

# Euro Zone Barometer© - September 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.\*\*\*

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

Editorial queries: [editor@mjeconomics.com](mailto:editor@mjeconomics.com)  
Subscriptions: [subscriptions@mjeconomics.com](mailto:subscriptions@mjeconomics.com)  
Other enquiries: [admin@mjeconomics.com](mailto:admin@mjeconomics.com)

**Survey Deadline: September 10th, 2012**

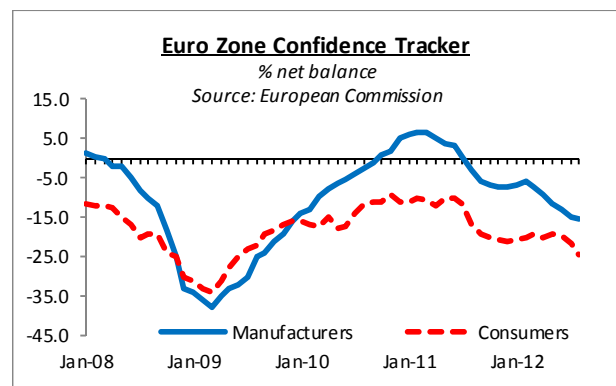
## Recent Developments

- A string of **positive developments** over the past few weeks has eased the uncertainty enveloping the euro's continued existence. They include the resounding "yes" to parties supporting euro membership in a snap parliamentary election held in the Netherlands, Germany's Constitutional Court decision in favour of the €500bn European Stability Mechanism (the Euro Zone's bailout fund) and the European Central Bank's decision to purchase government bonds – its Outright Monetary Transactions – with strings attached.
- The **Euro Zone crisis recovery programme** would thus appear to be back on track – alleviating, for now, concerns of a catastrophic break-up - and this alone has restored some confidence in the single currency among foreign exchange speculators. It has also prompted an easing of borrowing rates for indebted Euro Zone sovereigns, calming debt fears.
- However, as **this month's forecasts** clearly demonstrate, the Euro Zone crisis is still far from a satisfactory resolution, particularly with economic growth proving so elusive. The Euro Zone as a whole is only expected to recover gradually, with the Italian and Spanish economies still contracting next year.
- Moreover, a question mark lingers over the continued participation of Greece, given that its government's calls for an extension of the implementation period for the next round of austerity (from two years to four) has been rejected by Germany. Social instability risks in Greece, Spain and other countries remain high.

**Next Month's Survey Deadline:**  
**October 8th, 2012**

## Contents

<b>Outlook for 2012-2013</b>	<b>2</b>
Forthcoming Elections	<b>3</b>
2012 National Accounts Forecasts	<b>4</b>
2012 Forecasts for Other Indicators	<b>5</b>
2013 National Accounts Forecasts	<b>6</b>
2013 Forecasts for Other Indicators	<b>7</b>
<b>Other (Comparison) Forecasts</b>	<b>8</b>
<b>Quarterly Forecasts &amp; Historical Data</b>	<b>8</b>
<b>Financial Forecasts</b>	<b>9</b>
Interest Rate & Exchange Rate Data	<b>10</b>
<b>ECB Watch</b>	<b>11</b>
<b>Long Term Forecasts</b>	<b>12</b>
<b>Data &amp; Forecasts for Individual Euro Zone Countries</b>	
Germany	<b>13</b>
France	<b>15</b>
Italy	<b>17</b>
Netherlands	<b>19</b>
Spain	<b>21</b>
<b>Notes, Sources and Definitions</b>	<b>23</b>



© 2012 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 2012-2013

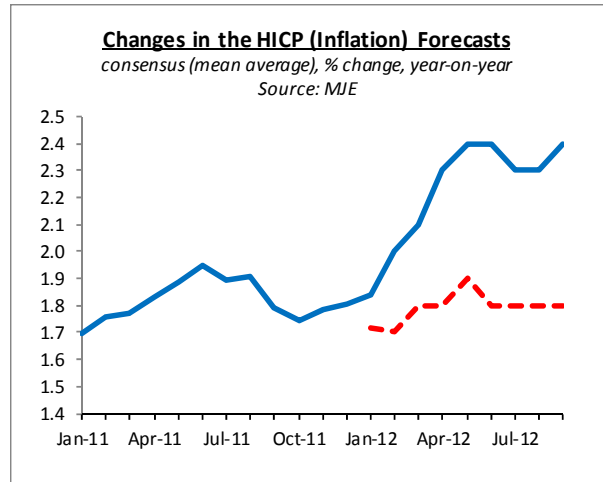
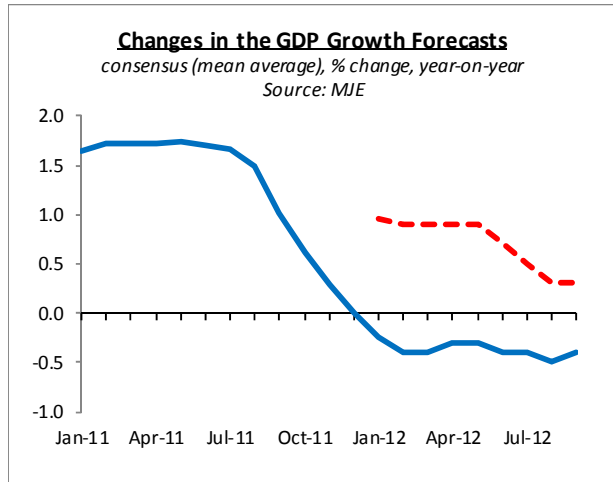
- The deterioration in the 2012 GDP forecast has reversed, yet the economic outlook is still dire. Forecasters expect an unbalanced recovery and only a gradual improvement next year.
- Consumer sentiment is weak throughout much of the region, undermined by the debt crisis and the fiscal austerity required to correct it. With unemployment rising, forecasts for private consumption have fallen again this month.
- A more competitive euro is helping to boost exporters' confidence in spite of waning global demand. Consequently, our Euro Zone experts have raised their estimates of goods and services export volume for both 2012 and 2013.
- Still, forecasts for industrial production and retail sales have worsened again this month, and unemployment rate projections remain steadfastly high.

### 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>
<b>Gross Domestic Product</b>	0.4	-4.4	2.0	1.4	-0.4	0.3
<b>Private Consumption</b>	0.4	-1.0	1.0	0.1	-0.7	0.1
<b>Government Consumption</b>	2.3	2.6	0.8	-0.2	-0.2	-0.2
<b>Gross Fixed Investment</b>	-1.1	-12.8	-0.1	1.4	-2.9	0.0
<b>Change in Stocks (Inventories)<sup>1</sup></b>	-0.1	-1.0	0.6	0.2	-0.6	-0.1
<b>Goods and Services Exports</b>	1.1	-12.4	11.1	6.1	2.2	3.1
<b>Goods and Services Imports</b>	1.0	-11.0	9.5	4.0	-0.4	2.6
<b>Net Exports<sup>2</sup></b>	0.1	-0.6	0.7	1.0	1.1	0.4
<b>Industrial Production (ex. construction)</b>	-1.8	-14.9	7.3	3.5	-2.1	0.7
<b>Retail Sales Volume</b>	-0.7	-2.4	0.9	-0.6	-1.1	0.1
<b>Unemployment Rate, % of labour force</b>	7.6	9.6	10.1	10.2	11.2	11.6
<b>Money Supply, M3, end period, % change</b>	8.6	-0.6	0.5	2.2	3.0	2.2
<b>Harmonised Index of Consumer Prices</b>	3.3	0.3	1.6	2.7	2.4	1.8
<b>Producer Prices</b>	6.1	-5.1	2.9	5.9	2.1	2.1
<b>Nominal Labour Costs</b>	3.5	2.9	1.5	2.8	2.0	2.0
<b>Current Account Balance, annual total, €bn</b>	-143.5	-21.9	-6.8	-3.2	34.9	58.0
<b>Current Account Balance, % of GDP</b>	-1.6	-0.2	-0.1	0.0	0.4	0.6
<b>General Govt Budget Balance, % of GDP</b>	-2.1	-6.4	-6.2	-4.1	-3.4	-2.7
<b><u>Financial Indicators (end period)</u></b>						
<b>3 Month Interest Rate, % per annum</b>	2.89	0.70	1.01	1.36	0.56	0.72
<b>10 Year German Bond Yield, % per annum</b>	2.95	3.40	2.92	1.83	1.64	2.09
<b>US\$ per € Exchange Rate</b>	1.392	1.441	1.336	1.294	1.240	1.220

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



### Euro Zone: Election Timetable

Date	Country	Type
Sept. 12th, 2012	Netherlands	Parliamentary
October 8th, 2012	Slovenia	Presidential
February 2013	Cyprus	Presidential
March 2013	Malta	Parliamentary
April 2013	Italy	Parliamentary
May 2013	Italy	Presidential
September 2013	Austria	Legislative
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
January 2016	Portugal	Presidential

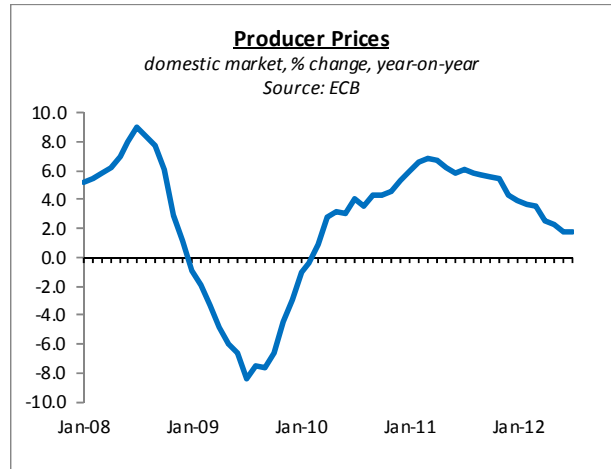
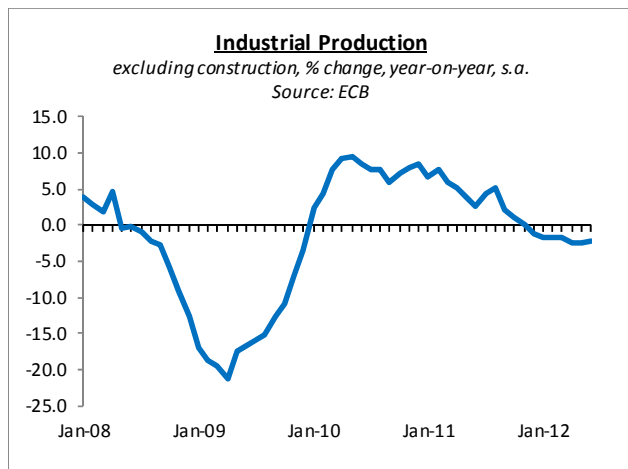
Sources: IFES Election Guide; MJE

### 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



## Euro Zone - Forecasts for 2012

<b>National Accounts (constant prices)</b> <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, % contribution to GDP growth
<b>Panellists</b>								
Allianz SE	-0.3	-0.6	0.2	-2.3	na	3.0	0.6	na
BBVA	-0.3	-0.6	-0.4	-2.9	-0.5	2.2	-0.4	1.1
BNP Paribas	-0.4	-0.9	0.0	-2.8	-0.4	2.2	-0.8	na
Commerzbank	-0.4	-0.4	-0.2	-2.1	-0.8	2.4	0.3	1.1
Credit Agricole	-0.4	-0.8	0.0	-3.2	-0.7	3.1	0.1	1.3
DZ Bank	-0.4	-0.5	-0.1	-2.7	na	2.6	0.6	1.0
Econ Intelligence Unit	-0.5	-0.9	-0.1	-4.5	na	2.5	0.5	0.9
ETLA	-0.6	-0.5	-0.9	-2.4	na	1.5	-0.9	na
G&P Institutional Mgmt	-0.6	-0.7	-0.4	-2.4	-0.4	1.2	-0.7	0.8
HSBC	-0.6	-0.4	-0.5	-3.0	-0.2	1.9	-0.1	na
IHS Global Insight	-0.5	-0.6	-0.3	-3.0	na	1.8	-0.6	1.1
Intesa Sanpaulo	-0.4	-1.0	-0.7	-2.9	-0.4	2.1	-0.8	1.2
J P Morgan Chase	-0.5	-0.9	0.0	-3.0	na	2.9	-0.2	1.4
Moody's Analytics	-0.5	-0.5	-0.4	-5.0	na	1.3	-1.0	na
Morgan Stanley	-0.5	-0.5	0.2	-2.7	na	2.2	-0.6	1.2
Oxford Economics	-0.5	-0.8	0.0	-3.1	-0.8	2.7	-0.4	1.3
Santander	-0.3	-0.6	-0.2	-3.2	na	2.3	-0.7	na
SEB	-0.4	-0.8	0.0	-2.4	-0.5	2.7	0.3	1.1
Societe Generale	-0.4	-0.7	0.1	-3.2	-0.7	2.9	0.0	na
UBS	-0.4	-0.4	0.1	-2.5	-0.9	1.9	-1.1	1.3
UniCredit Bank	-0.4	-0.6	-0.3	-2.6	-0.7	1.3	-1.6	1.2
<b>Consensus (Mean)</b>	<b>-0.4</b>	<b>-0.7</b>	<b>-0.2</b>	<b>-2.9</b>	<b>-0.6</b>	<b>2.2</b>	<b>-0.4</b>	<b>1.1</b>
Last Month	-0.5	-0.6	-0.3	-2.9	-0.5	2.0	-0.4	1.1
2 Months Ago	-0.4	-0.5	-0.4	-2.5	-0.5	1.9	0.0	0.6
Median	-0.4	-0.6	-0.1	-2.9	-0.6	2.2	-0.4	1.2
High	-0.3	-0.4	0.2	-2.1	-0.2	3.1	0.6	1.4
Low	-0.6	-1.0	-0.9	-5.0	-0.9	1.2	-1.6	0.8
Standard Deviation	0.1	0.2	0.3	0.7	0.2	0.6	0.6	0.2
Number of Forecasts	21	21	21	21	12	21	21	14

## Euro Zone - Forecasts for 2012

<b>Other Indicators</b> <i>average % change from previous year unless otherwise noted</i>	<b>Industrial Produc- tion</b> <i>(excl. construc- tion)</i>	<b>Retail Sales Volume</b>	<b>Unem- ploy- ment Rate</b> <i>(% of labour force)</i>	<b>Money Supply, M3</b> <i>(end period, %)</i>	<b>Con- sumer Prices</b> <i>(HICP)</i>	<b>Pro- ducer Prices</b> <i>(indust., excl, con- struction)</i>	<b>Labour Costs</b> <i>(business sector, ex pub adm, education &amp; health)</i>	<b>Current Account Balance</b> <i>(annual total, €bn)</i>	<b>Current Account Balance</b> <i>(% of GDP)</i>	<b>General Govt. Balance</b> <i>(% of GDP)</i>
<b>Panellists</b>										
Allianz SE	-1.7	na	11.2	na	2.4	2.6	na	65.3	0.7	-3.0
BBVA	na	na	11.2	na	2.3	na	na	na	0.9	-3.2
BNP Paribas	-2.8	na	11.3	na	2.5	-2.8	na	-18.0	-0.2	-3.2
Commerzbank	-2.1	na	11.2	na	2.6	2.6	2.5	10.0	0.1	-3.8
Credit Agricole	na	na	11.3	na	2.5	na	na	na	0.0	na
DZ Bank	na	na	11.4	na	2.4	2.6	na	na	0.1	-3.5
Econ Intelligence Unit	na	na	11.4	na	2.3	2.7	na	na	0.9	-3.5
ETLA	-2.8	na	10.2	na	2.1	na	na	na	na	-3.3
G&P Institutional Mgmt	na	na	11.0	na	2.4	na	na	na	na	-3.5
HSBC	-2.0	na	11.3	1.6	2.5	na	na	na	0.4	-3.9
IHS Global Insight	-2.2	-1.5	11.2	4.0	2.4	2.5	2.1	55.0	0.6	-3.1
Intesa Sanpaulo	-2.2	-0.3	11.2	2.6	2.4	2.3	2.3	6.0	0.1	-3.3
J P Morgan Chase	-2.5	na	11.2	na	2.6	2.3	na	na	na	na
Moody's Analytics	-2.0	-1.2	11.7	2.3	2.3	2.6	na	-12.3	na	na
Morgan Stanley	na	na	11.2	4.7	2.2	na	na	53.8	0.6	-3.2
Oxford Economics	-3.0	-1.3	11.3	na	2.3	2.2	na	74.8	0.8	-3.5
Santander	na	na	11.2	na	2.3	na	na	45.3	0.5	-3.9
SEB	0.4	na	11.2	na	2.5	na	na	na	na	-3.3
Societe Generale	na	na	11.2	na	2.6	na	na	57.6	0.6	-3.6
UBS	na	na	11.0	2.9	2.4	2.7	na	46.2	0.5	-2.3
UniCredit Bank	na	na	11.1	na	2.5	2.4	2.0	na	na	na
<b>Consensus (Mean)</b>	<b>-2.1</b>	<b>-1.1</b>	<b>11.2</b>	<b>3.0</b>	<b>2.4</b>	<b>2.1</b>	<b>2.2</b>	<b>34.9</b>	<b>0.4</b>	<b>-3.4</b>
Last Month	-1.9	-1.0	11.2	2.9	2.3	2.1	2.0	24.6	0.4	-3.4
2 Months Ago	-2.1	-1.2	11.1	2.8	2.3	2.7	1.9	-1.3	0.2	-3.4
Median	-2.2	-1.3	11.2	2.8	2.4	2.6	2.2	46.2	0.5	-3.3
High	0.4	-0.3	11.7	4.7	2.6	2.7	2.5	74.8	0.9	-2.3
Low	-3.0	-1.5	10.2	1.6	2.1	-2.8	2.0	-18.0	-0.2	-3.9
Standard Deviation	0.9	0.5	0.3	1.1	0.1	1.5	0.2	32.4	0.3	0.4
Number of Forecasts	11	4	21	6	21	12	4	11	15	17

### Euro Zone - Forecasts for 2013

<b>National Accounts (constant prices)</b> <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
<b>Panellists</b>								
Allianz SE	0.8	0.4	0.2	1.5	na	4.0	3.7	na
BBVA	0.3	0.0	-0.5	-0.1	0.1	3.4	2.8	0.4
BNP Paribas	0.0	-0.2	-0.4	-0.2	0.0	2.8	2.3	na
Commerzbank	0.0	0.1	-0.2	-1.6	-0.1	2.1	1.0	1.3
Credit Agricole	0.3	0.1	-0.2	-0.6	-0.2	4.2	3.2	0.6
DZ Bank	0.0	0.3	-0.1	0.3	na	3.2	3.9	-0.2
Econ Intelligence Unit	0.1	-0.1	-0.2	0.6	na	2.4	2.3	0.1
ETLA	0.5	0.2	0.5	-0.1	na	3.5	3.3	na
G&P Institutional Mgmt	0.1	0.2	-0.3	-1.0	0.1	1.2	1.0	0.1
HSBC	0.3	0.4	-0.7	0.0	-0.2	3.0	2.5	na
IHS Global Insight	-0.2	0.0	-0.3	-0.5	na	1.3	1.4	0.0
Intesa Sanpaulo	0.5	0.2	-0.2	0.6	-0.5	4.0	2.3	0.9
J P Morgan Chase	0.5	-0.3	-0.2	-0.6	na	3.8	2.8	0.6
Moody's Analytics	0.7	0.4	-0.2	1.2	na	2.7	2.2	na
Morgan Stanley	0.0	0.2	-0.2	-0.6	na	2.7	2.0	0.4
Oxford Economics	0.1	-0.1	-0.7	-0.2	-0.1	3.1	2.2	0.5
Santander	0.5	0.4	-0.1	0.9	na	3.8	3.8	na
SEB	0.2	-0.3	-0.2	0.5	0.1	3.5	3.2	0.3
Societe Generale	-0.2	0.0	-0.2	-1.2	0.0	3.1	3.1	na
UBS	0.4	0.5	-0.3	1.1	-0.4	3.3	2.6	0.4
UniCredit Bank	0.6	0.0	-0.6	0.3	0.2	3.1	2.5	0.4
<b>Consensus (Mean)</b>	<b>0.3</b>	<b>0.1</b>	<b>-0.2</b>	<b>0.0</b>	<b>-0.1</b>	<b>3.1</b>	<b>2.6</b>	<b>0.4</b>
Last Month	0.3	0.2	-0.3	0.1	-0.1	3.0	2.6	0.4
2 Months Ago	0.5	0.3	-0.2	0.5	-0.1	3.3	2.9	0.8
Median	0.3	0.1	-0.2	-0.1	-0.1	3.1	2.5	0.4
High	0.8	0.5	0.5	1.5	0.2	4.2	3.9	1.3
Low	-0.2	-0.3	-0.7	-1.6	-0.5	1.2	1.0	-0.2
Standard Deviation	0.3	0.2	0.3	0.8	0.2	0.8	0.8	0.4
Number of Forecasts	21	21	21	21	12	21	21	14

## Euro Zone - Forecasts for 2013

<b>Other Indicators</b> <i>average % change from previous year unless otherwise noted</i>	<b>Industrial Produc- tion</b> <i>(excl. construc- tion)</i>	<b>Retail Sales Volume</b>	<b>Unem- ploy- ment Rate</b> <i>(% of labour force)</i>	<b>Money Supply, M3</b> <i>(end period, %)</i>	<b>Con- sumer Prices</b> <i>(HICP)</i>	<b>Pro- ducer Prices</b> <i>(indust., excl, con- struction)</i>	<b>Labour Costs</b> <i>(business sector, ex pub adm, education &amp; health)</i>	<b>Current Account Balance</b> <i>(annual total, €bn)</i>	<b>Current Account Balance</b> <i>(% of GDP)</i>	<b>General Govt. Balance</b> <i>(% of GDP)</i>
<b>Panellists</b>										
Allianz SE	1.5	na	11.1	na	1.7	2.3	na	60.0	0.6	-2.5
BBVA	na	na	11.5	na	1.4	na	na	na	1.4	-2.3
BNP Paribas	0.2	na	12.3	na	1.8	0.2	na	23.0	0.2	-2.6
Commerzbank	0.7	na	11.8	na	1.9	1.5	2.3	20.0	0.2	-2.3
Credit Agricole	na	na	11.5	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	11.7	na	1.8	2.1	na	na	1.0	-2.8
ETLA	0.5	na	11.0	na	1.8	na	na	na	na	-2.8
G&P Institutional Mgmt	na	na	11.2	na	1.8	na	na	na	na	-3.0
HSBC	1.5	na	11.6	1.2	1.7	na	na	na	0.2	-3.2
IHS Global Insight	0.5	-0.2	11.8	2.3	1.8	2.0	2.1	40.0	0.4	-2.5
Intesa Sanpaulo	0.5	0.6	11.4	3.1	1.8	1.8	2.3	6.0	0.0	-3.0
J P Morgan Chase	0.3	na	11.5	na	1.8	0.7	na	na	na	na
Moody's Analytics	1.3	0.3	11.8	2.8	2.1	2.8	na	-5.6	na	na
Morgan Stanley	na	na	11.9	na	1.2	na	na	79.1	0.8	-3.1
Oxford Economics	0.3	-0.2	12.0	na	1.7	1.1	na	111.1	1.2	-2.5
Santander	na	na	11.6	na	1.8	na	na	81.1	0.8	-3.4
SEB	0.6	na	11.9	na	1.6	na	na	na	na	-2.7
Societe Generale	na	na	11.6	na	2.3	na	na	93.0	1.0	-2.9
UBS	na	na	10.8	1.7	1.9	2.8	na	130.5	1.3	-1.3
UniCredit Bank	na	na	11.4	na	1.9	2.0	1.8	na	na	na
<b>Consensus (Mean)</b>	<b>0.7</b>	<b>0.1</b>	<b>11.6</b>	<b>2.2</b>	<b>1.8</b>	<b>1.8</b>	<b>2.1</b>	<b>58.0</b>	<b>0.6</b>	<b>-2.7</b>
Last Month	0.8	0.3	11.6	2.4	1.8	1.8	2.0	50.5	0.6	-2.8
2 Months Ago	1.1	0.3	11.3	1.7	1.8	2.3	1.9	25.6	0.4	-2.8
Median	0.5	0.1	11.6	2.3	1.8	2.0	2.2	60.0	0.6	-2.8
High	1.5	0.6	12.3	3.1	2.5	2.8	2.3	130.5	1.4	-1.3
Low	0.2	-0.2	10.8	1.2	1.2	0.2	1.8	-5.6	-0.1	-3.4
Standard Deviation	0.5	0.4	0.4	0.8	0.3	0.8	0.2	44.8	0.5	0.5
Number of Forecasts	11	4	21	5	21	12	4	11	15	17

<b>Other (Comparison) Forecasts</b>									
<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>	<b>Gross Domestic Product</b>	<b>Private Consumption</b>	<b>Government Consumption</b>	<b>Gross Fixed Investment</b>	<b>Stock (inventory) Building</b> <i>(% contrib. to GDP growth)</i>	<b>Net Exports</b> <i>(% contrib. to GDP growth)</i>	<b>Unemployment Rate</b> <i>(% of labour force)</i>	<b>Consumer Prices</b> <i>(HICP)</i>	<b>General Govt. Balance</b> <i>(% of GDP)</i>
<b>2011</b>									
ECB	1.5	0.2	-0.3	1.5	na	na	na	2.7	na
EC	1.5	0.2	-0.1	1.3	0.2	1.0	10.2	2.7	-4.1
IMF	1.5	na	na	na	na	na	na	na	na
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
<b>2012</b>									
ECB	-0.4	-0.9	-0.3	-3.3	na	na	na	2.5	na
EC	-0.3	-0.6	-0.8	-1.5	-0.3	0.8	11.0	2.4	-3.2
IMF	-0.3	na	na	na	na	na	na	na	na
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
<b>2013</b>									
ECB	0.5	0.0	-0.2	0.5	na	na	na	1.9	na
EC	1.0	0.5	0.0	1.9	0.0	0.4	11.0	1.8	-2.9
IMF	0.7	na	na	na	na	na	na	na	na
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 (May 2012)  
IMF - International Monetary Fund (July 2012)  
OECD - Organisation for Economic Cooperation & Development (May 2012)  
WB - World Bank (June 2012)

<b>Quarterly Forecasts and Historical Data</b>				
<i>% change year-on-year, unless otherwise stated</i>				
<i>(% change year-on-year, unless otherwise stated)</i>	<b>Q1'11</b>	<b>Q2'11</b>	<b>Q3'11</b>	<b>Q4'11</b>
<b>Gross Domestic Product</b>	2.4	1.6	1.3	0.6
<b>Private Consumption</b>	1.0	0.3	0.2	-0.8
<b>Industrial Production</b>	6.8	4.0	3.8	-0.2
<b>Harmonised Index of Consumer Prices</b>	2.5	2.8	2.7	2.9
<b>3 month Interest Rate, % per annum, end period</b>	1.24	1.55	1.55	1.36
<b>10 Year Bond Yield, % per annum, end period</b>	3.37	3.01	1.89	1.83
	<b>Q1'12</b>	<b>Q2'12</b>	<b>Q3'12</b>	<b>Q4'12</b>
<b>Gross Domestic Product</b>	0.0	-0.5	<b>-0.7</b>	<b>-0.5</b>
<b>Private Consumption</b>	-1.0	-0.7	<b>-0.7</b>	<b>-0.4</b>
<b>Industrial Production</b>	-1.8	-2.5	<b>-3.3</b>	<b>-1.3</b>
<b>Harmonised Index of Consumer Prices</b>	2.7	2.5	<b>2.4</b>	<b>2.2</b>
<b>3 month Interest Rate, % per annum, end period</b>	0.78	0.65	<b>0.45</b>	<b>0.45</b>
<b>10 Year Bond Yield, % per annum, end period</b>	1.82	2.69	<b>1.44</b>	<b>1.64</b>
	<b>Q1'13</b>	<b>Q2'13</b>	<b>Q3'13</b>	<b>Q4'13</b>
<b>Gross Domestic Product</b>	<b>-0.3</b>	<b>0.0</b>	<b>0.4</b>	<b>0.8</b>
<b>Private Consumption</b>	<b>-0.2</b>	<b>0.1</b>	<b>0.3</b>	<b>0.6</b>
<b>Industrial Production</b>	<b>-0.3</b>	<b>1.0</b>	<b>1.5</b>	<b>2.0</b>
<b>Harmonised Index of Consumer Prices</b>	<b>1.9</b>	<b>1.7</b>	<b>1.8</b>	<b>1.7</b>
<b>3 month Interest Rate, % per annum, end period</b>	<b>0.41</b>	<b>0.54</b>	<b>0.54</b>	<b>0.68</b>
<b>10 Year Bond Yield, % per annum, end period</b>	<b>1.79</b>	<b>1.91</b>	<b>2.03</b>	<b>2.09</b>

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



<b>Financial Forecasts</b>		<b>2012</b>	<b>2013</b>
<i>All forecasts are for end year</i>			
<b>3-month Euribor Interest Rate, %</b>	<b>Mean Average</b>	<b>0.45</b>	<b>0.68</b>
Rate on Survey Date: <input type="text" value="0.26"/>	High	1.50	1.80
	Low	0.20	0.15
	Standard deviation	0.32	0.50
	Number of Forecasts	12	10
<b>10-year Benchmark German Bond Yield, %</b>	<b>Mean Average</b>	<b>1.64</b>	<b>2.09</b>
Rate on Survey Date: <input type="text" value="1.54"/>	High	2.20	2.84
	Low	1.00	1.60
	Standard deviation	0.29	0.37
	Number of Forecasts	12	11
<b>US Dollars/Euro Exchange Rate</b>	<b>Mean Average</b>	<b>1.240</b>	<b>1.220</b>
Rate on Survey Date: <input type="text" value="1.279"/>	High	1.350	1.400
	Low	1.150	1.100
	Standard deviation	0.041	0.071
	Number of Forecasts	26	23
<b>Japanese Yen/Euro Exchange Rate</b>	<b>Mean Average</b>	<b>98.9</b>	<b>103.0</b>
Rate on Survey Date: <input type="text" value="100.1"/>	High	102.5	116.2
	Low	92.8	93.8
	Standard deviation	2.7	7.7
	Number of Forecasts	10	10
<b>UK Pound/Euro Exchange Rate</b>	<b>Mean Average</b>	<b>0.798</b>	<b>0.778</b>
Rate on Survey Date: <input type="text" value="0.799"/>	High	0.850	0.830
	Low	0.770	0.735
	Standard deviation	0.022	0.029
	Number of Forecasts	13	12
<b>Swedish Krona/Euro Exchange Rate</b>	<b>Mean Average</b>	<b>8.487</b>	<b>8.349</b>
Rate on Survey Date: <input type="text" value="8.470"/>	High	9.200	9.000
	Low	8.000	7.186
	Standard deviation	0.334	0.395
	Number of Forecasts	20	17
<b>Swiss Franc/Euro Exchange Rate</b>	<b>Mean Average</b>	<b>1.203</b>	<b>1.230</b>
Rate on Survey Date: <input type="text" value="1.209"/>	High	1.210	1.390
	Low	1.200	1.180
	Standard deviation	0.004	0.079
	Number of Forecasts	8	6
<b>Oil Prices, Brent Blend, US\$ per barrel</b>	<b>Mean Average</b>	<b>109.2</b>	<b>106.5</b>
Rate on Survey Date: <input type="text" value="114.1"/>	High	115.0	120.0
	Low	96.5	93.3
	Standard deviation	5.2	8.5
	Number of Forecasts	21	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

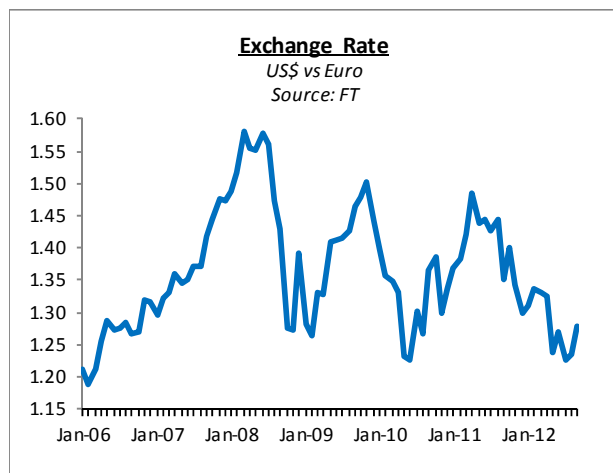
<b>Euro Zone Interest Rates, %</b>	<b>Mar '12</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>
Overnight	0.36	0.35	0.34	0.33	0.18	0.11
3-month	0.86	0.74	0.68	0.66	0.50	0.33
6-month	1.16	1.04	0.97	0.93	0.78	0.61
12-month	1.50	1.37	1.27	1.22	1.06	0.88
10-year bond yields	3.29	3.39	3.53	3.41	3.25	3.01
<b>International Rates, %</b>						
US 3-month (Euro dollar deposits)	0.47	0.47	0.47	0.47	0.45	0.43
US 10-year	2.38	2.11	1.79	1.83	1.63	1.72
Japan 3-month (Euro yen deposits)	0.20	0.20	0.20	0.20	0.20	0.19
Japan 10-year	1.05	0.94	0.85	0.84	0.78	0.81
<b>Euro Zone / US Yield Differentials, %</b>						
3-month	0.39	0.27	0.21	0.19	0.05	-0.10
10-year	0.91	1.28	1.74	1.58	1.62	1.29

### Exchange Rate Data

period averages vs euro

	<b>Mar '12</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>
<b>Trade Weighted Nominal Index *</b> (1999 Q1=100)	99.8	99.5	98.0	97.2	95.3	95.2
Australian dollar	1.254	1.272	1.283	1.255	1.193	1.184
Canadian dollar	1.312	1.307	1.292	1.287	1.246	1.232
Chinese renminbi	8.333	8.292	8.081	7.968	7.829	7.886
Danish krone	7.435	7.439	7.434	7.433	7.438	7.445
Hong Kong dollar	10.25	10.22	9.93	9.72	9.53	9.62
Japanese yen	108.9	107.0	102.0	99.3	97.1	97.6
Norwegian krone	7.532	7.570	7.566	7.540	7.458	7.324
Singapore dollar	1.662	1.646	1.615	1.602	1.549	1.548
South Korean won	1488	1495	1481	1459	1404	1404
Swedish krona	8.887	8.865	8.992	8.874	8.545	8.281
Swiss franc	1.206	1.202	1.201	1.201	1.201	1.201
UK pound	0.834	0.822	0.804	0.806	0.788	0.789
US dollar	1.320	1.316	1.279	1.253	1.229	1.240

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



The euro has retracted from its recent lows, with the financial markets becoming calmer over the prospect of a Euro Zone break-up in the belief that the currency has mileage and that a “Grexit”, if it does occur, would not prove catastrophic. A range of positive factors has helped to underpin confidence in the beleaguered single currency of late, including the European Central Bank’s decision to provide full support through its bond-purchase programme, the German constitutional court decision ruling in favour of the European Stability Mechanism (a bailout fund) and a positive election result in the Netherlands. Still, as the forecasts (on page 9) indicate, none of these factors guarantees the euro will strengthen.

## ECB Watch

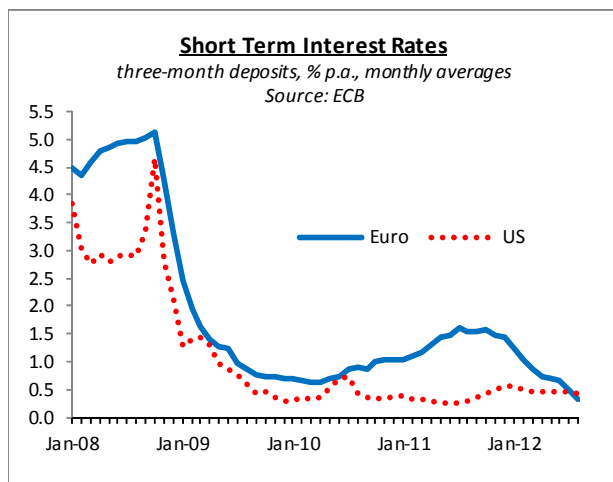
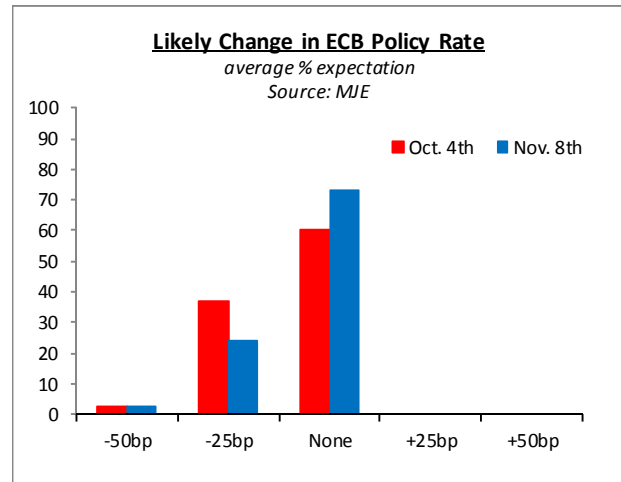
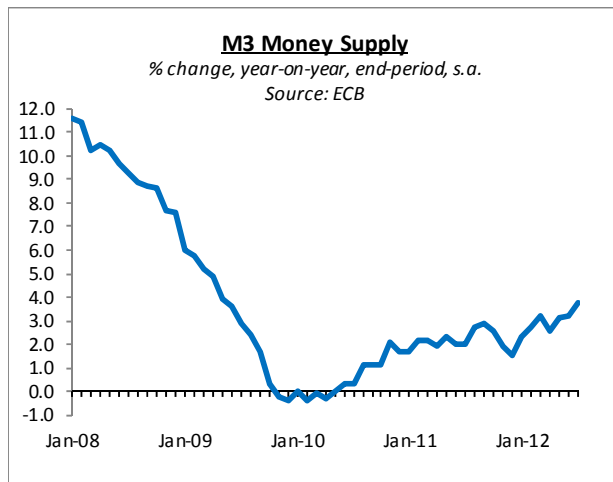
- Rather than reaching out to interest rates as the only lever of control to restore financial market confidence and help the Euro Zone out of its current predicament, the ECB has announced that it will provide unlimited liquidity via its Outright Monetary Transactions (bond-purchase) programme. The decision is an admittance that traditional monetary policy – by altering interest rates – is failing to achieve the desired effect of boosting bank lending and GDP growth. It also highlights the relative lack of concern over inflation at present.
- The move has, for now, restored confidence in the euro’s survival and lowered the borrowing costs for over-indebted sovereigns, such as Italy. As such, there are few contributors anticipating interest rate cuts at either of the next two policy meetings.

### 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:

	Oct. 4th	Nov. 8th
-50bp	2.4%	2.6%
-25bp	37.2%	24.4%
<b>Unchanged</b>	<b>60.5%</b>	<b>73.0%</b>
+25bp	0.0%	0.0%
+50bp	0.0%	0.0%

Source: MJE



**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%

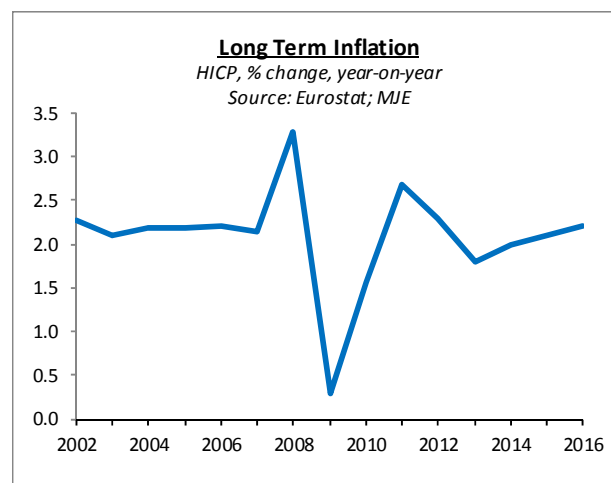
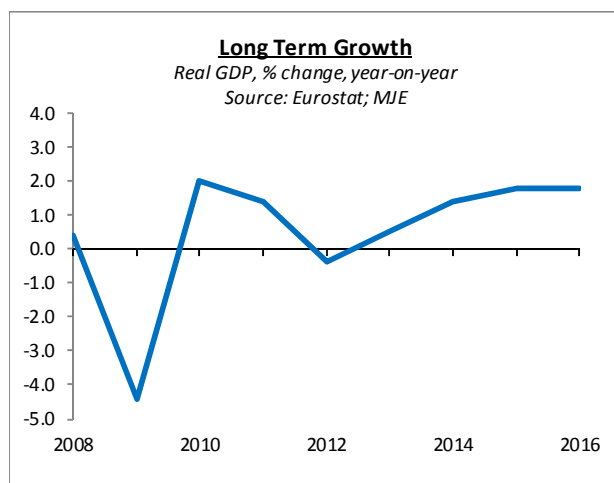
**July 13th, 2011**  
0.25% INCREASE to 1.50%

**April 13th, 2011**  
0.25% INCREASE to 1.25%

### Long Term Forecasts

Forecasts for 2014 to 2016 are taken from our July 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>
<b>Gross Domestic Product</b>	1.4	-0.4	0.3	1.4	1.8	1.8
<b>Private Consumption</b>	0.1	-0.7	0.1	1.3	1.8	1.9
<b>Gross Fixed Investment</b>	1.4	-2.9	0.0	2.7	3.0	2.6
<b>Industrial Production (excl. construction)</b>	3.5	-2.1	0.7	3.2	2.8	2.4
<b>Unemployment Rate, % of labour force</b>	10.2	11.2	11.6	11.5	11.0	10.5
<b>Harmonised Index of Consumer Prices</b>	2.7	2.4	1.8	2.0	2.1	2.2
<b>Current Account, annual total, % of GDP</b>	0.0	0.4	0.6	0.6	0.8	1.1
<b>General Government Balance, % of GDP</b>	-4.1	-3.4	-2.7	-2.0	-1.4	-1.1
<b><u>Financial Indicators (end period)</u></b>						
<b>3 Month Interest Rate, % per annum</b>	1.36	0.56	0.72	1.48	2.49	3.41
<b>10 Year Bond Yield, % per annum</b>	1.83	1.64	2.09	2.68	3.28	3.81
<b>10 year - 3 month Yield Differential</b>	0.47	1.08	1.37	1.20	0.79	0.40
<b>US\$ per € Exchange Rate</b>	1.294	1.240	1.220	1.253	1.252	1.255



<b>GERMANY - Forecasts for 2012</b>									
<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Private Consumption</b>	<b>Gross Fixed Investment</b>	<b>Industrial Production</b> <i>(excl. construction)</i>	<b>Unemployment Rate</b> <i>(EU defn., % of labour force)</i>	<b>Consumer Prices</b> <i>(HICP)</i>	<b>Current Account Balance</b> <i>(% of GDP)</i>	<b>General Govt. Balance</b> <i>(% of GDP)</i>	<b>General Govt. Debt</b> <i>(% of GDP)</i>
<b>Panellists</b>									
BBVA	0.9	0.8	0.3	na	na	2.0	5.4	-0.6	82.0
BNP Paribas	0.9	0.9	-0.9	-0.4	na	2.3	5.9	-1.0	na
Credit Agricole	0.9	0.9	-1.3	na	5.5	2.1	5.1	-0.4	82.2
DZ Bank	1.2	1.3	-0.4	1.9	na	2.0	5.2	-1.2	na
Economist Intelligence Unit	0.7	1.0	-0.2	na	5.5	1.9	6.1	-0.3	na
G&P Institutional Mgmt	0.9	0.9	-1.1	na	5.5	2.2	na	-0.7	na
HSBC	0.8	0.9	1.2	-0.1	na	2.0	5.7	-1.2	na
IHS Global Insight	0.9	0.9	-1.4	-0.2	5.5	2.1	6.0	-0.2	80.5
Intesa Sanpaulo	1.0	1.1	0.8	-0.2	na	1.9	5.3	-0.7	81.7
Moody's Analytics	1.0	1.1	-0.4	0.0	na	2.1	6.2	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	0.8	0.8	-1.0	-0.5	5.5	2.0	6.9	-1.2	na
Santander	1.0	1.1	0.8	-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	1.0	1.2	0.7	-0.3	na	1.7	5.4	-1.0	80.7
Unicredit Bank	1.1	1.1	1.6	0.7	5.7	2.2	4.9	-0.5	84.6
<b>Consensus (Mean Average)</b>	<b>0.9</b>	<b>1.0</b>	<b>-0.2</b>	<b>0.0</b>	<b>5.6</b>	<b>2.0</b>	<b>5.7</b>	<b>-0.7</b>	<b>81.4</b>
Last Month	0.9	1.1	0.4	-0.1	5.6	2.0	5.6	-0.9	81.5
2 Months Ago	0.9	1.1	0.6	-0.1	5.6	2.1	5.3	-0.9	81.6
Median	0.9	1.0	-0.4	-0.2	5.5	2.1	5.6	-0.7	81.5
High	1.2	1.3	1.6	1.9	5.7	2.3	6.9	0.0	84.6
Low	0.7	0.8	-1.4	-0.6	5.5	1.7	4.9	-1.2	79.1
Standard Deviation	0.1	0.1	0.9	0.7	0.1	0.2	0.5	0.4	1.5
Number of Forecasts	16	16	16	11	8	16	15	16	9
<b>Other Forecasts</b>									
EC (May '12)	0.7	0.9	2.1	na	5.5	2.3	4.7	-0.9	82.2
IMF (Apr. '12)	0.6	0.5	1.5	na	5.6	1.9	5.2	-0.8	78.9
OECD (May '12)	1.0	1.1	2.0	na	na	na	na	na	na

- Shrugging off pessimism over Germany's economic prospects, Finance Minister Wolfgang Schauble has unveiled a draft budget for 2013 based on a real GDP growth forecast of 1.6%, which is above the consensus (mean average) of our own experts' predictions.
- Recent data appear to support the finance minister's view, with industrial production, exports and new orders all registering growth. However, despite the robust start to the year, even Germany may be about to succumb to weaker trends, unable to withstand the deteriorating export climate and slowing domestic demand (notably with regard to investment growth).
- Indicators of confidence and economic sentiment published by the European Commission are in line with this prognosis, showing a further decline in German industrial confidence in August to a net balance of -13.5 from -13.0 in July. Confidence within the services sector – although, on balance, still positive – has also dipped, while consumer confidence fell sharply, to -8.8 in August from -4.6 in July.

**GERMANY - Forecasts for 2013**

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Private Consumption</b>	<b>Gross Fixed Investment</b>	<b>Industrial Production</b> <i>(excl. construction)</i>	<b>Unemployment Rate</b> <i>(EU defn., % of labour force)</i>	<b>Consumer Prices</b> <i>(HICP)</i>	<b>Current Account Balance</b> <i>(% of GDP)</i>	<b>General Govt. Balance</b> <i>(% of GDP)</i>	<b>General Govt. Debt</b> <i>(% of GDP)</i>
<b>Panellists</b>									
Allianz SE	1.4	1.2	3.3	na	na	1.4	5.5	-0.5	79.3
BBVA	0.9	0.8	1.1	3.4	na	1.9	5.4	-0.9	na
BNP Paribas	1.1	0.4	0.6	na	5.4	2.1	5.0	-0.2	80.7
DZ Bank	0.8	1.1	1.6	3.1	na	2.1	4.3	0.0	na
Economist Intelligence Unit	0.6	0.6	1.4	na	5.7	1.6	5.8	-0.6	na
G&P Institutional Mgmt	0.5	0.3	-0.4	na	5.5	1.7	na	-0.5	na
HSBC	1.5	1.1	3.0	4.0	na	1.6	4.4	-0.8	na
IHS Global Insight	0.7	1.1	0.3	3.0	5.5	1.7	5.6	-0.4	79.3
Intesa Sanpaulo	1.4	1.3	4.3	1.7	na	1.4	4.2	-0.6	81.9
Moody's Analytics	1.5	0.9	1.7	1.5	na	2.0	5.2	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	1.0	1.0	1.5	1.9	5.5	1.4	7.1	-1.0	na
Santander	1.0	0.8	2.1	1.0	5.6	1.8	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	1.1	1.5	2.6	1.8	na	1.5	4.5	-0.7	79.8
Unicredit Bank	1.9	1.3	3.1	1.5	5.5	2.2	4.6	-0.4	81.7
<b>Consensus (Mean Average)</b>	<b>1.1</b>	<b>1.0</b>	<b>1.9</b>	<b>2.0</b>	<b>5.5</b>	<b>1.8</b>	<b>5.0</b>	<b>-0.6</b>	<b>80.0</b>
Last Month	1.2	1.1	2.3	2.0	5.6	1.7	5.0	-0.7	80.1
2 Months Ago	1.4	1.2	2.6	2.4	5.6	1.7	4.8	-0.7	79.6
Median	1.1	1.1	1.7	1.8	5.5	1.7	5.0	-0.6	79.8
High	1.9	1.8	4.3	4.0	5.7	2.3	7.1	0.0	81.9
Low	0.5	0.3	-0.4	-0.4	5.4	1.3	4.0	-1.5	78.0
Standard Deviation	0.4	0.4	1.2	1.2	0.1	0.3	0.8	0.4	1.3
Number of Forecasts	16	16	16	11	8	16	15	16	9
<b>Other Forecasts</b>									
EC (May '12)	1.7	1.2	4.7	na	5.3	1.8	4.5	-0.7	80.7
IMF (Apr. '12)	1.5	0.8	1.7	na	5.5	1.8	4.9	-0.6	77.4
OECD (May '12)	1.9	1.7	3.7	na	na	na	na	na	na

**Germany: Historical Data**

<i>% change, year-on-year</i>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
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	7.6
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	-3.2	-4.3	-1.0
Public Debt, % of GDP	66.7	74.4	83.0	81.2

Source: ECB; Eurostat; national statistical office

**Germany: Background Information**

<b>Prime Minister:</b>	Angela Merkel
<b>Government:</b>	Christian Democrat. Union led coalition
<b>Next Election:</b>	2013 (parliamentary)
<b>Capital City:</b>	Berlin
<b>Economic Freedom:</b>	26th out of 179 countries
<b>Doing Business:</b>	19th out of 183 countries
<b>Competitiveness:</b>	6th out of 144 countries
<b>Corruption:</b>	14th out of 182 countries
<b>Corporate Tax Rate:</b>	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

<b>FRANCE - Forecasts for 2012</b>									
<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Household Consumption</b>	<b>Gross Fixed Investment</b>	<b>Industrial Production</b> <i>(excl. construction)</i>	<b>Unemployment Rate</b> <i>(EU defn., % of labour force)</i>	<b>Consumer Prices</b> <i>(HICP)</i>	<b>Current Account Balance</b> <i>(% of GDP)</i>	<b>General Govt. Balance</b> <i>(% of GDP)</i>	<b>General Govt. Debt</b> <i>(% of GDP)</i>
<b>Panellists</b>									
BBVA	0.2	0.1	0.0	na	na	2.3	-1.9	-4.6	89.3
BNP Paribas	0.1	0.0	0.4	-2.3	10.4	2.1	-2.4	-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	0.4	0.1	na	10.3	2.3	-2.3	-4.6	na
Economist Intelligence Unit	0.1	-0.1	0.5	na	10.0	2.2	-2.3	-4.5	na
G&P Institutional Mgmt	0.1	0.1	0.3	na	10.1	2.4	na	-4.6	na
HSBC	0.3	0.4	0.3	na	10.2	2.3	-2.1	-4.5	na
IHS Global Insight	0.0	-0.1	0.2	-2.6	10.3	2.0	-2.0	-4.6	91.4
Intesa Sanpaulo	0.3	0.3	0.3	-0.2	9.9	2.0	-3.0	-6.5	103.9
Moody's Analytics	0.1	0.0	0.8	-1.0	9.9	2.1	-2.0	-5.4	na
Morgan Stanley	0.3	0.3	0.4	na	9.7	2.0	-1.9	-4.5	89.8
Oxford Economics	0.0	-0.1	0.6	-1.8	10.2	2.2	-2.4	-4.7	na
Societe Generale	0.2	-0.1	0.6	na	na	2.5	-2.0	-4.1	88.5
UBS	0.2	0.1	0.6	na	9.6	2.0	-1.1	-4.4	85.5
Unicredit Bank	0.1	0.4	-0.2	na	10.2	2.0	-2.3	-4.5	90.5
<b>Consensus (Mean Average)</b>	<b>0.2</b>	<b>0.1</b>	<b>0.3</b>	<b>-1.6</b>	<b>10.1</b>	<b>2.2</b>	<b>-2.1</b>	<b>-4.7</b>	<b>91.0</b>
Last Month	0.2	0.3	0.1	-0.9	10.1	2.1	-2.1	-4.7	91.2
2 Months Ago	0.2	0.4	0.2	-1.0	10.1	2.2	-2.1	-4.7	89.9
Median	0.2	0.1	0.3	-1.8	10.2	2.2	-2.1	-4.5	89.6
High	0.3	0.4	0.8	-0.2	10.4	2.5	-1.1	-4.1	103.9
Low	0.0	-0.1	-0.2	-2.6	9.6	2.0	-3.0	-6.5	85.5
Standard Deviation	0.1	0.2	0.3	1.0	0.2	0.2	0.4	0.6	5.5
Number of Forecasts	15	15	15	5	13	15	14	15	8
<b>Other Forecasts</b>									
EC (May '12)	0.5	0.7	0.5	na	10.2	2.1	-2.4	-4.5	90.5
IMF (Apr. '12)	0.5	0.1	0.6	na	9.9	2.0	-1.9	-4.6	89.0
OECD (May '12)	0.6	0.6	0.6	na	na	na	na	na	na

- Embattled President Francois Hollande, only four months into the role, is facing an enormous task to rejuvenate an economy that is showing few signs of recovery. A labour market reform is promised for year-end, but taxes on companies and wealthy individuals are also due to go ahead.
- The Banque de France (central bank) is estimating a 0.1% q/q decline for Q3 2012, continuing the recent trend that has seen zero growth over the previous three quarters. The central bank's prediction is in line with the evidence of forward-looking

indicators, including the Markit Purchasing Managers' Index, which is below the significant 50-point mark signalling a watershed between economic expansion and contraction.

- The European Commission's latest indicators are also gloomy. According to the survey, industrial confidence remains weak, at a net balance of -17.5 in August. Services sector confidence has deteriorated for the fifth consecutive month, to -13.3 from -12.6 in July, and sentiment in the construction sector and among consumers is downbeat.

## FRANCE - Forecasts for 2013

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Household Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
BBVA	0.7	0.8	1.4	na	na	1.5	-1.7	-3.3	90.8
BNP Paribas	0.4	0.6	0.1	0.3	11.4	1.7	-2.4	-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	0.5	0.8	na	10.5	2.4	-2.2	-3.7	na
Economist Intelligence Unit	0.4	0.2	0.6	na	10.5	2.1	-2.1	-3.5	na
G&P Institutional Mgmt	0.4	1.0	-0.2	na	10.3	1.9	na	-4.0	na
HSBC	1.3	0.9	2.8	na	10.0	1.7	-1.9	-3.5	na
IHS Global Insight	-0.2	0.1	-1.1	-2.2	10.7	1.7	-1.7	-3.9	93.9
Intesa Sanpaulo	0.9	0.6	0.7	0.6	10.1	1.8	-2.7	-6.3	109.5
Moody's Analytics	0.6	0.4	0.5	1.3	9.9	2.0	-1.8	-5.0	na
Morgan Stanley	0.5	0.6	1.1	na	9.9	1.5	-1.7	-3.8	90.9
Oxford Economics	0.5	0.6	0.8	0.7	10.5	1.6	-2.5	-3.5	na
Societe Generale	0.0	0.3	-1.4	na	na	2.1	-2.0	-3.1	90.6
UBS	0.4	0.4	1.0	na	8.3	1.3	-0.8	-3.0	86.4
Unicredit Bank	0.8	1.0	1.5	na	10.3	1.8	-2.1	-4.0	92.0
<b>Consensus (Mean Average)</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>0.1</b>	<b>10.2</b>	<b>1.8</b>	<b>-2.0</b>	<b>-3.8</b>	<b>93.0</b>
Last Month	0.6	0.7	0.9	0.6	10.2	1.7	-2.0	-3.8	93.2
2 Months Ago	0.8	0.9	1.3	0.9	10.3	1.8	-2.0	-3.6	91.3
Median	0.5	0.6	0.7	0.6	10.3	1.8	-2.1	-3.5	90.9
High	1.3	1.0	2.8	1.3	11.4	2.4	-0.8	-3.0	109.5
Low	-0.2	0.1	-1.4	-2.2	8.3	1.3	-2.7	-6.3	86.4
Standard Deviation	0.4	0.3	1.0	1.4	0.7	0.3	0.5	0.9	7.0
Number of Forecasts	15	15	15	5	13	15	14	15	8
<b>Other Forecasts</b>									
EC (May '12)	1.3	1.5	1.8	na	10.3	1.9	-2.1	-4.2	92.5
IMF (Apr. '12)	1.0	0.7	1.0	na	10.1	1.6	-1.5	-3.9	90.8
OECD (May '12)	1.2	1.0	1.7	na	na	na	na	na	na

### France: Historical Data

<i>% change, year-on-year</i>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Gross Domestic Product</b>	-0.1	-3.1	1.7	1.7
<b>Private Consumption</b>	0.3	0.1	1.4	0.3
<b>Gross Fixed Investment</b>	0.3	-10.6	1.2	3.5
<b>Industrial Production</b>	-2.9	-12.8	4.8	2.4
<b>Unemploy. Rate, % of L.F.</b>	7.9	9.5	9.8	9.7
<b>Consumer Prices</b>	3.2	0.1	1.7	2.3
<b>Current Acc., % of GDP</b>	-1.7	-1.5	-1.7	-2.2
<b>Budget Bal., % of GDP</b>	-3.3	-7.5	-7.1	-5.2
<b>Public Debt, % of GDP</b>	68.2	79.2	82.3	85.8

Source: ECB; Eurostat; national statistical office

### France: Background Information

<b>President:</b>	Francois Hollande
<b>Government:</b>	Socialist Party
<b>Next Election:</b>	2017 (presidential & parliamentary)
<b>Capital City:</b>	Paris
<b>Economic Freedom:</b>	67th out of 179 countries
<b>Doing Business:</b>	29th out of 183 countries
<b>Competitiveness:</b>	21st out of 144 countries
<b>Corruption:</b>	25th out of 182 countries
<b>Corporate Tax Rate:</b>	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



<b>ITALY - Forecasts for 2012</b>									
<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Household Consumption</b>	<b>Gross Fixed Investment</b>	<b>Industrial Production</b> <i>(excl. construction)</i>	<b>Unemployment Rate</b> <i>(EU defn., % of labour force)</i>	<b>Consumer Prices</b> <i>(HICP)</i>	<b>Current Account Balance</b> <i>(% of GDP)</i>	<b>General Govt. Balance</b> <i>(% of GDP)</i>	<b>General Govt. Debt</b> <i>(% of GDP)</i>
<b>Panellists</b>									
BBVA	-1.8	-2.3	-7.9	na	na	3.3	-2.2	-1.7	125.3
BNP Paribas	-2.3	-3.1	-9.0	-7.2	10.7	3.4	-1.4	-2.0	na
Credit Agricole	-2.4	-3.0	-8.6	na	10.6	3.3	-3.5	-2.6	124.3
DZ Bank	-2.5	-3.0	-8.1	na	10.4	2.9	-2.6	-2.5	na
Economist Intelligence Unit	-2.0	-3.6	-8.5	na	11.0	3.1	-1.9	-2.8	na
G&P Institutional Mgmt	-2.3	-3.1	-10.3	na	10.6	3.4	na	-3.0	na
HSBC	-2.0	-2.4	-8.1	-5.9	10.0	3.2	-2.1	-2.9	na
IHS Global Insight	-2.2	-2.8	-9.0	-6.4	10.6	3.2	-1.2	-2.8	123.2
Intesa Sanpaulo	-2.4	-3.1	-8.8	-6.4	10.7	3.4	-2.1	-2.2	125.5
Moody's Analytics	-2.2	-2.2	-7.1	-5.6	10.7	3.2	-2.7	-3.9	na
Morgan Stanley	-2.5	-3.1	-8.3	na	11.0	3.0	-2.8	-2.8	123.4
Oxford Economics	-2.3	-2.7	-8.1	-6.8	10.7	3.4	-1.4	-2.4	na
Societe Generale	-2.4	-3.2	-9.1	na	11.1	3.1	-2.6	-3.0	124.8
UBS	-1.9	-2.6	-8.2	-6.2	9.9	3.3	na	-2.0	121.7
Unicredit Bank	-1.9	-2.9	-7.7	na	na	3.0	-2.3	-2.2	124.1
<b>Consensus (Mean Average)</b>	<b>-2.2</b>	<b>-2.9</b>	<b>-8.5</b>	<b>-6.4</b>	<b>10.6</b>	<b>3.2</b>	<b>-2.2</b>	<b>-2.6</b>	<b>124.0</b>
Last Month	-2.1	-2.8	-8.1	-6.4	10.4	3.2	-2.4	-2.5	123.5
2 Months Ago	-2.0	-2.5	-7.1	-6.4	10.1	3.1	-2.6	-2.3	122.1
Median	-2.3	-3.0	-8.3	-6.4	10.7	3.2	-2.2	-2.6	124.2
High	-1.8	-2.2	-7.1	-5.6	11.1	3.4	-1.2	-1.7	125.5
Low	-2.5	-3.6	-10.3	-7.2	9.9	2.9	-3.5	-3.9	121.7
Standard Deviation	0.2	0.4	0.7	0.5	0.4	0.2	0.6	0.5	1.3
Number of Forecasts	15	15	15	7	13	15	13	15	8
<b>Other Forecasts</b>									
EC (May '12)	-1.4	-2.3	-3.8	na	9.5	3.2	-2.2	-2.0	123.5
IMF (Apr. '12)	-1.9	-2.1	-5.5	na	9.5	2.5	-2.2	-2.4	123.4
OECD (May '12)	-1.7	-1.6	-4.7	na	na	na	na	na	na

- Italian government borrowing costs have slipped following the ECB's decision to provide an implicit guarantee through its bond-purchase programme. Prime Minister Mario Monti believes the fall in interest rates will spur economic growth. However, the economy remains very weak and there is uncertainty over policy implementation ahead of the elections due next spring. Hence, our forecasters are more suspicious about economic prospects.
- Revised data from ISTAT, the national Statistics institute, show a larger fall in real

GDP of 0.8% q/q and 2.6% y/y for Q2 2012. Fiscal austerity, rising unemployment and tight credit continue to undermine confidence and spending.

- Italy's sentiment indicators remain weak right across the board, according to the European Commission, and have worsened in recent months within the construction, services and retail trade sectors, signalling little improvement in the short term. Consumer confidence has also slipped, to -38.0 in August, after showing some improvement in July.

## ITALY - Forecasts for 2013

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Household Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
BBVA	-0.1	-0.6	0.2	na	na	1.9	-1.7	-0.5	127.6
BNP Paribas	-0.8	-1.9	-3.4	-2.3	11.6	1.9	-0.9	-0.9	na
Credit Agricole	-0.5	-0.9	-1.7	na	10.4	1.9	-2.5	-1.8	124.8
DZ Bank	-0.9	-0.9	-1.5	na	11.3	2.4	-2.2	-1.5	na
Economist Intelligence Unit	-0.5	-1.0	-2.0	na	11.4	1.2	-1.8	-1.6	na
G&P Institutional Mgmt	-0.7	-1.3	-6.0	na	11.6	1.7	na	-2.0	na
HSBC	-0.3	-0.6	-1.9	-0.1	10.5	1.7	-1.5	-2.2	na
IHS Global Insight	-1.3	-1.6	-3.3	-2.3	11.4	1.8	-0.8	-1.6	122.5
Intesa Sanpaulo	-0.5	-0.9	-1.4	-2.2	11.6	2.7	-1.9	-1.7	125.6
Moody's Analytics	-0.4	-0.3	2.3	1.9	11.1	2.2	-2.4	-3.2	na
Morgan Stanley	-1.0	-1.4	-1.0	na	12.0	1.5	-1.5	-1.7	125.1
Oxford Economics	-0.5	-0.9	-0.2	-0.8	12.0	2.6	-1.1	-1.3	na
Societe Generale	-1.4	-2.0	-3.6	na	13.4	2.6	-2.0	-2.1	124.4
UBS	0.2	0.4	-0.4	0.6	9.8	2.7	na	0.5	118.8
Unicredit Bank	-0.3	-1.1	-0.9	na	na	1.7	-1.5	-1.0	123.3
<b>Consensus (Mean Average)</b>	<b>-0.6</b>	<b>-1.0</b>	<b>-1.7</b>	<b>-0.7</b>	<b>11.4</b>	<b>2.0</b>	<b>-1.7</b>	<b>-1.5</b>	<b>124.0</b>
Last Month	-0.6	-0.9	-1.5	-0.7	11.0	2.1	-1.8	-1.4	123.2
2 Months Ago	-0.3	-0.7	-1.1	-0.5	10.6	2.1	-2.0	-1.3	121.3
Median	-0.5	-0.9	-1.5	-0.8	11.4	1.9	-1.7	-1.6	124.6
High	0.2	0.4	2.3	1.9	13.4	2.7	-0.8	0.5	127.6
Low	-1.4	-2.0	-6.0	-2.3	9.8	1.2	-2.5	-3.2	118.8
Standard Deviation	0.4	0.6	1.9	1.6	0.9	0.5	0.5	0.8	2.6
Number of Forecasts	15	15	15	7	13	15	13	15	8
<b>Other Forecasts</b>									
EC (May '12)	0.4	-0.4	1.3	na	9.7	2.3	-1.3	-1.1	121.8
IMF (Apr. '12)	-0.3	-1.1	-1.5	na	9.7	1.8	-1.5	-1.5	123.8
OECD (May '12)	-0.4	-1.0	-0.8	na	na	na	na	na	na

### Italy: Historical Data

<i>% change, year-on-year</i>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Gross Domestic Product</b>	-1.2	-5.5	1.8	0.4
<b>Private Consumption</b>	-0.8	-1.6	1.2	0.2
<b>Gross Fixed Investment</b>	-3.7	-11.7	2.1	-1.9
<b>Industrial Production</b>	-3.8	-18.7	6.9	0.3
<b>Unemploy. Rate, % of L.F.</b>	6.8	7.8	8.4	8.5
<b>Consumer Prices</b>	3.5	0.8	1.6	2.9
<b>Current Acc., % of GDP</b>	-2.9	-2.0	-3.5	-3.2
<b>Budget Bal., % of GDP</b>	-2.7	-5.4	-4.6	-3.9
<b>Public Debt, % of GDP</b>	105.7	116.0	118.6	120.1

Source: ECB; Eurostat; national statistical office

### Italy: Background Information

<b>Prime Minister:</b>	Mario Monti (appointed)
<b>Government:</b>	Appointed technocrats
<b>Next Election:</b>	April 2013 (parliamentary)
<b>Capital City:</b>	Rome
<b>Economic Freedom:</b>	92nd out of 179 countries
<b>Doing Business:</b>	87th out of 183 countries
<b>Competitiveness:</b>	42nd out of 144 countries
<b>Corruption:</b>	69th out of 182 countries
<b>Corporate Tax Rate:</b>	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

<b>NETHERLANDS - Forecasts for 2012</b>									
<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Private Consumption</b>	<b>Gross Fixed Investment</b>	<b>Industrial Production</b> <i>(excl. construction)</i>	<b>Unemployment Rate</b> <i>(EU defn., % of labour force)</i>	<b>Consumer Prices</b> <i>(HICP)</i>	<b>Current Account Balance</b> <i>(% of GDP)</i>	<b>General Govt. Balance</b> <i>(% of GDP)</i>	<b>General Govt. Debt</b> <i>(% of GDP)</i>
<b>Panellists</b>									
Credit Agricole	-0.8	-1.3	-3.6	na	5.5	2.6	9.8	-4.1	69.6
DZ Bank	-0.7	-0.8	-3.9	na	5.3	2.5	7.9	-4.5	na
Economist Intelligence Unit	-0.8	-1.0	-4.0	na	5.1	2.4	9.8	-5.0	na
IHS Global Insight	-0.6	-0.9	-3.1	-0.4	na	na	6.9	-4.6	65.5
Intesa Sanpaulo	-0.8	na	-2.2	na	na	2.6	na	na	na
Moody's Analytics	-0.7	-1.0	-2.6	-1.4	na	2.2	7.6	-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	-2.9	0.6	5.2	2.7	8.8	-4.5	na
UBS	-1.0	-0.8	-2.5	1.1	na	2.8	5.3	-3.1	64.9
<b>Consensus (Mean Average)</b>	<b>-0.7</b>	<b>-1.0</b>	<b>-3.0</b>	<b>-0.6</b>	<b>5.2</b>	<b>2.5</b>	<b>7.8</b>	<b>-4.3</b>	<b>67.4</b>
Last Month	-0.8	-0.9	-2.8	-0.3	5.2	2.4	7.6	-4.3	66.6
2 Months Ago	-0.8	-0.9	-2.4	-0.5	5.3	2.4	7.5	-4.3	67.8
Median	-0.7	-1.0	-2.9	-0.4	5.2	2.6	7.8	-4.5	67.5
High	-0.4	-0.8	-2.2	1.1	5.5	2.8	9.8	-3.1	69.6
Low	-1.0	-1.3	-4.0	-2.7	5.1	2.2	5.3	-5.0	64.9
Standard Deviation	0.2	0.2	0.7	1.5	0.2	0.2	1.6	0.6	2.5
Number of Forecasts	9	8	9	5	5	8	8	8	4
<b>Other Forecasts</b>									
EC (May '12)	-0.9	-1.5	-3.9	na	5.7	2.5	8.0	-4.4	70.1
IMF (Apr. '12)	-0.5	na	na	na	5.5	1.8	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 snap parliamentary election held just after this month's survey date (on September 12<sup>th</sup>) delivered a strong message of stability from Dutch voters, rejecting the extreme right-wing and left-wing views that may have seen the country exit from the euro zone.
- Prime Minister Mark Rutte was returned to power with his centre-right Liberals just pipping the centre-left Labour Party to victory, and will enter into negotiations to form a working coalition.
- Although the government may well comprise both of the centrist pro-euro parties, along with a couple of junior partners, they are unlikely to make perfect bedfellows. The election result thus raises some uncertainty over the direction of government policy, which could see some softening of the stance on austerity.
- Meanwhile, the government has a difficult job in restoring economic confidence and prosperity with high unemployment, a weak housing market and a lack of growth all stifling progress.

## 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 Consump- tion	Gross Fixed Invest- ment	Industrial Produc- tion <i>(excl. construction)</i>	Unem- ployment Rate <i>(EU defn., % of labour force)</i>	Con- sumer Prices <i>(HICP)</i>	Current Account Balance <i>(% of GDP)</i>	General Govt. Balance <i>(% of GDP)</i>	General Govt. Debt <i>(% of GDP)</i>
<b>Panellists</b>									
Credit Agricole	1.3	-0.2	-0.3	na	5.9	2.2	9.1	-2.8	70.0
DZ Bank	0.1	-0.2	0.1	na	5.5	2.9	6.5	-3.7	na
Economist Intelligence Unit	0.8	-0.4	1.0	na	5.3	2.0	9.3	-3.8	na
IHS Global Insight	0.3	1.0	1.6	-1.2	na	na	6.4	-4.4	66.0
Intesa Sanpaulo	1.2	na	-0.3	na	na	1.7	na	na	na
Moody's Analytics	0.8	0.7	1.3	-0.4	na	1.7	5.2	-3.9	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	1.6	5.5	2.3	7.4	-2.9	na
UBS	0.6	0.4	3.1	2.1	na	2.3	5.2	-2.7	66.0
<b>Consensus (Mean Average)</b>	<b>0.6</b>	<b>0.2</b>	<b>1.4</b>	<b>0.9</b>	<b>5.5</b>	<b>2.1</b>	<b>7.0</b>	<b>-3.5</b>	<b>68.4</b>
Last Month	0.6	0.3	1.8	0.9	5.5	1.9	6.9	-3.6	67.5
2 Months Ago	0.9	0.5	2.0	1.1	5.4	2.0	7.2	-3.5	68.9
Median	0.6	0.2	1.3	1.6	5.5	2.1	6.7	-3.8	68.0
High	1.3	1.0	3.9	2.2	5.9	2.9	9.3	-2.7	71.4
Low	0.1	-0.4	-0.3	-1.2	5.3	1.4	5.2	-4.4	66.0
Standard Deviation	0.4	0.5	1.5	1.6	0.2	0.5	1.6	0.6	2.8
Number of Forecasts	9	8	9	5	5	8	8	8	4
<b>Other Forecasts</b>									
EC (May '12)	0.7	0.0	0.2	na	6.2	1.8	8.4	-4.6	73.0
IMF (Apr. '12)	0.8	na	na	na	5.5	1.8	7.8	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>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Gross Domestic Product</b>	1.8	-3.5	1.7	1.2
<b>Private Consumption</b>	1.3	-2.6	0.4	-1.1
<b>Gross Fixed Investment</b>	4.5	-10.2	-4.4	5.8
<b>Industrial Production</b>	0.7	-7.6	7.8	-0.8
<b>Unemploy. Rate, % of L.F.</b>	3.1	3.7	4.5	4.4
<b>Consumer Prices</b>	2.2	1.0	0.9	2.5
<b>Current Acc., % of GDP</b>	4.3	4.2	7.1	9.2
<b>Budget Bal., % of GDP</b>	0.5	-5.6	-5.1	-4.7
<b>Public Debt, % of GDP</b>	58.5	60.8	62.9	65.2

Source: ECB; Eurostat; national statistical office

### Netherlands: Background Information

<b>Prime Minister:</b>	Mark Rutte
<b>Government:</b>	VVD led coalition
<b>Next Election:</b>	September 12th, 2012 (parliamentary)
<b>Capital City:</b>	The Hague
<b>Economic Freedom:</b>	15th out of 179 countries
<b>Doing Business:</b>	31st out of 183 countries
<b>Competitiveness:</b>	5th out of 144 countries
<b>Corruption:</b>	7th out of 182 countries
<b>Corporate Tax Rate:</b>	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

<b>SPAIN - Forecasts for 2012</b>									
<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Household Consumption</b>	<b>Gross Fixed Investment</b>	<b>Industrial Production</b> <i>(excl. construction)</i>	<b>Unemployment Rate</b> <i>(EU defn., % of labour force)</i>	<b>Consumer Prices</b> <i>(HICP)</i>	<b>Current Account Balance</b> <i>(% of GDP)</i>	<b>General Govt. Balance</b> <i>(% of GDP)</i>	<b>General Govt. Debt</b> <i>(% of GDP)</i>
<b>Panellists</b>									
BBVA	-1.4	-2.0	-9.4	na	na	1.9	-1.2	-6.3	81.7
BNP Paribas	-1.4	-3.1	-10.8	-6.4	25.3	2.4	-2.2	-6.3	na
Credit Agricole	-1.7	-1.8	-10.1	na	24.8	1.9	-4.9	-6.8	83.7
DZ Bank	-1.6	-1.5	-7.8	na	24.6	2.5	-2.7	-7.0	na
Economist Intelligence Unit	-2.1	-2.4	-4.2	na	25.2	2.5	-2.5	-6.8	na
G&P Institutional Mgmt	-1.4	-2.2	-10.6	na	24.6	2.3	na	-6.5	na
HSBC	-2.0	-1.2	-9.7	-6.7	24.8	2.0	-3.4	-7.0	na
IHS Global Insight	-1.4	-1.9	-9.2	-5.3	24.6	2.4	-2.5	-6.5	80.1
Intesa Sanpaulo	-1.4	-3.4	-9.5	-3.0	25.4	1.9	-2.1	-6.8	91.2
Moody's Analytics	-1.6	-1.2	-7.3	-5.7	24.6	1.9	-1.4	-6.0	na
Morgan Stanley	-2.2	-2.6	-7.1	na	25.2	2.3	-1.1	-7.0	84.3
Oxford Economics	-1.5	-1.7	-9.6	-6.3	24.9	1.8	-2.5	-7.0	na
Santander	-1.6	-1.5	-8.3	na	24.4	2.1	-1.7	na	na
Societe Generale	-1.4	-1.4	-9.8	na	25.1	2.4	-3.2	-7.0	88.6
UBS	-1.6	-2.1	-9.7	-6.4	24.1	2.5	-2.9	-6.3	90.5
Unicredit Bank	-1.5	-1.3	-7.7	na	24.7	2.4	-1.8	-6.4	80.9
<b>Consensus (Mean Average)</b>	<b>-1.6</b>	<b>-2.0</b>	<b>-8.8</b>	<b>-5.7</b>	<b>24.8</b>	<b>2.2</b>	<b>-2.4</b>	<b>-6.6</b>	<b>85.1</b>
Last Month	-1.6	-1.7	-8.6	-4.9	24.6	2.1	-2.3	-6.7	82.5
2 Months Ago	-1.7	-1.6	-8.0	-4.9	24.6	1.8	-2.5	-6.2	79.4
Median	-1.6	-1.9	-9.5	-6.3	24.8	2.3	-2.5	-6.8	84.0
High	-1.4	-1.2	-4.2	-3.0	25.4	2.5	-1.1	-6.0	91.2
Low	-2.2	-3.4	-10.8	-6.7	24.1	1.8	-4.9	-7.0	80.1
Standard Deviation	0.3	0.7	1.7	1.3	0.4	0.3	1.0	0.3	4.4
Number of Forecasts	16	16	16	7	15	16	15	15	8
<b>Other Forecasts</b>									
EC (May '12)	-1.8	-2.2	-7.9	na	24.4	1.9	-2.0	-6.4	80.9
IMF (Apr. '12)	-1.8	-0.9	-7.5	na	24.2	1.9	-2.1	na	na
OECD (May '12)	-1.6	-2.9	-9.3	na	24.5	1.6	-0.9	-5.4	81.1

- According to revised annual data from the Spanish statistical institute, INE, real GDP grew by just 0.4% in 2011, not the 0.7% pace previously suggested (and declined by 0.3% in 2010). Private consumption, which had been thought to have declined by 0.1% last year, in fact contracted by 1%.
- Although the figures indicate that the economy was much weaker than imagined the situation is even worse now as the economy contracts in the face of severe austerity, low confidence, a crumbling property market, bankrupt financial institutions and rising unemployment. Street

demonstrations – this month in Catalonia among separatists urging regional independence – highlight the social unease caused by the crisis in Spain.

- The European Commission's latest confidence indicators illustrate the situation. Industrial sentiment has worsened, to a net balance of -22.2 in August from 18.6 in July. Confidence in the services sector and in retail trade has also worsened. Construction sentiment – which was already very weak – plunged to -64.5 from -45.4, and consumer confidence is languishing at -38.0.

## SPAIN - Forecasts for 2013

<i>average % change from previous year, unless otherwise noted. For sources and definitions, see page 24.</i>	<b>Gross Domestic Product</b>	<b>Household Consump- tion</b>	<b>Gross Fixed Invest- ment</b>	<b>Industrial Produc- tion (excl. construc- tion)</b>	<b>Unem- ployment Rate (EU defn., % of labour force)</b>	<b>Con- sumer Prices (HICP)</b>	<b>Current Account Balance (% of GDP)</b>	<b>General Govt. Balance (% of GDP)</b>	<b>General Govt. Debt (% of GDP)</b>
<b>Panellists</b>									
BBVA	-1.4	-2.8	-5.6	na	na	1.3	0.7	-5.0	87.9
BNP Paribas	-1.3	-6.6	-7.5	-0.9	26.9	1.9	-1.4	-4.5	na
Credit Agricole	0.2	-1.5	-9.1	na	25.8	1.3	-1.9	-5.7	86.8
DZ Bank	-2.2	-2.0	-3.2	na	25.2	3.6	-2.0	-5.0	na
Economist Intelligence Unit	-1.2	-1.3	-1.7	na	25.7	2.9	-2.0	-6.3	na
G&P Institutional Mgmt	-1.4	-2.7	-9.8	na	25.4	2.2	na	-5.5	na
HSBC	-1.3	-0.4	-4.0	-1.8	26.2	1.9	-3.1	-5.0	na
IHS Global Insight	-1.9	-1.8	-4.2	-2.5	25.3	1.8	-2.3	-6.0	90.2
Intesa Sanpaulo	-0.9	-2.4	-5.1	-2.4	25.6	1.7	-1.1	-7.2	99.1
Moody's Analytics	-0.8	-0.4	-1.0	-1.2	25.5	1.5	-1.0	-4.5	na
Morgan Stanley	-1.3	-3.4	-6.0	na	25.4	2.6	0.9	-5.8	92.7
Oxford Economics	-2.0	-2.7	-6.1	-3.3	26.4	1.3	-1.4	-4.3	na
Santander	-1.4	-1.7	-6.3	na	25.3	2.4	-0.5	na	na
Societe Generale	-2.2	-2.3	-6.1	na	27.1	2.7	-1.7	-5.1	94.5
UBS	-1.3	-2.0	-8.2	-3.5	24.9	2.9	-2.4	-4.0	94.0
Unicredit Bank	-0.8	-0.3	-1.8	na	24.4	2.5	-1.2	-5.2	86.1
<b>Consensus (Mean Average)</b>	<b>-1.3</b>	<b>-2.1</b>	<b>-5.4</b>	<b>-2.2</b>	<b>25.7</b>	<b>2.2</b>	<b>-1.4</b>	<b>-5.3</b>	<b>91.4</b>
Last Month	-1.3	-1.8	-4.6	-1.9	25.4	2.0	-1.4	-5.3	91.1
2 Months Ago	-1.0	-1.2	-3.4	-1.3	25.5	1.5	-1.6	-4.6	84.7
Median	-1.3	-2.0	-5.8	-2.4	25.5	2.1	-1.4	-5.1	91.5
High	0.2	-0.3	-1.0	-0.9	27.1	3.6	0.9	-4.0	99.1
Low	-2.2	-6.6	-9.8	-3.5	24.4	1.3	-3.1	-7.2	86.1
Standard Deviation	0.6	1.5	2.6	1.0	0.7	0.7	1.1	0.8	4.5
Number of Forecasts	16	16	16	7	15	16	15	15	8
<b>Other Forecasts</b>									
EC (May '12)	-0.3	-1.3	-3.2	na	25.1	1.1	-1.0	-6.3	87.0
IMF (Apr. '12)	0.1	0.6	-1.0	na	23.9	1.6	-1.7	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>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Gross Domestic Product</b>	0.9	-3.7	-0.3	0.4
<b>Private Consumption</b>	-0.6	-4.4	0.7	-1.0
<b>Gross Fixed Investment</b>	-4.7	-16.6	-6.3	-5.5
<b>Industrial Production</b>	-7.3	-15.7	0.9	-1.4
<b>Unemploy. Rate, % of L.F.</b>	11.4	18.0	20.1	21.7
<b>Consumer Prices</b>	4.1	-0.2	2.0	3.1
<b>Current Acc., % of GDP</b>	-9.6	-5.2	-4.5	-3.5
<b>Budget Bal., % of GDP</b>	-4.5	-11.2	-9.3	-8.5
<b>Public Debt, % of GDP</b>	40.2	53.9	61.2	68.5

Source: ECB; Eurostat; national statistical office

### Spain: Background Information

<b>Prime Minister:</b>	Mariano Rajoy
<b>Government:</b>	Popular Party
<b>Next Election:</b>	2015 (parliamentary)
<b>Capital City:</b>	Madrid
<b>Economic Freedom:</b>	36th out of 179 countries
<b>Doing Business:</b>	44th out of 183 countries
<b>Competitiveness:</b>	36th out of 144 countries
<b>Corruption:</b>	31st out of 182 countries
<b>Corporate Tax Rate:</b>	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**

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

<sup>2</sup> 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 (1/100<sup>th</sup> 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

<b><u>Variable</u></b>	<b><u>Definition</u></b>	<b><u>Source</u></b>
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](http://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).