

ECJ Opinion on OMT Case by Jan 14, 2015

Summary | Today's News in Detail | Latest Issues of Sovereign Debt Update | Macroeconomic Forecasts | Recent Research

Summary

ECJ to give opinion on OMT case by Jan 14, 2015, although a final ruling is expected only in the middle of 2015.

Euro area industrial output declined by 1.8% MM in August, broadly in line with market expectations (consensus: -1.6%; Citi: -1.8%).

Germany – Government cuts real GDP forecasts for 2014-15, to 1.2% in 2014 (from 1.8% estimated previously) and to 1.3% in 2015 (from 2%), citing geopolitical risks and sluggish global growth.

Germany – ZEW survey continues to deteriorate in October, falling well below market expectations.

Germany – Final HICP inflation confirmed at 0.8% YY in September, remaining at the same level as August. National CPI inflation also confirmed at 0.8% YY in September.

French FinMin Sapin on European investment programmes and upcoming meeting with Germany's Schäuble. Mr Sapin said *"the risk is that [European investment programmes] won't be effective until 2017 and beyond. But we need an impact in 2015 and 2016"*. Mr. Sapin meets German FinMin Schäuble in Berlin on Monday, together with French and German economy ministers Macron and Gabriel to identify possible investment plans with view to deciding on *"rapid, practical measures that can be put into effect"* and discussing structural reforms as a way of stimulating the economy.

France's AA+ rating put on negative watch by Fitch, citing downside risks to France's long-term growth potential.

Italy's 2015 draft budget not compatible with EU requirements, according to sources.

Italy – Moody's confirms Italian Baa2 rating with a stable outlook.

Italian data: HICP inflation revised to -0.1% YY in September (from -0.2% YY reported in the flash estimate).

Italy's NPL ratio continued to edge higher in August.

Spain – Catalonia independence referendum is called off, a "consultative" vote to be held instead, Catalan Premier Mas said yesterday, although he did not provide further details of the planned vote.

Spain – Banks reduce central bank borrowing in September.

Portugal – Government revises 2015 fiscal deficit target to 2.7% of GDP, slightly above the 2.5% target agreed with the Troika.

15 October 2014

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With thanks to Ann O'Kelly

Economics

Western Europe

Industrialised G7 Countries

Recent Research

UK — CPI Inflation Tumbles

14 October 2014

CPI inflation fell to 1.2% YY in September from 1.5% YY in August, well below our and the consensus forecast of 1.4% YY. The headline inflation rate is the lowest since 2009 (when VAT was cut), while CPI inflation excluding the effects of tax changes (1.1% YY) is the lowest since 2004. Q3 inflation (which averaged 1.44% YY) turned out well below the MPC's forecast for Q3 in the August Inflation Report (1.81% YY). This is the sixth consecutive quarter with inflation below the MPC's quarter-ahead forecast, the longest series of undershoots since BoE independence in 1997. At this stage, we expect CPI inflation to average just 1.2% YY in Q4 this year and 1.3% YY in H1-2015, with an average of 1.5% YY for 2015 as a whole.

Michael Saunders

Sweden — Marked Inflation

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

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Today's News in Detail

ECJ to give opinion on OMT case by Jan 14, 2015. Reuters reported that the European Court of Justice (ECJ) heard a challenge on Tuesday to the European Central Bank's Outright Monetary Transactions (OMT). Although a ruling is expected in the middle of 2015, the court's advocate general is scheduled to give his views on whether the ECB broke EU law on Jan 14, 2015. Reuters notes that his opinion will be significant for the likely conclusions to be adopted by the Court as judges tend to follow the advocate general's advice in the majority of cases.

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Euro area industrial output declined by 1.8% MM in August, broadly in line with market expectations (consensus: -1.6%; Citi: -1.8%), and more than reversing the July gain (of 0.9% MM, revised downward from 1% reported initially). Across the main industrial groupings, industrial production fell strongly in capital goods (down by 4.9% MM), and intermediate goods (-0.7% MM), while it rose by 1.2% MM in energy. Comment: according to the country split, the decline in the EA aggregate was mainly driven by a 4.3% MM fall in Germany (with France: -0.3% MM, Italy: -0.3% MM, Spain: 1.3% MM, and Netherlands: 1.3% MM). The decline in August leaves industrial output levels in Q3 0.5% below the Q2 average, suggesting downside risks to our Q3 real GDP forecast (of +0.2% QQ).

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Germany – Government cuts real GDP forecasts for 2014-15. The German government announced yesterday that it has revised its real GDP growth forecasts to 1.2% in 2014 (from 1.8% estimated previously) and to 1.3% in 2015 (from 2%). Deputy Chancellor Sigmar Gabriel said that “*a dip in growth is not a cataclysm*”, noting that Germany was steering through “*some rough foreign waters*” but “*fundamentally our domestic economy is – as before – very good*”, the FT reports. Mr Gabriel reiterated the government's commitment to achieving a balanced fiscal budget in 2015. Comment: the government cited geopolitical risks and sluggish global growth as key drivers, noting that domestic demand strength remains intact.

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Germany – ZEW survey continues to deteriorate in October. The German ZEW survey of financial analysts continued to decline for both the current situation and the survey's expectations measure in October, well below market expectations. The current situation component fell to 3.2 in October (consensus: 15), down 22.2 points from September. This was the fourth consecutive monthly fall, but still left the index 0.4 SD above its long-term average. The survey expectations measure came in at -3.6 (consensus: 0.0), down 10.5 points from September (tenth consecutive monthly fall), leaving the index 0.7 SD below its LT average and at the lowest level since November 2012. The survey expectations measure for the Eurozone also weakened, by 10.1 MM to 4.1, the lowest level since November 2012.

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France's Sapin on European investment programmes and upcoming meeting with Germany's Schäuble. French Finance Minister Michel Sapin told reporters on Tuesday, speaking about major investment projects, that “*the risk is that this won't be effective until 2017 and beyond. But we need an impact in 2015 and 2016*”. Mr Sapin noted that one option that ministers had discussed was to increase again the capital of the European Investment Bank (EIB) in the light of German Finance Minister Wolfgang Schäuble's refusal to consider a debt-financed infrastructure drive. Nevertheless, Reuters reports that Mr. Sapin described Mr. Schäuble's attitude as practical, focusing first on a selection of fast-track infrastructure projects, and then on sorting out the financing arrangements. Both French and German economy ministers Emmanuel Macron

Undershoot, October Rate Cut Our Base Case

14 October 2014

Contrary to expectations, inflation eased further in September; the Riksbank's preferred measure of underlying inflation, which excludes the effects of temporary interest rate changes (CPIF) moderated from 0.5% YY in August to 0.3% YY, the second weakest gain since Feb-04 (CPIF stood at 0.0% YY in March this year). Compared to the Riksbank's (and our) forecast, core inflation undershot by a massive 0.4pp after being spot on in August. With several board members having expressed very limited tolerance for downward surprises in inflation given already muted price pressures, it will be very difficult for the Riksbank to argue against a near-term interest rate cut, in our view. Hence, we now expect the Riksbank to cut the repo rate by 20bp to 0.05% (on par with the ECB's refi rate) at the upcoming 28 October monetary policy meeting.

Tina Mortensen

Spain — Catalonia Referendum: Will it Happen? If So, What?

10 October 2014

Over the last few days the Catalan government has announced its intentions to continue with preparations to hold an independence referendum in the region on 9 November 2014, despite the rejection of the ballot by the Spanish Congress and the fact that the Constitutional Court has already deemed the referendum illegal twice this year. Polling data suggest support for independence has been fading recently, with some evidence that most Catalans would prefer calling off the referendum and finding an alternative legal solution. We expect the independence referendum not to take place and instead believe early regional elections are likely to be called. In the long-run we continue to see greater fiscal autonomy within Spain as a more likely outcome.

Antonio Montilla | Giada Giani | Tina M Fordham

Euro Economics Weekly — France: Rejecting Austerity, For Now

and Sigmar Gabriel, would be attending the upcoming Berlin meeting on Monday to identify possible investment plans with view to decide on "*rapid, practical measures, that can be put into effect*" and discuss structural reforms as a way of stimulating the economy. Comment: the bilateral dialogue between Paris and Berlin continues, and the semblance of an agreement on some key priorities suggests that a compromise will likely be reached, probably combining additional structural reforms and a modestly larger effort in terms of budget deficit reduction in exchange for more time to hit the 3%-of-GDP budget deficit target and a modest amount of fiscal stimulus from investment programmes.

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France rating put on negative watch by Fitch. Fitch Ratings indicated on Tuesday that it had placed France's AA+ sovereign rating on negative watch arguing that "*the quantitative impact of recent structural reforms is ... uncertain, and in Fitch's view does not appear sufficient to reverse the trends in long-term growth and competitiveness*". Fitch indicated that "*there are downside risks to France's long-term growth potential*", a situation that is impairing the prospects for fiscal consolidation and stabilising the public debt ratio. Fitch also revised down its near-term GDP growth projections to just 0.4% in 2014 and 0.8% in 2015, projecting the gross general government debt-to-GDP ratio to peak 2 years later and higher at 99.7% in 2017, envisaging a slower decline to 94.9% by the end of the decade. Comment: the likelihood of a downgrade has risen noticeably, in our view, ahead of Fitch's new decision scheduled for December 12. We continue to think that there are also growing risks of similar actions by S&P and Moody's in coming months.

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Italy's 2015 draft budget not compatible with EU requirements, according to sources. Italian Prime Minister Matteo Renzi has set out an expansionary 2015 budget framework, targeting a marginal reduction in the nominal budget deficit. Proposed tax cuts featuring an extra €6.5bn directed to companies on top of the existing income tax cuts for households are financed with new borrowing of €11.5bn. Reuters notes the PM Renzi had indicated last month the budget would cut spending by €20bn, but that the estimate was lowered to €16bn – while the Italian meeting on Tuesday had reported the effective effort would be more limited, worth around €13bn. One of the key disagreements appears to centre around the modest 0.1pp of GDP of structural deficit adjustment planned for 2015 compared to an EU target of "*at least 0.7pp*" according to an EU source quoted by Reuters. Comment: with Italy still in recession, France flat-lining and Germany slowing down noticeably, it is not surprising that the Rome-Paris axis feels it has a much stronger hand to play in the 2015 budgetary round. Although Italy is meeting the 3%-of-GDP budget deficit requirement, its elevated public sector debt-to-GDP ratio is requiring more structural deficit efforts to deliver a downward sloping trajectory. Similarly to France's case, we expect that some modest alterations will be made in the draft budget plans as part of a compromised to be reached at the December EU Summit.

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Italy – Moody's confirms Italian Baa2 rating with a stable outlook, noting however that the recent credit developments affecting the Italian sovereign showed a "*mixed picture*". On the negative side, the rating agency cited recent economic weakness, with the economy back to recession in Q2, noting that disappointing economic data reflects "*both demand-side weakness in Italy and long-standing structural impediments to grow*". On the positive side, Moody's highlighted the recent initiative by PM Renzi to reform the labour market, as well as the country's relative strong fiscal position. Moody's expects the public debt-to-GDP ratio to peak below 134% in 2015.

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10 October 2014

No to austerity — weak GDP growth, low inflation: main arguments for the French government's rationale to delay meeting the 3% budget deficit target by two years to 2017. **Re-submitted budget and clear reform agenda** — we expect a compromise to be reached in the weeks ahead and do not expect a EU fine to be imposed. **Policy mix debate is only starting** — limited change in fiscal stance will not add much to the recovery, in our view. Persistent 'low-flation' will likely lead to a QE programme being launched later in 2014 or in early 2015. **Plus everything you ever wanted to know about the European Semester**, the corrective arm of the Stability and Growth Pact and the murky world of Country-Specific Recommendations.

[Guillaume Menuet](#) | [Giada Giani](#) | [Ebrahim Rahbari](#) | [Michael Saunders](#) | [Antonio Montilla](#)

UK Economics Weekly — Persistent Political Uncertainties Likely

10 October 2014

The UK is likely to face persistent political uncertainty in the runup to — and after — the May 2015 General Election. This reflects the combination of difficult policy issues (eg the sticky fiscal deficit, whether the UK will stay in the EU, and some form of "devo max" for Scotland) plus the rising likelihood that the election will yield a government that finds it hard to resolve at least one of these issues. Hung parliament probably the most likely outcome. We discuss policy implications for a range of scenarios: Conservative majority, Labour majority, hung parliament with the Lib Dems holding the balance of power and a hung parliament with no viable two-party coalition. Political uncertainties are unlikely to stop the MPC hiking rates if, as we expect, the economy remains buoyant.

[Michael Saunders](#) | [Tina M Fordham](#) | [Ann O'Kelly](#)

UK — Construction Sags, Trade Deficit Shrinks

10 October 2014

The ONS report that construction output fell 3.9% MM in August, with widespread

Italy – HICP inflation revised to -0.1% YY in September (from -0.2% YY reported in the flash estimate), falling from -0.2% YY in August, Istat data showed yesterday. The national CPI inflation went down from -0.1% YY in August to -0.2% YY in September. The slight decline in the national CPI was driven by the a further fall in energy inflation (from -3.6% YY in August to -4.5% YY in September) together with some easing in core inflation (excluding fresh food and energy) to 0.4% YY (vs. 0.5% YY in August). On the other hand, fresh food inflation rose from -1.8% YY in August to -0.9% YY in September.

Comment: we expect inflation to remain close to zero in 2014 and 2015.

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Italy – The non-performing loan (NPL) ratio continues to edge higher in August, rising to 9.2% from 9.0% in July and 8.9% in June, data from Bank of Italy showed yesterday. The amount of impaired loans was 22.6% above Aug 2013 levels, marking the highest level since the start of the series (1998), while total lending to the non-financial sector fell by 2% YY.

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Spain – Catalonia independence referendum is called off, consultation vote to be held instead. Speaking yesterday during an official press conference, Catalan Premier Artur Mas said that the independence referendum due on Nov 9 “cannot take place in accordance with the decree signed”, as the interim verdict by the Constitutional Court made it impossible to go ahead as planned. Mr Mas however noted that his government will still push ahead to hold a “consultative” vote on Nov 9, highlighting that this alternative ballot would be legally binding (no further details were provided). In particular, Mr Mas said that “there will be voting stations and ballot boxes”, noting that the November vote would be a “giant step” towards holding a proper referendum at a later date. Speaking yesterday in Barcelona, Oriol Junqueras, leader of the pro-independence party Esquerra Republicana de Catalunya (ERC, party supporting the current minority government), called on Mr Mas to resign and to call early elections in Catalonia. Catalonia’s main political parties agreed in 2013 to hold a referendum on independence on 9 November 2014, based on two questions: “Do you want Catalonia to become a State?” and (among those who answer yes) “Do you want this State to be independent?” Comment: early regional elections remain our base case in Catalonia in coming months. For more see [Catalonia Referendum: Will it Happen? If So, What?](#)

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Spain – Banks reduce central bank borrowing in September. Bank of Spain data showed loans to Spanish banks related to monetary policy operations fell by €7.7bn MM (-4.8%) in September, to €154.9bn (or 5% of banks’ assets), and after a 1.9% MM rise in August (the second MM increase in central bank borrowing over the last two years). Since last December, Spanish banks have reduced Eurosystem funding by a total of 25%. Comment: the decline in central bank funding in September was driven by reductions in lending through both main refinancing operations (-€6.2bn MM) and LTROs (-€1.5bn MM). We estimate Spanish banks have repaid around 98% so far of their total take-up of the two LTROs operations in Dec 2011 and Mar 2012.

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Portugal – Government revises 2015 fiscal deficit target to 2.7% of GDP, slightly above the 2.5% target agreed with the Troika, PM Pedro Passos Coelho said yesterday. Mr Coelho noted that despite the adjustment, Portugal will be exiting the Excessive Deficit Procedure (EDP) from 2015. In addition, the PM reaffirmed this year’s fiscal deficit target at 4% of GDP. According to FinMin Albuquerque the decision to revise the budget deficit target upwards was motivated by the government’s commitment not to raise taxes in 2015.

weakness but a particularly sharp drop in infrastructure (down 6.5% MM), private commercial buildings (down 5.7% MM) and private housebuilding (down 5.5% MM). Our “beancount” estimate for Q3 growth now points to 0.8% QQ (whereas before this week’s IP and construction data we expected Q3 growth of about 1.0% QQ). The deficit on goods and services trade fell to £1.9bn in August from £3.1bn in July, largely reflecting lower aircraft imports. Exports to Russia fell 20% YoY in nominal terms. The ONS suspect that a reduction in VAT-related fraud is cutting about 1.5 percent off the YY growth rate for both exports and imports at present.

Michael Saunders

Denmark — A Unilateral Interest Rate Cut is Moving Closer

9 October 2014

Since late-August the Danish krone has strengthened markedly versus the euro, and EUR/DKK is now trading at a level that easily could prompt further action from the Danish National Bank, in our view. In other words, an independent Danish interest rate cut has moved closer. We note, though, that historically it has taken around DKK 10-20bn in intervention over a short period to trigger a unilateral interest rate change. As intervention, so far, only has amounted to DKK 0.7bn (in Sep), we expect the first line of defense, in case of a further DKK strength, will be for the DNB to step up intervention before cutting the CD-rate again. In order to keep pace with ECB’s extraordinary measures to defend its currency peg, we reckon the DNB may well be forced to cut the CD-rate deeper into negative territory already in coming months.

Tina Mortensen

Scandi Economics Update — Riksbank Expected to Cut by 20bp to 0.05% in October

15 October 2014

Sweden — Contrary to expectations, inflation eased further in September; with a 0.3% YY rise, CPIF undershot the Riksbank’s forecast by a substantial 0.4pp. With several board members having expressed very limited tolerance for downward inflation surprises given

Separately, the EU Commission noted yesterday in a report on Portugal's Economic Adjustment Programme that the country needs to implement measures worth 0.8% of GDP in 2015 in order to reduce the fiscal deficit to 2.5% of GDP. The EU Commission added that Portugal "*remains vulnerable to future negative shocks*", noting that the country "*urgently needs a credible medium-term strategy for sustainable growth*". Comment: we remain skeptical about the government's ability to reach even the adjusted fiscal deficit target for next year. We expect the fiscal deficit to remain above the 3% of GDP threshold until 2016.

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Latest Issues of Sovereign Debt Update

ECJ Hearing on OMT Today

14 October 2014

ECB hearing today on OMT. Dijsselbloem remarks after Eurogroup meeting. BuBa's Weidmann for budgetary rules to be enforced. Schäuble says EU growth may need EIB capital increase. French FinMin Sapin says no changes likely to French 2015 Budget. Italy's 2015 Budget sees €30bn saving measures. Italian GDP growth likely negative in 3Q - Istat head. Catalonia independence referendum seemingly called off, replaced by "consultation of citizens"

[Antonio Montilla](#) | [Guillaume Menuet](#) | [Ebrahim Rahbari](#)

ECB's Draghi and Weidmann Clash over Monetary Policy

13 October 2014

German Focus magazine claims Draghi finds cooperating with BuBa's Weidmann "almost impossible". S&P revises outlook to negative for EFSF and for France. French PM says only French govt can decide budget. French EconMin says New Deal is necessary. German govt to shift spending towards investment. Italy's draft budget under pressure from EC. Spain: Catalonia referendum unlikely to happen. Belgium: Govt sworn in. S&P downgrades Finland.

[Guillaume Menuet](#) | [Ebrahim Rahbari](#) | [Antonio Montilla](#)

German GDP Growth Forecasts Slashed

10 October 2014

Germany: Economic institutes slash GDP forecasts. Draghi refers again to size/composition of ECB balance sheet. ECB: Weidmann disagrees with ABS programme, Nowotny not ready for QE. EA house prices flat YY in 2Q. Schäuble calls euro-sceptic AfD a "disgrace". France: Eco tax cancelled, tighter benefit controls. French, Italian IP better than expected. Portugal: corporate tax rate to fall.

[Giada Giani](#) | [Guillaume Menuet](#) | [Ebrahim Rahbari](#)

ECB: Up to €1trn of Purchasable Private Assets

9 October 2014

ECB's Constancio: theoretically €1trn available for asset purchase programme. EU Jobs Summit: no announcement on fiscal loosening. German exports fall. France: benefits reform back on agenda? Italy: govt wins confidence vote in Senate on labour reform. New Belgium govt to be sworn in on Oct 11. Spain: fiscal targets to be missed, says IMF - house transactions fall in Aug. Portugal's central bank lowers 2014 growth forecast.

[Giada Giani](#) | [Guillaume Menuet](#) | [Ebrahim Rahbari](#)

French Government Working on Plan B for 2015 Budget

8 October 2014

French FinMin working on Plan B, says Le Figaro. IMF: ECB should be willing to do more, buy sovereign assets. ECB's Weidmann: don't expect "immediate"

already muted inflation, it will be difficult for the Riksbank to argue against near-term easing, in our view. Hence, our base case is now a 20bp rate cut to 0.05% in October.

Sweden — Commenting on yesterday's lower-than-expected inflation outcome, Governor Ingves stated that he cannot say if the Riksbank's inflation forecasts are intact or if the probability of a rate cut has risen.

Sweden — The monthly Prospera inflation expectations survey for October is out at 7.00 UK time. According to the latest survey, inflation expectation stood at 1.8% 5-years ahead. With a drop in 1-year inflation expectations to nil percent in the NIER survey, we see a risk of lower expectations in today's survey.

[Tina Mortensen](#)

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policy action. ECB's Knot: date of bank stress test results known on Oct 10. EU Jobs Summit on Wed. German govt mulls measures to support economy. Italy, Portugal: banks' Sep borrowing from ECB. Spain: IMF raises 2015 GDP forecast. New Belgian govt imminent. Netherlands: IMF sees GDP growth pickup.

[Ebrahim Rahbari](#) | [Guillaume Menuet](#) | [Giada Giani](#)

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Macroeconomic Forecasts

Europe — European Unemployment Rates – Forecasts to 2018

25 October 2014

This note gives our forecasts for annual unemployment rates in selected European countries to 2018.

[Ann O'Kelly](#) | [Michael Saunders](#) | [Guillaume Menuet](#) | [Giada Giani](#) | [Ebrahim Rahbari](#)

Europe — Europe: Monthly Inflation Profiles for Selected Countries

25 September 2014

Updated monthly inflation forecasts for Euro Area, Germany, France, Italy, Spain, UK, Sweden and Switzerland.

[Ann O'Kelly](#) | [Michael Saunders](#) | [Guillaume Menuet](#) | [Giada Giani](#) | [Ebrahim Rahbari](#)

European Economic Forecast Highlights — European Economic Forecast Highlights, September 2014

25 September 2014

This companion to the September issue of Global Economic Outlook and Strategy gives more detailed forecasts for the main European countries to 1Q16, as well as annual forecasts to 2018 for growth, inflation, current balance, fiscal balance, primary balance, and government debt. We also show our forecasts in comparison with those of the European Commission, the OECD and the IMF.

[Ann O'Kelly](#) | [Michael Saunders](#) | [Guillaume Menuet](#) | [Giada Giani](#) | [Ebrahim Rahbari](#)

Global Economic Forecasts — September 2014

Global

This file shows summary forecasts as published in Citi's Global Economic Outlook and Strategy

[Michael Saunders](#)

Global Economic Outlook and Strategy — September 2014

24 September 2014

This publication contains Citi's updated forecasts and commentary for major economies, central bank policy and financial markets. Our global growth forecasts continue to drift down, and we are cutting 0.1 percent off our 2015 forecast this month, with the biggest monthly downgrade since mid-2011 to our overall forecast for EM growth in the current year and next year. The ECB and BoJ are both likely to ease further via new asset purchase programs in the next couple of quarters. By contrast, both the BoE and Fed are likely to hike rates in the next 12 months. We look for further weakness in the euro and yen against the US dollar and sterling. We highlight three other themes: medium-term China worries, sluggish world trade growth and political independence movements.

[Willem Buiter](#) | [Guillermo Mondino](#) | [Michael Saunders](#) | [William Lee](#) | [Kiichi Murashima](#)

Emerging Markets Macro and Strategy Outlook — Time for another tantrum?

26 September 2014

EM is showing a faint echo of May 2013, the start of the 'taper tantrum', when it

was faced with two shocks: expectations of a more unfriendly US monetary policy, and an uncertain outlook for commodity exports. These two forces are back. But last year's distinction between 'deficit' (sell) and 'surplus' (buy) countries is morphing into a distinction between commodity and manufactured goods exporters. In the former group, we see deteriorating terms of trade, worse export performance, wider current account deficits, lower levels of investment efficiency, more depreciated currencies and bigger inflation problems. Among the Fragile 5, the manufacturing exporters (India, Turkey) have achieved decisive current account improvements while deficits are either bigger or only marginally smaller in commodity exporters. That may have been acceptable early this year when risk-appetite towards EM was stable, but if last year's 'taper tantrum' is repeated, these countries' failure to adjust will be punished.

Guillermo Mondino | David Lubin | Johanna Chua

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Appendix A-1

Analyst Certification

The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this report.

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