Markets Strategy

Essential Asia: US$ Bull(ied)

A macro strategist's view on Asian economies and markets

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Talking points

- US$ bulls encountered a speed bump post FOMC and the trend ahead now looks more tentative.
- Asian central banks may find it easier to ease in coming months with Fed rate hike expectations pushed out.
- Our central forecasts for Asian FX remains unchanged as we are mindful about the sustainability of the recent recovery in Asian FX.

In this issue

Recent reports

- MAS Springs a Surprise, 28 January 2015
- S$NEER Recalibrated, 11 March 2015
- China Economic Update, 18 March 2015
- India Budget and Economic Brief, 10 March 2015

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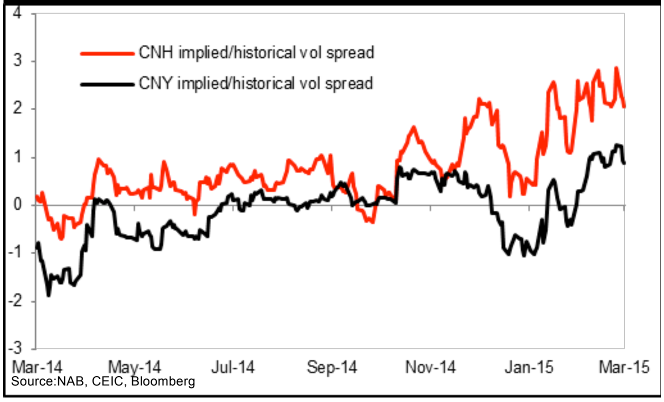
Trade recommendations

Entry Date	Recommendation	Opening level	Target	Stop
Jan-29	**Long USD/KRW 6M NDF**	1098.60	1180*	1030*

*Spot ref

Chart of the month – CNY and CNH vol spreads



Source:NAB, CEIC, Bloomberg

Policy rates

	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015
Korea	2.00	1.75	1.75	1.75	1.75
Thailand	2.00	1.75	1.75	1.75	2.00
Malaysia	3.25	3.25	3.25	3.25	3.50
India	8.00	7.50	7.25	7.25	7.25
Indonesia	7.75	7.50	7.50	7.50	7.50
China	5.60	5.20	5.20	5.20	5.20

Asian FX forecasts

	Jun-15	Sep-15	Dec-15	Mar-16
USD/CNY	6.28	6.25	6.20	6.20
USD/IDR	12400	12500	12800	12700
USD/INR	62.4	62.5	62.8	63.0
USD/KRW	1160	1180	1200	1200
USD/MYR	3.65	3.68	3.70	3.68
USD/PHP	46.0	46.5	46.5	46.0
USD/SGD	1.38	1.38	1.36	1.36
USD/THB	33.5	33.8	34.0	33.5
USD/TWD	31.8	32.0	32.3	32.1

	Jun-15	Sep-15	Dec-15	Mar-16
AUD/CNY	5.02	4.94	4.84	4.77
AUD/IDR	9920	9875	9984	9779
AUD/INR	49.9	49.4	49.0	48.5
AUD/KRW	928	932	936	924
AUD/MYR	2.92	2.91	2.89	2.83
AUD/PHP	36.8	36.7	36.3	35.4
AUD/SGD	1.10	1.09	1.06	1.05
AUD/THB	26.80	26.70	26.52	25.80
AUD/TWD	25.44	25.28	25.19	24.72

US$ Bull(ied)

- **The greenback has charged forward with little resistance, until the FOMC meeting on 18 March.**
- **Redback retreats from testing the PBoC's threshold.**
- **Policy easing and retaliation remain key themes in Asia but weaker currency prospects are mitigated by the pushback in expectations for the timing and extent of Fed tightening.**

Easier to ease

The USD index hit a speed bump at the 100 level, but let's remember it began the year at 90 and the climb has caught many by surprise. It is an interesting situation in Asia where multiple monetary policy easings have been taking place while at the same time markets were bracing for the lift-off in the Fed fund rate. Consequently, regional currencies traded in a volatile manner and even (more so) the relatively more tightly managed CNY. That was the overview before the FOMC meeting. The FX landscape shifted visibly after US Fed Chairman Yellen removed the word "patient" as expected, but added a strongly dovish tone with downward revisions in the central GDP and inflation forecasts and the 'dot-points' for the future Fed funds rate. The USD index immediately plunged 3% and although it very swiftly recovered most of the declines, to just below 99.5, it has since trended with a soft tone to currently hovering near the post FOMC lows around 96.50.

For the overview section of this edition, I have decided to take a different approach and swap texts with pictures as, at times like these, a picture paints a thousand words.

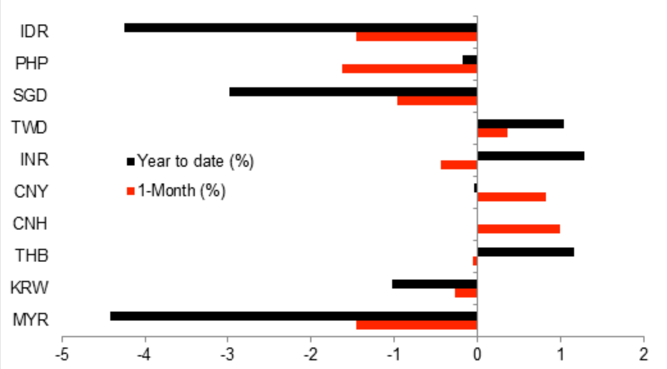
Chart 1 depicts Asian FX performance vs USD month to date and year to date. Post FOMC, CNH and CNY have shed their weakening trend meaningfully and are now stronger year to date.

The AUD, on the other hand, has been underperforming against most Asian currencies, until the FOMC. The AUD has recovered strongly since the Fed's dovish signals. The underperformance of the AUD is probably a reflection of ongoing concerns with regards to the slower growth in China. Our G7 strategists have lowered EUR/USD forecast to 1.02 for end 2015 but kept their AUD/USD forecast unchanged at 0.74.

Chart 3 shows that the extent of differentiation within some Asian currencies. The 1M implied/historical vol. spread of these few currencies are probably better indicators of the tentative sentiment that market players are experiencing post-FOMC. Markets have been a roller coaster ride, reflected in the vol. spreads. Understandably, the IDR and MYR vol. spreads have been elevated to the new highs for the year, while INR vol. spreads have been moving in the opposite direction. The sentiment in INR has definitely stabilised and it is also relatively less sensitive to the gyrations in Fed rate hike expectations.

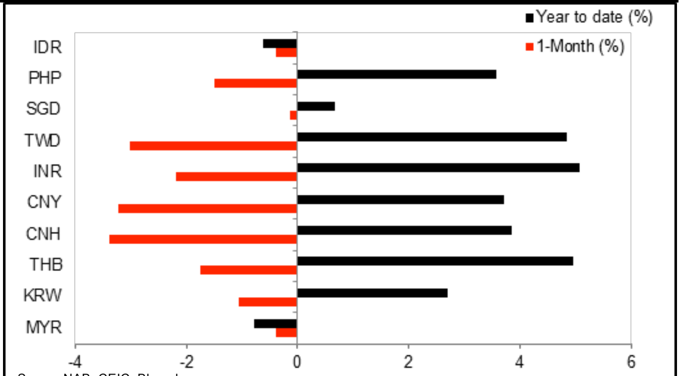
The uncertainties surrounding CNY and CNH movements were also reflected in the 1m implied/historical vol. spreads and more so in CNH than in CNY. These spreads have moved to the highest levels this year and even though they have come off post FOMC, they are likely to stay elevated in coming weeks. There may be some value putting on USD/CNH call spreads, taking advantage of the high skew for USD calls.

Chart 1: Asian FX performance vs USD



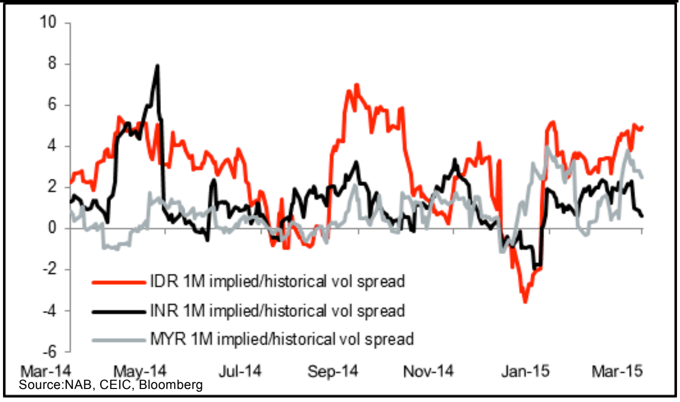
Source:NAB, CEIC, Bloomberg

Chart 2: AUD depreciated vs Asian FX year to date



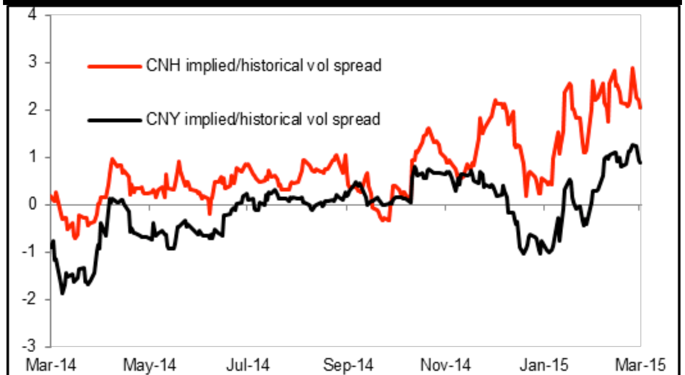
Source:NAB, CEIC, Bloomberg

Chart 3: 1M vol spreads widest in IDR, least in INR



Source:NAB, CEIC, Bloomberg

Chart 4: CNH and CNY vol spreads at year's high



Source:NAB, CEIC, Bloomberg

China Spotlight – Easing qualitatively

- **Market has recently been awash with talk that China will resort to quantitative easing.**
- **Premier Li has further stoked fiscal stimulus hopes by acknowledging the policy room for manoeuvre.**
- **Capital account liberalization is making swift progress as a show of effort for IMF inclusion in SDR.**

To QE or not to QE?

Speculation that China will be implementing a US or Europe style quantitative easing has been on the rise. A confluence of factors have renewed such talks, aided by the evidence China is in a clear easing cycle with deposit rates and lending rates at 2.5% and 5.35% respectively. Premier Li Keqiang's comments post the National People's Congress, acknowledging that it will be a challenge to meet the lowered 7% growth target this year and that there is room for policy moves, have underpinned a view China is heading for QE. We think the likelihood of China moving towards zero interest rate policy is rather small. We assign an even smaller probability that China will implement a US or Europe-style QE policy.

China's monetary policy effectiveness has been constantly questioned. Currently, China's monetary policy framework adopts a "dual rate system" where deposit and lending rates as well as window guidance targets for lending are set by the monetary authorities, while bond rates are market determined. However, there are increasing signs of improvement in the transmission mechanism as China's progresses on interest rate and FX reforms. A recent academic paper on this subject done by the Federal Reserve Bank of San Francisco showed that contrary to earlier papers, China's monetary transmission mechanism is beginning to look more standard. The authors identified a substantive role for interest rate policies in the determination of both real economic activities and prices (see link to report "Monetary Policy Effectiveness in China: Evidence from a FAVAR model http://www.frbsf.org/economic-research/files/wp2014-07.pdf).

So, China's policy efforts are more effective now than before. Which then brings on the next question, is China willing to drive policy rates down to zero? Unless things have changed drastically since the beginning of this year, the realistic answer is not now, not yet. In January, PBoC announced its commitment to continue to implement a sound monetary policy with more focus on the **appropriate** stance. Liquidity will be kept at reasonable volumes to maintain the reasonable growth of money, credit, and all system financing aggregates, and to create a **neutral and appropriate** monetary and financial environment for structural adjustment, transformation and upgrading of the growth pattern. The market based interest rate reform will be **accelerated** and the RMB exchange rate regime will be further improved. Last year was about targeted easing and since November last year, the PBoC has cut RRR and interest rates twice. We think more rate cuts and RRR cuts are possible but the historical low for the 1y deposit rate at 2.0% is the bottom. Since the peak of China's hiking cycle in 2012, the 1y lending rate has been cut by a total of 121bp while the 1y deposit rate lagged with 100bp cuts.

Band widening a likely event

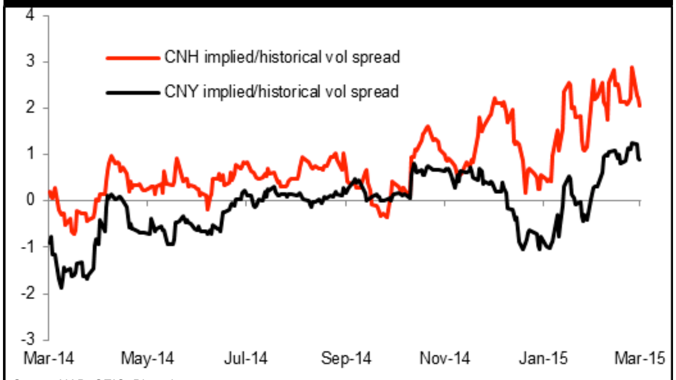
In our view, the probability of a band widening this year has increased. It is tough to call on the timing but the window is now wide open on a few factors: 1) USD/CNY is trading near the top end of the band and a widening move now will negate the need to intervene; 2) it will be complementary to policy easing; and 3) the last couple widening moves occurred around March/April. In addition Premier Li just added some fuel with his comments post-NPC that stoke expectations of a China QE, in turn fanning speculation about band widening.

In the event that it happens now, what will happen to the CNY? There are mixed views but on kneejerk, USD/CNY could move higher by about 0.5% and then the PBoC will most probably send a strong signal it is not devaluing the currency and intervene to stabilise USD/CNY. We are maintaining our USD/CNY forecasts for end 2015 at 6.20 but in the event that the PBoC widens the CNY trading band, we will be inclined to revise USD/CNY forecasts higher.

CNY devaluation an implicit concern

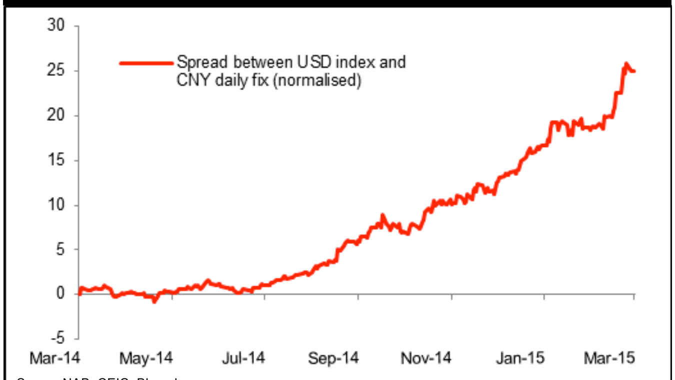
There has been anecdotal evidence that the Chinese authorities are concerned about the potential impact of a weaker CNY. Recently, China's State Administration of Foreign Exchange sent a survey to some commercial banks to gauge the impact of the yuan's moves. The survey was said to cover whether some investors will switch from dollar/yuan arbitrage trades to euro/yuan or yen/yuan. Banks are required to give feedback on year-to-date yuan forward business including contract sizes and default rates. The survey also asks lenders to give expectations on the yuan's exchange rate as well as corporate fund-raising plans in EUR or JPY.

Chart 5: CNY and CNH vol spreads at 1 year highs



Source:NAB, CEIC, Bloomberg

Chart 6: USD/CNY daily fix has lagged the rise in DXY



Source:NAB, CEIC, Bloomberg

A commentary in a local daily sums it best: The yuan is close to equilibrium and conditions don't support excessive, one-sided movement. There won't be large depreciations but neither will its short-term strength be sustained. A deep depreciation against the U.S. dollar will lead to accelerated capital outflows, endanger domestic financial stability and hinder internationalization of the yuan. Therefore, depreciation won't become a policy priority while the government will concentrate on interest rates to stabilize growth. There will be two-way yuan exchange-rate volatility but smaller depreciations and appreciations will become a new normal.

Capital account liberalisation moving full steam

One of the strong motivations to keep CNY stable is that China is in talks with the International Monetary Fund to add the RMB to its basket of reserve currencies. China may be making some headway on this front, with the IMF's Lagarde saying that the RMB "clearly belongs" in "special drawing rights" (SDR) basket after PBOC's Zhou publicly pitched it to her as a reserve currency. According to Reuters, there will be an informal board meeting in May to address, followed by a formal review in the autumn. PBoC Vice Governor Yi Gang has recently acknowledged the nation's hope that the RMB will become part of the IMF's SDR assets "in the foreseeable future".

The key objectives of getting included in the SDR are to gain international recognition; lower borrowing costs when associated with reduction in regulations, in line with China's strategic view of a multi-polar world; becoming a price setter in global commodities sectors; increase investment demand from central banks and sovereign wealth funds; and a push forward for full CNY convertibility.

Shortly after the expressed desire, the Chinese authorities stepped up on "wrist slashing" reforms. On March 25, China approved three more free trade zones in the southern province of Guangdong, eastern province of Fujian and northern city of Tianjin. Admittedly, this has been long awaited and the success of these FTZs hinges on the promise of more CNY convertibility. Hence, the launch could indicate that China is nearer to the event than before.

The drive to a more open and market driven economy may entail changes in existing regulations:

1) Lifting the current US$50,000 limit for Chinese individuals to buy without prior approval.
2) Bigger QFII quotas, currently US$70bn. It appears that the US$1bn individual quota has been lifted with the recent approval of US$1.2bn for Fidelity Investments.
3) Bigger QDII quota, currently US$88bn. Launch of QDII2.
4) Expansion of RQFII and RQDII.
5) Bigger HK-Shanghai stock link.
6) HK-Shenzhen stock market connect.
7) Relaxation of rules for Chinese companies to sell bonds and stocks in overseas markets.
8) Deposit insurance system and removal of limits on deposit rates.
9) New licenses for private banks.
10) Free trade zone trials for capital account liberalisation.
11) Wider CNY trading band.

Darker shadows in shadow banking

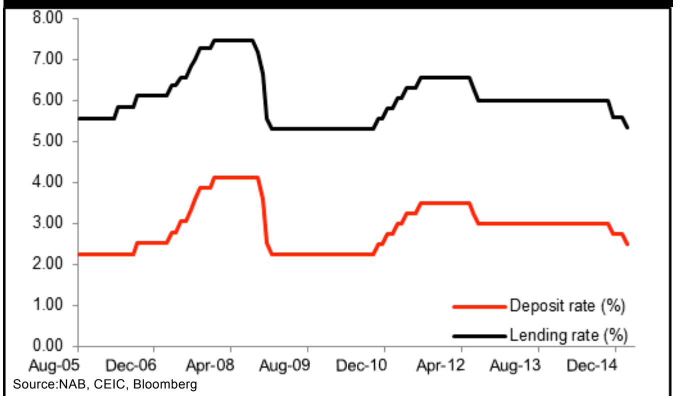
Elsewhere, a recent Reuters report reignited shadow banking risks, as trust firms shift from loans to OTC instruments. By redirecting money into capital markets and OTC products like asset-backed securities (ABS) and bankers' acceptances, trusts are acting less like lenders and more like hedge funds or lightly regulated mutual funds.

And the shift – a response to a clampdown last year on trust lending to risky real estate and industrial projects – means a significant chunk of shadow banking risk is migrating rather than shrinking. China trusts take in funds from retail and institutional investors and re-lend or reinvest that money, often in parts of the economy that struggle to obtain bank credit, like mid-sized private enterprises or municipal industrial projects. As of end-2014, total trust assets were 14 trillion yuan, according to China Trust Association data.

Previously, people who bought into opaque wealth management products, many of which were peddled by banks but actually backed by trust assets, found themselves heavily exposed to real estate loans. Trust firms' changing asset mix means these investors may now instead find themselves exposed to high-yield corporate debt, volatile stock funds or risky short-term OTC debt instruments.

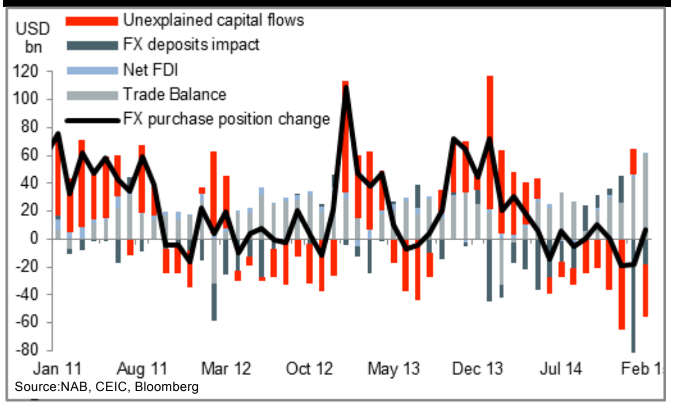
While this could help keep the wealth management industry running, and by extension help the trust industry stay afloat, it could delay efforts to properly price risk. A Reuters analysis of China Trust Association data shows that while loans outstanding grew just 8% last year – far below the 62% growth in 2013 – growth in obscure asset categories including "tradable financial assets" and "saleable fixed-term investments" was 77% and 47%, respectively.

Chart 7: Deposit and lending rates biased lower



Source:NAB, CEIC, Bloomberg

Chart 8: Capital outflows persisting



Source:NAB, CEIC, Bloomberg

Korea Spotlight – Stronger KRW/CNY links

- **Three rate cuts since August brought the policy rate to a new record low of 1.75% in March.**
- **Korea's ties with China have been enhanced and we expect stronger KRW/CNY links going forward.**
- **We stay long USD/KRW.**

Reality check suggests policy rate can go lower

The Bank of Korea's latest assessment of current economic development suggests an ongoing bias for an accommodative policy stance. According to the BoK, the trend of recovery in domestic economic activities appears weak, especially those related to domestic demand. Weakness persists in demand for Korean products with January-February exports declining year-on-year. Influenced by the economic recoveries in advanced countries and the low prices of oil, the Korean economy is expected to improve in the coming months, albeit at a moderate pace as structural factors limit private consumption.

However, the slowdown in the Chinese economy may work as a downside risk. Consumer price inflation is expected to remain low, owing mainly to continued downward pressures on the demand side and to the effects of low oil prices. Perhaps the only bright spot is that current account is forecast to remain in significant surplus.

In the latest Article IV consultation, the IMF is less upbeat about Korea's growth prospects compared to prior assessments, and advised that efforts should remain focused on shoring up economic momentum where the currently weak outlook could have a lasting impact on Korea's growth, well beyond the near term.

BoK Governor Lee justified the last rate cut to 1.75% as a pre-emptive action given large downside risks to growth. His comments could potentially herald another round of downward revision to growth in April and potentially another rate cut in May. The BoK last cut its 2015 growth outlook, to 3.4%, in January and along with it, cut its inflation projection to 1.9%.

Stronger links with China, CNH/KRW matters more

The BoK appears visibly concerned over China's slowdown and its impact on Korea. Understandably as China is Korea's biggest export market, accounting for about 25% of overall exports in 2014. To make matters worse, import demand from China has fallen about 20% yoy in January-February 2015.

Chart 9: Ample room USD/KRW to catch up with USD/JPY

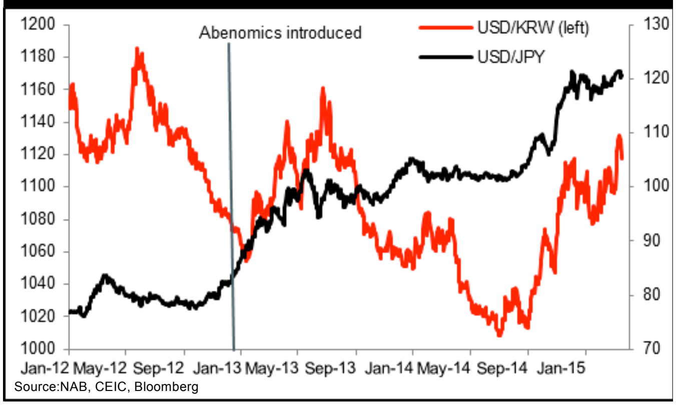
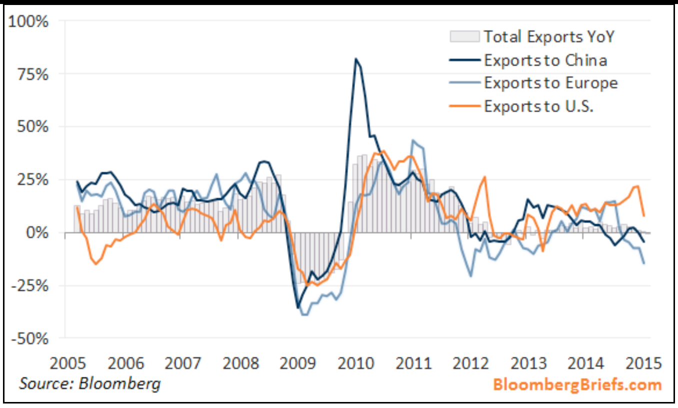


Chart 10: Import demand from China faltering



Besides, the Korean government is considering opening a won-yuan direct trading market in Shanghai as trade flows have been increasing and some of the large businesses in Seoul are considering switching to the yuan. It is worth monitoring the CNH/KRW cross and at current levels, the bias is for a break higher in CNH/KRW. The government expects that exporters can save on foreign currency exchange fees by around 10 percent through the direct market. It hopes to pull up the ratio of yuan settlements in total trade with China to 20 percent by boosting the won-yuan trading market.

Lastly on the KRW, the IMF stated that "Korea continues to build external buffers which enhance the economy's resilience to shocks, and would help limit the impact of any renewed global financial volatility. These buffers include a reduced and now modest level of short-term external debt, a positive and growing net foreign asset position, and a sizeable stock of international reserves. Allowing the won to respond flexibly would be the first policy line of defense if risks materialize, and provides a key buffer."

We are long USD/KRW 6M NDF

We maintain our long USD/KRW recommendation initiated on 29 January and targeting 1180 (spot). Despite the pullback in USD strength and unwinding of long USD/KRW positions post FOMC, we think this actually provides an opportunity to rebuild long USD positions, in light of USD/JPY and CNH/KRW levels and trends.

Chart 11: CNH/KRW trend may be more important

India Spotlight – Coordinated moves for growth

- **The Indian rupee has withstood a key test recently and showed resilience in the face of chaotic FX movements post-FOMC. It maintained its best performer status in in the region in 2015.**
- **Post budget sentiment remains mildly positive, though the 3% fiscal deficit target was pushed back to 2017/2018.**
- **Our economics team expects one more rate cut, and then pause**

Coordinated fiscal and monetary moves

The RBI has cut rates twice this year, bringing the repo rate down by 50bp cumulatively to 7.5%. It is noteworthy that both occasions were intermeeting cuts, and in between, the RBI has kept rates unchanged during the official session on February 3rd. The first intermeeting cut on 15 January was justified by the fall in inflation and the scope for policy loosening. The second intermeeting cut on 4 March was on the heel of the FY15/16 budget announcement. This appears to be a concerted move by the RBI and the Finance Ministry to ensure growth prospects are on a firm footing above 7%. Despite strength of the revised GDP data supporting fiscal consolidation, the Finance Ministry has decidedly slowed down the pace and dragged out the timeline by three years. The key message that the Indian authorities would like to deliver were probably along the line that while there are reasons to cheer and be upbeat about India's economic outlook, it is equally important not to be complacent.

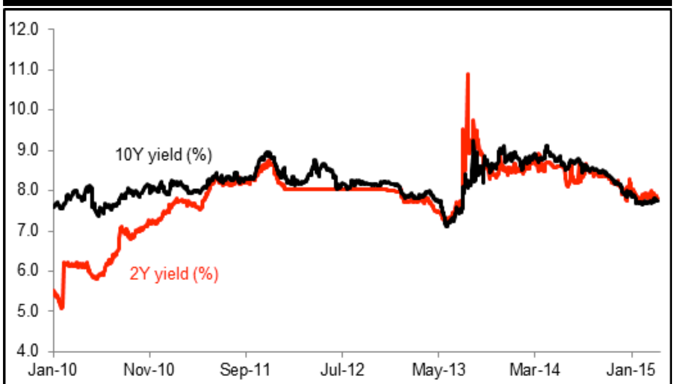
Less sensitive to Fed, magnet to foreign flows

The Indian rupee has proven itself to be relatively less sensitive to the US Fed's policy direction. In fact, correlation between the INR and USD index is a low -0.19 over the past one year. The INR is also not as correlated with Asian currencies as the others. Interestingly, the INR and SENSEX are highly correlated with each other, as high as 0.84 over a one year period.

Over the past twelve months, nearly US$20bn worth of foreign capital has flown into Indian equities and even more (US$26.7bn) into India's debt markets. The positive sentiment looks set to persist, though it may be tempered by increasing expectations that the RBI may be reaching the end of its easing cycle soon. In addition, signs that oil prices may be bottoming out could also be another mitigating factor. Nevertheless, India remains in a sweet spot with full year growth projected to surpass China's. NAB forecasts India GDP to grow 7.7% yoy in 2015 and accelerate further to 8.0% in 2016. This compares with China's 7.0% growth target this year, which is a challenge to meet according to the Chinese government.

Our India economist John Sharma expects one more rate cut in the June quarter, following the 25bp cut to 7.5% on 4 March. John also thinks that further rate cuts are possible, but are dependent on the external situation, monsoon conditions, supply side improvements and progress on fiscal consolidation (see India Budget & Economic Brief, March 2015).

Chart 12: India's bond yield curve stays flat



Source:NAB, CEIC, Bloomberg

Chart 13: INR looks least fragile among the fragile five

Source:NAB, CEIC, Bloomberg

Singapore Spotlight – Easier to ease

- **We recalibrated our S$NEER model to correct the wider differential since H2 last year. The MAS' latest policy statement provided some signals that the weights in the official index may have been adjusted.**
- **We believe that the MAS perceives the recent decline in oil prices to be a structural factor that will affect Singapore's trade performance in the medium term.**
- **USD/SGD will continue to trade within a higher trading range of 1.32-1.40. With the new weights, SGD is now trading at the lower end of the band.**

Macro data widens room to ease

Macro data for the first two months of 2015 have underpinned expectations of more growth supportive moves in April. Non-oil domestic exports and CPI have both surprised on the downside. February NODX plunged 9.7% yoy and dragged the decent 4.3% yoy growth in January lower. February CPI contracted 0.3% yoy following January's -0.4%. In addition to that, February PMI weakened further to 49.7 and the softness in new export orders and build up in inventory does not bode well for the manufacturing sector ahead. The latest (February) industrial production data was also downbeat at -3.6% yoy from 1.3%. The incoming data has increased further affirmed conviction that the MAS will re-center the S$NEER during the upcoming meeting in April. In January, we put this probability at 40%, but with PBoC, RBI (another intermeeting move), BI, BoT and BoK having cut rates since the MAS' move in January, the regional theme of policy retaliation is ongoing.

S$NEER recalibrated

We find the discrepancy between NAB estimates of the S$NEER and the MAS' official index getting wider since August last year. The USD index has started to climb steadily during that period, and Asian currencies, as reflected by the ADXY index, have also shown signs of peaking and are now trending lower.

Another major factor that could have supported some adjustments by the MAS is the slide in oil prices. Crude oil prices fell over 50% in 2H14 and despite the recent signs of stabilisation around $50 per barrel, the general expectation is that any rebound is unlikely to be convincing.

Accordingly, we adjusted the weights of our NAB S$NEER model:

NAB S$NEER Currency Weights

	Old weights	New weights
USD	26.90%	22.80%
EUR	8.80%	11.00%
GBP	2.30%	4.40%
JPY	8.20%	11.00%
CNY	15.20%	14.00%
KRW	6.80%	4.50%
MYR	15.70%	15.00%
IDR	7.60%	6.00%
THB	4.50%	7.00%
AUD	4.00%	4.30%

Source: NAB estimates, Bloomberg

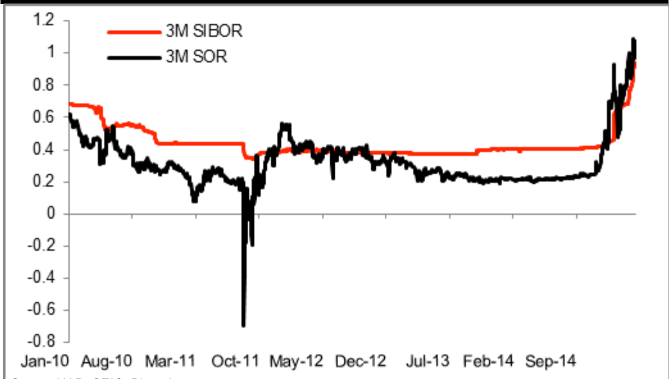
All eyes on April MPC

After the adjustments, NAB S$NEER model is now showing the SGD trading at around 1.7% below the mid-band. The SGD is the third worst performer in the region year to date, having lost 281bp. The MAS surprised on 28 January by reducing the slope of the FX policy band (see our recent report titled: *MAS springs a surprise*, 28 January). We estimate that the new slope is 1% per annum instead of 2% previously. Now, we think there is a more than 50% chance that the MAS will ease further in April and this time, by re-centering the S$NEER. In that event, USD/SGD could overshoot on the upside of our end June forecast of 1.38.

Chart 14: S$NEER trading near the lower end of the band

Source:NAB, CEIC, Bloomberg

Chart 15: Singapore interbank rates pre-empting Fed hikes



Source:NAB, CEIC, Bloomberg

Selected Indicators

Table 1: NAB Key FX Forecasts

		Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Australian Dollar	AUD/USD	0.75	0.74	0.74	0.73	0.73	0.75	0.75	0.76
New Zealand Dollar	NZD/USD	0.72	0.71	0.70	0.69	0.68	0.67	0.66	0.66
Japanese yen	USD/JPY	121	122	123	124	125	125	125	124
Euro	EUR/USD	1.00	1.01	1.02	1.03	1.04	1.05	1.06	1.09
British Pound	GBP/USD	1.39	1.38	1.37	1.37	1.38	1.40	1.41	1.42
Swiss Franc	USD/CHF	1.01	1.02	1.03	1.03	1.03	1.02	1.02	1.17
Canadian Dollar	USD/CAD	1.25	1.24	1.22	1.21	1.20	1.19	1.18	0.96
Chinese New Yuan	USD/CNY	6.28	6.25	6.20	6.20	6.18	6.15	6.15	6.08

Table 2: NAB Asia Macro Forecasts

Average annual growth in GDP (%)				
	NAB Forecasts			
	2013	2014	2015	2016
Hong Kong	2.9	2.3	3.1	3.7
Indonesia	5.8	5.1	5.3	5.5
Singapore	3.8	3.2	3.4	4.4
Taiwan	2.1	3.6	4.1	4.5
Thailand	2.8	0.7	3.6	4.2
Malaysia	4.7	5.9	5.7	5.4
S Korea	3.0	3.5	3.9	4.6
Philippines	7.2	6.1	6.6	6.4
Total	**4.3**	**4.0**	**4.6**	**4.9**

Table 3: NAB Key Macro Forecasts

Global growth forecasts % in change year on year						
	NAB Forecasts					
	2011	2012	2013	2014	2015	2016
US	1.6	2.3	2.2	2.4	3.3	2.7
Euro-zone	1.6	-0.6	-0.4	0.8	1.2	1.4
Japan	-0.4	1.5	1.5	0.2	0.8	1.2
UK	1.7	0.7	1.7	2.7	2.7	2.6
Canada	2.5	1.7	2.0	2.4	2.3	2.1
China	9.3	7.8	7.7	7.4	7.1	6.9
India	7.7	4.8	4.7	5.3	6.5	6.8
Latin America	4.3	2.1	2.3	0.7	1.5	2.3
Emerging Asia	4.5	4.5	4.3	4.0	4.6	4.9
New Zealand	1.8	2.4	2.2	3.2	3.4	1.9
World	**4.3**	**3.3**	**3.2**	**3.1**	**3.4**	**3.6**
Advanced Economies	1.7	1.2	1.4	1.8	2.3	2.2
Emerging Economies	6.9	5.2	5.2	4.7	5.1	5.3
Major trading partners	4.6	4.2	4.5	4.4	4.7	4.7

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