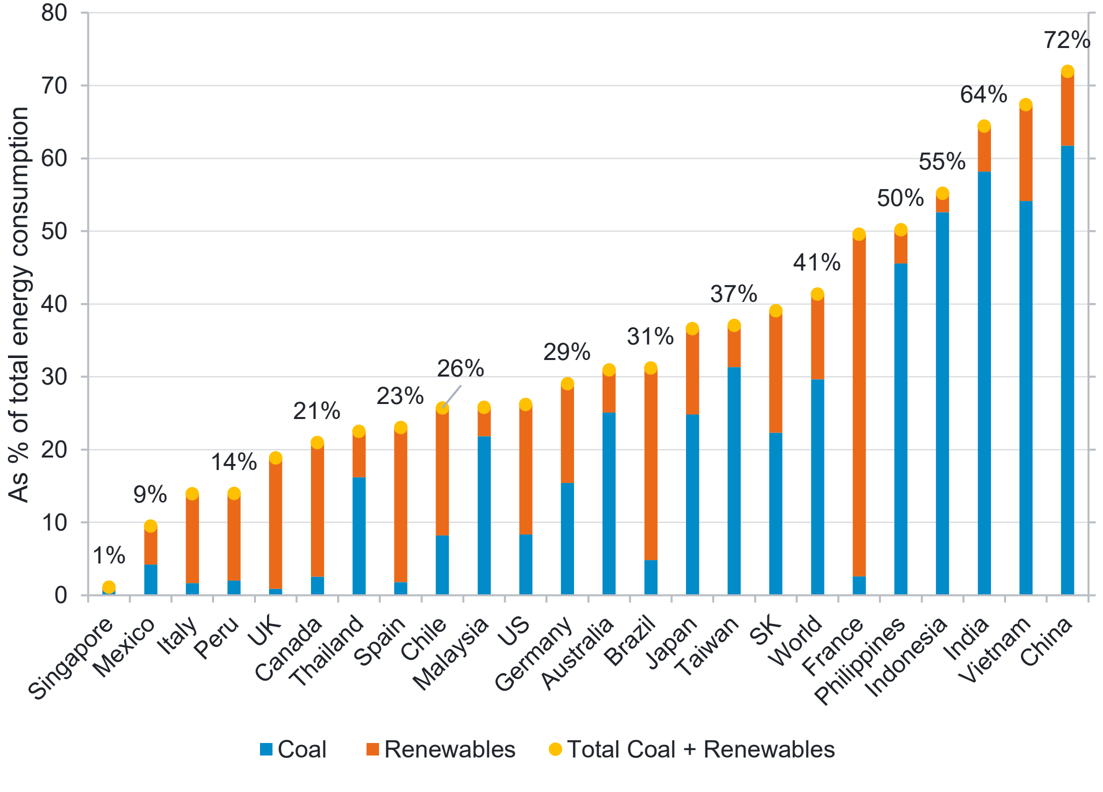
Oil & gas energy mix and net consumption impact as % of GDP



Note: Data as of 2024.

Source: Fidelity International, BP 2025 EI Statistical Review of World Energy, April 2026

Alternative sources (Coal & renewables) of energy consumption



Note: Energy composition share as of 2024.

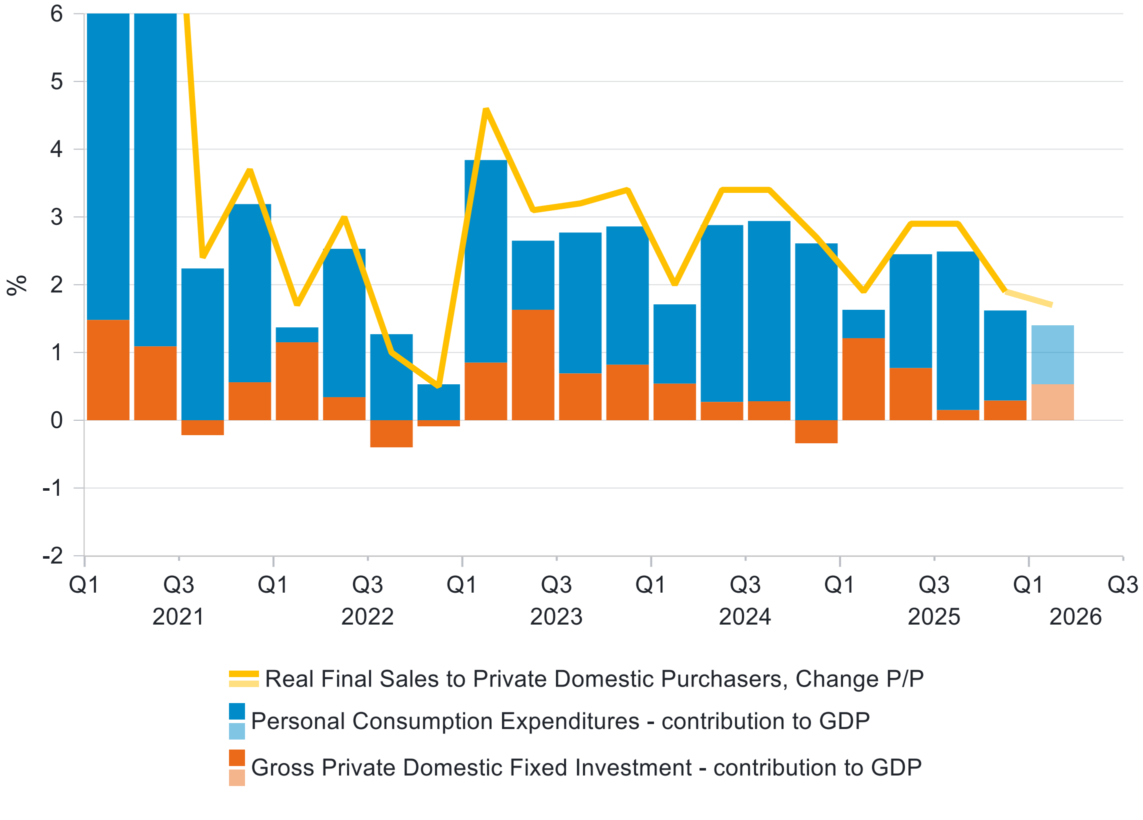
Source: Fidelity International, EIA International Energy Statistics, April 2026

US Macro Outlook and war implications

US growth slows but remains steady as the oil shock transmits into the economy

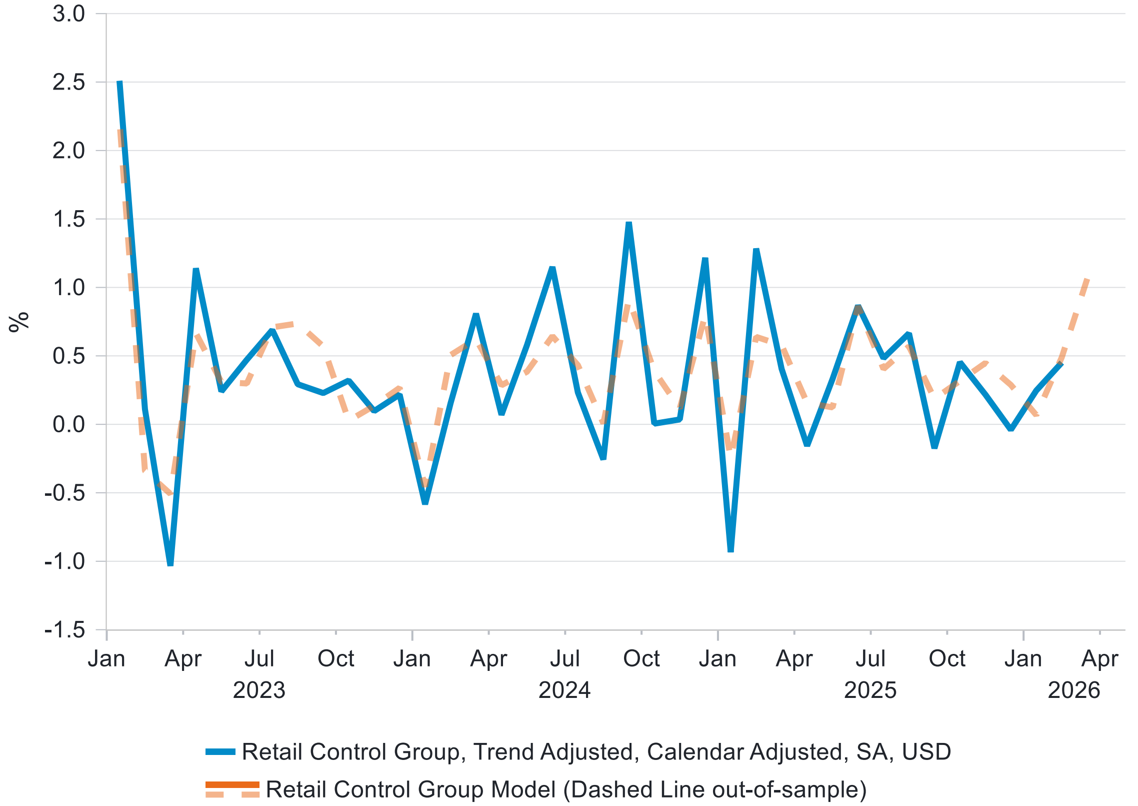
US consumption demand is looking resilient as savings from the OBBB offset increasing cost from oil prices

US core GDP remains above trend



Note: Q1 2026 estimates are based on Atlanta Fed GDP Nowcast as of April 7, 2026
Source: Fidelity International, Macrobond, BEA, April 2026.

US Retail sales tracking

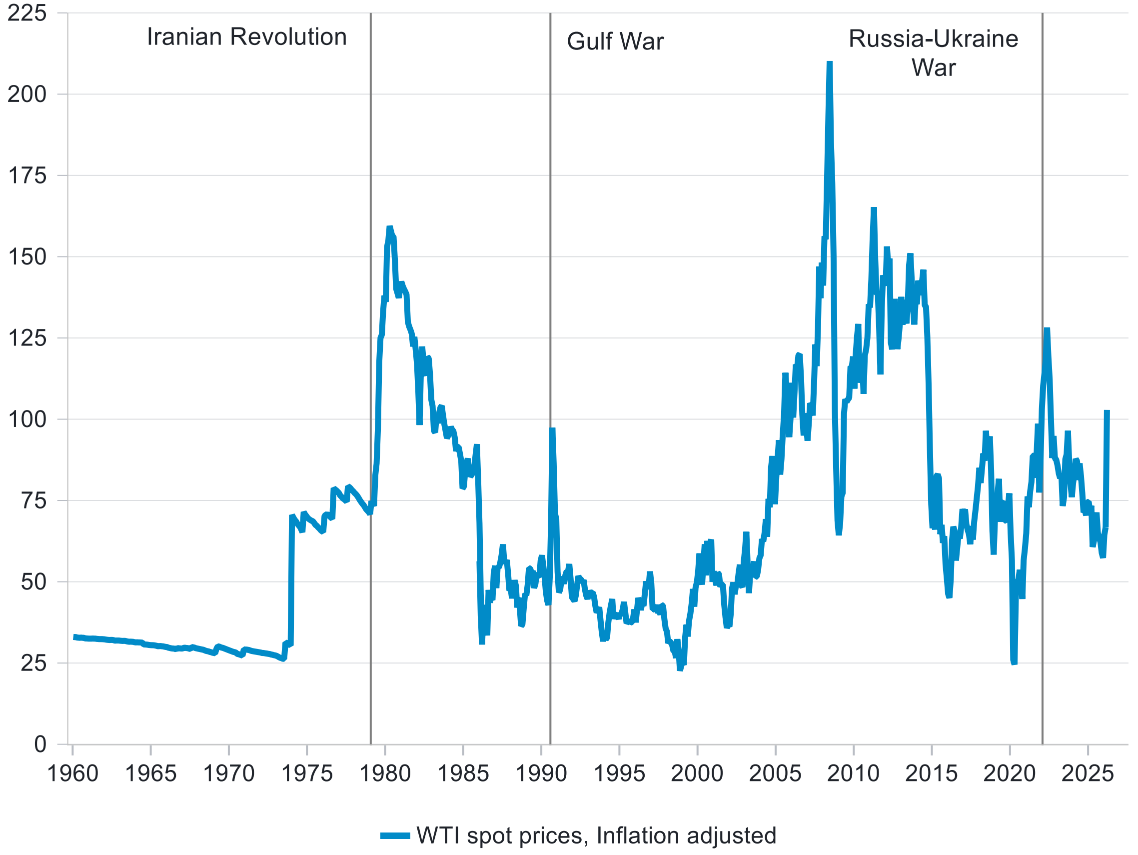


Source: Fidelity International, Macrobond, USCB, April 2026.

Oil price shock is a risk, but we are not in 2022/other episode levels as ‘yet’

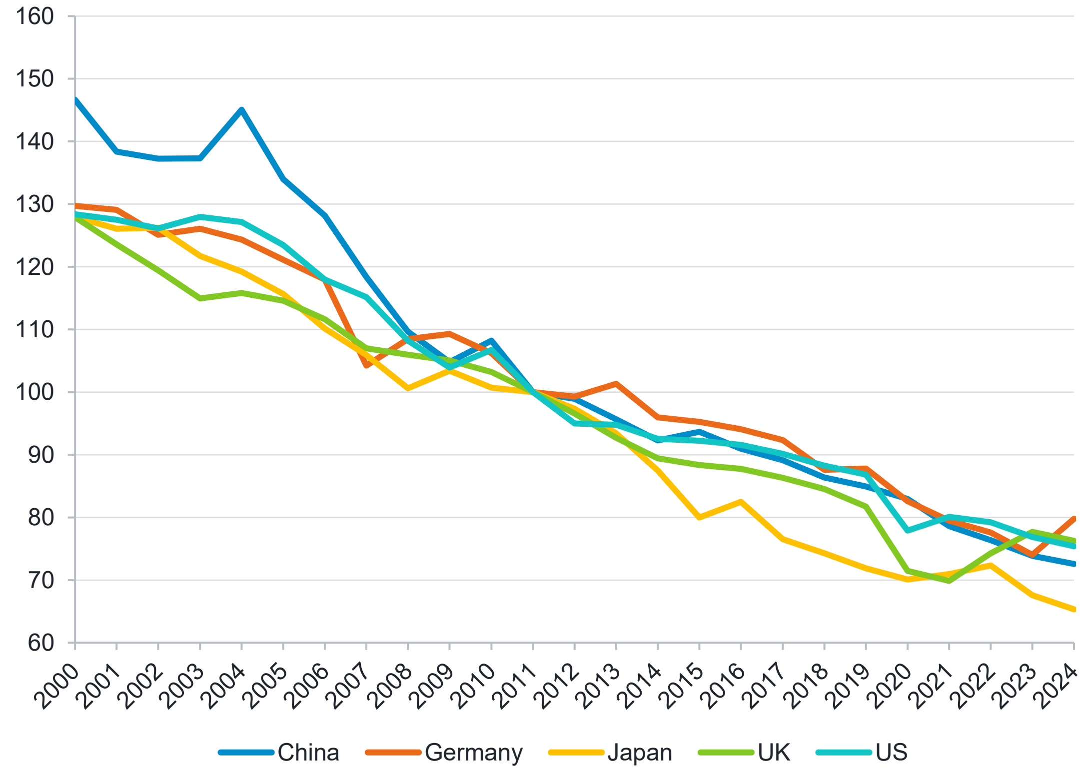
US dependence on energy has reduced sharply and the economy is less vulnerable to oil price shocks now

Price effects in real terms still significantly off 2022 highs



Note: Oil prices adjusted using January 2026 CPI data.
Source: Fidelity International, Fred, EIA, BLS, April 2026.

Oil Intensity of GDP (Index 2011=100)



Source: Fidelity International, Bloomberg, BNEF, April 2026

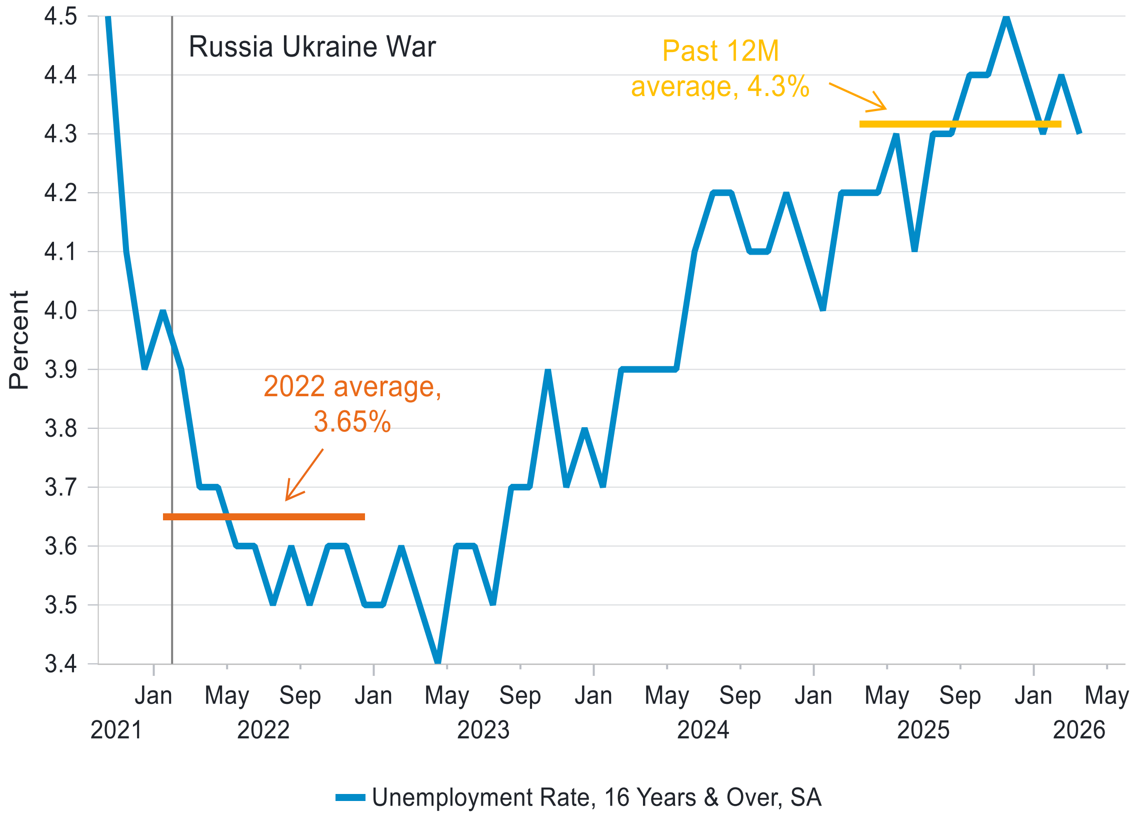
US labour market remains solid as job growth improves…

…and unemployment rate is contained at still historically lower levels.

US Private Payroll, (1-Month Net Change, 3mma), SA

Source: Fidelity International, Macrobond, BLS, April 2026.

US Unemployment Rate, SA

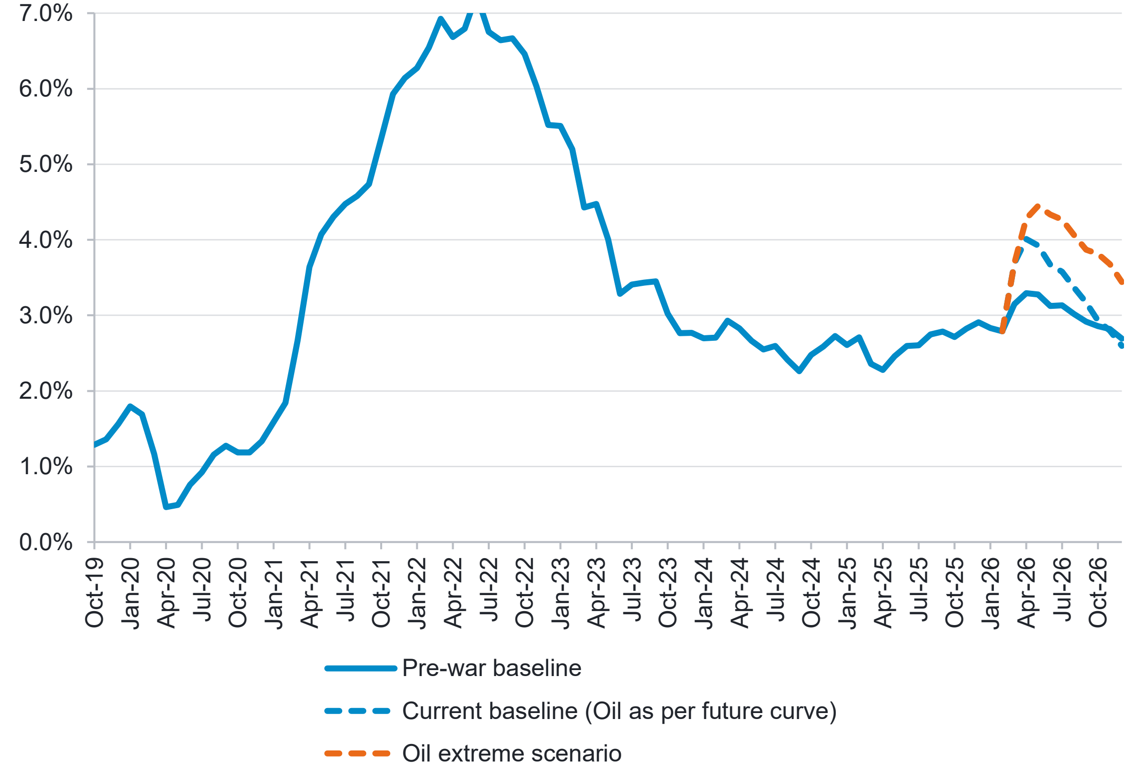


Source: Fidelity International, Macrobond, BLS, April 2026.

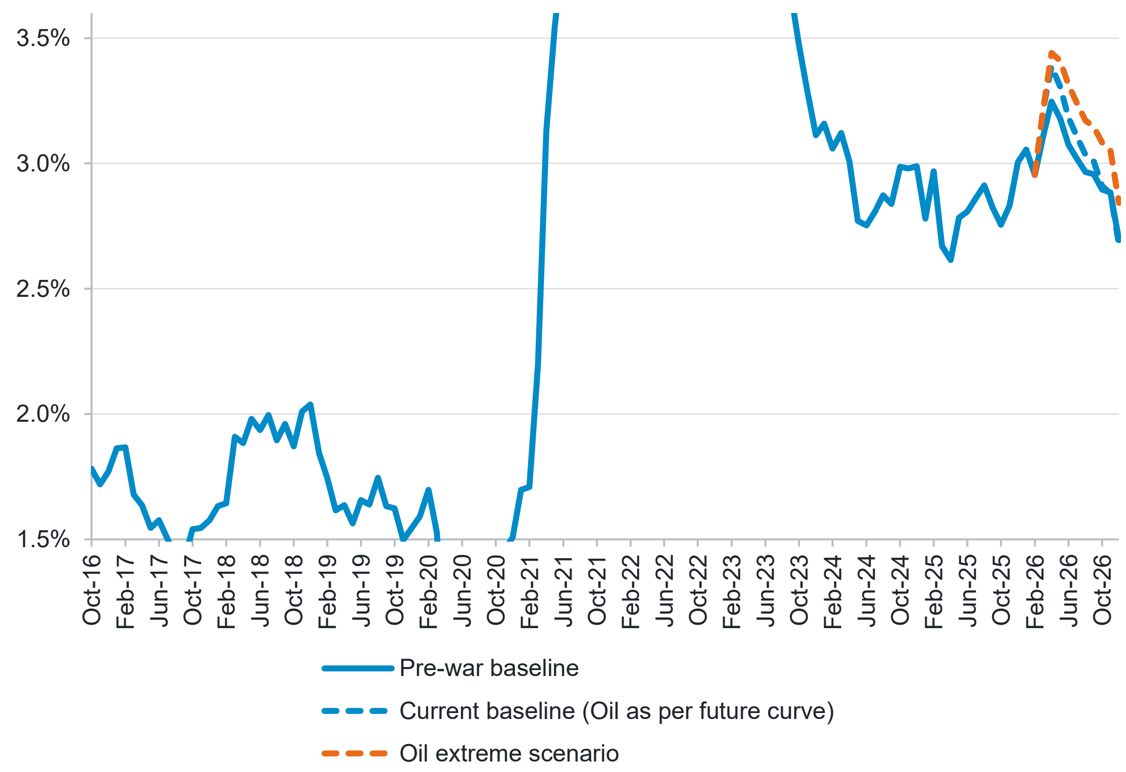
High oil prices will significantly boost headline inflation…

…and moderately impact core inflation but these effects should fade overtime.

Headline PCE scenario projections under different oil prices



Core PCE scenario projections under different oil prices



Note: In our baseline scenario we use oil and gasoline future price curves as of March 31, 2026 for the remained of the year. See appendix for details.

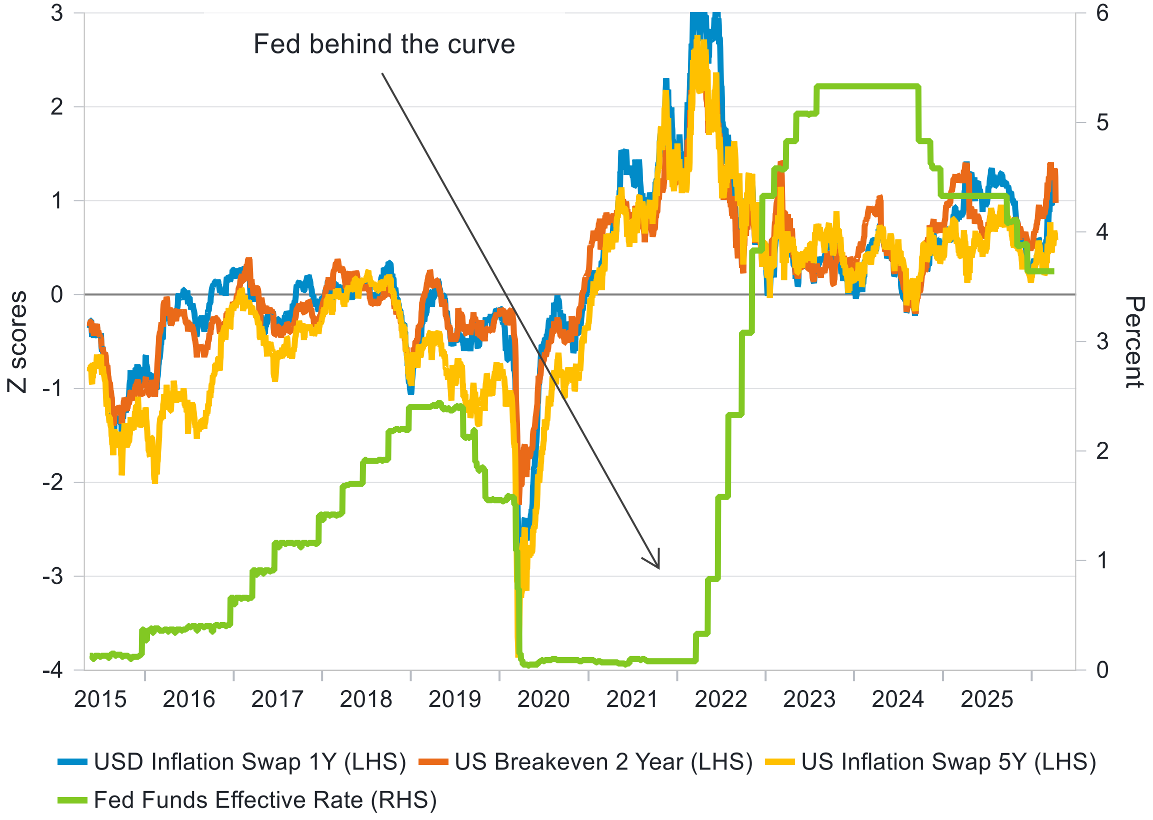
Oil in extreme scenario assumes oil price averages 150$/bbl, 140$/bbl and 120$/bbl in Q2, Q3 and Q4 of 2026

Source: Fidelity international, Global Macro and SAA Team calculations, April 2026

Inflation expectations have increased…

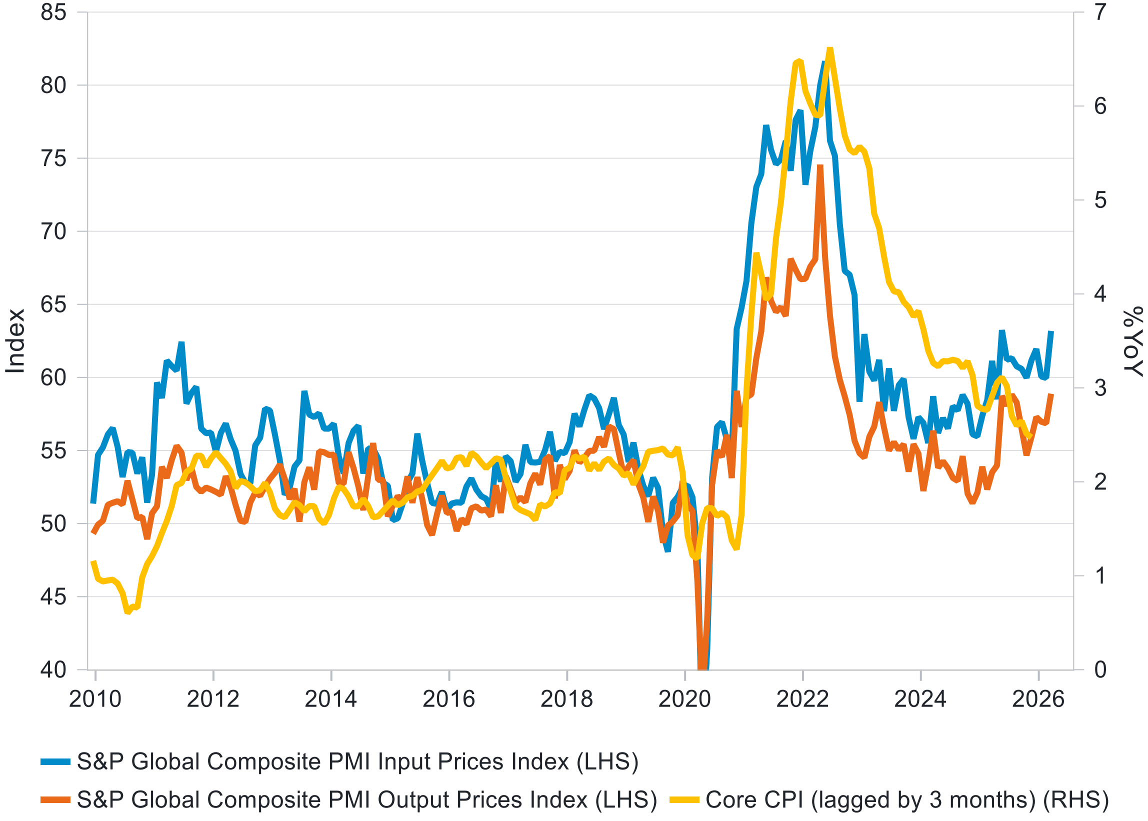
…and business surveys are also reflecting increased cost pressures.

Inflations expectations have increased but remain low



Source: Fidelity International, Bloomberg, Macrobond, Fed, BEA, April 2026.

S&P PMIs Price index vs core CPI

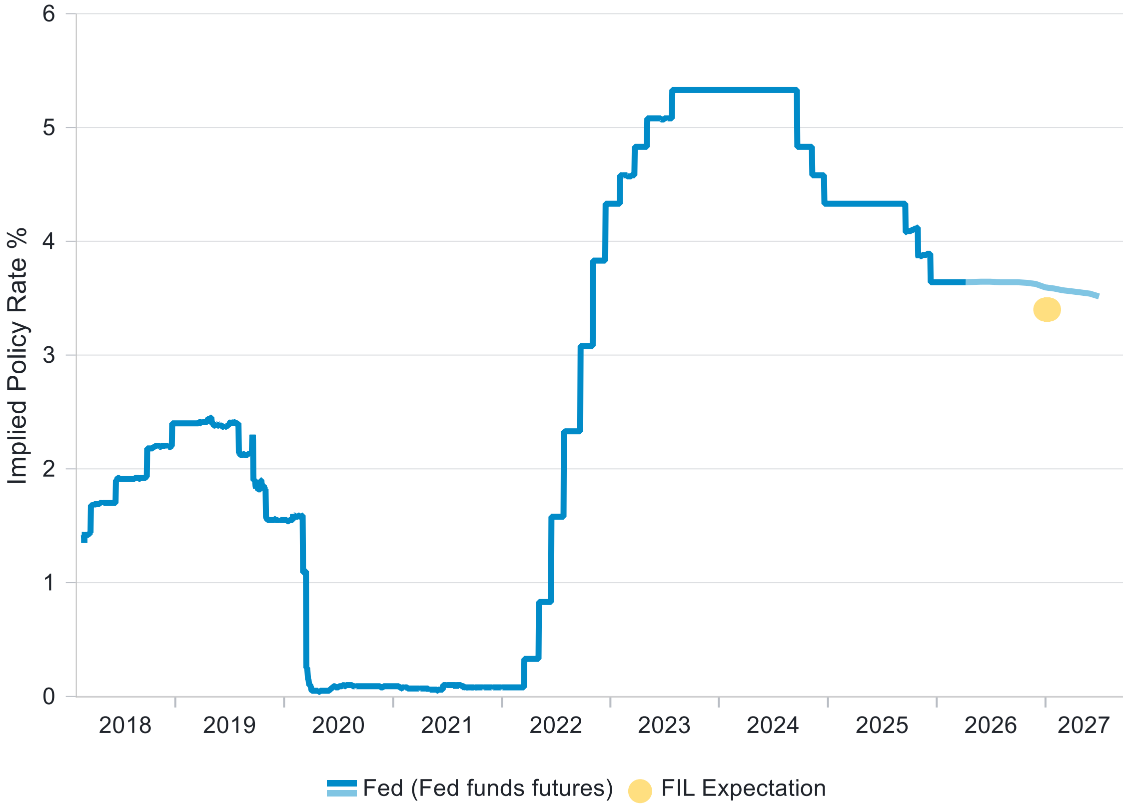


Source: Fidelity International, Macrobond, S&P Global, BLS, April 2026.

Fed likely to remain on hold in the near future…

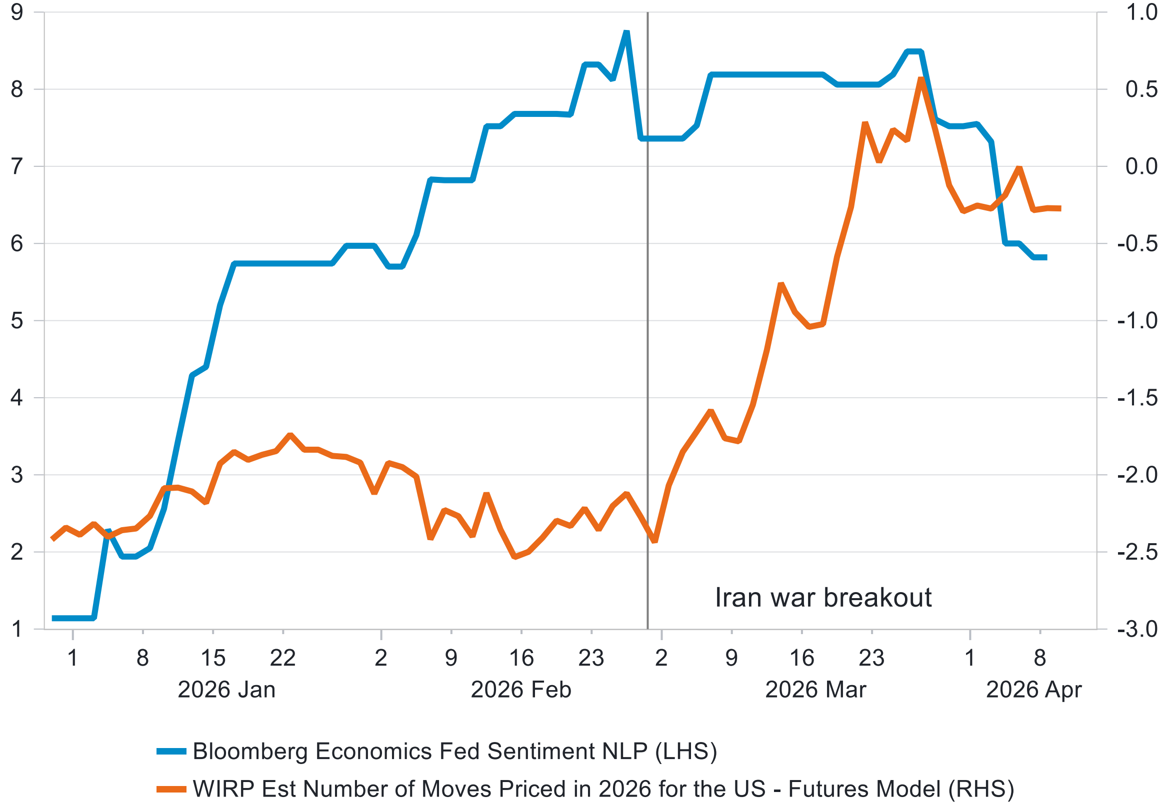
…but we expect one further cut later this year as inflation tolerance is likely to be higher for the Fed.

Fed Market Pricing



Source: Fidelity International, Macrobond, CME, Federal Reserve, April 2026.

Fed-speak has thus far not moved more hawkish as FOMC members balance conflicting inflation and labour market risks



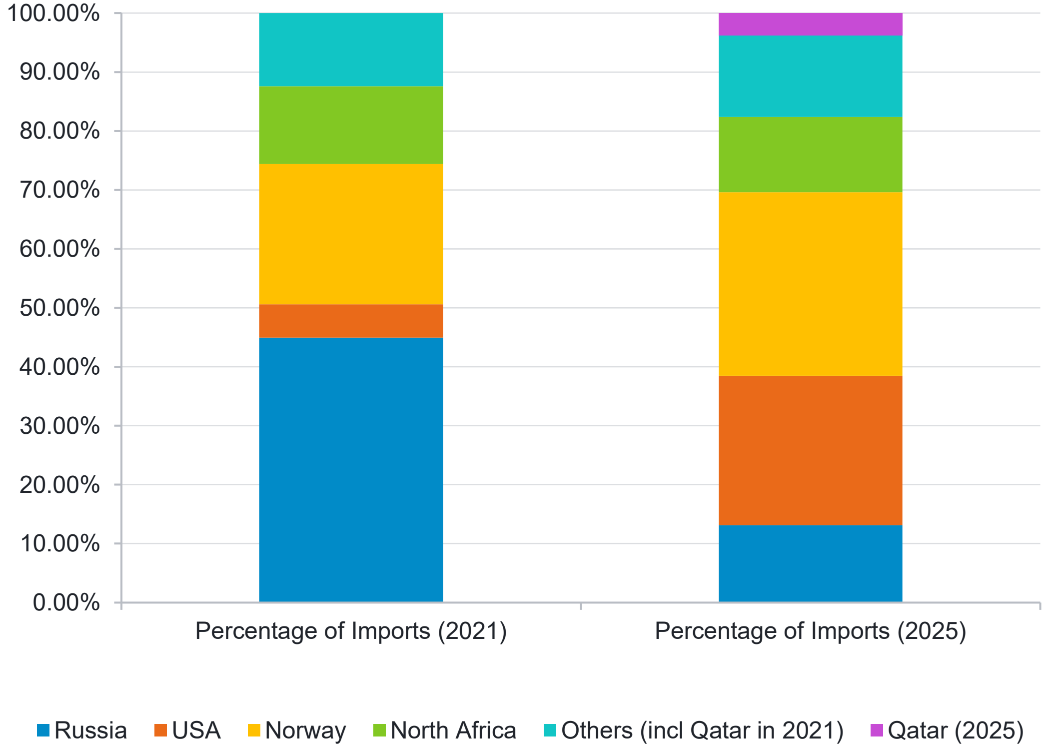
Source: Fidelity International, Macrobond, Bloomberg, April 2026

Europe Macro Outlook

Gas dynamics point to a potential price shock not a volume shock

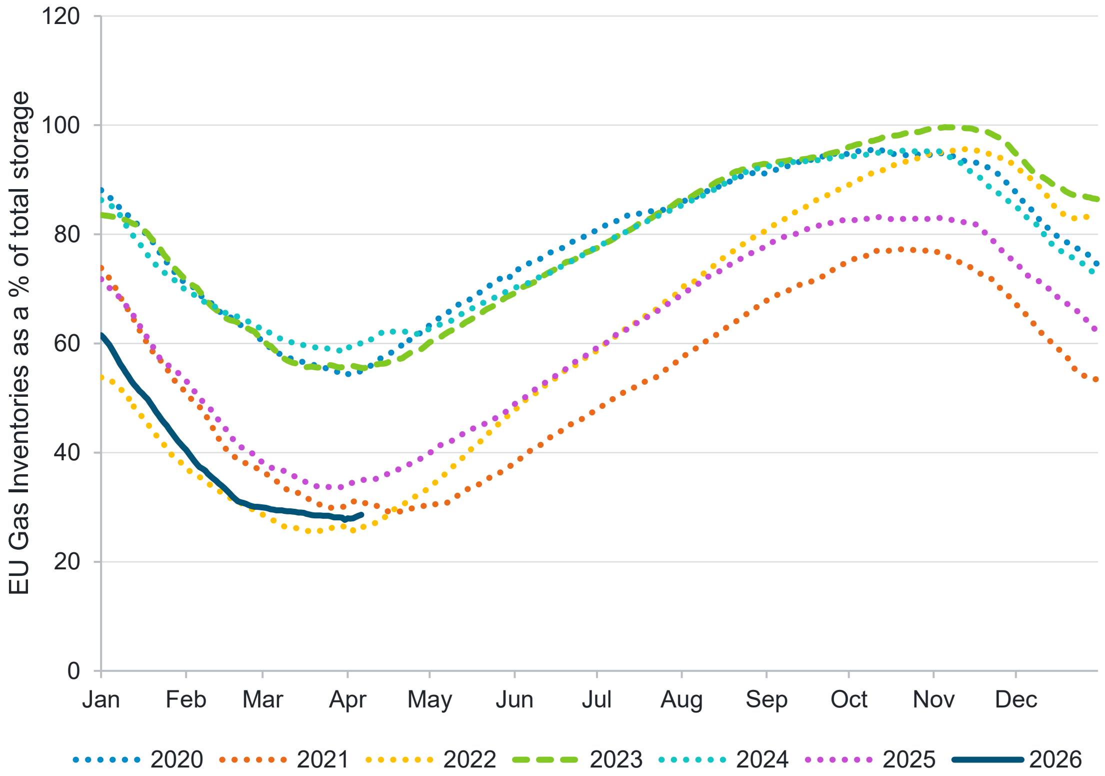
2022 shock was about volumes, less direct exposure to Qatari gas means exposure is via price effects

The EU has changed its gas import mixture since 2022, which was characterized by high reliance on Russia



Source: Fidelity International, European Commission, April 2026.

Duration of shock is key – seasons favourable, but increasing risk as time goes on and need to refill grows

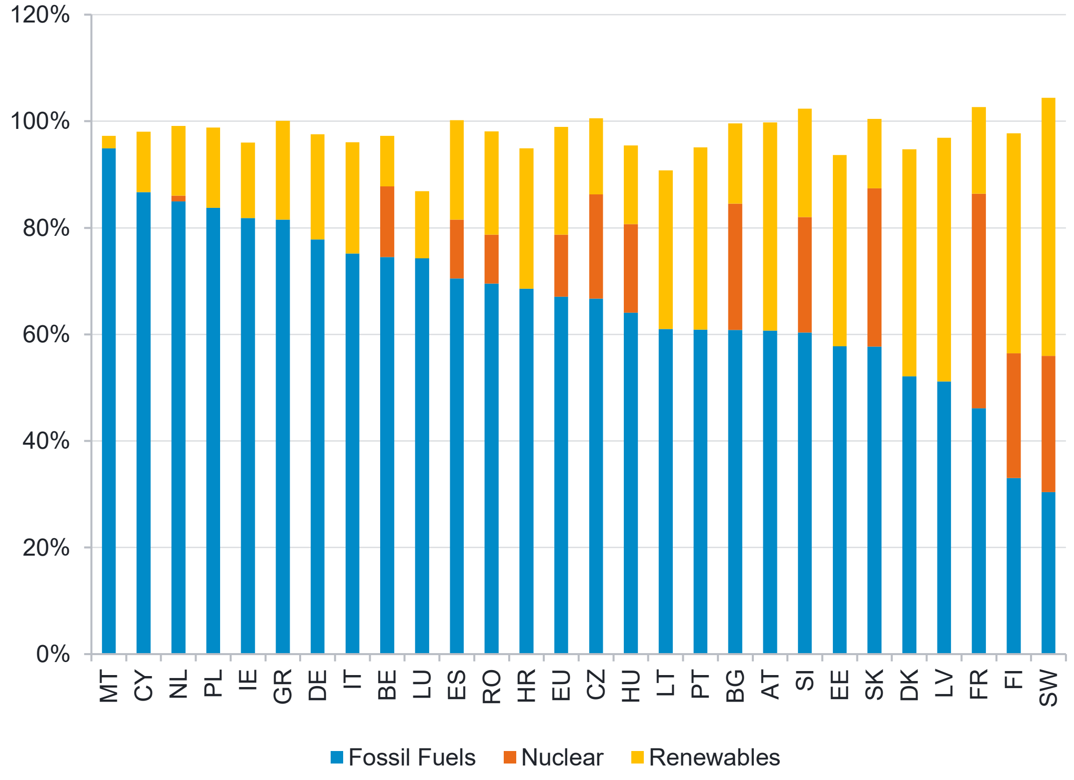


Source: Fidelity International, Bloomberg, April 2026.

Fossil fuel reliance varies across countries, may see acceleration of EU plans

EU plans already aimed at 42.5% renewables by 2030, further joint issuance possible going forward

Fossil fuel reliance varies across countries

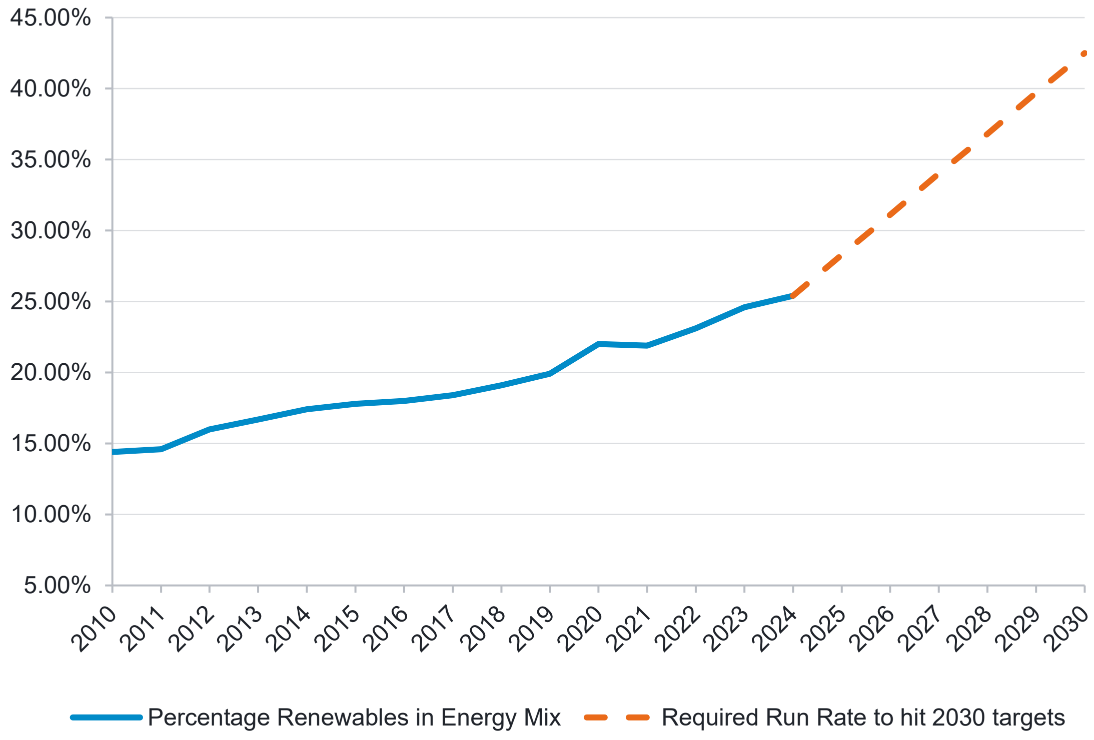


EU: European Union

Notes: Graph shows energy sources as a % of gross available energy. Bars may not add up to 100% due to (a) other sources and (b) negative effects of exports or storage of secondary products.

Source: Fidelity International, Eurostat, April 2026

Decision in 2023 upped the target EU Renewable Share of Consumption to 42.5% - requires doubling of run rate

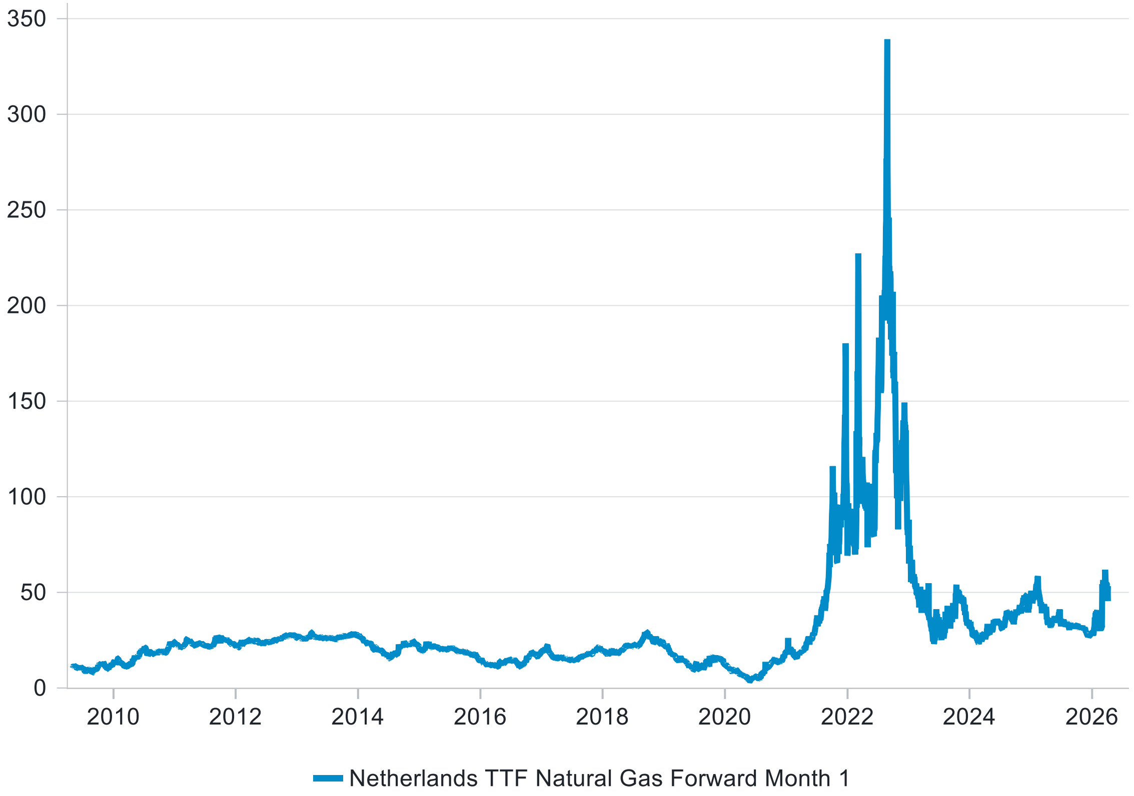


Source: Fidelity International, European Environment Agency, April 2026

Real gas movements muted relative to 2022, but pass through still present

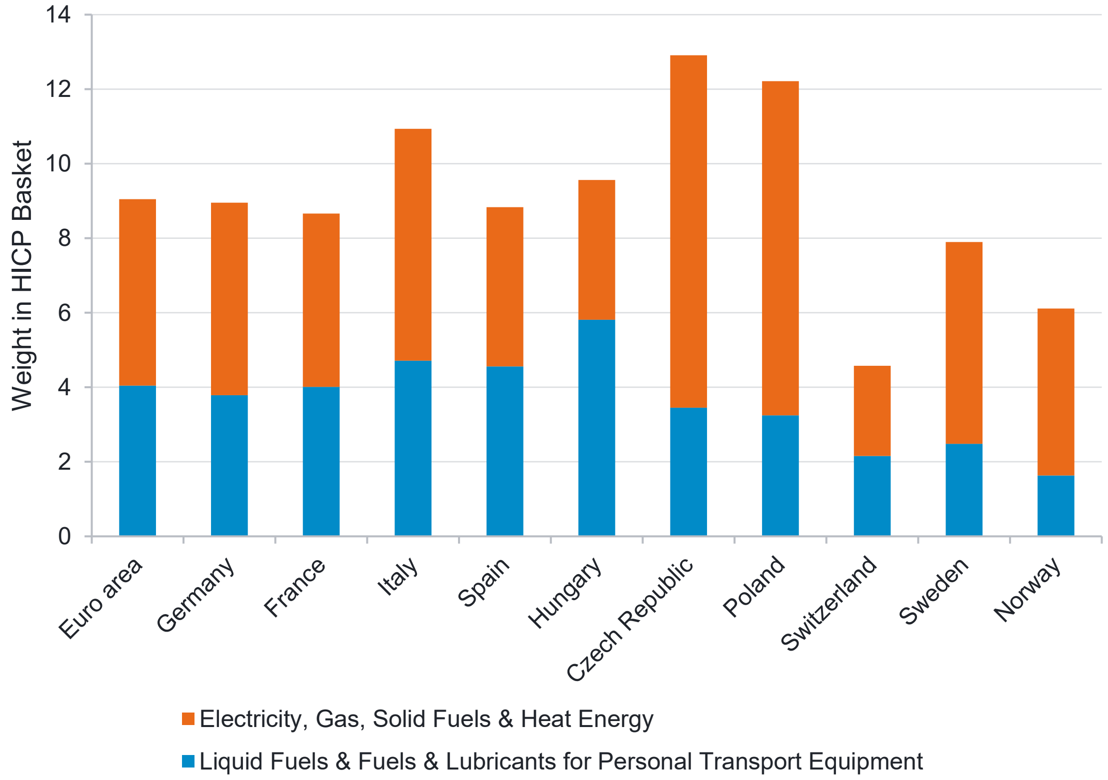
The share of energy in the consumption basket necessitates some inflation response

Gas price movements more limited than 2022



Source: Fidelity International, Bloomberg, Macrobond, Eurostat, April 2026.

But this increase will still cause a mechanical increase in prices, with impacts non-homogeneous

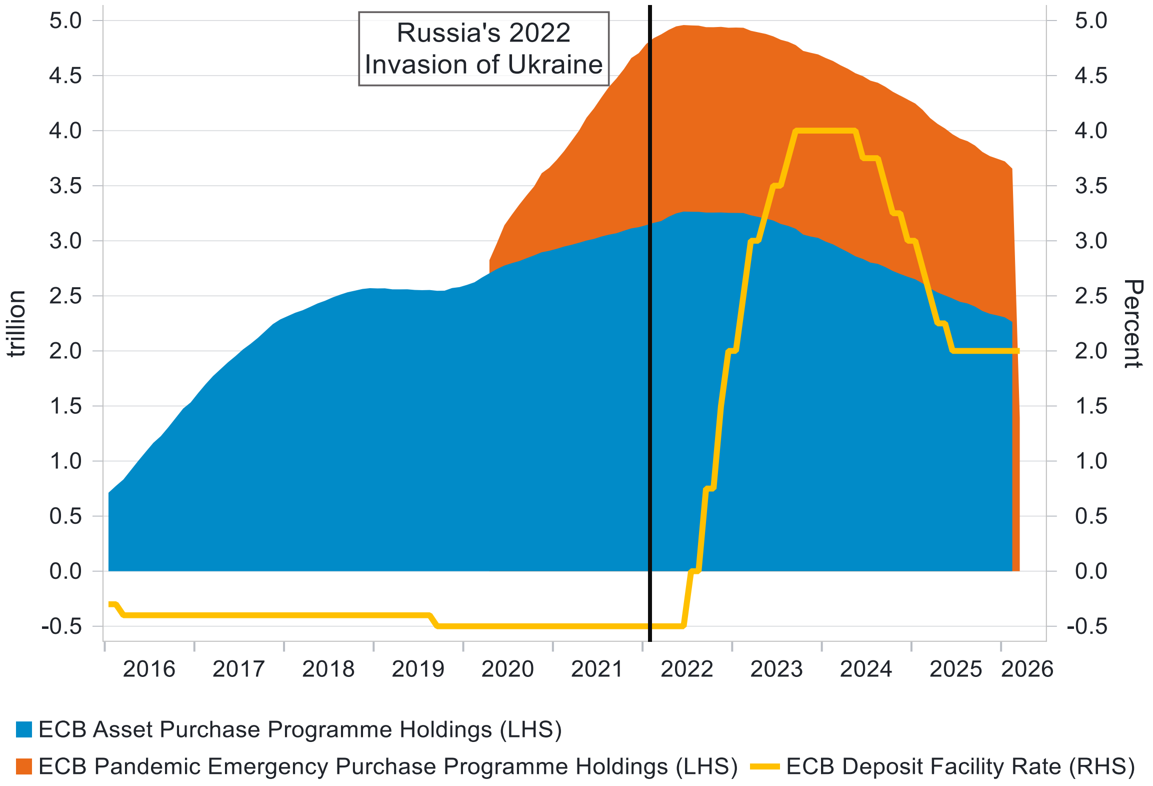


Source: Fidelity International, Eurostat. April 2026

it is important to remember that we are far from 2022

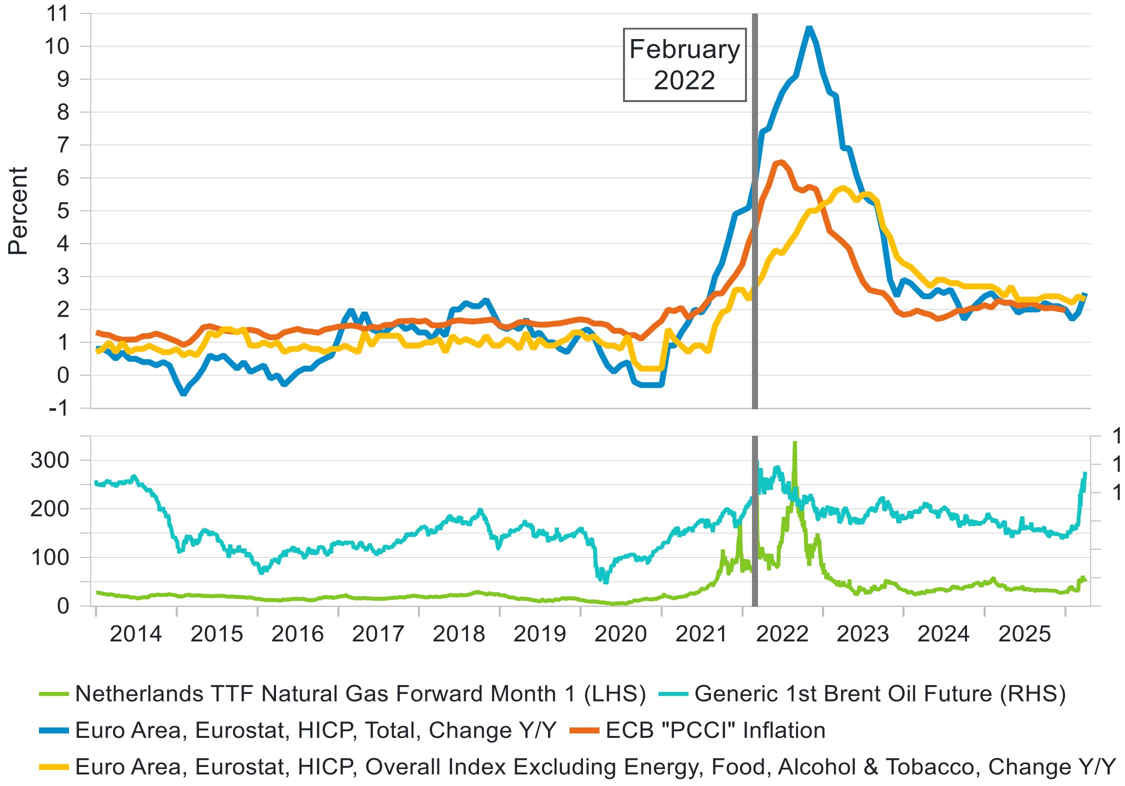
Inflation in 21/22 constituted a supply shock that interacted with both loose monetary and fiscal

In 2022, ECB balance sheet was growing with rates negative, now policy is neutral with a shrinking balance sheet



Source: Fidelity International, Macrobond, ECB, April 2026.

The 2022 shock amplified already escalating inflation



Source: Fidelity International, Macrobond, Bloomberg, Eurostat, ECB, April 2026.

ECB sets out its framework

Speeches at the ECB watchers conference set out the forward looking outlook for the ECB

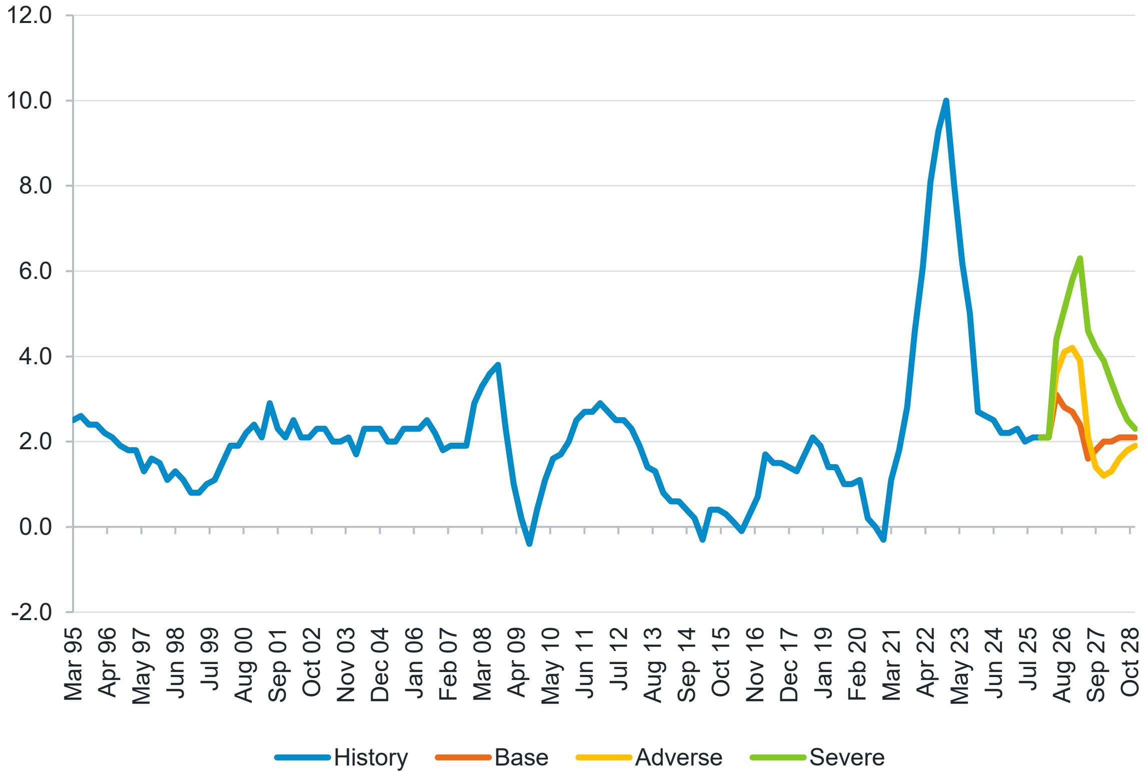
Christine Lagarde Speech outlined three simple scenarios – each with clear monetary policy conclusions

Scenario 1 (no move)	*"if the energy shock is seen to be limited in size and short-lived, the classical prescription of looking through should apply"*
Scenario 2 (2-ish hikes - looks like the base case)	*if the shock gives rise to a **large though not-too-persistent overshoot of our target, some measured adjustment of policy could be warranted.** The optimal response to such a deviation is smaller when the cause is exogenous supply disruptions rather than strong demand, but it is not necessarily zero. Moreover, to leave such an overshoot entirely unaddressed could pose a communication risk: **the public may find it difficult to understand a reaction function that does not react.**"*
Scenario 3 (>2-ish hikes)	*"if we **expect inflation to deviate significantly and persistently from target**, the response must be appropriately forceful or persistent. Otherwise, self-reinforcing mechanisms would kick in and the risk of de-anchoring would become acute. Our updated strategy is explicit on this point: **large, sustained deviations call for forceful monetary policy action**, shifting to persistence as the tightening cycle matures, to prevent those deviations from becoming entrenched."*

ECB scenarios helps understand their reaction function

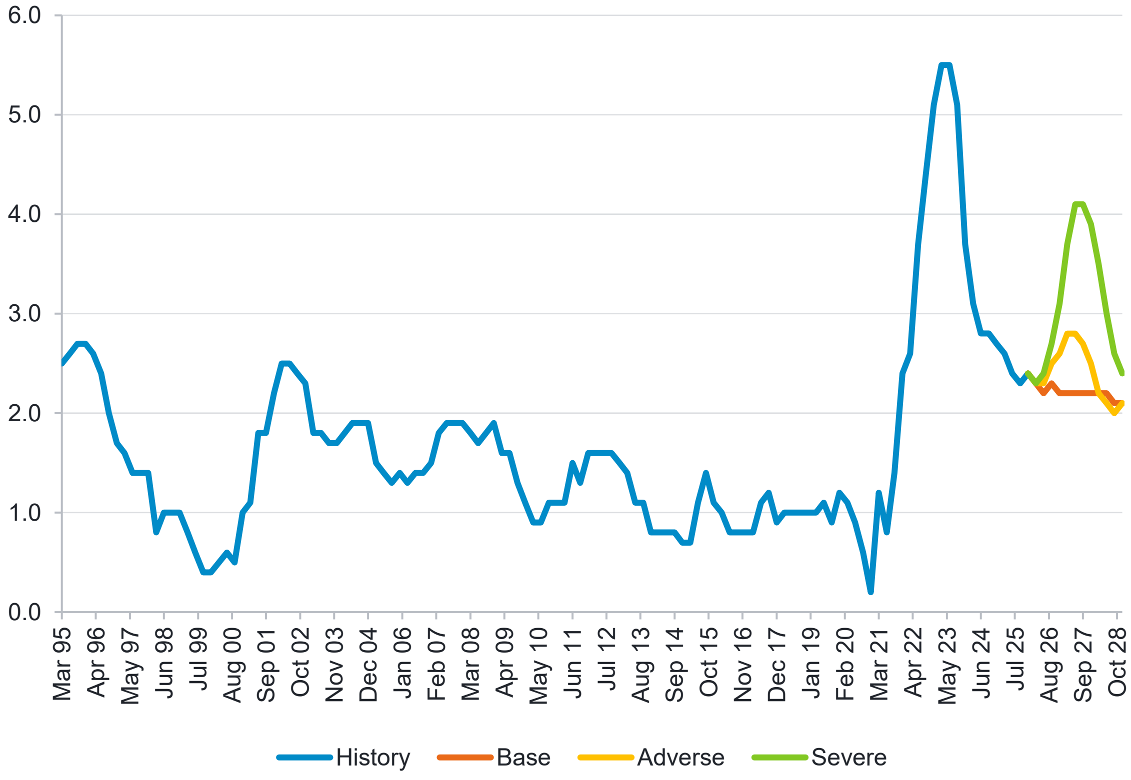
At the current juncture we lie somewhere between baseline and adverse scenarios

Headline inflation projections



Source: Fidelity International, ECB, April 2026

Core inflation projections

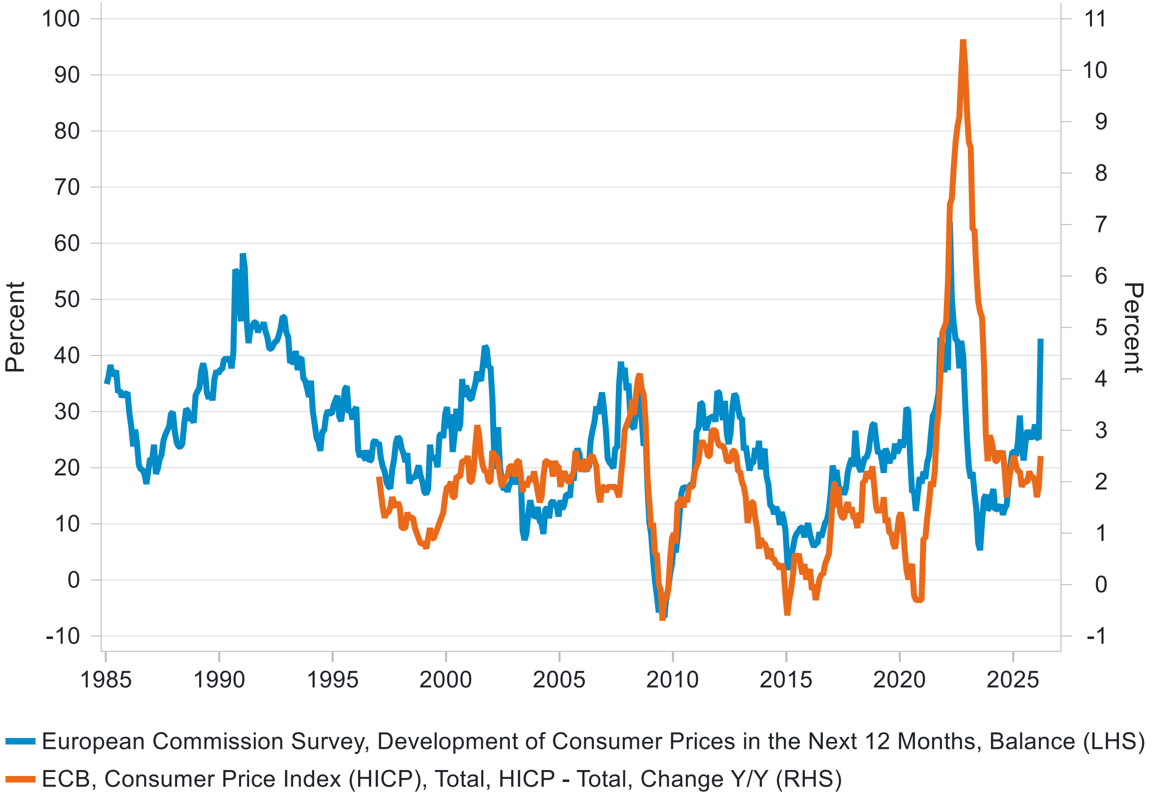


Source: Fidelity International, ECB, April 2026

Early signs of second-round effects seen in timely data

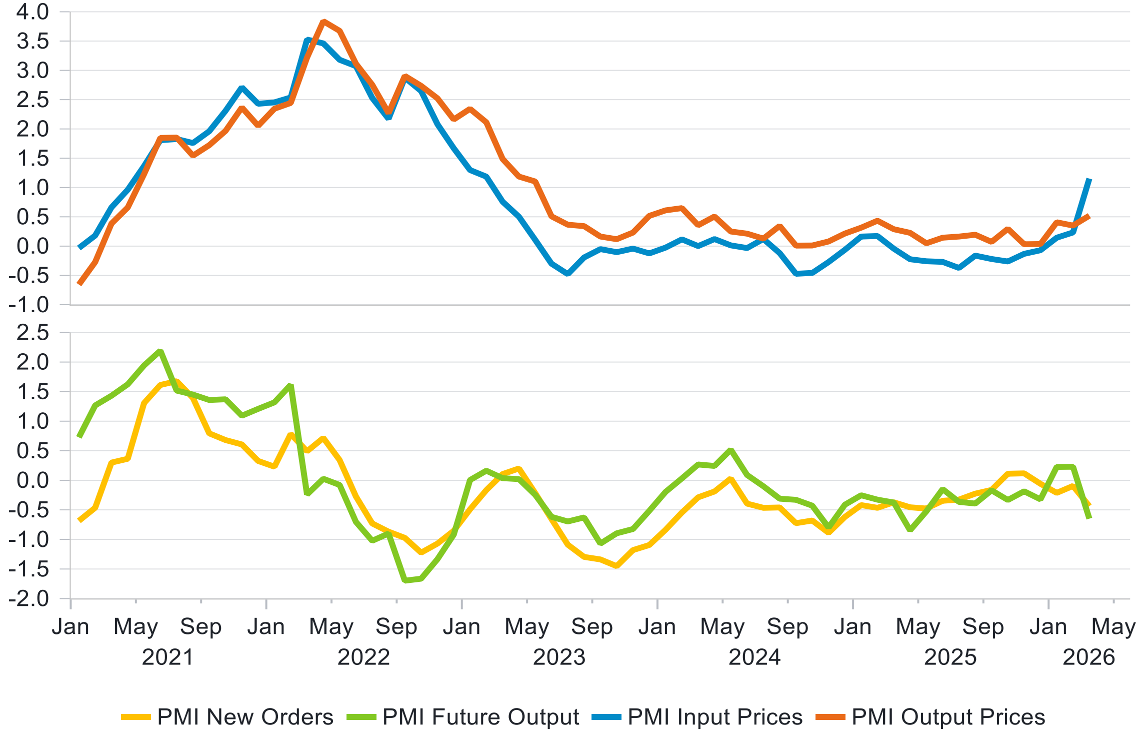
EC Survey showed clear evidence of higher consumer inflation expectations and industrial selling prices

Consumer price expectations spiked notably



Source: Fidelity International, Macrobond, DG ECFIN, ECB, April 2026.

PMI prices, firm selling price expectations reflect early signals of second round effects, growth risks linger underneath

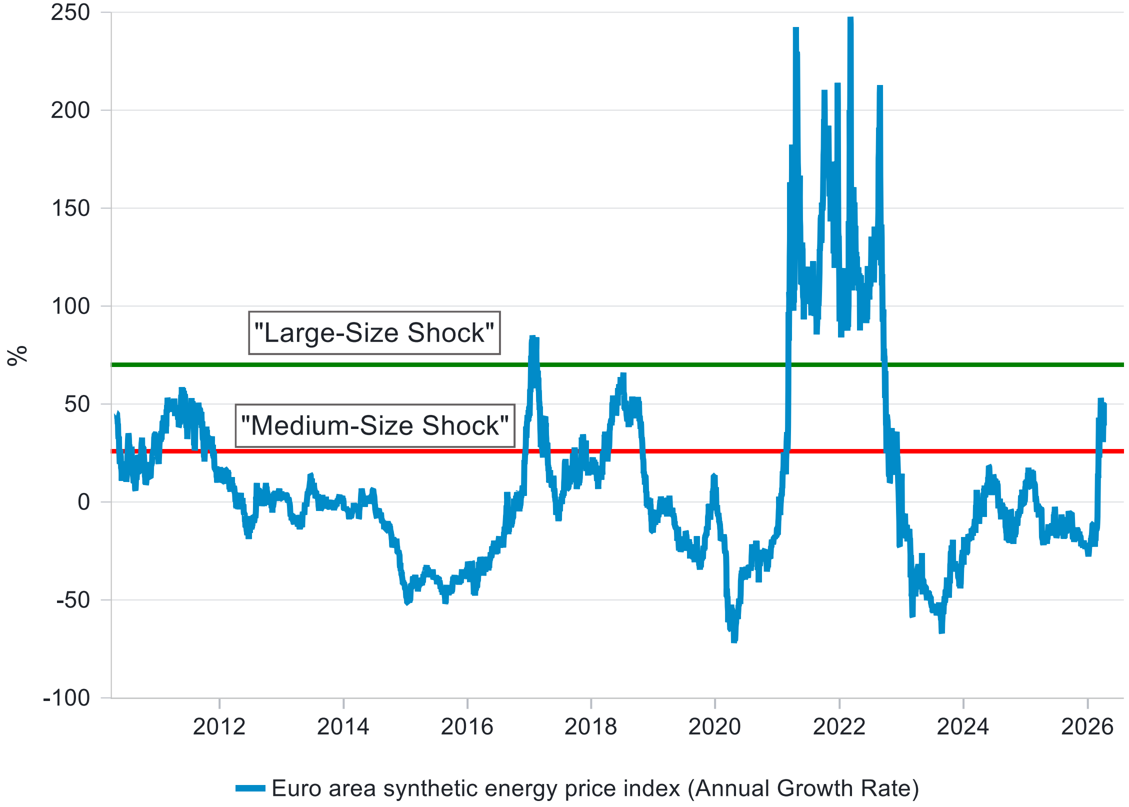


Notes: Chart shows z-scores from a normal distribution, mean 0 stdev 1
Source: Fidelity International, Macrobond, S&P Global, DG ECFIN, April 2026.

Non-linear energy prices to be monitored alongside market expectations

ECB paper outlines "thresholds" at which energy pass through to broader pricing conditions becomes elevates

Energy prices far from 2022, but close to the ECB's "medium size shock" threshold where non-linearities become elevated



Source: Fidelity International, Bloomberg, April 2026.

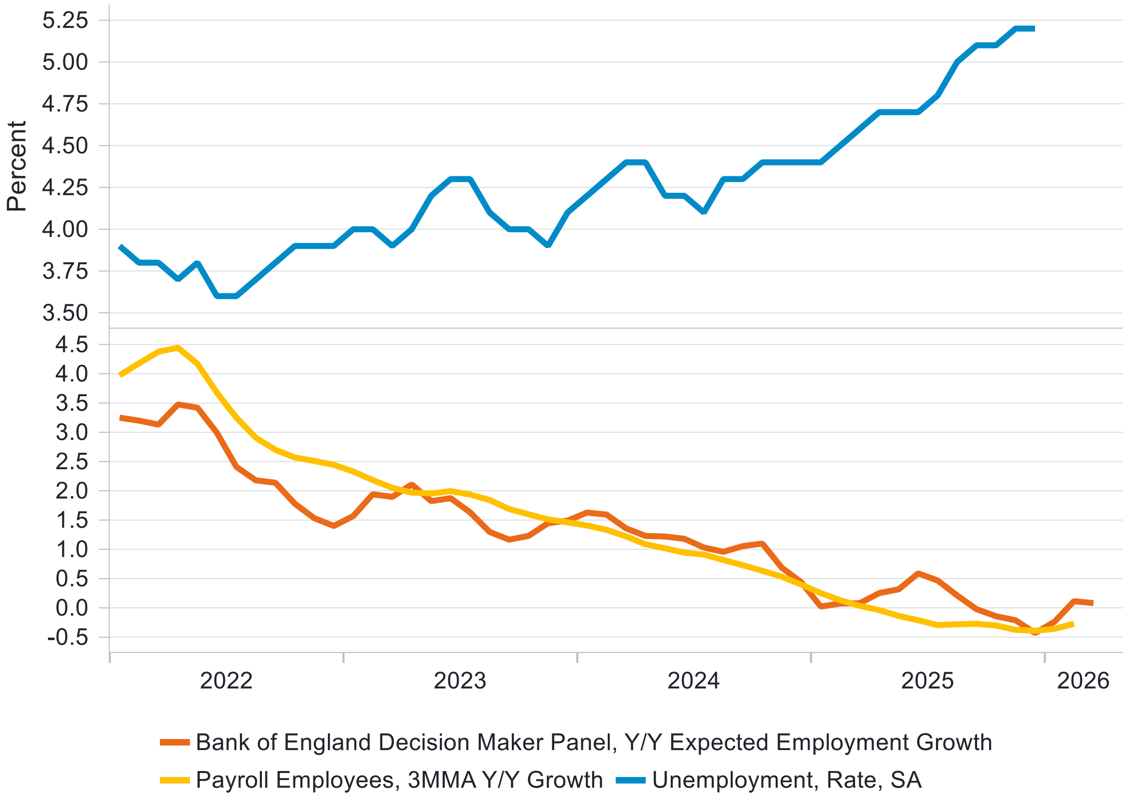
Longer-run inflation market expectations up a tad, nearer end have jumped noticeably

Source: Fidelity International, Bloomberg, , April 2026.

UK: Labour market weakness hasn't gone away, BoE to be cautious

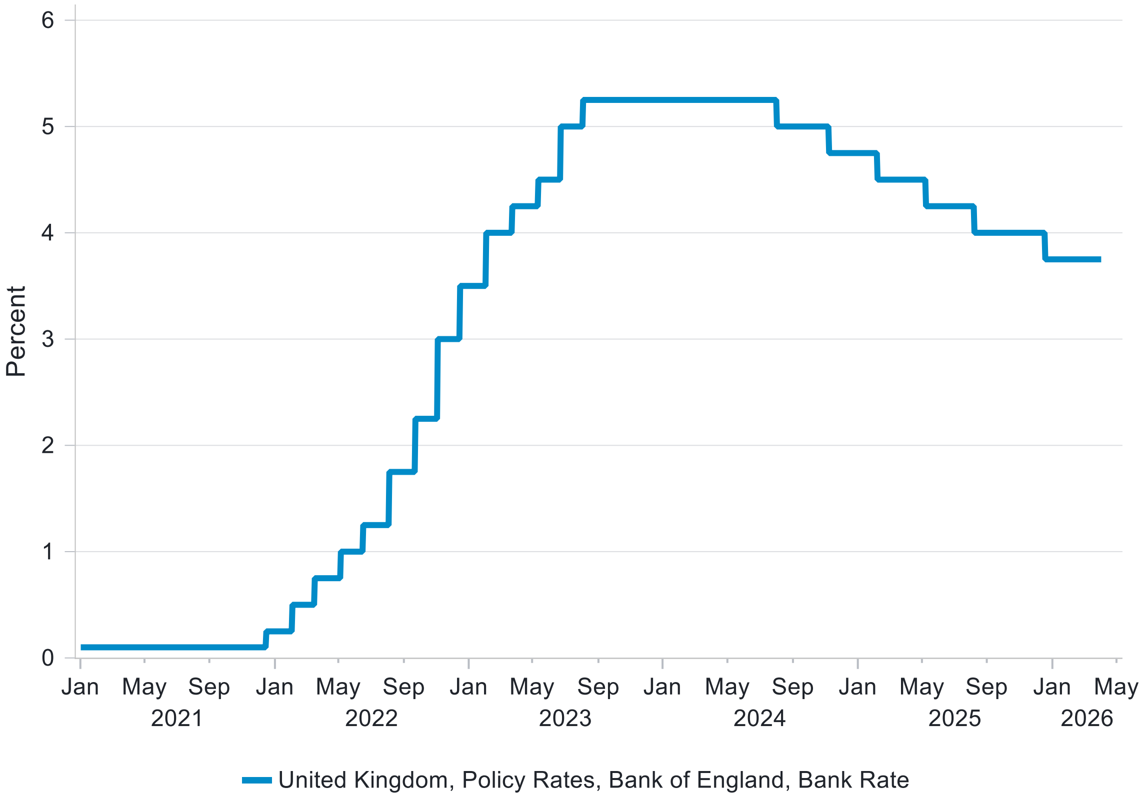
Energy impulse inflationary, BoE can wait and see as labour market weak and rates restrictive

UK Labour Market in a more precarious situation than 2022



Source: Fidelity International, Macrobond, BoE, ONS, April 2026.

Rates are still firmly restrictive, 365bps higher than their floor



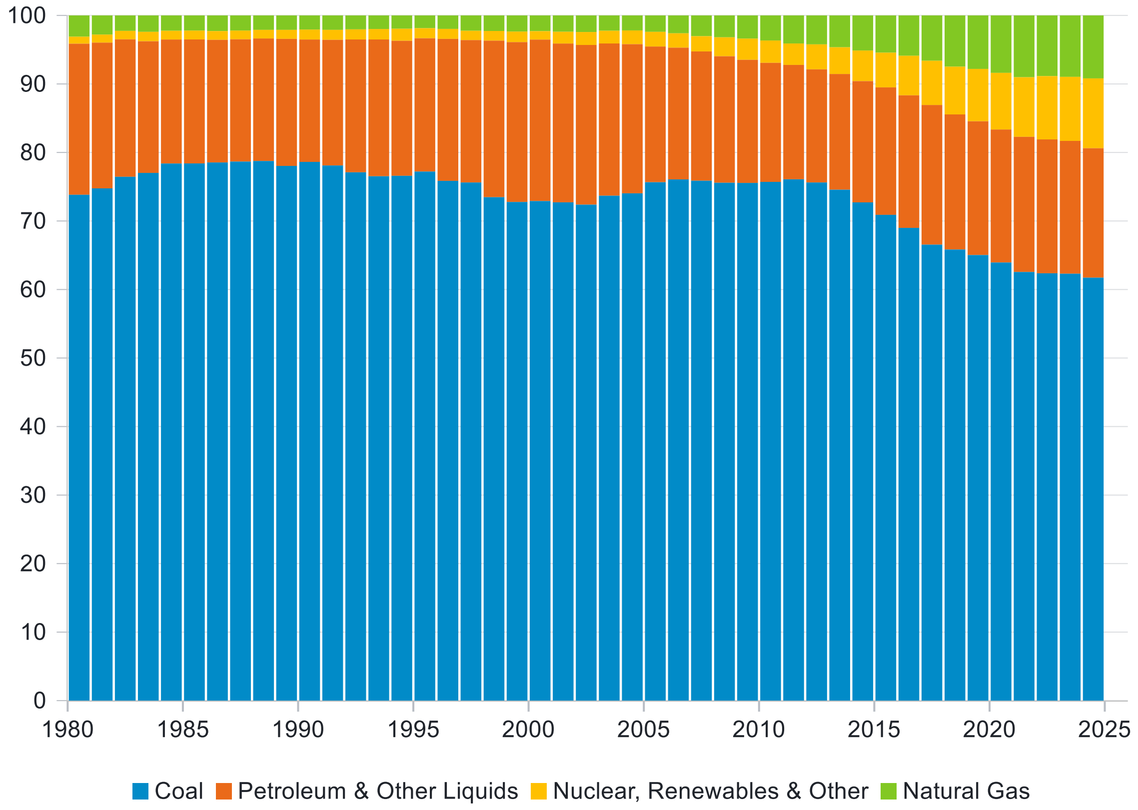
Source: Fidelity International, Macrobond, BoE, April 2026.

Asia Macro Update

China's energy consumption and production mix is pivoting towards electrification

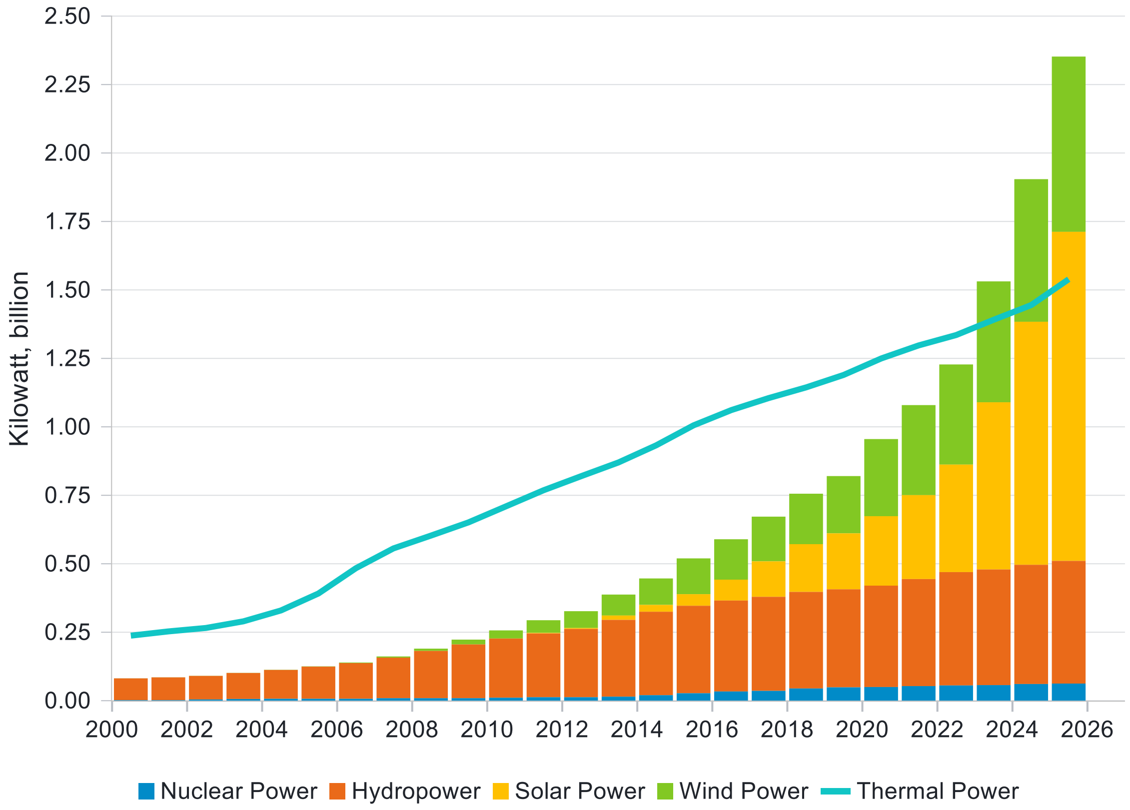
From petrostate to electrostate

China's energy consumption structure



Source: Fidelity International, Macrobond, EIA, April 2026.

China's electricity production capacity

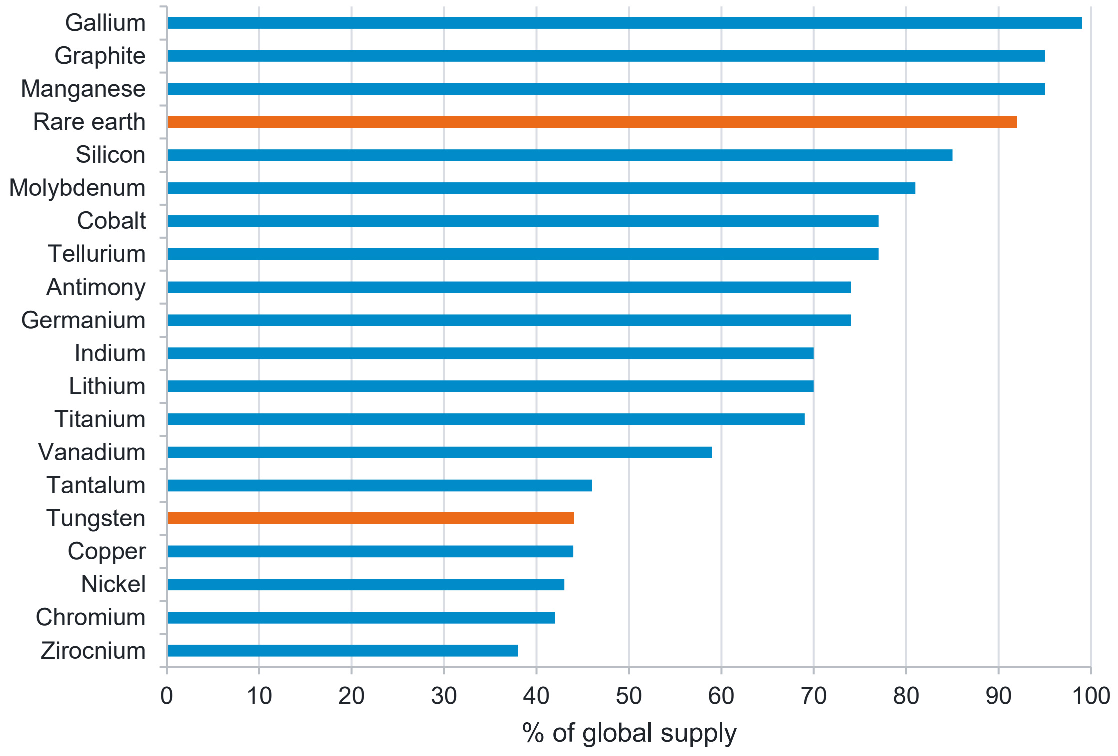


Source: Fidelity International, Macrobond, NBS, April 2026.

China's leverages and vulnerabilities in electrification

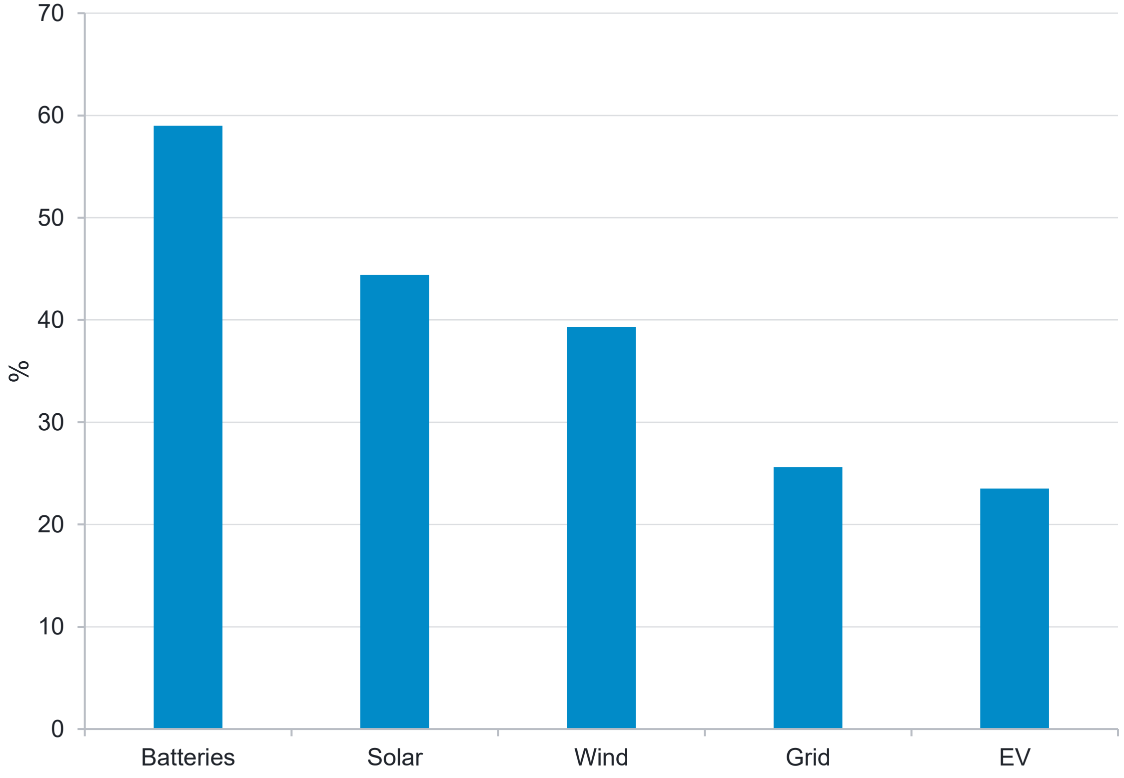
China dominates key process for green tech but will be more dependent on foreign demand

China's share of global refinery for key electrification metals



Source: EIA, Rhodium Group. Fidelity International, April 2026

China's share of global green tech exports, 2024

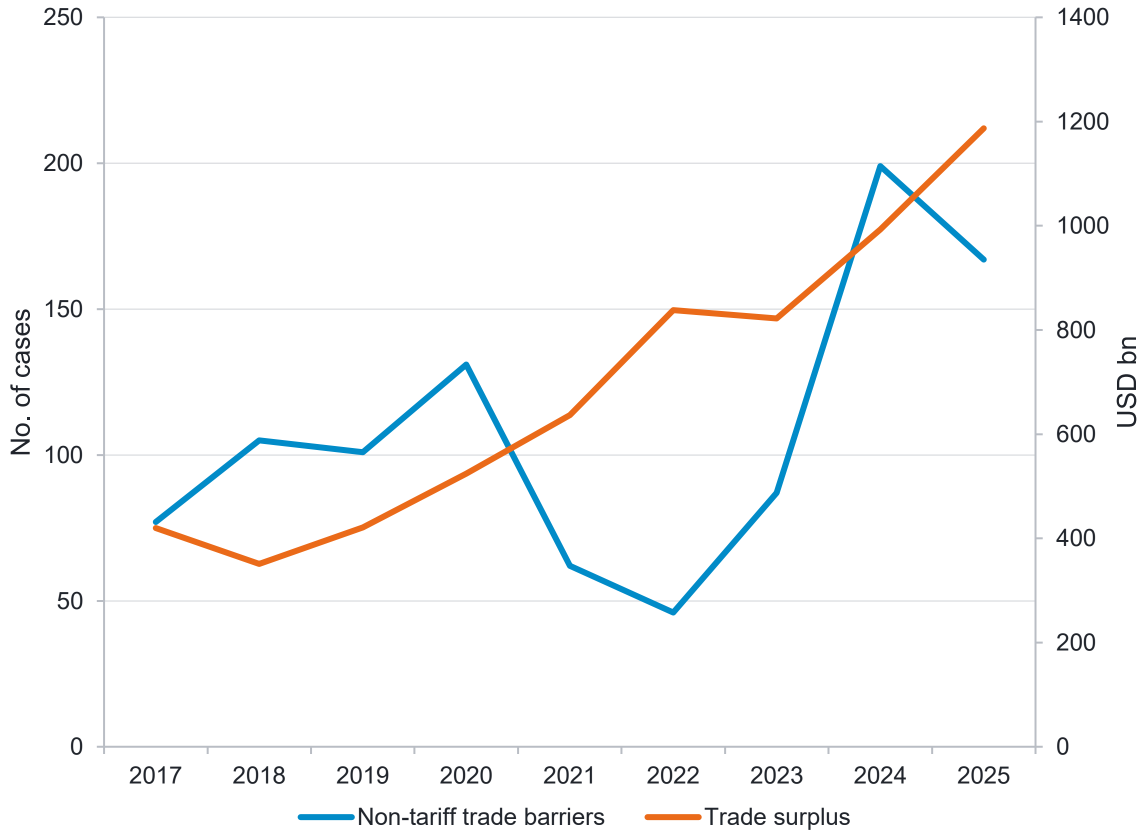


Source: EIA, Rhodium Group. Fidelity International, April 2026

China could benefit from rising structural demand for green tech

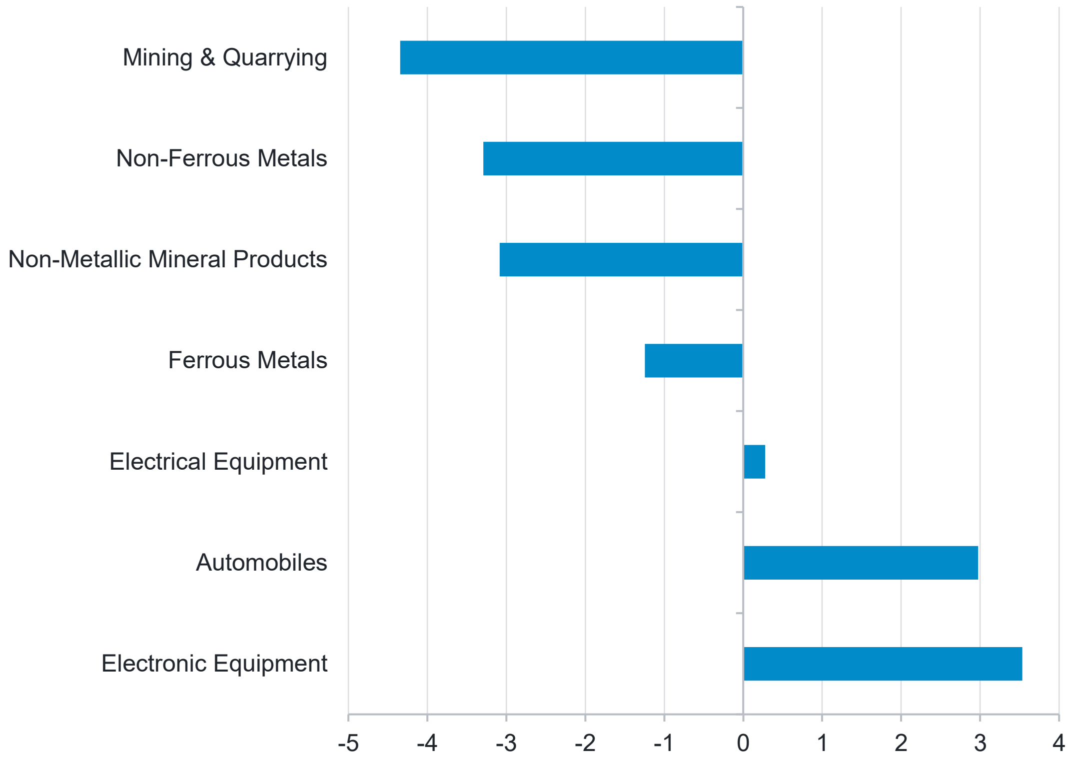
Demand for China's green tech may return as energy security is more crucial, trade barriers and anti-involution policies are key to the pace of exports growth

Number of reported trade barriers on China exports



Source: Chinese Commerce Ministry, Chinese Customs, Fidelity International, April 2026

Capacity utilization by sectors, change since Q3 2024 (%)

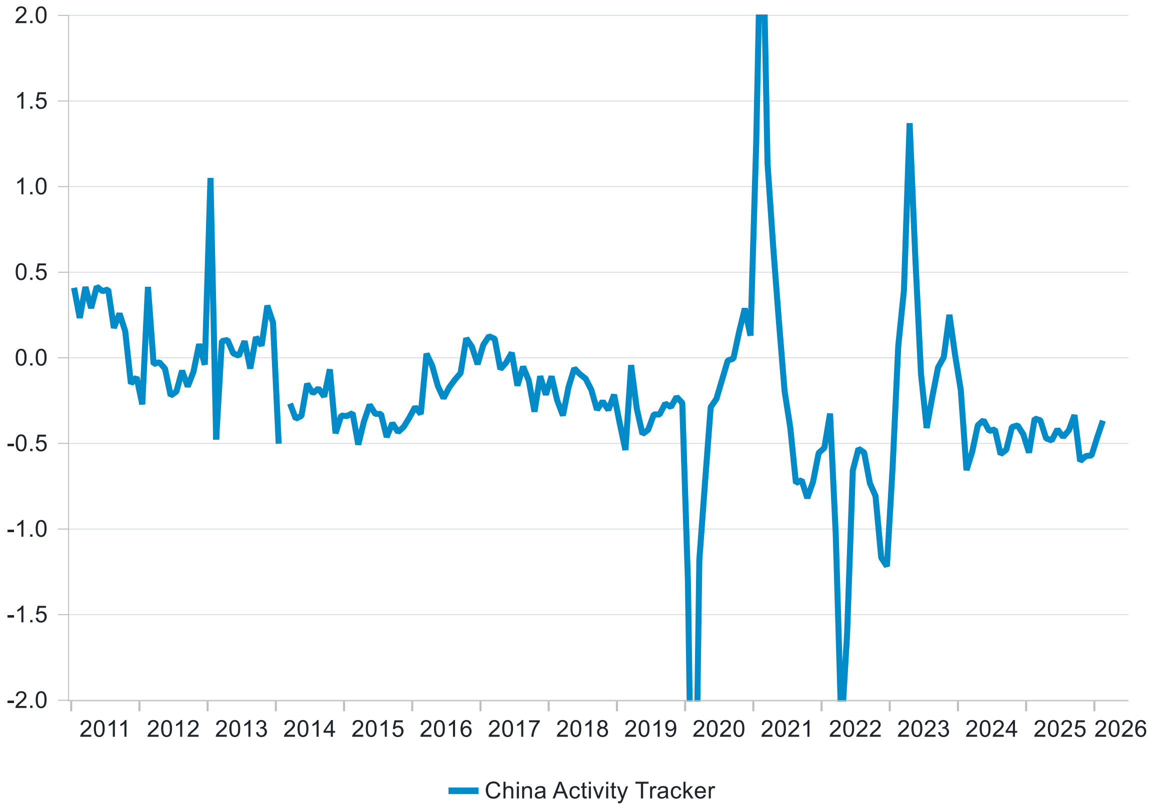


Source: Macrobond, Fidelity International, April 2026

China's Q1 real activities show resilience

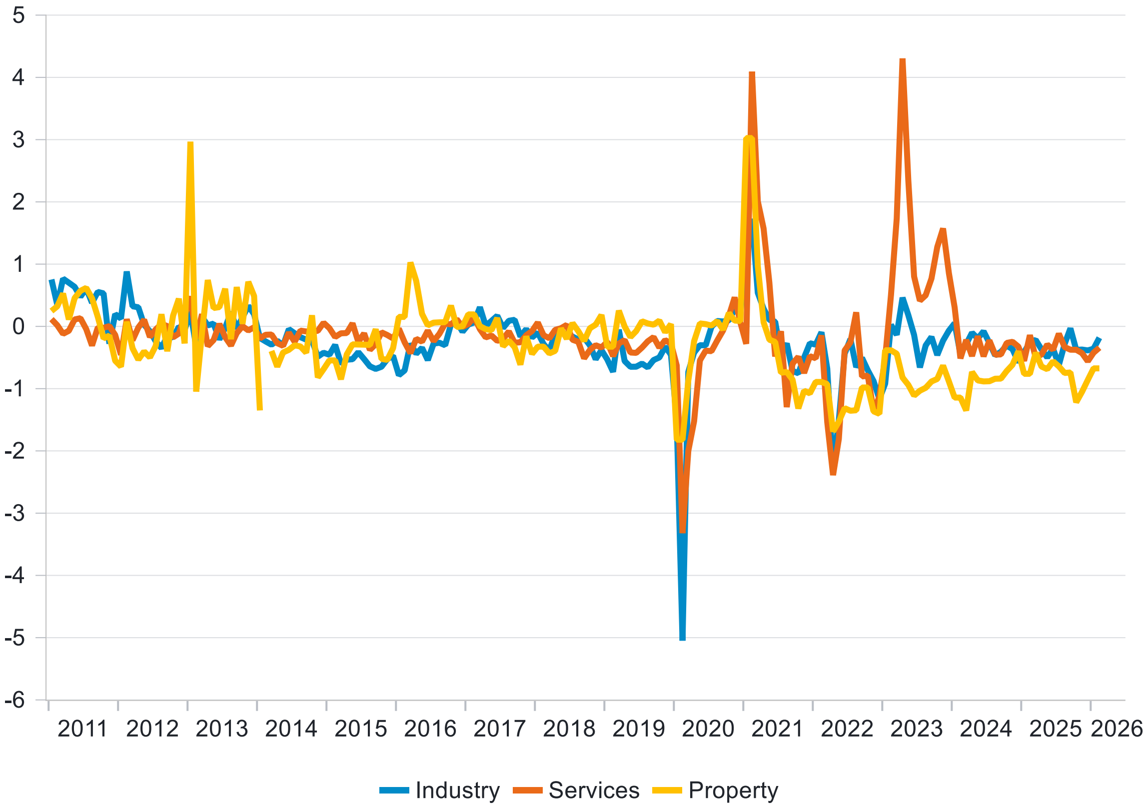
Property sector recovery gained momentum after the latest incremental easing in bigger cities

China Real Activities Tracker



Source: Fidelity International, Macrobond, April 2026

China Real Activities Tracker by Sector

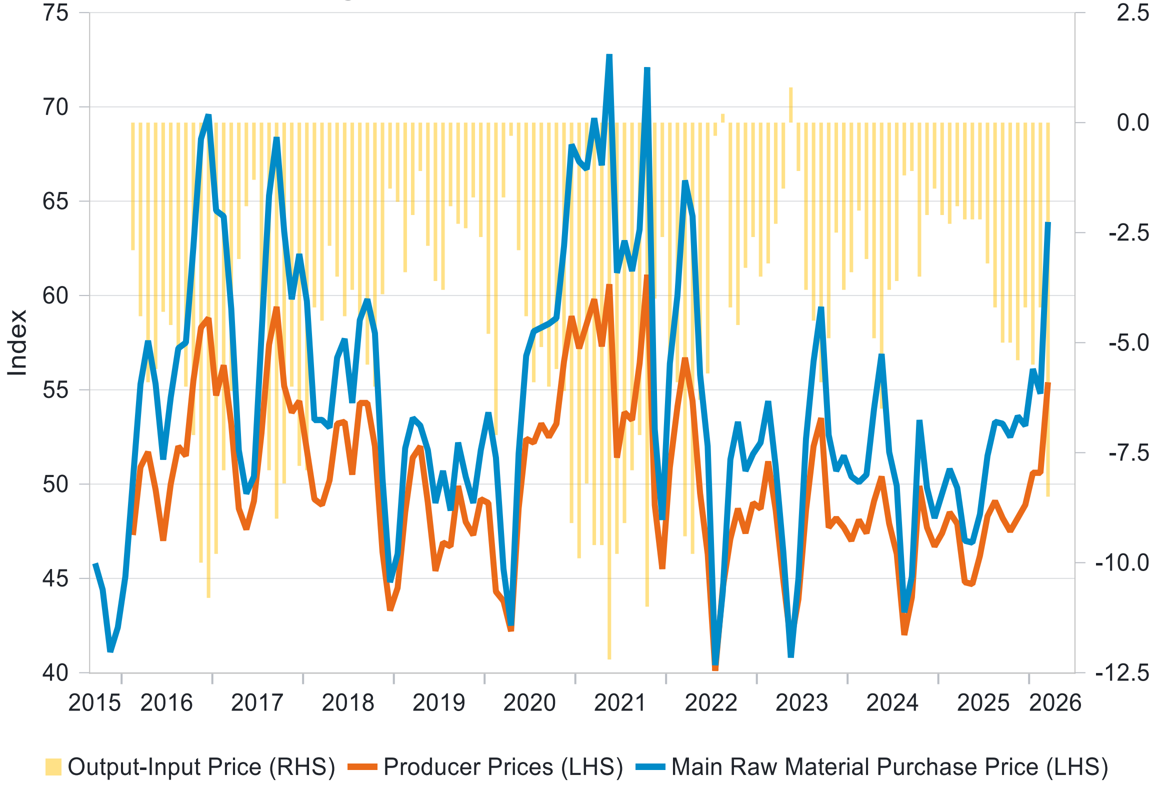


Source: Fidelity International, Macrobond, NBS, China National Bureau of Statistics (NBS), April 2026

Reflation will be supply-driven

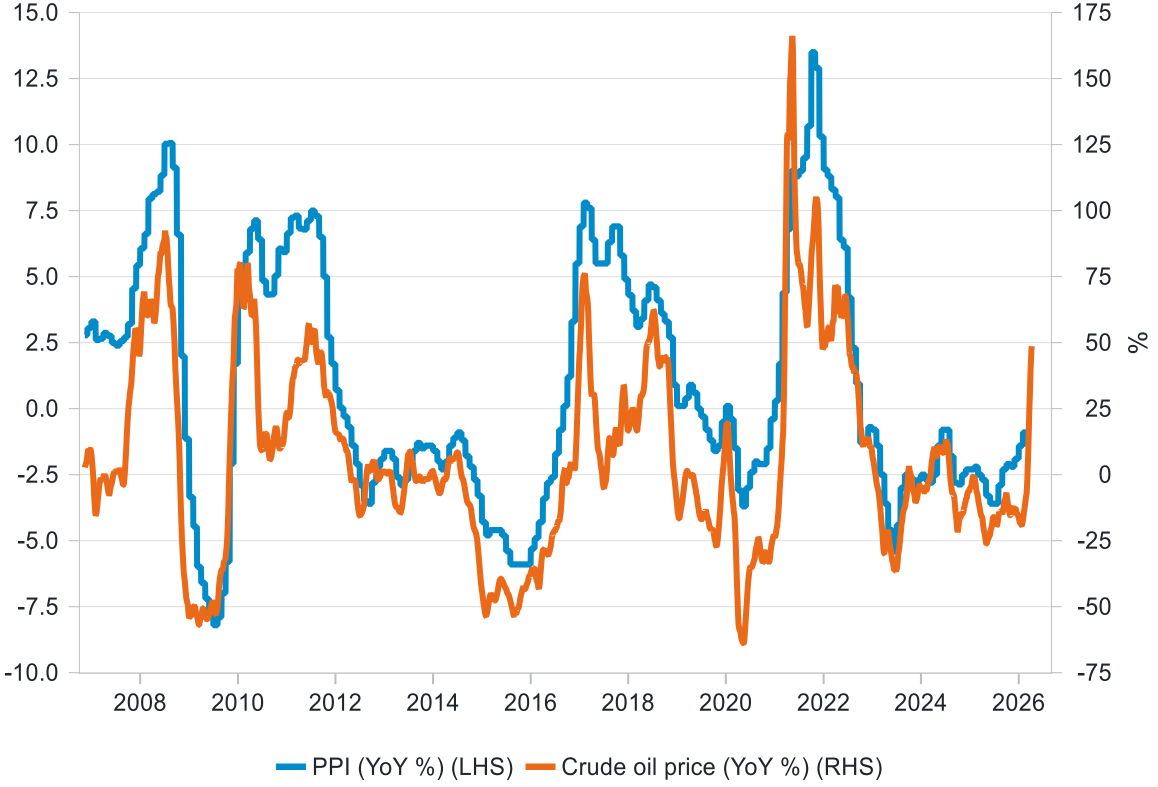
China manufacturing input & output price PMIs

China Manufacturing Input & Output Price PMIs



Source: Fidelity International, Macrobond, CFLP, China Federation of Logistics & Purchasing, April 2026

China PPI and crude oil price



Source: Fidelity International, Macrobond, Bloomberg, NBS, April 2026.

China's Policy outlook

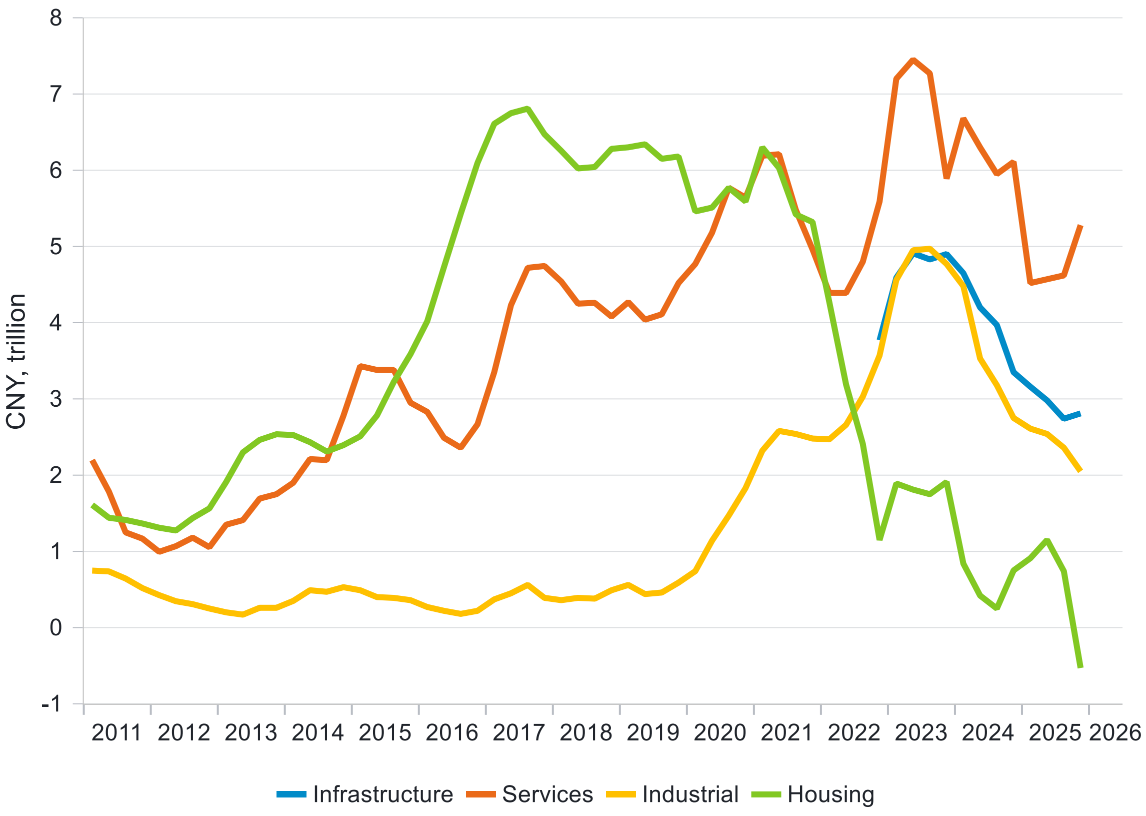
GDP lowered into a target range to offer flexibility. Policy room is reserved in view of rising uncertainties.

Key Targets from Government Work Reports

	2024	2025	2026
Key Economic Targets			
Real GDP	Around 5%	Around 5%	4.5-5%
Inflation	3%	2%	2%
Urban jobs creation	12 million	12 million	12 million
Unemployment Rate	5.50%	5.50%	5.50%
Key Policy Targets			
Official budget deficit	**3%**	**4%**	**4%**
General Govt Bond (planned)	**4.06trn**	**5.66trn**	**5.89trn**
Ultralong CGB	**1 trn**	**1.3trn**	**1.3trn**
-Strategic infrastructure	700bn	700bn	800bn
-Durable goods trade-in	150bn	300bn	250bn
-Equipment purchase and upgrading	150bn	300bn	200bn
- Unallocated	-	-	50bn
Bank recapitalisation bond	**-**	**700bn**	**300bn**
Local government special bond	**3.9trn**	**4.4 trn**	**4.4trn**
Fiscal-financial coordination fund	**-**	**-**	**100bn**

Source: Fidelity International, Gov.cn, April 2026

Loans by sector

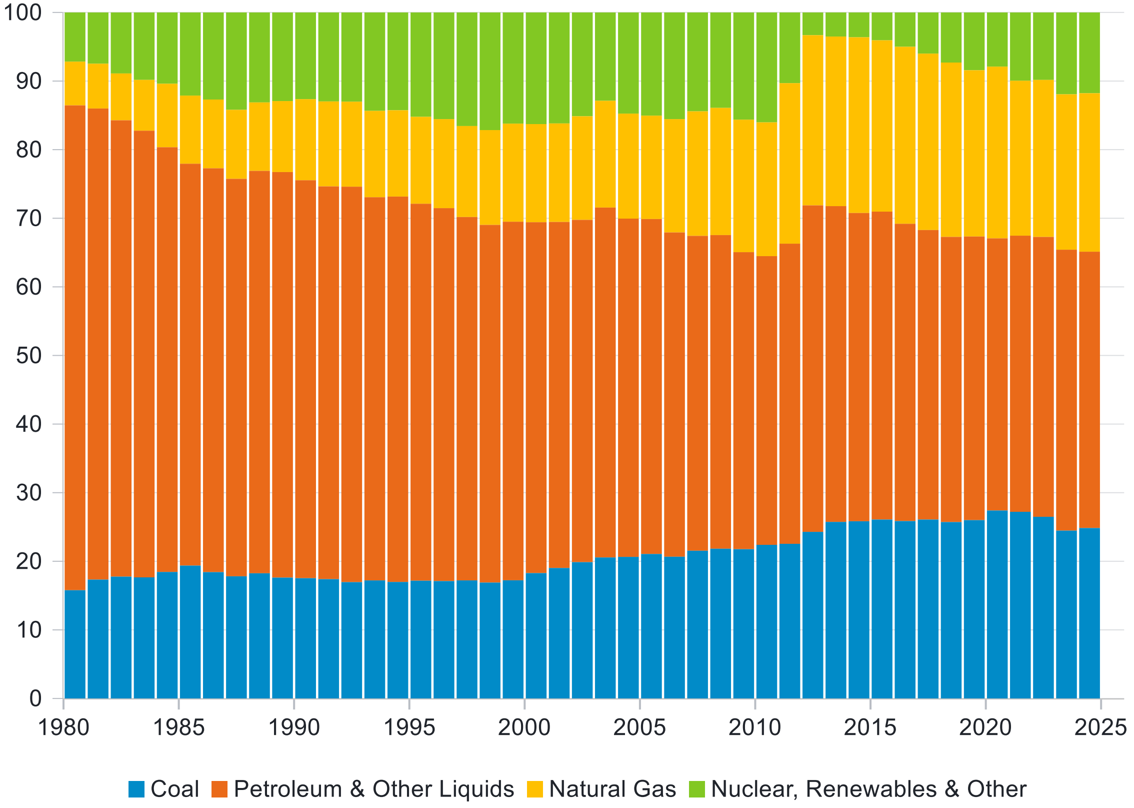


Source: Fidelity International, Macrobond, PBoC, April 2026.

Japan’s energy mix is more vulnerable to current shock

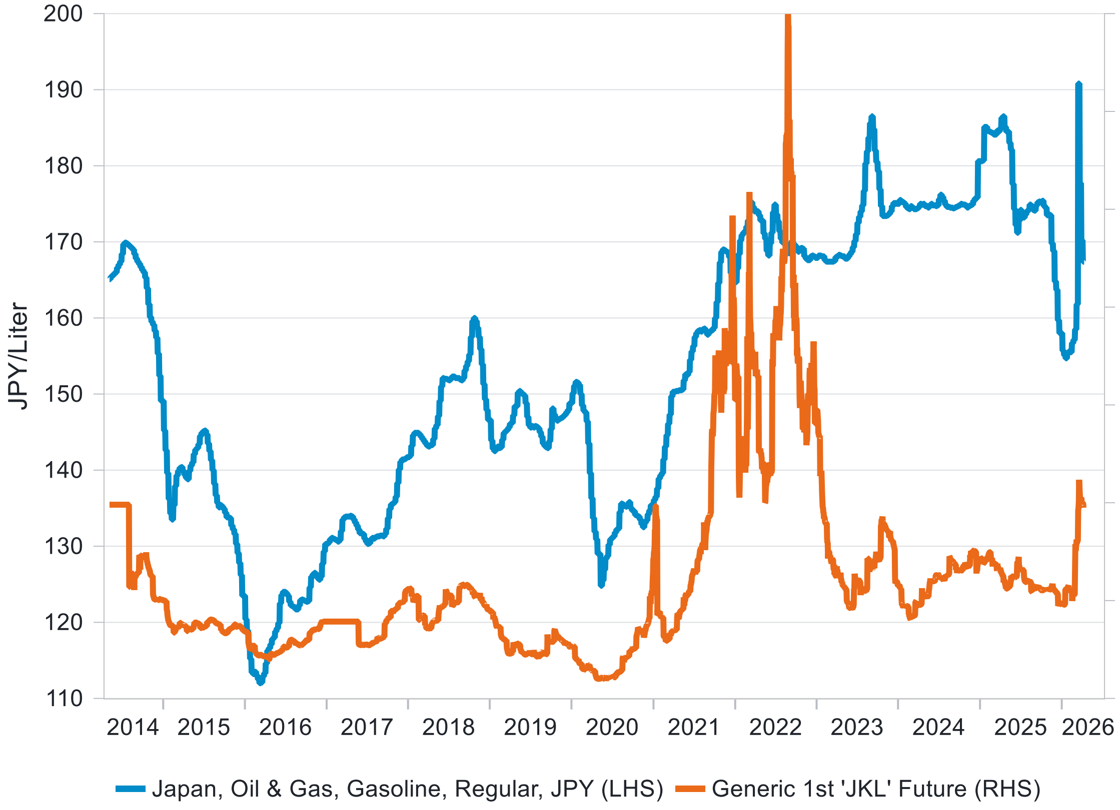
Reserves provide some buffer in the short term, additional energy subsidies still put more fiscal pressures.

Japan’s energy consumption structure



Source: Fidelity International, Macrobond, EIA, April 2026.

Gasoline prices after subsidy and spot LNG prices

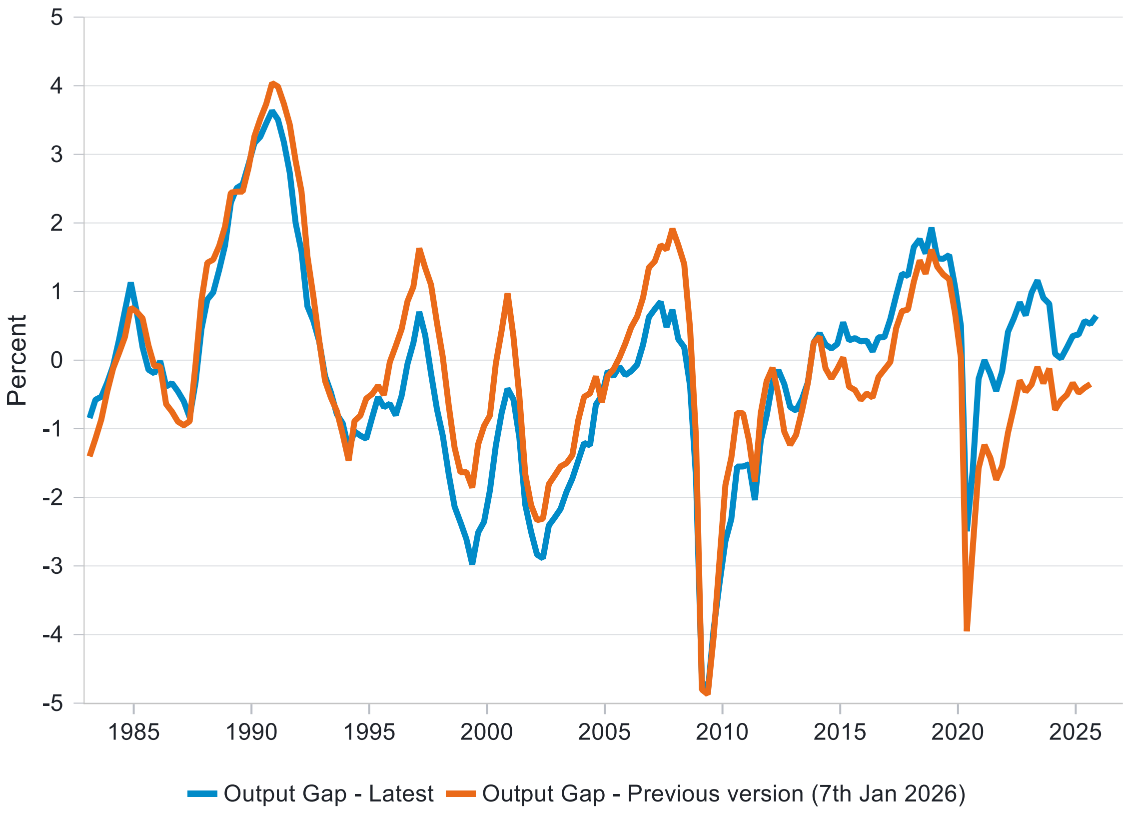


Source: Fidelity International, Macrobond, Bloomberg, METI, April 2026.

BOJ's upward revision in CPI and output gap

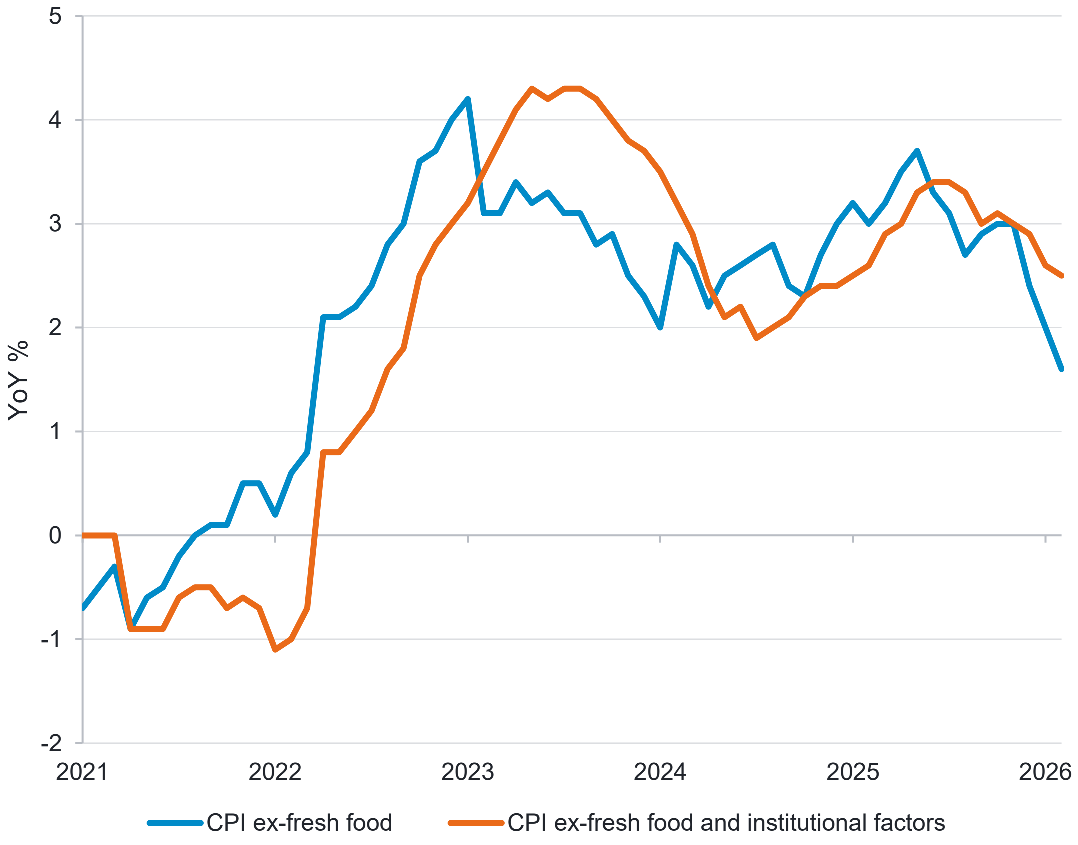
The latest revisions justify the rate hike path; CPI will likely face more upside pressure from ME conflict.

BOJ Output gap



Source: Fidelity International, Macrobond, BOJ, April 2026.

Core CPI

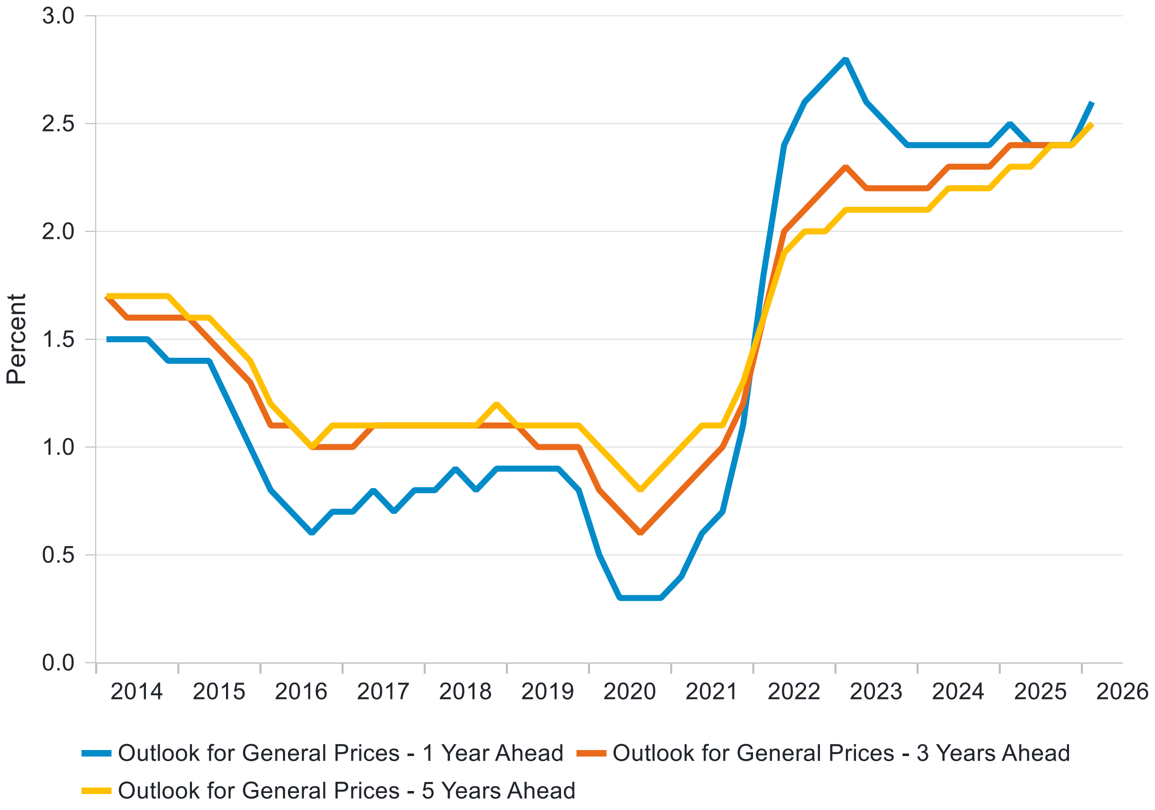


Source: Fidelity International, BOJ, April 2026

Japan's inflation expectations increase further

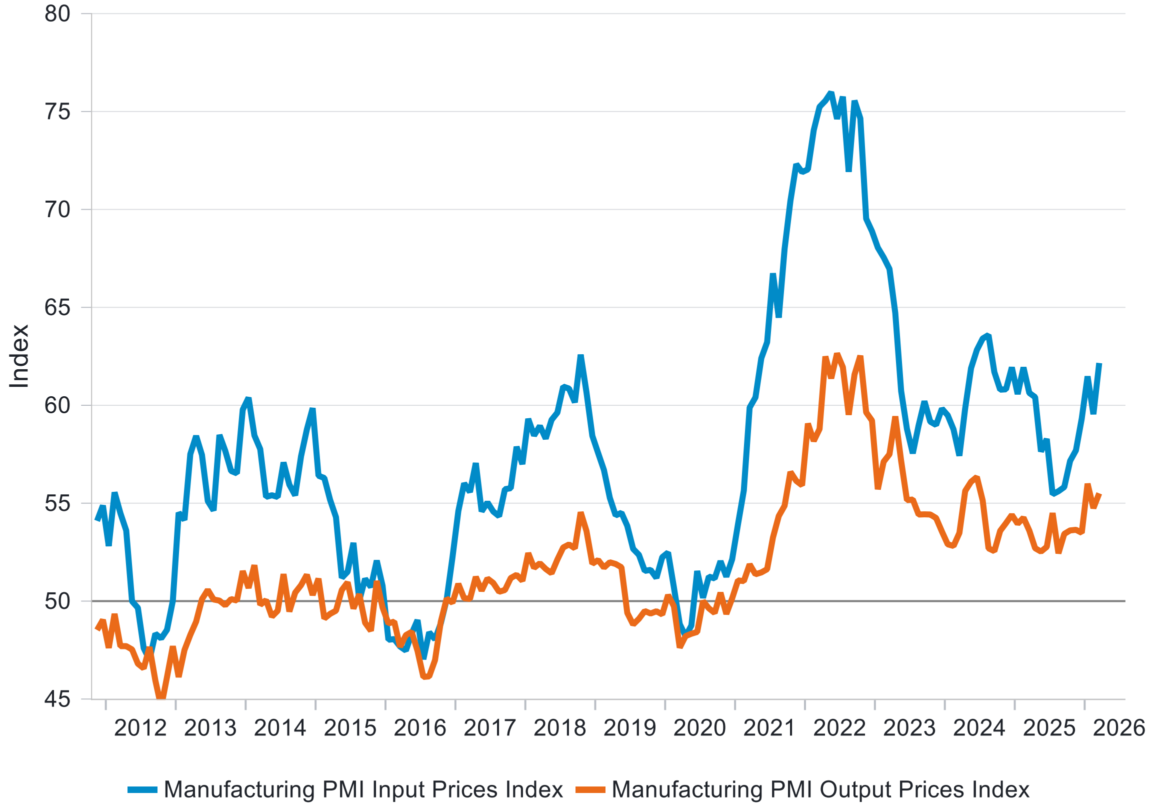
Inflation expectations in Tankan survey and latest PMI data point to further reflation, supporting BOJ hikes.

TANKAN inflation outlook



Source: Fidelity International, Macrobond, BOJ, April 2026.

Manufacturing PMI input and output prices



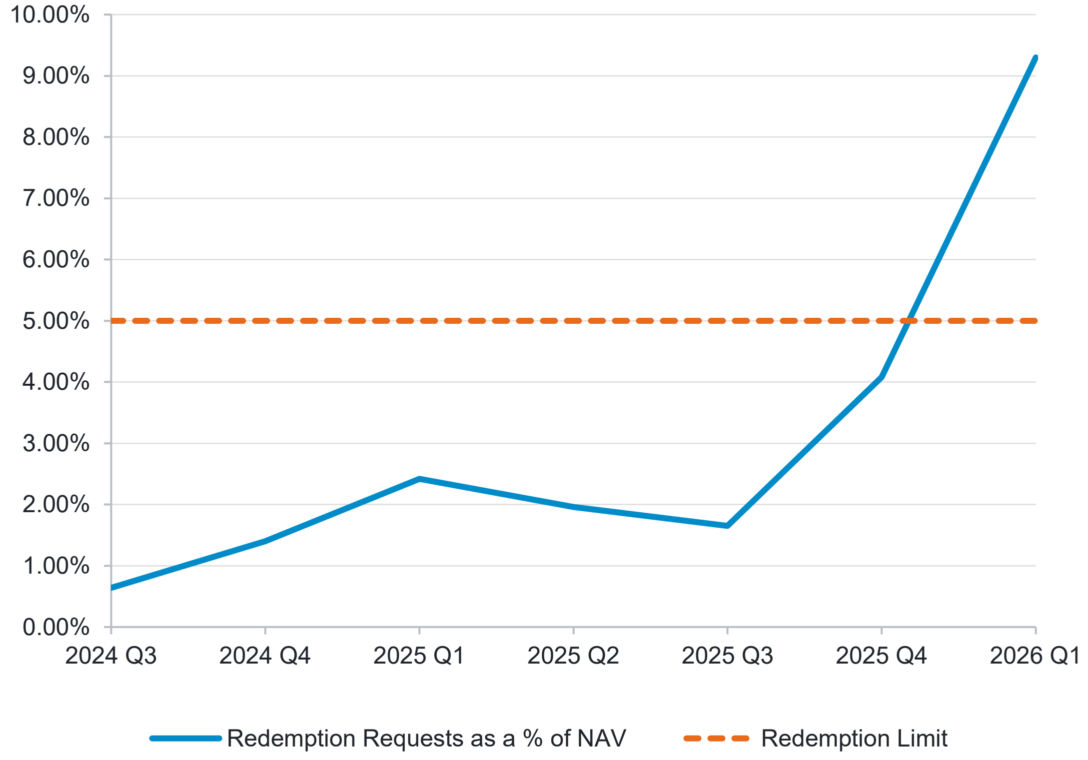
Source: Fidelity International, Macrobond, S&P Global, S&P Global, April 2026

Private Credit

Redemptions increasing and valuations are now lower

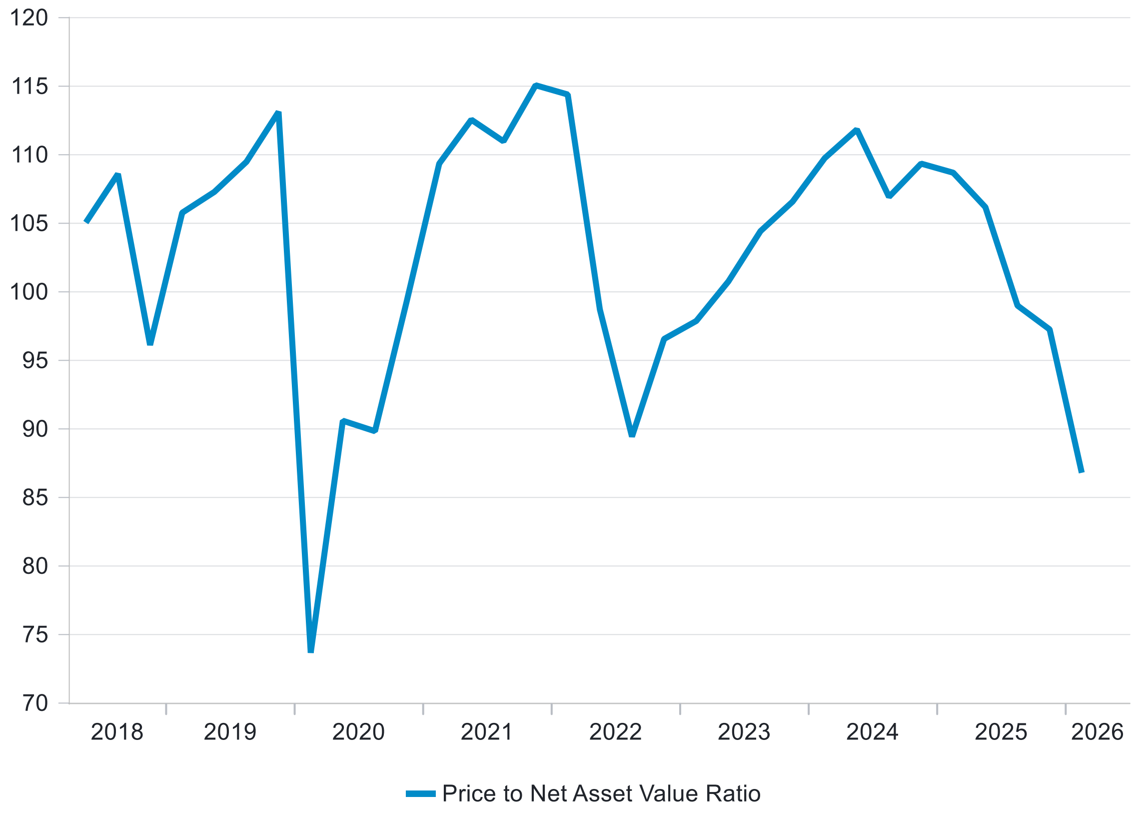
Redemption halting at Blackrock's HPS fund mirrors similar elsewhere, while valuations have fallen

Blackrock recently halted redemptions on the HPS fund as they exceeded the 5% limit



Source: Fidelity International, Bloomberg, March 2026

With Price to NAV ratios trending low for BDCs

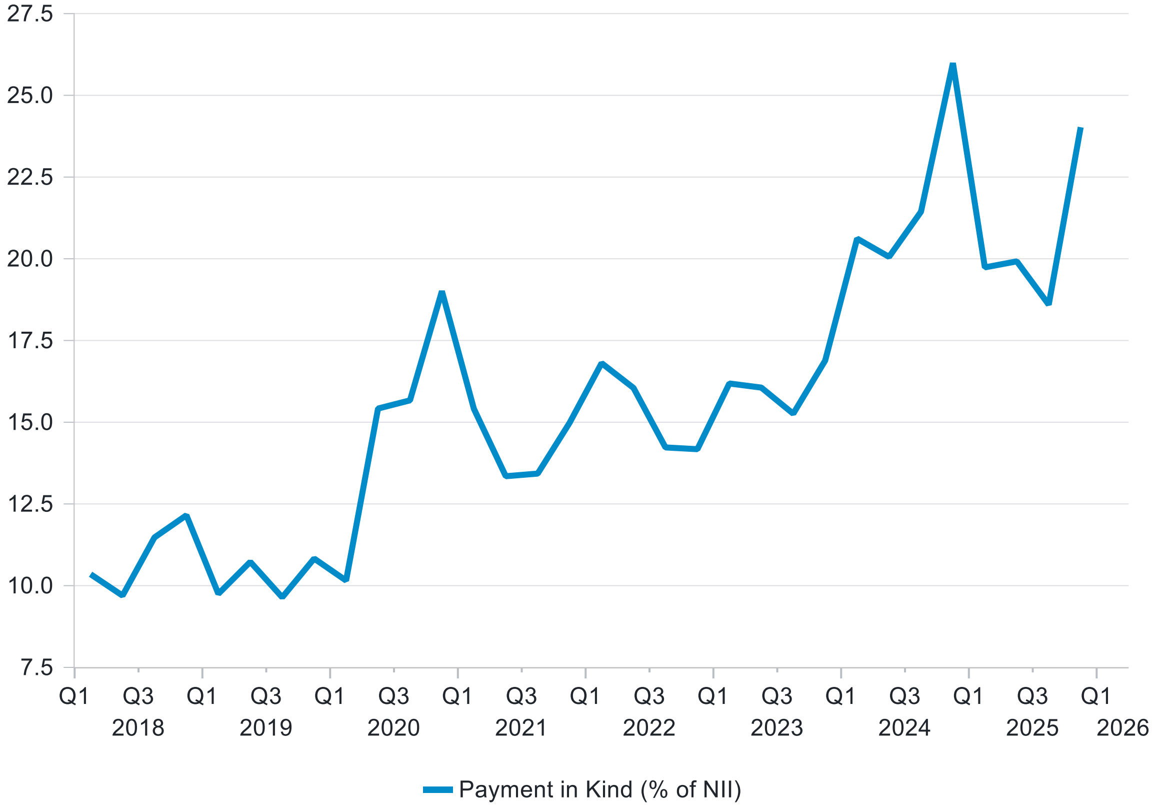


Source: Fidelity International, Bloomberg, March 2026

There are early signs of private credit distress

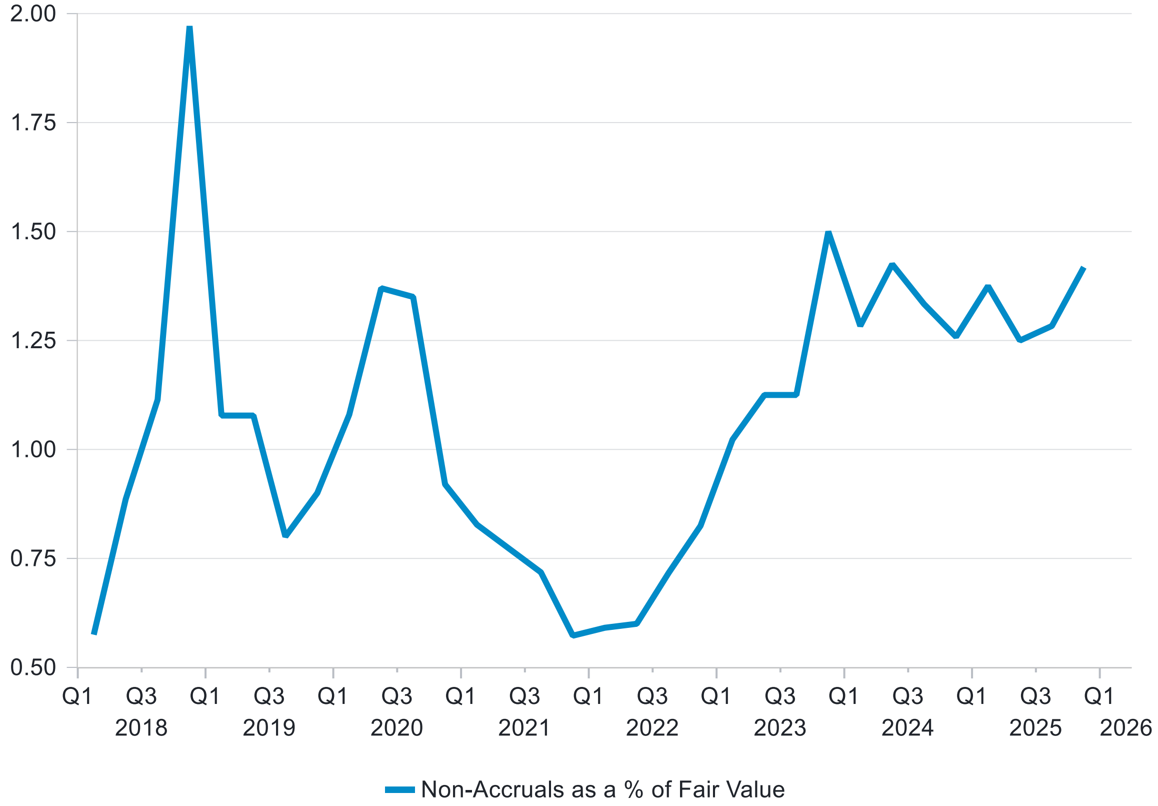
Payment in kind as a percentage of net investment income has jumped, a potential sign of distress

Payment in kind as a proportion of NII has jumped for BDCs



Source: Fidelity International, Bloomberg, March 2026

Even as non-accruals have been more static

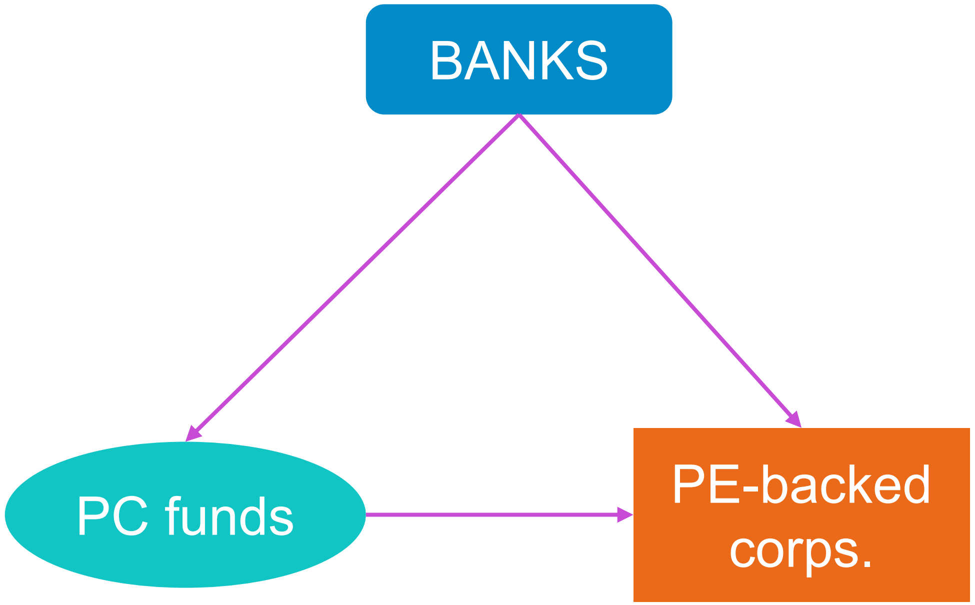


Source: Fidelity International, Bloomberg, March 2026

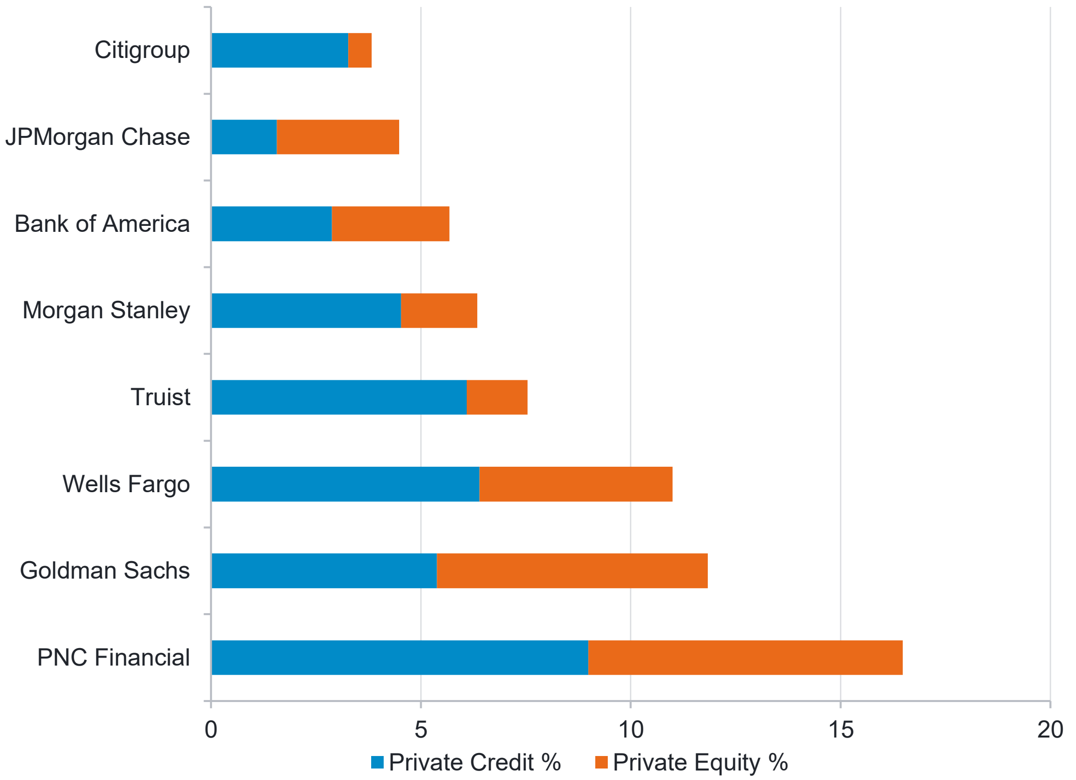
The bank-private credit/equity nexus is alive

A number of key players in global markets have reasonable exposures to private credit/equity

Banks are directly exposed to PE sponsored corps., and indirectly via the leverage they provide to PC funds



Banks' exposure to private credit and equity % of total lending

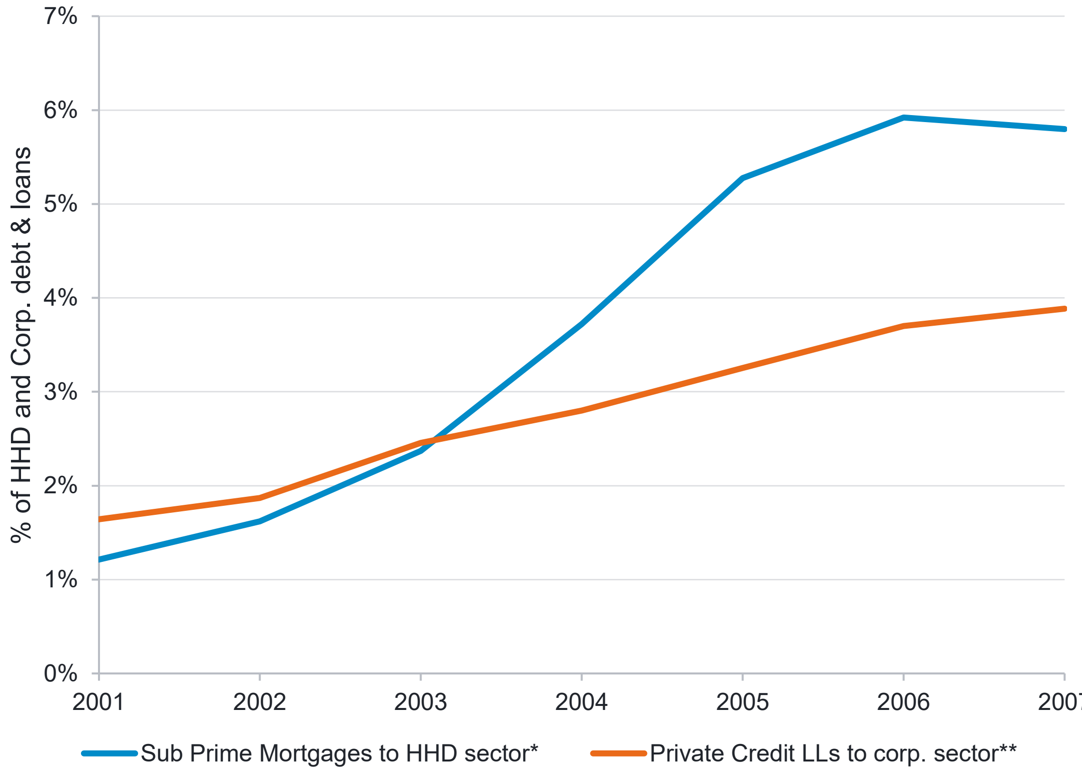


Source: Fidelity International, Bloomberg, Company data, S&P, Moody's, Federal Reserve, April 2026

Systemwide exposure to private credit not as significant as sub prime pre GFC

However, banks have been ramping up exposure post 2024

Private credit relative to subprime in the run up to the GFC

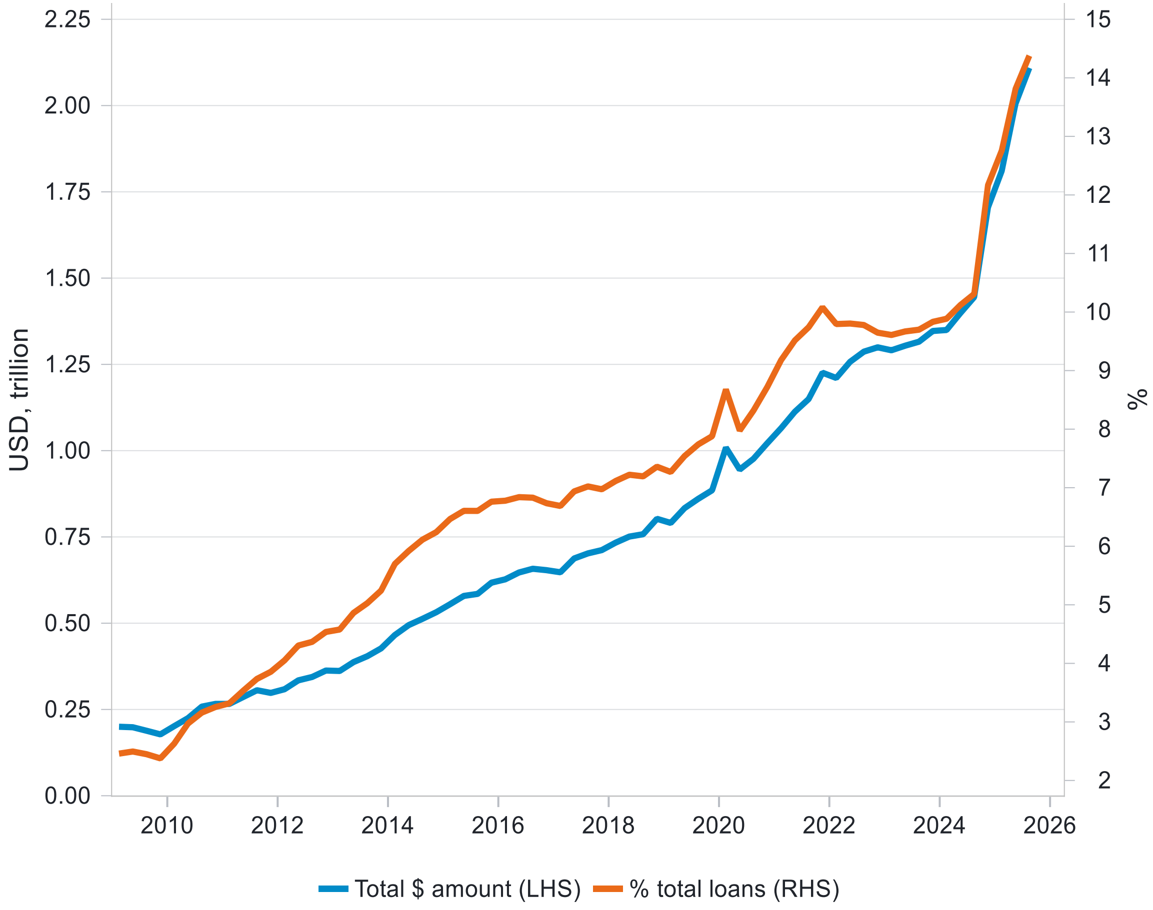


*FIL Global Macro team calculations, FRED, JEC (2007), Bernanke (2007), Mayer & Pence (2008), Pinto (2008), NY Fed (2009).

**Goldman Sachs GIR, Pichbook, LCD, Preqin, LSEG Data & Analytics, BDC Collateral, Federal Reserve, March 2026.

Source: Fidelity International, April 2026.

Bank lending to shadow banks providers accelerated after 2024

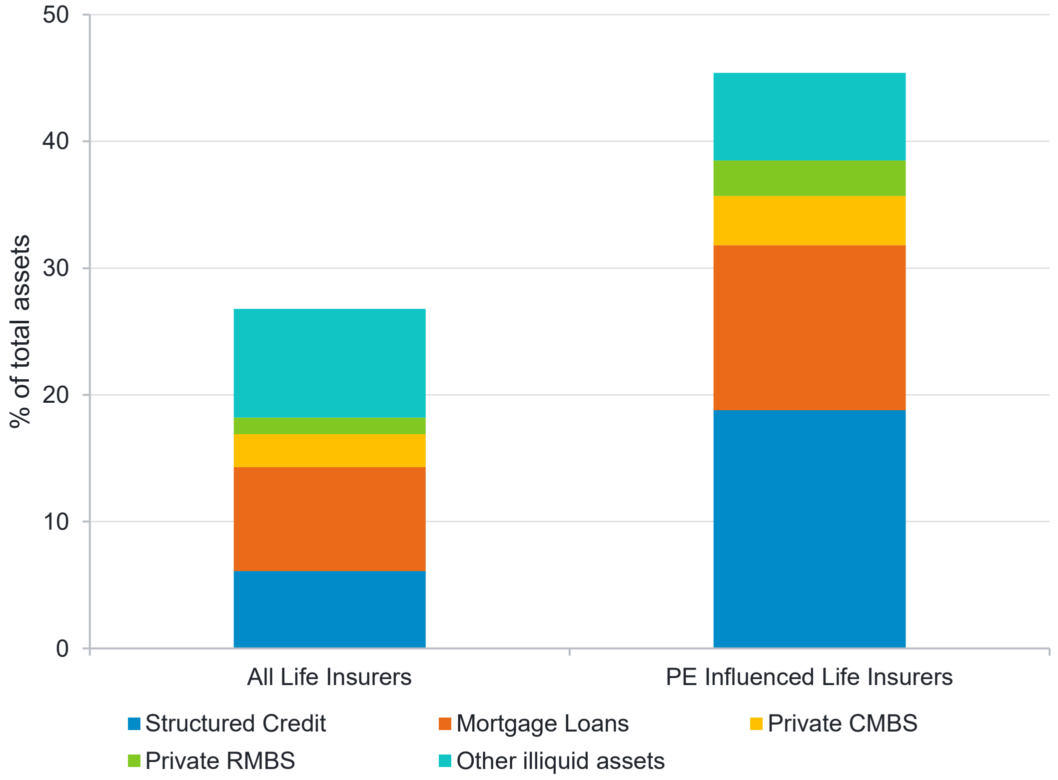


Source: Fidelity International, Macrobond, IMF, April 2026.

Private credit risks elevate both bank and insurers risk profiles

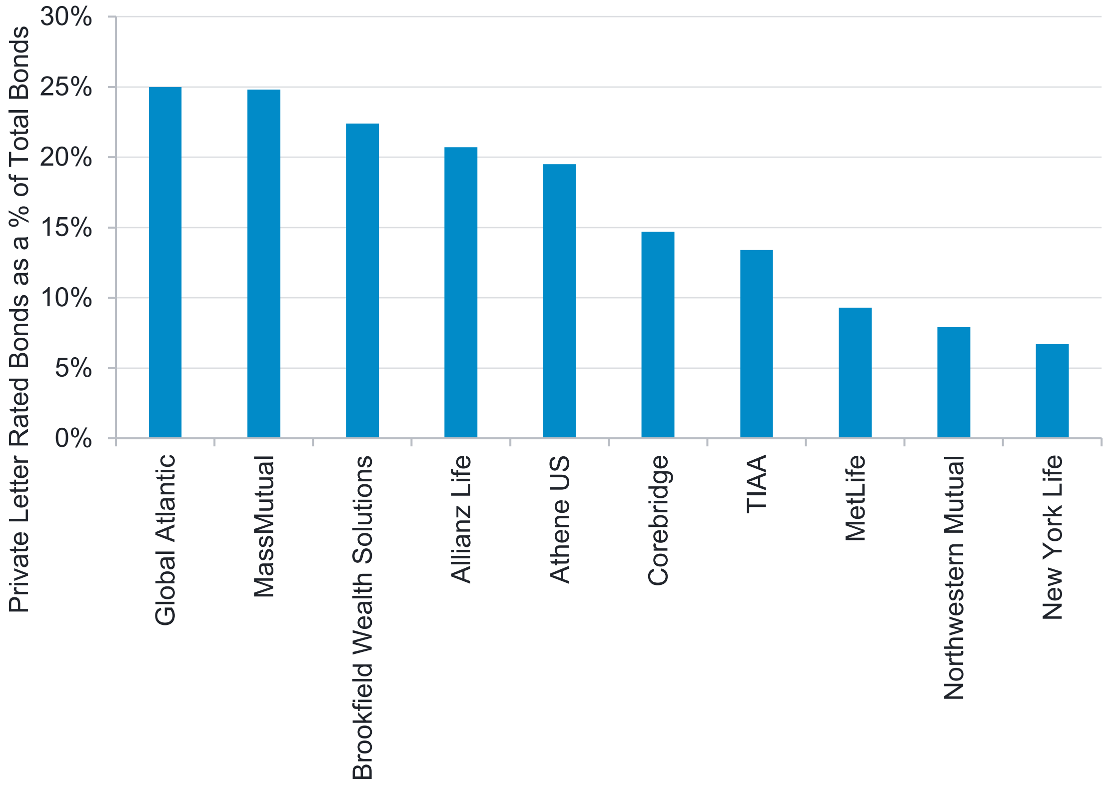
The insurance-private credit nexus is alive, while banks exposures to private credit firms is substantial

US insurers allocation to illiquid assets



Source: Fidelity International, IMF, April 2026

A number of insurers hold a high % of private letter rated bonds

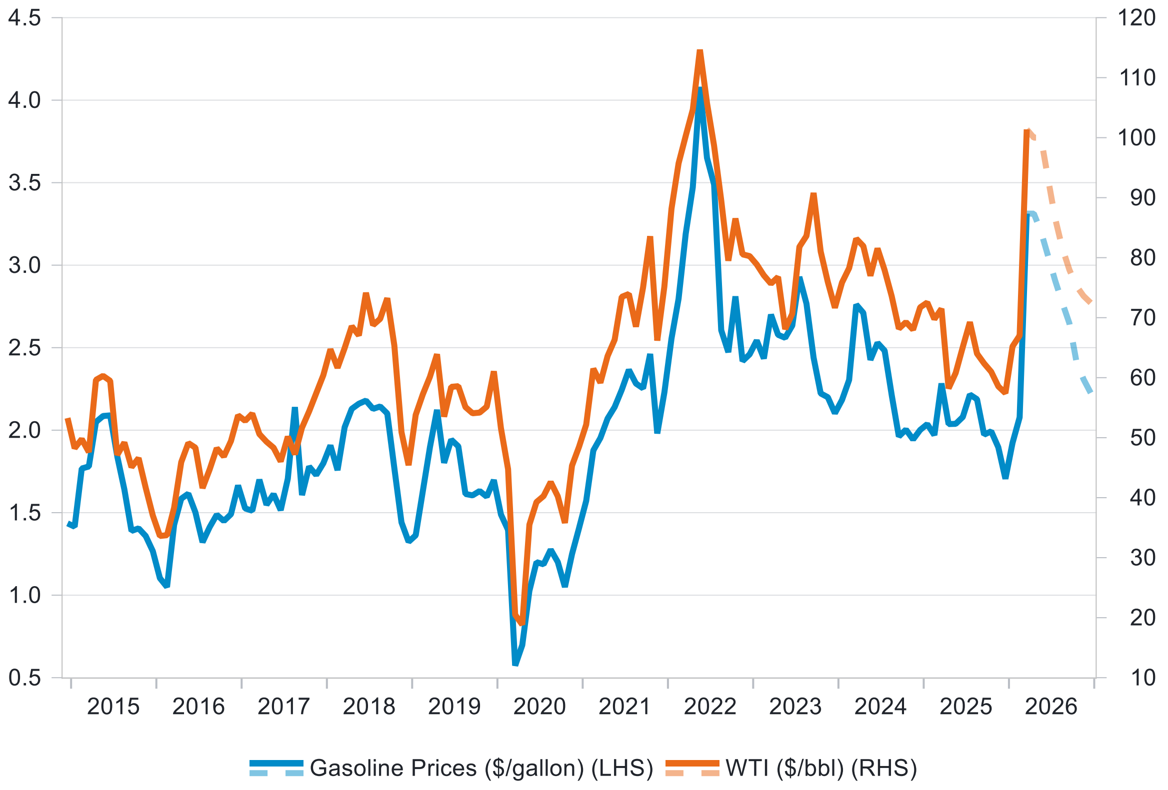


Source: Fidelity International, Financial Times, Moody's Ratings, April 2026 based on YE 2024 data

Appendix

US Oil and gasoline prices futures curve

US Oil and Gasoline prices

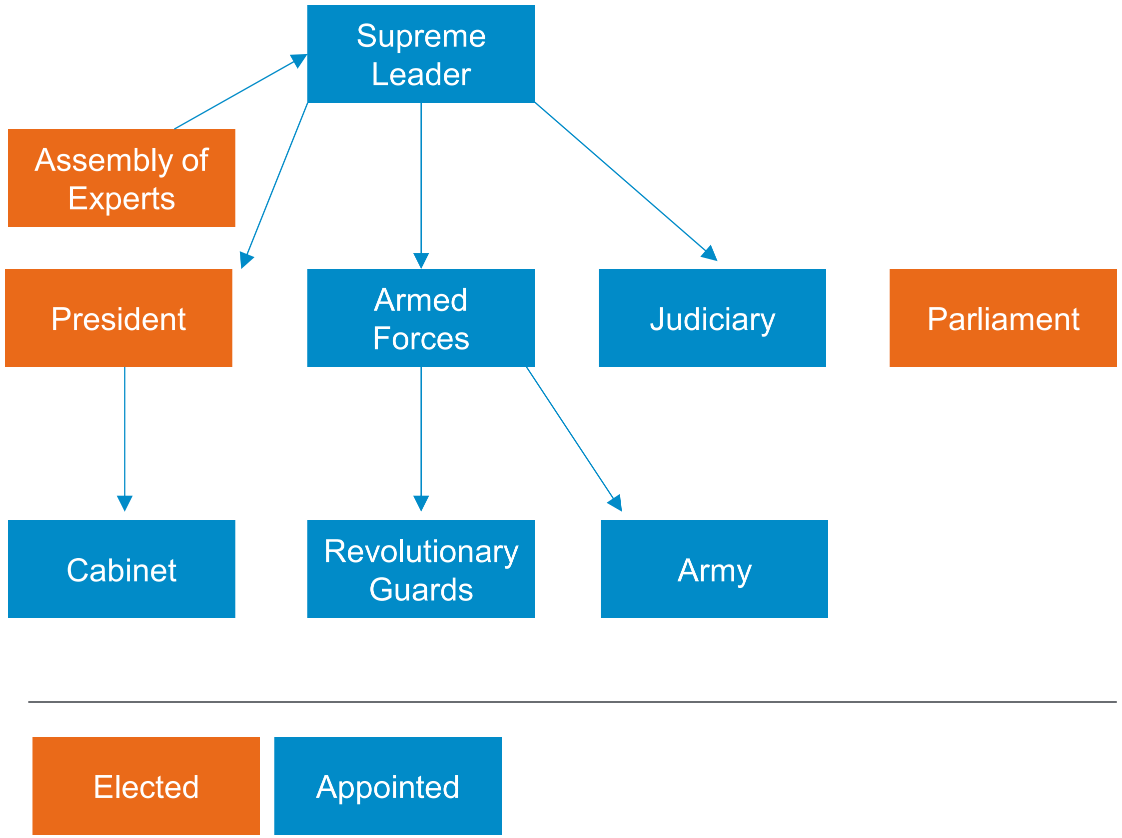


Note: Oil and Gasoline futures price curve as of March 31, 2026
Source: Fidelity International, Bloomberg, April 2026.

The Iranian political structure is significantly different to previous conflict regimes

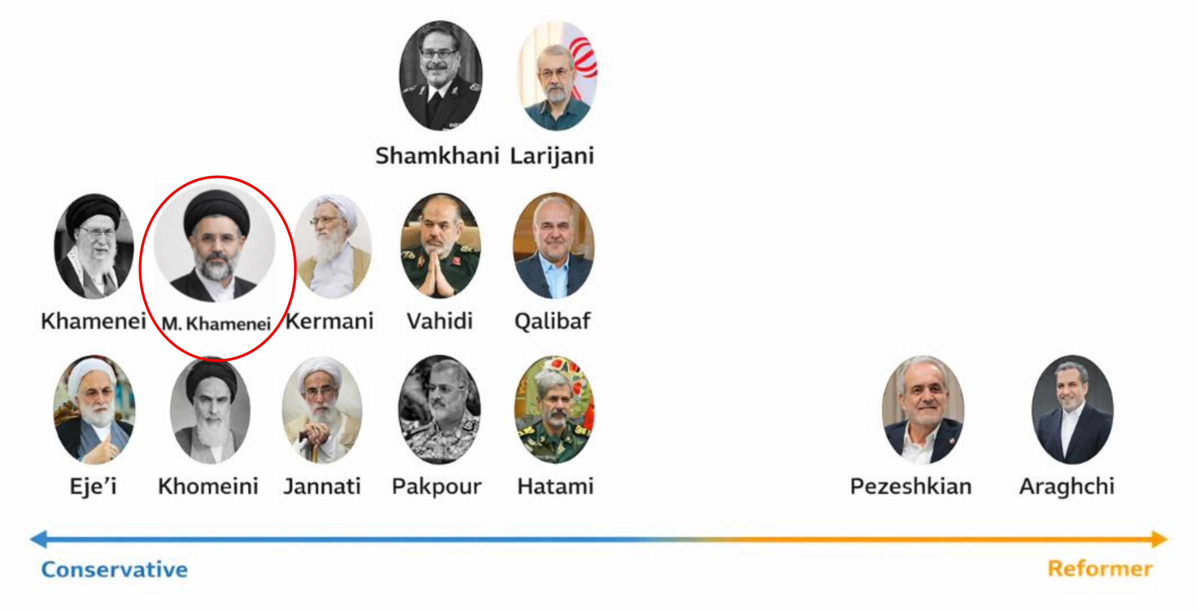
Iran’s governance structure is notably different to Iraq and Libya

The Iranian governance structure is complex



Source: Fidelity International, Bloomberg, March 2026.

New leader is on the more conservative end of the scale



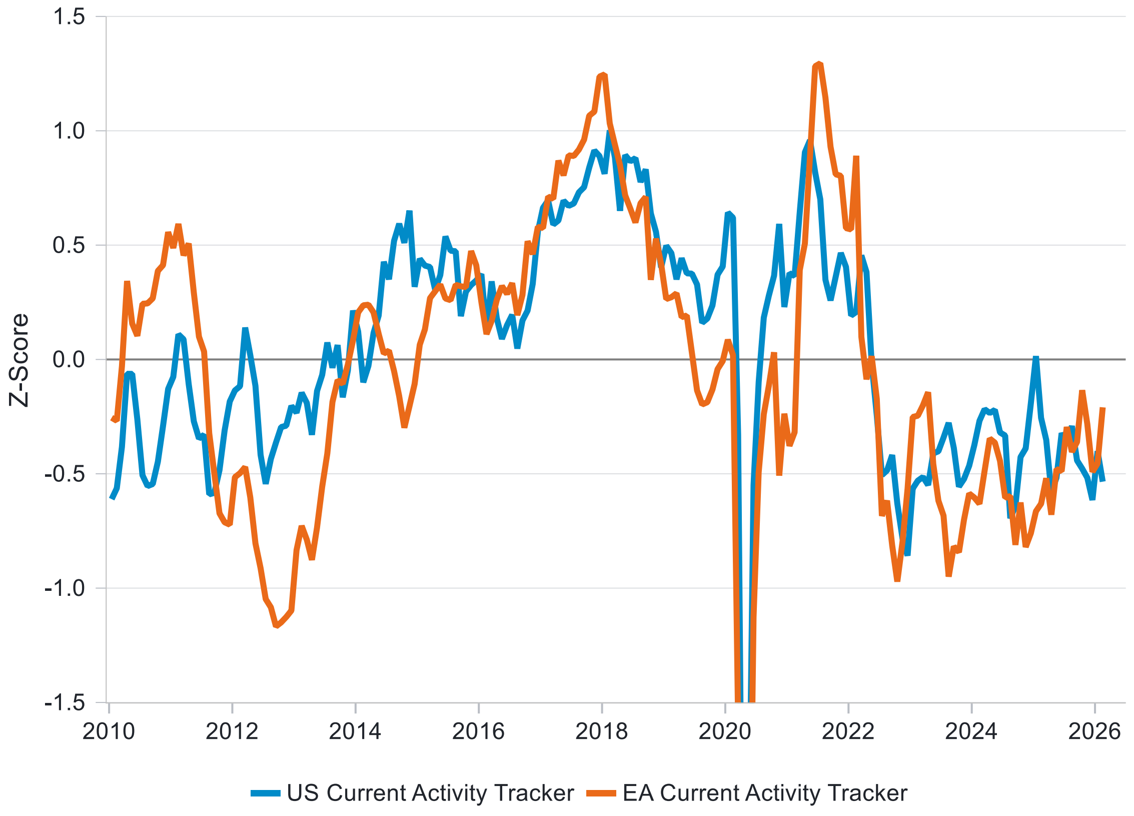
Note: Black and white represents officials who are confirmed by Iran to be deceased.

Source: Fidelity International, Bloomberg, March 2026.

Forward looking activity trackers improved at the end of 2025

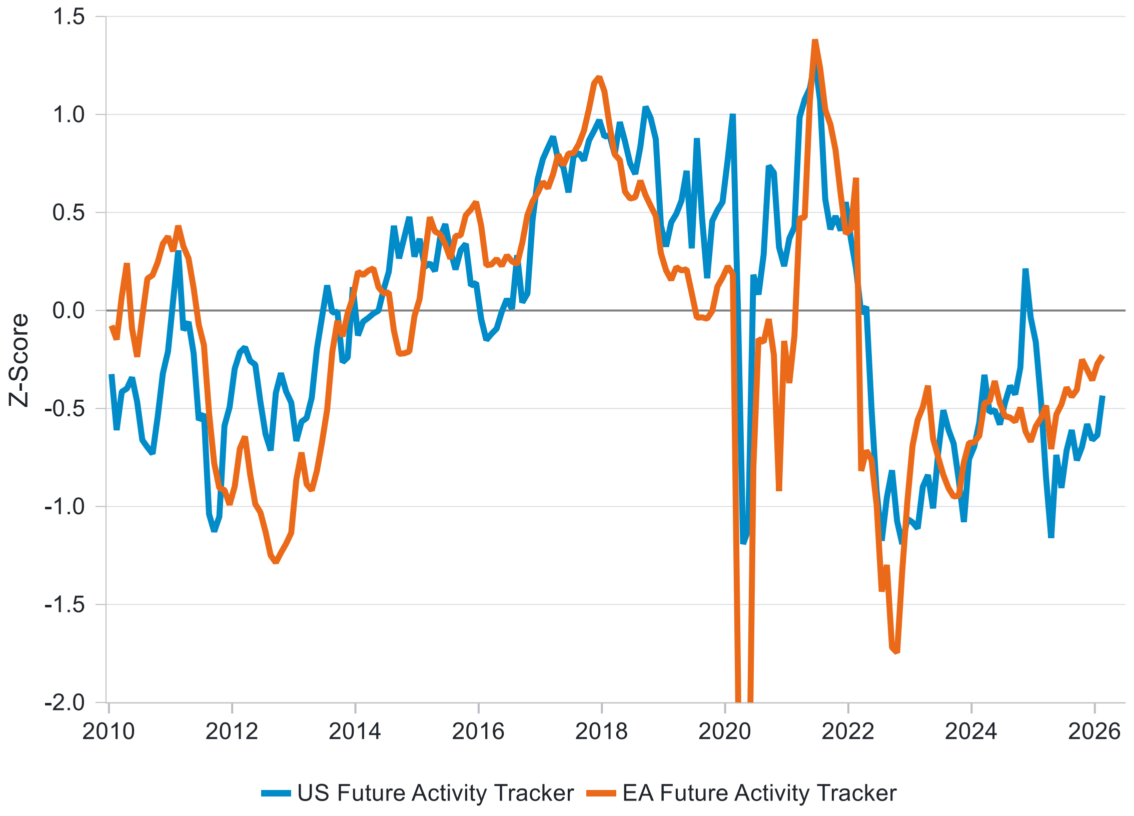
Future sentiment does not yet however reflect war related uncertainty

Current activity trackers: US and euro area



Source: Fidelity International, FIL Global Macro Team calculations, Macrobond, April 2026.

Future activity trackers: US and euro area



Source: Fidelity International, FIL Global Macro Team calculations, Macrobond, April 2026.

Detailed targets of China's 15th Five Year Plan

Category	Indicator	2025	2030	Annual / Cumulative	Type
Economic Development	1. GDP growth (%)	5	—	Maintain within a reasonable range; propose annually as appropriate	Expected
	2. Growth in total labor productivity (%)	6.1	—	Higher than GDP growth	Expected
	3. Urbanization rate of permanent residents (%)	67.9	71	—	Expected
Innovation-Driven Development	4. Growth in total R&D expenditure (%)	9.1	—	>7	Expected
	5. High-value invention patents per 10,000 people (units)	16	>22	—	Expected
	6. Digital economy core industry value-added as % of GDP (%)	10.5*	12.5	—	Expected
	7. Urban surveyed unemployment rate (%)	5.2	—	<5.5	Expected
	8. Growth in per capita disposable income (%)	5	—	In step with GDP growth	Expected
	9. Average years of education of working-age population (years)	11.3	11.7	—	Binding
People's Livelihood & Wellbeing	10. Medical personnel per 1,000 population	Licensed (persons)	3.1	3.7	—
		Registered nurses (persons)	4.3	5.1	
	11. Proportion of nursing-type beds in elderly care institutions (%)	68	73	—	Expected
	12. Increase in enrollment rate of children under 3 (percentage points)	—	—	[6]	Expected
	13. Average life expectancy (years)	79.25	80	—	Expected
Green & Low-Carbon Development	14. Reduction in CO_2 emissions per unit of GDP (%)	[17.7]	—	[17]	Binding
	15. Share of non-fossil energy in total energy consumption (%)	21.7	25	—	Binding
	16. PM2.5 concentration in prefecture-level and above cities (μg/m³)	28	<27	—	Binding
	17. Proportion of surface water bodies meeting good quality standards (%)	80	85	—	Binding
	18. Forest coverage rate (%)	25.1*	25.8	—	Binding
Security & Safeguards	19. Comprehensive grain production capacity (100 million tons)	1.39	About 1.45	—	Binding
	20. Comprehensive energy production capacity (100 million tons of standard coal)	51.3	58	—	Binding

Source: Gov.cn, Fidelity International, April 2026

Indicators underlying our PCAs and Labour Market Tightness Indicator

Updated on a monthly basis

USA PCA Framework – Indicators used

US Current activity tracker
PMI Manufacturing - Production
PMI Manufacturing – Employment
NAHB Single Family Home Sales
Philly Fed Manufacturing Business Activity
Richmond Fed Manufacturing – Capacity Utilisation
PMI Non-Manufacturing - Business Activity
PMI Non-Manufacturing – Employment
Richmond Fed Service Sector - Revenue
Richmond Fed Service Sector – No of Employees (3mma)
UMICH Consumer Sentiment Current Conditions
Conference Board Consumer Confidence Present Situation
Mortgage Purchase Applications

US Future activity tracker
PMI Manufacturing - New Orders
NAHB Single Family Home Sales - In 6 months
Philly Fed Manufacturing - Future Business Activity
Empire State Manufacturing – New orders
Richmond Fed Manufacturing – Capacity Utilisation in 6 months (3mma)
PMI Services - New Orders
PMI Services - New Export Orders
Richmond Fed Service Sector Demand – 6 months ahead (3mma)
UMICH Consumer Sentiment Expectations
Conf. Board Consumer Confidence Expectations
Conf. Board Expectations of Buying New Home in 6M
Richmond Fed Manufacturing wages in 6 months (3mma)

Eurozone PCA Framework – Indicators used

EA Current activity tracker
German Ifo Business Climate: Manufacturing
EC Industrial Confidence
EC Construction Confidence
PMI Manufacturing - Quantity of Purchase
PMI Manufacturing - Production
EC Service Confidence
PMI services
German Ifo - Business Climate: Services
German Ifo - Passenger car demand
EC Consumer Confidence
ZEW Economic Sentiment
EC Retail
EC Employment Expectation

EA Future activity tracker
German Ifo 6 Months ahead
EC Industrial Production expectations
PMI manufacturing New orders
PMI manufacturing New Export orders
PMI Construction New orders
EC Services expected demand over next 3 months
EC Retail trade expected business situation
PMI services New business
EC Consumption fin situation next 12 months
EC Consumption eco situation next 12 months
Sentix Future

Fidelity Labour Market Tightness Indicator

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

Source: Fidelity International, 2026.

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

China Activity Indicator subcomponents

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

Source: Fidelity International, FIL Global Macro Team calculations, 2026.

Global Macro & SAA team

Powering asset allocation across Fidelity's investment teams

Our team

Salman Ahmed Global Head of Macro & SAA	
Max Stainton Senior Global Macro Strategist	**Stefan Rusev** Senior SAA Strategist
Peiqian Liu Asia Economist	**Edoardo Cilla** CMA Strategist
Ashray Ohri Macro Strategist	**Weiye Kou** Associate CMA and SAA Strategist
Conor Parle Eurozone Economist	

Our role

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

Evolving Fidelity's capabilities

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

Source: Fidelity International, 2026.

Important information

Important information

In Korea, this material is issued by FIL Asset Management (Korea) Limited. This material has not been reviewed by the Financial Supervisory Service, and is intended for the general information of institutional and professional investors only to which it is sent.

Issued in Japan, this material is prepared by FIL Investments (Japan) Limited (hereafter called "FIJ") based on reliable data, but FIJ is not held liable for its accuracy or completeness. Information in this material is good for the date and time of preparation, and is subject to change without prior notice depending on the market environments and other conditions. All rights concerning this material except quotations are held by FIJ, and should by no means be used or copied partially or wholly for any purpose without permission. This material aims at providing information for your reference only but does not aim to recommend or solicit funds /securities.

For information purposes only. Neither FIL Limited nor any member within the Fidelity Group is licensed to carry out fund management activities in Brunei, Indonesia, Malaysia, Thailand and Philippines.

FIL Investment Management (Australia) Limited (ABN 34 006 773 575, AFSL No. 237865) and FIL Responsible Entity (Australia) Limited (ABN 33 148 059 009, AFSL No. 409340) are the legal representatives of Fidelity International in Australia. This is intended as general information for a person who is a "wholesale client" under section 761G of the Corporations Act 2001 (Cth) and has been prepared without taking into account any person's objectives, financial situation or needs. Not for distribution to or use by retail clients.

ISG6394