

CONSENSUS FORECASTS®

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Survey Date
October 13, 2014

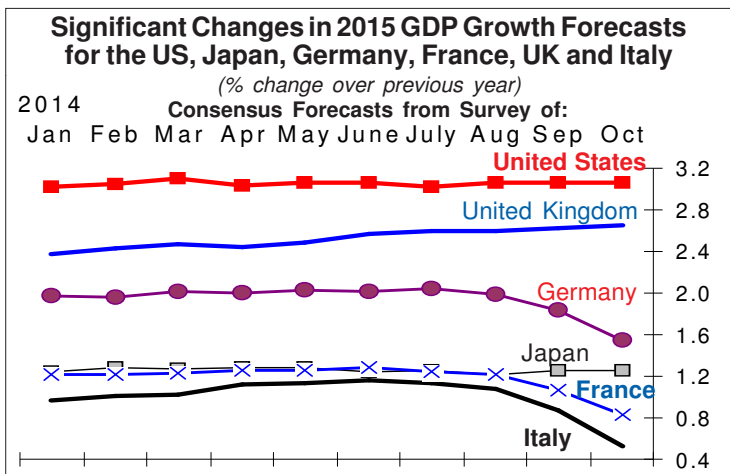
Every month, Consensus Economics surveys over 250 prominent financial and economic forecasters for their estimates of a range of variables including future growth, inflation, interest rates and exchange rates. More than 20 countries are covered and the reference data, together with analysis and polls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

Survey Highlights

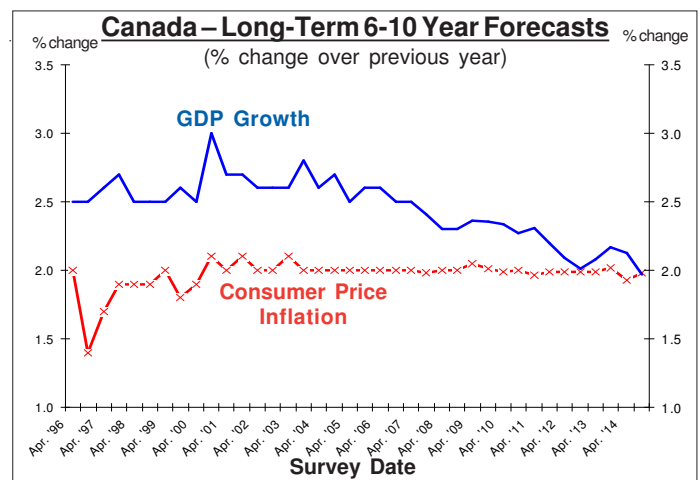
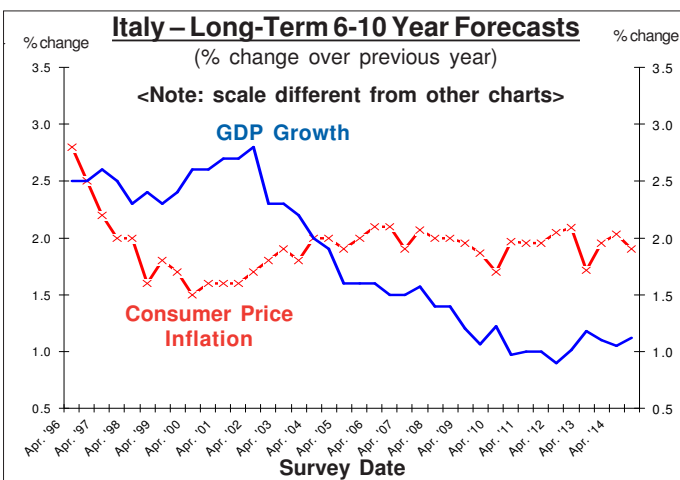
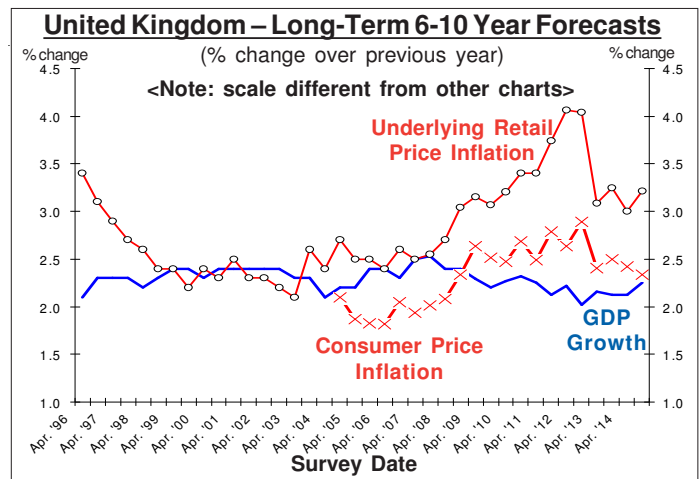
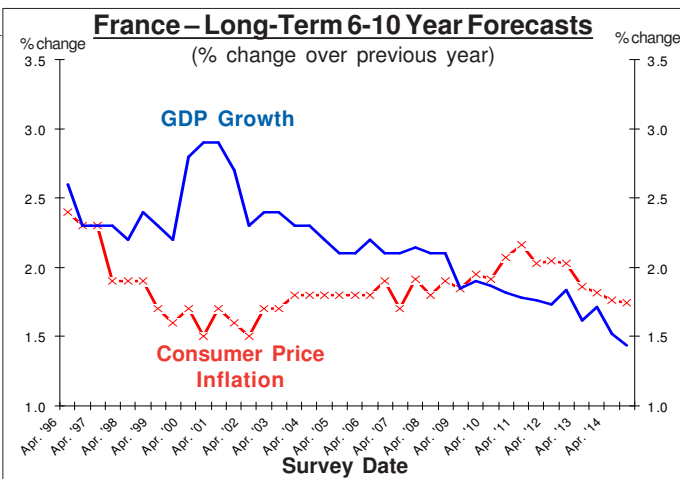
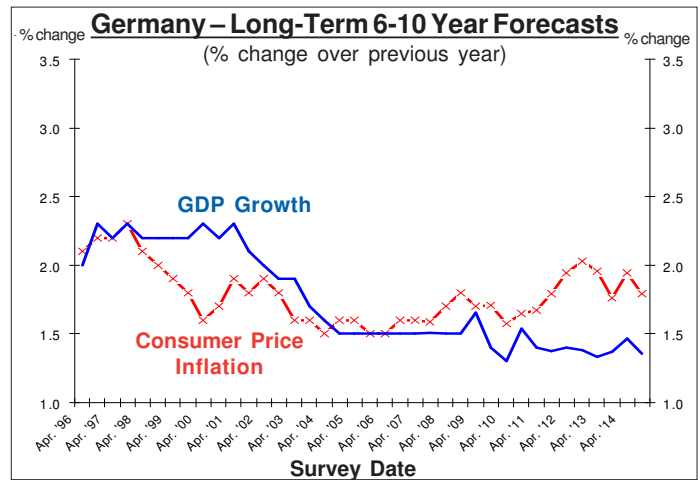
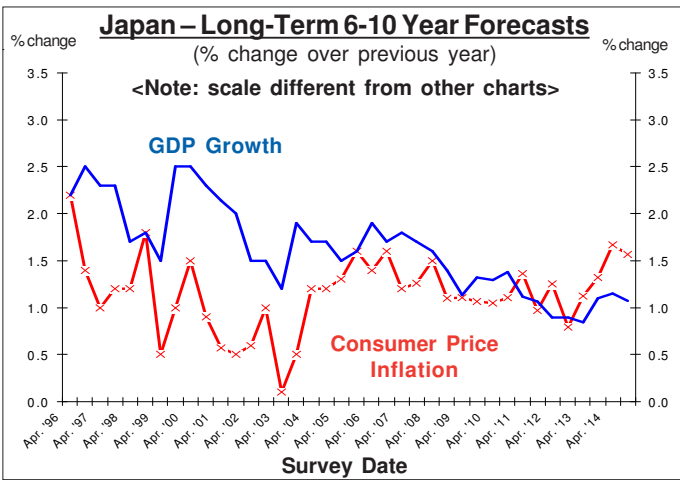
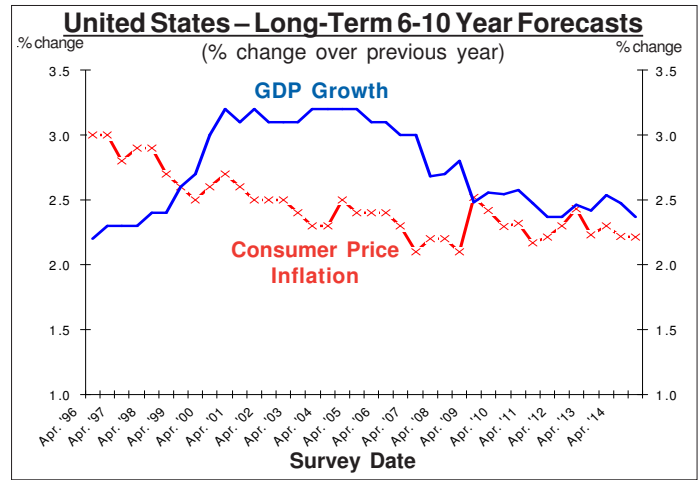
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- ◆ **German** industrial output slumped to its lowest level in five years in month-on-month terms, declining by 4% in August. GDP and production forecasts have consequently been slashed for 2014 and 2015, as have official government projections. The GDP outlook for the **Euro zone** has also faltered, despite the ECB's new measures aimed at kick-starting lending. Meanwhile, **France** announced it would delay the reduction of its budget deficit below 3% of GDP until 2017 on the back of weakened GDP prospects. And **oil prices** (see page 27) have fallen sharply on the back of a worsening global demand/supply picture.
- ◆ **Japan** is still working through the impact of April's consumption tax hike. Meanwhile, industrial production shrank by 1.5% (m-o-m) in August. Our panel's GDP forecasts have fallen again.
- ◆ This month's special survey is our regular compilation of **Long-Term Forecasts** (pages 3, 28, and 29) for the next 5-10 years. Moreover, our **Significant Changes** section (page 2) contrasts long-term aggregate forecasts for 2020-2024 with previous aggregates going back to April 1996, allowing for an examination of trends in long-term GDP and inflation expectations.

Our next issue of **Consensus Forecasts** will be available at the end of the day on **November 13, 2014** and will include **Corporate Profits and Real Interest Rates.**



This month, we chart **Significant Changes in Long-Term Forecast Trends for GDP and Inflation for the US, Japan, Germany, France, the UK, Italy and Canada.** Long-term projections for the 6-10 year period average (in this case 2020-2024) are contrasted with those long-term aggregates published all the way back to April 1996. It is this rolling 6-10 year trendline average which we show in the charts below. The 6-10-year trend averages shown in these charts are a measure of changes in potential growth and inflation expectations. This construct has two problems, however. One is that the 6-10 year horizon is a moving target shifting forward one year, each year. The other is that the number of panellists responding to our long-term surveys is smaller and therefore less representative than the numbers responding to our one and two-year surveys on pages 4-24.



In addition to their regular forecasts, country panellists were asked to provide longer-term forecasts covering the period until 2024 for growth in real GDP, consumer spending, investment and industrial production, along with consumer price inflation, current account balances and long-term bond yields. All definitions correspond to those used in the individual country pages.

United States											
* % change over previous year	Historical				Consensus Forecasts						
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2024 ¹
Gross Domestic Product*	2.5	1.6	2.3	2.2	2.2	3.1	3.0	2.8	2.6	2.4	2.4
Personal Consumption*	1.9	2.3	1.8	2.4	2.3	2.8	2.8	2.6	2.5	2.3	2.3
Business Investment*	2.5	7.7	7.2	3.0	6.2	6.1	5.2	5.1	4.6	4.1	3.4
Industrial Production*	5.7	3.3	3.8	2.9	3.9	3.5	3.4	3.1	2.8	2.8	2.6
Consumer Prices*	1.6	3.1	2.1	1.5	1.8	1.8	2.1	2.2	2.3	2.2	2.2
Current Account Balance (USbn)	-444	-459	-461	-400	-398	-387	-408	-420	-423	-420	-431
10 Year Treasury Bond Yield, % ²	3.4	1.9	1.8	3.0	2.8 ³	3.3 ⁴	4.1	4.4	4.5	4.5	4.5

¹Signifies average for period ²End period ³End January 2015 ⁴End October 2015

Six years on from the 2008 global financial crisis, the **G-7 and Western Europe** is still wrestling with the overhang. Output lost an enormous amount of ground, and both the short- and long-term GDP trends have since shifted downward, including our rolling 6-10 year forecasts for the **US, Japan, Germany, France and Italy** (see charts opposite). The continued uncertainty and softness of the long-term GDP outlook could suggest more than just the lingering shadow of the Great Recession. For some, an extended period of low growth and weak demand – from before 2008 in the case of **Japan, Italy and France** – will permanently erode future growth potential as it chases away investment, R&D opportunities and brain capital. Moreover, acute demographic challenges are looming, especially for **Japan and Western Europe**, as the post-war baby-boom generation retires and a smaller working population support them by working for longer and probably by paying more in taxes. Structural reforms (to encourage investment, hiring, new business, bring in additional sources of revenue and, most importantly, to raise competitiveness

and growth rates) are more pressing than ever. However, initial attempts at fiscal consolidation wreaked havoc on the **Euro area** in 2009, 2010 and 2011 (not least with youth unemployment soaring to unprecedented levels in **Italy and Spain**). **European** governments are loathe to embark on another round of fiscal tightening amidst rising joblessness, growing populism and calls for more regulation and less immigration – especially while growth fundamentals remain so fragile and deflationary pressures increase. GDP forecasts for **Japan and Italy** are not expected to raise far above 1.1% over the forecast horizon, while even those for **Germany** are well below 2%. **US** GDP expectations are noticeably higher (only the **UK, Canada, Norway, Spain and Sweden** come close) and are expected to hit 3% in 2016 before eventually easing to 2.4%. This is down from its long-term peak, as the **US** wrestles with the problem of structural unemployment, increasingly large public pension liabilities and the prospect of tighter monetary policy next year.

Tables continued on pages 28-29

Japan											
* % change over previous year	Historical				Consensus Forecasts						
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2024 ¹
Gross Domestic Product*	4.7	-0.4	1.5	1.5	1.1	1.2	1.0	1.3	1.2	1.0	1.1
Private Consumption*	2.8	0.3	2.1	2.0	-0.5	0.5	0.4	1.0	1.0	0.7	0.9
Business Investment*	0.7	4.1	3.6	-1.4	6.6	3.4	2.5	2.0	1.7	1.6	2.0
Industrial Production*	15.6	-2.6	0.2	-0.6	2.7	2.1	1.6	2.3	2.0	1.3	1.4
Consumer Prices*	-0.7	-0.3	0.0	0.4	2.8	1.8	1.8	1.4	1.6	1.6	1.6
Current Account Balance (¥tn)	19.0	10.0	5.0	3.3	1.1	4.1	6.4	7.0	7.8	8.0	5.8
10 Year Treasury Bond Yield, % ²	1.1	1.0	0.8	0.7	0.6	0.8	1.1	1.3	1.5	1.7	1.9

Germany											
* % change over previous year	Historical				Consensus Forecasts						
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2024 ¹
Gross Domestic Product*	4.1	3.6	0.4	0.1	1.4	1.5	1.8	1.6	1.6	1.5	1.4
Private Consumption*	0.6	2.3	0.7	0.8	1.0	1.5	1.5	1.4	1.3	1.2	1.0
Machinery & Eqpt Investment*	9.4	5.8	-2.9	-2.7	4.2	4.0	4.1	3.0	2.8	2.5	2.0
Industrial Production*	10.1	7.4	-0.4	0.1	1.5	1.8	2.2	1.7	1.8	1.7	1.7
Consumer Prices*	1.1	2.1	2.0	1.5	1.0	1.6	1.9	2.0	1.9	1.9	1.8
Current Account Balance (Euro bn)	147	164	196	192	203	202	196	192	187	184	184
10 Year Treasury Bond Yield, % ²	3.0	1.8	1.5	1.9	1.0 ³	1.4 ⁴	2.0	2.3	2.8	3.2	3.3

¹Signifies average for period ²End period ³End January 2015 ⁴End October 2015

	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	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Citigroup	2.3	3.3	2.5	3.0	6.2	7.0	na	na	3.9	3.4	1.8	1.9	na	na	na	na	na	na	na	na
Nat Assn of Home Builders	2.3	3.7	2.3	2.8	6.0	5.7	na	na	4.1	3.7	1.9	2.0	2.4	2.1	2.0	1.9	16.3	16.6	0.99	1.18
IHS Economics	2.3	2.7	2.3	2.8	6.2	5.5	0.2	7.2	3.9	2.8	1.8	1.4	2.1	0.5	2.0	2.5	16.4	16.7	0.99	1.19
Goldman Sachs	2.3	3.2	2.3	2.5	6.0	6.3	na	na	4.1	3.7	1.8	1.8	na	na	na	na	16.0	16.5	1.04	1.20
PNC Financial Services	2.3	2.9	2.3	2.5	6.1	4.3	na	na	4.0	3.3	1.8	2.0	2.5	2.0	na	na	16.4	16.6	0.98	1.04
Bank of America - Merrill	2.3	3.3	2.3	2.8	6.5	6.9	3.7	4.6	3.9	3.4	1.7	1.6	na	na	2.3	2.8	16.5	17.4	1.00	1.20
DuPont	2.3	3.2	2.3	2.6	6.4	7.0	0.6	7.6	4.0	3.9	1.7	1.8	2.3	1.8	2.0	2.5	16.3	16.8	1.00	1.15
Moody's Analytics	2.2	3.5	2.4	3.6	6.0	6.3	-0.4	11.9	3.7	3.3	1.8	2.1	2.3	2.4	2.1	2.7	16.3	16.7	1.06	1.48
Standard & Poor's	2.2	3.0	2.3	2.8	5.9	5.7	0.3	8.7	4.1	3.7	1.9	1.4	2.1	0.8	2.0	2.5	16.4	16.7	1.02	1.28
Swiss Re	2.2	3.5	2.3	2.9	6.1	7.1	-0.7	8.0	3.9	3.3	1.9	2.2	2.3	1.1	na	na	16.4	16.6	1.03	1.33
Ford Motor Company	2.2	3.0	2.2	3.1	6.2	5.1	na	na	4.1	3.3	1.9	1.7	2.2	0.5	na	na	na	na	1.00	1.25
Oxford Economics	2.2	3.1	2.3	2.9	6.2	6.4	1.6	8.7	3.9	3.9	1.8	1.9	2.3	2.0	1.9	2.0	na	na	1.02	1.29
Northern Trust	2.2	3.2	2.3	2.9	6.1	6.5	na	na	na	na	1.8	1.8	na	na	na	na	16.2	16.4	1.00	1.30
General Motors	2.2	3.0	2.3	3.4	6.2	5.4	3.6	5.3	3.9	3.2	1.8	1.3	2.3	0.6	na	na	na	na	1.00	1.23
American Int'l Group	2.2	3.1	2.3	2.7	6.2	5.7	-0.9	6.1	3.7	3.7	1.9	1.7	2.2	0.5	na	na	16.4	17.1	1.02	1.19
Econ Intelligence Unit	2.2	3.2	2.2	2.7	6.7	6.5	na	na	4.1	3.4	2.0	2.3	2.1	3.2	na	na	na	na	na	na
Fannie Mae	2.2	2.8	2.3	2.7	6.3	5.2	-0.2	5.9	3.9	3.0	1.8	1.4	2.2	0.3	na	na	16.5	16.7	1.00	1.17
First Trust Advisors	2.2	2.9	2.3	2.5	6.2	5.7	na	na	3.8	2.5	1.8	2.0	2.4	1.3	na	na	16.4	17.0	1.00	1.19
Macroeconomic Advisers	2.2	2.9	2.3	3.2	6.2	5.2	-0.2	4.9	4.0	3.2	1.8	1.3	2.3	0.6	na	na	16.4	16.9	0.99	1.26
RDQ Economics	2.2	3.5	2.2	2.8	6.3	6.9	0.5	8.8	3.9	3.7	1.8	2.1	na	na	na	na	16.5	17.0	1.00	1.20
UBS	2.2	3.2	2.3	2.7	6.4	7.9	na	na	3.9	3.5	1.8	1.8	2.3	1.4	2.0	2.6	na	na	1.03	1.25
Wells Capital Mgmt	2.2	3.0	2.3	2.5	6.6	7.3	0.2	5.7	4.0	3.5	1.8	2.1	2.4	2.3	1.9	2.4	16.2	15.9	0.99	1.02
Wells Fargo	2.2	2.9	2.3	2.5	6.1	6.1	0.9	4.3	3.9	4.5	1.8	2.0	1.8	2.2	2.0	2.5	16.4	17.1	0.99	1.12
Inforum - Univ of Maryland	2.2	3.1	2.4	2.8	6.0	5.8	3.1	7.1	4.1	4.1	2.0	2.3	1.9	2.1	2.2	2.4	16.4	16.8	1.05	1.29
Credit Suisse	2.2	3.0	2.3	2.6	6.0	6.2	1.2	8.9	4.0	4.3	1.7	1.4	na	na	na	na	na	na	0.98	1.13
Univ of Michigan - RSQE	2.1	3.3	2.2	2.8	5.8	5.2	-1.0	8.4	3.9	4.0	1.8	1.7	2.4	1.9	na	na	16.3	16.6	1.01	1.25
The Conference Board	2.1	2.6	2.3	2.4	6.0	5.3	-1.2	5.1	3.8	2.6	1.8	1.8	na	na	na	na	16.3	16.1	1.01	1.25
JP Morgan	2.1	3.0	2.3	2.8	6.0	5.8	-0.7	8.6	3.4	3.4	1.9	1.9	1.9	1.9	2.1	2.7	16.4	16.8	1.02	1.26
Barclays Capital	2.1	2.7	2.3	2.6	5.8	6.8	na	na	4.3	5.0	1.8	1.9	na	na	na	na	na	na	0.98	1.14
Georgia State University	2.1	2.4	2.2	2.3	6.2	6.1	-3.5	6.1	3.7	2.6	1.9	1.9	2.1	1.1	2.0	2.5	16.0	15.6	0.98	1.16
HSBC	2.1	2.6	2.2	2.3	6.4	5.9	na	na	3.9	3.3	1.8	1.7	na	na	1.9	2.0	16.3	16.0	1.01	1.07
Consensus (Mean)	2.2	3.1	2.3	2.8	6.2	6.1	0.4	7.1	3.9	3.5	1.8	1.8	2.2	1.5	2.0	2.4	16.3	16.6	1.01	1.21
Last Month's Mean	2.1	3.1	2.3	2.8	5.8	6.0	-0.4	7.4	4.0	3.6	1.9	2.0	2.2	1.8	2.0	2.4	16.3	16.6	1.01	1.23
3 Months Ago	1.6	3.0	2.2	2.8	3.8	5.6	-0.7	6.3	3.9	3.5	2.0	2.1	2.1	1.6	1.9	2.3	16.2	16.5	1.04	1.26
High	2.3	3.7	2.5	3.6	6.7	7.9	3.7	11.9	4.3	5.0	2.0	2.3	2.5	3.2	2.3	2.8	16.5	17.4	1.06	1.48
Low	2.1	2.4	2.2	2.3	5.8	4.3	-3.5	4.3	3.4	2.5	1.7	1.3	1.8	0.3	1.9	1.9	16.0	15.6	0.98	1.02
Standard Deviation	0.1	0.3	0.1	0.3	0.2	0.8	1.7	1.9	0.2	0.6	0.1	0.3	0.2	0.8	0.1	0.3	0.1	0.4	0.02	0.09
Comparison Forecasts																				
CBO (Feb. '14)	2.7	3.3									1.7	2.0			2.3	3.0				
OMB (July '14)	2.4	3.5									1.8	2.0								
IMF (Oct. '14)	2.2	3.1									2.0	2.1								
OECD (May '14)	2.6	3.5	3.0	3.2	5.3	10.1					1.5	1.7								

Government and Background Data

President - Mr. Barack Obama (Democrat). **Congress** - Republicans have a majority with 233 seats in the House of Representatives (lower house) while the Democrats have a 2-seat majority in the Senate (upper house). **Next Elections** - November 4, 2014 (Congressional); November 8, 2016 (Presidential and Congressional). **Nominal GDP** - US\$16,768bn (2013). **Population** - 320.1mn (mid-year, 2013).

Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of September 8, 2014

	2014		2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross Domestic Product	1.9	2.5	2.1	2.0	3.3	3.0	3.0	3.0	3.0	2.9
Personal Consumption	2.2	2.3	2.4	2.2	2.6	2.7	2.8	2.8	2.8	2.8
Consumer Prices	1.4	2.1	2.0	2.2	2.2	1.9	2.0	2.0	2.1	2.2

Percentage Change (year-on-year).

Historical Data

<i>*% change on previous year</i>	2010	2011	2012	2013
Gross Domestic Product*	2.5	1.6	2.3	2.2
Personal Consumption*	1.9	2.3	1.8	2.4
Business Investment*	2.5	7.7	7.2	3.0
Pre - Tax Corporate Profits*	25.0	4.0	11.4	4.2
Industrial Production*	5.7	3.3	3.8	2.9
Consumer Prices*	1.6	3.1	2.1	1.5
Producer Prices*	4.2	6.0	1.9	1.2
Employment Costs*	1.9	2.0	1.9	1.9
Auto & Light Truck Sales (inc. imports), mn	11.6	12.7	14.4	15.5
Housing Starts, mn	0.59	0.61	0.78	0.93
Unemployment Rate, %	9.6	8.9	8.1	7.4
Current Account, US\$ bn	-444	-459	-461	-400
Federal Budget Balance, fiscal years, US\$ bn	-1294	-1300	-1087	-680
3 mth Treasury Bill, % (end yr)	0.2	0.0	0.1	0.1
10 Year Trsy Bond, % (end yr)	3.4	1.9	1.8	3.0

Year Average		Annual Total		Fiscal Years (Oct-Sep)		Rates on Survey Date			
Unemployment Rate (%)		Current Account (US\$ bn)		Federal Budget Balance (US\$ bn)		0.0%		2.3%	
						3 month Treasury Bill Rate (%)		10 Year Treasury Bond Yield (%)	
2014	2015	2014	2015	FY 13-14	FY 14-15	End Jan'15	End Oct'15	End Jan'15	End Oct'15
6.2	5.7	-412	-406	-515	-490	0.3	1.0	3.0	3.2
6.2	5.7	-398	-366	-486	-478	0.0	0.9	3.2	3.8
6.2	5.7	-389	-359	-509	-475	0.1	0.8	2.9	3.4
6.2	5.6	-420	-430	-525	-525	na	na	3.1	3.4
6.2	5.5	na	na	na	na	0.3	0.8	2.7	3.0
6.2	5.7	-314	-385	-520	-470	0.0	0.5	3.1	3.6
6.2	5.7	-425	-400	-500	-475	0.0	1.3	2.8	3.5
6.3	5.7	-427	-532	-507	-486	0.0	0.6	3.0	3.7
6.2	5.7	-419	-369	-507	-451	0.1	0.8	2.6	3.6
6.3	5.6	-397	-407	-496	-160	0.1	0.9	2.9	3.7
6.3	5.8	na	na	-425	-298	0.1	0.8	3.3	3.5
6.2	5.8	-373	-336	-446	-441	0.1	0.8	2.7	3.2
6.2	5.6	na	na	na	na	na	na	na	na
6.2	5.6	-360	-320	-470	-360	0.0	0.5	2.6	3.3
6.2	5.8	-395	-314	-478	-326	0.2	0.5	2.7	3.3
6.2	5.8	-386	-380	-491	-447	0.2	1.0	2.9	3.5
6.2	5.7	-364	-303	-482	-429	0.1	0.7	2.6	2.9
6.2	5.5	-397	-389	-486	-300	0.0	0.6	2.9	3.4
6.2	5.6	-362	-327	-472	-364	0.0	0.6	2.7	3.6
6.2	5.3	na	na	-480	na	0.4	1.5	3.3	3.7
6.2	5.6	-410	-346	-490	-475	na	na	na	na
6.3	5.9	-412	-420	-504	-475	0.1	1.0	2.7	3.0
6.2	5.7	-405	-480	-575	-525	0.2	0.8	2.7	2.9
6.2	5.8	na	na	na	na	0.3	1.1	3.1	3.5
6.2	5.6	-401	-320	-496	-479	na	na	3.0	3.7
6.2	5.7	na	na	na	na	0.1	0.6	2.7	3.1
6.2	5.5	na	na	na	na	0.1	0.3	2.6	2.8
6.2	5.6	-459	-553	-505	-470	na	na	na	na
6.2	5.5	-410	-429	-475	-425	na	na	na	na
6.3	6.1	-424	-343	-509	-555	0.1	0.5	3.0	3.7
6.2	5.7	-397	-380	-486	-465	0.0	0.4	2.2	2.5
6.2	5.7	-398	-387	-494	-434	0.1	0.8	2.8	3.3
6.3	5.7	-416	-400	-502	-467				
6.2	5.7	-404	-394	-507	-488				
6.3	6.1	-314	-303	-425	-160	0.4	1.5	3.3	3.8
6.2	5.3	-459	-553	-575	-555	0.0	0.3	2.2	2.5
0.0	0.1	29	64	28	88	0.1	0.3	0.3	0.3
6.8	6.5			-514	-478				
6.3	5.7			-583	-525				
6.3	5.9	-431	-484						
6.5	6.0	-436	-544						

Mixed Data Belies Uptick in 2014 GDP Forecast

Q2 GDP was upgraded yet again from 4.0% (q-o-q annualized) in the advance report to 4.2% in the second release before finally settling on a +4.6% rate. GDP was lifted by a 1.4 percentage point contribution from inventories while business investment was revised up to 9.7% (q-o-q annualized). Personal consumption remained unchanged at an acceptable 2.5% pace, and going into Q3, real spending improved upon July's 0.1% (m-o-m) fall, rising by 0.5% in August. Increases in asset and house values are supporting spending, as are record-low interest rates and a relatively upbeat jobs outlook (at least on the surface). Following August's +142,000 gain, payrolls increased by 248,000 in September, boosted by a 236,000 surge in private business hiring. Total payrolls for the year now stand above 2 million. Meanwhile, unemployment slipped below the 6%-mark to 5.9% last month, prompting another downtick in our panel's 2014 jobless forecast and adding further support to the Fed's decision to unwind QE. On the flip side, hourly earnings were flat m-o-m in September, and job fundamentals remain beset by low wage inflation, structural problems (especially regarding the long-term unemployed), and solid rather than spectacular employment gains.

Industrial production fell by 0.1% (m-o-m) in August which brought the y-o-y rate down from 4.8% in July to a still-robust 4.1%. New factory orders in the same month collapsed by 10.1% (m-o-m) as a result of a plunge in aircraft orders. Elsewhere, the ISM manufacturing index for September slipped and new orders also dropped noticeably, hit by softer global demand and recent US dollar strength. This illustrates the uncertain outlook hanging over 2014, especially as the US (and the world) brace for the normalization of monetary policy.

US Interest Rates (in %)

	Fed funds	----- US Treasury securities' ----- 2-year	10-year	30-year
Oct. 13, 2014	0.08%	0.46%	2.34%	3.07%
1 month ago ²	0.09%	0.54%	2.48%	3.23%
6 months ago ²	0.09%	0.37%	2.65%	3.48%
12 months ago ²	0.10%	0.35%	2.70%	3.74%

¹ Nominal Treasury constant maturities. ² On survey date.

Direction of Trade – 2013

Major Export Markets (% of Total)

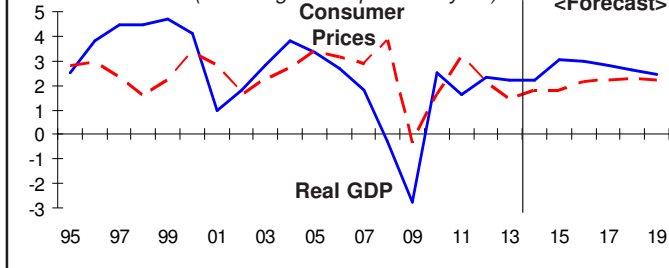
Canada	19.0
Mexico	14.3
China	7.7
Latin America	25.9
EU	16.7
Asia (ex. Japan)	12.3

Major Import Suppliers (% of Total)

China	19.6
Canada	14.6
Mexico	12.3
Asia (ex. Japan)	28.8
Latin America	19.3
EU	17.1

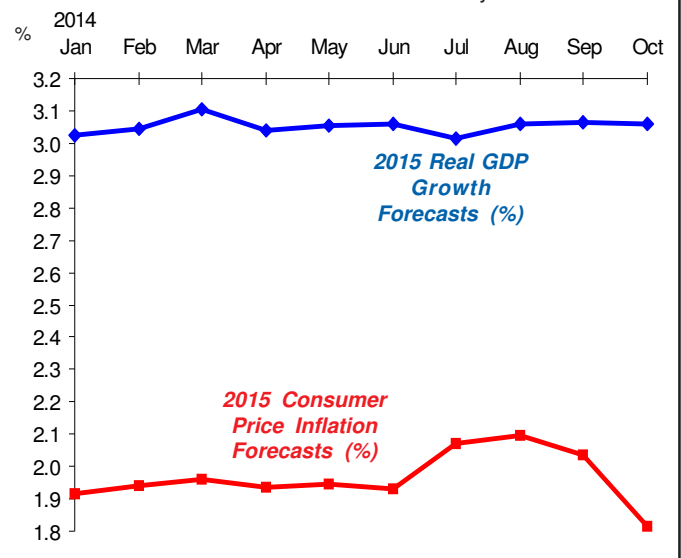
Real Growth and Inflation

(% change over previous year)



2015 GDP Growth and Inflation Forecasts

Consensus Forecasts from Survey of:



	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	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Nippon Steel & Sumikin Rsrch	1.7	1.5	0.6	1.4	7.2	4.7	3.7	2.9	2.9	1.9	3.6	1.8	1.5	2.2	2.8	2.7	0.88	0.88
Goldman Sachs	1.5	0.9	-1.1	0.0	6.0	1.1	3.5	1.9	2.8	1.7	3.5	2.7	na	na	na	na	na	na
Econ Intelligence Unit	1.4	1.8	0.3	0.6	na	na	3.3	1.5	2.8	1.8	3.7	2.2	na	na	na	na	na	na
Bank of Tokyo-Mitsubishi UFJ	1.3	1.5	-0.6	0.2	6.9	3.9	2.1	0.8	2.7	2.0	3.5	3.2	na	na	na	na	na	na
Mizuho Securities	1.2	2.1	-0.4	1.4	7.4	7.1	2.7	6.0	2.8	2.1	3.2	1.7	0.9	1.7	na	na	0.88	0.94
Merrill Lynch - Japan	1.2	1.8	-0.5	1.1	6.7	3.3	3.1	2.8	2.7	2.0	na	na	1.4	na	na	na	na	na
Mizuho Research Institute	1.2	1.4	-0.4	1.0	7.0	3.6	2.0	0.9	2.8	1.8	3.6	2.4	0.7	1.2	na	na	0.91	0.91
Nomura Securities	1.2	1.8	-0.6	0.7	7.5	5.6	2.9	3.0	2.9	2.1	3.4	2.8	na	na	na	na	na	na
Toyota Motor Corporation	1.2	1.2	-0.2	0.5	8.0	5.0	na	na	na	na	na	na	na	na	na	na	na	na
Mitsubishi Research Institute	1.1	1.3	-0.4	0.4	7.3	3.4	3.3	2.0	2.8	2.2	3.6	2.3	na	na	na	na	0.87	0.84
Daiwa Institute of Research	1.1	1.2	-0.6	0.5	6.3	3.2	3.3	4.7	2.7	1.9	3.5	2.1	na	na	na	na	na	na
Hitachi Research Institute	1.1	1.7	-0.5	0.9	7.0	1.9	3.6	3.1	3.0	2.2	2.9	1.6	0.6	0.5	na	na	0.94	0.96
NLI Research Institute	1.1	1.0	-0.6	0.4	6.7	1.9	2.7	1.3	2.8	1.7	3.6	1.7	1.2	1.6	na	na	0.89	0.90
UBS	1.1	1.2	-0.7	0.5	4.1	4.4	2.6	1.8	2.9	1.9	na	na	na	na	na	na	na	na
Japan Ctr for Econ Research	1.0	1.1	-0.5	0.7	6.4	2.6	2.9	1.5	2.8	1.6	3.6	2.0	0.8	0.6	na	na	0.88	0.92
IHS Economics	1.0	1.1	-0.7	0.8	6.5	4.7	2.5	2.8	2.8	2.2	3.8	2.8	na	na	na	na	0.89	0.88
Mitsubishi UFJ Research	1.0	1.0	-0.3	0.7	7.5	3.9	2.6	1.7	2.9	1.1	3.6	1.1	0.7	0.5	na	na	0.90	0.91
Deutsche Securities	1.0	1.3	-0.6	0.7	6.2	2.1	2.3	1.8	2.9	1.7	3.6	2.7	na	na	na	na	na	na
ITOCHU Institute	1.0	1.2	-0.3	0.3	5.6	5.0	3.6	3.6	2.9	2.0	3.3	2.0	0.5	0.8	2.9	2.5	0.89	0.88
Citigroup Japan	0.9	0.6	-0.7	0.0	6.6	3.7	2.4	0.9	2.8	1.7	na	na	na	na	na	na	na	na
Credit Suisse	0.9	0.6	-1.1	-1.4	6.4	2.3	1.7	-1.5	2.6	1.3	na	na	na	na	na	na	na	na
HSBC	0.9	1.0	-0.9	0.3	7.1	2.0	1.4	0.1	2.9	2.0	3.5	1.6	0.8	1.2	na	na	na	na
Dai-ichi Life Research	0.8	0.7	-0.8	0.3	6.5	2.9	1.7	1.0	2.7	1.9	3.6	2.6	na	na	na	na	na	na
Oxford Economics	0.7	0.9	-0.7	0.5	4.0	0.1	2.3	3.2	2.8	1.4	3.4	1.7	0.8	0.1	na	na	0.92	0.92
Consensus (Mean)	1.1	1.2	-0.5	0.5	6.6	3.4	2.7	2.1	2.8	1.8	3.5	2.2	0.9	1.0	2.8	2.6	0.90	0.90
Last Month's Mean	1.2	1.3	-0.2	0.5	7.2	3.2	3.1	2.0	2.8	1.8	3.5	2.2	0.8	1.0	2.8	2.6	0.90	0.90
3 Months Ago	1.5	1.3	0.7	0.3	8.1	3.0	4.2	2.6	2.7	1.8	3.2	2.1	0.8	0.9	na	na	0.89	0.90
High	1.7	2.1	0.6	1.4	8.0	7.1	3.7	6.0	3.0	2.2	3.8	3.2	1.5	2.2	2.9	2.7	0.94	0.96
Low	0.7	0.6	-1.1	-1.4	4.0	0.1	1.4	-1.5	2.6	1.1	2.9	1.1	0.5	0.1	2.8	2.5	0.87	0.84
Standard Deviation	0.2	0.4	0.4	0.5	1.0	1.6	0.7	1.6	0.1	0.3	0.2	0.5	0.3	0.7	0.1	0.2	0.02	0.03
Comparison Forecasts																		
IMF (Oct. '14)	0.9	0.8							2.7	2.0								
OECD (May '14)	1.2	1.2	0.9	1.4	4.7	4.2			2.6	2.0								

Government and Background Data

Prime Minister - Mr. Shinzo Abe of the Liberal Democratic Party of Japan (LDP) was elected as Prime Minister in December 2012. **Parliament** - President Abe's LDP won 294 of the 480 seats of the Lower House of Parliament and has formed a coalition with the minority party New Komeito Party. **Next Elections** - 2016 (parliamentary). **Nominal GDP** - ¥478.1tn (2013). **Population** - 127.1mn (mid-year, 2013). **Yen/\$ Exchange Rate** - 97.51 (average, 2013).

Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of September 8, 2014

	2014			2015			2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross Domestic Product	2.7	0.0	0.7	1.3	0.2	2.4	2.0	0.6	0.7	0.8
Private Consumption	3.4	-2.6	-1.3	-0.9	-2.4	2.9	2.8	-0.6	-0.2	0.0
Consumer Prices	1.5	3.6	3.2	3.0	3.0	1.0	1.1	2.3	2.5	2.3

Percentage Change (year-on-year).

Historical Data

* % change on previous year	2010	2011	2012	2013
Gross Domestic Product*	4.7	-0.4	1.5	1.5
Private Consumption*	2.8	0.3	2.1	2.0
Business Investment*	0.7	4.1	3.6	-1.4
Industrial Production*	15.6	-2.6	0.2	-0.6
Consumer Prices*	-0.7	-0.3	0.0	0.4
Domestic Corporate Goods Prices*	-0.1	1.5	-0.9	1.3
Total Cash Earnings (nominal)*	0.5	-0.2	-0.6	-0.1
New Car Registrations, mn	2.9	2.4	3.0	2.9
Housing Starts, mn	0.81	0.83	0.88	0.98
Unemployment Rate, %	5.1	4.6	4.4	4.0
Current Account, ¥tn	19.0	10.0	5.0	3.3
General Govt Budget Balance, SNA basis, fisc. years, ¥tn	-40.4	-42.0	-41.3	-39.8 e
3 mth TIBOR, % (end yr)	0.3	0.3	0.3	0.2
10 Yr Govt Bond, % (end yr)	1.1	1.0	0.8	0.7

e = consensus estimate based on latest survey

Year Average	Annual Total		Fiscal Years (Apr-Mar)		Rates on Survey Date				
					0.2%		0.5%		
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		
2014	2015	2014	2015	FY 14-15	FY 15-16	End Jan'15	End Oct'15	End Jan'15	End Oct'15
3.5	3.0	0.0	7.7	na	na	0.2	0.2	0.7	0.9
3.7	3.6	0.6	1.6	na	na	0.2	0.2	0.8	0.9
3.6	3.4	na	na	na	na	na	na	na	na
na	na	1.8	6.3	na	na	0.2	0.2	0.8	1.2
3.6	3.4	2.7	8.6	na	na	na	na	0.7	1.0
3.6	3.3	na	na	na	na	na	na	0.5	0.6
3.6	3.5	1.0	2.6	na	na	0.2	0.2	0.7	0.9
3.6	3.5	-0.2	2.6	na	na	na	na	0.7	0.8
3.7	3.6	na	na	na	na	na	na	na	na
3.6	3.6	0.7	3.9	na	na	na	na	0.6	0.7
3.6	3.4	0.6	4.4	na	na	0.2	0.2	0.7	0.8
3.5	3.3	2.3	5.4	na	na	na	na	0.7	0.8
3.7	3.8	1.4	4.5	-38.1	-36.4	0.2	0.2	0.6	0.7
3.6	na	3.7	4.4	na	na	na	na	na	na
3.6	3.5	1.4	3.6	-38.0	-31.9	na	na	0.6	0.7
3.8	4.3	1.9	1.7	na	na	0.2	0.3	0.8	0.9
3.6	3.5	0.5	2.8	-38.3	-33.7	0.2	0.2	0.6	0.6
3.6	3.5	1.1	7.0	na	na	na	na	0.7	0.7
3.6	3.3	1.0	5.4	-38.8	-36.8	0.2	0.2	0.5	0.7
3.6	3.5	0.7	2.0	-39.1	-30.7	0.1	0.1	0.7	0.9
3.7	4.0	0.5	2.4	-32.0	-25.7	na	na	0.7	na
3.6	3.6	0.2	2.1	-32.1	na	0.1	0.1	0.6	0.8
3.6	3.5	1.3	4.9	na	na	0.2	0.2	0.6	0.7
3.7	3.8	0.3	2.9	-34.6	-26.9	0.1	0.1	0.5	0.5
3.6	3.5	1.1	4.1	-36.4	-31.7	0.2	0.2	0.6	0.8
3.6	3.5	1.2	4.0	-37.1	-32.9				
3.6	3.5	0.7	4.1	-37.4	-32.9				
3.8	4.3	3.7	8.6	-32.0	-25.7	0.2	0.3	0.8	1.2
3.5	3.0	-0.2	1.6	-39.1	-36.8	0.1	0.1	0.5	0.5
0.1	0.3	1.0	2.0	3.0	4.3	0.0	0.1	0.1	0.2
3.7	3.8								
3.8	3.7								

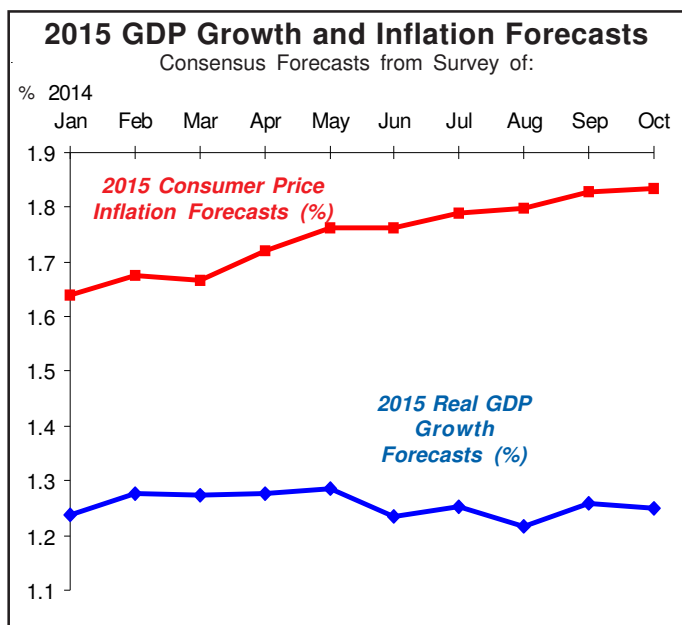
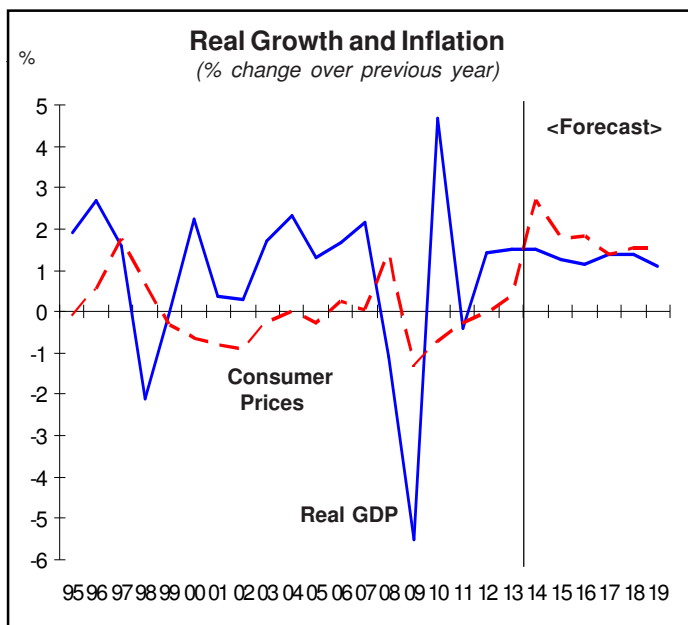
Weakness Persists

April's consumption tax hike (from 5% to 8%) impacted sharply on Q2 GDP. Activity collapsed by a sharper-than-expected annualized 7.1% as consumers and corporates front-loaded their spending in Q1 2014 and industry cut back on output. Since then, there have been hopes that the economy would get back on track. However, Q3 has been mixed at best. Industry has been especially weak. By contrast, consumption appears to be on somewhat firmer footing, judging by solid August retail sales, although real spending declined by 0.3% (m-o-m) and imports fell by 1.5% during the same month. Mining & manufacturing production also recorded a 1.5% (m-o-m) drop in August following a 0.4% advance in July. In y-o-y terms, production experienced a second straight month of contraction, from -0.6% in July to -1.6%, which compares noticeably with the roaring +10.5% y-o-y pace set in January 2014. Even with the yen trading at 6-year lows, this has failed to lift the export-oriented sector and could suggest softening external demand, the shift to offshore production and the yen facing competition from other weak trading currencies. Our panel's GDP and production forecasts have slipped again this month.

Core machinery orders expanded by 4.7% (m-o-m) in August, from 3.5% in July and 8.8% in June, indicating upbeat capital spending. Meanwhile, the September PMI for manufacturing points to a modest slowdown, albeit still in growth territory. However, the Bank of Japan's September Tankan survey showed rising sentiment amongst big manufacturers, from +12 in June to +13. Big firms also expect capital spending in the current fiscal year to rise by 8.6%. The 2014 business spending outlook has dipped but remains firm.

Direction of Trade – 2013

Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
United States	18.8	China	21.7
China	18.1	United States	8.6
South Korea	7.9	Australia	6.1
Asia (inc. the above)	32.4	Asia (inc. the above)	36.7
EU	10.0	Middle East	19.3
Latin America	4.8	EU	9.4



	Average % Change on Previous Calendar Year													
	Gross Domestic Product		Private Consumption		Machinery & Equipment Investment		Industrial Production		Consumer Prices		Producer Prices		Negotiated Wages and Salaries	
	Bruttoinlandsprodukt		Privater Verbrauch		Ausrüstungsinvestitionen		Produktion im Produzierenden Gewerbe		Preisindex für die Lebenshaltung		Index für Erzeugerpreise		Tariflohn- und -gehaltsniveau	
Economic Forecasters	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
HWWI	1.6	2.0	1.1	1.5	5.1	6.5	na	na	1.1	1.9	-0.8	1.1	3.0	2.9
Citigroup	1.6	2.0	1.1	1.9	4.0	3.0	0.7	0.9	1.0	1.7	na	na	na	na
Morgan Stanley	1.5	1.6	1.0	1.6	4.3	3.6	na	na	1.1	1.9	na	na	na	na
Bank of America - Merrill	1.5	1.8	1.0	1.5	na	na	2.0	2.7	1.1	1.5	na	na	na	na
DekaBank	1.5	1.3	1.2	1.2	4.7	4.1	1.2	1.7	1.0	1.5	-0.8	1.2	3.0	2.8
RWI Essen	1.5	1.8	0.9	1.3	4.6	6.8	na	na	1.0	1.6	na	na	3.0	3.7
Allianz	1.5	1.4	1.1	1.6	4.7	3.4	2.0	2.5	1.1	1.6	-0.7	1.3	3.3	3.2
Berliner Sparkasse	1.5	1.5	1.1	1.3	4.2	3.3	0.9	0.5	1.0	1.5	-0.9	0.7	2.7	3.0
Deutsche Bank	1.5	1.5	1.0	1.5	3.9	3.1	2.7	3.0	0.8	1.4	na	na	2.6	4.6
HSBC Trinkaus	1.5	1.8	0.9	1.0	4.1	3.0	1.5	2.4	0.9	1.4	-0.7	0.8	3.2	2.9
Kiel Economics	1.5	1.6	0.9	1.6	4.3	6.2	na	na	1.2	1.5	na	na	na	na
MM Warburg	1.5	1.6	1.0	1.1	4.0	4.0	1.5	1.8	1.1	1.2	-0.7	1.0	2.5	2.3
UBS	1.5	1.8	1.2	1.4	4.6	4.7	1.7	3.1	1.1	1.5	-0.3	1.3	na	na
UniCredit	1.5	1.6	0.9	1.2	4.1	2.5	2.0	2.0	1.0	1.6	na	na	2.5	4.5
DZ Bank	1.5	1.3	0.9	1.2	6.8	5.1	0.5	0.4	0.9	1.9	-0.6	2.0	na	na
Oxford Economics	1.4	1.7	1.1	1.8	2.1	0.9	0.6	1.0	1.0	1.3	-0.8	1.1	3.1	3.8
Feri EuroRating	1.4	1.2	1.2	1.4	3.9	3.1	1.2	1.0	1.0	1.9	-0.8	1.8	3.1	3.0
BayernLB	1.4	1.6	0.9	1.8	3.9	4.3	1.7	2.1	1.0	1.8	0.1	2.0	2.8	3.0
Goldman Sachs	1.4	1.1	1.0	1.8	7.2	7.2	1.9	1.3	0.9	1.3	na	na	na	na
IfW - Kiel Institute	1.4	1.9	1.2	1.8	4.6	8.4	na	na	1.1	1.9	na	na	3.0	3.4
IHS Economics	1.4	1.8	1.1	2.2	3.7	5.7	1.0	1.8	1.0	1.6	-0.9	1.1	3.2	3.0
IW - Cologne Institute	1.4	1.5	1.0	1.0	3.7	3.0	1.0	2.0	1.2	1.5	-0.5	1.0	2.5	2.0
Sal Oppenheim	1.4	1.5	0.9	1.4	3.2	1.7	na	na	1.0	1.6	na	na	na	na
WGZ Bank	1.4	1.3	1.1	1.3	3.7	3.5	1.5	2.0	0.9	1.3	-0.8	0.5	3.0	2.8
Bank Julius Baer	1.3	1.3	1.2	1.6	3.3	1.2	1.1	1.3	1.0	1.9	-0.8	0.5	3.5	3.0
Commerzbank	1.3	1.3	0.9	1.5	3.8	2.4	2.3	3.0	1.1	2.1	-0.8	1.3	3.0	4.2
Helaba Frankfurt	1.3	1.5	1.1	1.5	3.0	2.0	1.3	1.5	1.0	1.6	-0.8	1.3	3.0	3.0
IFO - Munich Institute	1.3	1.2	0.8	1.4	3.8	4.1	na	na	1.0	1.4	na	na	na	na
Econ Intelligence Unit	1.3	1.5	1.0	1.7	na	na	1.8	1.8	0.9	1.4	-0.8	1.5	na	na
Consensus (Mean)	1.4	1.5	1.0	1.5	4.2	4.0	1.5	1.8	1.0	1.6	-0.7	1.2	2.9	3.2
Last Month's Mean	1.7	1.8	1.2	1.6	4.9	5.2	2.2	2.7	1.1	1.7	-0.6	1.4	2.9	3.2
3 Months Ago	2.0	2.0	1.4	1.7	6.2	5.9	3.1	3.1	1.1	1.8	-0.4	1.6	2.9	3.1
High	1.6	2.0	1.2	2.2	7.2	8.4	2.7	3.1	1.2	2.1	0.1	2.0	3.5	4.6
Low	1.3	1.1	0.8	1.0	2.1	0.9	0.5	0.4	0.8	1.2	-0.9	0.5	2.5	2.0
Standard Deviation	0.1	0.2	0.1	0.3	1.0	1.9	0.6	0.8	0.1	0.2	0.2	0.4	0.3	0.7
Comparison Forecasts														
Government (Oct. '14)	1.8	2.0	1.5	1.7	4.1	4.7								
Eur Commission (May '14)	1.8	2.0	1.5	1.8	4.2	6.6			1.1	1.4				
IMF (Oct. '14)	1.4	1.5							0.9	1.2				
OECD (May '14)	1.9	2.1	1.4	2.0					1.1	1.8				

Government and Background Data

Chancellor - Mrs. Angela Merkel (Christian Democratic Party or CDU).
 Parliament - After winning 255 seats in the 622-seat Bundestag (lower house), the CDU have formed a coalition government with the Social Democrats (SPD).
 Next Elections - 2017 (Bundestag). Nominal GDP - Euro 2,742bn (2013).
 Population - 82.7mn (mid-year 2013). \$/Euro Exchange Rate - 1.328 (average, 2013).

Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of September 8, 2014

	2014		2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross Domestic Product	2.2	1.3	1.4	1.4	1.2	1.7	1.8	1.8	1.6	1.5
Private Consumption	1.3	0.8	0.7	1.8	1.6	1.7	1.7	1.7	1.3	1.3
Consumer Prices	1.2	1.0	0.9	1.2	1.5	1.8	1.8	1.9	1.8	1.9

Percentage Change (year-on-year)

Historical Data

* % change on previous year	2010	2011	2012	2013
Gross Domestic Product*	4.1	3.6	0.4	0.1
Private Consumption*	0.6	2.3	0.7	0.8
Machinery & Eqpt Investment*	9.4	5.8	-2.9	-2.7
Industrial Production*	10.1	7.4	-0.4	0.1
Consumer Prices*	1.1	2.1	2.0	1.5
Producer Prices*	1.5	5.3	1.6	-0.1
Negotiated Wages & Salaries*	1.8	1.6	3.1	3.1
Unemployment Rate, %	7.7	7.0	6.8	6.9
Current Account, Euro bn	147	164	196	192
General Govt. Budget Balance (Maastricht definition), Euro bn	-104	-21.8	3.7	7.3
3 mth Euro, % (end yr)	1.0	1.4	0.2	0.3
10 Yr German Govt Bond, % (end yr)	3.0	1.8	1.5	1.9

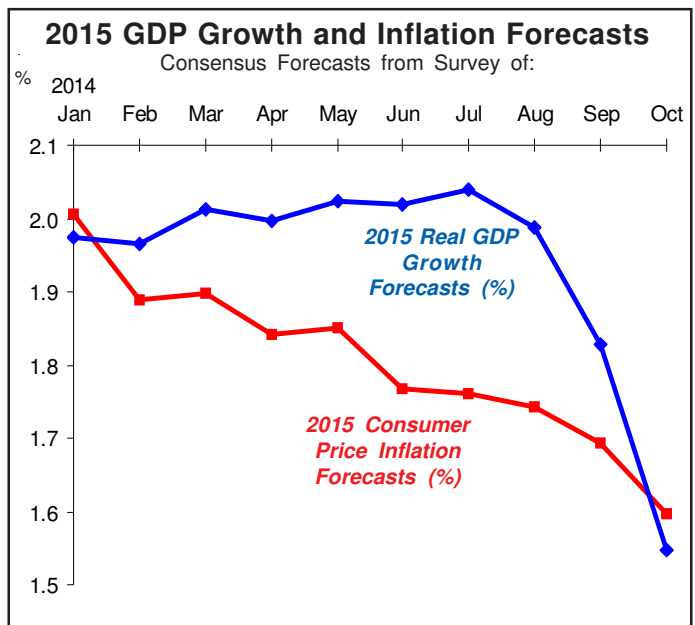
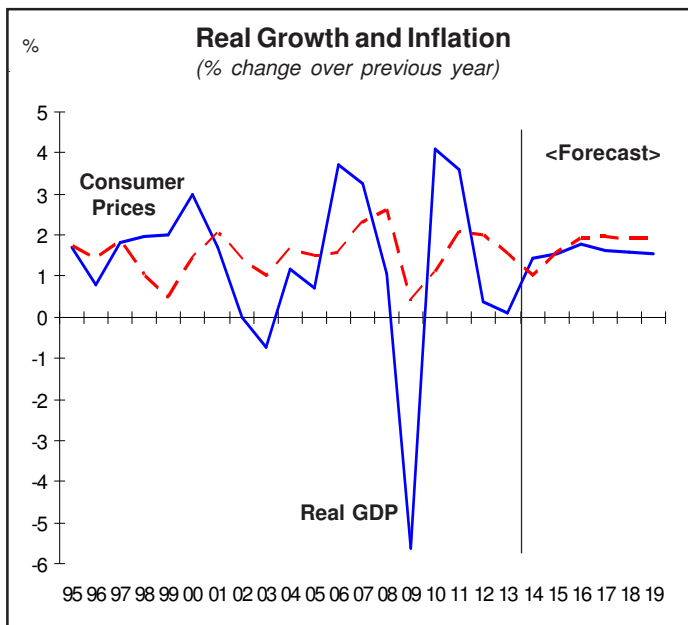
Year Average Unemployment Rate (%)	Annual Total					Rates on Survey Date					
	Current Account (Euro bn)		General Govt Budget Bal (Maastricht) (Euro bn)		Finanzierungs-saldo des Staates (Maastricht) (€ bn)		0.1% 3 month Euro Rate (%)		0.9% 10 Year German Govt Bond Yield (%)		
	Leistungsbilanz (€ bn)						3 Monate Euro Rate (%)		Rendite von Bundesan-leihen, 10 Jahre (%)		
Arbeitslosen- quote, % der Erwerbspers. insgesamt							End Jan'15		End Oct'15		
2014 2015	2014 2015	2014 2015	2014 2015	2014 2015	2014 2015	2014 2015	2014 2015	2014 2015	2014 2015	2014 2015	
6.6	6.5	206	205	0.4	0.5	0.1	0.1	1.1	1.4		
6.7	6.7	206	215	5.5	6.6	0.1	0.1	1.0	1.5		
6.7	6.6	224	225	17.9	21.5	na	na	na	na		
na	na	203	203	3.4	4.4	na	na	na	na		
6.7	6.6	186	187	2.9	6.0	0.1	0.3	1.0	1.3		
6.7	6.6	199	203	12.0	13.0	0.1	0.1	1.1	1.4		
6.7	6.7	207	198	13.5	9.0	0.1	0.3	1.1	1.7		
6.7	6.5	206	217	0.0	0.0	na	na	na	na		
6.7	6.8	209	198	4.4	-2.0	0.1	0.1	1.3	1.6		
6.7	6.5	196	184	0.3	0.2	0.1	0.1	0.8	1.1		
6.7	6.7	195	191	0.4	0.5	0.1	0.2	1.0	1.3		
6.7	6.6	194	196	1.0	-4.0	0.1	0.1	0.7	0.9		
6.7	6.5	na	na	na	na	0.1	0.1	1.4	1.7		
6.7	6.7	196	196	0.0	8.0	na	na	na	na		
6.7	6.8	210	185	-5.6	-2.8	0.1	0.0	0.7	0.7		
6.7	6.8	210	212	6.1	18.5	0.2	0.1	1.1	1.2		
6.7	6.9	203	207	5.2	3.3	0.1	0.1	0.9	1.4		
6.7	6.7	200	199	1.0	5.0	0.1	0.1	0.8	1.1		
na	na	na	na	na	na	na	na	na	na		
6.7	6.6	218	226	10.1	13.4	na	na	1.1	1.7		
6.7	6.6	195	198	0.2	0.4	0.1	0.1	1.2	2.0		
6.7	6.6	na	na	14.0	18.0	0.1	0.1	1.3	1.7		
6.7	6.6	na	na	na	na	0.1	0.1	1.1	2.0		
6.7	6.7	200	200	na	na	0.1	0.1	1.0	1.2		
6.8	6.8	na	na	na	na	0.1	0.1	1.0	1.9		
6.7	6.4	213	205	5.0	1.0	0.1	0.1	1.0	1.3		
6.7	6.5	200	205	14.0	14.0	0.1	0.2	1.0	1.2		
6.7	6.8	200	196	7.8	2.9	0.1	0.1	0.9	0.9		
na	na	193	192	na	na	na	na	na	na		
6.7	6.6	203	202	5.2	6.0	0.1	0.1	1.0	1.4		
6.7	6.6	204	205	5.0	8.6						
6.7	6.6	204	204	2.9	7.3						
6.8	6.9	224	226	17.9	21.5	0.2	0.3	1.4	2.0		
6.6	6.4	186	184	-5.6	-4.0	0.1	0.0	0.7	0.7		
0.0	0.1	9	11	5.9	7.3	0.0	0.1	0.2	0.3		
		208	207	8.1	4.4						

Growth Forecasts Slashed

The outlook for the German economy was rocked by news that industrial output had plunged to its lowest levels since 2009 in August. Production shrank by 4% (m-o-m), on the back of a 5.7% (m-o-m) collapse in factory orders. Car output slumped by a massive 25.4% (m-o-m). Furthermore, September's manufacturing PMI descended into contraction territory for the first time in 15 months. German officials quickly played down the bad news, declaring that the slump is partially due to the summer holidays. Still, this has not prevented the government from slashing its GDP forecast for 2014 from 1.8% to 1.2%. Early indications suggest little chance of a bounceback in Q3 after negative growth in Q2, fuelling the prospect of a technical recession. Weak investment is dragging on growth prospects, too, as machinery and equipment spending declined by -0.4% (q-o-q) in Q2. Russia is one of Germany's biggest trading partners, and ongoing sanctions have seen export demand wane, a situation further exacerbated by weakening demand from China and the emerging economies. Exports plummeted by 5.8% (m-o-m) in August following a 4.8% upturn in July. The IMF and ECB have repeated their concerns over Germany's current account and budget surpluses, highlighting the need for expansionary spending measures to advance domestic demand and help boost export demand in neighbouring Euro zone economies.

The labour market is showing signs of optimism. The unemployment rate held steady at 6.7% in August, whilst solid job security and rising real wages should support domestic demand. Inflation was unchanged from August and up 0.8% (y-o-y). It remains at its lowest level for four years.

Direction of Trade – 2013			
Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
France	9.8	Netherlands	14.2
United Kingdom	7.4	France	7.7
Netherlands	6.9	Belgium	6.4
EU	60.6	EU	65.5
Eastern Europe	14.3	Eastern Europe	14.9
Asia (ex. Japan)	7.8	Asia (ex. Japan)	9.4



	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	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Credit Suisse	0.5	1.3	0.3	1.3	-1.9	2.1	na	na	0.7	1.0	na	na
UBS	0.5	1.0	0.2	1.0	-1.6	1.4	-0.7	1.3	0.8	1.4	na	na
Credit Agricole	0.5	1.0	0.3	1.2	-0.3	1.0	0.3	1.2	0.6	0.9	1.6	1.3
Coe-Rexecode	0.4	0.8	0.2	0.9	-0.4	1.3	na	na	0.6	1.0	1.5	1.3
Euler Hermes	0.4	0.8	0.2	0.8	0.1	1.4	na	na	0.6	0.9	na	na
Exane	0.4	1.0	0.3	1.1	-0.4	1.7	0.1	1.0	0.6	0.7	1.5	1.3
IHS Economics	0.4	0.8	0.1	0.7	-0.5	1.6	na	na	0.6	1.3	na	na
Natixis	0.4	0.3	0.2	0.3	-0.8	0.3	0.1	0.0	0.7	0.9	na	na
OFCE	0.4	1.1	0.4	1.3	-0.4	0.2	na	na	0.6	0.8	1.8	1.8
PAIR Conseil	0.4	1.0	0.1	0.8	-0.5	2.0	-0.9	1.4	0.6	0.8	na	na
Oxford Economics	0.4	1.0	0.2	1.3	-2.2	0.8	na	na	0.6	1.2	1.6	1.8
Morgan Stanley	0.4	1.0	0.1	0.9	-0.7	0.6	0.2	1.3	0.6	0.9	na	na
Citigroup	0.4	1.0	0.2	1.0	-2.3	-0.2	0.1	1.1	0.8	1.3	1.9	1.5
Bank of America - Merrill	0.3	1.0	0.2	1.2	na	na	na	na	0.6	1.0	na	na
Econ Intelligence Unit	0.3	0.8	0.3	0.9	na	na	na	na	0.7	0.8	na	na
AXA Investment Managers	0.3	0.7	0.1	0.8	-2.2	-0.2	na	na	0.7	1.4	na	na
Barclays Capital	0.3	0.6	0.2	0.8	-2.6	-0.7	na	na	0.7	0.8	na	na
BIPE	0.3	0.7	0.1	1.1	-1.0	-0.1	na	na	0.6	0.3	1.5	0.8
GAMA	0.3	0.5	0.1	0.4	-0.6	0.2	na	na	0.6	0.9	1.6	1.7
Goldman Sachs	0.3	0.8	0.1	1.0	-2.1	0.5	-1.1	0.9	0.6	0.8	na	na
HSBC	0.3	0.7	0.1	0.8	-0.9	0.5	-0.1	0.5	0.5	0.7	1.4	1.4
Oddo Securities	0.3	0.8	0.0	0.7	-0.3	1.2	0.0	1.2	0.6	1.1	1.4	1.3
Societe Generale	0.3	0.7	0.3	0.2	-0.6	1.0	na	na	0.6	1.1	1.7	1.8
Total	0.3	0.7	0.5	0.8	0.0	1.5	na	na	0.7	1.0	na	na
BNP Paribas	0.3	0.7	0.2	0.8	-0.7	1.0	-0.4	-0.3	0.6	0.9	1.4	1.5
Consensus (Mean)	0.4	0.8	0.2	0.9	-1.0	0.8	-0.2	0.9	0.6	1.0	1.6	1.5
Last Month's Mean	0.5	1.1	0.2	1.0	-0.6	1.4	0.2	1.2	0.7	1.0	1.6	1.5
3 Months Ago	0.7	1.2	0.2	1.0	0.3	2.3	0.4	1.4	0.7	1.1	1.6	1.7
High	0.5	1.3	0.5	1.3	0.1	2.1	0.3	1.4	0.8	1.4	1.9	1.8
Low	0.3	0.3	0.0	0.2	-2.6	-0.7	-1.1	-0.3	0.5	0.3	1.4	0.8
Standard Deviation	0.1	0.2	0.1	0.3	0.8	0.8	0.5	0.6	0.1	0.2	0.2	0.3
Comparison Forecasts												
Government (Oct. '14)	0.4	1.0	0.3	1.3	-0.6	0.9			0.6	0.9		
Eur Commission (May '14)	1.0	1.5	0.6	1.2					1.0	1.1		
IMF (Oct. '14)	0.4	1.0							0.7	0.9		
OECD (May '14)	0.9	1.5	0.5	1.5	1.7	3.7			0.9	1.1		

Government and Background Data

President - Mr. François Hollande (Parti Socialiste). **Prime Minister** - Mr. Manuel Valls (Parti Socialiste). **Parliament** - The Socialists currently have 292 out of the 577 seats in the National Assembly. **Next Elections** - Legislative – first round: May 2017. Presidential – first round: April 2017. **Nominal GDP** - Euro2,050bn (2013). **Population** - 64.3mn (mid-year, 2013). **\$/Euro Exchange Rate** - 1.328 (average, 2013).

Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of September 8, 2014

	2014		2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross Domestic Product	0.8	0.1	0.3	0.3	0.6	0.8	1.0	1.2	1.3	1.4
Household Consumption	-0.2	0.1	0.4	0.4	1.2	0.9	1.0	1.1	1.1	1.2
Consumer Prices	0.7	0.6	0.5	0.7	0.7	1.0	1.1	1.1	1.2	1.2

Percentage Change (year-on-year).

Historical Data

* % change on previous year	2010	2011	2012	2013
Gross Domestic Product*	1.9	2.1	0.4	0.4
Household Consumption*	1.7	0.3	-0.5	0.3
Business Investment*	3.8	4.0	0.3	-0.6
Manufacturing Production*	4.9	3.9	-3.4	-1.2
Consumer Prices*	1.5	2.1	2.0	0.9
Hourly Wage Rates*	1.8	2.2	2.2	1.8
Unemployment Rate (ILO), %	8.9	8.8	9.4	9.9
Current Account, Euro bn	-25.5	-35.2	-44.4	-27.7
General Govt. Budget Balance				
(Maastricht definition), Euro bn	-136	-103	-98.7	-87.6
3 mth Euro, % (end yr)	1.0	1.4	0.2	0.3
10 Yr French Govt Bond, % (end yr)	3.4	3.2	2.0	2.4

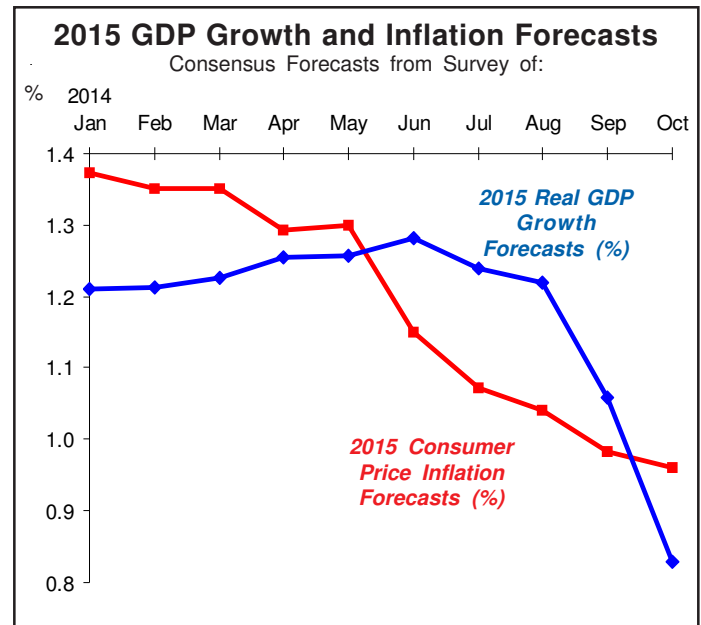
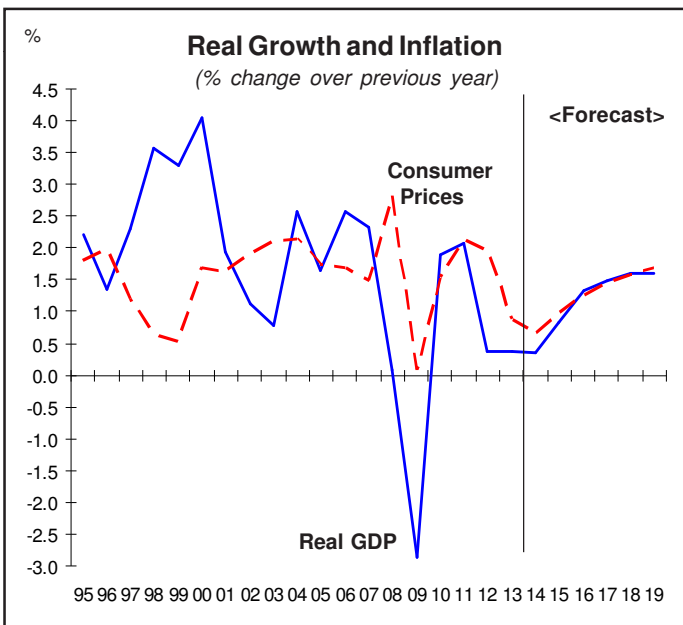
Year Average	Annual Total				Rates on Survey Date			
	Current Account (Euro bn)		General Govt Budget Balance (Maastricht) (Euro bn)		0.1%		1.3%	
Unemployment Rate, ILO (%)					3 month Euro Rate (%)		10 Year French Govt Bond Yield (%)	
Taux de Chômage, BIT (%)	Solde Courant (€ md)		Balance Budgétaire (Maastricht) (€ md)		Taux d'intérêt 3 mois Euro (%)		Rendement des obligations d'Etat, 10 ans (%)	
2014 2015	2014 2015	2014 2015	2014 2015	End Jan'15	End Oct'15	End Jan'15	End Oct'15	
10.4 10.2	na na	-91.5 -83.0	0.1 0.1	na na	na na			
9.7 10.0	na na	na na	0.1 0.1	1.8 2.1				
9.8 9.9	-30.9 -34.5	-93.7 -92.8	0.1 0.1	1.1 2.0				
9.8 10.2	-25.0 -19.0	-92.0 -89.0	0.1 0.1	1.5 2.0				
9.9 9.9	-29.0 -21.0	-94.0 -93.0	0.1 0.1	1.5 1.8				
9.8 10.2	-28.0 -24.0	-88.0 -81.0	0.1 0.1	1.3 1.5				
na na	-29.7 -23.7	-91.8 -88.0	na na	na na				
9.9 10.1	-22.0 -20.0	-88.0 -91.0	na na	na na				
9.8 9.9	na na	-93.6 -91.1	0.1 0.1	1.3 1.3				
10.0 10.1	-30.0 -20.0	-93.9 -93.5	0.2 0.2	1.2 1.5				
9.7 9.7	-25.4 -30.3	-93.7 -94.0	0.2 0.1	1.4 1.6				
9.9 10.0	-34.2 -33.7	-94.6 -95.0	0.2 0.2	1.4 1.8				
9.8 9.7	-14.6 -1.4	-94.4 -89.8	0.1 0.1	na na				
na na	-23.6 -26.1	-92.7 -94.6	na na	na na				
9.8 9.8	-19.8 -32.5	na na	na na	na na				
9.7 9.3	na na	na na	na na	1.4 1.9				
10.2 10.1	na na	-95.0 -95.0	0.1 na	1.1 na				
10.1 10.4	-27.8 -24.9	-93.5 -97.7	0.1 0.1	1.1 1.1				
9.8 9.9	na na	-88.0 -86.0	0.1 0.3	1.4 1.8				
10.2 10.1	-20.9 -19.5	-87.2 -84.8	na na	na na				
9.8 9.8	-48.1 -53.6	-93.3 -108.9	0.1 0.1	1.2 1.5				
9.8 9.8	-39.9 -30.0	-91.1 -90.7	0.1 0.1	1.5 2.0				
9.8 9.9	-26.4 -28.4	-96.3 -98.2	0.1 0.1	1.5 1.9				
10.3 10.1	-48.0 -40.0	-90.0 -80.0	0.3 0.3	2.1 2.2				
9.8 10.2	-38.2 -32.0	-94.0 -96.0	0.1 0.1	1.5 1.8				
9.9 10.0	-29.6 -27.1	-92.3 -91.5	0.1 0.1	1.4 1.7				
9.9 10.0	-28.3 -25.0	-85.9 -79.5						
9.9 9.9	-26.9 -23.5	-82.9 -73.7						
10.4 10.4	-14.6 -1.4	-87.2 -80.0	0.3 0.3	2.1 2.2				
9.7 9.3	-48.1 -53.6	-96.3 -108.9	0.1 0.1	1.1 1.1				
0.2 0.2	8.9 10.5	2.6 6.4	0.1 0.1	0.2 0.3				
10.4 10.2	-38.4 -42.3	-87.0 -75.7						
9.9 10.0		-94.4 -93.9						
9.9 9.8								

Lack of Growth Undermines Deficit Target

The national accounts showed GDP growth flatlining in Q1 and Q2 in q-o-q terms while the y-o-y rate decelerated from +0.8% in Q1 to +0.1%. Latest data suggest that this weak pattern likely continued into Q3. Manufacturing production fell by 0.2% (m-o-m) in August, following a 0.1% drop in July, on the back of declines in the output of computers & electrical equipment, food & beverages and, unexpectedly, vehicles. The latter contrasts with a 1.3% (m-o-m) rise in auto sales in July. August's disappointing manufacturing release could well be blamed on holiday shutdowns and, compared with the 1.2% (q-o-q) contraction recorded in Q2 as a whole, Q3 output so far looks comparatively higher. However, the sector has been hit by the fiscal squeeze, morose sentiment, and disappointing domestic and export demand. Indeed, manufacturing orders experienced a poor July after June's 1.9% (m-o-m) surge, falling by 1.1% due to a 1.4% decline in external orders. The forward-looking PMI for manufacturing rebounded only moderately in September, from August's low of 46.9 to 48.8. This is still in negative territory and, along with the services PMI slipping from 50.3 to 48.4 in September, underscores the stagnant environment. GDP and production forecasts for 2014 and 2015 have slipped, with a recession in manufacturing now outright expected.

The deteriorating GDP outlook puts the spotlight on the budget deficit. Instead of falling below 3% of GDP by 2015, the deficit is forecast by the government to stay at 4.3% this year and fall to 2.8% only in 2017. Spending cuts of €50bn over the next 3 years have been announced, but the government is ruling out further austerity in light of weak demand and growth, setting the stage for discord with the EU.

Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
Germany	16.6	Germany	19.6
Belgium	7.8	Belgium	11.4
Italy	7.2	Italy	7.6
EU	60.4	EU	69.4
Eastern Europe	7.3	Eastern Europe	8.0
Asia (ex. Japan)	6.5	Asia (ex. Japan)	7.2



	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		Output Prices		Average Weekly Earnings	
Economic Forecasters	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Goldman Sachs	3.4	3.0	2.6	2.7	8.7	5.9	na	na	na	na	2.5	2.7	1.6	1.6	na	na	1.0	2.0
Citigroup	3.3	3.5	2.4	3.8	9.4	13.6	5.5	4.6	3.6	2.0	2.6	3.0	1.6	1.7	na	na	1.5	3.4
British Chmbrs Commerce	3.2	2.8	2.9	2.8	7.1	5.5	5.0	4.7	3.0	1.5	na	na	1.8	1.9	na	na	1.9	3.2
Oxford Economics	3.1	2.7	2.2	2.4	8.5	6.2	9.2	8.7	na	na	2.6	3.2	1.7	1.6	1.0	1.1	1.1	2.8
Credit Suisse	3.1	3.0	2.5	2.7	9.1	9.0	na	na	na	na	2.6	2.9	1.7	2.0	na	na	na	na
HSBC	3.1	2.6	2.1	2.2	8.3	7.5	na	na	3.0	2.2	2.6	2.9	1.7	1.7	na	na	1.2	2.4
IHS Economics	3.1	2.8	2.1	2.7	8.7	7.3	na	na	3.3	2.5	2.4	2.5	1.6	1.8	0.3	1.5	1.1	2.7
ING Financial Markets	3.1	3.0	2.2	3.0	8.4	6.9	na	na	3.1	2.7	2.5	2.9	1.7	1.9	1.0	2.2	1.5	2.7
ITEM Club	3.1	2.5	2.5	2.3	10.8	8.9	5.0	4.0	4.0	3.2	2.2	2.2	1.7	1.6	1.0	1.2	1.6	2.2
JP Morgan	3.1	3.0	2.1	2.2	8.3	6.6	na	na	na	na	na	na	1.6	1.7	na	na	na	na
UBS	3.1	2.8	2.9	3.1	8.4	6.5	na	na	na	na	na	na	1.7	1.9	na	na	1.2	2.3
Nomura	3.1	2.4	2.3	3.6	7.8	4.2	na	na	3.1	1.1	2.6	2.9	1.6	1.8	0.2	1.6	1.1	2.5
Econ Intelligence Unit	3.1	2.5	2.8	2.3	7.6	6.5	na	na	na	na	na	na	1.7	2.0	na	na	na	na
Societe Generale	3.0	2.5	2.2	2.1	6.9	7.9	4.6	4.7	na	na	2.6	3.2	1.7	2.3	na	na	1.1	2.6
Bank of America - Merrill	3.0	2.7	2.2	2.3	9.7	8.7	na	na	3.2	3.3	2.5	2.8	1.7	1.7	na	na	na	na
Confed of British Industry	3.0	2.7	2.6	2.6	8.7	7.2	na	na	3.3	2.3	2.6	2.7	1.7	1.8	0.9	2.0	1.0	2.4
NIESR	3.0	2.3	2.6	2.6	10.3	8.5	na	na	na	na	2.5	2.4	1.6	1.8	na	na	na	na
Schroders	3.0	2.5	2.2	2.3	8.0	6.5	na	na	2.7	1.0	2.6	2.8	1.6	2.4	na	na	1.2	2.6
Experian	3.0	2.6	2.7	2.6	9.1	7.4	na	na	3.0	1.6	2.6	3.4	1.7	1.6	na	na	1.3	2.6
Cambridge Econometrics	2.9	2.3	2.8	2.3	6.6	4.7	na	na	3.6	1.8	2.6	2.8	1.9	1.9	na	na	2.9	3.5
Beacon Econ Forecasting	2.8	2.3	2.6	3.2	7.0	3.7	na	na	2.7	-0.4	2.5	2.2	1.5	1.5	1.1	1.7	1.4	2.5
Economic Perspectives	2.8	1.9	2.0	1.9	8.2	5.7	2.0	0.0	2.6	1.5	2.8	3.3	1.9	2.8	2.5	3.5	1.5	2.5
Liverpool Macro Research	2.8	2.4	na	na	na	na	na	na	na	na	2.5	2.8	2.0	2.2	na	na	1.6	2.2
Consensus (Mean)	3.1	2.6	2.4	2.6	8.4	7.0	5.2	4.5	3.2	1.9	2.5	2.8	1.7	1.9	1.0	1.9	1.4	2.6
Last Month's Mean	3.1	2.6	2.6	2.6	8.4	7.5	7.4	4.4	3.2	2.1	2.5	2.8	1.7	1.9	1.2	1.9	1.4	2.6
3 Months Ago	3.0	2.6	2.6	2.5	8.1	7.5	6.4	4.5	3.3	2.3	2.6	2.9	1.7	2.0	1.3	2.1	1.9	2.9
High	3.4	3.5	2.9	3.8	10.8	13.6	9.2	8.7	4.0	3.3	2.8	3.4	2.0	2.8	2.5	3.5	2.9	3.5
Low	2.8	1.9	2.0	1.9	6.6	3.7	2.0	0.0	2.6	-0.4	2.2	2.2	1.5	1.5	0.2	1.1	1.0	2.0
Standard Deviation	0.1	0.3	0.3	0.5	1.1	2.0	2.3	2.8	0.4	1.0	0.1	0.3	0.1	0.3	0.7	0.8	0.5	0.4
Comparison Forecasts																		
Treasury - OBR (Mar. '14)	2.7	2.3	2.1	1.8	8.6	8.2							1.9	2.0				
Eur Commission (May '14)	2.7	2.5	2.1	2.2	6.6	7.1							1.9	2.0				
IMF (Oct. '14)	3.2	2.7											1.6	1.8				
OECD (May '14)	3.2	2.7	2.5	2.3	8.3	7.3							2.0	2.1				

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 - £1,613bn (2013). Population - 63.1mn (mid-year, 2013). \$/£ Exchange Rate - 1.564 (average, 2013).

Historical Data

* % change on previous year	2010	2011	2012	2013
Gross Domestic Product*	1.9	1.6	0.7	1.7
Household Consumption*	0.5	-0.1	1.5	1.6
Gross Fixed Investment*	5.9	2.3	0.7	3.2
Company Trading Profits*	5.1	7.1	3.4	5.0
Manufacturing Production*	4.7	1.8	-1.3	-0.1
Retail Prices (RPI-X underlying rate)*	4.8	5.3	3.2	3.1
Consumer Prices Index (HICP)*	3.3	4.5	2.8	2.6
Output Prices*	2.7	4.8	2.1	1.3
Average Weekly Earnings*	2.2	2.7	1.3	1.2
Unemployment Rate % (LFS)	7.9	8.1	7.9	7.6
Current Account, £ bn	-40.6	-27.0	-61.9	-72.4
Public Sector Net Borrowing (excl. financial interventions), fiscal yrs, £ bn	134	112	119.4*	99.3
3 mth Interbank, % (end yr)	0.8	1.1	0.5	0.5
10 Yr Gilt Yields, % (end yr)	3.6	2.1	2.0	2.8

* Includes Royal Mail pension fund transfer of £28bn.

Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of September 8, 2014

	2014			2015			2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross Domestic Product	3.0	3.2	3.1	3.1	2.9	2.8	2.6	2.5	2.4	2.3
Household Consumption	2.2	2.8	2.7	3.1	2.9	2.6	2.5	2.4	2.5	2.4
Consumer Prices (HICP)	1.7	1.7	1.6	1.6	1.6	1.9	2.1	2.1	2.2	2.3

Percentage Change (year-on-year).

Year Average	Annual Total		Fiscal Years (Apr-Mar)		Rates on Survey Date				
					0.6%		2.3%		
Unemployment Rate (%) (Labour Force Survey)	Current Account (£ bn)		Public Sector Net Borrowing (£ bn)		3 month Interbank Rate (%)		10 Year Gilt Yield (%)		
2014 2015	2014 2015	FY 14-15	FY 15-16	End Jan'15	End Oct'15	End Jan'15	End Oct'15		
na	na	-70.4	-69.5	na	na	na	na		
na	na	-90.8	-106.5	97.0	90.0	0.8	1.8		
6.4	5.5	-68.5	-63.0	na	na	0.7	1.1		
na	na	-82.0	-66.6	98.2	77.0	0.5	1.0		
6.3	5.5	-68.0	-71.4	na	na	0.6	1.3		
6.3	5.8	-86.4	-81.5	na	na	na	na		
6.3	5.7	-83.0	-74.0	96.0	79.0	0.7	1.3		
6.2	5.4	-70.0	-65.0	90.0	67.0	0.6	0.9		
na	na	-72.0	-46.0	84.0	68.0	0.5	1.3		
6.3	5.4	na	na	na	na	na	na		
6.1	5.9	na	na	na	na	1.1	1.9		
6.2	5.3	-77.9	-63.7	95.4	73.0	0.7	1.4		
6.1	5.6	-70.3	-70.1	na	na	na	na		
6.2	5.6	-75.2	-74.6	90.6	73.6	0.5	1.3		
na	na	-64.3	-48.4	na	na	na	na		
6.4	5.9	-75.3	-69.6	96.8	83.1	na	na		
na	na	-46.9	-40.9	90.2	66.7	0.6	1.0		
6.1	5.2	-65.0	-71.0	84.0	71.0	0.6	1.4		
6.4	6.1	-56.3	-55.9	109.9	90.2	1.0	1.5		
na	na	-58.4	-45.4	89.6	76.0	0.5	0.8		
6.3	6.0	-71.1	-73.1	94.5	84.1	0.7	1.2		
6.2	5.7	-75.0	-60.0	88.0	73.0	0.8	1.3		
na	na	-62.9	-63.5	109.4	94.6	0.5	0.8		
6.3	5.6	-70.9	-65.7	94.2	77.7	0.7	1.2	2.8	3.2
		-66.2	-60.6	92.0	74.7				
		-65.1	-59.6	88.3	71.4				
6.4	6.1	-46.9	-40.9	109.9	94.6	1.1	1.9	3.4	4.0
6.1	5.2	-90.8	-106.5	84.0	66.7	0.5	0.8	2.4	2.3
0.1	0.3	10.3	14.3	7.7	8.9	0.2	0.3	0.2	0.4
				95.5	75.2				
6.3	5.8								

Revisions Show Better-than-expected Growth

With the UK national accounts changing to ESA 2010, there have been upward revisions to the historical GDP data which have added to an already-upbeat outlook. In Q2 2014, GDP growth edged up to 0.9% (q-o-q), signifying that output growth in the first half of 2014 was more robust than originally thought. Services again contributed positively to growth, rising by 1.1% (q-o-q) in Q2, whilst construction jumped 0.7% (q-o-q). Household consumption has been an integral part of the recovery. A 0.6% advance in Q2 marked the twelfth consecutive positive q-o-q increase, evidence that consumer confidence remains upbeat, boosted by falling unemployment which dropped to 6.4% in Q2 from 6.8% in Q1. On the downside, latest trade figures are a cause for concern. As external demand falters in the Euro zone (the UK's biggest trading partner), reliance on domestic consumer spending has been vital. Deteriorating economic conditions within the Euro area indicate a prolonged slump. The UK's current account deficit has widened, increasing to -5.2% of GDP, up from -4.7% in Q1. Our consensus estimates strong GDP growth of 3.1% this year, though, followed by 2.6% in 2015.

Robust housing activity continued in August as average UK house prices rose by 11.7% (y-o-y), the same rate of increase as in July. Recent surveys suggest that prices may cool, as a combination of low wage growth and sky-high prices hold back sales. Meanwhile, tighter mortgage controls and a potential interest rate rise from the Bank of England in 2015 may put the brakes on three years of soaring prices.

Please note: we have changed the unemployment variable we cover. Instead of the Claimant Count, we now survey for the Labour Force Survey rate.

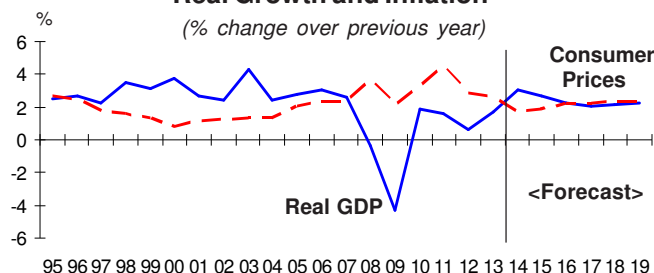
UK Official Bank Rate – Oct. 13, 2014 = 0.50%

FORECASTS	End Dec. 2014	End Mar. 2015	End June 2015	End Sep. 2015
Consensus Mean Average:	0.56%	0.77%	1.00%	1.25%
Mode (most frequent forecast):	0.50%	0.75%	1.00%	1.25%

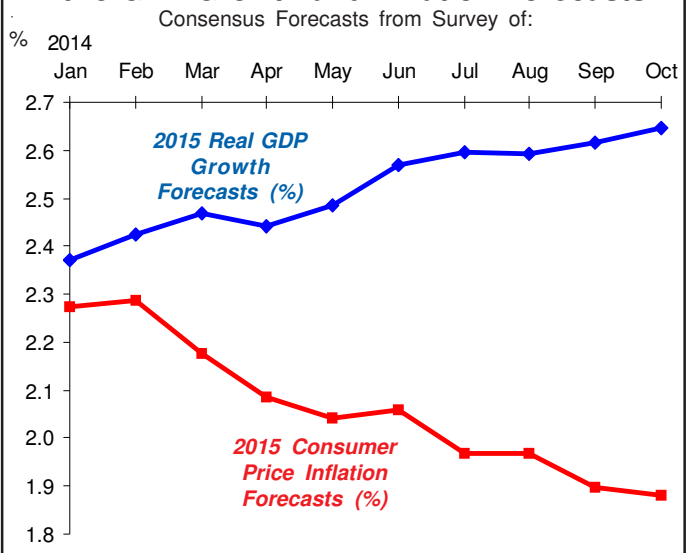
Direction of Trade – 2013

Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
Germany	9.0	Germany	13.9
United States	8.8	China	8.5
Netherlands	7.6	Netherlands	8.5
EU	45.9	EU	53.7
Eastern Europe	5.2	Asia (ex. Japan)	13.0
Asia (ex. Japan)	5.0	Eastern Europe	6.9

Real Growth and Inflation
(% change over previous year)



2015 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	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
ABI	0.0	1.3	0.2	0.9	-0.7	2.9	-0.3	2.1	0.2	1.3	-1.7	0.7	1.1	1.3
Moody's Analytics	-0.2	0.7	0.1	0.5	-1.5	1.4	0.1	1.3	0.4	1.4	-1.0	3.0	na	na
Credit Suisse	-0.2	1.0	0.1	0.7	-1.7	0.8	-0.2	2.2	0.3	0.9	na	na	na	na
UBS	-0.2	0.6	0.2	0.7	-1.5	0.6	na	na	na	na	-0.8	1.6	1.5	1.6
UniCredit	-0.2	0.7	0.1	0.6	-1.6	0.5	na	na	0.3	0.8	na	na	na	na
HSBC	-0.2	0.4	0.0	0.2	-1.6	0.0	-1.8	0.2	0.1	0.2	na	na	2.2	0.7
Intesa Sanpaolo	-0.2	0.6	0.2	0.9	-1.8	0.7	-0.4	0.6	0.3	0.6	-1.4	-0.7	1.3	1.6
Bank of America - Merrill	-0.3	0.3	0.0	0.4	-2.0	-1.2	-0.1	0.1	0.2	0.2	na	na	na	na
Econ Intelligence Unit	-0.3	0.3	0.0	0.1	-1.3	0.3	0.3	0.6	0.2	0.4	-1.4	0.5	na	na
Centro Europa Ricerche	-0.3	0.4	0.1	0.2	-2.2	0.1	na	na	0.1	0.8	na	na	na	na
Banca Nzle del Lavoro	-0.3	0.3	0.1	0.4	-2.0	0.0	-0.4	0.8	0.2	0.6	-1.2	0.8	1.2	1.2
Goldman Sachs	-0.3	0.5	0.0	0.6	-1.5	1.1	-0.2	1.1	0.0	0.3	na	na	na	na
ING Financial Markets	-0.3	0.6	0.1	0.4	-1.7	0.1	na	na	0.2	0.5	-1.6	0.4	1.2	1.2
REF Ricerche	-0.3	0.5	0.2	0.4	-1.6	0.3	-0.2	-0.4	0.4	0.7	-1.7	na	1.3	1.0
Oxford Economics	-0.3	0.1	0.1	0.3	-1.9	-0.6	-0.5	0.1	0.3	0.4	-1.6	0.1	1.2	0.8
Citigroup	-0.4	0.3	0.1	0.4	-2.0	0.5	na	na	0.2	0.1	na	na	na	na
Confindustria	-0.4	0.5	0.1	0.5	-2.3	0.8	na	na	0.3	0.5	na	na	na	na
Prometeia	-0.4	0.5	0.2	0.7	-2.2	-0.4	-0.5	1.0	0.3	0.7	-1.6	0.4	1.2	1.2
Consensus (Mean)	-0.3	0.5	0.1	0.5	-1.7	0.4	-0.4	0.8	0.2	0.6	-1.4	0.8	1.3	1.2
Last Month's Mean	-0.1	0.9	0.1	0.7	-0.9	1.4	0.5	1.6	0.3	0.7	-1.2	0.9	1.2	1.3
3 Months Ago	0.3	1.1	0.2	0.8	-0.3	1.8	0.7	1.7	0.5	0.9	-0.9	1.3	1.2	1.3
High	0.0	1.3	0.2	0.9	-0.7	2.9	0.3	2.2	0.4	1.4	-0.8	3.0	2.2	1.6
Low	-0.4	0.1	0.0	0.1	-2.3	-1.2	-1.8	-0.4	0.0	0.1	-1.7	-0.7	1.1	0.7
Standard Deviation	0.1	0.3	0.1	0.2	0.4	0.9	0.5	0.8	0.1	0.4	0.3	1.0	0.3	0.3
Comparison Forecasts														
Government (Apr. '14)	0.8	1.3												
Eur Commission (May '14)	0.6	1.2	0.4	0.8	1.6	4.0			0.7	1.2				
IMF (Oct. '14)	-0.2	0.9							0.1	0.5				
OECD (May '14)	0.5	1.1	0.1	0.6	1.0	2.6			0.5	0.9				

Government and Background Data

Prime Minister - Mr. Matteo Renzi. **Parliament** - A coalition government with representation from Renzi's Democratic Party, the New Centre-Right, the Union of the Centre and Civic Choice was formed in February 2014. **Next Elections** - By 2018 (Parliamentary); 2020 (presidential). **Nominal GDP** - Euro1,560bn (2013). **Population** - 61.0mn (mid-year, 2013). **\$/Euro Exchange Rate** - 1.328 (average, 2013).

Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of September 8, 2014

	2014			2015			2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross Domestic Product	-0.4	-0.2	0.0	0.0	0.3	0.7	0.9	1.0	1.0	0.9
Household Consumption	-0.5	0.2	0.3	0.4	0.5	0.7	0.8	0.7	1.0	1.2
Consumer Prices	0.5	0.4	0.1	0.3	0.3	0.6	0.8	0.9	1.1	1.6

Percentage Change (year-on-year).

Historical Data

* % change on previous year	2010	2011	2012	2013
Gross Domestic Product*	1.7	0.4	-2.4	-1.9
Household Consumption*	1.5	-0.3	-4.0	-2.6
Gross Fixed Investment*	0.6	-2.2	-8.0	-4.7
Industrial Production*	6.8	1.2	-6.5	-3.1
Consumer Prices*	1.5	2.8	3.0	1.2
Producer Prices*	3.0	4.8	3.6	-1.1
Contractual Hourly Earnings*	2.1	1.7	1.5	1.4
Unemployment Rate,%	8.4	8.4	10.7	12.2
Current Account, Euro bn	-52.6	-47.2	-4.6	15.5
General Govt. Budget Balance				
(Maastricht definition), Euro bn	-69.9	-59.1	-47.4	-47.3
3 mth Euro, % (end yr)	1.0	1.4	0.2	0.3
10 yr Italian Govt Bond, % (end yr)	4.9	7.0	4.5	4.1

Year Average		Annual Total				Rates on Survey Date			
						0.1%		2.3%	
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 (%)	
2014	2015	2014	2015	2014	2015	End Jan'15	End Oct'15	End Jan'15	End Oct'15
12.4	12.1	22.5	35.3	-45.5	-35.7	0.1	0.2	2.1	2.5
12.5	12.3	23.8	17.9	na	na	0.1	0.1	2.9	2.9
12.5	12.0	24.0	24.0	-44.0	-40.0	0.1	0.1	na	na
12.6	12.8	na	na	na	na	0.1	0.1	3.0	3.3
12.6	12.7	na	na	na	na	na	na	na	na
12.6	12.9	18.1	24.5	na	na	0.1	0.1	2.2	2.3
12.6	12.3	28.3	27.0	-44.8	-42.7	0.1	0.1	2.4	3.1
12.8	13.3	24.4	28.8	-43.5	-45.7	na	na	na	na
12.5	12.2	20.1	16.5	na	na	na	na	na	na
12.7	12.6	12.8	9.5	-50.6	-41.5	0.2	0.2	2.8	3.0
12.5	12.7	na	na	na	na	na	na	na	na
12.5	12.2	na	na	-43.9	-36.6	na	na	na	na
12.6	12.4	19.2	15.0	-48.5	-47.5	0.1	0.1	na	na
12.6	12.6	31.3	36.4	-49.6	-45.6	0.1	0.1	2.2	2.2
12.5	12.6	25.1	26.9	-46.8	-44.4	0.2	0.1	2.6	2.6
12.5	12.4	25.6	27.6	-49.5	-45.5	0.1	0.1	na	na
12.5	12.5	20.9	21.6	-47.4	-45.4	na	na	na	na
12.6	12.9	18.9	21.7	-49.9	-51.1	0.1	0.1	2.3	2.4
12.6	12.5	22.5	23.8	-47.0	-43.5	0.1	0.1	2.5	2.7
12.6	12.5	20.8	21.2	-45.5	-41.4				
12.7	12.6	22.4	23.8	-45.9	-40.7				
12.8	13.3	31.3	36.4	-43.5	-35.7	0.2	0.2	3.0	3.3
12.4	12.0	12.8	9.5	-50.6	-51.1	0.1	0.1	2.1	2.2
0.1	0.3	4.6	7.5	2.6	4.4	0.1	0.0	0.3	0.4
12.8	12.5	24.3	24.1						
12.6	12.0			-47.8	-37.0				
12.8	12.5								

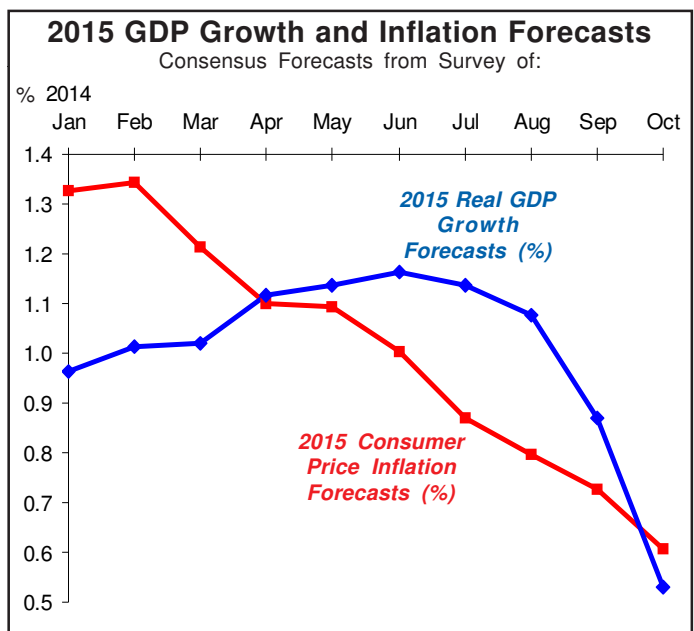
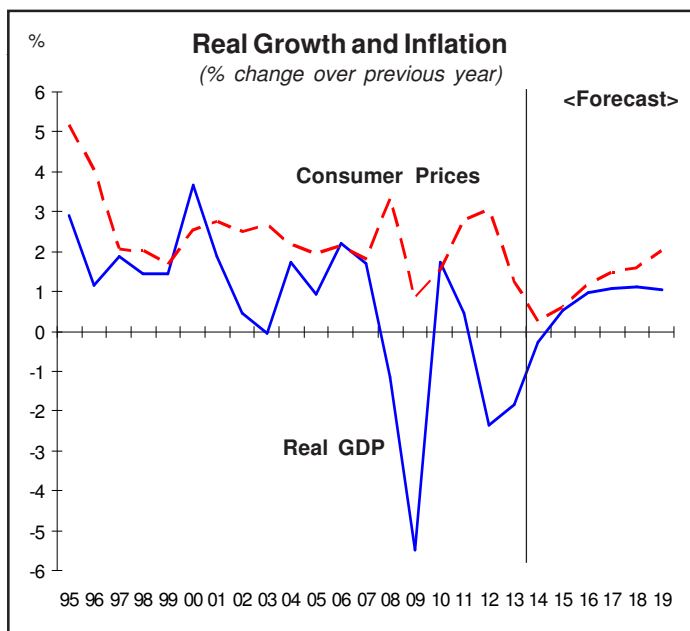
GDP Forecasts Downgraded Again

The Italian economy continues to struggle in its pursuit of a recovery. Our panel has lowered its 2014 GDP forecast to -0.3% from -0.1% in September. Italy relies on the export market to carry economic growth, but the near-term outlook for the external sector is poor, worsened by geopolitical factors and faltering activity in the Euro zone. In July, exports were down by 1.6% (m-o-m). Reforms to the labour market and justice system have been extremely slow to materialise and Prime Minister Renzi faces stiff opposition to their implementation, including the threat of strike action from unions and other groups fatigued by fiscal austerity. Easing rigid labour laws are seen as an important step in enabling job creation in the years to come and encouraging foreign investment. All this would eventually improve the unemployment rate which reached 12.3% in August. Meanwhile, the rate of those aged 15-24 who are out of work rose to 44.2% in the same month. Household consumption remains stagnant amid continued uncertainty about labour market fundamentals. Elsewhere, industrial production dropped by 1% (m-o-m) in July, reaching its lowest level this year. Construction continued on its downtrend, too, falling by 2.4% (m-o-m) and -10.2% (y-o-y). The outlook is increasingly subdued.

Persistently low inflation is worsening Italy's growing debt burden. Consumer prices were estimated at -0.3% (m-o-m) in September as Euro zone inflation weakened to a five-year low. Italy's debt problems are compounded by limited policy instruments as part of the single currency union. New ECB stimulus intervention starts this month, but weak confidence and uncertainty over government policies suggests that these Euro area efforts may not be enough for Italy's needs.

Direction of Trade – 2013

Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
Germany	12.6	Germany	15.5
France	11.0	France	8.9
United States	6.7	China	6.7
EU	54.4	EU	53.1
Eastern Europe	14.0	Eastern Europe	16.0
Middle East	5.5	Asia (ex. Japan)	10.2



	Average % Change on Previous Calendar Year														Annual Total			
	Gross Domestic Product		Personal Expenditure		Machinery & Equipment Investment		Net Operating Surplus: Corporations		Industrial Production		Consumer Prices		Industrial Product Prices		Average Hourly Earnings		Housing Starts (thousand units)	
	Produit Intérieur Brut		Dépenses de Consommation des Ménages		Investissement Productif		Excédent d'exploitation net: sociétés		Production Industrielle		Prix à la Consommation		Prix des Produits Industriels		Rémunération Horaire Moyenne		Construction de Logements mises en chantier, milliers	
Economic Forecasters	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Citigroup	2.4	2.7	2.6	2.5	-1.0	4.5	na	na	3.1	2.6	2.0	2.0	na	na	na	na	na	na
Royal Bank of Canada	2.4	2.7	2.6	2.4	-0.9	4.3	7.4	0.9	na	na	2.0	1.6	na	na	na	na	189	177
Toronto Dominion Bank	2.4	2.7	2.8	2.6	-0.4	4.0	8.9	4.5	na	na	1.9	1.7	na	na	na	na	190	184
IHS Economics	2.3	2.6	2.7	2.6	-0.9	4.0	9.1	3.4	3.6	1.4	1.9	1.7	3.2	1.2	na	na	190	187
BMO Capital Markets	2.3	2.5	2.6	2.2	-1.1	3.8	13.0	4.0	3.9	2.6	2.0	2.0	2.6	1.5	1.9	2.2	190	185
Desjardins	2.3	2.5	2.6	2.3	-0.9	5.7	8.2	5.5	na	na	2.0	1.8	3.0	2.4	2.5	2.5	191	186
Economap	2.3	2.6	2.6	2.5	-0.9	5.0	13.5	5.0	4.0	2.9	2.0	2.0	3.0	2.5	2.4	2.5	190	183
Informetrica	2.3	2.5	2.2	2.2	-2.0	4.5	11.0	5.5	4.2	3.1	2.1	2.0	1.2	3.0	2.1	2.5	192	185
JP Morgan	2.3	2.7	2.7	2.5	0.0	5.5	na	na	na	na	1.9	2.0	3.0	1.0	na	na	na	na
Scotia Economics	2.3	2.5	2.7	2.8	-1.1	4.7	9.5	10.5	4.0	4.0	2.0	2.1	na	na	na	na	190	180
University of Toronto	2.3	2.6	2.6	2.2	-1.2	4.0	na	na	na	na	1.9	1.6	na	na	na	na	188	180
Bank of America - Merrill	2.3	2.4	2.6	2.2	-1.1	3.3	na	na	na	na	2.0	1.6	na	na	na	na	192	187
Capital Economics	2.2	2.0	2.6	1.7	-1.0	3.0	na	na	3.9	2.0	2.1	1.9	2.5	-1.0	na	na	190	165
Conf Board of Canada	2.2	2.6	2.6	2.2	-0.3	4.7	na	na	na	na	2.1	1.9	0.8	1.3	na	na	191	188
EDC Economics	2.2	2.8	2.3	2.5	0.0	6.0	na	na	na	na	na	na	na	na	na	na	185	183
HSBC	2.2	2.3	2.0	2.0	-1.0	4.6	9.7	7.1	3.9	2.2	1.9	1.8	na	na	2.4	2.1	191	185
Oxford Economics	2.1	2.1	2.6	2.4	-0.2	3.1	7.8	5.7	3.7	1.9	1.9	2.0	3.2	2.4	1.9	1.8	199	200
Econ Intelligence Unit	2.1	2.3	2.3	2.1	na	na	na	na	na	na	2.2	2.3	na	na	na	na	189	182
Consensus (Mean)	2.3	2.5	2.5	2.3	-0.8	4.4	9.8	5.2	3.8	2.5	2.0	1.9	2.5	1.6	2.2	2.3	190	184
Last Month's Mean	2.3	2.5	2.5	2.3	-0.2	5.1	9.6	5.9	3.8	2.6	2.0	1.9	2.6	1.7	2.3	2.6	188	180
3 Months Ago	2.2	2.5	2.3	2.2	0.6	5.6	8.1	5.1	3.7	2.4	2.0	2.0	2.4	1.9	2.0	2.1	187	180
High	2.4	2.8	2.8	2.8	0.0	6.0	13.5	10.5	4.2	4.0	2.2	2.3	3.2	3.0	2.5	2.5	199	200
Low	2.1	2.0	2.0	1.7	-2.0	3.0	7.4	0.9	3.1	1.4	1.9	1.6	0.8	-1.0	1.9	1.8	185	165
Standard Deviation	0.1	0.2	0.2	0.3	0.5	0.9	2.1	2.5	0.3	0.8	0.1	0.2	0.9	1.2	0.3	0.3	3	7
Comparison Forecasts																		
IMF (Oct. '14)	2.3	2.4									1.9	2.0						
OECD (May '14)	2.5	2.7	2.7	2.7							1.6	1.8						

Government and Background Data

Prime Minister - Mr. Stephen Harper (Conservative). **Government** - The Conservatives hold 167 out of 308 seats in parliament (155 seats are needed for a clear majority). **Next Election** - by May 2015 (general election). **Nominal GDP** - C\$1,881bn (2013). **Population** - 35.2mn (mid-year, 2013). **C\$/US\$ Exchange Rate** - 1.030 (average, 2013).

Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of September 8, 2014

	2014		2015				2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross Domestic Product	2.1	2.5	2.4	2.4	2.8	2.6	2.6	2.6	2.6	2.6
Personal Expenditure	2.7	2.7	2.6	2.5	2.7	2.4	2.3	2.4	2.3	2.3
Consumer Prices	1.3	2.2	2.1	2.2	2.0	1.7	1.9	2.1	2.1	2.0

Percentage Change (year-on-year).

Historical Data

* % change on previous year	2010	2011	2012	2013
Gross Domestic Product*	3.4	2.5	1.7	2.0
Personal Expenditure*	3.5	2.3	1.9	2.4
Machinery & Eqpt Investment*	10.6	8.6	5.2	-0.2
Net Operating Surplus: Corporations*	31.6	11.3	-4.9	-1.7
Industrial Production*	6.0	3.9	0.9	1.9
Consumer Prices*	1.8	2.9	1.5	1.0
Industrial Product Prices*	1.5	6.9	1.1	0.4
Average Hourly Earnings*	3.1	2.0	2.0	1.7
Housing Starts, '000 units	190	194	215	188
Unemployment Rate, %	8.0	7.5	7.3	7.1
Current Account, C\$ bn	-58.4	-48.5	-62.2	-60.3
Federal Govt Budget Balance, fiscal years, C\$ bn	-33.4	-26.3	-18.9	-9.9 e
3 mth Trsy Bill, % (end yr)	1.0	0.8	0.9	0.9
10 Yr Govt Bond, % (end yr)	3.2	1.9	1.8	2.8

e = consensus estimate based on latest survey

Year Average	Annual Total	Fiscal Years (Apr-Mar)		Rates on Survey Date					
				0.9%		2.0%			
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 %			
2014 2015	2014 2015	FY 14-15	FY 15-16	End Jan'15	End Oct'15	End Jan'15	End Oct'15		
7.0	6.7	-40.1	-32.8	-2.9	6.4	1.0	1.5	2.8	3.1
6.9	6.6	-46.9	-42.7	na	na	1.1	1.7	2.7	3.4
7.0	6.9	-41.4	-30.9	5.0	12.0	1.0	1.4	2.5	3.1
7.0	6.7	-46.3	-41.0	na	na	na	na	2.8	3.4
6.9	6.7	-46.0	-36.5	0.0	2.0	0.9	1.2	2.2	2.8
7.0	6.8	-44.9	-31.0	0.0	6.0	1.0	1.3	2.5	3.2
6.9	6.6	-47.0	-33.0	-1.0	7.0	0.9	1.0	2.5	2.7
7.0	6.6	-50.0	-50.0	-2.5	5.0	1.0	1.4	2.4	2.9
7.0	6.7	-48.0	-49.0	na	na	na	na	na	na
7.0	6.9	-47.2	-43.0	na	na	1.0	1.2	2.5	3.3
6.9	6.7	-43.2	-30.4	na	na	0.9	1.7	2.5	3.5
6.9	6.6	-50.3	-52.0	na	na	na	na	na	na
7.0	7.0	na	na	na	na	0.9	0.9	2.2	3.2
7.0	6.8	-43.0	-34.0	na	na	0.9	0.9	2.5	2.7
7.0	6.5	-42.0	-29.0	na	na	na	na	na	na
6.9	6.5	-46.5	na	na	na	na	na	1.9	2.4
7.0	6.8	-43.1	-37.7	na	na	0.9	1.1	2.1	2.7
7.0	6.6	na	na	na	na	0.9	1.1	2.3	2.7
7.0	6.7	-45.4	-38.2	-0.2	6.4	0.9	1.3	2.4	3.0
7.0	6.7	-47.1	-41.3	-2.6	4.6				
6.9	6.6	-49.1	-42.9	-2.9	4.3				
7.0	7.0	-40.1	-29.0	5.0	12.0	1.1	1.7	2.8	3.5
6.9	6.5	-50.3	-52.0	-2.9	2.0	0.9	0.9	1.9	2.4
0.0	0.1	3.0	7.7	2.8	3.3	0.1	0.3	0.2	0.3
7.0	6.9								
6.9	6.6								

Stable Outlook

Output-based GDP was flat in July after six straight gains. This suggests a soft start to Q3 after a resurgent 0.8% (q-o-q) showing in Q2 GDP growth. The monthly y-o-y rate slowed from 3.1% in June to 2.5%. The economy was reined in by the goods-producing industries: while services advanced by 0.2% (m-o-m), goods production saw a fall of the same magnitude. Commodities can be volatile, and this was the case in July. Output in agriculture, forestry, fishing & hunting fell by 2.4% (m-o-m) while mining, quarrying, oil & gas extraction dropped by 1.5%, partly as payback for a strong 1.8% showing in June. Utilities contracted by 2.3% on the back of cooler-than-usual weather in July. By contrast, manufacturing made a strong 1% (m-o-m) contribution, thanks to auto output (as evidenced by the 1.6% monthly jump in durables manufacturing). However, industrial production fell by 0.3% after a 0.7% jump in June, mainly from a 2% monthly drop in energy. This, coupled with a weak August performance in exports (-2.5% m-o-m following a 1.3% rise in July, which subsequently pulled the trade balance back into deficit), has raised concerns over activity in the second half of this year.

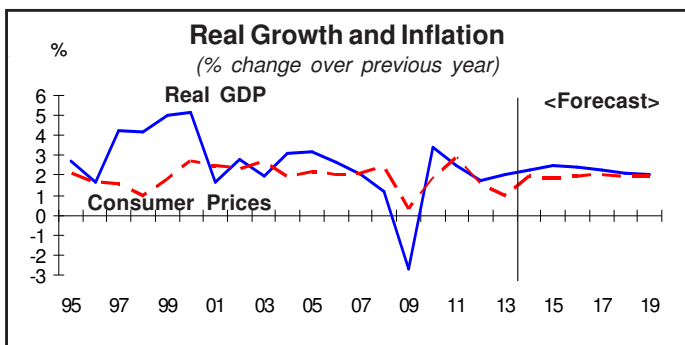
Still, observers suggest that July's tepid GDP showing may well be a one-off. For one thing, manufacturing sales during that month rose by 2.5% (m-o-m), compared with a 0.9% increase in June, while new orders soared by 4.3%. Many point to the US's relatively robust performance as indication that export demand will support Canadian momentum. Indeed, upbeat auto activity underscores the strong trade links between Canada and the US. GDP and industrial production forecasts are unchanged, but the Bank of Canada is still expected to remain on hold for the foreseeable future.

Canada Overnight Lending Rate – Oct. 13, 2014 = 1.00%

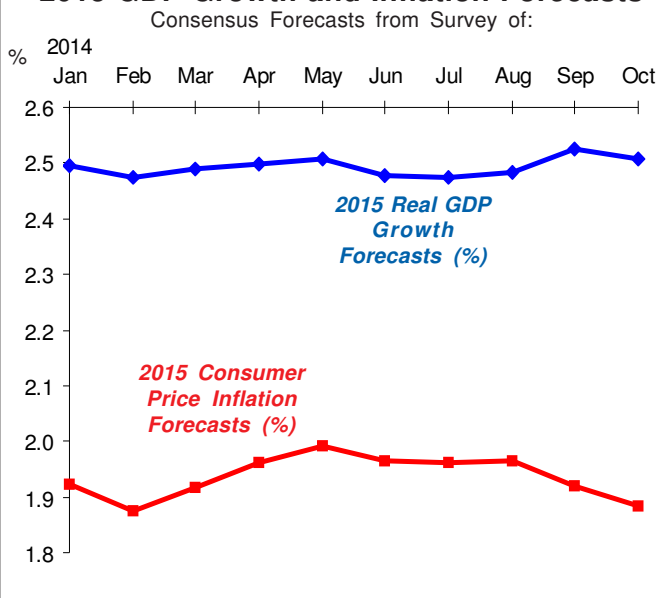
FORECASTS	End Dec. 2014	End Mar. 2015	End June 2015	End Sep. 2015
Consensus Mean Average:	1.00%	1.02%	1.08%	1.18%
Mode (most frequent forecast):	1.00%	1.00%	1.00%	1.00%

Direction of Trade – 2013

Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
United States	75.8	United States	52.1
China	4.3	China	11.1
United Kingdom	3.0	Mexico	5.6
EU	7.0	Asia (ex. Japan)	14.2
Asia (ex. Japan)	6.1	EU	11.2
Latin America	2.8	Latin America	9.0



2015 GDP Growth and Inflation Forecasts



The EURO ZONE is: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain.	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	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
Moody's Analytics	1.0	1.7	0.8	1.3	0.8	0.1	1.5	4.4	1.2	2.4	0.6	1.3	-0.6	2.9	na	na	11.9	11.6
AXA Investment Managers	0.9	1.1	0.9	1.1	0.9	0.3	1.1	0.6	na	na	0.5	1.0	na	na	na	na	11.5	10.8
European F'cast Network	0.9	1.3	0.6	0.6	0.7	0.4	1.6	2.8	1.2	1.3	0.5	1.1	na	na	1.4	2.6	11.6	11.4
UBS	0.9	1.4	0.9	1.3	0.5	0.5	1.7	3.2	na	na	0.6	1.2	-0.6	1.4	na	na	11.5	11.3
ETLA	0.8	1.3	0.5	0.9	0.1	0.7	1.5	2.5	1.1	2.1	0.3	0.9	na	na	na	na	11.7	11.4
Econ Intelligence Unit	0.8	1.2	0.7	1.1	0.9	0.9	na	na	0.9	1.7	0.5	1.0	-1.0	1.2	na	na	11.5	11.3
Citigroup	0.8	1.4	0.8	1.3	0.6	0.6	1.2	1.8	1.2	3.3	0.6	1.1	na	na	na	na	11.4	10.9
Allianz	0.8	1.2	0.7	1.0	0.8	0.8	1.3	2.4	1.2	2.4	0.6	1.2	-1.2	1.2	na	na	11.5	11.0
Bank Julius Baer	0.8	1.1	0.8	1.7	0.8	0.5	1.9	2.1	0.4	0.7	0.5	1.1	-1.2	-1.0	1.3	1.6	11.7	12.0
Credit Suisse	0.8	1.6	0.8	1.4	0.8	0.6	1.2	2.7	1.4	3.2	0.6	1.0	na	na	na	na	11.6	11.2
IHS Economics	0.8	1.2	0.7	1.2	0.9	0.5	0.5	1.7	1.1	2.2	0.6	1.1	-1.0	1.3	1.3	1.6	11.6	11.3
JP Morgan	0.8	1.8	0.8	1.4	0.8	1.1	1.2	2.7	1.0	2.5	0.5	0.8	na	na	na	na	11.6	11.2
Natixis	0.8	1.0	0.8	1.0	0.9	0.7	1.1	2.0	na	na	0.5	0.9	na	na	na	na	11.5	11.3
Nomura	0.8	1.0	0.7	0.8	0.8	0.6	1.0	1.0	na	na	0.5	0.8	na	na	na	na	11.6	11.6
UniCredit	0.8	1.2	0.7	0.9	0.8	0.6	1.2	1.8	na	na	0.5	1.0	na	na	na	na	11.6	11.4
Oxford Economics	0.8	1.3	0.8	1.3	0.7	0.3	0.5	1.3	0.7	1.3	0.5	0.9	-1.3	0.7	na	na	11.5	11.2
Grupo Santander	0.8	1.2	0.7	0.9	0.7	0.0	1.3	3.2	na	na	0.6	1.1	na	na	na	na	11.6	11.4
Morgan Stanley	0.8	1.2	0.8	1.1	0.8	0.6	1.2	2.1	na	na	0.6	1.2	na	na	na	na	11.5	11.3
Societe Generale	0.8	1.0	0.8	1.0	0.9	0.8	0.5	0.7	na	na	0.6	1.1	na	na	na	na	11.6	11.4
Bank of America - Merrill	0.8	1.3	0.6	1.1	0.6	0.0	0.4	1.8	1.1	2.0	0.5	1.0	na	na	na	na	11.6	11.6
BNP Paribas	0.7	0.9	0.7	0.8	0.8	0.1	0.8	0.8	1.0	1.7	0.5	0.9	na	na	na	na	11.6	11.4
Credit Agricole	0.7	1.2	0.8	1.2	0.7	0.5	1.0	2.0	na	na	0.5	1.0	na	na	na	na	11.7	11.3
Intesa Sanpaolo	0.7	1.0	0.7	1.1	0.8	0.4	0.6	1.8	1.4	1.0	0.6	1.1	-1.3	0.8	1.3	1.4	11.5	11.1
Goldman Sachs	0.7	1.0	0.8	1.3	0.8	0.7	1.2	3.9	na	na	0.5	0.9	na	na	na	na	11.7	11.5
Commerzbank	0.7	0.8	0.7	1.1	1.0	1.1	0.4	1.3	0.7	1.5	0.6	1.0	-1.3	1.2	1.2	1.8	11.6	11.2
Consensus (Mean)	0.8	1.2	0.7	1.1	0.8	0.5	1.1	2.1	1.0	2.0	0.5	1.0	-1.1	1.1	1.3	1.8	11.6	11.3
Last Month's Mean	0.9	1.4	0.7	1.2	0.6	0.5	1.4	2.5	1.4	2.5	0.6	1.1	-0.8	1.0	1.4	1.8	11.7	11.4
3 Months Ago	1.1	1.6	0.7	1.2	0.4	0.5	2.0	2.9	1.7	2.8	0.7	1.2	-0.7	1.2	1.7	1.8	11.7	11.4
High	1.0	1.8	0.9	1.7	1.0	1.1	1.9	4.4	1.4	3.3	0.6	1.3	-0.6	2.9	1.4	2.6	11.9	12.0
Low	0.7	0.8	0.5	0.6	0.1	0.0	0.4	0.6	0.4	0.7	0.3	0.8	-1.3	-1.0	1.2	1.4	11.4	10.8
Standard Deviation	0.1	0.2	0.1	0.2	0.2	0.3	0.4	1.0	0.3	0.7	0.1	0.1	0.3	1.0	0.1	0.5	0.1	0.2
Comparison Forecasts																		
Eur Commission (May '14)	1.2	1.7	0.8	1.3	0.7	0.5	2.3	4.2			0.8	1.2					11.8	11.4
ECB - midpoint (Sep. '14)	0.9	1.6	0.7	1.4	0.7	0.4	1.1	3.1			0.6	1.1					11.6	11.2
IMF (Oct. '14)	0.8	1.3									0.5	0.9					11.6	11.2
OECD (May '14)	1.2	1.7	0.7	1.3	0.3	0.2	2.5	3.3			0.7	1.1					11.7	11.4

European Monetary Union

Euro zone - The 18 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 Mario Draghi. **Nominal GDP** - Euro 9,585bn (2013). **Population** - 331.1mn (mid-year, 2013). **\$/Euro Exchange Rate** - 1.328 (average, 2013).

Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of September 8, 2014

	2014		2015			2016				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross Domestic Product	1.0	0.7	0.9	0.9	1.1	1.4	1.5	1.6	1.6	1.5
Private Consumption	0.6	0.7	0.7	0.9	1.1	1.1	1.2	1.2	1.6	1.7
Consumer Prices	0.6	0.6	0.4	0.7	0.8	1.1	1.2	1.2	1.3	1.4

Percentage Change (year-on-year).

Historical Data

* % change on previous year	2010	2011	2012	2013
Gross Domestic Product*	1.9	1.6	-0.6	-0.4
Private Consumption*	1.0	0.3	-1.4	-0.6
Government Consumption*	0.6	-0.1	-0.6	0.2
Gross Fixed Capital Formation*	-0.6	1.7	-3.8	-2.8
Industrial Production*	7.3	3.5	-2.5	-0.7
Consumer Prices*	1.6	2.7	2.5	1.3
Industrial Producer Prices*	2.7	5.7	2.8	-0.2
Hourly Labour Costs - Total*	1.7	2.6	2.4	1.3
Unemployment Rate, (%)	10.1	10.1	11.3	12.0
Exports - Goods & Services*	11.4	6.7	2.8	1.5
Imports - Goods & Services*	9.8	4.7	-0.8	0.4
Current Account, Euro bn	10.0	12.1	133	228
General Govt. Budget Balance (Maastricht definition), Euro bn	-571	-389	-352	-293
Money Supply, M3, end period*	1.1	1.6	3.5	1.0

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	
2014	2015	2014	2015	2014	2015	2014	2015	2014	2015
3.3	3.2	3.4	3.2	84	-8	na	na	2.3	2.7
3.0	3.8	3.4	3.5	na	na	na	na	na	na
3.2	5.8	3.9	5.9	230	238	na	na	na	na
2.9	4.0	3.0	4.2	na	na	na	na	na	na
3.0	5.0	4.2	4.9	na	na	na	na	na	na
2.3	2.9	2.9	3.1	na	na	-263	-221	na	na
2.6	3.4	2.8	3.2	276	302	-261	-226	na	na
3.0	4.0	3.3	4.2	233	240	-250	-200	na	na
2.6	4.1	3.5	5.9	na	na	na	na	na	na
2.8	4.4	3.1	4.3	na	na	-252	-218	na	na
3.3	3.2	3.5	3.3	245	235	-249	-201	na	na
2.5	3.4	2.7	3.2	na	na	-285	-267	na	na
2.7	3.2	3.1	3.7	240	240	-254	-232	na	na
2.5	2.9	2.9	2.7	na	na	na	na	na	na
2.4	2.8	2.7	3.0	na	na	na	na	na	na
2.2	4.0	2.9	4.0	248	255	-254	-212	2.7	3.5
2.6	3.7	3.0	3.9	188	188	-239	-196	na	na
2.6	3.7	3.1	3.9	242	261	-259	-229	na	na
3.0	3.1	3.4	3.3	na	na	na	na	na	na
4.1	8.2	4.4	8.2	224	238	-244	-230	na	na
2.7	3.4	3.0	3.2	240	270	-253	-215	na	na
2.6	3.5	3.0	3.5	221	222	-264	-250	na	na
2.7	3.7	2.9	3.8	243	259	-277	-240	2.3	1.9
2.4	2.0	3.0	3.4	283	311	na	na	na	na
2.9	4.0	3.6	4.2	200	250	-250	-200	2.5	3.0
2.8	3.8	3.2	4.0	226	233	-257	-222	2.4	2.8
3.0	4.2	3.3	4.2	237	238	-253	-223	1.9	2.8
3.4	4.3	3.6	4.4	237	236	-249	-218	1.7	2.3
4.1	8.2	4.4	8.2	283	311	-239	-196	2.7	3.5
2.2	2.0	2.7	2.7	84	-8	-285	-267	2.3	1.9
0.4	1.2	0.4	1.2	46	73	12	20	0.2	0.7
4.0	5.3	3.8	5.5	286	289				
3.1	4.5	3.5	4.5						

Lack of Growth Sparks Stimulus Debate

Concerns over industry and deflation – and, therefore, the possibility of recession – mark this month’s outlook. Despite a 1.2% (m-o-m) gain in retail sales in August and signs that unemployment is gradually easing, the 2014 consumption forecast remains at 0.7% on the back of weak inflation. The headline CPI rose by only 0.3% (m-o-m) in September while the y-o-y rate was at 0.4%. The ECB plans to buy private sector assets in order to stimulate lending, but more action is needed if prices continue to fall. Meanwhile, German production collapsed by 4.0% (m-o-m) in August, accentuating concerns over the Euro area’s largest economy. The IMF has urged Germany to reduce its budget surplus in order to help support growth, not just at home but in the region as a whole.

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
	Oct. 13, '14	End Jan. '15	End Oct. '15
Euribor, 3-mth, %	0.1	0.1	0.1
German 10-yr Govt Bond, %	0.9	1.0	1.4

Euro zone Refinancing Rate – Oct. 13, 2014 = 0.05%

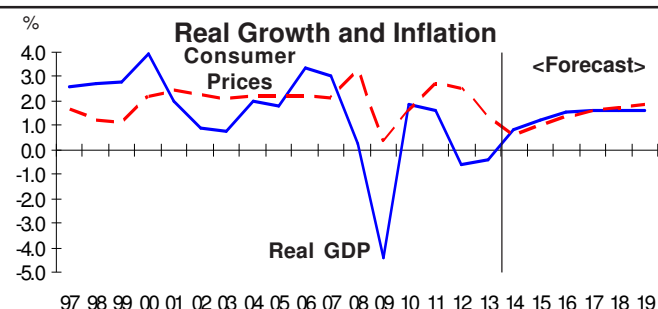
FORECASTS	End Dec. 2014	End Mar. 2015	End June 2015	End Sep. 2015
Consensus Mean Average:	0.06%	0.06%	0.06%	0.05%
Mode (most frequent forecast):	0.05%	0.05%	0.05%	0.05%

Euro Exchange Rates

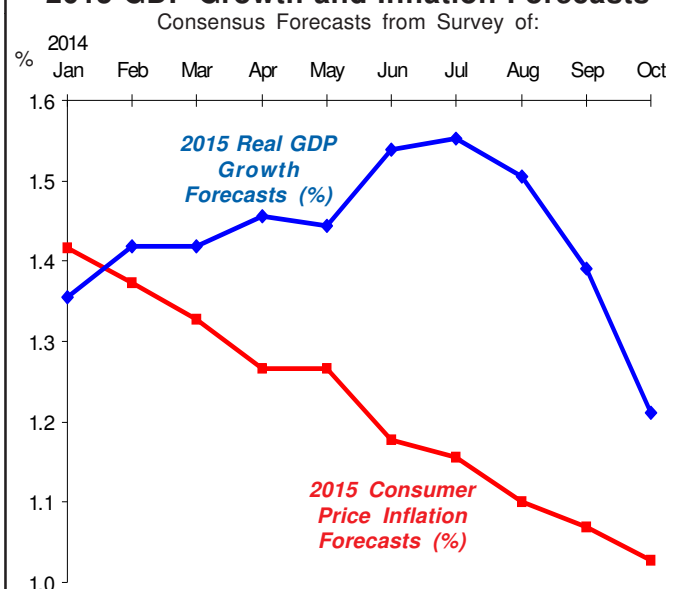
Consensus forecasts from a survey of approximately 100 panellists are shown on page 27.

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.



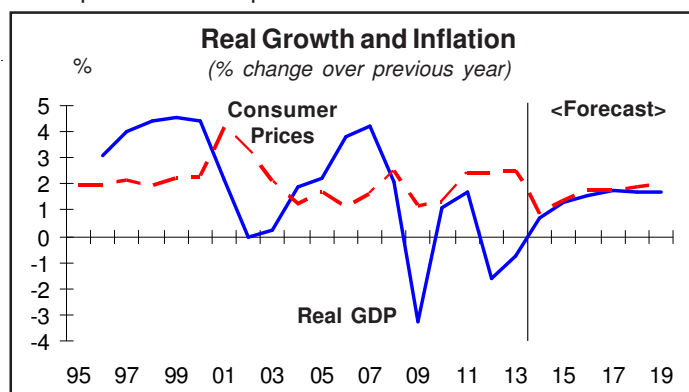
2015 GDP Growth and Inflation Forecasts



	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)		0.1%		1.0%	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	End Jan'15	End Oct'15	End Jan'15	End Oct'15
Economic Forecasters	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	End Jan'15	End Oct'15	End Jan'15	End Oct'15
Nomura	1.0	1.1	-0.1	0.3	0.4	-0.5	na	na	na	na	na	na	na	na	na	na	0.1	0.1	na	na
Moody's Analytics	0.8	1.4	0.0	1.5	0.9	1.5	-1.6	4.9	1.0	2.0	na	na	95.6	88.7	na	na	0.1	0.1	1.3	1.2
Oxford Economics	0.8	1.2	-0.1	0.5	0.9	2.0	na	na	1.1	1.2	na	na	68.3	66.2	-16.1	-12.7	0.2	0.1	1.3	1.4
ABN AMRO	0.8	1.5	-0.2	0.6	2.0	3.8	na	na	1.0	1.5	1.7	2.0	63.5	66.5	-17.5	-14.0	0.0	0.0	1.1	1.5
Credit Suisse	0.7	1.7	-1.0	0.5	1.0	3.2	na	na	0.4	0.7	na	na	65.0	65.0	-16.5	-12.5	0.1	0.1	na	na
ING	0.7	1.4	-0.1	1.1	0.8	2.1	1.5	1.0	1.1	1.6	1.6	2.0	68.0	70.2	-17.1	-13.7	0.1	0.1	1.0	1.1
Theodoor Gilissen	0.7	1.3	-0.1	0.6	2.4	4.4	1.1	1.7	0.7	0.9	1.4	2.0	na	na	-18.0	-19.0	0.1	0.1	1.0	1.3
UBS	0.7	1.4	-0.3	0.6	1.2	3.2	na	na	na	na	na	na	na	na	na	na	0.1	0.1	1.9	2.2
Citigroup	0.7	1.5	-0.3	0.5	0.3	0.8	na	na	0.6	1.6	na	na	69.5	62.2	-16.8	-13.0	na	na	1.1	1.6
Econ Intelligence Unit	0.6	1.0	-0.5	0.3	2.0	2.2	na	na	0.4	1.3	na	na	na	na	na	na	na	na	na	na
Bank of America - Merrill	0.6	1.4	-0.3	0.9	0.4	2.7	1.0	3.7	1.0	1.1	na	na	62.1	65.9	-17.8	-12.5	na	na	na	na
BNP Paribas	0.5	0.9	-0.1	0.8	2.2	2.4	1.2	2.0	1.0	1.7	1.5	1.7	65.8	66.5	-16.7	-15.9	0.1	0.1	1.3	1.6
Feri EuroRating	0.5	1.0	-0.6	0.8	3.9	2.1	1.6	2.0	0.9	1.4	1.1	2.1	67.2	63.8	-19.0	-16.9	0.1	0.1	1.3	1.9
NIBC	0.4	1.0	-0.1	0.7	4.5	3.0	1.5	1.2	1.0	1.2	1.6	1.7	62.0	60.0	-17.5	-14.3	0.0	0.0	1.1	1.3
Consensus (Mean)	0.7	1.3	-0.3	0.7	1.6	2.4	0.9	2.4	0.9	1.4	1.5	1.9	68.7	67.5	-17.3	-14.5	0.1	0.1	1.2	1.5
Last Month's Mean	0.5	1.4	-0.4	0.7	2.9	2.9	0.5	2.6	0.8	1.3	1.3	1.8	68.2	66.8	-17.0	-14.5				
3 Months Ago	0.5	1.5	-0.5	0.7	4.4	3.1	2.1	2.4	0.8	1.3	1.5	2.0	63.8	63.4	-17.4	-14.5				
High	1.0	1.7	0.0	1.5	4.5	4.4	1.6	4.9	1.1	2.0	1.7	2.1	95.6	88.7	-16.1	-12.5	0.2	0.1	1.9	2.2
Low	0.4	0.9	-1.0	0.3	0.3	-0.5	-1.6	1.0	0.4	0.7	1.1	1.7	62.0	60.0	-19.0	-19.0	0.0	0.0	1.0	1.1
Standard Deviation	0.2	0.2	0.3	0.3	1.3	1.2	1.1	1.4	0.3	0.4	0.2	0.2	9.8	7.9	0.8	2.2	0.1	0.0	0.3	0.3
Comparison Forecasts																				
CPB (Oct. '14)	0.7	1.3	0.1	1.1	2.6	3.4			1.0	1.2			54.7	58.4	-16.9	-14.7				
Eur Commission (May '14)	1.2	1.4	-0.2	0.9	4.9	2.9			0.7	0.9			50.5	54.1						
IMF (Oct. '14)	0.6	1.4							0.5	0.7					-16.0	-13.6				
OECD (May '14)	1.0	1.3	-0.6	0.1	4.2	2.3			0.5	0.8										

◆ Revised figures show that the Dutch economy performed better than expected in Q2, advancing by 0.7% (q-o-q), the upward adjustment based on improved household consumption and fixed capital formation. A 0.5% (y-o-y) progression in consumption in July points towards a marginal lift in consumer confidence. Nevertheless, the consensus predicts a third straight year of contraction in private consumption.

◆ Exports of goods were buoyant in July, surging 4.1% (y-o-y). Much of this increase arose from re-exports, as exports of Dutch products remained muted.



Historical Data

* % change on previous year	2010	2011	2012	2013
Gross Domestic Product*	1.1	1.7	-1.6	-0.7
Private Consumption*	-0.1	0.2	-1.5	-1.6
Gross Fixed Investment*	-5.7	5.6	-6.0	-3.9
Manufacturing Production*	7.0	3.3	-0.8	-1.0
Consumer Prices*	1.3	2.4	2.4	2.5
Hourly Wages (manufacturing)*	1.2	1.2	1.8	1.6
Current Account, transactions basis, Euro bn	43.3	54.4	57.2	65.6
General Govt. Budget Balance (Maastricht definition), Euro bn	-30.1	-26.0	-24.3	-15.2
3 mth Euro, % (end yr)	1.0	1.4	0.2	0.3
10 Yr Dutch Govt Bond Yield, % (end yr)	3.2	2.2	1.5	2.2

Nominal GDP - Euro 603.4bn (2013). **Popn** - 16.8mn (mid-year, 2013). **\$/Euro Exch. Rate** - 1.328 (average, 2013).

Quarterly Consensus Forecasts

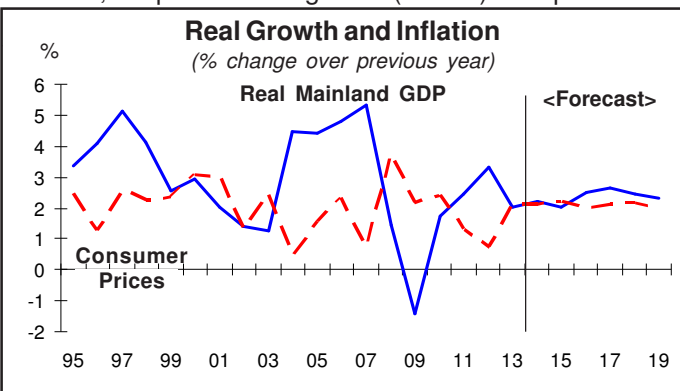
Historical Data and Forecasts (bold italics) From Survey of September 8, 2014										
	2014		2015			2016				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross Domestic Product	0.1	0.9	0.8	0.5	1.4	1.1	1.3	1.5	1.6	1.7
Consumer Prices	1.1	1.0	0.8	1.0	1.2	1.3	1.3	1.5	1.9	2.1

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)		1.7%		2.2%	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	End Jan'15	End Oct'15	End Jan'15	End Oct'15
Economic Forecasters	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	End Jan'15	End Oct'15	End Jan'15	End Oct'15
Goldman Sachs	2.5	2.9	2.5	3.4	0.9	6.2	na	na	2.1	1.9	na	na	na	na	na	na	na	na	na	na
UBS	2.4	2.6	2.3	3.6	0.6	6.4	na	na	2.3	3.1	na	na	na	na	na	na	1.8	2.1	3.0	3.7
Feri EuroRating	2.4	2.4	2.3	3.2	1.3	4.1	2.2	2.1	2.1	2.2	3.9	5.1	334	352	352	323	1.8	1.9	2.6	2.9
HSBC	2.3	1.9	2.3	2.1	0.7	4.3	2.9	2.7	2.2	2.5	2.5	2.5	na	na	na	na	na	na	na	na
Nordea Markets	2.3	1.5	2.2	2.2	-0.5	-2.8	na	na	2.1	1.7	3.5	3.3	332	351	343	359	1.8	1.8	2.7	3.0
Citigroup	2.3	2.2	2.2	2.5	0.7	1.8	na	na	2.0	2.1	na	na	346	383	na	na	1.5	1.5	2.1	2.5
Statistics Norway	2.2	2.1	2.1	2.9	-0.4	1.0	na	na	2.1	1.7	3.5	3.5	321	318	na	na	1.7	1.7	na	na
DNB	2.1	1.6	2.3	2.9	0.4	-4.3	2.4	1.0	2.1	2.4	3.5	3.5	300	280	320	300	1.8	1.8	2.9	3.2
NHO Conf Nor Enterprise	2.0	1.8	2.3	2.5	-2.0	-2.5	na	na	na	na	na	na	na	na	na	na	na	na	na	na
Oxford Economics	1.6	1.3	2.1	2.2	0.4	2.1	na	na	2.1	2.4	3.8	3.2	316	255	331	319	1.7	1.6	2.4	2.5
Consensus (Mean)	2.2	2.0	2.3	2.7	0.2	1.6	2.5	1.9	2.1	2.2	3.5	3.5	325	323	336	325	1.7	1.8	2.6	3.0
Last Month's Mean	2.2	2.2	2.2	2.9	0.6	1.8	2.4	1.6	2.0	2.2	3.7	3.7	338	333	341	336				
3 Months Ago	2.0	2.2	2.1	2.8	1.3	2.5	1.9	1.6	2.0	2.1	3.7	3.7	361	355	357	346				
High	2.5	2.9	2.5	3.6	1.3	6.4	2.9	2.7	2.3	3.1	3.9	5.1	346	383	352	359	1.8	2.1	3.0	3.7
Low	1.6	1.3	2.1	2.1	-2.0	-4.3	2.2	1.0	2.0	1.7	2.5	2.5	300	255	320	300	1.5	1.5	2.1	2.5
Standard Deviation	0.2	0.5	0.1	0.5	1.0	3.8	0.3	0.9	0.1	0.4	0.5	0.9	16	48	14	25	0.1	0.2	0.3	0.5
Comparison Forecasts																				
Bank of Norway (Oct. '14)	2.3	2.3	2.3	3.3					2.0	2.3										
OECD (May '14)	2.0	2.4	2.2	3.0	3.3	3.8			1.9	2.1										

Household consumption of goods bounced back in August, elevated by 1.5% (m-o-m) after July's 1.7% fall. Big contributions came from increased purchases of vehicles, whilst retail sales shot up by 0.6% (m-o-m). The proposed implementation of tax cuts to counter a potential slowdown in the economy (largely due to lower oil prices and investment) should facilitate domestic growth. Prime Minister Erna Solberg has also announced greater spending of oil revenues.

Interest rates are expected to be unchanged until late in 2015, despite CPI rising 0.5% (m-o-m) in September.



Historical Data				
* % change on previous year	2010	2011	2012	2013
GDP (Mainland)*	1.7	2.5	3.3	2.0
Private Consumption*	3.7	2.6	3.0	2.2
Gross Fixed Investment*	-8.1	7.7	8.3	8.4
Manufacturing Production*	2.8	0.9	2.8	3.8
Consumer Prices*	2.4	1.3	0.7	2.1
Wages & Salaries per Full-Time Employee (Total)*	3.1	4.1	4.0	4.7
Current Account, Nkr bn	303	372	417	334
General Govt. Bud Bal, Nkr bn	283	374	404	327
3 mth Interbank Rate, % (end year)	2.6	2.9	1.8	1.7
10 Yr Govt Bond Yield, % (end year)	3.7	2.4	2.1	3.0

Nominal GDP (total) - Nkr3,011bn (2013). Population - 5.0mn (mid-yr, 2013). Nkr/\$ Exchange Rate - 5.875 (average, 2013).

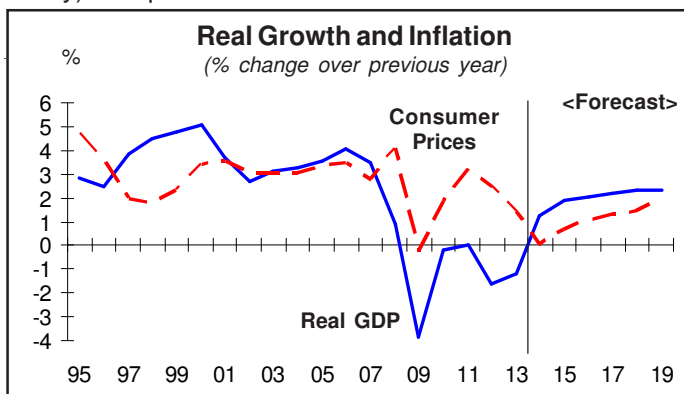
Quarterly Consensus Forecasts										
Historical Data and Forecasts (bold italics) From Survey of September 8, 2014										
	2014			2015			2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross Domestic Product (Mainland)	1.8	2.8	2.1	2.3	2.2	2.1	2.1	2.3	2.4	2.6
Consumer Prices	2.1	1.8	2.1	2.3	2.3	2.3	2.1	2.2	2.0	1.9

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)		0.1%		2.1%		
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	End Jan'15	End Oct'15	End Jan'15	End Oct'15	
Economic Forecasters	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	End Jan'15	End Oct'15	End Jan'15	End Oct'15	
Inst. Klein-G. (UAM)	1.4	2.1	1.7	1.7	1.2	4.3	2.1	2.7	0.0	0.7	0.5	0.2	5.4	10.9	-59.4	-53.3	0.1	0.1	2.5	2.8	
BBVA	1.3	2.3	1.9	2.0	1.2	4.9	na	na	0.1	0.9	na	na	3.5	12.2	-57.0	-48.5	0.1	0.2	1.8	1.8	
Grupo Santander	1.3	2.1	2.1	2.0	0.9	4.3	2.0	3.1	0.5	1.0	0.0	1.0	na	na	na	na	0.1	0.1	2.1	2.6	
Oxford Economics	1.3	2.1	2.2	2.3	0.9	2.8	1.5	2.7	-0.1	0.3	0.9	0.4	-1.1	5.6	-57.7	-47.0	0.2	0.1	2.4	2.4	
Citigroup	1.3	2.0	2.2	2.2	1.0	3.1	na	na	0.0	0.5	na	na	3.7	4.0	-57.9	-49.6	0.1	0.1	1.7	2.2	
AFI	1.3	1.9	2.1	1.5	0.6	3.0	na	na	-0.1	0.5	na	na	1.0	3.9	-59.3	-49.9	0.1	0.1	2.1	2.4	
CEOE	1.3	1.9	2.0	1.8	0.7	2.9	2.0	na	0.0	0.9	na	na	-2.7	-5.1	-57.0	-47.8	0.1	0.1	2.1	2.3	
Goldman Sachs	1.3	1.6	2.2	2.1	0.7	3.8	1.4	0.7	0.1	0.7	na	na	-1.9	0.0	-56.8	-43.2	na	na	na	na	
UBS	1.3	2.0	2.2	2.8	0.2	1.6	na	na	0.0	0.9	na	na	na	na	na	na	0.1	0.1	na	na	
CEPREDE	1.3	2.0	2.0	1.7	1.1	3.2	2.0	2.6	0.1	0.7	0.2	0.3	0.8	3.6	-63.1	-45.2	0.3	0.3	3.2	3.1	
FUNCAS	1.3	2.2	2.1	2.6	0.8	3.0	1.1	2.1	0.0	0.5	na	na	-2.6	-2.5	-56.8	-48.6	0.2	0.2	2.1	2.4	
Bank of America - Merrill	1.2	1.7	2.0	1.5	0.5	2.7	1.2	2.3	0.0	0.5	na	na	3.5	12.7	-62.6	-56.9	na	na	na	na	
La Caixa	1.2	1.7	2.1	1.6	0.7	4.3	1.0	2.4	0.1	1.0	0.4	0.8	2.6	8.8	-58.3	-45.0	0.2	0.2	2.5	2.6	
Econ Intelligence Unit	1.1	1.4	1.7	1.4	0.4	1.0	1.2	1.6	-0.1	0.5	na	na	4.1	-2.0	na	na	na	na	na	na	
IFL-Univers Carlos III	1.1	1.9	2.2	2.9	0.2	2.0	1.8	2.9	0.0	0.9	na	na	na	na	na	na	na	na	na	na	
HSBC	1.1	1.2	2.1	1.7	0.4	1.4	1.6	1.7	0.0	0.5	0.1	0.5	-5.2	-1.5	-62.8	-61.8	0.1	0.1	2.0	2.0	
Consensus (Mean)	1.3	1.9	2.0	2.0	0.7	3.0	1.6	2.3	0.0	0.7	0.4	0.5	0.9	3.9	-59.1	-49.7	0.1	0.1	2.2	2.4	
Last Month's Mean	1.2	1.8	1.8	1.8	0.6	2.9	1.9	2.4	0.1	0.7	-0.2	0.3	5.5	9.3	-59.0	-49.9					
3 Months Ago	1.1	1.7	1.5	1.6	0.6	2.7	2.0	2.6	0.2	0.8	-0.1	0.3	10.4	14.4	-59.2	-51.8					
High	1.4	2.3	2.2	2.9	1.2	4.9	2.1	3.1	0.5	1.0	0.9	1.0	5.4	12.7	-56.8	-43.2	0.3	0.3	3.2	3.1	
Low	1.1	1.2	1.7	1.4	0.2	1.0	1.0	0.7	-0.1	0.3	0.0	0.2	-5.2	-5.1	-63.1	-61.8	0.1	0.1	1.7	1.8	
Standard Deviation	0.1	0.3	0.2	0.5	0.3	1.1	0.4	0.7	0.1	0.2	0.3	0.3	3.3	5.9	2.4	5.3	0.1	0.1	0.4	0.4	
Comparison Forecasts																					
Eur Commission (May '14)	1.1	2.1	1.3	1.6	-1.4	4.2			0.1	0.8			14.3	15.7							
IMF (Oct. '14)	1.3	1.7							0.0	0.6					-59.2	-50.0					
OECD (May '14)	1.0	1.5	1.0	1.0	0.3	2.0			0.1	0.5											

So far this year, Spain has been one of the better-performing economies in the Euro zone. Prospects for Q3 growth look promising, with booming retail sales of 2.8% (m-o-m) in August indicating that household consumption will continue to support GDP. Industrial production rose 0.2% (m-o-m) in August after July's modest 0.1% increase, hinting at a fourth straight q-o-q improvement.

The unemployment rate remains a drag on the economy at 24.5%, at more than twice the average of the Euro area. Consumer prices are still a concern, easing to -0.2% (y-o-y) in September.



Historical Data				
* % change on previous year	2010	2011	2012	2013
Gross Domestic Product*	-0.2	0.1	-1.6	-1.2
Household Consumption*	0.1	-1.2	-2.8	-2.1
Gross Fixed Investment*	-4.2	-5.6	-6.9	-5.2
Industrial Production*	0.9	-2.0	-6.4	-1.7
Consumer Prices*	1.8	3.2	2.4	1.4
Salary Cost per Hour*	1.1	2.1	0.0	0.4
Current Account, Euro bn	-47.0	-39.0	-12.4	8.0
General Govt. Budget Balance (Maastricht definition), Euro bn	-101	-100	-109	-72.6
3 mth Euro, % (end yr)	1.0	1.4	0.2	0.3
10 Yr Spanish Govt Bond Yield, % (end yr)	5.5	5.1	5.3	4.1

Nominal GDP - Euro1,023bn (2013). Popn - 46.9mn (mid-year, 2013). \$/Euro Exch. Rate - 1.328 (average, 2013).

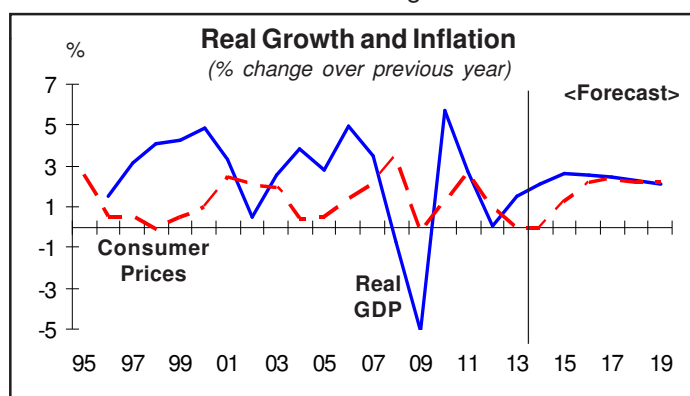
Quarterly Consensus Forecasts									
Historical Data and Forecasts (bold italics) From Survey of September 8, 2014									
	2014		2015			2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Gross Domestic Product	0.5	1.2	1.5	1.7	1.8	1.8	1.9	2.0	2.2
Consumer Prices	0.0	0.2	-0.2	0.3	0.5	0.7	0.9	1.0	0.9

Percentage Change (year-on-year).

	Average % Change on Previous Calendar Year										Annual Total				Rates on Survey Date					
	Gross Domestic Product		Household Consumption		Gross Fixed Investment		Mining & Manufacturing Production		Consumer Prices		Hourly Earnings (Mining & Manuf.)		Current Account (Skr bn)		General Govt Budget Balance (Skr bn)		0.5%		1.4%	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	End Jan'15	End Oct'15	End Jan'15	End Oct'15
Economic Forecasters	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	End Jan'15	End Oct'15	End Jan'15	End Oct'15
Erik Penser Bank	2.6	2.3	2.9	2.0	5.2	5.5	na	na	0.1	1.5	2.8	2.8	226	215	-52.0	-48.0	0.5	0.5	1.7	2.3
Svenska Handelsbanken	2.4	3.0	3.0	2.8	5.1	4.6	-1.3	1.8	0.1	1.9	2.8	3.0	na	na	na	na	0.5	0.8	1.5	2.2
Goldman Sachs	2.3	3.1	3.1	3.1	4.9	5.6	-0.7	0.9	0.0	1.2	na	na	na	na	na	na	na	na	na	na
Confed of Swed Enterprise	2.2	3.3	2.8	3.4	4.5	4.1	na	na	-0.1	1.9	na	na	na	na	na	na	0.6	1.1	2.0	2.5
SBAB Bank	2.2	2.8	2.9	2.5	4.4	4.6	-0.5	4.0	0.0	1.2	2.1	2.5	200	200	-60.0	-80.0	0.5	0.6	1.7	2.5
Citigroup	2.2	2.6	2.7	2.7	3.5	3.1	na	na	0.0	1.1	na	na	240	242	-79.4	-48.1	0.3	0.3	1.6	2.1
Nordea	2.1	2.5	2.8	2.6	na	na	na	na	0.0	1.1	na	na	226	249	-82.0	-54.8	0.5	0.5	1.7	2.2
SE Banken	2.1	2.9	2.7	3.0	3.0	4.5	na	na	-0.1	0.8	2.8	2.8	na	na	na	na	0.5	0.5	1.5	1.8
Swedbank	2.1	2.3	2.8	2.4	3.9	6.0	na	na	0.1	1.4	na	na	204	182	-65.0	-44.0	0.4	0.5	1.6	2.1
Econ Intelligence Unit	2.0	2.4	2.9	2.6	3.8	4.7	-0.7	2.9	0.0	1.7	na	na	221	228	na	na	na	na	na	na
HSBC	2.0	1.9	2.9	2.5	4.2	3.0	-0.4	2.9	0.1	0.9	2.7	2.3	na	na	na	na	0.3	0.3	na	na
Oxford Economics	2.0	2.2	2.9	3.3	4.3	4.5	na	na	-0.2	1.1	2.0	2.5	205	178	-60.7	-45.1	0.5	0.5	1.6	2.1
National Institute - NIER	1.8	3.1	2.5	2.4	4.3	7.3	-1.4	5.0	0.0	1.1	2.7	2.9	231	233	-81.5	-52.3	na	na	1.8	2.3
UBS	1.8	2.7	2.6	2.5	3.7	5.1	na	na	0.0	1.1	na	na	na	na	na	na	0.5	0.9	2.3	2.6
Morgan Stanley	1.5	2.6	2.7	3.5	3.8	4.3	na	na	0.0	1.3	na	na	224	230	na	na	na	na	na	na
Consensus (Mean)	2.1	2.6	2.8	2.7	4.2	4.8	-0.8	2.9	0.0	1.3	2.6	2.7	220	218	-68.6	-53.2	0.5	0.6	1.7	2.2
Last Month's Mean	2.1	2.7	2.7	2.6	4.6	5.1	0.3	3.8	0.0	1.4	2.5	2.6	219	216	-66.1	-44.7				
3 Months Ago	2.5	2.8	2.5	2.4	5.6	5.5	1.1	4.4	0.0	1.4	2.4	2.6	229	233	-60.9	-37.7				
High	2.6	3.3	3.1	3.5	5.2	7.3	-0.4	5.0	0.1	1.9	2.8	3.0	240	249	-52.0	-44.0	0.6	1.1	2.3	2.6
Low	1.5	1.9	2.5	2.0	3.0	3.0	-1.4	0.9	-0.2	0.8	2.0	2.3	200	178	-82.0	-80.0	0.3	0.3	1.5	1.8
Standard Deviation	0.3	0.4	0.2	0.4	0.6	1.1	0.4	1.5	0.1	0.3	0.4	0.3	14	26	12.2	12.4	0.1	0.3	0.2	0.2
Comparison Forecasts																				
Riksbank (Jul. '14)	2.2	3.3	2.7	3.2	4.4	6.0			-0.1	1.3										
Eur Commission (May '14)	2.8	3.0	2.9	2.8	5.5	6.5			0.5	1.5										
IMF (Oct. '14)	2.1	2.7							0.1	1.4					-76.4	-29.5				
OECD (May '14)	2.8	3.1	2.9	3.2	3.4	4.9			0.1	1.4										

◆ The short-term stability of the Swedish economy has been placed into question after the ruling centre-right Prime Minister Fredrik Reinfeldt was ousted from power in the September election. GDP is still estimated to expand 2.1% this year, after confirmation of a 0.7% (q-o-q) gain in Q2. Further improvement in household consumption saw a 0.9% (m-o-m) advance in August, raising confidence of a solid Q3 figure to follow the Q2 jump of 1.3% (q-o-q).

◆ Deflation fears worsened as consumer prices hit -0.2% (y-o-y) in August, influencing the Central Bank to keep the benchmark interest rate unchanged at 0.25%.



Historical Data				
* % change on previous year	2010	2011	2012	2013
Gross Domestic Product*	5.7	2.7	0.0	1.5
Household Consumption*	3.8	1.9	0.9	2.1
Gross Fixed Investment*	5.5	5.8	0.3	-0.1
Min. & Manufacturing Prodn*	8.7	3.0	-3.3	-4.1
Consumer Prices*	1.3	2.6	0.9	0.0
Average Hourly Earnings (Mining & Manufacturing)*	3.2	2.8	3.7	2.1
Current Account, Skr bn	212	212	212	251
General Govt. Bud Bal, Skr bn	-1.0	-2.9	-34.1	-50.4
3 mth Interbank Rate, % (end yr)	2.0	2.6	1.3	0.9
10 Yr Govt Bond Yield, % (end yr)	3.3	1.6	1.5	2.5

Nominal GDP - Skr 3,634bn (2013). Population - 9.6mn (mid-year, 2013). Skr/\$ Exchange Rate - 6.514 (average, 2013).

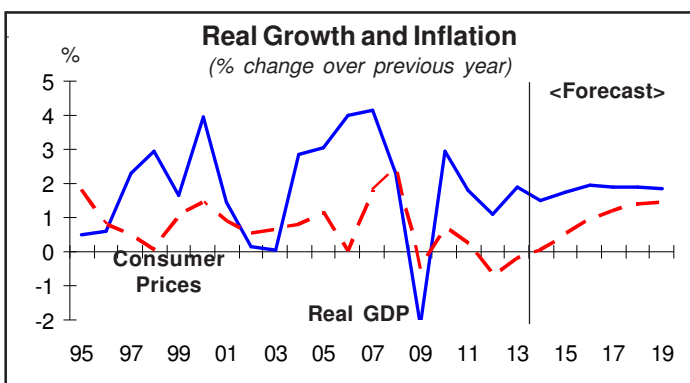
Quarterly Consensus Forecasts										
Historical Data and Forecasts (bold italics) From Survey of September 8, 2014										
	2014				2015			2016		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross Domestic Product	1.8	1.9	2.8	2.1	2.8	3.0	2.8	2.6	2.5	2.4
Consumer Prices	-0.3	0.0	0.1	0.6	1.2	1.3	1.4	1.7	2.3	2.5

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)		-0.1%		0.5%	
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	End Jan'15	End Oct'15	End Jan'15	End Oct'15
Economic Forecasters	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	End Jan'15	End Oct'15	End Jan'15	End Oct'15
Bank Vontobel	1.8	2.2	1.0	2.1	0.6	2.2	na	na	0.1	0.9	na	na	70.0	81.0	0.9	1.9	0.1	0.1	0.6	1.1
KOF Swiss Econ Inst	1.8	2.0	1.7	1.9	3.0	3.4	na	na	0.1	0.6	219	233	73.7	78.0	3.3	2.8	0.0	0.1	1.2	1.5
Zürcher Kantonalbank	1.8	2.0	0.4	1.5	1.0	1.4	3.5	4.3	-0.1	0.3	210	217	89.3	90.6	0.6	2.8	0.0	0.1	0.5	0.8
HSBC	1.6	1.7	0.8	1.5	0.4	2.3	0.7	1.7	0.1	0.3	na	na	78.9	78.0	-1.2	1.2	0.0	0.0	0.5	0.6
Pictet & Cie	1.6	2.0	1.2	1.8	2.0	3.0	na	na	0.0	0.5	na	na	70.0	75.0	2.5	2.5	0.0	0.0	0.6	1.3
Swiss Life	1.6	1.3	1.8	1.4	2.6	1.9	1.1	0.8	0.1	0.6	na	na	na	na	na	na	na	na	na	na
Wellershoff & Partners	1.6	1.4	1.2	1.0	0.8	0.5	na	na	0.2	0.8	205	215	na	na	3.0	2.0	na	na	na	na
IHS Economics	1.5	1.7	0.8	1.6	0.4	3.3	2.9	3.1	0.0	0.3	208	218	82.6	80.4	2.5	3.7	-0.1	-0.1	0.6	1.0
Econ Intelligence Unit	1.5	2.5	1.3	2.0	2.5	2.3	1.5	2.4	0.1	0.8	na	na	67.5	56.6	na	na	na	na	na	na
Credit Suisse	1.4	1.6	1.2	1.0	1.9	1.6	na	na	0.1	0.5	na	na	na	na	na	na	0.1	0.1	0.6	0.9
BAK Basel	1.4	1.9	1.2	1.8	2.6	1.9	2.0	2.3	0.0	0.3	206	218	60.1	74.4	0.1	1.4	0.0	0.0	0.7	0.9
UBS	1.3	1.6	1.2	1.5	2.2	1.7	na	na	0.1	0.6	na	na	na	na	na	na	0.0	0.0	0.5	0.7
Oxford Economics	1.3	1.7	1.2	1.7	2.4	1.6	2.0	2.3	0.0	0.1	na	na	59.8	76.7	0.1	1.4	0.0	0.0	0.6	0.8
Citigroup	1.1	1.3	1.3	2.1	2.8	4.4	na	na	0.1	1.1	na	na	80.0	73.1	na	na	0.0	0.0	0.5	0.9
Goldman Sachs	1.1	1.3	1.2	1.5	2.6	2.0	na	na	0.0	0.3	na	na	81.6	75.8	na	na	na	na	na	na
Consensus (Mean)	1.5	1.7	1.2	1.6	1.9	2.2	2.0	2.4	0.1	0.5	210	220	73.9	76.3	1.3	2.2	0.0	0.0	0.6	1.0
Last Month's Mean	1.7	2.1	1.5	1.8	2.9	2.9	2.1	2.5	0.1	0.6	227	238	80.3	80.8	0.8	2.5				
3 Months Ago	2.0	2.2	1.7	1.9	3.6	3.1	2.3	2.7	0.1	0.7	212	224	80.8	81.3	1.1	3.1				
High	1.8	2.5	1.8	2.1	3.0	4.4	3.5	4.3	0.2	1.1	219	233	89.3	90.6	3.3	3.7	0.1	0.1	1.2	1.5
Low	1.1	1.3	0.4	1.0	0.4	0.5	0.7	0.8	-0.1	0.1	205	215	59.8	56.6	-1.2	1.2	-0.1	-0.1	0.5	0.6
Standard Deviation	0.2	0.4	0.3	0.3	0.9	1.0	1.0	1.1	0.1	0.3	6	7	9.5	8.1	1.6	0.8	0.1	0.1	0.2	0.3
Comparison Forecasts																				
IMF (Oct. '14)	1.3	1.6							0.1	0.2					2.8	4.3				
OECD (May '14)	2.0	2.5	2.4	2.7	3.5	2.9			0.0	0.3										
SECO (Jun. '14)	2.0	2.6	1.6	1.9					0.1	0.4										

After Q2's disappointing GDP performance, the outlook for Q3 appears similarly subdued. Manufacturing expanded at its slowest pace in 17 months in September, while the PMI fell sharply to 50.4, from 52.9 in August. Geopolitical tensions in Europe are weighing heavily on the export market, generating shrinking orders and job losses.

Despite prices rising by 0.1% (m-o-m) in September, the CPI fell into negative territory at -0.1% (y-o-y) for the first time in 7 months. It dragged on lower import costs and oil prices. The SNB remains focused on defending its currency cap against the euro to maintain competitiveness.



Historical Data				
* % change on previous year	2010	2011	2012	2013
Gross Domestic Product*	3.0	1.8	1.1	1.9
Private Consumption*	1.6	0.8	2.8	2.2
Gross Fixed Investment*	4.4	4.3	2.4	1.7
Industrial Production*	7.2	2.7	2.3	0.8
Consumer Prices*	0.7	0.2	-0.7	-0.2
Merch Exports, SwFr bn	193	198	201	201
Current Account, SwFr bn	82.1	39.4	66.0	96.3
General Govt. Bud. Bal. SwFr bn	2.0	1.8	0.8	0.6
3 mth Euro-Franc Rate, % (end yr)	0.5	0.2	-0.1	-0.1
10 Yr Govt Bond Yield, % (end yr)	1.7	0.7	0.5	1.1

e = consensus estimate based on latest survey

Nominal GDP - SwFr 603bn (2013). Population - 8.1mn (mid-year, 2013). SwFr/\$ Exchange Rate - 0.927 (average, 2013).

Quarterly Consensus Forecasts										
Historical Data and Forecasts (bold italics) From Survey of September 8, 2014										
	2014			2015			2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Gross Domestic Product	1.7	1.1	1.3	1.7	1.8	2.1	2.0	1.9	2.0	1.9
Consumer Prices	0.0	0.1	0.0	0.2	0.4	0.6	0.7	0.8	0.9	1.0

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, among others:

<i>Bank Leumi</i>	<i>Bank of America Merrill</i>	<i>Citigroup</i>
<i>Danske Bank</i>	<i>Dun & Bradstreet</i>	<i>Economist Intelligence Unit</i>
<i>Euromonitor</i>	<i>Fitch Ratings</i>	<i>Forecaster ECOSA</i>
<i>Moody's Analytics</i>	<i>Nomura</i>	<i>Oxford Economics</i>

AUSTRIA	Population - 8.5mn (2013, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$415.8bn (2013)	2010	2011	2012	2013	2014	2015
Gross Domestic Product (% change on previous year)		1.8	2.8	0.9	0.3	1.1	1.7
Industrial Production (% change on previous year)		7.3	6.1	1.3	0.2	1.7	3.0
Consumer Prices (% change on previous year)		1.8	3.3	2.4	2.0	1.7	1.9
Current Account (US Dollar bn)		12.9	6.8	9.4	11.2	13.0	13.5

BELGIUM	Population - 11.1mn (2013, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$505.9bn (2013)	2010	2011	2012	2013	2014	2015
Gross Domestic Product (% change on previous year)		2.3	1.8	-0.1	0.2	1.1	1.4
Industrial Production (% change on previous year)		11.0	4.4	-3.3	0.9	2.6	2.3
Consumer Prices (% change on previous year)		2.2	3.5	2.8	1.1	0.6	1.2
Current Account (US Dollar bn)		9.1	-5.7	-9.4	-9.6	-6.1	-5.3

DENMARK	Population - 5.6mn (2013, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$330.9bn (2013)	2010	2011	2012	2013	2014	2015
Gross Domestic Product (% change on previous year)		1.4	1.1	-0.4	0.4	0.9	1.6
Manufacturing Production (% change on previous year)		2.8	4.8	1.7	3.2	1.1	3.4
Consumer Prices (% change on previous year)		2.3	2.7	2.4	0.8	0.7	1.4
Current Account (US Dollar bn)		18.3	19.8	18.8	23.9	19.4	18.9

EGYPT	Population - 82.1mn (2013, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$250.4bn (2013) ¹	2010	2011	2012	2013	2014	2015
Gross Domestic Product (% change on previous year) ¹		5.1	1.9	2.2	2.1	2.3	3.0
Consumer Prices (% change on previous year)		11.1	10.1	7.1	9.5	10.1	10.6
Current Account (US Dollar bn)		-5.6	-7.9	-10.7	-3.3	-5.3	-8.0

¹ year(s) ending June 30

FINLAND	Population - 5.4mn (2013, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$257.2bn (2013)	2010	2011	2012	2013	2014	2015
Gross Domestic Product (% change on previous year)		3.0	2.6	-1.5	-1.2	-0.2	1.0
Industrial Production (% change on previous year)		4.7	2.3	-1.7	-3.5	-0.6	2.6
Consumer Prices (% change on previous year)		1.3	3.4	2.8	1.5	1.2	1.4
Current Account (US Dollar bn)		3.0	-4.9	-5.0	-5.8	-3.8	-3.9

GREECE	Population - 11.1mn (2013, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$241.8bn (2013)	2010	2011	2012	2013	2014	2015
Gross Domestic Product (% change on previous year)		-4.9	-7.1	-7.0	-3.9	0.2	1.9
Industrial Production (% change on previous year)		-5.9	-7.7	-3.4	-3.6	-0.7	1.7
Consumer Prices (% change on previous year)		4.7	3.3	1.5	-0.9	-1.0	0.0
Current Account (US Dollar bn)		-29.8	-28.7	-5.9	1.9	1.3	1.0

IRELAND	Population - 4.6mn (2013, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$217.8bn (2013)	2010	2011	2012	2013	2014	2015
Gross Domestic Product (% change on previous year)		-0.3	2.8	-0.3	0.2	4.1	2.6
Industrial Production (% change on previous year)		7.7	0.0	-1.3	-1.3	11.3	2.6
Consumer Prices (% change on previous year)		-1.0	2.6	1.7	0.5	0.4	1.0
Current Account (US Dollar bn)		1.3	1.9	3.5	10.1	12.8	11.6

ISRAEL	Population - 7.7mn (2013, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$290.2bn (2013)	2010	2011	2012	2013	2014	2015
Gross Domestic Product (% change on previous year)		5.7	4.6	3.4	3.3	2.5	3.2
Industrial Production (% change on previous year)		11.3	2.1	3.8	0.2	2.1	4.1
Consumer Prices (% change on previous year)		2.7	3.5	1.7	1.5	0.8	1.5
Current Account (US Dollar bn)		7.9	3.9	2.1	6.0	6.8	7.5

NIGERIA	Popn - 173.6mn (2013, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$509.1bn (2013)	2010	2011	2012	2013	2014	2015
Gross Domestic Product (% change on previous year)		8.0	4.7	6.8	5.5	6.4	6.4
Consumer Prices (% change on previous year)		13.7	10.8	12.2	8.5	8.4	9.0
Current Account (US Dollar bn)		14.6	12.7	18.9	20.1	13.4	12.2

PORTUGAL	Population - 10.6mn (2013, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$220.0bn (2013)	2010	2011	2012	2013	2014	2015
Gross Domestic Product (% change on previous year)		1.9	-1.8	-3.3	-1.4	0.9	1.3
Industrial Production (% change on previous year)		0.7	-1.3	-5.8	0.8	1.9	2.4
Consumer Prices (% change on previous year)		1.4	3.7	2.8	0.3	-0.2	0.6
Current Account (US Dollar bn)		-24.2	-16.7	-4.3	1.2	0.4	1.3

SAUDI ARABIA	Popn - 28.8mn (2013, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$748.4bn (2013)	2010	2011	2012	2013	2014	2015
Gross Domestic Product (% change on previous year)		4.8	8.6	5.8	3.9	4.3	4.2
Consumer Prices (% change on previous year)		5.4	5.8	2.9	3.5	2.9	3.4
Current Account (US Dollar bn)		66.8	159	165	134	112	87.3

SOUTH AFRICA	Popn - 52.8mn (2013, mid-year)	Historical Data				Consensus Forecasts	
	Nominal GDP - US\$351.4bn (2013)	2010	2011	2012	2013	2014	2015
Gross Domestic Product (% change on previous year)		3.1	3.6	2.5	1.9	1.5	2.8
Manufacturing Production (% change on previous year)		4.6	2.8	2.3	1.2	0.7	3.3
Consumer Prices (% change on previous year)		4.3	5.0	5.6	5.7	6.2	5.7
Current Account (US Dollar bn)		-7.2	-9.4	-20.0	-20.5	-18.1	-16.0

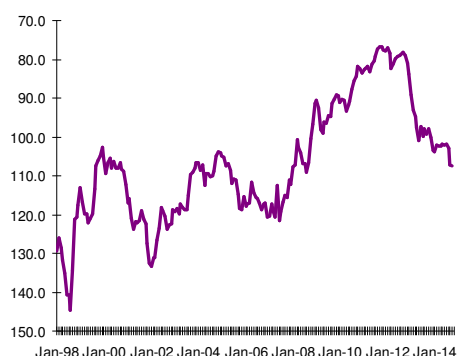
e = consensus estimate based on latest survey

Foreign Exchange Rates

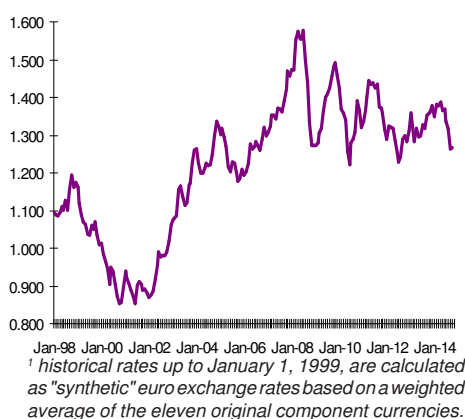
**All US\$ rates are amounts of currency per dollar, except the UK pound and the euro which are reciprocals. A positive (+) sign for the % change implies an appreciation of the currency against the US Dollar and vice versa.*

	Historical Data				Latest Spot Rate (Oct. 13)	Consensus Forecasts					
	Rates at end of:					Forecast End Jan. 2015	Percent Change	Forecast End Oct. 2015	Percent Change	Forecast End Oct. 2016	Percent Change
	2010	2011	2012	2013							
Rates per US Dollar *											
Canadian Dollar	1.001	1.021	0.995	1.063	1.121	1.119	0.2	1.133	-1.0	1.126	-0.5
Egyptian Pound	5.622	5.933	6.056	6.938	7.150	7.262	-1.5	7.385	-3.2	7.458	-4.1
European Euro	1.336	1.294	1.318	1.378	1.268	1.254	-1.1	1.217	-4.0	1.211	-4.5
Israeli Shekel	3.542	3.824	3.736	3.478	3.736	3.682	+1.5	3.695	+1.1	3.676	+1.6
Japanese Yen	81.45	77.72	86.47	105.1	107.4	109.4	-1.9	112.0	-4.2	111.2	-3.5
Nigerian Naira	150.7	158.3	155.3	160.5	163.8	164.2	-0.2	166.5	-1.7	169.1	-3.1
Saudi Arabian Riyal	3.750	3.750	3.750	3.751	3.751	3.750	0.0	3.750	0.0	3.750	0.0
South African Rand	6.632	8.143	8.501	10.47	11.05	11.03	+0.1	10.86	+1.8	10.32	+7.0
United Kingdom Pound	1.565	1.546	1.578	1.656	1.606	1.625	+1.2	1.600	-0.3	1.587	-1.1
Rates per Euro											
Danish Krone	7.499	7.435	7.461	7.460	7.445	7.454	-0.1	7.451	-0.1	7.455	-0.1
Norwegian Krone	7.829	7.750	7.343	8.360	8.248	8.067	+2.2	7.908	+4.3	7.917	+4.2
Swedish Krona	8.964	8.913	8.576	8.850	9.097	9.067	+0.3	8.844	+2.9	8.590	+5.9
Swiss Franc	1.255	1.218	1.208	1.226	1.208	1.220	-1.0	1.235	-2.2	1.244	-2.9

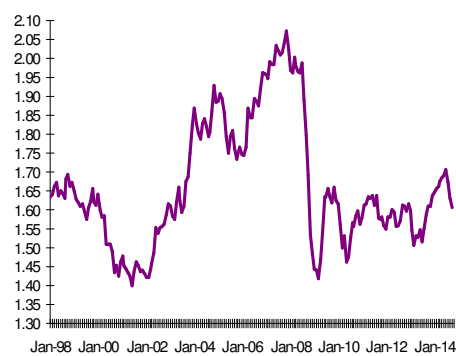
Yen per US\$



US\$ per Euro¹



US\$ per UK Pound



Brent, US\$ per barrel		
Range 1990-2013 Spot Rate (Oct. 14)	9.10 - 143.95 89.88	
Brent October Survey	Forecast for End Jan. 2015	End Oct. 2015
Mean Forecast	98.3	99.4
High	110.2	115.2
Low	85.0	87.4
Standard Deviation	5.8	6.1
No. of Forecasts	63	63

Brent and WTI Plunge to New Lows

Oil prices have fallen sharply on the back of slowing global growth. Brent and West Texas Intermediate (WTI) stood at US\$90.65 and US\$90.33 per barrel on October 6 (their closest point in four years), and by October 13 had dropped even further, to US\$89.88 and US\$85.73, respectively. Prices for the European and US benchmarks diverged in late 2010 on the back of markedly different supply dynamics. Now, though, the threat of looming recession and a deflationary environment in the Euro zone is pre-occupying policymakers. Concerns over activity, not just in Europe, but also in Japan, China and Latin America, underpin the drop in prices. Interestingly, key OPEC member Saudi Arabia has suggested that it could live with lower oil prices for now, while Kuwait has indicated a potential price floor of US\$76.

continued from page 3

France												
* % change over previous year	Historical				Consensus Forecasts							
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2024 ¹	
Gross Domestic Product*	1.9	2.1	0.4	0.4	0.4	0.8	1.3	1.5	1.6	1.6	1.4	
Household Consumption*	1.7	0.3	-0.5	0.3	0.2	0.9	1.2	1.4	1.4	1.5	1.4	
Business Investment*	3.8	4.0	0.3	-0.6	-1.0	0.8	2.3	2.7	2.5	2.4	2.1	
Manufacturing Production*	4.9	3.9	-3.4	-1.2	-0.2	0.9	1.7	1.8	1.8	1.7	0.9	
Consumer Prices*	1.5	2.1	2.0	0.9	0.6	1.0	1.3	1.4	1.6	1.7	1.7	
Current Account Balance (Euro bn)	-25.5	-35.2	-44.4	-27.7	-29.6	-27.1	-29.5	-25.2	-24.8	-26.4	-23.9	
10 Year Treasury Bond Yield, % ²	3.4	3.2	2.0	2.4	1.4 ³	1.7 ⁴	2.2	2.6	2.9	3.2	3.4	

United Kingdom												
* % change over previous year	Historical				Consensus Forecasts							
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2024 ¹	
Gross Domestic Product*	1.9	1.6	0.7	1.7	3.1	2.6	2.3	2.1	2.1	2.2	2.2	
Household Consumption*	0.5	-0.1	1.5	1.6	2.4	2.6	2.2	2.2	2.1	2.3	2.3	
Gross Fixed Investment*	5.9	2.3	0.7	3.2	8.4	7.0	5.1	4.6	3.9	3.8	4.1	
Manufacturing Production*	4.7	1.8	-1.3	-0.1	3.2	1.9	1.4	1.4	1.3	1.3	1.3	
Retail Prices (underlying rate)*	4.8	5.3	3.2	3.1	2.5	2.8	3.3	3.5	3.4	3.4	3.2	
Consumer Prices*	3.3	4.5	2.8	2.6	1.7	1.9	2.2	2.3	2.3	2.3	2.3	
Current Account Balance (£ bn)	-40.6	-27.0	-61.9	-72.4	-70.9	-65.7	-61.1	-55.5	-55.9	-57.3	-57.1	
10 Year Treasury Bond Yield, % ²	3.6	2.1	2.0	2.8	2.8 ³	3.2 ⁴	3.5	3.7	3.7	3.8	3.7	

Italy												
* % change over previous year	Historical				Consensus Forecasts							
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2024 ¹	
Gross Domestic Product*	1.7	0.4	-2.4	-1.9	-0.3	0.5	1.0	1.1	1.1	1.1	1.1	
Household Consumption*	1.5	-0.3	-4.0	-2.6	0.1	0.5	0.8	1.0	1.0	1.0	1.2	
Gross Fixed Investment*	0.6	-2.2	-8.0	-4.7	-1.7	0.4	1.6	1.9	2.0	1.9	1.7	
Industrial Production*	6.8	1.2	-6.5	-3.1	-0.4	0.8	1.6	1.9	1.9	1.9	2.3	
Consumer Prices*	1.5	2.8	3.0	1.2	0.2	0.6	1.2	1.5	1.6	2.0	1.9	
Current Account Balance (Euro bn)	-52.6	-47.2	-4.6	15.5	22.5	23.8	17.3	12.6	10.1	3.7	-2.0	
10 Year Treasury Bond Yield, % ²	4.9	7.0	4.5	4.1	2.5 ³	2.7 ⁴	3.1	3.8	4.2	4.3	4.7	

Canada												
* % change over previous year	Historical				Consensus Forecasts							
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2024 ¹	
Gross Domestic Product*	3.4	2.5	1.7	2.0	2.3	2.5	2.4	2.3	2.1	2.1	2.0	
Personal Expenditure*	3.5	2.3	1.9	2.4	2.5	2.3	2.2	2.2	2.2	2.2	2.0	
Machinery & Eqpt Investment*	10.6	8.6	5.2	-0.2	-0.8	4.4	4.3	3.8	2.9	2.9	2.8	
Industrial Production*	6.0	3.9	0.9	1.9	3.8	2.5	2.3	2.5	2.4	2.1	2.2	
Consumer Prices*	1.8	2.9	1.5	1.0	2.0	1.9	2.0	2.0	2.0	2.0	2.0	
Current Account Balance (C\$ bn)	-58.4	-48.5	-62.2	-60.3	-45.4	-38.2	-31.0	-26.5	-23.5	-22.4	-19.8	
10 Year Treasury Bond Yield, % ²	3.2	1.9	1.8	2.8	2.4 ³	3.0 ⁴	3.6	4.1	4.3	4.4	4.4	

Euro zone												
* % change over previous year	Historical				Consensus Forecasts							
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2024 ¹	
Gross Domestic Product*	1.9	1.6	-0.6	-0.4	0.8	1.2	1.5	1.6	1.6	1.6	1.5	
Private Consumption*	1.0	0.3	-1.4	-0.6	0.7	1.1	1.3	1.3	1.3	1.3	1.3	
Gross Fixed Investment*	-0.6	1.7	-3.8	-2.8	1.1	2.1	2.4	2.6	2.9	2.7	2.3	
Industrial Production*	7.3	3.5	-2.5	-0.7	1.0	2.0	2.3	1.8	2.0	1.9	1.8	
Consumer Prices*	1.6	2.7	2.5	1.3	0.5	1.0	1.3	1.6	1.7	1.9	1.9	
Current Account Balance (Euro bn)	10.0	12.1	133	228	226	233	165	165	165	136	152	

¹Signifies average for period ²End period ³End January 2015 ⁴End October 2015

The Netherlands											
* % change over previous year	Historical				Consensus Forecasts						
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2024 ¹
Gross Domestic Product*	1.1	1.7	-1.6	-0.7	0.7	1.3	1.5	1.8	1.7	1.7	1.4
Private Consumption*	-0.1	0.2	-1.5	-1.6	-0.3	0.7	1.0	1.0	1.0	1.1	1.1
Gross Fixed Investment*	-5.7	5.6	-6.0	-3.9	1.6	2.4	3.0	3.5	2.4	1.9	2.0
Manufacturing Production*	7.0	3.3	-0.8	-1.0	0.9	2.4	1.8	1.6	1.7	1.5	1.4
Consumer Prices*	1.3	2.4	2.4	2.5	0.9	1.4	1.7	1.8	1.9	2.0	1.9
Current Account Balance (Euro bn)	43.3	54.4	57.2	65.6	68.7	67.5	70.6	73.5	74.3	81.9	83.8
10 Year Treasury Bond Yield, % ²	3.2	2.2	1.5	2.2	1.2 ³	1.5 ⁴	2.1	2.6	3.2	3.4	3.8

Norway											
* % change over previous year	Historical				Consensus Forecasts						
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2024 ¹
Gross Dom Prod (Mainland)*	1.7	2.5	3.3	2.0	2.2	2.0	2.5	2.7	2.5	2.3	2.3
Private Consumption*	3.7	2.6	3.0	2.2	2.3	2.7	2.9	3.1	3.0	3.0	2.8
Gross Fixed Investment*	-8.1	7.7	8.3	8.4	0.2	1.6	3.4	3.4	3.2	3.1	2.9
Manufacturing Production*	2.8	0.9	2.8	3.8	2.5	1.9	1.9	1.2	1.1	1.1	1.1
Consumer Prices*	2.4	1.3	0.7	2.1	2.1	2.2	2.0	2.1	2.2	2.0	1.9
Current Account Balance (Nkr bn)	303	372	417	334	325	323	323	332	376	339	376
10 Year Treasury Bond Yield, % ²	3.7	2.4	2.1	3.0	2.6 ³	3.0 ⁴	3.1	3.5	3.9	4.3	4.4

Spain											
* % change over previous year	Historical				Consensus Forecasts						
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2024 ¹
Gross Domestic Product*	-0.2	0.1	-1.6	-1.2	1.3	1.9	2.1	2.2	2.3	2.3	2.0
Household Consumption*	0.1	-1.2	-2.8	-2.1	2.0	2.0	1.7	1.8	2.0	2.0	1.8
Gross Fixed Investment*	-4.2	-5.6	-6.9	-5.2	0.7	3.0	3.4	4.2	4.4	4.1	3.9
Industrial Production*	0.9	-2.0	-6.4	-1.7	1.6	2.3	2.9	3.1	2.5	2.2	2.8
Consumer Prices*	1.8	3.2	2.4	1.4	0.0	0.7	1.1	1.3	1.5	2.0	1.8
Current Account Balance (Euro bn)	-47.0	-39.0	-12.4	8.0	0.9	3.9	4.2	3.2	2.8	7.6	3.3
10 Year Treasury Bond Yield, % ²	5.5	5.1	5.3	4.1	2.2 ³	2.4 ⁴	3.0	3.6	4.1	4.2	4.2

Sweden											
* % change over previous year	Historical				Consensus Forecasts						
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2024 ¹
Gross Domestic Product*	5.7	2.7	0.0	1.5	2.1	2.6	2.6	2.4	2.3	2.1	2.1
Household Consumption*	3.8	1.9	0.9	2.1	2.8	2.7	2.4	2.4	2.2	2.1	2.1
Gross Fixed Investment*	5.5	5.8	0.3	-0.1	4.2	4.8	4.9	4.2	3.4	2.8	3.1
Mining & Manufacturing Production*	8.7	3.0	-3.3	-4.1	-0.8	2.9	3.1	3.3	3.0	2.6	2.0
Consumer Prices*	1.3	2.6	0.9	0.0	0.0	1.3	2.2	2.3	2.2	2.2	2.1
Current Account (Skr bn)	212	212	212	251	220	218	209	208	211	198	165
10 Year Treasury Bond Yield, % ²	3.3	1.6	1.5	2.5	1.7 ³	2.2 ⁴	2.9	3.7	4.0	4.2	4.3

Switzerland											
* % change over previous year	Historical				Consensus Forecasts						
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020-2024 ¹
Gross Domestic Product*	3.0	1.8	1.1	1.9	1.5	1.7	1.9	1.9	1.9	1.8	1.7
Private Consumption*	1.6	0.8	2.8	2.2	1.2	1.6	1.7	1.7	1.7	1.7	1.6
Gross Fixed Investment*	4.4	4.3	2.4	1.7	1.9	2.2	2.6	2.1	2.0	2.1	2.1
Industrial Production*	7.2	2.7	2.3	0.8	2.0	2.4	2.2	2.0	2.0	1.9	1.8
Consumer Prices*	0.7	0.2	-0.7	-0.2	0.1	0.5	0.9	1.2	1.4	1.4	1.4
Current Account Balance (SwFr bn)	82.1	39.4	66.0	96.3	73.9	76.3	74.7	76.8	79.0	84.1	85.1
10 Year Treasury Bond Yield, % ²	1.7	0.7	0.5	1.1	0.6 ³	1.0 ⁴	1.5	1.8	2.4	2.8	2.8

¹Signifies average for period ²End period ³End January 2015 ⁴End October 2015

- GDP - Gross Domestic Product
na - not available
OECD - Organisation for Economic Co-operation and Development
BoE - Bank of England
y-o-y - year-on-year
- IMF - International Monetary Fund
Emu - European economic and monetary union
ECB - European Central Bank
PMI - Purchasing Managers Index
q-o-q - quarter-on-quarter
m-o-m - month-on-month
- Measures of GDP, Consumption, Business Investment and Industrial Production are expressed in real (i.e. inflation-adjusted) terms. These variables, and certain others as indicated, are expressed as percentage changes over the previous year.
- All individual country forecasters on pages 4-24 are listed in descending order of their 2014 real GDP estimates. Consensus forecasts are mean arithmetic averages of the listed individual estimates.

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CONSENSUS FORECASTS: WORLD ECONOMIC ACTIVITY

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October Survey	Real GDP % increase			Consumer Prices % increase			Current Account Balance, US\$bn		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Belgium	0.2	1.1	1.4	1.1	0.6	1.2	-9.6	-6.1	-5.3
Canada	2.0	2.3	2.5	1.0	2.0	1.9	-58.5	-41.3	-33.9
France	0.4	0.4	0.8	0.9	0.6	1.0	-36.8	-39.4	-33.4
Germany	0.1	1.4	1.5	1.5	1.0	1.6	255	270	249
Italy	-1.9	-0.3	0.5	1.2	0.2	0.6	20.6	30.0	29.3
Japan	1.5	1.1	1.2	0.4	2.8	1.8	33.8	10.8	37.3
Netherlands	-0.7	0.7	1.3	2.5	0.9	1.4	87.1	91.5	83.3
Norway	2.0	2.2	2.0	2.1	2.1	2.2	56.8	52.5	50.0
Spain	-1.2	1.3	1.9	1.4	0.0	0.7	10.6	1.1	4.8
Sweden	1.5	2.1	2.6	0.0	0.0	1.3	38.6	32.3	30.0
Switzerland	2.0	1.5	1.7	-0.2	0.1	0.5	103.9	81.0	76.7
United Kingdom	1.7	3.1	2.6	2.6	1.7	1.9	-113.2	-117.5	-105.9
United States	2.2	2.2	3.1	1.5	1.8	1.8	-400	-398	-387
North America ¹	2.2	2.2	3.0	1.5	1.8	1.8	-458.5	-439.4	-421.1
Western Europe ²	0.1	1.3	1.5	1.4	0.8	1.2	455.4	438.8	421.1
European Union ²	0.1	1.3	1.6	1.4	0.7	1.3	289.6	302.0	283.2
Euro zone ²	-0.4	0.8	1.2	1.3	0.5	1.0	302.8	301.6	287.9
Asia Pacific ³	4.9	4.8	4.8	2.7	3.0	2.9	320.9	371.0	376.9
Eastern Europe ⁴	2.1	1.5	2.2	5.0	5.9	5.3	-53.9	-0.3	-19.5
Latin America ⁵	2.7	1.2	2.2	8.7	12.1	10.9	-152.1	-149.4	-153.1
Other Countries ⁶	3.7	3.9	4.2	5.5	5.3	5.7	136.6	108.5	83.0
Total⁷	2.6	2.7	3.2	2.8	3.2	3.1			

Regional totals and the grand total for GDP growth and inflation, are weighted averages calculated using 2013 GDP weights, converted at average 2013 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., an aggregate of the Euro zone member states' transactions 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 the Czech Republic, Hungary, Lithuania and Poland, plus Romania and Bulgaria which entered in January 2007, plus Croatia which entered in July 2013 (data taken from Eastern Europe Consensus Forecasts). Western Europe comprises the six Euro zone countries listed above, plus Austria, Denmark, Finland, Greece, Ireland, Norway, Portugal, Sweden, Switzerland and the United Kingdom. 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. ⁷The **Eastern Europe** and **Latin American** components of the **World Total** are taken from the prior month's surveys.

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