Global Economic Research

Global Economic Outlook

March 2016

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Overview

Global Economy—Global economic growth remains modest, and more monetary easing is in store.

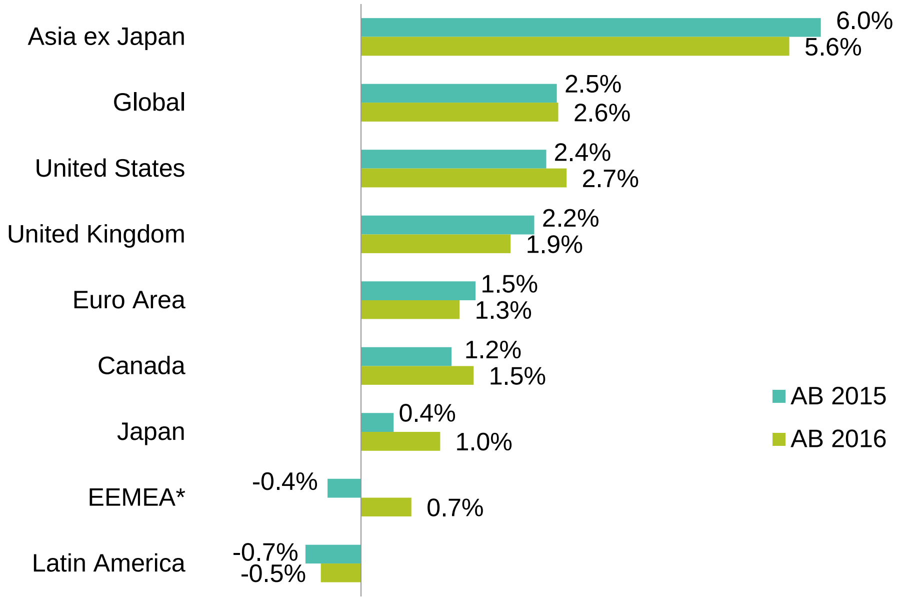
United States—Solid gains in consumer spending and housing leave the US economy poised to grow faster this year.

Europe—Despite strong consumer data, the recovery has slowed. With inflation turning negative again and core inflation soft, the ECB is likely to ease policy this month.

Japan—The BoJ may ease policy again, but not necessarily in March.

China—The authorities make massive liquidity injections to counter capital outflows, while confusion mounts about the direction of monetary policy.

AB World Economic Growth Forecasts



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

Global Outlook

Global growth still modest

The global economy is still growing at a moderate pace. This year's growth forecast of 2.6% is unchanged from last month and marginally above the 2.5% growth recorded in 2015. Developed economies are expected to expand slightly faster this year—2.2%, compared with 1.6% last year. Developing economies, led by continued gains in Asia (excluding Japan) and a modest rebound in Latin America, are expected to grow 3.8% in 2016, versus 3.4% in 2015.

Business surveys remain lackluster

Business surveys have not shown much strength so far this year. The JP Morgan global composite output index stood at 50.6 in February. That was two points less than January's tally and one of the lowest readings in more than three years. The weakness was broad-based, with manufacturing and service sectors posting much lower readings. If there was a bright spot in the report, it's that the continuing fall in the inventory index indicates that firms are operating with thin positions and that any pickup in demand would trigger a fast and positive response in orders and production.

More monetary easing in store

Still, the lackluster growth and inflation environment is likely to force central banks to ease policy further. In some cases, central banks have continued to push the boundaries of unconventional monetary policy and are experimenting with negative interest rates. In upcoming policy meetings, we expect the European Central Bank (ECB) and the Bank of Japan (BoJ) to push rates deeper into negative territory. In our view, negative rates are untested and may not prove effective. As a result, they may have undesirable and unpredictable economic and financial consequences.

China—the wild card?

The main wild card for the 2016 global outlook remains China. Strong capital outflows point to more currency weakness, while increases in credit use and the rebound in spot commodity prices for industrial materials suggest that the economy might be in the process of bottoming. It is our view that China will get through the recent soft patch and still post relatively solid growth of more than 6% this year.

US Outlook

2016 growth outlook unchanged

The economy is showing signs of improvement. Though real gross domestic product (GDP) rose only 1% annualized in the fourth quarter of 2015, key domestic demand sectors (namely, consumer spending and housing) continue to show resilience, indicating a stronger growth performance in 2016. Our real GDP growth estimate of 2.7% remains unchanged from last month, but we think that there are upside risks to our above-consensus forecast.

In the first quarter, real consumer spending appears to be off to a fast start. In January, it jumped 0.4%, the largest monthly gain since last May. And consumer fundamentals remain very strong. Job growth continues to run at more than 200,000 per month, the civilian jobless rate is below 5%, wage growth is accelerating and likely to hit 3% this year, and consumer balance sheets are the most liquid and strongest they've been in decades. All this points to an overall real consumer spending gain of 3% or more in 2016.

Housing market improving

The housing market also appears to be moving along swiftly. Spending on additions and remodeling looks to be growing in the high single digits, according to major retailers, and the spring home-buying season is shaping up to be the best in many years, boosted by lower unemployment, the pickup in household formation and solid consumer confidence.

Strong gains are likely in other parts of the construction market this year as well. For example, Congress passed a five-year transportation bill in 4Q, and public construction activity in January posted one of its largest monthly gains on record, rising 4.5%. Public sector construction could be up double digits this year.

Manufacturing capex exceeds energy—first time since 1970

Working against a stronger growth performance in 2015 was the large and ongoing drag from cutbacks in capital spending in the energy sector. While incremental declines in energy capital spending are still likely, the scale of the cutbacks will be materially smaller and the impact on overall growth will be tiny, since the energy share of the economy is now near its all-time lows. At the same time, capital investment in the manufacturing sector hit a record high in 2015 and now exceeds energy capital investment for the first time since 1970.

A data-dependent Fed would hike in March

Improved growth and an inflation rate that's approaching 2% put the Federal Reserve on the hot seat. If the Fed's rate-setting committee looked only at economic data, it would raise official rates in March. If it fails to raise rates, its policymakers may have to play catch-up later.

Europe Outlook

Survey data point to slower growth

Survey data eased further in February, with the composite purchasing managers' index for manufacturing and services slipping to 53.0, from 53.6 in January. Although this is the weakest reading in more than a year, it is still consistent with the economy growing at a modest pace of about 0.3% a quarter. In our view, the recent softening in growth is primarily related to external weakness. The good news is that this has not so far had an adverse impact on domestic demand. Indeed, consumer indicators for January have been very strong, with retail sales up 0.8%, compared with the fourth-quarter average, and car registrations a whopping 5.6% (non-annualized) higher.

Inflation turns negative again

Headline inflation was weaker than expected, at -0.2% in February, down from +0.3% in January. This was partly due to energy prices, which fell by 2.7% in February but rose 1.6% from a year ago. However, core inflation was soft, falling from 1.0% to 0.7%, the lowest reading in almost a year. Although core inflation can be quite volatile on a monthly basis, it is very clear that the gentle uptrend that seemed to be in place during the second half of last year has now ground to a halt. Moreover, with the recovery losing momentum, hopes for a pickup in core inflation over the coming months are fading fast.

ECB set for more monetary easing

If there was ever any doubt that the ECB would ease monetary policy at its March council meeting, the February data, coupled with a sharp decline in market-based measures of inflation expectations, have removed it. The only question is how aggressive it is likely to be and whether the ECB's actions will, as in December, disappoint markets. In our view, two factors make this less likely. First, recent developments will make it more difficult for the hawks to prevent the more radical action that many Governing Council members already wanted to take in December. Second, market expectations of what the ECB can deliver seem more contained.

Incremental approach

Gauging exactly what the ECB is likely to do at the March meeting is difficult. Despite rising concerns about the efficacy of negative interest rates, a reduction in the deposit rate (currently minus 30 basis points) looks almost certain; the only question is, By how much? Most observers expect a 10-basis-point cut, but a larger reduction is possible, particularly if the ECB also introduces measures to limit the quantity of reserves that the new rate would apply to (to reduce the impact on bank profitability).

In addition, there's a good chance that the ECB will expand the monthly pace of its asset purchases by €10 billion to €20 billion (from €60 billion at present) and expand the range of assets it can buy. One thing is clear: whatever the ECB does is likely to be a modification of its existing policy tools—in other words, an incremental approach rather than a radical game changer.

Japan Outlook

Debate about negative rates continues

It's been just over a month since the BoJ decided to follow a number of European central banks down the negative interest-rate policy (NIRP) path. After that decision, market analysts scrambled to predict how much further into negative territory the BoJ would push rates. They also debated whether such a move would come with further quantitative measures, such as additional JGB and/or equity ETF purchases. But the flurry of predictions has slowed, and some analysts have now had second thoughts, saying that the next round of QE may not begin before July.

The macroeconomic data don't seem to be driving that reassessment. Reports have been mixed but are generally biased to the downside. Citi's Japan data surprise index, for example, has slipped back into negative territory after recording consistent upside surprises through the second half of 2015. So while the labor market has continued to tighten, the household spending numbers have been soft, and, as in other economies, the PMIs weakened a bit in February. In addition, core inflation looks to have topped out—even the BoJ's new preferred measure—while surveyed inflation expectations have started to edge lower. To complete the picture, it appears that the wage bargains struck in this year's shunto negotiations will fall short of the outcomes achieved in the last two rounds. To be clear, none of this portends disaster. It just suggests that the economy keeps falling a bit short of expectations.

We think that analysts' sudden optimism reflects the recent stability in the yen and the Nikkei. Pushback from financial institutions may be playing a role, too, as is the almost uniform skepticism about whether NIRP will work. Given the initial market reaction to the BoJ's move on interest rates, it makes sense for policymakers to pause at this point.

Even so, it's clear that the BoJ (like the ECB) thinks that it can push the negative-rates story a little further and wants to convince markets that this policy can be successful. Market skepticism or not, a number of central banks seem set to wander a little further down this path. But we suspect that the BoJ is not going to lead this parade. Rather, it will likely watch the ECB closely to see what it does next. With a negative 30-basis-point IOER more or less priced in, we think that those observers expecting action this month may be disappointed. If stability in the yen and the Nikkei persists, there's a good chance that the BoJ will do nothing at its March meeting.

Australasia Outlook

Better than expected GDP in 4Q—is optimism misplaced?

Markets breathed a sigh of relief upon seeing better-than-expected Australian 4Q GDP data. The numbers suggested that Australia's economic shift away from overreliance on mining is proceeding apace. Among a broad group of OECD economies, Australia's 4Q growth of 3% year over year is near the top of the table.

Scratch the surface, however, and the story isn't so great. The headline GDP figures don't say that much about the condition of the economy or the impact that the commodity boom and bust has had on national income. It's better to focus on measures like "net national disposable income per capita," which amounts to GDP adjusted for changes in the terms of trade and population growth. This continues to move backward, recording a decline of 0.4% in the quarter (down 2.4% year over year). Now that the commodity boom has gone bust, conditions are very different from the ones that prevailed during the long expansion of the 1990s and 2000s.

A closer look at what drove GDP growth over the year provides hints about its sustainability. Not surprisingly, net exports made a healthy contribution to growth as the resources sector continues to transition from the construction to the production phase of its expansion (and as the need for imported capital goods declines). That's going to continue. The other big contributors were public spending and inventories. Both are volatile, and neither is likely to repeat its 4Q gains.

Private sector demand, meanwhile, barely moved the needle. It was almost flat over the year (+0.3%), the weakest reading since the global financial crisis. Business capital spending continues to be a huge drag as the mining boom unwinds. Household spending, via the housing construction upswing and surprisingly strong consumption, has been just strong enough to provide an offset. The recent capex survey suggests that business investment will continue to slide, with another 30%-plus decline in the mining sector in 2017.

The household spending picture is on the cusp of shifting, however. Construction activity will top out shortly. And consumption spending has held up, despite record-low wage growth, thanks to a large decline in the savings rate. That also seems unsustainable. As an aside, that decline in saving at the household level is reflected at the national level, too. The large increase in the current account deficit, to 5% of GDP, tells the tale.

The bottom line: Much of the "good news" from 2015, such as employment growth data, is set to unwind over the first half of this year. Prepare for relief to change to disappointment.

Canada Outlook

4Q growth soft

GDP expanded at an annualized rate of 0.8% in the fourth quarter, beating consensus estimates of no growth during the period. This modest gain brings full-year 2015 growth down to 1.2%.

However, there's more here than meets the eye. Imports plunged 8.9%, reflecting weakness in key investment sectors and a dramatic change in the exchange rate. That helped trigger a large positive swing in net exports. At the same time, business investment plunged 12.4% in the quarter, highlighting the ongoing weakness in the energy sector and its attempts to adjust to lower oil prices.

Growth not likely to pick up in 2016

Following the significant decline in nonresident structures during 2015, we expect only modest declines in investment this year. Even if domestic demand remains soft, as we expect, an increase in net exports in the coming months is likely, driven by improving terms of trade and the strength of the US economy. In 2016, we are forecasting a 1.5% increase in GDP growth.

BoC likely to stand pat on interest rates

Here's the biggest question for Canada in the short run: How will the Bank of Canada (BoC) respond to the combination of weak economic growth, stronger oil prices and the Canadian dollar appreciation? While there have been improvements in select sectors, we think that soft consumer demand and declining imports will put pressure on the BoC to maintain the status quo and keep the policy rate at its current level of 0.50%.

Emerging-Market Outlook

Latin America: Emerging-market (EM) assets enjoyed a modest relief rally over the past month, along with the rebound in commodity prices. Many market participants interpreted this to mean that the downturn had finally hit bottom.

Argentina: nearing a full agreement with holdouts

US Second Circuit Court Judge Thomas Griesa reintroduced the stay order that allows Argentina to make payments on its restructured debt, which had been lifted in June 2014. The decision is contingent on the abolition of Argentina's so-called lock law and sovereign payments law that prevent the government from offering better terms to holdouts than it did in the 2005 and 2010 debt exchanges. These laws also prevent the government from making full payment to those creditors who accepted the terms of old proposals. Griesa's ruling provided an incentive for even the most belligerent holdouts to settle—and settle they did. So far, Argentina has settled with 85% of all holdouts (creditors with some US$800 million of face-value claims have yet to settle). Congress is expected to approve the necessary legislation for the settlement before the end of March. Argentina will issue new bonds and use the proceeds to pay down the holdouts' claims, estimated at about US$15 billion. Given the magnitude of the new issuance, the government will need to secure demand from dedicated EM investors, so the securities will be issued largely under New York and UK law. Once the settlement is complete, Argentina is likely to carry a single-B credit rating.

Brazil: recession deepens, central bank on hold

GDP contracted by 1.4% quarter over quarter and 5.9% year over year in 4Q, resulting in a 3.9% drop in economic activity on the year. Private consumption fell 4% for the full year, which largely explains President Dilma Rousseff's plummeting popularity rating. Government spending declined 0.7%, and investment suffered the brunt of the contraction, shrinking by 14.1%. The adjustment of the external accounts was massive, with exports increasing by 6.1% and imports contracting by 14.3%. These activity numbers imply a large negative carryover effect into 2016 of at least 200 basis points. In addition, the ongoing deterioration in labor-market conditions suggests that consumption will suffer further in 2016. Finally, low business confidence stemming from political uncertainty and substantial relative price volatility doesn't bode well for a rebound in investment. The likely result: GDP should contract by at least 3% this year. Meanwhile, the central bank's rate-setting committee left the Selic rate unchanged, at 14.25% in March, in line with expectations. Two of the eight board members voted again for a 50-basis-point hike, suggesting that the central bank is in no hurry to relax its monetary policy stance. We expect no changes to the Selic at least until the second half of 2016.

Mexico: a welcome policy surprise

Last month, Banco de México (Banxico) unexpectedly raised its target rate by 50 basis points, to 3.75%. It was the first between-meetings rate hike for the central bank. Policymakers said that global financial-market volatility had increased and that the external environment facing the Mexican economy had deteriorated. The recent weakness in oil prices has hit the fiscal bottom line and the current account, weakening the currency and increasing the risk that inflation expectations would become unhinged. The rate hike "does not launch a monetary contraction cycle" but rather goes toward "strengthening the economic fundamentals of the country," the central bank said. Meanwhile, the exchange commission suspended the rule-based mechanisms to sell dollars every time the currency depreciates by 2% overnight. Instead, the commission indicated that it will sell dollars on a discretionary basis every time exceptional conditions prevail in the currency market. Those discretionary sales began even before the official announcement was made. In addition, the Finance Ministry announced cuts in spending for fiscal year 2016 for MXN132 billion

(0.7% of GDP). The federal government would cut some MXN32 billion of spending, while PEMEX, the state oil company, would see its budget cut by MXN100 billion. The reduction in federal government spending is concentrated in current spending and does not affect security or social development. The decisive joint monetary and fiscal response is yet another sign that Mexico's policymaking is among the strongest in the developing world.

Regional trade picture troubling

Asia ex Japan: The latest trade-related data show that manufacturing is still weakening. PMI indices for key regional exporters Korea and Taiwan gave up the gains amassed at the end of 4Q and started to contract again. In fact, the actual value of export orders, total exports and industrial production continued to weaken in recent months. The deterioration has been broad, stretching across product groups such as electronics and other manufactured goods and across markets (both intra-Asian demand and demand from the US and Europe declined).

Japan's negative rates could speed up monetary easing in Asia

The BoJ's negative interest-rate policy may prompt Asian central banks to accelerate monetary easing cycles. Real rates in most Asian economies remain high, and we think that monetary policy is too tight, given the current economic slowdown. Indonesia remains the most appealing market for local bonds, given high nominal and real yields. Korea has thus far been reluctant to deliver further rate cuts, but the BoJ action makes it more likely that policymakers will ease sooner than the market expects. We also expect China, Taiwan and Thailand to cut interest rates further

Massive credit growth in China

In China, liquidity growth was massive in January. This takes into account the People's Bank of China's (PBOC) liquidity injections over recent months. Total social financing (TSF) flow reached a record high in January, boosted by the huge 73% year-over-year jump in RMB loans. Such hefty credit growth is unusual. We think that Chinese corporates may have switched from USD financing to RMB financing in fear of a protracted RMB devaluation.

Following the release of robust monetary aggregate growth data, the PBOC announced a 50-basis-point cut in the reserve requirement ratio (RRR). The timing of the cut was a surprise and created confusion about the monetary tools that the central bank is willing to use. The PBOC has previously said that it prefers large short-term liquidity injections over an RRR cut, as the latter could add to the downward pressure on the RMB.

The PBOC's surprise move may suggest that the central bank is content with the recent run of RMB stability (and a stable basket) and can stomach higher currency volatility for now, or even some weakening of the Chinese currency right after the G20 meeting. We see the need to structurally reduce the RRR level in the medium term to help replenish domestic liquidity as capital outflow persists. The re-leveraging risk appears to be a secondary concern, at best, for the PBOC.

Uncertainties linger over India's budget

Also in focus: India's FY2017 Union Budget, which included the government's long-awaited fiscal consolidation intentions. Execution remains unclear, though, because we think that the underlying expenditure and revenue assumptions are too optimistic. The overall budgetary plan depends too much on asset sales and off-budget funding, which look overly optimistic to us. We are also disappointed that the plans don't include state subsidy rationalization or an increase in public bank recapitalization.

Fiscal expansion boosts growth in some CEE states

Emerging Europe, Middle East and Africa: We expect overall Central & Eastern European (CEE) growth to remain robust in 2016. But we're likely to see a minor slowdown in the first half, given the recent lull in euro-area activity data. Real GDP data for 4Q mostly beat expectations throughout the region but have probably peaked for now. In seasonally adjusted terms, Polish real growth increased by 1.1% quarter over quarter (3.9% year over year). Hungary's 4Q real GDP grew by 1.0% quarter over quarter (3.2% year over year). In Romania, real activity rose by 1.1% quarter over quarter (3.7% year over year). Going forward, Poland's and Romania's economies will likely remain most insulated from potential external headwinds because both economies will benefit from an increase in domestic government spending. Especially in Romania, the fiscal deficit is expected to almost double, to just below 3% of GDP in 2016, from 1.8% in 2015.

South Africa struggles, faces possible downgrade

In South Africa, real growth expanded by just 0.1% quarter over quarter in 4Q, which was mostly in line with expectations but underlined the country's weak growth dynamics. Growth has been constrained by the worst drought in 100 years, a rise in domestic borrowing costs and weak commodity prices. Economic activity will bear close watching over the course of 2016 and 2017 because it will remain a key determinant of the government's ability to reduce the fiscal burden. The National Treasury (NT) pointed out in its 2016 budget that it is trying to regain fiscal credibility, and the measures and deficit numbers presented will likely allow South Africa to maintain its investment grade for now. That said, a weak domestic growth outlook still poses a significant challenge, something that S&P highlighted after the budget presentation. This means that the country remains vulnerable over the next 12 months to a downgrade that would strip it of its investment-grade rating.

Kazakhstan hangs on to investment-grade rating

S&P downgraded Kazakhstan's long-term foreign currency credit rating in February by one notch, to BBB-, the lowest rung on the investment-grade ladder, and applied a "negative" outlook. A marked decline in the country's current account receipts (CAR) and an attendant increase in net external liabilities as a percent of CAR triggered the decision. We believe that Kazakhstan is likely to remain investment-grade in 2016, with oil prices and policymakers' ability to control inflation and maintain banking sector stability the main risks to watch. While supporting fiscal revenues, S&P stressed that recent currency depreciation and the associated spike in inflation will present policy risks for Kazakhstan's central bank, given a weak monetary policy transmission mechanism. Yet Kazakh authorities have already started to address these problems, and we think that they'll be able to deal with these challenges. That should dissuade S&P from downgrading Kazakhstan to junk status in 2016.

Nigerian growth will suffer without currency devaluation

Frontier Markets: Nigeria, Africa's largest oil producer and economy, should be benefiting from oil prices' recent upward drift. Instead, it continues to struggle. The reason: unorthodox foreign exchange sourcing restrictions that are constraining growth and pushing black-market dollar rates to almost twice the official level. The Buhari administration is not convinced that devaluation is in the country's best interest, even though its defeat of the long-entrenched PDP should give it the political cover to carry it out. The reason is likely twofold. First, the government's attempt to stamp out corruption and dollarization involves draining dollar inventories. Second, the immediate benefit that a devaluation would have on the economy is indeterminate, since Nigeria has significant food and fuel import needs. Even so, the likely result of fixing an overvalued exchange rate and using increasingly onerous regulations to stem the outflow of foreign exchange reserves will be a decrease in output. We have already started to see this in PMI data, which show almost all subsectors reporting contraction. Unless there's a sharp recovery in the oil price, we think that the government will, at some point, have to devalue the currency. We suspect that this will happen when the Buhari administration can no longer stand to see growth continue to slow and unemployment creep higher.

AB Global Economic Forecast

March-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	2.3	2.8	2.5	2.6	1.7	2.3	1.6	2.0	2.04	2.11	3.11	3.03
(PPP Weighted)	(2.8)	(3.3)	(3.0)	(3)	(2.3)	(3.0)	(2.2)	(2.5)				
Industrial Countries	1.6	2.2	1.8	1.9	0.4	1.6	0.2	1.1	0.31	0.62	1.50	1.54
Emerging Countries	3.4	3.8	3.7	3.6	4.0	3.5	3.9	3.6	4.90	4.72	5.92	5.67
United States	1.9	3.1	2.4	2.7	0.4	2.5	0.1	1.9	0.38	1.25	2.27	2.60
Canada	0.5	1.7	1.2	1.5	1.3	2.5	1.1	2.1	0.50	0.77	1.39	2.20
Europe	1.6	1.5	1.7	1.4	0.2	0.8	0.1	0.4	0.13	0.12	0.94	0.75
Euro Area	1.5	1.3	1.5	1.3	0.2	0.6	0.0	0.2	0.05	0.05	0.68	0.50
United Kingdom	1.9	2.0	2.2	1.9	0.1	1.1	0.0	0.6	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	-0.45	0.97	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	0.5	2.0	0.4	1.0	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	0.0	2.0	2.00	1.50	2.88	2.40
New Zealand	1.2	1.3	2.2	1.2	0.0	1.7	0.3	1.6	2.50	2.25	3.58	3.00
Asia ex Japan	5.9	5.3	6.0	5.6	1.9	2.2	1.8	2.1	3.09	2.68	3.74	3.27
China[2]	6.8	6.0	6.9	6.3	1.5	1.8	1.4	1.6	2.45	2.00	3.00	2.50
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	1.35
India[4]	7.1	6.5	7.3	6.7	4.6	5.4	4.2	5.7	6.75	6.75	7.76	7.70
Indonesia[5]	5.0	5.0	4.8	4.9	4.8	3.1	6.4	3.3	7.50	6.25	8.60	7.30
Korea[6]	3.0	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	2.20
Latin America[8]	-1.7	0.2	-0.7	-0.5	7.3	5.8	6.5	6.2	9.26	9.64	11.72	11.82
Argentina	1.0	1.3	1.5	1.2	20.0	23.0	21.0	30.0				
Brazil	-5.9	-2.0	-3.8	-3.5	10.9	8.0	9.3	8.6	14.25	14.25	16.46	16.25
Chile	2.5	2.9	2.3	2.7	4.1	3.2	4.3	3.7	3.50	4.00	4.60	5.00
Colombia	2.9	2.9	3.0	2.8	6.4	4.6	5.0	5.8	5.75	6.75	8.31	8.90
Mexico	2.5	2.5	2.5	2.4	2.3	3.2	2.7	3.0	3.25	4.00	6.22	6.60
EEMEA	-0.7	1.7	-0.4	0.7	9.4	6.9	9.8	7.4	8.03	8.07	8.56	9.17
Hungary	2.6	2.4	2.9	2.5	0.5	2.4	-0.1	1.3	1.35	1.35	3.33	3.45
Poland	3.6	3.7	3.6	3.7	-0.8	1.3	-0.9	0.4	1.50	1.50	2.95	3.15
Russia	-4.0	0.2	-3.7	-1.5	14.5	8.3	15.5	9.5	11.00	9.50	9.54	10.20
South Africa	0.3	1.2	1.3	0.8	4.9	7.0	4.5	6.6	6.25	7.25	9.74	10.00
Turkey	2.8	3.7	3.1	3.2	8.2	8.2	7.7	8.6	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.

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