Global Economic Monitor

November 2011

OUR EURO, YOUR PROBLEM

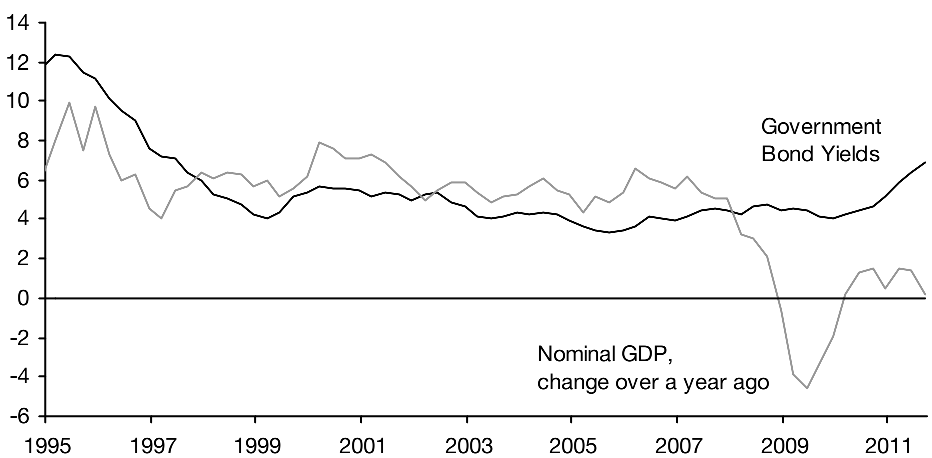
- The situation in the Euro Area has taken a serious turn for the worse in the past month. The economy has tipped into what we believe to be a recession, which will only serve to widen budget deficits and weaken bank asset quality further.

- Policy makers are floundering to deal with this situation, amid very challenging economic and political constraints. Some of their actions may be making the problem worse, not better: the program to provide debt relief for Greece has scared bond investors away from other peripheral markets; banks are being forced to bolster capital ratios quickly and, in so doing, will accelerate balance sheet contraction, including holdings of government debt; and key countries — most notably Italy — have been painfully slow to adopt structural reforms. Most important of all, the region seems to lack a coherent strategy to restore solid nominal income growth, which is central to sovereign debt sustainability (Chart 1).

- The ECB has moved front and center in this turbulent environment and is the only institution capable of providing realistic support in coming weeks. More easing is likely at the December meeting and the ECB is likely to continue to augment its non-traditional policies designed to bolster the working of regional banks and sovereign debt markets.

- The rest of the world looks on anxiously. In this context, managing the global fallout from abrupt shrinkage in European bank balance sheets now underway will be critical if an untimely re-tightening in global credit conditions is to be avoided.

Chart 1
GIIPS: 10 Year Goverment Bond Yields and Nominal GDP
percent, GDP-weighted averages



For the first years of the Euro, nominal GDP growth exceeded bond yields in the periphery. Since 2008, the reverse has occurred, straining markets' perceptions of debt sustainability.

Robin Koepke
1-202-857-3313
rkoepke@iif.com

Kristina Morkunaite
1-202-857-3640
kmorkunaite@iif.com

Laura Piscitelli
1-202-857-3655
lpiscitelli@iif.com

Litia Shaw
1-202-857-3659
lshaw@iif.com

Philip Suttle
1-202-857-3609
psuttle@iif.com

Emre Tiftik
1-202-857-3321
etiftik@iif.com

EURO AREA: DIE ECONOMIES GRIMM

- The economic situation in Europe continues to deteriorate. Last month, we revised our forecast to incorporate a mild recession in the Euro Area in 2011Q4-2012Q1. This month, we have extended and deepened that recession somewhat. We now project the Euro Area to contract by 1%y/y for 2012 as a whole. Three factors account for this greater degree of pessimism.

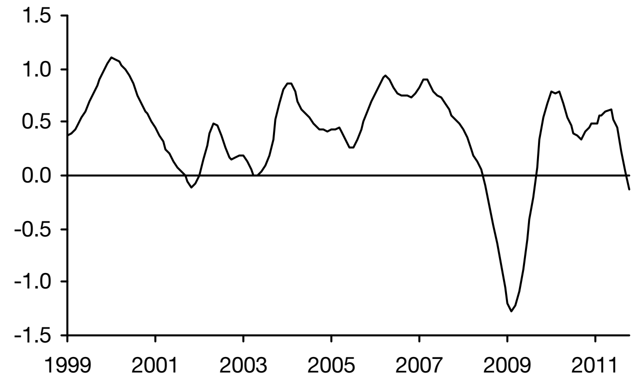
- First, incoming data for late Q3/early Q4 have been weaker than we had thought. The October round of data came in at levels that we had not expected until the turn of the year. German data have weakened surprisingly fast, as unemployment there rose in October. The synthetic Euro-Coin business cycle indicator has fallen very fast in the past couple of months (Chart 2).

- Second, financial market developments have been far more adverse than we had projected. Spreads for Spain and Italy have widened significantly in recent weeks and liquidity in most government bond markets has fallen sharply. This has carried over to other credit markets in the region. Euro Area banks are now under pressure to trim assets aggressively and are doing so, in part, by selling non-core assets and cutting interbank credit to non-European borrowers. According to our latest lending survey (September H2), this has led to a marked tightening in funding conditions for banks operating in EMs (Chart 3).

- Third, policy reactions have—in some cases—intensified selling pressure in peripheral bond markets. Most obviously, weak adjustment efforts by some governments have raised market concerns. But measures to force losses on creditors and accelerate bank de-leveraging have not had the stabilizing effects some had hoped for.

- The good news is that the U.S. and Chinese economies have shown some better signs, even as Europe has hit the wall. U.S. growth accelerated in Q3 and has held on to that improving momentum in Q4 (Chart 4). Chinese growth has been more steady recently, but the Euro crisis seems to have delivered a combination of an easing in global inflation pressures and a pause in the (nominal) appreciation of the renminbi. Both of these should help check the impact of lost exports to Europe.

Chart 2
Euro Area: Real Economic Activity
*€-Coin index**



*€- coin is a real time, monthly estimate of Euro Area GDP growth, computed each month by Bank of Italy.

Chart 3
IIF Lending Survey: EM Bank Funding Conditions
index (50 = breakeven)

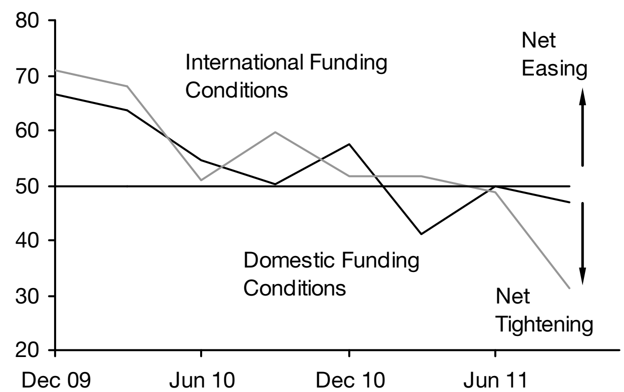
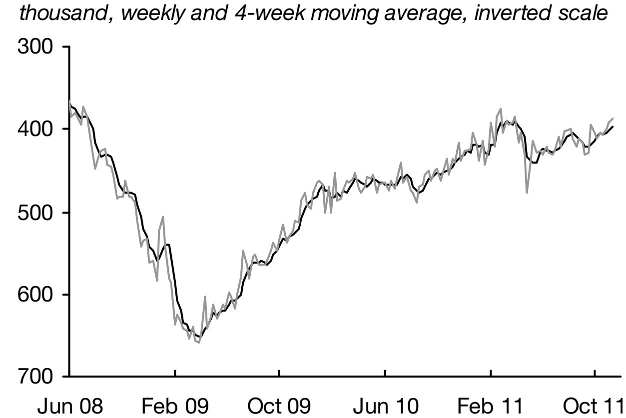


Chart 4
United States: Initial Jobless Claims
thousand, weekly and 4-week moving average, inverted scale



Global Overview

EUROPE SINKS ALONE (FOR NOW)

- The reduction in our Euro Area forecast for 2012H2 is enough to trim our estimate of global growth for 2012 as a whole from 3.3% to 3%. This headline figure disguises a continuing, significant growth gap between mature and emerging economies, however. Real GDP growth in mature economies looks to have settled into a phase of sub-1% readings, while emerging economies continue to expand in the 5%-6%, saar, range (Table 1).

- For mature economies overall, this weak growth trend is a very disappointing performance and would be consistent with steadily rising unemployment (concentrated in Europe) and poor budget performance (again, concentrated in Europe). While this phase may not qualify as a global recession, it is likely to feel like one to many households and businesses. In some ways, this weak performance mirrors the problems of 2002-03, when the mature economies were struggling to recover from the 2001 recession (Chart 5). The big difference, of course, is that the 2001 recession pales in comparison with the 2008-09 slump.

- Global manufacturing weakness is apt to be weakest in Europe, although the closely integrated nature of global industry means that spillover will be significant. Moreover, recent flooding in Thailand has been another shock to some key integrated global manufacturing sectors (e.g. autos and electronics) and is thus likely to have weakened global production data in October and November. Most confidence and production data have weakened in recent months, led by (but not limited to) the Euro Area (Chart 6). European weakness extends well beyond the Euro Area, however. The U.K. is flirting with recession and industrial production has fallen sharply in Emerging Europe in recent months (see Chart 8, next page).

- Recent U.S. growth readings have been at the better end of the spectrum, although this is not saying much given how weak growth was in the U.S. in 2011H1 and how poor conditions are in Europe today. The U.S. has avoided the tightening in financial conditions now underway in much of the Euro Area, and the relatively cheap level of the dollar helps cushion U.S. goods producers. The post-earthquake bounce in Japan is now fading, although ongoing reconstruction efforts will provide support into 2012.

Table 1
Global Real GDP Growth
percent, q/q saar

	11Q2	11Q3	11Q4	12Q1	12Q2
Mature Economies	0.7	2.1	0.9	0.3	0.6
United States	1.3	2.0	3.0	1.5	2.0
Euro Area	0.6	0.6	-2.0	-2.0	-1.5
Japan	-2.1	6.0	2.0	2.5	2.0
Emerging Economies	4.2	6.3	5.4	5.4	6.1
Latin America	4.7	2.1	2.3	2.9	4.8
Emerging Europe	2.7	5.3	2.1	2.4	2.4
Asia/Pacific	4.6	8.2	7.6	7.3	7.7
World	2.1	3.8	2.7	2.4	2.9

Chart 5
G3: GDP Growth
% q/q, saar; GDP-weighted avg. of U.S., Euro Area & Japan

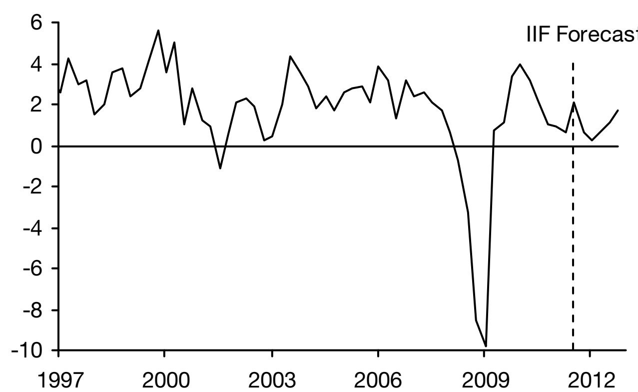
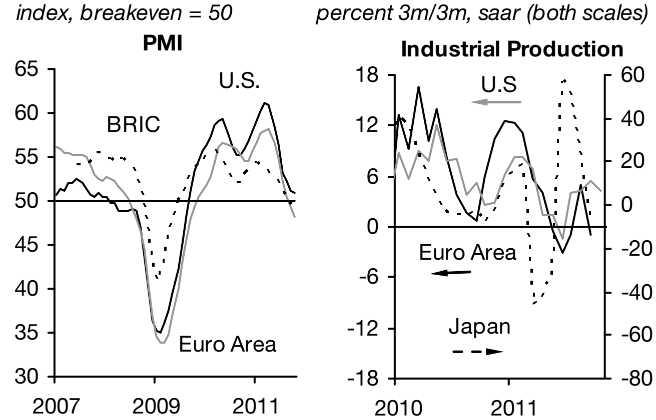


Chart 6
Global Industrial Conditions
index, breakeven = 50 *percent 3m/3m, saar (both scales)*



Global Overview

EMERGING ECONOMIES PROVIDE LIFE JACKETS

- Global goods demands in emerging economies are now almost as significant as those in mature economies. For example, auto sales in emerging economies are now almost as great as in mature economies (Chart 7). Similarly, oil demand in non-OECD countries is almost as large as oil demand from OECD countries (see Table 3, page 8). The issue is thus not whether emerging economies *can* provide support for a recessionary Euro Area (and weak overall group of mature economies), but whether they *will*.

- We continue to project solid domestic demand growth in emerging economies for 2012-13. Much of this vigor represents a long-run process of economic convergence. Emerging economies are in the midst of developing a sizeable middle class, with the associated acquisition of durable goods, including housing. Demographics are also generally more favorable to growth. Labor markets are far tighter than in mature economies, and solid nominal (and real) wage growth is an important feature of many emerging economies (especially China). Local credit conditions are also supportive. There is a persistent trend towards more vigorous EM credit growth (see Chart 12, page 5). Monetary tightening has now largely run its course. Finally, the recent easing in global energy and, especially, food prices is more important to boosting consumer real incomes in emerging markets than in mature economies.

- Don't look for significant fiscal expansion from emerging economies in coming quarters, however (see page 6). Fiscal stimulus will be limited to oil exporters in the MENA region.

- Recent industrial production data from emerging market regions have been quite weak. This is especially true of Latin America and Emerging Europe. In Latin America, strong real income gains are spilling abroad. In Emerging Europe, weakness in the west is spreading east.

- The relative persistent strength of emerging market demand is best highlighted by trends in merchandise import volumes (Chart 9). Overall world trade growth has slowed from the rebound in 2010. But the 10 percentage point emerging-mature growth differential evident between 2002 and 2008 has returned and should persist in coming quarters.

Chart 7
EM and Mature Economies: Retail Sales and Auto Sales
percent 3m/3m, saar (both scales) *million units, saar*

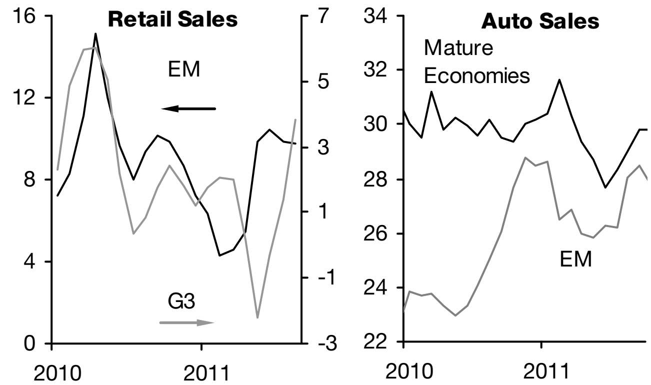


Chart 8
Emerging Economies: Industrial Production
percent change 3m/3m, saar

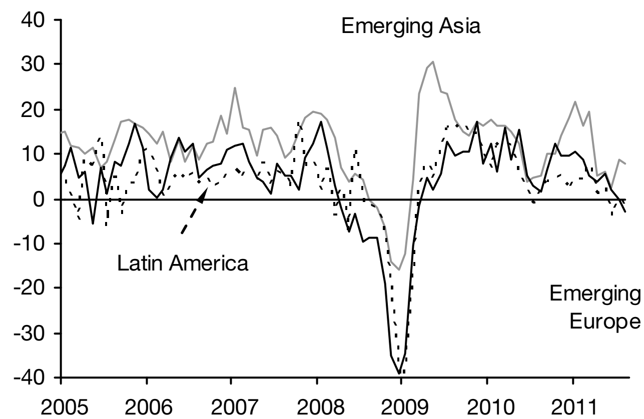
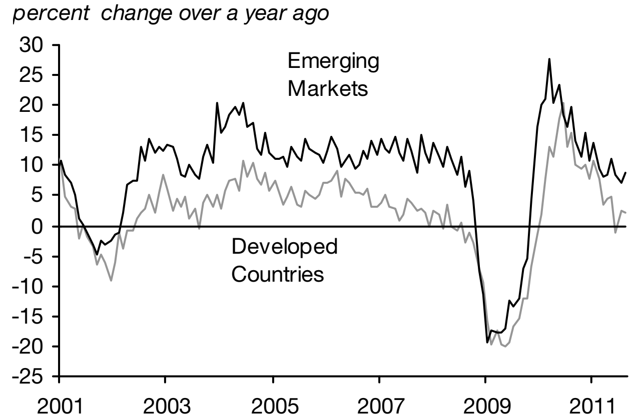


Chart 9
Merchandise Import Volume
percent change over a year ago



Global Overview

EUROPE TIGHTENS BANKING CONDITIONS

- Weakness in the Euro Area economy is apt to spill over to the rest of the world through a number of channels. One of the most immediate and most powerful of these is through the banking sector.

- Banks based in Europe are large in both absolute and relative terms. For some perspective, we estimate that Euro Area bank assets were about 354% of regional GDP at the end of 2010. By contrast, bank assets in the United States were 84% of GDP. Moreover, Euro Area banks have relatively large holdings of claims on governments and other borrowers that are assigned (under Basel II) relatively low risk-weightings. This allowed the region's banks to be highly levered. As concerns about the health of sovereign debt have intensified, so there has been market-based pressure for banks to de-lever. This pressure has been seriously compounded, however, by the recent decision by the European Banking Authority to force banks to raise their capital ratios sharply and quickly. In an environment where public equity markets are closed to most banks, this requirement is forcing rapid asset sales.

- These asset sales are often occurring outside the Euro Area. European banks are downsizing in the Americas, Asia and the Middle East. This downsizing need not be too negative to global activity so long as there is capacity from banks there to absorb these sales. To the extent that European banks have been suppliers of dollar liquidity, it is also important that central banks stand willing to use some of their reserves to provide local banks with dollar funding.

- The latest round of bank lending conditions surveys from the IIF (emerging markets) and the major central banks in mature economies highlight the relative tightening in European banking conditions, as well as the persistent strength in the demand for credit from emerging market borrowers (Chart 10).

- The shrinkage in Euro Area bank balance sheets is apt to widen the credit growth differential between emerging and mature market banks somewhat further in coming quarters (Chart 11). Indeed, bank credit growth in the Euro Area has held up better than that in the U.K. and U.S. in recent years, but this seems destined to change (Chart 12).

Chart 10
EM and G3 Bank Lending Surveys
50 = breakeven

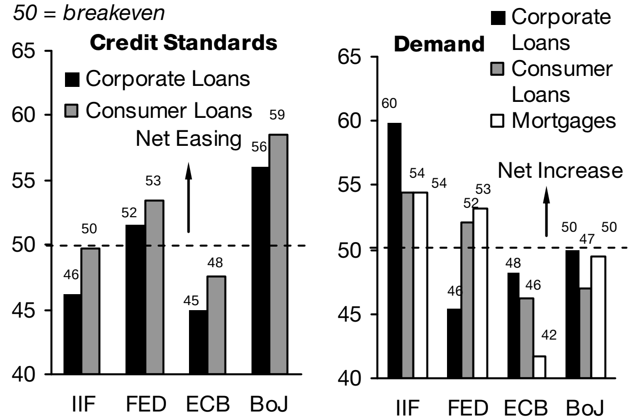


Chart 11
Bank Lending to Private Sector
percent change over a year ago (both scales)

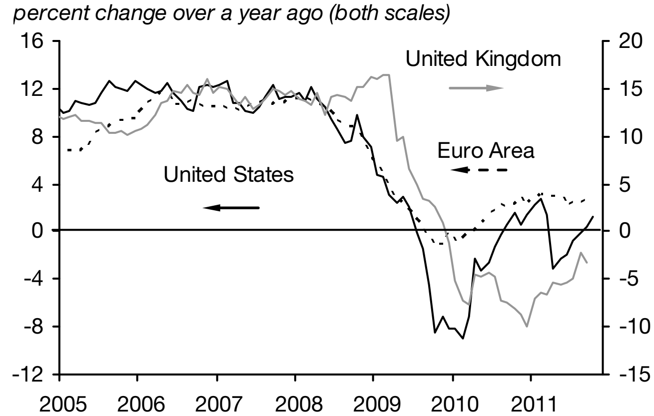
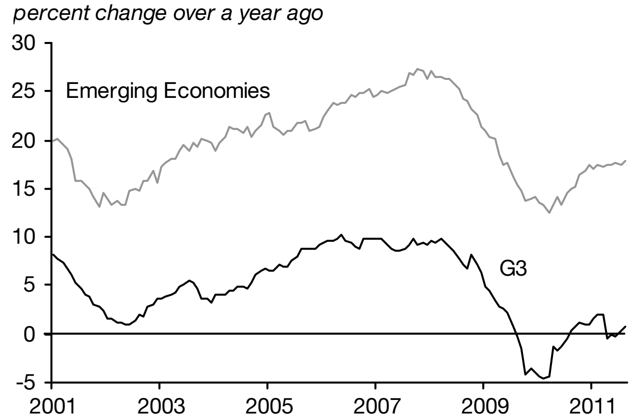


Chart 12
Global Bank Lending to Private Sector
percent change over a year ago



Global Overview

NO APPETITE FOR GLOBAL FISCAL EASING

- The 2008-09 global slump was met with an immediate and forceful expansion in global fiscal policy, which helped provide near-term support to global aggregate demand. Whatever the rights and wrongs of this global stimulus, one thing seems clear as the world passes through the latest global weak patch: fiscal policy will be nowhere near as supportive of economic activity in 2012-13 as it was in 2008-09. Indeed, the overall thrust of global fiscal policy will be contractionary in 2012-13. The only uncertainty is whether this tightening will be significant or modest.

- Based on current plans, fiscal policy is set to subtract about 1 percentage point from GDP in the mature economies in 2012-13 (Chart 13). The U.K. is pursuing fiscal austerity most doggedly, and efforts to rein in the persistently high budget deficit will subtract about 1.5 percentage points from GDP in 2012-13, only slightly less than the contractionary stance of policy in 2011. U.S. fiscal policy will also become notably more contractionary in 2012-13, which will likely dampen the recent acceleration in growth in the New Year. Euro Area fiscal policy will be contractionary, as highly indebted countries seek to restore market confidence. Japanese policy has been expansionary in 2011, largely in response to the March tragedy. Public debt worries mean that this expansion will fade in 2012-13, however.

- Emerging economies also applied massive stimulus in 2008-09 (Table 2). In many cases (e.g. Brazil and China) this easing included credit easing, which involved the use of the public sector balance sheet to promote lending into the broader economy. Lower public debt ratios, resulting in large part from stronger nominal GDP growth rates, give emerging economies more latitude to ease fiscal policy in coming quarters than many mature economies, should they so wish.

- Despite being able, most emerging economies are seen as unlikely to be willing to ease fiscal policy in the next year or so. Modest easing is possible in Latin America (there is a presidential election in Mexico in 2012). The EM region most likely to run a stimulative policy in 2012-13 is the oil exporting countries of the Middle East (e.g. Saudi Arabia).

Chart 13
G4 Fiscal Thrust
change in structural balance, percent of GDP

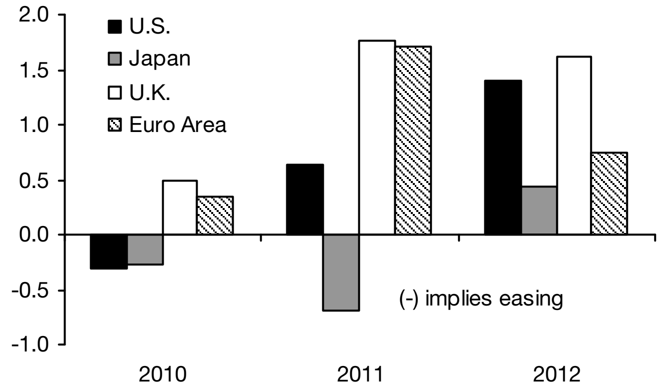


Table 2
Emerging Markets: Past and Projected Stimulus Measures

Country	2008/2009	IIF Forecast for 2011/2012
EM Asia		
China	12.7% of GDP	None
Korea	About 5% of GDP	None
India	About 3.5% of GDP	None
Indonesia	About 1.4% of GDP	None
EM Europe		
Poland	2.1% of GDP	None
Russia	11.7% of GDP	1.1% of GDP
Turkey	1% of GDP	0.5% of GDP
Latin America		
Argentina	1.5% of GDP	Stimulus-related infrastructure and social spending would be less than 1% of GDP
Brazil	Fiscal: 0.6% of GDP; quasi-fiscal: 4.2% (incl. 2010)	Fiscal stimulus of 0.2% of GDP, quasi-fiscal stimulus between 1.0% and 2.0% of GDP
Chile	2.9% of GDP	Chile could tap into copper stabilization funds totaling $13 billion (5.5% of GDP)
Mexico	2.5% of GDP (incl. 2010)	Fiscal stimulus would come in the form of capital projects and social spending and would be limited to about 0.5% of GDP
Middle East		
Saudi Arabia	8.1% of nonhydrocarbon GDP	Fiscal stimulus of 11% of nonhydrocarbon GDP (increase in public employment, unempl. benefits, and measures to improve access to housing)

CENTRAL BANKS COUNTING ON INFLATION DROP

- The combination of weaker global growth and the lack of any fiscal latitude leaves the burden for supporting growth squarely on the shoulders of global central banks. Central banks appear to be more willing to provide support than was the case a few months ago. In part, this is the result of weaker growth and greater financial tensions (as reflected, for example, in weak global equity markets since mid-year). It also reflects an increased anticipation on the part of central banks of a coming decline in headline inflation (Chart 14).

- In mature economies, the ECB and Reserve Bank of Australia (RBA) have lowered interest rates in the past month. The ECB has more to go, while the RBA will probably be more cautious. The Bank of England has expanded its program of quantitative easing in early October, by £75 billion, to £275 billion (the Bank buys about £5 billion per week and, at this pace, has about nine weeks to go before it completes the current phase of asset purchases).

- Among emerging economies, Brazil and Indonesia have eased. Most other central banks are on hold, although the likelihood of further tightening is now much reduced (Chart 15). In China, the major instruments of monetary policy are likely to be left unaltered for the foreseeable future. But credit guidance may ease somewhat, especially for smaller banks lending to small and medium-sized enterprises. The authorities will continue to monitor credit to the construction sector and the evolution of the shadow banking system quite closely, however.

- Some emerging market central banks are experiencing some market-based tightening (i.e. the authorities are allowing short-term market-based rates to rise to stem currency weakness). This is especially true in parts of Emerging Europe — notably Hungary and Turkey.

- The coming decline in energy inflation will drive the easing in headline inflation (Chart 16). Food inflation should also moderate, although this is somewhat dependent on the vagaries of local weather conditions. For example, recent flooding in Thailand could push up food prices in parts of south-east Asia.

Chart 14
Consumer Prices
percent change over a year ago

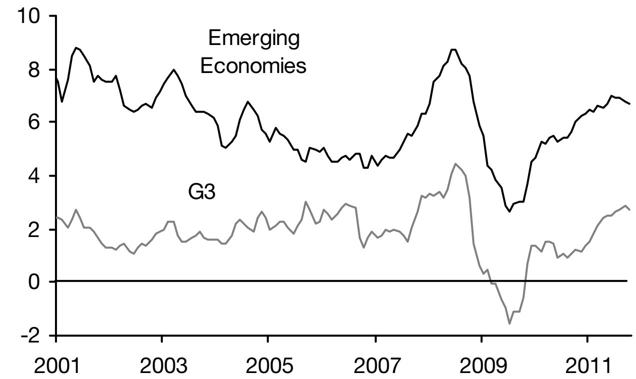


Chart 15
Trends in Official Interest Rates
percent per annum, GDP-weighted averages

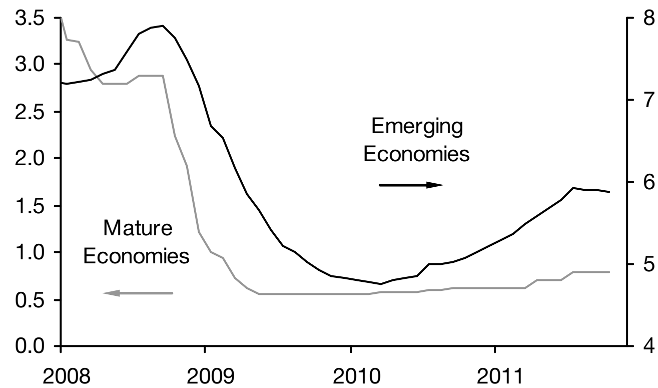
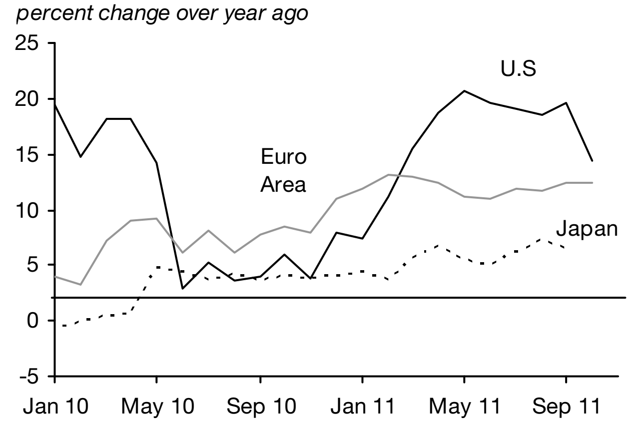


Chart 16
G3: Energy CPI
percent change over year ago



Global Overview

BACK INTO PARITY

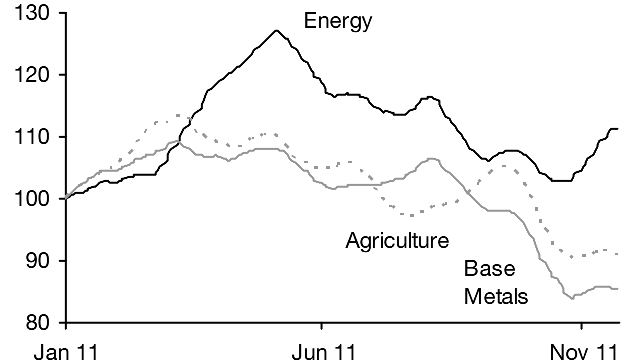
- After decreasing sharply over the last two months, agricultural prices have increased slightly due to worsening weather conditions. However, agricultural food prices are still down 9% compared to the beginning of the year. The price of the base metals has been stable since our last publication (Chart 17). We are expecting lower prices for base metals over the next couple of months in conjunction with our lower growth projection for the Euro Area.

- The agreement on the reversal of the Seaway pipeline to carry crude oil from Cushing Oklahoma to the U.S. Gulf Coast for export, has led the gap between Brent and WTI to shrink to its smallest margin since May 2011 (Chart 18). Historically, WTI has traded closely to Brent. However, the parity was broken in early 2011 mainly due to the large inventories in the Midwest of the U.S., including stockpiles at Cushing. With excess U.S. inventories now on course to be reduced, we are now projecting the disconnect between WTI and Brent to close much faster than in our previous call.

- Brent oil has become a more meaningful global benchmark and has been hovering in the $106-$114 per barrel range since late October. We consider it is likely that global economic weakness will lower Brent oil prices through the rest of the year. Our current call is for Brent to decline to $95 per barrel by the second quarter of 2012.

- We do not believe that the coming drop in prices will be as sharp as that observed in 2008 for three reasons. First, the relatively good standing of U.S. and Japanese economies alongside BRIC countries will maintain global demand levels (Table 3). Second, we believe that Libya's return to global markets will be slower than what markets currently anticipate and even Libya's crude oil will come back much faster than our expectation, OPEC will reduce production in response. Indeed, Saudi production in October was 0.35mbd lower than August, offsetting Libya's total production in October. Finally, after two consecutive quarters of inventory drawdown, the demand for inventory buildup will put further strain on already tight oil markets.

Chart 17
Commodity Prices
index, January 2011 =100



Source: S&P GSCI indices

Chart 18
Oil Prices
$ per barrel

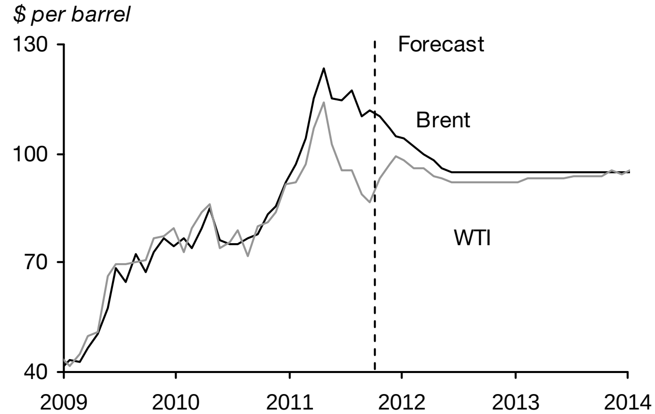


Table 3
Global Demand and Supply
million barrels per day

	2010	2011	2012	11Q2	11Q3	11Q4
Demand (mbd)	88.3	89.1	90.1	87.9	89.6	90.1
OECD	46.2	45.8	45.5	44.5	45.9	46.3
Non-OECD	42.1	43.4	44.6	43.4	43.7	43.7
BRIC	18.4	19.2	19.9	19.3	19.1	19.6
Supply	87.4	88.7	91.2	87.5	88.5	90.2
OPEC (crude)	29.5	30.0	31.3	29.4	30.0	30.8
Saudi Arabia	8.1	9.0	9.3	8.9	9.3	9.1
Libya	1.6	0.4	0.9	0.1	0.0	0.4
OPEC NGLs	5.3	5.9	6.2	5.8	5.9	6.0
Non-OPEC	34.8	35.9	37.5	35.2	35.9	36.8
Change in Inventories	-0.8	-0.5	1.1	-0.4	-1.1	0.1

Source: IEA and IIF Estimates, *Reported by OECD

IL BEL PAESE TURNS UGLY

- Radical changes took place in Italy at an uncharacteristically fast pace during the first two weeks of November. Under the pressure of EU ministers and intended to contain the spreading of the Euro Area debt crisis, the Italian parliament passed a "stability law" in just two days, Prime Minister Berlusconi resigned and a new government was formed four days later, supported by the majority of the political parties. Financial markets have so far remained cautious, a sign they are possibly waiting for a common solution to the Euro Area crisis alongside national measures.

- The Italian turmoil, defined by the sharp increase in Italian government bond spreads over German Bunds to Euro-era highs (Chart 19), could be partly attributed to external factors—the difficulties faced by the European authorities to reach an agreement on how to solve the sovereign crisis. Markets have become increasingly concerned that Italy would simply be too-big-to-save for European authorities without proper safeguards in place. Domestic factors, primarily the lack of firm and credible commitments from the former government to contain its fiscal problems and stimulate economic growth, also played an important role. The Italian economy has deteriorated significantly over recent years, contributing to the worsening of its fiscal position (Table 4).

- With European leaders still at the stage of debating options, the government changeover in Italy was the easiest, but by no means the least necessary, response to the turmoil. The new government, sworn in on November 16, is strictly composed of technocrats, including several academics, but no politicians. Despite pledging to remain in power until the next scheduled elections in 2013, the lack of political expertise might limit its ability to gain the parliament's approval on future proposed legislation, limiting its effectiveness and potentially compromising its survival.

- The new government's most pressing task is to implement the recently passed stability package (expected to generate around €60 billion in revenues by 2014 and close the budget deficit by 2013), while also potentially evaluating additional measures to stimulate growth, as pledged to the EU (Table 5).

Chart 19
Italy: 10 - Year Government Bond Spread
basis points

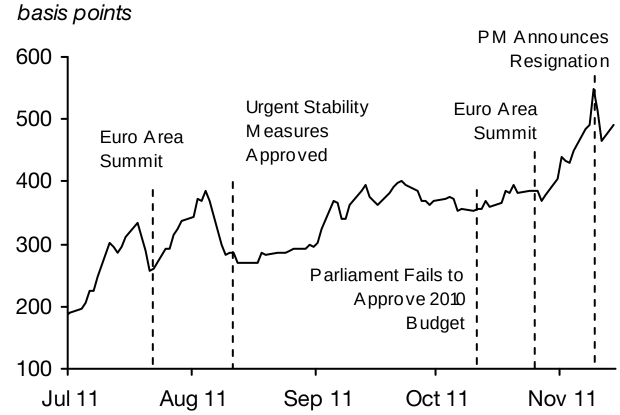


Table 4
Italy: Main Economic Indicators

	2000	2009	2010
Real GDP (% y/y)	3.9	-5.2	1.2
CPI (% y/y)	2.5	0.8	1.5
Unemployment rate (%)	10.1	7.8	8.4
Trade balance (% GDP)	0.9	-1.7	-2.2
Private sector net financial assets (% of GDP)	113.7	57.5	53.7
Households	219.6	189.4	181.7
Non-fininancial corporates	-105.9	-131.9	-128.0
Current account (% GDP)	-0.2	-2.0	-3.5
General government borrowing requirement (% of GDP)	-2.2	-5.7	-4.3
General government gross debt (% of GDP)	109.1	116.1	119.1

Table 5
Italy: New Stability and Growth Program

Measures	Potential Parliament Approval
Wealth/Property tax	Supported by center-left and trade unions; opposed by former PM party
Welfare/labor market reform	Supported by former PM party; left parties looking at agreement with trade unions
Public administration cost cuts	Popular among general public but not politicians
Liberalization of professional services/privatization/Reform of judiciary	A range of different views but no direct opposition
Reduction in taxes on labor and increase in taxes on consumption	No direct opposition
Improvement of infrastructure and education system	Supported by previous administration
Pension system reform	Opposed by trade unions and Northern League party

United States

LITTLE TIME FOR A BREATHER

- The latest data show further signs of near-term resilience in the U.S. economy. Growth has accelerated in Q3 and we expect momentum to continue this quarter. Prospects are much less benign for early 2012, when the combination of a large fiscal contraction and rising spillovers from a recession in the Euro Area are likely to torpedo the U.S. economy.

- In November, weekly first-time jobless claims have edged down to their lowest level since April. The 4-week moving average is now below 400k, consistent with a falling unemployment rate. Purchasing manager indices have also stabilized recently (Chart 20). Meanwhile, manufacturing production posted a healthy gain of 0.5% m/m in October, with capacity utilization edging higher. All this suggests that a recession is not currently in the making.

- Revised GDP data confirmed that growth accelerated in Q3 (Chart 21). Encouragingly, domestic final sales contributed 3.2 percentage points to growth, the largest contribution in over a year. Inventories remained almost unchanged during the quarter, resulting in a large negative contribution to growth of 1.6 percentage points. Some of this should reverse in Q4, which is the main reason we upgraded our current quarter forecast to 3%, saar.

- The dissipation of supply shocks that occurred earlier in the year should result in some more payback in the current quarter. Core inflation is coming down from elevated levels, while the headline CPI actually declined in October from the previous month (Chart 22). This is giving a welcome boost to consumer purchasing power. We also expect a substantial boost to growth from the recovering auto sector. Auto sales data through October suggest that this sector could contribute around half a percentage point to growth in Q4.

- Near-term resilience should not distract from the very severe challenges the U.S. economy is facing. Exceptionally high unemployment continues to bedevil the U.S. economy (page 13). With the failure of the Super Committee, fiscal consolidation is set to take the more disruptive route of sequestration (starting January 2013). The Committee's failure also raises political uncertainty ahead of the next year's election and increases the risk of another downgrade.

Chart 20
U.S.: ISM Manufacturing and Services
index, 50=breakeven

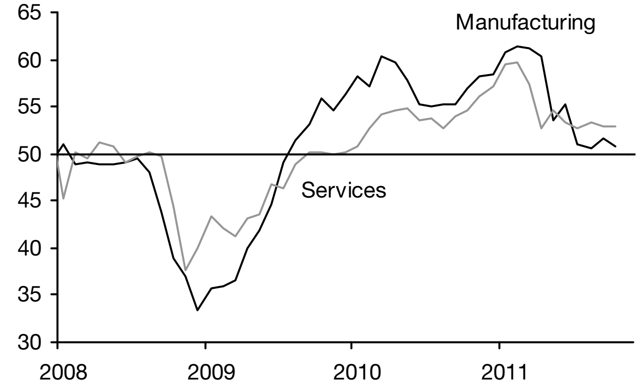


Chart 21
U.S.: Contributions to Growth
percentage points, saar

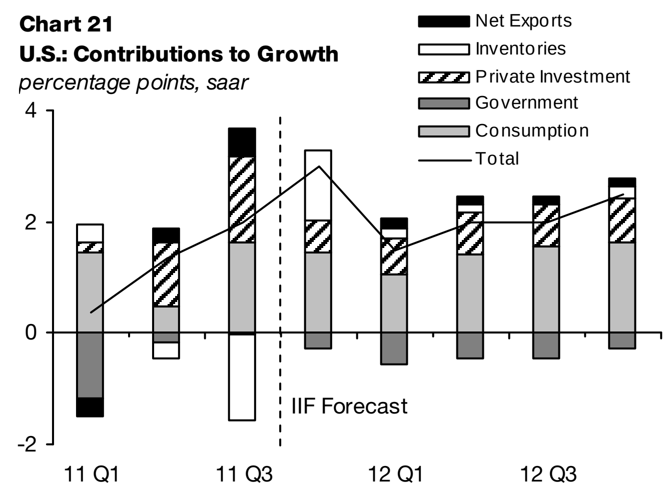
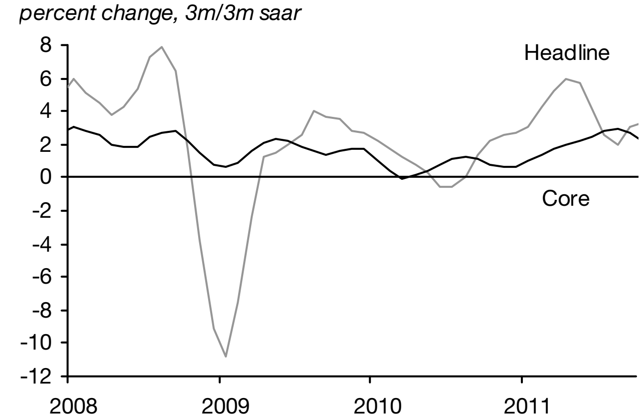


Chart 22
United States: Consumer Prices
percent change, 3m/3m saar



United States

UNITED STATES FORECAST IN DETAIL

percent change over previous period, seasonally adjusted, at an annual rate, unless otherwise stated

	2010	2011	2012	2013	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	Q4/Q4 2011	Q4/Q4 2012	Q4/Q4 2013
Real GDP	3.0	1.8	2.1	2.4	0.4	1.3	2.0	3.0	1.5	2.0	1.7	2.0	2.5
Consumption	2.0	2.2	1.9	2.4	2.1	0.7	2.3	2.1	1.5	2.0	1.8	2.0	2.6
Government Spending	0.7	-1.9	-2.0	-1.4	-5.9	-0.9	-0.1	-1.5	-3.0	-2.5	-2.1	-2.4	-1.0
Fixed Investment	2.6	6.6	6.2	5.3	1.2	9.2	12.3	4.2	4.9	5.5	6.6	5.4	5.1
Business Equipment	14.6	10.1	6.5	5.3	8.7	6.3	15.6	4.0	5.0	6.0	8.6	5.7	4.7
Structures	-15.8	4.7	7.0	5.8	-14.4	22.6	12.6	5.0	5.0	5.0	5.6	5.2	6.0
Residential	-4.3	-1.7	3.8	4.8	-2.5	4.2	1.6	4.0	4.0	4.0	1.8	4.2	5.0
Change in Inventories (*$ bn, chained 2000*)	58.8	28.1	45.2	50.0	49.1	39.1	-8.5	32.8	39.0	44.7	—	—	—
Exports of Goods and Services	11.3	6.8	5.2	5.8	7.9	3.6	4.3	5.0	5.0	6.0	5.2	5.7	5.5
Imports of Goods and Services	12.5	4.9	3.2	3.7	8.3	1.4	0.5	4.0	3.0	4.0	3.5	3.7	3.5
GDP Deflator	1.1	2.1	1.4	1.8	2.7	2.6	2.5	1.0	1.1	1.2	2.2	1.3	2.0
Nominal GDP	4.2	3.9	3.5	4.2	3.1	4.0	4.6	4.0	2.6	3.2	3.9	3.4	4.5
Contribution to Changes in Real GDP:													
Domestic Final Sales	1.9	1.9	1.7	2.2	0.5	1.5	3.2	1.7	1.1	1.7	1.6	1.7	2.4
Net Exports	-0.5	0.1	0.2	0.2	-0.3	0.2	0.5	0.0	0.2	0.1	0.1	0.2	0.2
Inventories	1.6	-0.2	0.1	0.0	0.3	-0.3	-1.6	1.3	0.2	0.2	0.0	0.1	0.0
Trade Balance (*$ billion*)	-646	-754	-758	-739	-182	-190	-190	-192	-191	-190	—	—	—
Current Account Balance (*$ billion*)	-471	-506	-458	-377	-120	-118	-135	-134	-114	-105	—	—	—
as percent of GDP	-3.2	-3.4	-2.9	-2.3	-3.2	-3.1	-3.6	-3.5	-3.0	-2.7	—	—	—
Consumer Prices (*percent* oya)	1.6	3.1	1.6	2.1	2.2	3.3	3.8	3.2	2.2	1.5	3.2	1.5	2.3
Core Consumer Prices (*percent oya*)	1.0	1.6	1.7	2.2	1.1	1.5	1.9	2.0	1.9	1.7	2.0	1.7	2.4
Unemployment Rate (*percent*)	9.6	9.0	8.7	8.2	8.9	9.1	9.1	9.0	8.9	8.8	—	—	—
Fed Funds Rate (*end of period*)	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	0.125	—	—	—
$ per € (*end of period*)	1.34	1.30	1.30	1.35	1.42	1.45	1.34	1.30	1.25	1.25	—	—	—
¥ per $ (*end of period*)	81.1	79.0	84.0	90.0	83.1	80.6	77.1	79.0	81.0	82.0	—	—	—
Federal Budget Balance (FY, *$ billion*)	-1294	-1299	-1209	-999	—	—	—	—	—	—	—	—	—
as percent of GDP	-9.3	-8.9	-7.8	-6.2	—	—	—	—	—	—	—	—	—
Industrial Production - Manufacturing	5.4	4.3	2.8	3.6	7.2	-0.1	4.3	4.0	2.0	2.5	3.8	2.6	4.0

Table 6

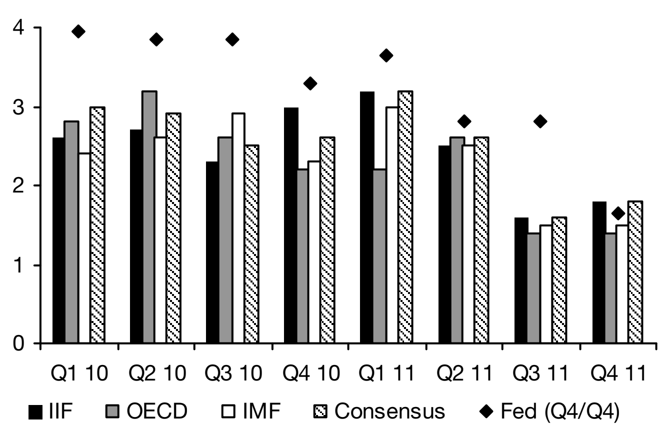
U.S.: Latest Real GDP Growth Forecasts

	2011	2012	As of
		y/y	
IMF	1.5	1.8	Sep 11
OECD	1.4	3.1	Sep 11
Bloomberg Consensus	1.8	2.2	Nov 11
IIF	1.8	2.1	Nov 11
		Q4/Q4	
Federal Reserve	1.6 to 1.7	2.5 to 2.9	Nov 11
IIF	1.7	2.0	Nov 11

Chart 23

U.S.: The Evolution of 2011 GDP Growth Forecasts

percent, y/y, forecasts as of the end of quarter



United States

2012 FISCAL POLICY: WHAT TO EXPECT

- Much of the attention on the U.S. fiscal front has recently focused on the Super Committee's efforts to cut medium-term budget deficits. Yet, the Committee's decision (or lack thereof) will have no impact on fiscal policy in 2012. The near-term impact of fiscal policy on growth will instead be shaped by a number of other factors. These include (1) the risk of a government shutdown over the next year, (2) the likely expiration of some stimulus measures at the end of 2011, and (3) how much tightening there will be in state and local government.

- On October 1, the 2012 fiscal year began without a regular budget having been adopted. Instead, budget authority is currently granted by a "continuing resolution", a mechanism to authorize spending levels similar to the prior year. The latest continuing resolution will expire on December 16, 2011, at which time the risk of a government shutdown looms again. Such an adverse outcome will likely be averted by Congress passing another continuing resolution.

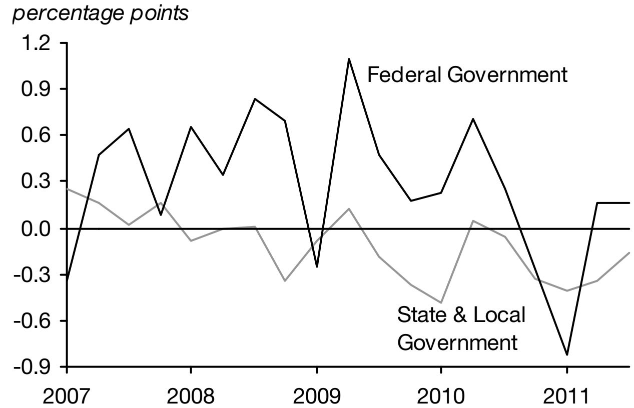
- On December 31, 2011, a number of important stimulus measures will expire if Congress does not decide to extend them (Table 7). If current law remains unchanged, this would imply a $350 billion fiscal tightening, which is equivalent to about 2.6% of GDP. In early September, President Obama proposed to extend these stimulus measures by another year and to provide additional support. So far, only a negligible part of his $447 billion package has passed (an incentive to hire veterans from the U.S. military priced at $1bn). There is thus still a large degree of uncertainty as to how much fiscal tightening will occur in early 2012. Our forecast assumes discretionary tightening of 1.3% of GDP, which would result in a drag on GDP of about 1%.

- State and local government spending has contracted since early 2008, reducing GDP growth by an average 0.16 percentage points per quarter (Chart 24). From a narrow expenditure perspective, this has offset about half of the additional spending at the federal level (based on NIPA data). Most U.S. states have a balanced budget requirement, which tends to result in procyclical fiscal policy. Prospects of slow revenue growth imply that consolidation at the state and local level is likely to continue at a similar pace in 2012, resulting in additional fiscal headwinds.

Table 7
U.S. Fiscal Measures: Recent and Upcoming Changes

Date	Event	Implications/Details
11/17/2011	5 of 12 subcommittees passed regular FY2012 appropriations bill. (The remaining ones are authorized by a continuing resolution)	Approved subcommittee appropriations bills: Agriculture: $350 million Commerce: $26 million Housing & Urban Dev.: $4.6 billion Justice: $18 million Transport: $4.1 billion
12/16/2011	Continuing resolution expires	Spending authority of most government agencies disappears and government shutdown looms. Congress will likely pass further continuing resolution and/or regular budgets in the remaining 7 subcommittees.
12/31/2011	2011 fiscal measures expire under current law	Major expiring measures: Payroll taxes: $110 billion Unemp. insurance: $50 billion Accel. depreciation: $25 billion State/local transfers: $50 billion Infrastructure etc: $75 billion August debt deal: $40 billion **Total: $350 billion**
12/31/2012	2012 fiscal measures expire under current law	Major expiring measures: Bush tax cuts for middle income: $205 billion Bush tax cuts for wealthy: $50 bn Medicare 3.8% tax in health bill: $21 billion Scheduled sequester: $98 billion **Total: $384 billion**

Chart 24
United States: Contributions to GDP Growth
percentage points



United States

TRACKING 2 YEARS OF LABOR MARKET RECOVERY

- In October 2009, the unemployment rate peaked at 10.1%, the highest rate since 1983. Over the past 2 years, the unemployment rate has declined but to 9.0%. The latest labor market data showed more of the same: After some upward revisions, total payroll gains during the last 3 months averaged 114k, which is consistent with a very slow decline in the unemployment rate. Given U.S. population growth trends, monthly payroll gains of about 85k are needed to keep the unemployment rate constant, assuming a constant participation rate.

- Almost 8 million jobs were lost during the recession. Since the unemployment rate peaked 2 years ago, U.S. employment has increased by almost 2 million people. Importantly, the U.S. civilian noninstitutional population has increased by 3.7 million during the same period. As a result, the employment-population ratio has remained virtually unchanged at around 58.5%. So what explains the decline in the unemployment rate? Arithmetically, the decline is almost entirely due to a lower labor force participation rate (Chart 25). The Bureau of Labor Statistics counts only those persons as unemployed who are actively looking for a job. About 3.5 million Americans have dropped out of the labor force in the last 2 years, be it to pursue education, retire or because they thought they could not find a job.

- Job losses during the recession were disproportionately concentrated in the construction and manufacturing sectors (Chart 26). Together, these two sectors account for 55% of all jobs lost, although they employ only 18% of workers. Job gains during the recovery have been very limited in these two sectors and it seems likely that many of these jobs will never return. Employment in the manufacturing sector is on a secular downward trend, with total jobs having fallen even during the previous expansion (Chart 27). The construction sector was artificially bloated by the housing bubble that led to the crisis. The key sector for employment recovery remains the service sector. One of the few bright spots on the labor market is that job openings have recently reached a 3-year high, with over 90% of openings being in services.

Chart 25
United States: Unemployment Rate
percent of labor force

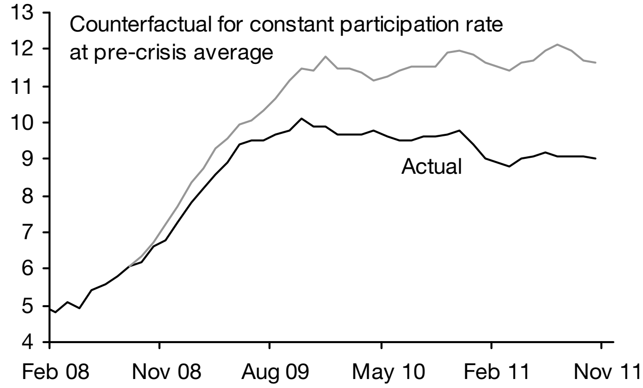


Chart 26
United States: Employment by Sector
index, Jan 2008=100

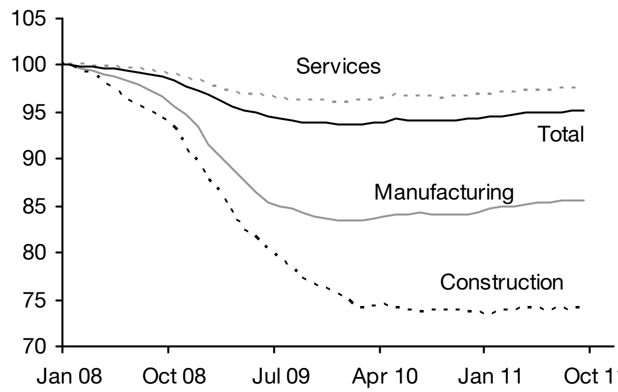
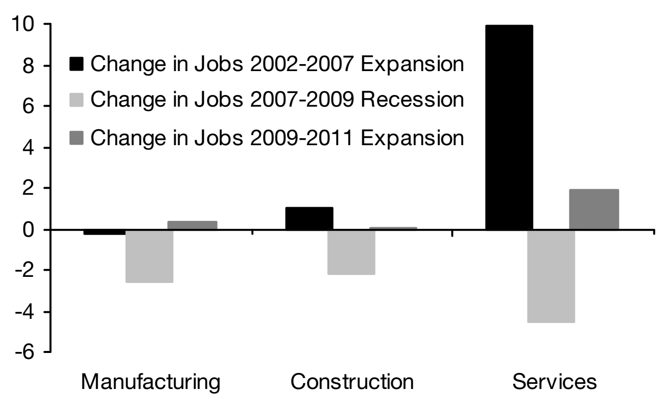


Chart 27
United States: Employment by Sector
millions, change from employment peak to trough (and vice versa)



EURO AREA: THAT SHRINKING FEELING

- The Euro Area posted a preliminary estimate of GDP growth at 0.6% q/q, saar in Q3, which came close to our expectations (0.4% q/q, saar) amid mixed economic data. On the one hand, the steadily declining Purchasing Managers' Indices (PMI) and confidence indicators have been foreshadowing a recession since late summer. On the other hand, hard data such as retail sales and production remained relatively resilient until recently. On signs that weakness started appearing in the official data, we foresee consecutive quarterly contractions of 1.5-2% q/q, saar in the final quarter of 2011 and the first half of 2012.

- Following a surprisingly robust performance in July and August, industrial production dropped sharply in September across the board. We regard this as the onset of a decline trend, as already observed in the leading indicators (Chart 29 and 30). The manufacturing PMI fell in October to a two-year low of 47.3 (after Q3 averaging at 49.3). Historically, a level of 48.5 marks a threshold dividing growth from contraction. Likewise, industrial confidence declined for a ninth month straight with consumer confidence lingering at its two-year low.

- Though the breakdown of GDP components is not yet available for the Euro Area, we expect growth in Q3 to have been driven by net exports, with the consumption contribution close to zero (Chart 28). National data of Germany and France (one of the few to provide information early) point to a slight (and short-lived) improvement in the contribution of domestic demand. Net export contribution to growth, however, worsened, as growth in imports followed closely increase in exports.

- Going forward, the outlook is murkier on both domestic and external fronts. A broad based worsening in consumer confidence, further fiscal consolidation measures in Italy and France, and intensifying government retrenchment in the periphery all point to contraction in final sales over the forecast horizon. With the external environment remaining fragile, the shortfall will not be compensated by net exports, as pessimism emerges in export order books.

Chart 28
Euro Area: Contributions to GDP Growth
percentage points, q/q saar

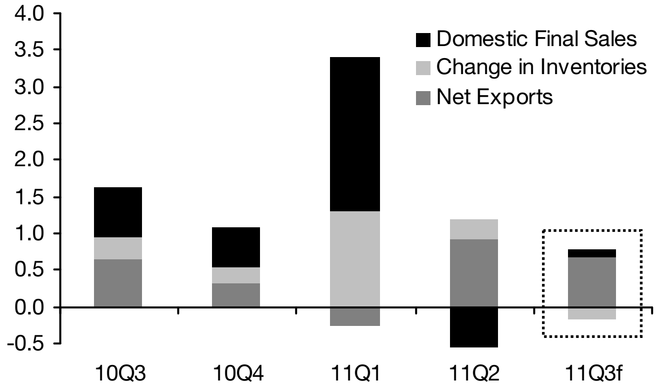


Chart 29
Germany: Industrial Production and Orders
percent change, 3m/3m, saar

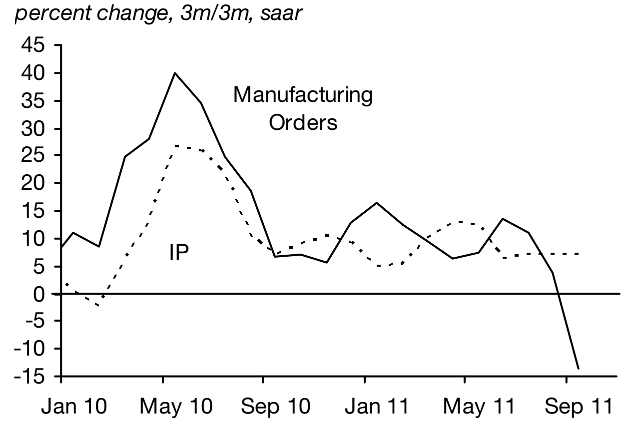
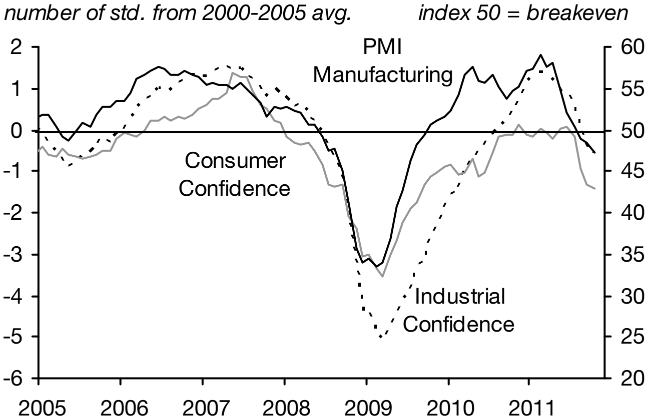


Chart 30
Euro Area: Economic Sentiment Indicators and PMI
number of std. from 2000-2005 avg. *index 50 = breakeven*



Euro Area

EURO AREA FORECAST IN DETAIL

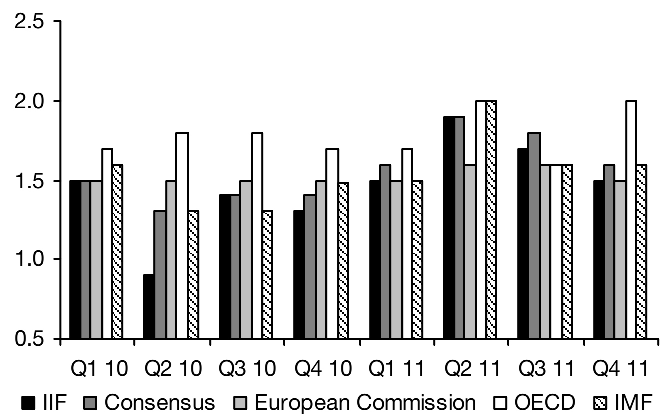
percent change over previous period, seasonally adjusted, at an annual rate, unless otherwise stated

	2010	2011	2012	2013	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	Q4/Q4 2011	Q4/Q4 2012	Q4/Q4 2013
Real GDP	1.8	1.5	-1.0	1.2	3.1	0.7	0.6	-2.0	-2.0	-1.5	0.6	-0.6	1.7
Consumption	0.9	0.2	-1.7	0.5	0.6	-0.9	-0.6	-2.5	-2.5	-2.0	-0.9	-1.3	1.0
Government Spending	0.4	0.3	-0.5	-0.8	1.7	-0.6	-0.5	-0.5	-0.5	-0.5	0.0	-0.5	-1.0
Fixed Investment	-0.9	2.4	0.1	1.5	7.5	0.6	1.5	-1.0	-1.0	0.5	2.1	0.4	1.9
Exports of Goods and Services	10.1	5.5	4.0	4.9	5.6	2.9	3.5	3.5	4.0	4.0	3.9	4.5	5.0
Imports of Goods and Services	9.2	4.7	2.3	3.9	6.5	0.8	2.0	2.0	2.0	2.0	2.8	3.0	4.0
GDP Deflator	0.8	1.3	1.2	1.6	1.9	1.9	1.0	1.0	1.2	1.2	1.4	1.3	1.7
Nominal GDP	2.6	2.7	0.2	2.8	5.1	2.2	1.2	-1.0	-0.8	-0.3	1.9	0.7	3.5
Contribution to Changes in Real GDP:													
Domestic Final Sales	0.4	0.6	-1.1	0.4	2.1	-0.5	-0.2	-1.7	-1.7	-1.1	—	—	—
Net Exports	0.5	0.4	0.8	0.6	-0.3	0.9	0.7	0.7	0.9	0.9	—	—	—
Inventories	0.9	0.5	-0.7	0.3	1.3	0.3	0.1	-1.0	-1.2	-1.3	—	—	—
Trade Balance (*€ billion*)	16.1	-3.7	6.4	6.0	-6.1	-0.2	1.0	1.6	1.6	1.6	—	—	—
Current Account Balance (*€ billion*)	-43.2	-43.5	-1.1	22.2	-15.9	-18.1	0.9	2.3	9.2	4.0	—	—	—
as percent of GDP	-0.5	-0.5	0.0	0.2	-0.7	-0.8	0.0	0.1	0.4	0.2	—	—	—
Consumer Prices (*percent* oya)	1.6	2.4	1.6	2.0	2.5	2.8	2.4	2.0	1.8	1.8	2.0	1.5	2.0
Core Consumer Prices (*percent oya*)	1.0	1.4	1.6	1.6	1.1	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Unemployment Rate (*percent)*	10.1	10.0	10.5	10	10.0	10.0	10.1	10.3	10.4	10.5	—	—	—
ECB Refi Rate (*percent, end of period*)	1.00	1.00	0.75	1.50	1.00	1.25	1.50	1.25	1.00	0.75	—	—	—
$ per € (*end of period*)	1.34	1.35	1.35	1.35	1.42	1.45	1.34	1.30	1.25	1.25	—	—	—
Euro Area Budget Balance (*percent of GDP*)	-6.0	-4.6	-3.8	-3.0	—	—	—	—	—	—	—	—	—
Index of Manufacturing Production	7.5	4.0	2.1	2.8	3.8	1.0	-2.0	-2.5	-2.5	1.5	2.1	2.4	3.0
Index of Capital Goods Production	9.4	8.8	5.8	6.0	4.5	6.1	4.0	6.0	6.0	6.0	5.1	6.0	6.0
Euro Area Countries Real GDP:													
Germany	3.6	2.6	0.4	1.8	5.5	0.5	1.5	0.0	-0.2	0.0	1.8	0.6	2.2
France	1.5	1.5	-0.1	1.0	3.7	0.0	1.0	-0.5	-0.5	-0.5	1.0	-0.1	1.5
Italy	1.3	0.4	-2.0	0.6	0.5	1.2	0.2	-4.0	-4.0	-2.0	-0.5	-1.4	1.0
Spain	-0.1	0.4	-2.0	0.1	1.5	0.6	0.2	-3.5	-3.5	-3.0	-0.4	-1.6	0.5

Table 8
Euro Area: Latest Real GDP Growth Forecasts
percent, y/y

	2011	2012	As of:
IMF	1.6	1.1	Sep 11
OECD	2.0	2.0	Jun 11
ECB	1.4 to 1.8	0.4 to 2.2	Sep 11
European Commission	1.5	0.5	Nov 11
Bloomberg Consensus	1.6	0.7	Nov 11
IIF	1.5	-1.0	Nov 11

Chart 31
Euro Area: The Evolution of 2011 GDP Growth Forecasts
percent, y/y, forecasts as of the end of quarter



Euro Area

ECB: STARING INTO THE FINANCIAL ABYSS

- In response to the marked weakening in outlook for the Euro Area, in early November the ECB Governing Council decided to cut the key rate by 25 basis points(bp) to 1.25%. Though we were expecting a reversal in the tightening bias, the move was a little bit bolder than expected, especially in the context of headline inflation at 3% (Chart 32). At this level the ECB aimed to battle inflation with a hike in policy rate less than four months ago, suggesting the focus has now moved from price stability (its sole mandate) to growth. That said, inflation pressures are set to ease in the near term, on the back of declining economic activity, warranting a second 25bp cut expected in early December.

- Financing conditions have worsened further over the past month. Average 2-year government bond yield for the Euro Area is on a steady rise, weighing on borrowing costs for the real economy (Chart 33). Tensions also continue to persist in the interbank market, with liquidity and credit risk premium at crisis levels. Stock market is back to a decline trend, after recovering from September lows in the course of October on signs that the U.S. might be pulling out of recession. The stock gains started to reverse after last month's European Union summit failed to deliver more forceful measures to resolve the sovereign debt crisis.

- Meanwhile, broad-based contagion fears escalate in the sovereign debt market with borrowing costs steadily rising (Chart 34). In November government bond yields for Spain, Italy and Belgium soared to unprecedented levels, while for the AAA-rated countries (France and Austria) rose back to the highs of July. Despite the rising panic, the ECB continues to resist the political pressure to scale up the government bond purchases under the Securities Market Programme (SMP), which has so far failed to bring the rates down for a protracted period. Bond purchases under the SMP amounted to €35 billion since the end of September (€22 billion over the the first three weeks of November and €13 billion in October), compared to €83 billion over the same period in late August and September. At the current 10-year government bond yield close to 7% Italy risks not being able to service its debt. In this context, it looks increasingly likely that Italy will be forced to resort to the EU/IMF for partial funding.

Chart 32
Euro Area: ECB Policy Rate and Headline Inflation
percent

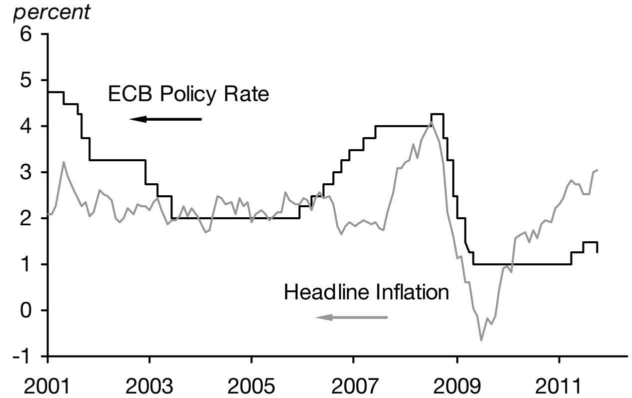


Chart 33
Euro Area: Sovereign and Financial Market Conditions
basis points (left scales) *index, Jan 2011=100*

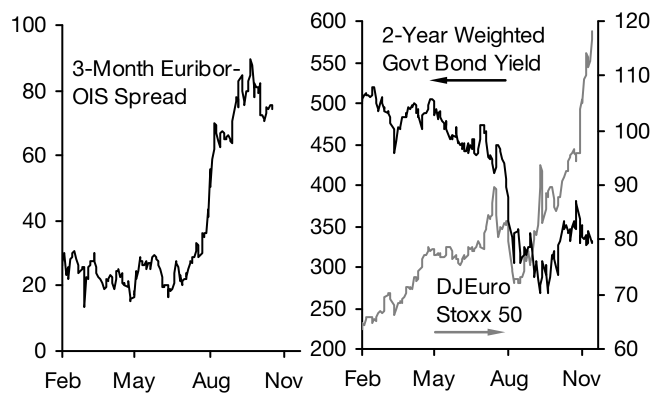
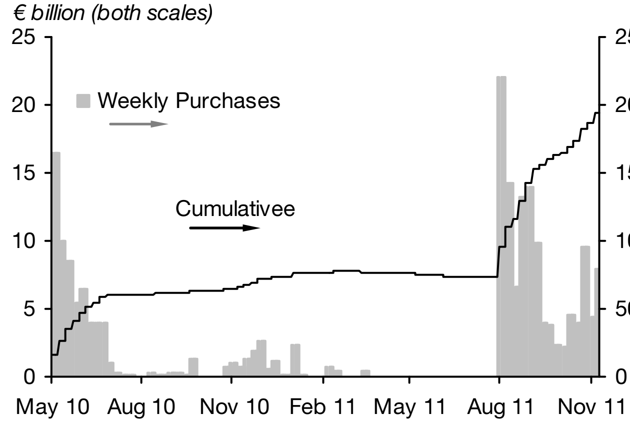


Chart 34
ECB: Weekly and Cumulative SMP Purchases
€ billion (both scales)



EUROZONE PERIPHERY: PRESSURES RISE

- The much weaker growth outlook in Europe has caused near-term prospects for the Euro Area periphery to worsen sharply. Exports, which grew at a robust pace during the first half of 2011, look set to slow, perhaps substantially, as foreign demand weakens. Sharply tighter liquidity and accelerated deleveraging as banks strive to raise capital as mandated by the recent EBA stress test would keep access to foreign funding limited, constraining banks' ability to lend. Fiscal adjustment efforts may well need to be intensified to meet program targets as growth weakens.

- Growth performance this year has been the strongest in **Ireland**, where robust exports and a much smaller fiscal adjustment than in Portugal and Greece enabled real GDP to expand during the first half. Growth is likely to have all but come to a halt during the third quarter in seasonally-adjusted terms and may well reverse in the fourth with exports slowing and with the decline in domestic spending likely to have accelerated (Chart 35). Real GDP looks likely to contract further during the first half of next year before beginning to recover in the second, leaving full-year GDP little changed after increasing 2% this year.

- In **Portugal,** output performance surprised on the upside, too, with strong exports limiting the decline in real GDP in the first half. Output contraction accelerated in the third quarter, however, and looks set to deepen further in the fourth with exports losing momentum and stepped-up fiscal adjustment cutting domestic spending (Chart 36). Sharply intensified fiscal retrenchment as the government strives to meet the fiscal targets is likely to cause real GDP to drop 3.5% in 2012, compared with 1.3% this year.

- Increased exports and a strong tourism season appear to have mitigated somewhat the decline in real GDP in **Greece** in the third quarter. A stronger order book in industry and a recovery in retail sales suggest some stabilization in domestic demand, too. The Q3 stabilization is likely to be short-lived, however. Weaker confidence, flagging tax receipts and sharply higher unemployment point to renewed weakness in Q4. Real GDP, as a result, looks set to contract 5.5% this year as a whole, with another contraction of 3% likely next year as a result of continued fiscal adjustment and weakening exports (Chart 37).

Chart 35
Ireland: Contributions to GDP Growth
percent change

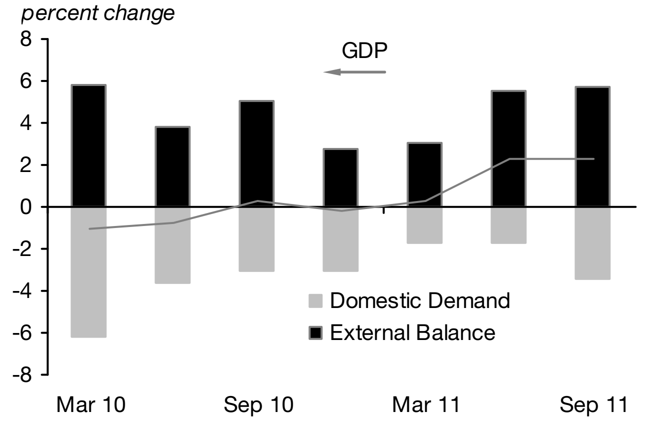


Chart 36
Portugal: Contributions to GDP Growth
percent change

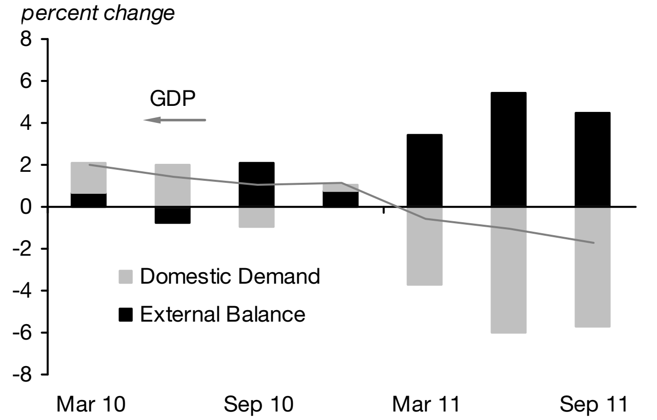
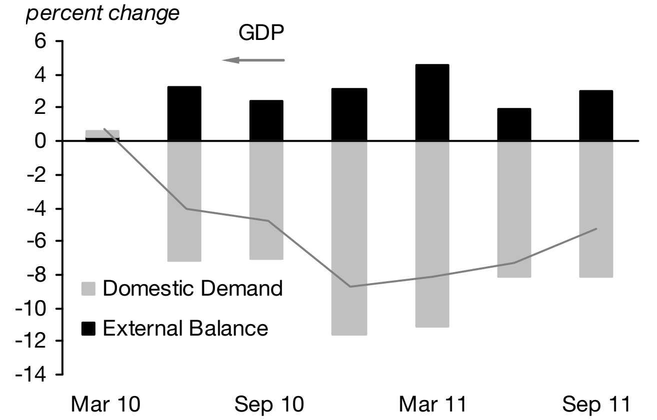


Chart 37
Greece: Contributions to GDP Growth
percent change



Japan

NO MAJOR SUPRISES

- After three consecutive quarters of contraction, real GDP surged 6.0%q/q saar in 3Q, matching our forecast. Although almost all factors have contributed to this recovery, the most important driving force was a 3.9% increase in private consumption. On the other hand, the one minor surprise was the contraction in public fixed investment (-10.8%). This was mainly because of the delay in the third supplementary budget. Once the Diet enacts this extra budget, we believe that public investment will boost the economy in the first half of 2012.

- That said, the level of the real GDP is still lower than its historical peak (2Q08), and it is unlikely that the economy will reach to the pre-Lehman shock peak before 2014 (Chart 38).

- We expect the recovery to continue in 2012, but at a slower pace. Growing concerns on overseas economic deceleration, especially in the Euro Area, are the main risks for the momentum of the economy. Indeed, in October, real exports declined by 4.9% m/m, sa, the first decline since May. The recent Thailand floods will also weaken exports. Additionally, both Economy Watchers and Reuter Tankan surveys have been pointing to a significant slowdown in the economic activity since September (Chart 39). Looking ahead, large firms projected a further deterioration for February.

- The persistent strength of the yen is another factor weighing on economic activity and business confidence, adding to be pressures for Japanese firms to shift their production base abroad. To support business sentiment, the MoF intervened in the currency market for the third time this year on October 31. The amount is estimated to be ¥7 trillion, the largest for a single day on record. However, the intervention is already showing signs of failing (Chart 40. More intervention may thus be forthcoming alongside with further monetary easing by BoJ.

- Having decreased impressively in August (4.3%), the unemployment rate continued to decline in September (4.1%). The job offers to applicants ratio rose to 0.67.

Chart 38
Japan: Real GDP
percent, q/q, saar *¥ trillion*

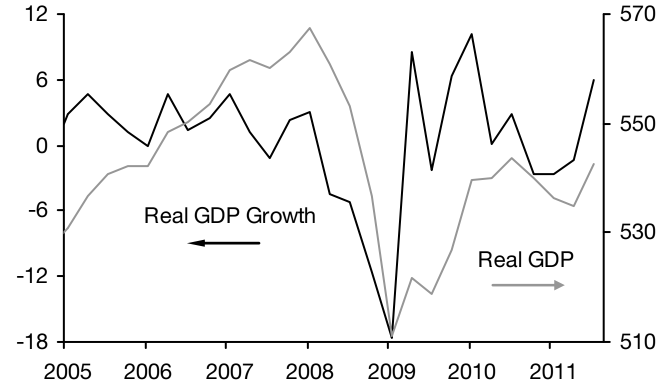


Chart 39
Japan: Business Sentiment
index, 3-month-rolling average (both scales)

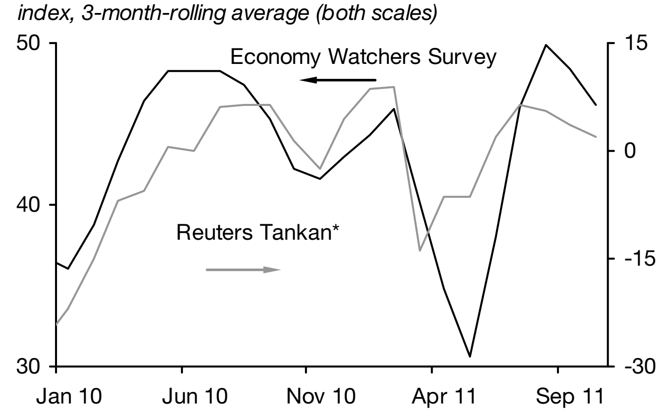
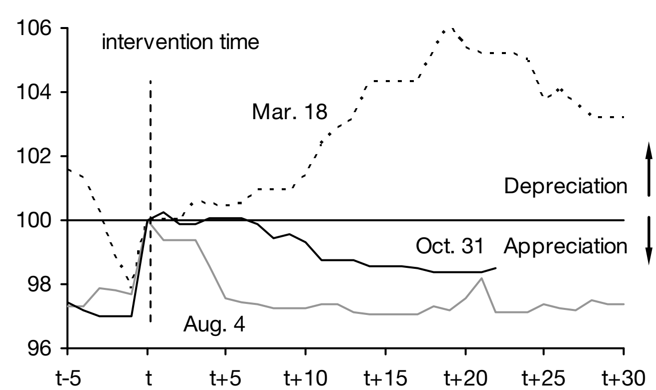


Chart 40
Japan: MoF's FX Interventions in 2011
index, trading day from date of intervention



Japan

JAPAN FORECAST IN DETAIL

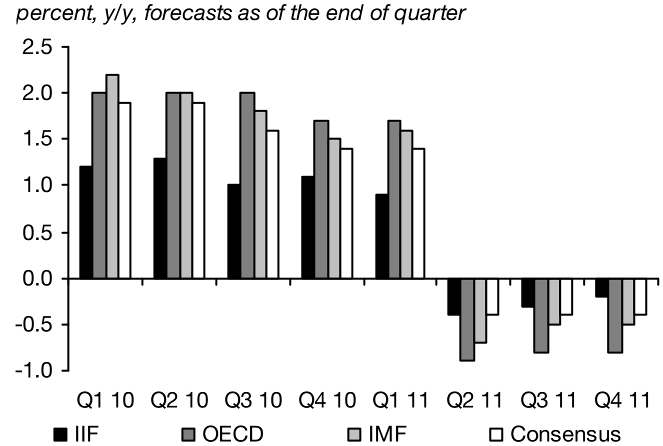
percent change over previous period, seasonally adjusted, at an annual rate, unless otherwise stated

											Q4/Q4		
	2010	**2011**	**2012**	**2013**	**11Q1**	**11Q2**	**11Q3**	**11Q4**	**12Q1**	**12Q2**	**2011**	**2012**	**2013**
Real GDP	4.1	-0.2	2.3	1.5	-2.7	-1.3	6.0	2.0	2.5	2.0	0.9	1.9	1.5
Consumption	2.0	-0.2	1.3	1.0	-1.8	0.7	3.9	1.0	1.0	1.0	0.9	1.0	1.0
Government Spending	2.3	2.5	1.6	1.0	3.6	2.7	1.6	1.5	1.8	1.8	2.3	1.4	1.0
Fixed investment	0.0	-0.4	4.9	4.6	-3.2	1.0	3.4	4.3	5.8	5.9	1.3	5.6	4.1
Business	2.4	0.2	3.4	4.3	-4.5	-1.9	4.4	4.0	3.0	3.0	0.4	4.0	4.0
Government	-3.3	-6.1	9.5	5.5	-4.5	15.7	-10.8	5.0	18.0	18.0	0.9	12.3	4.0
Residential	-6.5	5.7	6.3	5.0	5.6	-4.2	21.7	5.0	5.0	5.0	6.6	5.0	5.0
Change in Inventories *(¥ trillion, chained)*	-1.5	-1.1	-1.6	-3.8	-2.2	-1.3	-0.3	-0.8	-0.6	-1.0	—	—	—
Exports of Goods and Services	24.3	1.3	6.0	4.2	1.0	-18.4	27.4	8.0	4.0	4.0	3.2	4.5	3.5
Imports of Goods and Services	9.8	5.8	4.8	3.9	6.8	0.4	14.5	5.0	3.0	3.0	6.6	3.5	4.0
GDP Deflator	-2.2	-2.0	-1.1	-1.0	-1.8	-4.5	0.0	-1.0	-1.0	-1.0	-1.8	-1.0	-1.0
Nominal GDP	1.8	-2.3	1.2	0.5	-4.3	-5.8	5.6	1.2	1.5	1.0	-0.9	0.9	0.5
Contribution to Changes in Real GDP:													
Domestic final sales	1.6	0.3	2.0	1.7	-1.3	1.2	2.9	1.7	2.0	2.1	—	—	—
Net Exports	2.2	-0.4	0.4	0.2	-0.6	-3.2	2.3	0.7	0.3	0.3	—	—	—
Inventories	0.6	0.1	-0.1	-0.4	-0.8	0.6	0.8	-0.4	0.2	-0.4	—	—	—
Trade Balance *(¥ trillion)*	7.94	-0.46	0.45	0.19	0.91	-1.25	-0.15	0.03	0.05	0.09	—	—	—
Current Account Balance *(¥ trillion)*	17.16	9.37	11.58	12.57	3.26	1.90	2.59	1.62	3.29	2.77	—	—	—
as percent of GDP	3.6	2.0	2.4	2.6	2.8	1.6	2.2	1.4	2.8	2.3	—	—	—
Consumer Prices *(percent oya)*	-0.7	-0.3	-0.1	-0.1	-0.6	-0.5	0.2	-0.1	-0.3	-0.1	-0.1	-0.1	0.0
Core Consumer Prices *(percent oya)*	-1.2	-0.8	-0.4	-0.3	-1.4	-0.9	-0.5	-0.6	-0.5	-0.4	-0.6	-0.4	-0.3
Unemployment Rate *(percent)*	5.1	4.5	4.3	4.3	4.7	4.6	4.4	4.4	4.3	4.3	—	—	—
BoJ Overnight Call Rate *(end of period)*	0.10	0.10	0.10	0.10	0.1	0.1	0.1	0.1	0.1	0.1	—	—	—
¥ per $ *(end of period)*	81.1	79.0	84.0	90.0	83.1	80.6	77.1	79.0	81.0	82.0	—	—	—
Government General Balance *(% of GDP)*	-8.1	-9.4	-9.0	-8.5	—	—	—	—	—	—	—	—	—
Index of Manufacturing Production	16.6	-3.1	3.9	3.0	-7.8	-15.1	18.3	5.0	3.0	3.0	-0.7	3.0	3.0

Table 9
Japan: Latest Real GDP Growth Forecasts
percent, y/y

	2011	2012	As of
		Calendar Year	
IMF	-0.5	2.3	Sep 11
OECD	-0.8	2.2	Sep 11
Bloomberg Consensus	-0.4	2.5	Nov 11
IIF	-0.2	2.3	Nov 11
		Fiscal Year	
Bank of Japan	0.3	2.2	Nov 11
IIF	0.9	1.9	Nov 11

Chart 41
Japan: The Evolution of 2011 GDP Growth Forecasts
percent, y/y, forecasts as of the end of quarter



Sweden

THE IMPRESSIVE RECOVERY COMING TO AN END

- With its export dependent economy, Sweden has enjoyed a boom in its exports since the fourth quarter of 2009, leading to an average annual 5.4% GDP growth rate. This recovery has far outstripped the Euro Area recovery and the level of GDP reached its pre-recession peak in late 2010 (unlike other European countries). However, mounting concerns over Euro Area debt problems has not spared Sweden over the past couple of months (Chart 42).

- The latest sentiment support the view that Sweden's impressive recovery is coming to an end. In October, both consumer and manufacturing confidence continue fell significantly (Chart 43). After five consecutive months of decline, the manufacturing PMI increased by 1.7pts to 49.8 in October. However, it is still well below the post-recession average of 58.9. Additionally, the service sector PMI dropped below 50 (to 48.9) for the first time since August 2009.

- Both the spillover of tensions from the Euro Area, Sweden's largest trading partner, as well as a significant deterioration in local manufacturing sentiment has prompted us to reassess our GDP projection for Sweden. Now, we are expecting a mild recession for the next three quarters based on two drivers: a contraction in private consumption and weak exports resulting from mild recession in the Euro Area. Our GDP forecasts for 1Q12 and 1Q12 are -0.7%q/q, saar and –0.5%q/q, saar, respectively.

- Having increased 0.7% m/m in September, the headline consumer prices were unchanged in October, printing 2.6% y/y.

- On the monetary policy side, on October 27, the Executive Board of the Riskbank held the repo rate unchanged at 2% while revising down its projections for further rate hikes. In the absence of the any inflationary pressure, we believe that monetary policy will become loose. Moreover, due to the deteriorating global conditions, it is likely that the Riskbank will start temporary rate cuts in early 2012. Once the economic outlook in Euro Area improves, the Riskbank will resume its tightening cycle.

Chart 42
Sweden: Swedish Exports and Euro Area PMI
3 month - rolling average, saar *index*

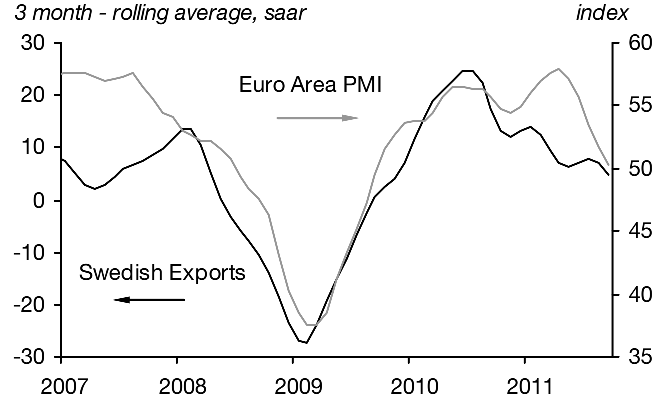


Chart 43
Sweden: Consumer and Manufacturing Confidence
index

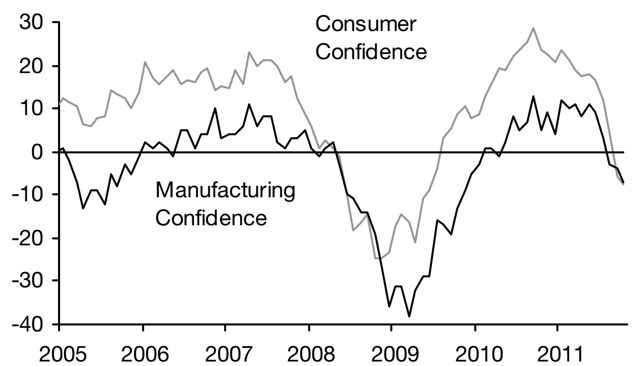
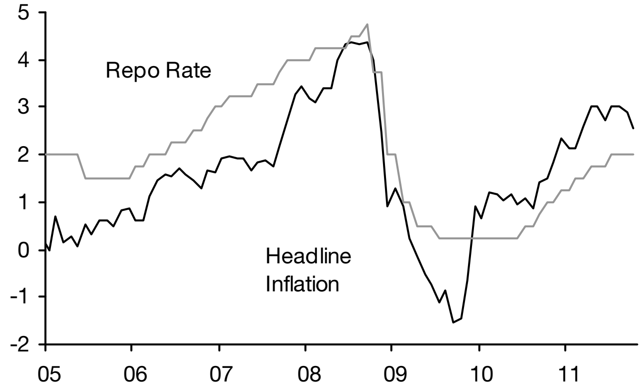


Chart 44
Sweden: Policy Rate and Annual CPI Inflation
percent



Other Mature Economies

OTHER MATURE ECONOMIES FORECAST SUMMARY

percent change over previous period, seasonally adjusted, at an annual rate, unless otherwise stated

	2010	2011	2012	2013	11Q1	11Q2	11Q3	11Q4	12Q1	12Q2	Q4/Q4 2011	Q4/Q4 2012	Q4/Q4 2013
Australia													
Real GDP	2.7	1.4	3.5	3.5	-3.4	4.8	2.3	2.2	4.0	3.4	3.3	3.8	3.2
GDP Deflator (percent, oya)	5.0	5.2	3.7	2.2	6.6	4.8	4.6	5.1	4.5	4.0	4.5	2.5	2.5
Current Account Balance (%GDP)	-2.7	-1.9	-1.9	-2.0	-3.2	-2.1	-1.0	-1.5	-1.5	-2.0	—	—	—
Inflation Target	2.0 - 3.0												
Consumer Prices (*percent, oya)*	2.8	3.5	3.2	3.2	3.3	3.6	3.5	3.5	3.2	3.2	3.2	3.2	3.2
USD per AUD *(end of period)*	1.02	0.99	1.03	1.00	1.03	1.07	0.97	0.99	1.03	1.03	—	—	—
Cash Rate	4.75	4.50	4.50	4.75	4.75	4.75	4.75	4.50	4.50	4.50	—	—	—
Canada													
Real GDP	3.2	2.3	2.0	2.4	3.6	-0.4	3.0	1.5	2.0	2.4	1.5	2.4	2.4
GDP Deflator (percent, oya)	2.9	3.1	2.6	3.0	3.0	3.4	3.5	2.4	2.2	2.5	2.2	3.0	0.9
Current Account Balance (%GDP)	-3.1	-2.9	-2.4	-2.4	-0.6	-0.9	-0.7	-0.7	-0.6	-0.6	—	—	—
Inflation Target	2.0 (+/-1)												
Consumer Prices (*percent, oya)*	1.8	2.9	1.6	1.5	2.6	3.4	3.0	2.7	2.0	1.6	2.0	1.5	1.5
CAD per USD	1.00	1.00	0.96	0.95	0.97	0.96	1.05	1.00	1.00	0.96	—	—	—
O/N Rate	0.99	1.00	1.00	1.25	0.99	1.00	1.00	1.00	1.00	1.00	—	—	—
Sweden													
Real GDP	5.4	4.0	0.1	1.5	3.1	3.6	1.5	-0.7	-0.7	-0.5	0.9	0.7	2.0
GDP Deflator (*percent, oya)*	1.1	1.5	7.5	5.7	0.7	1.2	-1.0	5.1	8.3	7.7	8.3	6.5	5.0
Current Account Balance (%GDP)	6.6	6.2	5.0	5.0	7.9	6.9	5.0	5.0	5.0	5.0	—	—	—
Inflation Target	2.0												
Consumer Prices (*percent, oya)*	1.3	2.7	2.0	2.0	2.3	2.9	3.0	2.5	2.0	2.0	2.0	2.0	2.0
SEK per USD *(end of period)*	6.71	6.85	6.85	6.70	6.32	6.33	6.87	6.85	6.85	6.85	—	—	—
Repo Rate	1.25	2.00	1.00	1.25	1.50	1.75	2.00	2.00	1.75	1.50	—	—	—
United Kingdom													
Real GDP	1.8	0.8	0.6	1.6	1.6	0.4	2.0	-1.0	0.0	1.0	0.4	1.5	1.5
GDP Deflator (percent, oya)	2.9	2.4	2.2	2.0	2.3	2.4	2.4	2.2	2.2	2.3	2.2	2.0	3.8
Current Account Balance (%GDP)	-2.5	-1.4	-1.5	-1.5	-1.1	-0.5	-2.0	-2.0	-1.5	-1.5	—	—	—
Inflation Target	2.0												
Consumer Prices (*percent, oya)*	3.3	4.4	3.0	2.0	4.2	4.4	4.7	4.5	3.5	3.0	3.5	2.0	2.0
USD per £ *(end of period)*	1.56	1.54	1.60	1.55	1.60	1.61	1.56	1.54	1.54	1.56	—	—	—
Bank Rate	0.50	0.50	0.50	0.75	0.50	0.50	0.50	0.50	0.50	0.50	—	—	—

Chart 45
Other Mature Economies: Current Account Balance
percent of GDP

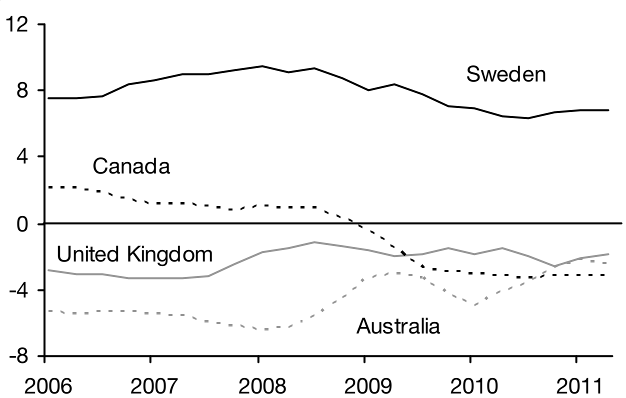
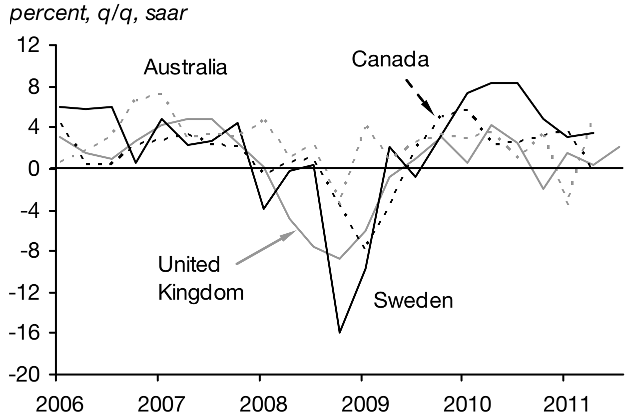


Chart 46
Other Mature Economies: Real GDP Growth
percent, q/q, saar



Emerging Asia

FACING GLOBAL HEADWINDS

- The escalation of the contagion from Europe has continued to affect Asian financial markets adversely by reducing external financing. **Regional exchange rates**, barring China, slipped further this month to bring the decline against the dollar to 3.4-16% between the late July or early August highs and mid-November (Chart 47). In contrast, the exchange rate in China appreciated 1.2% reflecting the external surplus and U.S. pressures. The decline was the steepest in **India** because of its large current account deficit, followed by Korea and Malaysia. The sizable fall coupled with only a small recent decline in large reserve holdings suggests that central banks have not intervened aggressively and allowed two-way variability. India's reserves peaked at $293.8 billion in August, before edging down to $287.8 billion in early November.

- Despite relatively strong regional economic growth, the dominance of foreign investors in local equity trading led to Emerging Asia **equity markets** underperforming, compared with the mature economies (Chart 48). In addition to the global equity sell off, the turmoil recently reduced external financing from foreign banks, especially from Europe, contributing to a shortage in dollar liquidity and tightening in international funding conditions.

- The financial contagion is being accompanied by a slippage in **exports** from Emerging Asia. In China, the softening is evident from the value of exports in October rising 15.8% from a year earlier, down from 20.5% in the third quarter (Table 10). The export performance was exceptionally weak in the Philippines, with exports 27% lower in September than a year earlier because of the downturn in its dominant electronics sector. In India, export growth was only 10.7% in October, compared with 53% in the third quarter.

- The more open economies of Malaysia, Thailand and Korea are the most vulnerable to a slump in external demand (Table 11). In Thailand's case, it is facing a flood-induced supply shock, which could reduce the value of exports around 15% in the fourth quarter from a year earlier. While the importance of the EU is greater for China and India, the smaller share of exports in their GDP means that they are less exposed, along with Indonesia.

Chart 47
Asia: Exchange Rate Depreciation
percent change against US$, July 2011-present

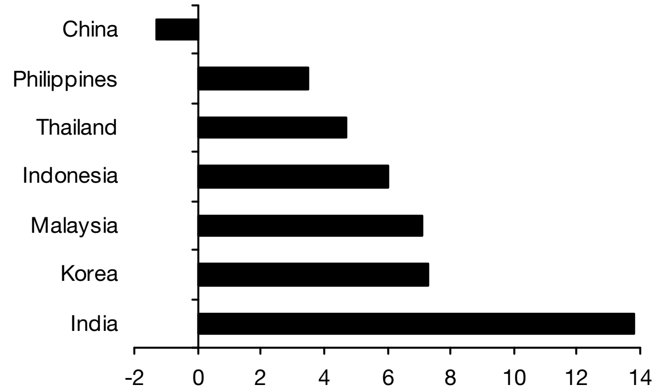


Chart 48
Asia: Share Prices
Jan 2011=100, MSCI indices

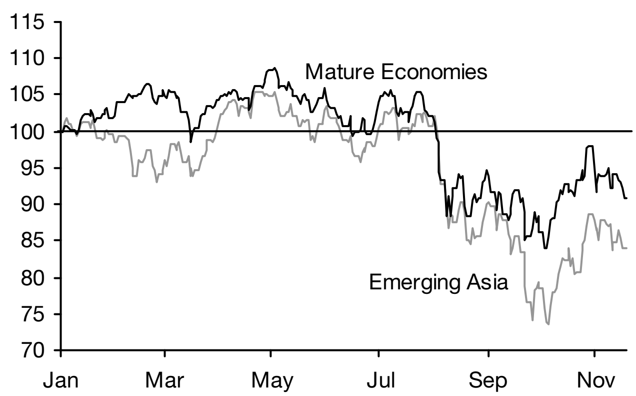


Table 10
Asia: Exports
percent change from previous year

	2010	2011 Q1	2011 Q2	2011 Q3	2011 October
Emerging Asia	31.0	24.7	24.6	23.2	—
China	31.3	26.4	22.0	20.5	15.8
India	32.4	42.2	48.5	53.2	10.7
Indonesia	35.5	27.7	43.8	40.3	—
Malaysia	26.2	15.8	16.4	16.4	—
Philippines	33.3	7.8	1.0	-15.0	—
South Korea	29.7	26.0	21.4	19.8	12.8
Thailand	28.5	27.3	19.2	27.3	—

EMERGING ASIA (CONTINUED)

- Concerns about global headwinds and some easing in **inflation** are prompting monetary authorities to shift from the policy tightening adopted since mid-2010. Indonesia was the first to move with a mid-October policy rate cut of 25 basis points, followed by a 50 basis points reduction to 6% in mid-November (Table 12). With the balance of risks shifting from inflation to growth, the central bank in China fine-tuned its policy stance by loosening credit controls. This is evident from the RMB587 billion ($92.1 billion) increase in new local currency loans in October, up from RMB470 billion ($73.6 billion) in September (Chart 49).

- Slower growth and lower inflation also prompted the central banks in Korea and Malaysia to refrain from further tightening. Despite inflation being above its 3-5% target range, the central bank in the Philippines has also paused. The late October increase of 25 basis points to 8.5% is set to be the last hike in the current cycle in India.

- In Thailand, the economy has been hit hard by widespread flooding since October, and the central bank is likely to temporarily reverse its tightening stance by cutting the policy rate 25 basis points to 3.25% at the end of November. In addition, the government is embarking on a recovery program aimed at reinforcing planned fiscal stimulus to help revive growth. Including off-budget spending, the central government deficit is to rise to 5.5% of GDP in the fiscal year ending September 2012 from 2.3% in 2010/11.

- While monetary policy is taking the lead in responding to the global turmoil, many economies are proceeding cautiously regarding the withdrawal of **fiscal stimulus**. In Malaysia, the budget now calls for the federal deficit to fall more slowly from 5.4% of GDP in 2011 to 4.7% in 2012, due to growth concerns and the political cycle.

- Across the region, the negative spillovers mean that growth will slow more than the earlier policy-led moderation. Nevertheless, domestic demand should provide a cushion against weaker exports, especially in China, India and Indonesia. China exemplifies the moderation under way, with real GDP growth in the third quarter 9.1% greater than a year earlier, down from 9.5% in the second quarter.

Table 11
Asia: Export Dependence
2010

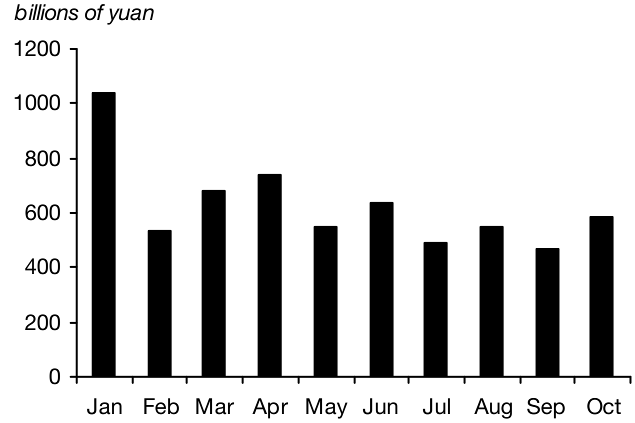
	EU Exports		Total Exports
	percent of total exports	*percent of GDP*	*percent of GDP*
China	14.8	4.0	26.9
India	14.5	2.0	13.7
Indonesia	9.2	2.0	22.3
Malaysia	8.9	7.4	83.6
Philippines	12.8	3.3	25.9
South Korea	8.1	3.8	46.4
Thailand	7.4	4.5	61.3

Table 12
Asia: Policy Rates
percent per annum

	November			
	2008	2009	2010	2011*
China	5.58	5.31	5.56	6.56
India	7.50	4.75	6.25	8.50
Indonesia	9.50	6.50	6.50	6.00
Malaysia	3.25	2.00	2.75	3.00
Philippines	6.00	4.00	4.00	4.50
South Korea	4.00	2.00	2.50	3.25
Thailand	3.75	1.25	1.75	3.50

*as of Nov 18th

Chart 49
China: New Bank Loans
billions of yuan



Emerging Europe

SHARP SLOWDOWN UNDERWAY

- The sharply weaker growth prospects in the Euro Area will have a significant adverse impact on Emerging Europe. Output growth looks set to slow sharply or reverse in some countries, with those with weaker fundamentals and large dependence on exports likely to be hit the most. Access to foreign capital will remain constrained next year, especially for domestic banks, as banks in western Europe deleverage in an effort to meet increased capital requirements.

- **Ukraine** appears to be most at risk. After accelerating temporarily to a seasonally-adjusted increase of 3.5% in the third quarter thanks to a bumper crop, real GDP growth appears to have stalled in the fourth as foreign demand plummeted, steel export prices fell and sharply tighter liquidity all but halted bank lending. With IMF lending on hold and no access to capital markets abroad, financing constraints look set to intensify next year. Real GDP growth is likely to slow from 4.8% this year to 1.5-2% next year as depreciation pressures mount given a sizable current account deficit and large refinancing needs (Chart 50).

- Real GDP growth accelerated in third quarter in **Russia** as well as agriculture and construction recovered from heat-related declines last year. Industrial production has slowed since August, however, as have exports. Sharply tighter liquidity has halted bank lending, and PMI and confidence indicators have dropped, all pointing to a sharp deceleration in activity in the fourth quarter. Further slowdown looks likely next year with foreign demand weaker, oil prices lower and access to foreign capital markets limited. Real GDP growth looks set to slip to 3.6% next year from 4% this year, despite pre-election fiscal easing (Chart 51).

- In **Hungary**, with a rebound in export sales offsetting contraction in retail sales, real GDP growth accelerated slightly to 0.5% in seasonally-adjusted terms in the third quarter from 0.2% in the second quarter (Chart 52). Output growth will likely reverse in the fourth quarter as foreign demand is set to plummet and private consumption looks likely to remain constrained because of higher monthly repayments on foreign exchange-denominated mortgages following the forint's recent sharp depreciation. Output weakness looks set to deepen next year, leaving real GDP to contract 1.5% after increasing about1.5% this year as

Chart 50
Ukraine: External Debt Repayments
$ billion

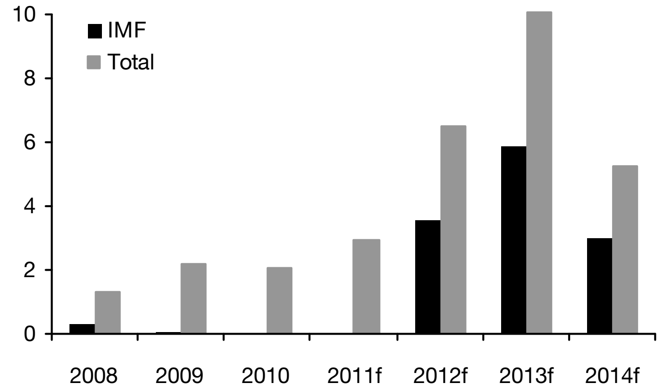


Chart 51
Russia: Real GDP Growth and Oil Price
12-month percent change *$ per barrel*

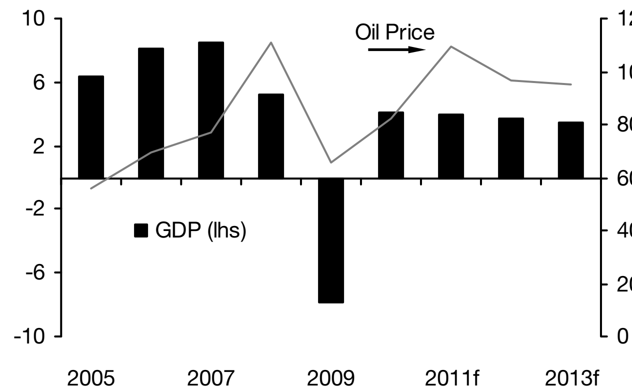
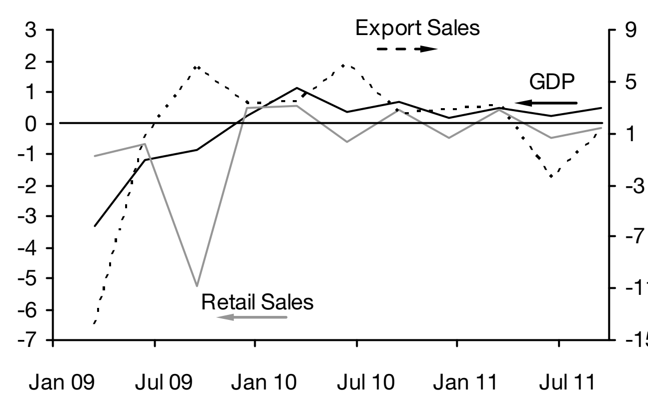


Chart 52
Hungary: Real GDP, Export Sales and Retail Sales
percent change, q/q, sa



EMERGING EUROPE (CONTINUED)

accelerated bank deleveraging in response to tighter global liquidity, the special tax imposed on banks and losses stemming from the early repayment scheme for foreign exchange denominated mortgages.

- The slowdown in foreign demand appears to have already begun to affect the export-reliant economies of Bulgaria and the Czech Republic, where real GDP was unchanged in seasonally-adjusted terms in the third quarter. Data about industrial and export orders and business confidence suggest that growth is likely to remain subdued in both countries in the fourth quarter and in 2012. Even though both countries should be less vulnerable to the tightened foreign funding constraints, net repayment to foreign banks will limit credit growth.

- In **Poland**, output expansion remained robust in the third quarter, with strong private consumption and fixed investment enabling real GDP to increase some 0.7% in the third quarter in seasonally-adjusted terms, slightly less than during the first half (Chart 53). Growth is likely to slow more sharply in the fourth quarter and in 2012, however. Plummeting export orders and business sentiment point to a much weaker foreign demand. Public investment will culminate next year and fiscal policy will become contractionary, constraining domestic demand as well.

- In **Romania**, a rebound in agriculture and strong exports helped boost real GDP to a seasonally-adjusted increase of 1.9% in the third quarter. Even though fourth-quarter growth is likely to slow sharply, real GDP is likely to expand 2.5% this year as a whole (Chart 54). Growth is set to be much slower next year, however, 1% or less, with sizable external and government financing needs leaving Romania vulnerable to the tighter funding constraints.

- In **Turkey**, a sharp slowdown in domestic spending appears to have slowed real GDP growth to perhaps 1% in seasonally-adjusted terms during the third quarter from 1.3% in the second (Chart 55). Weaker foreign demand should cause growth to decelerate further to 0.5% in the fourth quarter. Monetary tightening and more constrained access to foreign capital should trim real GDP growth to 3% next year from as much as 8% likely this year.

Chart 53
Poland: Real GDP and Investment
percent change, q/q, sa

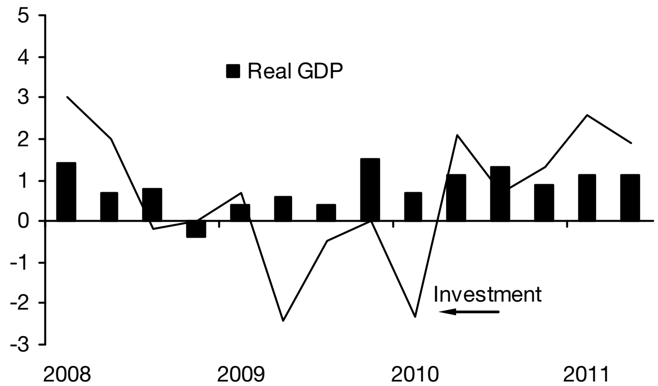


Chart 54
Romania: Contribution to GDP Growth
percent change

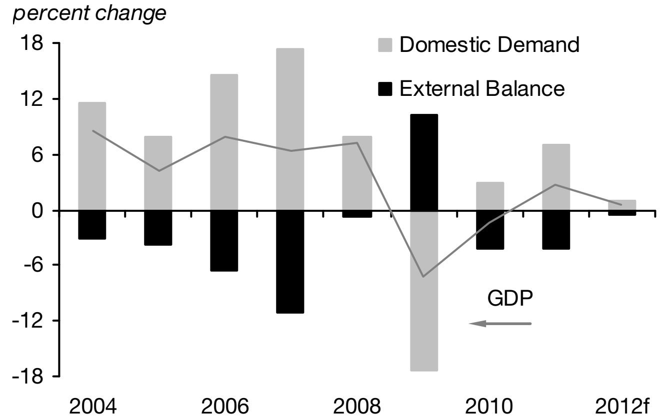


Chart 55
Turkey: Exports and Unemployment
percent change, q/q, sa

Latin America

SCOPE FOR POLICY STIMULUS REMAINS

- Latin America is relatively well prepared to support growth and mitigate financial contagion stemming from global instability. While the scope for a countercyclical policy response is smaller than in 2008, it remains significant as many countries withdrew stimulus after the 2008 global crisis, albeit at different paces. The main transmission channels of contagion are trade (commodity exports), an erosion of confidence, and tighter financial conditions (Charts 56 and 57). Moderate room for monetary easing (depending upon inflation dynamics), stronger fiscal positions and substantial foreign exchange reserves, nonetheless, remain sound lines of defense in most countries (Chart 58). By contrast, the scope for countercyclical policy is severely constrained in Argentina and Venezuela, where populist policies have damaged the business climate. Given closer trade and investment links, the growth outlook for China remains critical in determining how severe contagion could become.

- In **Brazil**, the ongoing economic deceleration has prompted a forceful policy response. Since August, the central bank has cut the Selic rate 100bp to 11.5% and in mid-November relaxed macroprudential credit regulation. It reduced capital requirements for payroll-linked, auto and personal credit. With the government firmly committed to taking advantage of global weakness to reduce interest rates, the countercyclical effort has been spearheaded by monetary policy easing (Chart 59). If the global downturn worsens, we expect the government to boost fiscal and quasi-fiscal spending despite marginally weaker scope to do so. The public sector deficit was 2.6% of GDP in the twelve months through September, up from 1.8% of GDP three years ago; in the same period, the ratio of gross debt to GDP of the general government remained broadly unchanged at 56%.

- With strong macro policies and anchored inflation expectations, **Chile** is well positioned to support growth and provide foreign currency liquidity if needed. The policy rate currently stands at 5.25%. The 2011 central government surplus is expected to be 1.4% of GDP and there is plenty of foreign currency firepower. International reserves and resources in the Economic and Social

Chart 56
Latin America: Credit Default Swap (CDS) Spreads
basis points *basis points*

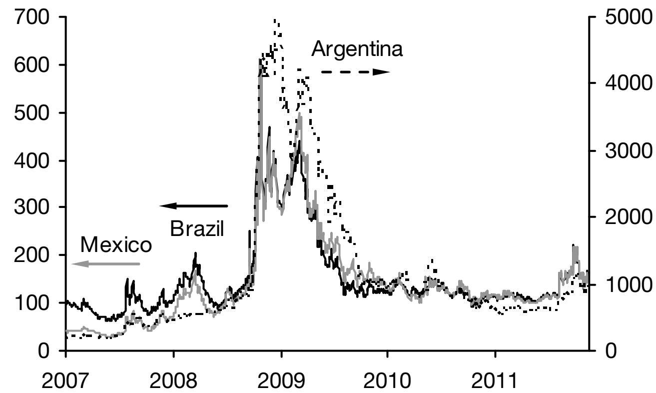


Chart 57
Latin America: Commodity Exports
percent of total exports

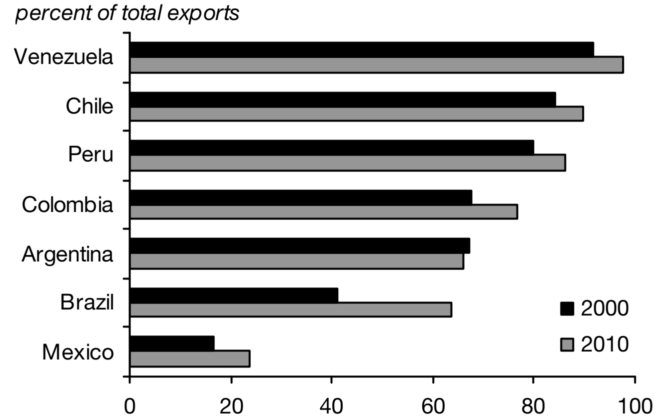
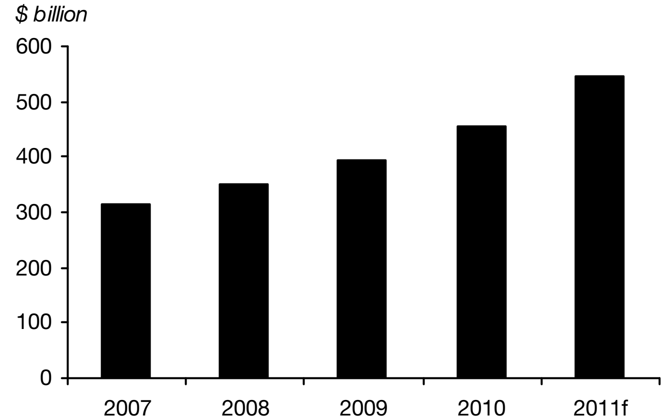


Chart 58
Latin America: International Reserves (ex. Gold)
$ billion



LATIN AMERICA (CONTINUED)

Stabilization Fund (ESSF) currently exceed $52 billion (22% of GDP and 6 months of imports).

- The financial and trade openness of **Mexico's** economy has fueled contagion concerns. However, we believe that the country is well prepared to face an external shock compared to mid-2008: 1) economic activity is more solid (4.4% oya in August); 2) inflation is under control (3.2% oya in October); 3) the current account deficit is below 1% of GDP; 4) credit is growing 12% oya in real terms, reflecting still supportive financial conditions; 5) the domestic financial system is strong; and 6) foreign reserves have increased due to a strong pace of accumulation during the first half of the year. They currently total $213 billion, including the IMF's FCL line), equivalent to more than 7 months of imports (Chart 60).

- **Colombia's** economy is also in a sound position. Growth momentum remains strong, driven by investment, while high international reserves ($32 billion) and the IMF's Flexible Credit Line ($6 billion) provide an ample buffer to potential dollar liquidity constraints. With inflation running in the upper limit of the target of 3.0% (±1%), the scope for monetary stimulus is somewhat limited unless worsening global conditions begin to exert significant downward pressure on inflation.

- By contrast, the scope for countercyclical stimulus has sharply narrowed in **Argentina**, rendering the economy highly vulnerable to lower soybean prices, a slowdown in Brazil, and depreciation of the Brazilian *real*. We believe that an externally-driven growth deceleration will be amplified by an ensuing deterioration of public finances, thereby weakening the room for stimulus. Recently implemented controls on capital outflows (specifically an approval requirement for all foreign exchange transactions) have further fueled capital flight, contributing to a drop of foreign reserves. The weakening global outlook and prospects of further government intervention in financial and exchange markets have resulted in higher market interest rates, a decline of private sector foreign-denominated deposits, and a widening gap between the official exchange rate and parallel rate implicit in global capital markets (Chart 61).

Chart 59
Latin America: Policy Rates
percent per annum

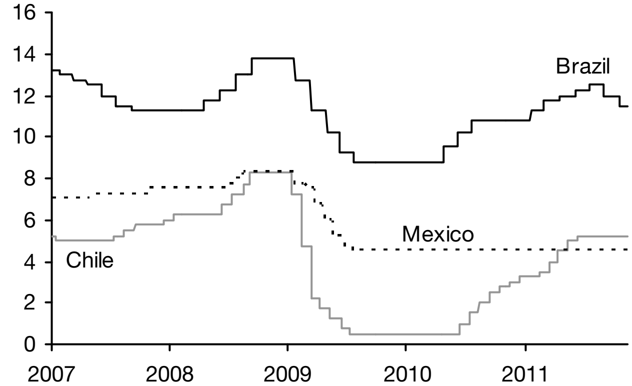


Chart 60
Mexico: International Reserves
$ billion, end of year

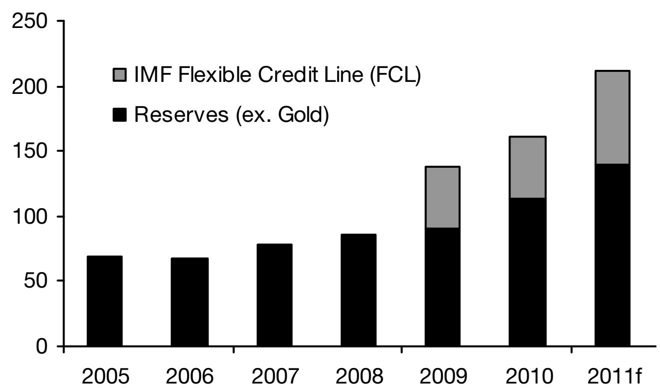
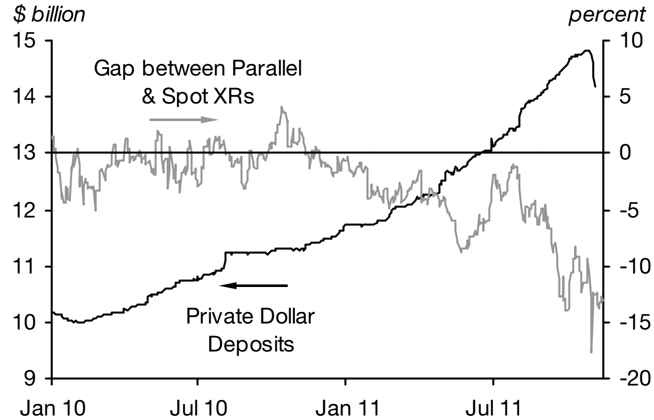


Chart 61
Argentina: Dollar Deposits and Exchange Rate Gap
$ billion *percent*



Africa and Middle East

UNEVEN TRANSITIONS, DOWNSIDE RISKS

- The transition process in several of the MENA countries is likely to be long and drawn out. Financial conditions and banking sector balance sheets have deteriorated. Sovereign bond and CDS spreads have widened, raising borrowing costs. As a result, we expect only a modest recovery in economic activity in 2012. Downside risks include difficulties in political transition, shortfalls in external support, and a weaker global outlook.

- In **Egypt**, where real GDP was down 1.8% in 2011 H1 on a year ago, activity remains tepid amid ongoing political uncertainty and continued sporadic protests. We expect growth in FY 2011/12 to remain weak, with investment decisions put off until the composition and leanings of the post-election government are known. Official reserves have dropped sharply as FDI was cut back and as nonresidents reduced their holdings of treasury bonds and sold equities (Table 1). Egypt faces stiff challenges, not least of which is maintaining economic stability, reducing the large budget gap and tackling structural reforms, while addressing the social and economic aspirations of its people.

- While the political transition in **Tunisia** has been peaceful, uncertainties about economic policy persist. The economy has been hit hard this year, and in the first 10 months tourism receipts dropped 35% and FDI was down 40%. Official reserves have fallen $2.8 billion since the end of 2010 and in October stood at $7.6 billion. The currency remains broadly stable, and inflation is under control. NPLs are expected to soar to above 20% of total loans due to the recession and the failure of some large businesses associated with the old regime. The current account and fiscal deficits are projected to widen (Table 2), and external financing needs are projected at $2.5 billion in 2012.

- **Morocco** reacted to upheavals in the Arab world by bringing forward proposals for constitutional reforms and increasing wages and subsidies. Real nonagricultural GDP growth is projected at 3.7% in 2011 and 2012, but current account and fiscal deficits are likely to widen (Chart 62). The banking system remains solid. Constitutional reforms have improved the political climate, but they need to be supplemented by structural reforms in the economic sphere to raise growth rates and reduce unemployment.

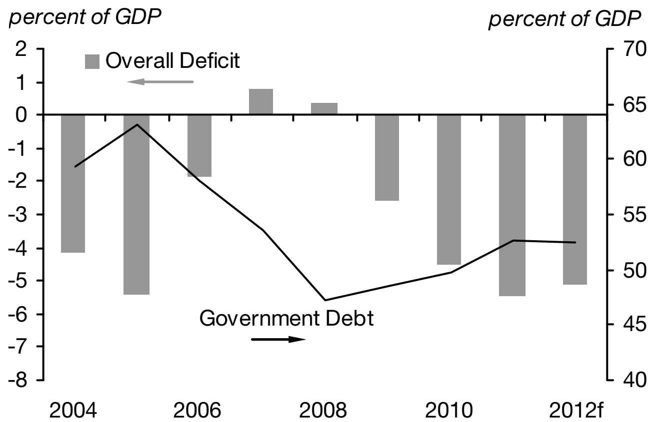
Table 13
Egypt: Key Macroeconomic Variables

	2008/09	2009/10	2010/11	2011/12f
Nominal GDP, $ billion	189	218	232	247
Growth, % change*	4.7	5.1	1.8	1.4
Inflation, eop, %	10.0	10.7	11.5	7.9
Current Account, % GDP	-2.3	-2.0	-1.2	-1.4
Tourism Receipts, $ billion	10.5	11.6	10.5	9.5
FDI, $ billion	8.1	6.8	2.2	2.5
Portfolio Equity, net $ billion	-8.2	6.0	-2.9	2.5
Official Reserves, $ billion	29.4	32.8	21.5	25.0
Budget Balance, % GDP*	-6.9	-8.1	-9.8	-9.5
Gross Public Debt, % GDP	73.0	73.1	79.8	83.0

Table 14
Tunisia: Main Economic and Financial Indicators

	2008	2009	2010e	2011f	2012f
Real GDP, % change	4.5	3.1	3.7	-1.7	4.0
Agriculture and Fishing	-0.7	8.8	-8.7	7.0	4.0
Nonagricultural	5.3	2.6	5.1	-2.9	4.0
CPI Inflation, avg., % change	4.9	3.5	4.5	3.4	4.1
Current Account Bal., % GDP	-3.8	-2.6	-4.7	-6.7	-5.6
Gross Official Reserves, $ bn	8.8	11.1	9.5	8.0	9.5
Months of Imports	3.6	5.6	4.4	3.4	4.0
Budget Balance, % GDP	-1.0	-3.0	-1.4	-4.5	-4.0
Government Debt, % GDP	43.3	42.8	40.4	43.0	48.6
Unemployment Rate (%)	12.4	13.3	13.0	15.5	14.0

Chart 62
Morocco: Fiscal and Debt Indicators



MIDDLE EAST AND NORTH AFRICA (CONTINUED)

- The pace of economic recovery in **Libya** will depend on how the political and security situation evolves. Unlike Egypt and Tunisia, foreign financial assistance will not be needed to rebuild the Libyan economy, but foreign expertise and skills will be essential for recovery. We expect crude oil production to recover to the pre-war level of 1.66 mbd by end-2013. Under the assumption of the restoration of adequate security, proper functioning of public services, and access to the frozen foreign assets, overall real GDP is projected to rebound sharply, by about 40% in 2012 (following a projected contraction of 53% in 2011), driven by the expected doubling of crude oil production and a surge in reconstruction. The risk is that internal political tensions and security issues could delay the recovery.

- Even though **Jordan** has not been immune to regional instability, growth has held up relatively well. Nonetheless, retrenchments in tourism, FDI and remittances have dampened activity and growth in 2011 is projected to be only slightly higher than last year at 2.6%. Higher oil prices have also strained the external balance, widening the current account deficit to 8.9% of GDP from 5% in 2010. Budgetary grants of $1.4 billion from Saudi Arabia (equivalent to about 5% of GDP) have offset lower tax revenue and helped the authorities finance subsidies and meet some social demands. Although the overall fiscal deficit will likely be close to the budgeted 5.7% of GDP in 2011, excluding grants it may jump to 12.2% (Table 4).

- The uprising in **Syria**, now in its eighth month, has taken a heavy toll on human life and on the economy. We expect real GDP to contract by at least 5% due to the sharp fall in private consumption, investment and exports of goods and services (Chart 63). Both the external current account and fiscal deficits are expected to widen to over 9% of GDP. Consequently, official foreign exchange reserves are expected to decline from $19.5 billion at end-2010 to around $12 billion by end-2012, still at a comfortable level. As the sanctions bite further and the uprising persists in the coming months, the regime could weaken further and internal divisions could begin to erode stability.

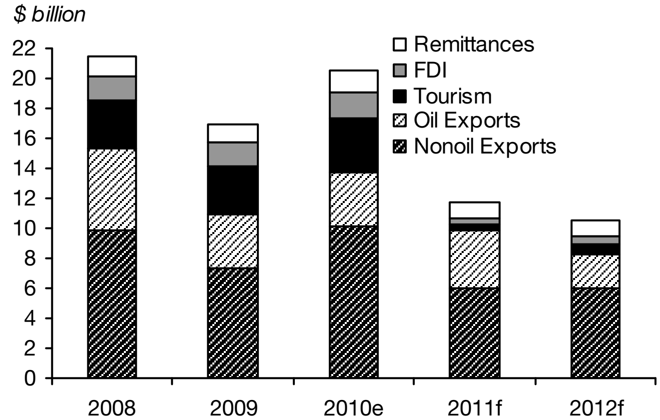
Table 15
Libya: Illustrative Scenario For Economic Recovery

	2010e	2011f	2012f	2013f	2014f
Nominal GDP, $ billion	74	38	54	78	87
Hydrocarbon	44	18	32	53	59
Nonhydrocarbon	30	20	22	25	28
Real GDP, % change	3.8	-53.0	40.5	34.1	9.5
Hydrocarbon	1.0	-69.6	99.7	63.8	8.9
Nonhydrocarbon	6.0	-40.0	17.0	14.0	10.0
Oil Production, ‘000 b/d	1660	426	850	1533	1700
Gov’t Revenues, $ bn	49.6	10.2	29.8	49.1	55.8
Gov’t Expenditure, $ bn	39.8	15.9	33.0	41.3	47.4
Current Acct. Bal., $ bn	18.0	-5.1	-1.1	11.9	13.1
Total Foreign Assets, $ bn	163.6	123.5	120.6	131.5	148.5

Table 16
Jordan: Main Macroeconomic Indicators

	2009	2010	2011f	2012f
Nominal GDP, $ billion	23.9	26.5	28.5	30.8
Real GDP Growth, %	5.5	2.3	2.6	3.2
CPI , % change, average	-0.7	5.0	4.8	4.8
Fiscal Balance, % GDP	-8.9	-5.6	-5.7	-4.7
Fiscal Balance Excl. Grants, % GDP	-10.9	-7.7	-12.2	-9.0
Current Account Bal., % GDP	-4.7	-5.0	-8.6	-7.6
Current Account Excl. Grants, % GDP	-6.1	-6.5	-14.9	-14.1
Gross Public Debt, % GDP*	64.8	67.1	69.8	70.0
Unemployment Rate, %	12.0	12.5	13.2	13.0

Chart 63
Syria: Foreign Exchange Earnings
$ billion



CHANGES IN IIF FORECAST

- Our forecasts generally may change for 2 reasons: (1) because *actual data* came in different from what we expected or (2) because we changed our forward-looking view about the economic outlook. Usually, our forecast revisions reflect a combination of the two.

- When it comes to G3 growth projections, Q3 GDP data were almost exactly as we expected, so revisions are entirely due to changes about the outlook. Most notably, we downgraded our growth projections for the Euro Area by a full percentage point for 2012 and 0.3 percentage points for this year. For the U.S., we upgraded Q4 growth from 2% to 2.5%. Our Japan call for 2012 was revised down slightly from 2.5% to 2.3%.

- In our view, growth prospects in Emerging Europe are also sharply lower now. We cut our growth forecast for the region in 2012 by 0.7 percentage points. Growth projections for EM Asia have also been cut marginally.

- We cut our Inflation forecast for the Euro Area in 2012, in line with contracting economic activity. In Emerging Markets, however, inflation seems likely to remain elevated in 2012. We actually increased our 2012 forecasts for inflation for China, Russia and Turkey.

- We made no changes to our projections for the oil price this month.

Chart 64
Euro Area: IIF Real GDP Growth Forecast for 2011-2012
percent, y/y, IIF forecast as of specified date

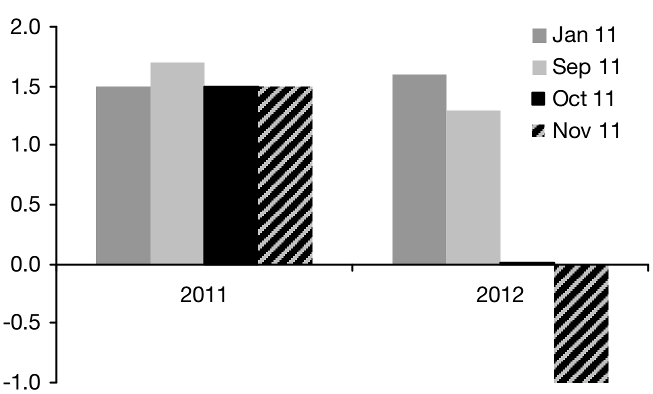


Chart 66
IIF 2011 CPI Forecast
percent change over a year ago, end of period

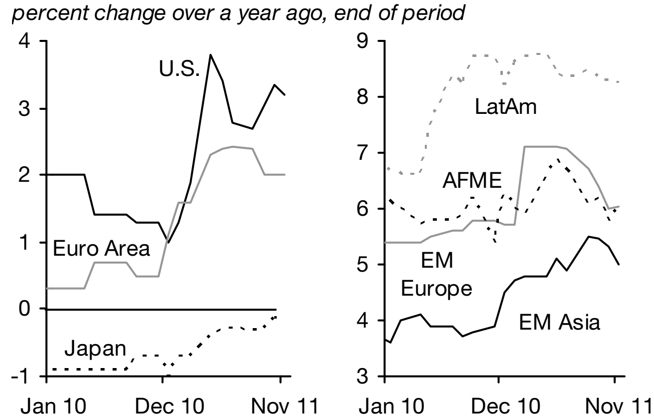


Chart 65
IIF Growth Forecast: Emerging Economies

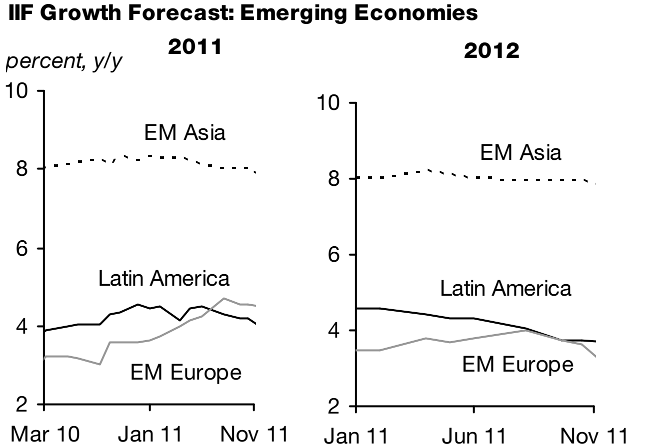
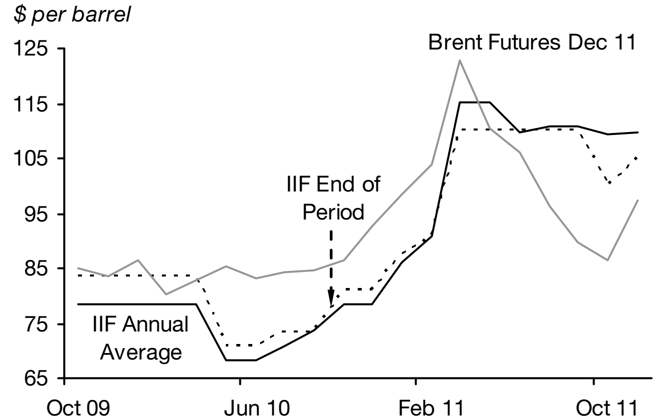


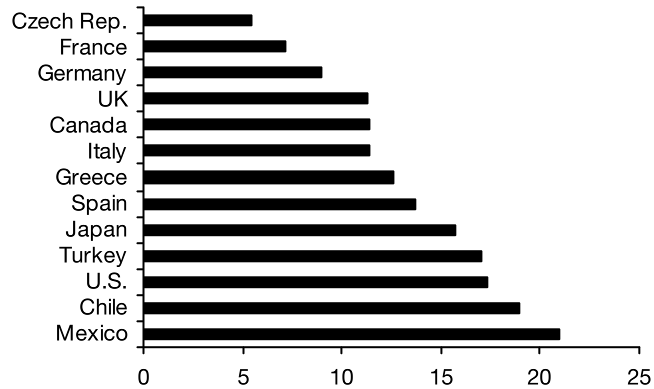
Chart 67
IIF 2011 Oil Price Forecasts
$ per barrel



IIF CHART CAPTION QUIZ

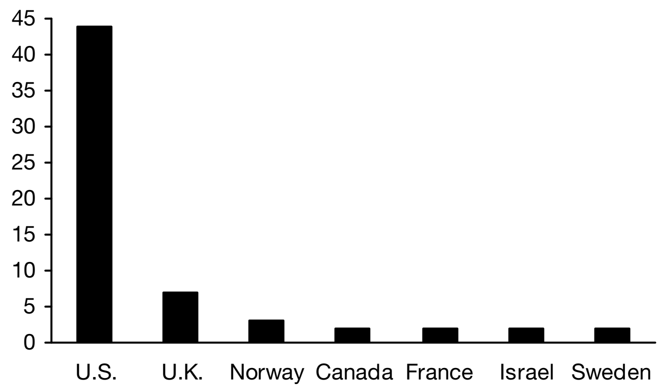
- This month's chart quiz is related to the favorite topic of the global "Occupy" movement. As usual, your task is to figure out the title of our quiz chart.
- Please send your answer to psuttle@iif.com.

Chart 68
???
percent of population



- Congratulations to all the astute readers who mastered last month's chart quiz! The chart showed an interesting dimension of U.S. economic dominance: The U.S. is by far the country with the most laureates of the economics Nobel prize (officially named "Swedish National Bank Prize in Economic Sciences in Memory of Alfred Nobel").

Chart 69
Economics Nobel Prizes by Recipient Country
number



Key Economic Indicators	Yearly		Quarterly								Monthly					
			2009	2010				2011					2011			
	2009	2010	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	May	Jun	Jul	Aug	Sep	Oct
Argentina																
Consumer prices (2000 = 100)	254.7	310.6	269.7	287.5	304.2	317.1	333.6	350.2	356.9	385.7	369.3	373.3	379.0	385.7	392.4	397.5
% change previous year	16.3	22.0	16.1	19.4	21.4	23.0	23.7	21.8	17.3	21.6	21.4	21.5	21.6	21.3	21.9	20.7
% change during period	17.4	22.9	4.6	6.6	5.8	4.3	5.2	5.0	1.9	8.1	1.2	1.1	1.5	1.8	1.7	1.3
Industrial production (1995 = 100)	154.2	169.2	168.1	151.5	165.7	173.9	185.9	165.4	179.7		183.7	173.3	176.1	184.9		
% change previous year	0.9	9.7	5.9	8.8	10.0	9.3	10.6	9.2	8.5		9.1	8.2	7.1	5.2		
Trade balance ($ million)	16886	11632	3566	1977	5341	2933	1381	1788	3998	2375	1680	1019	672	639	1064	
Exports, fob ($ million)	55672	68133	14475	13044	19074	18720	17296	17104	22918	23531	8043	7922	7317	8255	7959	
% change previous year	-20.5	22.4	-4.7	9.4	23.3	35.6	19.5	31.1	20.2	25.7	23.7	24.5	22.3	29.6	25.0	
Imports, cif ($ million)	-38786	-56502	-10909	-11067	-13733	-15787	-15915	-15316	-18920	-21156	-6363	-6904	-6645	-7616	-6895	
% change previous year	-32.5	45.7	-14.6	33.2	51.7	50.2	45.9	38.4	37.8	34.0	39.1	36.5	29.7	42.9	29.2	
Reserves excluding gold ($ million)	46093	49734	46093	45498	47257	49133	49734	48828	49047	45367	49409	49047	49056	46808	45367	43871
Exchange rate (peso/$, end-period)	3.8	4.0	3.8	3.9	3.9	4.0	4.0	4.1	4.1	4.2	4.1	4.1	4.1	4.2	4.2	4.2
Real effective rate (2000 = 100)	45.0	47.9	43.0	45.8	48.2	48.8	48.7	48.9	48.4	49.9	48.6	48.7	48.6	49.2	51.9	52.7
% change previous period	2.2	6.3	0.3	6.4	5.2	1.3	-0.2	0.5	-1.0	3.0	1.4	0.1	-0.2	1.3	5.4	1.6
Monetary base, % change prev. year	16.6	27.2	16.6	23.7	23.5	27.6	27.2	36.1	42.2	40.6	38.7	42.2	40.6	41.4	38.6	36.2
Monetary base, % change prev. period			20.6	-4.2	6.2	4.0	20.3	2.5	10.9	2.9	2.0	7.1	2.9	0.7	0.9	2.5
Interbank Interest Rate, 15-day, end-period	10.2	9.2	9.0	8.5	8.9	9.4	9.8	9.4	9.5	9.4	9.4	9.6	9.3	9.5	9.5	9.9
Stock market (Merval, end-period)	2321	3524	2321	2374	2185	2643	3524	3388	3361	2464	3251	3361	3322	2965	2464	2906
$ terms (end-1992 = 100)	136.0	197.6	136.0	136.4	123.7	148.7	197.6	186.3	182.2	130.5	177.3	182.2	178.6	157.3	130.5	152.8
Domestic credit, % change prev. year	22.7	35.9	22.7	27.2	28.6	31.5	35.9	35.0	35.3		34.0	35.3	35.9	34.8		
Brazil																
Consumer prices (2000 = 100)	181.2	190.4	183.7	187.1	189.9	190.5	194.0	198.5	202.4	204.1	202.6	202.9	203.2	204.0	205.1	205.9
% change previous year	4.9	5.0	4.2	4.9	5.1	4.6	5.6	6.1	6.6	7.1	6.6	6.7	6.9	7.2	7.3	7.0
% change during period	4.3	5.9	12.0	17.8	17.5	17.1	18.7	25.2	25.4	25.7	0.5	0.1	0.2	0.4	0.5	0.4
Industrial prod., IBGE (1995 = 100, s.a.)	132.9	146.9	141.7	145.7	139.4	147.0	147.4	149.3	141.4	147.2	3789.8	147.8	148.3	148.1	145.2	
% change previous year	-7.3	10.5	6.3	17.0	0.2	8.2	4.0	2.5	1.4	0.1	1.5	0.9	1.0	1.0	-1.6	
Trade balance, bop ($ million)	25290	20221	4107	882	7002	4826	7511	3145	9810	10080	3520	4429	3134	3873	3074	2355
Exports, fob ($ million)	152995	201915	41197	39230	49958	55742	56986	51233	67071	71696	23209	23689	22252	26159	23285	22140
% change previous year	-22.7	32.0	-12.5	25.8	28.8	33.2	38.3	30.6	34.3	28.6	31.1	38.6	25.9	36.0	23.6	20.5
Imports, fob ($ million)	-127705	-181694	-37090	-38347	-42956	-50917	-49475	-48088	-57261	-61616	-19689	-19260	-19118	-22286	-20212	-19785
% change previous year	-26.2	42.3	-11.5	36.0	54.2	47.3	33.4	25.4	33.3	21.0	38.1	29.9	17.1	32.4	13.9	19.7
Current account balance ($ million)	-24302	-47365	-12241	-11949	-11898	-11513	-12004	-14582	-10890	-10559	-4103	-3300	-3497	-4862	-2200	
Reserves excluding gold ($ million)	237364	287056	237364	242561	251769	273793	287056	315591	334144	347954	331357	334144	344377	351436	347954	351076
Exchange rate (real/$, end-period)	1.7	1.7	1.7	1.8	1.8	1.7	1.7	1.6	1.6	1.9	1.6	1.6	1.5	1.6	1.9	1.7
Real effective rate (2000 = 100)	126.2	142.8	140.3	138.2	143.0	144.1	146.1	148.7	153.6	150.5	152.0	154.1	156.4	152.6	142.7	141.1
% change previous period	-1.1	13.2	5.4	-1.5	3.5	0.8	1.4	1.8	3.3	-2.0	-1.8	1.4	1.4	-2.4	-6.5	-1.1
M1, % change previous year	11.5	12.0	11.5	19.3	16.1	19.3	12.0	9.2	7.4	2.6	7.7	7.4	7.1	2.3	2.6	
M1, % change previous period			20.1	-8.4	2.4	5.9	12.7	-10.6	0.7	1.1	0.4	1.2	0.2	-1.7	2.7	
Annualized interest rate (Over/Selic)	10.1	9.8	8.7	8.7	9.4	10.5	10.7	11.2	11.9	12.2	11.9	12.1	12.3	12.4	11.9	
Stock market (Bovespa index)	685880	693041	685880	703710	609351	694291	693041	685867	624036	523244	646201	624036	588234	564951	523244	583384
$ terms (end-1992 = 100)	2614.0	2773.7	2614.0	2619.6	2245.9	2722.6	2773.7	2792.4	2652.0	1849.8	2717.0	2652.0	2522.4	2361.2	1849.8	2259.0
Bulgaria																
Consumer prices (2000 = 100)	174.1	178.3	173.6	176.2	178.0	178.1	181.2	185.2	186.4	185.0	187.0	185.3	185.4	184.9	184.9	186.4
% change previous year	2.8	2.4	0.1	0.9	1.7	2.8	4.3	5.1	4.8	3.9	4.8	4.8	4.4	4.1	3.3	3.5
% change during period	0.6	4.5	0.3	1.4	1.0	0.1	1.8	2.2	0.7	-0.7	0.0	-0.9	0.0	-0.3	0.0	0.8
Industrial production (2005 = 100)	95.6	97.6	100.4	88.6	95.7	100.3	105.6	98.0	101.8	103.4	100.3	104.7	106.5	100.6	103.0	
% change previous year	-18.2	2.0	-13.1	-3.3	1.5	4.4	5.2	10.6	6.3	3.1	9.1	1.6	5.1	2.5	1.6	
Trade balance ($ million)	-5751	-2867	-1335	-1317	-1017	876	-1408	-19	-907	-188	-314	-300	61	5	-254	
Exports, fob ($ million)	16396	25785	4801	5325	6497	8100	5863	6537	7001	7324	2378	2298	2629	2371	2324	
% change previous year	-27.1	57.3	10.2	52.6	74.0	85.3	22.1	22.7	7.7	-9.6	18.1	-6.5	-16.1	-23.3	23.9	
Imports, fob ($ million)	-22146	-28652	-6135	-6643	-7514	-7224	-7271	-6556	-7907	-7512	-2692	-2598	-2568	-2367	-2578	
% change previous year	-37.0	29.4	-17.6	33.5	38.1	29.1	18.5	-1.3	5.2	4.0	10.2	-0.3	-2.9	-7.1	26.8	
Current account balance ($ million)	-4252	-593	-1328	-761	-399	1747	-1179	200	138	1780	182	71	877	739	164	
Reserves excluding gold ($ million)	17205	15516	17205	15072	13324	15740	15516	15511	19442	17511	19046	19442	19504	18846	17511	18378
Exchange rate (lev/$, end-period)	1.364	1.473	1.364	1.451	1.594	1.433	1.473	1.377	1.348	1.457	1.361	1.348	1.360	1.358	1.457	1.402
Real effective rate (2000 = 100)	138.0	131.7	137.3	133.7	130.1	130.3	132.6	134.2	135.3	136.6	135.1	135.1	136.2	137.0	136.7	134.3
% change previous period	4.3	-4.6	-0.3	-2.6	-2.7	0.2	1.8	1.2	0.8	1.0	-0.4	0.0	0.8	0.7	-0.2	-1.8
Broad money, % change previous year	4.3	6.3	4.3	7.7	8.0	8.4	6.3	7.4	8.0	10.3	7.9	8.0	9.4	9.4	10.3	
Broad money, % change previous period			2.9	1.2	1.8	2.3	0.8	2.4	2.2	4.5	0.8	0.9	2.6	1.3	0.5	
Short-term lending rate (annual)	9.4	7.9	8.6	8.0	7.7	8.5	7.7	6.2	7.4	7.6	8.3	7.3	7.6	7.9	7.3	
BSE SOFIX index (Oct 20, 2000 = 100)	427	362	427	421	373	387	362	445	414	347	431	414	417	378	347	342
$ terms (Oct-00 = 100)	650	511	650	603	486	561	511	672	638	494	657	638	637	578	494	506

Key Economic Indicators	Yearly		Quarterly								Monthly					
			2009	2010				2011			2011					
	2009	2010	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	May	Jun	Jul	Aug	Sep	Oct
Chile																
Consumer prices (2000 = 100)	135.4	137.3	135.2	135.7	136.8	138.0	138.6	139.6	141.4	142.3	141.5	141.7	141.9	142.1	142.8	143.5
% change previous year	1.5	1.4	-1.9	-0.3	1.2	2.2	2.5	2.9	3.3	3.1	3.3	3.4	2.9	3.2	3.3	3.7
% change during period	-1.5	3.0	7.1	14.8	15.1	13.7	10.3	18.6	19.0	17.4	0.4	0.2	0.1	0.2	0.5	0.5
Industrial production (1995 = 100)	135.7	136.6	141.4	127.0	135.0	139.1	145.2	141.7	145.1	142.5	147.3	140.0	142.2	145.0	140.5	
% change previous year	-6.7	0.6	-2.1	-6.5	1.9	4.4	2.7	11.5	7.5	2.4	9.7	4.0	0.7	1.7	5.0	
Trade balance, fob ($ million)	14117	15855	3829	4758	3013	3671	4413	4113	3869	2027	1826	540	1213	491	323	837
Exports, fob ($ million)	54004	71028	15505	16420	16352	18479	19777	19857	21362	20692	7810	6433	7204	6880	6609	6446
% change previous year	-18.5	31.5	29.1	42.7	27.1	30.8	27.6	20.9	30.6	12.0	44.9	17.9	19.2	22.5	-3.1	19.4
Imports, fob ($ million)	-39888	-55174	-11676	-11662	-13339	-14808	-15364	-15744	-17493	-18665	-5984	-5893	-5991	-6389	-6285	-5609
% change previous year	-30.9	38.3	-9.7	31.6	47.3	43.9	31.6	35.0	31.1	26.0	24.7	37.5	20.1	27.5	30.7	9.2
Copper price ($/lb, end-period)	3.3	4.4	3.3	3.5	3.0	3.6	4.4	4.3	4.3	3.2	4.2	4.3	4.5	4.2	3.2	3.6
Reserves excluding gold ($ million)	25283.5	27816.3	25283.5	25584.9	25118.1	26429.6	27816.3	31458.7	34846.2	37804.2	32742.1	34846.2	34446.0	36325.3	37804.2	38635.4
Exchange rate (peso/$ end-period)	507.3	468.0	507.3	524.8	548.0	483.2	468.0	477.5	467.2	519.8	465.1	467.2	457.8	460.9	519.8	490.2
Real effective rate (2000 = 100)	95.8	101.3	98.7	99.5	99.0	101.8	104.8	103.2	104.0	103.3	104.5	103.8	104.8	103.4	101.8	97.7
% change previous period	-4.8	5.7	2.3	0.8	-0.5	2.8	3.0	-1.5	0.8	-0.6	0.7	-0.7	1.0	-1.3	-1.6	-4.0
M2, % change previous year	-5.3	10.9	-5.3	3.3	6.5	4.5	10.9	8.7	12.6	17.3	9.9	12.6	13.5	19.5	17.3	17.8
M2, % change previous period			-1.0	3.2	2.8	-0.5	5.1	1.1	6.5	3.7	2.7	2.4	-0.2	3.6	0.3	3.0
90-365 day real annual deposit rate	3.1	1.3	2.6	0.9	0.2	1.1	3.0	1.1	1.6	3.2	2.1	2.1	2.9	3.7	3.1	2.9
IGPA (1980=100, end-period)	16630.9	22979.2	16630.9	17642.7	18848.1	22355.9	22979.2	21871.9	22642.4	18796.9	22929.0	22642.4	21166.4	20463.4	18796.9	20711.3
$ terms (end-92 = 100)	458.6	686.8	458.6	470.3	481.1	647.1	686.8	640.7	677.8	505.8	689.5	677.8	646.7	621.1	505.8	591.0
China, P.R.																
Consumer prices (2000 = 100)	119.5	123.5	120.2	122.5	122.4	123.2	125.9	128.8	129.4	130.9	129.4	129.7	130.3	130.9	131.4	131.7
% change previous year	-0.7	3.3	0.7	2.2	2.9	3.5	4.7	5.1	5.7	6.3	5.5	6.4	6.5	6.2	6.1	5.5
% change during period	1.9	4.6	1.0	1.9	-0.1	0.6	2.2	2.3	0.5	1.1	0.1	0.3	0.5	0.3	0.5	0.1
Industrial output (2001 = 100)	693.7	800.4	753.0	707.0	844.9	796.7	853.3	808.8	962.9	906.3	941.7	1034.1	878.1	886.0	954.9	916.4
% change previous year	11.4	15.4	18.0	19.6	15.9	13.5	13.3	14.4	14.0	13.8	13.3	15.1	14.0	13.5	13.8	13.2
Trade balance ($ million)	251684	259188	77239	30685	59862	85147	83494	20730	69671	88094	20766	29756	39178	26092	22824	24526
Exports, fob ($ million)	1201950	1578428	355139	316098	389060	429810	443460	399665	474822	518117	157157	161981	175128	173316	169673	157500
% change previous year	-16.0	31.3	0.2	28.7	40.9	32.2	24.9	26.4	22.0	20.5	19.3	17.9	20.3	24.4	17.0	15.8
Imports, fob ($ million)	-950266	-1319240	-277900	-285413	-329198	-344663	-359966	-378935	-405151	-430023	-136391	-132224	-135950	-147224	-146849	-132974
% change previous year	-11.4	38.8	22.7	64.6	44.1	27.4	29.5	32.8	23.1	24.8	28.4	19.0	23.0	30.4	21.1	29.1
Official reserves excl. gold ($ million)	2416044	2866000	2416044	2464000	2471000	2667000	2866000	3067000	3197491	3201683	3165997	3197491	3245283	3262499	3201683	
Exchange rate (Rmb/$, end-period)	6.8	6.6	6.8	6.8	6.8	6.7	6.6	6.5	6.5	6.4	6.5	6.5	6.4	6.4	6.4	6.4
Real effective rate (2000 = 100)	110.3	109.1	106.1	108.2	109.4	109.3	109.5	111.2	110.0	112.0	110.0	110.3	110.3	111.3	114.4	115.2
% change previous period	2.8	-1.1	-2.2	2.0	1.1	-0.2	0.2	1.6	-1.1	1.8	0.3	0.3	-0.1	1.0	2.8	0.7
M2, % change previous year	28.4	18.9	28.4	22.5	18.5	19.0	18.9	16.6	15.9	13.1	15.1	15.9	14.7	13.5	13.0	12.9
M2, % change previous period			4.2	6.5	3.7	3.3	4.2	4.4	3.0	0.8	0.8	2.3	-1.0	1.0	0.8	3.7
1-week SHIBOR (average)	1.23	2.12	1.47	1.65	2.07	2.09	2.67	3.67	4.15	4.45	3.70	5.90	5.27	3.95	4.12	3.95
Shanghai Composite index	3277.1	2808.1	3277.1	3109.1	2398.4	2655.7	2808.1	2928.1	2762.1	2359.2	2743.5	2762.1	2701.7	2567.3	2359.2	2468.3
$ terms (end-92 = 100)	353.8	313.3	353.8	335.7	260.7	292.5	313.3	329.6	314.9	272.5	312.1	314.9	309.0	296.7	272.5	286.3
Colombia																
Consumer prices (2000 = 100)	168.0	171.8	168.0	170.3	172.0	172.2	172.6	175.8	177.2	178.2	177.2	177.8	178.0	178.0	178.5	178.9
% change previous year	4.2	2.3	2.4	2.0	2.1	2.3	2.7	3.2	3.0	3.5	3.0	3.2	3.4	3.3	3.7	4.0
% change during period	2.0	3.2	-0.2	1.4	1.0	0.1	0.2	1.9	0.8	0.5	0.3	0.3	0.1	0.0	0.3	0.2
Industrial production (1995 = 100)	116.1	121.7	122.7	115.2	120.4	123.6	127.5	121.2	124.3		129.2	124.0	125.6	134.1		
% change previous year	-4.5	4.8	0.8	4.5	7.8	3.3	3.9	5.1	3.3		5.0	2.8	4.0	9.5		
Trade balance, customs ($ million)	-114	-863	145	324	628	-1231	-585	440	865	-51	217	156	326	208	-585	
Exports, fob ($ million)	32784	39820	9000	9135	10114	9745	10825	12629	14555	14337	5149	4709	4890	4965	4482	
% change previous year	-12.9	21.5	7.7	21.6	28.0	16.5	20.3	38.2	43.9	47.1	44.4	54.0	55.0	50.5	36.2	
Imports, cif ($ million)	-32897	-40683	-8855	-8811	-9486	-10976	-11410	-12189	-13690	-14388	-4931	-4553	-4564	-4757	-5067	
% change previous year	-17.1	23.7	-12.2	10.5	24.8	29.6	28.9	38.3	44.3	31.1	54.9	45.9	32.8	31.9	28.9	
Coffee exports ($ million)	1535	1884	374	409	433	389	652	832	677	433	189	213	151	152	130	
Reserves excluding gold ($ million)	24747.7	27766.2	24747.7	24896.3	25752.4	26621.2	27766.2	29156.6	30479.0	31567.0	30088.0	30479.0	31283.0	31431.0	31567.0	
Mkt. exchange rate (peso/$, end-period)	2043.0	1920.0	2043.0	1919.1	1900.0	1802.0	1920.0	1871.0	1770.8	1932.0	1788.9	1770.8	1778.4	1778.0	1932.0	1865.8
Real effective rate (2000 = 100)	114.1	133.7	120.3	132.0	132.9	136.1	133.8	132.1	135.4	135.2	135.1	136.5	137.3	135.1	133.1	128.9
% change previous period	-6.6	17.2	0.0	9.7	0.7	2.4	-1.7	-1.3	2.5	-0.2	0.3	1.1	0.6	-1.6	-1.5	-3.1
M1, % change previous year	6.9	17.9	6.9	12.1	12.9	17.4	17.9	17.3	16.2	17.3	15.5	16.2	16.0	16.3	17.3	16.7
M1, % change previous period			25.1	-9.4	3.8	-0.3	25.6	-9.8	2.8	0.7	-1.6	4.9	-0.5	1.3	-0.1	2.6
Interest rate on 90-day deposits (DTF)	6.1	3.7	4.3	4.0	3.7	3.5	3.5	3.5	3.9	4.4	3.9	4.1	4.2	4.5	4.6	4.7
Bolsa de Colombia (June 01=1000, ep)	11602.1	15496.8	11602.1	12118.3	12449.9	14711.0	15496.8	14469.7	14067.7	12915.8	14550.5	14067.7	14039.3	13421.0	12915.8	13322.5
$ terms (end-92=100)	741.1	1053.3	741.1	824.1	855.1	1065.4	1053.3	1009.3	1036.8	872.5	1061.5	1036.8	1030.3	985.1	872.5	931.9

Key Economic Indicators	Yearly		Quarterly								Monthly					
			2009	2010				2011			2011					
	2009	2010	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	May	Jun	Jul	Aug	Sep	Oct
Czech Republic																
Consumer prices (2000 = 100)	126.9	128.5	126.1	128.0	128.8	128.8	128.5	130.1	131.0	131.0	131.3	131.0	131.4	131.0	130.7	131.1
% change previous year	1.0	1.3	0.3	0.6	1.1	1.8	1.9	1.6	1.7	1.7	2.0	1.8	1.7	1.7	1.8	2.3
% change during period	0.9	2.1	-0.3	1.5	0.6	0.0	-0.2	1.2	0.7	0.1	0.5	-0.2	0.3	-0.3	-0.2	0.3
Industrial production (1995 = 100)	146.4	161.4	149.2	155.7	166.6	156.5	166.9	174.9	181.5	163.1	182.5	185.6	150.5	164.4	174.3	
% change previous year	-13.8	10.3	-2.1	6.8	11.6	10.7	11.9	12.3	9.0	4.2	14.6	7.9	4.4	5.9	2.5	
Trade balance ($ million)	7920	16114	1932	12200	1682	805	1427	3045	2620	2106	822	1030	772	175	1158	
Exports, fob ($ million)	113176	132142	31947	30902	31177	32542	37522	39402	42677	39231	14423	14660	12964	12305	13962	
% change previous year	-22.7	16.8	7.6	25.3	15.6	10.0	17.4	27.5	36.9	20.6	43.6	38.7	29.6	21.1	12.8	
Imports, fob ($ million)	-105256	-116027	-30015	-18701	-29495	-31737	-36095	-36356	-40056	-37125	-13601	-13630	-12192	-12130	-12804	
% change previous year	-26.0	10.2	-1.6	-18.9	19.4	15.6	20.3	94.4	35.8	17.0	43.2	33.9	24.2	19.7	8.6	
Current account balance ($ million)	-4923	-5901	-828	764	-1293	-4491	-880	1191	-2945	-2351	-1325	-491	-752	-1885	286	
Reserves excluding gold ($ million)	41157	41909	41157	39250	37187	43454	41909	41821	42610	40454	42460	42610	42564	42676	40454	41161
Exchange rate (koruny/$, end-period)	18.4	18.8	18.4	18.9	20.9	18.0	18.8	17.3	16.8	18.4	17.1	16.8	16.8	16.8	18.4	17.8
Real effective rate (2000 = 100)	138.0	141.1	139.3	139.4	139.2	142.8	142.9	145.0	145.2	145.4	144.8	145.6	145.7	146.0	144.6	143.3
% change previous period	-3.2	2.2	-1.7	0.0	-0.1	2.5	0.1	1.5	0.1	0.2	-0.1	0.6	0.1	0.1	-0.9	-0.9
M2, % change previous year	4.3	3.3	4.3	3.3	5.1	4.7	3.3	2.5	1.2	4.4	2.6	2.3	3.1	3.1	4.4	
M2, % change previous period			5.0	-0.9	2.6	-1.9	3.6	-1.7	1.3	1.2	0.9	-0.9	0.5	-0.2	0.9	
Interbank deposit rate (3-month)	2.0	1.1	1.6	1.4	1.2	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
INTERBANK	1117	1225	1117	1197	1104	1132	1225	1257	1225	934	1249	1225	1175	1048	934	930
$ terms (4/30/94=100)	208	224	208	217	181	215	224	249	250	174	251	250	240	214	174	179

Egypt	2009/10	2010/11	2009/10			2010/11			2011/12				2011/12			
Consumer prices (2000 = 100)	205.7	207.3	205.8	206.6	209.9	221.5	227.4	229.3			234.7	235.7	238.6	241.3	244.6	245.4
% change previous year	10.8		12.2	11.8	9.4	10.4	10.5	11.0			11.8	11.8				
% change during period	9.2		2.6	0.4	1.6	5.5	2.7	0.8			0.2	0.4				
Industrial production (2005 = 100)	128.7	129.8	118.8	139.8	135.8	130.7	130.1	120.9			127.8	135.6	128.2			
% change previous year	5.4		3.3	11.8	10.5	8.4	9.5	-13.5			-6.4	-3.0	-7.4			
Trade balance, ($ million)			2197	2144	2330	2124	2214				-2843	-1882	-2267			
Exports, fob ($ million)	25541		6592	6431	6990	6371	6643	2392			2880	2972	2669			
% change previous year	13.9		35.7	26.5	19.4	15.3	0.8				19.2	27.9	22.3			
Imports, fob ($ million)	-48673	-49436	-12202	-12254	-12230	-13801	-14657	-4241			-5723	-4854	-4937			
% change previous year	1.5		-3.4	16.7	19.2	15.1	20.1				38.0	20.6	-0.5			
Reserves excl. Gold ($ million)	32821.5		32253.0	32598.8	32821.5	33144.0	33612.0	27616.0			24764.0	23512.0	22676.0			
Exchange rate (EP/$, end-period)	5.7		5.5	5.5	5.7	5.7	5.8	6.0			5.9	6.0	6.0			
Real effective rate (2000 = 100)	88.1		87.1	89.0	90.8	92.6	90.3				85.7	85.9	87.0			
% change previous period	8.0		1.8	2.2	1.9	2.0	-2.5				0.6	0.3	1.3			
M1, % change previous year	17.0		12.9	16.5	17.0	14.4	13.4	19.3			19.2	16.2	19.2			
M1, % change previous period			2.2	2.5	6.0	3.0	1.4	7.8			0.9	1.9	2.2			
91-day T-bill rate (average)	9.9		10.0	9.8	9.9	9.8	9.0	537.9			11.6	12.0	12.5			
Hermes Index (end-period)	561.1		573.4	630.1	561.1	617.1	663.5	532.6			546.4	534.7	509.5			
$ terms (2000 = 100)	500.1		530.8	581.0	500.1	550.3	579.8	453.8			466.9	454.9	434.2			

Hong Kong SAR, China																
Consumer prices (2000 = 100)	101.9	104.4	103.1	104.0	104.4	103.1	106.0	108.1	110.1	109.9	110.2	110.7	110.6	109.3	109.8	112.2
% change previous year	0.5	2.4	1.3	1.9	2.6	2.3	2.8	4.0	5.4	6.6	5.6	6.0	7.3	6.1	6.3	6.4
% change during period	1.3	3.1	2.2	0.9	0.4	-1.2	2.8	2.0	1.8	-0.2	0.7	0.5	-0.1	-1.2	0.4	2.2
Industrial production (1995 = 100)	57.8	57.8	59.9	53.2	58.7	64.3	63.3	55.1	59.9							
% change previous year	-8.3	0.0	-4.9	0.4	2.2	5.4	5.8	3.6	1.9							
Trade balance, customs ($ million)	-28900	-43134	-9463	-11339	-11689	-8604	-11502	-10420	-15222	-14196	-4591	-5171	-4609	-4460	-5127	
Exports, fob ($ million)	318765	390317	90262	81973	98201	107052	103092	101839	105969	111329	36007	37532	36714	39744	34871	
% change previous year	-12.2	22.4	-2.0	25.8	23.8	27.3	14.2	24.2	7.9	4.0	10.3	9.3	9.1	6.6	-3.4	
Imports, fob ($ million)	-347665	-433451	-99725	-93311	-109890	-115655	-114594	-112259	-121191	-125526	-40598	-42704	-41323	-44204	-39998	
% change previous year	-10.6	24.7	3.4	34.2	29.4	23.8	14.9	20.3	10.3	8.5	13.2	11.6	9.9	13.8	1.9	
Reserves excluding gold ($ million)	255800	268700	255800	258800	256800	266100	268700	272600	277200	277600	275900	277200	279000	279600	277600	281700
Exchange rate (HK$/$, end-period)	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8
Real effective rate (2000 = 100)	73.3	71.4	72.6	72.4	73.0	70.1	70.0	69.2	68.9	67.3	68.9	68.9	68.0	66.4	67.5	68.3
% change previous period	1.2	-2.7	0.6	-0.3	0.8	-3.9	-0.1	-1.2	-0.4	-2.3	-0.1	-0.1	-1.2	-2.4	1.7	1.2
M3, % change previous year	10.5	7.6	10.5	9.7	3.1	8.7	7.6	7.2	8.4	-0.4	11.4	8.4	9.3	6.9	-0.4	
M3, % change previous period			-0.3	0.5	-0.4	8.9	-1.4	0.1	0.7	0.1	-0.2	-1.3	2.0	-1.8	-0.1	
Three-month HIBOR (average)	0.5	0.2	0.2	0.1	0.2	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Hang Seng index (end-period)	21873	23036	21873	21239	20129	22358	23036	23528	22398	17592	23684	22398	22440	20535	17592	19865
$ terms (end92 = 100)	396.2	416.3	396.2	384.1	363.0	404.8	416.3	425.0	404.3	317.4	427.7	404.3	404.4	370.6	317.4	359.3

Key Economic Indicators	Yearly		Quarterly								Monthly					
			2009		2010			2011					2011			
	2009	2010	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	May	Jun	Jul	Aug	Sep	Oct
Hungary																
Consumer prices (2000 = 100)	165.0	173.2	167.4	170.7	173.6	173.8	174.6	177.6	180.3	179.5	180.6	180.2	179.7	179.5	179.3	180.6
% change previous year	4.3	5.0	5.4	6.3	5.5	3.9	4.3	4.1	3.9	3.3	3.9	3.5	3.1	3.6	3.6	3.9
% change during period	5.8	4.6	0.0	2.0	1.7	0.1	0.5	1.7	1.5	-0.5	0.2	-0.2	-0.3	-0.1	-0.1	0.7
Industrial production (s.a., 1995=100)	213.0	235.0	218.3	223.6	233.7	243.2	239.5	249.4	243.3	247.5	244.8	244.2	244.5	246.1	251.9	
% change previous year	-17.9	10.3	-6.6	6.0	12.6	13.0	9.7	11.6	4.1	1.8	2.3	1.0	2.7	-0.4	3.0	
Trade balance ($ million)	5426	7506	1809	2050	1857	1477	2123	2889	2669		1061	899	534	711		
Exports, fob ($ million)	82818	94826	24098	22445	22457	23441	26483	27464	28392		9776	9434	8849	9198		
% change previous year	-23.7	14.5	7.7	25.0	14.8	10.6	9.9	22.4	26.4		36.0	21.5	18.9	25.1		
Imports, fob ($ million)	-77392	-87319	-22289	-20395	-20601	-21963	-24360	-24575	-25723		-8715	-8535	-8315	-8488		
% change previous year	-28.8	12.8	-1.0	18.1	14.3	10.9	9.3	20.5	24.9		30.8	21.0	15.6	24.4		
Current account balance ($ million)	540	1402	337	356	471	336	239	526	1063							
Reserves excluding gold ($ million)	44068	44849	44068	45431	42845	45780	44849	50592	53443	53159	54066	53443	51389	53606	53159	50411
Exchange rate (Ft/$, end-period)	188.1	208.7	188.1	198.0	234.5	203.4	208.7	187.0	183.3	218.7	185.5	183.3	187.4	188.9	218.7	218.1
Real effective rate (2000 = 100)	123.4	126.4	129.2	129.9	126.7	122.7	126.2	127.9	131.8	127.6	131.4	131.8	130.8	128.7	123.2	118.6
% change previous period	-5.4	2.4	0.2	0.5	-2.5	-3.2	2.9	1.3	3.1	-3.2	-0.8	0.3	-0.7	-1.6	-4.3	-3.7
M3, % change previous year	4.4	3.0	4.4	1.0	3.4	2.6	3.0	1.5	-1.0	5.3	0.2	-1.0	0.8	0.5	5.3	
M3, % change previous period			1.1	0.0	2.8	-1.2	1.5	-1.4	0.2	5.1	0.4	-0.4	1.3	0.7	3.0	
90-day Treasury bill auction rate	8.6	5.5	6.8	5.9	5.3	5.3	5.5	6.0	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1
BUX Index (1991 = 1000, end-period)	21227	21327	21227	24246	21050	23240	21327	23060	22694	15775	23376	22694	21618	18471	15775	17600
$ terms (end-92=100)	1191	1078	1191	1292	947	1205	1078	1301	1306	761	1329	1306	1217	1032	761	851

India	2009/10	2010/11	2009/10		2010/11				2011/12		2011/12					
Wholesale prices (2000 = 100)	159.4	174.7	161.4	165.2	169.6	172.3	175.8	181.0	185.9	188.9	185.7	186.6	187.9	188.8	189.9	191.1
% change previous year	3.8	9.6	4.5	9.6	10.5	9.3	8.9	9.6	9.6	9.6	9.6	9.5	9.4	9.8	9.7	9.7
% change during period	10.4	7.9	2.4	2.4	2.7	1.6	2.0	3.0	2.7	1.6	0.2	0.5	0.7	0.5	0.6	0.6
Industrial production (1995 = 100)	265.0	286.8	266.0	287.4	272.0	275.9	288.9	310.2	291.0	284.4	288.0	297.0	290.3	280.2	282.9	
% change previous year	5.3	8.2	6.1	14.0	9.6	6.8	8.6	7.9	7.0	3.1	6.2	9.5	3.8	3.6	1.9	
Trade balance, customs ($ million)	-80836	-64449	-24916	-21436	-21409	-24969	-10231	-7840	-20648	-23656	-10912	-4005	-7076	-10241	-6340	-15686
Exports, fob ($ million)	178750	254385	46232	51569	54222	51200	65877	83086	79004	78478	25941	29213	29344	24313	24822	19900
% change previous year	-3.5	42.3	19.6	36.7	41.2	20.3	42.5	61.1	45.7	53.3	56.9	46.4	81.8	44.3	36.4	10.7
Imports, fob ($ million)	-259586	-318833	-71148	-73005	-75631	-76168	-76108	-90926	-99651	-102134	-36853	-33218	-36420	-34553	-31161	-35586
% change previous year	-5.1	22.8	14.8	62.4	34.5	28.7	7.0	24.5	31.8	34.1	45.7	42.5	47.4	38.9	17.2	35.5
Foreign net stock purchases ($ million)	32375	31471	5729	8675	4653	19251	7391	176	2750	-847	-1584	789	1540	-2394	7	347
Current Account Balance ($ million)	-38383	-44139	-12203	-12841	-12018	-16789	-9977	-5355	-14105							
Reserves excluding gold ($ million)	259122	282514	265229	259122	257557	273642	274864	282514	291047	282815	286425	291047	293741	293826	282815	291723
Exchange rate (Rs/$, end-period)	44.9	44.6	46.5	44.9	46.5	45.0	44.7	44.6	44.7	49.0	45.1	44.7	44.2	46.1	49.0	48.7
Real effective rate (2000 = 100)	101.8	111.3	103.1	107.3	111.6	109.3	112.2	112.2	114.0	111.6	113.3	113.8	114.5	111.9	108.4	105.8
% change previous period	-1.5	9.4	4.1	4.1	4.0	-2.1	2.6	0.0	1.6	-2.1	-1.4	0.5	0.6	-2.3	-3.1	-2.4
M3, % change previous year	17.1	16.4	16.4	17.1	15.2	15.3	18.6	16.4	19.8	16.8	18.3	19.8	17.4	17.2	16.8	14.7
M3, % change previous period			2.6	6.7	2.0	3.2	5.6	4.7	4.9	0.7	1.1	1.5	-0.2	0.5	0.3	1.5
Yield on 91-day Treasury bill	3.6	6.3	3.4	4.2	4.9	6.1	7.0	7.2	7.9	8.4	8.1	8.2	8.4	8.4	8.4	8.6
BSE Sensex 30 (end-period)	17528	19445	17465	17528	17701	20069	20509	19445	18846	16454	18503	18846	18197	16677	16454	17705

Indonesia																
Consumer prices (2000 = 100)	215.7	226.8	218.9	221.6	223.1	229.7	232.8	236.7	236.2	240.5	235.9	237.2	238.8	241.0	241.6	241.4
% change previous year	4.8	5.1	2.6	3.7	4.4	6.2	6.3	6.8	5.9	4.7	6.0	5.5	4.6	4.8	4.6	4.4
% change during period	2.8	7.0	1.2	1.2	0.7	3.0	1.3	1.7	-0.2	1.8	0.1	0.5	0.7	0.9	0.3	-0.1
Manufacturing production (2000=100)	129.00	134.55	132.88	129.86	133.01	135.84	139.50	137.24	139.46	143.45	139.68	142.08	145.69	141.15	143.52	
% change previous year	1.5	4.3	4.9	4.3	4.3	3.7	5.0	5.7	4.9	5.6	5.3	5.0	5.4	1.6	10.1	
Trade balance, customs ($ million)	30006	36689	10880	8786	7579	7635	12689	10511	13241	12470	5050	4930	2948	5188	4334	
Exports, fob ($ million)	116461	157817	36366	35537	37022	38395	46863	45370	53229	53885	18287	18387	17419	18648	17819	
% change previous year	-14.9	35.5	24.9	54.7	36.9	27.7	28.9	27.7	43.8	40.3	44.5	49.1	39.5	35.9	46.3	
Imports, fob ($ million)	-86455	-121128	-25486	-26751	-29443	-30760	-34173	-34859	-39988	-41416	-13237	-13457	-14471	-13460	-13485	
% change previous year	-20.2	40.1	5.6	56.9	48.0	28.0	34.1	30.3	35.8	34.6	48.6	28.2	28.4	23.9	56.4	
Minas oil price ($/b, Spot)	64.1	81.4	77.9	78.4	82.7	77.2	87.5	106.3	119.7	115.5	117.9	115.3	119.0	114.9	112.5	110.5
Reserves excluding gold ($ million)	63552	92908	63552	69225	73424	83482	92908	102363	116124	110717	114511	116124	118884	120580	110717	109876
Exchange rate (Rp/$, end-period)	9404	8996	9404	9100	9074	8909	8996	8708	8579	8950	8543	8579	8504	8534	8950	8945
Real effective rate (2000 = 100)	133.1	148.8	142.1	145.8	149.3	151.6	148.3	148.5	149.8	149.6	149.9	150.2	149.8	149.9	149.3	147.8
% change previous period	-1.7	11.8	3.4	2.6	2.5	1.5	-2.2	0.1	0.9	-0.1	0.5	0.2	-0.3	0.1	-0.4	-1.0
M2, % change previous year	13.0	15.3	13.0	10.2	12.8	12.7	15.3	16.1	13.1	16.2	15.5	13.1	15.6	17.2	16.2	
M2, % change previous period			6.1	-1.4	5.6	2.0	8.5	-0.7	2.9	4.8	1.7	1.9	1.7	2.2	0.8	
Interbank rate, overnight	7.2	6.1	6.3	6.3	6.2	6.3	5.7	6.1	6.2	5.7	6.3	6.1	6.0	5.9	5.3	5.1
JSE index (end-period)	2534.4	3703.5	2534.4	2777.3	2913.7	3501.3	3703.5	3678.7	3888.6	3549.0	3837.0	3888.6	4130.8	3841.7	3549.0	3790.8
$ terms (end-92 = 100)	202.8	309.8	202.8	229.7	241.6	295.8	309.8	317.9	341.1	298.4	338.0	341.1	365.6	338.8	298.4	318.9

Key Economic Indicators	Yearly		Quarterly								Monthly					
			2009	2010				2011			2011					
	2009	2010	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	May	Jun	Jul	Aug	Sep	Oct
Israel																
Consumer prices (2000 = 100)	120.4	123.6	122.5	121.6	123.0	124.5	125.5	126.4	128.0	128.5	128.1	128.6	128.2	128.8	128.6	
% change previous year	3.3	2.7	3.6	3.5	2.8	2.0	2.5	4.0	4.1	3.3	4.1	4.2	3.4	3.4	2.9	
% change during period	15.5	18.5	0.4	-0.7	1.2	1.2	0.8	0.7	1.3	0.4	0.5	0.4	-0.3	0.5	-0.2	
Industrial production (1995 = 100) (sa)	146.5	158.3	151.0	155.3	164.1	156.6	157.2	161.8	159.5		162.2	157.9	160.7			
% change previous year	-5.9	8.0	-2.0	5.9	14.5	7.8	4.1	4.2	-2.8		-1.8	-3.7	-2.4			
Trade balance, customs ($ million)	-4863	-7880	-936	-1127	-1175	-2238	-3340	-2914	-3669	-4712	-1270	-853	-1717	-1816	-1179	
Exports, fob ($ million)	42065	50915	12433	12725	13086	12044	13060	14739	15063	13816	5524	5295	4914	4500	4402	
% change previous year	-18.0	21.0	19.8	35.2	35.8	13.8	5.0	15.8	15.1	14.7	31.0	10.7	12.3	15.6	16.5	
Imports, fob ($ million)	-46928	-58795	-13369	-13852	-14261	-14282	-16399	-17653	-18732	-18528	-6794	-6148	-6630	-6316	-5582	
% change previous year	-27.3	25.3	-2.2	32.0	34.7	14.5	22.7	27.4	31.4	29.7	41.5	25.2	36.8	20.3	33.3	
Current account balance ($ million)	7063	13447	3600	1984	2712			1984	2712							
Reserves excluding gold ($ million)	60615.6	71284.1	60615.6	62490.1	63072.5	66457.5	71284.1	74637.1	77314.9	75936.7	76774.1	77314.9	77896.4	78031.5	75936.7	
Exchange rate (NIS/$, end-period)	3.8	3.5	3.8	3.7	3.9	3.7	3.5	3.5	3.4	3.7	3.4	3.4	3.4	3.6	3.7	
Real effective rate (2000 = 100)	86.6	91.7	88.3	90.0	91.6	91.8	93.5	93.5	95.6	93.4	94.9	96.4	96.2	92.8	91.2	
% change previous period	-2.9	6.0	-0.5	1.9	1.8	0.2	1.8	0.0	2.2	-2.2	-0.4	1.5	-0.2	-3.5	-1.7	
M1, % change previous year	39.5	8.0	39.5	18.0	8.5	6.1	8.0	5.6	6.2	-2.6	-2.3	6.2	1.9	2.5	-2.6	
M1, % change previous period			-0.5	-0.2	3.9	2.7	1.3	-2.4	4.5	-5.7	-1.0	2.8	-5.3	2.8	-3.2	
Treasury bill rate (3-month, end period)	1.7	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0		2.0	2.0				
TA-100 Index (end-period)	1065.0	1226.6	1065.0	1155.4	990.3	1128.9	1226.6	1207.6	1113.4	953.9	1152.2	1113.4	1109.0	1013.5	953.9	
$ terms (end92 = 100)	397.9	487.5	397.9	438.9	360.4	434.4	487.5	489.3	459.8	362.4	472.8	459.8	456.0	401.7	362.4	
Korea																
Consumer prices (2005 = 100)	112.8	116.1	113.5	114.6	115.6	116.6	117.6	119.7	120.5	122.2	120.4	120.6	121.4	122.5	122.6	122.4
% change previous year	2.8	2.9	2.4	2.7	2.6	2.9	3.6	4.5	4.2	4.8	4.1	4.4	4.7	5.3	4.3	3.9
% change during period	2.8	3.5	0.1	1.0	0.9	0.9	0.8	1.8	0.6	1.4	0.0	0.2	0.7	0.9	0.1	-0.2
Industrial production (2000 = 100)	161.1	187.3	176.6	174.8	189.8	187.1	197.4	193.3	203.5	196.7	204.0	205.0	200.2	192.4	197.5	
% change previous year	-0.1	16.2	16.8	25.5	18.8	10.9	11.7	10.6	7.2	5.1	8.2	6.6	3.9	4.7	6.8	
Trade balance, customs ($ million)	37866	41646	10579	4785	12183	12478	12200	6051	10834	7716	2561	3643	4915	549	2251	5013
Exports, fob ($ million)	358190	464287	102332	101355	117585	118257	127090	127691	142723	141673	47150	47694	48556	45635	47482	47400
% change previous year	-17.6	29.6	11.6	38.2	35.1	23.8	24.2	26.0	21.4	19.8	23.3	18.8	18.1	20.4	21.1	12.8
Imports, fob ($ million)	-320324	-422641	-91753	-96569	-105402	-105780	-114890	-121640	-131889	-133957	-44589	-44050	-43641	-45086	-45230	-42387
% change previous year	-25.4	31.9	1.1	36.9	43.4	25.1	25.2	26.0	25.1	26.6	28.8	24.7	21.7	28.4	29.9	16.0
Current account balance ($ million)	32791	28214	8077	263	8858	9931	9161	2610	5492	7170	2184	2031	3774	293	3103	
Reserves excluding gold ($ million)	269916	291491	269916	272252	274140	289696	291491	298538	304405	302063	305004	304405	309710	310874	302063	309660
Exchange rate (W/$, end-period)	1164.0	1126.0	1164.0	1131.3	1221.8	1140.2	1126.0	1096.9	1067.7	1178.1	1079.2	1067.7	1054.1	1066.8	1178.1	1110.2
Real effective rate (2000 = 100)	84.8	91.8	90.5	93.0	92.4	89.9	91.8	92.7	94.7	93.2	94.4	94.6	96.3	94.9	91.5	88.8
% change previous period	-13.4	8.3	3.9	2.8	-0.7	-2.7	2.1	1.0	2.1	-1.6	-0.6	0.2	1.8	-1.5	-3.6	-3.0
M2, % change previous year	9.9	6.0	9.9	9.7	9.0	7.2	6.0	4.1	2.9	4.5	3.2	2.9	4.2	3.9	4.5	
M2, % change previous period			1.7	2.7	2.3	0.4	0.5	0.9	1.0	2.1	-0.3	0.5	1.2	-0.1	0.9	
Corporate bond yield (end-period)	5.5	4.3	5.5	4.9	4.8	4.3	4.3	4.5	4.5	4.4	4.3	4.5	4.5	4.2	4.4	4.4
KOSPI (end-period)	1682.8	2051.0	1682.8	1692.9	1698.3	1872.8	2051.0	2106.7	2100.7	1769.7	2142.5	2100.7	2133.2	1880.1	1769.7	1909.0
$ terms (end92 = 100)	168.0	211.7	168.0	173.9	161.5	190.9	211.7	223.2	228.6	174.6	230.7	228.6	235.2	204.8	174.6	199.8
Malaysia																
Consumer prices (2000 = 100)	121.4	123.5	122.2	122.6	122.9	123.8	124.7	126.0	127.0	128.0	127.0	127.5	127.7	128.1	128.2	
% change previous year	0.3	1.7	-0.2	1.3	1.6	1.9	2.0	2.8	3.3	3.4	3.3	3.5	3.4	3.3	3.4	
% change during period	1.1	2.2	0.6	0.4	0.2	0.7	0.7	1.1	0.8	0.8	0.3	0.4	0.2	0.3	0.1	
Industrial production (2005 = 100)	99.7	107.1	103.9	105.2	107.8	107.4	108.1	107.7	106.1	109.4	104.3	108.2	107.7	111.3	109.2	
% change previous year	-7.7	7.4	2.4	11.2	10.8	4.2	4.0	2.4	-1.6	1.9	-5.6	1.2	-0.5	3.6	2.5	
Trade balance ($ million)	41028	43894	11766	13698	9697	9634	10865	13079	11823	12878	3742	3495	4154	4642	4082	
Exports, fob ($ million)	157422	198671	46731	47132	48451	50237	52852	54593	56405	58467	18274	18937	19784	19631	19052	
% change previous year	-21.1	26.2	10.1	40.8	33.2	23.0	13.1	15.8	16.4	16.4	13.6	17.2	14.4	17.1	17.7	
Imports, fob ($ million)	-116394	-154778	-34965	-33434	-38754	-40602	-41987	-41514	-44582	-45589	-14531	-15442	-15631	-14989	-14969	
% change previous year	-21.1	33.0	11.8	45.4	42.7	29.9	20.1	24.2	15.0	12.3	13.8	14.8	10.1	12.9	14.0	
Current account balance ($ million)	31799	27278	8059	8675	4572	6409	7621	9910								
Reserves excluding gold ($ million)	95411	104900	95411	93993	93300	99200	104900	112138	132526	129078	131050	132526	133635	134475	129078	132900
Exchange rate (ringgit/$ end-period)	3.43	3.06	3.43	3.26	3.24	3.09	3.06	3.03	3.02	3.19	3.01	3.02	2.97	2.97	3.19	3.07
Real effective rate (2000 = 100)	96.8	100.9	97.2	97.6	101.9	103.0	101.1	101.9	101.1	100.0	101.0	100.8	100.8	100.4	98.8	
% change previous period	-4.0	4.2	1.1	0.5	4.4	1.1	-1.8	0.8	-0.8	-1.0	-0.4	-0.2	0.0	-0.3	-1.6	
M3, % change previous year	9.2	6.8	9.2	8.7	8.5	8.2	6.8	8.0	12.4	12.5	11.5	12.4	11.6	10.6	12.5	
M3, % change previous period			4.3	1.4	0.0	2.3	2.9	2.6	4.0	2.5	1.4	1.2	-0.2	0.3	2.4	
91-day Treasury bill rate (average)	2.1	2.6	2.0	2.1	2.5	2.8	2.9	2.8	2.9	3.0	3.0	2.9	2.9	3.0	3.0	
KLSE index (end-period)	1273	1519	1273	1321	1314	1464	1519	1545	1579	1387	1558	1579	1549	1447	1387	1492
$ terms (end 92=100)	151.3	202.0	151.3	164.9	165.4	193.2	202.0	208.1	213.1	177.2	210.7	213.1	212.6	198.4	177.2	198.3

Key Economic Indicators	Yearly		Quarterly								Monthly					
			2009		2010			2011					2011			
	2009	2010	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	May	Jun	Jul	Aug	Sep	Oct
Mexico																
Consumer prices (2000 = 100)	151.6	157.9	153.7	157.1	156.9	157.5	160.3	162.5	162.1	162.8	161.7	161.7	162.5	162.7	163.1	164.2
% change previous year	5.3	4.2	4.0	4.8	4.0	3.7	4.2	3.5	3.3	3.4	3.2	3.3	3.5	3.4	3.1	3.2
% change during period	3.6	4.4	1.2	2.2	-0.1	0.3	1.8	1.4	-0.2	0.4	-0.7	0.0	0.5	0.2	0.2	0.7
Industrial production (1995 = 100)	144.7	153.4	149.7	147.7	153.9	155.2	156.8	155.5	159.2	160.4	162.8	162.0	158.8	162.3	160.2	
% change previous year	-7.6	6.0	-2.8	5.1	8.0	6.2	4.8	5.3	3.5	3.4	4.6	3.7	3.2	3.4	3.6	
Trade balance ($ million)	-4681	-3009	-53	372	-83	-2251	-1046	1910	1430	-3815	555	108	-1179	-806	-1831	
Exports, fob ($ million)	229704	298473	67506	66597	74641	75590	81645	81803	89474	88153	31097	30409	27852	31487	28814	
% change previous year	-21.2	29.9	6.5	34.1	38.2	29.2	20.9	22.8	19.9	16.6	25.4	21.6	19.4	17.0	13.7	
Imports, fob ($ million)	-234385	-301482	-67559	-66225	-74725	-77841	-82691	-79893	-88043	-91968	-30542	-30301	-29031	-32293	-30644	
% change previous year	-24.0	28.6	-5.8	27.5	39.5	27.0	22.4	20.6	17.8	18.1	24.0	19.6	19.2	16.9	18.5	
Oil prices, $/barrel, end-of-period	59.5	72.5	72.3	70.8	69.8	71.1	78.2	96.8	106.9	100.4	106.4	101.1	105.1	102.4	93.9	103.9
Reserves excluding gold ($ million)	99589	120264	99589	101313	105246	113367	120264	123625	128768	135598	125940	128768	132962	137256	135598	
Exchange rate (peso/$, end-period)	13.1	12.4	13.1	12.4	12.7	12.6	12.4	11.9	11.7	13.9	11.6	11.7	11.7	12.3	13.9	13.4
Real effective rate (2000 = 100)	81.2	88.0	83.0	86.7	88.8	86.9	89.6	91.9	92.7	88.2	93.0	91.8	92.8	88.3	83.6	81.7
% change previous period	-13.0	8.4	1.0	4.5	2.5	-2.1	3.0	2.6	0.8	-4.9	-0.5	1.1	-4.9	-5.3	-5.3	-2.2
M1, % change previous year	8.9	13.5	8.9	8.7	10.4	11.9	13.5	13.8	14.7	19.2	13.0	14.7	13.5	13.4	19.2	
M1, % change previous period			14.5	-5.5	2.1	1.2	16.2	-5.3	3.0	5.2	-1.0	3.5	-0.7	-0.1	6.1	
28-day Cetes rate (period average)	5.4	4.4	4.5	4.5	4.5	4.6	4.1	4.2	4.3	4.1	4.3	4.4	4.1	4.1	4.2	4.4
Stock market (1978 = 0.77, end-period)	32120.5	38550.8	32120.5	33266.4	31157.0	33330.3	38550.8	37440.5	36558.1	33503.3	35832.8	36558.1	35999.3	35721.1	33503.3	36160.0
$ terms (end-92 = 100)	435.5	553.1	435.5	477.4	436.5	468.2	553.1	557.9	553.4	427.5	548.3	553.4	544.0	513.6	427.5	480.3
Philippines																
Consumer prices (2000 = 100)	159.9	166.0	162.5	164.4	165.9	166.5	167.3	171.1	173.3	173.9	173.1	173.8	174.0	174.0	174.1	174.9
% change previous year	3.2	3.8	2.9	4.3	4.3	3.8	3.0	4.1	4.5	4.5	4.5	4.6	4.6	4.3	4.6	5.3
% change during period	4.3	3.1	1.4	1.2	0.9	0.4	0.5	2.3	1.3	0.4	0.0	0.4	0.1	0.0	0.1	0.5
Manufacturing production (2000 = 100)	129.1	150.9	151.7	136.7	148.5	153.6	165.0	150.7	154.7		157.9	157.7	163.0			
% change previous year	-13.2	16.9	0.0	29.4	20.4	13.0	8.8	10.2	4.2		4.8	3.5	6.7			
Trade balance ($ million)	-4483	-3353	-618	-1416	-1184	907	-1660	-3394	-2351		-780	-376	-570	-804		
Exports, fob ($ million)	38609	51485	10781	11331	12410	14620	13123	12219	12538	12428	4108	4128	4429	4123	3877	
% change previous year	-21.3	33.3	5.9	39.8	33.5	40.3	21.7	7.8	1.0	-15.0	-3.1	-9.4	-1.7	-13.7	-27.4	
Imports, fob ($ million)	-43092	-54838	-11399	-12748	-13594	-13714	-14783	-15612	-14889		-4888	-4503	-4999	-4926		
% change previous year	-24.1	27.3	0.3	32.8	26.1	21.2	29.7	22.5	9.5		1.6	6.9	6.8	10.4		
Reserves excluding gold ($ million)	38782.9	55362.8	38783	39648	41844	46359	55363	58903	61379	67717	61264	61379	64205	68388	67717	67904
Exchange rate (peso/$, end-period)	46.2	43.8	46.2	45.2	46.4	43.9	43.8	43.4	43.4	43.8	43.3	43.4	42.1	42.3	43.8	42.7
Real effective rate (2000 = 100)	112.6	116.5	112.7	115.0	117.7	116.4	116.9	116.3	116.5	116.3	116.4	116.0	116.5	116.3	115.9	116.3
% change previous period	-4.0	3.5	1.6	2.0	2.4	-1.2	0.5	-0.6	0.2	-0.2	-0.6	-0.3	0.5	-0.2	-0.4	0.3
Money (M4), % change prev. year	8.4	9.0	8.4	9.9	10.3	8.9	9.0	7.5	7.8		5.0	7.8	6.0	6.5		
Money (M4), % change prev. period			6.8	-0.9	2.5	0.4	6.8	-2.2	2.8		1.1	3.2	-3.8	1.0		
91-day Treasury bill rate (end-period)	4.4	3.7	4.3	4.0	4.1	4.2	1.3	1.2	3.1	3.0	2.7	3.1	2.6	1.1	3.0	1.4
PSE composite index (end-period)	3053	4201	3053	3162	3373	4100	4201	4055	4291	4000	4245	4291	4504	4349	4000	4334
$ terms (end-92 = 100)	132.1	191.6	132.1	139.8	145.3	186.8	191.6	186.8	197.6	182.6	196.0	197.6	213.5	205.6	182.6	202.9
2025 sovereign bond, (yield to mat.)	6.3	5.2	6.3	6.1	6.0	4.7	5.2	5.6	5.2	5.2	5.4	5.2	4.9	4.7	5.2	4.8
Poland																
Consumer prices (2000 = 100)	127.9	131.2	129.4	129.0	131.5	131.1	133.1	133.9	137.4	136.5	138.0	137.7	136.4	135.9	137.2	138.8
% change previous year	3.5	2.6	3.3	3.0	2.3	2.2	2.9	3.8	4.5	4.1	4.8	4.2	4.1	4.3	3.9	4.3
% change during period	3.5	3.1	0.8	-0.4	2.0	-0.3	1.5	0.6	2.6	-0.7	0.6	-0.4	-0.3	0.0	0.1	0.7
Industrial production (2000=100)	228.2	253.5	245.2	235.1	252.2	257.6	269.1	251.1	265.7	272.9	267.8	270.4	252.8	265.3	300.6	
% change previous year	-3.8	11.1	5.0	10.1	12.5	11.9	9.7	6.8	5.4	5.9	7.7	2.0	1.8	8.1	7.7	
Trade balance ($ million)	-7642	-11382	-2410	-1780	-2281	-2939	-4382	-2599	-4369	-3862	-1386	-1531	-1684	-1551	-627	
Exports, fob ($ million)	142071	162457	40159	39290	39282	40335	43550	45749	50800	48528	17309	17107	15549	16200	16779	
% change previous year	-20.5	14.3	12.6	25.5	17.1	8.9	8.4	16.4	29.3	20.3	36.6	31.1	19.8	28.6	13.7	
Imports, fob ($ million)	-149713	-173839	-42569	-41070	-41563	-43274	-47932	-48348	-55169	-52390	-18695	-18638	-17233	-17751	-17406	
% change previous year	-28.5	16.1	-2.0	25.0	18.5	10.3	12.6	17.7	32.7	21.1	37.6	35.4	23.0	27.7	13.3	
Current account balance ($ million)	-17278	-20977	-6654	-3038	-3810	-6432	-7697	-4600	-3679	-8438	44	-2295	-2925	-2891	-2622	
Reserves excluding gold ($ million)	75938	88848	75938	81561	81355	94302	88848	101896	104156	94950	102522	104156	101327	100949	94950	96996
Exchange rate (Zl/$, end-period)	2.85	2.96	2.85	2.87	3.39	2.93	2.96	2.82	2.75	3.29	2.75	2.75	2.80	2.88	3.29	3.13
Real effective rate (2000 = 100)	95.5	101.7	99.5	102.3	101.0	100.6	102.9	103.0	103.9	99.3	105.0	103.5	102.7	99.2	95.9	94.8
% change previous period	-14.2	6.5	1.0	2.8	-1.3	-0.4	2.4	0.0	0.9	-4.5	1.6	-1.4	-0.8	-3.3	-3.4	-1.1
M3, % change previous year	8.1	8.6	8.1	5.5	7.1	8.4	6.0	10.9	7.2	10.7	7.7	7.2	7.4	8.8	10.2	10.3
M3, % change previous period			4.2	0.2	2.9	0.9	1.8	4.8	-0.5	4.2	0.7	0.2	0.2	2.2	1.7	0.6
Interbank deposit rate (3-month)	4.3	3.8	4.1	4.1	3.8	3.7	3.8	4.0	4.3	4.6	4.3	4.5	4.6	4.6	4.6	4.7
WIG index (4/16/91 = 1000)	39986	47490	39986	42447	39392	45237	47490	48730	48414	38269	50026	48414	47153	42222	38269	41161
$ terms (end-1992 = 100)	2125	2427	2125	2239	1758	2343	2427	2615	2666	1762	2759	2666	2551	2220	1762	1995

Key Economic Indicators	Yearly		Quarterly								Monthly					
			2009		2010				2011				2011			
	2009	2010	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	May	Jun	Jul	Aug	Sep	Oct
Romania																
Consumer prices (2000 = 100)	294.0	311.9	297.4	304.3	306.5	316.0	320.8	327.3	332.5	331.2	332.4	333.3	332.2	331.0	330.4	332.5
% change previous year	5.6	6.1	4.6	4.6	4.4	7.5	7.9	7.6	8.5	4.8	8.4	7.9	4.9	4.3	3.5	3.6
% change during period	4.8	8.0	1.2	2.3	0.7	3.1	1.5	2.0	1.6	-0.4	0.2	0.3	-0.4	-0.4	-0.2	0.6
Industrial production (1995 = 100)	125.5	132.4	131.6	118.7	136.3	134.8	139.7	132.1	140.7	142.5	143.7	140.2	139.1	137.0	151.4	
% change previous year	-5.4	5.5	4.0	4.3	6.8	4.6	6.2	11.3	3.2	5.7	7.1	-1.0	1.7	10.3	5.5	
Trade balance ($ million)	-9623	-7799	-2846	-1771	-2415	-1573	-2041	-797	-2893	-1709	-1155	-781	-463	-746	-499	
Exports, fob ($ million)	40639	49394	11604	10921	11766	12523	14184	15111	15826	16107	5501	5425	5405	4959	5744	
% change previous year	-18.4	21.5	12.9	27.2	22.9	15.1	22.2	38.4	34.5	28.6	45.6	32.1	24.8	38.1	24.8	
Imports, fob ($ million)	-50262	-57193	-14450	-12692	-14181	-14096	-16225	-15908	-18719	-17816	-6656	-6205	-5868	-5705	-6244	
% change previous year	-35.5	13.8	-11.0	20.0	19.0	5.8	12.3	25.3	32.0	26.4	43.2	27.9	22.9	40.4	18.8	
Current account balance	-6972	-6817	-2540	-2112	-2664	-1097	-943	-983	-2987	-1430	-1034	-1174	-230	-623	-576	
Reserves excluding gold ($ million)	40773	43336	40773	43183	38634	44464	43336	46552	54201	45116	50874	54201	50991	46866	45116	44910
Exchange rate (new leu/$, end-period)	2.94	3.20	2.94	3.04	3.56	3.13	3.20	2.89	2.92	3.24	2.86	2.92	2.95	2.94	3.24	3.11
Real effective rate (2000 = 100)	112.2	114.5	111.9	116.4	112.7	114.3	114.6	117.9	121.0	117.8	121.5	119.4	118.1	117.9	117.3	116.8
% change previous period	-6.8	2.1	-0.1	4.0	-3.1	1.4	0.3	2.9	2.6	-2.6	-0.3	-1.7	-1.1	-0.2	-0.5	-0.5
Broad money, % change previous year	8.9	6.9	8.9	8.4	8.2	6.5	6.9	3.3	2.5	6.8	2.8	2.5	6.3	5.0	6.8	
Broad money, % change previous period			3.2	0.2	2.7	0.3	3.6	-3.2	1.8	4.6	0.9	0.8	2.3	0.5	1.7	
3-month Treasury bill yield	11.4	6.5	10.1	7.2	6.0	6.6	6.3	5.5	5.3	5.5	5.3	5.3	5.1	5.6	5.8	6.0
BET-C Index (04/17/98=1000)	2715	3111	2715	3520	2804	3103	3111	3524	3312	2648	3286	3312	3222	2917	2648	2795
$ terms (end-95=100)	27.1	28.5	27.1	33.9	23.1	29.1	28.5	35.7	33.3	24.0	33.7	33.3	32.1	29.1	24.0	26.4
Russian Federation																
Consumer prices (2000 = 100)	304.0	324.9	308.6	317.3	321.9	326.8	333.8	347.6	352.8	353.4	353.1	353.8	353.8	353.1	353.1	
% change previous year	11.8	6.9	9.3	7.2	5.9	6.2	8.2	9.6	9.6	8.1	9.6	9.4	9.0	8.2	7.2	
% change during period	8.9	8.8	0.3	2.8	1.5	1.5	2.1	4.1	1.5	0.2	0.5	0.2	0.0	-0.2	0.0	
Industrial production (s.a., 2000=100)	133.8	144.9	133.9	133.1	150.9	152.8	142.7	141.0	158.1	160.6	162.5	167.0	161.3	162.6	157.9	
% change previous year	-9.6	8.3	1.7	9.5	10.9	6.4	6.5	5.9	4.8	5.1	4.1	5.7	5.2	6.2	3.9	
External trade balance ($ million)	111584	151392	35217	46530	39233	29207	36422	49362	52896	46080	16239	17320	15163	14671	16246	
Exports, fob ($ million)	303388	400132	95559	92240	97400	97615	112877	114237	135179	130993	44153	44781	42636	44592	43765	
% change previous year	-35.7	31.9	-2.5	61.1	43.0	18.4	18.1	23.8	38.8	34.2	38.7	39.6	35.7	40.1	27.4	
Imports, fob ($ million)	-191804	-248740	-60342	-45710	-58167	-68408	-76455	-64875	-82283	-84913	-27914	-27461	-27473	-29921	-27519	
% change previous year	-34.3	29.7	-17.7	18.8	32.4	39.5	26.7	41.9	41.5	24.1	44.1	40.0	30.6	25.5	16.9	
Reserves excluding gold ($ million)	416652	443591	416652	423322	432995	458319	443591	465455	484015	472496	480142	484015	490265	496367	472496	476968
Exchange rate (R/$, end-period)	30.24	30.48	30.24	29.36	31.20	30.40	30.48	28.43	27.92	32.24	28.07	27.92	27.6	28.9	32.2	30.3
Real effective rate (2000 = 100)	165.0	182.5	170.8	179.2	187.6	184.4	178.8	193.7	196.1	188.4	196.9	196.8	198.2	190.8	176.2	
% change previous period	-5.8	10.6	3.5	4.9	4.7	-1.7	-3.0	8.3	1.3	-3.9	1.1	-0.1	0.7	-3.7	-7.6	
Broad money, % change previous year	17.7	31.1	17.7	35.0	36.0	35.0	31.1	26.7	24.5	21.5	22.6	22.7	22.2	20.9	21.5	
Broad money, % change previous period			16.5	2.4	2.9	9.9	13.1	-1.0	1.2	7.2	0.7	2.7	0.5	1.1	2.0	
Central bank refinancing rate	11.4	8.0	9.5	8.7	8.0	7.8	7.8	7.8	8.2	8.3	8.3	8.3	8.3	8.3	8.3	8.3
Moscow Times Index (9/1/94 = 100)	17101	20808	17101	18209	16112	17851	20808	22240	20493	16614	20500	20493	20838	18875	16614	18245
$ terms (9/1/94 = 100)	1242	1500	1242	1362	1135	1290	1500	1719	1613	1132	1604	1613	1658	1437	1132	1325
2018 Eurobond, UST spread (bp)	167	254	167	178	246	239	254	169	158	338	180	158	188	231	338	250
South Africa																
Consumer prices (2000 = 100)	171.4	178.7	174.4	176.4	178.3	179.7	180.5	183.2	186.5	189.4	186.6	187.4	189.0	189.3	190.1	
% change previous year	7.1	4.3	6.0	5.7	4.5	3.5	3.5	3.8	4.6	5.4	4.6	5.0	5.3	5.3	5.7	
% change during period	42.7	47.7	0.4	1.2	1.1	0.8	0.4	1.5	1.8	1.6	0.5	0.4	0.9	0.2	0.4	
Retail sales volume (1995 = 100, s.a.)	151.7	158.8	150.7	155.1	157.9	160.3	161.8	164.0	165.1	169.2	162.0	164.5	167.0	168.8	171.9	
% change previous year	-3.1	4.7	-2.7	0.0	5.0	6.6	7.4	5.7	4.5	5.6	2.9	2.4	3.5	5.8	7.5	
Trade balance, customs ($ million)	-1912	1721	-772	-1114	441	146	2248	-620	203	-771	-150	716	-574	-529	332	
Exports, fob ($ million)	62521	81842	18020	17132	19453	21547	23711	22454	24777	25893	8200	8909	8311	8630	8952	
% change previous year	-22.6	30.9	6.5	31.5	31.4	29.3	31.6	31.1	27.4	20.2	33.0	22.4	11.7	29.8	20.0	
Imports, fob ($ million)	-64433	-80121	-18793	-18246	-19012	-21401	-21462	-23074	-24574	-26663	-8350	-8192	-8885	-9158	-8620	
% change previous year	-27.7	24.3	2.0	22.5	32.6	30.4	14.2	26.5	29.3	24.6	34.6	25.2	24.1	25.7	24.0	
Gold price ($/ounce, end-period)	1096	1418	1096	1113	1244	1302	1418	1437	1511	1618	1538	1511	1624	1827	1618	1724
Reserves excluding gold ($ million)	35268.0	38181.0	35268.0	37539.0	37234.0	38801.0	38181.0	43510.0	43981.0	43211.0	43950.0	43981.0	43611.0	44109.0	43211.0	
Exchange rate (R/$, end-period)	7.38	6.63	7.38	7.34	7.64	6.98	6.63	6.79	6.82	8.08	6.86	6.82	6.73	7.04	8.08	7.90
Real effective rate (2000 = 100)	95.4	111.4	103.9	107.0	110.7	112.6	115.1	113.1	114.6	110.2	113.5	114.9	115.3	110.0	105.2	
% change previous period	7.0	16.7	1.8	3.0	3.4	1.8	2.2	-1.7	1.3	-3.8	-1.5	1.2	0.3	-4.6	-4.4	
M3 (s.a.), % change previous year	1.9	6.0	1.9	1.8	2.8	4.8	6.0	6.6	6.0	6.8	6.9	6.0	5.6	6.2	6.8	
M3 (s.a.), % change previous period			0.9	-0.5	1.4	2.9	2.1	0.1	0.8	3.6	0.8	0.1	1.7	1.3	0.6	
Treasury bill tender rate (3-month)	7.8	6.4	7.0	7.0	6.6	6.4	5.8	5.6	5.5	5.5	5.5	5.6	5.6	5.6	5.5	5.5
JSE overall index (end-period)	27666.0	32118.9	27666.0	28748.0	26258.8	29456.0	32118.9	32204.1	31864.5	29674.2	32565.7	31864.5	31208.0	31005.5	29674.2	32348.5
$ terms (end-1992 = 100)	559.1	722.3	559.1	584.5	512.6	629.4	722.3	707.1	697.2	547.5	708.0	697.2	691.3	657.1	547.5	610.9

Key Economic Indicators	Yearly		Quarterly								Monthly					
			2009		2010			2011					2011			
	2009	2010	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	May	Jun	Jul	Aug	Sep	Oct
Thailand																
Consumer prices (2000 = 100)	125.2	129.3	126.6	127.9	129.3	129.9	130.2	131.7	134.5	135.3	134.6	134.8	135.0	135.6	135.2	135.4
% change previous year	-0.8	3.3	1.9	3.7	3.2	3.2	2.9	3.0	4.1	4.1	4.2	4.1	4.1	4.3	4.0	4.2
% change during period	3.5	3.0	0.6	1.0	1.1	0.5	0.2	1.1	2.1	0.6	0.4	0.1	0.2	0.4	-0.3	0.2
Manufacturing production (2000 = 100)	166.1	190.0	185.2	191.8	186.4	191.8	190.0	187.7	181.7	195.1	178.1	201.6	188.9	196.1	200.4	
% change previous year	-7.2	14.4	11.6	31.2	17.6	9.8	2.6	-2.1	-2.5	1.8	-3.7	3.8	-0.7	6.8	-0.5	
Trade balance ($ million)	32601	32212	6598	6270	8999	8019	8925	7963	7296	7676	2186	3799	4552	705	2419	810
Exports, fob ($ million)	150743	193656	42803	43986	48106	49718	51846	56002	57343	63296	19284	20816	21098	20940	21259	17190
% change previous year	-14.0	28.5	12.0	32.1	41.7	22.2	21.1	27.3	19.2	27.3	17.3	16.4	36.4	28.4	18.4	0.9
Imports, fob ($ million)	-118143	-161444	-36206	-37716	-39107	-41700	-42921	-48039	-50047	-55620	-17098	-17017	-16546	-20235	-18840	-16380
% change previous year	-25.2	36.7	1.6	64.1	44.7	30.6	18.5	27.4	28.0	33.4	34.5	23.6	13.2	45.9	42.6	23.4
Current account balance ($ million)	21877	13661	4791	5300	1342	1693	5326	5909	1396	3146	-656	2402	3438	-697	404	
Reserves excluding gold ($ million)	135483	167530	135483	141084	143389	158999	167530	176503	178793	172145	180057	178793	180975	180262	172145	173527
Exchange rate (baht/$ end-period)	33.4	30.0	33.4	32.3	32.4	30.3	30.0	30.3	30.7	31.2	30.3	30.7	29.8	29.9	31.2	30.7
Real effective rate (2000 = 100)	110.8	116.8	111.6	113.6	116.8	117.1	119.8	116.8	118.0	117.0	118.1	116.7	117.3	117.6	116.1	115.0
% change previous period	-4.1	5.4	-0.3	1.9	2.8	0.3	2.3	-2.5	1.1	-0.9	-1.0	-1.1	0.5	0.3	-1.2	-1.0
Broad Money, % change previous year	6.7	10.9	6.7	6.1	7.0	9.9	10.9	13.1	16.3	16.2	14.3	16.3	17.6	17.4	16.2	
Broad Money, % change previous period			5.0	2.2	-0.1	2.5	5.9	4.3	2.7	2.4	0.6	0.3	1.5	0.6	0.3	
Interbank rate (average)	1.3	1.4	1.2	1.2	1.1	1.4	1.7	2.2	2.7	3.2	2.6	2.9	3.1	3.2	3.4	3.4
SET index (end-period)	734.5	1032.8	734.5	788.0	797.3	975.3	1032.8	1047.5	1041.5	916.2	1073.8	1041.5	1133.5	1070.1	916.2	974.8
$ terms (end-1992 = 100)	62.8	98.2	62.8	69.6	70.3	91.9	98.2	98.9	96.9	83.9	101.1	96.9	108.8	102.1	83.9	90.7
Turkey																
Consumer prices (2003 = 100)	165.8	180.0	171.1	177.7	179.5	179.0	183.8	185.4	190.1	190.4	192.5	189.8	189.0	190.4	191.8	198.1
% change previous year	6.3	8.6	5.7	9.3	9.2	8.4	7.4	4.3	5.9	6.4	7.2	6.2	6.3	6.7	6.2	7.7
% change during period	6.5	6.4	3.6	3.8	1.0	-0.3	2.7	0.8	2.5	0.2	2.4	-1.4	-0.4	0.7	0.8	3.3
Industrial production (s.a., 1995 = 100)	156.8	177.4	173.2	159.8	178.4	177.2	194.1	182.6	192.5	190.6	193.6	195.8	195.7	181.8	194.3	
% change previous year	-9.9	13.1	8.4	17.4	13.8	10.0	12.1	14.2	7.9	7.6	8.0	6.8	6.9	3.7	12.1	
Trade balance ($ million)	-27803	-58841	-7709	-9259	-13074	-18179	-18329	-20685	-25804	-26595	-8884	-9038	-7951	-8230	-10414	
Exports, fob ($ million)	104338	117032	30197	27114	29170	27454	33294	33076	35857	34378	11529	11942	12320	11268	10790	
% change previous year	-23.5	12.2	9.3	20.3	17.7	2.4	10.3	22.0	22.9	25.2	21.2	21.6	22.9	32.2	21.1	
Imports, fob ($ million)	-132141	-175873	-37906	-36373	-42244	-45633	-51623	-53761	-61661	-60973	-20413	-20980	-20271	-19498	-21204	
% change previous year	-29.6	33.1	3.5	33.6	33.4	29.1	36.2	47.8	46.0	33.6	46.4	45.8	39.3	26.3	35.5	
Current account balance ($ million)	-13991	-47739	-4667	-9548	-10699	-10434	-17058	-21599	-22831	-16226	-7770	-7481	-5358	-4110	-6758	
Reserves excluding gold ($ million)	70704	80710	70704	69456	71024	77638	80710	86786	93755	87548	91862	93755	93054	89039	87548	
Exchange rate (YTL/$, end-period)	1.49	1.54	1.49	1.52	1.58	1.44	1.54	1.54	1.62	1.86	1.60	1.62	1.70	1.72	1.86	1.76
Real effective rate (2000 = 100)	99.1	109.1	101.0	106.3	109.4	109.0	111.4	101.8	100.0	91.4	100.9	97.4	93.9	89.0	91.3	92.2
% change previous period	-5.1	10.0	1.0	5.3	2.9	-0.4	2.2	-8.7	-1.8	-8.6	-0.9	-3.5	-3.6	-5.2	2.6	1.0
M2, % change previous year	13.2	18.9	13.2	13.6	18.2	16.7	18.9	20.7	20.7	21.6	22.0	20.7	21.7	23.2	21.6	
M2, % change previous period			5.5	2.8	4.7	2.6	7.5	4.4	4.7	3.4	2.4	2.2	1.1	2.0	0.3	
Treasury bill (average auction yield)	11.0	8.2	8.2	8.1	9.0	8.0	7.6	8.0	8.7	8.4	8.3	9.0	8.8	8.7	7.7	8.3
Istanbul SE, end-period (1986 = 1)	52825	66004	52825	56538	54839	65774	66004	64435	63269	59693	63046	63269	62296	53946	59693	56061
$ terms (end92 = 100)	758	916	758	796	744	975	916	895	833	687	844	833	785	672	687	680
Venezuela																
Consumer prices (2000 = 100)	569.9	730.6	621.3	654.9	720.3	756.5	790.5	839.5	886.6	951.8	886.6	908.6	933.0	953.4	968.9	986.6
% change previous year	26.8	28.2	26.0	25.1	31.0	29.3	27.2	28.2	23.1	25.8	22.8	23.6	25.1	25.8	26.5	26.9
% change during period	22.3	25.0	6.2	5.4	10.0	5.0	4.5	6.2	5.6	7.3	2.5	2.5	2.7	2.2	1.6	1.8
Crude oil production (000's bbls/day)	2181	2187	2220	2185	2178	2195	2190	2213	2257	2283	2240	2300	2300	2270	2280	2290
% change previous year	-7.3	0.3	-4.9	3.0	0.5	-0.9	-1.4	1.3	3.6	4.0	2.8	5.5	4.8	3.2	4.1	4.1
Trade balance, fob ($ million)	19153	27173	8340	9038	6059	5581	6495	11914	12581		3909	3605				
Exports, fob ($ million)	57595	65786	16750	16511	16064	15520	17691	20797	25115		8264	8204				
% change previous year	-39.5	14.2	56.1	67.8	10.3	-5.6	5.6	26.0	56.3		72.3	53.9				
Imports, fob ($ million)	-38442	-38613	-8410	-7473	-10005	-9939	-11196	-8883	-12534		-4355	-4599				
% change previous year	-22.3	0.4	-42.9	-33.0	-0.5	12.7	33.1	18.9	25.3		30.4	36.5				
Oil export price ($/bbl, end-of-period)	57.7	71.0	70.8	69.9	68.5	67.4	78.3	91.7	104.0	101.3	100.7	101.1	107.8	97.3	98.8	106.1
Reserves excluding gold ($ million)	21703	13137	21703	15276	14126	14194	13137	10323	10622	9837	11654	10622	10790	10562	9837	
Exchange rate (B/$, end-period)	2150.0	4300.0	2150.0	4300.0	4300.0	4300.0	4300.0	4300.0	4300.0	4300.0	4300.0	4300.0	4300.0	4300.0	4300.0	4300.0
Real effective rate (2000 = 100)	133.6	81.6	140.9	73.9	81.4	84.6	86.4	89.4	92.0	98.4	92.0	94.2	96.0	98.1	101.1	103.4
% change previous period	28.1	-38.9	4.2	-47.6	10.2	3.9	2.2	3.4	2.9	6.9	2.5	2.3	1.9	2.2	3.1	2.3
M2, % change previous year	21.1	24.0	21.1	21.1	17.7	14.1	24.0	28.4	37.7	41.7	32.7	37.7	38.3	38.0	41.7	
M2, % change previous period			2.8	1.9	3.1	5.5	11.8	5.5	10.6	8.5	2.5	6.3	4.3	0.4	3.6	
Bank deposit rate, period average	15.6	14.7	15.0	14.6	14.6	14.8	14.9	14.9	15.0	14.5	15.1	14.8	14.5	14.5	14.5	
Bolsa Caracas index, end-period	55076	65338	55076	58345	65158	65283	65338	70322	80398	99611	80614	80398	89563	100033	99611	106249
$ terms (end92 = 100)	224.3	133.0	224.3	118.8	132.7	132.9	133.0	143.2	163.7	202.8	164.2	163.7	182.4	203.7	202.8	216.4

THE FORECAST IN DETAIL

Global Output Growth

percent, y/y

	2009	2010	2011f	2012f
Mature Economies	**-4.1**	**2.7**	**1.4**	**1.0**
United States	-3.5	3.0	1.8	2.1
Euro Area	-4.2	1.8	1.5	-1.0
Japan	-6.3	4.1	-0.2	2.3
Other Mature	-3.0	2.6	1.7	2.1
Emerging Economies	**1.6**	**7.2**	**6.1**	**5.7**
Latin America	-2.4	6.2	4.0	3.7
Argentina	-2.6	9.2	6.5	4.4
Brazil	-0.6	7.5	3.1	3.3
Mexico	-6.1	5.4	3.9	3.6
Emerging Europe	-5.8	4.5	4.5	3.0
Russia	-7.8	4.0	4.0	3.7
Turkey	-4.8	9.0	8.0	3.0
Asia/Pacific	6.8	9.1	7.8	7.8
China	9.2	10.4	9.3	8.8
India	8.0	8.5	7.5	7.8
Africa/Middle East	0.9	4.3	4.7	3.9
South Africa	-1.7	2.8	3.2	3.7
World	**-2.2**	**4.4**	**3.3**	**3.0**

Based on market exchange rates

Consumer Prices

percent change over a year ago, end of period

	2009	2010	2011f	2012f
Mature Economies	**0.6**	**1.4**	**2.3**	**1.3**
United States	1.5	1.2	3.2	1.5
Euro Area	0.4	2.0	2.0	1.5
Japan	-2.1	-0.3	-0.1	-0.1
Other Mature	1.4	2.8	3.7	2.3
Emerging Economies	**5.0**	**6.2**	**6.0**	**6.1**
Latin America	6.2	8.1	8.2	8.5
Argentina	17.4	22.9	22.7	29.1
Brazil	4.3	5.9	6.5	5.5
Mexico	3.6	4.4	3.3	3.9
Emerging Europe	6.8	6.8	6.0	6.8
Russia	8.8	8.8	6.4	8.1
Turkey	6.5	6.4	9.0	8.5
Asia/Pacific	3.6	5.3	5.0	4.9
China	1.9	4.6	4.9	5.1
India	10.4	9.7	6.7	4.8
Africa/Middle East	5.8	5.3	6.0	6.0
South Africa	6.3	3.5	6.2	5.3
World	**2.1**	**3.2**	**3.8**	**3.4**

Exchange Rate

end of period

	Nov 11	Dec 11	Jun 12	Dec 12
¥ per $	77.0	79	82	84
$ per €	1.35	1.30	1.25	1.30

Official Interest Rate

end of period

	Nov 11	Dec 11	Jun 12	Dec 12
U.S. Fed Funds	0.125	0.125	0.125	0.125
BoJ Target	0.10	0.10	0.10	0.10
ECB Refi	1.25	1.25	0.75	0.75

Commodity Prices

end of period

	Nov 11	Dec 11	Jun 12	Dec 12
Oil *($ per barrel)*	109	105	95	95
Copper *(cents per lb)*	334	334	334	334
Gold *($ per ounce)*	1675	1675	1675	1675

Global Current Account Balance

$ billion

	2009	2010	2011f	2012f
United States	-377	-471	-506	-458
Euro Area	-38	-57	-60	-1
Japan	142	196	117	141
Other Mature Economies	-42	-21	-40	-37
Emerging Economies (IIF 30)	298	295	372	206
Africa / Middle East	15	67	165	99
Latin America	-13	-45	-49	-99
Emerging Europe	21	-1	-31	-86
o/w Russia	59	71	83	22
Emerging Asia	275	274	287	293
o/w China	207	234	255	280
Other Countries*	16	58	117	149

* Includes global discrepancy

