



What is the economic outlook for OECD countries?

An interim assessment

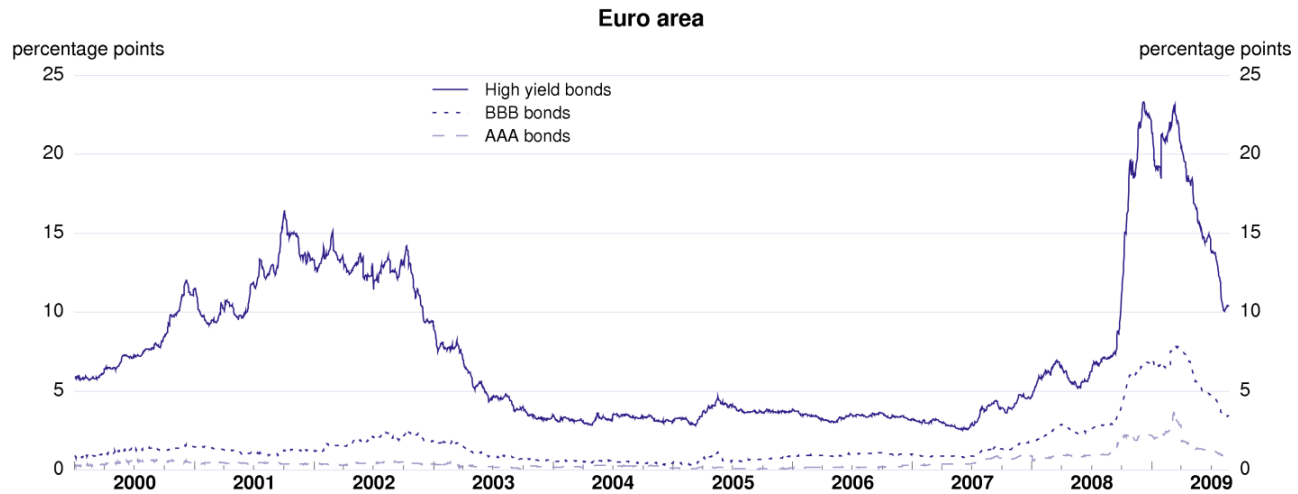
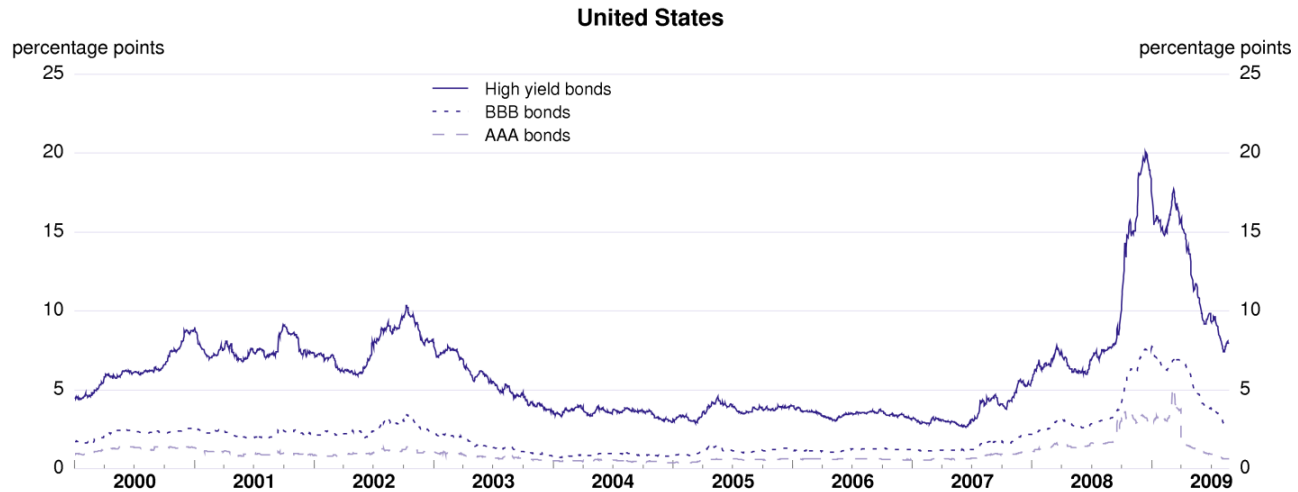
Paris, 3rd September 2009

11h00 Paris time

Jørgen Elmeskov

Acting Head of Economics Department

Corporate bond spreads have come down

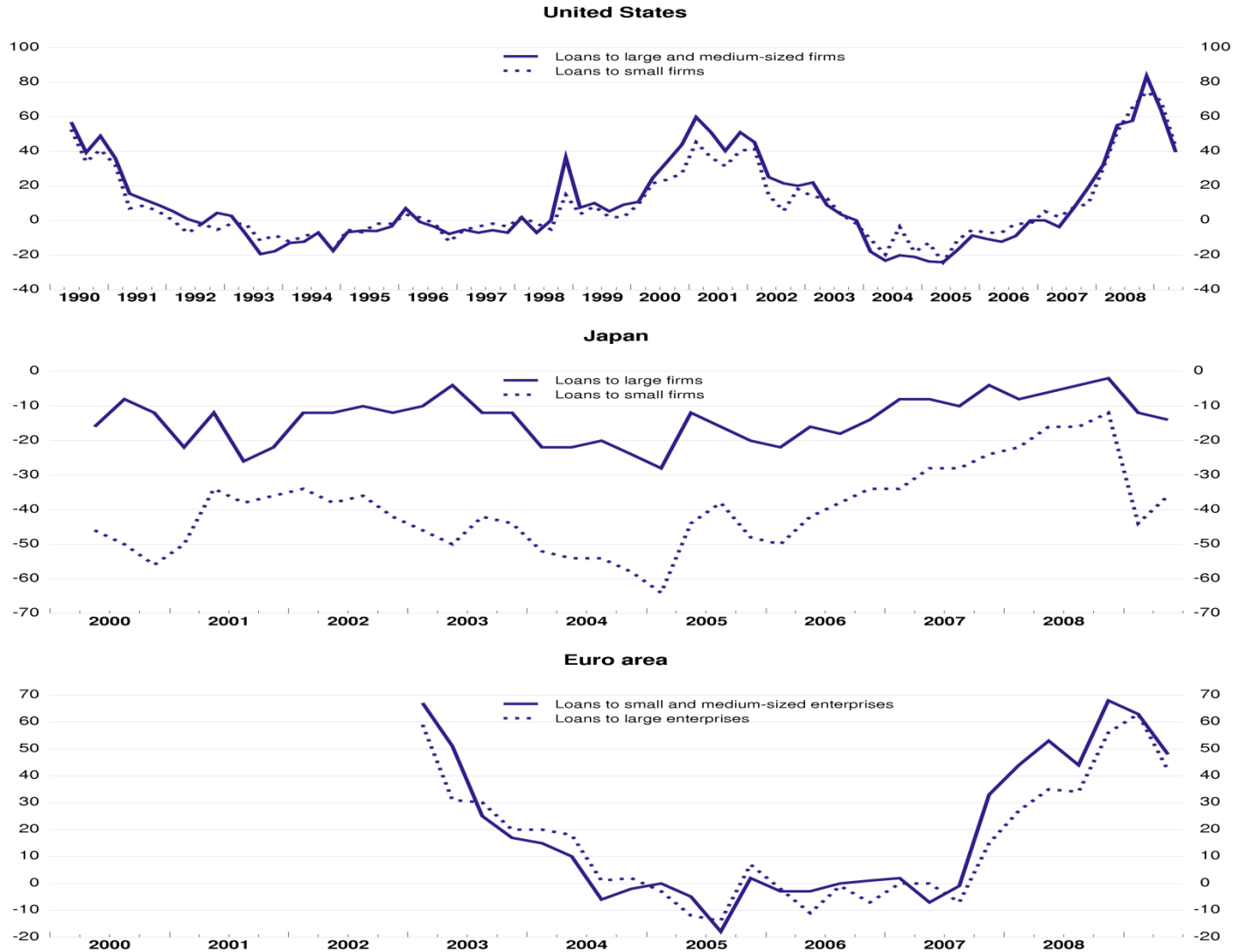


Note: Spreads between corporate bond and government bond yields. High-yield bonds are Merrill Lynch indices; corporate BBB rated bonds (Merrill Lynch) based on average yields for 5-7 years and for 7-10 years; corporate AAA rated bonds are Merrill Lynch for USA, IBOXX for euro area.

Source: Datastream.

Fewer banks are tightening credit

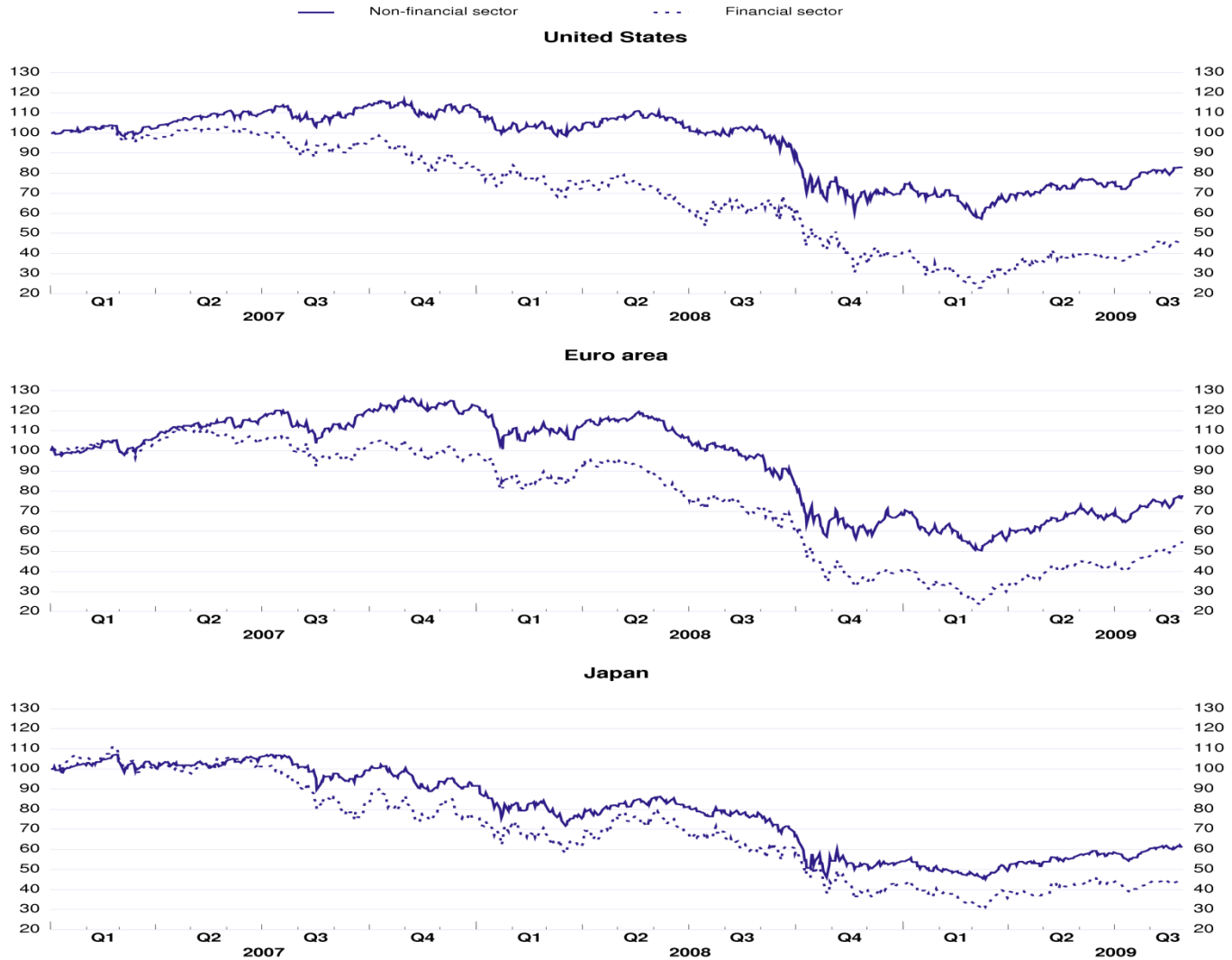
Net percentage of banks tightening credit



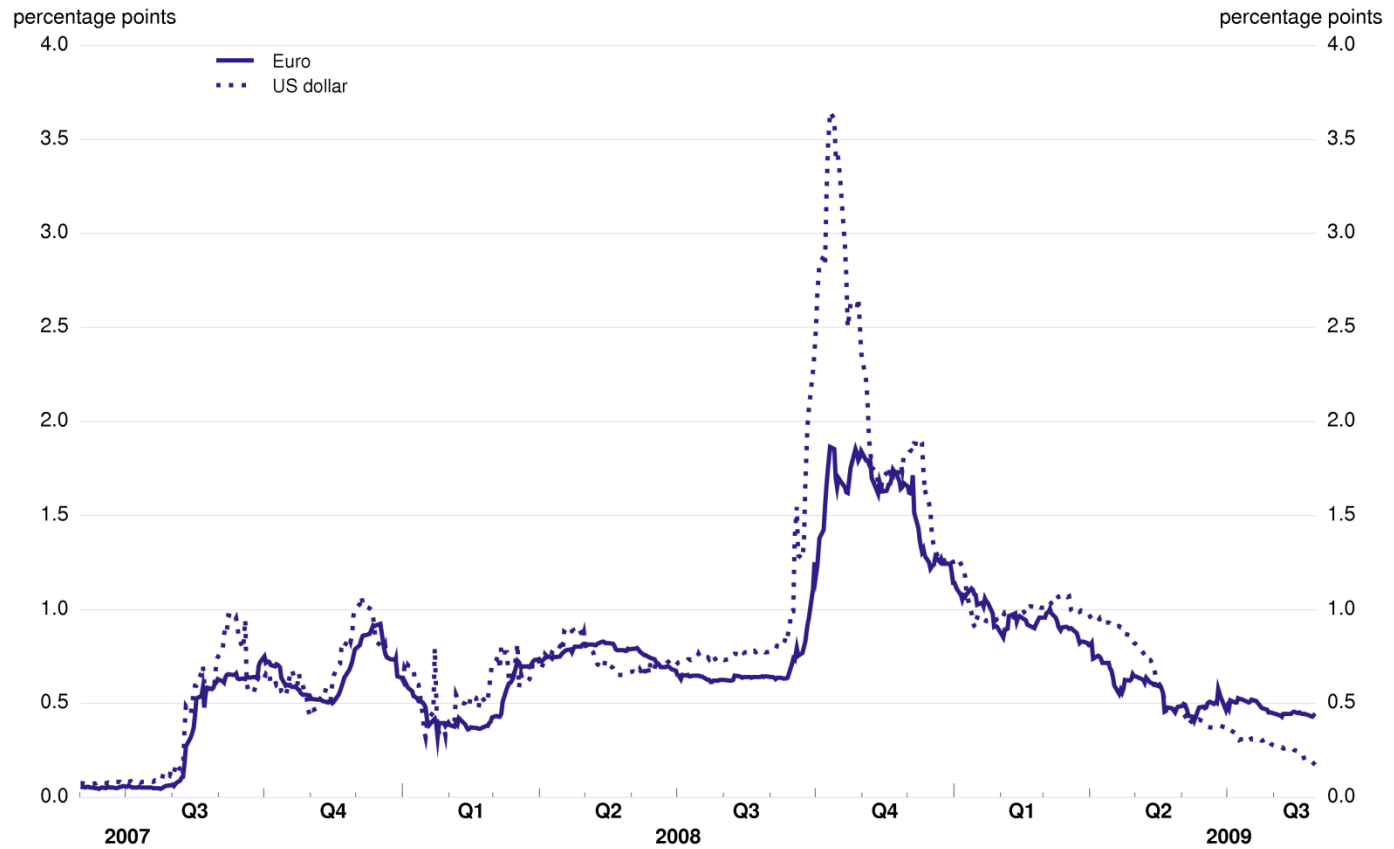
Source: Federal Reserve; Bank of Japan; and ECB.

Share prices have rebounded

Indices, 1 January 2007 = 100



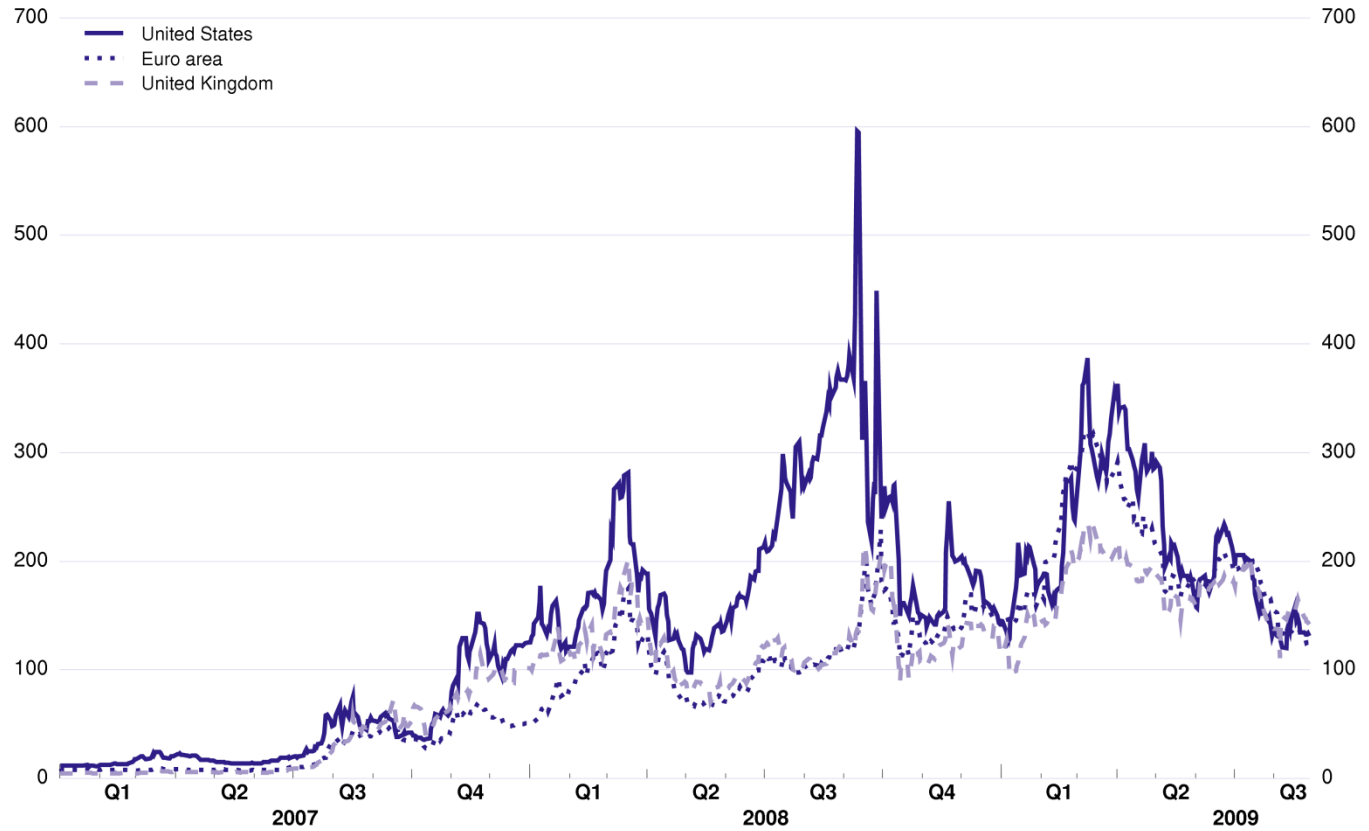
Money market stress has eased



Note: Spread between three-month EURIBOR and EONIA three-month swap index for euro area; spread between three-month LIBOR and three-month overnight index swap for the United States.

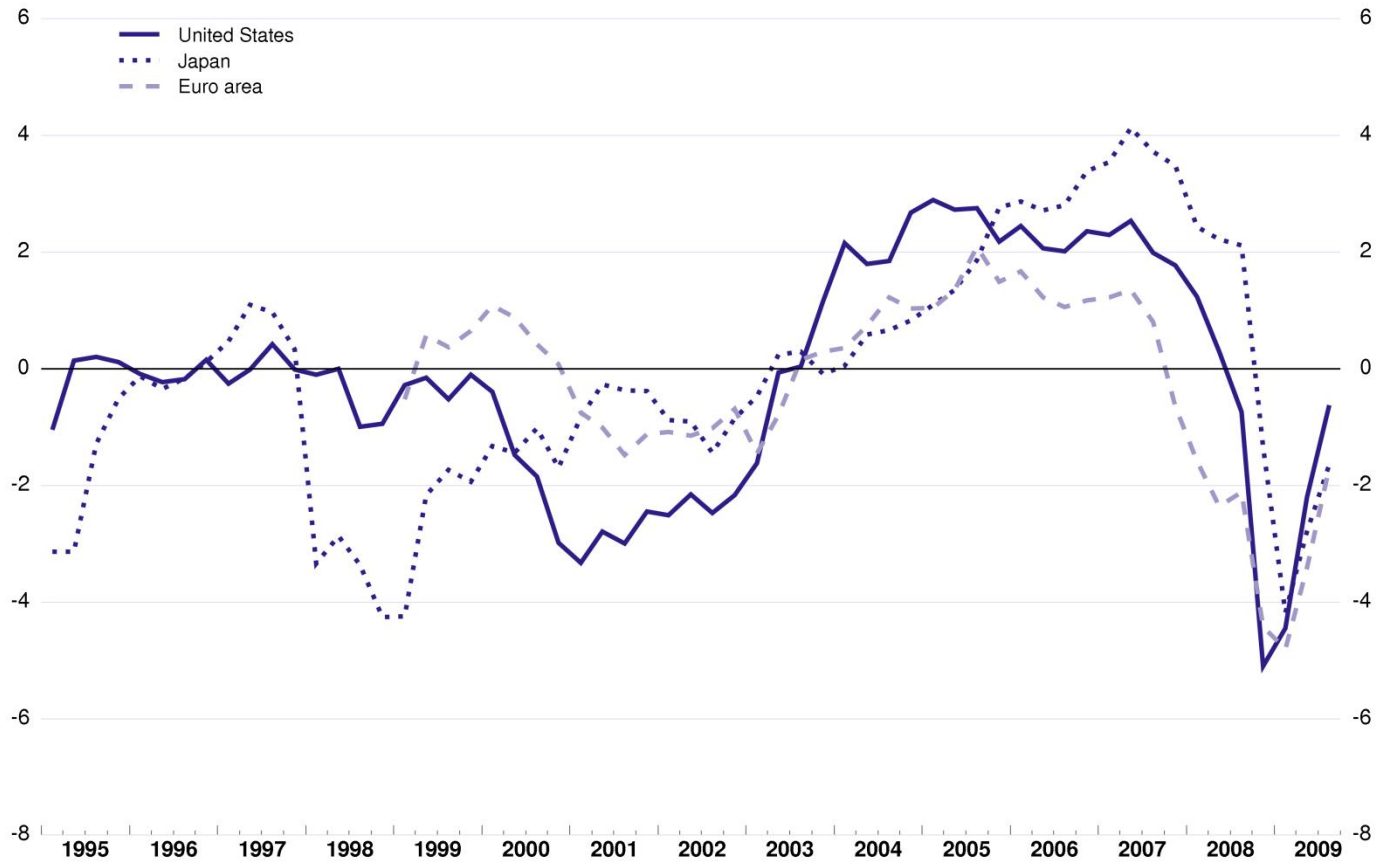
Source: Datastream.

CDS spreads for banks remain elevated



Source: Datastream.

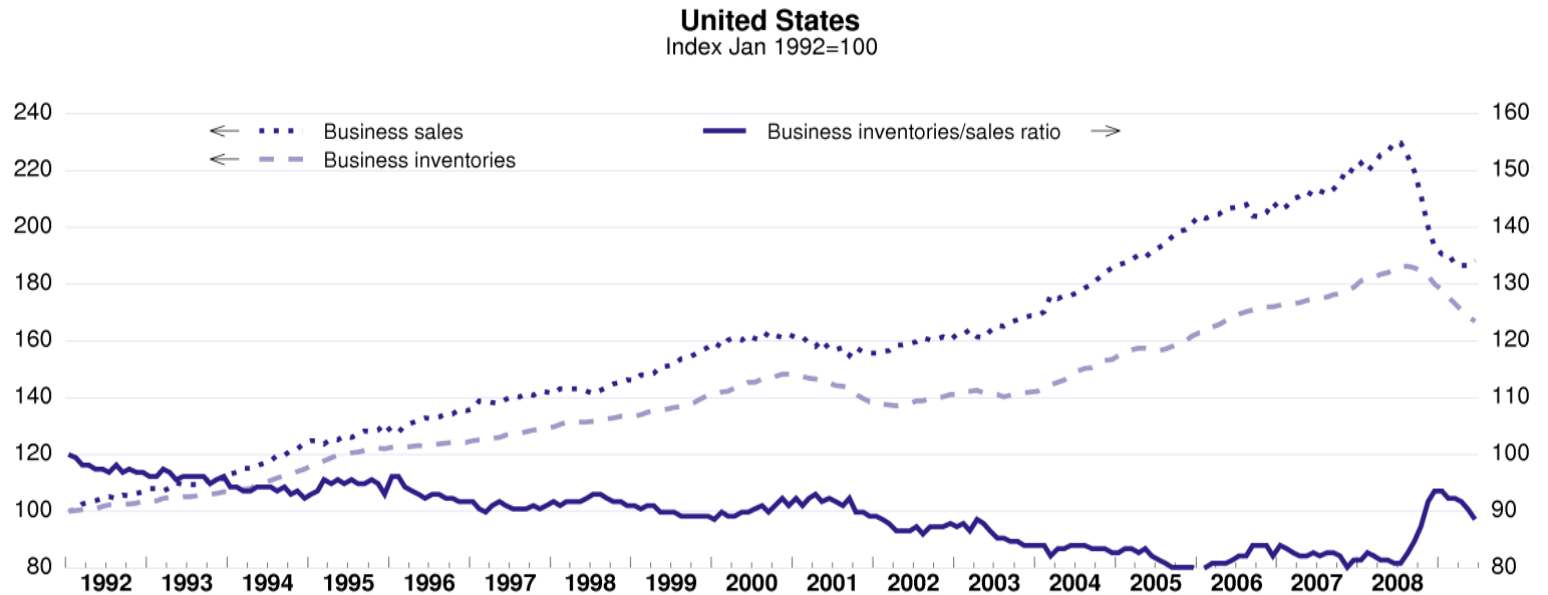
Financial conditions have improved



Note: A unit decline in the index implies a tightening in financial conditions sufficient to produce an average reduction in the level of GDP by 1% after 4-6 quarters. Components of the index for 2009q3 are based on the last available information.

Source: OECD Economic Outlook 85 database; Datastream; and OECD calculations.

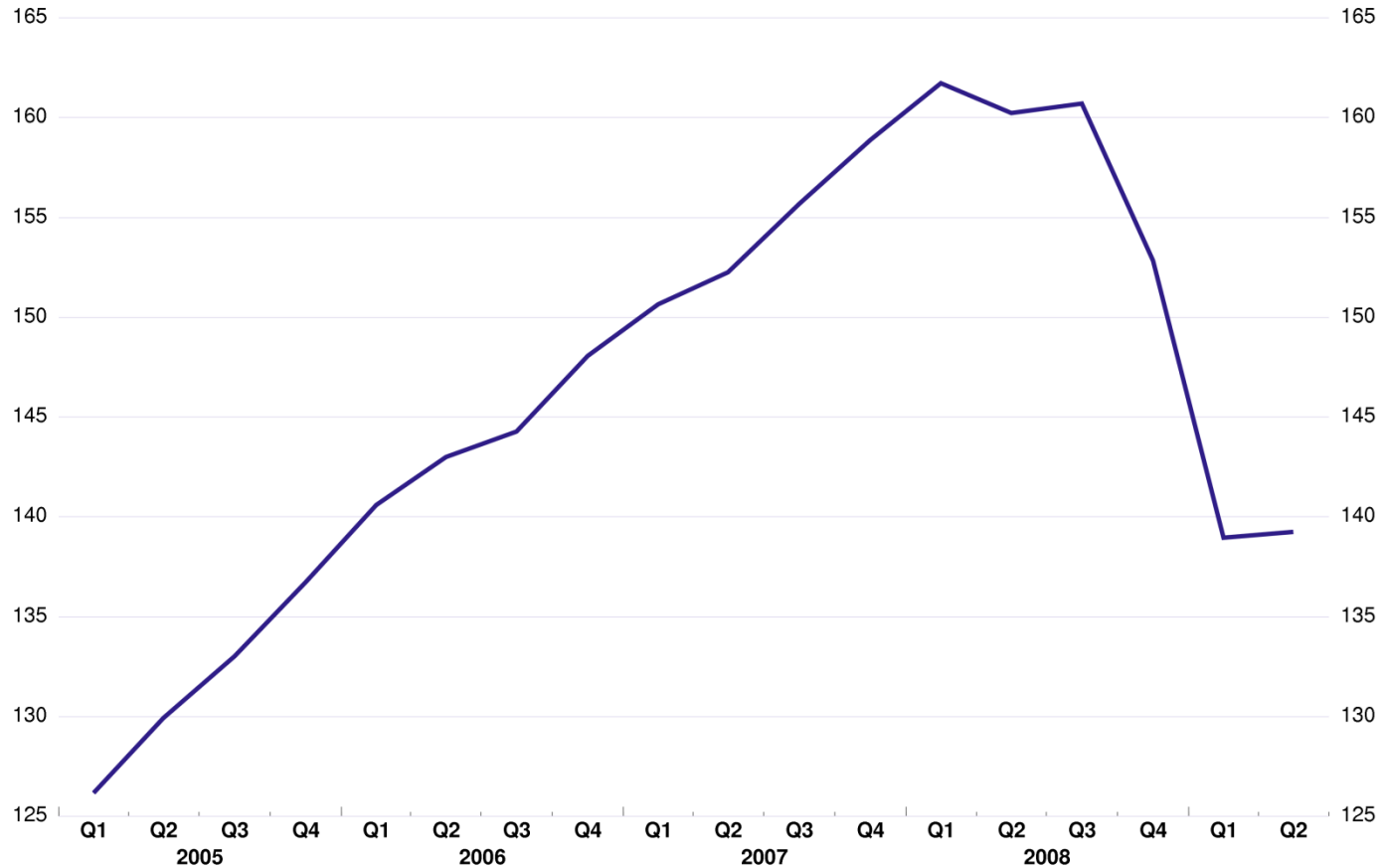
Inventories have corrected



Source: Datastream; and OECD calculations.

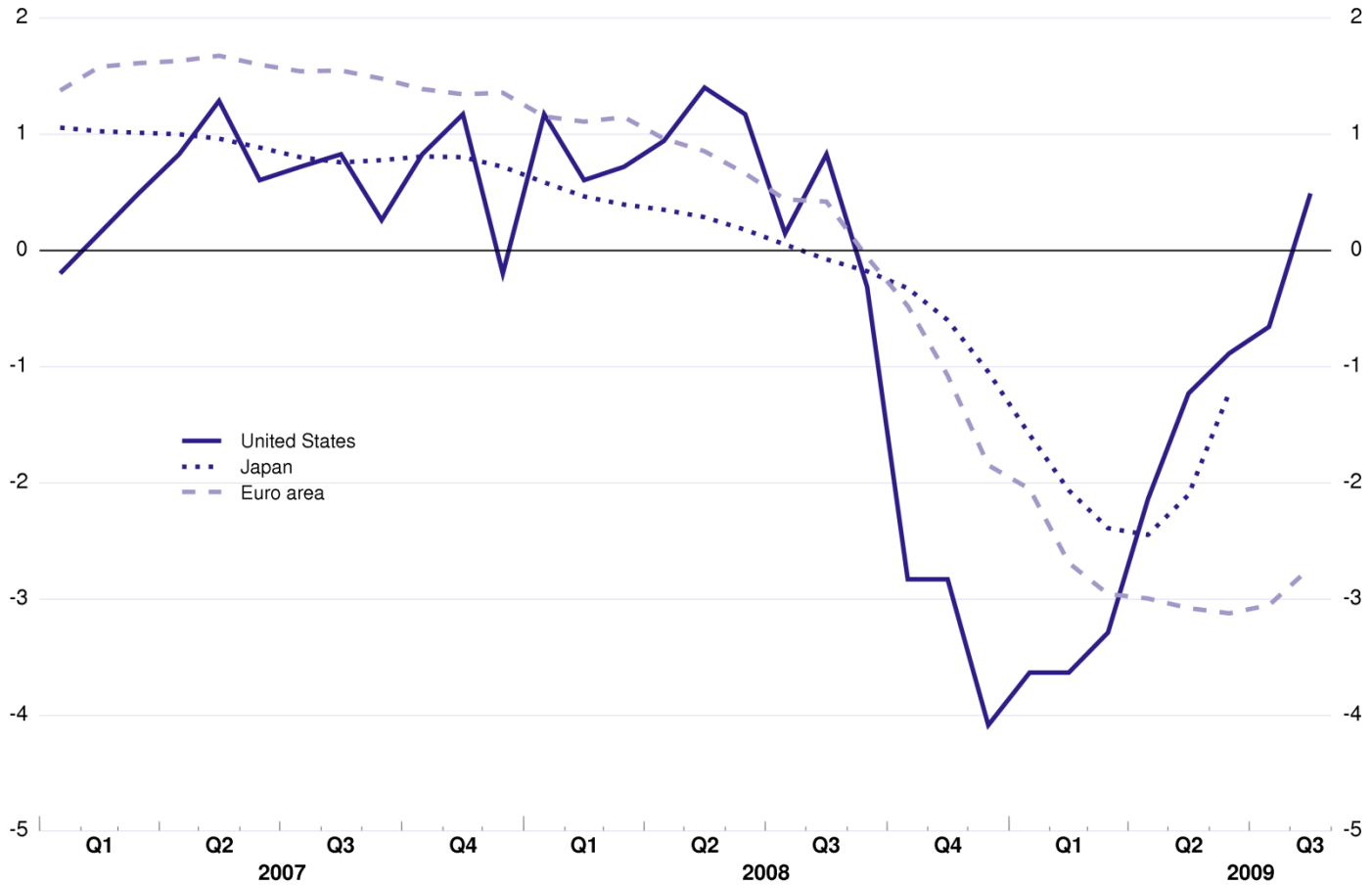
World trade volume has stabilised

Index, 2000 = 100



Source: OECD Secretariat.

Export orders have firmed

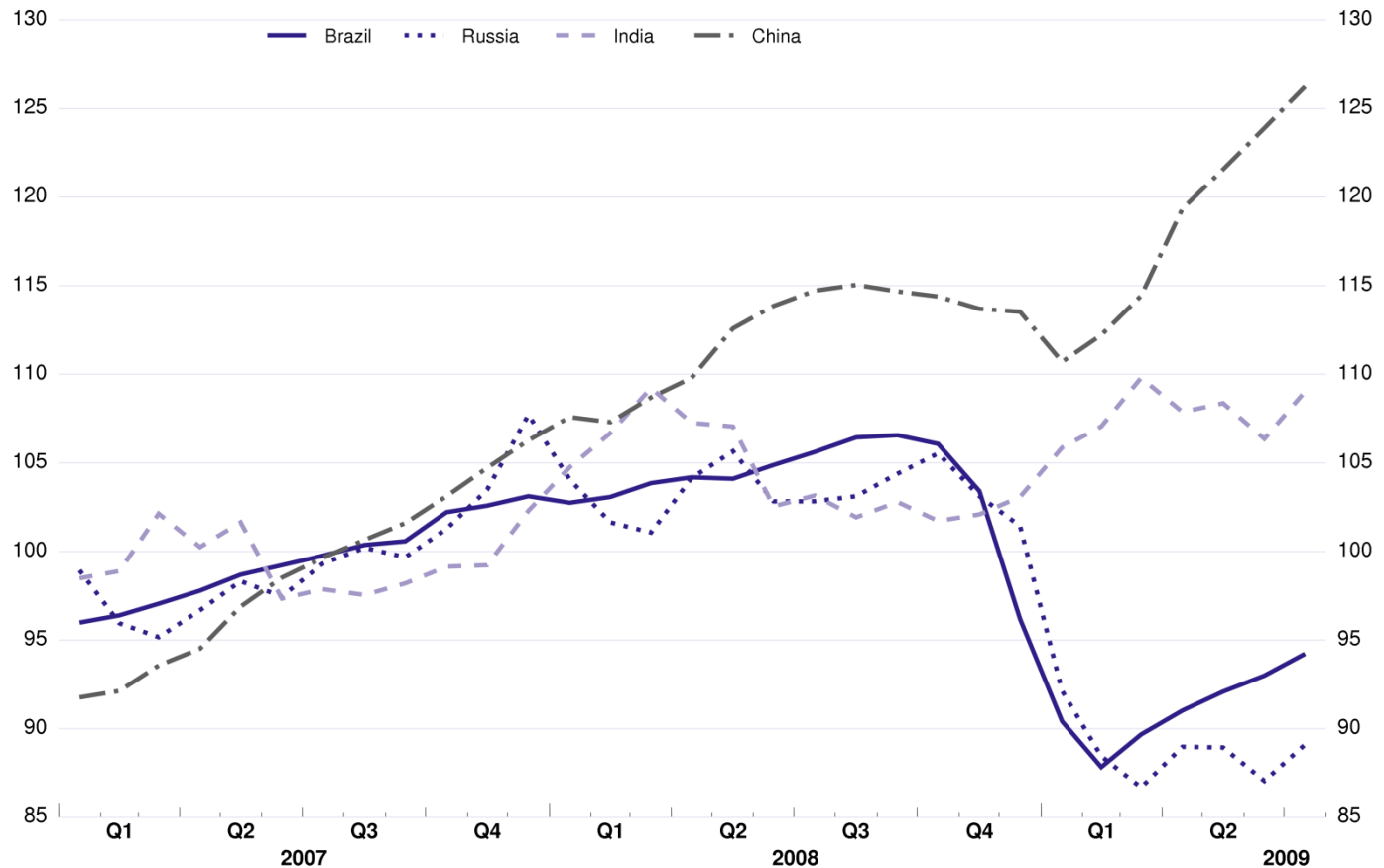


Note: Balance of respondents reporting an increase and a decrease in export orders, normalised on historical averages.

Source: OECD, Main Economic Indicator database.

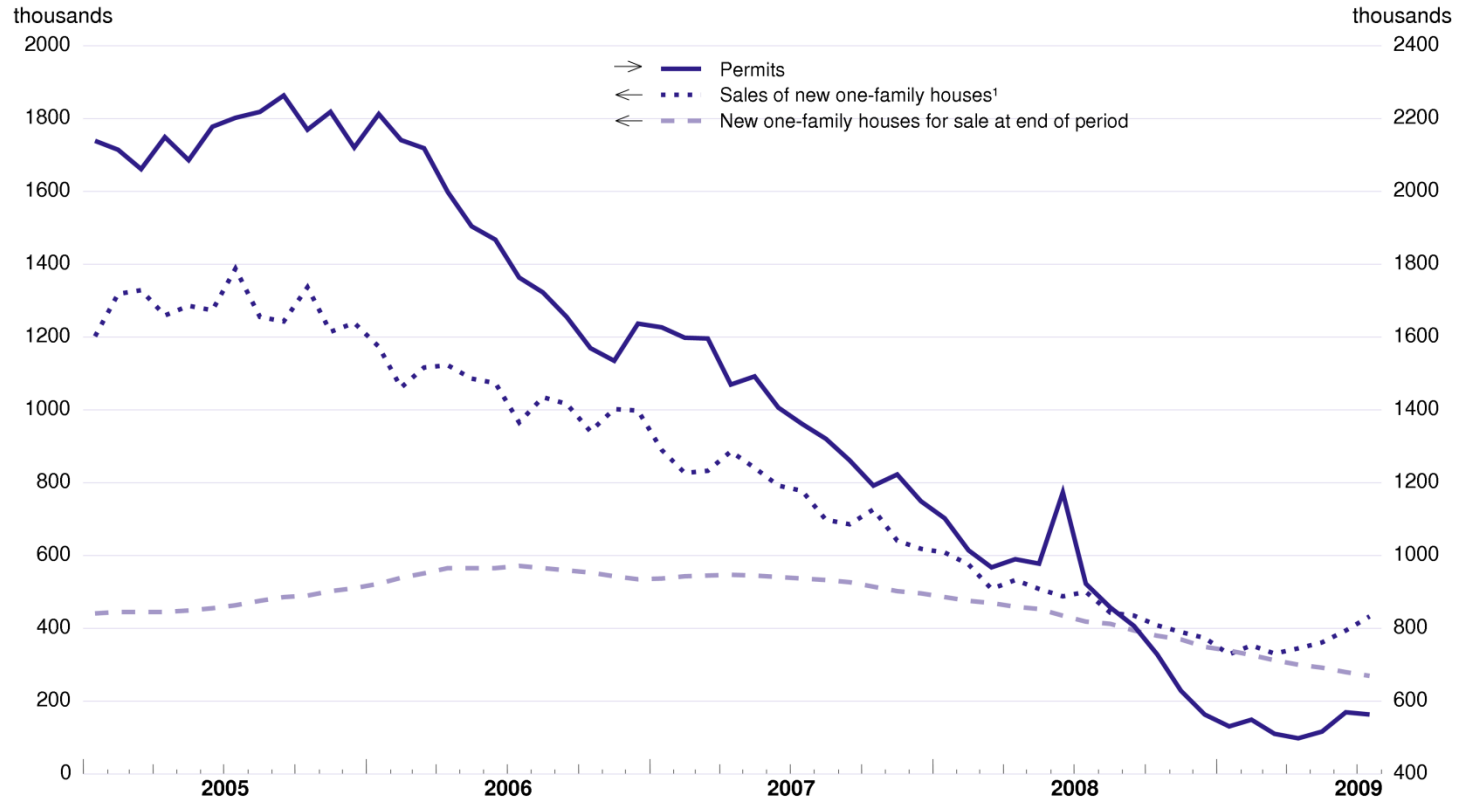
The recovery is underway in most BRIC countries

Industrial production, index, 2007 = 100, three-month averages



Source: Datastream.

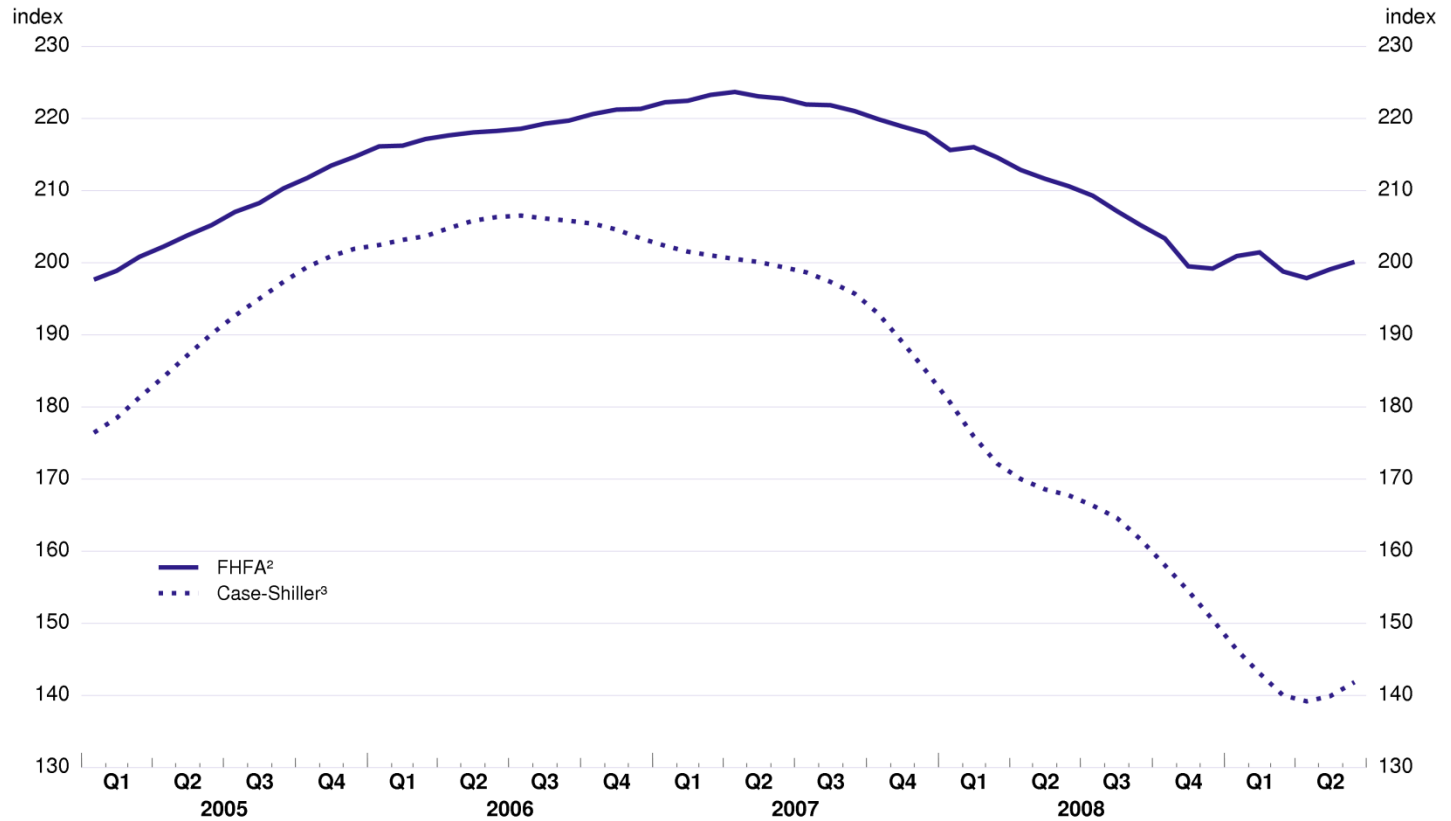
US housing construction may be nearing a bottom



1. Data are annualised.

Source: Datastream.

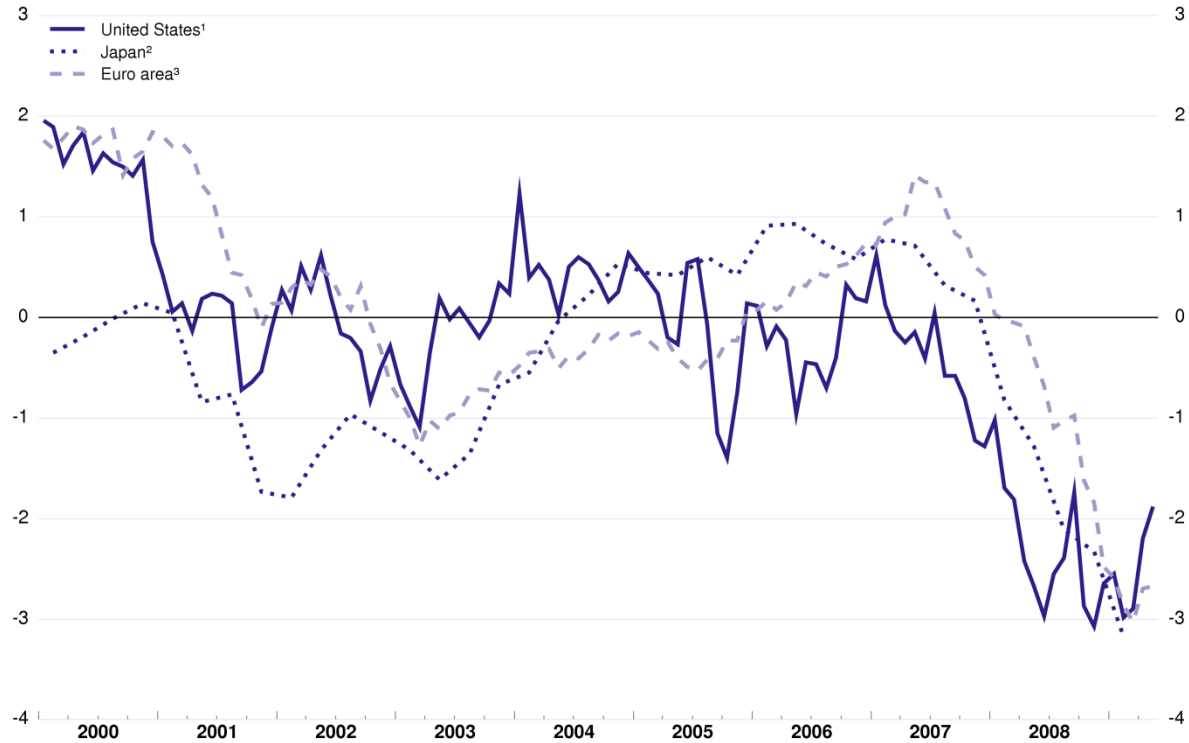
US housing prices appear to have stabilised



1. Federal Housing Finance Agency's seasonally adjusted purchase-only house price index.
2. Composite index of the top 20 metropolitan statistical areas in the country.

Source: Datastream.

Consumer confidence indicators remain at a weak level



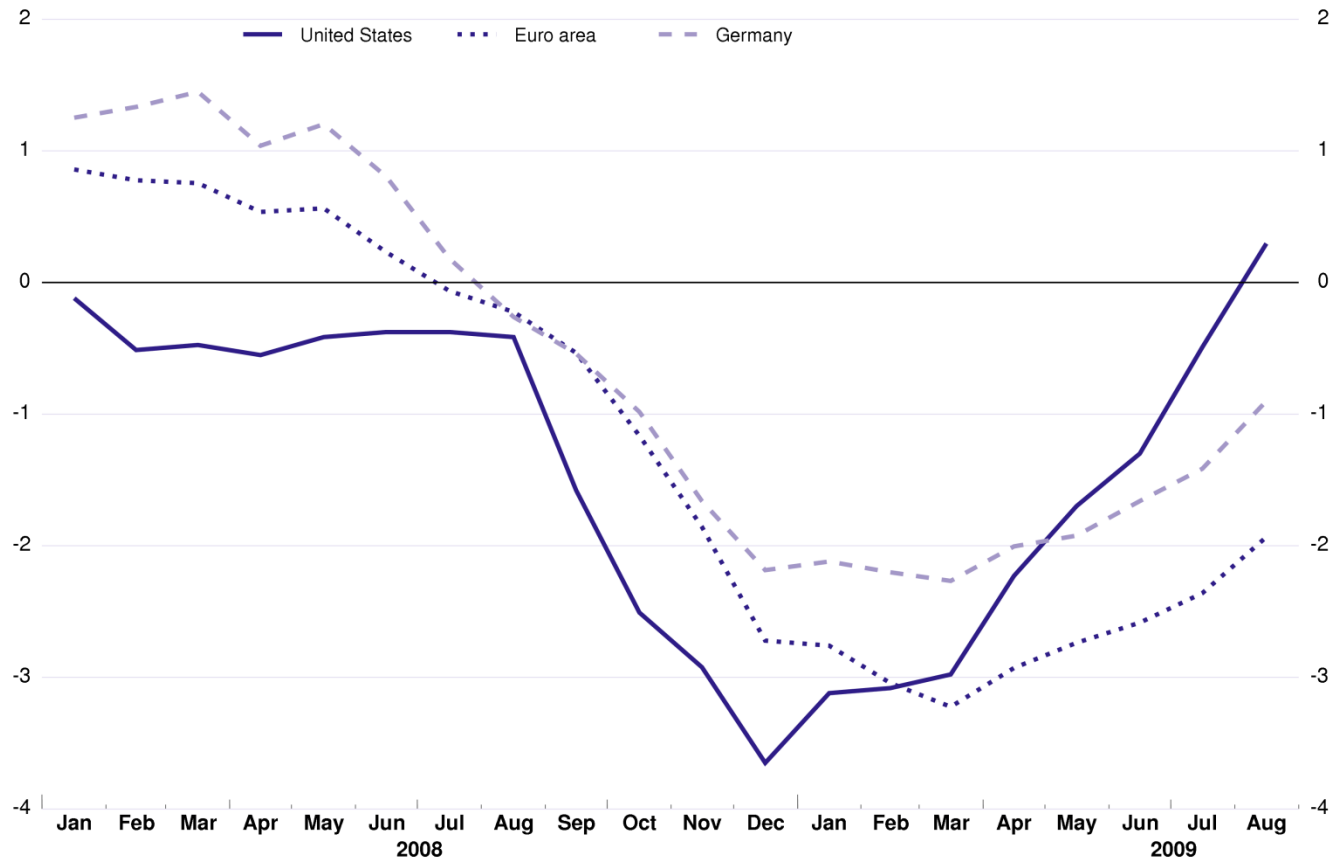
Note: Consumer confidence indicators have been normalised at the average for the period starting in 1985 and are presented in units of standard deviation. Monthly data, seasonally adjusted except Japan (quarterly, s.a.).

1. Consumer Confidence Survey - Expected Economic Situation (University of Michigan).
2. Consumer Confidence Index.
3. Consumer Opinion Surveys - Expected Economic Situation.

Source: OECD, Main Economic Indicators database.

Business confidence has recovered further

Monthly data

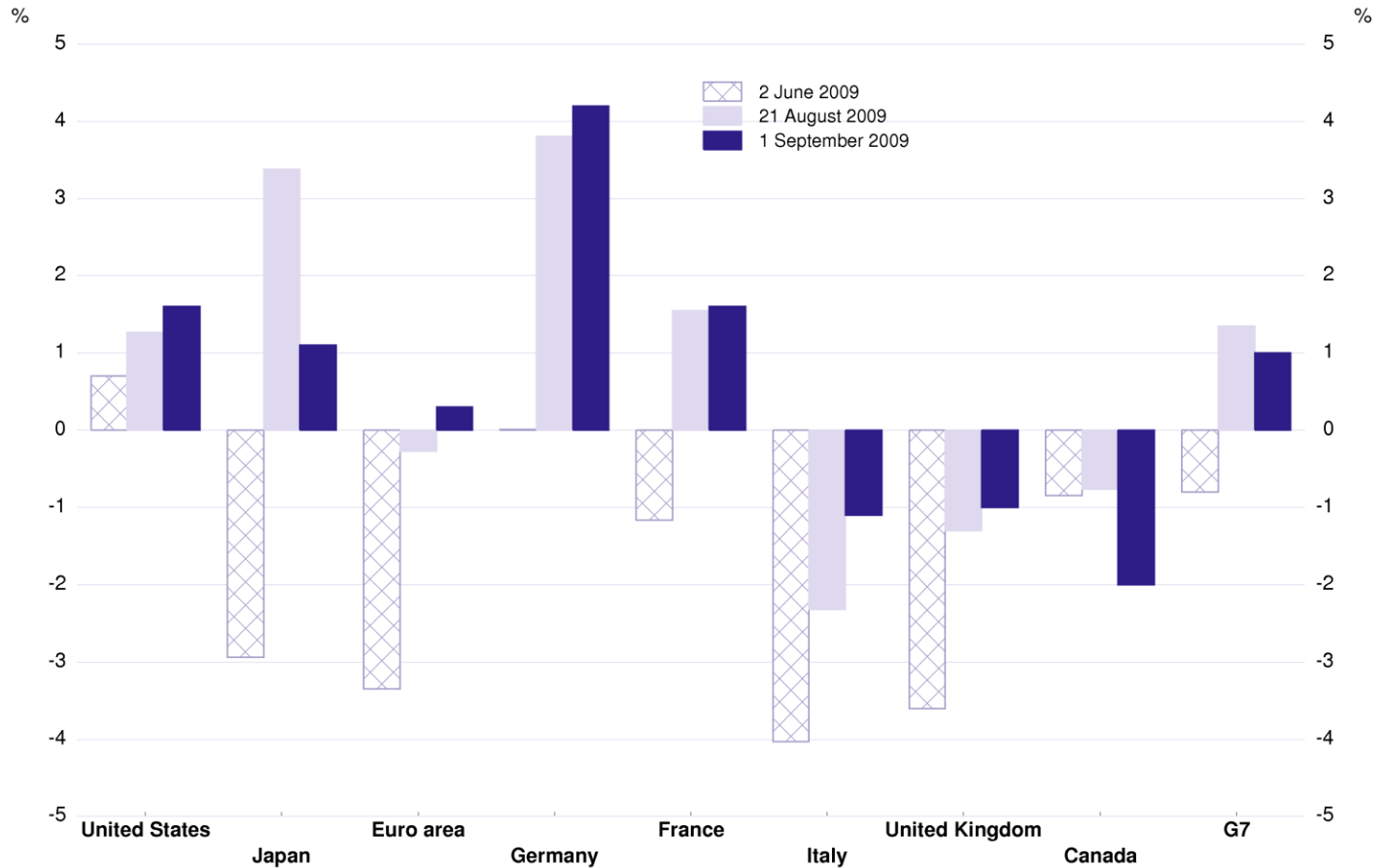


Note: Series have been normalised at the average for the period starting in 1985 and are presented in units of standard deviation.

Source: Datastream; and OECD, Main Economic Indicator database.

Estimates for third quarter activity have been revised up

Successive indicator-based growth estimates - third quarter 2009, annualised growth rates



Source: Datastream; and OECD calculations.

GDP growth in the G7 economies¹

	Annualised quarter-on-quarter growth								Year-average growth in 2009	
	08Q1	08Q2	08Q3	08Q4	09Q1	09Q2	09Q3	09Q4	EO85 projection ²	Implied projection ³
United States	-0.7	1.5	-2.7	-5.4	-6.4	-1.0	1.6 (+/-1.9)	2.4 (+/-2.4)	-2.8	-2.8
Japan	3.9	-4.3	-3.9	-13.1	-11.7	3.7	1.1 (+/-2.9)	-0.9 (+/-2.8)	-6.8	-5.6
Euro Area	3.1	-1.5	-1.5	-7.1	-9.2	-0.5	0.3 (+/-1.3)	2 (+/-1.6)	-4.8	-3.9
Germany	6.5	-2.2	-1.3	-9.4	-13.4	1.3	4.2 (+/-2.2)	1.8 (+/-2.3)	-6.1	-4.8
France	1.8	-1.9	-0.9	-5.5	-5.3	1.4	1.6 (+/-1.3)	1.9 (+/-1.7)	-3.0	-2.1
Italy	2.0	-2.2	-3.1	-8.3	-10.3	-1.9	-1.1 (+/-1.7)	0.4 (+/-2)	-5.5	-5.2
UK	3.2	-0.2	-2.9	-7.0	-9.3	-2.6	-1 (+/-1.2)	0 (+/-1.2)	-4.3	-4.7
Canada	-0.7	0.3	0.4	-3.7	-6.1	-3.4	-2 (+/-1.6)	0.4 (+/-2.1)	-2.6	-2.5
G7	1.4	-0.5	-2.5	-7.3	-8.4	-0.1	1.2 (+/-1.8)	1.4 (+/-2.1)	-4.1	-3.7

1. GDP releases and high-frequency indicators published by 2nd September 2009. Seasonally and in some cases also working-day adjusted. Associated standard errors are in parentheses.

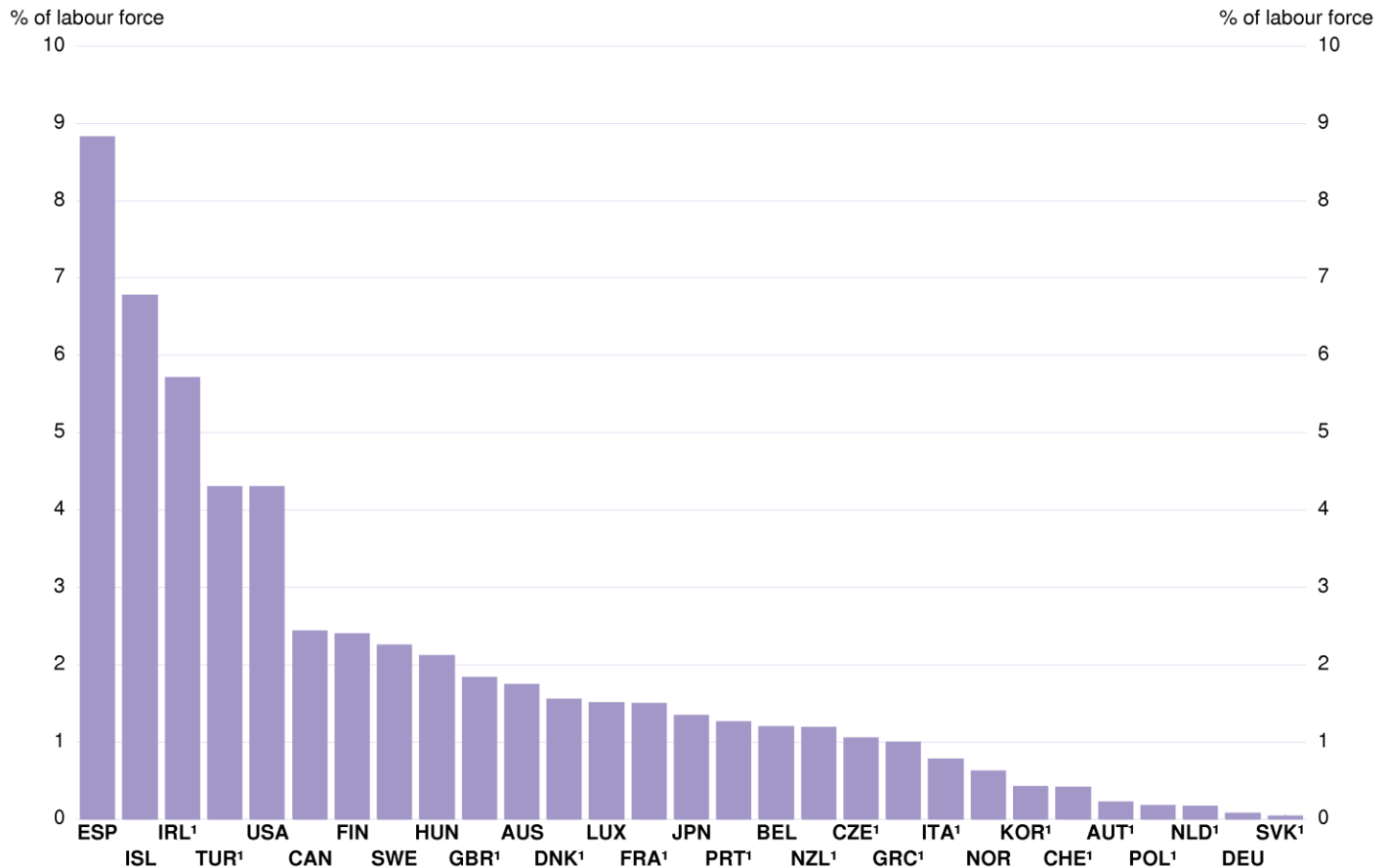
2. Finalised in June 2009.

3. The implied projection is calculated by mechanically extending the GDP outturn data up to the second quarter of 2009 with the indicator model projections for the third and fourth quarters. This means that differences between the column “EO85 projection” and “Implied projection” reflect both revisions in historical data and the Q3 and Q4 GDP projections.

Source: OECD calculations.

Unemployment rates have risen strongly in some countries but not in others

Evolution between the beginning of 2008 and the second quarter of 2009

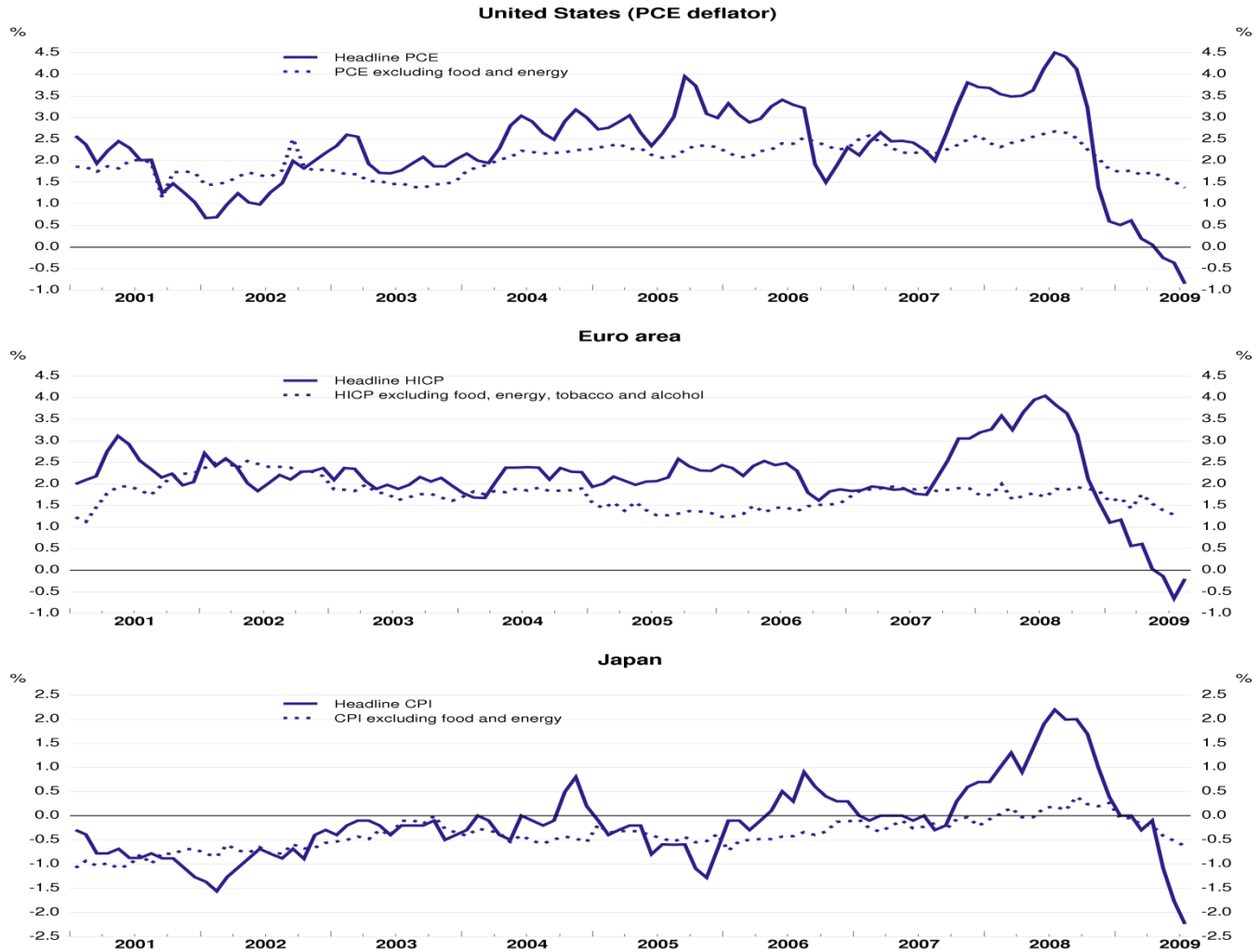


1. Last available date is the first quarter of 2009.

Source: OECD, Main Economic Indicators database.

Inflation is still falling but mostly reflecting oil prices

12-month percentage change

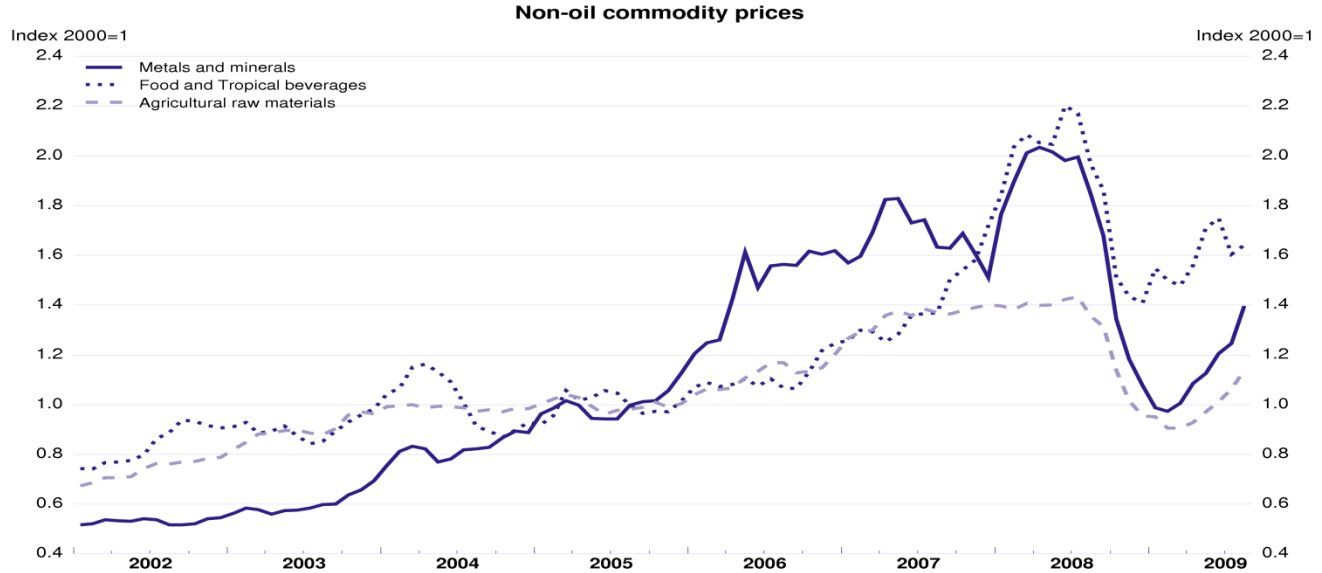
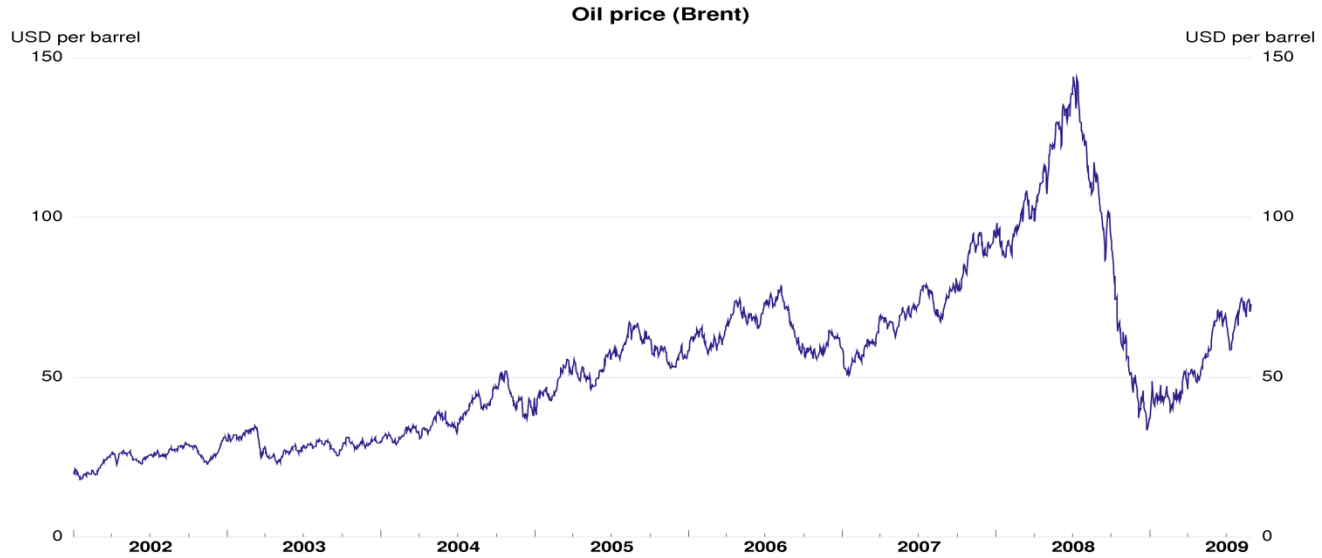


Note: PCE refers to personal consumption expenditures, HICP to harmonised index of consumer prices and CPI to consumer price index.

Source: OECD, Main Economic Indicators database.

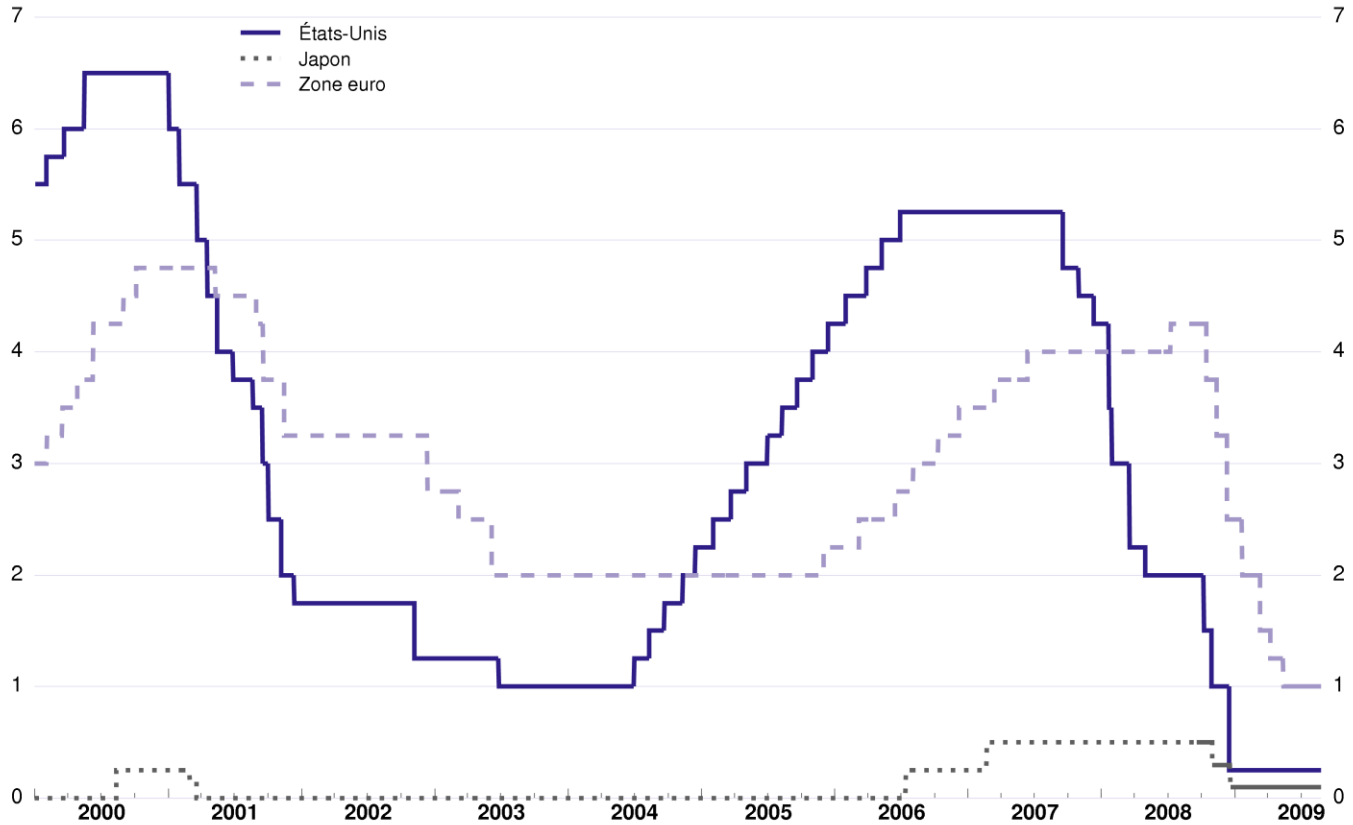


Oil and most other commodity prices have risen



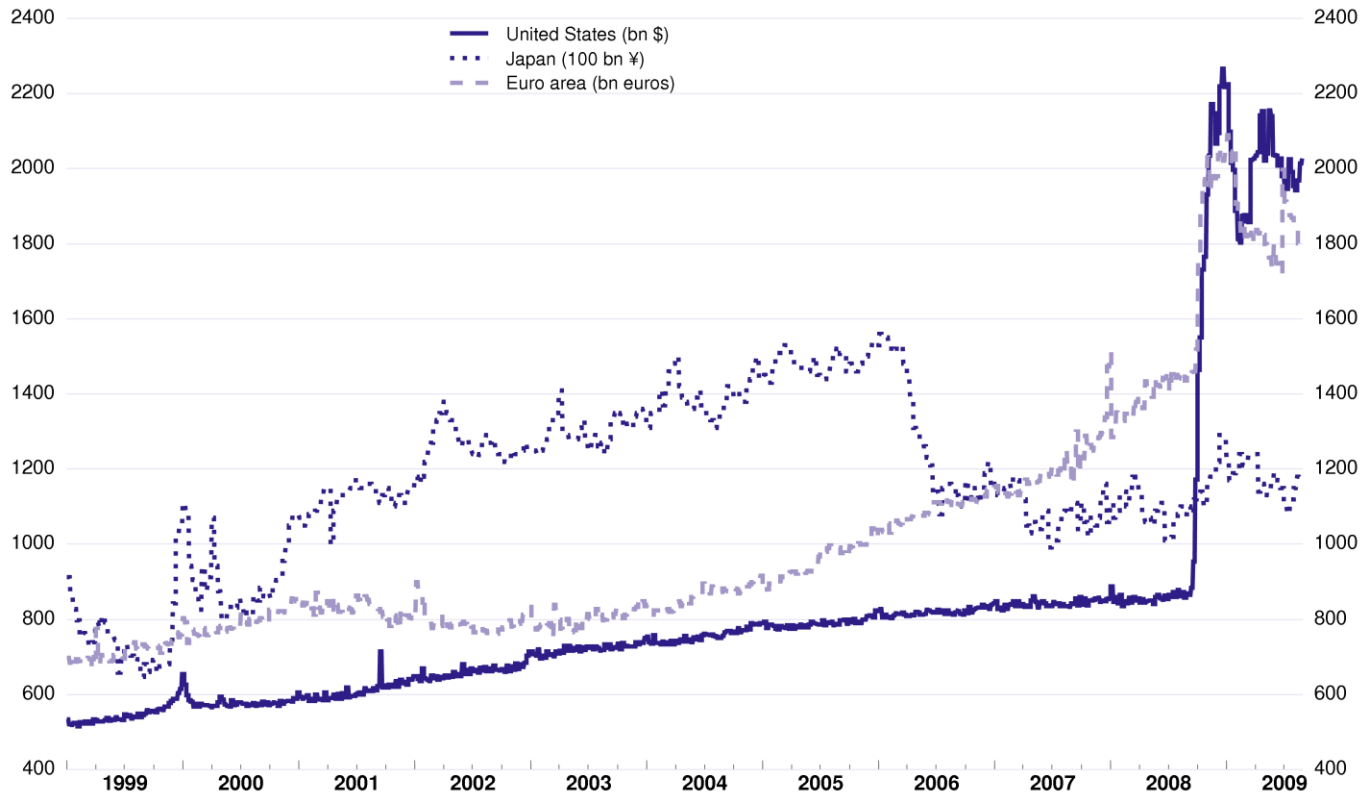
Source: OECD, Main Economic Indicators database.

Policy rates have remained at a low level (per cent)



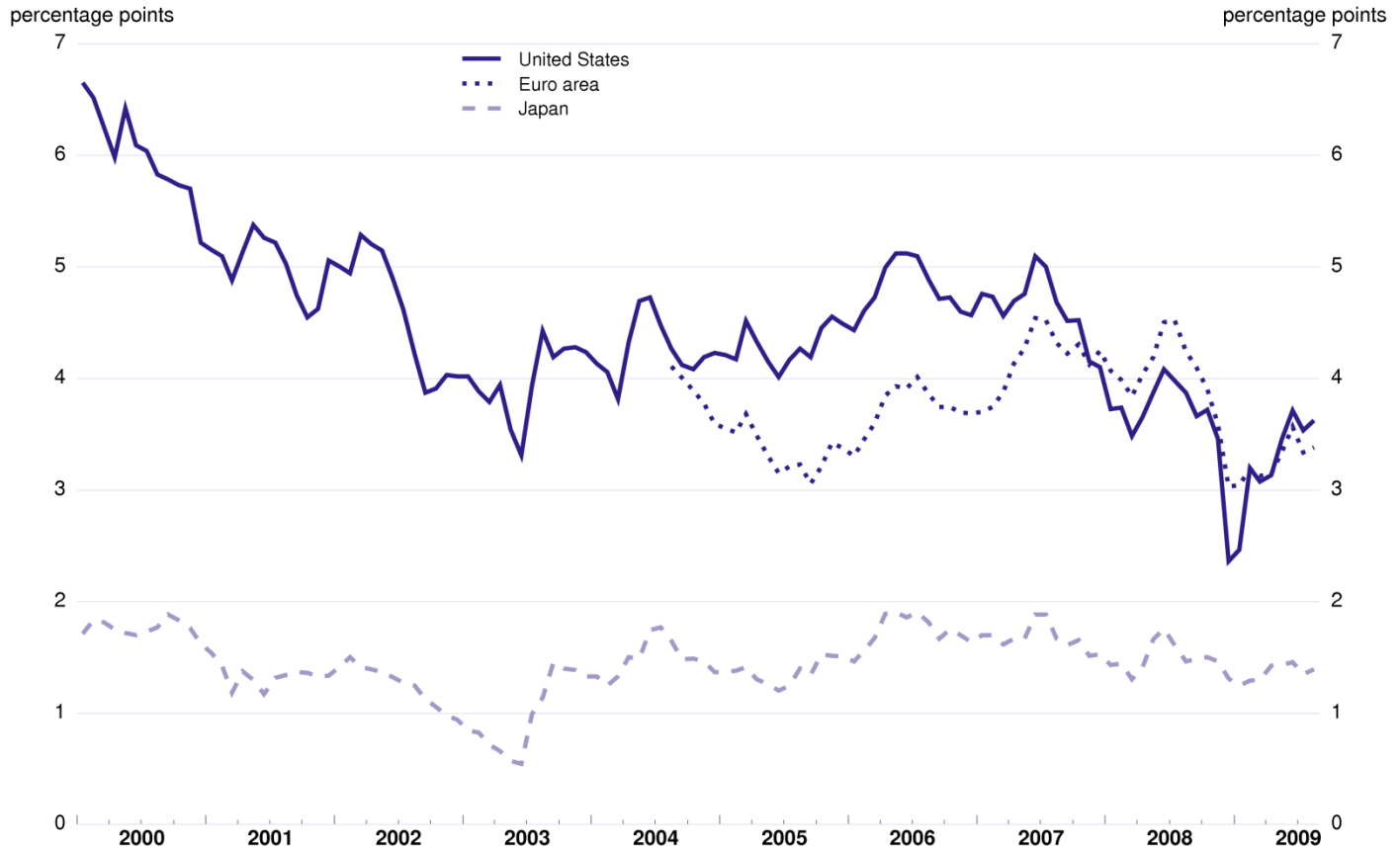
Source: US Federal Reserve, Bank of Japan, European Central Bank.

Central bank balance sheets have expanded strongly in the United States and the euro area



Source: Datastream.

Government bond rates have normalised



Source: Datastream.



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Acting Head of Economics Department