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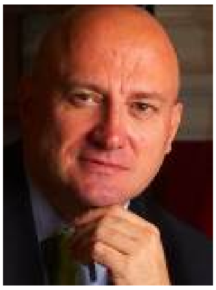

Dr Daniel Thorniley

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Danny Thorniley is President of DT-Global Business Consulting GmbH (an LLC company) which is Danny's own consultancy company based in Vienna through which he works with some 330 key clients on business strategy in CEEMEA, global and emerging markets especially Russia. These companies are part of the CEEMEA and Russia Business Group, which is an advisory and consultancy service. The services of the Group include written position papers, presentation slides and private client meetings as well as in-house presentations.

Danny writes a well-received monthly position paper on the Russian market as well as quarterly presentation slides on other CIS markets. He visits Moscow on business every 2-3 weeks and hosts 8-9 private meetings of the Russia Business Group annually. The most recent one was attended by some 140 senior executives. He is also invited to make some 50 speeches/presentations each year by clients across the world on global business trends, business operations, emerging markets, corporate best practice. Many of these speeches are focused on Russia and the CIS and he has made some 60 "Russia presentations" to visiting western CEOs explaining the positives of the market without being naïve.

For 23 years (until the closure of the Vienna office) Danny was Senior Vice President and Senior Consultant at The Economist Group, Vienna on global corporate business trends, with specialisation in BRIC.

Danny has exceptional skill sets in global business strategy, business in emerging markets and CEEMEA and hands-operational knowledge of business operations, distribution, partnerships, investments and human resource issues.

Danny is regarded as a charismatic speaker who can present detailed business and economic analysis in an easily digestible fashion with a great deal of genuine humour. Danny is renowned for not using powerpoint presentation slides - never. Dr Thorniley has also given guest presentations at Executive MBA courses on behalf of Oxford University, the University of Chicago, IESE (Spain) and the Central European University in Budapest. The executive MBA students at Chicago rated him "best speaker" on 12 occasions out of 12 over 5 years.

He has worked on a personal basis with companies operating in emerging markets for 26 years and has personal contacts with most senior western MNCs operating in the Russia and the CEEMEA region and beyond. He makes frequent presentations at CEO and Board level and has long-standing personal friendships with leading executives.

He holds and has held a number of non-executive and advisory board memberships.

Dr Thorniley was educated at Oxford University. He holds a Bachelor of Arts degree, a diploma and a doctorate degree in Soviet political economy.

He has published three books, including one on Russia with Macmillan (UK/USA) and two with Profile books on Doing Business in Global Emerging Markets.

His beloved daughter is called Natasha after he read Tolstoy's War and Peace when he was a young man. One of his other favourite books is Master and Margarita by Bulgakov.

Executive summary

- "Every budget number I give is wrong! I hope I can get the trends right!" says the regional CEE/CIS manager of one major drinks company.
- Russia has shrunk for many companies as a proportion of the volume of CEE business often from 50-60% to 35-45% (or from 45% to 25%).
- And the share of profitability within the CEE captured by Russia has fallen from extremely high levels of 65% to 80% to "just" 25-40% which of course is still a major contributor to business; these numbers underline just how important Russia was and remains for regional CEE and CEEMEA business.
- We also make the point that regional CEE managers can be hugely grateful that core CEE markets (Hungary, Poland, Czech Republic, Slovakia and Romania) have performed very well in the last 28 months providing some business compensation for the downfall in Russia.
- Those companies who are still invoicing in FX are holding internal discussions about whether to switch to rouble invoicing or whether to find some middle compromises.
- We repeat the critical findings from our two recent surveys:
  1. Executives expect a moderate tick upwards in rouble sales in 2016(see below).
  2. They expect noticeably better FX results due to a more stable oil price and rouble.
  3. Most companies see the rouble clustered at around 70-75 to the Euro next year and at 63-70 to the US dollar which is fairly close to current levels.
  4. Profitability is coming down but usually to still decent levels.
  5. To achieve this, companies will also carry on with price increases this year: some 44% plan further price rises from September to December and of these 64% will raise prices by 1-10% and another 21% of firms will increase prices by 10-15%.
  6. In 2016 some 54% of companies plan to raise prices by 1-10% while 28% envisage price increases for next year (this category includes companies in price restricted sectors and those invoicing in FX).
  7. Some 25% of respondents plan new physical investment in Russia in 2016.
  8. Russia remains the No 1 priority market for the next 3 years for the large majority of companies.
  9. Rouble salaries will tick up a little in 2016 but the large majority of companies will continue to offer nominal wages at 7-9% which will be around or below inflation.
  10. Some 60% of companies plan to make no extra staff cuts in 2016 and those who do, plan to cut usually 1-5% of total staff, so few cuts (but some) combined with tight salary control.
- While we do not discuss these topics much in this paper, regular talking points among executives are localisation, diversification and sourcing.
- Perhaps the key critical business issue of all remains: achieving sustainable market share (and this applies to all emerging markets and most developed ones). The cake is not growing massively or is stagnant or even shrinking, the key to success is achieving sustainable market share which will support the business in 2015-16 and also put winning companies in the driving seat in 2017-2020.

Some good news

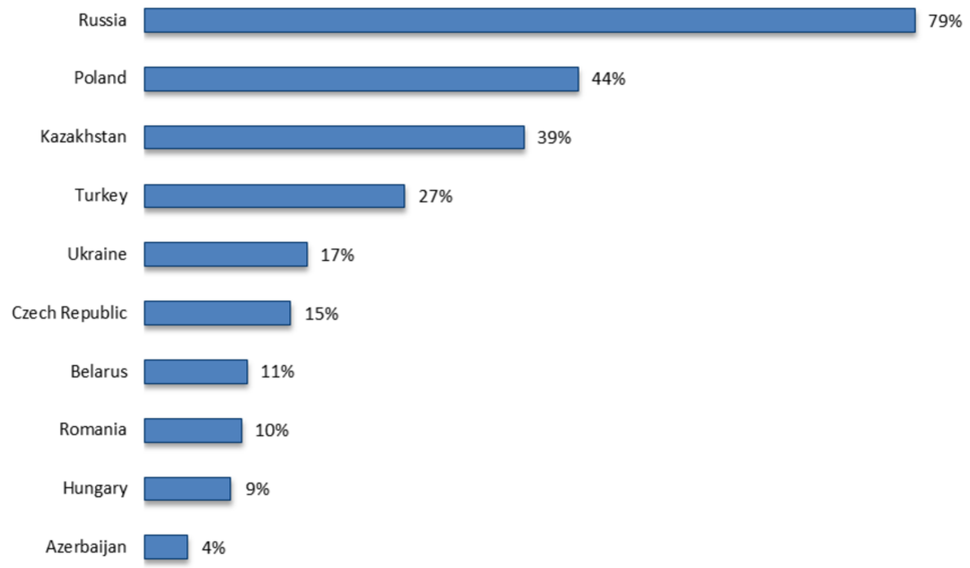
1. The managing partner of a major US service company made the sound comment last month that:

   Companies are getting accustomed to the new normals. It's not fun or easy but it's a process of getting adjusted to a very new normal environment. We are witnessing some green shoots despite the sluggish nature of the economic news. Some de-off-shorisation is taking place and some regular deals are happening. <u>On the negative side many of the companies offered on sales have fundamental problems and could well face bankruptcies in the future</u>.

2. In addition to our Russia surveys which take place every 6-8 weeks, we conduct a twice-annual survey of CEEMEA markets and in late June this year, as we have noted in other reports, Russia remains the No 1 priority market in the CEEMEA region by a substantial majority.

Which are your priority markets for the next three years?

Top 10 responses; countries ranked by number of responses



Source: CEEMEA Business Group CEE Benchmarking Survey June 2015

Note: The question offers multiple choice and hence why the answers ad up to more than 100%.

3. We noted above the fairly remarkable figures (substantiated in two surveys) that 25% of respondents plan new physical investment in Russia in 2016. Even with some margin of error the figure is positively surprising. We appreciate that much of this activity may be in logistics and warehousing rather than building big new detergent plants. That said, some of the existing major investors will be re-investing in some facilities and expanding some regional activity while perhaps at the same time taking out some over-capacity in some plants. Downsizing is going on but the process is far from entirely one way.

   We are also hearing of some moderate “under the radar” activity in small and mid-sized acquisitions of about $10-50mn with some German and Austrian mid-sized companies planning M&A in Russia as well as by some family-owned companies.

4. In spring 2015 Russia came out well in a global “beauty prize” for one European service company:

   In this company the global CEO announced to senior management around the world that the company was sitting on a pile of cash (like many companies in the world today). The CEO told his management teams that “I want 3 new ideas: new markets, new products, innovations, customer segments, strategies into which we can invest sizeably”. Among the 3 “winning ideas” was to take a new route to market in Russia with new customer segmentation and more geographic expansion.

5. The local managing director (MD) of a western B2B industrial conglomerate noted last week:

   In September our global CEO visited Russia for 2 days and to be honest I had some concerns about what his assessment would be. We have plans for physical investment in Russia and while our sales are growing at about 8-10% in roubles, there is a mass of negative vibes back in the US. He does know the Russian market reasonably well which helps. Actually his evaluation was much more positive than I had hoped for and among several steps we decided to continue with our investment plans which were trimmed by about 5%.

6. The global CEO of a western pharmaceutical firm reported last month that:

   We are looking at making an acquisition in Russia (small/medium size) with a view to getting a return on the investment in 4-6 years: we are patient. Such an acquisition will help immensely in our distribution channels and of course in market share. I am hopeful that we will win the bid but I am somewhat surprised that we seem to be in competition not only with 1-2 Russian companies but also 4-5 western ones.

7. The MD of another pharmaceutical company also noted good trends:

   We are a recent and small player in the market and are in the process of building up our distribution network. I also have to state that we are entirely on the OTC side of business which is a big help. The last three years have been good. We are growing at 30% in roubles (admittedly from a low-ish base) but this means that for the third year in a row we are the best performing unit in the world for our company.

   He then commented about operational issues:

   Our distributors are starting to feel the financing pressure now and for them to get bank financing is much harder recently. We will have to consider when and how we might want to help from our own cash flow. By the way, receivables are still very good and we have no bad debts at all. There is no panic just a tightening in the market.

8. The MD of another European pharmaceutical company was also quite upbeat in his business assessment just two weeks ago:

   We are doing fine. We are growing double digits in roubles and are even flat or +1% in Euros. I am relatively happy with developments and of course managing the rouble unpredictability is our hardest job. We have an existing strategic partnership in Russia and we will continue developing that. There is no way we will walk away. We need to express our trust in the market long term. We are looking at possibilities of R&D partnerships and also at "out-licensing".

Organic sales growth in Roubles, 2015 and 2016

(second preliminary budget for 2016, % change)

	All companies		Consumer products		Pharma/health		B2B/industrial	
	2015	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**
20%+	13	16	19	12	9	16	0	0
10%+	21	31	30	46	21	37	6	6
5-10%	22	30	19	25	29	26	28	24
1-5%	17	8	20	5	26	10	11	24
Flat/zero	10	9	3	4	6	5	28	47
Minus 1-10%	8	5	3	8	3	5	12	0
Minus 10%+	8	1	6	0	6	0	17	0

In recent weeks more companies have upgraded their forecast for rouble sales growth in 2016: before the majority were clustered in high single digits while now more are clustered in low double digits.

FX sales outlook in 2015 – 2016

All companies

	2015	2016	
		1st draft	2nd draft
+10%	7	9	16
5-10%	3	11	19
1-5%	10	24	13
Flat/zero	13	27	22
Minus 1-10%	20	20	21
Minus 10+	45	10	9

FX sales outlook 2015 and 2016 by sectors

	2016		
	Consumer products	Pharma/ Health	B2B/ Industrials
10%	18	5	0
5-10%	13	31	11
1-5%	18	5	32
Flat/zero	19	15	37
Minus 1-10%	26	26	15
Minus 10%+	5	16	5

Where can you get business growth in Russia?

1. New product portfolio: can you diversify your offering to customers/clients?
2. Downward affordable innovation and aiming at more consumer segments: slice and dice your consumer segments more intensely
3. Upward innovation: can you still sell to the “high-rollers”?
4. Offering solutions: i.e. provide the equipment and technology around a single product; offer after-sales servicing; offer upgrading
5. Offer innovatory financing techniques: can you make it easier for people to buy from you?
6. Go to more Russian regions (no golden solution)
7. Go to more CIS markets (no golden solution now)
8. Are there rising local champions, regional operations which can perhaps be competitors but also customers?
9. Import-substitution: does this open business opportunities to western equipment suppliers selling to Russian customers who want to buy the equipment which will make them self-reliant?
10. Is Russia feasible as an export market? More than 90-95% of investors have focussed until recently on Russia as a growing domestic market. Now more are debating whether there is an export model to develop. Admittedly questions of trade/transport costs and requisite product quality will arise. But several pharmaceutical companies have recently invested in Russia with the aim of exporting to European, US and Asian markets.

Business gossip and commentary from different sectors

The CEE MD of a major western drinks company outlined his business at our recent Moscow executive meeting attended by some 160 senior managers and made several excellent points:

- “We are sticking with the market for a long-term investment and one major supporting reason is that the level of market/brand penetration is still very small. We can still engage in a lot of catch-up.
- People are still going out to restaurants and bars but having one glass of wine/beer/spirits instead of 3 and having 2 courses of food instead of 3.
- Everything in the middle is where people do NOT want to be i.e. mid-price and mid-brand are the most difficult.
- Consumers are sticking with what they know and like. In our industry they are buying smaller bottles of quality products. Their thinking is: "I will buy something I like but a smaller amount”.
- We haven’t seen what discounting is about yet. The trend is there of course but Russia is not yet Poland!”

The executive then went on to outline the relative importance of the Russian market for his company within the CEE region:

- Russia was in 2013 about 66% of the volume business and now it’s 50% of volume
- Russia contributed 75% of CEE regional profitability and now contributes just 25%
- We expect volumes to recover a bit in 2016 and we hope to recapture 80% of the lost profitability over the next 2 years.

The executive then very amusingly confessed that:

> Every budget number I give is wrong but I hope I can get the trends right!

Many executives will empathise with this remark which reflects the tremendous volatility in the Russian market in the last 18 months.

In discussions with executives from the consumer goods sector we have drawn the following conclusions in recent weeks and months:

- The sector is surviving and many companies expect organic sales in 2015 in roubles in a cluster of 8-12%.
- Food & beverages are trending weaker than this.
- The brand proposition still exists but “value and affordable” products are growing in importance “The wallet is making the decisions now and not the stomach”!
- So the big debate between “brand or value” continues but Russia does offer both options to companies.
- Some executives argue that in this environment consumers do not want to test new brands but prefer to stick with what they know if they do stay with brands.
- As was noted above, most senior managers feel that the mid-price/mid-brand sector are the weakest and toughest to develop: consumers either stay with brand or move to discount/cheap products.
- But more companies are trying to explore and “crack” the mid-brand sector.
- Some “branded-middle products” can out-perform regular middle range products.
- Another favourite detain topic is: “volume or price”.
- Executives are looking at the market as one of channels: key accounts, mixed distribution.
- Modern retail is taking over from traditional trade at an accelerated pace.
- Russian retail is still expanding into the Russian regions and taking consumer product companies with them.

Consumer product companies started the year well, and the buying up of products to get ahead of inflation continued from the end of 2014. Managing directors (MDs) in this sector were pleasantly surprised with the first quarter of the year. Business then started to soften in April-June and concerns about the market and consumer resilience increased. Generally the autumn, with its rouble volatility downwards and then followed by a rally, was not as bad as anticipated and many companies are surviving quite well. Several major players in regular FMCG products see rouble sales year to date at 12-14% with a few stronger ones at 15-18%.

However, we have noted several times that the category of food & beverages is not so strong and many companies reported organic sales at 5-10% at the start of the year drifting down to 1-5% by the autumn. On the other hand one very large and diverse food & beverage company reports that overall they're doing well at about 9% growth on big volume. The MD of this major player states: "Some of our products are flat or down -10% but we also have many brands and sub-categories growing at 15-30% and overall we are close to 10%".

Turning to the B2B sector, the MD of a European supplier to the automotive industry was reasonably upbeat and outlined his scenarios for FX next year:

> We sell into the B2B and consumer sectors, and curiously it is our B2B business that is holding up better while the pure consumer element has started to decelerate quite sharply. We are not doing anything crazy in this environment and we are not cutting back excessively. Our plan for 2016 is based on an FX rate to the Euro of 70 which is the central forecast. We have a best case of 50 to the Euro (!) which currently doesn't look plausible and we also have worse case at 90 to the Euro. Quite frankly at 90 to the Euro we would be bleeding badly and the whole business model would have to be re-thought. We would be close to non-operational at 90 to the Euro.

The MD of a western company heavily invested in the construction industry outlined last week in Moscow some of the issues he is facing:

> Of course business is tough and the cement and construction industry are down so far this year by -11% to September in volumes. There is over-supply and locals are engaging in price wars so this is obviously hard work. There is certainly a sharp slowdown in building luxury apartments but we are seeing steady building of 1-2 bedroom flats. We are making some on-going capex investments into our plants to make our products in a cheaper fashion to become more affordable and we are investing in making our distribution faster.

This executive added two separate points:

> I and other colleagues with investments are getting more frequent visits from the Russian tax authorities asking about "thin capitalisation" and what we are going to do about it!

On HR issues he echoed a point often made by executives: "Women are better than men!"

> Our sector is not over-flowing with female colleagues and this year I introduced 2 women into our cement sales team! Sales have shot up and they are doing a great job. They are softer in the sales approach and able to build better long-term relationships with the customers in these tough times. They are frankly more patient and thoughtful.

The B2B sector has generally performed in a reverse fashion to that of consumer goods: the year started badly: sanctions, business confidence, interest rates and financing all contributed to damaging business and most companies were single digits in roubles or even flat or negative slightly. This meant that many players were heavily minus in FX from -5% to -45%. One or two companies told me that: "In February the outlook was bleak and if those trends had continued another 6-8 months, then we would have been forced to close completely. It was a near-death experience".

However, these companies and some others then related how business started to improve from March as 1-2 large Russian companies started to make purchases and to revive deals and as other regular Russian companies started to revive projects. So if consumer goods started 2015 strongly and then softened, the reverse is true for the B2B sector.

This is not to belittle the existing challenges for the sector and the outlook from executives is always relatively the most sober currently and looking forward. Sub-sectors such as automotive and IT sales to the federal authorities are among the most strained in the whole commercial environment with negative sales of -45% to -75% in roubles as demand has simply crashed.

Do we leave? Do we cut back massively?

Having survived, struggled, prospered or sunk in 2014-15 most companies have completed their budgets for 2016 and also taken a look at the medium-term business prospects. The extent of corporate reactions suggest that while the majority of companies hope for more oil price and rouble stability, which could help FX results, they are also very aware that this will not have a major positive impact on GDP and domestic demand.

> The demand side of things will not be much of a positive factor in 2016.

At the start of 2015 (February) the MD of a major western food & beverage company noted at one of our Moscow executive events in front of 160 senior managers that:

> I am not so worried about 2015. What worries me is 2016. Will we be able to keep up with levels of investment; will the Russian consumer still prove resilient in 2016 after a tough 2014-15? When can we plan for any sustained economic and demand-side recovery?

A

So far with some exceptions in sectors which are proving brutal such as automotive, parts of financials and some IT sub-sectors, most companies (75-80%) plan to hunker down and hold on, manage costs rigorously again in 2016 but also look for new consumer/customer segments, twiddle with price rises to absorb some of the shock and to "hope for the best" with the expectation of a soft/steady market upswing in 2017.

From our surveys we know that many managing directors are relying on some relative economic and currency stabilisation in 2016 with a less volatile oil price and consequently a more stable rouble. Stemming from this many companies anticipate moderately better rouble sales but noticeably improved FX results thanks to a more solid rouble (see tables above).

B

Some 5-10% of companies have cut back drastically and perhaps hurt their own business and lost market share but feel that they are left with no alternative. This invariably happens when global headquarters demands deeper "profit stabilisation or profit optimisation". In my opinion the goal of profit optimisation has to take second place to market share. This applies to the Russian market but also the majority of global markets where the business cake today is not expanding rapidly or actually shrinking.

C

And as we have noted before, a good proportion of companies 15-20% or even more are looking at expanding business in selected ways and/or investing for the long-term. Our two recent surveys indicate that about 25% of respondents plan new investment in 2016 in manufacturing, logistics or warehousing.

Some companies are cutting back on investment and headcount and sales and marketing and for some sectors and sub-sectors, this is unavoidable.

The MD of one automotive-related company reported last week in Moscow:

> We are still -60% in roubles and even if the FX situation improves next year, there is not really "anywhere for us to go". The demand is simply not there or not improving anything like enough for us to justify even the current level of engagement. We have made all the "easy" efficiencies in 2015 and many more but I think 2016 will entail further cut-backs by us and others. Clearly we don't run away but we have to re-shape our business model significantly and I think the recovery will be very slow and take 2 years.

The time frame was repeated by the MD of a European pharmaceutical company but in a very different mood and tone. She said last month:

> We are still doing reasonably well and will grow 7-12% in 2016 in roubles after a similar number this year. We are surviving reasonably well and profitability is not bad. I still think the market could prove to be noticeably better but we will have to be patient for 18-24 months for things to get appreciably better and a bit more normal.

What currency should we invoice in?

When I mentioned recently to a senior executive in an established investor company that some companies are thinking about moving away from FX invoicing to rouble invoices, she retorted: “What? Some people still invoice in FX!!?” Of course established local entities invoice in roubles but there are still many sub-sectors which invoice in dollars or Euros and some of these sectors include equipment, capital equipment, heavy machinery and some parts of the IT sector as well as other niches including parts of medical equipment. Of course some small purely exporting companies also invoice in FX.

But more companies are reviewing this and many realise that to retain market share or to grow, they need the flexibility of rouble invoicing and the ability to assist their local partners. The European MD of one German engineering company noted several times this year:

> We started to see really bad shifts in the business at the start of the year and our distributors told us that they could not continue buying in Euro invoices. We probably stuck with such invoices for too long and were not quick enough in the market. But by late spring we started introducing special terms and using special non-market exchange rates to help the supply chain. This worked in large part but not totally and we are still pushing our European CFO to move entirely to rouble invoices and we are getting there.

The finance director of a major western capital equipment company debated the issue in the following terms in a telephone conversation last week:

> Our company and our industry invoices in dollars and that’s standard and a fact of life. But given our industry is also straining badly in Russia, I think we have to be innovative and that applies to financing as well. Normally we wouldn’t even consider starting a discussion on this topic but I plan to do so and to start perhaps with a number of compromise options such as offering special terms and rates to long trusted partners. As you well know, this can only help our relationship building and underline our commitment to the market. We have been working with some of these partners for 30 years!

As we noted above, companies are also looking at financing distributors, or at least some of them, out of their own cash flow.

But the issue of moving away from FX invoicing in Russia (or anywhere else) is a challenge within corporate financial structures; there are very few global or regional CFOs who want to take on more financial risk in a volatile region. I took part in two telecom conference calls at the start of this year devoted to this very subject. In both conversations (a medical equipment company and an IT company) the local management team in Moscow argued for a shift to rouble invoicing or to at least special terms for certain key distributors, while the European management team were ambivalent and the US-based executives were averse to any changes.

Statistical tables

This report will be followed tomorrow by another one devoted to economic developments in Russia. But for your reference we include here our annual outlook table to 2019 as well as our monthly statistical update which is inclusive September 2015.

As we will report tomorrow, the general drift is for some marginal/noticeable weakening in the consensus forecast for GDP in 2015 and 2016.

Consumer-related statistics: by year and monthly

	2012	2013	2014				2015								
	year	year	Q1	Q2	Q3	Q4	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
Disposable income	3.7	3.3	-2.4	1.6	2.1	-3.3	-0.8	-1.6	-1.8	-4	-6.4	3.5	-2	-4.9	-4.3
Real wages	8.2	5.2	4.3	3.4	0.6	-1.3	-8	-7.4	-11	-13	-7.3	-7.2	-9.2	-9.8	-9.7
Real retail sales	5.7	3.9	3.5	1.9	1.4	2.9	-4.4	-7.2	-8.7	-9.6	-9.2	-9.4	-9.1	-9.1	-10
Unemployment	5.3	5.5	5.6	5.0	4.9	5.2	5.5	5.8	5.9	5.8	5.6	5.4	5.3	5.3	5.2
Industrial output	2.6	0.3	1.1	1.9	1.4	2.1	0.9	-1.6	-0.6	-4.5	-5.5	-4.8	-4.3	-4.3	-3.7
Fixed investment	6	-0.1	-4.9	-1.6	-2.5	-3.4	-6.3	-6.5	-5.3	-4.8	-7.6	-7.1	-6.8	-6.8	-5.6
Consumer prices	6.6	6.5	6.4	7.6	7.7	9.6	15	16.7	16.9	16.4	15.8	15.3	15.8	15.8	15.7
Budget deficit (running)	0	-0.5	0.7	-0.2	-0.2	-0.6	-1.6	-1.8	-1.8	-2.1	-2.5	-2.3	-2.9	-3.1	n/a

Macro-economic data 2009-2019

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GDP	-7.9	4.3	4.3	3.4	1.3	0.6	-3.8	0.2	1.7	2.0	2.7
Retail sales	-5.5	6.3	7.2	5.7	3.9	2.5	-8.8	1	2.4	2.8	2.9
Household spending	-7.6	5.5	6.8	7.9	4.7	1.8	-6.3	1.0	2.1	2.8	3.0
Real wages	-2.8	4.4	4.9	8.2	5.2	1.9	-8.9	0.0	2.8	3.0	3.3
Disposable income	1.0	3.7	2.8	3.7	3.3	2.1	-3.3	1.0	2.4	2.9	3.1
Inflation (year-end)	8.8	8.7	6.1	6.6	6.5	11.4	13.0	7.7	6.6	6.3	5.9
Unemployment rate	7.9	7.6	6.5	5.3	5.5	5.3	5.7	5.7	5.7	5.5	5.4
Gross fixed investment	-17.9	5.6	9.8	6.0	-0.3	-4.8	-8.8	-1.2	3.2	4.2	3.9
Industrial output	-10.8	8.3	4.7	2.6	0.3	1.1	-3.3	0.5	2.4	3.0	3.1
FX reserves ($bn) year-end	447	485	510	528	509	385	365	360	370	375	380
Rouble/$ (year-end)	30.3	30.4	32.1	30.4	32.9	58.0	64.8	68.0	71.0	75.0	78.0
Rouble/Euro (year-end)	43.4	40.0	41.5	40.1	45.1	72.0	71.8	72.5	75.2	78.7	84.8
Budget balance (% of GDP)	-6.3	-3.5	-0.2	0.0	-0.5	-0.5	-3.2	-1.9	-1.0	-0.5	-0.2
Current-account balance (% of GDP)	3.8	4.9	4.9	3.6	1.6	2.7	3.1	2.8	2.5	2.2	1.0

As ever, I hope you have found this report useful and enjoyed it. If you have any queries or comments, do get in touch at your convenience daneilthorniley@dt-gbc.com

3 November 2015