

# CONSENSUS FORECASTS®

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**Survey Date**  
**April 12, 2010**

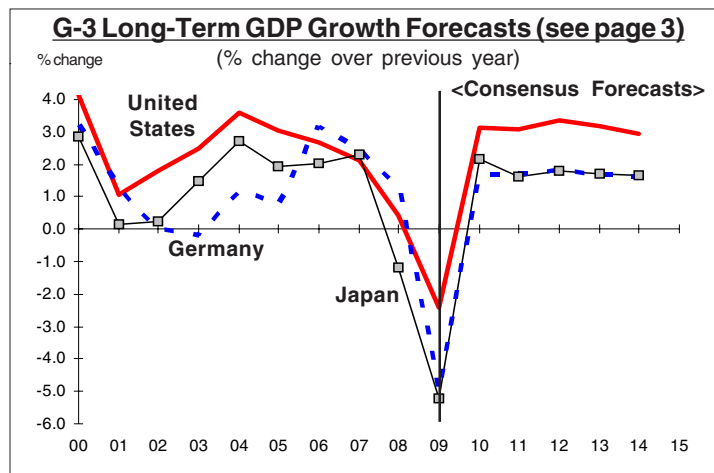
Every month, Consensus Economics surveys over 240 prominent financial and economic forecasters for their estimates of a range of variables including future growth, inflation, interest rates and exchange rates. More than 20 countries are covered and the reference data, together with analysis and polls on topical issues, is rushed to subscribers by express mail and e-mail.

## Survey Highlights

- ◆ This month's special survey is our regular compilation of **Long-Term Forecasts** (pages 2, 3, 28, and 29), with revised consensus expectations for the next 5-10 years.
- ◆ An unexpected bout of bad weather across Western Europe at the start of the year may have contributed to a slowdown in activity. Retail sales were particularly affected, with many countries posting large monthly declines in January. Nonetheless, the OECD expects most of the G-7 economies to expand in Q1 2010, with the **UK** and **Canada** setting the pace. **Germany**, however, could be the exception and initially contract before bouncing back in Q2.
- ◆ The events in **Greece** have turned the spotlight on other high-deficit countries trying to get to grips with their finances. Spending cuts are being prepared with added urgency in **Spain**, while the deficit has been pushed to the forefront of the election campaign in the **UK**. The mixed start to the year for many economies, however, makes it unclear as to whether growth across Western Europe would be strong enough to survive the necessary withdrawal of government stimulus this year.

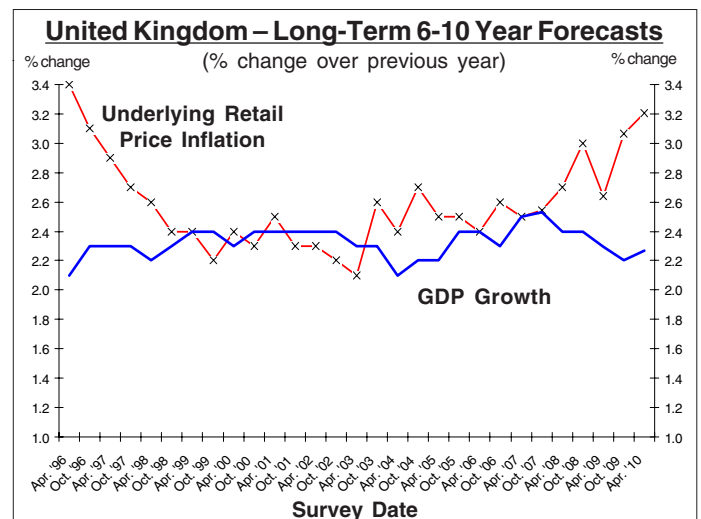
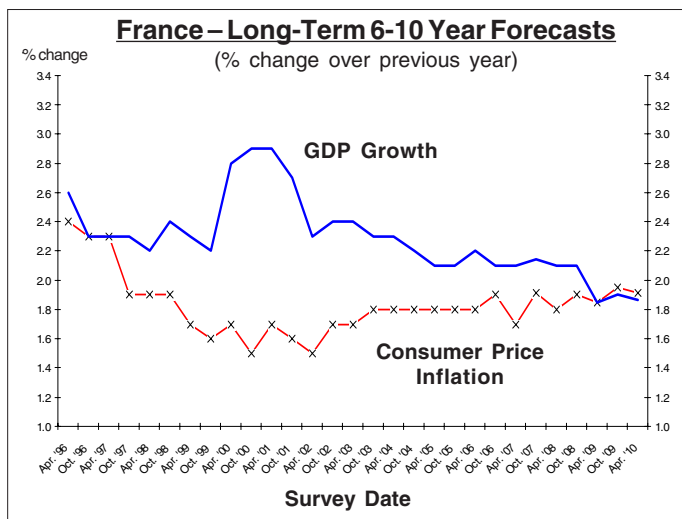
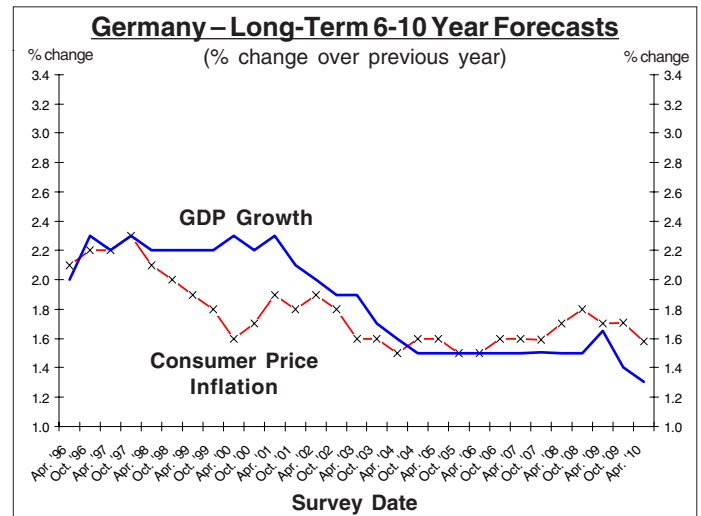
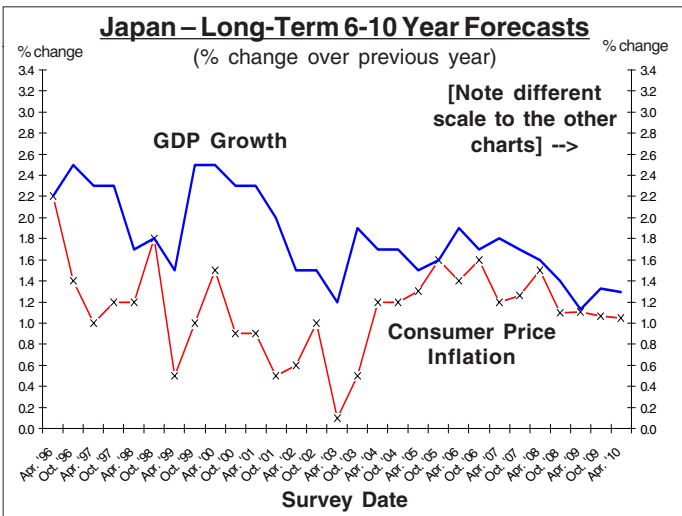
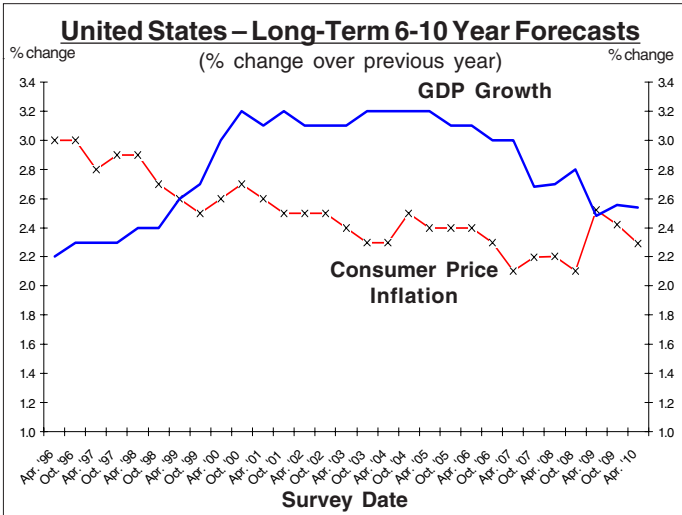
Our next issue of **Consensus Forecasts** will be available by the end of the day on **May 13** and will include forecasts for **Corporate Profits** and **10-Year Real Interest Rates**.

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This month, we explore **Significant Changes in Long-Term Forecast Trends for GDP and Inflation for the US, Japan, Germany, France and the UK**. Long-term projections for the 6-10 year aggregate period (in this case 2016-2020) are contrasted with those long-term aggregates published all the way back to April 1996. It is this rolling 6-10 year trendline average which we show in the charts below. The forecast data for **Long-Term GDP growth and Inflation for all countries surveyed** are also shown on pages 3, 28 and 29.

We collect the consensus mean forecast for each of the next five years individually and then as a trendline average for years 6-10. These 6-10-year trend averages shown in the charts are a measure of changes in potential growth and inflation expectations. This construct has two problems, however. One is that the 6-10 year horizon is a moving target shifting forward one year, each year. The other is that the number of panellists responding to our long-term surveys is always smaller and therefore less representative than the numbers responding to our one and two-year surveys on pages 4-24. As the charts illustrate, the **UK** is the only country which has seen its long-term aggregate for GDP growth tick upwards. However, this has been accompanied by a noticeable expansion in the RPIX inflation outlook, adding to the worries already troubling British policymakers, such as the massive budget deficit. **Germany** presents a downbeat view of the medium-term, reflecting unfavourable demographics and other structural challenges. As in the **UK**, the long-term inflation trend is expected to outstrip the muted GDP outlook. This has not been helped by the recent fiscal crisis engulfing Greece and other southern European countries which is also endangering the public sector's ability to cover generous pensions and welfare handouts. **US** GDP projections have stabilised, but the overall trend is still down from the productivity-fuelled expansion at the beginning of the decade.



See pages 3, 28 and 29 for data and page 30 for "Notes and Abbreviations."

In addition to their regular forecasts, country panellists were asked to provide longer-term forecasts covering the period until 2020 for growth in real GDP, consumer spending, investment and industrial production, along with consumer price inflation, current account balances and long-term bond yields. All definitions correspond to those used in the individual country pages.

United States												
* % change over previous year	Historical				Consensus Forecasts							
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016-2020 <sup>1</sup>	
Gross Domestic Product*	2.7	2.1	0.4	-2.4	3.2	3.1	3.4	3.2	3.0	2.8	2.5	
Personal Consumption*	2.9	2.7	-0.2	-0.6	2.2	2.5	2.7	2.6	2.7	2.6	2.4	
Business Investment*	7.9	6.2	1.6	-17.8	1.6	7.4	9.0	7.1	5.3	4.1	3.8	
Industrial Production*	2.3	1.5	-2.2	-9.7	4.9	4.9	4.3	3.8	3.2	2.9	2.9	
Consumer Prices*	3.2	2.9	3.8	-0.3	2.1	1.9	2.2	2.1	2.2	2.2	2.3	
Current Account Balance (USbn)	-804	-727	-706	-420	-498	-545	-557	-553	-568	-598	-624	
10 Year Treasury Bond Yield, % <sup>2</sup>	4.7	4.2	2.4	3.8	4.0 <sup>3</sup>	4.5 <sup>4</sup>	5.1	5.2	5.4	5.5	5.4	

<sup>1</sup>Signifies average for period <sup>2</sup>End period <sup>3</sup>End July 2010 <sup>4</sup>End April 2011

**Long-Term Forecasts** for the **G-7** and **Western Europe** indicate that it will take some time before some countries return to pre-crisis rates of growth after last year's traumatic recession. The **US** and **Canada** are among the exceptions, with the **US** likely to see a 3.2% rebound in GDP this year and maintain an optimum growth rate of +3.0% over the next four years. Individual sectors of the economy will take longer to extricate themselves from last year's massive drop in output, however, and this is reflected in a noticeably more modest rebound in 2010 consumption and investment. A revival in productivity on the back of the current cycle of job layoffs should support the medium-term growth trend, although the longer-term outlook has moderated. Of lingering concern is the sizeable current account deficit, which shows little sign of narrowing through to 2020. This illustrates the country's private debt burden which is, in turn, outstripped by an enormous Federal fiscal deficit. Both could take generations to pay down and will act as an additional dampener on GDP fundamentals. Meanwhile, **Canada's** resilience is reflected in

strong medium-term forecasts for spending, investment and production as well as GDP. Western European forecasts are, by contrast, muted, reflecting structural challenges such as the aging workforce and widening pensions overhang. **Spain** is expected to suffer the weakest performance of all economies surveyed over the next three years, contracting for a second consecutive year in 2010 and averaging only 1.3% growth in 2011-2012. A worryingly large fiscal shortfall and looming austerity measures are expected to rein in output further. **Italy** has already posted a quarter of growth after GDP declined by 5.1% in 2009, but the economy is not expected to hover far from the 1%-mark over the next 5-10 years. Even **Germany** and **France** are not projected to touch 2% GDP growth over the current forecast horizon. Meanwhile, **Japan** – which suffered the deepest contraction last year of all countries surveyed – is likely to see a 2.2% rebound this year although that growth rate is unlikely to be maintained over the rest of the forecast horizon.

(tables continued on pages 28-29)

Japan												
* % change over previous year	Historical				Consensus Forecasts							
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016-2020 <sup>1</sup>	
Gross Domestic Product*	2.0	2.3	-1.2	-5.2	2.2	1.6	1.8	1.9	1.0	1.5	1.3	
Private Consumption*	1.5	1.6	-0.6	-1.1	1.9	0.9	1.3	1.7	0.6	1.3	1.2	
Business Investment*	2.4	2.3	-0.1	-19.3	0.4	5.0	4.5	4.2	2.7	2.9	2.5	
Industrial Production*	4.2	2.9	-3.4	-22.3	15.3	5.0	4.0	3.0	1.1	1.5	1.9	
Consumer Prices*	0.2	0.0	1.4	-1.4	-1.1	-0.2	0.2	0.5	1.4	0.7	1.1	
Current Account Balance (¥tn)	19.8	24.8	16.4	13.3	16.6	17.6	19.3	20.0	20.6	19.8	17.9	
10 Year Treasury Bond Yield, % <sup>2</sup>	1.7	1.5	1.2	1.3	1.4 <sup>3</sup>	1.5 <sup>4</sup>	1.9	2.1	2.2	2.2	2.3	

Germany												
* % change over previous year	Historical				Consensus Forecasts							
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016-2020 <sup>1</sup>	
Gross Domestic Product*	3.2	2.5	1.3	-5.0	1.6	1.7	1.6	1.4	1.5	1.3	1.3	
Private Consumption*	1.3	-0.3	0.4	0.2	-0.5	0.9	1.1	1.0	1.1	1.1	1.0	
Machinery & Eqpt Investment*	11.8	11.0	3.3	-20.5	1.4	4.1	4.9	4.0	3.5	2.3	2.2	
Industrial Production*	6.0	5.9	-0.1	-16.0	4.6	3.5	2.6	2.1	2.1	1.8	1.6	
Consumer Prices*	1.6	2.3	2.7	0.4	0.9	1.3	1.6	1.7	1.7	1.7	1.6	
Current Account Balance (Euro bn)	151	191	165	119	139	152	160	142	134	125	112	
10 Year Treasury Bond Yield, % <sup>2</sup>	4.0	4.3	3.0	3.4	3.4 <sup>3</sup>	3.8 <sup>4</sup>	4.3	4.3	4.3	4.3	4.2	

<sup>1</sup>Signifies average for period <sup>2</sup>End period <sup>3</sup>End July 2010 <sup>4</sup>End April 2011

	Average % Change on Previous Calendar Year														Annual Total					
	Gross Domestic Product		Personal Consumption		Business Investment		Pre - Tax Corporate Profits		Industrial Production		Consumer Prices		Producer Prices		Employment Costs		Auto & Light Truck Sales (inc. imports, mn units)		Housing Starts (mn units)	
Economic Forecasters	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
First Trust Advisors	3.9	4.4	2.7	3.4	1.0	9.0	na	na	5.9	5.9	3.0	3.9	5.4	4.0	na	na	12.3	15.1	0.70	1.02
DuPont	3.6	3.1	2.1	2.1	3.0	8.6	20.0	9.0	5.8	4.3	2.0	2.5	4.0	1.5	1.6	1.8	11.8	13.6	0.70	1.00
Barclays Capital	3.5	3.2	2.2	2.6	4.3	8.6	19.3	6.0	6.1	6.0	2.0	1.7	4.0	2.2	na	na	12.0	13.5	0.73	1.17
RDQ Economics	3.5	3.1	2.3	2.7	0.9	3.6	20.3	10.5	5.8	5.3	2.4	3.0	na	na	na	na	11.0	11.5	0.70	0.90
Ford Motor Corp	3.5	3.5	2.4	2.8	2.5	8.8	na	na	5.4	5.2	2.0	1.2	2.7	-1.2	na	na	na	na	0.76	1.00
Macroeconomic Advisers	3.4	3.9	2.6	3.0	2.1	11.2	22.6	5.6	5.3	5.3	1.7	1.0	3.2	-0.3	na	na	12.0	13.6	0.75	1.21
Credit Suisse	3.4	2.9	2.2	2.1	1.7	6.9	22.8	6.6	4.6	4.0	1.8	1.2	na	na	na	na	na	na	na	na
JP Morgan	3.4	3.1	2.5	2.6	2.3	7.4	20.8	7.1	4.9	3.9	1.9	1.2	4.0	0.6	1.4	1.1	11.5	12.5	0.64	0.80
UBS	3.3	3.0	2.6	2.9	2.5	5.8	na	na	5.1	5.8	1.6	1.5	2.8	2.3	2.2	2.3	na	na	0.70	0.90
Wells Capital Mgmt	3.3	3.9	2.7	4.0	2.2	10.3	19.3	9.0	4.3	4.9	2.3	3.0	5.2	4.8	1.3	1.6	11.5	13.2	0.63	0.71
Nat Assn of Home Builders	3.3	3.6	2.3	3.0	2.0	7.2	17.3	7.1	5.0	5.5	2.1	1.6	2.8	1.4	1.6	2.0	11.8	13.5	0.64	0.99
Bank of America - Merrill	3.2	3.4	2.1	2.4	2.6	11.3	na	na	5.1	6.8	2.1	1.5	na	na	na	na	11.8	14.1	0.61	0.85
Oxford Economics	3.2	3.3	2.3	3.1	1.6	10.3	18.0	16.0	5.2	5.8	2.2	2.2	4.7	1.7	1.7	2.7	11.6	14.1	0.70	1.40
Morgan Stanley	3.2	2.8	2.3	1.7	0.2	4.1	19.3	8.7	5.8	6.0	1.8	2.3	4.1	2.8	na	na	11.9	12.0	0.59	0.63
Swiss Re	3.2	3.7	2.3	3.0	2.3	8.9	18.5	7.9	5.9	7.0	2.0	2.0	3.5	0.3	na	na	11.5	13.5	0.69	1.05
General Motors	3.0	3.5	2.4	3.1	2.0	9.3	20.0	5.0	5.0	5.0	1.7	1.3	4.3	2.3	2.2	2.5	na	na	0.67	0.90
IHS Global Insight	3.0	3.0	2.4	2.7	1.7	7.6	15.6	7.8	5.1	4.7	1.9	2.0	3.3	1.3	1.9	2.2	11.8	13.8	0.67	1.19
Wells Fargo	3.0	2.5	1.9	2.0	1.1	6.8	13.7	8.0	4.4	5.7	2.3	2.4	4.7	3.5	1.2	1.7	11.1	12.1	0.65	0.82
Northern Trust	3.0	na	2.1	na	0.2	na	na	na	-2.6	na	2.3	na	na	na	na	na	12.2	na	0.61	na
Georgia State University	2.9	2.2	2.3	2.2	2.1	5.6	11.7	3.8	4.3	3.4	2.4	1.7	3.9	1.1	1.9	1.9	11.8	13.0	0.69	0.83
Eaton Corporation	2.9	3.0	1.8	2.5	2.2	8.1	13.7	8.6	4.4	5.6	2.4	2.3	3.7	2.6	1.8	2.1	11.6	12.4	0.72	0.96
Inforum - Univ of Maryland	2.9	2.2	1.9	2.0	1.2	3.6	8.7	4.0	5.2	3.8	2.2	2.2	5.3	2.5	na	na	11.6	11.9	0.63	0.68
Univ of Michigan - RSQE	2.9	2.7	1.9	1.8	2.8	10.8	13.9	5.3	5.7	5.0	2.1	1.9	3.8	1.0	na	na	11.6	12.7	0.71	1.16
Moody's Economy.com	2.9	3.9	1.9	2.9	0.9	6.3	14.2	5.1	2.5	4.1	2.0	2.0	3.2	2.3	2.0	2.7	11.7	13.9	0.68	1.03
Econ Intelligence Unit	2.8	1.5	1.2	1.2	na	na	na	na	8.0	1.3	1.6	1.3	2.6	2.2	na	na	11.4	12.3	na	na
Goldman Sachs	2.5	2.4	1.9	1.4	-3.5	2.3	8.6	8.7	5.1	4.4	1.9	0.8	4.7	1.7	1.3	0.9	11.2	11.9	0.63	0.84
The Conference Board	2.5	1.9	1.9	1.6	-0.2	2.2	16.0	4.7	5.0	4.1	2.1	1.6	2.8	0.7	1.5	1.8	11.4	12.7	0.63	0.96
<b>Consensus (Mean)</b>	<b>3.2</b>	<b>3.1</b>	<b>2.2</b>	<b>2.5</b>	<b>1.6</b>	<b>7.4</b>	<b>16.9</b>	<b>7.4</b>	<b>4.9</b>	<b>4.9</b>	<b>2.1</b>	<b>1.9</b>	<b>3.9</b>	<b>1.8</b>	<b>1.7</b>	<b>2.0</b>	<b>11.6</b>	<b>13.0</b>	<b>0.67</b>	<b>0.96</b>
Last Month's Mean	3.1	3.0	2.1	2.4	1.6	7.4	16.0	7.6	4.9	4.8	2.2	1.9	3.5	1.7	1.7	1.9	11.6	12.9	0.69	0.97
3 Months Ago	2.9	3.1	1.9	2.5	-0.7	7.2	14.6	7.2	4.4	4.8	2.2	1.9	2.7	1.8	1.7	1.9	11.8	13.1	0.73	1.04
High	3.9	4.4	2.7	4.0	4.3	11.3	22.8	16.0	8.0	7.0	3.0	3.9	5.4	4.8	2.2	2.7	12.3	15.1	0.76	1.40
Low	2.5	1.5	1.2	1.2	-3.5	2.2	8.6	3.8	-2.6	1.3	1.6	0.8	2.6	-1.2	1.2	0.9	11.0	11.5	0.59	0.63
Standard Deviation	0.3	0.7	0.3	0.7	1.4	2.7	4.1	2.7	1.8	1.2	0.3	0.7	0.9	1.3	0.3	0.5	0.3	0.9	0.05	0.18
Comparison Forecasts																				
CBO (Aug. '09)	1.7	3.5									1.7	1.3								
OMB (Aug. '09)	2.0	3.8									1.4	1.5								
IMF (Jan. '10)	2.7	2.4																		
OECD (Nov. '09)	2.5	2.8	1.3	2.4	2.1	7.8					1.7	1.3								

**Government and Background Data**

**President** - Mr. Barack Obama (Democrat). **Congress** - The Democrats have majorities in both the House of Representatives (lower house) and the Senate (upper house). **Next Elections** - November 2010 (Congressional); November 2012 (Presidential and Congressional). **Nominal GDP** - US\$14,265bn (2008). **Population** - 311.7mn (mid-year, 2008).

**Quarterly Consensus Forecasts**

*Historical Data and Forecasts (bold italics) From Survey of March 8, 2010*

	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-2.6	0.1	<b>2.5</b>	<b>3.5</b>	<b>4.0</b>	<b>3.3</b>	<b>3.4</b>	<b>3.4</b>	<b>3.1</b>	<b>3.2</b>
Personal Consumption	-0.2	1.0	<b>1.5</b>	<b>2.3</b>	<b>2.2</b>	<b>2.4</b>	<b>2.4</b>	<b>2.4</b>	<b>2.5</b>	<b>2.6</b>
Consumer Prices	-1.6	1.5	<b>2.5</b>	<b>2.4</b>	<b>2.0</b>	<b>1.8</b>	<b>1.9</b>	<b>2.0</b>	<b>2.0</b>	<b>2.1</b>

*Percentage Change (year-on-year).*

**Historical Data**

<i>* % change on previous year</i>	2006	2007	2008	2009
Gross Domestic Product*	2.7	2.1	0.4	-2.4
Personal Consumption*	2.9	2.7	-0.2	-0.6
Business Investment*	7.9	6.2	1.6	-17.8
Pre - Tax Corporate Profits*	10.5	-4.1	-11.8	-3.8
Industrial Production*	2.3	1.5	-2.2	-9.7
Consumer Prices*	3.2	2.9	3.8	-0.3
Producer Prices*	2.9	3.9	6.4	-2.5
Employment Costs*	3.1	3.4	3.0	1.7
<b>Auto &amp; Light Truck Sales (inc. imports), mn</b>	16.5	16.1	13.2	10.3
<b>Housing Starts, mn</b>	1.81	1.34	0.90	0.55
<b>Unemployment Rate, %</b>	4.6	4.6	5.8	9.3
<b>Current Account, US\$ bn</b>	-804	-727	-706	-420
<b>Federal Budget Balance, fiscal years, US\$ bn</b>	-248	-161	-459	-1417
<b>3 mth Treasury Bill, % (end yr)</b>	4.9	3.3	0.1	0.1
<b>10 Year Trsy Bond, % (end yr)</b>	4.7	4.2	2.4	3.8



Year Average	Annual Total		Fiscal Years (Oct-Sep)		Rates on Survey Date				
					0.2%		3.9%		
Unemployment Rate (%)	Current Account (US\$ bn)		Federal Budget Balance (US\$ bn) <sup>1</sup>		3 month Treasury Bill Rate (%)		10 Year Treasury Bond Yield (%)		
2010 2011	2010 2011	FY 09-10	FY 10-11	End Jul'10	End Apr'11	End Jul'10	End Apr'11		
9.3	8.3	na	na	-1200	-950	0.2	1.8	4.3	5.0
9.5	8.9	na	na	-1500	-1100	0.3	2.3	4.3	5.0
9.4	8.3	-520	-613	-1250	-1075	0.2	1.0	4.1	4.6
9.6	9.2	na	na	-1400	-1100	0.2	0.5	4.3	5.2
9.6	8.7	na	na	-1313	-1257	1.0	2.8	4.3	5.0
9.5	8.5	-517	-622	-1383	-1217	0.2	0.4	4.0	4.5
9.5	8.9	-491	-511	-1430	-1229	na	na	3.8	na
9.5	9.1	-503	-572	-1500	-1200	na	na	na	na
9.6	9.5	-421	-471	-1290	-1100	0.2	0.9	3.8	4.1
9.8	8.8	-427	-492	-1475	-1050	0.1	1.2	4.3	5.2
9.6	8.9	-525	-630	-1349	-1250	0.2	0.5	4.0	4.5
9.4	9.2	-530	-600	-1250	-825	na	na	na	na
9.7	9.1	-493	-511	-1446	-1387	0.2	1.8	3.9	5.0
9.7	9.3	-541	-661	-1325	-1160	0.4	2.2	4.6	5.5
9.6	8.7	-354	-373	-1488	-1200	0.2	0.3	3.8	3.9
9.6	9.0	-530	-630	-1362	-1215	0.2	1.0	3.9	4.7
9.6	9.0	-526	-579	-1392	-1083	0.4	1.8	4.0	4.1
9.9	9.5	-550	-595	-1455	-1323	0.2	1.3	4.2	4.4
9.8	na	na	na	na	na	0.1	0.8	3.5	4.4
9.9	9.5	-576	-612	-1377	-1138	0.5	1.8	4.1	4.9
9.6	8.9	na	na	-1450	-1175	0.3	2.1	3.8	4.3
9.6	9.3	na	na	na	na	0.3	1.3	3.9	4.8
9.5	9.1	na	na	na	na	0.2	0.8	3.7	3.7
10.0	9.5	-482	-473	-1365	-1085	0.3	1.2	3.9	4.7
9.7	9.3	-463	-447	-1645	-1636	na	na	na	na
9.8	10.1	-458	-367	-1641	-1396	0.3	0.3	3.5	3.3
9.7	9.7	-552	-591	-1339	-1171	0.2	0.3	3.7	4.0
<b>9.6</b>	<b>9.1</b>	<b>-498</b>	<b>-545</b>	<b>-1401</b>	<b>-1180</b>	<b>0.3</b>	<b>1.2</b>	<b>4.0</b>	<b>4.5</b>
9.7	9.2	-502	-559	-1403	-1175				
10.0	9.3	-504	-568	-1378	-1155				
10.0	10.1	-354	-367	-1200	-825	1.0	2.8	4.6	5.5
9.3	8.3	-576	-661	-1645	-1636	0.1	0.3	3.5	3.3
0.2	0.4	54	88	110	159	0.2	0.7	0.3	0.5
10.2	9.1			-1381	-921				
9.8	8.6			-1502	-1123				
9.9	9.1								

**Recovery Spreads from Industry to Other Sectors**

Payroll employment finally registered a significant gain of 162,000 jobs, its best monthly showing in more than two years. In addition, revisions to the data over previous months indicated that 62,000 more jobs were added to the economy than previously thought. The news suggests that the private sector finally feels confident enough in the recovery to begin tentatively hiring again. While the jobs market does indeed appear to have turned a corner, it remains soft in comparison with the cyclical highs of the previous expansion. Detractors point to the fact that unemployment is unchanged at 9.7% for the third consecutive month. However, our panel's forecasts for this variable continue to trend downward. Elsewhere, real personal expenditure picked up from 0.2% (m-o-m) in January to 0.3% the following month, with upbeat auto sales underscoring the gradual strengthening in consumer activity. Even the housing market is starting to exhibit some improvement. Personal consumption expectations have risen while, in turn, the consensus for 2010 GDP growth has edged up on the back of both domestic demand and industry.

While it is clear that the economic turnaround continued in Q1, uncertainty still hangs over the course of policy. This has been highlighted by divisions among Fed policymakers over the outlook for the CPI. Low interest rates have sparked fears of higher inflation over the medium-term, but some have suggested that inflation could slow further. Indeed, headline consumer prices were flat m-o-m in February and rose by only 0.1% in March. Meanwhile, core PCE prices remained flat in February, while the annual rate stood at 1.3%. CPI forecasts are tracking downward as a result, and our panel predicts that inflation will moderate going into 2011, too.

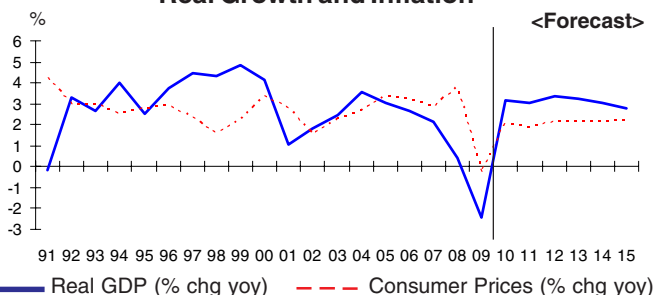
**US Fed Funds Rate** – April 12, 2010 = between 0%-0.25%

FORECASTS	End June 2010	End Sep. 2010	End Dec. 2010	End Mar. 2011
<b>Consensus Mean Average:</b>	0.16%	0.26%	0.54%	0.91%
<b>Mode (most frequent forecast):</b>	0.125%	0.125%	0.125%	1.00%

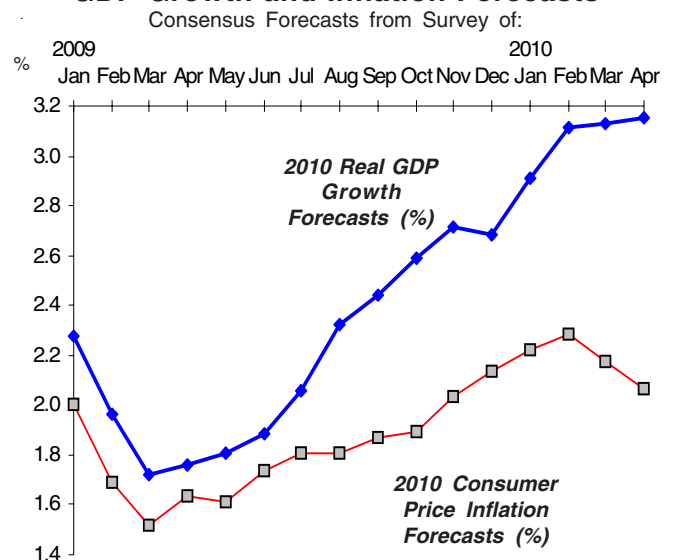
**Direction of Trade – 2008**

Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
Canada	20.1	China	16.5
Mexico	11.7	Canada	15.7
China	5.5	Mexico	10.1
Latin America	22.2	Asia (ex. Japan)	22.8
Asia (ex. Japan)	10.3	Latin America	17.8
Middle East	3.8	Africa	5.1

**Real Growth and Inflation**



**GDP Growth and Inflation Forecasts**



	Average % Change on Previous Calendar Year												Annual Total					
	Gross Domestic Product		Private Consumption		Business Investment		Industrial Production		Consumer Prices		Domestic Corporate Goods Prices		Total Cash Earnings (nominal)		New Car Registrations (mn)		Housing Starts (mn)	
	国内総生産		民間消費		民間設備投資		鉱工業生産		消費者物価		卸売物価		現金給与総額(名目)		新車登録台数(百万台)		新設住宅着工(百万戸)	
Economic Forecasters	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Deutsche Securities	2.8	0.9	1.3	0.0	0.1	4.2	18.0	1.9	-1.2	-0.6	-0.2	1.2	1.3	0.8	na	na	0.80	0.82
Credit Suisse	2.8	1.1	2.4	0.7	0.7	2.7	14.5	2.6	-0.9	-0.5	na	na	na	na	na	na	na	na
Morgan Stanley	2.7	1.6	2.4	1.3	-0.2	2.9	16.6	5.9	-0.9	0.0	-0.4	-0.3	na	na	na	na	na	na
JP Morgan - Japan	2.6	1.9	2.5	1.1	1.8	5.1	18.6	12.1	-1.2	-0.3	-0.1	1.3	na	na	na	na	na	na
Merrill Lynch - Japan	2.6	2.1	2.1	1.4	0.0	5.6	12.1	4.8	-0.9	0.0	na	na	na	na	na	na	na	na
Mizuho Securities	2.4	2.9	1.7	0.9	3.3	10.3	21.7	7.0	-1.1	-0.5	-1.8	-0.8	0.3	1.6	na	na	0.85	0.95
Nikko Citigroup	2.4	1.9	2.4	1.5	1.0	4.6	16.1	4.7	-0.8	-0.1	na	na	na	na	na	na	na	na
Japan Tech Info Services Corp	2.4	2.3	2.7	3.3	1.4	6.1	15.4	3.8	-0.8	0.0	1.2	0.5	1.7	2.9	3.1	3.0	0.87	0.93
Japan Ctr for Econ Research	2.2	1.3	2.1	0.7	-0.1	3.4	15.6	3.6	-1.2	-0.5	-0.7	-0.4	-0.3	-0.3	na	na	0.83	0.84
Goldman Sachs	2.2	1.7	2.8	0.5	0.8	6.4	13.2	5.1	-1.4	-0.4	-2.5	0.6	na	na	na	na	na	na
NLI Research Institute	2.2	1.9	1.2	0.9	0.1	5.2	14.9	6.8	-1.1	0.0	-0.4	0.8	-1.7	-1.0	na	na	0.88	0.93
Nomura Securities	2.1	2.3	1.5	0.8	2.2	9.5	14.8	8.3	-1.0	-0.4	-1.7	0.7	0.6	0.5	na	na	na	na
Bank of Tokyo-Mitsubishi UFJ	2.0	1.1	2.1	0.3	-1.2	2.0	16.4	5.1	-1.3	-0.1	-1.5	0.4	na	na	na	na	0.86	0.92
UBS	2.0	1.4	1.7	1.4	1.2	7.5	13.2	5.0	-1.6	-0.2	na	na	na	na	na	na	na	na
Mitsubishi UFJ Research	2.0	0.9	1.8	-0.2	0.7	4.9	13.8	1.4	-1.1	0.0	-0.4	0.8	-0.2	0.3	na	na	0.84	0.88
Daiwa Institute of Research	1.9	1.9	1.9	1.2	-0.9	4.3	14.9	5.0	na	na	1.0	0.4	na	na	na	na	na	na
Mitsubishi Research Institute	1.9	1.4	1.8	0.5	-0.7	4.5	17.2	5.1	-0.9	-0.4	-1.0	-0.6	na	na	na	na	0.78	0.81
IHS Global Insight	1.9	1.2	2.0	0.5	1.1	6.1	17.0	6.4	-0.7	-0.4	-0.9	-1.4	na	na	na	na	0.89	1.03
ITOCHU Institute	1.8	2.0	1.4	0.5	-0.5	6.1	15.0	4.4	-1.4	-0.4	-0.7	0.7	-0.3	0.2	2.9	2.7	0.81	0.88
HSBC	1.7	1.3	1.7	1.0	-1.4	2.0	15.1	5.1	-1.3	-0.7	-0.5	-0.3	na	na	na	na	na	na
Mizuho Research Institute	1.7	1.2	1.3	0.4	-0.8	3.3	14.7	3.0	-0.6	-0.1	-0.7	0.6	-0.9	-0.3	na	na	0.83	0.89
Toyota Motor Corporation	1.7	1.3	1.3	1.0	-1.0	3.5	13.0	5.0	-0.8	0.0	-1.3	-0.5	0.8	0.5	2.8	2.5	0.85	0.90
Econ Intelligence Unit	1.5	1.1	1.6	1.3	na	na	10.6	2.0	-1.0	0.6	-0.5	1.2	na	na	4.3	4.4	na	na
<b>Consensus (Mean)</b>	<b>2.2</b>	<b>1.6</b>	<b>1.9</b>	<b>0.9</b>	<b>0.4</b>	<b>5.0</b>	<b>15.3</b>	<b>5.0</b>	<b>-1.1</b>	<b>-0.2</b>	<b>-0.7</b>	<b>0.3</b>	<b>0.1</b>	<b>0.5</b>	<b>3.3</b>	<b>3.1</b>	<b>0.84</b>	<b>0.90</b>
Last Month's Mean	1.9	1.6	1.5	0.9	-0.1	4.8	14.1	4.9	-1.1	-0.3	-1.2	0.0	-0.3	0.5	3.3	3.2	0.84	0.90
3 Months Ago	1.3	1.5	1.2	0.9	-1.6	4.1	11.7	4.7	-1.0	-0.3	-1.6	0.0	-0.7	0.3	3.7	3.5	0.81	0.88
High	2.8	2.9	2.8	3.3	3.3	10.3	21.7	12.1	-0.6	0.6	1.2	1.3	1.7	2.9	4.3	4.4	0.89	1.03
Low	1.5	0.9	1.2	-0.2	-1.4	2.0	10.6	1.4	-1.6	-0.7	-2.5	-1.4	-1.7	-1.0	2.8	2.5	0.78	0.81
Standard Deviation	0.4	0.5	0.5	0.7	1.2	2.2	2.3	2.3	0.3	0.3	0.9	0.8	1.0	1.1	0.7	0.9	0.03	0.06
Comparison Forecasts																		
IMF (Jan. '10)	1.7	2.2																
OECD (Nov. '09)	1.8	2.0	1.2	1.2					-0.9	-0.5								

## Government and Background Data

Prime Minister - Mr. Yukio Hatoyama of the Democratic Party of Japan (DPJ). Parliament - The DPJ has negotiated a coalition with two smaller parties in the lower House of Representatives, or Shugiin (318 out of 480 seats). Next Elections - July 2010 (upper house). Nominal GDP - ¥507.3tn (2008). Population - 127.3mn (mid-year, 2008). Yen/\$ Exchange Rate - 103.4 (average, 2008).

## Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of March 8, 2010

	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-4.9	-0.9	<b>2.6</b>	<b>1.7</b>	<b>2.1</b>	<b>1.3</b>	<b>1.4</b>	<b>1.6</b>	<b>1.6</b>	<b>1.8</b>
Private Consumption	-0.4	1.0	<b>2.5</b>	<b>1.5</b>	<b>1.3</b>	<b>0.9</b>	<b>0.8</b>	<b>0.9</b>	<b>0.8</b>	<b>0.9</b>
Consumer Prices	-2.2	-2.1	<b>-1.2</b>	<b>-1.2</b>	<b>-1.1</b>	<b>-0.8</b>	<b>-0.7</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-0.2</b>

Percentage Change (year-on-year).

## Historical Data

* % change on previous year	2006	2007	2008	2009
Gross Domestic Product*	2.0	2.3	-1.2	-5.2
Private Consumption*	1.5	1.6	-0.6	-1.1
Business Investment*	2.4	2.3	-0.1	-19.3
Industrial Production*	4.2	2.9	-3.4	-22.3
Consumer Prices*	0.2	0.0	1.4	-1.4
Domestic Corporate Goods Prices*	2.1	1.8	4.6	-5.2
Total Cash Earnings (nominal)*	0.2	-1.0	-0.3	-3.9
New Car Registrations, mn	3.1	3.0	2.8	2.7
Housing Starts, mn	1.29	1.06	1.09	0.79
Unemployment Rate, %	4.1	3.9	4.0	5.1
Current Account, ¥tn	19.8	24.8	16.4	13.3
General Govt Budget Balance, SNA basis, fisc. years, ¥tn	-5.1	-15.1	-15.3	-47.5 e
3 mth CD's, % (end yr)	0.5	0.8	0.8	0.8
10 Yr Govt Bond, % (end yr)	1.7	1.5	1.2	1.3

e = consensus estimate based on latest survey

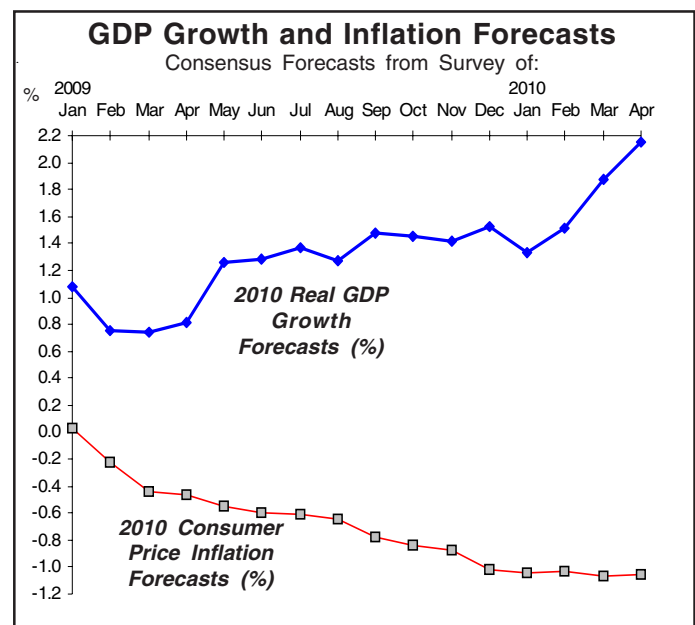
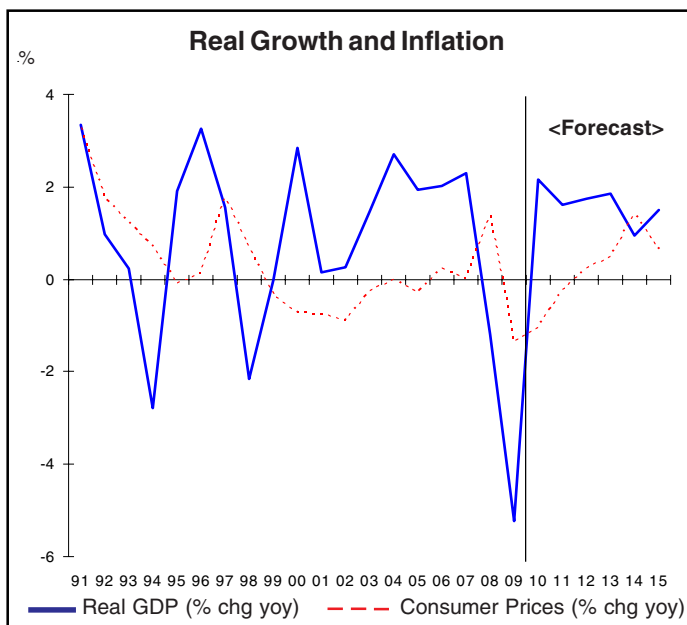
Year Average	Annual Total		Fiscal Years (Apr-Mar)		Rates on Survey Date				
					0.8%		1.4%		
Unemployment Rate (%)	Current Account (¥tn)	General Government Budget Balance (¥tn)		3 month Yen Cert of Deposit (%)		10 Year Govt Bond Yield (%)			
失業率	経常収支	一般政府 財政収支 (SNA ベース、兆円)		3ヵ月物 円建 譲渡性預金		10年物 国債利回り			
2010 2011	2010 2011	FY 10-11	FY 11-12	End Jul'10	End Apr'11	End Jul'10	End Apr'11		
4.7	4.5	21.0	26.6	-29.2	-31.6	0.3	0.3	1.4	1.4
4.9	4.8	16.7	17.7	na	na	0.5	0.5	1.4	na
4.7	4.4	16.7	14.9	na	na	na	na	1.3	1.5
4.8	4.6	13.9	11.7	-46.3	-47.5	na	na	1.4	1.6
5.0	4.2	13.3	na	na	na	na	na	1.5	1.7
5.1	4.0	17.2	17.6	-44.0	-35.0	0.4	0.4	1.3	1.3
5.1	4.9	16.3	16.7	-45.3	-49.0	na	na	1.4	1.6
4.8	4.4	12.5	13.1	na	na	0.9	1.2	1.4	1.5
4.9	4.7	13.2	11.5	-42.7	-46.1	na	na	1.4	1.5
5.1	4.9	11.6	8.4	na	na	na	na	1.5	2.0
5.1	4.8	15.3	19.2	na	na	0.7	1.0	1.5	1.6
5.0	4.6	20.9	21.0	-41.8	-43.9	na	na	1.5	1.6
4.9	4.8	13.3	15.1	na	na	na	na	1.4	1.7
5.1	4.5	18.9	20.6	na	na	na	na	na	na
5.1	4.9	16.4	17.2	na	na	0.5	0.5	1.4	1.5
5.0	4.7	25.3	28.6	na	na	na	na	na	na
4.9	4.8	16.8	17.5	na	na	na	na	1.4	1.5
4.5	5.0	15.1	13.9	na	na	0.8	0.8	1.5	1.5
5.0	4.4	16.8	22.6	na	na	0.8	0.8	1.4	1.6
4.9	4.8	19.4	22.1	na	na	na	na	1.3	1.3
5.0	4.7	16.7	17.3	na	na	na	na	1.2	1.2
5.5	5.2	17.0	17.0	na	na	0.8	0.8	1.5	1.5
5.2	5.2	na	na	na	na	na	na	na	na
<b>5.0</b>	<b>4.7</b>	<b>16.6</b>	<b>17.6</b>	<b>-41.6</b>	<b>-42.2</b>	<b>0.6</b>	<b>0.7</b>	<b>1.4</b>	<b>1.5</b>
5.1	4.8	16.8	18.1	-40.8	-43.4				
5.4	5.1	16.2	17.1	-39.1	-41.4				
5.5	5.2	25.3	28.6	-29.2	-31.6	0.9	1.2	1.5	2.0
4.5	4.0	11.6	8.4	-46.3	-49.0	0.3	0.3	1.2	1.2
0.2	0.3	3.2	4.9	6.3	7.2	0.2	0.3	0.1	0.2
5.6	5.4								

**March Tankan Suggests Stronger Corporate Sector**

The Tankan survey for the March quarter showed a broad improvement in corporate sentiment since the start of the recovery. Marking a fourth straight gain, the diffusion index for large manufacturers rose to -14 from -25 in the December survey, while a similar increase was recorded for non-manufacturing firms, too. Furthermore, although most firms envisage small cuts to investment in FY10/11, profit projections for the period have turned positive. It is hoped that the improving corporate backdrop and, in particular, higher profits can filter through to wages and support flagging consumption going forward. Total cash earnings in February extended a downward slide of 0.6% from a year earlier, and in the same month real household spending unexpectedly declined by 0.5% (y-o-y). Elsewhere, industrial production faltered m-o-m in February (most likely due to seasonal effects) for the first time in almost a year. Similarly, exports decreased by 1.7% over the month but a 45.3% y-o-y expansion signalled the fastest growth in over 30 years. In addition, the February merchandise trade surplus of ¥651.0tn was nine times higher than the surplus logged at the same time last year. Given ongoing signs of recovery, the consensus for real GDP growth has risen to 2.2% this month.

Deflation moderated slightly in February after core consumer prices declined by 1.2% (y-o-y), compared with a 1.3% fall in January. Prices could head lower in the coming months after the government eliminated high school tuition fees, in line with its election pledge. In response to persistent deflationary pressures, the Bank of Japan extended its program for commercial lenders to ¥20tn in March in a bid to reduce borrowing costs and spur growth and prices.

Direction of Trade – 2008			
Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
United States	17.8	China	18.9
China	16.0	United States	10.4
South Korea	7.6	Saudi Arabia	6.7
Asia (inc. the above)	27.4	Asia (inc. the above)	32.9
Latin America	5.0	Middle East	22.0
Middle East	4.4	Latin America	3.4



	Average % Change on Previous Calendar Year													
	Gross Domestic Product		Private Consumption		Machinery & Equipment Investment		Industrial Production		Consumer Prices		Producer Prices		Negotiated Wages and Salaries	
	<i>Bruttoinlandsprodukt</i>		<i>Privater Verbrauch</i>		<i>Ausrüstungsinvestitionen</i>		<i>Produktion im Produzierenden Gewerbe</i>		<i>Preisindex für die Lebenshaltung</i>		<i>Index für Erzeugerpreise</i>		<i>Tariflohn- und -gehaltsniveau</i>	
Economic Forecasters	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Allianz	2.3	1.8	0.1	0.9	5.6	4.8	5.9	3.1	0.9	1.5	0.8	2.3	1.5	1.5
SEB	2.1	2.2	-0.4	0.9	2.9	3.3	3.9	2.9	0.9	0.7	0.5	1.1	1.2	1.8
Bank of America - Merrill	2.0	2.6	-1.0	1.2	5.0	8.2	na	na	1.0	1.3	na	na	na	na
Goldman Sachs	1.9	2.1	0.6	1.7	na	na	6.1	3.6	0.6	1.6	-0.4	1.7	na	na
MM Warburg	1.9	1.4	-0.1	0.9	4.2	6.2	5.8	2.5	1.1	1.2	0.2	1.5	1.5	2.0
Bank Julius Baer	1.8	1.1	0.0	1.1	1.0	3.1	7.3	7.1	1.0	0.9	-0.4	1.9	1.0	2.0
HSBC Trinkaus	1.8	1.5	-0.7	0.5	-0.1	1.9	4.6	3.4	0.7	1.2	0.0	1.3	1.3	1.3
WGZ Bank	1.8	1.4	0.0	1.0	3.0	3.0	6.0	3.0	0.9	0.9	0.5	1.0	1.5	1.5
Commerzbank	1.8	1.5	-0.3	0.8	3.2	7.6	3.6	2.3	0.9	1.4	0.9	2.0	1.1	1.5
IFO - Munich Institute	1.7	1.2	0.2	0.7	1.0	1.5	na	na	0.6	0.8	na	na	na	na
DIW - Berlin	1.7	1.8	0.0	1.3	0.6	3.8	3.0	5.0	0.9	1.0	-0.3	1.8	1.5	1.7
Helaba Frankfurt	1.7	1.6	0.0	1.0	2.0	4.0	6.0	4.0	1.2	1.5	1.0	2.0	na	na
IHS Global Insight	1.7	1.7	-0.5	1.0	0.9	7.4	6.7	5.9	1.2	1.4	0.4	1.8	1.1	1.4
Citigroup	1.6	1.6	-1.3	0.8	1.8	2.1	na	na	1.3	1.7	na	na	na	na
UBS	1.6	2.2	-1.2	0.6	1.0	4.1	3.7	1.9	0.7	1.7	0.8	1.9	na	na
UniCredit	1.6	1.5	-1.0	0.3	1.0	3.4	4.8	3.5	1.0	1.2	na	na	1.5	1.5
BHF-Bank	1.5	2.0	-0.9	0.9	-0.3	1.8	2.3	2.8	0.9	1.1	0.1	1.0	1.5	1.8
HWWI	1.5	2.0	-0.8	1.1	1.0	5.0	4.0	3.0	1.0	1.5	0.0	2.5	1.5	1.7
Sal Oppenheim	1.5	2.0	-1.0	0.7	0.3	5.4	na	na	1.3	1.5	na	na	na	na
DekaBank	1.4	1.4	-1.0	0.7	0.9	2.3	4.0	2.2	1.0	1.4	0.1	1.9	2.0	1.6
Landesbank Berlin	1.4	1.6	-0.3	0.7	0.4	2.6	4.0	3.0	0.9	1.3	1.0	3.3	2.0	3.0
RWI Essen	1.4	1.6	-0.3	0.4	0.7	5.0	3.8	3.6	0.8	1.1	na	na	2.0	1.7
Morgan Stanley	1.4	1.2	-1.3	0.7	0.6	3.2	4.4	2.6	1.0	1.4	na	na	na	na
WestLB	1.3	1.5	-1.4	0.5	-0.3	4.0	4.5	6.0	1.0	1.3	0.4	4.0	1.5	1.0
IfW - Kiel Institute	1.2	1.8	0.2	1.8	2.7	6.6	na	na	0.6	0.8	na	na	na	na
DZ Bank	1.2	2.0	-0.9	1.0	0.5	3.9	4.1	3.3	1.2	1.4	0.2	1.6	na	na
Econ Intelligence Unit	1.1	1.2	0.2	0.7	-2.0	3.0	2.0	2.8	0.4	1.2	0.0	1.7	0.5	2.0
<b>Consensus (Mean)</b>	<b>1.6</b>	<b>1.7</b>	<b>-0.5</b>	<b>0.9</b>	<b>1.4</b>	<b>4.1</b>	<b>4.6</b>	<b>3.5</b>	<b>0.9</b>	<b>1.3</b>	<b>0.3</b>	<b>1.9</b>	<b>1.4</b>	<b>1.7</b>
Last Month's Mean	1.7	1.6	-0.3	0.9	1.8	4.0	4.5	3.4	0.8	1.2	0.3	1.9	1.4	1.6
3 Months Ago	1.8	1.6	-0.1	0.9	2.8	3.7	4.9	3.3	1.0	1.3	0.2	1.7	1.5	1.6
High	2.3	2.6	0.6	1.8	5.6	8.2	7.3	7.1	1.3	1.7	1.0	4.0	2.0	3.0
Low	1.1	1.1	-1.4	0.3	-2.0	1.5	2.0	1.9	0.4	0.7	-0.4	1.0	0.5	1.0
Standard Deviation	0.3	0.4	0.6	0.3	1.7	1.9	1.4	1.3	0.2	0.3	0.5	0.7	0.4	0.4
<b>Comparison Forecasts</b>														
Government (Jan. '10)	1.4													
Eur Commission (Oct. '09)	1.2	1.7	-0.2	0.8	1.0	7.0			0.8	1.0				
IMF (Oct. '09)	0.3		-1.0						0.2					
OECD (Nov. '09)	1.6	1.8												

### Government and Background Data

**Chancellor** - Mrs. Angela Merkel (Christian Democratic Party or CDU).  
**Parliament** - A coalition of the CDU/CSU and FPD has a small majority in the 622-seat Bundestag (lower house); the CDU/CSU has a majority in the Bundesrat (upper house). **Next Elections** - By September 2013 (Bundestag).  
**Nominal GDP** - Euro 2,487bn (2008). **Population** - 82.3mn mid-year (2008).  
**\$/Euro Exchange Rate** - 1.472 (average, 2008).

### Quarterly Consensus Forecasts

*Historical Data and Forecasts (bold italics) From Survey of March 8, 2010*

	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-4.8	-2.4	<b>1.4</b>	<b>1.6</b>	<b>1.3</b>	<b>1.7</b>	<b>1.8</b>	<b>1.6</b>	<b>1.8</b>	<b>1.9</b>
Private Consumption	0.2	-0.4	<b>-1.0</b>	<b>-1.6</b>	<b>-0.5</b>	<b>0.6</b>	<b>0.7</b>	<b>0.8</b>	<b>0.9</b>	<b>1.0</b>
Consumer Prices	-0.2	0.4	<b>0.7</b>	<b>0.8</b>	<b>1.0</b>	<b>1.0</b>	<b>1.2</b>	<b>1.3</b>	<b>1.4</b>	<b>1.5</b>

*Percentage Change (year-on-year).*

### Historical Data

<i>* % change on previous year</i>	2006	2007	2008	2009
<b>Gross Domestic Product*</b>	3.2	2.5	1.3	-5.0
<b>Private Consumption*</b>	1.3	-0.3	0.4	0.2
<b>Machinery &amp; Eqpt Investment*</b>	11.8	11.0	3.3	-20.5
<b>Industrial Production*</b>	6.0	5.9	-0.1	-16.0
<b>Consumer Prices*</b>	1.6	2.3	2.7	0.4
<b>Producer Prices*</b>	5.4	1.3	5.5	-4.2
<b>Negotiated Wages &amp; Salaries*</b>	2.0	2.1	2.9	2.4
<b>Unemployment Rate, %</b>	10.8	9.0	7.8	8.1
<b>Current Account, Euro bn</b>	151	191	165	119
<b>General Govt. Budget Balance</b> (Maastricht definition), Euro bn	-37.8	4.9	1.1	-79.1 e
<b>3 mth Euro, % (end yr)</b>	3.7	4.7	2.8	0.7
<b>10 Yr German Govt Bond, % (end yr)</b>	4.0	4.3	3.0	3.4

*e = consensus estimate based on latest survey*



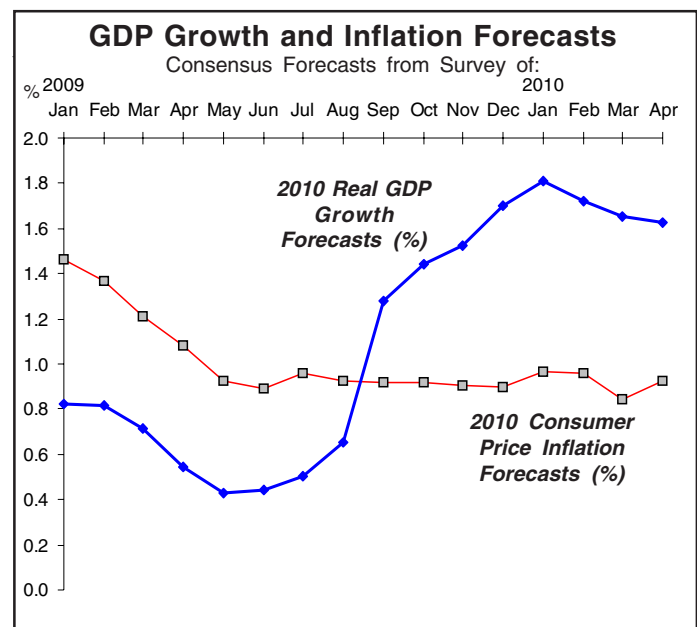
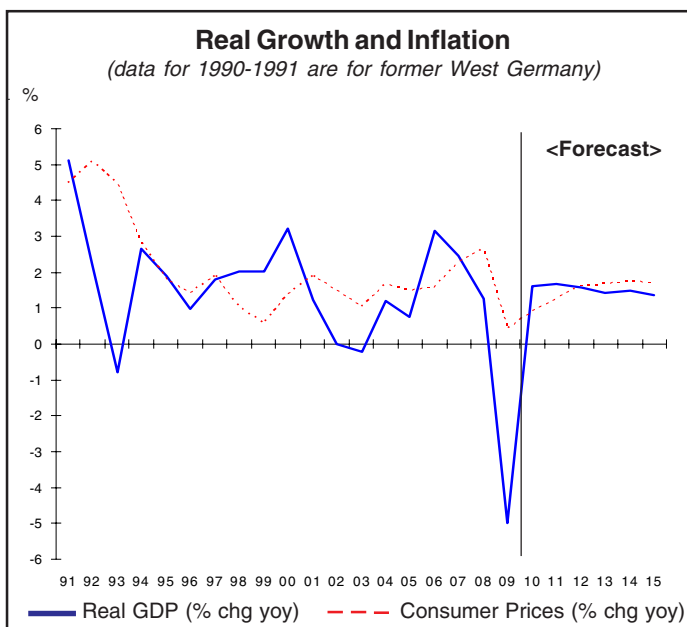
Year Average		Annual Total				Rates on Survey Date			
Unemployment Rate (%)		Current Account (Euro bn)		General Govt Budget Bal (Maastricht) (Euro bn)		0.6%		3.2%	
Arbeitslosenquote, % der Erwerbsspers. insgesamt		Leistungsbilanz (€ bn)		Finanzierungs-saldo des Staates (Maastricht) (€ bn)		3 Monate Euro (%)		Rendite von Bundesan-leihen, 10 Jahre (%)	
2010	2011	2010	2011	2010	2011	End Jul'10	End Apr'11	End Jul'10	End Apr'11
8.3	8.3	152	164	-120	-106	0.8	1.6	3.5	4.2
8.2	8.0	120	120	-142	-128	0.8	1.3	3.4	3.6
8.1	na	119	113	-113	-70	na	na	na	na
9.2	9.2	87	87	-130	-126	1.2	1.5	3.3	3.4
8.5	8.6	145	160	-120	-100	0.8	1.4	3.4	3.5
8.1	8.4	na	na	na	na	0.9	1.3	3.4	3.3
8.6	9.3	128	136	-135	-100	0.8	1.6	3.3	3.1
8.3	8.6	125	125	na	na	0.7	1.2	3.2	3.5
8.2	8.8	126	146	-135	-109	1.0	1.8	3.4	3.7
8.6	8.6	na	na	-125	-138	0.7	1.3	3.4	4.0
8.5	8.7	130	125	-146	-121	0.9	2.2	3.5	4.0
8.2	8.2	155	165	-136	-115	0.8	2.2	3.5	3.8
8.1	8.2	145	144	-122	-112	0.9	1.9	3.4	4.1
7.8	7.8	171	175	-123	-116	0.8	1.5	3.4	3.9
8.9	8.7	174	218	na	na	0.5	1.6	3.5	4.1
8.2	8.4	135	140	-120	-105	0.8	1.5	3.4	3.9
8.4	8.6	140	170	-131	-121	1.2	1.7	3.8	3.8
8.5	9.0	168	180	-130	-122	1.0	1.7	3.5	3.9
8.8	9.2	na	na	na	na	0.7	1.7	3.1	3.8
8.3	8.7	120	133	-129	-99	0.7	1.3	3.2	3.7
8.8	9.1	162	190	-148	-116	1.0	2.0	3.4	4.0
8.3	8.5	148	176	-125	-115	0.6	1.0	3.1	3.5
8.8	9.0	142	157	-138	-121	1.2	2.1	4.1	4.7
8.5	9.0	na	na	-135	-100	0.8	1.2	3.0	3.4
8.2	7.9	na	na	-127	-128	na	na	3.3	3.5
8.3	8.5	135	160	-135	-120	0.8	1.9	3.3	4.2
9.1	8.7	na	na	na	na	0.7	1.0	na	na
<b>8.4</b>	<b>8.6</b>	<b>139</b>	<b>152</b>	<b>-130</b>	<b>-113</b>	<b>0.8</b>	<b>1.6</b>	<b>3.4</b>	<b>3.8</b>
8.7	9.0	137	143	-131	-115				
9.0	9.2	120	127	-131	-114				
9.2	9.3	174	218	-113	-70	1.2	2.2	4.1	4.7
7.8	7.8	87	87	-148	-138	0.5	1.0	3.0	3.1
0.3	0.4	21	30	9	14	0.2	0.3	0.2	0.3
9.2	9.3	93	93						
9.2	9.7								

**Contraction on the Cards in Q1 2010?**

After the recovery unexpectedly stagnated at the end of last year, there are now fears that the economy could contract in Q1 2010 as a prolonged period of bad weather caused activity to slow. Retail sales were down by 0.5% (m-o-m) in January and by 0.4% in February, while industrial production – the main driver of GDP in previous quarters – managed only a 0.1% (m-o-m) rise in January and stagnated in February. Consequently, the OECD expects the economy to contract by 0.4% (q-o-q annualised) in Q1 in contrast with other G-7 nations which are projected to expand. Business confidence surveys indicate that growth should return in Q2, however. The PMI for manufacturing rose from 57.2 in February to 60.2 in March, the highest level in the region and consistent with a return to rapid growth in the sector, while the services index rose to 54.9. Though German industries are benefiting from the depreciation of the euro following the Greek fiscal crisis, the ongoing threat of further bailouts in southern Europe could be problematic as without a swift resolution, demand in valuable inter-European export markets could dry up. Meanwhile, March inflation jumped by 0.5% (m-o-m) and 1.1% (y-o-y) as the combined result of the depreciating currency, rising energy costs and bad weather.

The German labour market is once again proving resilient in testing times as the number of registered unemployed saw a further decline in February, with claims falling by 31,000 on the month before. This leaves the overall rate at 8.1%, well below the Euro zone average which passed 10% in the same month. Increased job flexibility appears to be paying off, and our panel has downgraded its forecast for the unemployment rate this year to 8.4%.

Direction of Trade – 2008			
Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
France	9.7	Netherlands	12.5
United States	7.1	France	8.3
United Kingdom	6.7	Belgium	7.5
<i>Eastern Europe</i>	<i>17.8</i>	<i>Eastern Europe</i>	<i>17.7</i>
<i>Asia (ex. Japan)</i>	<i>5.5</i>	<i>Asia (ex. Japan)</i>	<i>8.7</i>
<i>Middle East</i>	<i>2.7</i>	<i>Latin America</i>	<i>2.2</i>



	Average % Change on Previous Calendar Year											
	Gross Domestic Product		Household Consumption		Business Investment		Manufacturing Production		Consumer Prices		Hourly Wage Rates	
	<i>Produit Intérieur Brut</i>		<i>Consommation des Ménages</i>		<i>Investissements des Entreprises</i>		<i>Production Manufacturière</i>		<i>Prix à la Consommation</i>		<i>Taux de Salaire Horaire</i>	
Economic Forecasters	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Bank of America - Merrill	1.9	2.5	0.9	1.6	0.5	4.5	6.7	5.2	1.4	1.6	1.7	2.5
BIPE	1.8	1.2	1.2	0.8	-2.8	1.3	1.9	1.2	1.8	2.0	1.6	1.6
Goldman Sachs	1.8	2.4	0.8	1.4	na	na	2.4	3.0	1.5	1.4	na	na
Citigroup	1.7	1.5	1.0	0.8	na	na	na	na	1.4	1.5	1.8	1.5
Coe-Rexecode	1.7	1.4	0.9	0.8	-0.8	2.5	na	na	1.2	1.0	1.9	1.9
UBS	1.7	2.2	1.6	2.3	0.4	4.6	4.8	4.1	1.1	2.0	na	na
ING Financial Markets	1.5	2.0	1.5	1.9	-0.7	2.7	3.0	3.7	1.5	1.9	2.5	2.7
Total	1.5	2.0	1.1	2.0	0.5	3.0	na	na	1.2	1.5	na	na
BNP-Paribas	1.4	2.0	1.2	1.9	-1.0	3.8	3.2	3.5	1.4	1.1	2.1	2.5
UniCredit	1.4	1.6	1.2	1.4	-1.5	2.8	na	na	1.5	1.5	2.3	2.6
Econ Intelligence Unit	1.4	1.3	1.0	1.5	na	na	na	na	1.0	1.7	na	na
AXA Investment Managers	1.3	1.8	0.6	1.4	-2.1	4.1	2.5	3.5	1.2	1.3	2.0	2.5
GAMA	1.3	1.5	0.8	1.1	-0.8	2.7	na	na	1.2	1.6	1.9	2.1
Oddo Securities	1.3	1.3	1.2	1.3	-1.7	2.7	3.7	3.2	1.6	1.7	2.0	1.9
Societe Generale	1.3	1.6	0.9	1.7	-0.8	3.5	na	na	1.4	1.5	1.5	2.1
Natixis	1.1	1.1	0.8	0.9	-1.5	2.5	3.5	na	1.3	1.1	na	na
Credit Agricole	1.1	1.3	1.2	1.0	-1.5	1.4	0.5	2.1	1.4	1.6	na	na
HSBC France	1.0	1.6	0.7	1.0	-2.4	2.9	1.0	1.7	1.7	1.6	1.5	1.6
OFCE	0.9	1.4	0.9	1.5	-5.5	-0.8	na	na	1.2	0.7	na	na
<b>Consensus</b>	<b>1.4</b>	<b>1.7</b>	<b>1.0</b>	<b>1.4</b>	<b>-1.4</b>	<b>2.8</b>	<b>3.0</b>	<b>3.1</b>	<b>1.4</b>	<b>1.5</b>	<b>1.9</b>	<b>2.1</b>
Last Month's Mean	1.4	1.6	1.0	1.4	-1.2	2.7	3.0	3.0	1.2	1.5	1.9	2.2
3 Months Ago	1.4	1.6	0.9	1.4	-1.0	2.6	3.6	3.1	1.2	1.5	1.9	2.1
High	1.9	2.5	1.6	2.3	0.5	4.6	6.7	5.2	1.8	2.0	2.5	2.7
Low	0.9	1.1	0.6	0.8	-5.5	-0.8	0.5	1.2	1.0	0.7	1.5	1.5
Standard Deviation	0.3	0.4	0.3	0.4	1.5	1.3	1.7	1.2	0.2	0.3	0.3	0.4
<b>Comparison Forecasts</b>												
Government (Sep. '09)	0.8		0.8		0.6				1.2			
Eur Commission (Oct. '09)	1.2	1.5	0.8	0.8					1.1	1.4		
IMF (Jan. '10)	1.4	1.7										
OECD (Nov. '09)	1.4	1.7	0.3	1.5								

## Government and Background Data

**President** - Mr. Nicolas Sarkozy (UMP). **Prime Minister** - Mr. François Fillon (UMP). **Parliament** - The centre-right Union for a Popular Movement (UMP) currently has 314 out of the 577 seats in the National Assembly. **Next Elections** - Presidential: by April 2012. **Nominal GDP** - Euro1,949bn (2008). **Population** - 62.0mn (mid-year, 2008). **\$/Euro Exchange Rate** - 1.472 (average, 2008).

## Quarterly Consensus Forecasts

*Historical Data and Forecasts (bold italics) From Survey of March 8, 2010*

	2009				2010				2011					
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-2.3	-0.3	<b>1.5</b>	<b>1.5</b>	<b>1.7</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>	<b>1.9</b>	<b>2.0</b>				
Household Consumption	0.6	1.5	<b>1.3</b>	<b>1.1</b>	<b>1.2</b>	<b>0.7</b>	<b>1.1</b>	<b>1.4</b>	<b>1.6</b>	<b>1.8</b>				
Consumer Prices	-0.4	0.4	<b>1.1</b>	<b>1.2</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.4</b>	<b>1.5</b>				

*Percentage Change (year-on-year).*

## Historical Data

* % change on previous year	2006	2007	2008	2009
<b>Gross Domestic Product*</b>	2.4	2.3	0.3	-2.2
<b>Household Consumption*</b>	2.6	2.4	0.9	0.8
<b>Business Investment*</b>	4.7	8.6	2.4	-7.8
<b>Manufacturing Production*</b>	1.6	1.6	-3.0	-12.9
<b>Consumer Prices*</b>	1.7	1.5	2.8	0.1
<b>Hourly Wage Rates*</b>	3.0	2.9	3.1	2.3
<b>Unemployment Rate (ILO), %</b>	8.8	8.0	7.4	9.1
<b>Current Account, Euro bn</b>	-9.2	-18.9	-44.0	-40.6
<b>General Govt. Budget Balance</b>				
(Maastricht definition), Euro bn	-41.1	-51.3	-65.9	-150 e
<b>3 mth Euro, % (end yr)</b>	3.7	4.7	2.8	0.7
<b>10 Yr French Govt Bond, % (end yr)</b>	4.0	4.4	3.5	3.6

*e = consensus estimate based on latest survey*

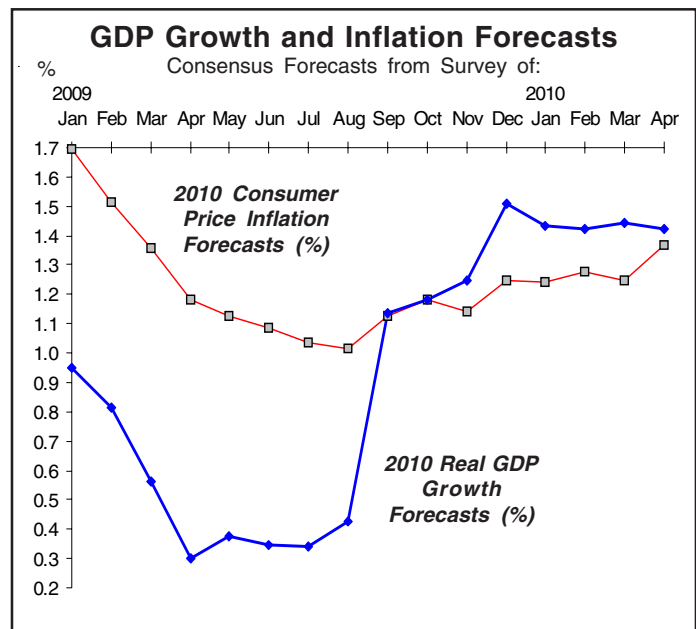
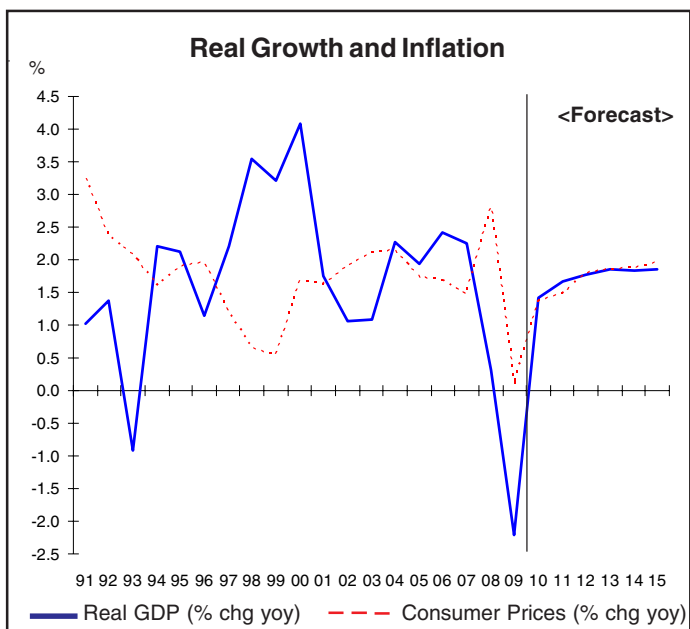
Year Average		Annual Total				Rates on Survey Date			
						0.6%		3.5%	
Unemployment Rate, ILO (%)		Current Account (Euro bn)		General Govt Budget Balance (Maastricht) (Euro bn)		3 month Euro Rate (%)		10 Year French Govt Bond Yield (%)	
Taux de Chômage, BIT (%)		Solde Courant (€ md)		Balance Budgétaire (Maastricht) (€ md)		Taux d'intérêt 3 mois Euro (%)		Rendement des obligations d'Etat, 10 ans (%)	
2010	2011	2010	2011	2010	2011	End Jul'10	End Apr'11	End Jul'10	End Apr'11
9.6	8.6	-24.0	-15.9	-157	-132	na	na	na	na
10.0	10.2	-38.0	-33.0	-162	-165	0.7	0.7	3.2	3.6
9.9	9.8	-40.1	-32.5	-176	-152	1.2	1.5	na	na
9.8	9.7	-25.6	-7.7	-154	-138	0.8	1.5	na	na
9.9	10.0	-42.0	-45.0	-147	-131	0.6	1.0	3.3	3.5
10.3	9.6	-46.3	-47.9	na	na	0.5	1.6	3.5	4.1
9.9	9.4	-37.0	-36.0	-120	-118	0.8	1.3	3.2	3.4
10.0	9.8	-36.0	-34.0	-150	-140	1.0	1.4	3.6	3.8
10.0	10.0	-51.0	-61.0	-160	-132	0.9	1.3	3.3	3.4
9.8	9.6	-37.5	-36.6	-167	-152	na	na	na	na
10.1	10.3	na	na	na	na	na	na	na	na
10.3	10.4	-44.0	-50.0	-160	-140	1.5	2.5	4.0	4.3
9.9	10.1	na	na	na	na	1.0	1.4	3.7	4.1
9.8	9.6	-40.0	-35.0	-160	-142	0.9	1.6	3.5	3.9
10.1	9.9	-39.0	-39.0	-161	-142	0.7	1.5	3.4	3.7
9.9	10.1	na	na	-155	na	na	na	na	na
10.0	9.9	-36.9	-39.8	-158	-146	0.9	1.8	3.9	4.4
10.3	10.6	-38.4	-31.4	-178	-152	0.8	1.6	3.5	3.4
10.2	10.6	-46.0	-55.0	-165	-150	1.0	1.5	3.5	3.5
<b>10.0</b>	<b>9.9</b>	<b>-38.9</b>	<b>-37.5</b>	<b>-158</b>	<b>-142</b>	<b>0.9</b>	<b>1.5</b>	<b>3.5</b>	<b>3.8</b>
10.0	9.9	-35.7	-33.7	-161	-145				
10.1	9.9	-37.7	-39.0	-162	-146				
10.3	10.6	-24.0	-7.7	-120	-118	1.5	2.5	4.0	4.4
9.6	8.6	-51.0	-61.0	-178	-165	0.5	0.7	3.2	3.4
0.2	0.5	6.9	13.3	13	11	0.2	0.4	0.2	0.3
10.2	10.0	-44.4	-48.4						
9.9	10.1								

**Manufacturing, Not Consumption, Starts to Drive Activity**

The final release of the Q4 2009 national accounts confirmed the acceleration in GDP evidenced in the preliminary report, from 0.2% (q-o-q) in Q3 to 0.6%. GDP was lifted by inventories and a 2.0%-point contribution from domestic final sales, but net trade subtracted from activity. Going into 2010, the main impetus of activity appears to be shifting away from domestic demand and towards industry. Manufacturing orders rose by 1.0% (m-o-m) in January on the back of a 3.4% surge in exports, underscoring the comparative softness of domestic activity. Elsewhere, manufacturing production continued to rise after a 0.6% (m-o-m) gain in February, reaching 0.4% in March which brought the y-o-y rate up from 3.6% to 4.6%. With March's purchasing managers' index (PMI) for the sector rising from 54.9 in the previous month to 56.5 and INSEE's own survey of industrialists also recording gains, manufacturing is expected to pick up further in the months ahead. Our panel's production forecast for 2010, however, remains unchanged at 3.0% this month.

By contrast, March's services PMI fell back, once again highlighting the shakiness outside of industry. With employment contracting in the final quarter of 2009 and the jobless rate standing at 9.6% – not to mention the gradual phasing out of last year's successful car scrappage scheme – 2010 consensus forecasts for household spending remain at 1.0%. Indeed, retail trade declined in m-o-m terms in January. Meanwhile, spending on durable goods in February registered a 1.2% monthly fall, its second consecutive contraction, which leaves spending in the first two months of 2010 down from the December quarter. 2011 consumption is not expected to accelerate significantly either.

Direction of Trade – 2008			
Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
Germany	14.3	Germany	17.9
Italy	8.7	Belgium	11.7
Spain	8.3	Italy	8.3
Eastern Europe	8.7	Eastern Europe	9.1
Africa	5.7	Asia (ex. Japan)	5.9
Asia (ex. Japan)	4.5	Africa	4.5



	Average % Change on Previous Calendar Year																	
	Gross Domestic Product		Household Consumption		Gross Fixed Investment		Company Trading Profits		Manufacturing Production		Retail Prices (RPI-X, underlying rate)		Consumer Prices Index (HICP)		Output Prices		Average Earnings	
Economic Forecasters	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
<b>Economic Perspectives</b>	2.2	1.4	-0.2	-0.7	3.0	6.1	5.0	8.0	3.0	1.5	3.4	3.8	3.2	3.6	3.5	4.5	2.7	3.5
<b>HSBC</b>	2.0	2.7	0.5	1.5	-0.1	5.2	na	na	3.2	5.4	3.8	2.8	2.8	2.6	na	na	3.4	3.8
<b>BNP Paribas</b>	1.9	1.5	1.4	1.2	0.8	4.0	na	na	2.4	2.5	3.9	2.5	2.8	1.4	na	na	2.2	2.5
<b>Liverpool Macro Research</b>	1.8	2.8	0.8	2.5	na	na	na	na	na	na	na	na	1.8	2.2	na	na	3.7	4.2
<b>Goldman Sachs</b>	1.6	3.2	0.4	0.7	-0.9	7.8	na	na	2.7	4.4	3.8	2.3	2.7	1.6	3.0	2.0	na	na
<b>Deutsche Bank</b>	1.5	2.5	0.9	2.0	-4.9	1.5	na	na	0.7	1.8	na	na	2.7	0.7	3.5	2.7	na	na
<b>Lombard Street Research</b>	1.5	2.5	-0.1	2.3	2.6	2.2	3.5	5.0	na	na	2.9	0.7	2.5	0.8	na	na	na	na
<b>Credit Suisse</b>	1.5	2.5	1.0	1.8	-3.3	3.8	na	na	na	na	3.6	1.4	2.5	1.0	na	na	na	na
<b>JP Morgan</b>	1.5	3.2	0.7	2.1	-2.6	3.7	na	na	1.8	3.2	na	na	2.5	1.7	2.3	1.5	na	na
<b>Barclays Capital</b>	1.4	2.2	1.3	1.7	-4.7	2.0	na	na	0.0	0.0	4.4	2.8	3.1	1.5	na	na	na	na
<b>Bank of America - Merrill</b>	1.4	3.0	0.0	2.3	-1.5	1.4	11.8	8.6	2.8	5.1	4.2	3.0	2.9	1.6	na	na	1.8	2.3
<b>Citigroup</b>	1.4	2.3	1.3	1.4	-9.3	-1.7	14.4	11.7	0.2	0.8	4.4	2.9	3.6	2.9	na	na	1.2	2.1
<b>Societe Generale</b>	1.2	2.0	0.8	1.6	-4.3	3.4	8.8	10.0	2.7	3.5	na	na	2.9	1.7	3.7	4.0	na	na
<b>IHS Global Insight</b>	1.1	1.8	-0.2	1.1	-3.4	2.7	na	na	2.0	2.6	3.7	2.3	2.8	1.6	4.0	2.3	2.2	2.9
<b>Schroders</b>	1.1	2.5	0.7	1.8	-1.7	9.5	na	na	3.4	3.9	3.6	2.5	2.5	2.3	na	na	2.8	3.7
<b>Oxford Economics</b>	1.1	2.3	0.2	1.6	-3.6	0.6	3.1	5.9	2.1	3.0	3.8	2.0	2.7	1.5	2.3	1.3	2.0	2.2
<b>Cambridge Econometrics</b>	1.0	1.6	-0.1	1.5	-2.3	2.0	na	na	1.0	2.3	2.5	3.0	2.2	2.4	na	na	1.4	2.5
<b>Capital Economics</b>	1.0	1.5	-0.5	1.0	-2.0	2.0	na	na	2.0	3.0	3.9	1.6	2.6	0.3	4.8	na	0.7	-0.2
<b>Confed of British Industry</b>	1.0	2.5	0.7	1.9	-3.3	4.3	2.3	8.1	1.4	2.3	3.1	2.0	2.4	1.6	3.3	2.2	2.1	3.1
<b>ING Financial Markets</b>	1.0	1.5	0.7	0.8	-3.7	2.8	na	na	1.7	2.6	na	na	2.4	2.0	2.2	2.4	1.4	2.2
<b>ITEM Club</b>	1.0	2.5	0.4	0.9	-1.0	3.2	4.0	5.0	2.6	5.6	2.9	2.3	2.2	1.7	2.1	3.0	2.0	3.1
<b>RBS Financial Markets</b>	1.0	2.3	0.8	0.9	-1.6	4.3	na	na	0.8	3.0	4.0	2.9	2.8	1.9	2.2	1.5	1.5	1.9
<b>Beacon Econ Forecasting</b>	0.9	2.5	1.5	3.3	0.4	6.9	na	na	3.0	5.2	3.9	1.5	2.9	0.4	4.7	5.4	2.3	2.5
<b>Experian Business Strategies</b>	0.9	1.9	0.6	1.8	-3.4	1.2	na	na	1.2	2.5	4.0	2.3	2.8	1.7	4.2	3.1	1.8	2.3
<b>Consensus (Mean)</b>	<b>1.3</b>	<b>2.3</b>	<b>0.6</b>	<b>1.5</b>	<b>-2.2</b>	<b>3.4</b>	<b>6.6</b>	<b>7.8</b>	<b>1.9</b>	<b>3.1</b>	<b>3.7</b>	<b>2.4</b>	<b>2.7</b>	<b>1.7</b>	<b>3.3</b>	<b>2.8</b>	<b>2.1</b>	<b>2.6</b>
<b>Last Month's Mean</b>	1.4	2.3	0.5	1.7	-1.6	3.6	5.0	7.1	2.1	3.1	3.5	2.3	2.6	1.7	3.0	2.9	2.4	2.9
<b>3 Months Ago</b>	1.5	2.2	0.6	1.6	-1.3	2.9	5.1	6.5	1.9	2.7	3.2	2.4	2.4	1.7	2.9	3.0	2.2	2.8
<b>High</b>	2.2	3.2	1.5	3.3	3.0	9.5	14.4	11.7	3.4	5.6	4.4	3.8	3.6	3.6	4.8	5.4	3.7	4.2
<b>Low</b>	0.9	1.4	-0.5	-0.7	-9.3	-1.7	2.3	5.0	0.0	0.0	2.5	0.7	1.8	0.3	2.1	1.3	0.7	-0.2
<b>Standard Deviation</b>	0.4	0.5	0.5	0.8	2.6	2.5	4.5	2.4	1.0	1.5	0.5	0.7	0.4	0.8	0.9	1.2	0.8	1.0
<b>Comparison Forecasts</b>																		
<b>Treasury (Mar. '10)</b>	1.3	3.3	0.3	2.5	-2.5	4.8			1.8	3.8			2.0	1.5				
<b>Eur Commission (Oct. '09)</b>	0.9	1.9	-0.3	1.5	-3.8	3.0							1.4	1.6				
<b>IMF (Jan. '10)</b>	1.3	2.7																
<b>OECD (Nov. '09)</b>	1.2	2.2	-0.2	2.0	-5.2	2.6							1.7	0.5				

**Government and Background Data**

**Prime Minister** - Mr. Gordon Brown (Labour Party). **Parliament** - The Labour party has a working majority of 65 in the 646-seat House of Commons (lower house). **Next Election** - May 6th 2010 (general election). **Nominal GDP** - £1,443bn (2008). **Population** - 61.2mn (mid-year, 2008). **\$/£ Exchange Rate** - 1.853 (average, 2008).

**Quarterly Consensus Forecasts**

*Historical Data and Forecasts (bold italics) From Survey of March 8, 2010*

	2009				2010				2011					
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Gross Domestic Product</b>	-5.3	-3.3	<b>0.0</b>	<b>1.2</b>	<b>2.0</b>	<b>2.4</b>	<b>2.4</b>	<b>2.3</b>	<b>2.3</b>	<b>2.1</b>				
<b>Household Consumption</b>	-3.4	-1.9	<b>-0.4</b>	<b>0.7</b>	<b>1.0</b>	<b>1.1</b>	<b>1.4</b>	<b>1.6</b>	<b>1.7</b>	<b>1.6</b>				
<b>Consumer Price Index</b>	1.4	2.1	<b>3.2</b>	<b>2.9</b>	<b>2.3</b>	<b>1.8</b>	<b>1.4</b>	<b>1.6</b>	<b>1.6</b>	<b>1.7</b>				

*Percentage Change (year-on-year).*

**Historical Data**

* % change on previous year	2006	2007	2008	2009
<b>Gross Domestic Product*</b>	2.9	2.6	0.5	-4.9
<b>Household Consumption*</b>	1.5	2.5	0.9	-3.2
<b>Gross Fixed Investment*</b>	6.5	7.8	-3.5	-14.9
<b>Company Trading Profits*</b>	9.2	4.5	0.6	-5.1
<b>Manufacturing Production*</b>	1.5	0.6	-2.9	-10.5
<b>Retail Prices (RPI-X underlying rate)*</b>	2.9	3.2	4.3	2.0
<b>Consumer Prices Index (HICP)*</b>	2.3	2.3	3.6	2.2
<b>Output Prices*</b>	2.5	2.6	7.3	1.3
<b>Average Earnings*</b>	4.1	4.0	3.4	1.3
<b>Unemployment Rate, %</b>	3.0	2.7	2.8	4.7
<b>Current Account, £ bn</b>	-43.8	-37.7	-22.0	-18.4
<b>Public Sector Net Cash Requirement, fiscal yrs, £ bn</b>	35.1	21.5	59.6	162 e
<b>3 mth Interbank, % (end yr)</b>	5.3	6.0	2.6	0.7
<b>10 Yr Gilt Yields, % (end yr)</b>	4.7	4.6	3.0	4.0

*e = consensus estimate based on latest survey*



Year Average	Annual Total		Fiscal Years (Apr-Mar)		Rates on Survey Date			
					0.7%		4.1%	
Unemployment Rate (%)	Current Account (£ bn)		Public Sector Net Cash Requirement (£ bn)		3 month Interbank Rate (%)		10 Year Gilt Yield (%)	
2010 2011	2010 2011	FY 10-11 FY 11-12	End Jul'10 End Apr'11	End Jul'10 End Apr'11	End Jul'10 End Apr'11	End Jul'10 End Apr'11	End Jul'10 End Apr'11	
5.2 5.3	-16.0 -12.0	165 150	1.5 2.2	4.3 4.8				
4.8 4.3	-16.1 -7.4	na na	0.7 2.1	3.9 3.4				
4.7 4.8	-16.0 -8.5	155 126	0.6 0.6	4.1 4.1				
5.0 4.7	-30.7 -27.9	na na	0.7 1.3	na na				
5.1 4.2	-4.6 7.7	na na	0.8 2.4	4.0 4.4				
na na	-5.1 0.0	165 130	0.7 1.2	4.3 4.9				
na na	-40.3 -32.8	na na	0.7 1.1	4.4 4.2				
na na	-36.4 -38.0	160 117	na na	4.3 4.4				
na na	-29.0 -29.8	na na	na na	na na				
na na	-25.2 -16.8	na na	1.0 2.5	4.8 5.3				
5.1 5.1	-20.0 -18.0	na na	na na	na na				
5.2 5.5	-8.8 18.3	169 125	1.0 2.5	4.6 5.1				
5.4 6.2	-15.0 -10.0	165 145	0.9 1.5	4.4 4.8				
5.2 5.3	-26.7 -23.9	165 135	0.7 1.2	4.2 4.5				
5.1 4.8	-19.0 -30.0	160 129	0.7 1.3	4.3 4.4				
5.0 5.0	-28.1 -21.1	172 145	0.6 1.1	4.3 5.1				
5.9 6.4	-26.2 -23.7	na na	na na	na na				
6.0 6.6	-14.8 -7.8	167 132	0.6 0.5	4.0 3.0				
5.1 5.0	-36.6 -36.7	na na	na na	na na				
5.5 5.6	-16.0 -18.5	175 125	0.7 1.3	4.4 4.7				
5.0 4.7	-30.0 -8.7	180 155	na na	na na				
5.0 5.2	-11.4 -6.1	170 155	0.8 1.7	4.4 4.3				
5.2 5.3	-35.7 -53.0	197 207	0.5 1.3	3.5 3.6				
5.1 4.9	-22.5 -36.2	183 166	1.2 2.5	4.5 5.0				
<b>5.2 5.2</b>	<b>-22.1 -18.4</b>	<b>170 143</b>	<b>0.8 1.6</b>	<b>4.3 4.4</b>				
5.3 5.3	-27.0 -25.2	177 147						
5.4 5.4	-22.3 -19.8	178 147						
6.0 6.6	-4.6 18.3	197 207	1.5 2.5	4.8 5.3				
4.7 4.2	-40.3 -53.0	155 117	0.5 0.5	3.5 3.0				
0.3 0.6	10.1 16.0	11 22	0.2 0.6	0.3 0.6				
	-35.0 -36.0							

**Expansion Could Continue into Q1**

Early indicators suggest that despite the VAT hike and bad weather in January putting an initial dampener on activity, the economy managed to avoid a dreaded “double-dip” recession and continued on a path of expansion in Q1. Retail sales, for example, rebounded by 2.1% (m-o-m) in February, overcoming much of the previous month’s slump, while the PMI for manufacturing reached a new high of 57.2 in March. In its latest interim assessment, the OECD even said that it expected the UK economy to grow the fastest out of all the G-7 countries bar Canada in the first half of the year, forecasting a q-o-q annualised growth rate of 2.0% in Q1 and 3.1% in Q2. The labour market appears to be indicative of this turnaround in fortunes, as new hirings in February were up and the claimant count of unemployment fell by 32,300. A cause of concern, however, is that the number of those deemed “economically inactive” has risen to its highest level in years, with the proportion of those employed falling to 58.1%. Meanwhile, inflation surprised on the downside in February as it fell to 3.0% (y-o-y) from a high of 3.5% in January. This suggests that the upside risk to inflation could be dissipating, allowing monetary policy to stay looser for a little longer (until the final quarter of this year according to our panel – see below).

It was finally confirmed that the next general election will take place on May 6<sup>th</sup>. Investors will be hoping for a clear victor to emerge so that steps to grapple with the spiralling deficit can finally be undertaken. In the meantime, the revised government estimate of the FY2009-10 budget deficit from £178bn to £167bn did little to reassure the markets, as the UK pound made further losses against the US dollar.

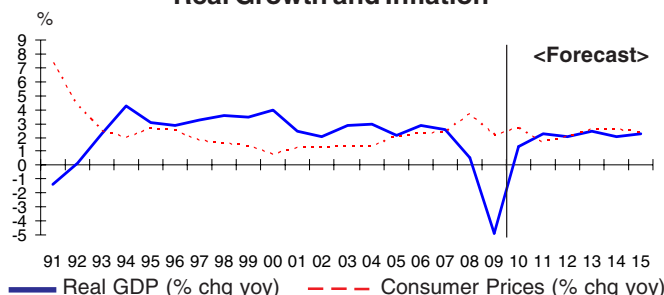
**UK Official Bank Rate – April 12, 2010 = 0.50%**

FORECASTS	End June 2010	End Sep. 2010	End Dec. 2010	End Mar. 2011
<b>Consensus Mean Average:</b>	0.53%	0.69%	1.06%	1.35%
<b>Mode (most frequent forecast):</b>	0.50%	0.50%	1.00%	2.00%

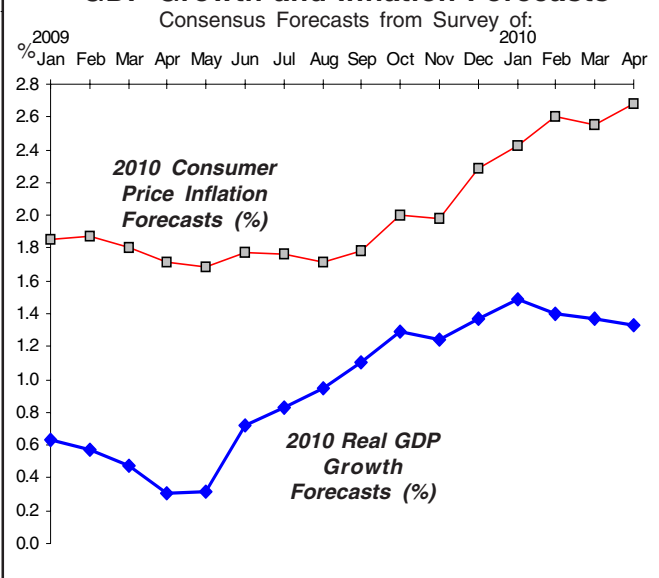
**Direction of Trade – 2008**

Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
United States	13.9	Germany	13.1
Germany	11.5	United States	8.7
Netherlands	7.8	Netherlands	7.4
Eastern Europe	6.5	Asia (ex. Japan)	11.5
Asia (ex. Japan)	5.0	Eastern Europe	7.5
Middle East	4.1	Africa	2.9

**Real Growth and Inflation**



**GDP Growth and Inflation Forecasts**



	Average % Change on Previous Calendar Year													
	Gross Domestic Product		Household Consumption		Gross Fixed Investment		Industrial Production		Consumer Prices		Producer Prices		Contractual Hourly Earnings	
	<i>Prodotto Interno Lordo</i>		<i>Consumi delle Famiglie</i>		<i>Investimenti Fissi Lordi</i>		<i>Produzione Industriale</i>		<i>Prezzi al Consumo</i>		<i>Prezzi alla Produzione</i>		<i>Retribuzione Orarie Contrattuali</i>	
Economic Forecasters	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Bank of America - Merrill	1.1	2.1	0.6	1.5	0.5	3.7	3.4	3.2	1.4	1.9	0.9	1.2	na	na
Confindustria	1.1	1.3	0.8	1.3	1.4	2.7	na	na	1.4	2.0	na	na	na	na
Goldman Sachs	1.0	1.6	0.8	0.9	-0.1	1.0	1.6	2.0	1.3	1.8	1.3	3.3	na	na
ISAE	1.0	1.4	0.8	1.1	0.8	2.8	na	na	1.6	2.0	1.9	2.4	1.5	0.7
Centro Europa Ricerche	0.9	1.2	0.6	0.8	0.5	2.0	na	na	2.1	2.3	na	na	na	na
Citigroup	0.7	0.8	0.6	0.5	-1.1	4.0	3.2	-1.8	1.4	1.5	na	na	2.4	1.9
ING Financial Markets	0.7	1.0	0.7	0.9	-0.8	1.3	1.3	1.4	1.5	1.7	1.8	2.0	2.2	2.3
Ref.	0.7	0.8	0.5	0.7	-1.1	0.3	1.2	1.0	1.5	1.9	2.1	2.3	2.0	2.3
Intesa Sanpaolo	0.7	1.2	0.6	1.7	-0.5	1.9	3.7	0.8	1.4	2.0	0.4	1.1	2.0	2.1
Banca Nzie del Lavoro	0.6	1.1	0.6	0.8	-0.2	1.9	1.0	2.0	1.6	1.9	1.8	2.5	2.2	2.8
Econ Intelligence Unit	0.6	0.6	0.6	0.7	0.4	1.3	3.0	1.0	1.4	1.7	1.1	1.6	na	na
HSBC	0.6	1.0	0.7	0.8	-0.9	2.2	3.7	2.5	1.1	1.4	na	na	na	na
Prometeia	0.6	1.0	0.4	0.7	0.4	1.8	1.7	1.5	1.5	1.7	2.8	1.7	1.6	2.0
UniCredit	0.5	1.0	0.2	0.8	-2.3	0.6	na	na	1.6	1.9	1.6	2.7	2.8	2.4
IHS Global Insight	0.5	1.0	0.6	1.0	-0.9	1.2	4.1	3.0	1.4	1.8	na	na	na	na
<b>Consensus (Mean)</b>	<b>0.8</b>	<b>1.1</b>	<b>0.6</b>	<b>0.9</b>	<b>-0.3</b>	<b>1.9</b>	<b>2.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.8</b>	<b>1.6</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>
Last Month's Mean	0.8	1.2	0.6	0.9	0.2	1.9	1.9	1.7	1.5	1.8	1.6	2.1	2.1	2.1
3 Months Ago	0.9	1.2	0.6	0.9	0.2	2.0	2.2	1.8	1.6	1.8	1.4	2.2	2.1	2.3
High	1.1	2.1	0.8	1.7	1.4	4.0	4.1	3.2	2.1	2.3	2.8	3.3	2.8	2.8
Low	0.5	0.6	0.2	0.5	-2.3	0.3	1.0	-1.8	1.1	1.4	0.4	1.1	1.5	0.7
Standard Deviation	0.2	0.4	0.2	0.3	1.0	1.0	1.2	1.4	0.2	0.2	0.7	0.7	0.4	0.6
<b>Comparison Forecasts</b>														
Government (Sep. '09)	0.7		0.5		1.7				1.5					
Eur Commission (Oct. '09)	0.7	1.4	0.8	1.3	0.1	2.4			1.8	2.0				
IMF (Jan. '10)	1.0	1.3												
OECD (Nov. '09)	1.1	1.5	0.7	1.1	0.6	4.0								

### Government and Background Data

**Prime Minister** - Mr. Silvio Berlusconi (*People of Freedom Party*).  
**Parliament** - A centre-right coalition led by the *People of Freedom Party* has majorities in both the Chamber of Deputies (lower house) and the Senate (upper house). **Next Elections** - By 2013 (parliamentary).  
**Nominal GDP** - Euro1,572bn (2008). **Population** - 59.6mn (mid-year, 2008). **\$/Euro Exchange Rate** - 1.472 (average, 2008).

### Quarterly Consensus Forecasts

*Historical Data and Forecasts (bold italics) From Survey of March 8, 2010*

	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-4.6	-2.8	<b>0.3</b>	<b>1.0</b>	<b>0.7</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>
Household Consumption	-1.6	<b>-0.4</b>	<b>0.8</b>	<b>0.7</b>	<b>0.5</b>	<b>0.5</b>	<b>0.7</b>	<b>0.8</b>	<b>0.9</b>	<b>1.0</b>
Consumer Prices	0.1	0.7	<b>1.4</b>	<b>1.3</b>	<b>1.6</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>	<b>1.9</b>

*Percentage Change (year-on-year)*

### Historical Data

* % change on previous year	2006	2007	2008	2009
<b>Gross Domestic Product*</b>	2.1	1.4	-1.3	-5.1
<b>Household Consumption*</b>	1.2	1.1	-0.8	-1.8
<b>Gross Fixed Investment*</b>	3.1	1.3	-4.0	-12.2
<b>Industrial Production*</b>	3.6	2.1	-3.2	-17.6
<b>Consumer Prices*</b>	2.1	1.8	3.4	0.8
<b>Producer Prices*</b>	4.5	3.0	5.1	-4.7
<b>Contractual Hourly Earnings*</b>	3.0	2.2	3.5	3.1
<b>Unemployment Rate,%</b>	6.8	6.2	6.7	7.8
<b>Current Account, Euro bn</b>	-38.3	-37.7	-54.5	-48.0
<b>General Govt. Budget Balance</b> (Maastricht definition), Euro bn	-49.3	-23.2	-43.0	-80.8 e
<b>3 mth Euro, % (end yr)</b>	3.7	4.7	2.8	0.7
<b>10 yr Italian Govt Bond, % (end yr)</b>	4.2	4.6	4.3	4.2

*e = consensus estimate based on latest survey*

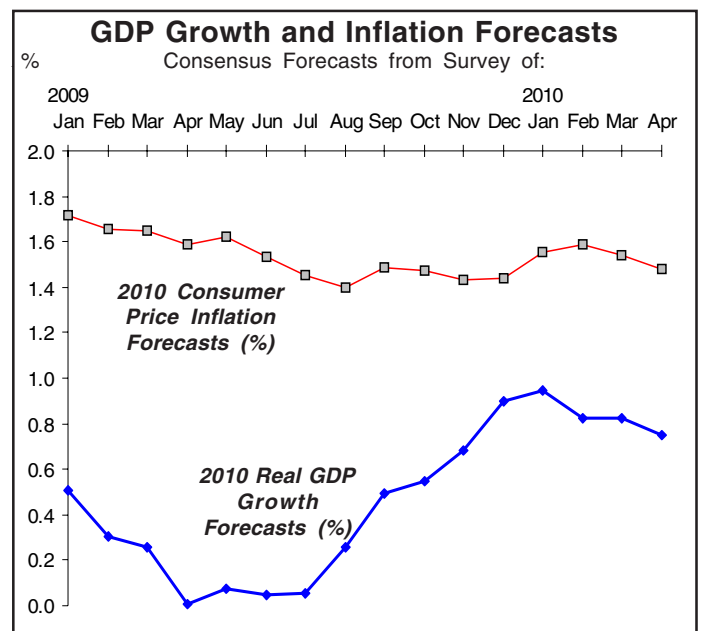
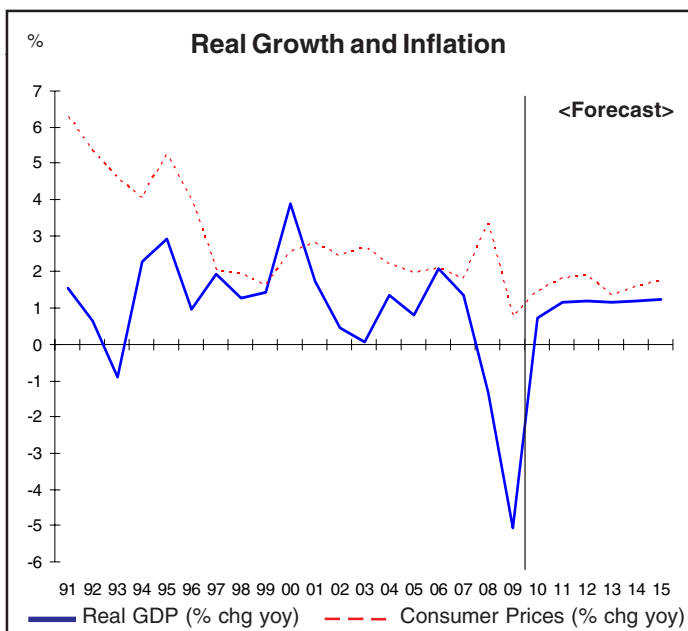
Year Average		Annual Total				Rates on Survey Date			
						0.6%		3.9%	
Unemployment Rate (%)		Current Account (Euro bn)		General Govt Budget Bal (Maastricht) (Euro bn)		3 month Euro Rate (%)		10 Year Italian Govt Bond Yield (%)	
Tasso di Disoccupazione (%)		Partite Correnti (€ mld)		Indebitamento netto (Maastricht) (€ mld)		Interessi Euro Trimestrali (%)		Buoni del Tesoro Decennali (%)	
2010	2011	2010	2011	2010	2011	End Jul'10	End Apr'11	End Jul'10	End Apr'11
8.3	7.8	-43.6	-31.3	-80.9	-66.4	na	na	na	na
8.7	9.0	-47.4	-47.4	-83.4	-81.1	na	na	na	na
na	na	-24.2	-13.1	-83.2	-79.3	1.2	1.5	na	na
8.8	8.8	na	na	na	na	na	na	na	na
8.8	9.0	na	na	na	na	0.7	1.9	4.1	4.6
8.9	9.1	-37.7	-23.4	-82.3	-87.5	0.8	1.5	4.3	4.5
8.8	8.4	-43.5	-42.3	-84.2	-78.7	0.8	1.3	4.0	4.2
9.5	9.7	-47.8	-43.4	-91.0	-89.0	0.9	1.5	3.9	4.2
9.0	9.4	-43.0	-52.1	-85.0	-79.0	1.2	2.2	4.1	4.3
8.8	9.2	-43.0	-40.0	na	na	na	na	na	na
8.5	8.5	na	na	na	na	na	na	na	na
8.8	8.9	-35.0	-34.0	na	na	0.7	1.6	4.1	3.9
9.1	9.3	-60.0	-54.0	-90.9	-78.7	0.8	1.4	4.4	4.5
8.9	8.8	na	na	-77.0	-71.0	na	na	na	na
8.9	8.8	-42.0	-39.1	-76.4	-59.2	na	na	4.1	4.7
<b>8.8</b>	<b>8.9</b>	<b>-42.5</b>	<b>-38.2</b>	<b>-83.4</b>	<b>-77.0</b>	<b>0.9</b>	<b>1.6</b>	<b>4.1</b>	<b>4.3</b>
8.8	8.8	-43.3	-39.1	-83.6	-78.3				
8.5	8.5	-43.1	-38.8	-85.0	-79.5				
9.5	9.7	-24.2	-13.1	-76.4	-59.2	1.2	2.2	4.4	4.7
8.3	7.8	-60.0	-54.0	-91.0	-89.0	0.7	1.3	3.9	3.9
0.3	0.5	8.8	12.2	4.9	9.1	0.2	0.3	0.2	0.3
8.8									
8.7	8.7	-37.0	-38.6						
8.5	8.7								

**Fragile Recovery**

Revisions to the Italian national accounts have further highlighted the fragility of the recovery. The unexpected contraction in Q4 2009 GDP was larger than originally thought, posting a 0.3% (q-o-q) fall compared with the initial 0.2% estimate, while Q3 growth – which initially brought Italy out of recession – was revised down slightly from 0.6% to 0.5%. The contraction seen for the year as a whole was amended to 5.1% from an original 4.9% estimate. The poor performance at the end of last year was driven by slumps in consumer spending and investment, which fell by 0.1% (q-o-q) and 1.0%, respectively. Nevertheless, going forward, manufacturing appeared to recover at the turn of the year, with industrial production jumping by a large 2.6% (m-o-m) in January on the back of an increase in exports. Indeed, the IMF anticipates that it will be external demand which drives future growth while consumer spending remains subdued. A rapid rise in joblessness appears to be the source of consumer caution, as in February when unemployment reached 8.5% after posting an average of 8.2% in the last three months of 2009. In a bid to shore up domestic demand, the government recently passed a consumer-targeted stimulus measure worth €300mn in order to encourage the sale of durable goods.

After resisting the temptation to lower taxes to stimulate growth, the government budget is expected to post a relatively modest deficit of 5.3% of GDP in 2009 and aims to cut this down to 3.9% in 2011. This puts Italy in a better position than the likes of Spain, Portugal and Greece, although weak growth prospects in the near-term remain an issue for credit rating agencies considering downgrades.

Direction of Trade – 2008			
Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
Germany	12.8	Germany	16.0
France	11.2	France	8.6
Spain	6.6	China	6.2
Eastern Europe	15.7	Eastern Europe	15.5
Middle East	5.9	Middle East	8.9
Asia (ex. Japan)	3.8	Asia (ex. Japan)	8.8



	Average % Change on Previous Calendar Year														Annual Total			
	Gross Domestic Product		Personal Expenditure		Machinery & Equipment Investment		Pre - Tax Corporate Profits		Industrial Production		Consumer Prices		Industrial Product Prices		Average Hourly Earnings		Housing Starts (thousand units)	
	<i>Produit Intérieur Brut</i>		<i>Dépenses de Consommation des Ménages</i>		<i>Investissement Productif</i>		<i>Bénéfices des Sociétés avant impôts</i>		<i>Production Industrielle</i>		<i>Prix à la Consommation</i>		<i>Prix des Produits Industriels</i>		<i>Rémunération Horaire Moyenne</i>		<i>Construction de Logements mises en chantier, milliers</i>	
Economic Forecasters	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
<b>BMO Capital Markets</b>	3.4	3.2	3.2	3.5	0.2	4.7	15.0	10.0	3.5	4.0	2.2	1.9	1.0	2.0	2.8	2.6	180	180
<b>Economap</b>	3.4	3.5	3.3	3.5	1.0	6.0	16.0	12.0	3.6	4.1	2.1	1.9	1.5	3.0	2.6	3.0	180	180
<b>National Bank Financial</b>	3.4	2.3	3.1	2.6	4.1	7.9	18.0	8.6	na	na	1.8	2.2	na	na	na	na	180	170
<b>Royal Bank of Canada</b>	3.4	3.6	2.9	2.8	2.7	8.6	20.8	16.5	na	na	1.9	2.2	na	na	na	na	184	189
<b>IHS Global Insight</b>	3.4	3.5	3.1	2.5	2.8	3.7	33.4	15.8	7.0	8.5	1.5	1.7	1.2	2.6	na	na	191	182
<b>Toronto Dominion Bank</b>	3.4	2.9	3.3	2.8	1.1	9.9	20.9	10.0	na	na	1.7	1.9	na	na	na	na	185	170
<b>Scotia Economics</b>	3.3	2.8	3.1	2.7	1.9	5.8	27.0	16.0	3.7	4.9	1.9	2.3	na	na	na	na	190	175
<b>Conf Board of Canada</b>	3.2	3.3	3.0	2.7	2.6	10.8	27.3	7.2	na	na	1.8	2.6	1.2	2.5	na	na	187	194
<b>Informetrica</b>	3.2	3.4	3.0	3.6	6.0	5.5	22.0	15.0	8.5	4.5	2.0	2.0	3.5	3.0	2.0	3.5	192	178
<b>University of Toronto</b>	3.1	2.7	2.6	2.3	2.1	8.3	22.8	8.6	na	na	2.1	2.6	na	na	na	na	180	175
<b>Desjardins</b>	3.0	2.9	3.0	2.9	4.6	4.9	14.4	8.9	na	na	1.7	2.2	1.6	3.8	2.8	4.4	182	174
<b>CIBC World Markets</b>	3.0	2.5	2.7	2.5	2.7	2.9	11.5	15.0	na	na	1.9	2.1	na	na	na	na	210	205
<b>Caisse de Depot</b>	2.7	3.0	2.6	2.9	4.7	6.9	na	na	na	na	1.5	2.0	na	na	na	na	170	177
<b>EDC Economics</b>	2.5	2.9	2.2	1.9	2.5	4.1	na	na	na	na	2.0	2.5	na	na	na	na	155	165
<b>Consensus (Mean)</b>	<b>3.2</b>	<b>3.0</b>	<b>2.9</b>	<b>2.8</b>	<b>2.8</b>	<b>6.4</b>	<b>20.8</b>	<b>12.0</b>	<b>5.3</b>	<b>5.2</b>	<b>1.9</b>	<b>2.2</b>	<b>1.7</b>	<b>2.8</b>	<b>2.6</b>	<b>3.4</b>	<b>183</b>	<b>180</b>
<b>Last Month's Mean</b>	2.9	3.2	2.7	2.8	3.4	6.1	19.8	12.7	3.7	3.7	1.8	2.2	1.8	2.8	2.6	2.9	178	181
<b>3 Months Ago</b>	2.6	3.2	2.4	2.8	4.1	6.5	15.7	12.2	2.8	4.3	1.7	2.2	1.4	2.7	2.6	2.8	168	177
<b>High</b>	3.4	3.6	3.3	3.6	6.0	10.8	33.4	16.5	8.5	8.5	2.2	2.6	3.5	3.8	2.8	4.4	210	205
<b>Low</b>	2.5	2.3	2.2	1.9	0.2	2.9	11.5	7.2	3.5	4.0	1.5	1.7	1.0	2.0	2.0	2.6	155	165
<b>Standard Deviation</b>	0.3	0.4	0.3	0.5	1.6	2.4	6.3	3.5	2.4	1.9	0.2	0.3	0.9	0.6	0.4	0.8	12	10
<b>Comparison Forecasts</b>																		
<b>IMF (Jan. '10)</b>	2.6	3.6																
<b>OECD (Nov. '09)</b>	2.0	3.0	2.3	3.0							1.3	1.0						

### Government and Background Data

**Prime Minister** - Mr. Stephen Harper (Conservative). **Government** - The Conservatives lead a minority government, with 143 out of 308 seats in parliament (155 seats are needed for a clear majority). **Next Election** - By 2013 (general election). **Nominal GDP** - C\$1,600bn (2008). **Population** - 33.3mn (mid-year, 2008). **C\$/US\$ Exchange Rate** - 1.067 (average, 2008).

### Quarterly Consensus Forecasts

*Historical Data and Forecasts (bold italics) From Survey of March 8, 2010*

	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Gross Domestic Product</b>	-3.3	-1.2	<b>1.8</b>	<b>3.2</b>	<b>3.6</b>	<b>3.1</b>	<b>3.0</b>	<b>3.0</b>	<b>3.1</b>	<b>3.2</b>
<b>Personal Expenditure</b>	0.2	1.9	<b>2.9</b>	<b>3.0</b>	<b>2.7</b>	<b>2.5</b>	<b>2.5</b>	<b>2.8</b>	<b>3.0</b>	<b>3.1</b>
<b>Consumer Prices</b>	-0.9	0.8	<b>1.7</b>	<b>1.7</b>	<b>2.0</b>	<b>1.8</b>	<b>1.9</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>

*Percentage Change (year-on-year).*

### Historical Data

<i>* % change on previous year</i>	2006	2007	2008	2009
<b>Gross Domestic Product*</b>	2.9	2.5	0.4	-2.6
<b>Personal Expenditure*</b>	4.1	4.6	3.0	0.2
<b>Machinery &amp; Eqpt Investment*</b>	10.5	4.4	0.5	-19.2
<b>Pre - Tax Corporate Profits*</b>	5.1	4.1	5.7	-33.2
<b>Industrial Production*</b>	-0.3	0.1	-4.2	-10.0
<b>Consumer Prices*</b>	2.0	2.1	2.4	0.3
<b>Industrial Product Prices*</b>	2.3	1.6	4.3	-3.4
<b>Average Hourly Earnings*</b>	2.6	4.6	3.5	3.0
<b>Housing Starts, '000 units</b>	227	228	211	149
<b>Unemployment Rate, %</b>	6.3	6.1	6.2	8.3
<b>Current Account, C\$ bn</b>	20.3	15.6	8.1	-41.3
<b>Federal Govt Budget Balance, fiscal years, C\$ bn</b>	13.8	9.6	-5.8	-54.3 e
<b>3 mth Trsy Bill, % (end yr)</b>	4.2	3.8	0.9	0.2
<b>10 Yr Govt Bond, % (end yr)</b>	4.1	4.0	2.9	3.6

*e = consensus estimate based on latest survey*



Year Average	Annual Total		Fiscal Years (Apr-Mar)		Rates on Survey Date				
					0.3%		3.7%		
Unemployment Rate (%)	Current Account (C\$ bn)		Federal Govt Budget Balance (C\$ bn)		3 month Treasury Bill Rate (%)		10 Year Government Bond Yield (%)		
Taux de Chômage (%)	Balance Courante (C\$ md)		Balance Budgétaire (C\$ md)		Rendement sur les Bons du Trésor de 3 mois %		Rendement des Obligations d'État de 10 ans %		
2010 2011	2010 2011	FY 10-11	FY 11-12	End Jul'10	End Apr'11	End Jul'10	End Apr'11		
8.1	7.8	-35.0	-37.0	-46.0	-30.0	0.5	1.9	3.7	4.1
8.1	7.8	-36.0	-35.0	-40.0	-22.0	0.5	1.9	3.7	4.1
8.1	7.8	-12.3	1.5	-30.0	-20.0	0.8	2.0	3.9	4.0
8.2	7.5	-29.2	-23.3	na	na	0.6	2.5	3.8	4.1
8.0	7.6	-39.8	-19.9	na	na	0.5	1.1	4.1	4.2
8.1	7.6	-14.0	-9.7	na	na	0.9	2.1	3.8	4.4
8.2	8.0	-35.8	-31.9	-49.2	-27.6	1.1	2.5	4.0	4.7
8.0	7.3	-31.5	-31.0	-42.0	-27.0	0.5	2.4	3.7	4.2
8.2	7.9	-30.0	15.0	-42.0	-23.0	0.4	1.5	3.6	4.1
8.2	7.9	-40.0	-38.0	na	na	0.5	1.2	3.7	3.9
8.2	7.5	-30.5	-18.8	-45.0	-25.0	0.8	2.5	3.7	4.0
8.2	8.1	-31.5	-16.5	na	na	0.7	1.2	3.7	4.0
8.7	8.0	-32.0	-25.0	na	na	0.3	1.0	3.5	3.8
8.3	7.8	-18.0	-14.0	na	na	na	na	na	na
<b>8.2</b>	<b>7.8</b>	<b>-29.7</b>	<b>-20.3</b>	<b>-42.0</b>	<b>-24.9</b>	<b>0.6</b>	<b>1.8</b>	<b>3.8</b>	<b>4.1</b>
8.3	7.8	-32.3	-22.4	-45.8	-27.7				
8.5	8.0	-33.5	-24.1	-42.9	-28.0				
8.7	8.1	-12.3	15.0	-30.0	-20.0	1.1	2.5	4.1	4.7
8.0	7.3	-40.0	-38.0	-49.2	-30.0	0.3	1.0	3.5	3.8
0.2	0.2	8.8	15.1	6.1	3.5	0.2	0.6	0.2	0.2
8.7	8.1								

**Canadian Outlook Surges Ahead of its G-7 Counterparts**

Output-based GDP picked up from 0.5% (m-o-m) in December to 0.6% in January, its fifth consecutive rise. Moreover, the y-o-y rate finally emerged from recession, rising by 1.3%, which bodes well for activity in Q1 as a whole. GDP was lifted by a 1.3% monthly increase in goods-producing industries. Manufacturing, in particular, jumped by 1.9% (m-o-m) as the result of a 2.1% surge in durables, while industrial production as a whole accelerated by 1.3%. Elsewhere, factory sales registered a strong January showing of 2.4% over the previous month. This was far above initial expectations and, coupled with a 2.2% monthly increase in shipments, underscores the turnaround evidenced in industry. Indeed, our panel's production forecast for 2010 has been noticeably upgraded again this month, from 3.7% to 5.3%, while GDP expectations have jumped past the 3%-mark to 3.2%.

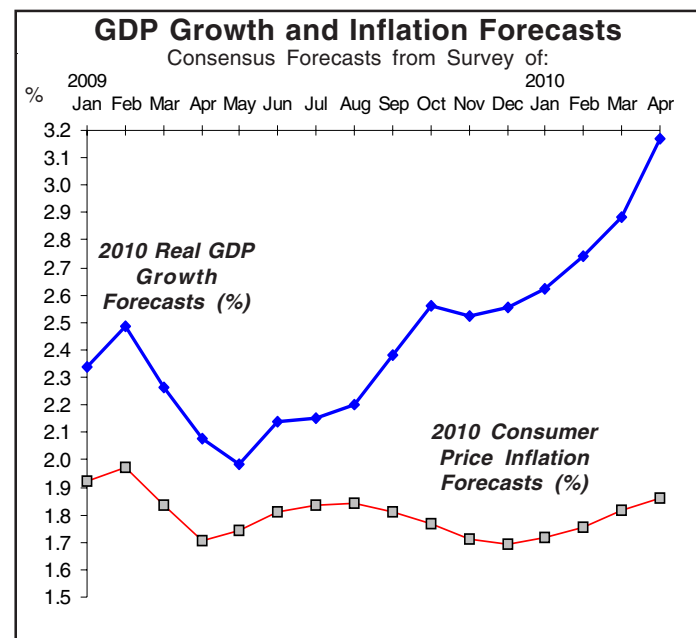
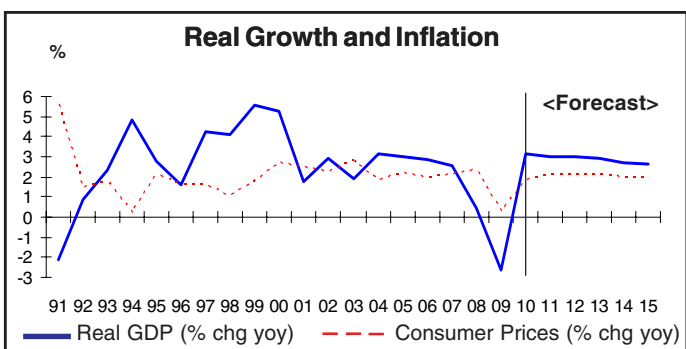
Personal expenditure weathered the worst of the recession in 2009 by managing to avoid an outright contraction. Going into 2010, consumption has been supported by resilient job market fundamentals. Unemployment, for example, stayed at 8.2% in March while payrolls have been registering gains for a while now. This has helped 2010 consensus expectations for the jobless rate to edge down. The concerted advance in activity has also increased attention on the Bank of Canada's forthcoming policy moves. The overnight lending rate remains at negligible levels, but the accelerating pace of growth is likely to prompt a rate hike by the summer (see box, below). February headline consumer price increases, however, remain below the bank's 2% target while core inflation saw a modest uptick to 2.1%. Headline expectations for the year as a whole remain within target.

**Canada Overnight Lending Rate – April 12, 2010 = 0.25%**

FORECASTS	End June 2010	End Sep. 2010	End Dec. 2010	End Mar. 2011
<b>Consensus Mean Average:</b>	0.28%	0.67%	1.08%	1.54%
<b>Mode (most frequent forecast):</b>	0.25%	0.75%	1.25%	2.00%

**Direction of Trade – 2008**

Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
United States	77.7	United States	52.4
United Kingdom	2.7	China	9.8
Japan	2.3	Mexico	4.1
Asia (ex. Japan)	3.8	Asia (ex. Japan)	12.5
Latin America	2.8	Latin America	7.1
Eastern Europe	1.1	Africa	3.1



The EURO ZONE is: Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, Netherlands, Portugal, Spain, Slovakia and Slovenia.	Average % Change on Previous Calendar Year														Year Average			
	Gross Domestic Product		Private Consumption		Govt Consumption		Gross Fixed Investment		Industrial Production		Consumer Prices (HICP)		Industrial Producer Prices		Hourly Labour Costs - Total		Unemployment Rate (%)	
Economic Forecasters	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
Danske Bank	1.8	2.2	0.3	1.5	1.7	1.6	-0.1	4.7	na	na	1.0	1.5	na	na	na	na	9.8	9.5
Allianz	1.7	1.5	0.6	0.9	2.0	2.0	-0.3	2.3	4.7	2.2	1.2	1.8	1.7	3.0	na	na	10.4	10.7
SEB	1.7	2.0	0.4	0.9	2.0	1.8	3.0	4.2	3.3	3.5	0.8	0.8	1.8	2.0	2.2	2.5	10.2	10.2
Bank of America - Merrill	1.7	2.6	0.1	1.5	1.7	2.0	-0.5	4.7	3.8	3.9	1.3	1.5	na	na	2.4	2.5	10.0	9.2
JP Morgan	1.5	2.1	0.0	1.3	0.8	1.0	-1.1	3.8	3.1	3.2	1.2	0.9	1.2	3.0	na	na	9.9	9.5
ABN Amro	1.5	1.5	0.4	1.3	1.1	0.9	-1.5	2.2	3.8	2.5	1.3	1.6	na	na	1.8	1.7	10.4	10.6
ETLA	1.5	1.5	0.0	1.5	1.0	1.0	-0.5	2.5	4.0	3.5	1.5	1.6	na	na	na	na	10.2	10.4
UBS	1.5	2.2	0.3	1.4	1.4	1.1	-0.1	4.3	3.0	2.5	1.2	1.4	1.0	1.7	na	na	10.7	10.4
ING Financial Markets	1.4	1.7	0.4	1.1	1.7	0.3	-1.0	2.0	6.0	3.0	1.3	1.4	na	na	1.5	1.0	9.7	9.0
European F'cast Network	1.2	1.6	-0.1	0.5	1.3	1.3	-1.3	2.6	1.1	1.0	1.3	1.7	na	na	2.4	1.9	10.5	11.0
Goldman Sachs	1.2	1.9	0.1	1.1	0.9	0.7	-1.4	0.9	2.2	2.6	1.0	1.6	1.0	1.9	na	na	10.7	11.1
HSBC	1.2	1.5	0.2	0.7	1.2	0.5	-0.8	2.7	3.9	2.6	1.4	1.4	na	na	na	na	10.5	10.4
Grupo Santander	1.2	1.7	0.3	1.1	1.4	1.0	0.2	4.1	na	na	na	na	na	na	na	na	10.3	10.3
Bank Julius Baer	1.1	1.2	0.9	1.8	1.2	1.2	1.6	5.5	9.6	8.0	1.3	1.4	-0.7	-0.2	1.8	0.5	9.8	9.2
Citigroup	1.1	1.3	0.0	1.1	1.6	1.1	-1.0	3.1	5.4	3.2	1.5	1.5	na	na	na	na	10.2	10.0
Intesa Sanpaolo	1.0	1.4	0.2	0.8	1.1	1.1	-1.1	2.0	4.2	1.4	1.4	1.4	0.2	1.7	1.6	1.7	10.1	10.5
BNP-Paribas	1.0	1.2	-0.2	0.6	1.0	1.0	-1.5	1.5	5.5	1.6	1.2	1.2	0.8	0.9	na	na	10.3	10.3
Commerzbank	1.0	1.3	0.3	0.8	1.6	1.2	-1.1	2.8	4.5	2.0	1.4	1.7	1.6	2.4	1.5	1.8	10.4	10.7
UniCredit	0.9	1.3	-0.2	0.7	1.1	0.9	-2.4	1.7	na	na	1.5	1.8	1.8	3.4	1.6	1.3	10.4	10.5
Econ Intelligence Unit	0.9	1.1	0.3	0.9	1.6	1.0	0.3	2.3	na	na	1.3	1.7	0.9	1.7	na	na	10.7	10.7
IHS Global Insight	0.9	1.4	0.2	1.0	0.6	0.5	-1.7	2.1	3.2	2.9	1.3	1.7	1.2	1.8	2.2	2.7	10.5	10.5
Societe Generale	0.9	1.1	-0.1	0.7	1.3	0.7	-2.2	1.4	na	na	1.3	0.7	na	na	1.5	1.3	10.3	10.7
WestLB	0.9	1.4	0.0	1.2	2.2	1.5	0.2	2.0	2.3	3.5	1.0	1.3	2.5	3.2	-0.5	0.5	10.7	11.1
Oxford Economics	0.9	1.6	0.0	1.1	1.0	0.7	-1.6	2.2	1.7	3.2	1.2	1.5	0.7	1.9	na	na	10.4	10.8
Credit Agricole	0.9	1.2	0.4	0.8	1.0	0.5	-1.2	1.7	1.9	2.1	1.1	1.7	na	na	na	na	10.4	10.5
Morgan Stanley	0.9	1.1	-0.2	0.7	1.6	1.7	-1.6	1.8	na	na	1.3	1.8	na	na	na	na	10.4	10.4
Natixis	0.8	1.0	0.0	0.5	1.1	0.4	-1.9	1.2	na	na	1.4	1.3	na	na	1.4	1.2	10.2	10.9
BBVA	0.6	1.2	0.1	0.5	1.9	1.6	-1.2	1.1	na	na	1.1	1.2	na	na	na	na	10.7	11.0
<b>Consensus (Mean)</b>	<b>1.2</b>	<b>1.5</b>	<b>0.2</b>	<b>1.0</b>	<b>1.4</b>	<b>1.1</b>	<b>-0.8</b>	<b>2.6</b>	<b>3.9</b>	<b>2.9</b>	<b>1.2</b>	<b>1.4</b>	<b>1.1</b>	<b>2.0</b>	<b>1.6</b>	<b>1.6</b>	<b>10.3</b>	<b>10.4</b>
Last Month's Mean	1.1	1.5	0.2	1.0	1.6	1.2	-0.6	2.5	2.7	2.9	1.1	1.4	1.0	2.0	1.7	1.8	10.4	10.5
3 Months Ago	1.3	1.6	0.2	1.0	1.9	1.3	0.0	2.4	3.0	2.8	1.2	1.5	0.9	1.9	2.0	1.9	10.4	10.4
High	1.8	2.6	0.9	1.8	2.2	2.0	3.0	5.5	9.6	8.0	1.5	1.8	2.5	3.4	2.4	2.7	10.7	11.1
Low	0.6	1.0	-0.2	0.5	0.6	0.3	-2.4	0.9	1.1	1.0	0.8	0.7	-0.7	-0.2	-0.5	0.5	9.7	9.0
Standard Deviation	0.3	0.4	0.3	0.3	0.4	0.5	1.1	1.2	1.9	1.4	0.2	0.3	0.8	1.0	0.7	0.7	0.3	0.6
Comparison Forecasts																		
Eur Commission (Oct. '09)	0.7	1.5	0.2	1.0	1.1	1.0	-1.9	2.1			1.1	1.5					10.7	10.9
IMF (Jan. '10)	1.0	1.6																
OECD (Nov. '09)	0.9	1.7	0.0	1.1	1.1	0.8	-1.0	2.3			0.9						10.6	10.8

## European Monetary Union

**Euro zone** - The sixteen European countries (listed at the top of this page) are united by a common currency (the euro), monetary policy and adherence to the Maastricht Treaty. **Monetary Policy** - is set by the European Central Bank's (ECB) governing board, headed by Jean-Claude Trichet. **Nominal GDP** - Euro9,269bn (2008). **Population** - 321.5mn (mid-year, 2008). **\$/Euro Exchange Rate** - 1.472 (average, 2008).

## Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of  
March 8, 2010

	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-4.1	-2.1	<b>0.7</b>	<b>1.3</b>	<b>1.2</b>	<b>1.4</b>	<b>1.5</b>	<b>1.4</b>	<b>1.5</b>	<b>1.5</b>
Private Consumption	-1.1	<b>-0.6</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.4</b>	<b>0.6</b>	<b>0.8</b>	<b>0.9</b>	<b>1.1</b>	<b>1.2</b>
Consumer Prices	-0.4	0.4	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>	<b>1.3</b>	<b>1.3</b>	<b>1.4</b>	<b>1.5</b>

Percentage Change (year-on-year).

## Historical Data

*% change on previous year	2006	2007	2008	2009
Gross Domestic Product*	3.1	2.7	0.5	-4.0
Private Consumption*	2.1	1.6	0.4	-1.0
Government Consumption*	2.1	2.3	2.1	2.3
Gross Fixed Capital Formation*	5.6	4.7	-0.9	-10.8
Industrial Production*	4.2	3.7	-1.8	-14.7
Consumer Prices*	2.2	2.1	3.3	0.3
Industrial Producer Prices*	5.1	2.7	6.1	-5.1
Hourly Labour Costs - Total*	2.2	2.4	3.5	3.3
Unemployment Rate, (%)	8.3	7.5	7.6	9.4
Exports - Goods & Services*	8.7	6.3	0.8	-12.8
Imports - Goods & Services*	8.6	5.5	0.9	-11.4
Current Account, Euro bn	-10.2	10.7	-143	-57.5
General Govt. Budget Balance (Maastricht definition), Euro bn	-111	-52	-182	-555 e
Money Supply, M3, end period*	9.9	11.6	7.6	-0.3

e = consensus estimate based on latest survey

Average % Change on Previous Calendar Year				Annual Total				Average % Change on Prev. Year	
Exports of Goods & Services		Imports of Goods & Services		Current Account (€ bn)		General Govt Budget Balance (Maastricht) (€ bn)		Money Supply, M3, end period	
2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
6.8	5.3	4.9	5.4	na	na	na	na	na	na
6.7	3.5	4.0	4.1	-35.0	20.0	na	na	na	na
4.0	4.8	3.8	4.4	-15.0	0.0	-645	-570	3.5	5.0
7.0	7.7	5.2	7.6	-18.0	-13.0	na	na	na	na
8.3	8.1	5.7	7.7	10.1	23.8	-620	-520	na	na
5.3	4.3	3.5	4.1	0.0	35.0	-640	-555	na	na
5.0	6.0	4.0	5.5	na	na	na	na	na	na
4.4	5.7	3.9	5.0	-0.4	48.6	na	na	na	na
5.1	3.8	3.4	3.5	na	na	na	na	2.5	5.0
7.1	7.8	5.9	6.8	na	na	na	na	na	na
4.6	4.4	2.5	2.6	-40.1	-25.2	-593	-569	3.4	6.2
6.1	5.1	4.4	4.5	-10.3	5.2	na	na	na	na
4.7	4.9	2.9	5.0	-8.0	16.0	-608	-582	na	na
9.0	6.2	9.4	11.0	na	na	na	na	na	na
5.9	5.1	5.1	5.7	60.9	137.7	-609	-571	na	na
6.0	5.6	5.0	5.4	6.8	-37.5	-650	-588	1.2	2.3
5.7	4.8	3.9	4.4	-25.0	-35.0	-618	-533	na	na
5.0	5.3	5.2	5.9	-40.0	20.0	-660	-650	2.4	4.5
5.5	4.2	3.3	3.6	na	na	na	na	na	na
3.3	2.8	2.6	3.2	na	na	-658	-610	na	na
4.4	3.6	3.2	3.4	-25.0	-0.5	-604	-521	5.0	6.4
4.8	4.4	3.3	4.2	28.0	10.0	-635	-585	na	na
4.4	2.9	2.9	2.5	-25.4	-14.5	-620	-560	na	na
4.5	4.9	2.9	4.8	13.0	23.6	-622	-524	na	na
4.8	3.7	3.9	3.1	-47.3	-37.2	-589	-522	5.1	6.5
4.7	2.5	3.0	2.5	42.7	65.2	-656	-598	na	na
3.8	2.4	2.3	2.0	na	na	na	na	1.6	5.1
5.0	7.7	4.8	7.2	na	na	na	na	na	na
<b>5.4</b>	<b>4.9</b>	<b>4.1</b>	<b>4.8</b>	<b>-6.7</b>	<b>12.7</b>	<b>-627</b>	<b>-566</b>	<b>3.1</b>	<b>5.1</b>
5.1	4.7	3.9	4.6	-14.6	0.6	-632	-572	3.2	5.1
4.9	4.5	3.8	4.3	-19.6	-4.9	-635	-566	3.3	4.9
9.0	8.1	9.4	11.0	60.9	137.7	-589	-520	5.1	6.5
3.3	2.4	2.3	2.0	-47.3	-37.5	-660	-650	1.2	2.3
1.3	1.6	1.4	2.0	28.9	41.5	23	37	1.5	1.4
				-48.5	-44.4				

**Backward-Looking Data Gloomy**

The ECB kept its target rate unchanged on April 8 for the eleventh consecutive month. Despite inflation spiking at 1.5% (y-o-y) in March (from 0.9% in February), the ECB indicated that interest rate levels were appropriate considering the current economic environment. Data show the pace of the recovery is slowing and sentiment has been further hit by Greece's fiscal crisis. Q4 GDP was revised down from 0.1% (q-o-q) to zero growth, while unemployment edged up from 9.9% in January to break the 10%-mark the following month. February retails sales fell again, by 0.6% (m-o-m), as the result of faltering confidence. On the upside, the March PMI for manufacturing underscored a relatively upbeat outlook for industry. 2010 production forecasts have soared.

**Euro Zone Interest Rates**

Forecasts are provided by a total of more than 80 panelists for **Germany** (page 9), **France** (page 11), **Italy** (page 15), the **Netherlands** (page 20) and **Spain** (page 22). This allows the analysis of forecasts for different yields on individual country 10-year benchmark bonds. Forecasts for 3-month interest rates are all for the EURIBOR rate.

	Actual Apr. 12 '10	Consensus End July '10	Consensus End Apr. '11
Euribor, 3-mth, %	0.6	0.8	1.5
German 10-yr Govt Bond, %	3.2	3.4	3.8

**Euro zone Refinancing Rate – April 12, 2010 = 1.0%**

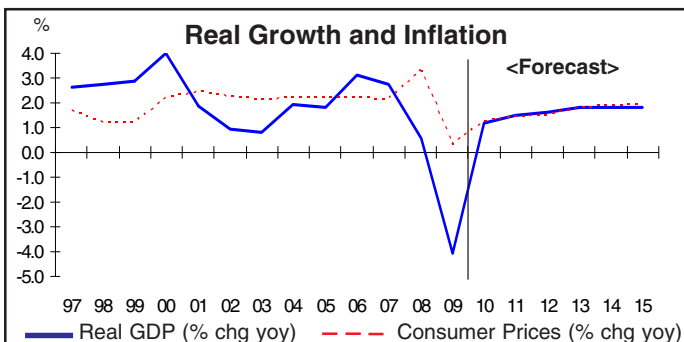
FORECASTS	End June 2010	End Sep. 2010	End Dec. 2010	End Mar. 2011
<b>Consensus Mean Average:</b>	1.00%	1.01%	1.08%	1.34%
<b>Mode (most frequent forecast):</b>	1.00%	1.00%	1.00%	1.25%

**Euro Exchange Rates**

Forecasts are provided by more than 100 panellists and are shown on page 27.

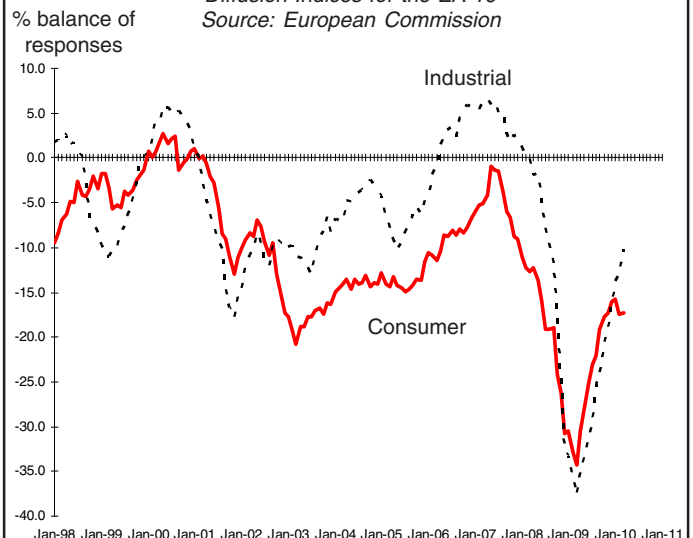
**Euro Zone Economic Statistics**

The source of all Historical Data (facing page) is Eurostat, with the exception of the Current Account and the Money Supply, M3, which are from the **European Central Bank**. The base years and statistics methodologies used by Eurostat may differ from those used by individual Euro zone-member countries included in *Consensus Forecasts*. Eurostat data is often drawn from the national statistical agencies within the Euro zone but is adjusted to achieve standard classifications.



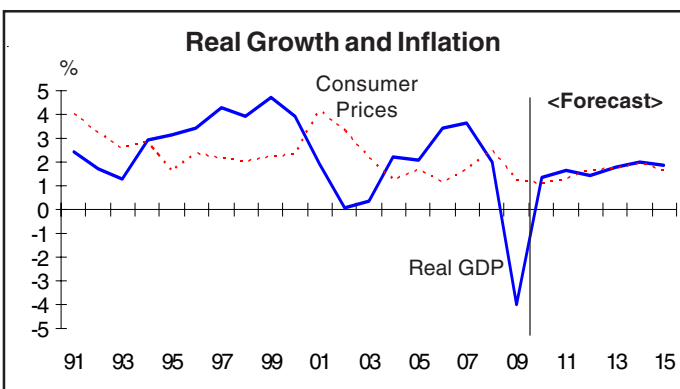
**Consumer and Industrial Confidence**

Diffusion Indices for the EA 16  
Source: European Commission



	Average % Change on Previous Calendar Year						Annual Total				Rates on Survey Date											
	Gross Domestic Product		Private Consumption		Gross Fixed Investment		Manufacturing Production		Consumer Prices		Hourly Wages (Manufacturing)		Current Account (€ bn)		General Govt Bud Bal (Maastricht) (€ bn)		0.6%		3.4%			
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	3 month Euro Rate (%)	10 Year Dutch Govt Bond Yield (%)	End Jul'10	End Apr'11	End Jul'10	End Apr'11
<b>Economic Forecasters</b>	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Jul'10	End Apr'11	End Jul'10	End Apr'11	End Jul'10	End Apr'11
UBS	1.9	2.4	0.4	2.1	-1.4	4.6	7.6	1.3	1.0	1.4	na	na	34.8	33.0	-35.5	-33.5	0.5	1.6	3.5	4.1		
Rabobank Nederland	1.8	1.8	0.0	0.5	-5.0	-2.7	na	na	1.1	1.0	1.5	1.0	45.3	46.0	-29.3	-23.5	0.7	1.9	3.3	3.8		
ABN AMRO	1.7	1.5	-0.1	0.8	-6.0	2.1	5.0	1.0	1.2	1.4	1.5	1.5	na	na	-35.5	-30.5	0.8	2.0	3.7	4.5		
NIBC	1.7	1.1	-0.2	1.3	-0.9	6.7	3.2	1.5	0.9	0.5	2.1	1.5	33.0	27.0	-32.0	-30.0	0.7	0.7	3.5	3.4		
Kempen & Co.	1.5	2.0	0.5	1.0	0.0	3.0	2.5	3.0	1.5	2.0	1.5	2.0	na	na	-33.0	-25.0	0.8	1.2	3.5	4.0		
ING	1.3	1.7	-0.6	0.8	-5.1	1.5	3.3	2.2	1.0	1.5	1.4	1.2	35.0	37.0	-32.0	-24.0	0.8	1.3	3.3	3.4		
Fortis Bank Nederland	1.1	2.0	-0.2	1.3	-4.4	3.2	3.0	2.5	0.9	1.1	1.1	1.2	33.0	35.0	-35.2	-30.9	0.8	1.4	3.5	4.0		
Theodoor Gilissen	0.9	1.4	-0.3	1.0	-4.9	2.3	5.2	2.3	1.2	1.5	1.4	1.5	na	na	-35.0	-30.0	1.0	1.9	3.5	4.5		
Moody's Economy.com	0.9	1.7	-0.1	1.4	-4.8	2.5	0.8	2.2	1.3	1.5	1.0	1.8	37.8	41.0	na	na	0.7	1.4	4.4	4.5		
Econ Intelligence Unit	0.7	1.0	0.0	0.4	-2.5	1.0	2.9	1.6	0.9	1.1	na	na	na	na	na	na	na	na	na	na		
<b>Consensus (Mean)</b>	<b>1.4</b>	<b>1.7</b>	<b>-0.1</b>	<b>1.1</b>	<b>-3.5</b>	<b>2.4</b>	<b>3.7</b>	<b>2.0</b>	<b>1.1</b>	<b>1.3</b>	<b>1.4</b>	<b>1.5</b>	<b>36.5</b>	<b>36.5</b>	<b>-33.4</b>	<b>-28.4</b>	<b>0.8</b>	<b>1.5</b>	<b>3.6</b>	<b>4.0</b>		
Last Month's Mean	1.3	1.6	-0.1	1.0	-3.3	2.1	2.5	2.3	1.0	1.2	1.4	1.3	33.6	34.7	-33.0	-27.3						
3 Months Ago	1.2	1.6	-0.1	1.0	-2.0	1.8	2.4	2.5	1.0	1.3	1.3	1.4	24.5	29.0								
High	1.9	2.4	0.5	2.1	0.0	6.7	7.6	3.0	1.5	2.0	2.1	2.0	45.3	46.0	-29.3	-23.5	1.0	2.0	4.4	4.5		
Low	0.7	1.0	-0.6	0.4	-6.0	-2.7	0.8	1.0	0.9	0.5	1.0	1.0	33.0	27.0	-35.5	-33.5	0.5	0.7	3.3	3.4		
Standard Deviation	0.4	0.4	0.3	0.5	2.1	2.4	1.9	0.6	0.2	0.4	0.3	0.3	4.7	6.6	2.3	3.7	0.1	0.4	0.3	0.4		
<b>Comparison Forecasts</b>																						
CPB (Mar. '10)	1.6	1.9	0.5	0.5	-7.1	2.4			1.3	1.6			39.4	46.6	-37.0	-30.0						
Eur Commission (Oct. '09)	0.3	1.6	-0.6	0.6	-6.0	0.4			0.9	1.2			17.9	23.6								
IMF (Oct. '09)	0.7								1.0													
OECD (Nov. '09)	0.7	2.0	0.1	1.7	-1.8	2.7																

- Forecasts have edged up this month for the Netherlands as the recovery begins to take hold. Of particular note is the improvement in the current account outlook, as the Netherlands is heavily reliant on export-led growth in the absence of strengthening consumer demand (predicted to be mildly negative again in 2010).
- The public finances have been hit hard by the recession, as the Central Planning Bureau predicts that the total debt-to-GDP ratio will rise from 45.5% in 2007 to 68.9% by 2011, while the budget deficit will not fall below the 3% of GDP level until 2015.



Historical Data				
* % change on previous year	2006	2007	2008	2009
Gross Domestic Product*	3.4	3.6	2.0	-4.0
Private Consumption*	-0.3	1.7	1.3	-2.5
Gross Fixed Investment*	7.5	4.8	4.9	-13.0
Manufacturing Production*	2.9	3.3	-0.8	-8.9
Consumer Prices*	1.2	1.6	2.5	1.2
Hourly Wages (manufacturing)*	1.7	1.7	3.7	3.0
Current Account, transactions basis, Euro bn	50.4	49.3	28.5	30.7
General Govt. Budget Balance (Maastricht definition), Euro bn	2.9	1.1	4.2	-28.8 e
3 mth Euro, % (end yr)	3.7	4.7	2.8	0.7
10 Yr Dutch Govt Bond Yield, % (end yr)	4.0	4.4	3.6	3.6

e = consensus estimate based on latest survey

Nominal GDP - Euro594.6bn (2008). Popn - 16.5mn (mid-year, 2008). \$/Euro Exch. Rate - 1.472 (average, 2008).

Quarterly Consensus Forecasts										
Historical Data and Forecasts (bold italics) From Survey of March 8, 2010										
	2009		2010				2011			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-4.0	-2.6	<b>0.5</b>	<b>1.7</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>	<b>1.4</b>	<b>1.5</b>	<b>1.4</b>
Consumer Prices	0.3	0.9	<b>0.9</b>	<b>0.9</b>	<b>1.3</b>	<b>1.2</b>	<b>1.2</b>	<b>1.3</b>	<b>1.2</b>	<b>1.2</b>

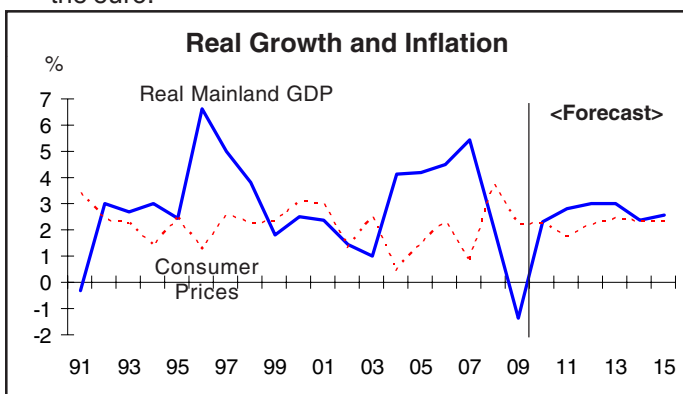
Percentage Change (year-on-year).



	Average % Change on Previous Calendar Year						Annual Total		Rates on Survey Date			
	Gross Domestic Product (Mainland)	Private Consumption	Gross Fixed Investment	Manufacturing Production	Consumer Prices	Wages & Salaries	Current Account (Nkr bn)	General Govt Budget Balance (Nkr bn)	2.4%		3.8%	
									3 month Interbank Rate (%)	10 Year Govt Bond Yield (%)		
Economic Forecasters	2010 2011	2010 2011	2010 2011	2010 2011	2010 2011	2010 2011	2010 2011	2010 2011	End Jul'10	End Apr'11	End Jul'10	End Apr'11
<b>ING Financial Markets</b>	2.8 3.0	3.0 2.3	0.2 3.5	3.4 3.9	2.5 2.1	3.6 3.8	400 450	na na	2.8 3.9	4.1 4.5		
<b>Citigroup</b>	2.6 2.9	4.2 3.1	-1.9 2.5	na na	2.0 2.1	3.3 3.4	370 410	na na	na na	4.3 4.8		
<b>First Securities</b>	2.5 3.0	4.0 3.6	-1.6 3.4	2.4 5.6	2.9 1.5	3.5 3.5	298 285	162 166	2.4 3.1	4.3 4.6		
<b>Bank of America - Merrill</b>	2.5 3.0	4.1 3.3	-1.2 4.5	2.1 4.8	2.6 2.1	na na	301 264	na na	na na	na na		
<b>UBS</b>	2.4 2.8	3.9 3.4	-0.1 4.1	0.7 2.5	1.9 2.2	na na	396 400	285 250	2.6 3.7	4.2 4.6		
<b>DnB NOR</b>	2.0 2.4	4.0 2.7	-6.8 0.2	na na	2.0 1.5	3.5 3.5	390 448	185 205	2.5 3.0	3.9 4.4		
<b>Statistics Norway</b>	2.0 2.7	5.5 4.7	-3.1 -0.5	na na	1.7 1.3	3.4 3.4	388 418	na na	2.6 3.3	na na		
<b>JP Morgan</b>	1.5 2.6	4.1 3.2	-1.7 2.9	3.3 4.2	2.4 1.1	na na	402 417	280 300	na na	na na		
<b>Consensus (Mean)</b>	<b>2.3 2.8</b>	<b>4.1 3.3</b>	<b>-2.0 2.6</b>	<b>2.4 4.2</b>	<b>2.3 1.7</b>	<b>3.5 3.5</b>	<b>368 387</b>	<b>228 230</b>	<b>2.6 3.4</b>	<b>4.2 4.6</b>		
<b>Last Month's Mean</b>	2.4 2.6	4.0 3.2	-2.2 1.9	3.3 4.4	2.1 1.8	3.6 3.8	376 413	206 264				
<b>3 Months Ago</b>	2.6 2.7	4.1 3.1	-1.9 2.4	3.8 4.3	1.6 1.9	3.8 4.0	382 425					
<b>High</b>	2.8 3.0	5.5 4.7	0.2 4.5	3.4 5.6	2.9 2.2	3.6 3.8	402 450	285 300	2.8 3.9	4.3 4.8		
<b>Low</b>	1.5 2.4	3.0 2.3	-6.8 -0.5	0.7 2.5	1.7 1.1	3.3 3.4	298 264	162 166	2.4 3.0	3.9 4.4		
<b>Standard Deviation</b>	0.4 0.2	0.7 0.7	2.2 1.8	1.1 1.1	0.4 0.4	0.1 0.2	43 71	64 58	0.1 0.4	0.2 0.1		
<b>Comparison Forecasts</b>												
<b>Bank of Norway (Apr. '10)</b>	2.3 2.8	5.0 4.3			2.5 1.8	3.8 4.3						
<b>OECD (Nov. '09)</b>	1.3 3.2	4.4 4.5	0.4 5.3		1.6 2.2							

◆ The Norges Bank left interest rates on hold in March after anticipating that inflation and economic activity will be lower than expected. Retail sales and industrial production initially fell on a monthly basis in January before recovering slightly in February, though the purchasing managers' index for manufacturing in March remained relatively weak at 49.6. Production forecasts have dipped.

◆ GDP forecasts have edged down slightly this month and those for the current account have fallen even more noticeably as the krone continues to appreciate against the euro.



Historical Data				
* % change on previous year	2006	2007	2008	2009
<b>GDP (Mainland)*</b>	4.5	5.4	2.0	-1.4
<b>Private Consumption*</b>	4.8	5.3	1.1	0.1
<b>Gross Fixed Investment*</b>	11.7	12.4	1.3	-7.9
<b>Manufacturing Production*</b>	5.5	5.8	2.9	-6.3
<b>Consumer Prices*</b>	2.3	0.7	3.8	2.2
<b>Wages &amp; Salaries per Full-Time Employee (Total)*</b>	4.8	5.5	6.0	4.1
<b>Current Account, Nkr bn</b>	372	321	473	333
<b>General Govt. Bud Bal, Nkr bn</b>	399	403	480	229
<b>3 mth Interbank Rate, % (end year)</b>	3.9	5.9	3.9	2.2
<b>10 Yr Govt Bond Yield, % (end year)</b>	4.4	4.7	3.9	4.2

*e = consensus estimate based on latest survey*  
**Nominal GDP (total)** - Nkr 2,548bn (2008). **Population** - 4.8mn (mid-yr, 2008). **Nkr/\$ Exchange Rate** - 5.640 (average, 2008).

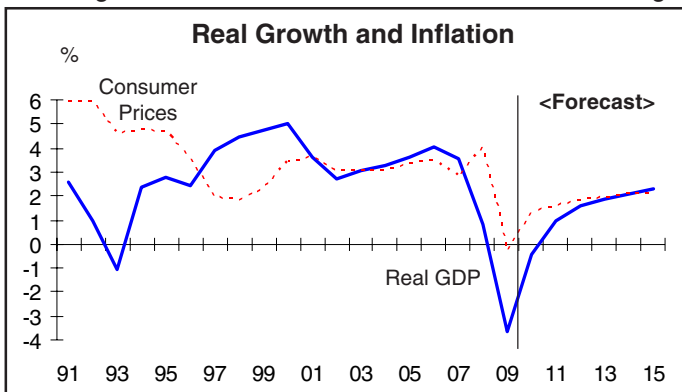
Quarterly Consensus Forecasts										
<i>Historical Data and Forecasts (bold italic) From Survey of March 8, 2010</i>										
	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Gross Domestic Product (Mainland)</b>	-1.7	-0.2	<b>1.2</b>	<b>2.2</b>	<b>2.7</b>	<b>3.2</b>	<b>3.1</b>	<b>2.8</b>	<b>2.5</b>	<b>2.3</b>
<b>Consumer Prices</b>	1.7	1.4	<b>2.4</b>	<b>2.0</b>	<b>1.9</b>	<b>1.9</b>	<b>1.6</b>	<b>1.7</b>	<b>1.7</b>	<b>1.9</b>

*Percentage Change (year-on-year)*

	Average % Change on Previous Calendar Year										Annual Total		Rates on Survey Date							
	Gross Domestic Product		Household Consumption		Gross Fixed Investment		Industrial Production		Consumer Prices		Salary Cost per Hour		Current Account (€ bn)	General Govt Bud Bal (Maastricht) (€ bn)		0.6%		3.8%		
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Jul'10	End Apr'11	3 month Euro Rate (%)	10 Year Spanish Govt Bond Yield (%)		
<b>Economic Forecasters</b>	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Jul'10	End Apr'11	3 month Euro Rate (%)	10 Year Spanish Govt Bond Yield (%)		
<b>UBS</b>	0.3	1.4	0.0	0.7	-2.9	2.2	0.6	1.3	0.9	1.3	na	na	-37.7	-22.2	-95	-75	0.5	1.6	3.5	4.1
<b>Econ Intelligence Unit</b>	-0.1	0.8	-0.4	1.1	-4.0	-0.8	-1.0	1.8	0.8	1.5	na	na	na	na	-122	-104	na	na	na	na
<b>Banesto</b>	-0.1	1.4	-0.3	1.0	-6.3	0.5	2.0	2.5	1.4	1.5	na	na	-40.0	-38.0	-106	-87	0.7	1.3	4.2	4.8
<b>CEPREDE</b>	-0.3	1.1	-0.4	0.9	-5.9	1.0	-0.5	1.4	1.8	2.1	2.6	2.6	-58.6	-51.3	-118	-121	0.8	1.4	3.6	3.9
<b>HSBC</b>	-0.3	1.2	0.3	0.5	-4.0	0.7	1.0	2.1	1.7	1.7	na	na	-46.5	-49.0	na	na	0.7	1.6	4.0	3.8
<b>La Caixa</b>	-0.4	1.5	-0.1	0.7	-5.7	0.7	-1.1	2.6	1.3	1.1	2.0	2.1	-40.4	-33.3	-109	-93	0.8	1.4	3.9	4.1
<b>Citigroup</b>	-0.4	0.1	-0.2	0.2	-4.6	0.2	-1.0	-2.2	1.3	1.0	na	na	-38.8	-57.6	-110	-102	0.8	1.5	4.3	4.6
<b>Grupo Santander</b>	-0.4	1.1	-0.4	1.2	-6.6	-1.3	na	na	1.6	2.0	2.0	2.2	-46.6	-40.0	-114	-91	na	na	na	na
<b>IFL-Univers Carlos III</b>	-0.4	0.7	-0.2	0.9	-5.0	-2.0	-0.4	0.7	1.5	1.5	2.2	2.1	-43.1	-39.1	-90	-78	na	na	na	na
<b>Caja Madrid</b>	-0.5	1.1	-1.7	0.6	-5.9	2.2	-0.5	3.0	1.2	1.7	1.7	1.7	-45.6	-32.4	-113	-86	0.9	1.5	4.4	4.9
<b>Inst L R Klein (Gauss)</b>	-0.5	1.4	-1.4	1.2	-4.8	2.1	-1.0	2.0	1.3	1.8	2.0	2.2	-55.0	-61.0	-110	-96	0.8	1.1	4.0	4.2
<b>IHS Global Insight</b>	-0.6	0.6	-0.1	0.5	-4.3	-1.4	na	na	1.0	1.4	na	na	-58.5	-55.8	-105	-95	na	na	4.1	4.6
<b>AFI</b>	-0.6	0.7	-0.7	0.8	-7.0	-0.6	na	na	1.1	2.1	na	na	-39.0	-36.0	-113	-101	0.7	1.3	4.2	4.4
<b>Goldman Sachs</b>	-0.6	1.1	-1.1	0.3	-5.8	-2.1	-1.0	0.4	1.5	1.9	na	na	-23.9	-14.6	-107	-95	1.2	1.5	na	na
<b>FUNCAS</b>	-0.7	0.8	0.1	1.2	-7.6	-2.9	1.5	4.0	1.2	1.3	na	na	-54.0	-46.7	-113	-90	0.8	1.3	4.2	4.7
<b>BBVA</b>	-0.8	na	-0.6	na	-7.1	na	-4.6	na	1.6	na	na	na	-43.0	na	-110	na	1.0	1.2	3.4	3.6
<b>Inst Estud Economicos</b>	-0.8	na	-0.5	na	-7.2	na	-2.0	na	1.5	na	2.0	na	-40.0	na	na	na	1.0	1.7	4.0	4.5
<b>Consensus (Mean)</b>	<b>-0.4</b>	<b>1.0</b>	<b>-0.5</b>	<b>0.8</b>	<b>-5.6</b>	<b>-0.1</b>	<b>-0.6</b>	<b>1.6</b>	<b>1.3</b>	<b>1.6</b>	<b>2.1</b>	<b>2.2</b>	<b>-44.4</b>	<b>-41.2</b>	<b>-109</b>	<b>-94</b>	<b>0.8</b>	<b>1.4</b>	<b>4.0</b>	<b>4.3</b>
<b>Last Month's Mean</b>	-0.4	1.1	-0.6	0.8	-5.4	0.1	-0.7	2.1	1.4	1.7	2.2	2.2	-45.9	-43.3	-108	-94				
<b>3 Months Ago</b>	-0.4	1.2	-0.8	0.9	-6.3	0.1	-1.7	1.4	1.4	1.7	2.0	2.2	-47.8	-43.4						
<b>High</b>	0.3	1.5	0.3	1.2	-2.9	2.2	2.0	4.0	1.8	2.1	2.6	2.6	-23.9	-14.6	-90	-75	1.2	1.7	4.4	4.9
<b>Low</b>	-0.8	0.1	-1.7	0.2	-7.6	-2.9	-4.6	-2.2	0.8	1.0	1.7	1.7	-58.6	-61.0	-122	-121	0.5	1.1	3.4	3.6
<b>Standard Deviation</b>	0.3	0.4	0.5	0.3	1.3	1.6	1.6	1.6	0.3	0.3	0.3	0.3	8.9	13.4	8	11	0.2	0.2	0.3	0.4
<b>Comparison Forecasts</b>																				
<b>Eur Commission (Oct. '09)</b>	-0.8	1.0	-0.5	0.9	-8.4	-1.3			0.8	2.0			-47.8	-44.5						
<b>IMF (Jan. '10)</b>	-0.6	0.9																		
<b>OECD (Nov. '09)</b>	-0.3	0.9	-1.1	0.6	-5.3	-0.8														

◆ In a bid to avoid the same outcome as Greece, prime minister Zapatero is taking radical steps to shake up the nation's finances and restore confidence amongst investors. Though progress has been made by securing the cooperation of the regional governments in making cuts, social security spending shows no signs of easing as unemployment rose further, by around 59,000 from February to March.

◆ The PMIs for manufacturing and services finally rose above 50 in March, indicating expansion in the sectors, though the levels are still below the Euro zone average.



Historical Data				
* % change on previous year	2006	2007	2008	2009
<b>Gross Domestic Product*</b>	4.0	3.6	0.9	-3.6
<b>Household Consumption*</b>	3.8	3.6	-0.6	-5.0
<b>Gross Fixed Investment*</b>	7.2	4.6	-4.4	-15.3
<b>Industrial Production*</b>	3.7	2.4	-7.1	-16.2
<b>Consumer Prices*</b>	3.5	2.8	4.1	-0.3
<b>Salary Cost per Hour*</b>	3.1	4.7	4.1	4.7
<b>Current Account, Euro bn</b>	-88.3	-105	-106	-57.2
<b>General Govt. Budget Balance (Maastricht definition), Euro bn</b>	19.8	20.1	-44.3	-117.6
<b>3 mth Euro, % (end yr)</b>	3.7	4.7	2.8	0.7
<b>10 Yr Spanish Govt Bond Yield, % (end yr)</b>	4.0	4.4	3.8	4.0

*e = consensus estimate based on latest survey*  
**Nominal GDP - Euro1,095bn (2008). Popn - 44.5mn (mid-year, 2008). \$/Euro Exch. Rate - 1.472 (average, 2008).**

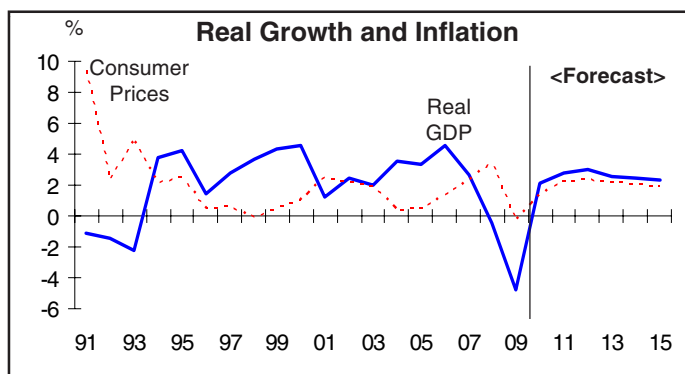
Quarterly Consensus Forecasts										
<i>Historical Data and Forecasts (bold italics) From Survey of March 8, 2010</i>										
	2009		2010				2011			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Gross Domestic Product</b>	-4.0	-3.1	<b>-1.5</b>	<b>-0.4</b>	<b>-0.1</b>	<b>0.2</b>	<b>0.5</b>	<b>0.8</b>	<b>1.2</b>	<b>1.5</b>
<b>Consumer Prices</b>	-1.1	0.1	<b>1.0</b>	<b>1.0</b>	<b>1.5</b>	<b>1.6</b>	<b>1.7</b>	<b>1.8</b>	<b>1.5</b>	<b>1.6</b>

*Percentage Change (year-on-year).*

	Average % Change on Previous Calendar Year												Annual Total				Rates on Survey Date			
	Gross Domestic Product		Household Consumption		Gross Fixed Investment		Mining & Manufacturing Production		Consumer Prices		Hourly Earnings (Mining & Manuf.)		Current Account (Skr bn)		General Govt Budget Balance (Skr bn)		0.5%		3.2%	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Jul'10	End Apr'11	End Jul'10	End Apr'11
<b>Economic Forecasters</b>	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Jul'10	End Apr'11	End Jul'10	End Apr'11
Nordea	3.2	2.4	2.8	2.2	-1.0	4.1	na	na	1.7	2.4	na	na	237	233	-55	-43	0.7	2.4	3.5	3.9
SE Banken	3.1	2.7	2.9	2.6	0.0	5.0	na	na	1.3	2.4	1.9	2.3	na	na	na	na	0.5	2.2	3.4	3.7
Erik Penser Bank	3.0	2.3	3.0	1.8	-1.0	4.9	na	na	1.4	1.8	1.5	2.2	210	210	na	na	0.8	1.5	3.5	3.8
Citigroup	2.4	2.5	2.4	2.0	-1.7	4.2	na	na	1.4	2.4	2.0	2.3	230	240	na	na	na	na	3.5	4.3
Confed of Swed Enterprise	2.4	2.6	2.6	2.2	-4.0	5.0	5.0	5.5	1.6	3.3	na	na	230	240	na	na	1.0	2.0	3.5	4.0
National Institute - NIER	2.4	3.8	2.2	3.0	1.6	6.5	3.3	6.9	1.0	1.6	2.0	1.9	190	228	-38	-37	0.4	1.2	3.7	4.1
SBAB	2.2	3.0	1.7	2.6	0.3	5.0	4.5	4.0	1.0	2.3	1.6	2.2	230	250	-45	-35	0.6	1.6	3.5	4.2
Goldman Sachs	2.0	3.6	1.8	2.2	-4.0	3.3	5.5	9.9	1.4	2.7	na	na	279	324	-109	-85	0.5	2.5	na	na
HQ Bank	2.0	2.7	1.5	2.8	0.0	4.5	5.2	6.5	0.9	1.5	2.5	2.5	na	na	-70	-70	0.6	1.5	3.6	4.0
Swedbank	2.0	2.6	2.2	2.5	-3.2	3.5	5.3	6.2	0.9	2.2	2.0	2.0	na	na	na	na	0.5	1.5	3.4	3.8
UBS	1.9	2.8	1.8	1.9	-3.5	4.7	2.8	5.8	1.8	2.3	na	na	183	215	-106	-92	0.5	1.7	3.4	4.2
JP Morgan	1.6	3.0	2.2	2.5	-4.6	3.5	4.5	5.3	1.3	2.6	na	na	225	228	-50	-20	na	na	na	na
ING Financial Markets	1.5	2.4	1.7	2.1	-3.1	5.8	3.4	4.5	1.4	1.8	2.0	2.5	235	230	na	na	0.5	1.7	3.4	3.7
Morgan Stanley	1.5	2.3	1.6	1.8	-2.4	5.6	na	na	1.5	1.9	na	na	215	246	-120	-103	0.6	1.7	4.0	4.8
Bank of America Merrill	1.2	2.7	0.9	1.3	-2.8	2.1	na	na	0.8	1.6	na	na	192	181	-108	-141	na	na	na	na
<b>Consensus (Mean)</b>	<b>2.2</b>	<b>2.8</b>	<b>2.1</b>	<b>2.2</b>	<b>-2.0</b>	<b>4.5</b>	<b>4.4</b>	<b>6.1</b>	<b>1.3</b>	<b>2.2</b>	<b>1.9</b>	<b>2.2</b>	<b>221</b>	<b>235</b>	<b>-78</b>	<b>-70</b>	<b>0.6</b>	<b>1.8</b>	<b>3.5</b>	<b>4.0</b>
<b>Last Month's Mean</b>	2.1	2.6	1.9	2.2	-1.5	4.2	4.6	5.6	1.1	2.0	2.1	2.2	229	241	-72	-74				
<b>3 Months Ago</b>	2.3	2.6	1.9	2.1	-1.5	4.1	4.2	5.5	1.0	2.1	2.2	2.2	227	240						
<b>High</b>	3.2	3.8	3.0	3.0	1.6	6.5	5.5	9.9	1.8	3.3	2.5	2.5	279	324	-38	-20	1.0	2.5	4.0	4.8
<b>Low</b>	1.2	2.3	0.9	1.3	-4.6	2.1	2.8	4.0	0.8	1.5	1.5	1.9	183	181	-120	-141	0.4	1.2	3.4	3.7
<b>Standard Deviation</b>	0.6	0.4	0.6	0.4	1.9	1.1	1.0	1.7	0.3	0.5	0.3	0.2	26	34	32	39	0.2	0.4	0.2	0.3
<b>Comparison Forecasts</b>																				
Riksbank (Oct. '09)	2.5		2.0		-1.8				0.9											
Eur Commission (Oct. '09)	1.4	2.1	1.0	1.5	-1.5	3.2														
IMF (Oct. '09)	1.2																			
OECD (Nov. '09)	2.0	3.0	1.7	2.4	-2.0	5.5			1.4	3.2										

While confidence surveys suggest that a recovery is forthcoming, with the purchasing managers' index stabilising around 61 and various consumer confidence indices rising, other data is less supportive. February was a bad month as the trade surplus fell sharply after imports grew at a much faster pace than exports. Furthermore, retail sales were down 1% (m-o-m) and industrial production contracted by 0.8% (m-o-m).

The situation is expected to improve as the year goes on, however, as consensus forecasts for GDP growth edge up this month to 2.2% and 2.8% for this year and next.



Historical Data				
* % change on previous year	2006	2007	2008	2009
<b>Gross Domestic Product*</b>	4.5	2.7	-0.5	-4.7
<b>Household Consumption*</b>	2.5	3.1	-0.4	-0.7
<b>Gross Fixed Investment*</b>	9.6	7.8	2.1	-15.1
<b>Min. &amp; Manufacturing Prodn*</b>	5.3	4.1	-3.5	-19.2
<b>Consumer Prices*</b>	1.4	2.2	3.5	-0.3
<b>Average Hourly Earnings (Mining &amp; Manufacturing)*</b>	3.0	3.9	4.1	2.0
<b>Current Account, Skr bn</b>	231	257	300	225
<b>General Govt. Bud Bal, Skr bn</b>	70.1	116	79.7	-45.8 e
<b>3 mth Interbank Rate, % (end yr)</b>	3.3	4.7	2.4	0.5
<b>10 Yr Govt Bond Yield, % (end yr)</b>	3.8	4.4	2.4	3.4

e = consensus estimate based on latest survey  
**Nominal GDP - Skr 3,157bn (2008). Population - 9.2mn (mid-year, 2008). Skr/\$ Exchange Rate - 6.591 (average, 2008).**

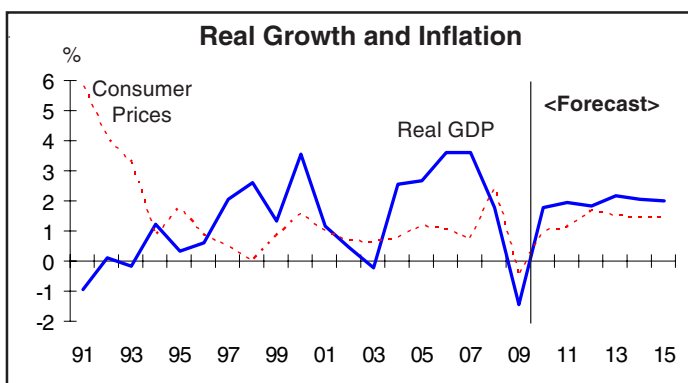
Quarterly Consensus Forecasts										
Historical Data and Forecasts (bold italics) From Survey of March 8, 2010										
	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Gross Domestic Product</b>	-5.4	-1.5	<b>0.5</b>	<b>1.2</b>	<b>2.3</b>	<b>3.5</b>	<b>2.9</b>	<b>2.8</b>	<b>2.8</b>	<b>2.7</b>
<b>Consumer Prices</b>	-1.2	-0.4	<b>0.9</b>	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>	<b>1.4</b>	<b>1.8</b>	<b>2.2</b>	<b>2.4</b>

Percentage Change (year-on-year)

	Average % Change on Previous Calendar Year										Annual Total		Rates on Survey Date							
	Gross Domestic Product		Private Consumption		Gross Fixed Investment		Industrial Production		Consumer Prices		Merchandise Exports (SwFr bn)		Current Account (SwFr bn)		General Govt Budget Balance (SwFr bn)		0.3%		2.0%	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Jul'10	End Apr'11	End Jul'10	End Apr'11
<b>Economic Forecasters</b>	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Jul'10	End Apr'11	End Jul'10	End Apr'11
<b>UBS</b>	2.5	2.1	1.7	1.7	3.3	3.0	na	na	1.3	1.5	na	na	na	na	na	na	na	na	2.3	2.8
<b>JP Morgan</b>	2.5	2.8	2.0	1.9	8.9	4.9	12.1	7.1	1.0	0.8	215	234	55.6	65.5	-11.0	-9.0	na	na	na	na
<b>Pictet &amp; Cie</b>	2.3	2.5	1.5	2.0	6.0	4.0	na	na	1.2	1.2	na	na	60.0	70.0	-0.5	1.0	na	na	na	na
<b>Swiss Life</b>	2.1	1.6	1.2	1.2	3.0	12.0	15.2	7.8	1.1	0.8	na	na	na	na	na	na	na	na	na	na
<b>Zürcher Kantonalbank</b>	2.0	1.6	1.1	1.7	2.0	0.7	4.3	1.3	1.1	1.4	192	199	55.8	56.5	-5.9	-4.7	0.3	1.0	2.1	2.6
<b>HSBC</b>	2.0	1.5	1.4	1.1	4.0	2.6	4.2	4.0	1.2	1.2	na	na	53.0	55.6	na	na	0.3	0.8	2.2	2.5
<b>Bank Vontobel</b>	1.9	1.9	1.5	1.7	4.1	2.3	na	na	0.8	1.1	na	na	na	na	-6.0	-5.2	0.4	0.8	1.9	2.1
<b>IHS Global Insight</b>	1.9	1.8	1.2	1.1	2.6	3.4	4.9	3.3	1.2	1.0	189	198	57.4	62.7	-8.2	-7.4	0.3	1.1	2.2	2.9
<b>ING Financial Markets</b>	1.9	2.3	1.8	2.1	7.1	4.8	na	na	0.7	1.0	na	na	55.0	60.0	-0.5	0.0	0.3	1.0	2.2	2.6
<b>Goldman Sachs</b>	1.7	1.9	1.2	1.4	3.3	1.4	5.2	6.0	0.8	1.2	na	na	43.2	47.4	na	na	0.3	1.0	na	na
<b>KOF Swiss Econ Inst</b>	1.7	2.2	2.1	2.0	1.8	6.3	na	na	0.9	1.0	189	202	47.9	43.5	-7.9	-4.6	0.3	0.8	2.2	2.7
<b>Bank Julius Baer</b>	1.4	1.8	1.5	1.7	5.2	3.3	5.5	7.5	1.2	1.7	197	214	45.3	52.5	na	na	0.3	0.8	1.9	2.0
<b>BAK Basel</b>	1.2	1.7	0.5	1.0	0.5	0.4	2.5	3.4	0.9	0.9	188	200	49.8	64.0	-9.5	-10.5	0.3	1.0	2.2	2.6
<b>Econ Intelligence Unit</b>	1.0	1.1	0.5	0.7	0.5	1.1	3.3	0.7	0.9	0.8	na	na	na	na	na	na	na	na	na	na
<b>Credit Suisse</b>	0.9	2.0	1.0	1.3	-1.4	2.1	na	na	0.8	1.0	na	na	57.0	62.0	na	na	0.3	0.8	2.0	2.4
<b>Consensus (Mean)</b>	<b>1.8</b>	<b>1.9</b>	<b>1.3</b>	<b>1.5</b>	<b>3.4</b>	<b>3.5</b>	<b>6.4</b>	<b>4.6</b>	<b>1.0</b>	<b>1.1</b>	<b>195</b>	<b>208</b>	<b>52.7</b>	<b>58.2</b>	<b>-6.2</b>	<b>-5.1</b>	<b>0.3</b>	<b>0.9</b>	<b>2.1</b>	<b>2.5</b>
<b>Last Month's Mean</b>	1.5	1.8	1.2	1.4	2.4	2.6	4.1	4.0	0.8	1.1	206	219	50.0	58.1	-6.3	-5.9				
<b>3 Months Ago</b>	1.2	1.7	0.8	1.3	0.9	3.4	4.3	4.7	0.7	1.0	190	202	51.4	58.5						
<b>High</b>	2.5	2.8	2.1	2.1	8.9	12.0	15.2	7.8	1.3	1.7	215	234	60.0	70.0	-0.5	1.0	0.4	1.1	2.3	2.9
<b>Low</b>	0.9	1.1	0.5	0.7	-1.4	0.4	2.5	0.7	0.7	0.8	188	198	43.2	43.5	-11.0	-10.5	0.3	0.8	1.9	2.0
<b>Standard Deviation</b>	0.5	0.4	0.5	0.4	2.7	2.9	4.3	2.7	0.2	0.3	10	14	5.4	8.0	3.9	4.0	0.0	0.1	0.1	0.3
<b>Comparison Forecasts</b>																				
<b>IMF (Oct. '09)</b>	0.5								0.5											
<b>OECD (Nov. '09)</b>	0.9	1.9	1.2	1.4	1.1	2.1			0.6	0.4										
<b>SECO (Mar. '10)</b>	1.4	2.0	1.3	1.5					0.8	0.7										

◆ The recovery in Switzerland appears to be picking up pace, as the government agency SECO upgraded its forecast for 2010 GDP from 0.7% to 1.4%. Consensus forecasts have also improved, reaching 1.8% this month. Expectations were driven by surges in exports and manufacturing as the global recovery takes hold. The PMI for manufacturing even jumped from 57.4 in February to 65.5 in March, indicating a significant expansion.

◆ One factor which may hold back the recovery is a further rise in the Swiss franc against the euro, which could damage exports.



Historical Data				
* % change on previous year	2006	2007	2008	2009
<b>Gross Domestic Product*</b>	3.6	3.6	1.8	-1.5
<b>Private Consumption*</b>	1.6	2.4	1.7	1.2
<b>Gross Fixed Investment*</b>	4.7	5.2	0.4	-3.7
<b>Industrial Production*</b>	7.8	9.5	1.3	-7.9
<b>Consumer Prices*</b>	1.1	0.7	2.4	-0.5
<b>Merch Exports, SwFr bn</b>	177	198	206	180
<b>Current Account, SwFr bn</b>	74.2	46.8	11.1	44.7
<b>General Govt. Bud. Bal. SwFr bn</b>	8.4	11.2	5.6	1.2
<b>3 mth Euro-Franc Rate, % (end yr)</b>	2.1	2.8	1.1	0.3
<b>10 Yr Govt Bond Yield, % (end yr)</b>	2.5	3.1	2.2	2.0

*e = consensus estimate based on latest survey*

**Nominal GDP - SwFr 532.1bn (2008). Population - 7.5mn (mid-year, 2008). SwFr/\$ Exchange Rate - 1.083 (average, 2008).**

Quarterly Consensus Forecasts										
Historical Data and Forecasts (bold italics) From Survey of March 8, 2010										
	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Gross Domestic Product</b>	-1.4	0.0	<b>1.0</b>	<b>1.6</b>	<b>1.6</b>	<b>1.5</b>	<b>1.5</b>	<b>1.7</b>	<b>1.9</b>	<b>2.1</b>
<b>Consumer Prices</b>	-1.0	-0.2	<b>0.9</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>0.9</b>	<b>1.0</b>	<b>1.2</b>	<b>1.2</b>

*Percentage Change (year-on-year).*



Forecasts for the countries in Western Europe, the Middle East and Africa shown on the next two pages were provided by the following leading economic forecasters:

<i>Bank Leumi</i>	<i>Bank of America – Merrill Lynch</i>	<i>Citigroup</i>
<i>Danske Bank</i>	<i>DnB</i>	<i>Economist Intelligence Unit</i>
<i>Experian</i>	<i>Fitch Ratings</i>	<i>Forecaster ECOSA</i>
<i>Moody's Economy.com</i>	<i>Oxford Economics</i>	<i>UniCredit</i>

*e = consensus estimate based on latest survey*

<b>AUSTRIA</b>	Population - 8.3mn (2008, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$415.5bn (2008)	2006	2007	2008	2009	2010	2011
Gross Domestic Product (% change on previous year)		3.5	3.5	2.0	-3.6	1.3	1.6
Industrial Production (% change on previous year)		7.1	5.3	1.4	-10.1	0.8	2.3
Consumer Prices (% change on previous year)		1.4	2.1	3.3	0.6	1.2	1.6
Current Account (US Dollar bn)		9.2	13.2	13.3	7.3 <i>e</i>	7.9	9.6

<b>BELGIUM</b>	Population - 10.6mn (2008, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$506.2bn (2008)	2006	2007	2008	2009	2010	2011
Gross Domestic Product (% change on previous year)		2.8	2.8	0.8	-3.0	1.3	1.7
Industrial Production (% change on previous year)		5.0	2.8	-0.6	-13.4	-0.6	3.0
Consumer Prices (% change on previous year)		1.8	1.8	4.5	-0.1	1.1	1.6
Current Account (US Dollar bn)		8.0	7.3	-14.9	2.5	1.8	4.1

<b>DENMARK</b>	Population - 5.5mn (2008, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$341.2bn (2008)	2006	2007	2008	2009	2010	2011
Gross Domestic Product (% change on previous year)		3.4	1.7	-0.9	-4.9	1.2	1.9
Manufacturing Production (% change on previous year)		5.5	1.0	-0.3	-17.2	0.2	2.4
Consumer Prices (% change on previous year)		1.9	1.7	3.4	1.3	1.4	1.8
Current Account (US Dollar bn)		8.2	4.6	7.5	12.4	9.0	8.2

<b>EGYPT</b>	Population - 81.5mn (2008, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$169.7bn (2008) <sup>1</sup>	2006	2007	2008	2009	2010	2011
Gross Domestic Product (% change on previous year) <sup>1</sup>		6.8	7.1	7.2	4.7 <i>e</i>	5.2	5.6
Consumer Prices (% change on previous year)		7.6	9.4	18.3	11.8	11.5	10.8
Current Account (US Dollar bn)		2.6	0.4	-1.4	-3.2 <i>e</i>	-2.7	-2.1

<sup>1</sup> year(s) ending June 30

<b>FINLAND</b>	Population - 5.3mn (2008, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$274.0bn (2008)	2006	2007	2008	2009	2010	2011
Gross Domestic Product (% change on previous year)		4.4	4.8	1.2	-7.8	1.2	2.2
Industrial Production (% change on previous year)		9.9	4.5	0.7	-20.9	2.9	4.1
Consumer Prices (% change on previous year)		1.6	2.5	4.0	0.0	1.2	1.7
Current Account (US Dollar bn)		8.8	10.5	8.5	3.2	4.4	5.1

<b>GREECE</b>	Population - 11.1mn (2008, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$357.5bn (2008)	2006	2007	2008	2009	2010	2011
Gross Domestic Product (% change on previous year)		4.5	4.5	2.0	-2.0	-2.6	-0.5
Industrial Production (% change on previous year)		1.1	2.2	-4.0	-9.5	-3.1	1.1
Consumer Prices (% change on previous year)		3.2	2.9	4.2	1.2	1.8	1.6
Current Account (US Dollar bn)		-30.0	-44.9	-51.2	-37.5	-28.2	-23.6

<b>IRELAND</b>	Population - 4.4mn (2008, mid-year)	<b>Historical Data</b>				<b>Consensus Forecasts</b>	
	Nominal GDP - US\$267.6bn (2008)	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Gross Domestic Product (% change on previous year)		5.4	6.0	-3.0	-7.1	-1.1	2.4
Industrial Production (% change on previous year)		2.8	5.1	-1.8	-3.9	0.1	3.8
Consumer Prices (% change on previous year)		3.9	4.9	4.1	-4.5	-0.7	1.3
Current Account (US Dollar bn)		-8.0	-13.9	-13.9	-6.8	-2.4	-0.6

<b>ISRAEL</b>	Population - 7.1mn (2008, mid-year)	<b>Historical Data</b>				<b>Consensus Forecasts</b>	
	Nominal GDP - US\$199.0bn (2008)	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Gross Domestic Product (% change on previous year)		5.3	5.2	4.2	0.2	2.9	3.9
Industrial Production (% change on previous year)		8.7	5.2	7.0	-6.0	3.0	3.5
Consumer Prices (% change on previous year)		2.1	0.5	4.6	3.3	2.8	2.6
Current Account (US Dollar bn)		7.4	4.9	1.3	7.2	4.9	4.7

<b>NIGERIA</b>	Popn - 151.2mn (2008, mid-year)	<b>Historical Data</b>				<b>Consensus Forecasts</b>	
	Nominal GDP - US\$201.2bn (2008)	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Gross Domestic Product (% change on previous year)		6.2	6.4	5.3	5.8 <i>e</i>	5.8	6.3
Consumer Prices (% change on previous year)		8.2	5.5	11.6	12.3	11.2	11.0
Current Account (US Dollar bn)		38.2	30.9	39.4	12.1 <i>e</i>	24.1	23.9

<b>PORTUGAL</b>	Population - 10.7mn (2008, mid-year)	<b>Historical Data</b>				<b>Consensus Forecasts</b>	
	Nominal GDP - US\$244.6bn (2008)	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Gross Domestic Product (% change on previous year)		1.4	1.9	0.0	-2.7	0.5	1.0
Industrial Production (% change on previous year)		3.0	0.2	-4.0	-8.4	1.0	2.2
Consumer Prices (% change on previous year)		3.1	2.4	2.6	-0.8	0.9	1.3
Current Account (US Dollar bn)		-19.5	-21.0	-29.4	-23.6	-20.3	-20.0

<b>SAUDI ARABIA</b>	Popn - 25.2mn (2008, mid-year)	<b>Historical Data</b>				<b>Consensus Forecasts</b>	
	Nominal GDP - US\$468.8bn (2008)	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Gross Domestic Product (% change on previous year)		3.2	3.3	4.4	0.2 <i>e</i>	4.0	4.6
Consumer Prices (% change on previous year)		2.2	4.2	9.9	5.0	4.9	4.9
Current Account (US Dollar bn)		99.1	93.4	132.3	19.0 <i>e</i>	50.3	60.1

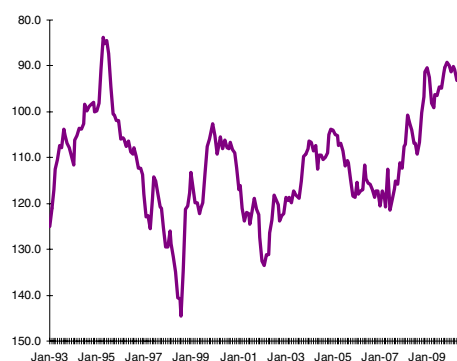
<b>SOUTH AFRICA</b>	Popn - 49.7mn (2008, mid-year)	<b>Historical Data</b>				<b>Consensus Forecasts</b>	
	Nominal GDP - US\$276.4bn (2008)	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Gross Domestic Product (% change on previous year)		5.6	5.5	3.7	-1.8	2.9	3.8
Manufacturing Production (% change on previous year)		4.7	4.6	0.8	-12.3	7.7	5.7
Consumer Prices (% change on previous year)		4.6	7.2	11.5	7.1	6.0	6.0
Current Account (US Dollar bn)		-13.7	-20.5	-19.6	-11.4	-16.2	-18.1

*e* = consensus estimate based on latest survey

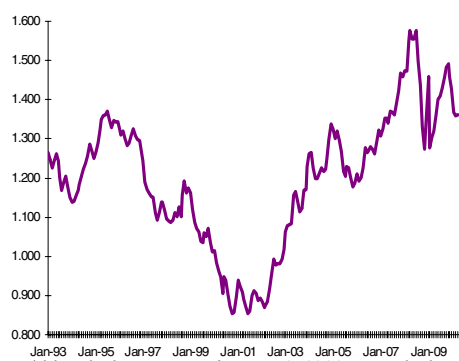
Foreign Exchange Rates

'All US\$ rates are amounts of currency per dollar, except the UK pound and the euro which are reciprocals. A positive (+) sign for the % change implies an appreciation of the currency against the US Dollar and vice versa.	Historical Data				Latest Spot Rate (Apr. 12)	Consensus Forecasts					
	Rates at end of:					Forecast End July 2010	Percent Change	Forecast End Apr. 2011	Percent Change	Forecast End Apr. 2012	Percent Change
	2006	2007	2008	2009							
<b>Rates per US Dollar<sup>1</sup></b>											
Canadian Dollar	1.165	0.998	1.225	1.048	1.002	1.017	-1.5	1.040	-3.6	1.053	-4.9
Egyptian Pound	5.704	5.504	5.504	5.485	5.518	5.549	-0.6	5.593	-1.3	5.673	-2.7
European Euro	1.317	1.472	1.389	1.435	1.361	1.340	-1.5	1.326	-2.5	1.329	-2.4
Israeli Shekel	4.225	3.846	3.777	3.788	3.680	3.748	-1.8	3.696	-0.4	3.701	-0.6
Japanese Yen	119.0	114.0	90.75	93.10	93.31	94.10	-0.8	98.29	-5.1	99.55	-6.3
Nigerian Naira	128.3	118.0	132.6	149.5	150.6	151.7	-0.7	155.2	-3.0	158.6	-5.0
Saudi Arabian Riyal	3.745	3.750	3.750	3.751	3.750	3.749	0.0	3.749	0.0	3.749	0.0
South African Rand	6.970	6.810	9.305	7.364	7.239	7.519	-3.7	7.938	-8.8	8.423	-14.1
United Kingdom Pound	1.963	2.003	1.458	1.615	1.539	1.512	-1.8	1.537	-0.1	1.563	+1.6
<b>Rates per Euro</b>											
Danish Krone	7.456	7.471	7.340	7.441	7.443	7.450	-0.1	7.450	-0.1	7.448	-0.1
Norwegian Krone	8.244	7.964	9.722	8.288	8.004	7.909	+1.2	7.783	+2.8	7.756	+3.2
Swedish Krona	9.040	9.441	10.85	10.24	9.759	9.607	1.6	9.362	+4.2	9.250	+5.5
Swiss Franc	1.607	1.657	1.477	1.483	1.440	1.438	0.1	1.449	-0.6	1.463	-1.6

Yen per US\$



US\$ per Euro<sup>1</sup>



US\$ per UK Pound



<sup>1</sup> historical rates up to January 1, 1999, are calculated as "synthetic" euro exchange rates based on a weighted average of the eleven original component currencies.

West Texas Intermediate, US\$ per barrel		
Range 1985-2010 Spot Rate (April 12)	145.3 - 10.4 84.3	
April Survey	Forecast for End July 2010	End Apr. 2011
	Mean Forecast	81.4      83.8
High	94.5	99.0
Low	66.0	70.0
Standard Deviation	5.6	6.1
No. of Forecasts	67	65

Oil Prices Step into Higher Gear

West Texas Intermediate (WTI) hit US\$86 per barrel on the week of April 5 and remained strong on the back of the Euro zone agreeing to a €30bn loan to help struggling Greece. The price of crude has risen by 75% over the past year and from US\$71.7 in February, spurred by the global economic recovery. OPEC's current production quotas now look increasingly geared towards a lower price level, though observers speculate that the oil cartel will hold off from expanding output for the time being. The possibility that futures might even surge to US\$100 per barrel could derail the nascent rebound in activity. Indeed, the International Energy Agency has once again raised its 2010 forecast for oil demand, to 86.6mn barrels per day. Our panel has also raised the likelihood of a higher US\$80-100 trading range (see left).

continued from page 3

France											
* % change over previous year	Historical				Consensus Forecasts						
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016-2020 <sup>1</sup>
Gross Domestic Product*	2.4	2.3	0.3	-2.2	1.4	1.7	1.8	1.8	1.8	1.9	1.9
Household Consumption*	2.6	2.4	0.9	0.8	1.0	1.4	1.9	2.0	1.9	1.9	1.9
Business Investment*	4.7	8.6	2.4	-7.8	-1.4	2.8	3.6	3.4	3.5	3.4	3.3
Manufacturing Production*	1.6	1.6	-3.0	-12.9	3.0	3.1	1.4	1.4	1.1	1.2	1.4
Consumer Prices*	1.7	1.5	2.8	0.1	1.4	1.5	1.8	1.8	1.9	2.0	1.9
Current Account Balance (Euro bn)	-9.2	-18.9	-44.0	-40.6	-38.9	-37.5	-37.5	-36.5	-34.0	-32.0	na
10 Year Treasury Bond Yield, % <sup>2</sup>	4.0	4.4	3.5	3.6	3.5 <sup>3</sup>	3.8 <sup>4</sup>	4.2	4.3	4.3	4.3	4.3

United Kingdom											
* % change over previous year	Historical				Consensus Forecasts						
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016-2020 <sup>1</sup>
Gross Domestic Product*	2.9	2.6	0.5	-4.9	1.3	2.3	2.1	2.4	2.1	2.2	2.3
Household Consumption*	1.5	2.5	0.9	-3.2	0.6	1.5	1.8	2.1	2.2	2.3	2.3
Gross Fixed Investment*	6.5	7.8	-3.5	-14.9	-2.2	3.4	5.5	5.1	3.9	3.9	3.8
Manufacturing Production*	1.5	0.6	-2.9	-10.5	1.9	3.1	2.5	1.9	1.3	1.1	1.2
Retail Prices (underlying rate)*	2.9	3.2	4.3	2.0	3.7	2.4	2.7	2.9	3.2	3.1	3.2
Consumer Prices*	2.3	2.3	3.6	2.2	2.7	1.7	2.1	2.5	2.6	2.4	2.5
Current Account Balance (£ bn)	-43.8	-37.7	-22.0	-18.4	-22.1	-18.4	-14.3	-9.1	-7.1	-4.2	-10.9
10 Year Treasury Bond Yield, % <sup>2</sup>	4.7	4.6	3.0	4.0	4.3 <sup>3</sup>	4.4 <sup>4</sup>	4.9	5.0	4.8	4.8	4.7

Italy											
* % change over previous year	Historical				Consensus Forecasts						
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016-2020 <sup>1</sup>
Gross Domestic Product*	2.1	1.4	-1.3	-5.1	0.8	1.1	1.2	1.2	1.2	1.3	1.2
Household Consumption*	1.2	1.1	-0.8	-1.8	0.6	0.9	1.1	0.9	1.0	1.0	1.1
Gross Fixed Investment*	3.1	1.3	-4.0	-12.2	-0.3	1.9	2.1	2.0	1.9	1.9	1.9
Industrial Production*	3.6	2.1	-3.2	-17.6	2.5	1.5	1.8	1.9	1.5	na	na
Consumer Prices*	2.1	1.8	3.4	0.8	1.5	1.8	1.9	1.4	1.6	1.8	1.7
Current Account Balance (Euro bn)	-38.3	-37.7	-54.5	-48.0	-42.5	-38.2	-50.4	-49.2	-46.3	na	na
10 Year Treasury Bond Yield, % <sup>2</sup>	4.2	4.6	4.3	4.2	4.1 <sup>3</sup>	4.3 <sup>4</sup>	5.2	na	na	na	na

Canada											
* % change over previous year	Historical				Consensus Forecasts						
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016-2020 <sup>1</sup>
Gross Domestic Product*	2.9	2.5	0.4	-2.6	3.2	3.0	3.0	2.9	2.7	2.7	2.3
Personal Expenditure*	4.1	4.6	3.0	0.2	2.9	2.8	3.1	2.9	2.5	2.4	2.2
Machinery & Eqpt Investment*	10.5	4.4	0.5	-19.2	2.8	6.4	7.5	6.7	5.2	4.6	3.7
Industrial Production*	-0.3	0.1	-4.2	-10.0	5.3	5.2	4.9	4.3	3.6	3.1	2.5
Consumer Prices*	2.0	2.1	2.4	0.3	1.9	2.2	2.1	2.1	2.0	2.0	2.0
Current Account Balance (C\$ bn)	20.3	15.6	8.1	-41.3	-29.7	-20.3	-14.8	-9.2	-4.7	0.7	6.5
10 Year Treasury Bond Yield, % <sup>2</sup>	4.1	4.0	2.9	3.6	3.8 <sup>3</sup>	4.1 <sup>4</sup>	4.6	5.0	5.2	5.1	5.1

Euro zone											
* % change over previous year	Historical				Consensus Forecasts						
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016-2020 <sup>1</sup>
Gross Domestic Product*	3.1	2.7	0.5	-4.0	1.2	1.5	1.6	1.8	1.8	1.8	1.6
Private Consumption*	2.1	1.6	0.4	-1.0	0.2	1.0	1.5	1.7	1.8	1.7	1.5
Gross Fixed Investment*	5.6	4.7	-0.9	-10.8	-0.8	2.6	3.1	2.6	2.3	2.3	2.0
Industrial Production*	4.2	3.7	-1.8	-14.7	3.9	2.9	2.7	2.3	2.6	2.3	2.1
Consumer Prices*	2.2	2.1	3.3	0.3	1.2	1.4	1.5	1.8	1.9	2.0	1.9
Current Account Balance (Euro bn)	-10.2	10.7	-143	-57.5	-6.7	12.7	-12.6	5.2	5.2	5.0	5.0

<sup>1</sup>Signifies average for period    <sup>2</sup>End period    <sup>3</sup>End July 2010    <sup>4</sup>End April 2011



The Netherlands											
* % change over previous year	Historical				Consensus Forecasts						
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016-2020 <sup>1</sup>
Gross Domestic Product*	3.4	3.6	2.0	-4.0	1.4	1.7	1.4	1.8	2.0	1.9	2.1
Private Consumption*	-0.3	1.7	1.3	-2.5	-0.1	1.1	1.1	1.2	1.6	1.4	1.8
Gross Fixed Investment*	7.5	4.8	4.9	-13.0	-3.5	2.4	2.4	3.4	2.5	2.0	2.2
Manufacturing Production*	2.9	3.3	-0.8	-8.9	3.7	2.0	0.3	4.0	1.8	-0.5	2.0
Consumer Prices*	1.2	1.6	2.5	1.2	1.1	1.3	1.7	1.7	1.9	1.6	1.8
Current Account Balance (Euro bn)	50.4	49.3	28.5	30.7	36.5	36.5	41.1	44.8	47.0	49.6	43.0
10 Year Treasury Bond Yield, % <sup>2</sup>	4.0	4.4	3.6	3.6	3.6 <sup>3</sup>	4.0 <sup>4</sup>	4.3	4.5	4.3	4.1	4.4

Norway											
* % change over previous year	Historical				Consensus Forecasts						
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016-2020 <sup>1</sup>
Gross Dom Prod (Mainland)*	4.5	5.4	2.0	-1.4	2.3	2.8	3.0	3.0	2.4	2.6	2.3
Private Consumption*	4.8	5.3	1.1	0.1	4.1	3.3	3.4	3.0	2.7	2.7	2.7
Gross Fixed Investment*	11.7	12.4	1.3	-7.9	-2.0	2.6	5.4	4.4	1.8	2.8	2.6
Manufacturing Production*	5.5	5.8	2.9	-6.3	2.4	4.2	3.8	2.5	1.0	2.3	1.9
Consumer Prices*	2.3	0.7	3.8	2.2	2.3	1.7	2.2	2.4	2.3	2.3	2.3
Current Account Balance (Nkr bn)	372	321	473	333	368	387	416	475	470	450	425
10 Year Treasury Bond Yield, % <sup>2</sup>	4.4	4.7	3.9	4.2	4.2 <sup>3</sup>	4.6 <sup>4</sup>	4.8	4.8	5.0	5.0	5.0

Spain											
* % change over previous year	Historical				Consensus Forecasts						
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016-2020 <sup>1</sup>
Gross Domestic Product*	4.0	3.6	0.9	-3.6	-0.4	1.0	1.6	1.9	2.1	2.3	2.1
Household Consumption*	3.8	3.6	-0.6	-5.0	-0.5	0.8	1.4	1.7	2.0	2.2	2.1
Gross Fixed Investment*	7.2	4.6	-4.4	-15.3	-5.6	-0.1	2.5	3.5	3.9	4.1	4.0
Industrial Production*	3.7	2.4	-7.1	-16.2	-0.6	1.6	2.7	3.0	2.9	2.6	2.0
Consumer Prices*	3.5	2.8	4.1	-0.3	1.3	1.6	1.8	2.0	2.1	2.1	1.9
Current Account Balance (Euro bn)	-88.3	-105	-106	-57.2	-44.4	-41.2	-47.0	-49.1	-53.3	-48.6	-49.7
10 Year Treasury Bond Yield, % <sup>2</sup>	4.0	4.4	3.8	4.0	4.0 <sup>3</sup>	4.3 <sup>4</sup>	4.7	4.7	4.6	4.8	4.9

Sweden											
* % change over previous year	Historical				Consensus Forecasts						
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016-2020 <sup>1</sup>
Gross Domestic Product*	4.5	2.7	-0.5	-4.7	2.2	2.8	3.0	2.6	2.4	2.3	2.5
Household Consumption*	2.5	3.1	-0.4	-0.7	2.1	2.2	3.0	2.5	2.2	2.0	2.4
Gross Fixed Investment*	9.6	7.8	2.1	-15.1	-2.0	4.5	6.3	5.3	4.7	2.7	4.9
Mining & Manufacturing Production*	5.3	4.1	-3.5	-19.2	4.4	6.1	6.0	6.0	4.5	3.5	5.0
Consumer Prices*	1.4	2.2	3.5	-0.3	1.3	2.2	2.3	2.1	2.0	1.9	2.0
Current Account (Skr bn)	231	257	300	225	221	235	235	240	230	220	210
10 Year Treasury Bond Yield, % <sup>2</sup>	3.8	4.4	2.4	3.4	3.5 <sup>3</sup>	4.0 <sup>4</sup>	4.4	4.7	4.5	4.4	4.6

Switzerland											
* % change over previous year	Historical				Consensus Forecasts						
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016-2020 <sup>1</sup>
Gross Domestic Product*	3.6	3.6	1.8	-1.5	1.8	1.9	1.9	2.2	2.0	2.0	1.8
Private Consumption*	1.6	2.4	1.7	1.2	1.3	1.5	1.8	1.8	1.6	1.6	1.5
Gross Fixed Investment*	4.7	5.2	0.4	-3.7	3.4	3.5	3.6	3.6	2.9	3.0	2.9
Industrial Production*	7.8	9.5	1.3	-7.9	6.4	4.6	4.7	4.3	3.7	3.6	3.3
Consumer Prices*	1.1	0.7	2.4	-0.5	1.0	1.1	1.7	1.5	1.4	1.5	1.6
Current Account Balance (SwFr bn)	74.2	46.8	11.1	44.7	52.7	58.2	61.3	61.7	62.3	62.7	65.0
10 Year Treasury Bond Yield, % <sup>2</sup>	2.5	3.1	2.2	2.0	2.1 <sup>3</sup>	2.5 <sup>4</sup>	3.1	3.3	3.3	3.3	3.4

<sup>1</sup>Signifies average for period <sup>2</sup>End period <sup>3</sup>End July 2010 <sup>4</sup>End April 2011

- |   |  |
|---|--|
| □ GDP - Gross Domestic Product                                | IMF - International Monetary Fund          |
| na - not available  | Emu - European economic and monetary union |
| OECD - Organisation for Economic Co-operation and Development | ECB - European Central Bank                |
| y-o-y - year-on-year  | q-o-q - quarter-on-quarter                 |
|   | m-o-m - month-on-month                     |
  
- Measures of GDP, Consumption, Business Investment and Industrial Production are expressed in real (i.e. inflation-adjusted) terms. These variables, and certain others as indicated, are expressed as percentage changes over the previous year.
  
- All individual country forecasters on pages 4-24 are listed in descending order of their 2010 real GDP estimates. Consensus forecasts are mean arithmetic averages of the listed individual estimates.

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# CONSENSUS FORECASTS: WORLD ECONOMIC ACTIVITY

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April Survey	Real GDP % increase			Consumer Prices % increase			Current Account Balance, US\$bn		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Belgium	-3.0	1.3	1.7	-0.1	1.1	1.6	2.5	1.8	4.1
Canada	-2.6	3.2	3.0	0.3	1.9	2.2	-36.1	-29.0	-19.5
France	-2.2	1.4	1.7	0.1	1.4	1.5	-57.0	-52.5	-49.8
Germany	-5.0	1.6	1.7	0.4	0.9	1.3	168	188	201
Italy	-5.1	0.8	1.1	0.8	1.5	1.8	-67.4	-57.4	-50.7
Japan	-5.2	2.2	1.6	-1.4	-1.1	-0.2	142	177	179
Netherlands	-4.0	1.4	1.7	1.2	1.1	1.3	43.1	49.3	48.5
Norway	-1.4	2.3	2.8	2.2	2.3	1.7	53.3	62.5	65.9
Spain	-3.6	-0.4	1.0	-0.3	1.3	1.6	-80.3	-60.0	-54.7
Sweden	-4.7	2.2	2.8	-0.3	1.3	2.2	29.5	30.9	33.4
Switzerland	-1.5	1.8	1.9	-0.5	1.0	1.1	41.2	49.3	53.2
United Kingdom	-4.9	1.3	2.3	2.2	2.7	1.7	-28.8	-33.8	-28.3
United States	-2.4	3.2	3.1	-0.3	2.1	1.9	-420	-498	-545
North America <sup>1</sup>	-2.4	3.2	3.1	-0.2	2.0	1.9	-456	-527	-564
Western Europe <sup>2</sup>	-4.2	1.1	1.7	0.6	1.5	1.6	61.7	153	207
European Union <sup>2</sup>	-4.1	1.1	1.7	0.8	1.5	1.6	-57.9	5.0	41.5
Euro zone <sup>2</sup>	-4.0	1.2	1.5	0.3	1.2	1.4	-80.7	-9.1	16.9
Asia Pacific <sup>3</sup>	1.5	5.7	5.2	0.8	2.1	2.4	555	527	518
Eastern Europe <sup>4</sup>	-5.7	3.3	4.0	6.6	6.0	5.5	0.6	14.5	-0.1
Latin America <sup>5</sup>	-2.3	4.0	3.7	5.5	7.5	6.8	-20.6	-46.9	-73.0
Other Countries <sup>6</sup>	1.2	4.0	4.7	7.2	6.6	6.5	23.0	60.3	68.5
<b>Total</b>	-2.1	3.2	3.3	1.4	2.7	2.7			

Regional totals, as well as the grand total for GDP growth and inflation, are weighted averages calculated using **2008 GDP weights, converted at average 2008 exchange rates**. Current account forecasts given in national currencies on pages 7-24 have been converted using consensus exchange rate forecasts for the purposes of comparison. <sup>1</sup>USA and Canada. <sup>2</sup>The Euro zone aggregate is taken from our panel's latest forecasts (pages 18-19). The Euro zone current account data and forecasts are based on *extra-euro zone data*, i.e., they are compiled from an aggregate of the Euro zone member states' transactions only with nonresidents of the Euro zone. The European Union data includes the Euro zone countries listed on page 18 plus Denmark, Sweden and the United Kingdom, as well as May 2004 entrants the Czech Republic, Estonia, Hungary, Latvia, Lithuania and Poland, plus Romania and Bulgaria who entered in January 2007 (data taken from Eastern Europe Consensus Forecasts). Western Europe comprises the Euro zone plus Denmark, Sweden and the United Kingdom, along with Norway and Switzerland. <sup>3</sup>Survey results for Japan plus fifteen other countries taken from **Asia Pacific Consensus Forecasts**. <sup>4</sup>Twenty-seven countries, including eleven European Union countries taken from the latest issue of **Eastern Europe Consensus Forecasts**. <sup>5</sup>Eighteen countries taken from the latest issue of **Latin American Consensus Forecasts** (Inflation figures are on a December/December basis). <sup>6</sup>Egypt, Israel, Nigeria, Saudi Arabia and South Africa.

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