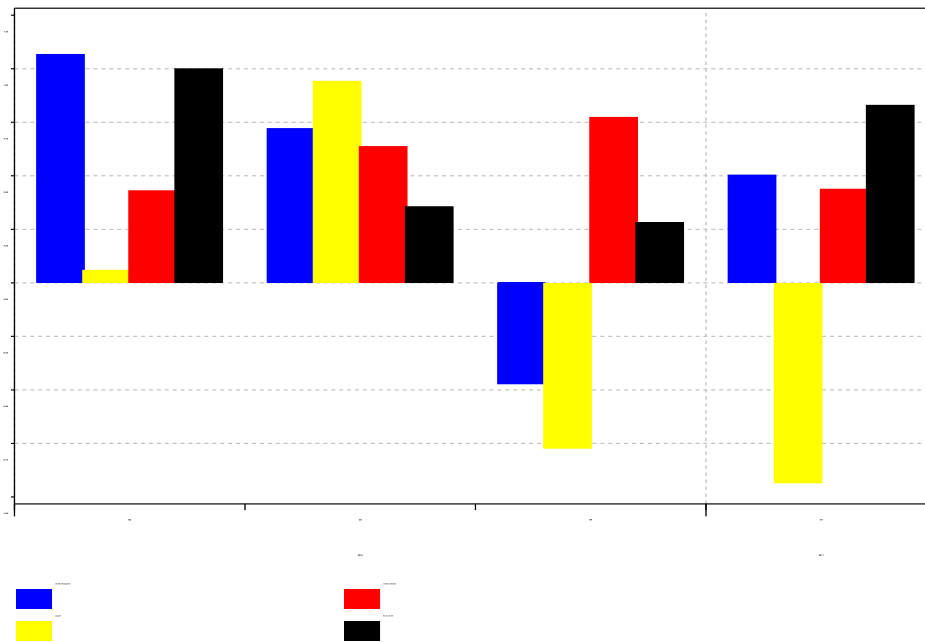


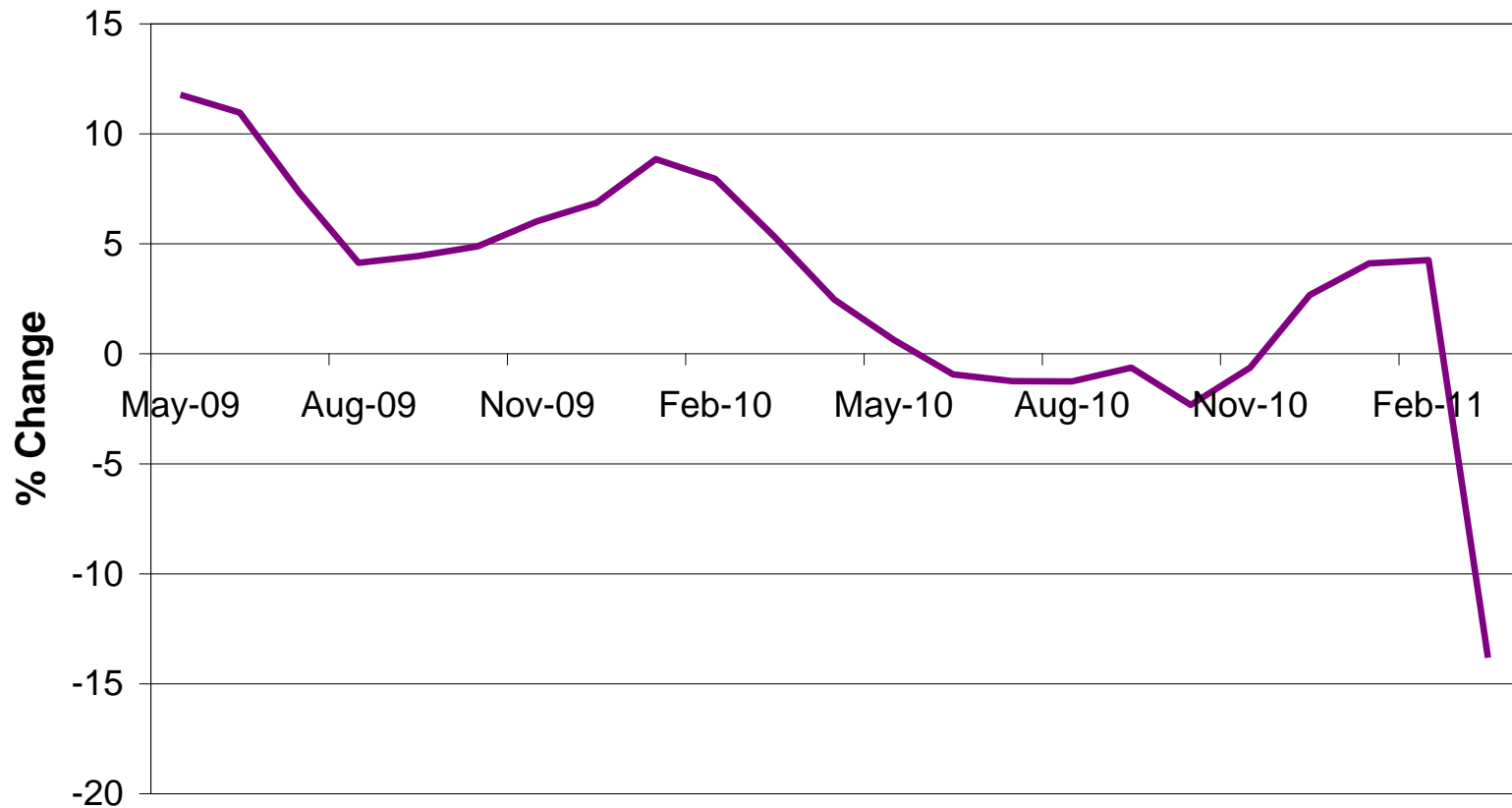
Recent Developments in the Global Economy

Output in Advanced Economies Remains Volatile

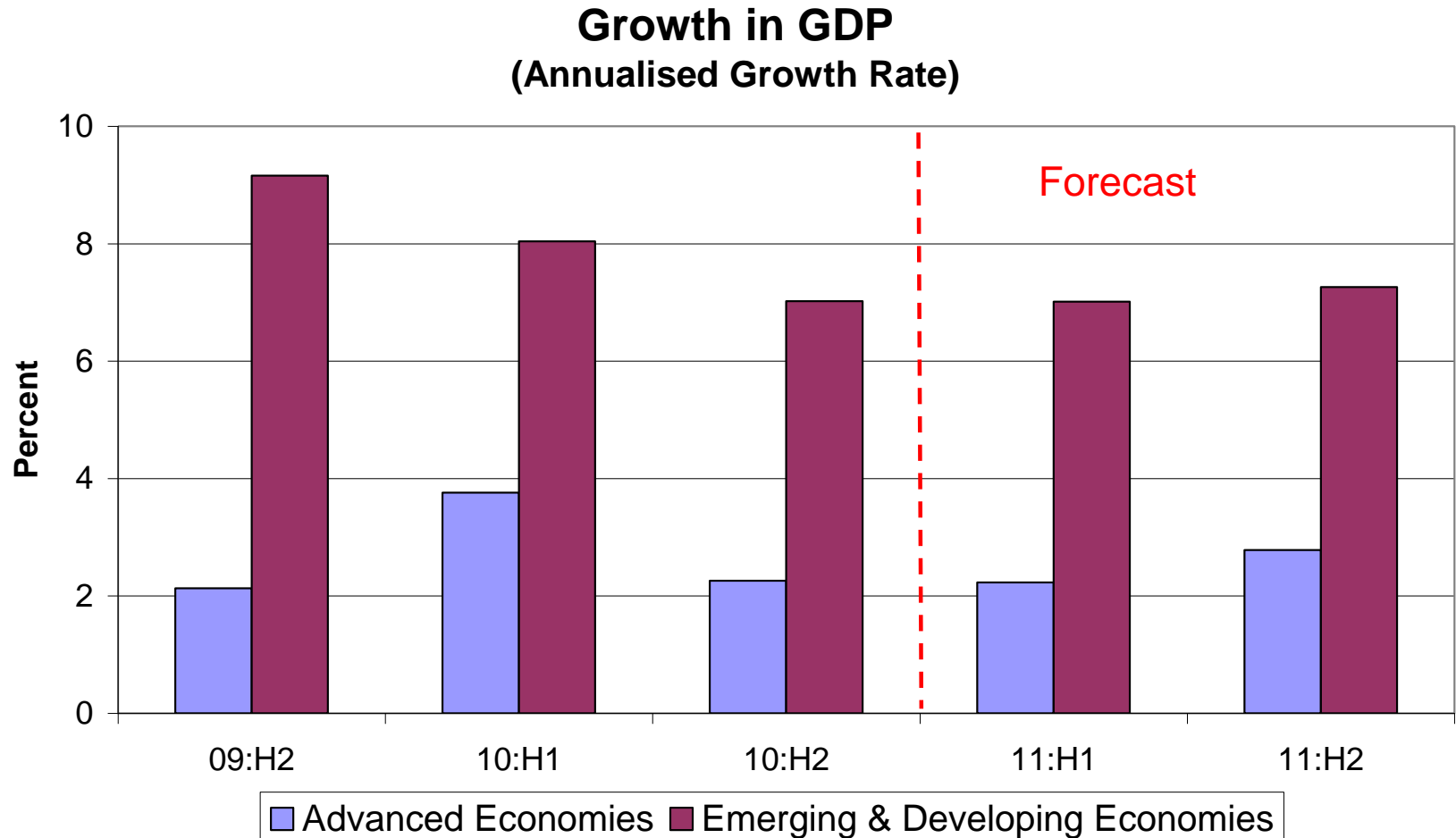


Earthquake & Tsunami in Japan

Japanese Industrial Production
% Change on 3-month period

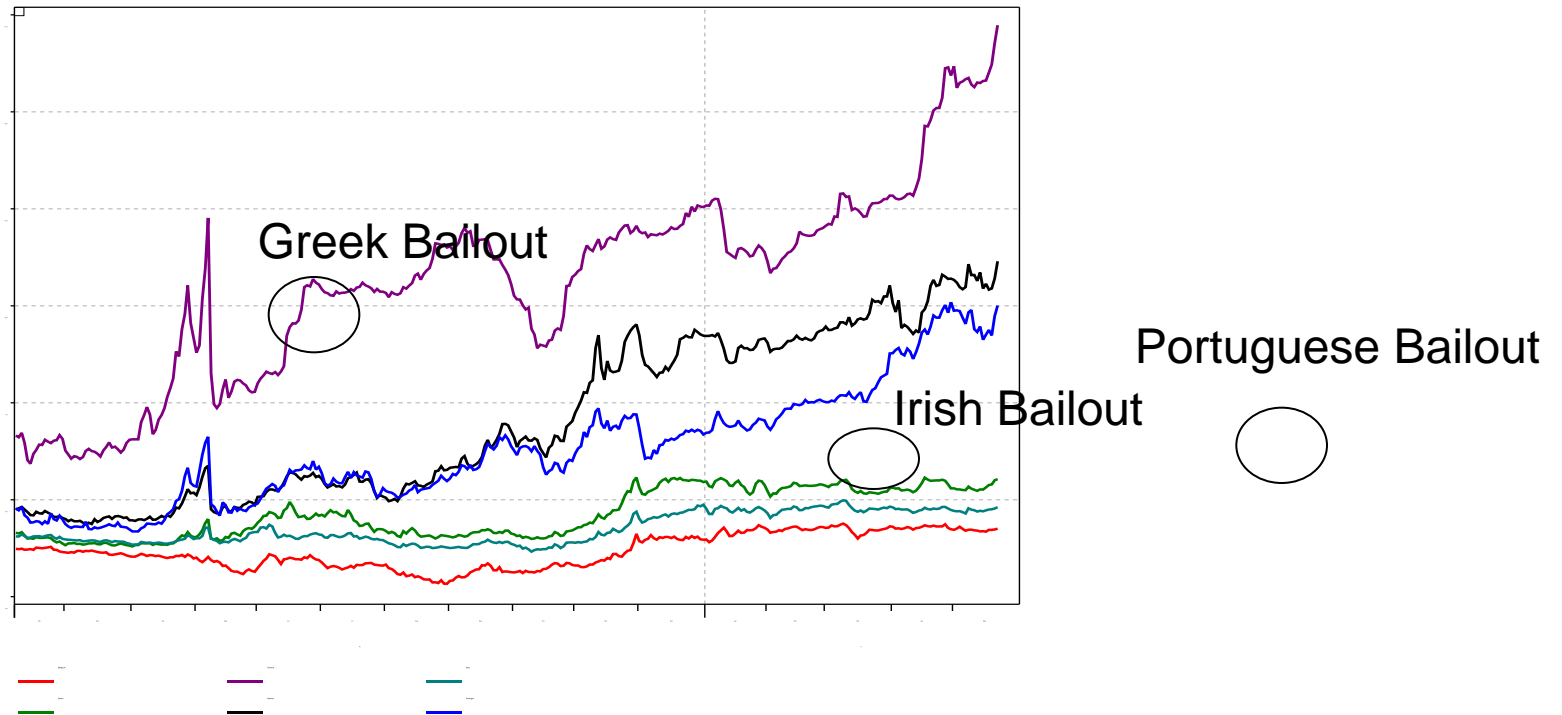


Strong Recovery Continues in Emerging Economies

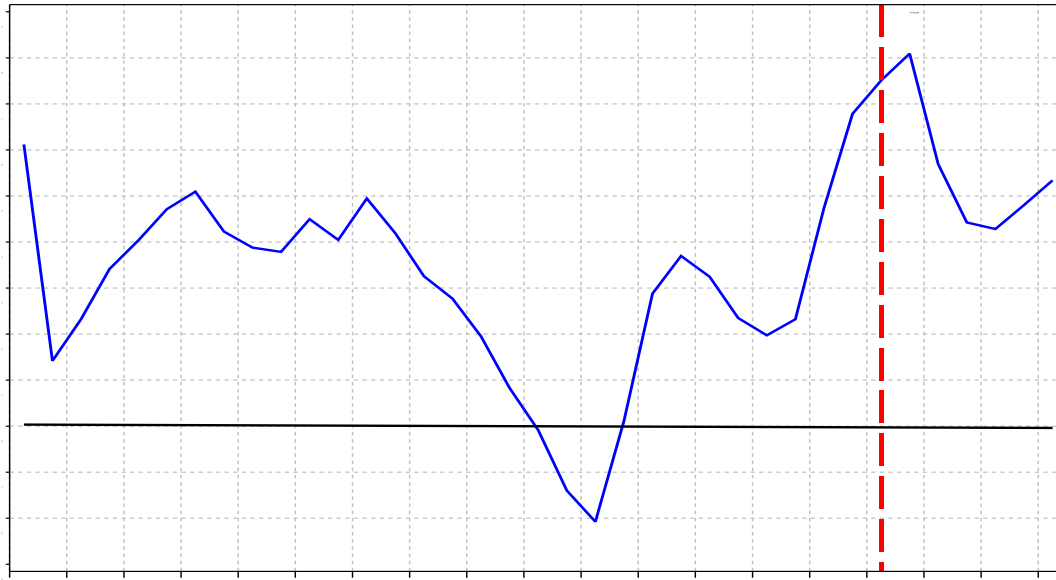


Source: IMF World Economic Outlook

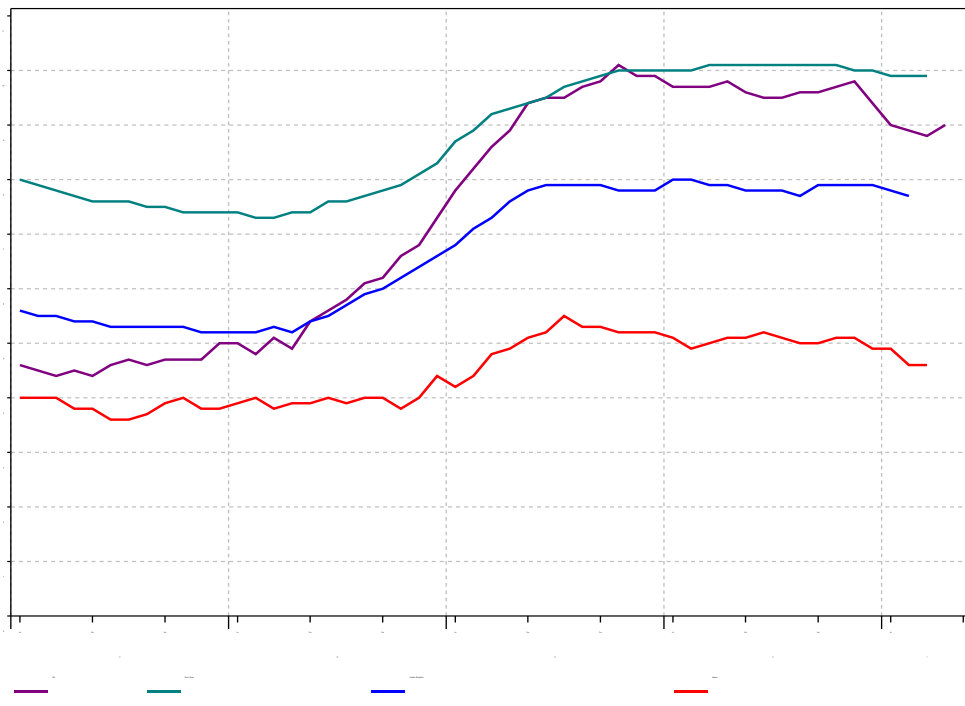
Further Bailout in the Euro Area



US Budget Deficit



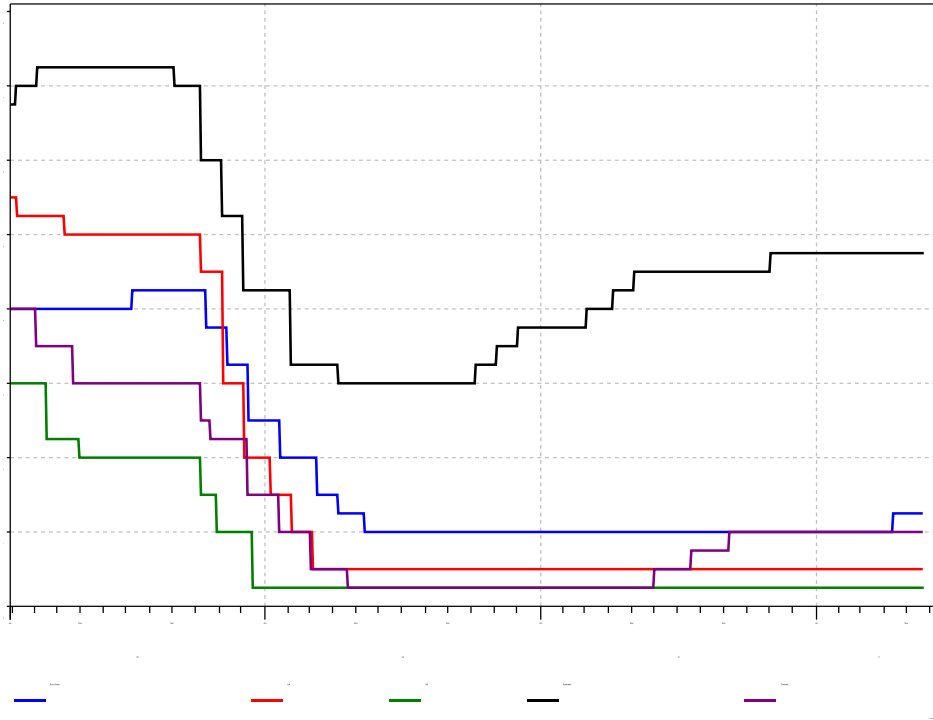
International Unemployment Rates Gradually Decline



Commodity Prices Remain Elevated

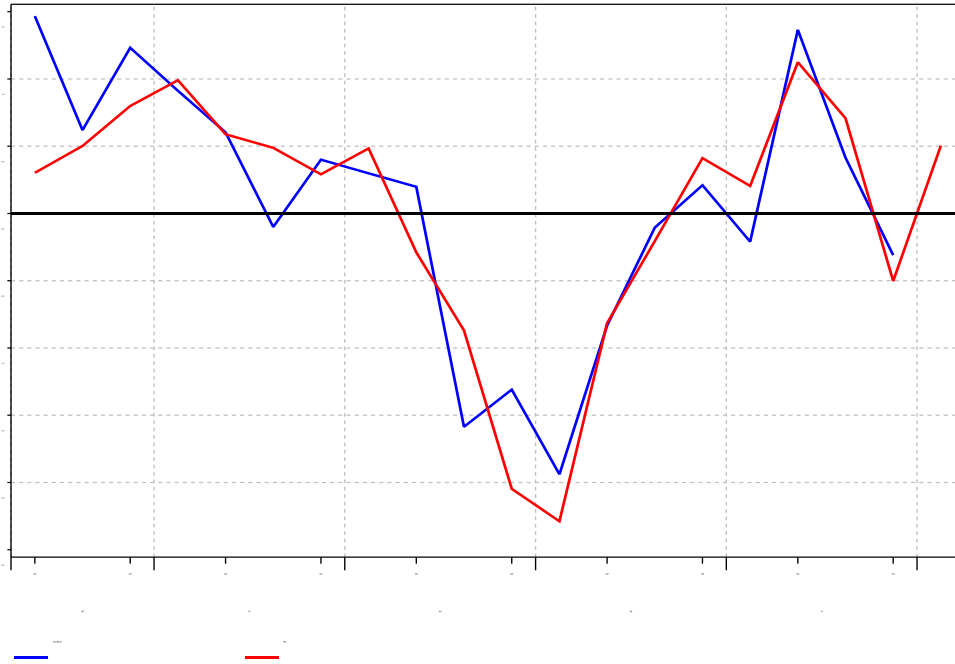


Monetary Tightening Continues In Advanced Economies



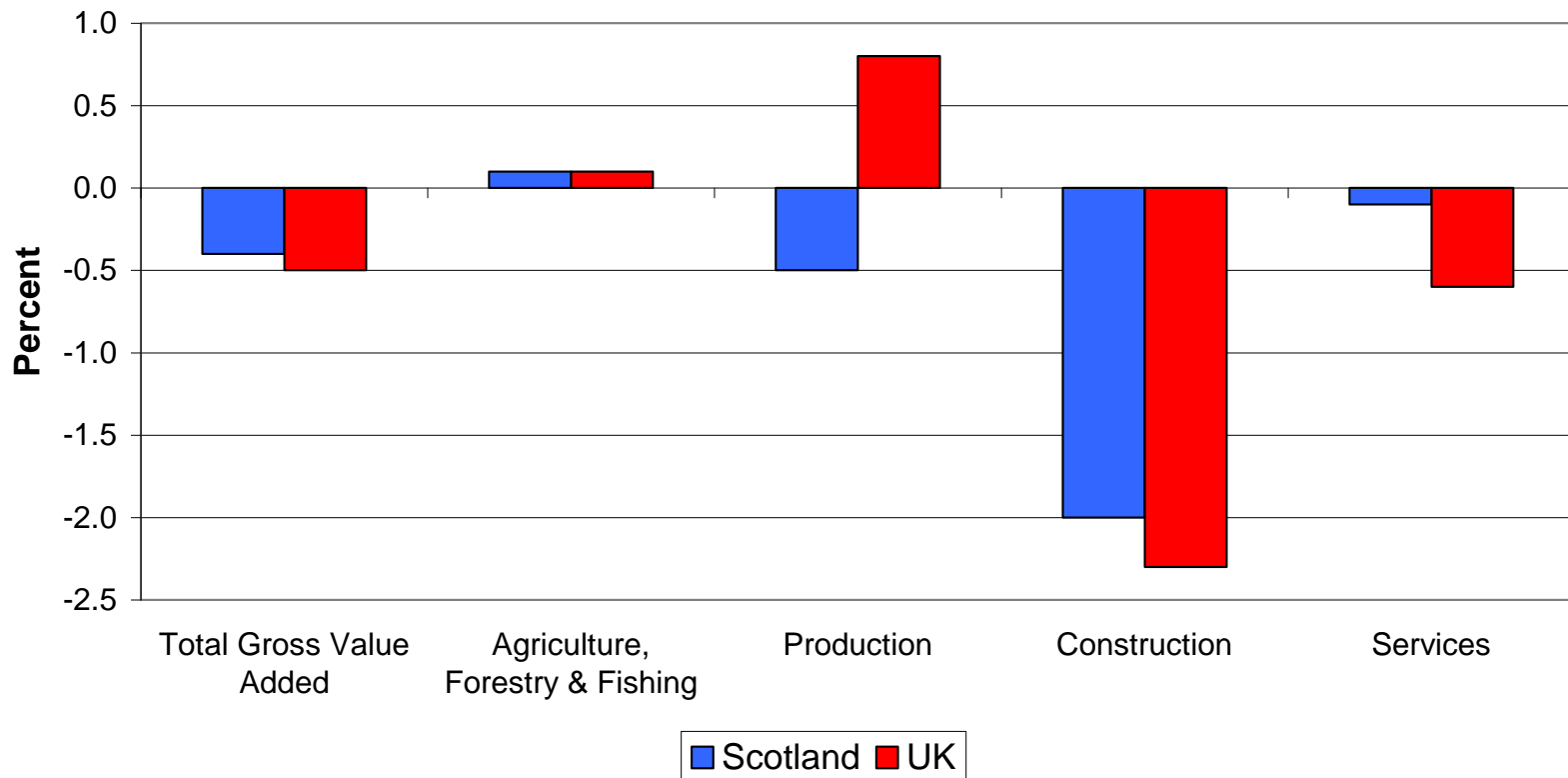
Recent Developments in the Scottish Economy

Scottish GDP Falls in Q4 2010



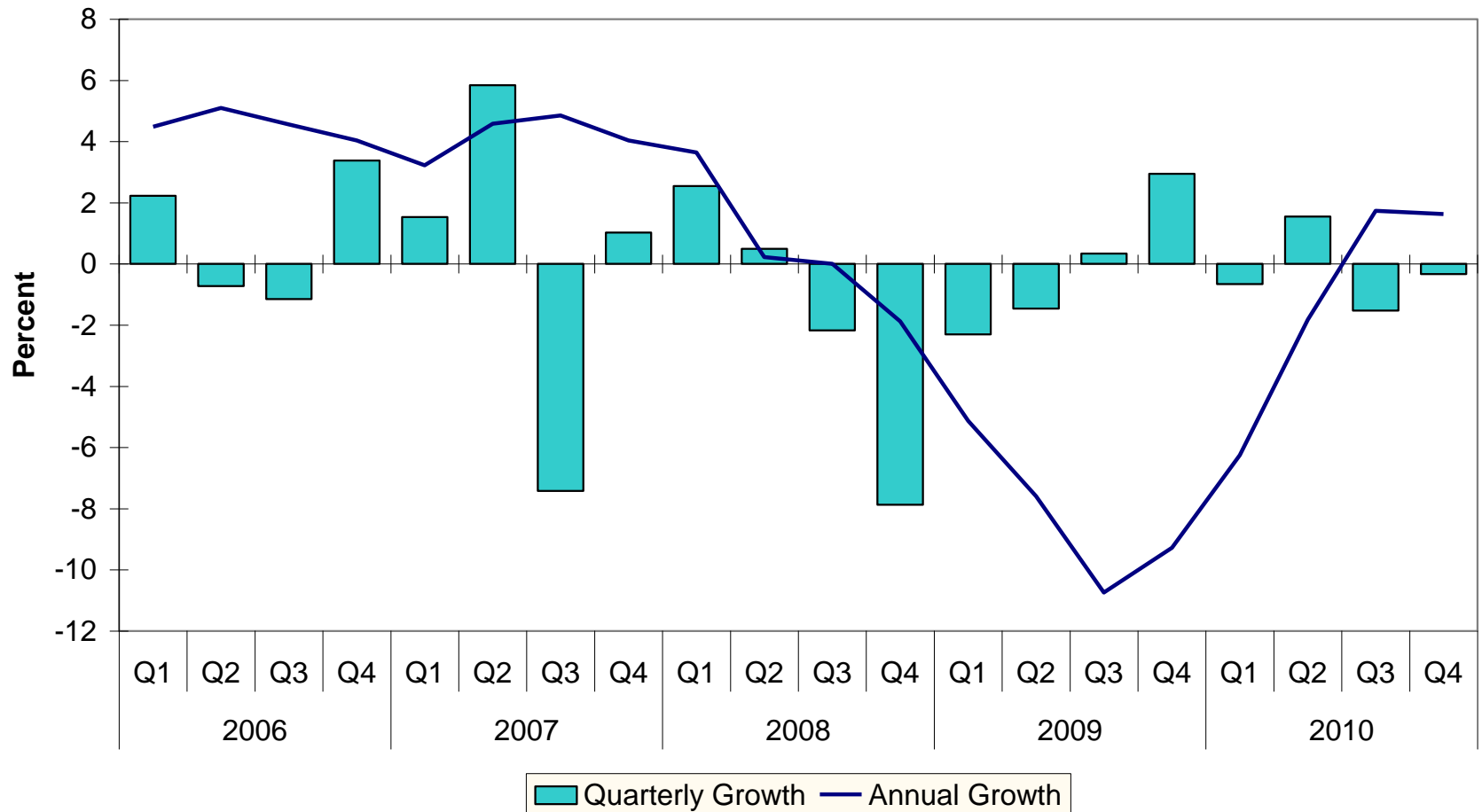
Sharp Decline in Construction

Scottish & UK Growth in Q4 2010
(Quarter-on-Quarter)



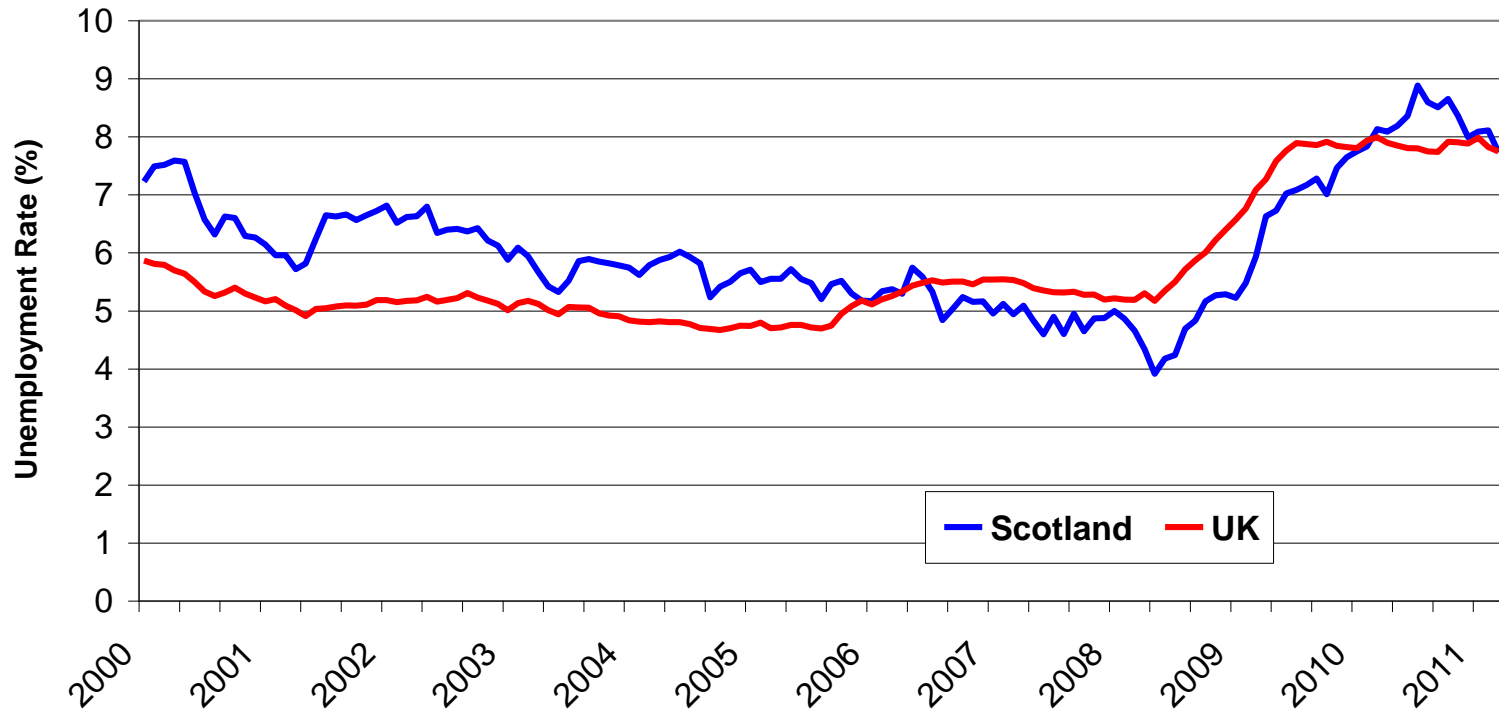
Manufactured Exports Remain Weak

Scottish Manufactured Exports



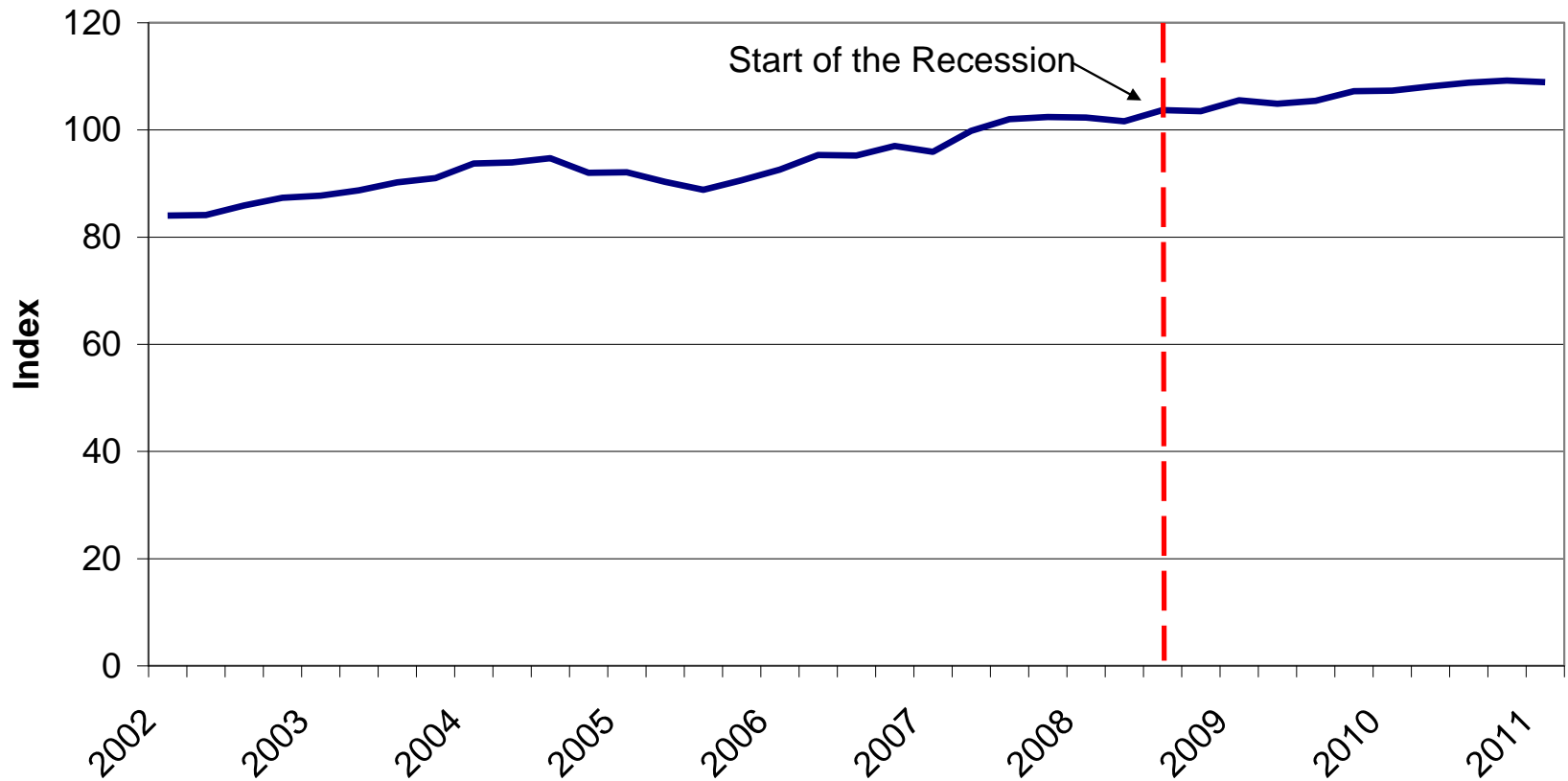
Unemployment Falling

Unemployment Rate (16+), Scotland and UK



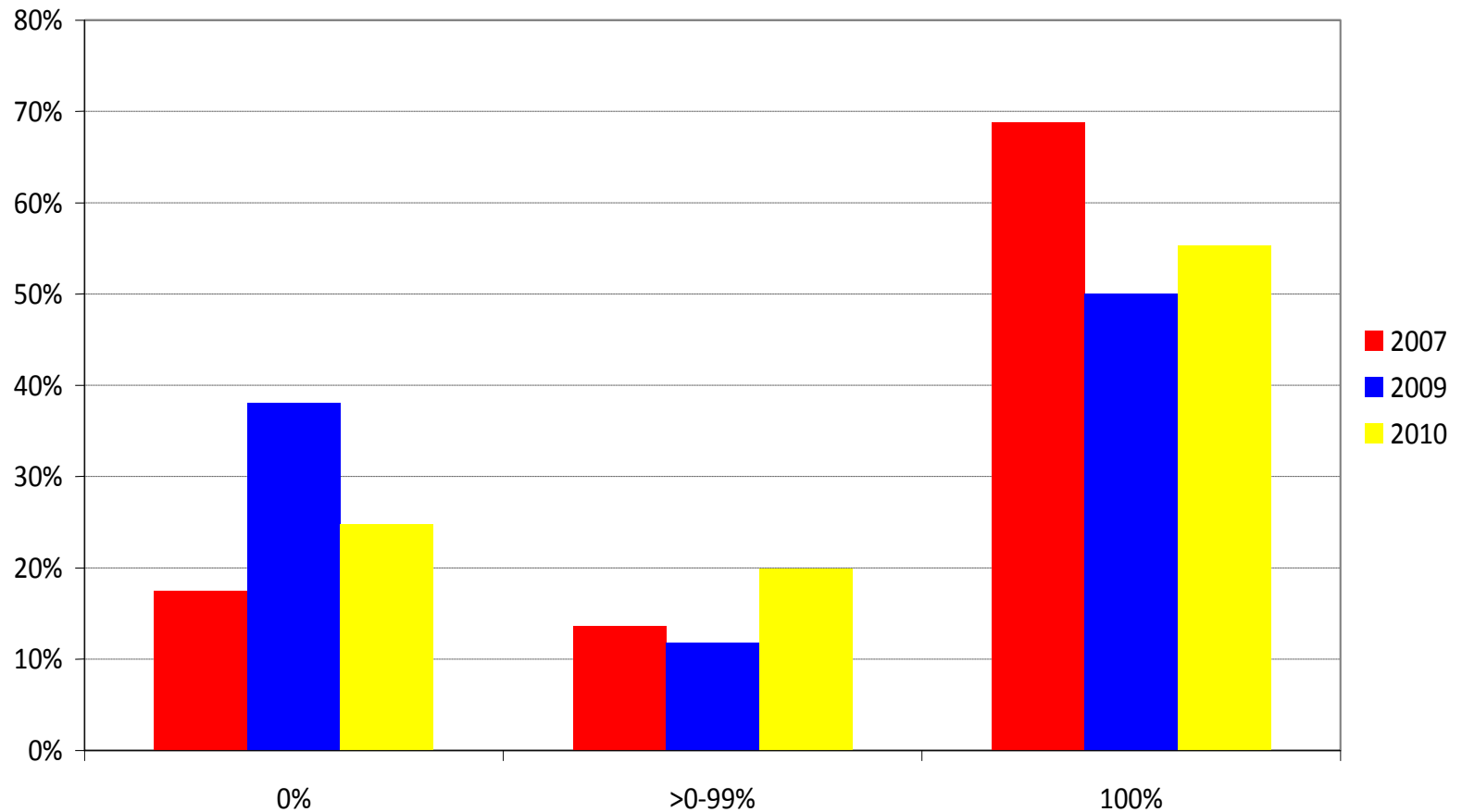
Decline in Scottish Retail Sales at the Start of 2011

Volume of Scottish Retail Sales
2007 = 100



Access to Finance in Scotland

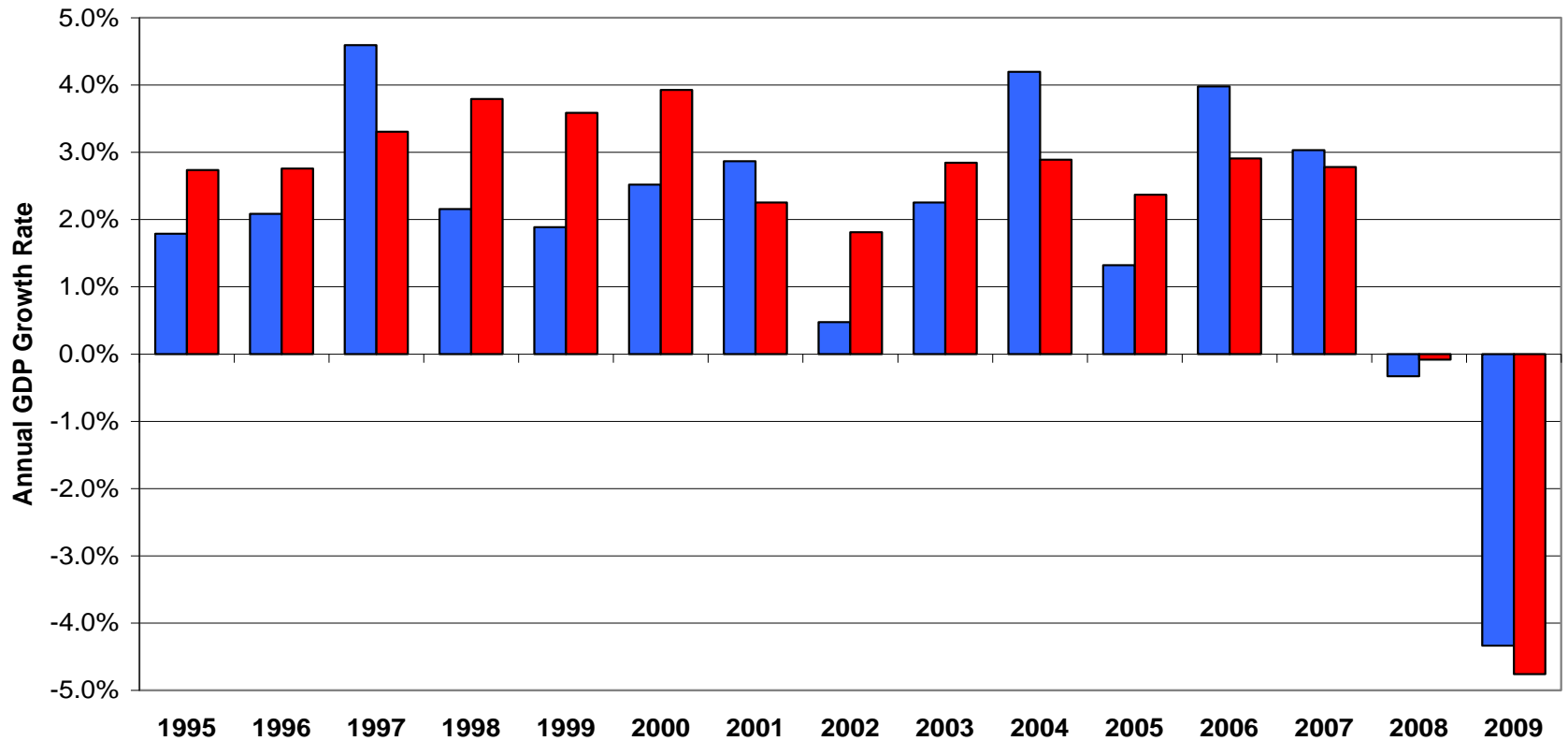
Success in Securing 100% of Finance Sought



Longer-Term Performance of the Scottish Economy

Scottish GDP Performance

Scotland and UK - annual GDP growth rate

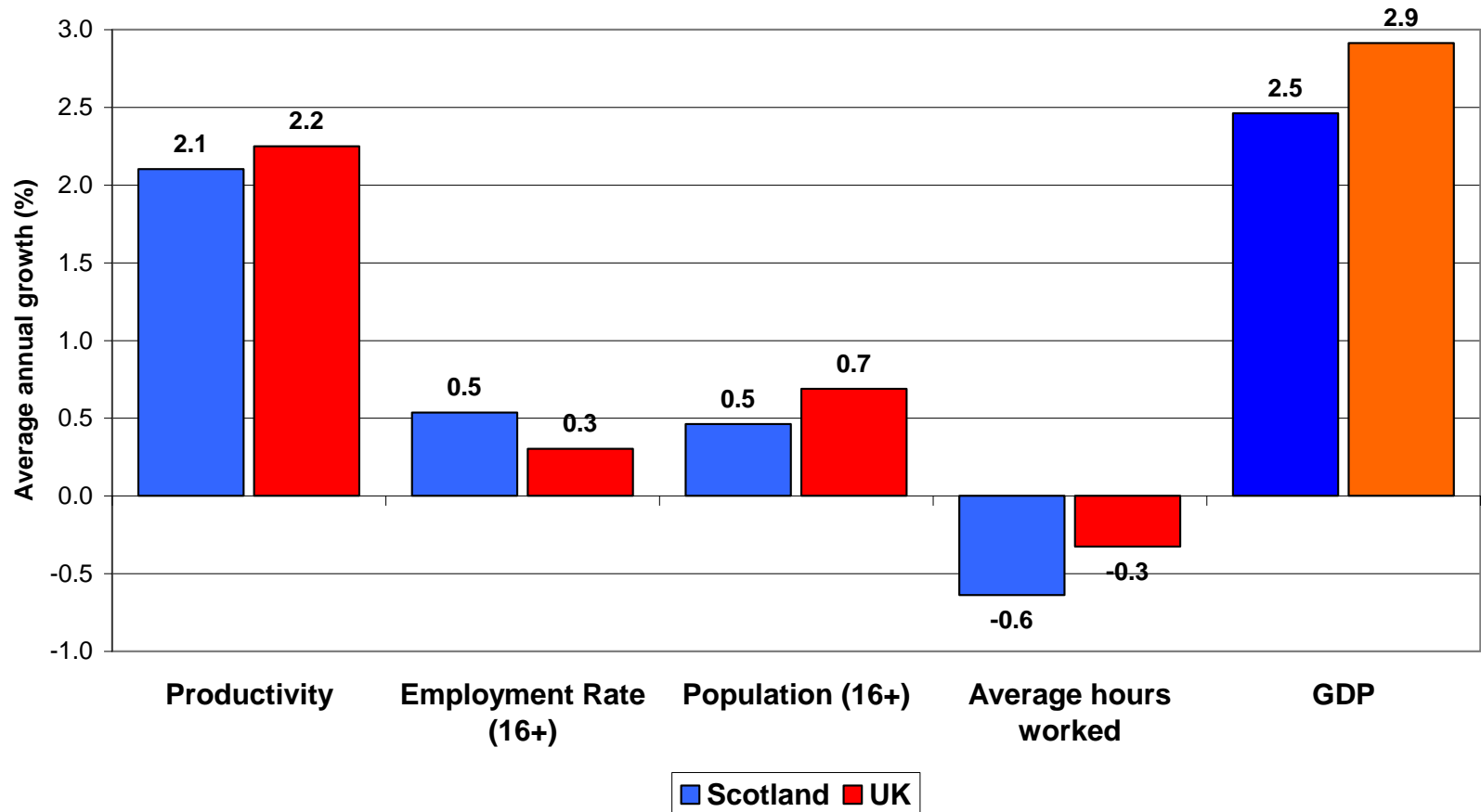


Source: Scottish Government, ONS

■ Scotland ■ UK (GVA)

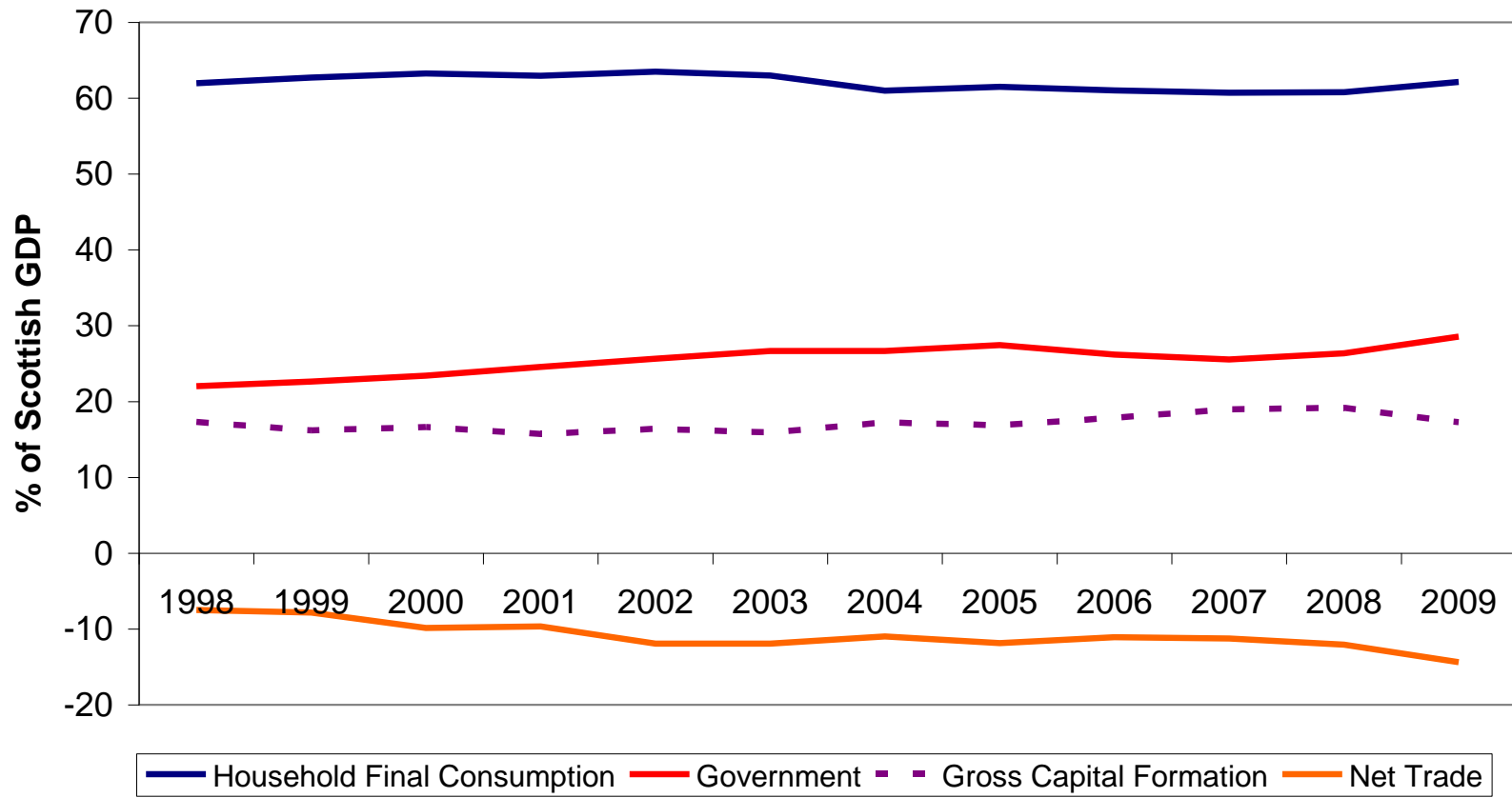
Supply Side Drivers

Average Annual Growth, 1997-2007



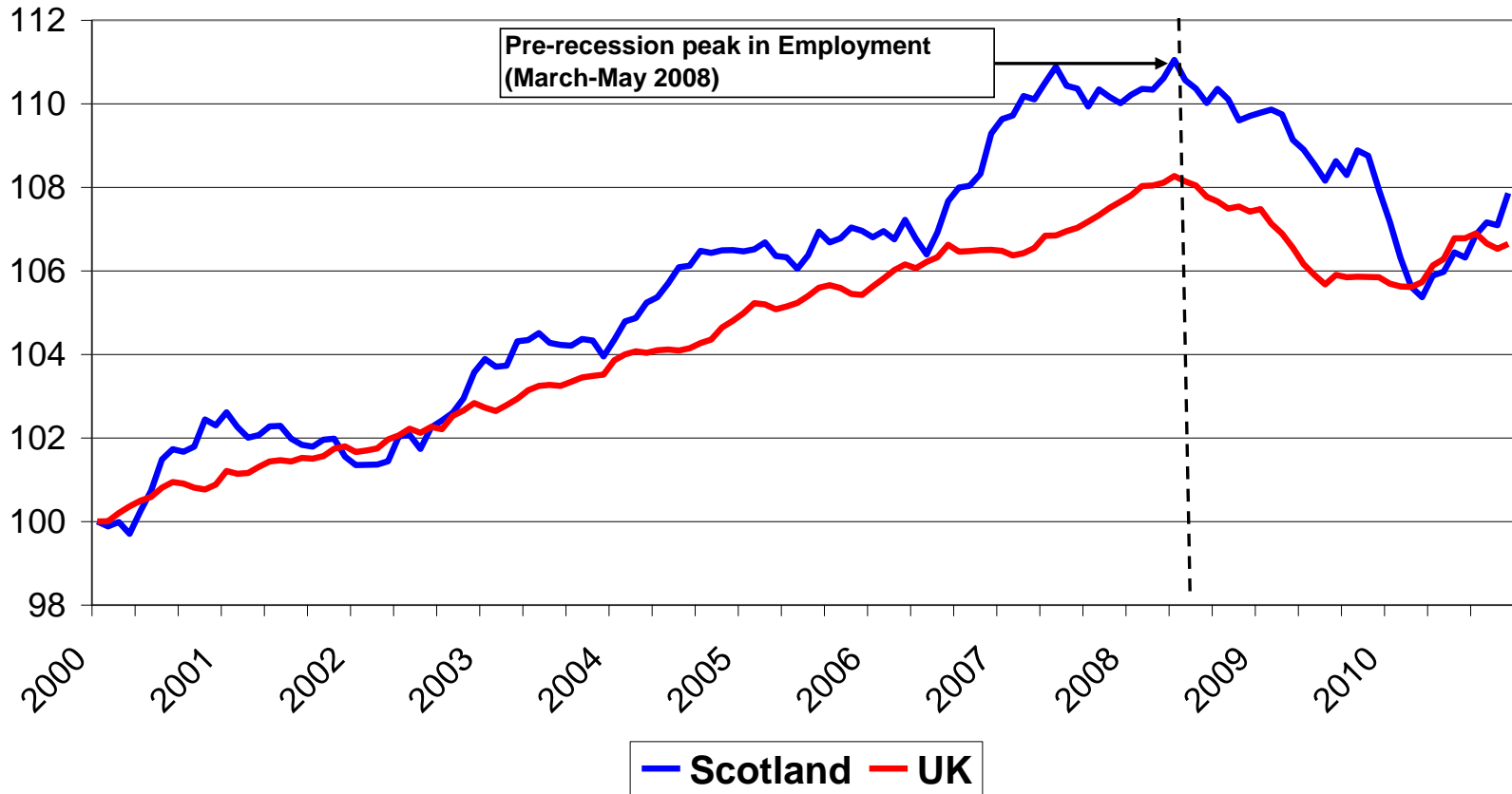
Rebalancing the Scottish Economy

Expenditure Components of Scottish GDP



Scottish Labour Market

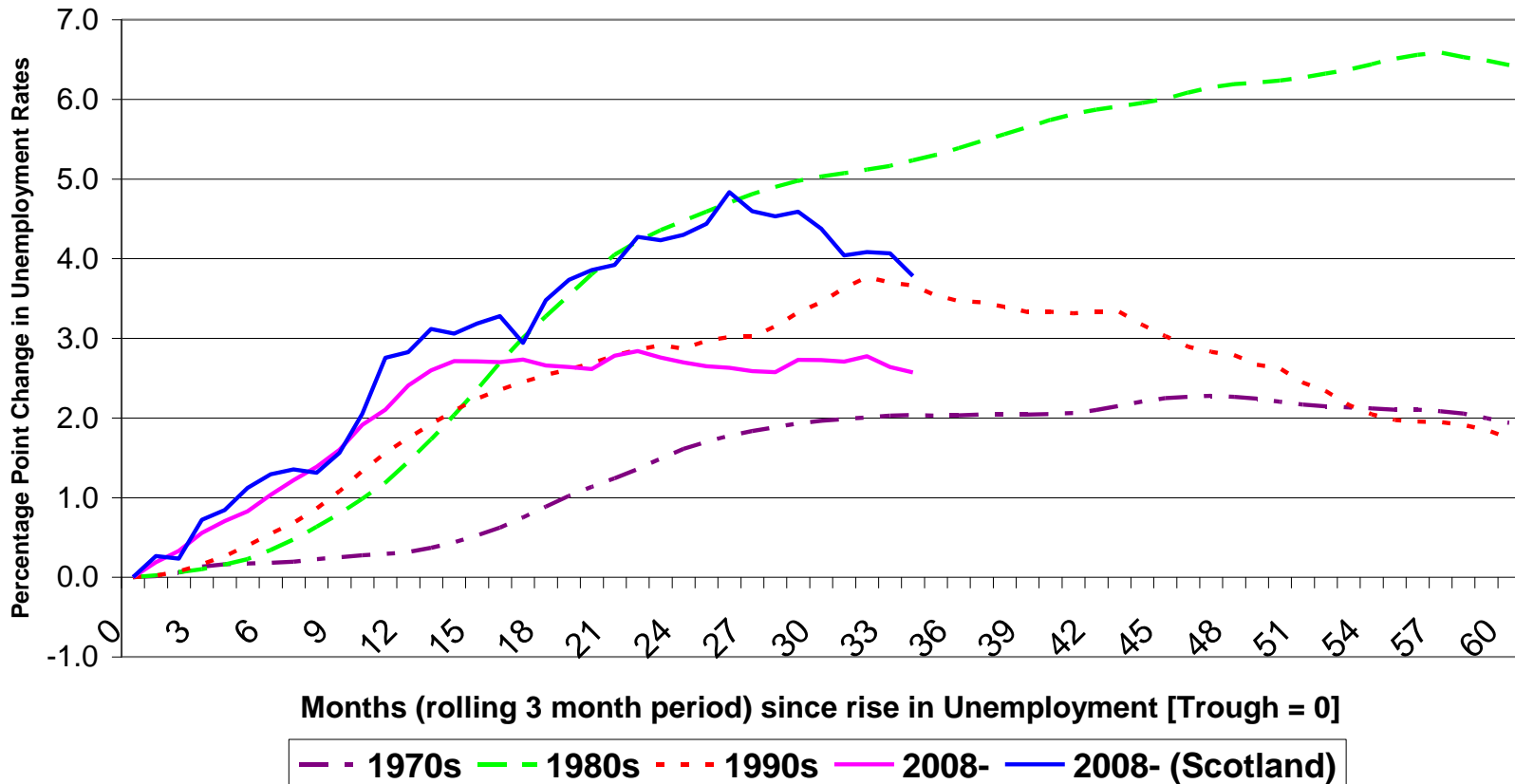
Employment Levels Index (Nov-Jan 2000 = 100)



Impact of the Recession

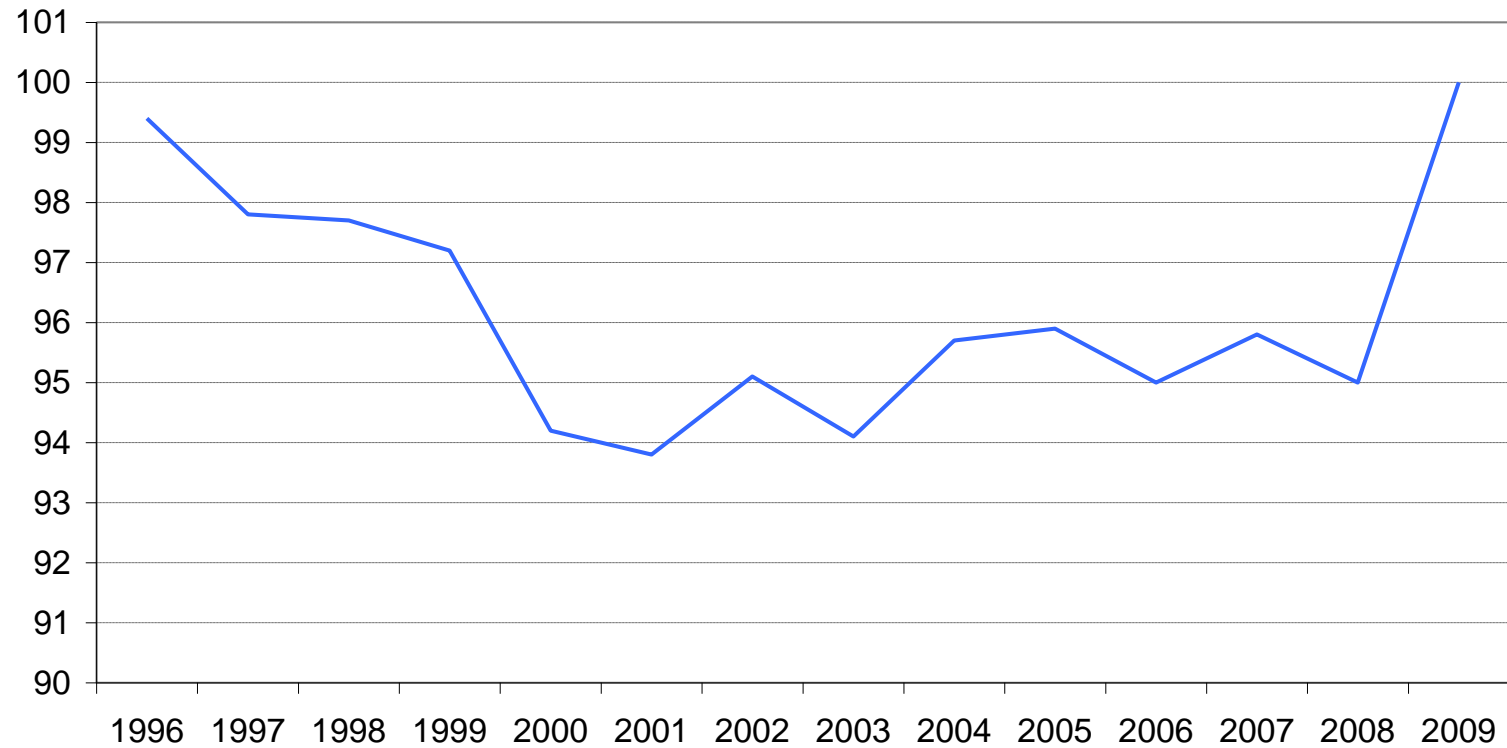
Change in Unemployment Rates (16+ population)

Pre-decline Trough (month 0) = 0



Scotland's Productivity Performance

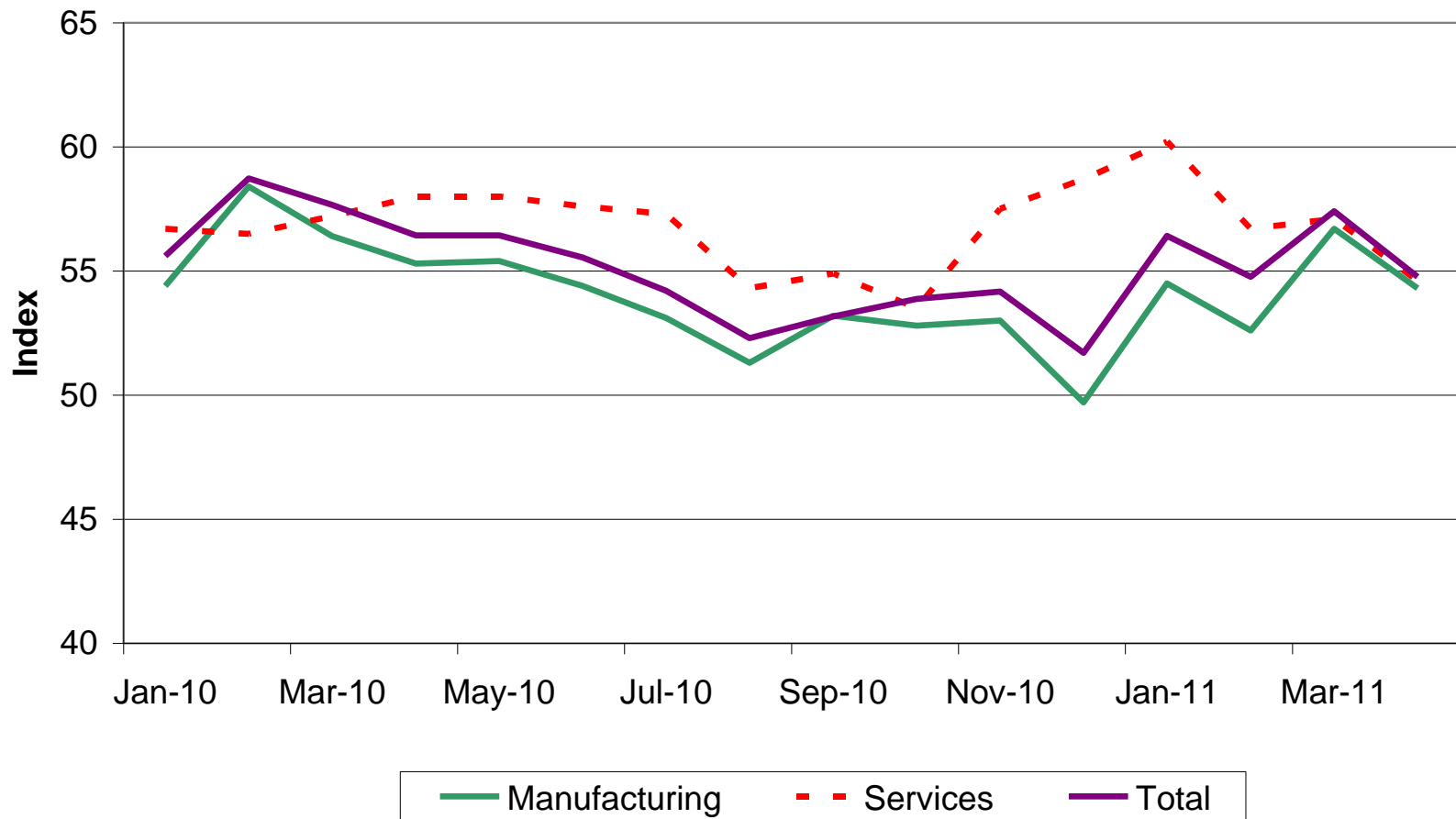
**Labour Productivity in Scotland Relative to the UK
(UK = 100)**



Future Prospects

UK GDP Expected to Remain Volatile in the Short-run

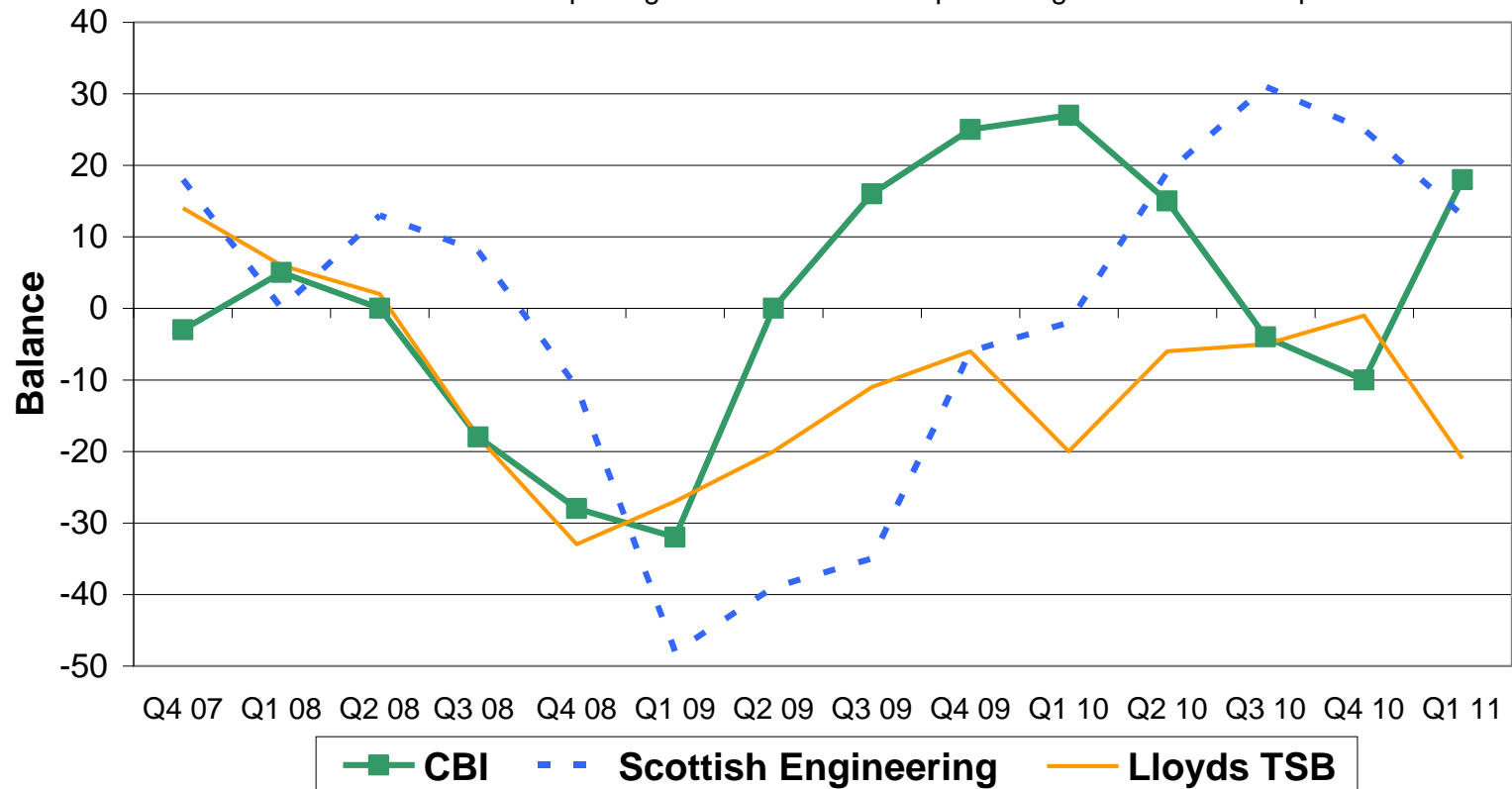
PMI Survey for the UK



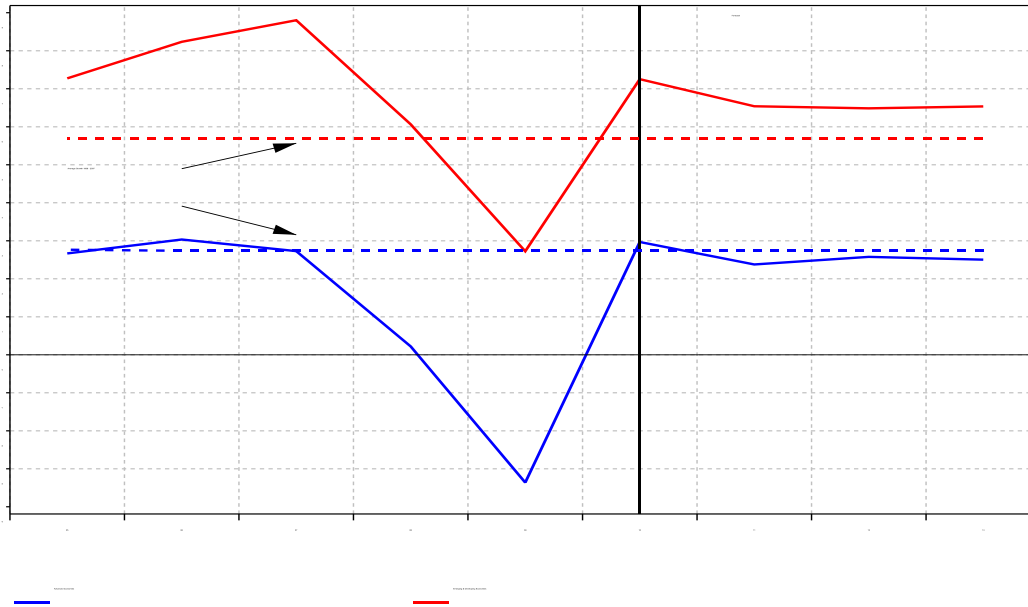
Signs of Rebound in Scottish Output at the Start of 2011

Business Surveys: Volume of Output

Balance of firms reporting to an increase in output during the most recent quarter

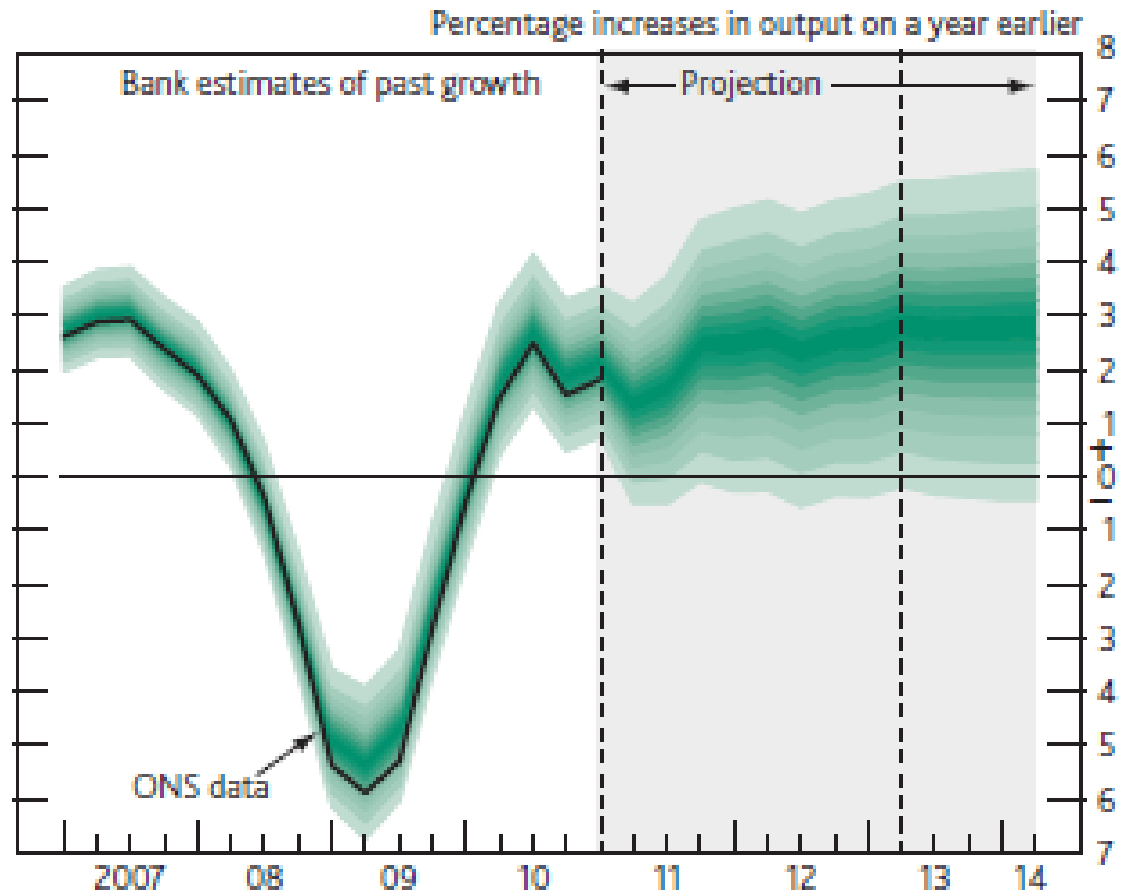


Two-Speed Recovery Set to Continue



Gradual Recovery in the UK

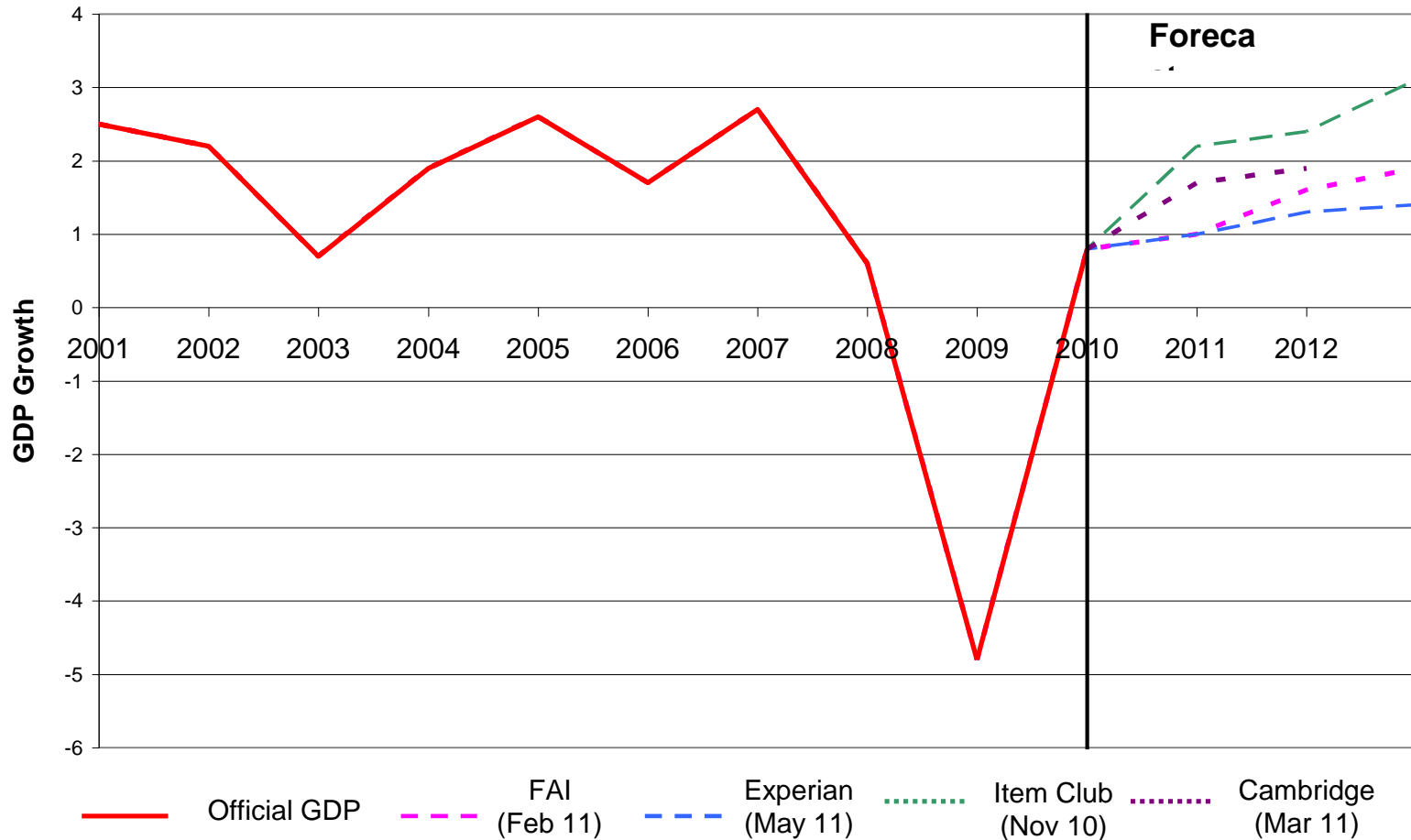
MPC's GDP Forecast for the UK



Source: Bank of England

Recovery in Scotland Set to Continue

Latest Independent Forecasts for Scottish GDP Growth



Further Information

