

Global Economic Outlook

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Overview

Global Economy – We have lowered our estimate for 2010 global GDP by 0.1% to 3.9%, the first downward revision in about a year. We still expect solid and sustainable growth through 2011.

United States – Our forecast for US real GDP growth has been reduced to 3.7% for 2010, mainly due to a weaker-than-expected first quarter. We still project real GDP growth to average 4% over the remaining quarters of the year.

Europe – Economic data have been resilient in recent weeks, but some dampening of growth looks likely after a strong second quarter.

Japan – The coalition government led by the newly elected Prime Minister Naoto Kan is unlikely to lead to major policy changes in 2010.

China – Continued tame inflation, easing commodity prices and uncertainty aroused by the European debt crisis may further delay lending rate hikes until late 2010.

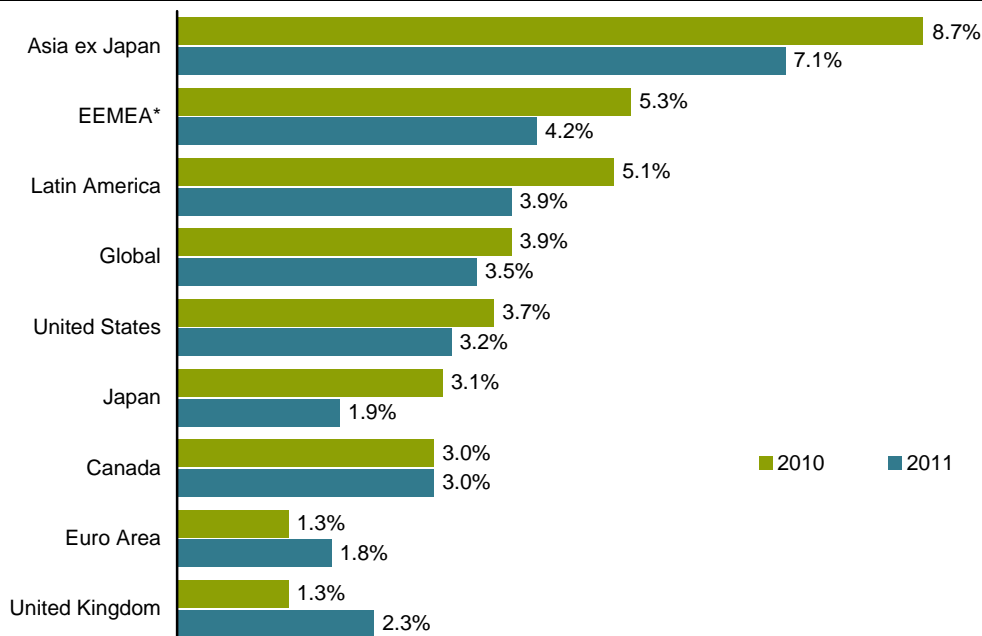
AllianceBernstein World Economic Growth Forecasts

Global Economic Research

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Global Outlook

Global GDP growth has been revised down slightly

We have lowered our estimate for global real GDP growth forecasts in 2010 by 0.1 percentage point to 3.9%, the first downward adjustment of the past year. But despite this slight revision, the pace of worldwide growth remains solid. The recent turmoil in financial markets is unlikely to derail the global economic recovery, as suggested by our initial estimate for global GDP growth of 3.5% in 2011.

Forecast for Europe slashed, with a smaller revision to US growth

Most of the downward adjustment to 2010 growth numbers occurred in Europe, but we have also slightly lowered our US estimates. In Europe, real GDP growth was revised to 1.3% from the previous estimate of 2.0%. European economies were stagnant in the first three months of the year, and although a solid rebound is expected in the current quarter, survey data suggest that the ongoing fiscal crisis in several smaller countries will continue to weigh on economic activity through the rest of the year. In the US, we lowered our real GDP growth forecast to 3.7%, from 4.0%, mainly because of a weaker-than-expected first quarter.

Emerging-market growth revised up

On the positive side, we increased our estimates for growth in emerging-market economies in 2010. Latin America's prospects improved sharply, as real GDP growth estimates for the region were raised to 5%, from 3.5%. Much of the revision stems from explosive growth in Brazil, which started the year with real GDP growth running 11.4%, well above our expectations. Real GDP growth in non-Japan Asia was also revised up from 8.3% to 8.5% due to the strong first-quarter data.

Global PMI survey is still strong

Global manufacturing momentum remains strong. In May, the global manufacturing index slipped to 57.2, down slightly from the April reading of 57.8. Yet the current level remains close to the series' record high of 57.9 in 1998, suggesting the global manufacturing recovery remains resilient. In addition, recent readings show a better balance as continued high readings in orders and production have been followed by gains in employment and inventories.

Worries over fiscal debt in Europe have compelled some governments to further tighten spending. Yet, the collective moves affecting the current year represent just 0.1% of Europe's GDP and therefore should have only a slight restraining influence on growth in the second half of the year, in our view.

Financial crisis will delay monetary tightening

Conversely, the monetary tightening expected in several countries has been postponed or delayed until later this year or even 2011. Although Canada raised official rates in early June by 25 basis points, as expected, its central bank indicated that the considerable uncertainty to the outlook meant any further adjustment in rates must be weighed against global developments. We expect several central banks, especially in emerging-market economies, will decide to postpone rate hikes until later this year. This should help maintain and prolong strong domestic demand in these economies, which will have positive effects for exports from developed economies.

US Outlook

Full-year growth revised to 3.7%, down from 4.0%

After a weaker-than-expected first quarter, we have revised our real GDP growth forecast for 2010 to 3.7%, from our previous estimate of 4.0%. This adjustment was primarily made because first-quarter GDP came in at 3%, just below the initial estimate of 3.2%. We still anticipate relatively strong annualized real GDP growth of at least 4% over the remaining quarters of 2010.

In the first quarter, weakness in the construction sector weighed heavily on the GDP growth rate. The sector contracted at an annualized rate of 14%, subtracting 1.2 percentage points

Construction weakness undermines 1Q growth

from overall GDP growth. Part of the sharp decline in construction activity was related to bad weather, while a slower-than-expected start to some government stimulus programs also hurt the sector. Nevertheless, we still expect the housing sector to rebound in the second quarter. Indeed, we are encouraged by a solid 2.7% gain in construction spending in April, which adds credence to our view that construction was unduly depressed in the first quarter by a variety of extraordinary factors.

Manufacturing remains key recovery driver

The manufacturing sector continues to be the source of strength in the recovery. In the first quarter, manufacturing production increased by an annualized rate of 7.1%, a pace likely to be matched in the second quarter. The ISM manufacturing composite index for May came in at 59.7, down only slightly from a robust 60.4 in April. The report shows strong momentum in new orders and production, as well as export orders, which are at their highest levels in more than 20 years.

The export sector remains a key driver of the manufacturing rebound and a central part of our macro-recovery thesis. Directly and indirectly, through its impact on investment and inventory building, the export recovery has accounted for all of the growth in real GDP during the first three quarters of the expansion. In contrast, during previous recoveries, these two sectors accounted for about one-third of the rebound. In our view, ongoing strength in emerging markets, where about 57% of US exports are directed, will help ensure continued strong gains throughout 2010.

Fed funds year-end target lowered to .75%, down from 1.5%

Of course, there are risks to our US economic forecast. Fiscal sustainability issues in Europe have triggered a sharp spike in risk aversion in financial markets over the past two months, sending global equity prices lower and triggering a sharp correction in the value of the euro. We don't think the fiscal issues in Europe as well as the recent appreciation of the US dollar versus the euro will materially affect the US growth cycle. However, events of recent weeks will force the Federal Reserve to delay its official rate hikes until later in the year, possibly by at least a quarter later than we had initially expected. As a result, we have lowered the year-end 2010 fed funds target to 0.75%, from a target of 1.5% one month ago.

Europe Outlook

Economic data remain resilient

Recent data suggest that the European economy has so far been resilient in the face of financial market pressure. Most business surveys eased in May. But the pullback was modest and indicators generally remain at levels consistent with robust economic growth. Moreover, with the obvious exception of Greece, news from the periphery has been good—even in relatively weak countries. For example, in May, the composite purchasing managers' index was stable in Spain, at 52.3, and rose in Ireland, from 53.5 to 54.5.

Powerful rebound in German industry

But the most impressive releases have come from Germany, where GDP looks set to rise strongly in the second quarter. While only April data have so far been released, industrial output is already 3.7% (non-annualized) higher than in the first quarter, with factory orders up an even stronger 6.3%. Within the latter, capital goods orders from outside the euro area were 9.6% higher than in the first quarter and 56% higher than last year's trough. This is testament to the important stimulus being provided by a buoyant global economy. And this is beginning to feed through to the labor market, with the unemployment rate falling from 8.1% in February to 7.7% in May. It has already had a beneficial impact on government finances and should support consumption over coming quarters.

How will the sovereign debt crisis affect the growth outlook?

Trying to gauge the impact of the sovereign debt crisis on the euro-area economy is fraught with difficulty. In recent weeks, the only countries that have announced additional fiscal tightening for 2010 are Spain and Portugal, and the combined amount is equal to just 0.1% of euro-area GDP. Next year, there will be a more broad-based tightening, with this ranging

from 0.4% of GDP in Germany to around 3.0% in the likes of Portugal and Spain. For the region as a whole, we expect an overall tightening of around 1.0% of GDP, enough to knock close to one percentage point off GDP growth. However, there is an important offset here in the form of the exchange rate which has fallen by over 10% since late 2009. In our view, this should offset most, if not all, of the fiscal contraction (at the euro-area level).

ECB on hold for the foreseeable future

In our view, the biggest risk from the crisis is not from tighter fiscal policies per se but from the impact of recent financial market upheaval on business and consumer sentiment and the willingness of banks to extend credit to the real economy. At present, we do not think either factor is likely to derail the euro-area recovery, especially given the strong global backdrop. But they are likely to dampen growth in the second half of the year and we have lowered our 2010 growth forecast to 1.3% from 2.0%. In light of this, the prospect of any near-term tightening of monetary policy is now completely off the agenda. Indeed, the European Central Bank is now unlikely to raise rates until the second half of 2011 at the earliest.

Strong rebound in UK nominal growth

Not surprisingly, UK developments have been overshadowed by the sovereign debt crisis in the euro area. But given its high budget deficit, the UK is not immune from contagion and there is considerable pressure on the new government to push ahead with radical fiscal action when it presents its first budget on June 22. Of course, one big advantage the UK has over the euro-area periphery is that it has its own independent monetary policy and exchange rate. Indeed, easy monetary conditions have led to a surprisingly rapid rebound in nominal GDP growth in the UK—6.5% annualized over the last two quarters—and this is already helping to lower the budget deficit. Still, too much of this growth is coming in the form of price rather than volume, but the Bank of England is relatively relaxed about upside inflation risks and this means monetary tightening is unlikely before the turn of the year.

Japan Outlook

New government unlikely to lead to major policy changes

Japan's new coalition government, led by the Prime Minister Naoto Kan, faces several economic challenges. However, we think the new government will have little near-term impact on the economy or Japan's financial assets. Although Kan, of the ruling DPJ party, was finance minister in the previous administration and is generally considered an advocate of inflation-targeting and quantitative easing, the government's ability to influence the Bank of Japan will be constrained by disarray within the DPJ. Moreover, Kan's days in office are numbered: his initial term will only run through September 2010, when he must be re-elected as DPJ president under the party's election schedule. As such, it looks unlikely that the new prime minister will push for any drastic policy shifts that would risk his leadership position. This means that in 2010, it will be next to impossible to push through decisions on heavily debated proposals over hiking the consumption tax, shifting toward an inflation-targeting monetary policy or promoting a sharp weakening of the yen to help ease deflation.

Cyclical momentum remains strong

Despite a grim political outlook, we have further raised our Japan GDP growth forecast to 3.1% in 2010—from our previous forecast of 2.6%—due to higher-than-expected GDP growth in the first quarter, which advanced at an annualized rate of 4.9%. Moreover, Japan's cyclical recovery running into the second quarter remains powerful, like several of its regional counterparts—such as Korea and Taiwan—with continued strong recoveries in industrial production and exports. That said, we remain cautious about the sustainability of Japan's economic recovery once the cyclical trends start to peak in the second half of 2010. For now, we expect GDP growth will slip back below trend in 2011 to 1.9%.

No permanent exit from deflation

On the inflation front, the cut in tuition fees in April caused a slight dip in the nationwide CPI to -1.2% year on year (from -1.1% in March) following two consecutive months of rather promising positive month-on-month increase in February and March. Excluding the one-off effect, however, headline CPI would have dropped by 0.9% year on year (instead of

the reported 1.2%) and core CPI (headline excluding food and energy) would have dropped by 0.8% year on year (instead of the 1.6%). This means that the worst of the cycle-low in deflation appears to be over and the current cyclical recovery has increased the chance of year-on-year CPI temporarily turning positive toward the end of this year, before relapsing again in 2011 once growth softens.

The low risk of a permanent exit from structural deflation remains the key factor behind our forecast of a very modest pickup in bond yields over the next six months (10-year yield to increase 22.5 basis points to 1.5%).

Australia Outlook

In Australia, the RBA's decision to keep rates on hold in early June confirmed our expectation that the central bank would pause in its tightening cycle to assess the impact of rate rises to date. There are tentative signs, in our view, that the now-completed phase one of the tightening cycle—the normalization of interest rates—is starting to have an effect.

While the various stimulatory fiscal packages make it difficult to discern the underlying trend, retail sales appear to have softened in recent months; house auction clearance rates appear to have retreated from their peak and consumer sentiment, as measured by the Westpac/Melbourne Institute survey, fell sharply during the month—the first significant fall in sentiment during the current tightening cycle. There are also some signs that business confidence has slipped—although disentangling the influence of higher rates from broader global uncertainty is difficult. In addition, the announcement of a new tax on mining profits has hit confidence in that sector.

In light of these developments, we are maintaining our year-end target for the cash rate at 4.5%. We think that these domestic trends should prompt the central bank to pause and reflect on the pace of monetary tightening to date. In our view, however, market pricing is not taking into account the trends we forecast for 2011. We expect the global economy to come through the current bout of uncertainty in reasonably good shape, and continue to forecast a GDP growth rate for Australia next year of at least 4.0%. If this forecast proves accurate, the RBA will probably begin phase two of its tightening—managing inflation risks—early in 2011, and we think an end-2011 cash rate of 6.5% is a reasonable baseline forecast.

In New Zealand, the continued positive tone from the economic data and an upward adjustment to the Reserve Bank of New Zealand (RBNZ) inflation outlook bolstered expectations of an increase in the Official Cash Rate (OCR), despite the rising uncertainty associated with sovereign risk. The RBNZ's two-year inflation forecast was increased from 2.6% to 2.8%. And the central bank's official guidance regarding the timing of the rise—"around the middle of the year"—was duly acted upon, with the RBNZ hiking by 25 basis points on June 10 to take the OCR to 2.75%.

The accompanying Monetary Policy Statement was pretty much as expected. Its key message was that despite global turmoil, the New Zealand economy is expanding as per the RBNZ's script, and hence monetary stimulus will be removed gradually. Another two 25 bp hikes before year end seems likely, and we are maintaining our forecast of 3.25% OCR at year end.

Phase 1 of RBA's tightening cycle is over...

...but markets are underestimating the extent to which policy tightening will be required in 2011

Despite global concerns, the NZ recovery is unfolding as expected and the start of RBNZ tightening is imminent

Strong growth conditions prompt first rate hike of cycle

Canada Outlook

Strong growth continues in Canada, after GDP expanded by an annualized rate of 6.1% in the first quarter. The output gap has closed fast, while inflation hovers at the center of the 2% annual target range and housing prices have risen 11.6% on the year, prompting the central bank to begin raising rates and normalizing monetary policy.

The Bank of Canada announced its first rate hike of the cycle this month, from 0.25% to 0.50%, and launched a program to remove excess liquidity from the financial system to let interest rates settle at the center of its Bank Rate-Deposit Rate operating band (now 0.25% to 0.75%). In its decision, the central bank cited reasons for caution in hiking rates: in particular, fears that the most recent round of financial volatility centered on European sovereign debt concerns might spread and affect Canada, although it sees no signs of that worry materializing yet.

Emerging Markets Outlook

The Brazilian recovery has gained momentum

Latin America: According to **Brazil's** new Index of Economic Activity (IBC-Br), the economy may have expanded at a 9.8% quarter-on-quarter annualized pace during the first quarter of 2010. We have revised up our Brazilian full-year 2010 GDP forecast to 7.5% from 5.5%, given the likely first-quarter results and the current trajectory. Strength in the Brazilian recovery has been largely self-sustaining with private consumption exhibiting resilience over the course of the current crisis. More recently, investment spending and exports have also begun to rebound. However, downside risks posed by the recent sovereign debt crisis remain. Due to heightened market volatility and rising borrowing costs, Brazilian companies have sat out of the USD bond market in recent weeks. In addition, Europe is Brazil's largest export market, accounting for more than 20% of overseas sales. Although the Brazilian recovery has been driven by domestic demand, the country would not be immune to a prolonged rout in the global markets (with externally oriented industries, asset-based markets and financing channels are most directly exposed). Strength in the Brazilian economy has been an anchor to the broader Latin recovery over recent quarters.

Diverging stories in Latin American countries

In **Argentina**, March's economic activity reading accelerated by 8.1% year on year, including a sizeable 1.0% month-on-month increase. As a composite, the January through March index readings suggest that Argentina's GDP has grown by 6.4% year on year in the first quarter, the highest number since the third quarter of 2008. We have revised our Argentina 2010 growth forecast to 6.5% from 2.5%. By contrast, the economic contraction in **Venezuela** deepened in the first quarter with quarter-on-quarter real GDP contracting by 1.9% on a non-annualized basis. Improvements in the export-reliant petroleum sector (+1.1% q/q) were offset by declining trends in domestically oriented nonpetroleum activities (-2.4% q/q). The central bank cited temporary restraints on foreign exchange for imports, reduced consumption and investment and government curbs on electric power use as the primary reasons for the poor results. The weakness in Venezuela continues to be an exception to the broader recovery theme across the Latin America region.

Chile's earthquake hurts 1Q results

Chile felt the effects of the February 27 category 8.8 earthquake, as GDP contracted by 1.5% in the first quarter (+1.0% year on year). The earthquake's effects were most notable in sharp contractions within the agriculture, fishing and manufacturing industries. However, unlike Venezuela, the weak first-quarter results were mostly a one-month phenomenon. Industrial production numbers for April in Chile showed a sizeable pickup in activity from the March post-earthquake trough.

Trends in Central America and the Caribbean meanwhile continue to diverge between nations. Over the past month, **Jamaica** announced that first-quarter GDP contracted by

Divergence in the Caribbean

1.5% year on year. Fiscal austerity measures announced recently, with the country's IMF program, will probably impede the path to recovery in 2010. Meanwhile, fortunes in neighboring [Dominican Republic](#) have been notably better over this crisis. Exports, imports, tax collections and private credit have all expanded at healthy rates with real GDP estimated to have grown by 7.5% in the first quarter of 2010.

Asia ex Japan: While the euro-area debt crisis has increased fears of a relapse in global growth, we remain confident about Asia's prospects; indeed, we have further raised our GDP projections for the region for the coming year. In our view, the global backdrop presents little cause for concern: growth outside the peripheral European states remains solid and appears capable of overcoming headwinds created by those countries' problems.

Further upward revisions amid robust growth environment

In fact, Asia's recovery momentum remains extremely robust and activity growth across the region has significantly outperformed consensus expectations. Skeptics may argue that strong performance in early 2010 should now be viewed as historical. We believe, however, that even if we factor a rapid normalization of sequential growth into our forecasts (following last year's staggering pace of expansion during Asia's initial phase of recovery), regional GDP will end 2010 stronger than widely anticipated. At 8.7% for Asia ex Japan in 2010, our latest forecast is 40 basis points higher than last month's projection and 70 b.p. above our forecast in January 2010. Interestingly, the consensus forecast has also risen, from last month's 8% to 8.3% currently. For 2011 our initial forecast of 7.1% implies a slowdown to around trend level but still represents a robust growth environment.

Powerful recovery driven by exports

The recovery of Asia's first-quarter GDP growth was extraordinary. In each case, the pace has rebounded markedly from fourth-quarter 2009 levels and, in some instances, is in double digits—a rate that many Asian countries have not seen for several years. The major economies are still riding the upswing of their industrial production cycle—a frenetic 30%–50% year on year in April. This has been helped by the export recovery across the region which, at 30%–40% year on year, is still powerful.

In sequential terms, however, there are some recent signs of moderating momentum. We would be cautious about viewing this as a possible turning point leading to a double dip in growth, however. Instead, we see the slowdown as the natural normalization of sequential momentum following the unprecedented pace of recovery during Asia's initial rebound from the global crisis. Indeed, [Korea's](#) May export data—the first and, at the time of writing, only May export data available in the region—reinforce our optimism: exports surged 42% year on year from 20% in April. We estimate that sequential growth eased but remained strong at 30% annualized compared with 48% in April. More importantly, Korea's shipments to all markets were extremely robust in May, and continued strength in emerging-market demand is particularly encouraging amid growing concern about weakening European demand. Korean exports to BRIC (Brazil, Russia, India and China) increased 62% year on year while shipments to Latin America jumped 66%, Middle East 123%, and ASEAN 67%. Exports to developed markets were also strong, especially those to the US, which rose 62%, and to the EU, up 38%.

Accommodative policy promotes ongoing recovery

Another growth-supportive development, in our view, is that most Asian policymakers will further soften their stances on policy tightening as long as the European sovereign debt crisis persists. As we have argued before, the much tamer-than-expected inflation risk in Asia has already resulted in delays to interest-rate increases across the region. We now think that most Asian central banks will probably increase their policy rates by one, or at most two, 25 basis-point increments before the year-end. In the near term, we think they will all allow their currencies—weakened by the recent sell-offs—to buttress their export recoveries. The recent softening of global commodity prices—and, in particular, crude oil prices staying below US\$80 per barrel—will give great comfort to policymakers in this

commodity price-sensitive region.

The only country we think still requires a relatively hawkish monetary stance is **India**, where growth acceleration has further constrained economic capacity. Among other major Asian countries, we think **China** will probably concentrate on property tightening and liquidity sterilization through further increases in banks' reserve requirement ratio, while the much-awaited increase in the lending rate is unlikely until the final quarter. We think the drastic fall in the renminbi one-year forward rate to less than 1% against the US dollar is reasonable. In Korea, Taiwan and **Indonesia**, we now expect rate rises to be pushed out to late this year. Rising political risk in the Korean peninsula is another reason for the Bank of Korea to be accommodative, while lingering political uncertainty in Thailand makes a rate rise this year look increasingly unlikely.

EEMEA indicators declined but still point to expansion

Eastern Europe, Middle East and Africa: Monthly indicators fell slightly in May, but still point to economic expansion despite European volatility. The best indicator of the ongoing recovery is the Manufacturing Purchasing Managers' Index (PMI), which fell slightly overall to end the four-month rally. Our composite PMI for the region fell to 53.2 from 53.6 in April and is above the low of 35.1 in December 2008. New orders and exports stayed steady in expansionary territory. Most notable in the report was the apparent divergence of individual countries from the regional trend. Hungary, in particular, fell past the crucial 50 point with a PMI of 49.6. South Africa also surprised, falling to 51.2 from 55.2 ahead of the World Cup. In this case, however, we believe the transport strikes probably negatively influenced sentiment and skewed the survey.

Western European linkages and fiscal policy remain at the forefront of growth concerns

Although the outlook for the region remains positive, signs of weakness stem from uncertain growth prospects in western Europe, and domestic deficits. EEMEA has benefited from net export growth and government stimulus, which would both be severely undermined by subdued European growth and unfavorable debt dynamics. Countries that can invigorate domestic demand while maintaining fiscal discipline despite European weakness will outperform those without fiscal room and overexposure to Western neighbors.

While not all countries have reported first-quarter real GDP, results have so far been positive. South Africa's first-quarter GDP grew 1.6% year over year from -1.4% previously, the first positive number since 2008. Russia posted its first quarterly growth since 2008 of 2.9% from -7.5% in the previous quarter. Higher commodity prices and strong external demand helped both countries rebound. Boosted by private consumption, Poland's GDP rose by 2.9% in the first quarter, down from 3.5% in the previous quarter.

Most countries have ended their cutting cycle

Historically low interest rates have also promoted regional growth. These rates look to have stabilized for the moment as central banks determine the sustainability of the recovery and its price implications. **Russia** was the only country to cut rates 25 b.p. to 7.75% based on global growth and the record low level of inflation, 6.0% year over year in May and April. Countries that did not cut rates, such as the **Czech Republic, Hungary, Poland, South Africa**, and **Turkey** are already at their historic lows. **Israel** also kept rates stable and delayed plans for rate hikes; however, these will most likely resume this summer as real rates remain negative and GDP growth has been strong.

Risks to global demand will keep inflation subdued

Prices have continued along a disinflationary path since the start of the year, allowing central banks to keep monetary conditions loose. In general, inflation has been surprisingly low, and countries like Turkey, which had considered raising rates due to double-digit inflation, are no longer in such a rush. With risks to global demand suppressing commodity prices, we believe inflation will stay subdued for the remainder of the year.

	Real Growth ¹			Inflation ¹			Official Rates ²			Long Rates ²		
	2009	2010F	2011F	2009	2010F	2011F	2009	2010F	2011F	2009	2010F	2011F
Global	-2.1%	3.9%	3.5%	0.9%	2.4%	2.1%	1.68%	2.02%		3.84%	3.87%	
(PPP Wtd)	-0.7%	4.9%	4.2%									
Industrial Countries	-3.4%	2.5%	2.5%	0.3%	1.9%	1.8%	0.59%	0.89%		3.67%	3.73%	
Emerging Countries	1.5%	7.5%	5.9%	3.4%	5.2%	4.2%	5.51%	6.28%		5.84%	5.71%	
United States	-2.4%	3.7%	3.2%	-0.3%	2.0%	2.1%	0.25%	0.75%	2.50%	3.85%	4.00%	4.75%
Canada	-2.5%	3.0%	3.0%	2.2%	2.5%	2.2%	0.25%	1.50%		3.60%	4.75%	
Europe	-4.1%	1.4%	1.9%	0.6%	1.7%	1.5%	0.92%	0.96%	1.67%	3.51%	3.39%	3.65%
Euro Area	-4.0%	1.3%	1.8%	0.3%	1.3%	1.3%	1.00%	1.00%	1.50%	3.39%	3.25%	3.50%
United Kingdom	-4.9%	1.3%	2.3%	2.2%	3.3%	2.1%	0.50%	0.50%	2.00%	4.02%	4.00%	4.25%
Sweden	-4.7%	2.5%	2.8%	-0.3%	1.3%	2.0%	0.25%	1.00%	2.50%	3.29%	3.25%	3.65%
Norway	-1.5%	2.1%	2.9%	2.2%	2.6%	2.5%	1.75%	2.50%	3.50%	4.14%	4.00%	4.25%
Japan	-5.2%	3.1%	1.9%	-1.4%	-0.3%	-0.4%	0.10%	0.10%	0.10%	1.30%	1.50%	1.30%
Australia	1.3%	3.3%	4.5%	1.8%	3.1%	3.0%	3.75%	4.50%	6.50%	5.80%	6.00%	6.50%
Non-Japan Asia	5.0%	8.7%	7.1%	0.5%	4.0%	3.1%	-	-	-	-	-	-
China ³	8.7%	10.4%	9.1%	-0.7%	3.5%	2.5%	5.31%	5.58%	5.85%	3.65%	3.50%	3.25%
Hong Kong ⁴	-2.8%	6.8%	5.2%	0.5%	2.8%	3.0%	0.50%	1.00%	1.75%	2.65%	2.80%	3.25%
India ⁵	6.4%	7.8%	7.0%	1.3%	8.0%	6.0%	4.75%	5.75%	6.25%	7.56%	7.90%	8.00%
Indonesia ⁶	4.5%	5.7%	5.0%	4.8%	5.0%	4.0%	6.50%	6.75%	7.25%	9.05%	7.75%	7.50%
Korea ⁷	0.2%	6.5%	4.5%	2.7%	2.8%	2.5%	2.00%	2.25%	2.75%	4.90%	4.70%	4.50%
Thailand ⁸	-2.2%	6.4%	2.8%	-1.0%	3.8%	3.5%	1.25%	1.25%	1.75%	3.63%	2.90%	3.25%
Latin America	-2.0%	5.1%	3.9%	7.1%	8.5%	7.6%	-	-	-	-	-	-
Argentina ⁹	1.0%	6.5%	3.2%	6.3%	11.0%	11.0%	-	-	-	7.25%	7.00%	
Brazil ¹⁰	-0.2%	7.5%	4.5%	4.9%	5.5%	4.8%	8.75%	10.75%		2.00%	1.75%	
Mexico	-6.5%	4.5%	3.7%	5.3%	4.8%	3.8%	4.50%	5.25%		8.20%	8.50%	
EEMEA	-5.1%	5.3%	4.2%	8.3%	6.9%	5.9%	7.08%	7.56%		8.93%	8.79%	
Hungary	-6.9%	-0.1%	2.6%	4.2%	4.6%	3.0%	6.25%	5.00%		8.03%	6.70%	
Poland	1.7%	3.9%	3.4%	3.5%	2.3%	2.5%	3.50%	3.75%		6.26%	6.00%	
Russia	-7.9%	6.6%	4.6%	11.8%	7.5%	7.1%	8.75%	8.00%		9.08%	7.40%	
South Africa	-1.8%	3.3%	3.8%	7.1%	5.7%	6.0%	7.00%	7.00%		9.17%	9.00%	
Turkey ¹¹	-5.6%	5.7%	4.6%	6.3%	9.9%	6.5%	6.50%	10.00%		10.44%	13.50%	

NOTES:

- 1) Growth and inflation forecasts are reported on a calendar year basis.
 - 2) Official and long rates are end-of-year forecasts. Long rates are 10-year yields unless otherwise indicated.
 - 3) China: Official rates are 1-year benchmark lending rates and 10-year government bond yield.
 - 4) Hong Kong: Base rate and 10-year exchange funds yield
 - 5) India: Reverse repo rate and 10-year government bond yield
 - 6) Indonesia: Intervention rate and 5-year government bond yield
- Source: AllianceBernstein

- 7) Korea: Overnight call rate and 5-year government bond yield
- 8) Thailand: 1-day repo rate and 5-year bond yield
- 9) Argentina: Discount bond spread
- 10) Brazil: 2037 bond spread
- 11) Turkey: Long-term rates are 5-year rates.