

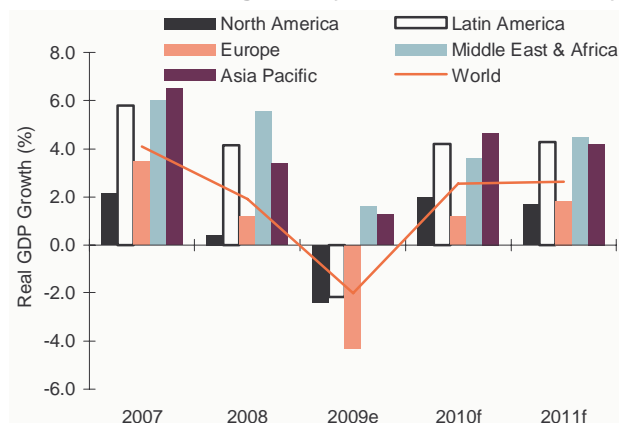
GLOBAL OUTLOOK

Real GDP Growth	2007	2008	2009e	2010f	2011f
World, %	4.1	1.9	-2.0	2.6	2.6
US, %	2.1	0.4	-2.4	2.0	1.7
Euroland, %	2.7	0.7	-4.0	0.8	1.4
China, %	13.0	9.0	8.7	9.5	8.2
Japan, %	2.2	-1.1	-5.0	0.7	0.5

Key Global Data	16 April 2010
Oil price (Brent), USD/b	84.81
US interest rate, %	0-0.25
ECB interest rate, %	1.00
EUR:USD exchange rate	0.74
JPY:USD exchange rate	92.03

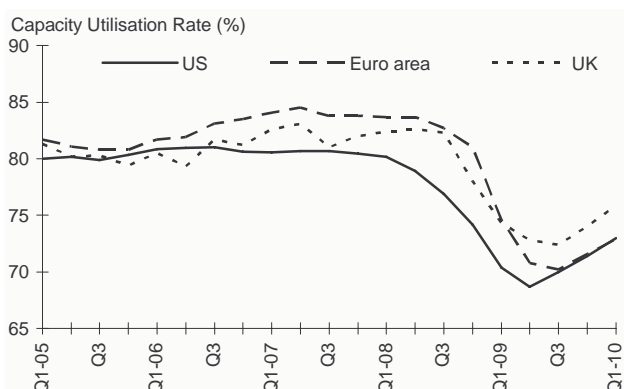
Central to the global recovery has been the upturn in global trade and manufacturing as firms have readjusted inventory levels in expectation of increased sales. Purchasing Managers' Indices from Asia, Europe and the US all suggest that the expansion in the manufacturing sector will remain strong in the short term. In both the US and Europe, manufactures for exports have rebounded strongest with emerging market demand helping to compensate for still-weak developed market demand. Imports in many emerging markets (notably China and Brazil) are near pre-crisis levels, while in most developed markets they remain down 20-30%. Consumer sentiment, while improved, remains weak in most OECD economies. D&B remains concerned that when these countries begin to raise interest rates and withdraw fiscal support measures in late-2010/early-2011, demand could again deteriorate.

Robust Manufacturing Activity Drives Global Recovery



Sources: World Bank; D&B

Excess Capacity Dampens Investment and Output

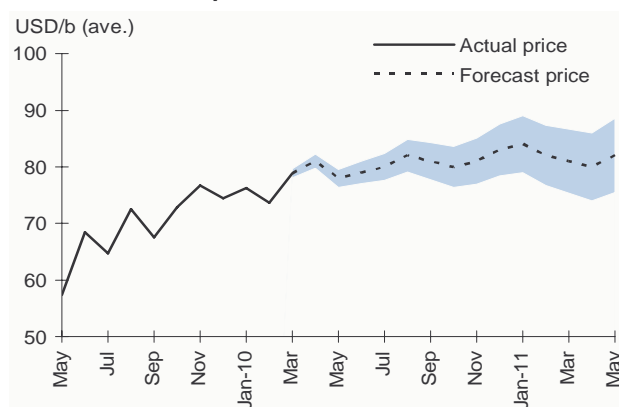


Note: Data for Q1 2010 are based on estimates.
Source: US Federal Reserve Board; European Commission; D&B

Despite the robust growth in manufacturing activity, labour markets in both the US and Europe remain weak. Although employment expanded in the US in March (and it contracted at a markedly slower pace in Europe than in previous months), D&B expects that both regions' unemployment rates will remain high (around 10%) throughout 2010. Firms retain considerable spare capacity: in Q1, capacity utilisation remained well below the 80% level typical of the mid-2000s in most OECD markets, reducing the need for businesses to expand their payrolls and invest in new equipment or facilities. Weak job growth, coupled with limited wage growth, means that household expenditure will remain subdued. Moreover, disposable incomes will be further constrained as interest rates begin to rise in late-2010/early-2011, pushing up mortgage and loan repayments.

Between March and April oil prices continued their upward run, breaking the threshold of USD80 per barrel (/b) for the first time since October 2008. This was the result of improving market sentiment, on account mainly of increasing signs of recovery in the US economy and easing fears about sovereign debt problems in the euro-zone. That said, daily fluctuations remained significant, as uncertainty concerning the strength and pace of the global recovery is still considerable. In view of this oil price rally, we have revised our forecast for 2010 and 2011; we now project that the price for Brent (dated) will rise to USD79.5/b and USD84.6/b, respectively. Nonetheless, downside as well as upside risks to our forecast cannot be discounted yet: a deterioration in the political and security outlook could boost prices, whereas still weak market fundamentals could weaken them.

Oil Prices On An Upward Run



Note: The shaded area indicates our forecast range.
Source: D&B