FEDERAL RESERVE BANK OF SAN FRANCISCO
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GLOBAL FINANCIAL CRISIS: IMPACT ON ASIAN ECONOMIES

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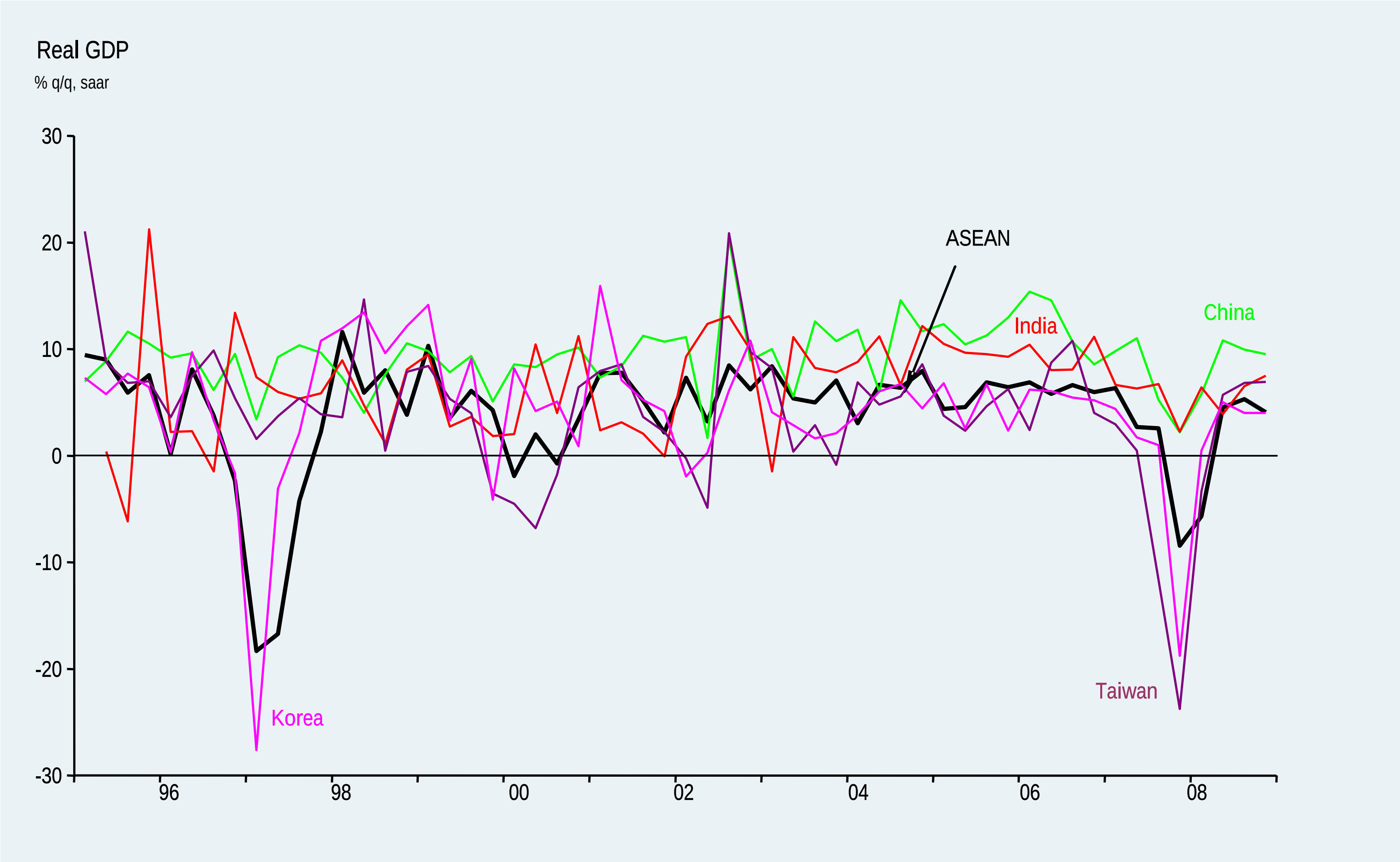
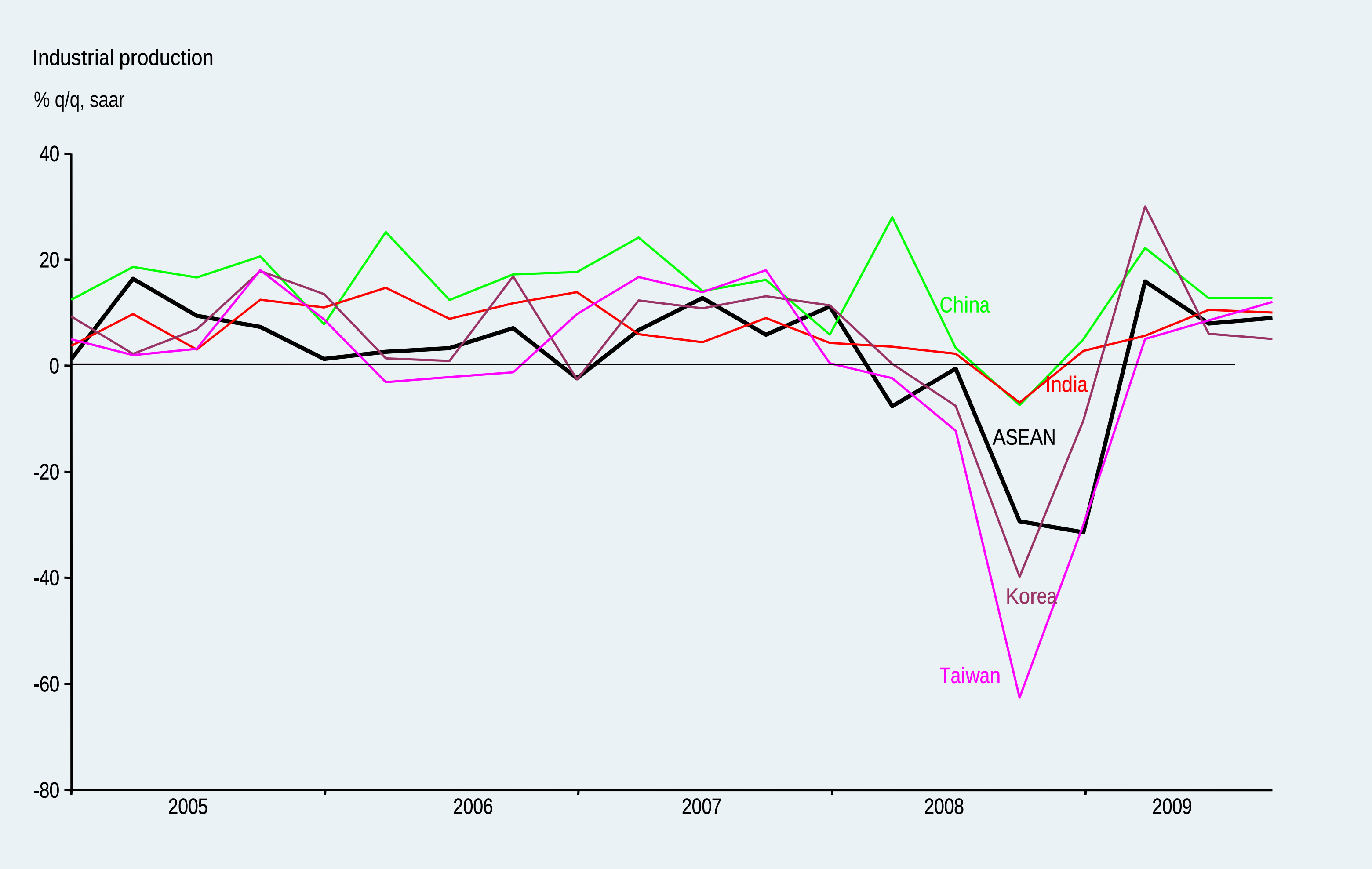
J.P.Morgan

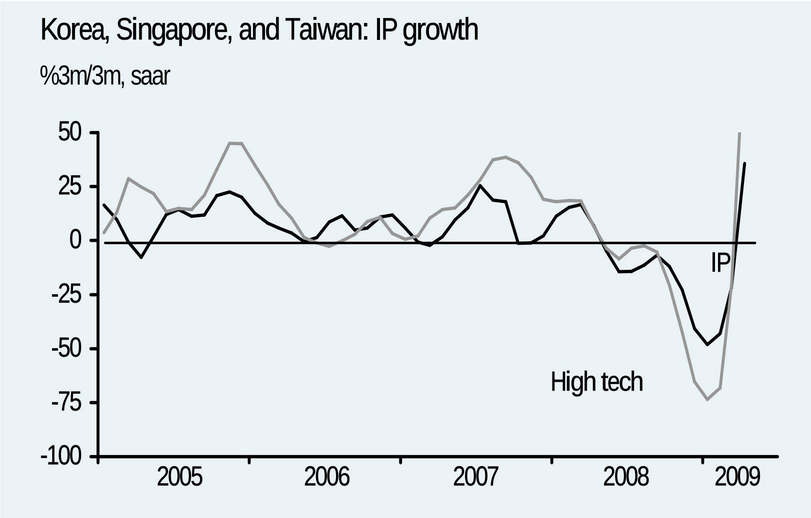
Regional GDP growth

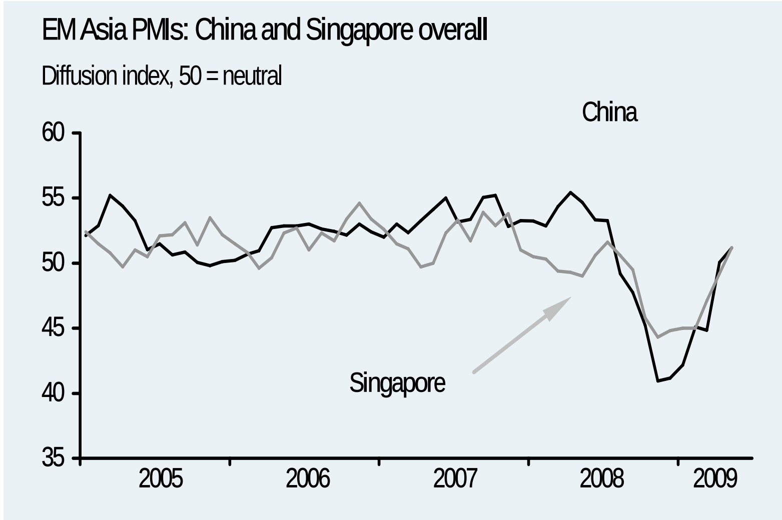


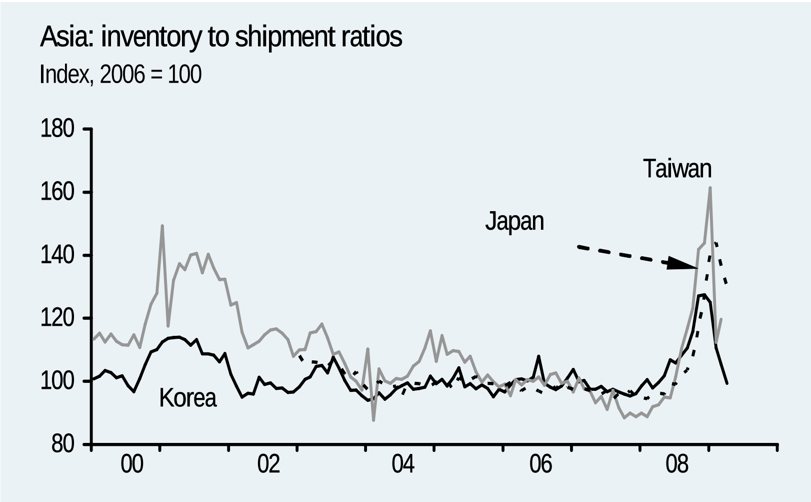
Industrial production – the swing factor

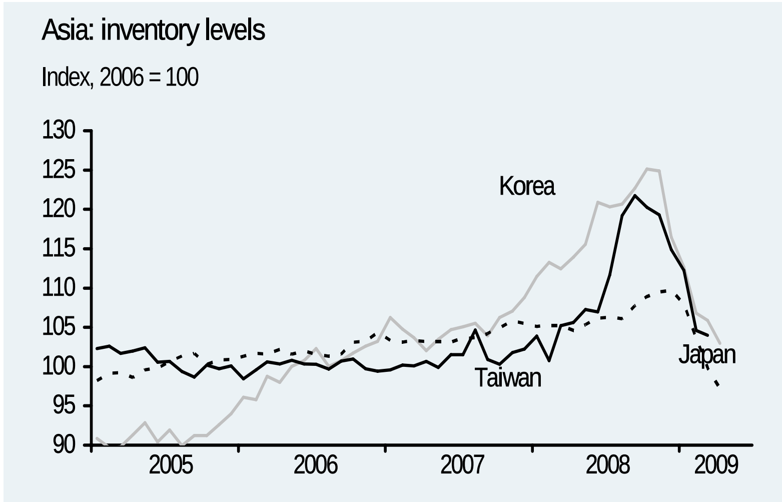


Link from DM to EM Asia growth clearly tied to tech sector – watch inventory cycle

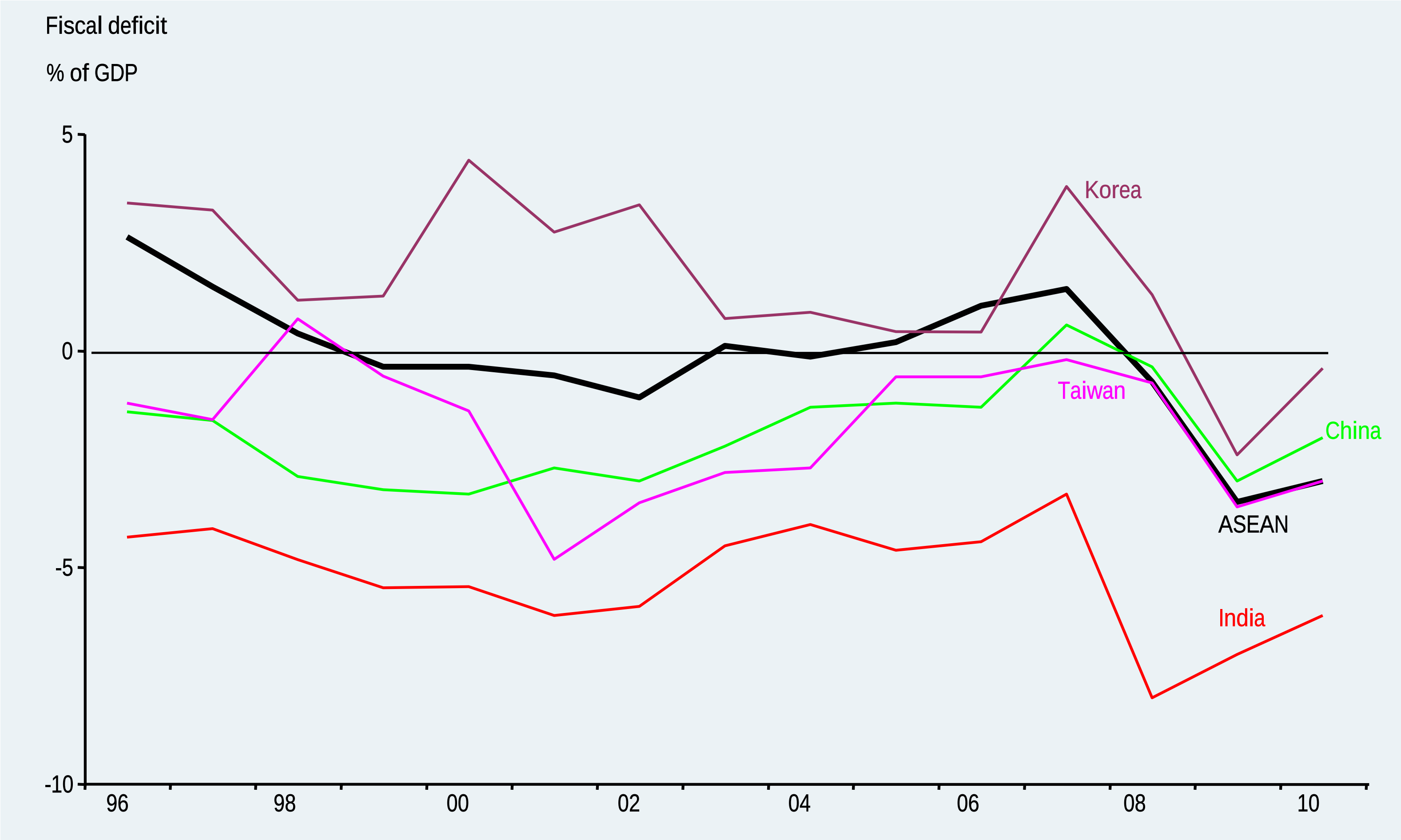




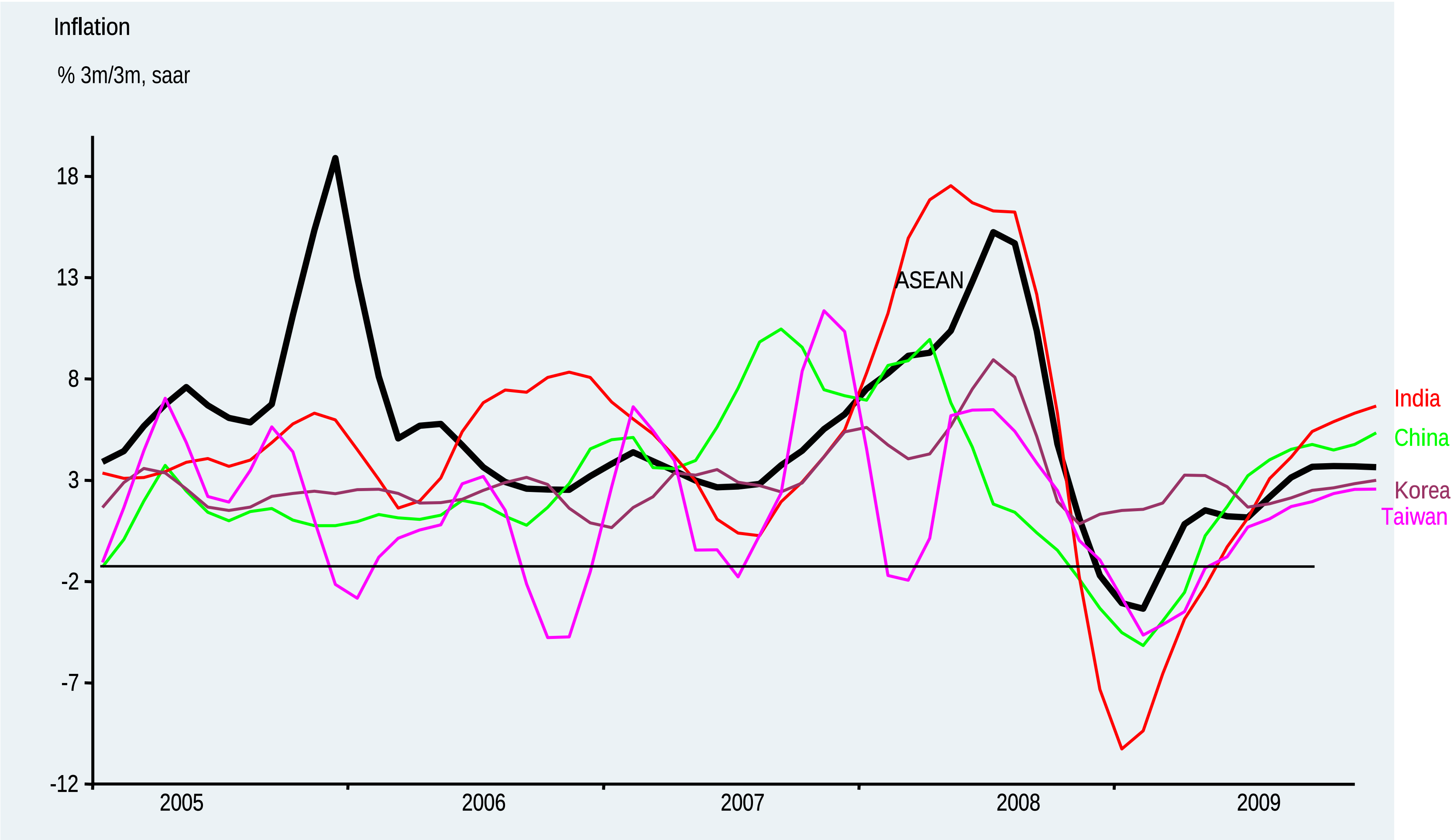




Government spending has plenty left in the tank in Asia



Inflation down, but not out



Emerging Asia policy rates cuts frontloaded, now largely over

	Change in 2009 so far	Expected change in Q3
Indonesia	-225	-50
India	-175	0
Thailand	-150	0
Malaysia	-125	0
Philippines	-125	-25
Korea	-100	0
Taiwan	-75	0
China	0	0
Hong Kong	0	0

A mixed bag versus Consensus forecasts

Emerging Asia GDP growth forecast

	2009f			
	April	Latest	Cons	Difference[1]
Emerging Asia	7.5	2.9	3.4	-0.5
China	9.8	7.2	7.5	-0.3
Hong Kong	5.0	-5.5	-4.6	-0.9
India	8.0	6.2	5.8	0.4
Indonesia	5.2	3.5	3.7	-0.2
Korea	5.0	-2.0	-2.7	0.7
Malaysia	5.3	-4.0	-3.2	-0.8
Philippines	4.5	1.3	0.6	0.7
Singapore	6.0	-6.3	-7.0	0.7
Taiwan	4.5	-5.0	-5.4	0.4
Thailand	5.0	-4.2	-3.8	-0.4

1. JP Morgan less consensus forecast

China–Macro view

China macro highlights

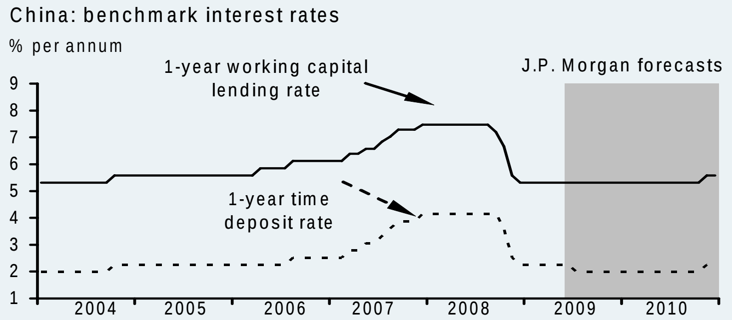
- China's May activity data confirmed that the economy is growing robustly, likely at a double-digit sequential pace. Domestic demand is accelerating into midyear, based on the booming pace of fixed asset investment and retail sales volume. Exports continue to lag, but the 3%m/m gain in May was encouraging. The net result was that IP jumped 2%m/m last month. Overall, we maintain our 2009 full-year GDP forecast at 7.2%
- While the headline CPI will likely continue to fall in coming months, it has bottomed, in our view, and the worst of deflation is likely already behind us. In particular, resource price reforms, aiming at correcting mis-/under-pricing of energy/resources and encouraging conservation, appear to be coming earlier and are more aggressive than we had expected. They also have helped to prevent deflation expectations and to increase inflation expectations modestly in a deflationary environment. As a result, we have revised our 2009 full-year CPI forecast up to -0.1% (previously -0.5%) and expect the %oya headline CPI to turn positive in late 3Q09 (previously 4Q09).
- We expect fiscal and monetary policy to remain accommodative until Beijing feels that China's V-shaped recovery is on a more solid footing and there is more visibility on an external demand recovery. Earlier and more aggressive resource price reforms, as well as emerging inflation expectations, together with the steady pickup in economic growth, suggests that the room for further rate cuts is limited. However, as inflation pressures remain subdued, evidenced by the continued fall in a wide range of goods and service prices, we expect the central bank to keep the benchmark lending rate unchanged until 4Q10, although a near-term deposit rate cut, aimed at discouraging household saving and stimulating consumption, is still possible. We continue to expect further RRR cuts (to bottom at 11%), potentially in the second half, when the credit expansion cools and the trade surplus falls in 12-month terms. We expect USD/CNY to remain stable in coming months.

Key macro forecasts

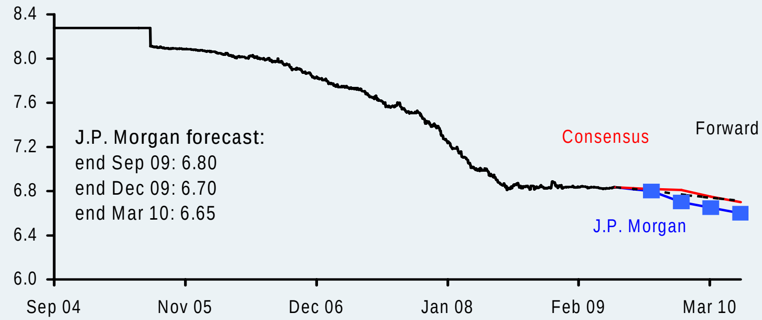
	Average 2002-06	2007	2008	2009f	2010f
Real GDP, % change	10.2	13.0	9.0	7.2	8.5
Consumption*	2.8	4.7	4.9	4.4	4.8
Investment*	5.8	5.6	4.4	4.1	4.0
Net trade*	1.7	2.7	-0.3	-1.3	-0.3
Consumer prices, %oya	1.5	4.8	5.9	-0.1	2.8
% Dec/Dec	1.9	6.5	1.2	2.9	1.7
Government balance, % of GDP	-1.7	0.6	-0.4	-3.0	-2.0
Merchandise trade balance ($ bil.)	99.9	315.4	323.7	322.9	337.9
Exports	617.9	1220.0	1423.4	1352.3	1502.4
Imports	517.9	904.6	1099.7	1029.4	1164.4
Current account balance	112.8	371.8	408.2	372.0	391.1
% of GDP	5.6	10.7	9.4	7.8	7.3
International reserves, ($ bil.)	643.2	1530.3	1948.1	2178.1	2378.1
Total external debt, ($ bil.)	249.4	373.6	408.0	421.0	435.0
Short term†	109.8	211.1	232.0	248.0	266.0
Total external debt, % of GDP	11.6	10.1	9.0	8.7	8.0
Total external debt, % of exports‡	32.3	23.8	22.6	25.5	23.7
Interest payments, % of exports‡	0.8	0.7	0.6	0.6	0.7

* Contribution to growth of GDP.
† Debt with original maturity of less than one year.
‡ Exports of goods, services, and net transfers.

China: benchmark interest rates



Chinese Yuan



Hong Kong–Macro View

Hong Kong macro highlights

- Hong Kong real GDP fell 16.1%q/q, saar, after the 7.4%q/q, saar contraction in 4Q08, which was immediately accompanied by another fiscal stimulus announcement. The accelerating and severe contraction in exports and inventory destocking were the main drags on the overall economy, while domestic investment and consumption demand seemed to be stabilizing at the bottom. On the back of the weak 1Q09 GDP report, we have lowered our 2009 GDP forecast down to -5.5%oya (previously -3.0%). We believe that the 1Q GDP data mark the bottom of activity levels, with the economy likely recovering gradually in coming quarters, along with the stabilizing global demand and financial markets, steady improvement in domestic asset markets, further cross-border economic and financial integration, and accelerating government spending.
- We expect inflation to remain subdued and for the over-year ago rate to slow further. The headline inflation rate may turn negative temporarily later in the year, marking the first negative monthly %oya print in more than five years. This forecast reflects the impact of government relief measures, as well as the effects from lower global oil and food prices and weak domestic demand. Currently, we expect full-year inflation for 2009 to be only 0.5% versus 4.3% last year.
- Our view on the HKD peg and the currency board arrangement remains unchanged: the probability of any significant near-term change is very low. Lack of alternatives and moderate inflation pressure keep HKD peg to stay.

Hong Kong

Curve: HIBOR

Meeting dates [2]	24-Jun	11-Aug	22-Sep	4-Nov	15-Dec
	Synthetic FRA rates [1]				
FRA dates	18/6-24/6	25/6-11/8	12/8-22/9	23/9-4/11	5/11-15/12
as on Jun 17, 2009:	0.05	0.15	0.57	0.85	1.16
as on May 18, 2009:	0.20	0.62	0.93	1.14	1.23
Change (bp)	-14.5	-47.5	-36.0	-29.4	-6.4

NOTES:

[1] Start Date for the synthetic FRA is either tomorrow (for the first FRA) or the day following the previous meeting date; the maturity date of the synthetic FRA is the meeting date in the column above

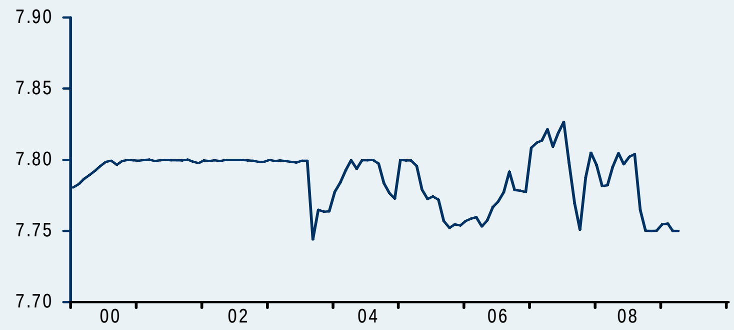
[2] Where an announced meeting schedule is not available, meeting dates are JPMorgan estimates

Key macro forecasts

	Average 2002-06	2007	2008	2009f	2010f
Real GDP, % change	5.5	6.4	2.4	-5.5	3.5
Consumption*	1.3	5.3	1.0	-1.7	2.1
Investment*	0.7	1.6	-0.3	-2.1	1.0
Net trade*	3.4	-0.6	1.6	-1.7	0.4
Consumer prices, %oya	-0.6	2.0	4.3	0.5	1.5
% Dec/Dec	0.1	3.8	2.0	0.4	2.8
Producer prices, %oya†	0.4	2.9	5.5	-0.5	1.0
Government balance, % of GDP	-0.2	7.5	0.1	-4.5	-2.0
Exchange rate, units/$, eop	7.77	7.81	7.75	7.80	7.80
Merchandise trade balance ($ bil.)	-8.4	-19.7	-23.1	-23.3	-27.5
Exports	258.5	345.9	365.3	334.2	353.3
Imports (CIF basis)	266.8	365.6	388.4	357.5	380.8
Goods and services balance†	17.5	25.5	30.6	28.3	26.1
% of GDP	10.2	12.3	14.2	14.0	12.4
International reserves, ($ bil.)	122.3	152.7	182.5	174.5	179.5

* Contribution to growth of GDP.
† Export prices of domestically produced goods.
† Includes estimate of net interest receipts not counted in government definition.

HKD



India–Macro View

India macro highlights

- Mixed signals on economic recovery emerge. April IP grew a higher than expected 1.4%oya on likely impact of election spending.
- However contraction in exports continued for the seventh consecutive month in May. Total export earnings declined 33.2%oya to US$10.7 billion – lowest since February 2007.
- Bank credit demand also remains sluggish. Commercial credit off take declined to 16%oya in May from 31% in November.
The President presented the new government's medium term agenda focusing on infrastructure spending, fiscal consolidation and divestment objectives.
- Full year FY10 budget -- to be presented on the July 6 -- will remain as the next big event to watch out for. The budget is unlikely to be a big bang one, given the lack of fiscal space available to the government.
- We expect the federal deficit to remain around 7 -8% of GDP (including non-cash spending) in 2009-10 owed to lower tax realization
- Lower credit off take and still contracting non-oil imports call for another 25bp cut in the key policy rates. Thereafter we expect the rates to remain on hold till March 2010.

India

Curve: Onshore OIS

Meeting dates [2]	28-Jul-09	27-Oct-09	26-Jan-10
	Synthetic FRA rates [1]		
FRA dates	18/6-28/7	29/7-27/10	28/10-26/1
as on Jun 17, 2009:	3.39	3.77	4.33
as on May 18, 2009:	3.42	3.65	3.90
Change (bp)	-3.6	+12.4	+43.0

NOTES:

[1] Start Date for the synthetic FRA is either tomorrow (for the first FRA) or the day following the previous meeting date; the maturity date of the synthetic FRA is the meeting date in the column above

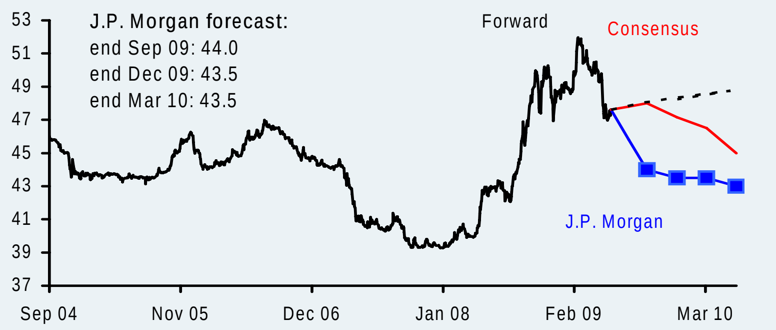
[2] Where an announced meeting schedule is not available, meeting dates are JPMorgan estimates

Key macro forecasts

fiscal years beginning Apr 1	Average 2002-06	2007	2008	2009f	2010f
Real GDP, % change	7.9	9.1	6.1	6.2	7.2
Consumption*	3.2	5.2	3.6	2.2	3.0
Investment*	5.7	5.2	4.3	4.9	7.5
Net trade*	-1.0	-1.3	-1.8	-0.9	-3.3
Consumer prices, %oya	4.4	6.4	8.3	5.5	4.5
% Dec/Dec	4.6	5.5	9.7	4.6	4.4
Wholesale prices, %oya	4.8	4.8	9.1	1.5	3.5
Government balance, % of GDP	-4.6	-3.3	-8.0	-7.0	-6.1
Merchandise trade balance ($ bil.)	-34.6	-93.3	-124.5	-105.9	-125.6
Exports	87.7	164.6	170.6	170.4	199.1
Imports	122.3	257.9	295.1	276.3	324.7
Current account balance	-0.6	-18.7	-42.1	-31.3	-41.3
International reserves, ($ bil.)	131.2	299.6	241.3	277.3	314.1
Total external debt, ($ bil.)	143.1	193.7	203.4	223.5	236.5
Short term †	18.3	29.9	32.9	38.4	41.4
Total external debt, % of GDP	19.3	15.9	16.9	16.0	14.5
Total external debt, % of exports‡	84.9	60.4	61.4	62.2	57.8
Interest payments, % of exports‡	6.2	5.8	5.4	3.8	3.5

* Contribution to growth of GDP.
† Debt with original maturity of less than one year.
‡ Exports of goods, services, and net transfers.

Indian Rupee



Indonesia–Macro View

Indonesia macro highlights

- Indonesia GDP grew 4.8%q/q , saar in 1Q, leaving the level up 4.4%oya.By sector, the biggest positive swings were in agriculture and services.
- The June press release noted that 1Q GDP growth was strong, based on solid domestic demand, but also cited weak exports as a concern.
- On inflation, despite the downside surprise on the May CPI (6.0 % oya) in the press release the BI says that inflation is still on track within its 5-7% forecast range. In the JPMorgan forecast, headline inflation will surprise the BI forecast and dip below 4% in 3Q, giving the central bank enough reason to nudge the policy rate down a bit further. (another 25bps in July meeting.)
- The latest polls for the Indonesia presidential election on July 8 bode well for the incumbent, Susilo Bambang Yudhoyono (SBY). The poll results appear to indicate that the public support the policies associated with Boediono, Finance Minister Sri Mulyani, and the entire economic team

Indonesia — Curve: Depo rates

Meeting dates [2]	3-Jul	5-Aug	3-Sep	5-Oct	4-Nov	3-Dec
	Synthetic FRA rates [1]					
FRA dates	18/6-3/7	4/7-5/8	6/8-3/9	4/9-5/10	6/10-4/11	5/11-3/12
as on Jun 17, 2009:	7.17	7.27	7.28	7.43	7.69	7.85
as on May 18, 2009:	8.05	8.37	8.58	8.67	8.87	8.88
Change (bp)	-88.3	-110.2	-129.4	-124.3	-118.6	-103.0

NOTES:

[1] Start Date for the synthetic FRA is either tomorrow (for the first FRA) or the day following the previous meeting date; the maturity date of the synthetic FRA is the meeting date in the column above

[2] Where an announced meeting schedule is not available, meeting dates are JPMorgan estimates

Key macro forecasts

	Average 2002-06	2007	2008	2009f	2010f
Real GDP, % change	5.1	6.3	6.1	3.5	4.5
Consumption*	2.8	3.2	3.9	2.3	2.9
Investment*	1.7	2.4	1.5	1.4	1.9
Net trade*	0.6	0.6	0.7	-0.2	-0.4
Consumer prices, %oya	10.0	6.0	9.8	5.0	6.0
% Dec/Dec	9.3	5.6	11.1	4.2	6.2
WPI - manufacturing, %oya	10.5	12.2	25.1	7.0	6.0
Government balance, % of GDP	1.0	1.3	0.1	-2.4	-1.5
Merchandise trade balance ($ bil.)	23.1	32.8	23.3	26.4	27.7
Exports	76.9	118.0	139.3	125.6	137.1
Imports	53.8	85.3	116.0	99.2	109.4
Current account balance	5.8	10.2	1.0	1.5	1.4
% of GDP	2.2	2.4	0.2	0.3	0.2
International reserves, ($ bil.)	34.9	55.0	49.6	44.6	48.6
Total external debt, ($ bil.)	132.6	136.6	144.0	142.1	136.1
Short term†	15.8	33.9	31.7	27.7	29.7
Total external debt, % of GDP	49.7	30.7	27.4	27.4	25.0
Total external debt, % of exports‡	145.3	95.5	86.9	98.0	87.1
Interest payments, % of exports‡	5.9	4.7	3.6	4.5	4.4

* Contribution to growth of GDP.
† Debt with original maturity of less than one year.
‡ Exports of goods, services, and net transfers.

Indonesian Rupiah

Korea–Macro View

Korea macro highlights

- Korea's real GDP edged higher in 1Q09, after collapsing 18.8%q/q, saar in 4Q08. Public sector's investment played a dominant role but continued improvement of inventory condition is a positive development for medium-term outlook
- Exports rebounded on a sequential basis, mainly on the back of demand pick up from China. We maintain the view that Korea's exports would outperform those of many other EM countries, helped by relatively cheap KRW and historical-high level of backlog orders in shipbuilding industry
- Domestic consumption environment stays weak, with Job market condition continuing to deteriorate. However, the Bank of Korea's rate cut has been reducing interest payment burden while fiscal policy likely to provide help. Wealth effect has also been turning less negative
- Producers continued to reduce inventories, paving a better environment for a mid-year rebound story. Already, producers' inventory ratio to shipments fell significantly to the level prevailing in 1H08
- Current account balance will stay in surplus, but the gain itself is likely peaking in the current quarter, with global oil price hike and low level of imported good inventories to boost import values eventually. KRW strengthening too will work against travel account.
- The BoK will stay on hold for now, but eventually moving its balance of risks from growth side. The role of fiscal policy will also come down slowly in 2H, with 2009 spending frontloaded in 1H.

Key macro forecasts

	Average 2002-06	2007	2008	2009f	2010f
Real GDP, % change	4.7	5.1	2.2	-2.0	3.9
Consumption*	2.4	3.5	1.1	-1.5	2.0
Investment*	1.5	0.9	0.1	0.7	1.8
Net trade*	0.8	0.7	1.1	-1.1	0.1
Consumer prices, %oya	3.0	2.5	4.7	2.4	3.5
% Dec/Dec	3.0	3.6	4.1	2.7	3.5
Producer prices, %oya	2.2	1.4	8.6	0.9	3.4
Government balance, % of GDP	1.0	3.8	1.3	-2.4	-0.4
Merchandise trade balance ($ bil.)	27	29	6	22	14
Exports	248	379	433	363	401
Imports	221	350	427	341	387
Current account balance	13	6	-6	21	11
% of GDP	2	1	-1	3	1
International reserves, ($ bil.)	184.9	264.0	201.0	216.0	226.0
Total external debt, ($ bil.)	183.9	382.2	388.2	352.2	354.7
Short term†	67.0	160.3	135.3	95.3	95.8
Total external debt, % of GDP	22.8	30.6	41.5	47.9	39.8
Total external debt, % of exports‡	57.4	70.5	73.7	80.0	69.9
Interest payments, % of exports‡	3.2	2.7	2.5	2.6	2.3

* Contribution to growth of GDP.
† Debt with original maturity of less than one year.
‡ Exports of goods, services, and net transfers.

Korean won

Korea — Curve: Onshore IRS

Meeting dates [2]	9-Jul	11-Aug	10-Sep	9-Oct	12-Nov	10-Dec
	Synthetic FRA rates [1]					
FRA dates	18/6-9/7	10/7-11/8	12/8-10/9	11/9-9/10	10/10-12/11	13/11-10/12
as on Jun 17, 2009:	2.51	2.43	2.34	2.59	2.80	2.94
as on May 18, 2009:	2.41	2.43	2.54	2.64	2.73	2.82
Change (bp)	+10.3	-0.0	-20.5	-5.6	+6.9	+12.4

NOTES:
[1] Start Date for the synthetic FRA is either tomorrow (for the first FRA) or the day following the previous meeting date; the maturity date of the synthetic FRA is the meeting date in the column above
[2] Where an announced meeting schedule is not available, meeting dates are JPMorgan estimates

Malaysia–Macro View

Malaysia macro highlights

- Malaysia's economy contracted 15.1%q/q, saar in 1Q09 after a 10% fall the previous quarter. These are the worst GDP outcomes since the Asian financial crisis. We have lowered our 2009 GDP forecast to -2.3%, which assumes a 1.5% -2.0%-point contribution from the new fiscal package late in the year
- Inflation eased further in May to 2.4%oya. While lower fuel prices have been the primary driver bringing inflation down in recent months, food costs and other price pressures more broadly are also easing
- BNM held the OPR unchanged at 2% in April and May, after three consecutive rate cuts that culminated in easing of 150 bps. The SRR also has been reduced 300 bps to 1% since November. Governor Zeti's remarks lately have taken a more hawkish tone and BNM expects growth to recover gradually in 2H08. BNM says that any move in the OPR takes 9 months to affect the economy. We think BNM is on hold
- Current account surplus to remain large despite moderation in commodity prices
- Fx reserve losses have been notable as foreign investors' holdings in the domestic bond market are large. Nonetheless, fx reserves remain high and BNM is comfortable with further declines
- BN's loss of two-thirds majority of parliament has led to an extended period of policy uncertainty. UMNO's rally behind Najb as PM reduces uncertainty but does not eliminate it. Friction within the BN and opposition coalitions, as well as between the two, remains. Relaxation of the 30% ownership NEP rule is positive, but any attempt to relax these policies further could meet fierce resistance

Malaysia

Curve: KLIBORs

Meeting dates [2]	29-Jul	25-Aug	28-Oct	24-Nov
			Synthetic FRA rates [1]	
FRA dates	18/6-29/7	30/7-25/8	26/8-28/10	29/10-24/11
as on Jun 17, 2009:	2.09	2.13	2.16	2.15
as on May 18, 2009:	2.11	2.17	2.12	2.12
Change (bp)	-1.5	-4.1	+4.3	+3.2

NOTES:

[1] Start Date for the synthetic FRA is either tomorrow (for the first FRA) or the day following the previous meeting date; the maturity date of the synthetic FRA is the meeting date in the column above

[2] Where an announced meeting schedule is not available, meeting dates are JPMorgan estimates

Key macro forecasts

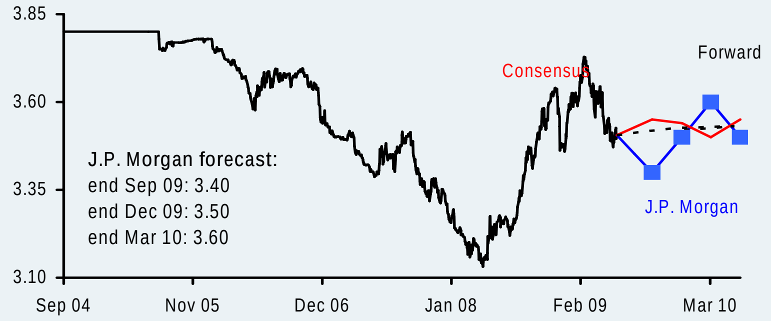
	Average 2002-06	2007	2008	2009f	2010f
Real GDP, % change	5.8	6.3	4.6	-4.0	3.8
Consumption*	4.2	6.1	5.7	1.7	3.5
Investment*	1.1	1.2	-0.5	-2.0	2.4
Net trade*	0.4	-1.0	-0.5	-3.6	-2.1
Consumer prices, %oya	2.2	2.0	5.4	1.1	1.9
% Dec/Dec	2.2	2.4	4.4	1.3	1.8
Producer prices, %oya	5.0	6.6	8.2	-1.0	3.0
Government balance, % of GDP	-4.4	-3.4	-4.8	-7.8	-6.5
Merchandise trade balance ($ bil.)	28.4	36.0	36.4	32.1	40.3
Exports	125.7	163.7	166.7	132.8	149.2
Imports	97.3	127.7	130.3	100.7	108.9
Current account balance	16.4	27.6	23.7	20.2	25.6
International reserves, ($ bil.)	59.4	103.4	93.4	100.4	115.4
Total external debt, ($ bil.)	50.0	51.6	66.6	61.6	53.6
Short term†	10.6	15.9	25.9	23.9	20.9
Total external debt, % of GDP	40.2	26.9	26.7	30.6	25.0
Total external debt, % of exports‡	33.6	24.6	28.1	36.9	29.5
Interest payments, % of exports‡	1.4	1.8	2.2	3.2	3.2

* Contribution to growth of GDP.

† Debt with original maturity of less than one year.

‡ Exports of goods, services, and net transfers.

Malaysian Ringgit



Philippines–Macro View

Philippines macro highlights

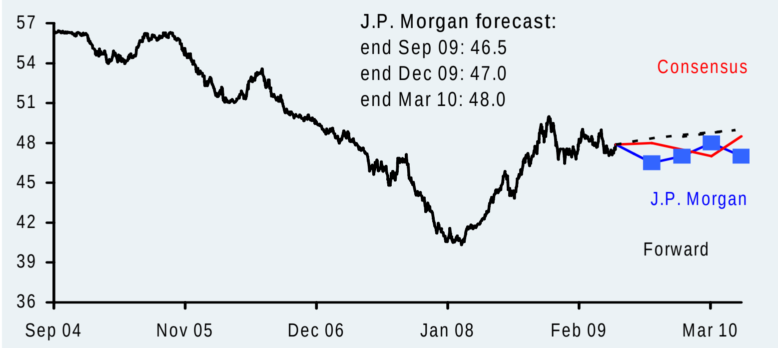
- The economy shrank 8.9%q/q, saar in 1Q, leaving the over-year-ago growth rate far worse than expected at 0.4% (JPMorgan 3.6%; consensus 2.4%). Private consumption fell sharply at 11.7%q/q, saar . From the supply side, industry was by far the worst performer, dropping 23.9%q/q, saar,
- Philippines May CPI fell -0.1%m/m, sa, leaving the index a lower-than-expected 3.3% above its level a year ago (JPM 3.6; consensus 3.7). Headline CPI dropped sharply from 4.8%oya last month and well down from its peak of 12.5% in August 2008. Our forecast foresees over-year-ago inflation falling further, dropping to 2%oya or possibly even lower this month, with base effects continuing to drive %oya inflation down until August. We expect another cut in July (25 bps)
- The BSP has consistently signaled that it sees inflation settling down within its target range of 2.5-4.5% this year, and we would agree with that forecast. Governor Tetangco's comments following today's inflation report again signaled scope for further monetary easing. Given his comments, and our forecast for June inflation (scheduled to be released on July 7), we now expect another 25 bp rate cut at the July 9 Monetary Board meeting.
- Remittances from Overseas Filipino Workers (OFWs) rose 2.7%m/m, sa in April, with the monthly (nsa) level of remittances at $1.44 billion, up 2.2%oya (JPM -3.0, consensus n/a).
- The Apr budget data were a disappointment, leading the government to revise up its full-year deficit target again. For April, which is one of the biggest revenue collection months of the year, total revenues were down 4.4%oya (small surplus of PHP7.9 billion).

Key macro forecasts

	Average 2002-06	2007	2008	2009f	2010f
Real GDP, % change	5.2	7.1	3.8	1.3	5.0
Consumption*	4.1	5.2	3.7	0.8	3.1
Investment*	-0.2	-3.2	2.4	1.6	2.6
Net trade*	1.3	5.1	-2.3	-1.1	-0.8
Consumer prices, %oya	5.2	2.8	9.3	3.2	3.6
% Dec/Dec	5.2	3.9	8.0	3.2	4.3
Wholesale prices, %oya	8.9	0.0	4.1	3.0	5.0
Government balance, % of GDP	-3.9	-0.2	-1.3	-3.5	-3.0
Merchandise trade balance ($ bil.)	-6.3	-8.4	-12.6	-13.2	-14.5
Exports	39.1	49.5	48.2	41.6	44.2
Imports	45.4	57.9	60.8	54.8	58.7
Current account balance	1.8	7.1	4.2	2.4	-2.2
% of GDP	2.0	4.9	2.5	1.5	-1.3
International reserves, ($ bil.)	15.2	30.2	33.2	33.7	34.7
Total external debt, ($ bil.)	61.1	63.2	61.7	58.5	57.5
Short term†	8.2	8.2	8.7	9.2	10.7
Total external debt, % of GDP	66.2	42.8	37.0	37.6	32.8
Total external debt, % of exports‡	106.6	78.3	78.5	84.0	79.5
Interest payments, % of exports‡	4.8	4.3	4.2	4.2	6.2

* Contribution to growth of GDP.
† Debt with original maturity of less than one year.
‡ Exports of goods, services, and net transfers.

Philippine Peso



Singapore–Macro View

Singapore macro highlights

- Growth remains reliant on global demand. GDP contraction in 1Q was the largest on record and followed sharp contractions in 2Q, 3Q, and 4Q. Weakness had been concentrated in the biomedical cluster and electronics but has broadened to services too. Growth to turn positive in 2Q09 but to be below trend into 2010
- The unemployment rate rose to 3.3% s.a. in 1Q from a 10-yr low of 1.7% at end of 2007. Employment growth is easing and wage growth has slowed. The unemployment rate should continue rising in 2009
- Labor market tightness, a 2%-point GST rate hike, and food and oil prices pushed CPI up quickly last year. However, inflation moderated to 1.6%oya in March from a peak of 7.5% in June
- The MAS eased monetary policy last October by reducing the slope of the SGD NEER policy band to neutral from a modest, gradual appreciation, and the MAS then shifted the entire band lower in April. The FY09 budget (Apr–Mar) is expansionary, but less so than reports portray it
- Short rates remain low and they are much lower than pre- or just post-Lehman collapse levels. This reflects liquidity injections from the MAS and lower credit demand from households and businesses, as well as low rates globally

Singapore Curve: SIBOR

Meeting dates [2]	24-Jun	11-Aug	22-Sep	4-Nov	15-Dec
	Synthetic FRA rates [1]				
FRA dates	18/6-24/6	25/6-11/8	12/8-22/9	23/9-4/11	5/11-15/12
as on Jun 17, 2009:	0.51	0.53	0.91	1.56	2.08
as on May 18, 2009:	0.71	1.05	1.52	2.05	1.93
Change (bp)	-19.2	-52.6	-60.9	-49.4	+14.9

NOTES:

[1] Start Date for the synthetic FRA is either tomorrow (for the first FRA) or the day following the previous meeting date; the maturity date of the synthetic FRA is the meeting date in the column above

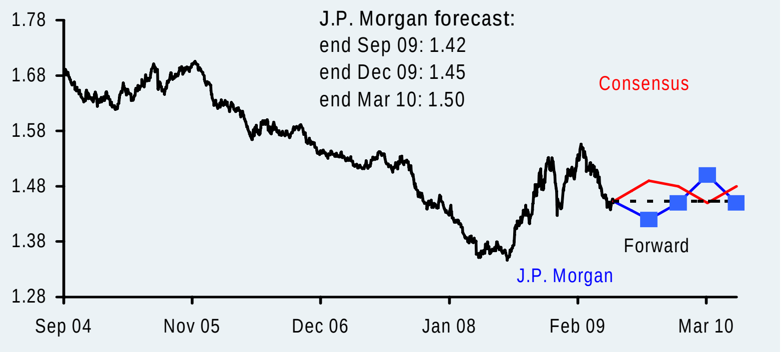
[2] Where an announced meeting schedule is not available, meeting dates are JPMorgan estimates

Key macro forecasts

	Average 2002-06	2007	2008f	2009f	2010f
Real GDP, % change	6.5	7.8	1.1	-6.3	3.7
Consumption*	1.4	2.3	1.7	1.5	2.0
Investment*	0.2	1.9	10.0	-3.6	3.2
Net trade*	4.9	3.6	-10.6	-4.3	-1.4
Consumer prices, %oya	0.6	2.1	6.5	0.9	2.9
% Dec/Dec	0.9	4.4	4.3	1.0	3.7
Producer prices, %oya	3.6	0.3	7.5	1.5	3.5
Government balance, % of GDP	6.8	12.2	5.0	1.0	2.5
Merchandise trade balance ($ bil.)	31.9	49.2	25.9	15.6	19.7
Exports	201.9	302.9	323.6	262.1	286.2
Imports	169.9	253.7	297.6	246.4	266.5
Current account balance	20.6	39.2	22.9	14.1	17.5
% of GDP	18.7	23.5	12.6	8.6	9.6
International reserves, ($ bil.)	108.3	165.7	187.3	192.8	205.8

* Contribution to growth of GDP.

Singapore Dollar



Taiwan–Macro View

Taiwan macro highlights

- The Taiwanese economy, falling sharply at 22.5%q/q, saar in 4Q, has been hit hard by plunging exports, which led to weakening domestic demand, with particular sharp fall in private fixed investment. The extent of the contraction in Taiwan's trade activities has been one of the most severe amongst the major Asian exporters, as Taiwan producers are geared particularly upstream in the tech production chain, increasing their sensitivity to swings in end demand. More recently, a number of major economic indicators, including merchandise exports, export orders and IP, suggested that the sharp plunge in Taiwan's trade and industrial activity since 4Q08 had generally stabilized in Jan-Feb 09, with orders from China/Hong Kong leading the latest improvement
- On the domestic front, recent indicators, including rising unemployment, falling real income and the generally uncertain business operation environment, still point to soft private domestic demand conditions. Meanwhile, the government's efforts to support domestic demand through fiscal stimulus, including the increase in public infrastructure spending (1.2% of GDP in 2009), the shopping voucher program (0.7% of GDP) and income tax cuts (0.17% of GDP) may provide some moderate offset. We expect Taiwan's 2009 GDP to contract 5.0%
- The Taiwan central bank cut rates seven times since September 2008, highlighting decline in inflation pressure and emphasizing the downside risks to growth. Looking ahead, with gathering signs of near-term stabilization in the economy (albeit at lower level of overall activity) and subdued inflation pressure, we expect the central bank to keep its key policy interest rates stable, while maintaining overall accommodative monetary and liquidity conditions
- The economic fallout should weigh heavily on the currency. TWD, which trades in close correlation to global and domestic growth, should remain under downside pressure in this backdrop. This is being underscored by dismal domestic economic releases. Monthly export readings had collapsed more than 40% by the end of 2008, while IP also plunged. Inflation is easing in response, and the monetary authorities are moving with aggressive rate cuts to bolster economic activity. TWD will likely weaken alongside this aggressive push for monetary easing, with any phases of TWD strength will likely be met with policy resistance. We favor short TWD as a Asian regional play for further growth weakness

Taiwan

Curve: Onshore IRS

Meeting dates [2]	25-Jun	25-Sep	24-Dec
	Synthetic FRA rates [1]		
FRA dates	18/6-25/6	26/6-25/9	26/9-24/12
as on Jun 17, 2009:	0.13	0.56	0.74
as on May 18, 2009:	0.41	0.69	0.72
Change (bp)	-28.0	-13.4	+2.8

NOTES:

[1] Start Date for the synthetic FRA is either tomorrow (for the first FRA) or the day following the previous meeting date; the maturity date of the synthetic FRA is the meeting date in the column above

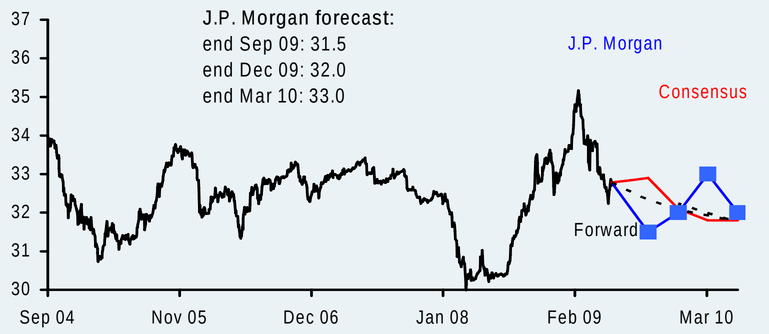
[2] Where an announced meeting schedule is not available, meeting dates are JPMorgan estimates

Key macro forecasts

	Average 2002-06	2007	2008	2009f	2010f
Real GDP, % change	4.6	5.7	0.1	-5.0	4.8
Consumption*	1.4	1.4	0.0	-0.3	2.2
Investment*	1.2	0.5	-2.0	-3.1	0.9
Net trade*	2.0	3.8	2.1	-1.6	1.8
Consumer prices, %oya	0.8	1.8	3.5	-0.9	1.0
% Dec/Dec	1.0	3.3	1.3	-0.1	1.6
Producer prices, %oya	3.1	6.5	5.1	-8.9	2.2
Government balance, % of GDP	-1.9	-0.2	-0.7	-3.6	-3.0
Merchandise trade balance ($ bil.)	22.4	30.4	18.3	21.7	19.0
Exports	178.1	246.5	254.9	205.8	220.4
Imports	155.7	216.1	236.7	184.1	201.5
Current account balance	27.5	33.0	24.6	29.0	27.5
% of GDP	8.3	8.6	6.3	8.9	7.8
International reserves, ($ bil.)	226.7	270.5	279.5	286.5	300.5
Total external debt, ($ bil.)	53.2	59.8	62.0	64.2	66.4
Short term†	33.4	37.2	38.5	39.7	41.0
Total external debt, % of GDP	15.7	15.3	15.6	19.4	18.5
Total external debt, % of exports‡	23.9	19.5	19.5	23.7	22.9
Interest payments, % of exports‡	0.6	1.2	0.9	2.2	2.3

* Contribution to growth of GDP.
† Debt with original maturity of less than one year.
‡ Exports of goods, services, and net transfers.

Taiwan dollar



Thailand–Macro View

Thailand macro highlights

- April data dump from the BoT showed activity contracting further. However a divergence in external and domestic activity was clear, with external-oriented indicators improving modestly while domestic data turned down sharply
- Inflation printed -3.3%oya in May and will remain negative for much of 2009. After several rate cuts, BoT kept the policy rate on hold in May at 1.25%. We now expect the BoT to remain on hold and to rely on fiscal policy to support the economy. However, fiscal stimulus may be lagging due to political problems
- Domestic demand has been weak but signs of stabilization are emerging. Private consumption edged higher in April while the pace of decline in investment moderated. On a sequential trend basis, both continue to shrink at a double-digit pace
- On the external side, export and IP growth are gaining traction. Import growth has been weak, reflecting weak domestic demand. The trade surplus has widened and the current account surplus is strong after being in deficit in much of 2H08. This reflects lower oil prices, weak import demand, and some recovery in tourism now that political events have become calmer
- Politics remains a key focal point. After the outbreak of violence in April the government has made progress in calming tensions and beginning reconciliation between the competing political camps. This will be a long and slow process, and future outbreaks of violence cannot be ruled out

Thailand — Curve: BIBOR fixings

Meeting dates [2]	15-Jul	26-Aug	21-Oct	2-Dec	13-Jan	10-Mar
	Synthetic FRA rates [1]					
FRA dates	18/6-15/7	16/7-26/8	27/8-21/10	22/10-2/12	3/12-13/1	14/1-10/3
as on Jun 17, 2009:	1.30	1.41	1.53	1.62	1.66	1.70
as on May 18, 2009:	1.44	1.55	1.63	1.70	1.72	1.82
Change (bp)	-14.2	-14.1	-9.4	-8.0	-6.6	-12.0

NOTES:

[1] Start Date for the synthetic FRA is either tomorrow (for the first FRA) or the day following the previous meeting date; the maturity date of the synthetic FRA is the meeting date in the column above

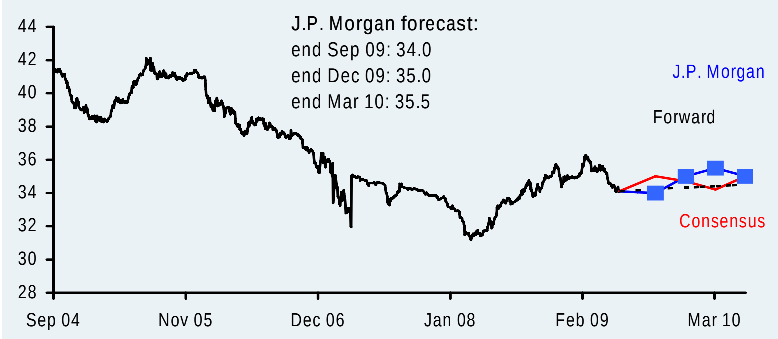
[2] Where an announced meeting schedule is not available, meeting dates are JPMorgan estimates

Key macro forecasts

	Average 2002-06	2007	2008	2009f	2010f
Real GDP, % change	5.7	4.9	2.6	-4.2	4.1
Consumption*	2.9	1.7	1.3	0.9	1.9
Investment*	2.1	0.3	1.5	-3.2	1.2
Net trade*	0.7	3.0	-0.2	-1.9	0.9
Consumer prices, %oya	2.9	2.2	5.5	-0.5	2.3
% Dec/Dec	3.1	3.2	0.4	2.8	2.4
Wholesale prices, %oya	5.7	3.2	12.4	-0.3	2.0
Government balance, % of GDP	-0.2	-1.2	-2.5	-5.6	-7.1
Merchandise trade balance ($ bil.)	0.1	11.6	0.2	12.9	4.3
Exports	95.3	150.0	175.3	140.3	148.8
Imports	95.1	138.5	175.1	127.4	144.5
Current account balance	1.4	14.0	-0.2	11.6	3.5
% of GDP	0.9	5.7	-0.1	4.7	1.3
International reserves, ($ bil.)	48.8	85.3	108.7	123.2	136.2
Total external debt, ($ bil.)	54.9	62.0	64.9	69.5	72.0
Short term†	15.1	21.7	24.1	26.6	31.5
Total external debt, % of GDP	34.4	24.6	23.6	27.3	26.1
Total external debt, % of exports‡	46.4	31.8	28.9	36.9	36.2
Interest payments, % of exports‡	1.6	1.0	1.0	1.2	1.3

* Contribution to growth of GDP.
† Debt with original maturity of less than one year.
‡ Exports of goods, services, and net transfers.

Thai baht



Vietnam–Macro View

Vietnam macro highlights

- State Bank of Vietnam lowered its reserve requirement ratio (RRR) 2% points to 3%. Just last October the RRR was 11%. The main policy rate has also been lowered aggressively to 7% from 14% last September
- Inflation fell to 5.6%oya in May. Food, housing, and oil continue to drive inflation lower. Inflation is likely to fall rapidly in 1H09
- The CA deficit widened notably in early 2008 from deterioration in the trade balance. More recently, monthly trade deficits have narrowed and the trade balance is actually in surplus so far in 2009. Remittances and FDI have grown rapidly but are likely to moderate in 2009. However, CA should improve from smaller trade deficit
- A large devaluation is unlikely. In 1997–1998 and 2000–2001 the SBV made several modest devaluations. Thus modest weakening is expected over the course of 1H09 but no large single move is likely
- The government has announced aggressive fiscal stimulus of US$ 6 bn (about 7% of GDP). Measures include US$ 3 bn in infrastructure spending, 1 bn to subsidize bank lending at lower rates, 1 bn to corporate tax cuts, and 1 bn for low-interest loans to low-income earners and farmers. The package may need to be scaled down due to funding difficulties

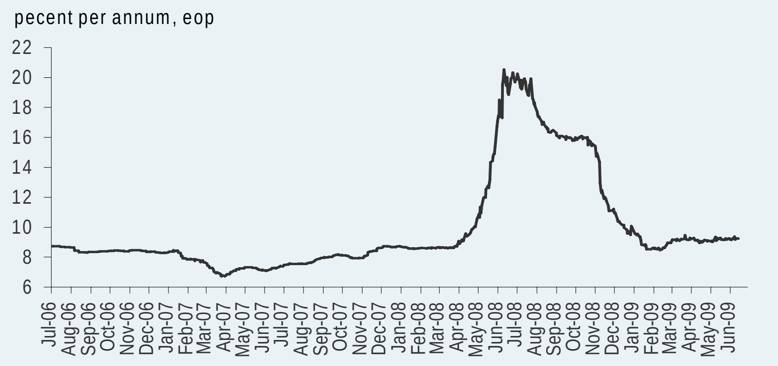
Key macro forecasts

	2002-06	2007	2008	2009f	2010f
Real GDP, % change	7.8	8.5	6.2	4.0	4.9
Consumption*	5.5	6.8	5.3	3.5	4.8
Fixed investment*	3.6	13.0	4.3	-2.6	5.1
Net trade*	-1.3	-11.4	-3.4	3.1	-4.9
Consumer prices, %oya	6.0	8.2	23.1	4.7	6.4
% Dec/Dec	6.4	12.6	19.9	0.9	10.0
Producer prices, %oya	4.1	5.5	20.0	-8.0	4.0
Government balance, % of GDP	-4.9	-5.2	-5.1	-8.5	-6.5
Merchandise trade balance ($ bil.)	-3.4	-12.4	-17.5	-5.4	-19.4
Exports	27.0	48.4	62.9	64.9	71.6
Imports	30.4	60.8	80.4	70.3	91.0
Current account balance	-1.8	-9.1	-13.2	-5.2	-18.0
% of GDP	-3.8	-12.7	-14.7	-5.5	-17.4
International reserves, ($ bil.)	8.0	23.6	25.0	32.0	29.6
Total external debt, ($ bil.)	15.4	21.3	24.0	27.2	31.8
Short term†	0.2	3.0	3.0	3.0	3.0
Total external debt, % of GDP	33.4	29.8	26.8	29.2	30.7
Total external debt, % of exports‡	62.6	47.6	44.1	38.8	44.5
Interest payments, % of exports‡	4.9	6.7	5.3	6.8	8.2

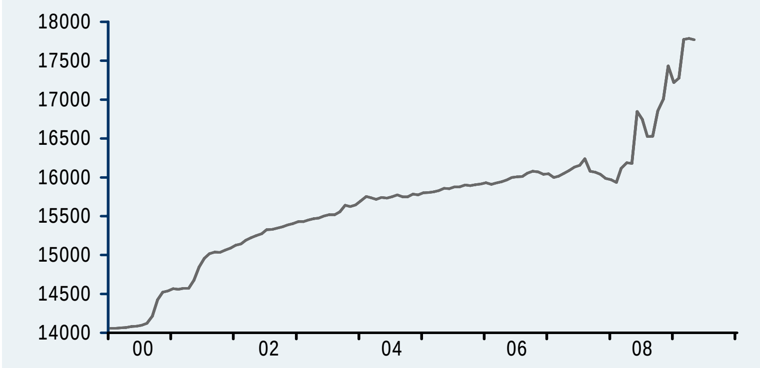
2. Debt with original maturity of less than one year.

3. Exports of goods, services, and net transfers.

5-Year benchmark interest rate: history



Vietnam dong



Pakistan–Macro View

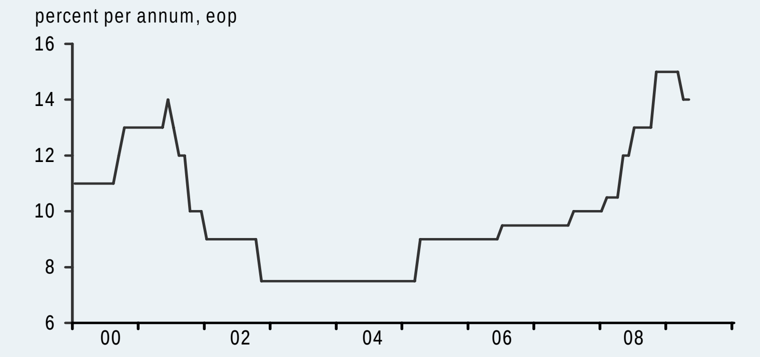
Pakistan macro highlights

- Central bank expects growth at 2.5-3.5% in FY09 from earlier target of 3.5–4.5%; as compared to 5.8% in FY08. We expect the overall economic growth to moderate to 2.3%y/y this fiscal.
- Remittance inflows remain healthy as US$7.1 billion was received in Jul-May– up 20%oya
- Contraction in exports continued in May. However the decline in imports (34%oya) was higher than that in exports (22%), resulting in improvement in trade balance. Exports have decline 5%, while imports have declined 12.5% since July 2008.
- Supported by lower commodity prices the CPI inflation declined to 14.4%oya in May09 from 17.2% in April. The trimmed core inflation eased moderately to 16.7% from 17.6% in previous month.
- Deteriorating balance of payments continues to remain as the biggest concern for Pakistan. Overall deficit stood at US$4.3bn in Jul-May led by still high CAD (US$8.4bn) and weak capital inflows (US$3.6bn).
- The total reserves remained steady at $11.2bn in end-May from the low of US$6.7bn in October. The gain in forex reserves was backed by gain on the trade deficit owed to lower commodity prices and aid from China, US, IMF and the ADB.

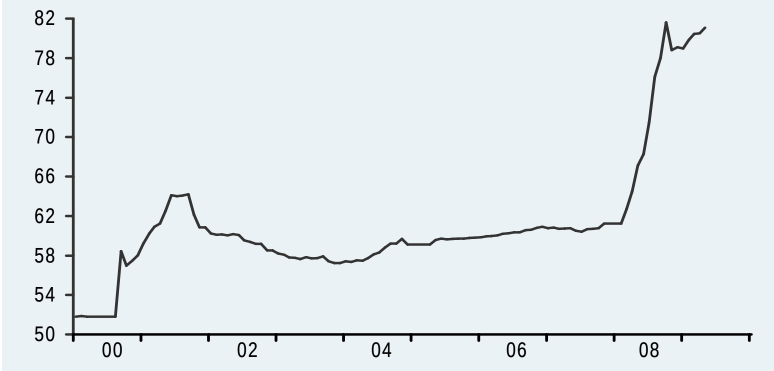
Key macro forecasts

Fiscal years beginning July 1	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09f	2009/10f	2010/11f
GDP (US$ billion)	82	98	112	128	145	168	164	179	201
GDP per capita (US$)	556	653	731	824	915	1046	1005	1074	1190
Real GDP growth (%)	4.7	7.5	9.0	5.8	6.8	5.8	3.2	2.5	4.6
Fiscal balance (% of GDP)	-3.6	-2.3	-3.3	-4.3	-4.3	-7.4	-9.5	-7.5	-6.4
CPI (%oya)	3.1	4.6	9.3	7.9	7.8	12.0	20.0	5.0	7.5
Exports of goods ($ billion)	11.2	12.5	14.5	16.6	17.3	20.1	20.9	19.9	21.4
(%oya)	22.2	11.6	16.2	14.3	4.4	16.5	4.0	-5.0	7.5
Imports of goods ($ billion)	12.2	13.7	19.0	25.0	27.0	35.4	40.7	44.8	55.6
(%oya)	18.2	12.1	38.7	31.5	8.1	31.1	15.0	10.0	24.0
Trade balance ($ billion)	-1.1	-1.2	-4.5	-8.4	-9.7	-15.3	-19.8	-24.9	-34.2
Invisible balance ($ billion)	-2.2	-3.5	-5.7	-7.1	-7.8	-10.2	-11.0	-11.6	-10.6
Net current transferes ($ billion)	6.6	6.6	8.7	10.5	10.6	11.5	10.3	8.8	9.7
Current account ($ billion)	4.1	1.8	-1.5	-5.0	-6.9	-14.0	-20.5	-27.7	-35.1
(% of GDP)	5.0	1.9	-1.4	-3.9	-4.8	-8.4	-12.3	-15.6	-17.7
Net FDI ($ billion)	0.8	0.9	1.5	3.5	5.0	5.1	2.5	2.0	3.5
Fx reserves ($ billion)	10.7	12.3	12.6	13.1	15.6	10.9	9.0	5.0	10.5
Total external debt ($ billion)	35.5	35.3	35.8	37.6	40.5	46.3	48.0	52.0	54.0
(% of GDP)	43.5	36.1	32.1	29.3	28.0	27.5	29.2	29.1	26.8
Total debt (% of GDP)	77.6	69.4	64.3	58.8	56.7	53.2	58.5	59.0	60.0
Exchange rate (avg., Rs/$)	59.7	57.8	58.3	59.5	60.3	62.3	79.0	78.5	78.0

Repo rate: history



Pakistan rupee



J.P.Morgan

Sri Lanka–Macro View

Sri Lanka macro highlights

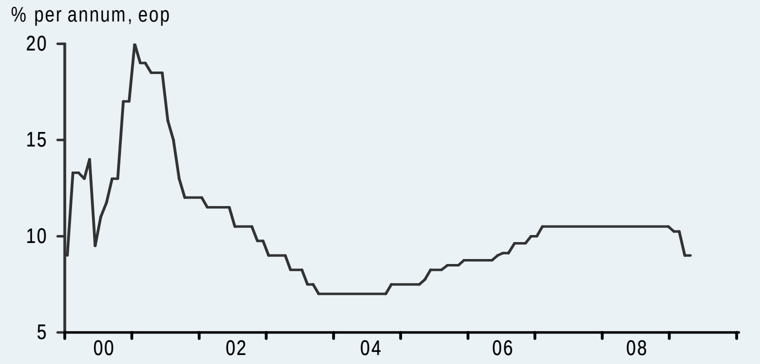
- Real GDP slowed further to 1.5%oya in 1Q09 --the weakest since quarterly data was compiled in 2003 - from 4.3% in 4Q08. While agriculture grew 3%oya, growth in industry and services slowed to 1.9% and 1% respectively.
- Central bank further lowered its policy rates by 50bp at the June monetary policy meeting. The repo rate thus stands at 8.5%, while the reverse repo is at 11%
- Trade deficit reduced to US$645mn in 1Q09 from US$1.4bn same period last year. Private remiitances increased to highest ever US$278mn in March, resulting in total inflow of US$774mn in 1Q09.
- Exports of textiles and garments- accounting for 50% of of total exports, increased (6%oya) for third consecutive month in May.
- Gross official reserves stood at US$1.4bn by end March, including US$200mn with the domestic banks to facilitate the payment of oil bills. The reserves cover for 1.3 months of imports.
- CCPI continued to decline till April (from peak of 28.2% in June), but increased marginally to 3.3% in May. Central bank expects the headline print to fall to 2–3% by mid-2009.
- S&P downgraded the outlook from stable to negative effective 21 May, 2009.

Key macro forecasts

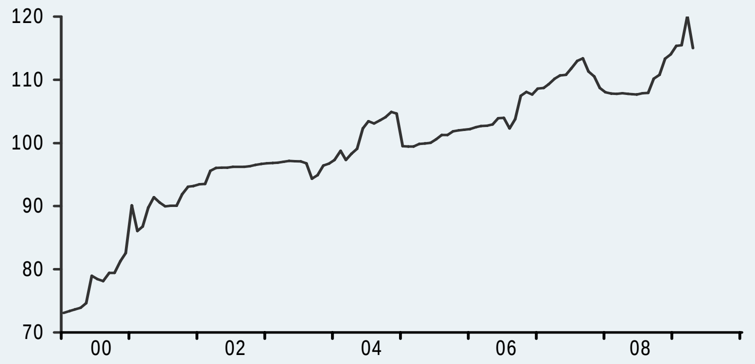
	2003	2004	2005	2006	2007	2008f	2009f	2010f
GDP (US$ billion)	18.9	20.7	24.4	28.3	32.3	42.7	45.4	53.2
GDP per capita (US$)	979	1060	1234	1414	1602	2094	2206	2558
Real GDP growth (%)	6.0	5.4	6.2	7.7	6.8	6.2	4.0	6.7
Fiscal balance (% of GDP)	-7.7	-7.9	-8.4	-8.0	-7.7	-7.8	-8.3	-7.9
Consumer prices (%oya)	5.8	9.0	11.0	10.0	15.8	23.0	4.5	11.5
Exports of goods ($ billion)	5.1	5.8	6.3	6.9	7.7	8.3	8.6	9.4
(%oya)	-	12.2	10.2	8.4	12.3	7.5	3.0	10.0
Imports of goods ($ billion)	6.7	8.0	8.9	10.3	11.3	13.9	15.2	18.1
(%oya)	-	19.9	10.7	15.7	10.2	23.0	9.5	19.0
Trade balance ($ billion)	-1.5	-2.2	-2.5	-3.4	-3.6	-5.6	-6.7	-8.7
Current account ($ billion)	-0.1	-0.6	-0.7	-1.5	-1.4	-3.3	-5.2	-6.1
(% of GDP)	-0.4	-3.1	-2.7	-5.3	-4.2	-7.7	-11.4	-11.4
Official fx reserves ($ billion)	2.3	2.2	2.7	2.8	3.1	2.8	2.0	2.5
Total external debt (% of GDP)	56.9	54.9	46.5	43.2	44.1	45.5	44.8	41.5
USD/LKR exchange rate	96.5	101.2	100.5	104.0	110.6	108.1	110.2	111.3

Sources: National sources, JPMorgan Economics, IMF, Moody's, CEIC.

Repo rate: history



Sri Lanka rupee



Regional economic outlook

Global economic outlook in summary

	2008	2009	2010	2Q08	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
Real GDP, %-ch over 1 quarter, saar												
US	1.1	-2.4	2.7	2.8	-0.5	-6.3	-5.7	-0.5	1.0	2.0	3.0	4.0
Euro	0.6	-4.2	1.2	-1.0	-1.4	-6.8	-9.7	-1.5	0.0	1.0	1.5	2.0
Japan	-0.7	-5.9	2.5	-2.2	-2.9	-13.5	-14.2	2.5	2.0	4.5	3.5	-0.5
Australia	2.3	0.2	1.4	1.4	0.9	-2.2	1.5	1.3	-2.0	0.7	1.9	2.0
New Zealand	0.3	-1.4	1.8	-0.9	-1.8	-3.6	-1.7	-0.6	-0.3	2.1	2.0	2.6
Emerging Asia	5.8	2.9	6.4	6.1	2.7	-5.1	1.6	7.1	7.3	7.1	5.9	6.2
ex China and India	2.5	-2.5	4.1	1.3	-1.1	-14.7	-4.1	4.5	4.9	4.7	3.6	3.6
China	9.0	7.2	8.5	11.0	5.2	2.2	5.8	10.8	10.0	9.5	7.6	7.6
Hong Kong	2.4	-5.5	3.5	-3.9	-3.2	-7.4	-16.1	0.6	3.5	5.5	3.0	3.0
Taiwan	0.1	-5.0	4.8	0.5	-11.6	-23.8	-3.4	5.7	6.8	6.9	4.0	3.8
Korea	2.2	-2.0	3.9	1.7	1.0	-18.8	0.5	5.0	4.0	4.0	4.0	3.5
India	6.1	6.2	7.2	6.3	6.7	2.3	6.4	3.9	6.5	7.5	8.0	9.4
Indonesia	6.1	3.5	4.5	7.2	5.4	0.9	4.8	3.0	3.0	2.0	5.0	6.0
Malaysia	4.6	-4.0	3.8	1.1	1.3	-10.1	-15.1	3.2	6.1	8.2	2.4	1.2
Philippines	3.8	1.3	5.0	7.1	3.0	1.1	-8.9	8.0	6.0	6.0	5.0	4.0
Singapore	1.1	-6.3	3.7	-7.7	-2.1	-16.4	-14.6	4.1	5.3	2.0	0.4	4.1
Thailand	2.6	-4.2	4.1	1.3	1.9	-22.1	-7.3	6.1	7.8	4.5	2.0	2.0
Consumer prices, %oya, average												
US	3.8	-0.3	1.5	4.3	5.2	1.5	-0.2	-0.9	-1.3	1.4	2.2	2.1
Euro	3.3	0.5	1.2	3.6	3.8	2.3	1.0	0.4	0.0	0.8	1.3	1.1
Japan	1.4	-0.9	-0.9	1.4	2.2	1.0	-0.1	-0.7	-1.6	-1.3	-0.9	-0.7
Australia	2.3	4.4	2.4	4.5	5.0	3.7	2.5	1.4	0.7	1.5	2.1	2.3
New Zealand	4.0	1.5	2.1	4.0	5.1	3.4	3.0	1.5	0.3	1.2	1.4	1.8
Emerging Asia	5.9	1.7	3.1	7.0	6.5	4.7	2.6	1.2	0.8	2.0	3.2	3.3
ex China and India	5.0	2.2	2.8	5.9	6.8	4.9	3.3	1.5	0.4	1.5	2.5	2.9
China	5.9	-0.1	2.8	7.8	5.3	2.5	-0.6	-1.3	-0.4	1.7	3.6	3.3
Hong Kong	4.3	0.5	1.5	5.7	4.6	2.3	1.7	0.3	-0.3	0.4	0.1	1.0
Taiwan	3.5	-0.9	1.0	4.2	4.5	1.9	0.0	-1.1	-2.3	-0.7	0.2	0.9
Korea	4.7	2.4	3.5	4.8	5.5	4.5	3.9	2.2	1.8	2.5	3.4	3.6
India	8.3	5.5	4.5	7.8	9.0	10.2	9.4	7.5	5.2	4.2	4.0	4.4
Indonesia	6.0	9.8	5.0	9.0	12.0	11.5	8.6	5.6	2.7	3.5	5.5	6.1
Malaysia	5.4	1.1	1.9	4.9	8.4	5.9	3.7	1.6	-1.2	0.5	1.9	2.1
Philippines	9.3	3.2	3.6	9.7	12.2	9.7	6.9	4.7	2.3	3.0	3.4	3.6
Singapore	6.5	0.9	2.9	7.5	6.6	5.4	2.1	0.8	0.4	0.4	2.0	2.8
Thailand	5.5	-0.5	2.3	7.5	7.3	2.1	-0.2	-2.0	-1.9	1.2	1.9	1.9

Regional outlook: Policy rate and Exchange rate forecasts

		2007	2008	2009	3Q08	4Q08	1Q09	Current	2Q09	3Q09	4Q09	1Q10	2Q10
Official interest rates, % p.a., end-period													
United States	Federal funds rate	4.25	0.13	0.13	2.00	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Euro	Refi rate	4.00	2.50	1.00	4.25	2.50	1.25	1.00	1.00	1.00	1.00	1.00	1.00
Japan	Overnight call rate	0.50	0.10	0.10	0.50	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Australia	Cash rate	6.75	4.25	2.75	7.00	4.25	3.25	3.00	3.00	3.00	2.75	2.50	2.50
New Zealand	Cash rate	8.25	5.00	2.25	7.50	5.00	3.00	2.50	2.50	2.25	2.25	2.25	2.25
China	1-year working capital	7.47	5.31	5.31	7.20	5.31	5.31	5.31	5.31	5.31	5.31	5.31	5.31
Hong Kong	Discount window base	5.75	0.50	0.50	3.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Taiwan	Official discount rate	3.38	2.00	1.25	3.50	2.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Korea	Base rate	5.00	3.00	2.00	5.25	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
India	Repo rate	7.75	6.50	4.50	9.00	6.50	5.00	4.75	4.50	4.50	4.50	4.50	5.00
Indonesia	BI rate	8.00	9.25	6.50	9.25	9.25	7.75	7.00	7.00	6.50	6.50	6.50	6.50
Malaysia	Overnight policy rate	3.50	3.25	2.00	3.50	3.25	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Philippines	Reverse repo rate	5.25	5.50	4.00	6.00	5.50	4.75	4.25	4.25	4.00	4.00	4.00	4.00
Thailand	1-day repo rate	3.25	2.75	1.25	3.75	2.75	1.50	1.25	1.25	1.25	1.25	1.25	1.25
Exchange rates, end-period													
Euro	EUR/USD	1.46	1.39	1.50	1.41	1.39	1.33	1.40	1.40	1.43	1.50	1.47	1.45
Japan	USD/JPY	107	91	96	106	91	99	96	92	94	96	100	103
Australia	AUD/USD	0.89	0.70	0.83	0.79	0.70	0.69	0.79	0.79	0.82	0.83	0.84	0.85
New Zealand	NZD/USD	0.77	0.58	0.64	0.67	0.58	0.56	0.65	0.60	0.62	0.64	0.65	0.66
China	USD/CNY	7.19	6.82	6.70	6.84	6.82	6.83	6.84	6.82	6.80	6.70	6.65	6.60
Hong Kong	USD/HKD	7.81	7.75	7.76	7.76	7.75	7.75	7.75	7.75	7.76	7.76	7.80	7.80
Taiwan	USD/TWD	32.3	32.8	32.0	32.2	32.8	33.9	32.9	33.0	31.5	32.0	33.0	32.0
Korea	USD/KRW	936	1260	1200	1207	1260	1384	1269	1180	1170	1200	1220	1180
India	USD/INR	39.3	48.6	43.5	46.5	48.6	50.9	48.0	45.0	44.0	43.5	43.5	43.0
Indonesia	USD/IDR	9323	10900	10500	9430	10900	11555	10310	10000	9800	10500	11000	10500
Malaysia	USD/MYR	3.31	3.45	3.50	3.46	3.45	4.45	3.54	3.52	3.40	3.50	3.60	3.50
Philippines	USD/PHP	41.4	47.5	47.0	46.9	47.5	48.4	48.3	46.5	46.5	47.0	48.0	47.0
Singapore	USD/SGD	1.42	1.44	1.45	1.43	1.44	1.52	1.46	1.48	1.42	1.45	1.50	1.45
Thailand	USD/THB	31.4	34.8	35.0	33.9	34.8	35.5	34.1	34.5	34.0	35.0	35.5	35.0

Biography

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Mr. Fernandez serves as J.P. Morgan's Head of Emerging Asia Research team.

Before joining J.P. Morgan in January 1998, Mr. Fernandez spent five years as a professor of economics at the Johns Hopkins University International Studies School where he taught international macroeconomics. He was named Professor of the Year in 1996.

Earlier, he served as an Economist in the Council of Economic Advisers in the administration of U.S. President George Bush. In 1987, he joined the Federal Reserve Bank of New York in its OECD economic research department and in the foreign exchange intervention group.

Mr. Fernandez has a B.A. in Economics from the University of Pennsylvania and received a Doctorate in Economics from Princeton University where, as a National Science Foundation fellow, he wrote his dissertation under Ben S. Bernanke.

In addition to his work at J.P. Morgan, Mr. Fernandez is on the Advisory Boards of Singapore Management University's School of Economics and the Chinese University of Hong Kong's Quantitative Finance Program.