

Global Economic Outlook

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Contents

Global 2
 US..... 2
 Europe..... 3
 Japan..... 4
 Australia..... 4
 Canada..... 5
 Emerging Markets 6
 Global Forecast 9

Overview

Global Economy – Global GDP growth estimates for 2010 are unchanged at 3.9%, as stronger growth in emerging markets has offset downward growth estimates for Europe and the UK.

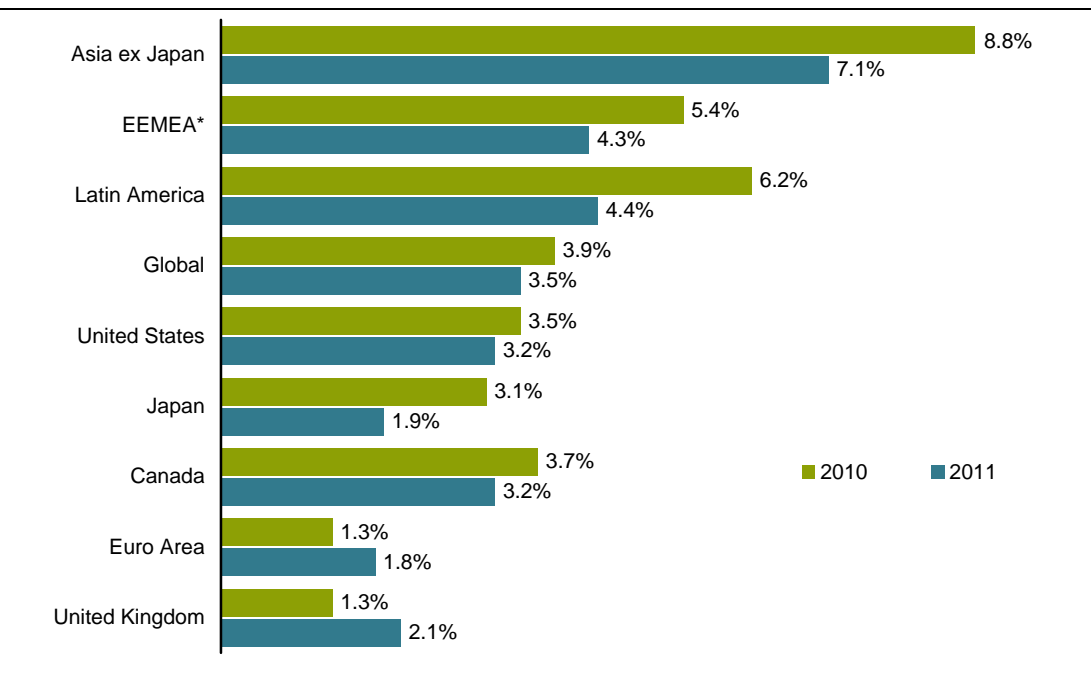
United States – The US economy is still expected to grow 3.5% in 2010, led by strength in exports and capital spending.

Europe – Economic data remain resilient, particularly in Germany, where the export and industrial sectors are expanding at record rates.

Japan – The cyclical recovery seems to have peaked, with consumption showing signs of moderation while underlying deflation pressure persists.

China – Our GDP forecast for 2010 is unchanged at 10.4%, with a slower second half that reflects downside risk from a residential property correction and a possible slowdown in world trade in the second half.

AllianceBernstein World Economic Growth Forecasts



*Eastern Europe, Middle East and Africa

Source: AllianceBernstein

Global Economic Research

Contributors

- Joseph Carson*
- Guy Bruten*
- Anthony Chan
- Kenneth Colangelo*
- Lars Pedersen*
- Dennis Shen*
- Darren Williams*

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Global Outlook

Global growth forecast unchanged

At mid-year, our 2010 global GDP growth estimate of 3.9% isn't much different from forecasts at the start of the year, but the country mix has changed significantly in the past half-year. We've reduced growth estimates in Europe (from 2.4% to 1.3%) and in the UK (from 2.1% to 1.3%), while raising them in non-Japan Asia and Latin America. These two regions combined have lifted overall emerging-market growth by 1.2 percentage points, from 6.4% to 7.6%. Our US real GDP growth forecast of 3.5% is the same as it was at the start of the year, although we had raised it to 4% and then lowered it to 3.5% in the second quarter, following a weaker-than-expected first-quarter report and a stretch of soft data during the spring.

Emerging markets are the key drivers of the global cycle

The global GDP recovery is being triggered by fiscal and monetary stimulus in concert with the traditional early-cyclical industries of consumption and housing/property. However, the big difference in this rebound is the contribution of emerging markets. Emerging-market consumption and property cycles are the key drivers of end-market demand growth, and recoveries in the developed economies—especially the US—are taking their cue from the emerging-markets cycles, relying on exports as their main driver.

Admittedly, the transition globally to this “new mix” business cycle might not happen as tidily or smoothly as we'd like it to, because it involves a role reversal between developed and emerging-market economies. But emerging markets possess enough internal demand growth, as well as monetary and fiscal policy flexibility, not only to separate themselves from developed-economy cycles but also to drive the global cycle.

Fiscal issues remain a key risk

Risks to the global growth cycle still center on the ability of developed governments to reduce deficits, maintaining or increasing their creditworthiness in financial markets while avoiding any damage to growth cycles in their respective economies. This is a difficult task, but with clearly pro-growth monetary policy we believe that the fiscal authorities can be successful. So far, European fiscal austerity measures have been extremely helpful in stabilizing financial markets, and upcoming stress tests on the banking system should bolster investors' confidence—if the tests are sufficiently transparent.

EMG and commodity currencies should strengthen

On the currency front, there's still a fundamental case for continued strength in emerging-market currencies, since these economies will likely see above-average growth and inflation along with rising interest rates. Commodity-related currencies should also gain favor again, as investors regain confidence in the global recovery in coming weeks.

US Outlook

2Q surveys point toward strong real GDP growth

Our real GDP growth forecast of 3.5% for 2010 is unchanged from last month. Incoming data for the second quarter still show a very solid pace of growth: the second-quarter ISM manufacturing index of 58.8 was above the first-quarter average of 58.2, and even the ISM nonmanufacturing index came in at 54.9 for the second quarter, well above the 53 reading for the first quarter. The survey data, along with hours-worked data from the payroll employment survey, indicate second-quarter real GDP growth of about 4%.

Concern over double dip

Still, worries about sustainability abound, mainly because of recent declines in a few leading indicators—especially stock prices. After a recession, leading indicators usually jump in anticipation of a revival of GDP growth. But after the initial surge, there's little consistency in the pattern. Sometimes leading indicators peak and then move steadily lower over several years—as in the late 1970s. But in the early 1980s, leading indicators tumbled quickly. We tend to monitor changes in leading indicators over three-, six- and 12-month periods, in order to help anticipate changes in the business cycle. Yet it's equally important

to understand that the leading index itself has its own cycle.

Leading indicators still positive...

The index of leading indicators tends to record relatively large gains in the initial phase of an economic recovery. In almost every case, the gain in the first 12 months is the largest advance recorded during the recovery, regardless of whether the subsequent economic rebound turns out to be short or long. This pattern recurs because many components of the leading indicators capture trends in early-cyclical industries and combine them with several financial series that tend to rebound before the real economy recovers.

In some cases, after the initial surge, growth in the leading index tapers off, which sometimes results in a brief dip below the zero line that's often followed by a recovery within a few months. When this pattern unfolded in the mid-1980s and mid-1990s, leading indicators foreshadowed a slowing trend in real GDP—but no double dip materialized.

...no evidence of a double dip

So what are leading indicators telling us today about the direction of the US economic recovery? Leading indicators have risen by 7.7% annualized in the past six months, which is below the readings of about 11% to 12% in the fall of 2009. Recent trends in the index of leading economic indicators suggest that the economy is still expanding although, based on history, it suggests that growth may slip back to the pace of the past year or a bit slower.

However, for a double dip to become an immediate concern, the series of leading indicators would have to contract for a sustained period of at least six months and fall by more than 3%. In our view, an historical analysis of leading indicators and GDP trends should defuse fears over the potential development of a double-dip recession in the US economy.

Europe Outlook

Economic data still resilient

Recent data suggest that the euro-area economy remains resilient. In June, the composite purchasing managers' index for manufacturing and services fell from 56.4 to 56.0. In the past, this type of reading has been broadly consistent with quarter-on-quarter GDP growth of 0.6% to 0.7%, comfortably above trend for the euro area. Other survey data have been fairly resilient. The only exception has been the ZEW expectations index, which has moved sharply lower in recent months. However, this is a survey of financial-market participants and may be exaggerating the impact of recent market developments on the real economy. In any case, even this indicator has so far only moved back in line with its long-run average.

Powerful rebound in Germany

One economy that continues to do well is Germany. We now have data for April and May, which show that exports and factory orders are running 6.5% higher than in the first quarter (non-annualized) and that industrial output is up 4.9%. If that pace of industrial output holds for all of the second quarter, it would represent the strongest quarterly performance since the early 1980s. Germany is benefiting from strong emerging-market demand and a weaker euro, the extent of which is evident in capital-goods orders from outside the euro area—these were 11.8% higher in the April/May period than in the first quarter.

What about domestic demand?

At present, the German recovery remains highly dependent on external demand. For all the strength that manufacturing and exports have displayed, retail sales continue to move sideways. Still, there are signs that the recovery might broaden to include domestic demand. In April and May, for example, domestic capital-goods orders were 4.3% higher than in the first quarter (itself up 8.2% versus the fourth quarter of 2009). Traditionally, this has been a good leading indicator for capital spending. Meanwhile, the labor market continues to improve, with employment now starting to rise in year-over-year terms. If this improvement can be sustained, it should feed a more supportive environment for consumer spending.

Of course, Germany isn't representative of economic conditions in all of the euro area. But it is the biggest economy in the region, and if Europe is to ride out the sovereign debt crisis,

Germany and the rest of the core euro-area countries must stay on the road to recovery. From that perspective, we regard recent data as encouraging.

No evidence of a credit crunch

On the monetary front, we've seen two mildly positive developments. First, the expiration of the European Central Bank's massive one-year refinancing operation saw euro-area banks reduce their overall demand for central-bank liquidity by over €200 billion, or 25%. There are clearly pockets of extreme weakness in the euro-area banking system, but this voluntary liquidity withdrawal suggests that the system might be under less stress than is often perceived. Second, the latest money and credit data show that net new lending by euro-area banks rose by an average €18 billion in the three months ending May. These are modest numbers, but also the first evidence of a sustained increase in bank lending in well over a year. Moreover, the positive numbers don't point to an imminent credit crunch.

Japan Outlook

Cyclical recovery not sufficient to close GDP gap

Like the rest of Asia, the strong sequential recovery of Japan's output cycle has peaked. Industrial production was down 0.1% month over month in May (up 20.2% year over year), but even with the Ministry of Economy, Trade and Industry's (METI's) forecast of an increase in June and July, the second-quarter output will increase about 7% to 8% quarter-over-quarter annualized, compared with 20% to 30% in the previous three quarters. And Japan's industrial production will still be 10% to 15% lower than its pre-Lehman level versus 15% to 20% above that level for some other major Asian economies. The implication: a still depressed capacity-utilization rate and a large GDP gap in Japan.

Consumption recovery seems to have peaked

The policy-induced consumption recovery also looks to have peaked. Household spending contracted 0.7% year over year in May in conjunction with a 2.4% year-over-year decline in household income, while the unemployment rate rose in May for the third consecutive month, to 5.2% from a low of 4.9% in February. Even a key leading indicator, the new jobs-to-applicant ratio, has fallen slightly to 0.83 in May from a high of 0.88 in the previous month. All of these trends align with our forecast that private consumption expenditure (in the GDP account) will slow from the peak of 2.9% year over year in the first quarter to 2.2% in the second quarter, 1.8% in the third quarter and 1.2% in the fourth quarter.

Deflation improves but yen strength remains a negative force

Headline inflation, as measured by the Consumer Price Index (CPI), improved to -0.9% year over year in May from -1.2% in April, but core inflation (excluding food and energy) remained at -1.6% year over year, identical to April. The government's reduction in tuition fees has dragged core inflation downward by 0.5%-0.6%, spilling over into May data. The bottom line: the cycle-low deflation rate was reached late last year, thanks to the cyclical recovery and a narrowing of the GDP gap, but the underlying improvement is still gradual, so it's unlikely to produce any exciting developments in the foreseeable future. And a strong yen will only make the fight against deflation an uphill battle.

Australia Outlook

Outlook little changed from last month

There's been little change in our view over the last month regarding the outlook for the Australian and New Zealand economies, rates and currencies.

In New Zealand, the central bank has now embarked upon a path toward policy normalization, after hiking interest rates by 25 basis points on June 10 to take the overnight cash rate (OCR) to 2.75%. We continue to expect a relatively gradual tightening process by the Reserve Bank of New Zealand (RBNZ), and forecast an OCR of 3.25% at the end of 2010. Although more tightening is likely through 2011, the extent of tightening required will partly depend upon the second-round effects on inflation from several tax changes and

administrative measures currently in the pipeline.

For example, headline inflation will be affected by changes to the goods and services tax (GST) rate, which is being raised from 12.5% to 15% from October 1 as part of a more comprehensive rejigging of the tax system. The RBNZ estimates that the increase in GST (along with the impact of higher tobacco excise and the Emissions Trading Scheme) will push annual CPI inflation to 5.4% by June 2011. Excluding the impact of these changes, inflation would be running at 2.6%. This tax change was highlighted by the RBNZ in its decision to begin hiking rates. While the RBNZ is, for now, comfortable in assuming minimal feed-through of this rise in headline inflation to inflation expectations, it clearly adds to the central bank's concerns, making it marginally more hawkish—particularly as the recovery extends through 2011.

Above-consensus view on Australian GDP growth and monetary policy outlook through 2011.

In Australia, we maintain an above-consensus view on both GDP growth and the monetary policy outlook through 2011. In our view, talk of rate cuts by the Reserve Bank of Australia (RBA), as was priced in markets in early July, is very premature given the incoming economic data. Yes, there are signs that some of the interest-rate sensitive sectors have slowed. For example, housing-market auction clearance rates have fallen back sharply over recent weeks, and house-price growth has flattened. However, most data continue to highlight the underlying momentum. Indeed, employment rose by another 46,000 in June, pushing the year-over-year run rate to 3.3%, and driving the unemployment rate down to 5.1%. We are sticking with our year-end target for cash rates of 4.5%. But the risks are skewed to the high side, and we still think a cash rate of 6.5% at the end of 2011 is a reasonable baseline forecast.

Given this growth and rate outlook—as well as the resolution of policy uncertainty associated with the potential introduction of a new mining tax—we remain positive on the outlook for the Australian dollar.

Canada Outlook

Little sign of growth slowing in Canada

Growth shows little sign of slowing in Canada into the second quarter, as a household-employment boom has taken jobs to near their 2008 peak. Unemployment rates are coming down only slowly to 7.9%, however, because of new workforce entrants since that time.

Fueling the advance is a substantial recovery in home buying and home building. Home-price advances continue (measured by an index that compares pairs of homes that were actually sold), up by 12.9% in 2010 through April, to a level 2.9% higher than the 2008 peak. With the Bank of Canada starting to hike rates last month, this incipient boom may begin to fade, and housing starts and permits have certainly been a little choppy at elevated levels, but the case is still open.

Emerging Markets Outlook

Brazil fading slightly,
though recovery
remains strong

Latin America: Brazil's solid growth outlook faded a bit at the edges, as car sales remained depressed several months after the lifting of auto sales-tax rebates. But the news is a minor setback in a strong recovery that remains deeply rooted in employment and consumer-credit developments. Similarly, June inflation was a little slower after unusually strong results earlier in the year, as higher food prices were partly reversed. On balance, though, the central bank's inflation report, published in June, still implies an urgent need to get on with rate hikes, in big 75 basis point steps, because headlong growth seemed to be pushing the economy into a potential danger zone for inflation where output runs into capacity constraints. Slightly weaker news at the margin during June is unlikely to change that view, and we still expect further rate hikes leading up to October's presidential election.

Unlikely developments
in Mexico

Gubernatorial elections in several Mexican states handed the president's party, in an unlikely coalition with the party of the left, a surprising upset over entrenched local politicians of the opposition party, PRI. Analysts were widely quoted as saying that the PRI might react to the setback by continuing to obstruct needed measures to prosecute the war on drugs and implement needed reforms of legal and competitiveness rules. In economic news, early GDP indicators were stronger into the second quarter after a dip in the first quarter that emphasized the still-fragile nature of Mexico's recovery. The central bank reacted to slow growth and surprisingly muted inflation by holding rates steady.

Reconstruction in Chile

Chile's central bank initiated its much-heralded rate-hike cycle with an initial move from 0.5% to 1.0%—bigger than expected. Second-quarter economic activity appears poised for a strong gain based on the latest IMACEC report, making strides after the earthquake held back activity in March and the first quarter. Measures have been taken to distribute the cost of reconstruction between offshore reserves and a domestic tax: Moody's reacted to Chile's sober and restrained approach to absorbing the cost of reconstruction by upgrading the country's credit rating.

Argentina concludes its
debt swap

Argentina concluded its drawn-out debt swap, replacing defaulted debt with deeply discounted new instruments that it plans to service. Many, but not all, investors who held out for better terms in the earlier swap have tendered debt now. Almost 8% of the original value of the defaulted debt remains outside of the agreement. In related matters, Argentina is reportedly preparing to pay down official Paris Club debt with cash next year, to at least assure itself of the right to borrow from multilateral lenders.

Disparate recoveries in
Central America and
Caribbean

The Central America and Caribbean region continued to recover, although at different paces. The Dominican Republic had previously announced first-quarter GDP at a sustained 7.5% year over year rate. El Salvador's recovery has been more muted, although it posted April activity that was up 2.3% year over year, the highest rate of expansion since March 2008. Jamaica might be on the more sluggish end, with year-over-year growth remaining negative. But there are some signs of positive developments in recent tax-revenue data.

Slower sequential
growth

Asia ex Japan: Recent trends in Asia's key economies *are* showing a slowdown in sequential growth from the unsustainable pace of expansion in the past few quarters. However, underlying activity growth—such as industrial production and exports—is fairly robust and still well above the trend level before the global crisis began in late 2008. Even after factoring in expectations for a continued sequential slowdown in the second half of 2010, we expect GDP to expand at an above-trend 8.8% before returning to near its trend level at 7.1% in 2011.

Inflation across the region remains well behaved, but India's inflation risk is the highest

Overall inflation risk remains low

among its peers, and we still expect the Reserve Bank of India to stay preemptive in its interest-rate tightening. In a surprise move, the Bank of Korea (BOK) raised its policy rate by 25 basis points to 2.25% on July 9—its first move since March 2009. The move came earlier than our and the consensus expectation—we anticipated a 25 basis-point hike in the fourth quarter of 2010. The post-Monetary Policy Committee meeting statement suggested that the BOK was confident in its growth outlook, but a bit concerned that tighter capacity (a narrowing of the GDP gap) would exert inflationary pressure ahead. We've moved up our expected timing for interest-rate hikes slightly, but we're maintaining our forecast for a final policy rate of 2.75% in six to nine months, as the risk of a significant tightening by the BOK should remain low.

Normalization of interest rates continues despite growth uncertainty

In previous publications, we've discussed our near-term expectations that more uncertainty about economic growth could lead most Asian central banks to delay rate hikes to create a slightly more accommodative policy environment in the second half of 2010. However, the recent moves to normalize interest rates in Taiwan, Malaysia and India, combined with earlier-than-expected hikes in Korea, seem to indicate that policymakers are more confident about growth prospects than we initially thought.

China's GDP forecasts remain the same

We're still confident about our GDP growth forecast for China of 10.4% in 2010, with the quarterly growth trajectory moderating from 11.9% year over year in the first quarter to about 9% year over year in the fourth quarter. This suggests a slowdown of the annualized growth rate from an exceptionally high 9.5% in the first quarter to near 8% in the second half. We think the slower second-half forecast is sufficient to reflect the potential downside risk from China's residential property correction, and any easing of world trade caused by weaker European demand.

Implication of June PMI less concerning than headline suggested

The large drop of 1.8 in China's official Purchasing Managers' Index (PMI) to 52.1 in June has exacerbated fear of a sharp slowdown, but we believe that the usual insufficient seasonal adjustment explained half of the decline, and the huge 7.6-point decline in the input price component largely accounts for the rest. At 52.1, the diffusion index still suggests that China's industrial production remains in an expansionary phase, and its current position at only 2.1 points above the boom-bust line of 50 is in line with the current modest, stable growth of China's industrial output of about 16% year over year.

The sharp decline in input costs is good news in terms of inflation, but it also reflects softer demand for raw materials and commodities, which makes sense given the moderation in domestic new orders suggested in the China PMI survey. However, given the presence of tighter credits, measures to rein in property markets and poor equity-market returns, we would expect the survey data to have captured all of these sentiments in June. The bigger worry is the unexpected 2.1 point drop in China's export orders to 51.3, but we need to gather more data points before determining whether global demand has slackened more than we thought.

EEMEA indicators mixed, but growth picture unchanged

Eastern Europe, Middle East and Africa: Monthly indicators were mixed in May, but they still indicate economic expansion. In our view, the best indicator of the ongoing recovery is the Purchasing Managers' Index (PMI) for manufacturing. Our June composite PMI for the region fell to 52.6 from 53.2 in May, but remains in expansionary territory, well above the low of 35.1 in December 2008.

In a continuation of a trend we saw in May's numbers, individual countries have begun to diverge from the regional trend. Hungary, in particular, stayed below the dividing line between expansion and contraction, with a PMI that fell slightly from 49.5 to 49.6. Hungary is the only country in Europe other than Greece with a PMI below 50. However, we believe there is upside growth potential from positive production numbers out of Germany. South

Africa also unexpectedly fell into contraction when its PMI dropped to 48.4 from 51.1. One explanation for the large drop could be fewer working hours due to the World Cup soccer competition, but the number does raise concerns about the underlying strength of the manufacturing recovery. The Czech PMI was unchanged at 57.6, reflecting strong export orders and greater faith in fiscal commitments. Poland's PMI suggested accelerating growth, rising to 53.3 from 52.2, as a weak currency led to gains in new orders and output. Russia's PMI also increased marginally to 52.6 from 52.0, due to expectations of improving output. Meanwhile, the Turkish PMI declined to 53.2 from 56.5, but remains well into expansionary territory.

While we maintain a positive outlook for the region, uncertainty in global growth prospects need to be closely monitored. Fiscal concerns are still a market focus but are being addressed, in most places by supplemental austerity measures.

Global macro concerns and fiscal policy remain at center stage

Turkey, one of the last countries to release first-quarter GDP, published seemingly very strong real growth of 11.7% year-over-year. But removing seasonal factors and including adjustments for the number of workdays pulls the quarter-over-quarter growth rate down to a meager 0.1%, far below the 2.0% quarter-over-quarter growth in the fourth quarter of 2009. While Turkstat's seasonally-adjusted GDP series is unusually volatile, the numbers beyond the headline indicate a much less dramatic narrowing of the output gap, and therefore smaller risks to a relatively benign inflation and interest-rate outlook.

Policy rates in the region remained at historic lows

Historically low interest rates have benefited the growth recovery in the region. For the moment, rates appear to have stabilized, as central banks determine the sustainability of the recovery and its inflation implications. No major country cut interest rates over the past month. Israel kept rates unchanged for the third month in a row, further slowing the pace of rate normalization due to uncertainties surrounding the sustainability of the global recovery.

Inflation continues to surprise on the downside, postponing rate hikes

Inflationary pressures have generally been subdued, allowing central banks to keep monetary conditions very loose. Russian inflation slowed to 5.8% year over year from 6.0% in May, while growth in the core sub-index decelerated to 4.3% from 4.4%. Headline inflation should bottom out in the next two months before rising again in the fourth quarter, but remains extremely low historically, which should delay any need for monetary-policy tightening. Turkey has felt pressure from double-digit inflation to raise rates, but numbers have continued to surprise on the downside. Headline inflation slowed further to 8.4% year over year from 9.1% in May, returning into the target tolerance band of 4.5%–8.5%. With risks to global demand suppressing commodity prices and offsetting a low base effect, we believe inflation will stay well contained for the rest of the year.

After long and drawn out negotiations, the Ukraine finally reached a deal with the International Monetary Fund (IMF) to secure a 2.5-year Stand-By Arrangement (SBA) worth \$14.9 billion. Fitch reacted by upgrading the country's credit rating one notch to single-B. The IMF Board will vote on the package in late July, and is expected to approve it upon the successful passage of amendments to the 2010 budget and a package of financial-sector reforms. The SBA will provide critical support for the government budget and the currency, and we remain positive on the country's sovereign credit.

	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%	2.5%	2.3%	1.94%	2.25%		4.05%	3.92%	
(PPP Wtd)	-0.7%	4.9%	4.2%									
Industrial Countries	-3.4%	2.5%	2.5%	0.1%	1.5%	1.6%	0.63%	0.81%		3.43%	3.28%	
Emerging Countries	1.5%	7.6%	6.0%	3.4%	5.2%	4.4%	5.59%	6.26%		5.77%	5.70%	
United States	-2.4%	3.5%	3.2%	-0.3%	1.9%	2.1%	0.25%	0.50%	2.50%	3.85%	3.75%	4.75%
Canada	-2.6%	3.7%	3.2%	0.3%	1.8%	2.0%	0.25%	1.50%	2.10%	3.60%	4.75%	5.00%
Europe	-4.1%	1.4%	1.9%	0.6%	1.6%	1.6%	0.92%	0.96%	1.59%	3.50%	3.14%	3.64%
Euro Area	-4.0%	1.3%	1.8%	0.3%	1.3%	1.3%	1.00%	1.00%	1.50%	3.39%	3.00%	3.50%
United Kingdom	-4.9%	1.3%	2.1%	2.2%	3.3%	2.8%	0.50%	0.50%	1.50%	4.02%	3.75%	4.25%
Sweden	-4.7%	2.5%	2.8%	-0.3%	1.3%	2.0%	0.25%	1.25%	3.00%	3.29%	3.10%	3.65%
Norway	-1.5%	2.1%	2.9%	2.2%	2.6%	2.5%	1.75%	2.25%	3.25%	4.14%	3.75%	4.25%
Japan	-5.2%	3.1%	1.9%	-1.4%	-0.3%	-0.4%	0.10%	0.10%	0.10%	1.30%	1.30%	1.20%
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%
New Zealand	-1.7%	2.9%	3.5%	2.1%	2.9%	4.5%	2.50%	3.25%	4.50%	5.81%	5.85%	6.25%
Non-Japan Asia	5.0%	8.8%	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%	2.70%	3.25%
India ⁵	6.7%	8.3%	7.1%	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%	7.60%	7.40%
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	-2.3%	6.2%	4.4%	5.2%	6.2%	5.3%	-	-	-	-	-	-
Argentina ⁹	0.8%	8.1%	6.5%	6.3%	12.0%	13.0%	-	-	-	10.80%	12.50%	12.00%
Brazil ¹⁰	-0.2%	8.0%	5.0%	4.9%	5.5%	5.8%	8.75%	12.00%	12.50%	1.80%	2.50%	2.50%
Mexico	-6.5%	4.3%	3.0%	5.3%	4.0%	3.5%	4.50%	4.50%	4.50%	7.80%	7.50%	7.50%
EEMEA	-5.3%	5.4%	4.3%	8.6%	6.9%	6.0%	7.17%	7.54%		8.89%	8.61%	
Hungary	-6.9%	-0.1%	2.5%	4.2%	4.6%	3.0%	6.25%	5.00%		8.03%	6.70%	
Poland	1.7%	3.9%	3.6%	3.5%	2.3%	2.5%	3.50%	3.75%		6.26%	6.00%	
Russia	-7.9%	6.6%	4.7%	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%	

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

7) Korea: Overnight call rate and 5-year government bond yield

8) Thailand: 1-day repo rate and 5-year bond yield

9) Argentina: 5-year local law bond yield

10) Brazil: NTN20 bond spread

11) Turkey: Long-term rates are 5-year rates.

Source: AllianceBernstein