

Survey Date
June 14, 2010

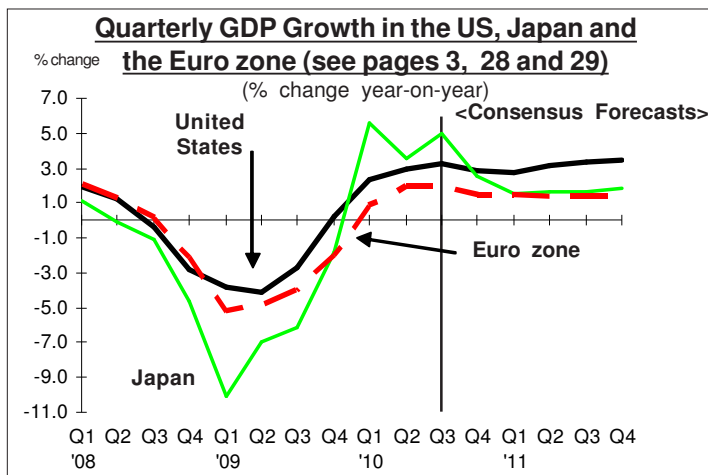
Every month, Consensus Economics surveys over 250 prominent financial and economic forecasters for their estimates of a range of variables including future growth, inflation, interest rates and exchange rates. More than 20 countries are covered and the reference data, together with analysis and polls on topical issues, is rushed to subscribers by express mail and e-mail.

Survey Highlights

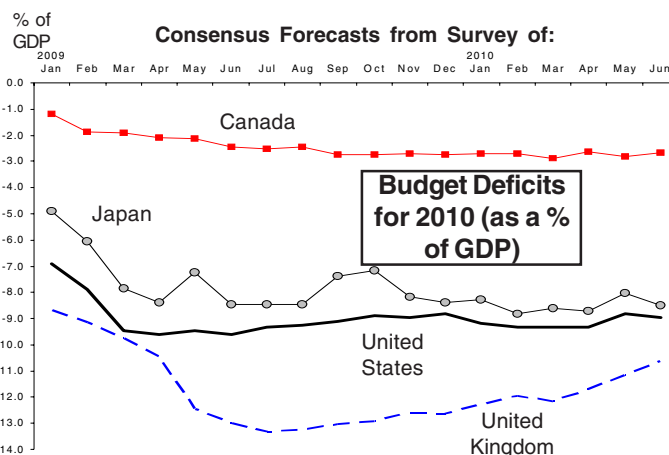
- ◆ In an effort to reassure the markets in the wake of the sovereign debt crisis, several European countries have announced substantial austerity measures to cut their deficits. While cuts in **Spain, Italy** and the **UK** were to be expected given the extent of their debts, **Germany's** announcement of cuts worth over €10bn a year was surprising, and indicative of the seriousness of the situation. Of note is the **United States** which has yet to signal how they will consolidate their huge fiscal black hole. The **Significant Changes** section of the publication on page 2 offers a closer look at the budget deficits of the G-7 (in local currency and as a % of GDP).
- ◆ **Japan's** consensus forecasts for 2010 real GDP growth, business investment, industrial production and the current account have soared. This is due to a stronger-than-expected recovery in exports, underpinned by robust Asian demand.
- ◆ Our regular survey of **Quarterly Forecasts** (pages 3, 28 and 29) shows our panels' forecasts for **GDP, Consumption, Investment, Production, Inflation** and the **3-month Interest Rate** through to the final quarter of 2011.

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Our next issue of **Consensus Forecasts** will be available by the end of the day on **July 15** and will include **Economic Policy Evaluation**.



“...Ambitious fiscal consolidation strategies need to be swiftly adopted and implemented in order to reverse the rapid increase in general government debt-to-GDP ratios in the euro area and limit its detrimental long-term impact on private investment and potential economic growth. In the future, government debt management strategies should pay more attention to the macroeconomic and financial stability aspects than in the past.” This quote, from the ECB’s May 2010 bulletin (on *The Size and Composition of Government Borrowing in the Euro Area*) underscores mounting concern over the region’s debt situation and has prompted Consensus Forecasts to take another look at budget deficits for both this year and next (in local currency and as a % of nominal GDP). The good news appears to be that massive govern-



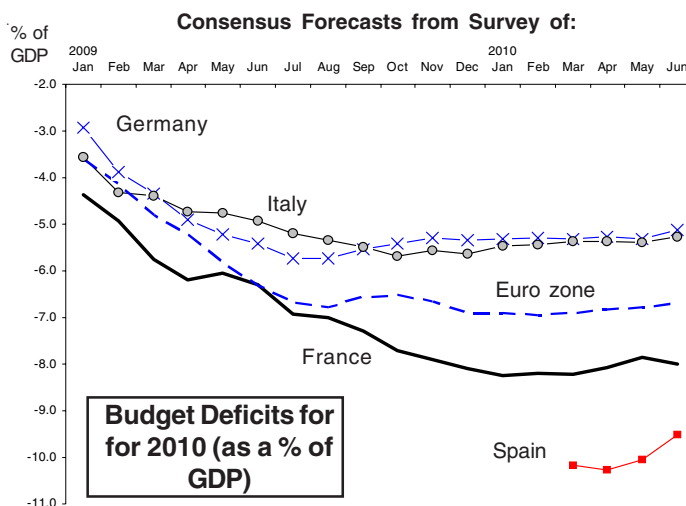
Government Budget Balances ¹		Historical Data ³				Consensus Forecasts for 2010 from Survey of						2011 Consensus Forecast
		2006	2007	2008	2009	Jan '10	Feb	Mar	Apr	May	June	
United States	US\$ bn	-248	-161	-459	-1417	-1378	-1401	-1403	-1401	-1327	-1344	-1173
	% of GDP	-1.9	-1.1	-3.2	-9.9	-9.2	-9.3	-9.3	-9.3	-8.8	-9.0	-7.5
Japan	¥ tn	-5.1	-15.1	-15.3	-43.7 <i>e</i>	-39.1	-41.7	-40.8	-41.6	-38.4	-41.0	-42.7
	% of GDP	-1.0	-2.9	-3.0	-9.3 <i>e</i>	-8.3	-8.8	-8.6	-8.7	-8.0	-8.5	-8.7
Germany	€ bn	-37.8	4.9	1.0	-79.4	-131	-131	-131	-130	-131	-127	-108
	% of GDP	-1.6	0.2	0.0	-3.3	-5.3	-5.3	-5.3	-5.3	-5.3	-5.1	-4.2
France	€ bn	-41.1	-51.4	-64.7	-145	-162	-161	-161	-158	-154	-157	-136
	% of GDP	-2.3	-2.7	-3.3	-7.6	-8.2	-8.2	-8.2	-8.1	-7.9	-8.0	-6.7
United Kingdom ²	£ bn	-35.1	-21.5	-59.6	-134	-178	-173	-177	-170	-162	-154	-130
	% of GDP	-2.6	-1.5	-4.1	-9.6	-12.3	-11.9	-12.2	-11.7	-11.2	-10.6	-8.6
Italy	€ bn	-49.4	-23.2	-42.6	-80.8	-85.0	-84.9	-83.6	-83.4	-83.7	-81.9	-73.3
	% of GDP	-3.3	-1.5	-2.7	-5.3	-5.5	-5.4	-5.4	-5.4	-5.4	-5.3	-4.6
Canada	C\$ bn	13.8	9.6	-5.8	-44.4 <i>e</i>	-42.9	-42.9	-45.8	-42.0	-44.9	-42.8	-27.0
	% of GDP	0.9	0.6	-0.4	-2.9 <i>e</i>	-2.7	-2.7	-2.9	-2.6	-2.8	-2.7	-1.6
Euro zone	€ bn	-112	-56	-181	-565	-635	-638	-632	-627	-622	-615	-536
	% of GDP	-1.3	-0.6	-2.0	-6.3	-6.9	-6.9	-6.9	-6.8	-6.8	-6.7	-5.7
Netherlands ⁴	€ bn	2.9	1.1	4.2	-30.2	na	na	-33.0	-33.4	-33.9	-33.7	-29.2
	% of GDP	0.5	0.2	0.7	-5.3	na	na	-5.7	-5.7	-5.8	-5.8	-4.9
Spain ⁴	€ bn	19.8	20.1	-44.3	-118	na	na	-108	-109	-107	-101	-79
	% of GDP	2.0	1.9	-4.1	-11.2	na	na	-10.2	-10.3	-10.0	-9.5	-7.3

e = consensus estimate based on latest survey.

¹Euro zone countries follow the Maastricht definition for budget balances. Others are home country definitions (see individual country pages).

²The UK's Public Sector Net Cash Requirement (in £ bn) is shown as a positive figure (as on pages 12-13) but this actually represents a deficit in the public accounts. We have changed it here from a + to a - in order to highlight that deficit and make it comparable with the other countries shown. ³Germany, France, Italy, the Euro zone, the Netherlands and Spain are Calendar Year data. Others are in Fiscal Years. See individual country pages. ⁴Netherlands and Spain's surveys for this variable only began in March 2010.

ment shortfalls – inflated by last year's spate of fiscal stimulus measures – will moderate in 2011. The bad news is that while public deficit forecasts appear to have troughed, they will remain large and unwieldy. **Canada's** is a notable exception at an estimated 1.6% of GDP for 2011. Much attention has focused on the **Euro zone** outlook following Greece's fiscal crisis, in particular **Spain's** sizeable fiscal position. **Italy's** debt problems are also looming on the horizon. Could this spell disaster for the Euro project itself? In the **UK**, an “age of austerity” has been initiated as the country grapples with soon-to-be announced budget cuts. It is not just European economies experiencing a worrisome deterioration in their state finances: **Japan** is far from fiscal sustainability while the **US** will have to face up to its massive deficit sooner or later. Sizeable adjustments are on the cards which will undoubtedly depress GDP growth going forward.



In addition to their regular forecasts, country panellists were asked to provide forecasts for individual quarters covering the period until the final quarter of 2011. Figures in normal type are official, published data with consensus forecasts – based on the averages of our panels' forecasts – shown in **bold italics**. Unless stated otherwise, all definitions correspond to those used on the individual country pages. As indicated, normal text numbers are percentage changes over the same quarter of the previous year; italics denote implied changes over the previous quarter (not annualised). Readers should note that the four quarterly consensus forecasts covering a year may not equate to the annual consensus forecast shown for that same variable on pages 4-24, since the groups of survey respondents may be different, or because of rounding.

United States												
* % change over previous year	2009				2010				2011			
	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr1	Qtr2	Qtr 3	Qtr4
Gross Domestic Product*	-3.3	-3.8	-2.6	0.1	2.5	3.6	4.1	3.5	3.5	3.4	3.2	3.2
% change, qtr/qtr	-1.6	-0.2	0.6	1.4	0.8	0.9	1.1	0.8	0.7	0.8	0.8	0.8
Personal Consumption*	-1.5	-1.7	-0.2	1.0	1.7	2.7	2.7	3.0	2.7	2.6	2.7	2.8
% change, qtr/qtr	0.2	-0.2	0.7	0.4	0.9	0.8	0.7	0.7	0.6	0.7	0.7	0.7
Industrial Production*	-11.6	-12.9	-9.4	-4.7	2.3	6.6	6.4	5.9	5.2	5.0	4.8	4.7
Consumer Prices*	-0.2	-1.0	-1.6	1.5	2.4	2.0	1.4	1.2	1.2	1.7	1.8	2.0
3 month Treasury Bill Rate, %¹	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.3	0.6	1.0	1.4	1.9

¹ End period

Despite most of the Q1 national accounts in the **G-7** and **Western Europe** registering a further quarter of GDP growth (in q-o-q terms), the recent global recession continues to cast a shadow. After recovering in the second half of 2009, a number of economies recorded a slightly slower advance in q-o-q GDP at the beginning of this year. In the **United States**, for example, the 1.4% (q-o-q) rate in Q4 was almost halved to 0.8% in the first three months of 2010. **France**, meanwhile, rose by only 0.1% rise and **Germany** saw a repeat of the previous quarter's sluggish 0.2% quarterly pace. By contrast, **Canada** saw an expansion from 1.2% (q-o-q) growth in Q4 to 1.5%, but this has been the exception. The data elsewhere has faltered, which could be symptomatic of lingering concerns over G-7 and European economic fundamentals. Worries about debt – brought on by the worldwide financial crisis

in 2008 – still loom large. After banking and corporate leveraging, the spotlight has now turned to government credit-quality problems which were exacerbated by the spate of fiscal stimulus packages in 2009. With the impetus from economic activity shaky and revenues failing to pick up, it has become increasingly difficult for governments to finance their public sector deficits, forcing policy U-turns as economies cut back on state spending (see our Significant Changes analysis on the opposite page). Consequently, many of our panels predict a moderation in the fledgling expansion going into next year. Not surprisingly, in the wake of muted growth expectations, consumer price inflation is likely to remain modest. Indeed, in **Japan**, prices should continue falling through to Q4 2011 while the **US** Fed also grapples with worries over underlying deflationary pressures again.

Japan												
* % change over previous year	2009				2010				2011			
	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr1	Qtr2	Qtr 3	Qtr4
Gross Domestic Product*	-8.6	-6.0	-4.9	-1.4	4.2	2.9	3.3	2.5	1.5	1.6	1.6	1.8
% change, qtr/qtr	-4.2	1.7	0.1	1.1	1.2	0.4	0.5	0.4	0.3	0.5	0.5	0.6
Private Consumption*	-3.7	-1.1	-0.4	1.1	2.8	2.0	1.7	1.3	0.6	0.7	0.6	0.7
% change, qtr/qtr	-1.2	1.0	0.6	0.7	0.4	0.2	0.4	0.3	-0.3	0.3	0.3	0.4
Industrial Production*	-32.2	-26.9	-20.5	-5.1	27.1	21.6	17.1	11.7	5.8	4.8	4.5	4.9
Consumer Prices*	-0.1	-1.0	-2.2	-2.1	-1.2	-1.2	-0.9	-0.5	-0.5	-0.1	0.0	-0.1
3 month Yen (TIBOR) rate, %¹	0.7	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.5	0.6	0.6

¹ End period

Germany												
* % change over previous year	2009				2010				2011			
	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr1	Qtr2	Qtr 3	Qtr4
Gross Domestic Product*²	-6.7	-5.8	-4.8	-2.2	1.5	1.9	1.7	1.9	2.2	1.7	1.6	1.7
% change, qtr/qtr	-3.5	0.4	0.7	0.2	0.2	0.9	0.5	0.4	0.4	0.4	0.4	0.5
Private Consumption*²	-0.3	1.2	-0.5	-0.3	-1.5	-1.9	-0.4	0.0	0.8	0.8	0.8	0.9
% change, qtr/qtr	0.4	0.8	-1.3	-0.2	-0.8	0.5	0.1	0.3	0.0	0.4	0.2	0.3
Industrial Production*	-20.0	-19.2	-15.6	-8.5	5.2	9.1	6.8	6.4	6.0	3.4	3.2	3.4
Consumer Prices*	0.8	0.2	-0.2	0.4	0.8	1.1	1.2	1.3	1.4	1.4	1.4	1.5
3 month Euro Rate, %¹	1.5	1.1	0.7	0.7	0.6	0.7	0.8	0.9	1.0	1.3	1.4	1.6

¹ End period ² Quarterly data (source: Bundesbank) are working-day adjusted. Annual figures on page 8 (source: FSO) are not adjusted.

Tables continued on page 28 and 29

	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
Barclays Capital	3.6	3.5	2.7	2.9	4.3	9.6	22.6	7.1	6.0	6.0	1.6	1.7	4.0	2.1	na	na	12.0	13.5	0.77	1.20
First Trust Advisors	3.6	4.1	2.5	3.1	3.7	9.2	na	na	5.4	5.4	2.2	3.0	5.0	2.8	na	na	11.9	14.8	0.74	1.06
Macroeconomic Advisers	3.5	3.8	2.6	2.9	3.7	12.2	27.1	8.4	6.0	5.5	1.6	0.8	3.7	-0.3	na	na	11.9	13.7	0.75	1.24
JP Morgan	3.5	3.1	2.6	2.6	3.1	7.5	23.9	7.1	5.2	4.0	1.6	1.1	4.1	0.6	1.6	1.1	11.5	12.5	0.64	0.80
Ford Motor Corp	3.5	4.0	2.7	3.2	2.3	11.1	na	na	4.9	5.8	1.6	1.3	3.1	-0.6	na	na	na	na	0.74	1.01
Morgan Stanley	3.4	3.3	2.5	2.4	2.0	5.1	23.1	9.0	5.5	5.6	1.8	2.4	4.5	2.9	na	na	11.7	12.4	0.65	0.69
DuPont	3.4	3.0	2.5	2.6	3.3	7.0	20.0	8.0	6.2	4.3	1.7	2.0	3.5	1.0	1.7	1.8	11.8	13.6	0.70	1.00
IHS Global Insight	3.4	2.8	2.7	3.0	3.3	7.7	23.3	3.3	5.8	4.5	1.5	1.6	2.9	0.8	1.7	2.2	11.8	13.6	0.70	1.16
Credit Suisse	3.4	2.9	2.5	2.4	3.7	8.2	23.7	6.4	5.2	4.2	1.6	1.1	na	na	na	na	na	na	na	na
Oxford Economics	3.4	3.8	2.6	3.2	3.4	11.8	23.7	12.8	5.2	5.6	1.9	2.0	4.8	0.9	2.3	2.8	11.6	14.1	0.69	1.40
Swiss Re	3.4	3.8	2.8	3.2	2.8	8.8	21.8	7.9	5.3	5.7	1.7	1.8	3.7	0.3	na	na	11.6	13.5	0.70	1.05
Econ Intelligence Unit	3.3	2.0	2.3	1.6	na	na	na	na	5.1	2.5	1.7	1.3	4.0	2.0	na	na	na	na	na	na
RDQ Economics	3.3	2.9	2.6	2.9	2.4	4.7	23.5	10.5	5.8	5.3	1.6	2.3	na	na	na	na	11.0	11.5	0.70	0.90
Univ of Michigan - RSQE	3.2	2.9	2.5	2.3	2.7	9.3	22.4	4.5	5.2	4.5	1.6	1.4	3.9	0.6	na	na	11.6	12.9	0.69	1.18
Nat Assn of Home Builders	3.2	3.4	2.5	2.7	2.3	7.2	22.0	7.1	5.0	5.3	1.8	1.3	3.4	0.7	1.9	2.2	11.8	13.5	0.66	0.99
Bank of America - Merrill	3.2	3.3	2.2	2.4	2.9	10.6	17.8	11.6	5.7	6.8	1.7	1.3	na	na	na	na	11.8	14.1	0.66	0.85
General Motors	3.2	3.3	2.4	3.1	3.2	9.3	20.0	5.0	5.2	5.0	1.9	1.3	4.5	2.2	2.2	2.5	na	na	0.67	0.90
Inforum - Univ of Maryland	3.2	2.7	2.5	2.0	3.1	8.1	14.2	3.3	5.2	5.9	1.5	1.8	3.8	2.1	na	na	11.8	12.1	0.67	0.77
UBS	3.2	3.0	2.6	3.1	2.3	5.8	na	na	5.2	4.8	1.5	1.5	3.7	2.1	2.2	2.3	na	na	0.70	0.90
Wells Capital Mgmt	3.2	3.6	2.8	3.6	2.3	8.0	24.6	13.2	4.8	4.5	2.3	3.0	4.4	2.9	1.7	1.6	11.5	13.1	0.65	0.72
Eaton Corporation	3.1	2.9	2.4	2.4	3.6	8.3	15.1	9.8	5.0	4.6	2.2	2.3	5.1	2.9	1.8	2.1	11.6	12.5	0.71	0.98
Moody's Analytics	3.1	4.0	2.3	3.1	2.4	6.7	19.2	5.2	4.2	4.1	1.8	2.1	4.0	2.4	2.2	3.2	11.6	13.9	0.67	0.99
Wells Fargo	3.0	2.2	2.4	2.1	2.8	8.4	22.7	7.2	4.8	3.2	1.5	1.2	4.1	2.4	1.6	1.7	11.3	12.2	0.60	0.84
The Conference Board	3.0	1.9	2.5	2.0	3.0	3.9	20.2	4.9	5.2	4.3	1.8	1.4	3.3	0.8	2.0	3.2	11.4	12.8	0.65	0.74
Goldman Sachs	2.9	2.5	2.3	2.3	1.0	3.4	13.6	13.4	5.2	4.3	1.3	0.4	4.9	1.8	1.6	0.9	11.4	12.3	0.63	0.84
Georgia State University	2.8	2.1	2.4	2.2	2.1	5.4	11.7	2.7	4.9	3.4	2.1	1.7	3.9	1.1	1.9	1.9	11.7	13.0	0.70	0.83
Consensus (Mean)	3.3	3.1	2.5	2.7	2.9	7.9	20.7	7.7	5.3	4.8	1.7	1.7	4.0	1.5	1.9	2.1	11.6	13.1	0.68	0.96
Last Month's Mean	3.3	3.1	2.5	2.6	2.5	7.4	17.9	6.9	5.3	5.0	2.0	1.9	4.2	1.8	1.8	1.9	11.6	13.0	0.68	0.96
3 Months Ago	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
High	3.6	4.1	2.8	3.6	4.3	12.2	27.1	13.4	6.2	6.8	2.3	3.0	5.1	2.9	2.3	3.2	12.0	14.8	0.77	1.40
Low	2.8	1.9	2.2	1.6	1.0	3.4	11.7	2.7	4.2	2.5	1.3	0.4	2.9	-0.6	1.6	0.9	11.0	11.5	0.60	0.69
Standard Deviation	0.2	0.6	0.2	0.5	0.7	2.3	4.0	3.2	0.4	1.0	0.2	0.6	0.6	1.0	0.3	0.7	0.2	0.8	0.04	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 (Apr. '10)	3.1	2.6	2.4	2.1							2.1	1.7								
OECD (May '10)	3.2	3.2	2.6	2.7	3.7	12.2					1.9	11.0								

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 June 14, 2010

	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-2.6	0.1	2.5	3.6	4.1	3.5	3.5	3.4	3.2	3.2
Personal Consumption	-0.2	1.0	1.7	2.7	2.7	3.0	2.7	2.6	2.7	2.8
Consumer Prices	-1.6	1.5	2.4	2.0	1.4	1.2	1.2	1.7	1.8	2.0

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
Auto & Light Truck Sales (inc. imports), mn	16.5	16.1	13.2	10.3
Housing Starts, mn	1.81	1.34	0.90	0.55
Unemployment Rate, %	4.6	4.6	5.8	9.3
Current Account, US\$ bn	-804	-727	-706	-420
Federal Budget Balance, fiscal years, US\$ bn	-248	-161	-459	-1417
3 mth Treasury Bill, % (end yr)	4.9	3.3	0.1	0.1
10 Year Trsy Bond, % (end yr)	4.7	4.2	2.4	3.8

Year Average	Annual Total	Fiscal Years (Oct-Sep)		Rates on Survey Date					
				0.1%		3.3%			
Unemployment Rate (%)	Current Account (US\$ bn)	Federal Budget Balance (US\$ bn) ¹		3 month Treasury Bill Rate (%)		10 Year Treasury Bond Yield (%)			
2010 2011	2010 2011	FY 09-10	FY 10-11	End Sep'10	End Jun'11	End Sep'10	End Jun'11		
9.5	8.4	-584	-772	-1250	-1075	0.2	0.8	3.7	4.1
9.5	8.7	na	na	-1250	-1000	0.1	1.0	4.2	4.7
9.6	8.7	-488	-578	-1340	-1285	0.4	0.8	3.7	4.4
9.6	9.2	-517	-588	-1400	-1200	0.2	na	3.6	na
9.7	9.0	na	na	-1237	-1186	0.2	1.3	3.5	4.3
9.6	8.7	-545	-615	-1250	-1125	0.2	1.8	3.8	5.0
9.6	9.0	na	na	-1400	-1200	0.3	0.8	4.0	4.8
9.7	9.2	-465	-554	-1315	-1155	0.3	1.2	3.4	3.7
9.5	8.9	-491	-512	-1430	-1229	na	na	3.7	na
9.8	9.1	-536	-632	-1297	-1397	na	na	3.6	4.8
9.8	9.0	-500	-525	-1217	-1000	0.2	0.6	3.5	4.1
9.7	9.3	-508	-533	-1305	-1066	na	na	na	na
9.7	9.2	na	na	-1400	-1100	0.2	0.5	4.0	5.5
9.7	9.2	na	na	na	na	0.2	0.8	3.5	3.5
9.7	9.1	-525	-600	-1267	-1150	0.2	0.8	3.6	4.1
9.5	8.7	-530	-600	-1340	-1170	0.3	1.0	3.8	4.3
9.6	9.0	-530	-630	-1362	-1215	0.4	0.9	3.7	4.3
9.5	9.0	na	na	na	na	0.2	1.3	3.5	4.3
9.7	9.5	-472	-497	-1290	-1100	0.2	0.9	3.5	3.9
9.6	8.7	-475	-525	-1400	-1120	0.2	0.8	3.5	3.9
9.5	9.0	na	na	-1375	-1175	0.3	0.6	3.3	3.4
9.9	9.5	-485	-479	-1355	-1095	0.2	1.4	3.8	4.8
9.9	9.6	-532	-640	-1315	-1243	0.2	0.5	3.2	3.8
9.9	9.6	-533	-613	-1309	-1126	0.2	0.5	3.6	4.3
9.7	9.8	-500	-469	-1575	-1396	0.2	0.2	3.3	3.5
9.9	9.6	-596	-631	-1573	-1338	0.5	1.8	4.0	4.9
9.7	9.1	-516	-579	-1344	-1173	0.2	0.9	3.6	4.3
9.6	9.1	-517	-573	-1327	-1141				
9.7	9.2	-502	-559	-1403	-1175				
9.9	9.8	-465	-469	-1217	-1000	0.5	1.8	4.2	5.5
9.5	8.4	-596	-772	-1575	-1397	0.1	0.2	3.2	3.4
0.1	0.3	35	72	93	106	0.1	0.4	0.2	0.5
10.2	9.1			-1381	-921				
9.8	8.6			-1502	-1123				
9.7	8.9								

Stronger Recovery Dependant on Jobs and Demand

The second release of Q1 GDP surprised with a modest downgrade from an initially announced 3.2% (q-o-q annualized). The economy is now estimated to have advanced by 3.0%, which was still slower than the 5.6% expansion in Q4 2009. Elsewhere, the labour market report for May was the data release which grabbed the most headlines. Despite total payroll employment registering a 431,000 gain, this was due mainly to temporary Census-related hiring. Increases in private payrolls, by contrast, slid from 218,000 in April to a mere 41,000, raising concerns about firms' cautious attitude towards hiring. On the upside, personal consumption remains supported by solid (if unspectacular) income gains and, consequently, consumer confidence last month soared to its highest level since March 2008. The recovery in spending is still modest, though: April real personal consumption growth was flat m-o-m, despite a 0.5% increase in real disposable personal income, and retail sales in May actually contracted. The strongest impetus behind GDP growth has been production which registered a 5.2% (y-o-y) surge in April, up from 3.8% in March. Part of the strength in industry is due to exports. Consequently, US observers have been watching the financial upheaval in Europe unfold with some concern. This, coupled with a slowdown in Chinese industrial demand and recent US dollar strength, could impact on the contribution to growth from trade.

The modest easing in the recovery has also raised the prospect of deflation. The headline CPI actually fell by 0.1% (m-o-m) in April while core PCE prices (the Fed's preferred measure of underlying pressures) saw only a 0.1% monthly rise. The headline rate has dropped (see chart, below).

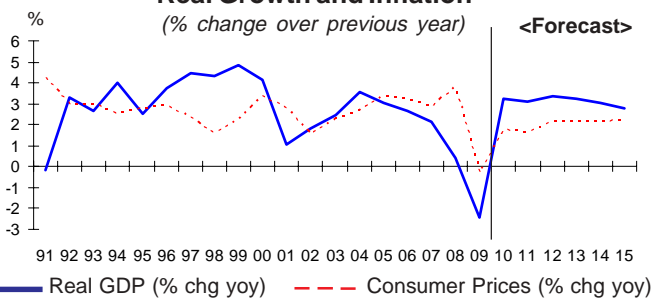
US Fed Funds Rate – June 14, 2010 = between 0%-0.25%

FORECASTS	End June 2010	End Sep. 2010	End Dec. 2010	End Mar. 2011
Consensus Mean Average:	0.16%	0.17%	0.23%	0.50%
Mode (most frequent forecast):	0.125%	0.125%	0.125%	0.50%

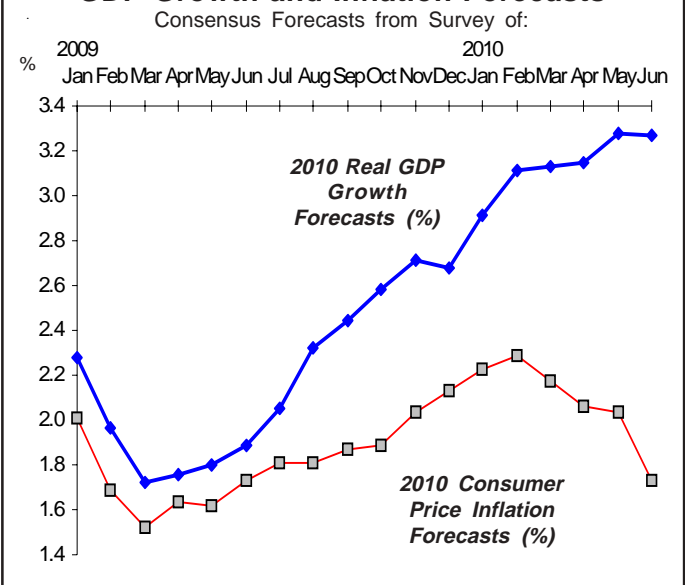
Direction of Trade – 2008

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
(% change over previous year) <Forecast>



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
NLI Research Institute	3.6	2.0	1.7	0.4	1.5	7.5	19.8	5.4	-1.0	0.1	0.0	1.0	-0.9	-0.7	na	na	0.88	0.93
JP Morgan - Japan	3.6	2.2	2.4	1.7	2.3	6.0	20.2	9.1	-1.1	-0.1	-0.2	1.3	na	na	na	na	na	na
Nikko Citigroup	3.5	2.0	1.6	1.3	2.8	5.6	19.0	4.5	-1.0	-0.3	na	na	na	na	na	na	na	na
Daiwa Institute of Research	3.5	2.2	2.1	1.0	1.5	6.4	20.2	5.7	na	na	0.0	1.0	na	na	na	na	na	na
Deutsche Securities	3.4	0.7	1.6	-0.2	1.5	3.8	18.9	0.9	-1.0	-0.9	-0.3	0.8	1.4	1.1	na	na	0.85	0.88
Morgan Stanley	3.4	1.5	2.3	1.3	0.2	2.9	20.8	5.9	-1.0	-0.1	-0.5	-0.3	na	na	na	na	na	na
UBS	3.4	1.7	1.8	1.4	1.7	7.7	19.5	6.3	-1.0	-0.2	0.2	1.1	na	na	na	na	na	na
Nomura Securities	3.4	2.0	1.8	0.8	2.3	9.2	19.6	5.8	-0.9	-0.1	-0.8	1.4	0.7	0.4	na	na	na	na
Japan Tech Info Services Corp	3.4	3.1	2.7	2.6	1.3	7.7	18.0	4.4	-0.8	0.0	1.1	0.5	2.8	2.6	3.0	2.8	0.87	0.94
ITOCHU Institute	3.3	0.9	2.0	-2.8	1.3	10.1	21.6	10.5	-0.8	-0.2	-0.6	0.7	0.1	0.5	2.9	2.7	0.87	0.96
Goldman Sachs	3.3	1.7	2.1	0.3	1.5	7.5	14.0	5.1	-1.4	-0.4	0.5	1.0	na	na	na	na	na	na
Mizuho Securities	3.3	2.4	1.7	0.9	3.9	10.1	21.8	6.6	-1.3	-0.2	-1.4	-0.8	0.4	1.6	na	na	0.83	0.84
Bank of Tokyo-Mitsubishi UFJ	3.2	1.4	1.9	0.7	0.7	3.5	19.4	5.0	-1.1	0.1	-0.1	1.6	na	na	na	na	0.87	0.91
Mizuho Research Institute	3.2	1.3	1.7	0.7	0.4	3.5	18.3	3.7	-1.1	-0.1	0.2	1.1	0.5	0.0	na	na	0.82	0.89
IHS Global Insight	3.2	1.6	2.4	1.1	1.5	6.6	21.4	7.2	-0.7	-0.6	0.1	-1.1	na	na	na	na	0.85	1.02
Japan Ctr for Econ Research	3.0	1.4	1.8	0.5	1.8	4.7	19.0	5.4	-0.9	-0.2	0.2	0.8	0.6	-0.2	na	na	0.83	0.85
Mitsubishi UFJ Research	3.0	1.0	1.7	0.1	1.2	5.9	18.5	2.6	-0.8	-0.2	0.3	1.1	0.2	0.5	na	na	0.84	0.89
Credit Suisse	2.9	1.0	1.8	0.8	0.8	3.3	18.5	2.5	-1.0	-0.4	na	na	na	na	na	na	na	na
Mitsubishi Research Institute	2.9	1.4	1.9	0.5	0.0	3.6	19.3	5.1	-1.1	-0.2	-0.4	0.2	na	na	na	na	0.81	0.83
Econ Intelligence Unit	2.8	1.2	1.7	1.3	na	na	17.0	2.2	-0.9	0.5	-0.3	1.3	na	na	4.3	4.5	na	na
Merrill Lynch - Japan	2.7	2.2	2.2	2.2	0.0	4.4	19.6	5.0	-0.7	0.0	na	na	na	na	na	na	na	na
Toyota Motor Corporation	2.7	1.5	1.8	1.0	0.0	3.5	17.0	5.0	-0.8	0.0	-0.7	-0.2	0.8	0.8	2.8	2.5	0.85	0.90
Consensus (Mean)	3.2	1.7	1.9	0.8	1.3	5.9	19.2	5.2	-1.0	-0.2	-0.1	0.6	0.7	0.7	3.3	3.1	0.85	0.90
Last Month's Mean	2.4	1.7	2.0	0.9	0.9	5.1	16.4	4.9	-1.0	-0.2	-0.6	0.3	0.2	0.5	3.2	3.1	0.85	0.90
3 Months Ago	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
High	3.6	3.1	2.7	2.6	3.9	10.1	21.8	10.5	-0.7	0.5	1.1	1.6	2.8	2.6	4.3	4.5	0.88	1.02
Low	2.7	0.7	1.6	-2.8	0.0	2.9	14.0	0.9	-1.4	-0.9	-1.4	-1.1	-0.9	-0.7	2.8	2.5	0.81	0.83
Standard Deviation	0.3	0.6	0.3	1.0	1.0	2.3	1.7	2.1	0.2	0.3	0.5	0.8	1.0	0.9	0.7	0.9	0.02	0.05
Comparison Forecasts																		
IMF (Apr. '10)	1.9	2.0	1.3	0.8					-1.4	-0.5								
OECD (May '10)	3.0	2.0	2.0	1.2	2.3	6.5			-0.7	-0.3								

Government and Background Data

Prime Minister - Mr. Naoto Kan (DPJ), after the resignation of Yukio Hatoyama. **Parliament** - The DPJ has formed a coalition with the People's New Party in the lower House of Representatives, or Shugiin (310 out of 480 seats). **Next Elections** - July 11, 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 June 14, 2010

	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-4.9	-1.4	4.2	2.9	3.3	2.5	1.5	1.6	1.6	1.8
Private Consumption	-0.4	1.1	2.8	2.0	1.7	1.3	0.6	0.7	0.6	0.7
Consumer Prices	-2.2	-2.1	-1.2	-1.2	-0.9	-0.5	-0.5	-0.1	0.0	-0.1

Percentage Change (year-on-year).

Historical Data

	2006	2007	2008	2009
* % change on previous year				
Gross Domestic Product*	2.0	2.3	-1.2	-5.3
Private Consumption*	1.5	1.6	-0.6	-1.0
Business Investment*	2.4	2.3	-0.1	-19.3
Industrial Production*	4.2	2.9	-3.4	-21.8
Consumer Prices*	0.2	0.0	1.4	-1.4
Domestic Corporate Goods Prices*	2.1	1.8	4.5	-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	-43.7 e
3 mth TIBOR, % (end yr)	0.5	0.9	0.7	0.5
10 Yr Govt Bond, % (end yr)	1.7	1.5	1.2	1.3

e = consensus estimate based on latest survey

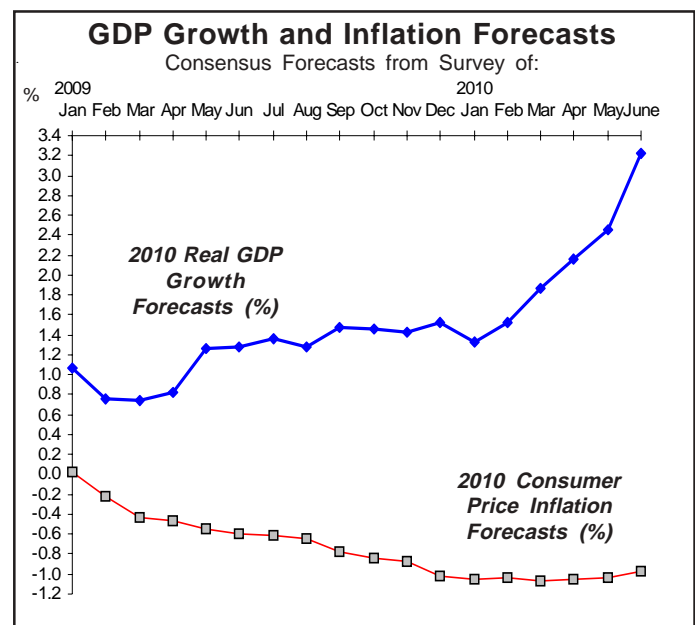
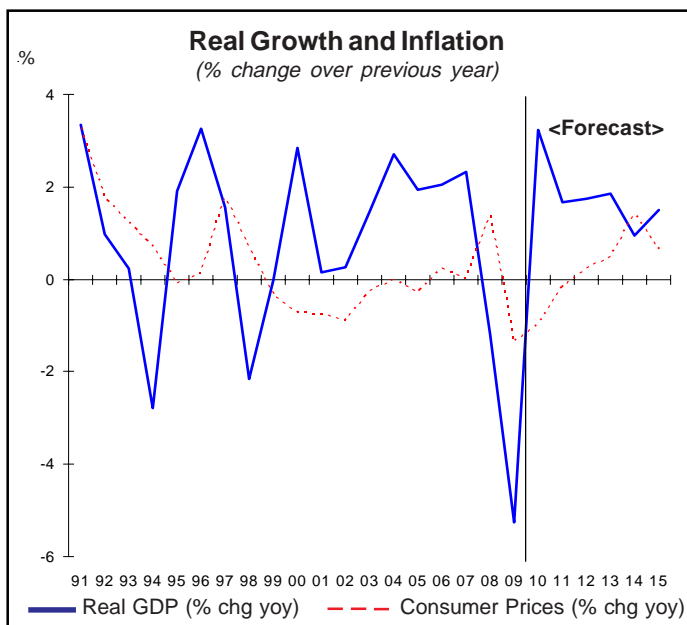
Year Average	Annual Total		Fiscal Years (Apr-Mar)		Rates on Survey Date				
					0.4%		1.2%		
Unemployment Rate (%)	Current Account (¥tn)	General Government Budget Balance (¥tn)		3 month Yen TIBOR Rate(%)		10 Year Govt Bond Yield (%)			
失業率	経常収支	一般政府財政収支 (SNA ベース、兆円)		3ヵ月物円建譲渡性預金		10年物国債利回り			
2010 2011	2010 2011	FY 10-11	FY 11-12	End Sep'10	End Jun'11	End Sep'10	End Jun'11		
4.9	4.6	18.3	20.9	na	na	0.4	0.6	1.4	1.9
4.8	4.5	14.9	10.7	na	na	na	na	1.5	na
4.9	4.6	19.4	20.4	-45.4	-49.0	na	na	1.4	1.6
5.0	4.7	23.2	27.6	na	na	na	na	na	na
4.9	4.8	19.9	23.9	-30.1	-33.0	0.4	0.4	1.3	1.3
4.7	4.5	21.0	18.9	na	na	na	na	na	na
4.9	4.6	21.2	21.4	na	na	0.3	0.3	1.5	1.6
4.8	4.4	22.0	22.2	-41.5	-43.7	na	na	1.4	1.6
4.7	4.2	15.5	18.3	na	na	na	na	1.3	1.4
5.0	4.4	17.9	21.9	-30.6	-33.4	0.4	0.5	1.4	1.6
4.9	4.7	13.4	10.8	na	na	0.4	0.4	1.6	2.0
4.9	4.0	18.9	19.7	-44.0	-35.0	0.4	0.4	1.3	1.3
4.9	4.7	15.7	15.6	na	na	na	na	1.3	1.7
5.0	4.8	15.1	16.2	na	na	na	na	1.2	1.2
4.9	4.6	17.6	17.2	na	na	na	na	na	na
4.8	4.6	17.2	18.5	-45.8	-49.3	na	na	1.3	1.5
4.9	4.7	17.6	18.0	na	na	0.3	0.3	1.3	1.5
4.4	3.7	17.4	17.0	-49.3	-55.6	0.4	0.5	1.4	na
5.0	4.8	17.7	18.9	na	na	na	na	1.3	1.4
5.2	5.2	na	na	na	na	na	na	na	na
4.9	4.2	na	na	na	na	na	na	1.4	1.7
5.2	5.1	18.0	17.0	na	na	0.6	0.8	1.5	1.5
4.9	4.6	18.1	18.7	-41.0	-42.7	0.4	0.5	1.4	1.5
4.9	4.6	16.9	18.0	-38.4	-40.3				
5.1	4.8	16.8	18.1	-40.8	-43.4				
5.2	5.2	23.2	27.6	-30.1	-33.0	0.6	0.8	1.6	2.0
4.4	3.7	13.4	10.7	-49.3	-55.6	0.3	0.3	1.2	1.2
0.2	0.3	2.5	4.0	7.6	9.0	0.1	0.2	0.1	0.2
5.1	4.9								
4.9	4.7								

Exports Lead First Quarter GDP Growth

The Q1 national accounts release confirmed the strengthening economy. Real GDP expanded by 1.2% (q-o-q) and 5.0% (q-o-q annualized). Moreover, the 4.2% year-on-year rise broke the run of seven previous quarters of contraction. Growth was spearheaded by exports which rose by 6.9% (q-o-q) thanks to strong Asian demand. However, private consumption and business investment slowed since the December quarter, rising by 0.4% and 0.6% (q-o-q), respectively. Exports continued their strong run into April, too, increasing by 40.4% from a year earlier. The customs-cleared trade report also showed a ¥742.3bn trade surplus for the month, compared with only ¥49bn at the height of the recession in April 2009. Furthermore, a buoyant export performance continues to boost industry. Output increased by 1.3% (m-o-m) in April and, although manufacturers predict smaller increases for May and June, the purchasing managers index for May rose from 53.8 to 54.7, suggesting that momentum remains. Worries over the global fallout from European debt woes threaten to cloud the outlook, however. Japan's new prime minister, Naoto Kan, has brought the country's own debt problems into the spotlight, signalling a prospective rise in the consumption tax in order to rein in the budget shortfall. Consumers already seem to be facing headwinds, though, judging from the 0.7% (y-o-y) drop in real household spending in April and unemployment rising to a four-month high of 5.1% in the same month. Nevertheless, given the strong recovery in industrial production and exports, our panel expects growth of 3.2% this year.

Deflation was exacerbated by the impact of lower school tuition fees in April. The core CPI declined by 1.5% (y-o-y).

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>Ausrüstungs-investitionen</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	-0.5	0.9	4.2	4.8	7.6	3.6	1.1	1.6	1.3	2.3	1.5	1.5
Goldman Sachs	2.2	2.5	0.6	1.7	na	na	5.6	4.2	1.3	1.7	-0.4	1.7	na	na
MM Warburg	2.1	1.5	-0.1	0.9	4.2	6.2	7.3	2.5	1.1	1.2	1.2	1.8	1.5	2.0
BHF-Bank	2.0	2.0	-1.3	0.9	1.1	1.8	7.0	4.0	1.0	1.2	1.3	1.3	1.5	1.8
DekaBank	2.0	1.4	-1.1	0.7	3.9	2.6	6.4	1.5	1.0	1.3	0.9	2.1	2.0	1.7
HSBC Trinkaus	2.0	1.5	-1.0	0.7	2.9	2.6	6.6	3.9	1.0	1.1	1.1	1.7	1.3	1.3
IHS Global Insight	2.0	1.7	-0.5	1.2	4.2	7.5	8.5	5.4	1.2	1.5	1.1	2.2	1.6	2.0
UniCredit	2.0	1.5	-1.3	0.4	2.3	3.5	8.5	4.8	1.1	1.6	na	na	1.5	1.5
WestLB	2.0	1.5	-1.0	0.3	3.5	7.0	8.0	6.0	1.0	1.3	0.5	4.0	1.5	1.0
RWI Essen	1.9	1.5	-1.2	0.5	3.7	2.7	6.6	3.4	1.0	1.2	na	na	1.0	0.9
Helaba Frankfurt	1.9	1.6	-0.7	1.0	2.0	4.0	7.0	4.0	1.2	1.5	1.0	2.0	na	na
Landesbank Berlin	1.9	1.4	-0.6	0.8	1.9	2.6	7.3	4.0	0.9	1.2	1.5	2.5	1.7	3.0
Citigroup	1.8	1.7	-1.3	0.5	3.7	4.3	na	na	1.4	1.8	na	na	na	na
Sal Oppenheim	1.8	2.0	-1.2	0.7	3.1	6.7	na	na	1.3	1.5	na	na	na	na
SEB	1.8	2.0	-0.8	0.9	1.4	3.2	7.0	3.5	0.9	0.9	0.8	1.5	1.2	1.8
WGZ Bank	1.8	1.6	-0.8	0.5	3.5	4.5	7.0	3.0	0.9	0.9	-0.5	1.0	1.5	1.5
Commerzbank	1.8	1.5	-1.2	0.2	4.6	9.3	5.5	3.0	0.9	1.4	1.3	2.5	1.0	1.5
DZ Bank	1.7	1.6	-1.0	0.9	1.6	4.2	7.3	3.9	1.2	1.4	0.5	1.7	na	na
Bank Julius Baer	1.7	1.8	-0.5	1.2	6.0	5.6	8.9	7.4	1.3	1.3	0.8	2.4	1.0	2.0
DIW - Berlin	1.7	1.7	-0.5	1.2	2.0	4.0	4.0	4.5	1.0	1.0	0.2	1.9	1.5	1.8
IW - Cologne Institute	1.7	2.0	-0.5	0.5	3.0	8.0	5.0	4.0	1.0	1.0	1.0	1.0	1.5	1.5
UBS	1.6	2.2	-1.2	0.6	1.0	4.1	3.7	1.9	0.7	1.9	0.8	1.9	na	na
BayernLB	1.5	1.6	-0.6	1.0	3.2	2.3	4.0	3.0	1.1	1.3	0.5	1.5	1.5	1.6
HWWI	1.5	1.6	-1.1	0.9	2.0	4.4	6.0	3.0	1.0	1.5	0.5	2.5	1.7	na
IFO - Munich Institute	1.5	1.4	-0.4	0.8	2.2	2.9	na	na	0.9	1.0	na	na	na	na
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
Econ Intelligence Unit	1.2	1.0	-0.8	0.6	na	na	5.0	2.5	1.1	1.1	1.0	1.7	na	na
Consensus (Mean)	1.8	1.7	-0.8	0.8	3.0	4.6	6.5	3.8	1.0	1.3	0.8	2.0	1.4	1.7
Last Month's Mean	1.6	1.7	-0.5	0.9	1.8	4.4	5.0	3.6	1.0	1.2	0.5	1.9	1.5	1.7
3 Months Ago	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
High	2.3	2.5	0.6	1.8	6.0	9.3	8.9	7.4	1.4	1.9	1.5	4.0	2.0	3.0
Low	1.2	1.0	-1.3	0.2	1.0	1.8	3.7	1.5	0.6	0.8	-0.5	1.0	1.0	0.9
Standard Deviation	0.3	0.3	0.5	0.4	1.2	2.0	1.5	1.3	0.2	0.3	0.5	0.6	0.3	0.5
Comparison Forecasts														
Government (Jan. '10)	1.4													
Eur Commission (May '10)	1.2	1.6	-0.7	0.9	1.1	4.5								
IMF (Apr. '10)	1.2	1.7	-1.1	0.7					0.9	1.0				
OECD (May '10)	1.9	2.1	-1.4	0.7	1.4	3.6			1.3	1.0				

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 June 14, 2010

	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-4.8	-2.2	1.5	1.9	1.7	1.9	2.2	1.7	1.6	1.7
Private Consumption	-0.5	-0.3	-1.5	-1.9	-0.4	0.0	0.8	0.8	0.8	0.9
Consumer Prices	-0.2	0.4	0.8	1.1	1.2	1.3	1.4	1.4	1.4	1.5

Percentage Change (year-on-year).

Historical Data

<i>* % change on previous year</i>	2006	2007	2008	2009
Gross Domestic Product*	3.2	2.5	1.3	-4.9
Private Consumption*	1.3	-0.3	0.4	-0.1
Machinery & Eqpt Investment*	11.8	11.0	3.3	-20.5
Industrial Production*	6.0	5.9	0.0	-16.0
Consumer Prices*	1.6	2.3	2.6	0.4
Producer Prices*	5.4	1.3	5.5	-4.2
Negotiated Wages & Salaries*	2.0	2.1	2.9	2.4
Unemployment Rate, %	10.8	9.0	7.8	8.2
Current Account, Euro bn	150	185	167	119
General Govt. Budget Balance				
(Maastricht definition), Euro bn	-37.8	4.9	1.0	-79.4
3 mth Euro, % (end yr)	3.7	4.7	2.8	0.7
10 Yr German Govt Bond, % (end yr)	4.0	4.3	3.0	3.4

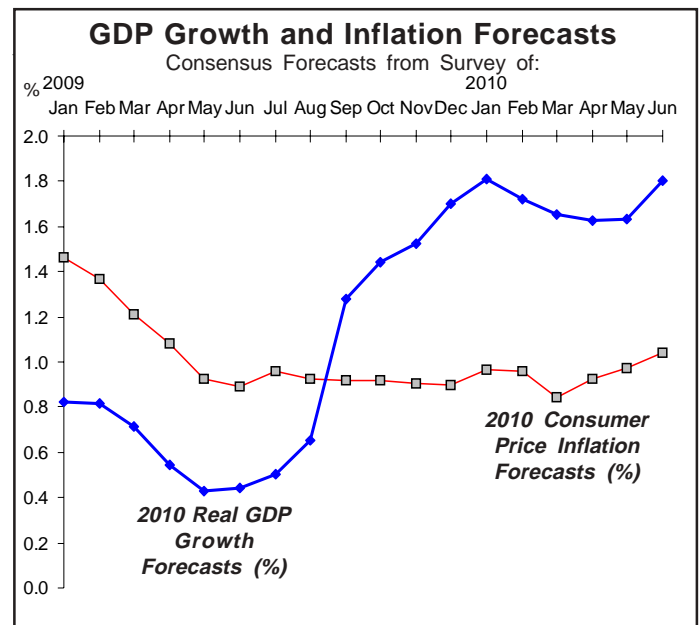
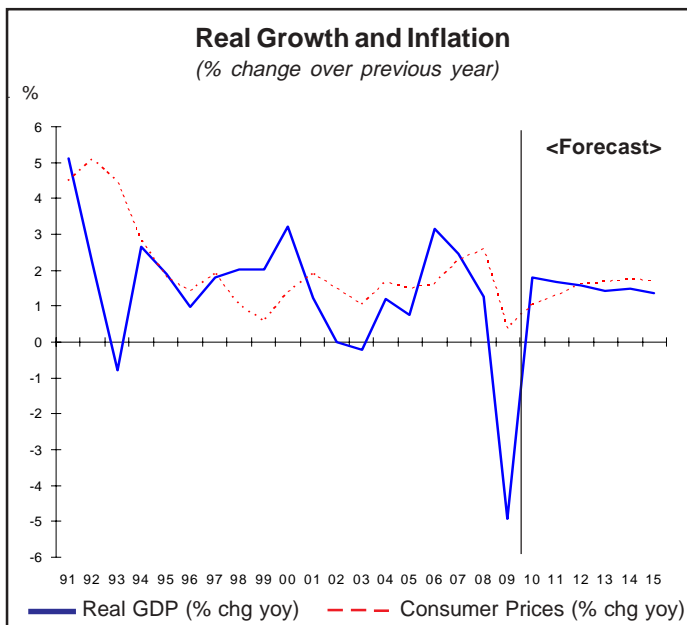
Year Average		Annual Total				Rates on Survey Date			
Unemployment Rate (%)		Current Account (Euro bn)		General Govt Budget Bal (Maastricht) (Euro bn)		0.7%		2.6%	
Arbeitslosenquote, % der Erwerbspers. insgesamt		Leistungsbilanz (€ bn)		Finanzierungs-saldo des Staates (Maastricht) (€ bn)		3 month Euro Rate (%)		10 Year German Govt Bond Yield (%)	
						3 Monate Euro (%)		Rendite von Bundesan-leihen, 10 Jahre (%)	
2010	2011	2010	2011	2010	2011	End Sep'10	End Jun'11	End Sep'10	End Jun'11
7.9	7.8	139	156	-120	-106	0.8	1.4	3.2	3.7
9.2	9.2	87	87	-140	-116	0.8	1.5	na	na
8.2	8.1	140	160	-110	-90	0.8	1.2	2.9	3.2
7.9	7.5	110	140	-117	-100	0.8	1.4	3.2	3.8
7.9	8.2	104	110	-135	-122	0.7	0.8	2.8	3.2
7.7	7.7	136	136	-125	-100	0.9	1.6	3.1	3.1
7.7	7.2	142	134	-114	-101	0.7	1.1	2.8	3.5
7.8	7.5	130	125	-120	-95	0.7	0.9	2.9	3.4
7.9	7.8	na	na	-125	-100	0.7	0.8	2.8	3.2
7.7	7.4	123	120	-110	-94	0.9	1.2	3.1	3.5
8.0	8.0	155	165	-130	-110	0.7	0.9	2.6	3.4
7.8	8.1	146	178	-149	-116	0.7	1.5	3.3	3.7
8.2	8.1	160	154	-122	-108	0.6	0.9	2.9	3.1
8.2	8.5	na	na	na	na	0.7	1.7	3.0	3.3
7.8	7.6	130	130	-142	-128	0.8	1.3	3.0	3.3
7.8	7.5	125	125	na	na	0.8	1.2	2.7	3.2
7.9	8.4	103	129	-134	-109	0.9	1.5	2.5	3.1
8.0	7.9	135	155	-125	-120	0.8	1.9	2.9	3.7
7.9	7.9	na	na	na	na	0.7	0.7	2.8	3.1
8.0	8.1	135	130	-145	-115	0.9	1.9	3.3	3.8
7.7	7.5	na	na	-120	-102	0.7	1.5	3.5	4.0
8.9	8.7	174	218	-149	-103	0.8	1.4	3.3	3.9
7.7	7.6	125	135	-119	-100	0.9	1.7	3.3	3.7
7.8	7.6	163	188	-120	-108	1.0	1.7	3.2	3.6
8.1	7.9	146	155	-121	-105	0.8	1.1	2.8	3.0
8.2	7.9	na	na	-127	-128	na	na	3.3	3.5
7.3	7.2	na	na	na	na	na	na	na	na
8.0	7.9	134	144	-127	-108	0.8	1.3	3.0	3.4
8.2	8.2	137	150	-131	-111				
8.7	9.0	137	143	-131	-115				
9.2	9.2	174	218	-110	-90	1.0	1.9	3.5	4.0
7.3	7.2	87	87	-149	-128	0.6	0.7	2.5	3.0
0.4	0.5	21	28	12	10	0.1	0.3	0.3	0.3
7.6	8.0								

Export-Led Growth

The first estimate of Q1 GDP indicated that the German economy grew a disappointing 0.2% (q-o-q), the same rate of growth as in the previous quarter. As expected, private consumption remained weak over the period, falling by 0.8% (q-o-q). In the absence of a recovery in domestic demand, Germany is becoming increasingly reliant on export-fuelled manufacturing growth which has suddenly taken off following the rapid depreciation of the euro. In March alone, exports increased by 10.7% (m-o-m) while industrial output grew by 4.3% in the same period. This momentum is expected to continue into Q2 – boosting prospects for noticeable economic gains in the quarter – as indicators for April have shown manufacturing orders rising by 2.8% (m-o-m) and industrial output by 0.9%. It should be noted, however, that the majority of these advances were from trade outside the Euro zone, as the pressures of a sovereign debt crisis hit demand amongst Germany's neighbours. In fact, Germany has faced criticism for not doing enough to stimulate its own domestic demand so that other countries can also see their trade balances improve.

In response to the Euro zone debt crisis, Germany took the unexpected step of announcing a drastic deficit reduction plan that it hopes will reassure the markets, set an example to other members of the EU and meet Germany's strict constitutional rules on deficit limits. The plans are set to reduce the shortfall by at least €10bn a year until 2016 and to reach the Maastricht limit of 3% of GDP by 2013. Tax rises have not been ruled out, despite the coalition's campaign promises to lower taxes. Such fiscal tightening could have a downside effect on growth expectations in the coming months.

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
Eastern Europe	17.8	Eastern Europe	17.7
Asia (ex. Japan)	5.5	Asia (ex. Japan)	8.7
Middle East	2.7	Latin America	2.2



	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
Goldman Sachs	2.0	2.7	1.7	1.5	na	na	4.0	3.7	1.6	1.5	na	na
Exane	1.7	2.1	1.3	1.3	-1.9	5.6	4.2	4.6	1.1	1.5	1.8	2.0
Total	1.7	2.2	1.4	1.7	0.5	3.0	na	na	1.5	1.5	na	na
UBS	1.7	2.2	1.6	2.3	0.4	4.6	4.8	4.1	1.2	0.9	na	na
AXA Investment Managers	1.6	1.7	1.0	0.9	-4.8	3.2	3.0	3.5	1.6	1.2	2.0	2.5
Citigroup	1.6	1.4	1.1	0.6	-2.6	1.8	na	na	1.8	1.8	na	na
Coe-Rexecode	1.6	1.3	1.1	0.6	-2.5	1.6	na	na	1.7	1.3	2.0	1.9
BNP-Paribas	1.4	1.7	1.2	1.2	-2.5	2.3	5.0	3.6	1.6	1.4	2.0	2.5
UniCredit	1.4	1.3	1.1	0.7	-1.5	2.8	na	na	1.5	1.5	2.3	2.6
Econ Intelligence Unit	1.4	1.2	0.9	1.4	na	na	na	na	1.6	1.5	na	na
BIPE	1.3	1.3	1.2	0.8	-3.4	1.7	2.0	1.4	1.8	2.1	1.5	1.2
Oddo Securities	1.3	1.3	1.1	0.8	-2.4	3.2	4.0	2.5	1.7	1.7	2.0	1.9
Societe Generale	1.3	1.6	1.3	1.7	-2.3	3.3	na	na	1.5	1.6	1.4	1.9
Natixis	1.2	1.2	1.1	0.9	-3.0	2.4	3.5	na	1.7	1.2	na	na
Credit Agricole	1.1	1.2	1.2	1.3	-3.6	0.2	1.8	1.8	1.4	1.5	na	na
HSBC France	1.0	1.6	0.7	1.0	-2.4	2.9	1.0	1.7	1.9	1.6	1.5	1.6
GAMA	0.9	0.8	1.0	0.8	-3.4	0.7	na	na	1.6	1.8	1.8	2.0
OFCE	0.9	1.4	0.9	1.5	-5.5	-0.8	na	na	1.2	0.8	na	na
Consensus (Mean)	1.4	1.6	1.2	1.2	-2.6	2.4	3.3	3.0	1.6	1.5	1.8	2.0
Last Month's Mean	1.5	1.6	1.2	1.5	-1.5	2.6	3.3	2.9	1.5	1.5	1.9	2.1
3 Months Ago	1.4	1.6	1.0	1.4	-1.2	2.7	3.0	3.0	1.2	1.5	1.9	2.2
High	2.0	2.7	1.7	2.3	0.5	5.6	5.0	4.6	1.9	2.1	2.3	2.6
Low	0.9	0.8	0.7	0.6	-5.5	-0.8	1.0	1.4	1.1	0.8	1.4	1.2
Standard Deviation	0.3	0.5	0.2	0.5	1.6	1.6	1.3	1.2	0.2	0.3	0.3	0.4
Comparison Forecasts												
Government (Sep. '09)	0.8		0.8		0.6				1.2			
Eur Commission (May '10)	1.3	1.5	0.6	1.3								
IMF (Apr. '10)	1.5	1.8	1.0	1.2					1.2	1.5		
OECD (May '10)	1.7	2.1	1.2	1.5	-1.2	6.0			1.7	1.1		

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 June 14, 2010

	2009				2010				2011					
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-2.6	-0.4	1.2	1.5	1.6	1.4	1.6	1.6	1.6	1.7				
Household Consumption	0.6	1.6	1.6	1.3	1.3	0.6	0.9	1.1	1.2	1.3				
Consumer Prices	-0.4	0.4	1.3	1.6	1.7	1.8	1.6	1.4	1.5	1.6				

Percentage Change (year-on-year).

Historical Data

* % change on previous year	2006	2007	2008	2009
Gross Domestic Product*	2.4	2.3	0.1	-2.5
Household Consumption*	2.6	2.5	0.5	0.7
Business Investment*	4.7	7.9	2.2	-7.9
Manufacturing Production*	1.7	1.5	-3.0	-13.0
Consumer Prices*	1.7	1.5	2.8	0.1
Hourly Wage Rates*	3.0	2.9	3.1	2.3
Unemployment Rate (ILO), %	8.8	8.0	7.4	9.1
Current Account, Euro bn	-9.2	-18.9	-44.0	-42.1
General Govt. Budget Balance				
(Maastricht definition), Euro bn	-41.1	-51.4	-64.7	-145
3 mth Euro, % (end yr)	3.7	4.7	2.8	0.7
10 Yr French Govt Bond, % (end yr)	4.0	4.4	3.5	3.6

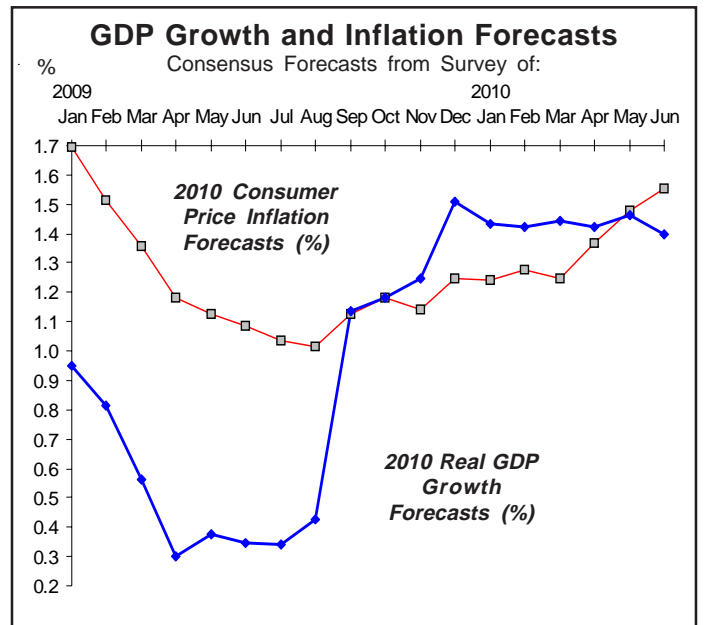
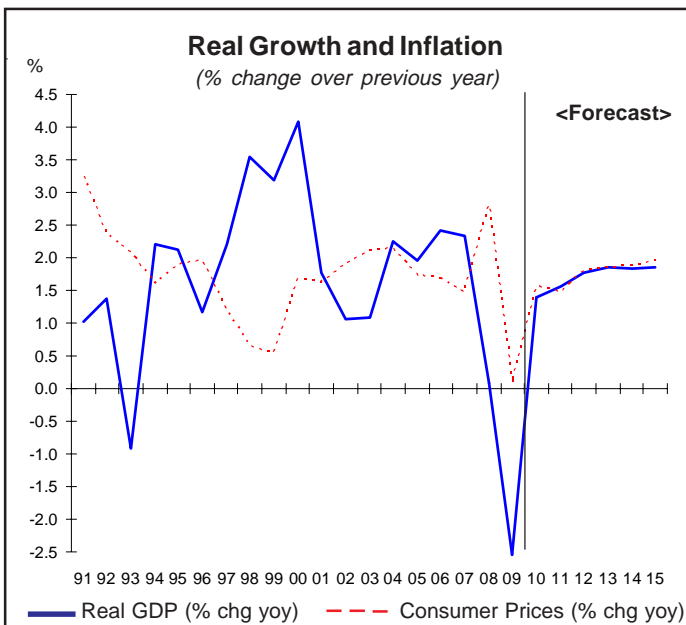
Year Average		Annual Total				Rates on Survey Date			
		0.7%		3.1%					
Unemployment Rate, ILO (%)		Current Account (Euro bn)	General Govt Budget Balance (Maastricht) (Euro bn)	3 month Euro Rate (%)	10 Year French Govt Bond Yield (%)				
Taux de Chômage, BIT (%)		Solde Courant (€ md)	Balance Budgétaire (Maastricht) (€ md)	Taux d'intérêt 3 mois Euro (%)	Rendement des obligations d'Etat, 10 ans (%)				
2010	2011	2010	2011	2010	2011	End Sep'10	End Jun'11	End Sep'10	End Jun'11
10.3	10.3	-38.8	-30.9	-174	-149	0.8	1.5	na	na
9.7	9.5	-37.0	-40.0	-140	-115	0.9	1.0	3.5	4.1
10.0	9.8	-38.0	-35.0	-150	-140	0.9	1.4	3.5	3.7
10.3	9.6	-46.3	-48.0	-139	-113	0.8	1.4	3.3	3.9
10.3	10.4	-44.0	-50.0	-160	-140	0.9	1.7	3.0	3.7
9.8	9.7	-32.1	-9.9	-148	-122	0.6	0.9	2.9	3.1
9.5	9.7	-51.6	-47.1	-149	-129	0.6	0.7	3.3	3.6
9.8	9.9	-51.0	-61.0	-151	-120	na	na	na	na
9.8	9.6	-37.5	-36.6	-167	-152	na	na	na	na
10.1	9.7	na	na	na	na	na	na	na	na
10.0	10.2	-35.9	-31.9	-164	-143	1.0	1.6	2.2	2.8
9.7	9.5	-34.4	-29.0	-156	-135	0.8	1.0	3.3	3.8
9.9	9.6	-43.0	-44.0	-160	-135	0.8	1.4	3.2	3.4
9.9	10.0	-45.0	-40.0	-155	-150	na	na	na	na
9.8	9.7	-50.2	-55.5	-161	-126	1.3	1.6	3.8	4.4
10.2	10.6	-38.4	-31.4	-178	-152	na	1.8	3.1	3.1
9.9	10.2	na	na	na	na	1.1	1.6	3.7	4.1
10.1	10.6	-46.0	-55.0	-165	-150	1.0	1.5	3.5	3.5
9.9	9.9	-41.8	-40.3	-157	-136	0.9	1.4	3.3	3.6
10.0	9.9	-42.2	-41.2	-154	-138				
10.0	9.9	-35.7	-33.7	-161	-145				
10.3	10.6	-32.1	-9.9	-139	-113	1.3	1.8	3.8	4.4
9.5	9.5	-51.6	-61.0	-178	-152	0.6	0.7	2.2	2.8
0.2	0.4	6.1	12.7	11	13	0.2	0.3	0.4	0.5
10.2	10.1								
9.8	9.5								

Q1 Moderation and Fiscal Cuts Underscore Muted Outlook

The preliminary Q1 national accounts showed that the recovery – which picked up speed in the previous quarter – slowed at the beginning of 2010. GDP rose by only 0.1% (q-o-q) compared with a 0.5% acceleration in Q4 2009. The y-o-y rate, however, registered growth for the first time in six consecutive quarters, increasing by 1.2% against a 0.4% decline in the previous quarter. The economy was supported in part by a 3.9% (q-o-q) acceleration in exports which helped net trade contribute 0.4 percentage points to GDP. This gave impetus to manufacturing during the January-March period. Similar to GDP, the y-o-y rate for manufacturing production finally exited seven straight quarters of contraction and soared by +4.7%. Going into the second quarter, monthly manufacturing output moderated from 1.2% (m-o-m) in March to 0.4% in April, though the y-o-y trend accelerated from 7.7% to 8.5%. INSEE's survey of industrial sentiment showed the headline index reaching a new "recovery high" in May, which bodes well for production over the next few months. However, the major European economies (including France) are facing serious cuts in public spending which will undoubtedly shake the economic outturn in the near-term. This year's GDP growth forecast has faltered from 1.5% last month to 1.4%, while the 2010 inflation forecast has overtaken that for GDP for the first time in nine months (see chart below).

Q1 household consumption growth was flat q-o-q as payback for the previous quarter's 1.0% jump. Meanwhile, the y-o-y and q-o-q decline in business investment moderated in the March quarter though the contractionary pattern has yet to reverse. Phased-out car incentives have dented spending, leaving our panel's consumption estimate for 2010 at 1.2%.

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
Economic Perspectives	2.2	1.5	-0.3	-0.6	2.9	6.2	7.0	10.0	3.0	1.5	4.1	3.5	3.2	3.4	3.5	4.5	2.7	3.5
Lombard Street Research	1.6	2.6	-0.2	2.5	1.8	2.1	7.0	3.8	na	na	3.5	0.8	3.0	1.3	na	na	3.0	2.8
Credit Suisse	1.5	2.5	1.0	1.8	-3.8	3.8	na	na	na	na	4.6	2.1	3.3	1.7	na	na	na	na
Deutsche Bank	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
Liverpool Macro Research	1.5	2.8	0.6	2.5	na	na	na	na	na	na	na	na	2.9	2.5	na	na	3.2	3.0
JP Morgan	1.5	3.0	0.5	2.1	2.6	4.7	na	na	2.4	2.7	na	na	3.1	1.9	4.0	1.5	na	na
Goldman Sachs	1.4	3.2	0.0	0.9	0.8	7.7	na	na	4.2	4.7	4.2	2.6	2.9	1.7	3.6	2.0	3.5	3.8
Societe Generale	1.4	2.3	0.4	1.5	-0.8	4.3	8.8	10.0	3.2	3.5	na	na	3.2	1.8	5.3	4.0	na	na
Citigroup	1.4	2.6	0.7	1.8	-3.2	1.3	13.9	10.4	na	na	4.6	2.9	3.5	2.6	na	na	na	na
Confed of British Industry	1.3	2.5	0.4	2.2	-0.6	1.4	3.5	6.6	3.3	3.4	4.3	2.3	3.2	1.9	5.1	2.1	na	na
Schroders	1.3	2.4	0.7	1.6	1.5	9.2	na	na	4.0	3.4	4.4	3.0	2.9	2.5	na	na	2.8	3.6
Barclays Capital	1.2	2.2	0.9	2.6	-2.0	2.2	na	na	0.0	0.0	4.6	3.1	3.2	2.1	na	na	na	na
HSBC	1.2	1.9	0.5	1.5	-0.7	3.1	na	na	3.2	5.4	4.5	3.1	3.2	2.7	na	na	3.4	3.8
Oxford Economics	1.1	2.3	0.5	1.6	-2.2	1.2	3.2	5.8	3.5	3.5	4.3	2.3	3.0	1.7	4.2	1.7	3.0	2.2
IHS Global Insight	1.1	1.8	0.2	1.2	-1.1	2.7	na	na	2.9	2.8	4.0	2.5	3.0	1.8	5.0	2.5	2.2	2.7
Beacon Econ Forecasting	1.0	2.6	1.6	3.6	1.2	7.1	na	na	3.2	5.4	4.4	2.1	3.0	0.8	4.7	5.5	2.4	2.7
Cambridge Econometrics	1.0	2.1	0.4	2.1	-0.5	3.3	3.2	4.5	2.7	2.8	2.3	3.2	2.7	2.5	na	na	1.1	2.5
Capital Economics	1.0	1.5	0.0	1.0	-0.5	2.5	-3.5	-1.5	2.0	3.0	4.6	2.3	3.1	0.3	5.5	1.6	2.1	0.1
ING Financial Markets	1.0	1.5	0.3	0.9	-1.2	3.0	na	na	1.7	2.6	na	na	3.2	2.3	4.0	2.7	1.9	2.3
ITEM Club	1.0	2.7	0.5	0.9	-2.7	6.2	5.0	9.0	2.7	5.6	3.9	2.3	2.8	1.7	4.5	4.0	2.0	3.1
RBS Financial Markets	1.0	2.3	0.6	0.8	0.0	4.5	na	na	1.3	2.8	4.9	4.3	3.4	2.7	4.5	3.2	1.5	1.9
Experian Business Strategies	0.9	2.1	0.6	1.8	-3.5	1.2	na	na	2.5	2.6	4.4	3.1	3.1	1.5	4.7	3.1	0.9	1.9
Econ Intelligence Unit	0.8	1.1	-0.4	0.5	na	na	na	na	2.2	1.7	5.3	3.7	2.8	2.6	na	na	na	na
Consensus (Mean)	1.3	2.3	0.5	1.6	-0.8	3.8	5.3	6.5	2.6	3.1	4.3	2.7	3.1	1.9	4.4	2.9	2.4	2.7
Last Month's Mean	1.3	2.3	0.4	1.5	-2.0	3.7	4.2	6.5	2.2	3.1	3.9	2.5	2.9	1.8	4.1	2.7	2.1	2.6
3 Months Ago	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
High	2.2	3.2	1.6	3.6	2.9	9.2	13.9	10.4	4.2	5.6	5.3	4.3	3.5	3.4	5.5	5.5	3.5	3.8
Low	0.8	1.1	-0.4	-0.6	-4.9	1.2	-3.5	-1.5	0.0	0.0	2.3	0.8	2.7	0.3	3.5	1.5	0.9	0.1
Standard Deviation	0.3	0.5	0.4	0.9	2.1	2.3	4.8	3.9	1.1	1.4	0.6	0.8	0.2	0.7	0.7	1.2	0.8	0.9
Comparison Forecasts																		
Treasury - OBR (June '10)	1.3	2.6	0.4	1.6	-0.3	4.0	3.6	8.9										
Eur Commission (May '10)	1.2	2.1	0.6	1.5	-0.9	4.4												
IMF (Apr. '10)	1.3	2.5	0.2	1.4	-2.6	4.7							2.7	1.6				
OECD (May '10)	1.3	2.5	0.3	2.2	-3.2	0.3							3.0	1.5				

Government and Background Data

Prime Minister - Mr. David Cameron (Conservative Party). **Parliament** - The Conservative party has formed a coalition with the Liberal Democrat party, with a working majority in the 650-seat House of Commons (lower house). **Next Election** - By May 2015 (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 June 14, 2010

	2009				2010				2011					
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-5.3	-3.1	-0.2	1.2	2.1	2.2	2.4	2.3	2.1	2.0				
Household Consumption	-3.6	-2.1	-0.5	0.5	0.8	0.9	1.3	1.6	1.6	1.6				
Consumer Price Index	1.4	2.1	3.2	3.5	3.0	2.6	2.1	1.9	2.1	2.3				

Percentage Change (year-on-year).

Historical Data

* % change on previous year	2006	2007	2008	2009
Gross Domestic Product*	2.9	2.6	0.5	-4.9
Household Consumption*	1.5	2.5	0.9	-3.2
Gross Fixed Investment*	6.5	7.8	-3.5	-14.9
Company Trading Profits*	9.2	4.5	0.6	-5.1
Manufacturing Production*	1.5	0.6	-2.9	-10.5
Retail Prices (RPI-X underlying rate)*	2.9	3.2	4.3	2.0
Consumer Prices Index (HICP)*	2.3	2.3	3.6	2.2
Output Prices*	2.5	2.6	7.3	1.3
Average Earnings*	4.1	4.0	3.4	1.5
Unemployment Rate, %	3.0	2.7	2.8	4.7
Current Account, £ bn	-43.8	-37.7	-22.0	-18.4
Public Sector Net Cash Requirement, fiscal yrs, £ bn	35.1	21.5	59.6	134
3 mth Interbank, % (end yr)	5.3	6.0	2.6	0.7
10 Yr Gilt Yields, % (end yr)	4.7	4.6	3.0	4.0

Year Average		Annual Total		Fiscal Years (Apr-Mar)		Rates on Survey Date			
						0.8%		3.6%	
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 Sep'10	End Jun'11	End Sep'10	End Jun'11
5.2	5.3	-16.0	-12.0	140	120	1.2	2.1	4.3	4.8
na	na	-23.9	-26.3	na	na	0.7	1.5	na	na
na	na	-21.9	-27.3	162	129	0.7	1.2	4.3	4.5
na	na	-5.1	0.0	na	na	0.7	1.2	4.3	4.9
4.7	4.2	-27.2	-24.1	na	na	0.9	1.8	na	na
na	na	-26.3	-27.0	na	na	na	na	na	na
4.8	3.9	-13.8	-2.7	143	108	0.9	2.4	4.0	4.5
5.1	5.9	-15.0	-10.0	160	145	0.9	1.5	4.0	4.8
4.9	4.9	8.1	17.8	131	89	0.7	1.2	3.7	3.9
4.8	4.8	-32.2	-30.8	na	na	na	na	na	na
5.0	4.9	-19.0	-30.0	130	100	0.8	1.4	3.9	4.1
na	na	-29.0	-17.4	na	na	1.0	2.0	4.2	5.1
4.8	4.3	-16.1	-7.4	na	na	1.0	3.4	3.8	3.4
4.9	5.1	-33.7	-29.0	155	127	0.7	1.1	4.1	5.1
4.9	5.1	-24.8	-22.0	155	135	0.8	1.5	3.8	4.3
5.2	5.2	-40.8	-62.9	196	206	0.8	2.0	3.6	3.8
4.8	4.9	-17.4	-11.3	na	na	na	na	na	na
6.0	6.6	-14.8	-7.8	165	130	0.6	0.6	3.5	3.0
5.1	5.6	-16.0	-18.5	155	125	0.7	1.7	3.4	4.0
4.9	4.6	-24.3	-4.6	165	165	na	na	na	na
5.0	5.2	-10.2	-2.5	145	110	0.9	1.6	3.4	4.3
5.0	4.8	-21.1	-32.6	160	na	1.2	2.9	4.9	5.5
na	na	na	na	na	na	na	na	na	na
5.0	5.0	-20.0	-17.7	154	130	0.8	1.7	3.9	4.4
5.1	5.2	-20.5	-19.0	162	142				
5.3	5.3	-27.0	-25.2	177	147				
6.0	6.6	8.1	17.8	196	206	1.2	3.4	4.9	5.5
4.7	3.9	-40.8	-62.9	130	89	0.6	0.6	3.4	3.0
0.3	0.6	10.4	16.3	17	30	0.2	0.7	0.4	0.7
		-25.0	-30.0						

Austerity Drive

The second estimate of Q1 2010 GDP saw an upward revision of 0.1 percentage points to 0.3% (q-o-q) growth, owing to a better-than-expected industrial performance in the quarter. Indeed, manufacturing output grew by 2.3% (m-o-m) in March alone. The breakdown of the national accounts showed that private consumption stagnated in Q1, however, while trade was a drag on growth for the third consecutive quarter, despite the added competitiveness granted by currency weakness. Going forward, inflation surprised significantly on the upside in April, with consumer prices rising by 3.7% (y-o-y), up from 3.4% in March and shifting further away from the target rate of 2.0%. The Bank of England – while admitting this rate was higher than expected – maintained the line that recent rises in inflation are due to temporary VAT and fuel price rises and that monetary policy will likely remain loose for the foreseeable future. Despite this, our panel has once again raised its inflation forecast for 2010 and 2011.

Upon taking office, the Conservative-Liberal coalition immediately laid out plans to reduce the deficit by £6.2bn (or 0.4% of GDP) this year in an effort to calm nervous investors (an emergency budget due on June 22nd will lay out further austerity measures to be undertaken over the longer-term). Meanwhile, the new independent Office of Budget Responsibility has revised down the previous government's growth forecasts, with the 2011 estimate falling from 3.25% to 2.6%, implying that more drastic cuts than the ones laid out will be required. Furthermore, the UK's once-bold move of announcing £6.2bn of cuts this year is already looking modest in comparison with emergency austerity measures introduced by many European governments in recent weeks.

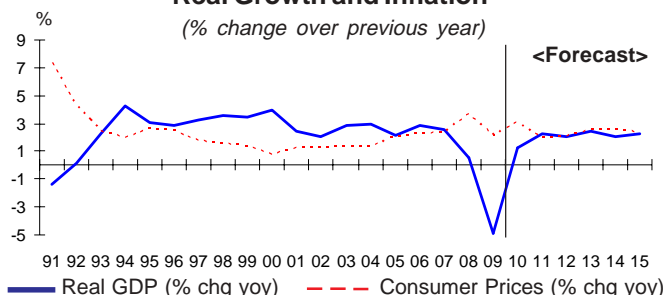
UK Official Bank Rate – June 14, 2010 = 0.50%

FORECASTS	End June 2010	End Sep. 2010	End Dec. 2010	End Mar. 2011
Consensus Mean Average:	0.50%	0.57%	0.89%	1.27%
Mode (most frequent forecast):	0.50%	0.50%	0.50%	1.00%

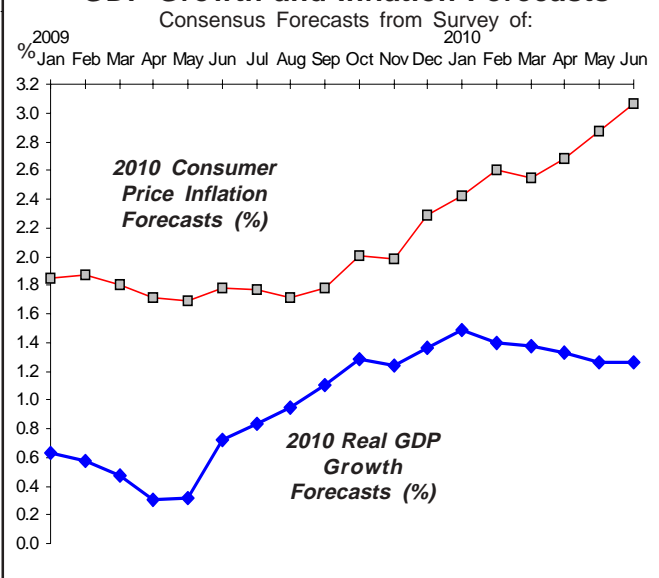
Direction of Trade – 2008

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
(% change over previous year)



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
Goldman Sachs	1.7	2.0	1.1	1.0	-0.9	1.2	4.4	3.4	1.4	1.9	1.3	3.3	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
ING Financial Markets	1.0	0.9	0.5	0.7	0.6	1.3	1.3	1.4	1.5	1.8	2.7	2.5	2.4	2.3
Intesa Sanpaolo	1.0	1.2	0.2	1.0	0.7	1.1	5.8	1.3	1.6	1.8	2.8	1.9	2.1	2.3
Centro Europa Ricerche	0.9	1.1	0.8	1.1	1.9	1.1	na	na	1.4	1.5	na	na	na	na
Prometeia	0.9	1.0	0.2	0.3	0.0	2.7	4.2	3.2	1.8	1.6	2.3	0.9	1.8	1.4
Ref.	0.9	0.6	0.3	0.7	-0.6	0.2	2.0	2.1	1.6	1.9	3.0	2.6	1.8	1.6
UniCredit	0.9	1.0	0.2	0.8	-0.4	0.6	na	na	1.6	1.9	2.9	3.7	2.8	2.1
IHS Global Insight	0.8	0.9	0.3	0.7	0.7	1.3	4.9	2.4	1.6	1.9	na	na	na	na
Banca Nzle del Lavoro	0.8	0.8	0.3	0.3	0.4	1.6	1.8	2.2	1.5	1.8	2.2	2.5	2.2	2.8
Citigroup	0.8	0.9	0.4	0.6	-0.9	0.1	3.6	-1.5	1.6	1.5	na	na	2.2	2.0
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
Econ Intelligence Unit	0.5	0.6	0.7	0.7	0.6	1.2	3.0	1.0	1.4	1.7	1.1	1.6	na	na
Consensus (Mean)	0.9	1.0	0.5	0.8	0.2	1.3	3.5	1.8	1.5	1.7	2.3	2.4	2.2	2.1
Last Month's Mean	0.8	1.1	0.6	1.0	-0.3	1.5	3.0	1.8	1.5	1.8	1.8	2.2	2.0	1.9
3 Months Ago	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
High	1.7	2.0	1.1	1.3	1.9	2.7	5.8	3.4	1.8	2.0	3.0	3.7	2.8	2.8
Low	0.5	0.6	0.2	0.3	-0.9	0.1	1.3	-1.5	1.1	1.4	1.1	0.9	1.8	1.4
Standard Deviation	0.3	0.4	0.3	0.3	0.9	0.8	1.4	1.4	0.2	0.2	0.7	0.9	0.3	0.5
Comparison Forecasts														
Government (Sep. '09)	0.7		0.5		1.7				1.5					
Eur Commission (May '10)	0.8	1.4	0.8	1.3	-0.1	2.5								
IMF (Apr. '10)	0.8	1.2	0.9	1.2	1.7	2.4			1.4	1.7				
OECD (May '10)	1.1	1.5	0.8	1.1	-0.5	3.8			1.2	1.0				

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 June 14, 2010

	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-4.7	-2.8	0.5	1.1	1.0	1.3	1.1	1.0	1.2	1.2
Household Consumption	-1.6	-0.2	0.7	0.5	0.2	0.4	0.5	0.7	0.8	0.9
Consumer Prices	0.1	0.7	1.3	1.4	1.5	1.6	1.7	1.6	1.7	1.7

Percentage Change (year-on-year)

Historical Data

* % change on previous year	2006	2007	2008	2009
Gross Domestic Product*	2.1	1.4	-1.3	-5.1
Household Consumption*	1.2	1.1	-0.8	-1.8
Gross Fixed Investment*	3.1	1.3	-4.0	-12.2
Industrial Production*	3.5	1.8	-3.5	-18.4
Consumer Prices*	2.1	1.8	3.4	0.8
Producer Prices*	4.5	3.0	5.1	-4.7
Contractual Hourly Earnings*	3.0	2.2	3.5	3.1
Unemployment Rate,%	6.8	6.2	6.7	7.8
Current Account, Euro bn	-38.3	-37.7	-54.5	-48.0
General Govt. Budget Balance (Maastricht definition), Euro bn	-49.4	-23.2	-42.6	-80.8
3 mth Euro, % (end yr)	3.7	4.7	2.8	0.7
10 yr Italian Govt Bond, % (end yr)	4.2	4.6	4.3	4.2

Year Average		Annual Total				Rates on Survey Date			
						0.7%		4.1%	
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 Sep'10	End Jun'11	End Sep'10	End Jun'11
na	na	-35.1	-22.2	-82.7	-79.0	0.8	1.5	na	na
8.7	9.0	-47.4	-47.4	-83.4	-81.1	na	na	na	na
8.8	8.4	-44.2	-41.9	-80.1	-72.5	0.8	1.3	4.2	4.4
9.1	9.5	-37.6	-26.6	-77.8	-67.1	0.8	1.5	4.1	4.2
9.0	8.7	na	na	na	na	0.9	1.3	4.0	4.3
9.3	10.8	-65.5	-58.7	-95.6	-69.1	0.6	0.8	4.2	4.5
9.2	9.4	-44.8	-42.8	na	na	0.7	1.1	na	na
8.9	8.8	na	na	-77.0	-71.0	na	na	na	na
9.0	8.9	-42.0	-39.1	-76.4	-59.2	na	na	4.0	4.4
9.0	9.3	-43.0	-40.0	na	na	na	na	na	na
9.0	9.1	-36.0	-22.3	-81.9	-87.1	na	na	4.0	4.1
8.8	8.9	-35.0	-34.0	na	na	1.0	1.8	4.0	3.9
8.5	8.5	na	na	na	na	na	na	na	na
8.9	9.1	-43.1	-37.5	-81.9	-73.3	0.8	1.3	4.1	4.2
8.9	9.0	-42.2	-37.5	-83.7	-76.6				
8.8	8.8	-43.3	-39.1	-83.6	-78.3				
9.3	10.8	-35.0	-22.2	-76.4	-59.2	1.0	1.8	4.2	4.5
8.5	8.4	-65.5	-58.7	-95.6	-87.1	0.6	0.8	4.0	3.9
0.2	0.6	9.0	11.5	6.2	8.8	0.1	0.3	0.1	0.2
8.8									
8.8	8.8								
8.7	8.8								

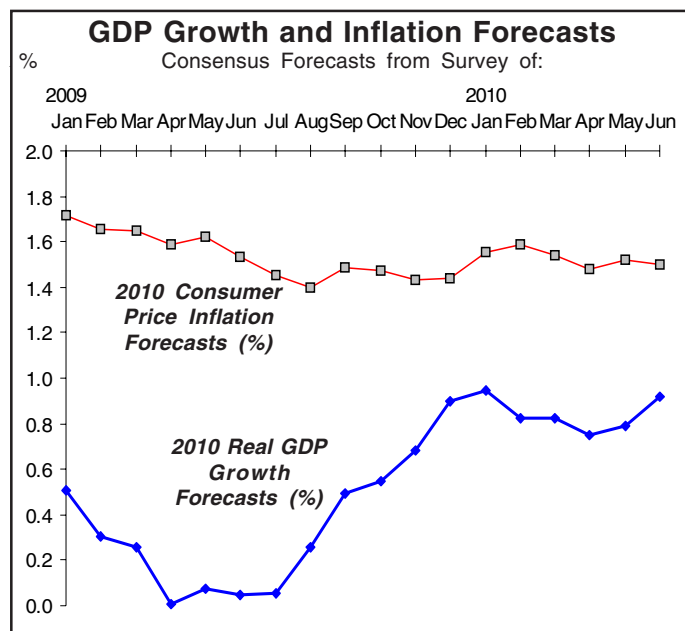
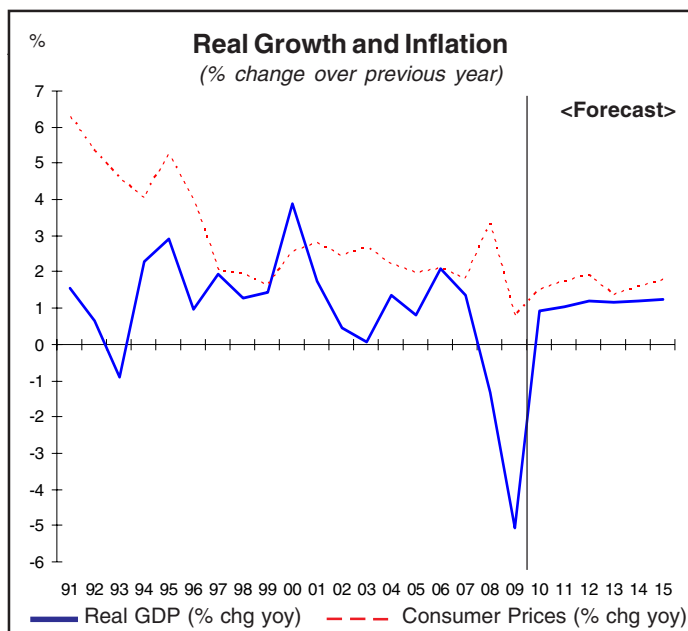
Emergency Austerity Measures

Italy's public finances have come under intense scrutiny in the wake of the Greek debt crisis, though as of yet the country has not joined Spain, Portugal and Ireland in having its credit ratings downgraded. While last year's deficit of 5.3% of GDP was relatively modest in comparison to Greece, for example, the high level of existing public debt, coupled with weak GDP prospects and falling tax revenues, are raising concerns over Italy's ability to service its debt. At approximately €1.7tn, the total liability is around seven times that of Greece and consequently far more is at stake for the future of the euro. This has prompted the government to announce an emergency budget invoking €24bn of cuts over two years, with the aim of bringing the deficit back under the 3% of GDP limit by 2012 (and hopefully help to pay off some of the huge debt burden). The cuts involve pay and hiring freezes in the public sector, a move that is sure to hit the poorer southern regions disproportionately and damage already-poor growth prospects for Italy as a whole.

Meanwhile, the initial Q1 estimate of GDP was revised down slightly from 0.5% growth (q-o-q) to 0.4%, while the 0.3% contraction seen in Q4 2009 has since been downgraded to show a smaller contraction of 0.1%. Moderate growth came about on the back of export gains stemming from the depreciation of the euro. Manufacturing, however, struggled in the quarter, posting zero growth in February and 0.1% (m-o-m) growth in March, as car-purchase incentive schemes were wound down and domestic demand remained subdued. Unemployment rises are showing no sign of dissipating, with the rate increasing to 8.9% in April. GDP growth expectations for Italy remain downbeat this month.

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
Informetrica	3.8	3.2	3.7	3.1	2.0	5.5	31.0	15.0	9.0	4.5	2.1	2.1	1.0	3.0	1.8	3.5	183	178
Toronto Dominion Bank	3.6	2.5	3.6	2.4	5.9	13.0	21.5	6.7	na	na	2.1	2.1	na	na	na	na	185	170
Desjardins	3.6	3.0	3.8	3.1	4.2	5.8	22.0	9.4	na	na	2.1	2.6	1.7	3.8	2.9	2.5	182	174
Royal Bank of Canada	3.6	3.5	3.6	2.9	4.2	8.6	24.5	15.6	na	na	1.9	2.2	na	na	na	na	189	185
University of Toronto	3.6	2.8	3.6	2.3	5.1	9.3	25.8	11.2	na	na	1.9	2.4	na	na	na	na	183	172
Scotia Economics	3.6	2.7	3.6	2.8	3.4	6.4	27.5	14.0	5.3	4.9	1.9	2.3	na	na	na	na	190	175
National Bank Financial	3.5	2.1	2.9	2.6	3.8	7.9	18.0	8.6	na	na	1.8	2.4	na	na	na	na	180	165
IHS Global Insight	3.5	3.1	3.5	2.5	4.1	4.8	31.2	11.5	4.7	8.3	2.0	2.0	1.2	2.7	na	na	194	182
BMO Capital Markets	3.4	3.1	3.5	3.5	3.2	5.5	19.0	10.0	5.0	4.0	2.1	1.9	1.0	2.0	3.0	2.8	180	180
Economap	3.4	3.5	3.4	3.5	3.0	6.0	17.0	12.0	4.8	4.1	2.0	1.9	1.5	3.0	2.6	3.0	180	180
CIBC World Markets	3.3	2.5	3.4	2.7	2.0	3.7	22.0	7.5	na	na	1.9	2.1	na	na	na	na	195	190
Caisse de Depot	3.2	2.5	3.4	2.3	2.0	8.5	15.0	12.0	na	na	1.6	1.8	na	na	na	na	176	163
Conf Board of Canada	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
EDC Economics	3.0	2.5	3.3	2.7	2.5	4.1	na	na	na	na	2.0	2.5	na	na	na	na	170	165
Consensus (Mean)	3.5	2.9	3.5	2.8	3.4	7.1	23.2	10.8	5.8	5.2	1.9	2.2	1.3	2.8	2.6	3.0	184	177
Last Month's Mean	3.3	3.0	3.0	2.8	2.7	6.4	21.9	11.1	5.4	5.2	1.9	2.2	1.7	2.8	2.6	3.0	185	179
3 Months Ago	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
High	3.8	3.5	3.8	3.5	5.9	13.0	31.2	15.6	9.0	8.3	2.1	2.6	1.7	3.8	3.0	3.5	195	194
Low	3.0	2.1	2.9	2.3	2.0	3.7	15.0	6.7	4.7	4.0	1.6	1.8	1.0	2.0	1.8	2.5	170	163
Standard Deviation	0.2	0.4	0.3	0.4	1.2	2.7	5.2	2.9	1.8	1.8	0.1	0.3	0.3	0.6	0.5	0.4	7	9
Comparison Forecasts																		
IMF (Apr. '10)	3.1	3.2	3.0	3.0							1.8	2.0						
OECD (May '10)	3.6	3.2	3.3	3.2							1.6	1.7						

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 June 14, 2010

	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-3.1	-1.1	2.2	3.8	4.0	3.5	2.8	2.6	2.7	2.8
Personal Expenditure	0.5	2.2	3.6	3.7	3.2	3.0	2.7	2.6	2.8	2.9
Consumer Prices	-0.9	0.8	1.7	1.6	2.3	2.3	2.3	2.4	2.0	2.0

Percentage Change (year-on-year).

Historical Data

* % change on previous year	2006	2007	2008	2009
Gross Domestic Product*	2.8	2.2	0.5	-2.5
Personal Expenditure*	4.2	4.6	2.9	0.4
Machinery & Eqpt Investment*	10.2	4.2	-0.9	-20.3
Pre - Tax Corporate Profits*	5.7	1.9	8.0	-32.3
Industrial Production*	-0.3	0.1	-4.2	-10.0
Consumer Prices*	2.0	2.1	2.4	0.3
Industrial Product Prices*	2.3	1.6	4.3	-3.4
Average Hourly Earnings*	2.6	4.6	3.5	3.0
Housing Starts, '000 units	227	228	211	149
Unemployment Rate, %	6.3	6.1	6.2	8.3
Current Account, C\$ bn	20.5	12.8	6.9	-43.5
Federal Govt Budget Balance, fiscal years, C\$ bn	13.8	9.6	-5.8	-44.4 e
3 mth Trsy Bill, % (end yr)	4.2	3.8	0.9	0.2
10 Yr Govt Bond, % (end yr)	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				
					0.6%		3.5%		
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 Sep'10	End Jun'11	End Sep'10	End Jun'11		
8.3	7.9	-13.5	15.0	-42.0	-23.0	0.8	1.6	3.9	4.2
8.0	7.2	-24.2	-13.9	na	na	0.9	2.4	3.3	3.9
8.0	7.5	-24.7	-15.9	-45.0	-30.0	1.3	2.5	3.8	4.0
8.0	7.3	-29.4	-18.8	na	na	1.1	2.7	3.8	4.1
8.1	7.8	-31.1	-24.0	na	na	0.7	1.8	3.5	4.2
8.1	7.9	-31.3	-29.2	-43.0	-28.0	1.2	2.6	3.5	4.2
8.1	7.8	-12.3	1.5	na	na	1.3	2.6	3.9	4.1
8.0	7.6	-29.9	-10.6	na	na	0.8	1.6	3.6	3.9
8.1	7.6	-35.0	-38.0	-45.0	-30.0	0.8	2.5	3.4	4.2
8.0	7.8	-35.0	-28.0	-40.0	-24.0	0.7	2.2	3.4	4.0
8.2	8.1	-31.5	-22.5	na	na	1.2	1.8	3.5	4.1
8.1	8.0	-22.3	-22.8	na	na	0.8	1.8	3.4	4.0
8.0	7.3	-31.5	-31.0	-42.0	-27.0	0.5	2.4	3.7	4.2
8.0	7.8	-18.0	-14.0	na	na	na	na	na	na
8.1	7.7	-26.4	-18.0	-42.8	-27.0	0.9	2.2	3.6	4.1
8.1	7.7	-28.9	-19.1	-44.9	-27.4				
8.3	7.8	-32.3	-22.4	-45.8	-27.7				
8.3	8.1	-12.3	15.0	-40.0	-23.0	1.3	2.7	3.9	4.2
8.0	7.2	-35.0	-38.0	-45.0	-30.0	0.5	1.6	3.3	3.9
0.1	0.3	7.5	13.7	1.9	3.0	0.2	0.4	0.2	0.1
7.9	7.2								

GDP Strengthens, Prompting Interest Rate Hike

Canadian GDP posted a very strong 6.1% q-o-q annualized growth rate in Q1, outstripping the US's 3.0% increase. Moreover, a look at the underlying figures suggests that Canada's recovery is probably the most entrenched and solid in the G-7, especially in light of recent financial market turmoil. For one thing, Canada is not facing the same sizeable fiscal crunch that other countries are dealing with. Not surprisingly, our panel's 2010 GDP forecast has soared this month to 3.5%. Moreover, the news pretty much sealed the Bank of Canada's decision to raise its target interest rate and become the first G-7 central bank to do so. Its overnight lending rate rose on June 1st by 25 basis points to 0.50%. However, the bank's statement accompanying the announcement was cautious with regards to hikes in the immediate future, although our panel expects one by the end of Q3 (see below). Even though the Q1 national accounts painted a picture of robust economic health, the March quarter likely saw a peak in the current recovery. For one thing, inventories began accumulating again after four consecutive quarters of being drawn down, suggesting that inventory cycle has now turned. Secondly, government stimulus measures are fading and thirdly, there are concerns over the global economic environment in light of the sharp retrenchment in European public spending. Our panel's quarterly forecasts showcase a small moderation, though activity will remain very solid.

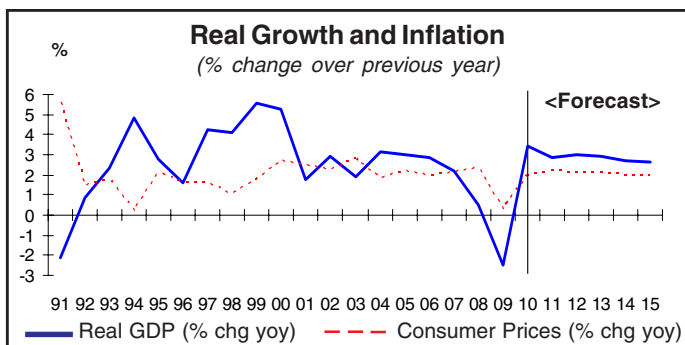
Final domestic demand contributed 4.8 percentage points to GDP growth in Q1 as personal spending soared from 2.2% (y-o-y) in Q4 2009 to 3.6%. Steadily improving labour market conditions are helping to buoy consumption and the 2010 forecast for the variable has seen a large boost.

Canada Overnight Lending Rate – June 14, 2010 = 0.50%

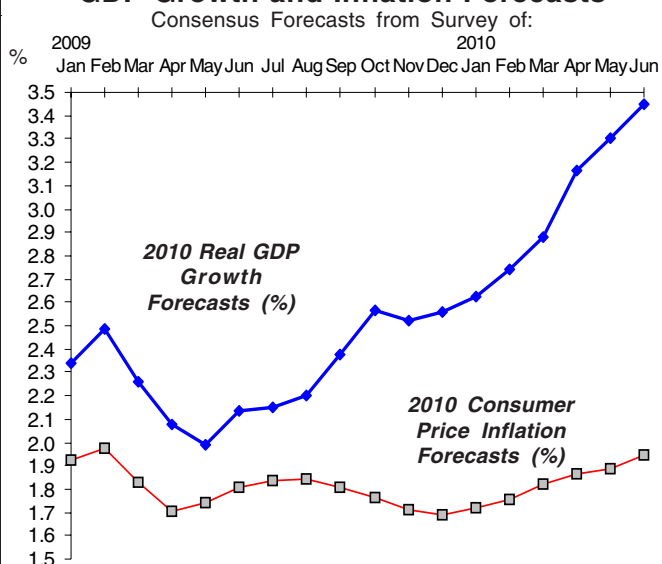
FORECASTS	End June 2010	End Sep. 2010	End Dec. 2010	End Mar. 2011
Consensus Mean Average:	0.48%	0.77%	1.12%	1.54%
Mode (most frequent forecast):	0.50%	0.75%	1.25%	1.75%

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



GDP Growth and Inflation Forecasts



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
UBS	1.7	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
Allianz	1.5	1.5	0.5	0.9	2.1	2.0	-2.2	2.3	7.1	2.5	1.6	1.9	1.7	3.0	na	na	10.4	10.7
SEB	1.5	1.8	0.2	0.9	1.4	1.7	1.4	3.3	7.0	3.6	1.2	0.8	2.6	2.2	1.5	2.0	10.2	9.9
ABN Amro	1.4	1.5	0.4	1.3	1.6	1.0	-2.1	2.7	7.5	2.0	1.5	1.6	na	na	2.0	1.7	10.4	10.6
Goldman Sachs	1.4	2.2	0.5	1.2	0.8	0.4	-1.5	1.5	4.2	3.5	1.6	1.7	1.5	1.9	na	na	10.7	11.1
JP Morgan	1.3	1.4	0.0	0.6	1.4	-0.1	-1.9	3.0	7.2	3.4	1.4	1.0	1.8	3.0	na	na	10.0	9.6
Bank Julius Baer	1.2	1.6	0.6	1.8	1.6	1.2	0.8	6.1	9.9	8.7	1.5	1.3	1.7	1.3	2.0	0.5	9.7	9.1
European F'cast Network	1.2	1.6	-0.1	0.5	1.3	1.3	-1.3	2.6	2.6	1.8	1.3	1.2	na	na	2.4	1.9	10.5	11.0
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
ING Financial Markets	1.2	1.5	0.1	1.2	1.7	0.5	-1.5	1.9	6.0	3.0	1.5	1.8	na	na	1.5	1.0	9.0	9.3
Grupo Santander	1.2	1.4	0.3	1.0	1.6	0.8	-1.5	3.2	na	na	1.4	1.7	na	na	na	na	10.3	10.3
Morgan Stanley	1.2	1.1	-0.1	0.1	1.8	1.4	-2.1	2.0	na	na	1.7	2.1	na	na	na	na	10.2	10.2
Intesa Sanpaolo	1.1	1.6	0.1	0.9	1.5	1.1	-2.4	2.1	6.6	1.5	1.6	1.7	2.2	2.0	1.9	2.0	10.3	10.7
Citigroup	1.1	1.0	0.2	1.0	1.1	0.5	-1.6	2.3	na	na	1.7	1.8	na	na	na	na	10.2	10.0
Societe Generale	1.1	1.1	0.3	0.6	1.1	0.5	-2.4	1.4	na	na	1.5	1.2	na	na	na	na	10.1	10.4
UniCredit	1.0	1.3	-0.1	0.4	1.3	0.3	-2.3	1.5	na	na	1.5	1.8	2.8	3.6	1.6	1.3	10.3	10.5
Commerzbank	1.0	1.3	0.2	0.6	1.6	1.1	-1.6	2.8	6.8	2.2	1.4	1.7	2.6	2.7	1.5	1.8	10.2	10.7
IHS Global Insight	1.0	1.3	0.2	0.9	1.1	0.1	-2.0	2.4	4.6	3.5	1.4	1.7	2.2	1.9	2.0	1.8	10.3	10.4
WestLB	1.0	1.2	0.3	1.0	2.1	1.6	-2.0	2.1	7.0	3.5	1.3	1.5	2.5	3.2	-0.5	0.5	10.2	10.3
Credit Agricole	0.9	1.2	0.2	0.8	1.2	-0.1	-2.7	1.1	5.6	5.5	1.4	1.6	na	na	na	na	10.1	10.0
BNP-Paribas	0.9	1.2	-0.2	0.6	1.0	1.0	-2.1	1.5	5.6	1.6	1.6	1.4	1.1	1.2	na	na	10.3	10.3
ETLA	0.8	1.5	0.0	1.0	1.1	0.5	-2.2	2.5	4.5	3.5	1.4	1.8	na	na	na	na	10.9	10.9
Econ Intelligence Unit	0.8	0.9	0.4	0.7	1.3	0.8	0.1	2.3	na	na	1.1	1.3	1.6	1.7	na	na	10.5	10.3
Natixis	0.8	0.8	0.1	0.5	1.3	0.4	-2.0	0.8	na	na	1.6	1.4	na	na	na	na	10.0	10.4
Oxford Economics	0.8	1.3	0.0	0.6	1.2	-0.3	-2.9	1.2	3.8	3.4	1.4	1.5	1.4	1.9	na	na	10.2	10.5
BBVA	0.7	1.3	0.1	0.6	1.0	0.5	-3.2	0.9	na	na	1.0	1.2	na	na	na	na	10.4	10.6
Consensus (Mean)	1.1	1.4	0.2	0.8	1.4	0.8	-1.6	2.3	5.7	3.2	1.4	1.5	1.9	2.2	1.6	1.5	10.3	10.3
Last Month's Mean	1.1	1.5	0.2	1.0	1.3	1.0	-1.1	2.5	4.4	3.0	1.3	1.4	1.5	2.0	1.3	1.6	10.3	10.3
3 Months Ago	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
High	1.7	2.2	0.6	1.8	2.1	2.0	1.4	6.1	9.9	8.7	1.7	2.1	2.8	3.6	2.4	2.0	10.9	11.1
Low	0.7	0.8	-0.2	0.1	0.8	-0.3	-3.2	0.8	2.6	1.5	1.0	0.8	1.0	1.2	-0.5	0.5	9.0	9.1
Standard Deviation	0.2	0.3	0.2	0.4	0.3	0.6	1.1	1.1	1.9	1.7	0.2	0.3	0.6	0.7	0.8	0.6	0.4	0.5
Comparison Forecasts																		
Eur Commission (May '10)	0.9	1.5	0.0	1.1	0.9	0.3	-2.6	1.8									10.3	10.4
IMF (Apr. '10)	1.0	1.5	0.1	1.0	0.8	0.4	-0.4	1.9			1.1	1.3						
OECD (May '10)	1.2	1.8	0.1	1.0	0.5	0.2	-2.2	2.2			1.4	1.0					10.1	10.1

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 June 14, 2010

	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-4.1	-2.1	0.6	1.3	1.2	1.4	1.5	1.3	1.3	1.4
Private Consumption	-1.3	-0.5	0.0	0.1	0.4	0.4	0.6	0.7	0.9	1.0
Consumer Prices	-0.4	0.4	1.1	1.5	1.6	1.6	1.6	1.4	1.5	1.5

Percentage Change (year-on-year).

Historical Data

* % change on previous year	2006	2007	2008	2009
Gross Domestic Product*	3.1	2.8	0.4	-4.1
Private Consumption*	2.1	1.6	0.3	-1.2
Government Consumption*	2.1	2.3	2.2	2.7
Gross Fixed Capital Formation*	5.6	4.6	-0.9	-10.9
Industrial Production*	4.2	3.6	-1.8	-14.8
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*	3.3	2.2	3.9	4.0
Unemployment Rate, (%)	8.4	7.5	7.6	9.4
Exports - Goods & Services*	8.7	6.3	0.7	-13.2
Imports - Goods & Services*	8.6	5.5	0.8	-11.9
Current Account, Euro bn	-10.2	13.5	-154	-55.8
General Govt. Budget Balance (Maastricht definition), Euro bn	-112	-56	-181	-565
Money Supply, M3, end period*	9.9	11.6	7.6	-0.3

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
4.4	5.7	3.9	5.0	-0.4	48.6	-591	-459	na	na
7.9	4.1	7.3	4.1	-15.0	20.0	na	na	na	na
4.1	4.9	4.0	4.4	-20.0	0.0	-645	-570	3.0	5.0
7.9	4.4	7.3	3.9	0.0	35.0	-620	-540	na	na
5.1	4.6	2.8	2.6	12.4	43.6	-638	-555	1.4	5.6
8.8	8.4	8.0	6.6	-13.8	-2.5	-620	-520	na	na
9.5	7.7	9.3	11.3	na	na	na	na	na	na
7.1	7.8	5.9	6.8	na	na	na	na	na	na
6.1	5.1	4.4	4.5	na	na	na	na	na	na
5.1	3.8	3.4	3.5	na	na	na	na	1.5	3.0
6.5	4.7	7.1	4.7	-25.6	12.0	-616	-588	na	na
6.6	3.3	7.0	2.7	23.9	48.5	-651	-593	na	na
7.4	7.8	6.1	5.8	-9.4	49.5	-634	-566	0.8	2.8
7.9	5.4	6.7	5.9	7.5	7.8	-597	-535	na	na
6.3	4.8	4.8	4.3	27.0	34.0	-594	-525	na	na
7.3	4.9	7.1	3.5	na	na	na	na	na	na
6.7	5.3	7.0	6.5	-40.0	20.0	-558	-429	2.5	4.5
6.9	4.3	5.4	3.6	-25.0	-0.5	-597	-517	3.3	6.0
7.2	3.5	7.0	3.0	-25.4	-14.5	-576	-497	0.5	2.5
7.4	4.8	7.4	3.5	-36.3	-28.0	-664	-634	4.1	6.5
6.0	5.0	4.2	4.4	-25.0	-35.0	-618	-533	na	na
5.8	5.0	3.8	5.0	na	na	na	na	na	na
3.5	2.6	2.6	3.1	na	na	-642	-568	na	na
6.3	2.8	6.2	2.0	na	na	na	na	1.4	5.1
5.9	4.5	5.1	3.3	-18.7	-29.5	-591	-488	na	na
7.4	7.6	6.4	6.8	na	na	na	na	na	na
6.6	5.1	5.8	4.6	-10.8	12.3	-615	-536	2.0	4.6
5.5	5.0	4.2	4.7	-3.4	16.6	-622	-542	2.9	4.9
5.1	4.7	3.9	4.6	-14.6	0.6	-632	-572	3.2	5.1
9.5	8.4	9.3	11.3	27.0	49.5	-558	-429	4.1	6.5
3.5	2.6	2.6	2.0	-40.0	-35.0	-664	-634	0.5	2.5
1.4	1.6	1.7	1.9	19.8	28.5	29	51	1.2	1.5
4.9	5.0	2.9	4.2						

Country Fiscal Outlooks Dominate Headlines

Q1 GDP rose by 0.2% (q-o-q) and, on a y-o-y basis, the economy emerged from contractionary territory, advancing by 0.6% following five straight quarters of decline. Bad winter weather contributed to the somewhat muted outturn, but going into Q2 business surveys have shown some improvement. Indeed, the ECB has even upgraded its 2010 GDP forecast for the Euro zone from 0.8% to 1%, although this still trails those for the US and Canada by some distance. Moreover, the ECB's 2011 estimate for GDP was revised down from 1.5% to 1.2%, reflecting retrenchment on the back of a likely wave of public sector cutbacks. The ECB also left its target interest rate unchanged on June 10, suggesting that inflationary pressures remain at bay.

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	Consensus	Consensus
	June 14 '10	End Sep. '10	End June '11
Euribor, 3-mth, %	0.7	0.8	1.3
German 10-yr			
Govt Bond, %	2.6	3.0	3.4

Euro zone Refinancing Rate – June 14, 2010 = 1.00%

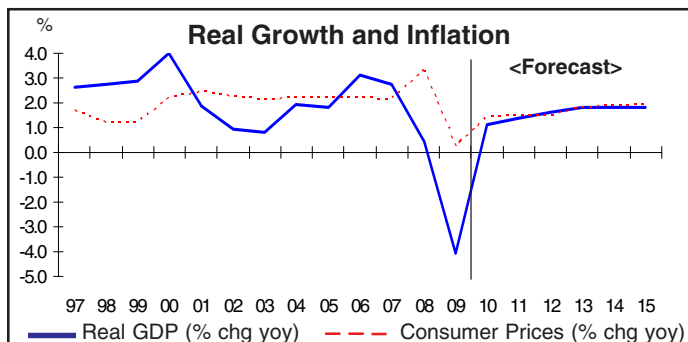
FORECASTS	End June 2010	End Sep. 2010	End Dec. 2010	End Mar. 2011
Consensus Mean Average:	1.00%	1.00%	1.00%	1.06%
Mode (most frequent forecast):	1.00%	1.00%	1.00%	1.00%

Euro Exchange Rates

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

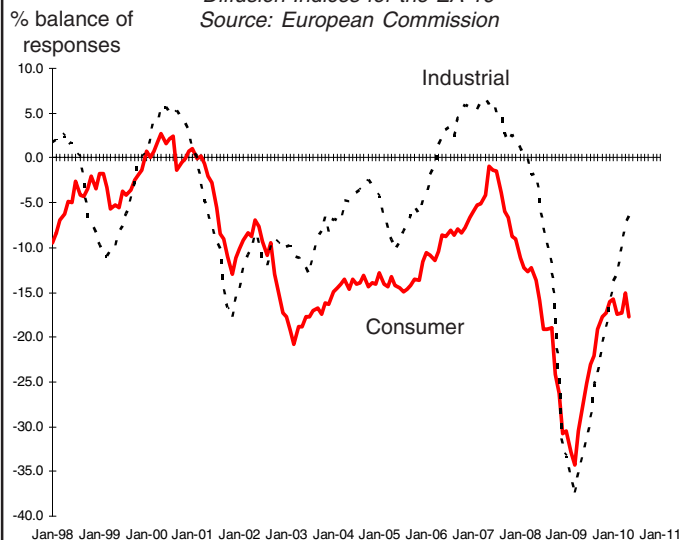
Euro Zone Economic Statistics

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.



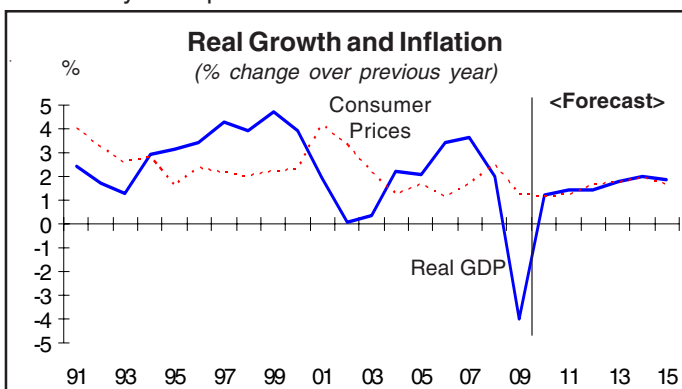
Consumer and Industrial Confidence

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)		0.7%		2.9%	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Sep'10	End Jun'11	End Sep'10	End Jun'11		
Economic Forecasters	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Sep'10	End Jun'11	End Sep'10	End Jun'11		
UBS	1.9	2.4	0.4	2.1	-1.4	4.6	7.6	1.3	1.0	1.5	na	na	34.8	33.0	-35.5	-33.5	0.8	1.4	3.3	3.9
Kempen & Co.	1.5	1.7	0.0	1.0	-4.0	3.0	4.0	2.5	1.5	1.5	1.5	1.5	na	na	-30.0	-24.0	0.8	1.0	3.0	3.5
Rabobank Nederland	1.5	1.8	0.5	0.8	-5.3	2.5	na	na	1.3	1.3	1.5	1.0	45.3	46.0	-29.3	-23.5	0.9	1.5	2.8	3.4
ABN AMRO	1.4	1.5	0.5	0.6	-7.0	2.7	6.5	1.3	1.3	1.4	1.5	1.5	na	na	-37.0	-31.5	0.9	1.7	3.2	4.0
ING	1.3	1.7	0.7	0.7	-4.8	0.9	7.4	3.2	1.5	1.7	1.4	1.2	35.0	37.0	-37.0	-31.0	0.8	1.3	3.1	3.4
NIBC	1.3	1.1	1.0	1.2	-6.5	4.9	8.0	1.0	1.0	0.9	1.5	1.3	33.0	27.0	-32.0	-30.0	0.7	0.8	3.0	3.1
Fortis Bank Nederland	1.1	2.0	0.5	1.1	-8.2	2.6	5.5	3.5	1.2	1.4	1.1	1.2	30.1	31.5	-35.0	-31.0	0.7	1.6	3.3	4.0
Econ Intelligence Unit	0.8	1.0	0.7	0.3	-4.6	2.2	4.0	0.8	1.0	1.1	na	na	na	na	na	na	na	na	na	na
Moody's Analytics	0.3	-0.2	0.8	0.0	-9.2	-3.7	1.0	0.5	0.7	0.3	1.0	0.5	40.5	44.3	na	na	0.7	0.9	3.5	4.7
Consensus (Mean)	1.2	1.4	0.6	0.9	-5.7	2.2	5.5	1.8	1.2	1.2	1.4	1.2	36.4	36.5	-33.7	-29.2	0.8	1.3	3.2	3.8
Last Month's Mean	1.4	1.6	-0.1	1.0	-3.6	2.3	4.2	1.8	1.2	1.4	1.5	1.4	38.2	38.2	-33.9	-29.1				
3 Months Ago	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				
High	1.9	2.4	1.0	2.1	-1.4	4.9	8.0	3.5	1.5	1.7	1.5	1.5	45.3	46.0	-29.3	-23.5	0.9	1.7	3.5	4.7
Low	0.3	-0.2	0.0	0.0	-9.2	-3.7	1.0	0.5	0.7	0.3	1.0	0.5	30.1	27.0	-37.0	-33.5	0.7	0.8	2.8	3.1
Standard Deviation	0.4	0.7	0.3	0.6	2.4	2.5	2.4	1.1	0.3	0.4	0.2	0.3	5.5	7.5	3.2	3.9	0.1	0.3	0.2	0.5
Comparison Forecasts																				
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 (May '10)	1.3	1.8	-0.4	1.3	-9.7	3.6														
IMF (Apr. '10)	1.3	1.3							1.1	1.3										
OECD (May '10)	1.2	2.0	0.5	1.3	-7.5	4.0			0.9	1.4										

- ◆ The June 9 election resulted in Mark Rutte's Liberal Party winning one seat ahead of its rival Labor party. There will likely be several months of negotiations before a new coalition government is in place to deliver its new budget. One sticking point may be the speed with which the sizeable deficit will be reduced.
- ◆ The Dutch central bank has upgraded its economic outlook, forecasting GDP growth of 1.2% in 2010 and 1.9% in 2011. This is more optimistic than the consensus as fears of the sovereign debt crisis spreading weigh heavily on expected outturns.



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	2.8
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	-30.2
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

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 June 14, 2010

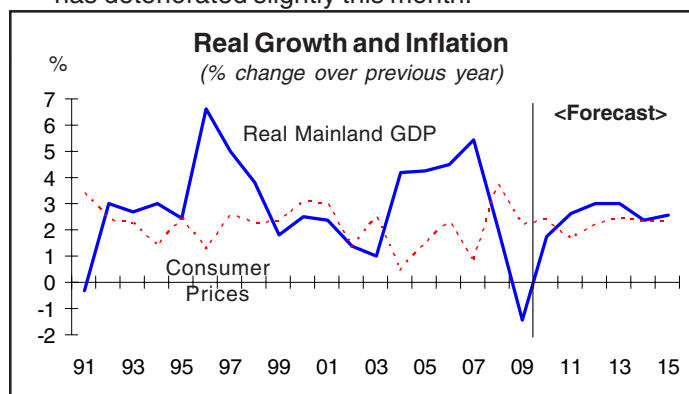
	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-4.0	-2.6	0.1	1.6	1.6	1.9	1.9	1.8	1.7	1.5
Consumer Prices	0.3	0.9	0.9	1.0	1.3	1.2	1.1	1.2	1.3	1.5

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)		2.7%		3.1%	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Sep'10	End Jun'11	End Sep'10	End Jun'11
Economic Forecasters	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Sep'10	End Jun'11	End Sep'10	End Jun'11
Citigroup	2.4	2.9	4.2	3.1	-1.9	2.5	na	na	2.3	2.0	3.3	3.4	370	410	na	na	na	na	3.6	3.8
UBS	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	2.8	3.8	4.3	4.8
Nordea Markets	2.1	2.2	3.5	2.5	-1.7	2.2	na	na	2.0	1.5	3.4	4.0	429	598	320	480	2.4	2.8	4.0	4.3
DnB NOR	2.0	2.2	4.0	2.9	-3.2	0.3	na	na	2.5	1.6	3.5	3.5	412	483	258	290	2.6	2.8	3.8	4.4
JP Morgan	1.7	2.7	3.8	3.0	-8.6	3.6	na	na	2.3	1.1	na	na	324	335	280	300	na	na	na	na
Statistics Norway	1.6	2.7	4.1	3.7	-6.2	3.4	na	na	2.5	1.6	3.4	3.4	369	363	na	na	2.7	2.7	na	na
First Securities	1.5	3.0	3.4	3.4	-3.0	5.8	3.0	5.6	2.3	1.3	3.5	3.5	375	372	258	233	2.6	2.8	3.3	4.0
ING Financial Markets	1.5	3.1	3.2	2.1	-6.2	5.3	3.4	3.9	2.7	1.3	3.0	2.5	400	450	270	290	2.6	3.3	3.2	4.2
Handelsbanken - Oslo	0.7	1.9	2.3	1.3	-0.4	4.0	na	na	2.6	2.0	3.5	4.0	na	na	na	na	2.6	3.0	3.3	3.6
Consensus (Mean)	1.8	2.6	3.6	2.8	-3.5	3.5	2.4	4.0	2.3	1.6	3.4	3.5	384	426	279	307	2.6	3.0	3.6	4.2
Last Month's Mean	2.1	2.6	3.9	3.0	-1.6	2.7	2.6	4.2	2.4	1.7	3.4	3.3	380	420	261	330				
3 Months Ago	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				
High	2.4	3.1	4.2	3.7	-0.1	5.8	3.4	5.6	2.7	2.2	3.5	4.0	429	598	320	480	2.8	3.8	4.3	4.8
Low	0.7	1.9	2.3	1.3	-8.6	0.3	0.7	2.5	1.9	1.1	3.0	2.5	324	335	258	233	2.4	2.7	3.2	3.6
Standard Deviation	0.5	0.4	0.6	0.7	2.9	1.7	1.4	1.6	0.3	0.4	0.2	0.5	32	84	23	89	0.1	0.4	0.4	0.4
Comparison Forecasts																				
Bank of Norway (Apr. '10)	2.3	2.8	5.0	4.3					2.5	1.8	3.8	4.3								
OECD (May '10)	1.2	2.0	3.4	3.2	-2.0	2.7			2.5	1.9										

◆ Unlike its neighbour Sweden, it appears that Norwegian economic recovery has faltered, with mainland GDP posting a disappointing 0.1% (q-o-q) rate in Q1. After leading the way last year, this brings Norway back in line with growth in Europe as non-oil trade failed to pick up.

◆ Further data also suggest a slowdown in activity. Retail sales have seen year-on-year growth rates shrink in recent months, while the PMI for manufacturing has been edging back down, falling to just over 50 in May. On the back of this, the 2010 economic outlook for Norway has deteriorated slightly this month.



Historical Data				
* % change on previous year	2006	2007	2008	2009
GDP (Mainland)*	4.5	5.4	2.0	-1.5
Private Consumption*	4.8	5.3	1.1	0.2
Gross Fixed Investment*	11.7	12.5	1.3	-8.0
Manufacturing Production*	5.5	5.8	2.9	-6.3
Consumer Prices*	2.3	0.7	3.8	2.2
Wages & Salaries per Full-Time Employee (Total)*	4.8	5.5	6.0	4.1
Current Account, Nkr bn	372	321	473	337
General Govt. Bud Bal, Nkr bn	399	403	485	233
3 mth Interbank Rate, % (end year)	3.9	5.9	3.9	2.2
10 Yr Govt Bond Yield, % (end year)	4.4	4.7	3.9	4.2

Nominal GDP (total) - Nkr 2,548bn (2008). Population - 4.8mn (mid-yr, 2008). Nkr/\$ Exchange Rate - 5.640 (average, 2008).

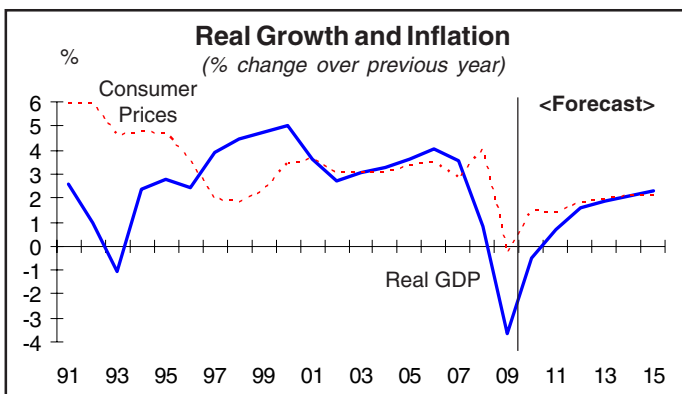
Quarterly Consensus Forecasts										
Historical Data and Forecasts (bold italic) From Survey of June 14, 2010										
	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product (Mainland)	-1.8	-0.1	0.9	1.5	1.7	1.9	2.6	2.6	2.6	2.6
Consumer Prices	1.7	1.4	2.9	2.5	2.1	2.0	1.3	1.4	1.6	1.8

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)		0.7%		4.8%	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Sep'10	End Jun'11	End Sep'10	End Jun'11		
Economic Forecasters	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Sep'10	End Jun'11	End Sep'10	End Jun'11		
UBS	0.3	1.4	0.0	0.7	-2.9	2.2	0.6	1.3	0.9	1.3	na	na	-37.8	-22.3	-95.2	-75.2	0.8	1.4	3.3	3.9
ING Financial Markets	-0.1	1.0	0.5	0.6	-5.8	1.3	na	na	1.5	1.3	na	na	na	na	na	na	na	na	na	na
HSBC	-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	1.0	1.8	3.9	3.8
La Caixa	-0.4	1.0	0.1	0.1	-6.7	2.5	0.7	2.6	1.5	1.4	2.0	2.1	-43.2	-39.3	-99.5	-69.9	0.7	1.3	4.6	4.6
Grupo Santander	-0.4	0.8	0.2	1.1	-7.2	-3.8	na	na	1.6	2.0	1.8	2.1	-44.1	-35.7	-94.6	-73.6	na	na	na	na
Inst L R Klein (Gauss)	-0.4	1.3	-1.4	1.5	-4.8	2.1	-1.0	1.7	1.7	1.9	2.0	2.2	-55.0	-61.0	-110.0	-96.0	1.0	1.2	5.2	4.9
Citigroup	-0.4	-0.3	0.2	-0.7	-6.5	-1.5	-0.6	-2.8	0.5	0.8	na	na	-44.4	-32.8	-98.7	-81.9	na	na	4.2	4.4
Banesto	-0.5	0.5	-0.6	-0.2	-6.2	-1.5	2.0	2.5	1.4	1.0	na	na	-48.0	-45.0	-97.8	-64.0	0.7	1.3	4.5	4.8
Caja Madrid	-0.5	0.4	0.1	-0.1	-7.7	-1.6	0.7	1.6	1.6	1.4	1.5	1.3	-41.9	-16.2	-105.9	-74.5	0.8	1.2	4.6	4.8
Goldman Sachs	-0.5	1.0	-0.1	0.3	-6.0	-1.9	-0.8	1.2	1.8	1.3	na	na	-37.3	-21.6	-100.8	-77.5	0.8	1.5	na	na
Econ Intelligence Unit	-0.5	0.6	-0.5	0.7	-4.0	-1.0	0.3	1.7	1.0	0.9	na	na	na	na	na	na	na	na	na	na
CEPREDE	-0.6	0.5	-0.2	0.4	-6.2	-1.2	-1.8	1.5	1.4	1.6	0.8	0.6	-54.7	-45.5	-114.4	-101.6	0.9	1.5	4.0	4.1
BBVA	-0.6	0.7	-0.2	0.4	-8.8	-2.7	na	na	1.2	1.0	na	na	-31.4	-11.5	-101.3	-70.3	0.9	1.3	4.6	3.9
IHS Global Insight	-0.6	0.4	0.1	0.2	-1.0	-0.2	2.7	2.2	1.5	1.7	na	na	-59.6	-60.0	-100.5	-88.6	na	na	4.6	4.9
AFI	-0.7	0.5	0.1	0.7	-8.5	-3.0	na	na	1.4	1.2	na	na	-43.6	-37.8	-99.5	-84.0	0.7	0.9	4.5	4.6
FUNCAS	-0.7	0.3	0.7	0.6	-8.2	-3.4	2.5	2.4	1.7	1.4	1.2	1.0	-55.5	-48.3	-105.4	-72.6	0.7	1.0	4.3	4.8
IFL-Univers Carlos III	-0.7	0.6	0.9	1.2	-7.4	-2.5	0.9	1.3	1.6	1.2	1.5	1.1	-45.1	-39.0	-85.6	-79.3	na	na	na	na
Inst Estud Economicos	-1.0	na	-0.6	na	-7.3	na	-1.0	na	1.5	na	1.5	na	-45.0	na	-104.7	na	0.7	na	4.8	na
Consensus (Mean)	-0.5	0.7	0.0	0.5	-6.1	-0.9	0.4	1.5	1.4	1.4	1.5	1.5	-45.8	-37.7	-100.9	-79.2	0.8	1.3	4.4	4.5
Last Month's Mean	-0.4	1.0	-0.3	0.8	-5.4	0.2	-0.4	1.6	1.5	1.6	2.0	2.0	-45.5	-42.7	-106.8	-89.9				
3 Months Ago	-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	-107.8	-93.6				
High	0.3	1.4	0.9	1.5	-1.0	2.5	2.7	2.6	1.8	2.0	2.0	2.2	-31.4	-11.5	-85.6	-64.0	1.0	1.8	5.2	4.9
Low	-1.0	-0.3	-1.4	-0.7	-8.8	-3.8	-1.8	-2.8	0.5	0.8	0.8	0.6	-59.6	-61.0	-114.4	-101.6	0.7	0.9	3.3	3.8
Standard Deviation	0.3	0.4	0.5	0.5	2.0	2.0	1.4	1.4	0.3	0.3	0.4	0.6	7.4	14.8	6.8	10.4	0.1	0.3	0.5	0.4
Comparison Forecasts																				
Eur Commission (May '10)	-0.4	0.8	0.2	1.2	-8.3	-1.8														
IMF (Apr. '10)	-0.4	0.9	0.2	1.2	-5.1	-0.7			1.2	1.0										
OECD (May '10)	-0.2	0.9	0.5	1.0	-5.5	-1.5			1.4	0.6										

◆ In the wake of the ongoing debt crisis, Spain's AAA sovereign debt rating was downgraded to AA+ by Fitch, despite a massive €15bn austerity package passed in parliament. Poor medium-term growth prospects, lack of labour market flexibility and continued private sector deleveraging were major factors behind the decision. Growth prospects for Spain have been downgraded this month in anticipation of impending public sector cuts.

◆ Spain's banks are also facing problems in their ability to gain funding from international capital markets, borrowing a record amount from the ECB.



Historical Data				
* % change on previous year	2006	2007	2008	2009
Gross Domestic Product*	4.0	3.6	0.9	-3.6
Household Consumption*	3.8	3.6	-0.6	-5.0
Gross Fixed Investment*	7.2	4.6	-4.4	-15.3
Industrial Production*	3.7	2.4	-7.1	-16.2
Consumer Prices*	3.5	2.8	4.1	-0.3
Salary Cost per Hour*	3.1	4.7	4.1	4.7
Current Account, Euro bn	-88.3	-105	-106	-57.2
General Govt. Budget Balance				
(Maastricht definition), Euro bn	19.8	20.1	-44.3	-118
3 mth Euro, % (end yr)	3.7	4.7	2.8	0.7
10 Yr Spanish Govt Bond Yield, % (end yr)	4.0	4.4	3.8	4.0

Nominal GDP - Euro1,095bn (2008). Popn - 44.5mn (mid-year, 2008). \$/Euro Exch. Rate - 1.472 (average, 2008).

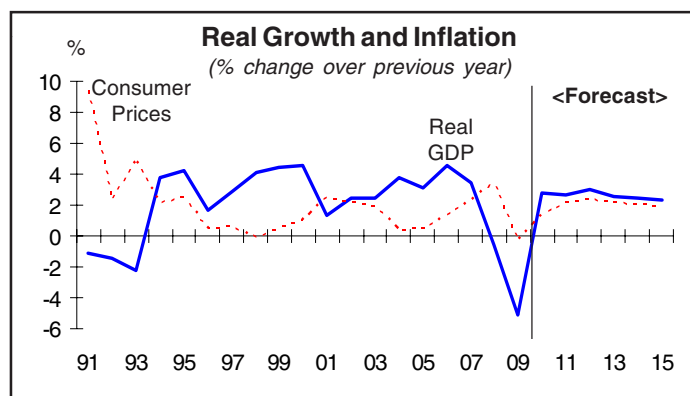
Quarterly Consensus Forecasts										
Historical Data and Forecasts (bold italics) From Survey of June 14, 2010										
	2009		2010				2011			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-4.0	-3.1	-1.3	-0.3	-0.2	-0.1	0.1	0.3	0.9	1.2
Consumer Prices	-1.1	0.1	1.1	1.4	1.7	1.7	1.8	1.6	1.3	1.2

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)		0.7%		2.5%	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Sep'10	End Jun'11	End Sep'10	End Jun'11
Economic Forecasters	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Sep'10	End Jun'11	End Sep'10	End Jun'11
JP Morgan	3.6	3.0	3.5	2.5	0.1	4.6	na	na	1.2	2.5	na	na	199	200	-42.0	-16.0	na	na	na	na
Nordea	3.5	2.6	2.8	2.2	-1.2	4.5	na	na	1.2	2.3	2.3	2.7	210	217	-16.0	17.0	1.1	2.2	3.0	3.7
Morgan Stanley	3.4	2.3	3.5	1.9	1.2	5.9	na	na	1.3	1.9	na	na	242	276	-108.9	-91.6	0.9	2.0	2.8	3.8
Confed of Swed Enterprise	3.1	2.7	2.6	2.3	-1.0	5.0	8.0	6.0	1.4	2.8	na	na	230	235	na	na	1.0	2.3	3.4	3.8
Erik Penser Bank	3.0	2.4	3.0	1.8	-1.0	5.0	na	na	1.4	1.8	1.5	2.2	225	225	na	na	1.2	2.0	3.1	3.5
SBAB	3.0	2.7	2.0	2.5	3.3	6.3	5.5	4.5	1.3	2.4	1.9	2.2	235	250	-25.0	-20.0	1.2	2.0	2.9	3.9
SE Banken	3.0	2.7	2.9	2.6	3.0	5.0	na	na	1.2	1.9	1.9	2.2	na	na	na	na	1.1	3.2	3.1	3.7
Goldman Sachs	2.9	3.3	3.2	2.3	-0.5	3.7	3.6	8.9	1.0	2.2	na	na	237	247	-109.0	-86.0	1.2	2.3	na	na
ING Financial Markets	2.7	2.3	2.6	1.4	0.5	4.7	3.8	4.8	1.2	1.8	2.0	2.0	235	230	-90.0	-60.0	0.8	1.9	3.0	3.7
Econ Intelligence Unit	2.6	1.6	1.5	1.8	-3.0	4.1	3.0	2.5	1.4	2.0	na	na	na	na	na	na	na	na	na	na
Citigroup	2.5	2.6	2.4	2.0	-1.7	4.2	na	na	1.4	2.4	2.0	2.3	230	240	na	na	na	na	3.0	3.2
HQ Bank	2.5	2.6	2.5	2.8	1.0	4.5	5.2	6.5	0.9	1.5	2.5	2.5	na	na	na	na	1.0	1.5	3.0	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	-38.0	-37.0	na	na	3.8	4.2
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	-105.6	-91.7	0.7	2.2	3.6	4.4
Swedbank	1.8	2.4	2.4	2.8	-2.0	4.0	3.8	5.2	1.9	1.6	1.6	2.0	200	210	na	na	1.3	1.5	2.8	2.8
Consensus (Mean)	2.8	2.6	2.6	2.3	-0.2	4.8	4.3	5.7	1.3	2.1	2.0	2.2	218	231	-66.8	-48.2	1.0	2.1	3.1	3.7
Last Month's Mean	2.2	2.7	1.9	2.2	-1.3	4.5	4.1	5.7	1.3	2.1	1.9	2.2	214	230	-71.1	-56.0				
3 Months Ago	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	-72.3	-73.8				
High	3.6	3.8	3.5	3.0	3.3	6.5	8.0	8.9	1.9	2.8	2.5	2.7	242	276	-16.0	17.0	1.3	3.2	3.8	4.4
Low	1.8	1.6	1.5	1.4	-3.5	3.7	2.8	2.5	0.9	1.5	1.5	1.9	183	200	-109.0	-91.7	0.7	1.5	2.8	2.8
Standard Deviation	0.5	0.5	0.6	0.5	2.0	0.8	1.7	1.8	0.3	0.4	0.3	0.3	20	20	40.3	40.6	0.2	0.4	0.3	0.4
Comparison Forecasts																				
Riksbank (Oct. '09)	2.5		2.0		-1.8				0.9											
Eur Commission (May '10)	1.8	2.5	2.4	2.2	-1.9	5.4														
IMF (Apr. '10)	1.2	2.5							2.4	2.1										
OECD (May '10)	1.6	3.2	1.2	2.9	3.6	5.9			1.4	2.0										

Massive revisions to the Swedish national accounts now show that the recovery actually began in Q3 2009, now showing growth of 0.3% (q-o-q) compared to an initial 0.2% contraction. Furthermore, the economy appears to have surged in Q1 2010, posting growth of +1.4% (q-o-q). This was attributed to both consumer spending and exports expanding rapidly. Subsequently, our panel's 2010 expectations have shot up in this month's survey.

In light of the improving economic outlook, the Riksbank is expected to raise interest rates in July, barring any further financial difficulties.



Historical Data				
* % change on previous year	2006	2007	2008	2009
Gross Domestic Product*	4.6	3.4	-0.6	-5.1
Household Consumption*	2.8	3.8	-0.2	-0.8
Gross Fixed Investment*	9.7	9.1	1.4	-15.9
Min. & Manufacturing Prodn*	5.2	4.1	-3.4	-19.3
Consumer Prices*	1.4	2.2	3.5	-0.3
Average Hourly Earnings (Mining & Manufacturing)*	3.0	3.9	4.1	2.0
Current Account, Skr bn	231	257	300	230
General Govt. Bud Bal, Skr bn	70.1	116	77.7	-24.9
3 mth Interbank Rate, % (end yr)	3.3	4.7	2.4	0.5
10 Yr Govt Bond Yield, % (end yr)	3.8	4.4	2.4	3.4

Nominal GDP - Skr 3,157bn (2008). Population - 9.2mn (mid-year, 2008). Skr/\$ Exchange Rate - 6.591 (average, 2008).

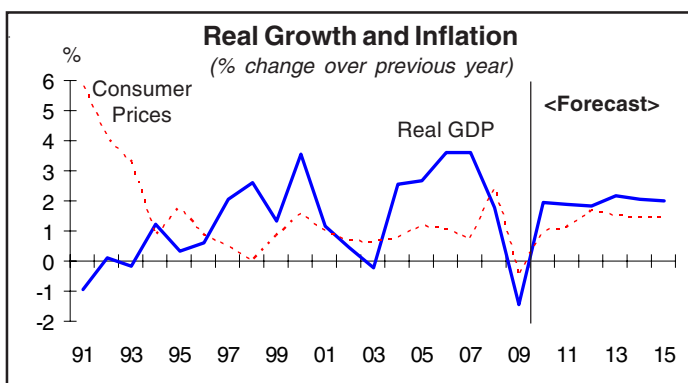
Quarterly Consensus Forecasts										
Historical Data and Forecasts (bold italics) From Survey of June 14, 2010										
	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-5.8	-1.5	2.9	2.7	3.0	3.2	2.6	2.7	2.6	2.7
Consumer Prices	-1.2	-0.4	1.0	1.1	1.4	1.6	1.7	2.1	2.2	2.2

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)		0.2%		1.6%	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Sep'10	End Jun'11	End Sep'10	End Jun'11
Economic Forecasters	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	End Sep'10	End Jun'11	End Sep'10	End Jun'11
UBS	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	2.1	2.5
Bank Julius Baer	2.4	1.8	2.2	1.6	4.1	3.3	7.7	6.6	1.2	1.8	198	216	50.6	60.9	na	na	0.3	1.3	1.6	2.0
JP Morgan	2.3	2.5	2.1	1.9	5.2	4.9	13.4	7.1	1.0	0.7	201	219	45.2	54.1	na	na	na	na	na	na
Pictet & Cie	2.2	2.3	1.5	2.0	6.0	4.0	na	na	1.0	1.2	na	na	60.0	70.0	-0.5	1.0	0.2	0.8	1.7	2.2
Bank Vontobel	2.1	1.9	2.1	1.9	3.7	3.4	na	na	0.8	1.1	na	na	53.5	56.7	-5.5	-5.0	0.3	0.4	1.5	1.7
Goldman Sachs	2.0	2.0	1.7	1.4	2.2	1.4	6.1	6.3	0.8	1.2	195	199	55.0	59.0	-1.4	-1.3	0.3	1.3	na	na
HSBC	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	0.5	1.0	2.3	2.5
IHS Global Insight	2.0	1.7	1.7	1.0	3.9	4.0	5.9	4.2	1.0	0.8	198	210	55.3	60.0	-4.7	-1.6	0.1	0.5	1.7	2.3
Swiss Life	2.0	1.6	1.4	1.3	3.0	12.0	15.2	7.8	1.2	0.8	na	na	na	na	na	na	na	na	na	na
Zürcher Kantonalbank	2.0	1.6	1.6	1.1	2.4	1.3	4.3	1.3	1.1	1.4	192	199	55.8	56.5	-5.9	-4.7	0.3	1.0	1.6	2.4
BAK Basel	1.9	1.7	1.7	1.5	2.0	0.2	4.5	3.7	0.9	0.9	195	204	50.1	62.9	-9.5	-10.5	0.3	1.3	1.6	2.0
ING Financial Markets	1.9	1.9	2.1	1.9	3.9	4.2	na	na	0.8	1.0	na	na	na	na	-0.2	0.0	0.1	0.7	1.6	2.0
KOF Swiss Econ Inst	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	0.9	1.7	2.3
Econ Intelligence Unit	1.4	1.2	1.0	0.8	1.3	0.5	3.3	0.9	1.0	0.9	na	na	na	na	na	na	na	na	na	na
Credit Suisse	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	1.8	2.2
Consensus (Mean)	2.0	1.9	1.7	1.5	3.0	3.6	7.2	4.7	1.0	1.1	196	207	53.0	58.3	-4.5	-3.3	0.3	0.9	1.7	2.2
Last Month's Mean	1.9	1.9	1.5	1.5	3.5	3.7	7.3	4.4	1.0	1.0	196	208	54.8	61.7	-4.8	-3.3				
3 Months Ago	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				
High	2.5	2.5	2.2	2.0	6.0	12.0	15.2	7.8	1.3	1.8	201	219	60.0	70.0	-0.2	1.0	0.5	1.3	2.3	2.5
Low	0.9	1.2	1.0	0.8	-1.4	0.2	3.3	0.9	0.8	0.7	189	199	45.2	43.5	-9.5	-10.5	0.1	0.4	1.5	1.7
Standard Deviation	0.4	0.3	0.4	0.4	1.8	2.9	4.3	2.5	0.2	0.3	4	8	4.3	6.6	3.5	3.7	0.1	0.3	0.2	0.2
Comparison Forecasts																				
IMF (Apr. '10)	1.5	1.8							0.7	1.0										
OECD (May '10)	1.8	2.2	1.7	2.1	4.6	3.5			0.9	0.8										
SECO (Mar. '10)	1.4	2.0	1.3	1.5					0.8	0.7										

Switzerland posted GDP growth of 0.4% (q-o-q) in Q1 and saw the 0.7% rate in Q4 2009 revised up to 0.9%, taking it above the European average. Part of the rise came from strengthening consumer spending (up 0.5% q-o-q).

Going forward, this positive outturn is expected to continue. The manufacturing PMI hit 66.4 in May – the highest level since the survey started – indicating that a rapid expansion is expected in the sector. GDP expectations have edged up this month, though an appreciating currency and Euro zone weakness represent significant downside risks.



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

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 June 14, 2010										
	2009		2010			2011				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Gross Domestic Product	-1.4	0.2	1.7	2.3	2.3	1.8	1.8	1.7	1.9	2.1
Consumer Prices	-1.0	-0.2	1.1	1.0	0.9	0.8	0.9	1.0	1.3	1.3

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:

Bank Leumi
DnB
Fitch Ratings
Oxford Economics

Citigroup
Economist Intelligence Unit
Forecaster ECOSA

Danske Bank
Experian
Moody's Analytics
UniCredit

e = consensus estimate based on latest survey

AUSTRIA	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	1.2	1.4
Industrial Production (% change on previous year)		7.1	5.4	1.3	-10.1	2.9	3.1
Consumer Prices (% change on previous year)		1.4	2.1	3.3	0.6	1.4	1.7
Current Account (US Dollar bn)		9.2	13.2	13.6	8.9	9.8	11.0

BELGIUM	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	1.2	1.4
Industrial Production (% change on previous year)		5.0	2.8	-0.6	-13.4	0.6	1.9
Consumer Prices (% change on previous year)		1.8	1.8	4.5	-0.1	1.4	1.6
Current Account (US Dollar bn)		8.0	7.3	-14.9	2.5	3.0	4.2

DENMARK	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	1.4	2.0
Manufacturing Production (% change on previous year)		5.5	1.0	-0.3	-17.2	0.6	3.3
Consumer Prices (% change on previous year)		1.9	1.7	3.4	1.3	1.8	1.8
Current Account (US Dollar bn)		8.2	4.6	7.5	12.6	10.2	9.0

EGYPT	Population - 81.5mn (2008, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$169.7bn (2008) ¹	2006	2007	2008	2009	2010	2011
Gross Domestic Product (% change on previous year) ¹		6.8	7.1	7.2	4.7 e	5.1	5.6
Consumer Prices (% change on previous year)		7.6	9.4	18.3	11.8	10.6	10.5
Current Account (US Dollar bn)		2.6	0.4	-1.4	-3.2 e	-2.4	-1.4

¹ year(s) ending June 30

FINLAND	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	1.0	1.7
Industrial Production (% change on previous year)		9.9	4.5	0.7	-20.9	2.8	2.8
Consumer Prices (% change on previous year)		1.6	2.5	4.0	0.0	1.3	1.6
Current Account (US Dollar bn)		8.8	10.5	8.5	3.2	4.1	4.4

GREECE	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	-3.9	-2.3
Industrial Production (% change on previous year)		1.1	2.2	-4.1	-10.2	-5.6	-1.6
Consumer Prices (% change on previous year)		3.2	2.9	4.2	1.2	2.6	0.3
Current Account (US Dollar bn)		-30.0	-44.9	-51.2	-37.4	-27.6	-19.6

ADDITIONAL COUNTRIES
JUNE 2010

IRELAND	Population - 4.4mn (2008, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$267.6bn (2008)	2006	2007	2008	2009	2010	2011
Gross Domestic Product (% change on previous year)		5.4	6.0	-3.0	-7.1	-0.9	2.3
Industrial Production (% change on previous year)		2.8	5.1	-1.8	-3.9	3.3	4.3
Consumer Prices (% change on previous year)		3.9	4.9	4.1	-4.5	-1.0	0.9
Current Account (US Dollar bn)		-8.0	-13.9	-13.9	-6.8	-3.7	-2.5

ISRAEL	Population - 7.1mn (2008, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$199.0bn (2008)	2006	2007	2008	2009	2010	2011
Gross Domestic Product (% change on previous year)		5.3	5.2	4.2	0.2	3.0	4.0
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	2.6	2.5
Current Account (US Dollar bn)		7.4	4.9	1.3	7.2	4.8	4.1

NIGERIA	Popn - 151.2mn (2008, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$201.2bn (2008)	2006	2007	2008	2009	2010	2011
Gross Domestic Product (% change on previous year)		6.2	6.4	5.3	6.3 e	5.7	6.6
Consumer Prices (% change on previous year)		8.2	5.5	11.6	12.3	11.3	11.4
Current Account (US Dollar bn)		38.2	30.9	39.4	12.1 e	24.7	26.3

PORTUGAL	Population - 10.7mn (2008, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$244.6bn (2008)	2006	2007	2008	2009	2010	2011
Gross Domestic Product (% change on previous year)		1.4	1.9	0.0	-2.7	0.5	0.2
Industrial Production (% change on previous year)		3.0	0.2	-4.0	-8.4	0.8	1.0
Consumer Prices (% change on previous year)		3.1	2.4	2.6	-0.8	0.9	1.1
Current Account (US Dollar bn)		-19.5	-21.0	-29.4	-23.6	-18.5	-17.0

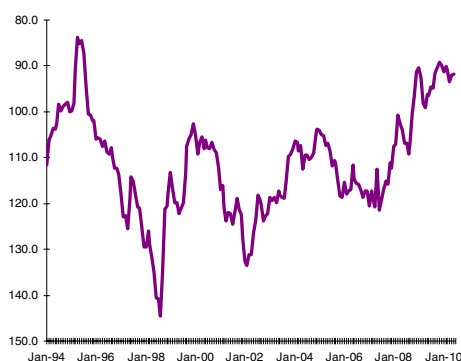
SAUDI ARABIA	Popn - 25.2mn (2008, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$468.8bn (2008)	2006	2007	2008	2009	2010	2011
Gross Domestic Product (% change on previous year)		3.2	3.3	4.4	0.3 e	4.0	5.1
Consumer Prices (% change on previous year)		2.2	4.2	9.9	5.0	5.4	5.7
Current Account (US Dollar bn)		99.1	93.4	132.3	26.5 e	53.3	73.4

SOUTH AFRICA	Popn - 49.7mn (2008, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$276.4bn (2008)	2006	2007	2008	2009	2010	2011
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	6.4	6.4
Consumer Prices (% change on previous year)		4.6	7.2	11.5	7.1	5.8	5.8
Current Account (US Dollar bn)		-13.7	-20.5	-19.6	-11.4	-15.8	-12.9

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 (June 14)	Consensus Forecasts					
	Rates at end of:					Forecast End Sep. 2010	Percent Change	Forecast End June 2011	Percent Change	Forecast End June 2012	Percent Change
	2006	2007	2008	2009							
Rates per US Dollar¹											
Canadian Dollar	1.165	0.998	1.225	1.048	1.023	1.030	-0.6	1.031	-0.8	1.045	-2.1
Egyptian Pound	5.704	5.504	5.504	5.485	5.677	5.690	-0.2	5.724	-0.8	5.791	-2.0
European Euro	1.317	1.472	1.389	1.435	1.228	1.200	-2.3	1.195	-2.7	1.221	-0.5
Israeli Shekel	4.225	3.846	3.777	3.788	3.824	3.813	+0.3	3.748	+2.0	3.771	+1.4
Japanese Yen	119.0	114.0	90.75	93.10	91.77	93.85	-2.2	98.61	-6.9	99.01	-7.3
Nigerian Naira	128.3	118.0	132.6	149.5	151.4	160.2	-5.5	159.8	-5.3	161.5	-6.3
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	7.636	7.682	-0.6	8.013	-4.7	8.319	-8.2
United Kingdom Pound	1.963	2.003	1.458	1.615	1.479	1.430	-3.3	1.452	-1.8	1.499	+1.4
Rates per Euro											
Danish Krone	7.456	7.471	7.340	7.441	7.437	7.452	-0.2	7.453	-0.2	7.456	-0.3
Norwegian Krone	8.244	7.964	9.722	8.288	7.844	7.759	+1.1	7.697	+1.9	7.778	+0.8
Swedish Krona	9.040	9.441	10.85	10.24	9.587	9.494	+1.0	9.237	+3.8	9.316	+2.9
Swiss Franc	1.607	1.657	1.477	1.483	1.395	1.379	+1.2	1.391	+0.3	1.431	-2.5

Yen per US\$



US\$ per Euro¹



US\$ per UK Pound



¹ 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 (June 14)	10.4 - 145.3 75.1	
June Survey	Forecast for End Sep. 2010	Forecast for End June 2011
	Mean Forecast	78.5 83.0
High	96.0	102.0
Low	65.0	73.0
Standard Deviation	5.6	6.4
No. of Forecasts	59	58

Oil Prices Stay Solid Around US\$75

West Texas Intermediate (WTI) fell back to around US\$67 per barrel in mid-May, largely in response to the Euro area debt crisis. Most Euro zone countries are planning sweeping public sector cuts in an effort to reduce uncontrollably large deficit and debt loads; consequently, the fear among commodity traders was that European demand for oil would fall back. Since then, oil prices have started trending upward again although concerns over European fiscal fundamentals continue to dominate. WTI (which is the US oil price benchmark) has risen on the back of signs of stronger US consumption and the seasonal cyclical high during the summer driving season. Longer-term, US oil supplies could be squeezed by the US government's decision to delay offshore drilling as a result of the Gulf of Mexico spill.

continued from page 3

France												
* % change over previous year	2009				2010				2011			
	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr 1	Qtr2	Qtr 3	Qtr4
Gross Domestic Product*	-3.9	-3.1	-2.6	-0.4	1.2	1.5	1.6	1.4	1.6	1.6	1.6	1.7
% change, qtr/qtr	-1.4	0.2	0.3	0.5	0.1	0.5	0.4	0.4	0.4	0.4	0.4	0.5
Household Consumption*	0.0	0.4	0.6	1.6	1.6	1.3	1.3	0.6	0.9	1.1	1.2	1.3
% change, qtr/qtr	0.0	0.4	0.3	1.0	0.0	0.1	0.3	0.3	0.3	0.2	0.4	0.4
Manufacturing Production*	-18.2	-16.4	-12.0	-4.5	4.7	3.0	1.3	1.5	2.1	2.9	2.5	2.6
Consumer Prices*	0.6	-0.2	-0.4	0.4	1.3	1.6	1.7	1.8	1.6	1.4	1.5	1.6
3 month Euro Rate, %¹	1.5	1.1	0.7	0.7	0.6	0.7	0.9	1.0	1.2	1.3	1.5	1.7

¹ End period

United Kingdom												
* % change over previous year	2009				2010				2011			
	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr1	Qtr2	Qtr 3	Qtr4
Gross Domestic Product*	-5.3	-5.9	-5.3	-3.1	-0.2	1.2	2.1	2.2	2.4	2.3	2.1	2.0
% change, qtr/qtr	-2.6	-0.7	-0.3	0.4	0.3	0.7	0.6	0.6	0.5	0.6	0.4	0.4
Household Consumption*	-3.3	-3.8	-3.6	-2.1	-0.5	0.5	0.8	0.9	1.3	1.6	1.6	1.6
% change, qtr/qtr	-1.6	-0.9	0.0	0.4	0.0	0.1	0.4	0.4	0.5	0.3	0.4	0.4
Manufacturing Production*	-13.6	-12.3	-10.6	-4.9	1.5	2.6	3.6	3.8	3.8	3.5	2.9	2.7
Retail Prices (underlying rate)*	2.4	1.4	1.3	2.8	4.5	5.1	4.4	3.7	2.9	2.5	2.7	2.8
Consumer Prices*	3.0	2.1	1.4	2.1	3.2	3.5	3.0	2.6	2.1	1.9	2.1	2.3
3 month Interbank Rate, %¹	1.7	1.2	0.6	0.7	0.7	0.7	0.8	1.1	1.4	1.8	2.1	2.4

¹ End period

Italy												
* % change over previous year	2009				2010				2011			
	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr1	Qtr2	Qtr 3	Qtr4
Gross Domestic Product*	-6.5	-6.1	-4.7	-2.8	0.5	1.1	1.0	1.3	1.1	1.0	1.2	1.2
% change, qtr/qtr	-2.9	-0.3	0.4	-0.1	0.4	0.4	0.2	0.3	0.2	0.3	0.3	0.3
Household Consumption*	-3.2	-2.0	-1.6	-0.2	0.7	0.5	0.2	0.4	0.5	0.7	0.8	0.9
% change, qtr/qtr	-0.9	0.2	0.5	-0.1	0.0	0.1	0.2	0.2	0.1	0.3	0.3	0.3
Industrial Production*	-22.3	-23.2	-17.2	-9.4	3.0	6.8	4.3	4.8	3.5	2.7	1.7	1.5
Consumer Prices*	1.5	0.9	0.1	0.7	1.3	1.4	1.5	1.6	1.7	1.6	1.7	1.7
3 month Euro Rate, %¹	1.5	1.1	0.7	0.7	0.6	0.7	0.9	1.0	1.3	1.5	1.5	1.7

¹ End period

Canada												
* % change over previous year	2009				2010				2011			
	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr1	Qtr2	Qtr 3	Qtr4
Gross Domestic Product*	-2.5	-3.2	-3.1	-1.1	2.2	3.8	4.0	3.5	2.8	2.6	2.7	2.8
% change, qtr/qtr	-1.8	-0.7	0.2	1.2	1.5	0.8	0.4	0.7	0.8	0.7	0.5	0.8
Personal Expenditure*	-0.7	-0.3	0.5	2.2	3.6	3.7	3.2	3.0	2.7	2.6	2.8	2.9
% change, qtr/qtr	-0.3	0.6	0.9	1.0	1.1	0.7	0.5	0.7	0.8	0.6	0.6	0.8
Industrial Production*	-8.2	-11.5	-12.5	-7.7	-0.3	4.9	7.9	7.3	5.9	6.0	6.0	5.4
Consumer Prices*	1.2	0.1	-0.9	0.8	1.7	1.6	2.3	2.3	2.3	2.4	2.0	2.0
3 month Treasury Bill Rate, %¹	0.4	0.3	0.2	0.2	0.3	0.6	0.9	1.3	1.7	2.2	2.6	2.9

¹ End period

Euro zone												
* % change over previous year	2009				2010				2011			
	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr1	Qtr2	Qtr 3	Qtr4
Gross Domestic Product*	-5.2	-4.9	-4.1	-2.1	0.6	1.3	1.2	1.4	1.5	1.3	1.3	1.4
% change, qtr/qtr	-2.5	-0.1	0.4	0.1	0.2	0.6	0.3	0.3	0.3	0.4	0.3	0.4
Private Consumption*	-1.7	-1.2	-1.3	-0.5	0.0	0.1	0.4	0.4	0.6	0.7	0.9	1.0
% change, qtr/qtr	-0.6	0.1	-0.2	0.2	-0.1	0.2	0.1	0.3	0.1	0.3	0.2	0.4
Industrial Production*	-18.2	-18.3	-14.7	-7.5	4.0	8.4	7.5	6.4	3.9	3.2	3.5	3.4
Consumer Prices*	1.0	0.2	-0.4	0.4	1.1	1.5	1.6	1.6	1.6	1.4	1.5	1.5

¹ End period

Netherlands												
* % change over previous year	2009				2010				2011			
	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr1	Qtr2	Qtr 3	Qtr4
Gross Domestic Product*	-4.1	-5.2	-4.0	-2.6	0.1	1.6	1.6	1.9	1.9	1.8	1.7	1.5
% change, qtr/qtr	-2.4	-1.1	0.6	0.4	0.2	0.4	0.6	0.6	0.3	0.3	0.5	0.4
Private Consumption*	-1.6	-3.1	-2.5	-2.8	-0.3	0.6	0.9	1.1	0.6	1.0	1.1	1.3
% change, qtr/qtr	-1.4	-1.3	-0.1	-0.1	1.1	-0.4	0.2	0.2	0.6	0.0	0.4	0.3
Manufacturing Production*	-12.7	-12.4	-7.8	-2.2	5.3	9.1	6.8	5.3	2.5	1.8	2.2	2.4
Consumer Prices*	2.0	1.6	0.3	0.9	0.9	1.0	1.3	1.2	1.1	1.2	1.3	1.5
3 month Euro Rate, %¹	1.5	1.1	0.7	0.7	0.6	0.7	0.8	0.9	1.1	1.2	1.3	1.5

¹ End period

Norway												
* % change over previous year	2009				2010				2011			
	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr1	Qtr2	Qtr 3	Qtr4
Gross Dom. Prod. (Mainland)*	-1.6	-2.3	-1.8	-0.1	0.9	1.5	1.7	1.9	2.6	2.6	2.6	2.6
% change, qtr/qtr	-0.9	0.0	0.3	0.4	0.1	0.6	0.6	0.6	0.8	0.7	0.6	0.6
Private Consumption*	-2.7	-1.1	1.3	3.6	4.7	3.7	3.2	2.7	2.8	2.9	3.0	2.9
% change, qtr/qtr	-0.4	1.3	1.3	1.3	0.6	0.4	0.8	0.9	0.7	0.5	0.9	0.8
Manufacturing Production*	-4.2	-10.1	-7.1	-3.8	0.1	3.3	3.2	3.8	4.5	4.2	3.8	3.8
Consumer Prices*	2.4	3.1	1.7	1.4	2.9	2.5	2.1	2.0	1.3	1.4	1.6	1.8
3 month Interbank Rate, %¹	3.1	2.0	1.9	2.2	2.3	2.6	2.7	2.8	2.9	3.1	3.2	3.4

¹ End period

Spain												
* % change over previous year	2009				2010				2011			
	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr 1	Qtr 2	Qtr 3	Qtr4
Gross Domestic Product*	-3.3	-4.2	-4.0	-3.1	-1.3	-0.3	-0.2	-0.1	0.1	0.3	0.9	1.2
% change, qtr/qtr	-1.7	-1.0	-0.3	-0.1	0.1	0.0	-0.2	0.0	0.3	0.3	0.4	0.3
Household Consumption*	-5.5	-6.0	-5.0	-3.5	-0.6	0.8	0.4	0.0	0.2	0.2	0.7	1.1
% change, qtr/qtr	-2.5	-1.3	0.0	0.3	0.5	0.0	-0.4	-0.1	0.7	0.1	0.0	0.0
Industrial Production*	-21.0	-22.0	-13.9	-6.5	0.2	1.0	0.1	0.1	1.2	1.1	1.8	2.7
Consumer Prices*	0.5	-0.7	-1.1	0.1	1.1	1.4	1.7	1.7	1.8	1.6	1.3	1.2
3 month Euro Rate, %¹	1.5	1.1	0.7	0.7	0.6	0.7	0.8	0.9	1.0	1.2	1.4	1.7

¹ End period

Sweden												
* % change over previous year	2009				2010				2011			
	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr1	Qtr2	Qtr 3	Qtr4
Gross Domestic Product*	-6.7	-6.1	-5.8	-1.5	2.9	2.7	3.0	3.2	2.6	2.7	2.6	2.7
% change, qtr/qtr	-3.0	0.7	0.3	0.4	1.4	0.4	0.6	0.6	0.9	0.5	0.6	0.7
Household Consumption*	-3.0	-1.4	-0.5	1.7	3.5	2.4	2.7	2.7	2.0	2.1	2.2	2.2
% change, qtr/qtr	0.0	1.0	0.2	0.5	1.7	0.0	0.5	0.5	1.1	0.0	0.6	0.6
Mining & Manuf. Production*	-23.3	-21.9	-19.7	-11.5	2.2	6.1	5.6	7.6	7.1	5.9	5.9	6.0
Consumer Prices*	0.8	-0.5	-1.2	-0.4	1.0	1.1	1.4	1.6	1.7	2.1	2.2	2.2
3 month Interbank Rate, %¹	1.1	1.0	0.5	0.5	0.5	0.7	1.0	1.3	1.6	2.0	2.3	2.6

¹ End period

Switzerland												
* % change over previous year	2009				2010				2011			
	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr 1	Qtr 2	Qtr 3	Qtr4	Qtr1	Qtr2	Qtr 3	Qtr4
Gross Domestic Product*	-2.1	-2.5	-1.4	0.2	1.7	2.3	2.3	1.8	1.8	1.7	1.9	2.1
% change, qtr/qtr	-1.1	-0.1	0.5	0.9	0.4	0.5	0.5	0.4	0.4	0.4	0.6	0.6
Private Consumption*	0.8	0.8	1.3	1.9	2.2	2.1	1.7	1.5	1.4	1.5	1.6	1.7
% change, qtr/qtr	0.2	0.5	0.8	0.4	0.5	0.4	0.3	0.3	0.4	0.4	0.5	0.4
Industrial Production*	-9.4	-14.3	-6.6	-1.0	3.7	6.6	6.6	5.6	5.3	4.5	4.3	4.4
Consumer Prices*	0.0	-0.7	-1.0	-0.2	1.1	1.0	0.9	0.8	0.9	1.0	1.3	1.3
3 month Euro-Franc Rate, %¹	0.8	0.4	0.4	0.3	0.3	0.2	0.3	0.5	0.7	0.9	1.1	1.4

¹ End period

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CONSENSUS FORECASTS: WORLD ECONOMIC ACTIVITY

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June Survey	Real GDP % increase			Consumer Prices % increase			Current Account Balance, US\$bn		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
Belgium	-3.0	1.2	1.4	-0.1	1.4	1.6	2.5	3.0	4.2
Canada	-2.5	3.5	2.9	0.3	1.9	2.2	-38.1	-25.6	-17.4
France	-2.5	1.4	1.6	0.1	1.6	1.5	-59.0	-52.9	-48.3
Germany	-4.9	1.8	1.7	0.4	1.0	1.3	167	169	173
Italy	-5.1	0.9	1.0	0.8	1.5	1.7	-67.3	-54.4	-45.0
Japan	-5.3	3.2	1.7	-1.4	-1.0	-0.2	142	195	192
Netherlands	-4.0	1.2	1.4	1.2	1.2	1.2	43.0	46.1	43.7
Norway	-1.5	1.8	2.6	2.2	2.3	1.6	53.9	61.6	66.2
Spain	-3.6	-0.5	0.7	-0.3	1.4	1.4	-80.2	-57.9	-45.1
Sweden	-5.1	2.8	2.6	-0.3	1.3	2.1	30.1	28.5	29.8
Switzerland	-1.5	2.0	1.9	-0.5	1.0	1.1	41.1	47.5	50.1
United Kingdom	-4.9	1.3	2.3	2.2	3.1	1.9	-28.8	-29.6	-25.7
United States	-2.4	3.3	3.1	-0.3	1.7	1.7	-420	-516	-579
North America ¹	-2.4	3.3	3.1	-0.2	1.8	1.7	-458	-542	-596
Western Europe ²	-4.2	1.1	1.5	0.6	1.6	1.5	63.5	139	193
European Union ²	-4.1	1.1	1.6	0.8	1.6	1.6	-55.5	-4.0	30.9
Euro zone ²	-4.1	1.1	1.4	0.3	1.4	1.5	-78.2	-13.7	14.7
Asia Pacific ³	1.5	6.3	5.2	0.9	2.3	2.5	563	522	509
Eastern Europe ⁴	-5.5	3.8	4.1	6.6	6.0	5.6	2.0	19.4	-0.4
Latin America ⁵	-1.9	4.5	3.9	5.5	7.7	7.0	-15.7	-45.8	-69.7
Other Countries ⁶	1.3	4.0	4.9	7.2	6.6	6.7	31.3	64.7	89.5
Total	-2.1	3.5	3.3	1.4	2.7	2.6			

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. ¹USA and Canada. ²The 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. ³Survey results for Japan plus fifteen other countries taken from **Asia Pacific Consensus Forecasts**. ⁴Twenty-seven countries, including eleven European Union countries taken from the latest issue of **Eastern Europe Consensus Forecasts**. ⁵Eighteen countries taken from the latest issue of **Latin American Consensus Forecasts** (Inflation figures are on a December/December basis). ⁶Egypt, Israel, Nigeria, Saudi Arabia and South Africa.

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