



Analysis and Forecasts of the US and International Economies

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Introduction

With the continuing release of positive economic news from most of the large economies of the world, the danger of a relapse into another contraction has receded and new issues have emerged. The most pronounced and widespread of these is increased inflationary pressures, especially in the key emerging market economies. A large part of the higher consumer inflation relates to commodity price pressures, especially food and fuel, and these will most likely continue in the near future. Central banks in the emerging economies have started to raise interest rates to combat these price pressures, but at the same time they are hesitant to hike decisively for fear of slowing their economies too much, as well as putting more upward pressure on their already strong currencies. At present, we do not believe that inflation or the response to it will excessively dampen growth rates, although continuing increases in food and crude oil prices could present a risk in the medium term.

Is the US Consumer Returning?

The positive economic news for the US economy that began in the third quarter of 2010 continued into the fourth quarter, although it varied among the different sectors. The US economic recovery is on the verge of becoming self-sustaining, and the risks have shifted from negative to neutral and perhaps slightly positive. In light of the recent data, we have slightly revised our near-term forecast, although our general outlook remains the same. We now see full-year 2010 GDP growth to be 2.9% and full-year 2011 GDP to also grow 2.9% (Table 1).

The main driver for this slight upward change in our near-term view is the stronger than expected spending by the consumer at the end of 2010. The 2010 holiday season was one of the best in the last few years, and in nominal terms spending equaled the pre-crisis and recession peak in November 2007 (Figure 1). The big question mark is whether this consumption will continue. Clearly there is significant demand built up over the past two years, and the recently approved tax package provides some stimulus to spending by way of the cut in Social Security taxes. However, consumer confidence remains mired at levels more often seen in recessions than in recoveries or expansions.

The persistent high unemployment is one reason for the low consumer confidence numbers. While there was some improvement in employment over the last three months of 2010, the pace was still slow (Figure 2). For consumption growth to continue to increase, this rate needs to pick up, and we believe that employment growth will accelerate in 2011, supporting consumer spending, especially in the second half of the year. While it seems that employment in the private sector is starting to improve, this may be partially offset by declines in the government sector, as states which have run into serious fiscal problems lay off workers. Despite the overall rise in employment, the unemployment rate may not come down right away even as more people rejoin the work force.

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Table 1
US Economic Outlook

	Quarterly Data, Annual Rate							
	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4
GDP, Bil. 2005 \$	13,139	13,195	13,279	13,379	13,475	13,568	13,688	13,820
Real % Ch	3.7	1.7	2.6	3.1	2.9	2.8	3.6	3.9
Consumption, Bil. 2005 \$	9,225	9,276	9,331	9,411	9,479	9,556	9,641	9,726
Real % Ch	1.9	2.2	2.4	3.5	2.9	3.3	3.6	3.6
Ind. Production, % Ch	7.1	7.2	6.5	2.5	1.6	1.2	2.4	3.2
Housing Starts, Mil. Units	0.62	0.60	0.58	0.54	0.64	0.69	0.73	0.79
Trade Account, Bil. \$	-457	-532	-538	-460	-460	-450	-445	-433
Consumer Prices, % Ch	1.4	-0.7	1.5	2.6	0.9	1.5	1.9	2.5
Producer Prices, % Ch	8.6	-0.6	1.0	7.2	2.7	2.6	3.2	4.2
West Texas Int. Oil Price, \$/BBL	79	78	76	85	92	96	102	110
Fed. Funds Interest Rate, %	0.13	0.19	0.18	0.19	0.20	0.20	0.20	0.38
Prime Rate, %	3.25	3.25	3.25	3.25	3.20	3.20	3.20	3.38
10-Yr T-Bond Yield, %	3.72	3.49	2.79	2.89	2.90	3.00	3.25	3.50

	Annual Data							
	2008	2009	2010	2011	2012	2013	2014	2015
GDP, Bil. 2005 \$	13,228	12,881	13,249	13,639	14,103	14,583	15,102	15,511
Real % Ch	0.0	-2.6	2.9	2.9	3.4	3.4	3.6	2.7
Consumption, Bil. 2005 \$	9,265	9,154	9,311	9,601	9,899	10,238	10,635	10,974
Real % Ch	-0.3	-1.2	1.7	3.1	3.1	3.4	3.9	3.2
Ind. Production, % Ch	-3.3	-9.3	5.7	2.8	3.8	4.4	5.3	2.6
Housing Starts, Mil. Units	0.90	0.55	0.59	0.71	1.06	1.43	1.68	1.64
Trade Account, Bil. \$	-691	-379	-497	-447	-424	-445	-450	-474
Consumer Prices, % Ch	3.8	-0.3	1.6	1.5	2.6	2.7	3.2	2.7
Producer Prices, % Ch	6.4	-2.6	4.3	3.2	4.4	4.6	5.4	4.6
West Texas Int. Oil Price, \$/BBL	99	62	79	100	94	96	108	90
Fed. Funds Interest Rate, %	1.93	0.16	0.17	0.24	0.88	2.25	3.88	3.94
Prime Rate, %	5.09	3.25	3.25	3.24	3.88	5.25	6.88	6.94
10-Yr T-Bond Yield, %	3.66	3.26	3.22	3.16	3.88	4.44	5.19	4.59

Figure 1
Retail Spending Continues to Rise, But Confidence Remains Weak
 Retail Sales, Conference Board Consumer Confidence Index

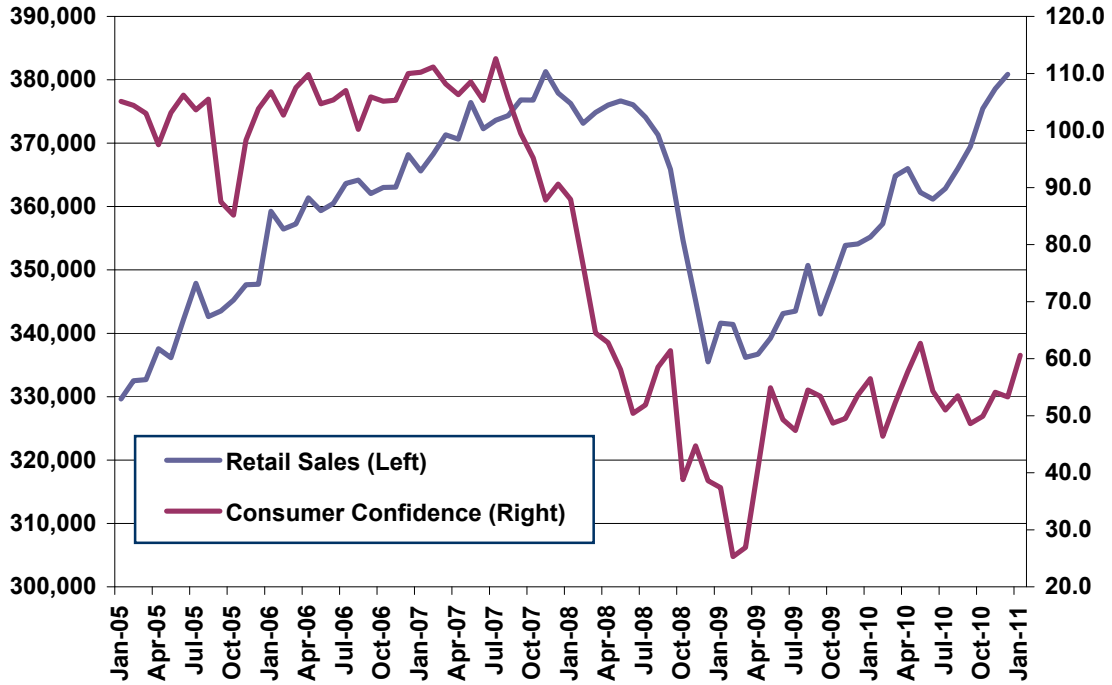


Figure 2
Employment Growth Aiding Consumption
 Monthly Change in Non-Farm Payrolls

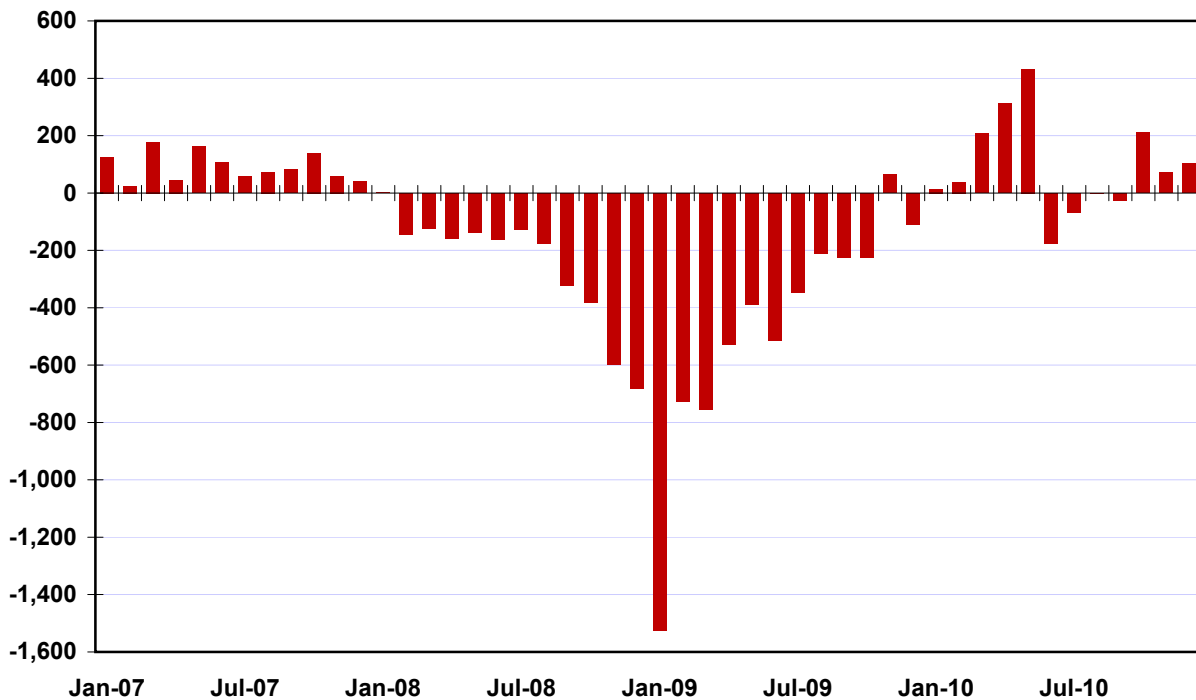
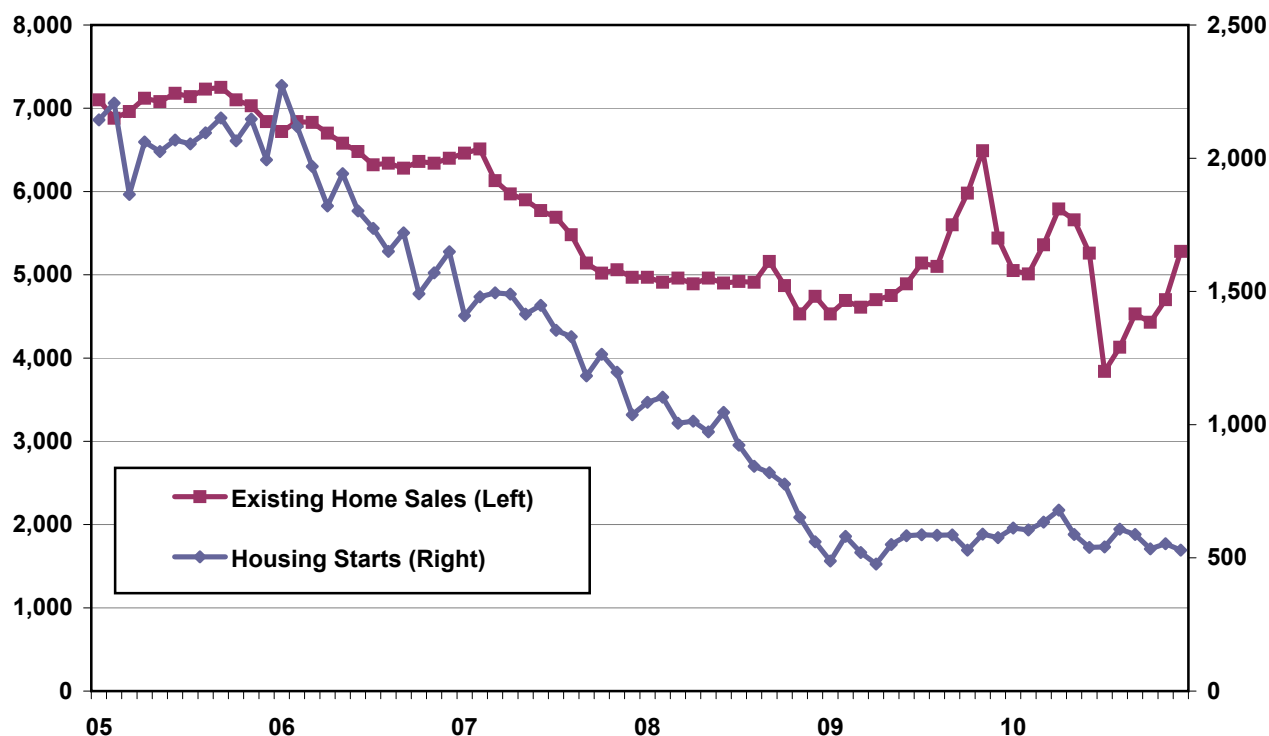


Figure 3
Housing Showing Little Sign of Improvement
 Housing Starts, Existing Home Sales, Thousands of Units



The housing market is another potential cause of the depressed consumer confidence, and here the prognosis is much less sanguine. Housing prices remain under pressure, and with the large supply overhang from foreclosures we see prices continuing their decline, on the order of another 5-10%, over the course of the year. Construction has not picked up, with housing starts stuck at multi-decade lows (Figure 3). Although last month's numbers showed a big jump in permits for housing construction, usually a leading indicator of housing starts, this may have more to do with builders rushing to get approval before building code changes were to take effect on January 1 in California, New York and Pennsylvania.

Besides a slower pace of employment growth, a major risk to growth in consumer spending is the recent rise in food and fuel prices. Over the course of the fourth quarter of 2010, crude oil prices rallied almost 20%, and are now sitting near \$90/barrel. In part, this was related to the decline of the US dollar in response to the Federal Reserve's second round of quantitative easing. However, the improvement in the major economies of the world during that time, especially very strong growth in China, also exerted upward pressure on oil. We believe that oil will continue to rise through 2011 on continued demand. Food prices have also skyrocketed, with the UN Food and Agriculture Organization's index of food prices making new highs on increased demand and poor harvests around the world. These two combined factors could decrease consumers' discretionary income by approximately \$100 billion over the course of the year, in effect offsetting a large part of the fiscal stimulus provided in December's tax compromise.

On the whole, then, we are becoming more positive on the possibility of the consumer returning to drive the US economic expansion, although there are certainly risks, especially if commodity prices continue to climb.

Focus on Europe

In the 19th and early 20th centuries, the decaying Ottoman Empire was known as "the sick man of Europe." Today it seems that "the sick man of Europe" is Europe (with the possible exception of Germany). Europe was hit hard by the recession, and recovery has been slow for the large countries, again with the exception of Germany. The sovereign debt crisis that began in the spring of last year, and at this time continues to affect growth rates on the continent, is adding additional challenges to Europe's economic growth, and now the specter of inflation is emerging as a threat.

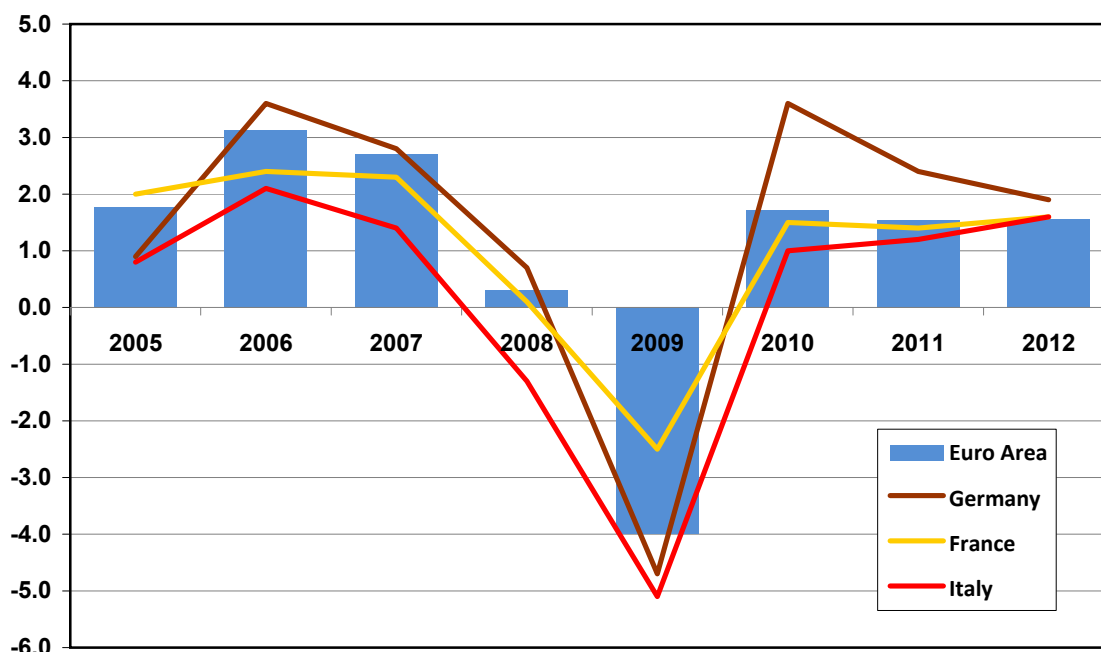
Europe's recovery from the recession was led by Germany, whose export-oriented economy bounced back strongly in 2010, and its output should exceed the pre-recession peak in the middle of 2011. Ironically, the sovereign debt crisis helped Germany, as the decline in the euro made its exports more competitive. Meanwhile, the economies of France and Italy were slow to rebound, although France's recession was shallower than that of the other major EU countries. Our forecast shows that the euro area will continue to experience slow growth as austerity measures undertaken by many of the members will serve to dampen aggregate demand, although we do not believe that the European economy will slide back into a recession (Table 2, Figure 4).

Table 2
Euro Area Economic Outlook

	Quarterly Data, Annual Rate							
	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4
GDP, Bil. 2000 Euros	7,507	7,582	7,609	7,641	7,666	7,689	7,714	7,739
Real % Ch	1.5	4.0	1.5	1.7	1.3	1.2	1.3	1.3
Consumption, Bil. 2000 Euros	4,359	4,369	4,380	4,394	4,407	4,423	4,442	4,464
Real % Ch	1.0	0.9	1.0	1.3	1.2	1.5	1.7	2.0
Ind. Production, % Ch	9.9	9.4	3.5	1.4	2.3	1.5	1.7	1.7
Consumer Prices, % Ch	0.0	5.1	-0.3	1.8	1.4	1.5	1.5	1.5
Producer Prices, % Ch	5.1	8.0	2.6	0.0	0.9	2.3	2.4	2.6
3-Month Eurocurrency Rate*, %	0.85	0.95	1.15	1.35	1.55	1.75	2.15	2.85
10-Yr T-Bond Yield*, %	3.19	2.84	2.45	2.65	2.70	2.85	3.10	3.25
Exchange Rate, US\$/Euro	1.38	1.27	1.29	1.36	1.35	1.34	1.30	1.28
	Annual Data							
	2008	2009	2010	2011	2012	2013	2014	2015
GDP, Bil. 2000 Euros	7,771	7,457	7,585	7,702	7,822	7,967	8,132	8,269
Real % Ch	0.3	-4.0	1.7	1.5	1.6	1.9	2.1	1.7
Consumption, Bil. 2000 Euros	4,389	4,342	4,376	4,434	4,519	4,602	4,701	4,790
Real % Ch	0.4	-1.1	0.8	1.3	1.9	1.8	2.2	1.9
Ind. Production, % Ch	-1.8	-14.8	6.6	2.4	1.8	1.8	2.6	2.1
Consumer Prices, % Ch	3.2	0.3	1.5	1.5	1.7	2.0	2.2	1.9
Producer Prices, % Ch	5.0	-4.6	2.9	1.9	2.7	2.7	3.4	2.7
3-Month Eurocurrency Rate*, %	4.62	1.21	1.08	2.08	3.11	3.25	3.55	0.00
10-Yr T-Bond Yield*, %	4.00	3.26	2.78	2.98	3.96	4.60	4.70	4.49
Exchange Rate, US\$/Euro	1.47	1.39	1.33	1.32	1.31	1.35	1.34	1.36

*Germany

Figure 4
Germany Leads the Eurozone
 Annual Percent Change in GDP

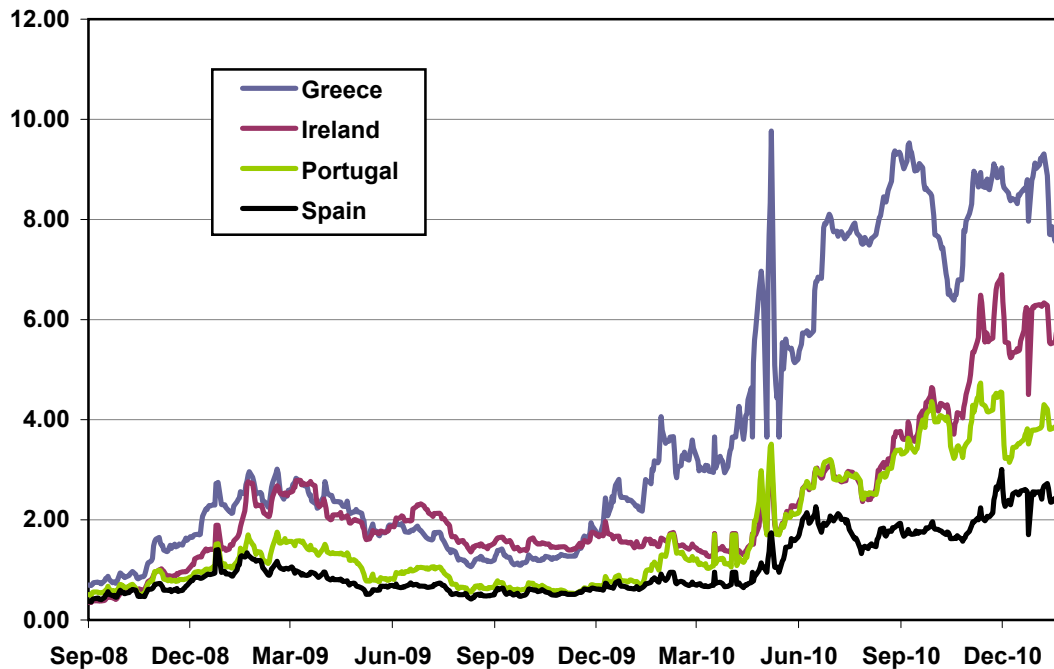


Undoubtedly the main issue facing Europe right now is the debt crisis that has been alternating between acute and latent states since it erupted with Greece's admission of its budget problems and the subsequent rescue engineered by the European Union in the spring of last year. Ireland was the next to succumb, although its problems were related to the losses of its private banks as a result of a bursting real estate bubble. The question now is what will be the next shoe to drop. Portugal's successful bond issue brought about some hope of improvement in its situation, and bond spreads have come in somewhat to reflect that (Figure 5). However, Spain and Italy are both facing refinancing in the spring of this year, and the results of these bond auctions could indicate the further path of this crisis. Additionally, the fall of the Irish government means that new elections will need to be held in March, with the potential that the next government will attempt to undo the current rescue package, once again pushing the crisis into an acute state.

The European Central Bank (ECB) and the European Union have been attempting to come up with ways to resolve the crisis, but at this point they have merely pushed the existing problems down the road. For countries not in the currency union, the way out of such debt problems has usually been to devalue their currency to attempt to export their way out of the debt, as well as attempt to restructure their obligations. A number of Latin American countries have gone this route, enabling them to reduce their debt load and grow their economies. However, the first option is not available to countries who gave up their currencies to participate in the euro, and an exit from the union would not help them much since their debt will still be denominated in euros. At this point it seems that at the very least Greece is moving toward some sort of debt restructuring, and there is a high probability that Ireland will as well, especially if the current ruling party loses the upcoming election.

There is the potential of transmission of the European crisis to the USA and China. Debt restructuring of or default on the sovereign debt could disrupt financial markets and increase volatility, which could potentially filter through to the real economy. Additionally, the US dollar could once again be viewed as a safe haven, causing significant appreciation and potentially slowing the US recovery. Meanwhile, China is a major holder

Figure 5
Risk of Sovereign Default Remains High
 Spread Versus German 10-Year Bond

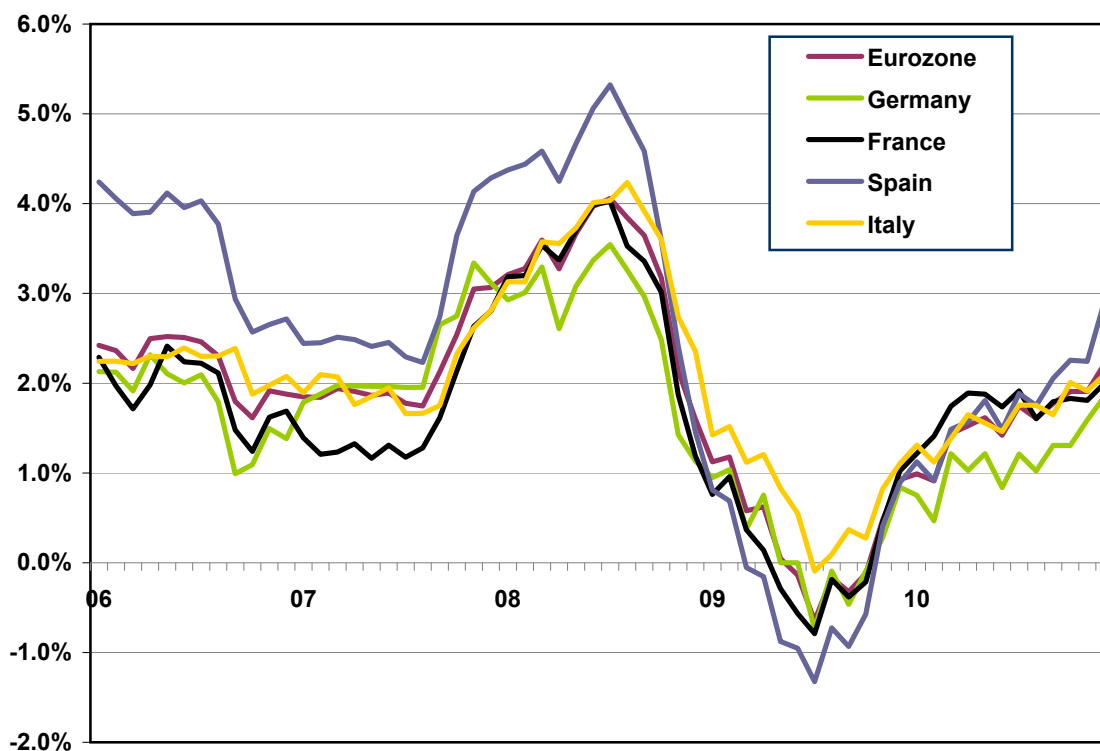


of European debt and could face tremendous losses in a default or restructuring. The EU is also China's biggest trade partner, so further slowing there could affect Chinese exports to the region. While this scenario is possible, we believe that the risks of this occurring are fairly small.

Fiscal policy remains one of the few options for dealing with the debt burdens, and austerity is the word of the moment on the Continent and in Great Britain. Measures have included cutting public service jobs, reducing salaries, raising the retirement age, cutting some social welfare benefits and increasing value added taxes (VAT). While these actions will help reduce deficits and debts, they also risk putting downward pressure on aggregate demand, potentially slowing further the growth rates from their already anemic levels.

To add to the issues of slow growth and high debt, inflation is starting to crop up (Figure 6). As in much of the rest of the world, the main culprits are rising food and fuel prices. At this point, inflation levels are still very manageable, although overall euro zone inflation slightly exceeded the ECB's 2.0% target. The ECB has already signaled that it is watching these developments closely and will raise rates to combat any price pressures. Obviously this would present another risk to the fragile economies of Europe. It seems that Europe's crisis is far from over.

Figure 6
European Inflation on the Rise
 Consumer Price Index, Annual Percentage Change



China

China reported numbers for the fourth quarter and full-year 2010, and despite expectations of a slowdown to a soft landing, the economy continues to power ahead, putting in quarterly GDP growth of 9.8% and 10.3% for the full-year (Table 3). China's economy is now the second largest in the world behind the USA, eclipsing Japan's 42-year run in that position. Once again, the main contributor to China's growth was fixed asset investment, which accounted for 5.6 percentage points of the growth in GDP (Figure 7). This was a significant decline from the 8.7 percentage point contribution in 2009, as the monetary stimulus put in place to support the economy during the global recession is now over. We expect that fixed asset investment will decline further in 2011, though it will not be as severe of a drop as in 2010, and this should slow China's growth in 2011 to 9.0%.

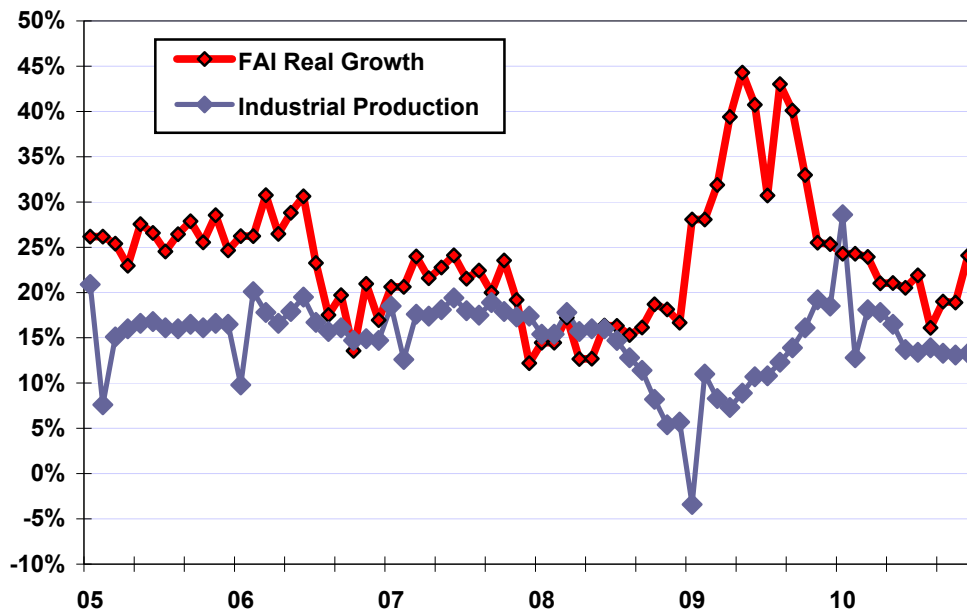
The other major contributor to China's 2010 growth was trade. While in 2009 it exerted a drag on GDP of 3.7 percentage points, in 2010 it swung to a positive 0.8 percentage points. Exports rose 31% year-over-year in 2010, after declining 16% in 2009, and China's trade volumes continue to grow (Figure 8). We expect that given stronger demand in the USA and slow but stable growth in Europe, strong export growth should continue in the new year. China's goal is to reorient its economy away from an export driven one, but this may take some time.

The main risk for China right now is inflation, which declined slightly in December to 4.6% from 5.1%. This decline may be temporary, however, and price pressures are likely to resume. While the price declines were due primarily to slightly lower food prices, as price controls imposed by the government have had some effect, non-food inflation accelerated, and in the first few weeks of 2011 food inflation has also risen. Beijing has tried

Table 3
Chinese Economic Indicators

	Quarterly Data						Annual Data		
	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2010	2011	2012
Real GDP, Y/Y % Ch	8.9	10.7	11.9	10.3	9.6	9.8	10.3	9.0	7.9
Ind. Production, Y/Y % Ch	12.3	17.9	20.1	16.0	13.5	14.9	15.7	13.5	10.8
Exchange Rate, CNY/\$	6.8	6.8	6.8	6.8	6.8	6.7	6.83	6.53	6.42
Consumer Prices, Y/Y % Ch	-1.3	0.7	2.2	2.9	3.5	4.7	4.6	4.9	3.9
Producer Prices, Y/Y % Ch	-7.7	-2.1	5.2	6.8	4.5	5.7	5.9	7.5	5.5
Real Fixed-Asset Investment, Y/Y % Ch	40.1	25.3	23.9	20.5	19.0	24.5			
Annual Trade Balance, Bil. US\$	141.3	226.8	141.3	76.1	270.4	256.2			

Figure 7
Chinese Fixed-Asset Investment and Industrial Production Support Growth
Year-over-Year Growth in Real Fixed-Asset Investment and Loans Outstanding



Source: Dragonomics

various measures to bring down inflation including raising banks' reserve requirements as well as the more traditional interest rate hikes, but so far this has had little effect. At this point, the lever that the government will need to pull to stem price pressures seems to be to decrease the torrid pace of loan growth, which grew at 20% last year to total \$1.2 trillion, not including loans in the so-called grey market (Figure 9). Beijing seems to have set this year's target for loans approximately 10% lower than last year, but this is still much higher than what it was before the global recession, and will not be enough to have a marked impact on inflation.

Figure 8
Chinese Trade Volumes at Record Highs
 Exports and Imports in Billion US Dollars

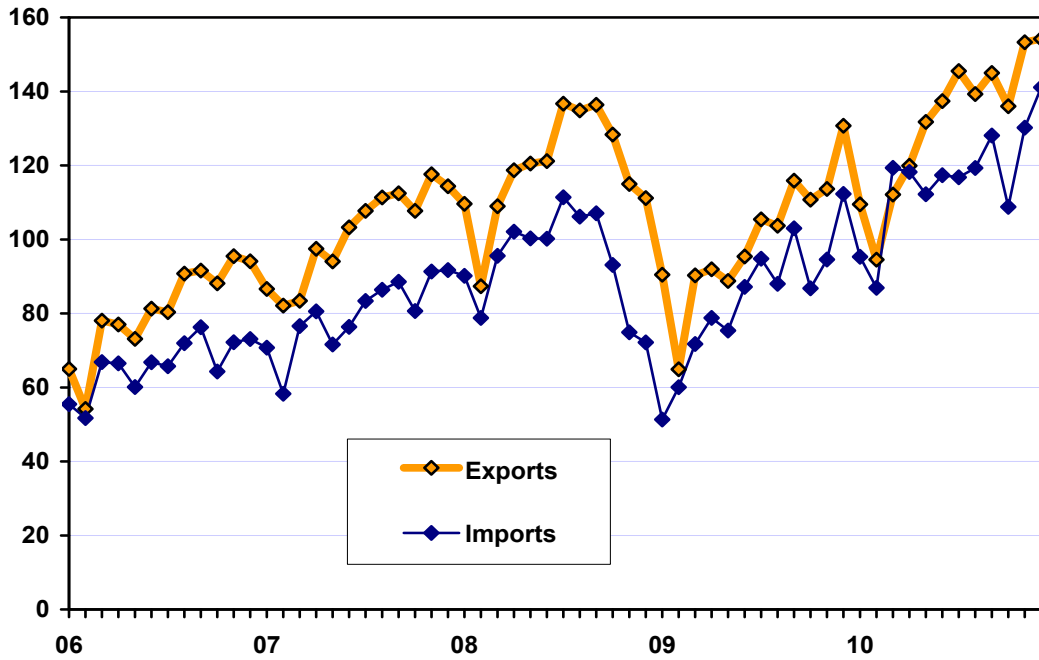


Figure 9
Chinese Consumer Inflation Rising
 Year-over-Year Percent Change in Consumer Prices, Year-over-Year Percent Change in Loan Growth

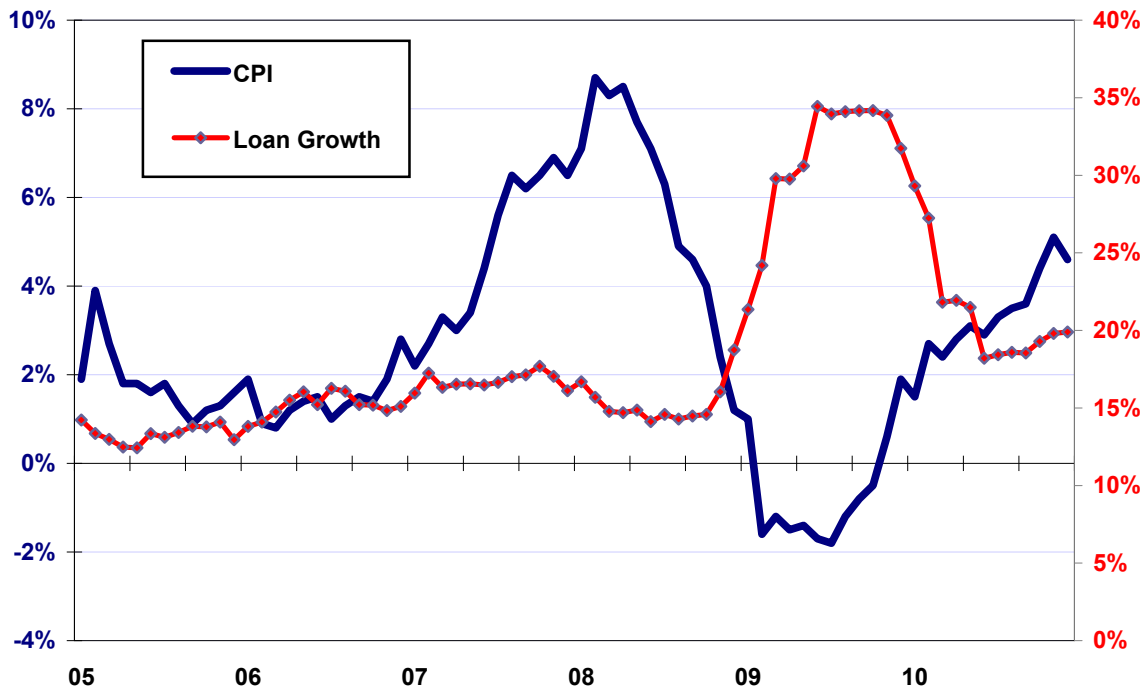


Table 4
Canadian Economic Outlook

	Quarterly Data, Annual Rate							
	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4
GDP, Bil. 2002 C\$	1,314	1,322	1,325	1,333	1,341	1,350	1,360	1,372
Real % Ch	5.6	2.3	1.0	2.3	2.5	2.8	3.1	3.5
Consumption, Bil. 2002 C\$	833	838	845	851	857	864	871	877
Real % Ch	4.1	2.3	3.5	2.6	3.0	3.4	3.1	2.8
Ind. Production, % Ch	11.3	9.4	3.5	2.6	3.3	3.5	3.4	3.7
Consumer Prices, % Ch	2.0	2.6	2.0	2.0	2.4	2.3	2.5	2.3
Housing Starts, Thous. Units	198	198	192	185	180	180	185	190
Exchange Rate, US\$/C\$	0.96	0.97	0.96	0.98	0.98	0.98	0.97	0.97
	Annual Data							
	2008	2009	2010	2011	2012	2013	2014	2015
GDP, Bil. 2002 C\$	1,318	1,286	1,323	1,356	1,400	1,449	1,505	1,554
Real % Ch	0.5	-2.5	2.9	2.5	3.3	3.5	3.9	3.2
Consumption, Bil. 2002 C\$	811	814	842	867	896	929	967	997
Real % Ch	2.9	0.5	3.4	3.0	3.3	3.7	4.0	3.2
Ind. Production, % Ch	-4.5	-9.4	5.1	3.6	3.8	3.7	4.2	3.3
Consumer Prices, % Ch	2.4	0.3	1.7	2.3	2.3	2.3	3.0	2.7
Housing Starts, Thous. Units	211	149	193	184	199	210	214	219
Exchange Rate, US\$/C\$	0.94	0.88	0.97	0.97	0.95	0.94	0.96	0.95

Table 5
Japanese Economic Outlook

	Quarterly Data, Annual Rate							
	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4
GDP, '000 Bil. 2000 Yen	536	541	546	544	546	547	549	551
Real % Ch	6.8	3.0	4.5	-1.8	1.3	1.2	1.4	1.6
Consumption, '000 Bil. 2000 Yen	307	308	311	309	310	310	311	312
Real % Ch	2.4	1.2	4.8	-2.8	0.8	0.9	1.2	1.1
Ind. Production, % Ch	31.0	6.2	-7.0	-10.2	1.8	1.6	2.2	2.8
Consumer Prices, % Ch	-1.4	0.9	-0.7	0.2	-0.5	-0.2	-0.1	-0.2
Producer Prices, % Ch	1.2	2.4	-0.9	0.9	0.8	1.1	0.9	1.0
Housing Starts, Mil. Units	0.84	0.76	0.81	0.82	0.80	0.77	0.83	0.85
Exchange Rate, Y/\$	91	92	86	83	84	86	87	88
	Annual Data							
	2008	2009	2010	2011	2012	2013	2014	2015
GDP, '000 Bil. 2000 Yen	555	520	542	548	558	570	581	591
Real % Ch	-1.2	-6.3	4.3	1.2	1.8	2.1	2.0	1.7
Consumption, '000 Bil. 2000 Yen	308	302	309	311	316	321	326	332
Real % Ch	-0.7	-2.0	2.2	0.7	1.5	1.6	1.8	1.7
Ind. Production, % Ch	-3.4	-21.7	15.6	-1.3	2.6	2.6	3.4	2.7
Consumer Prices, % Ch	1.4	-1.4	-0.8	-0.2	0.0	0.9	1.5	1.5
Producer Prices, % Ch	4.6	-5.3	-0.2	0.8	1.2	1.8	2.0	1.7
Housing Starts, Mil. Units	1.09	0.79	0.81	0.81	0.85	0.94	1.02	1.11
Exchange Rate, Y/\$	103	94	88	86	92	95	100	96

Table A1
Monthly Economic Indicators

	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
United States					
ISM Manufacturing Index	56.3	54.4	56.9	56.6	57.0
Consumer Confidence, 1985 = 100	53.5	48.6	49.9	54.1	53.3
Retail Sales, M/M % Ch	0.9	0.9	1.6	0.8	0.6
CPI, M/M % Ch	0.2	0.1	0.2	0.1	0.5
CPI - Less Food & Energy, M/M % Ch	0.0	0.0	0.0	0.0	0.1
PPI - Finished Goods, M/M % Ch	0.7	0.3	0.4	0.8	1.1
Payroll Employment, Change in Thousands	-1	-24	210	71	103
Industrial Production, M/M % Ch	0.2	0.3	-0.1	0.3	0.8
Capacity Utilization, %	0.75	0.75	0.75	0.75	0.76
Housing Starts, Mil., SAAR	0.61	0.60	0.53	0.55	0.53
WTI Oil Price, \$ per Barrel	76.82	75.31	81.90	84.14	89.04
Federal Funds Rate %	0.18	0.19	0.19	0.19	0.19
10-Year Gov't Bond Yield, %	2.70	2.65	2.53	2.76	3.37
Canada					
Housing Starts, Thous., SAAR	191	185	168	198	172
Industrial Production, M/M % Ch	0.2	-1.0	0.4		
CPI, M/M % Ch	-0.1	0.2	0.4	0.1	
PPI, M/M % Ch	0.4	0.3	0.5	0.5	
3-Month T-Bill Rate, %	0.67	0.89	0.89	0.96	0.99
10-Year Gov't Bond Yield, %	2.94	2.87	2.76	3.02	3.25
Europe					
Eurozone Industrial Confidence Indicator	-2.9	-1.7	0.0	0.7	4.0
Consumer Confidence Index	-11.4	-11.0	-10.9	-9.4	-11.0
Eurozone Industrial Production, M/M % Ch	1.2	-0.7	0.7	1.2	
CPI, M/M % Ch	0.2	0.2	0.4	0.1	0.6
PPI, M/M % Ch	0.1	0.3	0.2	0.4	
3-Month Eurocurrency Rate, %	0.89	0.87	0.99	1.03	1.08
10-Year Gov't Bond Yield, %	2.36	2.34	2.38	2.56	2.99
Japan					
Housing Starts, Mil. SAAR	0.829	0.837	0.813	0.847	
Industrial Production, M/M % Ch	-0.5	-1.6	-2.0	1.0	
CPI, M/M % Ch	0.3	0.3	0.4	-0.3	
PPI, M/M % Ch	0.0	0.0	0.1	0.1	0.4
3-Month Eurocurrency Rate, %	0.36	0.29	0.20	0.26	0.46
10-Year Gov't Bond Yield, %	0.99	1.07	0.89	1.06	1.19

Table A2
Monthly Exchange Rates

	2009 Average	Oct-10	Nov-10	Dec-10	25-Jan-11	2010 Average
Canada, US\$ per C\$	0.876	0.982	0.987	0.992	0.994	0.971
Mexico, Peso per US\$	13.50	12.44	12.33	12.39	12.05	12.63
Brazil, Real per US\$	2.00	1.68	1.71	1.70	1.67	1.76
Chile, Peso per US\$	568	489	488	481	490	519
Euro Zone, US\$ per Euro	1.393	1.389	1.366	1.322	1.361	1.328
United Kingdom, US\$ per Pound	1.565	1.585	1.597	1.560	1.597	1.546
Sweden, Krona per US\$	7.65	6.68	6.82	6.85	6.59	7.20
Norway, Krone per US\$	6.29	5.83	5.96	5.98	5.81	6.04
Japan, Yen per US\$	94	82	82	83	83	88
South Korea, Won per US\$	1275	1122	1129	1145	1120	1155
Taiwan, T\$ per US\$	33.0	30.8	30.3	29.9	29.1	31.5
Australia, US\$ per A\$	0.792	0.981	0.990	0.993	0.992	0.920
New Zealand, US\$ per NZ\$	0.635	0.751	0.774	0.751	0.760	0.722
Nominal Trade Weighted, 1973=100	77.8	72.4	72.8	73.8	72.5	75.4
Real Trade Weighted, 1973=100	91.5	84.5	84.2	84.5		87.1

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