

Europe - Regional Economic Outlook

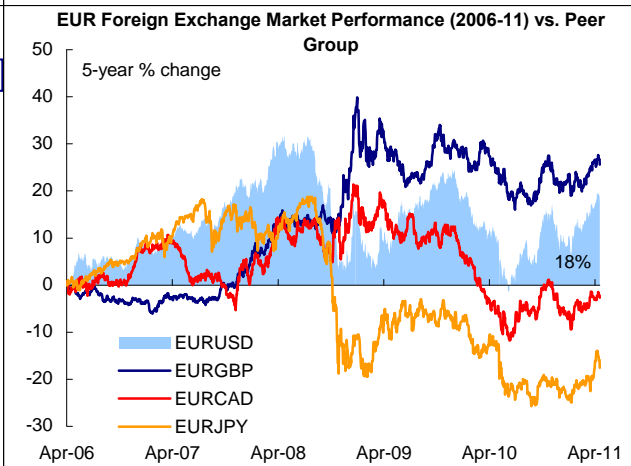
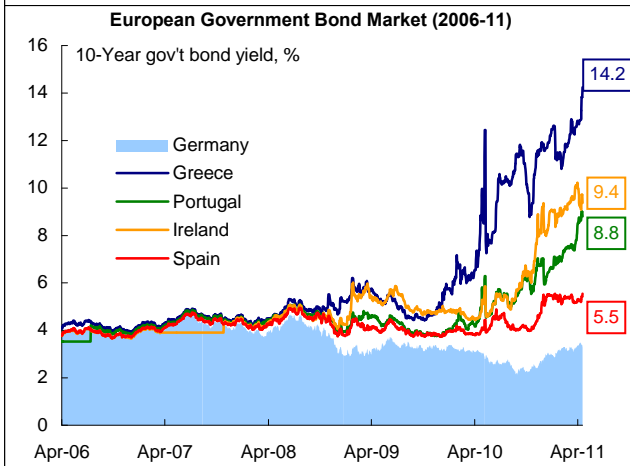
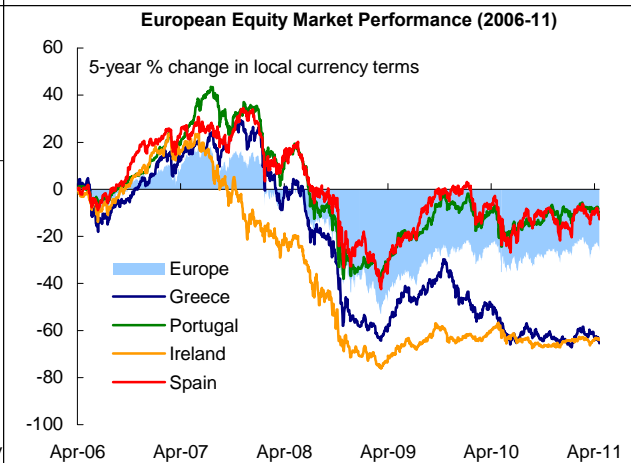
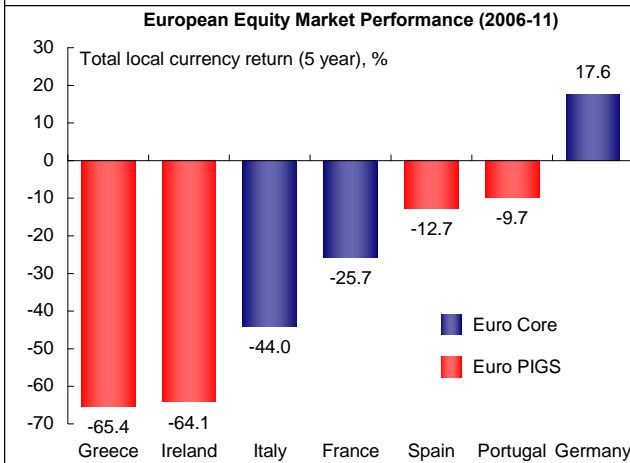
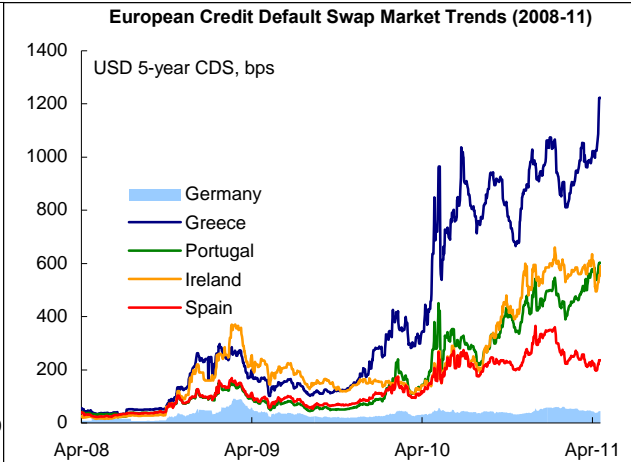
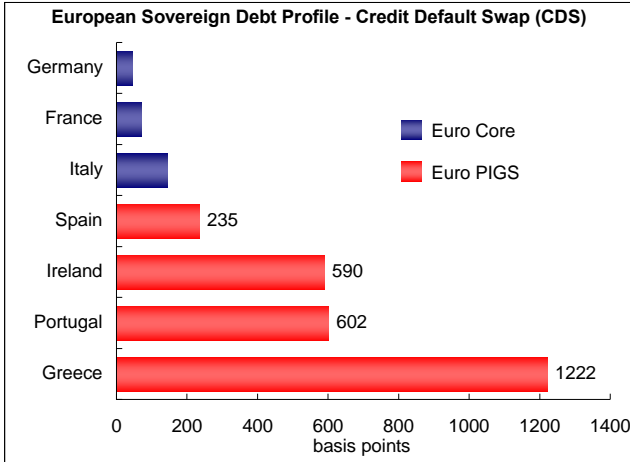
Executive Briefing

April 2011



Europe – Regional Economic Outlook

Financial Market Metrics



Improved Governance: Decisive Joint Intervention to Address Fiscal & Debt Shocks

– European political leaders are showing a greater sense of unity and cohesiveness in managing the financial and political shocks linked to fiscal and debt sustainability in selected countries within the euro zone's periphery. Investors are beginning to reward the effectiveness by which multilateral financial schemes can be designed and executed. Financial assistance is being provided to three of the so-called group of PIGS (Portugal, Ireland, Greece and Spain). The joint programmes – the European Financial Stability Facility (EFSF) and the European Stability Mechanism (ESM) – established by the European Union (EU), the International Monetary Fund (IMF) and the European Commission incorporate rigorous conditions aimed at restoring fiscal health and secure financial stability within the euro zone. The effective lending capability of the EFSF will be enlarged to €440 billion (lending to Greece did not come from this facility, only those to Ireland and Portugal, which total around €160 billion). The permanent ESM will be established in 2013 with a lending capability of €500 billion. When announcing the forthcoming multilateral support to Portugal in April, the official communiqué released by the EU Finance Ministers stressed that the adjustment program to be endorsed by the new Portuguese government will require ambitious fiscal consolidation, growth and productivity enhancement reforms, and measures to safeguard financial stability. Massive bond issuance will complement the multilateral arrangements as primary sources of funding for European economies in fiscal distress.

Diverging Growth Prospects Within the Euro Zone; Further Monetary Tightening in Sight

– Widening growth differentials remain in place within the euro zone. Germany's economic strength (real GDP is expected to expand by 2.7% in 2011) contrasts sharply with the fragile economic conditions and high unemployment rates present in the PIGS countries, linked to the fiscal tightening needed to place government finances on a sustainable path. Worth noting, however, is that Portugal, Ireland and Greece represent only 6% of the euro zone's economy, while Spain accounts for around 11% of the regional GDP. Spain is the only economy within this group will record a modest expansion in 2011/12 while Portugal, Ireland and Greece will continue to suffer from negative growth rates. In order to fulfill its mandate to secure price stability, the European Central Bank (ECB) recently initiated an orderly process of interest rate normalization. The monetary tightening cycle – the ECB increased its main refinancing rate by 25 bps to 1.25% on April 7th – should not derail the growth prospects of the core economies within the euro zone, but might adversely affect the recovery of the peripheral euro zone members, due to increasing costs of funds to businesses and households. Nevertheless, tighter monetary conditions limit inflationary expectations, which should lower the cost of longer term international financing, in turn helping the troubled economies to gain access to favourable funding conditions.

Safeguarding Financial Stability is a Key Priority in Europe

– Systemic risk considerations will continue to affect the European periphery's financial sector, and the ECB remains a primary provider of liquidity to distressed European banks. The ECB's intervention to provide unlimited liquidity highlights the precarious situation still present in both Ireland and Portugal, while the risk of a debt restructuring of Greek debt obligations weighs on the region, both in the context of a persistently fragile UK banking sector. The tightening of credit conditions due to the introduction of a more stringent regulatory framework under the new Basle III rules also provides an economic growth-deterrent, as deleveraging remains in place in most of these peripheral economies. Since May 2010, the ECB has conducted liquidity-neutral interventions in distressed government debt markets under the Securities Markets Programme (SMP); to date, the programme has accumulated €77 billion in peripheral debt.

Consolidation of Currency Regime Despite Financial Market Turbulence

– Successive sovereign debt and financial sector shocks within the euro zone have provided a solid test to the currency union. The euro (EUR) is here to stay; in fact, market trends point towards an appreciating exchange rate versus the US dollar (USD) in the near term. The recovery in the core European economies together with the financial assistance provided to Greece, Ireland and now Portugal, has helped the EUR gather strength versus the USD. The relative fiscal position of the euro area as a whole against that of the US, the UK, and Japan remains favourable, despite significant fiscal imbalances within the PIGS group.

Persistent Sovereign Debt Shocks Lead to Deteriorating Creditworthiness

– International rating agencies are on alert, placing the four peripheral European countries under review for further sovereign debt rating downgrades. At present, financial market metrics imply that Spain, the top-rated credit within the PIGS group, will avoid the degree of contagion that affected other distressed economies. However, recent shifts in market trends have not prevented the rating agency community from keeping a "negative" outlook on the Spanish sovereign credit. Until now, Moody's has downgraded Spain by two notches from the top rating category. At the other extreme is Greece, which is now rated as a speculative-grade economy, four notches below the investment-grade threshold. The risk of a debt restructuring increases Greece's vulnerability of even further rating erosion. It is worth noting the velocity by which the systemic crisis in the banking sector ended in a rapid downgrade of Ireland's sovereign debt ratings – down nine notches from "AAA"-rate status since July 2009. Finally, the latest casualty of investors' anxiety, Portugal, has also suffered from multiple downgrade revisions, yet it still maintains an investment-grade position. Besides uncertain growth prospects, implementation risk (due to demanding fiscal adjustment plans) remains a key factor influencing the ratings outlook.



Capital Market Dynamics

- **Sovereign Debt & Credit Ratings** ► Market metrics imply a gradual improvement in Spanish creditworthiness vis-à-vis the rest of the highly indebted euro zone economies. Spain's credit default swaps, at 235 bps, imply a sharp recovery in investor sentiment from the peak of the Ireland-induced market sell-off in November 2010, despite intensified sovereign turmoil stemming from developments in Portugal. Spain's 10-year bonds now trade at a yield of 5.54% (spread of 212 bps vs. US Treasury bonds and 227 bps vs. German bunds). In March, Moody's downgraded Spain's sovereign rating by one notch to "Aa2" and maintained a "negative" outlook, stressing that the eventual cost of restructuring the country's banking system may be larger than the government is currently estimating. Standard & Poor's and Fitch have assigned a "negative" outlook to the country's ratings of "AA" and "AA+", respectively. We remain confident that market participants will recognize the Spanish economy's more solid fundamental position, leading to a stabilization period in the euro zone confidence crisis. China has become a major holder of Spain's government debt securities.
- **Equity Market** ► Spain represents 1.4% of the world's equity market capitalization. The IBEX35 index, which has a market capitalization valued at €381 billion, remains subject to changes in investor risk aversion. It has gained 19% since its recent low in June 2010. Five large Spanish stocks (in the financial, telecom, construction and energy sectors) account for around one sixth of Europe's DJ Euro Stoxx50 index. As state-owned firms (or government involvement in major corporations) play a dominant role in the equity market in Spain, fiscal adjustment measures may lead to structural changes in corporate ownership and management styles with a lower degree of state involvement.

Economic Outlook

- **Growth** ► The €1.1 trillion Spanish economy is recovering gradually. We estimate that output will expand by a modest 0.8% in 2011 and by 1.5% in 2012 after a small decline of 0.1% in 2010. Gross investment will remain a drag on growth in 2011 as large inventories of unsold homes (a result of the real estate collapse) hold down the construction sector. While private consumption is showing signs of improvement, employment conditions remain grim, preventing a robust recovery in household spending. Spain's 20% unemployment rate is the highest in the euro zone. Meanwhile, the export sector will provide a boost to economic activity, with goods exports currently growing by double-digit rates from the year before.
- **Inflation & Monetary Context** ► Inflationary pressures are intensifying in Spain, with the consumer price index increasing by 3.3% y/y in March 2011. While higher energy and food costs are feeding inflation, sustained weakness in domestic demand and the economy's large spare capacity should somewhat offset inflationary pressures. We expect inflation to close the year at 2.5% y/y. The European Central Bank is gradually moving towards monetary policy normalization; however, the non-standard liquidity measures will remain in place in order to promote financial stability in the euro zone.
- **Fiscal & Current Account Balance** ► Fiscal consolidation is imperative to restore consumer and investor confidence in Spain's sovereign debt sustainability. Although its 2010 fiscal deficit was fairly high at 9.2% of GDP, Spain is proving strongly committed to fixing its public finances and improving the economy's productivity. The 2011 budget targets a fiscal shortfall of 6.0% of GDP through such measures as significant reductions (of 30%) in public investment and other spending cuts, as well as through privatization of state assets. In the meantime, it is endorsing a more favourable tax environment for companies, while planning to reform the pension system and increase the retirement age from 65 to 67 years. Spain's public debt level is around 60% of GDP, less than the euro zone average and less than those of France and Germany. Moreover, at around 6%, its ratio of interest payments to revenue compares favourably to the average of the major European economies. The current account deficit will continue to narrow through 2011 on the back of lackluster import demand and improving export sector performance; the current account gap will likely narrow to around 3.0% of GDP by the end of 2012.

Institutional Framework & Political Environment

- **Governance** ► The administration of Jose Luis Rodríguez Zapatero faces challenging times in restoring investor confidence in Spain's growth potential and overall debt sustainability. The next general elections are due by early 2012. As the popularity of the ruling Spanish Socialist Workers' Party is eroding, Prime Minister Rodríguez Zapatero has announced that he will not seek a third term in office. The party may have enough time to recover lost ground if it is able to restore investor and consumer confidence and successfully implement necessary structural reforms.
- **Financial Sector** ► Spanish monetary authorities are taking decisive steps in the reinforcement of the country's financial system. On March 10th, the Bank of Spain published the results of the additional stress tests it conducted on the capital positions of Spanish lenders. Overall, 12 banks (2 Spanish lenders, 2 foreign subsidiaries and 8 savings banks) are required to increase their capital, by a total of €15.15 billion, in order to meet the new stricter core Tier-1 ratios of 8-10%. As part of the financial sector restructuring efforts, the number of regional savings bank groups – the cajas – has dropped to 17 from 45 a year ago, through a number of mergers. The Spanish banking sector's foreign claims on Portugal account for 6% of their total international exposure. Sizable bank debt refinancing is in store for 2011.



Capital Market Dynamics

- **Sovereign Debt & Credit Ratings** ► Greece remains in the midst of a severe confidence crisis. The possibility of a distressed sovereign debt restructuring is not ruled out despite the massive multilateral financial assistance received by Greece. Along with increased risk aversion stemming from adverse developments in Portugal, Greek bond yields have rebounded in recent weeks; the country's 10-year sovereign bond yields climbed to above 14%. Yield spreads vis-à-vis US Treasury bonds and German bunds are 1082 basis points (bps) and 1097 bps, respectively. Greece's credit default swaps remain elevated, trading above the 1,200 bps mark, compared with around 430 bps a year earlier. In March, Moody's Investors Service downgraded Greece's long-term foreign currency rating by three notches to "B1", maintaining a "negative" outlook, on the back of the challenges related to the country's fiscal consolidation process. In addition, the rating agency assesses that the probability that bondholders may experience credit losses (triggering a technical default) has increased. Standard & Poor's maintains a "Watch Negative" for Greece's "BB-" rating and Fitch has assigned a "negative" outlook for the country's "BB+" rating. Greece may not need to issue global debt securities until 2012. To address severe tensions in financial markets, the European Central Bank (ECB) continues its purchases of sovereign debt securities in "dysfunctional" market segments (i.e. Greece).
- **Equity Market** ► Greek equity securities have gained around 1% so far this year; they remain 51% below the level recorded in October 2009 when the Greek fiscal situation started to attract investor attention, being the underperformer in Southern Europe. Greece represents 0.14% of the world's equity market capitalization measured in US dollars. The Athens Stock Exchange General Index has a market capitalization valued at €44 billion.

Economic Outlook

- **Growth** ► Strict austerity measures will continue to stem domestic demand considerably, leading to a third year of recession. We estimate that the economy will contract by around 3% in 2011, following a 4.5% decline in 2010. Output dropped by 3.8% q/q and 6.6% y/y in the final quarter of 2010. The high – and increasing – rate of unemployment (of 15.1% in January) will constrain households' financial standing and consumption appetite. The fiscal consolidation program entails a major containment of public spending and an aggressive privatization programme, which will be accompanied by a substantial reduction in credit availability that will keep investment flows in negative territory through 2012.
- **Inflation & Monetary Context** ► The inflation outlook is improving. While indirect tax increases will temporarily add to price pressures, a prolonged dampening of demand conditions will bring inflation to below the euro zone average. The rate of increase in the consumer price index will likely ease from 4.3% y/y in March to around 1½% by end-2011. Although we expect the ECB to continue to gradually tighten monetary conditions, non-standard liquidity measures will likely remain in place for an extended period of time.
- **Fiscal & Current Account Balance** ► Greece suffers from a severe fiscal crisis compounded by a generalized loss of confidence due to massive public sector indebtedness, wide-spread tax evasion, poor tax administration and fragile governance practices. Greece's 2011 budget reaffirms the government's commitment to the International Monetary Fund's (IMF) Stand-By Agreement, worth €110 billion, that aims to narrow the fiscal deficit to less than 3% of GDP in 2014. Significant progress has already been made through the implementation of tough austerity measures such as tax increases, public sector wage cuts, pension freezes, and public investment and education expense reductions. Nevertheless, the need for further efforts remains enormous. The fiscal deficit was reduced from 15.4% of GDP in 2009 to around 10% in 2010, and the 2011 budget targets a shortfall of 7.4% of GDP. Gross government debt will continue to increase, reaching 150% of GDP this year. The Third Review under the IMF-supervised economic program conducted in March 2011, noted that Greece has made further progress towards its key objectives, but stressed the need to focus on the implementation of structural reforms and to redouble efforts to combat tax evasion and control spending at the local government level. Following the March 11th summit, European leaders agreed to lower the interest rate that Greece is paying for its emergency loans, currently around 5%, by one percentage point and to extend the repayment period. Nevertheless, credibility in the administration's ability to execute stabilization plans remains a concern, and a debt-rescheduling scenario cannot be ruled out. The current account deficit will continue to narrow on the back of a services surplus and contracting goods imports, ending 2012 with a balanced position.

Institutional Framework & Political Environment

- **Governance** ► The socio-political environment, in the context of the current fiscal crisis, is complex and challenging. The majority government of the Panhellenic Socialist Movement (Pasok), led by Prime Minister George Papandreou, will likely remain in office for a full term until 2013, despite a recent emergence of internal divisions. The harsh fiscal measures have intensified strike activity and may derail the execution of the fiscal consolidation plan underway.
- **Financial Sector** ► The economy will continue to be subject to a material contraction in lending activity and a sharp deterioration in asset quality, as a result of the fiscal consolidation measures and a prolonged recession. Consumer lending will continue to decline as households focus on reducing leverage. As part of the €110 financial package, a €10 billion Financial Stability Fund was established to support the Greek banking system if needed, though to date, the Fund has not been used.



Capital Market Dynamics

- **Sovereign Debt & Credit Ratings** ► The confidence crisis surrounding euro zone sovereign debt has reached Portugal, with global investors' perception of the country's creditworthiness continuing to deteriorate. On April 7th, Portugal requested financial assistance from the European Financial Stability Facility, with the likely outcome of a funding agreement nearing €80 billion. Portugal's credit default swaps (CDS) have faced an increase of 260 basis points (bps) to 602 bps in a six-month span. The country's 10-year sovereign bonds are trading at a yield of 8.81% with a spread of 554 bps vs. equivalent German bunds, 240 bps higher than six months ago. Portugal has recently faced several rounds of sovereign credit rating downgrade revisions by major international rating agencies. The current long-term foreign currency ratings are as follows: Standard and Poor's (S&P): "BBB-", Moody's: "Baa1", and Fitch: "BBB-". S&P has assigned a "negative" outlook to the country's rating while Moody's and Fitch maintain Portugal's rating under review for a possible downgrade.
- **Equity Market** ► Portugal is not a major player in European equity markets. The country represents 0.18% of the world's equity market capitalization measured in USD terms: the PSI General Index has a market capitalization valued at €66 billion. Portuguese equity securities have outperformed those of Spain, Ireland and Greece since May 2010 when the euro zone sovereign crisis deepened significantly; the PSI General Index has gained 20% since then.

Economic Outlook

- **Growth** ► Portugal's economic outlook continues to be challenging. The output expansion of 1.4% in 2010 will likely be followed by another deceleration this year as economic activity is impaired by austerity measures linked to the fiscal adjustment program currently underway. We expect the Portuguese economy to contract by 1.5% in 2011 before recording flat growth in 2012. Real GDP growth returned to negative territory (-0.3% q/q) in the October-December period following three quarters of positive growth. Domestic demand will continue to be subdued this year and next due to muted business and consumer confidence and a weak labour market (the unemployment rate climbed to 11.1% in the final quarter of 2010). In net terms, foreign trade will contribute to economic activity.
- **Inflation & Monetary Context** ► Price pressures are emerging in connection with commodity price shifts and the rise in the value added tax rate; the consumer price index increased by 3.9% y/y in March. Nevertheless, we expect this trend to be temporary, with inflation returning to around 1½ % by end-2012. The European Central Bank (ECB) will likely continue a gradual process of monetary normalization – commenced in April – in the coming quarters, taking the benchmark refinancing interest rate to 1.75% by end-2011.
- **Fiscal & Current Account Balance** ► Portugal has decisively embarked on the path to fiscal sustainability. The ongoing negotiations regarding a financial assistance package will likely result in tighter commitment to fiscal restraint and structural reforms. The current austerity programme aims to reduce the general government fiscal deficit to 4.6% of GDP in 2011 and further to 3% in 2012 through such measures as tax hikes, including a second increase in the value-added tax rate by two percentage points to 23%, a 5% reduction in public sector wages, and further cuts in public spending. Although weakening, Portugal's sovereign debt position is better than in many of its European counterparts. Its 2010 fiscal deficit is estimated to be around 8.6% of GDP. The government debt level is increasing, reaching an estimated 83% of GDP last year. We expect fiscal consolidation to fall somewhat short of the stated target due to weak economic growth prospects. One of the major reasons for deteriorated investor sentiment towards Portugal's sovereign creditworthiness is the country's subdued economic performance and the lack of progress on productivity and growth enhancing reforms. Real GDP expansion averaged 0.7% over the past ten years and similar growth rates are expected in the foreseeable future, making sustainable progress on the fiscal front challenging. The current account deficit will likely narrow through the forecast period on the back of subdued domestic demand conditions; we expect the shortfall to reach around 6.5% of GDP in 2012.

Institutional Framework & Political Environment

- **Governance** ► Portugal is in the midst of political turmoil following the collapse of the minority government of the Socialist Party at the end of March due to political divergences about the country's austerity path. The negotiations regarding access to the European Financial Stability Facility may be complicated by the fact that the country does not currently have a government with an official mandate. The early general elections will be held on June 5th.
- **Financial Sector** ► Portuguese banks are not at the root of the fiscal turmoil as the country's banks were not affected by a real estate sector collapse. Moreover, the government has not injected capital into the banking sector, save for the nationalization of one small bank. The Bank of Portugal assesses that Portuguese banks are in solid shape. Nevertheless, sovereign and bank rating downgrade activity has adversely affected the cost of funds to local institutions, which will continue to rely on ECB funding support. In fact, the country's banking system has not been able to raise funding in the markets since the first half of 2010.



Capital Market Dynamics

- **Sovereign Debt & Credit Ratings** ► The global perception of Ireland's sovereign creditworthiness continues to be weak as uncertainty persists regarding the systemic health of the country's financial sector, as well as the risk of failed implementation of a multilateral economic program. At the end of November 2010, Ireland received a €85 billion lending facility from the European Union (EU) and the International Monetary Fund (IMF). While access to the funds somewhat improved investor sentiment, it did not prevent Moody's from downgrading Ireland's debt ratings by two notches on April^{15th}. The country's 10-year sovereign bonds are trading at a yield of 9.37% with a spread of 595 basis points (bps) vs. equivalent US Treasury bonds and 610 bps vs. German bunds (compared with 147 bps a year ago). Ireland's credit default swaps (CDS) spiked in early 2011 at 660 bps, and while remaining elevated, they are now trading at 590 bps. Ireland has recently faced several rounds of sovereign credit rating downgrades by major international rating agencies. The current long-term foreign currency ratings are as follows: Standard and Poor's: "BBB+", Moody's: "Baa3", and Fitch: "BBB+". Moody's and Fitch have assigned a "negative" outlook to the country's rating.
- **Equity Market** ► Ireland is not a major player in European equity markets. Ireland represents 0.12% of the world's equity market capitalization measured in USD terms: the ISEQ Overall Index has a market capitalization valued at €40 billion. Irish stocks, which gained 82% between March 2009 and April 2010, have declined by 17% since then; however, the major contraction has been felt in the financial segment of the country index.

Economic Outlook

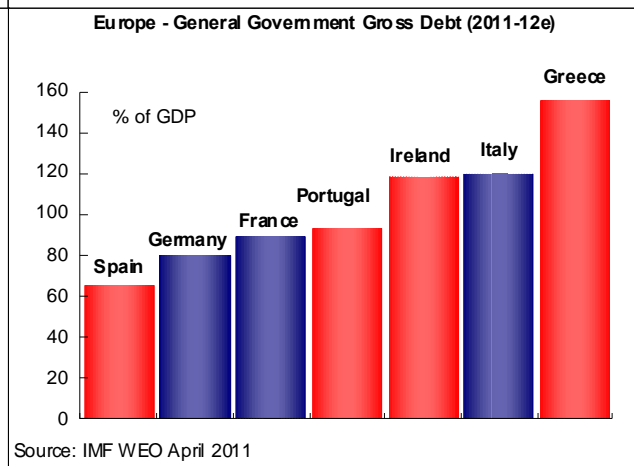
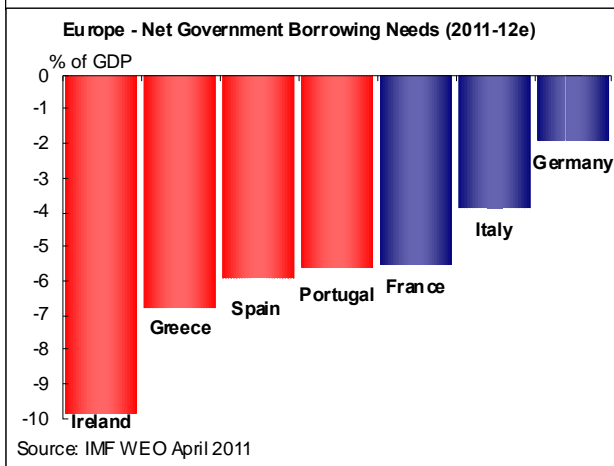
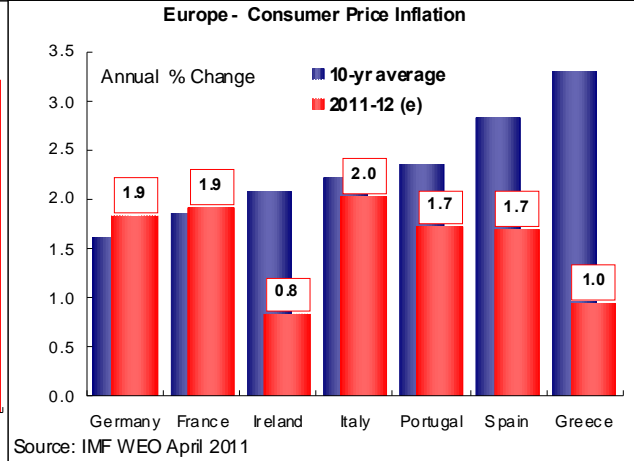
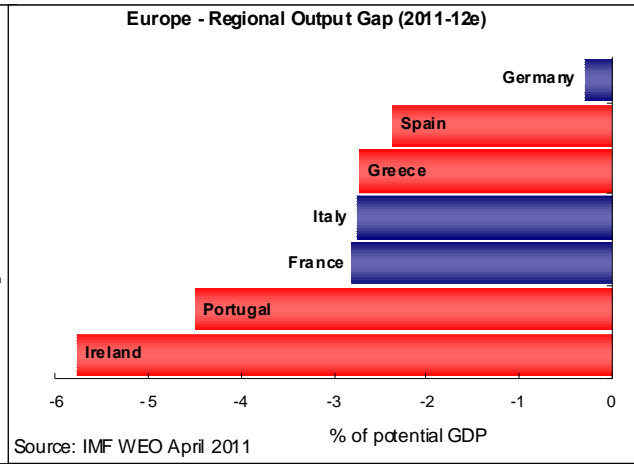
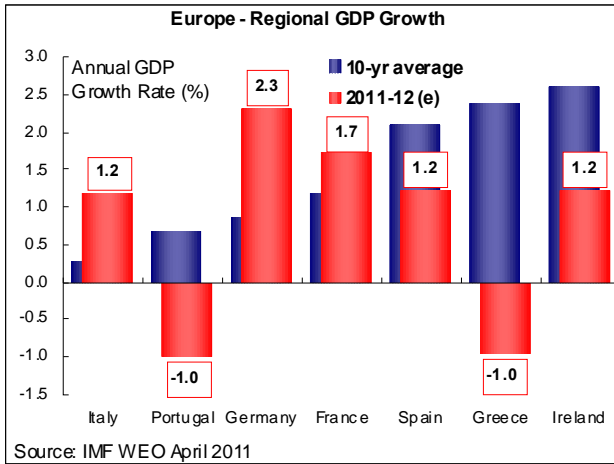
- **Growth** ► Ireland is on track to record a fourth consecutive year of economic contraction in 2011 (which we estimate at -0.5%). The cumulative decline in output in 2008-2011 will exceed 12% and the economy is unlikely to reach 2007 levels until mid-decade. This punishing downturn follows an extended period of rapid expansion: in the ten years preceding the recession, annual growth averaged 6¾%. High levels of joblessness (the unemployment rate is currently 14.7%, compared with less than 5% three years ago), the slump in household incomes and the sharp drop in household wealth point to another year of decline in consumer spending. The retrenchment in business investment may be deeper, constrained by overcapacity (particularly in the commercial property sector), weak demand and tight credit conditions. Growth dynamics will be largely dependent on the external sector.
- **Inflation & Monetary Context** ► Inflationary pressures remain muted; Ireland has the lowest inflation rate in the euro zone, at 1.2% y/y in March. Inflation will remain well contained for an extended period of time on the back of persistent weakness in domestic demand; the rate of increase in the consumer price index will likely remain below 2% y/y through 2012. We expect the European Central Bank (ECB) to continue a gradual process of monetary normalization – commenced in early April – in the coming quarters, taking the refinancing interest rate to 1.75% by end-2011.
- **Fiscal & Current Account Balance** ► Ireland is continuing its rigorous austerity drive. The 2011 budget fulfills the country's initial commitment under the terms of the €85 billion financial assistance package received from the IMF and the EU. The €6 billion of restraint for this year includes such elements as reduced welfare spending, further cuts to senior politicians' salaries, decreased spending on health care and education, and also a higher income tax rate. These measures represent the first tranche of a four-year €15 billion austerity package (equivalent to 9.4% of the country's GDP) aimed at scaling back Ireland's deficit to less than the Maastricht level of 3% of GDP by 2014. Intensifying the new round of austerity is the €14.6 billion of restraint already implemented since mid-2008. Ireland's 2010 fiscal deficit is estimated at around 32% of GDP, which includes capital support to the country's troubled banks equivalent to roughly 20% of GDP. Excluding the banking sector support, Ireland's general government deficit in 2010 stabilized at around 12% of GDP. We expect that the shortfall will narrow to around 10% of GDP, taking the general government gross debt level to close to 115% of GDP (compared with 25% of GDP in 2007). The current account balance is moving from a deficit position to a surplus on the back of weak domestic demand; following a shortfall of around 1½% of GDP in 2010, we expect the surplus to average 1% of GDP in 2011-12.

Institutional Framework & Political Environment

- **Governance** ► Early general elections in February resulted in a change in the country's leadership; the Fine Gael Party, led by Prime Minister Enda Kenny, formed a coalition government with the Labour Party, leaving the Fianna Fail Party – that had been the governing party for much of the past quarter century – in opposition.
- **Financial Sector** ► The systemic situation of Ireland's banking sector remains fragile in the aftermath of the severe damage inflicted on the industry by the collapse of the country's property market. Meeting higher capital requirements (and dependence on ECB financing) is the industry's key challenge. At end-March, the Irish central bank's stress tests revealed that four banks need to raise €24 billion in capital; the amount falls within the €35 billion earmarked for strengthening the banking sector in the EU/IMF program. The total bill of recapitalization of the Irish banking system is around €70 billion (45% of GDP). The government hopes that the National Asset Management Agency, established in November 2009, will play a key role in underpinning the banks, by acquiring distressed assets and creating an orderly process of managing and disposing them.

Europe – Regional Economic Outlook

Macroeconomic Metrics



Europe – Regional Economic Outlook

Key Economic Indicators

Spain		Scotiabank Group			
Population (millions) as of 2010 46.5					
	2009	2010	2011	2012	
Ratios and Rates of Change					
Real GDP (% change)	-3.7	-0.1	0.8	1.5	
Industrial Production (% change)	-17.0	0.9	3.5	2.5	
Current Account % GDP	-5.0	-4.5	-3.4	-3.1	
Exchange Rate EURUSD (% change)	-5.6	-6.2	6.1	5.0	
CPI (eop, % change)	0.9	2.9	2.5	2.3	
Government Balance (% GDP)	-11.1	-9.2	-6.4	-4.5	
Government Debt (% of GDP)	53	60	64	67	
Actual Numbers					
Nominal GDP (local currency, bn)	1,053.9	1,062.6	1,099.6	1,142.9	
Nominal GDP (US\$, bn)	1,481.9	1,401.7	1,539.5	1,680.1	
Exchange Rate (eop)	1.43	1.34	1.45	1.48	
Exchange Rate (Average)	1.41	1.32	1.4	1.47	
Central Bank Rate (eop %)	1.00	1.00	1.75	2.50	
Exports (USD, bn)	222.5	245.1	294.0	330.8	
Imports (USD, bn)	293.1	314.1	350.0	386.6	
Trade Balance (USD bn)	-70.6	-69.0	-56.0	-55.9	
Current Account (USD bn)	-74.2	-63.2	-51.8	-52.9	

Greece		Scotiabank Group			
Population (millions) as of 2010 10.8					
	2009	2010	2011	2012	
Ratios and Rates of Change					
Real GDP (% change)	-2.0	-4.5	-3.0	1.0	
Industrial Production (% change)	-9.4	-5.6	-3.0	2.0	
Current Account % GDP	-11.0	-10.4	-4.3	-0.1	
Exchange Rate EURUSD (% change)	-5.6	-6.2	6.1	5.0	
CPI (eop, % change)	2.6	5.2	2.0	1.5	
Government Balance (% GDP)	-15.4	-10	-7.6	-6.0	
Government Debt (% of GDP)	127	142	152	158	
Actual Numbers					
Nominal GDP (local currency, bn)	235.0	230.2	231.3	237.7	
Nominal GDP (US\$, bn)	330.5	303.6	323.8	349.4	
Exchange Rate (eop)	1.43	1.34	1.45	1.48	
Exchange Rate (Average)	1.41	1.32	1.4	1.47	
Central Bank Rate (eop %)	1.00	1.00	1.75	2.50	
Exports (USD, bn)	21.5	22.5	26.6	30.1	
Imports (USD, bn)	64.8	59.8	56.0	54.4	
Trade Balance (USD bn)	-43.3	-37.3	-29.4	-24.3	
Current Account (USD bn)	-36.3	-31.7	-14.0	-0.3	

Portugal		Scotiabank Group			
Population (millions) as of 2010 10.7					
	2009	2010	2011	2012	
Ratios and Rates of Change					
Real GDP (% change)	-2.5	1.4	-1.5	0.0	
Industrial Production (% change)	-8.1	1.7	-1.5	2.0	
Current Account % GDP	-10.9	-9.9	-8.0	-6.7	
Exchange Rate EURUSD (% change)	-5.6	-6.2	6.1	5.0	
CPI (eop, % change)	-0.1	2.4	2.6	1.5	
Government Balance (% GDP)	-9.4	-8.6	-5.5	-5.0	
Government Debt (% of GDP)	76	83	91	95	
Actual Numbers					
Nominal GDP (local currency, bn)	168.1	172.8	174.5	178.1	
Nominal GDP (US\$, bn)	236.3	228.0	244.4	261.8	
Exchange Rate (eop)	1.43	1.34	1.45	1.48	
Exchange Rate (Average)	1.41	1.32	1.4	1.47	
Central Bank Rate (eop %)	1.00	1.00	1.75	2.50	
Exports (USD, bn)	44.7	48.5	57.4	64.7	
Imports (USD, bn)	72.3	75.3	79.8	85.3	
Trade Balance (USD bn)	-27.6	-26.8	-22.4	-20.6	
Current Account (USD bn)	-25.8	-22.5	-19.6	-17.6	

Ireland		Scotiabank Group			
Population (millions) as of 2010 4.6					
	2009	2010	2011	2012	
Ratios and Rates of Change					
Real GDP (% change)	-7.6	-1.0	-0.5	1.6	
Industrial Production (% change)	-4.6	7.7	-2.0	2.0	
Current Account % GDP	-3.2	-1.6	0.7	1.3	
Exchange Rate EURUSD (% change)	-5.6	-6.2	6.1	5.0	
CPI (EOP, % change)	-5.0	1.3	1.0	1.5	
Government Balance (% GDP)	-14.4	-32	-10.0	-7.0	
Government Debt (% of GDP)	65	96	114	120	
Actual Numbers					
Nominal GDP (local currency, bn)	149.5	148.6	149.5	153.8	
Nominal GDP (US\$, bn)	210.3	196.0	209.4	226.1	
Exchange Rate (EOP)	1.43	1.34	1.45	1.48	
Exchange Rate (Average)	1.41	1.32	1.4	1.47	
Central Bank Rate (%)	1.00	1.00	1.75	2.50	
Exports (USD, bn)	119.2	118.0	133.0	147.0	
Imports (USD, bn)	64.0	60.1	67.2	73.5	
Trade Balance (USD bn)	55.2	57.9	65.8	73.5	
Current Account (USD bn)	-6.8	-3.1	1.4	2.9	

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