Australia and New Zealand - Weekly Prospects

Summary

- Economic data in **Australia** last week indicated that inflation pressures eased in 4Q08. The reduced threat from inflation and soft credit conditions, combined with rapidly deteriorating conditions offshore, reaffirm our view that the RBA will cut the cash rate by a bold 100bp this week, taking the official cash rate to 3.25%. In fact, while we are sticking with our call for a 100bp cut on Tuesday, the unexpected collapse of private credit in last week's data opens the door for the RBA to move by more than 100bp. Further assertive policy easing is justified in the wake of another avalanche of gloomy news on the global economy, and further signs of instability in the global banking system. Indeed, last week, we downgraded our 2009 GDP growth forecast for Australia, owing mainly to the marked deterioration in conditions in Australia's dominant trading partners in Asia. We now expect the Aussie economy to contract 0.5% this year—previously, we expected a small rise in GDP.

- The **RBNZ** delivered another massive 150bp cut to the official cash rate last week. The OCR now has been lowered a mammoth 475bp since last July. The aggressive action by the RBNZ certainly was warranted. The Kiwi economy is well entrenched in a recession that, on our forecasts, will likely extend for six straight quarters. Only further monetary and fiscal policy stimulus will prevent a deeper economic downturn. This week, data should show that labour market conditions deteriorated further in 4Q, with the unemployment rate rising 0.5 percentage point to 4.7%. Additional job insecurity and redundancies will mean that workers continue to curb spending, weighing even further on the economic growth outlook.

- Any relief from last week's news of an unexpectedly moderate -3.8% slide in 4Q08 **US GDP** was offset by a string of other disappointments on year-end activity. Industrial activity collapsed across the globe last quarter at an estimated 20% annualized pace, yet firms did not make significant progress in reducing inventories. In the US, final sales declined at a 5.1% pace last quarter and there was a modest buildup in stocks, concentrated in the durable goods sector. In **Japan**, manufacturing inventories rose at a 15%ar pace despite a 40%ar drop in output. Clearly, efforts by firms to scale back will intensify. Last week's reported rise in unemployment in Japan and **Germany** is a sign that job shedding is now gathering steam globally. This week's US January payroll report is expected to show a third straight month of job losses exceeding 500,000.

- Against this backdrop, we are looking for **global GDP** to decline at about a 5% annualized pace this quarter, an outcome in line with last quarter. With financial markets having largely digested the news that a severe global contraction is set to persist, the key element of our forecast is the projected swing toward stability in global growth around midyear. The case for stabilization relies on credit market healing and on cushions from policy stimulus and lower energy prices stabilizing household demand even as business adjustments accelerate.

This week's highlight

The clear highlight this week is the RBA's policy decision on Tuesday. The consensus of economists now agrees with us that the RBA will cut by 100bp to 3.25%, but the risk now is for a larger move.

Contents

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Data and event previews - Australia and New Zealand

Date [a]	Data/event	Forecast			Comment
		JPMorgan	Consensus	***Previous***	**Comment**
Monday, February 2 (9:30am)	**Aust. AiG performance of manufacturing index (Jan.)**	**32.0**	na	*33.7*	Manufacturing activity is contracting in line with the global trend. There probably will be another drop in the index in January, reflecting softer domestic growth and collapsing activity in Australia's major trading partners in Asia.
Monday, February 2 (10:30am)	**Aust. TD securities inflation gauge (%m/m, Jan.)**	**na**	na	*-0.2*	na
Monday, February 2 (10:30am)	**Aust. HIA new home sales (%m/m, Dec.)**	**1.8**	na	*-1.1*	Home sales fell in November, but probably will bounce in December owing to the expanded first home owners' grant, lower house prices, and the RBA's bold cuts to the cash rate.
Monday, February 2 (11:30am)	**Aust. house price index (%q/q, 4Q)**	**-1.0**	-1.0	*-1.8*	House prices slumped 1.8%q/q in 3Q, and probably fell another 1.0% in the final three months of 2008. Differing rates of population growth, supply and affordability mean the change in house prices will not be uniform across the nation - the biggest declines are likely to have been in Perth, Canberra and Brisbane.
Monday, February 2 (4:30pm)	**RBA commodity price index (%oya, Jan.)**	**na**	na	*34.4*	The big rises in coal and iron prices last April still are feeding through to the annual change in the commodity price index. Spot prices for key commodities have been in free-fall recently, though, so the growth rate will fall quickly in coming months.
Tuesday, February 3 (2:30pm)	**RBA cash rate target (%)**	**3.25**	3.25	*4.25*	We expect the RBA to deliver another 100bp cut to the cash rate. Further policy easing is justified in the wake of another avalanche of gloomy news on the global economy, particularly the marked deterioration in conditions in Australia's dominant trading partners. Our forecast calls for another 50bp cut in March, taking the cash rate to 2.75%, which we believe will be the trough in this easing cycle. Given recent troubling events, the main risk is that the RBA delivers more than 100bp.
Wednesday, February 4 (9:30am)	**Aust. AiG performance of services index (Jan.)**	**37.0**	na	*39.3*	Activity in Australia's dominant service sector also is in retreat, with the headline index tracking well below 50. There probably will be another fall in January.
Wednesday, February 4 (11:30am)	**Aust. retail sales (%m/m, Dec.)**	**1.1**	1.8	*0.1*	Retail sales values should grow a solid 1.1%m/m in December, compared to 0.4% previously, owing mainly to the one-off bonus payments delivered by the government, the aggressive policy easing from the RBA, and falling petrol prices. Sales probably will fall in coming months as broader economic conditions deteriorate.

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Data and event previews - Australia and New Zealand (cont.)

Date [a]	Data/event	Forecast: JPMorgan	Forecast: Consensus	*Previous*	Comment
Wednesday, February 4 (11:30am)	**Aust. building approvals (%m/m, Dec.)**	**-5.0**	3.3	*-12.8*	Approvals probably fell 5%m/m after slumping nearly 13% in November. The downtrend in this series will continue amid low confidence, elevated construction and material costs, excessive red tape in the building sector, and persistent funding pressures.
Wednesday, February 4 (1:00pm)	**NZ ANZ commodity price (Index, Jan.)**	**na**	na	*-7.4*	na
Thursday, February 5 (8:45am)	**NZ unemployment rate (%, 4Q)**	**4.7**	4.6	*4.2*	Labour market conditions eased throughout 2008 as firms shed human capital to cut costs. We anticipate a big rise in the jobless rate to 4.7%. Additional job insecurity and redundancies will mean workers will curb spending, weighing even further on the economic growth outlook.
Friday, February 6 (11:30am)	**RBA Monetary Policy Statement**	**na**	na	*na*	The RBA's quarterly statement will explain in greater detail the reasons behind the aggressive rate cut earlier in the week. Officials, in particular, probably will lower the forecast for inflation, in keeping with the drop in the CPI in 4Q and the profile for lower growth and interest rates.

(a) Australian Eastern Standard Time.

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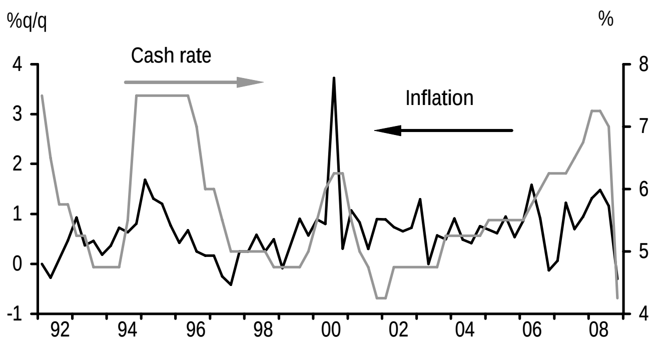
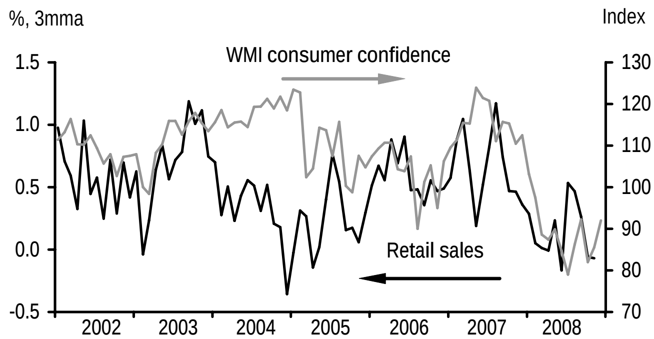
Feature charts

Australia: RBA cash target rate and inflation



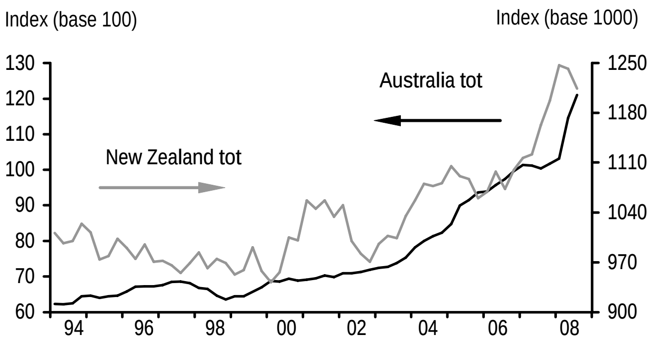
In Australia, inflation pressures at the consumer and producer level eased considerably in 4Q. This provides further scope for the RBA to continue easing monetary policy assertively. We expect the RBA to deliver another 100bp cut to the cash rate on Tuesday, taking the official cash rate to 3.25%, with the risk of a larger move. We forecast another 50bp cut in March, taking the cash rate to 2.75%, which we believe will be the trough in this easing cycle.

Australia: retail sales and consumer confidence



The value of Australia's retail sales probably bounced in December in the wake of the one-off bonus payments delivered by the government to low- and middle-income earners, combined with significant policy easing from the RBA. The RBA delivered 300bp of policy easing between September and December, marking the most aggressive pace of monetary policy easing since the early 1990s. Retail sales, though, almost certainly will weaken in the first half of 2009.

Australia and New Zealand: terms of trade



The shared dependence of Australian and New Zealand exports on commodity prices is reflected in trends in their terms of trade indices. Since 2003, the commodity price boom has pushed the terms of trade to record levels. Toward the end of 2008, Australia was hurt by falls in metals and raw materials prices, while New Zealand's predominately agriculture based exports continued to rise in price. In 2009, both countries will likely face falls in exports values and volumes as world demand dwindles.

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Research note

Further growth downgrades to Antipodean economies

- **GDP in Australia and NZ will contract in 2009, by 0.5% and 0.7%, respectively**
- **Export volumes will collapse owing to weaker trading partner growth, particularly in Asia**
- **Significant policy stimulus to cushion the downside; expect huge budget deficits and more rate cuts**

We have been forecasting recession in Australia since last October, but the latest dire news on the global economy means that we are even more confident in this view than before. Our global team again has marked down the forecast for 2009 global GDP "growth" to -1.7%. Deteriorating conditions offshore and the worsening credit crunch point to a deeper Australian recession than previously forecast. We now look for Australia's economy to contract 0.5% in 2009, a marked change from our previous forecast of a weak 0.2% expansion.

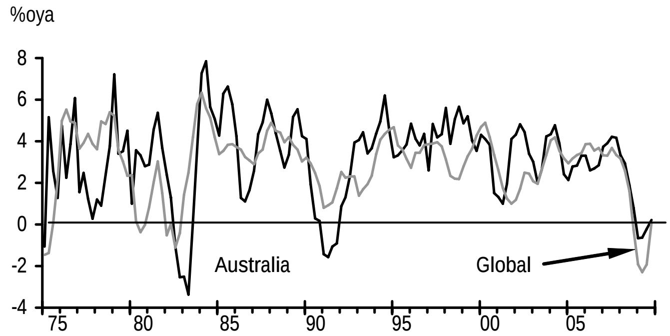
The New Zealand economy also will likely be weaker than previously forecast. A contraction in GDP in Australia, New Zealand's largest trading partner, will be a major headwind. In our revised forecast, the small, open, exporting Kiwi economy will shrink 0.7% in 2009 as export volumes collapse and private consumption stalls.

Asian trading partners outlook a key drag

The dismal outlook for the global economy means there are tough times ahead for Antipodean exporters. A major concern will be the marked deterioration in conditions in Australia and New Zealand's dominant trading partners in Asia, which receive more than half total exports. In Japan, for example, which is Australia's number one export destination and New Zealand's 3rd, GDP now is expected to contract 5.7% in 2009. There also have been further downgrades to J.P.Morgan's 2009 growth forecast for China, the second largest export partner for Australia and the 4th largest for New Zealand, to 7.2% from 7.8% previously.

Australia's export volumes, therefore, are poised to tumble. On our forecasts, export volumes will fall 8% in 2009 as global demand, particularly for commodities, weakens. Also, the dive in most commodity prices means the end of the long boom in national income. In response, many firms are reassessing their capital spending plans. Projects valued at A$600 billion remain in the investment pipeline, but firms already have trimmed expected growth in spending in the current fiscal year. We expect private investment spending to fall 7% in 2009, after rising 98% since 2001.

GDP growth: Australia and global (incl. J.P.Morgan forecasts for 2009)



Australia: GDP growth forecasts

	2008	2009	2010
Household spending	2.0	-0.4	1.9
Business investment	11.4	-7.4	-8.1
Dwelling investment	2.1	0.6	3.0
Public spending	3.9	6.6	4.9
Change in inventories[1]	-0.3	-0.1	-0.2
Exports	5.2	-8.3	-2.2
Imports	11.7	-4.4	-1.9
GDP	2.3	-0.5	1.5

Source: JPMorgan
1. Contribution to growth.

Aussie consumers in rare state of retreat

Previously upbeat Aussie businesses are slashing investment and trimming their work forces, reaffirming our view that the unemployment rate will reach 9% by the end of 2010, double the current rate. Leading indicators of employment have collapsed and more contemporary industry anecdotes, such as the deep job cuts announced throughout January in sectors as diverse as mining, retailing, and telecommunications, signal that labor market conditions will deteriorate further. We forecast a deep labor market adjustment that will result in employment falling at least 1% during the current recession.

Increased anxiety about job security will be a heavy burden for consumers in 2009. Not surprisingly, most consumers remain pessimistic—the WMI consumer confidence index read 89.9 in January, below the neutral level of 100 for the twelfth straight month. Lower confidence and the massive wealth destruction occurring in the highly leveraged Aussie household sector already have fuelled a rise in precautionary saving and driven many households laden with debt to make additional repayments. Household spending probably will fall 0.4% in 2009.

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Public spending absorbing private slack

Some of the slack in 2009 generated on the private side of Australia's economy should be taken up by a huge rise in public spending. The government has in recent months announced substantial fiscal stimulus packages designed to boost GDP as much as 2% points. We anticipate a 7% rise in public spending as the central government deploys the surplus, via increased spending on public infrastructure and more tax relief for households.

Officials will push the Budget into a deep deficit of around 4% of GDP by 2010, a similar shortfall to those seen in earlier recessions. Last week, the government hinted that another round of personal tax relief could be in the pipeline, in addition to big increases in public spending.

Terminal cash rate of 2.75% forecast

Deteriorating conditions offshore and rapidly accumulating evidence that Australia is not immune to global recession solidify the case for assertive RBA easing. We forecast another 100bp cut in the cash rate at the February 3 Board meeting. In our view, RBA officials would rather risk overdoing the policy easing by moving early and aggressively, than moving too little too late. Being overly cautious risks the economy dropping into a destructive, deflationary spiral of even more aggressive job cuts and collapsing activity; this argues strongly in favor of the RBA frontloading the policy easing.

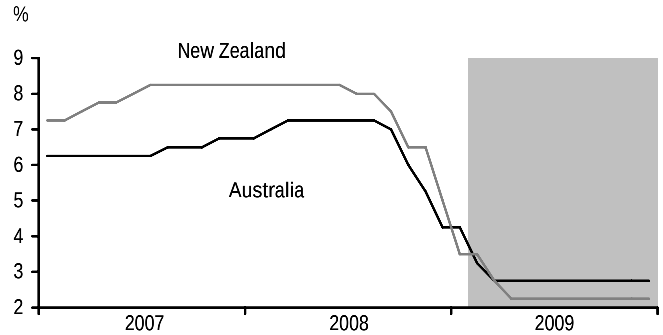
Our forecast for the terminal cash rate is 2.75% by March. By then, having delivered a mammoth 450bp of rate cuts in just seven months, the most aggressive policy easing since the 1990-91 recession, RBA officials will likely sit back and let the policy stimulus do its stuff. An important consideration will be how the monetary boost interacts with a further significant loosening of the fiscal purse strings.

Aussie downgrade bad news for NZ

Across "the ditch" in the Shaky Isles, the Kiwi economy already was in a home-grown recession before the recent international troubles unfolded. The threat of even weaker export demand, particularly from Australia, is the main reason for our latest activity downgrade. Even though the end of the drought should boost agricultural activity, export volumes probably will fall 3% this year.

Household spending probably will fall in 2009—the forthcoming tax cuts to be delivered in April will prevent a larger decline than the 0.2% currently forecast. Consumers are becoming increasingly reluctant to spend amid widespread recession fears, still-elevated market interest rates, falling asset prices, and rising unemployment. On our forecasts, the unemployment rate will rise from the current five-year high of 4.2% to nearly 7.0% by year end.

Record low terminal cash rates in Australia and NZ



New Zealand: GDP growth forecasts

	2008	2009	2010
Household spending	0.1	-0.2	2.3
Government spending	4.1	7.3	-2.9
Fixed investment	-3.8	-5.5	4.9
Change in inventories[1]	0.6	-0.4	-0.5
Exports	-1.0	-3.0	3.8
Imports	3.4	-2.4	3.4
GDP	0.4	-0.7	1.4

Source: J.P. Morgan

1. Contribution to growth.

Private consumption also will be under pressure following dairy cooperative Fonterra's decision to lower payouts to farmers. Fonterra—which accounts for 35% of global dairy output and is a major driver of income in New Zealand—announced that falling commodity prices and fluctuations in NZD have reduced its estimated payout for the period ending May 31, 2009. The company cut the payout forecast to NZ$5.10/kg of milk solids from NZ$6/kg. We estimate that the payout cut will remove some NZ$1.5bn from the economy.

Two positives: lower rates and tax relief

The prolonged recession in New Zealand, coupled with the rising prospect that inflation soon will fall to within the RBNZ's 2-3% target range, point to further assertive policy easing. Our forecast calls for a terminal cash rate of 2.25%, a stark contrast to the 8.25% peak recorded in 2008. The forthcoming fiscal stimulus is a key factor preventing even larger cuts to the OCR. The government plans to inject about NZ$7bn (4% of GDP) into the economy over the next two years. Significant personal income tax relief, targeted spending on public infrastructure, and higher welfare payments will push the Budget into significant deficit.

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Australia

- **Inflation pressures eased in 4Q**
- **Retail sales probably were strong in December**
- **RBA to deliver another 100bp rate cut**

Economic data last week indicated that price pressures eased in 4Q08. Easing price pressures and soft credit conditions, combined with deteriorating conditions offshore, particularly in Australia's major trading partners in Asia, reaffirmed our view that the RBA will cut the cash rate 100bp this week.

Another 1% rate cut expected from RBA

We expect the RBA to deliver another 100bp cut to the cash rate tomorrow, taking the official cash rate to 3.25%. Further policy easing is justified in the wake of another avalanche of gloomy news on the global economy. The marked deterioration in conditions in Australia's dominant trading partners in Asia was the main reason we downgraded our 2009 GDP growth forecast. We now expect the Aussie economy to contract 0.5% this year (see "Further growth downgrades to Antipodean economies").

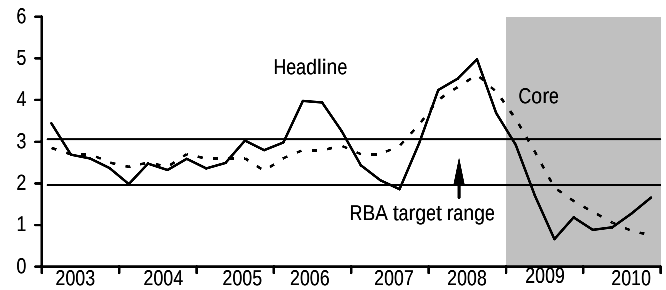
Deteriorating conditions offshore and rapidly accumulating evidence confirming that Australia is not immune to a global recession means that the case for assertive easing remains strong. Our forecast calls for another 50bp cut in March, taking the cash rate to 2.75%, which we believe will be the trough in this easing cycle. If the RBA delivers on our expectations, it will have delivered 450bp worth of rate cuts since last September. After March, RBA officials probably will sit on the sidelines and let the policy stimulus do its stuff.

Inflation pressures eased in 4Q

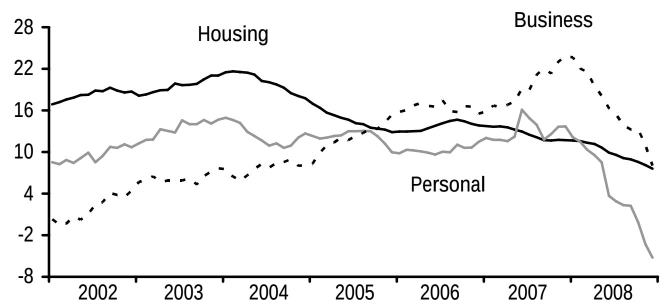
Headline inflation printed at 3.7%oya in 4Q (J.P.Morgan 4.2%, consensus 3.6%), down sharply from 5.0% but still well above the RBA's 2-3% target range. The CPI slumped -0.3%q/q in 4Q, a stark contrast to the 1.2% rise in 3Q. There was a sharp fall in the trimmed meanmeasure, from 1.2%q/q in 3Q to 0.6% in 4Q. The weighted median measure printed at 0.9%q/q.

The price changes in the CPI components were mostly in line with our expectations. The significant moderation stemmed from price falls in transportation (-6.9%q/q), owing to sharply lower fuel prices (-18.2%). The fall in prices in the financial and insurance service component (-0.3%) was unexpected, however. Interest rate margins have widened as domestic banks have failed to pass on cuts to the official cash rate in full, while deposit rates have been slashed; this, we thought, would push the financial service component higher. All other major CPI components recorded price increases.

Australia: CPI
%oya



Australia: private sector credit aggregates
%oya



Inflation pressures also eased at the producer level. Producer prices grew 1.3%q/q in 4Q (J.P.Morgan 2.7%, consensus 0.4%), compared to a 2.0% rise in 3Q. The rise in 4Q was mainly owing to price rises in industrial machinery and equipment manufacturing and electronic equipment manufacturing, thanks to weaker AUD, which has made imported goods more expensive. Producer import prices were up 14.8%q/q in 4Q.

Credit outstanding declined in December

For the first time since 1992, the RBA's measure of private sector credit outstanding fell 0.3%m/m in December (J.P.Morgan 0.3%, consensus 0.5%), after rising 0.4% in November. This dragged annual credit growth down to 6.7%, a stark contrast to the 16% rates at the start of 2008. Lending to businesses tumbled 1.1%m/m, after rising 0.6% in November, as investment plans continue to be scaled back, postponed, and cancelled amid growing expectations of much weaker global demand. Housing credit remained soft, growing only 0.4%m/m, compared to 0.5% previously. Putting something of a floor under demand for housing finance, however, would have been the recent doubling of the first home owner grant.

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Growth in personal credit remained in the red, falling 1.1%m/m after two straight months of 1.5% declines. This marked the seventh straight monthly decline in personal credit, barring zero growth in September, and further declines are anticipated given tight credit conditions, asset price declines, and low confidence. The wealth destruction occurring in the highly leveraged household sector has encouraged a large portion of the population to pay down debt and/or boost precautionary savings, rather than take on additional loans.

December a good month for retailers

The value of Australia's retail sales should grow a solid 1.1%m/m in December, compared to 0.4% previously. This will bring trend growth up to 0.2%m/m from 0.1%.

December sales should have been strong, owing mainly to the one-off bonus payments delivered by the government to low- and middle-income earners (Dec. 8), combined with significant policy easing from the RBA. The RBA delivered 300bp of policy easing between September and December, marking the most aggressive pace of monetary policy easing since the early 1990s. We suspect that sales volumes will have remained firm due to aggressive discounting by retailers in the latter months of 2008, coupled with lower interest rates and falling petrol prices.

Still, the outlook for consumer spending in 2009 remains bleak as households are facing considerable headwinds. The largest drag on consumption in the foreseeable future probably will be the deterioration in labor-market conditions. We expect that the unemployment rate will rise significantly over the next two years to 9% by the end of 2010, double the current rate.

House prices probably fell in 4Q

House prices slumped -1.8%q/q in 3Q, and probably fell another 1.0% in the final three months of 2008. Differing rates of population growth and affordability meant that the rise in house prices will not have been uniform across the nation.

Our forecast is for house prices to fall 10% in 2009. Larger falls in house prices probably are warranted, although the acute shortage of new homes and accelerating population growth (on the back of higher skilled migration) will keep some upside pressure on house prices.

Data releases and forecasts

Week of February 2 - 6

Mon Feb 2 11:30am — **House price index: eight capital cities**
Weighted average

	1Q08	2Q08	3Q08	4Q08
(%q/q)	0.7	-0.2	-1.8	-1.0
(%oya)	13.5	8.6	2.8	-2.4

Tue Feb 3 02:30pm — **RBA cash rate announcement**

100bp cut expected.

Tue Feb 3 11:30am — **Trade balance**
Seasonally adjusted

	Sep	Oct	Nov	Dec
Trade balance (A$ mn)	1111	2960	1448	1100

Wed Feb 4 11:30am — **Retail trade**
Seasonally adjusted

	Sep	Oct	Nov	Dec
(%m/m)	-1.6	1.0	0.4	1.1
(%oya)	1.4	2.2	2.0	2.8

Wed Feb 4 11:30am — **Building approvals**
Seasonally adjusted

	Sep	Oct	Nov	Dec
(%m/m)	-5.8	-3.1	-12.8	-5.0
(%oya)	-19.2	-23.6	-34.7	-34.5

Review of past week's data

NAB monthly business survey
% balance, seasonally adjusted

	Oct	Nov	Dec	
Business confidence	-29	-30	~~-22~~	*-20*

Producer price index
Not seasonally adjusted

	2Q08	3Q08	4Q08	
(%oya)	4.7	5.6	~~7.8~~	*6.4*
(%q/q)	1.0	2.0	~~2.7~~	*1.3*

WMI leading index
Seasonally adjusted

	Sep		Oct		Nov	
(%m/m)	~~-1.2~~	*-1.6*	~~-0.1~~	*-0.2*	__	*-1.0*

Consumer price index
Not seasonally adjusted

	2Q08	3Q08	4Q08	
Headline				
(%oya)	4.5	5.0	~~4.2~~	*3.7*
(%q/q)	1.5	1.2	~~0.2~~	*-0.3*

Private-sector credit
Seasonally adjusted

	Oct	Nov	Dec	
(%m/m)	0.6	0.4	~~0.3~~	*-0.3*
(%oya)	9.6	8.2	~~7.3~~	*6.7*

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New Zealand

- **RBNZ cut OCR 150bp last week**
- **Unemployment rate probably rose in 4Q**
- **Wage growth should have moderated**

The RBNZ delivered another massive 150bp cut to the official cash rate last week. We had expected "only" a 100bp move. The assertive action was warranted. The Kiwi economy is in the midst of what will be a prolonged recession, extending for at least six straight quarters, according to our forecasts. This week, data should show that labour market conditions deteriorated further in 4Q, with the unemployment rate rising 0.5 percentage point.

RBNZ delivered another 150bp OCR cut

The RBNZ cut the OCR another 150bp to 3.5% (J.P.Morgan and consensus -100bp). The OCR now has been lowered a mammoth 475bp since last July.

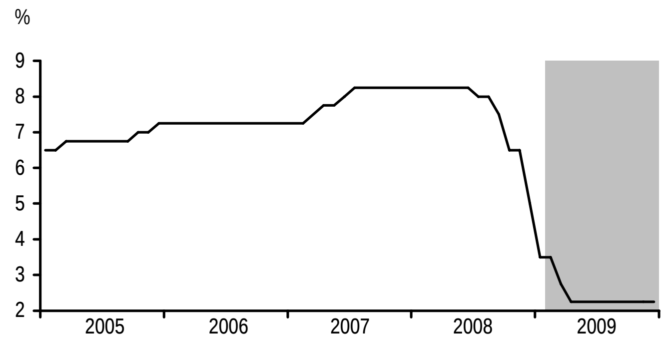
RBNZ Governor Alan Bollard said, "the news coming from our trading partners is very negative." Since the December *Monetary Policy Statement,* global economic conditions have deteriorated further, and J.P.Morgan's growth forecasts have been adjusted accordingly. Importantly, we recently downgraded our outlook for the Australian economy, New Zealand's largest trading partner, to include a recession in CY 2009. According to Dr. Bollard, these developments mean "a more negative outlook for the terms of trade and exports, and tighter credit conditions."

The aggressive action by the RBNZ certainly was warranted. The Kiwi economy is well entrenched in a recession that, in our forecasts, will likely extend for six straight quarters. Further monetary and fiscal policy stimulus will prevent a deeper economic downturn.

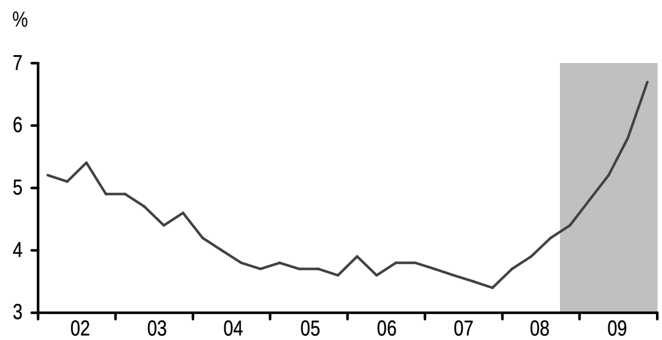
OCR to terminate at 2.25%

Significantly weaker economic "growth" in 2009 will help inflation return to target this year. The RBNZ believes that "headline inflation will be comfortably inside the target band of 1-3% over the medium term." The improving prospect that inflation soon will return to target, coupled with the problematic global economic and financial market outlook, sagging domestic house prices, and the falling terms of trade, provides ample scope for the RBNZ to continue easing policy assertively.

New Zealand: RBNZ official cash rate



New Zealand: unemployment rate



The RBNZ Governor said that further adjustments to the OCR will be smaller than those recently delivered. Our forecast now calls for the RBNZ to cut the cash rate 75bp in March and another 50bp in April, taking the OCR to 2.25%. Future policy decisions will, however, be influenced by two key factors: one, developments in the global economy; and, two, the extent to which New Zealand's domestic banks pass on the cuts to the official cash rate.

Labour market to have deteriorated in 4Q

As expected, growth in private sector labour costs (as measured by the LCI) in New Zealand slowed to 0.7%q/q in 4Q, from 1.1%. The moderation in wage growth is emerging as the unemployment rate soars, probably to 4.7% from 4.2% in 3Q.

Labour market conditions eased throughout 2008 as firms shed human capital to cut costs. Additional job insecurity and redundancies will mean that workers continue to curb spending, weighing even further on the economic growth outlook. We expect six straight quarters of negative GDP growth and the economy to contract 0.7% in CY 2009.

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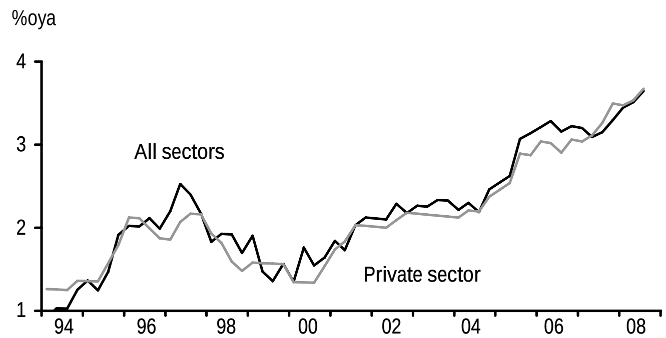
Trade deficit improved on exports

The trade gap narrowed to -NZ$347mn in December (J.P.Morgan -NZ$600mn, consensus -NZ$100mn), from -NZ$588mn. Exports were surprisingly higher, rising 4.5%m/m in December, thanks mainly to the sale of large aircraft (NZ$148mn). Imports were down just -1.8%m/m.

In 4Q08, the value of exports and imports both increased, rising 4.4%q/q and 1.5%, respectively. Dairy products contributed almost two-thirds to the increase, while the largest offsetting decrease came from crude oil—which was down more than 40%q/q. The rise in imports was mainly owing to higher imports of intermediate and consumption goods.

The dismal outlook for the global economy means there are tough times ahead for Kiwi exporters. A major concern will be the marked deterioration in conditions in the country's dominant trading partners. J.P.Morgan recently downgraded growth forecast for Australia, the US, Japan, and China—New Zealand's four largest export destinations. The threat of weaker export demand means that net exports will remain a major drag on growth in 2009.

New Zealand: labor costs



Data releases and forecasts

Week of February 2 - 6

Mon Feb 2 10:45am
Labour cost index and average hourly earnings
Private sector, ordinary time, sa

	1Q08	2Q08	3Q08	4Q08
Labour cost index (%q/q)	0.7	0.8	1.1	0.7

Wed Feb 4 10:45am
Visitor arrivals
Not seasonally adjusted

	Sep	Oct	Nov	Dec
Total (%m/m)	-6.0	0.7	0.8	__

Wed Feb 4 10:45am
Net permanent immigration

	Sep	Oct	Nov	Dec
Monthly (000s)	1.7	1.5	1.0	__
12 month sum (000s)	4.4	4.3	3.6	__

Wed Feb 4 3.00pm
ANZ commodity price series
Not seasonally adjusted

	Oct	Nov	Dec	Jan
Index - world prices (%m/m)	-7.6	-7.4	-7.4	__
Index - NZD (%m/m)	0.4	-1.5	-6.1	__

Thu Feb 5 10:45am
Labour force survey
Seasonally adjusted

	1Q08	2Q08	3Q08	4Q08
Unemployment rate (%)	3.7	3.9	4.2	4.7

Review of past week's data

Credit card spending
Seasonally adjusted

	Oct	Nov	Dec
(%oya)	~~1.2~~ *1.0*	~~-0.7~~ *-0.9*	__ *-3.9*
(%m/m)	~~-1.4~~ *-1.7*	~~-0.8~~ *-1.0*	__ *-2.2*

RBNZ cash rate announcement

150bp cut to OCR

Trade balance
Not seasonally adjusted

	Oct	Nov	Dec
Trade balance (NZ$ mn)	~~-996~~ *-995*	~~-520~~ *-588*	__ *-347*
Exports (NZ$ mn)	3826	~~3685~~ *3685*	__ *3850*
Imports (NZ$ mn)	~~4822~~ *4821*	~~4205~~ *4273*	__ *4196*

Building consents
Not seasonally adjusted

	Oct	Nov	Dec
(%m/m)	-28.3	-0.4	__ *-3.5*
(%oya)	-43.8	-46.6	__ *-35.2*

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Global Essay

- **Corporate cost-cutting is intensifying, as labor markets deteriorate everywhere**
- **Fed takes lead in global battle against deflation, as US core inflation falls toward zero**
- **Japanese GDP is set to contract at a double-digit pace**
- **Sharp downshift in domestic credit growth to add to EM woes**

Stormy weather

Any relief from last week's news of an unexpectedly moderate -3.8% slide in 4Q08 US GDP was offset by a string of other disappointments on year-end activity. Industrial activity collapsed across the globe last quarter at an estimated 20% annualized pace, yet firms did not make significant progress in reducing inventories. In the US, final sales declined at a 5.1% pace last quarter and there was a modest buildup in stocks, concentrated in the durable goods sector. In Japan, manufacturing inventories rose at a 15%ar pace despite a 40%ar drop in output. Clearly, efforts by firms to scale back will intensify. Last week's reported rise in unemployment in Japan and Germany is a sign that job shedding is now gathering steam globally. This week's US January payroll report is expected to show a third straight month of job losses exceeding 500,000.

Against this backdrop, we are looking for global GDP to decline at about a 5% annualized pace this quarter, an outcome in line with last quarter. With financial markets having largely digested the news that a severe global contraction is set to persist, the key element of our forecast is the projected swing toward stability in global growth around midyear. The case for stabilization relies on credit market healing and on cushions from policy stimulus and lower energy prices stabilizing household demand even as business adjustments accelerate.

Our forecast for this week's January releases projecting stabilization in global manufacturing PMI orders and US auto sales bottoming around 10 million units would bolster confidence in this view. However, the large demand boost in the pipeline from the axis of policy vigor—the US, China, and Japan—will also need to be realized. Details of the US fiscal policy package point to a demand lift amounting to 4% of GDP in the middle quarters of this year (see research notes on US and Japanese fiscal policy in this issue). The GDP contribution in China is harder to pin down but will be substantial, while Japan's government now is committed to a program in excess of 2% of GDP. Although there remains considerable debate about the ultimate effectiveness of these packages, the downside risks to our midyear forecast is concentrated in Europe and other Emerging Market economies—where business adjustments are in their early stages and where the size of the policy response is smaller.

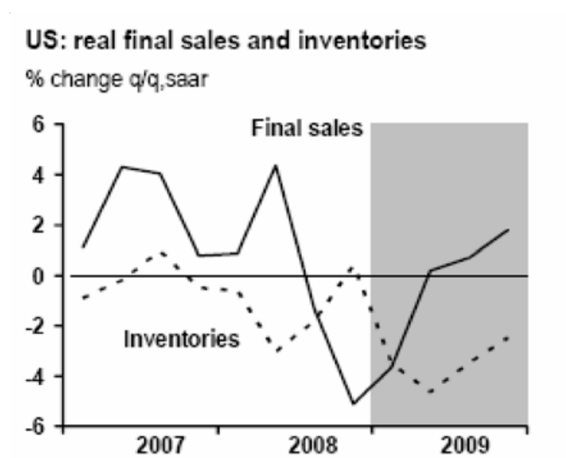
The battle against deflation has begun

While central banks have enough on their plate fighting recession and financial crisis, the battle against deflationary psychology has also begun. Although the sharp recent slide in global CPI inflation is largely a temporary response to the collapse in energy prices, the reverberations of a deep global recession will be lasting. Our estimates suggest that global resource utilization is set fall 3% points below its trend by the end of 2009. Along with rising slack, core inflation rates are set to move lower for at least two years.

In the US, where core PCE inflation looks likely to slide below 1% by the end of this year, the FOMC strongly expressed its

US: fiscal impact on GDP forecast

	GDP forecast	GDP ex. Stimulus	Diff.	Fiscal thrust ($bn)
1Q09	-5.5	-5.5	0.0	0
2Q09	-0.5	-4.5	4.0	36
3Q09	1.5	-2.4	3.9	71
4Q09	2.5	2.7	-0.2	70
1Q10	2.5	3.2	-0.7	65
2Q10	3.0	3.3	-0.3	63
3Q10	3.5	4.0	-0.5	59
4Q10	4.0	4.0	0.0	60



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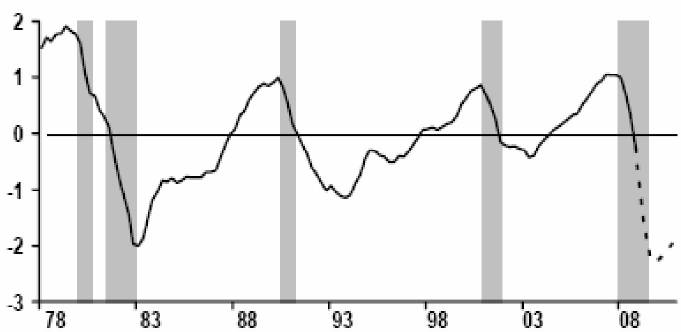
Developed market resource utilization

Std dev from 1978-2007 avg; dashed line is forecast



commitment to anchoring inflation expectations in this week's statement. For the first time, the committee linked preserving price stability to its balance sheet, suggesting that purchases of Treasuries may be used to this end. A decision by a central bank to monetize government debt blurs the separation between fiscal and monetary policy and can thus have a powerful impact on inflation expectations. The response in the TIPS market this week suggests that the Fed's message was understood.

The ECB has signaled it is not likely to move policy rates at this week's meeting, but is set to ease further. Movement toward the next step has been promoted by recent developments on the inflation and monetary fronts. Headline inflation fell to 1.1%oya in January, and capacity utilization is collapsing. Meanwhile, the December M3 report indicated that credit is now contracting across the region. While the demand for credit has undoubtedly been depressed by the downturn in growth and the fall in asset prices, it is likely that exceptional constraints coming from the supply of credit are also playing a role. A downshift in the inflation outlook and a move into outright credit contraction will likely prompt the next 100bp of easing, which we expect to take place in March and May.

What happens beyond May depends on the inflation dynamic. The ECB is fairly resistant to the idea of a significant risk of deflation in the region. However, the dramatic shift in resource utilization suggests that core inflation will move significantly below 1% and a move into deflation is a very real possibility. Most likely the central bank's first line of defense will be to respond to this development as the Fed did in 2003—signaling that it will maintain a 1% policy rate for an extended period. We doubt that the ECB would use its balance sheet to fight deflation risk.

Numerous rate cuts on tap this week

While the ECB is likely to pause, other central banks will maintain the global easing process, including in the UK, Norway, Australia, South Africa, the Czech Republic, and Peru. The BoE is expected to cut 50bp to 1% this week, led by a continued deterioration in the economy and the recognition that inflation, helped by a VAT cut, could fall below zero around midyear. In Australia, the RBA is expected to ease 100bp in response to deteriorating conditions at home and among its dominant trading partners in Asia, combined with expectations that headline inflation will return to the target range as soon as 1Q09. The prospect of back to back 3% contractions in GDP should prompt the Norges Bank to ease 50bp. In South Africa, the economy has stalled and inflation should return to the target range by midyear. SARB is forecast to turn more aggressive with a 100bp rate cut.

Japan's deep downward spiral

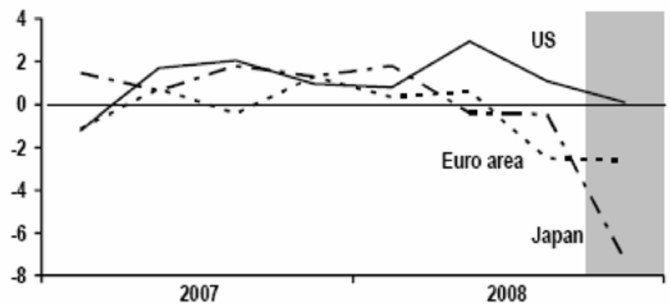
The data flow from Japan has been relentlessly negative. This includes measures of expenditures, especially exports and capex, and measures of production, including the monthly business surveys and manufacturing. Indeed, the message from these latter reports—which extend through January—is alarming. Each of the major monthly business surveys continued to fall in January, suggesting the economy will contract even faster this quarter than last. Likewise, the IP report showed that manufacturers are planning very deep production cuts this quarter. We have taken this message on board, and now look for GDP to fall at a 12% annual rate this quarter.

Japan has lacked a domestic demand engine for some time now, leaving the economy dependent on exports for growth. When global demand swooned in 4Q08, goods exports collapsed at a nearly 50% annual rate. This downturn reflects in no small way Japan's specialization in autos and the 30% leap in the yen TWI since September. The surging yen also may help explain the surprising stability of import volume last quarter, a good portion of which probably landed in inventory. The export collapse also was the trigger for more aggressive cuts in business capital spending.

In addition to deep cutbacks in capex and inventory, Japanese businesses also are poised to step up the pace of job-shedding. The belated labour market adjustment is going to hit consumer spending, which was relatively resilient through late last year. The emergence of a credit crunch also is crimp-

Net trade contribution to GDP

Percentage points, 4Q08 is actual for US



ing domestic outlays. Business finance is becoming harder to obtain as investor risk appetite shrinks and banks seek to preserve capital (a desire that is magnified by losses on their still-extensive equity holdings). The government and the BoJ are taking steps to alleviate this problem via loan guarantees and support for the CP and corporate bond markets—and fiscal stimulus is in the pipeline—but economic activity is being constrained in the interim.

Tighter credit hits EM demand

While the EM banking sector lacks the bad asset problems found in the US and Western Europe, the flight of capital out of the EM as well as the economic downturn domestically has soured balance sheets and is impairing the supply of credit. This is further damping household consumption and investment expenditure, already battered by rapidly worsening labor markets. While the pain is shared broadly, the impact is most pronounced in countries where local corporates borrowed ssively in recent years—both domestically and abroad—and where the availability of credit reached previously unbanked segments of the population.

Last week's reports on bank lending and delinquencies in Brazil and Mexico underscored the retrenchment in credit in Latin America, particularly for consumers. Credit growth also has downshifted sharply across the CEEMEA region, where debt servicing costs on loans in foreign currencies are rising rapidly in response to depreciating fx rates—a problem particularly acute in Hungary, Poland, Ukraine, and the Balkan countries. The pullback in credit has been more mixed in EM Asia. Conditions have tightened broadly for all borrowers in India, while Korean banks have been more conservative in lending to corporates than to consumers. By contrast, the latest data from China showed bank lending picked up slightly in December, likely in response to Beijing's policy efforts to reaccelerate credit supply.

IMF programs in focus in CEEMEA

Turkey's IMF deal is taking longer than anticipated. While there seems to be general agreement on economic and fiscal parameters, structural fiscal reforms are still being negotiated. That said, we remain confident that Turkey will sign a two- to three-year year standby arrangement with a substantial US$15-25 billion loan, probably by early March. The first review of Ukraine's standby is unlikely to be completed until the 2009 budget is amended to incorporate more realistic economic assumptions and a reduction of the deficit target toward balance. This will delay the disbursement of the next US$1.9bn IMF loan tranche beyond the original mid-February schedule.

Given this year's substantial external financing needs, we expect the necessary changes to be made most likely by March. Within the EU countries, Romania appears the likely next candidate for an IMF/EU package, as its previously overheated economy is rapidly cooling, with deep external imbalances, and ongoing currency weakness. This support is not likely to prevent a hard landing in the economy, but it should help prevent a banking crisis and a full-fledged BoP crisis.

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JPMorgan View - Global Markets

Everyone loves high-grade now

The contrast could not be starker last week. On one side, activity data continue to show a world economy falling over a cliff, with earnings collapsing and companies firing people at an ever faster pace. On the other side of the ledger, markets are on a roar, with stock markets up on the week, credit spreads way down, corporate issuance at record highs, government bond yields rising, and inflation breakevens shooting up.

Is this the hoped-for Obama effect? The low ytd in the S&P500 was indeed on Inauguration Day, and all the economic data really are from before then—December and November. We surely hope that President Obama can work his magic on the world economy, and we are all rooting for him. But even he will find it hard to work miracles. Hard work, oodles of policy stimulus, and patience are what is required to get the world economy working again. In the meanwhile, uncertainty about when and how we get out of recession remains extremely high. Economic data, earnings, and defaults will get much worse before they get better.

We thus do not see a compelling reason to get out of our recession exposures. Uncertainty on whether the world economy will be up or down this year is pushing investors into assets that can benefit from either scenario. A much longer recession should benefit government bonds, while a short one benefits riskier assets such as equities and credit. As a result, this year's favorite asset class has become plain-old high-grade bonds. A worse economy pushes government yields down but credit spreads wider. A better economy does the opposite.

For **high-quality bonds (A rated)**, these two effects could nicely offset each other, producing a similar return for the holder under either scenario. And we have indeed seen massive buying of high-grade bonds this month, pushing spreads down. Overall, we stay overweight spread product in the US, but not in Europe, where there is much less official sponsorship of credit product. We do greatly favor higher-yielding intra-EMU government bonds as they are significantly underpriced by our measures. We went overweight last week, and spreads are now indeed coming in fast. Stay long.

Fixed income

Last week our FI analysts published a note arguing that debt default risk was overpriced in EMU given the high likelihood of sovereign bailouts. Indeed, peripheral spreads to Bunds rallied massively last week. Greek 10- year spreads to Bunds rallied 45bp. We believe that this move is not over and maintain **intra EMU convergence trades**.

10-yr Government bond yields

	Current	Mar 09	Jun 09	Sep 09	Dec 09
United States	2.84	2.40	2.00	1.75	1.65
Euro area	3.31	2.95	2.90	2.95	3.00
United Kingdom	3.75	3.20	3.20	3.25	3.30
Japan	1.26	1.25	1.35	1.55	1.55

Foreign exchange

	Current	Mar 09	Jun 09	Sep 09	Dec 09
EUR/USD	1.28	1.28	1.30	1.35	1.37
USD/JPY	89.9	88	85	85	90
GBP/USD	1.45	1.33	1.33	1.42	1.51

Commodities

		Quarterly Average			
	Current	09Q1	09Q2	09Q3	09Q4
WTI ($/bbl)	42	38	40	45	50
Gold ($/oz)	928	750	800	825	825
Copper($/m ton)	3194	3000	3000	3250	3300
Corn ($/Bu)	3.79	4.30	5.10	5.00	4.80

Source: J.P. Morgan, Bloomberg, Datastream.

The US curve steepened significantly on **supply concerns**. Investors were also disappointed by the FOMC's only half-hearted commitment to "purchase longer-term Treasury securities if evolving circumstances indicate that such transactions would be particularly effective in improving conditions in private credit markets." Although our **bull flattener in the US** has been suffering of late, we stick with the trade, on a view that supply will soon be met by strong demand, and that the Fed will act to keep yields low.

We see risks to both inflation and deflation in the US, and are thus neutral on US linkers. **In the Euro area, we are short breakevens**. Inflation readings continue to surprise on the downside and we believe weak economic data and low capacity utilization rates will cap EU inflation.

We remain **overweight sectors supported by government** sponsorship, including agency debt, agency MBS, and

FDIC guaranteed debt. Indeed, the FOMC minutes confirmed the Fed's commitment to expand the quantity and duration of agency debt and MBS purchases as conditions warrant.

Equities

The rally in banks was driven by short covering as the prospect of an asset guarantee, bad bank scheme, or a combination of the two reduced fears of nationalization or dilutive eq-

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uity injections by governments. While several initiatives have been announced already (e.g. the UK's Asset Protection Scheme) and asset guarantees have been already implemented for specific banks in the US and Europe, the details about forthcoming government measures are still unknown. With little visibility on how punitive for shareholders these measures are going to be, we are reluctant to chase this week's rally and change our cautious stance on Banks, especially in Europe.

In our opinion, a **bad bank scheme is preferable** as it completely removes bad assets from banks' balance sheets. In the case of an asset guarantee scheme the maximum loss is not capped as each bank will be expected to retain a proportion (announced at 10% in the case of the UK's Asset Protection Scheme) of the residual exposure of the assets beyond the first loss. As the first loss is not zero and there is residual exposure, the risk weighting of the assets is not reduced to zero in the case of the asset guarantee scheme.

We stay cautious near term owing to high uncertainty about the impact of future government intervention and still negative momentum in terms of prices, earnings and flows. We look for a new low, likely below 700 in the S&P500, to be reached by midyear, assuming a US GDP trough in 2Q.

Credit

US credit rallied last week with spreads tighter by 18bp for Industrials and 30bp for financials. Primary markets remained active, with more than $51bn issued this week. It is encouraging to see that another financial opt to issue a long-term bond without government guarantee. Early indications from 4Q earnings suggest credit metrics are holding up for the HG Industrials, with EBITDA/interest expense showing improvement over the prior year for most companies we tracked, but we wait for more clarity before buying.

Stay neutral US HG.

We continue to **overweight senior bank bonds** in both US and Europe as governments continue to stabilize the sector and supply is limited. However, the outlook for Tier I and hybrid instruments is dim. Tier I is facing pressure as rating agencies reassess Tier I risk profile, threaten downgrades and potential changes in rating methodology for deeply subordinated instruments. This increases the probability of Tier I issues falling below investment grade, which in turn will introduce significant selling pressure as many investors, such as real money managers, have restrictions in % of HY holdings and create a seismic shift in investor base.

Our overweight in CDX IG vs CDX.HY continues to work as CDX IG outperformed this week as defaults spike. Keep overweight against CDX.HY given worsening economic data and the government's support of IG Financials. Despite the recent rally, CDS curves failed to steepen and an opportunity is emerging. We expect CDS-bond basis to narrow further because of restructuring and unwinding in the CSO market, protection buying induced by high default expectation, and strong demand in the HG bond market, tightening bond spreads—but not that much in CDS.

Foreign exchange

The question is whether stability is enough to generate a trend reversal. We doubt it. In sterling as with all G-10 markets, the **differentiator this year won't be economic performance**—all economies will remain in recession for at least two more quarters. **It will be public finances.** The flip side of stability in UK economic performance this year will be an explosion in government issuance to fund the range of support programs—bank recapitalization, credit guarantees, asset-protection program, or tax reductions— intended to revive the economy. Of course, forecasting currencies on a week to week horizon based on government finances makes about as much sense as forecasting short term based on the current account. Financing is a longerterm dynamic, but we think the correct one for grounding the medium-term forecast of **EUR/GBP** reaching 0.98 and **GBP/USD** hitting 1.33 by midyear. But near-term sterling is like other markets in finding footing on any upward turn in the data, particularly given the short base (IMM shorts are near record). We therefore take losses in on our short sterling recommendations but keep forecasts intact.

Alternatives

Precious metals were up 3% and remain the only commodity sector with positive performance this year. **Oil prices** have been in a wide range since early December and we recommend shorts on Dec 09, as the forward curves remain steep relative to our current spot price forecasts and rising inventories. We see momentum in precious metals, as inflows into ETF's remain strong although physical market is weak. We remain short **base metals**, copper in particular. We see signs that the hedge funds redemption cycle is near its end. Outflows will likely decline significantly in 2Q. The market impact of HF deleveraging is small as cash balances are now high. Hedge fund AUM will converge to around $1.1tr at the end of the deleveraging cycle.

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Global Economic Outlook Summary

	Real GDP % over a year ago			Real GDP % over previous period, saar							Consumer prices % over a year ago			
	2008	2009	2010	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	3Q08	4Q08	2Q09	4Q09
The Americas														
United States	**1.3** ↑	**-1.8** ↑	2.5	-0.5	**-3.8** ↑	**-5.5** ↓	-0.5	1.5	2.5	2.5	5.3	1.5	**-1.4** ↓	**0.1** ↓
Canada	**0.6** ↓	**-1.7** ↓	2.6	1.3	**-3.5** ↓	**-5.0** ↓	**-2.0** ↓	2.0	2.5	3.0	3.4	1.9	0.3	1.6
Latin America	4.1	**-0.4** ↓	3.2	4.2	**-4.7** ↓	**-3.2** ↓	**-0.3** ↓	**2.7** ↓	**3.1** ↓	**3.7** ↑	8.2	**8.2** ↓	**7.7** ↓	**6.7** ↓
Argentina	**6.2** ↓	**-1.5** ↓	2.0	5.4	**-5.0** ↓	**-6.0** ↓	**-4.0** ↓	**4.0** ↑	**0.0** ↑	**6.0** ↑	8.9	7.8	**7.0** ↓	**7.5** ↓
Brazil	5.7	**0.8** ↓	3.0	7.4	**-6.0** ↓	**-2.2** ↑	**2.5** ↓	**4.0** ↓	**3.5** ↓	2.5	6.3	**5.9** ↓	5.0	**4.5** ↓
Chile	3.7	**0.0** ↓	4.0	-0.2	-4.0	-3.0	0.0	**4.0** ↓	**6.0** ↓	**4.0** ↑	9.3	8.6	**5.0** ↓	**3.0** ↓
Colombia	3.1	1.7	4.0	2.9	-1.0	0.7	2.3	4.0	4.4	3.5	7.7	7.8	5.9	5.5
Ecuador	**6.9** ↑	0.0	3.0	4.8	**-0.5** ↑	-3.5	**-3.5** ↓	**2.0** ↓	**2.5** ↓	**3.5** ↑	10.0	9.3	**6.0** ↑	**5.3** ↑
Mexico	**1.5** ↓	**-2.0** ↓	3.2	2.6	**-6.2** ↓	-4.5	-2.0	1.0	3.2	4.1	5.5	6.2	5.6	3.8
Peru	9.1	4.5	6.5	6.7	0.0	2.3	6.2	6.0	5.7	6.6	6.1	6.6	5.0	3.5
Venezuela	4.9	**0.0** ↓	2.5	-1.0	4.2	**-2.0** ↓	**-5.0** ↓	**0.0** ↓	**1.0** ↓	2.5	34.7	33.4	41.1	41.5
Asia/Pacific														
Japan	-0.4	**-5.7** ↓	2.2	-1.8	-9.0	**-12.0** ↓	**-2.5** ↓	**-1.0** ↓	**2.0** ↑	**3.5** ↑	2.2	1.0	-0.7	-1.2
Australia	**2.2** ↓	**-0.5** ↓	1.5	0.3	**-0.9** ↓	**-3.4** ↓	**1.4** ↑	**1.3** ↓	**0.8** ↑	**0.8** ↑	5.0	**3.7** ↓	**1.8** ↓	1.9
New Zealand	0.4	-0.7	1.4	-1.5	-2.0	-1.1	**-0.7** ↓	**1.5** ↑	**1.6** ↓	**0.9** ↓	5.1	3.4	**0.4** ↓	**-0.4** ↓
Asia ex. Japan	6.0	**3.4** ↓	6.6	3.6	**-4.6** ↓	**1.3** ↓	**6.7** ↓	**8.6** ↑	9.0	6.0	6.5	4.5	1.2	1.6
China	9.0	7.2	8.5	5.5	1.5	5.1	10.0	11.7	12.6	7.0	5.3	2.5	-0.7	1.2
Hong Kong	2.9	**-2.5** ↓	3.8	-2.0	-5.5	**-6.5** ↓	**0.5** ↓	3.0	**5.0** ↑	4.0	4.6	**2.3** ↑	-0.7	-0.5
India	6.2	5.5	7.7	8.7	0.3	0.1	4.8	8.9	10.9	9.1	9.0	9.1	3.2	1.3
Indonesia	6.0	4.2	5.0	6.4	3.0	3.0	4.0	5.0	5.0	5.0	12.0	11.5	6.1	3.5
Korea	2.5	-2.5	4.1	2.1	-20.8	-3.0	5.9	6.5	4.5	4.0	5.5	4.5	3.0	3.2
Malaysia	5.1	1.3	4.6	3.1	-5.1	-1.0	4.9	5.7	6.6	2.8	8.4	5.9	3.9	1.2
Philippines	**4.6** ↑	3.0	4.0	**4.8** ↓	**4.1** ↑	**1.5** ↓	**2.0** ↓	**2.0** ↓	**3.0** ↓	4.5	12.2	9.7	4.7	3.0
Singapore	1.1	-4.0	4.7	-6.8	-17.2	-5.9	7.0	4.9	4.9	4.1	6.6	5.4	2.1	1.0
Taiwan	1.1	-2.8	4.8	-8.7	-14.0	-2.5	3.0	5.8	6.3	4.2	4.5	1.8	0.7	-0.3
Thailand	**3.4** ↓	**-0.7** ↓	4.3	2.2	**-14.4** ↓	**0.0** ↓	**4.1** ↑	**6.1** ↑	4.1	3.2	7.2	2.2	-1.6	3.5
Africa														
South Africa	3.1	0.4	2.4	0.2	-0.7	-0.8	-0.1	1.9	3.3	3.1	13.4	**11.1** ↓	6.2	5.0
Europe														
Euro area	0.8	-2.2	0.8	-0.7	-5.0	-4.0	-1.0	0.0	1.0	1.0	3.8	2.3	0.3	0.7
Germany	1.1	-2.5	0.8	-2.1	-5.0	-4.0	-1.0	0.0	1.0	1.0	3.3	1.7	0.1	0.3
France	0.7	-1.9	0.8	0.5	-5.0	-3.0	-1.0	0.0	1.0	1.0	3.6	2.0	-0.1	0.6
Italy	-0.6	-2.5	0.8	-2.1	-5.0	-4.0	-1.0	0.0	1.0	1.0	4.1	2.9	1.1	1.2
Norway	2.2	**-1.3** ↓	1.0	1.0	**-3.0** ↓	**-3.0** ↓	-1.5	0.0	1.0	1.0	4.7	3.6	1.6	0.4
Sweden	0.4	**-2.1** ↓	0.9	-0.4	**-4.5** ↓	**-4.0** ↓	-1.0	0.0	1.0	1.0	4.3	**2.4** ↓	**-0.6** ↓	**-0.5** ↓
Switzerland	1.7	-1.5	1.1	0.1	-4.0	-3.0	-1.0	0.5	1.0	1.2	3.0	1.6	0.0	0.4
United Kingdom	0.7	-2.9	1.0	-2.6	-5.9	-5.0	-1.5	0.0	1.0	1.0	4.8	3.9	0.7	0.2
Emerging Europe	**4.6** ↓	-1.1	2.2	5.0	-4.7	**-4.1** ↓	**-1.7** ↑	0.1	**1.1** ↓	2.6	10.7	9.5	6.9	6.5
Bulgaria	5.2	-1.5	2.0	...	...	...	...	...	...	...	...	...	...	...
Czech Republic	3.5	-2.0	-0.5	3.8	-6.0	-3.1	-2.5	-3.2	-1.5	0.0	6.6	4.7	-0.3	0.8
Hungary	**0.9** ↓	**-3.2** ↓	0.2	-0.3	-4.5	**-4.5** ↓	**-3.5** ↑	-3.0	**-2.0** ↓	1.0	6.3	4.3	1.8	2.4
Poland	4.9	0.0	1.8	4.9	-3.0	-2.5	-0.5	0.0	1.0	2.0	4.7	3.8	2.1	1.9
Romania	8.0	-3.0	1.0	...	...	...	...	...	...	...	8.1	6.8	6.0	8.0
Russia	6.4	-1.0	3.4	6.3	-5.5	-5.0	-1.5	2.0	3.0	4.0	14.9	13.8	11.6	10.4
Turkey	1.7	-0.8	2.0	...	...	...	...	...	...	...	11.7	10.9	6.9	6.1
Global	1.7	**-1.7** ↓	2.4	**0.1** ↓	**-4.9** ↑	**-4.8** ↓	**-0.1** ↓	**1.6** ↓	2.7	**2.6** ↑	5.0	**2.8** ↓	**0.4** ↓	**0.9** ↓
Developed markets	0.8	**-2.6** ↓	1.8	-0.8	**-5.0** ↑	**-5.9** ↓	**-1.1** ↓	**0.5** ↓	**1.8** ↑	**2.0** ↑	4.2	1.9	**-0.5** ↓	**0.2** ↓
Emerging markets	5.2	**1.6** ↓	4.9	3.9	**-4.5** ↓	**-0.6** ↓	**3.6** ↓	**5.8** ↓	**6.3** ↓	**4.9** ↑	7.8	**6.4** ↓	3.9	3.8

Note: For some emerging economies, 2008-2009 quarterly forecasts are not available and/or seasonally adjusted GDP data are estimated by JPMorgan.
Bold denotes changes from last edition of *Global Data Watch*, with arrows showing the direction of changes.

Global Central Bank Watch

	Official interest rate	Current	Change from Aug '07 (bp)	Last change	Next meeting	Forecast next change	Mar 09	Jun 09	Sep 09	Dec 09	Jun 10
Global	GDP-weighted average	1.98	-273				1.68	1.42	1.40	1.40	1.61
excluding US	GDP-weighted average	2.86	-161				2.42	2.03	1.99	2.00	2.13
Developed	GDP-weighted average	0.93	-321				0.69	0.50	0.50	0.50	0.68
Emerging	GDP-weighted average	6.17	-83				5.63	5.10	4.97	4.98	5.30
Latin America	GDP-weighted average	9.68	87				8.70	7.85	7.85	7.85	7.88
CEEMEA	GDP-weighted average	7.39	39				7.45	7.00	6.68	6.71	6.47
EM Asia	GDP-weighted average	4.40	-192				3.78	3.35	3.24	3.25	3.88
The Americas	GDP-weighted average	1.23	-436				1.09	1.00	1.00	1.00	1.34
United States	Federal funds rate	0.125	-512.5	16 Dec 08 (-87.5bp)	17 Mar 09	1Q 10 (+12.5bp)	0.125	0.125	0.125	0.125	0.50
Canada	Overnight funding rate	1.00	-350	20 Jan 09 (-50bp)	3 Mar 09	3 Mar 09 (-50bp)	0.50	0.50	0.50	0.50	1.00
Brazil	SELIC overnight rate	12.75	125	21 Jan 09 (-100bp)	11 Mar 09	11 Mar 09 (-100bp)	11.75	10.50	10.50	10.50	10.50
Mexico	Repo rate	7.75	50	16 Jan 09 (-50bp)	20 Feb 09	20 Feb 09 (-50bp)	6.75	6.25	6.25	6.25	6.25
Chile	Discount rate	7.25	175	8 Jan 09 (-100bp)	12 Feb 09	12 Feb 09 (-75bp)	**5.75**	**4.75**	**4.75**	**4.75**	**5.25**
Colombia	Repo rate	**9.00**	-25	**30 Jan 09 (-50bp)**	27 Feb 09	**27 Feb 09 (-50bp)**	8.50	**7.50**	**7.50**	**7.50**	**7.50**
Peru	Reference rate	6.50	175	11 Sep 08 (+25bp)	5 Feb 09	5 Feb 09 (-25bp)	6.00	5.50	5.50	5.50	5.50
Europe/Africa	GDP-weighted average	2.57	-202				2.14	1.66	1.62	1.62	1.60
Euro area	Refi rate	2.00	-200	15 Jan 09 (-50bp)	5 Feb 09	5 Mar 09 (-50bp)	1.50	1.00	1.00	1.00	1.00
United Kingdom	Repo rate	1.50	-425	8 Jan 09 (-50bp)	5 Feb 09	5 Feb 09 (-50bp)	1.00	0.50	0.50	0.50	0.50
Sweden	Repo rate	2.00	-150	4 Dec 08 (-175bp)	11 Feb 09	11 Feb 09 (-50bp)	1.50	1.00	1.00	1.00	1.00
Norway	Deposit rate	3.00	-175	17 Dec 08 (-175bp)	4 Feb 09	4 Feb 09 (-50bp)	2.00	1.50	1.50	1.50	1.50
Czech Republic	2-week repo rate	2.25	-100	17 Dec 08 (-50bp)	5 Feb 09	5 Feb 09 (-50bp)	1.50	1.00	1.00	1.00	2.00
Hungary	2-week deposit rate	9.50	175	19 Jan 09 (-50bp)	23 Feb 09	23 Feb 09 (-50bp)	8.50	7.50	7.00	7.00	7.00
Israel	Base rate	**1.00**	-300	**26 Jan 09 (-75bp)**	23 Feb 09	**3Q 09 (+50bp)**	1.00	1.00	1.50	2.00	3.00
Poland	7-day intervention rate	**4.25**	-50	**27 Jan 09 (-75bp)**	25 Feb 09	**25 Feb 09 (-75bp)**	**3.00**	**2.50**	**2.50**	**2.50**	**2.50**
Romania	Base rate	10.25	325	31 Jul 08 (+25bp)	4 Feb 09	**1Q 09 (+50bp)**	**10.75**	12.00	13.00	14.00	12.00
Russia	1-week deposit rate	6.75	350	28 Nov 08 (+100bp)	1Q 09	1Q 09 (+100bp)	8.75	8.75	7.75	7.75	6.75
South Africa	Repo rate	11.50	150	11 Dec 08 (-50bp)	5 Feb 09	5 Feb 09 (-100bp)	10.50	9.00	8.50	8.00	7.50
Switzerland	3-month Swiss Libor	0.50	-200	11 Dec 08 (-50bp)	13 Mar 08	3Q 10 (+25bp)	0.50	0.50	0.50	0.50	0.50
Turkey	Overnight borrowing rate	13.00	-450	15 Jan 09 (-200bp)	19 Feb 09	19 Feb 09 (-50bp)	12.00	11.00	11.00	11.00	11.50
Asia/Pacific	GDP-weighted average	2.31	-124				1.94	1.74	1.69	1.69	2.04
Australia	Cash rate	4.25	-225	2 Dec 08 (-100bp)	3 Feb 09	3 Feb 09 (-100bp)	2.75	2.75	2.75	2.75	3.75
New Zealand	Cash rate	**3.50**	-475	**29 Jan 09 (-150bp)**	11 Mar 09	**11 Mar 09 (-75bp)**	**2.75**	**2.25**	**2.25**	**2.25**	**2.25**
Japan	Overnight call rate	0.10	-40	19 Dec 08 (-20bp)	19 Feb 09	on hold	0.10	0.10	0.10	0.10	**0.10**
Hong Kong	Discount window base	0.50	-625	17 Dec 08 (-100bp)	18 Mar 09	1Q 10 (+25bp)	0.50	0.50	0.50	0.50	1.00
China	1-year working capital	5.31	-171	22 Dec 08 (-27bp)	1Q 09	1Q 09 (-27bp)	4.77	4.23	3.96	3.96	4.50
Korea	Base rate	2.50	-250	9 Jan 09 (-50bp)	12 Feb 09	12 Feb 09 (-50bp)	1.75	1.75	1.75	1.75	2.50
Indonesia	BI rate	8.75	50	7 Jan 09 (-50bp)	4 Feb 09	**4 Feb 09 (-50bp)**	**8.00**	7.00	7.00	7.25	8.00
India	Repo rate	5.50	-225	2 Jan 09 (-100bp)	21 Apr 09	**Mar 09 (-100bp)**	4.50	**4.00**	**4.00**	**4.00**	**5.00**
Malaysia	Overnight policy rate	2.50	-100	21 Jan 09 (-75bp)	24 Feb 09	24 Feb 09 (-25bp)	2.25	1.75	1.75	1.75	2.00
Philippines	Reverse repo rate	**5.00**	-100	**29 Jan 09 (-50bp)**	5 Mar 09	**5 Mar 09 (-25bp)**	**4.75**	**4.00**	**4.00**	**4.00**	**4.00**
Thailand	1-day repo rate	2.00	-125	14 Jan 09 (-75bp)	25 Feb 09	25 Feb 09 (-50bp)	1.50	1.00	1.00	1.00	1.50
Taiwan	Official discount rate	1.50	-163	7 Jan 09 (-50bp)	1Q 09	1Q 09 (-50bp)	1.00	0.75	0.75	0.75	1.25

Bold denotes move since last GDW and forecast changes. Underline denotes policy meeting during upcoming week.

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Forecasts - Australia and New Zealand

Australia: economic projections *percentage change over previous period, seasonally adjusted annual rates, un*

				2008			2009				2010			
	2008	2009	2010	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Chain volume GDP	2.2	-0.5	1.5	1.4	0.3	-0.9	-3.4	1.4	1.3	0.8	0.8	2.0	2.5	3.8
Private consumption	2.0	-0.4	1.9	-0.5	0.2	-0.8	-2.8	0.8	1.6	2.4	1.6	2.0	2.0	2.4
Construction investment	3.8	-2.6	-3.5	1.6	2.1	-5.1	-4.8	-1.0	-1.9	-5.0	-6.2	-4.5	-0.4	3.3
Equipment investment	13.7	-12.9	-7.6	39.4	-0.9	-22.7	-29.4	-6.1	-4.1	-8.1	-19.4	-4.1	4.3	4.3
Public investment	13.3	13.7	13.7	14.3	16.6	16.1	16.2	9.6	10.2	10.8	13.2	15.7	18.1	19.3
Government consumption	3.9	6.6	4.9	4.3	2.4	5.9	7.8	11.8	4.1	5.2	5.2	5.2	2.2	2.1
Exports of goods & services	4.6	-8.3	-2.2	12.9	0.0	-9.6	-15.1	-13.3	-5.9	0.0	-2.0	-1.2	0.0	2.8
Imports of goods & services	11.7	-4.4	-1.9	14.0	6.5	-7.0	-9.6	-7.8	-4.7	-2.0	-3.9	1.6	1.6	2.0
Contributions to GDP growth:														
Domestic final sales	4.0	0.2	1.6	4.0	1.2	-0.9	-2.9	2.4	1.6	1.5	0.1	2.0	2.8	3.7
Inventories	-0.1	0.0	-0.1	-1.8	0.7	0.3	0.4	-0.2	-0.3	-1.1	0.1	0.6	0.0	0.0
Net trade	-1.7	-0.6	0.0	-0.7	-1.6	-0.3	-0.8	-0.9	0.0	0.5	0.6	-0.6	-0.4	0.1
GDP deflator (%oya)	6.6	3.6	1.8	6.6	8.4	7.4	6.6	4.0	1.9	1.9	1.8	1.7	1.7	2.0
Consumer prices (%oya)	4.4	1.9	2.0	4.5	5.0	3.7	2.8	1.8	1.1	1.9	2.1	1.9	2.0	2.1
Producer prices (%oya)	8.3	1.6	0.7	8.7	10.9	6.7	4.2	0.6	-0.5	2.3	1.1	0.5	0.4	1.0
Trade balance (A$ bil, sa)	-5.6	0.4	-0.5	-1.7	1.1	2.8	1.7	-0.3	-0.8	-0.2	-0.4	-0.1	-0.1	0.1
Current account (A$ bil, sa)	-67.0	-48.7	-49.5	-14.0	-9.7	-9.0	-10.3	-12.5	-13.1	-12.7	-12.9	-13.1	-12.1	-11.4
as % of GDP	-6.2	-4.0	-3.9	-4.8	-3.2	-3.0	-3.4	-4.1	-4.3	-4.1	-4.2	-4.2	-3.8	-3.6
US$/A$*	0.75	0.68	0.79	0.74	0.77	0.65	0.60	0.64	0.70	0.76	0.76	0.78	0.80	0.82
Commonwealth budget (FY, A$ bil)	13.5	-14.0	-55.0											
as % of GDP	1.1	-1.1	-4.4											
Unemployment rate	4.2	5.8	8.0	4.3	4.2	4.4	5.1	5.5	6.0	6.4	7.0	7.7	8.3	8.9
Industrial production	3.0	-2.0	3.5	2.6	-4.0	-3.0	-4.0	-2.0	1.0	3.0	6.0	4.0	2.0	0.0

*All financial variables are period averages

New Zealand: economic projections *percentage change over previous period, seasonally adjusted annual rates, unless stated*

				2008			2009				2010			
	2008	2009	2010	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Real GDP (1995-96 prices)	0.4	-0.7	1.4	-0.8	-1.5	-2.0	-1.1	-0.7	1.5	1.6	0.9	2.4	1.4	2.3
Private consumption	0.1	-0.2	2.3	-0.8	-0.6	-0.8	-1.0	-0.1	1.9	2.3	3.0	1.5	3.0	4.0
Fixed Investment	-2.9	-5.4	4.9	7.1	-29.7	-11.1	-1.9	1.4	4.0	7.7	5.7	3.7	4.4	3.5
Residential construction	-16.9	-17.0	3.4	-28.9	-27.6	-40.0	-12.0	0.0	4.0	6.0	4.0	2.0	2.0	3.2
Other fixed investment	0.6	-3.0	5.2	17.1	-30	-4.0	0.0	1.6	4.0	8.0	6.0	4.0	4.8	3.6
Inventory change (NZ$ bil, saar)	1.7	1.2	0.5	0.3	0.6	0.4	0.3	0.3	0.3	0.3	0.2	0.1	0.2	0.1
Government spending	4.1	9.0	-1.1	0.7	4.2	8.1	14.7	10.0	8.0	7.0	-6.4	-3.0	-9.8	-6.8
Exports of goods & services	-1.0	-3.0	3.8	-1.0	-12.0	-5.0	-2.4	-1.5	2.2	3.6	5.0	6.0	2.5	4.5
Imports of goods & services	3.4	-2.4	3.4	16.0	-27.1	-8.0	0.5	5.1	6.2	7.3	2.0	1.0	2.0	1.0
Contributions to GDP growth:														
Domestic final sales	1.3	-0.3	2.1	6.2	-12.1	-1.6	1.5	1.4	3.0	3.3	1.9	1.3	1.0	2.1
Inventories	0.6	-0.4	-0.5	-0.6	2.9	-1.9	-1.7	0.2	0.1	-0.1	-1.8	-0.4	0.4	-0.8
Net trade	-1.6	0.0	-0.1	-6.1	8.6	1.5	-0.9	-2.3	-1.6	-1.6	0.7	1.4	0.0	1.0
GDP deflator (%oya)	2.7	1.4	3.0	3.7	1.6	-0.3	-0.6	0.8	2.7	2.7	2.8	3.0	3.1	3.1
Consumer prices	4.0	-0.4	1.6	6.7	6.2	-1.8	-1.6	-0.8	0.0	0.8	1.6	2.4	3.2	3.7
%oya	4.0	0.3	1.6	4.0	5.1	3.4	2.3	0.4	-1.1	-0.4	0.4	1.2	2.0	2.7
Trade balance (NZ$ bil, sa)	-3.9	-7.6	-13.6	-1.1	-0.9	-1.8	-1.4	-1.3	-2.0	-2.9	-3.5	-3.3	-3.7	-3.2
Current account (NZ$ bil, sa)	-18.0	-19.3	-24.5	-4.7	-4.1	-5.7	-4.1	-5.0	-4.9	-5.3	-6.2	-5.2	-6.6	-6.4
as % of GDP	-10.1	-12.0	-14.0	-10.4	-9.3	-13.0	-11.3	-11.0	-11.9	-13.8	-14.5	-13.9	-14.2	-13.3
Yield on 90-day bank bill (%)*	7.9	3.4	3.5	8.8	8.2	6.0	3.8	3.4	3.2	3.1	3.2	3.4	3.5	3.9
10-year bond yield (%)*	6.0	3.6	4.0	6.5	5.9	5.3	4.1	3.6	3.3	3.3	3.5	3.8	4.0	4.5
US$/NZ$*	0.71	0.68		0.78	0.71	0.58	0.70	0.68	0.67	0.59	0.60	0.62	0.64	0.64
Commonwealth budget (NZ$ bil)	-1.8	-7.2	-8.6											
as % of GDP	-1.0	-4.0	-4.6											
Unemployment rate	4.0	6.1	7.6	3.9	4.2	4.4	5.2	5.7	6.3	7.0	7.3	7.5	7.7	7.7

*All financial variables are period averages

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Australia and New Zealand economic calendar

Monday	Tuesday	Wednesday	Thursday	Friday
2 Feb **Australia** : House price index (11:30 am) 4Q -1.0 %q/q **China**: PMI (09:00am) Jan 42.0 Index, sa **Hong Kong** : Retail sales (4:30 pm) Dec -2.1 %oya **Indonesia** : CPI (2:00 pm) Jan 9.9 %oya Trade balance (2:00 pm) Dec 3.63 US$ bn **India** : Trade balance Dec -6.5 US$ bn **Korea** : Trade balance (10:00 am) Jan -1.6 US$ bn CPI (1:30 pm) Jan 4.0 %oya **New Zealand** : Pvt. sector labor cost index (10:45 am) 4Q 0.7 %q/q, sa **Thailand** : CPI (2:00 pm) Jan -0.9 %oya *Holiday Malaysia*	**3 Feb** **Australia** : RBA cash target (2:30 pm) Feb 100bp cut expected Trade balance (11:30 am) Dec 1100 A$ mn **Singapore** : PMI (9:30 pm) Jan 45.0 Level **Taiwan** : Leading index (4:00 pm) Dec 97.3 Level	**4 Feb** **Australia** : Retail sales (11:30 am) Dec 1.1 %m/m, sa Building approvals (11:30 am) Dec -5.0 %m/m, sa **Indonesia**: Bank Indonesia announces policy rate (02:00pm) Feb 50bp cut expected **New Zealand**: Visitor arrivals (10:45am) Dec ANZ commodity price (03:00pm) Jan	**5 Feb** **New Zealand** : Unemployment rate (10:45 am) 4Q 4.7 %, sa **Philippines** : CPI (9:00 am) Jan 7.3 %oya **Taiwan** : CPI (4:00 pm) Jan 2.0 %oya	**6 Feb** *Holiday New Zealand*
9 Feb **Australia** : ANZ job ads (11:30 am) Jan **New Zealand** : QV house prices Jan **Taiwan** : Trade balance (4:00 pm) Jan *Holiday Malaysia, Thailand*	**10 Feb** **Australia** : NAB business confidence (11:30 am) Jan **Philippines** : Exports (9:00 am) Dec	**11 Feb** **Australia** : Westpac consumer confidence (10:30 am) Feb Housing finance (11:30 am) Dec **Korea** : Money supply (12:00pm) Dec Unemployment rate (1:30 pm) Jan **Malaysia** : IP (12:00 pm) Dec	**12 Feb** **Australia** : Unemployment rate (11:30 am) Jan **Korea** : Bank of Korea monetary policy meeting (10:00 am) Feb **India** : Industrial production Dec **Malaysia** : Trade balance (12:00 pm) Dec	**13 Feb** **New Zealand** : Retail sales (10:45 am) Dec **Singapore** : Retail sales (1:00 pm) Dec
During the week: **China** : Money supply Jan Trade balance Jan **Indonesia** : GDP 4Q **Korea** : PPI Jan **New Zealand** : PMI Jan **Philippines** : Budget balance Dec				
16 Feb **New Zealand** : PPI (10:45 am) 4Q **Philippines** : Balance of payments Jan	**17 Feb** **Hong Kong** : Unemployment rate (4:30 pm) Jan **Singapore** : NODX (1:00 pm) Jan	**18 Feb** **Australia** : Wage cost index (11:30 am) 4Q Westpac leading index (10:30 am) Dec **Malaysia** : CPI (5:00 pm) Jan	**19 Feb** **Australia** : New motor vehicles sales (11:30 am) Jan **Taiwan**: GDP (5:00 pm) 4Q	**20 Feb**
During the week: **China** : FDI Jan IP Jan Retail sales Jan CPI Jan PPI Jan FAI Jan **Korea** : Export/ import price index Jan **Vietnam** : CPI Feb				
23 Feb **Hong Kong** : CPI (4:30 pm) Jan **New Zealand** : Credit card spending (3:00 pm) Jan **Singapore** : CPI (1:00 pm) Jan	**24 Feb** **Taiwan** : Export orders (4:00 pm) Jan **Malaysia** : BNM monetary policy meeting (6:00 pm) Mar **Taiwan** : Industrial production (4:00 pm) Jan	**25 Feb** **Australia** : Construction work done (11:30 am) 4Q **Hong Kong** : GDP (4:30 pm) 4Q **New Zealand** : RBNZ inflation expectation (10:45 am) 1Q **Philippines** : Imports (9:00 am) Dec **Thailand** : GDP (9:30 am) 4Q Bank of Thailand monetary policy meeting (2:30 pm) Mar	**26 Feb** **Australia** : Private capital expenditure (11:30 am) 4Q **Hong Kong** : Trade balance (4:30 pm) Jan **New Zealand** : Trade balance (10:45 am) Jan NBNZ business conf. (3:00 pm) Feb **Singapore** : IP (1:00 pm) Jan **Taiwan** : Unemployment rate (4:00 pm) Jan	**27 Feb** **Australia** : Pvt. sector credit (11:30 am) Jan **India** : GDP 4Q **New Zealand** : Visitor arrivals (10:45 am) Jan Building permits (10:45 am) Jan **Taiwan** : Leading index (4:00 pm) Jan **Thailand** : IP (2:30 pm) Jan PCI (2:30 pm) Jan PII (2:30 pm) Jan Trade balance (2:30 pm) Jan
During the week: **Korea**: FKI bus. survey Feb Current account Jan Consumer confidence Feb **Malaysia** : GDP 4Q **Vietnam**: Trade balance Feb				

Highlighted data are scheduled for release on or after the date shown. Times shown are local.

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Global Data Diary

Week / Weekend	Monday	Tuesday	Wednesday	Thursday	Friday
2 - 6 February	**2 February**	**3 February**	**4 February**	**5 February**	**6 February**
Brazil • Auto sales (Jan) **Japan** • Cabinet Office private consumption index (Dec) **United Kingdom** • Halifax HPI (Jan)	**China** • PMI mfg (Jan) **Euro area** • PMI mfg final (Jan) **Japan** • Auto registrations (Jan) **Korea** • CPI (Jan) • International trade (Jan) **United Kingdom** • PMI mfg (Jan) **United States** • Construction spend (Dec) • ISM mfg (Jan) • Personal income (Dec)	**Australia** • RBA meeting **Brazil** • IP (Dec) **Germany** • Retail sales (Dec) **Japan** • Nominal wages (Dec) **Singapore** • PMI mfg (Jan) **United States** • Auto sales (Jan) • Pending homes (Dec)	**Euro area** • PMI services final (Jan) • Retail sales (Dec) **Indonesia** • BI meeting **Norway** • Norges bank meeting **Romania** • NBR meeting **United Kingdom** • PMI services (Jan) **United States** • ADP employment (Jan) • ISM nonmfg (Jan)	**Canada** • Ivey PMI (Jan) **Germany** • Mfg orders (Dec) **Taiwan** • CPI (Jan) **United Kingdom** • New car registrations (Jan) **United States** • Factory orders (Dec) • Prod and costs prelim (4Q) **Central bank meetings** • Czech Republic • Euro area • Peru • South Africa • United Kingdom	**Brazil** • IPCA (Jan) **Canada** • Employment (Jan) **Germany** • IP (Dec) **Russia** • CPI (Jan) **United States** • Consumer credit (Dec) • Employment report (Jan)
9 - 13 February	**9 February**	**10 February**	**11 February**	**12 February**	**13 February**
China • International trade (Jan) • Money supply (Jan)	**Germany** • International trade (Dec) **Japan** • Econ watch survey (Jan) • Machinery orders (Dec) **Mexico** • CPI (Jan) **Taiwan** • International trade (Jan)	**Japan** • Consumer sent (Jan) **Norway** • CPI (Jan) **South Africa** • Mfg production (Dec) **United Kingdom** • International trade (Dec) **United States** • Wholesale trade (Dec)	**Germany** • CPI final (Jan) **Sweden** • Riksbank meeting **United Kingdom** • Labor mkt report (Jan) **United States** • International trade (Dec)	**Chile** • BCCh meeting **Euro area** • IP (Dec) **Korea** • Bo K meeting **United States** • Business inventories (Dec) • Retail sales (Jan)	**Euro area** • GDP flash (4Q) **France** • Employment (4Q) **Poland** • CPI (Jan) **United States** • Consumer sent (Feb)

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