Global Economic Outlook

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Overview

Global Economy—Global growth remains uneven and soft. Concerns over Chinese growth and falling energy prices continue to impact policy decisions and the growth outlook.

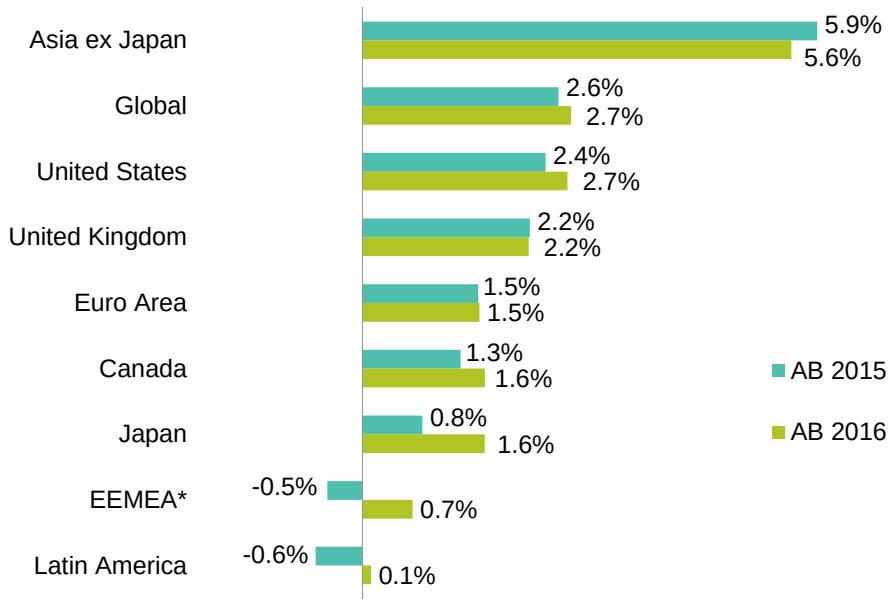
United States—The US economy is growing at a moderate pace, but it will not be immune to global weakness if the world economy keeps slowing.

Europe—The economy continues to grow at a moderate pace, but downside risks to inflation are mounting. The ECB is likely to ease policy more aggressively in March.

Japan—The BoJ has surprised markets again, this time with a negative interest-rate policy.

China—The RMB should stabilize as China limits capital outflows.

AB World Economic Growth Forecasts



As of February 1, 2016; calendar-year forecasts
*Emerging Europe, Middle East and Africa
Source: AB

Global Outlook

Global growth remains modest

The global economic outlook remains uneven.

Our growth estimates for 2016 stand at 2.7%, up marginally from the estimated gain of 2.6% in 2015. The risks to the outlook are nearly balanced, and worries about China's economy are the biggest wild card.

New orders rebound is a bright spot, but worries over China and energy prices remain

Global manufacturing trends are consistent with an anemic growth outlook. The one bright spot in January's J.P. Morgan global manufacturing composite index was a gain in the new orders index. That suggests that order bookings outside the energy sector improved a bit at the outset of the year.

The lack of positive growth momentum in Asia, especially China, has intensified fears of a hard landing, and that has been partially responsible for another leg down in energy prices and global equity markets.

The energy price decline has now run for 18 months and the cumulative price decline has approached 75%. Both are records. In the short run, the weak energy prices will compel incremental reductions in capital investment and hurt the growth cycle of the US more than those of Europe and Japan.

Fed in holding pattern

When they met in January, Federal Reserve policymakers were faced with a substantial degree of uncertainty over energy prices, inflation and global economic conditions, and as a result did not offer a balance-of-risk assessment. That uncertainty is unlikely to disappear any time soon, so the we doubt the Fed will hike rates again before midyear. However, we don't expect other central banks to follow the Bank of Japan's (BoJ) lead and bolster monetary accommodation in the coming months.

US dollar strength may hit a peak in the near term, but we think the currency will resume its rise in the second half when the Fed lifts official rates higher.

US Outlook

US growth slower in 4Q

The economy slowed sharply in the fourth quarter, with real gross domestic product (GDP) growth rising a mere 0.7% annualized. Once again, the strength in the economy's performance was driven by household spending and investment. Real consumer spending on durable goods rose 4.3% annualized, while spending on housing climbed 8.3% annualized.

Still, a series of things hurt the economy in the fourth quarter. Energy capital spending in structures declined 39% annualized. Foreign trade subtracted 0.8 percentage points from the quarter's growth performance, as real merchandise exports declined while real merchandise imports rose. Companies scaled back on inventory investment, subtracting 0.5 percentage points from the GDP growth rate. Finally, warm weather dramatically reduced household spending on utilities.

Two ways to look at US economy

For 2015 overall, real GDP growth rose 2.4%, matching the growth rate of 2014. There are two ways to look at this. First, the US economy managed to overcome the 50% collapse in energy capital spending (which subtracted 0.5 percentage points from the overall growth rate) and still post a modest advance in overall growth. Alternatively, one might conclude that since real GDP growth last year merely matched its 2014 tally, the economy did not benefit from the sharp decline in energy prices.

More energy capex cuts likely

History shows that the negative effects of sharp and large declines in energy prices tend to be front-loaded, while the positive benefits tend to take six to 12 months to kick in. The fact that energy prices have taken another nose dive in January indicates that there is still downside risk to energy capital spending in the first half of 2016. Also, the indirect effect on equity prices may depress consumer spending, though there's little evidence of that so far in the sentiment reports and other hard data.

Considering the incremental declines in energy capital spending and the decline in equity markets, we decided to lower our expected growth rate for 2016 to 2.7% from the initial estimate of 3.2%.

Fed unsure on outlook

At their January meeting, Fed policymakers noted that the pace of growth had slowed in the fourth quarter, even though labor market gains stayed relatively strong. Yet the confusion caused by volatility in the energy markets and global financial markets left them generally unsure about the growth and inflation outlooks. As a result, policymakers stated that they would be "closely monitoring global economic and financial developments and assessing their implications for the labor market and for the balance of risks to the outlook."

Fed not likely to act until mid-year

Clearly, policymakers are saying that it might take more time for them to gain clarity on the outlook, especially on the inflation front. That suggests to us that they won't raise rates again until midyear. We now expect them to raise rates three times this year, rather than four.

Europe Outlook

Modest recovery continues

Survey data were a bit softer in January, with the composite Purchasing Managers' Index for manufacturing and services slipping to 53.6 from 54.3 in December. However, this is still within the narrow range (53.3 to 54.3) that has been in place since last February and is consistent with the economy continuing to expand at a modest pace of about 0.4% a quarter. Looking ahead, we still expect loose monetary policy, a more accommodative fiscal stance and low oil prices to support the economy. But weak external demand will prevent the recovery from gathering pace and constitutes an important downside risk to our 1.5% growth forecast for 2016. Incoming survey data need to be closely monitored to ensure that January does not represent the beginning of a downward trend.

Inflation set to turn negative again?

Headline inflation rose to 0.4% in January from 0.2% in December, as base effects from last January's sharp drop in the oil price kicked in. However, with the oil price also falling very sharply this year, the rise in inflation was much more muted than had been expected a few weeks ago. Core inflation also picked up, to 1.0% from 0.9%, but we doubt this represents the beginning of an upward trend. Indeed, core inflation has fluctuated between 0.9% and 1.1% for the last seven months and is unlikely to break out of this range in the near future—especially with the economy growing at only a modest pace and with the existence of a very large output gap and muted external cost pressures. And with base effects likely to act in reverse over the next two months (the oil price rose strongly in February and March 2015), this means that headline inflation is likely to slip back again in coming months, perhaps moving back below zero.

ECB likely to ease policy in March…

Against this backdrop, there now seems little doubt that the European Central Bank (ECB) will ease monetary policy again at its next Council meeting in March. The evidence pointing in this direction is becoming compelling. First, the minutes of the ECB's December meeting (when it eased policy less aggressively than expected)

were very dovish, indicating that many members of the Governing Council already saw the need for a more aggressive policy response. Second, at the January press conference, President Draghi said that the situation had deteriorated “materially” since December and that the ECB would "review and possibly reconsider” its monetary-policy stance at its March meeting—similar to the words used in October to flag an easing of policy at the December Council meeting. Third, the situation has deteriorated even further since January, with even greater concern about the external environment, and with the euro rising and market-based measures of inflation expectations moving back toward record lows.

…and unlikely to disappoint the market

Assuming that the ECB does ease policy in March, what form is this likely to take? Judging from the December minutes, the lowest-hanging fruit is another cut in the deposit rate, and we would expect a cut of up to 20 basis points—especially given the BoJ’s landmark decision to follow the ECB into negative territory. A further extension of its asset purchase program is also possible, but that would probably now be regarded as disappointing, and we therefore think the ECB will also give serious consideration to either expanding or front-loading its purchases. The ECB may have disappointed in December; we doubt it will make the same mistake twice.

Japan Outlook

BoJ surprises once again

The BoJ delivered yet another surprise at its first meeting of the year when it said it will adopt a negative interest-rate policy. The Interest Rate on Excess Reserves (IOER) will be cut to –0.1% (implemented via a tiered system so that it applies only to “new” excess reserves). At the same time, the BoJ announced that it will maintain the size of the balance sheet expansion program at ¥80 trillion, as well as other elements of the Quantitative and Qualitative Easing (QQE) program, including exchange-traded fund (ETF) purchases.

The justifications for this move were global market uncertainty and the lower oil price. The latter has caused the BoJ to adjust its Consumer Price Index (CPI) forecast; it now does not expect to hit its CPI target until the first half of 2017. The BoJ is clearly concerned about possible feedback of these factors into domestic inflation expectations.

It’s important to note, too, that this policy announcement came with some additional forward guidance: an explicit promise to move the IOER further into negative territory if necessary.

This is a significant change given (1) the BoJ's long-standing opposition to the implementation of this policy, and (2) BoJ Governor Haruhiko Kuroda's willingness to push this through in the face of significant opposition from within the policy board (the vote was 5-4 in favor).

Is this going to be successful? The announcement was followed by a big rally across the Japanese government bond (JGB) curve, a weakening of the yen and a rally in equities (despite the concern that financial sector profitability would take a hit).

The forward guidance also delivers a clear message: too much yen strength will trigger a monetary response.

But questions remain about whether the central bank can sustain this policy. The objections of the “no” voters on the policy board largely focus on whether the JGB purchase program can be successfully implemented with a negative IOER. That is, will banks refrain from selling into the Rinban operations (preferring to continue to

hold JGBs), sparking a series of auction failures? If so, does this call into question the underpinnings of the longer end of the yield curve, causing, in effect, a “bad” form of tapering?

In other words, could we be staring at a repeat of the aftermath of QQE1? In that episode, the knee-jerk response was in the desired direction, but then markets spent the next two months dealing with rising yields, a spike in volatility, a stronger yen and a weaker equity market. The central issue was implementation. It wasn’t clear how the program would work or what other market participants would do. There’s a risk we could be staring at a rerun of that episode.

If so, will that further expose the limits of QE?

Australasia Outlook

Focus of downside risks in Australia swings to housing

In both Australia and New Zealand, many of the themes that were prominent in 2015 look likely to remain in play in 2016. How much more of a drag will the commodity price downturn be? What’s the end game for overextended housing markets? And are things getting significantly better outside those two sectors?

New Zealand still looks better able to navigate those challenges. In particular, the risk of a disorderly adjustment in Australia’s property markets looks set to dominate the debate over the next six months. Home prices were already softening at the end of 2015, and the leading indicators of construction activity look to have rolled over.

In turn, the greater downside risks for Australia leave us somewhat gloomier on the prospects for the Australian dollar. Our base case is for no policy change from either of the antipodean central banks. But the probability of further easing from Australia’s is higher than that from New Zealand’s.

Canada Outlook

BoC keeps rates on hold

As we had expected, the Bank of Canada (BoC) kept the official policy rate unchanged at 0.50% last month. BoC Governor Stephen Poloz said that with a weaker Canadian dollar helping to support the economy in the current low commodity-price environment and keeping inflation expectations stable, no further monetary easing was necessary. We expect the BoC to keep rates unchanged through 2016.

Oil price weakness is still hurting Canada’s economy, as many businesses in the energy sector are cutting back on capital expenditures. However, we expect currency depreciation (from C$1.40 to C$1.42 per US dollar) and an increase in consumer spending to offset the slowdown in the energy sector and the structural decline of the manufacturing industry. The weaker Canadian dollar is already helping to improve Canada’s international competitiveness and to promote export growth.

Easy fiscal policy will help support growth

When Justin Trudeau was elected prime minister in October, his Liberal Party promised to enact expansionary fiscal policy this year by increasing infrastructure spending. That will likely provide an additional boost to overall GDP growth. If recent commodity price weakness persists, we could see the government take an even more accommodative stance and authorize additional social programs or policies to encourage current consumption over saving. We are forecasting an increase in economic growth in 2016, to 1.6%, compared to 1.3% in 2015.

Emerging-Market Outlook

Latin America: Emerging markets were rocked by multiple shocks in January, including yet another leg down in commodity prices and concerns about dwindling global growth. In Latin America, that has resulted in unrelenting pressure on currencies, which is adding to pass-through inflation despite evidence of large negative output gaps.

Brazil: Economic weakness constrains monetary policy

In Brazil, recent economic data show that the ongoing economic contraction is deeper than initially expected. Industrial production contracted by almost 12% year over year in December. The contraction accumulated during the year was 8.3%, the largest since 2003. Production of capital goods suffered the most, shrinking by almost 32% year over year in December, reflecting the dramatic collapse of the demand for investment. That also calls into question the ability of the Brazilian economy to grow quickly again in the near future. Increasingly looser labor market conditions coupled with high inflation and low business confidence suggest that weakness in economic activity will not disappear anytime soon.

Fourth-quarter and full-year GDP figures will be made public in the first week of March. We expect them to be on the weaker end of expectations, showing a contraction of more than 3%. The weak real economy is behind the central bank's recent decision not to hike the Selic rate. Contrary to expectations, and even with evidence of unanchoring of inflation expectations, the central bank maintained Selic unchanged at 14.25% in January, confounding the market consensus of a 25 basis point (b.p.) increase. The local media reported on the possible interference of the executive branch in the decision, which may have contributed to a further erosion of the central bank's credibility. The decision suggests that the bank is now operating with a looser inflation-targeting regime, as it refused to tighten monetary policy even after actual inflation surpassed the (already high) ceiling of the target range by more than 400 b.p. in December, reaching its highest level since 2003. After reaching 8.1% in August 2015, the level of Selic adjusted by 12-month forward inflation is now at 6.6%.

While other regional central banks in the region may also be gun-shy given the paltry growth environment, Brazil is the extreme case among the inflation targeters, given its higher inflation rate. The decision suggests that Selic may not rise as much as initially projected this year, and that the authorities may even consider a rate cut down the road in 2016. It also suggests that the recent steepening of the BRL curve may continue despite the meager growth outlook—the result of mild or no monetary policy action at a time when actual and expected inflation continues to run well above targeted levels.

Argentina: Closer to normalizing ties with creditors

In Argentina, a new leg of negotiations between the government and its external creditors has begun in earnest. Although there has been no official information on the subject, the local media reported that the authorities would now be seeking a 15% haircut on some US$10 billion worth of defaulted obligations. They're also looking for a reduction in the penalties imposed by US courts, which may have resulted in a nearly 50% increase in the overall debt amount. The government is expected to request a cessation of all legal actions against Argentina once the formal negotiations start, including the application of the discovery clause, the complaints about the issuance of Bonar 24, the threats to Repsol YPF and the cases related to the idea that the central bank is an alter ego of the government. That is, the government wants to conduct the negotiations without ongoing legal disputes.

In order for the negotiation to result in a feasible solution for Argentina, the government must secure some relief. Doing so may be the only way to obtain congressional support to modify the legislation leading to a settlement. As the ruling PRO coalition does not control the Congress, it will have to rely on support from the Peronist party, especially in the Senate.

The other major issue is the structure of the transaction. With net reserves at minimum levels, Argentina will have to pay with bonds, much as it did in the settlement of the Repsol expropriation. Given the volume of new debt to be issued, however, the term structure of the obligations will be crucial, as will be the legal jurisdiction of the new bonds. Chances are good that Argentina will have to issue new securities under foreign law to maximize participation of dedicated emerging-market investors. Meanwhile, the government announced a settlement with Italian bondholders who had filed a grievance with the Washington-based International Centre for Settlement of Investment Disputes.

BoJ's negative interest rates to reinforce Asia monetary easing

Asia ex Japan: As the dust settles on Japan's surprise decision to adopt a negative interest-rate policy, we see significant implications for interest rates and currencies in the region. While we don't expect Asian central banks to follow the BoJ's lead and adopt negative interest rates anytime soon, we do see scope for Japan's policy shift to reinforce interest-rate easing and further currency weakness in the coming year. Interest rates across Asia are generally high, giving central banks scope to loosen policy if they see fit. This applies not only to nominal rates but also to real rates, which, in our view, are higher in many cases than economic conditions demand. We have been forecasting lower bond yields and weaker currencies relative to the US dollar for several months. Asian central banks could move sooner rather than later to cut interest rates, particularly now that the Fed's rate-raising cycle looks likely to be even more protracted than originally expected.

Risks and opportunities

Indonesian local-currency government securities remain the most attractive opportunity in Asian bond markets, in our view, given the country's high nominal and real interest rates. We rank India second in that respect, although the Reserve Bank of India's scope to reduce rates is more limited because of a need to maintain credibility in its targeting of inflation.

RMB in spotlight

China has room to cut its one-year benchmark lending rate, but the People's Bank of China is concerned that an aggressive cut in interest rates and other policy instruments (such as the reserve ratio requirement for banks) could exacerbate capital outflows and depreciation pressure on the yuan renminbi (RMB). While South Korea is in a rate-reduction cycle, its moves to date have been cautious and heavily data-dependent. The BoJ's move, however, could increase the odds of Korea's next rate cut happening earlier than expected. Taiwan is also inclined to lower rates further. Its policymakers are inherently conservative, however, and are unlikely to be influenced in any direct way by the BoJ.

With regard to currencies, the yen's greater weakness against the US dollar will lead to a stronger US Dollar Index. This in turn will put more depreciation pressure on Asian currencies and highlight uncertainty surrounding China's currency. Many investors expect the BoJ's move will increase the odds of severe RMB devaluation and economic collapse in China, which they see as the next "credit event" in world markets. While we don't ignore such arguments, we think a likelier outcome is that China will ease back further on the liberalization of its capital account to help stabilize the yuan. The risk that Beijing will have to manage here, of course, is the extent to which such a move might damage perceptions of the yuan as an emerging reserve currency.

Russia expected to cut spending to contain fiscal deficit

Emerging Europe, Middle East and Africa: While the growth outlook for Central & Eastern Europe (CEE) remains relatively upbeat, we lowered our 2016 real growth estimates for Russia to –1.5% from –0.3% previously. This reflects lower oil prices, less scope for monetary easing and the assumption that the Russian Finance Ministry (FM) remains committed to containing the fiscal deficit. This last point implies a reduction in government expenditure. Indeed, we believe that the authorities will introduce spending cuts of about RUB700 billion (~1% of GDP) later in 1Q:2016. This would allow the government to run a fiscal deficit of around 4.0–4.5% of GDP in 2016, given Brent crude prices of around US$35/bbl and an exchange rate of RUB77.00/USD. Positively, the 2015 budget deficit came in at 2.6% of GDP, which was better than the projected 3.0% shortfall, and the government will be able to use those savings to partly finance expenditures this year.

Poland's fiscal discipline gains even greater importance since the S&P downgrade

Containing the fiscal deficit will also remain a key consideration for Poland. S&P's decision to downgrade the country to BBB+ was mainly driven by a perceived deterioration in sovereign institutional effectiveness. Yet both S&P and Fitch have set relatively tight fiscal targets in their latest reports that leave the Polish government with little room to underdeliver on public finances over the course of 2016 and 2017. Fitch explicitly said it expects the deficit to come in at 3.0% of GDP in 2016 and 2017 (versus S&P's forecast of 3.2%), on the assumption that the Polish government will respect the EU's 3.0%-of-GDP deficit cap. Exceeding this limit would trigger the European Commission's Excessive Deficit Procedure (EDP) and a potential withdrawal of European regional funds. Given Poland's deteriorating relationship with the EU (especially with Germany over the past few weeks), there is an increasing likelihood that the EU will show little discretion and invoke the EDP quickly if there is a deficit breach beyond 3.0%.

Weak real growth will represent the main risk to South Africa's fiscal consolidation efforts…

South Africa will also remain in the ratings agencies' fiscal spotlight. Under the new leadership of Finance Minister Pravin Gordhan, the National Treasury (NT) seems determined to maintain fiscal consolidation and prevent a downgrade to subinvestment grade. That said, the key challenge for the NT is to present a credible 2016 budget at the end of February without causing an additional negative shock to real growth, which could make fiscal adjustment even more difficult further down the line. Our base case is that Gordhan will do his best to deliver a credible budget which will prevent a ratings downgrade over the coming two to three quarters. Yet the main risk in our view is that we experience a repeat of 2015: real growth will turn out to be too weak at the end of the year and NT will be forced to make renewed downside revisions to its fiscal deficit forecasts in its October 2016 Medium Term Budget Policy Statement (MTBPS). This in turn may trigger a downgrade by S&P to subinvestment grade as early as December 2016. Only a serious effort to jump-start structural reforms would lower the risks of a subinvestment downgrade over the coming 12 to 18 months. Yet we fear the political cycle (local polls this year and presidential elections in 2018) is not conducive to meaningful change.

…while in Ukraine, political stability will remain key

Elsewhere on the fiscal front, Ukraine has recently signed off an IMF-compliant 2016 budget which will likely open the door to the disbursement of the next US$1.7 billion tranche. The government still needs to sign a formal memorandum and agree to some other longer-term fiscal reforms (especially with regard to the national pension system) before the funds can be released, although this is expected to take place during the remainder of the first quarter. We believe stability of the current coalition government—which is 16 months into its four-year term—will remain key for pushing forward reform progress, thereby keeping the IMF program on track and maintaining overall macroeconomic stability.

El Niño may force needed structural reforms

Frontier Markets: Commodities remain depressed for another month, and with many countries reliant on oil or copper for their dollar revenues, negotiations with the African Development Bank (AfDB), the World Bank and the IMF have already started. We have written extensively on the effects of lower revenues and the challenges many countries with fixed currency regimes (such as Nigeria and Gabon) have faced; but the effects from El Niño also deserve some attention. Both Southern and Eastern Africa have borne the brunt of the lack of rains and poor harvests. El Niño hurts power generation and increases food scarcity. Hydropower is one of the most significant sources of power in Africa, with many countries relying on it for over 50% of their power needs. As a result, many have turned to importing much-needed gas and fuel, and that has further increased dollar demand and fiscal budget costs. Matching an increasing electricity bill, many countries also must rely on importing wheat and other foods, forcing many to turn to bilateral partners to provide food assistance. We are hopeful that the difficulties will force governments into making tough structural decisions that will benefit their countries over the longer term. We are watching to see if countries will allow cost-reflective tariffs on utilities, remove subsidies and push back harder against corruption.

AB Global Economic Forecast

February-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	2.9	2.6	2.7	1.7	2.4	1.6	2.1	2.03	2.21	3.10	3.23
(PPP Weighted)	(2.9)	(3.4)	(3.0)	(3.2)	(2.3)	(3.0)	(2.2)	(2.6)				
Industrial Countries	1.7	2.3	1.9	2.1	0.4	1.7	0.2	1.2	0.31	0.65	1.50	1.77
Emerging Countries	3.5	4.0	3.7	3.8	4.0	3.5	3.9	3.6	4.88	4.96	5.89	5.83
United States	1.8	3.1	2.4	2.7	0.4	2.5	0.1	1.9	0.38	1.25	2.27	2.75
Canada	0.7	1.8	1.3	1.6	1.3	2.5	1.1	2.1	0.50	0.52	1.39	1.95
Europe	1.7	1.8	1.7	1.7	0.2	1.0	0.1	0.5	0.13	0.12	0.94	1.00
Euro Area	1.6	1.7	1.5	1.5	0.2	0.9	0.0	0.4	0.05	0.05	0.68	0.75
United Kingdom	1.9	2.2	2.2	2.2	0.1	1.0	0.0	0.6	0.50	0.50	2.02	2.00
Sweden	3.1	2.7	3.2	2.8	0.1	1.8	0.0	1.3	-0.35	-0.45	0.97	1.00
Norway	1.2	1.8	1.4	1.5	2.5	2.2	2.2	2.3	0.75	0.50	1.52	1.65
Japan	1.8	1.6	0.8	1.6	0.3	1.2	0.8	0.7	0.07	-0.10	0.27	0.50
Australia	2.6	1.9	2.3	2.1	1.7	2.0	0.0	2.0	2.00	2.00	2.88	3.00
New Zealand	1.2	1.3	2.2	1.2	0.0	1.7	0.3	1.6	2.50	2.25	3.58	3.50
Asia ex Japan	5.8	5.5	5.9	5.6	1.9	2.2	1.8	2.1	3.06	3.02	3.69	3.51
China[2]	6.8	6.0	6.9	6.3	1.5	1.8	1.4	1.6	2.40	2.50	2.92	2.75
Hong Kong[3]	2.0	2.6	2.4	2.2	2.4	2.1	3.0	2.1	0.75	1.25	1.59	1.66
India[4]	6.6	7.0	6.8	6.9	4.6	5.4	4.2	5.7	6.75	6.75	7.76	7.90
Indonesia[5]	5.0	5.4	4.8	4.9	4.8	3.1	6.4	3.4	7.50	6.50	8.75	7.60
Korea[6]	3.0	2.4	2.6	2.5	1.1	0.9	0.7	1.0	1.50	1.00	2.09	1.70
Thailand[7]	2.2	3.2	2.7	2.9	-0.9	1.0	-0.9	0.5	1.50	1.00	2.55	2.60
Latin America[8]	-1.1	1.0	-0.6	0.1	7.3	5.7	6.5	6.1	9.26	9.71	11.72	11.77
Argentina	1.0	1.3	1.5	1.2	20.0	23.0	21.0	30.0				
Brazil	-4.8	-1.0	-3.6	-2.6	10.9	7.9	9.3	8.4	14.25	14.50	16.46	16.25
Chile	3.0	3.8	2.5	3.4	4.1	3.2	4.4	3.7	3.50	4.00	4.60	5.00
Colombia	2.9	3.0	2.9	3.0	6.4	4.0	5.0	5.1	5.75	6.25	8.31	8.75
Mexico	2.4	3.7	2.5	3.2	2.3	3.2	2.7	3.1	3.25	4.00	6.22	6.50
EEMEA	-0.5	1.3	-0.5	0.7	9.4	6.7	9.8	7.5	8.03	8.07	8.56	9.21
Hungary	2.5	2.4	2.8	2.5	0.5	2.4	-0.1	2.0	1.35	1.35	3.33	3.70
Poland	3.7	3.7	3.5	3.7	-0.8	1.7	-0.9	0.9	1.50	1.50	2.95	3.40
Russia	-3.6	0.0	-3.7	-1.5	14.5	7.9	15.5	9.5	11.00	9.50	9.54	10.20
South Africa	0.4	1.2	1.2	0.8	4.9	6.7	4.5	6.6	6.25	7.25	9.74	10.00
Turkey	2.8	2.5	3.1	3.2	8.2	7.9	7.7	8.5	7.50	10.75	10.50	11.50

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.