Global Economic Outlook

November 2015

Contents

Overview

Global Economy—Global growth remains below average, but a turn in manufacturing activity may portend a better 2016.

United States—Strong labor market data should compel the Federal Reserve to raise interest rates in December.

Europe—Growth remains solid, but the ECB's concerns about persistently low inflation mean further monetary easing is imminent. A cut in the deposit rate is possible.

Japan—The BoJ passes (again) on an opportunity to ease policy further. Additional stimulus is likely to be of the fiscal, rather than the monetary, sort.

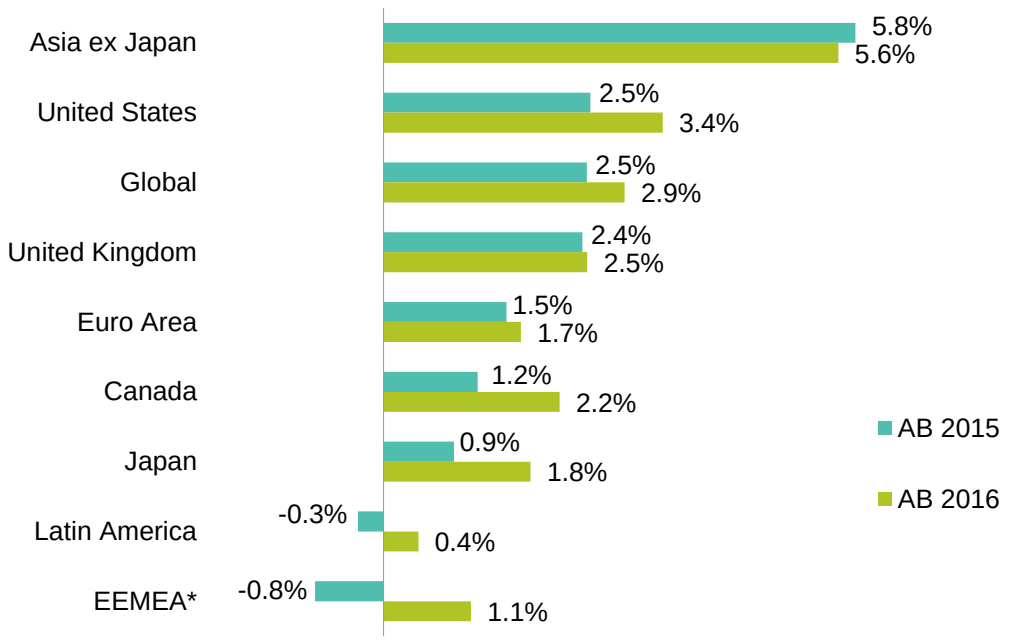
China—The return of strong housing demand raises hopes for new investment next year.

Contributors

*Guy Bruten**
*Katrina Butt**
*Joseph Carson**
Anthony Chan
*Kenneth Colangelo**
*Fernando Losada**
*Emma Matthy**
*Markus Schneider**
Vincent Tsui
*Darren Williams**

**This contributor is not licensed by the Hong Kong SFC and does not intend to provide investment advice in Hong Kong*

AB World Economic Growth Forecasts



As of November 1, 2015; calendar-year forecasts
*Emerging Europe, Middle East and Africa
Source: AB

Global Outlook

Global growth remains slow and uneven

Our overall aggregate estimates have been edging lower since the year began, and that trend now stretches into 2016 as well. We now expect 2015 global growth of 2.5%, down from our 3.1% estimate at the start of the year. Our global growth estimate for 2016 now stands at 2.9%. Just a few months ago, we were forecasting growth of slightly more than 3%.

Significant weakness in Latin America

The markdowns are due mostly to growth deterioration in Latin America, especially Brazil. When the year began, we expected Latin America to grow by 0.8% in 2015 and 1.3% in 2016. But conditions have deteriorated signifcantly and quickly. We now see the region shrinking by 0.3% this year and growing just 0.4% in 2016. We can chalk the change in expectations up to Brazil, where the economy is expected to contract 3.1% in 2015 and 1.9% in 2016.

Good news: global manufacturing appears to be bottoming

If there's a bright spot in the global outlook, it's that the manufacturing sector looks to have hit bottom and is starting to grow somewhat more quickly, although the overall pace is still modest. The J.P. Morgan Global Manufacturing Purchasing Managers' Index (PMI) rose 0.7 points to 51.4 in October, the best reading since early in the year. The rise was led by an uptick in new orders (+0.7 points) and production (+0.9 points). Moreover, roughly two-thirds of the countries that make up the global aggregate were showing signs of growth, while the remaining third showed a modest contraction.

US economy and policies point to a stronger dollar

Such signs of improvement, along with incremental monetary accommodation in China and elsewhere, probably convinced the Federal Reserve not to highlight concerns about "global economic and financial developments" in its October policy statement.

We also think the somewhat better global backdrop and signs of strong US hiring push the US central bank closer to an interest-rate liftoff. We expect the Fed's rate-setting Federal Open Market Committee to raise official rates by 25 basis points in December while indicating that the move toward additional rate hikes will be gradual. The relative shift in monetary policy action (tightening by the Fed and more accommodation elsewhere) bodes well for continued strength in the US dollar.

US Outlook

3Q GDP growth rate masks strong final demand

Real Gross Domestic Product (GDP) rose 1.5% annualized in the third quarter, a sharp downshift from the 3.9% annualized advance recorded during the prior quarter. Although 3Q growth proved to be below our initial estimates, it did not suggest the economy had fallen into a serious and sustained slowdown. Rather, this was likely a case of the growth cycle slowing modestly now that final sales growth has slowed, causing an unintended inventory buildup.

When we dig deeper, we find that the details show continued strength in final demand. For example, total real final sales rose 3% annualized, led by a 6.1% annualized gain in residential investment, a 5.3% annualized gain in business investment for equipment and software, and a 3.2% gain in real consumer spending.

The strong gains in final demand were offset by a slowdown in the pace of inventory investment, which ran during the quarter at an annualized rate of $57 billion. That's roughly half the pace of the prior quarter, and it subtracted nearly 1.5 percentage points off the headline GDP growth rate. The slowdown in inventory investment

occurred in all three business segments but was most pronounced in the manufacturing sector.

Growth cycles are not linear

It is important to keep in mind that GDP growth cycles are never linear. There are always periods of fast growth and slow growth. These patterns have been a common feature of growth cycles throughout the postwar period and will continue to be so in the future. It's the underlying trend that is most important, not the noise around the trend.

The October employment report confirmed our view that the growth cycle remains secure. US payrolls rose 271,000 last month, the largest monthly gain of the year. The job gains were broad based, with almost 62% of all industries adding to payrolls.

Strong employment data point to continued growth

The strongest job gains were seen in private service industries (+241,000), a result that's consistent with the Institute for Supply Management's nonmanufacturing survey. Relatively large gains occurred in retail trade (+44,000), professional and business services (+78,000), and education and healthcare (+57,000). The construction industry added 31,000. Manufacturing employment was unchanged.

Average hourly earnings rose 0.4%, lifting the year-over-year gain to 2.5% (the largest annual gain in the current economic cycle). The rise in wages is consistent with evidence of an ever-tightening labor market. The civilian unemployment rate fell 0.1% to 5%, the lowest rate since 2008. Household employment rose 320,000.

FOMC lift-off set for December

To sum up, October employment was strong on all sides and painted a bright picture of the US economy. The FOMC has no more excuses for delaying a gradual normalization of official rates.

Europe Outlook

Solid survey data

Despite rising headwinds from abroad, the euro-area economy has performed well in recent months. This is evident in key survey data. In October, the composite PMI for manufacturing and services rose to 53.9 from 53.6 in September. That's within the surprisingly narrow range (53.3 to 54.3) that's been in place since February, and is consistent with GDP growth of about 0.4% a quarter. At the same time, the European Commission's broad-based economic-sentiment indicator rose from 105.6 in September to 105.9 in October, the highest reading since June 2011—when the European Central Bank (ECB) last raised interest rates.

Strong consumption

Hard data have been more mixed. Consumer-facing indicators have been strong, with retail sales (+0.6%) and car registrations (+2.5%) both posting solid gains in the third quarter. But industrial output has been more muted, registering a gain of just 0.1% during the quarter (based on preliminary country data for September). This highlights a key point: the recovery is being driven by consumption. At present, consumer spending in the euro area is benefiting from faster (nominal) income growth, supportive money and credit conditions, easier fiscal policy and the temporary boon from lower oil prices.

Emerging headwinds

At the same time, there are signs that weak emerging-market growth is weighing on the economy. This is particularly apparent in Germany, where exports to emerging-market countries account for over 10% of GDP. In the third quarter, German factory orders from countries outside the euro area fell by a massive 8.5%, to stand 6.6% below year-ago levels. This is by far the worst performance since 2009, at the height of the global financial crisis. Although strong domestic demand growth is helping Germany and the rest of the euro area cope with weak emerging-market demand, it's

hard to see an acceleration in the overall pace of economic growth without greater help from abroad.

More easing imminent…

Although key survey data are close to levels usually seen with interest-rate hikes rather than cuts, the ECB has indicated that it intends to ease policy again in the near future (probably at its December meeting). With inflation having been well below target in recent years, the ECB is clearly worried that its monetary stance is not yet loose enough to ensure that inflation returns to target within a reasonable time frame. And with the possiblity that this could lead to a hard-to-reverse unanchoring of inflation expectations, the bank looks set to act.

…but what form will it take?

Assuming that the ECB does ease policy at its December meeting, what form is this likely to take? The least controversial way would be for the Governing Council to explicitly extend the September 2016 time horizon for its bond purchase program—perhaps until the middle of 2017, or longer. At last month's press conference, though, President Mario Draghi stressed that all options are open, so we should not rule out the possibility that the ECB might also decide to increase the pace of monthly purchases (from €60 billion per month). Moreover, a cut in the deposit rate now also seems to be under consideration.

Deposit rate back in play

The latter would be something of a volte-face by the ECB, which said that the deposit rate had reached its lower bound when it was cut to –20 basis points in September 2014. Since then, though, two things have changed. First, the ECB has seen central banks in other European countries (Denmark, Sweden and Switzerland) push policy rates even further into negative territory without any (apparent) ill effects. Second, the outlook for price stability has deteriorated over the past year. At the October press conference, Draghi made it very clear that if the Governing Council now believes that it needs to cut the deposit rate in order to comply with its mandate, then that is what it will do regardless of anything it might have said in the past. In our view, this is something investors need to keep in mind when they consider just how "unconventional" ECB policies could become if inflation fails to return to target.

Japan Outlook

The main points of debate about the Japanese outlook have not changed much.

Risks have increased but core view largely unchanged

On the growth front, the drag from slower global trade volume growth persists, despite the depreciation of the yen. Export volumes and industrial production are flat to slightly higher, outperforming the rest of Asia slightly. But the weakness in economic activity in China and the rest of Asia is holding the economy back.

On the other hand, domestic dynamics are more positive. The services components of most of the monthly business surveys are holding up relatively well. The upward trend in wage growth has helped, as have a tight labor market, solid company profits, and strength in nontraditional exports (especially tourism).

The tension between positive and negative factors is evident in the inflation debate, too. Lower energy prices are making it even harder for the Bank of Japan (BoJ) to hit its 2% inflation target. But the focus is moving to the CPI ex fresh food & energy, which continues to accelerate. The BoJ still seems convinced that behavioral changes are evident in price- and wage-setting behavior and will underpin the improvement in inflation momentum.

The BoJ had two opportunities in October to adjust monetary policy. It passed on both occasions, consistent with Governor Kuroda's expressions of confidence in the outlook. It still seems to us that the appetite for further easing is low. Any policy stimulus over the coming months is likely to be fiscal, via a supplementary budget, rather than monetary.

Australasia Outlook

Focus of downside risks in Australia swings to housing

In Australia, the focus is starting to shift away from the commodity bust, which will continue to be a drag, to the housing sector outlook. To date, housing construction and price increases have helped to cushion the impact of the mining downturn—a clear illustration of the monetary policy transmission mechanism in action. But there are plenty of signs that housing is close to a peak, and in 2016, the sector will move from being growth-positive to growth-negative.

Some of that turnaround reflects supply-demand dynamics. After several years of housing starts running below underlying demand, construction in 2015 and 2016 looks set to be well above it. Tentative indications of oversupply, such as in the rental market, are starting to emerge. But prudential policies are reinforcing the impact by tightening both the price and availability of credit, particularly for investors. Given the exposure of the banking system to residential property, this is clearly one of the key areas to watch in the months to come.

RBNZ still likely to ease further

In New Zealand, some of the downside risks to the economy have faded. The partial recovery in dairy prices in recent weeks and a range of upbeat data have helped. That said, inflation is still low, and the Reserve Bank of New Zealand (RBNZ) still appears likely to cut rates again—probably in December.

Canada Outlook

Some fundamental problems remain…

Recent economic data suggest real GDP rebounded to a range of 2.25% to 2.5%, close to what we had expected. The rebound was centered in the mining and manufacturing sectors, both of which had a weak first half. However, we don't think the rebound is sustainable. Consumer debt remains high, the labor market weak and the manufacturing sector uncompetitive as a result of low commodity prices.

Canada's employment trends still paint a picture of a sluggish economy. For example, the October Labor Force Survey (LFS) showed that the jobless rate fell to 7% and household employment rose by 44,000. But part-time jobs represented nearly 80% of the gain, and job losses persisted in the goods-producing sector.

…and employment reports send mixed signals

Meanwhile, the latest report on employment conditions from the August establishment survey showed broad weakness. For example, the August report showed a 59,000 decline in jobs (the largest monthly decline since 2009). And the decline in payroll employment was broad. The report highlights the difficult industry adjustments underway in Canada and points to a sustained period of subpar growth.

Even so, we think the bounce in third-quarter GDP should be enough to keep the Bank of Canada (BoC) on hold when it comes to interest rates. Also, policymakers may want a look at the new government's 2016 spending plans before making a decision on the next rate move. Nonetheless, we expect the currency to trade near C$1.35 per US dollar over the next several months.

Emerging-Market Outlook

Latin America: Commodity prices stabilized in October, leaving investors with time to focus on political developments across emerging markets.

Argentina: Winds of change

In Argentina, Daniel Scioli, the governor of Buenos Aires and President Cristina Kirchner's hand-picked successor, finished less than three points ahead of Buenos Aires City Mayor Mauricio Macri in the October 25 presidential election. The surprisingly close finish sets up Argentina's first-ever presidential runoff on November 22, and Macri—the market's preferred candidate—appears to have the momentum. Before the first round, most polls showed Scioli with a comfortable 10-point lead over Macri and with a realistic chance of winning it all last month. Surveys for the second round are now showing Macri ahead of Scioli by about 10 points, as the majority of votes that didn't go to either of the two top finishers in the first round are veering toward Macri.

Scioli has launched an aggressive campaign against Macri, warning that a victory by the opposition would compromise social policies and benefit the rich. Scioli had refused to participate in two presidential debates before the first round, claiming that "the front-runner doesn't need to debate." But he has since changed course and challenged Macri to a debate before the second round—an admission, perhaps, that he is no longer the front-runner.

Independent legislator Sergio Massa, who finished third in round one, said that "the popular vote was for change," an implicit message to Scioli, whose campaign motto was "continuity."

With two weeks to go until the runoff, it's still tough to predict who will win. Macri is the slight favorite and clearly has a chance to win. That's been supportive of Argentine asset prices. If Macri does win, he is expected to act fast on currency deregulation, reform of the official statistical bureau, and negotiation with foreign creditors.

Meanwhile, the central bank has announced several measures to shore up reserves. Currency exposure of mutual funds and insurance companies was capped as a way to force these funds to sell dollars. Also, the allocation of dollars to private companies for imports was reduced and the rate on central bank Lebac securities was increased by 300 basis points. As of the end of October, gross central bank reserves were at US$27 billion, a drop of more than US$6 billion after the government paid off some outstanding bonds early last month.

Brazil: Fiscal challenges don't abate

In Brazil, September's primary fiscal result at the consolidated public sector level showed a deficit of BRL26 billion (0.45% of GDP) over 12 months. The figure represented a drop from the 0.77% of GDP observed during August. The nominal fiscal result, in turn, was a deficit of 9.3% of GDP.

While the lower primary deficit figure as a portion of GDP is welcome, it still suggests that the gross public debt/GDP ratio is deteriorating. Given the lack of progress with the fiscal adjustment plan in Congress and the negative impact of the economic contraction on revenues, it is likely that the debt ratios will worsen further in the months to come. If so, chances are good that Brazil could be hit with more sovereign rating downgrades next year. That could mean changes in the economic team.

Along those lines, the government submitted a revised 2015 primary fiscal projection to Congress, with a primary deficit of 0.8% of GDP. This could increase if there's a settlement to the dispute about last year's transfers from the Treasury to different pubilc entitites that were designed to mask a larger fiscal imbalance. These transfers are one reason that President Dilma Rousseff has faced calls for her impeachment.

Meanwhile, Brazil's central bank kept the Selic rate at 14.25%, as expected. It also changed the language of the press release, indicating that it expects inflation to converge toward the official target "in the relevant monetary policy horizon." Until last month, the central bank was projecting inflation convergence by the end of 2016. But the new language suggests that the horizon has been extended to roughly the third quarter of 2017.

The press release also reiterated that the central bank's monetary policy commission will hold rates steady "for a long enough period" until inflation converges to target. That sentence suggests that the authorities still prefer to maintain rates at current levels for longer rather than hiking the Selic rate further, given the precarious state of the real economy. The Copom, however, reserved the right to increase rates again should inflation expectations become unanchored. The committee said it would "remain vigilant" on this point. This was an attempt to reiterate that the monetary policy anchor is still in place and should be enough to offset slippage of the fiscal policy anchor.

Colombia: Bazooka time

In Colombia, Banco de la República (BANREP) increased its target interest rate by 50 basis points to 5.25%, while the market had expected a 25-basis-point hike. The move was rooted in the bank's perception that inflation expectations were becoming unanchored. A more constructive view of near-term economic activity also contributed.

Headline inflation is now running at 5.35% year over year, 135 basis points above the ceiling of the target range. All expectation measures are higher than the upper bound of the range, too. Meanwhile, BANREP revised its 2015 GDP growth projection to 3% from 2.8%.

In addition to the hike, BANREP launched a US$500 million put-option intervention facility that will be triggered every time the currency weakens by 7% relative to its 20-day moving average. The new facility is sizable, but the strike price does not appear to be extremely binding, which suggests that the announcement is more a signaling mechanism than an actual policy tool that officials will use often. Activity is not decelerating as expected, so chances are good that inflationary pressures will not abate in the near term. BANREP's decision, however, was not unanimous, which suggests that policymakers may pause the hiking cycle to let the market digest the impact of the larger-than-anticipated hike.

Growth outlook remains challenging…

Asia ex Japan: The outlook remains challenging, with sluggish exports and weak domestic demand across Asia. We still expect policy easing and interest-rate cuts in most Asian countries in the coming year, even if the Fed begins a tightening campaign as expected. That should push Asian currencies down against the US dollar. But if global investors' appetite for risk and sentiment about emerging markets improve, stronger inflows are possible. That may put a floor under Asian currencies.

…but upside potential still exists

We've still got a conservative view when it comes to 2016 growth prospects for the region. But there may be a few sources of support. First, continued policy easing should cushion the domestic economies next year (and possibly prevent further slippage). Second, if China can resume housing investment and Indonesian and

Indian infrastructure investment gathers steam, Asia's domestic demand may fare better than many observers now expect it to.

China's housing investment may improve

A recent rebound in Chinese housing sales and prices (mainly in the major cities) and a healthy inventory drawdown point to resumed new housing investment in the second half of 2016. The fact that developers are not rushing to start new projects also bodes well for such an outcome.

However, investment may vary widely from city to city and province to province. Many small provinces still have years of inventory to clear. So the overall housing recovery won't be as powerful or excessive as in the past.

Signs of better infrastructure spending in India and Indonesia

India's stalled investment projects have shown renewed signs of life lately. And recent economic data seem to suggest that the investment cycle will continue into next year, though it probably won't meet investors' high expectations. Indonesia's fiscal trend has definitely shown that increased effort by the Jokowi administration is starting to pay off. Capital spending has climbed sharply since August and was up 26% year over year in October. The money saved from cutting the fuel subsidy is starting to be reallocated for productive use in infrastructure and other public works. Equally important, investor confidence in the new government may have improved.

Real activity to improve in 2016, but regional growth and monetary policy divergences to persist

Emerging Europe, Middle East and Africa: Aggregate real growth in the region is likely to improve heading into 2016, thanks to robust activity in Central and Eastern Europe (CEE) and Russia's exit from a deep recession. Subdued oil prices and ongoing ECB policy support will enable CEE economies to maintain an accommodative monetary policy stance, which will support domestic activity in the region. The impact of the Volkswagen scandal will continue to linger on the horizon, but so far, negative growth implications have been limited for CEE countries.

In Russia, the economy will struggle to generate positive growth if energy prices don't rebound in 2016. Yet the worst of the adjustment process has run its course. Domestic interest-rate cuts have helped to stabilize real activity—a trend that should continue in the coming quarters.

In South Africa and Turkey, real growth should face more headwinds, particularly as monetary policy gets tighter in 2016. But Turkey's recent parliamentary elections are likely to increase domestic confidence, which may support growth over the medium term.

Strong government balance sheets to smooth negative impact of lower oil prices in the Middle East

In the Middle East, a number of governments have taken key policy steps to address the negative impact of lower oil prices. While all oil exporters in the region have seen a significant decline in their oil revenues, some countries, including Saudi Arabia and Bahrain, are slightly more exposed than others, such as Kuwait or the United Arab Emirates. Saudi Arabia has set up a special office to streamline fiscal accounts and announced that it would tap international bond markets next year—a first for the kingdom.

Saudi Arabia can issue debt because it has a strong central government balance sheet and has managed well a decline in its foreign reserves. Tapping the debt markets will help offset the decrease in oil revenues. In this context, we think Saudi Arabia will remain committed to its currency peg over the coming years and will only consider devaluation as a last resort.

Polish Law and Justice Party win will lead to more spending…

On the political front, parliamentary elections in Poland and Turkey took center stage over the past month and will have important policy implications for 2016. In Poland, the opposition Law and Justice Party (PiS) fared much better than expected and won an outright majority in parliament. At least in part, the election result shows how the European migrant crisis can influence the electoral discourse and increase popular support for conservative parties in the region, such as the PiS.

In regard to policy, the PiS has a number of spending plans in the pipeline (raising child subsidies, increasing the tax-free income threshold and reducing the retirement age) that will cost around 1.5%–2.0% of GDP over the coming two years. In an effort to offset these costs, the party proposes a tax on major retail chains and the banking sector. Along with clamping down on tax evasion, this could realistically generate 0.8%–1.0% of GDP in revenue by 2017.

…but PiS expected to respect institutional framework

Against this backdrop, Poland's fiscal deficits are likely to remain elevated, and the fiscal consolidation efforts of the past few years are likely to stall. Still, the PiS is expected to remain relatively pragmatic in its spending and to keep the fiscal shortfall at around 3% of GDP. Importantly, a number of party officials have reiterated that the party does not intend to alter Poland's Stabilizing Expenditure Rule (SER) or the debt ceilings, some of Poland's key institutional checks and balances. It will be important to see if the PiS's respect for the country's institutions holds up. Any indication that the PiS wants to change these safeguards—especially the fiscal rule—would be a clear negative and could also pose a risk to Poland's credit-rating outlook.

AKP wins an outright majority in parliament; constitutional change in play

In Turkey, the ruling AKP also managed to regain a single majority in new parliamentary elections, confounding opinion polls that had consistently pointed toward a hung parliament. The AKP gathered 315 of the parliament's 550 seats—enough to form a government without coalition partners but not enough to call national referendums on constitutional changes, such as creating an executive presidency (a priority of President Erdogan's). This is likely to constrain the AKP near term. But the party only needs 331 votes to make these changes, so look for it to build consensus with other parties in pursuit of this objective.

AKP victory decreases near-term risks…

The AKP majority has removed several near-term uncertainties. First, greater political stability may help reverse the decline in business and consumer confidence. If so, this would support growth later in 2016. Second, at least over the course of 2016, fiscal accounts are likely to face fewer pressures under a single majority AKP rule than they would have done under a coalition government, or if a third election were necessary. We still need clarity on the AKP's economics team, but nomination of officials such as former Economy Minister Ali Babacan would be a positive sign for future policy direction.

…but important medium-term challenges persist

Despite more positive short-term dynamics, Turkey will continue to face important challenges going into 2016. Aside from potential constitutional changes and the urgent need to resume the Kurdish peace process, question marks over central bank independence pose an important risk.

Turkey has seen tangible improvements in its current account deficit over the past year thanks to lower oil prices and slower domestic growth. Yet the overall deficit is expected to remain high at around 4%–5% of GDP, which leaves Turkey vulnerable to an increase in external funding costs. In this context, the simple truth remains that proactive monetary policy will be a necessary anchor to ensure macroeconomic stability and to bolster investor confidence.

Growth has slowed, but country outlook varies

Frontier Markets: In its recent African regional outlook, the IMF predicts the growth rate to fall to a six-year low, with many countries running much larger fiscal and external deficits than they did prior to the financial crisis. Despite the relative slowdown in growth, the region remains one of the fastest growing in the world. With 45 countries included in the region, we have seen significant dispersion, with a few countries, such as Côte d'Ivoire, growing in excess of 7%. In places where growth has remained resilient we have seen strong public-sector-led investment. Many frontier economies are pressing ahead with closing their large infrastructure gaps by making investments in the energy and transportation sectors. Countries that have slowed have tended to be commodity exporters that have been hurt by the fall in commodity prices and still resist shifting their efforts towards diversification.

AllianceBernstein Global Economic Forecast

November-15

	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	2.5	3.1	2.5	2.9	1.9	2.5	1.7	2.4	1.97	2.25	3.10	3.33
(PPP Weighted)	(2.9)	(3.6)	(3.0)	(3.4)	(2.4)	(3.0)	(2.3)	(2.7)				
Industrial Countries	2.1	2.5	1.9	2.5	0.7	2.0	0.4	1.8	0.31	0.79	1.59	1.89
Emerging Countries	3.2	4.2	3.4	3.8	4.1	3.3	4.1	3.4	4.91	4.86	5.86	5.94
United States	2.5	3.3	2.5	3.4	1.0	2.8	0.3	2.6	0.38	1.50	2.50	2.90
Canada	0.8	2.4	1.2	2.2	1.4	2.5	1.1	2.1	0.50	0.50	1.65	2.25
Europe	1.8	1.9	1.7	1.8	0.2	1.4	0.1	1.1	0.12	0.20	0.89	1.08
Euro Area	1.6	1.8	1.5	1.7	0.2	1.4	0.0	1.1	0.05	0.05	0.65	0.85
United Kingdom	2.3	2.4	2.4	2.5	0.1	1.3	0.0	1.0	0.50	1.00	1.90	2.10
Sweden	3.1	2.7	3.2	2.8	0.2	1.8	0.0	1.4	-0.45	-0.35	0.75	0.95
Norway	1.2	1.7	1.3	1.4	2.1	2.2	2.1	2.3	0.50	0.50	1.75	1.85
Japan	2.1	1.7	0.9	1.8	0.7	1.5	0.9	1.3	0.10	0.10	0.45	0.75
Australia	2.0	1.9	2.1	1.8	1.9	2.0	1.6	2.1	2.00	2.00	2.75	3.00
New Zealand	1.5	1.3	2.1	1.5	1.0	1.7	0.5	1.6	2.50	2.50	3.35	3.50
Asia ex Japan	5.5	5.8	5.8	5.6	2.0	2.1	1.9	2.0	2.76	2.84	3.54	3.66
China[2]	6.5	6.4	6.8	6.3	1.6	1.4	1.4	1.6	2.00	2.20	2.80	3.00
Hong Kong[3]	2.2	2.8	2.4	2.3	2.1	2.1	3.0	1.9	0.75	1.25	1.50	1.80
India[4]	6.8	7.1	6.7	7.0	4.1	5.4	4.6	4.7	6.50	6.50	7.60	7.30
Indonesia[5]	4.3	5.1	4.6	4.7	6.3	3.9	6.8	3.5	7.00	6.50	7.80	7.60
Korea[6]	2.3	3.0	2.4	2.5	0.8	0.9	0.6	0.8	1.50	1.25	1.90	2.00
Thailand[7]	1.5	3.2	2.4	2.5	-0.4	2.6	-0.8	1.7	1.25	1.00	2.50	2.80
Latin America[8]	-0.6	1.3	-0.3	0.4	6.7	4.7	6.3	5.2	9.18	9.16	11.43	11.37
Argentina	1.0	1.3	1.5	1.2	20.0	25.0	21.0	28.0				
Brazil	-3.5	-0.5	-2.8	-2.0	9.8	6.0	9.1	6.9	14.25	13.50	16.00	15.50
Chile	3.0	3.8	2.5	3.4	3.9	3.0	3.6	3.4	3.25	3.75	4.55	5.00
Colombia	2.9	3.0	2.9	3.0	3.9	3.6	4.2	3.7	5.00	5.50	8.00	8.10
Mexico	2.2	3.7	2.3	3.2	2.7	3.2	2.8	3.1	3.00	4.00	6.00	6.50
EEMEA	-0.7	1.7	-0.8	1.1	9.9	6.4	10.3	6.9	8.59	8.00	8.69	8.80
Hungary	2.6	2.4	2.9	2.7	2.0	2.6	0.2	2.4	1.35	1.50	3.45	3.85
Poland	3.6	3.6	3.4	3.7	0.4	1.7	-0.7	1.4	1.50	1.50	2.65	3.20
Russia	-3.6	0.8	-3.9	-0.3	14.1	7.5	15.8	8.3	10.50	9.00	9.90	9.70
South Africa	1.4	1.8	1.4	1.5	5.4	6.0	4.7	6.2	6.25	6.75	8.80	9.05
Turkey	2.4	2.5	2.6	2.4	8.5	7.4	7.8	7.9	10.50	11.25	10.30	10.80

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: AllianceBernstein

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.