

FY2011, FY2012 and FY2013 Economic Outlook

REVISED
To reflect the
2nd QE for the
Oct-Dec Qtr
of 2011

March 2012

Key points of Mizuho Research Institute's (MHRI) outlook on the economy in FY2011, FY2012 and FY2013 reflecting *The Second Preliminary Quarterly Estimates of GDP (2nd QE)* of Japan for the Oct-Dec quarter of 2011

<The US Economy >

Weak growth due to household balance sheet adjustment and fiscal austerity

2012: +1.9% (previous forecast +1.8%)

2013: +1.4% (previous forecast +1.2%)

<The Eurozone Economy >

Fiscal austerity will drag down growth. Uncertainties regarding the sovereign debt crisis will linger

2012: -0.4% (previous forecast -0.4%)

2013: +0.8% (previous forecast +0.8%)

<The Asian Economy >

Slowdown mainly among export-driven countries. Chinese domestic demand will remain firm

2012: +6.6% (previous forecast +6.8%)

2013: +6.5% (previous forecast +6.7%)

<The Japanese Economy >

Growth to fall into negative territory due to double supply constraints of the Great East Japan Earthquake and Thai floods

FY2011: -0.2% (previous forecast -0.4%)

Full-fledged reconstruction demand. Domestic demand-driven growth, given solid personal consumption

FY2012: +2.0% (previous forecast +1.9%)

Slow-down due to peak-out of reconstruction demand. Surge of demand prior to tax hike will push up growth in the second half of the fiscal year

FY2013: +1.1% (previous forecast +1.1%)

This English-language translation is based upon the outlook in Japanese released on March 8, 2012. 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.

I. The current state of the Japanese economy

Growth was revised up sharply in the 2nd QE for the Oct-Dec quarter of 2011

The *Second Preliminary Quarterly Estimates of GDP* (“2nd QE”) for the Oct-Dec quarter of 2011 released by the Cabinet Office on March 8, 2012 revealed a dramatic upward revision of Japan’s real GDP growth in the Oct-Dec quarter to -0.2% q-o-q (-0.7% p.a.) from -0.6% q-o-q (-2.3 % p.a.) in the *First Preliminary Quarterly Estimates of GDP* (“1st QE”) (**Chart 1**). The upward revision of domestic demand reflecting the recent release of the *Financial Statements Statistics of Corporations by Industry* portrayed a clearer picture that Japan’s domestic demand continued to hold up well amid the fall of exports due to factors such as the flooding in Thailand.

Looking closer at each of the components of demand, capital investment was revised up sharply from 1.9% q-o-q in the 1st QE to +4.8% q-o-q, reflecting data releases such as the *Financial Statements Statistics of Corporations by Industry*. The contribution by private-sector inventory investment to quarterly real GDP growth remained unchanged at -0.3% pt in the 1st QE. Turning to other components of domestic private demand, both personal consumption (+0.3% q-o-q in the 1st QE → +0.4% q-o-q in the 2nd QE) and housing investment (-0.8% q-o-q in the 1st QE → -0.7% q-o-q in the 2nd QE) were subject to slight upward revisions. As a result, the contribution by domestic private demand to quarterly real GDP growth was revised up to +0.5% pt from +0.1% pt in the 1st QE.

As for public demand, both government consumption (+0.3% q-o-q in the 1st QE → +0.4% q-o-q in the 2nd QE) and public investment (-2.5% q-o-q in the 1st QE → -2.2% q-o-q in the 2nd QE) were revised upward. The contribution by public demand to quarterly real GDP growth has improved slightly to -0.0% pt from -0.1% pt in the 1st QE. The contribution by domestic demand – combining both private

[Chart 1: The 2nd QE of the Oct-Dec quarter of 2011]

	(Q-o-q % change)					1st QE Oct-Dec
	2010 Oct-Dec	2011				
	Oct-Dec	Jan-Mar	Aqr-Jun	Jul-Sep	Oct-Dec	
Domestic gross expenditure	-0.2	-1.8	-0.3	1.7	-0.2	-0.6
(Q-o-q change, p.a.)	-0.6	-6.9	-1.2	7.1	-0.7	-2.3
(Y-o-y change)	3.1	-0.3	-1.7	-0.4	-0.6	-1.0
Domestic demand	-0.1	-1.6	0.7	1.0	0.5	0.1
	(-0.1)	(-1.6)	(0.7)	(1.0)	(0.5)	(0.1)
Private demand	0.0	-2.1	0.3	1.3	0.7	0.2
	(-0.0)	(-1.6)	(0.2)	(1.0)	(0.5)	(0.1)
Consumption	0.1	-1.1	0.3	1.0	0.4	0.3
Housing investment	4.0	1.6	-2.4	4.5	-0.7	-0.8
Capital investment	-1.9	-0.6	-0.1	0.3	4.8	1.9
Inventory	(0.1)	(-0.9)	(0.1)	(0.2)	(-0.3)	(-0.3)
Public demand	-0.2	0.0	1.8	0.0	-0.1	-0.2
	(-0.0)	(-0.0)	(0.5)	(-0.0)	(-0.0)	(-0.1)
Government final consumption expenditures	0.4	0.5	0.8	0.3	0.4	0.3
Public investment	-3.3	-2.4	6.6	-1.6	-2.2	-2.5
Net exports of goods & services	(-0.1)	(-0.2)	(-1.0)	(0.8)	(-0.6)	(-0.6)
Exports	-0.3	-0.3	-6.2	8.6	-3.1	-3.1
Imports	0.3	1.0	0.3	3.4	1.0	1.0
Nominal GDP	-0.7	-2.1	-1.2	1.4	-0.5	-0.8
GDP deflator (y-o-y change)	-1.9	-1.9	-2.3	-2.1	-1.8	-1.6

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

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

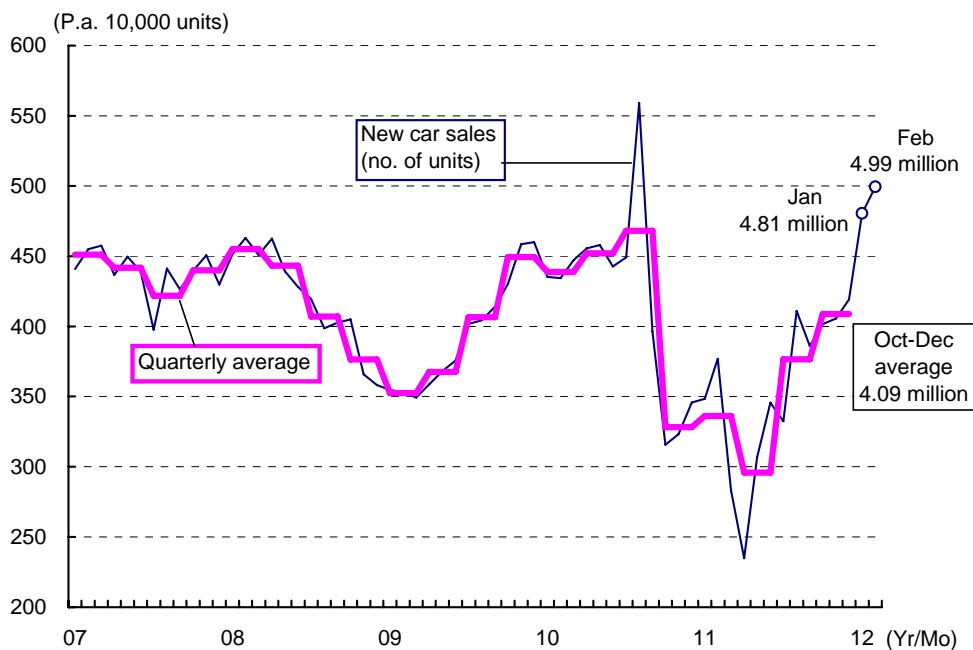
Real GDP growth will rise into positive territory in 2012 Jan-Mar qtr. FY2011 real GDP: -0.2%

and public demand – was revised to +0.5% pt (+0.1% pt in the 1st QE).

On the other hand, the growth of both exports (-3.1% q-o-q) and imports (+1.0% q-o-q) and the contribution by external demand to quarterly real GDP growth (-0.6% pt) remained unchanged from the 1st QE.

In the Jan-Mar quarter of 2012, an upturn of exports is expected along with the normalization of automotive production. In addition, public demand is expected to grow, along with the emergence of full-fledged demand related to reconstruction after the Great East Japan Earthquake, reflecting the passage of the third supplementary budget. The odds are high that personal consumption will also continue to expand, as indicated by the rise of domestic car sales reflecting the reintroduction of the government’s eco-car subsidy program (**Chart 2**). Our outlook forecasts strong growth in the Jan-Mar quarter (+3.4% q-o-q p.a.), leading to an upward revision of our forecast on full-year FY2011 real GDP growth to -0.2% (MHRI outlook in February -0.4%).

[Chart 2: New car sales (no. of units)]



Note: Adjusted for seasonal factors by MHRI.
 Source: Made by MHRI based upon releases by the Japan Automobile Dealers Association.

II. Forecast on the Japanese economy in FY2012 and FY2013

The economy will remain on recovery track due to reconstruction demand.

FY2012 real GDP growth: +2.0%

Reconstruction demand will peak out. FY2013 growth will slow down to +1.1%

Despite forecasts on Japan's sluggish exports due to the weak overseas economies and strength of the yen, the Japanese economy should remain on recovery track in the first half of FY2012 due to factors such as the emergence of demand related to reconstruction from the earthquake disaster. In particular, public investment is expected to grow rapidly and serve as the driver of the economic recovery in the first half of FY2012.

Furthermore, amid the gradual improvement of labor market conditions, personal consumption should remain on firm footing, given additional upside factors such as the reintroduction of the eco-car subsidy program. Together with the steady expansion of capital investment reflecting the improvement of corporate earnings, domestic private demand is forecast to grow strongly during this period.

However, from the second half of the fiscal year, public investment will likely take a downturn from the previous half-year period even though the level itself will remain high. Given the loss of its growth engine, amid the ongoing stagnation of exports, the Japanese economy should start to show signs of slowdown toward the end of the fiscal year.

On a fiscal year basis, the rate of real GDP growth should rise to 2.0% in FY2012 (MHRI outlook in February: +1.9%).

The Japanese economy will enter a "soft patch" in the first half of FY2013 due to a double punch of the peak-out of reconstruction demand and export stagnation accompanying the overseas economic slump. Reconstruction demand on a fiscal year basis will likely reach a peak sometime in FY2012 and public investment will continue to decline throughout FY2013. Furthermore, given the fading impact of the eco-car subsidies which are currently scheduled to be terminated at the end of January 2013, personal consumption growth is also expected to slow down. Note that the Japanese economy risks falling into a recession during this period, depending upon overseas economic trends.

In the second half of FY2013, the last-minute rush of demand prior to the consumption tax hike should serve to push up domestic demand. The *Comprehensive Reform of Social Security and Tax* sets forth a roadmap to raise the consumption tax to 8% in April 2014 and to 10% in October 2015. In the run-up to the tax hike, the last-minute demand in forms such as personal consumption and housing investment should push up the rate of economic growth in the second half of FY2013.

Thus, even though the economy will slide into a soft patch in the first half of FY2013, a last-minute rush of demand is forecast to push up the rate of growth in the second half of the fiscal year. On a fiscal year basis, the pace of real GDP

**Revision of forecasts on
US economic growth,
JPY/USD exchange rate
and crude oil**

growth is forecast to slow down from FY2012 to +1.1% (MHRI outlook in February: +1.1%).

Note that there has been a slight weakening of the yen against the dollar, reflecting the Bank of Japan's (BOJ) reinforcement of monetary easing measures in February and the rise of expectations toward US economic recovery. Meanwhile, the price of crude oil (WTI) has been moving at a high level above USD100/bbl due to the rise of tensions surrounding Iran.

In our latest economic outlook, we have made a slight upward revision to our forecast on the US economy (2012: MHRI outlook in February +1.8% → latest outlook +1.9%, 2013: MHRI outlook in February +1.2% → latest outlook +1.4%). While we have revised up our outlook on personal consumption to reflect the upward revisions of household income data, our basic view remains unchanged that personal consumption will continue to stagnate under balance sheet adjustment pressures during the forecast horizon. In view of the stronger impact of fiscal tightening in 2013, we still believe that speculation may rise on the implementation of further quantitative easing measures (dubbed "QE3") by the Federal Reserve Board (FRB) from the second half of 2012 onward.

Thus, it is still premature at present to conclude that the yen has changed its course and will continue to weaken against the dollar. Even though we have revised our forecast in the direction of a weaker yen in view of recent developments, we have kept the breadth of the revision narrow (FY2012 average: MHRI outlook in February JPY76/USD → latest outlook JPY78/USD, FY2013 average: MHRI outlook in February JPY76/USD → latest outlook JPY78/USD).

MHRI still maintains its outlook that the global economy may stagnate in 2013 mainly among the developed countries where the impact of fiscal tightening will intensify. Even with respect to the price of crude oil (WTI) which has been trending high, we have kept our revision (from our outlook in February) minimal due to our view that there is a high possibility that crude oil prices may fall going forward due to an easing of the supply-demand balance (FY2012 average: MHRI outlook in February USD91/bbl → latest outlook USD93/bbl, FY2013 average: unchanged from the MHRI outlook in February at USD82/bbl).

[Chart 3: Outlook on the Japanese economy]

		FY2010	FY2011	FY2012	FY2013	2011				2012				2013				2014
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GDP (real)	Q-o-q % ch	3.1	-0.2	2.0	1.1	-1.8	-0.3	1.7	-0.2	0.8	0.6	0.4	0.2	0.1	0.0	0.3	0.7	0.8
	Q-o-q % ch p.a.	--	--	--	--	-6.9	-1.2	7.1	-0.7	3.4	2.5	1.7	0.8	0.3	0.0	1.4	2.9	3.4
Domestic demand	Q-o-q % ch	2.4	0.7	2.0	1.1	-1.6	0.7	1.0	0.5	0.6	0.6	0.4	0.2	0.1	0.0	0.3	0.7	0.9
Private sector demand	Q-o-q % ch	3.0	0.4	2.1	1.4	-2.1	0.3	1.3	0.7	0.5	0.5	0.4	0.3	0.2	0.1	0.3	0.8	1.1
Personal consumption	Q-o-q % ch	1.5	0.8	1.3	1.1	-1.1	0.3	1.0	0.4	0.7	0.2	0.1	0.0	0.0	0.1	0.2	0.7	1.4
Housing investment	Q-o-q % ch	2.3	2.5	0.1	6.8	1.6	-2.4	4.5	-0.7	-4.9	1.4	0.5	2.0	1.7	0.5	3.0	4.0	-2.4
Capital investment	Q-o-q % ch	3.5	1.7	4.7	1.8	-0.6	-0.1	0.3	4.8	0.4	0.8	1.0	0.7	0.4	0.3	0.4	0.4	0.5
Inventory investment	Q-o-q contribution, % pt	0.8	-0.5	0.2	0.0	-0.9	0.1	0.2	-0.3	0.0	0.1	0.1	0.1	0.1	-0.1	-0.0	0.0	0.0
Public sector demand	Q-o-q % ch	0.5	2.0	1.5	0.2	-0.0	1.8	-0.0	-0.1	0.8	0.8	0.3	0.0	-0.1	-0.1	0.2	0.3	0.4
Government consumption	Q-o-q % ch	2.3	1.9	0.8	1.1	0.5	0.8	0.3	0.4	0.2	0.2	0.1	0.2	0.1	0.3	0.4	0.4	0.6
Public investment	Q-o-q % ch	-6.8	2.0	5.1	-4.1	-2.4	6.6	-1.6	-2.2	3.4	3.8	1.4	-1.0	-1.3	-2.1	-0.9	-0.3	-0.4
External demand	Q-o-q contribution, % pt	0.8	-0.9	0.0	-0.1	-0.2	-1.0	0.8	-0.6	0.3	-0.0	-0.0	0.0	-0.0	-0.1	0.1	-0.0	-0.1
Exports	Q-o-q % ch	17.2	-1.3	3.5	1.6	-0.3	-6.2	8.6	-3.1	2.0	0.7	0.7	0.7	-0.1	-0.1	0.8	0.9	0.9
Imports	Q-o-q % ch	12.0	4.9	3.1	2.1	1.0	0.3	3.4	1.0	0.2	0.7	0.7	0.6	0.2	0.3	0.4	0.9	1.5
GDP (nominal)	Q-o-q % ch	1.1	-2.1	1.7	1.1	-2.1	-1.2	1.4	-0.5	0.9	0.2	0.7	0.0	0.5	-0.5	0.7	0.5	1.2
GDP deflator	Y-o-y % ch	-1.9	-1.9	-0.3	0.0	-1.9	-2.3	-2.1	-1.8	-1.3	-1.0	-0.3	-0.3	0.2	0.0	0.0	0.0	-0.1
Domestic demand deflator	Y-o-y % ch	-1.2	-0.7	-0.4	-0.5	-1.0	-1.0	-0.7	-0.5	-0.6	-0.5	-0.5	-0.5	-0.2	-0.5	-0.5	-0.5	-0.5

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

		FY2010	FY2011	FY2012	FY2013	2011				2012				2013				2014
						Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Industrial production	Q-o-q % ch	8.9	-2.3	5.1	1.8	-2.0	-4.0	4.3	-0.4	2.9	0.8	1.1	1.0	-0.2	0.0	0.8	0.8	0.8
Ordinary profits	Y-o-y % ch	39.0	-4.5	8.6	6.3	11.0	-13.2	-3.1	-5.4	4.4	16.5	9.6	6.2	3.2	3.5	5.9	7.2	8.3
Nominal labor compensation	Y-o-y % ch	0.5	0.2	0.5	0.5	0.6	0.3	-0.2	0.3	0.3	0.6	0.5	0.5	0.2	0.2	0.7	0.6	0.5
Unemployment rate	%	5.0	4.5	4.3	4.1	4.8	4.6	4.4	4.5	4.5	4.4	4.3	4.2	4.2	4.2	4.1	4.0	4.1
New housing starts	P.a., 10,000 units	81.9	83.2	84.2	90.6	83.2	82.4	88.3	79.6	82.1	82.1	82.8	85.8	86.1	87.6	91.1	94.1	88.8
Current account balance	P.a., JPY tril	16.1	8.4	10.6	13.2	13.8	7.5	10.3	7.4	8.3	8.6	11.3	11.0	12.4	10.8	14.2	13.9	14.8
Domestic corporate goods prices	Y-o-y % ch	0.7	1.8	-0.4	-0.4	1.8	2.5	2.7	1.5	0.5	-0.7	-0.6	-0.0	-0.2	-0.4	-0.3	-0.5	-0.5
Consumer prices	Y-o-y % ch	-0.8	-0.1	-0.2	-0.5	-0.8	-0.2	0.2	-0.2	-0.1	-0.2	-0.2	-0.2	-0.4	-0.6	-0.6	-0.5	-0.4
Uncollateralized overnight call rate	%	0.06	0~0.10	0~0.10	0~0.10	0.06	0.07	0.08	0.08	0~0.10	0~0.10	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	%	1.13	1.05	1.04	1.00	1.24	1.16	1.04	1.03	0.98	1.00	1.00	1.05	1.10	1.00	1.00	1.00	1.00
Nikkei average	JPY	9,961	9,200	9,700	9,700	10,308	9,612	9,255	8,582	9,200	9,500	9,700	9,900	9,700	9,500	9,500	9,800	10,000
Exchange rate	JPY/USD	86.0	79.0	78.0	78.0	82.3	81.7	77.8	77.4	78.0	79.0	77.0	78.0	77.0	77.0	77.0	79.0	80.0
Crude oil price (WTI nearest term contract)	USD/bbl	84.0	97.0	93.0	82.0	94.6	102.3	89.5	94.1	103.0	98.0	93.0	92.0	88.0	85.0	81.0	81.0	82.0

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) (ex finance & insurance, and production, transmission and distribution of electricity services).

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.

5. Of the finance-related 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				2013				2011 (Actual)	2012 (Forecast)	2013 (Forecast)
	Jul-Sep (Actual)	Oct-Dec (Actual)	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec			
GDP (q-o-q % ch, p.a.)	1.8	3.0	1.2	2.0	2.2	1.8	0.9	1.0	1.1	1.3	1.7	1.9	1.4
Personal consumption (q-o-q % ch, p.a.)	1.7	2.1	1.9	2.8	2.7	2.7	1.1	1.9	2.0	2.1	2.2	2.2	2.0
Housing investment (q-o-q % ch, p.a.)	1.3	11.5	7.0	3.0	3.0	3.0	4.0	4.0	4.0	4.0	-1.4	5.4	3.6
Capital investment (q-o-q % ch, p.a.)	15.7	2.8	2.5	7.5	7.3	7.0	6.0	5.5	5.0	5.0	8.7	6.4	6.1
Inventory investment (USD billion p.a.)	-2.0	54.3	49.0	39.0	39.0	29.0	39.0	37.0	37.0	37.0	35.1	39.0	37.5
Government spending (q-o-q % ch, p.a.)	-0.1	-4.4	-3.0	-3.0	-3.0	-3.0	-5.4	-5.4	-5.4	-5.4	-2.1	-2.8	-4.5
Net exports (USD billion p.a.)	-402.8	-404.4	-401.4	-399.5	-397.4	-397.6	-394.0	-393.1	-392.3	-391.4	-412.0	-399.0	-392.7
Exports (q-o-q % ch, p.a.)	4.7	4.3	5.0	3.5	3.5	3.0	2.0	2.0	2.0	2.0	6.8	4.1	2.5
Imports (q-o-q % ch, p.a.)	1.2	3.8	3.5	2.5	2.5	2.5	1.0	1.5	1.5	1.5	4.9	2.8	1.7
Domestic final demand (q-o-q % ch, p.a.)	2.7	1.1	1.2	2.2	2.1	2.1	0.5	1.0	1.1	1.2	1.8	1.7	1.3
Unemployment rate (%)	9.1	8.7	8.4	8.3	8.3	8.2	8.2	8.3	8.3	8.3	9.0	8.3	8.3
Nonfarm payrolls (per month, 1,000)	98	149	197	187	176	177	134	134	134	135	125	169	151
Disposable income (q-o-q % ch, p.a.)	3.1	2.6	3.8	4.8	4.7	4.6	0.3	3.7	3.7	3.7	3.8	3.7	3.2
Personal saving rate (%)	4.6	4.5	4.5	4.6	4.7	4.8	4.3	4.4	4.5	4.6	4.7	4.6	4.4
PCE deflator (y-o-y % ch)	2.9	2.7	2.1	1.7	1.4	1.5	1.4	1.4	1.3	1.2	2.5	1.7	1.3
Core PCE deflator ex food and energy (y-o-y % ch)	1.6	1.8	1.8	1.6	1.5	1.6	1.5	1.6	1.6	1.6	1.5	1.6	1.6

Note: Readings from the Jan-Mar quarter of 2012 are forecasts as of March 7, 2012.
Sources: US Department of Commerce, US Department of Labor, MHLI.

[Chart 5: Outlook on the Eurozone economy]

	(%)										
	2010	2011	2012	2013	2010			2011		2012	
	(Actual)	(Actual)	(Forecast)	(Forecast)	2H	1H	2H	1H	2H	1H (Forecast)	2H (Forecast)
Real GDP	1.8	1.5	-0.4	0.8	2.0	1.9	0.1	-1.1	0.4		
Y-o-y % ch of 4th qtr of each year (% ch o-y-a for half year terms)	2.0	0.7	-0.1	1.1	2.0	2.0	1.0	-0.5	-0.4		
Private-sector consumption	0.8	0.2	-0.3	1.0	1.2	0.1	-0.4	-0.7	0.9		
Government spending	0.5	0.1	-1.2	-1.1	0.4	0.3	-0.5	-1.4	-1.6		
Fixed capital formation	-0.7	1.6	-1.0	1.6	2.0	3.0	-1.3	-1.6	0.7		
External demand (contribution)	0.8	1.0	0.6	0.0	0.8	1.0	1.3	0.5	-0.1		
Exports	11.1	6.3	1.3	3.8	10.7	5.5	3.7	-0.6	2.6		
Imports	9.4	4.0	0.0	4.1	9.0	3.2	0.7	-1.8	2.9		
Inventories, balancing items (contribution)	0.6	0.0	-0.4	0.1	0.1	0.3	-0.6	-0.5	0.1		
Domestic demand	1.1	0.5	-1.0	0.8	1.2	1.0	-1.2	-1.6	0.4		
Consumer prices	1.6	2.7	2.3	1.5	1.9	2.6	2.8	2.5	2.0		
Core inflation rate	1.0	1.4	1.6	1.4	1.1	1.4	1.5	1.6	1.5		

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, MHLI.

[Chart 6: Outlook on the Asian economies]

(%)

	2010	2011	2012		2013	
				Previous		Previous
Asia	9.2	7.4	6.6	6.8	6.5	6.7
China	10.4	9.2	8.6	8.6	8.4	8.4
NIEs	8.3	4.0	2.1	2.1	1.8	1.8
South Korea	6.2	3.6	2.5	2.5	2.1	2.1
Taiwan	10.7	4.0	2.2	2.2	2.0	2.0
Hong Kong	7.0	5.0	1.4	1.4	0.8	0.8
Singapore	14.8	4.9	1.0	0.5	0.7	0.7
ASEAN5	7.0	4.4	4.8	4.5	4.4	4.4
Indonesia	6.2	6.5	6.1	6.1	5.4	5.4
Thailand	7.8	0.1	3.8	3.1	3.8	3.9
Malaysia	7.2	5.1	3.5	2.9	2.9	2.9
Philippines	7.6	3.7	3.3	3.3	3.5	3.5
Vietnam	6.8	5.9	5.5	5.5	5.0	5.0
India	8.5	7.1	6.0	6.9	6.0	6.9

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.

Sources: Statistical data of relevant countries, MHRI.

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