Global Economic Outlook

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Overview

Global Economy—Global growth remains modest, but a recession or a hard landing looks less likely in key economies.

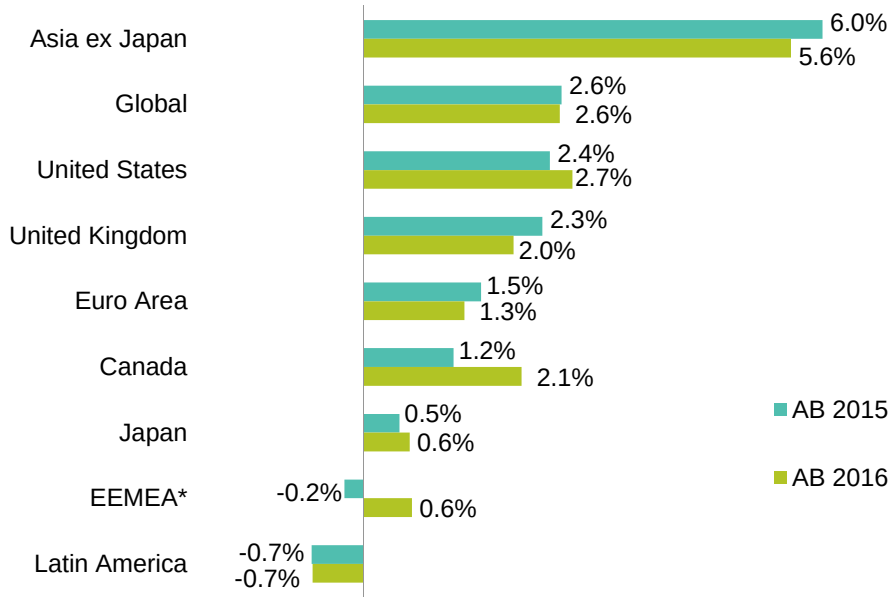
United States—First-quarter growth was likely soft, but a strong rebound in order bookings indicates faster growth ahead.

Europe—The data have sent mixed messages, but recovery continues at a modest pace—though probably too modest to lift core inflation. That suggests more monetary easing.

Japan—Pressure builds for additional fiscal easing.

China—February data reflects a return of using infrastructure spending to stimulate growth, but the risk of a sovereign ratings downgrade has increased.

AB World Economic Growth Forecasts



As of April 4, 2016; calendar-year forecasts
*Emerging Europe, Middle East and Africa
Source: AB

Global Outlook

Global growth remains modest

We have not changed our 2016 global economic growth estimate of 2.6%. This includes an outlook of 1.9% growth for developed economies and 3.6% for developing economies.

Although the global growth backdrop is uneven, there have been some encouraging developments that could signal acceleration in the coming quarters.

Bright spots – rebound in commodities…

First, there has been a broad rebound in spot commodity prices, including economically sensitive raw industrial materials prices, over the past three months. History shows that commodity prices in the short run are highly sensitive to marginal changes in demand and inventory positions. It is too early to say with confidence that the rebound in commodity prices signals a faster turn in global economic activity.

…US manufacturing outlook improved

Second, weak growth and a strong currency have hurt the US manufacturing sector. But the negative effect on production and orders seems to fading. The March survey of purchasing managers showed a decisive turn in domestic and export orders, pushing the combined total to its highest reading since late 2014.

No hard landing in China…

Third, Chinese data still support our expectation that the economy will muddle through, with gross domestic product (GDP) growth averaging about 6.3%. While that won't lift global growth, it does remove downside risk. A positive catalyst would be a rebound in export growth, but none of the key metrics that we follow suggest that's in the cards.

…Fed policy remains easy for longer

Fourth, despite continued labor market improvement, and rebound in wages and core inflation, the Federal Reserve has been sounding more dovish lately and seems likely to lift official rates less often than it suggested it would at the end of 2015. The tilt toward a more accommodative stance sapped some of the US dollar's recent strength, and that in turn bolsters the recent upswing in commodity prices and emerging-market economies.

US Outlook

A rebound in order bookings indicates faster growth ahead

The US economy shows no signs of stalling. That puts to rest—for now, at least—fears about a possible recession. In March, the Institute for Supply Management's composite index for manufacturing rose 2.3 points to 51.8, the best reading since mid-2015. The details were very strong. New orders rose 6.8 points to 58.3, a 16-month high. Surprisingly, the new orders export component surged 6.5 points to 52, its best reading since late 2014, and the prices paid index moved above 50, indicating that deflation risks are fading fast.

The ISM manufacturing survey is a good gauge of shifts in the business cycle, and the new orders component is helpful for identifying inflection points. A few months ago, recession risks were a dominant concern in the financial markets. The surge in March orders indicates that those fears were off base. What's more, it shows that the market got the direction of the US economy wrong. The strong rebound in new orders indicates that growth is starting to accelerate.

Labor markets continue to show strength

The labor market also indicates the US economy is on strong footing. In March, payroll employment rose 215,000, continuing the relatively strong gains over the prior two months (245,000 in February and 168,000 in January).

The civilian unemployment rate rose 0.1% to 5%. Labor force growth totaled 396,000 (lifting the participation rate up 0.1% to 63%) and household employment rose 246,000. The household employment data indicates something good—perhaps something very good—is occurring in labor markets and the broader economy. Over the past six months, household employment has increased 2.17 million (and that's without 200,000 for new population totals released in January). That represents the largest six-month gain since 2000.

Policymakers changed the script again

All of this suggests the US economy is, at the very least, improving, and possibly even accelerating. But Federal Reserve Chair Janet Yellen doesn't seem to see it that way. In a recent speech, Yellen made it clear that she's still worried about the possible effect of global economic and financial developments on the US economy. Yet, the rise in domestic and export orders in the March purchasing agent survey would suggest the growth and currency pressures on US businesses are fading. While Yellen clearly raised the "yellow flag" and strongly hinted no official rate hike anytime soon, we still expect a rate hike by midyear.

Europe Outlook

Softer survey data but strong official data

The composite Purchasing Managers' Index (PMI) for manufacturing and services was little changed in March at 53.1, from 53.0 in February, making these the two lowest readings since January of 2015. At this point, we are not unduly concerned. First, the composite PMI is still consistent with the economy growing at a modest pace of about 0.3% a quarter. Second, actual data for the first quarter are likely to be stronger than this. For the euro area as a whole, for example, the average level of retail sales in January and February was up 0.8% versus the fourth quarter, while car registrations were up 5.0% over the same period. Only Germany has reported manufacturing output data for February, but these were very strong, with the January–February average up 1.9% versus the fourth quarter.

Upside risks to first-quarter growth

These are very strong numbers, pointing to the possibility that the economy could grow at a much stronger pace than the 0.3% quarterly rate of expansion recorded in both the third and fourth quarters of last year. If this happens, however, we should treat the data with some caution. First, quarterly GDP data can be volatile and may in this instance have been boosted by the unusually mild winter. Second, it is possible that the official data understated the strength of the economy in the second half of last year, especially in Germany. In that case, a strong rebound in the first quarter could represent payback.

But more monetary stimulus still likely later in the year

On balance, there is little reason to change our view that the economy continues to expand at a relatively modest pace, led by domestic demand, but with external weakness preventing the economy from shifting into a higher gear. While this is a significant improvement on the situation a couple of years ago, growth at the current rate is unlikely to be fast enough to generate a material increase in underlying inflation. Indeed, the recent rebound in the euro might make the road ahead even more challenging—it's worth noting that producer-price inflation for imported consumer goods (excluding food) fell to just 0.3% in February from a peak of 6.0% last April. And if this is the case, the monetary stimulus announced by the European Central Bank (ECB) at its March press conference is unlikely to represent its last step into unconventional monetary policy territory.

Japan Outlook

Pressure builds for more fiscal easing

A broad range of economic indicators published this year indicate that GDP growth will once again be pretty close to zero when first-quarter numbers are released on May 18.

The manufacturing sector continues to soften. Industrial production dropped a hefty 6.2% in February (though somewhat distorted), while the Purchasing Managers' Index dropped to 49.1 in March, its lowest level since 2012. At the same time, consumer spending remains sluggish, and there are growing question marks over the recovery in domestic capital spending.

To be clear, things are not suddenly falling off a cliff. Rather, the stagnation seen for most of 2015 has simply continued into this year. To a large extent, this state of affairs is captured in market forecasts. At the end of October, the consensus for 2016 growth was 1.2%. Now, it's 0.6%.

Despite the weakness in GDP growth, job growth has remained relatively solid (0.50%–0.75% per year, compared with zero growth of the 15-year-old and above population). That's been facilitated partly by driving the unemployment rate lower, but also by an increase in labor market participation.

Despite evidence of tighter capacity, it looks as though the gains on the core inflation front have now topped out, even on the Bank of Japan's (BoJ) preferred core measure, the consumer price index (CPI) excluding fresh food and energy. Wage growth in the current Shunto round was the great hope for deflation fighters. Prime Minister Shinzo Abe was looking for a positive outcome to confirm that deflationary expectations had faded. But the preliminary outcome is likely to fall about 0.3 percentage points short of last year's reading. Not a disaster, perhaps, but weak enough to contribute to the "stalling" narrative.

So, what to do? The first port of call would usually be to consider more monetary easing. But that has become problematic. Despite Bank of Japan (BoJ) Governor Haruhiko Kuroda's assertion that there's room for more easing, it's not clear to us that driving rates further into negative territory will be helpful. Nor is a larger Japanese government bond (JGB) purchase program necessarily the right answer, given the increased volatility in the JGB market,

So the onus falls on fiscal policy. Here, a couple of options have already been floated. First is to delay—again—the second tranche of the consumption tax hike, currently slated for April 1, 2017. Note that Abe has already sought the advice of international experts on this issue—Joseph Stiglitz and Paul Krugman among them—who have uniformly backed the postponement. A second option is to implement a sizeable supplementary budget for fiscal year 2016, perhaps in the range of 5 trillion to 10 trillion yen, that includes measures to fund regional infrastructure, child care and maybe shopping vouchers—all funded by the BoJ's purchases of JGBs.

Not all that different from helicopter money, is it?

Australasia

Currency strength complicates rebalancing in Australia and New Zealand

The broad rally in commodity prices since mid-January has helped to drive a substantial rally in the both the Australian and New Zealand dollars. As highlighted by the Reserve Bank of Australia (RBA) in its April policy announcement (at which rates were left unchanged), the appreciation in the currency could "complicate economic adjustment." That's a big hat tip, of course, to the role that the weaker currency has played in the perceived "rebalancing" of the Australian economy from mining to non-mining sources of growth.

As we discussed at length in last month's publication, we remain fairly skeptical of the notion that there's been much genuine "rebalancing." While there has been something of a "sugar hit" from the currency weakness, a large part of the better-than-expected growth outcome over the last year or so can be attributed to the housing construction recovery. That sector is now at, or very close to, a peak. As such, it's set to reinforce the continued decline in mining sector capital spending in driving overall private investment lower over the next year or two.

We think disappointing growth, rising unemployment and an inflation rate that undershoots the target will lead to additional policy easing in the second half of the year. If the strength of the Australian dollar were to continue, that would merely reinforce that perspective.

In New Zealand, domestic economic indicators have held up well. But the full force of weaker dairy prices (which did not participate in the broader commodity price pickup since the start of the year) has not yet been felt throughout the economy. As in Australia, we expect the combination of disappointing growth, consistently low inflation and the strength of the currency to drive further interest-rate cuts.

Canada Outlook

GDP highlights strong manufacturing sector

Canadian GDP increased 0.6% month over month (1.5% year over year) in January, well above the consensus estimates of 0.3%; this was the largest monthly gain since July 2013. The strong expansion was mostly driven by manufacturing output, which was up 1.9%. Further underscoring the strength of the manufacturing sector, manufacturing PMI rose to 51.5 in March, the highest level since December 2014. Both new orders and new export orders rose significantly in the month, a convincing signal of stronger activity going into the second quarter.

Following the stable gains in economic output in November and December, the strong GDP growth in January highlights the underlying trend of improvement in the Canadian economy, a surprise given Canada's dependence on the fragile oil sector and the significant drop in investment spending in 2015. Even more surprising, the strong GDP print occurred before the government could implement the expansionary fiscal policy announced in the 2016–17 federal budget.

Fiscal stimulus will contribute to growth

During last month's budget announcement, Canada outlined a significant infrastructure spending plan, adding investment projects worth C$11.9 billion over the next two years, and tax cuts to the middle class. Both of these are intended to kick-start the economy. The combination of the weak Canadian dollar, accommodative monetary policy and a stronger US economy appears to be boosting economic activity more than both the market and policymakers had expected.

As a result, we have revised our 2016 GDP forecast to 2.1%, from 1.5% last month. The stronger economic growth projections have also prompted us to forecast appreciation of the Canadian dollar to C$1.32 per US dollar over the next six months. We think the Bank of Canada will move more slowly than the Fed when it comes to normalizing policy. But we still expect a 25 basis point rate hike by the end of 2016.

Emerging-Market Outlook

Latin America: Emerging-market (EM) assets behaved well in March, supported by the perception that commodity prices may have bottomed out, that core yields across developed markets will remain low for some time, and that the Chinese economy will not crash-land. If the EM rally is to continue, these factors will have to consolidate further, and economic activity will have to show signs of recovery across the developing world.

Brazil: Rousseff fights for political survival

Last month in Brazil, the PMDB party, the largest member of the ruling coalition along with the Workers Party, dropped out of the alliance, putting President Dilma Rousseff closer to impeachment. Several PMDB officials who held government posts resigned, and Rousseff has offered those positions to members of other parties, trying to gather support for the anti-impeachment vote in Congress. Rousseff's attempt at appointing former President Lula as chief of staff also failed, at least temporarily, as a judge blocked his nomination, arguing that it was geared toward sheltering Lula from investigation for alleged corruption. Some of the top local media outlets openly asked for Rousseff to step down, but she vowed she would “never resign from office.” Meanwhile, Vice President Michel Temer, a PMDB member who could succeed Rousseff if she’s impeached, is reportedly putting together a new economic team for a transition government.

At this juncture, it appears that impeachment may not be a sufficient solution to the ongoing political crisis. The so-called Car Wash investigation continues, and it remains to be seen whether other top political figures will be implicated. Thus, even if Rousseff is impeached, a Temer administration may fall short of providing political closure. In that case, expect political volatility to continue until new elections take place, most likely in 2017. New elections could materialize even if Temer doesn’t take over the presidency. This could happen if the TSE electoral court rules that Rousseff is responsible for violating campaign financing rules in 2014. The political landscape is very fragmented, with no clear front-runner for any new election. In a climate of distrust toward the tainted political class, those candidates with a relatively clean image, such as former presidential hopeful Marina Silva, may benefit.

With impeachment looking more likely, Brazilian assets have rallied. That lift is likely to continue as impeachment draws near. Meanwhile, the real economy remains under water. The central bank’s GDP proxy contracted by 8.1% year over year in January, some 100 basis points worse than expected. The Labor Ministry reported that 105,000 jobs in the formal sector were lost in February, versus expectations of a 46,000 reduction. Since October 2014, the Brazilian economy has shed an unprecedented 2.4 million formal jobs. These figures suggest that private consumption is likely to remain depressed, putting downward pressure on GDP. Chances are good that the primary surplus target of 0.5% of GDP projected for this year will be missed by a large margin, with a final outcome showing a primary deficit of nearly 1% of GDP—and a further deterioration in the country's debt/GDP ratio.

Mexico: Moody's yellow card

Moody's changed the outlook on Mexico's sovereign rating to negative from stable, but it affirmed the country's A3 rating—one notch above both S&P and Fitch. Moody's cited the drop in tax revenues and the risk that state oil company PEMEX will need a capital injection from the federal government as reasons for the change. Moody's action seems like a warning shot. The agency said that "while not Moody's base case, should the state-owned oil producer be unable to finance this deficit in the capital markets, the sovereign would likely provide financial relief … the fiscal impact of support could more than offset any progress achieved on fiscal consolidation."

Moody's also downgraded PEMEX to Baa3. The official fiscal deficit forecast for this year is 0.5% of GDP, although when investment in PEMEX is included, the figure jumps to 3%. Moody's rating action suggests that the agency will monitor the government's promise to achieve further fiscal consolidation in the coming months. If no significant progress is made, it may downgrade the sovereign toward Baa1. The announcement is significant, as Moody's has been consistently more optimistic on Mexico than S&P and Fitch, in some instances rating the sovereign two notches above its peers. In February, the government announced a MXN132 billion spending cut, of which MXN100 billion was borne by PEMEX. The authorities also said that they were willing to provide financial assistance to the company if needed. The authorities just released the draft budget projections for 2017, which imply an MXN175 billion reduction in planned spending, in addition to February's cut, thus resulting in a projected tightening of spending equivalent to some 1.5% of GDP relative to the original 2016 figures.

No improvement in actual activities despite better PMI

Asia ex Japan: The improvement in March PMI readings reflects better sentiment on the manufacturing sector, with Taiwan back in expansionary territory, and Korea and China (Caixin) close to the 50 threshold that separates expansion from contraction. But the survey has a less reliable track record as a leading indicator, and actual activity data across the region remain sluggish. While the decline in Korean exports moderated in March, demand for key products such as electronics and motor vehicles remains weak. Likewise, the actual value of export orders in Taiwan is still down by 10% in the first two months. External demand was weak across the board in both developed and emerging markets.

Asia central banks have room to ease

Regional central banks remain dovish as downside risks to growth persist. India, Indonesia and Taiwan continued with monetary easing, and the Bank of Thailand became more vocal about a recovery in the Thai baht that could threaten the country's economic recovery. We think most central banks across the region have room to cut policy rates further, and we expect rates to fall by an additional 50 basis points in Indonesia, Korea, Taiwan and Thailand in response to continued growth disappointments and benign inflation.

Recovery in China's infrastructure and housing investment

In China, the expansion of infrastructure investment funded by the central government's subsidy to local governments should kick start many stalled projects. Growth in infrastructure fixed-asset investments (FAI) rebounded to 15% year over year in the first two months of 2016, from 8.6% in December.

Housing investment relapse a risk to growth

Housing FAI growth also turned positive (3% year over year in the January–February period, from –1.9% year over year in December), followed by recovery in housing starts and transaction volume. That said, we see the risk of a relapse in housing demand and investments in the coming months, especially for Tier 1 cities. Housing demand over the past year has been driven by bridge loans from developers and real estate agents, and that's not sustainable.

Besides infrastructure and housing investments, domestic demand remains soft. Industrial production growth moderated further to 5.4% year over year in the first two months of 2016 from 5.9% in December, and retail sales eased to 9.9% from 10.7% during the same period.

For now, consumption and services are buttressing China's underlying growth. But when income dwindles further and growth slows even more, consumption will likely slow as well. If housing demand and investment start to relapse again, China will only have one leg to support growth—increased fiscal expansion to fund more infrastructure projects and support the economy. That will put downside pressure on our current 6.3% growth forecast for 2016.

Meanwhile, both Moody's and S&P cut China's sovereign rating outlook to negative. They cited the country's investment rate and leverage, both of which are too high. There doesn't seem to be much desire to change that. This means China could find itself with less policy and reform flexibility and an economy that is less resilient to shocks. We expect China's state system would act to avert a sharp economic or financial adjustment. But there's a risk that the rigid goal of having per capital income reach "middle class status" by 2020 may prompt the administration to rely on more government spending and an infrastructure push. This could derail the progress of rebalancing the economy and worsen the risk of an eventual ratings downgrade. We think there's a 50% chance that China could see its rating cut in the next six to 12 months.

Most countries benefit from commodity price rebound

Emerging Europe, Middle East and Africa: The rebound in commodities and sentiment-related strength in EM currencies has been positive for most countries in the region. Stronger oil prices have reduced the pressure on fiscal accounts in key exporters such as Azerbaijan, Kazakhstan and Russia. The rally in the Russian ruble has also led to downside surprises in headline inflation in Russia, which will enable the Central Bank of the Russian Federation to continue modest interest-rate cuts in the second half of the year to support domestic growth. In a similar fashion, the strength in the Turkish lira has reduced negative FX pass-through to headline inflation and prompted the central bank to cut the overnight rate by 25 basis points, with further cuts ahead. It's unclear, however, whether rising political pressures also contributed to the decision to ease domestic monetary policy. Indeed, the government fears that the increase in domestic terrorist attacks could have a negative impact on domestic demand. Other commodity importers in the region, such as Poland and Hungary, continued to see downside surprises in headline inflation, although higher oil prices probably mean consumer price inflation won't fall much further. Hungary's central bank decided to lower its policy rate and interest rate corridor to combat currency strength. This makes Hungary the first EM economy to introduce negative policy rates.

South Africa continues to face significant growth risks…

South Africa still faces headwinds on both the economic and political fronts. Regarding growth, contractions in January manufacturing and mining activity have increased risks of a first-quarter recession. The weakness in activity data was driven by the ongoing retrenchment in the country's mining sector (especially in platinum) and a drought-related fall in food and beverage output. Despite the rally on the rand, inflation continued to surprise on the upside following a further surge in food prices. To counter the elevated inflation expectations, the South African Reserve Bank hiked the policy rate by an additional 25 basis points to 7%. Given South Africa's relatively high domestic debt levels and reliance on variable-rate loans, the rise in borrowing costs is likely to impose an additional drag on growth in 2016. A more significant slowdown in activity would impede the finance ministry's ability to consolidate public finances, and increase the risk of S&P cutting the country's credit rating to junk at the end of the year.

…while domestic politics are likely to remain turbulent

In domestic politics, South African President Jacob Zuma faced his greatest challenge yet following a Constitutional Court ruling accusing him of embezzling public funds. While calls for his impeachment mounted, his ANC party united around its leader despite significant internal divisions. This is because the party likely wants to maintain unity ahead of the local elections, fearing that Zuma's recall would be a sign of weakness and would benefit the opposition in the polls. The ANC may consider recalling Zuma once the local elections are out of the way. That said, Zuma has demonstrated considerable political survivorship skills over the past decade, and risks remain that he may be able to reconsolidate his power base through a Cabinet reshuffle. While the prospect for political change may be market positive, it is unlikely to have a significant positive macroeconomic impact in the near term. And, as highlighted above, the risk of a downgrade looms.

Multilateral support will allow more gradual reform process

Frontier Markets: Frontier countries are usually the first to lose access to international capital markets when sentiment turns negative. This restricts the ability of governments to finance countercyclical policy when revenues are cut as a result of declining commodity prices or slowing global demand. Many countries have been forced to cut much-needed infrastructure projects in order to pay recurrent expenditures such as wages or interest. This inhibits growth capacity. Multilaterals, such as the World Bank, the International Monetary Fund (IMF) and the regional development banks, are engaging with their members in order to provide technical assistance and financing through this difficult period of lower revenues and stunted growth. The World Bank has resurrected partial bond guarantees to make tapping international markets easier, and we expect countries to follow Ghana's lead in issuing bonds with this added protection. The IMF Spring Meetings will take place this month, and a number of countries have come looking for financing arrangements (Angola and Zambia have requested balance-of-payments support). We've also noticed larger investments from the Islamic Development Bank and the African Development Bank designed to increase social spending and raise living standards. We expect April to be a month of announcements and partnerships focused on placing low-income countries on a much more stable footing.

AB Global Economic Forecast

April-16

	Real Growth (%)				Inflation (%)				Official Rates[1] (%)		Long Rates[1] (%)	
	4Q/4Q		Calendar		4Q/4Q		Calendar		EOP	EOP	EOP	EOP
	2015E	2016F	2015E	2016F	2015E	2016F	2015E	2016F	2015E	2016F	2015E	2016F
Global	2.4	2.8	2.6	2.6	1.7	2.2	1.6	1.9	2.04	2.08	3.12	2.97
(PPP Weighted)	(2.8)	(3.2)	(3.0)	(3.0)	(2.3)	(3.0)	(2.2)	(2.4)				
Industrial Countries	1.7	2.3	1.9	1.9	0.4	1.4	0.3	0.9	0.31	0.61	1.50	1.54
Emerging Countries	3.4	3.8	3.7	3.6	4.0	3.5	3.9	3.5	4.90	4.67	5.92	5.50
United States	2.0	3.2	2.4	2.7	0.4	2.1	0.1	1.4	0.38	1.25	2.27	2.60
Canada	0.5	2.4	1.2	2.1	1.3	2.5	1.1	2.1	0.50	0.75	1.39	2.20
Europe	1.7	1.5	1.7	1.5	0.2	0.7	0.1	0.3	0.13	0.08	0.94	0.75
Euro Area	1.6	1.3	1.5	1.3	0.2	0.6	0.0	0.2	0.05	0.00	0.68	0.50
United Kingdom	2.1	1.9	2.3	2.0	0.1	1.1	0.0	0.7	0.50	0.50	2.02	1.75
Sweden	4.5	2.7	3.8	2.8	0.1	1.8	0.0	1.3	-0.35	-0.50	1.06	0.75
Norway	0.4	1.8	1.1	1.5	2.5	2.2	2.2	2.3	0.75	0.50	1.52	1.50
Japan	0.7	1.5	0.5	0.6	0.3	1.0	0.8	0.5	0.07	-0.25	0.27	0.00
Australia	3.0	1.9	2.5	2.1	1.7	2.0	1.5	2.0	2.00	1.50	2.88	2.40
New Zealand	2.3	1.3	2.5	1.2	0.0	1.7	0.3	1.6	2.50	2.25	3.58	3.00
Asia ex Japan	5.9	5.3	6.0	5.6	1.9	2.2	1.8	2.1	3.09	2.65	3.74	3.32
China[2]	6.8	6.0	6.9	6.3	1.5	1.8	1.4	1.6	2.45	2.00	3.00	2.70
Hong Kong[3]	1.9	2.1	2.4	2.0	2.4	2.1	3.0	2.1	0.75	0.75	1.59	1.25
India[4]	7.1	6.5	7.3	6.7	4.6	5.4	4.2	5.7	6.75	6.50	7.76	7.40
Indonesia[5]	5.0	5.0	4.8	4.9	4.8	3.1	6.4	3.3	7.50	6.25	8.60	7.25
Korea[6]	3.1	2.2	2.6	2.4	1.1	0.9	0.7	1.0	1.50	1.00	2.09	1.50
Thailand[7]	2.8	2.8	2.8	2.9	-0.9	1.2	-0.9	0.5	1.50	1.00	2.55	1.70
Latin America[8]	-1.8	0.2	-0.7	-0.7	7.3	5.6	6.5	6.0	9.26	9.64	11.72	11.21
Argentina	0.9	1.3	2.0	-0.2	20.0	23.0	21.0	30.0				
Brazil	-5.9	-2.0	-3.8	-3.5	10.9	7.6	9.3	8.2	14.25	14.25	16.46	15.30
Chile	1.3	2.9	2.1	2.7	4.1	3.2	4.3	3.7	3.50	4.00	4.60	4.80
Colombia	3.2	2.9	3.1	2.8	6.4	4.6	5.0	5.8	5.75	6.75	8.31	8.50
Mexico	2.5	2.5	2.5	2.4	2.3	3.2	2.7	3.0	3.25	4.00	6.22	6.45
EEMEA	-0.4	1.6	-0.2	0.6	9.4	6.7	9.8	7.0	8.03	7.89	8.56	8.51
Hungary	3.0	2.3	2.9	2.5	0.5	2.2	-0.1	1.3	1.35	1.00	3.33	3.10
Poland	3.6	3.7	3.6	3.7	-0.8	1.0	-0.9	0.0	1.50	1.50	2.95	3.00
Russia	-4.0	0.2	-3.7	-1.5	14.5	7.9	15.5	8.9	11.00	9.50	9.54	9.50
South Africa	0.3	0.7	1.3	0.6	4.9	7.0	4.5	6.4	6.25	7.25	9.74	9.40
Turkey	4.4	3.5	4.0	3.2	8.2	8.4	7.7	8.6	7.50	10.00	10.50	10.50

1) Official and long rates are end-of-year forecasts.
Long rates are 10-year yields unless otherwise indicated.
2) China: Official rate is considered the 7D repo rate and 10-year government bond yield.
3) Hong Kong: Base rate and 10-year exchange funds yield
4) India: Overnight repo rate and 10-year government bond yield
5) Indonesia: Intervention rate and 10-year government bond yield
Source: AB

6) Korea: Overnight call rate and 10-year government bond yield
7) Thailand: 1-day repo rate and 10-year bond yield
8) Latin American Inflation and Rates includes Brazil, Chile, Colombia, and Mexico
Note: Real growth aggregates represent 31 country forecasts, not all of which are shown.
Note: Blanks in Argentina are due to the distorted domestic financial system so we do not forecast.