

REVISED
to reflect the 2nd
QE for the
Jul-Sep Qtr
of 2012

FY2012 and FY2013 Economic Outlook

December 11, 2012

Key points of Mizuho Research Institute's (MHRI) outlook on the economy in FY2012 and FY2013 revised to reflect the *Second Preliminary Quarterly Estimates of GDP (2nd QE)* of Japan for the Jul-Sep quarter of 2012

<The US Economy >

◆ Economic slowdown due to the "fiscal cliff"

2012: +2.2% (previous forecast +2.1%)
2013: +1.4% (previous forecast +1.4%)

<The Eurozone Economy >

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

2012: -0.4% (previous forecast -0.4%)
2013: +0.0% (previous forecast +0.0%)

<The Asian Economy >

◆ Lower growth rate due to stagnant exports. China's economic recovery will also remain tepid

2012: +6.1% (previous forecast +6.1%)
2013: +6.1% (previous forecast +6.1%)

<The Japanese Economy >

◆ Economic slowdown due to export decline accompanying the slowdown of overseas economies and expiration of the Eco-car subsidy program

FY2012: +1.0% (previous forecast +0.8%)

◆ Gradual recovery in the first half of the fiscal year along with the upturn of exports and consumption. Growth will pick up in the second half of the fiscal year due to a last-minute rush of demand prior to the consumption tax hike

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

This English-language translation is based upon the outlook in Japanese released on December 11, 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. Overview of the Second Preliminary Quarterly Estimates of GDP (2nd QE) of the Jul-Sep quarter of 2012

The 2nd QE revealed that Japan's growth for the Jul-Sep quarter of 2012 remained unchanged from the 1st QE

In the *Second Preliminary Quarterly Estimates of GDP* ("2nd QE") for the Jul-Sep quarter of 2012 released by the Cabinet Office on December 10, 2012, Japan's real GDP growth in the Jul-Sep quarter remained unchanged from the *First Preliminary Quarterly Estimates of GDP* ("1st QE") at -0.9% q-o-q (-3.5% p.a.) (Chart 1).

Looking closer at each of the components of demand, capital investment was revised upward from -3.2% to -3.0% and the contribution by private inventory investment was revised up from +0.2% pt to +0.3% pt, reflecting data releases such as the *Financial Statements Statistics of Corporations by Industry*. As for other components of domestic private sector demand, personal consumption was revised upward (1st QE: -0.5% q-o-q → 2nd QE: -0.4% q-o-q), and housing investment (+0.9% q-o-q) remained unchanged from the 1st QE. Although domestic private-sector demand as a whole was revised upward from -0.6% q-o-q to -0.5% q-o-q, the contribution to quarterly real GDP growth remained unchanged at -0.4% pt.

Turning to public demand, government consumption was revised upward to +0.6% q-o-q (1st QE: +0.3% q-o-q), while public investment was subject to a sharp downward revision to +1.5% q-o-q (1st QE: +4.0% q-o-q). The contribution by public demand to quarterly real GDP growth dipped slightly to +0.2% pt from the 1st QE (+0.3% pt). The contribution by domestic demand – combining both private and public demand – remained unchanged from the 1st QE at -0.2% pt.

Turning to external demand, both exports (1st QE: -5.0% q-o-q → 2nd QE: -5.1% q-o-q) and imports (1st QE: -0.3% q-o-q → 2nd QE: -0.4% q-o-q) were subject to slight downward revisions. However, the contribution by external demand to quarterly real GDP growth remained unchanged from the 1st QE (-0.7% pt).

Chart 1: Jul-Sep Qtr 2012 2nd QE

	(Q-o-q % change)					1st QE Jul-Sep
	2011		2012			
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	
Gross domestic expenditure (Q-o-q change, p.a.)	2.5	0.1	1.4	-0.0	-0.9	-0.9
(Y-o-y change)	10.4	0.3	5.7	-0.1	-3.5	-3.5
Domestic demand	1.7	0.8	1.3	0.1	-0.2	-0.2
Private demand	2.4	1.1	0.9	-0.3	-0.5	-0.6
Consumption	1.4	0.5	1.1	0.1	-0.4	-0.5
Housing investment	4.2	-0.1	-1.1	1.5	0.9	0.9
Capital investment	2.2	7.3	-2.4	0.1	-3.0	-3.2
Inventory investment	(0.5)	(-0.5)	(0.3)	(-0.3)	(0.3)	(0.2)
Public demand	-0.2	0.1	2.5	1.4	0.8	1.1
Government final consumption expenditures	(-0.0)	(0.0)	(0.6)	(0.3)	(0.2)	(0.3)
Public investment	0.1	0.5	1.4	0.5	0.6	0.3
	-1.7	-1.3	7.8	5.4	1.5	4.0
Net exports of goods & services	(0.8)	(-0.7)	(0.1)	(-0.2)	(-0.7)	(-0.7)
Exports	8.8	-3.8	3.3	0.8	-5.1	-5.0
Imports	3.5	1.0	2.4	1.8	-0.4	-0.3
Nominal GDP	2.3	-0.3	1.5	-0.5	-0.9	-0.9
GDP deflator (y-o-y change)	-1.9	-1.6	-1.1	-1.0	-0.8	-0.7

Note: The figures in parentheses indicate the contributions to gross domestic expenditures.
Source: Cabinet Office, *Preliminary Quarterly Estimates of GDP*.

Chart 2: FY2010, FY2011 real GDP growth

	After revision		Before revision	
	FY2010	FY2011	FY2010	FY2011
Gross domestic expenditure (Y-o-y change)	3.4	0.3	3.3	-0.0
Domestic demand	2.6	1.3	2.6	1.0
Private demand	3.4	1.4	3.2	0.6
Consumption	(2.5)	(1.1)	(2.3)	(0.5)
Housing investment	1.7	1.6	1.6	1.2
Capital investment	2.2	3.7	2.6	3.8
Inventory investment	3.6	4.1	3.9	1.1
Public demand	(1.0)	(-0.5)	(0.8)	(-0.5)
Government final consumption expenditures	0.3	0.9	0.8	2.2
Public investment	(0.1)	(0.2)	(0.2)	(0.5)
Net exports of goods & services	0.8	(-1.0)	(0.8)	(-1.0)
Exports	17.3	-1.7	17.4	-1.4
Imports	12.1	5.2	12.3	5.6
Nominal GDP	1.3	-1.4	1.2	-2.0
GDP deflator (y-o-y change)	-2.0	-1.7	-2.1	-1.9

Note: The figures in parentheses indicate the contributions to gross domestic expenditures.
Source: Cabinet Office, *Preliminary Quarterly Estimates of GDP*.

**Upward revision of FY2011
real GDP growth**

In the latest revision, Japan's national accounts for FY2010 were revised from the "revised estimation" to the "final estimation" and from the "preliminary estimation" to the "revised estimation" for FY2011. Accordingly, the rate of real GDP growth was revised up from +3.3% to +3.4% for FY2010 and from -0.0% to +0.3% for FY2011 (**Chart 2**). The "carry-over" of growth to FY2012 rose from +1.4% to +1.7%, serving as an underlying factor for the upward revision of our outlook on real GDP growth in FY2012.

II. Forecast on the Japanese economy in FY2012 and FY2013

**Despite a strong possibility
that growth will remain in
negative territory in the
Oct-Dec quarter, there are
signs that production is
bottoming out. FY2012
real GDP growth: +1.0%**

Growth in the Oct-Dec quarter of 2012 is forecast to remain in negative territory due to the weakness of personal consumption and exports. In addition to the lingering impact of the expiration of the Eco-car subsidy program, the decrease of year-end bonus payments is expected to serve as a drag upon personal consumption. As for exports, a sharp recovery is unlikely, considering persisting inventory adjustment pressures in China.

Having said so, the odds are high that the Japanese economy will pick up from the turn of the New Year. Subsequent to the stronger-than-expected rise of industrial production in October (+1.8% m-o-m), surpassing the forecast index (-1.5% m-o-m), a dramatic rise of industrial output is expected in December (forecast index: +7.5% m-o-m). In addition to the ebb of automobile production cuts in response to the backlash to the Eco-car subsidies, the production of semiconductors and parts etc. accompanying the rise in demand for new information technology (IT)-related products, is swinging into full force. It now appears that industrial production has bottomed out during the period from September to November of 2012. On a GDP-basis, Japan's economic growth is forecast to return to positive territory in the Jan-Mar quarter of 2013, driven by (1) personal consumption emerging out of the downturn subsequent to the expiration of the Eco-car subsidy program and (2) a gradual recovery of exports mainly toward China.

On a fiscal year basis, FY2012 real GDP should grow +1.0% (*Economic Outlook* in November: +0.8%) despite a contraction due to sluggish exports and backlash to the Eco-car subsidies (**Chart 3**). The revision of FY2012 real GDP from the *Economic Outlook* in November stems primarily from an upward revision of the carry-over of growth to FY2012 along with the revision of the FY2011 data to the "revised estimation" as mentioned before.

[Chart 3: Outlook on the Japanese economy]

		2010	2011	2012	2013	2012				2013				2014
		FY				Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
GDP (real)	Q-o-q % ch	3.4	0.3	1.0	1.1	1.4	-0.0	-0.9	-0.1	0.3	0.3	0.4	0.5	0.9
	Q-o-q % ch p.a.	--	--	--	--	5.7	-0.1	-3.5	-0.5	1.3	1.2	1.5	2.2	3.8
Domestic demand	Q-o-q % ch	2.6	1.3	1.8	1.1	1.3	0.1	-0.2	0.0	0.3	0.3	0.3	0.5	0.9
Private sector demand	Q-o-q % ch	3.4	1.4	1.1	1.1	0.9	-0.3	-0.5	-0.1	0.2	0.3	0.4	0.6	1.1
Personal consumption	Q-o-q % ch	1.7	1.6	1.2	1.3	1.1	0.1	-0.4	-0.0	0.1	0.2	0.3	0.8	2.0
Housing investment	Q-o-q % ch	2.2	3.7	2.9	6.3	-1.1	1.5	0.9	-0.0	2.0	2.9	2.3	2.1	-5.1
Capital investment	Q-o-q % ch	3.6	4.1	-0.2	1.4	-2.4	0.1	-3.0	-0.3	0.3	0.8	0.9	0.7	0.6
Inventory investment	Q-o-q contribution, % pt	1.0	-0.5	0.0	-0.3	0.3	-0.3	0.3	0.0	0.0	-0.1	-0.1	-0.3	-0.3
Public sector demand	Q-o-q % ch	0.3	0.9	4.2	1.2	2.5	1.4	0.8	0.4	0.5	0.1	0.1	0.2	0.2
Government consumption	Q-o-q % ch	2.0	1.5	2.4	1.6	1.4	0.5	0.6	0.2	0.2	0.4	0.5	0.6	0.6
Public investment	Q-o-q % ch	-6.4	-2.3	13.5	-1.4	7.8	5.4	1.5	1.6	1.6	-1.1	-1.4	-1.5	-1.6
External demand	Q-o-q contribution, % pt	0.8	-1.0	-0.9	-0.1	0.1	-0.2	-0.7	-0.0	0.0	0.0	0.1	0.0	0.0
Exports	Q-o-q % ch	17.3	-1.7	-0.8	0.9	3.3	0.8	-5.1	-0.8	0.5	0.7	1.0	1.1	1.0
Imports	Q-o-q % ch	12.1	5.2	4.5	1.2	2.4	1.8	-0.4	-0.4	0.2	0.4	0.5	0.7	0.8
GDP (nominal)	Q-o-q % ch	1.3	-1.4	0.4	0.5	1.5	-0.5	-0.9	-0.2	0.5	0.0	0.0	0.3	0.9
GDP deflator	Y-o-y % ch	-2.0	-1.7	-0.6	-0.6	-1.1	-1.0	-0.8	-0.4	-0.3	-0.1	-0.5	-0.7	-0.9
Domestic demand deflator	Y-o-y % ch	-1.3	-0.5	-0.8	-0.8	-0.2	-0.7	-0.9	-0.6	-0.8	-0.7	-0.7	-0.8	-0.8

Note: Figures in the shaded areas are forecasts.

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

		2010	2011	2012	2013	2012				2013				2014
		FY				Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Industrial production	Q-o-q % ch	9.3	-1.0	-2.2	3.4	1.3	-2.0	-4.2	0.0	2.1	1.0	1.3	1.3	1.1
Ordinary profits	Y-o-y % ch	39.0	-2.0	7.2	9.1	14.1	15.1	6.4	3.1	4.9	6.5	8.6	10.7	10.3
Nominal labor compensation	Y-o-y % ch	0.4	0.6	-0.1	0.4	0.7	-0.4	0.1	-0.4	0.2	0.3	0.4	0.5	0.4
Unemployment rate	%	5.0	4.5	4.3	4.0	4.5	4.4	4.2	4.2	4.2	4.1	4.0	4.0	3.9
New housing starts	P.a., 10,000 units	81.9	84.1	88.0	92.7	86.2	87.8	87.4	89.3	86.7	89.9	94.8	96.1	89.5
Current account balance	P.a., JPY tril	16.7	7.6	5.0	6.3	5.9	6.1	3.7	5.0	5.3	5.9	6.2	7.3	7.0
Domestic corporate goods prices	Y-o-y % ch	0.4	1.3	-1.4	-0.8	0.3	-0.9	-1.8	-1.2	-1.5	-1.4	-0.8	-0.5	-0.3
Consumer prices	Y-o-y % ch	-0.8	0.0	-0.2	-0.4	0.1	0.0	-0.2	-0.1	-0.3	-0.5	-0.4	-0.5	-0.3
Uncollateralized overnight call rate	%	0.06	0.08	0~0.10	0~0.10	0.08	0.08	0.08	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	0.79	0.79	0.97	0.85	0.78	0.75	0.75	0.75	0.75	0.80	0.85
Nikkei average	JPY	9,961	9,181	9,100	9,400	9,274	9,036	8,886	9,100	9,200	9,100	9,300	9,600	9,600
Exchange rate	JPY/USD	86.0	79.0	80.0	82.0	79.3	80.2	79.0	81.0	80.0	81.0	81.0	82.0	83.0
Crude oil price (WTI nearest term contract)	USD/bbl	84.0	97.0	90.0	82.0	103.0	93.0	92.0	88.0	88.0	85.0	83.0	81.0	80.0

Notes: 1. Figures in the shaded areas are forecasts. 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, *Second 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.

FY2013 real GDP growth: +1.1%. Economic growth to pick up in the second half due to a last-minute rush of demand

In the first half of FY2013 (the Apr-Jun and Jul-Sep quarters), personal consumption should gradually pick up from the decline after the expiration of the Eco-car subsidy program. Capital investment should also follow a mild recovery path as industrial production bottoms out. On the other hand, the odds are high that demand related to reconstruction after the Great East Japan Earthquake which served to support the economic recovery in FY2012 will peak out. Most of the public works to restore infrastructure are scheduled to be completed during FY2012. Accordingly, public investment is forecast to take a downturn in FY2013. That said, since projects such as the relocation of communities to higher grounds should shift into top gear in FY2013, the decline of public investment will most likely turn out to be mild. Considering that Japan's export recovery will remain tepid, the rate of real GDP growth should turn out to register a mild 1%-level in annualized terms.

In the second half of FY2013 (the Oct-Dec 2013 and Jan-Mar 2014 quarters), the last-minute rush of demand prior to the consumption tax hike should serve to push up domestic demand. In the run-up to the consumption tax hike in April 2014 (5% → 8%), the generation of a last-minute rush of demand mainly in personal consumption and housing investment should serve to raise the rate of growth in the second half of FY2013.

In view of the foregoing, Japan's real GDP is forecast to register +1.1% growth in FY2013 (*Economic Outlook* in November: +1.1%) growing at a slightly faster pace than FY2012.

As we said above, our view at the moment is that the current recession will be short-lived, that the Japanese economy will enter a gradual recovery track from 2013, and that the pace of growth will accelerate as a result of a last-minute rush of demand prior to the consumption tax hike. The risks to this main scenario outlook stem from uncertainties regarding responses to the US fiscal cliff and concerns that a prolonged inventory adjustment process in the Chinese economy might hamper its recovery.

In Japan, the focus of attention is gathering around the economic measures of the new administration after the general election of the House of Representatives on December 16th. In particular, a possible cancellation of the consumption tax hike cannot be ruled out altogether due to the so-called "elastic clause" in the consumption tax hike bill which links the tax hike to economic conditions. Even if the consumption tax hike is implemented as scheduled, the economic growth scenario may change if reduced tax rates are applied to a wide range of items. Moreover, the operation schedule of Japan's nuclear power plants will also affect the trade balance and real GDP.

We have also revised our outlooks on growth in areas other than Japan on the basis of the rates of real GDP growth in the Jul-Sep quarter of 2012 and other economic data (**Chart 4**). Our outlook on global economic growth (the

Focus upon economic policy after the general election

weighted average of the countries in MHRI's forecast area) remains unchanged from our *Economic Outlook* in November (2012: +3.1%, 2013: +2.9%).

[Chart 4: Outlook on the global economy]

Calendar year	(Y-o-y % change)				(Y-o-y % change)	
	2010 (Actual)	2011 (Actual)	2012 (Forecast)	2013 (Forecast)	2012 (Previous : Nov forecast)	2013 (Forecast)
Total of forecast area	5.3	3.8	3.1	2.9	3.1	2.9
Japan , US , Eurozone	2.5	1.3	1.2	0.7	1.1	0.7
US	2.4	1.8	2.2	1.4	2.1	1.4
Eurozone	1.9	1.5	-0.4	0.0	-0.4	0.0
Japan	4.7	-0.6	2.0	0.3	1.6	0.4
Asia	9.3	7.5	6.1	6.1	6.1	6.1
NIEs	8.4	4.0	1.6	1.7	1.7	1.7
ASEAN5	7.0	4.4	5.8	4.7	5.6	4.3
China	10.4	9.3	7.7	8.0	7.7	8.0
India	8.9	7.5	5.2	5.0	5.4	5.2
Australia	2.6	2.5	3.6	2.7	3.4	2.5
Brazil	7.5	2.7	1.0	3.1	1.3	3.3
Russia	4.3	4.3	3.3	3.2	3.3	3.2
Japan (FY)	3.4	0.3	1.0	1.1	0.8	1.1
Crude oil price (WTI , USD/bbl)	80	95	94	84	95	84

Note: The total of the forecast area is calculated upon the 2011 GDP share(PPP) by the IMF
Sources: International Monetary Fund (IMF), MHRI.

[Chart 5: Outlook on the US economy]

	2012				2013				2011 (Actual)	2012 (Forecast)	2013 (Forecast)
	Jan-Mar (Actual)	Apr-Jun (Actual)	Jul-Sep (Actual)	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec			
GDP (q-o-q % ch, p.a.)	2.0	1.3	2.7	0.6	1.4	1.5	1.4	1.3	1.8	2.2	1.4
Personal consumption (q-o-q % ch, p.a.)	2.4	1.5	1.4	1.8	1.3	2.0	1.9	1.7	2.5	1.8	1.7
Housing investment (q-o-q % ch, p.a.)	20.5	8.5	14.2	12.0	5.0	8.0	5.0	5.0	-1.4	11.8	8.2
Capital investment (q-o-q % ch, p.a.)	7.5	3.6	-2.2	0.0	2.5	4.0	3.5	3.5	8.6	7.1	2.0
Inventory investment (contribution, q-o-q % pt ch)	-0.4	-0.5	0.8	0.0	0.1	-0.2	-0.1	-0.1	-0.1	0.2	0.0
Government spending (q-o-q % ch, p.a.)	-3.0	-0.7	3.5	-4.5	-1.8	-1.8	-1.8	-1.8	-3.1	-1.6	-1.6
Net exports (USD billion p.a.)	-415.5	-407.5	-403.0	-402.5	-395.0	-393.6	-392.2	-390.8	-408.0	-407.1	-392.9
Exports (q-o-q % ch, p.a.)	4.4	5.3	1.1	-0.5	2.5	2.0	2.0	2.0	6.7	3.5	1.7
Imports (q-o-q % ch, p.a.)	3.1	2.8	0.1	-0.5	0.7	1.4	1.4	1.4	4.8	2.8	0.8
Domestic final demand (q-o-q % ch, p.a.)	2.2	1.4	1.7	0.6	0.9	1.7	1.4	1.3	1.8	1.9	1.2
Unemployment rate (%)	8.3	8.2	8.1	7.9	7.9	8.0	8.0	8.0	8.9	8.1	8.0
Nonfarm payrolls (per month, 1,000)	232	108	139	133	122	133	112	106	125	156	125
Nominal disposable income (q-o-q % ch, p.a.)	6.3	2.9	2.1	3.7	0.7	4.1	4.0	4.0	3.8	3.0	2.8
Personal saving rate (%)	3.6	3.8	3.6	3.7	3.2	3.3	3.4	3.5	4.2	3.7	3.3
PCE deflator (y-o-y % ch)	2.4	1.6	1.5	1.5	1.4	1.6	1.6	1.7	2.4	1.7	1.6
Core PCE deflator ex food and energy (y-o-y % ch)	1.9	1.8	1.6	1.6	1.5	1.6	1.9	2.0	1.4	1.7	1.8

Note: Readings from the Oct-Dec quarter of 2012 are forecasts by MHRI.
Sources: US Department of Commerce, US Department of Labor, MHRI.

[Chart 6: Outlook on the Eurozone economy]

(%)

	2011	2012	2013	2011		2012		2013	
	(Actual)	(Forecast)	(Forecast)	1H	2H	1H	2H (Forecast)	1H (Forecast)	2H (Forecast)
Real GDP	1.5	-0.4	0.0	1.9	0.1	-0.6	-0.6	-0.1	0.9
Y-o-y % ch of 4th qtr of each year (% ch o-y-a for half year terms)	0.6	-0.6	0.7	2.0	1.0	-0.3	-0.6	-0.3	0.4
Private-sector consumption	0.1	-1.1	-0.2	-0.1	-0.6	-1.5	-0.7	-0.3	0.6
Government consumption	-0.1	-0.2	-0.9	-0.3	-0.5	0.2	-0.6	-1.0	-1.0
Fixed capital formation	1.6	-3.6	-1.3	3.0	-1.4	-4.6	-3.9	-1.2	1.2
External demand (contribution)	0.9	1.5	0.5	0.7	1.6	1.7	1.2	0.2	0.2
Exports	6.5	3.0	2.7	6.0	3.3	2.5	3.5	1.7	3.7
Imports	4.3	-0.5	1.8	4.5	-0.3	-1.4	1.0	1.4	3.4
Inventories, balancing items (contribution)	0.2	-0.6	0.1	0.7	-0.8	-0.6	-0.5	0.3	0.3
Domestic demand	0.6	-2.0	-0.4	1.2	-1.6	-2.4	-1.8	-0.3	0.7
Consumer prices	2.7	2.5	1.6	2.6	2.8	2.6	2.4	1.7	1.5
Core inflation rate	1.4	1.6	1.4	1.4	1.5	1.6	1.6	1.5	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, MHRI.

[Chart 7: Outlook on the Asian economies]

(%)

(%)

	2010	2011	2012	2013	2012	2013
	(Actual)	(Actual)	(Forecast)	(Forecast)	(Previous: Nov)	(Previous: Nov)
Asia	9.3	7.5	6.1	6.1	6.1	6.1
China	10.4	9.3	7.7	8.0	7.7	8.0
NIEs	8.4	4.0	1.6	1.7	1.7	1.7
South Korea	6.3	3.6	2.1	1.9	2.2	1.9
Taiwan	10.8	4.1	1.0	2.1	1.0	2.1
Hong Kong	6.8	4.9	1.1	1.1	1.3	0.8
Singapore	14.8	4.9	1.3	0.5	1.6	0.5
ASEAN5	7.0	4.4	5.8	4.7	5.6	4.3
Indonesia	6.2	6.5	6.2	5.7	6.2	5.4
Thailand	7.8	0.1	5.7	3.0	5.4	2.7
Malaysia	7.2	5.1	5.2	3.9	4.7	3.2
Philippines	7.6	3.9	6.2	4.6	5.7	3.7
Vietnam	6.8	5.9	5.1	5.4	5.1	5.4
India	8.9	7.5	5.2	5.0	5.4	5.2
Australia	2.6	2.5	3.6	2.7	3.4	2.5

Notes: 1. Real GDP growth rate (y-o-y ch).

2. Averages are calculated by the 2011 GDP share (PPP basis) by the IMF.

Sources: Statistical data of relevant countries, MHRI.
