

Schroders

Economics and Strategy Viewpoint

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Global: Commodities causes trouble for inflation (page 2)

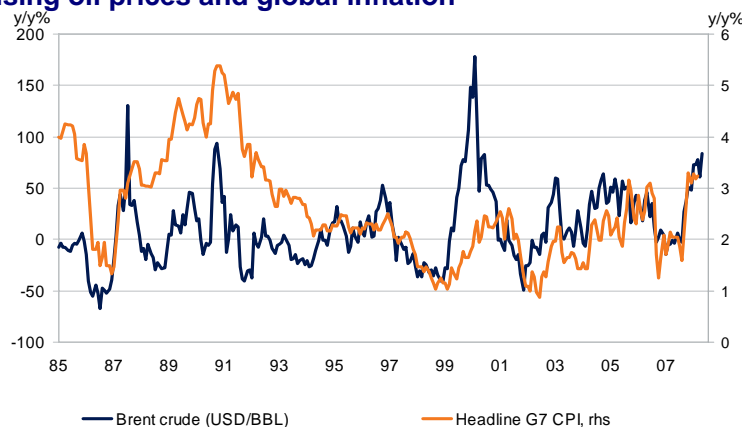
- In 2001, a recession in the US meant a weak global economy, today it means a modest easing in the pace of global activity. The emergence of a new group of fast growing commodity intensive countries is beginning to alter the relationship between global growth and inflation.
- In a normal market economy, an increase in price should eventually lead to a fall in demand as consumers adjust via lower spending. However, rising inflation in emerging markets is being addressed by price controls as governments are not prepared to leave the price of such essentials to market forces.
- The main implication of this is that the OECD has lost an important stabiliser and the continued strength of commodity prices is creating a stagflationary environment of slower growth and rising inflation putting Central Banks in developed countries in a tricky spot.
- However, we continue to see the impact of the credit crunch as a considerable headwind on activity which should cause slower growth and higher unemployment leading to lower inflation in 2009.

Europe: Central Banks focus on inflation (page 7)

- The latest Bank of England (BoE) quarterly inflation report forecasts that CPI will continue to increase and peak at 3.7% in Q4 of this year. Growth is now assumed to face a sharper slowdown than previously expected.
- We had penned 75bp of rate cuts in 2008 but have now reduced this to 50bp. The BoE focus on inflation at the expense of a sharp drop in growth is bad news for the UK economy requiring the Bank to eventually cut more sharply.
- Growth in the Eurozone surged in the first quarter of this year. But business sentiment indicators in April are falling quite rapidly. Further, the recovery in consumer spending is failing to materialise. We continue to expect 50bp of rate cuts but given the pick up in inflation we now see just one 25bp cut in Q4 of this year with a further cut in Q1 of 2009.

Forecast summary (page 14)

Rising oil prices and global inflation



Source: Thomson Datastream



Global

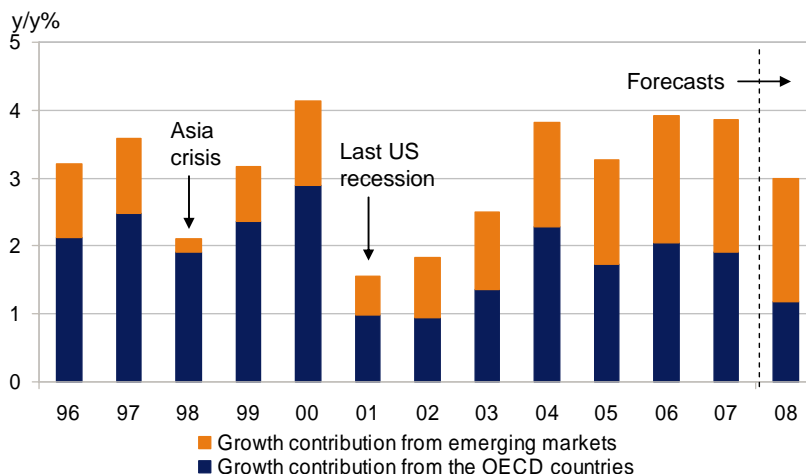
More than half the increase in global GDP growth should come from the emerging world in 2008,...

The end of the NICE (Non Inflationary Constant Expansion) decade

One of the key developments in the world economy has been the growing contribution to global growth from the emerging economies. In particular, our own forecasts indicate that more than half of the increase in world GDP growth this year will come from the emerging world led by China.

Only seven years ago, a recession in the US meant a weak global economy, today it means a slowdown, a modest easing in the pace of global activity. The last time the US was in recession in 2001, global GDP growth was around 1½%, this year it will be just below 3%. In each case, the OECD contribution is around 1% with the difference being accounted for by the emerging economies. The latter still only account for a quarter of global GDP, but are punching well above their weight in terms of their marginal contribution to growth.

Chart 1: Global GDP growth breakdown



Source: International Monetary Fund, Schroders

...with profound implications for commodity prices and inflation

However, recognising the importance of emerging economies as a source of growth cannot be viewed as simply bolting a new engine onto the world economy. The extra growth comes along with a host of new issues, not just economic, which present a significant challenge to our thinking. In particular, the emergence of a new group of fast growing commodity intensive countries is beginning to alter the relationship between global growth and inflation.

The main transmission mechanism for this is through the commodity markets. In the past, one would expect a slowdown in the US to weaken commodity prices and help reduce inflationary pressure. Yet in a world where a US recession no longer means a global downturn, the demand for commodities is holding up better. Whilst the recent buoyancy of commodity prices may have been influenced by speculation, it must also relate to the fact that the extra growth in the world economy is coming from economies whose intensity of commodity use is high.



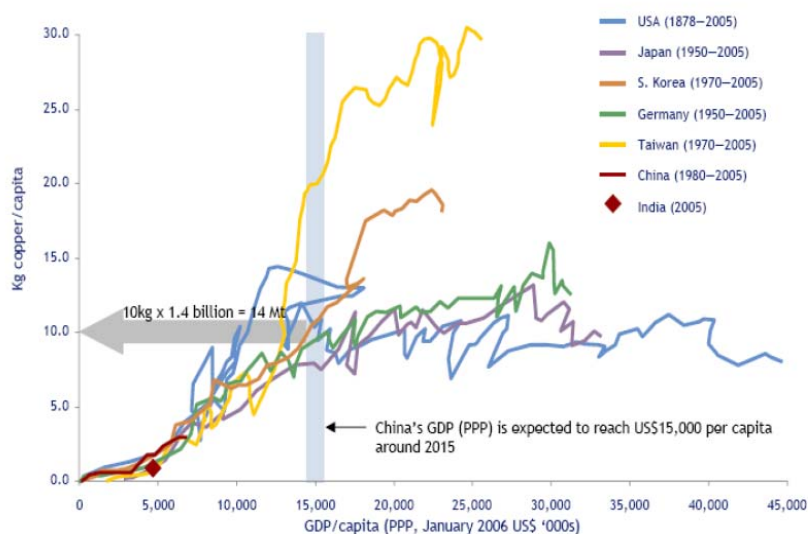
The extra growth is concentrated in commodity intensive economies who are in the process of industrialisation

For example, although considerably smaller in GDP terms than the US, China is the largest consumer of all mined commodities and the second largest consumer of oil. More generally, the Asia region is expected to account for 70% of this year's increase in global oil consumption. The overall demand for commodities has not been affected as much as might have been expected from a straight read of the global GDP figures.

Underpinning this is the observation that these economies are at an earlier stage of their economic development, where increases in GDP are primarily achieved through the industrial rather than service sector.

An illustration of this can be seen in the chart below which tracks the use of copper per capita in a range of economies as their income per head has risen over time¹. At low income per head (less than \$5000) copper use is also low as the economy is primarily agricultural. Once income per head exceeds \$5000, consumption of copper accelerates as the economy industrialises. Beyond \$15,000 per head consumption levels out as the economy matures and moves from being driven by industry to one where the service sector plays the leading role.

Chart 2: The development path: Income and consumption of copper per head



Source: BHP Billiton, Liberum Capital

The important point here is that China is still at an early stage in the process and is just moving into the phase where consumption per head accelerates dramatically if it is to follow the path set by the likes of the US, Japan and Germany or Taiwan and Korea. This underpins the long run case for commodities as an asset class.

¹ the choice of commodity is immaterial

However, the story does not end there. In a normal market economy an increase in price should eventually lead to a fall, or at least a moderation in demand. Consumers respond to higher prices by adjusting their spending and there is evidence of this at work in the OECD where the demand for gasoline has fallen. Sales of SUV's for example, have slumped as people look for more efficient means of transport. In turn higher prices should also spur new supply. In the case of energy through greater production of existing or alternative fuels. In this way rising prices sow the seeds of their own destruction as demand moderates and supply rises.

Subsidies on fuel in the emerging markets further reduce the sensitivity of oil prices to global activity

The point about the current situation is that the additional growth is emanating from parts of the world where market forces are often over ridden. In the case of commodities, food and energy prices are often fixed by governments' who are not prepared to leave the price of such essentials to market forces. For example, the petrol price in China has been fixed at \$2.40 since last November when it was increased by 10%. This in turn was the first increase for 17 months.

The cost of this is high with the government having to subsidise producers for lost revenue, but can continue for a considerable period of time given the political pressure to shelter low income consumers. The result is that the market forces which would normally work to stabilise prices are not allowed to operate and in this case, demand remains strong as consumers are insulated from global price hikes.

Clearly, this reduces even further the link from OECD demand to commodity prices and inflation. China will eventually bring the cost of food and energy towards market prices and in the past week we have seen Taiwan, Malaysia and Indonesia announce that they are cutting fuel subsidies. However, political pressures mean that the process will be slow such that the price mechanism will only be allowed to gradually check consumption.

A few figures illustrate the scale of the problem. Between 2000 and 2006 the world's daily consumption of crude oil has increased by 7.4 million barrels and as indicated earlier non-OECD countries accounted for 82% of the total increase. According to JP Morgan, 61% of this increase is in countries with retail prices that are at a discount to market reference prices. China, India and the Gulf states are the key countries in this group.

The main implication of this is that the OECD has lost an important stabiliser. In the past, a slowdown in the developed economies would rapidly translate into a fall in commodity prices. In turn, this would reduce inflation helping to support consumer incomes and free central banks to ease monetary policy. Today the continued strength of commodity prices is creating a stagflationary environment of slower growth and rising inflation in the OECD.

Terms of trade spells end of NICE decade

Bank of England Governor Mervyn King has described this as the end of the NICE decade. The period where the UK experienced Non Inflationary Constant Expansion. Some have said that it will be replaced by the VILE decade: volatile inflation low expansion economy.

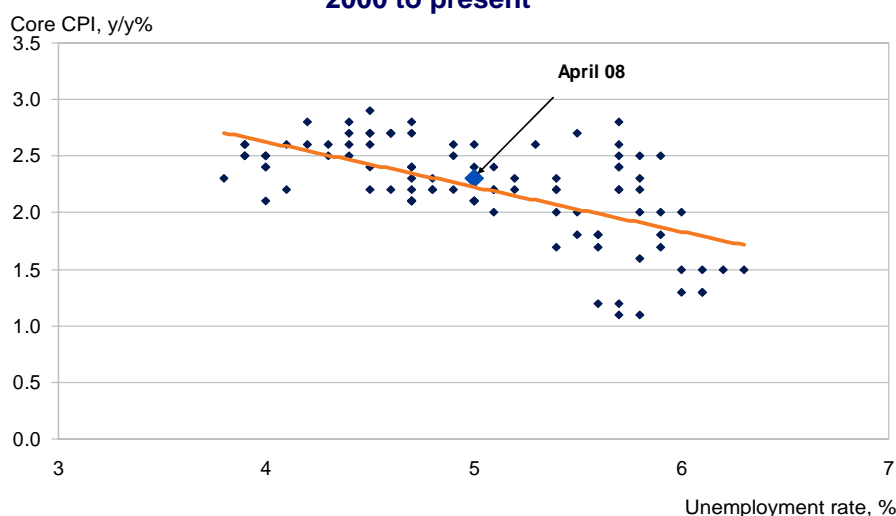
The underlying issue is that the commodity consuming countries face an adverse shift in their terms of trade. This amounts to an income gain for the producers at the expense of consumers. Over time, increased trade with the commodity producers will help recycle this income back to the consuming economies, but this will take time. In the meantime, an adverse shift in the terms of trade makes an economy poorer.

The challenge for central banks: prevent rising commodity prices from resulting in rising inflation

From this perspective, the challenge for the central banks is to manage the transition without generating a sustained increase in inflation. We are effectively moving to a new constellation of prices in the economy where food and energy are more expensive.

The easy way to do this would be to allow all prices to continue rising at the same rate and for food and energy to rise a little faster. This was the approach in the 1970s and led to double digit inflation rates. Today we are unlikely to see central banks accommodating the shock and instead expect a tougher line. The aim would be to bring the core inflation rate, CPI excluding food and energy, down towards say 1.5% allowing food and energy prices to rise more rapidly, such that the overall CPI averages around 2%. Clearly, this will be a real test of economic flexibility in terms of how rapidly prices can adjust. The faster prices adjust and resources can be re-allocated, the lower the cost in terms of lost employment.

Chart 3: Trade-off between US core inflation and unemployment – 2000 to present



Note: R-square is 0.4
Source: Thomson Datastream, Schroders

Unemployment-inflation trade-off should help,....

The relationship between unemployment and inflation, as described by the Phillips curve, is not precise and has famously shifted over time. Looking at the data since 2000 suggests that a significant inverse relationship currently exists in the US such that a 1 percentage point rise in the unemployment rate is associated with a 0.4% fall in core inflation. Our forecast of a rise in unemployment to 6.2% and a decline in core CPI inflation to 1.6% by the end of next year is well within the bounds of this relationship (see chart 3). If commodity prices stabilise, or simply rise less rapidly, then such an outcome would be consistent with headline CPI falling back to 2% or less in the US, from around 4% today.

***....as long as wages
remain contained***

The key to the success of this forecast will be whether inflation expectations and wage growth can be prevented from rising and causing the relationship shown here to alter. Such adverse shifts in the Phillips curve were a key feature of the 1970s such that higher unemployment did not deliver lower inflation as wages chased prices upwards. Our forecast is therefore underpinned by the belief that the labour market of today is more flexible than thirty years ago. Admittedly, there is some evidence that inflation expectations have risen recently but this has not translated into higher wage inflation. Furthermore, the reduction in the bargaining power of labour (related to globalisation, the decline in unionisation and shift from industry to services) combined with the success of independent central banks in controlling inflation in recent years means we do not foresee a re-run of the 1970s.

Europe

UK update

MPC in a tight spot.....inflation rising, growth slowing

The Monetary Policy Committee (MPC) at the Bank of England faces a tough few months as it decides how best to tackle the twin shocks facing the economy - weak demand alongside rising inflation.

The latest quarterly inflation report forecasts that CPI will continue to increase beyond the current rate of 3% and will likely peak at 3.7% in the last quarter of this year. This is likely to lead to a number of explanatory letters from the BoE governor stating the reasons for the overshoot in inflation. (One every 3 months if inflation remains above 3%). At the same time, growth is now assumed to face a sharper slowdown than previously expected, reaching 1% on an annual basis by the end of the year but rather optimistically the Bank expects a firm recovery in 2009, with growth recovering to 2.5% by the end of the year, above our expectations of a weak recovery. One caveat here though; these forecasts were made using market rates, which at the time (two weeks previous to publication) were pricing in 50bp worth of cuts in coming months, to 4.5%. Since then markets have priced out cuts altogether, so that the alternative forecasts which use unchanged rates at 5.0%, has the Bank achieving its 2% inflation target over the medium term.

On that basis our next cut, which we had penned for June has been taken out but we keep our August and November reductions, with base rates ending the year at 4.75% instead of our previous 4.5% target. The outcome essentially is very bad news for the UK economy. The longer interest rates reductions are delayed the sharper the contraction in growth, requiring the BoE to eventually cut more sharply. Our quarterly growth profile is already weak and the risk here is that if the Bank does not cut rates, because of the higher inflation risk - then the UK drifts into recession, defined as 2 consecutive negative quarters of growth.

Real incomes squeezed.....

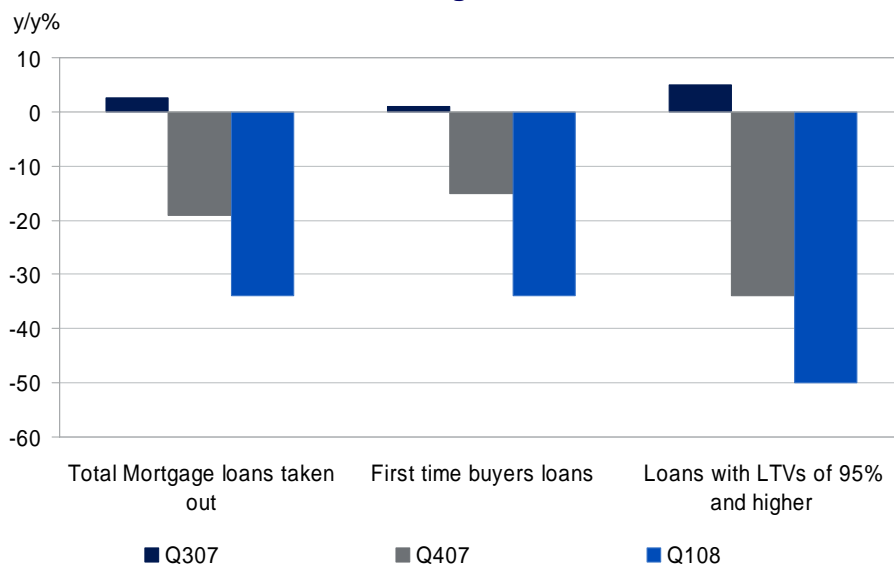
The MPC states that top of the list of worries for the Committee and the economy in general is the real drop in income growth, caused by the pick up in inflation and the continuing adverse impact of the credit squeeze on households. Indeed, the Bank says that risks to growth lie to the downside, consistent with the possibility that the period of tight credit conditions and weaker demand could be more prolonged than previously expected.

The extent to which tighter credit is affecting conditions is fairly evident in the recent data from the Council of Mortgage Lenders (CML). As the chart below shows, in just the past three months to March the number of mortgage loans with a loan-to-value (LTV) ratio of 95% or higher has fallen by 50% on a year on year basis. These loans are normally, but not exclusively, taken out by first time buyers who lack sufficiently large deposits. In July of last year, just over 30% of mortgage loans to first time buyers had an LTV of 95% or higher, but in the period since then lenders have been withdrawing high LTV loans as they seek to reduce demand for mortgages given the contraction in mortgage credit supply.

The CML data also reveals that the number of new sub-prime home purchase mortgage loans fell an annual 50% in the last three months, and is now down by a total of 65% over the last two years. Also, the number of new mortgages with special payments features, such as flexible repayment schedules, cash back mortgages and offset mortgages fell by an annual 74% in the first quarter of this year.

Housing market in freefall

Chart 4: UK housing market – in freefall

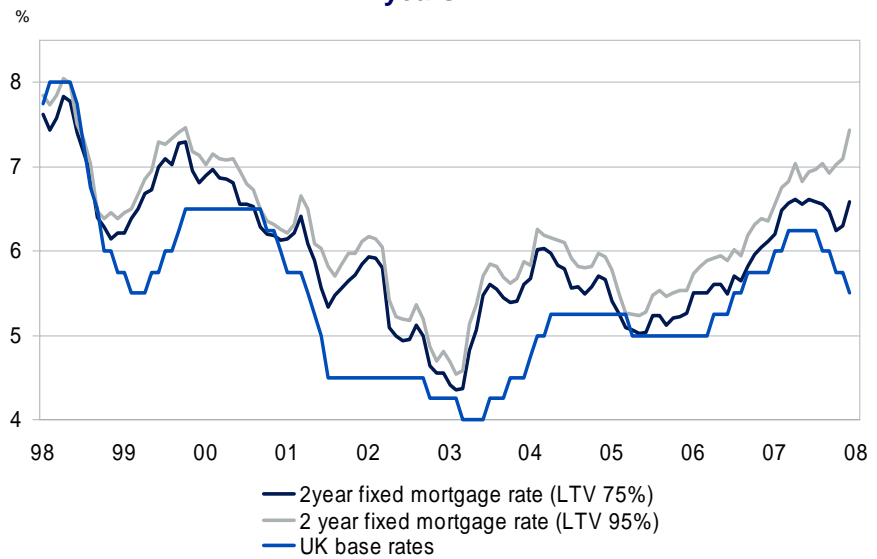


Source: Council of Mortgage Lenders (CML)

The housing market effectively is in freefall. The number of mortgage repossession actions is increasing rapidly. In the first quarter of this year repossessions jumped by an annual 16%, reaching the highest level in 16 years. Of course, not all of these repossession orders are implemented and the actual number may be lower than that, but the threat of repossession effectively forces households to cut back on other spending and to focus on meeting mortgage payments. Inevitably, this will lead to a pick up in savings, which will be compounded by a soft labour market. Indeed, the latest readings show that unemployment picked up in the last three months and is likely to continue rising in the months ahead as growth disappoints. And mortgage payments are likely to increase for households, despite the easing in monetary policy since the end of last year as the chart below shows. The 75bp reduction in rates so far contrasts with the sharp increase in fixed rate mortgage rates. Those who need to borrow at 95% LTVs (Loan-to-Value) are now paying a rate of 6.94%, while those with an LTV of 75% are also paying higher rates of 6.08%, more than 100bp above the base rate.

BoE rate cuts not feeding through....

Chart 5: Fixed rate mortgage rates increase - highest in almost 10 years

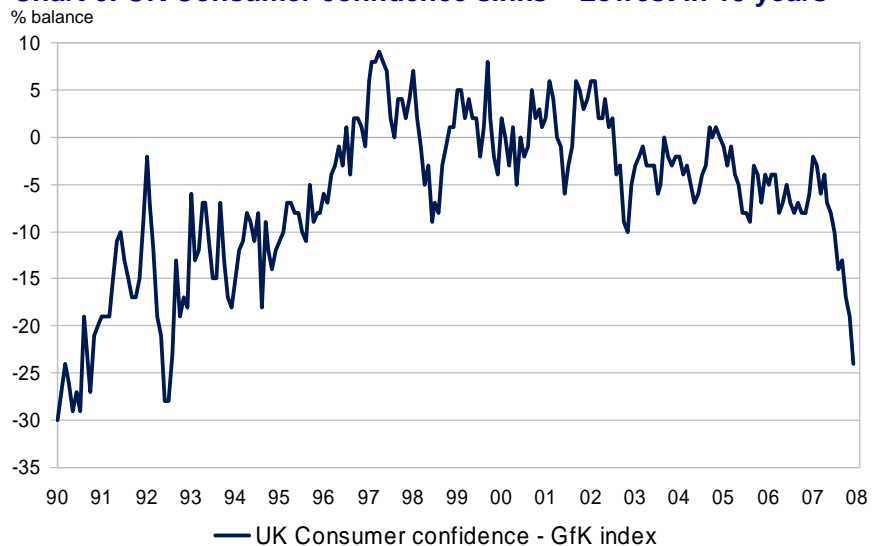


Source: Thomson Datastream

Sinking consumers...

Hence, it's not surprising to see that consumer confidence in the UK has fallen to its lowest level in 15 years (chart 6) and that's before a more marked decline in house prices and higher unemployment take hold. A recent poll by MORI also suggests that worries about the economic outlook is top of households' concerns, highs last seen in the previous housing crisis. Adding to the gloom, the recent survey by the House Builders' Federation also shows that net reservations are at the lowest level since 1992, despite incentives being offered by constructors.

Chart 6: UK Consumer confidence sinks – Lowest in 15 years



Source: Thomson Datastream

In terms of actual data so far the official retail sales data do not show any great weakness but surveys (CBI, BRC, BoE agents' survey) are now showing increasing evidence of a sharp slowdown in spending in recent months. Further, service sector output growth in the first quarter of this year was the lowest for six years with the April services Purchasing Managers' Index (PMI) falling to the lowest level in 5 years. The CBI survey of service sector also shows a similar picture.

Inflation worries

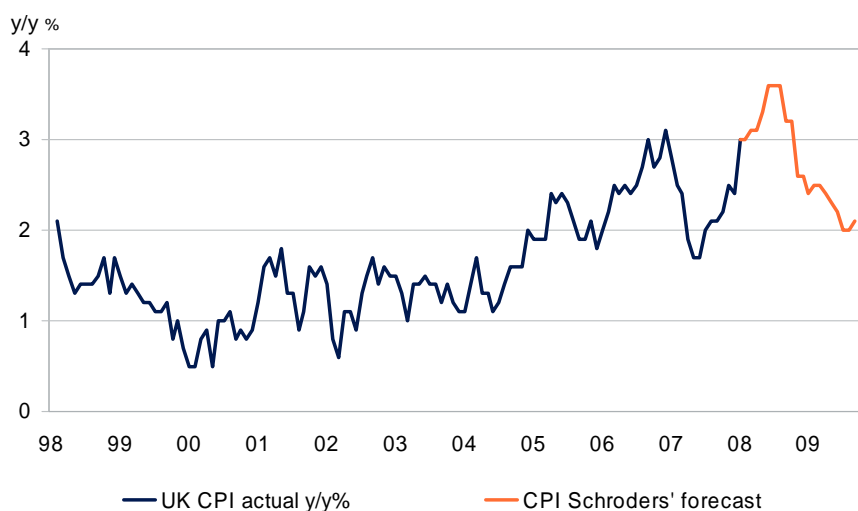
Utility bills a likely risk to UK inflation

However, the UK is also experiencing an inflation problem in the near term. Our previous assumption was that oil prices would stabilise over the past quarter, but this did not turn out to be the case. As a consequence we have revised up our inflation forecasts given the continued rise in oil and Natural gas prices, food and the sharp depreciation in Sterling since the beginning of the year. But it is the possibility of further increases in gas/electricity prices that is likely to keep inflation above the 3% upper limit in the near term. We see inflation peaking at 3.6% by September. The latest inflation print for April showed that gas alone added 0.2% mainly because of increases by just one company (Scottish and Southern Energy) but worse is still to come. Centrica, owned by British Gas, and the biggest utilities supplier to the retail sector, suggested that it was very likely to put up prices by up to 20% soon unless wholesale gas prices fell back. The company has a 50% share of the domestic gas market and 22% of the electricity market and if it decided to increase tariffs other suppliers would be sure to follow suit. If utility prices increased, by say, 10%, that could add 0.5% to inflation in 2008. The Bank worries that as inflation expectations could increase from an already high level and result in a wage/inflation spiral as households seek to protect real incomes. But, in our view, this is unlikely to be the case, given that in a slowing economy, wage bargaining power is greatly diminished. In any case, average earnings are already trending lower.

Mr King to put pen to paper

Meanwhile, with inflation rising above 3% in the near term, the Governor of the BoE will have to write a couple of letters to the Chancellor of the Exchequer explaining why the 2% target has been breached. This could come as soon as June/July.

Chart 7: UK annual CPI actual and forecast



Source: Thomson Datastream



UK consumer at risk

Our gloomy view of the economy remains unchanged, and the risk to consumer spending and to the economy in general increases the more the BoE delays rate cuts by focusing on a commodity driven pickup in inflation. As we wrote in the April Economic Viewpoint, the UK's vulnerability to the credit crunch is heightened by the high level of household debt (the highest in the G7 countries), by the high link between housing and spending and by the lowest savings ratio in close to 50 years.

But, contrary to market expectations, we continue to believe that the MPC will cut rates, albeit at a gradual pace, though the MPC's job over the summer months will prove difficult as it steers its policy decisions through a minefield of higher inflation prints and explanatory letters to the Chancellor. Our working assumption is that the Bank will choose to focus on inflation over the medium term and, further, that an output gap develops in coming quarters, as capacity utilisation falls and employment weakens, to justify cutting rates. Difficult economic times lie ahead.

Table 1: UK GDP Forecasts and contributions to growth, y/y%

	2007	2008 (forecast)	2009 (forecast)
Real GDP	3.0%	1.7%	1.4%
Consumption	3.1%	1.1%	1.4%
CPI annual %	2.3%	3.0%	2.5%
Interest rates	5.5%	4.5%	3.75%

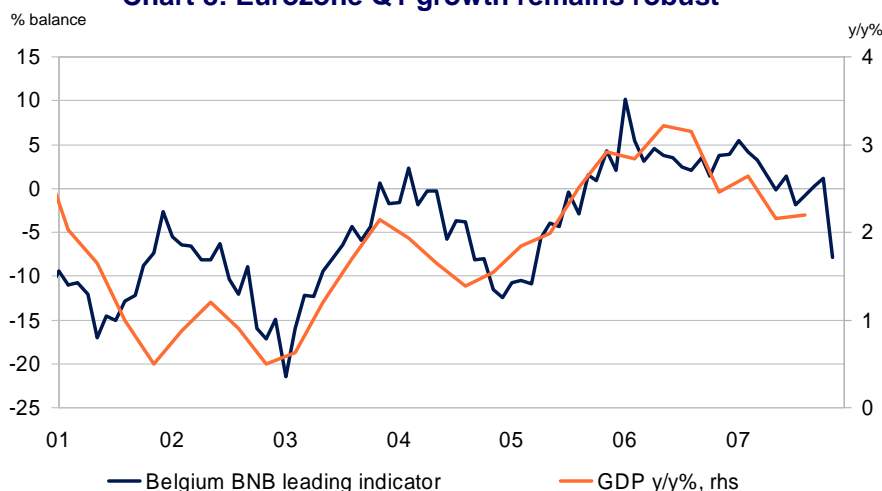
Source: Schroders

Eurozone update**Strong Q1 growth not the start of a new trend**

Growth in the Eurozone surged above expectations in the first quarter of this year to record a 0.7% quarterly print. We had expected that Q1 would surprise positively but the strength was surprising and thanks largely to the huge 1.5% quarterly jump in Germany. France also experienced a pick up (0.6%) and these two countries helped lift the Eurozone average offsetting weak numbers from Spain (0.3%), Portugal (-0.2%) and The Netherlands (0.2%) among others.

But all is not as rosy as it seems. No actual breakdown of the data is available just yet but according to details provided by the German statistics office, first quarter growth was driven by both domestic demand and to a lesser extent by net exports, evidence that Euro strength is beginning to undermine Germany's competitive position. But strong growth in the last quarter was driven mainly by strong construction investment and this, according to the statistics office, was heavily influenced by a number of calendar and seasonal effects, and distorted by the unusually mild winter weather. Construction output surged in January and February but plunged in March, so that construction will likely depress Q2 growth quite significantly. Further, business sentiment indicators in April are also falling quite rapidly, for instance, the key Belgian business index fell to -7.9 in April from 1.2 the previous month, a five year low.

Chart 8: Eurozone Q1 growth remains robust



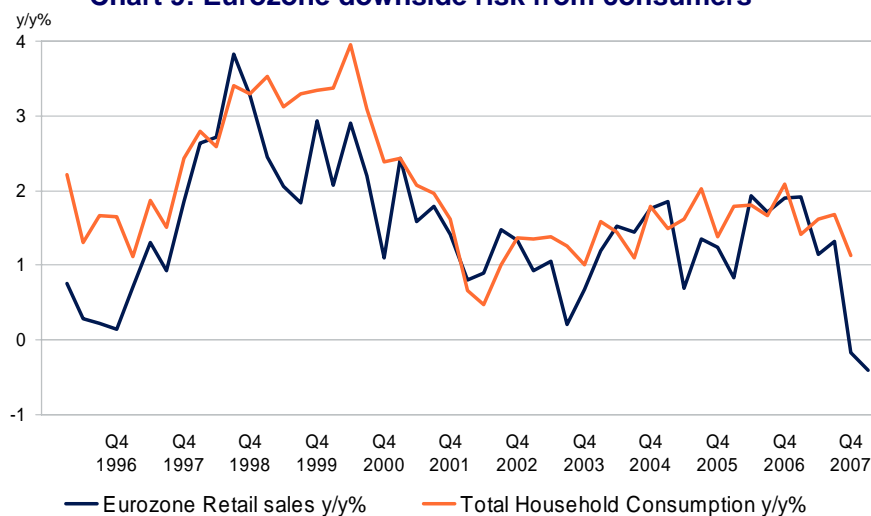
Source: Thomson Datastream

Consumer spending a growing risk in the Eurozone

Further, there are growing signs that the long expected recovery in consumer spending in the region is failing to materialise. Over the past 5 years consumption has averaged 1.5% yoy growth but recent survey data and actual retail sales point to a likely sharp drop in spending (see chart 9 below). While the jump in food and energy prices contributed to the late 2007 weakness by reducing disposable income growth in real terms, savings were also picking up. And judging from consumer surveys, the savings rate probably rose further in the first few months of this year. It is likely that savings rise further on the lagged effect of higher interest rates, adding to the dampening impact on spending from slowing job growth.

As a result, the downside risks to growth from the consumer appear increasingly probable. At the national level, retail sales are plunging in Spain (-3.6% in six months through March) and in Italy (-0.4% in five months to February). Importantly, after showing remarkable resilience before, retail sales edged down in the first quarter in France. Even in Germany, consumption barely grew. As a consequence, Q1 may well have been the last good news for some time.

Chart 9: Eurozone downside risk from consumers

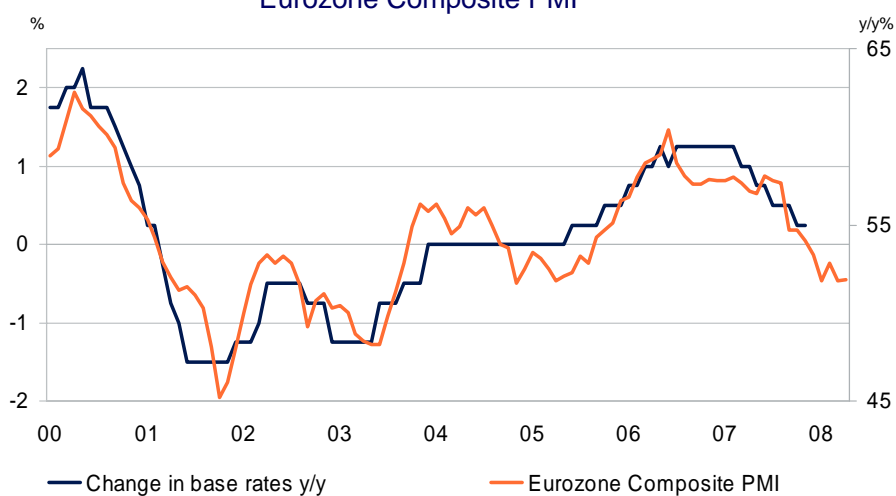


Source: Thomson Datastream

At the same time elevated headline inflation is a major obstacle for policy easing in the near term, but last week's inflation numbers provided some relief. CPI inflation fell to 3.3% from last month's 3.6%, and core to 1.6% from 2%. We expect April to mark the beginning of an inflation downtrend but the spike since September of last year has proven larger and more protracted than anticipated a few months ago.

We continue to expect that interest rates in the Eurozone are cut by a total of 50bp but given the recent pick up in inflation and continued hawkish comments by the ECB, we now expect just one 25bp cut in Q4 of this year with a further 25bp cut in Q1 of 2009 (chart 10 below).

Chart 10: Growth weakening rapidly in Q2
Eurozone Composite PMI



Source: Thomson Datastream

Forecast Summary

Global growth forecast little changed for 2008, but slowdown extended into 2009 as credit crunch drags on the OECD and the emerging economies make serious efforts to tackle rising prices. Inflation forecasts increased for this year, but sharp decline still expected in 2009.

I. Forecast summary

Real GDP

y/y%	Wt (%)	2007	2008	Consensus	2009	Consensus
US	31.4	2.2	1.5	1.3	0.9	1.9
UK	5.7	3.0	1.7	1.7	0.8	1.6
Eurozone	25.3	3.0	1.6	1.5	1.3	1.6
Japan	10.4	2.0	1.2	1.3	1.5	1.6
Australia	1.8	4.1	3.2	3.0	2.8	3.0
OECD	74.6	2.5	1.6	1.4	1.1	1.8
China	6.3	11.6	10.8	10.0	8.5	9.3
Emerging*	25.4	7.5	7.0	6.4	5.6	6.2
World	100.0	3.8	2.9	2.7	2.3	2.9

Inflation CPI

y/y%	Wt (%)	2007	2008	Consensus	2009	Consensus
US	31.4	2.9	3.9	3.8	2.0	2.4
UK	5.7	2.3	3.1	2.7	2.4	2.2
Eurozone	25.3	2.1	2.9	3.0	1.8	2.1
Japan	10.4	0.1	0.7	0.8	0.6	0.5
Australia	1.8	2.3	3.8	3.9	3.0	3.0
OECD	74.6	2.2	3.1	3.0	1.8	1.9
China	6.3	4.6	6.0	6.3	4.5	3.8
Emerging*	25.4	5.2	6.7	6.7	4.9	5.2
World	100.0	2.9	4.0	4.0	2.6	2.4

* **Emerging markets:** Argentina, Brazil, Chile, Colombia, Mexico, Peru, Venezuela, China, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan, Thailand, South Africa, Russia, Czech Rep., Hungary, Poland, Slovakia, Romania, Turkey, Ukraine (weights are at

Interest rates

%	Wt (%)	Dec-07	Dec-08	Market	Dec-09	Market
US	31.4	4.25	1.50	2.92	1.50	3.73
UK	5.7	5.50	4.50	5.70	3.75	5.36
Eurozone	25.3	4.00	3.75	4.69	3.50	4.18
Japan	10.4	0.50	0.50	1.01	1.00	1.17
OECD	72.8	3.73	2.37	3.48	2.30	3.65

Market from forward futures strip as at

19/05/2008

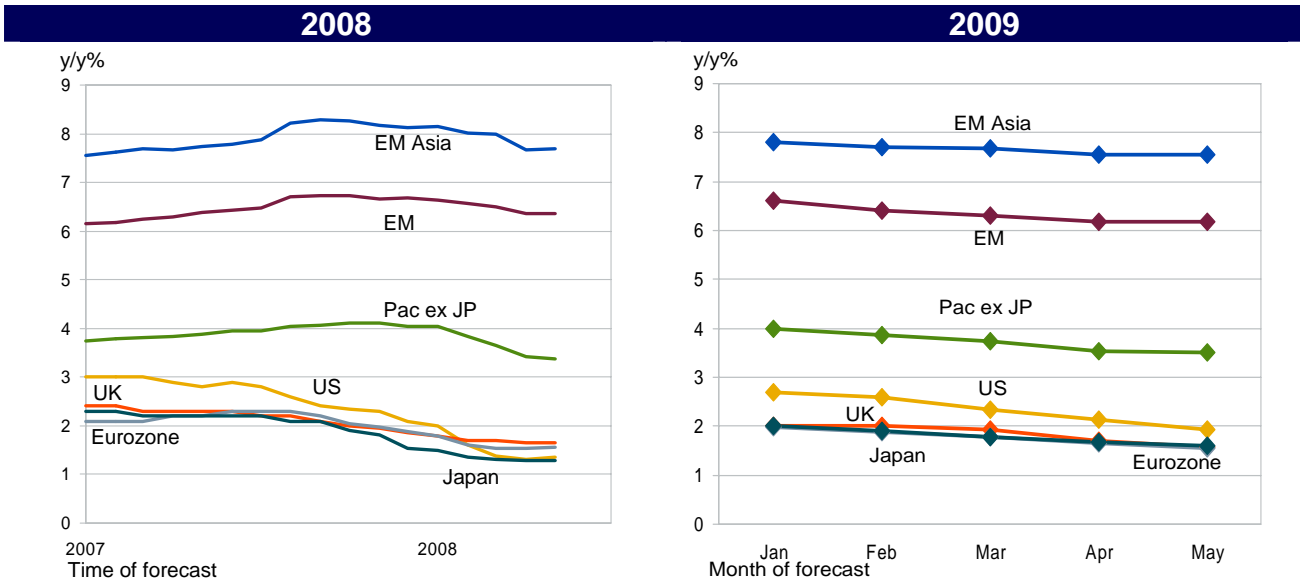
Key variables

FX	Current	Dec-07	Dec-08	y/y%	Dec-09	y/y%
USD/ GBP	1.95	2.01	1.90	-5.7	1.85	-2.6
USD/ EUR	1.55	1.46	1.55	6.5	1.60	3.2
JPY/ USD	104.3	112.5	105.0	-6.6	100.0	-4.8
GBP/ EUR	0.80	0.72	0.82	13.0	0.86	6.0
Brent crude	123.0	88.8	124.1	39.8	122.0	-1.6
US output gap %GDP	-0.2	0.0	-1.6		-2.4	
Unemploy. %	4.9	4.8	5.5		6.2	

Source: Schroders, Datastream, IMF (historic), Consensus Economics (May)

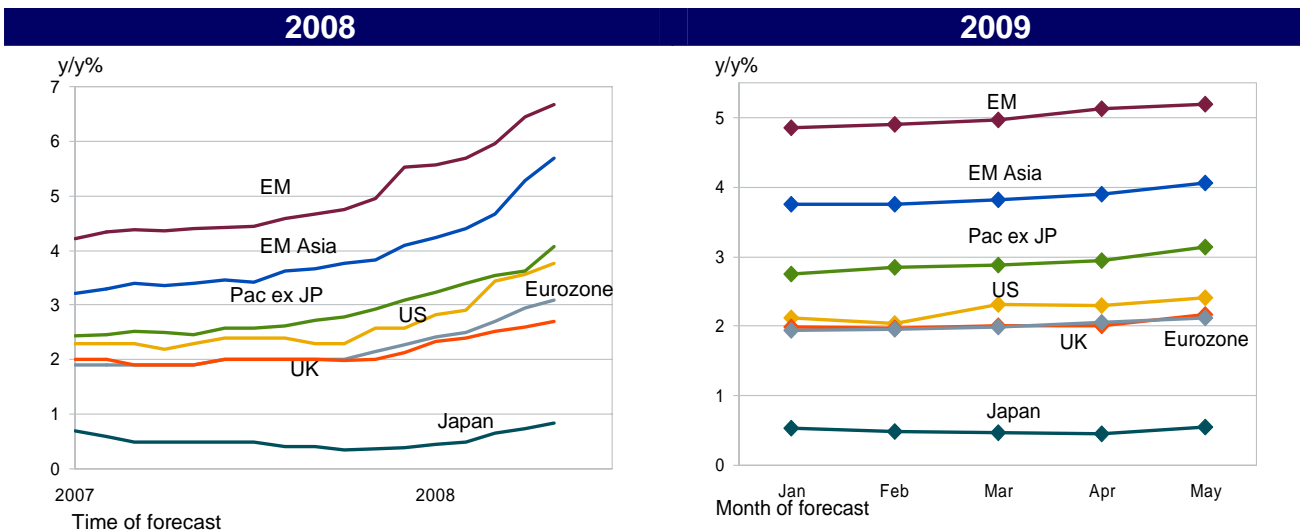
II. Updated forecast charts

Chart 1: GDP forecasts



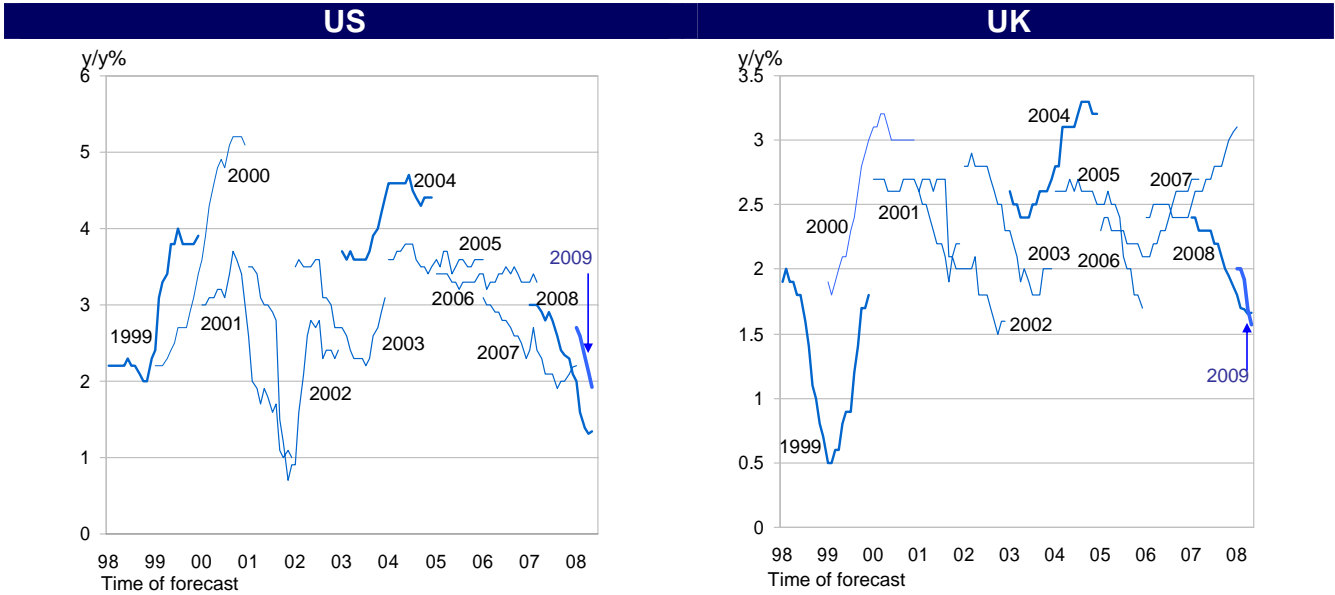
Source: Consensus Economics (May), 2006 GDP weights, Schroders
 Pacific ex. Japan: Australia, Hong Kong, New Zealand, Singapore
 Emerging Asia: China, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan, Thailand
 Emerging markets: China, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan, Thailand, Argentina, Brazil, Colombia, Chile, Mexico, Peru, Venezuela, South Africa, Czech Republic, Hungary, Poland, Romania, Russia, Slovakia, Turkey, Ukraine, Bulgaria, Croatia, Estonia, Latvia, Lithuania, Slovenia

Chart 2: Inflation forecasts



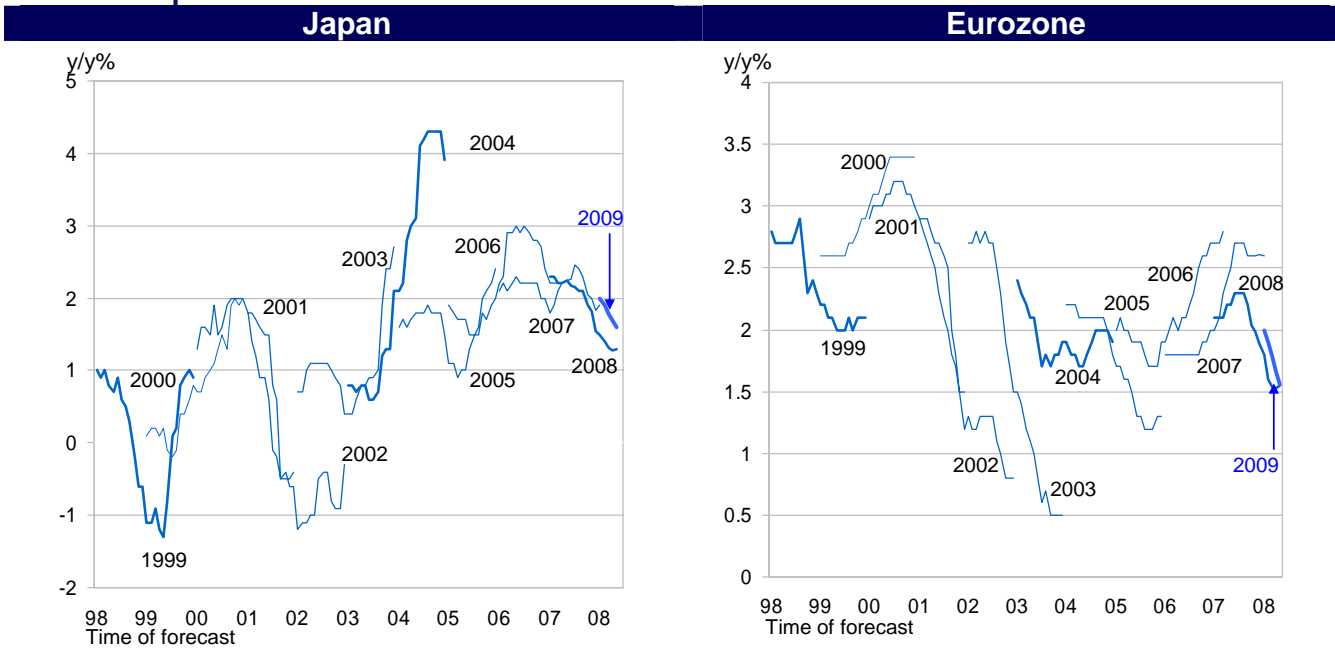
Source: Consensus Economics (May), 2006 GDP weights, Schroders
 Pacific ex. Japan: Australia, Hong Kong, New Zealand, Singapore
 Emerging Asia: China, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan, Thailand
 Emerging markets: China, India, Indonesia, Malaysia, Philippines, South Korea, Taiwan, Thailand, Argentina, Brazil, Colombia, Chile, Mexico, Peru, Venezuela, South Africa, Czech Republic, Hungary, Poland, Romania, Russia, Slovakia, Turkey, Ukraine, Bulgaria, Croatia, Estonia, Latvia, Lithuania, Slovenia

Chart 3: US and UK GDP forecasts



Source: Consensus Economics (May), Schroders

Chart 4: Japan and Eurozone GDP forecasts



Source: Consensus Economics (May), Schroders

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