

**Definition of likelihood**

- 4 - A crisis event (here, "crisis" refers to a situation where the functions of the financial system, macro economy, social infrastructure, coordination) that is likely to occur within a year
- 3 - A crisis event (here, "crisis" refers to a situation where the functions of the financial system, macro economy, social infrastructure, coordination) that is possible to occur within a year
- 2 - The likelihood by the author authorities to reports
- 1 - Early warning occurring
- 0 - Early warning occurring

**Definition of the degree of**

- L - There are no aspects
- M - The size of the
- S - Concerns are recognized

**01/ EU destabilization-European economic downturn/deflation**  
(Change in likelihood: Likelihood: 1)

Although concerns over Volkswagen recovery as a whole in the Eurozone are slightly decreased.

**Recent development of macro-imbalance**

**Major points in the past month**

- Eurozone economy remains on its improvement mainly in the services and construction, both Germany and France also show stronger improvement as the sector level in three years and eight months of the average price plunges since services register higher figure since previous month. It is up the Eurozone outlook for 2013 (positive).

Country	2013 outlook (previous outlook)
Germany	1.7% (+1.0%)
France	1.9% (+1.0%)
Italy	0.8% (+0.0%)
Spain	3.1% (+2.0%)
Poland	1.7% (+1.0%)

**Current account and fiscal imbalances: FISCAL SURPLUS IS CORRECTED, BETWEEN THE**

**Degree of acute**

**Degree of acute**

**Trigger factors**

Even as the labor market remains tight, inflation rate is improving. The Fed moves to bring to 0% inflation rate at a certain time will begin to surge. Surge in oil prices from the deterioration of the situation.

As a result, long term interest rate will continue rise through an adjustment but stronger income activity will be capital inflow into the US increases, capital inflow expands.

Stress scenarios analysis and the likelihood (Month-on-Month basis)

Changes in baseline scenarios and stress trigger events (Month-on-Month basis)

**Baseline scenario**

**Stress scenario 1: Global economic tensions**

**Stress scenario 2: US economic downturn**

**Stress scenario 3: Japan economic recovery**

**Key points for each scenario**

Scenario	Key points
Baseline	Global economic growth will slow down gradually which has been materialized due to an increasing global economic uncertainty. US GDP is decreasing and inflationary pressure is increasing. Fed is likely to raise the short-term rate in an attempt to curb inflation.
Stress 1	China's distribution inflation rate and current account balance (CAD) is decreasing. Fed is likely to raise the short-term rate in an attempt to curb inflation.
Stress 2	US economic downturn. US GDP is decreasing and inflationary pressure is increasing. Fed is likely to raise the short-term rate in an attempt to curb inflation.
Stress 3	Japan economic recovery. Japan's GDP is increasing and inflationary pressure is decreasing. Fed is likely to raise the short-term rate in an attempt to curb inflation.

**Trigger factors**

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Important scheduled statistics publication and political events in the up-coming months