

Global Economic Outlook

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Overview

Global Economy – Our global GDP growth forecast has been raised to 4.0% for 2010. We don’t expect the European sovereign debt crisis to slow the global recovery.

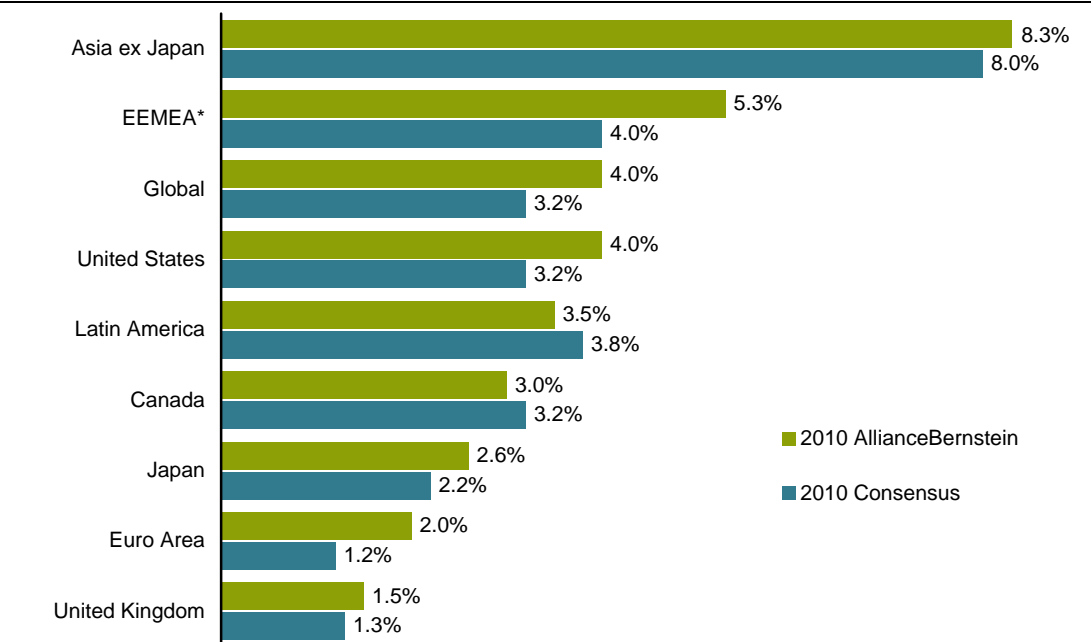
United States – Accelerating gains in liquidity flows and strong manufacturing performance have led us to raise our 2010 real GDP growth forecast to 4.0%.

Europe – A huge financial support package should help prevent the Greek crisis from engulfing the entire euro-area periphery. But fundamental issues remain.

Japan – Although a stronger-than-expected cyclical economic recovery has begun, it is still unlikely to be sufficient to remove long-term deflationary expectation.

China – The recent property market correction is unlikely to lead to major macroeconomic disruption amid a further recovery in exports and strong consumption.

2010 World Economic Growth Forecasts: AllianceBernstein vs. Consensus



*Eastern Europe, Middle East and Africa
 Source: AllianceBernstein

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Global Outlook

Global GDP growth
forecast raised to 4%

The global economic recovery has proved to be even stronger than we had initially projected. Although not all of the first-quarter GDP figures have been released, growth in most parts of the world has matched or exceeded our estimates. As a result, we have raised our global growth forecast to 4% for 2010, up from last month's estimate of 3.8%, with all of the revisions coming from non-Japan Asia, Japan and the US.

Global manufacturing
PMI at record highs

Manufacturing sector surveys highlight the strength of the global recovery. The overall composite purchasing managers' index jumped to 60.9 in April, a record high for the index since its inception in 1998, with broad-based gains, particularly in the US and Germany. The global service sector also continues to show impressive gains, but not as quickly as is typical during cyclical rebounds. Taken together, the survey data for the first four months of the year indicate that the global GDP is on course to increase by at least 4% in 2010.

Europe's policymakers
come up with massive
plan

The strength and breadth of the global GDP trajectory is an important indication that the world economy has enough fire power and internal resilience to overcome the initial hit from the sovereign debt crisis that has been brewing in Europe in recent weeks. Now, with European policymakers swiftly pushing through a massive plan to prevent any sovereign debt default, at least over the next year or two, a major obstacle to a strong global recovery has been removed. Of course, the plan will require more incremental fiscal retrenchment in some European countries in the short run. However, Europe was not expected to be a key driver of the global economic growth recovery in 2010 anyway. More importantly, by reducing the risk of sovereign default, the plan mitigates the hazard of wider contagion, thereby enabling other regions to continue to benefit from robust liquidity conditions.

Currency outlook
unchanged: euro to
weaken further

The European debt package does not alter our view on the currency outlook. In fact, the plan highlights the outlook for a long and painful economic adjustment ahead for many European countries, which will probably weaken the euro over time. In addition, the European debt crisis will probably somewhat delay the timing of a European Central Bank interest-rate hike. Earlier this year, we expected the ECB to raise rates in the fourth quarter of 2010. But depending on how the "core" European economies perform in the wake of the crisis, the first rate hike may be delayed until early 2011. In the US, well before the European crisis reached center stage we had lowered our fed funds call to 1.5% at year-end from 2%. Recent developments risk slowing the Fed response even more.

US growth estimates
have been raised

US Outlook

The outlook for US economic growth is improving, even though real GDP fell short of our forecast in the first quarter. According to preliminary data, GDP advanced at an annualized rate of 3.2% in the first three months of 2010, lower than our estimate of 3.5% to 4%.

But beneath the surface of the first-quarter data, several strong signals support our outlook, including goods output, manufacturing orders, emerging-market demand and corporate earnings. We have therefore raised our full-year GDP growth estimate to 4%, from our previous forecast of 3.7%, amid optimistic developments in the following areas:

Goods Output

First-quarter GDP gains were driven by solid performance in the goods sector, which rose at an annualized rate of 13%, following an even stronger gain of 23.6% in the fourth quarter.

Back-to-back quarterly gains in goods output reflect a turnaround in manufacturing production, triggered in part by rapid export growth and inventory rebuilding.

Manufacturing activity remains very strong, with strong gains in new orders

Manufacturing Orders

The manufacturing sector enjoyed a significant boost in new orders across many industries during the first quarter, pointing to continued output growth. Factory orders rose 1.3% in March—the seventh consecutive monthly rise. Excluding the volatile transportation sector, orders rose 3.2%.

The broad recovery of manufacturing activity is best captured in the ISM survey of manufacturers in March and April. In the last two monthly ISM surveys, 17 of 18 manufacturing industries reported growth.

In addition, the ISM survey shows that manufacturer assessments of customer inventory positions fell to a near record low last month. This means companies are just beginning to raise output to meet ongoing gains in demand, and have a long way to go before they rebuild adequate stock levels.

Low inventory positions signal more demand ahead

Emerging-Markets Demand

In the first quarter, real GDP growth in many key emerging-market economies exceeded our forecasts. This has prompted us to revise our 2010 growth estimates upwards for Asia ex Japan to 8.3% from 8.0% previously. Our overall emerging market growth forecast stands at 6.8%.

Faster demand growth in emerging markets strengthens the case for an exceptionally long and strong US export cycle. Robust exports are also highlighted in the ISM new export orders index, which has exceeded 60% for two consecutive months. The last time the orders index posted such a strong performance was in 1988/89, when export growth increased on average about 15% per year. Based on the current export orders index, we expect US exports to increase by 10%–12% for the full year 2010, contributing 1.25% to 1.5% to overall real GDP growth.

Export markets continue to show robust gains

Anecdotal evidence from major US multinational companies also supports the outlook for an extended boom in exports. For example, Caterpillar expects “record exports” by the end of this year, driven by a “very strong recovery” in overseas demand, according to comments from CEO Jim Owens this week.

Earnings Rebound

US companies are reporting stellar first-quarter earnings. As we noted in last week’s commentary, companies in many sectors posted impressive first-quarter operating profits, far exceeding analysts’ estimates. Many companies have raised their guidance for full-year earnings. Resilient earnings bode well for a strong rebound in capital spending, building on the robust gains of the past two quarters which averaged 15.5% annualized.

Corporate profits provide strong support to recovery

Liquidity Flows

Our proprietary liquidity index has started to accelerate, pushing the year-on-year gain to over 4% for the first time in several years. History shows that liquidity flows—the lifeblood of economic growth—tend to speed up during the early stages of recovery as risk-taking starts to take hold while monetary policy remains accommodative. Since the liquidity index typically provides insight into conditions in the next six to nine months, its recent acceleration tells us that real GDP growth will probably surpass 4% for the rest of the year.

Liquidity flows are accelerating

Risks to Our Forecast

The economic outlook is not risk free. For example, the GDP data showed weakness in structures, which collectively fell by an annualized rate of 13.7% in the first quarter due to cutbacks in nonresidential structures, housing and public construction. Although pockets of the construction sector are expected to remain soft throughout, the sharp drop in the first quarter was partly due to bad winter weather, and we expect some recovery in the residential segment of the construction market in coming quarters.

Policymakers in euro area try to limit contagion

More potent risks emanate from Europe. The recent turmoil in Greece and other weaker European economies has created an additional hazard that was less severe a few months ago. However, while financial markets are worried about potential contagion effects, the combined aid package of €110 billion to Greece from the European Union and the International Monetary Fund should limit the fallout.

We remain optimistic on US economic recovery

Although markets remain skeptical about the bailout's chances of success, it is important to remember that markets were also doubtful of the capital injection into the US banking sector by the Treasury back in 2008. Moreover, at this writing, the negative economic spillover effects within Europe remain negligible. For example, Germany factory orders rose 5% in March, and surveys for manufacturing and services sectors in April show continued solid growth in the core countries of Europe.

Mindful of these risks to the global economic recovery, we believe that there are plenty of positive forces in place to maintain momentum for US economic growth. We remain confident that the challenges to growth can be overcome as the US makes steady progress toward a sustainable economic recovery through the remainder of 2010.

Europe Outlook

Recent data have been strong

Despite an escalation in the crisis on the euro-area periphery, the data flow from euro-area economies has been good. In April, the composite purchasing managers' index (PMI) for manufacturing and services rose to 57.3, the highest since August 2007 and broadly consistent with quarter-on-quarter GDP growth of 0.8%. The good news is that the positive trend in recent survey data is now being reflected in the hard data. In March, for example, German industrial production rose by 4.0%, factory orders increased by 5.0% and exports were up a staggering 10.8%. Unusually harsh weather conditions in January and February mean first-quarter GDP is likely to be soft in Germany and the rest of the euro area, but March data suggest that the underlying trend remains strong and point to the possibility of an upside surprise in the second quarter.

Greece is the exception

The most obvious exception to this improving picture is Greece. There are not many reliable cyclical indicators for the Greek economy. However, its manufacturing PMI of 43.6 in April was 14 points below the euro-area average and 10 points lower than in the other peripheral countries. Moreover, with the bulk of fiscal tightening yet to have an impact, Greek data are likely to deteriorate further. Fortunately, Greece is small (just over 2% of euro-area GDP), so its direct impact on the euro area is likely to be modest. The real concern is that financial contagion from Greece could lead to a significant deterioration in credit conditions across the whole of the euro area, thereby derailing the regional recovery.

Huge support package to contain the crisis . . .

Realizing this risk, Europe's leaders have reached agreement on a massive support package for beleaguered euro-area countries. This involves financial support worth €500 billion from governments and up to €250 billion from the IMF (in addition to the €110 billion package already agreed for Greece). However, the most momentous development was the European Central Bank's (ECB's) decision to start purchasing peripheral euro-area government bonds. While this may have been essential to draw a line under the crisis, it does raise important question marks over the central bank's independence. Not surprisingly, the decision to buy government bonds was not unanimous.

. . . provides breathing space for countries like Spain and Portugal

The latest support package should prevent the Greek crisis from engulfing the whole of the euro-area periphery. Moreover, while it does nothing to address fundamental underlying problems, it does provide crucial breathing space for countries like Spain and Portugal to address their imbalances. The road ahead for these countries is far from easy, but it is

important to realize that none of the other peripheral countries require the massive fiscal adjustment currently being demanded of Greece.

Politics cloud the UK outlook

The key development in the UK has been the May 6 general election. With no single party gaining an outright majority of seats, the Conservative Party and the Liberal Democrats have formed the UK's first formal coalition government in over half a century. Crucially, the coalition has agreed to push ahead with early cuts in the UK's record peace-time budget deficit. For now, this has been sufficient to bolster market confidence. But investors will ultimately want to see the precise size and composition of these cuts, together with evidence that the government can remain stable as it embarks on tough decisions.

Japan Outlook

Upward revision on growth

Recent trends continue to suggest that Japan's cyclical recovery may exceed expectations in 2010, although we remain cautious about the economy's ability to structurally depart from its long-term low-growth/deflationary spiral. Like the rest of Asia, improving external demand has underpinned a recovery in Japan's exports, with total year-on-year shipments rising 43.5% in March. This has led to a similar powerful revival in industrial production with year-on-year growth increasing by 31% in March.

We have maintained our forecast for first-quarter GDP growth of 4% year on year (or 2.1% quarter on quarter annualized). However, the solid export rebound and our expectation of upside potential for the recovery in private capex in the second half of 2010 have led us to further revise upwards our quarterly GDP forecasts for the rest of this year.

We now expect an annualized GDP growth rate of 2.0%, 1.9% and 1.9% in the second, third and fourth quarters respectively (compared with 1.9%, 1.6% and 1.4% previously). These changes have prompted an upward revision to our full-year real GDP forecast for 2010 to 2.6%, from 2.3% previously. In addition, we now expect nominal GDP growth to advance by 2.2% in 2010, compared with a previous forecast of 1.7%.

Although consensus estimates for Japan's real GDP growth were also raised to 2.2% in May, from 1.9% in April, we think the forecast does not fully capture the improving momentum of the cyclical recovery. That said, deflation remains a concern, and we have only moderately increased our CPI forecast for 2010 to -0.6% (from -0.8% previously). This is based on an assumption that the recovery remains insufficient to help Japan achieve its growth potential and close its large (negative) GDP gap meaningfully, even with some help from a weaker yen. Accordingly, we have maintained our six-month forecast for 10-year government bond yield at 1.6%.

Australia Outlook

The Reserve Bank of Australia (RBA) hiked rates again in early May by 25 basis points to 4.50%. This was the sixth increase in the tightening phase that began last October. There were two key themes that stood out in the statement accompanying the move. First, the RBA recognized that there had been a "significant" adjustment in the degree of stimulus already, bringing the rates that most borrowers face back to "average" levels. This is consistent with our view that "Phase 1" of the cycle—normalization of the rate structure—is over, and that the RBA is set for a multi-month pause. The second theme was an upgrade to the RBA's outlook on growth and inflation. The central bank now thinks the economic boost from improving terms of trade is capable of outweighing the fading influence from fiscal policy, particularly as credit conditions are easing. In addition, the RBA believes inflation is unlikely to decline as much as it hoped, and will probably trough in the upper half of the 2%–3% target band. Asset price inflation was also cited, as the RBA pointed to

“considerable buoyancy” in the housing market. We have been forecasting an extended pause—through year-end—with a more aggressive “Phase 2” of the tightening cycle to occur through 2011 (taking rates to the 6.5%–7% range).

For now, we’re sticking with our forecast that RBA cash rate will stay at 4.5% through the end of the year, as the central bank pauses to assess the impact of tighter conditions already in place. And, indeed, some recent data such as retail sales suggest that higher rates are starting to bite. That said, the risks are still tilted towards the scenario that the “pause” is not as “extended” as we thought.

In New Zealand, the labor market numbers were much better than expected in the first quarter. Jobs rose 1% quarter on quarter and the unemployment rate fell sharply, from 7.1% in the fourth quarter to 6.0% in the first quarter of 2010. Some of this improvement is likely driven by quirks in the seasonal adjustment process. Nevertheless, the message is clear: the tentative improvement that has been evident in activity indicators for some time is now spilling over into a labor market recovery. Accordingly, we expect the Reserve Bank of New Zealand (RBNZ) to start tightening monetary policy pretty soon. The RBNZ has flagged that action is imminent. Since December, it has taken the line that it would begin removing policy stimulus “around the middle of 2010”, and at the last Overnight Cash Rate (OCR) review changed the language slightly to acknowledge the “middle” was upon us, saying it expected to act “over the coming months.” We continue to think that the RBNZ will hike 25 b.p. in June, and hold a year-end target of 3.25%. Core inflation has been tracking lower and is now hovering around the mid-point of the RBNZ’s 1%–3% target band, which suggests that the RBNZ has more time on its side than the RBA and can act with less urgency.

Canada Outlook

The economic recovery is gathering steam, adding pressure on the Bank of Canada to begin removing some of the policy stimulus in place. In April, 109,000 jobs were added, a particularly large gain that was more than five times the consensus estimate. Importantly, all new jobs were concentrated in the private sector. However, employment gains were concentrated in the service sector while manufacturing jobs further declined by 21,000.

The unemployment rate edged down 0.1% to 8.1%, from its peak of 8.7% last summer, and is unchanged from levels a year ago. Overall wage growth remains modest at 2.3%, but the surge in jobs indicates a very large gain in wage and salary income and a strong increase in overall economic activity. We still expect real GDP to grow 3% in 2010, but the jobs numbers for April indicate there is considerable upside risk to the forecast as the domestic economy is recovering much faster than we had expected.

Based on the employment report, the domestic economy appears to have sufficient strength to allow the Bank of Canada to begin raising official rates around mid-year. We expect the central bank to raise the target on the overnight rate by 25 basis points to 0.5%, and another increase of 100 b.p. is likely by year-end. The rise in official rates should keep the Canadian dollar confined within a narrow range of 100 to 105 against the US dollar.

Emerging Markets Outlook

Latin America: Despite troubling signs in Europe, the Latin American region continues to exhibit broad signs of recovery. **Brazil** posted a surge in industrial production for March of 19.7% year on year. Policymakers in Brazil remain concerned that rising inflation has exceeded 2010 targets of 4.5% (inflation reached 5.5% in April). The April meeting of Brazil’s central bank resulted in the first post-crisis rate hike to 9.50% from 8.75%.

However, policymakers acknowledged instabilities emanating from Europe and the possibility for downside scenarios to global demand. We expect an additional 75 b.p. rate hike in the next central bank meeting on June 8.

In **Argentina**, tax revenues rose 30.7% year on year in April. High inflation, along with improving performance in economic activity, contributed to the strong numbers. However, expenditures rose even faster, with continued fiscal slippage amidst a declining primary surplus. Policymakers in **Colombia** unexpectedly cut the policy rate by 50 b.p. on April 30 to 3.0%. The decision was based on lower-than-expected inflation figures in the first quarter of 2010, alongside the continued presence of a sizeable output gap. However, the central bank signaled that inflation expectations were in check and that it would target 3.0% inflation in 2010.

Chile is another exception to the rule. The monthly estimate of economic activity (IMACEC) in Chile declined 6.6% month on month in March. The one-month decline represents the sharpest on record and reflects the effects of the March earthquake. Moving forward, we expect continued negative effects in near-term economic activity for the first half. However a revitalization by the second half of 2010 is likely as construction begins to pick up and the global recovery gains momentum.

In Central America & the Caribbean, the story remains similar. Many countries are tied to the US and Latin American recoveries with several idiosyncratic exceptions. Inflation risks in the **Dominican Republic** continue to build up, with March numbers representing the first month in excess of the policymakers' 2010 target of 7.0%. We continue to believe the Dominican rate hike cycle will begin by the second half. In Central America, **Costa Rica** and **El Salvador** continue export-led recoveries on strengthening manufacturing sectors. **Jamaica**, still in recession following a debt restructuring in February, will lag the region with positive growth unlikely to materialize until late 2010 or early 2011.

Asia ex Japan: Korea leads the region in releasing monthly trade figures, and its export performance in April showed robust year-on-year growth of 32%. The country's leading indicator index also suggests that industrial production growth, which rose 22% year on year in March, may increase further upside in the second quarter. **Taiwan's** March export orders jumped 44% year on year and also point to continuing strength in external demand. Asian economies made strong contributions to the global manufacturing Purchasing Managers' Index, which reached a cyclical high in April of 57.8, the second highest reading since its inception in 1988. **China's** PMI reading was well above the 50 threshold level, and India and Taiwan exceeded 60. The outlook for second-quarter GDP performances, in other words, remains upbeat following the first quarter's positive surprises.

We have again revised upwards our 2010 GDP growth forecast for Asia excluding Japan (AXJ), to 8.3% from 8% previously. Our most notable upgrade was for **Singapore**—to 9.5% from 5.5%—made in light of the country's extraordinary 32% annualized rate of economic expansion in the first quarter. Astonishing export demand strength was, in fact, the main reason for our growth upgrades for Korea, Malaysia and Singapore. We have fine-tuned our China GDP forecast to 10.4% from 10.2% in 2010, following slightly stronger-than-expected 11.9% year-on-year growth in the first quarter. While we expect **Beijing's** tightening measures to dampen real estate speculation and have a noticeable and rapid effect on property prices and transactions, we do not believe the overall macroeconomic disruption will be severe enough to choke the economy's recovery. This is despite real estate's obvious importance, accounting for about 20% of total fixed asset investment and a similar percentage of total loans outstanding (including mortgages and loans to developers).

Growth upgrades
across the region

Instead, we believe the slowdown in the sector will be offset by a pickup in manufacturing investment as exports continue to recover, while strong consumption will also provide significant impetus to growth in the coming year. Moreover, despite the policy squeeze on real estate, Beijing's increased efforts to make more land available for construction of low-cost housing in mid-sized cities will prevent construction activity from coming to a halt, which will be good news for commodity suppliers.

We estimate that Asia ex Japan's consumer price inflation (CPI) was running at around 3.5% year on year in March while core inflation (headline inflation minus food and energy) rose to about 2.5% year on year. Both have basically returned to trend levels but are still far from their mid-2008 peaks, before the collapse of Lehman Brothers, when crude oil prices reached US\$140 per barrel. Individually, the prevailing absolute levels of inflation across the region are not too alarming, generally below 4.5% year-on-year levels). India stands out from the pack with the latest inflation running at 9.9% year on year, partly, in our view, as capacity has become increasingly tight as growth has accelerated, and partly because the official inflation measure—the wholesale price index—is particularly sensitive to commodity price inflation. Signs are emerging, however, that inflation may have peaked at 9.9% year on year in March; we expect that the normalization of food prices, following last year's severe drought, will help ease headline inflation in the coming quarters.

Currency revaluations across the region (except Hong Kong and China) over the past year have been crucial in helping to achieve the subdued inflation in the current cycle. A firm currency has helped remove some of the burden of preempting inflation from interest rates; consequently, monetary tightening has had a less dampening effect on domestic demand. This bodes well for the sustainability of growth in Asia as the region tackles inflation. Overall, we have scaled down our interest-rate forecasts by, roughly speaking, removing one 25 basis point rate rise from each country before the end of the year. Accordingly, we have also marked down our bond yield forecasts in anticipation of flatter yield curves in most Asian markets. At the high end of the spectrum, we now expect Indonesia's 10-year bond yield to end 2010 at 8% (instead of 9%) compared with 8.7% currently.

Eastern Europe, Middle East and Africa: Monthly indicators continue to support a strong cyclical recovery despite volatility stemming from western European deficits. The best indicator of the ongoing recovery is the Manufacturing Purchasing Managers' Index (PMI), which showed accelerating gains for the fourth consecutive month.

Our composite PMI for the region rose to 53.6 from 52.7 in March and a low of 35.1 in December 2008. New orders and exports continued their trend upwards as well, posting levels seen before the crisis. Industrial production, specifically, has been contributing to growth as domestic and external demand has returned with the global recovery.

Despite the positive regional outlook, signs of weakness and uncertainty remain. Western European growth, constrained by austerity measures, will certainly affect external demand as a contributing factor to EEMEA growth. This will be partially offset by stronger domestic demand, but countries with large trade exposures to the EU will be negatively impacted.

Growth has been driven by historically low interest rates for the region, recently amplified by another round of cuts in April. The **Czech Republic, Hungary** and **Russia** all cut rates to new historic lows due to concern over the sustainability of the global recovery. Countries that did not cut rates, such as **Poland, South Africa** and **Turkey** are already at historic lows. **Israel** stands out as the only country that has begun normalizing its policy rate.

The region's loose monetary policy is supported by generally subdued inflationary figures and sticky domestic credit conditions, which have tempered the effect of rate cuts. **Turkey** is

Inflation risk remains manageable

Currency appreciation helps in containing interest-rate hikes

EEMEA continues to enjoy a positive outlook

Uncertainty stemming from austerity measures in Europe will subdue growth

New policy cuts bring rates to historically low levels

Inflation will begin to return as domestic credit conditions reflect loose monetary policy

likely to become the next country in the region to begin tightening rates, as inflation has hovered around 10% for the last four months and increased significantly in April to 10.2% year over year from 9.6% in March, well above the bank's upper target band of 8%. The **Czech Republic's** surprise 25 b.p. cut to 0.75%, now below the ECB rate, will certainly be the final cut as inflation has begun to accelerate to 1.2% year over year in April from 0.7% in March. Most countries in the region will keep rates where they are, and begin to normalize in 2011, as the pace of the global recovery has yet to be determined.

	Real Growth ¹			Inflation ¹			Official Rates ²			Long Rates ²		
	2008	2009F	2010F	2008	2009F	2010F	2008	2009	2010F	2008	2009	2010F
Global	1.8%	-2.1%	4.0%	4.2%	0.9%	2.4%	2.76%	1.68%	2.40%	3.27%	3.84%	4.15%
(PPP Wtd)	2.6%	-0.7%	4.8%									
Industrial Countries	0.3%	-3.4%	2.9%	3.5%	0.3%	1.9%	1.41%	0.59%	1.40%	2.70%	3.67%	4.10%
Emerging Countries	5.4%	1.5%	6.8%	7.8%	3.4%	5.3%	8.00%	5.64%	6.26%	6.16%	5.84%	5.87%
United States	0.4%	-2.4%	4.0%	3.8%	-0.3%	2.2%	0.25%	0.25%	1.50%	2.25%	3.85%	4.50%
Canada	0.4%	-2.5%	3.0%	2.3%	2.2%	2.5%	1.50%	0.25%	1.50%	4.00%	3.60%	4.75%
Europe	0.5%	-4.1%	1.9%	3.4%	0.6%	1.6%	2.41%	0.92%	1.30%	2.97%	3.51%	3.69%
Euro Area	0.5%	-4.0%	2.0%	3.3%	0.3%	1.3%	2.50%	1.00%	1.25%	2.95%	3.39%	3.50%
United Kingdom	0.5%	-4.9%	1.5%	3.6%	2.2%	2.9%	2.00%	0.50%	1.25%	3.02%	4.02%	4.50%
Sweden	-0.5%	-4.7%	1.8%	3.5%	-0.3%	1.6%	2.00%	0.25%	1.25%	2.41%	3.29%	3.65%
Norway	2.0%	-1.4%	2.5%	3.8%	2.2%	2.8%	3.00%	1.75%	3.00%	3.85%	4.14%	4.25%
Japan	-1.2%	-5.2%	2.6%	1.4%	-1.4%	-0.6%	0.10%	0.10%	0.10%	1.17%	1.30%	1.60%
Australia	2.4%	1.3%	3.4%	4.4%	1.8%	3.1%	4.25%	3.75%	4.50%	4.00%	5.80%	6.10%
Non-Japan Asia	6.7%	5.0%	8.3%	6.4%	0.5%	3.7%	-	-	-	-	-	-
China ³	9.6%	8.7%	10.2%	6.0%	-0.7%	3.5%	5.31%	5.31%	6.14%	2.76%	3.65%	3.80%
Hong Kong ⁴	2.5%	-2.7%	5.8%	4.3%	0.5%	2.8%	0.50%	0.50%	1.25%	1.20%	2.65%	3.20%
India ⁵	7.8%	6.9%	7.8%	9.2%	1.3%	5.5%	6.50%	4.75%	6.00%	5.26%	7.56%	8.50%
Indonesia ⁶	6.1%	4.5%	6.0%	9.8%	4.8%	5.0%	9.25%	6.50%	7.00%	11.80%	9.05%	7.50%
Korea ⁷	2.5%	0.2%	6.1%	4.6%	2.7%	3.0%	3.00%	2.00%	2.75%	3.77%	4.90%	4.80%
Thailand ⁸	2.6%	-2.2%	3.0%	5.5%	-1.0%	2.5%	2.75%	1.25%	1.75%	2.17%	3.63%	3.40%
Latin America	4.6%	-2.5%	3.5%	8.0%	6.5%	6.5%	-	-	-	-	-	-
Argentina ⁹	6.7%	-4.0%	2.5%	25.0%	13.0%	30.0%	-	-	-	23.00%	7.25%	7.00%
Brazil ¹⁰	5.1%	1.0%	5.5%	5.9%	4.4%	4.8%	13.75%	8.75%	10.75%	3.50%	2.00%	1.75%
Mexico	1.5%	-6.5%	4.2%	6.5%	4.0%	5.5%	8.25%	4.50%	5.25%	9.00%	8.20%	8.50%
EEMEA	3.9%	-5.1%	5.3%	10.8%	8.3%	6.9%	12.10%	7.08%	7.56%	10.13%	8.93%	8.79%
Hungary	0.6%	-6.9%	-0.1%	6.1%	4.2%	4.6%	10.00%	6.25%	5.00%	8.15%	8.03%	6.70%
Poland	5.0%	1.7%	3.9%	4.2%	3.5%	2.3%	5.00%	3.50%	3.75%	5.39%	6.26%	6.00%
Russia	5.6%	-7.9%	6.6%	14.1%	11.8%	7.5%	13.00%	8.75%	8.00%	9.26%	9.08%	7.40%
South Africa	3.7%	-1.8%	3.3%	9.9%	7.1%	5.7%	11.50%	7.00%	7.00%	7.31%	9.17%	9.00%
Turkey ¹¹	0.9%	-5.6%	5.7%	10.4%	6.3%	9.9%	15.75%	6.50%	10.00%	16.61%	10.44%	13.50%

NOTES:

- 1) Growth and inflation forecasts are reported on a calendar year basis.
 - 2) Official and long rates are end-of-year forecasts. Long rates are 10-year yields unless otherwise indicated.
 - 3) China: Official rates are 1-year benchmark lending rates and 10-year government bond yield.
 - 4) Hong Kong: Base rate and 10-year exchange funds yield
 - 5) India: Reverse repo rate and 10-year government bond yield
 - 6) Indonesia: Intervention rate and 5-year government bond yield
- Source: AllianceBernstein

- 7) Korea: Overnight call rate and 5-year government bond yield
- 8) Thailand: 1-day repo rate and 5-year bond yield
- 9) Argentina: Discount bond spread
- 10) Brazil: 2037 bond spread
- 11) Turkey: Long-term rates are 5-year rates.