

Euro Zone Barometer© - November 2012

*****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.*****

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Survey Deadline: November 12th, 2012

Recent Developments

- The **Euro Zone crisis** may have calmed of late, compared with earlier in the year, but there are still a multitude of problems affecting the region and weighing on the single currency.
- The **survival of the euro** does not now appear to be in question. Policymakers have seemingly coalesced around a consensus view that its destruction would be too devastating to allow, and talk of strong countries exiting, or of bankrupt sovereigns being shown the door, has diminished as the year has progressed. Governments and voters from the Netherlands to Greece have also demonstrated, on balance, a pro-euro stance in spite of the inflammatory extremist and anti-European flavour of opposing views.
- The latest spate of interminable European diplomacy surrounding the rollover of Greek debt and a delayed fiscal adjustment programme for Athens nevertheless underlines just one of the **key risks**. Others include the possibility of bailouts for Spain, Cyprus and Slovenia, a potential political crisis in Italy and threats of social instability, as unemployment and poverty rates trend higher in the face of strict austerity.
- Against this backdrop the **Euro Zone economy** is still centre-stage. Forecasters have once again toned down their hopes of an economic revival in 2013. A weak Q3 and the diminishing prospect of economic growth next year will exercise fiscal planners in their ambition to meet stringent deficit and debt targets.

**Next Month's Survey Deadline:
December 10th, 2012**

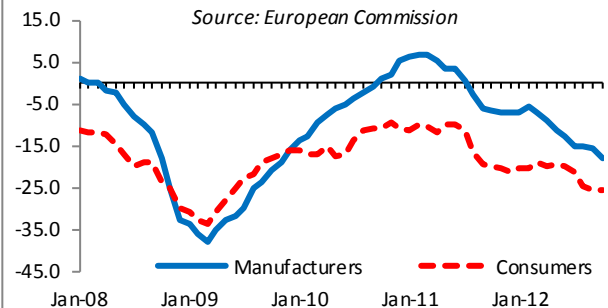
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Euro Zone Confidence Tracker

% net balance

Source: European Commission



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Outlook for 2012-2013

- Estimates for private consumption and investment across the Euro Zone this year have been downgraded again this month, while consensus (mean average) 2012 estimates for the unemployment rate and consumer price inflation have edged upwards.
- Forecasts for 2013 have also been adjusted, with experts now decidedly less confident about the prospect of any real GDP growth next year.
- For the first time, private consumption is now expected to contract in 2013, and investment prospects have further diminished.
- Positively, with exports unchanged, and imports weakened by the depressed domestic demand, the contribution from the foreign balance (ie. net exports) is predicted to be stronger. However, the 2013 unemployment rate forecast has deteriorated again this month.

Six Year Summary: Historical Data and Consensus Forecasts

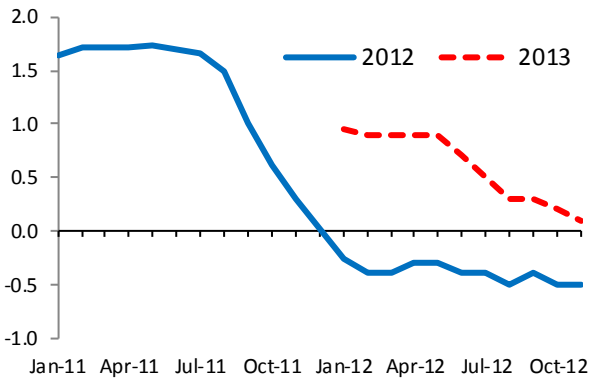
(% change year-on-year, unless otherwise stated)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012f</u> | <u>2013f</u> |
|---|-------------|-------------|-------------|-------------|--------------|--------------|
| Gross Domestic Product | 0.4 | -4.4 | 2.0 | 1.4 | -0.5 | 0.1 |
| Private Consumption | 0.4 | -1.0 | 0.9 | 0.1 | -0.9 | -0.1 |
| Government Consumption | 2.3 | 2.6 | 0.7 | -0.1 | 0.0 | -0.2 |
| Gross Fixed Investment | -1.4 | -12.7 | -0.1 | 1.4 | -3.3 | -0.8 |
| Change in Stocks (Inventories)¹ | -0.1 | -0.9 | 0.6 | 0.2 | -0.5 | 0.0 |
| Goods and Services Exports | 1.1 | -12.4 | 11.2 | 6.3 | 2.6 | 2.8 |
| Goods and Services Imports | 0.9 | -11.1 | 9.6 | 4.1 | -0.1 | 2.2 |
| Net Exports² | 0.1 | -0.7 | 0.7 | 1.0 | 1.1 | 0.8 |
| Industrial Production (ex. construction) | -1.8 | -14.9 | 7.3 | 3.4 | -2.1 | 0.8 |
| Retail Sales Volume | -0.7 | -2.4 | 0.9 | -0.6 | -1.3 | -0.1 |
| Unemployment Rate, % of labour force | 7.6 | 9.6 | 10.1 | 10.2 | 11.3 | 11.8 |
| Money Supply, M3, end period, % change | 8.6 | -0.6 | 1.1 | 1.5 | 3.1 | 2.4 |
| Harmonised Index of Consumer Prices | 3.3 | 0.3 | 1.6 | 2.7 | 2.5 | 1.9 |
| Producer Prices | 6.1 | -5.1 | 2.9 | 5.9 | 2.7 | 2.2 |
| Nominal Labour Costs | 3.5 | 2.9 | 1.6 | 2.1 | 1.9 | 2.0 |
| Current Account Balance, annual total, €bn | -143.5 | -13.3 | 3.1 | 12.5 | 53.2 | 70.9 |
| Current Account Balance, % of GDP | -1.6 | -0.1 | 0.0 | 0.1 | 0.6 | 0.8 |
| General Govt Budget Balance, % of GDP | -2.1 | -6.3 | -6.2 | -4.1 | -3.4 | -2.8 |
| <u>Financial Indicators (end period)</u> | | | | | | |
| 3 Month Interest Rate, % per annum | 2.89 | 0.70 | 1.01 | 1.36 | 0.26 | 0.41 |
| 10 Year German Bond Yield, % per annum | 2.95 | 3.40 | 2.92 | 1.83 | 1.64 | 2.08 |
| US\$ per € Exchange Rate | 1.392 | 1.441 | 1.336 | 1.294 | 1.284 | 1.240 |

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

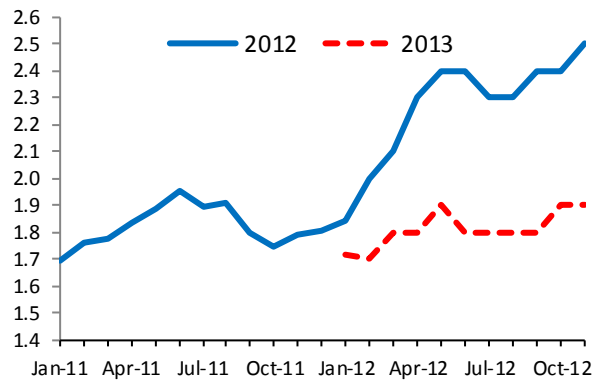
Changes in the GDP Growth Forecasts

consensus (mean average), % change, year-on-year
Source: MJE



Changes in the HICP (Inflation) Forecasts

consensus (mean average), % change, year-on-year
Source: MJE



Euro Zone: Election Timetable

| Date | Country | Type |
|---------------------|------------|---------------|
| February 17th, 2013 | Cyprus | Presidential |
| March 2013 | Malta | Parliamentary |
| April 2013 | Italy | Parliamentary |
| May 2013 | Italy | Presidential |
| September 2013 | Austria | Legislative |
| September 2013 | Germany | Parliamentary |
| 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 |

Sources: IFES Election Guide; MJE

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 |

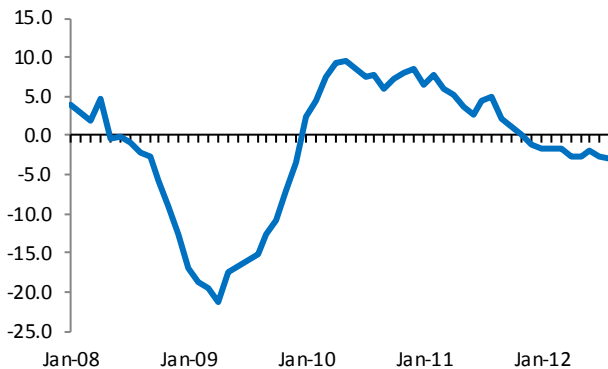
Other Euro Users

Andorra, Kosovo, Monaco, Montenegro, San Marino, Vatican City

Sources: The Times; MJE

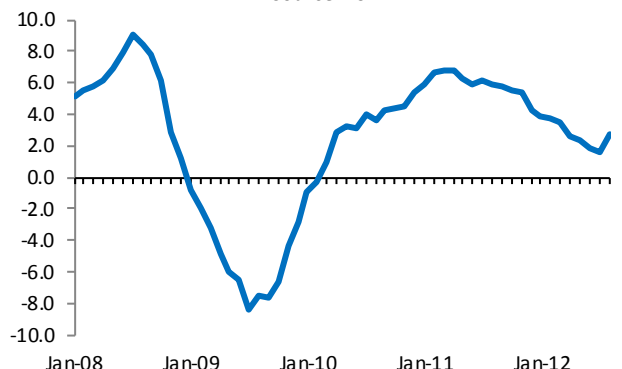
Industrial Production

excluding construction, % change, year-on-year, s.a.
Source: ECB



Producer Prices

domestic market, % change, year-on-year
Source: ECB



Euro Zone - Forecasts for 2012

| 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 | -0.7 | 0.2 | -2.7 | na | 3.0 | 0.3 | na |
| BBVA | -0.5 | -1.0 | -0.1 | -3.6 | -0.5 | 3.1 | 0.1 | 1.3 |
| BNP Paribas | -0.4 | -0.9 | 0.0 | -2.8 | -0.4 | 2.2 | -0.8 | na |
| Commerzbank | -0.4 | -0.8 | 0.2 | -2.8 | -0.7 | 2.8 | 0.0 | 1.3 |
| Credit Agricole | -0.4 | -0.9 | 0.1 | -3.2 | -0.7 | 3.1 | 0.0 | 1.3 |
| DZ Bank | -0.4 | -0.8 | -0.1 | -2.6 | na | na | 3.0 | 0.5 |
| Econ Intelligence Unit | -0.5 | -1.1 | 0.2 | -4.5 | na | 2.4 | 0.2 | 1.0 |
| ETLA | -0.6 | -0.5 | -0.9 | -2.4 | na | 1.5 | -0.9 | na |
| G&P Institutional Mgmt | -0.3 | -1.0 | 0.5 | -3.2 | -0.6 | 2.6 | -0.3 | na |
| HSBC | -0.6 | -0.8 | 0.1 | -3.3 | -0.1 | 2.5 | -0.3 | na |
| IHS Global Insight | -0.4 | -1.0 | -0.1 | -3.9 | na | 2.9 | -0.2 | 0.4 |
| J P Morgan Chase | -0.4 | -1.1 | -0.1 | -3.7 | na | 3.0 | -0.2 | 1.4 |
| Moody's Analytics | -0.5 | -1.0 | -0.2 | -5.6 | na | 2.5 | -0.4 | na |
| Morgan Stanley | -0.5 | -0.5 | 0.2 | -2.7 | na | 2.2 | -0.6 | 1.2 |
| Oxford Economics | -0.5 | -1.0 | -0.1 | -3.5 | -0.5 | 2.7 | -0.4 | 1.4 |
| Raiffeisen Bank International | -0.5 | -0.9 | 0.2 | -3.2 | na | 2.6 | -0.2 | na |
| Santander | -0.5 | -0.8 | -0.1 | -3.4 | na | 2.7 | -0.1 | 1.3 |
| SEB | -0.5 | -0.9 | 0.0 | -2.4 | -0.5 | 2.8 | 0.3 | 1.1 |
| Societe Generale | -0.4 | -1.0 | 0.1 | -3.5 | -0.6 | 2.8 | -0.2 | na |
| UBS | -0.4 | -0.9 | 0.1 | -3.4 | -0.5 | 2.7 | -0.1 | 1.2 |
| UniCredit Bank | -0.5 | -0.9 | 0.0 | -3.1 | -0.6 | 2.0 | -0.9 | 1.3 |
| Consensus (Mean) | -0.5 | -0.9 | 0.0 | -3.3 | -0.5 | 2.6 | -0.1 | 1.1 |
| Last Month | -0.5 | -0.8 | 0.0 | -3.2 | -0.5 | 2.5 | -0.1 | 1.2 |
| 2 Months Ago | -0.4 | -0.7 | -0.2 | -2.9 | -0.6 | 2.2 | -0.4 | 1.1 |
| Median | -0.5 | -0.9 | 0.0 | -3.2 | -0.5 | 2.7 | -0.2 | 1.3 |
| High | -0.3 | -0.5 | 0.5 | -2.4 | -0.1 | 3.1 | 3.0 | 1.4 |
| Low | -0.6 | -1.1 | -0.9 | -5.6 | -0.7 | 1.5 | -0.9 | 0.4 |
| Standard Deviation | 0.1 | 0.2 | 0.3 | 0.7 | 0.2 | 0.4 | 0.8 | 0.3 |
| Number of Forecasts | 21 | 21 | 21 | 21 | 11 | 20 | 21 | 13 |

Euro Zone - Forecasts for 2012

| 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 | -1.4 | na | 11.4 | na | 2.5 | 2.8 | na | 79.8 | 0.8 | -3.0 |
| BBVA | na | na | 11.4 | na | 2.5 | na | na | na | 1.2 | -3.2 |
| BNP Paribas | -2.3 | na | 11.3 | na | 2.5 | na | na | 90.0 | 0.9 | -3.3 |
| Commerzbank | -1.5 | na | 11.3 | 3.0 | 2.5 | 2.7 | 1.8 | 10.0 | 0.1 | -3.1 |
| Credit Agricole | na | na | 11.3 | na | 2.5 | na | na | na | 0.0 | na |
| DZ Bank | na | na | 11.4 | na | 2.5 | 2.6 | na | na | 0.0 | -3.5 |
| Econ Intelligence Unit | na | na | 11.1 | na | 2.4 | 2.8 | na | na | 1.2 | -3.3 |
| ETLA | -2.8 | na | na | na | 2.1 | na | na | na | na | -3.3 |
| G&P Institutional Mgmt | na | na | 11.3 | na | 2.6 | na | na | na | na | -3.4 |
| HSBC | -2.0 | na | 11.4 | 3.4 | 2.5 | na | na | na | 0.5 | -3.9 |
| IHS Global Insight | -2.3 | -1.2 | 11.4 | 3.0 | 2.4 | 2.5 | 1.8 | 80.0 | 0.8 | -3.3 |
| J P Morgan Chase | -2.0 | na | 11.3 | na | 2.5 | 2.3 | na | na | 0.9 | -3.8 |
| Moody's Analytics | -2.3 | -1.4 | 11.6 | 2.5 | 2.3 | 2.7 | na | 9.5 | na | na |
| Morgan Stanley | na | na | 11.2 | 4.7 | 2.2 | na | na | 53.8 | 0.6 | -3.1 |
| Oxford Economics | -2.5 | -1.3 | 11.4 | na | 2.5 | 2.5 | na | 81.4 | 0.9 | -3.1 |
| Raiffeisen Bank International | -1.7 | na | 11.3 | na | 2.5 | na | na | 38.5 | 0.4 | -3.5 |
| Santander | na | na | 11.4 | na | 2.5 | na | na | 38.6 | 0.4 | -3.9 |
| SEB | na | na | 11.2 | na | 2.5 | na | na | na | na | -3.3 |
| Societe Generale | na | na | 11.3 | na | 2.6 | na | na | na | 1.3 | -3.4 |
| UBS | na | na | 11.3 | 2.2 | 2.5 | 3.0 | na | 50.0 | 0.5 | -3.1 |
| UniCredit Bank | na | na | 11.3 | na | 2.5 | 2.7 | 2.0 | na | 0.3 | -3.5 |
| Consensus (Mean) | -2.1 | -1.3 | 11.3 | 3.1 | 2.5 | 2.7 | 1.9 | 53.2 | 0.6 | -3.4 |
| Last Month | -2.0 | -1.4 | 11.2 | 3.6 | 2.4 | 2.1 | 2.1 | 52.7 | 0.6 | -3.4 |
| 2 Months Ago | -2.1 | -1.1 | 11.2 | 3.0 | 2.4 | 2.1 | 2.2 | 34.9 | 0.4 | -3.4 |
| Median | -2.2 | -1.3 | 11.3 | 3.0 | 2.5 | 2.7 | 1.8 | 51.9 | 0.6 | -3.3 |
| High | -1.4 | -1.2 | 11.6 | 4.7 | 2.6 | 3.0 | 2.0 | 90.0 | 1.3 | -3.0 |
| Low | -2.8 | -1.4 | 11.1 | 2.2 | 2.1 | 2.3 | 1.8 | 9.5 | 0.0 | -3.9 |
| Standard Deviation | 0.4 | 0.1 | 0.1 | 0.9 | 0.1 | 0.2 | 0.1 | 29.4 | 0.4 | 0.3 |
| Number of Forecasts | 10 | 3 | 20 | 6 | 21 | 10 | 3 | 10 | 17 | 19 |

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 | 0.5 | 0.2 | 0.0 | 0.2 | na | 3.8 | 3.3 | na |
| BBVA | 0.3 | 0.0 | -0.5 | -0.6 | 0.0 | 3.2 | 2.2 | 0.5 |
| BNP Paribas | 0.0 | -0.2 | -0.4 | -0.2 | 0.0 | 2.8 | 2.3 | na |
| Commerzbank | 0.0 | 0.0 | 0.2 | -2.6 | -0.1 | 2.8 | 0.9 | 1.5 |
| Credit Agricole | 0.3 | 0.0 | -0.3 | -0.6 | -0.1 | 4.3 | 3.3 | 0.6 |
| DZ Bank | 0.0 | 0.1 | 0.0 | 0.2 | na | na | 3.3 | 3.9 |
| Econ Intelligence Unit | 0.0 | -0.4 | 0.0 | -0.4 | na | 2.5 | 1.9 | 0.3 |
| ETLA | 0.5 | 0.2 | 0.5 | -0.1 | na | 3.5 | 3.3 | na |
| G&P Institutional Mgmt | 0.4 | 0.0 | 1.1 | -1.8 | 0.1 | 2.1 | 1.3 | na |
| HSBC | -0.1 | -0.2 | -0.8 | -1.5 | -0.3 | 2.5 | 1.5 | na |
| IHS Global Insight | -0.2 | -0.1 | -0.3 | -1.4 | na | 1.2 | 0.8 | 0.2 |
| J P Morgan Chase | 0.1 | -0.5 | -0.2 | -2.1 | na | 3.5 | 2.3 | 0.6 |
| Moody's Analytics | 0.2 | 0.2 | -0.2 | -0.4 | na | 2.0 | 1.6 | na |
| Morgan Stanley | 0.0 | 0.2 | -0.2 | -0.6 | na | 2.7 | 2.0 | 0.4 |
| Oxford Economics | -0.1 | -0.3 | -0.8 | -1.2 | 0.0 | 2.7 | 1.8 | 0.5 |
| Raiffeisen Bank International | 0.2 | -0.3 | 0.1 | -0.8 | na | 1.6 | 1.2 | na |
| Santander | 0.2 | 0.2 | -0.1 | -0.4 | na | 3.7 | 3.7 | 0.2 |
| SEB | 0.1 | -0.3 | -0.2 | 0.4 | 0.1 | 3.5 | 3.2 | 0.3 |
| Societe Generale | -0.1 | 0.0 | 0.0 | -1.4 | 0.0 | 3.3 | 3.0 | na |
| UBS | 0.1 | 0.0 | -0.8 | -0.5 | -0.1 | 2.5 | 1.5 | 0.5 |
| UniCredit Bank | 0.3 | -0.3 | -0.6 | -0.5 | 0.2 | 2.0 | 1.2 | 0.4 |
| Consensus (Mean) | 0.1 | -0.1 | -0.2 | -0.8 | 0.0 | 2.8 | 2.2 | 0.8 |
| Last Month | 0.2 | 0.0 | -0.2 | -0.5 | 0.0 | 2.8 | 2.3 | 0.7 |
| 2 Months Ago | 0.3 | 0.1 | -0.2 | 0.0 | -0.1 | 3.1 | 2.6 | 0.4 |
| Median | 0.1 | 0.0 | -0.2 | -0.6 | 0.0 | 2.8 | 2.0 | 0.5 |
| High | 0.5 | 0.2 | 1.1 | 0.4 | 0.2 | 4.3 | 3.7 | 3.9 |
| Low | -0.2 | -0.5 | -0.8 | -2.6 | -0.3 | 1.2 | 0.8 | 0.2 |
| Standard Deviation | 0.2 | 0.2 | 0.4 | 0.8 | 0.1 | 0.8 | 0.9 | 1.0 |
| Number of Forecasts | 21 | 21 | 21 | 21 | 11 | 20 | 21 | 13 |

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 | 1.5 | na | 11.7 | na | 2.0 | 2.4 | na | 65.0 | 0.7 | -2.5 |
| BBVA | na | na | 11.8 | na | 1.8 | na | na | na | 1.2 | -2.5 |
| BNP Paribas | 0.3 | na | 12.3 | na | 1.8 | na | na | 140.0 | 1.4 | -2.4 |
| Commerzbank | 1.0 | na | 11.8 | 3.0 | 1.9 | 1.5 | 2.1 | 20.0 | 0.2 | -1.8 |
| Credit Agricole | na | na | 11.7 | na | 1.9 | na | na | na | 0.5 | na |
| DZ Bank | na | na | 11.7 | na | 2.5 | 2.3 | na | na | -0.1 | -2.8 |
| Econ Intelligence Unit | na | na | 11.6 | na | 2.2 | 2.5 | na | na | 1.6 | -2.8 |
| ETLA | 0.5 | na | na | na | 1.8 | na | na | na | na | -2.8 |
| G&P Institutional Mgmt | na | na | 12.0 | na | 1.9 | na | na | na | na | -2.8 |
| HSBC | 1.1 | na | 12.1 | 3.0 | 1.7 | na | na | na | 0.5 | -3.2 |
| IHS Global Insight | -0.4 | -0.2 | 12.0 | 2.3 | 1.9 | 2.0 | 2.0 | 60.0 | 0.6 | -2.7 |
| J P Morgan Chase | 0.4 | na | 11.7 | na | 1.8 | 0.7 | na | na | 1.0 | -2.8 |
| Moody's Analytics | 0.8 | 0.2 | 12.0 | 2.8 | 2.1 | 3.0 | na | -5.6 | na | na |
| Morgan Stanley | na | na | 11.9 | na | 1.2 | na | na | 79.1 | 0.8 | -4.1 |
| Oxford Economics | 0.0 | -0.4 | 12.2 | na | 1.9 | 1.3 | na | 112.5 | 1.2 | -2.4 |
| Raiffeisen Bank International | 2.6 | na | 11.6 | na | 1.9 | na | na | 19.7 | 0.2 | -3.2 |
| Santander | na | na | 11.8 | na | 1.9 | na | na | 68.1 | 0.7 | -3.4 |
| SEB | na | na | 11.9 | na | 1.6 | na | na | na | na | -2.7 |
| Societe Generale | na | na | 11.8 | na | 2.3 | na | na | na | 1.9 | -2.9 |
| UBS | na | na | 11.7 | 1.0 | 2.1 | 3.6 | na | 150.0 | 1.6 | -2.0 |
| UniCredit Bank | na | na | 11.6 | na | 2.0 | 2.2 | 1.8 | na | 0.4 | -3.4 |
| Consensus (Mean) | 0.8 | -0.1 | 11.8 | 2.4 | 1.9 | 2.2 | 2.0 | 70.9 | 0.8 | -2.8 |
| Last Month | 0.6 | -0.2 | 11.7 | 2.9 | 1.9 | 1.8 | 2.0 | 71.4 | 0.8 | -2.7 |
| 2 Months Ago | 0.7 | 0.1 | 11.6 | 2.2 | 1.8 | 1.8 | 2.1 | 58.0 | 0.6 | -2.7 |
| Median | 0.7 | -0.2 | 11.8 | 2.8 | 1.9 | 2.3 | 2.0 | 66.6 | 0.7 | -2.8 |
| High | 2.6 | 0.2 | 12.3 | 3.0 | 2.5 | 3.6 | 2.1 | 150.0 | 1.9 | -1.8 |
| Low | -0.4 | -0.4 | 11.6 | 1.0 | 1.2 | 0.7 | 1.8 | -5.6 | -0.1 | -4.1 |
| Standard Deviation | 0.8 | 0.3 | 0.2 | 0.8 | 0.3 | 0.8 | 0.2 | 51.7 | 0.6 | 0.5 |
| Number of Forecasts | 10 | 3 | 20 | 5 | 21 | 10 | 3 | 10 | 17 | 19 |

Other (Comparison) Forecasts

| <i>Average % change from previous year, unless otherwise noted. For notes, sources and definitions, see p.23. NB: ECB forecasts are mid-points of ranges.</i> | Gross Domestic Product | Private Consumption | Government Consumption | Gross Fixed Investment | Stock (inventory) Building <i>(% contrib. to GDP growth)</i> | Net Exports <i>(% contrib. to GDP growth)</i> | Unemployment Rate <i>(% of labour force)</i> | Consumer Prices <i>(HICP)</i> | General Govt. Balance <i>(% of GDP)</i> |
|---|-------------------------------|----------------------------|-------------------------------|-------------------------------|--|---|--|---|---|
| 2011 | | | | | | | | | |
| ECB | 1.5 | 0.2 | -0.3 | 1.5 | na | na | na | 2.7 | na |
| EC | 1.4 | 0.1 | -0.1 | 1.5 | 0.2 | 0.9 | 10.1 | 2.7 | -4.1 |
| IMF | 1.4 | 0.1 | -0.2 | 1.4 | 0.2 | 0.9 | 10.2 | 2.7 | -4.1 |
| OECD | 1.5 | 0.2 | 0.0 | 1.5 | 0.2 | 1.0 | na | na | na |
| World Bank | 1.6 | na | na | na | na | na | na | na | na |
| 2012 | | | | | | | | | |
| ECB | -0.4 | -0.9 | -0.3 | -3.3 | na | na | na | 2.5 | na |
| EC | -0.4 | -1.0 | -0.2 | -3.5 | -0.5 | 1.3 | 11.3 | 2.5 | -3.3 |
| IMF | -0.4 | -1.1 | -0.2 | -3.1 | -0.4 | 1.2 | 11.2 | 2.3 | -3.3 |
| OECD | -0.1 | -0.5 | -0.8 | -1.8 | -0.4 | 1.1 | na | na | na |
| World Bank | -0.3 | na | na | na | na | na | na | na | na |
| 2013 | | | | | | | | | |
| ECB | 0.5 | 0.0 | -0.2 | 0.5 | na | na | na | 1.9 | na |
| EC | 0.1 | -0.4 | -0.4 | -0.6 | -0.1 | 0.6 | 11.8 | 1.8 | -2.6 |
| IMF | 0.2 | -0.3 | -0.6 | 0.2 | 0.0 | 0.4 | 11.5 | 1.6 | -2.6 |
| OECD | 0.9 | 0.3 | -0.5 | 1.3 | 0.0 | 0.6 | na | na | na |
| World Bank | 0.7 | na | na | na | na | na | na | na | na |

Sources: ECB - European Central Bank (September 2012)
EC - European Commission (November 2012)
IMF - International Monetary Fund (October 2012)
OECD - Organisation for Economic Cooperation & Development (May 2012)
WB - World Bank (June 2012)

Quarterly Forecasts and Historical Data*% change year-on-year, unless otherwise stated*

| <i>(% change year-on-year, unless otherwise stated)</i> | Q1'11 | Q2'11 | Q3'11 | Q4'11 |
|---|--------------|--------------|--------------|--------------|
| Gross Domestic Product | 2.4 | 1.6 | 1.3 | 0.6 |
| Private Consumption | 1.0 | 0.2 | 0.2 | -0.8 |
| Industrial Production | 6.8 | 4.0 | 3.9 | -0.2 |
| Harmonised Index of Consumer Prices | 2.5 | 2.8 | 2.7 | 2.9 |
| 3 month Interest Rate, % per annum, end period | 1.24 | 1.55 | 1.55 | 1.36 |
| 10 Year Bond Yield, % per annum, end period | 3.37 | 3.01 | 1.89 | 1.83 |
| | Q1'12 | Q2'12 | Q3'12 | Q4'12 |
| Gross Domestic Product | 0.0 | -0.4 | -0.6 | -0.6 |
| Private Consumption | -1.0 | -0.9 | -1.1 | -0.7 |
| Industrial Production | -1.8 | -2.4 | -2.7 | -1.0 |
| Harmonised Index of Consumer Prices | 2.7 | 2.5 | 2.5 | 2.4 |
| 3 month Interest Rate, % per annum, end period | 0.78 | 0.65 | 0.22 | 0.26 |
| 10 Year Bond Yield, % per annum, end period | 1.82 | 2.69 | 1.46 | 1.64 |
| | Q1'13 | Q2'13 | Q3'13 | Q4'13 |
| Gross Domestic Product | -0.5 | -0.2 | 0.3 | 0.8 |
| Private Consumption | -0.4 | -0.2 | 0.1 | 0.4 |
| Industrial Production | -0.1 | 0.8 | 0.9 | 1.6 |
| Harmonised Index of Consumer Prices | 2.0 | 1.9 | 1.8 | 1.8 |
| 3 month Interest Rate, % per annum, end period | 0.30 | 0.34 | 0.37 | 0.41 |
| 10 Year Bond Yield, % per annum, end period | 1.75 | 1.85 | 1.97 | 2.08 |

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

| Financial Forecasts | | 2012 | 2013 |
|--|---------------------|--------------|--------------|
| <i>All forecasts are for end year</i> | | | |
| 3-month Euribor Interest Rate, % | Mean Average | 0.26 | 0.41 |
| Rate on Survey Date: 0.19 | High | 0.75 | 0.80 |
| | Low | 0.20 | 0.15 |
| | Standard deviation | 0.13 | 0.22 |
| | Number of Forecasts | 17 | 17 |
| 10-year Benchmark German Bond Yield, % | Mean Average | 1.54 | 2.04 |
| Rate on Survey Date: 1.34 | High | 1.80 | 2.40 |
| | Low | 1.00 | 1.60 |
| | Standard deviation | 0.19 | 0.27 |
| | Number of Forecasts | 14 | 14 |
| US Dollars/Euro Exchange Rate | Mean Average | 1.284 | 1.240 |
| Rate on Survey Date: 1.271 | High | 1.350 | 1.400 |
| | Low | 1.220 | 1.100 |
| | Standard deviation | 0.032 | 0.072 |
| | Number of Forecasts | 24 | 24 |
| Japanese Yen/Euro Exchange Rate | Mean Average | 103.3 | 105.4 |
| Rate on Survey Date: 101.0 | High | 112.6 | 116.2 |
| | Low | 97.8 | 93.8 |
| | Standard deviation | 4.9 | 6.8 |
| | Number of Forecasts | 10 | 9 |
| UK Pound/Euro Exchange Rate | Mean Average | 0.804 | 0.796 |
| Rate on Survey Date: 0.801 | High | 0.840 | 0.880 |
| | Low | 0.770 | 0.740 |
| | Standard deviation | 0.021 | 0.042 |
| | Number of Forecasts | 11 | 11 |
| Swedish Krona/Euro Exchange Rate | Mean Average | 8.529 | 8.387 |
| Rate on Survey Date: 8.583 | High | 8.900 | 8.900 |
| | Low | 8.000 | 8.050 |
| | Standard deviation | 0.247 | 0.204 |
| | Number of Forecasts | 16 | 16 |
| Swiss Franc/Euro Exchange Rate | Mean Average | 1.206 | 1.230 |
| Rate on Survey Date: 1.205 | High | 1.220 | 1.350 |
| | Low | 1.200 | 1.180 |
| | Standard deviation | 0.007 | 0.057 |
| | Number of Forecasts | 8 | 7 |
| Oil Prices, Brent Blend, US\$ per barrel | Mean Average | 108.9 | 107.3 |
| Rate on Survey Date: 109.6 | High | 115.0 | 117.5 |
| | Low | 100.5 | 93.3 |
| | Standard deviation | 4.0 | 9.1 |
| | Number of Forecasts | 13 | 13 |

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.

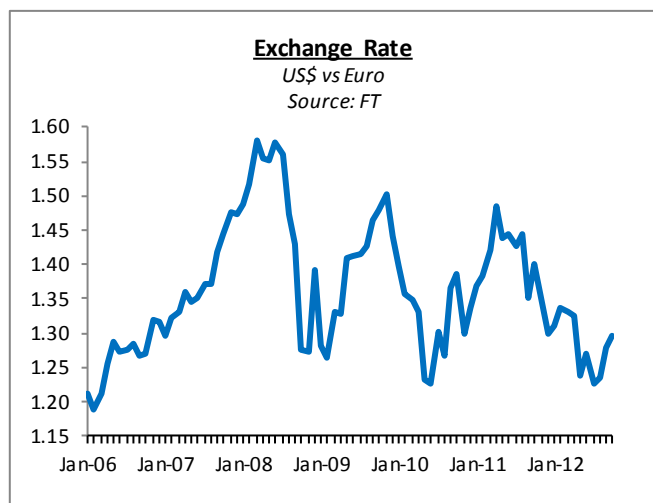
Interest Rate Data*All data are period averages*

| Euro Zone Interest Rates, % | May '12 | Jun | Jul | Aug | Sep | Oct |
|--|----------------|------------|------------|------------|------------|------------|
| Overnight | 0.34 | 0.33 | 0.18 | 0.11 | 0.10 | 0.09 |
| 3-month | 0.68 | 0.66 | 0.50 | 0.33 | 0.25 | 0.21 |
| 6-month | 0.97 | 0.93 | 0.78 | 0.61 | 0.48 | 0.41 |
| 12-month | 1.27 | 1.22 | 1.06 | 0.88 | 0.74 | 0.65 |
| 10-year bond yields | 3.53 | 3.41 | 3.25 | 3.01 | 2.43 | 2.31 |
| International Rates, % | | | | | | |
| US 3-month (Euro dollar deposits) | 0.47 | 0.47 | 0.45 | 0.43 | 0.39 | 0.33 |
| US 10-year | 1.79 | 1.83 | 1.63 | 1.72 | 1.77 | 1.79 |
| Japan 3-month (Euro yen deposits) | 0.20 | 0.20 | 0.20 | 0.19 | 0.19 | 0.19 |
| Japan 10-year | 0.85 | 0.84 | 0.78 | 0.81 | 0.78 | 0.78 |
| Euro Zone / US Yield Differentials, % | | | | | | |
| 3-month | 0.21 | 0.19 | 0.05 | -0.10 | -0.14 | -0.12 |
| 10-year | 1.74 | 1.58 | 1.62 | 1.29 | 0.66 | 0.52 |

Exchange Rate Data*period averages vs euro*

| | May '12 | Jun | Jul | Aug | Sep | Oct |
|--|----------------|------------|------------|------------|------------|------------|
| Trade Weighted Nominal Index * (1999 Q1=100) | 98.0 | 97.2 | 95.3 | 95.2 | 97.2 | 97.8 |
| Australian dollar | 1.283 | 1.255 | 1.193 | 1.184 | 1.237 | 1.260 |
| Canadian dollar | 1.292 | 1.287 | 1.246 | 1.232 | 1.258 | 1.280 |
| Chinese renminbi | 8.081 | 7.968 | 7.829 | 7.886 | 8.127 | 8.139 |
| Danish krone | 7.434 | 7.433 | 7.438 | 7.445 | 7.454 | 7.458 |
| Hong Kong dollar | 9.93 | 9.72 | 9.53 | 9.62 | 9.97 | 10.06 |
| Japanese yen | 102.0 | 99.3 | 97.1 | 97.6 | 100.5 | 102.5 |
| Norwegian krone | 7.566 | 7.540 | 7.458 | 7.324 | 7.395 | 7.408 |
| Singapore dollar | 1.615 | 1.602 | 1.549 | 1.548 | 1.584 | 1.588 |
| South Korean won | 1481 | 1459 | 1404 | 1404 | 1445 | 1435 |
| Swedish krona | 8.992 | 8.874 | 8.545 | 8.281 | 8.493 | 8.615 |
| Swiss franc | 1.201 | 1.201 | 1.201 | 1.201 | 1.209 | 1.210 |
| UK pound | 0.804 | 0.806 | 0.788 | 0.789 | 0.798 | 0.807 |
| US dollar | 1.279 | 1.253 | 1.229 | 1.240 | 1.286 | 1.297 |

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



The euro has struggled to retain the confidence of financial market speculators in recent weeks, falling to its lowest level against the US dollar since early September and also slipping against pound sterling. The euro has suffered from the latest spate of Euro Zone uncertainty. The lack of clarity surrounding the next stage of the Greek bailout, a weakened regional economy and a possible Spanish bailout request niggling in the background are hardly the precursors to a stronger currency. On the other hand, the US "fiscal cliff" could begin to undermine the US dollar, and a Spanish bailout request would spark the ECB into purchasing debt. Coupled with a positive Greek resolution, the euro would then probably revive.

ECB Watch

- The European Central Bank has not felt impelled to lower intervention rates any further in recent months, having decided to remain “on hold” at its latest policy meeting on November 8th. The ECB’s decision reflects a view that inflation will come down from the 2.5% level in line with its 2% target and that the already-accommodative monetary stance is sufficient to help the Euro Zone out of its economic crisis.
- Still, with the 2013 outlook slipping (according to this month’s Euro Zone Barometer forecasts), our survey respondents anticipate a slightly increased prospect of a 25 basis point reduction by January – albeit with the majority expecting the status quo to last.

Euro Zone Barometer Monthly Interest Rate Poll

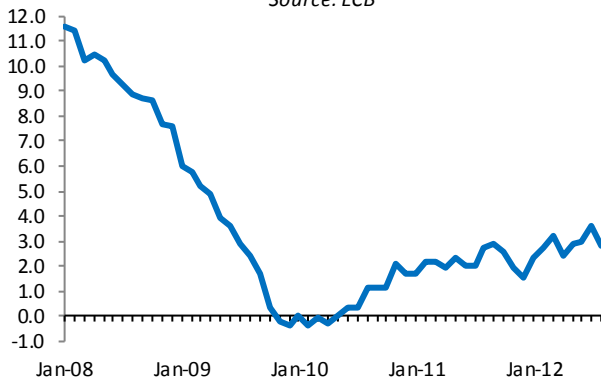
Panellists' estimates of the probability of movements in the euro zone policy rate at the ECB Council's next two meetings:

| | Dec. 6th | Jan. 10th |
|------------------|--------------|--------------|
| -50bp | 0.1% | 0.1% |
| -25bp | 26.1% | 29.4% |
| Unchanged | 73.8% | 70.4% |
| +25bp | 0.0% | 0.0% |
| +50bp | 0.0% | 0.0% |

Source: MJE

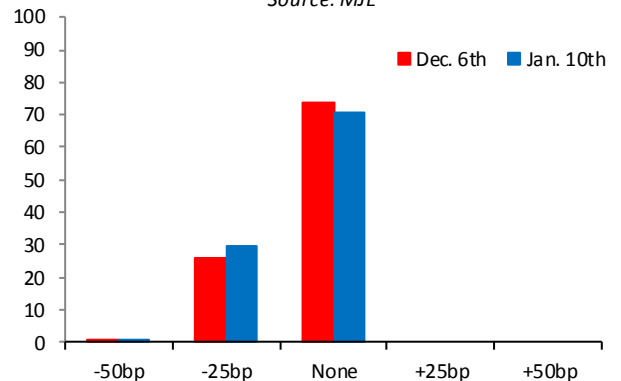
M3 Money Supply

% change, year-on-year, end-period, s.a.
Source: ECB



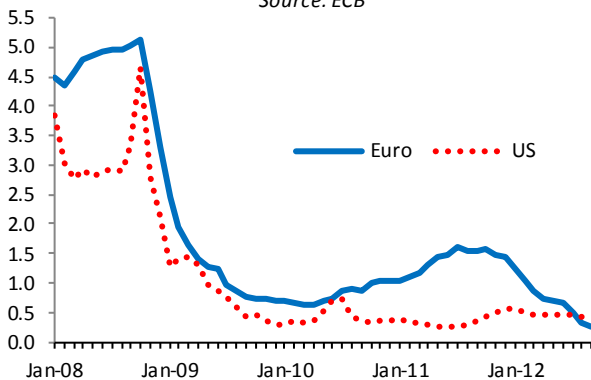
Likely Change in ECB Policy Rate

average % expectation
Source: MJE



Short Term Interest Rates

three-month deposits, % p.a., monthly averages
Source: ECB



Last Five ECB Interest Rate Changes:

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%

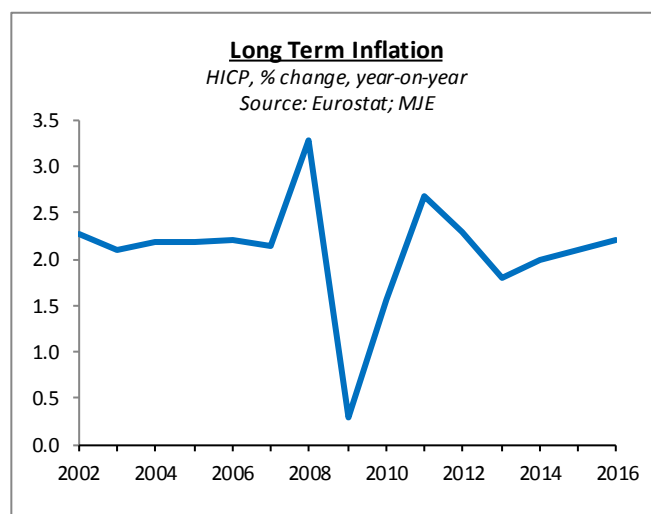
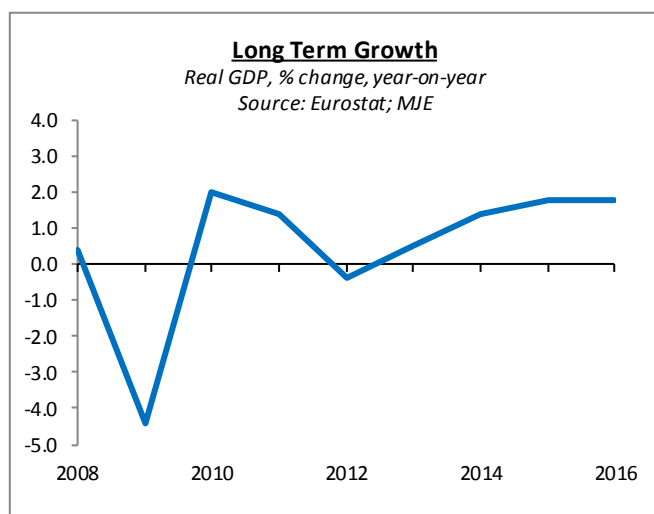
July 13th, 2011
0.25% INCREASE to 1.50%

April 13th, 2011
0.25% INCREASE to 1.25%

Long Term Forecasts

Forecasts for 2014 to 2016 are taken from our October 2012 long term forecasts survey

| <i>(% change year-on-year, unless otherwise stated)</i> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Gross Domestic Product | 1.4 | -0.5 | 0.1 | 1.3 | 1.7 | 1.7 |
| Private Consumption | 0.1 | -0.9 | -0.1 | 0.8 | 1.3 | 1.4 |
| Gross Fixed Investment | 1.4 | -3.3 | -0.8 | 2.2 | 2.7 | 2.3 |
| Industrial Production (excl. construction) | 3.4 | -2.1 | 0.8 | 2.0 | 2.1 | 1.9 |
| Unemployment Rate, % of labour force | 10.2 | 11.3 | 11.8 | 11.2 | 10.8 | 10.4 |
| Harmonised Index of Consumer Prices | 2.7 | 2.5 | 1.9 | 1.9 | 2.0 | 2.0 |
| Current Account, annual total, % of GDP | 0.1 | 0.6 | 0.8 | -4.5 | -3.8 | -4.0 |
| General Government Balance, % of GDP | -4.1 | -3.4 | -2.8 | -2.2 | -1.6 | -1.4 |
| <u>Financial Indicators (end period)</u> | | | | | | |
| 3 Month Interest Rate, % per annum | 1.36 | 0.26 | 0.41 | 1.30 | 2.90 | 2.90 |
| 10 Year Bond Yield, % per annum | 1.83 | 1.64 | 2.08 | 3.50 | 3.50 | 3.50 |
| 10 year - 3 month Yield Differential | 0.47 | 1.38 | 1.67 | 2.20 | 0.60 | 0.60 |
| US\$ per € Exchange Rate | 1.294 | 1.284 | 1.240 | 1.251 | 1.288 | 1.304 |



GERMANY - Forecasts for 2012

| <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 | 0.8 | 0.8 | na | 0.1 | 5.5 | 2.1 | 6.2 | 0.0 | na |
| BBVA | 0.9 | 0.9 | -1.0 | na | na | 2.1 | 5.6 | -0.4 | 83.3 |
| BNP Paribas | 0.9 | 0.9 | -0.9 | -0.2 | na | 2.3 | 5.8 | -1.0 | na |
| Credit Agricole | 0.9 | 0.8 | -1.3 | na | 5.5 | 2.1 | 5.1 | -0.4 | 82.2 |
| DZ Bank | 1.2 | 1.0 | -1.3 | na | na | 2.1 | 5.5 | -0.7 | na |
| Economist Intelligence Unit | 0.9 | 0.9 | -0.2 | na | 5.5 | 2.2 | 6.2 | -0.2 | na |
| G&P Institutional Mgmt | 0.9 | 0.9 | -1.1 | na | 5.5 | 2.2 | na | 0.0 | na |
| HSBC | 0.9 | 0.9 | -1.4 | 0.1 | na | 2.1 | 5.7 | -0.8 | 80.3 |
| IHS Global Insight | 1.0 | 1.0 | -1.6 | -0.8 | 5.5 | 2.2 | 6.5 | -0.2 | 80.4 |
| Moody's Analytics | 0.9 | 0.9 | -1.6 | -0.5 | na | 2.1 | 5.4 | 0.0 | na |
| Morgan Stanley | 0.9 | 1.0 | -0.5 | -0.2 | 5.6 | 1.8 | 5.6 | -1.0 | 80.4 |
| Oxford Economics | 1.0 | 0.8 | -1.0 | 0.2 | 5.6 | 2.1 | 6.5 | 0.3 | na |
| Raiffeisen Bank International | 0.7 | na | na | na | na | 2.0 | 5.8 | -0.5 | 81.7 |
| Santander | 0.9 | 1.1 | na | -0.6 | 5.7 | 2.2 | 5.5 | -0.5 | 81.5 |
| Societe Generale | 0.9 | 1.0 | -0.8 | na | na | 2.2 | 6.0 | -0.5 | 79.1 |
| UBS | 0.9 | 1.0 | -0.7 | -0.6 | na | na | 5.9 | -1.0 | 81.0 |
| Unicredit Bank | 0.9 | 0.8 | -1.0 | -0.2 | 5.6 | 2.2 | 5.8 | 0.1 | 83.5 |
| Consensus (Mean Average) | 0.9 | 0.9 | -1.0 | -0.3 | 5.6 | 2.1 | 5.8 | -0.4 | 81.3 |
| Last Month | 0.9 | 0.9 | -0.8 | -0.2 | 5.6 | 2.1 | 5.8 | -0.5 | 81.2 |
| 2 Months Ago | 0.9 | 1.0 | -0.2 | 0.0 | 5.6 | 2.0 | 5.7 | -0.7 | 81.4 |
| Median | 0.9 | 0.9 | -1.0 | -0.2 | 5.5 | 2.1 | 5.8 | -0.4 | 81.3 |
| High | 1.2 | 1.1 | -0.2 | 0.2 | 5.7 | 2.3 | 6.5 | 0.3 | 83.5 |
| Low | 0.7 | 0.8 | -1.6 | -0.8 | 5.5 | 1.8 | 5.1 | -1.0 | 79.1 |
| Standard Deviation | 0.1 | 0.1 | 0.4 | 0.3 | 0.1 | 0.1 | 0.4 | 0.4 | 1.4 |
| Number of Forecasts | 17 | 16 | 14 | 10 | 9 | 16 | 16 | 17 | 10 |
| Other Forecasts | | | | | | | | | |
| EC (Nov. '12) | 0.8 | 1.0 | -1.2 | na | 5.5 | 2.1 | 5.7 | -0.2 | 81.7 |
| IMF (Oct. '12) | 0.9 | 0.7 | -0.7 | na | 5.2 | 2.2 | 5.4 | -0.4 | 83.0 |
| OECD (May '12) | 1.0 | 1.1 | 2.0 | na | na | na | na | na | na |

- German business confidence has been eroded in recent months in response to the economic downturn in neighbouring states, compounded by waning prospects in export markets further afield.
- Sentiment in German industry has fallen sharply since the first months of the year, according to the European Commission. The industrial confidence indicator slid to a net balance of -18.1 in October from -15.9 in September; in January and February the net balance was positive.
- A survey released by the German think-tank ZEW this month has underlined the gloomy outlook, signalling that the Euro Zone's largest - and seemingly resilient - economy (which grew in Q3 2012) is on the precipice of weaker growth and possibly recession.
- Industrial orders (a key indicator for the country's manufacturing and export-led economy) plummeted in September, and reports abound of reduced profits for a swathe of German banks and non-financial firms.

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 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 | 1.5 | 1.6 | na | 1.8 | 5.4 | 1.9 | 6.0 | 0.1 | na |
| BBVA | 1.3 | 1.1 | 2.5 | na | na | 1.8 | 5.0 | -0.4 | 81.2 |
| BNP Paribas | 0.9 | 0.8 | 1.1 | 0.6 | na | 1.9 | 5.3 | -0.9 | na |
| Credit Agricole | 1.1 | 0.9 | 0.6 | na | 5.4 | 2.1 | 5.0 | -0.2 | 80.7 |
| DZ Bank | 0.8 | 1.1 | 1.2 | na | na | 2.1 | 4.3 | 0.0 | na |
| Economist Intelligence Unit | 0.8 | 0.7 | 1.4 | na | 5.7 | 2.1 | 6.1 | -0.5 | na |
| G&P Institutional Mgmt | 0.5 | 0.3 | -0.4 | na | 5.5 | 1.7 | na | -0.4 | na |
| HSBC | 0.9 | 1.2 | 0.0 | 2.3 | na | 2.1 | 5.3 | -0.6 | 78.7 |
| IHS Global Insight | 0.7 | 1.2 | 0.1 | 1.8 | 5.6 | 1.7 | 6.1 | -0.4 | 78.9 |
| Moody's Analytics | 1.2 | 1.0 | 1.0 | 1.9 | na | 2.3 | 3.6 | 0.0 | na |
| Morgan Stanley | 0.8 | 1.3 | 2.1 | -0.4 | 5.6 | 1.3 | 5.2 | -0.9 | 79.1 |
| Oxford Economics | 0.8 | 0.7 | 0.5 | 1.4 | 5.7 | 1.8 | 6.5 | 0.2 | na |
| Raiffeisen Bank International | 0.8 | na | na | na | na | 1.5 | 5.5 | -0.7 | 80.2 |
| Santander | 1.3 | 0.9 | na | 1.0 | 5.6 | 2.0 | 4.4 | -0.5 | 80.0 |
| Societe Generale | 1.1 | 1.8 | 1.4 | na | na | 2.3 | 4.0 | -1.5 | 78.0 |
| UBS | 0.8 | 0.9 | 1.7 | -0.3 | na | na | 5.6 | 0.2 | 79.3 |
| Unicredit Bank | 1.4 | 0.8 | 1.1 | 1.0 | 5.8 | 1.9 | 5.4 | 0.0 | 80.9 |
| Consensus (Mean Average) | 1.0 | 1.0 | 1.0 | 1.1 | 5.6 | 1.9 | 5.2 | -0.4 | 79.7 |
| Last Month | 1.0 | 1.0 | 1.1 | 1.2 | 5.6 | 1.8 | 5.2 | -0.5 | 79.6 |
| 2 Months Ago | 1.1 | 1.0 | 1.9 | 2.0 | 5.5 | 1.8 | 5.0 | -0.6 | 80.0 |
| Median | 0.9 | 1.0 | 1.1 | 1.2 | 5.6 | 1.9 | 5.3 | -0.4 | 79.7 |
| High | 1.5 | 1.8 | 2.5 | 2.3 | 5.8 | 2.3 | 6.5 | 0.2 | 81.2 |
| Low | 0.5 | 0.3 | -0.4 | -0.4 | 5.4 | 1.3 | 3.6 | -1.5 | 78.0 |
| Standard Deviation | 0.3 | 0.4 | 0.8 | 0.9 | 0.1 | 0.3 | 0.8 | 0.5 | 1.1 |
| Number of Forecasts | 17 | 16 | 14 | 10 | 9 | 16 | 16 | 17 | 10 |
| Other Forecasts | | | | | | | | | |
| EC (Nov. '12) | 0.8 | 1.0 | 1.9 | na | 5.6 | 1.9 | 5.0 | -0.2 | 80.8 |
| IMF (Oct. '12) | 0.9 | 1.0 | 1.5 | na | 5.3 | 1.9 | 4.7 | -0.4 | 81.5 |
| OECD (May '12) | 1.9 | 1.7 | 3.7 | na | na | na | na | na | na |

Germany: Historical Data

| <i>% change, year-on-year</i> | 2008 | 2009 | 2010 | 2011 |
|----------------------------------|-------------|-------------|-------------|-------------|
| Gross Domestic Product | 0.8 | -5.1 | 4.0 | 3.1 |
| Private Consumption | 0.8 | 0.1 | 0.9 | 1.7 |
| Gross Fixed Investment | 1.3 | -11.6 | 5.9 | 6.2 |
| Industrial Production | 0.0 | -16.3 | 10.7 | 7.7 |
| Unemploy. Rate, % of L.F. | 7.6 | 7.8 | 7.1 | 6.0 |
| Consumer Prices | 2.8 | 0.2 | 1.2 | 2.5 |
| Current Acc., % of GDP | 6.3 | 5.6 | 6.1 | 5.7 |
| Budget Bal., % of GDP | -0.1 | -3.1 | -4.1 | -0.8 |
| Public Debt, % of GDP | 66.8 | 74.5 | 82.5 | 80.5 |

Source: ECB; Eurostat; national statistical office

Germany: Background Information

| | |
|----------------------------|---|
| Prime Minister: | Angela Merkel |
| Government: | Christian Democrat. Union led coalition |
| Next Election: | 2013 (parliamentary) |
| Capital City: | Berlin |
| Economic Freedom: | 26th out of 179 countries |
| Doing Business: | 20th out of 185 countries |
| Competitiveness: | 6th out of 144 countries |
| Corruption: | 14th out of 182 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 2012

| <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 | 0.1 | -0.1 | 0.5 | na | na | 2.3 | -1.8 | -4.6 | 90.6 |
| BNP Paribas | 0.1 | 0.0 | 0.4 | -2.4 | 10.2 | 2.1 | -2.3 | -4.5 | na |
| Credit Agricole | 0.2 | 0.1 | 0.2 | na | 10.3 | 2.2 | -1.8 | -4.5 | 89.2 |
| DZ Bank | 0.2 | -0.2 | 0.9 | na | 10.3 | 2.2 | -2.3 | -4.6 | na |
| Economist Intelligence Unit | 0.1 | -0.1 | 0.5 | na | 9.8 | 2.2 | -2.3 | -4.5 | na |
| G&P Institutional Mgmt | 0.1 | 0.1 | 0.2 | na | 10.4 | 2.4 | na | -4.6 | na |
| HSBC | 0.2 | 0.1 | 0.6 | na | 10.2 | 2.3 | -2.2 | -4.5 | 90.5 |
| IHS Global Insight | 0.0 | -0.1 | 0.3 | -1.9 | 10.3 | 2.0 | -2.2 | -4.6 | 91.3 |
| Moody's Analytics | 0.1 | -0.2 | 0.6 | -1.5 | 9.8 | 2.2 | -2.0 | -5.1 | na |
| Morgan Stanley | 0.3 | 0.3 | 0.4 | na | 9.7 | 2.0 | -1.9 | -4.5 | 89.8 |
| Oxford Economics | 0.1 | 0.0 | 0.5 | -1.2 | 10.5 | 2.3 | -2.5 | -4.7 | na |
| Raiffeisen Bank International | -0.1 | na | na | na | na | 2.4 | -2.2 | -4.6 | 90.1 |
| Societe Generale | 0.2 | -0.1 | 0.6 | na | 10.1 | 2.5 | -2.0 | -4.5 | 90.2 |
| UBS | 0.2 | -0.1 | 0.7 | -1.7 | 9.8 | na | -1.5 | -4.5 | 91.0 |
| Unicredit Bank | 0.1 | -0.1 | 0.8 | na | 10.2 | 2.0 | -1.9 | -4.5 | 90.1 |
| Consensus (Mean Average) | 0.1 | 0.0 | 0.5 | -1.7 | 10.1 | 2.2 | -2.1 | -4.6 | 90.3 |
| Last Month | 0.1 | 0.0 | 0.5 | -2.4 | 10.1 | 2.2 | -2.1 | -4.6 | 90.1 |
| 2 Months Ago | 0.2 | 0.1 | 0.3 | -1.6 | 10.1 | 2.2 | -2.1 | -4.7 | 91.0 |
| Median | 0.1 | -0.1 | 0.5 | -1.7 | 10.2 | 2.2 | -2.1 | -4.5 | 90.2 |
| High | 0.3 | 0.3 | 0.9 | -1.2 | 10.5 | 2.5 | -1.5 | -4.5 | 91.3 |
| Low | -0.1 | -0.2 | 0.2 | -2.4 | 9.7 | 2.0 | -2.5 | -5.1 | 89.2 |
| Standard Deviation | 0.1 | 0.1 | 0.2 | 0.5 | 0.3 | 0.2 | 0.3 | 0.2 | 0.6 |
| Number of Forecasts | 15 | 14 | 14 | 5 | 13 | 14 | 14 | 15 | 9 |
| Other Forecasts | | | | | | | | | |
| EC (Nov. '12) | 0.2 | 0.0 | 0.3 | na | 10.2 | 2.3 | -2.2 | -4.5 | 90.0 |
| IMF (Oct. '12) | 0.1 | -0.2 | 0.7 | na | 10.1 | 1.9 | -1.7 | -4.7 | 92.1 |
| OECD (May '12) | 0.6 | 0.6 | 0.6 | na | na | na | na | na | na |

- President Francois Hollande's popularity continues to slide only six months into a five-year term, as voters resent the lack of a growth-enhancing strategy to lever the French economy out of its torpor.
- The realities of office have quickly set in for the president and his Socialist government as weak growth (positive, but struggling in Q3 2012) threatens to upset the 3% of GDP general government deficit target for 2013, and the clamour grows for structural reforms to improve French competitiveness.
- The Banque de France (French central bank) expects the economy to shrink by 0.1% in Q4 2012, and the latest sentiment indicators hardly induce much confidence in the outlook for next year.
- France's economic sentiment index slipped to 86.4 in October (its lowest level this year) from 88.2 in September, according to the European Commission. Sentiment among French manufacturers, consumers and construction sector firms deteriorated to recent lows.

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 | 0.5 | 0.4 | 0.7 | na | na | 1.7 | -1.7 | -3.3 | 92.4 |
| BNP Paribas | 0.4 | 0.6 | 0.1 | 0.3 | 10.9 | 1.7 | -2.3 | -3.3 | na |
| Credit Agricole | 0.7 | 0.6 | 0.4 | na | 10.4 | 2.0 | -2.3 | -3.0 | 90.0 |
| DZ Bank | 0.4 | 0.2 | 1.1 | na | 10.7 | 2.3 | -2.2 | -3.7 | na |
| Economist Intelligence Unit | 0.3 | 0.2 | 0.4 | na | 10.4 | 2.0 | -2.1 | -3.5 | na |
| G&P Institutional Mgmt | 0.4 | 1.1 | -0.2 | na | 10.7 | 1.9 | na | -3.7 | na |
| HSBC | 0.9 | 0.5 | 1.8 | na | 10.5 | 1.8 | -2.1 | -3.5 | 91.9 |
| IHS Global Insight | -0.3 | -0.2 | -1.3 | -2.7 | 10.9 | 1.8 | -1.7 | -3.6 | 94.2 |
| Moody's Analytics | 0.4 | 0.5 | 0.5 | 1.2 | 10.1 | 1.7 | -1.9 | -5.1 | na |
| Morgan Stanley | 0.5 | 0.6 | 1.1 | na | 9.9 | 1.5 | -1.7 | -3.8 | 90.9 |
| Oxford Economics | 0.1 | 0.4 | 0.2 | 0.3 | 11.0 | 1.6 | -2.5 | -3.2 | na |
| Raiffeisen Bank International | 0.5 | na | na | na | na | 2.1 | -2.3 | -3.5 | 91.8 |
| Societe Generale | 0.0 | 0.3 | -1.4 | na | 11.2 | 2.1 | -2.0 | -3.3 | 93.0 |
| UBS | 0.4 | 0.3 | 1.0 | 0.8 | 10.2 | na | -1.3 | -3.4 | 94.0 |
| Unicredit Bank | 0.5 | 0.4 | 1.6 | na | 10.3 | 1.8 | -1.9 | -3.5 | 92.0 |
| Consensus (Mean Average) | 0.4 | 0.4 | 0.4 | 0.0 | 10.6 | 1.9 | -2.0 | -3.6 | 92.2 |
| Last Month | 0.4 | 0.5 | 0.5 | -0.7 | 10.4 | 1.9 | -2.0 | -3.8 | 92.0 |
| 2 Months Ago | 0.5 | 0.6 | 0.6 | 0.1 | 10.2 | 1.8 | -2.0 | -3.8 | 93.0 |
| Median | 0.4 | 0.4 | 0.5 | 0.3 | 10.5 | 1.8 | -2.1 | -3.5 | 92.0 |
| High | 0.9 | 1.1 | 1.8 | 1.2 | 11.2 | 2.3 | -1.3 | -3.0 | 94.2 |
| Low | -0.3 | -0.2 | -1.4 | -2.7 | 9.9 | 1.5 | -2.5 | -5.1 | 90.0 |
| Standard Deviation | 0.3 | 0.3 | 0.9 | 1.5 | 0.4 | 0.2 | 0.3 | 0.5 | 1.4 |
| Number of Forecasts | 15 | 14 | 14 | 5 | 13 | 14 | 14 | 15 | 9 |
| Other Forecasts | | | | | | | | | |
| EC (Nov. '12) | 0.4 | -0.1 | 0.1 | na | 10.7 | 1.7 | -1.8 | -3.5 | 92.7 |
| IMF (Oct. '12) | 0.4 | 0.2 | 0.4 | na | 10.5 | 1.0 | -1.7 | -3.5 | 86.5 |
| OECD (May '12) | 1.2 | 1.0 | 1.7 | na | na | na | na | na | na |

France: Historical Data

| <i>% change, year-on-year</i> | 2008 | 2009 | 2010 | 2011 |
|----------------------------------|-------------|-------------|-------------|-------------|
| Gross Domestic Product | -0.1 | -3.1 | 1.7 | 1.7 |
| Private Consumption | 0.3 | 0.1 | 1.4 | 0.3 |
| Gross Fixed Investment | 0.3 | -10.6 | 1.2 | 3.5 |
| Industrial Production | -2.9 | -12.8 | 4.8 | 2.4 |
| Unemploy. Rate, % of L.F. | 7.9 | 9.5 | 9.8 | 9.7 |
| Consumer Prices | 3.2 | 0.1 | 1.7 | 2.3 |
| Current Acc., % of GDP | -1.7 | -1.5 | -1.7 | -2.2 |
| Budget Bal., % of GDP | -3.3 | -7.5 | -7.1 | -5.2 |
| Public Debt, % of GDP | 68.2 | 79.2 | 82.3 | 86.0 |

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: | 67th out of 179 countries |
| Doing Business: | 34th out of 185 countries |
| Competitiveness: | 21st out of 144 countries |
| Corruption: | 25th out of 182 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 2012

| <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. 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 | | | | | | | | | |
| BBVA | -2.4 | -3.2 | -8.6 | na | na | 3.4 | -1.4 | -2.6 | 127.3 |
| BNP Paribas | -2.3 | -3.4 | -8.9 | -7.4 | 10.6 | 3.4 | -1.4 | -2.0 | na |
| Credit Agricole | -2.5 | -3.5 | -8.6 | na | 10.6 | 3.3 | -3.5 | -2.6 | 124.3 |
| DZ Bank | -2.5 | -3.3 | -8.3 | na | 10.5 | 3.1 | -2.2 | -2.7 | na |
| Economist Intelligence Unit | -2.3 | -3.5 | -8.5 | na | 10.9 | 3.0 | -1.5 | -2.8 | na |
| G&P Institutional Mgmt | -2.4 | -3.3 | -9.2 | na | 10.4 | 3.4 | na | -3.1 | na |
| HSBC | -2.5 | -3.4 | -9.4 | -6.7 | 10.6 | 3.4 | -1.3 | -2.9 | 126.6 |
| IHS Global Insight | -2.3 | -3.2 | -8.8 | -5.9 | 10.6 | 3.1 | -1.2 | -2.8 | 126.1 |
| Moody's Analytics | -2.2 | -3.0 | -8.4 | -5.2 | 10.5 | 3.4 | -0.8 | -3.7 | na |
| Morgan Stanley | -2.5 | -3.1 | -8.3 | na | 11.0 | 3.0 | -2.8 | -2.8 | 123.4 |
| Oxford Economics | -2.4 | -3.4 | -8.4 | -6.0 | 10.7 | 3.4 | -1.2 | -2.8 | na |
| Raiffeisen Bank International | -2.3 | na | na | na | na | 2.9 | -2.1 | -1.9 | 125.0 |
| Societe Generale | -2.4 | -3.2 | -9.1 | na | 11.1 | 3.1 | -2.6 | -3.0 | 124.8 |
| UBS | -2.3 | -3.3 | -8.2 | -6.3 | 10.7 | 3.3 | na | -2.6 | 123.3 |
| Unicredit Bank | -2.4 | -3.4 | -8.6 | na | 10.6 | 3.1 | -2.3 | -2.4 | 124.8 |
| Consensus (Mean Average) | -2.4 | -3.3 | -8.7 | -6.3 | 10.7 | 3.2 | -1.9 | -2.7 | 125.1 |
| Last Month | -2.4 | -3.2 | -8.7 | -6.6 | 10.7 | 3.2 | -2.1 | -2.6 | 124.8 |
| 2 Months Ago | -2.2 | -2.9 | -8.5 | -6.4 | 10.6 | 3.2 | -2.2 | -2.6 | 124.0 |
| Median | -2.4 | -3.3 | -8.6 | -6.2 | 10.6 | 3.3 | -1.5 | -2.8 | 124.8 |
| High | -2.2 | -3.0 | -8.2 | -5.2 | 11.1 | 3.4 | -0.8 | -1.9 | 127.3 |
| Low | -2.5 | -3.5 | -9.4 | -7.4 | 10.4 | 2.9 | -3.5 | -3.7 | 123.3 |
| Standard Deviation | 0.1 | 0.1 | 0.4 | 0.8 | 0.2 | 0.2 | 0.8 | 0.4 | 1.4 |
| Number of Forecasts | 15 | 14 | 14 | 6 | 13 | 15 | 13 | 15 | 9 |
| Other Forecasts | | | | | | | | | |
| EC (Nov. '12) | -2.3 | -3.4 | -8.1 | na | 10.6 | 3.3 | -1.2 | -2.9 | 126.5 |
| IMF (Oct. '12) | -2.3 | -3.3 | -7.8 | na | 10.6 | 3.0 | -1.5 | -2.7 | 126.3 |
| OECD (May '12) | -1.7 | -1.6 | -4.7 | na | na | na | na | na | na |

- Italy's political problems are affecting its investor outlook as much as the dire economic situation.
- The technocrat government led by Prime Minister Mario Monti has made good progress in establishing a primary budget surplus and putting Italy back on track to eliminating its deficit and halting the incessant rise in debt. Yet Italian borrowing continues to incur interest at around 5% as worries over the country's fiscal metrics and the approaching election continue.
- Current opinion polls suggest that neither the centre-left nor centre-right parties have sufficient support to form a majority coalition. The reluctant Monti has indicated that he would continue as a caretaker prime minister despite not wishing to stand in the election, due by April.
- Against this backdrop fiscal austerity continues to undermine confidence, and the weak economy (which contracted in Q3 2012) is forcing Italian banks to increase their loan-loss provisioning.

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 | -0.6 | -0.9 | -2.0 | na | na | 2.3 | -1.4 | -1.9 | 131.6 |
| BNP Paribas | -0.8 | -1.7 | -3.4 | -2.5 | 11.3 | 2.3 | -0.9 | -0.9 | na |
| Credit Agricole | -0.4 | -0.9 | -1.2 | na | 10.4 | 1.9 | -2.5 | -1.8 | 124.8 |
| DZ Bank | -0.9 | -0.8 | -1.6 | na | 11.3 | 2.4 | -1.8 | -2.0 | na |
| Economist Intelligence Unit | -0.8 | -1.6 | -2.0 | na | 11.1 | 2.4 | -0.5 | -2.0 | na |
| G&P Institutional Mgmt | -0.9 | -1.3 | -5.7 | na | 11.6 | 1.8 | na | -2.4 | na |
| HSBC | -1.1 | -1.3 | -4.8 | -1.5 | 11.5 | 2.3 | -1.1 | -2.3 | 127.0 |
| IHS Global Insight | -1.1 | -1.3 | -3.3 | -2.3 | 11.4 | 1.6 | -0.8 | -1.6 | 127.0 |
| Moody's Analytics | -0.6 | -0.5 | 0.6 | 1.3 | 10.8 | 2.3 | -0.5 | -2.9 | na |
| Morgan Stanley | -1.0 | -1.4 | -1.0 | na | 12.0 | 1.5 | -1.5 | -1.7 | 125.1 |
| Oxford Economics | -1.2 | -1.4 | -2.9 | -2.2 | 12.1 | 2.5 | -0.7 | -2.4 | na |
| Raiffeisen Bank International | -0.6 | na | na | na | na | 2.6 | -1.8 | -0.9 | 124.8 |
| Societe Generale | -1.4 | -2.0 | -3.6 | na | 13.4 | 2.6 | -2.0 | -2.1 | 124.4 |
| UBS | -0.4 | -0.6 | -1.3 | -0.2 | 11.0 | 2.4 | na | -1.7 | 121.5 |
| Unicredit Bank | -0.5 | -1.2 | -1.0 | na | 11.5 | 1.7 | -1.5 | -1.3 | 124.6 |
| Consensus (Mean Average) | -0.8 | -1.2 | -2.4 | -1.2 | 11.5 | 2.2 | -1.3 | -1.9 | 125.6 |
| Last Month | -0.7 | -1.2 | -2.2 | -1.3 | 11.5 | 2.1 | -1.5 | -1.7 | 124.8 |
| 2 Months Ago | -0.6 | -1.0 | -1.7 | -0.7 | 11.4 | 2.0 | -1.7 | -1.5 | 124.0 |
| Median | -0.8 | -1.3 | -2.0 | -1.9 | 11.4 | 2.3 | -1.4 | -1.9 | 124.8 |
| High | -0.4 | -0.5 | 0.6 | 1.3 | 13.4 | 2.6 | -0.5 | -0.9 | 131.6 |
| Low | -1.4 | -2.0 | -5.7 | -2.5 | 10.4 | 1.5 | -2.5 | -2.9 | 121.5 |
| Standard Deviation | 0.3 | 0.4 | 1.7 | 1.5 | 0.7 | 0.4 | 0.6 | 0.6 | 2.8 |
| Number of Forecasts | 15 | 14 | 14 | 6 | 13 | 15 | 13 | 15 | 9 |
| Other Forecasts | | | | | | | | | |
| EC (Nov. '12) | -0.5 | -0.9 | -2.1 | na | 11.5 | 2.0 | -0.4 | -2.1 | 127.6 |
| IMF (Oct. '12) | -0.7 | -1.2 | 1.0 | na | 11.1 | 1.8 | -1.4 | -1.8 | 127.8 |
| OECD (May '12) | -0.4 | -1.0 | -0.8 | na | na | na | na | na | na |

Italy: Historical Data

| <i>% change, year-on-year</i> | 2008 | 2009 | 2010 | 2011 |
|----------------------------------|-------------|-------------|-------------|-------------|
| Gross Domestic Product | -1.2 | -5.5 | 1.8 | 0.4 |
| Private Consumption | -0.8 | -1.6 | 1.2 | 0.2 |
| Gross Fixed Investment | -3.7 | -11.7 | 2.1 | -1.9 |
| Industrial Production | -3.8 | -18.7 | 6.9 | 0.3 |
| Unemploy. Rate, % of L.F. | 6.8 | 7.8 | 8.4 | 8.5 |
| Consumer Prices | 3.5 | 0.8 | 1.6 | 2.9 |
| Current Acc., % of GDP | -2.9 | -2.0 | -3.5 | -3.2 |
| Budget Bal., % of GDP | -2.7 | -5.4 | -4.5 | -3.9 |
| Public Debt, % of GDP | 106.1 | 116.4 | 119.2 | 120.7 |

Source: ECB; Eurostat; national statistical office

Italy: Background Information

| | |
|----------------------------|---|
| Prime Minister: | Mario Monti (appointed) |
| Government: | Appointed technocrats |
| Next Election: | April 2013 (parliamentary) |
| Capital City: | Rome |
| Economic Freedom: | 92nd out of 179 countries |
| Doing Business: | 73rd out of 185 countries |
| Competitiveness: | 42nd out of 144 countries |
| Corruption: | 69th out of 182 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 2012

| <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 | | | | | | | | | |
| Credit Agricole | -0.4 | -1.3 | -3.4 | na | 5.5 | 2.6 | 9.8 | -4.1 | 69.6 |
| DZ Bank | -0.7 | -1.3 | -3.5 | na | 5.3 | 2.6 | 7.9 | -4.5 | na |
| Economist Intelligence Unit | -0.7 | -1.3 | -4.0 | na | 5.2 | 2.4 | 9.8 | -4.5 | na |
| IHS Global Insight | -0.5 | -1.1 | -3.1 | -0.4 | na | na | 7.7 | -4.4 | 65.7 |
| Moody's Analytics | -0.7 | -1.5 | -2.8 | -1.2 | na | 2.5 | 7.4 | -3.8 | na |
| Morgan Stanley | -0.6 | -1.1 | -2.5 | -2.7 | 5.1 | 2.4 | 6.2 | -4.5 | 69.5 |
| Oxford Economics | -0.4 | -1.1 | -2.8 | 0.3 | 5.2 | 2.8 | 8.6 | -3.0 | na |
| Raiffeisen Bank International | -0.4 | na | na | na | na | 2.8 | 9.0 | -4.4 | 70.1 |
| UBS | -0.3 | -1.0 | -2.5 | 0.9 | na | 2.6 | 5.5 | -3.1 | 65.0 |
| Consensus (Mean Average) | -0.5 | -1.2 | -3.1 | -0.6 | 5.3 | 2.6 | 8.0 | -4.0 | 68.0 |
| Last Month | -0.5 | -1.2 | -3.1 | -0.9 | 5.3 | 2.6 | 8.0 | -4.1 | 67.9 |
| 2 Months Ago | -0.7 | -1.0 | -3.0 | -0.6 | 5.2 | 2.5 | 7.8 | -4.3 | 67.4 |
| Median | -0.5 | -1.2 | -3.0 | -0.4 | 5.2 | 2.6 | 7.9 | -4.4 | 69.5 |
| High | -0.3 | -1.0 | -2.5 | 0.9 | 5.5 | 2.8 | 9.8 | -3.0 | 70.1 |
| Low | -0.7 | -1.5 | -4.0 | -2.7 | 5.1 | 2.4 | 5.5 | -4.5 | 65.0 |
| Standard Deviation | 0.2 | 0.2 | 0.5 | 1.4 | 0.2 | 0.2 | 1.5 | 0.6 | 2.4 |
| Number of Forecasts | 9 | 8 | 8 | 5 | 5 | 8 | 9 | 9 | 5 |
| Other Forecasts | | | | | | | | | |
| EC (Nov. '12) | -0.3 | -1.2 | -3.0 | na | 5.4 | 2.8 | 9.2 | -3.7 | 68.8 |
| IMF (Oct. '12) | -0.5 | na | na | na | 5.2 | 2.2 | 8.2 | na | na |
| OECD (May '12) | -0.6 | -0.7 | -1.9 | na | 5.3 | 2.4 | 9.0 | -4.3 | 70.9 |

- The marginalisation of extremist parties and an end to the political uncertainty following the collapse of the previous government has delivered a centrist administration in the Netherlands favouring austerity. However, competing agendas within the Liberal-Labour coalition will prove divisive. The government has already renegotiated the coalition agreement to ensure that wealthier individuals are not burdened with excessive increases in healthcare costs. Bigger arguments lie ahead as the parties vie to keep their core supporters on-side.
- The Dutch economic sentiment index rebounded in October to 87.2, having fallen to 86.4 in September, though this may have been influenced by the political ructions. Overall, confidence is weak and has worsened among manufacturers, fearful that a wider European slowdown (including in Germany) will impact on Dutch exports.
- Fiscal austerity is unlikely to generate economic growth, particularly as consumer spending is also being undermined by a weak housing market.

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. 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 | | | | | | | | | |
| Credit Agricole | 0.6 | -0.2 | -0.3 | na | 5.9 | 2.2 | 9.1 | -2.8 | 70.0 |
| DZ Bank | 0.1 | -1.0 | -0.8 | na | 5.6 | 2.8 | 6.5 | -3.7 | na |
| Economist Intelligence Unit | 0.3 | -0.7 | 1.0 | na | 5.7 | 2.0 | 9.4 | -3.8 | na |
| IHS Global Insight | -0.1 | 0.4 | 1.0 | -1.2 | na | na | 6.8 | -4.2 | 66.0 |
| Moody's Analytics | 0.4 | -0.1 | 0.5 | -0.3 | na | 2.0 | 5.2 | -3.6 | na |
| Morgan Stanley | 0.2 | 0.4 | 3.9 | 2.2 | 5.4 | 1.4 | 6.9 | -3.9 | 71.4 |
| Oxford Economics | 0.4 | 0.0 | 1.8 | 0.8 | 6.0 | 2.3 | 7.7 | -2.7 | na |
| Raiffeisen Bank International | 0.5 | na | na | na | na | 2.4 | 7.0 | -4.6 | 73.0 |
| UBS | 0.3 | 0.2 | 2.3 | 2.0 | na | 2.0 | 5.2 | -2.7 | 66.0 |
| Consensus (Mean Average) | 0.3 | -0.1 | 1.2 | 0.7 | 5.7 | 2.1 | 7.1 | -3.6 | 69.3 |
| Last Month | 0.3 | 0.0 | 1.4 | 0.5 | 5.6 | 2.2 | 7.1 | -3.6 | 69.3 |
| 2 Months Ago | 0.6 | 0.2 | 1.4 | 0.9 | 5.5 | 2.1 | 7.0 | -3.5 | 68.4 |
| Median | 0.3 | -0.1 | 1.0 | 0.8 | 5.7 | 2.1 | 6.9 | -3.7 | 70.0 |
| High | 0.6 | 0.4 | 3.9 | 2.2 | 6.0 | 2.8 | 9.4 | -2.7 | 73.0 |
| Low | -0.1 | -1.0 | -0.8 | -1.2 | 5.4 | 1.4 | 5.2 | -4.6 | 66.0 |
| Standard Deviation | 0.2 | 0.5 | 1.5 | 1.5 | 0.2 | 0.4 | 1.5 | 0.7 | 3.2 |
| Number of Forecasts | 9 | 8 | 8 | 5 | 5 | 8 | 9 | 9 | 5 |
| Other Forecasts | | | | | | | | | |
| EC (Nov. '12) | 0.3 | -0.8 | -1.0 | na | 6.1 | 2.4 | 9.8 | -2.9 | 69.3 |
| IMF (Oct. '12) | 0.4 | na | na | na | 5.7 | 1.8 | 8.2 | na | na |
| OECD (May '12) | 0.7 | -0.2 | 2.5 | na | 5.7 | 1.5 | 9.7 | -3.0 | 73.5 |

Netherlands: Historical Data

| <i>% change, year-on-year</i> | 2008 | 2009 | 2010 | 2011 |
|----------------------------------|-------------|-------------|-------------|-------------|
| Gross Domestic Product | 1.8 | -3.5 | 1.7 | 1.2 |
| Private Consumption | 1.3 | -2.6 | 0.4 | -1.1 |
| Gross Fixed Investment | 4.5 | -10.2 | -4.4 | 5.8 |
| Industrial Production | 0.7 | -7.6 | 7.8 | -0.8 |
| Unemploy. Rate, % of L.F. | 3.1 | 3.7 | 4.5 | 4.4 |
| Consumer Prices | 2.2 | 1.0 | 0.9 | 2.5 |
| Current Acc., % of GDP | 4.3 | 4.2 | 7.1 | 9.2 |
| Budget Bal., % of GDP | 0.5 | -5.6 | -5.1 | -4.5 |
| Public Debt, % of GDP | 58.5 | 60.8 | 63.1 | 65.5 |

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: | 15th out of 179 countries |
| Doing Business: | 31st out of 185 countries |
| Competitiveness: | 5th out of 144 countries |
| Corruption: | 7th out of 182 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 2012

| <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 | -1.4 | -2.0 | -9.7 | na | na | 2.5 | -1.4 | -7.2 | 85.2 |
| BNP Paribas | -1.5 | -3.1 | -9.5 | -6.4 | 25.1 | 2.4 | -2.2 | -7.0 | na |
| Credit Agricole | -1.6 | -1.8 | -10.1 | na | 24.8 | na | -4.9 | -6.8 | 83.7 |
| DZ Bank | -1.6 | -1.9 | -8.5 | na | 25.0 | 2.5 | -2.7 | -7.0 | na |
| Economist Intelligence Unit | -1.8 | -1.9 | -5.1 | na | 23.7 | 2.5 | -2.6 | -6.7 | na |
| G&P Institutional Mgmt | -1.3 | -1.9 | -9.9 | na | 24.6 | 2.5 | na | -7.3 | na |
| HSBC | -1.5 | -1.8 | -9.4 | -5.6 | 25.0 | 2.4 | -2.7 | -6.8 | 81.3 |
| IHS Global Insight | -1.3 | -1.8 | -9.2 | -5.4 | 24.8 | 2.6 | -2.2 | -7.4 | 80.4 |
| Moody's Analytics | -1.4 | -1.7 | -8.4 | -5.7 | 25.0 | 2.3 | -3.5 | -6.1 | na |
| Morgan Stanley | -2.2 | -2.6 | -7.1 | na | 25.2 | 2.3 | -1.1 | -7.0 | 84.3 |
| Oxford Economics | -1.2 | -2.0 | -9.3 | -5.3 | 25.0 | 2.4 | -2.3 | -7.2 | na |
| Raiffeisen Bank International | -1.5 | na | na | na | na | 2.2 | -1.8 | -6.7 | 90.9 |
| Santander | -1.5 | -2.0 | -4.0 | na | 24.6 | 2.5 | -2.4 | na | na |
| Societe Generale | -1.6 | -2.0 | -9.4 | na | 25.1 | 2.6 | -3.0 | -7.0 | 88.7 |
| UBS | -1.6 | -2.1 | -10.0 | -6.0 | 24.5 | 2.5 | -2.7 | -7.2 | 90.5 |
| Unicredit Bank | -1.5 | -1.7 | -9.7 | na | 24.7 | 2.5 | -1.8 | -6.4 | 88.1 |
| Consensus (Mean Average) | -1.5 | -2.0 | -8.6 | -5.7 | 24.8 | 2.4 | -2.5 | -6.9 | 85.9 |
| Last Month | -1.6 | -2.0 | -9.0 | -5.8 | 24.7 | 2.3 | -2.5 | -6.8 | 85.5 |
| 2 Months Ago | -1.6 | -2.0 | -8.8 | -5.7 | 24.8 | 2.2 | -2.4 | -6.6 | 85.1 |
| Median | -1.5 | -1.9 | -9.4 | -5.7 | 24.9 | 2.5 | -2.4 | -7.0 | 85.2 |
| High | -1.2 | -1.7 | -4.0 | -5.3 | 25.2 | 2.6 | -1.1 | -6.1 | 90.9 |
| Low | -2.2 | -3.1 | -10.1 | -6.4 | 23.7 | 2.2 | -4.9 | -7.4 | 80.4 |
| Standard Deviation | 0.2 | 0.4 | 1.8 | 0.4 | 0.4 | 0.1 | 0.9 | 0.3 | 3.8 |
| Number of Forecasts | 16 | 15 | 15 | 6 | 14 | 15 | 15 | 15 | 9 |
| Other Forecasts | | | | | | | | | |
| EC (Nov. '12) | -1.4 | -1.9 | -9.0 | na | 25.1 | 2.5 | -2.4 | -8.0 | 86.1 |
| IMF (Oct. '12) | -1.5 | na | na | na | 24.9 | 2.4 | -2.0 | na | na |
| OECD (May '12) | -1.6 | -2.9 | -9.3 | na | 24.5 | 1.6 | -0.9 | -5.4 | 81.1 |

- Will Spain apply for a bailout or not? The question continues to exercise economic commentators as forecasters write off 2013 as another year of recession.
- Having fallen sharply in August, Spain's economic sentiment index has recovered over the past couple of months, yet it remains well below the level prevailing at the start of the year. Retail sales are sharply down on year earlier levels, which partly reflect an unemployment rate of almost 26% in September and a rise in the sales tax boosting inflation.
- The economic downturn is likely to cause the government to miss its deficit target, not only in 2012, but in 2013 as well, with the country fast running out of cash reserves and losing foreign investor interest.
- Against this backdrop, social instability risk remains a key threat, with yet another day of strikes and mass protest taking place on November 14th. Tensions will be eased a little by the banks having hurriedly adopted a less draconian policy of home evictions, blamed on two homeowners committing suicide recently.

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 | -2.9 | -7.5 | na | na | 2.3 | -0.5 | -5.9 | 91.4 |
| BNP Paribas | -1.4 | -5.6 | -4.3 | -0.9 | 26.9 | 1.9 | -0.9 | -5.0 | na |
| Credit Agricole | -1.5 | -1.5 | -9.1 | na | 25.8 | na | -1.9 | -5.7 | 86.8 |
| DZ Bank | -2.2 | -2.0 | -3.5 | na | 25.8 | 3.6 | -2.0 | -5.0 | na |
| Economist Intelligence Unit | -1.5 | -1.4 | -4.8 | na | 24.2 | 2.9 | -2.0 | -6.2 | na |
| G&P Institutional Mgmt | -0.8 | -1.8 | -9.2 | na | 25.4 | 2.6 | na | -6.3 | na |
| HSBC | -2.0 | -1.8 | -7.5 | -2.6 | 27.2 | 2.5 | -2.7 | -5.0 | 86.1 |
| IHS Global Insight | -1.8 | -2.0 | -4.2 | -2.5 | 25.8 | 2.0 | -0.9 | -6.6 | 92.6 |
| Moody's Analytics | -1.5 | -1.4 | -4.1 | -3.1 | 26.3 | 1.8 | -3.2 | -4.7 | na |
| Morgan Stanley | -1.3 | -3.4 | -6.0 | na | 25.4 | 2.6 | 0.9 | -5.8 | 92.7 |
| Oxford Economics | -1.4 | -2.0 | -5.6 | -2.4 | 26.5 | 1.8 | -1.4 | -5.4 | na |
| Raiffeisen Bank International | -1.7 | na | na | na | na | 2.0 | -1.0 | -5.0 | 97.1 |
| Santander | -1.4 | -1.7 | -7.0 | na | 25.7 | 2.7 | -1.3 | na | na |
| Societe Generale | -2.3 | -2.4 | -6.1 | na | 27.1 | 3.6 | -1.3 | -1.5 | 94.5 |
| UBS | -1.7 | -2.2 | -8.3 | -3.4 | 25.4 | 3.2 | -1.7 | -5.5 | 95.8 |
| Unicredit Bank | -1.1 | -0.9 | -4.3 | na | 24.4 | 2.4 | -1.2 | -4.7 | 90.4 |
| Consensus (Mean Average) | -1.6 | -2.2 | -6.1 | -2.5 | 25.9 | 2.5 | -1.4 | -5.2 | 91.9 |
| Last Month | -1.6 | -2.3 | -6.0 | -2.5 | 25.7 | 2.2 | -1.4 | -5.2 | 91.2 |
| 2 Months Ago | -1.3 | -2.1 | -5.4 | -2.2 | 25.7 | 2.2 | -1.4 | -5.3 | 91.4 |
| Median | -1.5 | -2.0 | -6.0 | -2.6 | 25.8 | 2.5 | -1.3 | -5.4 | 92.6 |
| High | -0.8 | -0.9 | -3.5 | -0.9 | 27.2 | 3.6 | 0.9 | -1.5 | 97.1 |
| Low | -2.3 | -5.6 | -9.2 | -3.4 | 24.2 | 1.8 | -3.2 | -6.6 | 86.1 |
| Standard Deviation | 0.4 | 1.1 | 1.9 | 0.9 | 0.9 | 0.6 | 1.0 | 1.2 | 3.7 |
| Number of Forecasts | 16 | 15 | 15 | 6 | 14 | 15 | 15 | 15 | 9 |
| Other Forecasts | | | | | | | | | |
| EC (Nov. '12) | -1.4 | -2.1 | -5.6 | na | 26.6 | 2.1 | -0.5 | -6.0 | 92.7 |
| IMF (Oct. '12) | -1.3 | na | na | na | 25.1 | 2.4 | -0.1 | na | na |
| OECD (May '12) | -0.8 | -1.8 | -2.4 | na | 25.3 | 2.1 | 0.1 | -3.3 | 84.1 |

Spain: Historical Data

| <i>% change, year-on-year</i> | 2008 | 2009 | 2010 | 2011 |
|----------------------------------|-------------|-------------|-------------|-------------|
| Gross Domestic Product | 0.9 | -3.7 | -0.3 | 0.4 |
| Private Consumption | -0.6 | -4.4 | 0.7 | -1.0 |
| Gross Fixed Investment | -4.7 | -16.6 | -6.3 | -5.5 |
| Industrial Production | -7.3 | -15.7 | 0.9 | -1.4 |
| Unemploy. Rate, % of L.F. | 11.4 | 18.0 | 20.1 | 21.7 |
| Consumer Prices | 4.1 | -0.2 | 2.0 | 3.1 |
| Current Acc., % of GDP | -9.6 | -5.2 | -4.5 | -3.5 |
| Budget Bal., % of GDP | -4.5 | -11.2 | -9.7 | -9.4 |
| Public Debt, % of GDP | 40.2 | 53.9 | 61.5 | 69.3 |

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: | 36th out of 179 countries |
| Doing Business: | 44th out of 185 countries |
| Competitiveness: | 36th out of 144 countries |
| Corruption: | 31st out of 182 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

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 |

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