

REVISED
to reflect the 2nd
QE for the
Oct-Dec Qtr
of 2013

FY2013, FY2014, FY2015 Economic Outlook

March 10, 2014

<The US Economy >

- ◆ **Personal consumption and housing investment will hold up well due to the progress of household balance sheet adjustment. Also expect the steady expansion of employment**
2014: +2.5% (forecast in February +2.6%)
2015: +2.7% (forecast in February +2.7%)

<The Eurozone Economy >

- ◆ **Despite the continuation of an export and capital investment-led recovery, eurozone growth is forecast to remain at the lower half of the 1%-level, given the ongoing slump among southern European countries**
2014: +1.2% (forecast in February +1.1%)
2015: +1.3% (forecast in February +1.3%)

<The Asian Economy >

- ◆ **Despite forecasts of a gradual economic recovery, the rate of economic growth should continue to slow down in China due to constraints upon excessive investment**
2014: +6.0% (forecast in February +6.1%)
2015: +5.9% (forecast in February +5.9%)

<The Japanese Economy >

- ◆ **Strong growth in the Jan-Mar quarter of 2014 due to a rush of demand prior to the consumption tax hike**
FY2013: +2.2% (forecast in February +2.2%)
- ◆ **Despite a temporary dip due to the impact of the consumption tax hike, external demand and public demand will prop up the economy**
FY2014: +0.8% (forecast in February +0.8%)
- ◆ **Exports and private demand will recover. A fall into recession will be avoided even after the consumption tax hike**
FY2015: +1.6% (forecast in February +1.6%)

This English-language translation is based upon the outlook in Japanese released on March 10, 2014. 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 Mizuho Research Institute Ltd. (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 Oct-Dec quarter of 2013

The *2nd QE* revealed a downward revision of growth in the Oct-Dec quarter of 2013, dragged down mainly by personal consumption and capital investment

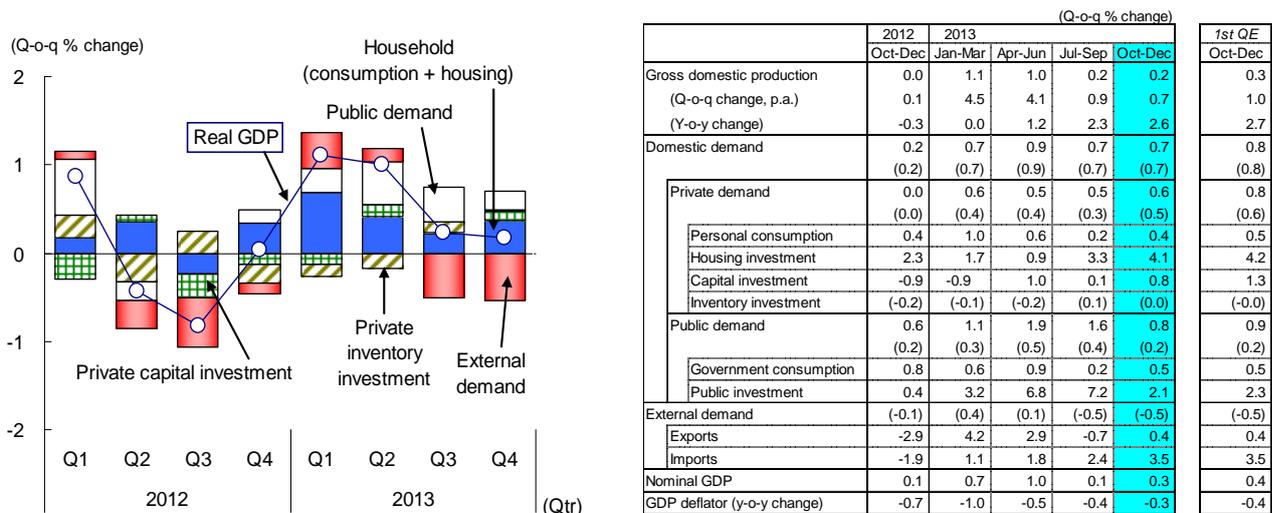
The *Second Preliminary Quarterly Estimates of GDP (“2nd QE”)* for the Oct-Dec quarter of 2013 released by the Cabinet Office on March 10, 2013 revealed that Japan’s real GDP grew at a slower-than-expected pace of +0.2 % q-o-q (+0.7% p.a.), in a downward revision from +0.3% q-o-q (+1.0% p.a.) in the *First Preliminary Quarterly Estimates of GDP (“1st QE”)* (**Chart 1**).

Looking closer at each of the components of demand, while the contribution by private inventory investment was revised upward from -0.0% pt in the *1st QE* to +0.0% pt, capital investment was revised downward from +1.3% q-o-q to +0.8% q-o-q. As for other components of domestic demand, personal consumption was revised downward from the *1st QE* (*1st QE*: +0.5% q-o-q → *2nd QE*: +0.4% q-o-q) as was housing investment (*1st QE*: +4.2% q-o-q → *2nd QE*: +4.1% q-o-q). As a whole, domestic private-sector demand was revised down from +0.8% q-o-q (contribution +0.6% pt) to +0.6% q-o-q (contribution +0.5% pt).

Turning to public demand, although government consumption remained unchanged from the *1st QE* at +0.5% q-o-q, public investment was revised down slightly to +2.1% q-o-q (*1st QE*: +2.3% q-o-q). Public demand as a whole was revised down slightly from +0.9% q-o-q (contribution +0.2% pt) to 0.8% q-o-q (contribution +0.2% pt). The contribution to domestic demand – combining both private and public demand – stood at +0.7% pt (*1st QE* +0.8% pt).

External demand remained unchanged from the *1st QE* (contribution -0.5% pt) as both exports (-0.4% q-o-q) and imports (+3.5% q-o-q) were unchanged from the *1st QE*.

[Chart 1: Oct-Dec quarter of 2013 (2nd QE)]



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

**FY2013 real GDP growth:
+2.2%**

In the Jan-Mar quarter of 2014, public investment is forecast to take a downturn as the implementation of the public works projects related to the emergency economic stimulus measures run their course. Even though exports will continue to pick up, reflecting the weak yen and gradual recovery of the overseas economies, the positive contribution by external demand should turn out to be modest due to the ongoing rise of imports due to the rush of demand prior to the consumption tax hike. On the other hand, a surge of personal consumption is expected, as a last-minute rush of demand emerges in items other than cars which had already started to show signs of the rush prior to the consumption tax hike in April. Capital investment should also remain on recovery track reflecting the improvement of corporate earnings. The pace of growth in the Jan-Mar quarter should reach the 4%-level in annualized terms. As a result, the rate of FY2013 real GDP growth is forecast to reach +2.2% (forecast in February: +2.2%) (Chart 2).

II. Forecast on the Japanese economy in FY2014 and FY2015

**FY2014 real GDP growth
will slow to +0.8, but a
recession will be averted**

In FY2014, the pace of Japan's economic growth will fall deep into negative territory in the Apr-Jun quarter immediately after the consumption tax hike. However, the economy should return to a recovery track from the Jul-Sep quarter on the back of external demand and the implementation of additional public works projects in the economic stimulus package.

In the Apr-Jun quarter, public investment should serve to underpin growth due to the implementation of the projects in the economic stimulus package (the "Economic Measures for Realization of Positive Cycles") compiled by the FY2013 supplementary budget. Of the economic stimulus measures worth JPY5.5 trillion, we expect that approximately JPY2 trillion will be earmarked for public works possessing immediate stimulus upon the economy. Furthermore, given the fall of imports in contrast to efforts to strengthen exports along with the fall of domestic demand after the consumption tax hike, external demand should serve as a significant positive contribution to growth. Even so, the Apr-Jun quarter may not avoid a sharp plunge of growth into negative territory (forecast: -4.2% q-o-q p.a.) due to the fall of personal consumption and housing investment because of the backlash to the last-minute rush of demand prior to the consumption tax hike and erosion of household real income.

From the Jul-Sep quarter of 2014, the Japanese economy should return to a gradual recovery track, driven by the growth of exports reflecting the weakness of the yen and recovery of the overseas economies, and the ongoing upturn of capital investment supported by the improvement of corporate earnings. Personal consumption (in real terms) will likely fall below previous-year levels throughout the year because of the erosion of real income due to the consumption tax hike.

However, personal consumption should gradually pick up from the level in the Apr-Jun quarter which slumped due to the backlash to the last-minute rush of demand.

Our latest *Economic Outlook* is based upon the assumption (as of March 10th) that several of the 17 nuclear power reactors currently applying for screening under the new safety standards would be restarted. More accurately, we assumed that in FY2014, reactors No. 1 and 2 at the Kawauchi Nuclear Power Plant (Kyushu Electric Power Co., Inc.) would be restarted in the Jul-Sep quarter, and that reactors No. 3 and 4 at the Ooi Nuclear Power Plant and reactors No. 3 and 4 of the Takahama Nuclear Power Plant (Kansai Electrical Power Co., Inc.) would be restarted in the Oct-Dec quarter. The restart of the nuclear power reactors should serve to push up the rate of real GDP growth by curbing imports (expected to push up the rate of FY2014 growth by approximately +0.1% pt).

As such, the pace of real GDP growth in FY2014 is forecast to slow down to +0.8% (forecast in February: +0.8%).

In FY2015, we assume that the consumption tax rate will be raised as scheduled to 10% in October. While the final decision on the consumption tax hike will be made at the end of 2014, our *Economic Outlook* is based upon the assumption that the tax hike will be decided upon confirmation of a return to positive growth in the Jul-Sep quarter of 2014. Therefore, the last-minute rush of demand and its backlash accompanying the consumption tax hike will serve as a volatile factor upon growth in FY2015. According to a trial calculation based upon movements at the time of the tax hike in FY1997 as well as recent trends (the second half of 2013), the rate of real GDP growth (on a q-o-q basis) would be pushed up by approximately 0.5% pt in the first half of FY2015 and be dragged down by approximately 1.5% pt in the second half of FY2015.

Again in FY2015, we also expect the compilation of an economic stimulus package (*) totaling approximately JPY2 trillion (of which approximately JPY1.5 trillion will be earmarked for public works) to prevent the economy from falling into a recession after the consumption tax hike. We expect the additional public works projects to be implemented in the second half of the fiscal year and push up the rate of real GDP in FY2015 by approximately 0.3% pt. Furthermore, we also assume that a reduced tax rate will be applied for food (excluding alcoholic beverages and restaurant meals) at the time of the consumption tax hike in FY2015.

* A FY2014 supplementary budget will be compiled for the economic stimulus measures.

We expect the supplementary budget to be funded by contingency reserves, unnecessary national debt service and government bond issues to the extent that the medium-term fiscal plan can be achieved (improvement of the primary balance by JPY4 trillion in FY2014).

As shown above, we expect growth in FY2015 to be pushed up by a last-minute rush of demand in the first half of the fiscal year, followed by a sharp

FY2015 real GDP growth will rise to +1.6%. While growth in 1H will be pushed up by the last-minute rush of demand, a backlash will ensue in 2H

The y-o-y change of the core CPI (ex impact of consumption tax hike) will fail to reach 2% in FY2015

fall into negative territory again in the Oct-Dec quarter immediately after the consumption tax hike. Even so, the Japanese economy should pick up toward the end of the fiscal year (end of March 2016) due to the rise of exports reflecting the overseas economic recovery and the upturn of capital investment. Hence, we forecast that the Japanese economy will grow +1.6% in FY2015 (forecast in February: +1.6%).

As of the Oct-Dec quarter of 2013, the output gap (the gap between actual GDP and potential GDP) estimated by MHRI stood at -1.9% of potential GDP (meaning an excess of supply of approximately JPY10 trillion. In the Jan-Mar quarter of FY2014, the negative output gap should contract to approximately -0.9% pt, due partially to the last-minute rush of demand prior to the consumption tax hike. However, the negative output gap is forecast to widen again in the Apr-Jun quarter of 2014 and remain in negative territory during FY2014. In FY2015, even though the demand and supply should balance at one point in time during the Jul-Sep quarter prior to the consumption tax hike, the output gap should turn negative again after the tax hike

The core CPI (general, excluding fresh food) rose to +1.3% y-o-y as of January 2014. For the time being, the rise of food prices due to the weak yen and cold spell and the rise of electrical power charges reflecting the surge of LNG prices should serve as upward pressures upon the core CPI. In the Jan-Mar quarter of 2014, the year-on-year change of the core CPI is expected to reach +1.3%. During the full-year FY2013, the year-on-year change of the core CPI is expected to reach +0.8% y-o-y, rising for the first time since FY2008 (**Chart 3**).

In FY2014, as the upward pressures upon prices stemming from factors such as the weak yen fades and domestic demand falls temporarily due to the consumption tax hike, the negative output gap will widen and serve as a drag upon the rise of prices toward the middle of the fiscal year. That said, we expect to see moves to pass on the recovery of wages to prices along with the gradual recovery of domestic demand. The year-on-year change of the core CPI should stand at +0.9% in FY2014 (+3.0% when including the impact of the consumption tax hike) rising slightly above the level in FY2013.

Again in FY2015, the fall of demand after the consumption tax hike should keep the rise of the inflation rate subdued. During the full-year FY2015, the year-on-year change of the core CPI is expected to reach +0.9% (+1.5% when including the impact of the consumption tax hike), rising at a pace on par with FY2014.

As shown above, despite a gradual rise of the inflation rate, the rise will still fall short of the Bank of Japan's (BOJ) inflation target of "2% in two years". The BOJ will likely decide to extend its quantitative and qualitative monetary easing measures when it becomes evident that it is difficult to achieve its target.

[Chart 2: Outlook on the Japanese economy (GDP)]

		2012	2013	2014	2015	2013		2014				2015				2016
		FY				Jul-Sep	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	0.6	2.2	0.8	1.6	0.2	0.2	1.1	-1.1	0.8	0.4	0.3	0.7	0.9	-1.0	0.6
	Q-o-q % ch p.a.	--	--	--	--	0.9	0.7	4.4	-4.2	3.3	1.5	1.2	2.8	3.7	-3.9	2.4
Domestic demand	Q-o-q % ch	1.4	2.5	0.2	1.2	0.7	0.7	0.9	-1.6	0.5	0.3	0.3	0.8	0.7	-1.5	0.3
Private sector demand	Q-o-q % ch	1.4	1.8	-0.1	1.4	0.5	0.6	1.4	-2.3	0.5	0.5	0.4	1.0	0.9	-2.2	0.3
Personal consumption	Q-o-q % ch	1.5	2.3	-1.1	1.2	0.2	0.4	1.8	-3.4	0.7	0.4	0.2	0.8	1.5	-2.9	0.7
Housing investment	Q-o-q % ch	5.3	8.2	-5.3	-0.5	3.3	4.1	-1.8	-8.4	0.9	2.5	0.4	6.2	-3.8	-7.3	-6.6
Capital investment	Q-o-q % ch	0.7	0.4	3.4	2.9	0.1	0.8	1.6	1.0	0.4	0.6	0.7	0.8	1.0	0.3	0.7
Inventory investment	Q-o-q contribution, % pt	-0.1	-0.3	0.3	-0.1	0.1	0.0	-0.2	0.5	-0.1	0.0	0.1	-0.0	-0.2	0.3	-0.1
Public sector demand	Q-o-q % ch	1.4	4.6	1.3	0.6	1.6	0.8	-0.5	0.7	0.4	-0.1	-0.2	0.1	0.1	0.7	0.4
Government consumption	Q-o-q % ch	1.5	2.3	1.7	1.5	0.2	0.5	0.2	0.5	0.5	0.5	0.4	0.4	0.3	0.3	0.3
Public investment	Q-o-q % ch	1.3	15.6	-1.0	-3.2	7.2	2.1	-3.3	1.5	0.2	-2.7	-2.9	-1.0	-0.8	2.3	0.7
External demand	Q-o-q contribution, % pt	-0.8	-0.4	0.5	0.5	-0.5	-0.5	0.1	0.6	0.4	-0.0	0.0	-0.2	0.2	0.5	0.3
Exports	Q-o-q % ch	-1.2	3.5	5.0	5.4	-0.7	0.4	1.2	2.0	1.2	1.4	1.4	1.1	1.1	1.9	1.5
Imports	Q-o-q % ch	3.7	5.4	1.7	2.6	2.4	3.5	0.5	-1.2	-1.0	1.4	1.2	1.8	-0.1	-0.9	-0.2
GDP (nominal)	Q-o-q % ch	-0.2	1.9	2.3	2.1	0.1	0.3	1.0	0.3	0.9	0.8	0.2	0.4	0.9	0.1	0.6
GDP deflator	Y-o-y % ch	-0.9	-0.2	1.5	0.4	-0.4	-0.4	0.1	1.1	1.5	1.6	1.8	0.2	0.1	0.6	0.8
Domestic demand deflator	Y-o-y % ch	-0.8	0.4	1.6	0.7	0.4	0.5	1.0	1.7	1.7	1.4	1.5	0.4	0.4	1.0	1.2

Notes: Figures in the shaded areas are forecasts.

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

[Chart 3: Outlook on the Japanese economy (major economic indicators)]

		2012	2013	2014	2015	2013		2014				2015				2016
		FY				Jul-Sep	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	-2.9	3.1	2.3	2.6	1.7	1.8	2.5	-1.2	-0.4	0.7	1.0	0.9	1.5	-0.7	-0.3
Ordinary profits	Y-o-y % ch	8.1	18.8	0.0	3.3	20.1	25.1	10.0	-1.3	2.6	-2.0	1.4	5.6	2.2	3.7	1.7
Nominal labor compensation	Y-o-y % ch	0.1	1.2	1.3	1.4	0.6	1.6	1.3	1.2	1.2	1.6	1.2	1.4	1.4	1.4	1.3
Unemployment rate	%	4.3	3.9	3.6	3.5	4.0	3.9	3.7	3.7	3.6	3.6	3.6	3.6	3.5	3.5	3.5
New housing starts	P.a., 10,000 units	89.3	98.9	91.3	88.8	99.0	104.1	94.7	89.4	89.6	91.5	95.2	94.0	88.9	85.5	87.1
Current account balance	P.a., JPY tril	4.2	1.9	4.8	7.1	2.3	0.2	-2.1	3.8	4.6	5.8	5.3	6.0	5.3	8.0	9.4
Domestic corporate goods prices	Y-o-y % ch	-1.1	2.0	3.9	2.3	2.2	2.5	2.3	4.1	4.0	3.7	3.8	1.1	1.4	3.1	3.4
Consumer prices	Y-o-y % ch	-0.2	0.8	3.0	1.5	0.7	1.1	1.3	3.2	3.0	3.0	2.9	0.8	0.9	2.1	2.1
Consumer prices (ex consumption tax)	Y-o-y % ch	-0.2	0.8	0.9	0.9	0.7	1.1	1.3	1.1	0.9	0.9	0.8	0.8	0.9	0.9	1.0
Uncollateralized overnight call rate	%	0.06	0~0.10	0~0.10	0~0.10	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	0~0.10	0~0.10
Yield on newly-issued 10-yr JGBs	%	0.78	0.69	0.85	1.19	0.77	0.64	0.64	0.68	0.80	0.90	1.00	1.10	1.20	1.20	1.25
Nikkei average	JPY	9,650	14,400	16,400	17,600	14,139	14,972	15,100	15,500	16,300	16,800	17,000	17,100	17,300	17,700	18,100
Exchange rate	JPY/USD	83.0	100.0	106.0	113.0	99.0	101.0	103.0	105.0	106.0	107.0	108.0	110.0	112.0	114.0	115.0
Crude oil price (WTI nearest term contract)	USD/bbl	92.0	99.0	95.0	92.0	106.0	98.0	99.0	97.0	95.0	94.0	93.0	93.0	92.0	92.0	92.0

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). Based upon the assumption that the consumption tax will be raised to 8% in Apr 2014 and 10% in Oct 2015 (with a reduced tax rate to be applied to food (ex alcoholic beverages and restaurant meals) in Oct 2015).

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 4: Outlook on the global economy]

Calendar year	(Y-o-y % change)					(Y-o-y % change)	
	2011 (Actual)	2012 (Actual)	2013 (Actual)	2014 (Forecast)	2015 (Forecast)	2014 (Feb forecast)	2015
Total of forecast area	3.9	3.2	3.0	3.4	3.5	3.5	3.5
Japan, US, Eurozone	1.4	1.4	1.0	1.9	2.1	1.9	2.0
US	1.8	2.8	1.9	2.5	2.7	2.6	2.7
Eurozone	1.6	-0.6	-0.4	1.2	1.3	1.1	1.3
Japan	-0.5	1.4	1.5	1.3	1.4	1.4	1.4
Asia	7.6	6.0	6.0	6.0	5.9	6.1	5.9
NIEs	4.2	1.8	2.7	3.3	3.3	3.3	3.3
ASEAN5	4.5	6.2	5.1	5.1	5.0	5.1	5.0
China	9.3	7.7	7.7	7.5	7.3	7.5	7.3
India	7.7	4.8	4.6	4.5	4.5	4.6	4.6
Australia	2.6	3.6	2.4	2.8	2.7	2.9	2.8
Brazil	2.7	1.0	2.3	1.6	1.8	1.6	1.8
Russia	4.3	3.4	1.3	2.2	2.8	2.2	2.8
Japan (FY)	0.3	0.6	2.2	0.8	1.6	0.8	1.6
Crude oil price (WTI, %/bbl)	95	94	98	96	93	95	92

Note: The total of the forecast area is calculated upon the 2012 GDP share (PPP) by the IMF.
Sources: International Monetary Fund (IMF), MHIRI.

[Chart 5: Outlook on the US economy]

	2013 (Actual)		2014 (Forecast)				2015 (Forecast)				2013 (Actual)	2014 (Forecast)	2015 (Forecast)
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec			
GDP (q-o-q % ch, p.a.)	4.1	2.4	1.4	2.0	3.6	3.3	2.0	2.4	3.0	3.0	1.9	2.5	2.7
Personal consumption (q-o-q % ch, p.a.)	2.0	2.6	2.1	2.5	2.4	2.5	2.5	2.5	2.5	2.5	2.0	2.3	2.5
Housing investment (q-o-q % ch, p.a.)	10.3	-8.7	12.0	17.0	15.0	12.0	10.0	10.0	8.0	8.0	12.1	9.0	11.0
Capital investment (q-o-q % ch, p.a.)	4.8	7.3	4.8	5.3	6.0	6.3	7.0	7.0	7.0	7.0	2.8	5.6	6.6
Inventory investment (contribution, q-o-q % pt ch)	1.7	0.1	-0.8	-0.7	0.7	0.1	-0.8	-0.5	0.0	0.0	0.2	-0.0	-0.2
Government spending (q-o-q % ch, p.a.)	0.4	-5.5	-1.9	-2.0	-2.0	0.1	2.3	2.3	2.3	2.3	-2.3	-2.1	1.1
Net exports (USD billion p.a.)	-419.7	-382.7	-377.2	-366.0	-357.9	-349.5	-362.0	-374.7	-387.6	-400.8	-412.3	-362.7	-381.3
Exports (q-o-q % ch, p.a.)	3.9	9.4	5.3	5.6	5.5	6.0	3.0	3.0	3.0	3.0	2.7	6.2	4.0
Imports (q-o-q % ch, p.a.)	2.4	1.5	3.5	2.9	3.3	3.7	4.6	4.6	4.6	4.6	1.4	3.1	4.2
Domestic final demand (q-o-q % ch, p.a.)	2.3	1.3	2.0	2.5	2.5	2.9	3.3	3.3	3.3	3.3	1.5	2.1	3.1
Unemployment rate (%)	7.2	7.0	6.7	6.6	6.5	6.4	6.4	6.2	6.2	6.0	7.4	6.5	6.2
Nonfarm payrolls (per month, 1,000)	180	207	171	194	195	196	196	197	198	199	189	189	196
PCE deflator (y-o-y % ch)	1.1	1.0	0.9	1.1	0.9	0.9	1.0	1.1	1.2	1.2	1.1	1.0	1.1
Core PCE deflator ex. food and energy (y-o-y % ch)	1.2	1.2	1.2	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.2	1.3	1.5

Note: Readings from the Jan-Mar qtr of 2014 are forecasts by MHIRI.
Sources: US Department of Commerce, US Department of Labor, MHIRI.

[Chart 6: Outlook on the Eurozone economy]

	(%)									
	2012	2013	2014	2015	2013		2014		2015	
	(Actual)	(Actual)	(Forecast)	(Forecast)	1H	2H	1H (Forecast)	2H (Forecast)	1H (Forecast)	2H (Forecast)
Real GDP	-0.6	-0.4	1.2	1.3	-0.6	0.9	1.3	1.1	1.3	1.5
Y-o-y % ch of 4th qtr of each year (% ch o-y-a for half year terms)	-1.0	0.5	1.2	1.5	-0.9	0.1	1.1	1.2	1.2	1.4
Private-sector consumption	-1.4	-0.4	0.5	0.8	-0.6	0.6	0.5	0.7	0.7	0.9
Government consumption	-0.6	0.3	0.3	0.4	0.6	0.5	0.1	0.4	0.4	0.4
Fixed capital formation	-3.8	-2.8	2.2	2.7	-4.4	2.4	2.0	2.4	2.7	2.9
External demand (contribution)	1.6	0.5	0.0	0.3	0.6	-0.1	0.0	0.2	0.3	0.3
Exports	2.7	1.3	3.4	4.4	-0.1	3.6	3.0	3.8	4.5	4.8
Imports	-0.8	0.1	3.6	4.1	-1.5	4.0	3.4	3.6	4.2	4.5
Inventories, balancing items (contribution)	-0.5	-0.2	0.4	0.1	-0.2	0.1	0.8	0.0	0.1	0.1
Domestic demand	-2.2	-1.0	1.2	1.1	-1.3	1.0	1.4	1.0	1.1	1.3
Consumer prices	2.5	1.4	0.9	1.2	1.6	1.1	0.8	0.9	1.2	1.2
Core inflation rate	1.5	1.1	0.9	1.1	1.2	1.0	0.9	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 7: Outlook on the Asian economies]

	(%)					(%)	
	2011 (Actual)	2012 (Actual)	2013 (Actual)	2014 (Forecast)	2015 (Forecast)	2014 (Previous: Feb forecast)	2015 (Forecast)
Asia	7.6	6.0	6.0	6.0	5.9	6.1	5.9
China	9.3	7.7	7.7	7.5	7.3	7.5	7.3
NIEs	4.2	1.8	2.7	3.3	3.3	3.3	3.3
South Korea	3.7	2.0	2.8	3.4	3.5	3.4	3.5
Taiwan	4.2	1.5	2.1	3.0	2.9	3.1	3.0
Hong Kong	4.8	1.5	2.9	3.1	2.9	3.0	2.9
Singapore	6.0	1.9	4.1	4.3	4.2	4.0	3.9
ASEAN5	4.5	6.2	5.1	5.1	5.0	5.1	5.0
Indonesia	6.5	6.3	5.8	5.4	5.3	5.4	5.3
Thailand	0.1	6.5	2.9	2.7	3.2	2.7	3.2
Malaysia	5.1	5.6	4.7	5.4	4.6	5.4	4.6
Philippines	3.6	6.8	7.2	6.4	6.3	6.4	6.3
Vietnam	6.2	5.3	5.4	6.0	5.8	6.0	5.8
India	7.7	4.8	4.6	4.5	4.5	4.6	4.6
Australia	2.6	3.6	2.4	2.8	2.7	2.9	2.8

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

2. Averages are calculated by the 2012 GDP share (PPP basis) by the IMF.

Sources: Statistical data of relevant countries, MHRI

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