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KERI ECONOMIC BULLETIN

Contents

Korea Economic Research Institute

Executive Summary

Growing uncertainty limits Korea's 2014 annual GDP growth at 3.5%; growth gradually improves to 3.7% in 2015

The growth projection for 2014 has been marked to annual average of 3.5%, with its trajectory of 3.7% growth in 1H and 3.2% in 2H. The projection reflects both the uncertain external and domestic environments, and a less-then-expected recovery in exports on won surge, which offset positive factors such as the government's economic revitalization policies. Economic growth is expected to rebound for 2015, with growth projection at 3.7%, an increase by 0.2%p, reflecting external factors of positive global growth projections (IMF projection from 3.4% in 2014 to 4.0% in 2015) as well as internal factors of the expansionary macroeconomic policies of the government. However, the US Fed's embark of exit strategy, the slowdown of Chinese economy, continuing of weakening status of Japanese yen, domestic household debt burden, and uncertainty upon property market climate are factors that oppress the economy hard to grow over 4% in 2015.

Consumer price increases from 1.5% in 2014 to 2.3% in 2015; current account surplus contracts from US$82.8 billion to US$80.2 billion in 2015

Consumer prices for 2015 are expected to be higher than those of 2014 as downward pressure is mitigated by the impending public utility price hikes and an upward economic recovery trend. However, the speed at which it is ascending slows to a lower 2% range, due to the fall in the won-dollar exchange rate and the stabilizing trend of the international raw material prices including oil price. Korea's current account projection for 2014 is a surplus of US$82.8 billion, the largest surplus ever. However, the surplus is expected to narrow a little to US$80.2 billion in 2015 due to growing imports and deficits in the services account.

USD/KRW falls from 1,040 won yearly for 2014 to 1,045 won for 2015

A dip in the current account surplus, the biggest won-appreciating factor, together with the chance of interest rate hike in the US, a dollar-appreciating factor, will mitigate the ascending pressure of the won, which gradually pulls down the won-dollar exchange rates to an average of 1,045 won in 2015.

Amid the prolonged weak-yen trend, if the yen-dollar rate hits 116 yen mark, the Korean economy growth will fall by 0.27%p

Since 2013 2H, the Japanese yen has depreciated 39.9% against the US dollar, and there are signs that the weak-yen trend is here to stay. Background for the weak-yen trend is as follows: widening gap of the interest rates between US and Japan, led by the US economic rebound; the strong dollar-weak euro trend due to the ECB's monetary easing policy; and the need for verification of additional quantitative easing following the consumption tax hike in Japan. In particular, if USD/JPY rate hits the 116 yen average in 2015, Korea's goods exports (nominal) is forecast to fall by 1.14%p and imports fall by 0.15%p, while private consumption is expected to decrease by 0.11%p, pulling the overall Korean economic growth by 0.27%p.

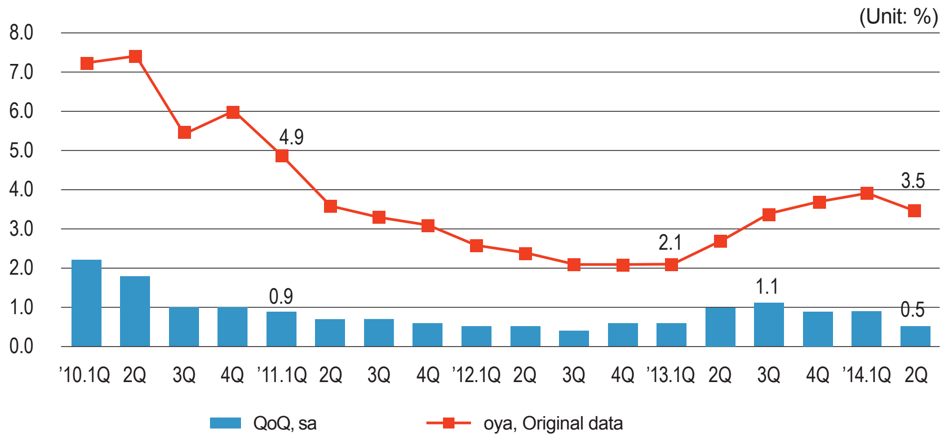
Economic Trends and Outlook

Recent Developments

GDP growth records 0.5% (QoQ) in 2Q 2014; growth falls to 3.5% (oya)

Compared with the previous quarter, GDP growth marked down from 0.9% in 1Q to 0.5% in 2Q. Growth over the same period in the previous year also fell from 3.9% in 1Q to 3.5% in 2Q, reflecting both the decreased private consumption and slow construction investment. On the other, exports continued to show a gradual improvement.

Real GDP Growth



Source: BOK

Slump in domestic demand, including slowdown in private consumption, is offset by export contribution

Contribution from domestic demand remains weak at 0.0%p from -0.2%p in the previous quarter. The Sewol tragedy casts long shadow on economy as private consumption contribution fell from 0.1%p in 1Q to -0.1%p in 2Q. Contribution from the gross fixed capital formation which affects construction and investment plummeted from 0.9%p in 1Q to -0.1%p in 2Q. Net export contribution picks up momentum as it grew relatively high at 0.9%p in 2Q.

Contribution to GDP by expenditure

(Unit: %p, QoQ sa)

	2012				2013				2014	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Final consumption expenditure	0.8	0.0	0.7	0.3	0.0	0.6	0.6	0.4	0.1	-0.1
Private	0.4	0.1	0.6	0.2	-0.1	0.3	0.5	0.3	0.1	-0.1
Government	0.3	-0.1	0.1	0.0	0.1	0.2	0.1	0.1	0.0	0.0
Gross capital formation	1.1	-1.1	-1.3	-0.8	0.8	-0.1	1.0	1.3	-0.3	0.1
Gross fixed capital formation	1.2	-1.5	0.0	-0.8	1.6	0.7	0.3	-0.2	0.9	-0.1
Construction	-0.3	-0.5	0.2	-0.4	0.9	0.7	0.0	-0.8	0.7	0.1
Facilities investment	1.1	-0.8	-0.3	-0.3	0.1	0.1	0.2	0.5	-0.2	0.1
Intellectual property products	0.5	-0.2	0.2	-0.2	0.5	-0.1	0.1	0.1	0.4	-0.2
Changes in inventories and acquisition	-0.1	0.3	-1.3	0.0	-0.8	-0.8	0.6	1.5	-1.3	0.2
Exports of goods and services	0.3	1.4	1.1	0.5	0.1	1.5	-0.6	0.8	0.8	0.9
(less)Imports of goods and services	1.6	-0.1	0.2	-0.7	0.3	0.9	-0.2	1.5	-0.4	0.5

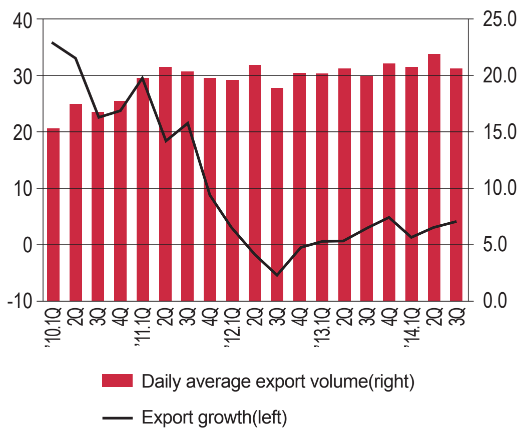
Source: BOK

Exports growth (on a custom clearance basis) shows a gradual increase as it records 3.9% growth in 3Q from 3.2% in 2Q 2014

The export deficit to China and Japan, and slowing exports to EU has been offset by the improvement in exports to the US. However, the daily volume of exports nudged down from US$2.19 billion in 2Q to US$2.08 billion (a 4.0% increase, oya) in 3Q.

Export Growth and Daily Average Export Volume

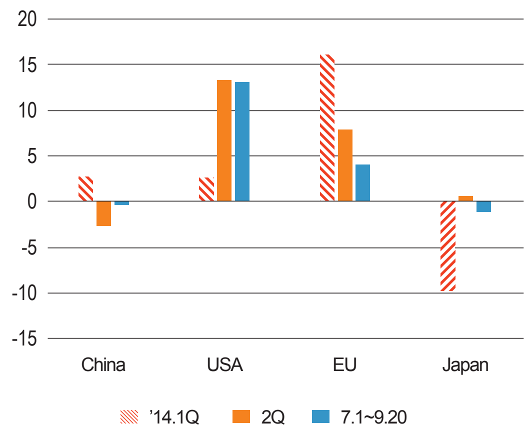
(Unit: left - oya%, right - US$100mil)



Source: MOTIE, Korea Customs Service

Export Growth by Destination

(Unit: oya%)



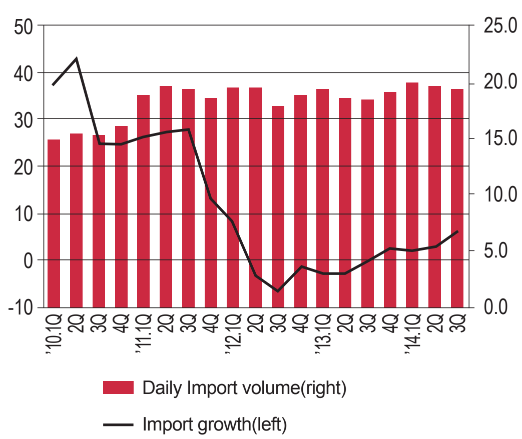
Source: Korea Customs Service

Imports growth (on a custom clearance basis) picks up as it records 5.7% in 3Q, comparable to 3.1% in 2Q 2014

By sector, a sharp increase in raw material imports, which constitute the largest share of total imports, together with increased imports in consumer goods and capital goods led to an overall increase in imports. However, the daily volume of imports in 3Q fell to US$1.94 billion (a 5.8% increase, oya) from US$1.97 billion in 2Q.

Import growth and daily average import volume

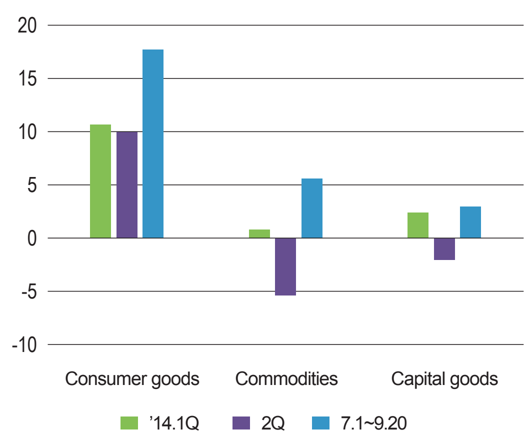
(Unit: left - oya%, right - US$100mil)



Source: MOTIE, Korea Customs Service

Import growth by use

(Unit: oya%)



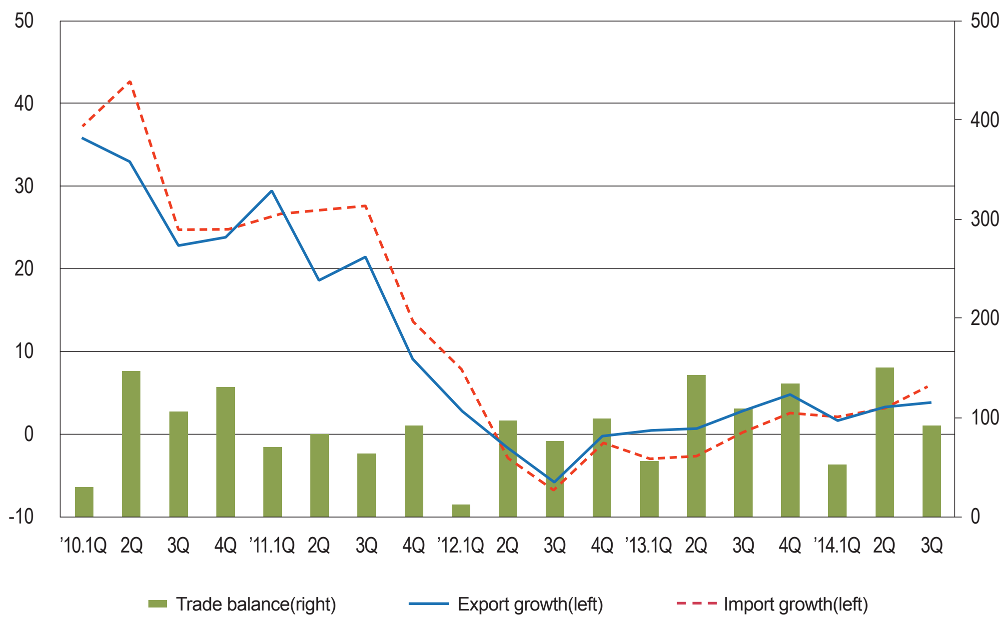
Source: Korea Customs Service

Korea's trade balance records a US$29.2 billion surplus between January and September (a US$1.68 billion decrease, oya)

Korea's trade account surplus gap decreases, compared to the same period a year ago as import growth hovers above export growth.

Trend of Export, import and trade balance

(Unit: left - oya%, right - US$100mil)



Source: MOTIE

Korea's current account surplus records a cumulative amount of US$54.3 billion between January and August for the 309th consecutive month

Korea's trade account gap widens by US$7.86 billion over the same period in the previous year, comparable to US$46.45 billion between January and August, 2013. Monthly average trade surplus increases in August, maintaining an upward trend since 2Q.

Trend of current account

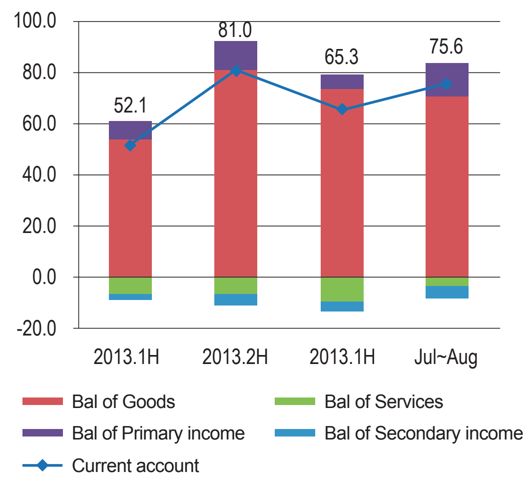
(Unit: US$100mil)

	2013		2014	
	1st half	2nd Half	1st Half	July ~ Aug
Current Account	312.6	486.2	392.0	151.1
Bal of Goods	320.8	484.9	441.7	142.3
Bal of Services	-39.2	-40.1	-55.7	-7.4
Bal of Primary Income	46.2	68.1	32.4	25.4
Bal of Secondary Income	-15.1	-26.8	-26.4	-9.2

Source: The Bank of Korea

Trend of monthly average current account

(Unit: US$100mil)

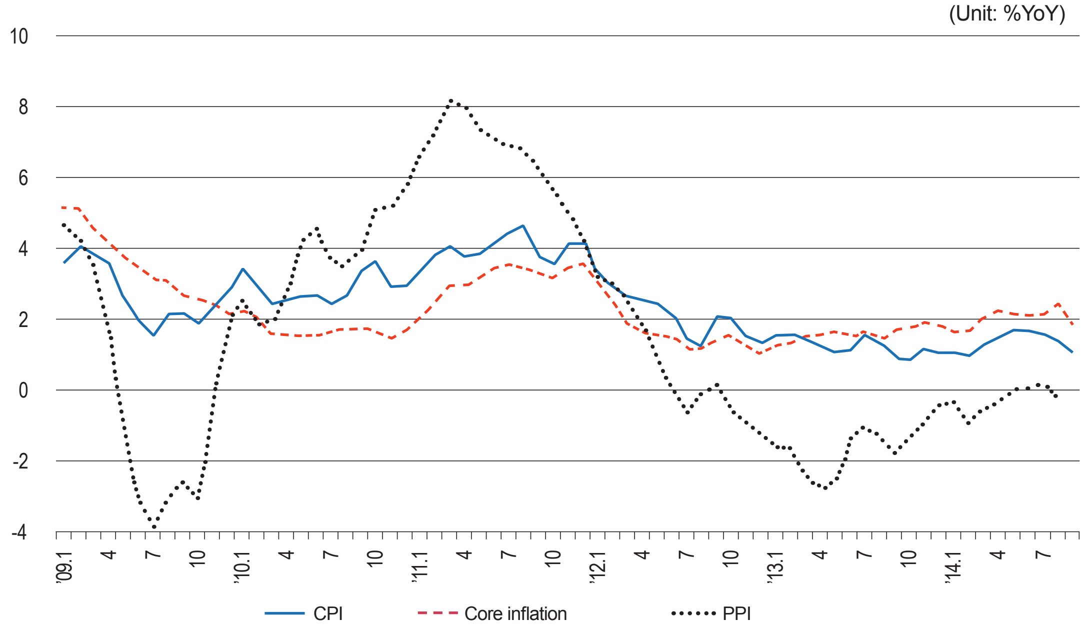


Consumer prices maintain low in a range of 1%; prices show signs of further decline in 2H (1.6% in July → 1.4% in August → 1.1% in September)

Prolonged low inflation is ascribable to the continuing downward pressure from the supply and demand sides. With the signs of economic rebound abating, the demand side continues descending pressure, while prices on the supply side maintain low due to fall in international oil prices and prices of fresh foods. On the other hand, producer prices showed a brief rebound in May after decline for the 19th consecutive month since October 2012, albeit it dropped again to -0.2% in August.

Trend of Increase of Prices

(Unit: %YoY)



Source: Korea Customs Service, BOK

The total number of employment continues an upward trend; qualitative improvement shows some signs of minute improvement but still inadequate

The net number of workers continues to expand as it records 464,000 in 2Q (oya), 560,000 in July and 594,000 in August. Employment growth in youth and from the manufacturing and construction sectors is favorable, although such improvement may be seasonal following an increase in temporary workers such as summer interns. Downward risks remain a concern as human resources restructuring in the finance and insurance industries pulls down employment growth in the electricity, transportation, communications and finance industries. Qualitative recovery needs further improvement.

Employment-related Indicators

(Unit: thousand persons change over year ago, %)

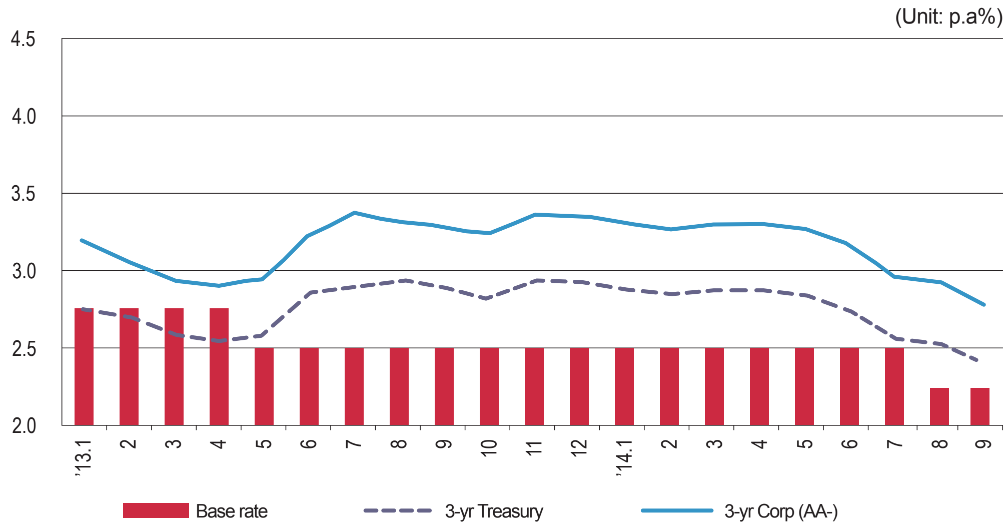
		2013				2014			
		1Q	2Q	July	Aug	1Q	2Q	July	Aug
Changes in number of employed persons		257	324	367	432	729	464	506	594
Age	- 15 ~ 29	-117	-88	-102	-60	97	52	107	147
	- 30 ~ 39	-15	8	-49	-23	-6	-42	16	-5
	- 40 ~ 49	12	-6	31	45	98	34	0	19
	- 50 ~ 59	196	254	285	288	323	227	203	235
	- 60 years and older	181	156	201	182	217	191	179	199
Industry	- Agri.,Forestry & Hunting	-9	-27	3	28	12	-54	-111	-125
	- Manufacturing	119	122	53	5	123	136	191	219
	- Construction	-64	-6	11	-7	27	12	57	64
	- Wholesale & retail trade, hotels & restaurants	-37	-12	14	38	303	213	275	285
	- Business, personal, public service & others	258	154	175	228	209	174	169	245
	- Electricity, transport, communication & finance	-12	92	112	140	56	-15	-75	-92
Unemployment rate(%)		3.6	3.1	3.1	3.0	4.0	3.7	3.4	3.3

Source: Economically Active Population Survey (Statistics Korea)

Market interest rates drops in line with the BOK's Monetary Policy Committee (MPC) recent decision to cut its benchmark base rate each by 25bp twice in August and October

Amid growing downside risks over overseas markets, the BOK has cut its base rate twice by each 25 basis points on August and October from 2.50% to 2.00% since May 2013 to revitalize the domestic sectors. In anticipation of lower base rate, market interest rates started to fall sharply since the mid-July.

Interest rates



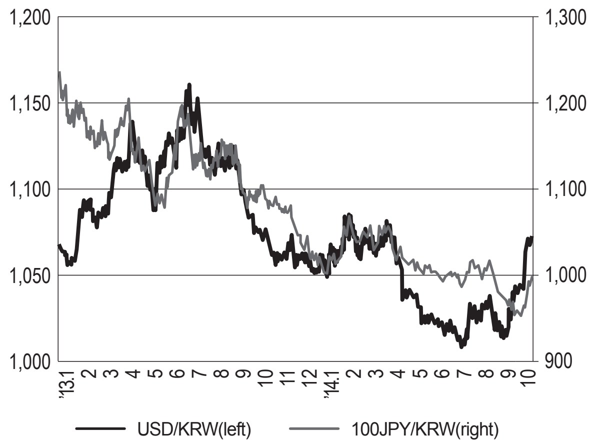
Source: The Bank of Korea

With expectations for an key rate cut since Finance Minister Choi Kyung Hwan took office in July, and midst of growing geopolitical uncertainty surrounding the Ukrainian crisis, the US dollar rose between July and mid-August before briefly fell and then rose again against the Korean won since September (1,020 won in June 2 → 1,037 won in August 11 → 1,014 won in August 29 → 1,051 won in September 30).

Mixture of factors, including relatively solid rebound in the US economy, ECB's additional measures to buoy the eurozone economies, and the geopolitical risks rekindled in the Middle East and North Africa (MENA) region have send the US dollar upward until BOK's base interest cut in the mid-August, which weakened against the Korean won. However the descending pressure of the dollar was short-lived as it regained a momentum amidst fall in the net foreign purchases following signs that the US economic rebound was accelerating.

Exchange Rate Trend of the Korean Won

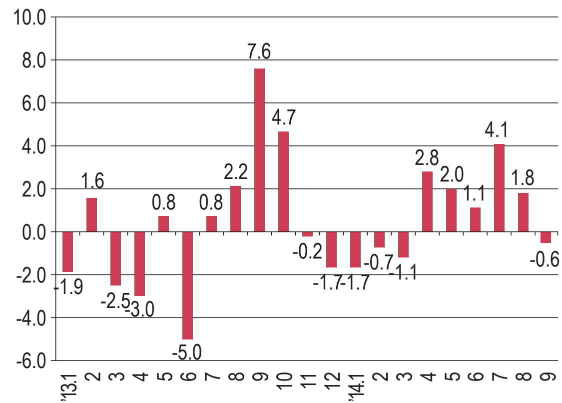
(Unit: USD/KRW)



Source: The Bank of Korea

Net Foreign Purchase of Korean Equities

(Unit: Tril Won)



Source: BOK

Outlook for 2014 and 2015

1. External Environments

(World Economy) Despite a sustained growth of the US economy, overall global recovery is projected to slow down, affected by stagnating Eurozone recovery. The recovery pace is expected to pick up in the following year.

(United States) The economic recovery is projected to maintain a moderate pace, led by the private sector, such as consumption, investment and employment, all of which are showing signs of improvement. However, downside risk factor remains, such as the possibility of an early rise in US interest rates in response to improving economic conditions.

(Eurozone) Despite ECB's additional accommodative measures, the eurozone economies remain weak as fears of eurozone deflation are mounting.

(Japan) The Japanese economy is expected to recover at a gradual pace in 2H, backed by factors such as the rebound effect from the impact of the sales tax hike in 2Q and a rising trend in consumer confidence.

(China) Despite downward trending of domestic consumption following the recent shift in growth policy, China's future growth trajectory continues boosted by targeted easing measures to support economy.

(Oil prices) Amid expectation of excess supply of crude oil, international oil prices may surge briefly due to geopolitical risks, but are expected to offset quickly as fluctuation factors are kept low on the supply side.

(Supply and demand) Demand rise is expected to slow while the supply side shows a gentle upward trend, with an overall minuscule surplus.

(Geopolitical risk) Despite recent resumption of oil export from Libya's eastern Hariga oil port after a year-long stoppage, risk factors such as political uncertainties in Libya, as well as the risk premium associated with tensions in Iraq remain relevant.

(Speculative factor) A strong US currency pulls down the already downward trending oil prices; however, the possibility for buying WTI futures at low price remains.

(Foreign exchange rates of advanced economies) Amidst the possibility of additional accommodative measures by ECB and BOJ, the US dollar is projected to stay strong, underpinned by a solid US recovery.

(USD) Although further signs of improvement in the labor and housing markets are needed, the US recovery trajectory is expected to continue and its dollar remains strong.

(Euro) Midst ongoing structural reforms by governments and possibilities for ECB's new injections of liquidity to boost growth the eurozone gripped by deflation fears, the euro is forecast to remain weak, due to a weaker-than-expected recovery in the eurozone.

(Yen) Economic recovery is expected to be back on track, led by improved consumer confidence in 2H; the yen is expected to stay weak without much fluctuation throughout the year.

(Yuan) the yuan is expected to stay strong, buoyed by current account surplus offsetting the softer domestic demand, and targeted policy measures by the authorities.

2. Outlook for Korean Economy in 2014 and 2015

Growth: 3.5% in 2014 (3.7% in 1H → 3.2% in 2H); 3.7% in 2015

Growth in 2H is forecast to be slower than that of 1H, caused by pulling factors as growing external uncertainty, a slower-than-expected export recovery due to the falling won-to-dollar exchange rate and prolonged weakness in domestic demand. Affected by favorable economic recovery projections in some advanced economies, and expansionary policy at home and abroad, the Korean economy in 2015 is expected to grow moderately at 3.7%, a 0.2%p higher than that of 2014. To be specific, the growth trend is expected to display a 'low 1H-high 2H' trajectory trend.

Private consumption: 2.0% in 2014 (2.0% in 1H → 2.1% in 2H); 2.6% in 2015

Restraining factors such as a fall in the consumption propensity after the Sewol disaster and slowing of quantitative growth of employment are expected to dampen private consumption in the 2H and continue into 2015; the rate of private consumption is projected to hover below the economic growth. This is because positive factors such as price stabilization and employment recovery are expected to be outpaced by negative factors, such as increased cost of household debt and uncertainty over the real estate market.

Facility investment: 6.5% in 2014 (7.5% in 1H → 5.4% in 2H); 6.9% in 2015

A slight slowdown in the facility investment is expected in 2H, owing to downward risks of growing uncertainty in the domestic and external markets and the base effect. However, the outlook for 2015 is promising at 7% growth compared to this year's, led by a slight increase in investment. This is attributable to favorable conditions such as the gradual recovery of global economy, expectations on the government's stimulus efforts to spur the economy, and deferred income effect of unexecuted investment. However downside risk factors remain, such as the slower-than-expected recovery pace of external conditions, rising cost of fund following reversal of low interest rates globally, all of which will limit a large scale investment increase.

Construction investment: 1.6% in 2014 (1.9% in 1H → 1.3% in 2H); 2.4% in 2015

Reflecting the construction order trend, a key indicator for construction investment, construction investment is expected to moderate in 2H. The possibility of gradual recovery of the private real-estate market and an SOC budget increase are favorable conditions that send construction investment upward in 2015. However, downside risks remain, such as structural factors as the aging population and low fertility issues, narrow demand base of population aged between 35 and 55, and the public's changing perception of house ownership, which may impede the pace of construction investment recovery.

Export growth (BOP basis): 3.3% in 2014 (3.7% in 1H → 2.8% in 2H); 5.6% in 2015

Positive effect of the gradual recovery trend of major economies, led by US is offset by negative factors such as uncertainty over transitioning of the Chinese economy, geopolitical uncertainties of some emerging markets, and the strong won-weak yen trend, pulling down the export at a low growth of a 2.8 percent in 2H. Export growth is expected to reach an annual growth of 5%, affected by lingering downside risks, such as the possibility of an early interest rate hike in the US, slowing of Chinese economic development, and the weak yen trend, which offset effect of the gradual recovery of global economy.

Import growth (nominal, US$): 1.7% in 2014 (-0.4% in 1H → 3.8% in 2H); 6.5% in 2015

Affected by the fall of USD/KRW and slowing of the import unit cost decrease, import in 2H is expected to grow at 4%. The upward trending is expected to continue in 2015, with the expected import growth hovering higher than the expected export growth at around 6%, boosted by gradual recovery in external and domestic demands and the base effect.

Current account surplus (billion): US$82.8 in 2014 (US$39.2 in 1H → US$43.6 in 2H); US$80.2 in 2015

Total current account surplus is expected to increase further at US$82.8 billion accumulative in 2H, which tops last year's US$79.9 billion surplus, the highest on the record. Goods balance is forecast to maintain a surplus, but the gap is narrowed by the growing service balance deficit, rounding up the overall current account surplus to be about US$80.2 billion in 2015, a slight decrease comparable to that of 2014. This is attributable to the export recovery following the gradual global economic rebound, which is likely to be offset by a greater import increase following increase in external and domestic demand.

Consumer prices: 1.5% in 2014 (1.3% in 1H → 1.6% in 2H); 2.3% in 2015

Upward pressure such as the public utility price hikes and base effects is expected to send the consumer prices slightly upward in 2H, but the rise is limited due to the prevailing depreciating pressure of supply and demand. The inflation rate is expected to show a gentle rise, led by ascending pressure of the public utility price hikes and the economic recovery trend. However, downward pressure of the fall in USD/KRW and stabilizing trend of costs of raw materials will likely to limit the inflation rise to around a low 2% range.

Corporate bond yield (3-yr, AA-): 3.1% in 2014 (3.3% in 1H → 2.8% in 2H); 3.1% in 2015

Taking into consideration the possibility of additional fall in the global interest rates, the market interest rate is forecast to show an additional dip in 2H. However, a gradual upward pressure on corporate bond yield is expected for 2015, boosted by completion of the tapering and the interest rate hike in the US, and rise in domestic growth and inflation rate.

USD/KRW: 1,034 won in 2014 (1,050 won in 1H → 1,031 won in 2H); 1,045 won in 2015

Downward pressure of USD/KRW is dominating, but dollar-appreciating expectations following the shift in US Fed's monetary policy are forecast to fluctuate the rate around 1,030 won. In 2015, dollar-strengthening factors regarding the US interest rate hike is expected to gain momentum and send USD/KRW a gradual rebound. This is ascribable to the fall in the current account surplus, the biggest won-appreciating factor, and the signs that the US dollar is expected to show a full-fledged appreciation, boosted by the interest hike in 2015.

Outlook for Korean Economy in 2014 ~ 2015

(Unit: YoY(%),US$Bil(Balance of Payment))

	2013	2014			2015
	Year	1st Half	2nd Half	Year	Year
GDP	3.0	3.7	3.2	3.5	3.7
Private consumption	2.0	2.0	2.1	2.0	2.6
Construction investment	6.7	1.9	1.3	1.6	2.4
Facilities investment	-1.5	7.5	5.4	6.5	6.9
Export(Goods and Services)	4.3	4.1	4.3	4.2	6.2
Import(Goods and Services)	1.6	3.1	4.0	3.5	6.4
Consumer Prices	1.3	1.3	1.6	1.5	2.3
Producer Prices	-1.6	-0.3	0.6	0.1	1.6
Current Account Bal(US$Bil)	79.9	39.2	43.6	82.8	80.2
Bal of Goods(US$Bil)	80.6	44.2	47.3	91.5	91.2
Export(US$Bil, BOP basis)	617.1	312.1	325.1	637.2	672.6
(Growth rate%)	2.3	3.7	2.8	3.3	5.6
Import(US$Bil, BOP basis)	536.6	267.9	277.8	545.7	581.4
(Growth rate%)	-3.2	-0.4	3.8	1.7	6.5
Service and other balances*	-0.7	-5.0	-3.8	-8.7	-11.0
FX rate(USD/KRW, avg)	1095.2	1049.7	1030.6	1040.2	1044.7
Corp bond yield(3yrs,AA-)	3.2	3.3	2.8	3.1	3.1
Unemployment rate(%)	3.1	3.9	3.4	3.6	3.6
Employment level changes (thousands)	385.8	596.5	444.1	520.3	351.5

* Sum of service balance, primary balance, and secondary balance

Policy Issue:

The background of weak Yen and its macroeconomic influences

Periodical and continuous weakening of Yen after its first advent on 2nd half of 2012 is worrisome that the phenomenon may prolong for quite a while

The falling of Yen occurred twice on September 2012 and October 2013. During the 15 months, the Japanese Yen depreciated 35.8% against the US Dollar. USD/JPY recorded 101.18 on last July and climbed up to 108.54 on September showing 7.3% Yen depreciation during the 2 months. The lingering status of weak Yen is getting more and more worrisome.

(The 1st background of weak Yen) The widening of interest rate discrepancy between USA and Japan due to the visible recovery of American economy

The economic data of USA is plotting quite a solid recovery trajectory. The 2nd quarter GDP recorded 4.2% (QoQ, saar) growth and it is getting more likely that the US Fed would raise the base rate on 2nd half of 2015. The interest rate discrepancy between USA and Japan widened against this backdrop since mid-August and the Japanese Yen is showing depreciation against the US Dollar. The yield gap of Treasury 3 year and 10 year government bond between two nations has been widened to 0.225%p and 0.248%p respectively since the 15th of August.

(The 2nd background of weak Yen) The quantitative easing of ECB helping US Dollar strengthening and Euro weakening along with relative Yen weakening

Euro area is predicted to halt the economic recovery with rising worry of deflation possibility. The 2nd quarter GDP growth recorded 0.0% (QoQ, sa) from 0.3% in 4th quarter of 2013 and 0.2% in 1st quarter of 2014 which is a consecutive slide. Consumer price growth is maintaining around 0% and the production price growth is dampening since August of 2013. To boost the economy, ECB(European Central Bank) has stepped down the base rate 10bp each on June and September meeting. Also Mario Draghi, the President of ECB, has implied to introduce an additional quantitative easing tool such as TLTRO(Targeted Long-term Refinancing Operation) and purchasing of additional ABS and covered bond. The market is responding with worry that the TLTRO will not pull back the European economy enough which is plummeting into the trench. In this manner, it is quite likely that the ECB will implement several quantitative easing tools to pick up the economy. Consequently, the Japanese Yen is more likely to sustain fall against US Dollar.

(The 3rd background of weak Yen) The shrink of economy after the sales tax hike is giving room for Japan to adopt additional monetary expansionary policy

The economic recovery and consumer price growth of Japan suspended on 2nd quarter of this year. The GDP growth recorded -1.8% (QoQ, sa) after the rise of sales tax. The consumer price growth of current 3.4% is below 2%, the policy target of Bank of Japan, deducting the inflation effect of sales tax hike, which is estimated about 2.0% by BOJ(Bank of Japan). Thus, the financial authorities may adopt additional monetary expansion policy in order to pick up the falling economy. In this manner, the weakening of Yen is pretty much likely. Also, the increasing interest costs regarding national debt due to the rise of interest rate in developed countries, the possibility of additional sales tax hike on October of 2015, gradual drop of consumer price are inclining pendulum to additional quantitative easing supporting the forecast of weak Yen sustaining.

If USD/JPY records 116 next year, Korean economy may shrink 0.27%p

Considering the USD/JPY prediction of 2015 from major Investment Banks, our basic forecast of USD/JPY is 109.8 and the weak-Yen scenario 116(about 5.4% additional weakening than the basic scenario). Analyzed by the KERI quarterly macroeconomic analysis model, 5.4% of depreciation of Yen results in 0.27%p fall of GDP due to the negative effect in net export; the nominal commodity export growth slides down 1.14%p while the import drops only 0.15%p, the private consumption decreases about 0.11%p due to the economic slowdown and decline in employment, the equipment investment rises 0.80%p due to the fall of interest rate and import capital goods price, the current account surplus narrows down by 6.8 billion dollar, and the consumer price growth goes down by 0.16%p.

The macroeconomic influences of weak Yen

(Unit: against basic scenario, %p , bil$, thousand)

Item	Unit	2014		2015				
		4Q	Year	1Q	2Q	3Q	4Q	Year
GDP	%p	-0.22	-0.06	-0.34	-0.39	-0.31	-0.08	-0.27
Private consumption	%p	-0.11	-0.03	-0.16	-0.17	-0.12	0.00	-0.11
Construction	%p	-0.09	-0.03	-0.14	-0.15	-0.08	0.02	-0.08
Equipment	%p	0.39	0.10	0.76	0.95	0.95	0.58	0.81
CPI	%p	-0.06	-0.01	-0.11	-0.22	-0.24	-0.22	-0.20
Current Account	Bil$	-8.41	-8.41	-13.79	-18.24	-17.21	-18.57	-67.82
Export	%p	-0.61	-0.16	-1.10	-1.39	-1.33	-0.74	-1.14
Import	%p	-0.01	0.00	-0.06	-0.13	-0.19	-0.23	-0.15
Corp Bond Yield	%p	-0.12	-0.03	-0.16	-0.16	-0.15	-0.16	-0.16
Employment chg	thousand	-9	-2	-15	-17	-14	-14	-15

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