Global Economic Outlook

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Overview

Global Economy—Brexit risk sparks a modest downgrade to global GDP growth.

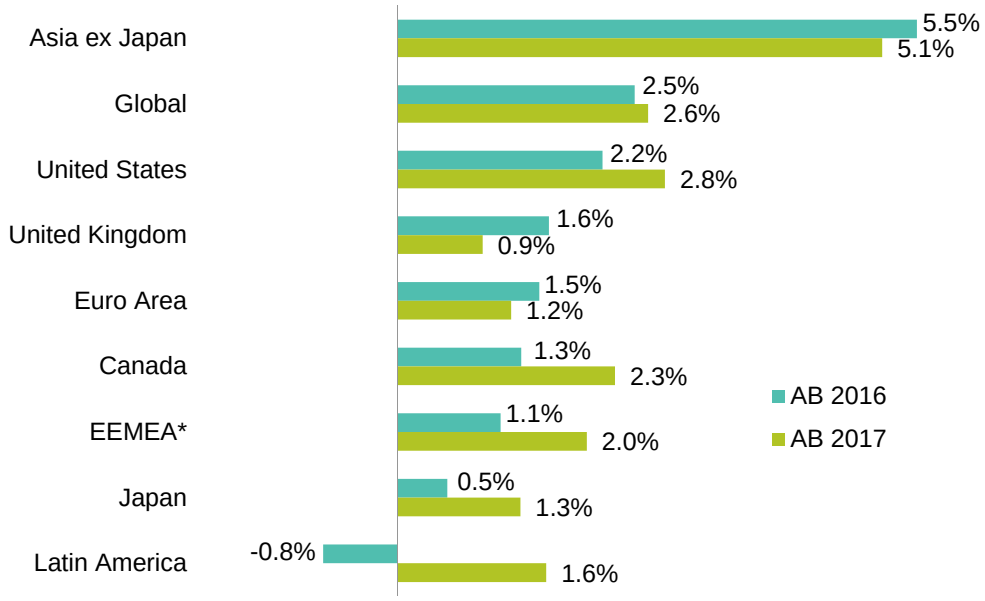
United States—June employment data and an upbeat business survey indicate that the US economy remains on track.

Europe—Brexit points to lower growth, easier monetary policy and more political uncertainty in the UK and the euro area.

Japan—Election outcome reinforces prospects for a large fiscal boost.

China—May activity data confirm further economic weakness.

AB World Economic Growth Forecasts



As of July 5, 2016; calendar-year forecasts
*Emerging Europe, Middle East and Africa
Source: AB

Global Outlook

Brexit delivers an unexpected outcome…

The UK's decision to leave the European Union (EU) triggered a bevy of questions: Who would succeed outgoing Prime Minister David Cameron? When would the UK formally trigger the separation process? Would the Europeans negotiate ahead of that event? Was there really a chance of a second referendum? And what would be the impact of the Brexit vote on the global economy?

Our crystal ball is a bit cloudy on most of those questions, but we're willing to take a stab at the last one. In short, we suspect that while the Brexit shock has consequences for the UK economy (via heightened uncertainty on consumption and investment spending), for the pound (lower) and for the Bank of England (rate cuts, credit easing), the global ramifications are likely to be limited. Yes, there's an increase in uncertainty, but we don't think Brexit creates systemic risk. Even so, we think there are three things worth highlighting.

…reinforcing "lower-for-longer" from central banks…

First, the increase in uncertainty reinforces the asymmetric response that now seems to be embedded in global central bank policy. The European Central Bank (ECB), for example, is likely to extend its quantitative easing (QE) program, though it was probably on track to do that anyway. And even though the June payroll numbers rebounded sharply, which cleared up confusion about the underlying trend in the US labor market, the Fed may continue to cite global risks, including Brexit, to justify delaying the next rate hike.

…highlighting political risks…

Second, Brexit highlights broader political dynamics. From Melbourne to Madrid to Minneapolis, worries about immigration, inequality and distrust of the political class run deep. As a result, events on the political calendar now assume greater potential significance. This is particularly the case in Europe, where the political fragmentation appears even greater than in the UK. A Spanish election just after the Brexit vote was a potential flash point. Up next is the October referendum on Senate reform in Italy. And, of course, we'll round out the year with the US presidential election, before plunging into Dutch, French and German elections in 2017. This may be great for psephologists, but not so great for investors.

…and possibly encouraging alternative policy paths

Third, the political response to this uncertainty may cause central banks and governments to run even faster down the alternative policy path. At the forefront is Japan, where the combination of Brexit risk and a solid result in the Upper House election is likely to encourage Prime Minister Shinzo Abe to push for more fiscal spending in the upcoming supplementary budget. It would not be surprising if this were in the order of 2% or 3% of gross domestic product (GDP). That's big enough to offset any Brexit impact and, as we discussed last month, would open the door to higher inflation. That's far more than needed to offset any Brexit-related impact. And, as we discussed last month, it would open the door to higher inflation.

So what have we done to our forecasts? We've knocked 1.2 percentage points off our UK GDP forecast for 2017 and made mild adjustments to other economies. Overall, we trimmed our 2017 global GDP forecasts slightly to 2.6%, pretty close to actual growth in each of the past six years.

US Outlook

Strong rebound in payrolls…

June payrolls rose by 287,000, a strong rebound from the revised gain of 11,000 in May. The jump is consistent with upbeat June business surveys from manufacturing and services. Indeed, the composite indices for both surveys rose in June to their highest levels of the year. Taken together, the reports indicate that the US economic

growth cycle remains firmly on track. Fears that the labor market had lost momentum were misguided.

…and GDP growth

At this juncture, 2Q GDP growth looks to be running close to 3% annualized, led by a strong gain in consumer spending. In fact, real consumer spending in 2Q is on track to expand 3.5% to 4% annualized, which would mark the strongest expansion since the end of 2014. Growth in 2Q is also supported by gains in construction activity for both residential and nonresidential buildings as well as a modest increase in government spending.

Policymakers will be forced to change script again

Prior to May's weak employment report, Federal Reserve officials were uniformly signaling that an official rate hike was on the table for the June policy meeting. After the weak job data, policymakers reversed course for fear that the labor markets had lost momentum. In hindsight, their worries were misguided, as a litany of labor market indicators, such as jobless claims, job openings and hiring intentions, indicated that labor market conditions remained very solid and the outlook was bright.

It is hard to say that one report would remove the concern of policymakers, but the scale and breadth of the increase (62.4% of all industries adding workers—the highest percentage since August 2015) should clearly tell them that the US economy is on track.

Europe Outlook

Brexit hits UK growth

We have downgraded our European growth forecasts in light of British voters' June 23 decision to leave the EU. Naturally, the biggest changes are to our UK forecast, where uncertainty caused by the referendum outcome and the resultant domestic political vacuum is likely to weigh heavily on consumption and investment spending. With the economy now expected to move sideways in the second half of the year, we have cut our 2016 and 2017 growth forecasts to 1.6% and 0.9%, respectively (previous forecasts were 1.8% and 2.1%).

Bank of England likely to cut rates again

Although the pound's sharp decline is likely to push inflation higher, we do not expect this to prevent the Bank of England from easing monetary policy in the second half of the year. We look for two 25 basis-point rate cuts, taking the Bank Rate to zero, along with some credit easing measures to preempt a damaging tightening of credit conditions. We do not currently expect the Bank of England to launch a new quantitative easing program, though that would be the next step should the hit to growth be bigger than we currently expect.

Pressure on the ECB to ease further

The impact on euro-area growth is likely to be more muted. In fact, we have left our 2016 growth forecast unchanged at 1.5% and lowered our 2017 forecast by only 0.3% points to 1.2%. While marginal, these changes do have implications for the ECB. Even prior to the British referendum, it was clear that the euro area was not growing quickly enough to generate a sustained increase in core inflation: in the first half of the year, core inflation averaged 0.9%, exactly the same as in the second half of last year. As a result, we expected the ECB to ease monetary policy again later in the second half of the year. In our view, the outcome of the British referendum makes this even more likely, and we expect an extension of the ECB's asset purchase program together with further rate cuts—including to the central bank's refinancing rate—before year-end.

Brexit road map

Beyond the short-term economic impact, the key question is what the UK's new trading relationship with the EU will probably look like. In our view, the most likely outcome is that the UK will eventually reach an agreement that maintains many

(though not all) of the features of the single market, thus helping to avoid lasting damage to the economy. But there are risks on either side of this, and it is possible that the UK could end up leaving the EU without having secured an agreement. That would be bad news for both the UK and the remaining EU countries.

New Italian political crisis?

As noted last month, Brexit could create lasting shockwaves in terms of its broader impact on the European political landscape. Opinion polls released since the referendum show that the UK vote has led to increased support for the EU in a number of European countries. But this is a knee-jerk reaction, and it's important to note that many of the factors that led to the Brexit vote are present in other EU countries (perhaps more so in some). A difficult path lies ahead, starting with an Italian referendum on constitutional reform in October and Dutch, French and German elections in 2017. The first of these is a real threat, with opinion polls suggesting a tight race and Prime Minister Matteo Renzi set to step down if he loses. An Italian political crisis against the backdrop of renewed stress in the banking system is a major near-term risk.

Japan Outlook

Exchange rate a key channel for Brexit shock

For Japan, the key transmission channel for the impact of a global shock like Brexit is via the exchange rate. Thanks to the typical safe-haven appeal of the yen, there's always the risk that the currency could strengthen enough to hurt exports and the overall economy.

Yen move not large, but likely to have impact on longer-run expectations…

This time, though, yen gains after Brexit were modest, with the currency dipping to the ¥101–102 per dollar region from ¥105–106. By itself, such a move shouldn't have a material impact on the outlook. However, it has driven a capitulation of more medium-term views. Three months ago, the consensus view was that the yen should weaken over the next 18 months to around ¥120–125 per dollar. But the Brexit vote has forced economists to recalibrate. The consensus now is around ¥105–110.

That's going to have an impact on views regarding the outlook for capital spending and inflation. On the inflation front, for example, there are fears that yen strength will push inflation lower.

….prompting further (fiscal) stimulus

What does this mean? It ramps up the pressure to provide more policy stimulus. But when it comes to monetary stimulus, we think the Bank of Japan's (BoJ's) freedom to maneuver under the QQE/NIRP policy is constrained. So the risk is that the BoJ won't deliver and will disappoint market expectations at its next policy meeting at the end of July.

Most of the burden then falls on fiscal policy. We should expect to see much more detail now that the July 10 Upper House election consolidated Prime Minister Abe's political advantage in the Diet (a big contrast with political developments in other developed economies). The Brexit uncertainty may give Abe the justification to deliver a fiscal package potentially worth as much as 4% of GDP.

The bottom line is that Japan was heading toward aggressive fiscal action anyway, and the Brexit vote strengthens our conviction that it will deliver.

Australasia Outlook

Australia: political uncertainty reigns down under, too

In Australia, political developments took center stage over the last month. After a marathon election campaign and a week of vote counting, the Australian electorate delivered an extraordinarily close election result. At this writing, it looks like Prime Minister Malcolm Turnbull will be able to form a government but may have to rely on support from independents and smaller parties to pass legislation through the parliament. An environment of political uncertainty and potential policy paralysis is likely to be a theme over the coming months. That makes it less likely that the government will deliver meaningful structural reform or budget consolidation and fiscal repair. It also diminishes the possibility of aggressive fiscal stimulus, should that be required.

This policy uncertainty is likely to weigh to some extent on the growth outlook. The RBA is likely to deliver further policy easing. And with the rating agencies looking closely at downgrading Australia's AAA rating, the Australian dollar is likely to come under more pressure.

Canada Outlook

Large job losses in cyclical sectors

June employment data mirrored the economic sentiment in Canada: uneven and weak. Statistics Canada estimated that the economy lost 700 jobs in June. However, two of the most important cyclical sectors in the Canadian economy, construction (–28.7K) and manufacturing (–12.9K), saw the largest job losses this month, which may be a leading indicator of continued weak growth.

Weak business sentiment

The Bank of Canada's (BoC's) quarterly *Business Outlook Survey*, released this month, reinforces the view that the economy is in a slow recovery phase, slowly transitioning from energy-driven growth to an export-oriented economy that relies on greater demand from foreign markets, especially the US. Businesses continue to be cautious on capital expenditure investments in spite of easier credit conditions. Increasing global risks, including the uncertainty surrounding Brexit and China, and slower-than-expected US growth in the first half of the year contributed to a decline in future foreign sales expectations. However, businesses continue to see stronger demand from foreign buyers compared to domestic consumers, in part due to the depreciation of the Canadian dollar.

Labor market weakness, global uncertainty, worsening business expectations and the slow recovery after the Alberta fires all led us to revise our 2Q forecast to –1.4% from 0.4%, annualized. We have also marked down our full-year 2016 growth forecast from 1.6% to 1.3%.

BoC likely to remain on hold through 2016

Although we think near-term risks are tilted to the downside and the market is pricing in an increased probability of monetary easing this year, we don't believe the BoC will shift to a dovish stance in its next monetary policy announcement. We expect the BoC to stay on hold through 2016 and follow the US Federal Reserve's tightening path, with two rate hikes in 2017. In a speech last month, BoC Governor Stephen Poloz highlighted the progress made this year in many segments of the economy, and it would be unusual for the BoC to completely reverse course because of short-term volatility and market expectations. The increasing potential of a housing-sector bubble provides further justification for a more restrictive monetary stance over the medium term.

Emerging-Market Outlook

Latin America: Emerging markets survived the surprise result of the Brexit vote largely unscathed. The knee-jerk reaction to the vote was an increase in currency volatility, which subsided quickly. In the following days, expectations of additional monetary accommodation across developed markets fueled bids for emerging-market assets, with inflows into the asset class rising. In the case of Latin America, direct trade exposure to the UK is minimal and that to the EU is moderate (Brazil has the highest percentage of exports to the EU at around 15%). The impact of Brexit, however, could hit the region through financial contagion, although so far there's little evidence of this. Euro-zone and UK banks' claims on Latin America are limited. Brazil tops the list at around 18% of GDP, half of which is tied to Spain.

Brazil: primary fiscal deficit won't disappear soon

Brazil's government announced its 2017 fiscal target, which is a primary deficit of R$139 billion (roughly 2.1% of GDP), versus an estimated deficit of R$171 billion (2.7% of GDP) for 2016. The number was welcomed by markets, suggesting that investors expected a gloomier projection. The figure is realistic, but it confirms that the new administration of President Michel Temer will not turn the fiscal situation around in the near term. Instead, the administration will have to focus on setting the stage for a deeper discussion and eventual approval of structural reforms geared toward higher long-term growth as well as a permanent improvement in the fiscal accounts.

The focus on the long term suggests that debt ratios will continue deteriorating in 2017 and most likely until the end of Temer's term. That means Brazil is nowhere near a rating upgrade despite the reform talk of the new administration. In order to stabilize the gross public debt/GDP ratio, Brazil must grow at about 2.5% and generate a primary surplus of at least 2% of GDP, a combination that appears elusive for now. Finance Minister Henrique Meirelles did not rule on tax increases for next year, a decision that will likely be made within the next couple of months. But tax pressure on the formal sector is already high, so fiscal improvements compatible with a growth recovery should lean on spending reductions rather than revenue increases.

All in all, next year's fiscal projections appear achievable, with a GDP growth forecast of 1.2%. Possible below-the-line revenues represent the wild card that could actually result in better performance during 2017. Meanwhile, the official inflation data release for June showed that the deflationary trend resumed after the brief pause in the decline of annual inflation observed in May. Headline inflation stood at 0.4% month over month and 8.8% year over year, the smallest monthly increase since August 2015. Annual inflation, in turn, is down 187 basis points since January.

Mexico: Banxico pulls the trigger—again

On June 30, Banco de México (Banxico) hiked its target funding rate by 50 basis points to 4.25%, against expectations of a 25-basis-point increase. Banxico focused on the deterioration of the external conditions facing Mexico and the impact of those events on the peso to justify the rate increase. The available information on the domestic economy is still consistent with inflation hitting the 3% medium-term target. The press release made direct reference to the negative impact of Brexit on global financial markets and on prospects for global trade and growth. The more somber global perspectives resulted in a deterioration of the balance of risk for Mexico's growth as well. Mainly as a result of the peso depreciation, Banxico also pointed out a worsening in the balance of inflation risk. The hike was geared toward preventing the currency slide from unhinging inflation expectations. Banxico left the door open for further rate increases if necessary. This will depend on actual and expected

inflation rates, the behavior of the peso and the evidence of pass-through to local prices, the monetary stance of Mexico relative to the US, the dynamics of the current account, and the output gap. The implicit signal of subordinating monetary decisions to the exchange rate suggests that Banxico is ready to hike the funding rate again if the currency deviates significantly from fundamentals. In the absence of large external shocks, that is supportive for the peso.

Improvement in PMI to be driven by product cycle

Asia ex Japan: PMI surveys in key electronic exporters Taiwan and South Korea improved in June, but investors should watch out for product cycle distortion with the new generation of Apple mobile phones. Other indicators such as the actual amount of export orders from Taiwan and regional trade data don't suggest any sign of improvement in external demand. Business confidence could also be affected by uncertainties following Brexit.

Brexit could prompt further monetary easing

The impact of Brexit on Asian economies depends on the effect the UK's decision has on Europe. Apart from Hong Kong and Singapore, the two financial centers in Asia, the UK is a minor export market and capital provider. Europe, on the other hand, matters to Asia and is an even more important trade partner than the US for many export-driven economies in the region. Should UK or European banks start pulling money from the region, Malaysia would be hit hardest. The country has a thin reserve level, and there are big foreign positions in domestic financial markets.

Overall, growth in Asia remains weak and inflation is tame. So Brexit and its worst-case implication will tend to lead to additional monetary easing or to fiscal support for those who can afford it. It's become more likely that the Monetary Authority of Singapore will re-center the currency basket lower in October. China would remain a source of stability if global FX volatility rises.

Further signs of economic weakness in China

In China, May activity data confirm further economic weakness. First, there are signs of renewed slackening of housing activity, with noticeable slowdown in the growth of residential housing starts, transaction volume, and total investment and land sales. Second, fixed-asset investment data are clearly showing that public infrastructure spending is the sole strength in the entire economy, while private investment is very soft, especially for manufacturing investment. Moreover, retail sales growth has softened further since weakness began in 2016. Prolonged slowdown in nominal GDP growth means a weakening in profit growth and wage/household income. A housing market downturn will further affect household consumption as home-decoration and white-goods purchases ease off.

Monetary data suggest prudent policy stance

China's credit and money supply data from May showed a restrained monetary stance by the central bank. That comes after significant loan expansion in the first quarter and reinforces our view that there won't be a bold monetary response to the deeper economic downturn. Still, our concern is that even with the moderation, the pace of nominal credit expansion is still double that of nominal GDP growth, and leverage throughout the economy is still rising. Moreover, China has now fully resorted to traditional bank lending following the crash of shadow credit. The main borrowers are state-owned enterprises, and the main sectors are housing and infrastructure. This is a step back in terms of economic rebalancing, capital-market development, and the transformation to a more sophisticated, diverse and modern financial system.

Central & Eastern Europe most exposed to Brexit via trade…

Emerging Europe, Middle East and Africa: The Central & Eastern European (CEE) economies are relatively more vulnerable to Brexit than other emerging-market economies, for several reasons. First, CEE economies tend to have a proportionally larger trade exposure to the EU. They're also highly open economies. Exports to the EU and UK account for 60%–70% of GDP in the Czech Republic and Hungary. They're only around 30% for others, though, including Poland and Romania. While their trade exposure as a percentage of total exports is just as high, the latter two are more closed economies. For other economies such as Russia and Turkey, direct trade exposure to the eurozone is below 15% of GDP. We believe trade exposure is one of the prime channels through which CEE economies will be affected by a slowdown in the euro area. We saw this over the course of 2011 and 2012. At this stage, however, we believe that the slowdown in the euro area will be relatively limited, so we have not made any significant growth revisions just yet.

…EU budgets that might be renegotiated…

Second, the redistribution and revisions to EU budgets are a source of vulnerability unique to CEE. Countries are large net beneficiaries from the EU budget and this can amount to a significant percentage of GDP, while Germany, the UK, France and Italy are the largest contributors. The concern is of course that CEE will receive less funding if Germany, France and Italy are not willing to pick up the slack. Current budgets are set until 2020 and are likely to remain in place, so this issue will not have an immediate macroeconomic impact. Still, we could see heated attempts to renegotiate these budgets, and these could weigh on market sentiment.

…and relatively large, direct exposure to eurozone banks

Third, the CEEMEA region's direct exposure to European banks is significant. For Croatia and the Czech Republic, total foreign claims of euro-zone and UK banks on all sectors of the economy account for about 100% or more of GDP, with this number around or above 50% for other CEE economies. Only South Africa has meaningful linkages to the UK. This is a lingering risk like the budget renegotiations and will not have an immediate impact. We believe that further eurozone banking-sector retrenchment away from CEE is the likely outcome, a trend that has been in place since the sovereign-debt crises in 2012. This will likely weigh on growth potential but is unlikely to cause a crisis. Large exposure would become a bigger issue if we saw more significant stress among eurozone banks, such as Italian banks in the event of greater risks of Italy potentially voting to leave the eurozone.

Commodity outlook, election cycles still paramount

Frontier Markets: We're watching trade, remittances and banking relationships to see what effect Brexit could have on the region. We anticipate a tightening of credit conditions in the UK and believe it is through the financial channel that we will begin to see the largest impact, at least until a formal Brexit is announced. Kenya stands out as most vulnerable, and given the recent violence in neighboring South Sudan (the newest member of the East African economic bloc), we believe a worsening of macroeconomic conditions is likely. But we don't anticipate large-scale correlated outflows from Europe on the news. The focus will remain on the commodity price outlook as well as idiosyncratic political concerns, with many countries hosting elections over the next 12 months.

AB Global Economic Forecast

July-16

	Real Growth (%)				Inflation (%)				Official Rates[1] (%)		Long Rates[1] (%)	
	4Q/4Q		Calendar		4Q/4Q		Calendar		EOP	EOP	EOP	EOP
	2016F	2017F	2016F	2017F	2016F	2017F	2016F	2017F	2016F	2017F	2016F	2017F
Global	2.6	2.9	2.5	2.6	2.2	2.6	2.1	2.6	2.31	2.18	2.78	2.96
(PPP Weighted)	(3.1)	(3.4)	(3.0)	(3.0)	(2.6)	(3.0)	(3.0)	(3.1)				
Industrial Countries	1.9	2.0	1.7	1.9	1.4	1.9	0.9	2.0	0.41	0.70	1.14	1.77
Emerging Countries	3.7	4.2	3.6	3.9	3.5	3.7	3.7	3.7	4.70	4.41	5.11	5.11
United States	2.6	2.9	2.2	2.8	2.0	2.6	1.4	2.7	1.00	1.70	2.00	3.00
Canada	2.1	2.0	1.3	2.3	2.0	2.5	1.7	2.3	0.50	1.00	2.20	3.32
Europe	1.3	1.4	1.6	1.2	1.1	1.5	0.5	1.5	-0.12	-0.11	0.36	0.71
Euro Area	1.4	1.3	1.5	1.2	0.9	1.2	0.3	1.3	-0.15	-0.15	0.15	0.50
United Kingdom	0.9	1.4	1.6	0.9	1.6	2.4	0.8	2.3	0.00	0.00	1.15	1.50
Sweden	3.0	2.5	3.7	2.7	1.9	2.1	1.6	2.0	-0.50	-0.25	0.50	0.75
Norway	1.2	1.6	0.8	1.5	3.1	2.2	3.4	2.3	0.50	0.50	1.25	1.50
Japan	1.2	1.3	0.5	1.3	0.3	1.1	0.3	0.9	-0.25	-0.25	0.00	0.25
Australia	2.1	1.6	2.7	1.6	1.0	1.5	1.0	1.6	1.50	1.00	2.25	2.50
New Zealand	1.8	2.4	2.4	2.0	0.5	1.6	0.5	1.4	2.00	2.00	2.50	2.75
Asia ex Japan	5.3	5.2	5.5	5.1	2.3	2.9	2.4	2.8	2.74	2.56	3.26	3.25
China[2]	6.0	5.6	6.2	5.6	2.0	2.5	2.2	2.5	2.30	2.00	2.70	2.50
Hong Kong[3]	1.7	2.2	1.3	2.0	2.9	3.2	2.9	3.2	0.75	1.50	1.05	1.34
India[4]	6.8	6.9	7.2	6.9	5.1	5.8	5.4	5.7	6.50	6.50	7.30	7.80
Indonesia[5]	5.2	5.3	5.1	5.3	4.0	5.1	4.0	4.8	4.75	4.75	7.25	6.75
Korea[6]	2.2	2.0	2.4	2.1	0.7	1.5	0.8	1.2	1.00	1.00	1.00	1.20
Thailand[7]	2.7	3.1	3.0	2.8	1.0	1.5	0.4	1.3	1.00	1.00	1.70	1.90
Latin America[8]	0.1	2.4	-0.8	1.6	5.4	5.1	6.2	5.3	9.46	8.99	9.53	9.43
Argentina	0.8	3.4	-0.3	2.3	27.0	16.0	28.0	19.0				
Brazil	-2.0	1.6	-3.6	0.4	7.0	6.7	8.3	6.9	13.50	12.25	12.45	11.90
Chile	2.5	2.9	2.3	2.8	3.6	3.2	4.3	3.7	3.50	4.00	4.80	5.10
Colombia	2.9	3.2	2.8	3.1	6.5	4.2	7.2	5.3	7.50	7.50	7.90	8.10
Mexico	2.5	2.9	2.5	2.8	2.9	3.1	2.7	3.1	4.50	5.00	6.00	6.50
EEMEA	1.5	2.4	1.1	2.0	6.5	5.3	6.2	5.9	7.65	7.09	8.05	8.14
Hungary	2.3	2.3	2.3	2.2	1.9	1.9	1.1	2.2	0.90	1.00	3.15	3.40
Poland	3.7	3.4	3.7	3.4	0.6	2.0	0.0	1.8	1.50	1.75	3.10	3.30
Russia	0.2	1.8	-0.5	1.2	7.5	5.5	7.6	6.5	9.50	8.00	9.00	8.90
South Africa	0.5	1.7	0.5	1.2	7.2	5.9	6.4	6.2	7.25	7.00	9.10	9.40
Turkey	3.6	3.6	3.4	3.4	8.4	7.3	7.9	7.5	8.50	9.50	9.40	9.80

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.