

UBS Investment Research

EMEA Lead Economic Indicator

EMEA: clear slowdown, but no recession

■ **Weaker global growth bodes poorly for emerging EMEA**

Amid the worsening global economic outlook, UBS recently cut its 2012 global GDP growth forecast to a below-consensus 3.3% from 3.8%; the 2011 growth was left unchanged at 3.3%. This forecast change, and particularly the downward revision to euro zone growth, has triggered cuts in our growth forecasts for emerging EMEA GDP growth.

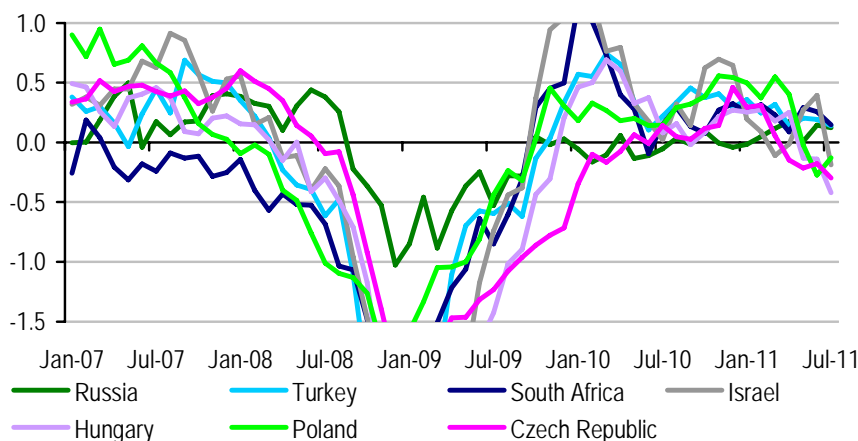
■ **We cut our 2011 GDP forecast for Russia and all EMEA forecasts for 2012**

Given the disappointing economic performance recently, we cut our 2011 GDP forecast for Russia to 4.1% from 4.8; we also tweaked down our 2011 growth projections for Hungary and South Africa. For 2012, we cut the growth forecast for all countries in emerging EMEA by a substantial margin and to well below the current consensus. We now expect EMEA growth of merely 3.1% in 2012, 1pp lower than before. We expect Russia, Turkey, Israel and Poland to grow by 3-3.5% in 2012, South Africa by 2.7%, and Hungary and the Czech Republic by just 1.5%. We do not expect any EMEA country to suffer recession.

■ **Our LEIs suggest that the period of above-trend growth is ending**

What do our Lead Economic Indicators (LEIs) suggest for the next few months? With the exception of Poland, our LEIs for the seven key countries in emerging EMEA clearly worsened in July, the latest available data point. But this does not even capture the more dramatic worsening in global financial sentiment and growth pessimism, which occurred only in August. Our LEIs for Russia, Turkey and South Africa are still modestly positive, indicating ‘above-trend’ growth over the (late) summer. In contrast, our LEIs for Poland, Hungary, the Czech Republic and Israel have already entered negative territory, which suggests that growth in these countries has slowed ‘below-trend’ in Q3.

Chart 1: UBS Lead Economic Indicators for EMEA*



Source: UBS. *Values of 0 indicate trend growth.

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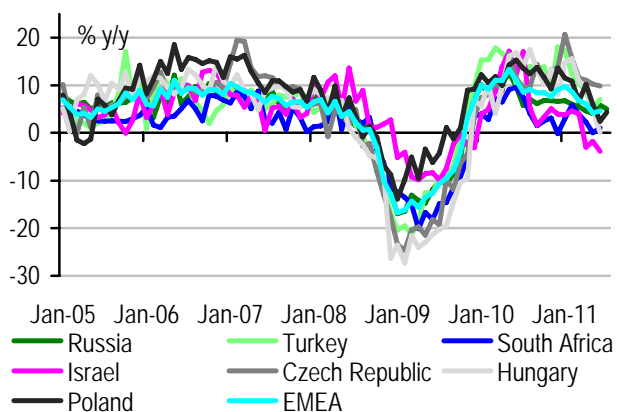
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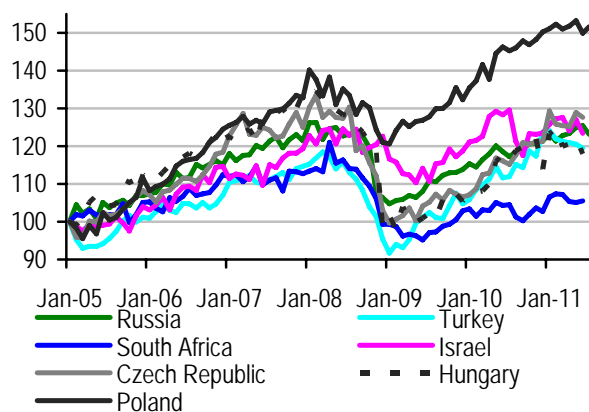
EMEA overview

Chart 2: Industrial production (% y/y)



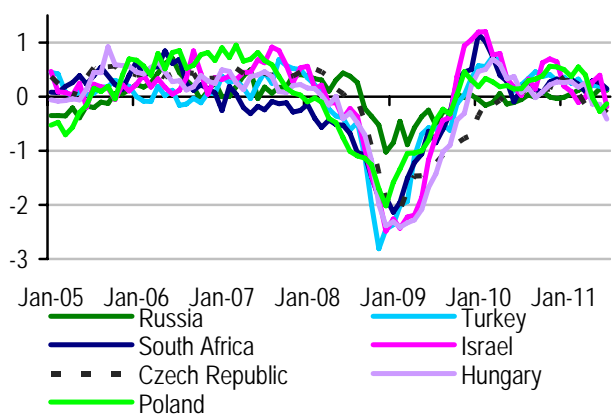
Source: National Statistical Offices, UBS

Chart 3: Industrial production (indexed)



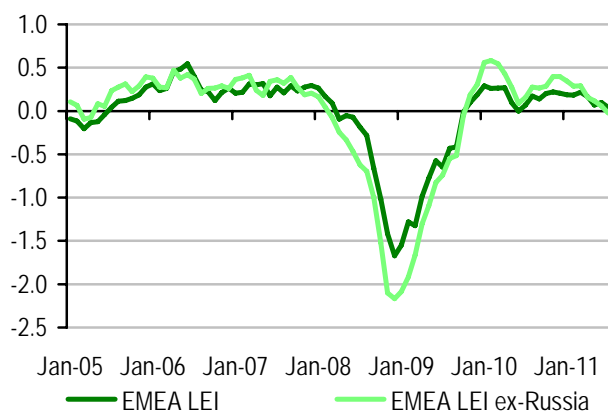
Source: National Statistical Offices, UBS. Note: Seasonally adjusted Jan 2005 = 100

Chart 4: UBS Lead Economic Indicators (LEI)



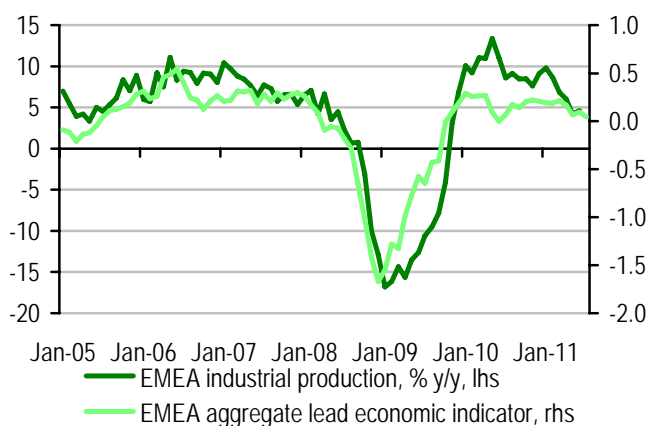
Source: UBS

Chart 5: EMEA aggregate LEI, excluding and including Russia



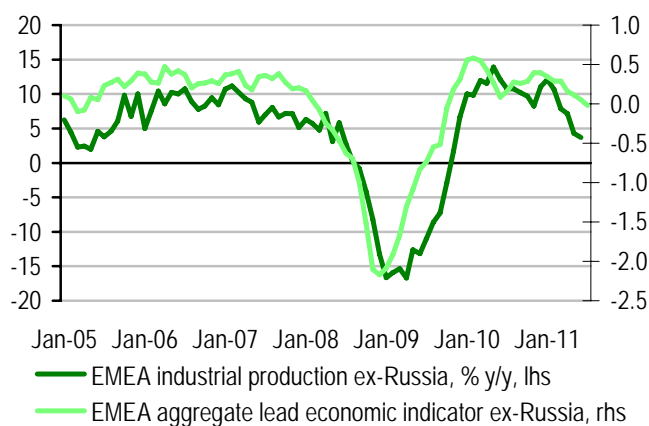
Source: UBS

Chart 6: EMEA industrial production (y/y) and LEIs



Source: UBS

Chart 7: EMEA (ex Russia) industrial production and LEIs



Source: UBS

Lower global and EMEA growth forecasts

Our Global Economics team recently cut its 2012 global growth forecast to 3.3% from 3.8%; the 2011 forecast was kept unchanged at 3.3% (Table 1).¹ The following factors have caused the more cautious global outlook:

- Deteriorating global financial conditions, with negative implications for consumer and business confidence;
- The inability of policymakers in the US and Europe to proactively deal with sovereign debt and growth challenges;
- Concerns about funding issues in the European banking sector;
- More restrictive European fiscal policy;
- Slower growth in global trade.

Our revised forecasts imply a weaker growth trajectory for the world economy in the coming quarters. Previously we had expected global growth to moderately accelerate in H2 2011 following the ‘soft patch’ of H1. That reacceleration is not expected to evolve now until Q1 2012 and the pick up in growth next year will be more modest than previously projected as well. Our revised forecasts still imply that consensus forecasts for global growth are too high and therefore prone to disappointment in the period ahead.

Nevertheless, we do not believe that the US or the wider world economy will re-enter recession. Growth may be stuttering, but it is not failing. Falling energy prices, signs of improved credit conditions in the US, and lower interest rates are supportive. We now expect the Federal Reserve, the ECB and the Bank of England to leave policy rates on hold until 2013.

Table 1: UBS Global Economic forecasts

GDP, % YOY	New 2011E	Old 2011 E	New 2012E	Old 2012E
US*	1.8	1.8	2.3	2.3
Japan	-0.4	-0.4	2.9	3.5
Eurozone	1.8	1.8	1.0	2.0
Asia	6.7	7.1	6.5	7.3
China	9.0	9.3	8.3	9.0
World	3.3	3.3	3.3	3.8

Source: UBS. * Our US GDP forecasts were revised to 1.8% in 2011 (from 2.6%) and to 2.3% in 2012 (from 2.7%) on 29 July 2011.

As a result of the strong trade and financial ties between emerging EMEA and particularly the euro zone (and possibly lower commodity prices) we have also revised our forecast for EMEA growth in 2011/2012 (Table 2 below).

UBS has recently cut its global growth forecast

We lower our GDP forecasts following growth downgrades in Europe and Asia

¹ For details see ‘Global growth downgrade’, Global Economic Comment, Larry Hatheway, 24 August 2011.

Table 2: UBS EMEA real GDP forecasts versus consensus

GDP, % YOY	Old forecast		New forecast		Consensus	
	2011	2012	2011	2012	2011	2012
Russia	4.8	4.5	4.1	3.4	4.3	4.3
Turkey	6.8	4.3	6.8	3.0	6.7	3.6
South Africa	3.4	3.4	3.3	2.7	3.7	4.1
Israel	4.5	4.0	4.5	3.5	4.5	4.2
Czech Republic	2.4	3.0	2.4	1.6	2.3	2.5
Hungary	2.2	3.3	2.0	1.5	2.5	2.8
Poland	4.0	4.0	4.0	3.3	4.0	3.9
EMEA - 7*	4.7	4.1	4.3	3.1	4.5	3.9

Source: UBS *Weighted average GDP growth of the seven individual EMEA countries in the table.

We now expect 4.3% GDP growth in 2011 in the seven major emerging EMEA economies, modestly lower than our previous estimate of 4.7%. This reflects downward revisions to our GDP numbers in Russia, South Africa and Hungary mainly on the back of weaker H1 economic data. As regards 2012, we have downgraded GDP growth in *all* of the seven countries, in expectation of slower export growth, weaker investment, softer labour market dynamics (employment/wages), and potentially lower commodity prices. As a result, we now expect EMEA growth of 3.1% in 2012 versus a previous estimate of 4.3%. All of our new 2012 forecasts are now well below the consensus. Yet, while the 2012 growth downgrade is material, we are still far from forecasting emerging EMEA to slip into a new recession².

Our GDP forecasts are below consensus for 2012

What do our EMEA Lead indicators suggest?

Our LEIs for emerging EMEA clearly worsened in July, the latest available data point. But this does not even capture the more dramatic worsening in global financial sentiment and growth pessimism, which occurred only in August. This suggests that our LEIs will suffer a further decline from here. Poland was the only EMEA country where our LEI rose in July (albeit from weak levels) – all other LEIs were clearly down. Our LEIs for Russia, Turkey and South Africa are still modestly positive, indicating ‘above-trend’ growth, for now. In contrast, our LEIs for Poland, Hungary, the Czech Republic and Israel have already entered negative territory, which suggests that growth in these countries has slowed ‘below-trend’ over the summer.

² For more details please see ‘Emerging shades of grey’, Emerging EMEA Research Roundtable, Themis Themistocleous et al. 31 August, 2011.

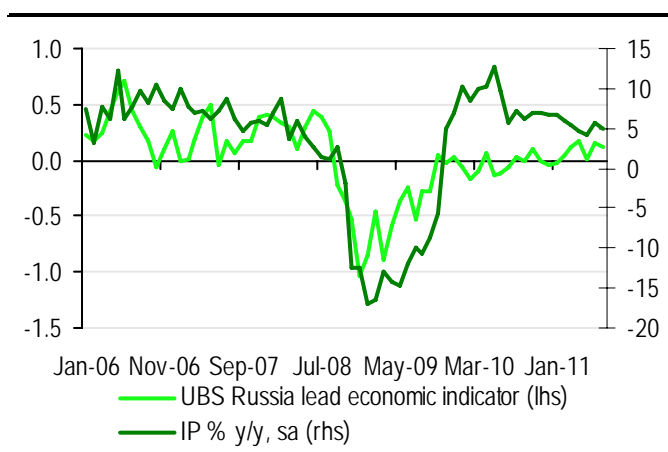
Russia

Reinhard Cluse/Gyorgy Kovacs

■ **Economic data remain soft. Despite the likely improvement in Q3 GDP growth we have reduced our GDP forecast to 4.1% and 3.4% for 2011 and 2012 from 4.8% and 4.5% respectively.**

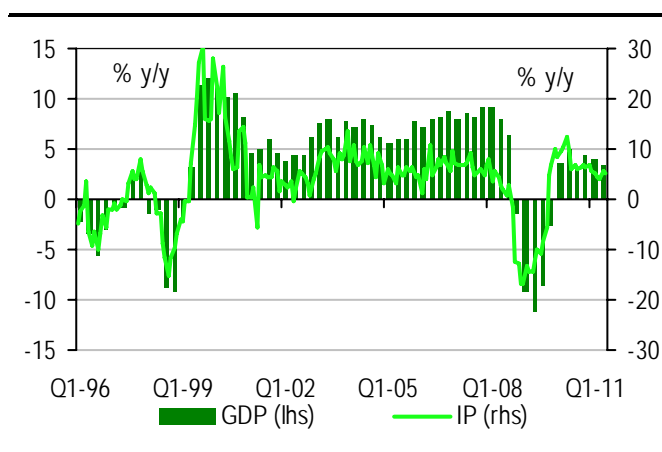
Economic data continued to point to sluggish growth in Russia. The official GDP growth estimate for Q2 2011 was revised to 3.4% y/y from 3.7% y/y, which renders a disappointing 3.7% y/y growth for H1 2011. While base effects should turn more supportive in Q3 2011 due to last year's drought and fires, the first set of numbers from July suggests only a modest rebound. There was a clear jump in construction output in July, but both industry and transportation showed softer growth rates than in June. Our Lead Economic Indicator (LEI) for Russia remained in positive territory and came in at 0.12 for July (0.08 in H1), which suggests only moderate scope for improvement in activity in Q3 2011. Taking into account the sluggish growth numbers from January-July, we cut our full-year GDP forecast to just 4.1% from 4.8% previously (consensus 4.3%). In terms of GDP components the clear laggard so far has been investment, reflecting the weakness in the business climate. As UBS has cut its 2012 growth forecast to 1.0% for the euro zone and to 8.3% for China for 2012 (from 2.0% and 9.0% previously) and oil prices are expected to drop to US\$95 in 2012 from US\$112 YTD 2011, we have also revised our 2012 Russian GDP forecast to 3.4% from 4.5% (consensus 4.3%). Clearly due to Russia's high sensitivity to oil prices and the upcoming presidential election our forecast is subject to heightened uncertainty. Compared to our previous estimate we have mainly lowered the assumed growth rate of fixed investment and exports. Our new set of GDP forecasts would be consistent with a current account surplus of 4.2% of GDP and a budget deficit of around 2% of GDP in 2012. This would still leave Russia with strong balance sheets. Given the softer economic activity, the risk to our call for a further 100bps of rate hikes to 6.50% now seems skewed to the downside.

Chart 8: UBS lead economic indicator and IP (% y/y)



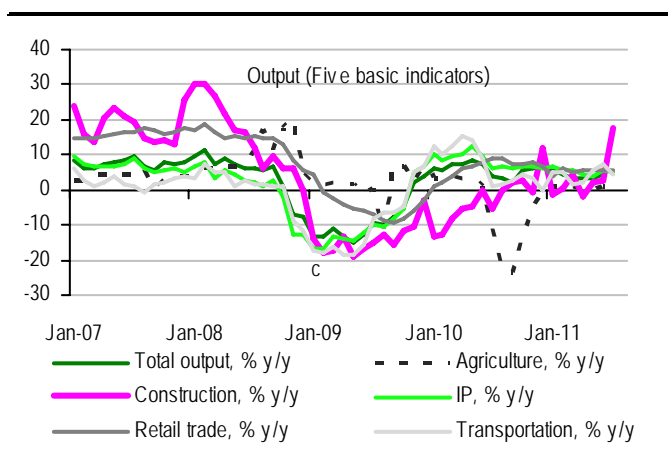
Source: Haver, UBS

Chart 9: GDP and industrial production (% y/y)



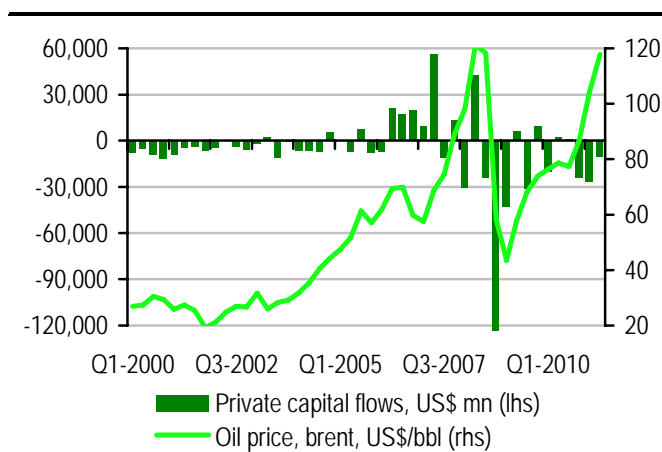
Source: Haver, UBS

Chart 10: Output of the five key sectors (% y/y)



Source: Haver, UBS

Chart 11: Capital outflows and oil price



Source: CBR, Haver, UBS

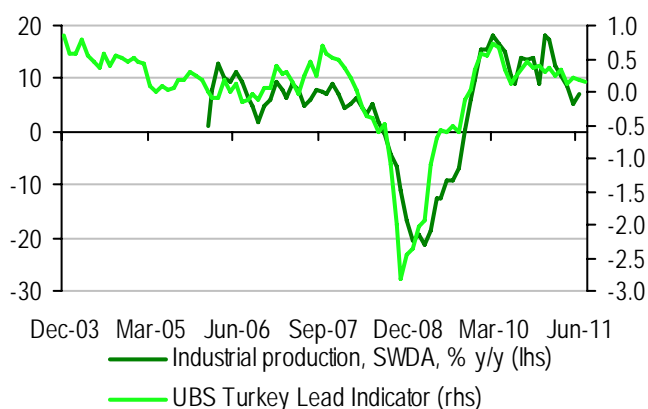
Turkey

Reinhard Cluse

- **The signs of an economic slowdown are increasing, but our LEI suggests that growth is still holding up well. For now, we maintain our 6.8% growth forecast for 2011, but cut our 2012 forecast to a sub-consensus 3.0%**

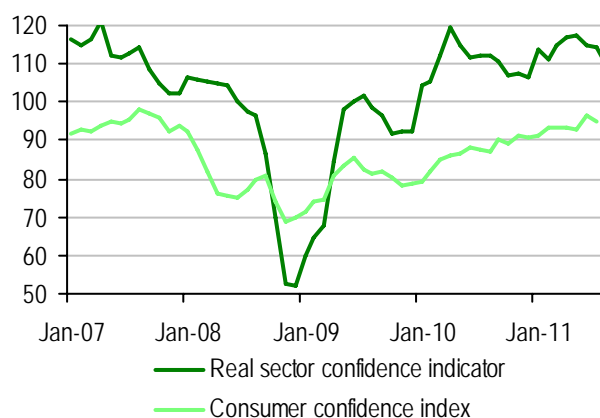
The signs of a deceleration in economic activity are increasing, as expected, and we take this as a good sign, as it should – later in the year – help to bring about a stabilisation in Turkey’s very large current account deficit, which currently stands at 9.6% of GDP. Industrial production, at 6.9% y/y, has dropped in m/m terms for five months in a row now, suggesting that Q2 GDP might be below the level of Q1 in q/q seasonally adjusted terms (in y/y terms, it might still be up by 5.5-6%). Real sector confidence has softened, as has consumer confidence. Other data points are less conclusive: the PMI, for example, was unchanged in July and capacity utilisation was up in August. What does our Turkey Lead Economic Indicator (LEI) suggest for the next few months? Between April and July 2011, our LEI has moved in a tight range of 0.13-0.2. While this is weaker than the performance earlier in 2011, the above-zero values imply that the seven subcomponents of our LEI still enjoy levels above their long-term averages, i.e. above trend growth, which we assume to be 4.3-4.5% in Turkey. Given the two month lead of our LEI vis-à-vis economic activity, this suggests that real GDP growth in Q2 2011 (data to be released on 12 Sept) might have been around 5.5-6% y/y. This suggests that even with a deceleration in growth to 3.5-4% in Q4, our 2011 GDP forecast of 6.8% might still be within reach (consensus 6.0-6.7%), although the forecast risk is now probably skewed to the downside. However, given the recent downward revision in our forecast for European and global GDP growth in 2012, we have cut our 2012 growth forecast for Turkey to 3.0% (consensus 3.6-4.4). Despite this slowdown, we view the CBT’s recent rate cut sceptically – we think the CBT should not have cut rates at this stage, given the large external deficit and vulnerability of the TRL.

Chart 12: UBS lead economic indicator and IP (% y/y)



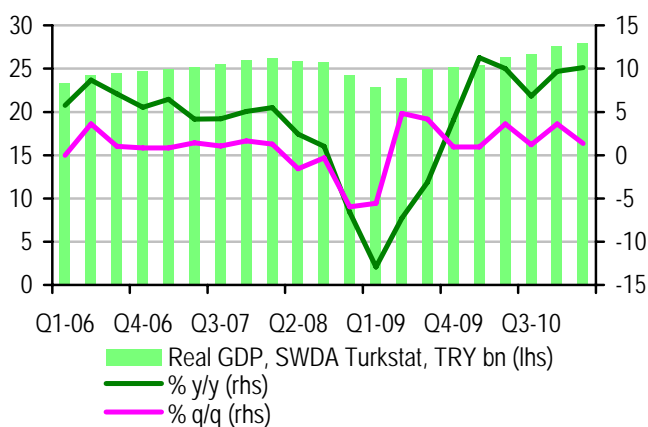
Source: TurkStat, UBS

Chart 13: Real sector confidence and consumer confidence



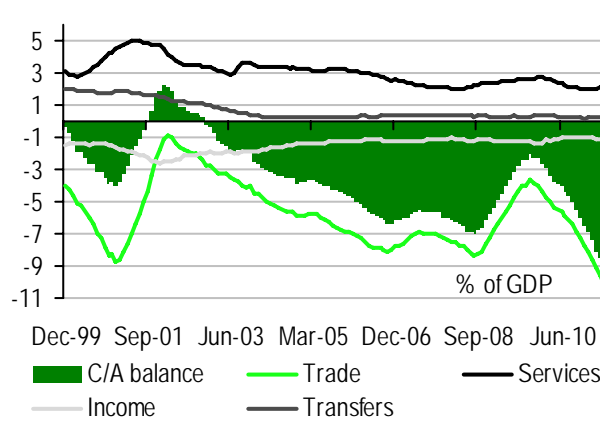
Source: UBS

Chart 14: Real GDP in seasonally adjusted terms



Source: TurkStat, UBS

Chart 15: Current account balance and subcomponents



Source: EMED, UBS

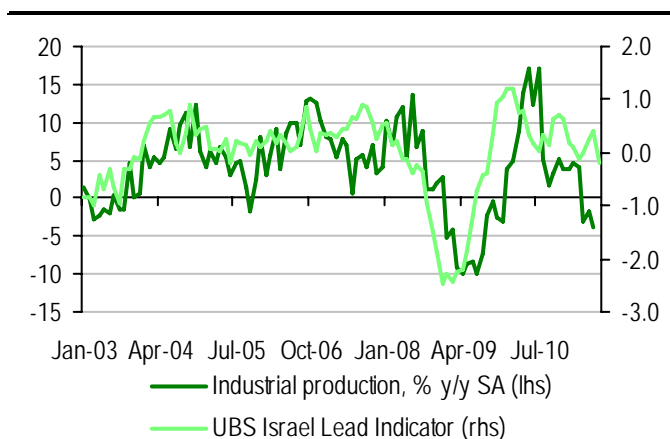
Israel

Reinhard Cluse

- **Growth has slowed down and our Israel LEI suggests economic activity in the coming months will also be soft. We keep our 2011 growth forecast of 4.5%, but cut our 2012 forecast to a below-consensus 3.5% from 4.0%.**

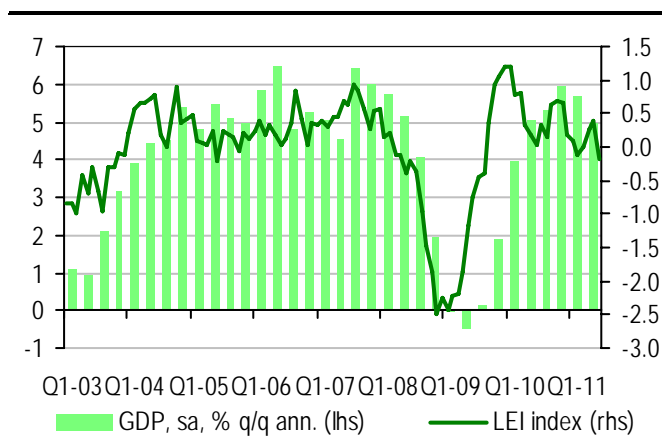
Signs of a slowdown of the Israeli economy have become clearer. In Q2, real GDP was up by just 3.3% in q/q annualised terms, after 4.7% in Q1 and 7.4% in Q4 2010. (In y/y terms, the deceleration was less obvious, with a Q2 growth rate of 5.0%, after 5.7% in Q1.) The slowdown was visible across the board, with household consumption, fixed investment, government spending and exports all softer. Industrial production was even down by an average 3% y/y in Q2. Our Israel Lead Economic Indicator – which tends to lead economic activity by 2-3 months – suggests that a quick rebound is unlikely. Not only has our indicator dropped into negative territory, which implies that the economy has slowed to ‘below-trend’ in Q3. Also, our diffusion index, which measures how many of the six subcomponents of our LEI were down compared with a month earlier, dropped to -4 from zero, as five subcomponents declined and only one increased. This performance of our LEI signals a risk of a GDP growth rate of not more than 3-3.5% in Q3, i.e., even weaker than in Q2. Fortunately, our 2011 GDP forecast of 4.5% seems conservative enough to account for this sort of softness. After all, the growth rate of 5.4% y/y in H1 2011 means that growth could slow to 3.6% y/y in H2 and still leave us broadly on track for our 2011 forecast of 4.5% (consensus 4.5%). However, given the weaker outlook for the global economy, we cut our 2012 GDP forecast to 3.5% from 4.0% (consensus 4.2%). The softer growth outlook also means that our forecast for Bank of Israel policy rates to rise from the current 3.25% to 3.75% by end-2011 and to 4.5% next year now appears to be exposed to downside risk.

Chart 16: UBS lead economic indicator and IP (% y/y)



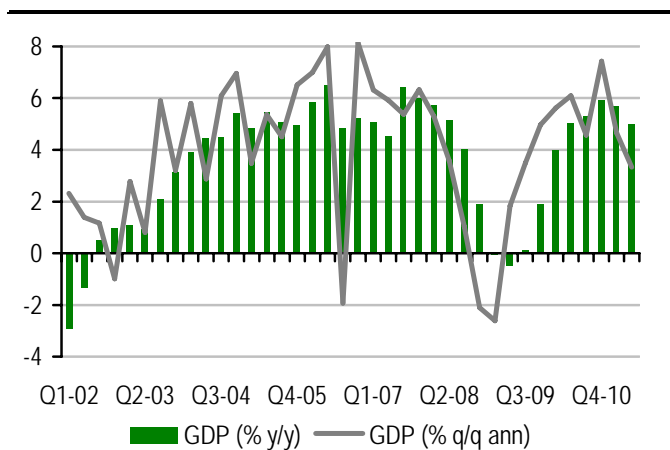
Source: CSO, UBS

Chart 17: UBS LEI and real GDP growth sa (% y/y)



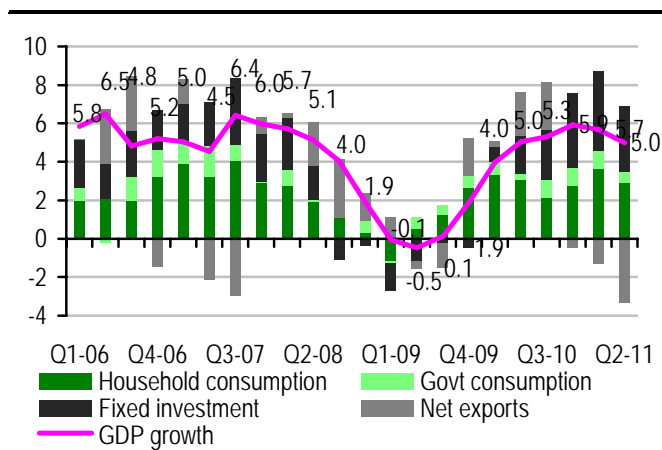
Source: CSO, UBS

Chart 18: Real GDP (% q/q annualised and % y/y)



Source: CSO, UBS

Chart 19: Real GDP (% y/y) and contribution to growth (pp)



Source: CSO, UBS

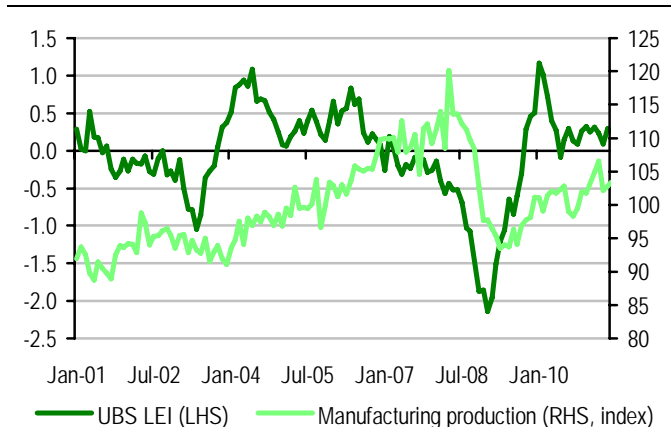
South Africa

Marie Antelme

■ **UBS's South Africa Lead Indicator (LEI) dipped in July, pointing to weaker manufacturing production in H2-11. We reduce our GDP forecast to 3.3% in 2011, and 2.7% in 2012 (consensus 3.7% and 3.9% respectively).**

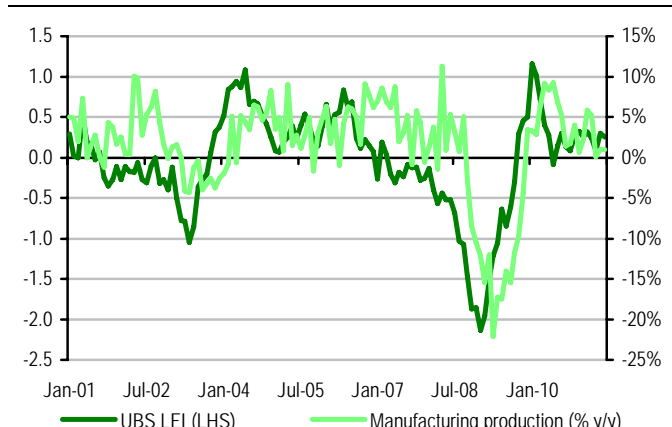
Our South Africa LEI moved down in June and July, but remains positive and broadly in line with the long-term trend. This is contrary to the SARB LEI which remained positive in June, but reflected the sharply weaker July PMI data readings. Of the seven equally-weighted component series, four declined on the month (the yield curve flattened, the All Share Index fell, the number of passenger cars sold was lower and PMI expectations declined). Positive contributions came from real M1 money supply, higher export commodity prices and an improved PMI orders to stocks ratio. Manufacturing production has been under pressure as strikes and supply shortages after the Japan earthquake have affected production, and value added by the sector contracted 7.0% q/q saa in Q2-11. We think that manufacturing production data will recover somewhat from these effects, but the outlook is clouded by high global growth anxiety and some evidence of slower domestic growth. We revised lower our 2011 GDP growth forecast to 3.3% (from 3.6%, consensus 3.7%) and for 2012 to 2.7% from 3.7% (consensus 3.9%), following recent global growth downgrades. Household spending is also losing momentum as rising inflation erodes real incomes, and asset prices are still under pressure. Credit growth is positive, but slow. Most encouragingly there have been some signs of recovery in fixed investment, but anxiety about global growth may also delay investment decisions. In this environment there is little reason for the central bank to change its interest rate stance, and we have revised our forecast for interest rates to remain on hold at 5.5% through to end-2012, despite rising inflation pressure. At this point we see little scope for further easing.

Chart 20: UBS LEI and manufacturing production (index)



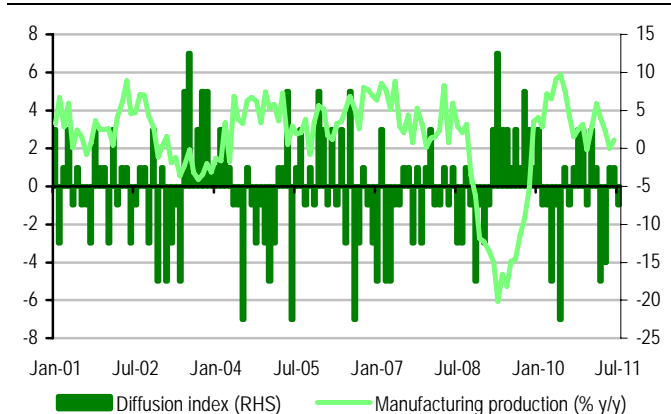
Source: Statistics South Africa, UBS

Chart 21: UBS LEI and manufacturing production (% y/y)



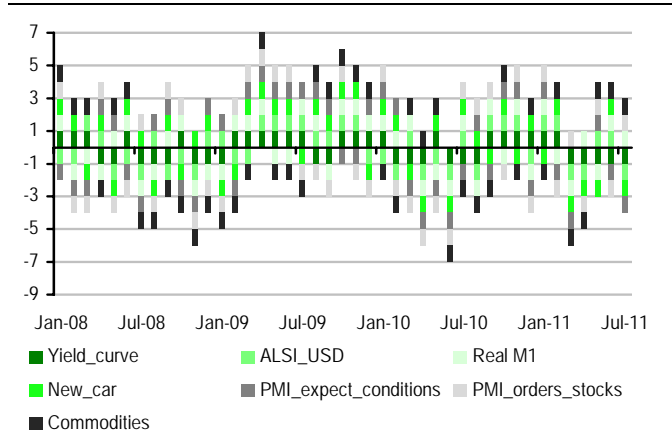
Source: Statistics South Africa, UBS

Chart 22: Diffusion index and manufacturing production



Source: Statistics South Africa, UBS

Chart 23: Component series of diffusion index



Source: UBS

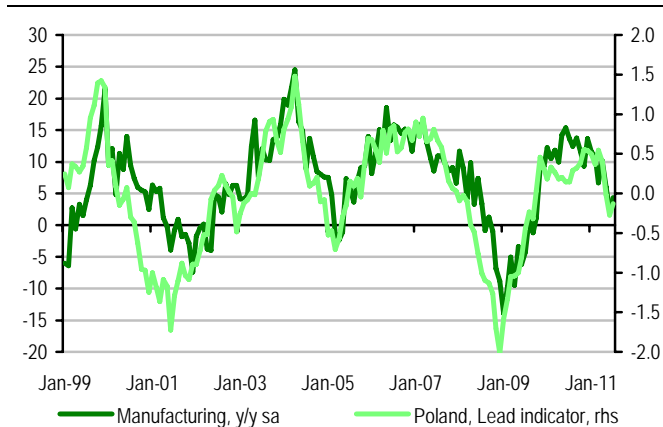
Poland

Gyorgy Kovacs

■ **Our LEI for Poland edged higher in July, but failed to make-up for the significant slump in May-June. While we keep our 4.0% GDP growth forecast for 2011, we cut our 2012 GDP estimate to 3.3% from 4.0%.**

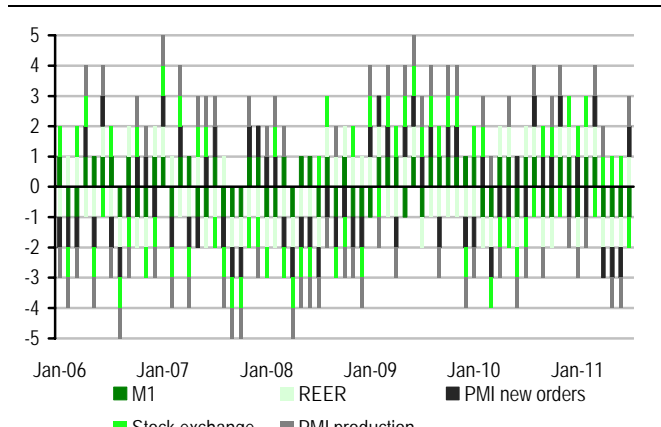
While economic performance was very strong in H1 2011, there are signs that Polish economic growth will slow down in the coming quarters. GDP grew by 4.3% y/y in Q2 2011, essentially the same pace as in Q1 2011 (4.4% y/y). Importantly, the rise in fixed investment continued to 7.8% y/y, due to stronger construction activity, revived bank lending and excellent corporate profitability. Household consumption remained robust at 3.5% y/y on the back of the labour market recovery. Our lead indicator (LEI) dropped sharply into negative territory in May-June and despite a partial recovery in July, it is still negative (-0.13). The weakness was prevalent in both sentiment (PMI) and monetary indicators. We therefore believe that Polish GDP growth is likely to slow down in Q3 and into Q4 2011. We maintain our 4.0% GDP growth forecast for 2011 — in part reflecting better Q2 numbers —, in line with the market consensus. We have lowered our 2012 GDP growth forecast to 3.3% from 4.0% previously, well below the 2012 consensus of 3.9%. The key reason for the downgrade is slower global GDP growth, in particular in the Eurozone and Germany. UBS now expects 1.0% and 1.3% GDP growth in the Eurozone and Germany in 2012 versus previous forecast of 2.0% and 2.1%. Despite our revision to the 2012 Polish GDP growth, we remain constructive on the Polish economy. We believe that healthy labour market trends, excellent financial shape of the corporate sector and limited macro imbalances should make Poland the fastest growing country in CEE. Nevertheless, our call for an additional 50bps of rate hikes to 5.0% by early 2012 is clearly subject to downside risk.

Chart 24: UBS lead economic indicator and IP (% y/y)



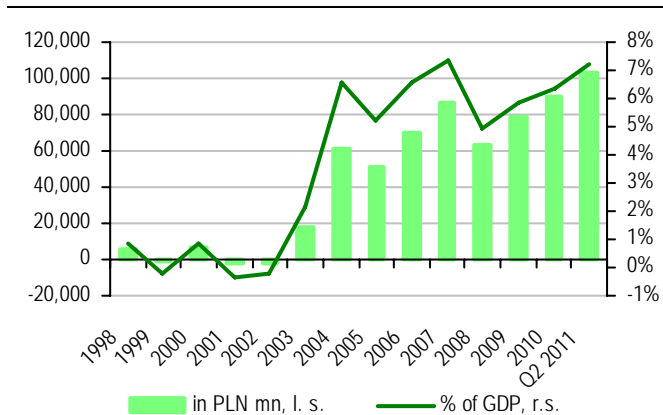
Source: GUS, UBS

Chart 25: Contributions to diffusion index



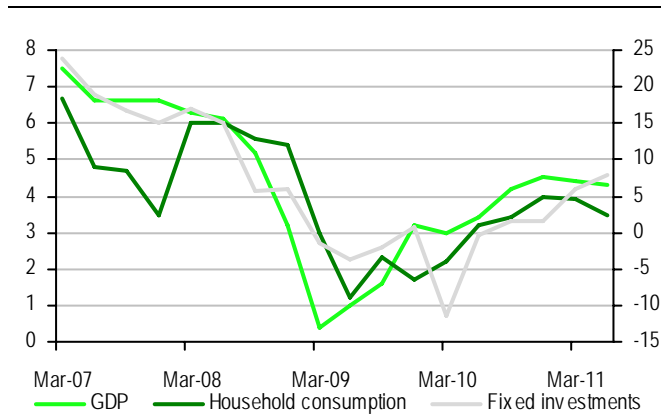
Source: UBS

Chart 26: Profits of non-financial companies (4q-rolling)



Source: GUS, UBS

Chart 27: Rebound in investments, strong consumption (% y/y)



Source: GUS, UBS

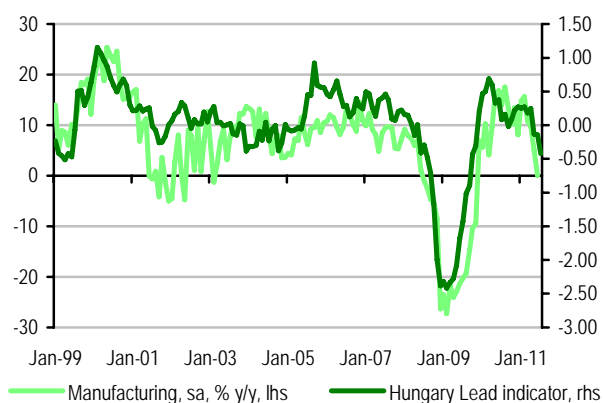
Hungary

Gyorgy Kovacs

■ **Our LEI for Hungary has fallen sharply in July and it now has the lowest reading in EMEA. We have cut our GDP forecasts to 2.0% and 1.5% for 2011 and 2012, from 2.2% and 3.3% respectively.**

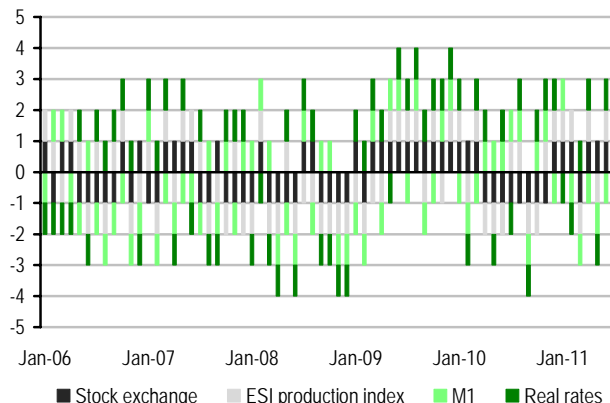
The Hungarian economy is clearly the worst performer in our EMEA space as it continues to suffer under a heavy debt burden (exacerbated by the CHF strength) that chokes off domestic demand growth. GDP growth in Q2 2011 dropped to just 1.5% y/y from 2.5% y/y in Q1 2011, which is consistent with the slowdown in industrial production (exports) and construction activity. The Hungarian economy is driven by external demand as deleveraging pressures and fiscal tightening weigh on domestic demand. Our Lead Economic Indicator (LEI) for July slipped sharply to -0.42 from -0.14 in June, which is the lowest LEI reading among the seven EMEA countries we cover in this publication. The soft LEI reflects the weakness in business sentiment and financial markets and suggests that economic growth is unlikely to take off much in the coming months. Taking into account the sluggish H1 2011 economic performance and the poor outlook, we cut our GDP forecast for 2011 to 2.0% from 2.2% previously (consensus 2.5%). As UBS cut its Eurozone growth forecast to just 1% in 2012 (from 2.0%), we lowered our Hungarian GDP growth forecast to just 1.5% for 2012 from 3.3% (consensus 2.8%). We believe that the external shock will hit Hungarian exports, while the more uncertain business and consumer sentiment will limit the scope for a domestic demand recovery. In addition, we do not factor in any meaningful rebound in bank lending. We expect a current account surplus in 2012 (c3% of GDP), which should support the HUF against the EUR. In addition, as slower GDP growth should increase the budget deficit in 2012 by c0.6% of GDP, we expect the government to announce corrective steps to keep the budget deficit at around 3% of GDP next year.

Chart 28: UBS lead economic indicator and IP (% y/y)



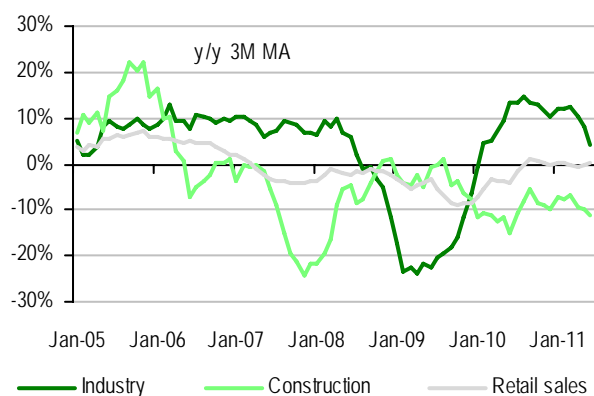
Source: CSO, UBS

Chart 29: Contributions to diffusion index



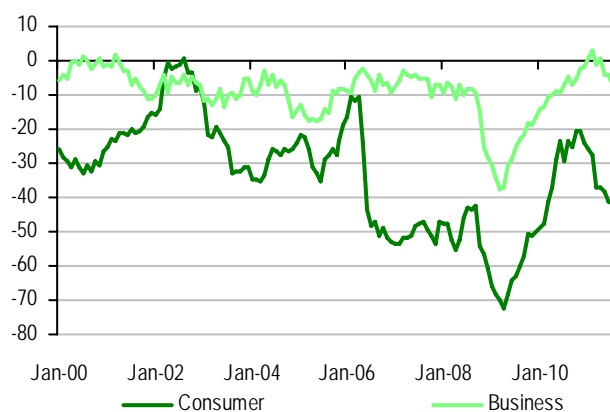
Source: UBS

Chart 30: Retail sales, construction lag the industrial recovery



Source: CSO, UBS

Chart 31: Sentiment has deteriorated significantly



Source: GKI, UBS

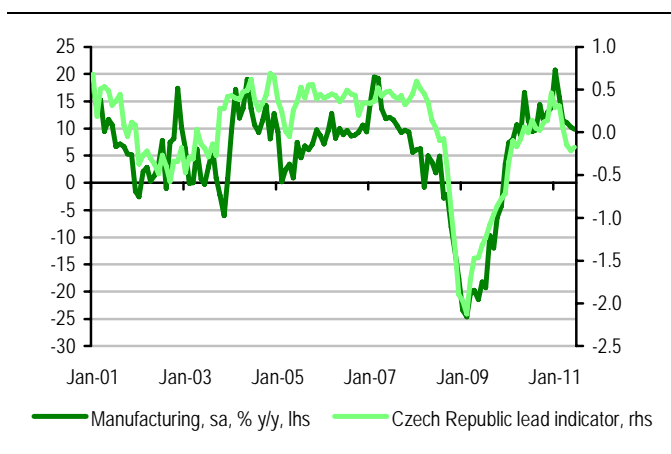
Czech Republic

Gyorgy Kovacs

■ **Our LEI for the Czech Republic dropped further into negative territory in July. While we maintain our 2.4% growth forecast for 2011, we downgrade our 2012 GDP growth estimate to 1.6% from 3.0% (consensus: 2.5%).**

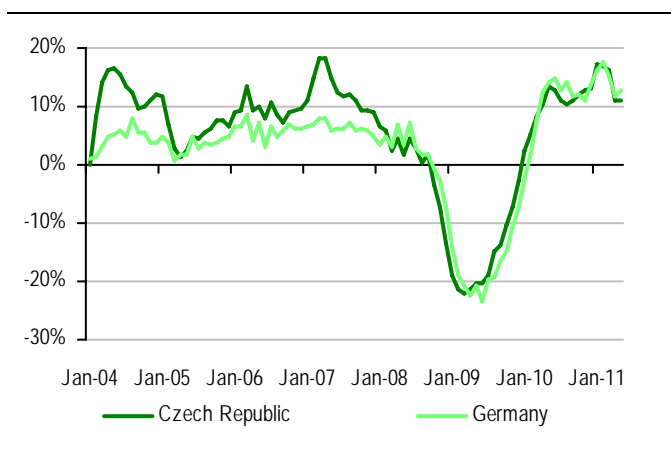
According to preliminary data, the Czech economy grew by 2.4% y/y in seasonally and working-day adjusted terms in Q2 2011, decelerating somewhat from 2.8% y/y growth in Q1 2011. Economic activity was mainly driven by exports, while final consumption recorded another decline. Our Lead Economic Indicator (LEI) has been in negative territory since April 2011, and in July the index declined further to -0.3. The change in our LEI is consistent with a further slowdown in the coming months. The components of our lead indicator reveal more wide-spread softness in business sentiment, stock market changes and monetary indicators. In part, this is the reflection of more sluggish external demand. We maintain our 2.4% GDP growth forecast for 2011 (reflecting good H1 dynamics), broadly in line with the market consensus of 2.3%. As UBS has significantly cut its 2012 growth numbers for Europe and Germany to just 1.0% and 1.3% respectively, we have also downgraded our Czech economic outlook. Due to the high openness of the Czech economy (exports to GDP is 80%) and the sluggish growth of domestic demand, we now expect 1.6% GDP growth in 2012 (3.0% previously). Our forecast is much more cautious than the 2.5% market consensus. In addition, as UBS now expects the ECB to keep rates on hold at 1.50% until the end of 2012, we have lowered our interest rate forecast and project the CNB policy rate on hold at 0.75% until 2012 (we previously expected 175bps of rate hikes in 2011-12). Also we expect slower CZK appreciation and foresee the CZK at 23.5 against the EUR by end-2012 (vs 23.2 previously).

Chart 32: UBS lead economic indicator and IP (% y/y)



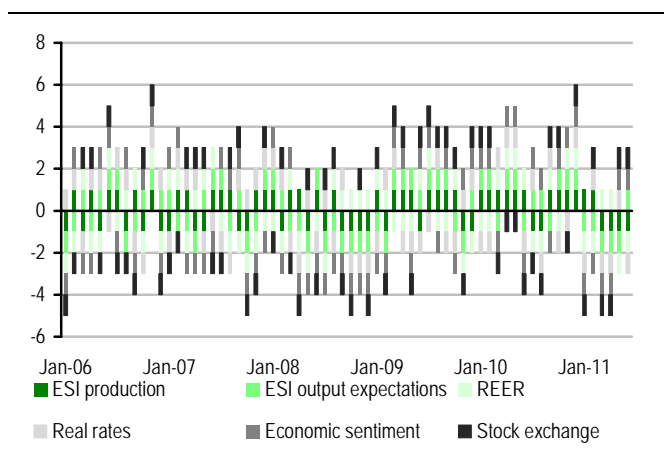
Source: CSO, UBS

Chart 34: German, Czech manufacturing output, 3m MA, % y/y



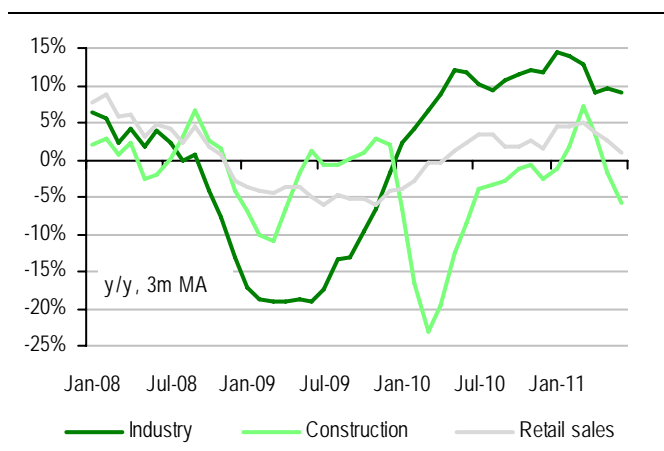
Source: EuroStat, UBS

Chart 33: Contributions to diffusion index



Source: UBS

Chart 35: Industrial production leads economic growth



Source: CSO, UBS

Appendix 1: Technical details of the UBS LEIs

Subcomponents of the UBS lead economic indicators. For details, see *UBS Q-Series®: EMEA Economic Perspectives* – *When will EMEA turn the corner?*, 10 July 2009.

Russia

- (1) **Level of orders** (The Institute of the Economy in Transition Survey)
- (2) **CBR's FX reserves** (% m/m)
- (3) **5yr Russia CDS spreads**
- (4) **Real ruble interbank interest rates**
- (5) **M2 growth** (seasonally adjusted, % m/m)
- (6) **Real ruble oil price**
- (7) **House prices in Moscow** (US\$-value)

Turkey

- (8) **Amount of stocks** (CBT Business Tendency Survey)
- (9) **Expectations for overall orders**, next three months (CBT Business Tendency Survey)
- (10) **Production expectations**, next three months (CBT Business Tendency Survey)
- (11) **Employment expectations**, next three months (CBT Business Tendency Survey)
- (12) **Consumer expectations index** (TurkStat Consumer Survey)
- (13) **Intermediate goods imports**
- (14) **ISE-100 stock market index** (US\$)

Israel

- (1) **Manufacturing PMI: Stock of purchases**
- (2) **Manufacturing PMI: New orders**
- (3) **Manufacturing PMI: New export orders**
- (4) **Intermediate goods imports**
- (5) **BoI quarterly lead indicator**
- (6) **TA-100 stock index** (US\$)

Poland

- (1) **Money supply, M1** (National Bank of Poland)
- (2) **Real effective exchange rate**, CPI-based (BIS)
- (3) **PMI, manufacturing, new orders**
- (4) **PMI, manufacturing, production**
- (5) **The WIG stock market index**

Hungary

- (1) **Business survey (ESI), production expectations** (European Commission)
- (2) **Narrow money supply, M1**
- (3) **Real money-market interest rate** (three month)
- (4) **The BUX**, the Budapest Stock Exchange index

Czech Republic

- (1) **Business survey (ESI), production index** (European Commission)
- (2) **Business survey (ESI), output expectations** (European Commission)
- (3) **Real effective exchange rates**, CPI-based (CNB)
- (4) **Real interest rate**
- (5) **Economic sentiment index** (Czech Statistical Office)
- (6) **The Prague stock exchange index** (in local currency)

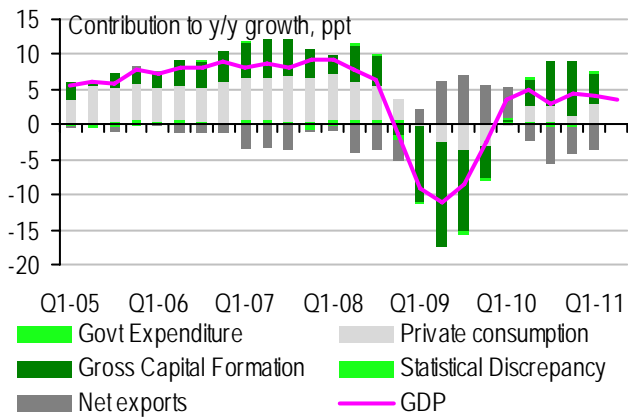
South Africa

- (1) **Real M1** (deflated by headline CPI, six-month trend, SARB)
- (2) **Average monthly JSE All Share index** (US\$)
- (3) **The spread between the 91-day Treasury and the benchmark 10-year government bond** (bp)
- (4) **New vehicle sales** (number, NAAMSA)
- (5) **PMI business expectations** (Index, BER)
- (6) **PMI new orders/inventories ratio** (Index ratio, BER)
- (7) **Weighted export commodity basket** (USD, index, UBS)

Appendix 2: Charts and data

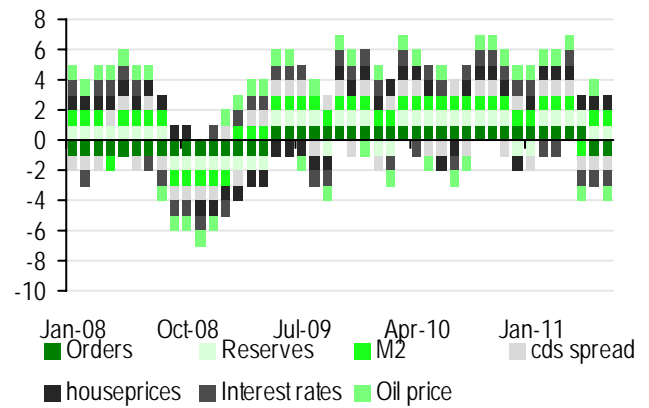
Russia charts

Chart 36: Real GDP (% y/y) and contributions to growth (pp)



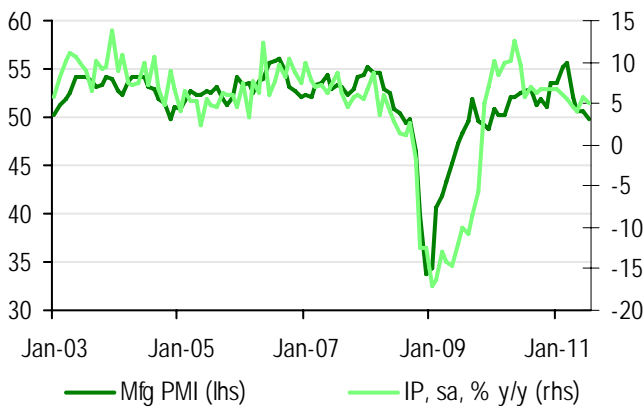
Source: Haver, UBS

Chart 37: Contributions to diffusion index



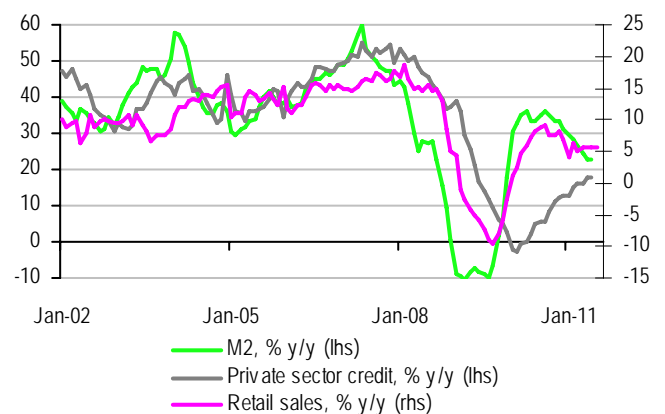
Source: Haver, UBS

Chart 38: Manufacturing PMI and IP



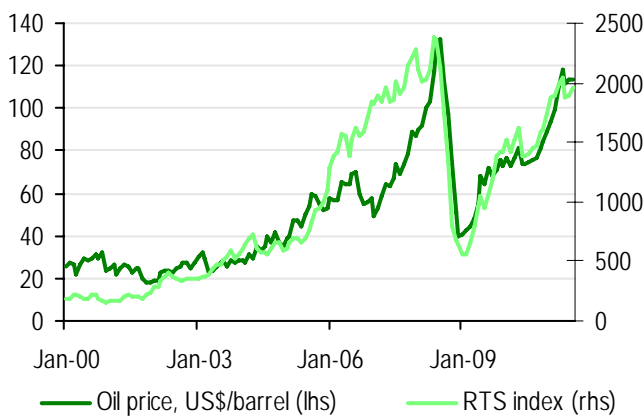
Source: Haver, UBS

Chart 39: Private sector credit, M2 and retail sales (% y/y)



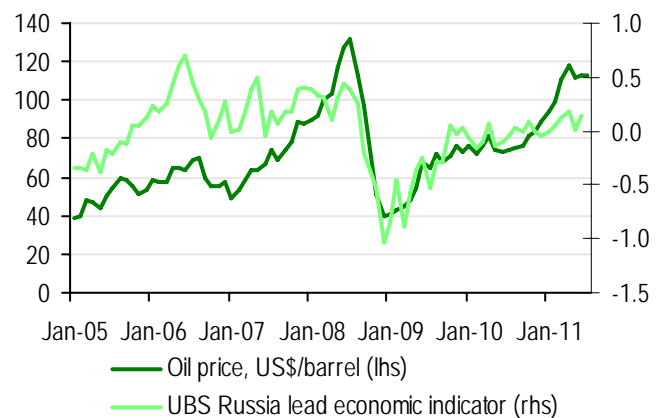
Source: Haver, UBS

Chart 40: Oil price & stock market (index)



Source: Haver, UBS

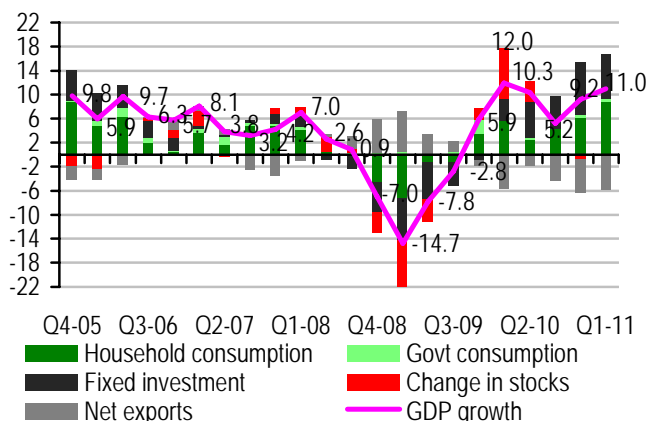
Chart 41: Oil price & UBS lead economic indicator



Source: Haver, UBS

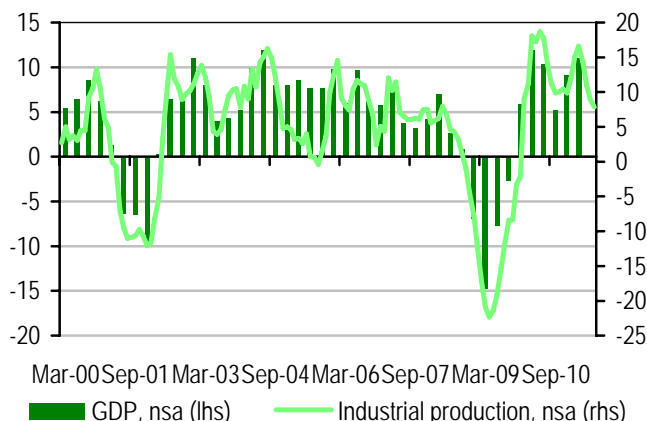
Turkey charts

Chart 42: Real GDP (% y/y) and contributions to growth (pp)



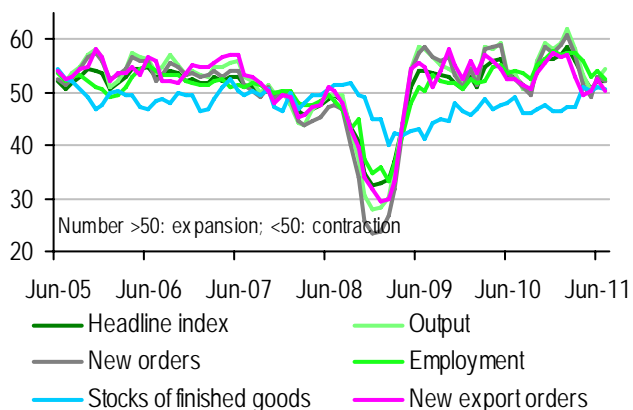
Source: TurkStat, UBS

Chart 43: GDP and industrial production (% y/y)



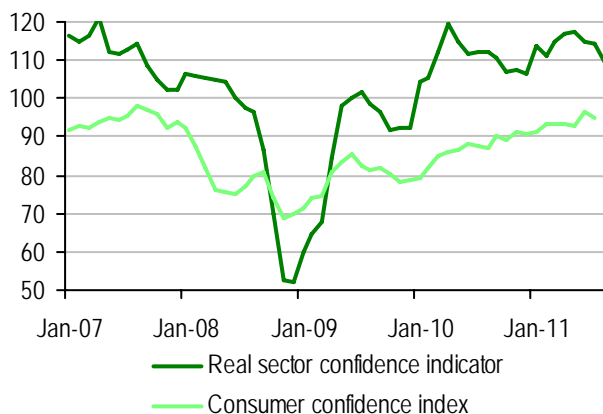
Source: TurkStat, UBS

Chart 44: Manufacturing PMI



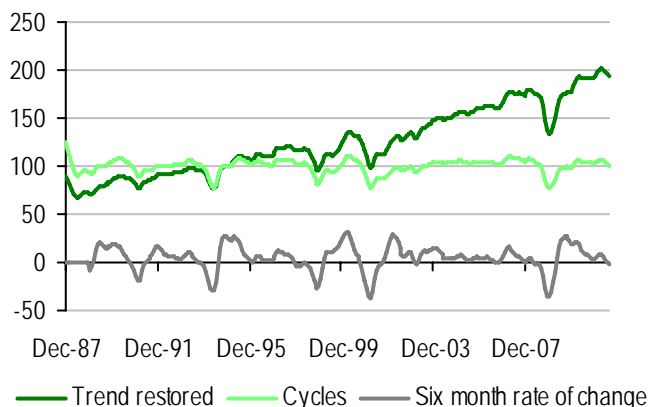
Source: Haver

Chart 45: Real sector and consumer confidence



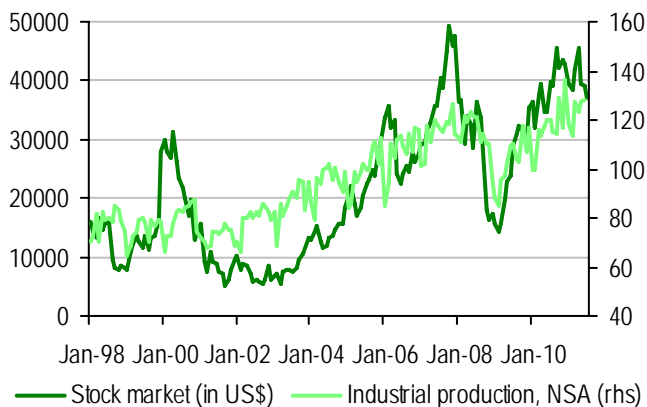
Source: CBT

Chart 46: CBT leading indicator



Source: CBT

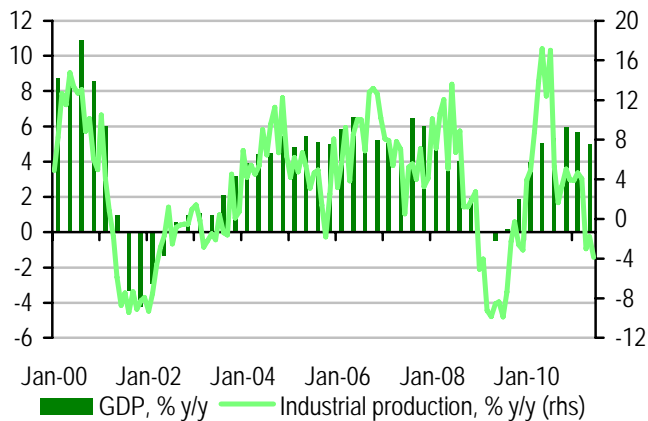
Chart 47: Industrial production and stock market



Source: Bloomberg, TurkStat, UBS

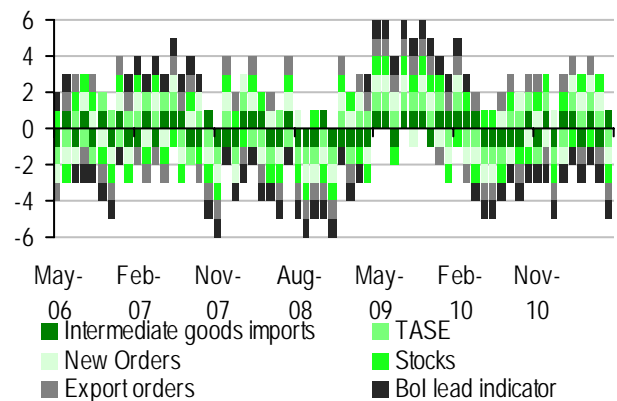
Israel charts

Chart 48: Real GDP and industrial production (% y/y)



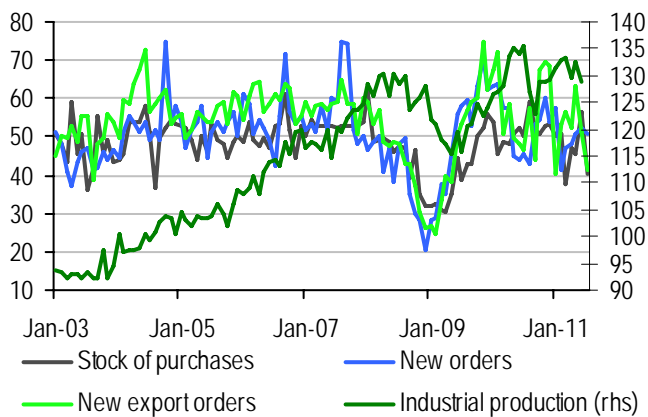
Source: CSO, UBS

Chart 49: Contributions to diffusion index



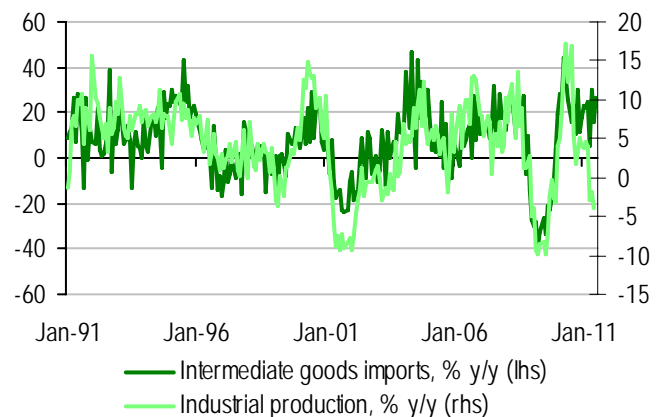
Source: Haver, UBS

Chart 50: Subcomponents of PMI and industrial production



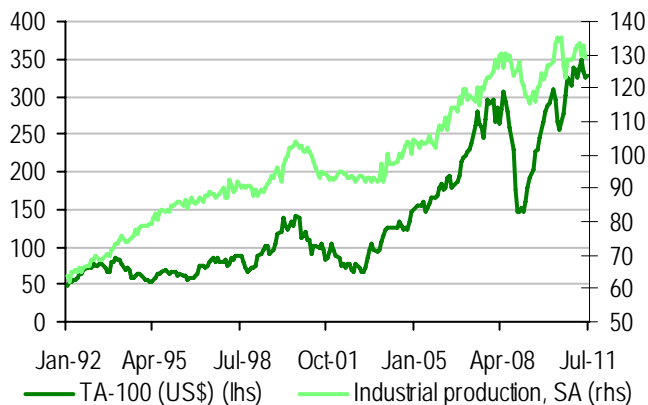
Source: Haver, UBS

Chart 51: Intermediate goods imports and industrial production



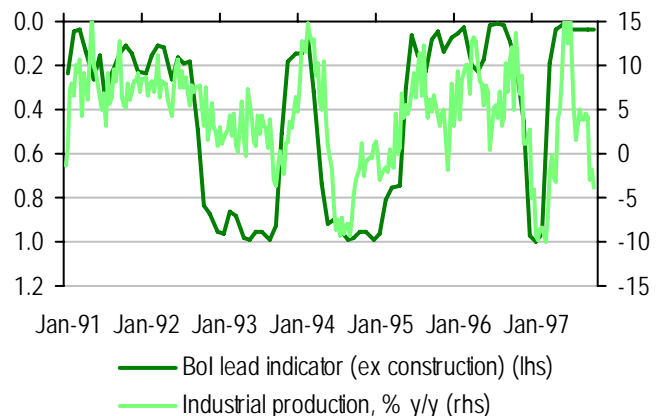
Source: CSO, UBS

Chart 52: TA-100 stock index and industrial production



Source: CSO, UBS

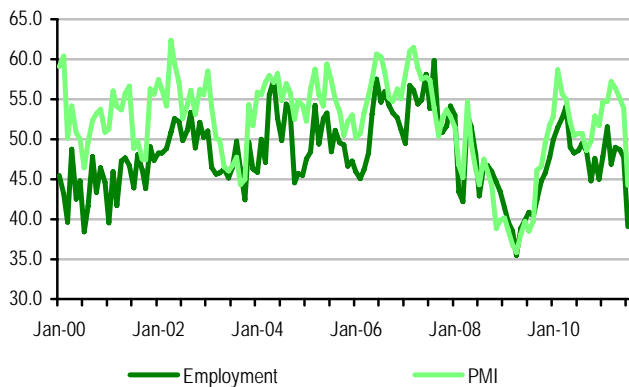
Chart 53: Bol lead indicator and industrial production



Source: Bol, Haver, UBS

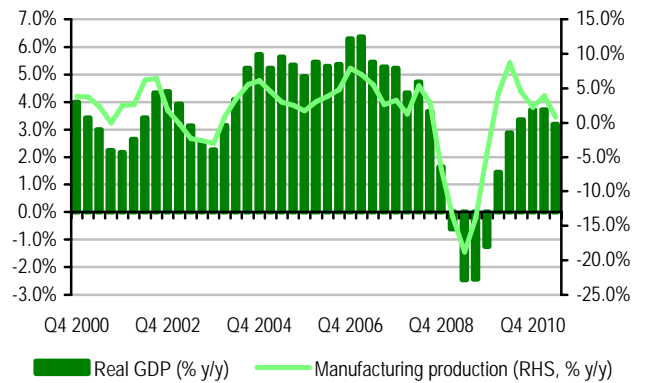
South Africa charts

Chart 54: PMI and manufacturing employment



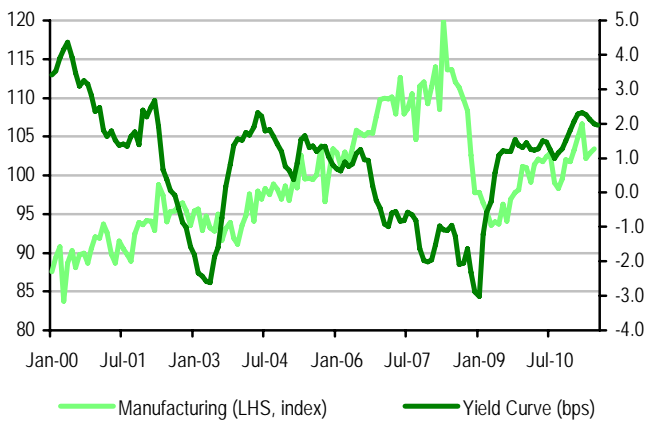
Source: Haver

Chart 55: Real GDP and manufacturing production (% y/y)



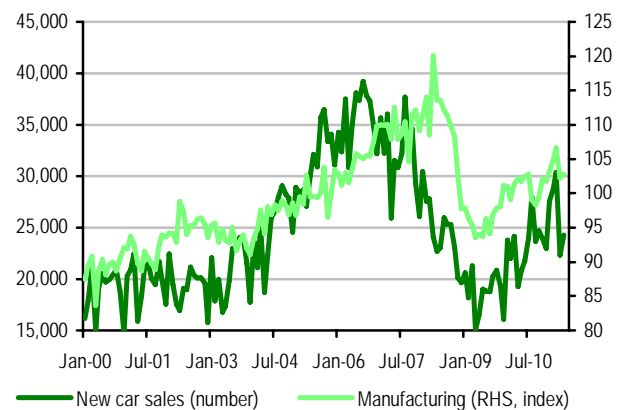
Source: SARB, Statistics South Africa

Chart 56: Yield curve



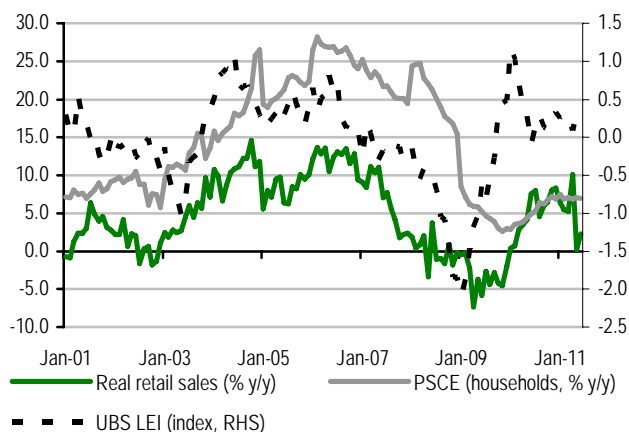
Source: BER, Statistics South Africa

Chart 57: Manufacturing production and new car sales



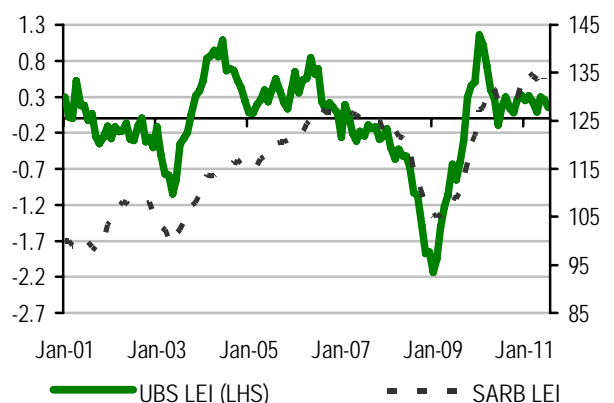
Source: BER, Statistics South Africa

Chart 58: UBS LEI and retail sales



Source: UBS, Statistics South Africa

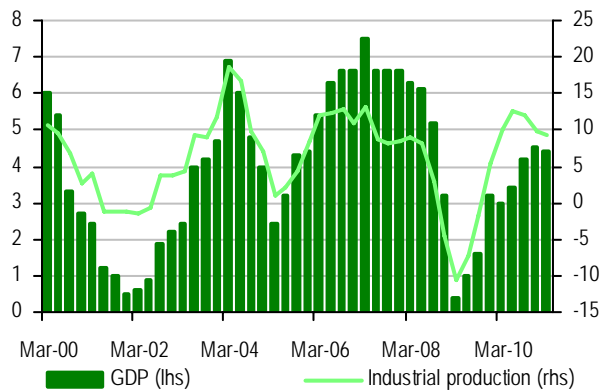
Chart 59: SARB leading indicator and UBS LEI



Source: SARB, UBS

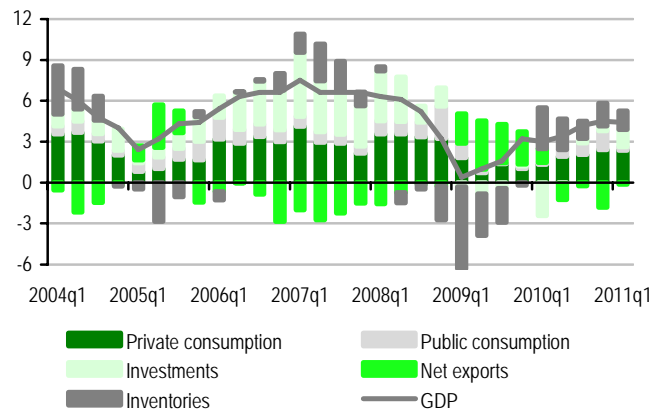
Poland charts

Chart 60: GDP and industrial production (% y/y)



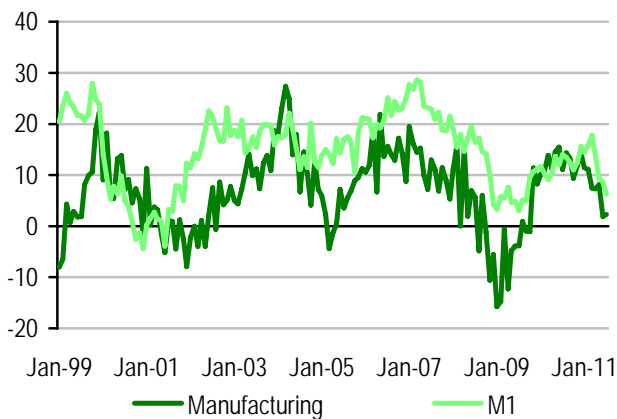
Source: GUS, UBS

Chart 61: Real GDP (% y/y) and contributions to GDP (pp)



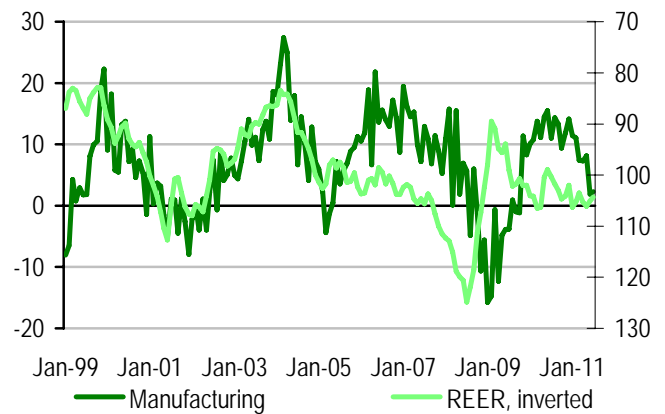
Source: GUS, UBS

Chart 62: Money supply and manufacturing (% y/y)



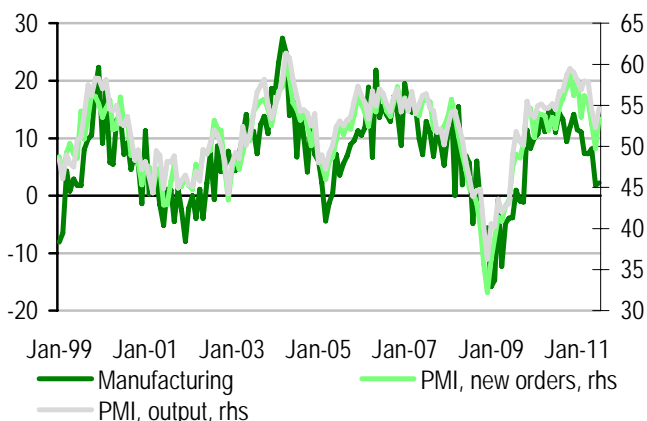
Source: NBP, GUS, UBS

Chart 63: Real exchange rate and manufacturing (% y/y)



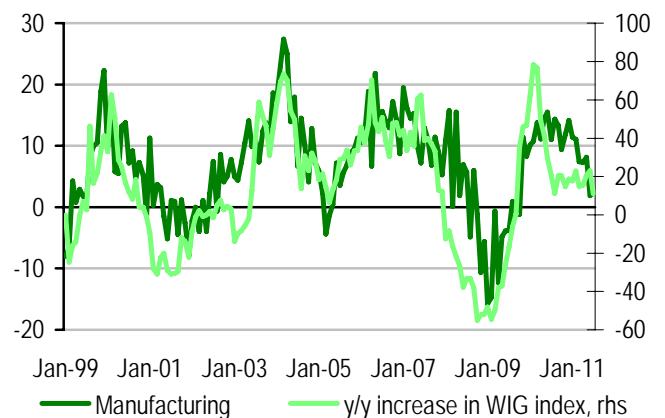
Source: BIS, GUS, UBS

Chart 64: PMI subcomponents and manufacturing (% y/y)



Source: Haver, GUS, UBS

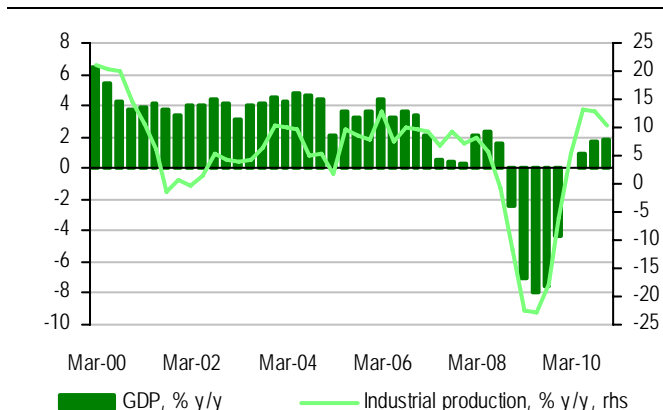
Chart 65: WIG index and manufacturing (% y/y)



Source: Haver, GUS, UBS

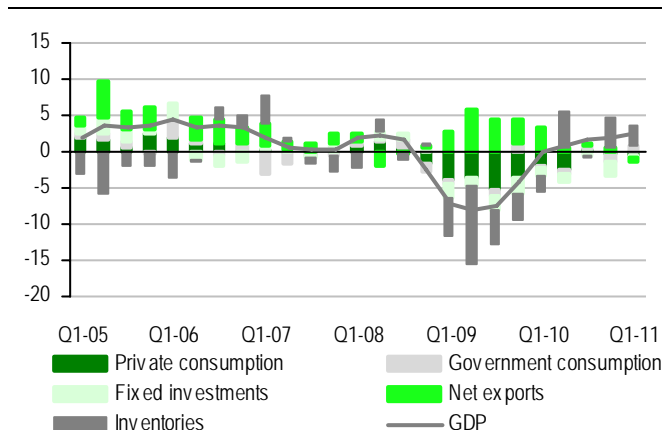
Hungary charts

Chart 66: GDP and industrial production (% y/y)



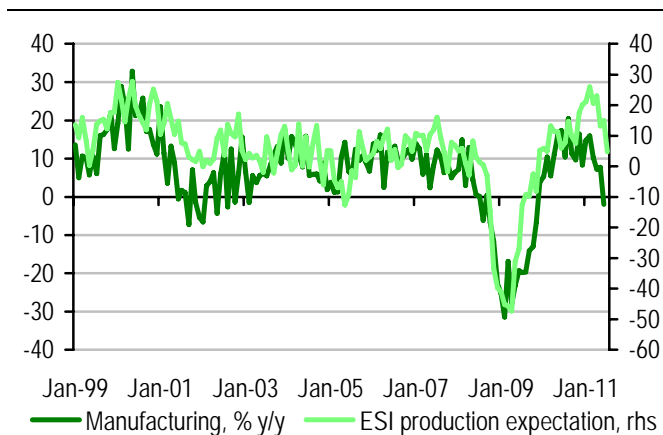
Source: CSO, UBS

Chart 67: Real GDP (% y/y) and contribution to GDP (pp)



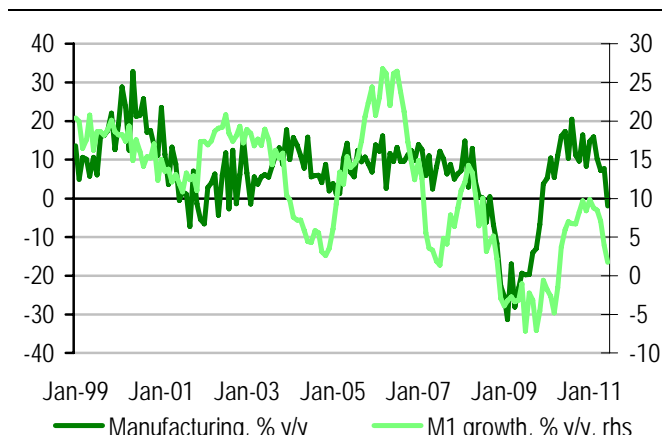
Source: CSO, UBS

Chart 68: Business survey (ESI) and manufacturing (% y/y)



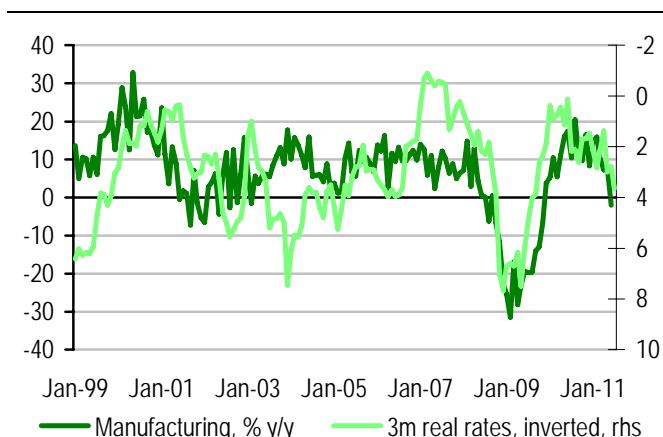
Source: European Commission, CSO, UBS

Chart 69: Money supply (M1) and manufacturing (% y/y)



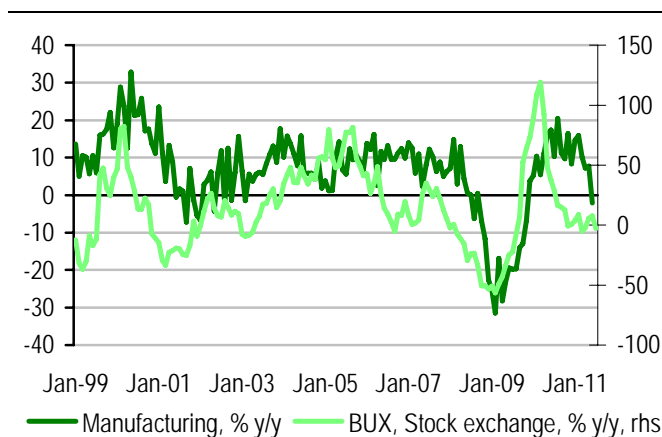
Source: NBH, CSO, UBS

Chart 70: Real rates and manufacturing (% y/y)



Source: NBH, CSO, UBS

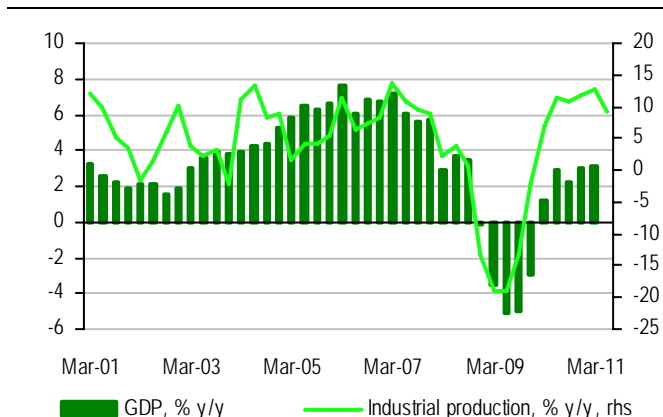
Chart 71: BUX index and manufacturing (% y/y)



Source: Haver, CSO, UBS

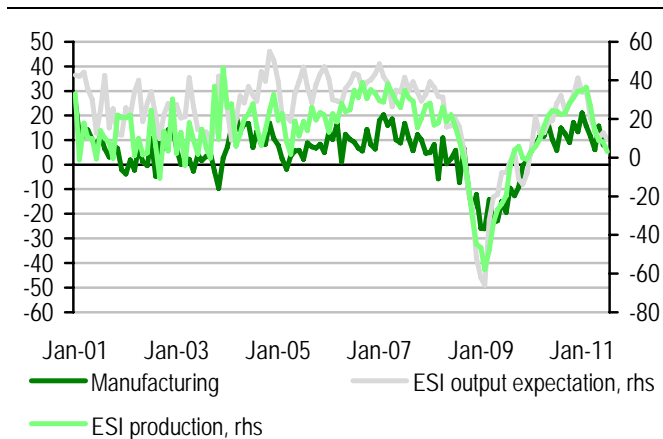
Czech Republic charts

Chart 72: Real GDP and industrial production (% y/y)



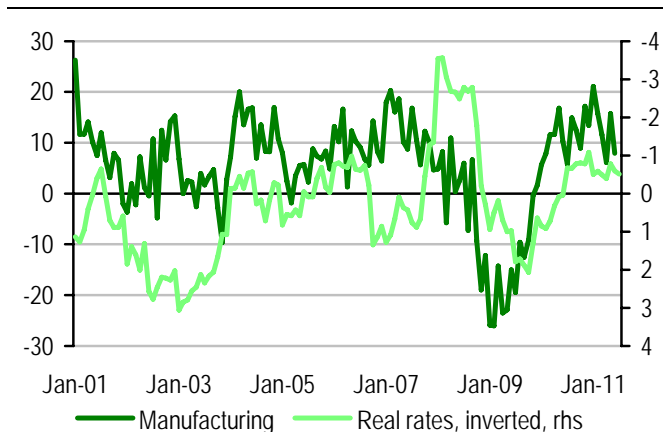
Source: CSO, UBS

Chart 74: Business survey (ESI) and manufacturing (% y/y)



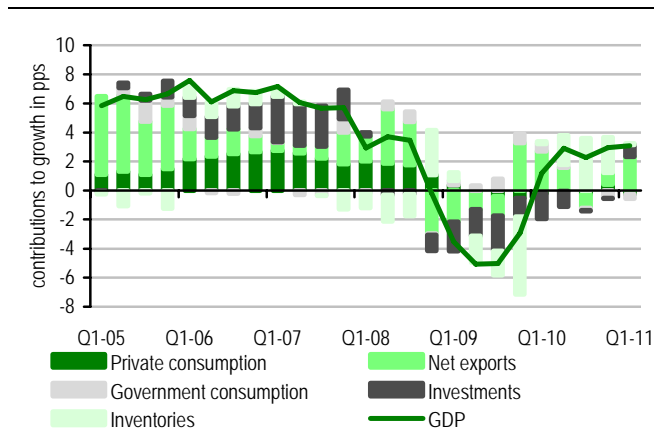
Source: European Commission, CSO, UBS

Chart 76: Real rates and manufacturing (% y/y)



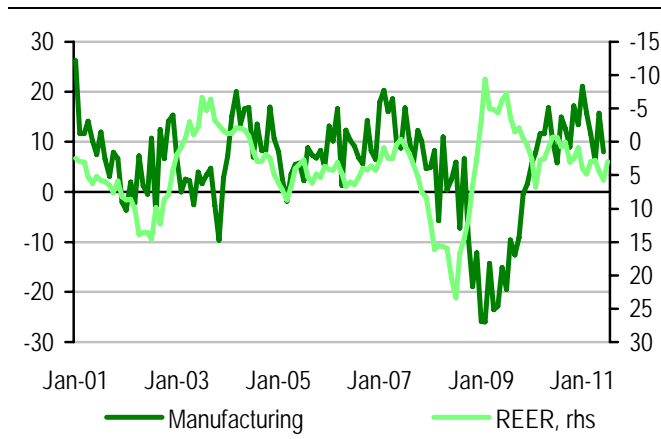
Source: CNB, CSO, UBS

Chart 73: Real GDP (% y/y) and contribution to GDP (pp)



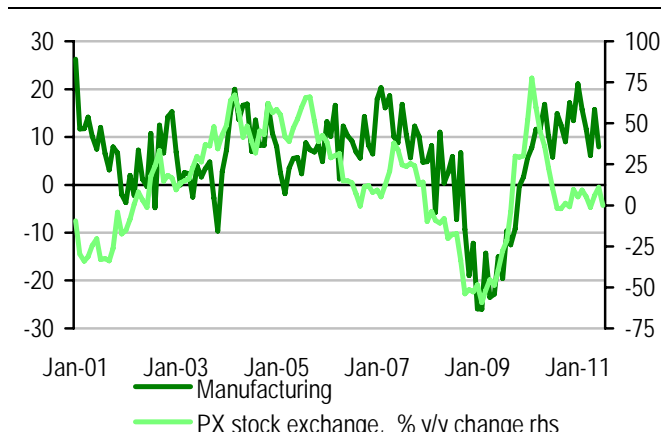
Source: CSO, UBS

Chart 75: Real exchange rate and manufacturing (% y/y)



Source: BIS, CSO, UBS

Chart 77: Prague stock exchange and manufacturing (% y/y)



Source: Haver, CSO, UBS

Appendix 3: EMEA economic activity

Table 3: EMEA real GDP growth, and *contribution* to GDP growth forecasts, and consensus

	Weights in EMEA GDP	Real GDP growth, %			Contributions to real EMEA GDP, ppt			Consensus	
		2010F	2011F	2012F	2010F	2011F	2012F	2011	2012
Poland	12.0%	3.8	4.0	3.3	0.5	0.5	0.4	4.0	3.9
Hungary	3.2%	1.2	2.0	1.5	0.0	0.1	0.0	2.5	2.8
Czech Republic	4.4%	2.3	2.4	1.6	0.1	0.1	0.1	2.3	2.5
Romania	4.4%	-1.3	2.0	3.0	-0.1	0.1	0.1	1.6	3.5
Bulgaria	1.6%	0.0	2.5	2.5	0.0	0.0	0.0	2.5	3.4
Estonia	0.4%	1.8	6.7	3.0	0.0	0.0	0.0	5.8	4.0
Latvia	0.6%	-1.0	4.5	2.5	0.0	0.0	0.0	3.6	3.7
Lithuania	1.0%	1.3	5.6	3.0	0.0	0.1	0.0	5.1	3.7
Russia	36.6%	4.0	4.1	3.4	1.5	1.5	1.2	4.3	4.3
Ukraine	5.0%	4.2	4.8	3.5	0.2	0.2	0.2	4.6	4.9
Kazakhstan	3.2%	7.1	6.4	5.9	0.2	0.2	0.2	6.4	5.8
Turkey	15.3%	8.9	6.8	3.0	1.4	1.0	0.5	6.7	3.6
Israel	3.6%	4.7	4.5	3.5	0.2	0.2	0.1	4.5	4.2
South Africa	8.8%	2.8	3.3	2.7	0.2	0.3	0.2	3.7	3.9
EMEA	100.0%	4.2	4.3	3.2	4.2	4.3	3.2	4.4	4.0
EMEA (ex Russia)	63.4%	4.4	4.4	3.0	2.8	2.8	1.9	4.4	3.8
Eastern Europe	27.5%	2.0	3.2	2.7	0.6	0.9	0.7	3.1	3.4
Baltics	1.9%	0.7	5.5	2.9	0.0	0.1	0.1	4.8	3.8
CIS	44.8%	4.2	4.3	3.6	1.9	1.9	1.6	4.5	4.5

Source: National sources, Haver, UBS

Table 4: Real quarterly GDP growth in EMEA, % y/y

% y/y	Q4-08	Q1-09	Q2-09	Q3-09	Q4-09	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11
Poland	3.2	0.4	1.0	1.6	3.2	3.0	3.4	4.2	4.5	4.4	4.3
Hungary	-2.4	-7.1	-8.0	-7.5	-4.3	0.1	1.0	1.7	1.9	2.5	n/a
Czech Republic	-0.2	-3.5	-5.1	-5.0	-2.9	1.2	2.9	2.3	3.0	3.1	n/a
Romania	3.1	-6.1	-8.7	-7.1	-6.5	-2.2	-0.4	-2.2	-0.6	1.7	n/a
Bulgaria	3.8	-4.9	-4.1	-5.0	-7.6	-4.8	1.0	0.3	3.1	1.5	n/a
Estonia	-10.7	-14.6	-16.6	-15.4	-8.8	-2.6	3.1	5.0	6.7	8.5	n/a
Latvia	-10.1	-17.8	-18.1	-19.1	-16.8	-6.1	-2.6	2.8	3.6	3.6	5.3
Lithuania	-2.3	-14.0	-15.9	-14.5	-14.5	-2.0	1.0	1.2	4.8	6.9	6.3
Russia	-1.3	-9.2	-11.2	-8.6	-2.6	3.5	5.0	3.1	4.5	4.1	3.4
Ukraine	-7.8	-19.6	-17.3	-15.7	-6.7	4.8	5.5	3.6	3.3	5.3	3.8
Kazakhstan	1.7	-2.0	-2.9	-0.5	10.2	7.3	8.0	7.2	5.6	n/a	n/a
Turkey	-7.0	-14.7	-7.8	-2.8	5.9	12.0	10.3	5.2	9.2	11.0	n/a
Israel	1.4	0.8	0.1	-0.1	2.5	2.0	5.8	5.2	6.4	6.9	3.4
South Africa	1.8	-1.4	-2.6	-2.1	-0.6	1.7	3.1	2.7	3.8	3.5	3.0
EMEA	-1.4	-8.0	-7.8	-5.8	-0.7	4.0	5.0	3.3	4.8	5.0	n/a

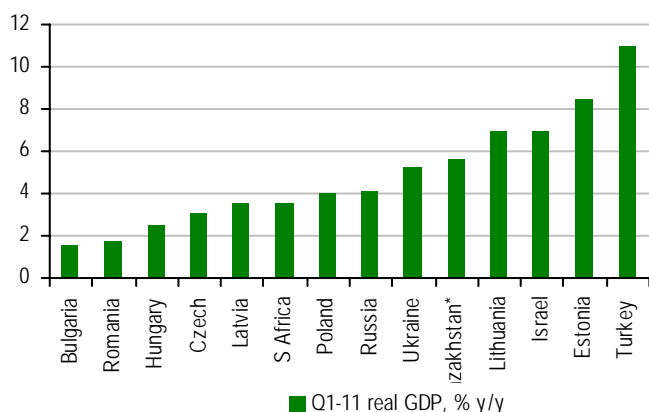
Source: Haver, UBS

Table 5: EMEA industrial production, % y/y

	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11
Poland	13.5	14.3	10.5	13.6	11.7	8.0	10.0	11.4	10.2	10.4	6.8	6.7	7.8	1.9	1.8
Hungary	14.5	15.7	9.9	18.3	11.3	8.6	15.0	7.7	13.4	14.9	9.5	7.0	7.3	-1.4	n/a
Czech Republic	15.8	8.4	6.0	13.7	12.3	8.3	15.4	12.0	16.4	13.0	9.3	4.7	15.3	7.5	n/a
Romania	6.0	6.8	3.3	5.3	5.0	1.6	7.9	9.9	11.7	12.9	9.8	3.6	7.5	1.1	n/a
Bulgaria	0.4	4.1	0.9	5.4	7.2	3.2	5.6	6.7	10.1	15.4	7.2	8.8	9.1	0.8	n/a
Estonia	20.1	18.4	19.9	23.2	28.4	31.4	35.0	38.6	32.5	31.6	33.0	27.6	27.8	23.8	n/a
Latvia	14.8	13.1	19.2	24.5	21.7	20.6	16.9	19.1	9.5	10.0	12.2	9.1	14.5	13.0	n/a
Lithuania	3.8	5.1	4.3	11.0	8.2	17.4	16.8	15.5	16.8	13.1	14.0	7.6	13.6	10.8	6.8
Russia	12.6	9.8	6.0	7.1	6.3	6.7	6.8	6.5	6.9	6.0	5.4	4.7	4.2	5.8	5.1
Ukraine	13.0	9.4	6.8	9.8	10.5	10.6	10.6	13.3	9.6	11.8	8.2	5.4	8.9	9.2	8.7
Kazakhstan	12.3	6.5	11.3	10.1	6.7	10.8	11.6	5.0	5.8	5.3	6.6	6.4	4.7	5.6	-0.8
Turkey	15.0	10.0	8.8	10.9	10.5	9.9	9.4	16.7	19.0	14.0	10.2	8.8	8.0	6.7	n/a
Israel	16.8	13.1	16.1	8.0	-7.3	6.3	4.6	2.0	5.9	4.8	8.8	-9.8	-0.7	-5.8	n/a
South Africa	8.2	9.3	7.1	5.2	1.3	2.3	4.6	0.3	1.7	5.8	4.9	0.1	1.0	0.9	n/a
EMEA	12.5	10.2	7.6	9.3	7.5	7.4	8.6	9.0	9.9	9.2	7.3	5.0	6.1	4.6	n/a
Eastern Europe	12.8	10.1	7.3	9.7	8.6	8.0	9.1	10.1	10.8	9.7	7.5	6.0	6.8	5.4	n/a

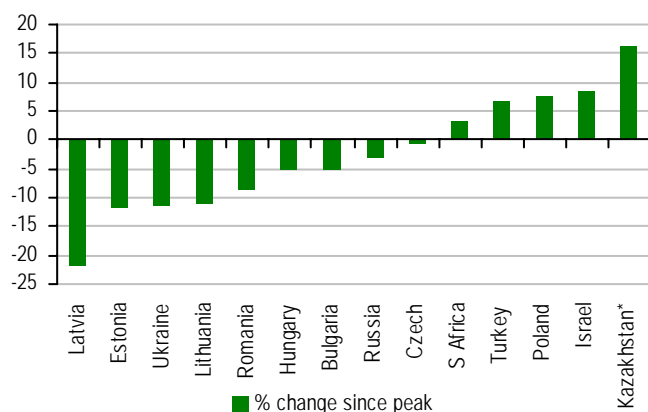
Source: Haver, UBS

Chart 1: Q1-11 real GDP, % y/y



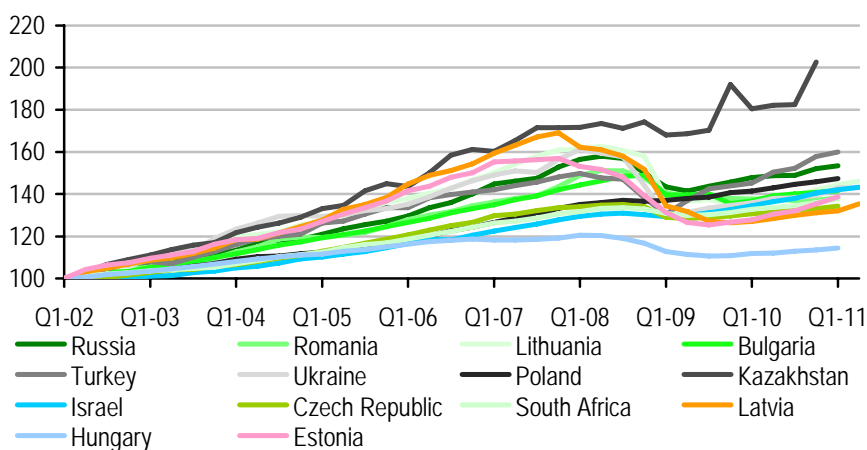
Source: Haver, UBS. *From Q4-10

Chart 2: Change in real GDP* since pre-crisis peak, %



Source: Haver, UBS. *From Q4-10

Chart 3: EMEA real GDP, index, Q1-02=100



Source: Haver, UBS

Russia – economic data and forecasts

	2004	2005	2006	2007	2008	2009	2010F	2011F	2012F
Economic Activities									
GDP (USDbn)	591	764	990	1300	1661	1218	1480	1787	2003
GDP (Rub bn)	17027	21610	26917	33248	41277	38786	44939	51273	57098
GDP per capita (USD)	4096	5309	6898	9070	11600	8515	10352	12507	14039
Real GDP growth* (%)	7.2	6.4	8.2	8.5	5.2	-7.8	4.0	4.1	3.4
Private consumption (%)	11.8	11.6	11.9	14.2	10.4	-4.8	3.0	5.5	3.5
Government consumption (%)	2.1	1.4	2.3	2.7	3.4	0.2	1.4	2.0	2.0
Gross Capital formation (%)	12.6	10.6	18.0	21.0	10.6	-14.4	6.1	4.0	6.0
Exports (%)	11.8	6.5	7.3	6.3	0.6	-4.7	7.1	4.5	3.0
Imports (%)	23.3	16.6	21.3	26.2	14.8	-30.4	25.6	12.0	6.0
Unemployment rate (year-end, ILO defn. %)	8.2	7.6	7.2	6.1	6.4	8.4	7.5	6.6	6.4
Industrial production (%)	8.0	5.1	7.9	6.8	0.6	-9.3	8.3	5.5	5.0
Prices, Interest Rate and Money									
CPI (average, %)	10.9	12.7	9.7	9.0	14.1	11.7	6.9	9.0	7.4
CPI (year-end, %)	11.7	10.9	9.0	11.9	13.3	8.8	8.8	8.0	7.2
Broad money (%)	35.8	38.5	48.8	47.5	1.7	16.3	27.5	20.0	17.0
1 day repo rate (year-end)	6.0	6.0	6.0	6.0	9.0	6.0	5.0	6.0	6.50
Exchange Rates									
USD/RUB (average)	28.8	28.3	27.2	25.6	24.9	31.8	30.4	28.7	28.5
USD/RUB (year-end)	27.8	28.8	26.4	24.6	29.4	30.2	30.5	29.0	28.0
Rub vs 55USD/45Euro basket (average)	32.0	31.4	30.3	29.8	30.1	37.4	34.8	33.5	32.5
Rub vs 55USD/45Euro basket (year-end)	32.3	31.2	30.1	29.6	34.8	36.2	34.9	33.0	31.8
Balance of Payments									
Brent (USD/bbl)	38.1	54.6	65.2	72.4	99.0	60.9	79.9	103.8	95.0
Exports, merchandise (USDbn)	183.2	243.8	303.6	354.4	471.6	303.4	400.1	515.0	510.0
Imports, merchandise (USDbn)	97.4	125.4	164.3	223.5	291.9	191.8	248.7	300.0	335.0
Trade balance (USDbn)	85.8	118.4	139.3	130.9	179.7	111.6	151.4	215.0	175.0
Current account balance (USDbn)	59.5	84.6	94.7	77.8	103.5	48.6	71.1	115.0	85.0
as a % of GDP	10.1	11.1	9.6	6.0	6.2	4.0	4.8	6.4	4.2
FDI, net (USDbn)	1.7	0.1	6.6	9.2	19.4	-7.2	-10.5	4.0	6.0
FX reserves, ex.. gold (USDbn) inc. IMF loan	120.8	175.9	295.6	466.8	411.7	416.7	443.6	550.0	620.0
Import cover (reserves/months of imports)	14.9	16.8	21.6	25.1	16.9	26.1	21.4	22.0	22.2
Fiscal Accounts									
Federal budget balance (RUBbn)	730	1613	1994	1795	1709	-2300	-1812	-513	-1142
Federal budget balance (% GDP)	4.3	7.5	7.4	5.4	4.1	-5.9	-4.0	-1.0	-2.0
Primary balance (% GDP)	5.5	8.4	9.7	5.8	4.4	-4.9	-3.6	-0.6	-1.6
Public sector debt, (% GDP)	20.9	13.2	8.3	6.6	5.2	7.3	7.8	7.8	7.2
Domestic debt (% GDP)	4.4	3.9	3.8	3.8	3.4	4.7	5.5	5.2	4.9
External debt (% GDP)	16.4	9.3	4.5	2.9	1.8	2.6	2.3	2.6	2.3
External Debt and Debt Service									
Total foreign debt (USDbn)	214	257	313	464	481	467	489	480	500
as a % of GDP (%)	36.1	33.7	31.6	35.7	28.9	38.4	33.0	26.9	25.0
Short-term foreign debt (USDbn)	35.7	43.5	56.6	99.7	73.6	52.7	60.5	67.0	75.0
Total debt service (USDbn)	46.6	63.1	67.4	54.6	64.9	78.1	85.4	77.1	80.0
as a % of foreign export receipt	25.4	25.9	22.2	15.4	13.8	25.7	21.3	15.0	15.7
Interest payments (USDbn)	11.1	12.4	16.1	21.7	26.2	22.2	22.9	24.5	25.0
Amortization (USDbn)	35.4	50.7	51.2	32.9	38.8	55.9	62.5	52.6	55.0
Credit Ratings (year-end & latest)									
Moody's	Baa3	Baa2	Baa2	Baa2	Baa1	Baa1	Baa1	Baa1 (sta)	n/a
S&P	BB+	BBB	BBB+	BBB+	BBB+	BBB	BBB	BBB (sta)	n/a
Fitch	BBB-	BBB	BBB+	BBB+	BBB+	BBB	BBB	BBB (pos)	n/a

Source: Central Bank of the Russian Federation, EMED, IIF, UBS estimates

Turkey - economic data and forecasts

	2004	2005	2006	2007	2008	2009	2010E	2011F	2012F
Economic Activity									
GDP (TRYbn)	559.0	648.9	758.4	843.2	950.5	952.6	1105.1	1247.5	1367.2
GDP (USDbn)	391.1	481.7	527.5	643.6	728.3	614.6	733.1	767.7	854.5
GDP per capita (USD)	5774	7024	7599	9161	10228	8547	10083	10445	11501
Real GDP growth (%)	9.4	8.4	6.9	4.7	0.7	-4.8	8.9	6.8	3.0
Private consumption (%)	11.0	7.9	4.6	5.5	-0.3	-2.3	6.6	9.0	3.5
Government consumption (%)	6.0	2.5	8.4	6.5	1.7	7.8	2.0	4.0	1.5
Fixed capital formation (%)	28.4	17.4	13.3	3.1	-6.2	-19.0	29.9	25.0	7.0
Exports (%)	11.2	7.9	6.6	7.3	2.7	-5.0	3.4	6.0	7.0
Imports (%)	20.8	12.2	6.9	10.7	-4.1	-14.3	20.7	20.0	9.0
Unemployment rate, year-end (%)	11.5	10.6	10.3	10.2	11.0	14.0	11.9	11.2	11.5
Industrial production (average, %)	9.8	5.3	7.3	7.0	-0.6	-9.9	13.1	8.5	5.8
Prices, Interest Rate and Money									
Consumer price inflation (average, %)	8.6	8.2	9.6	8.8	10.4	6.3	8.6	5.7	6.4
Consumer price inflation (year-end, %)	9.4	7.7	9.7	8.4	10.1	6.5	6.4	7.2	6.5
Broad money (M2 Y, %)	34.2	40.1	20.7	22.0	27.1	11.0	24.4	19.0	13.0
Policy rates (1-week repo rate***, yr-end, %)	18.0	13.5	17.5	15.75	15.0	6.50	6.50	6.75	8.00
Exchange Rates									
USD/TRY (average)	1.43	1.35	1.44	1.31	1.31	1.55	1.51	1.63	1.60
USD/TRY (year-end)	1.34	1.35	1.42	1.17	1.54	1.50	1.54	1.65	1.55
EUR/TRY (average)	1.78	1.68	1.81	1.79	1.92	2.15	2.00	2.15	2.08
EUR/TRY (year-end)	1.83	1.60	1.87	1.72	2.14	2.16	2.06	2.15	2.02
TRY against USD/EUR basket (50/50)	1.60	1.51	1.62	1.55	1.61	1.85	1.75	1.89	1.84
REER (1995=100, annual average)	95.2	106.3	106.5	115.0	117.9	110.2	124.7	120.4	128.6
Balance of Payments									
Exports, fob, (USDbn)	68.5	78.4	93.6	115.4	140.8	109.6	121.0	130.0	150.0
Imports, fob, (USDbn)	91.3	111.4	134.7	162.2	193.8	134.5	177.3	218.0	233.0
Trade balance (USDbn)	-22.7	-33.1	-41.1	-46.9	-53.0	-24.8	-56.3	-88.0	-83.0
Current account balance (USDbn)	-14.4	-22.2	-32.2	-38.4	-42.0	-14.0	-47.6	-77.0	-73.0
as a % of GDP	-3.7	-4.6	-6.1	-6.0	-5.8	-2.3	-6.5	-10.0	-8.5
FDI, net (USDbn)	2.0	9.0	19.3	19.9	17.0	6.9	7.8	10.0	10.0
Foreign exchange reserves excl. gold (USDbn)	34.4	48.6	58.5	70.2	67.8	66.6	75.4	85.0	85.0
Import cover (reserves/months of imports)	4.5	5.2	5.2	5.2	4.2	5.9	5.1	4.7	4.4
Fiscal Accounts									
Consolidated government budget balance (TRYbn)	-20.1	-1.9	-4.6	-13.9	-17.1	-52.8	-39.6	-28.7	-39.6
Consolidated government budget balance (% GDP)	-3.6	-0.3	-0.6	-1.6	-1.8	-5.5	-3.6	-2.3	-2.9
Public sector primary balance (% GDP)	4.7	5.5	5.5	4.1	3.5	0.0	0.8	1.5	1.3
Public sector debt, gross (% GDP)	59.5	54.1	48.2	42.2	42.9	48.9	45.0	41.5	40.5
Domestic debt (% GDP)	42.0	40.0	35.4	32.4	31.1	36.5	33.4	32.8	32.5
External debt (% GDP)	17.5	14.1	12.8	9.8	11.8	12.4	11.6	8.7	8.0
Public sector debt, net (% of GDP)*	49.0	41.6	34.0	29.5	28.2	32.5	28.7	30.5	31.0
External Debt and Debt Service									
Total foreign debt (USDbn)	161.0	169.9	207.7	249.5	280.4	268.5	289.5	300.0	305.0
as a % of GDP	41.2	35.3	39.4	38.8	38.5	43.7	39.5	39.1	35.7
o/w Public foreign debt, including CBT (USDbn)	97.1	85.8	87.2	89.4	92.4	96.8	100.8	105.0	105.0
o/w Private foreign debt, (USDbn)	63.9	84.0	120.5	160.1	188.0	171.7	188.7	195.0	200.0
Short-term foreign debt (USDbn)	32.2	38.3	42.6	43.1	53.1	49.7	78.1	79.0	73.0
Total external debt service (USDbn), excluding	30.5	36.8	39.3	48.0	53.2	58.2	55.0	54.3	55.0
as a % of exports (fob)	44.5	47.0	41.9	41.6	37.8	53.1	45.5	41.8	36.7
Interest payments (USDbn)	7.1	8.0	8.6	10.1	11.3	9.9	8.3	12.3	13.5
Amortization (USDbn)**	23.3	28.8	30.7	37.9	41.8	48.4	46.7	42.0	41.5
Credit Ratings (year-end & latest)									
Moody's	B1	Ba3	Ba3	Ba3	Ba3	Ba3	Ba2	Ba2 (pos.)	n/a
S&P	BB-	BB-	BB-	BB-	BB-	BB-	BB	BB (pos)	n/a
Fitch	B+	BB-	BB-	BB-	BB-	BB-	BB+	BB+ (pos)	n/a

Source: SIS, CBT, Turkish Treasury, IMF, IIF, Bloomberg, Moody's, Standard & Poor's, Fitch, UBS estimates

* Net debt = gross debt minus CBT net assets, public sector deposits, unemployment insurance fund net assets; ** excluding principal on short-term debt

Israel – economic data and forecasts

	2004	2005	2006	2007	2008	2009	2010F	2011F	2012F
Economic Activity									
GDP (NISbn)	567.3	601.2	648.2	686.5	723.6	766.3	813.0	880.2	932.9
GDP (USDbn)	126.6	134.0	145.5	167.1	201.7	194.8	217.8	251.5	272.0
GDP per capita (USD)	19,256	20,019	21,356	24,007	28,348	26,802	29,313	33,116	35,043
Real GDP growth (%)	4.8	4.9	5.6	5.5	4.0	0.8	4.8	4.5	3.5
Business sector product (%)	6.6	5.9	6.8	6.1	4.5	0.3	5.8	4.8	3.8
Private consumption (%)	5.3	3.1	4.2	6.3	2.8	1.4	5.3	5.0	3.8
Government consumption (%)	-1.6	2.0	3.0	3.3	1.9	2.4	2.5	2.3	2.0
Fixed investment (%)	0.0	3.5	13.1	14.6	4.2	-4.1	13.6	12.0	8.0
Exports (%)	17.5	4.5	5.5	9.2	6.6	-12.6	13.4	6.5	5.8
Imports (%)	12.0	3.6	3.2	11.7	2.3	-14.0	12.6	9.0	7.5
Industrial production (%)	6.9	3.6	9.9	4.4	7.4	-6.0	7.8	5.0	5.5
Unemployment rate (year-end, %)	10.4	9.0	8.4	7.3	6.2	7.6	6.6	6.4	6.3
Prices, Interest Rate and Money									
Consumer price inflation (average, %)	-0.4	1.3	2.1	0.5	4.6	3.3	2.7	3.6	2.4
Consumer price inflation (year-end, %)	1.2	2.4	-0.1	3.4	3.7	4.0	2.6	2.6	2.6
M1 money supply (average, %)	4.2	6.1	4.9	15.3	9.8	17.7	3.9	7.5	8.0
Benchmark rate (year-end, %)	3.9	4.5	5.0	4.0	2.5	1.0	2.0	3.75	4.50
Long-dated ILS bond yield* (year-end, %)	5.62	5.54	5.61	6.17	4.72	5.11	4.75	5.00	5.00
Exchange Rates									
USD/ILS (average)	4.48	4.49	4.46	4.11	3.59	3.93	3.73	3.50	3.43
USD/ILS (year-end)	4.31	4.60	4.23	3.85	3.80	3.78	3.55	3.45	3.40
EUR/ILS (average)	5.58	5.58	5.62	5.63	5.27	5.47	4.95	4.62	4.46
EUR/ILS (year-end)	5.86	5.43	5.57	5.65	5.28	5.44	4.74	4.49	4.42
ILS against basket of USD/EUR (50/50)	5.03	5.04	5.04	4.87	4.43	4.70	4.34	4.06	3.94
REER (2000=100)	79.6	78.4	78.6	80.1	90.2	87.6	93.5	101.3	104.8
Balance of Payments									
Exports, fob (USDbn)	36.4	39.8	43.3	50.3	57.2	45.9	55.7	58.0	59.0
Imports, fob (USDbn)	39.5	43.9	47.2	56.0	64.4	46.0	58.0	63.0	64.5
Trade balance (USDbn)	-3.1	-4.1	-3.8	-5.7	-7.2	-0.1	-2.4	-5.0	-5.5
Current account balance (USDbn)	2.3	4.2	7.4	4.9	1.5	7.1	6.4	4.8	4.5
as a % of GDP	1.9	3.2	5.1	2.9	0.8	3.6	2.9	1.9	1.7
FDI, net (USDbn)	-1.6	1.9	-0.2	0.2	3.7	2.7	-2.8	2.3	2.3
Foreign exchange reserves excl. gold (USDbn)	26.6	27.9	29.1	28.6	42.5	60.6	70.9	73.0	78.0
Import cover (reserves/months of imports)	5.5	5.2	4.9	4.0	5.3	6.9	7.0	6.8	6.6
Fiscal Accounts									
General government budget balance (NISbn)	-23.3	-15.0	-7.1	-4.1	-16.6	-40.6	-30.9	-25.5	-22.4
General government budget balance (% GDP)	-4.1	-2.5	-1.1	-0.6	-2.3	-5.3	-3.8	-2.9	-2.4
Primary balance (% GDP)	2.6	4.0	5.3	5.3	3.2	0.1	1.4	1.7	2.1
Public sector debt (% GDP)	97.4	93.5	84.3	77.7	76.7	79.2	76.2	73.6	70.9
Domestic debt (% GDP)	70.9	67.5	61.7	58.7	60.2	63.2	61.9	61.6	59.6
External debt (% GDP)	26.5	26.0	22.6	19.0	16.5	16.0	14.3	12.0	11.3
External Debt and Debt Service									
Total foreign debt (USDbn)	78.5	78.2	87.4	90.5	88.4	93.3	106.0	90.0	95.0
as a % of GDP	62.0	58.4	60.1	54.1	43.8	47.9	48.7	35.8	34.9
Short-term foreign debt (USDbn)	27.0	28.0	32.0	36.2	33.3	31.9	33.2	34.0	35.0
Total debt service (USDbn)	6.7	7.5	8.9	14.9	7.6	8.0	8.6	9.0	9.3
as a % of foreign export receipts	12.1	11.9	12.5	18.1	8.6	11.3	11.7	11.0	10.5
Interest payment (USDbn)	2.9	3.3	4.0	4.3	3.5	3.3	3.5	3.6	3.6
Amortization (USDbn)	3.9	4.2	4.9	10.6	4.1	4.7	5.1	5.4	5.7
Credit Ratings (year-end & latest)									
Moody's	A2	A2	A2	A2	A1	A1	A1	A1 (sta)	n/a
S&P	A-	A-	A-	A	A	A	A	A (sta)	n/a
Fitch	A-	A-	A-	A-	A	A	A	A (sta)	n/a

Source: Bank of Israel, Central Bureau of Statistics, Ministry of Finance, IIF, Bloomberg, Moody's, Standard & Poor's, Fitch, UBS estimates

* Currently Shahar 1/2016

South Africa – economic data and forecasts

	2004	2005	2006	2007	2008	2009	2010	2011F	2012F
Population, national accounts and unemployment									
GDP (Rbn)	1415.3	1571.1	1767.4	2016.2	2274.1	2396.0	2664.3	2986.3	3269.0
GDP (\$ bil)	220.9	251.8	255.7	287.3	281.6	285.4	357.0	414.8	419.1
GDP per capita, \$	4688	5264	5266	5830	5631	5622	6949	7978	7966
Real GDP growth	4.6	5.3	5.6	5.6	3.6	-1.7	2.8	3.3	2.7
Private consumption, %	6.2	6.1	8.3	5.5	2.2	-2.0	4.4	4.2	3.2
Government consumption (%)	6.0	4.6	4.9	4.1	4.7	4.8	4.6	5.7	5.2
Capital formation (%)	12.9	11.0	12.1	14.0	14.1	-2.2	-3.7	2.8	4.2
Exports (%)	2.8	8.6	7.5	6.6	1.8	-19.5	4.5	5.1	8.1
Imports (%)	15.5	10.9	18.3	9.0	1.5	-17.4	9.6	10.4	12.0
Unemployment, % of labour force year end	26.2	26.7	25.6	24.6	21.9	25.3	25.2	25.5	25.3
Prices, interest rates and money									
CPI inflation (average, %)	1.0	3.3	4.5	6.9	11.0	7.3	4.3	5.2	5.9
CPI inflation (% year-end)	3.0	3.4	5.8	8.9	9.7	6.1	3.2	6.0	5.5
Repo rate (end-year, %)	7.5	7.0	9.0	11.0	11.5	7.0	5.5	5.5	5.5
10 year bond (year-end, %)	8.2	7.4	7.9	8.4	7.3	8.7	8.4	7.4	8.4
Exchange rates									
USD/ZAR (average)	6.4	6.2	6.9	7.0	8.1	8.4	7.5	7.0	7.4
USD/ZAR (year-end)	5.6	6.3	7.0	6.8	9.5	7.7	7.2	7.3	7.5
EUR/ZAR (average)	8.0	7.8	8.7	9.8	12.1	11.5	9.2	9.4	9.7
EUR/ZAR (year-end)	7.6	7.5	9.2	9.9	13.3	11.0	9.4	9.5	9.8
Balance of payments									
Exports (\$bn)	63.1	73.2	81.6	96.2	106.4	85.3	91.7	102.9	103.1
Imports (\$bn)	59.3	70.1	82.7	98.4	109.1	81.2	78.7	94.2	96.2
Trade balance (\$bn)	3.8	3.1	-1.1	-2.2	-2.7	4.1	13.0	8.7	6.9
Current account balance, \$ bn	-6.7	-8.7	-13.6	-20.6	-20.0	-11.5	-2.4	-9.0	-14.8
Current account, % of GDP	-2.9	-3.2	-5.4	-6.9	-7.1	-4.0	-3.1	-3.1	-3.3
Foreign direct investment (\$bn)	-0.6	5.8	-7.1	2.6	12.8	4.2	11.9	19.0	15.4
Foreign exchange reserves excl gold (\$bn)	14.9	20.6	25.4	34.7	33.5	37.9	43.5	48.0	51.0
Import cover (reserves/months imports)	3.7	4.3	4.4	5.1	4.4	6.9	6.5	6.0	5.8
Fiscal accounts									
National govt budget balance (end-FY, % GDP)	-1.5	-0.3	0.7	0.9	-1.2	-6.5	-5.3	-5.1	-5.2
Primary balance (% GDP)	1.8	2.9	3.5	3.4	1.3	-4.4	-2.7	-2.2	-2.3
Public sector debt (% GDP)	39.9	37.9	34.9	32.3	31.1	36.4	40.9	44.9	48.9
Domestic debt (% GDP)	35.4	33.6	31.2	28.3	27.0	32.4	36.7	40.5	44.5
External debt (% GDP)	4.5	4.3	3.6	4.0	4.2	4.0	4.2	4.4	4.4
Foreign debt and reserves									
Foreign debt, \$ bn	56.2	63.7	80.0	99.4	98.3	107.1	94.8	101.1	108.6
as % of GDP	14.6	15.8	17.6	16.9	17.1	19.0	20.9	22.9	25.2
Short-term foreign debt (\$bn)	89.1	87.0	98.0	103.3	92.4	125.5	91.1	83.1	87.8
Total debt service (\$bn)	4.0	4.6	7.8	11.7	14.3	11.7	13.2	14.2	14.2
as a % of exports	6.3	6.3	9.6	12.2	13.4	13.7	14.4	13.8	13.8
Interest payments (\$bn)	1.8	2.1	3.2	3.4	5.0	8.0	8.0	8.0	8.0
Scheduled debt amortization, \$ bn	2.2	2.5	4.6	8.3	9.3	3.7	5.2	6.2	6.2
Credit ratings									
Moody's	Baa2	Baa1	Baa1	Baa1	Baa1	A3	A3	A3 (sta)	n/a
S&P	BBB	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+ (neg)	n/a
Fitch	BBB	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+	BBB+ (sta)	n/a

Source: South African Treasury, SARB, IIF, UBS estimates

Poland – economic data and forecasts

	2004	2005	2006	2007	2008	2009	2010F	2011F	2012F
Economic Activity									
GDP (PLNbn)	924.5	983.3	1060.0	1176.7	1275.4	1343.7	1412.8	1529.5	1624.3
GDP (USDbn)	253.7	303.5	347.5	426.2	529.4	431.2	467.8	517.7	570.7
GDP per capita (USD)	6649	7961	9124	11197	13910	11329	12291	13602	14994
Real GDP growth (%)	5.3	3.6	6.2	6.8	5.1	1.7	3.8	4.0	3.3
Private consumption (%)	4.7	2.1	5.0	4.9	5.7	2.1	3.2	3.5	3.0
Government consumption (%)	3.1	5.2	6.0	3.7	7.4	2.0	3.5	2.0	1.0
Capital formation (%)	6.4	6.5	14.9	17.6	9.6	-1.1	-2.0	6.5	3.5
Exports (%)	14.0	8.0	14.6	9.1	7.1	-6.8	10.2	7.0	6.5
Imports (%)	15.8	4.7	17.3	13.7	8.0	-12.4	10.7	6.0	5.0
Industrial production (%)	13.1	3.4	12.1	9.7	5.5	-3.2	11.5	8.0	5.5
Unemployment rate (year-end, %)	19.1	17.6	14.8	11.2	9.5	12.1	12.3	12.3	12.0
Prices, Interest Rate and Money									
Consumer price inflation (average, %)	3.5	2.1	1.0	2.5	4.2	3.5	2.6	4.1	2.8
Consumer price inflation (year-end, %)	4.4	0.7	1.4	4.0	3.3	3.5	3.1	4.0	2.9
Broad money, M2 (year-end, %)	7.3	11.0	15.8	14.2	20.0	8.3	8.0	9.0	9.0
Benchmark rate (year-end, %)	6.50	4.50	4.00	5.00	5.00	3.50	3.50	4.75	5.00
10yr bond yield, %	5.90	5.10	5.20	6.00	5.40	6.20	6.00	5.60	5.60
Exchange Rates									
USD/PLN (average)	3.64	3.24	3.05	2.76	2.41	3.12	3.02	2.95	2.85
USD/PLN (year-end)	3.01	3.27	2.90	2.44	2.96	2.85	2.96	2.77	2.77
EUR/PLN (average)	4.53	4.03	3.85	3.78	3.52	4.33	3.99	3.90	3.70
EUR/PLN (year-end)	4.08	3.86	3.83	3.58	4.17	4.11	3.96	3.60	3.60
REER (average, 2000=100)	97.4	108.2	110.0	113.0	121.0	97.0	107.0	107.0	114.0
Balance of Payments									
Exports, fob (USDbn)	81.9	96.5	117.7	145.1	156.7	141.4	162.4	180.0	195.8
Imports, fob (USDbn)	87.9	99.6	125.1	164.0	182.1	149.0	173.8	193.4	206.1
Trade balance (USDbn)	-6.0	-3.1	-7.3	-18.9	-25.4	-7.5	-11.4	-13.4	-10.3
Current account (USDbn)	-13.4	-7.3	-13.1	-26.4	-35.0	-16.9	-21.0	-22.7	-18.1
as a % of GDP	-5.3	-2.4	-3.8	-6.2	-6.6	-3.9	-4.5	-4.4	-3.2
FDI, net (USDbn)	11.8	6.9	10.8	18.1	10.4	8.4	3.2	4.0	3.9
Foreign exchange reserves (USDbn)	34.5	38.8	45.0	65.7	61.4	79.5	96.2	98.8	104.0
Import cover (reserves/months of imports)	4.7	4.7	4.3	4.8	4.0	6.4	6.6	6.1	6.1
Fiscal Accounts									
General govt balance, ESA95 (PLNbn) excl. pension contributions	-52.7	-42.3	-38.2	-22.4	-47.2	-98.1	-111.6	-95.0	-53.6
General govt balance (% GDP) excl. pension contributions	-5.7	-4.3	-3.6	-1.9	-3.7	-7.3	-7.9	-5.5	-3.3
Primary balance (% GDP)	-1.3	-0.1	-0.2	0.5	-1.3	-4.9	-5.3	-2.9	-0.7
Public sector debt, ESA95 (% GDP)*	45.7	47.1	47.7	45.0	47.2	50.3	53.3	54.0	54.2
Domestic debt (% GDP)	33.0	36.5	37.6	34.7	36.0	38.9	40.3	41.7	42.2
External debt (% GDP)	12.7	10.6	10.1	10.3	11.2	11.4	13.0	12.3	12.0
External Debt and Debt Service									
Total foreign debt (USDbn)	107.3	110.0	135.7	186.8	194.5	224.3	243.7	274.4	298.5
as a % of GDP	42.3	36.2	39.1	43.8	36.7	52.0	52.1	53.0	52.3
Short-term foreign debt (USDbn)	24.7	27.0	34.6	60.3	64.0	70.0	76.1	67.6	70.2
Total debt service (USDbn)	36.9	34.7	43.1	63.7	36.8	12.7	26.4	20.4	16.8
as a % of foreign export receipt	45.0	36.0	36.6	43.9	23.5	9.0	16.3	11.3	8.6
Interest payments (USDbn)	4.4	3.3	4.2	5.1	6.9	4.7	1.9	4.1	n/a
Amortization (USDbn)	32.5	31.4	38.9	58.6	29.9	12.7	26.2	20.4	n/a
Credit Ratings (year-end & latest)									
Moody's	A2	A2	A2	A2	A2	A2	A2	A2(sta)	n/a
S&P	BBB+	BBB+	A-	A-	A-	A-	A-	A-(sta)	n/a
Fitch	BBB+	BBB+	A-	A-	A-	A-	A-	A-(sta)	n/a

Source: NBP, EMED, IIF, UBS estimates

Hungary – economic data and forecasts

	2004	2005	2006	2007	2008	2009	2010E	2011F	2012F
Economic Activity									
GDP (HUFbn)	20,822	21,971	23,730	25,321	26,754	26,054	27,120	28,686	29,902
GDP (USD bn)	102.8	110.0	112.7	137.7	155.7	128.8	130.3	141.8	146.7
GDP per capita (USD)	10174	10895	11161	13638	15419	12754	12903	14041	14524
Real GDP growth (%)	4.5	3.2	3.6	0.8	0.8	-6.7	1.2	2.0	1.5
Private consumption (%)	3.0	3.2	2.1	0.2	0.5	-8.1	-2.1	0.0	0.0
Government consumption (%)	1.5	2.2	3.7	-7.3	1.0	-0.1	-1.7	0.0	-0.5
Capital formation (%)	7.9	5.7	-3.2	1.7	2.9	-8.0	-5.6	1.5	2.0
Exports (%)	15.0	11.3	18.6	16.2	5.7	-9.6	14.1	7.4	6.0
Imports (%)	14.3	7.1	14.8	13.3	5.8	-14.6	12.0	6.5	5.0
Industrial production (%)	7.6	7.5	10.8	9.0	0.8	-17.7	9.0	6.0	3.0
Unemployment rate (%)	6.3	7.3	7.5	7.4	7.8	10.0	11.2	10.9	10.5
Prices, Interest Rate and Money									
Consumer price inflation (average, %)	6.8	3.6	3.9	7.9	6.1	4.2	4.9	3.7	2.7
Consumer price inflation (year-end, %)	5.5	3.3	6.5	7.3	3.5	5.6	4.5	3.2	2.7
Broad money M2 (year-end, %)	9.9	13.1	11.9	8.7	10.2	0.9	0.0	-1.0	2.0
Benchmark rate (year-end, %)	9.5	6.0	8.0	7.50	10.00	6.25	5.75	6.00	6.00
10 year bond yields (HUF, year-end, %)	7.0	7.0	6.8	6.9	8.3	7.7	7.9	7.0	7.0
Exchange Rates									
USD/HUF (average)	202.6	199.7	210.5	183.8	171.8	202.3	208.1	202.3	203.8
USD/HUF (year-end)	181.0	213.0	190.3	172.3	187.9	188.1	208.7	203.8	203.8
EUR/HUF (average)	251.7	248.0	264.3	251.3	251.3	280.6	276.1	267.0	265.0
EUR/HUF (year-end)	245.2	252.7	251.2	253.4	264.8	270.8	278.8	265.0	265.0
REER (2000=100)	128.3	131.8	126.4	141.5	148.0	139.1	141.9	146.2	144.8
Balance of Payments									
Exports, fob (USDbn)	55.4	61.8	73.6	93.7	106.9	81.2	93.4	99.8	102.4
Imports, fob (USDbn)	59.3	64.9	76.7	93.9	107.8	76.5	87.2	91.8	93.8
Trade balance (USDbn)	-3.9	-3.2	-3.1	-0.2	-0.8	4.7	6.2	8.0	8.7
Current account (USDbn)	-8.8	-8.3	-8.6	-9.5	-11.4	-0.6	2.7	3.2	4.1
as a % of GDP (%)	-8.6	-7.6	-7.6	-6.9	-7.3	-0.5	2.1	2.3	2.8
FDI, net (USDbn)	3.2	5.5	2.9	0.3	4.1	-0.6	0.8	3.3	3.9
Foreign exchange reserves excl. gold (USDbn)	15.9	18.5	21.0	24.1	33.4	44.2	45.4	45.5	41.6
Import cover (reserves/months of imports)	3.2	3.4	3.3	3.1	3.7	6.9	6.3	5.9	5.3
Fiscal Accounts									
General government budget balance (HUFbn)*	-1353	-1714	-2207	-1266	-990	-1172	-1139	-861	-897
General government budget balance (% GDP)*	-6.5	-7.8	-9.3	-5.0	-3.7	-4.5	-4.2	-3.0	-3.0
Primary balance (% GDP)	-1.1	-3.7	-5.4	-0.6	0.5	-0.2	0.1	1.3	1.3
Public debt (% GDP)	59.4	61.7	65.6	66.1	72.3	78.4	80.2	75.0	72.0
Domestic debt (% GDP)	44.1	44.2	47.1	47.6	46.0	40.6	41.6	41.0	40.5
External debt (% GDP)	15.3	17.5	18.5	18.5	26.3	37.8	38.6	34.0	31.5
External Debt and Debt Service									
Total foreign debt (USDbn)	69.3	73.1	96.9	128.6	141.3	150.3	143.9	156.0	149.6
as a % of GDP	67.4	66.4	86.0	93.4	90.7	116.7	110.4	110.0	102.0
Short-term foreign debt (USDbn)	17.1	18.6	22.5	33.1	27.6	28.7	33.4	33.0	33.0
Total debt service (USDbn)	9.8	11.4	10.8	13.7	21.7	20.8	21.3	26.0	23.4
as a % of foreign export receipt	17.7	18.5	14.7	14.6	20.3	25.7	22.9	26.0	22.8
Interest payments (USDbn)	2.2	3.2	3.7	5.1	8.4	6.6	6.6	7.4	7.6
Amortization (USDbn)	7.6	8.2	7.1	8.6	13.3	14.3	14.7	18.6	15.7
Credit Ratings (year-end & latest)									
Moody's	A1	A1	A2	A2	A3	Baa1	Baa3	Baa3(neg)	n/a
S&P	A-	A-	BBB+	BBB+	BBB	BBB-	BBB-	BBB-(neg)	n/a
Fitch	A-	BBB+	BBB+	BBB+	BBB	BBB	BBB	BBB(sta)	n/a

Source: KSH, NBH, Ministry of Finance, Eurostat, IIF, Bloomberg, Moody's, Standard & Poor's, Fitch, UBS estimates. * ESA95 methodology as of 2001, including pension transfers; for 2010 it includes estimated consolidation costs related to the state companies' losses

Czech Republic – economic data and forecasts

	2004	2005	2006	2007	2008	2009	2010E	2011F	2012F
Economic Activity									
GDP (CZKbn)	2,815	2,984	3,222	3,535	3,689	3,626	3,670	3,829	4,003
GDP (USDbn)	109.5	124.6	143.4	174.5	217.8	190.3	192.0	208.0	218.7
GDP per capita (USD)	10716	12155	13937	16906	21042	18383	18554	20097	21127
Real GDP growth (%)	4.5	6.3	6.8	6.1	2.5	-4.1	2.3	2.4	1.6
Private consumption (%)	2.9	2.5	5.0	4.8	3.6	-0.3	0.4	0.5	1.0
Government consumption (%)	-3.5	2.9	1.2	0.7	1.0	2.6	0.3	-1.0	-1.0
Capital formation (%)	3.9	1.8	6.0	10.8	-1.5	-7.9	-4.6	4.5	3.0
Exports (%)	20.7	11.6	15.8	15.0	6.0	-10.8	18.0	9.5	4.5
Imports (%)	17.9	5.0	14.3	14.3	4.7	-10.6	18.0	8.5	4.0
Industrial production (%)	9.6	6.7	11.2	8.8	0.7	-13.0	9.5	7.5	2.6
Unemployment rate (%)	8.3	7.9	7.1	5.3	4.4	6.6	7.6	7.0	7.0
Prices, Interest Rate and Money									
Consumer price inflation (average, %)	2.8	1.9	2.5	2.8	6.4	1.0	1.5	1.9	2.9
Consumer price inflation (year-end, %)	2.8	2.2	1.7	5.4	3.6	1.0	2.3	2.0	2.8
Broad money (end-year, %)	4.4	10.6	13.4	15.0	14.0	0.7	2.2	0.0	2.0
Benchmark rate (year-end, %)	2.50	2.00	2.50	3.50	2.25	1.00	0.75	0.75	0.75
10 year bond yields (CZK, year-end, %)	4.05	3.80	3.72	4.68	4.10	4.00	3.97	3.60	3.60
Exchange Rates									
USD/CZK (average)	25.7	23.9	22.5	20.3	16.9	19.1	19.1	18.4	18.3
USD/CZK (year-end)	22.4	24.7	20.8	18.1	18.9	18.4	18.8	18.5	18.1
EUR/CZK (average)	31.9	29.8	28.3	27.8	24.9	26.4	25.4	24.3	23.8
EUR/CZK (year-end)	30.4	29.1	27.5	26.6	26.6	26.5	25.1	24.0	23.5
REER (2000=100)	112.2	117.8	122.8	123.6	136.0	127.0	132.7	138.0	140.8
Balance of Payments									
Exports, fob (USDbn)	67.3	78.1	95.4	122.5	145.8	107.1	126.6	141.0	145.5
Imports, fob (USDbn)	67.8	75.6	92.5	116.5	139.7	102.8	123.8	136.2	139.4
Trade balance (USDbn)	-0.5	2.5	2.9	5.9	6.1	4.3	2.8	4.8	6.1
Current account (USDbn)	-5.8	-1.7	-3.5	-5.6	-1.4	-6.1	-7.4	-6.0	-6.2
as a % of GDP (%)	-5.3	-1.3	-2.4	-3.2	-0.6	-3.2	-3.8	-2.9	-2.8
FDI, net (USDbn)	4.0	11.7	4.0	7.6	2.2	1.9	5.1	4.0	3.3
Foreign exchange reserves excl. gold (USDbn)	28.3	29.3	30.5	34.3	37.0	41.6	42.8	45.5	49.4
Import cover (reserves/months of imports)	5.0	4.7	4.0	3.5	3.2	4.9	4.1	4.0	4.3
Fiscal Accounts									
General government budget balance (CZKbn)*	-81.4	-104.4	-86.9	-24.7	-99.6	-213.9	-172.5	-153.2	-140.1
General government budget balance (% GDP)*	-3.0	-3.6	-2.6	-0.7	-2.7	-5.9	-4.7	-4.0	-3.5
Primary balance (% GDP)	-1.8	-2.4	-1.4	0.7	-1.6	-4.6	-3.0	-2.0	-1.5
Public sector debt (% GDP)	30.4	29.8	29.4	29.0	30.0	35.3	38.5	41.0	42.0
Domestic debt (% GDP)	28.0	27.5	27.1	26.7	26.5	30.0	33.4	36.1	37.3
External debt (% GDP)	2.4	2.3	2.3	2.3	3.5	5.3	5.1	4.9	4.7
External Debt and Debt Service									
Total foreign debt (USDbn)	38.1	39.3	49.1	65.5	70.7	76.9	82.5	92.6	101.7
as a % of GDP	34.8	31.6	34.2	37.6	32.5	40.4	43.5	44.5	46.5
Short-term foreign debt (USDbn)	14.1	13.6	15.2	23.4	26.3	24.3	24.9	24.0	24.0
Total debt service (USDbn)	5.4	6.5	6.3	6.2	7.7	7.9	10.3	12.7	9.2
as a % of foreign exchange receipts	8.0	8.3	6.6	5.0	5.3	7.4	8.1	9.0	6.4
Interest payment (USDbn)	1.8	2.2	2.1	2.1	2.3	2.6	2.6	2.2	1.9
Amortization (USDbn)	3.6	4.3	4.1	4.0	5.3	6.2	7.7	10.5	7.4
Credit Ratings (year-end & latest)									
Moody's	A1	A1	A1	A1	A1	A1	A1	A1 (sta)	n/a
S&P	A-	A-	A-	A	A	A	A	AA- (sta)	n/a
Fitch	A-	A	A	A	A+	A+	A+	A+ (pos)	n/a

Source: CSO, CNB, Ministry of Finance, Eurostat, IIF, Bloomberg, Moody's, Standard & Poor's, Fitch, UBS estimates

* ESA95

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