OVERVIEW

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REGIONAL GROWTH CONTINUES TO ACCELERATE THEN SETTLES BACK

Weighted average output in the Asia Pacific economies grew by 3.6% in 2003, up from 3% the previous year.

Forecasters expect growth in 2004 to rise further to 4.7% in 2004, and then to ease back to 4.4% in 2005.

Driven by the experience of the large economies in the region

Continuing growth in China, albeit with some adjustment in 2004, and the re-emergence of growth in Japan are two highlights of this outlook. A third is a rising rate of growth in the United States, at least in 2004.

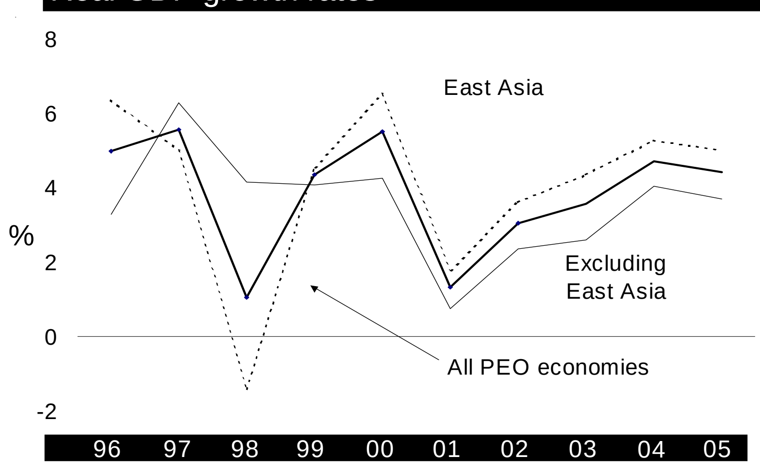
Growth in China in 2003 was over 9%. With the adjustments made in macroeconomic policy, this rate will fall to closer to 8% in 2004. This rate lies within the range of a sustainable long-run growth in China. The shorter-term question is the ability of Chinese officials to engineer a 'soft landing' at that rate. This question is examined in more detail in the discussion of risks in this outlook.

Japan grew by 2.7% in 2003, with the same or a slightly higher rate expected in 2004 and a rate over 2% still expected in 2005. These growth rates represent an extraordinary change from previous years and Japan is now in a better position than expected a year ago. The Japan forecaster attributes the growth to exports and business investment. It is not the result of a fiscal stimulus, though it is based on expansionary monetary policy. The next important contributor to the recovery in Japan will be the impact of structural reform, which has already begun.

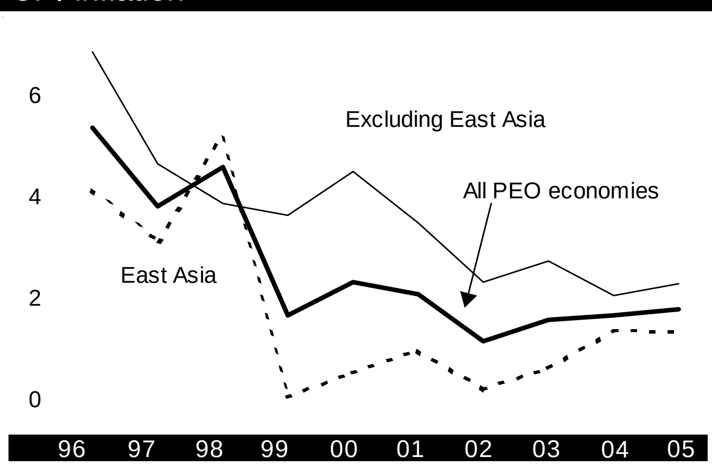
The US economy will continue to accelerate in 2004, and is expected to show growth of 4.7%, falling to 3.8% in 2005. Our forecaster makes the point that the recovery in the United States has so far been anaemic. This is especially the case for employment, not just because of the weaker recovery in output growth but also as a consequence of productivity growth in the United States. But an acceleration in job growth, of which signs have emerged recently, would increase the likelihood that interest rates will rise, though the stance of monetary policy is not likely to go beyond neutral. Fiscal policy remains expansionary.

Research on the origins of productivity growth in the United States indicates that growth at historical levels of 1.5%, and perhaps even 2.5%, a year are possible. This reinforces the assessments in previous issues of the PEO of sustainable growth in the United States of 3%. The US economy on these numbers will continue to be a very important driver of growth, through its import demand and as a source of technology, within the PEO region.

Real GDP growth rates



CPI inflation



Strong growth in East Asia, acceleration in Latin America

In East Asia, China reports the highest growth of 8.2% in 2004, down 0.9 percentage points on 2003. Thailand and Vietnam are expected to show growth of 7% or more. Other above-average performers are Hong Kong, Korea, Malaysia and Singapore.

In Latin America, average growth rates continue to rise, more than doubling from 2003 to 2004, and while growth in East Asia is expected to slow slightly in 2005, growth in Latin America is expected to continue to accelerate.

Growth is expected to accelerate in 2004 compared to 2003 in all cases except China, New Zealand, Peru and the Philippines.

Inflation steady

Inflation in East Asia will rise in 2004 (Japan and Hong Kong will continue to experience deflation but at much lower rates). Outliers in East Asia with relatively high rates of inflation are Vietnam, Indonesia and the Philippines. Inflation rates will continue to fall in Latin America to below 4% on average. The average forecast across the region is 1.7 - 1.8% for both 2004 and 2005, a figure within a comfortable range from a central banker's point of view.

One concern is whether rising commodity, especially energy, prices will lead to an acceleration of inflation in the region. While this development, and the recovery of growth in the larger economies, has put concerns about deflation off the agenda it becomes a new risk in the forecast.

Trade boom

Export growth in the region as a whole is expected to continue to accelerate in 2004 to reach just under 10%. In 2005, however, trade growth is expected to decline.

East Asian exports boomed in 2003. Though lower in 2004 compared to 2003, export growth in East Asia is expected to be at least 11%, a key driver in this performance being China's import boom.

Export growth in Latin America, though accelerating, is expected to remain at less than 8% in 2004.

RISKS IN THE OUTLOOK

2004 will be an important year for elections among the PEO economies, so policy shifts following those events are important to monitor. The key election is that in the United States, but elections are in progress or yet to come in Indonesia, Australia, and the Philippines, amongst others.

A major risk in the outlook continues to be the response in the region to the rising US current account deficit. Other risks come from world commodity markets, especially energy markets. The China story also deserves further attention, and there is continuing concern about developments in the regional trading system.

A sustainable US current account

The growth in the region's current account deficit has been stressed in earlier PEOs. The region's combined deficit in 2001 was US$210 billion. By the end of the forecast period, it is expected to be US$350 billion.

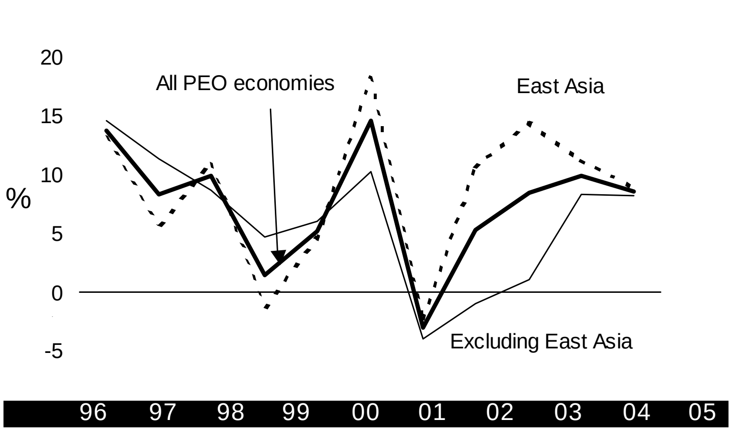
The US current account deficit was US$380 billion in 2001, rising to US$464 billion in 2002 and US$528 billion in 2003. The expectation is for a rise in 2004 to over US$600 billion, or more than 5% of GDP. The forecast for 2005 is for an even larger deficit in absolute terms but at a stable share of GDP.

East Asia on the other hand runs a surplus that has risen from US$180 billion in 2001 to about US$280 billion in 2003, and is expected to rise again to US$317 billion in 2005. Latin America is expected to show a deficit of about US$16 billion in 2005.

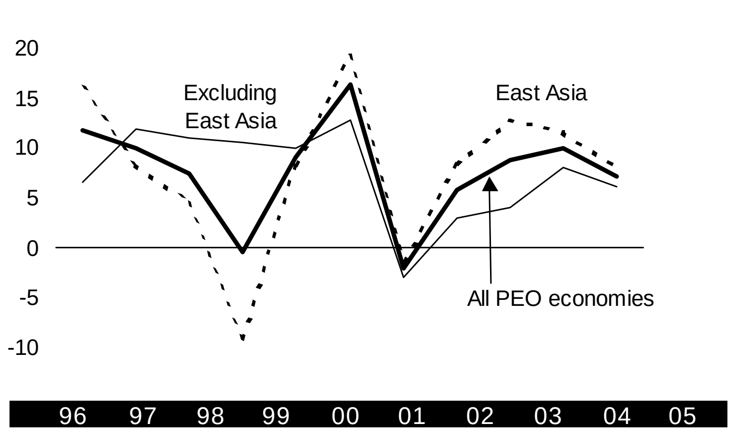
In part, then, the East Asian surplus provides funds for the US deficit: the role of the United States as a destination for East Asian savings is another feature of the trans-Pacific relationship. The balance, however, has to be drawn from European and Middle East economies.

The US forecast is based on the assumption of further declines in the value of the US dollar, which is forecast to fall by nearly 14% in 2004 and 2005 against seven other major currencies, and does so alongside steady rises in interest rates in the United States from late 2004 onwards. This combination limits the growth of the current account deficit yet sustains the willingness of the rest of the world, including East Asia, to fund

Export growth



Import growth



that deficit. It is possible that these conditions are not sufficient, and as discussed in earlier editions of the PEO the consequence could be a disorderly decline in the value of the US dollar. Despite repeated questioning about this point, however, an adjustment of this sort has not yet become evident. There appear to be few other attractive options for investors. There is a risk that a larger reduction in US demand will be required in the event of a decline in willingness to hold US dollar assets. Another important consequence, and a further risk for its trading partners, in that case is that there could be more demands for higher levels of protection.

A more recent concern is the inflow of capital to the East Asian economies. Some PEO economies have adopted an exchange rate pegged explicitly with the US dollar, and others have an implicit peg. Associated with the fall in the value of the US dollar has therefore been a stronger growth in net exports in those economies. This situation has also led to a rise in the accumulation of foreign exchange reserves in the region.

While the interest among policymakers in accumulating foreign exchange reserves is understandable, it involves some costs and risks. One is that the rigidities in the exchange rates have exaggerated this position by attracting speculative capital inflow, all of which has been associated with rising values in the stockmarkets of the region, especially in Thailand and Indonesia but also in other economies. These flows are highly mobile, and easily reversible. If that happens, the adjustment costs can be significant. In any case, policymakers face the difficulties of sterilising the effects of the capital inflow, which could lead to growth in domestic liquidity.

These circumstances point to the value of continuing work in the research community on the design of exchange rate regimes in the region, with a focus on the movement to flexible regimes. Also important are the efforts to strengthen banking systems in the region, and to build their ability to accommodate these flows of funds.

There is special interest in these questions in the case of China. Policymakers there are considering a move to a more flexible regime, but subject to the strengthening of the domestic financial system. Meanwhile, the value of the yuan has been a hot topic for debate in the region. Some commentators have argued it should appreciate, with the expectation of the effect of that change on China's penetration of foreign markets. But there is a complex set of factors that determine the value of a currency. In this case, it depends on demands for the currency from all China's trading partners, and while China runs surpluses with the United States, it runs deficits with the rest of East Asia. Further, the size of the Chinese surplus is relatively small (both relative to GDP and also compared to other economies in absolute terms, with Singapore and Chinese Taipei running bigger surpluses in 2003), and our forecaster for China expects it to diminish further as high growth drives demand for imports for home consumption. Changing the value of the currency is not China's only option. As noted in earlier editions of the PEO, another is to accelerate the implementation of China's WTO commitments.

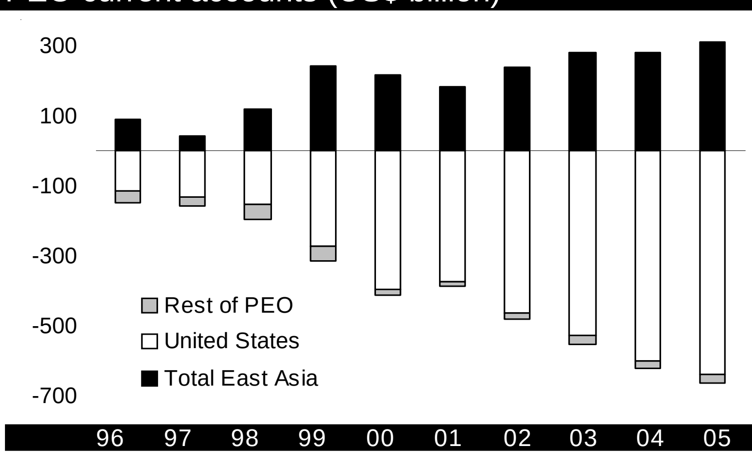
Commodity markets

Commodity prices continued to rise over 2003, driven in part by growth in the region, especially China.

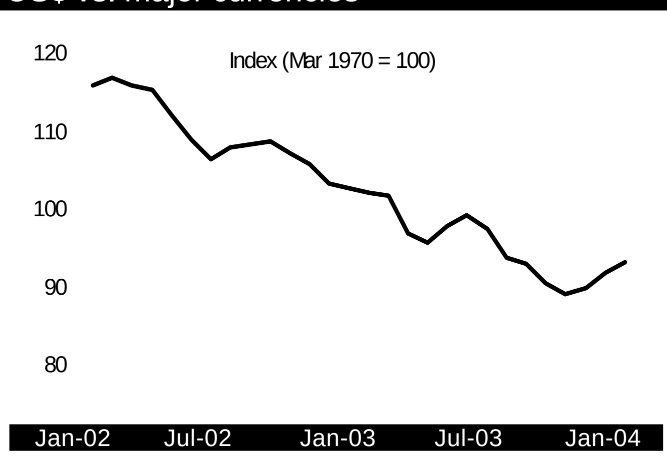
Prices for minerals and metals have increased. More recently, oil prices spiked again, in connection with specific events in the Middle East, reaching US$40 a barrel in May 2004, the highest nominal price since 1990, but not a price which is in 'oil crisis' territory in real terms.

Oil price rises have been attributed to both higher demand, worldwide not just in Asia, and also supply side supply factors including output decisions made by OPEC earlier in 2004. Further there is apparently activity by speculators anticipating rising seasonal demand in the middle of the year. But probably most important has been the change in the perception of the security of supply from the Middle East. The PEO has examined before the consequences of terrorism for costs in the trading

PEO current accounts (US$ billion)



US$ vs. major currencies



system, and these sorts of effects are now evident in oil markets. They will reinvigorate interest, especially in Northeast Asia, in arrangements for energy security. Maintaining a focus on responses consistent with open energy markets in the region will also be important to a good outcome from the policy debate.

The price changes affect the real incomes of various economies depending on their trade position, and if sustained could lead to substantial variations around the forecasts presented here. Some like China and the Philippines are net importers of energy and other commodities, so for them commodity price changes are a negative factor. Others like Thailand are commodity exporters and energy importers, and still others like Indonesia, Malaysia and Australia are exporters of all commodities.

There is a risk that higher commodity prices will feed into higher inflation rates in PEO economies. The assessment is that this risk has so far been averted by exchange rate changes and economies' capacity to adapt to changes in relative prices. However, the rising commodity prices have shifted expectations to some extent, and even if they are not being passed on yet, sustained commodity price rises will be evident in the general price level in the longer run.

Growth in China

There has been an adjustment in China's growth, after Chinese policymakers expressed concern that the rate of growth in 2003 was not sustainable.

China's demand has been the main driver of growth and structural change in the region. Japan, for example, increased its exports to China by 43% in 2003. Clearly, risks in China's outlook could have critical effects on the rest of the region, but mainly through its impact on its own domestic demand. China will continue to act as a processing centre for products ultimately destined for industrial economies in the region and the rest of the world.

The main question concerns the Chinese economy's ability to make a soft landing. The risk derives from the fact that the levers of macroeconomic policy are not yet completely embedded in market mechanisms but still rely on remnants of the central planning system, for example in decision making on investment. In this case, any slowdown might be sharper than otherwise—in other words, a 'hard landing'. The problem is exaggerated by China's foreign exchange rate regime, which means that because of its link to the US dollar, China imports US monetary policy. The forecast reported here however is that this risk can be avoided.

In the longer term, a growth rate in China in the range of 8%–9% is plausible. Contributors include the stock of labour available and the progress being made towards the integration of the interior provinces with the coastal region, all of which facilitates adjustment in the coastal areas and maintains high returns to investment in China. However the ability to sustain that sort of growth also depends on China's ability to specialise and then upgrade its production structure through access to world markets.

Trading system challenges

The impact of the proliferation of preferential trading arrangements has been noted in earlier editions of the PEO. Their contributions to the costs of doing business, to the risk of undermining political interest in general trade liberalisation and to enthusiasm for the WTO have all been noted.

The interest in preferential arrangements is based to some degree on the observation of growth in intra-regional trade. However, this growth reflects an increasingly complex division of supply chains and, though the role of domestic consumption as a source of demand has increased in some economies, the region continues to rely on demand from the rest of the world for final products. In these circumstances, preferential arrangements that rely on rules of origin impede the development and subsequent adjustment of efficient supply chains.

These concerns about small group arrangements have not abated. Recent events have included announcements of new sets of negotiations in the region. Some forecasters point to gains from the preferential approach. In the longer term, however, as also pointed out in earlier editions of the PEO, expectations of gains from new preferential arrangements are likely to be disappointed. Instead, long-term growth, and expectations of its sustainability in the short run, depends on evidence of progress in multilateral negotiations. Critical to that goal will be steps forward in the agricultural negotiations and recent suggestions by the EU to remove export subsidies, something long sought by the APEC economies, are therefore welcome.

T1 Real economic growth and increase of consumer prices for PEO economies, 2002–2005 (%)

	Real GDP				CPI			
	2002	2003	2004	2005	2002	2003	2004	2005
Australia	3.6	3.0	3.8	2.4	3.0	2.8	1.9	2.5
Canada	3.3	1.7	2.9	3.7	2.3	2.7	1.9	2.2
Chile	2.1	3.2	5.0	4.5	2.5	2.8	2.0	2.5
China	8.1	9.1	8.2	8.5	–0.5	1.2	2.7	1.5
Ecuador	3.4	2.7	5.8	5.0	12.5	7.9	3.1	1.9
Hong Kong, China	2.3	3.3	5.5	4.0	–3.0	–2.6	–0.8	1.0
Indonesia	3.7	4.1	4.7	5.1	10.0	5.1	5.5	5.0
Japan	–0.3	2.7	2.8	2.2	–0.9	–0.5	–0.3	0.1
Korea	7.0	3.1	5.5	5.1	2.7	3.6	3.1	2.9
Malaysia	4.1	5.2	6.0	6.3	1.8	1.2	1.5	1.2
Mexico	0.7	1.3	3.2	3.9	5.0	4.5	4.4	3.9
New Zealand	4.4	3.5	2.8	1.7	2.7	1.8	1.8	2.0
Peru	4.9	4.1	4.0	3.5	0.2	2.3	3.7	1.8
Philippines	4.4	4.5	4.3	4.8	3.2	3.1	4.5	5.0
Singapore	2.2	1.1	6.0	5.0	–0.4	0.5	1.2	0.9
Chinese Taipei	3.6	3.2	5.1	5.6	–0.2	–0.3	0.9	0.4
Thailand	5.4	6.7	7.0	7.5	0.7	1.8	2.3	2.6
United States	2.2	3.1	4.7	3.8	1.6	2.3	1.6	1.9
Vietnam	7.0	7.2	7.5	7.8	4.0	3.0	6.5	5.0
Weighted average	3.0	3.6	4.7	4.4	1.1	1.5	1.7	1.8
WA: East Asia	3.6	4.3	5.3	5.0	0.2	0.6	1.4	1.3
WA: Latin America	1.1	1.6	3.5	4.0	4.8	4.4	4.1	3.6
WA excl. US and Japan	4.3	4.0	5.3	5.3	1.4	1.7	2.2	2.1
WA excl. East Asia	2.4	2.6	4.0	3.7	2.3	2.7	2.0	2.3

Note: National currency based. The weighted average is based on the respective economies' 2000–2002 exports (see Appendix Table 4).
Source: PEO forecasters; International Economic Databank, The Australian National University, Canberra.

T2 Real export and import growth for PEO economies, 2002–2005 (%)

	Exports				Imports			
	2002	2003	2004	2005	2002	2003	2004	2005
Australia	0.3	–2.1	11.1	10.0	11.5	11.6	10.5	4.8
Canada	–0.1	–2.1	7.7	7.6	0.6	4.0	8.3	6.8
Chile	1.3	13.5	10.0	6.0	0.5	12.7	6.0	6.0
China	21.0	34.7	18.0	15.0	19.9	39.5	27.6	14.0
Ecuador	0.9	3.2	19.1	8.4	17.2	0.8	10.2	5.1
Hong Kong, China	9.3	12.7	11.1	8.7	7.1	11.3	10.3	8.4
Indonesia	–0.6	4.0	4.6	3.9	–5.0	2.0	2.6	3.0
Japan	8.2	9.7	9.3	7.0	1.9	4.7	3.7	3.5
Korea	13.3	15.7	15.9	10.2	15.2	9.7	14.4	10.8
Malaysia	4.5	6.3	12.1	6.7	6.3	5.0	13.3	6.8
Mexico	1.5	1.1	6.9	7.7	1.4	–1.0	7.1	8.1
New Zealand	5.8	1.3	4.4	5.0	8.6	10.2	5.1	4.5
Peru	6.8	5.0	7.6	8.2	2.4	3.5	3.4	3.4
Philippines	3.6	3.3	4.0	6.5	4.7	10.3	10.0	10.0
Singapore	3.6	7.5	6.4	5.0	1.9	3.3	7.8	4.9
Chinese Taipei	10.0	10.5	8.0	8.1	5.8	7.6	7.8	7.5
Thailand	12.1	6.5	7.3	7.7	13.6	7.3	9.2	9.6
United States	–2.4	2.1	8.5	8.4	3.3	4.0	8.0	5.4
Vietnam	10.0	19.0	15.0	17.0	11.2	26.7	22.0	22.0
Weighted average	5.3	8.5	9.9	8.5	5.8	8.8	10.0	7.0
WA: East Asia	10.5	14.4	11.2	8.9	8.1	12.7	11.6	7.9
WA: Latin America	1.7	2.5	7.6	7.6	1.8	0.6	7.0	7.6
WA excl. US and Japan	7.9	10.9	10.7	9.0	7.9	11.9	12.4	8.7
WA excl. East Asia	–1.1	1.0	8.3	8.1	3.0	3.9	8.0	6.0

Note: Of goods and services; National currency based. The weighted average is based on the respective economies' 2000–2002 exports (see Appendix Table 4).
Source: PEO forecasters; International Economic Databank, The Australian National University, Canberra.

T3 Current account of the balance of payments for PEO economies, 2001–2005 (US$ billion and % of GDP)

	2001	% of GDP	2002	% of GDP	2003	% of GDP	2004	% of GDP	2005	% of GDP
Australia	–8.5	(–2.4)	–16.9	(–4.3)	–29.2	(–6.0)	–30.5	(–4.9)	–30.4	(–4.9)
Canada	17.2	(2.4)	14.9	(2.0)	18.3	(2.1)	24.1	(2.5)	25.8	(2.6)
Chile	–1.3	(–1.9)	–0.6	(–0.8)	–0.4	(–0.6)	0.1	(0.1)	–0.2	(–0.2)
China	17.4	(1.5)	35.4	(2.7)	27.8	(1.9)	–9.9	(–0.6)	–4.4	(–0.3)
Ecuador	0.9	(4.4)	–0.6	(–2.3)	–1.2	(–4.4)	–0.4	(–1.3)	–0.2	(–0.7)
Hong Kong, China	9.9	(6.1)	13.7	(8.5)	17.4	(11.0)	19.3	(11.8)	20.9	(12.3)
Indonesia	6.9	(4.8)	7.8	(4.5)	8.8	(4.2)	9.1	(4.0)	8.2	(3.2)
Japan	87.7	(2.1)	112.8	(2.8)	136.2	(3.2)	182.1	(3.8)	214.7	(4.2)
Korea	8.0	(1.7)	5.4	(1.0)	12.3	(2.0)	10.1	(1.5)	4.4	(0.6)
Malaysia	7.3	(8.3)	8.0	(8.5)	13.4	(12.9)	13.2	(12.0)	13.2	(11.2)
Mexico	–18.2	(–2.9)	–14.1	(–2.2)	–9.5	(–1.5)	–10.3	(–1.6)	–15.3	(–2.3)
New Zealand	–1.3	(–2.6)	–2.2	(–3.7)	–3.4	(–4.4)	–5.2	(–5.3)	–5.2	(–5.3)
Peru	–1.2	(–2.2)	–1.2	(–2.1)	–1.1	(–1.8)	0.5	(0.7)	–0.1	(–0.2)
Philippines	1.3	(1.8)	4.2	(5.4)	1.9	(3.2)	2.1	(2.5)	2.2	(2.5)
Singapore	16.7	(18.8)	18.3	(21.4)	28.3	(30.9)	23.1	(22.5)	23.3	(20.9)
Chinese Taipei	17.9	(6.4)	25.6	(9.1)	28.6	(10.0)	31.8	(10.2)	30.8	(9.1)
Thailand	6.2	(5.4)	7.0	(5.5)	7.9	(5.6)	6.9	(4.1)	5.3	(2.8)
United States	–378.4	(–3.7)	–464.1	(–4.4)	–528.0	(–4.8)	–602.0	(–5.2)	–640.6	(–5.2)
Vietnam	1.1	(3.0)	–1.1	(–3.1)	–2.6	(–8.5)	–2.1	(–7.5)	–2.0	(–7.4)
Total	–210.3		–247.3		–274.7		–337.9		–349.8	
Total excl. US and Japan	80.4		104.0		117.1		82.0		76.2	
Total: East Asia	180.4		237.3		279.8		285.7		316.5	
Total: Latin America	–19.7		–16.4		–12.2		–10.1		–15.8	
Total excl. East Asia	390.7		–484.6		–554.6		–623.7		–666.3	
Weighted average		(1.6)		(2.0)		(2.6)		(2.0)		(1.9)
WA: East Asia		(4.7)		(5.8)		(7.1)		(6.1)		(5.9)
WA: Latin America		(–2.6)		(–2.0)		(–1.5)		(–1.3)		(–1.9)
WA excl. US and Japan		(3.8)		(4.6)		(5.7)		(4.7)		(4.4)
WA excl. East Asia		(–2.2)		(–2.7)		(–2.9)		(–3.0)		(–3.1)

Note: The weighted average is based on the respective economies' 2000–2002 exports (see Appendix Table 4).
Source: PEO forecasters; International Economic Databank, The Australian National University, Canberra.

T4 Forecast of contributions to real GDP/GNP growth rate for PEO economies, 2004–2005 (% per year)

		GDP growth rate	Personal consumption expenditure	Gross private domestic investment	Government purchasing	Net exports
Australia	2004	3.8	2.5	0.4	0.5	–0.4
	2005	2.4	1.3	–1.1	0.5	0.9
Canada	2004	2.8	1.6	0.6	0.6	0.0
	2005	3.7	1.8	0.9	0.6	0.5
Chile	2004	5.0	2.5	0.3	0.6	1.6
	2005	4.5	2.3	1.0	1.0	0.2
China	2004	8.2	4.3	5.4		–2.7
	2005	8.5	5.0	3.0		0.4
Ecuador	2004	5.8	1.2	–0.5	2.4	2.6
	2005	5.0	1.3	3.2	–0.7	1.2
Hong Kong, China	2004	5.5	2.3	0.7	0.1	2.4
	2005	4.0	1.7	0.9	0.1	1.3
Indonesia	2004	4.7	3.1	0.8	0.8	0.7
	2005	5.1	2.7	1.1	0.8	0.4
Japan	2004	2.8	1.0	1.1	–0.1	0.8
	2005	2.2	0.6	1.1	–0.1	0.6
Korea	2004	5.5	2.2	1.5	0.2	1.5
	2005	5.1	2.3	1.8	0.2	0.4
Malaysia	2004	6.0	3.7	2.6	–0.4	0.1
	2005	6.3	3.3	1.3	1.1	0.5
Mexico	2004	3.2	2.6	0.6	0.2	–0.2
	2005	3.9	2.9	1.1	0.2	–0.3
New Zealand	2004	2.8	2.6	0.3	0.4	–0.3
	2005	1.7	1.8	–0.6	0.9	0.1
Peru	2004	4.0	2.3	–0.2	0.8	0.8
	2005	3.5	1.4	0.7	0.4	1.0
Philippines	2004	4.3	3.9	0.9	–0.2	–3.7
	2005	4.8	3.9	2.3	–0.1	–2.9
Singapore*	2004	6.0	1.2	5.2	0.3	–0.4
	2005	5.0	0.2	2.3	0.2	1.6
Chinese Taipei	2004	5.1	1.8	1.6	0.1	1.1
	2005	5.6	2.2	1.1	0.4	1.3
Thailand	2004	7.0	3.3	2.9	0.8	0.1
	2005	7.5	3.2	3.4	0.8	0.1
United States	2004	4.7	2.8	1.8	0.4	–0.3
	2005	3.8	2.4	1.1	0.2	0.0
Vietnam	2004	7.5	2.8	4.3	2.1	–2.0
	2005	7.8	2.9	4.3	2.0	–2.0

* Singapore figures include public sector investment.
Note: National currency based. Net contributions may not equal the GDP growth rate due to rounding, adjustment in stocks or statisitcal discrepancies. China's figure is 'Final Consumption Expenditure (= personal consumption expenditure + government purchase)'.
Source: PEO forecasters; International Economic Databank, The Australian National University, Canberra.

T5 Index of international stockmarket values, January 2000–May 2004

Value of US$100 invested on the stock exchange on 1 January 2000
(Monthly average)

	Jul-00	Jan-01	Jul-01	Jan-02	Jul-02	Jan-03	Jun-03	Jan-04	May-04
Northeast Asia									
Korea	84.5	54.6	50.3	66.2	75.3	63.1	70.6	84.5	87.4
Hong Kong, China	109.6	98.8	79.7	70.7	66.1	60.7	63.4	85.0	76.4
China	139.0	144.0	144.5	96.5	113.7	93.4	93.2	90.4	92.9
Chinese Taipei	92.4	60.4	49.3	55.4	50.8	48.1	55.3	67.8	64.8
Japan	91.5	70.2	63.0	48.7	55.2	46.3	52.5	66.5	73.5
Southeast Asia									
Philippines	66.6	60.2	50.8	47.2	44.3	38.1	46.2	53.5	55.0
Indonesia	59.7	47.2	44.3	43.3	57.2	48.6	66.8	96.7	96.9
Malaysia	92.1	76.8	70.2	77.7	81.4	72.9	80.0	90.7	93.3
Singapore	85.5	78.8	64.6	65.5	63.7	55.2	62.6	77.5	77.4
Thailand	61.2	56.5	54.5	58.1	74.8	68.0	92.0	154.2	128.1
Latin America									
Chile	86.1	84.2	78.9	76.4	66.5	66.5	83.3	120.3	112.3
Ecuador	153.3	307.5	280.3	298.4	422.9	397.6	398.4	419.9	397.9
Mexico	101.7	84.5	98.5	99.4	86.4	77.4	93.6	115.3	123.7
Peru	75.7	67.6	71.9	68.3	62.1	81.0	100.9	151.0	154.5
Other Pacific									
Australia	94.6	88.5	83.6	85.9	84.6	86.6	99.6	125.8	121.6
New Zealand	87.5	77.9	75.7	81.3	90.4	101.0	115.7	146.9	141.6
Canada	122.4	102.1	85.7	82.1	74.5	74.7	88.5	111.8	104.3
United States									
S&P 500	103.2	93.5	84.5	79.9	63.5	62.7	69.5	79.3	78.4
Dow Jones Industrial	94.3	94.5	92.5	87.8	76.4	75.0	81.0	93.2	91.3
NYSE	102.9	102.5	96.7	91.7	76.8	75.3	82.9	97.8	96.7
NASDAQ	100.0	65.9	50.8	49.1	33.6	34.5	42.7	52.2	48.3

Note: May 2004 figures are averages of 3 and 4 May.