

## Economic Outlook for FY2011 and FY2012

(revised to reflect the *Second Preliminary Quarterly Estimates of GDP* for the Apr-Jun quarter of 2011)

September 2011

**Key points of Mizuho Research Institute's (MHRI) outlook on the economy in FY2011 and FY2012**  
reflecting *The Second Preliminary Quarterly Estimates of GDP (2<sup>nd</sup> QE)* of Japan  
for the Apr-Jun quarter of 2011

### <The Japanese Economy>

**FY2011** +0.5 % (previous forecast +0.6%)

**Replenishment of inventories and reconstruction demand will keep the economy in recovery mode in the second half of the fiscal year**

**FY2012** +2.0 % (previous forecast +2.0%)

**The recovery will peter out due to export slowdown and peak-out of reconstruction demand**

### <The US Economy>

**Weak growth due to fiscal tightening amid balance sheet adjustment**

**2011** +1.6 % (previous forecast +1.6%)

**2012** +1.4 % (previous forecast +1.4%)

### <The Eurozone Economy>

**Fiscal austerity will serve as a drag upon growth. Sovereign debt concerns will linger**

**2011** +1.7% (previous forecast +1.7%)

**2012** +1.0% (previous forecast +1.0%)

### <The Asian Economy>

**Despite China's solid growth, the pace of growth will moderate due to export slowdown**

**2011** +7.8% (previous forecast +7.9%)

**2012** +7.6 (previous forecast +7.6%)

This English-language translation is based upon the outlook in Japanese released on September 9, 2011. This publication is compiled solely for the purpose of providing readers with information and is in no way meant to encourage readers to buy or sell financial instruments. Although this publication is compiled on the basis of sources which MHRI believes to be reliable and correct, MHRI does not warrant its accuracy and certainty. Readers are requested to exercise their own judgment in the use of this publication. Please also note that the contents of this publication may be subject to change without prior notice.

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## I. The current state of the Japanese economy

The 2<sup>nd</sup> QE revealed a downward revision of real GDP in the 2011 Apr-Jun quarter mainly with respect to private investment

The *Second Preliminary Quarterly Estimates of GDP* (“2<sup>nd</sup> QE”) for the Apr-Jun quarter of 2011 released by the Cabinet Office on September 9, 2011 revealed a downward revision of Japan’s real GDP growth in the Jan-Mar quarter to -0.5% q-o-q (-2.1% p.a.) from -0.3% q-o-q (-1.3% p.a.) in the *First Preliminary Quarterly Estimates of GDP* (“1<sup>st</sup> QE”) (Chart 1).

Looking closer at each of the components of demand, capital investment was revised down sharply from +0.2% q-o-q in the 1<sup>st</sup> QE to -0.9% q-o-q, reflecting data releases such as the *Financial Statements Statistics of Corporations by Industry*. Moreover, the contribution by private-sector inventory investment to quarterly real GDP growth was revised from +0.3% pt to +0.1% pt. Given the minor revisions to personal consumption (-0.1% q-o-q → -0.0% q-o-q) and housing investment (-1.9% q-o-q → -1.8% q-o-q), overall domestic private demand was revised down from +0.3% q-o-q to -0.1% q-o-q (its contribution to growth was revised from +0.2% pt → -0.1% pt). As a result of the upward revisions to both government consumption (+0.5% q-o-q → +0.6% q-o-q) and public investment (+3.0% q-o-q → +4.3% q-o-q), the contribution by public demand stood at +0.3% pt (1<sup>st</sup> QE: +0.2% pt). The contribution by domestic demand – combining both private and public demand – was revised down to +0.2% pt from +0.4% pt. As for external demand, its contribution to growth remained unchanged from the 1<sup>st</sup> QE at -0.8% pt despite a slight downward revision of imports (+0.1% q-o-q → -0.0% q-o-q).

The GDP deflator was unchanged from the 1<sup>st</sup> QE at -2.2% y-o-y. Thus, Japan’s nominal GDP was revised down slightly to -1.5% q-o-q (-6.0% p.a.) from the 1<sup>st</sup> QE (-1.4% q-o-q, -5.7% p.a.)

[ Chart 1: The 2<sup>nd</sup> QE of the Apr-Jun quarter of 2011 ]

	(Q-o-q % change)					1st QE Apr-Jun
	2010			2011		
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	
Domestic gross expenditure	-0.2	1.0	-0.6	-0.9	-0.5	-0.3
(Q-o-q change, p.a.)	-0.7	4.0	-2.4	-3.7	-2.1	-1.3
(Y-o-y change)	3.1	5.0	2.2	-1.0	-1.1	-1.0
Domestic demand	-0.5	1.3	-0.5	-0.7	0.2	0.4
	(-0.5)	(1.2)	(-0.5)	(-0.7)	(0.2)	(0.4)
Private demand	-0.6	1.7	-0.5	-1.2	-0.1	0.3
	(-0.4)	(1.3)	(-0.4)	(-0.9)	(-0.1)	(0.2)
Consumption	-0.4	1.0	-0.9	-0.6	-0.0	-0.1
Housing investment	-0.1	2.1	2.8	0.2	-1.8	-1.9
Capital investment	2.6	1.0	-0.0	-1.4	-0.9	0.2
Inventory	(-0.5)	(0.5)	(0.0)	(-0.3)	(0.1)	(0.3)
Public demand	-0.3	-0.1	-0.6	0.6	1.2	0.9
	(-0.1)	(-0.0)	(-0.1)	(0.1)	(0.3)	(0.2)
Government final consumption expenditures	1.0	0.4	0.4	0.8	0.6	0.5
Public investment	-6.0	-1.8	-5.6	-0.7	4.3	3.0
Net exports of goods & services	(0.3)	(-0.2)	(-0.1)	(-0.2)	(-0.8)	(-0.8)
Exports	6.7	0.7	-1.0	0.0	-4.9	-4.9
Imports	4.9	2.6	-0.6	1.4	-0.0	0.1
Nominal GDP	-0.9	0.5	-1.0	-1.5	-1.5	-1.4
GDP deflator (y-o-y change)	-2.0	-2.1	-1.6	-1.9	-2.2	-2.2

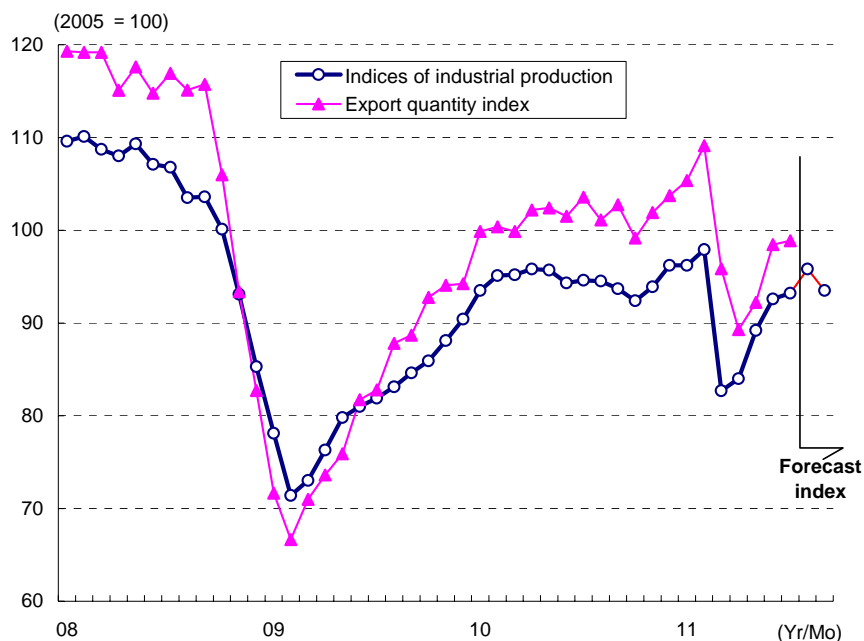
Note: The figures in parentheses indicate the contributions to domestic gross expenditures.

Source: Cabinet Office, *Preliminary Quarterly Estimates of GDP*.

**Strong growth in the Jul-Sep quarter**

In the Jul-Sep quarter, exports are predicted to stage a strong rebound, reflecting the restoration of supply chains. Thus, external demand should serve as a major driver of growth. As of July, industrial production and exports (by quantity) have recovered to more than 90% of the levels immediately before the Great East Japan Earthquake (namely, February) (**Chart 2**). Turning to domestic demand, personal consumption which had edged down in the Apr-Jun quarter is expected to turn positive due to factors such as the rise of car sales. In addition, despite the dip into negative territory in the Apr-Jun quarter due to the downward revision in the 2<sup>nd</sup> QE, the odds are high that capital investment will also turn positive in the Jul-Sep quarter. A number of surveys including the BOJ *Short-term Economic Survey of Enterprises in Japan (TANKAN)* indicate that domestic capital investment in FY2011 is projected to rise above the previous year. Capital investment should start to rise again along with the recovery of corporate earnings and alleviation of supply constraints upon capital and construction goods. Given the ongoing rise of public demand due to demand generated by the restoration and recovery from the earthquake, we forecast the strong growth of real GDP around +7% q-o-q p.a. in the Jul-Sep quarter.

**[ Chart 2: Industrial production and exports (by quantity) ]**



Note: The export quantity index is adjusted for seasonal factors by MHRI.  
Sources: Made by MHRI based upon Ministry of Economy, Trade and Industry, *Indices of Industrial Production*, Ministry of Finance, *Trade Statistics*.

## II. Forecast of the Japanese economy in FY2011 and FY2012

**FY2011 2H: despite the ongoing economic recovery driven by inventory replenishment and reconstruction demand, the overseas economic slowdown and yen appreciation will gradually have an impact**

In the second half of FY2011, the economy should continue to recover due to the replenishment of inventories which fell as a result of supply constraints after the earthquake, and the materialization of reconstruction demand. As industrial production recovers to pre-earthquake levels, private demand should gather momentum against a backdrop of the improvement of household income and corporate earnings. Looking forward, public demand should continue to expand along with the materialization of reconstruction demand such as the reconstruction of damaged infrastructure.

Exports will be underpinned by the ongoing movement to replenish overseas inventories in sectors such as the automobiles which suffered sharp falls immediately after the earthquake. On the other hand, the economic slowdown in Europe and the US, the appreciation of the yen and the global stagnation of IT-related demand will serve as headwinds, leading to a gradual loss of steam of exports as a whole in the second half of FY2011.

Even so, the Japanese economy should continue to grow around +2% p.a. to +3% p.a. in the Oct-Dec quarter of 2011 and Jan-Mar quarter of 2012, thus keeping real GDP growth in positive territory in FY2011 (+0.5% (previous *Economic Outlook*: +0.6%)) (**Chart 3**).

**The Japanese economy will peter out in FY2012**

In the first half of FY2012, the rebound from the downturn due to the earthquake should subside, bringing the pace of growth back to around +1% p.a. to +2% p.a. Even though public demand will remain at high levels because of demand driven by reconstruction works, the pace will moderate and have a smaller contribution to the rate of GDP growth. On the other hand, domestic private demand will serve as the driver of growth, given the rise of personal consumption backed by the recovery of employment and income, and the ongoing expansion of capital investment along with the improvement of corporate earnings. Judging from the sluggish growth of exports reflecting the US and European economic downturn, external demand is unlikely to serve as a significant driver of Japan's economic growth.

In the second half of FY2012, we expect the demand generated by post-disaster reconstruction to peak out. Considering that reconstruction demand at the time of the Great Hanshin-Awaji Earthquake peaked in the second year after the earthquake, we expect that reconstruction-related costs on a fiscal year basis will reach a peak in FY2012. Depending upon the pace of reconstruction, the odds are high that reconstruction demand will peak around the middle of FY2012. In the second half of FY2012, the Japanese economy should lose momentum due to the weak growth of exports, peak-out of public demand and slowdown of private demand. In FY2012, the pace of real GDP growth is forecast to rise to +2.0% (previous *Economic Outlook*: +2.0%) but slow down in the second half of

**Electrical power shortage and tax hike pose downside risks**

the fiscal year.

There are various risk factors surrounding the Japanese economy in FY2012. In terms of domestic factors, (1) the aggravation of the electrical power shortage, and (2) tax hike, pose risks to the economy. As for (1), in the event the nuclear power plants remain suspended after their regular maintenance inspections, the aggravation of the electrical power shortage over the summer may serve as downside risks upon economic activity. Regarding (2), our latest *Economic Outlook* is based upon the reduction of the child allowance under the tripartite agreement (among the Democratic Party of Japan (DPJ), Liberal Democratic Party (LDP) and the New Komeito) and the income tax hike (an increase of approximately JPY1.3 trillion by a 10% surtax). The impact of these risk factors may grow even larger if they coincide with a consumption tax hike.

Furthermore, the risks of a further appreciation of the yen stemming from an overseas economic slowdown such as the US may not be ignored. Even though the Japanese economy has shown remarkable resilience after the earthquake, there are strong uncertainties regarding the sustainability of its recovery in FY2012 due to the foregoing risk factors.

### **III. The US economic stimulus package**

**The US economic stimulus package (the American Jobs Act) may face challenges in congressional passage**

On September 8<sup>th</sup>, US President Barack Obama presented a USD447 billion package of economic measures consisting of employment and investment support for small businesses (USD70 billion), spending on education and infrastructure (USD140 billion), spending to extend unemployment insurance benefits and programs to alleviate long-term joblessness (USD62 billion), and the extension and expansion of the payroll tax cut (USD175 billion). To fund the package, President Obama proposed tax hikes toward the wealthy and large enterprises, aiming to achieve fiscal neutrality over the next decade.

Our latest *Economic Outlook* does not take into consideration the impact of the foregoing stimulus package. Even though the size of the package is around 3% of nominal GDP, the new spending and tax hikes may face fierce opposition from the Republican Party. Furthermore, considering the closer scrutiny by credit rating agencies, the odds are high that the stimulus package may be judged as a slackening of the US stance toward fiscal rehabilitation. In view of the above, the package may face considerable difficulty in congressional passage, making a reduction in size quite possible.

Furthermore, even if the package is passed, a future backlash will be inevitable. In other words, even if the measures are implemented, it would be overly optimistic to presume that it will succeed in stimulating the “animal spirits” of corporate enterprises and boost the US economy into recovery mode.

While it will be necessary to monitor the course of congressional deliberations

we do not believe that the proposal of the jobs stimulus package requires us to change our outlook that US economic growth will remain excruciatingly weak under fiscal tightening pressures.

[ Chart 3: Outlook on the Japanese economy ]

		FY2009	FY2010	FY2011	FY2012	2010		2011				2012				2013
						Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GDP (real)	Q-o-q % ch	-2.4	2.3	0.5	2.0	1.0	-0.6	-0.9	-0.5	1.8	0.6	0.5	0.4	0.4	0.3	0.1
	Q-o-q % ch p.a.	--	--	--	--	4.0	-2.4	-3.7	-2.1	7.3	2.5	1.8	1.8	1.8	1.0	0.2
Domestic demand	Q-o-q % ch	-2.7	1.5	0.8	1.6	1.3	-0.5	-0.7	0.2	0.9	0.5	0.5	0.4	0.4	0.2	0.0
Private sector demand	Q-o-q % ch	-5.0	2.0	0.4	1.9	1.7	-0.5	-1.2	-0.1	1.1	0.5	0.6	0.4	0.5	0.2	0.0
Personal consumption	Q-o-q % ch	0.0	0.8	-0.2	0.9	1.0	-0.9	-0.6	-0.0	0.5	0.1	0.4	0.1	0.2	0.2	0.1
Housing investment	Q-o-q % ch	-18.2	-0.3	1.8	3.7	2.1	2.8	0.2	-1.8	1.6	2.1	-3.0	1.2	3.4	1.2	0.6
Capital investment	Q-o-q % ch	-13.6	4.2	1.2	4.8	1.0	-0.0	-1.4	-0.9	2.5	1.5	0.8	1.2	1.5	0.7	0.5
Inventory investment	Q-o-q contribution, % pt	-1.1	0.5	0.2	0.1	0.5	0.0	-0.3	0.1	0.1	0.1	0.2	0.0	-0.1	-0.1	-0.1
Public sector demand	Q-o-q % ch	5.2	-0.0	1.9	0.8	-0.1	-0.6	0.6	1.2	0.3	0.3	0.2	0.2	0.2	0.0	-0.1
Government consumption	Q-o-q % ch	3.5	2.2	1.8	0.6	0.4	0.4	0.8	0.6	0.2	0.2	0.1	0.2	0.1	0.1	0.1
Public investment	Q-o-q % ch	14.2	-10.0	2.4	1.6	-1.8	-5.6	-0.7	4.3	0.9	0.9	0.8	0.6	0.5	-0.5	-1.0
External demand	Q-o-q contribution, % pt	0.3	0.9	-0.3	0.3	-0.2	-0.1	-0.2	-0.8	0.8	0.1	-0.1	0.0	0.0	0.1	0.0
Exports	Q-o-q % ch	-9.6	17.0	1.1	5.2	0.7	-1.0	0.0	-4.9	7.2	2.1	0.4	1.0	0.8	0.8	0.4
Imports	Q-o-q % ch	-11.0	10.9	3.6	3.3	2.6	-0.6	1.4	-0.0	1.6	1.5	0.9	0.7	0.7	0.3	0.2
GDP (nominal)	Q-o-q % ch	-3.7	0.4	-1.1	1.8	0.5	-1.0	-1.5	-1.5	1.9	0.6	0.5	0.2	0.2	0.5	0.0
GDP deflator	Y-o-y % ch	-1.3	-1.9	-1.5	-0.2	-2.1	-1.6	-1.9	-2.2	-1.8	-1.4	-0.6	-0.2	-0.4	-0.2	-0.1
Domestic demand deflator	Y-o-y % ch	-2.2	-1.1	-0.6	-0.6	-1.5	-1.1	-0.9	-0.9	-0.5	-0.5	-0.5	-0.9	-0.7	-0.5	-0.2

Source: Made by MHRI based upon Cabinet Office, *Preliminary Quarterly Estimates of GDP*.

		FY2009	FY2010	FY2011	FY2012	2010		2011				2012				2013
						Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Industrial production	Q-o-q % ch	-8.8	8.9	0.4	6.5	-1.0	-0.1	-2.0	-4.0	5.9	2.9	1.8	0.4	1.4	1.0	0.9
Ordinary profits	Y-o-y % ch	2.1	38.9	-1.4	10.3	54.1	27.3	11.4	-14.6	-1.8	5.8	5.1	18.7	14.4	8.6	1.8
Nominal labor compensation	Y-o-y ch	-3.6	1.0	0.1	1.0	1.2	0.9	0.6	0.2	-0.1	-0.3	0.8	1.1	1.2	1.1	0.6
Unemployment rate	%	5.2	5.0	4.6	4.3	5.0	5.0	4.7	4.6	4.7	4.6	4.5	4.4	4.4	4.3	4.2
New housing starts	P.a., 10,000 units	77.5	81.9	82.6	89.2	81.5	84.3	84.2	81.0	84.0	82.3	83.3	85.6	88.1	90.6	93.1
Current account balance	P.a., JPY tril	15.8	16.1	13.1	17.0	17.6	17.3	13.0	7.4	13.8	15.7	15.5	16.1	16.8	18.3	17.5
Domestic corporate goods prices	Y-o-y % ch	-5.2	0.7	-1.4	-1.1	-0.1	1.0	1.7	2.4	2.4	1.2	-0.3	-1.8	-1.4	-0.8	-0.3
Consumer prices	Y-o-y % ch	-1.6	-0.8	-0.4	-0.8	-1.1	-0.5	-0.8	-0.2	-0.1	-0.6	-0.8	-1.0	-1.0	-0.7	-0.5
Uncollateralized overnight call rate	%	0.08	0.06	0 ~ 0.10	0 ~ 0.10	0.11	0.08	0.06	0.07	0 ~ 0.10	0 ~ 0.10	0 ~ 0.10	0 ~ 0.10	0 ~ 0.10	0 ~ 0.10	0 ~ 0.10
Yield on newly-issued 10-yr JGBs	%	1.35	1.13	1.08	1.08	0.99	1.07	1.24	1.16	1.05	1.05	1.05	1.05	1.05	1.10	1.10
Nikkei average	JPY	9,974	9,961	9,550	10,300	9,357	9,836	10,308	9,612	9,300	9,300	9,800	9,800	10,100	10,400	10,400
Exchange rate	JPY/USD	93.0	86.0	79.0	76.0	85.9	82.6	82.3	82.0	78.0	78.0	77.0	75.0	76.0	77.0	77.0
Crude oil price (WTI nearest term contract)	USD/bbl	71.0	84.0	89.0	84.0	76.2	85.2	94.6	102.0	86.0	84.0	83.0	82.0	83.0	85.0	86.0

Notes: 1. The readings above may differ from public releases because the rates of change are calculated based upon actual results.

2. Ordinary profits are based upon the *Financial Statements Statistics of Corporations by Industry (all industries)*.

3. Consumer prices exclude fresh food (2010 base).

4. Quarterly data on the unemployment rate, new housing starts and current account balance are seasonally-adjusted. Unemployment rate excludes data on Iwate, Miyagi and Fukushima prefectures.

5. Of the finance-relate indices, the uncollateralized overnight call rate refers to the rate at the end of term and all others are averages during the relevant terms.

Sources: Made by MHRI based upon Cabinet Office, *Preliminary Quarterly Estimates of GDP*, Ministry of Economy, Trade and Industry, *Indices of Industrial Production*, Ministry of Finance, *Financial Statements, Statistics of Corporations by Industry, Quarterly*, Ministry of Internal Affairs and Communications, *Labor Force Survey, Consumer Price Index*, Ministry of Land, Infrastructure, Transport and Tourism, *Current Survey on Construction Statistics*, Bank of Japan, *Balance of Payments, Corporate Goods Price Index, Financial and Economic Statistics Monthly, Foreign Exchange Rates*, Japan Bond Trading Co., Ltd., *Latest Daily JGB Rates*, Nikkei Inc. and Bloomberg.

[ Chart 4: Outlook on the US economy ]

	2011				2012				2010 (Actual)	2011 (Forecast)	2012 (Forecast)
	Jan-Mar (Actual)	Apr-Jun (Actual)	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec			
GDP (q-o-q % ch, p.a.)	0.4	1.0	1.2	2.5	0.6	1.1	1.5	2.1	3.0	1.6	1.4
Personal consumption (q-o-q % ch, p.a.)	2.1	0.4	1.3	2.6	1.2	1.8	1.7	2.3	2.0	2.1	1.7
Housing investment (q-o-q % ch, p.a.)	-2.4	3.4	0.0	0.0	0.0	0.0	0.0	0.0	-4.3	-2.3	0.2
Capital investment (q-o-q % ch, p.a.)	2.1	9.9	6.3	9.4	-1.1	7.5	7.3	7.0	4.4	7.8	5.6
Inventory investment (USD billion p.a.)	49.1	40.6	30.0	35.0	40.0	30.0	35.0	40.0	58.8	38.7	36.3
Government spending (q-o-q % ch, p.a.)	-5.9	-0.9	-0.5	-2.0	-4.0	-4.0	-4.0	-3.0	0.7	-2.0	-2.9
Net exports (USD billion p.a.)	-424.4	-421.3	-420.0	-419.9	-404.4	-400.1	-395.6	-391.0	-421.8	-421.4	-397.8
Exports (q-o-q % ch, p.a.)	7.9	3.1	4.0	5.0	6.0	6.5	6.5	6.5	11.3	6.6	5.6
Imports (q-o-q % ch, p.a.)	8.3	1.9	3.0	4.0	2.0	4.5	4.5	4.5	12.5	5.3	3.4
Domestic final demand (q-o-q % ch, p.a.)	0.4	1.1	1.4	2.3	-0.1	1.2	1.2	1.8	1.8	1.7	1.1
Unemployment rate (%)	8.9	9.1	9.1	9.0	8.9	8.9	8.9	8.9	9.6	9.0	8.9
Nonfarm payrolls (per month, 1,000)	141	158	115	156	115	116	116	116	-81	114	126
Disposable income (q-o-q % ch, p.a.)	5.2	4.2	4.0	4.5	0.4	4.2	3.7	4.4	3.6	4.3	3.2
Personal saving rate (%)	5.0	5.2	5.5	5.6	5.0	5.1	5.2	5.2	3.4	5.3	5.1
PCE deflator (y-o-y % ch)	1.8	2.5	2.7	2.5	2.0	1.6	1.7	1.8	1.8	2.4	1.8
Core PCE deflator ex food and energy (y-o-y % ch)	1.1	1.3	1.4	1.6	1.6	1.4	1.4	1.5	1.4	1.3	1.5

Sources: US Department of Commerce, US Department of Labor, MHR.

[ Chart 5: Outlook on the Eurozone economy ]

(%)

	2009	2010	2011	2012	2010		2011		2012	
	(Actual)	(Actual)	(Forecast)	(Forecast)	1H	2H	1H	2H (Forecast)	1H (Forecast)	2H (Forecast)
Real GDP	-4.2	1.7	1.7	1.0	2.0	2.0	2.0	0.7	1.0	1.5
Y-o-y % ch of 4th qtr of each year (% ch o-y-a for half year terms)	-2.1	2.0	1.3	1.4	1.5	2.0	2.0	1.3	0.8	1.2
Private-sector consumption	-1.2	0.8	0.6	0.8	1.1	1.0	0.4	0.4	0.8	1.4
Government spending	2.5	0.5	0.2	-0.5	-0.2	0.4	0.7	-0.8	-0.4	-0.2
Fixed capital formation	-12.0	-1.0	2.6	1.8	0.0	1.8	3.6	1.3	1.5	2.8
External demand (contribution)	-0.6	0.7	0.7	0.4	0.3	0.7	0.7	0.8	0.4	0.1
Exports	-12.9	10.6	6.4	4.4	13.4	9.4	6.5	3.5	4.2	5.9
Imports	-11.7	8.9	4.8	3.7	13.0	8.0	4.9	1.6	3.5	5.9
Inventories, balancing items (contribution)	-0.9	0.6	0.1	-0.1	1.1	0.3	0.2	-0.4	-0.1	0.1
Domestic demand	-3.6	1.0	0.9	0.4	1.7	1.4	1.3	-0.2	0.6	1.4
Consumer prices	0.3	1.6	2.5	1.7	1.4	1.9	2.6	2.5	1.8	1.6
Core inflation rate	1.4	1.0	1.5	1.5	0.9	1.1	1.4	1.6	1.6	1.4

Notes: 1. Calendar-year data refer to the y-o-y % ch. Half-year term figures refer to the % change from the previous term (p.a.) for GDP, and the % change from the previous year for consumer prices. The shaded columns are forecasts.

2. Growth rate adjusted for operating days.

Sources: Eurostat, MHR.



[ Chart 6: Outlook on the Asian economies ]

(%)

	2009	2010	2011		2012	
				Previous		Previous
Asia	6.1	9.3	7.8	7.9	7.6	7.6
China	9.2	10.4	9.5	9.5	9.3	9.3
NIEs	-0.8	8.4	4.5	4.5	3.9	3.9
South Korea	0.3	6.2	4.0	4.0	4.0	4.0
Taiwan	-1.9	10.9	4.8	4.8	3.8	3.8
Hong Kong	-2.7	7.0	5.5	5.5	3.1	3.1
Singapore	-0.8	14.5	5.3	5.3	4.1	4.1
ASEAN5	1.6	6.9	5.2	5.3	5.2	5.3
Indonesia	4.6	6.1	6.3	6.3	6.2	6.2
Thailand	-2.3	7.8	3.7	4.2	3.9	4.3
Malaysia	-1.6	7.2	4.8	4.7	4.2	4.3
Philippines	1.1	7.6	4.4	4.8	5.1	5.2
Vietnam	5.3	6.8	5.7	5.7	6.0	6.0
India	7.0	8.9	7.8	7.8	7.3	7.5

Notes: 1. Real GDP growth rate (y-o-y ch). The shaded columns are forecasts.  
 2. Averages are calculated by the 2010 GDP share (PPP basis) by the IMF.  
 3. Data in the "Previous" column are forecasts in MHRl's Economic Outlook dated August 17, 2011.

Sources: Statistical data of relevant countries, MHRl.

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