

REVISED
to reflect the 2nd
QE for the
Apr-Jun Qtr
of 2013

FY2013 and FY2014 Economic Outlook

September 9, 2013

Key points of Mizuho Research Institute's (MHRI) outlook on the economy in FY2013 and FY2014 reflecting *The Second Preliminary Quarterly Estimates of GDP (2nd QE)* of Japan for the Apr-Jun quarter of 2013

<The US Economy >

- ◆ Even though the fall of government spending will serve as a drag, private-sector demand will hold up well due to the progress of household balance sheet adjustment. Payrolls will also grow steadily.

2013: +1.5% (forecast in August +1.4%)

2014: +2.2% (forecast in August +2.2%)

<The Eurozone Economy >

- ◆ A gradual recovery in the second half of 2013 driven by exports. In 2014, downward pressures from fiscal conditions should ease slightly

2013: -0.3% (forecast in August -0.6%)

2014: +0.8% (forecast in August +0.8%)

<The Asian Economy >

- ◆ Despite forecasts of a gradual economic expansion, the pace of economic growth in China should slow down to the lower half of the 7%-level due to the government's measures to reign in excessive investment

2013: +5.8% (forecast in August +5.9%)

2014: +5.8% (forecast in August +6.0%)

<The Japanese Economy >

- ◆ The economy will continue to grow strongly, reflecting the upturn of capital investment. The pace of growth will accelerate in the second half of the fiscal year due to a last-minute rush of demand

FY2013: +2.9% (forecast in August +2.7%)

- ◆ Despite a temporary dip due to the impact of the consumption tax hike, a recession will be averted

FY2014: +0.7% (forecast in August +0.6%)

This English-language translation is based upon the outlook in Japanese released on September 9, 2013. 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 Apr-Jun quarter of 2013

The *2nd QE* revealed an upward revision of growth in the Apr-Jun quarter of 2013

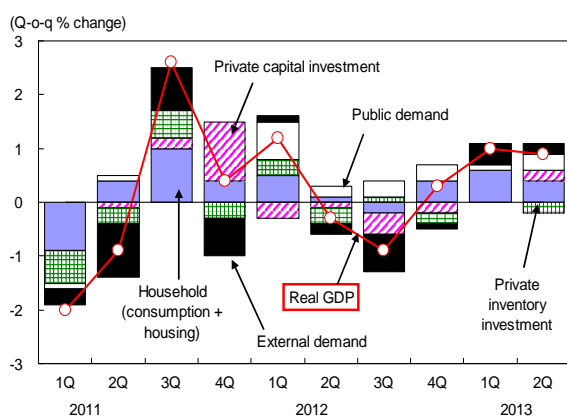
The *Second Preliminary Quarterly Estimates of GDP ("2nd QE")* for the Apr-Jun quarter of 2013 released by the Cabinet Office on September 9, 2013 revealed that Japan's real GDP grew at a faster pace of +0.9% q-o-q (+3.8% p.a.), in an upward revision from +0.6% q-o-q (+2.6% p.a.) in the *First Preliminary Quarterly Estimates of GDP ("1st QE")* (Chart 1).

Looking closer at each of the components of demand, capital investment was revised upward from -0.1% q-o-q in the *1st QE* to +1.3% q-o-q. Likewise, the contribution by private inventory investment was revised upward from -0.3% pt in the *1st QE* to -0.2% pt. Both personal consumption (*1st QE*: +0.8% q-o-q → *2nd QE*: +0.7% q-o-q) and housing investment (*1st QE*: -0.2% q-o-q → *2nd QE*: -0.3% q-o-q) were revised down from the *1st QE*. As a whole, domestic private-sector demand was revised upward from +0.2% q-o-q (contribution +0.2% pt) to +0.6% q-o-q (contribution +0.4% pt).

Turning to public demand, government consumption was revised down to +0.7% (*1st QE*: +0.8% q-o-q) while public investment was subject to an upward revision to +3.0% q-o-q (*1st QE*: +1.8% q-o-q). Overall, public demand was revised upward from +1.0% q-o-q in the *1st QE* (contribution +0.3% pt) to +1.2% q-o-q (contribution +0.3% pt). The contribution to domestic demand – combining both private and public demand – was revised up to +0.7% pt (*1st QE* +0.5% pt).

Turning to external demand, exports (+3.0% q-o-q), imports (+1.5% q-o-q) and the contribution by external demand to quarterly real GDP growth (+0.2% pt) all remained unchanged from the *1st QE*.

[Chart 1: Apr-Jun quarter of 2013 (2nd QE)]



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

	2012				2013		Apr-Jun 1 st QE
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	
Gross domestic expenditure	1.2	-0.3	-0.9	0.3	1.0	0.9	0.6
(Q-o-q change, p.a.)	5.0	-1.2	-3.5	1.1	4.1	3.8	2.6
(Y-o-y change)	3.4	3.8	0.3	0.4	0.3	1.2	0.9
Domestic demand	1.2	-0.1	-0.2	0.3	0.6	0.7	0.4
	(1.2)	(-0.1)	(-0.2)	(0.3)	(0.6)	(0.7)	(0.5)
Private demand	0.7	-0.4	-0.6	0.1	0.7	0.6	0.2
	(0.5)	(-0.3)	(-0.5)	(0.1)	(0.5)	(0.4)	(0.2)
Consumption	0.9	0.1	-0.4	0.5	0.8	0.7	0.8
Housing investment	-1.5	2.1	1.6	3.6	1.9	-0.3	-0.2
Capital investment	-2.3	-0.7	-3.2	-1.2	-0.0	1.3	-0.1
Inventory investment	(0.3)	(-0.3)	(0.1)	(-0.2)	(-0.0)	(-0.2)	(-0.3)
Public demand	2.7	0.9	1.0	1.1	0.3	1.2	1.0
	(0.7)	(0.2)	(0.3)	(0.3)	(0.1)	(0.3)	(0.3)
Government final consumption expenditures	1.6	0.1	0.4	0.6	0.0	0.7	0.8
Public investment	7.7	4.8	3.4	3.2	1.4	3.0	1.8
Net exports of goods & services	(0.1)	(-0.2)	(-0.7)	(-0.1)	(0.4)	(0.2)	(0.2)
Exports	2.7	-0.2	-4.5	-2.7	4.0	3.0	3.0
Imports	2.0	1.3	-0.0	-2.0	1.0	1.5	1.5
Nominal GDP	1.3	-0.9	-0.9	0.1	0.6	0.9	0.7
GDP deflator (y-o-y change)	-1.0	-1.0	-0.8	-0.7	-1.1	-0.5	-0.3

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

The DP deflator was revised downward and nominal GDP growth was revised upward

Meanwhile, the GDP deflator was revised down to -0.5% y-o-y (*1st QE* -0.3% y-o-y). The housing investment and public investment deflators were subject to downward revisions. Even though nominal GDP was revised up to +0.9% q-o-q, +3.7% p.a. from the *1st QE* (+0.7% q-o-q, +2.9% p.a.), nominal growth fell slightly short of rate of real GDP growth.

As shown above, the *2nd QE* underscored that the Japanese economy is continuing to follow a steady recovery. While the *2nd QE* revealed that growth was strong and well-balanced between domestic and external demand as in the *1st QE*, the results provide a more sanguine view due to the upturn of capital investment which had languished thus far.

II. Forecast on the Japanese economy in FY2013 and FY2014

Look forward to continued strong growth in the Jul-Sep quarter

The Japanese economy is forecast to maintain its strong growth in the Jul-Sep quarter. Public investment is expected to keep growing at a fast pace along with the execution of projects related to the economic stimulus measures. In our outlook, we forecast the continuation of export growth reflecting the depreciation of the yen and recovery of capital investment. Personal consumption is also expected to remain on solid footing amid the year-on-year increase of summer bonus payments among private corporate enterprises. The maintenance of a virtuous cycle by the simultaneous expansion of private demand, public demand and external demand should keep the Japanese economy growing strongly at an annualized rate around the +2.5% - +3%-level in the Jul-Sep quarter.

Growth will pick up in the second half of 2013 boosted by a last-minute rush of demand. FY2013 real GDP outlook: +2.9%.

In the second half of FY2013 (the Oct-Dec quarter of 2013 and Jan-Mar quarter of 2014), domestic demand should be boosted by the last-minute rush of demand prior to the consumption tax hike. MHRI estimates that the last-minute rush of demand (combining personal consumption and housing investment) in FY2013 would be slightly less than JPY3 trillion (approximately 0.6% of GDP). The growth of exports should also continue to grow amid a slight acceleration of the economic recovery in the US and eurozone and the positive impact of the weak yen upon exports (in terms of quantity) in the second half of FY2013. Capital investment is also expected to pick up in the second half of the fiscal year along with the increase of exports, production and corporate earnings.

As a result, the pace of real GDP growth in FY2013 is forecast to rise to +2.9% (forecast in August: +2.7%).

Growth in FY2014 will slow down to +0.7% even when factoring in the supplementary budget. A recession will be avoided.

In early October, Prime Minister Shinzo Abe is scheduled to decide whether or not to raise the consumption tax from April 2014. MHRI's outlook is based upon the premise that the consumption tax will be raised as scheduled from 5% to 8% in April 2014. Furthermore, our outlook also assumes that a supplementary budget of approximately JPY2 trillion (in terms of central government expenditures) will be compiled around the turn of the New Year in

order to mitigate the fall of economic activity accompanying the consumption tax hike.

To some extent, the supplementary budget should mitigate the fall of real GDP growth immediately after the tax hike. Even so, the Japanese economy may not avoid a sharp fall (forecast: -5.7% q-o-q p.a.) in the Apr-Jun quarter of 2014 when personal consumption and housing investment drops sharply as a result of a backlash to the last-minute rush of demand. From then onward, a fall into recession is unlikely, given the rise of exports reflecting the weak yen and overseas economic recovery and recovery of capital investment boosted by the recovery of corporate profits. The Japanese economy is forecast to return to a mild recovery track from the Jul-Sep quarter along with the gradual upturn of personal consumption and housing investment from the decline stemming from the backlash to the last-minute rush of demand.

As a result, the rate of real GDP growth is forecast to fall to +0.7% in FY2014 (forecast in August: +0.6%).

The core CPI (general, excluding fresh food) is forecast to stand at +0.7% y-o-y in FY2013, and +2.5% y-o-y (+0.3% y-o-y when excluding the impact of the consumption tax hike) in FY2014.

During FY2013, energy prices are expected to push up the core CPI, reflecting the rise of crude oil prices and electrical utility fees. Since the breadth of the negative output gap will narrow due to the economic recovery, the year-on-year decline of the US-criteria core CPI (CPI ex food and energy) is also forecast to moderate. However, given the decline of domestic demand due to a backlash to the last-minute rush of demand, the negative output gap will sink deeper in the Apr-Jun quarter and remain in negative territory in FY2014. It will be difficult for prices to rise during this time period, considering that companies will tend to cut prices in order to maintain their market shares. The year-on-year change of the core CPI excluding the impact of the consumption tax hike is forecast to fall from +0.7% in FY2013 to +0.3% in FY2014 due to the stabilization of crude oil prices which are currently rising on the back of mounting tensions surrounding Syria and the fading impact of the rise of electrical utility fees.

Despite the difficulty to achieve the target of “2% in two years”, this alone must not prompt one to conclude that Abenomics is a failure. MHRI forecasts that the Japanese economy will continue to expand from FY2015 on the back of monetary easing, leading to a gradual rise of inflation.

The y-o-y % change of core CPI (ex impact of consumption tax hike) is unlikely to reach 2% in FY2014

[Chart 2: Outlook on the Japanese economy]

		2011	2012	2013	2014	2012	2013				2014				2015
		FY				Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
GDP (real)	Q-o-q % ch	0.3	1.2	2.9	0.7	0.3	1.0	0.9	0.7	0.9	1.1	-1.5	0.6	0.4	0.4
	Q-o-q % ch p.a.	--	--	--	--	1.1	4.1	3.8	2.9	3.4	4.7	-5.7	2.3	1.5	1.5
Domestic demand	Q-o-q % ch	1.3	1.9	2.6	-0.1	0.3	0.6	0.7	0.8	0.8	1.1	-1.8	0.3	0.1	0.2
Private sector demand	Q-o-q % ch	1.4	1.2	2.3	-0.3	0.1	0.7	0.6	0.7	0.9	1.3	-2.6	0.4	0.4	0.5
Personal consumption	Q-o-q % ch	1.6	1.6	2.6	-1.3	0.5	0.8	0.7	0.3	0.7	1.8	-3.6	0.5	0.2	0.2
Housing investment	Q-o-q % ch	3.7	5.3	7.8	-6.2	3.6	1.9	-0.3	4.5	3.6	-3.8	-8.2	1.1	2.0	1.9
Capital investment	Q-o-q % ch	4.1	-1.4	2.5	3.2	-1.2	-0.0	1.3	1.7	1.8	1.2	0.3	0.4	0.6	0.8
Inventory investment	Q-o-q contribution, % pt	-0.5	-0.1	-0.3	0.3	-0.2	-0.0	-0.2	0.0	-0.1	-0.1	0.4	-0.1	0.0	0.1
Public sector demand	Q-o-q % ch	0.9	4.3	3.3	0.7	1.1	0.3	1.2	0.8	0.6	0.5	0.4	0.0	-0.7	-0.8
Government consumption	Q-o-q % ch	1.4	2.1	1.8	1.7	0.6	0.0	0.7	0.4	0.4	0.4	0.3	0.5	0.5	0.5
Public investment	Q-o-q % ch	-2.2	15.0	9.9	-3.8	3.2	1.4	3.0	2.6	1.6	0.9	0.8	-1.8	-5.6	-6.3
External demand	Q-o-q contribution, % pt	-1.0	-0.8	0.2	0.7	-0.1	0.4	0.2	-0.1	-0.0	0.0	0.4	0.3	0.2	0.2
Exports	Q-o-q % ch	-1.6	-1.2	4.8	6.0	-2.7	4.0	3.0	0.8	1.0	1.0	1.7	1.5	2.1	2.1
Imports	Q-o-q % ch	5.3	3.8	3.0	1.5	-2.0	1.0	1.5	1.2	1.0	0.8	-0.4	-0.2	0.8	1.0
GDP (nominal)	Q-o-q % ch	-1.4	0.3	2.5	1.8	0.1	0.6	0.9	1.1	0.2	1.1	-0.4	1.3	0.2	-0.1
GDP deflator	Y-o-y % ch	-1.7	-0.9	-0.3	1.1	-0.7	-1.1	-0.5	-0.2	-0.6	-0.1	0.7	1.2	1.5	1.1
Domestic demand deflator	Y-o-y % ch	-0.5	-0.8	-0.1	1.0	-0.8	-0.8	-0.3	0.2	-0.1	-0.1	0.8	1.1	1.1	1.0

		2011	2012	2013	2014	2012	2013				2014				2015
		FY				Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Industrial production	Q-o-q % ch	-0.7	-2.9	3.1	1.5	-1.9	0.6	1.5	2.2	1.8	1.6	-1.5	-0.4	0.8	1.2
Ordinary profits	Y-o-y % ch	-2.0	8.1	14.2	1.9	5.9	5.6	21.5	19.4	13.4	4.8	-3.9	1.3	7.4	3.1
Nominal labor compensation	Y-o-y % ch	0.6	-0.3	0.8	0.7	-0.7	-0.0	1.1	0.3	0.9	0.6	0.8	0.7	0.7	0.6
Unemployment rate	%	4.5	4.3	3.9	3.7	4.2	4.2	4.0	3.9	3.8	3.7	3.7	3.8	3.7	3.6
New housing starts	P.a., 10,000 units	84.1	89.3	97.7	90.0	91.8	90.4	98.1	100.1	99.5	92.3	88.0	89.2	90.5	93.1
Current account balance	P.a., JPY tril	7.6	4.4	5.1	11.0	4.3	3.1	8.5	4.5	4.9	3.5	11.0	9.6	13.3	11.3
Domestic corporate goods prices	Y-o-y % ch	1.4	-1.1	1.8	3.4	-0.9	-0.3	0.6	2.3	2.4	2.0	3.2	3.4	3.4	3.6
Consumer prices	Y-o-y % ch	0.0	-0.2	0.7	2.5	-0.1	-0.3	0.0	0.8	0.9	0.9	2.7	2.3	2.4	2.5
Uncollateralized overnight call rate	%	0.08	0.06	0~0.10	0~0.10	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	%	1.05	0.78	0.86	1.06	0.75	0.70	0.73	0.79	0.90	1.00	0.95	1.00	1.10	1.20
Nikkei average	JPY	9,181	9,650	14,500	15,500	9,234	11,444	13,621	14,000	15,000	15,500	14,800	15,300	15,800	16,100
Exchange rate	JPY/USD	79.0	83.0	101.0	105.0	81.0	92.0	99.0	99.0	102.0	103.0	104.0	105.0	105.0	106.0
Crude oil price (WTI nearest term contract)	USD/bbl	97.0	92.0	101.0	96.0	88.0	94.0	94.0	106.0	108.0	96.0	96.0	96.0	97.0	96.0

- 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, the yield on newly-issued 10-yr JGBs refers to the average of the end-of-month rates during the relevant 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 3: Outlook on the global economy]

Calendar year	(Y-o-y % change)				(Y-o-y % change)	
	2011 (Actual)	2012 (Actual)	2013 (Forecast)	2014 (Forecast)	2013 (Previous: August forecast)	2014
Total of forecast area	3.8	3.2	2.8	3.3	2.8	3.3
Japan, US, Eurozone	1.4	1.4	0.9	1.6	0.7	1.6
US	1.8	2.8	1.5	2.2	1.4	2.2
Eurozone	1.6	-0.6	-0.3	0.8	-0.6	0.8
Japan	-0.6	2.0	2.0	1.6	1.9	1.6
Asia	7.5	6.1	5.8	5.8	5.9	6.0
NIEs	4.1	1.7	2.3	3.0	2.3	3.0
ASEAN5	4.4	6.1	4.9	4.9	4.9	5.0
China	9.3	7.7	7.4	7.2	7.4	7.2
India	7.5	5.1	4.5	4.7	5.0	5.3
Australia	2.4	3.7	2.5	2.8	2.5	2.8
Brazil	2.7	0.9	2.3	2.0	2.1	2.3
Russia	4.3	3.4	2.5	3.5	2.5	3.5
Japan (FY)	0.3	1.2	2.9	0.7	2.7	0.6
Crude oil price (WTI,\$/bbl)	95	94	101	96	97	96

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 4: Outlook on the US economy]

	2013				2014 (Forecast)				2012 (Actual)	2013 (Forecast)	2014 (Forecast)
	Jan-Mar (Actual)	Apr-Jun (Actual)	Jul-Sep (Forecast)	Oct-Dec (Forecast)	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec			
GDP (q-o-q % ch, p.a.)	1.1	2.5	1.5	1.5	2.5	2.6	2.2	2.9	2.8	1.5	2.2
Personal consumption (q-o-q % ch, p.a.)	2.3	1.8	1.5	1.3	2.1	2.2	2.4	2.3	2.2	1.8	1.9
Housing investment (q-o-q % ch, p.a.)	12.5	12.9	7.2	15.0	10.0	8.0	7.0	6.0	12.9	13.1	9.7
Capital investment (q-o-q % ch, p.a.)	-4.6	4.4	3.5	3.5	4.8	5.3	5.8	5.8	7.3	2.4	4.7
Inventory investment (contribution, q-o-q % pt ch)	0.9	0.6	0.1	-0.1	0.1	0.0	0.0	0.0	0.2	0.0	0.0
Government spending (q-o-q % ch, p.a.)	-4.2	-0.9	-3.0	-2.3	-2.1	-2.1	-2.1	-0.6	-1.0	-2.6	-2.1
Net exports (USD billion p.a.)	-422.2	-422.0	-420.4	-409.5	-392.5	-370.8	-370.1	-350.9	-430.8	-418.5	-371.1
Exports (q-o-q % ch, p.a.)	-1.3	8.6	2.5	4.0	5.3	5.6	5.5	6.0	3.5	2.3	5.0
Imports (q-o-q % ch, p.a.)	0.6	7.0	1.8	1.5	1.5	1.1	4.5	1.9	2.2	1.4	2.2
Domestic final demand (q-o-q % ch, p.a.)	0.5	1.9	1.1	1.3	1.9	2.0	2.1	2.3	2.4	1.4	1.8
Unemployment rate (%)	7.7	7.6	7.4	7.4	7.3	7.1	6.9	6.7	8.1	7.5	7.0
Nonfarm payrolls (per month, 1,000)	215	195	169	169	181	193	205	183	186	182	184
Nominal disposable income (q-o-q % ch, p.a.)	-7.0	3.2	3.2	3.2	2.7	3.8	3.0	3.7	3.9	1.6	3.2
Personal saving rate (%)	4.1	4.5	4.4	4.5	4.4	4.6	4.5	4.5	5.6	4.4	4.5
PCE deflator (y-o-y % ch)	1.4	1.1	1.2	1.2	1.1	1.3	1.1	1.0	1.8	1.2	1.1
Core PCE deflator ex food and energy (y-o-y % ch)	1.5	1.2	1.2	1.2	1.2	1.4	1.4	1.5	1.8	1.3	1.4

Note: Readings from the Jul-Sep qtr of 2013 are forecasts by MHRI.
Sources: US Department of Commerce, US Department of Labor, MHRI.

[Chart 5: Outlook on the Eurozone economy]

	(%)									
	2011	2012	2013	2014	2012		2013		2014	
	(Actual)	(Actual)	(Forecast)	(Forecast)	1H	2H	1H	2H	1H	2H
Real GDP	1.6	-0.6	-0.3	0.8	-0.7	-1.0	-0.5	0.7	0.8	1.0
Y-o-y % ch of 4th qtr of each year (% ch o-y-a for half year terms)	0.7	-1.0	0.4	1.0	-0.3	-0.8	-0.7	0.1	0.7	0.9
Private-sector consumption	0.3	-1.4	-0.6	0.3	-2.0	-1.2	-0.7	0.0	0.4	0.6
Government consumption	-0.1	-0.6	-0.1	-0.3	-0.8	-0.6	0.5	-0.8	-0.2	0.0
Fixed capital formation	1.7	-3.7	-3.4	1.5	-4.5	-3.9	-5.2	0.8	1.5	2.3
External demand (contribution)	0.9	1.6	0.5	0.4	1.9	1.1	0.3	0.5	0.3	0.2
Exports	6.5	2.7	0.7	3.2	3.0	1.8	-0.9	3.1	3.0	3.5
Imports	4.5	-1.0	-0.5	2.7	-1.4	-0.7	-1.7	2.2	2.6	3.3
Inventories, balancing items (contribution)	0.2	-0.5	0.2	0.1	-0.4	-0.6	0.4	0.3	0.0	0.0
Domestic demand	0.7	-2.2	-0.9	0.5	-2.6	-2.1	-0.8	0.3	0.5	0.8
Consumer prices	2.7	2.5	1.6	1.2	2.6	2.4	1.6	1.5	1.3	1.2
Core inflation rate	1.4	1.5	1.1	1.1	1.6	1.5	1.3	1.0	1.1	1.1

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 6: Outlook on the Asian economies]

	(%)				(%)	
	2011	2012	2013	2014	2013	2014
	(Actual)	(Actual)	(Forecast)	(Forecast)	(Previous: Aug forecast)	
Asia	7.5	6.1	5.8	5.8	5.9	6.0
China	9.3	7.7	7.4	7.2	7.4	7.2
NIEs	4.1	1.7	2.3	3.0	2.3	3.0
South Korea	3.7	2.0	2.3	3.0	2.3	3.0
Taiwan	4.1	1.3	2.2	3.1	2.2	3.1
Hong Kong	4.9	1.5	2.7	2.9	2.5	2.7
Singapore	5.2	1.3	2.2	2.9	2.2	2.9
ASEAN5	4.4	6.1	4.9	4.9	4.9	5.0
Indonesia	6.5	6.2	5.6	5.1	5.7	5.2
Thailand	0.1	6.5	2.6	4.3	2.8	4.0
Malaysia	5.1	5.6	4.0	4.5	4.5	4.7
Philippines	3.6	6.8	7.0	5.6	6.3	5.8
Vietnam	6.0	5.0	5.1	5.4	5.2	5.5
India	7.5	5.1	4.5	4.7	5.0	5.3
Australia	2.4	3.7	2.5	2.8	2.5	2.8

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.

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