



Construction and the Great Recession

The boom in real estate prices during the early 2000s and the subsequent bust were key factors underlying the recessions in the United States and Europe. How could housing prices affect the entire economy so drastically? When the price of a good or service goes up, people usually supply more of it. In this case, higher house prices led construction firms to build more houses. Once housing prices crashed, no one wanted to build houses anymore. This directly reduced the most common measure of output: gross domestic product (GDP). A logical expectation might be that the resources—workers and capital equipment—that had been producing houses would switch to producing other things that consumers did want (e.g., using those resources to build roads, provide health care, or make breakfast cereal). However, because construction workers cannot transfer their skills quickly or without cost to produce other goods, unemployment in the construction sector rose, directly reducing aggregate employment.

In this essay, I use industry-level data from the United States and European countries to estimate the direct negative effect of the construction sector crash on GDP and aggregate employment. The results are summarized in two charts. The chart on the left shows the direct effect of the changes in construction sector employment from 2008 to 2010 versus total employment for 31 different countries. The change in construction sector employment is the construction sector’s proportion of 2008 employment times the percentage change in this sector’s employment from 2008 to 2010. This chart also contains a statistically fitted line

that illustrates the strong relation between the two variables. The fitted line implies that declines in construction employment can directly account for about half of the observed changes in total employment.

The chart on the right shows a similar analysis for the direct effects of construction sector output declines and declines in total GDP. The statistically fitted relation between these two variables is still positive, but a little weaker as the dots do not follow the line as closely. This weaker relation may be explained, at least in part, by the fact that the share of total employment in the construction sector is considerably higher than its share in GDP.

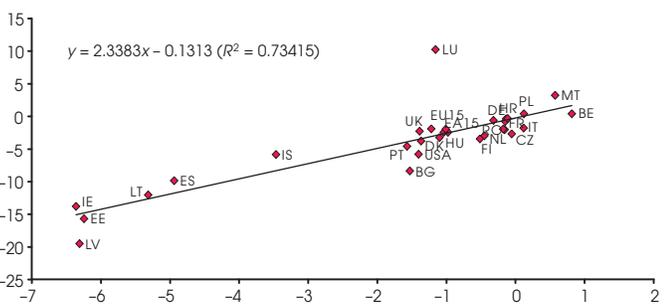
These findings suggest that the direct impact of the crash of the construction sector is very important in understanding the changes in U.S. and European GDP and employment, but it is not the whole story. In addition to the direct effect of the decline in the construction sector on GDP and employment, the housing bust also indirectly affects the economy through other economic sectors. A construction slump reduces construction firm purchases from other sectors, which reduces employment and purchases in those sectors. These interconnections amplify the direct impact of the negative shock to the construction sector on GDP and employment. Further work is needed to better understand the forces driving the persistently high unemployment rate and lackluster economic growth since the recession.

—Adrian Peralta-Alva

Relation Between Construction Sector and 31 Countries (2008 vs. 2010)

Employment

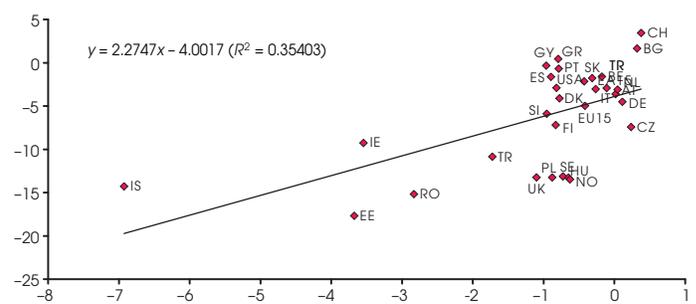
Percentage Change in Total Employment



Percentage Change in Employment in Construction Sector * Share of Total Employment

GDP Growth

Percentage Change in GDP



Percentage Change in Value Added of the Construction Sector * Share of GDP

NOTE: AT, Austria; BE, Belgium; BG, Bulgaria; CH, Switzerland; CY, Cyprus; CZ, Czech Republic; DE, Germany; DK, Denmark; EA15, euro area (15 countries); EE, Estonia; ES, Spain; EU15, European Union (15 countries); FI, Finland; FR, France; GR, Greece; HU, Hungary; IE, Ireland; IS, Iceland; IT, Italy; LT, Lithuania; LU, Luxembourg; LV, Latvia; MT, Malta; NL, Netherlands; NO, Norway; PL, Poland; PT, Portugal; RO, Romania; SE, Sweden; SI, Slovenia; SK, Slovakia; TR, Turkey; UK, United Kingdom.

Views expressed do not necessarily reflect official positions of the Federal Reserve System.

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Conventions used in this publication:

1. Charts and tables contain data that were current through October 2011. Unless otherwise indicated, data are quarterly.
2. The *percent change* refers to the percent change from the same period in the previous year. For example, the percent change in x between quarter $t-4$ and the current quarter t is: $[(x_t/x_{t-4})-1] \times 100$.
3. All data with significant seasonal patterns are adjusted accordingly.

Dear Reader,

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Thank you,

Chris Neely,
Editor, *International Economic Trends*

Real Gross Domestic Product

Percent change from year ago

	08.3	08.4	09.1	09.2	09.3	09.4	10.1	10.2	10.3	10.4	11.1	11.2
Canada*	0.70	-0.70	-2.61	-3.66	-3.44	-1.37	2.08	3.64	3.81	3.34	2.86	2.15
Euro Area	0.06	-2.10	-5.27	-5.11	-4.19	-2.06	0.95	2.10	2.06	1.94	2.40	1.62
France*	-0.46	-2.10	-3.92	-3.22	-2.69	-0.65	1.03	1.47	1.65	1.41	2.18	1.67
Germany*	0.53	-1.90	-6.82	-6.16	-5.03	-2.20	2.39	4.05	4.04	3.76	4.64	2.76
Italy*	-1.80	-3.36	-6.69	-6.30	-4.89	-2.99	0.66	1.43	1.36	1.53	1.05	0.82
Japan*	-1.18	-4.65	-9.91	-7.06	-6.21	-1.81	5.52	3.32	4.80	2.48	-0.72	-1.09
United Kingdom*	-2.55	-5.36	-6.86	-5.87	-3.77	-0.81	0.93	2.20	2.60	1.33	1.56	0.60
United States	-0.62	-3.32	-4.55	-5.03	-3.73	-0.54	2.17	3.30	3.51	3.14	2.24	1.63
Mexico*	1.07	-1.19	-8.47	-8.19	-5.62	-2.30	5.12	7.25	5.11	4.24	4.41	3.64
Korea*	3.16	-3.22	-4.04	-1.99	1.23	6.33	8.44	7.29	4.37	4.71	3.92	3.39
Brazil*	7.06	0.75	-2.92	-2.76	-1.81	4.96	9.32	9.09	6.80	5.06	4.15	3.10
Russia*	6.31	-1.76	-8.26	-10.57	-8.33	-2.97	3.03	5.15	3.45	4.41	3.84	3.45
India*	6.55	3.27	3.93	5.08	6.19	7.52	11.26
China**	.	9.60	.	.	.	9.22	.	.	.	10.33	.	.

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** Annual data.

Nominal Gross Domestic Product

Percent change from year ago

	08.3	08.4	09.1	09.2	09.3	09.4	10.1	10.2	10.3	10.4	11.1	11.2
Canada*	6.77	1.03	-4.05	-6.91	-6.83	-0.51	5.54	6.90	6.28	6.39	6.00	5.46
Euro Area	2.00	-0.25	-3.80	-4.22	-3.45	-1.68	1.36	2.82	3.14	2.94	3.70	2.98
France*	1.96	0.38	-2.50	-2.57	-2.58	-1.02	1.17	2.19	2.88	2.61	3.58	3.18
Germany*	1.21	-1.11	-6.04	-5.26	-3.63	-0.86	3.52	4.72	4.39	4.10	4.92	3.63
Italy*	0.51	-0.77	-3.31	-4.29	-2.56	-1.81	0.53	2.11	2.36	2.37	2.62	1.81
Japan*	-2.81	-4.27	-9.20	-7.08	-6.01	-4.22	2.73	1.10	2.56	0.76	-2.82	-3.43
United Kingdom*	0.56	-1.67	-4.68	-4.43	-1.96	0.00	3.47	5.51	5.14	4.53	3.91	2.75
United States	1.90	-1.20	-2.66	-3.89	-3.30	0.04	2.77	4.43	4.92	4.74	4.13	3.77
Mexico*	8.61	2.15	-4.37	-5.42	-3.01	3.17	9.66	11.66	9.57	9.24	9.44	8.96
Korea*	6.30	-0.71	-0.82	1.38	4.85	9.76	12.31	10.77	8.15	9.48	7.45	4.89
Brazil*	16.92	10.83	3.76	2.26	2.83	11.36	15.88	16.85	15.64	13.33	12.58	12.45
Russia*	29.16	7.81	-6.85	-9.09	-9.49	1.74	15.66	15.05	12.82	19.76	18.58	20.14
India*	17.94	11.29	6.81	5.53	6.19	12.84	21.34
China*	20.50	18.15	5.24	5.41	6.50	8.43	17.01	16.72

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Industrial Production

Percent change from year ago

	08.4	09.1	09.2	09.3	09.4	10.1	10.2	10.3	10.4	11.1	11.2	11.3
Canada*	-6.75	-10.38	-13.05	-12.43	-6.69	2.09	7.83	8.05	5.39	4.71	1.32	.
Euro Area	-8.96	-18.19	-18.45	-14.50	-7.09	5.10	9.29	7.35	8.10	6.50	4.08	.
France	-9.29	-16.20	-15.57	-12.02	-5.01	4.33	7.23	4.24	4.60	4.78	2.21	.
Germany	-7.72	-21.41	-20.77	-17.18	-9.27	7.05	13.47	11.94	13.60	13.48	9.19	.
Italy	-10.56	-22.41	-23.75	-17.83	-9.64	4.33	8.77	7.65	5.21	2.15	1.85	.
Japan*	-14.39	-31.25	-26.18	-20.02	-4.97	26.34	19.95	13.01	6.70	-2.35	-6.94	.
United Kingdom*	-7.96	-12.23	-11.19	-10.51	-6.02	0.30	1.75	3.16	3.33	1.97	-0.82	.
United States	-9.09	-13.45	-14.60	-10.67	-5.48	1.54	6.50	6.89	6.26	5.45	3.76	3.37
Mexico*	-2.59	-9.64	-9.72	-6.94	-2.65	5.34	7.63	6.43	4.69	4.86	3.85	.
Korea*	-11.40	-15.64	-5.88	2.52	18.78	26.41	18.79	12.91	9.94	11.21	6.74	.
Brazil*	-6.64	-13.50	-12.26	-8.11	6.22	18.49	14.31	7.72	3.54	2.84	0.69	.
Russia*	-9.04	-14.24	-13.61	-10.07	1.99	9.34	10.88	6.62	6.73	6.10	4.88	.
India*	1.24	-6.06	-1.62	2.81	5.98	13.93	9.79	6.71	8.66	7.65	.	.
China*	6.43	10.10	8.97	12.33	17.93	14.57	16.00	13.53	13.30	14.87	13.93	.

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Employment

Percent change from year ago

	08.4	09.1	09.2	09.3	09.4	10.1	10.2	10.3	10.4	11.1	11.2	11.3
Canada	0.93	-1.11	-1.78	-1.89	-1.51	0.34	1.58	1.92	1.66	1.88	1.55	.
Euro Area	-0.09	-1.21	-1.86	-2.22	-2.12	-1.33	-0.59	-0.11	0.21	0.29	0.49	.
France	-0.77	-1.98	-2.15	-2.27	-1.57	-0.51	0.14	0.87	1.07	1.25	.	.
Germany	1.09	0.43	0.02	-0.21	-0.29	-0.20	0.45	0.82	1.08	1.39	.	.
Italy	-1.08	-2.11	-2.92	-3.24	-3.21	-1.65	-0.84	-0.79	0.40	-0.73	.	.
Japan	-0.80	-0.85	-1.96	-1.75	-1.92	-1.09	-0.55	-0.01	0.04	-1.39	-4.36	.
United Kingdom	-0.54	-1.29	-2.16	-2.82	-2.42	-2.05	-1.60	-1.01	-0.59	0.34	.	.
United States	-1.51	-3.20	-3.84	-4.06	-3.99	-2.01	-0.75	-0.09	0.54	0.62	0.23	0.31
Mexico*	-1.43	-0.71	-1.24	0.92	2.89	1.63	2.99	1.25	-1.47	4.22	3.78	.
Korea*	0.22	-0.63	-0.57	-0.00	-0.02	0.57	1.82	1.54	1.52	1.85	1.66	.
Brazil	4.11	2.11	0.59	0.83	0.21	3.49	4.54	4.11	4.72	3.64	3.36	.
Russia*	-0.33	-2.46	-3.10	-2.21	-1.59	0.41	0.92	0.70	0.84	2.18	0.96	.

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Unemployment Rate

Percent

	08.3	08.4	09.1	09.2	09.3	09.4	10.1	10.2	10.3	10.4	11.1	11.2
Canada*	6.13	6.43	7.83	8.43	8.50	8.40	8.23	8.03	8.03	7.67	7.77	7.47
Euro Area*	7.70	8.20	9.00	9.50	9.83	10.07	10.10	10.20	10.17	10.10	9.97	9.97
France*	7.83	8.20	8.97	9.47	9.60	10.00	9.90	9.80	9.80	9.70	9.70	9.73
Germany*	7.43	7.43	7.60	7.77	7.87	7.73	7.50	7.20	6.90	6.60	6.30	6.13
Italy*	6.87	6.97	7.33	7.57	8.07	8.27	8.47	8.57	8.27	8.33	8.10	7.97
Japan*	4.03	4.07	4.47	5.13	5.40	5.23	5.07	5.13	5.03	5.03	4.70	4.60
United Kingdom*	5.87	6.30	7.03	7.70	7.80	7.70	7.93	7.73	7.73	7.77	7.73	7.90
United States	6.03	6.90	8.20	9.27	9.67	9.97	9.70	9.63	9.57	9.63	8.90	9.10
Mexico*	3.90	4.47	4.97	5.57	5.87	5.47	5.37	5.43	5.23	5.47	5.13	5.50
Korea*	3.17	3.27	3.53	3.87	3.73	3.53	4.30	3.50	3.60	3.40	3.87	3.40
Brazil*	7.77	7.83	8.40	8.20	7.97	7.80	7.27	6.93	6.63	6.10	6.17	.
Russia*	6.37	7.27	8.20	8.63	8.47	8.20	7.93	7.53	7.30	7.07	6.73	6.63

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Hourly Earnings

Percent change from year ago

	08.3	08.4	09.1	09.2	09.3	09.4	10.1	10.2	10.3	10.4	11.1	11.2
Canada*	-0.16	-1.60	-5.30	-6.00	-3.91	-4.64	1.58	3.21	7.81	6.87	4.30	5.87
Euro Area	3.01	5.32	3.78	4.13	3.74	0.53	1.33	0.62	0.26	1.50	.	.
France	3.22	3.20	2.79	2.09	1.93	1.82	1.81	1.78	1.80	1.79	2.22	2.56
Germany	2.53	2.22	1.73	1.53	1.81	1.89	2.36	2.35	1.87	1.95	1.84	2.57
Italy	3.95	3.36	3.60	3.02	2.62	3.70	3.12	3.19	3.00	1.83	2.50	2.49
Japan*	0.60	-1.62	-6.74	-9.71	-5.96	-6.17	3.26	4.78	3.94	3.03	1.93	0.94
United Kingdom*	2.94	2.50	1.08	0.53	0.87	2.21	6.39	3.71	4.26	2.71	0.94	1.66
United States	2.71	3.14	2.79	2.62	2.94	2.46	2.20	2.19	1.63	1.98	2.33	1.90
Mexico*	0.44	1.24	-0.73	-1.40	-0.18	-0.39	-0.03	-0.54	-0.64	-1.90	-0.64	-0.28
Korea*	2.19	-2.64	1.62	-1.33	-0.94	5.99	9.46	8.05	12.51	5.91	0.77	.
Brazil*	13.12	11.39	10.82	8.76	6.65	4.89	7.51	9.23	11.09	11.57	9.72	10.91
Russia*	30.72	20.94	12.69	8.56	6.59	8.93	11.40	12.97	12.79	13.49	9.11	11.22
China	17.08	16.63	12.37	11.24	11.47

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Note: Data for Brazil, China, Japan, Korea, and Russia represent monthly earnings. Data for the United Kingdom represent weekly earnings.

Reserve Money

Percent change from year ago

	08.4	09.1	09.2	09.3	09.4	10.1	10.2	10.3	10.4	11.1	11.2	11.3
Canada*	5.43	7.52	12.79	11.78	9.01	10.04	-2.19	-1.60	-0.98	-2.81	3.85	.
Japan*	1.94	6.86	6.30	4.87	5.16	2.15	3.64	6.02	6.99	16.95	16.96	16.81
United Kingdom*	6.81	8.17	8.59	8.70	6.97	5.68	5.63	4.67	3.99	3.65	3.71	5.32
United States	67.59	94.19	105.06	95.56	40.66	25.63	15.35	14.68	-0.64	7.36	27.70	33.77
Mexico*	16.74	19.23	18.77	14.43	9.43	11.87	8.70	12.29	9.71	6.28	9.94	.
Korea*	14.98	45.44	24.46	14.20	4.52	0.69	12.70	10.24	9.98	8.55	8.24	.
Brazil*	-17.58	-17.67	-19.25	-18.11	11.62	60.70	92.27	101.72	131.74	68.06	41.29	.
Russia*	1.18	-11.76	-8.39	-9.67	15.93	48.04	44.84	48.34	26.64	18.08	2.99	.
India*	9.72	6.43	1.86	0.87	14.73	16.97	23.36	21.67	22.10	19.14	16.06	.
China*	27.26	19.24	7.44	13.70	11.42	20.72	24.45	20.92	28.70	28.35	31.92	.

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Narrow Money

Percent change from year ago

	08.4	09.1	09.2	09.3	09.4	10.1	10.2	10.3	10.4	11.1	11.2	11.3
Canada*	12.36	12.37	12.45	13.67	12.86	13.44	12.94	10.95	9.46	9.38	.	.
Euro Area	3.91	7.36	10.35	13.32	12.65	10.43	9.75	6.29	4.44	3.01	0.99	.
Japan*	-0.80	0.01	0.54	0.87	1.08	1.03	1.61	2.29	2.90	4.31	4.86	.
United Kingdom*	5.01	2.51	2.23	3.46	5.51	6.35	5.38	4.17	3.92	2.85	3.24	.
United States	11.60	12.27	10.42	9.35	6.48	0.79	-1.76	-0.72	1.38	3.42	6.54	9.28
Mexico*	10.90	14.86	15.02	13.99	8.29	8.84	10.67	11.54	13.90	13.31	14.35	.
Korea*	4.37	13.72	17.68	19.04	17.54	13.59	9.86	8.26	10.17	10.96	5.78	.
Brazil*	-2.02	6.49	10.00	6.12	13.40	18.78	15.79	20.19	11.36	10.26	8.26	.
Russia*	2.17	-5.08	-5.57	-10.49	6.51	20.84	23.96	29.45	26.60	22.51	18.82	.
India*	10.56	8.78	12.74	14.61	18.24	18.22	19.21	15.83	19.72	9.82	7.03	.
China*	9.36	16.99	24.72	29.84	32.68	29.86	24.50	21.13	21.36	16.01	14.13	.

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Broad Money

Percent change from year ago

	08.4	09.1	09.2	09.3	09.4	10.1	10.2	10.3	10.4	11.1	11.2	11.3
Canada*	12.50	14.53	14.46	14.34	10.94	7.52	6.39	5.57	5.16	5.12	.	.
Euro Area	8.63	6.10	4.16	1.98	-0.69	-0.74	0.17	0.91	2.03	2.68	2.29	.
Japan*	1.90	2.29	2.45	2.95	3.14	2.73	2.86	2.75	2.39	2.64	2.86	.
United Kingdom*	15.73	16.98	11.96	10.19	5.41	10.35	11.25	8.66	5.44	-2.58	-2.06	.
United States	8.55	9.82	8.95	7.89	5.03	1.81	1.59	2.48	3.17	4.51	5.42	9.55
Mexico*	16.86	15.15	14.23	12.30	6.94	7.68	10.78	12.98	12.80	12.65	13.33	.
Korea*	12.73	11.38	9.80	10.08	9.94	9.36	9.24	8.14	6.99	4.68	3.31	.
Brazil*	17.70	17.33	16.38	15.77	15.67	15.56	13.66	14.71	15.48	18.28	19.34	.
Russia*	0.43	-10.21	-8.67	-6.56	17.92	34.12	33.93	34.67	31.84	26.12	22.92	.
India*	20.04	19.31	21.02	19.59	18.05	16.72	15.15	15.31	18.28	16.00	17.14	.
China*	18.26	25.24	28.19	29.36	27.89	22.35	18.36	19.03	19.82	16.58	15.82	.

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Short-Term Interest Rates

Percent change from year ago

	08.4	09.1	09.2	09.3	09.4	10.1	10.2	10.3	10.4	11.1	11.2	11.3
Canada*	2.32	1.06	0.57	0.40	0.38	0.39	0.72	1.10	1.18	1.18	1.17	1.15
Euro Area	4.21	2.01	1.31	0.87	0.72	0.66	0.69	0.88	1.02	1.10	1.41	1.56
Japan*	0.78	0.56	0.34	0.27	0.23	0.20	0.16	0.14	0.13	0.13	0.12	.
United Kingdom*	4.60	2.06	1.33	0.82	0.59	0.60	0.65	0.75	0.75	0.78	0.82	.
United States	2.82	1.08	0.62	0.30	0.22	0.21	0.42	0.34	0.28	0.28	0.22	0.29
Mexico	8.80	7.94	5.78	4.95	5.05	5.04	5.03	4.99	4.94	4.89	4.88	4.84
Korea*	5.43	2.80	2.40	2.50	2.80	2.87	2.50	2.63	2.73	3.13	3.47	.
Brazil	14.08	10.93	9.43	9.08	9.36	10.90	10.62	10.88	11.32	12.51	12.29	.
Russia*	19.50	21.13	12.07	10.20	8.77	6.93	4.87	4.23	4.60	4.57	4.70	.
India*	17.00	5.76	4.02	3.88	4.30	4.67	5.30	6.50	9.58	8.37	8.28	.
China*	3.23	1.55	1.15	1.72	1.92	1.90	2.48	2.49	3.69	4.61	4.70	.

* Copyright ©, 2011, Organisation for Economic Cooperation and Development, OECD Main Economic Indicators (www.oecd.org).

Long-Term Interest Rates

Percent change from year ago

	08.4	09.1	09.2	09.3	09.4	10.1	10.2	10.3	10.4	11.1	11.2	11.3
Canada*	3.38	2.89	3.20	3.42	3.42	3.48	3.47	3.02	3.01	3.31	3.17	2.54
Euro Area	4.05	3.89	3.96	3.77	3.65	3.69	3.60	3.44	3.74	4.32	4.51	4.30
France	3.90	3.64	3.79	3.63	3.53	3.49	3.18	2.78	3.02	3.55	3.54	3.01
Germany	3.50	3.07	3.32	3.30	3.19	3.18	2.78	2.42	2.60	3.14	3.10	2.26
Italy	4.66	4.54	4.46	4.19	4.06	4.03	4.03	3.90	4.19	4.78	4.81	5.49
Japan*	1.43	1.28	1.45	1.35	1.32	1.33	1.28	1.05	1.05	1.25	1.18	.
United Kingdom*	4.15	3.54	3.58	3.73	3.74	4.06	3.81	3.26	3.32	3.77	3.54	.
United States	3.90	3.55	4.05	4.16	4.10	4.32	4.07	3.46	3.67	4.18	3.95	3.25
Mexico	3.90	3.55	4.05	4.16	4.10	4.32	4.07	3.46	3.67	4.18	3.95	3.25
Korea*	5.37	4.87	5.10	5.33	5.40	5.20	4.93	4.63	4.37	4.67	4.33	.
Brazil*	6.25	6.25	6.25	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Russia*	8.67	10.23	9.97	10.10	9.20	8.23	7.63	7.67	7.83	8.03	8.03	.

* Copyright ©, 2011, Organisation for Economic Cooperation and Development, OECD Main Economic Indicators (www.oecd.org).

Consumer Price Index

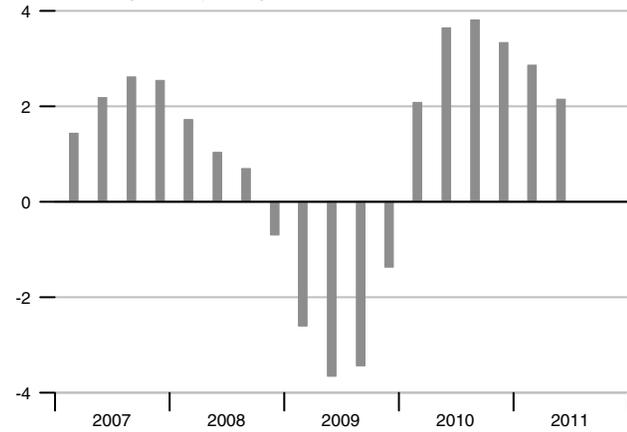
Percent change from year ago

	08.3	08.4	09.1	09.2	09.3	09.4	10.1	10.2	10.3	10.4	11.1	11.2
Canada*	3.43	1.89	1.26	0.06	-0.86	0.76	1.61	1.42	1.83	2.24	2.59	3.39
Euro Area	3.88	2.30	0.98	0.15	-0.36	0.42	1.13	1.60	1.74	2.02	2.48	2.77
France	3.65	2.04	0.68	-0.25	-0.44	0.43	1.44	1.84	1.78	1.88	1.97	2.23
Germany	3.27	1.67	0.78	0.25	-0.43	0.34	0.80	1.03	1.18	1.58	2.16	2.50
Italy	4.09	2.88	1.38	0.83	0.14	0.72	1.29	1.54	1.73	2.00	2.30	2.95
Japan*	2.15	1.03	-0.14	-0.99	-2.23	-2.02	-0.86	-0.73	-0.99	-0.29	-0.53	-0.43
United Kingdom*	4.81	3.91	3.00	2.10	1.47	2.12	3.24	3.43	3.09	3.37	4.11	4.38
United States	5.28	1.56	-0.15	-0.97	-1.60	1.45	2.40	1.78	1.22	1.20	2.17	3.33
Mexico*	5.48	6.18	6.20	5.93	5.14	3.98	4.78	3.93	3.67	4.26	3.48	3.28
Korea*	5.57	4.46	3.93	2.76	1.99	2.39	2.69	2.60	2.93	3.60	4.44	4.22
Brazil*	6.25	6.23	5.79	5.15	4.38	4.30	4.88	5.08	4.60	5.55	6.10	6.59
Russia*	14.93	13.74	13.70	12.45	11.42	9.21	7.22	5.93	6.21	8.13	9.52	9.50
India*	9.01	10.27	9.31	8.94	11.74	13.40	15.17	13.59	10.37	9.21	8.94	8.90
China*	5.32	2.57	-0.62	-1.59	-1.24	0.54	2.05	2.78	3.23	4.72	5.15	5.85

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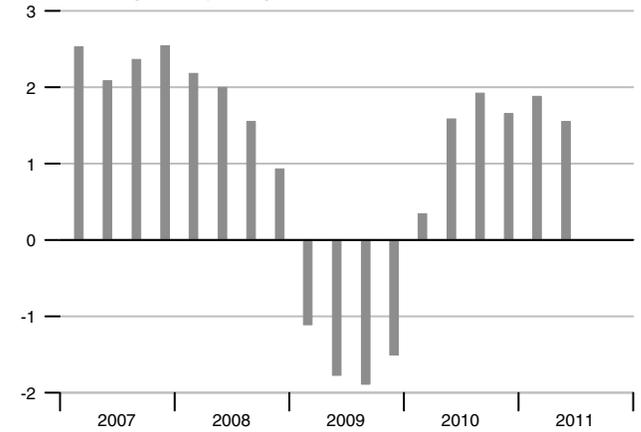
Real GDP

Percent change from year ago



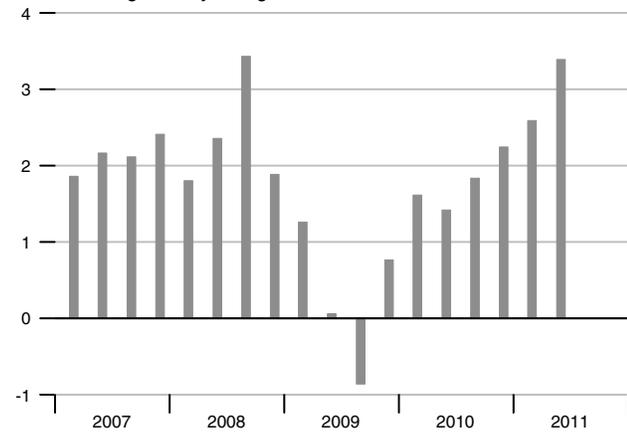
Employment

Percent change from year ago



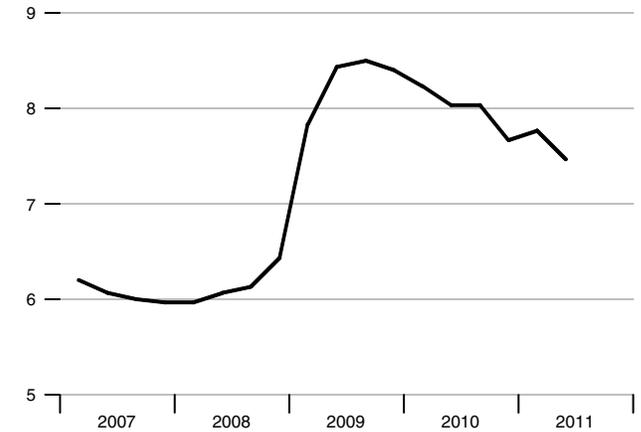
Consumer Price Index

Percent change from year ago



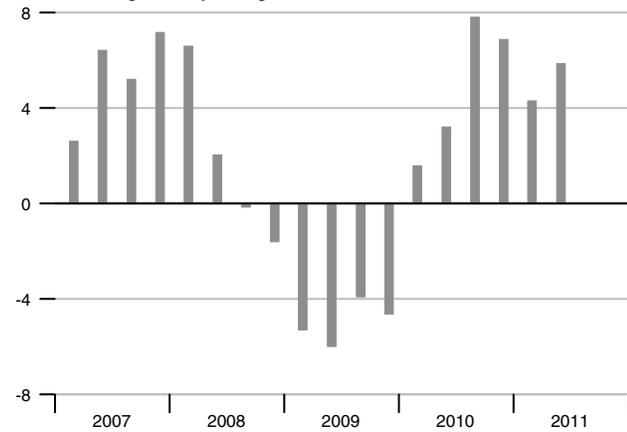
Unemployment Rate

Percent



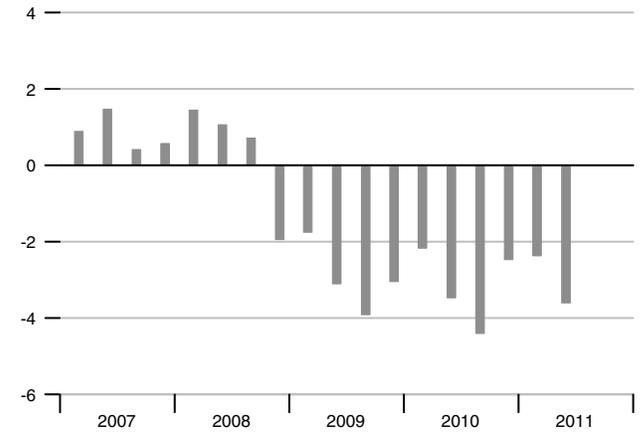
Hourly Earnings

Percent change from year ago



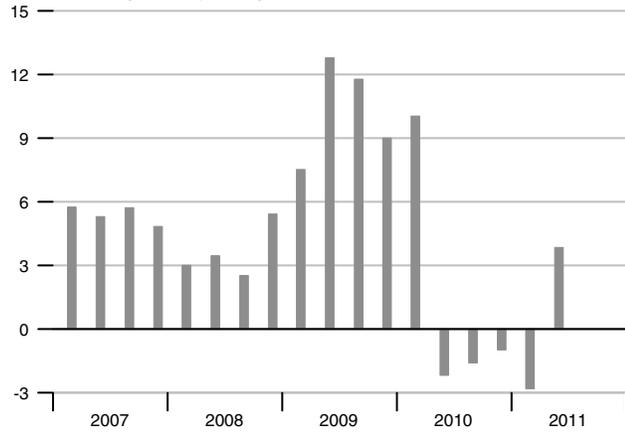
Current Account Balance

Percent of GDP



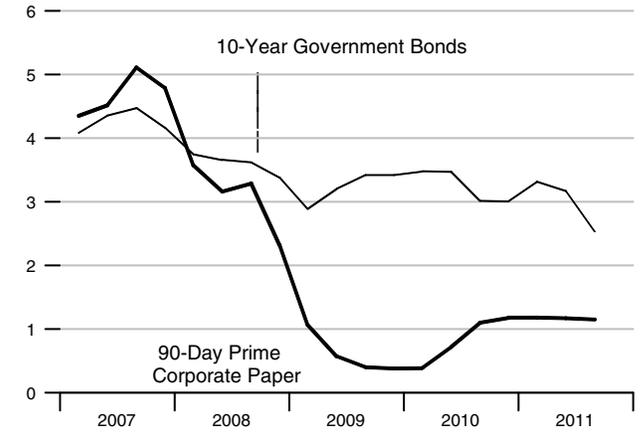
Reserve Money

Percent change from year ago



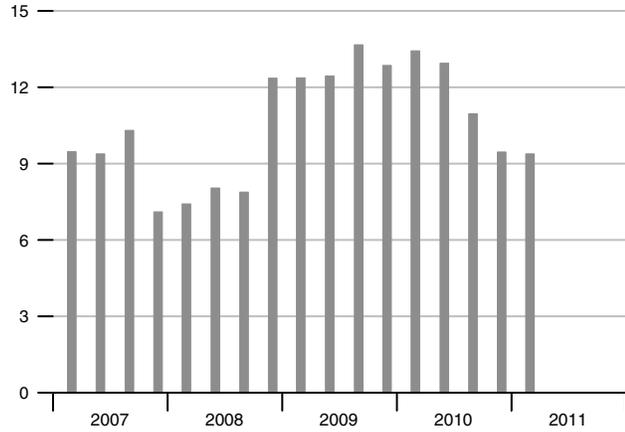
Interest Rates

Percent



M1B

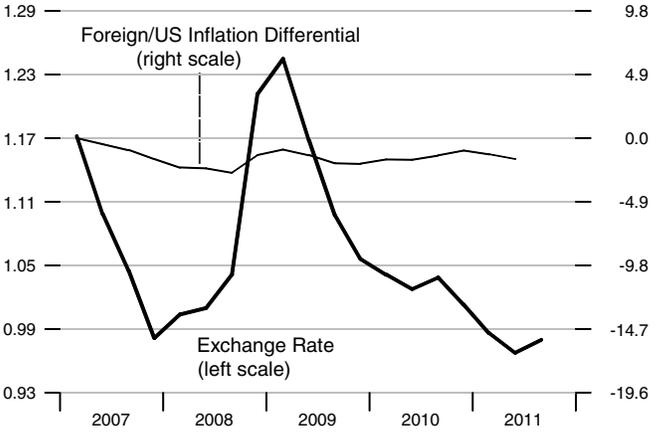
Percent change from year ago



Exchange Rate and Inflation Differential

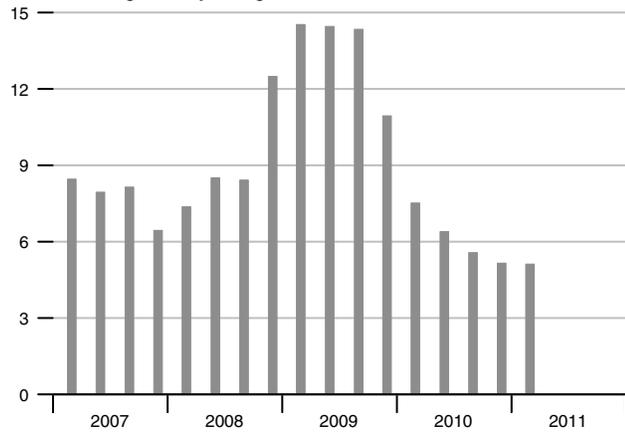
C\$/US\$

Percent



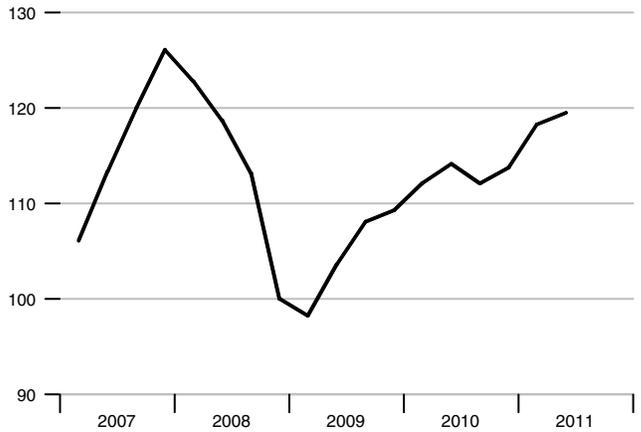
M2

Percent change from year ago



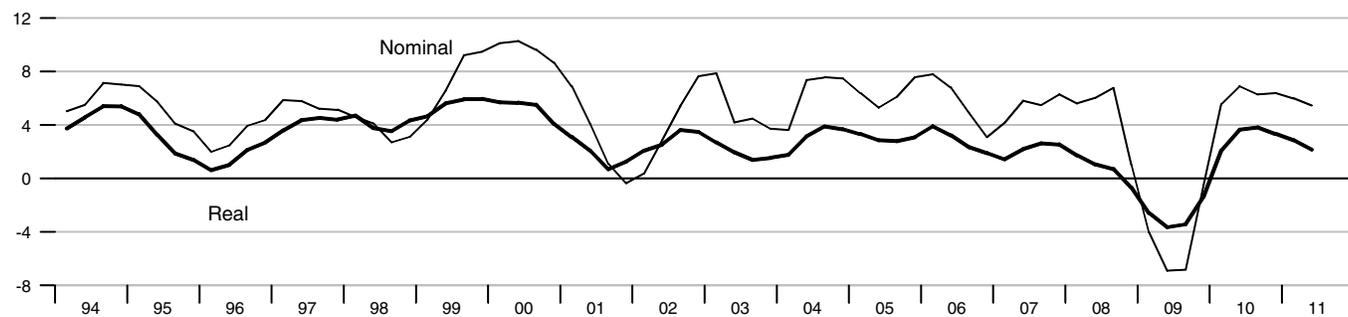
Real Effective Exchange Rate

Index 2005 = 100



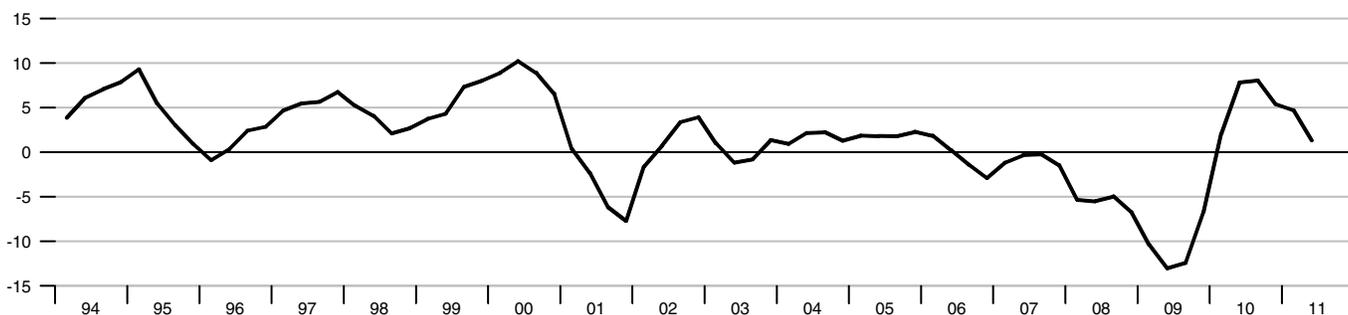
GDP

Percent change from year ago



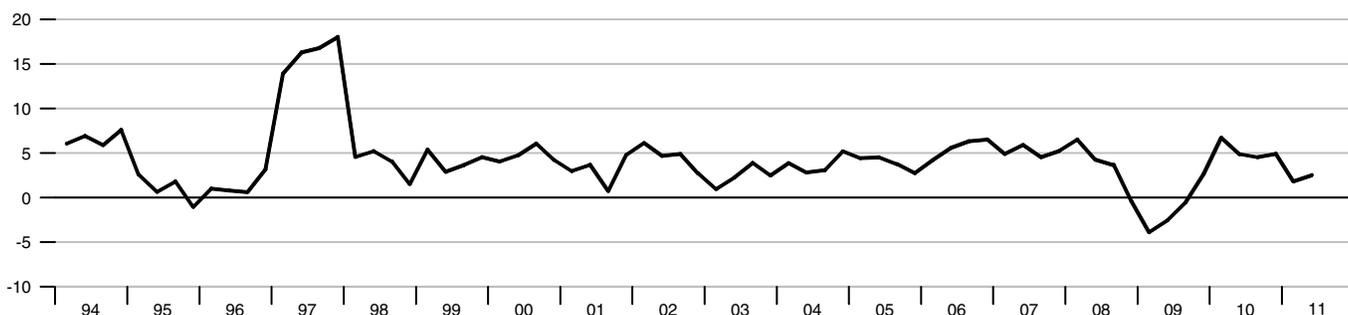
Industrial Production

Percent change from year ago



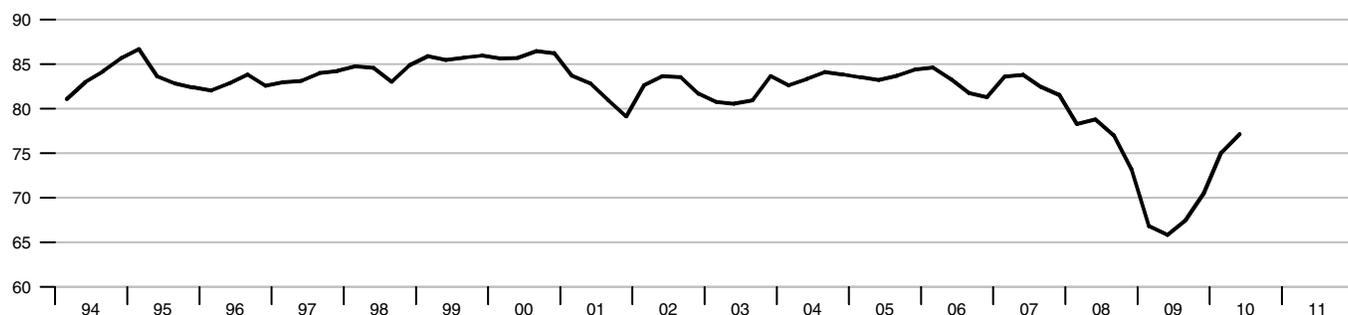
Retail Sales

Percent change from year ago



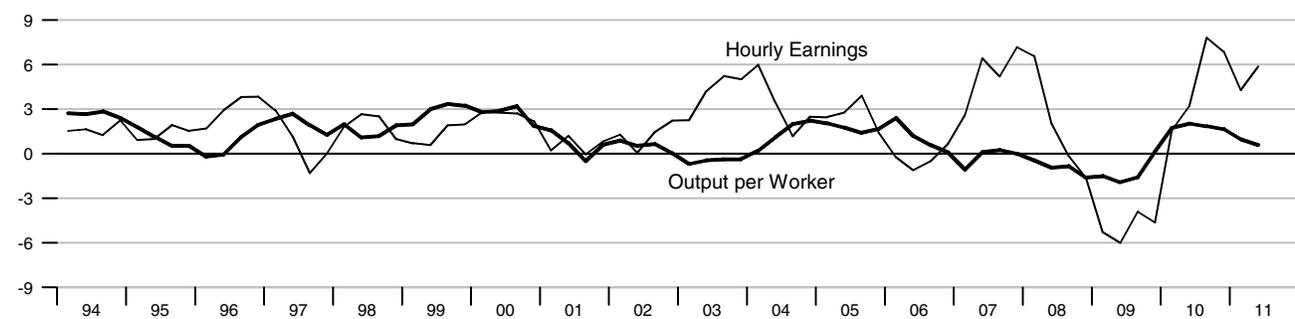
Capacity Utilization

Percent



Hourly Earnings and Output per Worker

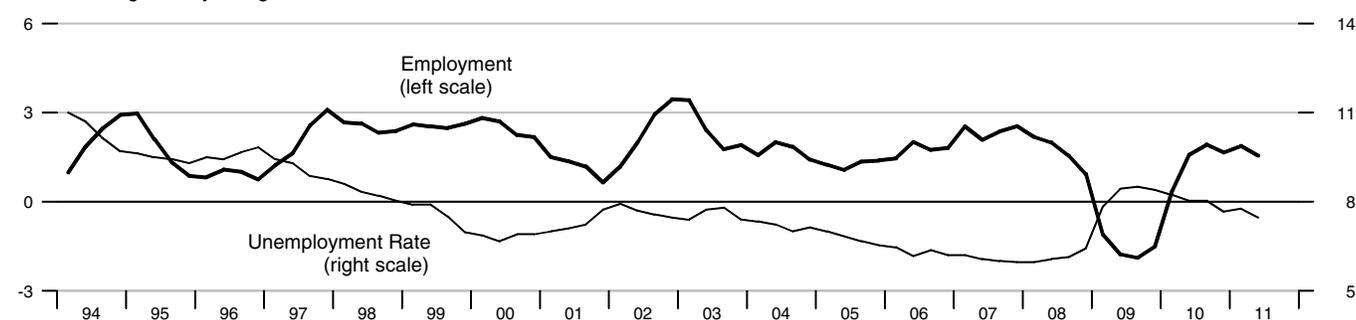
Percent change from year ago



Labor Force Indicators

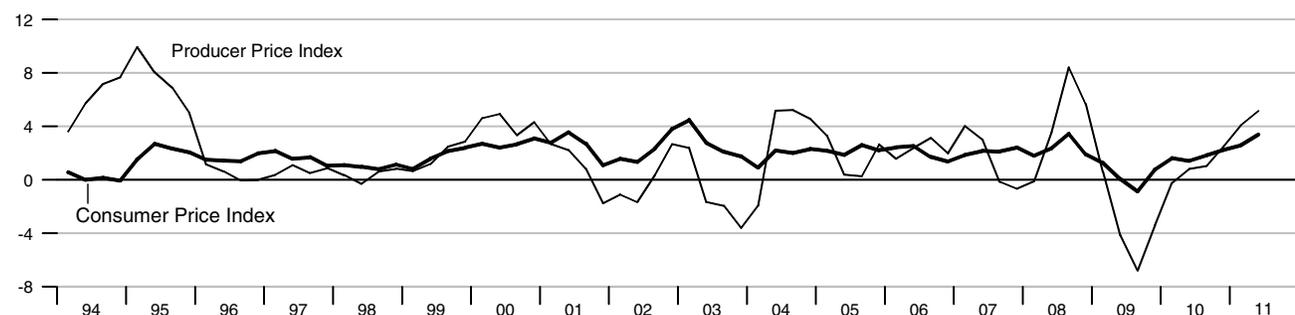
Percent change from year ago

Percent



Inflation

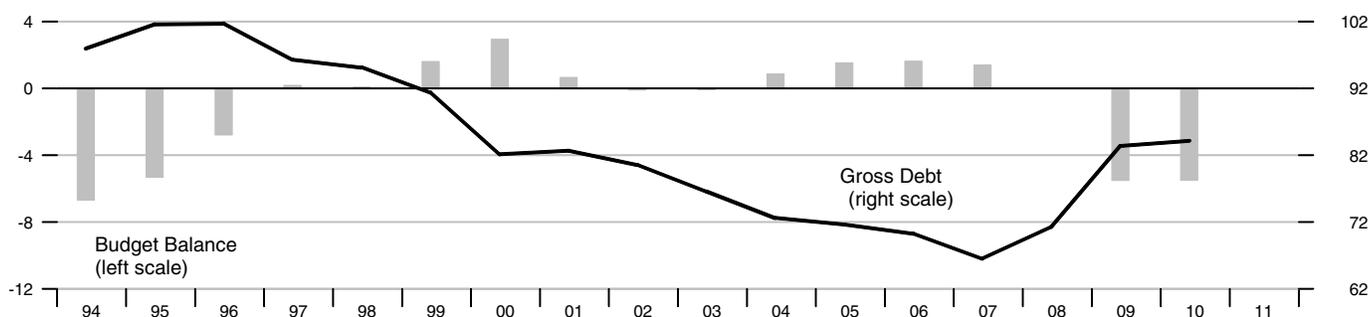
Percent change from year ago



Gross Government Debt and Budget Balance

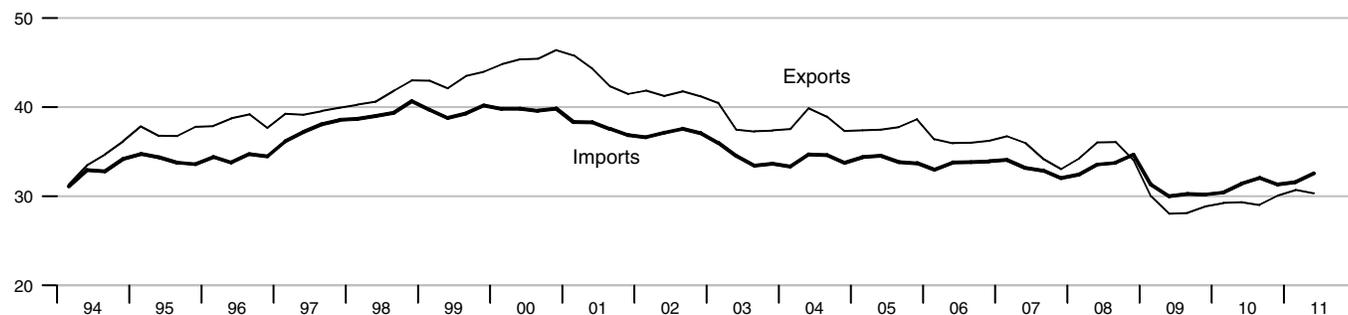
Percent of GDP, annual data

Percent of GDP, annual data



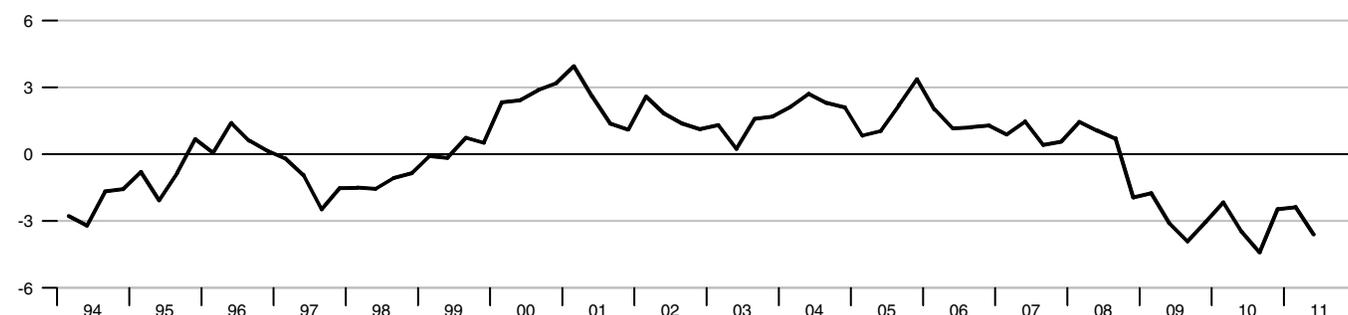
International Trade - Goods and Services

Percent of GDP



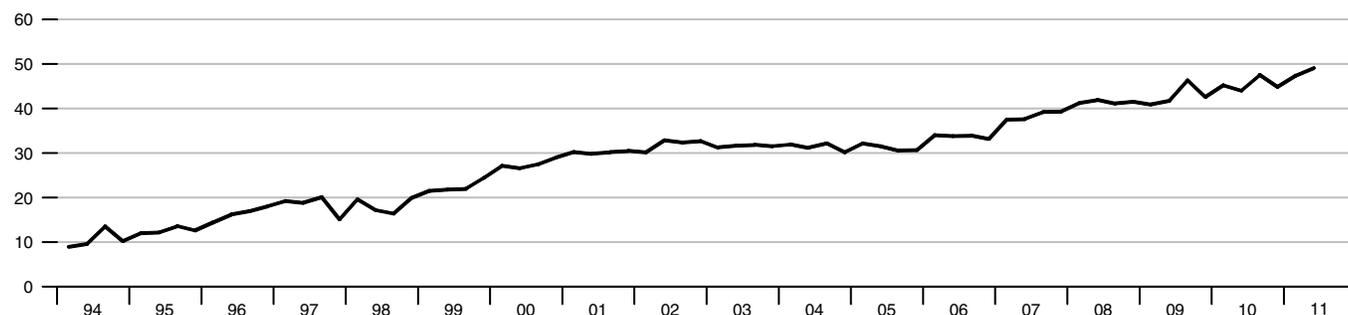
Current Account Balance

Percent of GDP



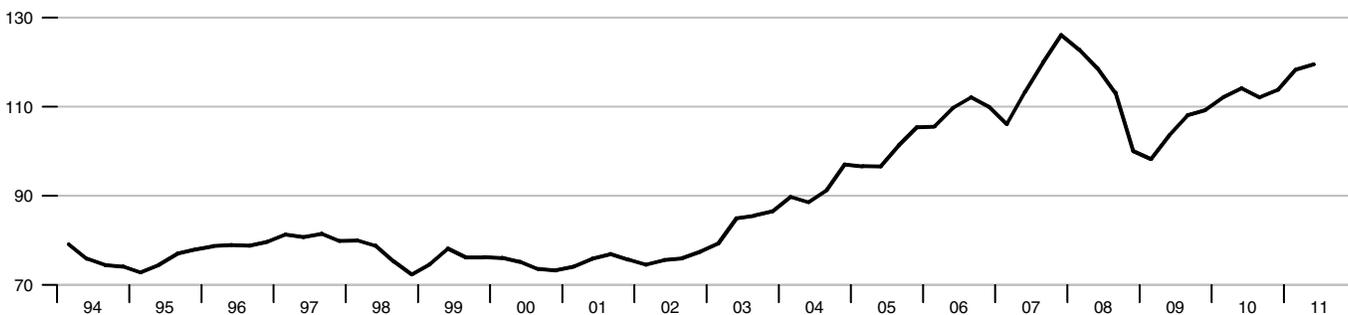
Foreign Exchange Reserves

Billions of US\$



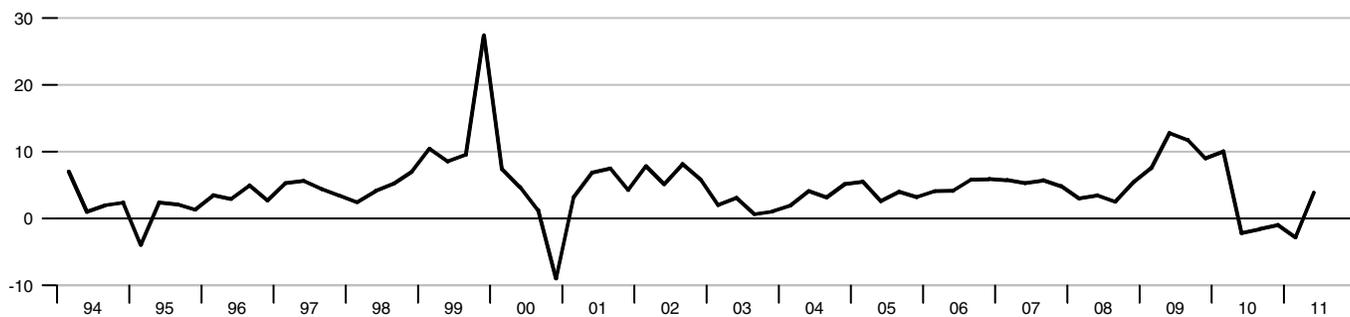
Real Effective Exchange Rate

Index 2005 = 100



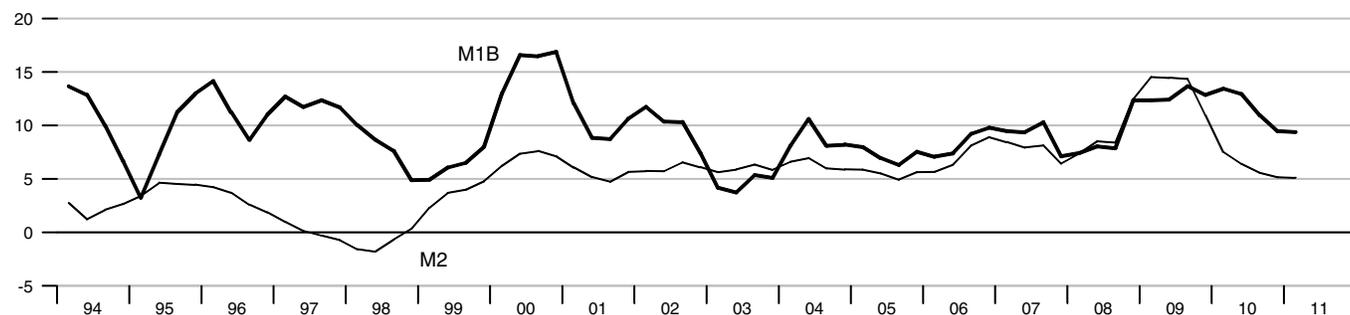
Reserve Money

Percent change from year ago



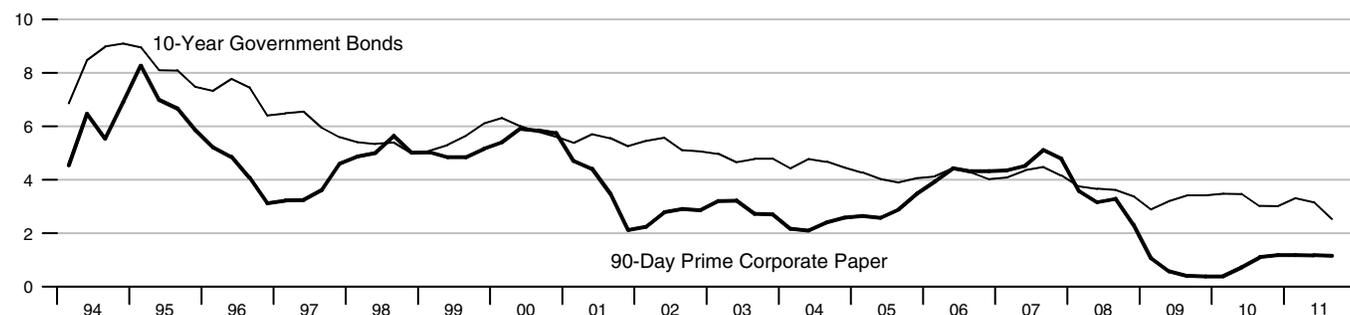
Monetary Aggregates

Percent change from year ago



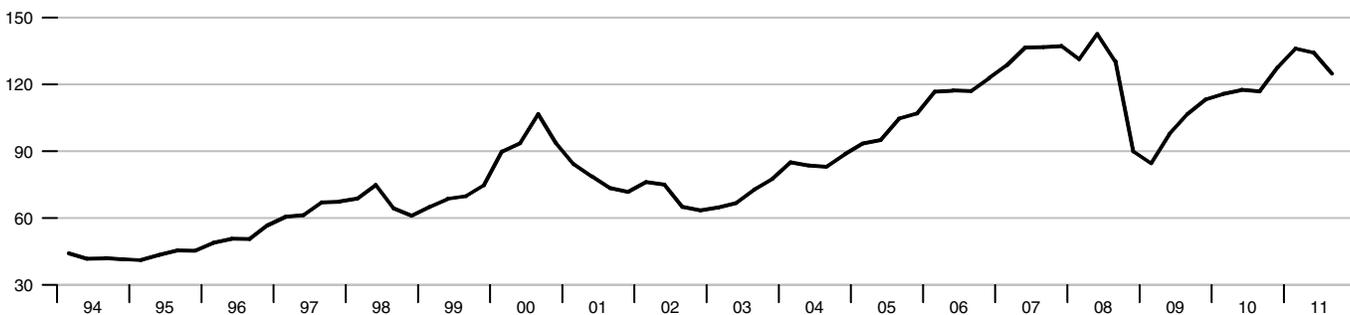
Interest Rates

Percent

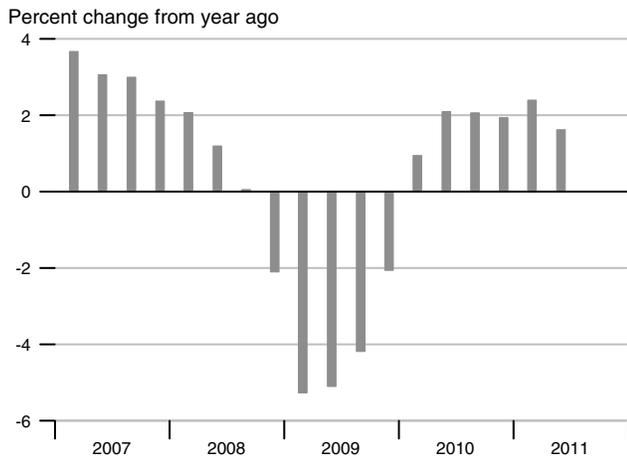


Stock Exchange Index - Toronto Stock Exchange

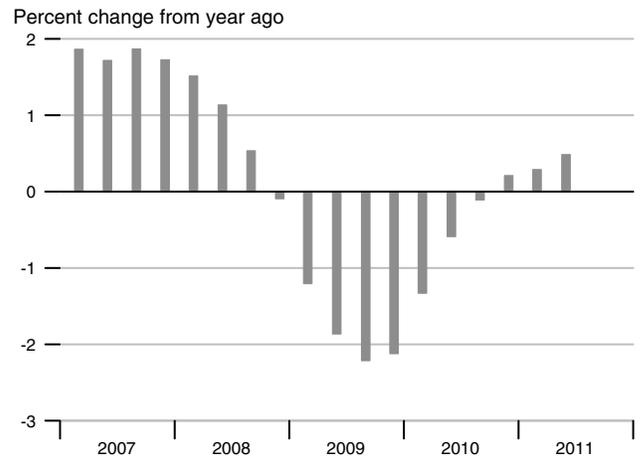
2005 = 100



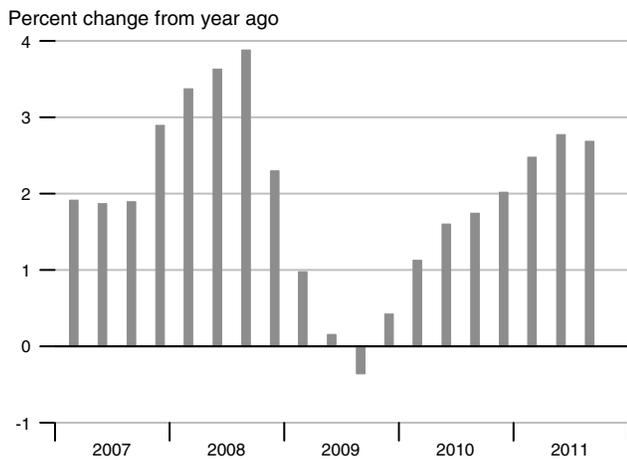
Real GDP



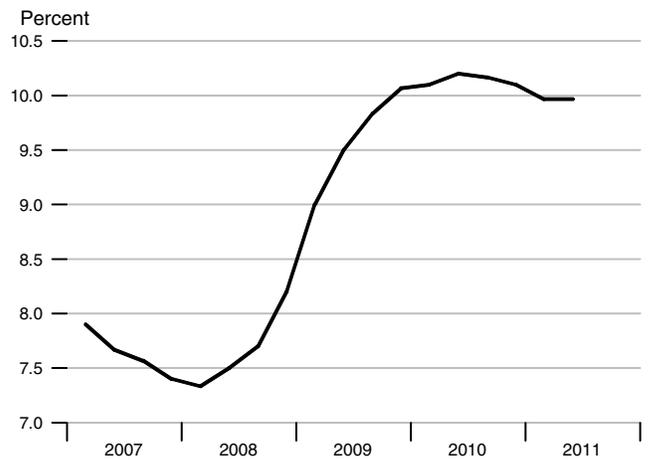
Employment



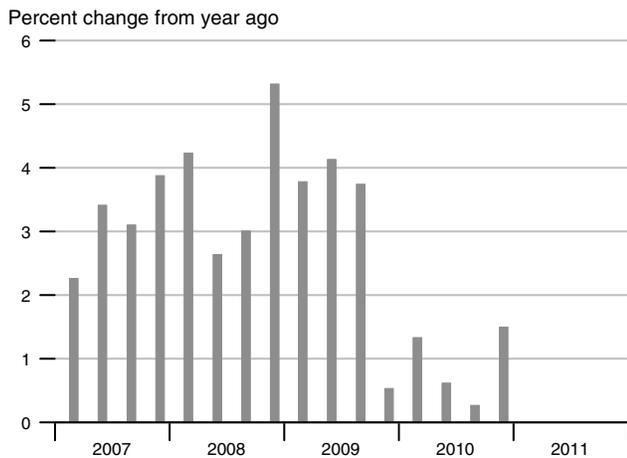
Consumer Price Index



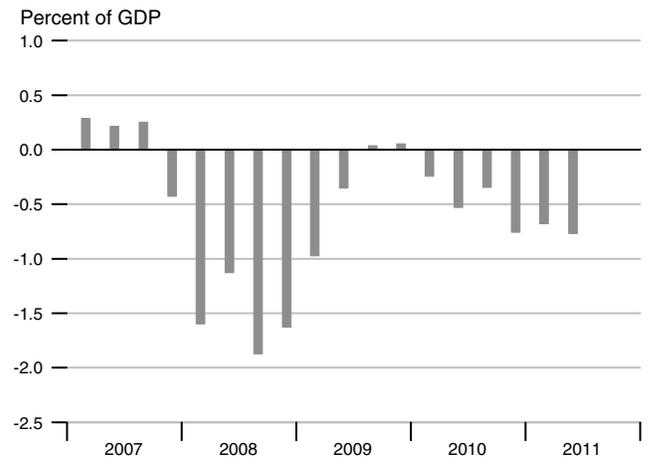
Unemployment Rate



Hourly Earnings

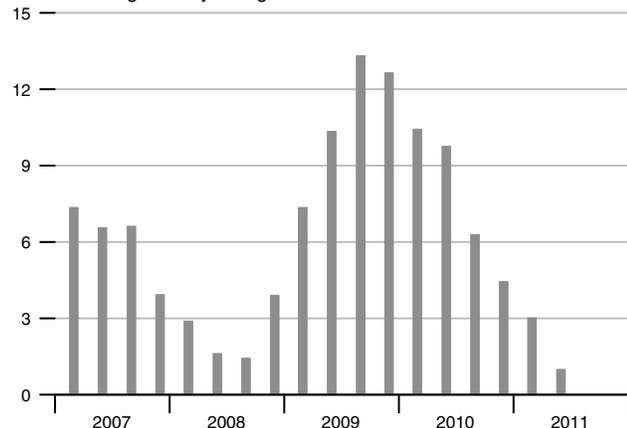


Current Account Balance



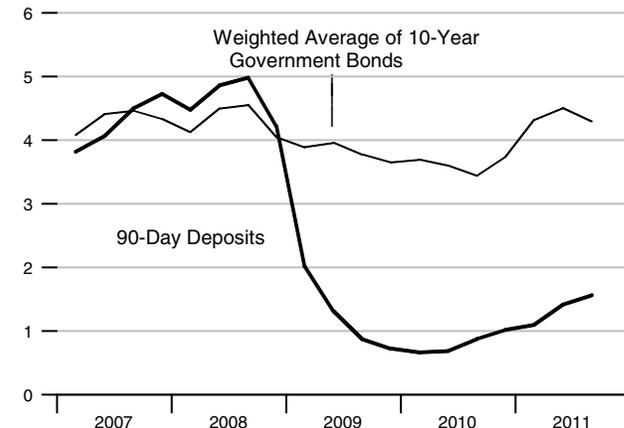
M1

Percent change from year ago



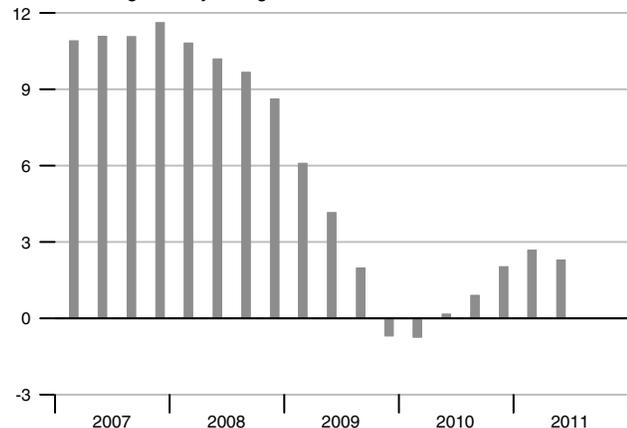
Interest Rates

Percent

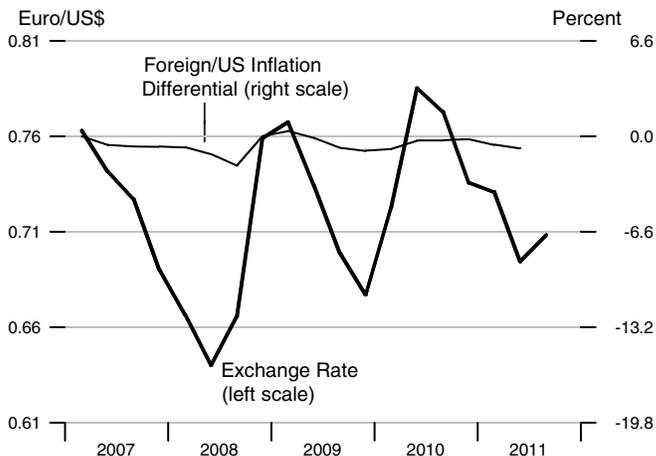


M3

Percent change from year ago

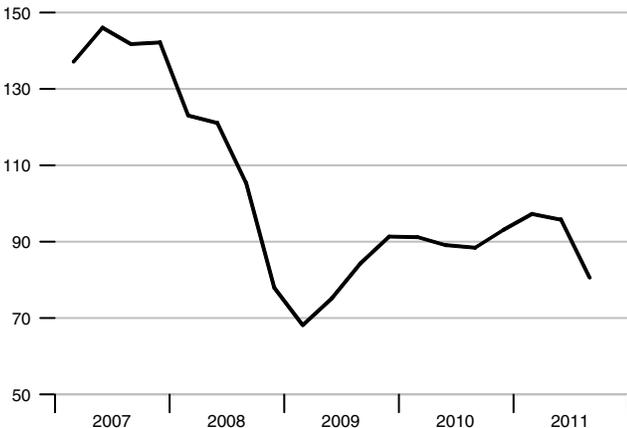


Exchange Rate and Inflation Differential



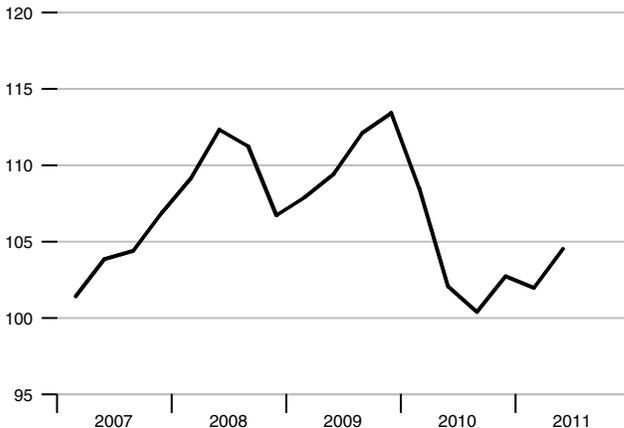
Stock Exchange Index - Dow Jones EURO STOXXSM

2005 = 100



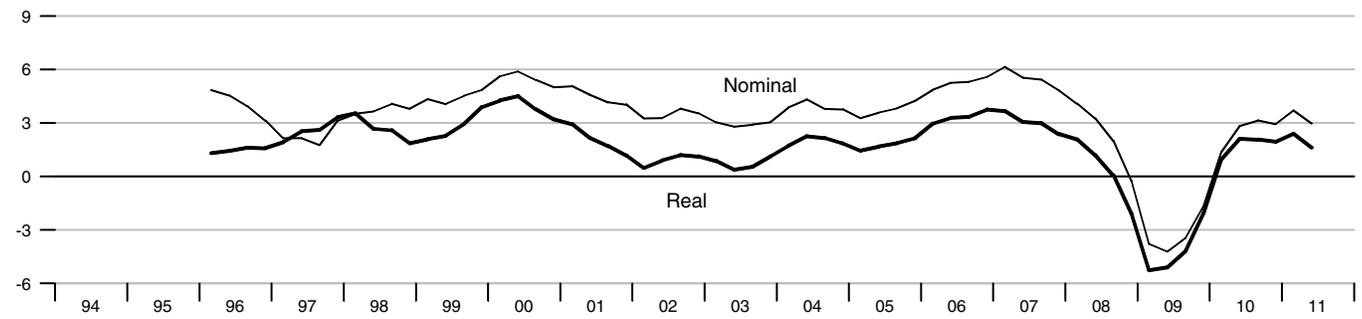
Real Effective Exchange Rate

Index 2005 = 100



GDP

Percent change from year ago



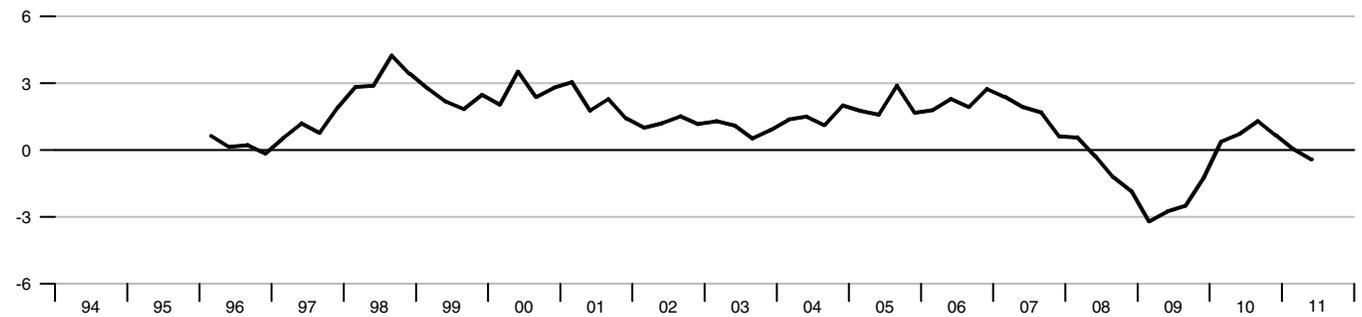
Industrial Production

Percent change from year ago



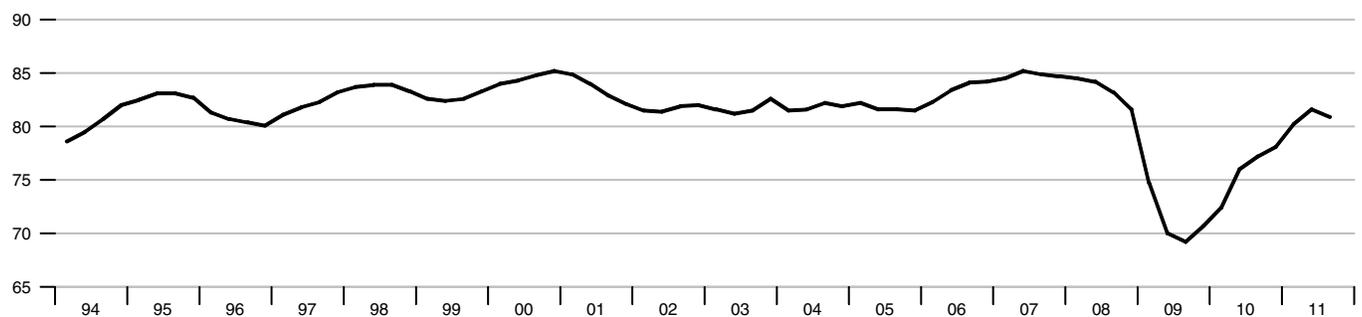
Retail Sales

Percent change from year ago



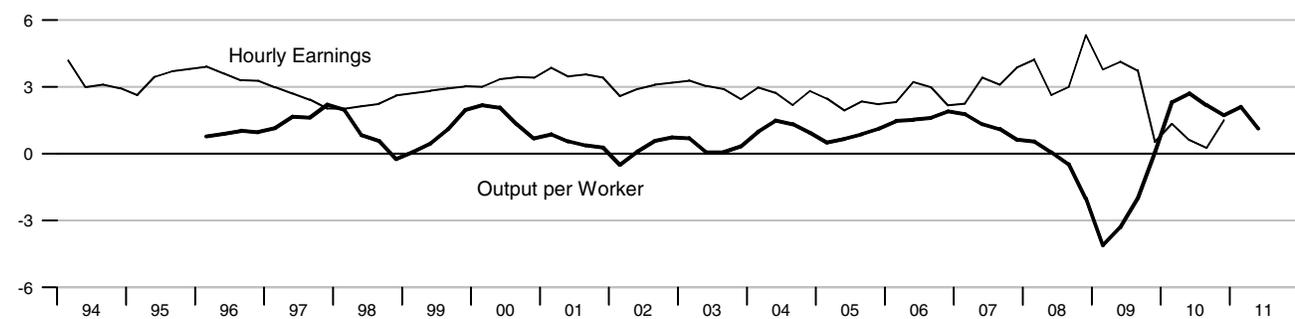
Capacity Utilization

Percent



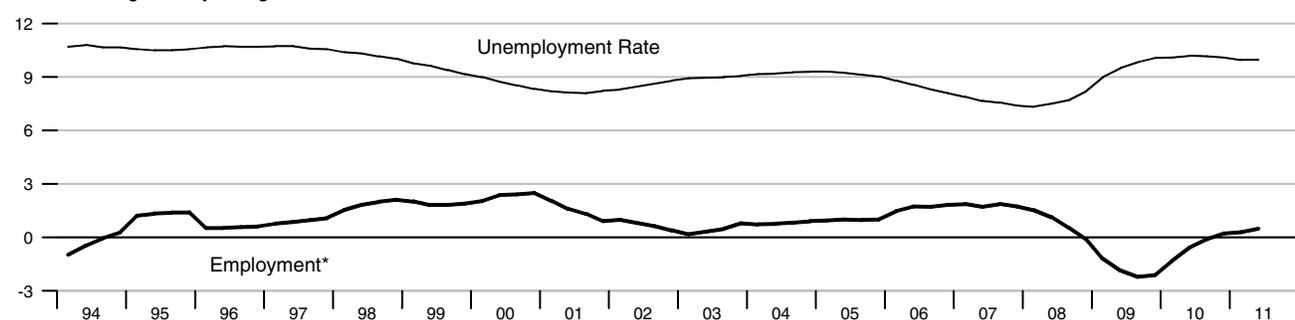
Hourly Earnings and Output per Worker

Percent change from year ago



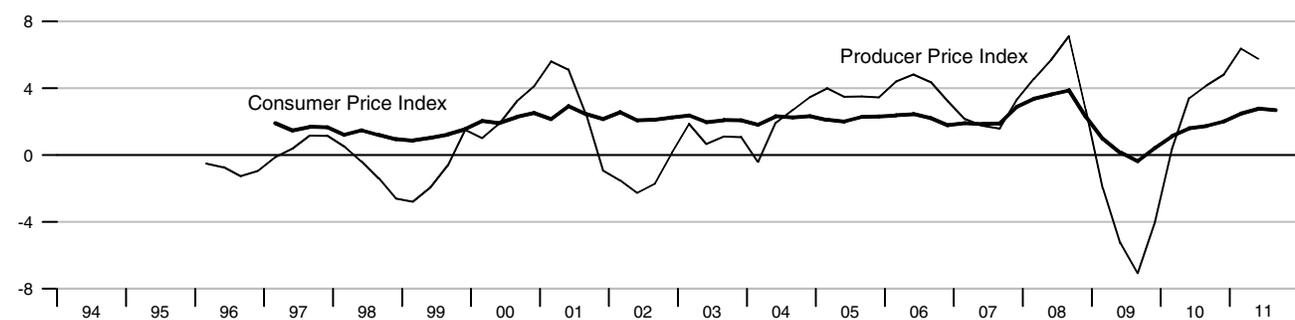
Labor Force Indicators

Percent change from year ago*, Percent



Inflation

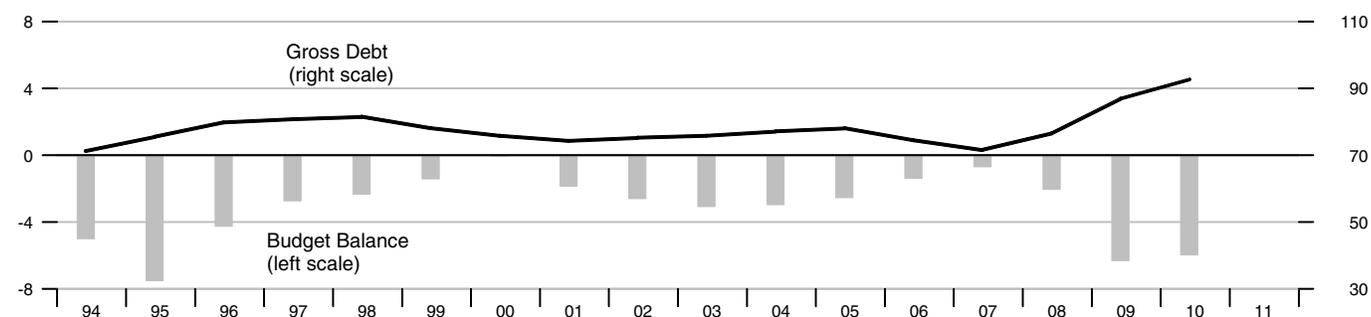
Percent change from year ago



Gross Government Debt and Budget Balance

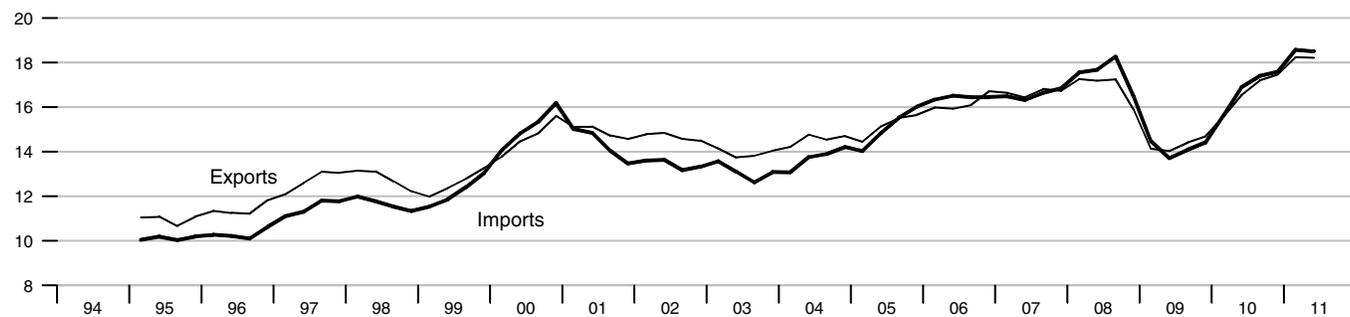
Percent of GDP, annual data

Percent of GDP, annual data



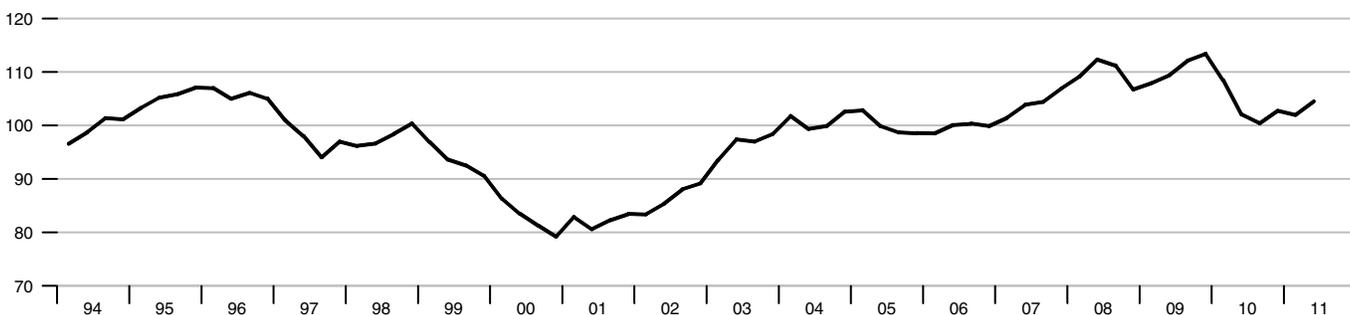
International Trade - Goods

Percent of GDP



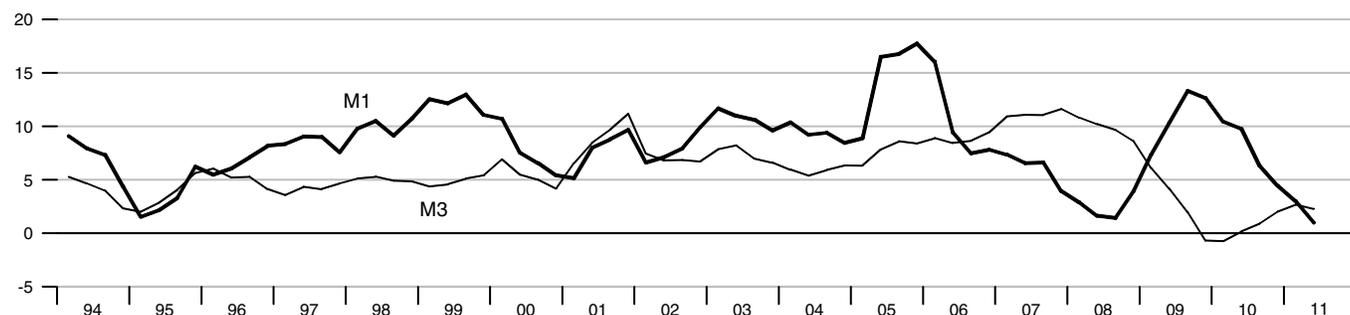
Real Effective Exchange Rate

Index 2005 = 100



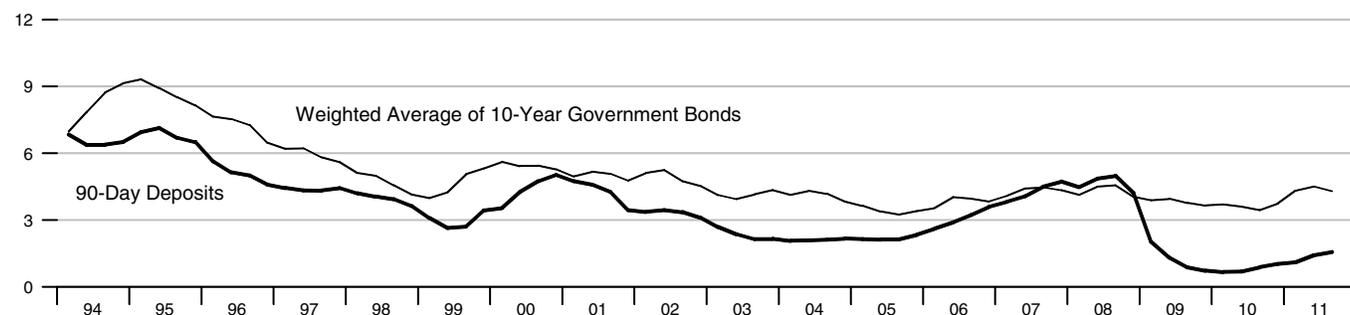
Monetary Aggregates

Percent change from year ago



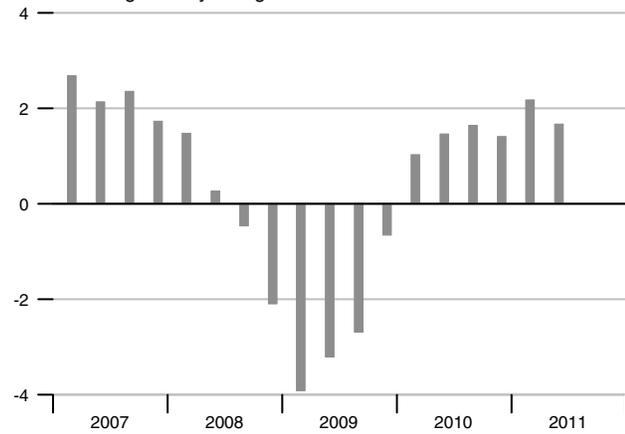
Interest Rates

Percent



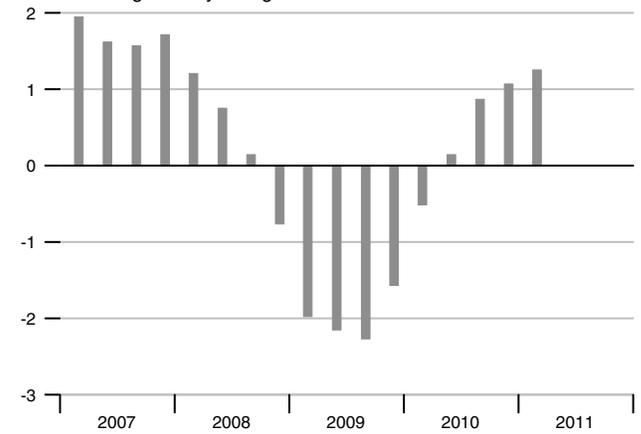
Real GDP

Percent change from year ago



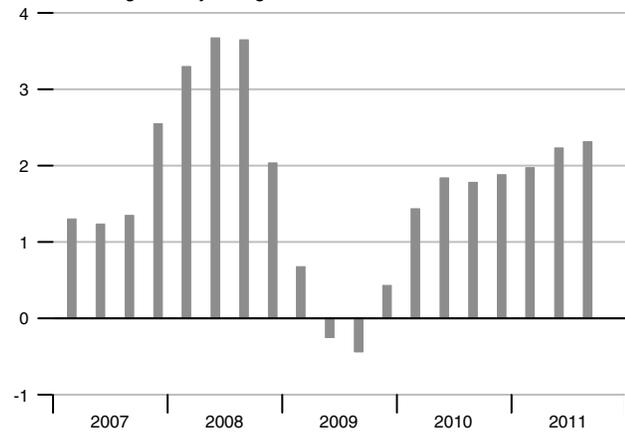
Employment

Percent change from year ago



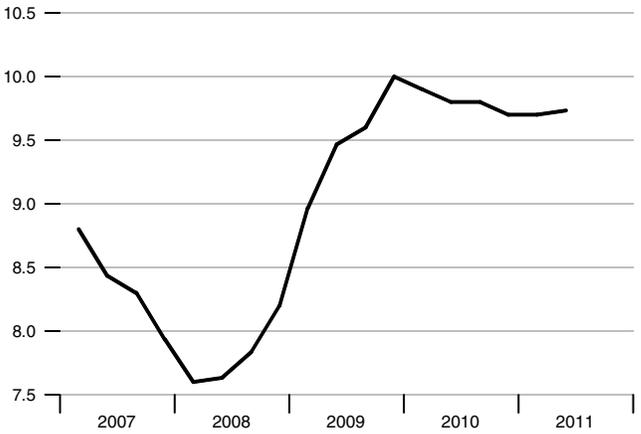
Consumer Price Index

Percent change from year ago



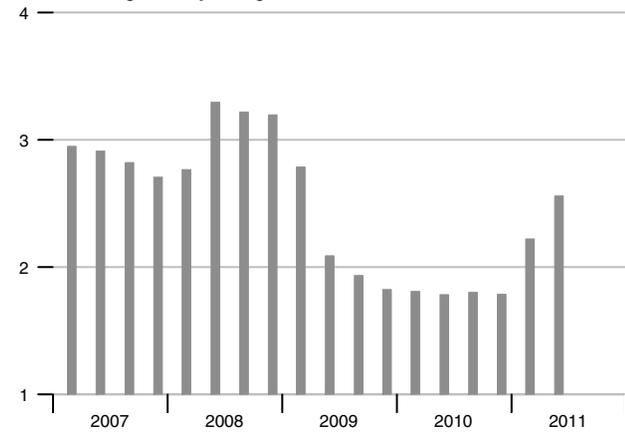
Unemployment Rate

Percent



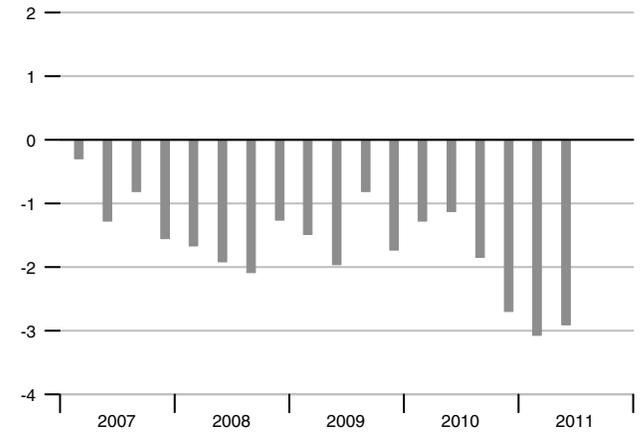
Hourly Earnings

Percent change from year ago



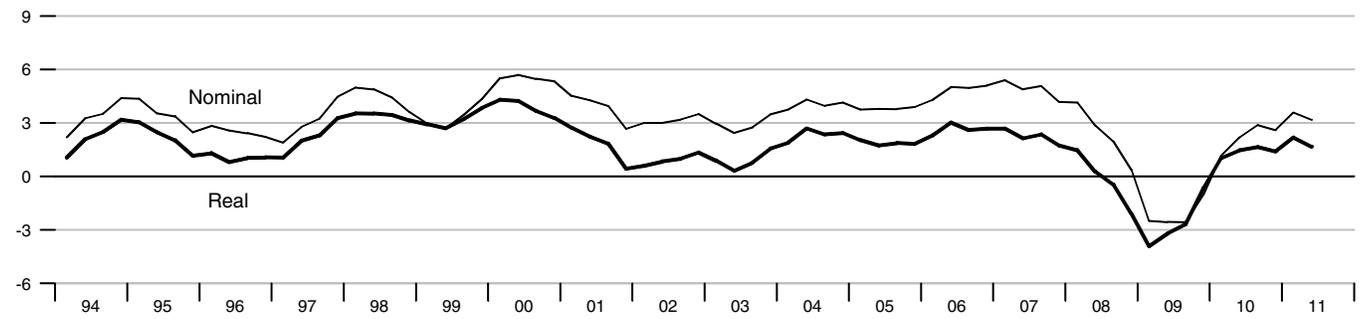
Current Account Balance

Percent of GDP



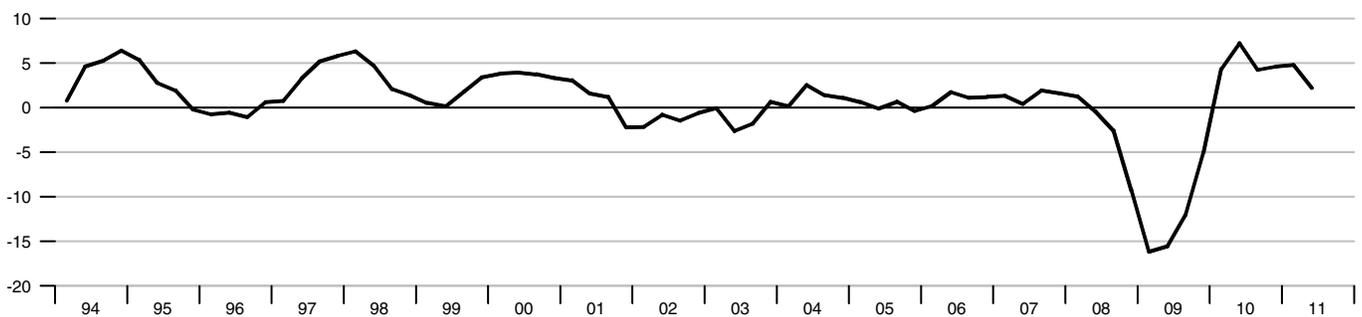
GDP

Percent change from year ago



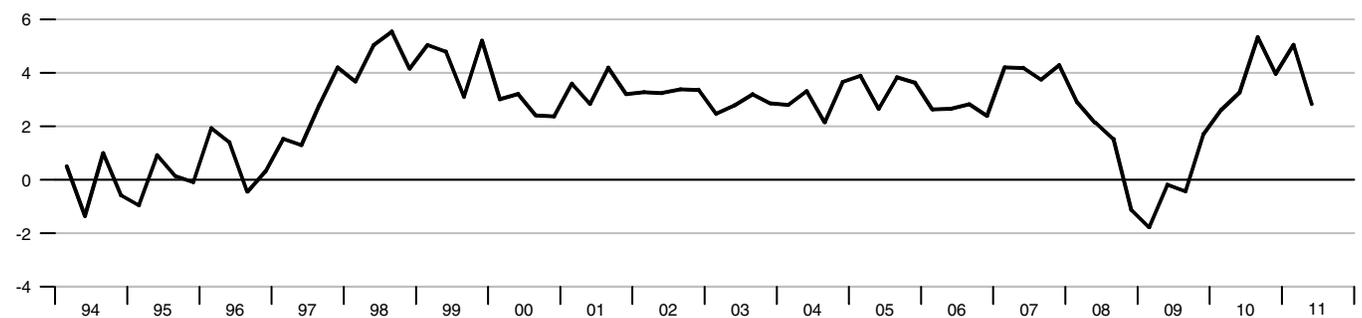
Industrial Production

Percent change from year ago



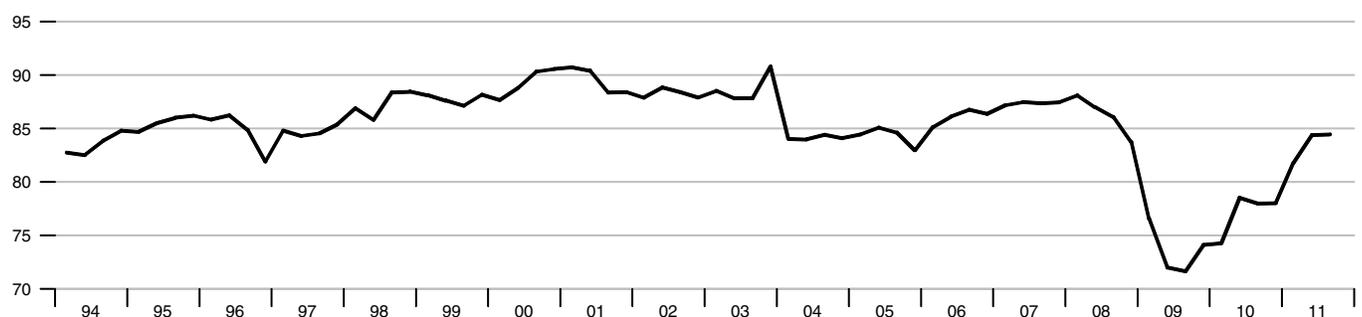
Retail Sales

Percent change from year ago



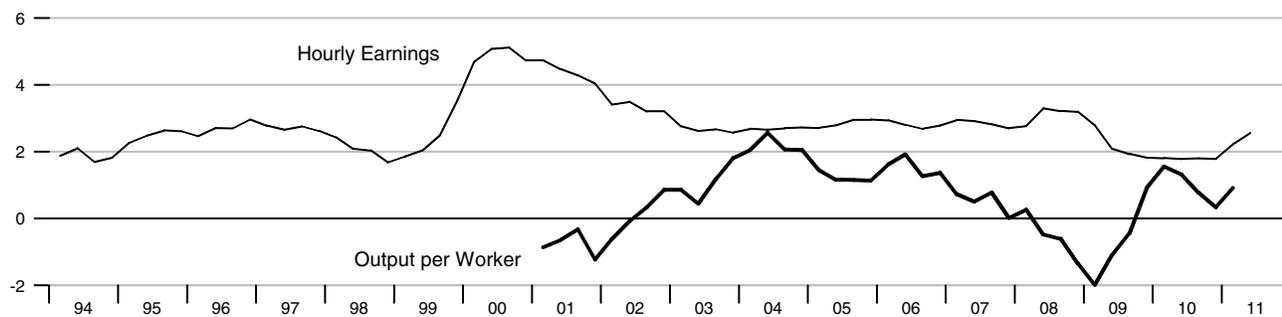
Capacity Utilization

Percent



Hourly Earnings and Output per Worker

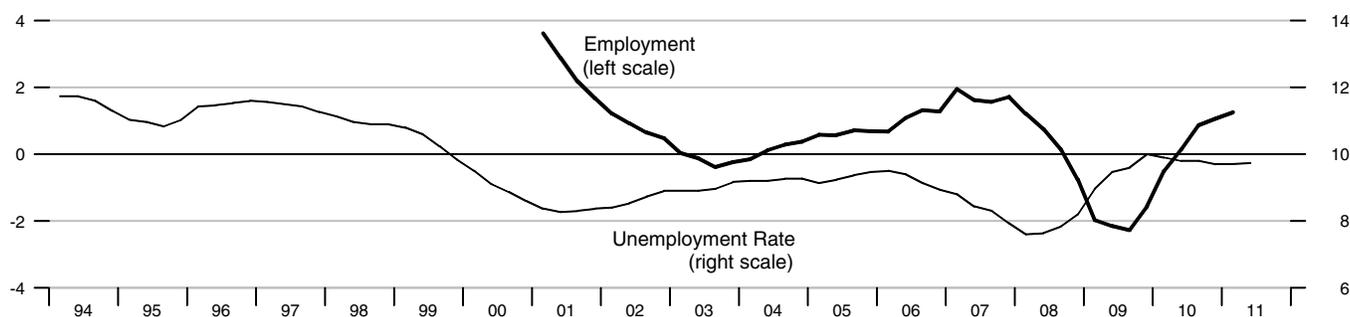
Percent change from year ago



Labor Force Indicators

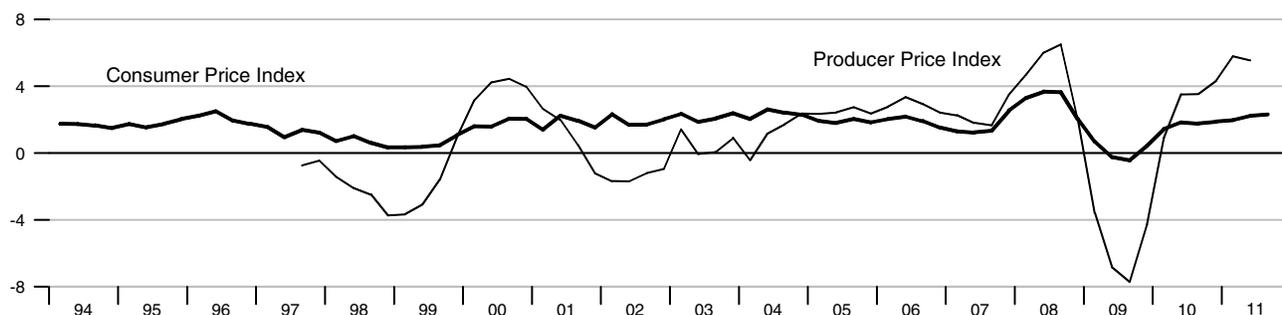
Percent change from year ago

Percent



Inflation

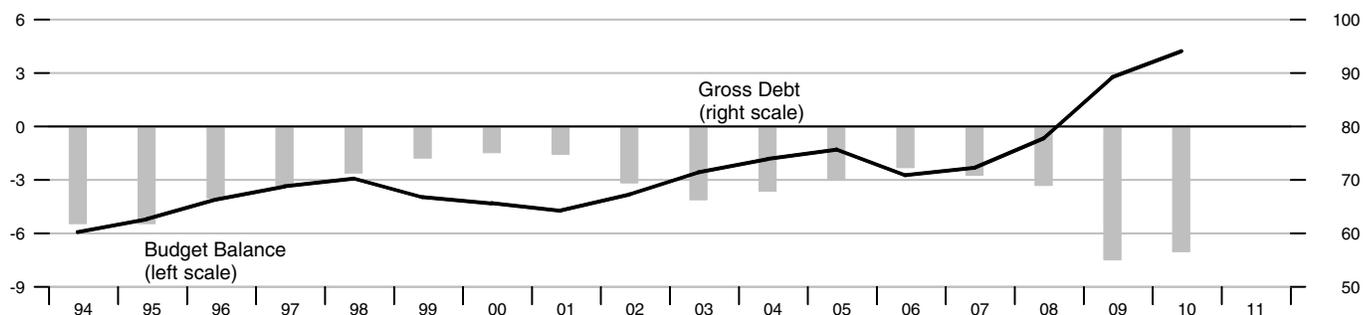
Percent change from year ago



Gross Government Debt and Budget Balance

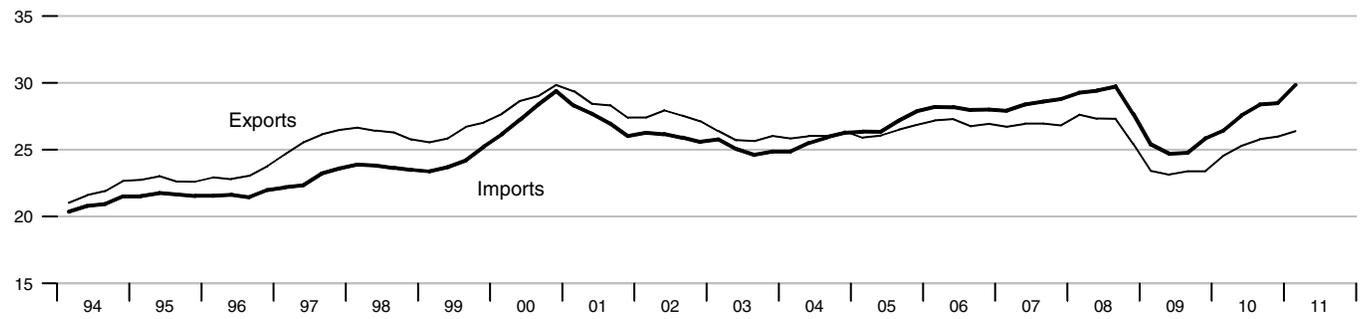
Percent of GDP, annual data

Percent of GDP, annual data



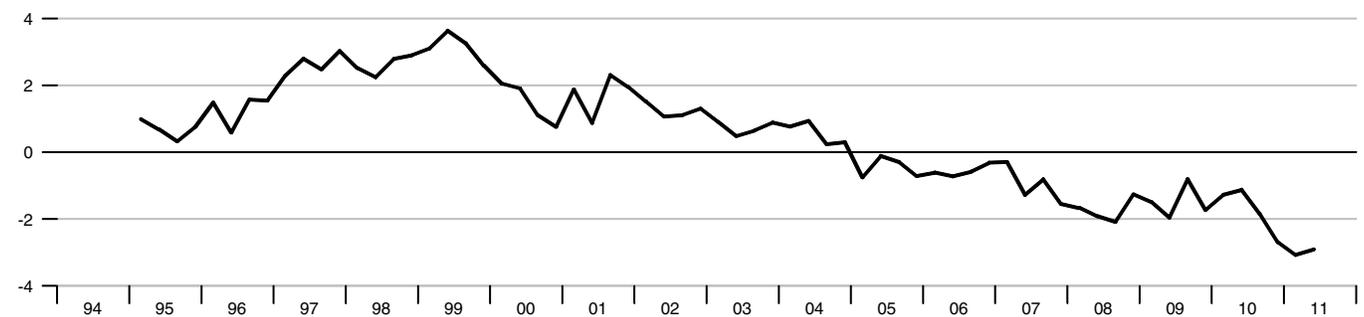
International Trade - Goods and Services

Percent of GDP



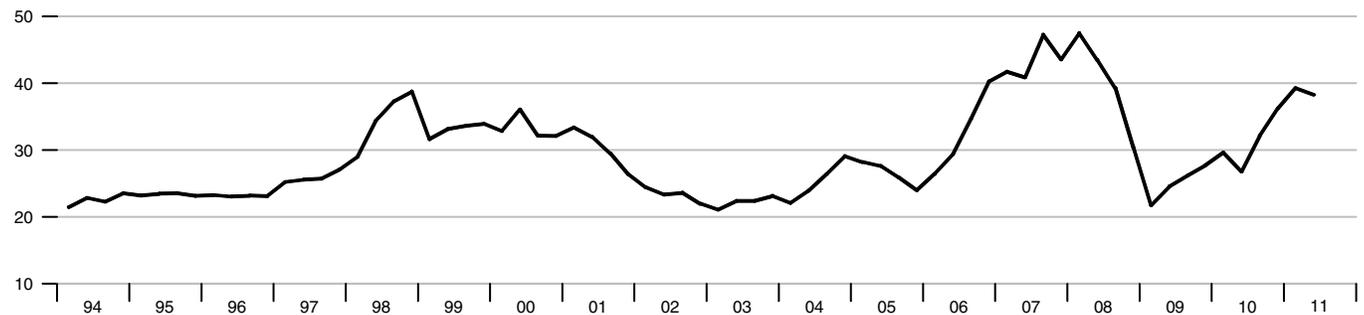
Current Account Balance

Percent of GDP



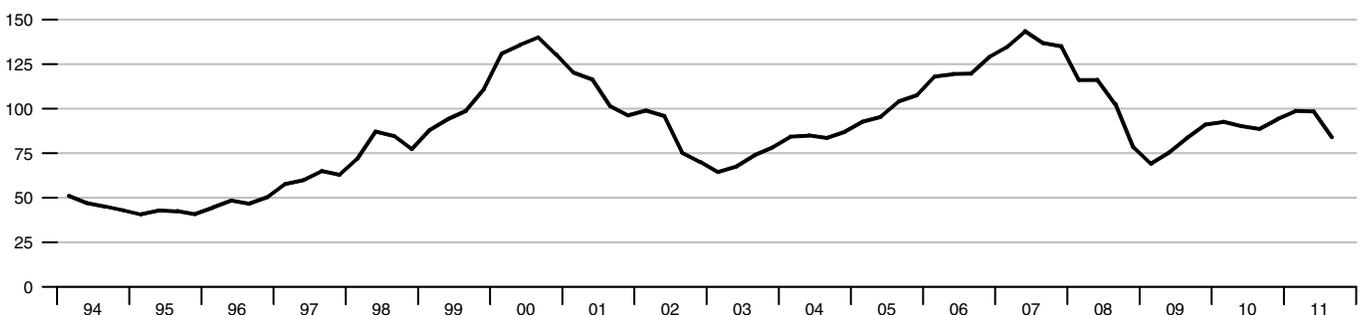
Foreign Exchange Reserves

Billions of US\$



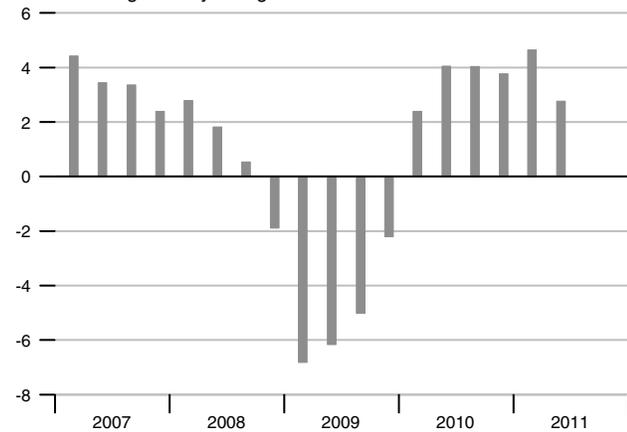
Stock Exchange Index - SBF 250

2005 = 100



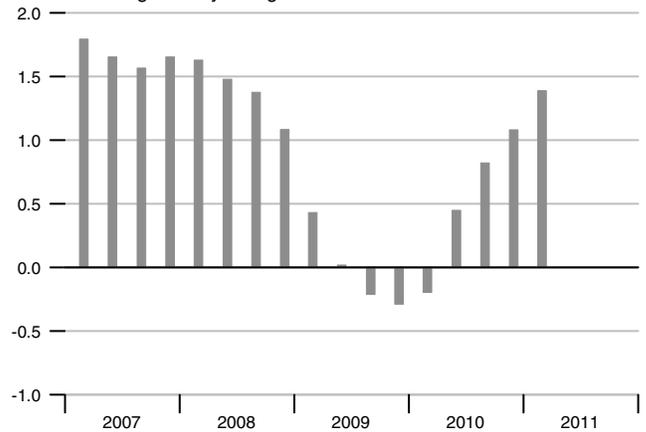
Real GDP

Percent change from year ago



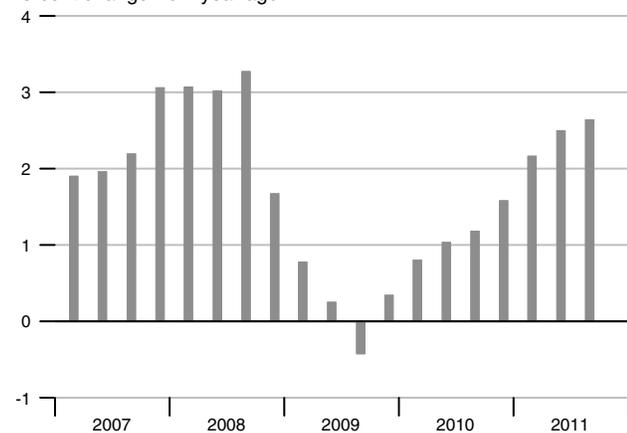
Employment

Percent change from year ago



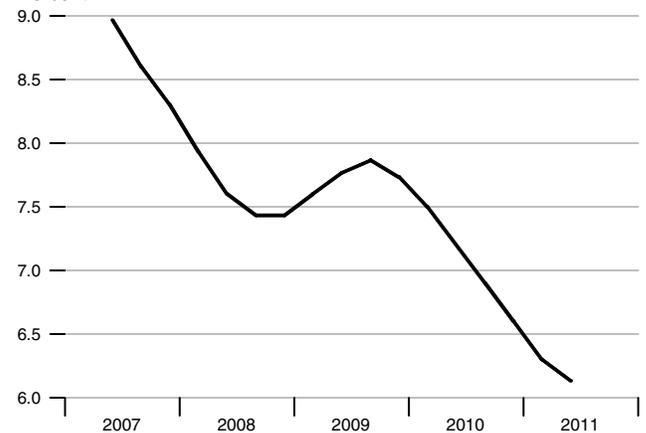
Consumer Price Index

Percent change from year ago



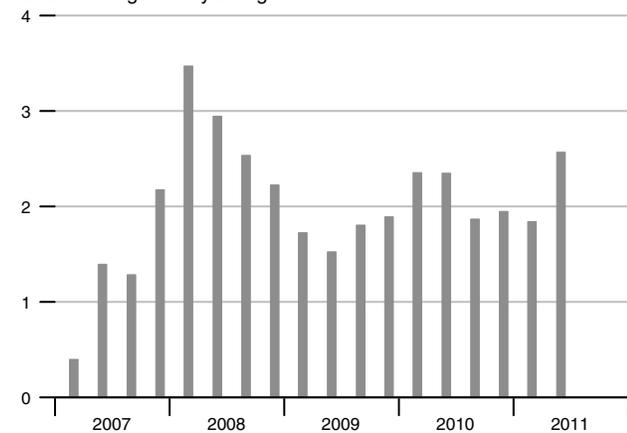
Unemployment Rate

Percent



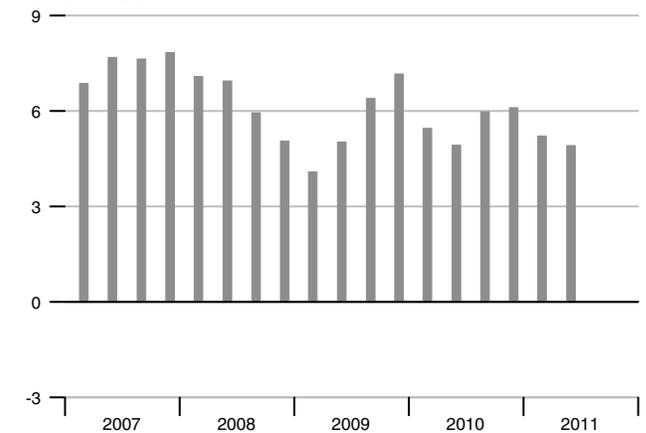
Hourly Earnings

Percent change from year ago



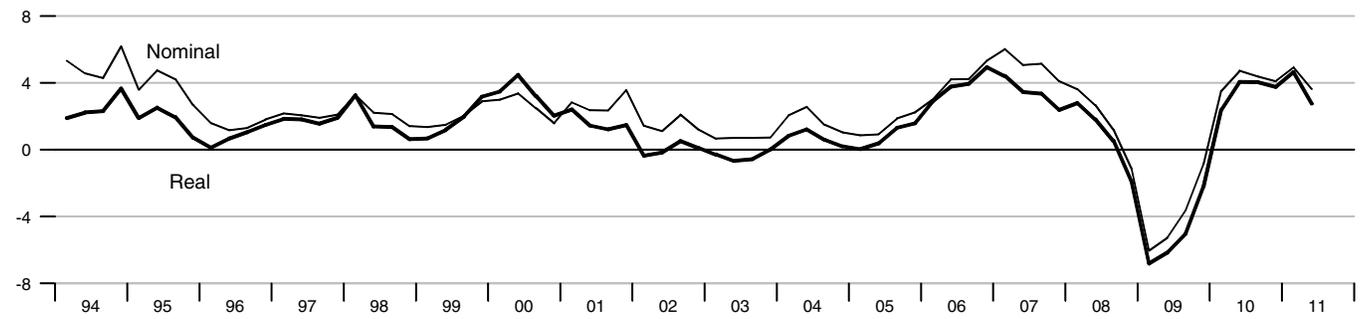
Current Account Balance

Percent of GDP



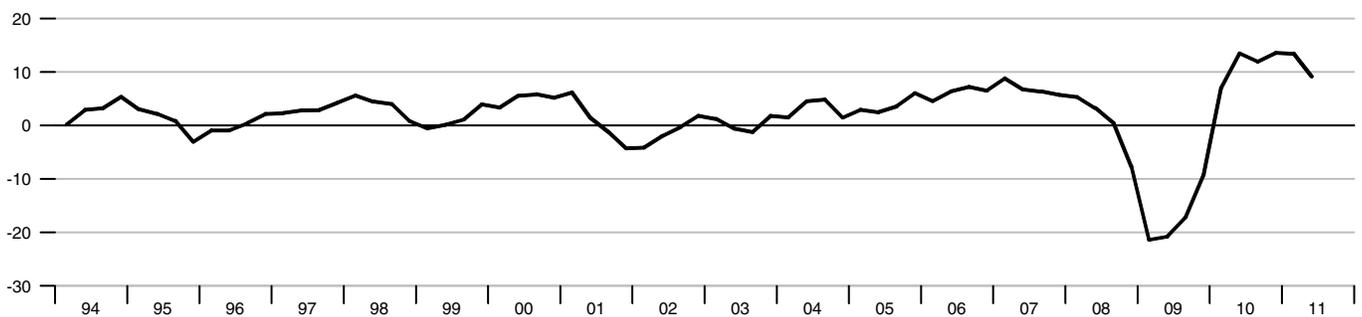
GDP

Percent change from year ago



Industrial Production

Percent change from year ago



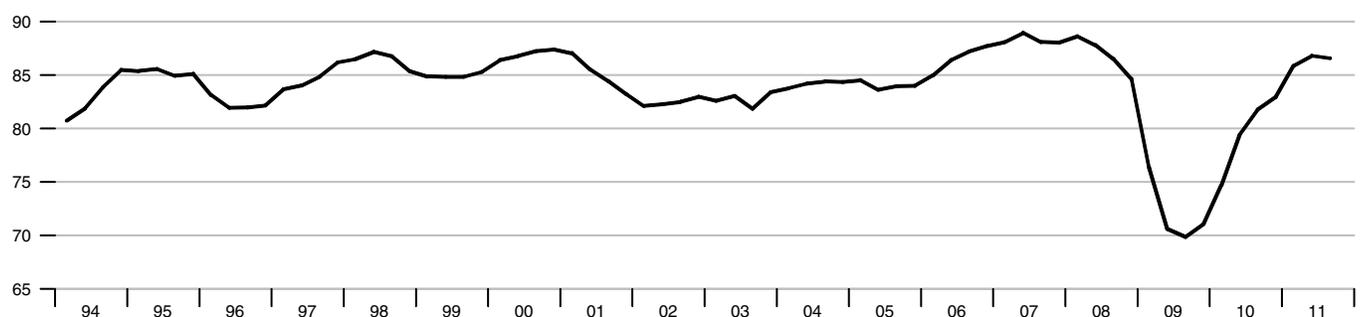
Retail Sales

Percent change from year ago



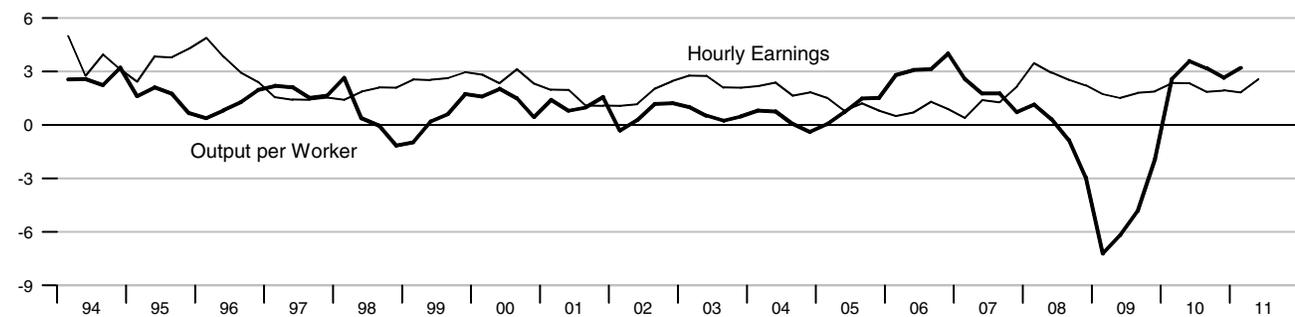
Capacity Utilization

Percent



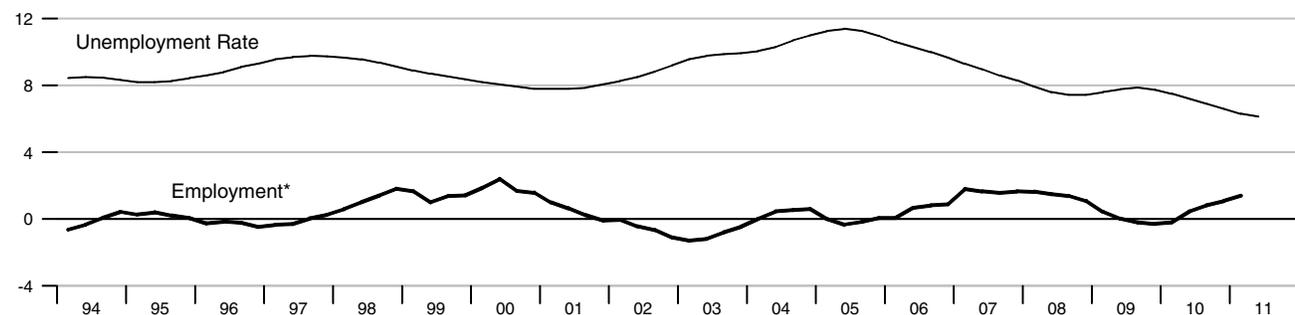
Hourly Earnings and Output per Worker

Percent change from year ago



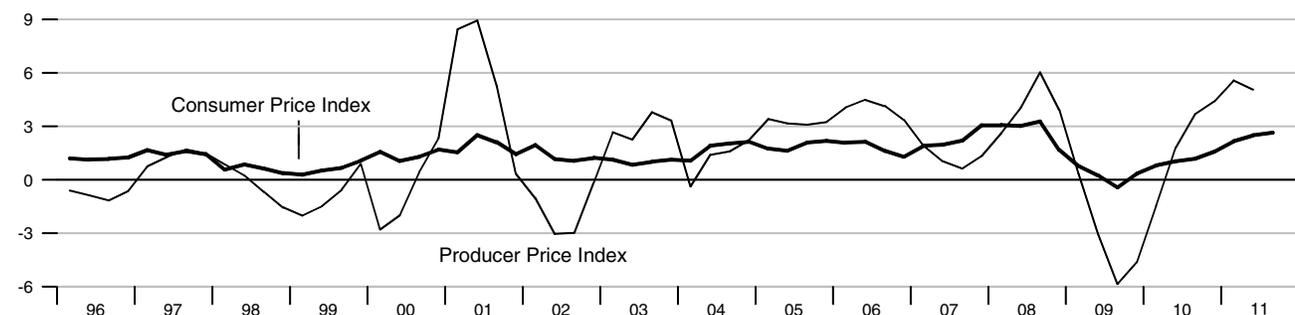
Labor Force Indicators

Percent change from year ago*, Percent



Inflation

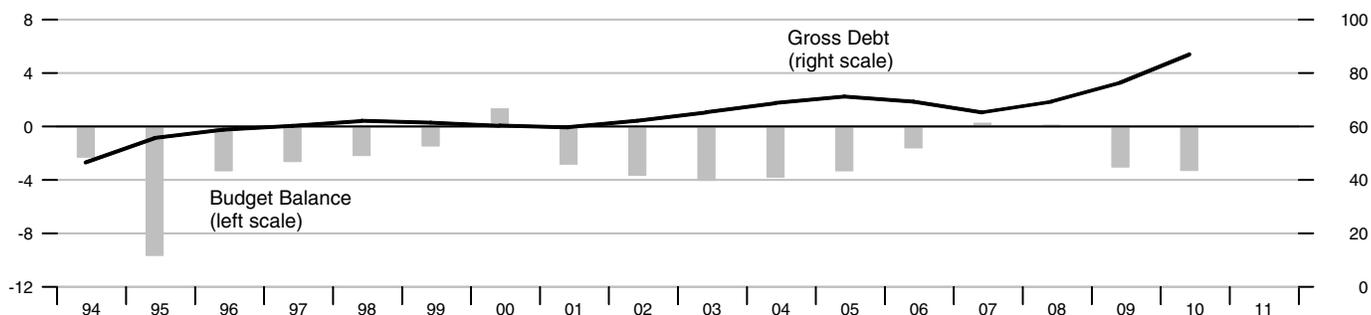
Percent change from year ago



Gross Government Debt and Budget Balance

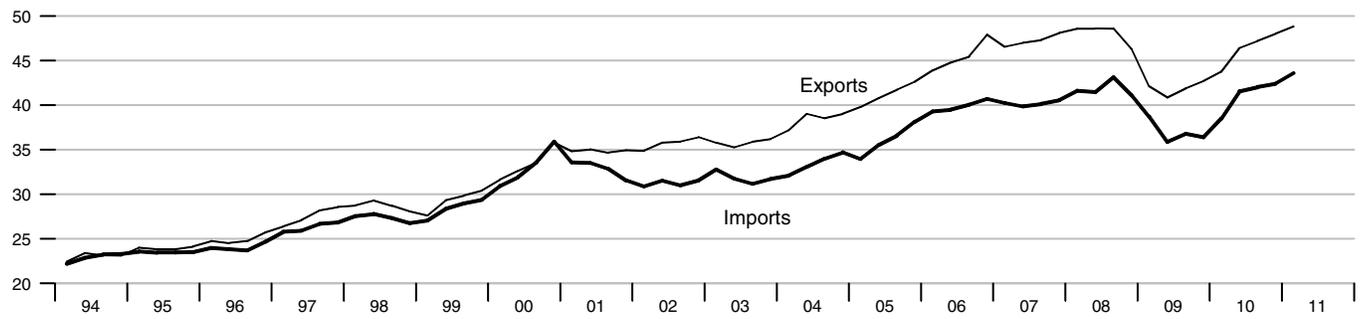
Percent of GDP, annual data

Percent of GDP, annual data



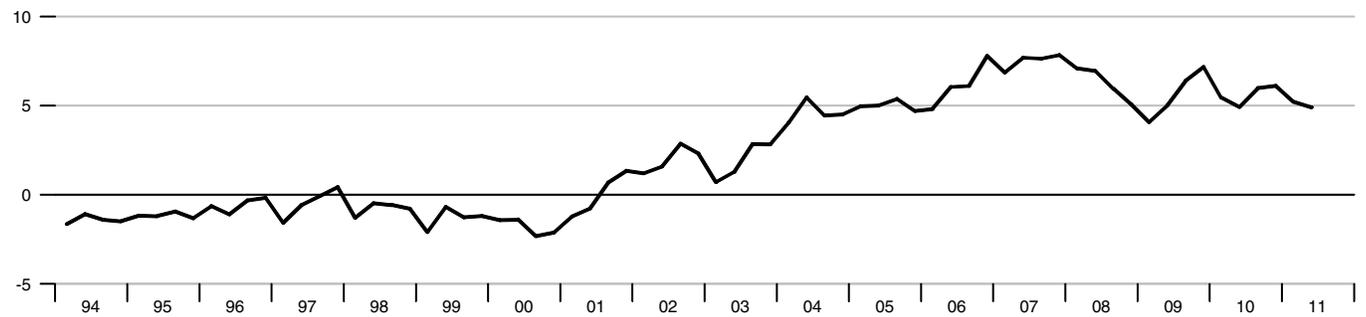
International Trade - Goods and Services

Percent of GDP



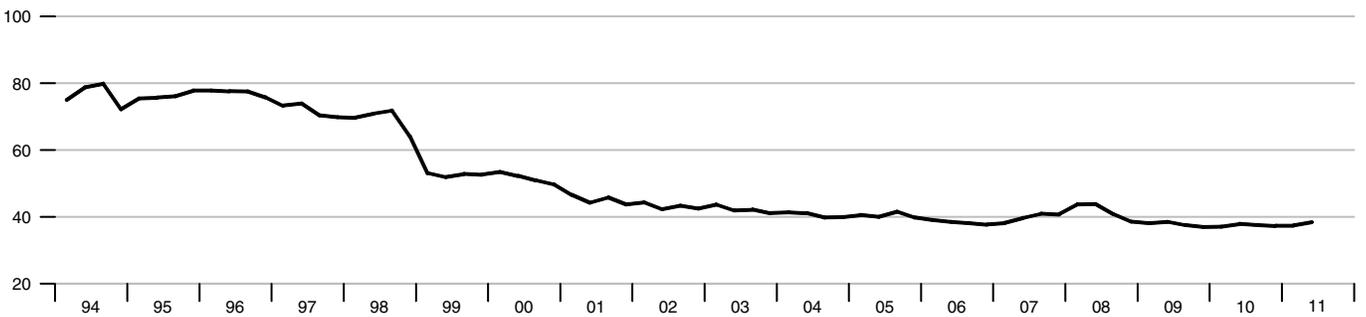
Current Account Balance

Percent of GDP



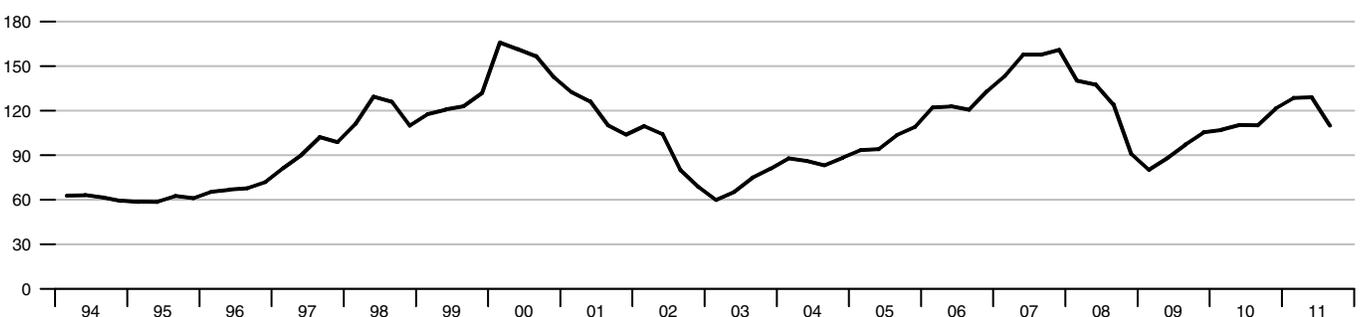
Foreign Exchange Reserves

Billions of US\$



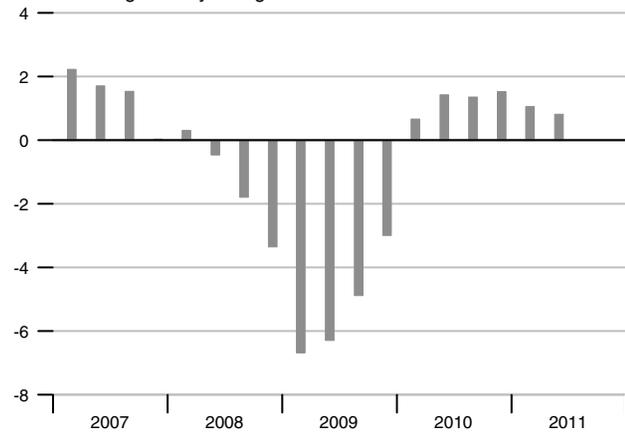
Stock Exchange Index - CDAX

2005 = 100



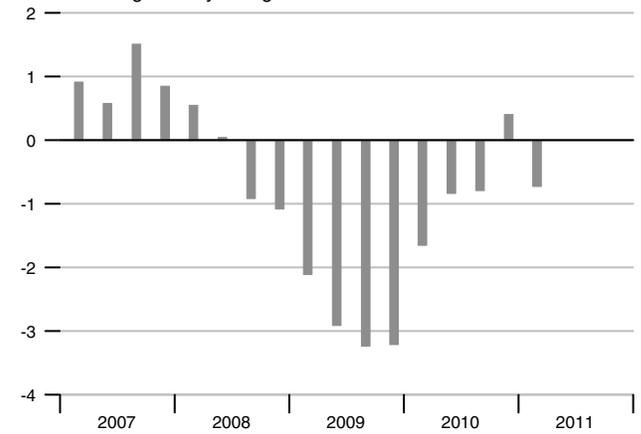
Real GDP

Percent change from year ago



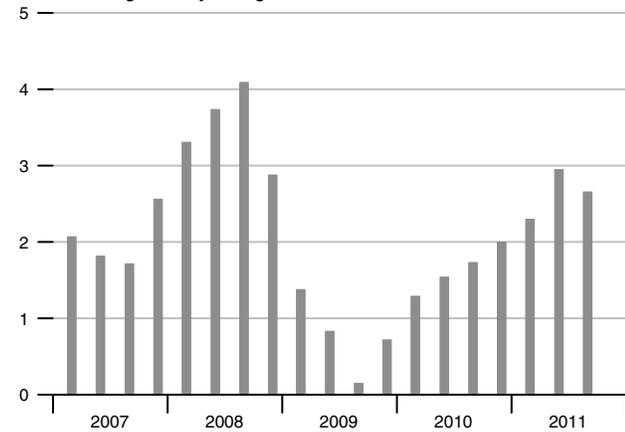
Employment

Percent change from year ago



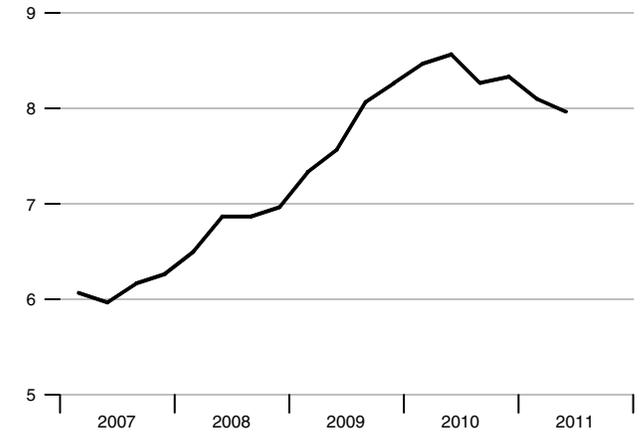
Consumer Price Index

Percent change from year ago



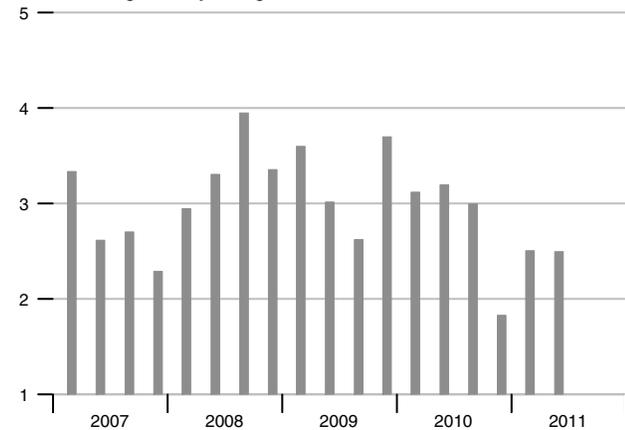
Unemployment Rate

Percent



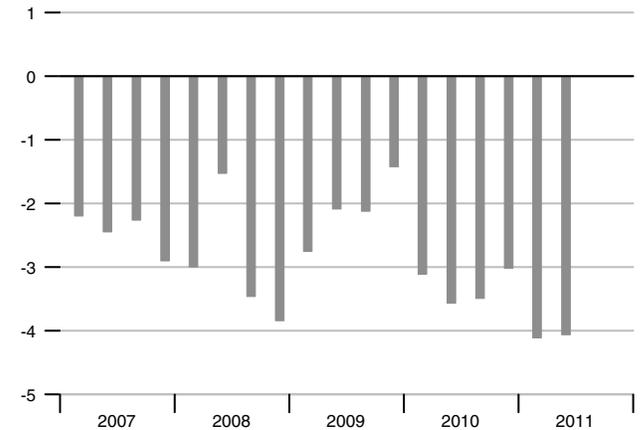
Hourly Earnings

Percent change from year ago



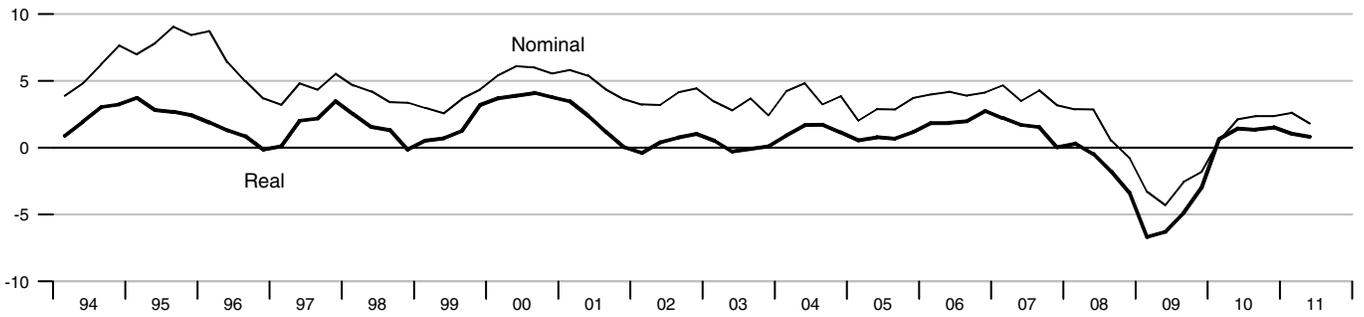
Current Account Balance

Percent of GDP



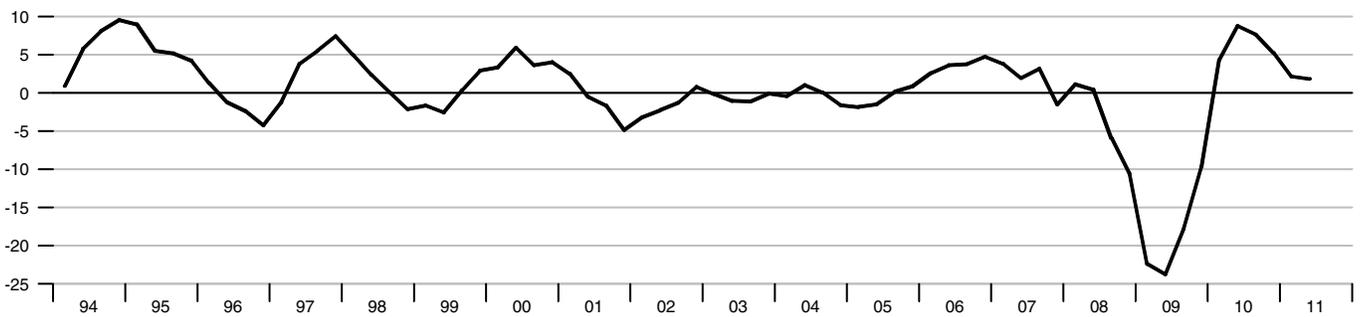
GDP

Percent change from year ago



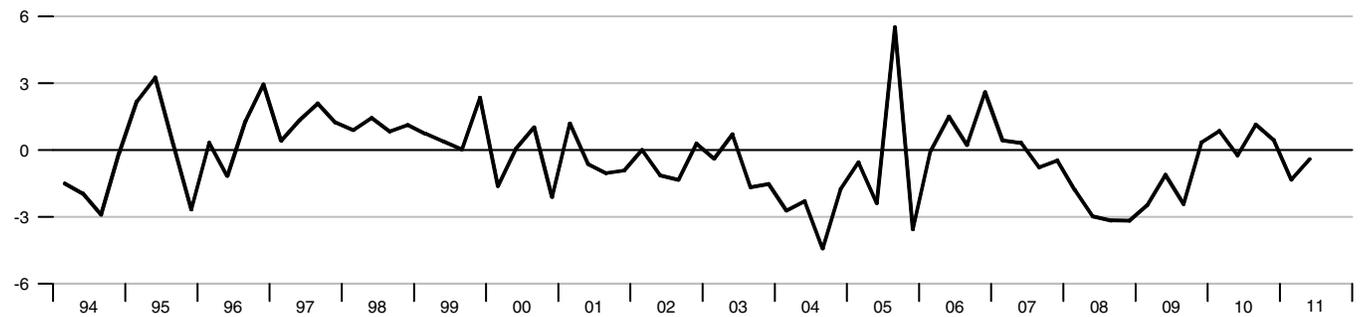
Industrial Production

Percent change from year ago



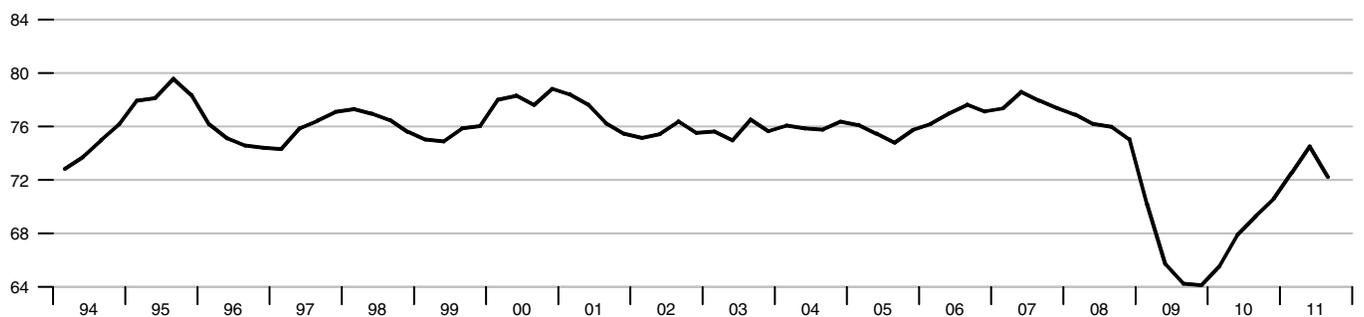
Retail Sales

Percent change from year ago



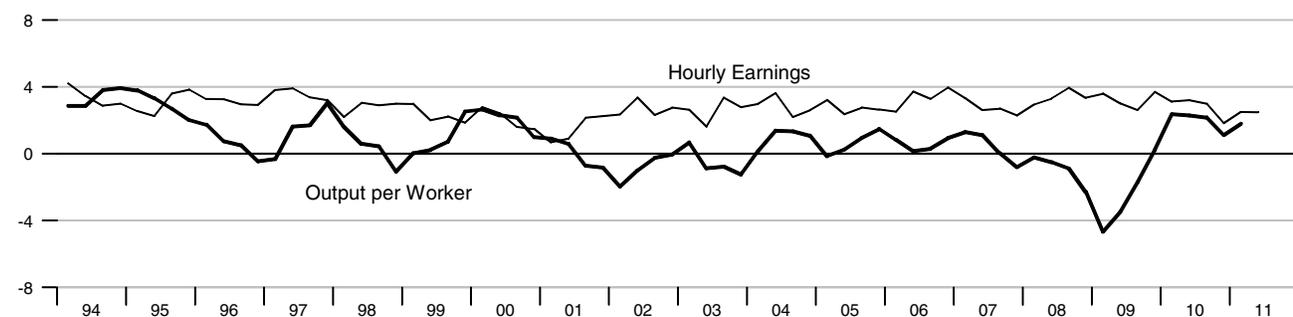
Capacity Utilization

Percent



Hourly Earnings and Output per Worker

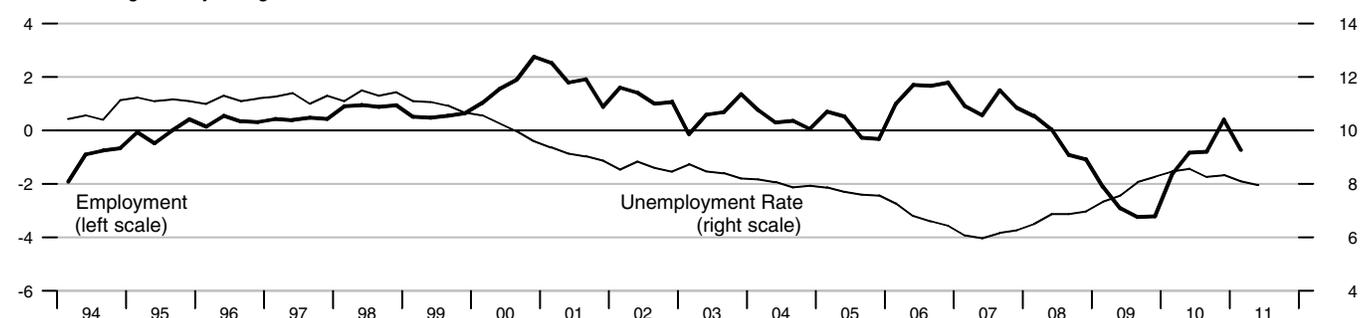
Percent change from year ago



Labor Force Indicators

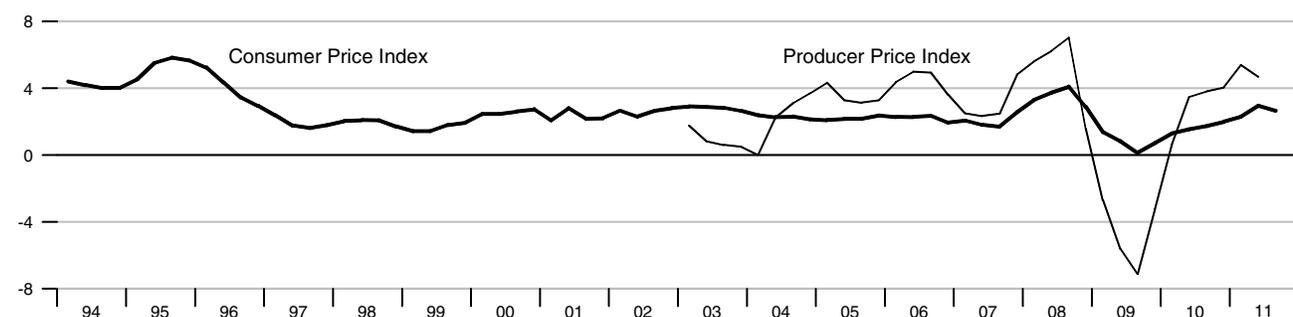
Percent change from year ago

Percent



Inflation

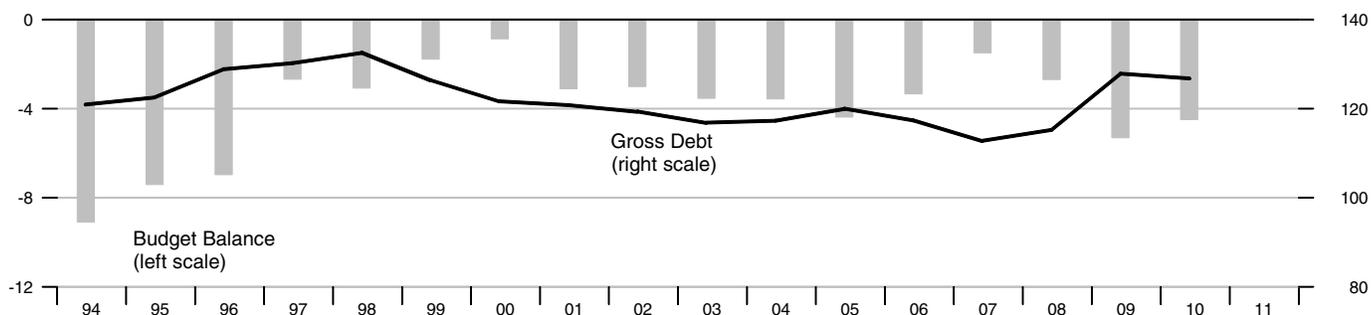
Percent change from year ago



Gross Government Debt and Budget Balance

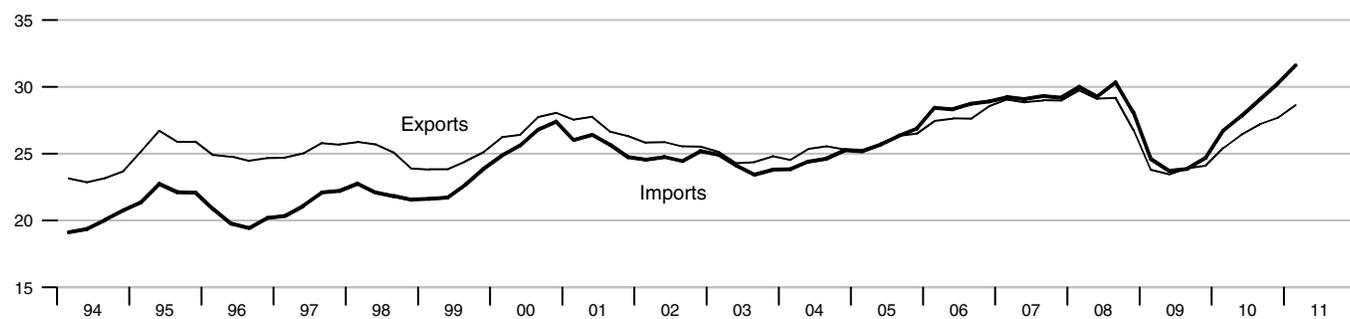
Percent of GDP, annual data

Percent of GDP, annual data



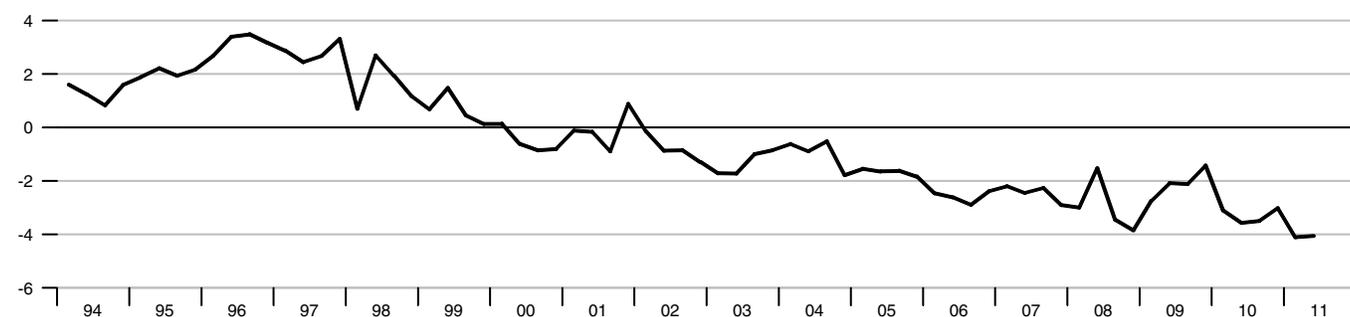
International Trade - Goods and Services

Percent of GDP



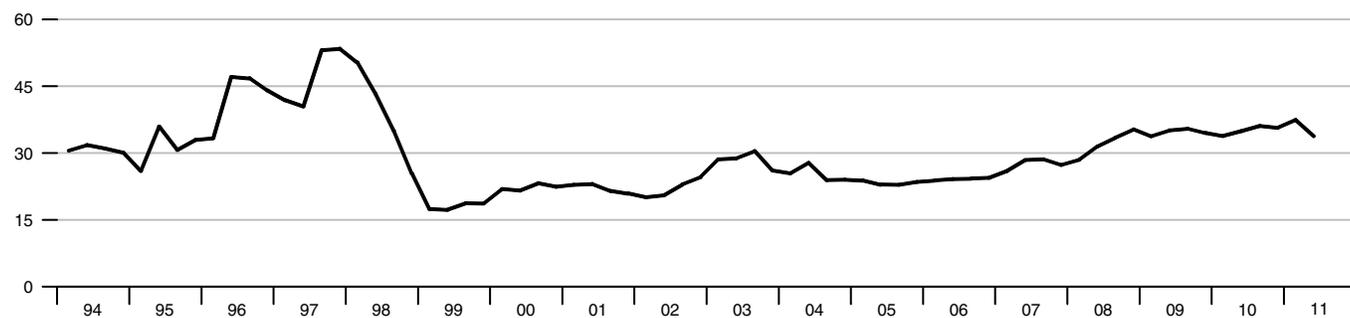
Current Account Balance

Percent of GDP



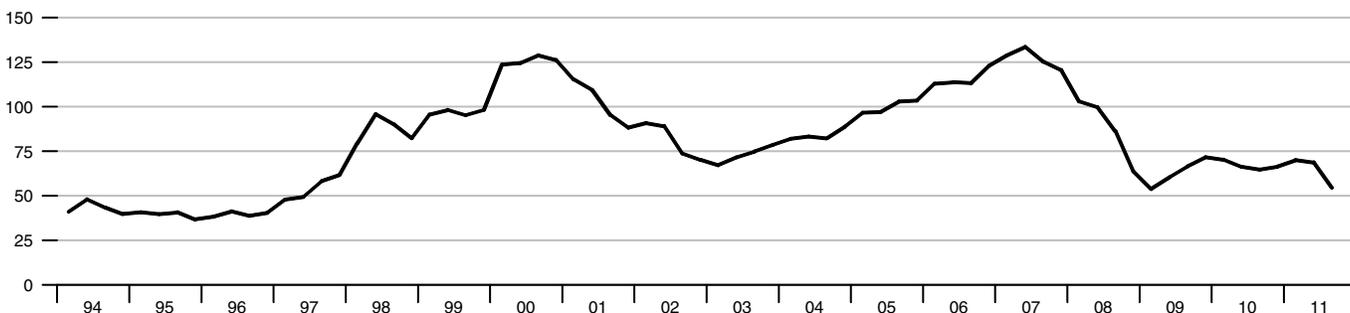
Foreign Exchange Reserves

Billions of US\$

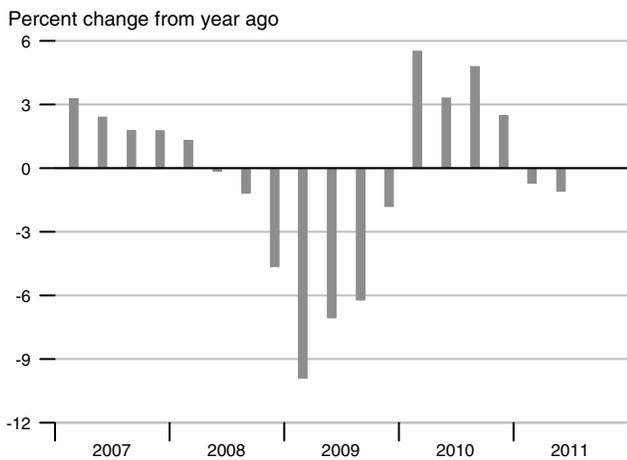


Stock Exchange Index - Milan Stock Exchange

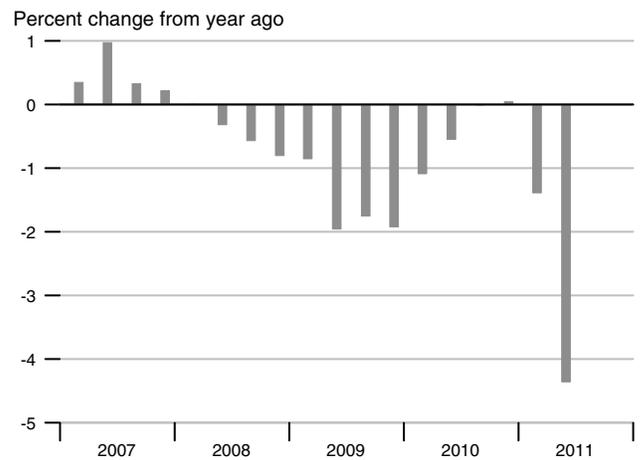
2005 = 100



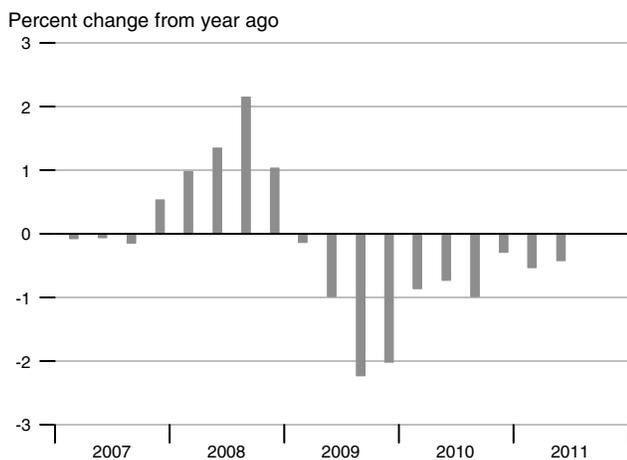
Real GDP



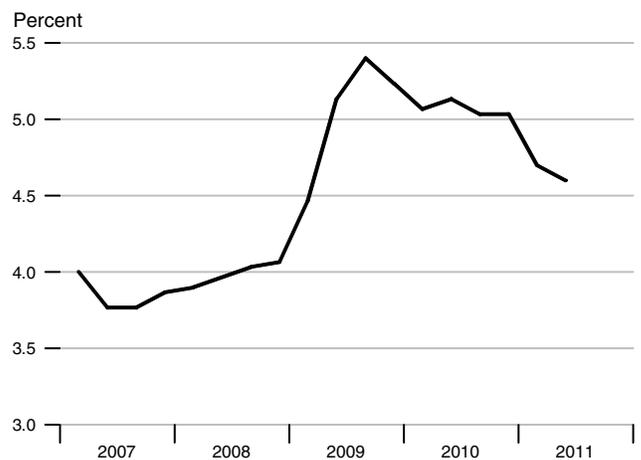
Employment



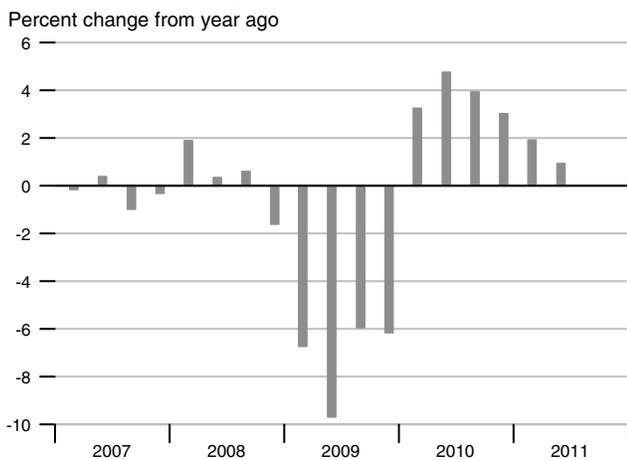
Consumer Price Index



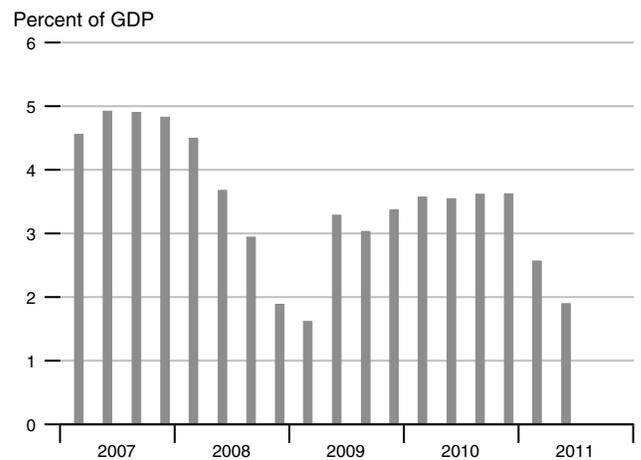
Unemployment Rate



Monthly Earnings

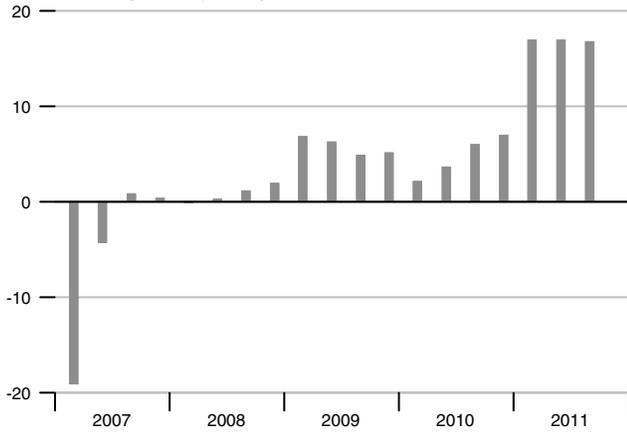


Current Account Balance



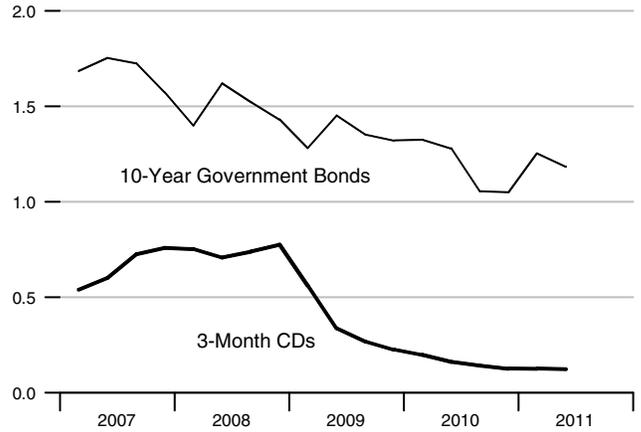
Adjusted Monetary Base

Percent change from year ago



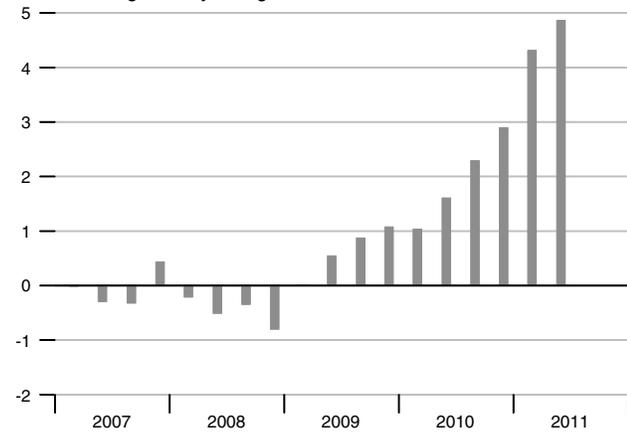
Interest Rates

Percent



M1

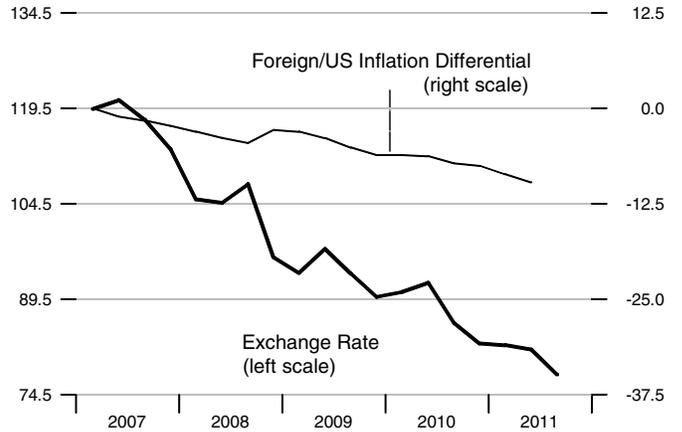
Percent change from year ago



Exchange Rate and Inflation Differential

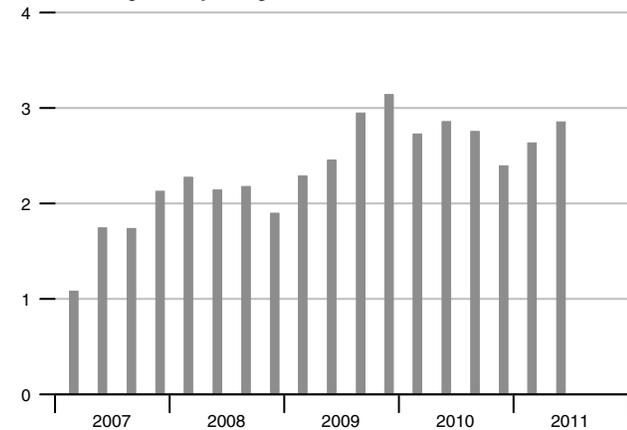
Yen/US\$

Percent



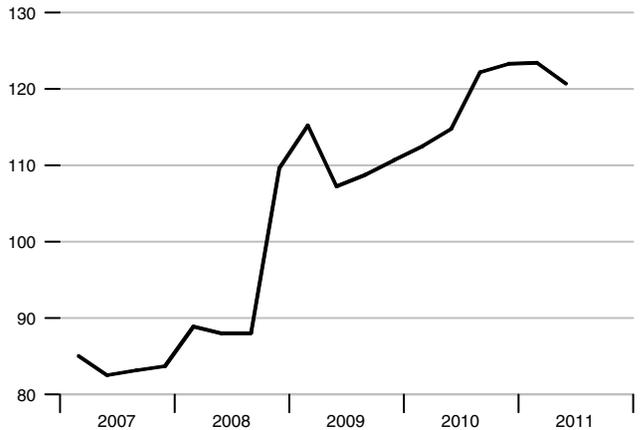
M2

Percent change from year ago



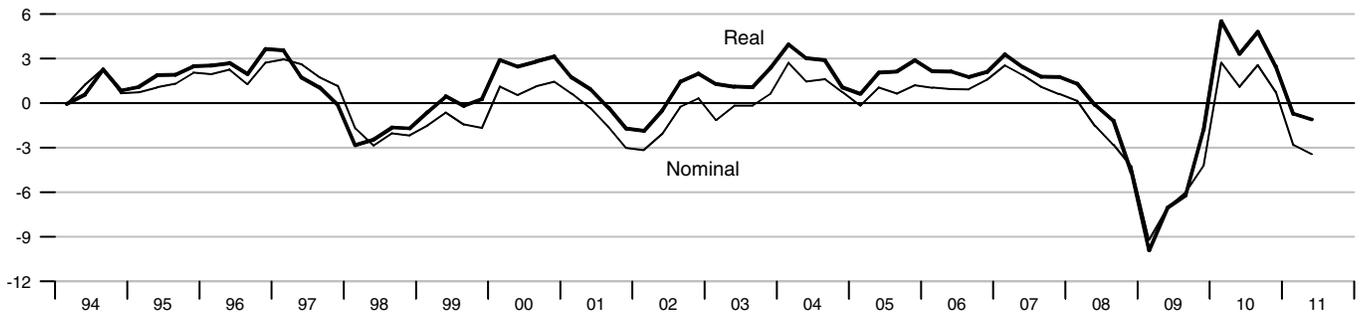
Real Effective Exchange Rate

Index 2005 = 100



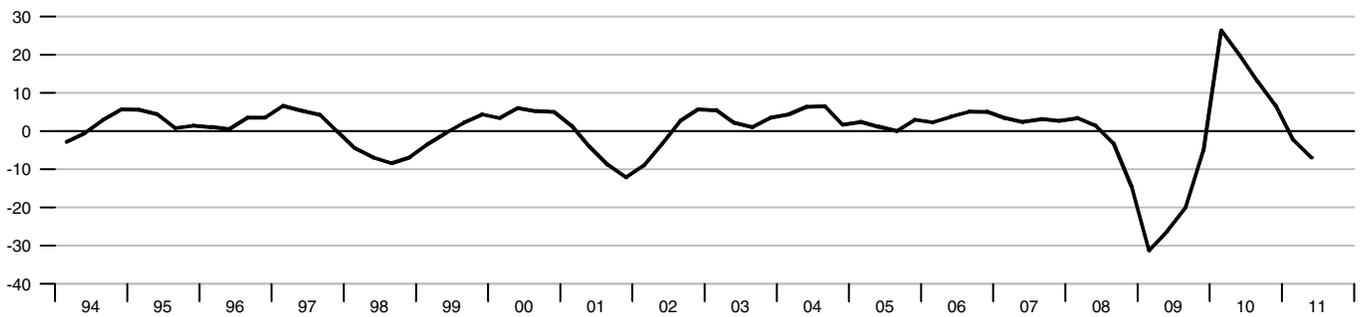
GDP

Percent change from year ago



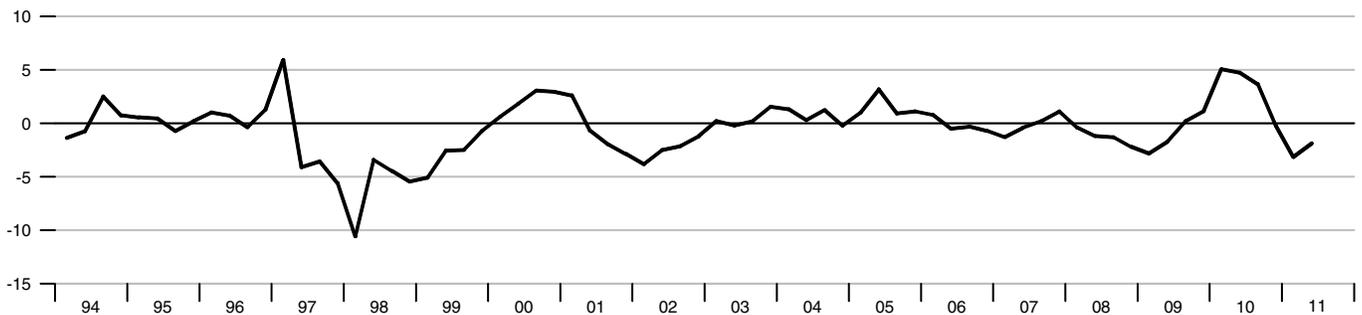
Industrial Production

Percent change from year ago



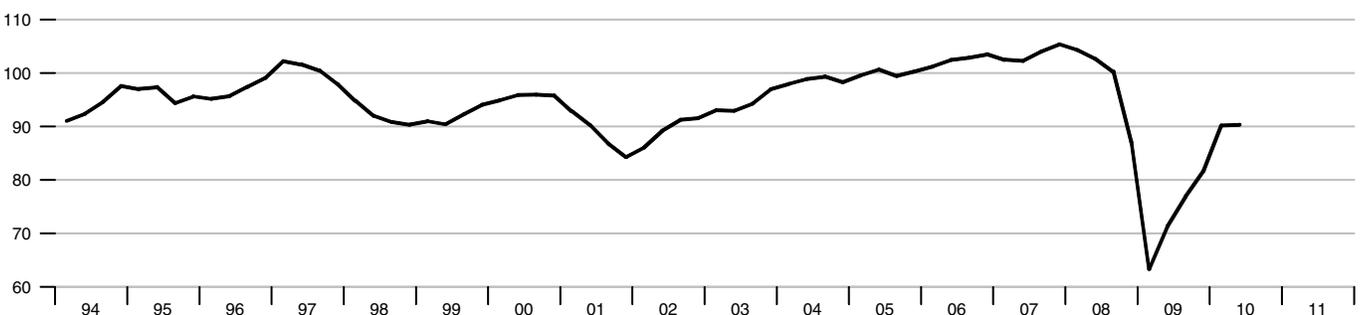
Retail Sales

Percent change from year ago



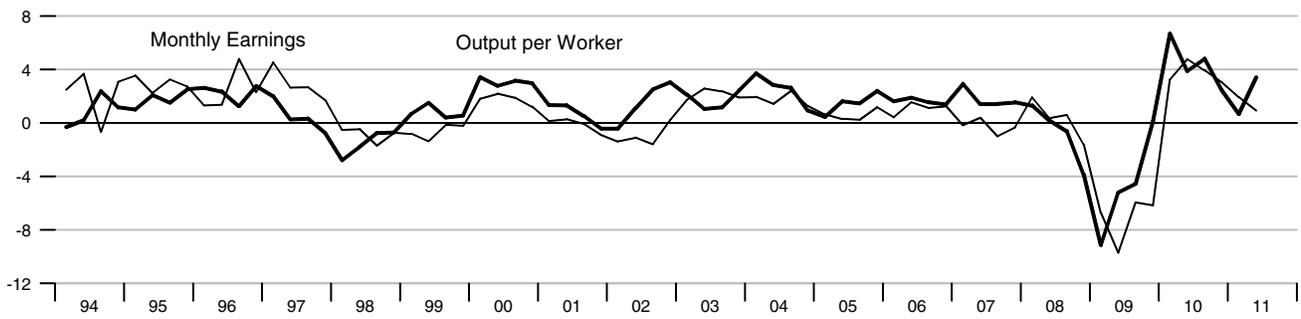
Capacity Utilization

2005 = 100



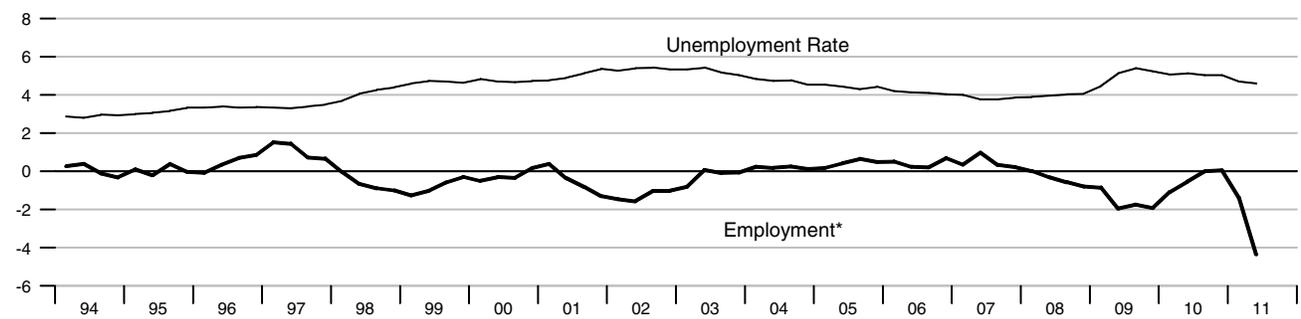
Monthly Earnings and Output per Worker

Percent change from year ago



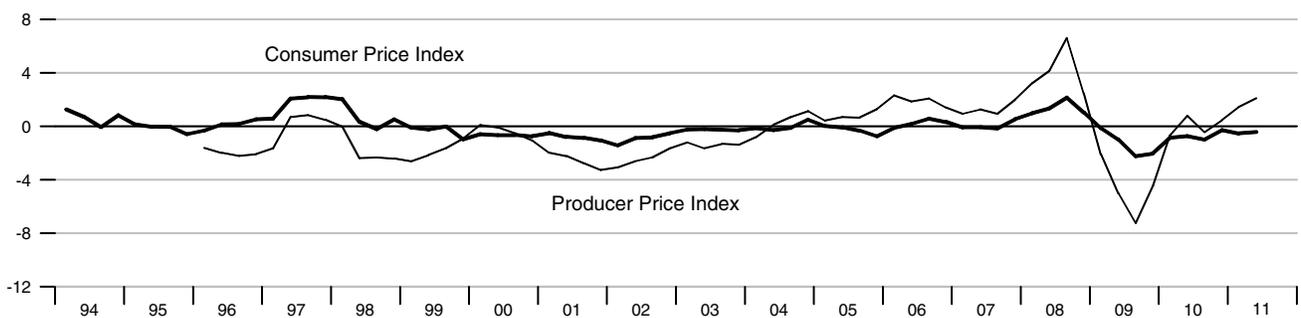
Labor Force Indicators

Percent change from year ago*, Percent



Inflation

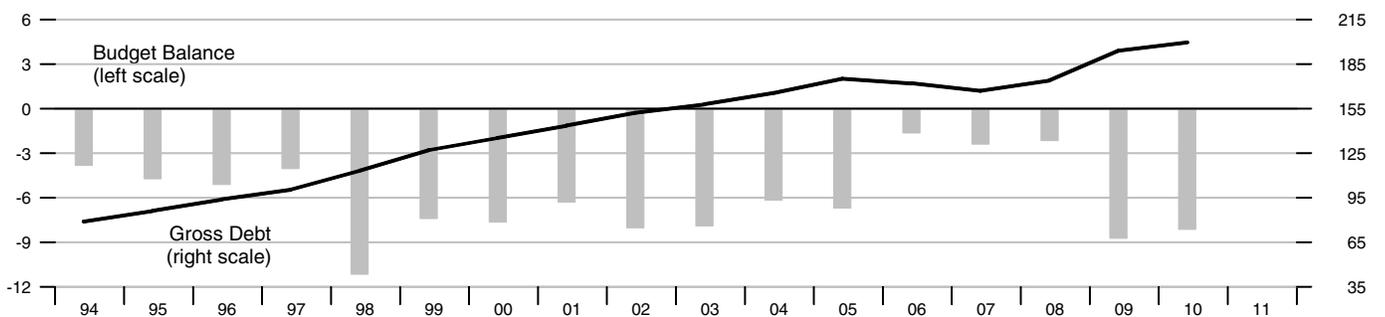
Percent change from year ago



Gross Government Debt and Budget Balance

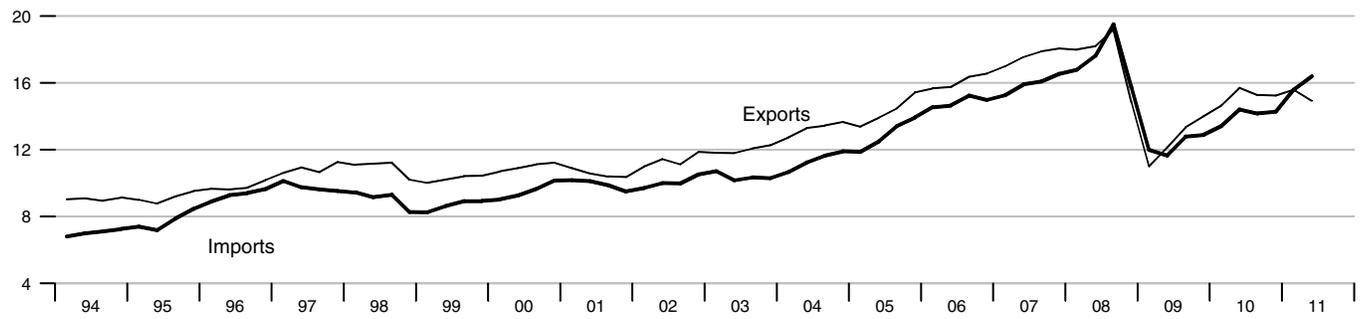
Percent of GDP, annual data

Percent of GDP, annual data



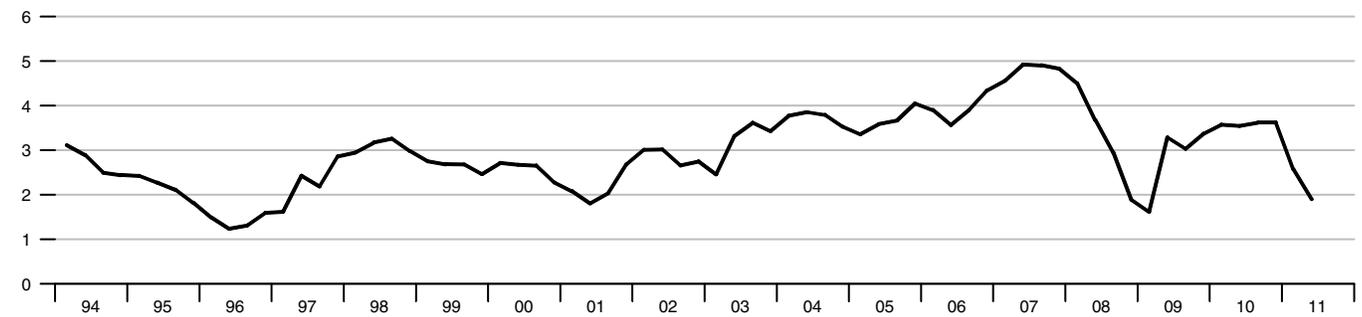
International Trade - Goods and Services

Percent of GDP



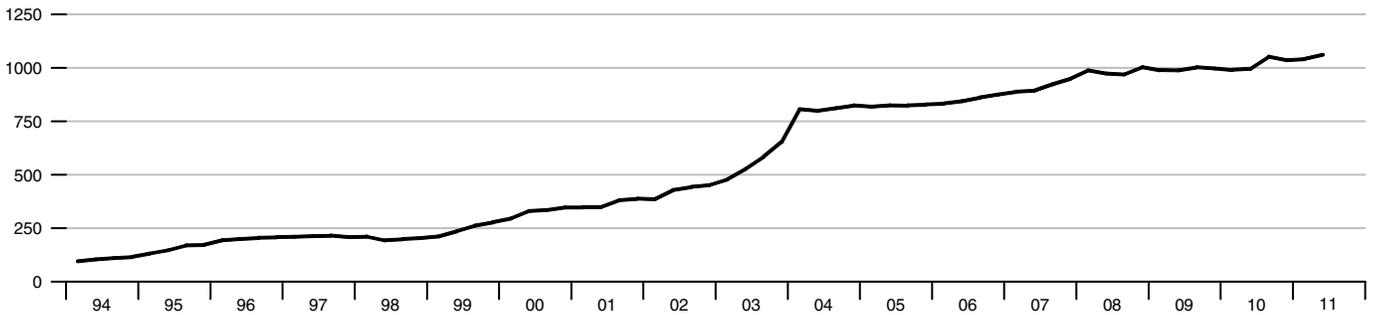
Current Account Balance

Percent of GDP



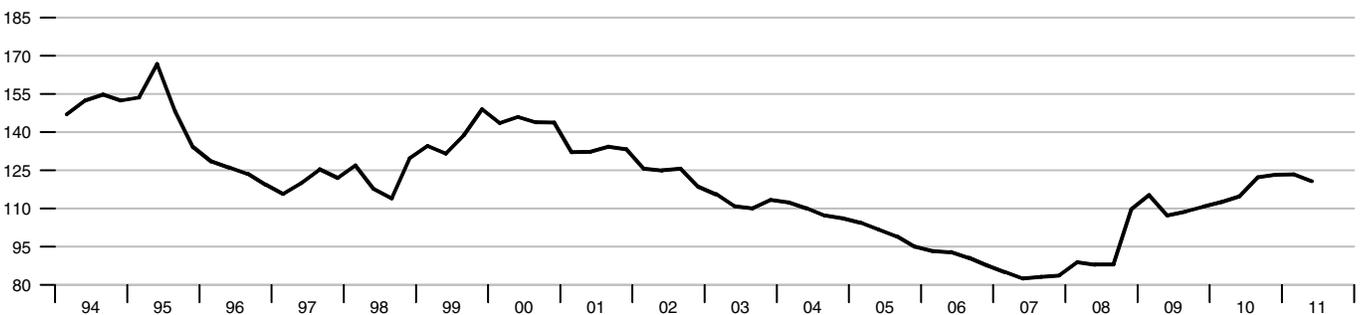
Foreign Exchange Reserves

Billions of US\$



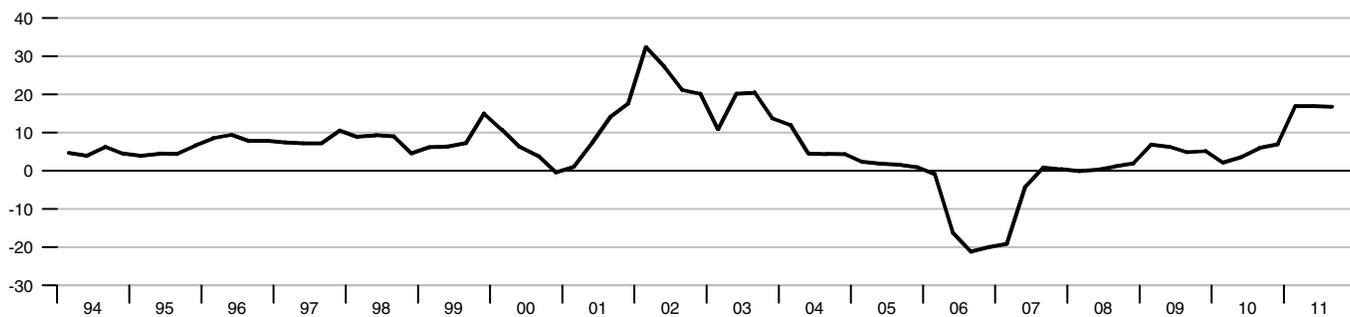
Real Effective Exchange Rate

Index 2005 = 100



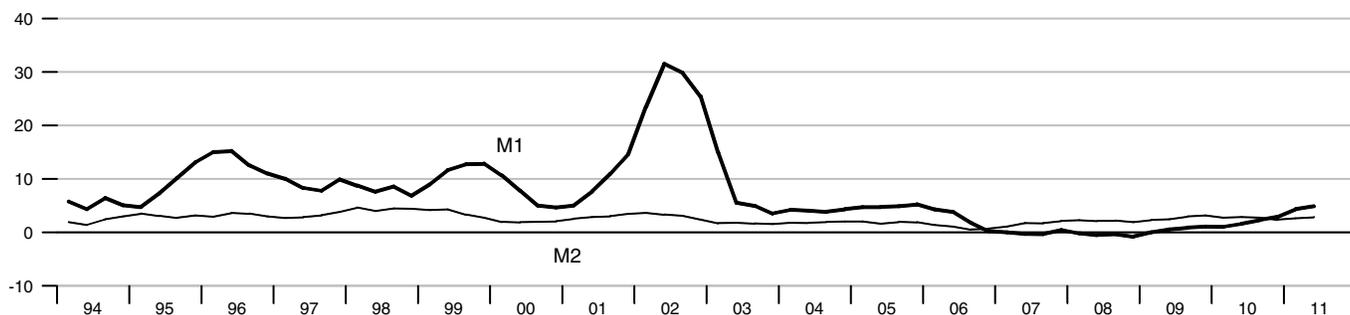
Adjusted Monetary Base

Percent change from year ago



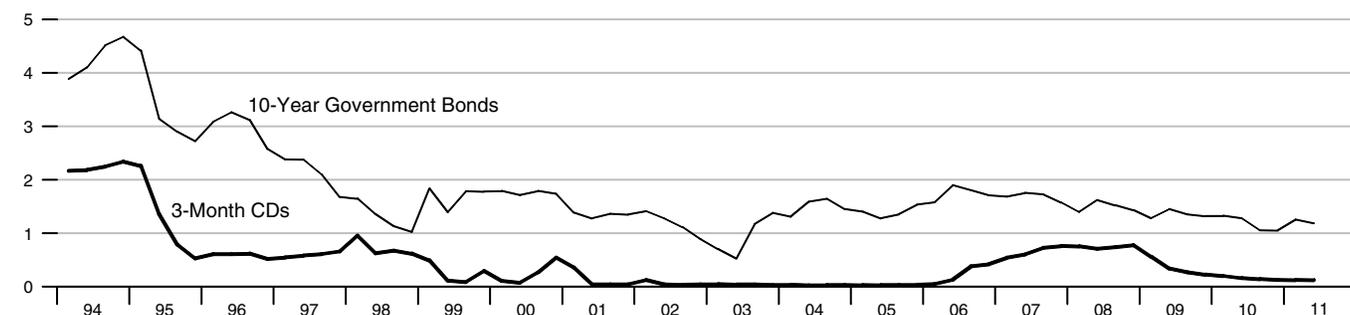
Monetary Aggregates

Percent change from year ago



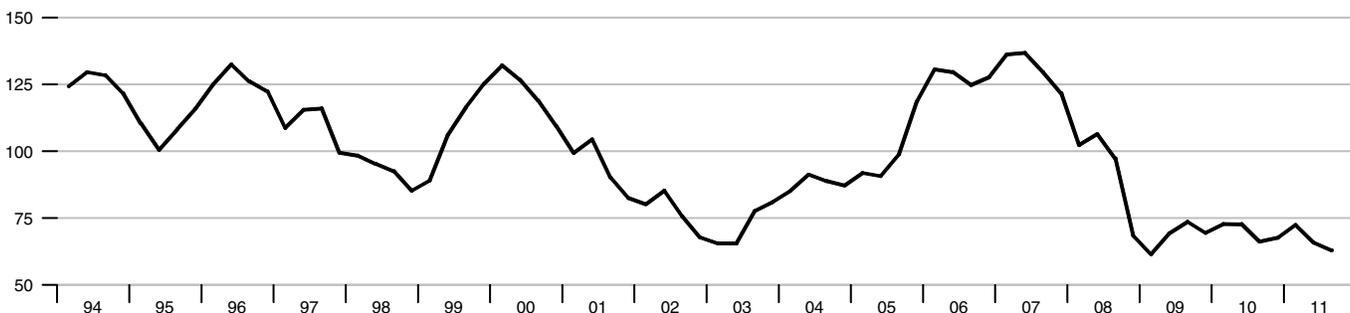
Interest Rates

Percent



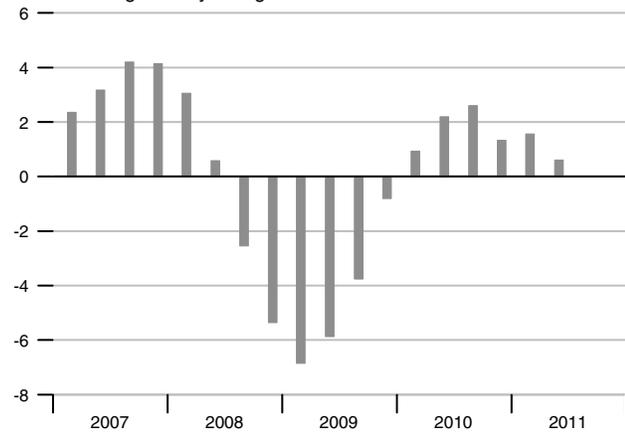
Stock Exchange Index - Tokyo Stock Exchange

2005 = 100



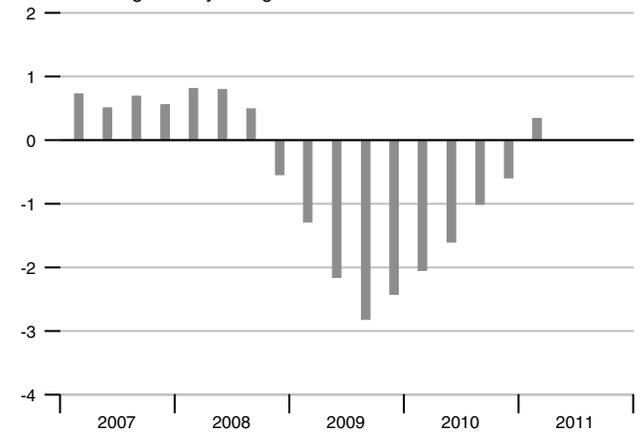
Real GDP

Percent change from year ago



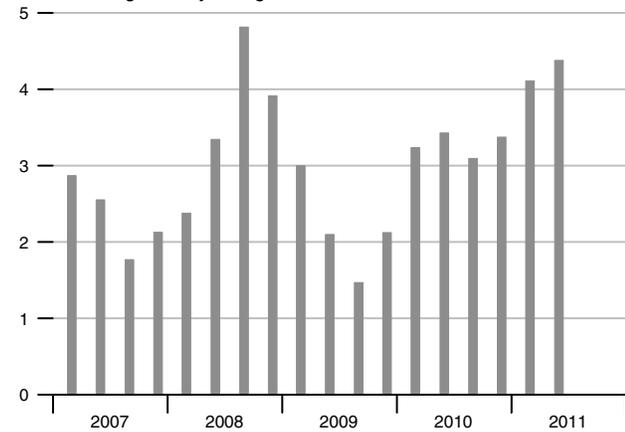
Employment

Percent change from year ago



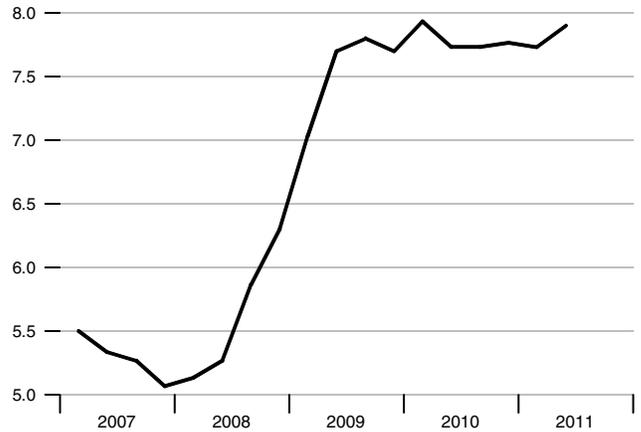
Consumer Price Index

Percent change from year ago



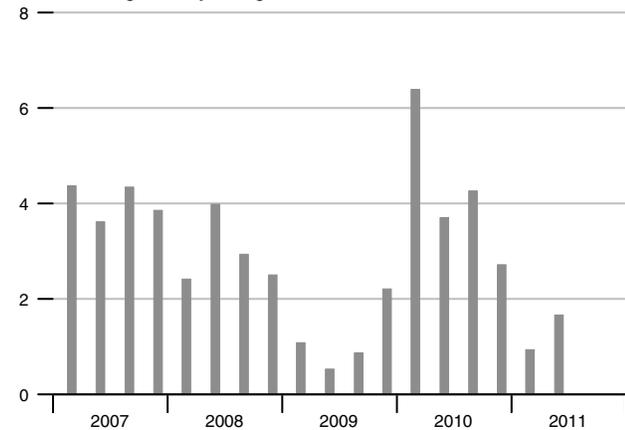
Unemployment Rate

Percent



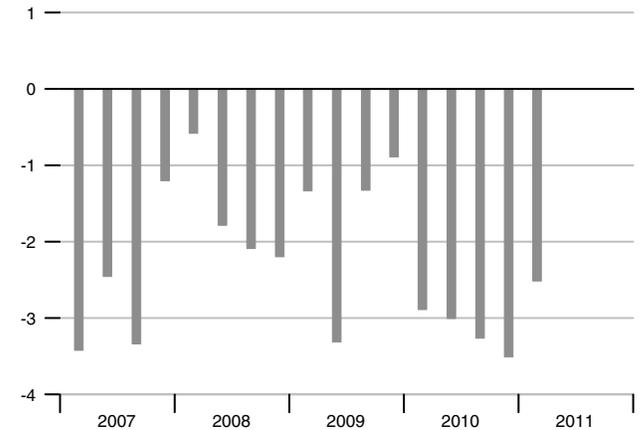
Weekly Earnings

Percent change from year ago

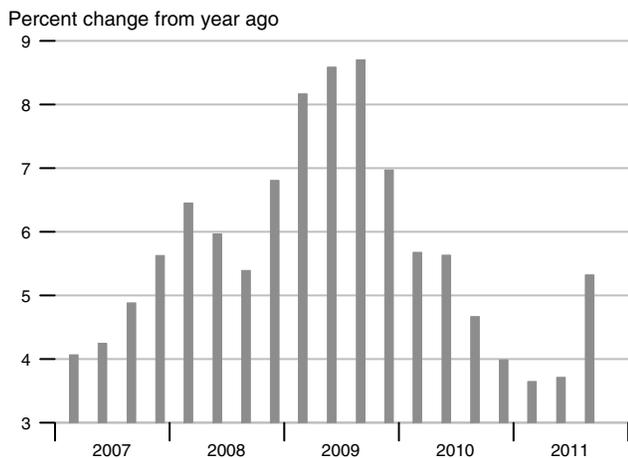


Current Account Balance

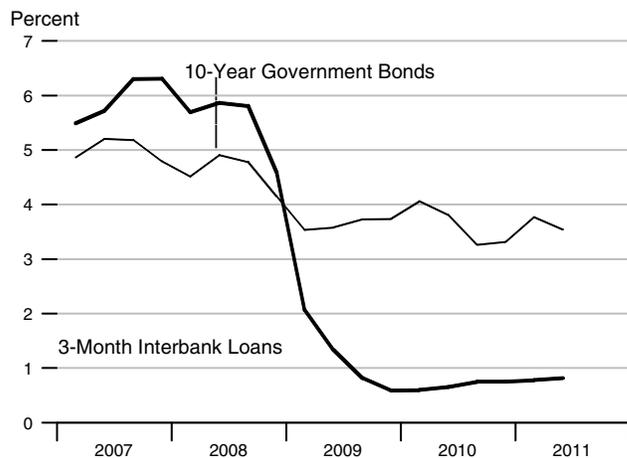
Percent of GDP



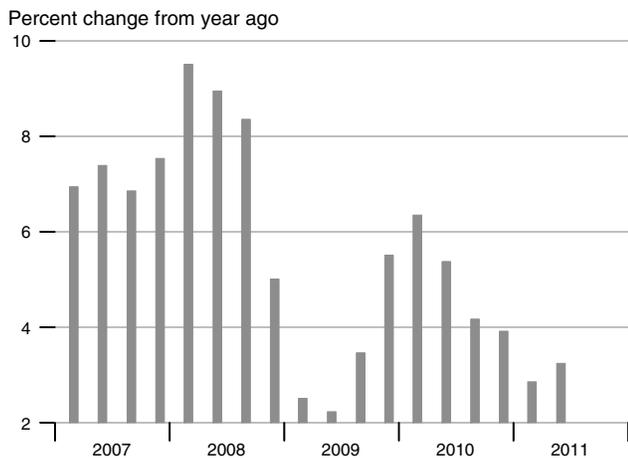
Notes and Coins in Circulation



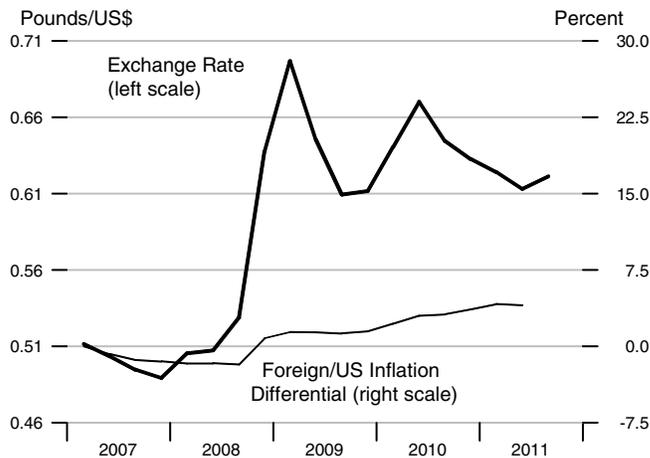
Interest Rates



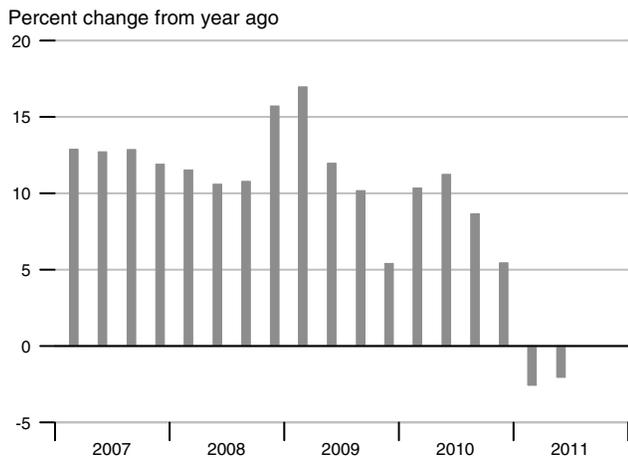
M2



Exchange Rate and Inflation Differential



M4

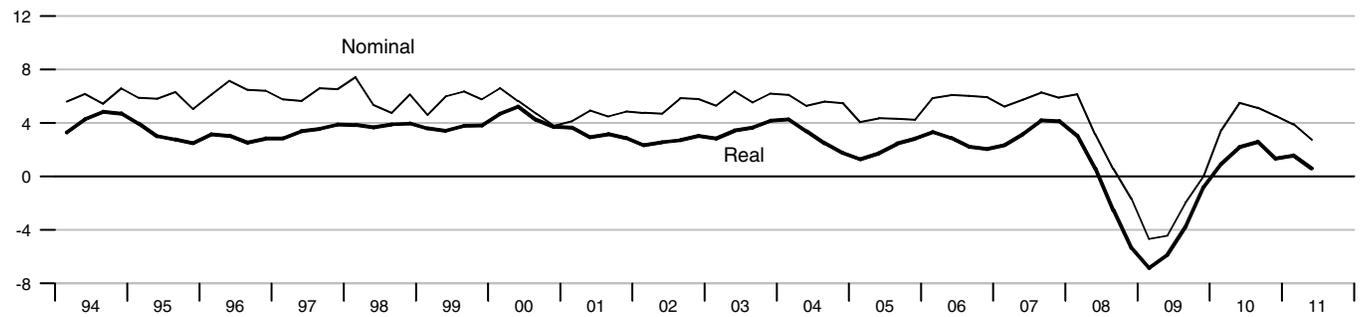


Real Effective Exchange Rate



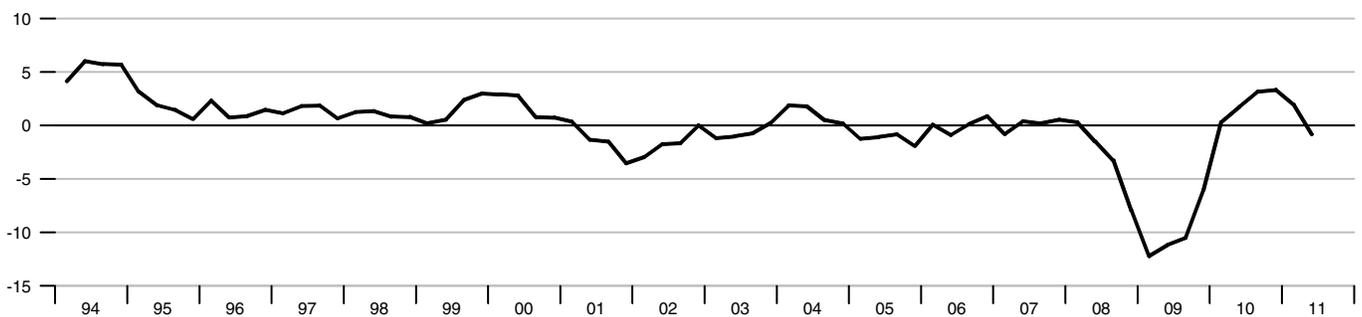
GDP

Percent change from year ago



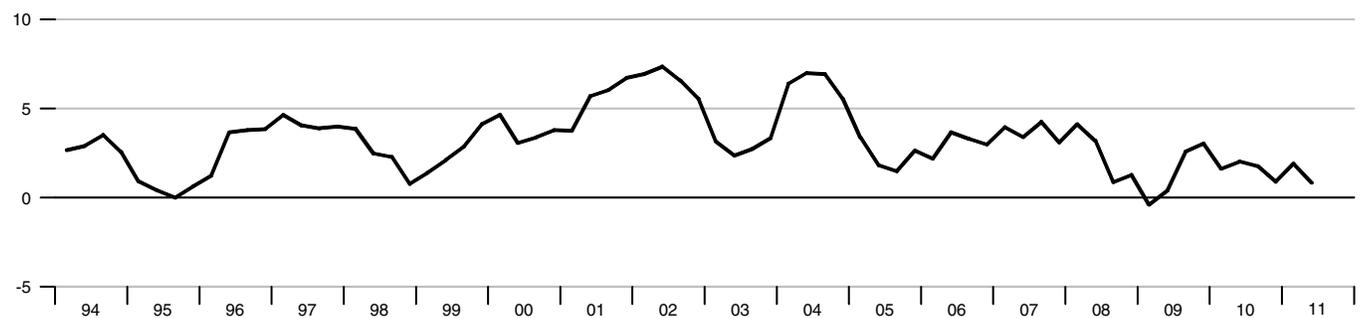
Industrial Production

Percent change from year ago



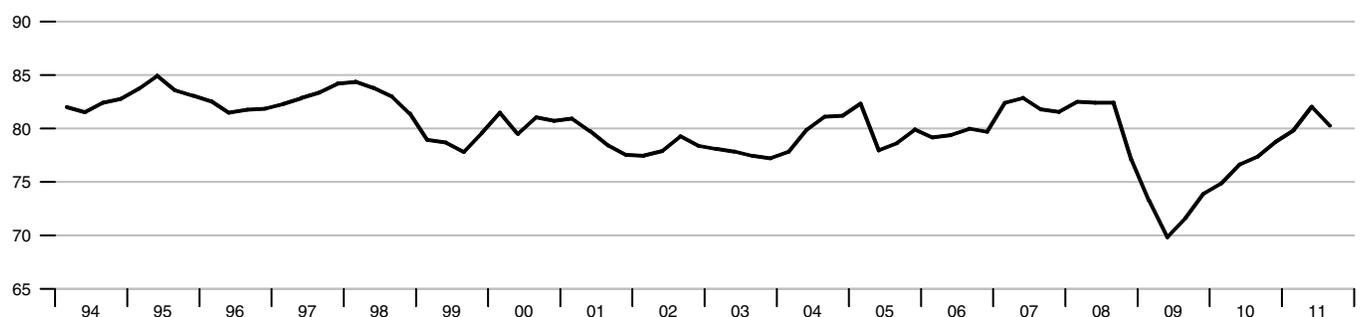
Retail Sales

Percent change from year ago



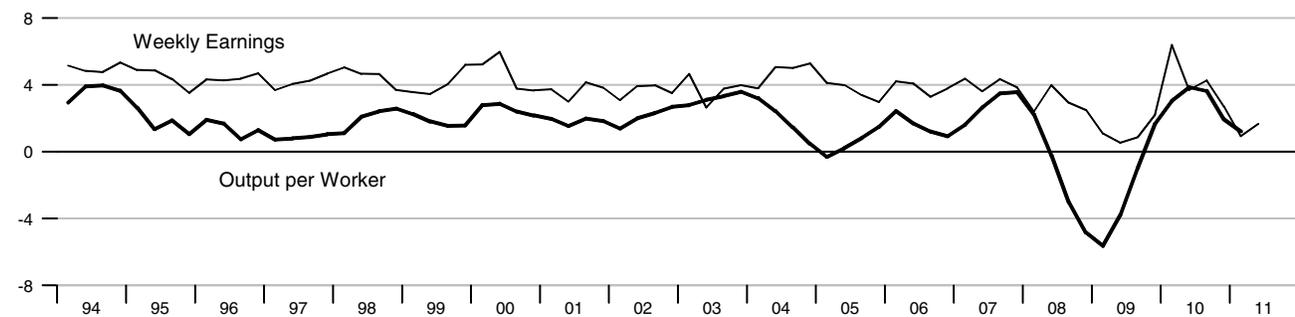
Capacity Utilization

Percent



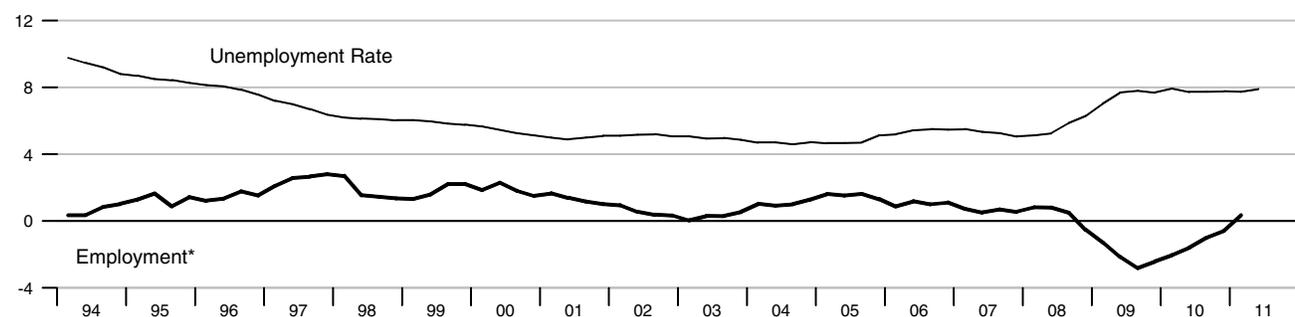
Weekly Earnings and Output per Worker

Percent change from year ago



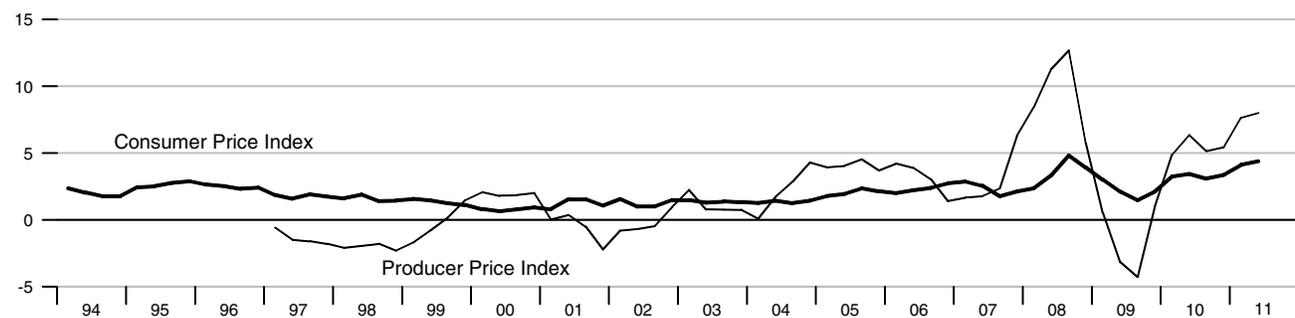
Labor Force Indicators

Percent change from year ago*, Percent



Inflation

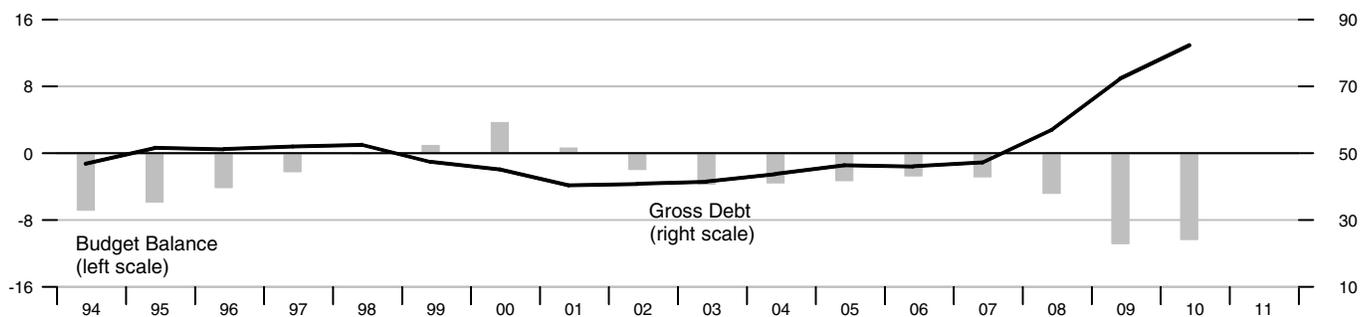
Percent change from year ago



Gross Government Debt and Budget Balance

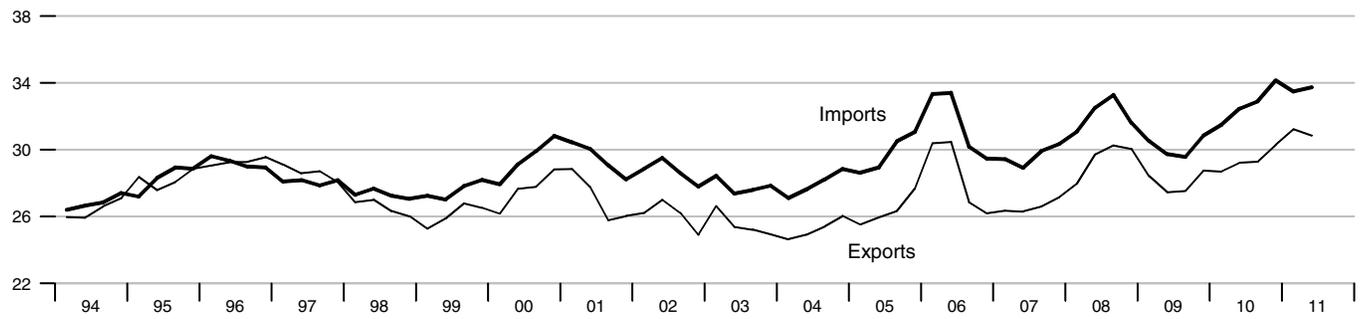
Percent of GDP, annual data

Percent of GDP, annual data



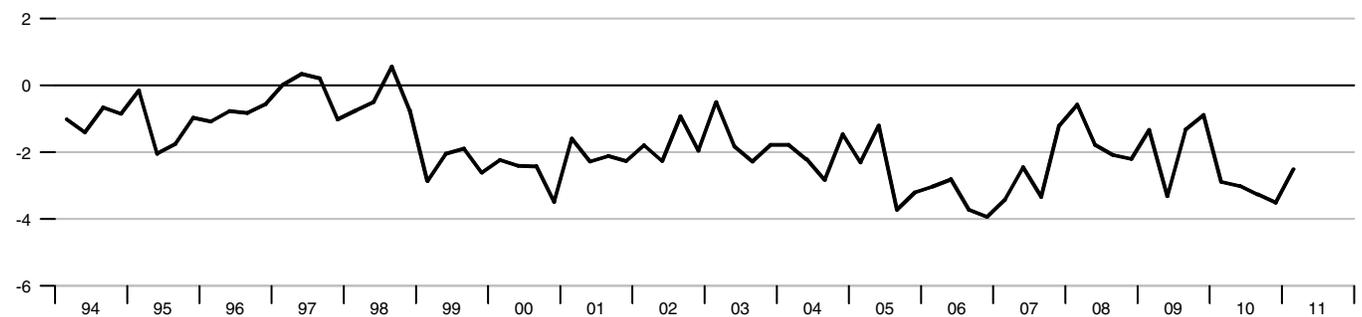
International Trade - Goods and Services

Percent of GDP



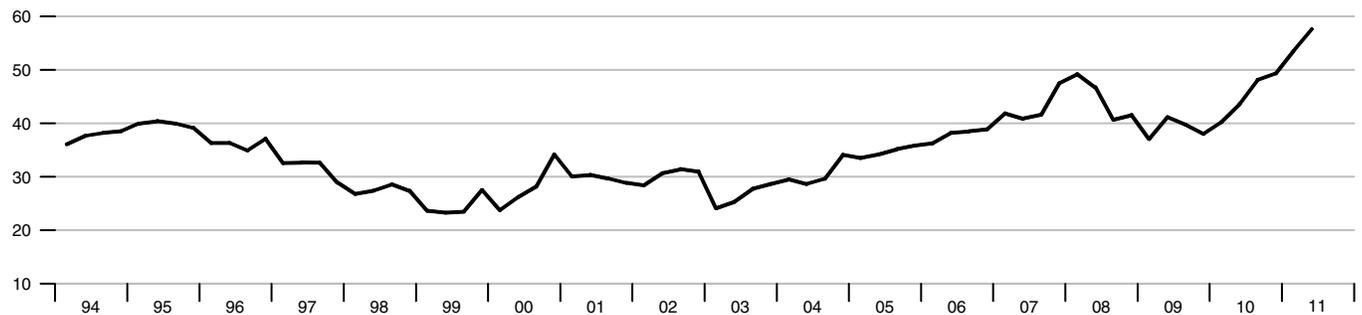
Current Account Balance

Percent of GDP



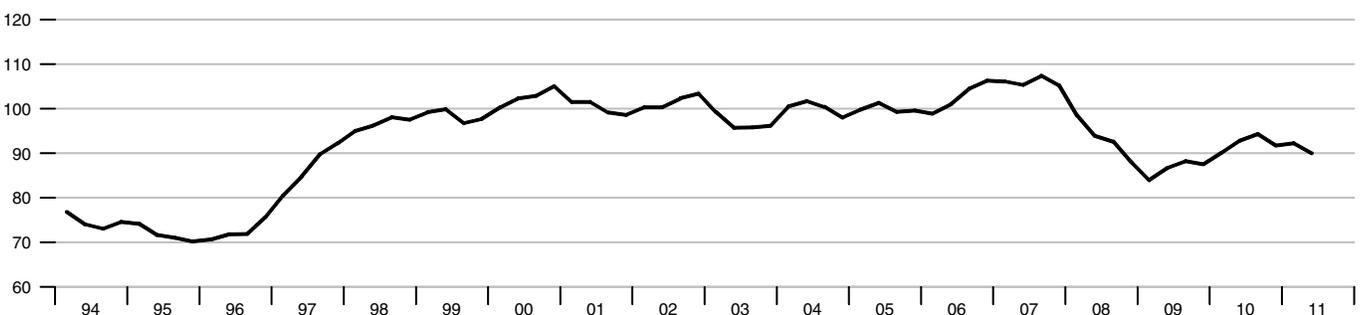
Foreign Exchange Reserves

Billions of US\$



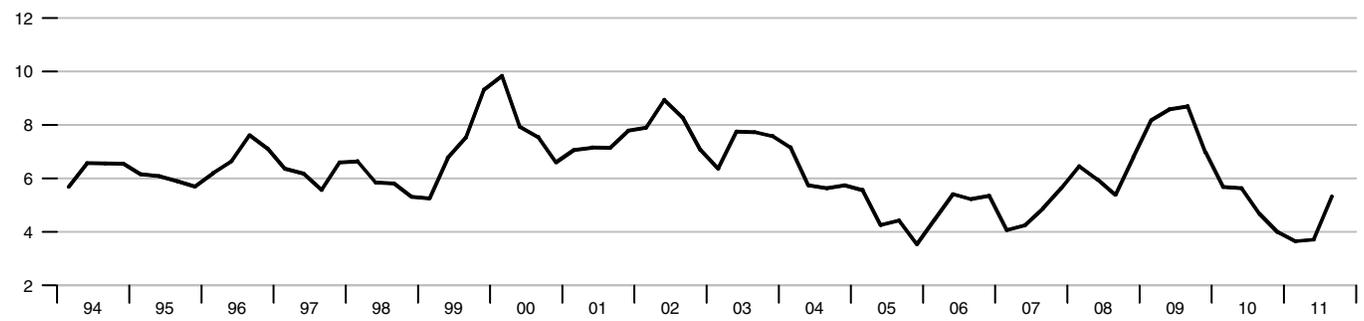
Real Effective Exchange Rate

Index 2005 = 100



Notes and Coins in Circulation

Percent change from year ago



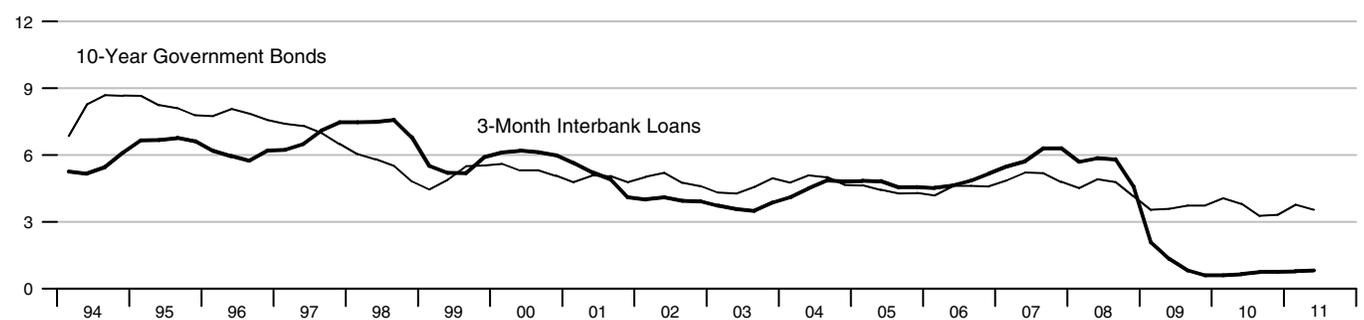
Monetary Aggregates

Percent change from year ago



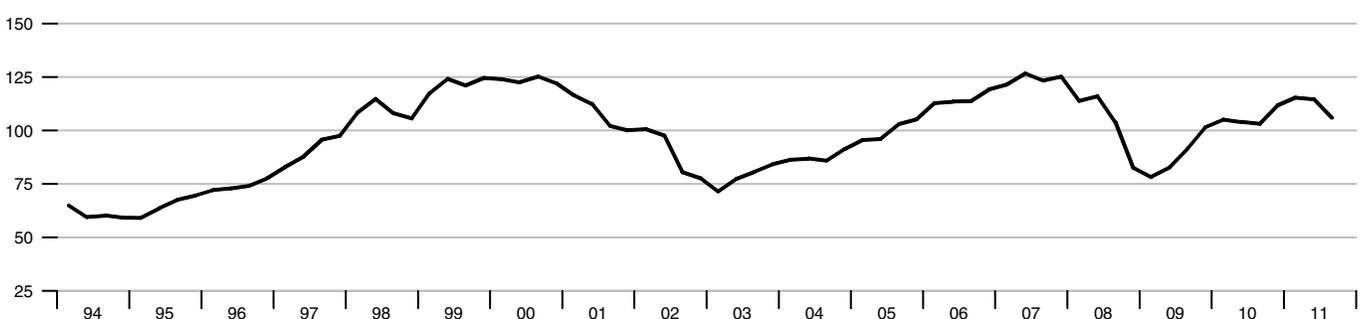
Interest Rates

Percent



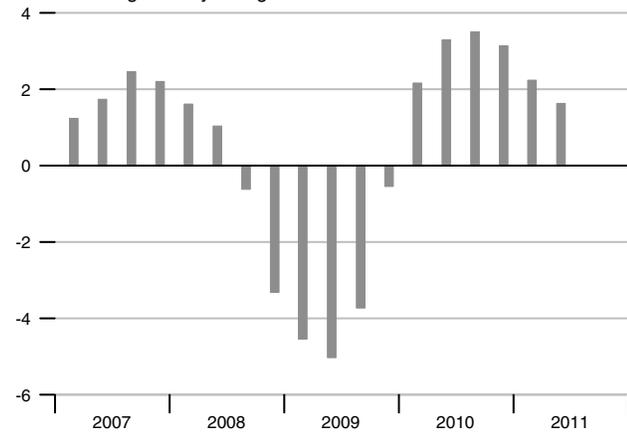
Stock Exchange Index - Financial Times Stock Exchange

2005 = 100



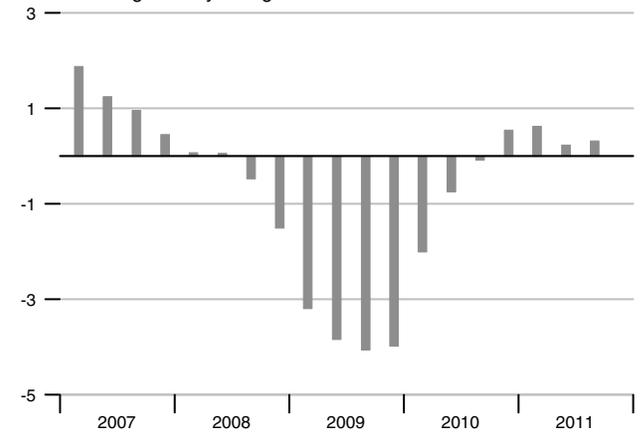
Real GDP

Percent change from year ago



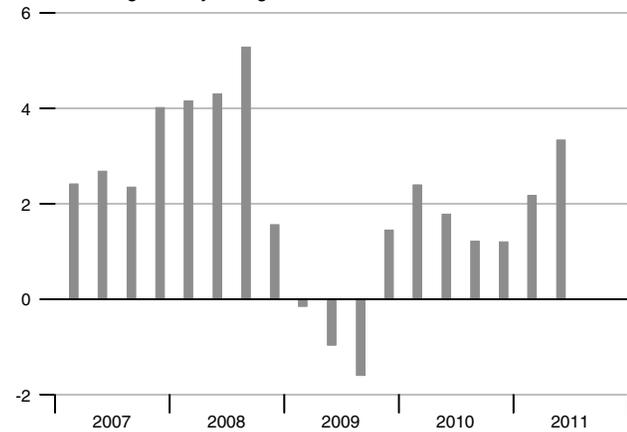
Employment

Percent change from year ago



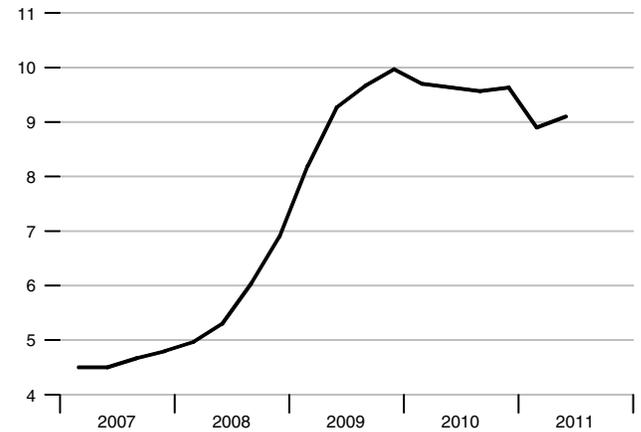
Consumer Price Index

Percent change from year ago



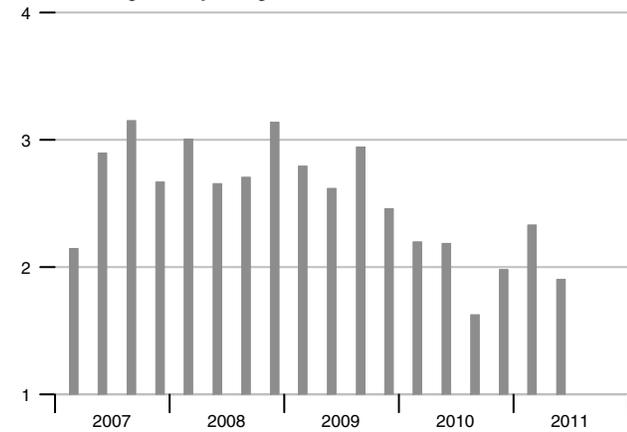
Unemployment Rate

Percent



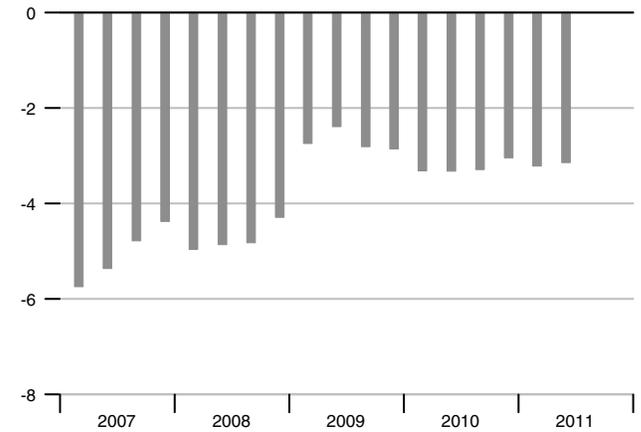
Hourly Earnings

Percent change from year ago

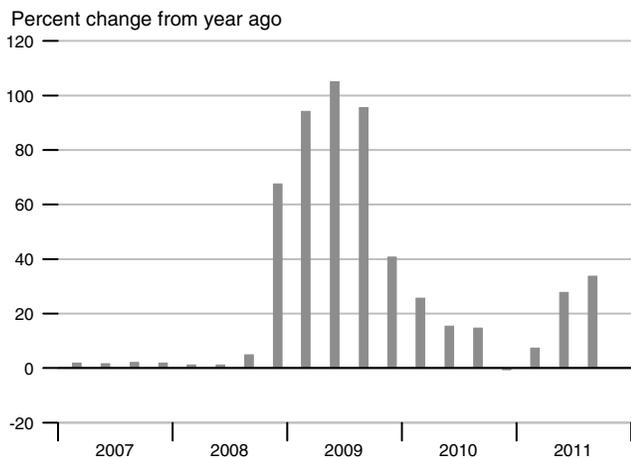


Current Account Balance

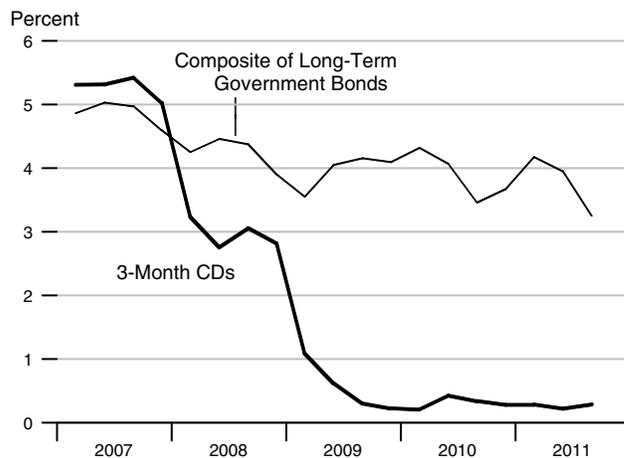
Percent of GDP



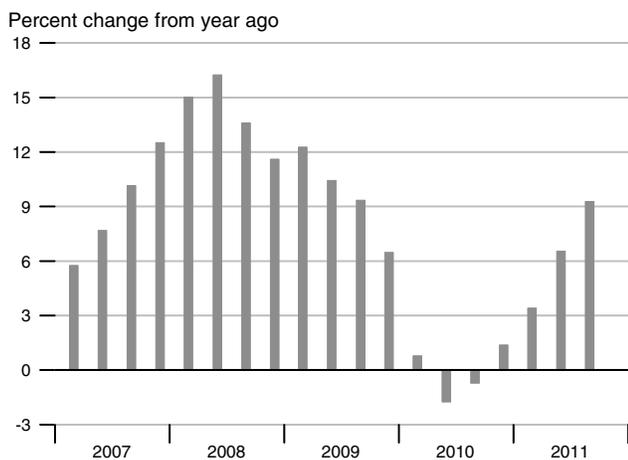
Adjusted Monetary Base



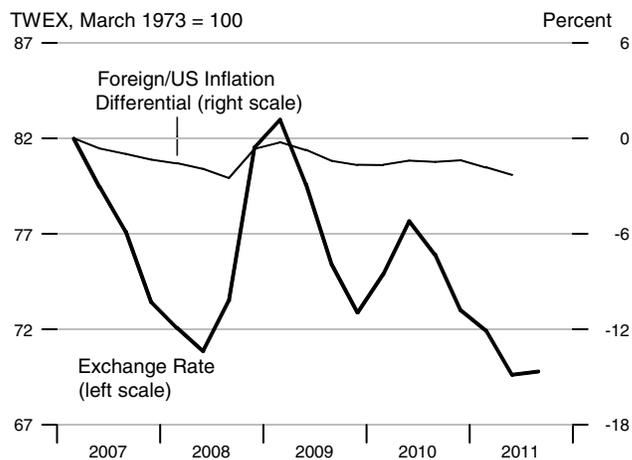
Interest Rates



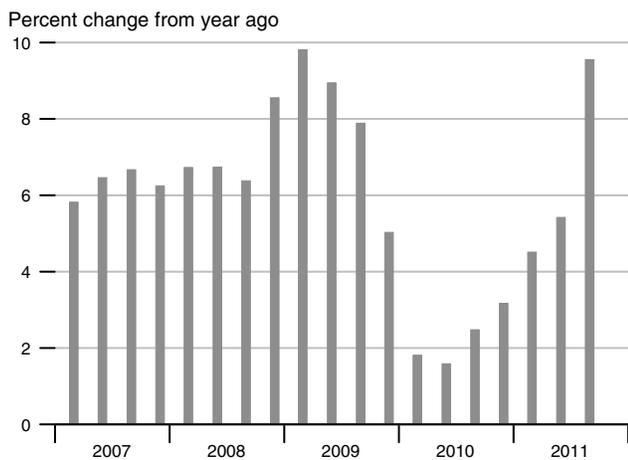
MZM



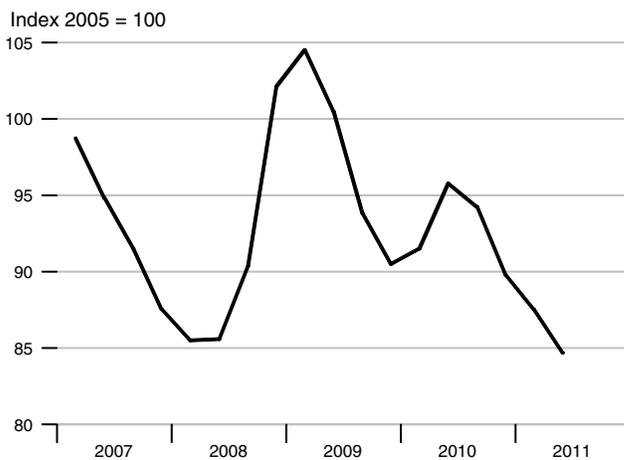
Exchange Rate and Inflation Differential



M2

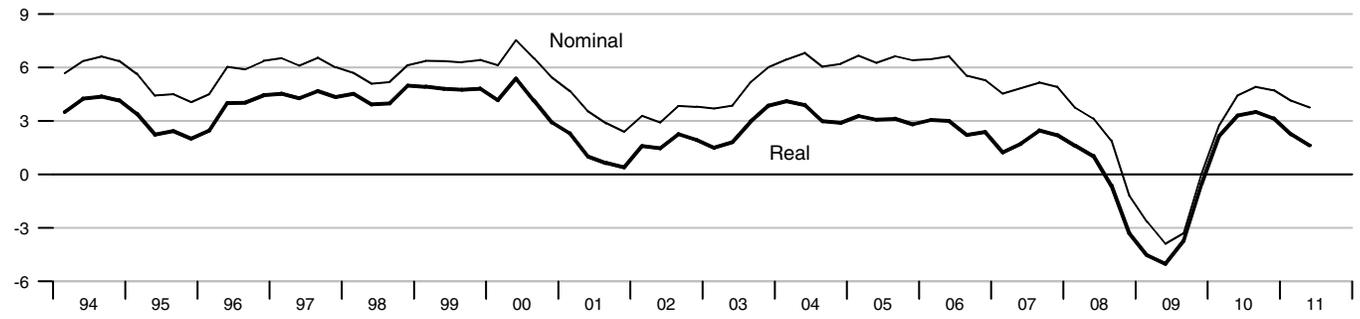


Real Effective Exchange Rate



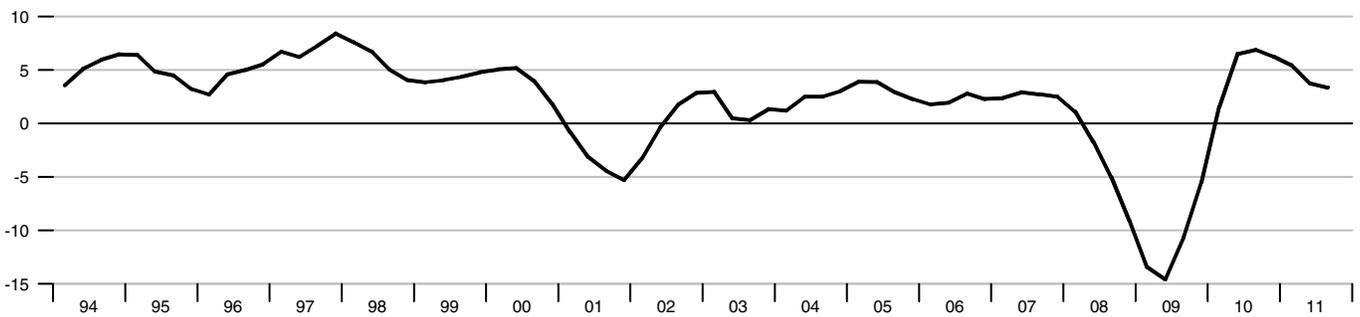
GDP

Percent change from year ago



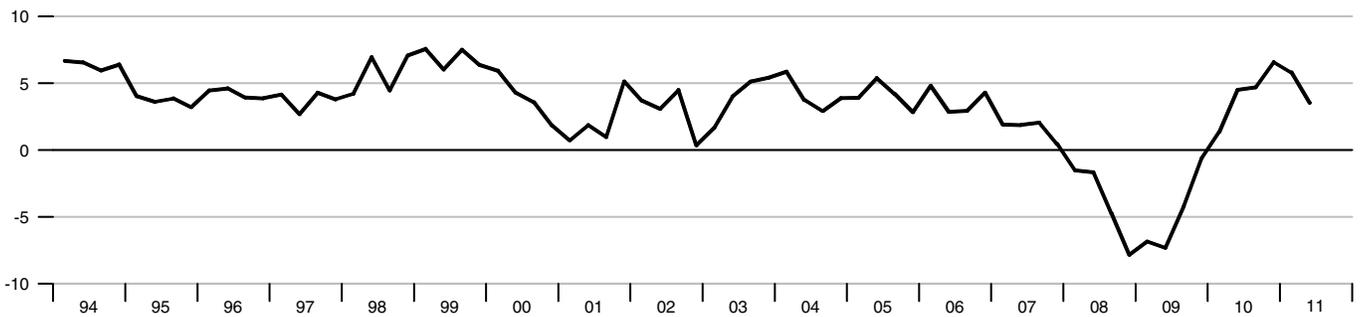
Industrial Production

Percent change from year ago



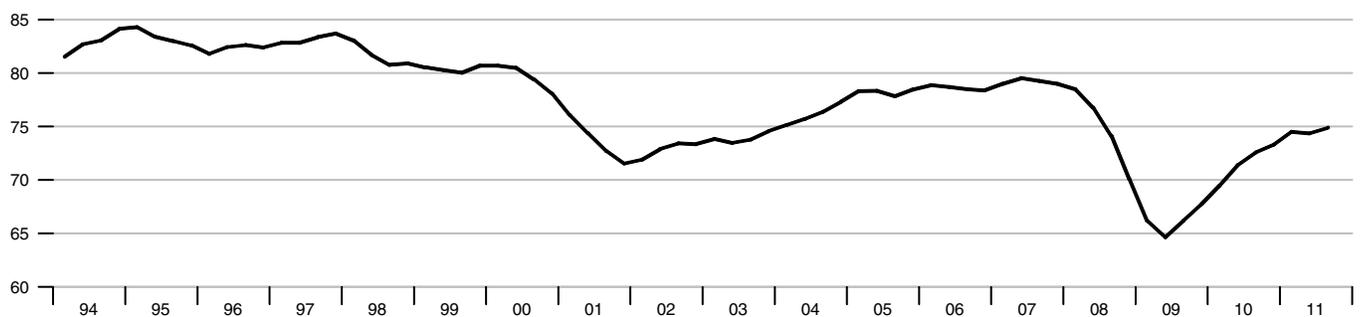
Retail Sales

Percent change from year ago



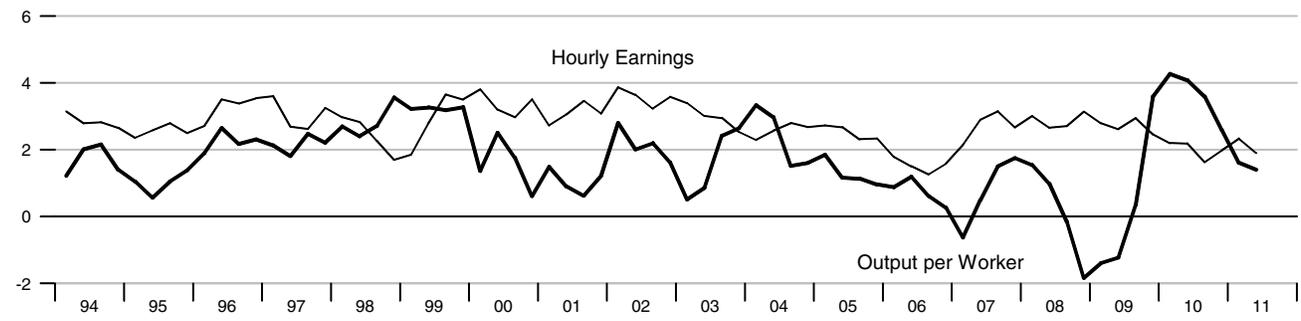
Capacity Utilization

Percent



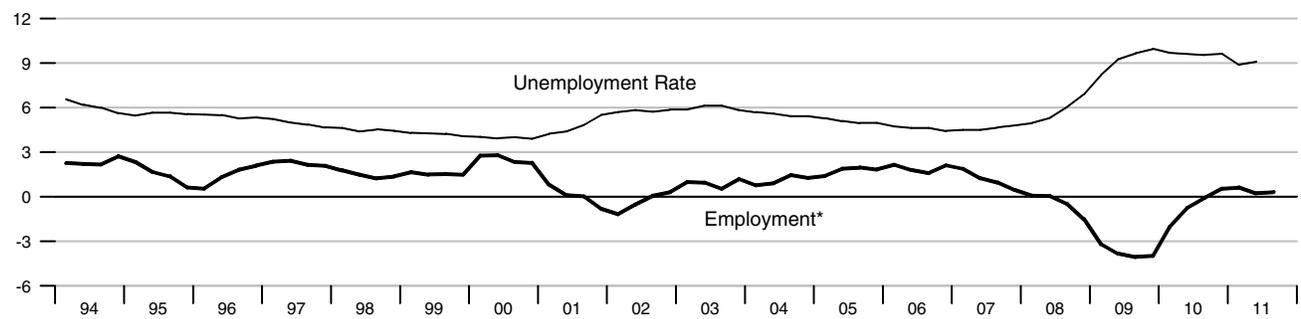
Hourly Earnings and Output per Worker

Percent change from year ago



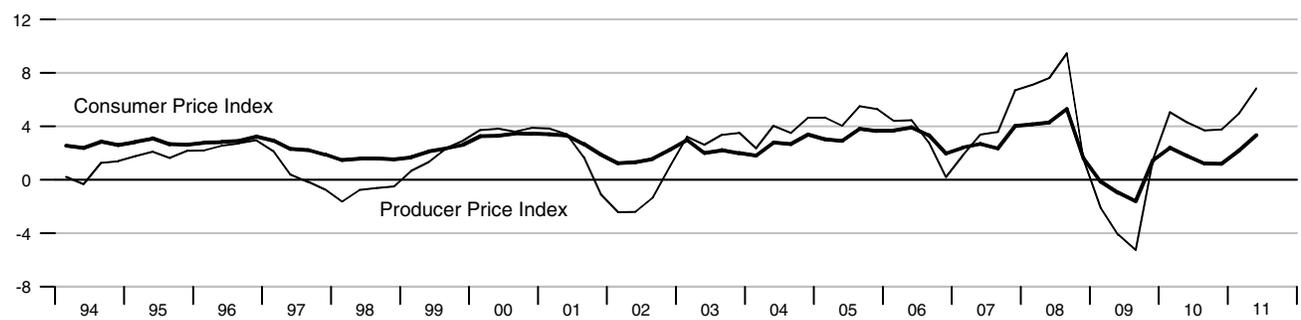
Labor Force Indicators

Percent change from year ago*, Percent



Inflation

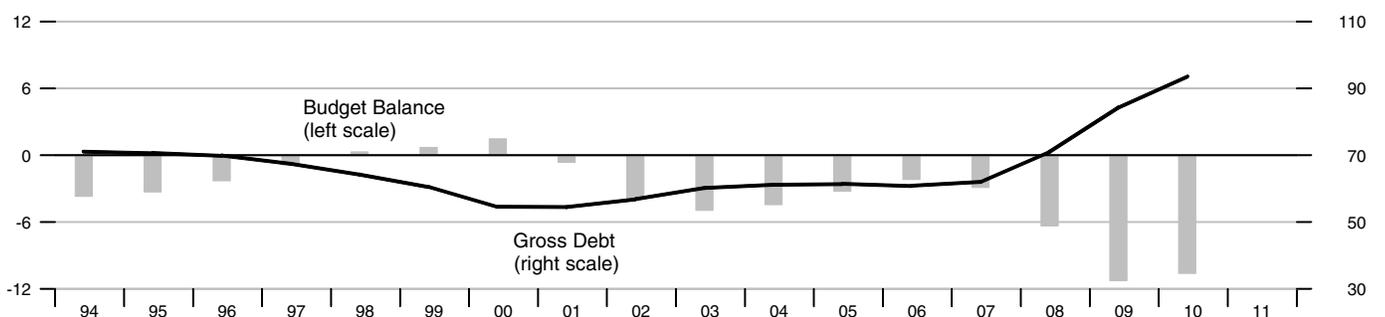
Percent change from year ago



Gross Government Debt and Budget Balance

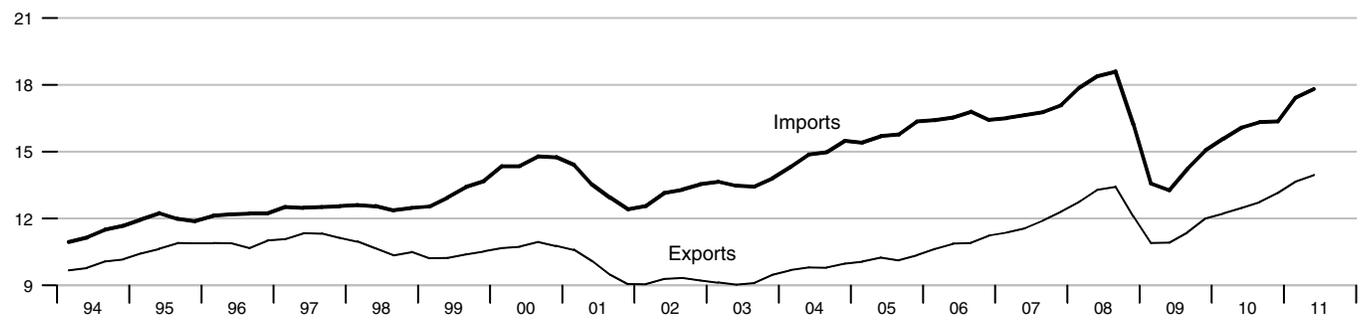
Percent of GDP, annual data

Percent of GDP, annual data



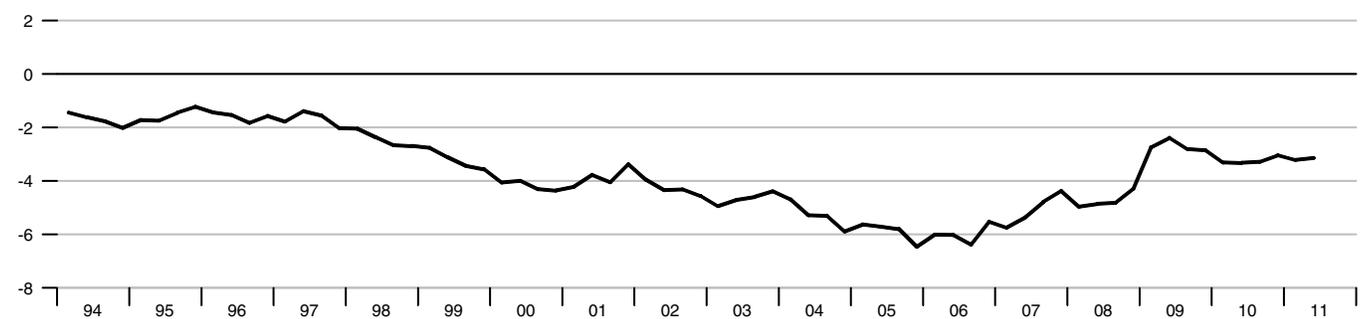
International Trade - Goods and Services

Percent of GDP



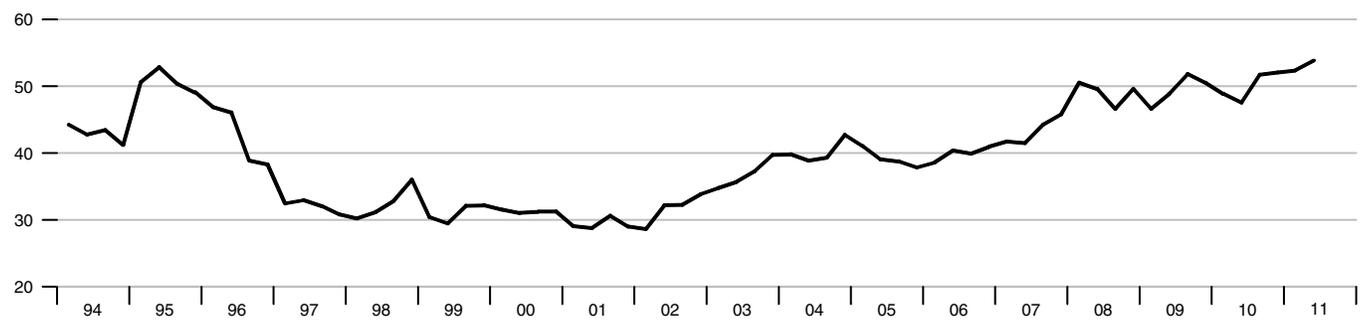
Current Account Balance

Percent of GDP



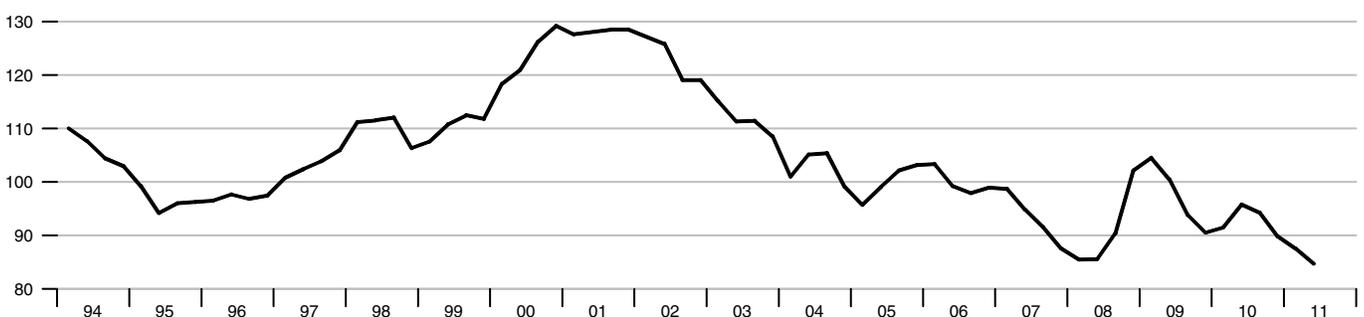
Foreign Exchange Reserves

Billions of US\$



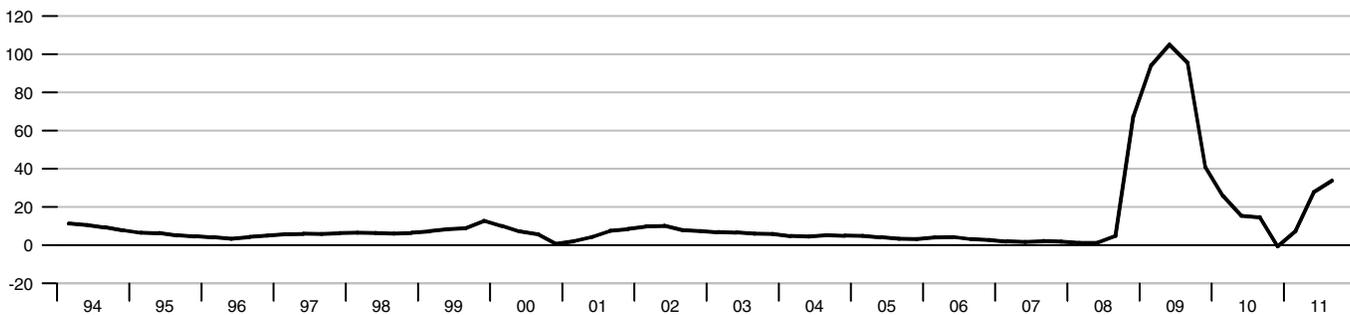
Real Effective Exchange Rate

Index 2005 = 100



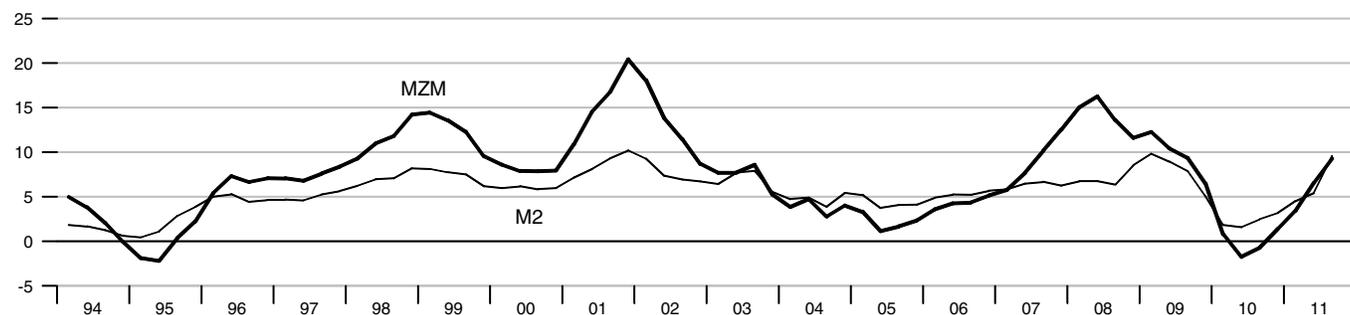
Adjusted Monetary Base

Percent change from year ago



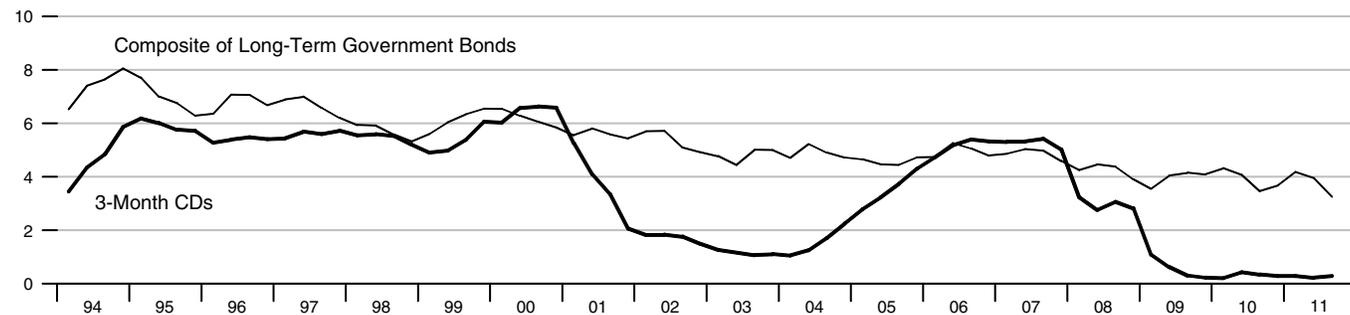
Monetary Aggregates

Percent change from year ago



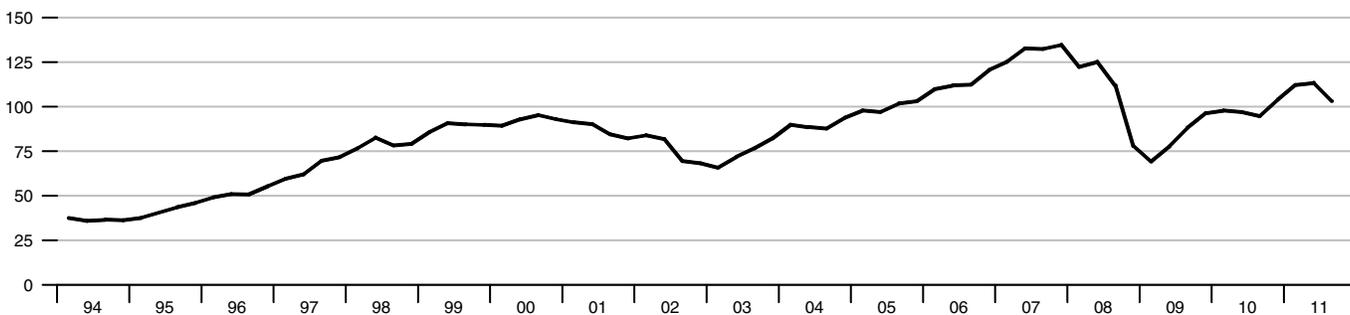
Interest Rates

Percent



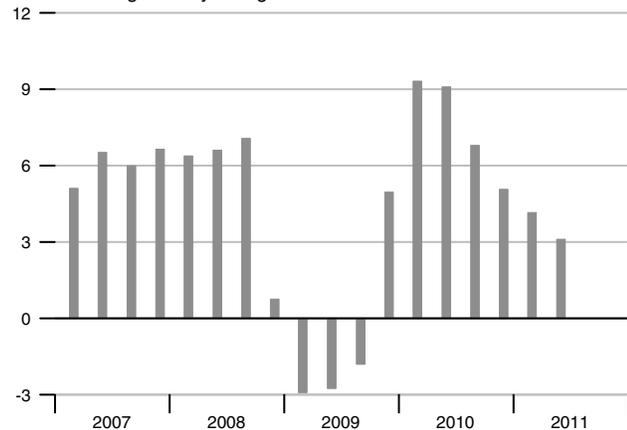
Stock Exchange Index - New York Stock Exchange

2005 = 100



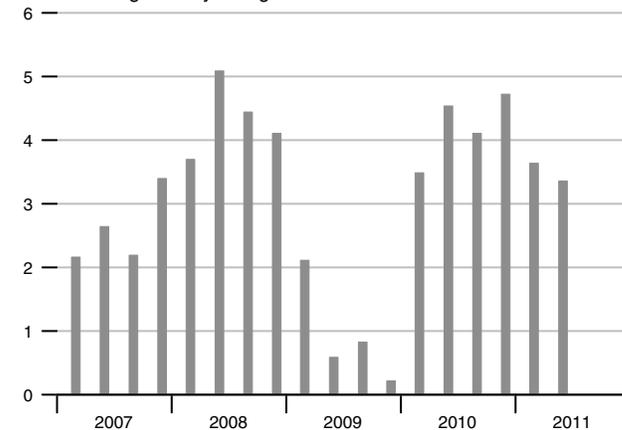
Real GDP

Percent change from year ago



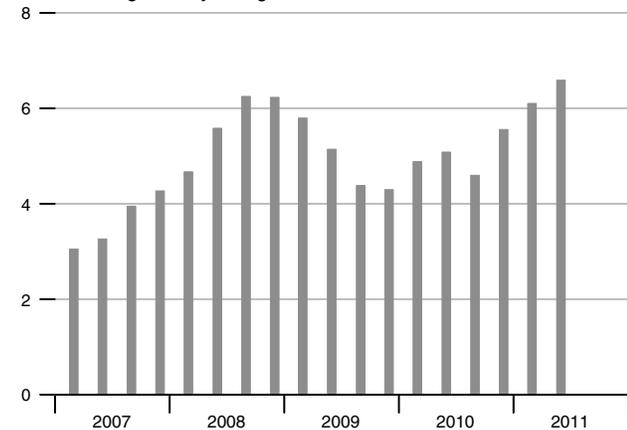
Employment

Percent change from year ago



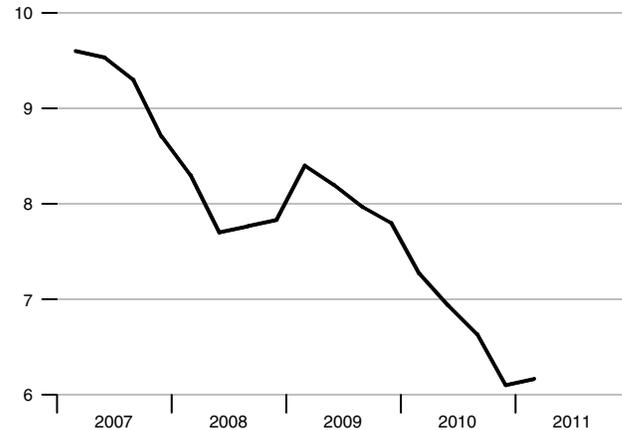
Consumer Price Index

Percent change from year ago



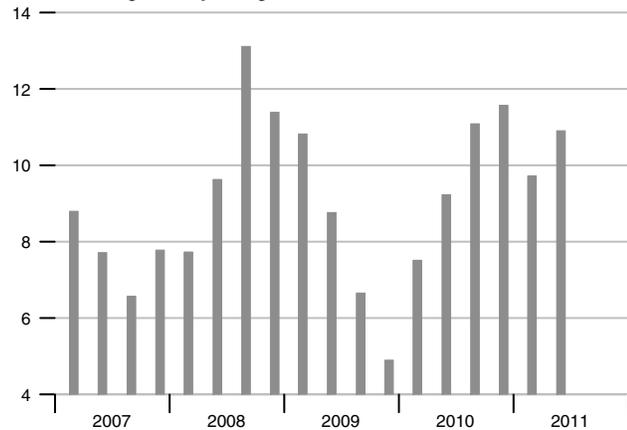
Unemployment Rate

Percent



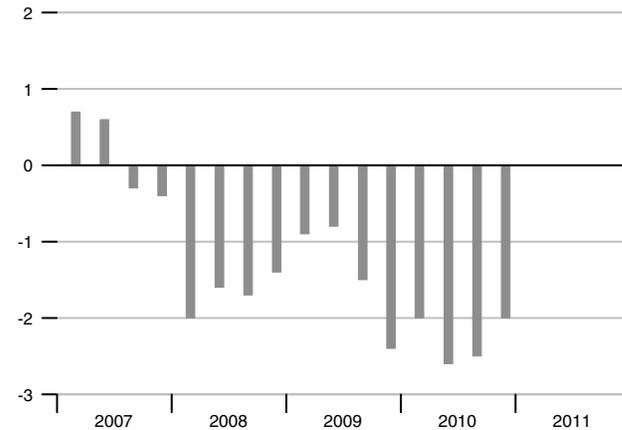
Monthly Earnings

Percent change from year ago

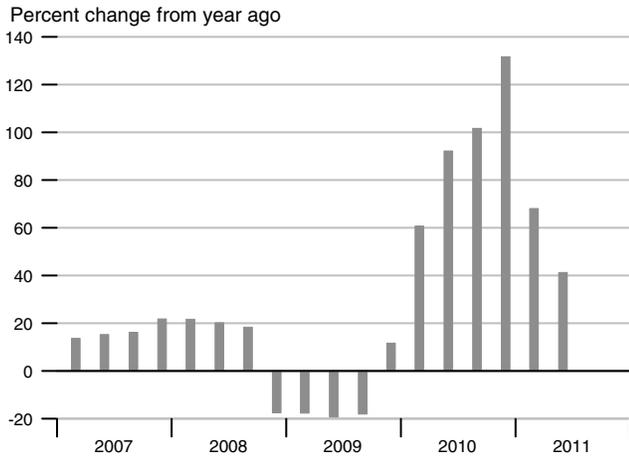


Current Account Balance

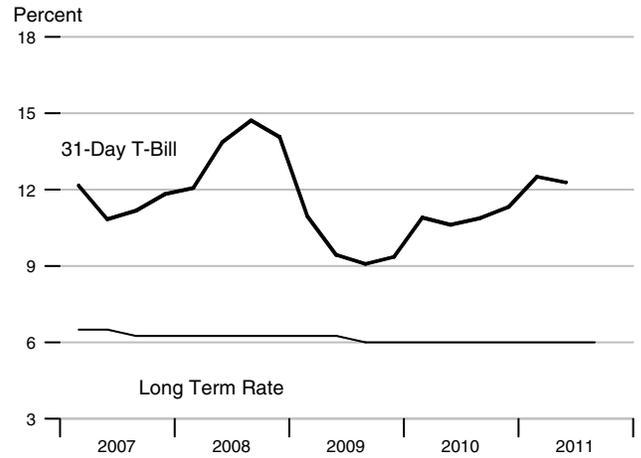
Percent of GDP



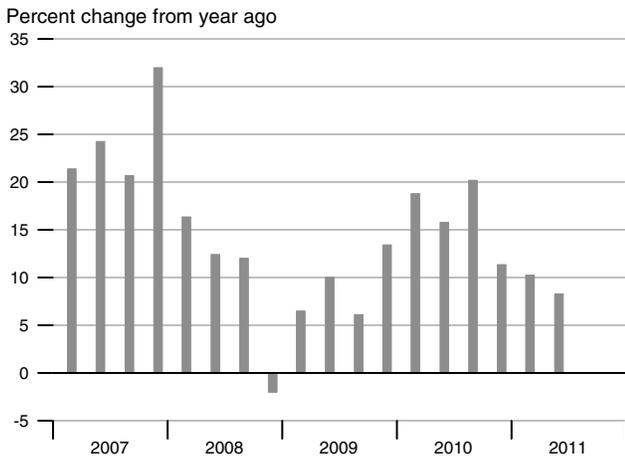
Reserve Money



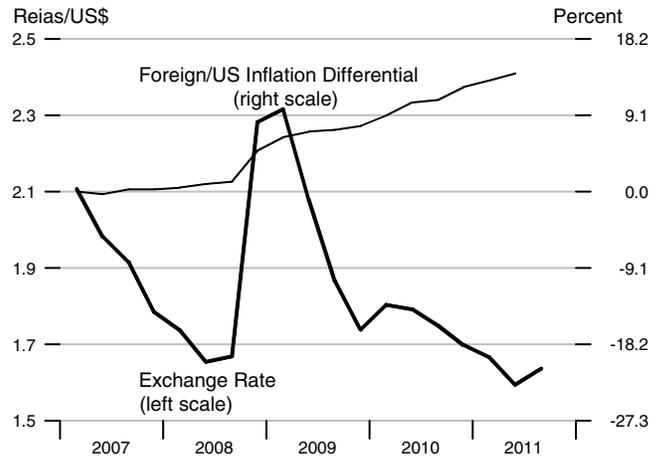
Interest Rates



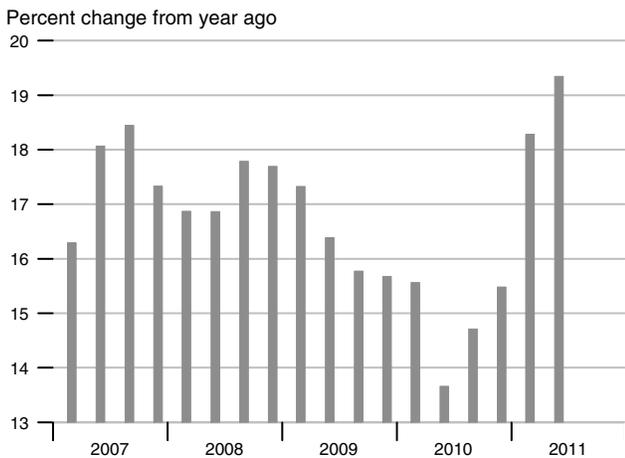
M1



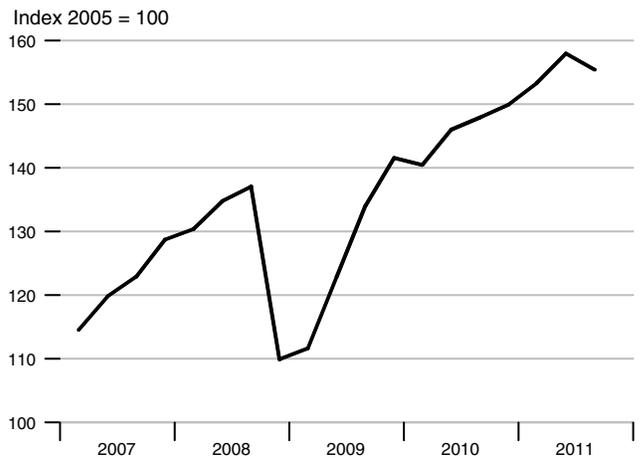
Exchange Rate and Inflation Differential



M3

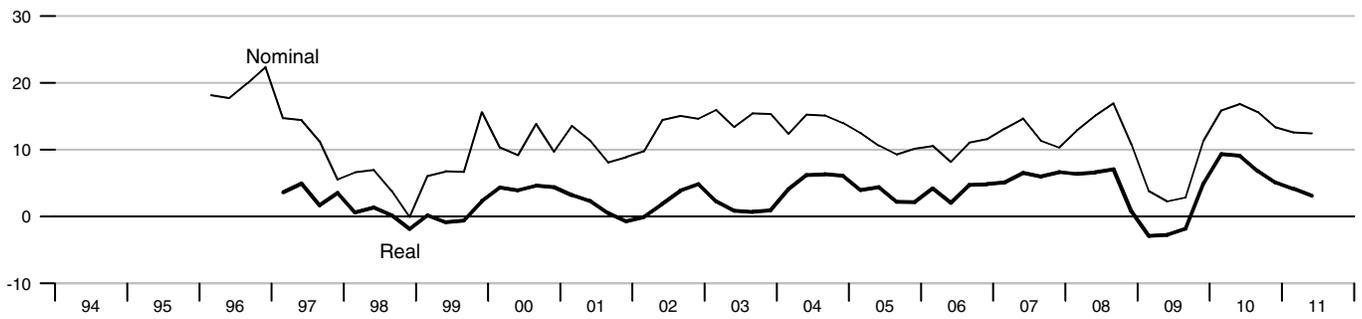


Real Effective Exchange Rate



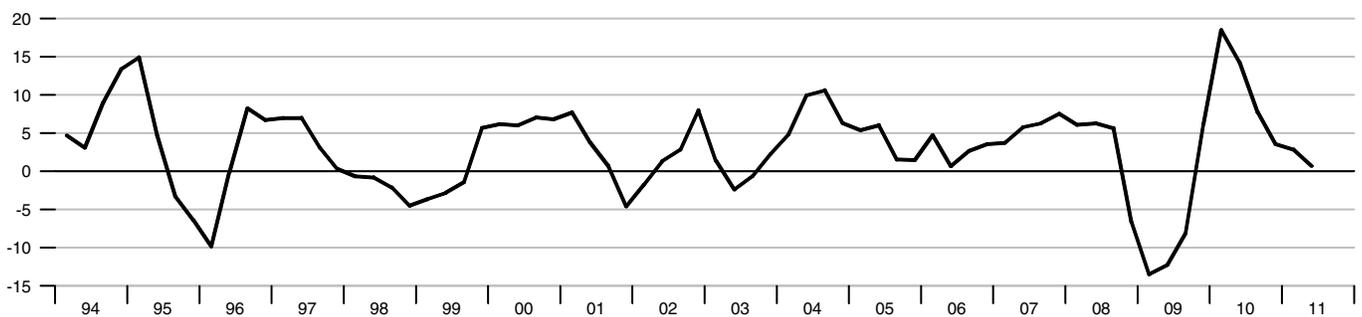
GDP

Percent change from year ago



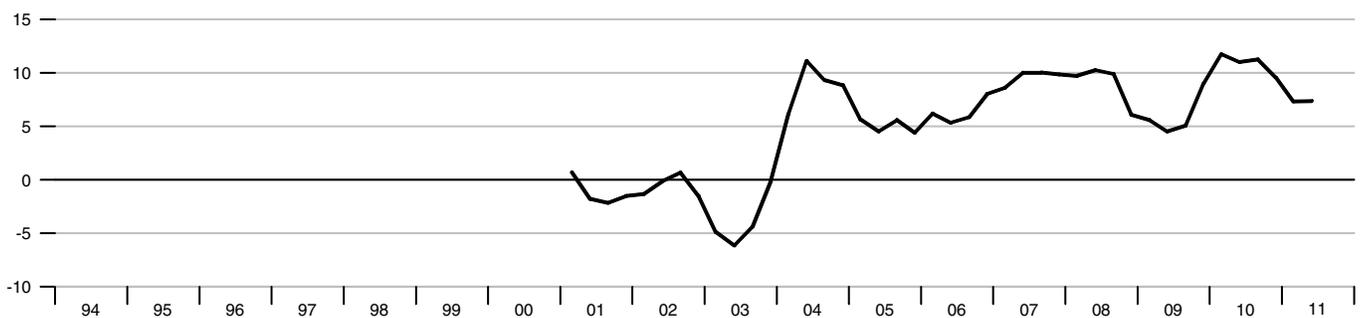
Industrial Production

Percent change from year ago



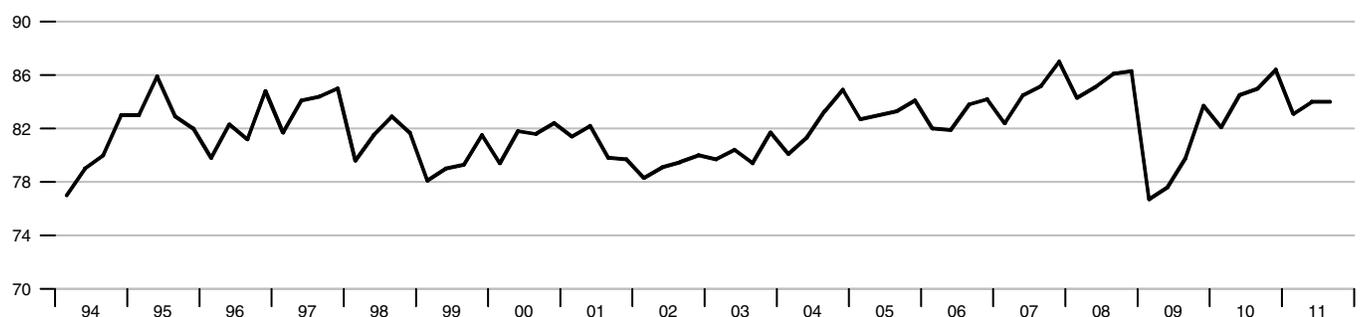
Retail Sales

Percent change from year ago



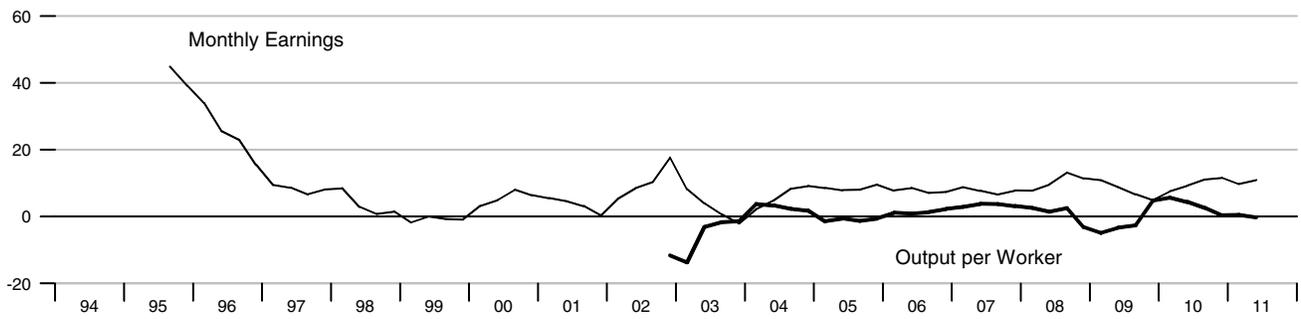
Capacity Utilization

Percent



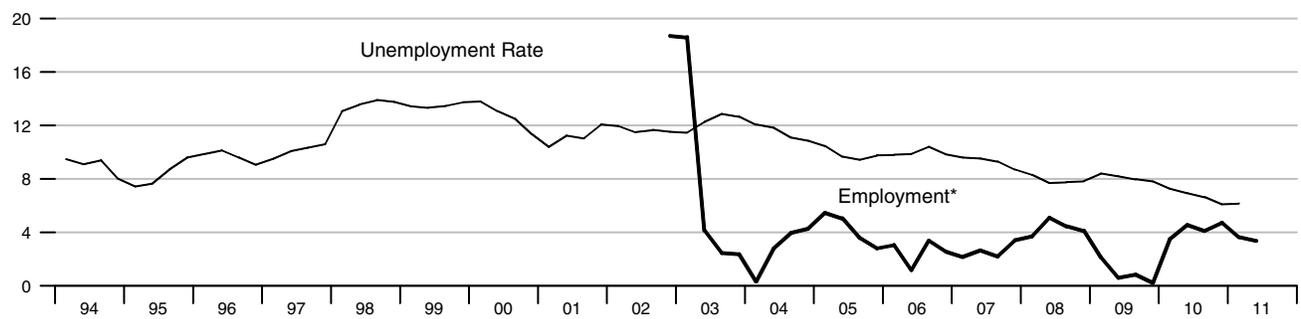
Monthly Earnings and Output per Worker

Percent change from year ago



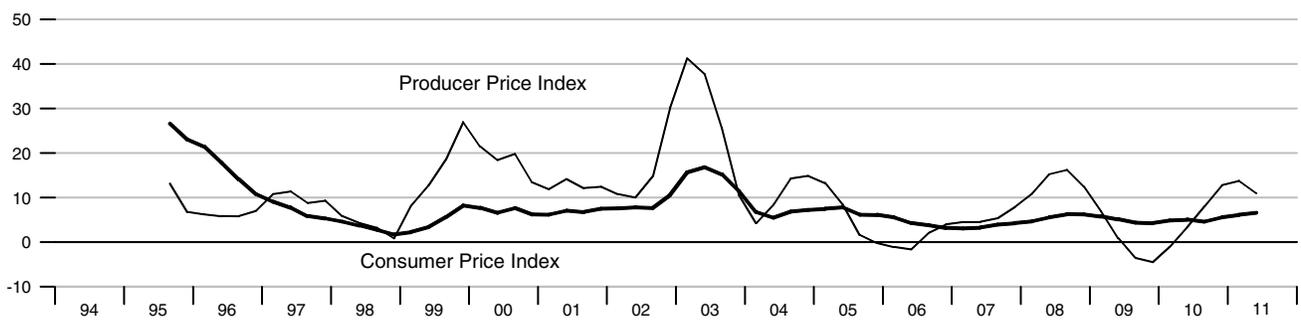
Labor Force Indicators

Percent change from year ago*, Percent



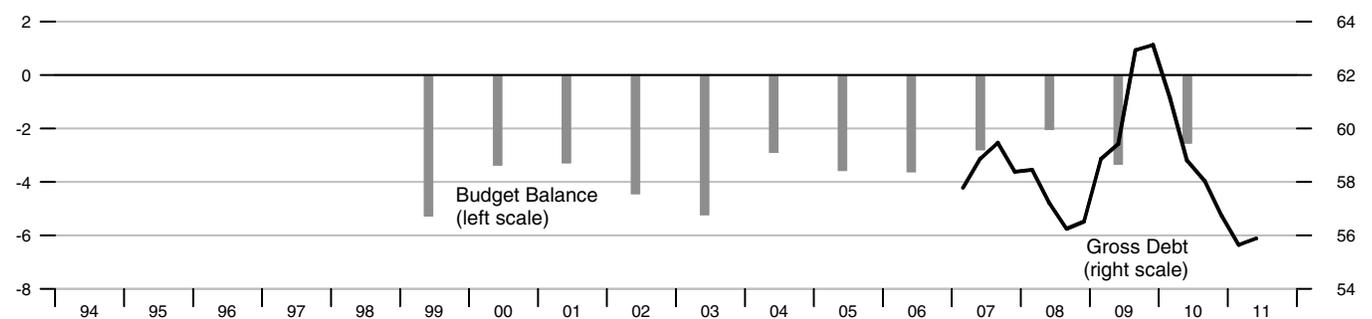
Inflation

Percent change from year ago



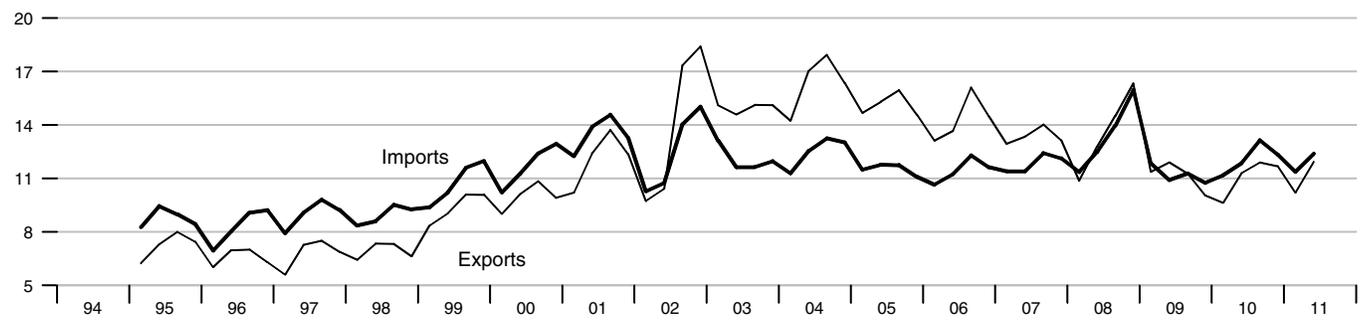
Gross Government Debt and Budget Balance

Percent of GDP, annual data



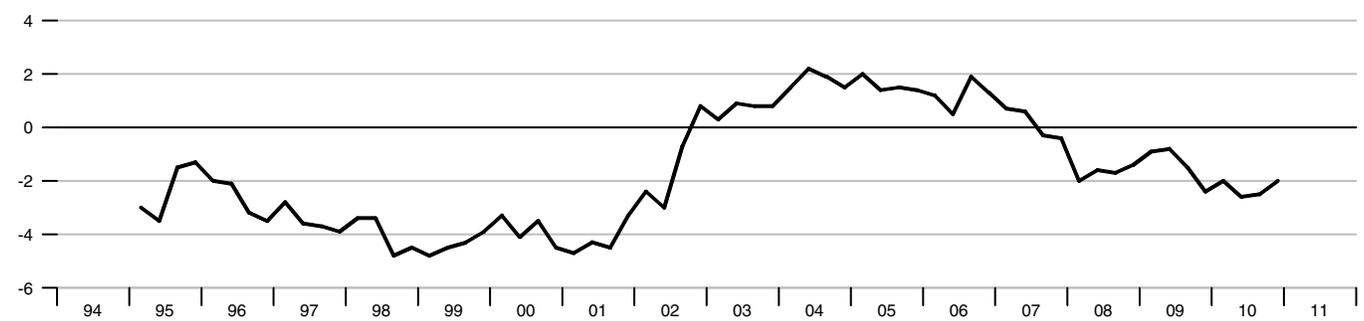
International Trade - Goods and Services

Percent of GDP



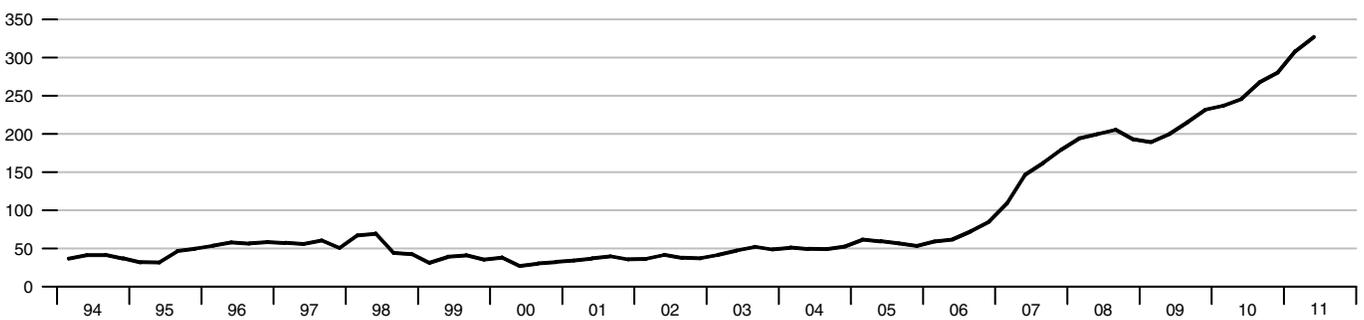
Current Account Balance

Percent of GDP



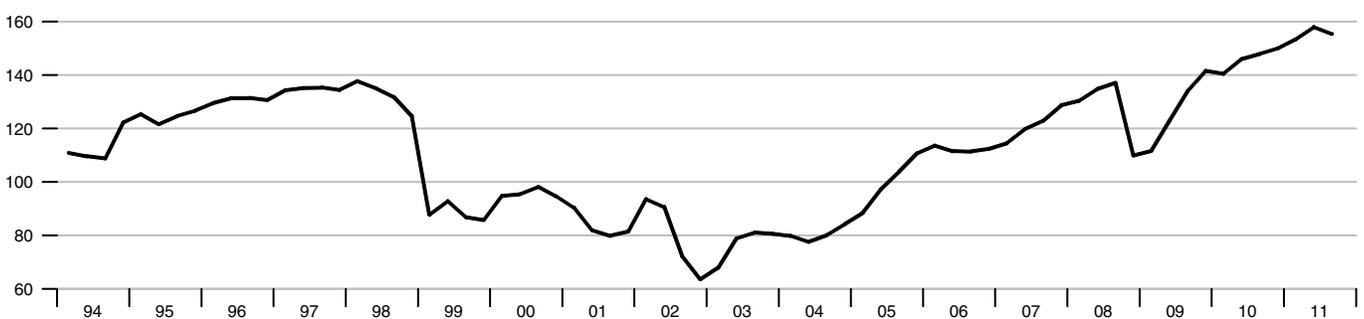
Foreign Exchange Reserves

Billions of US\$



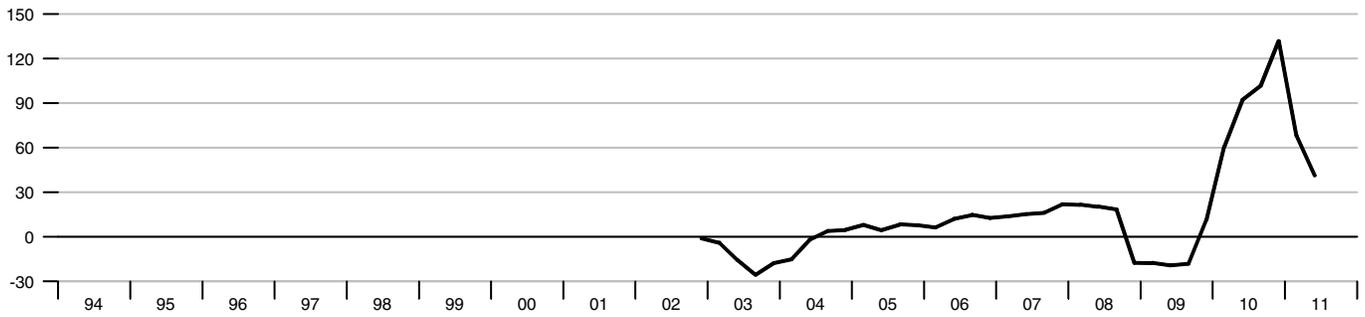
Real Effective Exchange Rate

Index 2005 = 100



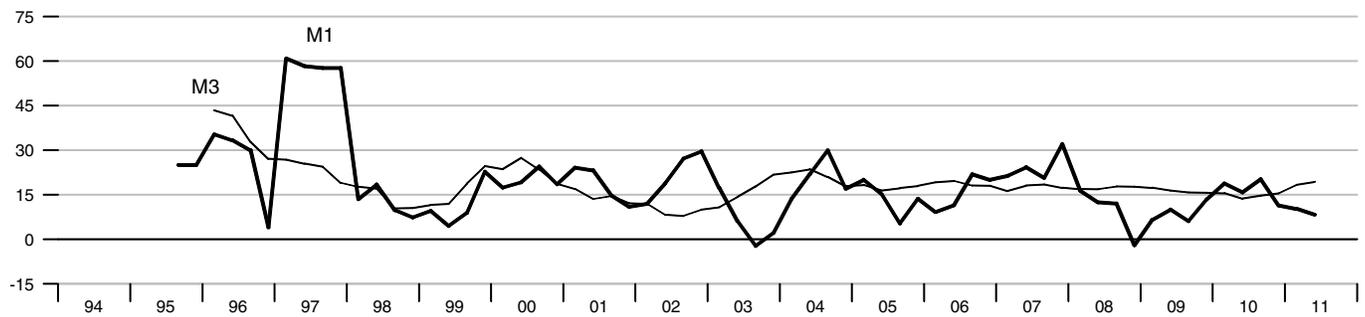
Monetary Base

Percent change from year ago



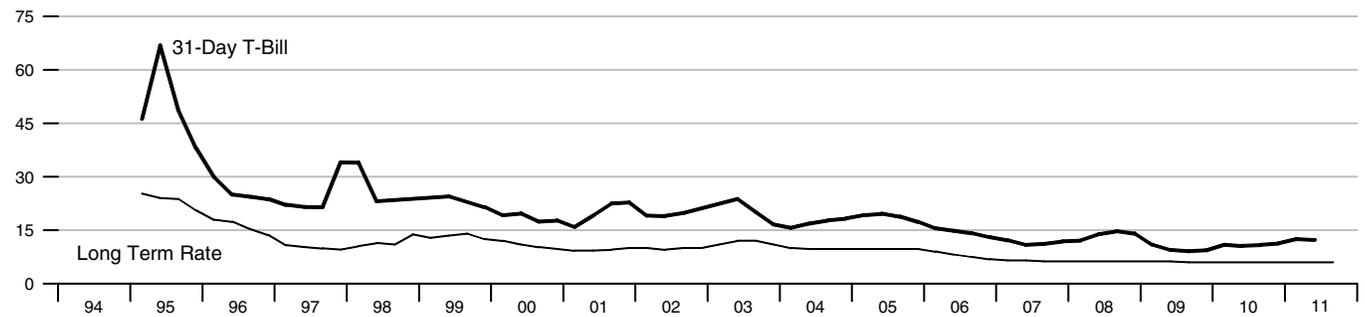
Monetary Aggregates

Percent change from year ago



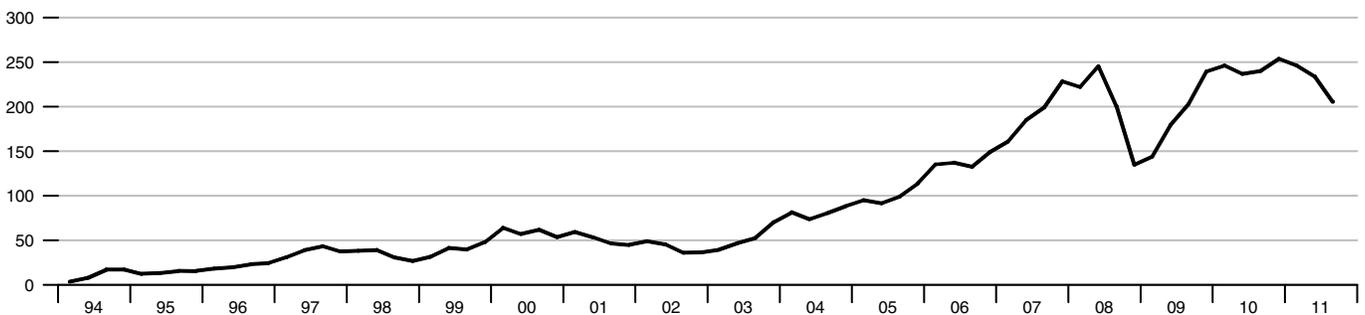
Interest Rates

Percent



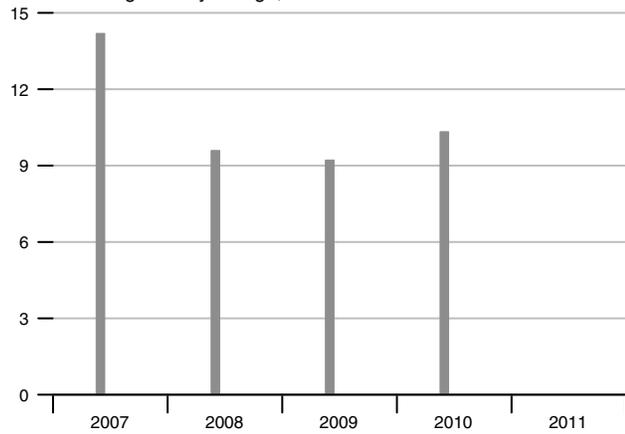
Stock Exchange Index

2005 = 100



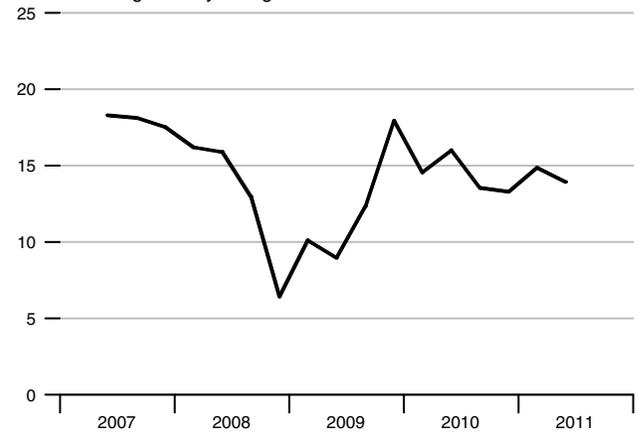
Real GDP

Percent change from year ago, annual data



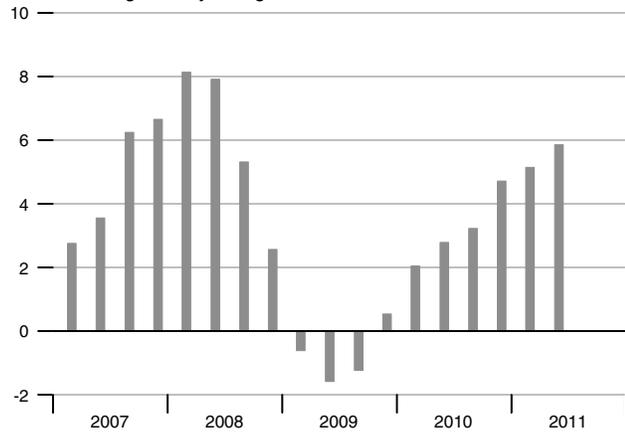
Industrial Production

Percent change from year ago



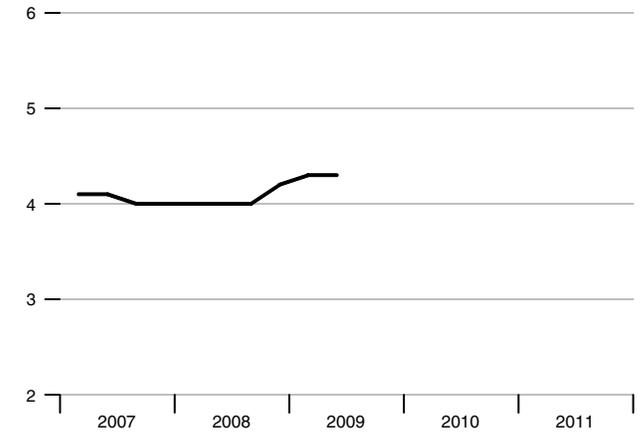
Consumer Price Index

Percent change from year ago



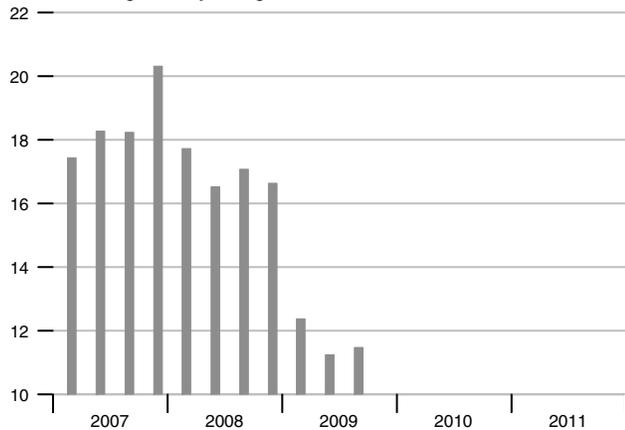
Unemployment Rate

Percent



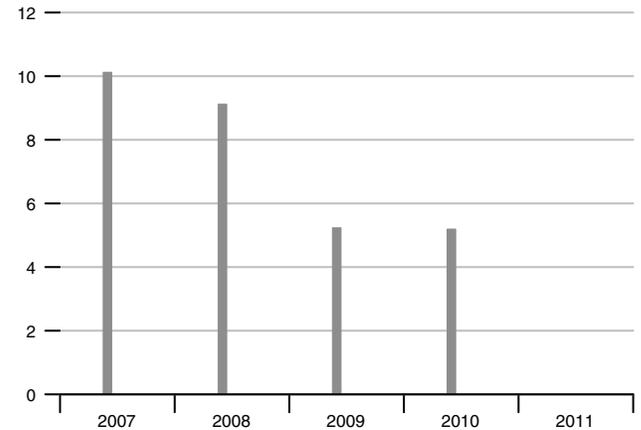
Monthly Earnings

Percent change from year ago



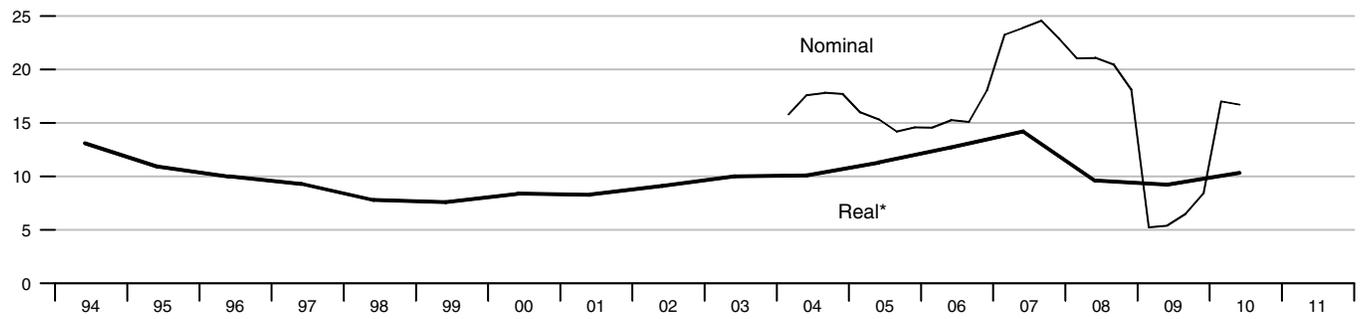
Current Account Balance

Percent of GDP, annual data



GDP

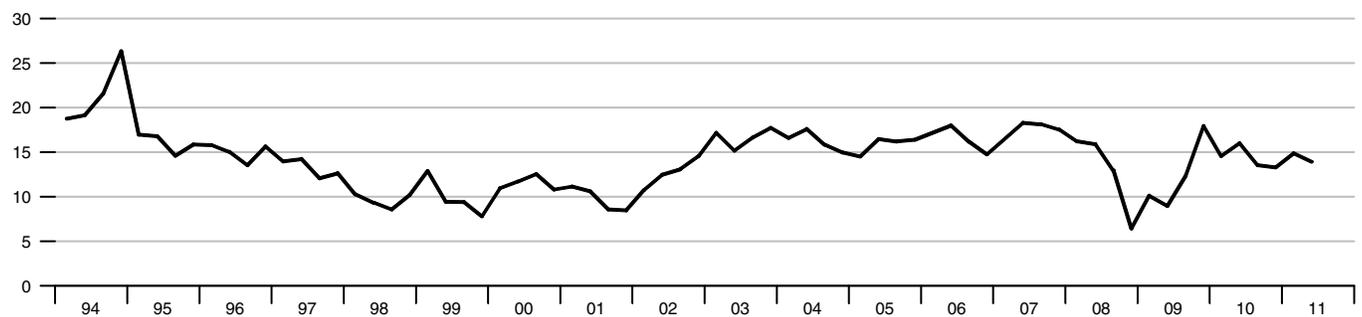
Percent change from year ago



* Annual data.

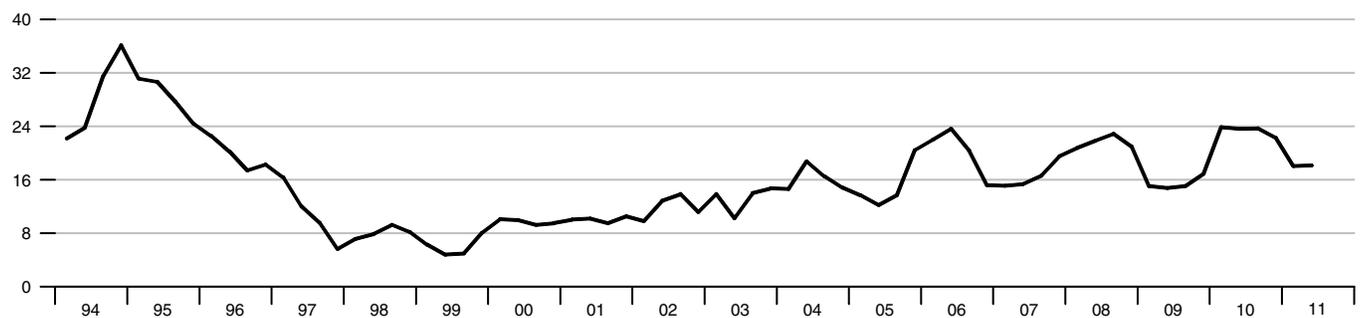
Industrial Production

Percent change from year ago



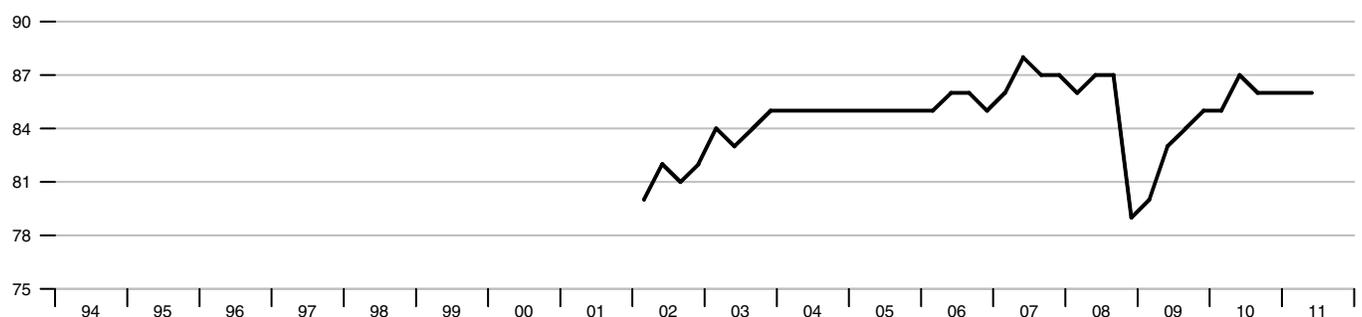
Retail Sales

Percent change from year ago



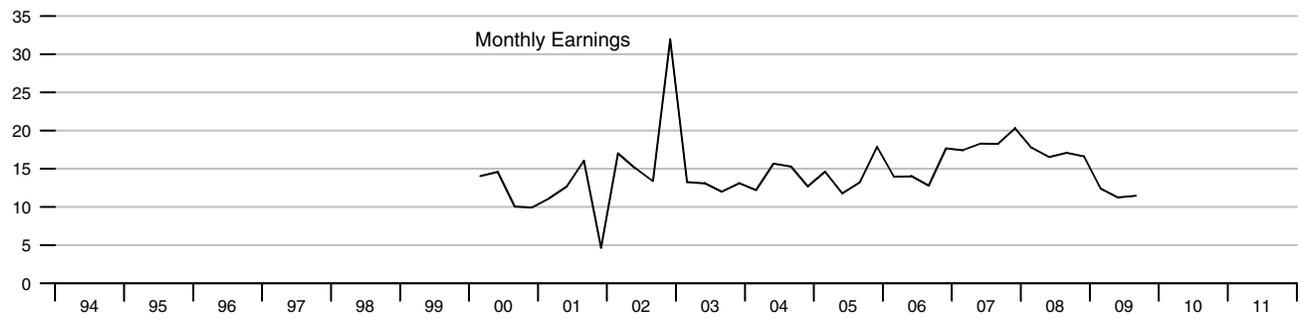
Capacity Utilization

Percent



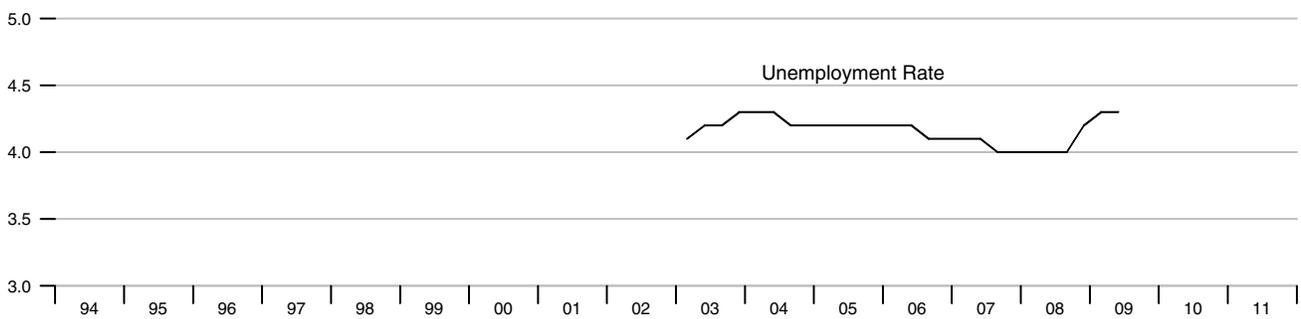
Monthly Earnings and Output per Worker

Percent change from year ago



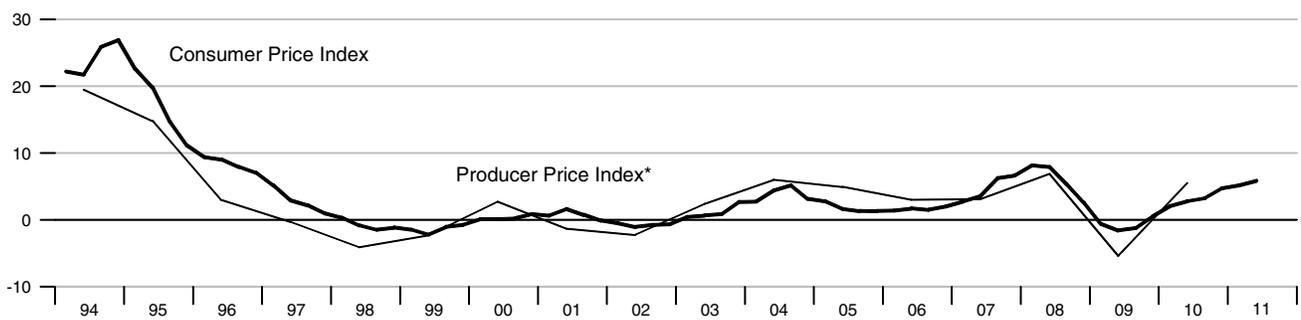
Labor Force Indicators

Percent



Inflation

Percent change from year ago

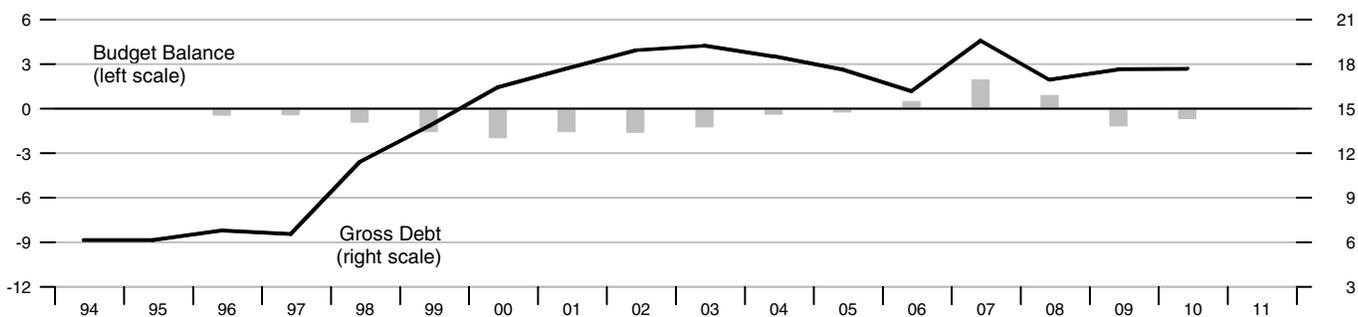


* Annual data.

Gross Government Debt and Budget Balance

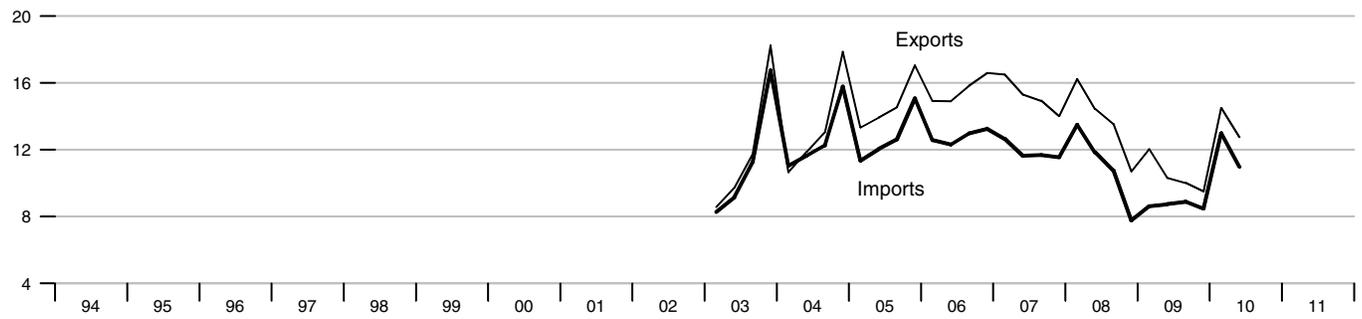
Percent of GDP, annual data

Percent of GDP, annual data



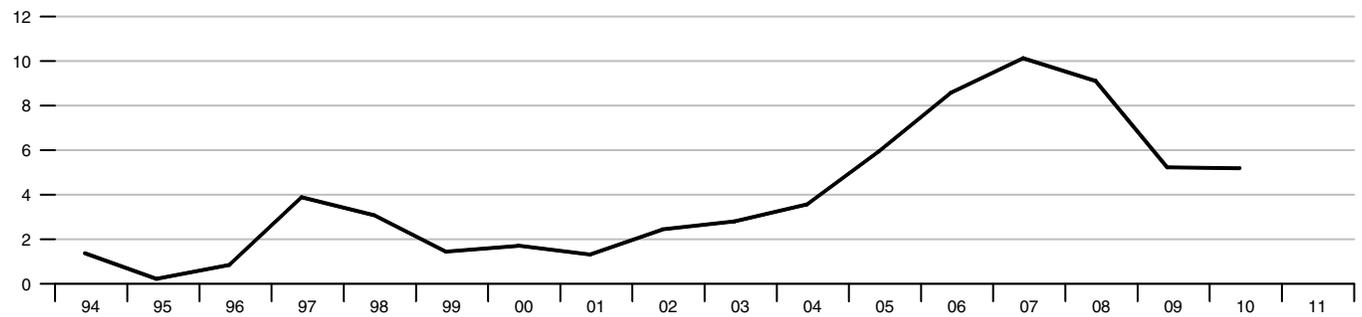
International Trade - Goods

Percent of GDP



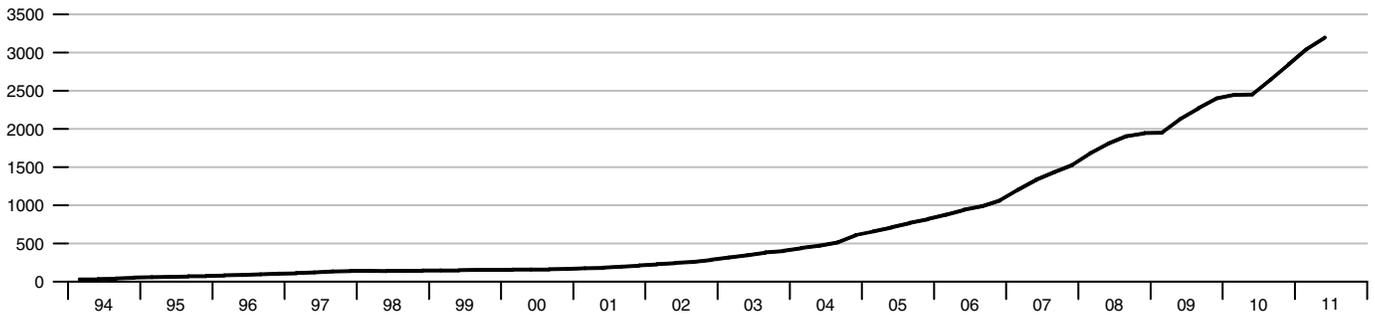
Current Account Balance

Percent of GDP, annual data



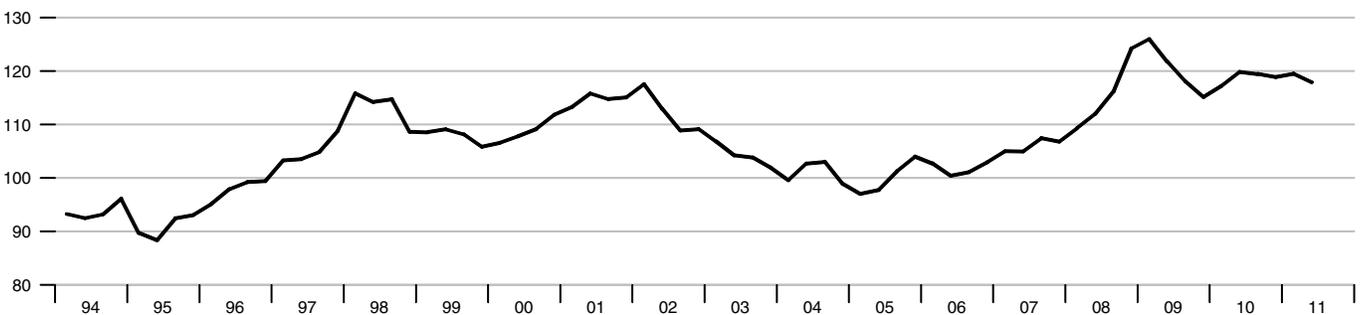
Foreign Exchange Reserves

Billions of US\$



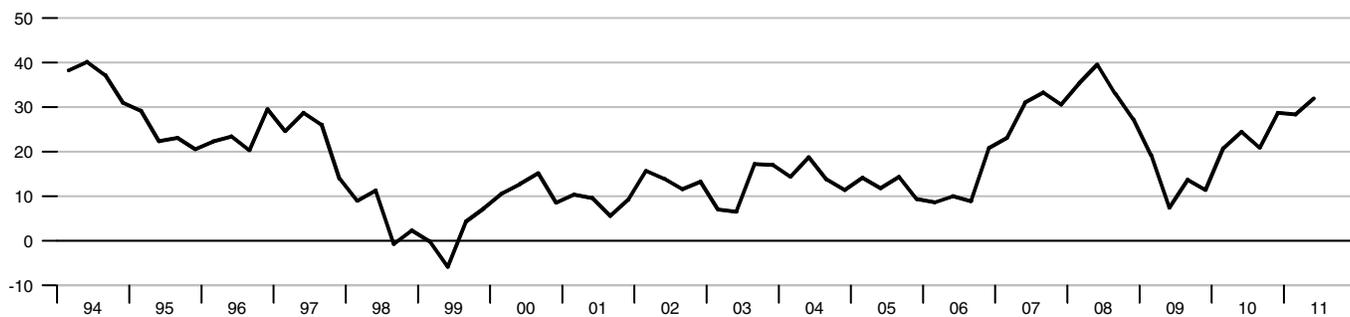
Real Effective Exchange Rate

Index 2005 = 100



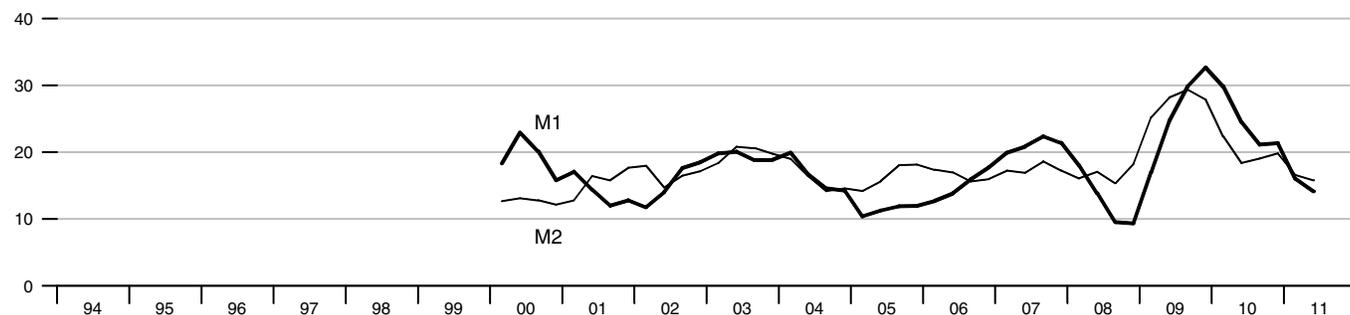
Adjusted Monetary Base

Percent change from year ago



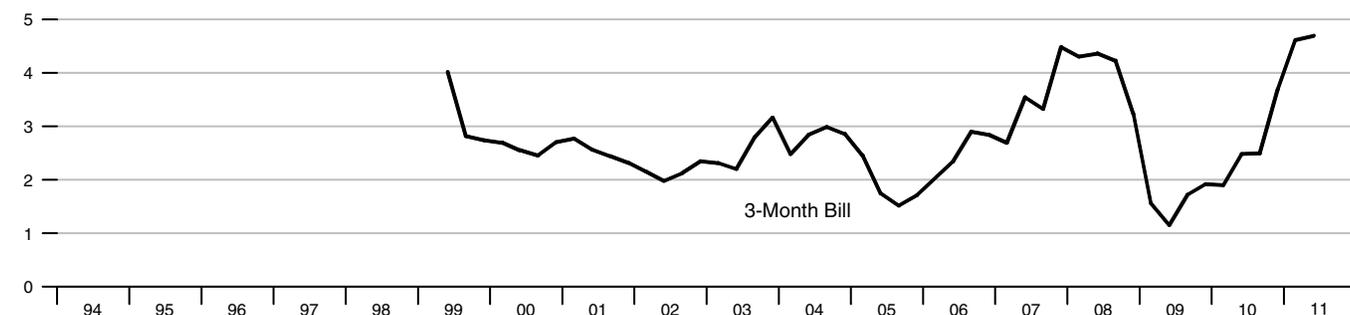
Monetary Aggregates

Percent change from year ago



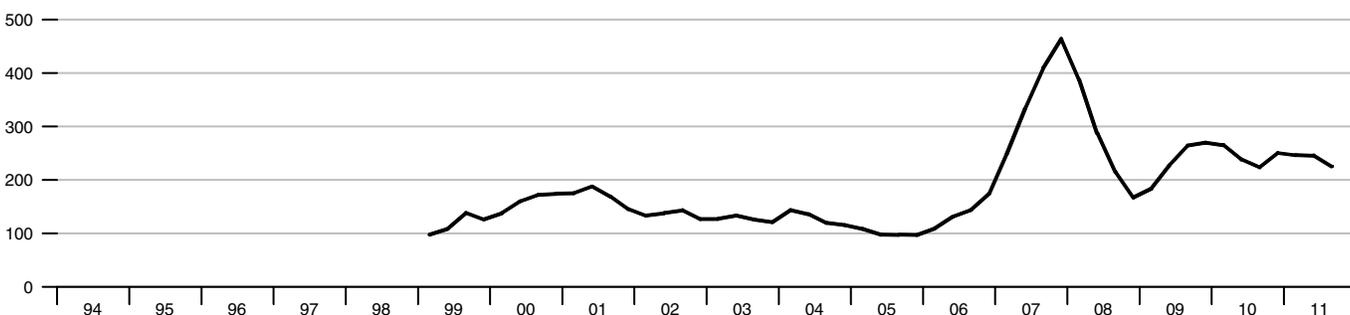
Interest Rates

Percent



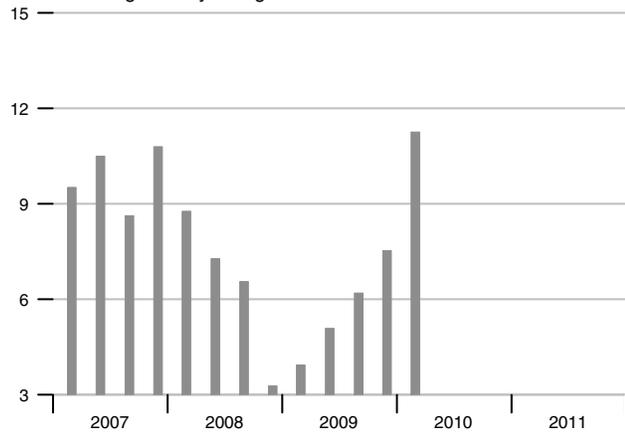
Shanghai Composite Index

2005 = 100



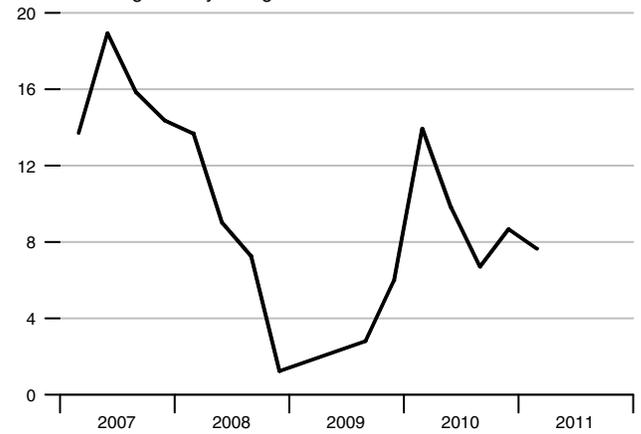
Real GDP

Percent change from year ago



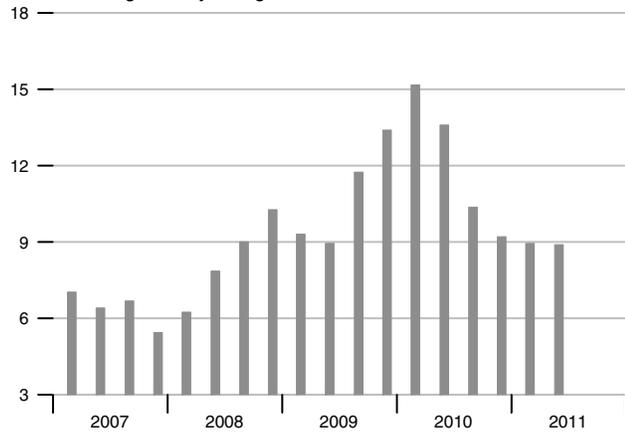
Industrial Production

Percent change from year ago



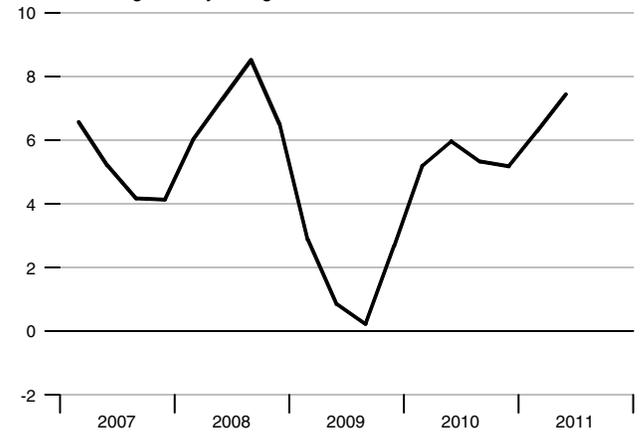
Consumer Price Index

Percent change from year ago



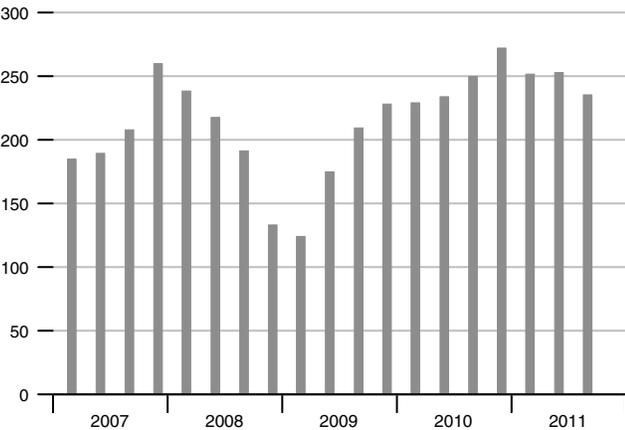
Producer Price Index

Percent change from year ago



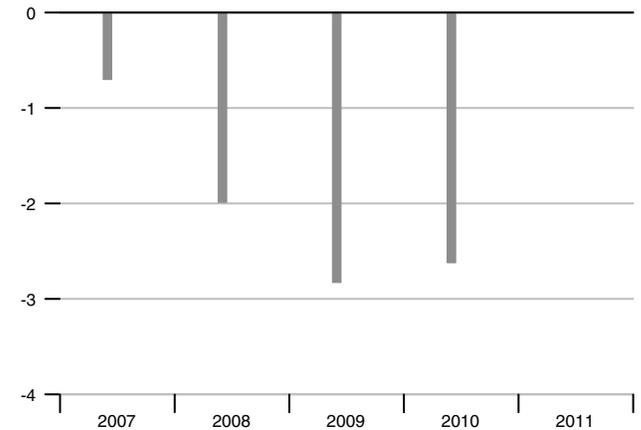
Share Price Index

Index 2005 = 100



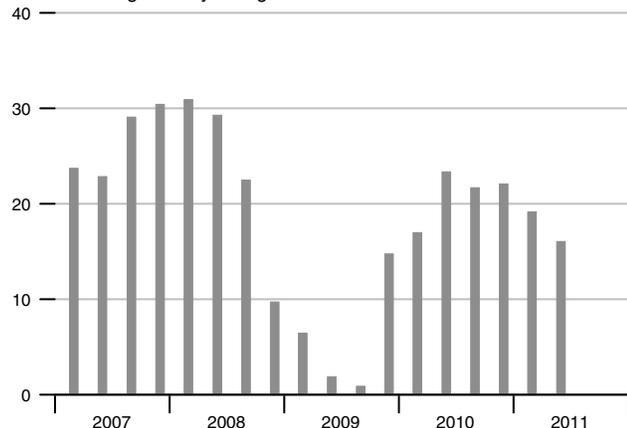
Current Account Balance

Percent of GDP, annual data



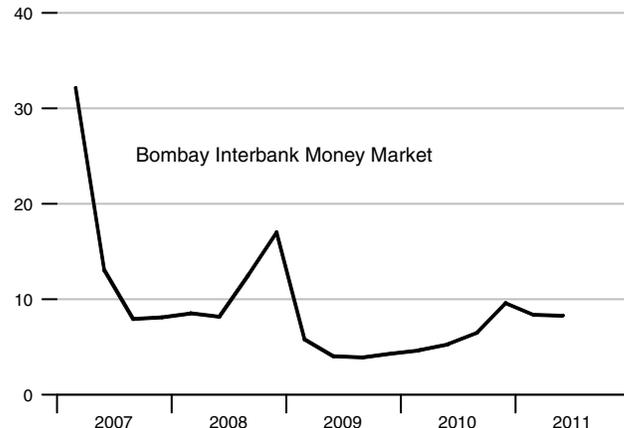
Reserve Money

Percent change from year ago



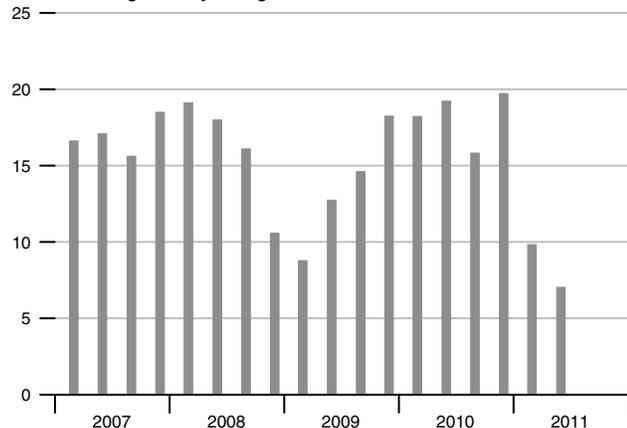
Interest Rates

Percent



M1

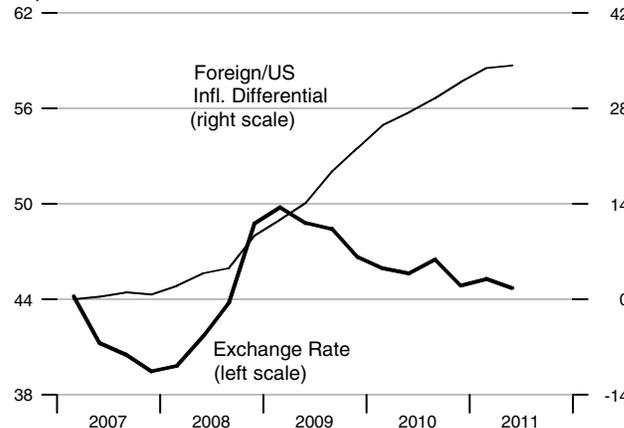
Percent change from year ago



Exchange Rate and Inflation Differential

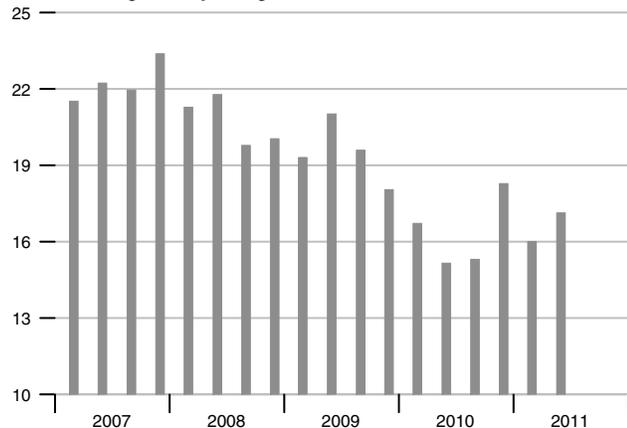
Rupee/US\$

Percent



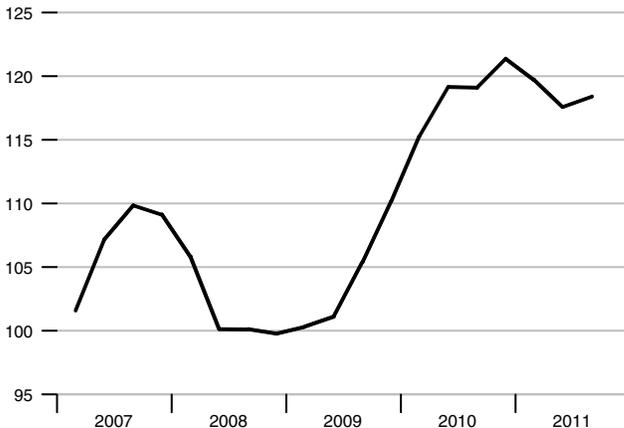
M3

Percent change from year ago



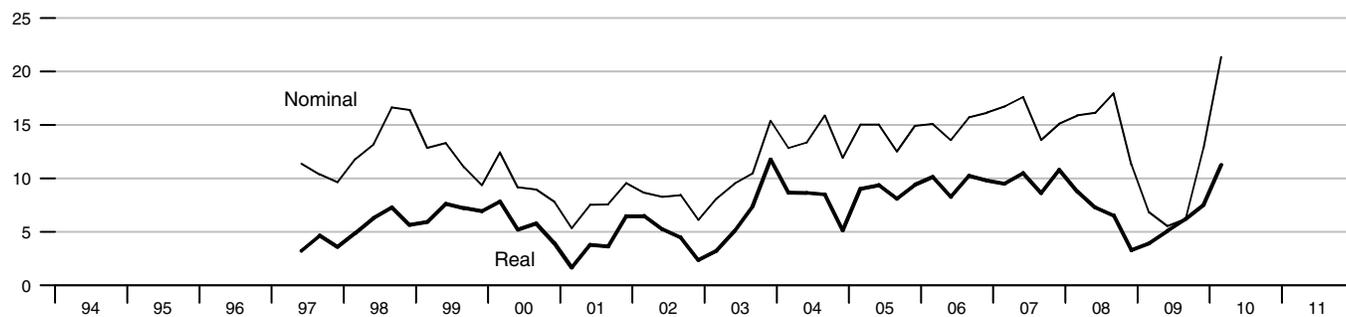
Real Effective Exchange Rate

Index 2005 = 100



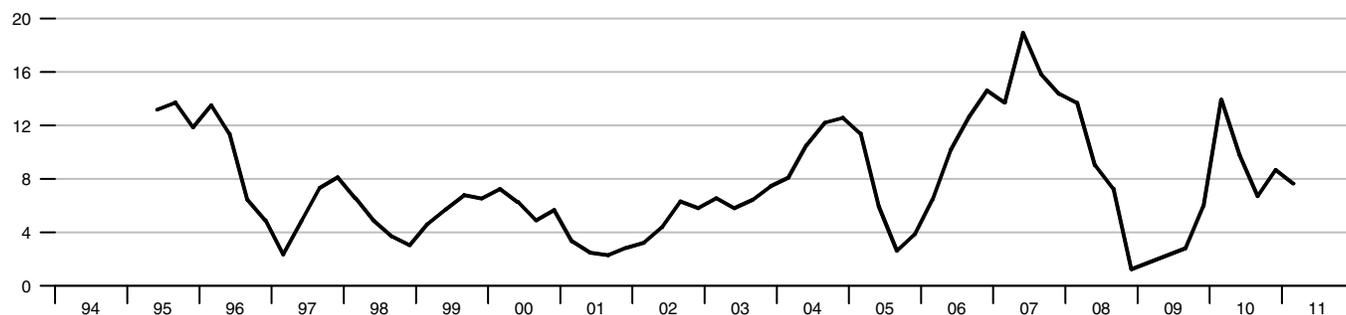
GDP

Percent change from year ago



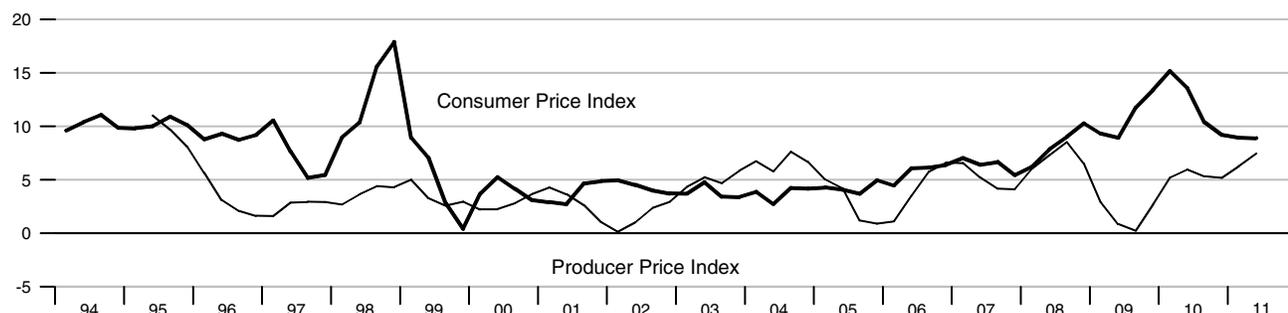
Industrial Production

Percent change from year ago



Inflation

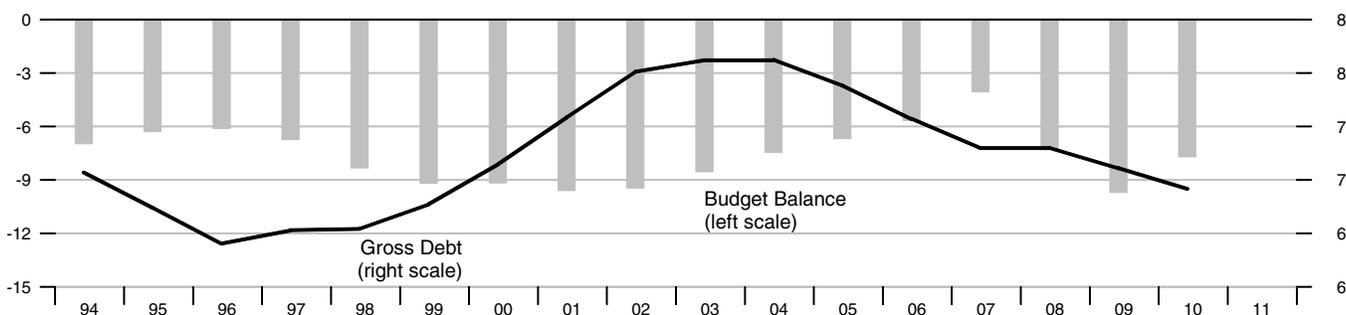
Percent change from year ago



Gross Government Debt and Budget Balance

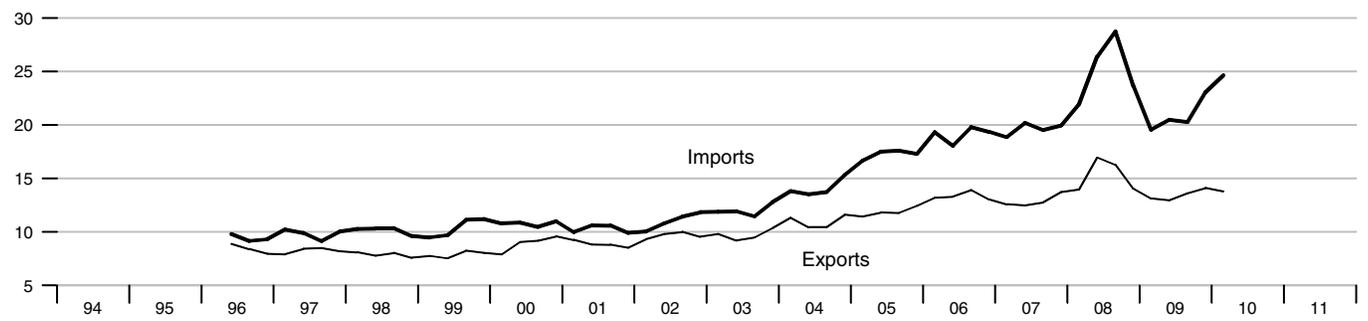
Percent of GDP, annual data

Percent of GDP, annual data



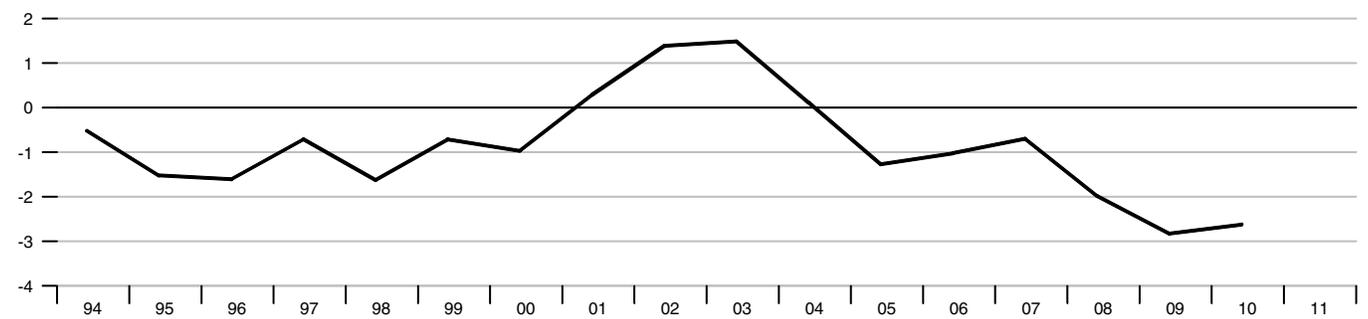
International Trade - Goods and Services

Percent of GDP



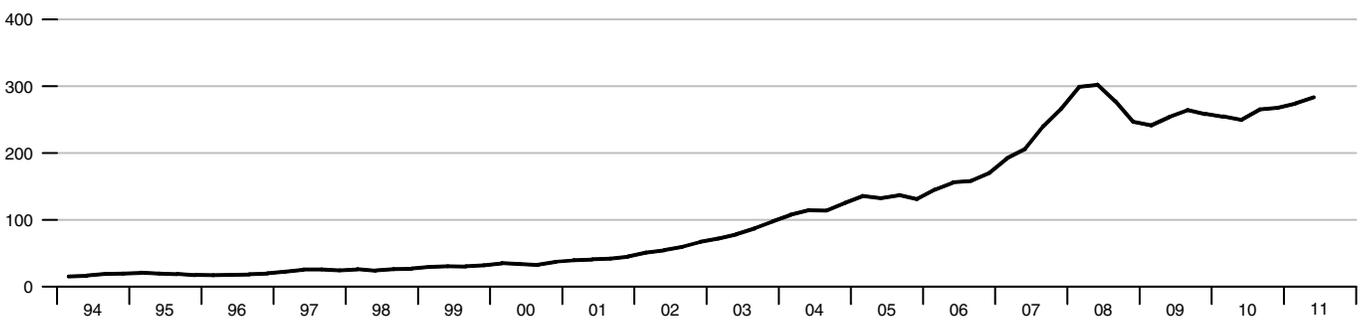
Current Account Balance

Percent of GDP, annual data



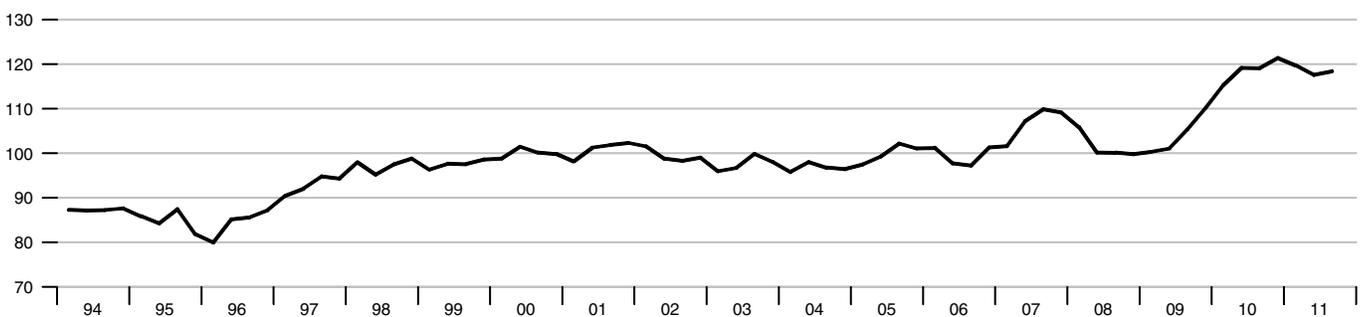
Foreign Exchange Reserves

Billions of US\$



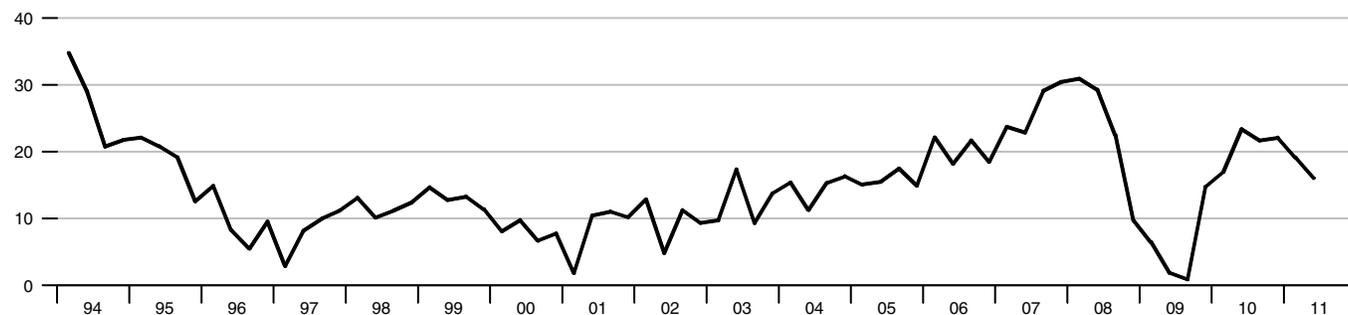
Real Effective Exchange Rate

Index 2005 = 100



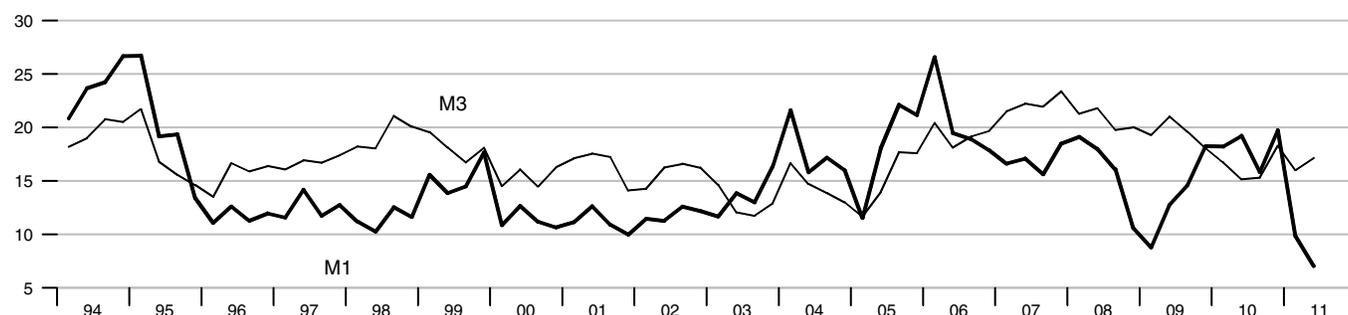
Monetary Base

Percent change from year ago



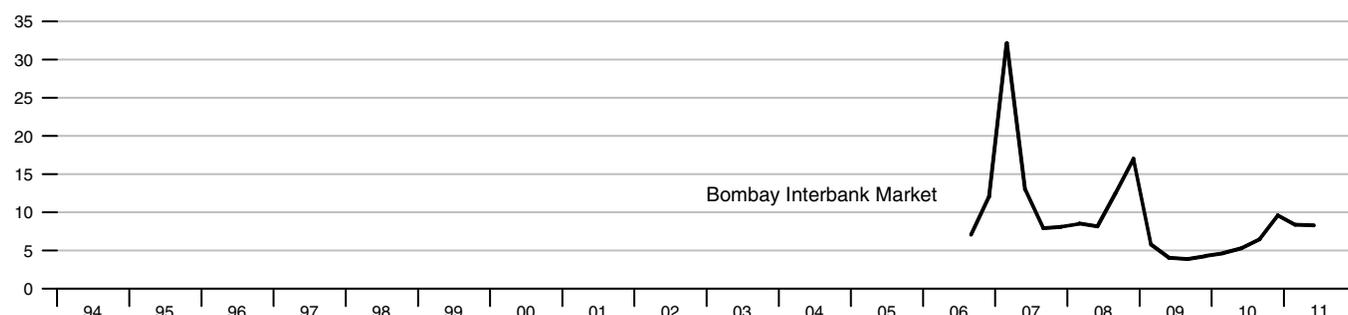
Monetary Aggregates

Percent change from year ago



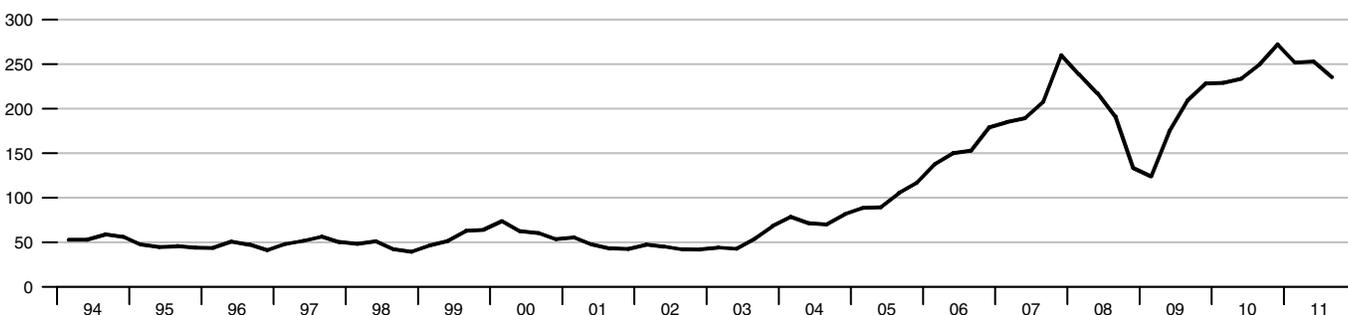
Interest Rates - Money Market

Percent



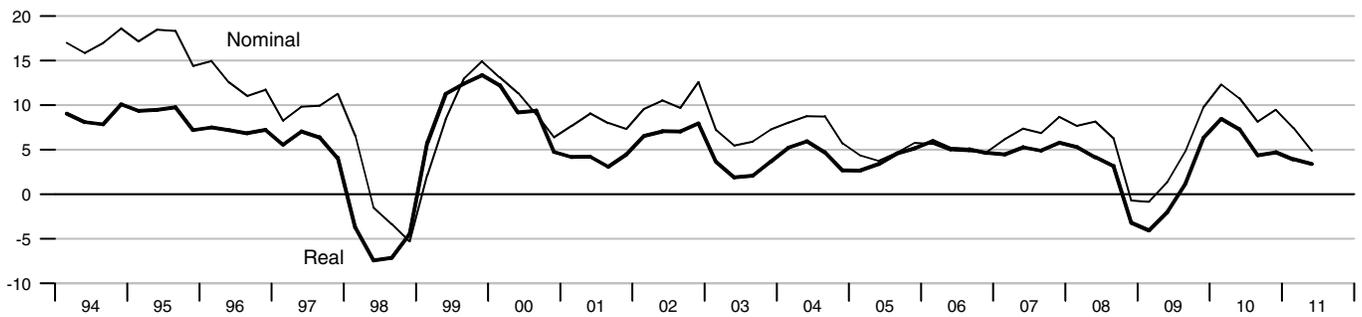
Share Price Index - Indian Stock Exchange

Index 2005 = 100



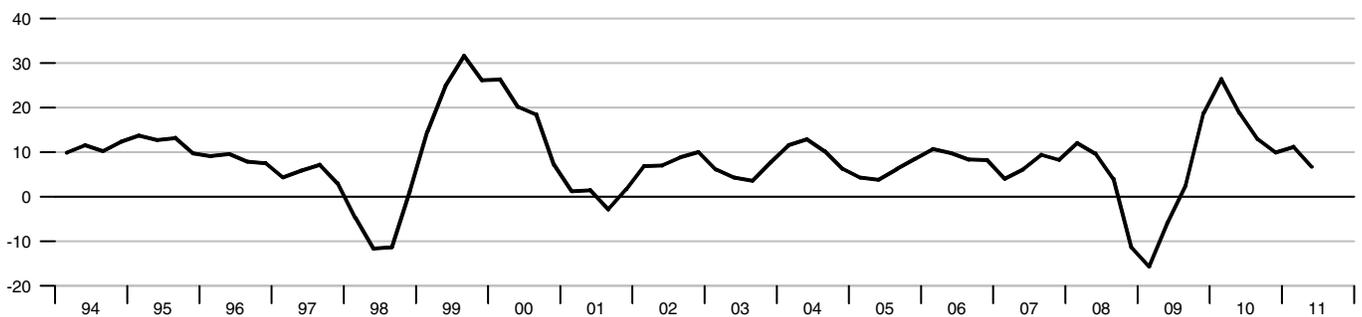
GDP

Percent change from year ago



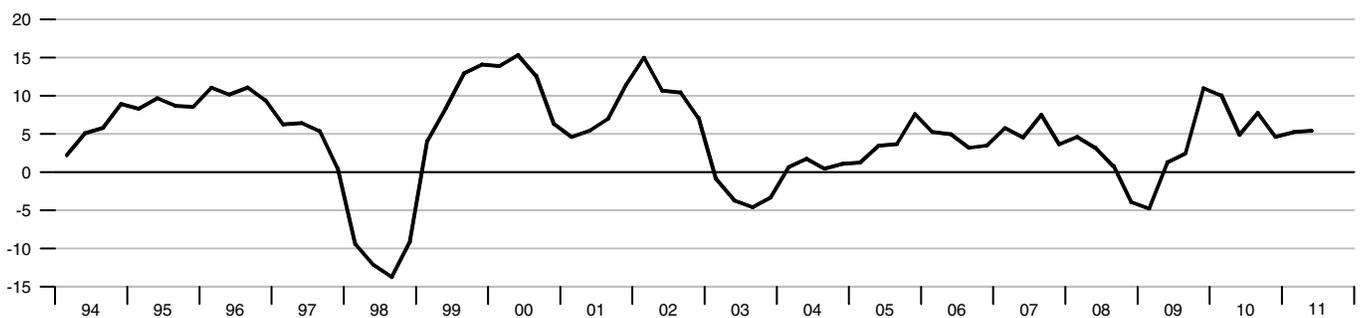
Industrial Production

Percent change from year ago



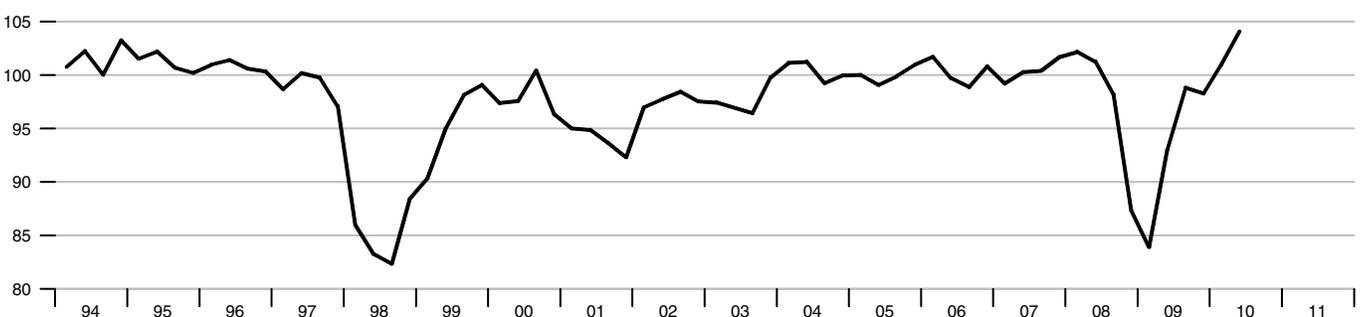
Retail Sales

Percent change from year ago



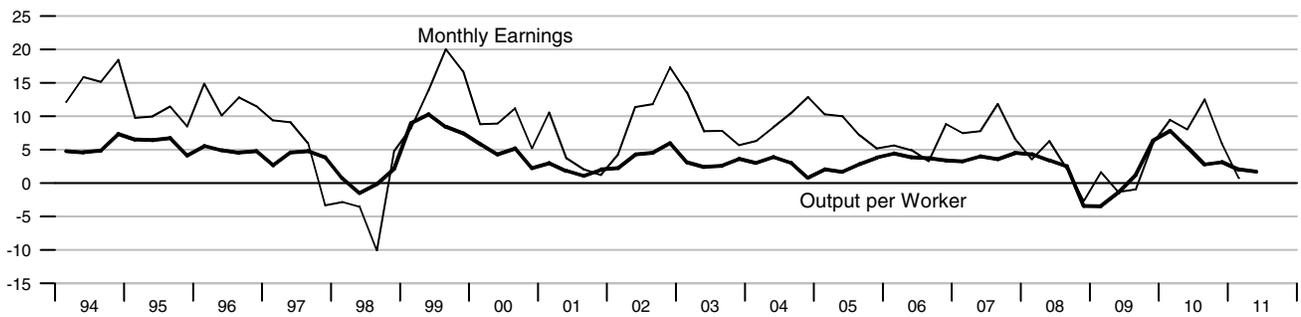
Capacity Utilization

Percent



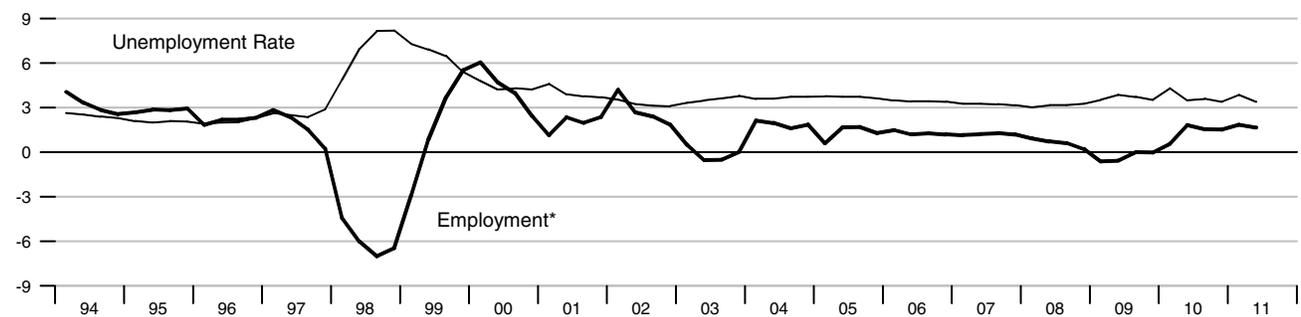
Monthly Earnings and Output per Worker

Percent change from year ago



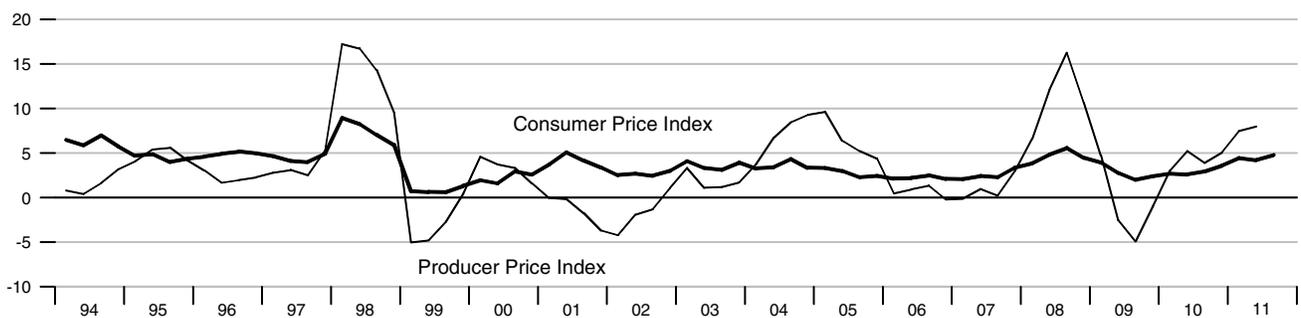
Labor Force Indicators

Percent change from year ago*, Percent



Inflation

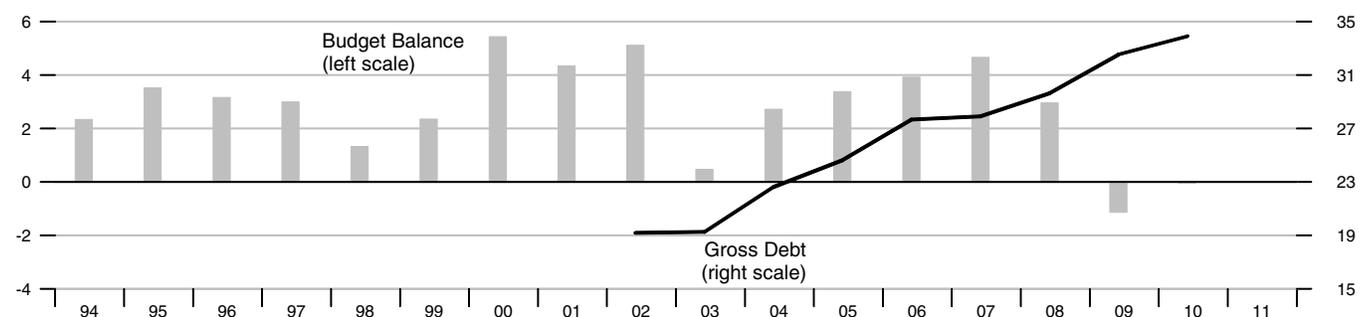
Percent change from year ago



Gross Government Debt and Budget Balance

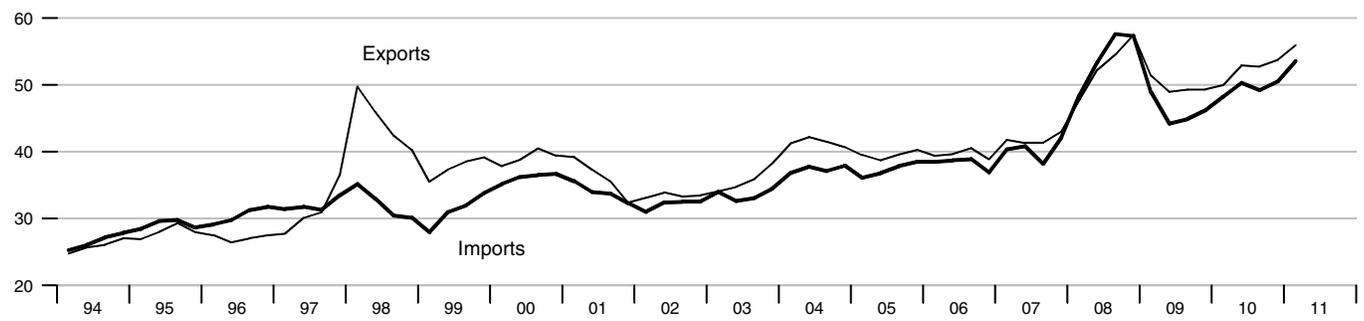
Percent of GDP, annual data

Percent of GDP, annual data



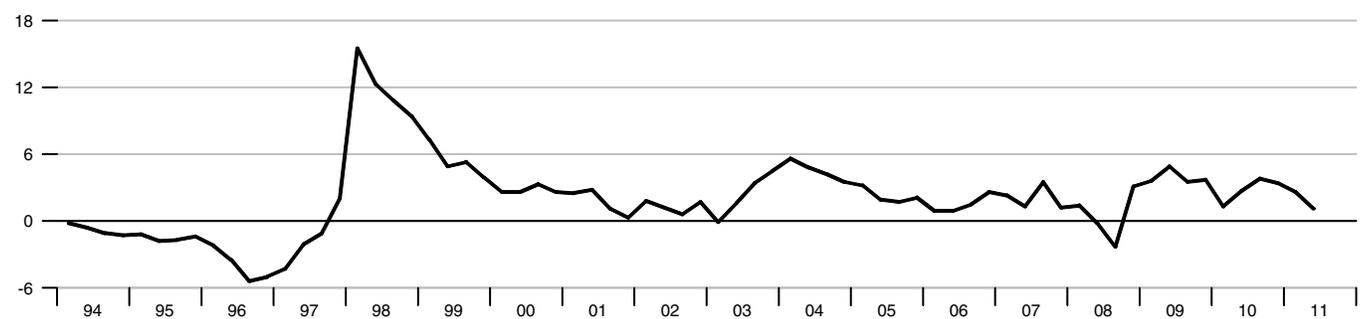
International Trade - Goods and Services

Percent of GDP



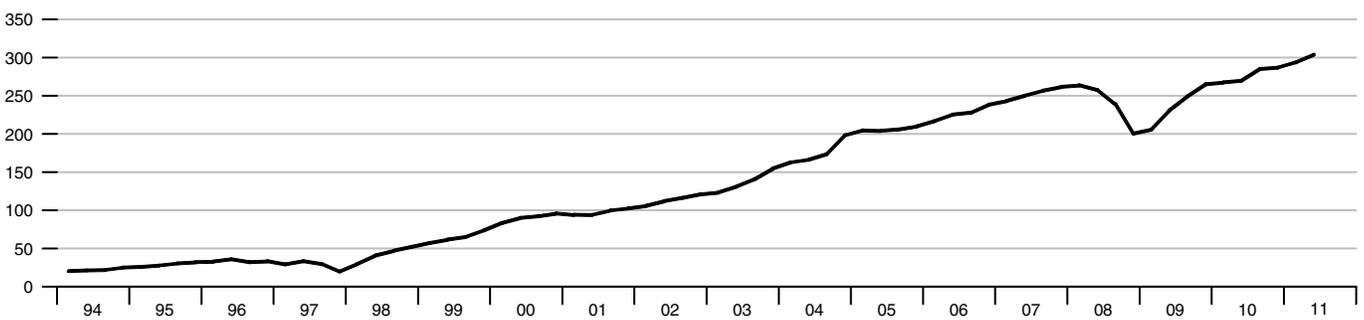
Current Account Balance

Percent of GDP



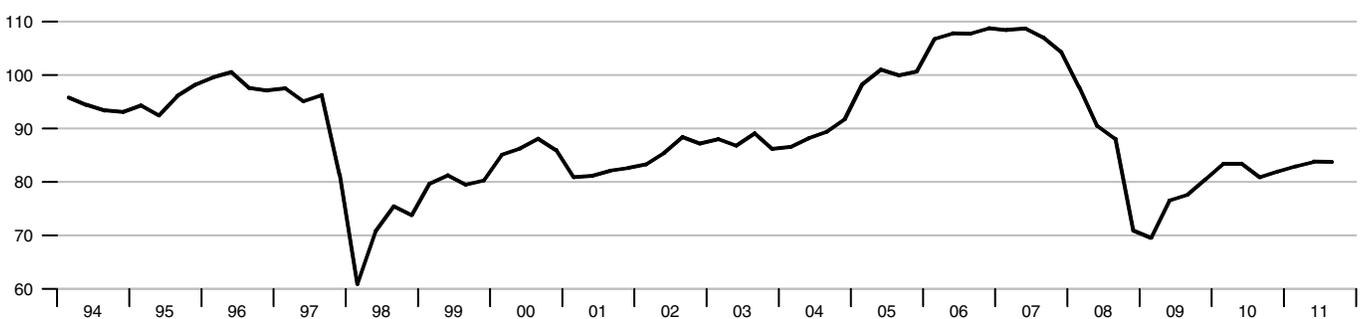
Foreign Exchange Reserves

Billions of US\$



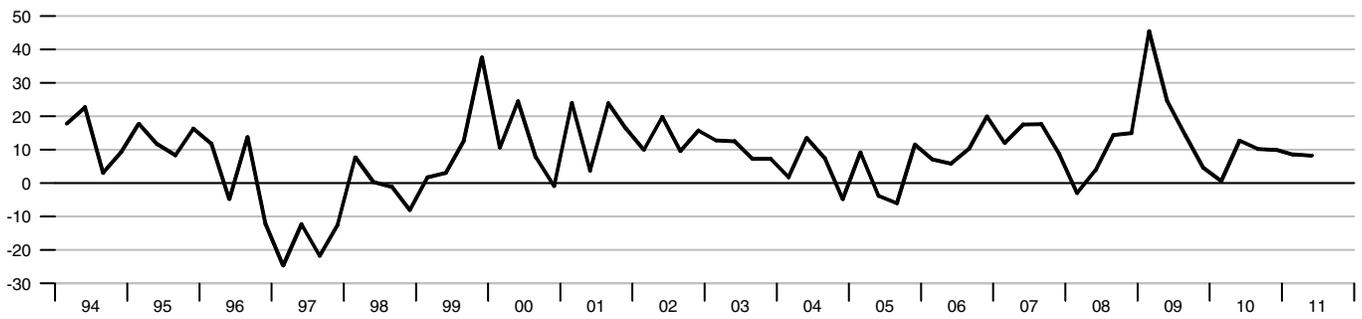
Real Effective Exchange Rate

Index 2005 = 100



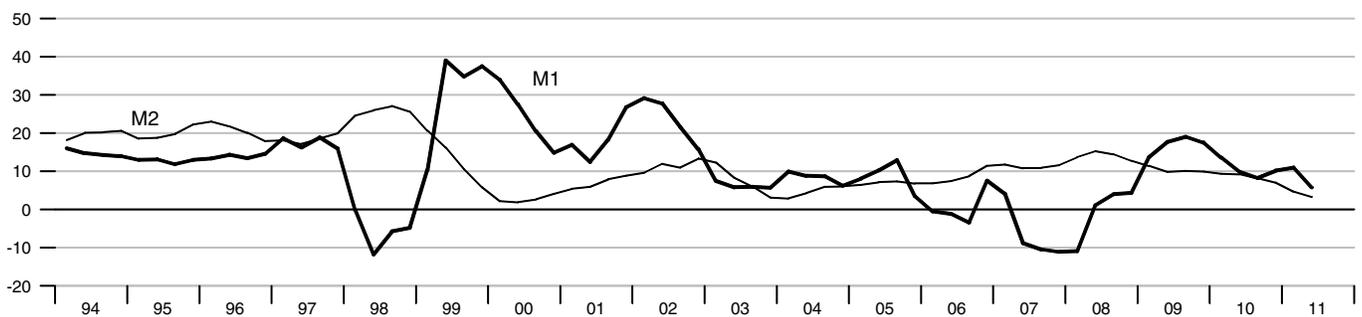
Monetary Base

Percent change from year ago



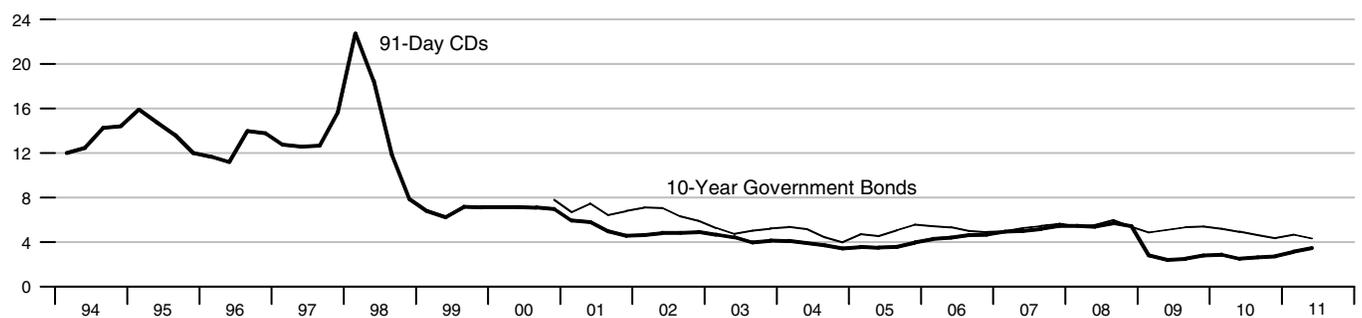
Monetary Aggregates

Percent change from year ago



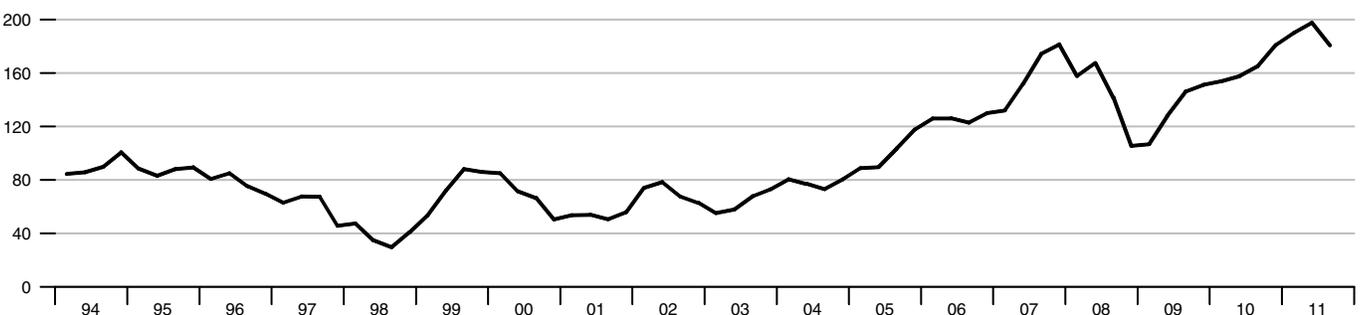
Interest Rates

Percent



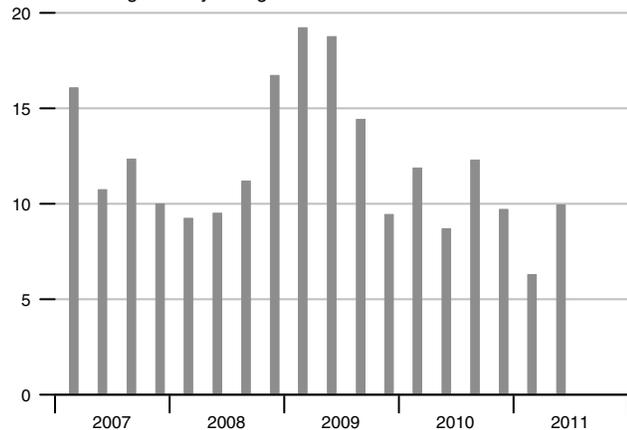
KOSPI Share Price Index - Korean Stock Exchange

2005 = 100



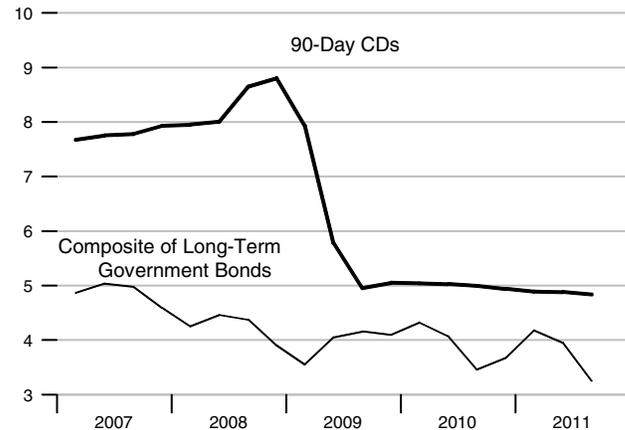
Reserve Money

Percent change from year ago



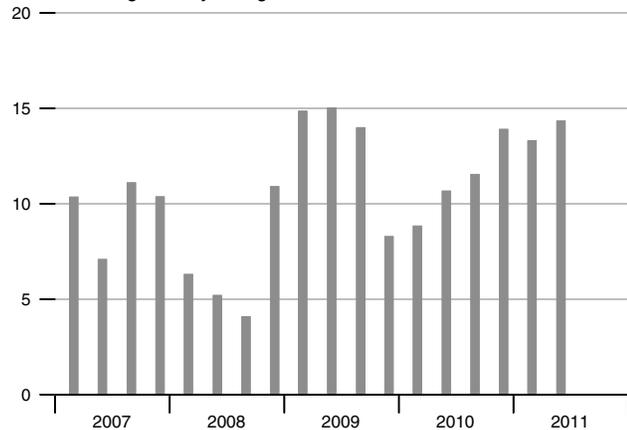
Interest Rates

Percent



M1

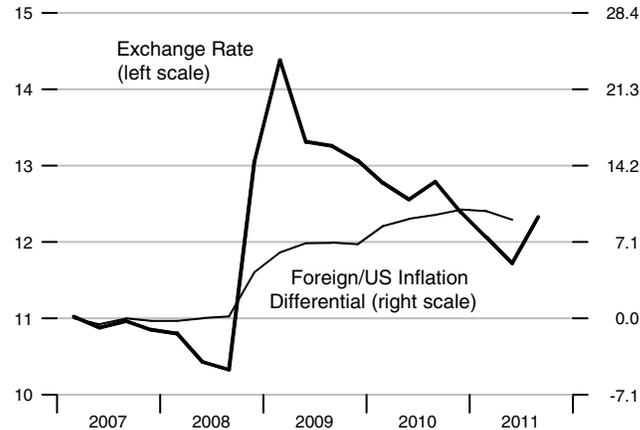
Percent change from year ago



Exchange Rate and Inflation Differential

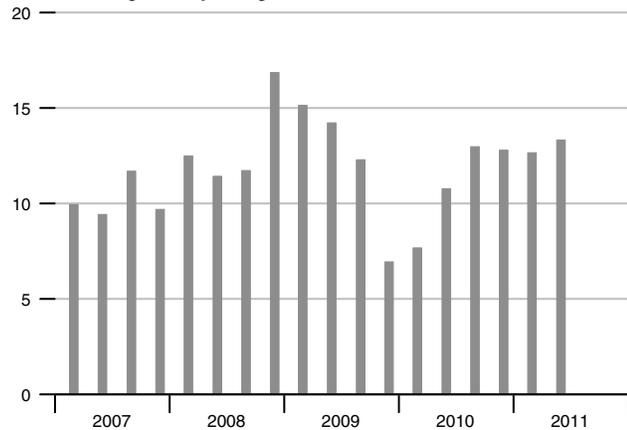
Peso/US\$

Percent



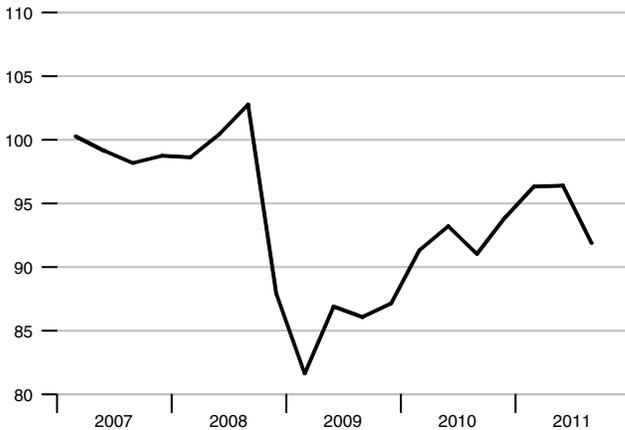
M3

Percent change from year ago



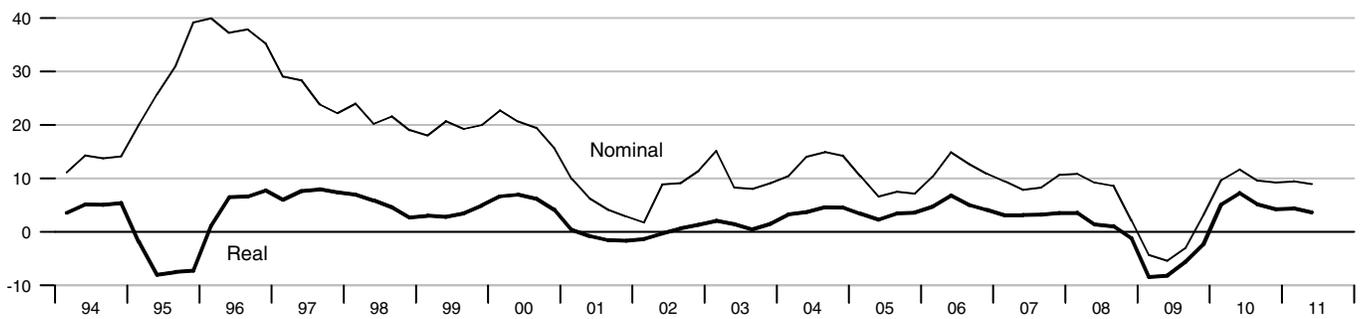
Real Effective Exchange Rate

Index 2005 = 100



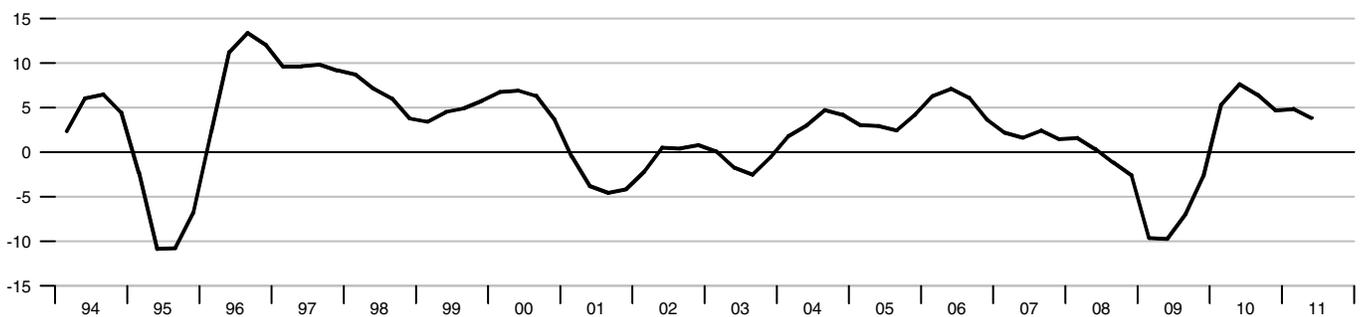
GDP

Percent change from year ago



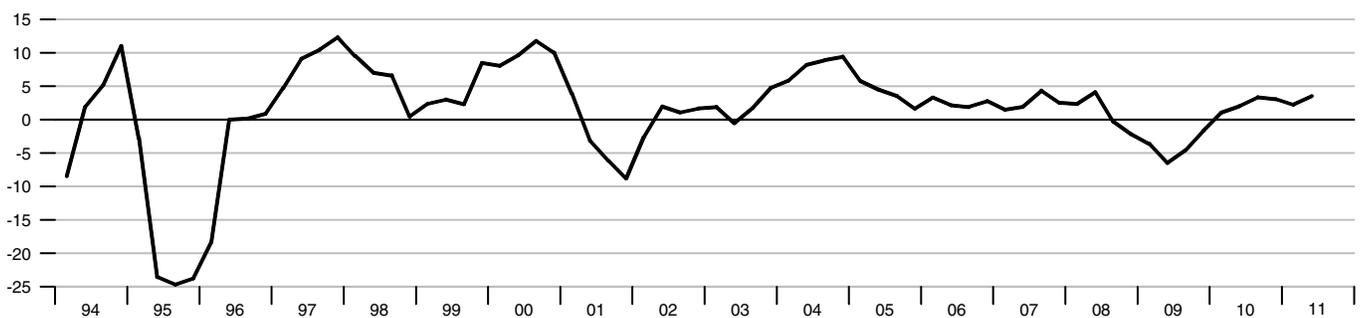
Industrial Production

Percent change from year ago



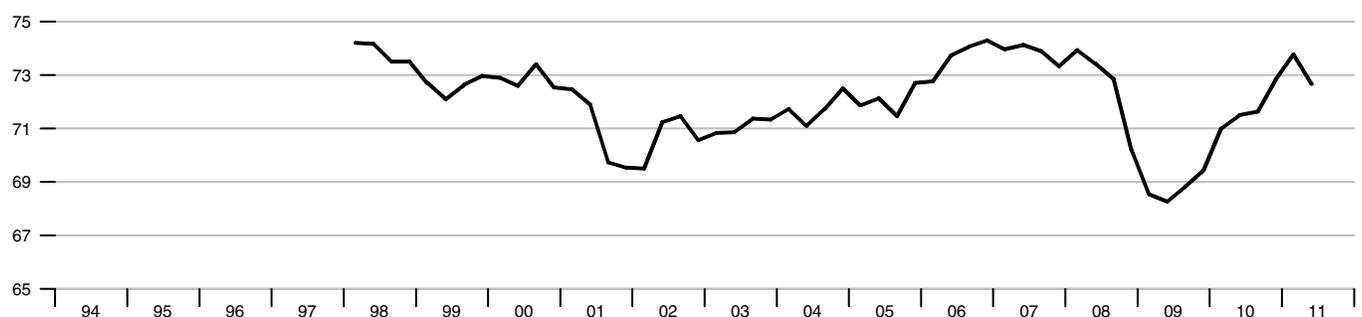
Retail Sales

Percent change from year ago



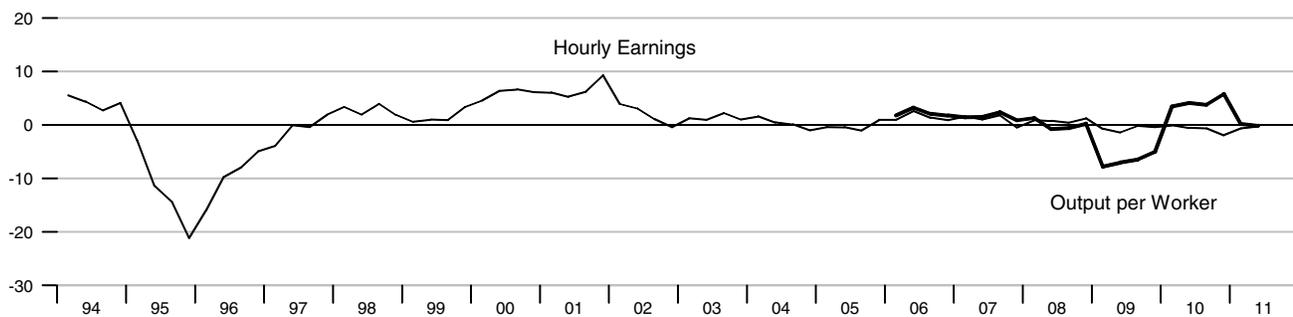
Capacity Utilization

Percent



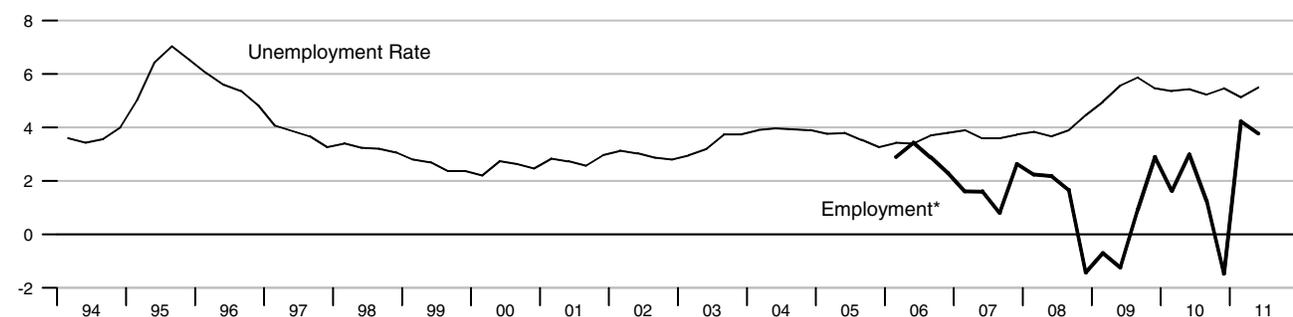
Hourly Earnings and Output per Worker

Percent change from year ago



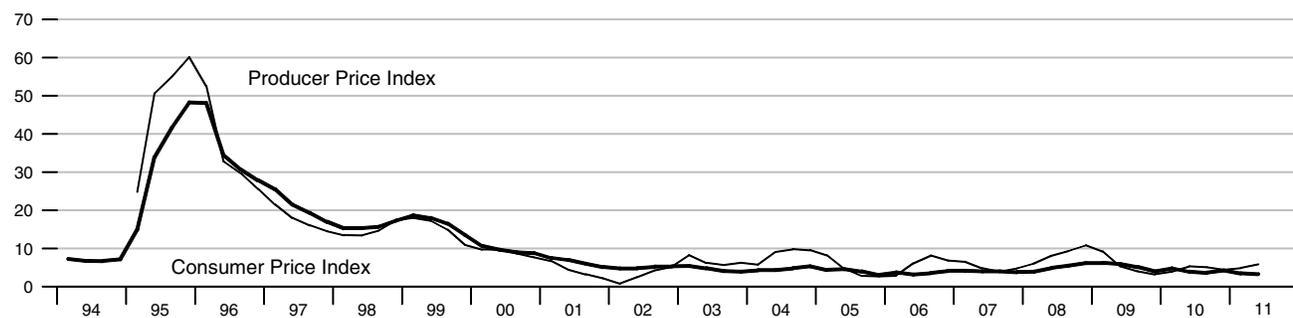
Labor Force Indicators

Percent change from year ago*, Percent



Inflation

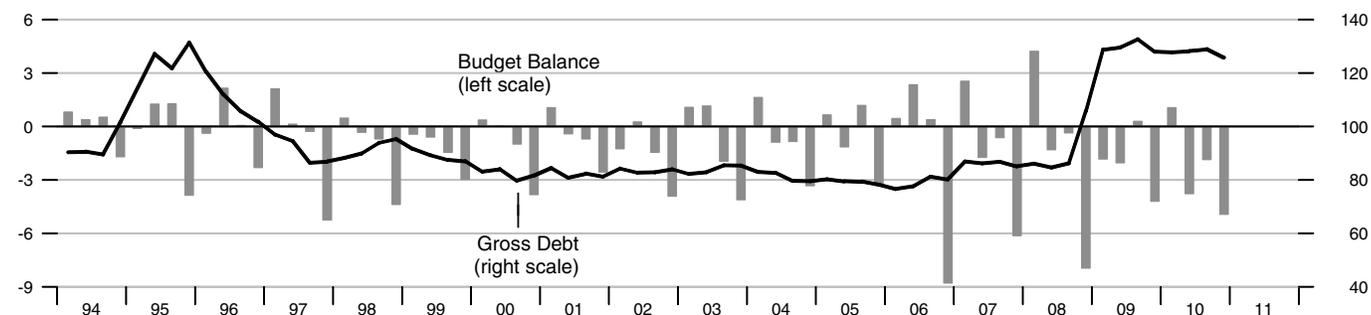
Percent change from year ago



Gross Government Debt and Budget Balance

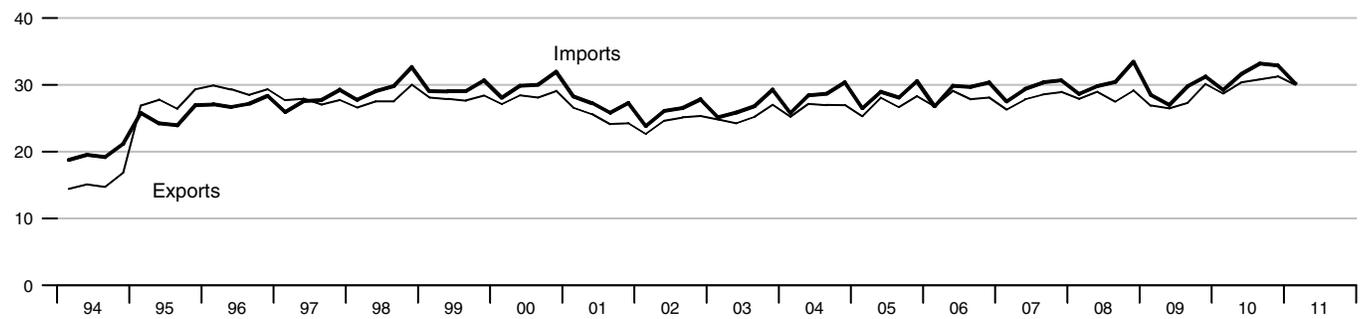
Percent of GDP

Percent of GDP



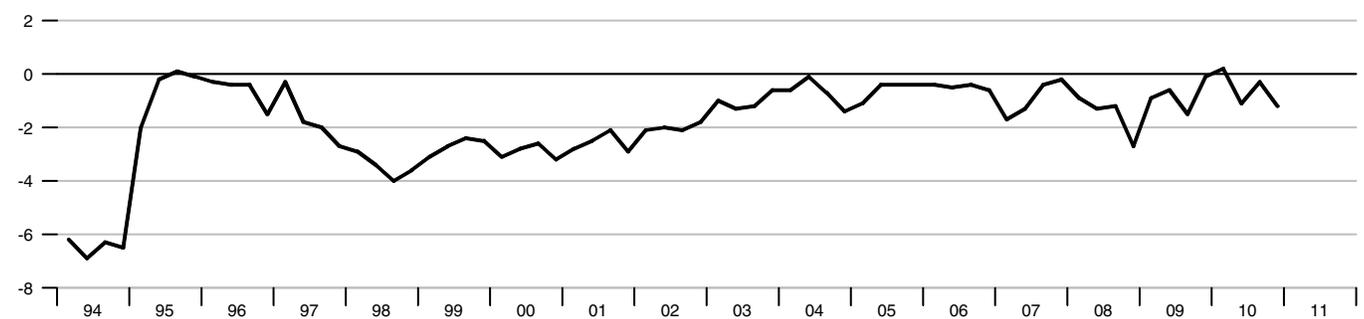
International Trade - Goods and Services

Percent of GDP



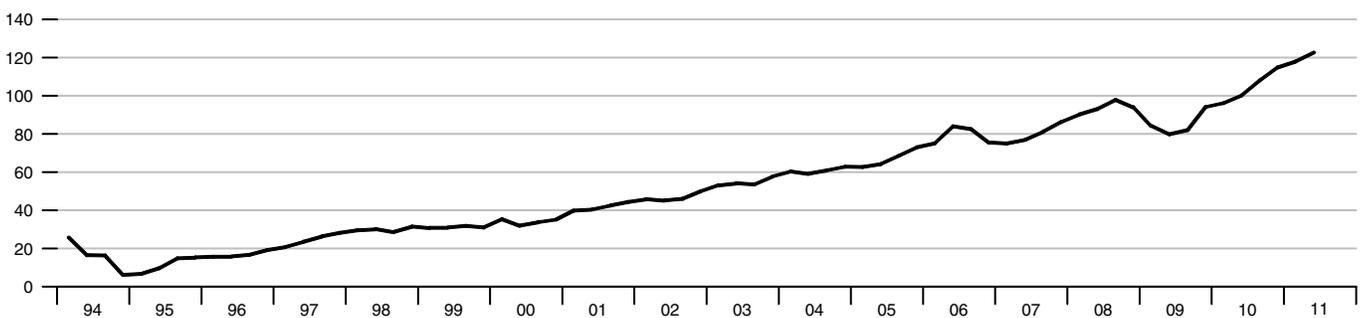
Current Account Balance

Percent of GDP



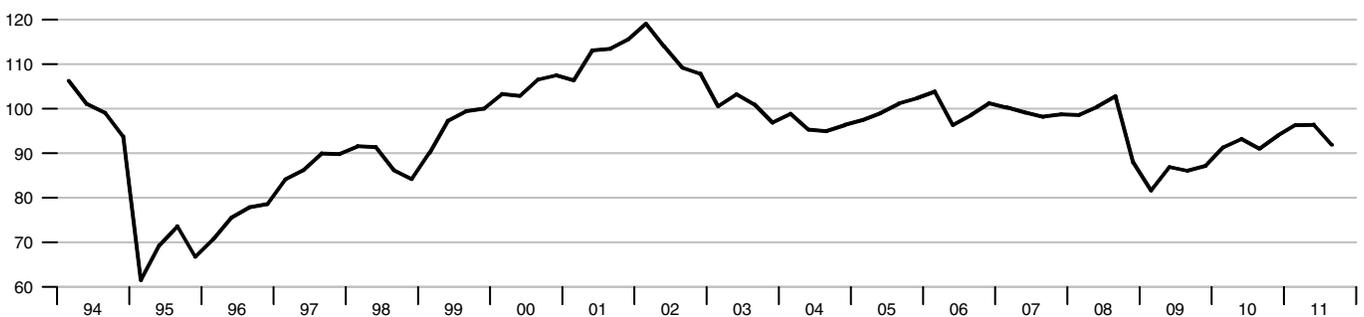
Foreign Exchange Reserves

Billions of US\$



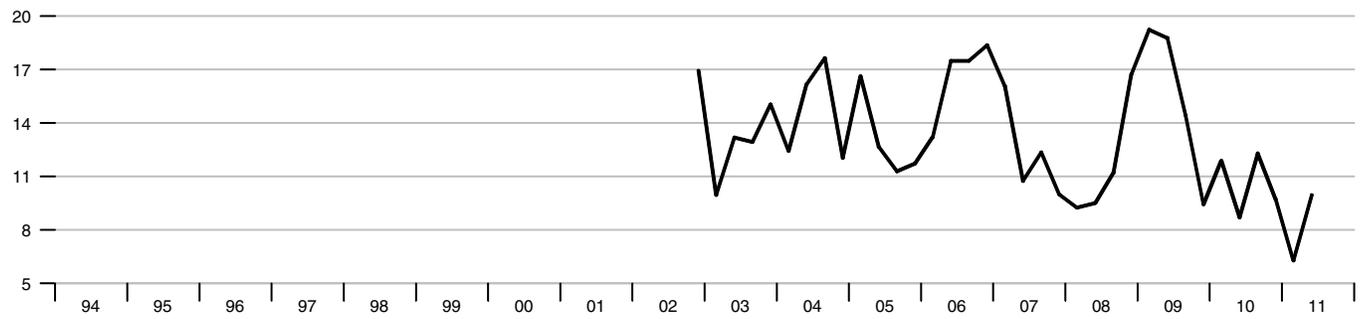
Real Effective Exchange Rate

Index 2005 = 100



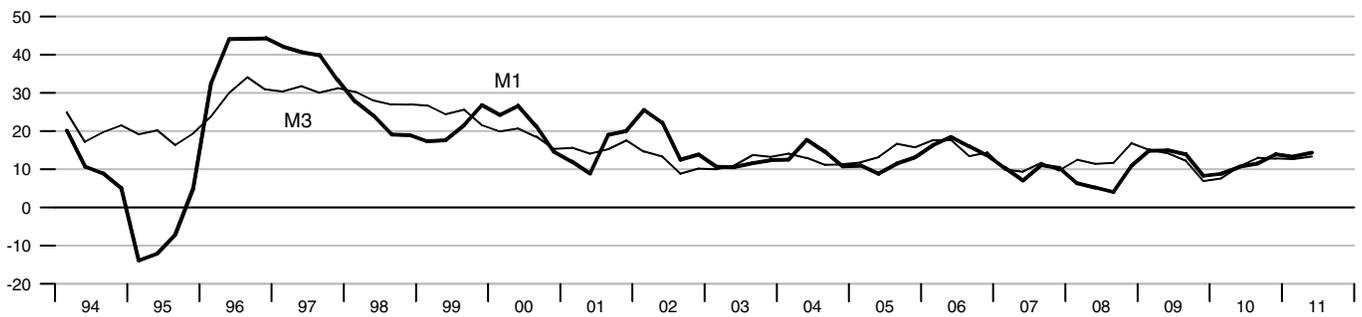
Monetary Base

Percent change from year ago



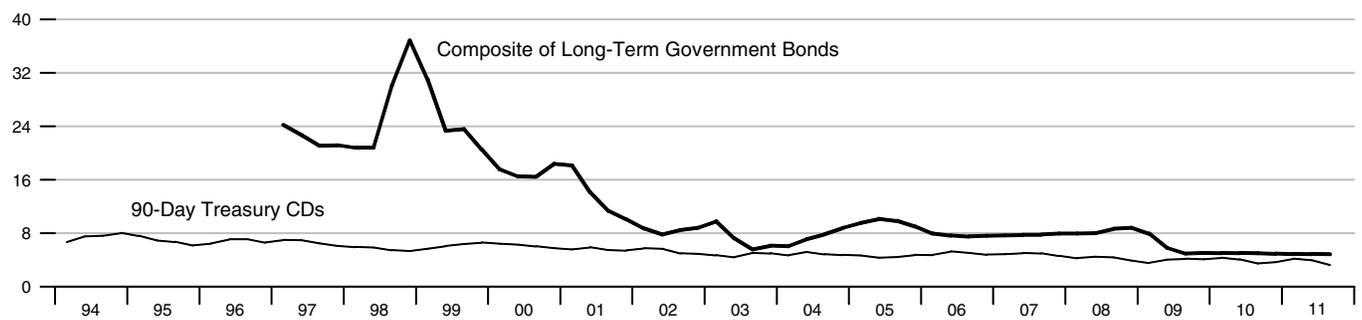
Monetary Aggregates

Percent change from year ago



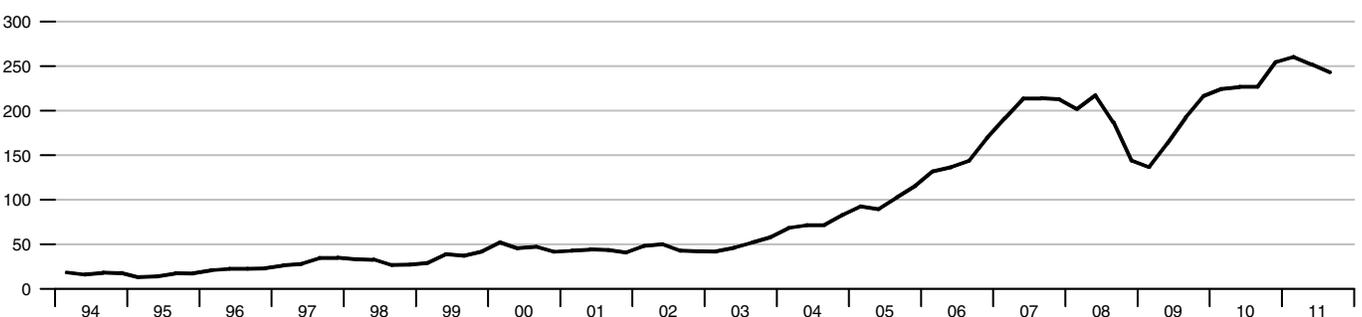
Interest Rates

Percent



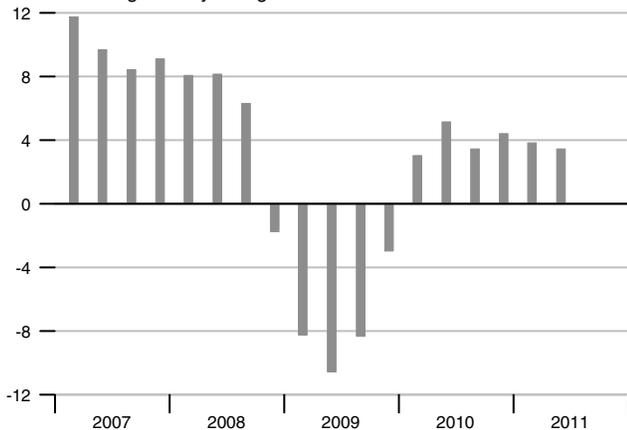
MSE IPC Share Price Index - Mexican Stock Exchange

2005 = 100



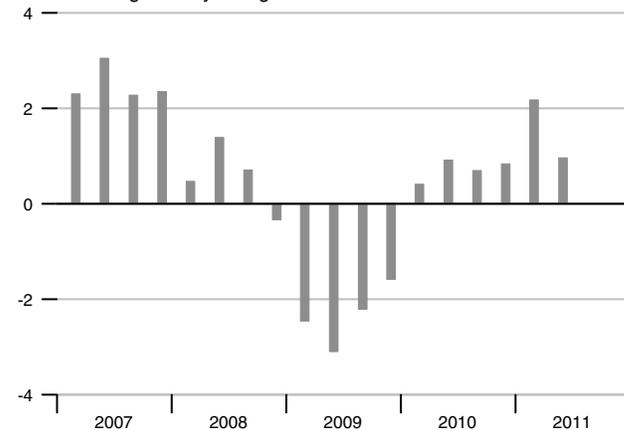
Real GDP

Percent change from year ago



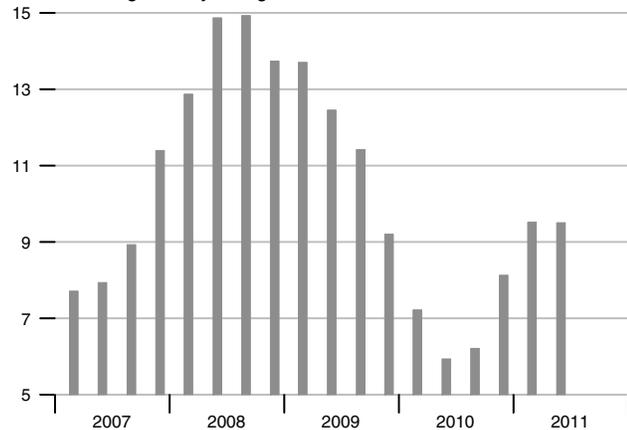
Employment

Percent change from year ago



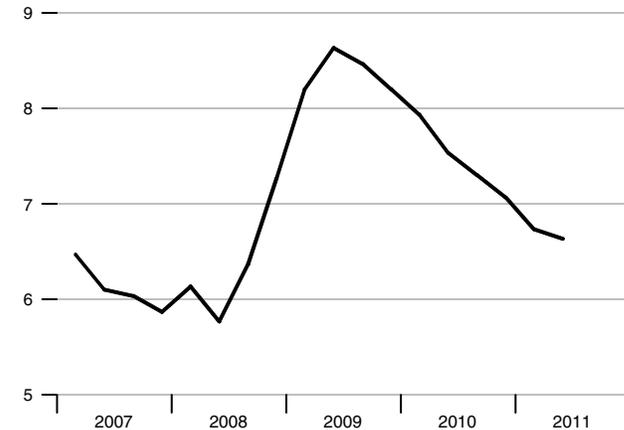
Consumer Price Index

Percent change from year ago



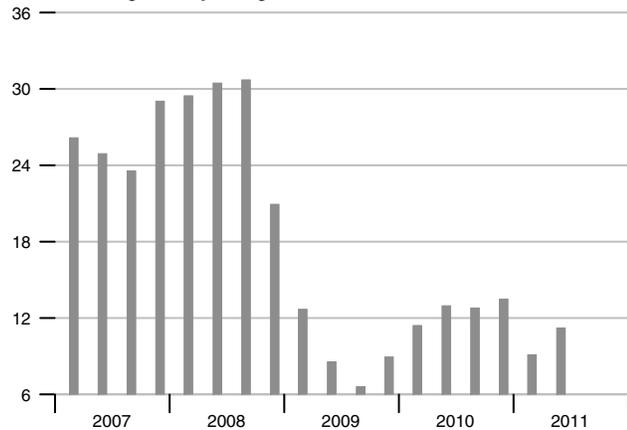
Unemployment Rate

Percent



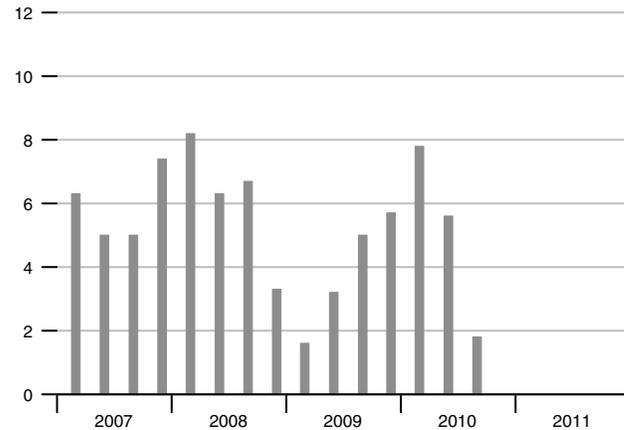
Monthly Earnings

Percent change from year ago

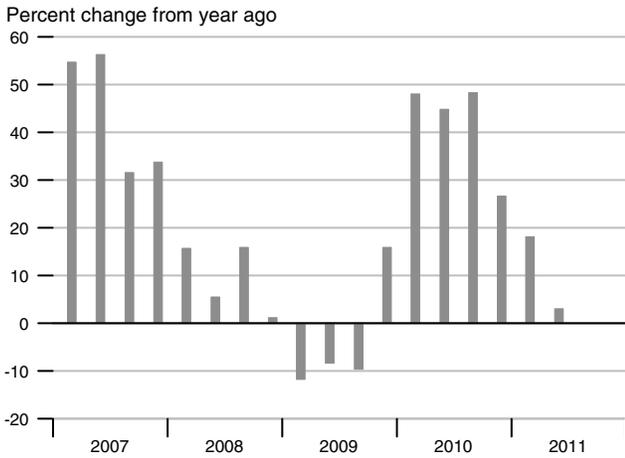


Current Account Balance

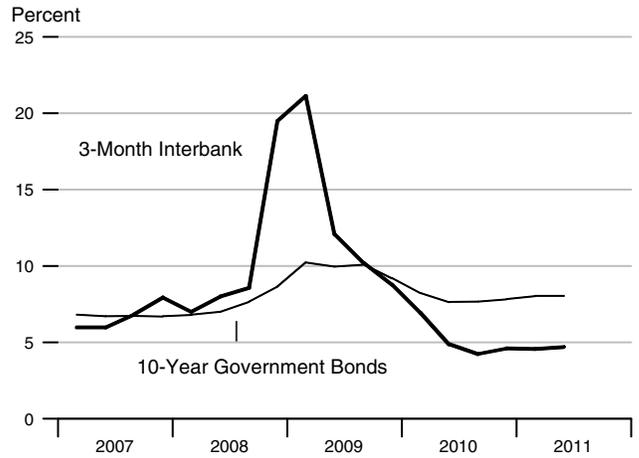
Percent of GDP



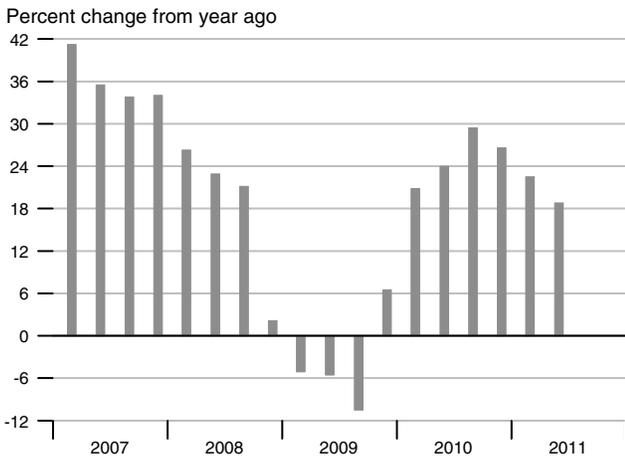
Reserve Money



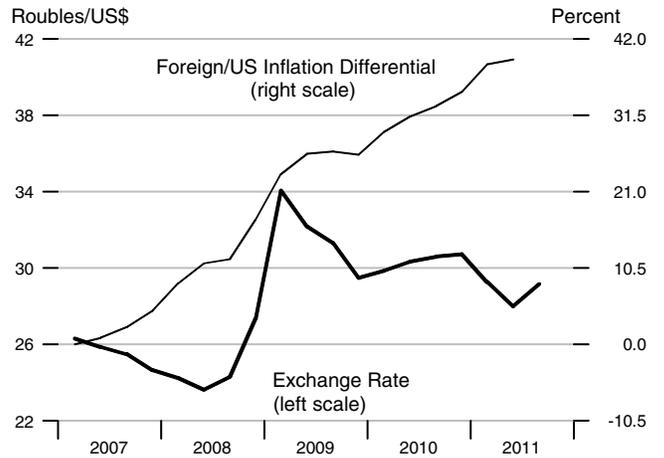
Interest Rates



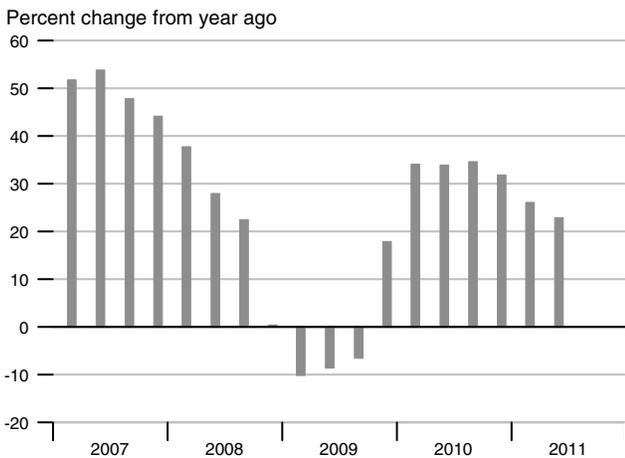
M1



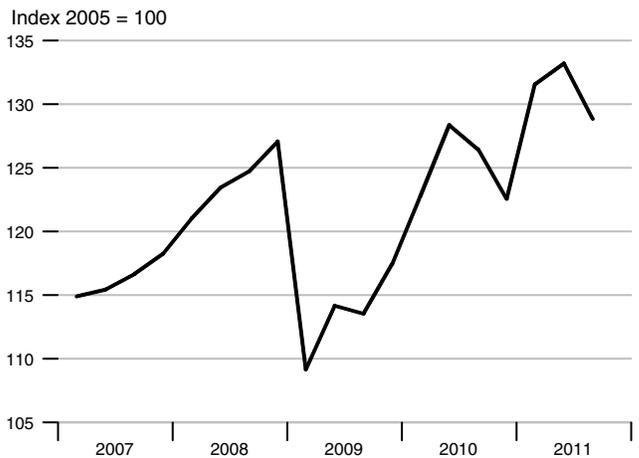
Exchange Rate and Inflation Differential



M2

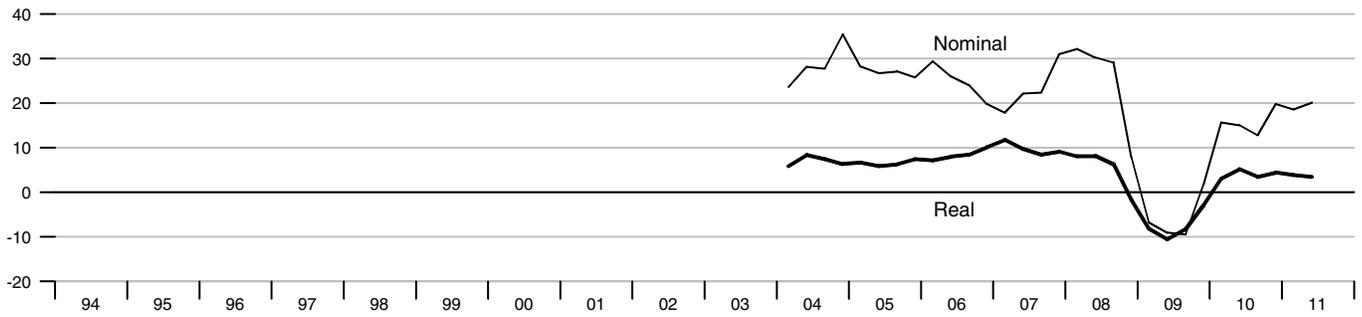


Real Effective Exchange Rate



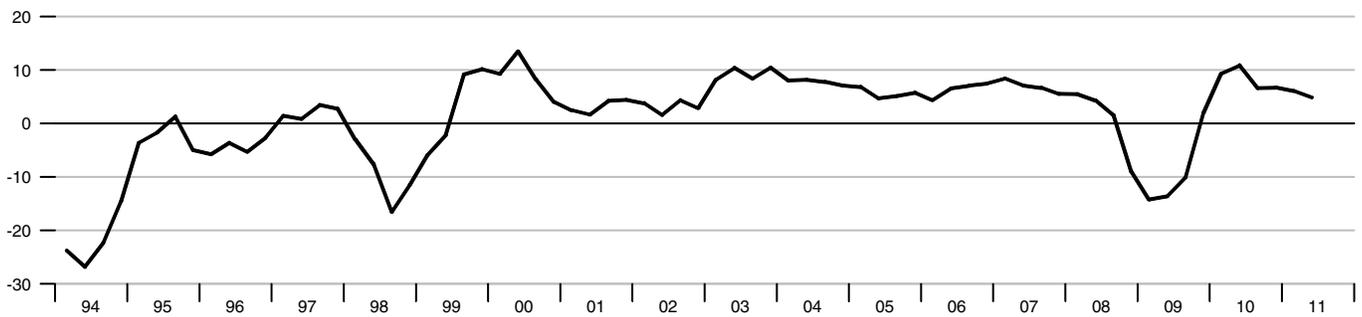
GDP

Percent change from year ago



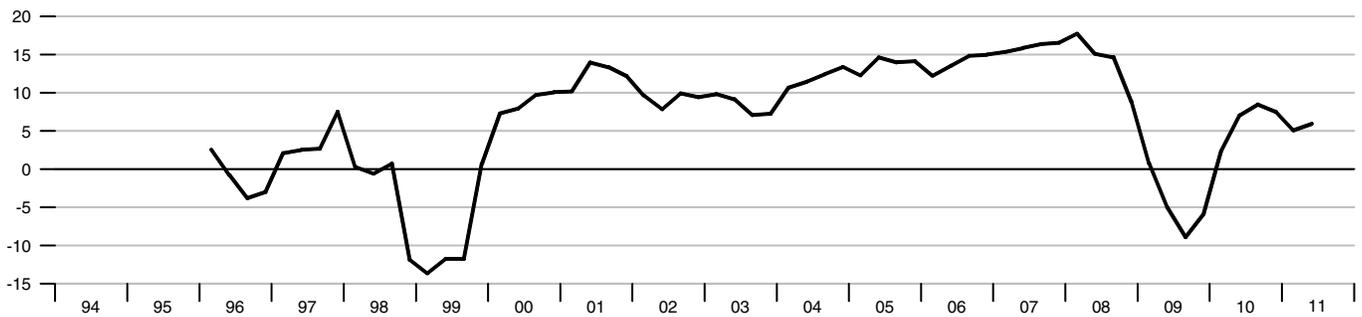
Industrial Production

Percent change from year ago



Retail Sales

Percent change from year ago



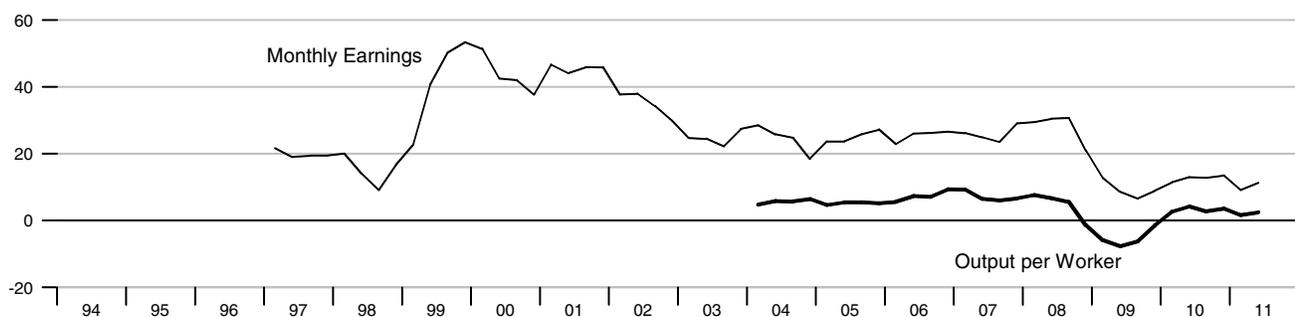
Capacity Utilization

Percent



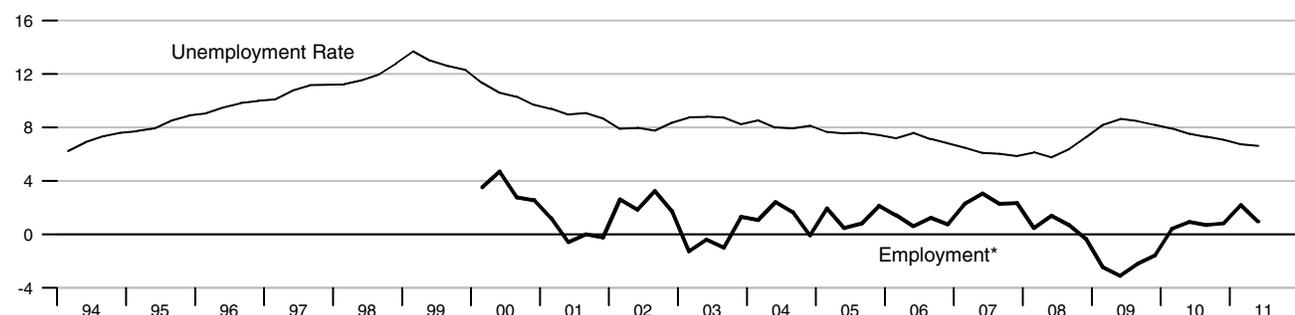
Monthly Earnings and Output per Worker

Percent change from year ago



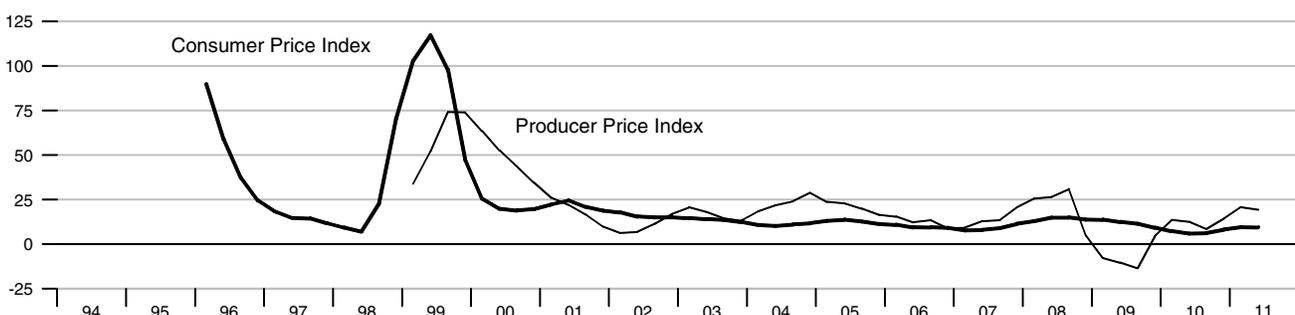
Labor Force Indicators

Percent change from year ago*, Percent



Inflation

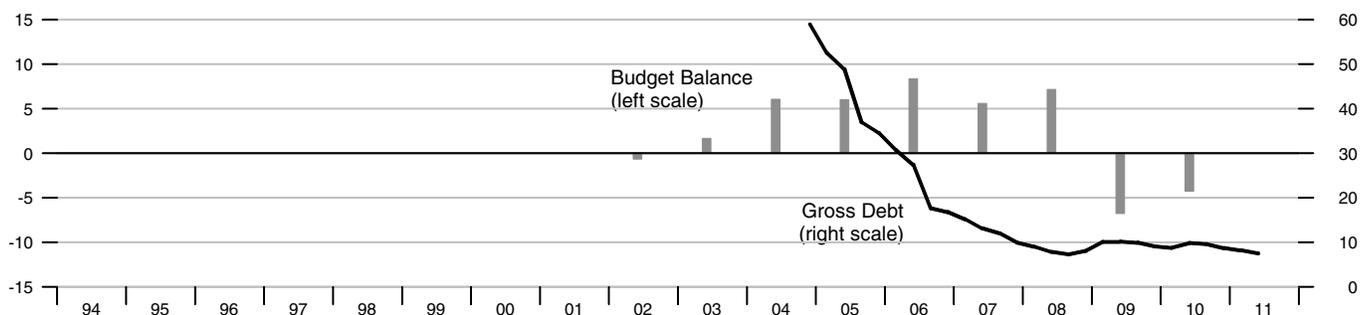
Percent change from year ago



Gross Government Debt and Budget Balance

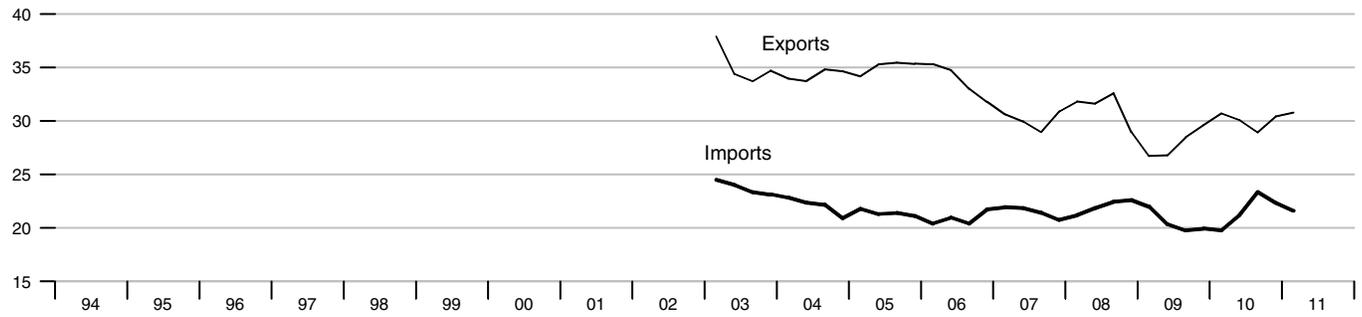
Percent of GDP, annual data

Percent of GDP



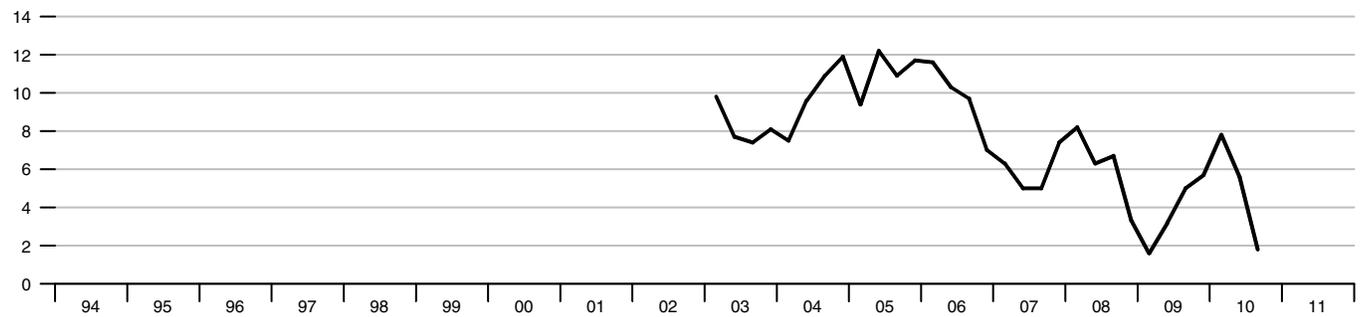
International Trade - Goods and Services

Percent of GDP



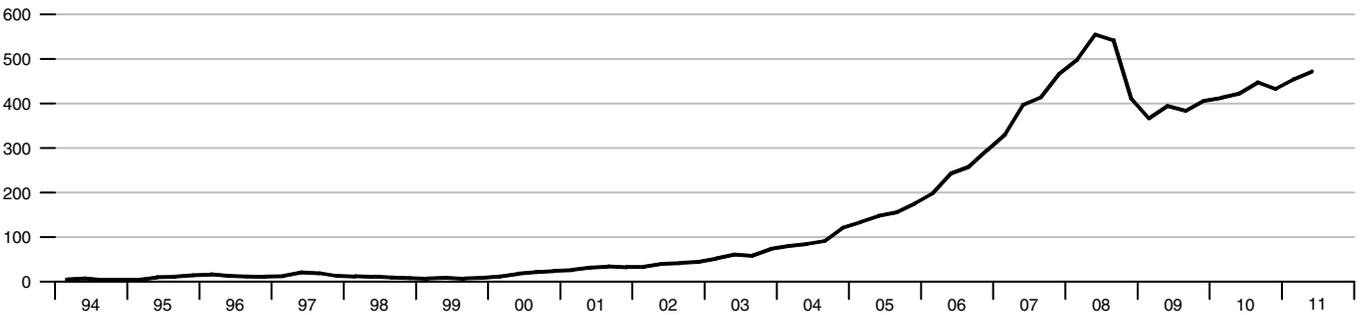
Current Account Balance

Percent of GDP



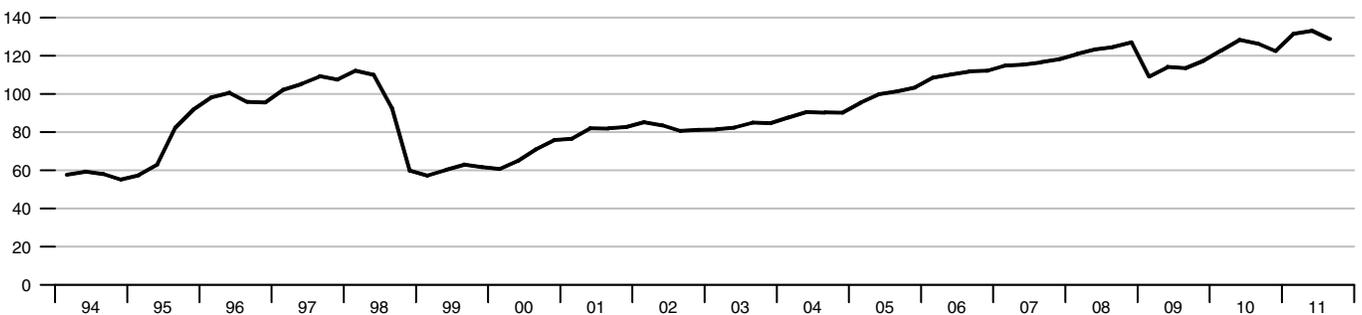
Foreign Exchange Reserves

Billions of US\$



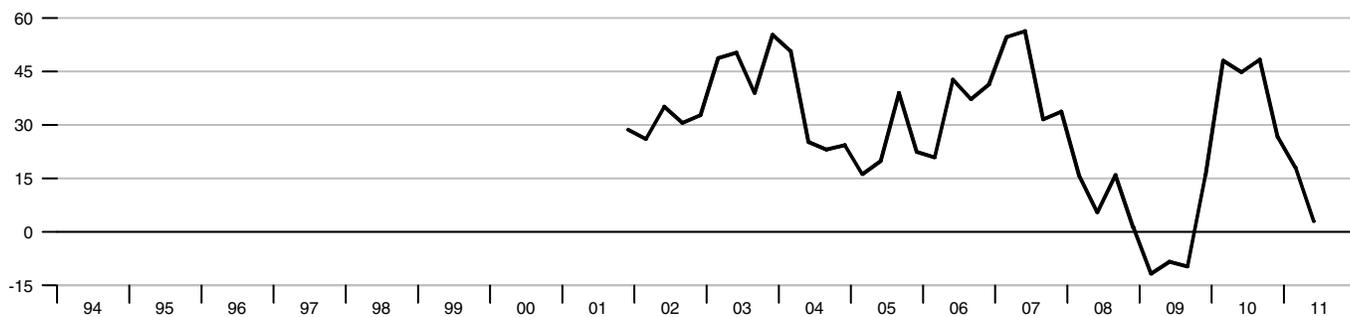
Real Effective Exchange Rate

Index 2005 = 100



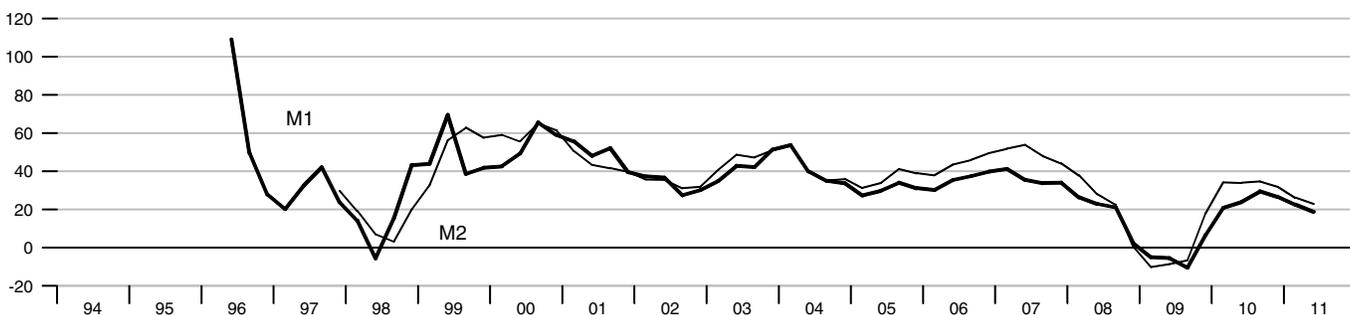
Monetary Base

Percent change from year ago



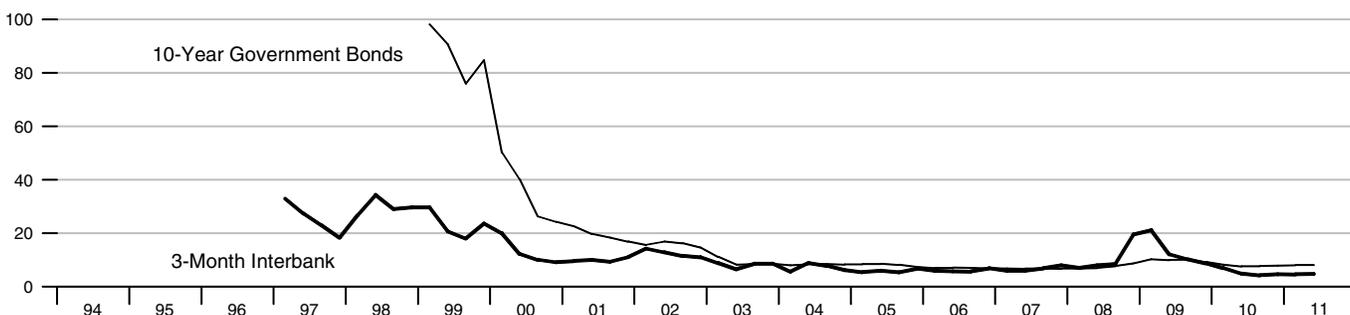
Monetary Aggregates

Percent change from year ago



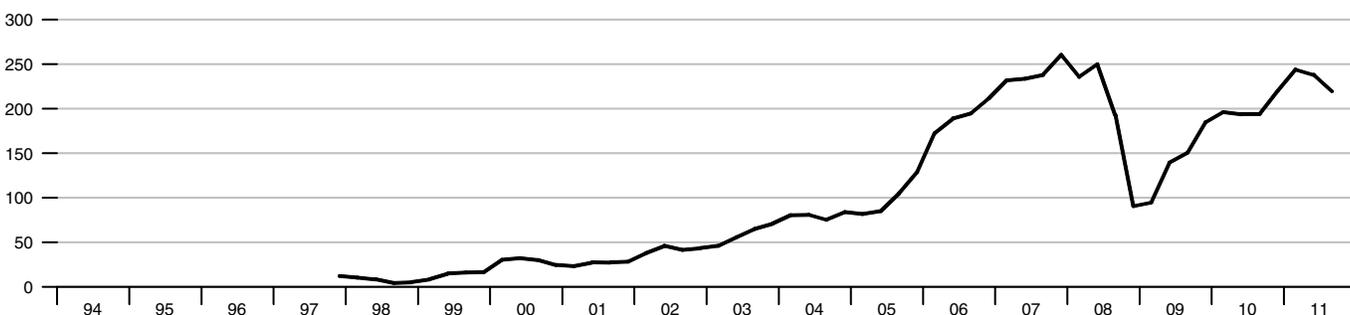
Interest Rates

Percent



Share Price Index

2005 = 100



Notes

Euro-Area Data: Euro-area countries are Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, the Netherlands, Portugal, Slovenia, Slovakia, and Spain. Data series are break adjusted and include all euro area countries for the full sample, with these exceptions: Series for interest rates are not break adjusted.

Euro-area interest rates prior to December 1998 are calculated on the basis of national government yields weighted by GDP. Starting in 1999, short-term rates are euro interbank offered rates. Long-term rates are calculated on the basis of national government bond yields weighted by the nominal outstanding amounts of government bonds in each maturity band.

The euro/dollar exchange rate used in the chart on page 14 is a synthetic rate prior to January 1999. This is constructed by calculating a weighted average of the exchange rates of the euro-area countries, excluding Greece and Luxembourg, against the dollar. The weights are based on 1997 GDP shares.

German Data: As a result of reunification, data for all of Germany are now incorporated in the statistical series. The starting periods for unified German data are listed below. Care should be exercised when interpreting the data around these break periods.

First quarter 1995: hourly earnings.

Capacity Utilization covers the manufacturing sector for Canada, China, France, Japan, Korea, Mexico, Russia, the United Kingdom, the United States, and the euro area; manufacturing excluding food, beverage, and tobacco for Germany; mining and manufacturing for Italy; installed capacity utilization for Brazil.

Consumer Price Index is for all items. The current index is based on goods and services consumed by all individuals for Brazil, Canada, India, Mexico, and Russia; all multi-person households excluding those mainly engaged in agriculture, forestry, and fisheries for Japan; all households except pensioners dependent on state pension and high income households for the United Kingdom; all households except farming and fishing for Korea; all urban households for the United States; all urban and rural residents for China. Data for the euro area, France, Germany, and Italy are based on the harmonized index of consumer prices.

Current Account Balance is the sum of merchandise and service exports and income receipts on domestic assets abroad minus the sum of merchandise and service imports and income payments from foreign assets in the domestic economy plus net unilateral transfers.

Earnings are based on hourly earnings in manufacturing for Canada, Germany, the United States, and the euro area; hourly earnings in manufacturing excluding construction for France, hourly earnings in industry for Italy; hourly earnings for Mexico; monthly earnings in manufacturing for Brazil, China, Japan, and Russia; monthly earnings for wage earners in manufacturing for Korea, and weekly earnings in manufacturing for the United Kingdom.

German real earnings data prior to 2007 are not strictly comparable with the new figures: Before 2007, gross hourly earnings covered full-time wage earners only. Since the first quarter of 2007, the data refer to the index of gross hourly earnings (excluding extra payments) of full-time wage earners and salaried employees.

The **Exchange Rate** for all countries except the United States is expressed as units of local currency per U.S. dollar. For the United States the trade-weighted exchange rate, **TWEX**, is used. This is a weighted average of the exchange value of the U.S. dollar relative to the major international currencies—the euro, Canadian dollar, Japanese yen, British pound, Swiss franc, Australian dollar, and Swedish kronor. Prior to 1999, the currencies of the euro-area countries (with the exception of Greece) are used instead of the euro.

Real Effective Exchange Rate uses normalized unit labor costs in manufacturing. The weighting scheme used to construct the rates, for all except the euro area, is based on disaggregated data for trade among 21 industrial countries in manufactured goods for 2005. For the euro area the weights relate to the trade of the euro area with the other countries. The weights reflect the relative importance of a country's trading partners in its direct bilateral trade relations and competition in third markets. Normalized unit labor costs in manufacturing are calculated by dividing an index of actual hourly compensation per worker by a five-year moving average index of output per man-hour.

Employment data refer to civilian employment for Canada, Germany, Italy, Japan, Korea, Russia, and the United States; industrial employment for France; and total employment for Brazil, the euro area, Mexico, and the United Kingdom.

Foreign Exchange Reserve data are end of period. The dollar value of reserves may fluctuate as a result of changes in reserve holdings and/or changes in the value of the currencies held vis-à-vis the U.S. dollar.

Government Budget Balance is the difference between general government current receipts and total outlays. Total outlays consist of current expenditures and net capital expenditures. **Gross Government Debt** incorporates all financial liabilities of the general government sector. The general government sector consolidates the accounts of the central, state, local, and social security sectors. For China and India general government gross debt consists of all liabilities that require payment or payments of interest and/or principal by the debtor to the creditor at a date or dates in the future. This includes debt liabilities in the form of SDRs, currency and deposits, debt securities, loans, insurance, pensions and standardized guarantee schemes, and other accounts payable.

Cumulative Inflation Differential is the cumulative change in the foreign consumer price index (CPI) over the change in the U.S. CPI, in percentage terms. The base period for the cumulative rate of change is taken to be the first period of the chart. For example, if the base period is 2002:Q1, then the cumulative inflation differential for Japan for 2006:Q3 is as follows:

$$\text{inflation differential} = 100 \cdot \left(\frac{P_{2006Q3}^J / P_{2002Q1}^J}{P_{2006Q3}^{US} / P_{2002Q1}^{US}} - 1 \right)$$

where P_{2006Q3}^J is the Japanese CPI in the third quarter of 2006. For the U.S. chart on page 41, foreign CPI is calculated as the weighted average of the CPIs of countries whose currencies are used in the major currency trade-weighted exchange rate index. Starting in 1999, the euro-area harmonized consumer price index is used for the euro area. Prior to 1999, the price levels for the individual euro area countries (excluding Greece and Luxembourg) are used. The cumulative inflation differential is shown because the theory of purchasing power parity states that exchange rate changes should be systematically positively related to this variable.

Industrial Production measures the change in the volume of output in the mining, manufacturing, oil, electricity, gas, and water industries.

The **Short-Term Interest Rate** table on page 6 uses the relevant 3-month interest rate shown in the country pages.

The **Long-Term Interest Rate** table on page 6 uses the government bond rate. The government bond rate is a composite of yields on federal government bonds with maturities of more than 10 years Mexico and the United States; 10-year benchmark bonds for France; 7- to 15-year public sector bonds for Germany; 15- to 20-year government bonds through 1990 and 10-year government bonds starting in 1991 for Italy; and 10-year government bonds for Canada, the euro area, Japan, Korea, Russia, and the United Kingdom.

The **Reserve Money** table on page 5 refers to the adjusted monetary base for Japan and the United States; monetary base for Brazil, Canada, Mexico, Russia; and M0 for the United Kingdom. **Reserve Money** is currency in circulation, deposits of the deposit money banks, and demand deposits of other residents (with the exception of the central government) with the monetary authority.

Adjusted Monetary Base

Japan: currency in circulation and current deposits at the Bank of Japan.

United States: the sum of currency in circulation outside Federal Reserve banks and the U.S. Treasury, deposits of depository financial institutions at Federal Reserve banks, and an adjustment for the effects of changes in statutory reserve requirements on the quantity of base money held by depositories.

Notes and Coins in Circulation

United Kingdom: After reforming the rules governing bank reserves, the Bank of England discontinued its M0 series in May 2006 because the data would not be comparable to previous data. *IET* now presents a related series, "Notes and Coins in Circulation," in place of M0. The Bank of England

directs interested parties to “Publication of narrow money data: the implication of money market reform” in its Autumn 2005 *Quarterly Bulletin* (<http://www.bankofengland.co.uk/publications/quarterlybulletin/qb050304.pdf>).

M1

Japan: cash, currency in circulation, and deposit money.
Euro area: currency in circulation and overnight deposits.
Brazil: notes and coins held by public, and demand deposits.
China: currency in circulation, and demand deposits.
India: currency in circulation and demand deposits at monetary institutions.
Korea: currency in circulation and demand deposits at monetary institutions.
Mexico: notes, coins, cheque accounts held by public, denominated in Pesos or in foreign currency, and interest accounts in Pesos.
Russia: money outside bank and demand deposits in the banking system.

M1B

Canada: currency outside banks, chartered bank checkable deposits, less inter-bank checkable deposits.

MZM

United States: currency in circulation, travelers’ checks, total publicly-held checkable deposits minus cash items in the process of collection and Federal Reserve float, savings deposits, shares in retail money market mutual funds (funds with initial investments of less than \$50,000), net of retirement accounts, and institutional money market mutual funds.

M2

Canada: currency outside banks, chartered bank demand and notice deposits, chartered bank personal term deposits, adjustments to M2 (continuity adjustments and inter-bank demand and notice deposits).
United Kingdom: currency in circulation and sterling retail deposits with the U.K. banks and building societies.
United States: MZM less institutional money market mutual funds plus small denomination (less than \$100,000) time deposits.
Brazil: M1 plus open market funds, short-term fixed-yield funds, short-term financial investment funds, remunerated special deposits and bonds of the federal government, states, and municipalities, held by the non-financial public entities.
China: M1 plus quasi-money (time deposits and savings deposits and other deposits).
Korea: M1 plus time and savings deposits and residents’ deposits in foreign currency at deposit money banks.
Russia: M1 plus quasi-money (bank system deposits that cannot be directly used for making payments and are less liquid than M1). This includes time deposits in national currency and all deposits in foreign currency.

M2 + CDs

Japan: M1 plus private deposits, public deposits less demand deposits, and certificates of deposit.

M3

Euro area: M1 plus deposits with a maturity up to 2 years, deposits redeemable at notice up to 3 months, repurchase agreements, money market funds, and debt securities up to 2 years.
India: M1 plus post office savings, bank deposits and residents’ deposits in foreign currency at deposit money banks, and other time deposits with banks.
Mexico: M1 plus residents’ possessions of other bank deposits, securities issued by the Federal Government, securities issued by private entities and the retirement saving funds, plus bank deposits and Federal Government securities in the hand of non-residents.

M4

United Kingdom: M2 plus wholesale deposits with the U.K. banks and building societies.

Output Per Worker is the ratio of real GDP to employment.

Producer Price Index covers manufacturing for Canada and the United Kingdom; and total industry for Japan and the United States. Data for the euro area, France, Germany, and Italy are based on the harmonized index of total industry excluding construction.

Retail Sales are based on a volume index.

Stock Exchange Index refers to all share prices except for the United Kingdom, which excludes financial firms.

Unemployment Rate is the standardized unemployment rate. It is the percentage of the civilian labor force that is unemployed. The unemployed are all persons of working age who are without work, readily available for work, and actively seeking work. The standardized rate may differ from the national unemployment rate calculations.

Sources

Abbreviations

Board of Governors of the Federal Reserve System (BOG)
Bureau of Economic Analysis, U.S. Department of Commerce (BEA)
Bureau of Labor Statistics, U.S. Department of Labor (BLS)
International Monetary Fund,
International Financial Statistics (IMF)
World Economic Outlook (WEO)
Organization for Economic Cooperation and Development,
Economic Outlook (OECD1)
Main Economic Indicators (OECD2)
National Accounts Quarterly (OECD3)

Canada

Bank of Canada: M1B and M2.
BOG: exchange rate.
IMF: foreign exchange reserves, merchandise and service trade, real effective exchange rate, and reserve money.
OECD1: gross government debt and budget balance.
OECD2: capacity utilization, consumer price index, current account balance, GDP, hourly earnings, industrial production, interest rates, producer price index, retail sales, stock exchange index, and unemployment rate.
Statistics Canada: employment.

Euro Area

European Central Bank: current account balance and employment.
Eurostat: capacity utilization, consumer price index, GDP, interest rates, merchandise trade, producer price index, and retail sales.
Haver Analytics: synthetic euro exchange rate.
IMF: real effective exchange rate.
OECD1: gross government debt and budget balance.
OECD2: hourly earnings, industrial production, M1, M3, stock exchange index, and unemployment.

France

BOG: exchange rate.
Eurostat: capacity utilization, consumer price index, and producer price index.
IMF: foreign exchange reserves, merchandise and service trade, and real effective exchange rate.
Institut National de la Statistique et des Etudes Economiques: employment.
OECD1: gross government debt and budget balance.
OECD2: current account balance, GDP, hourly earnings, industrial production, retail sales, interest rates, stock exchange index, and unemployment.

Germany

BOG: exchange rate.
Bundesanstalt Fur Arbeit: employment.
Eurostat: capacity utilization, consumer price index, and producer price index.
IMF: foreign exchange reserves, merchandise and service trade, and real effective exchange rate.
OECD1: gross government debt and budget balance.
OECD2: current account balance, GDP, hourly earnings, industrial production, M1, M3, retail sales, interest rates, stock exchange index, and unemployment.

Italy

BOG: exchange rate.
Eurostat: capacity utilization, consumer price index, and producer price index.
IMF: foreign exchange reserves, merchandise and service trade, and real effective exchange rate.
Istituto Nazionale di Statistica: employment.
OECD1: gross government debt and budget balance.
OECD2: current account balance, GDP, hourly earnings, industrial production, long-term interest rates, retail sales, stock exchange index, and unemployment.

Japan

Bank of Japan: adjusted monetary base and long-term interest rate.

BOG: exchange rate.

IMF: foreign exchange reserves, merchandise and service trade, and real effective exchange rate.

OECD1: gross government debt and budget balance.

OECD2: capacity utilization, consumer price index, current account balance, employment, GDP, hourly earnings, industrial production, M1, M2, producer price index, retail sales, short-term interest rate, stock exchange index, and unemployment.

United Kingdom

BOG: exchange rate.

IMF: foreign exchange reserves, merchandise and service trade, and real effective exchange rate.

OECD1: gross government debt and budget balance.

OECD2: capacity utilization, consumer price index, current account balance, GDP, industrial production, interest rates, M2, M4, producer price index, retail sales, stock exchange index, unemployment, and weekly earnings.

U.K. Office for National Statistics: employment and Notes and Coins in Circulation.

United States

BOG: capacity utilization, exchange rate, industrial production index, M2, and interest rates.

BEA: GDP, current account balance, merchandise and service trade, and retail sales.

BLS: employment, consumer price index, and producer price index.

Federal Reserve Bank of St. Louis: adjusted monetary base and MZM.

IMF: foreign exchange reserves and real effective exchange rate.

OECD1: gross government debt and budget balance.

OECD2: hourly earnings, stock exchange index, and unemployment.

Brazil

Banco Central Do Brazil: capacity utilization, employment, gross government debt, and long-term interest rate.

BOG: exchange rate.

IMF: foreign exchange reserves, merchandise and service trade, monetary base, producer price index, and short-term interest rate.

OECD1: budget balance.

OECD2: consumer price index, current account balance, GDP, industrial production, M1, M3, monthly earnings, real effective exchange rate, retail sales, stock exchange index, and unemployment.

China

IMF: foreign exchange reserves and reserve money.

OECD1: budget balance.

OECD2: capacity utilization, consumer price index, exchange rate, industrial production, M1, M2, merchandise trade, monthly earnings, nominal GDP, producer price index, real effective exchange rate, retail sales, short-term interest rate, stock exchange index, and unemployment.

WEO: current account as a percentage of GDP, government debt, and real GDP.

India

IMF: foreign exchange reserves, reserve money, and short-term interest rate.

OECD1: budget balance.

OECD2: consumer price index, exchange rate, GDP, industrial production, M1, M3, merchandise trade, producer price index, real effective exchange rate, and stock exchange index.

WEO: current account as a percentage of GDP and government debt.

Korea

BOG: exchange rate.

IMF: foreign exchange reserves, merchandise and service trade, monthly earnings, and reserve money.

OECD1: gross government debt and budget balance.

OECD2: capacity utilization, consumer price index, current account, employment, GDP, industrial production, interest rates, M1, M2, producer price index, real effective exchange rate, retail sales, stock exchange index, and unemployment.

Mexico

BOG: exchange rate.

IMF: budget balance, foreign exchange reserves, government debt, and merchandise and service trade.

OECD2: capacity utilization, consumer price index, current account, employment, GDP, hourly earnings, industrial production, interest rates, M1, M3, monetary base, producer price index, real effective exchange rate, retail sales, stock exchange index, and unemployment.

Russia

BOG: exchange rate.

Central Bank of Russia: government debt.

IMF: foreign exchange reserves, monetary base, and merchandise and service trade.

OECD1: budget balance.

OECD2: capacity utilization, consumer price index, current account, employment, GDP, industrial production, interest rates, M1, M2, monthly earnings, producer price index, retail sales, stock exchange index, and unemployment.