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Global Economics Weekly Calendar

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GLOBAL ECONOMIC WEEKLY CALENDAR

Sources: Credit Suisse, the BLOOMBERG PROFESSIONAL™ service, © 2013 Thomson Reuters Limited

(To be taken directly to the page, please click on the corresponding link above)

Next Week's Data and Events

US – Government reports, including retail sales, PPI, and the trade balance could be postponed if the federal government shutdown persists. Despite the shutdown, we are still forecasting the currently scheduled economic release calendar. October consumer sentiment should fall because of bad news on the government shutdown and August consumer credit should rise faster on a rebound in revolving credit. September retail sales should post another modest gain, held back by the drop in auto sales, the September PPI should fall for the first time in five months because of lower energy and food prices, and the August trade balance should widen versus July.

We still await the September jobs report, which was postponed from the official October 4 release date. We still expect +190K for payrolls and a 7.2% unemployment rate.

Developed Europe – In the euro area a selection of industrial orders/production data will be in focus. We expect solid increases after weak readings in June and July despite a continued improvement in a broad range of surveys. We will also watch German orders closely after some volatility in past months caused by Paris Air Show orders. UK industrial production data should show a slight increase on the month (August) following a flat number in the prior month.

Asia Pacific – In Japan, we estimate the August current account balance at a seasonally adjusted surplus of about ¥550.0 billion. Meanwhile, core machinery orders are expected to have increased 2.0% m/m in August. In Australia, the September employment report is due. In China, we expect banks to lend out about Rmb 645bn in new loans during the month, and we expect the M2 growth to be at 14.5%. Elsewhere in emerging Asia, we expect India's strong export performance to continue, helped by a weaker rupee and an improvement in the global trade cycle.

Central Banks – We expect the minutes of the September 17-18 FOMC meeting to help illustrate just how close the decision was to keep the pace of asset purchase program unchanged. In the UK, the Bank of England is likely to be the main event, although we do not expect any policy change. In the emerging markets, we expect the Central Bank of Brazil to raise the policy rate 50 bp to 9.50%. Elsewhere, central banks in Korea, Indonesia, and Peru should keep interest rates unchanged.

FX

We have updated a number of our G10 forecasts.

Commodities

The Long and Winding Road

Industrial Country Calendar

Date	Significant Events	Previous	Median	CS Est.	Comment
Mon Oct 7	AUS AiG Perf of Construction (Sep)	43.7			
	NZL QV House Prices (Sep)	8.5%			
	JPN Lead/Coincident Index (Aug)	107.9/107.7			
	NOR Manufacturing Production (Aug)	0.1%/5.7%			
	Euro Area Sentix Investor Conf (Oct)	6.5			
	CAN Building Permits (Aug)	20.7%			
	US Consumer Credit (Aug)	$10.4B	$12.0B	$13.5B	We expect the revolving credit component to rebound in August.
Tue Oct 8	NZL NZIER Business Opinion (3Q)	32			
	AUS ANZ Job Ads (Sep)	-2.0%			
	JPN Trade Balance (Aug)	-943.3B			
	JPN BoP Current Account Balance (Aug)	577.3B			
	SWI Unemployment Rate (Sep)	3.0%/3.2%			
	SWI CPI (Sep)	-0.1%/0.0%			
	SWI Retail Sales (Aug)	0.8%			
	UK BRC Sales Like for Like (Sep)	1.8%			
	UK RICS House Price Balance (Sep)	40%			
	FRA Bank of France Sentiment (Sep)	97		99	
	SPA Industrial Output (Aug)	0.4%			
	GER Industrial Orders (Aug)	-2.7%/2.0%		0.5%/ 3.6%	
	CAN Housing Starts (Sep)	180.3K			
	CAN Int'l Merch Trade (Aug)	-0.93B			
	***US Trade Balance (Aug)	-$39.1B	-$39.0B	-$41.0B	
	***US JOLTs Job Openings (Aug)	3689K			
	US Cleveland Fed's Pianalto on the economy and monetary policy				
Wed Oct 9	NZL Card Spending Total (Sep)	0.4%			
	AUS Westpac Consumer Conf (Oct)	4.7%			
	AUS NAB Business Cond/Conf (Sep)	-6/6			
	JPN Machine Tool Orders (Sep)	-1.7%			
	UK BRC Shop Price Index (Sep)	-0.5%			
	UK Industrial Prod (Aug) m/m% y/y%	0.0%/-1.6%		0.1%/-0.9%	
	UK Trade Balance (Aug)	-9.9B			
	GER Industrial Prod (Aug) m/m% y/y%	-1.7%/-2.2%		0.7%/ -1.7%	
	***US Wholesale Inventories (Aug)	0.1%	0.3%	0.2%	
	US Chicago Fed's Evans on "Unconventional Monetary Policies & Their Cross-Country Spillover"				
Thu Oct 10	NZL Business Mfg PMI (Sep)	57.5			
	AUS Consumer Inflation Expect (Oct)	1.5%			
	AUS Unemp Rate/Change (Sep)	5.8%/-10.8K			
	JPN Tertiary Industry Index (Aug)	-0.4%			
	JPN Machine Orders (Aug)	0.0%/6.5%			
	JPN Bank Lending (Sep)	2.3%/2.0%			
	JPN Consumer Conf (Sep)	43			
	Euro Area ECB Monthly Report				
	SWE CPI (Sep)	0.1%/0.1%			
	SWE Ind Production (Aug)	0.7%/-3.7%			
	NOR CPI / CPI-ATE (Sep)	3.2%/2.5%			
	FRA Industrial Production (Aug) m/m% y/y%	-0.6%/-1.8%		1.0%/-2.4%	
	ITA Industrial Prod (Aug)	-1.1%/-4.3%		0.5%/-4.4%	
	UK BoE Rate	0.50%			
	CAN New Housing Price Index (Aug)	0.2%/1.9%			
	US Initial Jobless Claims (Oct 4)				
	***Import Price Index (Spe)	0.0%	0.3%	0.2%	
	ECB's Draghi Speaks in New York				
	US St. Louis Fed's Bullard makes opening remarks at bank's annual policy research conference				
Fri Oct 11	NZL Non Resident Bond Holdings (Sep)	68.3%			
	JPN Money Stock M2/M3 (Sep)	3.7%/3.0%			
	JPN Domestic CGPI (Sep)	0.3%/2.4%			
	***US PPI/Ex Food & Energy (Sep)	0.3%/0.0%	0.2%/0.1%	-0.2%/0.2%	The headline drop should be the result of lower gasoline prices.
	***US Retail Sales/Ex Auto (Sep)	0.2%/0.1%	0.2%/0.4%	0.2%/0.1%	A drop in auto sales should hold back the headline.
	US Univ of Michigan Conf (Oct pre)	77.5	77.3	72.0	The government shutdown should push sentiment lower.
	***US Business Inventories (Aug)	0.4%	0.3%	0.2%	

*****This release may be postponed, should the partial US government shutdown continue.**

Source: Credit Suisse, the BLOOMBERG PROFESSIONAL™ service

Emerging Markets Calendar

Day	Significant Events	Previous	Consen.	Credit Suisse	Comment
Sat Oct 05	**LATAM**				
	Colombia: September CPI, % y/y	2.27	2.16		
	Colombia: September CPI, % m/m	0.08	0.18		
Mon Oct 07	**EMERGING ASIA**				
	Taiwan: September CPI, % y/y	-0.8	0.3	0.4	
	Taiwan: September Exports, % y/y	3.6	0.9	0.6	
	Taiwan: September Imports, % y/y	-1.2	1.2	1.0	
	EEMEA				
	Czech Republic: August Trade Balance, CZK bn	28.2	20.9		
	Czech Republic: August Industrial Production, % y/y	2.1	-1.3	0.9	
	Czech Republic: August Construction Output, % y/y	0.2			
	Romania: 2Q F GDP, % q/q	0.5			
	Romania: 2Q F GDP, % y/y	1.5			
	South Africa: September Net Reserves, US$ bn	45.59			
	South Africa: September Gross Reserves, US$ bn	47.95			
	Ukraine: September CPI, % y/y	-0.4		-0.2	
	LATAM				
	Brazil: Market Readout (Consensus Report)				We expect a rise in projections for GDP in coming weeks owing to more favorable results for economic activity.
	Chile: August Economic Activity, % y/y	5.3	4.3		
	Chile: August Economic Activity, % m/m	0.0	1.1		
	Mexico: Banamex Survey of Economists				
Tue Oct 08	**EMERGING ASIA**				
	China: September HSBC/Markit Services PMI	52.8			
	Indonesia: Monetary Policy Meeting - Reference Rate, %	7.25		7.25	
	Indonesia: Monetary Policy Meeting – FASBI Rate, %	5.50		5.50	
	Singapore: 3Q 13 A GDP saar, % q/q	0.2		-4.0	
	Singapore: 3Q 13 A GDP, % y/y	3.8		3.9	
	EEMEA				
	Hungary: August P Industrial Production wda, % y/y	2.5		-0.7	
	Turkey: August Industrial Production, % y/y	4.6			
	LATAM				
	Brazil: IGP-DI Inflation Index, % m/m				We expect a sharp increase in producer inflation in industrial and agricultural goods .
	Brazil: Monetary Policy Committee (Copom) meeting – discussion of macroeconomic scenario				Recent BRL appreciation will likely reduce Copom projections for IPCA inflation.
	Chile: September CPI, % y/y	2.2			
	Chile: September CPI, % m/m	0.2			
Wed Oct 09	**EEMEA**				
	Czech Republic: September CPI, % y/y	1.3	1.2	1.4	
	Hungary: Hungarian Central Bank's Minutes				
	Russia: August Trade Balance, US$ bn	13.3	13.3	13.5	
	LATAM				
	Brazil: FX Flows – Central Bank, US$ bn				Net FX inflow in the week due to the fundraising of $2.5 billion from a Brazilian company.
	Brazil: Monetary Policy Committee (Copom) meeting – 2nd day – decision on primary interest rate, %	9.00	9.50	9.50	We attribute a very low probability of a rise different from 50 bp in the Selic basic interest rate.
	Brazil: IPCA Inflation Index, % m/m				We expect slightly higher IPCA inflation in all groups.
	Chile: Trade Balance, US$	-525.0			
	Mexico: September CPI, % y/y	3.46			
	Mexico: September CPI, % m/m	0.28			
Thu Oct 10	**EMERGING ASIA**				
	China: September New Yuan Loans, CNY bn	711.3	645.0	635	
	China: September Money Supply M2, % y/y	14.7	13.9	14.5	
	Korea: Monetary Policy Meeting – Repo Rate, % y/y	2.50	2.50	2.50	
	India: September Imports, % y/y	-0.7		0.0	
	India: September Exports, % y/y	13.0		12.0	
	India: September Trade Balance, US$ bn	-10.9		-13.9	
	Malaysia: August Industrial Production, % y/y	7.6		7.5	
	Philippines: August Exports, % y/y	2.3		26.0	
	EEMEA				
	Egypt: September CPI, % y/y	9.7			
	Romania: August Industrial Production, % y/y	6.3			
	Romania: September CPI, % y/y	3.7			
	Romania: August Trade Balance	-574.0			
	South Africa: August Manufacturing Production nsa, % y/y	5.4			
	South Africa: August Manufacturing Production sa, % m/m	5.0		-2.0	Labor strikes in the motor sector likely pushed volumes lower in the month.
	South Africa: August Gold Production, % y/y	0.9			
	South Africa: August Mining Production, % y/y	0.6			July recorded a strong m/m increase, which was unlikely to have been repeated in August.
	LATAM				
	Brazil: 1st preview of IGP-M Inflation Index, %				We expect a drop in producer inflation in agricultural products.
	Chile: October Central Bank's Economist Survey				
	Colombia: September Consumer Confidence***	13.4			
	Peru: Monetary Policy Decision	4.25			
	Peru: August Trade Balance, US $mn	-486.0			
Fri Oct 11	**EMERGING ASIA**				
	India: August Industrial Production, % y/y	2.6		1.5	
	EEMEA				
	Hungary: September CPI, % y/y	1.3		1.1	
	Kazakhstan: Industrial Production, % y/y	2.5			
	Kazakhstan: Real Wages, % y/y	-0.5			
	Poland: August Trade Balance, euro mn	293.0			
	Poland: August Current Account Balance, euro mn	-178.0			
	Turkey: August Current Account Balance, US$ bn	-5.79			
	Turkey: July Unemployment Rate, %	8.8			
	LATAM				
	Colombia: Monetary Policy Meeting Minutes				
	Mexico: August Industrial Production, % y/y	-0.5	-0.9		
	Mexico: August Industrial Production, % m/m	-0.1			

Abbreviations: wda (work day adjusted); **sa** (seasonally adjusted); **nsa** (not seasonally adjusted); **saar** (seasonally adjusted, annualized rate); **% y/y** (% change year on-year); **% m/m** (% change month-on-month); **% q/q** (% change quarter on quarter) ** on that date or before; *** on that date or after

Source: Credit Suisse, the BLOOMBERG PROFESSIONAL™ service, © 2013 Thompson Reuters Limited, various national statistical sources

The Week Ahead: US

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The government shutdown delayed three economic reports this past week and, depending on the duration of the shutdown, could delay up to seven economic reports next week. Those releases include August Trade Balance, August JOLTs, August Wholesale Inventories, September Import Price Index, September Producer Price Index, September Retail Sales, and August Business Inventories. Despite the shutdown, we are previewing the originally scheduled calendar.

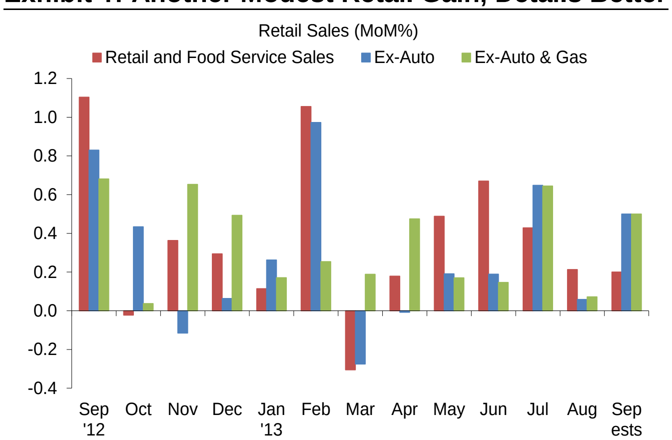
September retail sales should post another modest gain (0.2%). Core details should look better than the headline, which should be held back by a drop in auto sales. On the upside, we look for a pick-up in food sales and a rebound in both building materials and clothing after declines last month. However, chain store sales appeared sluggish and could limit strength in general merchandise, and gasoline prices were down slightly, making these sales a potential small drag. Overall, our assumptions should be consistent with real consumer spending growth of 1.6% in 3Q, another sub-par quarter.

We expect consumer sentiment to drop to a two-year low (72.0) because of the government shutdown. The final September report said consumers, "… don't expect the President and Congress to be careless enough to allow intransigence on the federal budget and debt ceiling to shut down the government." But that happened, so we expect bad news heard on government to spike. The shutdown has put downward pressure on stock prices and even clouded the economic landscape with the postponement of economic reports, particularly the widely publicized employment report.

The PPI should post the first drop in five months (-0.2%), while the core PPI should rise by the most in three months (0.2%). The headline drop should be the result of lower gasoline prices in September and an influence from sharp declines in farm prices received in both August and September. The moderate core gain should reflect continued expansion in manufacturing output. Amid the crosscurrents, y/y trends should remain subdued. The headline at 0.2% y/y should reach a four-year low in part because of base effects (lower energy prices this September vs. higher energy prices last September), while the core at 1.3% y/y should stay near August's three-year low.

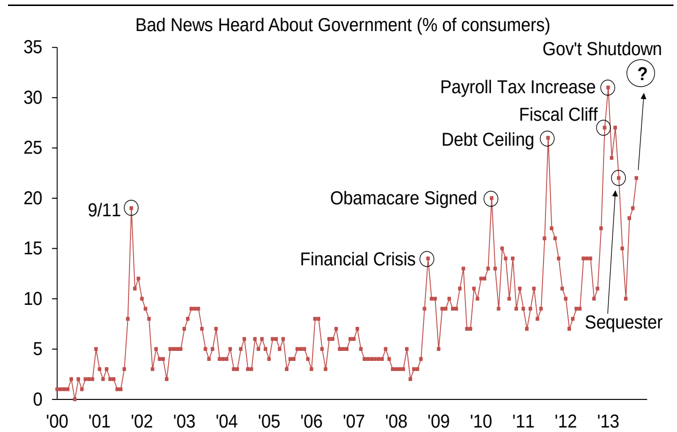
The Federal Reserve, which does not depend on Congressional appropriations to function, remains open and should release economic reports as scheduled. We expect the minutes of the September 17-18 FOMC meeting to help illustrate just how close the decision was to maintain the pace of the committee's $85bn/month asset purchase program. A deeper understanding of the FOMC's motivation for surprising the markets in mid-September with this decision could help us anticipate when tapering may eventually begin.

Exhibit 1: Another Modest Retail Gain, Details Better



Source: Census, Credit Suisse

Exhibit 2: Government Shutdown to Take Down Sentiment



Source: Thomson Reuters/University of Michigan, Credit Suisse

The Week Ahead: Developed Europe

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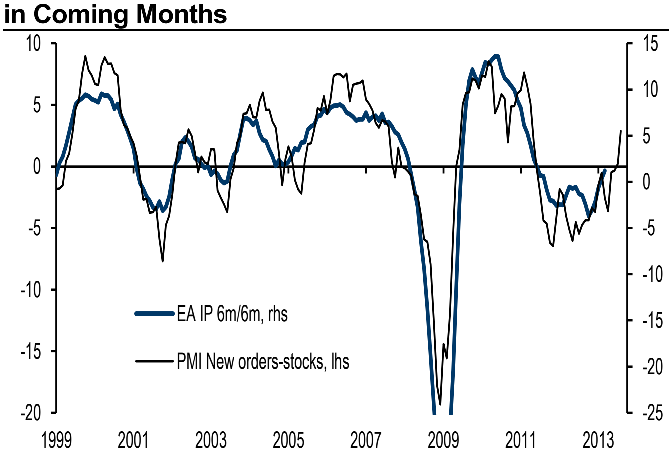
In the euro area a selection of industrial orders/production data will be in focus. We expect solid increases after weak readings in June and July despite a continued improvement in a broad range of surveys indicating that industrial activity has been picking up in recent months. As such, we expect the hard data to catch up with the more positive surveys. We will also watch **German orders** closely after some volatility in past months caused by Paris Air Show orders. August German manufacturing orders should post a 0.5% m/m increase. In July, the 2.7% m/m fall responded to the 5.0% m/m increase in June that was led by big-ticket orders from the Paris Air Show. It's possible that the impact of the latter was not fully reversed in August. However, looking through the high volatility of recent months, the underlying trend remains positive.

In the UK the Bank of England is likely to be the main event, although we do not expect any policy change. Given the strength of the UK data, there appears to be no appetite on the committee to ease policy further at this stage. Regarding forward guidance, survey data and comments from some MPC members appear to suggest broad satisfaction with the impact of the policy so far, and so we see limited need for the BoE to push back against market pricing in the near term. While it may be the case that financial markets are expecting rate hikes in the first half of 2015, there is evidence that the policy has fed through into the real economy. Ultimately Carney's intention was to give confidence to firms and households, and not necessarily financial markets, that rates will remain on hold for a long period of time. In this he appears to have succeeded. Although unemployment does look as though it could hit 7% more quickly than the bank expects, ultimately it is wages (and unit labor costs) that will determine policy at this stage. If wages remain weak, monetary policy can remain at present levels.

Industrial production data should show a slight increase on the month (August) following a flat number in the prior month. We expect it to increase by 0.1% m/m in August. Manufacturing could provide a source of upside, but risks from other industries, such as water, electricity, and gas, remain. This reading would be consistent with a continued uptick in manufacturing 3m3m momentum, although we anticipate a decline in UK momentum thereafter. This is consistent with other signs in the data that suggest that the pace of improvement in cyclical indicators is moderating.

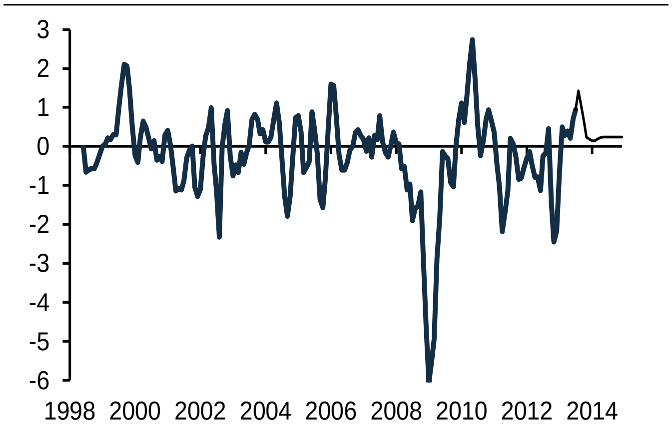
In the **Nordic economies**, inflation prints will be in focus, with CPI releases in both Sweden and Norway on Thursday. In Norway, inflation has surprised policymakers to the upside in past months; we will watch whether this momentum continues.

Exhibit 3: EA Manufacturing PMI Indicates a Rise in IP in Coming Months



Source: Credit Suisse

Exhibit 4: German New Orders



Source: Credit Suisse

The Week Ahead: Asia Pacific

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In Japan, the International Balance of Payments data (October 8) and machinery orders (October 10) will be released. We estimate the current account balance running a seasonally adjusted surplus of about ¥550.0 billion in August (¥333.7 billion surplus in July). According to the trade statistics, the trade account (seasonally adjusted) was a ¥791.4 billion deficit in August, which would be equivalent to an approximately ¥648.1 billion deficit in terms of International Balance of Payments Statistics. Meanwhile, we estimate the service account standing at a ¥115.0 billion in deficit and the income account being roughly a ¥1.4 trillion surplus. As a result, we estimate a current account surplus of about ¥550.0 billion for the month.

We foresee core machinery orders showing a 2.0% m/m increase (seasonally adjusted) in August (+0.0% in July), coming in somewhat stronger than implied by the Cabinet Office's forecast survey conducted in June, which projected a 2.0% q/q decline in Jul-Sep. Foreign demand for machinery, which is a leading indicator for domestic orders, turned positive in July (+1.4% m/m) and machinery tools orders for August were up 5.0% m/m. These data suggest that core machinery orders would have been on a recovery path in August.

In **Australia**, the September employment report is due. In addition, the **New Zealand** September PMI report is scheduled to be released.

In China, the September new Rmb loans and M2 growth data will be released during next week. Currently, we expect banks to lend out about Rmb 645bn in new loans during the month, and we expect the M2 growth to be at 14.5%.

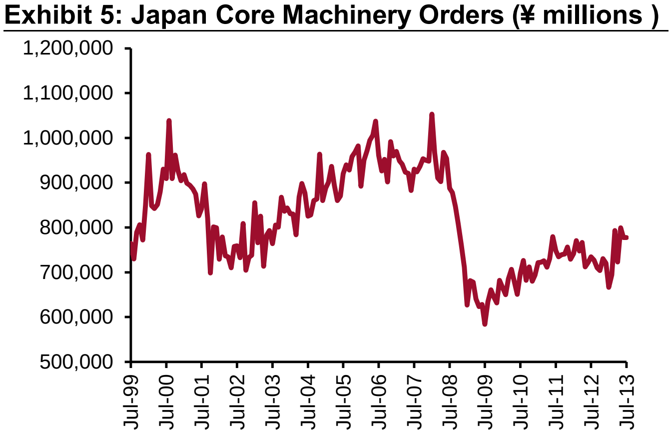
Elsewhere in emerging Asia, we will see trade and industrial production numbers out from India. We expect exports to continue to grow strongly by 12.0% y/y in September (vs. 13% y/y in August), helped partly by a weaker rupee and also a world trade cycle that looks to be improving. If we are right, the trade deficit will be slightly higher at USD14bn in September, from US11bn the previous month. We will also see industrial production numbers out from India. We expect India's industrial production to rise 1.5% y/y, from 2.6% y/y in the previous month.

We will also see Singapore's advance 3Q GDP numbers. We estimate on the basis of our regression model that 3Q GDP will contract by 4% quarter-on-quarter annualized, following an unusually strong 15.5% increase in 2Q.

On the central bank front, we expect Bank Indonesia (BI) to keep both its key policy rate and the FASBI rate (the lower end of its interest rate corridor) unchanged at 7.25% and 5.5%, respectively. The combination of a recent fall in headline inflation and a return to a monthly trade surplus should help reassure the central bank and nervy markets in the short term at least.

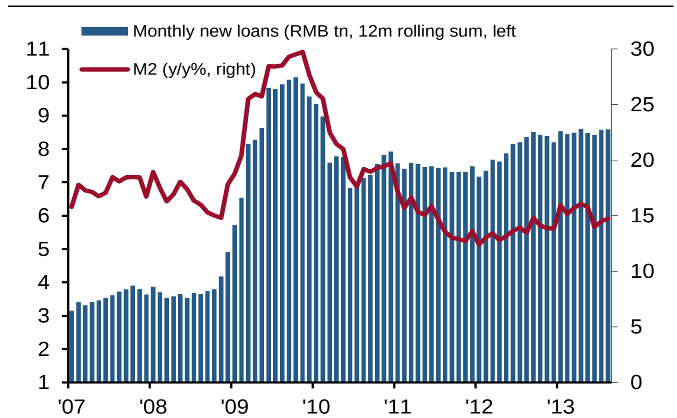
We expect the Bank of Korea to keep its key policy rate unchanged at 2.5%. With growth stabilizing and inflation at bay, we doubt the Korean central bank will see the impetus to cut the policy rate further.

Exhibit 5: Japan Core Machinery Orders (¥ millions)



Source: Cabinet Office, Credit Suisse

Exhibit 6: China M2 Growth and New Loans



Source: PBoC, Credit Suisse

The Month Ahead Calendar

Week of October 14: US, EA, UK, CAN, NZL, FRA CPI; US Housing Starts; UK RPI

	MONDAY Oct 14	TUESDAY Oct 15	WEDNESDAY Oct 16	THURSDAY Oct 17	FRIDAY Oct 18
US		Empire Mfg (Oct)	**CPI/Core CPI (Sep)** NAHB Housing Market Index (Oct)	Initial Jobless Claims (Oct 11) **Housing Starts/Permits(Sep)** Industrial Prod/Cap U (Sep) Mfg Production (Sep) Philadelphia Fed (Oct)	Leading Index (Sep)
JAPAN		Industrial Prod (Aug)			
EURO AREA	**Euro Area** Industrial Prod (Aug)	**FRA** **CPI (Sep)** **Euro Area** ZEW Survey Expect (Oct) **GER** **ZEW Survey (Oct)**	**ITA** Trade Balance (Aug) **Euro Area** **HICP (Sep)** Trade Balance (Aug)	**Euro Area** Current Account (Aug) Construction Output (Aug)	**BEL** Consumer Confidence (Oct)
UK		PPI Input/Output (Sep) ONS House Prices (Aug) **CPI (Sep)** **RPI / RPIX (Sep)**	Claimant Count Rate (Sep) Jobless Claims Change (Sep) Avg Weekly Earnings / Ex Bonus (Aug) ILO Unemp Rate (Aug) Employment Change (Aug)	Retail Sales Ex Auto (Sep)	
OECD	**NZL** Perf of Service Index (Sep) **AUS** Home Loans (Aug) **SWI** Producer & Import Prices (Sep)	**AUS** New Motor Vehicle Sales (Sep) **NOR** Existing Home Sales (3Q) **NOR** Trade Balance (Sep) **CAN** **Existing Home Sales (Sep)**	**NZL** **CPI (3Q)** **AUS** Westpac Leading Index (Aug) **SWI** CS ZEW Survey Expect (Oct) **CAN** Mfg Sales (Aug)	**NZL** ANZ Job Ads (Sep) ANZ Consumer Conf (Oct) **AUS** NAB Business Conf (3Q) **SWE** Unemployment Rate (Sep) **CAN** Int'l Securities Trans (Aug)	**CAN** **CPI (Sep)** **BoC Core CPI (Sep)**

Week of October 21: US Home Sales, Durables; Norges Bank, BoC, Riksbank Rates

	MONDAY Oct 21	TUESDAY Oct 22	WEDNESDAY Oct 23	THURSDAY Oct 24	FRIDAY Oct 25
US	Chicago Fed Nat Act Index (Sep) **Existing Home Sales (Sep)**	Richmond Fed Mfg Index (Oct)		Initial Jobless Claims (Oct 18) Markit PMI Prelim (Oct) New Home Sales (Sep) Kansas City Fed Mfg (Oct)	**Durable Goods/Orders (Sep)** Univ of Michigan Conf (Oct-Fin)
JAPAN	Trade Balance (Sep) All Industry Activity Index (Aug) Lead/Coincident Index (Aug)		Small Business Conf (Oct)		**Nation CPI (Sep)** **Tokyo CPI (Oct)**
EURO AREA	**GER** PPI (Sep) **ITA** Industrial Orders/Sales (Aug) **Euro Area** Govt Debt/GDP Ratio		**FRA** Business Confidence (Oct) **Euro Area** Consumer Conf (Oct) **BEL** Leading Indicator (Oct)	**SPA** Unemployment Rate (3Q) **Euro Area** PMI Mfg / Serv / Comp (Oct) **ITA** Consumer Conf (Oct) Hourly Wages (Sep)	**SPA** PPI (Sep) **ITA** Retail Sales (Aug) **Euro Area** M3 Money Supply (Sep) **GER** Ifo Busi Clim / Curr Ass / Exp (Oct)
UK	Rightmove House Prices (Oct) CBI Industrial Trends Survey (Oct) (Oct 20-25)	**PSNCR/PSNB (Sep)**	**BoE Minutes**		GDP (3Q) CBI Distributive Trades Survey (Oct)
OECD	**NZL** Net Migration (Sep) Credit Card Spending (Sep) **SWI** Money Supply M3 (Sep)	**SWI** Trade Balance (Sep) **CAN** **Retail Sales/Ex Autos (Aug)**	**AUS** Conf Board Leading Index (Aug) DEWR Skilled Vacancies (Sep) CPI (3Q) **CAN** **BoC Rate Decision**	**NZL** Trade Balance (Sep) **SWE** **Riksbank Interest Rate** PPI (Sep) **NOR** **Deposit Rates**	**SWE** Mfg/Consumer Conf (Oct) Household Lending (Sep)

Week of Oct 28: FOMC, BoJ, RBNZ Rates; US & EA Employment; US & CAN GDP

	MONDAY Oct 28	TUESDAY Oct 29	WEDNESDAY Oct 30	THURSDAY Oct 31	FRIDAY Nov 1
US	Pending Home Sales (Sep)	Consumer Conf (Oct)	**GDP (3Q)** **FOMC Rate Decision**	Initial Jobless Claims (Oct 25) **Employment Cost Index (3Q)** **Personal Income/Spending (Sep)** ISM Milwaukee (Oct) Chicago PMI (Oct)	**Nonfarm/Private Payrolls (Oct)** **Unemp Rate (Oct)** **Avg Hrly Earnings (Oct)** Markit PMI (Oct) Construction Spending (Sep) ISM Mfg/Prices Paid (Oct) **Total/Domestic Vehicle Sales (Oct)**
JAPAN		Overall Household Spending (Sep) **Jobless Rate (Sep)** **Job-to-App Ratio (Sep)** Retail Trade/Sales (Sep)	Industrial Prod (Sep) Vehicle Prod (Sep)	Markit/JMMA Mfg PMI (Oct) Labor Cash Earnings (Sep) **BoJ Target Rate** Housing Starts (Sep)	
EURO AREA	**ITA** Business Conf (Oct)	**GER** Gfk Consumer Conf (Nov) **FRA** Consumer Conf (Oct) **SPA** Retail Sales (Sep)	**SPA** GDP (3Q P) **GER** Unemp Change/Rate (Oct) CPI (Oct) **Euro Area** Indust/Cons/Serv Conf (Oct) **BEL** GDP (3Q P)	**FRA** PPI (Sep) Consumer Spending (Sep) **ITA** Unemployment Rate (Sep) CPI (Oct) PPI (Sep) **Euro Area** **Unemp Rate (Sep)** Flash HICP (Oct)	
UK	Hometrack Housing Survey (Oct)	Net Consumer Credit (Sep) **Mortgage Approvals (Sep)** M4 Money Supply (Sep)	Lloyds Business Barm. (Oct)		PMI Mfg (Oct)
OECD	**SWE** Trade balance (Sep) Retail Sales (Sep) **NOR** Industrial Conf (3Q)	**CAN** Industrial PPI/Raw Mat PI (Sep)	**SWI** KoF Leading Indicator (Oct) **SWE** Wages Non Manual Workers (Aug) **NOR** Unemp Rate (Aug) Retail Sales (Sep)	**NZL** **RBNZ Official Cash Rate** Building Permits (Sep) ANZ Activity Outlook (Oct) Money Supply M3 (Sep) **AUS** HIA New Home Sales (Sep) Import/Export Price Index (3Q) Building Approvals (Sep) Private Sector Credit (Sep) **CAN** **GDP (Aug)** Avg Weekly Earnings (Aug)	**AUS** AiG Perf of Mfg (Oct) PPI (3Q) Commodity Index (Oct) **SWE** PMI Mfg (Oct) **NOR** Unemp Rate (Oct) Credit Indicator Growth (Sep) PMI Mfg (Oct) **SWI** PMI Mfg (Oct)

Central Bank Watch: Developed Markets

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Country	Current	Next meeting	End-13	End-14	
US	0.00%-0.25% Fed funds rate	**Unch Oct 30** (LM*: -75 bp 16 Dec '08)	0-0.25%	0-0.25%	The FOMC defied market expectations in mid-September by not scaling back its asset purchase program. But the committee did discuss in its policy statement conditions under which it would decrease the pace of asset purchases, thereby introducing a bias to taper in the future. It is not clear to us, nor presumably to the FOMC, when tapering will start. We expect QE3 to remain at its current $85bn/month pace beyond the October 29-30 FOMC meeting and possibly beyond the December 17-18 meeting. Also, the mid-2014 termination date for QE3 the Fed had signaled in June is now open to question.
Euro area	0.50% Repo rate	**Unch Nov 7** (LM*: -25 bp 2 May '13)	0.50%	0.50%	There was nothing new in the press conference. First, rates will remain at the current low level as long as the recovery remains subdued and second, the ECB is in no rush to do another LTRO. If anything and as we are slowly nearing the €200bn excess liquidity threshold, that threshold was de-emphasized by stating that less fragmentation can be accompanied by less excess liquidity. The dovish bias was kept by reiterating a) the forward guidance phrase of "low or lower rates", b) the fact that risks to growth remain on the downside, and c) by acknowledging – as in September – that some on the Governing Council also felt that rate cuts needed to be discussed. On balance, a bank that is watching the slow, subdued recovery and feels no need to rock the boat. And there is no other LTRO in the immediate pipeline.
Japan	0-0.10% Overnight rate	**Unch Oct 4** (LM*: 0%-0.1% 5 Oct '10)	0-0.10%	0-0.10%	The policy board of the BoJ decided to maintain the status quo, leaving policy unchanged. The bank continues to aim at increasing the monetary base outstanding by ¥60-70 trillion per annum. It also decided not to touch the allocation of asset to be purchased. The unanimous vote decision suggests no material differences in views among nine board members about assessment of the economy and recent developments of financial markets.
UK	0.50% Base rate	**Unch Oct 10** (LM*: -50 bp 5 Mar '09)	0.50%	0.50%	We do not expect any innovation at the BoE policy announcement.. Given the strength of the UK data, there appears to be no appetite on the committee to further ease policy at this stage. Regarding forward guidance, survey data and comments from some MPC members appear to suggest broad satisfaction with the impact of the policy so far, and so we see limited need for the BoE to push back against market pricing in the near term. While it may be the case that financial markets are expecting rate hikes in the first half of 2015, there is evidence that the policy has fed through into the real economy. Ultimately Carney's intention was to give confidence to firms and households, and not necessarily financial markets, that rates will remain on hold for a long period of time. In this he appears to have succeeded. Although unemployment does look as though it could hit 7% more quickly than the bank expects, ultimately it is wages (and unit labor costs) that will determine policy at this stage. If wages remain weak, monetary policy can remain at present levels.
Switzerland	0%-0.25% Target LIBOR	**Unch Dec 12** (LM*: -25 bp 12 Mar '09)	0-0.25%	0-0.25%	The SNB kept its EUR/CHF floor at 1.20 and the target range for three-month LIBOR at 0.0%-0.25%. In its economic projections, it noted that the outlook for inflation was broadly unchanged since June, although it marginally revised up the inflation path in the short term. In addition, the SNB noted that there were some signs of easing of house price growth but suggested that it would continue to monitor this sector closely.
Sweden	1.00% Repo rate	**Unch Oct 24** (LM*: -25 bp 18 Dec '12)	1.00%	1.25%	The Riksbank kept rates unchanged at 1.0% at its meeting on September 5. There was a somewhat more positive tone from the Riksbank release, with "clearer signs of an improvement" in the economy referenced and the repo path moved up slightly from 0.9% in 4Q 2013 to 1.0%. However, the repo path is still expected to remain unchanged until the end of 2014 as before. Both Deputy Gov Ekholm and Floden were in favor of a rate cut.
Norway	1.50% Sight deposit	**Unch Oct 24** (LM*: -25 bp 14 Mar '12)	1.50%	1.75%	The Norgesbank kept rates unchanged at 1.5% in its Sep meeting. The repo rate path was revised upward somewhat, and a full 25 bp hike in policy rate is now being projected by the end of 2014. The economic projections saw a marked upward revision to inflation forecasts, combined with a slight increase in the size of the output gap (a larger deviation of current GDP from potential), although the output gap remains small. Overall, probably a somewhat less hawkish stance from the Norgesbank than could have been the case.
Canada	1.00% Overnight rate	**Unch Oct 23** (LM*: +25 bp 8 Sep '10)	1.00%	1.50%	The BoC's Sep meeting revealed to us that policymakers seem less willing to commit to concrete timing about their outlook. Despite maintaining forward guidance, the BoC inserted uncertainty in two places in its policy statement, making for a slightly more dovish global economic backdrop. Uncertainty was absent from the July statement. The last time it showed up was in Jan 2013.
Australia	2.50% Cash rate	**Unch Nov 4** (LM*: -25 bp 6 Aug '13)	2.25%	2.25%	The RBA kept its policy rate unchanged as was widely expected, and maintained a neutral bias in the crucial final paragraph of the statement. However, the statement added guarded language, noting that household and business sentiment has improved.
New Zealand	2.50% OCR	**Unch Oct 31** (LM*: -50 bp 10 Mar '11)	2.50%	3.50%	Despite the recent announcement from the RBNZ that it would be introducing restrictions on high loan-to-value ratio (LVR) mortgage lending from the Oct 1 – in an attempt to dampen house price pressures – we continue to expect the bank will raise the OCR by 25 bp to 2.75% at the Mar 2014 Monetary Policy Statement (MPS). Thereafter, we expect an additional three 25 bp increases in interest rates, with the OCR ending the 2014 year around the 3.50% level.

Source: Credit Suisse; LM*: Last move.

Central Bank Watch: Emerging Markets

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Country	Current	Next mtg	End 13	End 14	
Brazil	9.00% Base rate	**+50bp Oct 9** (LM*: +50 bp 28 Aug '13)	10. 00%	10. 00%	The Monetary Policy Committee (Copom) started a tightening cycle at the April meeting, with a 25 bp hike, and in May increased the pace of rate hikes to 50 bp, reaching 8.00% p.a.. In July, the central bank increased once more the Selic rate by another 50 bp, by unanimous decision, repeating the same move later on in later August. The maintenance in July and August of the same communiqué released in May suggests continuation of the current pace of hikes, at least in the next meeting in October. In addition, the communiqué stated, in particular, that the decision would help put inflation on a downward path and ensure that the trend persists into next year. The focus on a more parsimonious objective (ensure a decline in next year's inflation versus 2013's rather than ensure the convergence to the center of the target range) suggests a low probability of another acceleration in the tightening cycle. In addition, the reversal of the recent FX depreciation after the FOMC's meeting in September made 2014 inflation outlook less grim, once the pass-through tends to be less significant than anticipated some weeks ago. We believe the increasing risk of a spike in inflation in the months ahead is compatible with additional monetary tightening of 100 bp, with hikes of 50 bp at the Copom's meetings on October 9 and November 27. In this scenario, the Selic rate would rise from its current 9.00% to 10.00%, for a total monetary tightening cycle of 275 bp.
Chile	5.00% Overnight Rate	**Unch Oct 17** (LM: -25 bp 11 Jan '12)	4.50%	4.00%	The central bank left the monetary policy rate unchanged at 5.0% in its Sept. monetary policy mtg, in line with our consensus-matching expectation. The minutes published on Oct 2 showed that the decision was unanimous. The central bank board members discussed the option of a 25 bp rate cut for a fifth consecutive month. The minutes highlighted the dichotomy between the deceleration in economic activity and the still dynamic consumption. The board also noted the labor market is still tight. On inflation, all board members agreed the headline inflation remained low while core inflation would gradually converge to 3%. Inflation expectations continued to be in line with the central bank's target. The next monetary policy mtg will take place on Oct 17. We expect the central bank to remain on hold until further signs of a slowing domestic demand materialize. Our central scenario still calls for a 50 bp cut by the end of the year.
Colombia	3.25% Overnight Lending Rate	**Unch Oct 25** (LM: -50 bp 22 Mar '13)	3.25%	4.50%	The central bank held the policy rate unchanged at 3.25% in its Sep mtg, in line with our consensus-matching expectation. The decision was unanimous. The post-mtg statement abandoned its previous dovish bias. Specifically, the language on the domestic growth outlook sounded more optimistic, citing that output is converging toward its potential. The central bank discussed stronger-than-expected 2Q GDP, and underscored that the probabilities that '13 GDP reaches similar levels than '12 are increasing. We expect the central bank to remain on hold for the remainder of the year and start removing monetary stimulus in 2H 2014. The central bank will likely keep a neutral and data-dependent tone, to provide itself space to act in case negative surprises to growth arise.
Mexico	4.00% Overnight Rate	**-25 bp Oct 25** (LM: -25 bp 6 Sep '13)	3.50%	3.50%	The central bank cut the overnight rate by 25 bp, to 3.75% in its September meeting, in line with our expectations but contrary to the market consensus of no change. The central bank's decision was largely driven by the weakness of the Mexican economy and by the benign inflation results. The bank closed the policy statement in the same way it closed the June and July communiqués. Specifically, the bank wrote that the board will be watchful of the implications on inflation from the performance of the economy and from Mexico's relative monetary policy stance vis-à-vis that of other countries. The next monetary policy meeting will take place during the week of October 21, with the announcement of the monetary policy decision scheduled for October 25 at 10:00am EDT. We think that the central bank will implement another rate cut of 25 bp to 3.5%.
Peru	4.25% Overnight Rate	**Unch Oct 10** (LM: +25bp May 12 '11)	4.25%	4.25%	The central bank left the monetary policy rate unchanged at 4.25% in its September monetary policy meeting, in line with our consensus-matching expectation. The press release carried a neutral tone and varied little from the August post-meeting communique. The bank mentioned that economic growth remains near potential. It also wrote that inflation expectations are anchored and that inflation (3.3% y/y in August) has been affected by temporary supply-side factors. In late September, the central bank lowered reserve requirements in sol-denominated deposits to 16% from 17% and marginal reserve requirements to 16% from 20%. This measure took effect on October 1, and is the third month in a row in which the bank has lowered reserve requirements. We believe the central bank still has space to ease reserve requirements before making adjustments to the monetary policy rate, if needed.
Czech	0.05% (2-week repo rate)	**Unch Nov 7** (LM: -20 bp 1 Nov '12)	0.05%	0.05%	The CNB board lowered the policy rate by 20 bp to 0.05% at its Nov '12 mtg. We forecast the CNB board will keep policy rate unchanged until end-'14 but might consider FX intervention to weaken the koruna & ease monetary conditions.
Hungary	3.60% (2-week dep rate)	**-10 bp Oct 29** (LM: -20 bp 24 Sep'13)	3.30%	3.00%	The Monetary Council (MC) started lowering the policy rate in Aug '12, from 7.00% gradually to 3.60% by end-Sep '13, and maintained its dovish bias. We forecast the MC will continue policy rate cuts in steps of 10 bp from Oct onwards.
Poland	2.50% (1-week ref rate)	**Unch Nov 6** (LM: -25 bp 3 Jul '13)	2.50%	2.50%	The Monetary Policy Council (MPC) lowered the policy rate from 4.75% to 2.50% between Nov '12 and Jul '13, and then stated the easing cycle has ended. We forecast that the MPC will keep the policy rate unchanged at 2.50% until end-'14.
Israel	1.00% Base rate	**Unch Oct 28** (LM*: -25 bp 23 Sep '13)	1.00%	1.50%	The Monetary Committee (MC) surprisingly cut the policy rate by 25 bp to 1.00% on Sep 23, primarily on the back of the appreciation of the shekel. Prior the policy rate cut on Sep 23, the MC kept the policy rate on hold for 3 consecutive mtgs, after cumulatively cutting the policy rate by 50 bp in two separate mtgs in May. We do not expect further monetary policy easing in the remainder of 2013, but we think that further policy rate cuts in coming months will remain largely a function of the currency movements. A combination of weak exports outlook and benign inflation dynamics would likely keep the MC's focus on the shekel, in our view.

Country	Current	Next mtg	End 13	End 14	
Russia	5.50% (1-week direct REPO minimum auction rate)	**Unch Oct 14** (LM*: +25 bp Sep '12)	5.50%	5.50%	The central bank (CBR) left all key policy rates on hold at its mtg on Sept 13. Changes in non-essential rates included cuts in the overnight rate (by 175 bp, to 6.50%) and on one-day loans secured by non-market instruments (by 25 bp, to 6.50%). The maximum one-week auction-based deposit rate was hiked 50 bp to 5.50%. Positively for policy transparency in the longer term, the CBR announced a number of steps to improve the structure of policy rates, with a single key rate (5.50% at the moment) as a center of the 200 bp-wide interest rate corridor (that would move together with the key rate). The main extra channel of liquidity provision will be the three-month auction for loans secured by non-market assets (as opposed to a 12-month auction facility tested for the first time on July 28). The next 3-month auction will be held on Oct 14, with the maximum volume set at RUB 500bn. The CBR also signalled no change in key rates in the near term. We no longer expect key policy rates to be cut until end-2014, barring a significant further widening of the negative output gap.
South Africa	5.00% Repo rate	**Unch Nov 21** (LM*:-50 bp Jul' 12)	5.00%	6.00%	We push out our timing for a first hike in the policy rate of 50 bp to May 2014 (from March previously) and a second hike of 50 bp to July (from May). Some breathing room has been created for the Reserve Bank's monetary policy committee (MPC) in the short to medium term, in our view, by: (a) the delay in Fed tapering; (b) an expected relatively stronger rand; (c) an expected decline in domestic inflation; and (d) likely continued unexceptional real GDP growth. Nevertheless, it should be noted that the MPC described the rand's recent recovery as a "temporary reprieve." Furthermore, it said that the longer-term trajectory for inflation was uncomfortably close to the upper end of the target.
Turkey	4.50% one-week repo 3.50%-7.75% overnight interest rate corridor	**Unch Oct 23** LM* (-50 bp on 16 May'13) +50bp in the upper end of the overnight interest rate corridor on 20 Aug' 13	4.50% 3.50%-7.75%	4.50%	The monetary policy committee (MPC) kept all key interest rates unchanged at its meeting on September 17. The central bank's overnight lending rate (upper end) remained at 7.75%, the central bank's overnight borrowing rate (lower end) at 3.50%, and the one-week repo rate at 4.50%. Primary dealers will continue to have access to their special funding facility at 6.75%. We continue to expect that the MPC will keep all key interest rates unchanged through the end of this year. The MPC is likely to respond to a further bout of portfolio outflows from Turkey (in the event of upside surprises in US growth/employment/inflation) with further hikes in the upper end of the short-term interest rate corridor and FX sales, but this is not our baseline scenario.
China	6.00% 1-year lending rate	**Unch** LM* (-31 bp on 5 July 2012)	6.00%	6.75%	Inflation is probably the most important monthly indicator to watch over the next 12-18 months, in our view, as it may force the central bank to alter the monetary policy stance. We expect both deposit and lending rates to rise three times, 25 bp each quarter until 2Q14. After a relatively silent year in 2013, we expect interest rates to rise in 2014, although overall liquidity conditions should remain accommodative.
India	7.50% Repo rate	**+25 bp Oct 29** (LM*: +25 bp 20 Sep '13)	8.00%	8.00%	Dr. Rajan's first meeting as RBI governor saw him unexpectedly raise the repo rate by 25 bp, while cutting the Marginal Standing Facility (emerging funding rate) by 75 bp to 9.5%. The latter was previously raised 300 bp by Governor Subbarao in mid-July to try and stem the depreciation of the rupee. We can probably expect more of the same in coming months. Although it's impossible to know what level of the repo rate Rajan feels would be high enough to force inflation expectations lower, we doubt it's 7.5%. In our view, he will hike by another 50 bp to 8.0% by the end of the current fiscal year.
Indonesia	7.25% Overnight rate	**Unch Oct 8** (LM*: +25 bp 12 Sep'13)	7.25%	7.50%	Bank Indonesia, wisely, in our view, chose to spring a small surprise by hiking both the FASBI rate and the policy rate by 25 bp – the consensus view among economists had been for no change. This brings the cumulative move in the current tightening phase to 150 bp. Although the central bank stated that it expected the September CPI to show little or no sequential increase, the jittery state of markets meant a failure to act may have led history to repeat itself. In other words, BI being forced into an intra-meeting move to try and shore up a rapidly depreciating currency. The monetary tightening, together with softening real income growth, resulting from the rise in food and fuel price inflation, is likely to mean that consumer spending growth is the next shoe to drop in the country's weakening growth story. Bank Indonesia cut its own growth forecast once again, although with a mid-point of 6.0% next year; we believe further reductions are only a matter of time.
Korea	2.50% Overnight rate	**Unch Oct 10** (LM* -25 bp 09 May '13)	2.50%	2.50%	The Bank of Korea kept its policy base rate unchanged at 2.5% in the September meeting. This decision was unanimous within the monetary policy committee and in line with market consensus. We think the probability of further ease in rates over the next six months is declining, as the BoK's outlook on growth improves and its expectation that inflation has hit its bottom. After a brief policy observation period, we think the BoK has decided that further easing measures may not be necessary at this stage. This is in line with our expectation for the BoK to remain on hold for the rest of this year, unless the economy decelerates unexpectedly, which is not our base-case scenario.

Country	Current	Next mtg	End 13	End 14	
Malaysia	3.00% Overnight rate	**Unch Nov 7** (LM* +25 bp 5 May '11)	3.00%	3.25%	While the inflation situation gives the central bank plenty of room to cut rates further if it wants to, the robust GDP growth print, and strong domestic demand growth momentum mean that it is unlikely to be in a rush to do so. In addition, we do not expect a currency blowout that would force the central bank to raise interest rates, as we have seen in Indonesia. After all, Malaysia still has a current account surplus, and is, in our view, a few steps behind Indonesia in terms of economic overheating. Overall, we expect the central bank to keep the policy rate at 3% this year.
Philippines	3.50% Reverse Repo Rate	**Unch Oct 24** (LM* -25 bp 24 Oct '12)	3.50%	4.00%	The Philippines' central bank (BSP) kept both the policy rate (reverse repo) and the Special Deposit Account (SDA) rate unchanged at its last meeting. The post-policy statements highlighted that inflation expectations remain "firmly anchored", while cutting its inflation forecast for 2013 and 2014 down to 3% and 3.9%, from 3.3% and 4% previously. Nonetheless, the central bank highlighted the risk that the ongoing geopolitical tensions in the Middle East could push up commodity prices, leading to upside risks to its inflation projections. The central bank also tried to allay overheating fears, highlighting, among other things, that "asset bubbles are not a concern at this point", "strong M3 growth will not have significant CPI impact" and that the Philippines can "sustain 6%+ non-inflationary growth up to 2015."
Taiwan	1.875% Overnight rate	**Unch. Dec 19** (LM*: +12.5 bp 30 Jun '11)	1.875%	1.875%	We think the CBC will keep its policy rediscount rate on hold for the rest of the year. Although a sharp rebound in growth is not likely, we do not think it will sharply decelerate either, as the US economy remains on a recovery trend, the EU economy stabilizes, and the Chinese economy slow but not collapsing. Unless an unforeseeable negative event erupts in the global economy, we do not think we will see a growth shock bad enough to force the hands of the CBC into easing.
Thailand	2.50% Overnight repo rate	**-25 bp Oct 16** (LM*: -25 bp 29 May '13)	2.25%	2.25%	The Monetary Policy Committee voted 6-1 to keep the policy rate at 2.50%, in line with the market expectation. One member voted for a 25 bp cut. The post-decision statement sounded dovish to us, suggesting it is now more concerned about the growth while the worries about the asset price bubble and household debt have eased. However, it also believes the current rate is accommodative enough for growth. We still see a good possibility of another 25 bp cut before the end of this year for four key reasons: (1) full-year GDP will likely fall significantly below the central bank's target; (2) inflation is very low with the headline print in August likely to dip below 2%; (3) while household is a concern, the BoT can use macro-prudential tools to address that specific issue; and (4) unlike in Indonesia, Thailand does not need to worry about the external funding issue.

Source: Credit Suisse; LM*: Last move.

Foreign Exchange Forecast

Major Currencies[1]	vs.	Spot 1 Oct 2013	Forecasts 3m	12m	Comments
US Dollar	TWI	85.00	83.71	91.80	**Mixed.** With tapering now very much in play, we expect many EM currencies to remain under pressure, as the excesses of the unprecedented period of record low US interest rates begin to reveal themselves. However, the USD is still likely to underperform the euro and its immediate satellite currencies over the medium term. In addition, the USD should retain its upward momentum against the JPY and AUD over the medium term.
by market convention	EUR	1.353	1.400	1.320	
	JPY	98.0	95.0	115.0	
	GBP	1.619	1.647	1.535	
	CHF	0.906	0.871	0.939	
	AUD	0.940	0.900	0.800	
	CAD	1.033	1.060	1.080	
	SEK	6.366	6.250	6.667	
Euro	TWI	95.5	97.2	98.34	**Mixed.** We expect a near-term EUR appreciation against USD, given the likely continued US fiscal uncertainties, followed by retrenchment in 2014 as the focus returns to growth and interest rate differentials. Pent-up investment and consumption may support stronger growth, but event risks remain.
foreign currency units per euro	USD	1.353	1.400	1.320	
	JPY	132.6	133.0	151.8	
	GBP	0.835	0.850	0.860	
	CHF	1.225	1.220	1.240	
	AUD	1.440	1.556	1.650	
	CAD	1.397	1.484	1.426	
	SEK	8.612	8.750	8.800	
Japanese Yen	TWI	143.1	146.0	124.1	**Medium-Term Bearish.** While we remain bearish the yen over a longer period, in the near term recent events have conspired to suggest to us that the yen may need to appreciate further before resuming its downward trend next year. We note, however, that the expected yen strength is likely to be a catalyst for the next leg of BoJ's shock and awe monetary expansion, which we think will take USDJPY to 115 in 12 months' time.
yen per unit foreign currency	USD	98.0	95.0	115.0	
	EUR	132.6	133.0	151.8	
	GBP	158.7	156.5	176.5	
	CHF	108.20	109.02	122.42	
	AUD	92.09	85.50	92.00	
	CAD	94.9	89.6	106.48	
	SEK	15.39	15.20	17.25	
UK Sterling	TWI	83.15	82.39	81.49	**Slightly Bearish.** We think that UK data surprises will roll over during the next three months, although the improvement in the underlying UK cyclical position suggests a limited impact. The focus will remain on the unemployment dynamics and the credibility of the BoE's forward guidance together with the potential drag from on-going longer-term imbalances.
foreign currency units per pound	USD	1.619	1.647	1.535	
	EUR	1.197	1.176	1.163	
	JPY	158.7	156.5	176.5	
	CHF	1.467	1.435	1.442	
	AUD	1.723	1.830	1.919	
	CAD	1.673	1.746	1.658	
	SEK	10.31	10.29	10.23	
Swiss Franc	TWI	145.0	146.5	144.8	**Neutral to Slightly Bearish.** We expect little change in EURCHF in the near term but see the potential for CHF depreciation further out given the SNB's likely continued dovish-ness and limited drag from the unwind of safe haven flows, although counteracted by improving Swiss growth prospects.
francs per unit foreign currency (per 100 units for JPY and SEK)	USD	0.906	0.871	0.939	
	EUR	1.225	1.220	1.240	
	JPY	0.924	0.917	0.817	
	GBP	1.467	1.435	1.442	
	AUD	0.851	0.784	0.752	
	CAD	0.877	0.822	0.870	
	SEK	14.23	13.94	14.09	

[1] Major currencies, defined and ranked by order of their reported foreign exchange market turnover from the BIS 2004 Triennial Central Bank Survey.

Regional Currencies	vs.	Spot 1 Oct 2013	Forecasts 3m	12m	Comments
Americas					
Brazilian Real	USD	2.217	2.250	2.400	**Bearish.** We think USDBRL is likely to trade in a range in the near term, with a mild bias to the upside. Longer term, we continue to look for further BRL depreciation and expect limited support from monetary policy.
Canadian Dollar	TWI	110.1	106.8	106.8	**Bearish.** The economic divergence between Canada/US has widened. Moreover, we think any near-term policy innovations from the BoC will be dovish. Finally, the funding side of the BoP has become less supportive.
	USD	1.033	1.060	1.080	
Mexican Peso	USD	13.16	13.10	12.60	**Long-Term Bullish.** Progress on energy reforms could lead to a significant pick-up in FDI flows. In addition, the low/high gearing towards China/US makes the peso better positioned than the rest of emerging markets.
Colombian Peso	USD	1893	1900	1925	**Neutral.** Our expectations of strong FDI inflows suggest that COP is less likely to suffer from the deterioration in funding conditions otherwise expected for emerging markets. However, we expect the pension reform to trigger portfolio outflows, underscoring a broadly neutral outlook for external balances.
Chilean Peso	USD	504.2	495.0	515.0	**Long-Term Bearish.** While we still expect a slowdown in mining investments and a dovish policy shift to weigh on the peso over the long term, we think CLP should benefit in the near term from resilient domestic demand and a more neutral near-term outlook for copper prices.
Pacific					
Australian Dollar	USD*	0.940	0.900	0.800	**Bearish.** With the RBA rejoining the global "race to the bottom," and mining investment likely to peak this year, we think AUD is likely to come under pressure.
	JPY*	92.09	85.50	92.00	
	NZD*	1.135	1.110	1.080	
NZ Dollar	USD*	0.828	0.811	0.741	**Mixed.** We expect USD and EUR strength to offset AUD and JPY weakness, allowing NZD TWI to stay around current levels. As currency pressure eases, the risk we see is that the market will increasingly shift pricing for RBNZ hikes forward. We doubt such an outcome would trigger a dovish response from the RBNZ or threat of intervention.
	JPY*	81.10	77.03	85.19	
Scandinavia					
Swedish Krona	EUR	8.611	8.750	8.800	**Neutral/Moderately Bearish.** The recovery is underway, but it remains slow. Low price pressures and macroprudential measures should keep Riksbank dovish for an extended period. A weaker exchange rate would be welcome, but the current account surplus is high and flow support may delay such an adjustment.
	USD	6.366	6.250	6.667	
Norwegian Krone	EUR	8.113	8.350	8.350	**Bearish.** The outlook for weaker investment growth, cooling household consumption, and falling house prices are key concerns. Reliance on non-core exports may require further competitiveness gains and currency depreciation. Meanwhile, Norgesbank is likely to remain dovish for a prolonged period.
	USD	5.997	5.964	6.326	
	SEK*	1.062	1.048	1.054	
Emerging Europe, Middle East and Africa					
Czech Koruna	EUR	25.64	26.20	26.50	**Bearish.** The CNB is likely to remain very dovish, focusing on the low and falling inflation. With the policy rate at technical zero, the risk of direct FX interventions to weaken the currency has risen, in our view.
Hungarian Forint	EUR	296.1	300.0	310.0	**Neutral.** A potential for a stronger recovery and high basic balance surplus suggest EURHUF undershoots our forecast in the near term. Nevertheless, accommodative central bank policy poses key risks to the outlook.
Polish Zloty	EUR	4.22	4.30	4.15	**Moderately Bearish**. The planned pension reform may result in significant portfolio outflows. Combined with stalling growth momentum and a negative global backdrop, the risks to zloty may prove large in the near term.
Israeli Shekel	USD	3.53	3.45	3.40	**Bullish**. The current account and FDI support are likely to exert moderate appreciation pressure, while with little foreign ownership of domestic assets the currency is less vulnerable to any outflows in the current environment. However, Bank of Israel remains strongly opposed to appreciation.

Regional Currencies	vs.	Spot 1 Oct 2013	Forecasts 3m	Forecasts 12m	Comments
Russian Rouble	Basket	37.3	37.0	38.5	**Neutral.** The currency benefits from the current account surplus, a relatively hawkish central bank and intervention support. In the medium term, our key concern is the structural underperformance in growth, suggesting a gradually weaker currency may be needed to support the economy.
Rouble versus basket:	USD	32.2	31.4	33.7	
.55*USD+.45*EUR	EUR	43.6	43.9	44.4	
South African Rand	USD	10.12	10.00	10.50	**Bearish.** We expect the funding gap to weigh on the rand, especially in light of the strong surge in 10y Treasury yields. Moreover, we expect the SARB to hike rates in the first half of 2014 in order to keep inflation at bay, which will only help exacerbate the sluggish growth outlook.
	EUR	13.69	14.00	13.86	
Turkish Lira	Basket	2.36	2.43	2.50	**Bearish.** A prolonged period of large current account deficit and accompanying build-up of large foreign liabilities constitutes a key vulnerability for the country. Given the central bank's double mandate of inflation and financial stability, which gives it the room to pursue pro-growth policies, we believe relatively more of the needed macroeconomic adjustment will materialize though a weaker currency.
Lira versus basket:	USD	2.01	2.03	2.16	
.50*USD+.50*EUR	EUR	2.72	2.84	2.84	
Asia					
Chinese Renminbi	USD	6.12	6.15	6.14	**Neutral.** FX policy should shift back toward very gradual appreciation as China's economy recovers. We believe concern about the risk of a currency depreciation in response to weak domestic growth is misplaced.
Indian Rupee	USD	62.5	63.0	65.0	**Moderately Bullish.** We have turned cautiously constructive on the INR. India's central bank (RBI) is intervening aggressively via its swap lines with India's oil companies and, crucially, new RBI Governor Raghuram Rajan is working to restore the bank's inflation credibility.
Indonesian Rupiah	USD	11360	11600	11800	**Bearish.** Monetary policy still appears to us to be a bit too loose for IDR stability and Bank Indonesia (BI) does not plan to tighten further.
Korean Won	USD	1074	1060	1160	**Tactically Bullish.** Korea's current account surplus is in the process of a substantial surge. Capital inflows are also likely to support the won. The Bank of Korea is likely to continue intervening to manage the pace of won appreciation, but we expect it to be overwhelmed by the magnitude of inflows.
Malaysian Ringgit	USD	3.24	3.20	3.20	**Neutral.** Fixed income outflows will continue to be a drag and renewed concerns about Fed taper will likely drive near-term volatility. However, fundamentals have improved and should increasingly support the ringgit.
Philippines Peso	USD	43.3	44.3	43.0	**Near Term Bearish.** The ongoing easing of monetary conditions drives our short-term peso forecasts. However, still robust growth and current account fundamentals should continue over the next year. We expect these to allow the PHP to recover once the economy adjusts to the monetary shock.
Singapore Dollar	USD	1.251	1.280	1.290	**Neutral.** We expect Singapore's central bank (MAS) to maintain the current appreciation path for the SGD nominal effective exchange rate. We estimate the appreciation slope to be 2.5% p.a. with 1.5% bands on either side of the center of the bands.
Taiwan Dollar	USD	29.56	29.20	31.40	**Bearish.** Taiwan's central bank should continue to manage volatility on both sides. Our forecasts imply the TWD will outperform KRW slightly, but we think the CBC would resist this aggressively above 39.0 on the cross.
Thai Baht	USD	31.23	31.00	30.80	**Moderately Bearish.** The THB is in good position to benefit from the recovery in global growth momentum. Foreign positions in Thai local currency debt have diminished, creating potential for equity inflows. We expect the current account to return to surplus in the next quarter. However, the BoT is likely to intervene on both sides to cap volatility.

Exchange rates are home currency per foreign currency unit, unless indicated by * (= inverse quotation).
Source: Credit Suisse

Commodities: The Long and Winding Road

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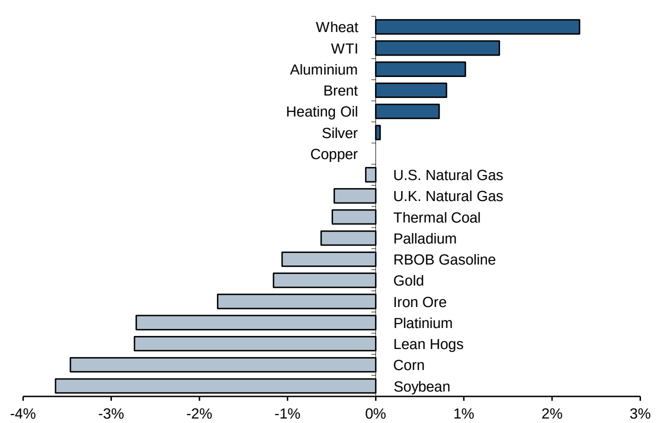
The near-term outlook for many industrial commodities has brightened since our last forecast update, with global economic growth finally beginning to recover over recent months, after consistently disappointing for 2½ years. We expect better demand to see most industrial commodities rally a little further in 4Q, although the gains are likely to be relatively modest.

- **Petroleum:** Oil markets should remain in balance, with most risks manageable in the near to medium term. We expect global benchmark Brent oil futures to keep on trading within a $100-$120 per barrel (b) range. Oil demand has been growing at a moderate 1% + pace, slightly better than consensus expectations, but supply-side upsets drove most of the recent surge in oil prices.
- **Precious:** For gold, the main premise of our bearish outlook hasn't changed. The fiscal headlines generated in the US may provide a modicum of support to gold above the key resistance level of $1,270 a little while longer. However, we do still expect the Fed to begin withdrawing stimulus in the not-too-distant future, while key budget decisions are likely to be deferred until after US mid-term elections in 4Q 2014
- **Base Metals:** Base metals have been provided with a degree of stronger support than we originally expected largely because of better-than-expected demand. Despite some concerns, China's stabilization and reduced fears of a marked fade to growth in 2H have kept rises in apparent uses of industrial commodities in the country in the 7%-8% range for CY2013.
- **Bulks:** After a strong run in 3Q, we expect iron ore to feel the drag of increased supply in the final quarter of 2013, with prices easing back accordingly. Rio Tinto has begun its build-up toward 290 Mt/y, FMG's efforts to reach 155 Mt/y continue apace, and BHP Billiton should also start up its 35 Mt/y Jimblebar expansion before the quarter is out. Furthermore, seasonally stronger Brazilian volumes should add additional weight to the market's offer.
- **US Natural Gas:** We expect significant growth in US natural gas demand over the coming years. The latest well results from the next "exciting" shale play, the Utica, rival those of the best wells in the former most exiting play, the Marcellus. Consequently, beyond the odd tactical or weather-driven upside risk for US gas prices, we see mostly downside risk out to the longer term part of the curve.

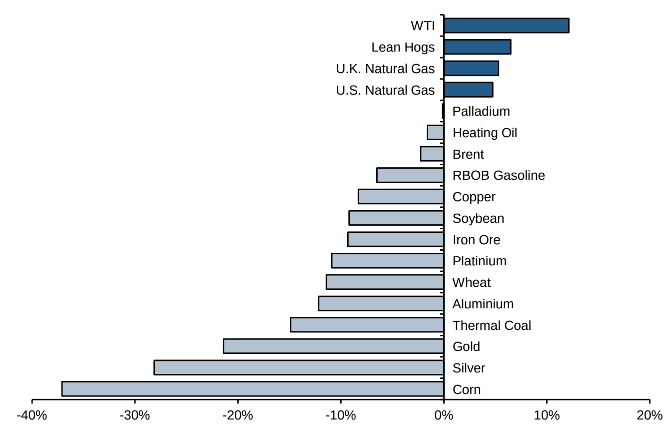
Exhibit 7: Commodity Performances (as of October 3, 2013)

Weekly returns, active contract



Source: the BLOOMBERG PROFESSIONAL™ service, Credit Suisse

Year-to-date returns, front month



Source: the BLOOMBERG PROFESSIONAL™ service, Credit Suisse

Appendix:

Exhibit 8: Global Commodities Price Statistics (as of October 3, 2013)

Commodity	Contract	Units	Price	52-Week Price Range		Weekly Change		MTD	QTD	YTD	60 Month Forward		
				Low	High	Net	%				Price	Net Weekly Change	%Weekly Change
Crude Oil and Products													
WTI Crude Oil, NYMEX	Nov 13	$/bbl	104.10	84.05	112.24	1.44	1.40%	0.64%	0.64%	12.15%	81.90	0.24	0.29%
Brent Crude Oil, ICE	Nov 13	$/bbl	109.19	96.75	119.17	0.87	0.80%	0.22%	0.22%	-2.25%	NA	NA	NA
RBOB Gasoline, NYMEX*	Nov 13	$/gal	262.87	255.24	326.72	(2.82)	-1.06%	-0.19%	-0.19%	-6.48%	247.41	4.04	1.66%
Heating Oil, NYMEX**	Nov 13	$/gal	299.27	272.55	326.68	2.14	0.72%	0.87%	0.87%	-1.59%	289.54	2.05	0.71%
Natural Gas													
Natural Gas, NYMEX	Nov 13	$/Mmbtu	3.54	3.05	4.44	(0.00)	-0.11%	-1.38%	-1.38%	4.77%	4.38	0.04	0.99%
NBP Natural Gas, ICE*	Nov 13	GBp/Therm	67.64	62.25	76.15	(0.32)	-0.47%	0.15%	0.15%	5.30%	70.46	0.98	1.41%
Metals													
Copper, LME	Oct 13	$/mt	7,176.00	6,630.00	8,327.00	0.00	0.00%	-0.42%	-0.42%	-8.30%	#N/A N/A	#VALUE!	#VALUE!
Aluminium, LME	Oct 13	$/mt	1,786.25	1,744.00	2,164.00	18.00	1.02%	-0.47%	-0.47%	-15.56%	81.90	#VALUE!	#VALUE!
Gold, COMEX*	Dec 13	$/oz	1,320.70	1,179.40	1,794.80	(15.50)	-1.16%	-0.72%	-0.72%	-21.41%	1,359.80	(16.40)	-1.19%
Silver, COMEX*	Dec 13	$/mt	21.90	18.18	35.10	0.01	0.05%	-0.20%	-0.20%	-28.20%	22.69	#VALUE!	0.81%
Steaming Coal (Global fob), ICE	Nov 13	$/mt	81.00	76.45	96.30	(0.40)	-0.49%	0.82%	0.82%	-14.88%	95.30	(1.20)	-1.24%
Iron Ore (cfr Tianjin), TSI	Spot	USD	131.40	NA	NA	(2.40)	-1.79%	0.00%	0.00%	-9.32%	NA	NA	NA
Agricultural Products													
Wheat, CBT***	Dec 13	$/bu	686.00	623.00	916.50	15.50	2.31%	1.58%	1.58%	-11.41%	699.75	0.50	0.07%
Corn, CBT**	Dec 13	$/bu	439.00	435.00	800.00	(15.75)	-3.46%	-0.51%	-0.51%	-37.09%	504.25	(11.25)	-2.18%
Soybean, CBT**	Nov 13	$/bu	1,273.75	1,263.50	1,630.00	(48.00)	-3.63%	0.43%	0.43%	-9.20%	1,167.50	(11.50)	-0.98%
Lean Hog, CME***	Dec 13	$/lb	86.18	76.65	102.50	(2.43)	-2.74%	-0.73%	-0.73%	6.50%	79.20	(0.25)	-0.31%

* 15-Month forward, ** 12-Month Forward, ***9-Month Forward

Source: Credit Suisse

Exhibit 9: Quarterly Prices, Historical and Forecasts through 2017

	2012	2013					2014					2015	2016	2017	LT
	Yr Avg (f)	Q1 (f)	Q2 (f)	Q3 (f)	Q4 (f)	Yr Avg (f)	Q1 (f)	Q2 (f)	Q3 (f)	Q4 (f)	Yr Avg (f)	Yr Avg (f)	Yr Avg (f)	Yr Avg (f)	(real)
Energy															
Brent (US$/bbl)	**111.70**	113	103	108	105	**107**	105	110	115	110	**110**	**100**	**95**	**95**	**90**
previous	*111.70*	*113*	*103*	*105*	*110*	*108*	*115*	*110*	*110*	*105*	*110*	*100*	*95*	*95*	*90*
WTI (US$/bbl)	**94.20**	94	94	104	101	**98**	101	106	107	102	**104**	**92**	**87**	**87**	**82**
previous	*94.20*	*94*	*94*	*97*	*102*	*97*	*105*	*100*	*100*	*95*	*100*	*90*	*85*	*85*	*80*
U.S. Natural Gas (US$/MMBtu)	**2.83**	3.35	4.09	3.60	3.75	**3.70**	4.10	3.80	4.00	3.75	**3.90**	**4.20**	**4.40**	**4.50**	**4.50**
previous	*2.83*	*3.35*	*4.09*	*4.20*	*4.20*	*4.00*	*4.10*	*3.90*	*4.00*	*4.10*	*4.00*	*4.40*	*4.70*	*4.60*	*4.50*
U. K. NBP (GBp/Therm)	**58.49**	66	68	64	68	**67**	72	65	64	70	**68**	**67**	**65.50**	**65.00**	**61.00**
previous	*58.49*	*67*	*68*	*62*	*68*	*66*	*72*	*65*	*64*	*70*	*68*	*67*	*66*	*65*	*61*
Iron Ore															
Iron ore fines - 62% (China CFR) US$/t	**128**	148	125	131	115	**130**	115	110	100	90	**104**	**90**	**93**	**95**	**90**
previous	*128*	*148*	*125*	*105*	*100*	*120*	*105*	*95*	*95*	*90*	*96*	*90*	*90*	*90*	*90*
Iron ore fines - (China CFR) US¢/dmtu	**206**	239	202	211	185	**209**	185	177	161	145	**167**	**145**	**149**	**153**	**145**
previous	*206*	*239*	*202*	*169*	*161*	*193*	*169*	*153*	*153*	*145*	*155*	*145*	*145*	*145*	*145*
Coking Coal (contract)															
Hard coking coal (US$/t)	**210**	165	172	145	152	**159**	160	160	165	165	**163**	**173**	**178**	**180**	**165**
previous	*210*	*165*	*172*	*147*	*150*	*159*	*160*	*160*	*165*	*165*	*163*	*173*	*180*	*185*	*165*
Semi soft coal (US$/t)	**139**	116	120	105	105	**111**	112	112	116	116	**114**	**121**	**124**	**126**	**115**
previous	*139*	*116*	*120*	*103*	*105*	*111*	*112*	*112*	*116*	*116*	*114*	*121*	*126*	*130*	*125*
PCI coal (US$/t)	**154**	124	141	116	121	**125**	126	126	130	130	**128**	**136**	**140**	**142**	**125**
previous	*154*	*124*	*141*	*110*	*113*	*122*	*120*	*120*	*124*	*124*	*122*	*129*	*135*	*139*	*130*
Thermal Coal															
Thermal Coal (Newcastle FOB) US$/t	**95**	91	87	77	80	**84**	85	85	85	85	**85**	**88**	**95**	**100**	**95**
previous	*95*	*91*	*87*	*80*	*85*	*86*	*90*	*90*	*90*	*95*	*91*	*100*	*102*	*105*	*100*
Thermal Coal (ARA CIF) US$/t	**92**	86	80	76	79	**80**	84	84	84	84	**84**	**87**	**94**	**99**	**95**
previous	*92*	*86*	*80*	*77*	*82*	*81*	*89*	*89*	*89*	*94*	*90*	*99*	*101*	*104*	*100*
Thermal Coal (RBCT FOB) US$/t	**93**	85	80	72	76	**78**	83	83	83	83	**83**	**86**	**93**	**98**	**95**
previous	*93*	*85*	*80*	*78*	*82*	*81*	*88*	*88*	*88*	*93*	*89*	*98*	*100*	*103*	*100*
Uranium															
Uranium spot (US$/lb)	**49**	43	40	35	36	**39**	38	40	45	50	**43**	**55**	**60**	**70**	**65**
previous	*49*	*43*	*40*	*43*	*45*	*43*	*48*	*52*	*56*	*60*	*54*	*65*	*70*	*65*	*65*

Source: Credit Suisse

Recap of Past Week's Data and Events

US – In the US**, al**though most economic indicators produced by government entities were postponed this week due to the shutdown, private industry surveys were released. The September ISM Manufacturing index rose to a two-and-a-half-year high at 56.2 from 55.7 in August. The improvement in the headline index was mainly driven by the lagging components – Employment and Inventories. New Orders fell by 2.7 points, although the sub-component remained at an elevated level (60.5). In addition, the spreads between demand indicators such as New Orders and Production – and supply indicators – Employment and Inventories – remain favorable for a translation into faster industrial production, business investment, inventory investment, GDP, and job growth.

However, the broader US ISM Non-Manufacturing index fell by 4.2 points (54.4 from 58.6), backing off August's eight-year high. All four components of the headline composite index moved lower on the month, including the widely watched employment index (52.7 from 57.0). Despite the disappointment in the ISM jobs index, we left our September payroll forecast at 190K, as other payroll indicators (particularly jobless claims) are painting a healthier picture**.**

Initial jobless claims rose only a tad (+1k) in the latest week. Federal government employees impacted by the shutdown will not show up in the claims data. However, contract employees who are not paid directly by the government could show up in the coming weeks. The smoother four-week average dropped 4k in the latest week to 305k. This is the lowest level since May 2007. For comparative purposes September claims are 24k less than August and 37k less than July; this bodes well for the layoff side of the unemployment equation.

Europe – In Italy politics was the main focus. The Letta government survived the confidence vote in the Senate. The outcome of the confidence vote should strengthen the government and show that Mr. Berlusconi is becoming more marginal in Italian politics. Austrian election results were close to expectations. Renewal of the current grand coalition of center-left and center-right is highly likely. This is the preferred option for both parties and the population in general, with Werner Faymann at the helm of the government. In the data, peripheral PMIs printed slightly lower than last month, but still above 50.

UK manufacturing PMI headline fell to 56.7 in September, down 0.4 points on the month. This is the first fall in the manufacturing PMI for six months. The employment component rose 2.1 points to 54.0, its highest since May 2011. This continues to raise the risk that the unemployment rate falls to 7.0% sooner rather than later. The UK services PMI fell to 60.3 in September from 60.5 in August. This was the first fall in eight months. The services employment indicator rose on the month to 53.3, providing further evidence that the downward pace of unemployment could gather pace.

Asia Pacific – In Japan, the government officially decided to go ahead with the April 2014 consumption tax increase from 5% to 8%, and at the same time, announced a ¥6 trillion stimulus package aimed at mitigating potential negative impacts of the tax hike. The September BoJ Tankan survey confirmed improving corporate sentiment, with the large manufacturers' business conditions DI showing a 8 pt improvement (to +12) and the large manufacturers' DI indicating a +2 pt rise (to +14). Meanwhile, industrial production declined 0.7% m/m in August, but METI's forecast survey projected a rebound (+5.2%) in September, suggesting that August's drop was a temporary phenomenon.

In China, the NBS PMI increased for the third consecutive month in September to 51.1. Although below the Bloomberg consensus of 51.6, this is the highest score since April 2012. The new orders index went up by 0.4 pp to 52.8. The new export orders index stayed above the 50-benchmark for two months in a row after an improvement of 0.5 pp to 50.7; this supports our view that exports have stabilized and strengthened. This continued improvement in the NBS PMI probably reflects stabilization in sequential growth momentum during the previous months that was sustained into September.

Meanwhile, the HSBC PMI improved by 0.1pp to 50.2 in the month; this final reading is lower than the upbeat flash reading of 51.2 released on 23 September. The mild but steady improvement in both the official and HSBC PMIs supports the argument we put forward earlier that while the growth rebound lacks further momentum, stabilization is likely to be steady in the coming months. We believe China's GDP growth can stay in the range of 7.5-8.0% over the coming quarter, compared with a more cynical market consensus.

Elsewhere in emerging Asia, Indonesia's headline inflation moved down to 8.4% from 8.8%, contrary to market expectations that it would rise. The drop reflected a long-awaited fall in food price inflation, which has been in double-digits since February this year, while the core rate picked up to 4.7%. Meanwhile, the country returned to a modest trade surplus (US$132 mn) in August, again contrary to the consensus forecast for a reasonably sized deficit. Both import and export growth surprised significantly on the downside – so much so that it looks like a special factor was at play.

Korea's exports in September contracted 1.5% y/y, from the 7.7% gain in August. Nonetheless, we note that this was distorted by fewer working days in September due to the Chuseok festival. Meanwhile, the country's CPI inflation softened to 0.8% y/y in September, hitting its lowest level since 1999. The hit by Typhoon Sanba in September 2012 has caused a higher statistical base, which depressed the headline inflation figure this year.

We also saw India's 2Q current account deficit, which came in at USD23bn, from USD18bn the previous month. Nonetheless, moving forward, we expect the country's current account deficit to narrow on the back of better trade numbers that we have already seen in the months of July and August.

Central Banks – **ECB:** There was nothing new in the press conference. First, rates will remain at the current low level as long as the recovery remains subdued and second, the ECB is in no rush to do another LTRO. If anything and as we are slowly nearing the €200bn excess liquidity threshold, that threshold was de-emphasized by stating that less fragmentation can be accompanied by less excess liquidity.

The dovish bias was kept by reiterating a) the forward guidance phrase of "low or lower rates", b) the fact that risks to growth remain on the downside and c) by acknowledging – as in September – that some on the Governing Council also thought that rate cuts needed to be discussed. On balance, this is a bank that is watching the slow, subdued recovery and feels no need to rock the boat. And there is no other LTRO in the immediate pipeline.

The RBA kept its policy rate unchanged as was widely expected, and maintained a neutral bias in the crucial final paragraph of the statement. However, the statement added guarded language, noting that household and business sentiment has improved.

In Poland, the Monetary Policy Council kept the policy rate unchanged at 2.50%. This was the second consecutive rate-setting meeting when the MPC kept the policy rate unchanged, following 225 bp of cumulative easing between November 2012 and July 2013.

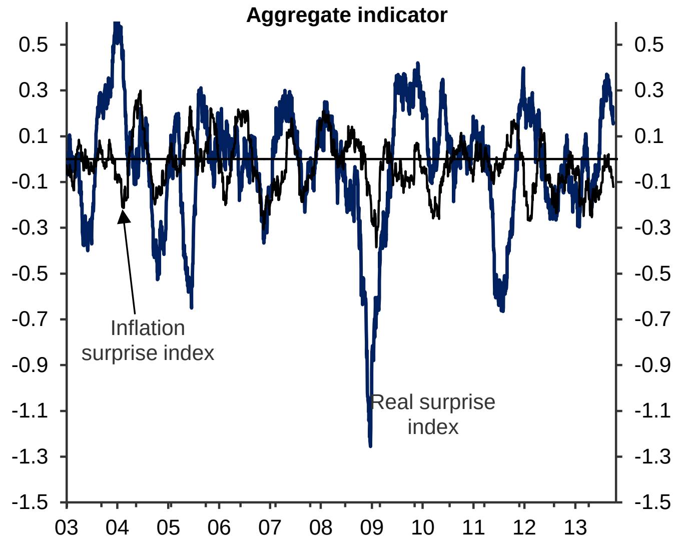
Summary of Forecasts

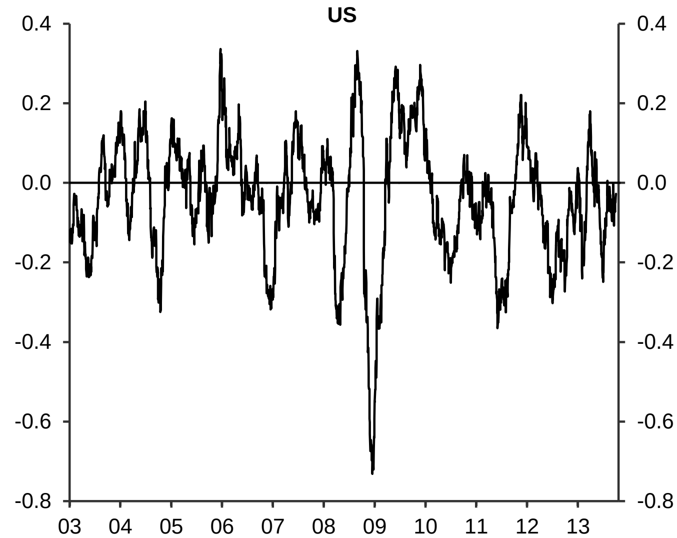
		2013				2014E				4Q to 4Q				Annual Average			
		1Q	2QE	3QE	4QE	1Q	2Q	3Q	4Q	11	12	13E	14E	11	12	13E	14E
Global	**Real GDP (y/y)**	**2.5**	**2.8**	**3.0**	**3.4**	**3.7**	**3.7**	**3.9**	**3.9**	**3.4**	**2.8**	**3.4**	**3.9**	**3.9**	**3.1**	**3.0**	**3.8**
	IP (y/y)	1.7	2.0	3.2	4.4	4.6	4.8	5.3	5.2	3.7	2.0	4.4	5.2	4.5	2.7	2.8	5.0
	Inflation (y/y)	2.9	2.7	3.0	3.1	3.1	3.5	3.5	3.4	4.2	2.9	3.1	3.4	4.3	3.1	2.9	3.4
US	Real GDP (q/q ann)	1.1	2.5	1.9	2.4	2.5	2.7	3.0	3.0	2.0	2.0	2.0	2.8	1.8	2.8	1.6	2.5
	Inflation (y/y)	1.7	1.4	1.6	1.3	1.2	1.4	1.4	1.8	3.3	1.9	1.3	1.8	3.1	2.1	1.5	1.4
	Policy rate (eop*)	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
	10yr bond yield (eop)	1.85	2.49	2.79	3.00	3.15	3.25	3.35	3.45	...	...	...	...	...	...	...	...
Japan	Real GDP (q/q ann)	4.1	3.8	2.6	3.8	2.3	-0.6	3.5	2.1	0.1	0.3	3.6	1.8	-0.6	2.0	2.0	2.3
	Inflation** (y/y)	-0.3	0.0	0.8	0.8	0.7	2.6	2.6	2.5	-0.2	-0.1	0.8	2.5	-0.3	-0.1	0.3	2.1
	Policy rate (eop)	0-0.1	0-0.1	0-0.1	0-0.1	0-0.1	0-0.1	0-0.1	0-0.1	...	...	...	...	...	...	...	...
	10yr bond yield (eop)	0.55	0.80	0.70	0.70	0.75	0.80	...	...	...	...	...	...	...	...	...	...
	USDJPY (eop)	94.2	99.21	98.30	95.00	101.67	108.33	115.00	...	...	...	...	...	...	...	...	...
Euro Area	Real GDP (q/q ann)	-0.6	1.2	0.9	1.2	1.2	1.3	1.6	1.8	0.7	-1.0	0.7	1.5	1.6	-0.6	-0.2	1.3
	Inflation (y/y)	1.9	1.4	1.4	1.6	1.6	1.9	1.7	1.5	2.7	2.2	1.6	1.5	2.7	2.5	1.6	1.7
	Policy rate (eop)	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50	...	...	...		...	...	...	...
	10yr bond yield (eop)	1.50	1.40	1.65	1.80	1.85	1.95	2.05	...	...	...	...		...	...	...	...
	EURUSD (eop)	1.28	1.30	1.35	1.40	1.37	1.35	1.32	...	...	...	...		...	...	...	...
UK	Real GDP (q/q ann)	1.1	2.9	2.0	3.2	2.1	2.3	2.3	2.7	1.1	0.0	2.3	2.4	1.1	0.2	1.3	2.5
	Inflation (y/y)	2.8	2.7	2.6	2.2	2.1	2.4	2.5	2.4	4.6	2.7	2.2	2.4	4.5	2.8	2.6	2.4
	Policy rate (eop)	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	...	...	...		...	...	...	...
	10yr bond yield (eop)	2.00	2.00	2.20	2.40	2.50	2.60	2.80		...	...	...		...	...	...	...
	GBPUSD (eop)	1.52	1.52	1.61	1.65	1.61	1.57	1.53		...	...	...		...	...	...	...
Switzerland	Real GDP (q/q ann)	2.3	2.1	1.2	1.6	2.2	2.1	2.5	2.0	0.8	1.6	1.8	2.2	1.8	1.0	1.8	2.0
	Inflation (y/y)	-0.4	-0.4	0.0	0.3	0.8	0.5	0.1	0.3	-0.4	-0.3	0.3	0.3	0.2	-0.7	-0.1	0.6
	Policy rate (eop)	0-.25	0-.25	0-.25	0-.25	0-.25	0-.25	...	...	...	...	...		...	...	...	...
	USDCHF (eop)	0.95	0.95	0.91	0.87	0.89	0.92	0.94	...	...	...	...		...	...	...	...
NJA	Real GDP (y/y)	6.1	5.9	6.2	6.3	6.5	6.6	6.7	6.6	6.7	6.7	6.3	6.6	7.2	6.1	6.2	6.6
	Inflation (y/y)	3.4	2.9	3.5	4.0	4.0	4.6	4.8	4.5	5.3	3.3	4.0	4.5	5.8	3.7	3.4	4.5
China	Real GDP (y/y)	7.7	7.5	7.6	7.7	7.7	7.7	7.8	7.7	8.9	7.9	7.7	7.7	9.2	7.7	7.6	7.7
	IP (y/y)	9.5	9.1	10.0	10.0	9.9	10.0	10.1	10.0	12.8	10.0	10.0	10.0	13.7	10.1	9.7	10.0
	Inflation (y/y)	2.4	2.4	2.8	3.5	3.5	4.4	4.8	4.3	4.6	2.1	3.5	4.3	5.4	2.6	2.7	4.3
India***	Real GDP (y/y)	4.8	4.4	5.2	5.9	6.2	6.7	6.8	6.7	6.3	4.7	5.9	6.7	6.2	5.0	5.4	6.6
EMEA	Real GDP (y/y)	1.5	1.6	2.1	2.6	3.0	3.1	3.1	3.2	4.7	1.3	2.6	3.2	5.4	2.8	2.3	3.3
	Inflation (y/y)	5.2	5.1	5.2	4.8	4.6	4.8	4.6	4.8	6.3	5.2	4.8	4.8	6.2	4.7	4.8	4.4
Latin America	Real GDP	2.6	3.1	2.3	2.5	3.3	3.4	3.6	3.6	3.8	2.8	2.5	3.6	4.5	2.9	2.6	3.4
	Inflation (y/y)	6.4	7.3	7.4	7.8	7.7	7.5	7.5	7.3	7.0	6.1	7.8	7.3	6.8	6.2	7.1	7.5

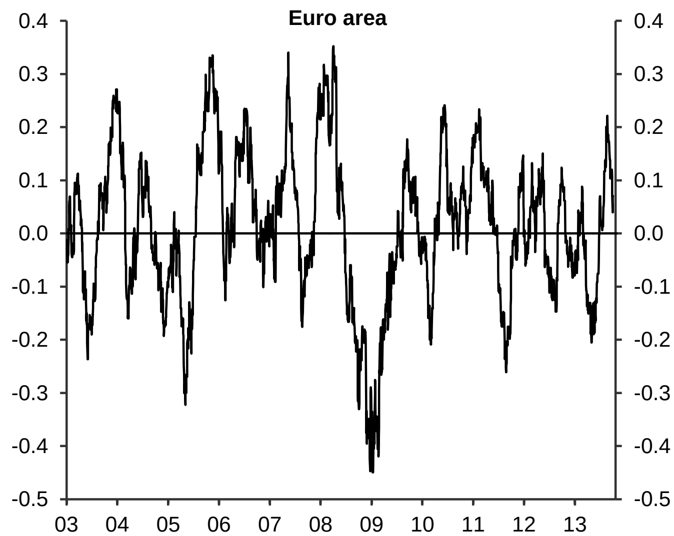
Note: IMF PPP weights are used to compute regional and global aggregate figures; 10yr bond yield figures are averages for the last month of each quarter; * End of period. ** CPI ex. Fresh food; *** Annual figures for India are on fiscal year basis.

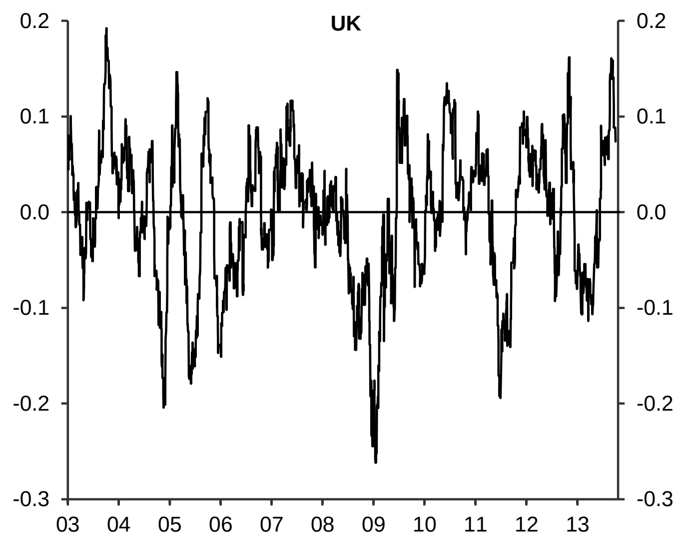
Source: Credit Suisse

Data Surprise Indicators









Note: Aggregate indicator includes the euro area, German, French, Belgian, UK, US, and Japanese economic indicators.
Source: Credit Suisse

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