

# Business Topics

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# Agenda

- Indicators and forecasts
- Housing
- Testing the climate change model

# Indicators/OECD

	Stock Mkts <sup>1</sup>	Retail Sales <sup>2</sup>	Indl Prdtn <sup>2</sup>	GDP <sup>3</sup>	Unemp. <sup>4</sup>	Wages Growth <sup>2</sup>
US	+10.8	-2.8	-10.7	-3.8	9.8	+2.5Sep
Japan	+12.6	-0.3Jul	-18.7	-6.4	5.5Aug	-3.1
Germany	+23.9	-2.7	-16.9Jul	-5.9	8.2	+1.8Jul
France	+23.3	-1.2Jul	-13.0Jul	-2.8	9.9Aug	+2.2Q2
Italy	+27.1	-2.4Jul	-18.2Jul	-6.0	7.4Q2	+2.4
€-zone	+25.1	-2.6	-15.9Jul	-4.8	9.6Aug	+3.9Q2
UK	+27.5	+0.9	-11.2	-5.5	7.9Jul	+1.7Jul
<sup>1</sup> % Change on end of <b>2008 (Oct 7, 2009)</b>						
<sup>2</sup> % Change on Month Year Earlier <b>August 2009</b>						
<sup>3</sup> % Change on Quarter Year Earlier <b>Q2 2009</b>						
<sup>4</sup> % Unemployment Rate Latest <b>September 2009</b>						
Recession; wages muted, no deflation (ex Japan); Q1 bottom?						

# Emerging Markets 1

## GDP Growth (%)

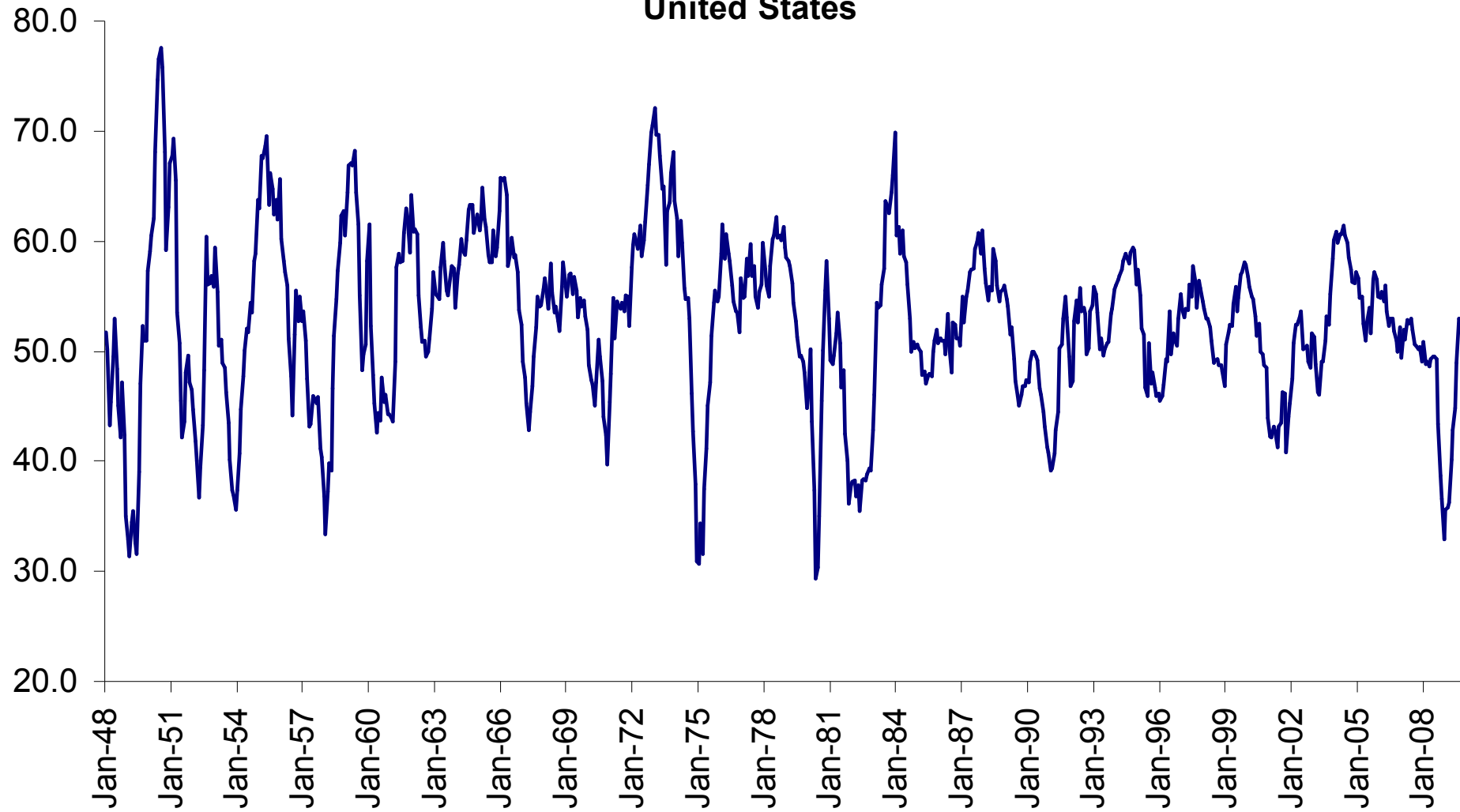
	<b>Latest Q2</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
China	7.9	10.2	11.1	11.4	13.0	8.1	8.6
India	6.1	9.0	9.6	9.0	6.0	5.5	6.3
S. Korea	-2.2	3.9	5.0	5.0	2.2	-1.8	2.8
Taiwan	-7.5	4.0	4.6	5.5	1.9	-5.7	3.5
Hong Kong	-3.8	6.9	6.0	5.6	3.1	-5.7	2.8
Indonesia	4.0	5.6	5.1	4.2	6.1	4.1	4.5
Malaysia	-3.9	5.3	5.6	5.6	5.6	-5.0	3.9
Thailand	-4.9	4.5	4.5	4.8	4.0	-4.5	3.3
Singapore	-3.5	6.4	4.8	4.2	2.2	-6.2	3.6
Philippines	1.2	5.1	5.0	4.4	4.2	-1.0	3.8

# Emerging Markets 2

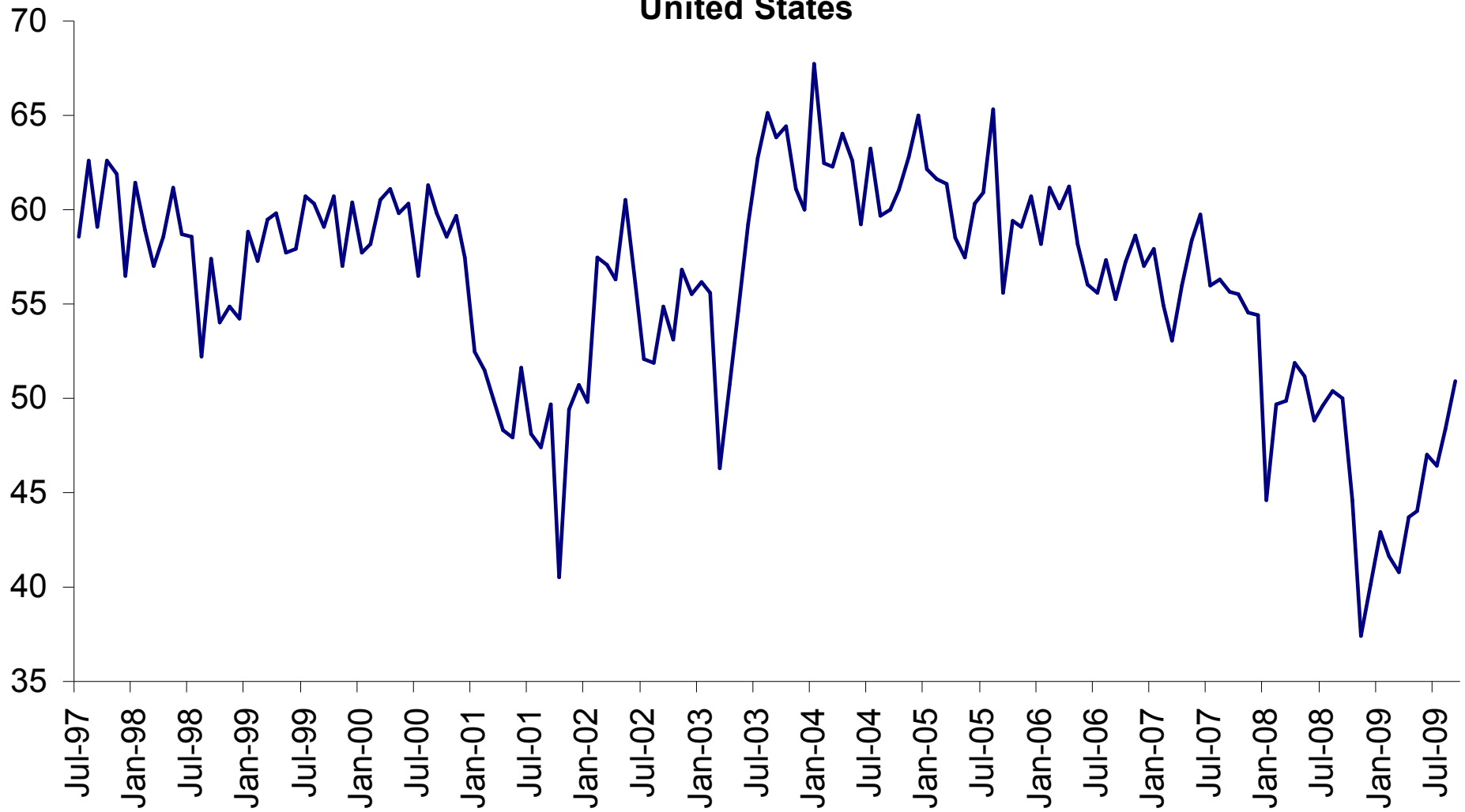
## GDP Growth (%)

	<b>Latest Q2</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
Brazil	-1.2	2.3	3.7	5.3	5.1	-1.0	3.8
Argentina	-0.8	9.2	6.5	5.5	6.2	-3.5	1.1
Mexico	-10.3	3.0	3.2	3.4	1.8	-7.1	3.0
Chile	-4.5	6.3	5.8	5.0	3.9	-1.2	3.5
Hungary	-7.5	4.2	3.7	1.3	1.7	-6.3	-1.0
Poland	1.1	3.5	5.3	6.5	5.4	-0.8	1.5
Czech Rep.	-5.5	6.1	6.0	6.5	4.4	-3.5	1.2
Turkey	-7.0	7.4	5.2	4.3	2.5	-5.6	3.0
Russia	-6.0	6.4	6.7	7.5	7.0	-7.0	2.5

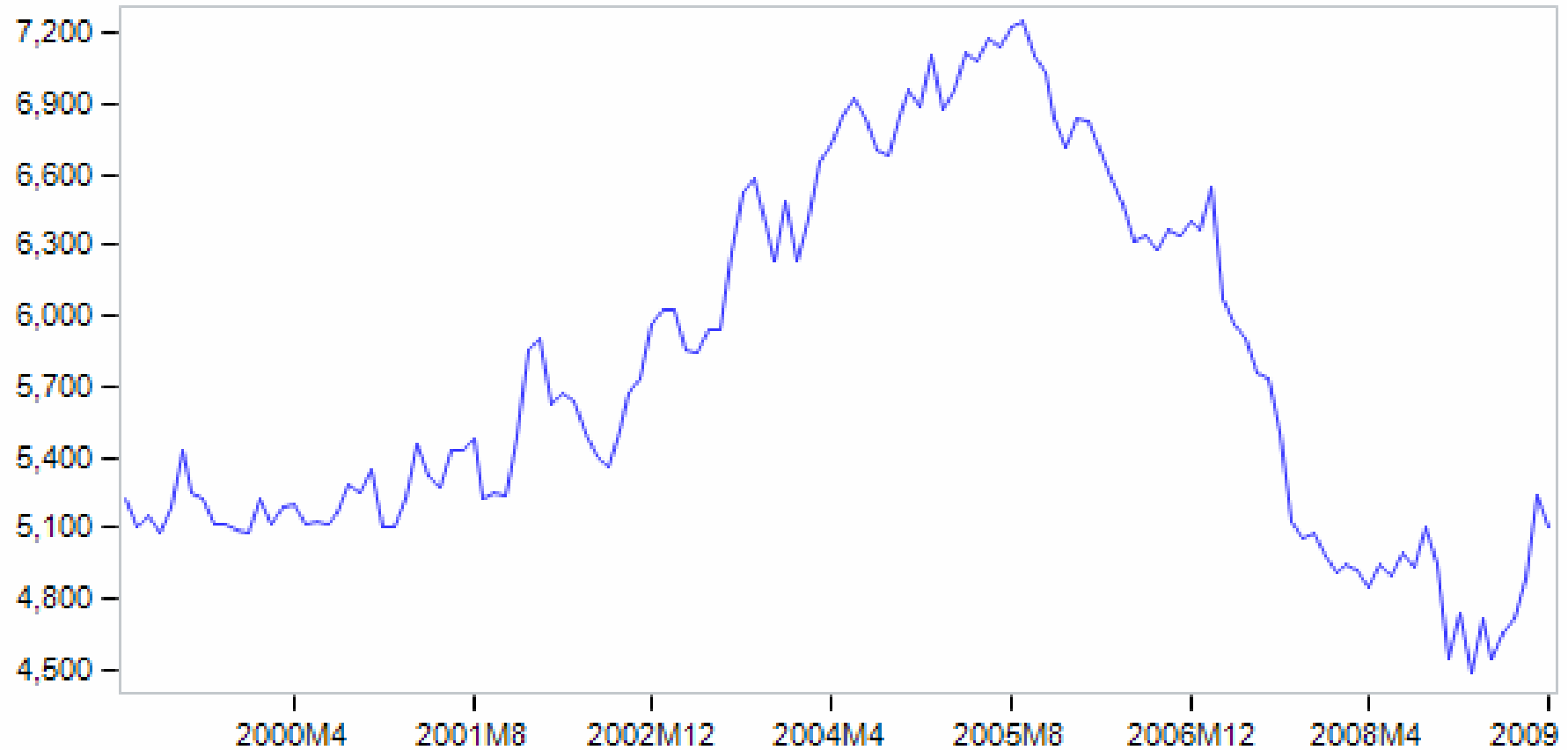
**ISM Purchasing Managers' Index, (Index, SA)  
United States**



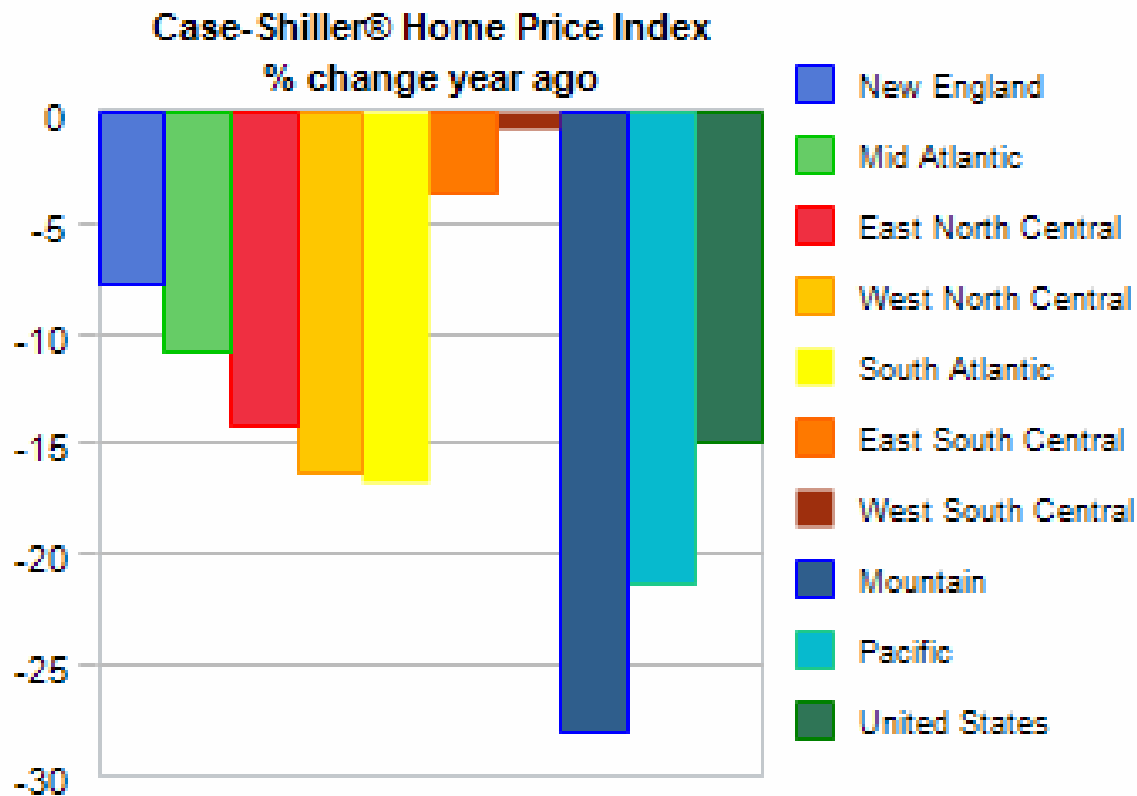
**ISM Non-Manufacturing, Business Activity, (Index, SA)**  
**United States**



Existing Home Sales: Single-Family & Condo & Co-op, (Ths., SAAR)  
United States

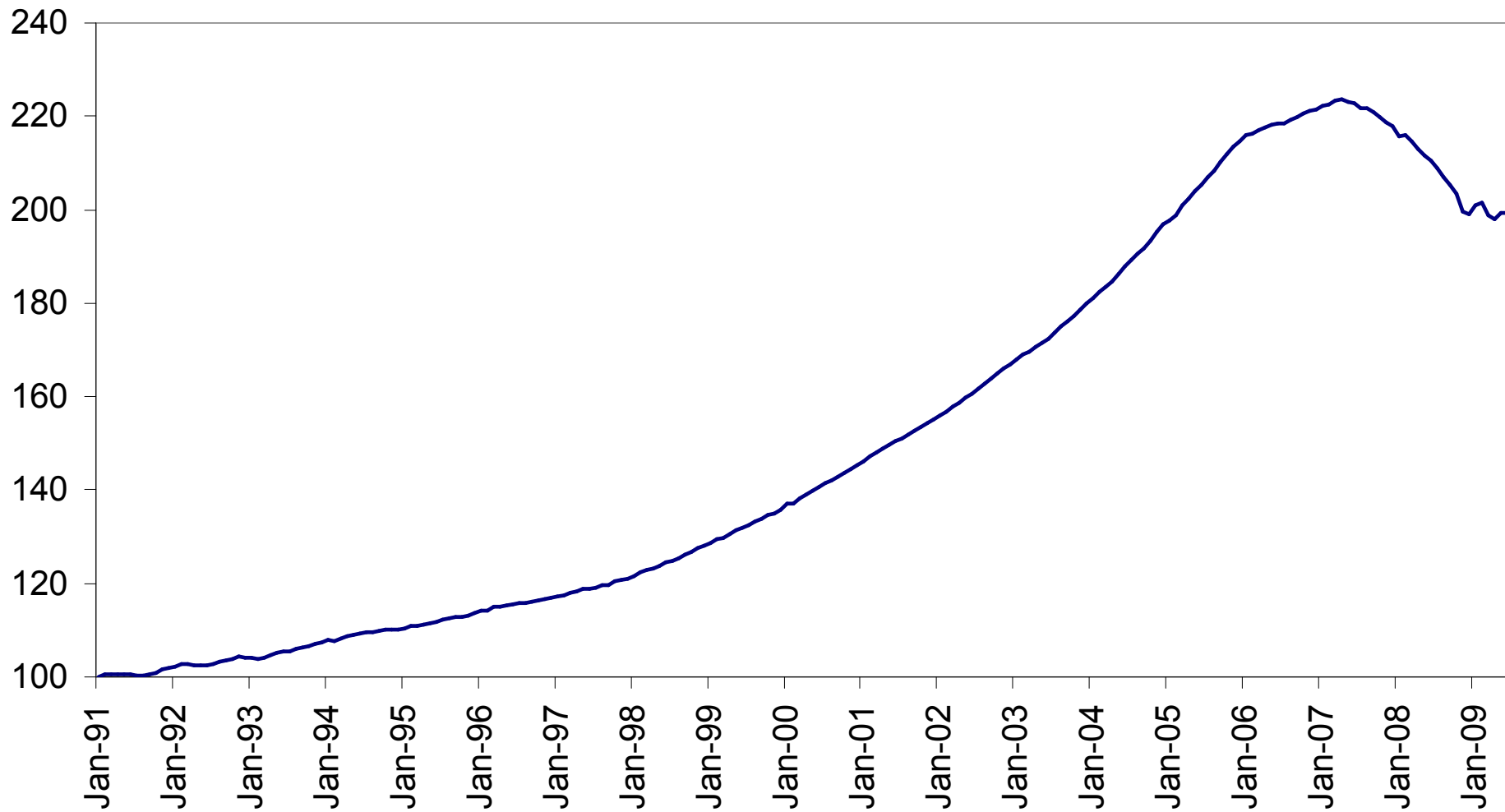


Against expectations, existing-home sales declined by 2.7% from July to August. Despite the decline, August's 5.1 million annualized unit pace is easily the second strongest in nearly one year. Further, sales are up year over year by 3.4%. The inventory situation is improving as well, with months of inventory declining to 8.5, the lowest since April 2007. The 12.5% year-over-year drop in the median price remains deep but is stabilizing.

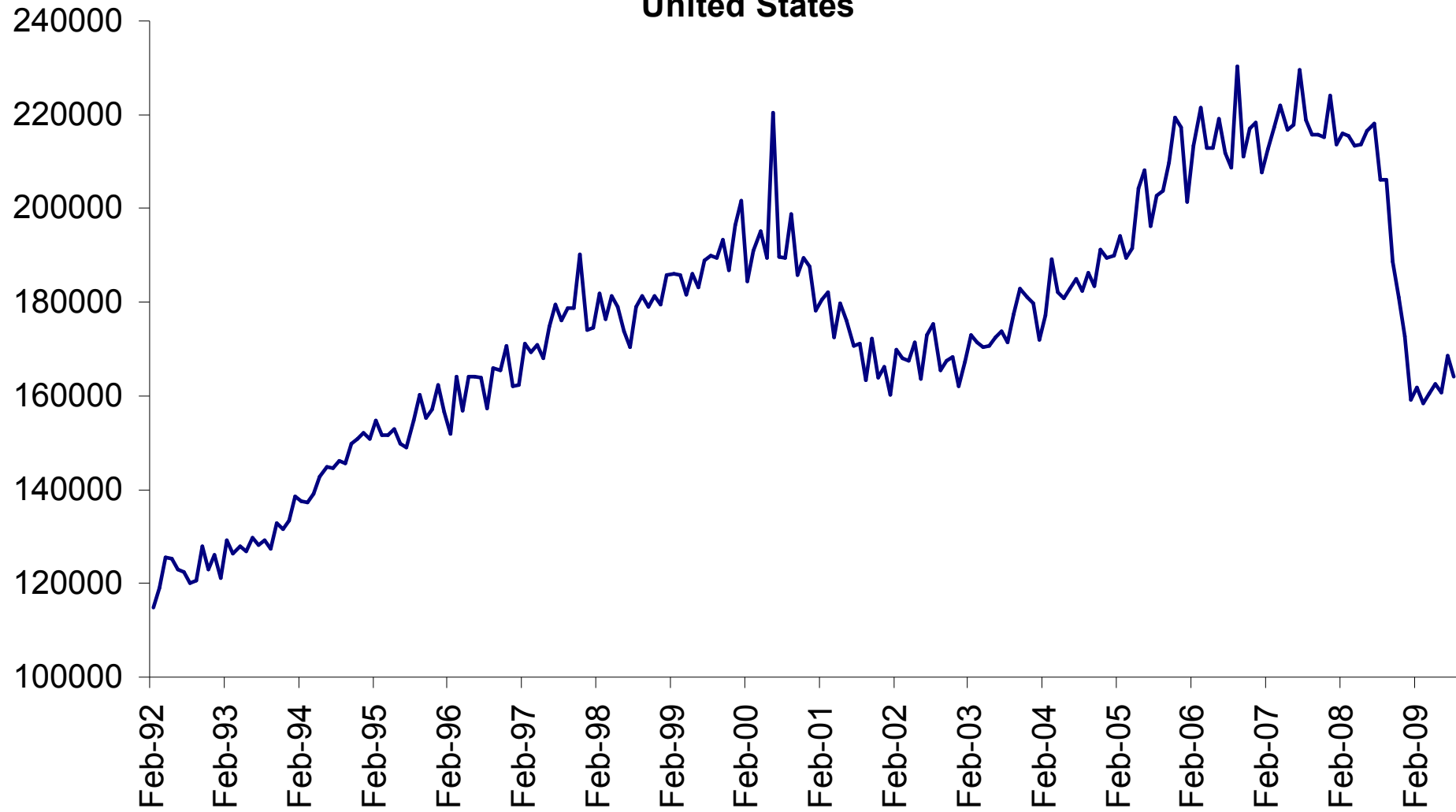


The Case-Shiller® Home Price Indexes reversed course in the second quarter, rising nationally as well as in a large number of regions. The CSI™ increased on a q/q basis in six of the nine Census divisions. In the three divisions (Mid-Atlantic, Mountain, and West North Central) that still suffered from falling prices, the decline lessened compared with the previous quarter.

**FHFA Purchase-Only Home Price Index (Jan 1991=100, SA) United States**



**Advanced Durable Goods: New Orders - Durable Goods Total (Mil. \$, SA)**  
**United States**



# World Forecast Detail

## Growth of Real GNP

							Consensus	
	2006	2007	2008	2009	2010		2009	2010
USA	3.3	2.9	1.2	-2.5	2.3		-2.6	2.4
UK	2.8	3.0	0.7	-4.1	2.0		-4.3	1.1
Japan	2.2	2.4	0.0	-6.0	1.1		-5.7	1.5
Germany	3.0	2.5	1.3	-5.5	0.8		-5.0	1.3
France	2.2	2.0	0.8	-2.5	0.9		-2.2	1.1
Italy	1.9	1.8	-0.5	-4.2	0.5		-5.0	0.5

# World Forecast Detail

## Growth of Consumer Prices

							Consensus	
	2006	2007	2008	2009	2010		2009	2010
USA	3.2	2.5	3.9	-0.5	2.0		-0.5	1.9
UK	2.4	2.5	2.7	2.5	1.9		1.9	1.8
Japan	0.2	0.0	1.5	-0.4	0.0		-1.3	-0.8
Germany	1.6	2.3	2.6	0.8	1.5		0.3	0.9
France	1.7	1.5	2.9	1.0	1.7		0.1	1.1
Italy	2.1	1.9	3.3	1.3	1.7		0.8	1.5

# World Forecast Detail

## Nominal Short-term Interest Rates

	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>		<b>Latest (Oct 9)</b>
USA	5.0	4.9	2.4	0.4	1.0		0.28
UK	4.9	5.9	5.2	1.0	1.4		0.50
Japan	0.5	0.6	0.8	0.5	0.7		0.34
Euro	2.9	4.0	4.6	2.0	2.1		0.70

# World Forecast Detail

## Nominal Exchange Rate (Number of Units of Local Currency to \$1)

	2006	2007	2008	2009	2010		Latest (Oct 9)
USA	91.78	89.22	84.80	92.1	92.1		81.2
UK	1.84	2.00	1.85	1.50	1.51		1.59
Japan	116.34	117.8	103.4	96.5	96.5		89.4
Euro	0.80	0.73	0.69	0.79	0.79		0.68

Note: The series for the USA is a trade weighted index (1990=100); the series for the UK is \$ per £

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## † Summary of Forecast for UK

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	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
GDP Growth <sup>1</sup>	2.1	2.8	3.0	0.8	-4.1	2.0
Inflation						
CPI	2.4	2.4	2.5	2.7	2.5	1.9
RPIX	2.3	2.9	3.2	4.3	1.8	1.4
Unemployment						
Annual Average <sup>2</sup>	0.9	0.9	0.9	0.9	1.4	1.6
4 <sup>th</sup> Quarter	0.9	1.0	0.8	1.1	1.6	1.6
Exchange Rate (2005=100) <sup>3</sup>	100.4	101.1	103.5	90.9	83.4	85.6
3 Month Interest Rate	4.7	4.9	5.9	5.2	1.0	1.6
5 Year Interest Rate	4.2	4.7	5.0	4.0	3.2	3.7
Current Balance (£ Billions)	-32.7	-45.0	-39.5	-22.7	-25.7	-26.5
PSBR (£ Billions)	37.8	30.6	35.2	106.4	165.1	162.3

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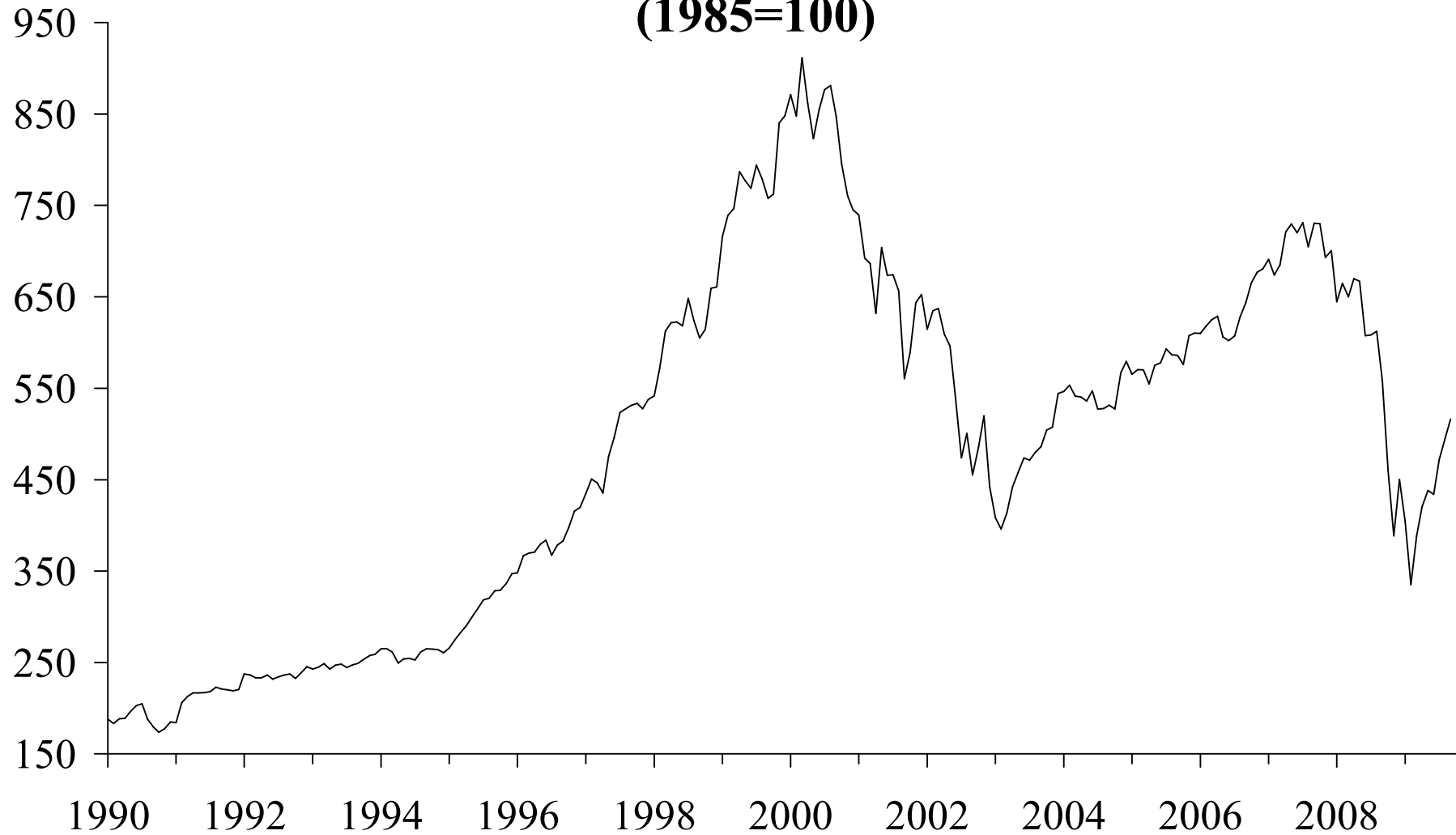
<sup>1</sup>Expenditure estimate at factor cost

<sup>2</sup>U.K. Wholly unemployed excluding school leavers (new basis)

<sup>3</sup>Sterling effective exchange rate, Bank of England Index

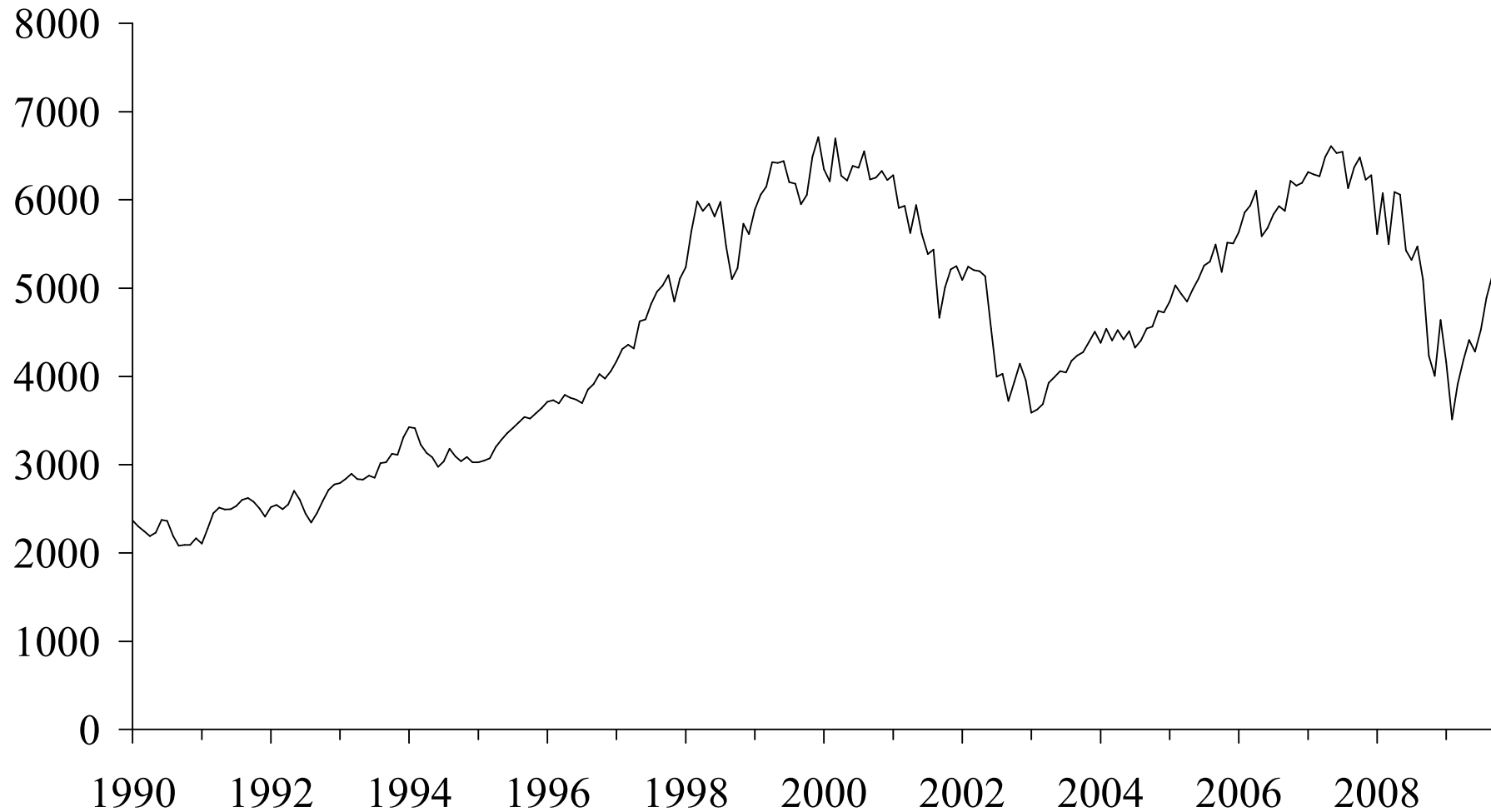
# Stock Market Indices

## U.S. : S & P 400 Industrial (1985=100)



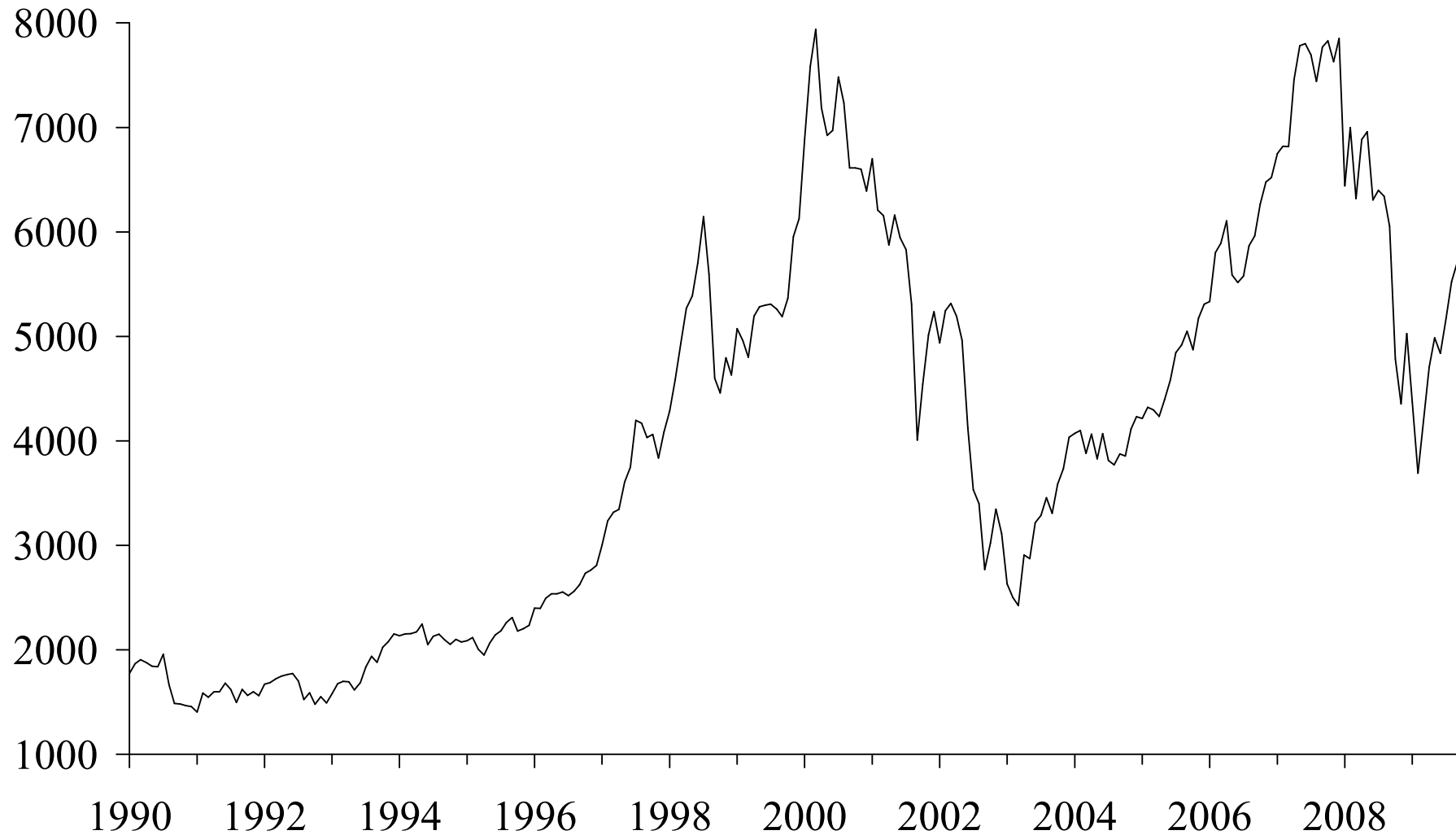
# Stock Market Indices

**U.K. : FTSE-100 Index  
(10 April 1962=100)**



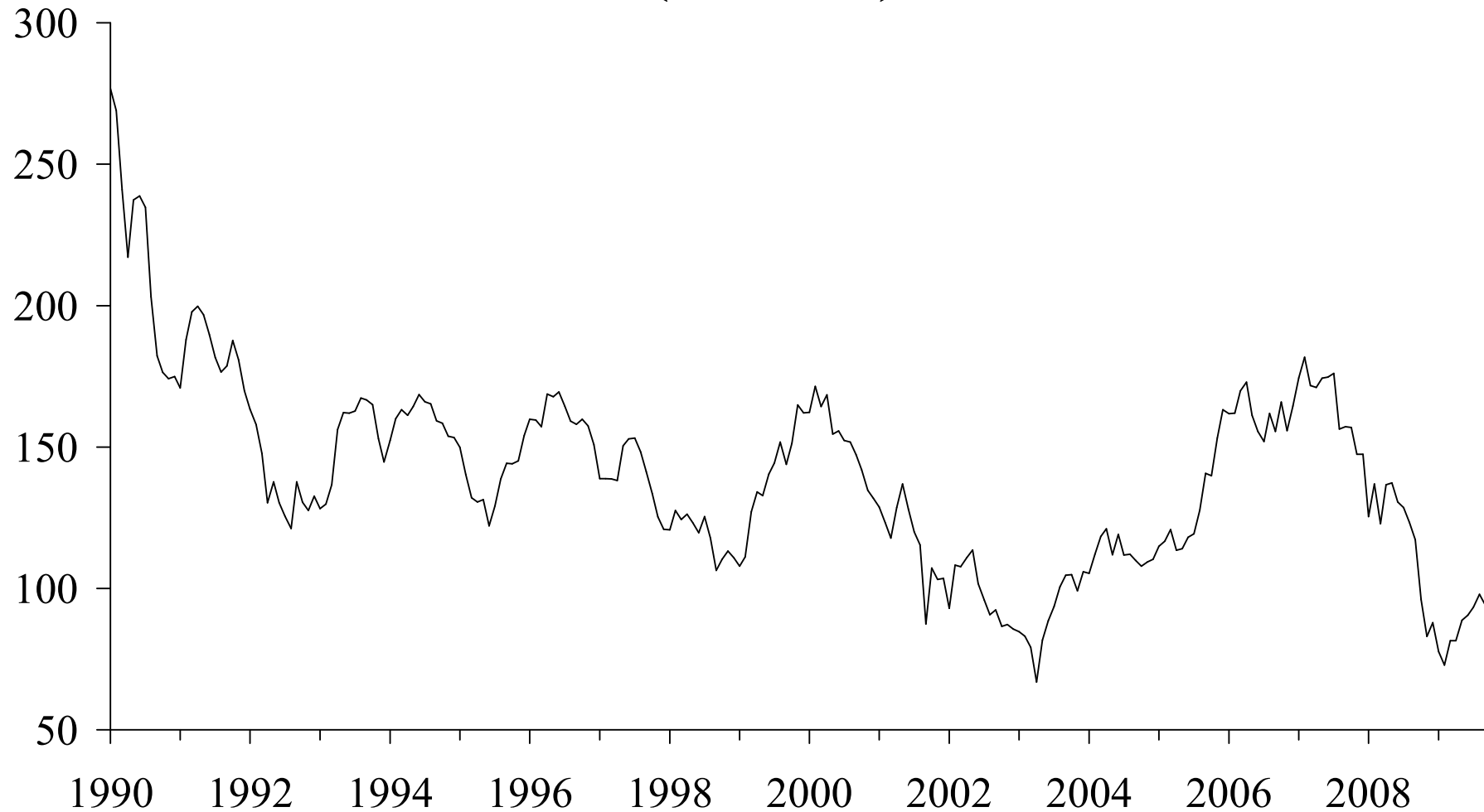
# Stock Market Indices

## Germany : DAX 30



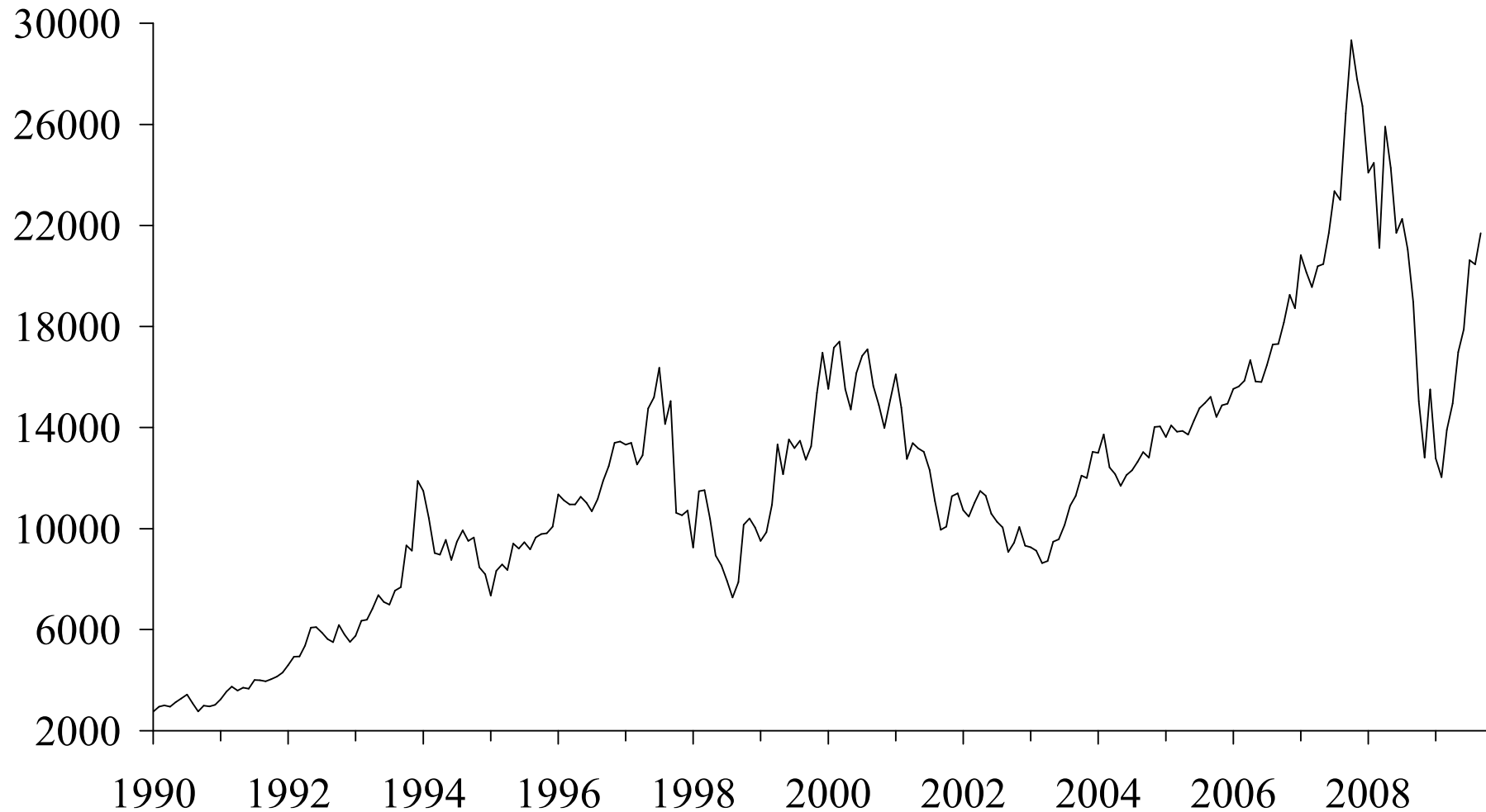
# Stock Market Indices

**Japan : Tokyo S.E. New  
(1985=100)**



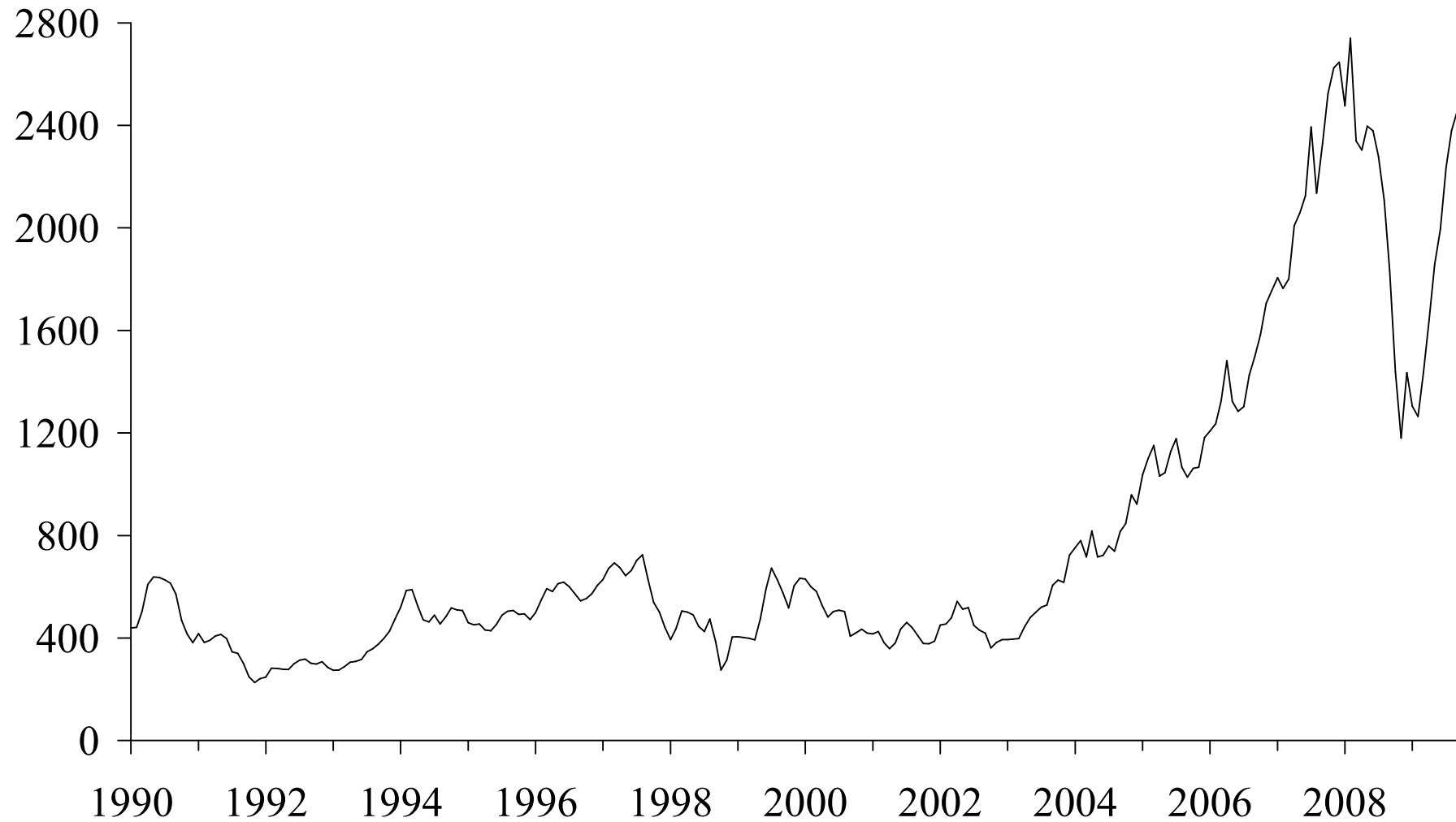
# Stock Market Indices

## Hong Kong: FT-Actuaries



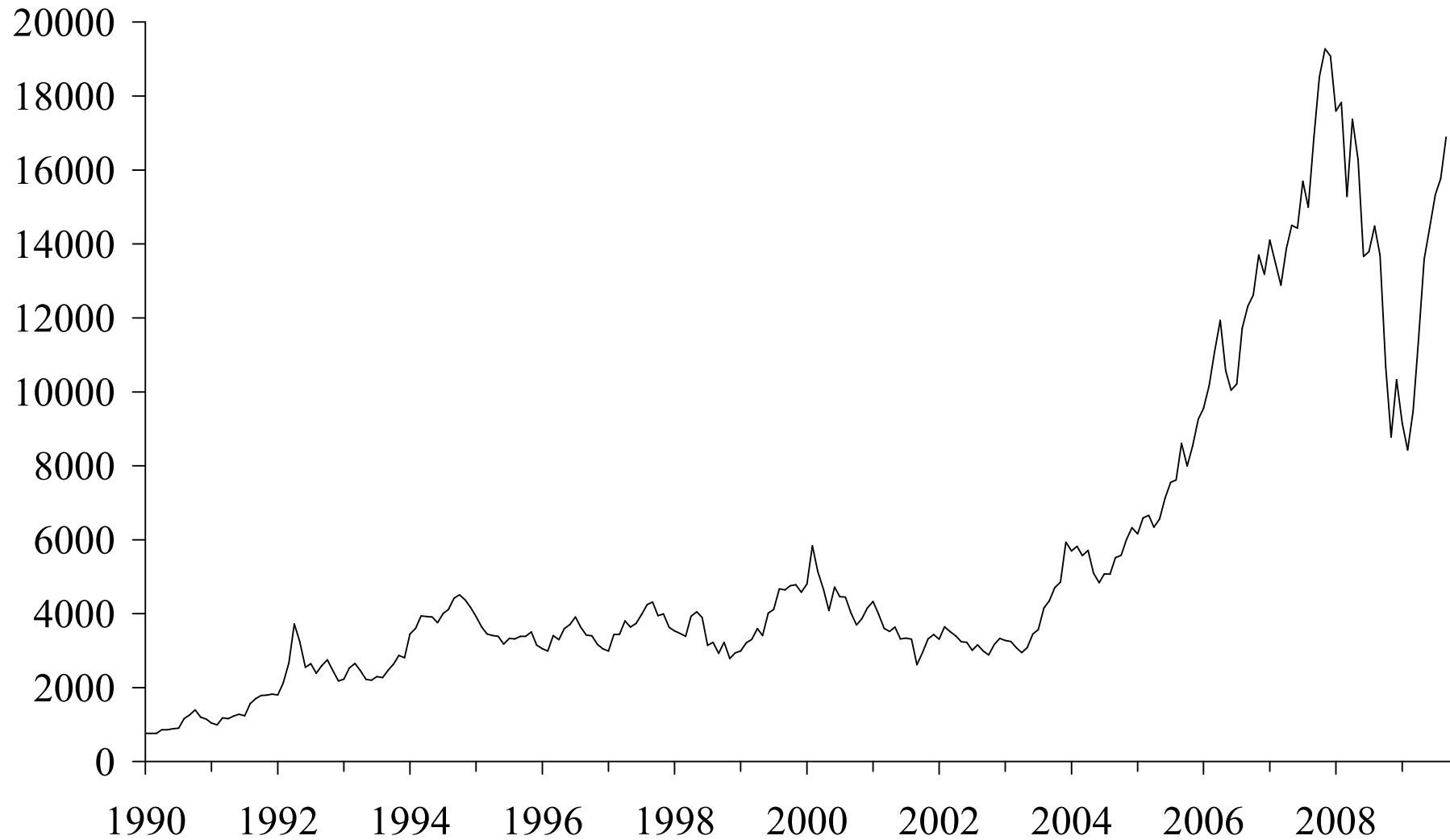
# Stock Market Indices

## Indonesia: Jakarta Composite



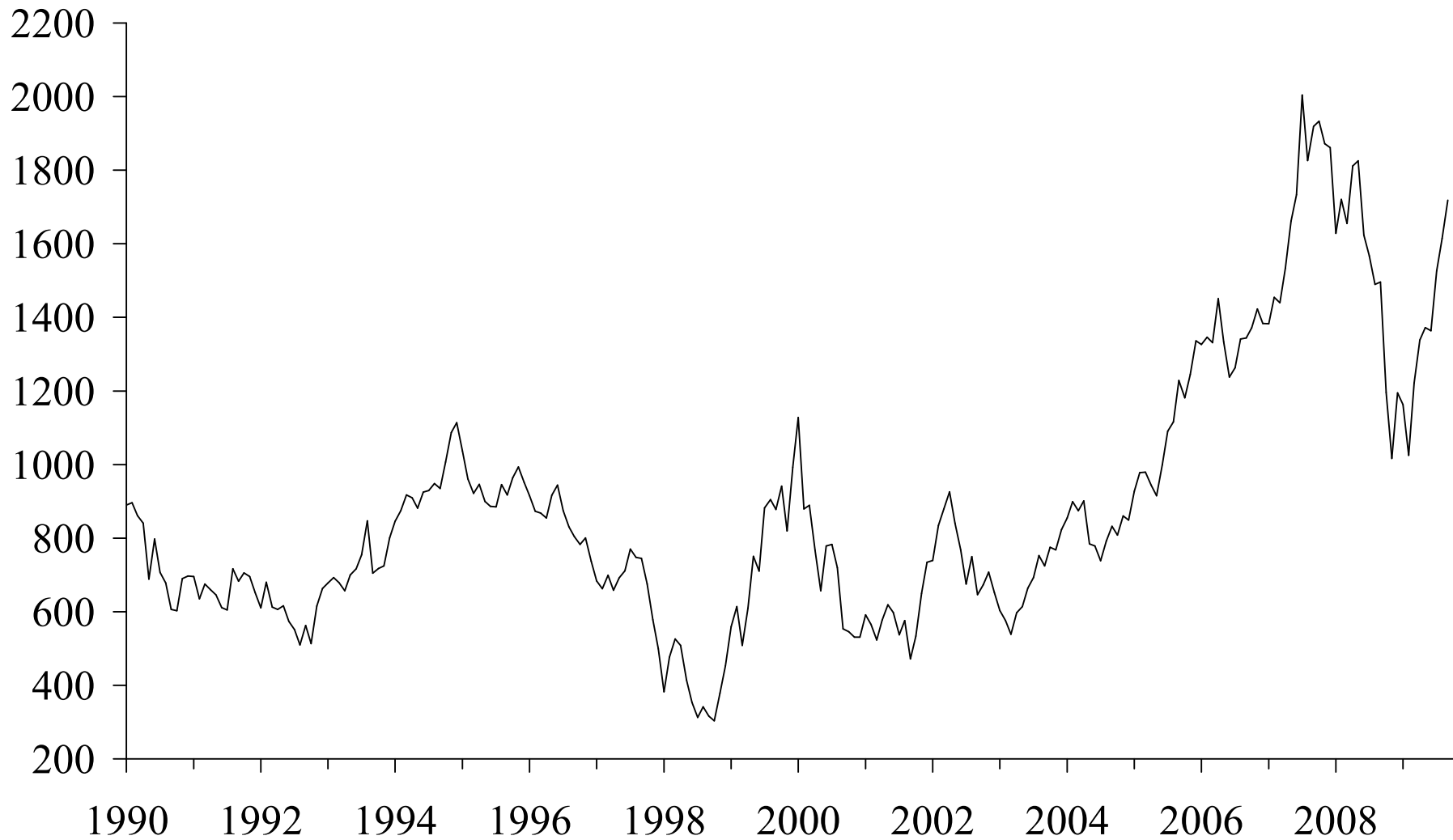
# Stock Market Indices

## India: BSE Sensitive



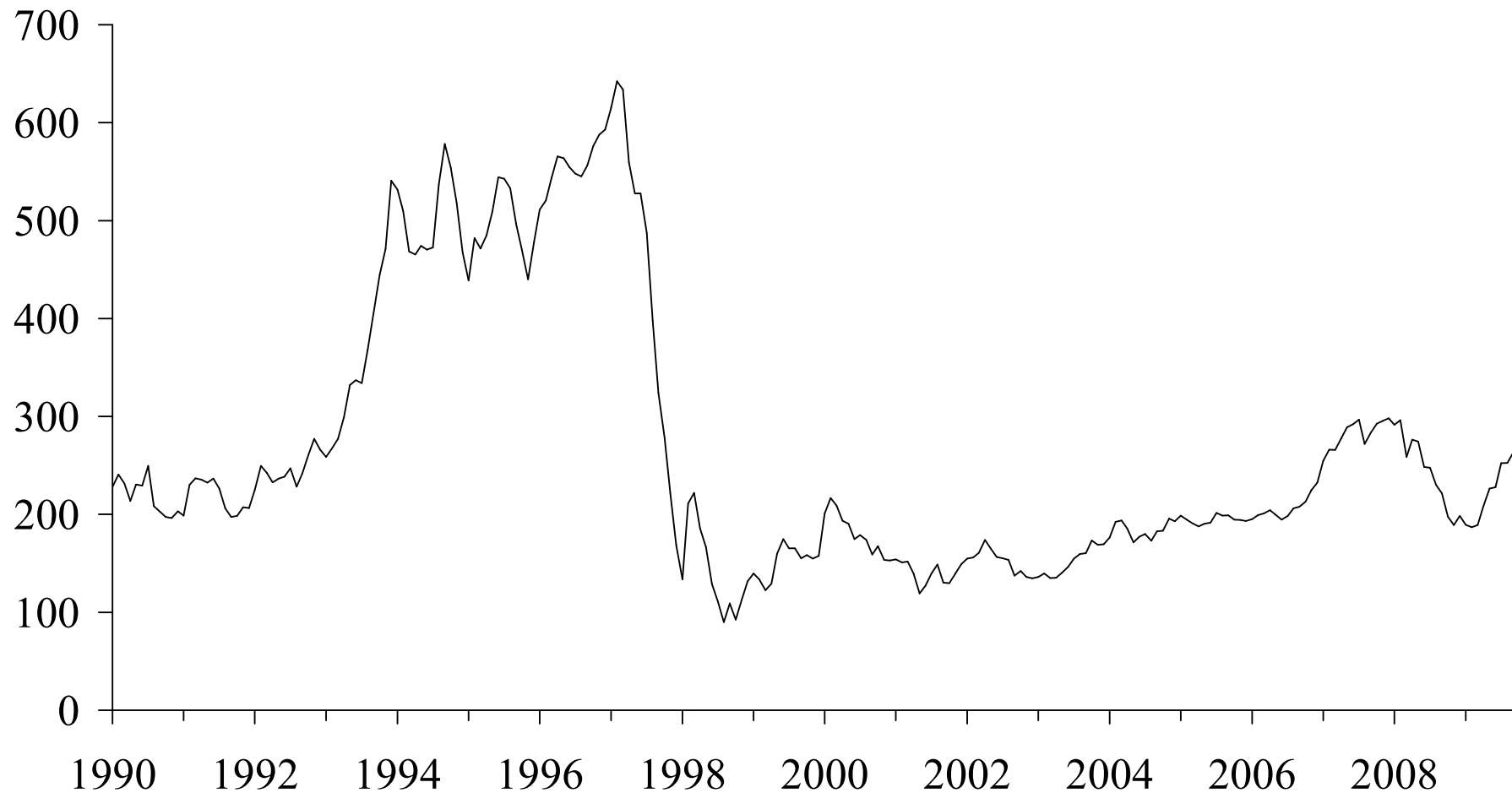
# Stock Market Indices

## Korea: Composite Index



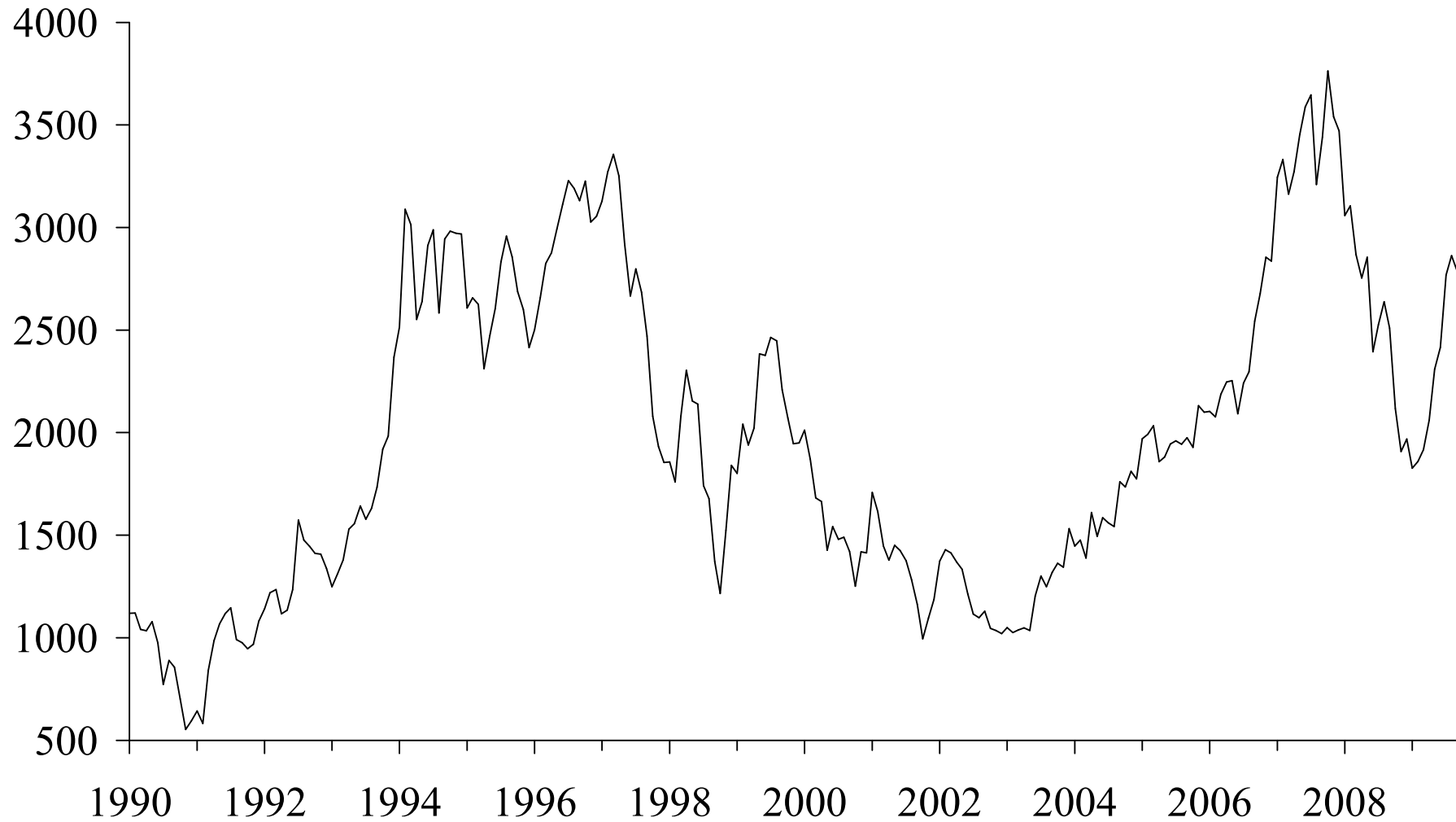
# Stock Market Indices

## Malaysia: FT-Actuaries (US\$ Index)



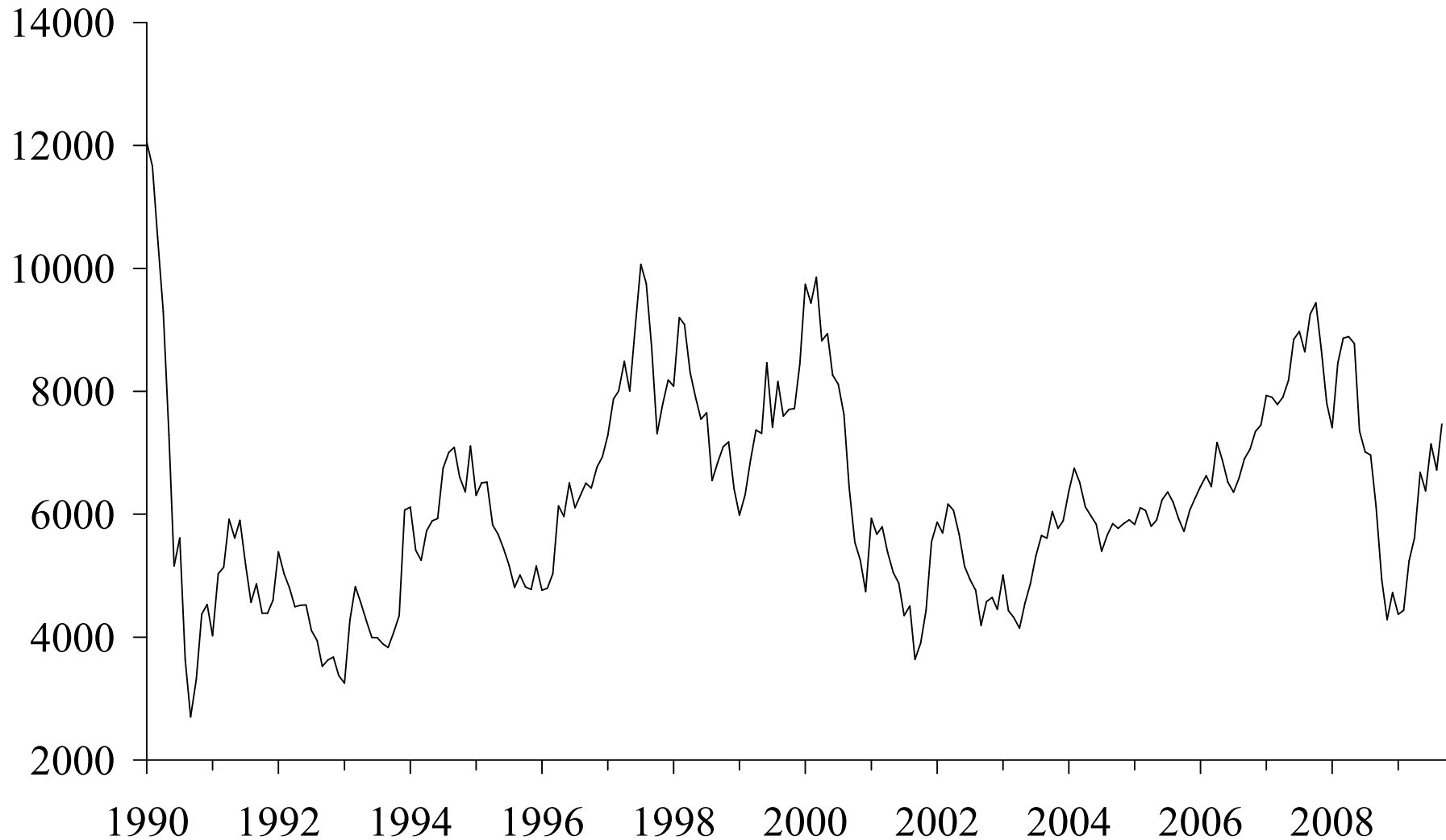
# Stock Market Indices

## Philippines: Manila Composite



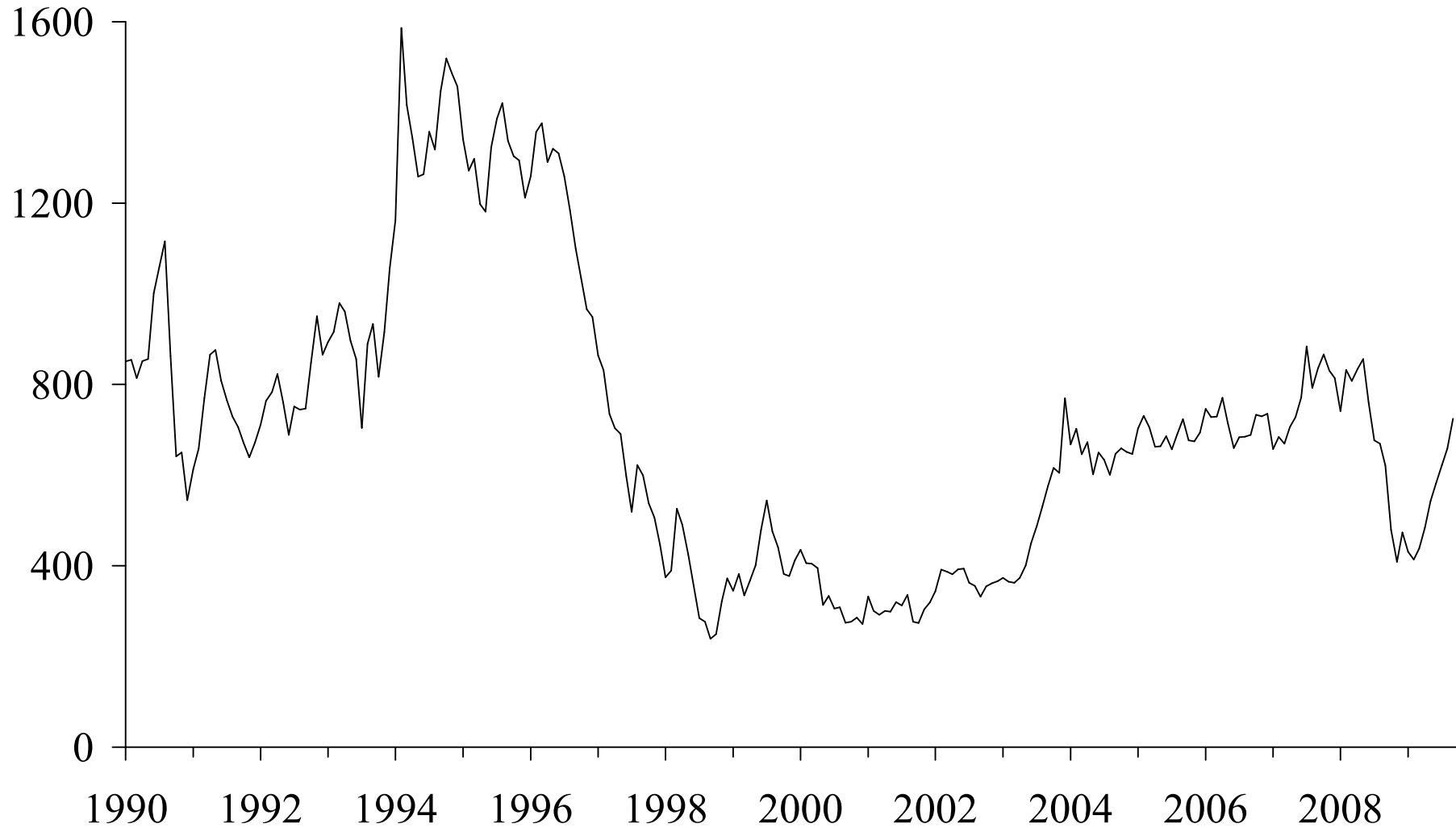
# Stock Market Indices

## Taiwan: Weighted TAIEX Price Index



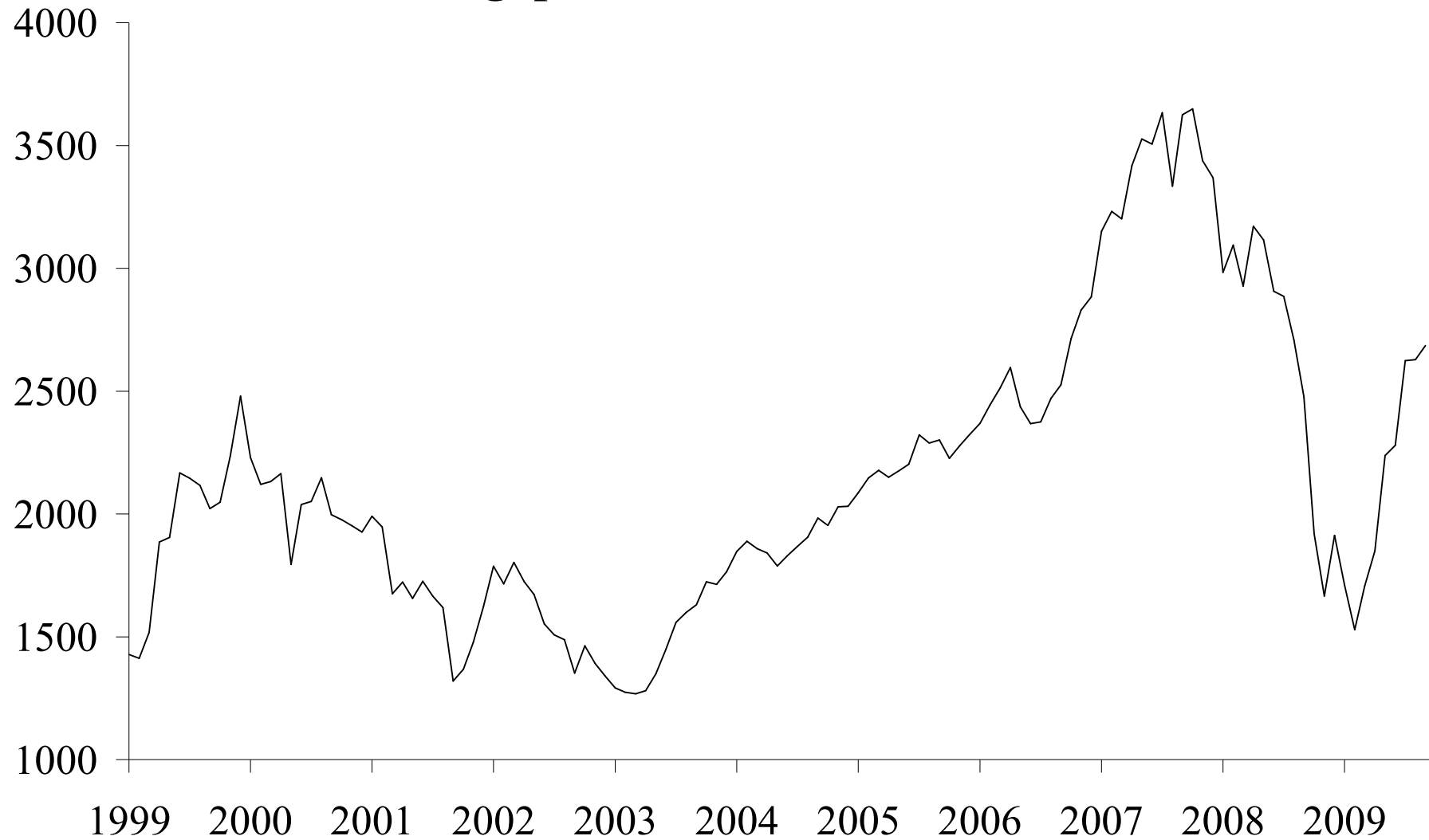
# Stock Market Indices

## Thailand: Composite Index



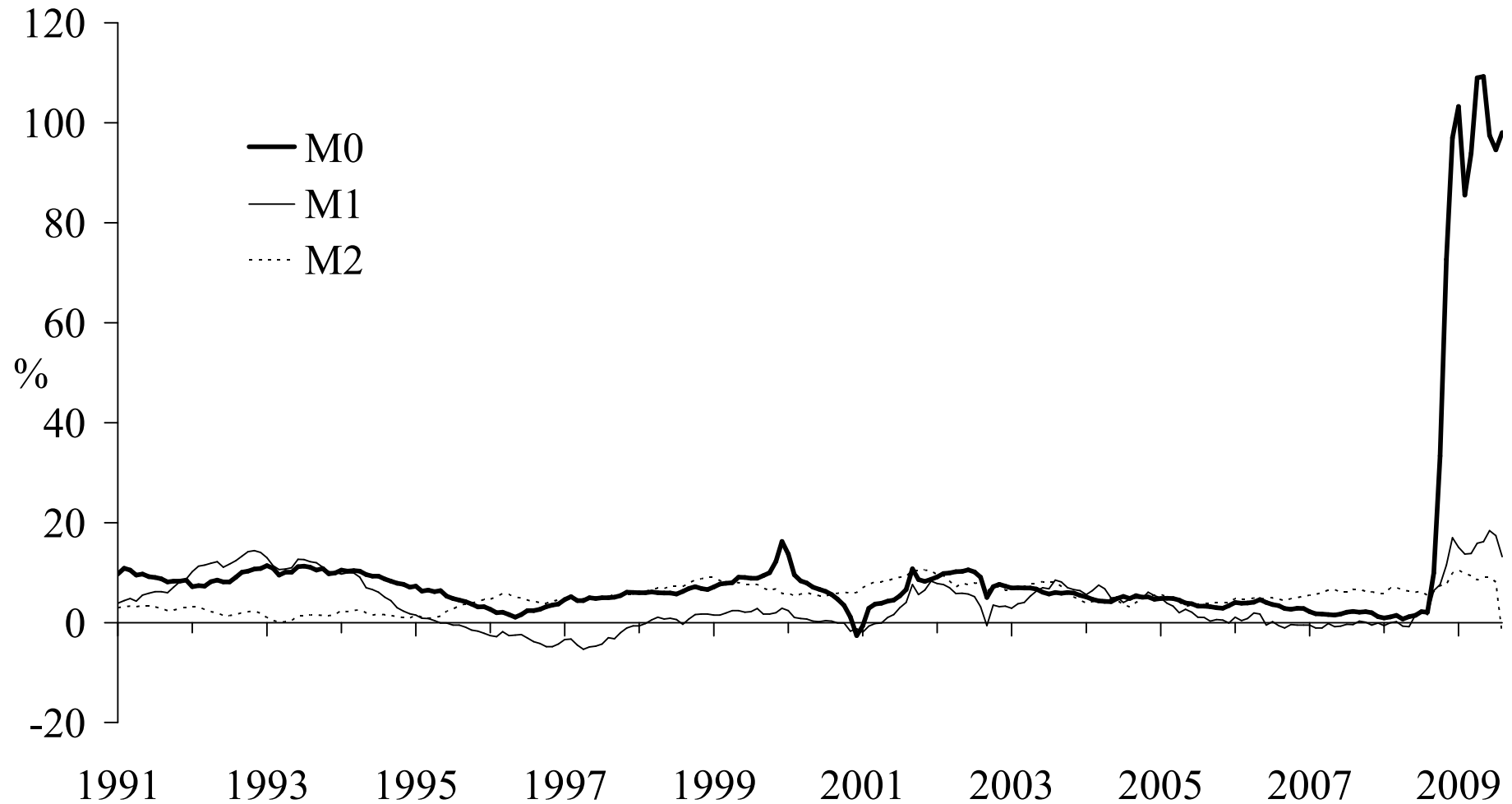
# Stock Market Indices

## Singapore: Straits Times Index



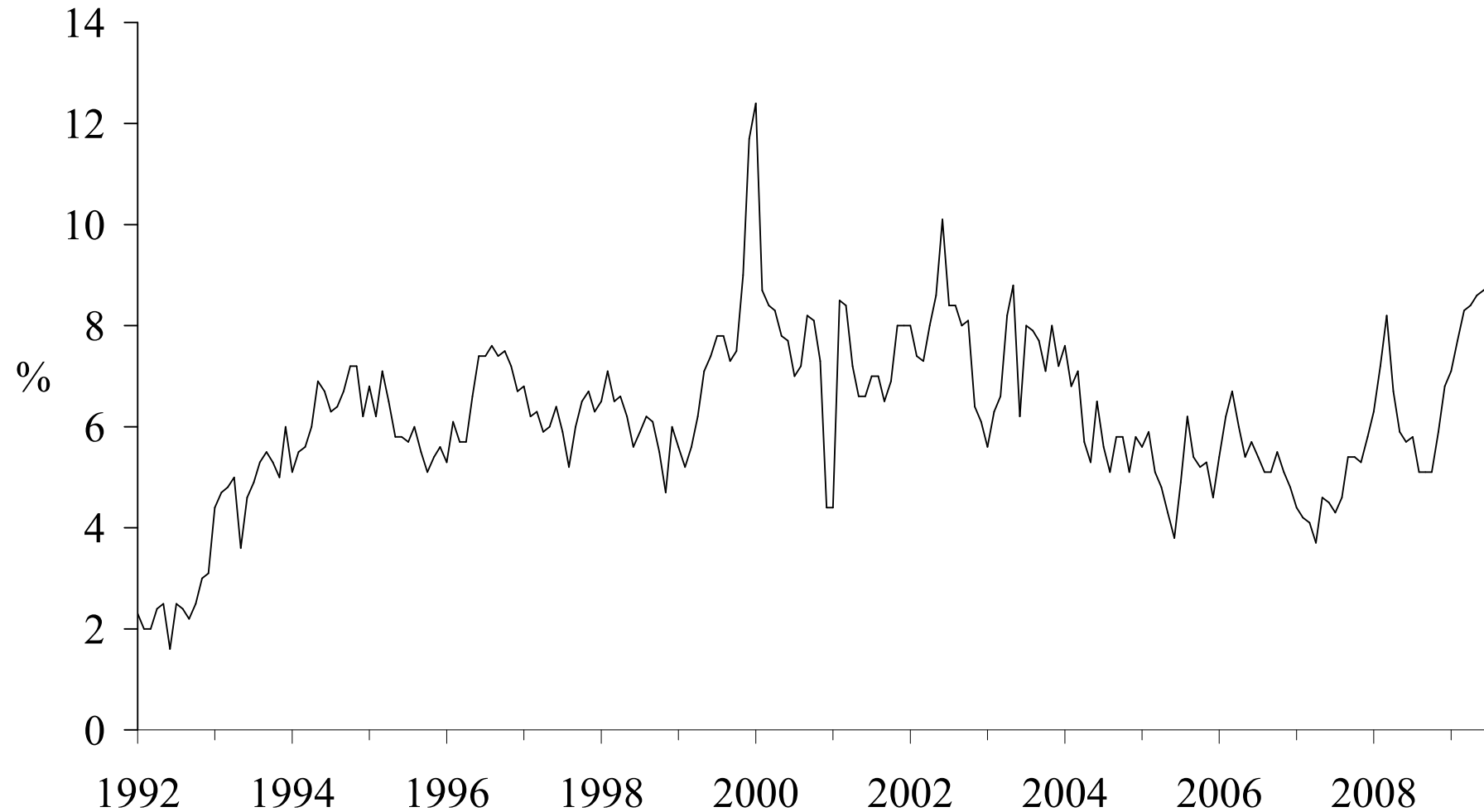
# Money Policy

**U.S.: Growth in Monetary Aggregates (Yr - on - Yr)**



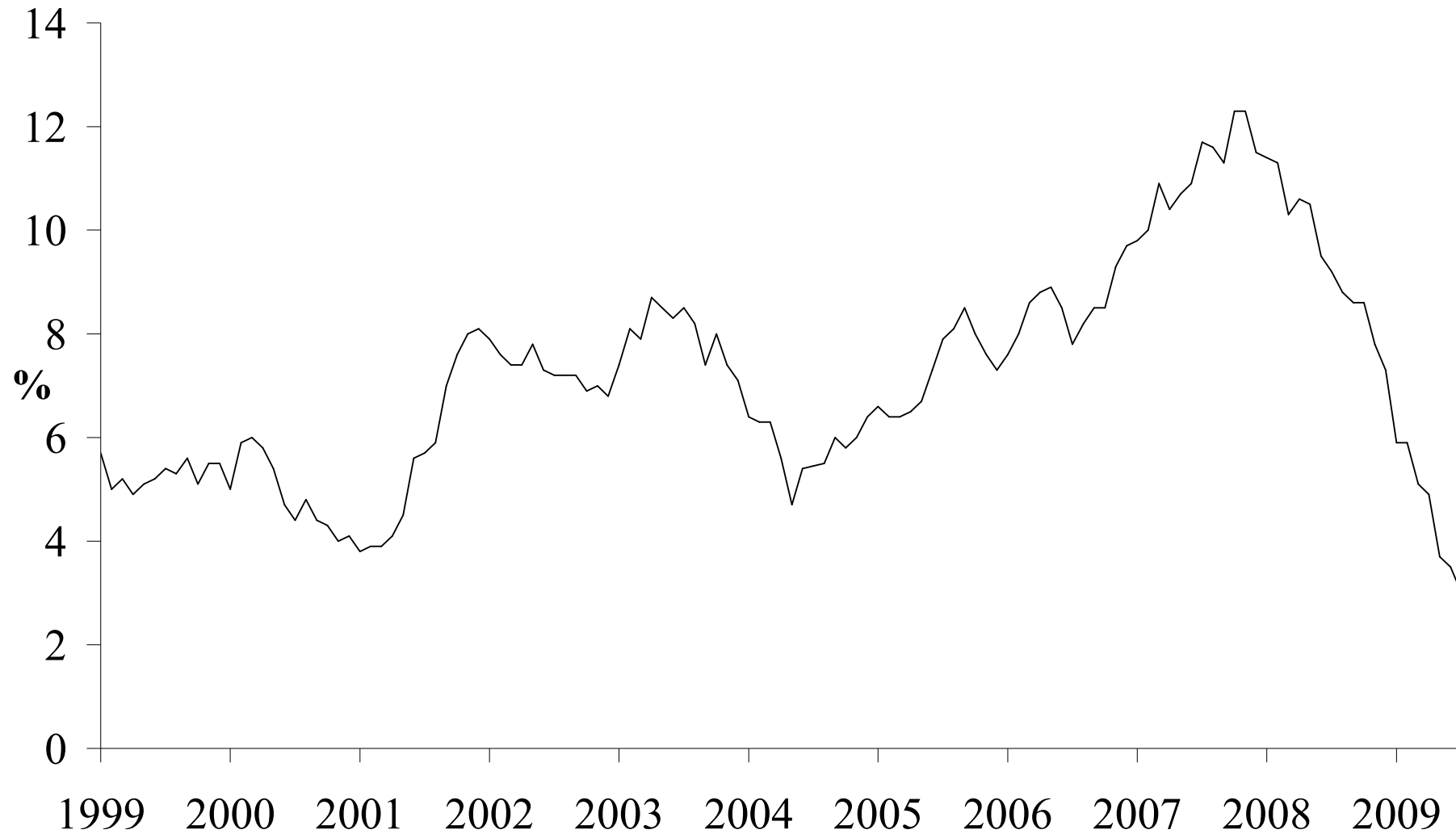
# Money Policy

## UK: M0 Growth



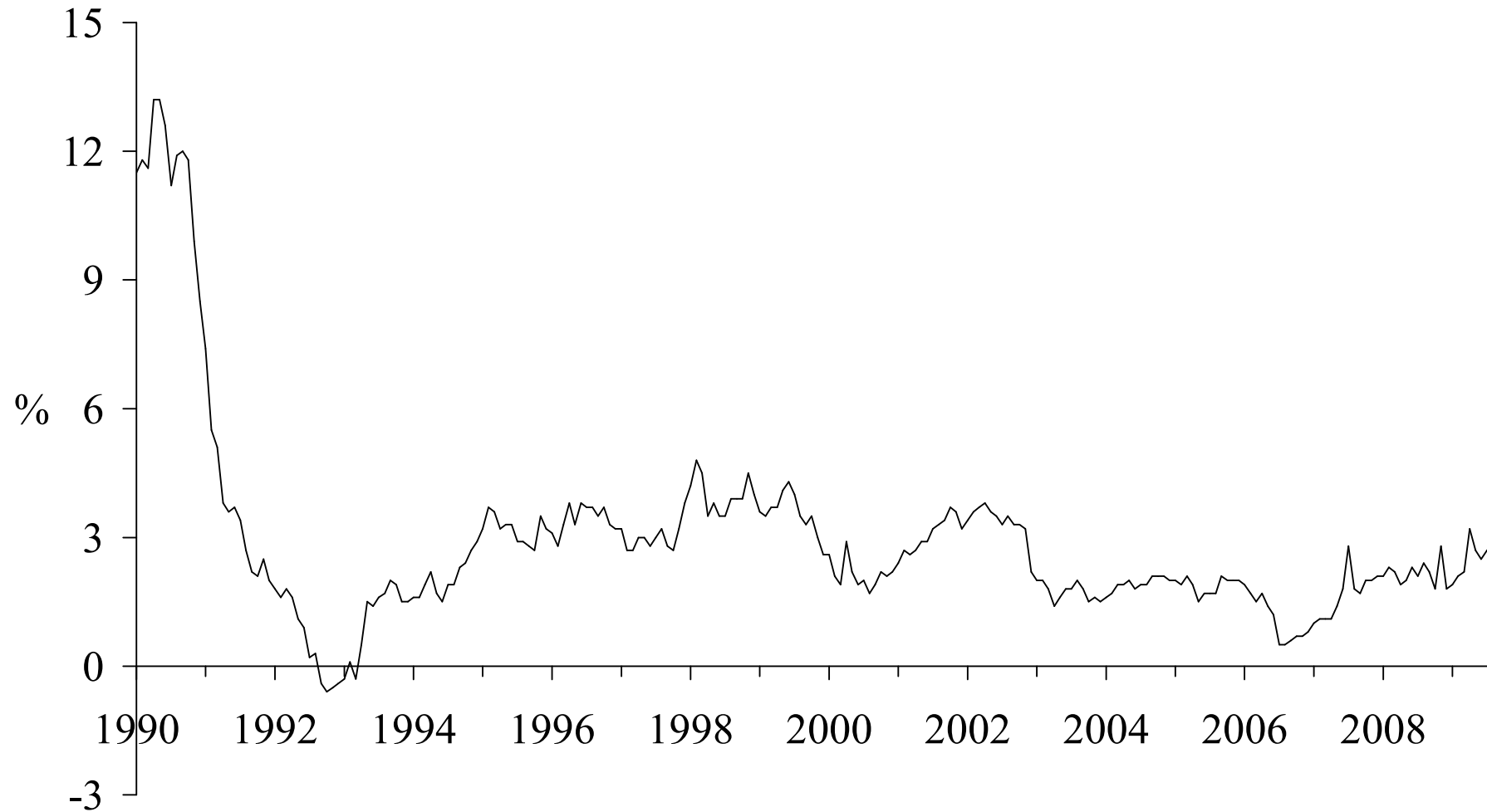
# Money Policy

## Eurozone M3 Growth



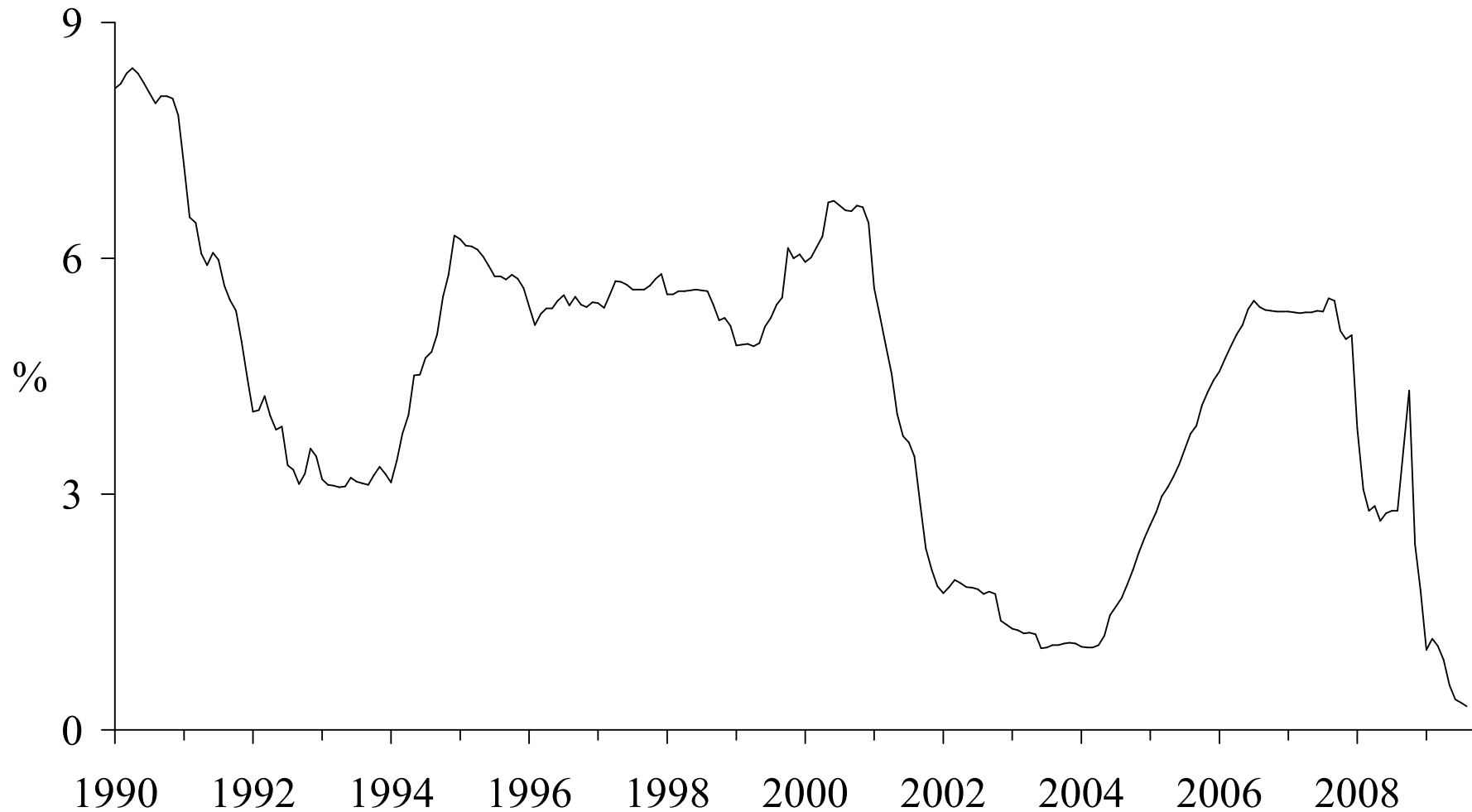
# Money Policy

## Japan: Growth of M2+CD's



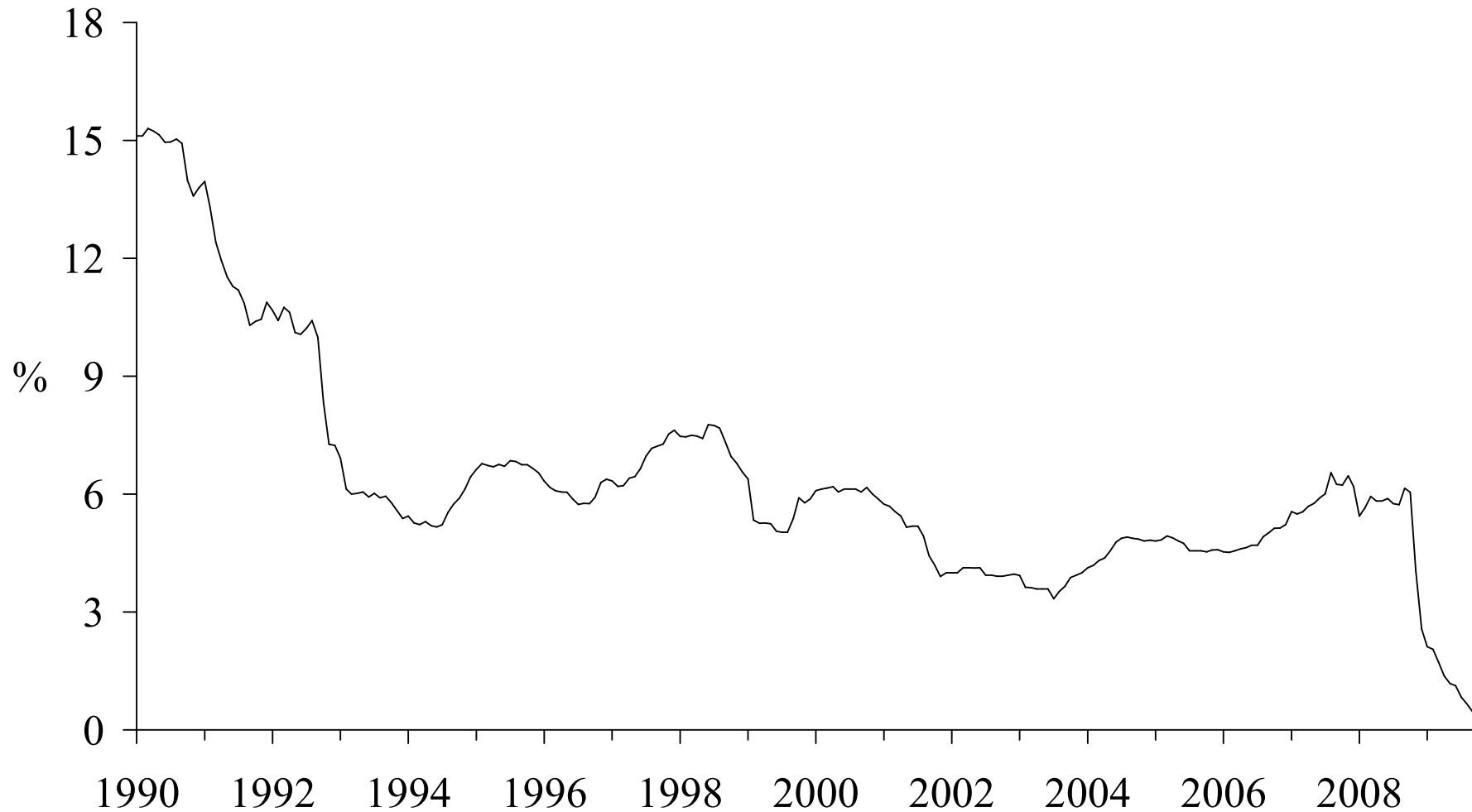
# Short-Term Interest Rates

## U.S. : 3-Month Certificate of Deposit



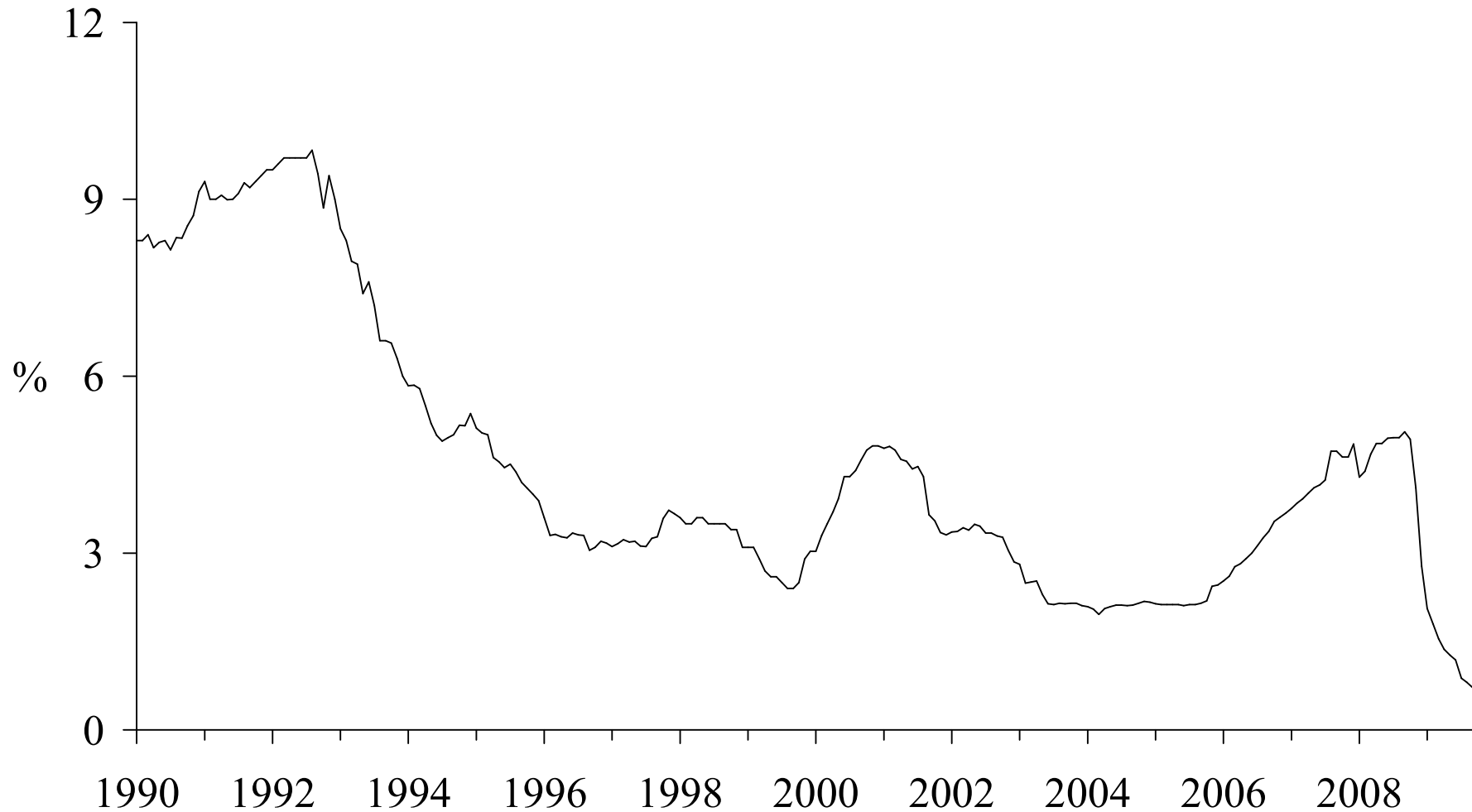
# Short-Term Interest Rates

## U.K. : 3-Month Interbank Rate



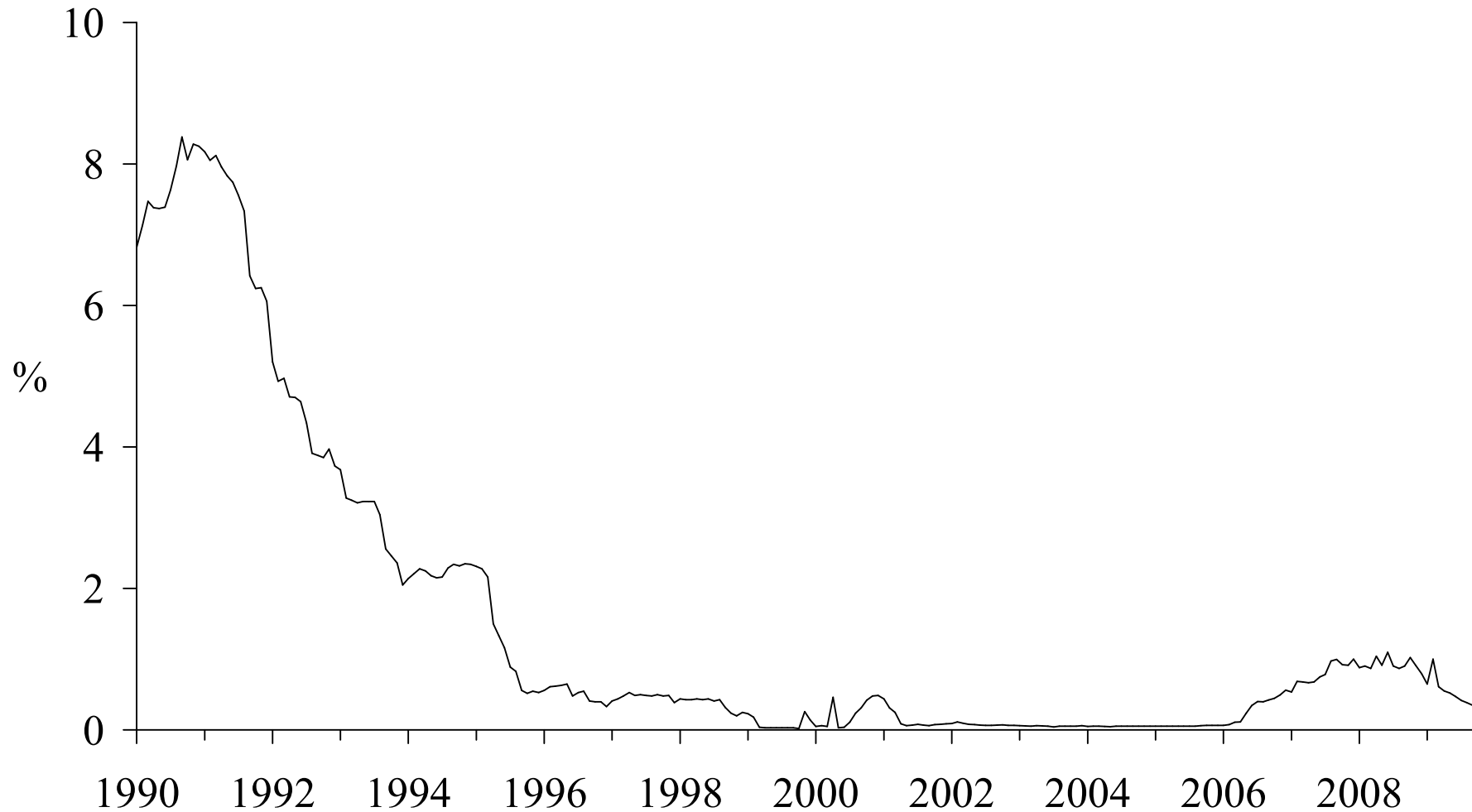
# Short-Term Interest Rates

## Germany : 3-Month Interbank Deposit Rate



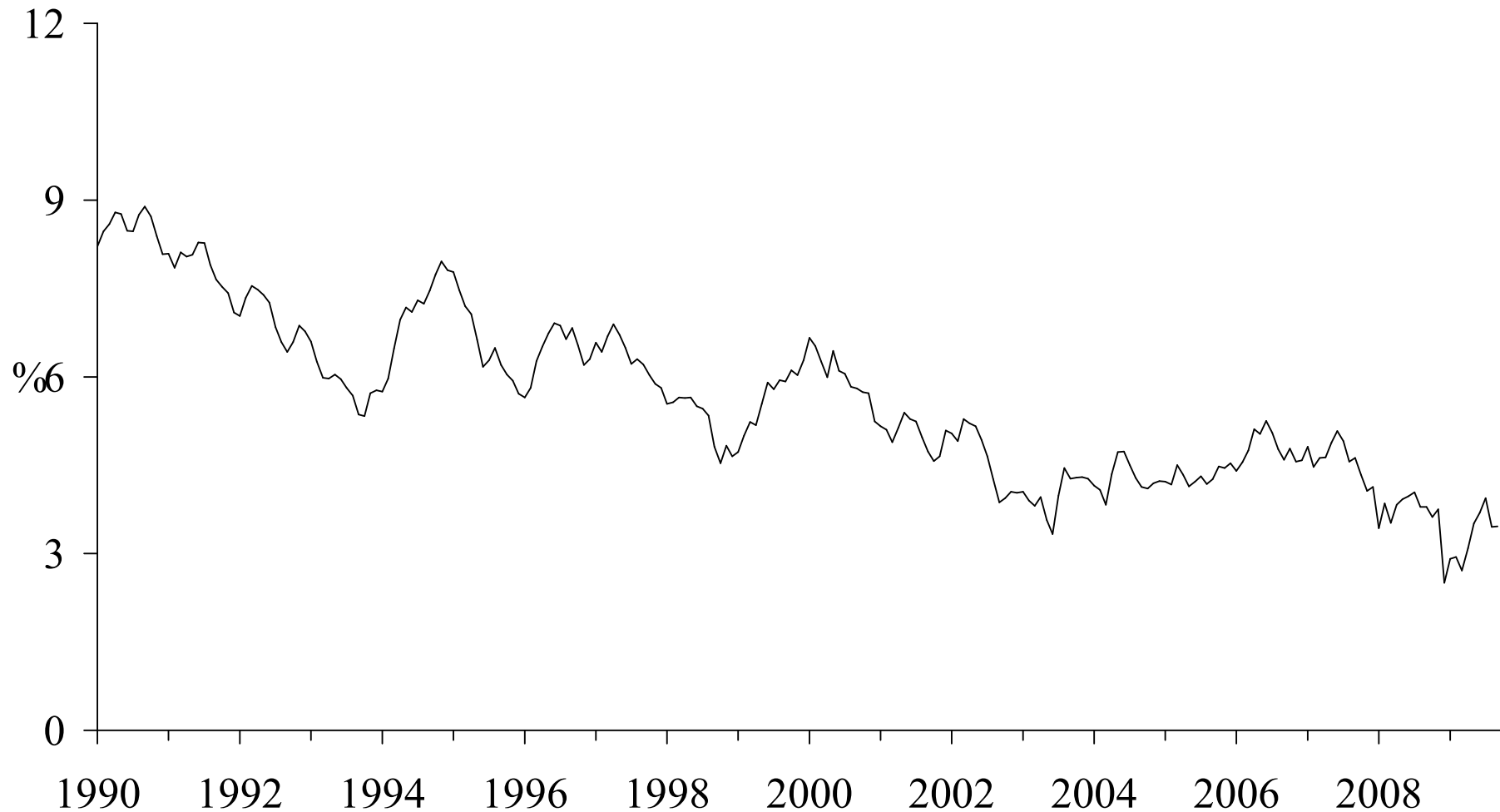
# Short-Term Interest Rates

## Japan : 3 Month Money Market Rate



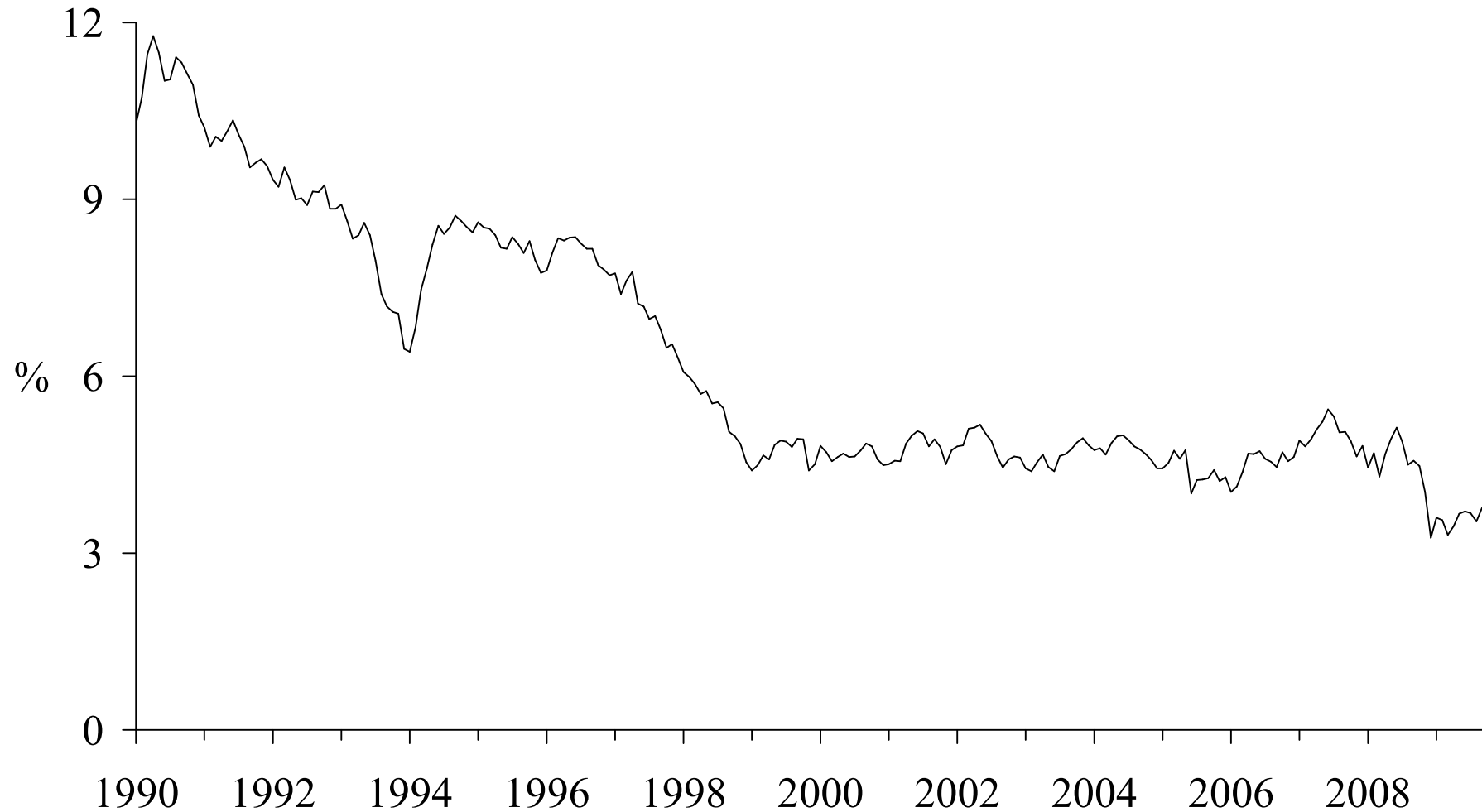
# Long-Term Interest Rates

**U.S.: Yield on Long-Term Government Bonds**



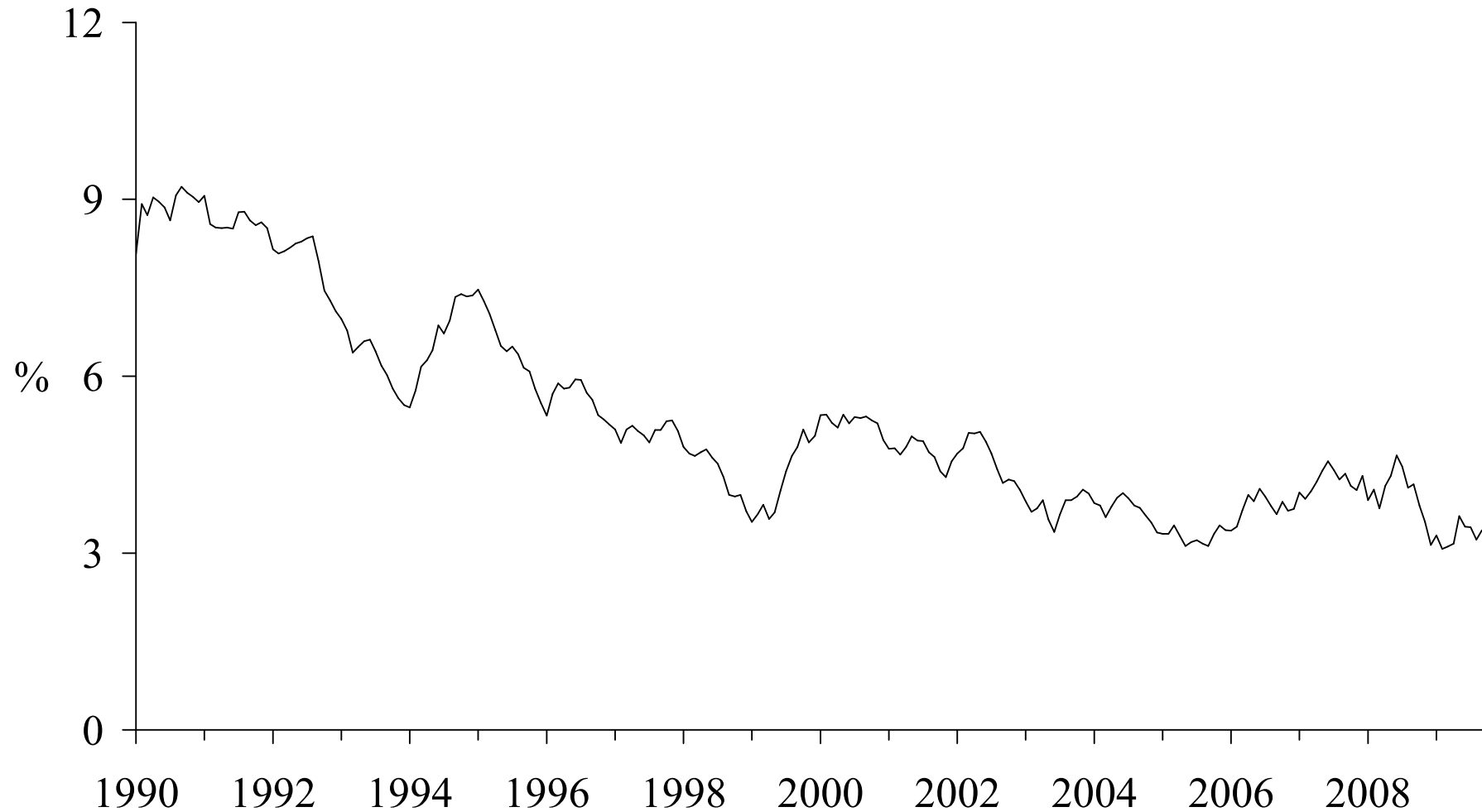
# Long-Term Interest Rates

**U.K. : Yield on Long-Term Government Bonds**



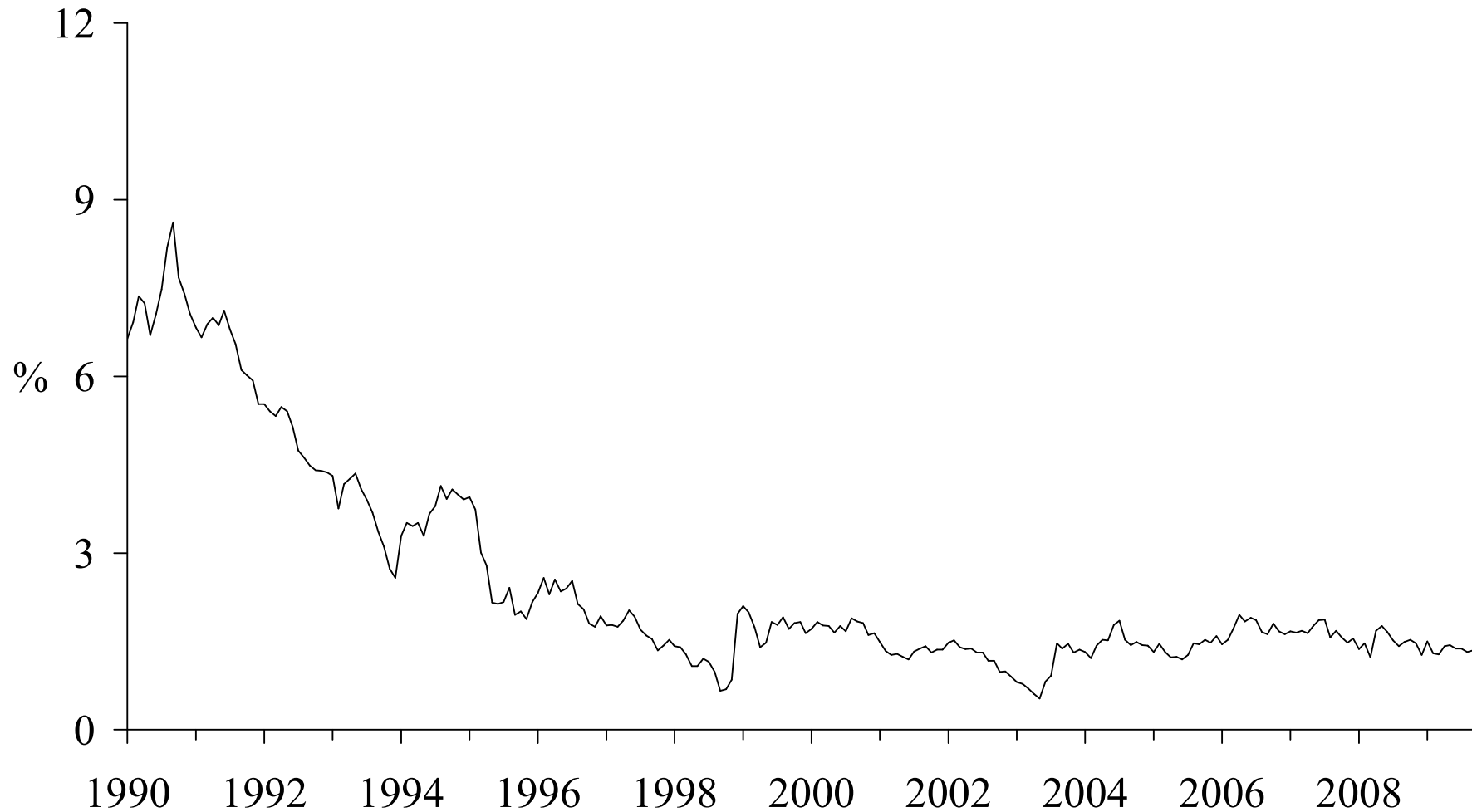
# Long-Term Interest Rates

## Germany: Yield on Public Authority Bonds



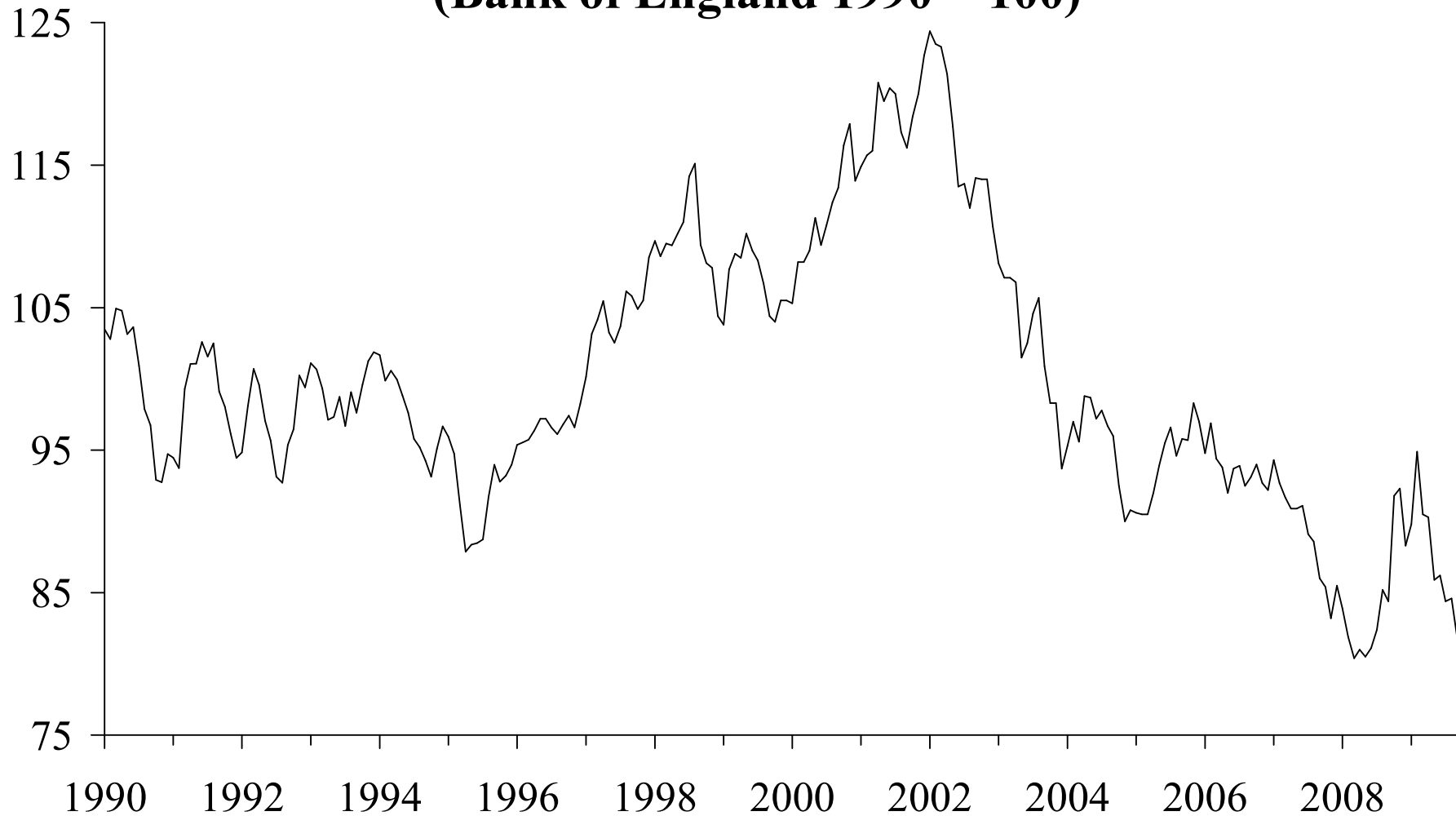
# Long-Term Interest Rates

## Japan: Yield on Long-Term Government Bonds



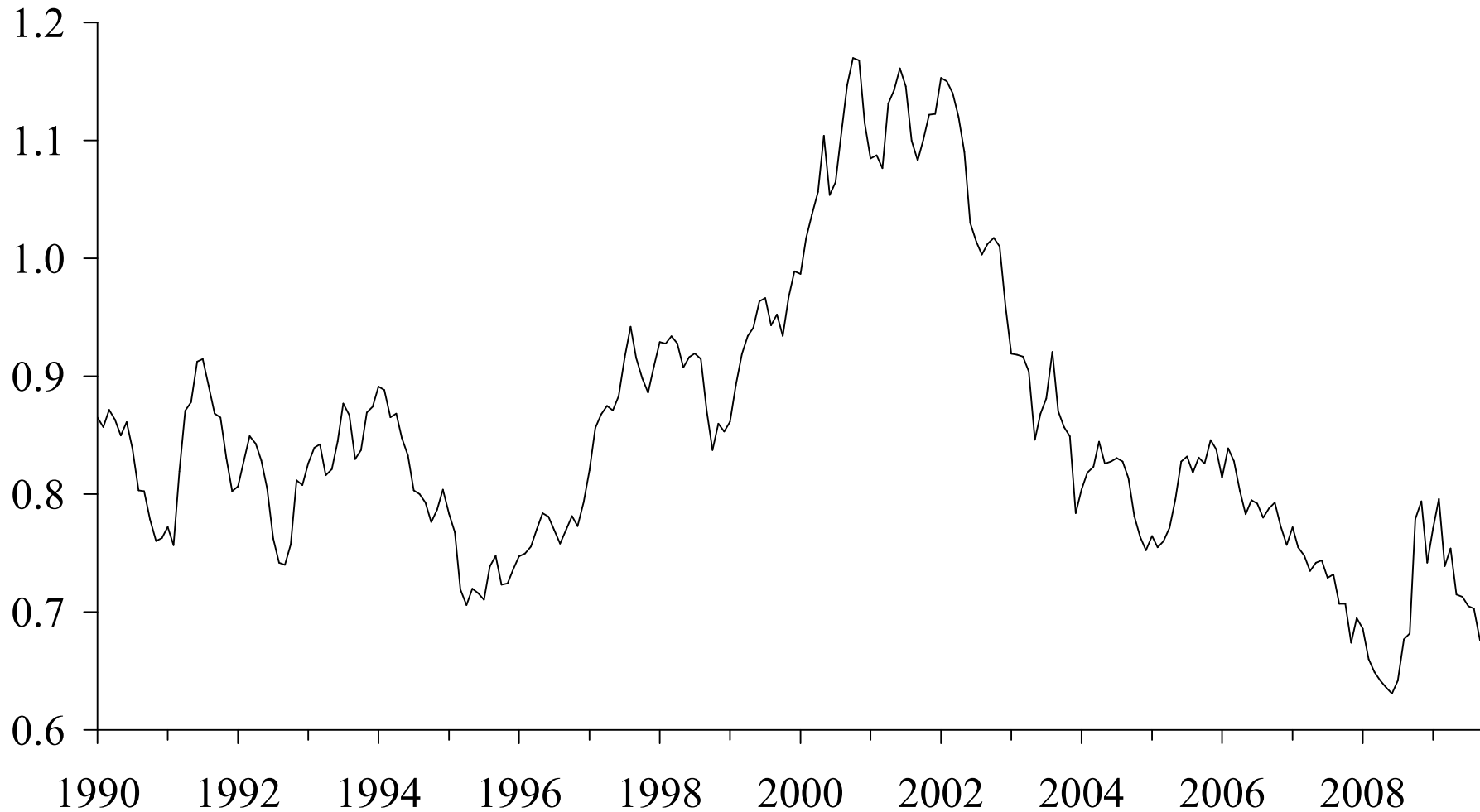
# Exchange Rates

**US : Trade Weighted Index  
(Bank of England 1990 = 100)**



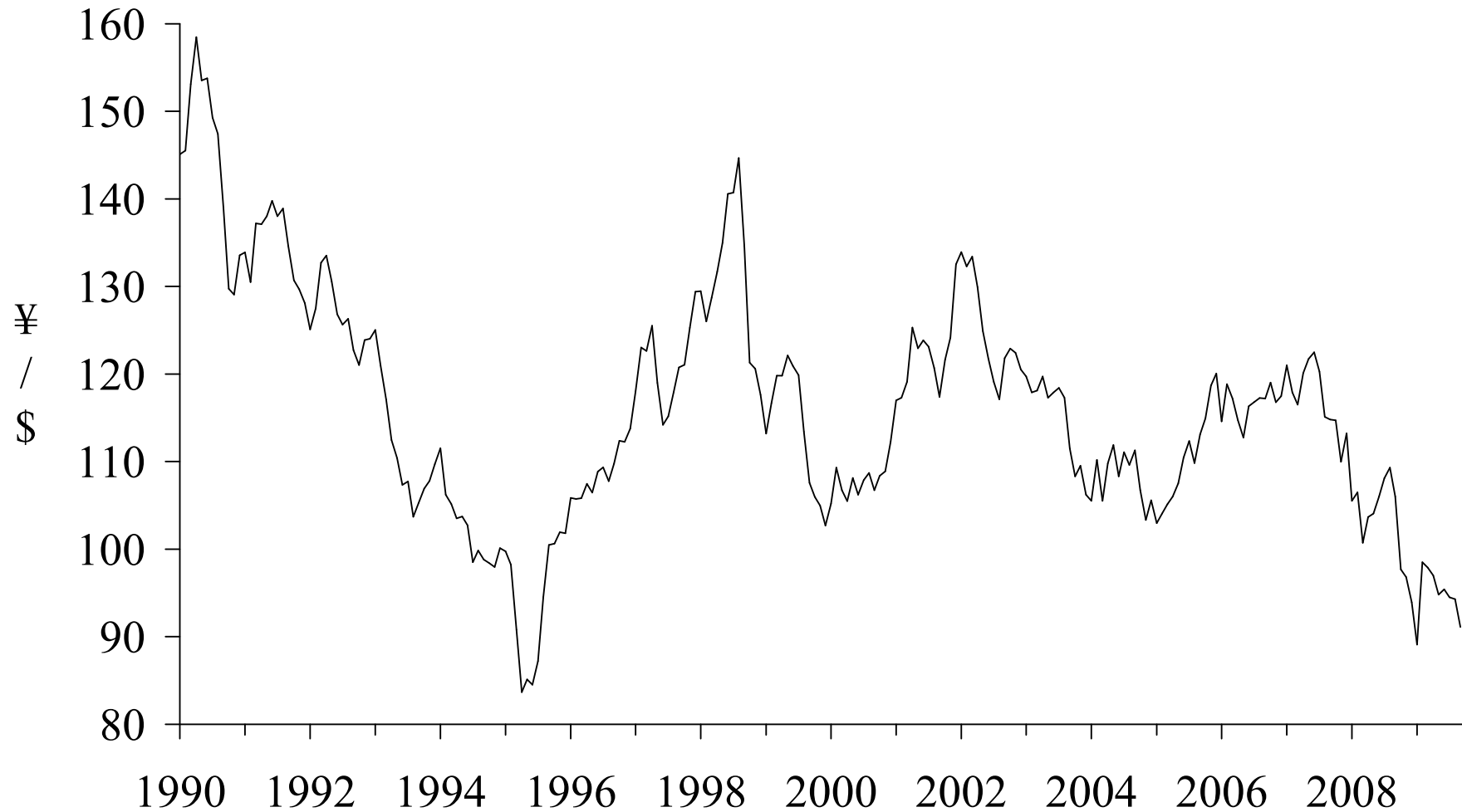
# Exchange Rates

**Euro per US dollar**



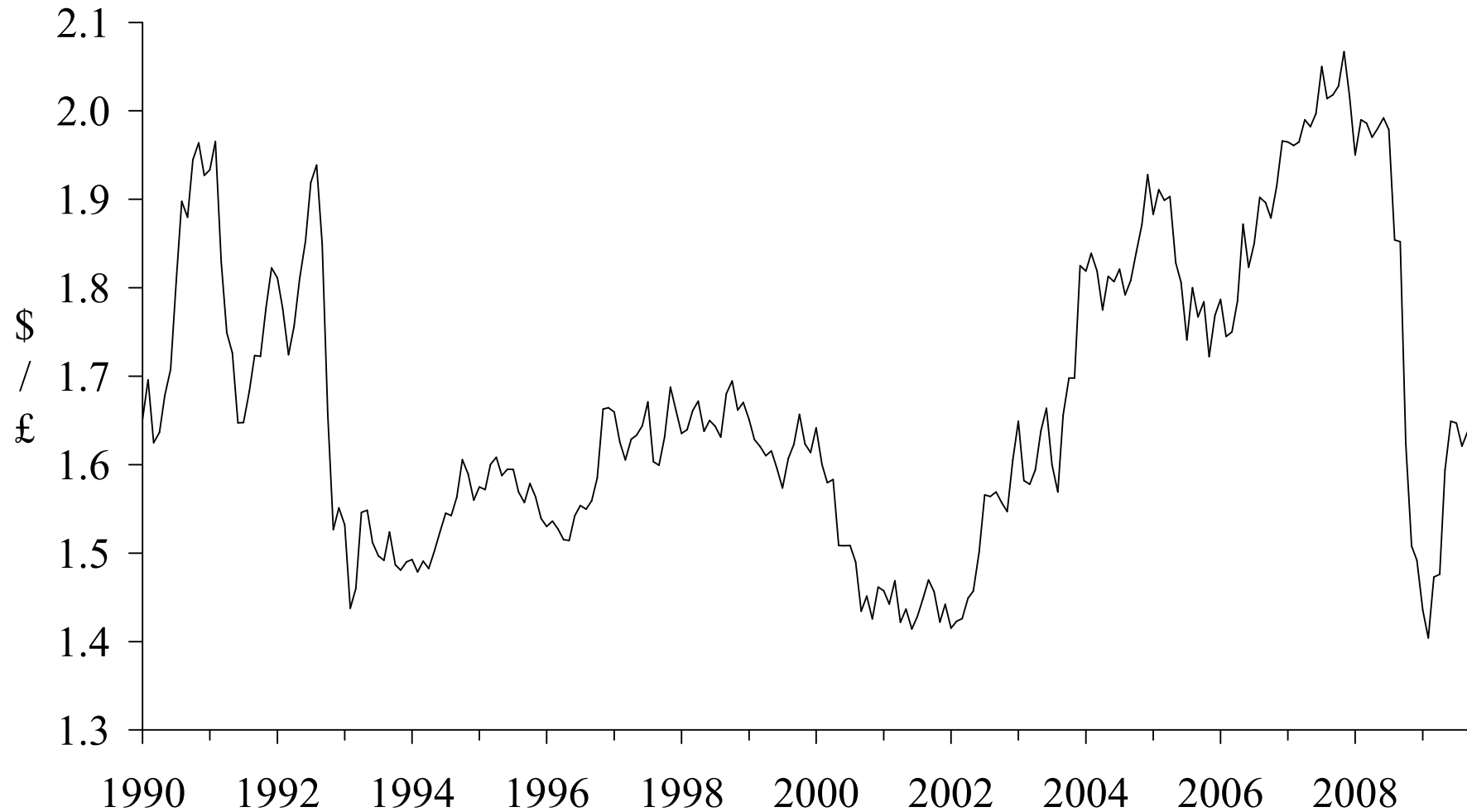
# Exchange Rates

## Japan : Yen Per U.S. Dollar



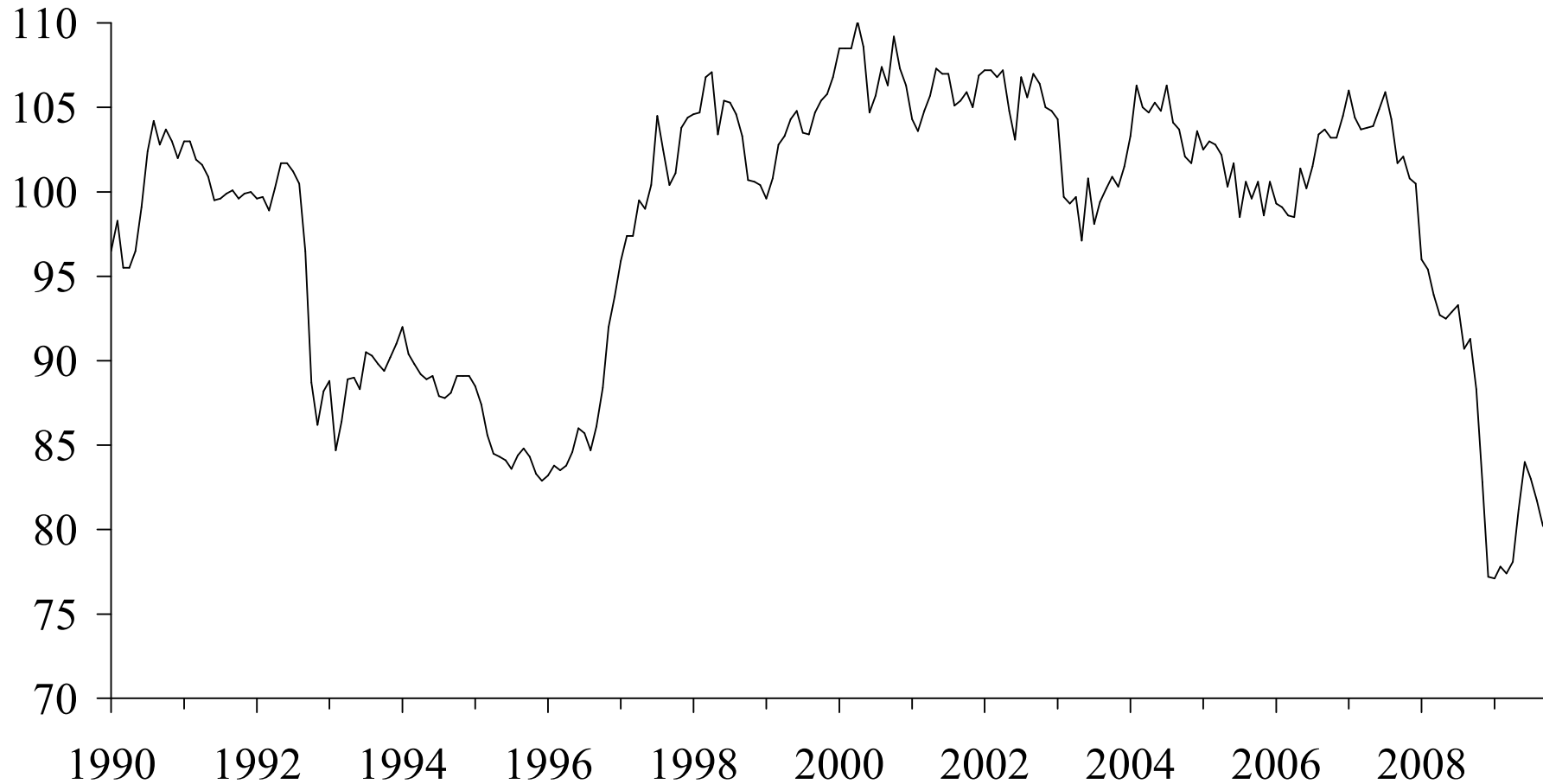
# Exchange Rates

## UK: Dollars Per Pound Sterling



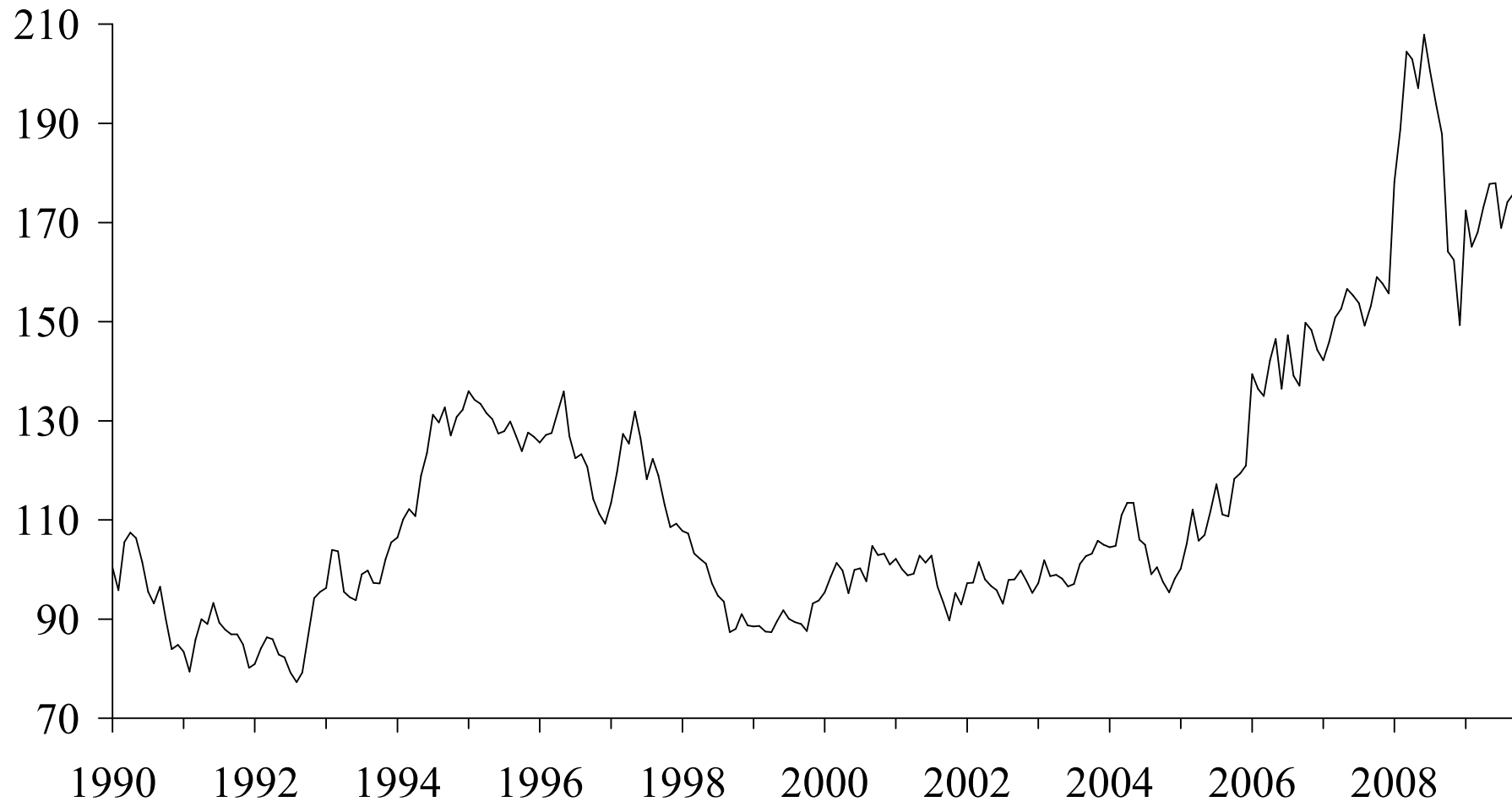
# Exchange Rates

**UK: Trade-Weighted Index  
(Bank of England 1990 = 100)**



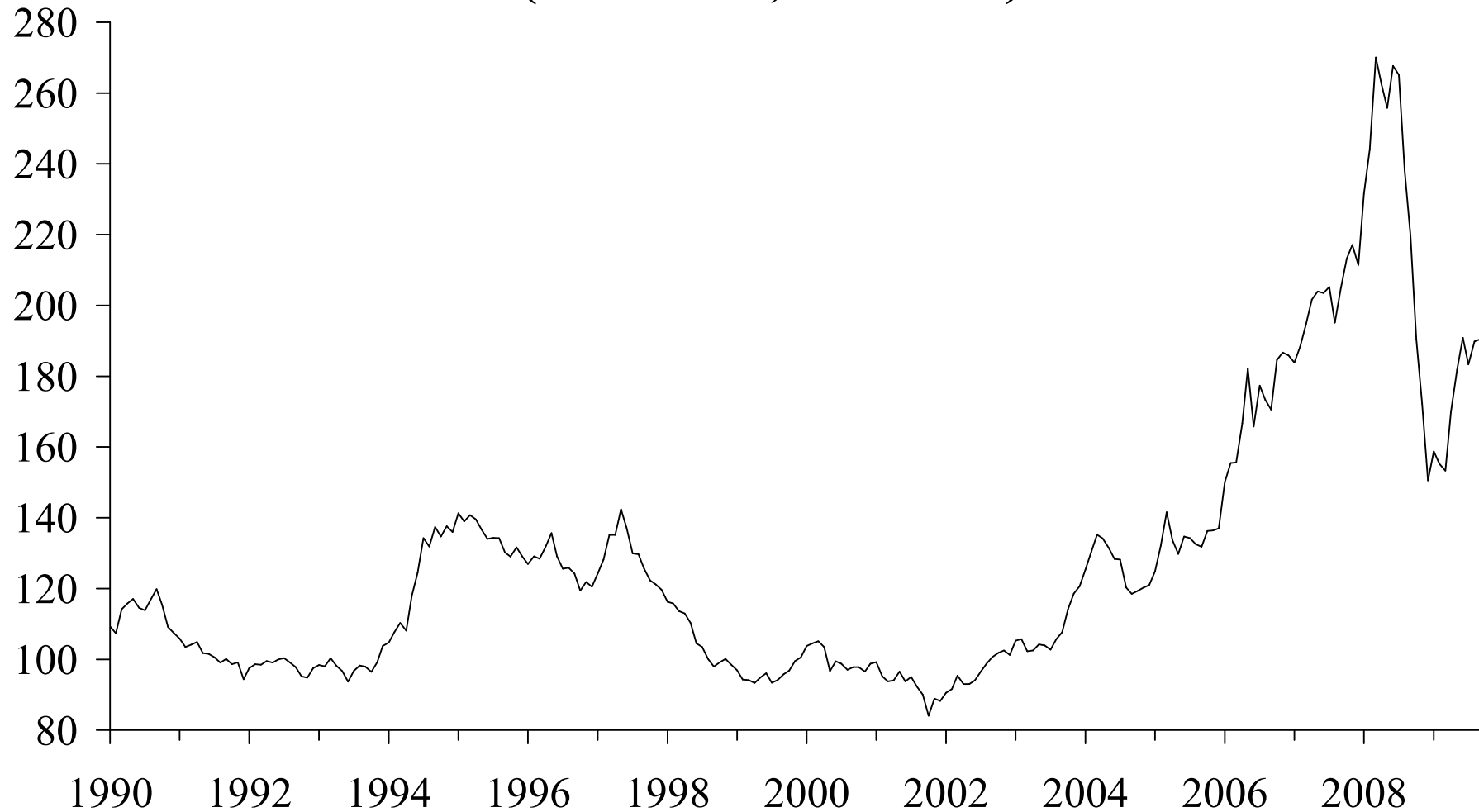
# Commodities

**Commodity Price Index (Sterling)**  
**(Economist, 2000=100)**



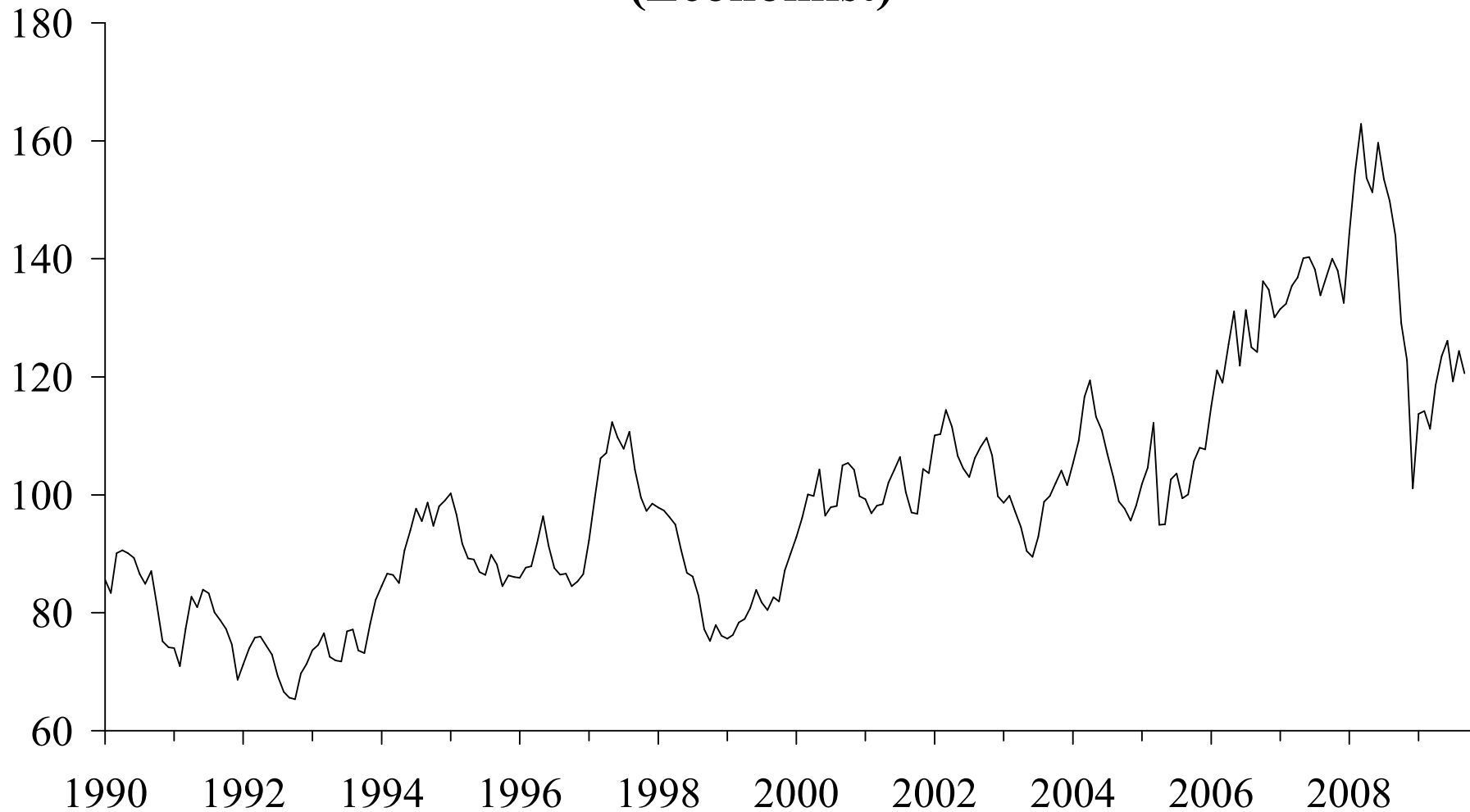
# Commodities

**Commodity Price Index (Dollar)  
(Economist, 2000=100)**



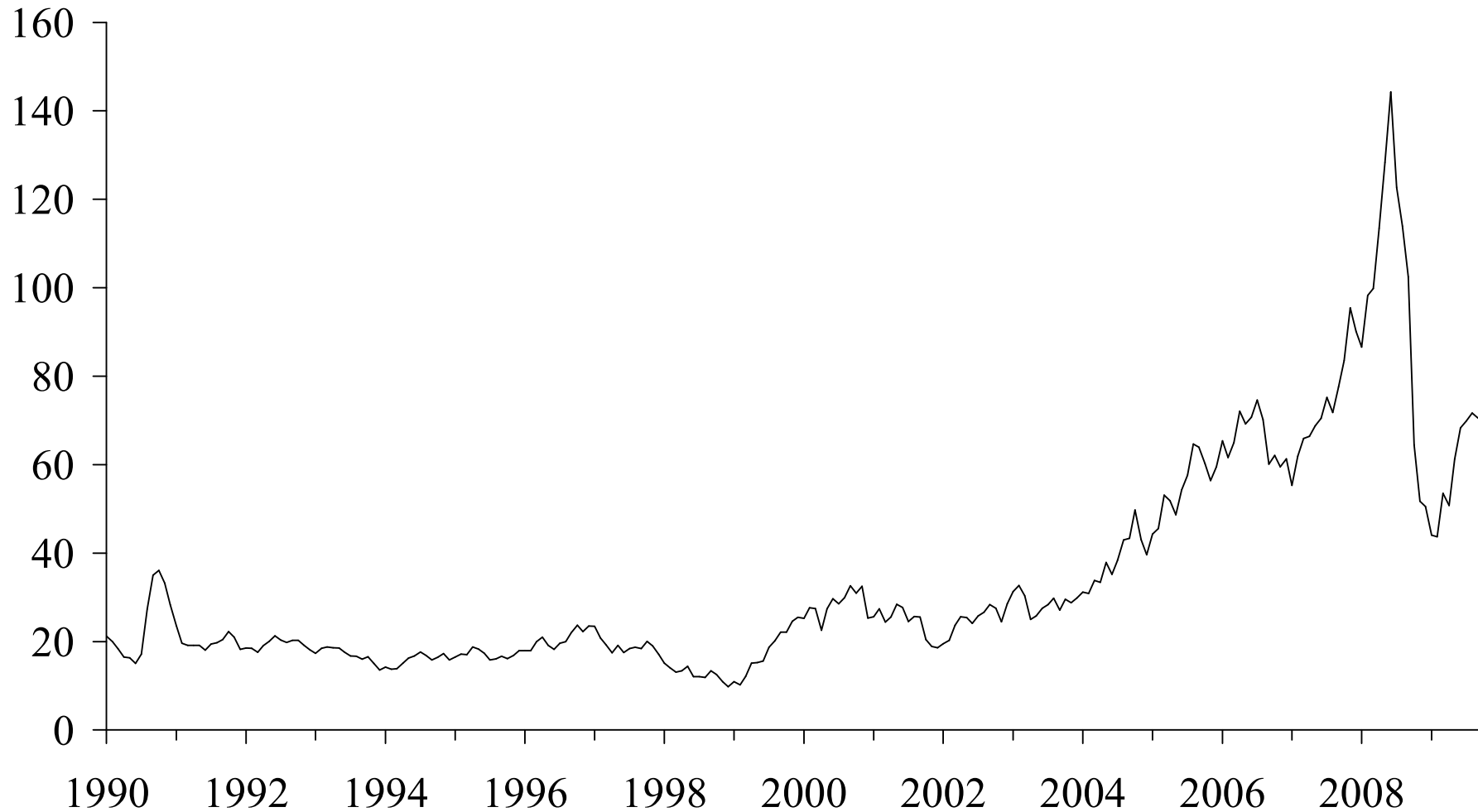
# Commodities

## Commodity Price Index (Euro) (Economist)



# Commodities

## Oil Price: North Sea Brent (in Dollars)



# Commodities

## Gold Price (in Dollars)

