

Euro Zone Barometer© - June 2013

*****A monthly survey of economic forecasts and expert opinion for the euro zone single currency area, distributed to subscribers by e-mail within just a few working days of the polling date. Rapid compilation and dissemination make the Euro Zone Barometer a unique reference tool for investors, traders and corporate planners.*****

Published by: MJEconomics
(ISSN 1475-7559) www.mjeconomics.com

Editorial queries: editor@mjeconomics.com
Subscriptions: subscriptions@mjeconomics.com
Other enquiries: admin@mjeconomics.com

Survey Deadline: June 10th, 2013

Reining Back on Austerity

- Recent data releases, including GDP reports for Q1 2013 (and their revisions) have been almost uniformly bleak, causing experts to predict a **deeper downturn** in real GDP this year and force a rethink over the euro zone's underlying growth potential, which is unlikely to be anywhere near the 3% norm.
- Depressingly, **unemployment rates** (though a lagging indicator) have continued to rise with the regional average reaching 12.2%, a new record high since the euro's inception. Unemployment among the younger age groups, and in the more debt-distressed countries, is likely to remain a **substantial problem** well into the recovery phase.
- However, all is not lost. The European Commission's recent **decision to alter course** and hand debt-distressed sovereigns more time to resolve their dire fiscal problems has provided hard-pressed governments with some **welcome relief**. Given also the additional stimulus from the ECB's interest rate reduction last month, it may be an indication that the region's economic plight is soon coming to an end.
- Indeed, amid the continuing downturn within the industrial sector in many countries, including Italy and Spain (among others), metals, cars and textiles underpinned welcome growth in French manufacturing output in April. There are also other moderately positive indicators, including exports and consumer spending, in some parts of the region, to shore up confidence. Watch this space - **the recovery might be underway**.

**Next Month's Survey Deadline:
July 8th, 2013**

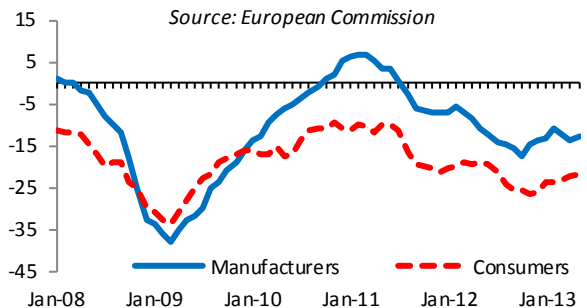
Contents

Short Term Outlook for 2013-2014	2
Quarterly Forecasts & Historical Data	3
2013 National Accounts Forecasts	4
2013 Forecasts for Other Indicators	5
2014 National Accounts Forecasts	6
2014 Forecasts for Other Indicators	7
Financial Forecasts	8
Interest Rate & Exchange Rate Data	9
ECB Watch	10
Long Term Forecasts	11
Data & Forecasts for Individual Euro Zone Countries	
Germany	12
France	14
Italy	16
Netherlands	18
Spain	20
Forecasts for Other Euro Zone Countries	22
Euro Zone Country Data & Election Timetable	22
Notes, Sources and Definitions	23

Euro Zone Confidence Tracker

% net balance

Source: European Commission



© 2013 MJEconomics. All rights reserved. Neither this publication nor any part of it may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise without the prior permission of MJEconomics. Information and opinions presented herein have been obtained from sources believed by MJEconomics to be reliable, but MJEconomics, its editors and employees make no representation as to their accuracy, timeliness or completeness and accept no responsibility for the material presented.

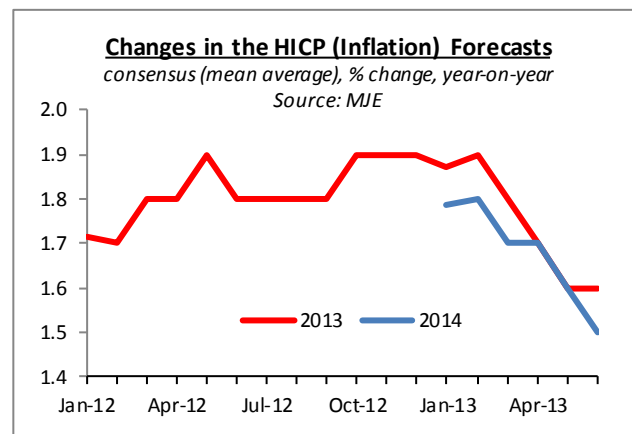
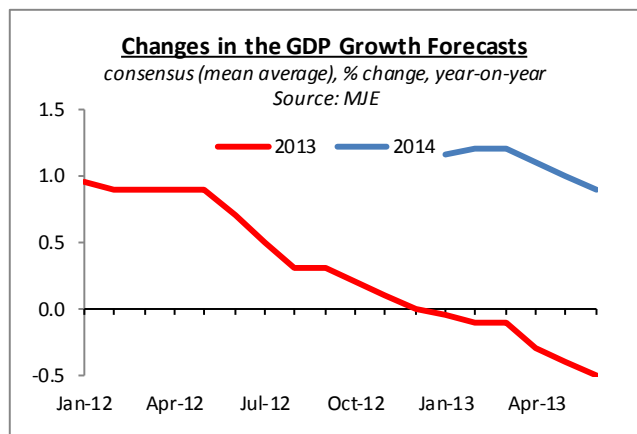
Outlook for 2013-14

- Forecasts for real GDP have been downgraded again in June, for a third consecutive month, to indicate that a deeper downturn is in prospect this year, followed by a milder recovery in 2014.
- Two variables in particular are responsible for the gloomier short term prognosis: export volume and investment spending. The latter will contract sharply in 2013 in the light of weakened profits, tight credit availability and general uncertainty.
- Highlighting the weaker export climate – which in turn reflects the high volume of intra-euro zone trade flows – this year’s forecast for industrial production is also downgraded.
- Although the unemployment rate forecast for 2013 is unchanged (and is in line with the current euro zone average), the forecast for 2014 has increased, piling yet more pressure on Europe’s policymakers to resolve the predicament.

Six Year Summary: Historical Data and Consensus Forecasts

<i>(% change year-on-year, unless otherwise stated)</i>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013f</u>	<u>2014f</u>
Gross Domestic Product	-4.4	2.0	1.5	-0.6	-0.5	0.9
Private Consumption	-1.0	1.0	0.2	-1.3	-0.7	0.5
Government Consumption	2.6	0.8	-0.1	-0.4	-0.3	0.1
Gross Fixed Investment	-12.7	-0.3	1.4	-4.3	-2.8	1.6
Change in Stocks (Inventories)¹	-0.9	0.6	0.2	-0.5	-0.1	0.0
Goods and Services Exports	-12.4	11.2	6.3	2.7	1.5	3.8
Goods and Services Imports	-11.1	9.7	4.2	-0.8	0.1	3.3
Net Exports²	-0.7	0.7	0.9	1.6	0.6	0.3
Industrial Production (ex. construction)	-14.9	7.3	3.2	-2.4	-0.9	1.9
Retail Sales Volume	-2.4	0.6	-0.3	-1.8	-1.1	0.6
Unemployment Rate, % of labour force	9.6	10.1	10.2	11.4	12.2	12.3
Money Supply, M3, end period, % change	-0.6	1.1	1.5	2.9	3.0	4.0
Harmonised Index of Consumer Prices	0.3	1.6	2.7	2.5	1.6	1.5
Producer Prices	-4.8	2.7	5.8	2.9	1.0	2.2
Nominal Labour Costs	2.9	1.5	2.2	1.6	1.9	1.7
Current Account Balance, annual total, €bn	-13.3	3.5	14.9	116.0	153.7	164.7
Current Account Balance, % of GDP	-0.1	0.0	0.2	1.2	1.7	1.8
General Govt Budget Balance, % of GDP	-6.4	-6.2	-4.1	-3.7	-2.9	-2.5
<u>Financial Indicators (end period)</u>						
3 Month Interest Rate, % per annum	0.70	1.01	1.36	0.19	0.21	0.46
10 Year German Bond Yield, % per annum	3.40	2.92	1.83	1.32	1.53	1.95
US\$ per € Exchange Rate	1.441	1.336	1.294	1.318	1.266	1.237

Notes: f = consensus (mean average) forecast. For other notes, sources and definitions see page 23.



The latest string of data released by Eurostat continues to paint a rather depressing picture for the euro zone economy. The unemployment rate, for instance, climbed to a seasonally-adjusted 12.2% in April, a full one percentage point higher than in April 2012. It is now 27% in Greece, and almost as high in Spain (with jobless rates among the young at critically high levels), though a still favourable 4.9% in Austria and 5.4% in Germany. Highlighting the weakness of consumer demand, retail sales shrank in April in volume terms, by 0.5% q/q and 1.1% y/y. Real GDP, meanwhile, contracted by 0.2% q/q and

1.1% y/y during Q1 2013. Forecasts (shown in the chart above) have thus continued to fall.

This week's industrial production release will have therefore come as a welcome surprise. Output rose by a seasonally-adjusted 0.4% q/q, bolstered by capital goods and consumer non-durables. Ireland and France provided positive readings. However, production fell sharply in other countries and declined by 0.6% y/y on a region-wide basis. It remains to be seen, moreover, if one month's worth of data translates into a sustained upturn.

Quarterly Forecasts and Historical Data

% change year-on-year, unless otherwise stated

(% change year-on-year, unless otherwise stated)	<u>Q1'12</u>	<u>Q2'12</u>	<u>Q3'12</u>	<u>Q4'12</u>
Gross Domestic Product	-0.1	-0.5	-0.7	-1.0
Private Consumption	-1.1	-1.1	-1.6	-1.5
Industrial Production	-1.9	-2.2	-2.2	-3.1
Harmonised Index of Consumer Prices	2.7	2.5	2.5	2.3
3 month Interest Rate, % per annum, end period	0.78	0.65	0.22	0.19
10 Year Bond Yield, % per annum, end period	1.82	2.69	1.46	1.32
	<u>Q1'13</u>	<u>Q2'13</u>	<u>Q3'13</u>	<u>Q4'13</u>
Gross Domestic Product	-1.1	-0.8	-0.5	0.3
Private Consumption	-1.2	-0.8	-0.6	0.0
Industrial Production	-2.4	-0.9	-0.7	1.5
Harmonised Index of Consumer Prices	1.9	1.5	1.5	1.5
3 month Interest Rate, % per annum, end period	0.21	0.18	0.19	0.21
10 Year Bond Yield, % per annum, end period	1.29	1.42	1.41	1.53
	<u>Q1'14</u>	<u>Q2'14</u>	<u>Q3'14</u>	<u>Q4'14</u>
Gross Domestic Product	0.8	1.0	1.2	1.3
Private Consumption	0.3	0.6	0.8	0.9
Industrial Production	2.0	2.1	2.4	2.6
Harmonised Index of Consumer Prices	1.4	1.6	1.5	1.5
3 month Interest Rate, % per annum, end period	0.22	0.28	0.35	0.46
10 Year Bond Yield, % per annum, end period	1.63	1.69	1.86	1.95

Note: consensus (mean average) forecasts from our latest survey are shown in bold

Euro Zone - Forecasts for 2013

National Accounts (constant prices) <i>average % change from previous year unless otherwise noted</i>	Gross Domestic Product	Private Consump- tion	Govern- ment Consump- tion	Gross Fixed Invest- ment	Stock (inventory) Building, % contribu- tion to GDP growth	Goods & Services Exports	Goods & Services Imports	Net Exports, % contribu- tion to GDP growth
Panellists								
Allianz SE	-0.3	-0.3	-0.2	-2.8	na	1.2	0.0	na
BBVA	-0.1	-0.6	-0.3	-1.6	-0.2	2.3	0.8	0.7
BNP Paribas	-0.8	-0.6	-0.4	-3.6	-0.2	0.3	-0.8	na
Commerzbank	-0.6	-0.7	-0.2	-2.8	-0.2	1.6	-0.9	0.6
Danske Bank	-0.6	-0.7	-0.4	-4.5	-0.1	2.0	-0.2	na
DZ Bank	-0.5	-0.8	-0.2	-2.0	na	1.6	0.6	0.5
Econ Intelligence Unit	-0.7	-1.1	-0.3	-2.6	na	1.5	0.4	0.5
ETLA	-0.5	-0.8	-0.3	-2.5	na	2.2	0.9	na
G&P Institutional Mgmt	-0.5	-0.6	-0.1	-4.1	-0.4	0.3	-2.1	1.0
HSBC	-0.4	-0.6	-0.4	-2.5	-0.4	2.4	1.1	na
IHS Global Insight	-0.7	-0.7	-0.3	-2.6	na	0.5	-0.7	0.6
Intesa Sanpaulo	-0.3	-0.5	-0.6	-1.8	-0.2	2.3	1.2	0.6
J P Morgan Chase	-0.6	-0.7	-0.3	-3.9	0.0	0.7	-0.6	0.6
Morgan Stanley	-0.7	-0.8	-0.2	-2.3	na	1.5	0.6	0.4
Oxford Economics	-0.6	-0.8	-0.6	-3.0	-0.2	0.4	-1.1	0.6
Raiffeisen Bank International	-0.7	-1.1	-0.2	-3.0	na	4.2	3.0	na
Santander	-0.7	-0.6	-0.5	-3.9	na	0.0	-1.3	0.7
SEB	-0.2	-0.7	-0.4	-0.5	0.0	3.1	2.4	na
Societe Generale	-0.6	-1.2	0.2	-2.2	0.1	1.3	0.5	na
UBS	-0.4	-0.8	-0.6	-2.1	0.1	1.0	0.0	0.4
UniCredit Bank	-0.6	-0.8	-0.4	-3.7	-0.1	0.7	-0.7	0.6
Consensus (Mean)	-0.5	-0.7	-0.3	-2.8	-0.1	1.5	0.1	0.6
Last Month	-0.4	-0.7	-0.3	-2.3	-0.2	2.2	0.9	0.6
2 Months Ago	-0.3	-0.6	-0.3	-2.1	-0.1	2.4	1.1	0.7
Median	-0.6	-0.7	-0.3	-2.6	-0.2	1.5	0.0	0.6
High	-0.1	-0.3	0.2	-0.5	0.1	4.2	3.0	1.0
Low	-0.8	-1.2	-0.6	-4.5	-0.4	0.0	-2.1	0.4
Standard Deviation	0.2	0.2	0.2	1.0	0.2	1.0	1.2	0.2
Number of Forecasts	21	21	21	21	13	21	21	13
Other Forecasts								
ECB (June '13)	-0.6	-0.8	-0.1	-2.9	na	0.8	-0.7	na
EC (May '13)	-0.4	-0.9	0.0	-2.6	-0.2	2.2	0.5	0.8
IMF (Apr. '13)	-0.3	-1.0	-0.2	-2.2	-0.2	na	na	0.9
OECD (May '13)	-0.6	na	na	na	na	na	na	na

Euro Zone - Forecasts for 2013

Other Indicators <i>average % change from previous year unless otherwise noted</i>	Industrial Produc- tion <i>(excl. construc- tion)</i>	Retail Sales Volume	Unem- ploy- ment Rate <i>(% of labour force)</i>	Money Supply, M3 <i>(end period, %)</i>	Con- sumer Prices <i>(HICP)</i>	Pro- ducer Prices <i>(indust., excl, con- struction)</i>	Labour Costs <i>(business sector, ex pub adm, education & health)</i>	Current Account Balance <i>(annual total, €bn)</i>	Current Account Balance <i>(% of GDP)</i>	General Govt. Balance <i>(% of GDP)</i>
Panellists										
Allianz SE	-0.5	na	12.2	na	1.4	1.0	na	170.9	1.8	-2.9
BBVA	na	na	12.2	na	1.6	na	na	na	2.0	-2.7
BNP Paribas	-0.3	na	12.5	na	1.4	-0.3	na	155.0	1.6	-3.1
Commerzbank	-0.6	na	12.3	2.7	1.5	1.1	2.3	80.0	0.8	-3.0
Danske Bank	na	na	12.1	na	1.7	na	na	na	2.4	-3.1
DZ Bank	na	na	12.2	na	1.8	na	na	na	1.9	-2.9
Econ Intelligence Unit	-1.7	na	12.2	na	1.3	1.1	na	212.4	2.2	-3.1
ETLA	-1.4	na	12.3	na	1.8	na	na	na	na	-3.0
G&P Institutional Mgmt	na	na	12.2	na	1.4	na	na	na	na	-3.0
HSBC	-0.9	na	12.3	na	1.5	na	2.0	na	1.3	-3.0
IHS Global Insight	-1.1	-1.1	12.3	3.3	1.5	1.2	1.9	170.0	1.8	-3.1
Intesa Sanpaulo	-1.3	na	na	na	1.7	1.5	2.0	118.0	na	-2.8
J P Morgan Chase	-1.0	na	12.2	na	1.4	0.4	na	167.3	1.7	-2.8
Morgan Stanley	na	na	12.0	na	1.5	na	na	158.9	1.7	-3.1
Oxford Economics	-1.1	-1.1	12.4	na	1.5	0.5	na	170.1	1.8	-2.8
Raiffeisen Bank International	-1.1	na	12.0	na	1.5	na	1.3	129.1	1.4	-2.9
Santander	na	na	12.2	na	1.7	na	na	78.8	0.8	-2.6
SEB	0.4	na	12.0	na	1.5	na	na	na	na	-2.5
Societe Generale	na	na	na	na	1.8	na	na	219.3	2.3	-2.9
UBS	-1.7	na	12.2	na	1.7	3.1	na	168.0	1.8	-2.0
UniCredit Bank	na	na	12.2	na	1.6	0.7	na	na	1.9	-3.0
Consensus (Mean)	-0.9	-1.1	12.2	3.0	1.6	1.0	1.9	153.7	1.7	-2.9
Last Month	-0.8	-1.2	12.2	3.1	1.6	1.7	2.1	147.4	1.6	-2.8
2 Months Ago	-0.7	-0.4	12.1	3.0	1.7	1.9	2.1	135.9	1.5	-2.7
Median	-1.1	-1.1	12.2	3.0	1.5	1.1	2.0	167.3	1.8	-2.9
High	0.4	-1.1	12.5	3.3	1.8	3.1	2.3	219.3	2.4	-2.0
Low	-1.7	-1.1	12.0	2.7	1.3	-0.3	1.3	78.8	0.8	-3.1
Standard Deviation	0.6	0.0	0.1	0.4	0.1	0.9	0.4	42.7	0.4	0.3
Number of Forecasts	13	2	19	2	21	10	5	13	17	21
Other Forecasts										
ECB (June '13)	na	na	na	na	1.4	na	na	na	na	na
EC (May '13)	na	na	12.2	na	1.6	na	na	178.4	1.9	-2.9
IMF (Apr. '13)	na	na	12.3	na	1.7	na	na	na	2.3	-2.9
OECD (May '13)	na	na	12.1	na	1.5	na	na	na	2.5	-3.0

Euro Zone - Forecasts for 2014

National Accounts (constant prices) <i>average % change from previous year unless otherwise noted</i>	Gross Domestic Product	Private Consump- tion	Govern- ment Consump- tion	Gross Fixed Invest- ment	Stock (inventory) Building, % contribu- tion to GDP growth	Goods & Services Exports	Goods & Services Imports	Net Exports, % contribu- tion to GDP growth
Panellists								
Allianz SE	1.5	0.8	0.0	2.5	na	4.8	4.0	na
BBVA	1.0	0.6	0.2	3.2	0.0	3.5	3.7	0.1
BNP Paribas	0.7	0.4	-0.1	0.6	0.1	4.5	4.3	na
Commerzbank	0.7	0.3	0.3	2.2	0.0	2.5	-1.0	0.4
Danske Bank	1.0	0.1	-0.2	1.0	0.1	4.4	2.8	na
DZ Bank	1.1	0.6	0.5	2.5	na	4.3	4.7	0.0
Econ Intelligence Unit	0.6	0.4	0.2	1.4	na	2.3	2.4	0.1
ETLA	0.9	0.8	0.4	1.9	na	2.7	4.1	na
G&P Institutional Mgmt	1.5	0.9	0.7	1.7	0.1	3.6	2.9	0.5
HSBC	0.8	0.3	-0.3	1.0	0.0	4.1	3.0	na
IHS Global Insight	0.6	0.5	0.5	1.7	na	2.7	2.8	0.1
Intesa Sanpaulo	1.0	0.7	0.0	1.8	-0.1	4.5	4.1	0.4
J P Morgan Chase	1.2	0.8	0.7	1.0	0.1	4.0	3.8	0.3
Morgan Stanley	0.9	0.4	0.0	1.1	na	4.2	3.8	0.4
Oxford Economics	1.0	0.5	-0.3	2.1	0.1	3.3	3.1	0.3
Raiffeisen Bank International	1.2	0.5	0.2	1.5	na	6.1	5.4	na
Santander	1.2	0.7	-0.1	2.2	na	3.4	3.0	0.4
SEB	0.8	0.5	0.2	2.1	0.0	4.1	3.6	na
Societe Generale	0.5	0.1	0.0	-0.1	0.0	3.3	2.7	na
UBS	0.7	0.5	-0.6	1.7	-0.2	3.3	2.6	0.5
UniCredit Bank	1.0	0.3	-0.3	1.3	0.2	4.5	4.1	0.4
Consensus (Mean)	0.9	0.5	0.1	1.6	0.0	3.8	3.3	0.3
Last Month	1.0	0.5	0.1	1.7	0.0	3.8	3.3	0.3
2 Months Ago	1.1	0.6	0.1	1.9	0.1	3.9	3.4	0.2
Median	1.0	0.5	0.0	1.7	0.0	4.0	3.6	0.4
High	1.5	0.9	0.7	3.2	0.2	6.1	5.4	0.5
Low	0.5	0.1	-0.6	-0.1	-0.2	2.3	-1.0	0.0
Standard Deviation	0.3	0.2	0.3	0.7	0.1	0.9	1.3	0.2
Number of Forecasts	21	21	21	21	13	21	21	13
Other Forecasts								
ECB (June '13)	1.1	0.6	0.6	1.8	na	4.1	3.8	na
EC (May '13)	1.2	0.7	0.5	2.3	-0.4	4.9	4.7	0.3
IMF (Apr. '13)	1.1	0.8	0.1	1.3	0.0	na	na	0.3
OECD (May '13)	1.1	na	na	na	na	na	na	na

Euro Zone - Forecasts for 2014

Other Indicators <i>average % change from previous year unless otherwise noted</i>	Industrial Produc- tion <i>(excl. construc- tion)</i>	Retail Sales Volume	Unem- ploy- ment Rate <i>(% of labour force)</i>	Money Supply, M3 <i>(end period, %)</i>	Con- sumer Prices <i>(HICP)</i>	Pro- ducer Prices <i>(indust., excl, con- struction)</i>	Labour Costs <i>(business sector, ex pub adm, education & health)</i>	Current Account Balance <i>(annual total, €bn)</i>	Current Account Balance <i>(% of GDP)</i>	General Govt. Balance <i>(% of GDP)</i>
Panellists										
Allianz SE	2.5	na	11.9	na	1.5	2.1	na	155.0	1.6	-2.5
BBVA	na	na	11.8	na	1.5	na	na	na	2.1	-2.2
BNP Paribas	3.1	na	13.0	na	1.2	3.1	na	169.9	1.8	-2.6
Commerzbank	2.3	na	12.8	3.0	1.5	1.9	1.9	50.0	0.5	-2.0
Danske Bank	na	na	12.2	na	1.6	na	na	na	2.5	-2.9
DZ Bank	na	na	12.0	na	2.0	na	na	na	2.0	-2.8
Econ Intelligence Unit	0.8	na	12.4	na	1.3	1.8	na	219.8	2.3	-2.6
ETLA	1.1	na	12.3	na	1.7	na	na	na	na	-2.4
G&P Institutional Mgmt	na	na	11.9	na	1.3	na	na	na	na	-2.8
HSBC	2.3	na	12.4	na	1.4	na	1.7	na	1.5	-2.8
IHS Global Insight	1.5	0.6	12.5	5.0	1.6	1.8	2.1	181.0	1.9	-2.5
Intesa Sanpaulo	1.5	na	na	na	1.7	1.9	2.3	103.8	na	-2.6
J P Morgan Chase	2.2	na	12.3	na	1.3	na	na	157.5	1.6	-2.1
Morgan Stanley	na	na	12.3	na	1.6	na	na	175.4	1.8	-3.1
Oxford Economics	1.7	0.5	12.6	na	1.4	1.6	na	165.7	1.7	-2.4
Raiffeisen Bank International	3.2	na	12.1	na	1.6	na	0.7	137.6	1.4	-2.8
Santander	na	na	12.2	na	1.7	na	na	60.0	0.6	-2.1
SEB	1.0	na	12.4	na	1.5	na	na	na	na	-2.0
Societe Generale	na	na	na	na	1.7	na	na	250.5	2.6	-2.4
UBS	1.5	na	12.3	na	1.6	3.7	na	315.0	3.2	-1.3
UniCredit Bank	na	na	12.2	na	1.6	2.2	na	na	2.3	-2.7
Consensus (Mean)	1.9	0.6	12.3	4.0	1.5	2.2	1.7	164.7	1.8	-2.5
Last Month	1.9	0.6	12.2	2.7	1.6	2.2	2.0	162.4	1.8	-2.4
2 Months Ago	2.0	0.9	12.0	3.1	1.7	2.4	2.1	143.4	1.6	-2.3
Median	1.7	0.6	12.3	4.0	1.6	1.9	1.9	165.7	1.8	-2.5
High	3.2	0.6	13.0	5.0	2.0	3.7	2.3	315.0	3.2	-1.3
Low	0.8	0.5	11.8	3.0	1.2	1.6	0.7	50.0	0.5	-3.1
Standard Deviation	0.8	0.1	0.3	1.4	0.2	0.7	0.6	71.9	0.7	0.4
Number of Forecasts	13	2	19	2	21	9	5	13	17	21
Other Forecasts										
ECB (June '13)	na	na	na	na	1.3	na	na	na	na	na
EC (May '13)	na	na	12.1	na	1.5	na	na	199.0	2.0	-2.8
IMF (Apr. '13)	na	na	12.3	na	1.5	na	na	na	2.3	-2.6
OECD (May '13)	na	na	12.3	na	1.2	na	na	na	2.8	-2.5

Financial Forecasts		2013	2014
<i>All forecasts are for end year</i>			
3-month Euribor Interest Rate, % Rate on Survey Date: 0.20	Mean Average High Low Standard deviation Number of Forecasts	0.21 0.40 0.10 0.07 18	0.46 1.25 0.20 0.30 15
10-year Benchmark German Bond Yield, % Rate on Survey Date: 1.61	Mean Average High Low Standard deviation Number of Forecasts	1.53 1.80 1.00 0.23 12	1.95 2.44 1.40 0.29 9
US Dollars/Euro Exchange Rate Rate on Survey Date: 1.320	Mean Average High Low Standard deviation Number of Forecasts	1.266 1.350 1.200 0.035 27	1.237 1.350 1.050 0.065 25
Japanese Yen/Euro Exchange Rate Rate on Survey Date: 130.8	Mean Average High Low Standard deviation Number of Forecasts	131.1 143.0 123.0 6.1 11	131.9 150.0 115.0 9.7 9
UK Pound/Euro Exchange Rate Rate on Survey Date: 0.850	Mean Average High Low Standard deviation Number of Forecasts	0.851 0.881 0.820 0.016 13	0.827 0.860 0.760 0.029 12
Swedish Krona/Euro Exchange Rate Rate on Survey Date: 8.720	Mean Average High Low Standard deviation Number of Forecasts	8.496 8.900 8.300 0.181 21	8.363 8.900 8.000 0.271 19
Swiss Franc/Euro Exchange Rate Rate on Survey Date: 1.239	Mean Average High Low Standard deviation Number of Forecasts	1.256 1.300 1.220 0.025 10	1.293 1.450 1.170 0.078 9
Oil Prices, Brent Blend, US\$ per barrel Rate on Survey Date: 103.8	Mean Average High Low Standard deviation Number of Forecasts	106.4 115.0 96.8 5.7 21	106.7 125.0 92.0 9.0 21
<i>Note: The consensus (mean average) forecasts for US\$/€, Skr/€ and oil prices are based on responses from panellists in our Euro Zone Barometer survey and those in our companion publication, the Nordic Barometer.</i>			

Interest Rate Data

All data are period averages

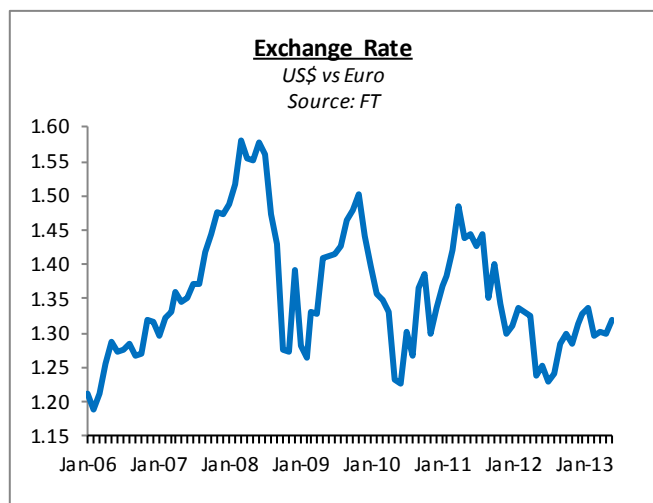
<u>Euro Zone Interest Rates, %</u>	<u>Dec '12</u>	<u>Jan '13</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Overnight	0.07	0.07	0.07	0.07	0.08	0.08
3-month	0.19	0.20	0.22	0.21	0.21	0.20
6-month	0.32	0.34	0.36	0.33	0.32	0.30
12-month	0.55	0.58	0.59	0.54	0.53	0.48
10-year bond yields	2.10	2.40	2.86	3.03	2.86	2.69
<u>International Rates, %</u>						
US 3-month (Euro dollar deposits)	0.31	0.30	0.29	0.28	0.28	0.27
US 10-year	1.88	2.14	2.05	2.09	1.92	2.40
Japan 3-month (Euro yen deposits)	0.18	0.17	0.16	0.16	0.16	0.16
Japan 10-year	0.84	0.80	0.74	0.70	0.76	1.05
<u>Euro Zone / US Yield Differentials, %</u>						
3-month	-0.12	-0.10	-0.07	-0.07	-0.07	-0.07
10-year	0.22	0.26	0.81	0.94	0.94	0.29

Exchange Rate Data

period averages vs euro

	<u>Dec '12</u>	<u>Jan '13</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Trade Weighted Nominal Index * (1999 Q1=100)	98.7	100.4	101.6	100.2	100.4	100.5
Australian dollar	1.253	1.266	1.295	1.254	1.254	1.313
Canadian dollar	1.298	1.319	1.348	1.329	1.327	1.326
Chinese renminbi	8.181	8.270	8.328	8.060	8.056	7.972
Danish krone	7.460	7.461	7.460	7.455	7.455	7.454
Hong Kong dollar	10.17	10.30	10.36	10.06	10.11	10.08
Japanese yen	109.7	118.3	124.4	123.0	127.5	131.1
Norwegian krone	7.350	7.382	7.423	7.486	7.544	7.559
Singapore dollar	1.601	1.633	1.655	1.616	1.612	1.622
South Korean won	1411	1418	1453	1430	1461	1445
Swedish krona	8.651	8.622	8.508	8.347	8.445	8.573
Swiss franc	1.209	1.229	1.230	1.227	1.220	1.242
UK pound	0.812	0.833	0.863	0.860	0.851	0.849
US dollar	1.312	1.329	1.336	1.296	1.303	1.298

* ECB index, known as EER20, calculated against 20 partner countries.



In spite of some interim volatility and weak economies across the region the euro has managed to strengthen lately, having appreciated against the US\$ to a 3-month high this week. With much of the euro zone's bad news now factored into the currency, the euro is benefiting from inward capital flows and range-trading against the backdrop of falling commodity prices and emerging market currencies. But the euro's relative strength is also a dollar story, linked to perceptions that the US Fed will not alter its loose monetary stance (the quantitative easing that is helping the economy to revive). A shift in this policy could bring the dollar back in focus and weaken the euro's appeal.

ECB Watch

- After succumbing to pressure to lower its intervention rates last month to a record low the ECB has held fire on any additional monetary stimulus in June. Its 0.5% repo rate, marginal lending rate of 1% and deposit rate of zero are deemed sufficiently appropriate to engineer a gradual economic recovery. The ECB is forecasting – in line with most of our private sector experts – that the contraction predicted for 2013 will make way for a return to growth by 2014 (but with the upturn emerging during the latter half of this year).
- Consequently, while the ECB has openly discussed the possibility of negative interest rates that option would appear to be a last resort, should economic trends deteriorate rather than improve over the coming months.

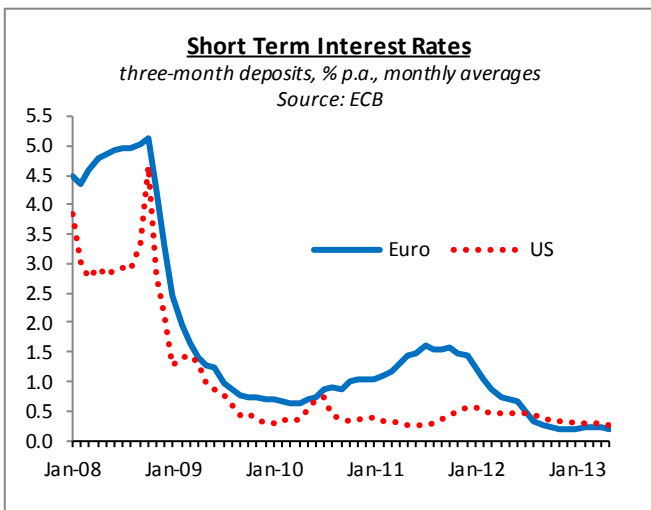
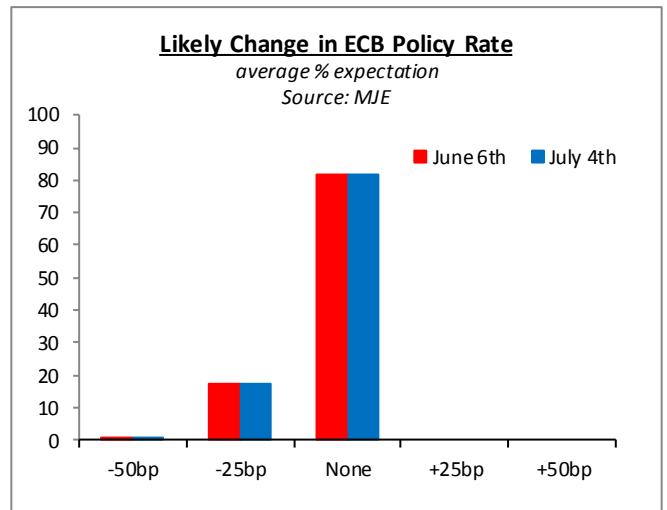
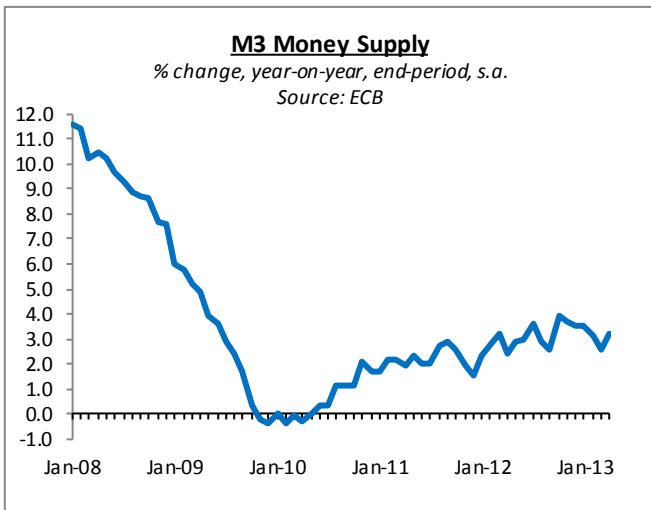
Euro Zone Barometer

Monthly Interest Rate Poll

Panellists' estimates of the probability of movements in the euro zone policy rate at the ECB Council's next two meetings:

	July 4th	August 1st
-50bp	1.1%	1.1%
-25bp	21.4%	25.0%
Unchanged	77.4%	73.9%
+25bp	0.0%	0.0%
+50bp	0.0%	0.0%

Source: MJE



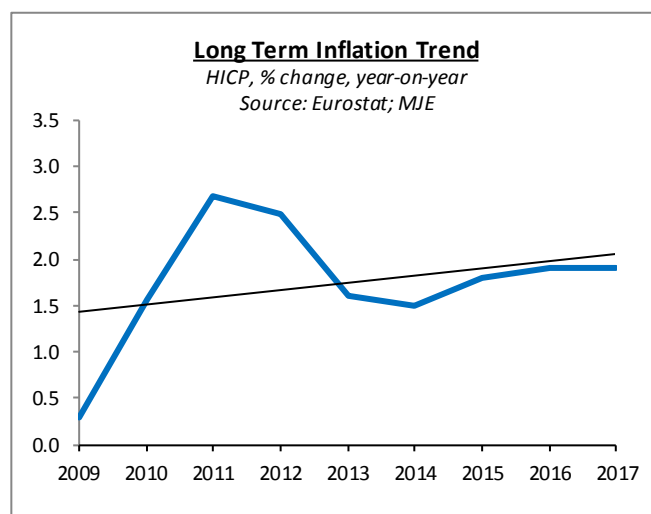
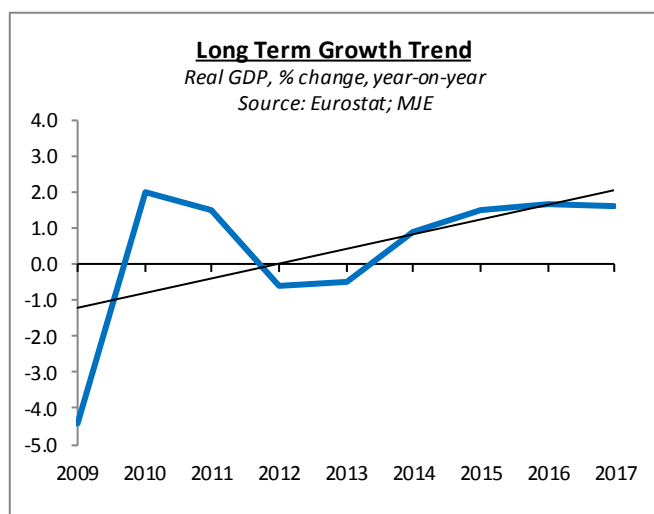
Last Five ECB Interest Rate Changes:

- May 2nd, 2013**
0.25% DECREASE to 0.50%
- July 5th, 2012**
0.25% DECREASE to 0.75%
- December 14th, 2011**
0.25% DECREASE to 1.00%
- November 9th, 2011**
0.25% DECREASE to 1.25%
- July 13th, 2011**
0.25% INCREASE to 1.50%

Long Term Forecasts

Forecasts for 2015 to 2017 are taken from our April 2013 long term forecasts survey

<i>(% change year-on-year, unless otherwise stated)</i>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Gross Domestic Product	-0.6	-0.5	0.9	1.5	1.7	1.6
Private Consumption	-1.3	-0.7	0.5	1.1	1.5	1.4
Gross Fixed Investment	-4.3	-2.8	1.6	2.9	3.0	2.9
Industrial Production (excl. construction)	-2.4	-0.9	1.9	2.3	2.1	1.7
Unemployment Rate, % of labour force	11.4	12.2	12.3	11.5	11.0	10.5
Harmonised Index of Consumer Prices	2.5	1.6	1.5	1.8	1.9	1.9
Current Account, annual total, % of GDP	1.2	1.7	1.8	1.7	1.7	1.6
General Government Balance, % of GDP	-3.7	-2.9	-2.5	-1.9	-1.5	-1.2
<u>Financial Indicators (end period)</u>						
3 Month Interest Rate, % per annum	0.19	0.21	0.46	1.26	1.75	2.00
10 Year Bond Yield, % per annum	1.32	1.53	1.95	2.81	3.09	3.34
10 year - 3 month Yield Differential	1.13	1.32	1.49	1.55	1.34	1.34
US\$ per € Exchange Rate	1.318	1.266	1.237	1.277	1.282	1.285



GERMANY - Forecasts for 2013

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Private Consumption	Gross Fixed Investment	Industrial Production (excl. construction)	Unemployment Rate (EU defn., % of labour force)	Consumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
Allianz SE	1.0	1.1	na	1.0	5.4	1.5	6.5	0.3	na
BBVA	0.8	0.8	0.6	na	na	1.7	6.0	-0.5	na
BNP Paribas	0.4	1.0	-2.6	0.4	na	1.6	6.8	-0.2	na
Danske Bank	0.5	0.5	-1.2	na	na	1.8	6.0	-0.2	81.1
DZ Bank	0.4	0.4	-1.5	na	na	1.9	6.0	-0.4	81.0
Economist Intelligence Unit	0.2	0.8	-0.2	-0.9	5.5	1.4	7.1	-0.3	81.6
G&P Institutional Mgmt	0.4	1.2	-2.0	na	5.4	1.4	na	0.0	na
HSBC	0.6	0.8	-0.2	0.1	na	1.4	5.5	-0.4	80.2
IHS Global Insight	0.5	1.3	-0.4	0.8	5.4	1.6	7.1	-0.1	80.2
Intesa Sanpaolo	0.5	0.9	-0.3	0.0	na	1.8	5.4	-0.2	na
J P Morgan Chase	0.5	na	na	na	na	1.7	na	-0.5	na
Morgan Stanley	0.5	0.6	-0.4	-0.4	5.8	1.6	6.0	0.2	80.4
Oxford Economics	0.3	1.0	-2.0	-0.3	5.4	1.6	6.4	0.0	na
Raiffeisen Bank International	0.5	na	na	na	na	1.5	5.5	-0.5	81.0
Santander	0.2	0.9	-2.0	0.4	5.9	1.7	6.5	-0.3	80.0
Societe Generale	0.8	1.1	1.5	na	na	2.0	6.3	-0.3	80.2
UBS	0.7	0.5	-0.2	-1.5	na	1.7	6.0	0.2	79.9
Unicredit Bank	0.5	0.8	-1.2	3.0	5.6	1.3	5.9	0.0	79.2
Consensus (Mean Average)	0.5	0.9	-0.8	0.2	5.6	1.6	6.2	-0.2	80.4
Last Month	0.6	0.8	-0.1	0.1	5.6	1.7	6.1	-0.2	80.5
2 Months Ago	0.7	0.8	0.1	0.8	5.5	1.8	5.8	-0.1	80.2
Median	0.5	0.9	-0.4	0.1	5.5	1.6	6.0	-0.2	80.2
High	1.0	1.3	1.5	3.0	5.9	2.0	7.1	0.3	81.6
Low	0.2	0.4	-2.6	-1.5	5.4	1.3	5.4	-0.5	79.2
Standard Deviation	0.2	0.3	1.1	1.2	0.2	0.2	0.5	0.3	0.7
Number of Forecasts	18	16	15	11	8	18	16	18	11
Other Forecasts									
EC (May '13)	0.4	0.8	-0.6	na	5.4	1.8	6.3	-0.2	81.1
IMF (Apr. '13)	0.6	0.5	-1.0	na	5.7	1.6	6.1	-0.1	78.3
OECD (May '12)	0.4	na	na	na	5.0	1.6	6.7	-0.2	na

- Flooding in parts of the country, disrupting production (at Volkswagen notably) and transport links (including shipping on the Rhine) is likely to cost the economy in the region of €12bn and could imperil the country's growth this year, forecasts for which have been steadily eroding in recent months.
- The year had already begun on a sombre note as bad weather affected economic activity (construction in particular) during Q1 2013. Thus, facing an election in September, and needing to restore confidence,

Chancellor Merkel has pledged €100m in aid for the affected parts that include Bavaria and Saxony.

- However, the economy has otherwise shown positive signs with strong trade growth (both exports and imports) showing through in April. Industrial confidence had weakened in May for a third consecutive month, but a recovery in orders should see some improvement. German consumer confidence, by contrast, has been ameliorating since December, according to the European Commission's surveys.

GERMANY - Forecasts for 2014

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Private Consump- tion	Gross Fixed Invest- ment	Industrial Produc- tion (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
Allianz SE	2.1	1.6	na	5.1	5.1	1.9	6.1	0.7	na
BBVA	1.2	1.2	4.4	na	na	1.8	5.5	0.0	na
BNP Paribas	1.6	1.6	2.5	3.9	na	1.4	6.4	-0.1	na
Danske Bank	2.3	1.4	4.9	na	na	2.0	5.6	0.0	79.0
DZ Bank	2.2	1.3	4.7	na	na	2.4	5.5	0.0	78.5
Economist Intelligence Unit	1.0	1.1	1.9	1.2	5.6	1.5	6.6	0.1	81.4
G&P Institutional Mgmt	1.6	1.5	3.0	na	5.4	1.4	na	0.1	na
HSBC	1.7	1.3	3.2	3.7	na	1.8	5.3	0.0	77.5
IHS Global Insight	1.7	1.8	5.5	4.0	5.1	1.5	6.9	-0.3	77.8
Intesa Sanpaolo	1.9	1.4	3.8	2.2	na	1.6	5.1	-0.6	na
J P Morgan Chase	2.2	na	na	na	na	1.7	na	0.0	na
Morgan Stanley	1.6	1.3	2.9	2.0	5.9	1.6	6.2	0.5	78.0
Oxford Economics	1.6	1.2	4.0	2.0	5.4	1.6	5.8	0.0	na
Raiffeisen Bank International	1.8	na	na	na	na	1.5	5.5	0.0	78.7
Santander	1.5	1.0	2.2	2.5	5.8	1.8	5.7	0.0	78.0
Societe Generale	1.5	1.4	1.0	na	na	2.5	6.0	-0.2	78.3
UBS	1.3	1.0	3.8	2.3	na	1.6	5.2	0.0	78.1
Unicredit Bank	1.5	0.8	2.5	4.0	5.5	1.4	5.5	-0.2	76.9
Consensus (Mean Average)	1.7	1.3	3.4	3.0	5.5	1.7	5.8	0.0	78.4
Last Month	1.7	1.3	3.3	2.9	5.5	1.8	5.7	0.0	78.4
2 Months Ago	1.7	1.2	3.1	3.0	5.4	1.9	5.5	0.0	78.1
Median	1.6	1.3	3.2	2.5	5.5	1.6	5.7	0.0	78.1
High	2.3	1.8	5.5	5.1	5.9	2.5	6.9	0.7	81.4
Low	1.0	0.8	1.0	1.2	5.1	1.4	5.1	-0.6	76.9
Standard Deviation	0.4	0.3	1.2	1.2	0.3	0.3	0.5	0.3	1.2
Number of Forecasts	18	16	15	11	8	18	16	18	11
Other Forecasts									
EC (May '13)	1.8	1.4	3.9	na	5.3	1.6	6.1	0.0	78.6
IMF (Apr. '13)	1.5	1.3	1.5	na	5.6	1.7	5.7	0.1	68.7
OECD (May '12)	1.9	na	na	na	4.8	2.0	6.0	0.0	na

Germany: Historical Data

<i>% change, year-on-year</i>	2009	2010	2011	2012
Gross Domestic Product	-5.1	4.0	3.1	0.9
Private Consumption	0.1	0.9	1.7	0.7
Gross Fixed Investment	-11.6	5.9	6.2	-1.9
Industrial Production	-16.3	10.7	7.7	-0.3
Unemploy. Rate, % of L.F.	7.8	7.1	5.9	5.5
Consumer Prices	0.2	1.2	2.5	2.1
Current Acc., % of GDP	6.0	6.1	5.6	7.1
Budget Bal., % of GDP	-3.1	-4.1	-0.8	0.2
Public Debt, % of GDP	74.5	82.4	80.4	81.9

Source: ECB; Eurostat; national statistical office

Germany: Background Information

Prime Minister:	Angela Merkel
Government:	Christian Democrat. Union led coalition
Next Election:	September 2013 (parliamentary)
Capital City:	Berlin
Economic Freedom:	19th out of 177 countries
Doing Business:	20th out of 185 countries
Competitiveness:	6th out of 144 countries
Corruption:	13th out of 174 countries
Corporate Tax Rate:	15.0% (national rate) 0.0% (local rate) 15.0% (branch rate)

Note: 5% solidarity rate and municipal rates also levied.

Sources: BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum

FRANCE - Forecasts for 2013

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Household Consump- tion	Gross Fixed Invest- ment	Industrial Produc- tion (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
BBVA	0.0	-0.1	-1.4	na	na	1.4	-1.6	-3.8	na
BNP Paribas	-0.4	-0.1	-2.9	-2.0	11.3	0.9	-2.3	-4.2	na
Danske Bank	-0.4	0.2	-1.0	na	11.2	1.7	-1.6	-4.0	94.1
DZ Bank	-0.2	-0.2	-1.8	na	11.0	1.4	-1.7	-3.7	94.0
Economist Intelligence Unit	-0.4	-0.2	-3.2	-2.0	10.9	0.8	-2.1	-4.2	93.7
G&P Institutional Mgmt	-0.1	0.1	-2.7	na	10.7	1.0	na	-4.0	na
HSBC	0.3	0.2	-0.5	-1.7	10.6	1.0	-2.0	-3.9	94.3
IHS Global Insight	-0.5	-0.2	-2.2	-1.6	10.9	1.1	-2.2	-4.1	95.1
Intesa Sanpaulo	-0.1	0.0	-0.3	-0.3	10.4	1.3	na	na	na
J P Morgan Chase	-0.4	na	na	na	na	0.9	na	-3.3	na
Morgan Stanley	-0.3	0.2	-1.7	na	10.4	1.2	-2.0	-3.9	93.4
Oxford Economics	-0.3	-0.1	-1.9	-1.8	11.2	1.0	-2.0	-3.9	115.8
Raiffeisen Bank International	-0.4	na	na	na	na	1.3	-2.3	-3.8	93.4
Societe Generale	-0.2	0.3	na	na	10.7	1.5	-1.7	-3.6	93.5
UBS	-0.3	0.0	-1.4	-0.8	10.2	na	-0.1	-3.9	94.5
Unicredit Bank	-0.3	-0.1	-2.5	na	na	1.2	-2.0	-4.0	92.6
Consensus (Mean Average)	-0.3	0.0	-1.8	-1.5	10.8	1.2	-1.8	-3.9	95.9
Last Month	-0.1	0.0	-1.4	-1.2	10.7	1.3	-1.7	-3.9	95.6
2 Months Ago	0.0	0.1	-1.2	-1.2	10.6	1.3	-1.9	-3.8	95.3
Median	-0.3	-0.1	-1.8	-1.7	10.8	1.2	-2.0	-3.9	94.0
High	0.3	0.3	-0.3	-0.3	11.3	1.7	-0.1	-3.3	115.8
Low	-0.5	-0.2	-3.2	-2.0	10.2	0.8	-2.3	-4.2	92.6
Standard Deviation	0.2	0.2	0.9	0.7	0.4	0.3	0.6	0.2	6.6
Number of Forecasts	16	14	13	7	12	15	13	15	11
Other Forecasts									
EC (May '13)	-0.1	-0.1	-2.1	na	10.6	1.2	-1.6	-3.9	94.0
IMF (Apr. '13)	-0.1	-0.1	-1.4	na	11.2	1.6	-1.3	-3.5	94.0
OECD (May '12)	-0.3	na	na	na	10.7	1.1	-2.2	-4.0	na

- The news that industrial production increased in France during April, contrasting with a continuing slump in other countries such as Italy, will provide welcome news to Francois Hollande's Socialist Party, battling against adverse public opinion since being elected a year ago.
- Metals, cars and textiles prompted the surge in output, bolstering the prospect of a return to growth during Q2 2013. Still, it remains to be seen if one month's worth of improvement translates into a sustainable recovery.
- Encouragingly, the European Commission's economic sentiment index for France turned upwards last month, though the rise was modest following a partial rebound in the industrial indicator. Sentiment in all areas of the economy – including industry - remains very depressed according to this latest survey, suggesting that considerably more improvement is needed before an end to the economic downturn can be declared.
- The unemployment rate was stable at 11.2% in April, but the unemployed total increased and the youth unemployment rate is 26.5%.

FRANCE - Forecasts for 2014

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Household Consump- tion	Gross Fixed Invest- ment	Industrial Produc- tion (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
BBVA	1.1	0.9	1.8	na	na	1.5	-1.5	-3.0	na
BNP Paribas	0.5	0.3	-0.2	0.0	12.0	1.1	-1.9	-3.7	na
Danske Bank	0.7	1.1	1.4	na	11.5	1.5	-1.8	-4.2	96.4
DZ Bank	0.8	0.3	2.2	na	10.8	1.8	-1.8	-4.1	96.0
Economist Intelligence Unit	0.4	0.5	0.2	0.9	11.0	1.4	-1.9	-3.5	95.2
G&P Institutional Mgmt	1.1	1.0	-0.4	na	10.3	1.0	na	-3.8	na
HSBC	1.3	0.4	1.7	1.9	10.5	1.8	-1.9	-3.8	95.5
IHS Global Insight	0.5	0.3	0.6	1.1	11.2	1.8	-2.0	-3.1	97.1
Intesa Sanpaulo	1.1	1.0	1.2	2.7	10.4	1.8	na	na	na
J P Morgan Chase	1.0	na	na	na	na	1.2	na	-2.7	na
Morgan Stanley	0.6	0.5	0.7	na	10.7	1.6	-2.2	-3.5	94.9
Oxford Economics	0.8	0.9	1.3	1.4	11.3	1.4	-2.2	-3.3	119.4
Raiffeisen Bank International	0.6	na	na	na	na	1.5	-2.5	-3.2	94.5
Societe Generale	0.4	0.2	na	na	11.5	2.6	-1.3	-2.8	95.0
UBS	0.7	0.7	1.3	1.6	10.2	na	-1.5	-3.3	96.6
Unicredit Bank	0.8	0.6	0.0	na	na	2.1	-1.7	-3.5	94.7
Consensus (Mean Average)	0.8	0.6	0.9	1.4	11.0	1.6	-1.9	-3.4	97.8
Last Month	0.9	0.7	1.2	1.2	10.8	1.7	-1.8	-3.4	97.3
2 Months Ago	1.0	0.8	1.2	1.3	10.7	1.7	-1.8	-3.3	96.7
Median	0.8	0.6	1.2	1.4	10.9	1.5	-1.9	-3.5	95.5
High	1.3	1.1	2.2	2.7	12.0	2.6	-1.3	-2.7	119.4
Low	0.4	0.2	-0.4	0.0	10.2	1.0	-2.5	-4.2	94.5
Standard Deviation	0.3	0.3	0.8	0.8	0.6	0.4	0.3	0.4	7.2
Number of Forecasts	16	14	13	7	12	15	13	15	11
Other Forecasts									
EC (May '13)	1.1	0.9	1.7	na	10.9	1.7	-1.7	-4.2	96.2
IMF (Apr. '13)	0.9	0.9	1.6	na	11.6	1.5	-1.4	-0.6	88.1
OECD (May '12)	0.8	na	na	na	11.1	1.0	-1.9	-3.5	na

France: Historical Data

<i>% change, year-on-year</i>	2009	2010	2011	2012
Gross Domestic Product	-3.1	1.7	1.7	0.0
Private Consumption	0.3	1.5	0.3	-0.1
Gross Fixed Investment	-10.6	1.2	3.5	0.0
Industrial Production	-12.8	4.8	2.4	-2.6
Unemploy. Rate, % of L.F.	9.5	9.7	9.6	10.2
Consumer Prices	0.1	1.7	2.3	2.2
Current Acc., % of GDP	-1.8	-2.0	-2.6	-1.8
Budget Bal., % of GDP	-7.5	-7.1	-5.3	-4.8
Public Debt, % of GDP	79.2	82.4	85.8	90.2

Source: ECB; Eurostat; national statistical office

France: Background Information

President:	Francois Hollande
Government:	Socialist Party
Next Election:	2017 (presidential & parliamentary)
Capital City:	Paris
Economic Freedom:	62nd out of 177 countries
Doing Business:	34th out of 185 countries
Competitiveness:	21st out of 144 countries
Corruption:	22nd out of 174 countries
Corporate Tax Rate:	33.33% (national rate) 0.0% (local rate) 33.33% (branch rate)

Note: 3.3% social sec. surcharge levied over certain threshold.

Sources: BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum

ITALY - Forecasts for 2013

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Household Consumption	Gross Fixed Investment	Industrial Production (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
BBVA	-1.3	-2.3	-3.8	na	na	2.0	0.1	-2.9	na
BNP Paribas	-1.9	-3.2	-5.7	-3.9	12.3	1.5	1.3	-3.3	na
Danske Bank	-1.6	-1.9	-4.7	na	11.8	2.0	0.6	-2.4	128.6
DZ Bank	-1.2	-1.8	-2.9	na	11.3	1.9	0.9	-2.9	128.0
Economist Intelligence Unit	-1.8	-3.0	-1.5	-2.0	11.9	1.3	-0.2	-3.2	132.8
G&P Institutional Mgmt	-1.4	-2.0	-4.4	na	13.7	1.7	na	-2.8	na
HSBC	-1.4	-1.9	-4.6	-2.7	11.7	1.8	0.0	-3.0	127.8
IHS Global Insight	-2.0	-2.6	-6.4	-3.7	12.1	1.5	0.1	-3.0	130.7
Intesa Sanpaulo	-1.0	-1.8	-3.4	-3.2	na	2.2	na	-2.4	na
J P Morgan Chase	-1.8	na	na	na	na	1.5	na	-2.1	na
Morgan Stanley	-1.7	-2.8	-4.2	na	12.0	1.7	0.6	-2.6	129.1
Oxford Economics	-1.8	-2.6	-3.6	-3.7	12.1	1.7	-0.1	-3.0	126.7
Raiffeisen Bank International	-1.7	na	na	na	na	2.3	0.0	-2.5	128.9
Societe Generale	-2.1	-4.0	-3.9	na	12.0	1.7	0.4	-2.9	130.3
UBS	-1.2	-2.1	-2.5	-2.9	11.9	1.8	na	-2.0	128.0
Unicredit Bank	-1.7	-2.5	-4.7	na	12.0	1.7	0.2	-3.1	131.0
Consensus (Mean Average)	-1.6	-2.5	-4.0	-3.2	12.1	1.8	0.3	-2.8	129.3
Last Month	-1.5	-2.5	-3.5	-3.0	11.8	1.8	0.2	-2.6	128.7
2 Months Ago	-1.3	-2.2	-3.3	-2.2	11.7	2.0	0.0	-2.5	128.2
Median	-1.7	-2.4	-4.1	-3.2	12.0	1.7	0.2	-2.9	128.9
High	-1.0	-1.8	-1.5	-2.0	13.7	2.3	1.3	-2.0	132.8
Low	-2.1	-4.0	-6.4	-3.9	11.3	1.3	-0.2	-3.3	126.7
Standard Deviation	0.3	0.6	1.3	0.7	0.6	0.3	0.4	0.4	1.8
Number of Forecasts	16	14	14	7	12	16	12	16	11
Other Forecasts									
EC (May '13)	-1.3	-2.0	-3.5	na	11.8	1.6	1.0	-2.9	131.4
IMF (Apr. '13)	-1.5	-2.6	-2.9	na	12.0	2.0	0.3	-2.3	130.8
OECD (May '13)	-1.8	na	na	na	11.9	1.6	0.9	-3.0	na

Italy: Historical Data

<i>% change, year-on-year</i>	2009	2010	2011	2012
Gross Domestic Product	-5.5	1.7	0.4	-2.0
Private Consumption	-1.6	1.5	0.1	-4.3
Gross Fixed Investment	-11.7	0.6	-1.8	-8.0
Industrial Production	-18.7	6.9	0.3	-6.3
Unemploy. Rate, % of L.F.	7.8	8.4	8.4	10.7
Consumer Prices	0.8	1.6	2.9	3.3
Current Acc., % of GDP	-2.0	-3.5	-3.1	-0.5
Budget Bal., % of GDP	-5.5	-4.5	-3.8	-3.0
Public Debt, % of GDP	116.4	119.3	120.8	127.0

Source: ECB; Eurostat; national statistical office

Italy: Background Information

Prime Minister:	Enrico Letta
Government:	Coalition of PD and PDL
Next Election:	2018
Capital City:	Rome
Economic Freedom:	83rd out of 177 countries
Doing Business:	73rd out of 185 countries
Competitiveness:	42nd out of 144 countries
Corruption:	72nd out of 174 countries
Corporate Tax Rate:	27.5% (national rate) 3.9% (local rate) 27.5% (branch rate)

Note: Regional tax also levied, generally at 3.9%.

Sources : BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum

ITALY - Forecasts for 2013

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Household Consump- tion	Gross Fixed Invest- ment	Industrial Produc- tion (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
BBVA	-1.3	-2.3	-3.8	na	na	2.0	0.1	-2.9	na
BNP Paribas	-1.9	-3.2	-5.7	-3.9	12.3	1.5	1.3	-3.3	na
Danske Bank	-1.6	-1.9	-4.7	na	11.8	2.0	0.6	-2.4	128.6
DZ Bank	-1.2	-1.8	-2.9	na	11.3	1.9	0.9	-2.9	128.0
Economist Intelligence Unit	-1.8	-3.0	-1.5	-2.0	11.9	1.3	-0.2	-3.2	132.8
G&P Institutional Mgmt	-1.4	-2.0	-4.4	na	13.7	1.7	na	-2.8	na
HSBC	-1.4	-1.9	-4.6	-2.7	11.7	1.8	0.0	-3.0	127.8
IHS Global Insight	-2.0	-2.6	-6.4	-3.7	12.1	1.5	0.1	-3.0	130.7
Intesa Sanpaulo	-1.0	-1.8	-3.4	-3.2	na	2.2	na	-2.4	na
J P Morgan Chase	-1.8	na	na	na	na	1.5	na	-2.1	na
Morgan Stanley	-1.7	-2.8	-4.2	na	12.0	1.7	0.6	-2.6	129.1
Oxford Economics	-1.8	-2.6	-3.6	-3.7	12.1	1.7	-0.1	-3.0	126.7
Raiffeisen Bank International	-1.7	na	na	na	na	2.3	0.0	-2.5	128.9
Societe Generale	-2.1	-4.0	-3.9	na	12.0	1.7	0.4	-2.9	130.3
UBS	-1.2	-2.1	-2.5	-2.9	11.9	1.8	na	-2.0	128.0
Unicredit Bank	-1.7	-2.5	-4.7	na	12.0	1.7	0.2	-3.1	131.0
Consensus (Mean Average)	-1.6	-2.5	-4.0	-3.2	12.1	1.8	0.3	-2.8	129.3
Last Month	-1.5	-2.5	-3.5	-3.0	11.8	1.8	0.2	-2.6	128.7
2 Months Ago	-1.3	-2.2	-3.3	-2.2	11.7	2.0	0.0	-2.5	128.2
Median	-1.7	-2.4	-4.1	-3.2	12.0	1.7	0.2	-2.9	128.9
High	-1.0	-1.8	-1.5	-2.0	13.7	2.3	1.3	-2.0	132.8
Low	-2.1	-4.0	-6.4	-3.9	11.3	1.3	-0.2	-3.3	126.7
Standard Deviation	0.3	0.6	1.3	0.7	0.6	0.3	0.4	0.4	1.8
Number of Forecasts	16	14	14	7	12	16	12	16	11
Other Forecasts									
EC (May '13)	-1.3	-2.0	-3.5	na	11.8	1.6	1.0	-2.9	131.4
IMF (Apr. '13)	-1.5	-2.6	-2.9	na	12.0	2.0	0.3	-2.3	130.8
OECD (May '13)	-1.8	na	na	na	11.9	1.6	0.9	-3.0	na

- One of Europe's several weak links, Italy has failed to show any signs of improvement so far this year, with the latest fall in industrial production (during April) compounding the gloom to suggest that economic contraction may well continue for the time being.
- Further endorsement was provided by a downward revision to real GDP in Q1 2013, which shrank by 0.6% q/q according to the Italian statistical office (Istat), rather than the 0.5% originally estimated. The economy also contracted by 2.4% y/y.
- Invariably the economic downturn is still imparting a heavy toll on the labour market. An upwardly revised unemployment rate of 11.9% in March was surpassed by April's figure of 12%; 40.5% of 15-24 those aged years, moreover, were unemployed in April.
- Confidence indicators improved slightly in May, perhaps buoyed by the formation of a government and the avoidance of another election. However, all areas of the economy are still showing hugely negative sentiment, signalling few bright prospects on the horizon.

ITALY - Forecasts for 2014

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Household Consump- tion	Gross Fixed Invest- ment	Industrial Produc- tion (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
BBVA	0.8	0.1	2.7	na	na	1.7	0.0	-1.8	na
BNP Paribas	0.2	-0.5	-0.5	1.5	12.6	1.3	1.5	-2.8	na
Danske Bank	1.1	1.1	2.0	na	11.5	1.7	0.8	-2.3	128.1
DZ Bank	0.4	0.1	1.1	na	11.3	2.1	1.1	-2.5	129.0
Economist Intelligence Unit	0.3	0.3	1.0	0.5	11.7	0.8	-0.2	-3.2	135.5
G&P Institutional Mgmt	1.5	0.7	3.4	na	12.2	1.5	na	-2.5	na
HSBC	0.6	-0.1	0.0	2.0	12.0	1.7	0.0	-2.4	126.9
IHS Global Insight	-0.5	-0.8	-1.1	-0.1	12.2	1.6	0.3	-2.7	130.1
Intesa Sanpaulo	0.7	0.4	1.2	0.1	na	2.6	na	-1.3	na
J P Morgan Chase	0.7	na	na	na	na	1.2	na	-1.7	na
Morgan Stanley	0.4	-0.3	0.6	na	12.1	2.0	1.0	-2.3	128.1
Oxford Economics	0.4	-0.6	1.3	1.8	12.7	1.6	0.3	-2.7	129.5
Raiffeisen Bank International	0.7	na	na	na	na	1.8	0.5	-2.0	127.0
Societe Generale	-0.5	-1.1	-1.3	na	12.3	1.4	0.6	-2.9	131.3
UBS	0.3	0.1	1.1	1.5	12.3	1.8	na	-1.9	128.0
Unicredit Bank	0.6	0.6	1.4	na	12.3	1.7	0.4	-2.2	130.2
Consensus (Mean Average)	0.5	0.0	0.9	1.0	12.1	1.7	0.5	-2.3	129.4
Last Month	0.5	0.0	0.8	0.9	11.9	1.8	0.4	-2.2	128.4
2 Months Ago	0.6	0.1	1.2	1.7	11.6	1.8	0.1	-2.1	127.8
Median	0.5	0.1	1.1	1.5	12.2	1.7	0.5	-2.4	129.0
High	1.5	1.1	3.4	2.0	12.7	2.6	1.5	-1.3	135.5
Low	-0.5	-1.1	-1.3	-0.1	11.3	0.8	-0.2	-3.2	126.9
Standard Deviation	0.5	0.6	1.3	0.9	0.4	0.4	0.5	0.5	2.4
Number of Forecasts	16	14	14	7	12	16	12	16	11
Other Forecasts									
EC (May '13)	0.7	0.4	2.5	na	12.2	1.5	1.1	-2.5	132.2
IMF (Apr. '13)	0.5	0.0	1.3	na	12.4	1.4	0.3	-1.1	123.4
OECD (May '13)	0.4	na	na	na	12.5	1.2	2.0	-2.3	na

Italy: Historical Data

<i>% change, year-on-year</i>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Gross Domestic Product	-5.5	1.7	0.4	-2.0
Private Consumption	-1.6	1.5	0.1	-4.3
Gross Fixed Investment	-11.7	0.6	-1.8	-8.0
Industrial Production	-18.7	6.9	0.3	-6.3
Unemploy. Rate, % of L.F.	7.8	8.4	8.4	10.7
Consumer Prices	0.8	1.6	2.9	3.3
Current Acc., % of GDP	-2.0	-3.5	-3.1	-0.5
Budget Bal., % of GDP	-5.5	-4.5	-3.8	-3.0
Public Debt, % of GDP	116.4	119.3	120.8	127.0

Source: ECB; Eurostat; national statistical office

Italy: Background Information

Prime Minister:	Enrico Letta
Government:	Coalition of PD and PDL
Next Election:	2018
Capital City:	Rome
Economic Freedom:	83rd out of 177 countries
Doing Business:	73rd out of 185 countries
Competitiveness:	42nd out of 144 countries
Corruption:	72nd out of 174 countries
Corporate Tax Rate:	27.5% (national rate) 3.9% (local rate) 27.5% (branch rate)

Note: Regional tax also levied, generally at 3.9%.

Sources: BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum

NETHERLANDS - Forecasts for 2013

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Private Consumption	Gross Fixed Investment	Industrial Production (excl. construction)	Unemployment Rate (EU defn., % of labour force)	Consumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
BNP Paribas	-0.8	-1.5	-3.6	-1.5	6.8	2.4	9.8	-3.6	na
DZ Bank	-0.7	-1.5	-7.3	na	na	2.6	8.6	-3.3	73.0
Economist Intelligence Unit	-1.2	-1.6	-8.0	-0.9	7.1	2.6	10.3	-3.7	74.9
IHS Global Insight	-0.8	-1.6	-6.6	0.1	na	na	8.6	-3.6	73.4
Intesa Sanpaulo	-0.7	-1.1	-2.2	na	na	na	na	na	na
Morgan Stanley	-1.0	-1.7	-3.0	-1.4	6.4	2.3	8.7	-3.6	74.8
Oxford Economics	-0.9	-1.0	-5.2	3.0	6.8	2.6	9.0	-2.9	84.3
Raiffeisen Bank International	-0.8	na	na	na	na	2.7	10.5	-3.6	73.8
UBS	-0.6	-0.9	-1.7	0.5	na	3.1	5.3	-2.7	66.0
Consensus (Mean Average)	-0.8	-1.4	-4.7	0.0	6.8	2.6	8.9	-3.4	74.3
Last Month	-0.7	-1.4	-2.5	-0.4	6.4	2.7	8.6	-3.4	74.3
2 Months Ago	-0.4	-1.0	-1.8	-0.5	6.4	2.5	8.2	-3.4	74.4
Median	-0.8	-1.5	-4.4	-0.4	6.8	2.6	8.9	-3.6	73.8
High	-0.6	-0.9	-1.7	3.0	7.1	3.1	10.5	-2.7	84.3
Low	-1.2	-1.7	-8.0	-1.5	6.4	2.3	5.3	-3.7	66.0
Standard Deviation	0.2	0.3	2.4	1.7	0.3	0.3	1.6	0.4	5.4
Number of Forecasts	9	8	8	6	4	7	8	8	7
Other Forecasts									
EC (May '13)	-0.8	-2.4	-3.3	na	6.9	2.8	8.6	-3.6	74.6
IMF (Apr. '13)	-0.5	na	na	na	6.3	2.8	8.7	na	na
OECD (May '13)	-0.9	na	na	na	6.4	2.7	9.4	-3.7	na

- After having contracted during Q1 2013, and currently in a third recession in four years due to austerity, the collapse of a housing bubble and private debt restructuring, the Dutch economy is performing much worse than expected, prompting the Dutch central bank to downgrade its latest forecast for 2013 to show a deeper downturn.
- With more budget cuts and tax hikes being implemented this year to narrow the budget deficit, the Bank's forecast for a return to growth in 2014 has also been scaled down, in line with the trend in our experts' predictions.
- However, with the country's cherished triple-A credit ratings at stake, the prospect of additional fiscal measures being announced in a few months' time to combat fiscal deterioration is growing; otherwise the deficit would rise again next year.
- Fortunately, confidence in the economy improved during May, according to the European Commission's latest survey. However, the upturn, which was largely retailer-driven only returns economic sentiment to roughly where it was in October, with most areas of the economy remaining depressed.

NETHERLANDS - Forecasts for 2014

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Private Consumption	Gross Fixed Investment	Industrial Production (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
BNP Paribas	0.5	0.3	0.5	2.3	7.5	1.8	10.4	-3.5	na
DZ Bank	0.8	0.0	2.2	na	na	1.8	8.9	-3.5	74.0
Economist Intelligence Unit	0.3	-0.5	-2.0	0.8	6.8	1.7	10.5	-3.2	77.5
IHS Global Insight	0.7	0.2	1.6	1.0	na	na	8.6	-3.2	73.2
Intesa Sanpaolo	1.4	0.8	2.3	na	na	na	na	na	na
Morgan Stanley	0.5	0.1	1.7	1.9	6.8	1.8	9.0	-3.1	76.5
Oxford Economics	0.7	0.0	2.5	0.5	7.2	1.4	8.2	-2.9	86.2
Raiffeisen Bank International	1.1	na	na	na	na	1.5	9.5	-3.6	75.0
UBS	1.0	0.3	3.4	5.1	na	2.5	5.3	-2.2	66.0
Consensus (Mean Average)	0.8	0.2	1.5	1.9	7.1	1.8	8.8	-3.2	75.5
Last Month	0.9	0.3	1.8	2.3	6.5	1.8	8.5	-3.2	75.4
2 Months Ago	1.1	0.4	2.4	1.6	6.5	1.9	8.2	-3.1	75.5
Median	0.7	0.2	2.0	1.5	7.0	1.8	9.0	-3.2	75.0
High	1.4	0.8	3.4	5.1	7.5	2.5	10.5	-2.2	86.2
Low	0.3	-0.5	-2.0	0.5	6.8	1.4	5.3	-3.6	66.0
Standard Deviation	0.3	0.4	1.6	1.7	0.3	0.4	1.6	0.5	6.0
Number of Forecasts	9	8	8	6	4	7	8	8	7
Other Forecasts									
EC (May '13)	0.9	-0.1	1.6	na	7.2	1.5	8.9	-3.6	75.8
IMF (Apr. '13)	1.1	na	na	na	6.5	1.7	9.0	na	na
OECD (May '13)	0.7	na	na	na	7.0	1.5	9.0	-3.6	na

Netherlands: Historical Data

<i>% change, year-on-year</i>	2009	2010	2011	2012
Gross Domestic Product	-3.7	1.6	1.0	-1.0
Private Consumption	-2.1	0.3	-1.0	-1.4
Gross Fixed Investment	-12.0	-7.2	5.7	-4.6
Industrial Production	-7.6	7.8	-0.8	-0.4
Unemploy. Rate, % of L.F.	3.7	4.5	4.4	5.3
Consumer Prices	1.0	0.9	2.5	2.8
Current Acc., % of GDP	3.2	5.1	8.3	9.9
Budget Bal., % of GDP	-5.6	-5.1	-4.5	-4.1
Public Debt, % of GDP	60.8	63.1	65.5	71.2

Source: ECB; Eurostat; national statistical office

Netherlands: Background Information

Prime Minister:	Mark Rutte
Government:	VVD led coalition
Next Election:	September 2016 (parliamentary)
Capital City:	The Hague
Economic Freedom:	17th out of 177 countries
Doing Business:	31st out of 185 countries
Competitiveness:	5th out of 144 countries
Corruption:	9th out of 174 countries
Corporate Tax Rate:	25.0% (national rate) 0.0% (local rate) 25.0% (branch rate)

Note: Reduced tax of 20% on income below certain threshold.

Sources: BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum

SPAIN - Forecasts for 2013

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Household Consump- tion	Gross Fixed Invest- ment	Industrial Produc- tion (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
BBVA	-1.4	-3.0	-8.5	na	na	1.7	0.5	-6.5	na
BNP Paribas	-1.7	-2.3	-6.4	-2.2	27.6	1.5	0.0	-7.0	na
Danske Bank	-1.6	-2.8	-7.8	na	26.4	1.7	1.0	-5.5	96.0
DZ Bank	-1.9	-2.6	-3.7	na	25.9	2.1	1.0	-7.0	95.0
Economist Intelligence Unit	-1.7	-3.1	-7.2	-4.2	26.3	1.6	0.1	-7.0	92.5
G&P Institutional Mgmt	-1.6	-3.1	-8.0	na	27.6	1.6	na	-6.3	na
HSBC	-1.9	-3.2	-7.4	-4.3	27.2	2.4	0.2	-5.5	94.0
IHS Global Insight	-1.9	-2.7	-6.2	-2.3	27.0	1.5	1.3	-7.5	93.3
Intesa Sanpaulo	-1.5	-2.4	-3.9	-3.7	na	na	na	-6.1	na
J P Morgan Chase	-1.8	na	na	na	na	1.5	na	-5.3	na
Morgan Stanley	-1.5	-3.4	-7.1	na	26.6	2.2	1.5	-8.0	100.2
Oxford Economics	-1.7	-2.7	-6.4	-2.5	26.9	1.7	0.4	-6.6	91.9
Raiffeisen Bank International	-1.5	na	na	na	na	1.7	0.8	-6.5	91.8
Santander	-1.4	-2.9	na	na	26.9	1.7	1.0	na	na
Societe Generale	-1.4	-2.7	-5.8	na	28.1	1.8	-0.4	-7.2	96.3
UBS	-1.7	-3.0	-7.8	-3.7	26.9	2.4	1.8	-6.0	95.2
Unicredit Bank	-1.6	-2.7	-6.9	na	na	1.8	1.0	-6.4	91.5
Consensus (Mean Average)	-1.6	-2.8	-6.7	-3.3	27.0	1.8	0.7	-6.5	94.3
Last Month	-1.6	-3.1	-6.9	-3.8	26.8	1.9	0.6	-6.6	94.5
2 Months Ago	-1.5	-2.9	-6.5	-2.6	26.6	2.0	0.4	-6.3	94.3
Median	-1.6	-2.8	-7.0	-3.7	26.9	1.7	0.9	-6.5	94.0
High	-1.4	-2.3	-3.7	-2.2	28.1	2.4	1.8	-5.3	100.2
Low	-1.9	-3.4	-8.5	-4.3	25.9	1.5	-0.4	-8.0	91.5
Standard Deviation	0.2	0.3	1.4	0.9	0.6	0.3	0.6	0.7	2.6
Number of Forecasts	17	15	14	7	12	16	14	16	11
Other Forecasts									
EC (May '13)	-1.5	-3.1	-7.6	na	27.0	1.5	1.6	-6.5	91.3
IMF (Apr. '13)	-1.6	-3.4	-7.5	na	27.0	1.9	1.1	na	na
OECD (May '13)	-1.7	na	na	na	27.3	1.5	2.1	-6.9	na

- As the economy remains mired in recession, which has seen GDP contract again during Q1 2013 - and will most probably do so in Q2 also, based on the continuing slide in industrial production - the unemployment rate has crept upwards to a new high of 26.8% in April; some 56.4% of Spain's under 25's (of working age) are now, worryingly, without a job.
- However, the worst may be over in light of the fact that the government has more time to resolve its fiscal problems. The European Commission has handed Spain two more years to meet its fiscal targets and many experts anticipate a return to growth in early 2014 as the fiscal contraction – although continuing – will be less of a drag on economic activity.
- Economy Minister Luis de Guindos has pledged to reverse his government's income tax hikes before the next election is due in 2015 - a desperate political ploy perhaps, but one that might give the economy a much-needed lift to add to the emerging signs of export growth now filtering through in the otherwise parlous statistical releases.

SPAIN - Forecasts for 2014

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	Gross Domestic Product	Household Consumption	Gross Fixed Investment	Industrial Production (excl. construc- tion)	Unem- ployment Rate (EU defn., % of labour force)	Con- sumer Prices (HICP)	Current Account Balance (% of GDP)	General Govt. Balance (% of GDP)	General Govt. Debt (% of GDP)
Panellists									
BBVA	0.9	-0.5	1.3	na	na	1.2	1.0	-5.7	na
BNP Paribas	0.3	-0.6	-0.3	0.5	28.7	0.8	0.8	-6.0	na
Danske Bank	-0.6	-0.7	-2.0	na	26.8	1.0	2.5	-5.2	102.0
DZ Bank	0.9	0.9	-1.6	na	25.7	1.7	2.0	-6.9	99.0
Economist Intelligence Unit	-0.2	-0.3	-2.1	-1.8	26.6	0.9	0.2	-6.1	98.2
G&P Institutional Mgmt	0.6	-0.5	-1.4	na	25.5	1.2	na	-5.8	na
HSBC	-0.2	-0.9	-3.8	-0.8	27.4	1.4	0.4	-4.5	99.5
IHS Global Insight	-0.6	-0.3	-1.0	0.2	27.5	1.8	1.1	-6.3	96.3
Intesa Sanpaulo	0.6	0.3	-0.3	2.0	na	na	na	-5.7	na
J P Morgan Chase	0.5	na	na	na	na	0.6	na	-3.8	na
Morgan Stanley	0.8	0.0	-1.5	na	25.7	1.1	2.0	-7.5	103.9
Oxford Economics	0.2	-0.1	-0.2	0.6	27.2	1.0	0.4	-4.7	99.2
Raiffeisen Bank International	1.0	na	na	na	na	1.1	1.5	-5.5	95.3
Santander	0.9	0.5	na	na	26.3	1.7	1.5	na	na
Societe Generale	-0.8	-1.5	-2.8	na	30.2	-0.5	0.6	-6.1	102.8
UBS	0.0	-0.4	-2.6	-2.1	27.3	1.5	2.4	-5.0	99.5
Unicredit Bank	0.5	-0.1	-0.8	na	na	2.5	2.1	-5.5	97.0
Consensus (Mean Average)	0.3	-0.3	-1.4	-0.2	27.1	1.2	1.3	-5.6	99.3
Last Month	0.3	-0.3	-1.0	-0.3	26.9	1.3	1.2	-5.7	99.6
2 Months Ago	0.3	-0.3	-0.8	0.5	26.8	1.3	1.1	-5.3	98.8
Median	0.5	-0.3	-1.5	0.2	27.0	1.2	1.3	-5.7	99.2
High	1.0	0.9	1.3	2.0	30.2	2.5	2.5	-3.8	103.9
Low	-0.8	-1.5	-3.8	-2.1	25.5	-0.5	0.2	-7.5	95.3
Standard Deviation	0.6	0.6	1.3	1.5	1.3	0.6	0.8	0.9	2.7
Number of Forecasts	17	15	14	7	12	16	14	16	11
Other Forecasts									
EC (May '13)	0.9	-0.1	-1.1	na	26.4	0.8	2.9	-7.0	96.8
IMF (Apr. '13)	0.7	0.5	-1.7	na	26.5	1.5	2.2	na	na
OECD (May '13)	0.4	na	na	na	28.0	0.4	3.5	-6.4	na

Spain: Historical Data

<i>% change, year-on-year</i>	2009	2010	2011	2012
Gross Domestic Product	-3.7	-0.3	0.4	-1.4
Private Consumption	-3.8	0.7	-1.0	-2.1
Gross Fixed Investment	-18.0	-6.2	-5.3	-9.1
Industrial Production	-15.7	0.9	-1.4	-6.0
Unemploy. Rate, % of L.F.	18.0	20.1	21.7	25.0
Consumer Prices	-0.2	2.0	3.1	2.4
Current Acc., % of GDP	-4.8	-4.4	-3.7	-0.9
Budget Bal., % of GDP	-11.2	-9.7	-9.4	-10.6
Public Debt, % of GDP	53.9	61.5	69.3	84.2

Source: ECB; Eurostat; national statistical office

Spain: Background Information

Prime Minister:	Mariano Rajoy
Government:	Popular Party
Next Election:	2015 (parliamentary)
Capital City:	Madrid
Economic Freedom:	46th out of 177 countries
Doing Business:	44th out of 185 countries
Competitiveness:	36th out of 144 countries
Corruption:	30th out of 174 countries
Corporate Tax Rate:	30.0% (national rate) variable (local rate) 30.0% (branch rate)

Note: Reduced rate for SMEs.

Sources: BIS, Deloitte, IFES Election Guide, IMF, FT, Heritage Foundation, MJE, Transparency International, World Bank, World Economic Forum

Forecasts For Other Euro-Zone Countries¹

		Real GDP Growth (%)		Harmonized Inflation (%)		Current Account (% of GDP)		Gen Govt Bal (% of GDP)		Gen Govt Debt (% of GDP)	
		2013	2014	2013	2014	2013	2014	2013	2014	2013	2014
Austria	EC	0.6	1.8	2.0	1.8	3.1	3.2	-2.2	-1.8	73.8	73.7
	IMF	0.8	1.6	2.2	1.9	2.2	2.3	na	na	na	na
	OECD	0.5	1.7	2.0	1.5	2.4	2.9	-2.3	-1.7	na	na
Belgium	EC	0.0	1.2	1.3	1.6	1.4	1.4	-2.9	-3.1	101.4	102.1
	IMF	0.2	1.2	1.7	1.4	-0.1	0.2	na	na	na	na
	OECD	0.0	1.1	1.4	1.2	-1.2	-0.8	-2.6	-2.3	na	na
Cyprus	EC	-8.7	-3.9	1.0	1.2	-1.9	-0.6	-6.5	-8.4	109.5	124.0
	IMF	na	na	na	na	na	na	na	na	na	na
	OECD	na	na	na	na	na	na	na	na	na	na
Estonia	EC	3.0	4.0	3.6	3.1	-2.2	-2.0	0.3	0.2	10.2	9.6
	IMF	3.0	3.2	3.2	2.8	0.0	0.1	na	na	na	na
	OECD	1.5	3.6	3.4	2.9	-3.0	-2.6	0.0	0.3	na	na
Greece	EC	-4.2	0.6	-0.8	-0.4	-2.8	-1.7	-3.8	-2.6	175.2	175.0
	IMF	-4.2	0.6	-0.8	-0.4	-0.3	0.4	na	na	na	na
	OECD	-4.8	-1.2	-0.7	-1.7	-1.1	0.9	-4.1	-3.5	na	na
Ireland	EC	1.1	2.2	1.3	1.3	3.1	4.0	-7.5	-4.3	123.3	119.5
	IMF	1.1	2.2	1.3	1.3	3.4	3.9	na	na	na	na
	OECD	1.0	1.9	1.0	1.1	5.0	5.2	-7.5	-4.6	na	na
Luxembourg	EC	0.8	1.6	1.9	1.7	6.3	6.4	-0.2	-0.2	23.4	25.2
	IMF	0.1	1.3	1.9	1.9	6.8	6.8	na	na	na	na
	OECD	0.8	1.7	1.8	1.7	4.1	5.5	-0.7	-0.6	na	na
Malta	EC	1.4	1.8	1.9	1.9	0.0	0.0	-3.7	-3.6	73.9	74.9
	IMF	1.3	1.8	2.4	2.0	0.5	0.8	na	na	na	na
	OECD	na	na	na	na	na	na	na	na	na	na
Portugal	EC	-2.3	0.6	0.7	1.0	0.1	0.1	-5.5	-4.0	123.0	124.3
	IMF	-2.3	0.6	0.7	1.0	0.1	-0.1	na	na	na	na
	OECD	-2.7	0.2	0.0	0.2	-0.9	0.5	-6.4	-5.6	na	na
Slovakia	EC	1.0	2.8	1.9	2.0	2.5	3.3	-3.0	-3.1	54.6	56.7
	IMF	1.4	2.7	1.9	2.0	2.2	2.7	na	na	na	na
	OECD	0.8	2.0	1.7	1.6	2.1	2.3	-2.6	-2.2	na	na
Slovenia	EC	-2.0	-0.1	2.2	1.4	4.8	4.7	-5.3	-4.9	61.0	66.5
	IMF	-2.0	1.5	1.8	1.9	2.7	2.5	na	na	na	na
	OECD	-2.3	0.1	2.1	1.2	4.1	4.8	-7.8	-3.4	58.5	61.0

¹ Forecasts for Germany, Finland, Italy, the Netherlands and Spain shown on pages 12-21; Forecasts for Finland are shown in Nordic Barometer EC - European Commission (May'13); IMF - International Monetary Fund (Apr'13); OECD - Organisation for Economic Cooperation & Dev (May'12)

Euro Zone: Background Information

Member Countries	Area (sq km)	Popn (m)	Capital
Austria	83,855	8.1	Vienna
Belgium	30,520	10.1	Brussels
Cyprus	9,251	0.8	Nicosia
Estonia	45,200	1.4	Tallinn
Finland	338,145	5.2	Helsinki
France	543,965	58.7	Paris
Germany	357,028	82.1	Berlin
Greece	131,957	10.6	Athens
Ireland	70,282	3.7	Dublin
Italy	301,245	57.4	Rome
Luxembourg	2,586	0.4	Lux. City
Malta	316	0.4	Valletta
Netherlands	41,526	15.7	The Hague
Portugal	88,940	9.9	Lisbon
Slovakia	49,035	5.4	Bratislava
Slovenia	20,251	2.0	Ljubljana
Spain	504,782	39.6	Madrid

Other Euro Users

Andorra, Kosovo, Monaco, Montenegro, San Marino, Vatican City
Sources: The Times; MJE

Euro Zone: Election Timetable

Date	Country	Type
Sept 22nd, 2013	Germany	Parliamentary
Sept 29th, 2013	Austria	Legislative
April 2014	Malta	Presidential
June 2014	EU	Parliamentary
2014	EU	Presidential
2014	Slovakia	Presidential
2014	Belgium	Parliamentary
2014	Luxembourg	Parliamentary
February 2015	Greece	Presidential
March 2015	Estonia	Parliamentary
2015	Portugal	Parliamentary
2015	Spain	Parliamentary
2015	Slovenia	Parliamentary
January 2016	Portugal	Presidential
April 2016	Austria	Presidential
2016	Ireland	Parliamentary
2016	Cyprus	Legislative
2017	Germany	Presidential
2017	France	Presidential

Sources: IFES Election Guide; MJE

Notes, Sources and Definitions

¹ Contribution to overall GDP growth, calculated as the change in stockbuilding as a % of the previous year's GDP.

² Contribution to overall GDP growth, calculated as the change in net exports (real goods and services exports minus real goods and services imports) as a % of the previous year's GDP.

OECD = Organisation for Economic Cooperation and Development; IMF = International Monetary Fund; EC = European Commission; ECB = European Central Bank.

bp – basis points (1/100th of a percentage point)

sa – seasonally adjusted

q/q – quarter on quarter

m/m – month-on-month

wda – working day adjusted

y/y – year on year

<u>Variable</u>	<u>Definition</u>	<u>Source</u>
Gross Domestic Product	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Private Consumption	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Government Consumption	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Gross Fixed Capital Formation	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Change in Stocks (Inventories)	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Exports, Imports & Net Exports	Seasonally and working day adj., 2005 prices (chain-linked)	Eurostat
Industrial Production	Seasonally adjusted, 2005 = 100 index, excluding construction	Eurostat
Retail Sales	Seasonally adjusted, 2005 = 100 index, total sales volume	Eurostat
Unemployment Rate	Seasonally adjusted, total, % of labour force, ILO definition	Eurostat
Money Supply	M3 monetary aggregate (ECB target measure), seas. adj., €bn, end period	ECB
Consumer Prices	Harmonised index of consumer prices (HICP), total, 2005=100	Eurostat
Producer Prices	Industrial producer prices, domestic market, total industry excluding construction, 2005 = 100	Eurostat
Wages/Earnings	Labour cost index, business economy (excluding public administration, education and social services), 2008 = 100	Eurostat
Current Account	Balance of payments current account, total net flows, €bn	Eurostat
Budget Balance	General govt fiscal position, total balance as a % of GDP	Eurostat
Short Term Interest Rate	3 month euro interest rate (EURIBOR – interbank offered Rate), % p.a., end period	ECB/FT
Long Term Interest Rate	Yield on 10 year German govt bond, % p.a., end period	ECB/FT
Exchange Rate	Foreign currency per euro, market rate, end period	FT

Membership Form Single User Licence

I would like to sign up for Membership to the MJEconomics website for a 12 month period. I understand that this entitles me to receive a copy of Euro Zone Barometer every month by e-mail in PDF format, along with the preliminary survey results rushed out in advance by e-mail in Excel format. Membership also provides access to all MJEconomics files and any additional information provided by third-party providers for personal use in the members' area of the website (including our sister publication Nordic Barometer). By submitting this form, I agree to be bound by the terms and conditions of Membership of MJEconomics. These state that all material in the Members' Area is copyright of MJEconomics and may be downloaded and used only by me, the paying subscriber. I agree not to reproduce, re-transmit, distribute, publish, sell or broadcast to other persons without the express permission of MJEconomics.

Membership cost: €425, £335, or \$529 per user per year.

Please fill out the details below and return the entire page to us (we will invoice you for payment)

Name.....	Position.....
Organisation.....	Department.....
Address.....	
City.....	Post/Zip Code.....
Country.....	

e-mail address.....
 (Please print clearly, confirmation of your subscription will be sent by e-mail)

Telephone.....	Fax.....
----------------	----------

Value-Added Tax is levied on electronic distribution to all EU subscribers. If you are resident in the EU, but not in the UK, you may prefer not to pay VAT by filling out your VAT registration number below:

.....

Signature.....	Date.....
----------------	-----------

Mail this form to: MJEconomics, 1 Seagrave Close, Kingsmead, CW9 8UR, UK, or you can request membership directly via our website at: www.mjeconomics.com

Finally, contact us:

- If you would like to distribute our work to a wider audience via site licence;
- If you would like information about consultancy work undertaken by MJEconomics;
- If you would like information about our annual **country risk reports** and/or monthly **country risk updates** covering over 180 countries worldwide (sample copies available).