

EAGLEs Quarterly Report

Cross-Country Emerging Markets Analysis

Hong Kong,
Second Quarter 2011
Economic Analysis

Mario Nigrinis
mario.nigrinis@bbva.com.hk

Vicente Mestre
vicente.mestre@bbva.com.hk

Paul Pozarowski
paul.pozarowski@bbva.com.hk

Mariana Silva
mariana.silva@bbva.com.hk

Tao Tang
tao.tang@bbva.com.hk

George Xu
george.xu@bbva.com.hk

- During 2011 Q1 most of **the EAGLEs kept moderating their growth pace**. Higher oil prices and global uncertainty **have not impacted economic activity so far**, except in Egypt. Although fundamentals remain strong, households' consumption expenditure is expanding at mild rates while industrial production growth is slowing down.
- **Slower economic expansion is helping to correct external imbalances in the EAGLEs**. Most countries keep a surplus trade balance fostered by higher terms of trade or the external demand. **Special attention should be focused in Turkey** where the deficit keeps widening at a very large level as a consequence of very dynamic domestic demand.
- In spite of economic moderation **inflationary pressures persists** coming from high commodity prices and, in some cases, a dynamic domestic demand. Although most Central Banks have continued increasing their policy rates, combined with higher reserve requirements, **their reaction can be considered moderated** given the existence of appreciation pressures. Curbing lending growth has become an intermediate step to cool down domestic demand.
- Stock markets have been hit negatively by Central Bank's policy rate hikes while **appreciation pressures persist**. Higher terms of trade and a positive economic outlook keep **attracting foreign capital flows**. The only exception is Egypt where the cost of financing has increased moderately considering the political uncertainties and turmoil during the first quarter. **Egypt's stock exchange has slightly recovered from the significant decline** it suffered when operations started again after several weeks of being closed.

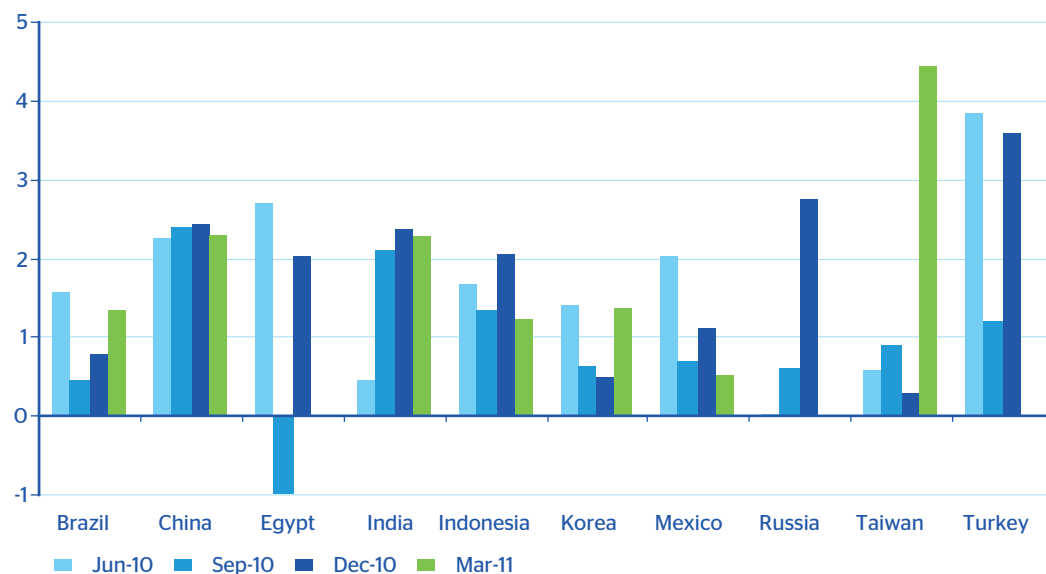
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1. Activity: Moderation continued among EAGLEs

1.1. Cross-Country GDP

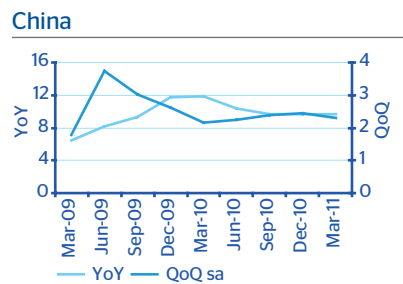
- Most economies keep moderating their growth pace.
- Higher oil prices, due to social unrest in MENA, have not dented economic activity so far.

GDP Quarterly Growth Rate (%)

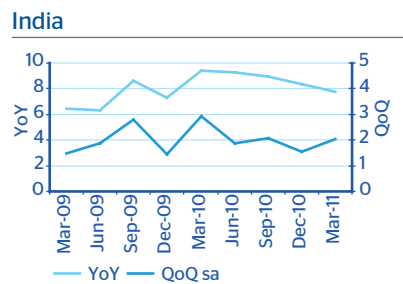


Source: Haver

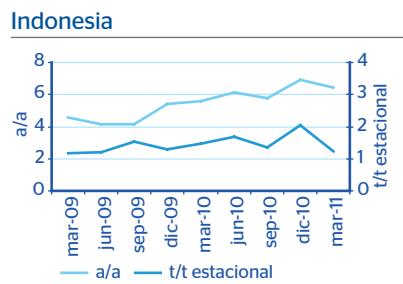
1.1. GDP



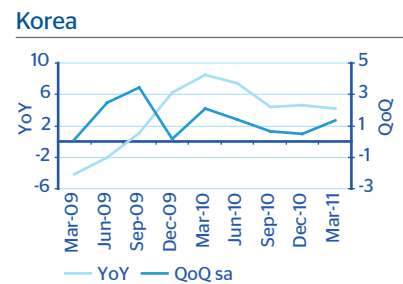
Source: Haver
GDP growth slowed, relieving some overheating risks in the economy.



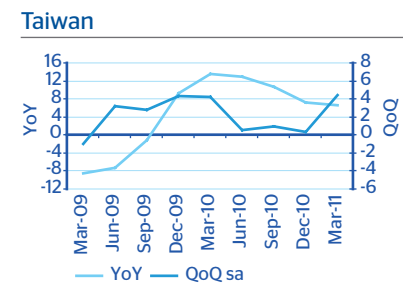
Source: Haver
A lower than expected outturn of 2011 Q1 growth has been recorded, continuing the growth moderation process started throughout the past year.



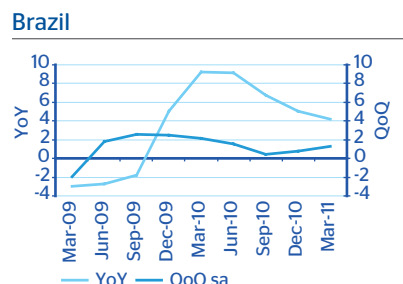
Source: Haver
Economic growth slowed last quarter as government spending eased.



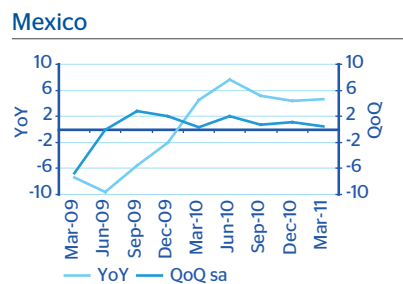
Source: Haver
Roaring exports and improved domestic consumption have been the major engines to the strong growth in 2011 Q1.



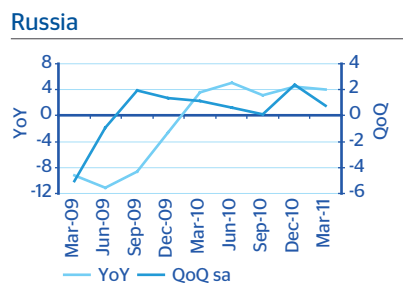
Source: Haver
Taiwan's GDP growth with strong momentum on the first quarter driven by high exports in electronic products and improving domestic consumption.



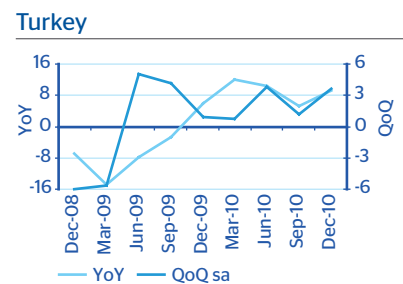
Source: Haver
GDP accelerates supported by the expansion of both investment and public consumption.



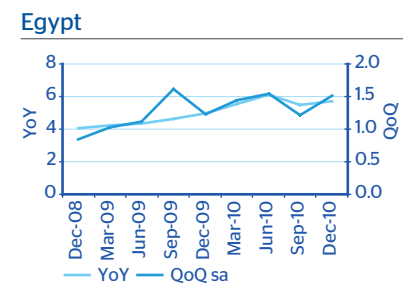
Source: Haver
Growth decelerated in 2011 Q1 by the slowdown in external demand which was not compensated by domestic demand.



Source: Haver
Although economic growth is turning flat on yearly basis, quarterly growth slowed down in 2011 Q1 due to stagnated corporate investment and ever-increasing capital outflows.



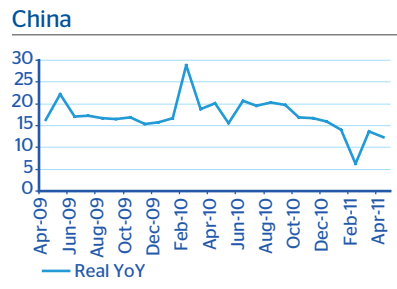
Source: Haver
Data confirms the staggering performance of the economy during 2010 Q4. During 2010 Turkey was among the fastest-growing economies in the world.



Source: Haver
2010 Q4 real GDP growth remained stable. Political instability is the main concern that could drag down the economy in 2011.

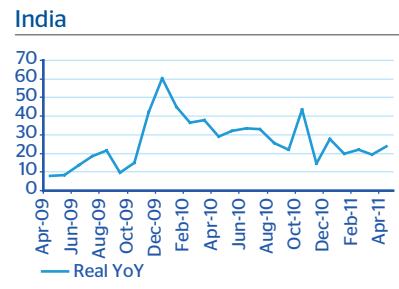
1.2. Retail Sales

- Retail sales slow down signals households' consumption expenditure is growing at mild rates.
- Turkey is the exception where consumption growth is accelerating.



Source: Haver

Growth in retail sales has declined anticipating a less dynamic domestic demand.



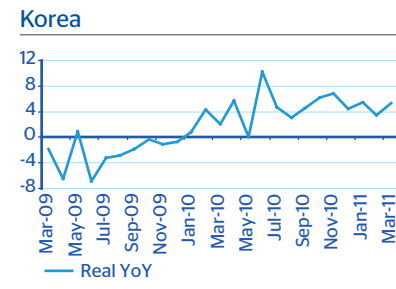
Note: Motor Vehicle Sales
Source: CEIC

The growth of India's Motor Vehicle Sales moderated since the end of last year anticipating a lowering in household consumption expenditure.



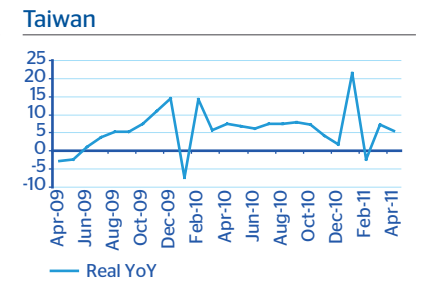
Source: Haver

Domestic demand seems to be losing momentum.



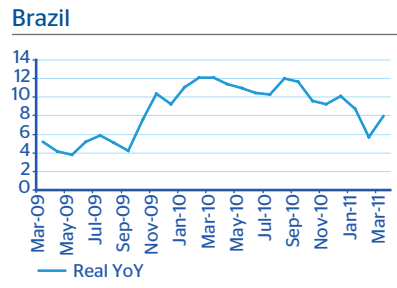
Source: Haver

Consumer spending is keeping its growth trend fostered by higher household income due to improvements in the labour market.



Source: Haver

Private consumption expenditure remained strong supported by steady improvements in labour market.



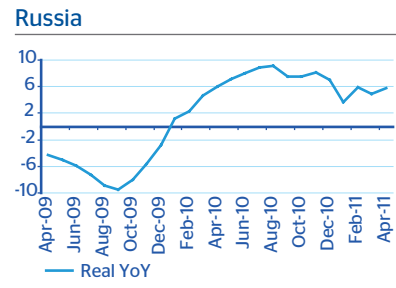
Source: Haver

Retail sales dynamics signal domestic demand is still buoyant.



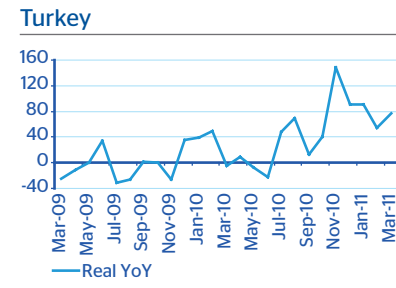
Source: Haver

Recent deceleration could signal lower than expected household consumption in the 2011 H1 in spite of favourable financial conditions and disposable income recovery.



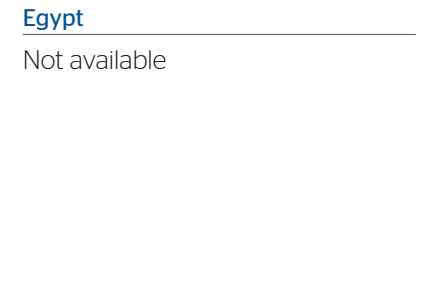
Source: Haver

Retail sales showed signs of expansion in spite of a decline on disposable income.



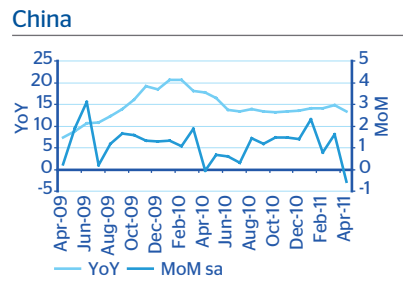
Note: Registered Motor Vehicles
Source: Haver

Growth of Registered Motor Vehicles picked up in March following a moderation trend since the end of 2010, implying the demand is still strong.



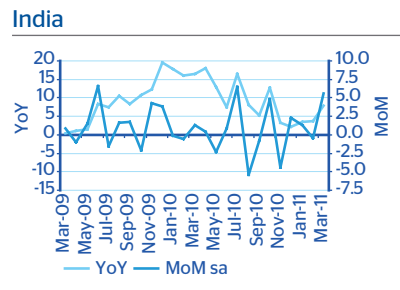
1.3. Industrial Production

- Except for Indonesia and India, industrial production figures are consistent with a slower economic activity.



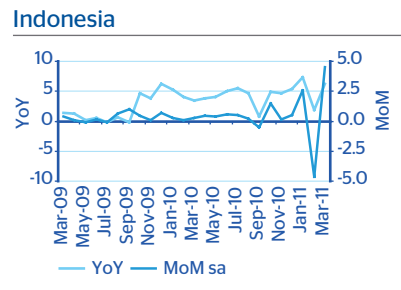
Source: Haver

Industrial production is showing signs of moderation. Inventory correction and electricity shortages could lead to an even lower growth in the coming months, pointing towards a soft landing.



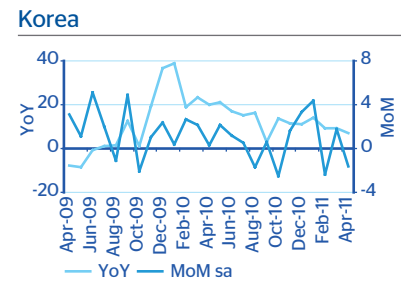
Source: Haver

Results surprised on the up side in Q1 mainly driven by strong performance from the manufacturing sector.



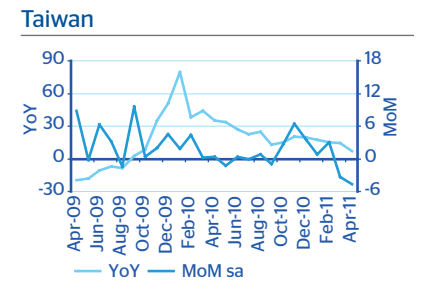
Source: Haver

Latest figures registered a record monthly increase possibly due to calendar effects.



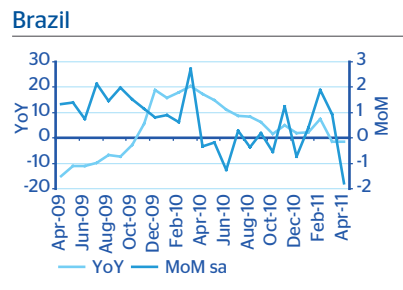
Source: Haver

Results confirm a moderating trend in production over the last three months.



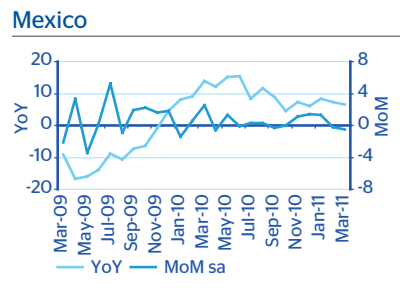
Source: Haver

Taiwan's manufacturing reading in April may reflect the effects of Japan's earthquake.



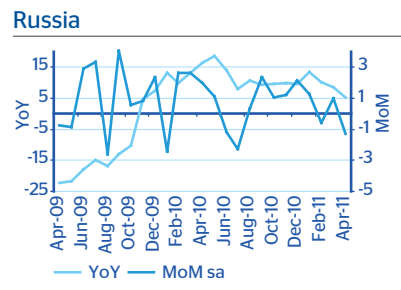
Source: Haver

Industrial production declined caused by raising costs (especially wages), higher interest rates, and by the appreciation of the Real.



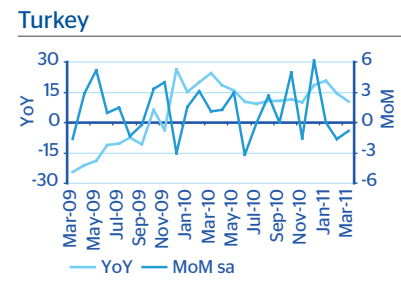
Source: Haver

Industrial production is moderating mainly driven by a slowdown in the US economy.



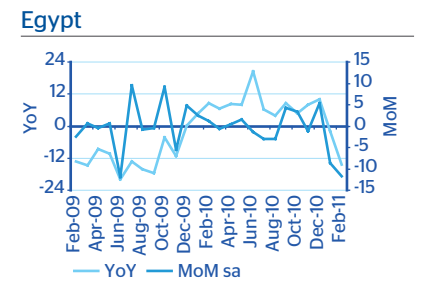
Source: Haver

Industrial production has gradually been decelerating in 2011 in line with a weaker domestic demand.



Source: Haver

Growth momentum of Turkey's industrial production eased throughout the first quarter after registered a high record late in 2010.

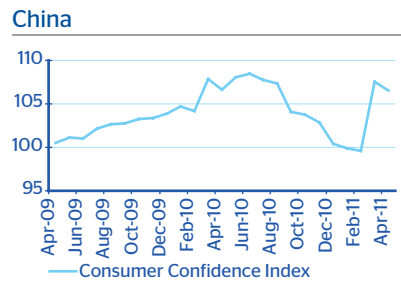


Source: Haver

Industrial production growth slumped in February 2011, mainly due to the large fall in both the manufacturing and tourism sectors.

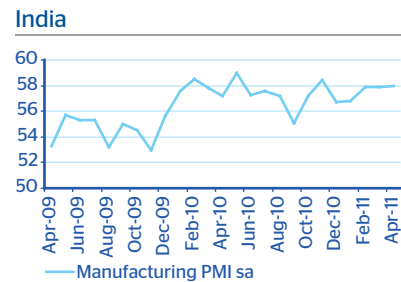
1.4. Business and Consumer Surveys

- Consumers are still optimistic although in most of the countries there are clear signs of moderation. Nevertheless confidence indicators remain in high levels.



Source: CEIC

Inflation and some food scandals on China have had a negative impact on consumer confidence.



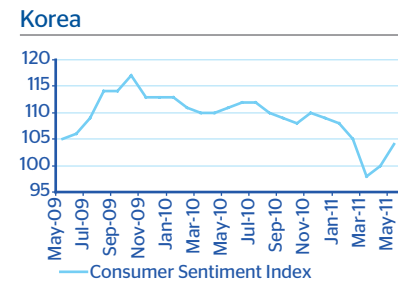
Source: HSBC

Increasing concerns of more aggressive tightening policy from the central bank is hitting business confidence.



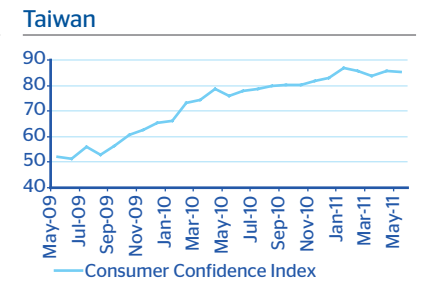
Source: Haver

In spite of inflation pressures keeps high levels.



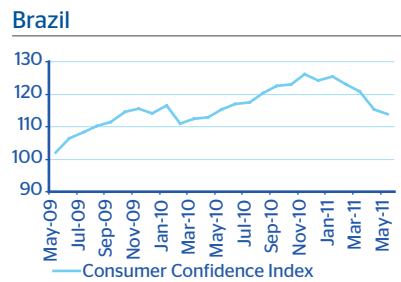
Source: Haver

Consumer confidence ticked back up after falling sharply in March as concerns over the effect of the Japanese quake diminished.



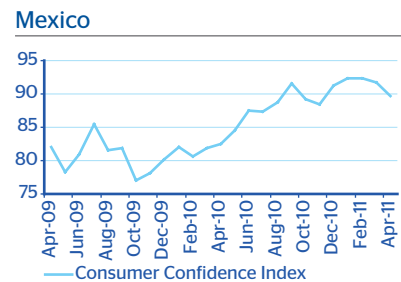
Source: CEIC

At record highs driven by improvements in labour market.



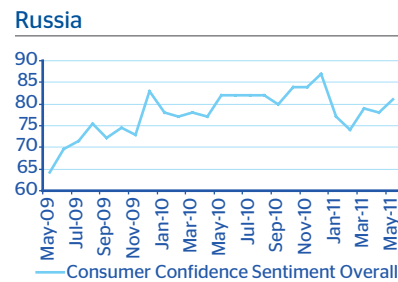
Source: Haver

These surveys suggest economy should slow down in the next few months.



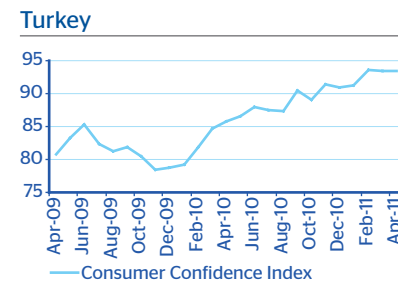
Source: Haver

Consumers remain optimistic about the economic recovery.



Source: Bloomberg

Consumer confidence recovered slightly, while concerns of higher inflation pressures and unemployment rate remain strong.



Source: Haver

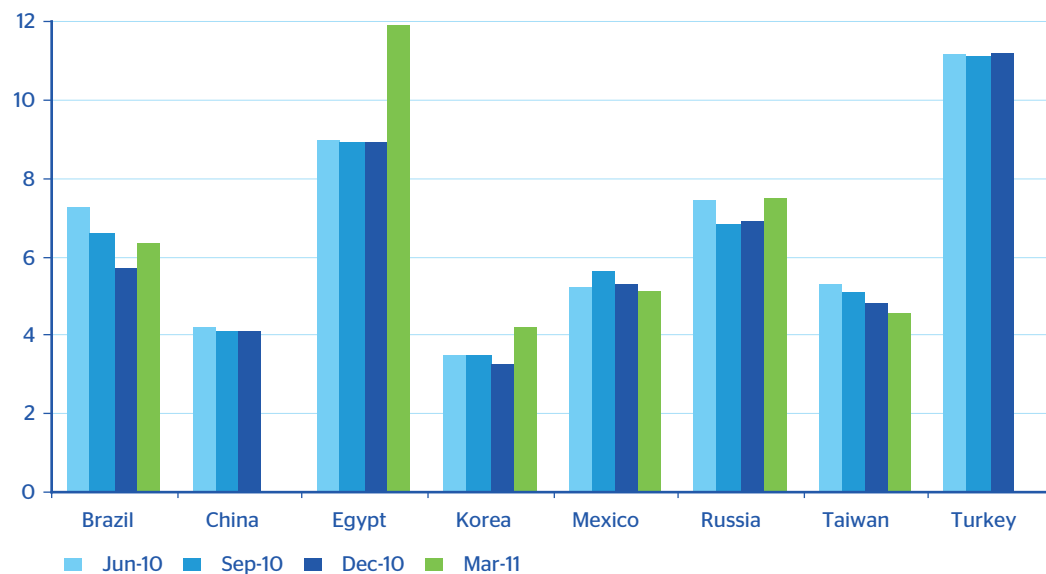
Consumer confidence has been improving during the first quarter, reaching the highest level in the past two years.

Egypt
Not available

1.5. Cross-Country Unemployment

- Unemployment rates have stopped falling in most of the economies.
- Political turmoil and strikes have a negative impact on Egyptian data in the first quarter.

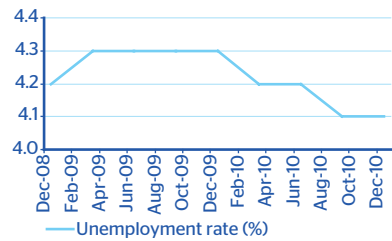
Unemployment Rate (%)



Note: Quarterly data not available for India and Indonesia
Source: Bloomberg

1.5. Unemployment

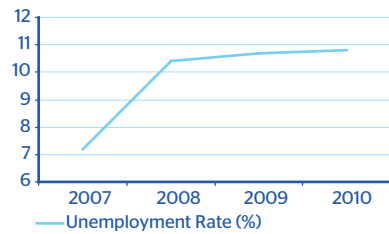
China



Source: Bloomberg

Unemployment rate should keep decreasing as the economy continues growing along 2011.

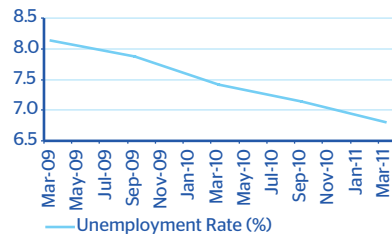
India



Source: Haver

The unemployment rate slightly rose in the past three years in spite of high economic growth.

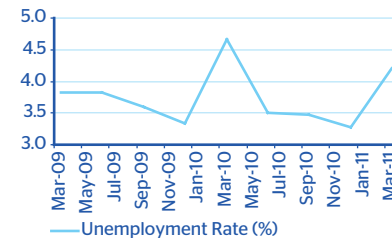
Indonesia



Source: Haver

Labour market keeps improving with more workers being hired in trade and finance services.

Korea



Source: Bloomberg

The increase in unemployment in Q1 was driven by a further rise in labour force participation.

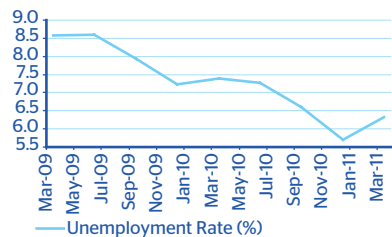
Taiwan



Source: Bloomberg

Unemployment rate continue dropping given the strong growing process.

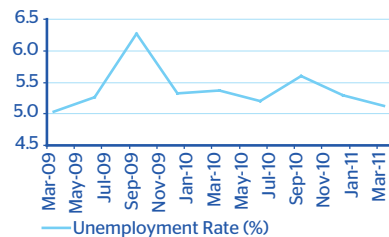
Brazil



Source: Bloomberg

Labour market remains buoyant. Unemployment was equal to 6.4% in April, the lowest rate for the period since 2002.

Mexico



Source: Bloomberg

Labour market keeps improving driven by a better economic performance. However the unemployment rate level remains above pre-crisis level.

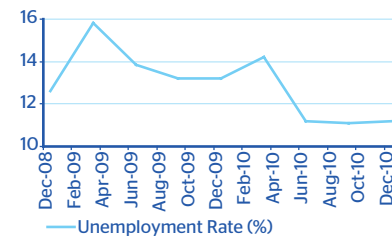
Russia



Source: Bloomberg

The improvement of labour market calls for more steam from local economic activities.

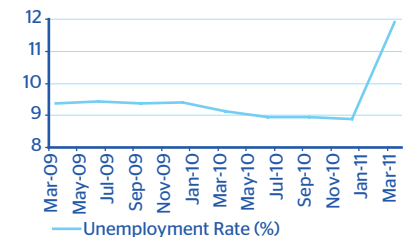
Turkey



Source: Bloomberg

Improvements in labour market are driven by the strong economic growth process.

Egypt



Source: Bloomberg

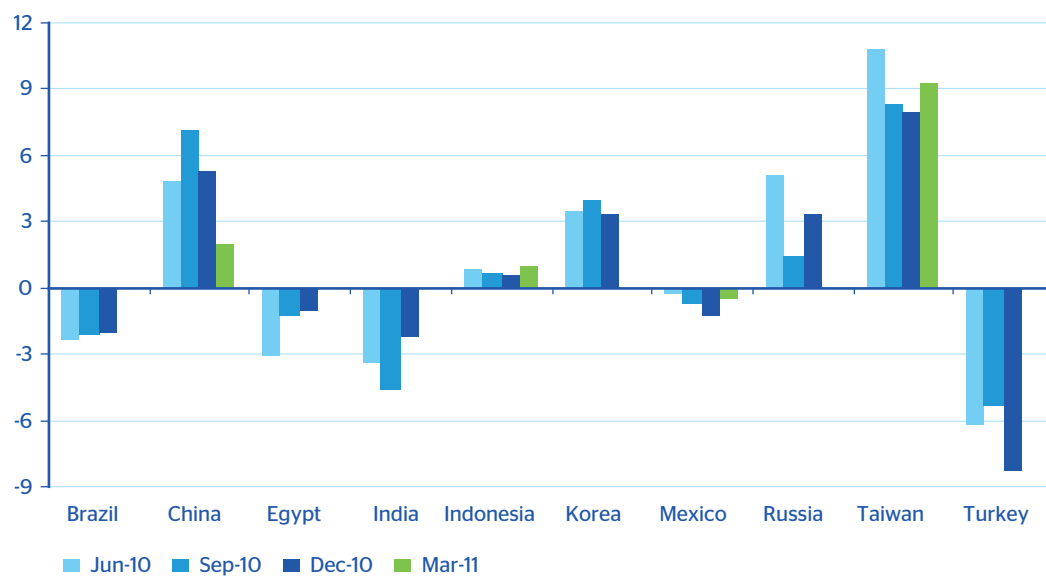
Ongoing political turmoil in Egypt drove up the unemployment rate dramatically in 2011 Q1, adding more uncertainty to the country's growth outlook.

2. External Sector: Slower economic expansion is helping to correct external imbalances

2.1. Cross-Country Current Account Balance

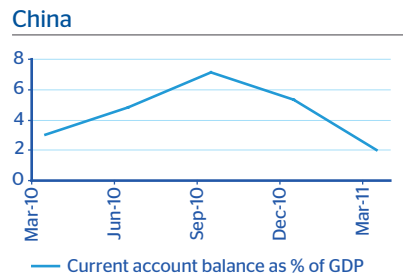
- Economies are correcting their imbalances.
- Special attention should be focus on Turkey where the deficit continues to increase as a consequence of a very dynamic domestic demand.

Current Account Balance (% of GDP)



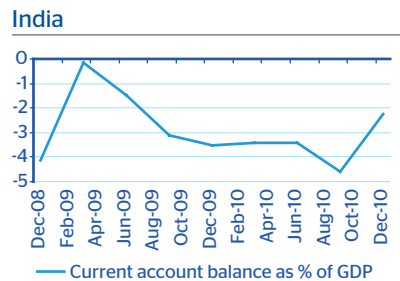
Source: Haver and CEIC

2.1. Current Account Balance



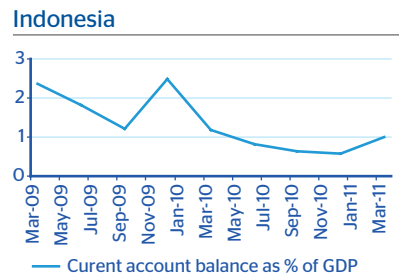
Source: CEIC and Haver

Trade dynamics explain the lower surplus in Q1.



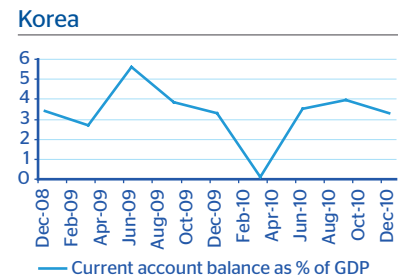
Source: Haver

Current account deficit has improved since December 2010, along with the narrowing trade deficit.



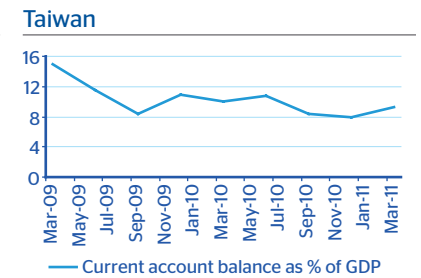
Source: Haver

Increase of domestic demand is helping to balance the external surplus.



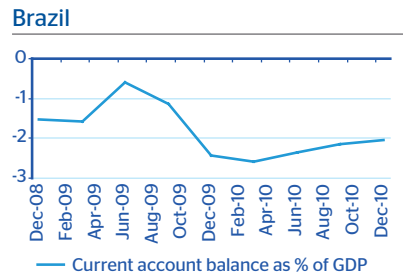
Source: Haver

The current account balance has been resilient and is expected to keep its upward trend driven by robust exports.



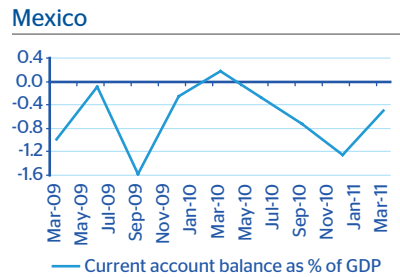
Source: Haver

The surplus is mainly driven by a strong external demand.



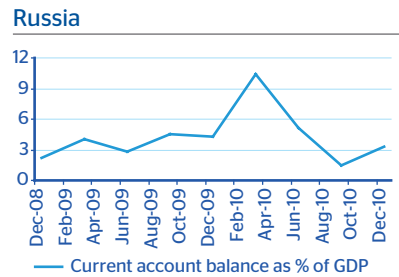
Source: Haver

Positive surprises on the trade balance have avoided further deterioration of the current account, which has remained practically stable as share of GDP since the end of 2010.



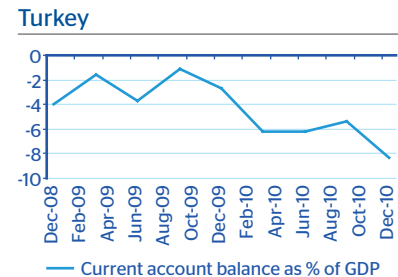
Source: Haver

No signs of any kind of demand excess or external funding risks.



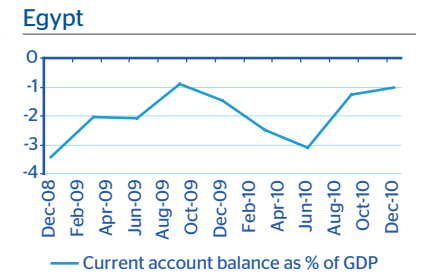
Source: Haver

Current account balance regained its growing momentum owing to the large surplus on the trade balance.



Source: Haver

Turkey's current account deficit has deteriorated further given the strong pace of domestic demand.



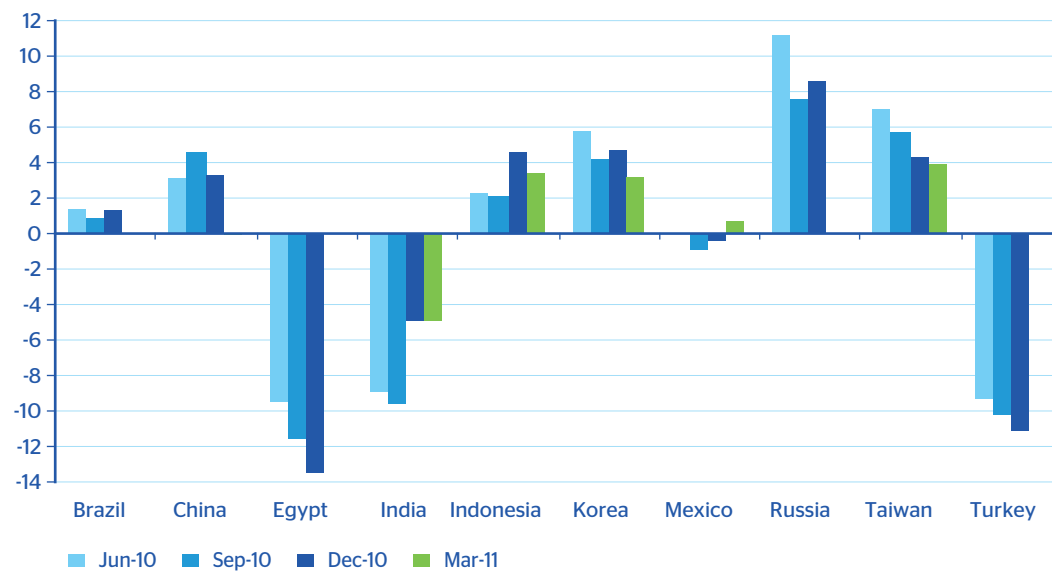
Source: Haver

Current account deficit shrunk to 1% of GDP in 2010 Q4. The deficit might have widened in 2011 Q1 due to the fall of tourism revenues and outflows of portfolio investment.

2.2. Cross-Country Trade Balance

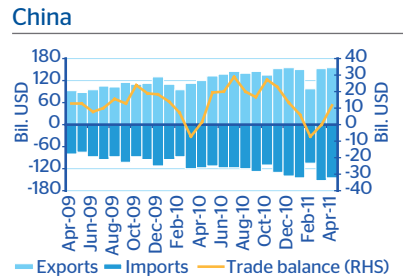
- Most countries keep a surplus trade balance fostered by higher terms of trade or the external demand.
- The figures have not shown the negative effects of Japan's earthquake.
- In Egypt, Turkey and India their deficit is a clear signal of the imbalances between GDP and domestic dynamics.

Trade Balance (% of GDP)



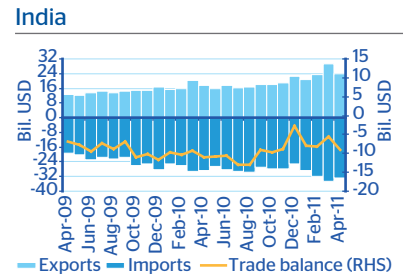
Source: Haver

2.2. Trade Balance



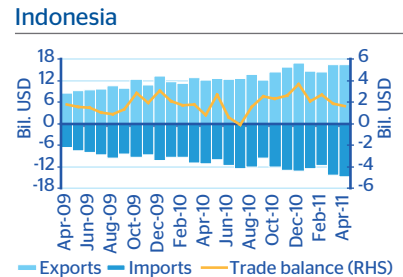
Source: Haver

Rise on commodities and strong growth on imports resulted in an unexpected trade deficit in Q1, although the trade balance returned to surplus in April.



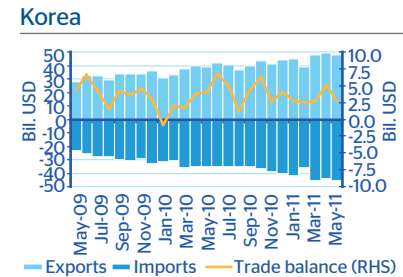
Source: Haver

Trade deficit has been improved in the past fiscal year ending March, but widened in the April.



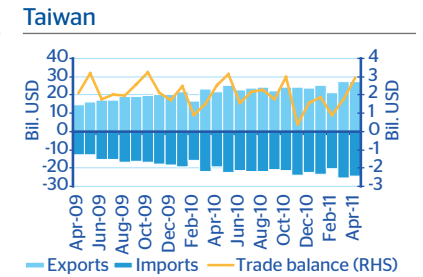
Source: Haver

High terms of trade keep an important external surplus.



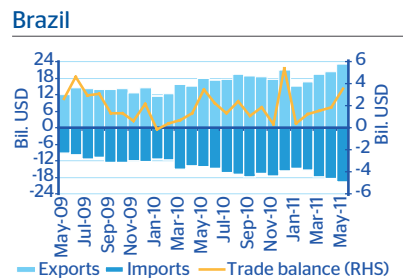
Source: Haver

Korea achieved a trade surplus in the last 16 consecutive months but the figure has started to narrow.



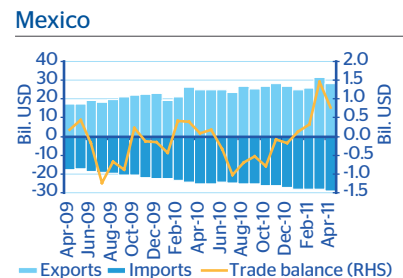
Source: Haver

Higher external demand have more than compensated the effects of higher commodity prices.



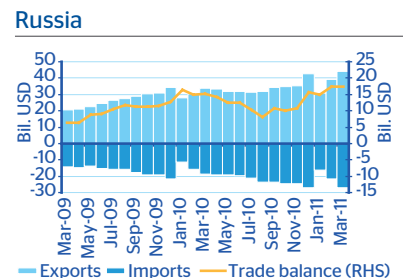
Source: Haver

The balance is surprising to the upside due to exceptionally high terms of trade.



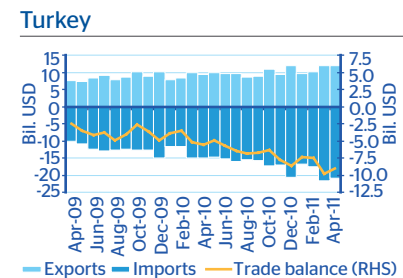
Source: Haver

Balance improved given the pick up in external demand from the US whilst domestic demand keeps staggered.



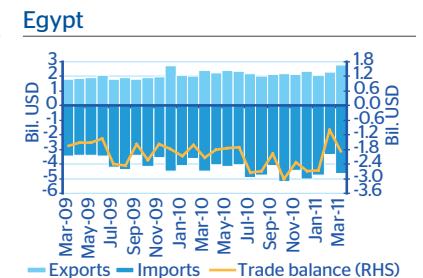
Source: Haver

In the back drop of significantly higher oil price in 2011, trade balance surplus is expected to increase this year, supporting GDP growth.



Source: Haver

Trade deficit improved in April, but a much sharper correction of import growth is needed in order to return to a comfortable trade deficit during 2011.

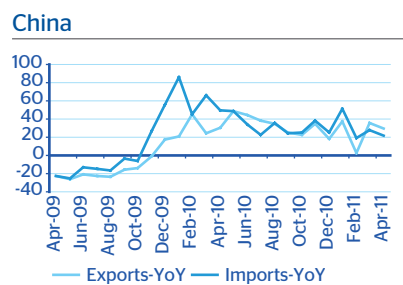


Source: Haver

Q1 trade deficit narrowed due to an impressive fall on imports in February during the Egyptian turmoil.

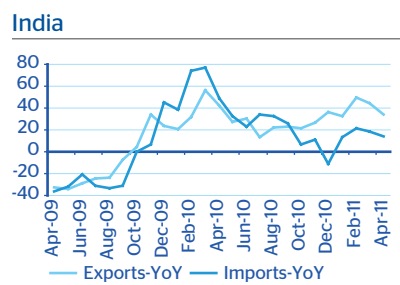
2.3. External trade

- Growth figures are slowing down after the recovery process trade flows experienced during 2010.
- External demand seems to be still strong in spite of economic activity moderation.



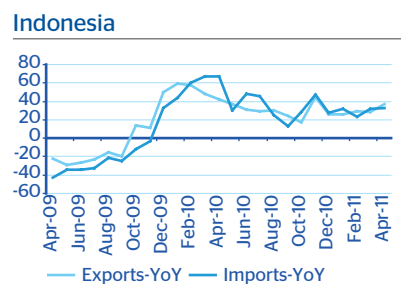
Source: Haver

Exports to other emerging economies are growing rapidly. Growth of imports has also been strong.



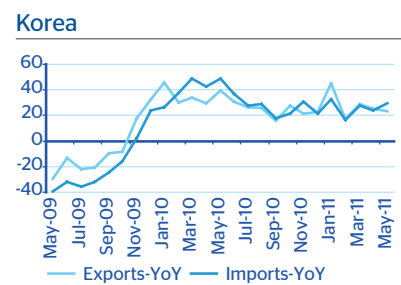
Source: Haver

Indian trade flows achieved accelerated growth rates. Exports are having a better performance which has helped narrowing the trade deficit.



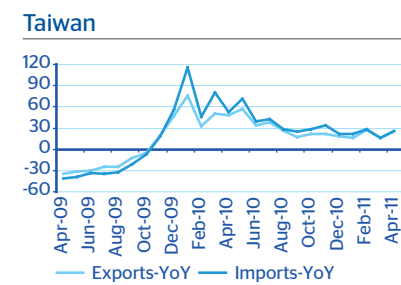
Source: Haver

Trade flows keep growing reflecting economic momentum.



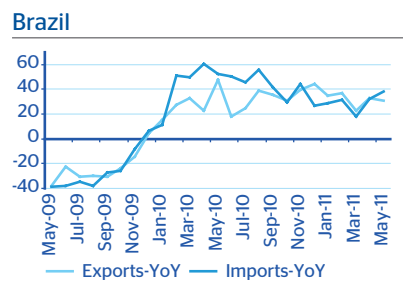
Source: Haver

Export momentum remains buoyant in spite of the won appreciation and Japan's earthquake.



Source: Haver

International trade dynamism signals the strong economic momentum.



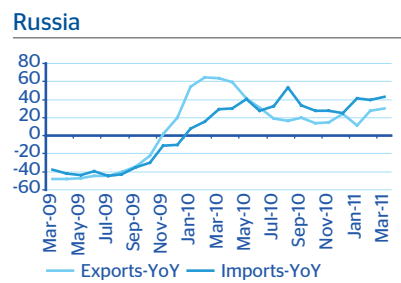
Source: Haver

Imports continue trending up following the dynamism of domestic demand while exports are benefiting from the high commodity prices.



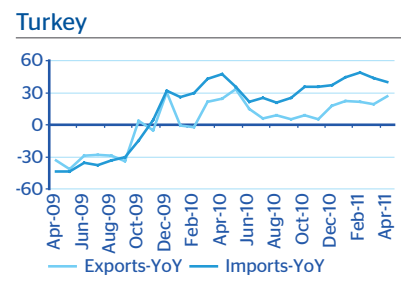
Source: Haver

Trade flows growth rate is slowing downwards anticipating a less dynamic economic activity on the second quarter.



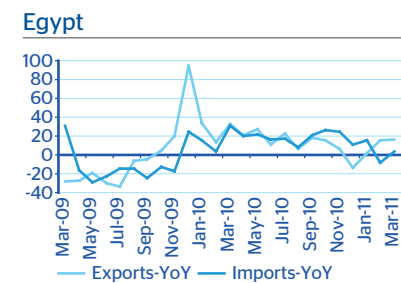
Source: Haver

Imports are accelerating even faster than exports given driving force from slowly improving domestic demand.



Source: Haver

The latest data shows an incipient moderation in import growth. On the other hand, export growth registered a significant increase on some goods.

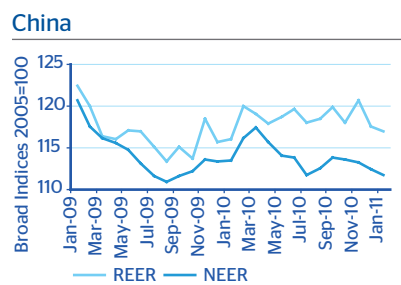


Source: Haver

Imports experienced negative growth in February, followed with a slight rebound at the end of the first quarter.

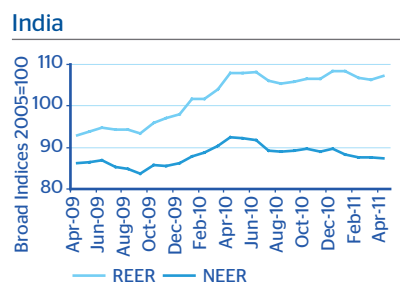
2.4. Effective Exchange Rates

- Appreciation pressures continue as higher terms of trade, trade balance surpluses and positive economic outlook keep attracting foreign capital flows.
- In some countries policies aimed to curb appreciation have been effective.



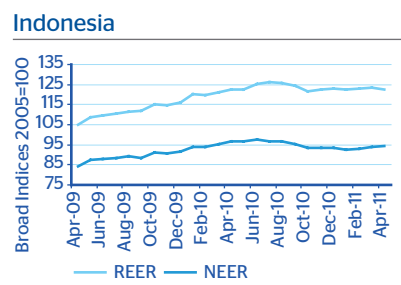
Source: BIS

Renminbi keeps dealing with high capital inflows resisting appreciation pressures.



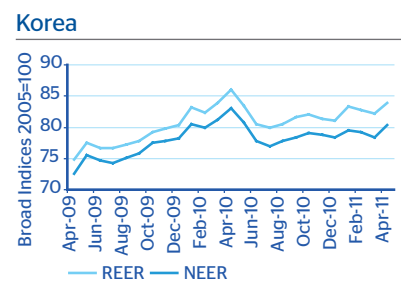
Source: BIS

Economic intervention has kept stable the real effective exchange rate of Indian Rupee in the last 12 months.



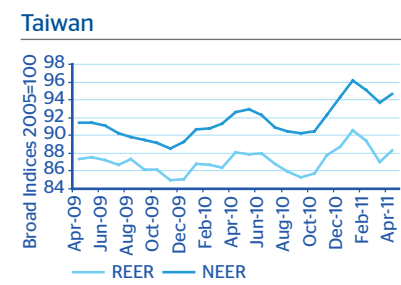
Source: BIS

Economic authorities are trying to curb appreciation pressures.



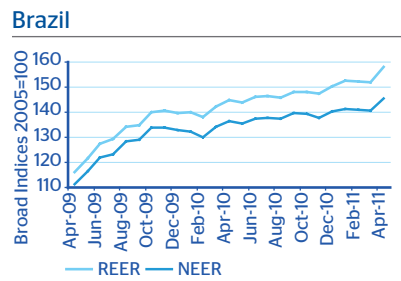
Source: BIS

Won has been appreciating moderately alleviating inflation pressures.



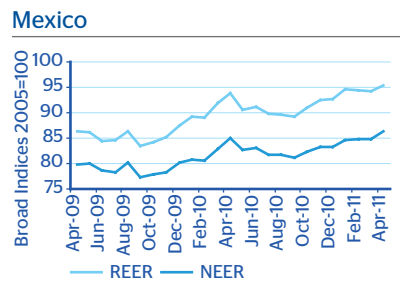
Source: BIS

Dollar appreciation process in linked to the strong growth of exports.



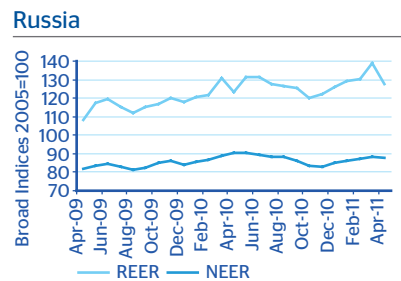
Source: BIS

Exchange rate remains excessively appreciated becoming one of the main sources of concern for policy makers.



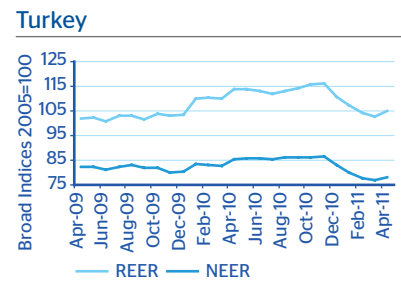
Source: BIS

Appreciation pressures remains. High international liquidity, cycle improving and anchored inflation have outweighed global risk premium and domestic vulnerabilities.



Source: BIS

Marginal correction of the upward trend in real effective exchange rates.



Source: BIS

The real effective exchange rate of Turkey stopped its depreciation process in April.

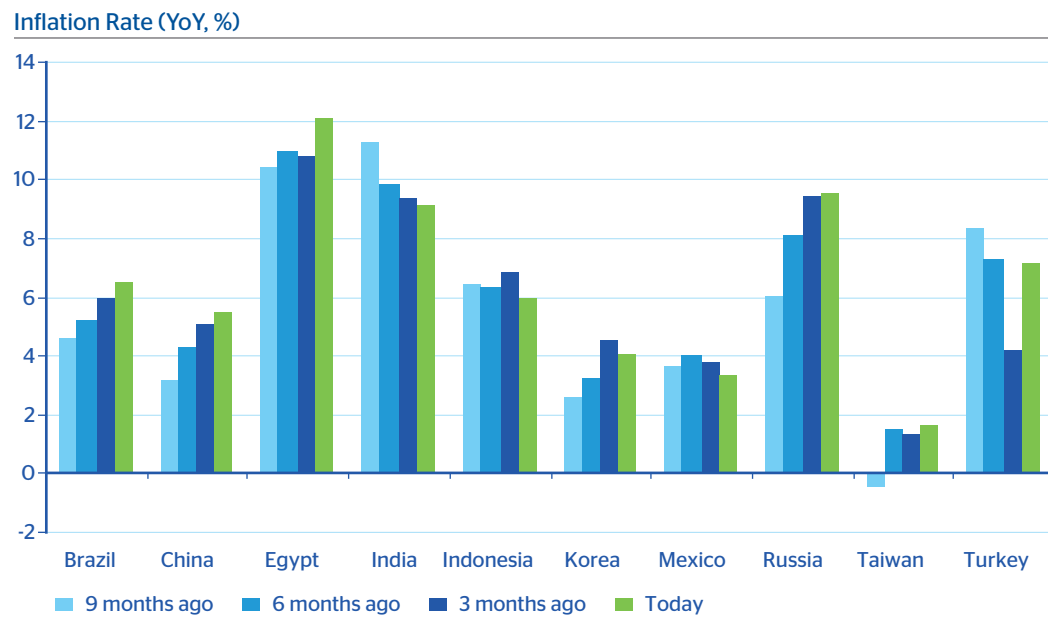
Egypt

Not available

3. Inflation: In spite of economic moderation inflationary pressures persist

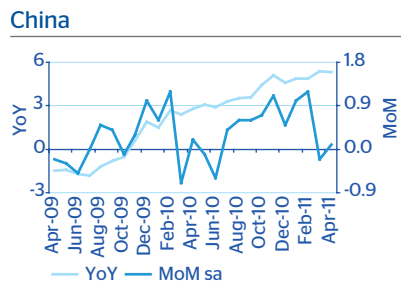
3.1. Cross-Country Consumer Prices

- Most of the economies are dealing with inflationary pressures coming from high commodity prices and in some cases a dynamic domestic demand.
- In Turkey inflation picked up dramatically because of base effects and changes in food prices.



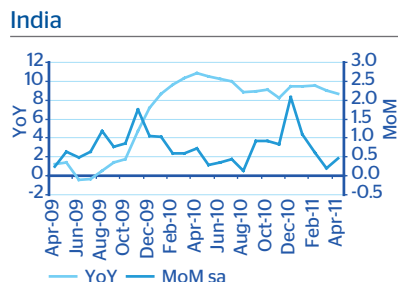
Source: Haver

3.1. Consumer Prices



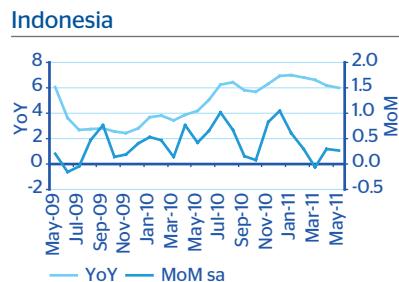
Source: Haver

Inflationary risks still lean on the rise due to an increase on commodity prices. Food inflation may ease gradually over the course of the year.



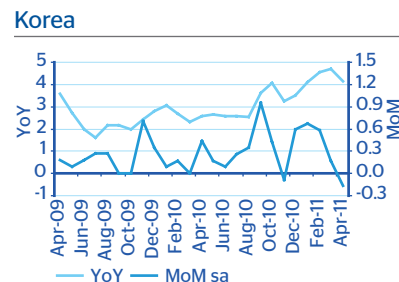
Source: Haver

Wholesale price inflation moderated in April mainly due to favourable base effects.



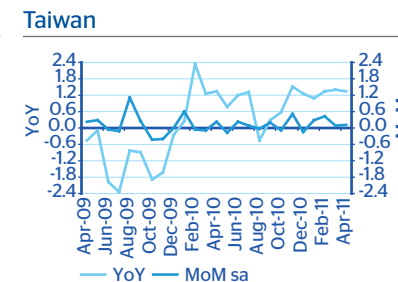
Source: Haver

Overheating risks and higher commodity prices keep pushing up inflation rate.



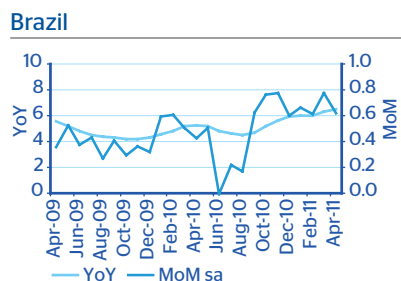
Source: Haver

Inflation has showed signs of moderation, mainly on slower food price increase, currency appreciation, and effects from recent monetary tightening.



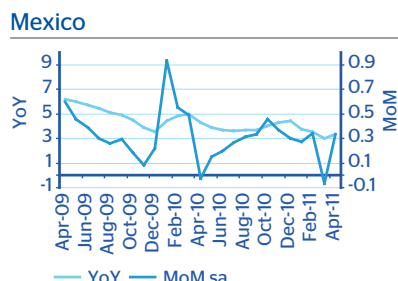
Source: Haver

Inflation at low levels in spite of raising commodity world prices.



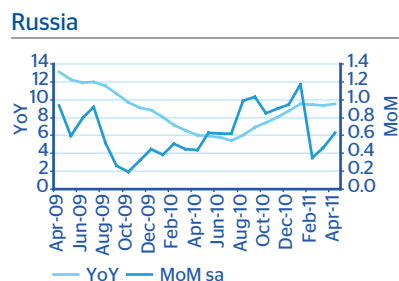
Source: Haver

Driven by commodity prices and by the excessive dynamism of domestic demand, inflation rate surpassed the upper-limit of the target for the first time since 2005.



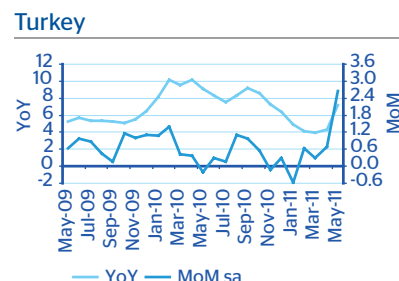
Source: Haver

Inflation was lower than expected. It reached its lowest level of 2011 in March but is expected to increase slightly due to the pressure on oil and other commodity prices.



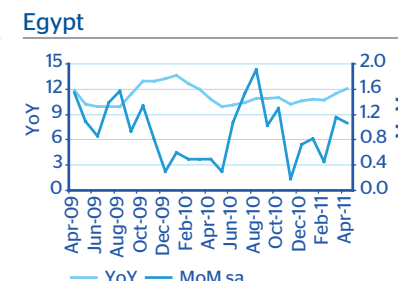
Source: Haver

Food prices are a big inflation driver, but the contributions from higher imported prices and money supply are also building inflationary pressures.



Source: Haver

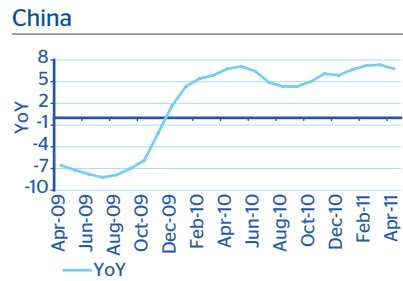
In May, inflation accelerated significantly and above market expectations, largely due to base effects on food components.



Source: Haver

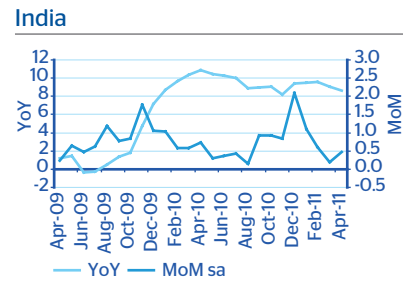
A higher-than-expected CPI was recorded in April, mainly driven by rising food prices.

3.2. Producer Price Index

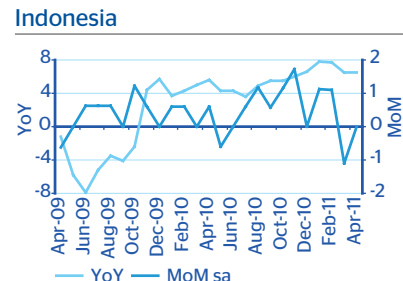


Source: CEIC

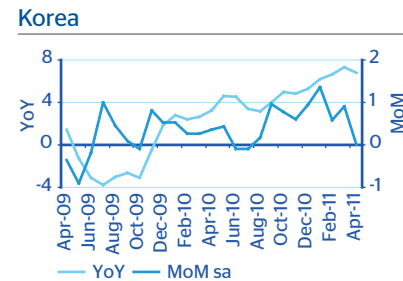
Producer prices keep increasing reflecting the cost push up inflationary pressures given higher commodity prices.



Source: Haver

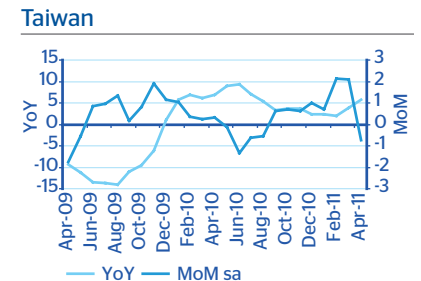


Source: Haver

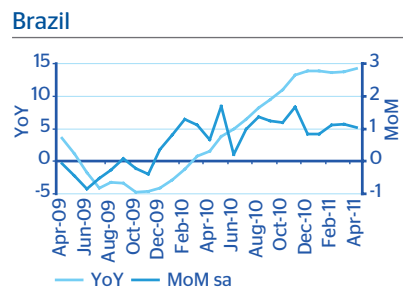


Source: Haver

Annual producer price is still on the upward path but growing pace slightly eased which may mitigate supply-side inflationary pressures.

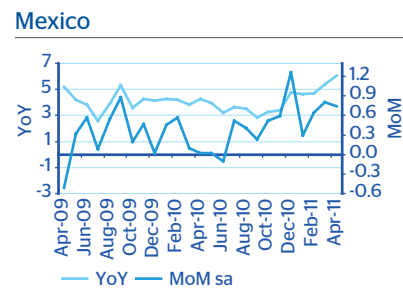


Source: Haver



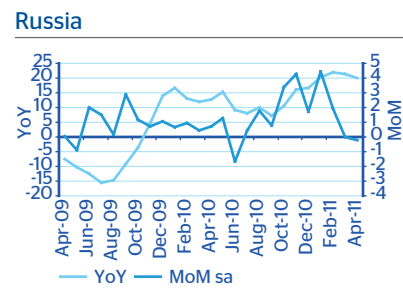
Source: Haver

Also trending up in spite of the appreciation of the exchange rate.



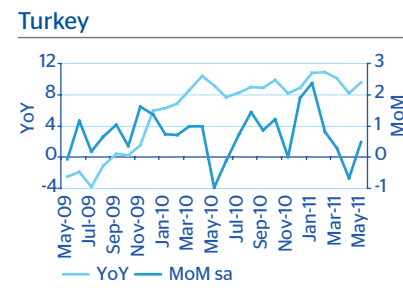
Source: Haver

Supply side price pressures are not spreading to consumer's inflation.



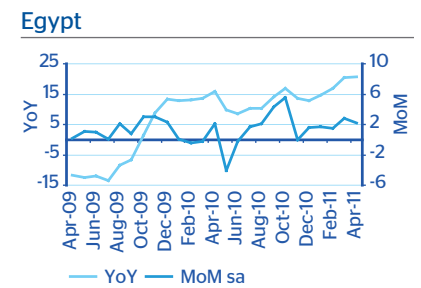
Source: Haver

PPI has been starting to ease on the efforts of containing local prices.



Source: Haver

Turkey's PPI in April eased to a five-month low.



Source: Haver

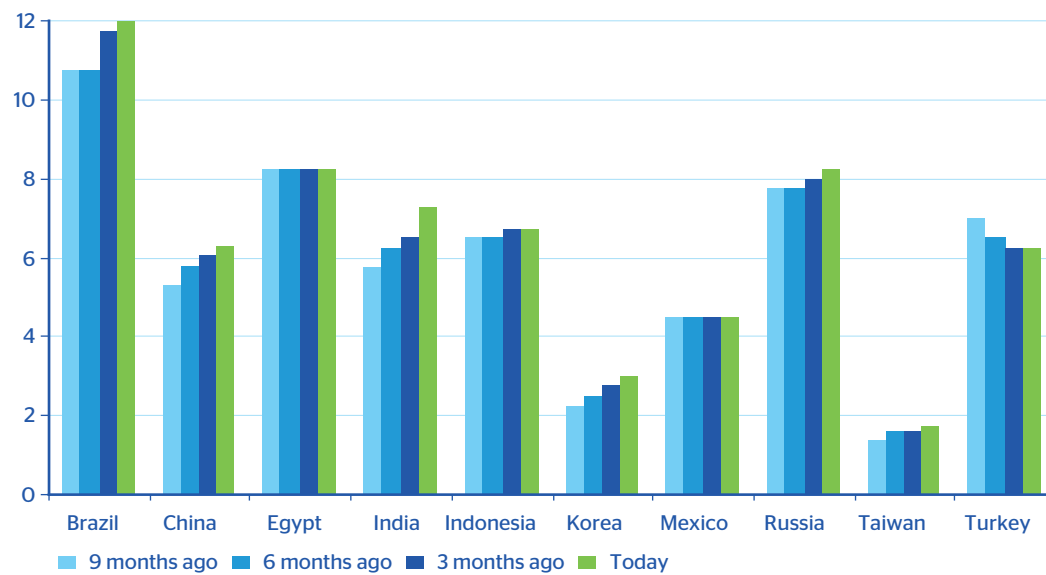
Producer prices keep rising pushing up inflation.

4. Money and Finance: Policy makers keep dealing with inflationary and appreciation pressures

4.1. Cross-Country Policy Interest Rates

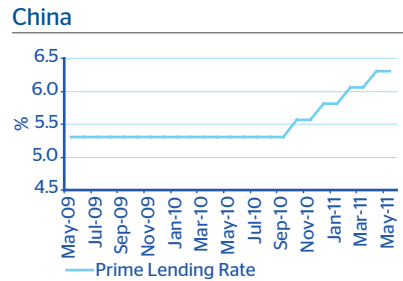
- Most central banks have continued increasing their policy interest rates, combined with higher reserve requirements to curb inflationary pressures.
- Banxico has kept the monetary stimulus whereas in Turkey the policy mix of lowering interest rates while increasing reserve requirements is also aimed to discourage international capital inflows.

Central Bank Reference Rate (%)



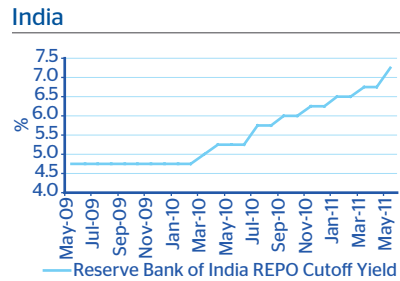
Source: Bloomberg

4.1. Monetary Policy Interest Rates



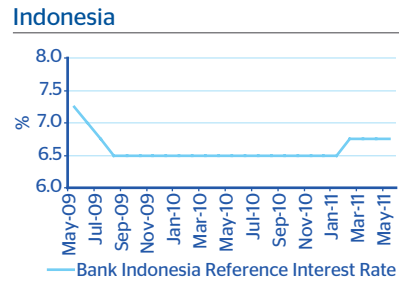
Source: Bloomberg

Central Bank has raised twice the interest rates in 2011 at 25p a time, and increased reserve requirements trying to curb inflationary pressures.



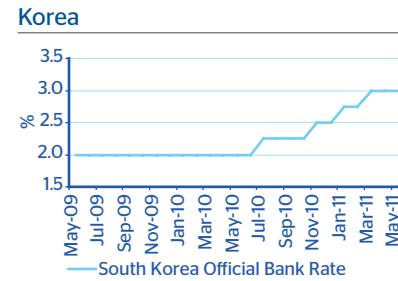
Source: Bloomberg

Central bank keeps raising rates to curb inflation.



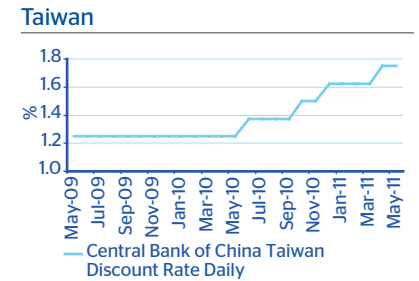
Source: Bloomberg

Bank of Indonesia is withdrawing the monetary stimulus as inflationary pressures are rising.



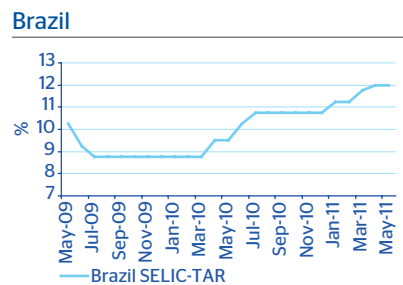
Source: Bloomberg

Central bank has hiked interest rate twice this year to contain inflation, anchored expectations and smooth demand pressures from the economic upswing.



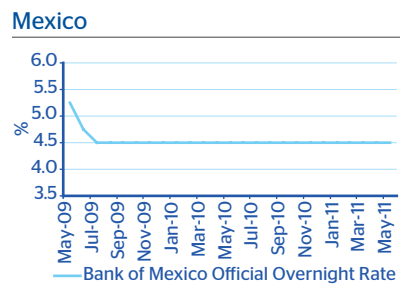
Source: Bloomberg

Interest rate hikes continued in order to prevent inflationary pressures.



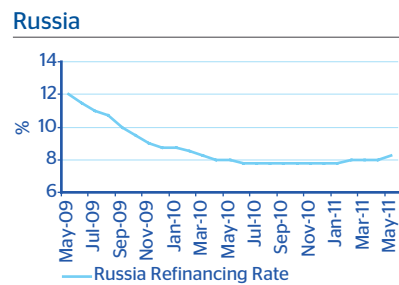
Source: Bloomberg

Central Bank continue hiking the policy rates to curb rising inflation.



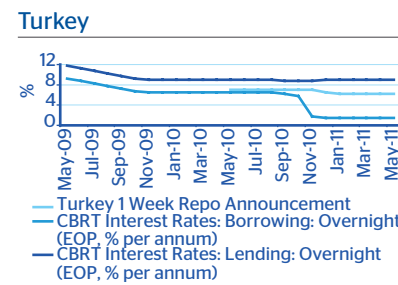
Source: Bloomberg

Banxico's credibility, lower than expected pass-through from commodity prices to inflation and the lack of demand pressures explain the longest monetary pause.



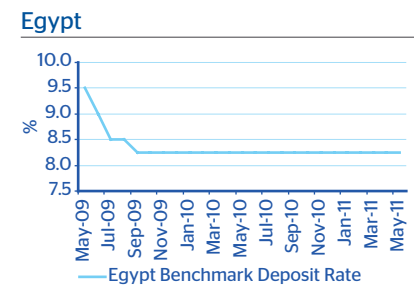
Source: Bloomberg

CBR raised the refinancing rate again to damp surging inflation expectations.



Source: Bloomberg and Haver

The monetary authority continue with the policy mix of low interest rates and higher reserve requirements.

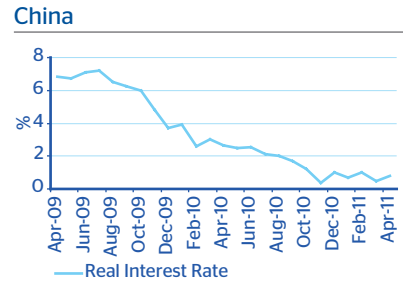


Source: Bloomberg

Central Bank still held the benchmark policy rates steady.

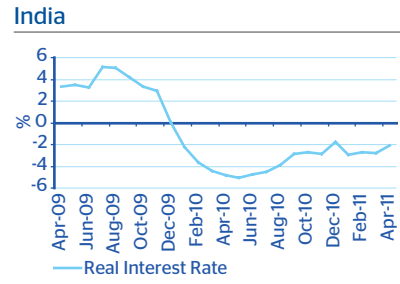
4.2. Real Interest Rates

- In spite of rate and reserve requirement hikes, in most countries monetary policy stance is still loose or close to neutral.
- Central banks have reacted slowly given the existence of appreciation pressures.



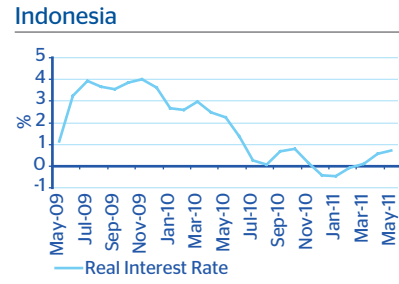
Source: Bloomberg

In spite of recent hikes, real interest rates are still low.



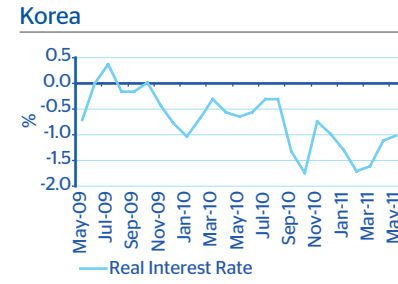
Source: Bloomberg

In spite of Central Bank efforts, the real interest rate in India is still negative.



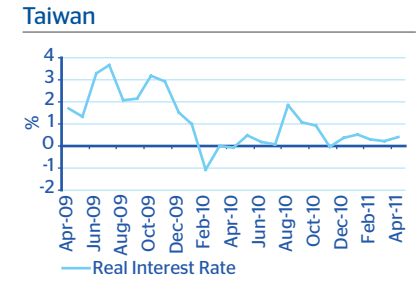
Source: Bloomberg

Monetary policy stance is still loosen.



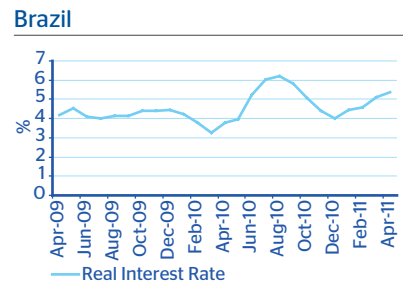
Source: Bloomberg

Real interest rate still stays in negative territory but has started to rise as a result of tightening monetary policy and alleviating inflation.



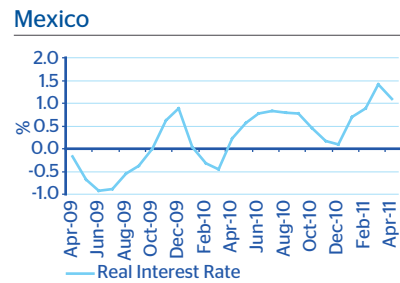
Source: Bloomberg

At low levels in spite of Central Bank policy rate hikes.



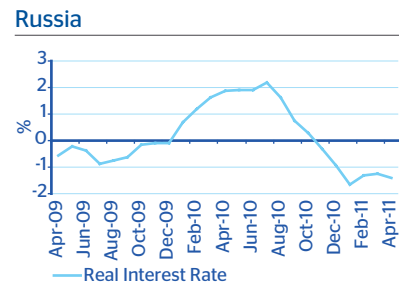
Source: Bloomberg

Should continue moving up following the expected path of the policy rate.



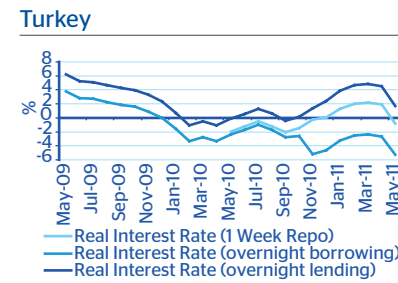
Source: Bloomberg

The monetary policy stance is still loosen.



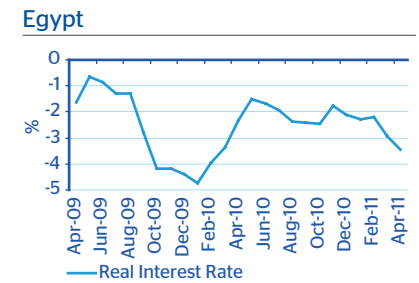
Source: Bloomberg

Real interest rate remains in negative territory in spite of gradual tightening policy stance hold by CBR.



Source: Bloomberg and Haver

Real interest rate will decline with the recent spike on inflation.

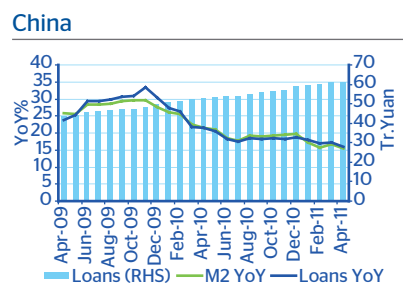


Source: Bloomberg

Real interest rate further sinks in April along with the unchanged policy rate and accelerated inflation.

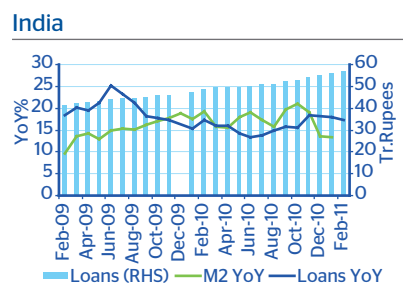
4.3. M2 and Lending

- Monetary policy movements were addressed to curb lending growth as an intermediate step to cool down domestic demand.
- In most of the economies credit keeps dynamic growth figures.



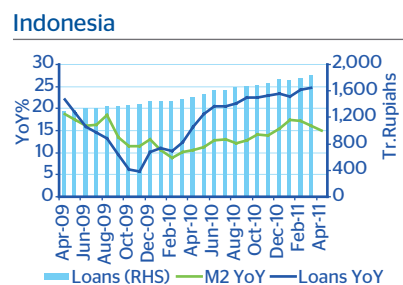
Source: Haver

M2 growth has slowed towards the authorities' target range.



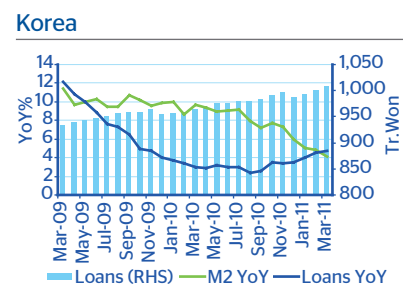
Source: Haver

Credit growth remained rapidly by February, fuelling the concerns of inflation.



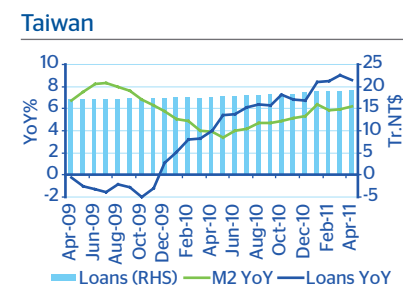
Source: Haver

Credit growth is fuelling domestic demand expansion.



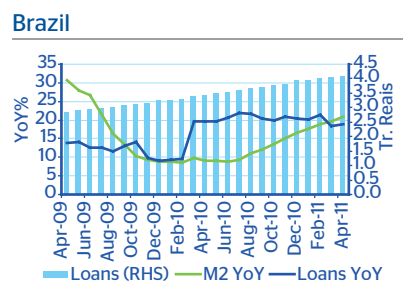
Source: Haver

Money supply growth continued to decelerate to curb economic overheating, while household credit registered a two-year high record along with steady growth step in Q1.



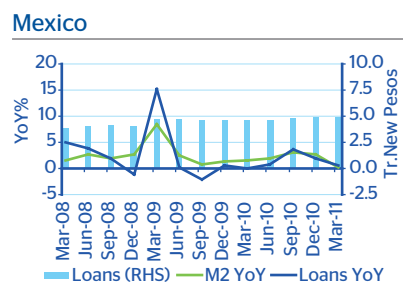
Source: Haver

Credit keeps growing at a fast pace fuelling domestic demand expansion.



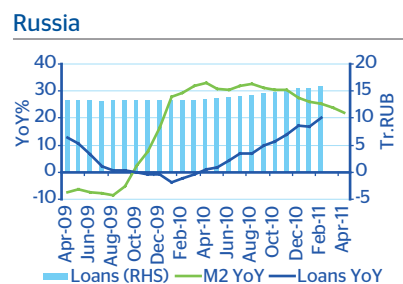
Source: Haver

Monetary aggregates continue strong following domestic demand growth pace.



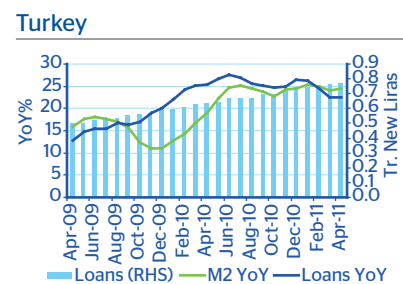
Source: Haver

Monetary aggregates continue strong following domestic demand growth pace.



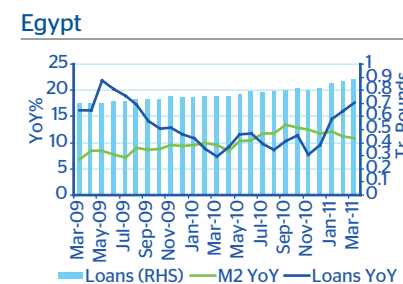
Source: Haver

Money supply continued to moderate, while household borrowing, which becomes a key driver for consumption, increased strongly.



Source: Haver

Loans growth is slowing down which could imply that current policy mix is starting to rein in credit growth.



Source: Haver

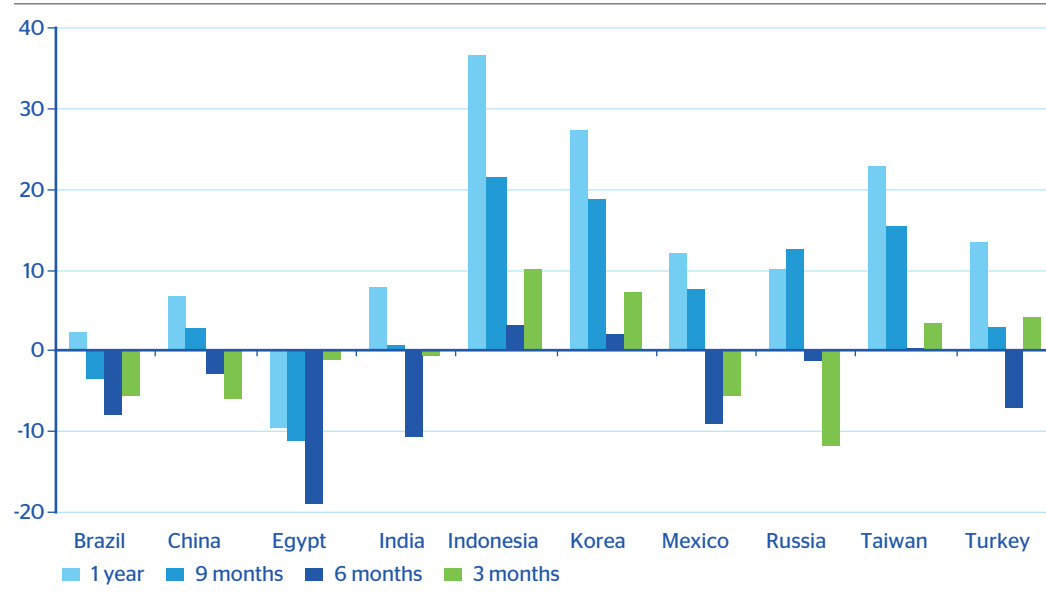
M2 money supply growth eased in April while credit growth remained high.

5. Financial Markets: Stock markets have been hit by Central Bank’s policy rate hikes while appreciation pressures persist

5.1. Cross-Country Stock Markets

- Most of the stock markets have depreciated from previous high levels.
- Egypt’s stock exchange has slightly recovered from the significant decline it suffered when operations started again after several weeks of being closed.

Stock Market Returns (%)



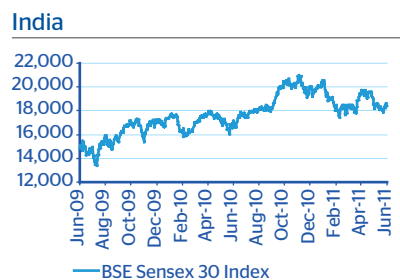
Source: Bloomberg

5.1. Stock Markets



Source: Bloomberg

The main concern in the markets remains the continued monetary tightening in the face of rising inflation.



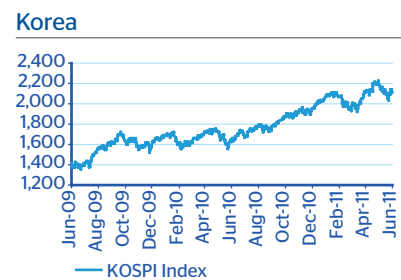
Source: Bloomberg

Indian benchmark Sensex has been trading down as concerns grew of a moderation in growth.



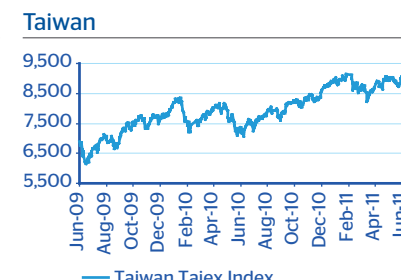
Source: Bloomberg

Jakarta's Composite Index remain upward movement in spite of global uncertainties.



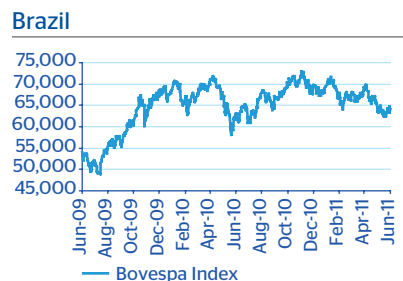
Source: Bloomberg

Higher global risk aversion brought down equity prices in May.



Source: Bloomberg

Taiex is maintaining high levels in spite of higher global uncertainty and Government's actions to limit further appreciation of TWD.



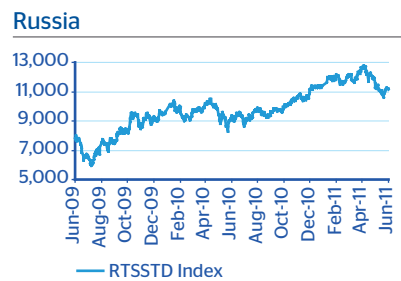
Source: Bloomberg

The stock market marked a downward trend after reports showed manufacturing cooled in the U.S. and China, its biggest trading partners and also due to the tightening of the domestic monetary policy.



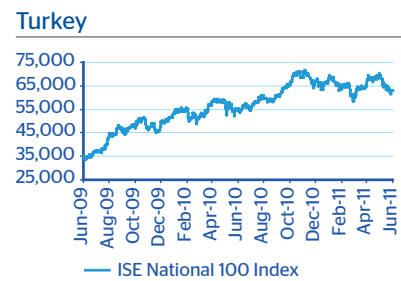
Source: Bloomberg

Stock market keeps floating at the same levels receiving influence of international factors.



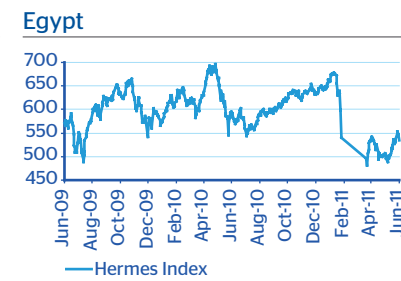
Source: Bloomberg

Stock market dropped in the last two months as concerns on global economic recovery rose driven up participants' risk aversion sentiment.



Source: Bloomberg

Benchmark ISE National 100 index fell almost 10% in May, with growing concerns of the deteriorating current account deficit.

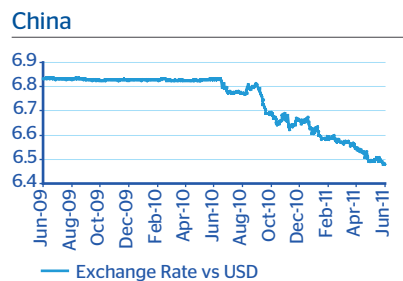


Source: Bloomberg

Benchmark stock index made gains throughout May, implying an improved sentiment from the investors after Saudi Arabia pledged to support the Egypt's economy.

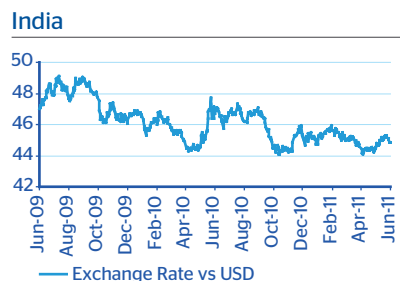
5.2. Exchange Rate Markets

- Appreciation pressures continue in most of the economies.
- In Egypt the depreciation process is due to political turmoil whereas in Turkey the monetary policy mix seems to be working on curbing appreciation.



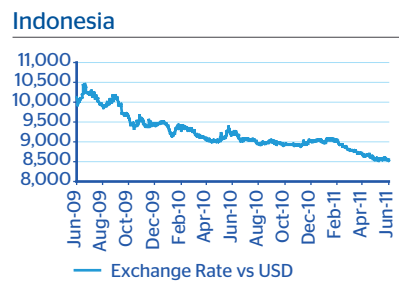
Source: Bloomberg

Renminbi's appreciation at a gradual pace while strategy of accumulating international reserves continues.



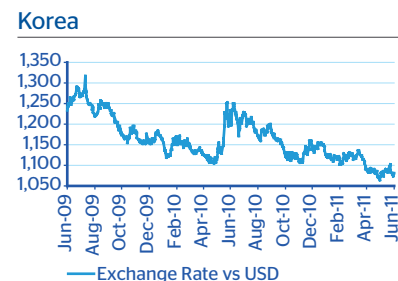
Source: Bloomberg

The recent depreciation of Indian rupee is in line with the performance of local equities, implying capital outflows from the country.



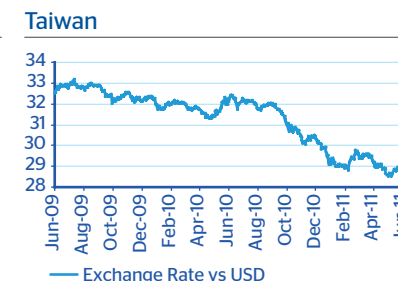
Source: Bloomberg

Higher terms of trade and capital inflows keep appreciating the FX.



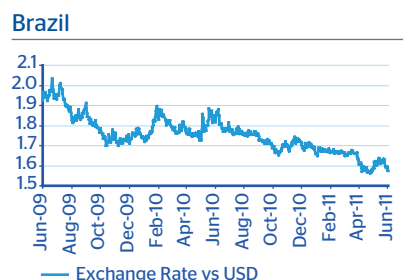
Source: Bloomberg

The won has appreciated so far this year, partially on strong export performance and partially due to authorities' policies to contain inflation.



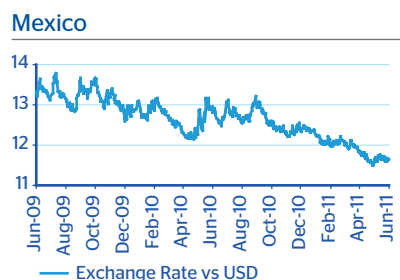
Source: Bloomberg

Strong trade and capital flows keep appreciating TWD.



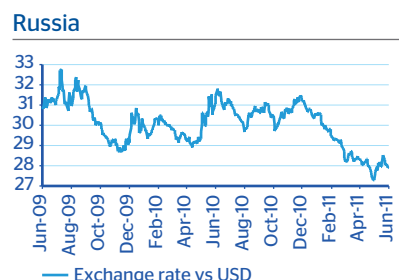
Source: Bloomberg

Capital inflows are increasingly significant. The real is expected to remain under pressure in the next few months.



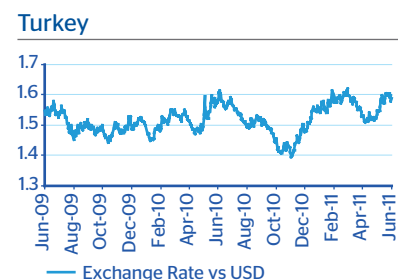
Source: Bloomberg

Substantial portfolio inflows and higher terms of trade have appreciated the exchange rate.



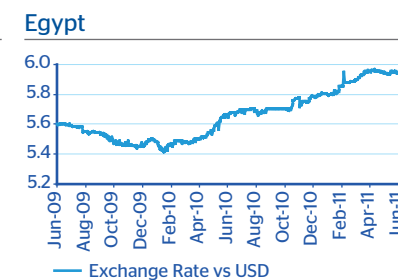
Source: Bloomberg

Ruble hit 2 year high against US dollar as rising interest rates, higher oil prices and a more flexible exchange rate helped the Central Bank keep a lid on surging inflation.



Source: Bloomberg

The Turkish lira further depreciation against the US dollar may have a positive impact on the current account deficit.

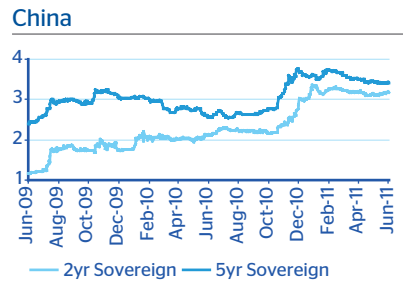


Source: Bloomberg

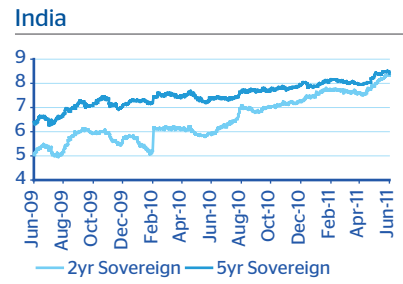
The Egyptian pound has depreciated compared to earlier this year, adding to inflationary pressures.

5.3. Sovereign Bond Yields

- Except for India, sovereign yields have kept unchanged in the last quarter.
- Egypt's yields increase is moderate considering the political uncertainties and turmoil during the first quarter.



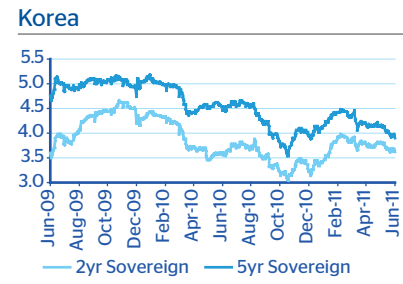
Source: Bloomberg



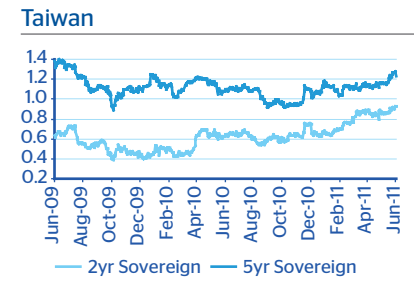
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



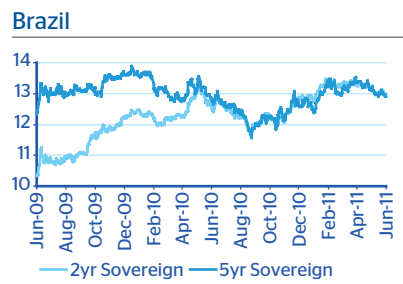
Source: Bloomberg

The RBI's monetary tightening operation has been moving up sovereign bond yields in the short run.

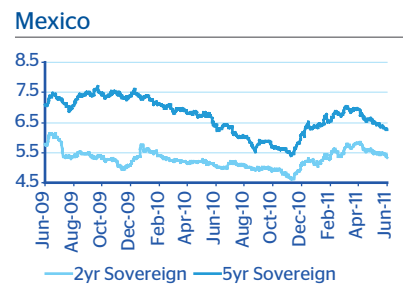
Indonesian sovereign risk remains at a comfortable level in spite of concerns on global risk.

Sovereign risk stays at a comfortable level given economic resilience, favourable growth outlook and a competitive export sector.

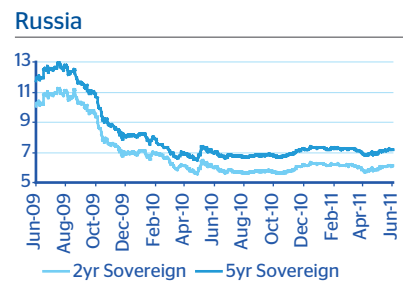
Monetary policy has been transmitted to the term structure of interest rates.



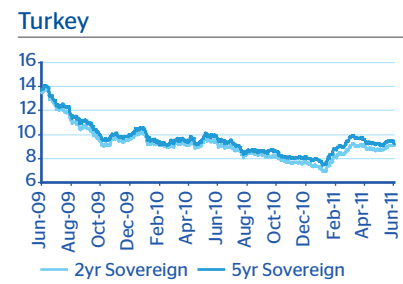
Source: Bloomberg



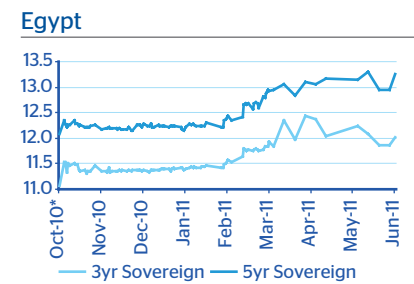
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



* Note: Data available from 21/10/2010
Source: Bloomberg

Moving up as the CB hikes the SELIC rate.

Local bonds have been correlated with the downward trend in US Treasuries.

Sovereign risk keeps stable in spite of recent unrest in the MENA region.

Turkey's sovereign bond indexes remained relatively stable throughout May.

5.4. Yield Curve



Source: Bloomberg

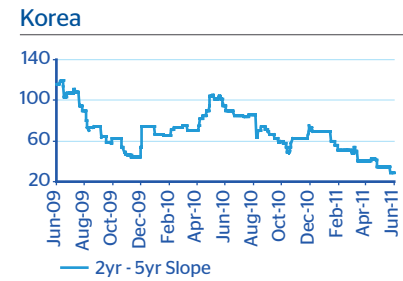


Source: Bloomberg

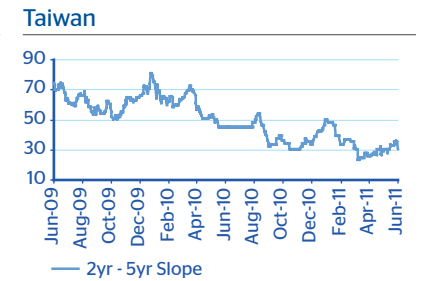
The sovereign yield curve is turning flat, reflecting uncertainties regarding the inflation trajectory in the short and medium term.



Source: Bloomberg

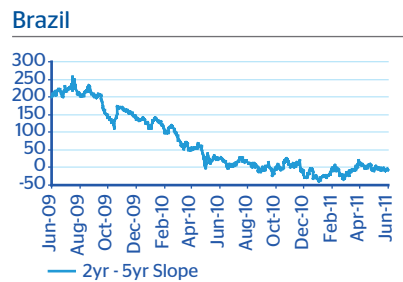


Source: Bloomberg



Source: Bloomberg

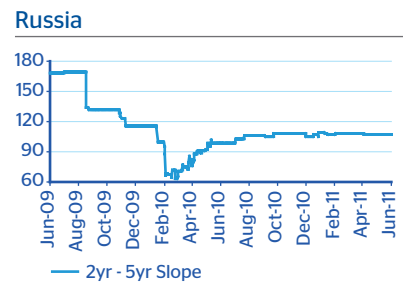
The yield curve flattening process slightly reversed in recent months.



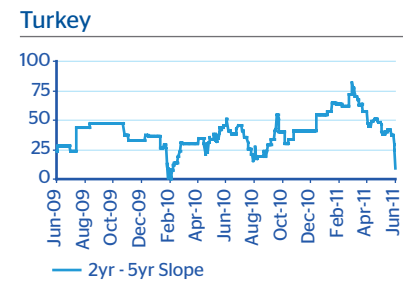
Source: Bloomberg



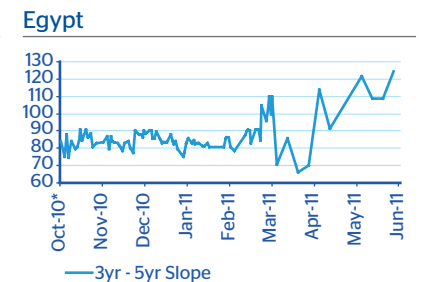
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

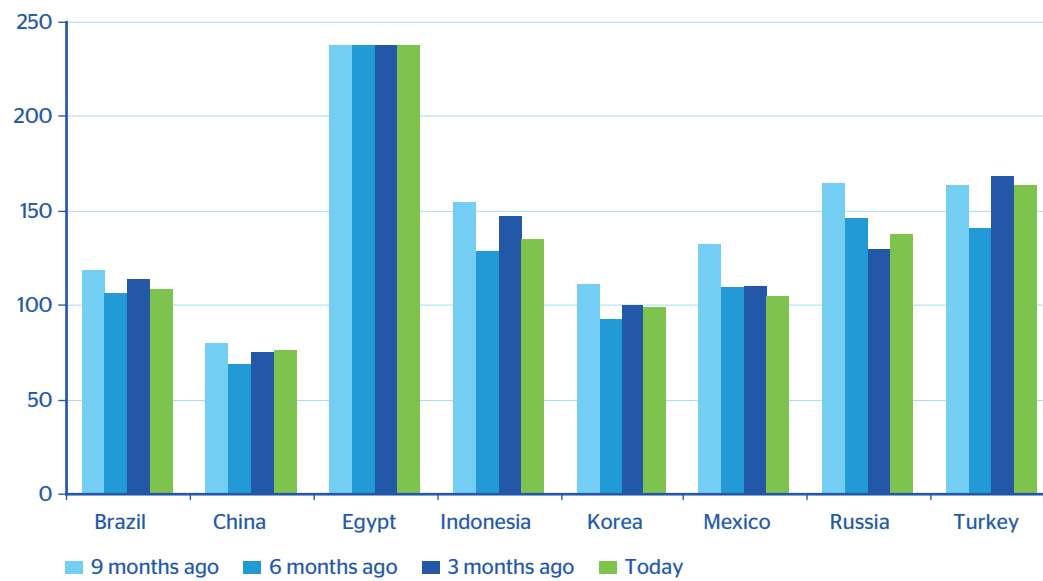


* Data available from 21/10/2010.
Source: Bloomberg

5.5. Cross-Country Risk Premiums

- In spite of higher global risk aversion given the Greek debt problems, the bailout of Portugal and MENA social unrest, risk premium in the EAGLEs has risen slightly.

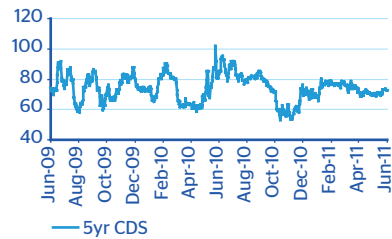
5 Year CDS (Basis Points)



* Data for India and Taiwan is not available
Source: Bloomberg

5.5. Risk Premiums

China



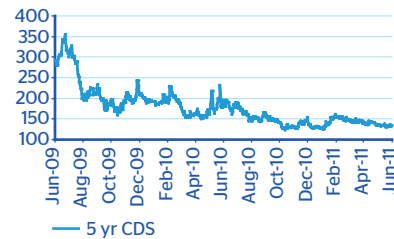
Source: Bloomberg

Marginal contagion from MENA events.

India

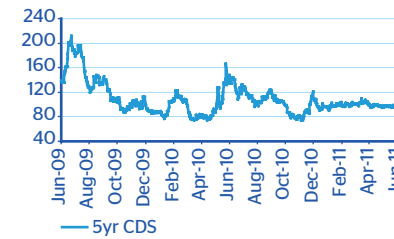
Not available

Indonesia



Source: Bloomberg

Korea

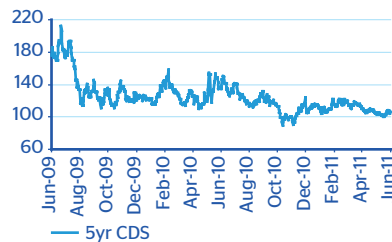


Source: Bloomberg

Taiwan

Not available

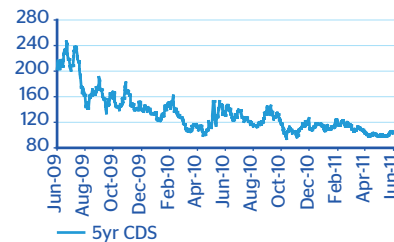
Brazil



Source: Bloomberg

Risk premium was not affected and remains steady at relatively low levels.

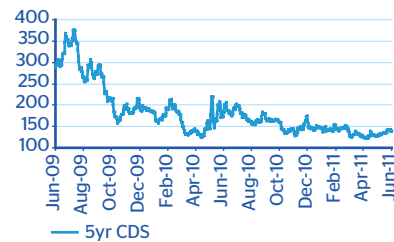
Mexico



Source: Bloomberg

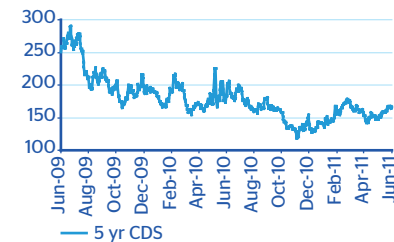
The increase risk aversion due to global unrest has had a small effect on Mexican risk premium due to cyclical exposure to US and benign shock in oil prices.

Russia



Source: Bloomberg

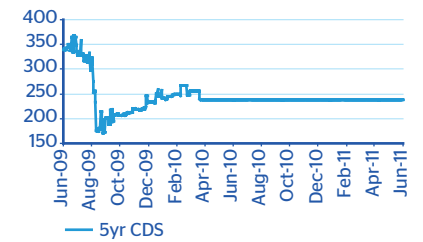
Turkey



Source: Bloomberg

Risk premium picked up in May due to higher global concerns and its external imbalance.

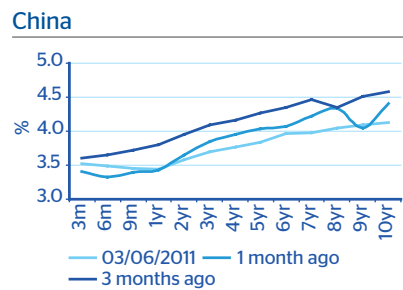
Egypt



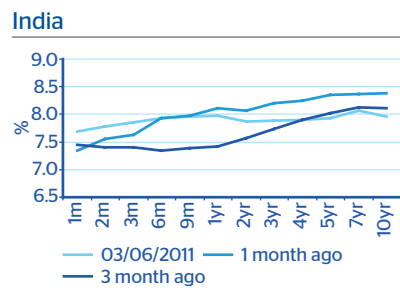
Source: Bloomberg

Spreads rose significantly during the protests leading to Mubarak's resignation, reaching up to 450bps and remaining elevated in comparison to pre-protest levels.

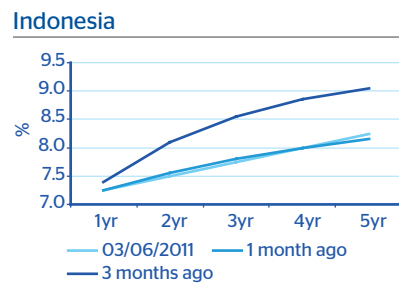
5.6. Swap Curve



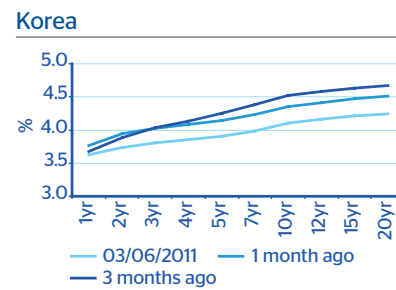
Source: Bloomberg



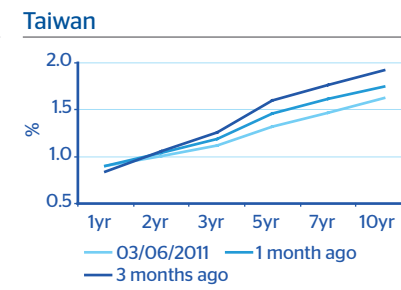
Source: Bloomberg



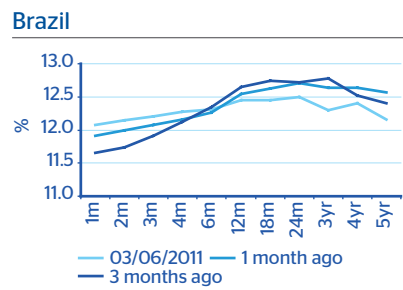
Source: Bloomberg



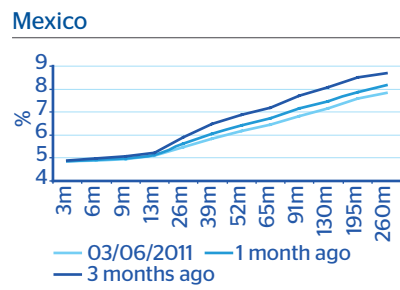
Source: Bloomberg



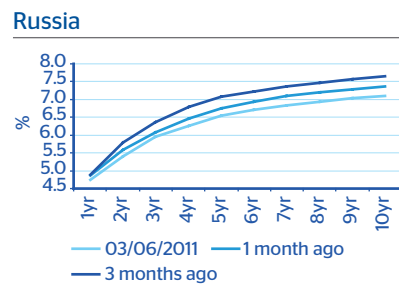
Source: Bloomberg



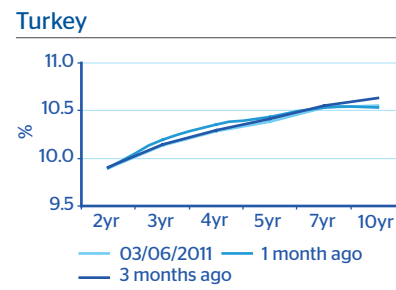
Source: Bloomberg



Source: Bloomberg



Source: Bloomberg



Source: Bloomberg

Egypt
Not available

Statistical Annex

Activity

Table 1
Retail Sales (% YoY Real Growth)

Country	2009				2010												2011			
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Brazil	4.2	7.8	10.2	9.2	11.1	11.8	14.0	9.9	10.8	10.3	10.4	12.2	11.4	9.6	9.4	9.9	8.7	5.7	7.9	
China	16.4	16.9	15.4	15.9	16.3	29.2	19.1	20.2	15.5	20.6	19.5	20.3	19.8	16.9	16.8	16.2	14.1	6.3	13.7	12.4
Egypt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
India*	9.7	15.0	42.3	60.1	45.1	36.7	37.6	31.9	32.2	33.3	32.8	25.6	21.9	43.8	14.5	27.7	19.8	22.1	19.4	23.9
Indonesia	13.1	20.0	33.8	36.5	40.3	40.0	28.8	26.6	26.7	24.9	24.6	32.0	21.1	18.5	18.8	21.8	20.0	18.0	17.6	
Korea	7.3	10.9	11.8	15.5	10.2	16.7	12.3	10.7	7.2	6.4	10.7	11.2	7.8	7.6	9.4	7.6	5.4	3.4	5.4	6.2
Mexico	-4.1	-5.1	-1.3	1.0	-0.3	2.4	1.5	-0.2	4.7	1.8	1.5	4.3	3.9	5.6	1.5	2.9	3.0	2.7	1.0	
Russia	-10.3	-9.0	-6.6	-3.8	0.5	1.4	3.5	5.0	5.6	6.2	7.0	7.4	6.4	6.4	6.9	6.1	3.7	5.8	4.9	5.7
Taiwan	5.4	7.5	11.2	14.4	-7.4	14.4	5.7	7.5	6.9	6.1	7.4	7.6	8.0	7.4	4.2	1.8	21.6	-2.2	7.2	5.5
Turkey*	2.1	0.2	-25.8	35.2	39.2	48.7	-4.5	9.1	-7.6	-22.8	47.5	69.7	12.7	40.0	148.7	91.0	90.9	54.3	77.2	

Note: India. Motor Vehicle Sales: Total. Turkey Registered Motor Vehicles: Units
 Source: Haver and CEIC

Table 2
Industrial Production (% YoY Growth)

Country	2009				2010												2011			
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Brazil	-7.4	-1.8	4.1	18.8	16.9	15.7	19.2	16.2	14.3	12.0	9.9	7.9	5.9	3.7	3.7	2.1	2.3	7.5	-1.4	-1.5
China	13.8	16.4	19.5	18.7	20.8	20.5	18.1	17.8	16.3	13.5	13.6	13.9	13.3	13.2	13.4	13.5	14.1	14.1	14.8	13.4
Egypt	-13.5	-9.6	-11.1	-0.6	-0.4	-0.1	-0.1	-0.1	8.3	20.9	6.9	6.1	6.1	4.7	8.0	7.2	-1.8	-14.5		
India	8.5	11.0	12.4	19.4	17.7	15.9	16.3	18.0	13.5	7.4	16.2	8.1	5.4	12.0	3.4	0.9	3.6	3.6	7.9	
Indonesia	2.5	2.3	3.2	4.9	4.6	3.6	3.5	3.9	4.4	4.8	5.4	5.0	3.4	4.3	4.5	4.4	7.3	1.9	6.2	
Korea	6.1	5.6	19.2	37.2	32.2	26.6	23.5	20.0	21.2	16.7	15.2	14.4	9.8	9.4	10.0	11.0	14.0	9.3	9.2	7.1
Mexico	-7.6	-5.3	-1.9	3.9	9.7	9.1	14.1	9.9	15.3	15.1	9.8	11.2	8.8	6.2	5.7	5.4	8.4	7.3	6.6	
Russia	-13.1	-10.3	4.6	7.6	13.3	10.0	13.1	16.5	18.7	14.0	8.0	11.0	9.4	9.9	10.1	9.7	13.5	10.1	8.6	5.2
Taiwan	2.8	9.2	35.4	50.7	57.2	56.6	46.5	35.2	33.7	26.2	22.2	24.9	12.9	15.5	20.5	19.5	17.5	15.1	14.3	7.1
Turkey	-7.7	-0.2	6.1	10.3	17.5	17.0	20.5	18.5	16.0	11.3	9.7	14.1	14.3	15.9	9.8	20.4	20.6	14.6	10.4	

Source: Haver

Table 3
Consumer Confidence Index

Country	2009				2010								2011								
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Brazil	111.5	114.5	115.5	114.1	116.4	111.0	112.3	113.0	115.3	117.0	117.4	120.4	122.5	123.1	126.2	124.2	125.4	123.1	120.8	115.4	113.9
China	102.8	103.2	103.3	103.9	104.7	104.2	107.9	106.6	108.0	108.5	107.8	107.3	104.1	103.8	102.9	100.4	99.9	99.6	107.6	106.6	
Egypt	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
India	55.0	54.5	53.0	55.6	57.6	58.5	57.8	57.2	59.0	57.3	57.6	57.2	55.1	57.2	58.4	56.7	56.8	57.9	57.9	58.0	57.5
Indonesia	110.8	110.0	111.0	108.7	106.7	101.8	101.9	105.6	106.3	104.8	99.0	98.1	101.8	106.2	102.2	103.0	105.6	106.4	107.1	106.9	105.3
Korea	114.0	117.0	113.0	113.0	113.0	111.0	110.0	110.0	111.0	112.0	112.0	110.0	109.0	108.0	110.0	109.0	108.0	105.0	98.0	100.0	104.0
Mexico	81.9	77.0	78.2	80.1	82.1	80.6	81.8	82.5	84.6	87.5	87.4	88.7	91.6	89.2	88.5	91.2	92.3	92.3	91.7	89.7	
Russia	72.1	74.5	73.0	83.0	78.0	77.0	78.0	77.0	82.0	82.0	82.0	82.0	80.0	84.0	84.0	87.0	77.0	74.0	79.0	78.0	81.0
Taiwan	56.5	60.6	62.5	65.4	66.0	73.2	74.3	78.7	76.0	77.8	78.6	79.7	80.1	80.2	81.7	83.2	86.8	85.9	83.7	85.8	85.4
Turkey	81.9	80.5	78.4	78.8	79.2	81.9	84.7	85.8	86.6	88.0	87.5	87.4	90.4	89.0	91.3	91.0	91.3	93.6	93.4	93.5	

Source: Haver, CEIC, Bloomberg and HSBC

Table 4
GDP (% YoY Growth)

Country	2009				2009	2010				2010	2011
	Mar	Jun	Sep	Dec		Mar	Jun	Sep	Dec		Mar
Brazil	-3.0	-2.8	-1.8	5.0	-0.6	9.3	9.2	6.7	5.0	7.6	4.2
China	6.5	8.2	9.4	11.7	8.9	11.9	10.4	9.7	9.6	10.4	9.7
Egypt	4.2	4.3	4.6	5.0	4.6	5.6	6.1	5.5	5.7	5.7	
India	6.4	6.3	8.6	7.3	7.2	9.4	9.3	8.9	8.3	9.0	7.8
Indonesia	4.6	4.2	4.2	5.4	4.6	5.6	6.1	5.8	6.9	6.1	6.5
Korea	-4.2	-2.1	1.0	6.3	0.3	8.5	7.5	4.4	4.7	6.2	4.2
Mexico	-7.4	-9.6	-5.5	-2.0	-6.1	4.5	7.6	5.1	4.4	5.4	4.6
Russia	-9.2	-11.2	-8.6	-2.6	-7.9	3.5	5.0	3.1	4.5	4.0	4.1
Taiwan	-8.6	-7.2	-1.2	9.2	-1.9	13.6	12.9	10.7	7.1	11.1	6.5
Turkey	-14.7	-7.8	-2.8	5.9	-4.9	12.0	10.3	5.2	9.2	9.2	

Source: Haver

External Sector

Table 5
 Exports (% YoY Growth)

Country	2009				2010								2011								
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Brazil	-30.7	-23.9	-14.2	4.7	15.6	27.2	33.2	23.0	47.7	18.2	25.0	39.0	35.9	30.5	39.8	44.6	34.6	37.2	22.6	33.1	31.1
China	-15.2	-13.9	-1.2	17.7	21.1	45.6	24.3	30.4	48.5	43.9	38.1	34.4	25.1	22.9	35.0	17.9	37.6	2.4	35.8	29.9	
Egypt	-4.8	4.6	20.3	94.7	34.0	13.7	32.8	20.9	27.7	10.5	22.3	6.3	17.8	15.5	6.8	-14.0	1.5	15.8	16.6		
India	-7.4	4.8	33.8	23.4	20.9	32.0	56.2	42.2	27.6	30.4	13.2	22.5	23.2	21.3	26.5	36.4	32.4	49.7	44.4	34.4	
Indonesia	-19.8	13.5	11.5	50.0	59.3	57.7	48.3	42.4	37.4	31.4	28.9	30.2	23.8	17.6	45.1	26.1	26.0	29.1	28.1	37.3	
Korea	-9.4	-8.5	17.9	32.8	45.4	30.1	33.8	29.6	39.8	30.5	26.7	26.0	16.2	27.6	21.4	22.6	45.2	16.9	28.8	25.1	23.5
Mexico	-16.5	-9.5	10.3	23.2	27.2	32.6	41.0	43.0	43.8	28.9	29.5	37.6	21.0	20.0	26.0	17.0	28.6	21.0	20.1	12.6	
Russia	-34.3	-22.1	1.7	19.7	54.5	64.4	63.8	59.2	40.9	31.0	19.1	16.5	19.5	14.0	15.1	24.6	11.6	27.7	29.8		
Taiwan	-12.7	-4.6	19.3	46.8	75.7	32.6	50.1	47.7	57.5	34.1	38.5	26.6	17.5	21.9	21.8	19.0	16.6	27.2	16.7	24.6	
Turkey	-33.7	3.8	-5.2	30.2	-0.6	-1.9	21.3	24.3	33.4	14.6	5.8	8.7	5.1	8.6	5.5	17.9	21.9	21.7	19.5	26.5	

Source: Haver

Table 6
 Imports (% YoY Growth)

Country	2009				2010								2011								
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Brazil	-27.3	-25.7	-8.2	6.9	11.4	50.9	49.8	60.8	52.3	50.3	45.4	56.1	41.4	29.6	44.4	26.6	28.8	31.6	17.8	31.9	38.1
China	-3.3	-6.3	26.9	55.9	85.7	45.1	66.0	50.0	48.3	34.0	22.7	35.2	24.0	25.4	37.9	25.6	51.3	19.5	27.5	21.8	
Egypt	-24.4	-12.5	-17.1	25.0	15.7	3.5	31.3	19.6	21.8	16.3	17.7	7.9	20.7	25.9	24.5	11.3	15.0	-8.4	3.4		
India	-30.9	0.3	6.4	45.2	38.6	73.7	77.1	48.9	32.7	23.0	34.3	32.3	26.1	6.8	11.2	-11.0	13.1	21.2	18.2	14.1	
Indonesia	-24.6	-12.1	-2.9	33.0	43.8	59.9	67.4	67.5	30.6	48.2	45.4	25.4	13.4	28.5	47.6	27.6	32.3	23.7	32.0	32.5	
Korea	-24.7	-15.8	2.4	23.9	26.7	37.4	48.7	42.8	48.9	37.2	28.0	28.7	17.6	21.7	30.9	21.7	32.6	16.7	27.6	23.9	29.9
Mexico	-22.2	-18.8	-6.0	14.3	19.2	25.0	34.7	42.6	46.0	29.7	29.7	29.3	23.2	27.9	18.2	20.9	24.1	21.8	16.0	13.3	
Russia	-35.3	-29.6	-11.3	-9.8	8.0	15.4	29.7	30.1	40.5	27.4	32.4	53.3	33.7	27.6	27.4	25.2	41.0	39.3	42.6		
Taiwan	-21.2	-6.7	18.0	55.6	115.3	45.7	80.0	52.6	71.7	39.2	42.6	27.9	24.9	27.9	33.8	21.4	21.9	28.7	16.7	25.7	
Turkey	-30.2	-14.5	4.5	31.7	26.0	29.8	42.8	47.7	35.5	21.8	25.1	20.5	25.3	35.4	35.8	36.9	44.6	48.7	44.0	40.2	

Source: Haver

Table 7
Current Account Balance (% of GDP)

Country	2009					2010					2011
	Mar	Jun	Sep	Dec	2009	Mar	Jun	Sep	Dec	2010	Mar
Brazil	-1.6	-0.6	-1.1	-2.4	-1.4	-2.6	-2.3	-2.2	-2.0	-2.3	
China*	n.a.	n.a.	n.a.	n.a.	5.2	3.0	4.8	7.1	5.3	5.1	2.0
Egypt	-2.0	-2.1	-0.9	-1.5	-1.6	-2.5	-3.1	-1.3	-1.0	-2.0	
India	-0.1	-1.5	-3.1	-3.5	-2.1	-3.4	-3.4	-4.6	-2.2	-3.4	
Indonesia	2.3	2.0	1.0	2.3	1.9	1.2	0.8	0.7	0.6	0.8	1.0
Korea	2.7	5.6	3.9	3.3	3.9	0.1	3.5	3.9	3.3	2.7	
Mexico	-1.0	-0.1	-1.6	-0.3	-0.7	0.2	-0.3	-0.7	-1.3	-0.5	-0.5
Russia	4.0	2.8	4.5	4.3	3.9	10.4	5.1	1.5	3.3	5.1	
Taiwan	14.9	11.4	8.4	11.0	11.4	10.1	10.8	8.3	7.9	9.3	9.3
Turkey	-1.5	-3.7	-1.1	-2.7	-2.3	-6.2	-6.2	-5.3	-8.3	-6.5	

* Note: Quarterly date for China available since 2010
 Source: Haver and CEIC

 Table 8
Nominal Effective Exchange Rate (2005=100)

Country	2009				2010								2011							
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Brazil	129.1	133.9	134.0	132.9	132.2	130.2	134.1	136.5	135.4	137.4	137.8	137.6	139.8	139.3	137.6	140.3	141.1	140.9	140.5	145.4
China	113.1	111.6	110.9	111.7	112.2	113.6	113.3	113.5	116.2	117.4	115.7	114.1	113.8	111.8	112.6	113.8	113.6	113.2	112.4	111.7
Egypt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
India	83.8	85.8	85.5	86.3	88.0	88.7	90.3	92.4	92.3	91.7	89.2	89.0	89.3	89.7	89.1	89.8	88.4	87.6	87.6	87.5
Indonesia	88.6	91.2	90.8	91.5	94.2	93.8	95.2	96.7	96.8	97.7	96.9	96.5	95.3	93.3	93.6	93.4	92.4	93.2	94.0	94.2
Korea	75.8	77.5	77.8	78.2	80.4	80.0	81.2	83.0	80.8	77.8	76.9	77.8	78.4	79.0	78.8	78.3	79.5	79.2	78.4	80.4
Mexico	77.3	77.9	78.4	80.1	80.8	80.6	82.9	85.1	82.8	83.2	81.8	81.7	81.1	82.4	83.3	83.2	84.6	84.8	84.9	86.4
Russia	82.5	85.0	85.9	83.9	85.4	86.7	88.6	90.2	90.3	89.6	88.4	88.1	85.9	83.6	82.7	85.0	86.0	87.4	88.6	87.8
Taiwan	89.5	89.2	88.6	89.2	90.7	90.8	91.3	92.6	92.9	92.3	90.9	90.5	90.2	90.5	92.3	94.4	96.2	95.1	93.7	94.6
Turkey	81.8	81.8	80.1	80.3	83.4	83.0	82.7	85.3	85.9	85.9	85.3	86.1	86.3	86.2	86.6	83.1	80.1	77.8	77.0	78.2

Source: BIS and Haver

Table 9
Real Effective Exchange Rate (2005=100)

Country	2009				2010								2011							
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Brazil	134.9	140.0	140.5	139.6	139.9	138.0	142.3	145.0	144.0	146.2	146.6	145.7	148.1	148.1	147.3	150.5	152.5	152.3	152.1	157.9
China	116.9	115.2	113.4	115.1	113.8	118.5	115.6	116.1	120.0	119.0	117.9	118.7	119.7	118.0	118.5	119.9	118.0	120.8	117.6	116.9
Egypt	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
India	93.3	95.9	97.0	98.1	101.6	101.8	104.1	108.0	107.9	108.1	106.1	105.3	105.8	106.7	106.5	108.5	108.4	106.7	106.4	107.3
Indonesia	111.8	115.2	114.7	115.9	120.3	119.6	121.0	122.6	122.6	125.4	126.1	125.9	124.4	121.5	122.5	123.1	122.6	123.0	123.3	122.6
Korea	77.8	79.3	79.8	80.4	83.2	82.4	84.0	86.1	83.4	80.5	79.9	80.5	81.6	82.1	81.4	81.1	83.3	82.8	82.2	84.0
Mexico	83.5	84.3	85.2	87.5	89.2	89.1	92.0	93.9	90.6	91.2	89.8	89.6	89.2	90.9	92.6	92.8	94.6	94.5	94.2	95.3
Russia	115.4	116.6	120.3	117.7	120.6	121.8	131.0	123.4	131.3	131.2	127.5	126.3	125.7	120.2	122.1	126.1	129.3	130.6	138.8	127.4
Taiwan	86.1	86.1	85.0	85.1	86.8	86.7	86.3	88.1	87.9	88.0	86.8	85.9	85.3	85.7	87.7	88.8	90.5	89.4	87.1	88.3
Turkey	101.7	104.0	103.1	103.5	110.0	110.4	109.8	113.8	113.8	113.3	112.1	113.1	114.3	115.8	116.2	110.6	107.3	104.4	102.7	105.0

Source: BIS and Haver

Unemployment

 Table 10
Unemployment Rate (%)

Country	2009				2009	2010				2010	2011
	Mar	Jun	Sep	Dec		Mar	Jun	Sep	Dec		Mar
Brazil	8.6	8.6	7.9	7.2	8.1	7.4	7.3	6.6	5.7	6.7	6.3
China	4.3	4.3	4.3	4.3	4.3	4.2	4.2	4.1	4.1	4.2	
Egypt	9.4	9.4	9.4	9.4	9.4	9.1	9.0	8.9	8.9	9.0	11.9
India*	n.a.	n.a.	n.a.	n.a.	10.7	n.a.	n.a.	n.a.	n.a.	10.8	
Indonesia*	8.1	n.a.	7.9	n.a.	7.9	7.4	n.a.	7.1	n.a.	7.1	6.8
Korea	3.8	3.8	3.6	3.3	3.6	4.7	3.5	3.5	3.3	3.7	4.2
Mexico	5.0	5.3	6.3	5.3	5.5	5.4	5.2	5.6	5.3	5.4	5.1
Russia	9.1	8.5	8.0	8.0	8.4	8.8	7.4	6.8	6.9	7.5	7.5
Taiwan	5.6	5.9	6.0	5.9	5.8	5.6	5.3	5.1	4.8	5.2	4.6
Turkey	15.8	13.8	13.2	13.2	14.0	14.2	11.2	11.1	11.2	11.9	

 * Note: Quarterly data for India and Indonesia is not available.
 Source: Bloomberg and CEIC

Inflation

Table 11
 Consumer Price Index (% YoY Growth)

Country	2009				2010								2011								
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Brazil	4.34	4.17	4.22	4.31	4.59	4.83	5.17	5.26	5.22	4.84	4.60	4.49	4.70	5.20	5.63	5.91	5.99	6.01	6.30	6.51	
China	-0.80	-0.50	0.60	1.90	1.50	2.70	2.40	2.80	3.10	2.90	3.30	3.50	3.60	4.40	5.10	4.60	4.90	4.90	5.40	5.30	
Egypt	11.36	12.95	12.97	13.24	13.64	12.71	12.00	10.81	9.92	10.11	10.41	10.88	10.91	10.97	10.18	10.58	10.80	10.68	11.51	12.12	
India	1.40	1.79	4.73	7.15	8.68	9.65	10.36	10.88	10.48	10.25	9.98	8.87	8.98	9.08	8.20	9.45	9.47	9.54	9.02	8.66	
Indonesia	2.83	2.57	2.41	2.78	3.72	3.81	3.43	3.91	4.16	5.05	6.22	6.44	5.80	5.67	6.33	6.96	7.02	6.84	6.65	6.16	5.98
Korea	2.16	1.98	2.44	2.80	3.07	2.69	2.31	2.57	2.66	2.58	2.57	2.56	3.61	4.06	3.26	3.51	4.12	4.54	4.70	4.15	4.06
Mexico	4.89	4.50	3.86	3.57	4.46	4.83	4.97	4.27	3.92	3.69	3.64	3.68	3.70	4.02	4.32	4.40	3.78	3.57	3.04	3.36	
Russia	10.70	9.68	9.11	8.84	8.01	7.21	6.52	6.01	5.98	5.74	5.45	6.04	6.94	7.46	8.09	8.76	9.58	9.43	9.37	9.53	
Taiwan	-0.88	-1.89	-1.62	-0.25	0.26	2.34	1.26	1.34	0.76	1.19	1.31	-0.47	0.29	0.56	1.52	1.24	1.10	1.33	1.40	1.34	
Turkey	5.27	5.08	5.53	6.53	8.19	10.13	9.56	10.19	9.10	8.37	7.58	8.33	9.24	8.62	7.29	6.40	4.90	4.16	3.99	4.26	7.17

Source: Haver and CEIC

Table 12
 Producer Price Index (% YoY Growth)

Country	2009				2010								2011								
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Brazil	-3.40	-4.77	-4.64	-4.07	-2.83	-1.19	0.80	1.59	3.78	4.90	6.49	8.23	9.49	11.02	13.26	13.83	13.83	13.66	13.75	14.19	
China	-6.99	-5.85	-2.08	1.70	4.32	5.39	5.91	6.81	7.13	6.41	4.84	4.32	4.33	5.04	6.06	5.93	6.64	7.23	7.31	6.82	
Egypt	-6.67	1.58	8.69	13.38	12.97	13.06	13.64	15.79	9.92	8.57	10.36	10.27	14.11	16.95	13.50	12.77	14.62	16.84	20.44	20.61	
India	1.40	1.79	4.73	7.15	8.68	9.65	10.36	10.88	10.48	10.25	9.98	8.87	8.98	9.08	8.20	9.45	9.47	9.54	9.02	8.66	
Indonesia	-3.53	-4.09	-2.37	4.40	5.70	3.73	4.35	4.97	5.59	4.29	4.29	3.64	4.88	5.49	5.45	6.02	6.59	7.78	7.74	6.51	6.47
Korea	-2.61	-3.06	-0.45	1.82	2.83	2.45	2.62	3.24	4.63	4.55	3.42	3.13	4.03	4.96	4.85	5.27	6.21	6.64	7.30	6.81	
Mexico	5.29	3.56	4.25	4.15	4.26	4.22	3.85	4.29	3.94	3.20	3.67	3.50	2.85	3.26	3.41	4.74	4.64	4.68	5.39	6.09	
Russia	-9.17	-3.59	4.66	13.83	16.60	13.16	12.03	12.80	15.14	9.23	7.97	9.91	7.27	10.62	16.10	16.67	20.37	21.92	21.30	19.93	
Taiwan	-9.47	-6.17	1.07	5.76	6.80	6.09	6.87	9.06	9.43	7.02	5.32	3.33	3.77	3.67	2.42	2.34	1.97	3.84	5.75	4.53	
Turkey	0.47	0.19	1.51	5.93	6.30	6.82	8.58	10.42	9.21	7.64	8.24	9.03	8.91	9.92	8.17	8.87	10.80	10.87	10.08	8.21	9.63

Source: Haver and CEIC

Money and Finance

Table 13
 Policy Rates (% Per Annum)

Country	Description	2009				2010								2011								
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Brazil	Brazil SELIC-TAR	8.75	8.75	8.75	8.75	8.75	8.75	8.75	9.50	9.50	10.25	10.75	10.75	10.75	10.75	10.75	10.75	11.25	11.25	11.75	12.00	12.00
China	Prime Lending Rate	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.56	5.56	5.81	5.81	6.06	6.06	6.31	6.31
Egypt	Egypt Benchmark Deposit Rate	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25
India	Reserve Bank of India REPO Cutoff Yield	4.75	4.75	4.75	4.75	4.75	4.75	5.00	5.25	5.25	5.25	5.75	5.75	6.00	6.00	6.25	6.25	6.50	6.50	6.75	6.75	7.25
Indonesia	Bank Indonesia Reference Interest Rate	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.75	6.75	6.75	6.75
Korea	South Korea Official Bank Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.25	2.25	2.25	2.25	2.50	2.50	2.75	2.75	3.00	3.00	3.00
Mexico	Bank of Mexico Official Overnight Rate	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
Russia	Russia Refinancing Rate	10.00	9.50	9.00	8.75	8.75	8.50	8.25	8.00	8.00	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	8.00	8.00	8.00	8.25
Taiwan	CB of China Taiwan Discount Rate Daily	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.38	1.38	1.38	1.38	1.50	1.50	1.63	1.63	1.63	1.63	1.75	1.75
Turkey	1-week repo rate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.50	6.25	6.25	6.25	6.25	6.25
Turkey	CBRT Interest Rates: Borrowing: Overnight	7.25	6.75	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.25	5.75	1.75	1.50	1.50	1.50	1.50	1.50	1.50
Turkey	CBRT Interest Rates: Lending: Overnight	9.75	9.25	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	8.75	8.75	8.75	9.00	9.00	9.00	9.00	9.00	9.00

Source: Bloomberg and Haver

Table 14
 Deposit Rates (% Per Annum)

Country	Deposit Rates	2009				2010								2011									
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
Brazil	30-Day CD Rate	8.21	8.09	8.43	8.21	8.23	8.07	8.20	8.45	8.57	9.19	9.57	9.17	9.15	8.63	9.32	9.89	9.80	9.05	11.51			
China	3-Month CD Rate	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.71	1.79	1.91	1.98	2.25	2.50	2.60	2.81	2.85	
Egypt	Deposits of less than 1 year	6.00	5.90	5.90	5.90	5.90	5.90	6.00	6.00	5.90	6.30	6.30	6.30	6.40	6.60	6.60	6.60	6.50	6.50				
India	India Bank Deposit 90-180 day	7.25	7.25	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	6.75	7.00
Indonesia	3-Month time deposit	8.35	7.97	7.68	7.48	7.31	7.08	6.99	6.98	6.95	6.95	6.95	6.96	6.95	6.99	7.03	7.06	6.88	6.82	6.91			
Korea	91-Day CD Rate	2.64	2.79	2.79	2.82	2.88	2.88	2.83	2.51	2.45	2.45	2.58	2.63	2.66	2.66	2.73	2.80	2.93	3.13	3.35	3.40	3.46	
Mexico	90-Day CD Rate	2.30	2.30	2.30	2.30	2.18	2.18	2.18	2.17	2.17	2.17	2.17	2.18	2.14	2.11	2.08	2.10	2.09	2.07	2.10	2.09		
Russia	1-Month Time Deposit	9.10	9.20	8.80	8.20	8.10	7.40	6.90	6.70	6.20	5.80	5.60	5.40	5.10	5.00	5.00	4.90	4.50	4.40	4.20			
Taiwan	3-Month NTD Deposit	0.41	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.53	0.66	0.66	0.66	0.66	0.74	0.74	0.74	0.79	0.79	0.79	0.87	0.87	
Turkey	3-Month Time Deposit TL	16.89	16.16	16.11	16.22	15.87	15.92	15.93	15.82	15.91	15.95	15.72	15.78	15.78	13.82	13.83	12.90	12.08	12.15	12.16			

Source: Haver and Datastream

 Table 15
 M2 (% YoY Growth)

Country	2009				2010								2011							
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Brazil	13.4	10.2	9.4	8.8	8.7	8.5	9.9	9.1	9.1	8.8	9.4	11.0	12.0	13.5	15.0	16.7	17.6	18.9	19.8	21.0
China	29.3	29.5	29.6	27.6	26.1	25.5	22.5	21.5	21.0	18.5	17.6	19.2	19.0	19.3	19.5	19.7	17.3	15.7	16.6	15.4
Egypt	9.0	8.6	8.8	9.5	9.4	9.5	9.8	9.6	8.4	10.4	10.4	11.8	11.8	13.4	12.8	12.4	11.8	12.2	11.2	10.8
India	15.0	16.1	17.0	17.8	18.9	17.5	19.2	15.7	15.6	17.9	19.1	17.2	15.7	19.8	21.1	19.0	13.6	13.5		
Indonesia	13.5	11.5	11.4	13.0	10.7	8.8	10.2	10.6	11.2	12.8	13.1	12.1	12.7	14.2	13.8	15.4	17.5	17.1	16.1	15.0
Korea	10.7	10.2	9.6	9.9	10.0	8.6	9.7	9.3	9.0	9.0	9.1	8.0	7.2	7.7	7.3	6.0	5.0	4.8	4.1	
Mexico*	1.4	n.a.	n.a.	1.4	n.a.	n.a.	1.8	n.a.	n.a.	3.2	n.a.	n.a.	2.7	n.a.	n.a.	0.1	n.a.	n.a.	2.0	
Russia	-5.0	2.6	7.5	16.3	27.9	29.5	32.1	33.2	30.7	30.6	32.1	32.8	31.2	30.5	30.3	27.5	25.9	25.5	23.9	22.0
Taiwan	7.6	6.8	6.3	5.7	5.0	4.9	4.0	4.0	3.4	4.0	4.2	4.7	4.7	4.9	5.1	5.3	6.4	5.8	5.9	6.2
Turkey	15.7	12.3	11.1	11.0	12.8	14.3	16.8	19.1	22.4	24.7	25.1	24.4	23.9	22.7	24.2	24.4	25.3	24.9	24.0	24.4

 * Note: Quarterly data
 Source: Haver

Table 16
Loans (% YoY Growth)

Country	Description	2009				2010												2011			
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Brazil	Banking Survey: Assets, Domestic Credit	13.1	14.0	9.9	9.1	9.3	9.4	19.6	19.6	19.8	20.7	22.0	21.6	20.3	20.0	20.8	20.3	20.1	21.4	18.3	19.0
China	Depository Corp Survey: Domestic Credit	30.6	30.9	33.4	30.4	27.4	26.2	21.9	21.4	20.4	18.2	17.5	18.4	18.1	18.6	18.1	18.8	18.0	16.9	17.3	15.9
Egypt	Monetary Survey: Domestic Credit	17.3	14.1	12.8	12.8	11.6	10.9	8.8	7.3	9.2	11.5	11.7	9.7	8.6	10.3	11.4	7.8	9.6	14.5	15.9	17.7
India	Commercial Bank Svy: Domestic Credit	21.2	18.1	17.8	17.2	n.a.	15.4	17.2	15.9	16.0	14.2	13.3	13.8	14.9	15.8	15.5	18.4		18.0	17.2	
Indonesia	O/S Loans inc Fgn Cur for Com & Rural Banks: Total	9.6	6.2	5.7	10.1	11.0	10.4	12.5	15.8	18.8	20.6	20.5	21.2	22.5	22.5	22.8	23.3	22.6	24.3	24.7	
Korea	Loans of Commercial and Specialized Banks	6.4	4.9	4.7	4.0	3.7	3.4	3.0	2.9	3.2	3.0	3.0	2.3	2.6	3.5	3.4	3.5	4.0	4.5	4.7	
Mexico*	Total Loans in Billions	0.5	n.a.	n.a.	0.1	n.a.	n.a.	0.7	n.a.	n.a.	3.6	n.a.	n.a.	1.9	n.a.	n.a.	0.7	n.a.	n.a.	4.7	
Russia	Loans in Rubles	0.6	0.0	-0.7	-1.0	-3.7	-2.2	-0.7	1.1	1.9	4.3	6.8	7.1	9.9	11.4	13.8	17.1	16.7	20.0		
Taiwan	Loans/Discounts: All Banks: Total	-1.1	-2.0	-1.2	1.1	2.0	3.2	3.3	4.0	5.4	5.5	6.1	6.4	6.3	7.2	6.8	6.8	8.4	8.5	9.0	8.6
Turkey	Mon Survey: Domestic Credit	16.3	16.9	19.0	20.1	22.1	24.3	25.2	25.4	26.7	27.5	26.9	25.6	25.1	24.7	24.9	26.5	26.2	24.4	22.4	22.5

* Note: Quarterly data
 Source: Haver

Table 17
Swap Spread

Country	Description	3y-1y			10y-5y		
		03-Jun-11	1 month ago	3 months ago	03-Jun-11	1 month ago	3 months ago
Brazil	Swap rates pre * DI	-15.43	9.58	13.56	n.a.	n.a.	n.a.
China	Onshore quarterly vs. 7-day repo	24.75	42	29	29.75	37	31
Egypt		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
India	MIBOR Onshore Swap Rates	-8.5	9	32	3.5	3	9
Indonesia	Onshore Quarterly vs. 3mo SBI	50	55	115	n.a.	n.a.	n.a.
Korea	Onshore KRW/KRW Swap Rates	18	25.25	35.5	19.5	21	27.5
Mexico*	MXN SWAP (TIIE)	74	93	125.3	72	74.1	86.9
Russia	RUB SWAP VS MOSPRIME	55	122	148	55	60	58
Taiwan	Onshore TWD/TWD swap rate	22.25	28.75	41.75	30.25	29.5	32.5
Turkey	TRY SWAP (vs 3M)	n.a.	n.a.	n.a.	17	10	22

* Mexico (38m-13m; 130m-65m)
 Source: Bloomberg

 Table 18
Stock Index Returns (%)

Country	Description	1 Month	YTD	1 Year
Brazil	Bovespa Index	-0.16	-7.34	2.03
China	Shanghai SE Composite Index	-7.74	-3.38	6.85
Egypt	Hermes Index	5.88	-19.35	-8.41
India	BSE Sensex 30 Index	-0.22	-9.38	12.25
Indonesia	Jakarta Composite Index	0.63	4.19	44.34
Korea	KOSPI Index	-3.93	3.08	29.88
Mexico	Mexico IPC Index	-1.27	-7.41	14.47
Russia	RTSSTD Index	-2.84	0.25	22.61
Taiwan	Taiwan Taiex Index	0.51	0.22	29.35
Turkey	ISE National 100 Index	-9.93	-2.16	17.24

Source: Bloomberg

 Table 19
FX Returns (%)

Country	Description	Rate	1 Month	YTD	1 Year
Brazil	Brazilian Real	1.58	0.80	4.58	15.40
China	Renminbi	6.48	0.22	1.92	5.35
Egypt	Egyptian Pound	5.94	0.08	-2.36	-4.66
India	Indian Rupees	44.83	-0.70	-0.26	4.81
Indonesia	Rupiah	8543.00	0.04	5.21	8.28
Korea	Won	1080.85	-1.11	4.20	14.22
Mexico	Peso	11.66	-0.74	5.02	9.97
Russia	Rouble	27.91	-2.19	9.46	11.29
Taiwan	New Taiwan Dollar	28.70	-0.51	1.39	12.48
Turkey	Turkish Lira	1.58	-2.99	-1.52	-0.29

Source: Bloomberg

Table 20
Fiscal Balance (% of GDP)

Country	Description	2009					2010					2011
		Mar	Jun	Sep	Dec	2009	Mar	Jun	Sep	Dec	2010	Mar
Brazil	Natl Treasury Performance Summary	-5.08	-1.15	-4.74	2.73	-1.88	-5.24	-1.40	-1.67	1.84	-1.46	
China	Govt Finance: Budget	2.62	4.14	1.50	-12.51	-2.26	6.47	4.62	-1.04	-11.76	-1.63	
Egypt*	Budget Sector Primary	n.a.	n.a.	n.a.	n.a.	-1.80	n.a.	n.a.	n.a.	n.a.	-2.10	n.a.
India	Central Govt: Gross Fiscal	-8.53	-9.07	-5.17	-6.90	-6.99	-5.96	-2.41	-5.50	-1.96	-3.63	-9.83
Indonesia	Govt Finance: Budget	0.22	-0.62	-1.90	-3.73	-1.58	1.21	1.88	-0.44	-4.83	-0.54	0.33
Korea	Govt Finance: Budget	-5.21	-5.87	0.82	2.82	-1.65	-2.62	-1.49	6.18			
Mexico	Public Sector Budgetary	-1.67	-1.96	-0.94	-4.42	-2.29	0.08	-3.49	-2.19	-5.54	-2.86	-0.17
Russia	Federal Budget	-0.36	-7.50	-5.80	-8.99	-5.93	-2.56	-1.35	-2.58	-8.63	-4.03	
Taiwan	Central Government	8.29	3.79	-1.15	-3.17	2.09	12.23	0.14	1.44	-2.12	2.54	10.70
Turkey	Central Government	-9.20	-1.78	-6.73	-4.48	-5.53	-4.69	-1.53	-1.97	-6.14	-3.68	

* Note: Quarterly data for Egypt is not available
 Source: Haver

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This report has been produced by Emerging Markets Unit, Cross-Country Analysis Team

Chief Economist for Emerging Market
Alicia García-Herrero
+852 2582 3281
aliciagarcia-herrero@bbva.com.hk

*Chief Economist,
Cross-Country Analysis Emerging Markets*

Mario Nigrinis
+ 852 2582 3193
Mario.nigrinis@bbva.com.hk

José Ramón Perea
+ 34 91 374 72 56
jramon.perea@bbva.com

Alfonso Ugarte
+ 34 91 537 37 35
alfonso.ugarte@bbva.com

With the assistance of:

Kelsey Hatcher
kelsey.hatcher@grupobbva.com

Vicente Mestre
vicente.mestre@bbva.com.hk

Paul Pozarowski
paul.pozarowski@bbva.com.hk

Mariana Silva
mariana.silva@bbva.com.hk

Tao Tang
tao.tang@bbva.com.hk

George Xu
george.xu@bbva.com.hk

BBVA Research

Group Chief Economist
Jorge Sicilia

Emerging Economies:

Alicia García-Herrero
alicia.garcia-herrero@bbva.com.hk

Asia

Stephen Schwartz
stephen.schwartz@bbva.com.hk

China

Daxue Wang
daxue.wang@bbva.com.hk

India

Sumedh Deorukhkar
deorukhkar@grupobbva.com

Cross-Country Emerging Markets Analysis

South America

Joaquín Vial
jvial@bbvaprovida.cl

Argentina

Gloria Sorensen
gsorensen@bbvafrances.com.ar

Chile

Alejandro Puente
apuente@grupobbva.cl

Colombia

Juana Téllez
juana.tellez@bbva.com.co

Peru

Hugo Perea
hperea@grupobbva.com.pe

Venezuela

Oswaldo López
oswaldo_lopez@provincial.com

Mexico

Adolfo Albo
a.albo@bbva.bancomer.com

Macroeconomic Analysis Mexico

Julián Cubero
juan.cubero@bbva.bancomer.com

Developed Economies:

Rafael Doménech
rdomelech@bbva.com

Spain

Miguel Cardoso
miguel.cardoso@bbva.com

Europe

Miguel Jiménez
mjimenezg@bbva.com

US

Nathaniel Karp
nathaniel.karp@bbvacompass.com

Financial Systems & Regulation

Santiago Fernández de Lis
sfernandezdelis@grupobbva.com

Financial Systems

Ana Rubio
arubiog@bbva.com

Pensions

David Tuesta
david.tuesta@bbva.com

Regulation and Public Policies

María Abascal
maria.abascal@bbva.com

Global Areas

Economic Scenarios

Juan Ruiz
juan.ruiz@bbva.com

Financial Scenarios

Sonsoles Castillo
s.castillo@bbva.com

Innovation & Processes

Clara Barrabés
clara.barrabes@bbva.com

Market & Client Strategy:

Antonio Pulido
ant.pulido@grupobbva.com

Global Equity

Ana Munera
ana.munera@grupobbva.com

Global Credit

Javier Serna
Javier.Serna@bbvauk.com

Interest Rates, Currencies and
Commodities

Luis Enrique Rodríguez
luisen.rodriguez@grupobbva.com

Contact details:

BBVA Research Asia
43/F Two International Finance Centre
8 Finance Street Central
HONG KONG
Phone: +852 2582 3111
E-mail: research.emergingmarkets@bbva.com.hk