

Global Economic Outlook

September 9, 2009

Overview

Global Economy – The global economic recovery is gaining speed. In August, the global manufacturing index rose to its highest level in over a year.

United States – US manufacturing is beginning to expand, and solid gains in liquidity point to strong improvements ahead.

Europe – Despite an uneven recovery in the euro area to date, growth is likely to surprise on the upside in coming quarters—perhaps substantially.

Japan – In a significant political shift, the DPJ gained a majority in the lower house for the first time since 1955. Nevertheless, we don't expect major policy changes in the short term.

China – The risk of abrupt monetary tightening remains low, and policymakers will aim at fine-tuning economic growth and the mix of new loans to rebalance sectoral growth.

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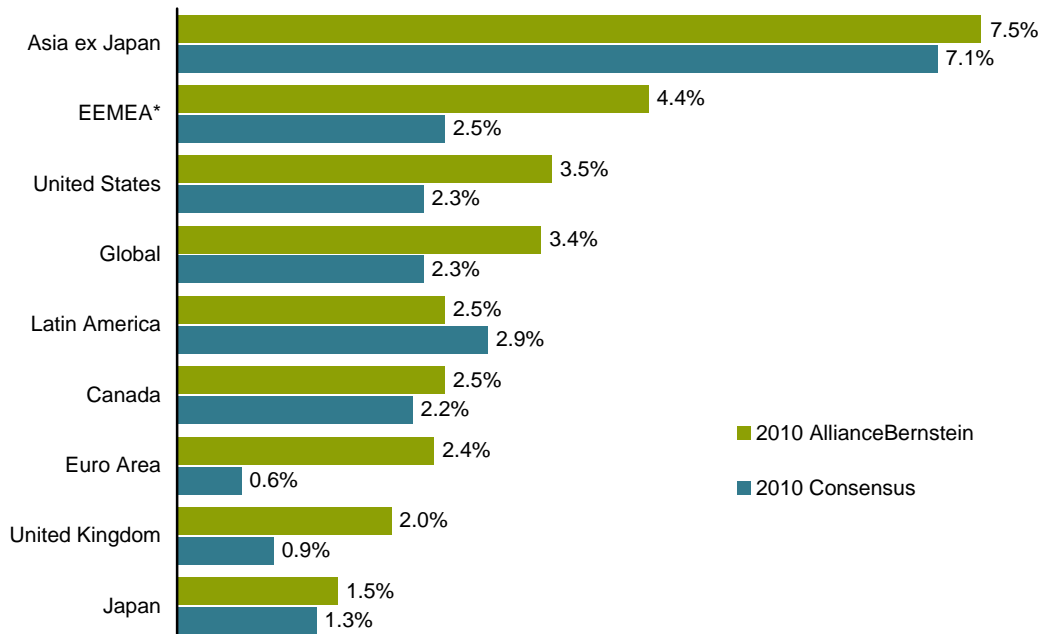
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2010 World Economic Growth Forecasts: AllianceBernstein vs. Consensus

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*Eastern Europe, Middle East and Africa
 Source: AllianceBernstein

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Global Outlook

Global economy poised for faster growth in Q3 after a small gain in Q2

The global economic recovery is gaining speed. We estimate that worldwide real GDP increased 2.2% in the second quarter on an annualized basis, following sharp contractions in the previous two quarters. Economic growth appears to be markedly stronger in the third quarter, evident from the recovery in the manufacturing sector across the globe.

In August, the global manufacturing purchasing index jumped three points to 53.1, the second consecutive month that it has exceeded 50, and the highest reading since early 2008. The gains were broad, with all components contributing. But the overall increase was mainly driven by new orders, the most important component of the index, which rose to 58.2 (**Display 1**). From a regional perspective, the improvements were also broad, with most countries reporting rising orders and output.

The recovery in global GDP and manufacturing started in Asia before it began in the industrialized economies. In addition, Asian economies began to rebound before consumption in the developed economies had started to recover. This indicates that the recovery in emerging economies is mainly driven by domestic demand as opposed to the export-driven cycles of the past.

Recovery in emerging markets started first

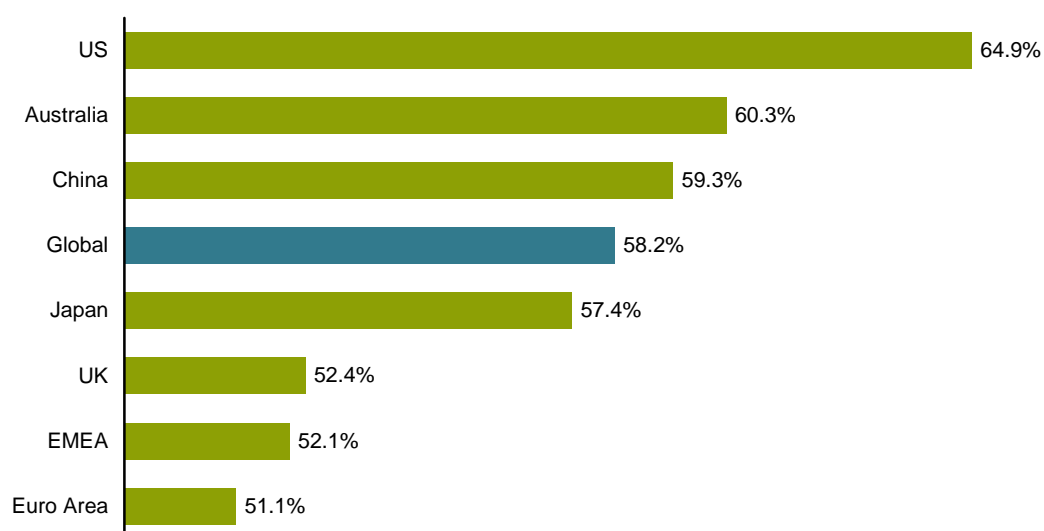
In the third quarter, the industrialized economies are starting to piggyback the recovery in the emerging markets. The US has enjoyed the strongest surge in new orders, possibly due to a combination of supportive factors including a record inventory liquidation, a competitive dollar and a rebound in domestic demand.

Global real GDP growth forecast at 4% over next few quarters

We anticipate that global real GDP growth will run close to 4% annualized over the next few quarters, and given the momentum it would not be a big surprise if global growth surprised on the upside. Policymakers are becoming more confident about the economic outlook, but it is far too early for them to remove the stimulus, in our view. Early candidates for reducing monetary stimulus within the next six months include Australia and Norway in the industrialized world, and China, Korea, Chile, Peru, Columbia and the Czech Republic in emerging markets.

Display 1: US and Asian Manufacturing Drive Global Rebound

August 2009 Global Manufacturing PMIs – New Orders



Source: Markit, AllianceBernstein and Haver Analytics

US Outlook

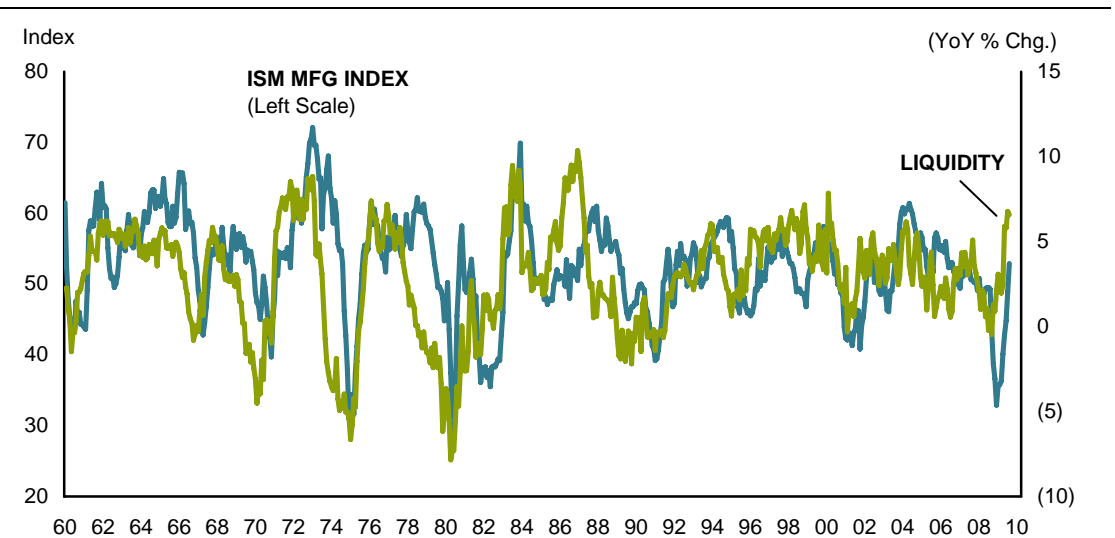
US manufacturing is expanding

Liquidity growth points to faster gains in the months ahead

For the first time in 18 months, the ISM manufacturing composite index has risen above the crucial 50% threshold, which indicates expansion in the sector. After tumbling to particularly low levels during the first quarter of 2009, the rapid four-point rebound in the ISM index to 52.9% in August provided a strong sign that the US manufacturing sector is well on the way to recovery.

Back in March, our research showed that in previous cyclical economic recoveries, our liquidity index had typically rebounded five months before the ISM index picked up. The current ISM recovery is in line with that trend, and should bolster investor confidence in the broader rehabilitation of the US economy, especially since liquidity flows continue to improve (**Display 2**). With the liquidity index leaping 6.5% year on year in August, we are confident that the ISM index will post additional incremental gains in the coming months.

Display 2: More Gains Ahead for Manufacturers
Liquidity Flows* Index vs. ISM Manufacturing Index



*Liquidity Flows is a measure of real money growth, growth in business and consumer credit, and growth in short-term liquid assets.
Source: Institute for Supply Management, Haver Analytics and AllianceBernstein

The Importance of the ISM Index

Industrial gains are broad based

The ISM manufacturing survey queries more than 300 purchasing agents across 18 industrial sectors about changes in production, orders, employment, inventories and the timeliness of supplier deliveries. Firms report whether each of these measures has increased, decreased or remained unchanged relative to the previous month.

Diffusion indices are derived from these responses, and then an aggregate index is compiled by equally weighting the five subcomponent indices.

It is important to note that a diffusion index captures the direction of change, unlike the vast majority of government economic series, which measure the level of activity. Through the prism of a diffusion index, we gain insight into underlying trends in the economy, as business shifts among companies, industries and regions. During the early stages of recovery and recession, these movements across sectors are usually cumulative and tend to spread. In addition, the ISM composite index is a good gauge to measure which weaknesses or strengths are spreading and, in the process, provide important (and early) information

about declines or gains in overall economic activity.

New orders index surges

In August, the rise in the composite index indicated that several industries were recovering and that the pace of recovery was gaining speed. Moreover, the new orders index posted an impressive nine-point increase to 64.9, its highest level since 2004. The 12-point spread of the new orders index relative to the overall composite index was the widest since the survey began in 1948.

Clearly, firms in several industries are under pressure to increase orders for two main reasons. First, companies are replenishing inventory positions following the two largest quarters of inventory liquidation on record. Second, companies are experiencing a surge in demand from domestic and overseas customers, as is evident in the five-point rise to 55.5 in the export orders index in August.

Companies Struggle to Meet Rush of Orders

Companies were surprised by the rebound

However, manufacturers appear to be struggling to deliver their goods on time. One of the more surprising features of the report was the supplier delivery index, which jumped five points to 57%. The supplier delivery index aims to gauge the volume of business in the distribution channel and, when it significantly exceeds the 50% threshold, it implies that firms are not receiving deliveries in a timely manner. Usually, this component is sensitive to the level of activity as well as the amount of spare capacity available within the manufacturing sector. Since operating rates are currently at extremely low levels (in the mid-60s), the strong rebound in the supplier index is a big surprise.

Skeptics may argue that the sharp rise in the new orders and supplier delivery indices indicates that many cash-strapped companies are short of supplies needed to respond quickly to rising demand, as they have in previous economic recoveries. This implies that the growth of industrial output may be spread out over a longer period of time, although it will ultimately still expand in line with recovering demand.

However, a bullish reading of the ISM manufacturing trends would suggest that firms across several industries were surprised or caught off guard by the rebound in business. The strength of the diffusion index on new orders and supplier deliveries therefore captures the intensity of the surprise, as an improvement in business is quickly propagated across firms and industries.

Firm prices confirm pickup in demand

In our view, this is the most convincing interpretation of the ISM survey, as the rise in order bookings was broad based, with 13 of 18 industries reporting growth. Moreover, the increase in business activity also included a rise in the price index, which provides concrete evidence of an industrial rebound.

The events of the past few months are typical of the early stages of recovery. Indeed, businesses often find themselves still scaling back when business conditions start to improve. That reversal triggers a need to increase production as demand improves and to rebuild depleted inventory positions, which explains why the pace of economic recoveries typically surprises on the upside.

Europe Outlook

Better than expected Q2 GDP

The euro-area economy surprised on the upside in the second quarter, with GDP declining by just 0.1% after a cumulative contraction of 4.2% in the previous two quarters. The future performance of the economy is likely to be determined by the interaction of several forces. The financial crisis has left deep scars that will weigh on growth over the medium term and which could keep the recovery subdued by historical standards. This seems to be the view of

most forecasters and of the European Central Bank (ECB). The consensus view is that GDP will increase by just 0.6% in 2010, with the ECB even lower than this at 0.2%. The latter implies virtually no growth in coming quarters.

Despite headwinds, key survey data continue to improve

While we agree that the euro-area economy faces important headwinds, we also feel that the near-term growth path envisaged by these forecasts is too pessimistic. Survey data already point to positive GDP growth. The composite purchasing managers' index rose to 50.4 in August, the highest since May 2008 and consistent with quarterly GDP growth of about 0.2%. The orders-to-inventories ratio, which tends to lead the overall PMI, is now at 59.7, close to past cyclical highs and consistent with robust GDP growth in the current quarter.

We also think the recovery should be considered in the context of the unprecedented slump in the final quarter of 2008 and first quarter of the current year. Of course, recoveries are not simple, mechanical functions of the downturns that precede them, but past experience does point to a link between the two. Indeed, our analysis of the recessions in the euro area's three biggest economies between 1970 and 2007 suggests that the size of the output decline often plays an important role in determining the magnitude of the subsequent rebound. It's also worth noting that the average rebound in output during these recovery periods was 3.2%, and that the smallest rebound was 0.6%. This makes the ECB's latest forecast look unduly pessimistic, especially given the policy stimulus now in place.

Lessons from Japan

The idea that big downturns can lead to unusually sharp rebounds is supported by recent developments in Japan, which experienced the biggest decline of any economy in late 2008 and early 2009. Since then, industrial output has risen strongly and, while the level of output is still more than 20% below pre-crisis levels, this process is generating massive sequential gains. Production was up 8.3% (not annualized) in the second quarter and is likely to rise by a similar amount during the current quarter.

Growth set to surprise on the upside

As the downturn in Japan has been bigger than in other countries, it would be wrong to expect such a dramatic turnaround in Europe. Still, the decline in output in many euro-area countries has not been very far short of that experienced by Japan (in Germany, industrial production fell by 22% between the third quarter of last year and the trough in April). Moreover, as the financial crisis began to overwhelm economies late last year, developments in Japan acted as an early warning of the huge decline that was about to hit the euro area. Given the remarkable synchronization of the global economy in recent quarters, Japan may again be sending an important message about near-term economic developments in the euro area. So, while sharing some of the concerns about medium-term headwinds, we think euro-area growth is likely to surprise on the upside in coming quarters. And, while recent comments suggest that the ECB is happy to maintain a highly accommodative policy stance for the foreseeable future, we believe evidence of faster growth will ultimately force it into a rethink.

Bank of England to err on the side of too much rather than too little stimulus

With some small exceptions, UK data continue to improve. The closely watched composite PMI is now back at its average level of the last decade and would normally be signaling robust growth. Housing data also continue to improve. In spite of this, the Bank of England's focus is almost exclusively on the weakness of money and credit flows. This is why it decided to expand its gilt purchase program by £50 billion to £175 billion. In addition, until it sees clear evidence that money growth is starting to respond, there is a risk that the central bank will boost its purchases even further. This could keep downward pressure on gilt yields in the near term, but ultimately the Bank's intention to err on the side of too much rather than too little stimulus is likely to result in higher yields.

Japan Outlook

In a much anticipated election, the Democratic Party of Japan gained the majority position in the lower house for the first time since 1955. The DPJ took 308 of the total 480 seats, giving it a powerful majority in the lower house and with it the chairmanship in all of the important legislative committees.

It is too early to tell how much of a shift on the policy front will occur. DPJ President Yukio Hatoyama will become the new prime minister in mid-September. His choices for Ministry of Finance and the Foreign Minister positions will be watched closely to see if there is any shift in domestic and foreign policies.

For now, the economic rebound is still on course, and perhaps may even be proceeding a little faster than expected. Industrial production rose 1.9% in July, well above market expectations. Since the trough in February, industrial production has rebounded 18.6%.

Even with the strong rebound in industrial production, inventories fell again in July, a clear sign that output gains have yet to match the growth in final demand, which is largely export-related. METI estimates that production will have risen 2.4% in August and another 3.2% in September.

The sharp recovery in industrial production increases the chances of real GDP growth exceeding our current forecasts for the second half. However, with price deflation still in place the growth in nominal GDP is not likely to surpass our current forecast by much.

Australia Outlook

Australia's GDP numbers for the second quarter—released in early September—have cemented the country's place on the podium as the best performing industrial economy. GDP increased by 0.6% in the quarter (non-annualized), trumping market expectations and taking the year-on-year growth rate to +0.6%, making Australia the only industrial economy to record positive growth over the year. This comes on the back of positive surprises across a range of indicators including business and consumer confidence, employment and house prices.

Business capital spending plans provided particularly important data over the last month. Rather than showing a further downgrade in capital spending expectations, plans were actually revised higher, providing tentative evidence that projects which were shelved at the height of the credit crisis are now being reconsidered.

As a result of this raft of stronger-than-expected data, expectations for Australia's growth prospects have again been revised higher, further closing the gap on our top-of-consensus forecast of 3.3% growth for 2010. Coupled with a more hawkish tone from the RBA, this has generated a wholesale reassessment of the monetary policy outlook. Many analysts now expect a couple of rate hikes before Christmas (perhaps as early as October). At this writing, markets were pricing a cash rate near 5.25% by end 2010.

While we think the market has the direction correct and agree that the RBA will almost certainly hike rates over the next 18 months, we also think that the sort of tightening profile that is now priced in seems much too aggressive for several reasons. First, some of the fiscal stimulus measures are starting to drop out. For example, there are no more cash handouts in the wings, so retail spending will struggle a bit through the second half of the year. The impact of the first-home-owner grant, which has successfully brought forward housing

Ministry choices will give clues on potential policy shift under new DPJ government

Industrial production recovery increases chances of GDP growth exceeding forecasts

Industrial production recovery increases chances of GDP growth exceeding forecasts

Australia's growth prospects have been buoyed by strong business spending data

demand, will also fade over the next six months or so.

Second, the employment response to any pickup in activity will be sluggish, as Australian businesses have not aggressively cut headcount like their US counterparts. This implies that the unemployment rate will continue to rise over the next six months. Typically, the RBA doesn't increase interest rates in an environment of rising unemployment.

Third, the RBA needs to have some stronger conviction that the global economy is on a firmer footing before it decides to tighten monetary policy.

Taken together, these factors augur a much more gentle approach to interest rates than suggested by the market. In our view, the hiking cycle is likely to start in the first quarter of 2010, and the cash rate will reach 4% to 4.25% by the end of next year. This suggests that the rate rise cycle will look more like the 2002 episode rather than the more aggressive 1994 or 1999 episodes.

RBA likely to take softer approach to raising interest rates

Canada Outlook

Second-quarter GDP was below forecast, as the Canadian economy contracted by 3.4% on an annualized basis. To make matters worse, first-quarter GDP growth was revised down to negative 6.1%. Nevertheless, activity picked up as the quarter went on, fueling hopes that a gradual recovery has begun.

Exports were the biggest drag on growth in the first quarter. We expect only a very slow recovery in exports, which will continue to be weighed down by plunging natural gas prices and a slow recovery in global import growth. However, the consumer looked better in the quarter and the housing sector in particular seems to be stabilizing. Manufacturing is also improving as new orders are slowly rising. However, we expect a sluggish job market will temper a more rapid recovery in consumer spending.

The Bank of Canada is staying on the sidelines, as inflation remains subdued both at the consumer and wholesale levels. The strong currency is still a significant impediment to growth and we would not rule out intervention in the currency market if the recovery began to lose steam. While the currency has been driven by commodity price gains globally, commodities that are more specific to Canada's growth, such as lumber and natural gas, are lagging, complicating the currency picture for the Bank of Canada.

Gradual progress on growth was seen in Q2

The consumer is looking better though trade will remain a drag

The strong currency is an impediment to a growth rebound

Emerging Markets Outlook

Latin America: Economic growth has continued to recover in Latin America, and central banks are done cutting rates. Trade accounts remain positive, although this is mostly due to ongoing sharp declines in imports. Mexico and Colombia remain especially weak, while Brazil and Chile are steadily recovering.

Brazil's central bank kept rates unchanged in September, and suggested that it is not preparing to change course and raise rates in the near future. Industrial production has risen for seven straight months, but is still only at January 2007 levels, and the central bank has highlighted the level of slack still in the economy. Inflation expectations are below target.

In Argentina, the central bank is taking advantage of ample global liquidity to slowly increase dollar reserves, which is helping to revive confidence. An effort to initiate enough reforms to allow market access continues with some success, and signs of growth are slowly emerging.

Mexico remains the economy in the worst shape in the region, with industrial production

Recovery continues tentatively, monetary stimulus done

Brazil is a regional leader in the recovery

still falling. The battle over fiscal reform is now taking center stage. Congress will debate the reform as part of the 2010 budget, which is key due to the decline of oil production—responsible for over 30% of the country’s tax revenues. The government hopes to maintain its current credit ratings and wean itself off oil revenues. However, even if successful, these changes would lead to fiscal tightening amid gloomy prospects for a robust recovery.

Andean growth is returning only extremely slowly

Venezuela may soon announce changes to its dual currency regime, but a sharp shift is unlikely. Inflation remains quite high, growth is anemic, imports are scarce—all despite the rise in oil prices so far this year. In neighboring Colombia, growth is sluggish and the economy is suffering from a Venezuelan campaign against Colombian imports into the country, as well as the slow rebound in Colombian domestic demand, which is lagging the rest of the region. Ecuador has generated enough finance for the medium term, thanks to a loan and a forward oil purchase from China. Nevertheless, growth will be slow due to poor policies and the lack of options for either fiscal or monetary loosening.

Further upward revision of growth forecasts in Asia

Asia ex Japan: The region’s recovery momentum has gathered steam and second-quarter GDP numbers released so far have all outperformed expectations. We have further revised up our GDP forecast for the region and now expect annual growth of 4.4% in 2009 (versus 4% previously) and 7.5% in 2010 (versus 7.2%). Korea has continued to lead in the recovery cycle which has prompted us to upgrade our GDP forecast to -0.8% from close to -4% made only a few months back. Even the Philippines, which we have considered as a laggard, has enjoyed a big bounce in second-quarter GDP, posting stronger-than-expected 2.4% growth on a seasonally adjusted, quarter-on-quarter basis. We now expect full-year 2009 economic growth to average about 1.5% instead of 0.8% as previously forecast.

China, Korea and India will lead rate-hike cycle

Alongside the recovery in growth, however, many economies are beginning to grapple with signs of inflation. Although commodity and food prices are set to increase sequentially and will affect both consumer and producer price indices, we do not expect a significant inflation surge in the next six to nine months beyond what we have factored in under our base case scenario. China has already gradually exited from its ultra loose monetary policy, and we expect Korea and India be the first countries to increase policy rate during the first quarter of 2010, together with an official lending rate hike (and possibly reserve requirement hike) in China. Still, in the coming quarter or so, the risk of an abrupt monetary policy change in China remains low, and policymakers will aim to fine-tune the growth and mix of bank loans to rebalance sectoral growth.

Little currency movement until inflation concern increases and export recovery in fuller-steam

Growth recovery along with a gradual end of deflation will guide bond yields higher and yield curves steeper across the region. The only exception is Indonesia, where we still expect yields will have room to decline another 50 b.p. or so before bottoming out in 2010. We expect further appreciation of the Korean won and Indonesian rupiah against the US dollar, although most other Asian currencies will stay steady in the next three to six months until inflation returns and a full-scale export recovery finally convinces central banks to opt for firmer exchange rates.

EEMEA recovery will be stronger than expected

Eastern Europe, Middle East and Africa: The shift in the consensus view globally about whether growth will recover this year, to the point where the debate is about whether a recovery will be sustainable, has also occurred in the EEMEA region. The steady improvement in monthly activity indicators—including industrial production, PMI and other surveys, and trade data—has prompted analysts to start raising their growth forecasts, and to move toward our view that growth will rise in the second half of this year. However, the consensus view for the EEMEA region remains that any recovery will be sub-par in 2010 because of banking system de-leveraging and deteriorating labor market conditions. We

remain more optimistic for 2010, with a growth forecast of 4.4%— nearly two percentage points above an upwardly revised consensus forecast of 2.5%.

The reason we are generally optimistic is because the region is likely to benefit from a substantial lift as a recovery in the global trade cycle and weaker exchange rates drive export demand and inventory restocking. Trade dependence in the region is high, with the share of exports of good and services relative to GDP ranking among the highest of all emerging markets. The large scale of inventory liquidation in the first and second quarters, which on average contributed to half of the contraction in GDP, suggests that restocking will also be a powerful boost to growth. This export-led dynamic, augmented by substantial domestic policy stimulus, is likely to benefit domestic demand through rising incomes and employment. Thus, domestic demand in 2010 will not be as lackluster as widely believed despite the drag from banking system de-leveraging and ongoing increases in the savings rate.

Many countries face supply-side inflation

Inflation is likely to start rising in many countries next year despite growth remaining below trend. While demand-side inflationary pressures are likely to remain weak, supply-side inflation and higher commodity prices are likely to raise headline inflation. This is particularly the case in countries with histories of high inflation and inflation expectations, such as Russia, Turkey and South Africa. As a result, we expect most central banks to keep rates on hold through much of next year, although they will be reluctant to hike rates because growth may remain below potential. There are some notable exceptions. Central banks in Hungary, Russia and Turkey are likely to continue cutting rates. In Turkey's case, we believe that further easing is a policy mistake.

Russia's central bank will need to maintain a tight monetary policy

Russia's second-half recovery is on track. Real GDP stabilized in the second quarter, contracting by only 2.1% quarter-over-quarter (SAAR) as compared with 31.5% in the first quarter. Industrial production, PMI surveys and trade data uniformly point up. The drivers of the rebound are a recovery in manufacturing, fiscal stimulus, higher oil prices and early signs of stabilization in the banking system. The central bank is likely to continue to cut interest rates gradually as headline inflation drifts lower and as it unwinds the monetary tightening from earlier this year. However, its overall stance will need to remain tight to maintain a stable currency and prevent a decline in foreign currency reserves as the government finances its fiscal deficits by withdrawing its ruble funds from the central bank.

Turkey's rate cuts are a policy mistake

Turkey's economy is expected to benefit from a recovery in global trade, and activity indicators continue to point toward a recovery. However, the central bank's aggressive monetary easing of 900 b.p.—the largest in the world—represents a rising risk to the recovery next year since it may jeopardize confidence in Turkey's macroeconomic stability and prompt unexpected interest rate hikes. Turkey faces substantial supply-side inflation risks and a rise in its risk premium from its loose fiscal policy stance and a small likelihood of an IMF program to anchor fiscal credibility. Two indications that Turkey's monetary policy stance is too aggressive are inflation expectations, which are now above inflation for only the second time since the 2001 crisis, and the real interest rate. Turkey's real interest rate of about 2%, before 75 to 100 b.p. in additional cuts, is now at the bottom end of comparable emerging markets that have undergone permanent decreases in inflation and inflation expectations.

Poland's easing cycle is most likely over

Poland's economy posted one of the strongest growth rates in the European Union in the second quarter at 2.1% quarter over quarter (SAAR) versus 1.1% in the first quarter. The resilience reflects the large size of the domestic economy, policy stimulus and fewer imbalances in the current account, inflation and the banking system. All of these factors are likely to contribute to sustained growth through 2010. The central bank will probably leave interest rates on hold for a considerable period of time given that real rates are now

negative, inflation has proved to be sticky, and prospects for a European recovery are rising. There is a small chance of one more token rate cut to dampen currency appreciation.

Hungary's central bank will continue to cut rates cautiously

Hungary's economy continues to lag the region, as expected. Real GDP continued to contract in the second quarter by 9.8% quarter over quarter (SAAR) from -9.6% in the first quarter and -7.2% in the fourth quarter of 2008. Tight fiscal and monetary policies and banking system de-leveraging have compounded the downturn in external demand. As many of these conditions will probably remain in place through 2010, the recovery is expected to lag the rest of the region. The central bank cut interest rates again last month by 50 b.p. to 8.0% and is expected to continue to ease gradually. These cuts are fully justified by a decrease in Hungary's risk premium, credible medium-term fiscal reforms, a large current account adjustment and foreign bank liquidity support, and a likely decline in inflation next year as the inflation impact from VAT hikes drops out of the CPI index.

South Africa's central bank delivered a final rate cut

South Africa's economy continues to lag the global cycle, with real GDP contracting by a significant 3.0% quarter over quarter (SAAR) in the second quarter from -6.4% in the first quarter. Private sector consumption and investment was weaker than the headline number suggests, however, since public infrastructure investment and government spending bolstered growth. South Africa's economy is likely to recover along with the global cycle, with the domestic economy likely to follow in 2010. The central bank delivered what we believe is a final 50 b.p. rate cut last month, bringing total rates to 7.0%. The central bank is not likely to cut further because inflation is likely to remain sticky due to administrative price hikes, high wage settlements, rising commodity prices and high inflation expectations.

	Real Growth ¹			Inflation ¹			Official Rates ²			Long Rates ²		
	2008	2009F	2010F	2008	2009F	2010F	2008	2009F	2010F	2008	2009	2010F
Global	1.6%	-2.2%	3.4%	4.2%	0.8%	2.4%	3.03%	1.71%	2.69%	3.28%	4.27%	4.65%
Industrial Countries	0.5%	-3.0%	2.9%	3.5%	0.3%	2.1%	1.54%	0.58%	1.83%	2.70%	3.85%	4.30%
Emerging Countries	5.6%	0.9%	6.0%	7.8%	3.3%	4.6%	8.63%	5.84%	6.39%	6.20%	7.11%	7.50%
United States	0.4%	-2.4%	3.5%	3.8%	-0.3%	2.6%	0.25%	0.25%	1.50%	2.25%	4.00%	4.75%
Canada	0.0%	-2.5%	2.5%	2.3%	2.0%	2.5%	4.25%	0.25%	0.50%	4.00%	3.60%	4.25%
Europe	0.6%	-3.6%	2.4%	3.4%	0.6%	1.6%	2.41%	0.91%	2.24%	2.97%	3.74%	3.91%
Euro Area	0.6%	-3.6%	2.4%	3.3%	0.3%	1.4%	2.50%	1.00%	2.25%	2.95%	3.60%	3.75%
United Kingdom	0.7%	-4.1%	2.0%	3.6%	2.1%	2.3%	2.00%	0.50%	2.00%	3.02%	4.25%	4.50%
Sweden	-0.4%	-4.5%	2.5%	3.5%	-0.4%	1.2%	2.00%	0.25%	2.00%	2.41%	3.75%	4.00%
Norway	2.5%	-1.1%	3.0%	3.8%	2.3%	2.1%	3.00%	1.50%	3.50%	3.85%	4.50%	4.75%
Japan	-0.7%	-5.5%	1.5%	1.4%	-1.2%	0.0%	0.10%	0.10%	0.10%	1.17%	1.60%	1.70%
Australia	2.1%	0.8%	3.3%	4.4%	1.9%	2.6%	6.75%	3.00%	4.25%	4.00%	6.00%	6.00%
Non-Japan Asia	6.5%	4.4%	7.5%	6.4%	0.4%	3.1%	-	-	-	-	-	-
China ³	9.1%	8.3%	9.8%	6.0%	-0.9%	2.8%	7.47%	5.31%	6.39%	2.76%	4.00%	4.50%
Hong Kong ⁴	2.5%	-2.5%	4.8%	4.3%	-1.0%	2.0%	5.75%	0.50%	1.50%	1.20%	3.00%	4.00%
India ⁵	7.8%	6.2%	7.5%	9.2%	1.0%	3.5%	7.75%	4.75%	5.25%	5.47%	7.75%	8.00%
Indonesia ⁶	6.1%	4.5%	5.8%	9.8%	5.5%	6.0%	8.00%	6.50%	7.00%	11.80%	9.20%	10.50%
Korea ⁷	2.5%	-0.8%	4.4%	4.6%	2.2%	3.0%	5.00%	2.00%	3.50%	4.40%	5.25%	5.50%
Thailand ⁸	2.6%	-3.1%	3.7%	5.5%	-0.8%	2.0%	3.25%	1.25%	1.75%	2.17%	3.40%	4.50%
Latin America	4.6%	-3.0%	2.5%	8.0%	7.5%	6.5%	-	-	-	-	-	-
Argentina ⁹	6.0%	-3.5%	2.5%	25.0%	13.0%	15.0%	-	-	-	23.00%	20.00%	20.00%
Brazil ¹⁰	5.0%	-1.0%	3.5%	5.9%	4.5%	4.0%	11.25%	8.50%	9.00%	3.50%	3.00%	3.00%
Mexico	2.0%	-6.5%	3.5%	6.5%	4.0%	5.0%	7.50%	4.50%	5.50%	9.00%	8.20%	8.20%
EEMEA	3.9%	-5.1%	4.4%	10.9%	8.4%	7.2%	12.05%	8.05%	8.54%	9.94%	12.16%	12.65%
Hungary	1.3%	-5.8%	-0.3%	6.3%	5.3%	4.3%	10.00%	7.00%	5.25%	8.15%	7.25%	6.00%
Poland	4.8%	1.2%	3.5%	4.3%	3.7%	2.0%	5.00%	3.25%	3.50%	5.39%	5.95%	5.50%
Russia	5.6%	-7.7%	5.4%	14.1%	11.9%	9.5%	13.00%	10.00%	10.00%	8.84%	15.00%	15.00%
South Africa	3.1%	-0.4%	3.5%	10.1%	7.2%	5.7%	11.00%	7.00%	7.00%	7.30%	8.85%	9.10%
Turkey ¹¹	1.1%	-6.5%	4.7%	10.4%	6.1%	7.8%	15.75%	8.25%	10.50%	16.60%	13.50%	16.00%

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.