

# Glossary

Here we explain central terms of the Macro outlook

The Bank of Japan (BOJ) is the central bank of Japan.

The dividend yield is the dividend that a company pays out each year divided by its share price.

An emerging market (EM) is a country that has some characteristics of a developed market in terms of market efficiency, liquidity and other factors, but does not meet standards to be a developed market.

The European Central Bank (ECB) is the central bank for the Eurozone's single currency, the euro.

The Eurozone, also called the euro area, is a monetary union of 19 of the 28 European Union (EU) member states which have adopted the euro as their common currency.

The federal funds rate is the interest rate at which banks actively trade balances held at the Federal Reserve.

The U.S. Federal Reserve Board (Fed) is the board of governors of the Federal Reserve; it implements U.S. monetary policy.

Financial crisis refers to the period of market turmoil that started in 2007 and worsened sharply in 2008 with the collapse of Lehman Brothers.

The gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

Monetary policy focuses on controlling the supply of money with the ulterior motives of price stability, reducing unemployment, boosting growth etc. (depending on the central bank's mandate).

The MSCI AC World Index captures large- and mid-cap representation across 23 developed- and 23 emerging-market countries.

The MSCI Emerging Markets Index captures large- and mid-cap representation across 23 emerging-market countries.

Non-tradable goods are goods that are not easily traded between countries (e.g. prepared food for immediate consumption).

The output gap refers to the difference between a country's actual GDP and its believed potential GDP, if all inputs were being used efficiently.

The periphery is defined as the outer limits or edge of an area. Within the context of the euro area, the periphery comprises those countries which are less developed than the core countries.

The term purchasing power parity (PPP) defines the rates of currency conversion that equalize the purchasing power of different currencies by eliminating the differences in price levels between countries and are used for making inter-country comparisons in real terms of GDP.

A recession is, technically, when an economy contracts for two successive quarters but is often used in a looser way to indicate declining output.

Renminbi (RMB) is the currency of the People's Republic of China, also referred to as the yuan.

Valuation attempts to quantify the attractiveness of an asset, for example through looking at a firm's stock price in relation to its earnings.