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前路崎岖，但新兴市场股市题材远未结束

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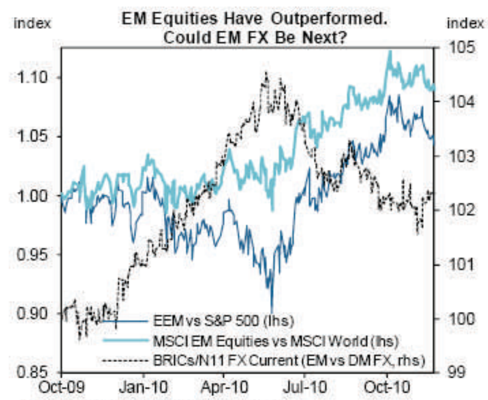
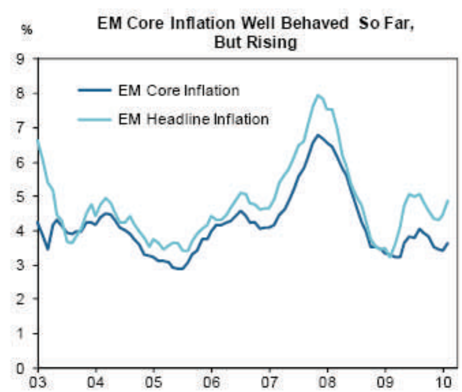
新兴市场股市经历了艰难的几周。部分国家如中国和巴西出现通胀率上升的显著迹象，而且食品价格的涨幅更大，这引发了经济环境较之前对“股市更加不友好”的担忧。股市的最佳楔入点通常是增长加速但几乎或完全没有出台对应政策的时期。过去6个月新兴市场的宏观经济背景即是如此，但在我们看来，未来几个月可能将面临更多挑战。

由于许多新兴市场（尤其是亚洲）的增长高于潜在水平，因此范围较广的通胀是事实并且正在扩大。而且，如果出台的对应政策是加息或名义货币升值，那么在面临推动增长和推进紧缩政策的两难选择下，股市前路可能将崎岖不平。

尽管股市将出现较大幅度的波动，但我们对新兴市场的中期前景仍持积极看法。首先，新兴市场增长仍强劲，而且新兴市场资本化扩张的长期潜力仍较大。第二，虽然可能将采取紧缩政策，但关键是看政策是否从根本上仍有助于刺激经济。这难以作出定论，但如果参照过去一年的情况，以及美联储在可预见的将来不会改变政策，那么最终出台的紧缩政策可能不会像投资者担心的那样严厉。第三，如果我们对全球经济周期基本积极的观点被证实是正确的，那么大宗商品行业权重较大的新兴市场可能将显著受益。最后，无论紧缩政策是大于还是不及市场预期，中期看来，新兴市场汇兑风险的影响应会为新兴市场股市投资者提供有价值的抵消作用。



Source: MSCI, GS Global ECS Research



Source: GS Global ECS Research

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A Bumpier Ride Ahead, But the EM Equities Story is Far From Done

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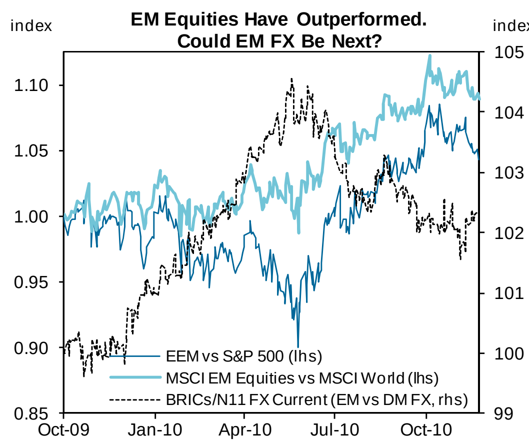
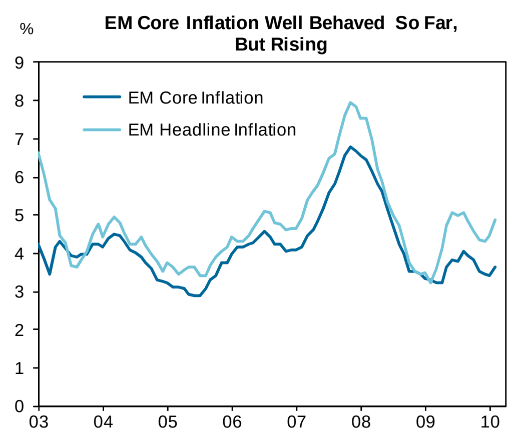
Emerging market (EM) equities have had a rough couple of weeks. With clear indications of increasing inflation in countries such as China and Brazil, and food prices rising more broadly, there are concerns that the environment may be less 'equity friendly' than before. The sweet-spot for equities is typically a period of accelerating growth with little or no policy response. This was the macro backdrop for EM equities over the past six months but, in our view, it is likely to be more challenging in the months ahead.

With growth above potential in many EMs, particularly in Asia, the risk of broad-based inflation is real and growing. And, as policy responds to this in the form of rate hikes or nominal currency appreciation, equities—stuck between the pull of growth and the push of tightening policy—are likely to have a bumpier ride.

Despite the scope for greater volatility, we are still constructive on the medium-term outlook for EM equities. First, the EM growth profile remains robust, and the long-term potential for expansion in EM equity market capitalisation is substantial. Second, while policy tightening is likely to occur, what is crucial is whether policy remains essentially stimulative or not. This is difficult to pin down precisely, but if the past year is any guide, and with the Fed on hold for the foreseeable future, tightening may end up being less restrictive than investors fear. Third, if our largely benign views on the global cycle turn out to be correct, EM equity markets with significant commodity exposure could benefit significantly. Finally, irrespective of whether tightening is more or less than markets expect, exposure to EM FX risk should provide a valuable offset for EM equity investors in the medium term.



Source: MSCI, GS Global ECS Research



Source: GS Global ECS Research

A Bumpier Ride Ahead, But the EM Equities Story is Far From Done

Emerging market (EM) equities have had a rough couple of weeks. With clear indications of increasing inflation in countries such as China and Brazil, and food prices rising more broadly, there are concerns that the environment may be less 'equity friendly' than before. The sweet-spot for equities is typically a period of accelerating growth with little or no policy response. This was the macro backdrop for EM equities over the past six months but it is likely to be more challenging in the months ahead. The strong growth recovery in many EMs, particularly in Asia, means that the risk of broad-based inflation is real and growing. And, as policy responds to this in the form of rate hikes or nominal currency appreciation, equities—stuck between the pull of growth and the push of tightening policy—are likely in for a bumpier ride compared with the past six months.

Despite the scope for greater volatility, we are still constructive on the medium-term outlook for EM equities, for the following reasons:

- The medium-term EM growth profile remains robust, and the long-term potential for expansion in EM equity market capitalisation is substantial.
- If our largely benign views on the global cycle turn out to be correct, EM equity markets with significant commodity exposure could be important beneficiaries.
- If the past year is any guide, with the Fed on hold for the foreseeable future, tightening may well be less restrictive than investors fear.
- Exposure to EM FX risk should provide an offset for EM equity investors from policy tightening.

EM Equities Wax and Wane in 2010

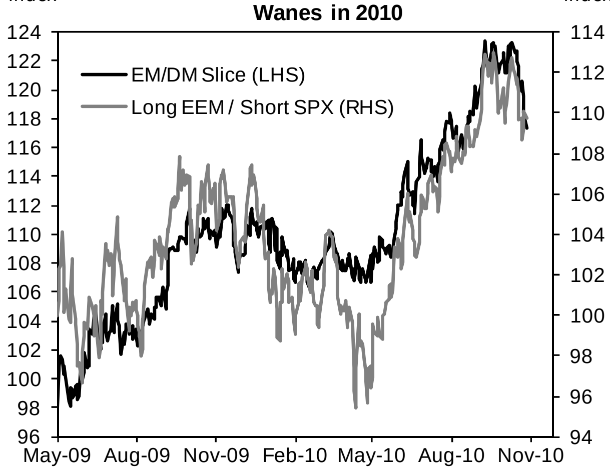
After underperforming in the first six months of 2010, one of our key views for the second half of this year has been the outperformance of EM equities ('Will Emerging Market Outperformance Resume?' *Global Economics Weekly* 10/12). In fact, EM equities have had a stellar second half of 2010 on the back of a number of factors:

- Within the context of robust EM fundamentals, the policy-induced growth slowdown in China in the early part of 2010 gave way to a 'stealth' easing in financial conditions as credit growth recovered to strong levels. The consequent re-acceleration in cyclical momentum in China was a key tailwind for EM equities.
- The EM growth story began to look appealing, particularly in comparison to concerns about weaker G3 macro performance. The re-acceleration in EM cyclical momentum began just as sovereign worries deepened in the Euro-zone and the 2H2010 slowdown in the US economy became imminent (as the boost from inventory restocking and fiscal stimulus faded). With talk of 'double-dips' in the air and uncertainty about the growth outlook in the G3, investors moved to 'buy' growth in parts of the world where it was more likely to be delivered.
- As G3 rates declined in response to the weaker macro outlook, and the Fed reinitiated large-scale asset purchases, EM rates also declined and curves flattened. With many EMs unwilling to let nominal exchange rates appreciate as well, financial conditions in these economies were arguably 'too easy' given their cyclical economic conditions—and this further supported the appreciation in local stock prices.

Consumer and Industrial Sectors in the Lead, Commodities and Tech Further Behind

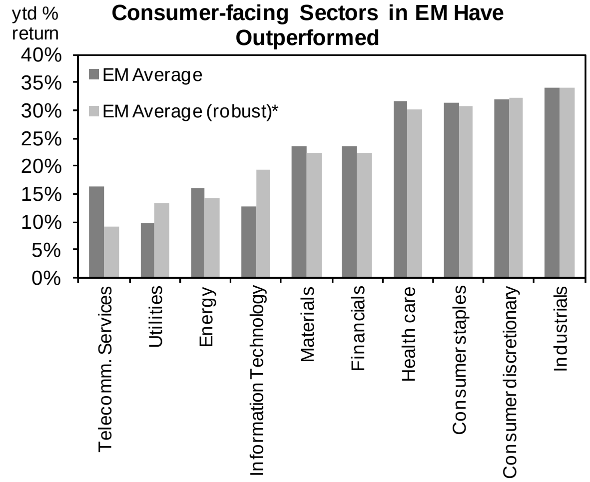
Digging deeper under the surface of EM index performance over the past year, we see a strong macro flavour to the sectoral patterns. On average, consumer-

EM Equity Outperformance Waxes and Wanes in 2010



Source: GS Global ECS Research

Consumer-facing Sectors in EM Have Outperformed



*Robust calculations exclude country sectors with less than three stocks
Source: MSCI and GS Global ECS Research

facing sectors—such as discretionaries, staples and even healthcare—were among the strongest-performing EM equity sectors, along with industrials (see chart). What is equally interesting is that some of the more 'global' sectors, with the exception of industrials (such as tech, energy and materials) have tended to underperform. The fact that equities that are more leveraged to domestic demand in EM economies have done relatively better may suggest that, at least in the past year, investors were seeking economic growth that was as far removed from being dependent on the G3 economies as possible.

The differences in sector performance are not simply a function of their different sensitivities to global trends in risky assets. To show this, we regressed the daily returns on different EM equity sectors on S&P 500 returns. After adjusting for the 'beta' of the different sector in each country to the S&P 500, the excess performance of each of these sectors (the 'alpha' on an annualised basis) also confirms the broad results described above. Industrials, consumer staples and consumer discretionaries performed strongly on average, whereas energy, materials and tech lagged.

A More Turbulent Ride Ahead for EM Equities...

After the sustained outperformance over most of the past six months, EM equities have sold off sharply in the last couple of weeks, both in absolute terms and in relation to the major equity indices. The broad EM equity index has fallen by close to 8% in absolute terms and by about 5% relative to the US market. We think that EM equities may be in for a more turbulent ride over the next six months for the reasons we explain below.

Inflation concerns with more policy tightening in the works. The most recent bout of EM equity weakness was triggered by news of accelerating inflation and monetary tightening in China. The Chinese authorities have raised the reserve requirement ratio twice in the past two months due to rising inflation, and we expect more tightening to occur in the months ahead (two more hikes of the RRR ratio and 75bp of hikes in interest rates).

EM Headline Inflation Driven Higher By Food Prices

Country	Weight of Food Price Component in Headline Inflation	Headline Inflation (latest*)	Country	Weight of Food Price Component in Headline Inflation	Headline Inflation (latest*)
Philippines	50.03	2.78	Hungary	20.51	3.72
Russia	37.97	7.53	Mexico	19.90	4.03
China	33.30	4.28	Czech Republic	18.10	1.79
Indonesia	29.90	5.65	USA	15.76	1.14
Turkey	27.60	9.23	South Africa	15.68	3.21
Chile	27.25	1.98	Sweden	15.51	1.52
Hong Kong	26.94	2.56	Euroland	15.33	1.76
India	26.94	8.68	Israel	14.78	2.30
Taiwan	26.08	-0.19	Korea	14.04	4.06
Japan	25.86	-0.60	Norway	13.80	1.37
Singapore	23.40	3.63	UK	10.80	4.64
Brazil	22.67	5.07	Switzerland	11.06	0.19
Poland	21.48	2.48			

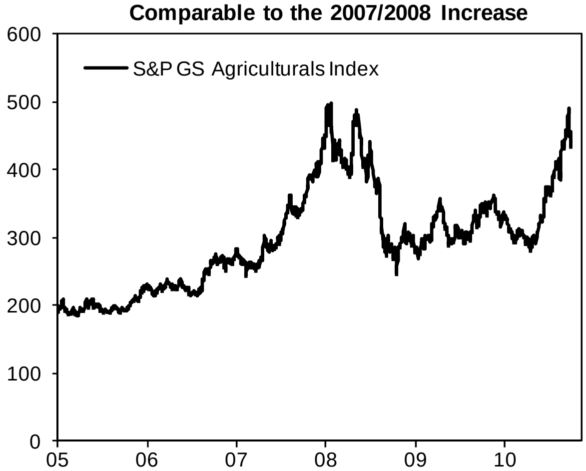
* Oct-10 if available

Source: GS Global ECS Research

More than the actual tightening itself, we believe that what is affecting markets is the notion that rising inflationary pressures—fuelled by strong growth and little spare capacity—mean that much more policy tightening may be on the cards. Market participants may also be worried that this is not just a China-specific phenomenon, but that inflation is a large and growing cause for concern in a number of fast-growing EM economies (such as India, Turkey and Brazil), and hence policy tightening may well be a headwind there too.

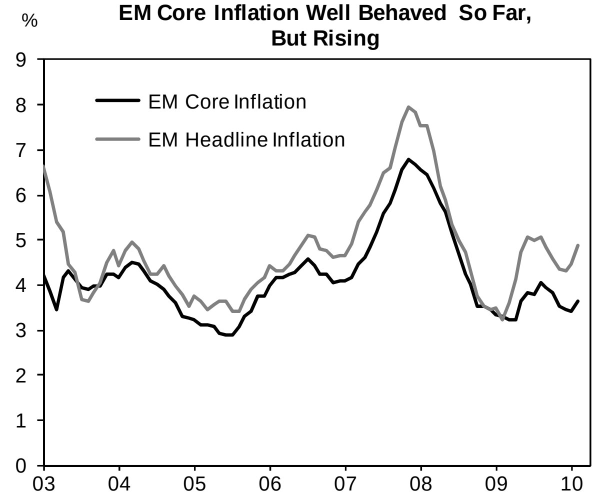
Higher food prices have been an important common contributor to higher headline inflation in many of these countries. International food prices, as captured by the S&P GS Agricultural commodities index, have risen by 60% since June. This is not very dissimilar to the 90% increase in the same index during the 2007-08 food price spike, which had a broad-reaching inflationary impact on EM economies. For many EMs, food prices form a significant component of the overall consumption basket, and so policymakers are particularly sensitive to sharp moves. Food inflation has already increased significantly in Turkey, India and Hungary, but it could also rise further in Russia, China and Brazil.

Increase in Agricultural Commodities Prices Comparable to the 2007/2008 Increase



Source: GS Global ECS Research

EM Core Inflation Well Behaved So Far, But Rising



Source: GS Global ECS Research

However, the inflation worries in EM are not just about food prices. Hitherto, core inflation has, for the most part, remained moderate in most EM economies, especially the EMEA region. Indeed, the ongoing decline in core inflation in South Africa has even led to looser policy over the last year. But, overall, in many EM countries—and especially in Non-Japan Asia—output gaps are already very tight. The chart alongside shows output gaps (as a % of potential GDP) for EMs and developed markets (DM) computed using a consistent statistical HP filter approach. This shows that for EMs as a whole, current levels of output are now significantly above potential. By contrast, DM output gaps are still significantly negative. Given that US recession risk was a significant concern for much of 2H2010, monetary policy in many EMs was arguably too loose. The combination of too easy monetary policy and accelerating growth, while a great mix for equity investments, has also sowed the seeds for future inflation, which is now becoming more visible. In particular, the rebound in activity in Asian EMs was among the most rapid following the crisis, and output gaps there have been among the first to close in the world, so the risk of more broad-based inflation and monetary policy that tries to 'catch up' aggressively over the next several months is arguably most acute there.

Unsurprisingly, EM curves are pricing in a degree of tightening over the year ahead. On average, the 1y rate 1y forward is about 90bp above 1y rates currently, but the risk is, of course, that they may have to do more than markets currently expect, and the prospect of such unexpected incremental tightening in financial conditions is likely to constitute an equity market headwind over the next few months.

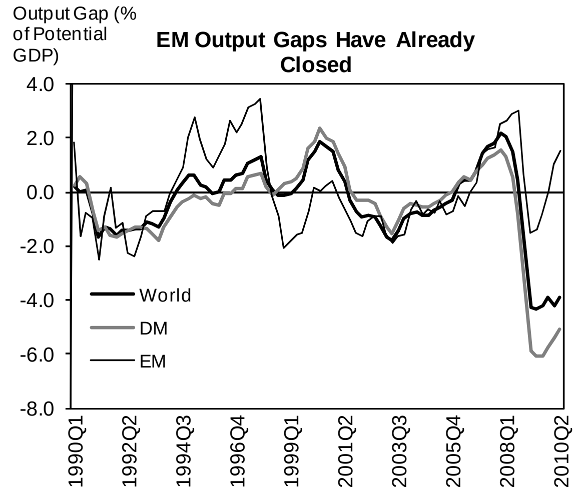
Longer term, EM FX appreciation may also become a headwind. Apart from monetary policy tightening, EM equities may also have to contend with tightening in the form of nominal exchange rate appreciation. The reluctance of many EM countries to allow their exchange rates to appreciate (the so-called 'fear of floating') has been a tailwind for EM equities over the past half year. Despite the increased volume of discussions on global imbalances again, any sudden or accelerated appreciation in the near term is unlikely. At the same time, as Dominic Wilson and Robin Brooks spelt out in 'Seoul Food: The Search for Global Balance' *GEW* 10/39, it is hard to envisage a scenario in which a rebalancing of global current accounts does not also involve some degree of FX appreciation in EMs.

This is more of a longer-term headwind for EM equities rather than a near-term threat. But as the noise around this issue waxes and wanes, it could imply heightened volatility for EM equity markets as well.

EM equity outperformance may be challenged if DM surprises on the upside. One of the noteworthy features of last month's set of cyclical data was the upside surprises to the US outlook. In relatively quick succession, the ISM manufacturing index, payrolls growth and retail sales in the US all surprised on the upside, and the unemployment claims data also appears to have broken lower. As our US economics team highlighted recently, there are good reasons—a modest decline in the household savings rate coupled with better disposable income growth—to believe that, at least on the consumer spending side, these upside surprises may be sustained through the holiday spending season. In Europe too, despite the problems in the peripheral economies, key cyclical data (such as the PMI surveys in 'core' Euroland) continue to be firm.

Although robust growth is not yet on the cards, if these are not just one-off surprises and are sustained, then the early-2010 paradigm of US equities leading relative to the more global exposures could potentially be revisited.

Overall, the cocktail of strong growth in EM and shifts in momentum elsewhere, inflation fears, together with tightening moves in interest rates and exchange rates,

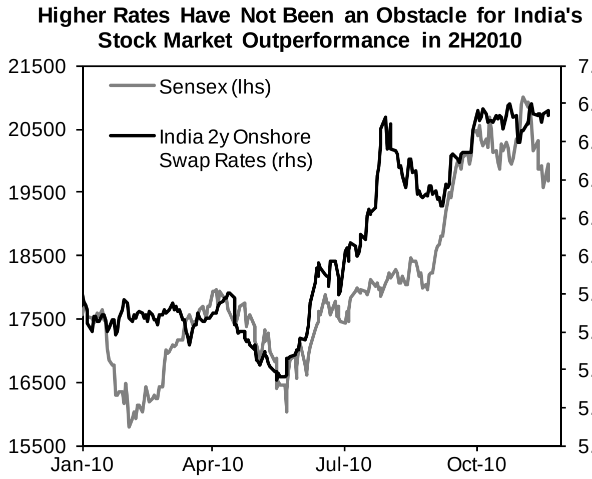


Source: Haver Analytics, GS Global ECS Research

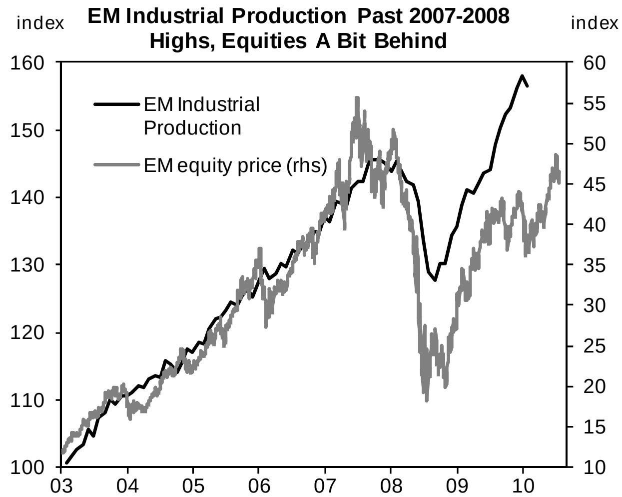
EM Curves Pricing Tightening Ahead

	1y	1y1y FWD	Difference
Indonesia	7.05	6.25	-0.80
India	6.72	7.01	0.29
Malaysia	3.08	3.39	0.31
Mexico	4.93	5.37	0.45
Hungary	5.77	6.25	0.49
South Africa	5.47	5.97	0.50
Korea	3.09	3.70	0.61
Israel	2.70	3.35	0.65
China	2.78	3.47	0.69
Poland	4.41	5.26	0.85
Czech Republic	1.37	2.44	1.08
Turkey	6.67	7.78	1.11
Chile	3.80	4.94	1.14
Brazil	11.41	13.26	1.85
Philippines	2.03	3.91	1.88
Colombia	1.52	4.72	3.20

Source: GS Global ECS Research



Source: Bloomberg, GS Global ECS Research



Source: Haver Analytics, GS Global ECS Research

suggest a more volatile period ahead for EM equities. Indeed, as our Equity Strategists have recommended, there may be specific opportunities to position for higher implied volatility in EM equity markets, currently trading at low levels relative to DM implied equity volatility.

…But This Story is Far from Done

EM equities may be in for a more bumpy ride in the next six months compared with the previous six months of sustained outperformance. However, despite the greater volatility, the EM equity story will likely still have legs in the year ahead, for the reasons we explain below.

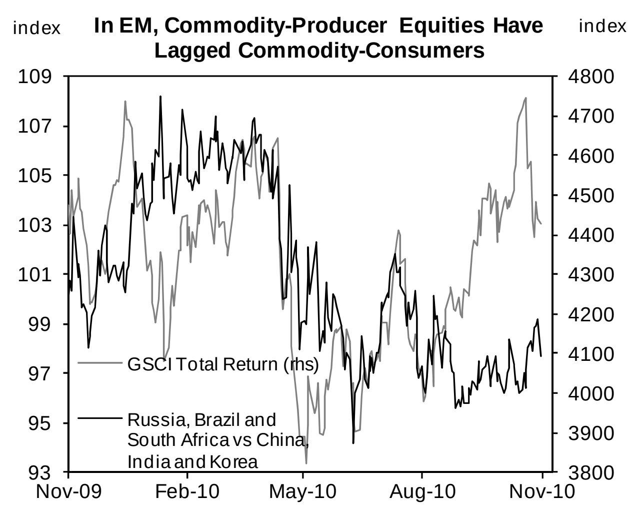
First, the medium-term outlook for EM economic performance is still very robust. Even with any upside surprises to the economic outlook in developed economies, corporate earnings growth in EMs should still comfortably outstrip their DM counterparts. And, to the extent that many of these countries are tightening policy in response to strong growth, and inflation is ultimately controlled, such episodes interrupt rather than destroy equity returns.

The real issue here is whether policy remains essentially stimulative or not. This is not an easy thing to pin down, but if policy tightening is moderate and does not cause an abrupt slowing in growth, the equity story will probably still be a good one, despite the tightening. Consider the example of India during the past year (see the chart above): on the back of robust growth, it was one of the best-performing EM equity markets even with a monetary policy tightening that was among the most significant among EMs. On the other hand, a very rapid tightening of policy, catching-up after having fallen 'behind the curve', is much more likely to unnerve equity markets.

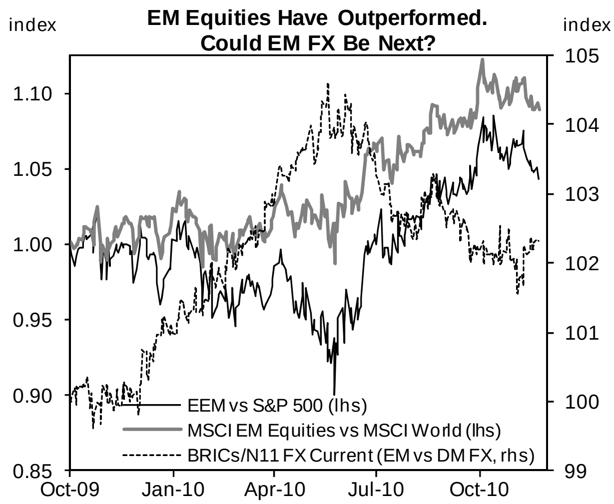
In addition, taking a 'macro' read on valuations, it is far from clear that equity markets have paid too much for the growth that EMs are delivering. Measures of EM output are now well above their previous peak in 2007-08 and continue to grow strongly even as EM equity prices are only back to the previous 2007-08 peak. With funding costs for EM corporates below the peak levels from that time, the chart above suggests that either markets were paying too much for EM growth at the 2007-08 peaks or they are not necessarily overpaying now.

Taking a more long-term perspective, as Tim Moe et al have pointed out ('The Changing Landscape of EM Equity', *GEW* 10/34), EM equities offer significant growth potential. Emerging equity market capitalisation is likely to increase significantly in absolute terms, potentially overtaking developed markets in size and importance over the next two decades. DM savings pools will need to own more EM assets even as EM savings pools grow themselves. These longer-term secular trends should support EM equities through the normal swings of the business cycle that we are witnessing.

Second, even as the environment for EM equities as a whole may be more muddied than before, there may be clear winners and losers. If our view of largely robust global growth plays out for much of next year, it is quite possible that we may revisit more constrained environments in other commodities, such as copper and oil. In this case, we can expect to see greater



Source: GS Global ECS Research



Source: MSCI, GS Global ECS Research

differentiation between commodity-consumer and commodity-producer equity markets. Indeed, EM equity markets that have outperformed over the past six months or so (such as India, Turkey and the Asean countries) have seen strong domestic demand growth, as discussed above. But domestic demand may be hurt if copper and oil prices start to rise more strongly. By contrast, some of the 'long' commodity EM markets, such as Brazil and Russia, have had more muted equity market performance. If commodity tightness does re-emerge as a theme as the economic recovery consolidates further, this will likely pose a headwind for broad EM equity performance. But commodity-producing EM equity markets should be well-positioned to outperform in such an environment.

Third, even though policy tightening is likely to be a reality for many EM economies in the year ahead, it is still possible that when the dust settles they will end up raising rates by less than many investors fear. As pointed out earlier, it is instructive that in many EMs, especially outside of NJA, food price inflation has not *yet* translated into significant core inflation, unlike the experience of 2007-08. This may be partially because the output gaps here have closed less rapidly, but it does suggest that straightforward parallels from the last agricultural commodities price spike may be less compelling in many cases.

In addition, the lesson from last year that we highlight once again is that there is a high hurdle to raising rates aggressively in an emerging economy, with US rates anchored at zero-bound levels for the foreseeable future. In such an environment, higher rates in an EM would lead to larger FX appreciation pressures, which many countries may seek to avoid for as long as possible. As of now the market is pricing in aggressive rate hike cycles in Brazil and Turkey among the larger EMs, but to a lesser extent in India and Indonesia.

Finally, irrespective of whether tightening is more or less than markets expect, we continue to emphasise that equity investors into emerging markets should consider having exposure to the currency as well—in other words make equity investments on an FX-unhedged basis. As Dominic Wilson and Roman Maranets have demonstrated ('Using FX Valuation to Invest in Equities', *GEW* 09/44), this can be an especially effective investment strategy for countries with undervalued exchange rates.

At this point in the economic cycle, the risks for local equity markets from monetary tightening are real, but a significant part of that tightening may well come in the form of nominal exchange rate appreciation. From late 2009 to early 2010, as the first phase of the EM policy-induced economic slowing was underway, EM FX outperformed even as EM equities languished (see the chart alongside). Subsequently, as activity rebounded and policy was on hold, aided by the expectation of a second round of large-scale asset purchases in the US, conditions were in place for EM equities to outperform, and they did. Now, with tightening back on the policy agenda, FX could once again become the EM asset of choice. At any rate, exposure to EM currencies in addition to local equities is likely to continue to provide a valuable offset for EM equity investors in the medium term.

Kamakshya Trivedi and Themos Fiotakis

Equity Risk and Credit Premiums

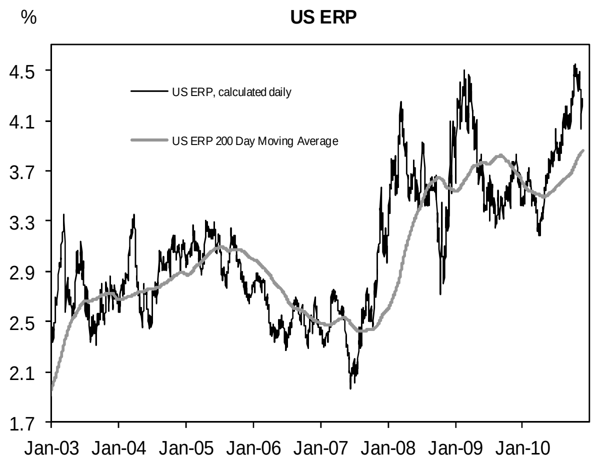
Current Estimates for the Equity Risk Premium*

	Real GDP Growth	Real Earnings Growth	+	Dividend Yield	=	Expected Real Return	-	Real Bond Yield	=	Implied ERP	Expected Inflation	Expected Nominal Return
US	3.0	3.0		2.0		5.0		0.7		4.3	2.0	7.0
Japan	1.5	1.5		1.9		3.4		0.6		2.8	0.5	3.9
UK	2.8	2.8		3.2		6.0		-0.8		6.8	2.0	8.0
Europe ex UK	2.3	2.3		3.0		5.2		-0.8		6.0	2.0	7.2
World	2.5	2.5		2.4		4.9		0.1		4.8	1.8	6.7

*Calculated as of 24 November 2010

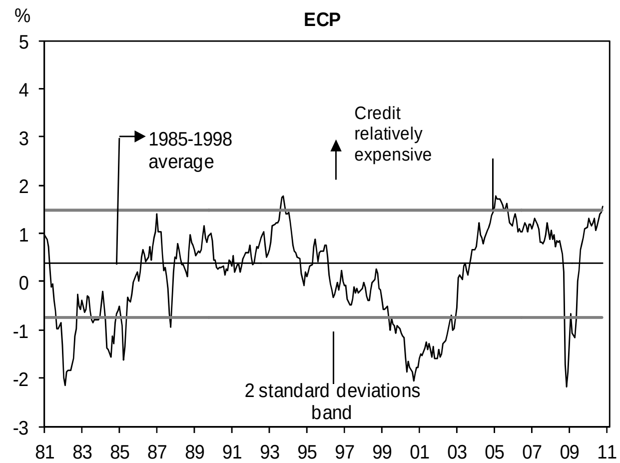
Source: Datastream; real GDP growth and expected inflation are GS Economics Research forecasts.

The US ERP has decreased by 27bp since its most recent peak in mid-October, due to the rise in real bond yields.



Source: GS Global ECS Research

In October, our ECP was 374bp higher than the most recent trough in November 2008.



Source: GS Global ECS Research

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The World in a Nutshell

	OUTLOOK	KEY ISSUES
UNITED STATES	We continue to expect real GDP growth to be 1.5% (annual rate) in 4Q2010 and to remain below trend in 2011, largely owing to the limited political appetite to extend fiscal stimulus. We forecast 2011 annual growth of just 2.0%. The labour market should remain correspondingly weak, with unemployment averaging 9.7% in 2H2010 and 9.9% in 2011.	US data has been weaker in recent months, supporting our view of a growth slowdown, although better recent developments suggest recession risk is receding. The FOMC announced further quantitative easing at its November meeting, indicating that it plans to purchase $600bn of longer-term Treasuries by the end of 2Q2011.
JAPAN	We forecast real GDP growth of –2.2% (annual rate) in 4Q2010, resulting in 2010 annual growth of 3.5%. In 2011, we expect growth to slow to 1.0%. We believe the strong growth rate of 3.9% in 3Q2010 was due to a temporary surge in personal consumption ahead of the expiry of government subsidies. We expect growth to remain sluggish due to a pullback in consumption and a slowdown in export growth, although we do see some upside risk to exports from a turnaround in the global manufacturing cycle.	We expect the deflationary trend to remain largely intact, reflecting weak demand, and do not think prices will begin to rise again until 2H2011 at the earliest. The BoJ recently announced a comprehensive easing program, but the measures are modest in size and we believe the caveats attached mean that the effect will be muted. We think further easing will depend on conditions in both the real economy and markets. Political uncertainty surrounding the FY2011 budget continues.
EUROPE	We continue to expect real GDP growth in 2010 to be 1.8%yoy in the EU-27 and 1.7%yoy in the Euro-zone. In 2011, we forecast growth of 2.2%yoy for the EU-27 and 1.9%yoy for the Euro-zone. Our forecast remains above consensus, but we see several downside risks, including further escalation of problems in the Euro-zone periphery, different FX developments from what we currently forecast, a greater than expected drag on growth from fiscal consolidation, and a dampening effect on growth from financial sector deleveraging.	Recent European data indicate an easing in momentum, confirming our expectation of a moderation phase in 2H2010. Although peripheral spreads have continued to widen following the announcement of the Irish assistance program, we believe that the activation of external help should not lead to an escalation of systemic risk because an institutional framework is now in place and the 'stress tests' have provided information on the distribution of risks across the Euro-zone banking sector.
NON-JAPAN ASIA	For Asia ex Japan we forecast growth of 9.0% in 2010 and 8.4% in 2011. We expect growth in most countries across the region to slow in 2011, but remain at solid levels. In China, we forecast real GDP growth of 10.1% for 2010 and a return to its trend level of 10.0% for 2011.	In China, recent activity data has been strong, underpinned by strong fiscal spending and credit growth over the summer months. We believe that strong domestic demand and rising food prices will continue to put upward pressure on inflation, which should push the Chinese authorities to tighten policy further in response.
LATIN AMERICA	Our LatAm growth forecast is 6.3% for 2010 and 4.6% in 2011. Our view is optimistic across most of the region thanks to accommodative monetary policy stances, strong domestic demand growth, strengthening labour markets and firming credit inflows.	We expect real GDP growth in Brazil to accelerate to an above-trend rate of 7.5%yoy in 2010, due mainly to expansionary macro policies. The new administration of President-elect Dilma Rousseff will likely focus on boosting growth, with the government playing a more visible role.
CENTRAL & EASTERN EUROPE, MIDDLE EAST AND AFRICA	CEEMEA activity data has slowed in recent months on the back of slowing industrial momentum and increased uncertainty about global growth. Most of our forecasts remain above consensus. Economies with strong balance sheet structures and easy financial conditions, most notably Poland, Turkey and the Czech Republic, should outperform.	We expect a moderation in growth across the region in 2H2010, driven mainly by weakening external demand. Despite this, monetary policy is currently still overly accommodative, and we expect central banks to withdraw excess stimulus gradually through a combination of rate hikes, currency appreciation and sterilised FX intervention.

CENTRAL BANK INTEREST RATE POLICIES

	CURRENT SITUATION	NEXT MEETINGS	EXPECTATION
UNITED STATES: FOMC	The Fed cut the funds rate to a range of 0%-0.25% on December 16, 2008.	December 14 January 26	We expect the Fed to keep the funds rate near 0% through the end of 2011.
JAPAN: BoJ Monetary Policy Board	The BoJ cut the overnight call rate to a range of 0%-0.1% on October 5, 2010.	December 21 January 25	We expect the BoJ to keep the policy rate near 0% through the end of 2011.
EUROLAND: ECB Governing Council	The ECB cut rates by 25bp to 1.0% on May 7, 2009.	December 2 December 16	We expect the ECB to keep the policy rate on hold until 3Q2011.
UK: BoE Monetary Policy Committee	The BoE cut rates by 50bp to 0.5% on March 5, 2009.	December 9 January 13	We expect the BoE to keep the policy rate on hold until a 50bp hike in 4Q2011.